











## Pulse of the Market

- Data showed a less-than-expected rise in U.S inflation last month
- The Fed will hold a two-day monetary policy meeting next week
- The softer inflation prints caused investors to push back on bets
- RBA Governor Philip Lowe painted a very dovish policy outlook

### Recent Interest Rates & US Treasury Yields

USD		0.25%
EUR		0.00%
GBP		0.25%
JPY		-0.10%
CAD		0.75%
AUD		0.10%
NZD		0.25%
	<b>Change</b>	<b>Yield</b>
2-yr Yield	-0.01	0.21%
5-yr Yield	-0.02	0.79%
10-yr Yield	-0.04	1.29%

The dollar fell against major currencies yesterday after data showed a less-than-expected rise in U.S inflation last month, creating uncertainty about the timing of the Federal Reserve's tapering of asset purchases. Several Fed officials have suggested the U.S central bank could reduce its buying of debt securities by the end of the year, but said an eventual interest rate hike would not happen for some time. The Fed will hold a two-day monetary policy meeting next week, with investors keen to find out whether a tapering announcement will be made. Tapering tends to benefit the dollar as it suggests the Fed is one step closer toward tighter monetary policy. It also means the central bank will be buying fewer debt assets, effectively reducing the number of dollars in circulation. Data yesterday showing the U.S consumer price index, excluding the volatile food and energy components, edged up just 0.1% last month has raised doubts about tapering this year. August's core CPI rise was also the smallest gain since February and followed a 0.3% rise in July. The so-called core CPI increased 4.0% on a year-on-year basis after gaining 4.3% in July. The softer inflation prints caused investors to push back on bets that the Fed could move sooner to taper bond purchases. Easing inflation would take the heat off the Fed to move prematurely. She also cited U.S core producer prices (PPI) data for August released last week, which also rose at a slower pace. Excluding the food, energy and trade services elements, producer prices rose 0.3% last month, the smallest gain since last November. The so-called core PPI shot up 0.9% in July. So the evidence does appear to be building that peak inflation has passed. That said, supply chain bottlenecks are expected to persist for a while so it's unlikely that either PPI or CPI will drop dramatically or rapidly. Risk appetite soured yesterday as well, with Wall Street shares down while U.S Treasury prices were up sharply, pushing yields lower. Investors looked past decelerating inflation and focused on uncertainties about U.S growth now clouded by the economic impact of the Delta variant.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
04:50		Japan Machinery Orders YoY (JUL)	Medium		15.7%	18.6%
05:30		Australia Westpac Consumer Confidence Index (SEP)	Medium			104.1
06:30		China Industrial Production YoY (AUG)	Medium		5.8%	6.4%
06:30		China Retail Sales YoY (AUG)	Medium		7%	8.5%
11:00		U.K Core Inflation Rate YoY (AUG)	Medium		2.9%	1.9%
11:00		U.K Inflation Rate YoY (AUG)	Medium		2.9%	2%
14:00		Euro Area Industrial Production YoY (JUL)	Medium		6.3%	9.7%
16:00		U.S MBA Mortgage Applications (10/SEP)	Medium			-1.9%
17:30		Canada Core Inflation Rate YoY (AUG)	High			3.3%
18:15		U.S Industrial Production MoM (AUG)	Medium		0.4%	0.9%

## Euro

The single currency traded higher yesterday after data showed a less-than-expected rise in U.S inflation last month, creating uncertainty about the timing of the Federal Reserve's tapering of asset purchases. Several Fed officials have suggested the U.S central bank could reduce its buying of debt securities by the end of the year but said an eventual interest rate hike would not happen for some time. Overall, the EUR/USD traded with a low of 1.1798 and a high of 1.1844 before closing the day around 1.1820 in the New York session.



## Yen

The Japanese Yen gained after softer-than-expected U.S inflation raised doubts about a taper of Federal Reserve stimulus this year. The Fed holds a two-day monetary policy meeting next week, with investors keen to find out whether a tapering announcement will be made. Tapering tends to benefit the dollar as it suggests the Fed is one step closer toward tighter monetary policy. Overall, the USD/JPY traded with a low of 109.507 and a high of 110.143 before closing the day around 109.66 in the U.S session.



## British Pound

The British Pound hit a new 5-week high against the dollar and a 3-week high to the euro on Tuesday, supported by labor market data that showed the total number of pay rolled employees in Britain has climbed to pre-pandemic levels. The dollar dipped after data showed underlying U.S consumer prices increased at their slowest pace in six months in August, extending the pound's rise. Overall, the GBP/USD traded with a low of 1.3801 and a high of 1.3911 before closing the day at 1.3807 in the New York session.



## Canadian Dollar

The Canadian Dollar weakened against its U.S counterpart yesterday as Wall Street and industrial metal prices fell. It had earlier gained ground after data showed U.S inflation had softened, but slid back as equities rolled over again. Canadian factory sales decreased by 1.5% in July from June, data from Statistics Canada showed. That was a bigger decline than analysts expected. Overall, USD/CAD traded with a low of 1.2597 and a high of 1.2696 before closing the day at 1.2691 in the New York session.



## Appendix

FOREX Closing Prices for September 14, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.18087	1.8444	1.17987	1.18021	-0.0027
USD/JPY	109.985	110.143	109.507	109.668	-0.3090
GBP/USD	1.13837	1.39111	1.38016	1.38079	-0.0027
USD/CHF	0.92186	0.92265	0.91792	0.92024	-0.0016
USD/CAD	1.26463	1.26961	1.25973	1.26916	0.0045
EUR/JPY	129.894	130.175	151.297	129.463	-0.4380
GBP/JPY	152.196	152.822	119.125	151.42	-0.7520
CHF/JPY	119.252	119.626	80.14	119.155	-0.0880
AUD/JPY	80.979	81.122	0.85087	80.252	-0.7700
EUR/GBP	0.85327	0.85502	1.08521	0.85442	0.0012
EUR/CHF	1.0886	1.09024	1.08521	1.0862	-0.0024
GBP/CHF	1.27577	1.27949	1.26925	1.27054	-0.0049

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.17	1.1769	1.1786	<b>1.1815</b>	1.1831	1.1861	1.1877
USDJPY	108.77	109.14	109.40	<b>109.77</b>	110.04	110.41	110.67
GBPUSD	1.3660	1.3731	1.3769	<b>1.3840</b>	1.3879	1.3950	1.3988
USDCHF	0.9132	0.9155	0.9179	<b>0.9203</b>	0.9226	0.9250	0.9274
USDCAD	1.2528	1.2563	1.2627	<b>1.2662</b>	1.2726	1.2760	1.2825
EURJPY	164.90	158.10	143.78	<b>136.98</b>	122.66	115.86	101.54
GBPJPY	95.73	107.43	129.42	<b>141.12</b>	163.12	174.82	196.82
CHFJPY	53.50	66.82	92.99	<b>106.31</b>	132.47	145.79	171.96
AUDJPY	-53.24	-26.20	27.03	<b>54.07</b>	107.30	134.35	187.57
EURGBP	1.2383	1.1617	1.0081	<b>0.9316</b>	0.7779	0.7014	0.5477
EURCHF	1.0792	1.0822	1.0842	<b>1.0872</b>	1.0892	1.0922	1.0943
GBPCHF	1.2565	1.2629	1.2667	<b>1.2731</b>	1.2769	1.2833	1.2872

Sources: News, Charts & Quotes (Courtesy: Reuters, US Department Of Treasury)

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