







Pulse of the Market

- The dollar looks on the verge of a significant break-out.
- The euro crept back above \$1.16, and was up 0.1% at \$1.1606.
- The yen has also bounced from a 19-month low and was similarly up 0.1% in Asia trade at 110.92 per dollar.

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%
	Change	Yield
2-yr Yield	+0.01	0.22%
5-yr Yield	+0.01	0.84%
10-yr Yield	+0.02	1.33%

The Dollar ended the third quarter with a meaningful technical breakout, backed by hearty fundamental themes previously ignored. Monetary policy forecasts find the Fed making a clear effort to acclimatize the markets to an impending taper, which would be a turning point in the bank's policy cycle. If risk trends collapse, the Fed may have to delay its plans to normalize; but the Dollar also has a safe haven appeal that could benefit in most scenarios. We are heading into the final quarter of 2021 with an unmistakable sense of change underway. The tempo of the global economic recovery from the pandemic-led recession slowed noticeably. Central banks were starting to ease up on their exceptional support structures, initially through 'tapering' their massive stimulus programs. Further, there were financial stains showing through different systemically important areas such as the Chinese real estate market and yet another standoff on the US debt ceiling. Such transitions bring uncertainty and frequently volatility. That represents a likely boon for the US Dollar given its liquidity and safe haven properties. Yet, as always, there are scenarios which could undermine the currency's traction. The dollar index which measures the U.S. currency against a basket of six major currencies - rose for the fourth consecutive day, to 94.112, its highest since early November last year. It was last up 0.4% at 94.115. Erik Nelson, macro strategist at Wells Fargo in New York, sees a further 2% to 3% upside in the dollar index. The greenback was also unfazed, even as U.S. Senate Republicans on Tuesday blocked a bid by President Joe Biden's Democrats to head off a potentially crippling U.S. credit default, with federal funding due to expire on Thursday and borrowing authority on around Oct. 18. There was little reprove for the yellow metal despite the risks associated with the US debt ceiling negotiations. In September, US benchmark stock indices saw some of the worst monthly performance since March 2020. In fact, the S&P 500 and Nasdaq 100 finished the third quarter little changed. More importantly, they trimmed most of their gains. The Dow Jones declined. The Federal Reserve narrative is propping up the US dollar and yields making for a problematic landscape for precious metals.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
01:30		GfK Consumer Confidence	High		-1.6	-1.2
06:00		Balance of Trade (AUG)	Medium		\$-70.5B	\$-70B
10:00		ISM Non-Manufacturing PMI (SEP)	Medium			
12:30		Balance of Trade (AUG)	High		C\$0.43B	C\$0.78B
19:00		Factory Orders MoM (AUG)	Medium		1%	0.4%
12:30		Market/CIPS Composite PMI Final (SEP)	Medium		54.1	54.8

Euro

The Euro has rallied significantly during the course of the trading session on Monday, to show signs of trying to recover after recent losses .The Euro has gotten hammered during the course of the week, as we have broken below the 1.16 level .The market is likely to continue to see downward pressure over the longer term, but we may have a little further to go before we can get short .A current conditions index fell to 26.3 from 30.8. An expectations index fell to 8.0 from 9.0.



Yen

Yen is showing limited movement in the Friday session. Currently, USD/JPY is trading at 111.11, down 0.11% on the day .The yen finally stopped a nasty slide against the US dollar on Thursday, which saw it fall around two percent .Interest rate at historically low. The yen is set to shrug off the new Japanese leadership and continue to weaken due to rising US bond yields. The yen weakened as far as 110.81 per dollar, matching a low on July 7, before trading little changed at 110.67. The yen also fell as higher U.S. yields attracted Japanese investor money.



British Pound

The British pound has recovered a bit more during the trading session on Friday, as we are now above the 1.35 handle again .The GBP/USD pair held on to its modest intraday gains near mid-1.3400s Overall, the GBP/USD traded with a low of 1.4109 and a high of 1.4170 .The British pound initially fell a bit during the trading session on Friday, but then turned around to rally quite significantly. The market recapture the 1.35 handle is a good sign.



Canadian Dollar

USD/CAD is currently trying to settle below the support at 1.2650 while the U.S. dollar is under pressure against a broad basket of currencies .The U.S. Dollar Index is testing the support at the 94 level. In case this test is successful, it will head towards 93.75 which will be bearish for USD/CAD .If USD/CAD gets back above the 20 EMA, it will head towards the next resistance level at 1.2710. A move above this level will open the way to the test of the next resistance at 1.2730.



Appendix

FOREX Closing Prices for October 4, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.1595	1.1638	1.1586	1.1619	-0.4307
USD/JPY	110.906	111.286	110.805	110.905	-0.136
GBP/USD	1.3546	1.3638	1.353	1.3608	0.0066
USD/CHF	0.93	0.9309	0.9228	0.9247	-0.0055
USD/CAD	0.2641	1.2652	1.2554	1.2586	-0.005
EUR/JPY	128.643	129.356	128.615	128.877	0.058
GBP/JPY	150.248	151.499	150.19	150.937	1.005
CHF/JPY	119.188	120.239	119.188	119.923	0.493
AUD/JPY	80.557	81.151	80.458	80.771	0.384
EUR/GBP	0.8559	0.8571	0.8529	0.8539	-0.0052
EUR/CHF	1.0781	1.08	1.073	1.0744	-0.0042
GBP/CHF	1.2595	1.262	1.2549	1.2584	0.0035

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.15	1.1562	1.1591	1.1614	1.1643	1.1666	1.1695
USDJPY	110.23	110.52	110.71	111.00	111.19	111.48	111.67
GBPUSD	1.3438	1.3484	1.3546	1.3592	1.3654	1.3700	1.3762
USDCHF	0.9133	0.9180	0.9214	0.9261	0.9295	0.9342	0.9376
USDCAD	1.2445	1.2499	1.2543	1.2597	1.2641	1.2695	1.2739
EURJPY	127.80	128.21	128.54	128.95	129.28	129.69	130.02
GBPJPY	148.94	149.57	150.25	150.88	151.56	152.18	152.87
CHFJPY	118.28	118.73	119.33	119.78	120.38	120.83	121.43
AUDJPY	79.74	80.10	80.44	80.79	81.13	81.49	81.82
EURGBP	0.8480	0.8504	0.8522	0.8546	0.8564	0.8588	0.8606
EURCHF	1.0646	1.0688	1.0716	1.0758	1.0786	1.0828	1.0856
GBPCHF	1.2478	1.2513	1.2549	1.2584	1.2620	1.2655	1.2691

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

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