










Pulse of the Market

- U.S dollar to fresh three-year lows against commodity-linked currencies in yesterday's session
- Powell reiterated that U.S interest rates will remain low and the Fed will keep buying bonds
- The catalysts behind the turnaround in the Dollar/Yen were comments from Fed Chair Powell
- The British pound climbed past \$1.42 in yesterday's session for the first time since April 2018

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	+0.02	0.16%
5-yr Yield	+0.04	0.63%
10-yr Yield	+0.06	1.41%

The safe-haven U.S dollar languished near three-year lows versus riskier currencies today as continued dovish signals from the Federal Reserve stoked reflation bets. The greenback sank to a fresh low against the Australian dollar, and held near lows set overnight against its British, Canadian and New Zealand peers. Fed Chair Powell reiterated on Wednesday that the central bank wouldn't adjust policy until the economy is clearly improving, and will look through any near-term spike in inflation. The remarks to the House of Representatives Committee on Financial Services mirrored his testimony before the Senate the day before. Powell made it very clear that the improvement in the economic outlook thus far will not instigate the Fed to tighten monetary policy. The punch bowl isn't going anywhere anytime soon and the policy backdrop should remain supportive for risk assets for some time. Easy financial conditions, the promise of fiscal stimulus and an accelerating COVID-19 vaccine rollout have driven money into what's come to be known as the reflation trade, referring to bets on an upswing in economic activity and prices. Commodity-linked currencies are placed to benefit from a pick-up in global trade, while investors have also cheered Britain's progress in recovering from the coronavirus pandemic. The New Zealand and Canadian dollars traded just off Wednesday's multi-year highs. Sterling jumped above \$1.42 yesterday, coming within touching distance of \$1.43, while also reaching a year's high against the euro as analysts retained their bullish views on the currency. The pound is the best-performing G10 currency this year, up nearly 4% against the dollar and 3.2% against the euro as investors bet Britain's rapid COVID-19 vaccine rollout will lead to a quicker economic rebound. Analysts also point to relief over avoiding a "no-deal" Brexit with the European Union at the end of last year as benefiting the pound, with the market looking through short-term headwinds and disruption. Seemingly GBP is benefiting from a positive vaccine rollout and short-term Brexit adjustment problems disappearing, which also from a relative rates perspective is supporting GBP.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
07:00		Germany GfK Consumer Confidence (MAR)	High		-14.3	-15.6
07:45		France Consumer Confidence (FEB)	Medium		92	92
08:00		European Council Meeting	Medium			
10:00		Euro Area Consumer Confidence Final (FEB)	Medium		-14.8	-15.5
13:30		Canada Average Weekly Earnings YoY (DEC)	Medium			6.6%
13:30		U.S Durable Goods Orders MoM (JAN)	High		1.1%	0.2%
13:30		U.S GDP Growth Rate QoQ 2nd Est (Q4)	High		4.2%	33.4%
13:30		U.S Initial Jobless Claims (20/FEB)	Medium		838K	861K
15:00		U.S Pending Home Sales YoY (JAN)	Medium			21.4%

Euro

The single currency gained after Federal Reserve Chair Jerome Powell's dovish testimony did little to dampen inflation worries. Powell reiterated the Fed's commitment to low interest rates, leaving some investors worried that inflation could spike with further fiscal stimulus measures. Prospects for more U.S. fiscal stimulus have driven reflation bets across markets. Overall, the EUR/USD traded with a low of 1.2089 and a high of 1.2168 before closing the day around 1.2155 in the New York session.



Yen

The Japanese yen fell against the U.S. Dollar in yesterday's trading session. The catalysts behind the turnaround in the U.S. stock market and the Dollar/Yen were comments from Fed Chair Jerome Powell. The price action indicates Dollar/Yen investors are closing monitoring the movement in government bond yields rather than domestic economic data. Overall, the USD/JPY traded with a low of 103.55 and a high of 105.17 before closing the day around 105.78 in the U.S. session.



British Pound

The British Pound jumped yesterday, coming within touching distance of \$1.43, while also reaching a year's high against the euro as analysts retained their bullish views on the currency. The pound is the best-performing G10 currency this year, up nearly 4% against the dollar and 3.2% against the euro as investors bet Britain's rapid COVID-19 vaccine rollout will lead to a quicker economic rebound. Overall, the GBP/USD traded with a low of 1.3978 and a high of 1.4084 before closing the day at 1.4061 in the New York session.



Canadian Dollar

The Canadian Dollar strengthened to its highest level in three years against its U.S. counterpart, as oil prices rose and Canadian bond yields climbed at a faster pace than their U.S. counterparts. Oil, one of Canada's major exports, has rallied more than 30% since the beginning of the year, while the Canadian dollar is up 1.7%. U.S. crude oil futures settled 2.5% higher after government data showed a drop in output. Overall, USD/CAD traded with a low of 1.2577 and a high of 1.2651 before closing the day at 1.2611 in the New York session.



Appendix

FOREX Closing Prices for February 24, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.21207	1.21681	1.20898	1.21552	0.0041
USD/JPY	103.868	105.177	103.545	103.784	-1.6540
GBP/USD	1.40135	1.40843	1.39786	1.40615	0.0056
USD/CHF	0.89624	0.90225	0.89467	0.89597	-0.0004
USD/CAD	1.26132	1.26513	1.25776	1.26116	-0.0005
EUR/JPY	127.847	128.223	127.481	127.712	-0.0370
GBP/JPY	147.814	148.266	147.514	147.747	0.0640
CHF/JPY	117.652	117.779	117.099	117.239	-0.3520
AUD/JPY	83.022	83.399	82.949	83.14	0.2010
EUR/GBP	0.86475	0.86591	0.86312	0.86427	-0.0006
EUR/CHF	1.08637	1.09134	1.08568	1.08916	0.0031
GBP/CHF	1.25601	1.26271	1.25515	1.26007	0.0045

Daily Pivot Points							
Trading Range							
Contract	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.20	1.2059	1.2107	1.2138	1.2186	1.2216	1.2264
USDJPY	101.53	102.54	103.16	104.17	104.79	105.80	106.42
GBPUSD	1.3893	1.3936	1.3999	1.4041	1.4104	1.4147	1.4210
USDCHF	0.8854	0.8901	0.8930	0.8976	0.9006	0.9052	0.9082
USDCAD	1.2502	1.2540	1.2576	1.2614	1.2649	1.2687	1.2723
EURJPY	126.65	127.06	127.39	127.81	128.13	128.55	128.87
GBPJPY	146.67	147.09	147.42	147.84	148.17	148.59	148.92
CHFJPY	116.29	116.69	116.97	117.37	117.65	118.05	118.33
AUDJPY	82.48	82.71	82.93	83.16	83.38	83.61	83.83
EURGBP	0.8602	0.8616	0.8630	0.8644	0.8657	0.8672	0.8685
EURCHF	1.0805	1.0831	1.0861	1.0887	1.0918	1.0944	1.0974
GBPCHF	1.2484	1.2518	1.2559	1.2593	1.2635	1.2669	1.2710

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

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