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MARKET REPORT

Job Numbers to drive Dollar Destiny

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- Apple results lift the mood in markets
- Job numbers to dictate USD moves

Recap

GBP continued to drop across the board yesterday despite no major news or data in the markets. USD traded within a tight range over the course of the afternoon,

but following positive results from Apple last night, we saw a rise in equity futures which has resulted in weakness in USD ahead of today's job numbers.

Today

Data points

Currency	Event	Period	Consensus	Previous
USD	Nonfarm Payrolls	Apr	240,000	303,000
USD	Unemployment Rate	Apr	3.80%	3.80%
USD	Average Hourly Earnings MoM	Apr	0.30%	0.30%
USD	Average Hourly Earnings YoY	Apr	4.00%	4.10%
USD	S&P Services PMI	Apr	51.00	50.90
USD	S&P Composite PMI	Apr	51.00	50.90
USD	ISM Services Index	Apr	52.00	51.40

Speeches

- None today.

Our thoughts

Following on from the Fed meeting on Wednesday, today's job numbers will be closely scrutinized on whether the data supports the idea that we could see a Fed rate hike this year. Should that be the case then this could well be the start of the 15-year seasonal trend where USD tends to outperform during the month of May. Should the numbers show some loosening in the job market, then we could see further moves beyond resistance levels on GBPUSD and EURUSD. Markets are expecting 240,000 job additions in April, down from 303,000 in March.

Chart of the Day

Whilst past performance is not indicative of future results, seasonal trends are still worth considering when looking at the implications on FX rates. As an example, GBP has finished lower versus USD during May in 12 out of the past 15 years, and in general USD has tended to outperform in May the same 15-year period. With Fed Powell suggesting current data does not indicate a rate hike by the Fed, could today's job numbers contribute towards a lower move on GBPUSD?

Sterling Typically Drops Against the US Dollar During May

Percentage change in GBP/USD over the month for the past 15 years

