

# MARKET REPORT



07 MAY 2024

## FOREX Melody of the US Job Blues

To talk to us about your next trade,

call: [+44 \(0\) 20 3371 9200](tel:+44(0)2033719200)

- Friday's job numbers add to dovish pricing on Fed rates
- Big week for GBP, with BoE and GDP numbers this week

## RECAP

Welcome back from the bank holiday weekend, here's a quick recap. Friday's US job numbers were disappointing for those looking for a stronger USD with job additions coming in lower, subdued wage growth and higher unemployment, causing markets to increase the odds of a Fed rate cut this year to happen in September – earlier than previously expected. USD weakened on the numbers initially, with GBPUSD and EURUSD hitting fresh 1-month highs. However, the weakness in USD hasn't followed through with both pairs now lower than before the numbers came out.

## DATA POINTS

Currency	Event	Period	Consensus	Previous
EUR	Retail Sales MoM	Mar	0.70%	-0.50%
EUR	Retail Sales YoY	Mar	-0.20%	-0.70%

## SPEECHES

EUR: ECB De Cos and Nagel

USD: Fed Kashkari



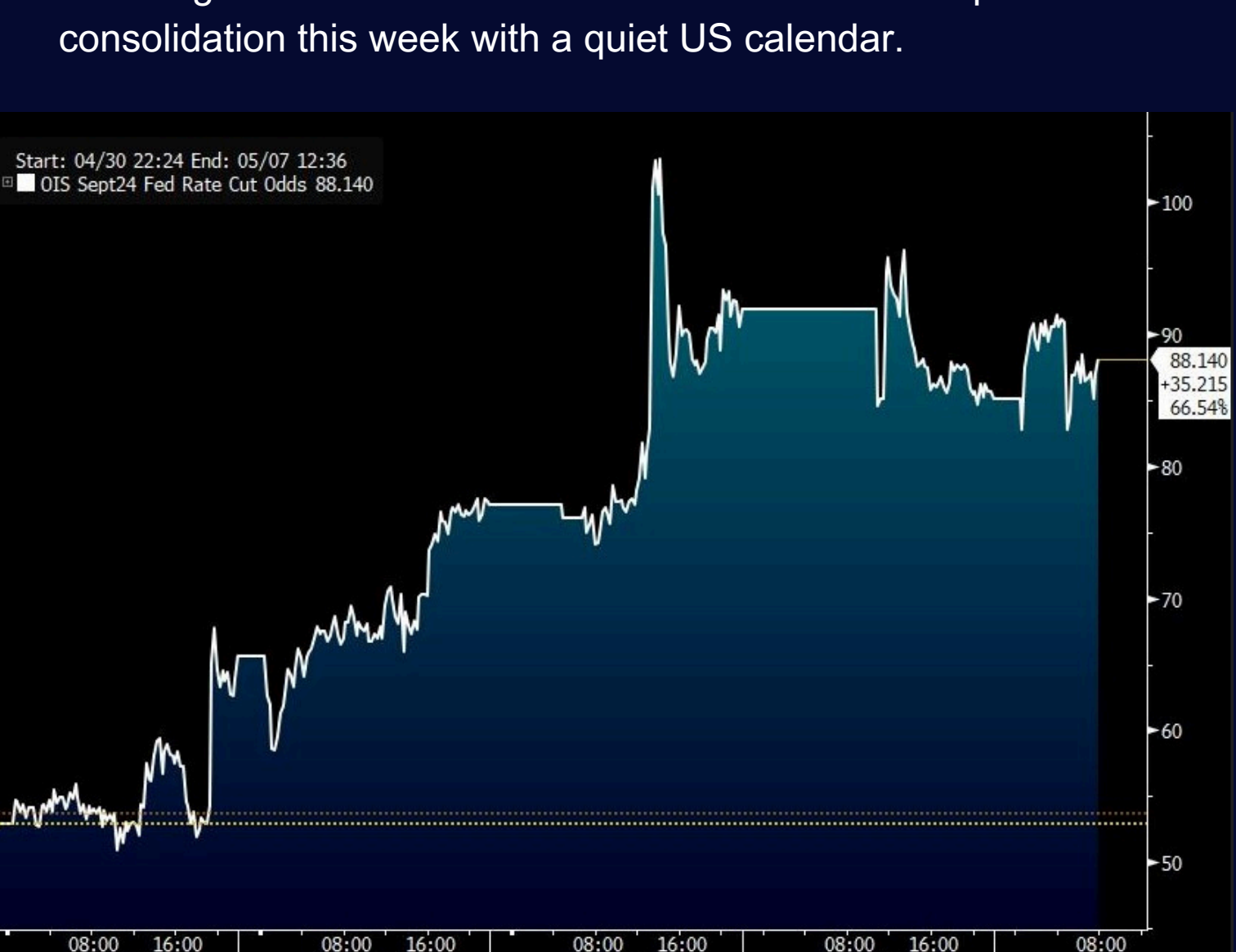
## OUR THOUGHTS

It's a shorter week, with focus primarily on the UK with the Bank of England on Thursday, and then GDP numbers for the first quarter of this year. Recent comments from members of the BoE have suggested a split in views on inflationary and monetary policy, suggesting that it may be too early for the Bank to signal a rate cut in June (currently 50% probability). So, the vote split on Thursday will be closely scrutinized to see which side of the fence BoE members are sitting on, to determine when the first cut is likely to come. Friday's GDP numbers are set to suggest that the economy bounced back to 0.4% growth in Q1. GBP is starting the day broadly lower.

Since last week's Fed meeting and Friday's job numbers, markets have seemingly written off the chances of a rate hike by the Fed this year, and with that being digested we would expect USD trading to be rangebound, particularly with the US calendar being very quiet. Today's focus will fall on EU retail sales, as well as Fed speaker Kashkari and his thoughts on last week's events.

## CHART OF THE DAY

Last week's events stateside saw the hawkish pricing on rate expectations completely wiped out, and the expectation for a rate cut was in fact bought forward to September. As a result, recent gains on USD have retraced and we expect some consolidation this week with a quiet US calendar.



## HOW CAN WE HELP?

Our team of currency experts are here to help you get more from your money when making international payments. We will work with you to understand your payment needs and offer specialised guidance on the best options available to you. Get in touch with [Osman Hanif](mailto:osman@magnafinancial.co.uk) today on [+44 \(0\) 20 3371 9200](tel:+44(0)2033719200) or email [osman@magnafinancial.co.uk](mailto:osman@magnafinancial.co.uk).