

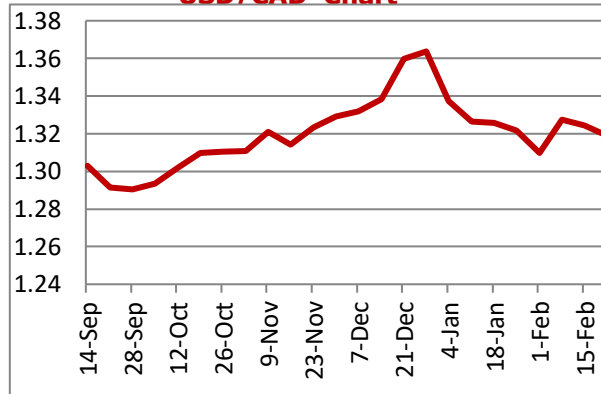
Daily FX Market Commentary

Highlights for February 22, 2019

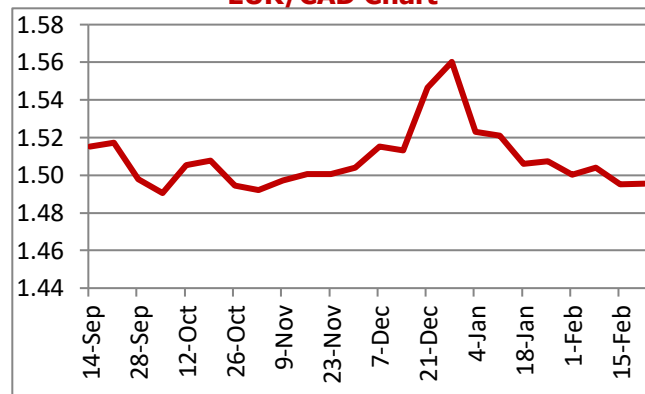
- Bank of Canada Governor Poloz delivers speech with cautionary tone.
- WTI Crude moves above \$57 a barrel. Supports Loonie.
- Canadian Retail Sales stronger than expected.
- EU threatens retaliatory tariffs on the US. ECB President Draghi speaks later.
- Continued division in UK Conservative party.

Charts

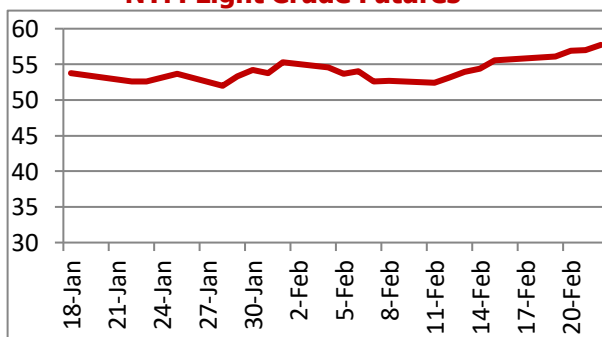
USD/CAD Chart



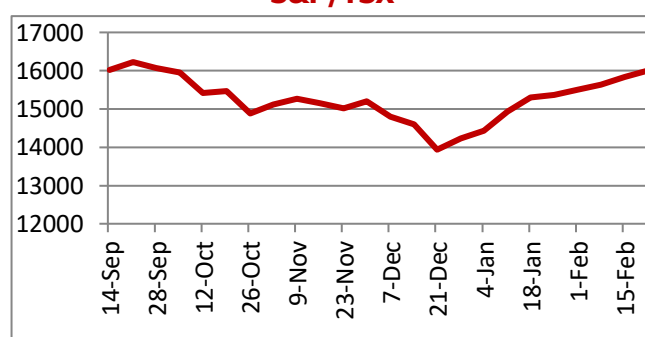
EUR/CAD Chart



NYM Light Crude Futures



S&P/TSX



Indices

TSX	16000.9
DOW	25850.6
S&P500	2774.88
Nasdaq	7459.71

Commodities

Gold	1323.11
Silver	15.815
Copper	2.9025
Wheat	455.25

Energy

Brent Crude	67.45
WTI Crude	56.9
Natural Gas	2.697
Heating Oil	2.0363

FX Rates

	CLOSE	SPOT
USD/CAD	1.3230	1.3196
EUR/CAD	1.4997	1.4957
GBP/CAD	1.7261	1.7169
CAD/JPY	83.66000	83.89

Today's Expected USD/CAD Range: 1.3140 - 1.3230

Daily FX Market Commentary

Good morning,

USD/CAD broke into the low 1.32 range yesterday after comments from Bank of Canada (BoC) Governor Stephen Poloz. Poloz's comments on the economy had a cautious tone as he stated that some of the problems in the Canadian economy could not be solved through only monetary policy. These comments resulted in the Loonie depreciating against the U.S. dollar and the pair was pushed into the low 1.32 range. Following reports that there has been a larger than expected buildup in U.S. inventories of crude oil the USDCAD pair then began to retrace back towards 1.32. With the only major economic release for today being the Canadian retail sales which came out stronger than expected, the pair will likely primarily be driven by the crude oil price dynamic. If current trends in the crude oil persist then the pair will continue to face downward pressure. The major risk to this outlook will be increased risk sentiment, primarily driven by trade fears. Poor headlines with respect to the US-China trade talks or further trade threats between the US and Europe could stall or even reverse the current downward pressure.

EUR/USD is currently trading in the lower half of the 1.13 range as it continues to be weakened by the poor economic outlook for the region. The German IFO Business Climate survey was lower than expected which resulted in further downward pressure on the EURUSD pair. Later today at 1530 GMT European Central Bank (ECB) President Draghi will speak and will likely address the poor economic sentiment as well as provide more guidance as to what monetary policy tools the ECB plans on using. Adding to the general economic worries is the escalation of the trade feud between Europe and the United States. The EU has stated that it is preparing to place retaliatory tariffs on Xerox, Caterpillar, and Samsonite if the US places tariffs on automobiles. The market had already priced in retaliation by the EU when the US threatened tariffs on cars originally however this continued escalation will only further deteriorate the economic outlook for the EU and weaken the Euro in the medium to long term.

GBP/USD continues to be driven by Brexit developments or the lack thereof. Some Conservative UK parliament members have now warned Prime Minister Theresa May that they are ready to force a delay in Brexit. The Conservative party seems to be continuing to split on the handling of the Brexit negotiations. This has again pushed the GBPUSD pair down towards 1.30.

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