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DAILY FX REPORT

# FX Market Awaits Key Jobs Report

## EUR / USD

EUR/USD appears poised for potential appreciation as monetary policy divergence between the Fed and ECB becomes more pronounced. Recent data showing persistent inflation in the Eurozone, coupled with ECB board member Schnabel's stance against immediate rate cuts, suggests a more hawkish ECB position compared to the Fed's increasingly dovish outlook.

The Fed's likely rate cut this month, supported by softening labour market data, including weaker JOLTS figures, creates a fundamental backdrop favouring euro strength. Germany's planned fiscal stimulus could provide additional support for the euro by boosting Eurozone economic growth prospects, while technical indicators reinforce this positive outlook with the pair trading above its 100-day moving average of 1.1525.

The currency pair's position above the 1.1600 mark, serving as dynamic support, combined with the broader bullish trend structure, suggests that continued upward momentum may be sustainable. While geopolitical risks and trade uncertainties remain important considerations, the alignment of fundamental factors and technical indicators points toward potential EUR/USD appreciation in the coming months.

## USD / JPY

USD/JPY continues to demonstrate resilience despite recent political turbulence in Japan, with the resignation of LDP Secretary-General Hiroshi Moriyama adding uncertainty to the market sentiment. The technical landscape remains cautiously optimistic, with the pair maintaining positions above crucial moving averages, including the 50-day SMA at 147.23 and the 20-day SMA at 147.63.

The Bank of Japan's steadfast commitment to its ultra-loose monetary policy, coupled with Governor Ueda's reluctance to signal any immediate policy changes, creates a fundamental backdrop supportive of further yen weakness.

The immediate technical picture suggests that while the pair has shown some bearish movement, dropping from 148.85 to 148.06, a breakthrough above 149.2 could trigger a rally toward the recent high of 150.9, especially considering Japanese authorities' apparent tolerance for a higher USD/JPY rate in the current economic climate.

## GBP / USD

GBP/USD is navigating a challenging environment, primarily driven by mounting concerns over UK fiscal sustainability and the surge in 30-year gilt yields to levels not seen since 1998. Technical analysis shows the currency pair trading between key levels, with resistance at the 50-day moving average of 1.3483 and support holding above the 200-day moving average at 1.30.

The Bank of England's increasingly complex position, coupled with Governor Andrew Bailey's expression of "considerably more doubt" about future rate decisions, has added to the market uncertainty, while the UK's

position as the G7 nation with the highest inflation rate continues to weigh on sterling. The upcoming autumn budget has become a critical focal point for investors.

Despite positive economic indicators, such as the unexpected strength in the UK services sector data for August, the combination of persistent inflation, fiscal concerns, and global market volatility suggests continued pressure on the pound, with the potential for further downside if support at 1.34 fails to hold.

## Economic Calendar

Currency	Date	Time	Indicator	Period	Survey	Prior
CHF	4/9	7:30	CPI YoY	Aug	0.2%	0.2%
USD	4/9	13:15	ADP Employment Change	Aug	80k	104k
USD	4/9	13:30	Initial Jobless Claims	Aug 30	230k	229k
USD	4/9	13:30	Trade Balance	Jul	-\$78.0b	-\$60.2b
USD	4/9	14:45	S&P Global US Services PMI	Aug F	55.3	55.4
USD	4/9	15:00	ISM Services Index	Aug	50.9	50.1

Source: Bloomberg

### Risk warning

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