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## Daily FX Report

### EUR / USD

The Euro-zone Sentix investor confidence index strengthened to 13.1 for April from 5.0 previously. The reading was above expectations of 7.5 and the strongest release since August 2018. The Euro-zone unemployment rate was reported at 8.3% for February, unchanged from an upwardly-revised February figure and above consensus forecasts of 8.1%. Euro-area unemployment remained significantly above the US rate, reinforcing expectations of near-term US out-performance.

The Euro was able to resist renewed selling pressure as the dollar was unable to secure fresh traction.

There were also reports from EU Commission internal documents that the EU was on track to vaccinate close to 60% of the total population by the end of June which would also imply that the EU is likely to exceed the target of 70% vaccination rates by the end of the Summer.

There will be scope for a significant boost to underlying Euro sentiment if actual vaccination figures suggest that the revised target is within reach. The single currency was resilient despite a further increase in French hospitalisation cases to over 30,000 as confidence in the outlook improved.

The JOLTS data recorded an increase in job openings to 7.37mn for February from 7.10mn the previous month and above consensus forecasts of 7.00mn. The IBD consumer confidence index strengthened to 56.4 from 55.4 previously.

The dollar overall was unable to gain fresh support with the Euro settling around 1.1850 at the European close. There was a further net advance to 1.1870 late in the New York session. The dollar was trapped close to 2-week lows on Wednesday with the Euro holding close to 1.1870.

### JPY

US yields continued to move lower after Tuesday's Wall Street open which had a significant impact in undermining dollar demand. In this environment, the US currency retreated again with a break below the 110.00 level triggering a round of stop-loss selling and lows just below 109.70. There were some reservations over an increase in US coronavirus cases, but the vaccine programme continued to make strong headway, reinforcing hopes that cases would not lead to serious illness.

The IMF also upgraded its global growth outlook which helped underpin risk conditions. Markets had already shifted their expectations sharply, limiting any impact and yields continued to edge lower. The five-year yield declined to 0.87% from a 14-month high of 0.99% on Monday which continued to sap dollar support.

Markets will continue to monitor Administration infrastructure plans with Biden due to speak later on Wednesday. The latest Federal Reserve minutes will also be watched closely. The dollar dipped to lows just below 109.60 in Asia on Wednesday and a tentative recovery was held near 109.80.

## GBP

Sterling was unable to break resistance against the Euro in early Europe on Tuesday which limited the scope for further buying and selling increased after the Euro moved back above the 0.8500 level. The UK currency was also unable to hold above 1.3900 against the dollar which helped trigger renewed selling. The UK currency dipped to lows just below 1.3820 while the Euro strengthened to above 0.8550 as selling pressure increased.

Although confidence in the UK recovery remained strong, there were some reservations that the UK advantage over the Euro-zone was set to narrow over the next few months. There were also fresh reports that the UK would face vaccine supply difficulties over the next few weeks which would slow the overall programme. This element of uncertainty was amplified by fresh doubts over the AstraZeneca vaccine.

It was, however, confirmed that the first Moderna vaccines would be administered in the UK on Wednesday with a total order of 17 million doses ordered.

There was only a tentative recovery against the dollar while the Euro posted further net gains to 0.8570. Sterling dipped below 1.3800 against the dollar on Wednesday while the Euro peaked at 2-week highs near 0.8600 with only a limited correction in early Europe as UK currency sentiment remained more fragile.

## CHF

The Swiss sight deposits declined to CHF701.8bn in the latest week from CHF702.7bn the previous week, confirming that the National Bank had not been intervening in currency markets. Global yield and risk trends tended to dominate the Swiss currency during the day.

The Swiss franc gained some renewed support as US yields moved significantly lower. The Euro failed to hold initial gains and retreated to near 1.1050 while the dollar posted further net losses on the day. The dollar was unable to regain ground on Wednesday and traded close to the 0.9300 level.

	EUR/USD	USD/JPY	GBP/USD
Resistance 3	1.2030	111.35	1.3930
Resistance 2	1.1960	110.70	1.3880
Resistance 1	1.1900	110.00	1.3825
	1.1870	109.80	1.3785
Support 1	1.1830	109.35	1.3760
Support 2	1.1760	108.70	1.3700
Support 3	1.1700	108.00	1.3640

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### **Risk warning**

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