

## FX Daily: US jobs data to support December hold

We expect today's nonfarm payrolls report in the US to come in stronger than market consensus, supporting the view that the Fed will stay on hold at its policy meeting next week



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### **USD: Strong rebound in employment**

After the ISM non-manufacturing disappointed this week, we expect today's jobs report in the US to come in stronger than market consensus. Our economics team is expecting a 210k increase in hiring (consensus 183k) which should mark a strong rebound from the October reading. The headline gauge should largely benefit from the ending of the General Motors strike. This should give some respite to the dollar which has been under pressure in the past few days, mostly on the back of increased trade optimism. An improvement in the labour outlook should endorse the notion that the Federal Reserve will stay on hold as it announces monetary policy next week (the market is already fully pricing in this eventuality). Nonetheless, we continue to see a non-negligible risk of the Fed restarting its easing cycle early next year as the economic outlook keeps softening.



## EUR: Still range bound

EUR/USD is making baby steps to form a (mildly) bullish trend, mainly thanks to a generally weak dollar environment. Despite breaking above 1.11, the pair still seems unable to make a definite move outside its recent narrow range, as investors continue to have little appetite for the low-yielding euro.

## ⬇️ GBP: We think the rally is overdone

Sterling has been able to retain most of the strength induced by the market-friendly opinion polls. We remain of the view that the rally in GBP looks quite overdone given the lingering risk of the elections yielding a hung parliament as a result. Given this view, we think that a correction in GBP may be on the cards in the coming days and that caution is warranted if jumping into the sterling rally.

## ⬆️ CAD: Labour market to remain solid

At the same time as US payrolls, the Canadian jobs report will be published. The markets are already expecting a rebound in the headline number after the negative reading in October. Unemployment should remain around its all-time lows and continue to suggest that the Labour market is in a good place (wage growth to remain very strong too) and is no concern for the Bank of Canada. For now, this should contribute to keep USD/CAD below the 1.32 level. We still expect the BoC will cut early next year, but the reason behind such a move would mostly relate to external woes, in our view.

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