

Tuesday March 12, 2024

## THE CALM BEFORE INFLATION?

Monday was very calm on the currency front, which is often the case the day before an important economic announcement. The EUR/USD, EUR/CAD and USD/CAD all remained within a 40 fx points band in trading for the session. The eagerly awaited inflation data for the month of February in the United States will be released this morning at 8:30 am. This should offer investors some added clarity about when a first key rate cut is to be expected. The market is currently pricing in a first rate cut in July.

After three straight days of gains, the Japanese yen is starting the day slightly lower. Fueled recently by optimism about a first interest rate hike since January 2016, the yen has gained nearly 3% in two weeks against the loonie and the greenback. The yen's upward trend could potentially continue as the Bank of Japan raises its policy rate, while other central banks in the developed world are setting the stage for rate cuts.

Have a great day,

*Alexandre Lavallée*

### Economic news to watch today

US: Consumer Price Index (February)

## Market Moves

*Source: Bloomberg at market close*

USD/CAD	1.3483 -
EUR/USD	1.0926 -0.0013
EUR/CAD	1.4731 -0.0019
TSX	21,769 +0.15%
S&P500	5,118 -0.11%
WTI Oil	77.93 -0.10%
CA 10-YR Bond Yield	3.35% +0.57%
US 10-YR Bond Yield	4.10% +0.57%

## Trends

Range of the day	1.3400	1.3575
Range of the next 5 days	1.3350	1.3650

## Risk Management Solutions Group

- Montreal : 514-394-8282 / 514-390-5655
- Toronto : 416-869-8900

## DISCLAIMER

- This document is provided for information purposes only and is intended for use by Accredited Counterparties under the Derivatives Act (Québec) and Qualified Parties as defined under ASC, BCSC, SFSC, MSC and NBSC orders.
- National Bank of Canada and its subsidiaries (the "Bank") act solely as an arm's length contractual counterparty and not as an advisor or trustee, and are not bound by any legal obligation to advise on the validity or opportunity to transact an instrument or a financial product. Accordingly, the client should not regard transaction proposals or other written or oral communications from the Bank as a recommendation to transact or as advice that a transaction is appropriate or meets his specific financial objectives.
- Financial transactions involve a variety of potentially significant risks and issues. Before entering into any financial transaction, it is important to fully understand its terms, to have evaluated the risks, and to have determined that the transaction is suitable for the client's specific needs and objectives, level of experience, financial and operational resources, and any other relevant factors. This document does not purport to describe all of the risks associated with financial transactions and should not be construed as advice in this respect. The Bank strongly recommends independent consultation with tax, legal, accounting and financial advisors before entering into the transaction in order to obtain an assessment of the benefits and risks of the transaction with respect to the transaction-specific circumstances.

The contents of this document do not constitute an offer to enter into any transaction. We believe the information to be reliable, but make no representation as to its accuracy or completeness. This document may refer to some terms included only for discussion purposes and does not constitute a guarantee that a transaction will be concluded based on those financial terms or otherwise. The strategies, scenarios and risks described and/or presented in this document are based on hypothetical examples, and the true and final strategies, scenarios and risks may vary depending on the circumstances

- You are not authorized to and you may not deliver or provide any part of this document to any person without the Bank's prior written consent.