

# Mizuho Daily Currency Watch

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Currency	Main focus of the week (S-T view)
EUR	Oversold, due a bounce
USD	Overbought, due a pullback
JPY	The cheap safe haven is due a break. This week?
GBP	Data to suggest cuts are coming but cable sell off is too fast. GBP to bounce

## Overnight comment – JPY under pressure

The BoJ left rates on hold and USD/JPY jumped as high as 156.22 although it gave back some of the jump late in the session as UST yields nudged lower. The Hang Seng continued to lead Asian equities higher as tech stocks outperformed in the wake of solid tech earnings after the bell in the US. US equity futures are up sharply led by the Nasdaq.

Tokyo CPI dipped a lot more than expected although at least some of the drop was due to local education subsidies that will not impact the nationwide figures. That said the figure was still weak. The BoJ left policy on hold as expected. The new forecasts were a lot more downbeat on the growth outlook but the CPI outlook was left more or less unchanged. The headline FY24 forecast was higher mainly reflecting oil prices but the ex fresh food and energy CPI was unchanged at 1.9%. The BoJ's FY26 CPI forecasts were 1.9% for headline CPI but 2.1% for ex fresh food and energy CPI. The BoJ's statement was very simple noting only the policy rate and "Regarding purchases of Japanese government bonds, CP, and corporate bonds, the Bank will conduct the purchases in accordance with the decisions made at the March 2024 MPM". The outlook report noted "With regard to the risk balance, risks to economic activity are generally balanced for fiscal 2024 onward. Risks to prices are skewed to the upside for fiscal 2024 but are generally balanced thereafter". The report continued to note that uncertainty was high. Foreign exchange rates and commodity prices were cited as a risk for price stability. The press conference will be a more importance given how sparse the statement was. JGB yields jumped at the start of the session tracking UST yields higher but moved lower through the day with 2yrs ending the session below yesterday's close. **The yen was the clear underperformer in the Asian session and sits around 156.10 as Europe opens.**

EUR showed limited impact in the wake of Panetta's comments yesterday. We disagree with his comments that fewer Fed cuts may mean more ECB cuts are needed. **The weaker EUR will see to that. EUR/USD firmed in early European trade, as UST yields dipped to sit around 1.0740 as Europe opens.** UK consumer confidence nudged higher in April. The index is struggling to push higher but as the CPI drops in coming months should make headway towards the 2021 highs. **GBP/USD was little changed in Asian trade and sits around 1.2515 as Europe opens.**

## Today's Major Events and Data Releases

Events over coming 24 hours	Survey/Prev
UK – Consumer confidence (DI, Apr)	-20/-21
EZ – M3 (%YoY, Mar)	0.6/0.4
US – Personal income (%MoM, Mar)	0.5/0.3
US – Personal spending (%MoM, Mar)	0.6/0.8
US – Core PCE (%MoM, Mar)	0.3/0.3

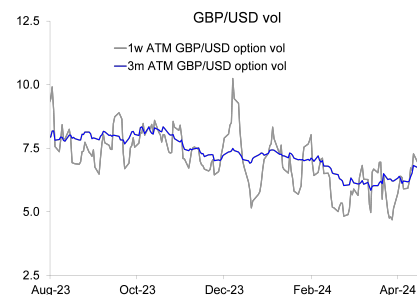
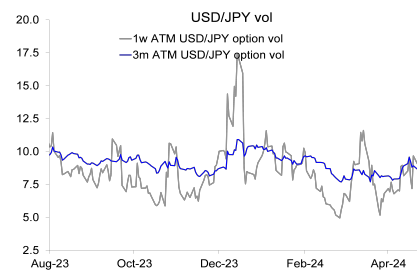
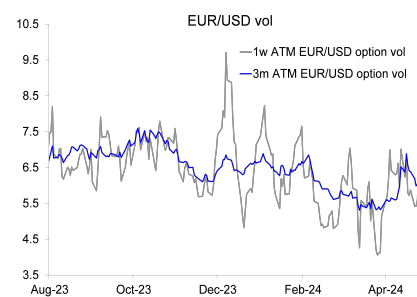
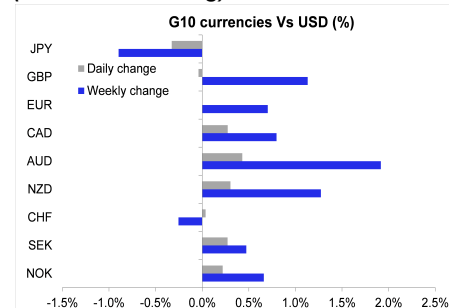
Source: Bloomberg

**Europe.** Eurozone M3 is gradually coming off the lows. ECB CPI expectations are also due. 3yr CPI expectations are expected no nudge lower.

**US.** The core PCE data for March are the main focus. We had the quarterly core PCE out alongside the GDP data so its likely that the March number will be higher than the consensus 0.3%MoM forecast and/or there are revisions to the back numbers. The focus in the U Michigan consumer confidence will be the inflation expectations numbers.

## Market data

(Source: Bloomberg)



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