

Wednesday December 07, 2022

BANK OF CANADA

Market still very volatile yesterday in terms of stock indexes (down 1% to 2%), energy prices (WTI oil at \$74.60) and currencies, with the U.S. dollar doing well.

The Bank of Canada's decision is eagerly awaited this morning at 10 a.m. No press conference will be held, but a text will be released along with the interest rate hike. An increase of 25 basis points is expected, or even 50 bps—but this could have more of a surprise effect that may drive the loonie to climb rapidly compared to other currencies. Consider the EUR/CAD exchange rate, whose sudden rise has caused some confusion. For USD, next week's decision by the Fed will set the tone.

In their publication yesterday, our economists reaffirmed their outlook for USD: decline in 2023 caused by a continued change of tone at the Fed and, consequently, a less restrictive monetary policy.

China is continuing to take steps toward reopening (COVID) and will hold a press conference on Thursday.

Olivier Cosialls

Economic news to watch today

CA: Bank of Canada Rate Decision

Market Moves

Source: Bloomberg at market close

USD/CAD	1.3654 +0.0065
EUR/USD	1.0467 -0.0025
EUR/CAD	1.4291 +0.0035
TSX	20,001 -1.22%
S&P500	3,943 -1.51%
WTI Oil	74.25 -3.48%
CA 10-YR Bond Yield	2.78% -1.46%
US 10-YR Bond Yield	3.53% -1.18%

Trends

Range of the day	1.3550	1.3750
Range of the next 5 days	1.3250	1.3750

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