

FX MID-DAY REPORT



Markets Just tested Positive to Volatility Today is US Nonfarm day but unfortunately the US president tested positive for the Coronavirus overnight and this might make markets unstable and extremely volatile

Today is also the last scheduled meeting for UK-EU negotiations We expect payrolls in the region of 1.2 million and above and the unemployment rate reducing around 7.4% below the fed 2020 year-end target of 7.6%.

Our projections are due to resumptions in schools and improvement in continuing claims in the September payroll survey week relative to August which is about 1.6 million, this implied constructive gain in NFP would push the unemployment rate lower.

In terms of NFP, its worthy of note to point out that the improvement in continuing claims of 1.6m, coupled with a seasonal hurdle of about 400k (what we have typically added to NFP in unadjusted terms in recent years), suggests a topline addition of about 1.2m in September.

The NFP narrative would have been a simple risk-on narrative, however, the impact of Trump's illness is no joke and markets would be highly volatile especially the SPX and all dollar crosses.

The EUR USD could break through the 1.1685 LEVEL even though pro-risk NFP would have driven it towards 1.1800. We recommend Yen buying as leveraged funds are building up positions ahead of the US elections, while USD JPY could be caught in the NFP storms we suggest looking to a cross like AUD/JPY as equities remain vulnerable.

Trade responsibly

You can WhatsApp this number for questions and comments

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