



**MONEX**

# Week Ahead

21st - 25th October 2024

---

Picking up the pace

## *AUTHOR*

**NICK REES**

Senior FX Market Analyst

+44 (0) 203 650 3736

Nicholas.Rees@monexeurope.com



# INTRODUCTION

---

The dollar continued its grind higher once again this week, making this the third in a row where the greenback has finished in positive territory. This was helped in part by US retail sales data, which beat expectations, even despite hurricane-related disruptions, underscoring the continued resilience of the American economy. That said the dollar's climb was assisted by accelerated easing expectations outside the US too. In the UK, soft inflation data saw markets establish two further rate cuts by year-end as the base case. While in the eurozone, the ECB cut rates by 25bp, even as President Lagarde offered every possible dovish indication, short of explicitly confirming a move to easing rates once per meeting moving forward.

A similar dynamic is likely to be front of mind for traders next week too. In this case, however, it will be the BoC taking centre stage. We expect to see a step up in the easing pace, with the Governing Council delivering a 50bp cut on October 23rd. If we are right, this should propel USDCAD north of 1.38. Meanwhile, PMIs on Thursday should reemphasise the growth differential between the UK and the eurozone, helping spur another leg higher for GBPEUR. For the dollar, a light data calendar should keep election risks front of mind, with a neck-and-neck race offering two-sided risks for the greenback.

---

## CONTENTS

- 02 INTRODUCTION
- 03 ECONOMIC CALENDAR
- 05 DATA PREVIEWS
  - 05 *BoC preview: Lower, faster*
  - 05 *PMIs preview: Easing into year-end*

# ECONOMIC CALENDAR

All times in BST

## Monday 21/10

Time	Country	Event	Period	Estimate	Prior
02:00	China	5-Year Loan Prime Rate	Oct-21	3.65%	3.85%
		1-Year Loan Prime Rate	Oct-21	3.15%	3.35%
	Australia	RBA's Hauser-Fireside Chat			
09:00	Switzerland	Domestic Sight Deposits CHF	Oct-18		459.4b
22:05	United States	Fed's Schmid Speaks on Economic and Monetary Policy Outlook			

## Tuesday 22/10

Time	Country	Event	Period	Estimate	Prior
07:00	United Kingdom	PSNB ex Banking Groups	Sep	17.3b	13.7b
13:00	Hungary	Central Bank Rate Decision	Oct-22	6.50%	6.50%
14:25	United Kingdom	BOE's Bailey Speaks			
14:45	Eurozone	ECB's Holzmann Participates in Panel			
18:00	Eurozone	ECB's Villeroy speaks in New York			
19:00	Eurozone	ECB' Rehn speaks at Peterson Institute event in Washington, DC			
20:15	United Kingdom	BOE's Breeden Speaks			

## Wednesday 23/10

Time	Country	Event	Period	Estimate	Prior
06:00	Singapore	CPI Core YoY	Sep	2.70%	2.70%
		CPI YoY	Sep	1.90%	2.20%
09:00	South Africa	CPI MoM	Sep	0.10%	0.10%
		CPI YoY	Sep	3.80%	4.40%
		CPI Core MoM	Sep	0.30%	0.00%
		CPI Core YoY	Sep	4.20%	4.10%
12:30	Sweden	Riksbank Deputy Governor Per Jansson speaks			
14:00	United Kingdom	BOE's Breeden Speaks			
	United States	Fed's Bowman Gives Opening Remarks			
14:45	Canada	Bank of Canada Rate Decision	Oct-23	3.88%	4.25%
18:00	New Zealand	RBNZ Governor Speaks on Monetary Policy			
19:00	United States	Federal Reserve Releases Beige Book			
21:30	United Kingdom	BOE's Bailey Speaks			

**Thursday 24/10**

Time	Country	Event	Period	Estimate	Prior
05:30	Australia	RBA-Annual Report			
07:00	Norway	Unemployment Rate Trend	Sep		4.00%
08:15	France	HCOB France Manufacturing PMI	Oct P	44.9	44.6
		HCOB France Services PMI	Oct P	49.2	49.6
		HCOB France Composite PMI	Oct P		48.6
08:30	Germany	HCOB Germany Manufacturing PMI	Oct P	40.8	40.6
		HCOB Germany Services PMI	Oct P	51	50.6
		HCOB Germany Composite PMI	Oct P	47.5	47.5
09:00	Eurozone	HCOB Eurozone Manufacturing PMI	Oct P	45.1	45
		HCOB Eurozone Services PMI	Oct P	51.5	51.4
		HCOB Eurozone Composite PMI	Oct P		49.6
09:00	Norway	Norges Bank 3Q Survey of Bank Lending			
09:30	United Kingdom	S&P Global UK Manufacturing PMI	Oct P	51.6	51.5
		S&P Global UK Services PMI	Oct P	52.4	52.4
		S&P Global UK Composite PMI	Oct P	52.6	52.6
13:30	United States	Initial Jobless Claims	Oct-19		241k
14:45	United States	S&P Global US Manufacturing PMI	Oct P		47.3
		S&P Global US Services PMI	Oct P		55.2
		S&P Global US Composite PMI	Oct P		54
18:00	Eurozone	ECB's Lane Speaks			
18:15	Norway	Wolden Bache speaks at Peterson Institute event in Washington			

**Friday 25/10**

Time	Country	Event	Period	Estimate	Prior
00:01	United Kingdom	GfK Consumer Confidence	Oct	-20	-20
00:30	Japan	Tokyo CPI YoY	Oct	1.80%	2.20%
		Tokyo CPI Ex-Fresh Food YoY	Oct	1.70%	2.00%
		Tokyo CPI Ex-Fresh Food, Energy YoY	Oct	1.60%	1.60%
09:00	Germany	Ifo Business Climate	Oct	85.8	85.4
	Eurozone	ECB 1 Year CPI Expectations	Sep		2.70%
		ECB 3 Year CPI Expectations	Sep		2.30%
13:30	Canada	Retail Sales MoM	Aug	0.50%	0.90%
		Retail Sales Ex Auto MoM	Aug	0.30%	0.40%
TBC	China	1-Yr Medium-Term Lending Facility Rate	Oct-25	2.00%	2.00%
		1-Yr Medium-Term Lending Facilities Volume	Oct-25	600.0b	300.0b

## DATA PREVIEWS

### BoC preview: Lower, faster

The BoC is set to deliver their penultimate rate decision of the year on October 23rd. We expect to see the Governing Council deliver 50bps of easing, taking the policy rate to 3.75%. Admittedly, this would mark an acceleration in the pace of easing in Canada. That said, considering recent data outturns, we also think it would be the right move for three key reasons.

First, the September jobs report was misleadingly strong. As we noted at the time, much of the strength stemmed from the fact that temporary summer hires were fewer this year, meaning fewer job losses in September. This dynamic translates into a seasonally adjusted increase in employment. Second, the counterpart September CPI print was distinctly weak. Having been expected to fall marginally below the BoC's 2.0% target, annual price growth cratered to 1.6%. Granted, core-median and core-trim CPI growth remain a little more elevated at 2.3% and 2.4% respectively YoY. But other underlying inflation readings continue to look weak, suggestive that the BoC should be cutting faster when considering the still soft labour market, and Canada's anaemic growth. Third, we think the shift in mood music over recent weeks is notable. Governor Macklem has failed to rule out an acceleration in the pace of easing, while markets continue to price the odds of a jumbo rate cut at north of 50%.

“All told then, we are inclined to think that the balance of risks now favours a faster pace of easing from the BoC.”

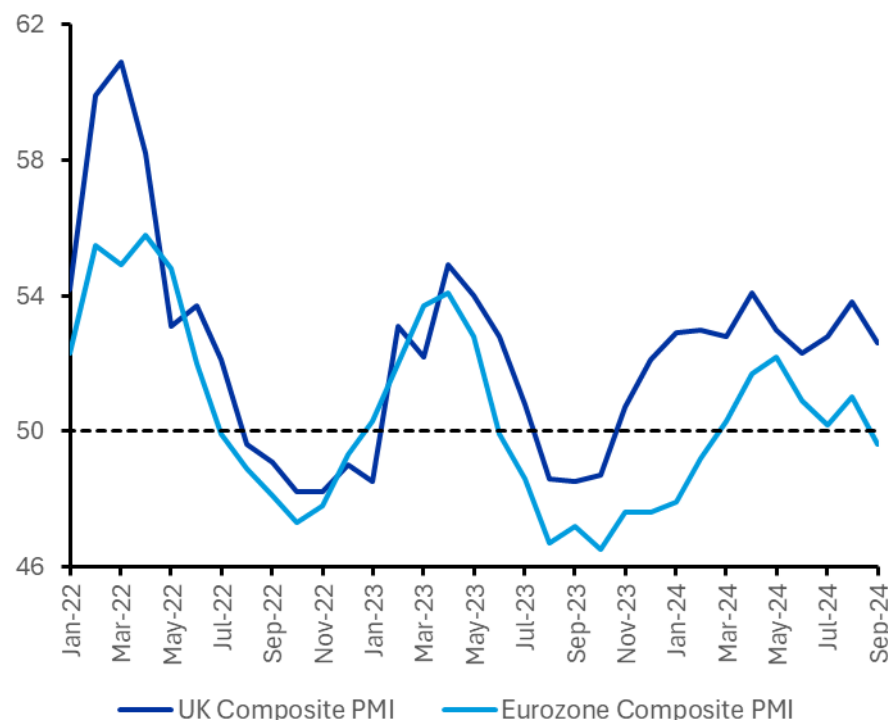
Downside worries are growing, and that warrants a more aggressive policy response. As such, while we can certainly see a scenario where the Governing Council maintains its current cadence of 25bp cuts - we think they pick up the pace, an outcome that would weigh on the loonie. We look for USDACD to consolidate above 1.38 next week.

### PMIs preview: Easing into year-end

Next Thursday sees the publication of European PMIs for October, a key data point of note for both the ECB and BoE. These have also been surprisingly predictable over recent months on two counts. First, the UK has consistently outperformed the eurozone. Second, seasonal factors have weighed on both UK and European numbers at the margin. We see no reason to expect any different when it comes to next week's numbers either.

All told then, this leaves consensus estimates for eurozone readings looking overly optimistic to us. Markets expect to see the headline composite print for the bloc climb to 49.7, up from 49.6. We, expect this to fall given weak underlying growth and seasonal adjustments that should weigh heavily into year-end. The counterpart UK reading in contrast is projected to stabilise at 52.6. This looks about right to us, slightly below the reading of prior months, but still well in expansion, in keeping with our base case for robust UK growth this year. Admittedly, where there are risks, they stem from a UK budget on October 30th, that could weigh on sentiment. Even so, our base case continues to look for further divergence between the UK and the eurozone PMI readings, prompting another leg higher for GBPEUR next week.

A spread has opened up between eurozone and UK PMI readings over the past year - we see little reason this shouldn't widen again next week, based on divergent economic fundamentals



## General disclosure

This material, including, any statistical information, is provided for informational purposes only. It does not constitute advice and you should seek independent advice if necessary.

The material is based upon information which we consider reliable, but may not be accurate or complete, and therefore should not be relied upon. Any estimates and forward-looking statements, or forecasts do not represent a guarantee of future performance. Reliance upon information in this material is at the sole discretion of the reader. No permission is granted to reprint, sell, copy, distribute, or modify this material, in any form or by any means except with the written permission of Monex Europe Holdings Limited.

Monex Europe Holdings Limited (“MEHL”) is part of the wider financial services group, Monex S.A.P.I. de C.V. (“Monex”), an investment grade institution. The group’s principal activity is the provision of foreign exchange services to corporate and institutional clients.

MEHL operates various subsidiaries in the FX industry, comprising of Monex Europe Limited, Monex Europe Markets Limited, Monex Europe S.A., Monex Canada Inc., MonFX Pte Ltd.; with offices in the UK, Spain, the Netherlands, Luxembourg, Toronto and Singapore.

All entities under MEHL are regulated for different products and services within the jurisdictions in which they operate. Details of the different entities can be found at [www.monexeurope.com/contact-us](http://www.monexeurope.com/contact-us). Details of the respective entities’ regulatory status and available products and services can then be found on the relevant links to the individual jurisdictions’ website.

## Market specific disclosures

**United Kingdom:** This document is distributed in the UK by Monex Europe Limited (“Monex Europe”) and Monex Europe Markets Limited (“Monex Europe Markets”). Monex Europe Limited is authorised and regulated by the Financial Conduct Authority (FCA) as an Authorised Electronic Money Institution, with permission to issue electronic money (e-money) and provide payment services - firm registration number 998114. Monex Europe Markets Limited is an authorised and regulated investment firm, FCA reference number 596146. Monex Europe Markets only transacts business with clients who have been categorised as Professional or Eligible Counterparties. Foreign exchange options and other derivative products are not suitable for everyone and may present a high level of risk to your capital. You should seek independent advice if necessary. This communication has not been reviewed by the Financial Conduct Authority. It is for informational purposes only, is not an offer or solicitation to buy or sell an investment product or service and should not be relied upon to make any investment decisions.

**European Economic Area (EEA):** This document is distributed in the EEA by Monex Europe S.A., a company registered in Luxembourg with registration number B230160 and has its registered office at 35 Avenue Monterey, L-2163 Luxembourg. Monex Europe S.A. is authorised and regulated by the Commission de Surveillance du Secteur Financier as a payment institution. Licence number 16/20 and regulatory identification number Z00000023. The entity delivers services to clients across Europe. This communication has not been reviewed by the CSSF. It is for informational purposes only, is not an offer or solicitation to buy or sell an investment product or service and should not be relied upon to make any investment decisions.

**Canada:** This document is distributed in Canada by Monex Canada Inc. (“Monex Canada”). Monex Canada Inc. is a registered extra-provincial company under the Canada Business Corporations Act. Corporation number: 884479-8. Registered address: 199 Bay Street, Suite 4000, Toronto, Ontario, M5L 1A9. Monex Canada is registered with both the Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”) and the Revenu Quebec. In Toronto, Ontario, Monex Canada is registered as an MSB with FINTRAC and holds registration number M17698932. Additionally, Monex Canada holds a license from Revenu Quebec with license number 11642. The entity delivers services to clients across Canada. This communication has not been reviewed by FINTRAC. It is for informational purposes only, is not an offer or solicitation to buy or sell an investment product or service and should not be relied upon to make any investment decisions.

**Singapore:** This document is distributed in Singapore by MonFX Pte Ltd (“MonFX”). MonFX Pte Ltd is licensed and regulated by the Monetary Authority of Singapore as a Major Payment Institution under the Payment Services Act 2019 and as a Capital Markets Services Licence holder under the Securities and Futures Act 2001. MonFX Pte Ltd is a company registered in Singapore with registration number 201611101E and has its trading address as 5 Shenton Way, UIC Building, #10-01, Singapore 068808. The entity delivers services to clients across Singapore and other APAC countries. This communication has not been reviewed by the Monetary Authority of Singapore. It is for informational purposes only, is not an offer or solicitation to buy or sell an investment product or service and should not be relied upon to make any investment decisions.

Copyright © 2024 Monex Europe Holdings Limited/or its affiliates. All rights reserved.