

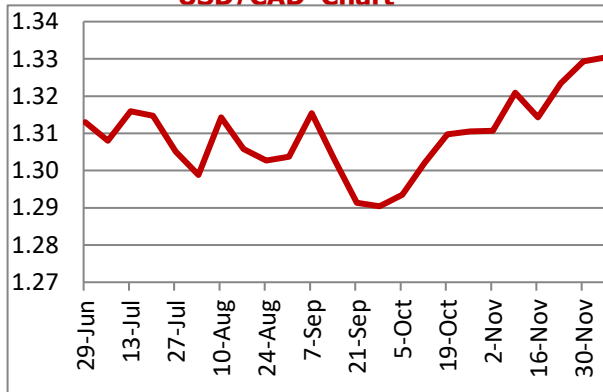
Daily FX Market Commentary

**Highlights for December 7, 2018**

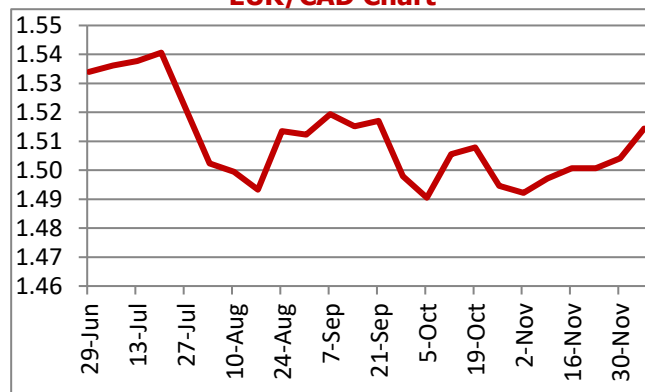
- Canada creates 95K jobs in November. Mostly gains in full-time employment
- OPEC and Russia reach agreement to cut oil production. Oil prices to increase.
- Further political fallout from arrest of Huawei executive. China retaliation fears.
- White House Chief of Staff John Kelly is expected to resign in coming days.
- Brexit debate heats up. Second referendum uncertain. Support gathers but might not be enough.

**Charts**

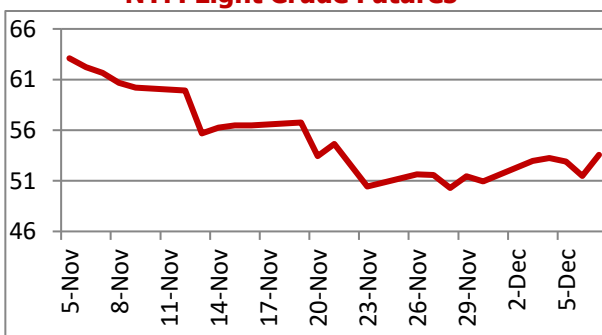
**USD/CAD Chart**



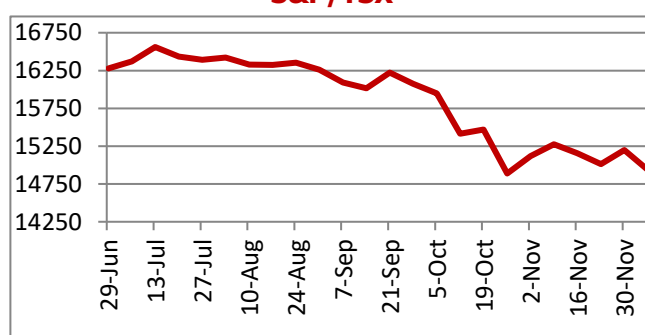
**EUR/CAD Chart**



**NYM Light Crude Futures**



**S&P/TSX**



**Indices**

TSX	14937
DOW	24947.7
S&P500	2695.95
Nasdaq	7188.26

**Commodities**

Gold	1237.61
Silver	14.472
Copper	2.7405
Wheat	468.75

**Energy**

Brent Crude	57.85
WTI Crude	51.49
Natural Gas	4.327
Heating Oil	1.8582

**FX Rates**

	CLOSE	SPOT
USD/CAD	1.3378	1.3295
EUR/CAD	1.5218	1.5131
GBP/CAD	1.7104	1.6940
CAD/JPY	84.20000	84.79

**Today's Expected USD/CAD Range: 1.3250 - 1.34**

Daily FX Market Commentary

**Good Morning,**

**USD/CAD** hovered near 1.34 overnight before the job numbers released this morning. The creation of 95,000 jobs caused the Canadian dollar to appreciate against the USD to push out of the high it had been trading at. Much of this growth has been in full-time employment which indicates that it is much more likely that the Bank of Canada (BoC) will increase interest rates in January. The unemployment for Canada is currently at 5.6%. OPEC and Russia have reached an agreement to cut 1.2 million barrels of oil per day. The strong appreciation of the Canadian dollar that occurred early this morning was a mix of both the strong employment data and the agreement between OPEC and Russia.

On the USD side, there continues to be more fallout from the arrest of a Huawei executive. The Huawei CFO, who is also the daughter of the company's founder, has been arrested part of a investigation into an alleged scheme to use the global banking system to circumvent the U.S. sanctions against Iran. China has demanded that both Canada and the US explain the reasoning for the arrest. With the arrest of such a high profile Chinese official, fears have grown that America and Canadian executives could face retaliation by the Chinese government. The arrest continues to threaten the 90-day trade war truce between the United States and China. The US also released job numbers this morning but unlike Canada they were below expectations. The US economy created 155,000 jobs in November but his was down from the expected 200,000. Lastly, while not official confirmed, White House chief of staff John Kelly is expected to resign in the coming days. He is seen by many as a steady hand in the white house so this could generate additional volatility in trading next week.

For the **EUR/USD** continues to trade just below 1.14. The pair pushed higher due to a depreciation in the USD due to worse than expected job numbers released this morning. In the UK, Remain voters gather more support for a second referendum. While the idea of a second referendum has been gathering support with British politicians there is still too much uncertainty in how this might be done. As more time passes the probability that another referendum occurs decreases but conversely the support for a second referendum among the general public increases. If a second referendum were to occur, then this would surely alienate the approximately 17 million Leave voters.

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