



MARKET HIGHLIGHTS

- As expected the Fed did not raise interest rates yesterday, however, they were more dovish than many were expecting, causing the DXY index to fall 0.75% immediately following the decision. The new dot plot released shows no rate hikes for this year, and one hike in 2020. This is a reversal from the December dot plot which showed one hike this year and two in 2020. Powell said in his press conference that too-low inflation is “one of the major challenges of our time” as the Fed has had trouble hitting the 2% inflation target for several years now. He continued to preach patience as data has been mixed saying, “We don’t see data coming in that suggest that we should move in either direction. They suggest that we should remain patient and let the situation clarify itself over time.” The Fed also noted that they would continue balance sheet runoff, but they will start to slow it down in May and end in September. Next week we will hear from a slew of Fed speakers and will likely get further clarity about the decision and economic outlook.
- The Norges bank raised interest rates this morning to 1.0%, which many expected, but surprised markets by signaling further rate hikes this year while many of its western counterparts are on hold. This is the second rate hike since September. Norges Bank Governor Olsen said in his statement that, “Our current assessment of the outlook and balance of risks suggests that the policy rate will most likely be increased further in the course of the next half-year”. The bank noted that the domestic economy is “stronger than anticipated”, however, slower growth and lower interest rates abroad could trickle into the Norwegian economy. Oil investment forecasts and GDP forecasts for 2019 were raised while exports were lowered. NOK surged to its strongest level against the euro since November immediately following the decision.

INDEX	LAST	CHANGE	% CHANGE
ASIA/PACIFIC			
Nikkei 225	21,608.92	42.07	0.20%
Hang Seng	29,071.56	-249.41	-0.85%
S&P ASX 200	6,167.17	1.82	0.03%
Kospi	2,184.88	7.78	0.36%
Shanghai Comp	3,101.46	10.82	0.35%
EUROPE			
Euro Stoxx	3,374.08	1.70	0.05%
CAC 40	5,386.18	3.52	0.07%
DAX	11,575.40	-28.49	-0.25%
IBEX 35	9,383.60	-22.00	-0.23%
AMERICAS			
Dow Jones	25,745.67	-141.71	-0.55%
S&P 500	2,824.23	-8.34	-0.29%
NASDAQ	7,728.97	5.02	0.07%
Mex. Bolsa IPC	43,156.21	777.60	1.83%
Bovespa	98,041.37	-1547.00	-1.55%
*as of 7:45am EST– source Bloomberg			

COMMODITIES	LAST	CHANGE	% CHANGE
PRECIOUS METALS			
Platinum	\$870.60	11.00	1.28%
Gold	\$1,315.68	3.14	0.24%
Silver	\$15.57	0.09	0.60%
ENERGY			
Crude Oil	\$59.74	-0.49	-0.81%
Heating Oil	\$199.30	-1.51	-0.75%
Gasoline	\$190.63	-1.03	-0.54%
Natural Gas	\$2.82	0.00	0.04%
INDUSTRIALS			
Copper	\$294.75	3.20	1.10%
Aluminum	\$1,926.00	--	--
Nickel	\$906.70	2.50	0.28%
AGRICULTURE			
Corn	\$373.00	1.50	0.40%
Sugar	\$12.62	-0.12	-0.94%
Wheat	\$463.25	-1.50	-0.32%
Cotton	\$75.93	0.43	0.57%

*as of 7:45am EST- source Bloomberg

TECHNICAL HIGHLIGHTS

EUR/USD

EUR/\$ holds onto a bid as the dollar continues to be beat down by a massive rally in GBP on Brexit optimism. The EUR has proved relatively insulated from cable developments, but that may not be the theme going forward due to the reality of how important the UK is to the Eurozone. A break above the 50D-SMA will be important to drive traders into longs.



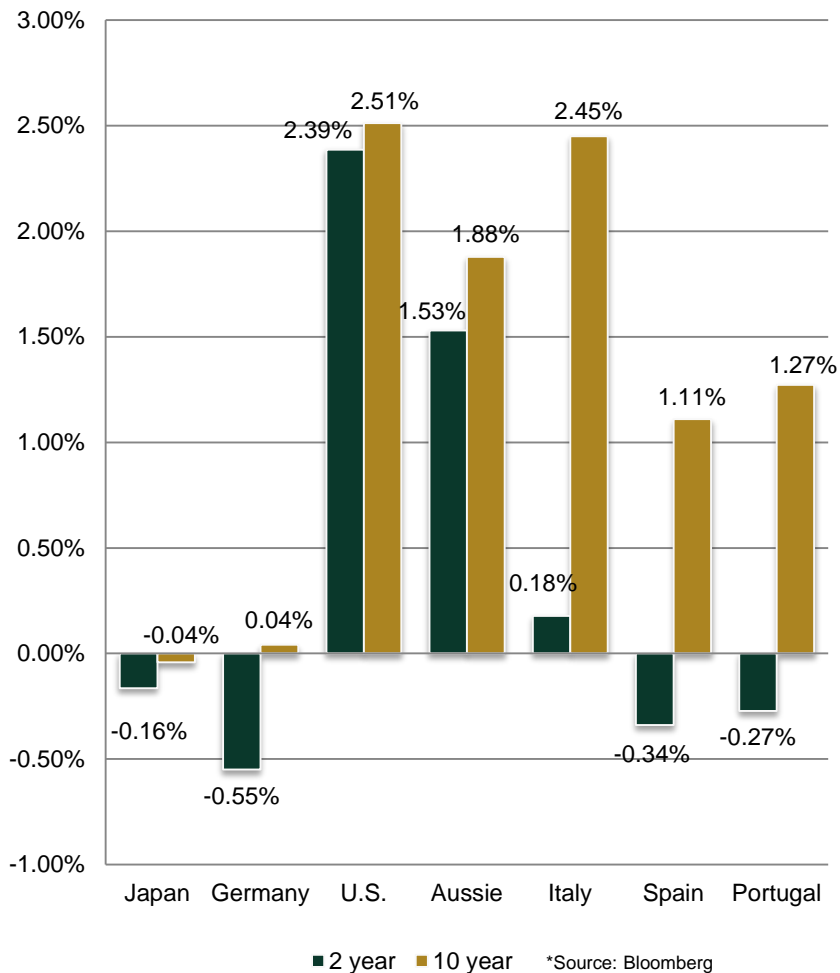
GBP/USD

GBP continues to see light participation and quick/whippy price action as headlines drive the pair. We've seen tons of speculation on the potential impact of the different scenarios which could play out, but actually monetizing Brexit headlines proves to be difficult. Momentum indicators suggest a core long position, but expect real money to keep positioning light ahead of a true resolution. Oversold indicators suggest we may soon see a pullback.





2's & 10's SOVEREIGN YIELDS



SOVEREIGN DEBT	2-YEAR	10-YEAR	2's/10's
ASIA/PACIFIC			
Japanese Government Bonds	-0.16%	-0.04%	12.3
Australian Government Bonds	1.53%	1.88%	34.9
New Zealand Government Bonds	1.56%	2.00%	--
South Korea Government Bonds	1.82%	1.93%	11
Singapore Government Bonds	1.93%	2.05%	12.2
EUROPE			
Germany Government Bonds	-0.55%	0.04%	59.0
France Government Bonds	-0.49%	0.41%	89.8
Italy Government Bonds	0.18%	2.45%	227.2
Spain Government Bonds	-0.34%	1.11%	145.0
Portugal Government Bonds	-0.27%	1.27%	154.4
AMERICA			
US Government Bonds	2.39%	2.51%	12.4
Canada Government Bonds	1.59%	1.65%	6.4
Mexico Government Bonds	7.82%	7.98%	16.1
Brazil Government Bonds	7.27%	N/A	--
Venezuela Government Bonds	N/A	33.20%	--
*as of 7:45am EST – Source: Bloomberg			

DATE/TIME MARKET EVENT	FORECAST	ACTUAL	PRIOR
Mar-21 05:00 EC-ECB Publishes Economic Bulletin	--	--	--
Mar-21 05:30 UK-Public Finances (PSNCR) Feb	--	0.6b	-25.4b
Mar-21 05:30 UK-PSNB ex Banking Groups Feb	0.7b	0.2b	-14.9b
Mar-21 05:30 UK-Retail Sales Ex Auto Fuel MoM Feb	-0.40%	0.20%	1.20%
Mar-21 05:30 UK-Retail Sales Ex Auto Fuel YoY Feb	3.50%	3.80%	4.10%
Mar-21 05:30 UK-Retail Sales Inc Auto Fuel MoM Feb	-0.40%	0.40%	1.00%
Mar-21 05:30 UK-Retail Sales Inc Auto Fuel YoY Feb	3.30%	4.00%	4.20%
Mar-21 08:00 UK-Bank of England Bank Rate	0.75%	0.75%	0.75%
Mar-21 08:00 UK-BOE Asset Purchase Target Mar	435b	435b	435b
Mar-21 08:30 CA-Wholesale Trade Sales MoM Jan	0.60%	--	0.30%
Mar-21 08:30 US-Philadelphia Fed Business Outlook Mar	4.8	--	-4.1
Mar-21 08:30 US-Initial Jobless Claims	225k	--	229k
Mar-21 08:30 US-Continuing Claims	1770k	--	1776k
Mar-21 09:45 US-Bloomberg Consumer Comfort	--	--	60.8
Mar-21 09:45 US-Bloomberg Economic Expectations Mar	--	--	54.5
Mar-21 10:00 US-Leading Index Feb	0.10%	--	-0.10%
Mar-21 11:00 EC-Consumer Confidence Mar A	-7.1	--	-7.4
Mar-21 19:30 JN-Natl CPI YoY Feb	0.30%	--	0.20%
Mar-21 19:30 JN-Natl CPI Ex Fresh Food YoY Feb	0.80%	--	0.80%
Mar-21 20:30 JN-Nikkei Japan PMI Mfg Mar P	--	--	48.9

DISCLOSURE

The material in this document is for informational purposes only and is of general market, economic, and political conditions or statistical summaries of financial data. This material should not be construed as legal, accounting, tax, investment, trading or other professional advice and should not be relied upon in substitution for the exercise of independent judgment. This document does not constitute an offer, recommendation or solicitation to buy or sell a particular financial asset or a commitment to enter into any transaction.

Although information in this document has been obtained from sources believed to be reliable at the time of publication, we do not guarantee its accuracy, completeness or fairness, and it should not be relied upon as such. First Republic Bank and its affiliates do not assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Actual results will vary, and may be adversely affected by exchange rates, interest rates, or other factors. Recipients of this material should carefully consider any risks involved. This document may not be reproduced or circulated without our written authority.

First Republic Foreign Exchange is a division of First Republic Bank.

Foreign Exchange transactions are not FDIC insured, are not bank guaranteed, and may lose value.