中信银行(国际)
CHINA CITIC BANK INTERNATIONAL

Subject: Will the Yen continue to rise?

Video highlights:

- In January, the U.S. non-farm payroll added 143K jobs, which was less than market expectations. However, the unemployment rate dropped from 4.1% to 4.0%, and average hourly wages increased faster month-on-month, indicating a healthy job market in the U.S. Interest rate futures suggest the Fed may not cut rates until June 2025, likely by 25 basis points.

- The U.S. dollar's strength, driven by inflation expectations since Trump's election, may have limited room for further gains. The U.S. economic surprise index, though positive, has been fluctuating, reflecting mixed economic data recently. On the other hand, tariffs continue to unsettle markets, but delays in tariffs on Canada and Mexico may slow inflation impacts.

- The Bank of England (BOE) cut rates to 4.5% on February 6, with two members advocating for a larger cut and revised-down GDP forecasts. Interest rate futures suggest the BOE may cut rates in May 2025, likely by 25 basis points. These factors potentially limit the rise of GBP. However, if the short-term rise of the U.S. dollar is limited, it may provide some support for the GBP, with a significant support level seen around 1.21.

- The yen has strengthened due to the Bank of Japan's rate hike and wage increase proposals, with further appreciation possible. Additionally, the recent rise in Japan's government bond yield has narrowed the interest rate spread between U.S. and Japanese bond yields, supporting the yen, which may further strengthen to 149 JPY to 1 USD.

Full version is only available in Chinese language.

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