TRADE TENSIONS AND GLOBAL GROWTH BACK IN FOCUS THIS WEEK

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GBP

The UK data calendar makes up for the lack of action in Westminster this week as MPs break for a week-long recess following the 6-month extension reached last week. The UK economy has fared well thus far despite Brexit uncertainty tarnishing business investment, rendering economic data redundant in moving sterling. However, recent soft data points to a dramatic slowdown in UK growth in the next few months as the effects of production stockpiling fade. For this reason, investors will likely look towards the data yet again to gauge the true health of the UK economy. This week, UK labour market data, the Consumer Price

Index and Retail Sales are released between Tuesday and Thursday.

EUR

For the fourth out of five days last week the euro gained against USD on Friday, putting an increased distance between the near-21 month lows on EURUSD seen at the start of April. Chinese exports rebounded after the Lunar New Year holiday, which signalled the Chinese economy. The Eurozone may profit from this as China is it's second biggest trade partner and a strong Chinese economy will provide a great boost to external demand. This week sees the German ZEW Economic Sentiment on Tuesday, and Flash Manufacturing and Services Purchasing Manager Indices on Thursday. The most important developments for the euro, however, may originate from outside of the bloc with China's Q1 Gross Domestic Product on Wednesday, and potentially more US trade tariff threats that can sour sentiment.

USD

The US dollar has begun to waiver on subdued global conditions. 3-month implied volatility on all G10 crosses are through the floor in comparison to historical standards, suggesting options traders are not pricing in significant currency volatility in the coming quarter. That said, there are still a lot of dynamics in play. One of which is central bank independence. The Fed has come under increasing scrutiny from the Trump administration, with the President tweeting on Sunday that US growth would be well above 4% if it wasn't for quantitative tightening. This week, tensions between the EU and US will be in focus after the Trump administration proposed $11bn in tariffs due to Airbus subsidies harming Boeing's market power, while investors still await a summit date to announce the US-China trade pact. The data calendar is plentiful for the dollar this week with manufacturing data on Tuesday, trade data and the Fed's beige book on Wednesday, retail sales on Thursday and housing start numbers on Friday.

CAD

Friday's close saw crude oil post six consecutive weeks of gains, however, rising rig counts in the US and loosening tones from OPEC + members took some heat out of the rally. Despite the crude rally, the loonie continues to trade relatively flat with USDCAD trading in a 1.2% range since the beginning of March. This week's data, however, may finally prompt the currency pair to move with the BoC business outlook released this afternoon and CPI and retail sales released at the end of the week. The CPI release on Thursday will be the main focus after February's slight uptick. Analysts expect the headline figure to jump from 1.5% to 1.9% in March as higher fuel prices filter through the economy.