

Today Jul 12, at 14:00 the markets will be looking towards two major events with the Bank of Canada interest rate decisions and Janet Yellen's testimony. Janet Yellen's mid-year market outlook is in major focus today as Yellen is expected to clarify the current economic situation and the policies applied to improve the economy. Strategists will be focused on any signs that the Fed is prepared to battle against inflation in financial assets. It has been suggested in recent weeks that the Fed is uncomfortable with elevated equity valuations and low Treasury yields and the risk is associated to any indications that the Fed is at unease which could cause a wave of risk aversion in markets and high volatility. At the same time, the Bank of Canada is expected to hike interest rates for 1st time in almost 7 years on Wednesday following signs the economy is well on the road to recovery after the crash in oil prices. The low interest rates have encouraged Canadians to record levels of debt in recent years, and the central bank feels significant risk for the economy. Traders are 90 percent certain of a 0.25 percent rate hike today and big banks will likely increase interest rates as a result. Of course any hike in interest rates will mean additional expense for Canadian's with loans and mortgages and there could be a slowdown in first time house buyers as a result of the hike. To summarise, the markets will be heavily focused on both events and any surprises could cause significant market volatility. **Source: Yadix Forex Broker**