

Daily Forex Brief - The Fed meeting today takes centre stage in the minds of the market, with everything else taking second place. That said, there is no real basis for the Fed in raising the rhetoric towards a further tightening given the run of data and events since the last meeting. For most of April, data has been falling to the softer side of expectations, with the US 2 year yield and dollar both weaker vs. the levels seen at the March meeting. As such, we're likely to get only minor adjustments to the statements to reflect the new reality, with the forward guidance likely to remain largely unchanged. The dollar is likely to remain on the soft side in the coming days, as bigger players moving away from playing the interest rate story on the dollar. The overnight news in currencies has been dominated by the weaker **CPI data** seen in Australia. The quarterly data showed headline CPI falling to 1.3%, from 1.7% in the previous quarter. Expectations were for inflation to remain steady at that level. A fair amount of the drop was down to the firmer currency, with the price of tradable goods falling 1.4% in Q1. The scope for a rate cut this year remains, but with the domestic sector doing well and unemployment still falling, hardly a no-brainer for the RBA. More immediate is the RBNZ decision in New Zealand tonight, where there are some expectations for a further cut in rates from the current 2.25% level. Inflation remains well below the 2% mid-point of the target range. And looking ahead to early tomorrow, we have the Bank of Japan meeting. It's unlikely that we're going to see fresh policy measures, but the scope for impact on the currency is probably

greater here given the possibility that we see some further adjustment to the many existing policy measures in place. **Source:** [Expro Forex Broker \(Review and Forex Rebates Up to 85%\)](#)