

[The pressure on Canada](#) - The price action on the **yen** is indicative of a currency that has changed course. After yesterday's substantial bout of yen appreciation, we've seen more gains overnight, this despite the holiday in Japan today. This puts **USDJPY** at levels last seen 18 months ago, having moved below the 107.00 level into the European open. Many started the year bearish on the yen, on the basis of policy divergence, so sentiment amongst longer-term players is now starting to shift, which will be a difficult barrier for the BoJ and MoF to overcome. Furthermore, the perception that the yen remains undervalued on longer-term measures remains, this also being seen in the recovery in the current account over the past year, which generally pre-dates increases in the yen. **EURJPY** is also touching some key levels today, holding just above the 122.00 level in early European trade, leaving the 121.70 level (18th April low) as the key level to watch to take it onto level last seen 3 years ago. The main focus today will be with activity data in Canada, where the latest monthly **GDP data** for February is seen contracting by 0.2%.

USDCAD continues to resemble a one-way street, now threatening a break of the 1.25 level. Combine this with the slower pace of growth seen in the US in the first quarter, the competitive conditions are getting more troublesome for Canada. If this continues, it's going to be difficult to see the BoC holding rates steady at their current level.

Source: **FxPro Forex Broker** ([Review and Forex Rebates Up to 85%](#))