

Daily Market Report(2016.01.05) Source: [Fxprimus Forex Broker \(Review and Forex Rebates Up to 85%\)](#) The first piece of significant data was actually released last Friday while the markets were closed. China Manufacturing PMI came in at 49.7, below the key 50 level. Today, that would be backed up by the independent Caixin Manufacturing PMI, which came in lower than expected at 48.2. Both pieces of data re-affirm the notion that the world's second largest economy is slowing. As the FX market opened for the New Year, the reaction was muted. The first move was to buy USD. USD/JPY rallied from the NY close of 120.20 to 120.47. EUR fell from 1.0870 to 1.0827 and GBP slipped from 1.4740 to 1.4693. However, that would be as good as it got for the USD as the Caixin data was released. AUD fell immediately from 0.7280 to 0.7220. USD/JPY went into a tailspin, dropping initially to 119.70 and then continuing to 118.71 in Europe. EUR rallied all the way back to 1.0946 and GBP hit 1.4816. The sole catalyst here is the Chinese data, which sent Shanghai stocks tumbling almost 7% before new circuit breaker rules brought trading to an early close! The Nikkei and Hang Seng fared only a little better down 3.06% and 2.68% respectively. XAU rallied in the face of the equity market carnage, rising from 1062 to 1074. Oil also rallied from last week's close around \$37.15 to \$38.33 as diplomatic relations between Saudi Arabia and Iran broke down. In the midst of all this, we had UK Manufacturing PMI data, which came in worse than expected, but had little effect on GBP as the USD was under so much pressure. As the US day begins, EUR is at 1.0905, GBP 1.4785 and

USD/JPY 118.90. AUD is 0.7215, NZD 0.6775 and USD/CAD 1.3890. XAU is 1074, XAG 14.00 and Oil \$37.55 a barrel. European equities have followed on from the sell-off in Asia, the DAX leading the way down 3.5%. US equity futures point to a lower open of around 1.5%. If you were looking for a volatile start to the year, you got it! The first move is for equities to continue lower. The DAX is now down 4.5% and US futures are down 1.8%. On the FX front AUD continues lower to 0.7195 and USD/CAD rallies to 1.3935 as traditional 'risk-off' trades take center stage. The next move is for the USD to recover from its worst levels. A lower than expected German CPI reading sees EUR back down to 1.0885. GBP slips back to 1.4755 and USD/JPY rallies to 119.10. XAU takes another leg higher to 1078 and XAG follows to 14.15. As the market awaits the open of US equities, the USD takes another leg higher, with EUR down to 1.0850, GBP 1.4740 and USD/JPY up to 119.36. US Manufacturing PMI comes in a fraction better than expected but the ISM data is far weaker. Construction spending is also down. The DJ is now lower by over 400 points, EUR slips to 1.0835 and GBP 1.4715. XAU rallies to 1082 and Oil squeezes to \$38.30, taking USD/CAD down to 1.3880. Markets are very thin and choppy and obviously very nervous in the face of the equity sell-off. There is nothing from data in China, Germany or the US to get excited about on Day 1! The US data is the weakest since 2009, and no one wants to go back to 2009! www.fxprimus.com