

Market Analysis (20115.01.06) Source: [XM Broker \(Review and Forex Rebates Up to 85%\)](#) China continues to be the focal point for the markets after data showed a setback to services sector growth in the world's second largest economy. Investors closely watch PMI reports as China is making a transition from its old, manufacturing-driven economy to the new world of services. Thus, today's disappointing Caixin services PMI numbers renew concerns about slowing growth in China. According to the private survey, activity in China's services sector expanded at its slowest pace in seventeen months in December, to print a reading of 50.2, from November's 51.2. In October, the index hit a three-month high of 52. December's services PMI reading was the lowest since July 2014. Today's Caixin services PMI comes on the heels of downbeat factory data released earlier this week. The Caixin manufacturing PMI slipped to 48.2 in December from 48.6 in November, missing forecasts. The reading was the lowest in 3 months and factory activity has been in a contraction since March 2015. The services PMI index is the biggest contributor to gross domestic product. All eyes will be on China's fourth quarter and full-year GDP due on January 19. The Chinese yuan fell to a five-year low versus the US dollar after China's central bank (PBOC) fixed the midpoint rate at 6.5314 per dollar prior to the market open, even weaker than the previous day's closing quote 6.5157.