

**Today's important market news(2016.01.07) Source: [Fxpro](#)  
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13:00	Unemployment Rate
16:25	BoC Governor Poloz Speech
16:30	Continuing Jobless Claims
16:30	Initial Jobless Claims
18:00	Ivey Purchasing Managers Index s.a

It feels as if the past few years we've been obsessing about overarching themes, such as Greece, Fed tapering and then tightening. This year I think will be a lot more schizophrenic and this week has already felt like a microcosm of how the year could pan out. We've obsessed about China, Saudi/Iran relations, South Korea, oil prices and we'll be back to the US tomorrow with the US employment report. We're moving back to China given the overnight developments after another halt in trading in shares as the Shanghai composite stands another 7% lower. The USDCNY reference rate has also risen, by the most since 13th August last year, with the yuan 0.5% lower against the US dollar. We've also seen a narrowing of the spread between the onshore (CNY) and offshore (CNH) rates, with the offshore yuan trading notably weaker vs. the onshore rate. This was at the widest seen in the past 5 years, but perhaps not surprisingly we've seen a narrowing from the 14 big figure spread seen yesterday (now just under 10). The widening of this spread is not a welcome development for a central bank that was looking for a more market determined exchange rate when the band was widened back in August of last

year. Looking beyond China, the FOMC minutes from last night put a marginally weaker tone to the dollar, with the minutes revealing that some members saw the decision as a close call, given the low levels of prevailing inflation. There remains this split between the profile of Fed Funds seen by the Fed's own projections of committee members (nearly 4 quarter point moves in 2016), vs what is priced into the market (at most 2). We could get a better feel for this with the release of tomorrow's US employment report, the ADP data yesterday suggesting the risks are for a better than anticipated release. For today, there are no major data releases that are going to detract from China and stock market watching. With oil prices still weak and China concerns paramount, it's the commodity currencies that are suffering, AUD and CAD in particular, with the yen still favoured. GBPJPY has been a one-way trip towards 170.