

**Daily Market Report (2016.01.07) Source: [Fxprimus Broker](#) ([Review and Forex Rebates Up to 85%](#))** Yesterday was rather anticlimactic as the markets were looking for further action in global equities. What it got was a weak rally in Europe and a mixed bag from the US. However, JPY crosses continued to exhibit weakness until a late day squeeze dragged EUR and GBP off their lows. Will today hold some surprises, or has calm returned to the markets? We left yesterday with EUR at 1.0750, GBP 1.4675 and USD/JPY 119.05. AUD was 0.7160, NZD 0.6710 and USD/CAD 1.3985. All eyes would be on China and so it turns out, with good reason. China Services PMI data came in much weaker than expected at 50.2, barely above the all-important 50 mark. Then North Korea announces it has tested a Hydrogen bomb! Last but not least, the Chinese Yuan (CNY) fixes at its weakest level in five years. None of this exactly counts as good news! USD/JPY drops from 119.10 to a low of 118.25 in Europe. AUD falls from 0.7160 to 0.7058. USD/CAD rallies from 1.3990 to 1.4103 as Oil is sold from \$36.10 to \$34.80 a barrel. GBP makes another new low at 1.4620. EUR also tests lower to 1.0720 before bouncing back to 1.0750. XAU rallies to 1086 as the market looks for some protection. On the equity market front, you would imagine all markets would be lower. And they are, with one very notable exception. Incredibly, the Shanghai Index closes up 2.27%. Not quite sure why, but it does. Both the Nikkei and Hang Seng close lower by almost 1%. At the half way mark in Europe the DAX, FTSE and CAC 40 are all lower by around 1.6%. US equity futures point to a lower

open of around 1.5%. As I start the day here in the US, EUR is 1.0750, GBP 1.4660 and USD/JPY 118.40. AUD is 0.7080, NZD 0.6650 and USD/CAD 1.4080. XAU and XAG are 1085 and 14.00 respectively. Oil is trading at \$35.05. Aside from the turmoil in stocks and the focus on China, we have the ADP Nonfarm payroll data to look at as a precursor to Friday's official NFP release. The data comes in much stronger than expected at +257. GBP drops to 1.4600, EUR slips to 1.0712 and USD/JPY jumps to 118.60. The moves are short lived with EUR back to 1.0750 and GBP 1.4635 in quick order. USD/JPY slips back to 118.40. USD/CAD makes a new 12-year high at 1.4110 but is soon back to 1.4070 as the Canadian Trade Balance comes in better than expected. The US Trade data is also better, but with no real reaction other than XAU dropping off its earlier high of 1088 to 1084.

All eyes now turn to the US equity open. The DJ opens down 250 points or -1.5%. XAU jumps to 1093 and XAG to 14.14. GBP drops back to 1.4625. All in all FX has gone rather quiet, awaiting ISM data at 10am NY time. Before that, we have US Services PMI, which comes in a little weaker than expected. EUR heads back to 1.0755, GBP to 1.4645 and USD/CAD dips to 1.4060. Equities stage a small rally, with the DJ back to -200 points.