Bank of Japan goes negative There was plenty of speculation in the run to last night's BOJ meeting that they would ease further and even though only a week ago the BOJ governor Kuroda suggested in Davos that further easing was on the cards, a move to negative rates was not expected. Understandably this caused some wild swings in the yen which weakened with USDJPY moving back above 120 and the Nikkei which strengthened. Other evidence of a weak Japanese economy came earlier in the week in the form of poor trade data and so the pressure has been mounting for the BOJ to further ease monetary policy, but doing this via asset purchases wouldn't be easy due to their already extensive activity in the JGB market which is rather illiquid now as a result, so cutting rates at this moment in time is the only option open to them and they have even signalled that more is to come. The risk on move in Asia overnight even saw Chinese stocks rise for the first time in four daysand this sentiment is following through to the European session on this final day of the month. The recovery in indices throughout this week has been remarkable and just like last night's BOJ rate decision, come as quite a surprise when you consider what sentiment was like only one week ago. A strong end to the month this week will make investors feel a lot better about themselves and means the overall losses for the month aren't going to be anywhere near as bad as they looked like they'd be only a few days ago. Later today data to watch out for is Eurozone CPI, US GDP and then the US Michigan Confidence data. www.fxpro.com