

Sterling suffering (2016.02.24) Source: [Fxpro Forex Broker](#) ([Review and Forex Rebates Up to 85%](#)) The pattern of trading over the past 24 hours in sterling is of a currency unloved. Cable weakened into the European close yesterday and unusually for the Asia session, was also the weakest performer overnight. This strongly suggests that longer-term and overseas investors are turning away from sterling and more generally UK assets as the uncertainty of the EU referendum in June of this year bears down. It is also indicative of overseas investors that are either hedging and/or lightening up on UK assets, especially equities and bonds. We won't be able to confirm this for another month or so, when we get official data on overseas holdings and changes, but the price action is strongly indicative of this. The one thing we have to bear in mind is that when sentiment is overwhelmingly one-way on a currency, then the risks of a reversal will build substantially. Witness that seen on USDCAD last month. The other interesting change in sentiment has been on the safe-havens, with the yen and Swiss franc also strengthening over the past twenty-four hours. Both central banks, in different ways, were yesterday hinting at the limits of their currency monetary regimes. Both saw their currencies rise as a result. This creates an interesting backdrop to the G20 meeting of central bank governors and finance minister this weekend in China. We could see mention of the phrase "currency wars" increase as a result, but I don't think we're going to see any official comment on it. For today, there are no major data releases to upset the tone, so it's these wider trends on safe havens

and sterling that will continue to dominate the tone in FX markets, probably into the end of the week as well.