

Tough but positive markets(2016.03.02)

Today's important market news

Time: GMT

09:30	PMI Construction
10:00	Producer Price Index (MoM)
10:00	Producer Price Index (YoY)
13:15	ADP Employment Change
19:00	Fed's Beige Book
23:50	Foreign bond investment
23:50	Foreign investment in Japan stocks

There is a very different tone to markets in March compared to the start of February and January. We saw declines of 2% and around 1.5% respectively in the S&P500, compared to the 2.4% gain seen yesterday, with another positive day anticipated in the wake of the gain seen in Asia (both Japan and China up around 4%). In FX, the yen strengthened at the start of both months (1% January, 2.75% February), in contrast to the weaker tone seen yesterday. Supporting in the background has been the better tone to oil prices. Overnight, data has been supportive, with GDP data in Australian rising 0.6% QoQ; weaker vs. the (upwardly revised) previous quarter of 1.1% and firmer than expected. The Aussie is up by 1.3% so far this month, moving towards the key resistance of 0.7243 (which was touched but not broken today). Despite the greater risk appetite being displayed in markets, it has to be said that February was not an easy month in any asset class and so far during March, the same seem to be holding true, at least in FX. Sterling was up and down like a yo-yo for most of yesterday's session, with the same holding true for the Aussie and less so the yen. It creates an impression of a market that is struggling

for direction but also trying to grab onto what exactly the key driver is. Even Brexit appears to have fallen from the headlines, at least as far as sterling is concerned, but that is likely to be temporary in my view. The US primaries overnight have seen Trump and Clinton push ahead, but so far markets are not really reacting, not least because we still have 8 months to go in terms of campaigning. There are no major data releases for today likely to rock the tone. So far, comments from ECB President Draghi, noting increased downside risks to the outlook, having not impacted the single currency, given that they largely reflect the data released this week. We've also seen Moody's downgrade the outlook for Chinese government debt. This is not the main rating, more a warning shot and market were unmoved on the news. **Source:** [Fxpro Forex Broker\(Review and Forex Rebates up TO 85%\)](#)