

US employment report - The US employment report pretty much knocked the chance of a June FOMC rate hike out of the field. As I suggested last month, June has turned out to be September of last year, where the Fed laid the groundwork for a rate increase, only to be undermined by the underlying economy. Of course, it's not a done deal yet, but the probability of a hike this month has fallen from around 25% to below 5% on the back of the jobs data. The dollar naturally retrenched, with losses most pronounced against the South African Rand, Brazilian Real and the single currency. The only currency that finds itself weaker against the dollar is the British pound, which fell at the start of Asia trade as the latest EU referendum poll (released Friday) showed gains for those supporting an exit. Cable finds itself one big figure lower as a result, currently flirting with the 1.44 level. Against this backdrop, the speech by Fed Chair Yellen later today will be the main event pre-occupying markets. The emphasis is likely to remain on the data dependence of any future rate moves, but naturally markets will be sensitive to any hints around the summer (most notably July). Yellen aside, the data calendar remains on the light side today, so majors are likely to be trading relatively cautiously ahead of the 16:30 GMT speech. The equity reaction to Friday's data was very telling, the market struggling to get excited about the continuation of low rates, instead focusing on the weaker economy. This is another sign that monetary policy is losing its impact on markets.

Today's important market news

Time: GMT

09:30 Targeted LTRO
14:00 Labor Market Conditions Index
16:30 Fed's Yellen Speech
23:01 BRC Retail Sales Monitor - All (YoY)
23:30 AiG Performance of Construction Index