

USDJPY Analysis - The overnight fun has been on USDJPY, with the Japanese PM pledging to add more fiscal stimulus after the LDP gains seen in the upper house elections over the weekend, which should allow him to secure a super majority. This came after USDJPY bounced off the 100 level on Friday in the wake of the US jobs numbers. USDJPY is currently nudging the 102 level. Japan is a nation long of promises and short on delivery, so whether Abe is able to follow through on this pledge in an effective manner is another matter entirely and one which will ultimately determine whether the move on dollar-yen is sustained. Talking of the sustainability of moves, the dollar saw some decent volatility in the wake of Friday's employment report, the result of which left it slightly firmer against the euro and sterling. Naturally, the probability of a rate increase from the Fed this year increased as a result, but it remains an outside chance, with the market currently seeing less than 25% chance of this happening. As such, it could well be that the only policy move we see from the major central banks in before year end is an easing from the Bank of England and quite possibly as early as this week. Otherwise, the Fed is struggling to hike, the ECB has little left to cut and the Bank of Japan has thrown nearly everything it has at trying to pull Japan out of the quagmire of deflation. The agenda is on the light side for today, but markets are at least seeing a generally positive start to the week, stocks having been generally higher during the Asia session and opening to the good in Europe as well. Note that gold continues to push higher, but for now is consolidating above the

1,350 level.

Today's important market news

Time: GMT

- 11:00 Eurogroup meeting
- 12:15 Housing Starts s.a (YoY)
- 14:00 Labor Market Conditions Index
- 23:01 BRC Retail Sales Monitor - All (YoY)

Source: [Fxpro Forex Broker \(Review and Forex Rebates Up to 85%\)](#)