

Forex Daily Analysis - So this time around, we have two Employment Reports before the next Fed meeting, so if this one is bad, the bulls will be able to cling onto the hope of a rebound early September and vice versa. We've had something of a merry-go-round in the past few weeks, which has not been dis-similar to the same period 12 months ago. In other words, a bit of a "will they, won't they" approach to every day release, but not quite as intense as last year, given that the first rate hike is already in the bag and the data is not as compelling for a move this year. As such, the market is currently putting less than 20% probability of a tightening at the September meeting. With regards to today's numbers, the market is looking for a more modest 180k rise in headline payrolls, after the strong 287k re-bounce we saw last month. The main issue will be whether the labour market is reflecting the general slower pace of growth in the economy in the second quarter. If it does, then it's harder for the Fed to argue the economy is seeing a temporary slowdown. Looking beyond the Fed, the volatility yesterday was naturally on sterling after the Bank of England followed the ECB and BoJ by throwing various policy options at the issue of a slowing economy and deflation risks to see which one would stick. So we have a cut in rates, more QE, a new lending program and a degree of forward guidance. Naturally, the question is to what extent these will impact the real economy. We'll have to wait some time to see what the real story is there, but in the meantime, the bias on cable is likely to be lower, as we're seeing modest policy divergence between the

two and that tends to be a strong driver of a currency pair. Elsewhere, the Aussie continues to power ahead, with AUDUSD pushing towards the July high of 0.7676. The latest indications from the RBA suggest that it is in no hurry to lower interest rates, hence the fresh push higher overnight.

Today's important market news

Time: GMT

12:30	Nonfarm Payrolls
12:30	Average Weekly Hours
12:30	Labor Force Participation Rate
12:30	Unemployment Rate
12:30	Trade Balance
12:30	Participation rate
12:30	Unemployment Rate
12:30	Net Change in Employment
14:00	Ivey Purchasing Managers Index
14:00	Ivey Purchasing Managers Index s.a
17:00	Baker Hughes US Oil Rig Count
19:00	Consumer Credit Change

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