

# Dollar firms as weak Chinese data dampen risk appetite

By  Andre Cilliers

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China's services PMI number came out below estimates of 53.9 versus the expected 56.2, reflecting the slowing Chinese economy.



Source: Reuters.

Japan and Australia's PMI numbers were below market estimates, and risk sentiment remains negative. The poor PMI data, along with today's FOMC minutes which are expected to show the Fed's hawkish stance, have seen the dollar gain ground this morning.

The DXY index is up at 103.15, with the euro down at 1.0870 and the pound holding just above 1.2700. Traders remain wary of the Bank of Japan as the yen approaches the 145.00 level, which is where the central bank intervened to support the currency last October. US bond yields have opened marginally lower this morning, while US equity futures, along with Asian markets, are all in the red.

## Rand maintains yesterday's gains for the time being

The rand is holding steady at R18.68 this morning after firming yesterday on a very quiet trading day. The local currency is expected to trade in reasonably narrow ranges ahead of the FOMC minutes later this afternoon and in the run-up to Friday's US payrolls and unemployment numbers.

## Commodity update

Precious metals closed marginally positive last night and are trading reasonably flat this morning as markets await the return of US markets. The price of copper has eased back from yesterday's gains after this morning's Chinese PMI data disappointed and trade tensions between the US and China had risen.

The increasing concerns over higher interest rates and a global economic slowdown are offsetting any gains from more significant supply cuts by Opec+ members, and we have Brent crude slipping back below \$76.00 this morning.

## ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking and corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.

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