

Bank of Japan disappoints markets



By Andre Cilliers

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The Bank of Japan kept its interest rate unchanged at -0.1%, but more importantly, it also decided to stick to the current yield curve control range, sending the yen sharply weaker and bond yields lower.



Source: Reuters.

The yen is currently trading 2.5% weaker at 131.32 versus last night's 128.13 close, while the benchmark 10-year bond yield is back down at 0.49%. Japan's CPI data is due out on Friday and is estimated to be at a 41-year high of 4.0%.

The dollar is trading firmer at 1.0776 against the euro and flat against the pound at 1.2280. We have both the UK and EU inflation data due out today, with both expected to show some slight moderation from the previous record levels. US retail sales and PPI numbers will also be closely watched later this afternoon.



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The rand continues to suffer due to the ongoing load-shedding and its economic impact. The rand is trading weaker at 17.10 this morning, while other EM currencies are unchanged. Local CPI data out later this morning is expected to show inflation running at 7.2% YoY, down from the previous 7.4%.

Precious metal prices ended lower last night and have slipped further this morning. Gold is below the \$1,900 level at \$1,898, Platinum is down at \$1,034, and Palladium is weaker at \$1,732. Brent crude and WTI are both up around 0.85% at \$86.75 and \$81.70, respectively, on increasing optimism over a recovery in China.

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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