

Yuan In Lowest Value Against Dollar This Year

In light of the People's Bank of China's shift towards looser monetary policies and the injection of \$74 billion of Medium-Term Lending Facility credit into a major bank, Chinese currency Yuan weakened to a 13-month low to trade past 6.8 per dollar.

The continuation of the steep decline may instigate panic selling debt and equity markets.

"Bond markets also seemed to be challenging Trump's criticism of the Federal Reserve's tightening stance," said Hussein Sayed, Chief Market Strategist at FXTM. "Not only did the U.S. 10-year yields bounced to a 5-week high of 2.97%, but the shorter term 2-year yields also hit a new decade high of 2.64%, suggesting that the Fed will raise interest rates two more times in 2018."

Under the most pressure is the correlation between the Yuan and the Gold, which continues to be strong despite Gold's decline since April. Any further effects after the Yuan's continuous slide have yet to be determined. However, due to investor interest being reinvigorated, the financial market seems to be the biggest gainer in light of the Yuan's devaluation.

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