Reboot: America’s financial markets

Trading restarts this morning after the Presidents’ Day break. At last, the omens look good. The S&P 500 index managed a gain of nearly 2% on Friday; that was followed yesterday by a spectacular 7% jump in Tokyo’s Nikkei 225 and strong gains in Europe. Support for sentiment came from the Chinese authorities, who ruled out a devaluation of the yuan (and sent it climbing against the dollar), and from Mario Draghi, president of the European Central Bank, who suggested the ECB would act if market turmoil continues. Rebounds in bank stocks and the oil price, both of which had suffered in early 2016, also helped. Nevertheless, the year’s first six weeks have seen American equities and bond yields decline, the opposite of what most fund managers were expecting. Some big hedge-fund groups, such as Bill Ackman’s Pershing Square, have made heavy losses. They’ll hope the year starts here.