



# Key Trades Weekly Round-up: 9<sup>th</sup> September 2008

## Open Positions

### 1. Short Sterling

Long Short Sterling M9 @ 95.18 (4th September). Stop 95.00. Currently 95.07, Running Loss 11bps.

#### *The Macro Trader's view:*

The MPC did as we expected last week; held policy steady, and although last week's PMI surveys showed some improvement we don't consider this terribly significant.

Data series never evolve in a straight line, of greater significance though was the HBOS house price survey released last Thursday, which showed house prices plunging at in excess of 10% a year.

As the housing market continues to retreat under the combined weight of tighter lending standards imposed by the Banks and cautious buyers fearful of redundancy, the economy will wilt further, prompting the MPC to eventually conclude that policy needs to be eased as the economic slowdown reaches a level that will equate to an undershoot of the inflation target.

With a softer oil market also playing its part, in easing inflationary pressure, as evidenced in yesterdays better than expected PPI report, we expect a rate cut in November.

In summary traders should stay long of this market as we judge it will rally further.

## Closed Positions

### 1. Bund

Long Bund U8 @114.76 (26th August). Stop 114.76 hit on 8<sup>th</sup> September. P&L Zero.

*Mark Sturdy*

*John Lewis*

*Seven Days Ahead*