



Week 45
6th – 12th November 2012

Summary

Global Calendar

US Markets

- + EUROS DOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer



the macro trader's guide to major markets

John Lewis

Authorised and regulated
by the FSA



SUMMARY

Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

● SQUARE
● SQUARE
● SQUARE
● SQUARE

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

● SQUARE
● SQUARE
● SQUARE
● SQUARE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

● SQUARE
● SQUARE
● SQUARE
● SQUARE

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

● SQUARE
● SQUARE
● SQUARE

Commodities

+ GOLD
+ OIL

● SQUARE
● BEARISH

Disclaimer

More



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

+ GOLD
+ OIL

Disclaimer

	Week of 5 th November
Monday	US ISM Non-mfg 54.5 UK PMI Services 52.0 UK BRC Sales 1.3%
Tuesday	UK Ind production -0.6m, -1.6y UK Mfg output -0.8m, 0.4y UK NIESR GDP Est n/f IT PMI Services 44.5 FR PMI Services 46.2 DM PMI Services 49.3 EZ PMI Services 46.2 EZ PPI 0.2m, 2.6y DM Factory orders -0.5m, -1.5y EZ DM WPI n/f
Wednesday	US MBA Mtge apps n/f US Consumer CR \$10.125B EZ Retail sales n/f DM Ind production n/f JP Machine orders -2.1m, -4.9y JP C/A 761.3B JP Trade bal -416.9B JP Bankruptcies n/f

	Week of 5 th November
Thursday	US Trade bal -\$45.0B US Jobless claims 365k UK BOE AP Target 375B UK MPC Rate decision 0.50% DM C/A 10.8B DM Trade bal 15.5B EZ ECB Rate decision 0.75% JP Eco watchers 40.5
Friday	US Import prices 0.0m, -0.5y US U. of Michigan conf 82.9 US Wholesale invntry 0.4% UK Trade bal-£8.9B UK Trade non-EU -£4.6B DM CPI 0.0m, 2.0y JP Consumer confidence n/f

[More](#)



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

+ GOLD
+ OIL

Disclaimer

	Week of 29 th October
Monday	US PCE Core 0.1m, 1.7y AS US Persnl income 0.4% AS US Persnl spndg 0.8% STRONGER UK Mrtge Aprvls 50K STRONGER UK Net cons CR 1.2B STRONGER UK Net Indg on dwellings 0.5B AS DM CPI 0.0m, 2.0y MORE JP Jobless rate 4.2% AS JP Househld spndg -0.9 WEAKER JP Ind product'n -4.1% m , -8.1% y WEAKER JP Retail trade -3.6m, 0.4y WEAKER THAN EXPECTED
Tuesday	US Case/shiller comp-20 2.03% y MORE UK CBI Sales 30 STRONGER DM Unemploy'm't chge 20k WORSE DM Unemploy'm't rate 6.9% AS EZ Cons Conf -25.7 WEAKER EZ Economic conf 84.5 AS EZ Industrial Conf -12.1 BETTER JP Vehicle production -12.4% WEAKER JP BOJ Policy decision EASE AS THAN EXPECTED
Wednesday	US MBA Mrtge apps -4.8% BETTER US Q3 Employ'm't cost indx 0.4% LESS US Chicago PMI 49.9 WEAKER UK GFK Cons conf -30 WORSE DM Retail sales 1.5m, -3.1y WEAKER FR Cons spndg 0.1m, -0.3y WEAKER FR PPI 0.3m, 2.9y STRONGER EZ CPI Est 2.5y AS EZ Unemploy'm't rate 11.6% WORSE IT CPI 0.0m, 2.6y BETTER IT PPI -0.1m, 2.8y MORE JP Labour cash earngs 0.0% BETTER JP Construct'n orders 3.6% LESS THAN EXPECTED

	Week of 29 th October
Thursday	US ADP Employ'm't chge 158k STRONGER US Jobless claims 363k BETTER US Q3 Non-farm productivity 1.9% BETTER US Q3 Labour costs -0.1% WEAKER US Cons conf 72.2 LESS US ISM Mfg survey 51.7 BETTER US ISM Prices paid 55.0 WEAKER US Construct'n spndg 0.6m, WEAKER UK Nat'nwide hse prces 0.6m, 0.9y STRONGER UK PMI Mfg survey 47.5 WEAKER JP Vehicle sales -9.0y WEAKER THAN EXPECTED
Friday	US Non-farm payroll 171k STRONGER US Unemploy'm't rate 7.9 WORSE US Averige hrly earngs 0.0m, 1.6y WEAKER US Averige wrk week 34.4 WEAKER US Factory orders 4.8% STRONGER UK PMI Construction 50.9 STRONGER IT PMI Mfg 45.5 AS FR PMI Mfg 43.7 BETTER DM PMI Mfg 46.0 BETTER EZ PMI Mfg 45.4 BETTER THAN EXPECTED



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

+ GOLD
+ OIL

Disclaimer

US MARKETS: economic background

Last week's key US data releases were the ISM Manufacturing survey and non-farm payrolls.

Both reports came in better than expected and even jobless claims fell. And although the unemployment rate rose, the numbers were still positive.

The unemployment rate likely rose due to previously de-motivated workers returning to the work force as they judge the chance of finding a job had improved.

Other events dominating the markets last week were the Presidential election campaign and the monster storm Sandy.

Of the two the storm was the bigger event due to the disruption and damage caused and the hit Q4 GDP will likely experience as a consequence.

Looking ahead there are several reports due this week, as detailed on the global calendar, but we judge these are the week's **key** releases:

- On Monday; **ISM non-manufacturing survey**,
- On Wednesday; **Consumer credit**,
- On Thursday; **Jobless claims and trade balance, and**
- On Friday; **import prices, University of Michigan confidence and wholesale inventories.**

The main event this week is the ISM non-manufacturing survey which reports on far the greater part of the economy.



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

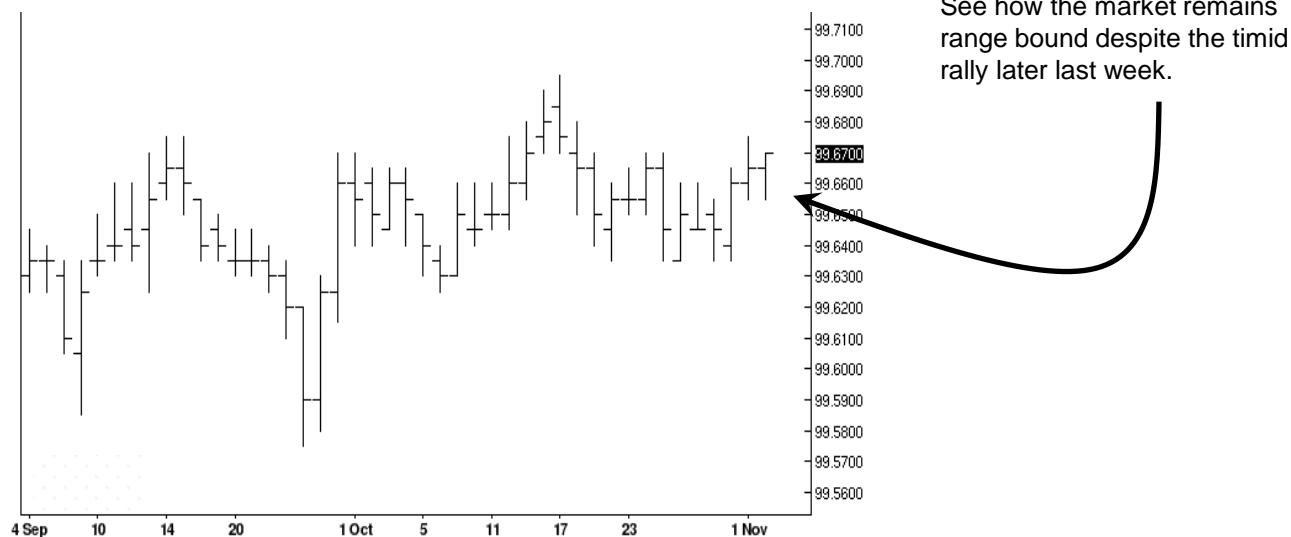
+ GOLD
+ OIL

Disclaimer

US MARKETS: Eurodollars

OUR TRADING STANCE: SQUARE.

Last week we were Square of September 12 Eurodollars.



The Macro Trader's view of Eurodollars is; this market still fails to excite.

The US economy continues to show signs of a building recovery, as evidenced by last week's data, but the storm Sandy will surely retard the recovery over the next few months.

How then will this market react?

We judge little change will occur here. The Fed will

hold its policy course as it has set its sights on achieving a strong self sustaining recovery with unemployment substantially lower. After last week's storm the outlook has become less clear short/medium term for the economy, meaning a prolonged period of range trading for this market.

In summary we continue to advise remaining square of a market that we judge is likely to remain stuck in a trading range.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

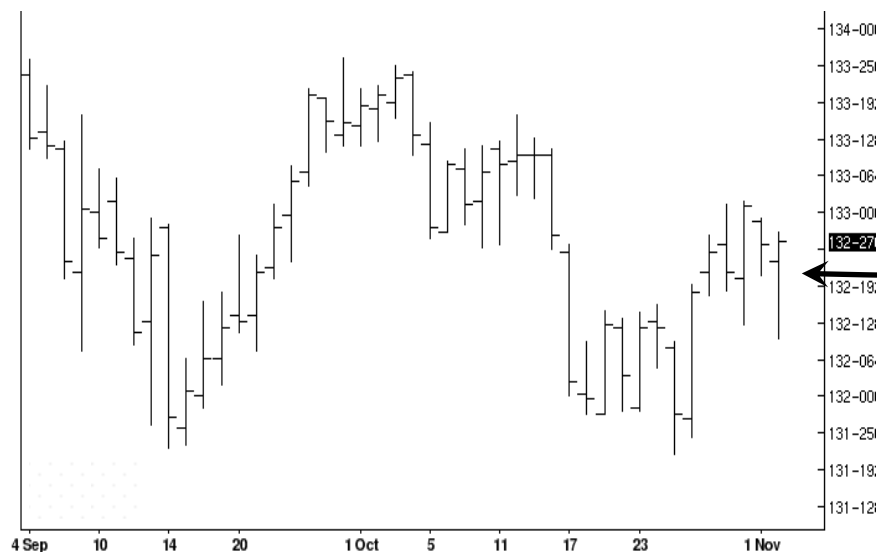
- + GOLD
- + OIL

Disclaimer

US MARKETS: 10 Year Note

OUR TRADING STANCE: SQUARE.

Last week we were Square of the 10 year note.



See how the 10 year note rejected the recent lows as traders balanced stronger data against storm devastation.

The Macro Trader's view of the 10 year note is; the market clearly remains range bound.

The economic data is improving, but the storm last week will be a set back for Q4 growth, the question is just how big a set back.

Additionally the Euro zone crisis continues and offers lingering support to bond markets.

Add in the Presidential election where the two

candidates are running neck and neck and traders have yet another risk to quantify.

We judge this market looks set to remain range bound as the underlying momentum that had begun to build in the economy suffers a medium term set back due to last week's storm.

With no obvious trading strategy visible, for now remain square.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + **US DOLLAR**
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

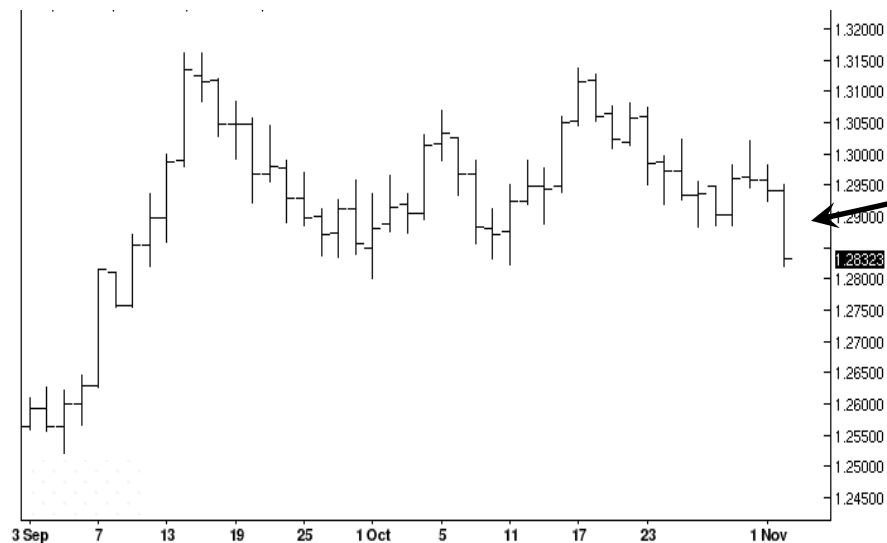
- + GOLD
- + OIL

Disclaimer

US MARKETS: US Dollar

OUR TRADING STANCE; SQUARE.

Last week we were Square



The Macro Trader's view of the Dollar is; the Dollar is beginning to show signs of strengthening. The two key data releases last week were both better than expected.

The Euro zone debt crisis drags on and the Presidential election is drawing to a close.

And although last week's storm caused much disruption and damage and will dent Q4 growth, further down the road there will be a burst of economic

activity as rebuilding and repairing gets underway, so net, net the underlying direction of economic activity is probably unchanged.

Looking ahead we remain cautious of the Dollar. It is showing signs of life, but still within the recent trading range, meaning we want to see a little more bull price activity before considering re-entering the market.

For now stay square.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

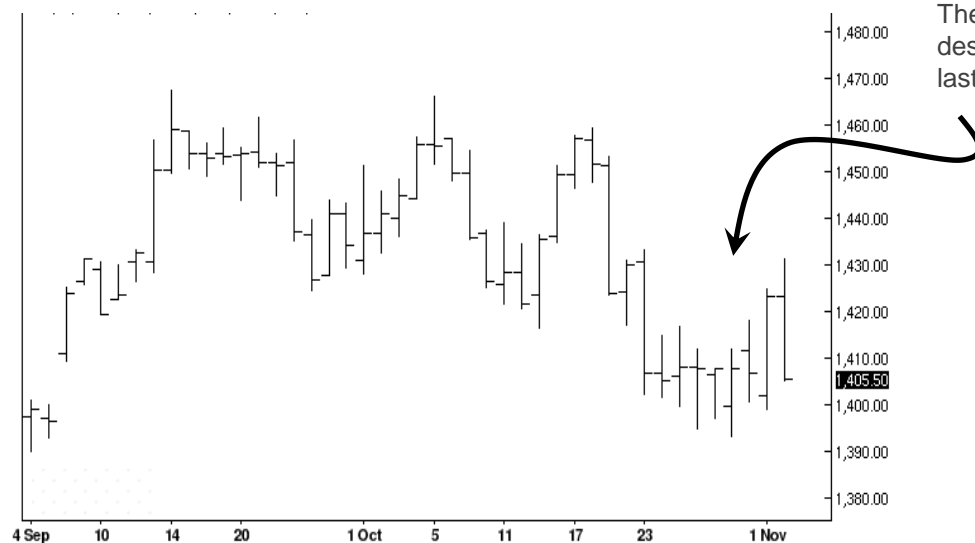
- + GOLD
- + OIL

Disclaimer

US MARKETS: S&P500

OUR TRADING STANCE; SQUARE.

Last week we were Square of the S&P 500.



The S&P remains under pressure despite better than expected data last week.

The Macro Trader's view of the S&P 500 is the S&P remains under pressure despite last week's better than expected data.

And although the market was closed early in the week due to the impact of the monster storm that paralysed the US east coast, Friday's price action was disappointing after the release of a better than expected non-farm payroll report.

Looking ahead the US economy has clearly taken a hit

from the storm and will need time to regain the momentum that was starting to build.

This leads us to advise against going short, but also to refrain from going long.

For now we advise remaining square as we sense this market remains trapped in a sideways trading pattern that could last a little while longer.



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

+ GOLD
+ OIL

Disclaimer

UK MARKETS: economic background

Last week's data was a little conflicting as the Nationwide house price survey reported a degree of unexpected strength, yet the PMI manufacturing survey reported weakness.

After the recent release of stronger than expected Q3 GDP data has become somewhat harder to quantify.

The summer Olympic games clearly lifted Q3 GDP, but by how much and will there be any follow through momentum?

We sense the UK economy is in a gradually improving process, but that process is likely to be protracted..

Looking ahead there are several key data releases due which are detailed on the global calendar, but we

judge these are the week's key releases:

- On Monday; **PMI Services survey**,
- On Tuesday; **Industrial production, manufacturing output and NIESR GDP estimate**,
- On Thursday; **BOE/MPC policy decision, and**
- On Friday; **Trade balance**.

The main event this week is the PMI Services survey.

Traders will be eager to see of the service sector of the economy has the strength to drive the economy forward.

And although the Bank makes its policy announcement on Thursday unchanged is expected.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

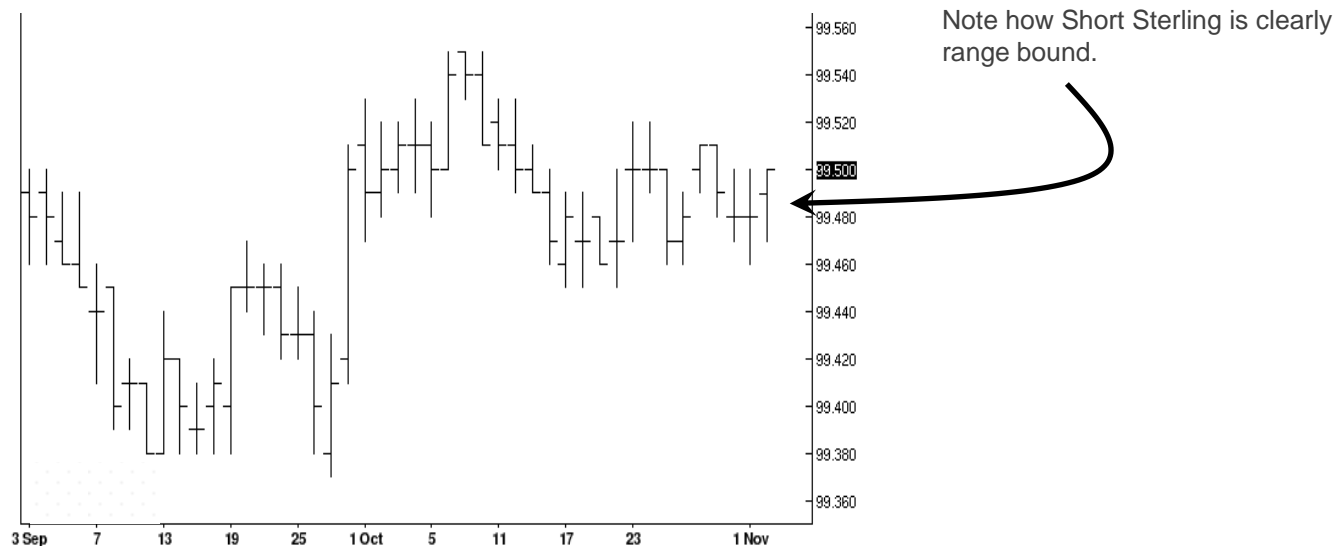
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Short Sterling

OUR TRADING STANCE: SQUARE.

Last week we were Square of September 12 Short Sterling.



The Macro Trader's view of Short Sterling is: the data was a little disappointing last week as the PMI Manufacturing survey fell short of consensus.

And although the housing market showed unexpected improvement, the PMI Survey had a greater impact on sentiment.

Looking ahead the PMI Services report is unlikely to change sentiment that much in this market unless it is materially different from expectations.

The Bank of England is unlikely to offer any new policy initiatives either after the recently stronger than expected Q3 GDP and articles and speeches from some MPC members and would be Bank Governors that are questioning the efficacy of the of the current QE program.

We judge this market has no where to go, at least not from a trading strategy point of view and advise remaining square.



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

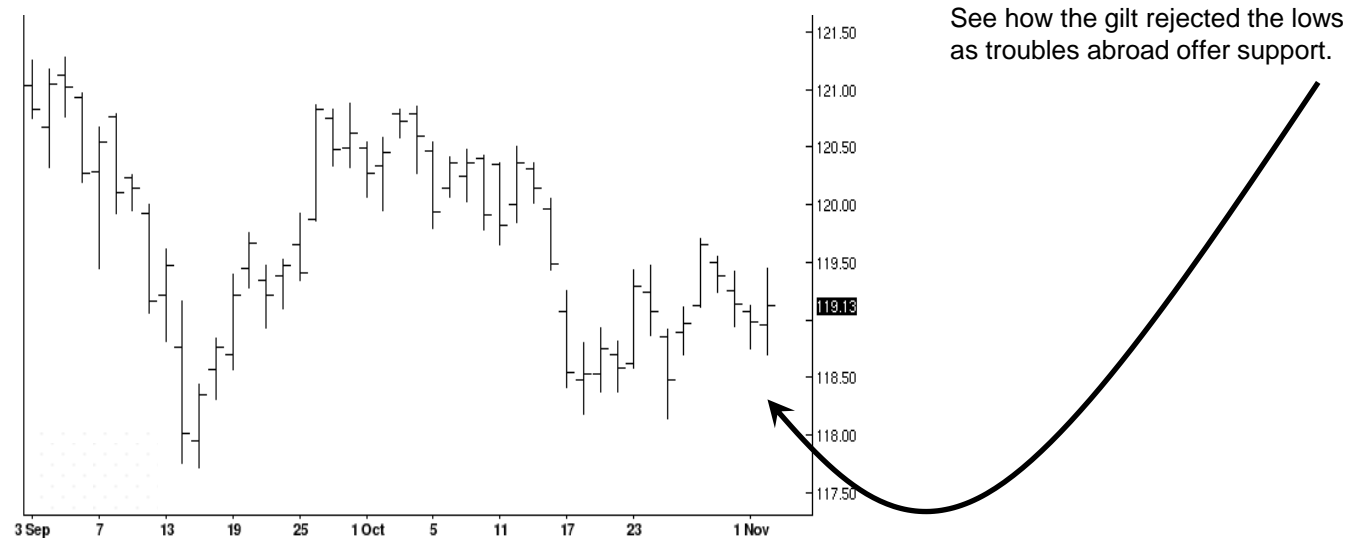
+ GOLD
+ OIL

Disclaimer

UK MARKETS: Gilt

OUR TRADING STANCE; SQUARE.

Last week we were Square of the Gilt.



The Macro Trader's view of the Gilt is; the Gilt continues to draw support despite the recently stronger than expected Q3 GDP report.

The on going Euro zone crisis and storm disruption in the US helped the Gilt and other government bonds push away from the recent lows.

However we are increasingly of the opinion that the best of the Bond rally is well in the past.

What is up for debate now is how and when Bonds

begin to unwind that rally. Safe haven demand is clearly greatly diminished as news flows report more of the same and traders have become desensitised to it.

For now we again advise remaining square, it doesn't yet seem the right time to become bearish of bonds while the Euro zone is still in such a mess and the US struggles to recover from the storm disruption, but failing any new Euro zone developments we judge a selling opportunity will arise.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + **STERLING**
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

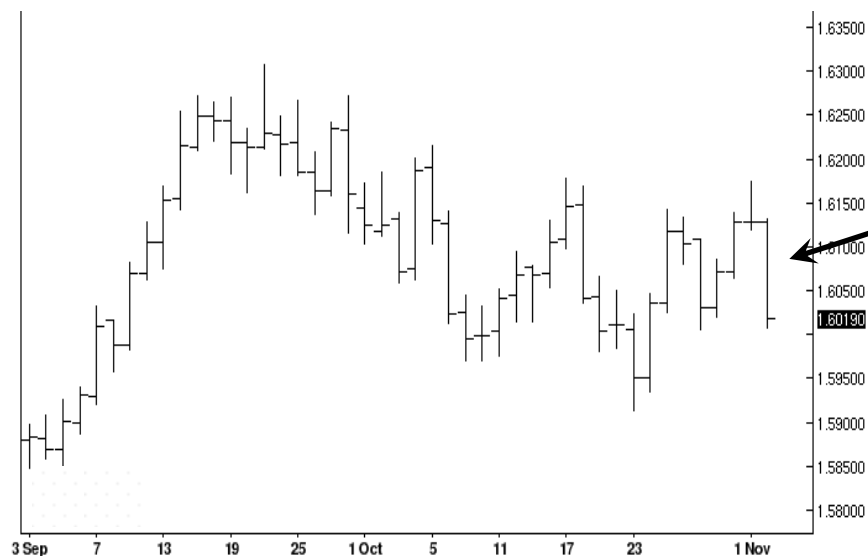
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Sterling

OUR TRADING STANCE; SQUARE

Last week we were Square



See how Sterling continues the sideways trading that dominated October.

The Macro Trader's view of the Pound is; the Pound remains range bound.

UK economic data has shown some improvement in recent weeks with better Q3 GDP, Unemployment data, Retail sales and government borrowing, but so too has the US.

And although the US economy will see GDP take a hit from last week's storm, further ahead the recovery and rebuilding phase could add to momentum that was

clearly building before the storm hit.

Looking ahead the Bank of England is likely to remain on hold this week, so all eyes are on the PMI Services survey. A strong report would boost Sterling but unlikely force the Pound out of the trading range.

In summary, the Pound still appears directionless, so for now stay square.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

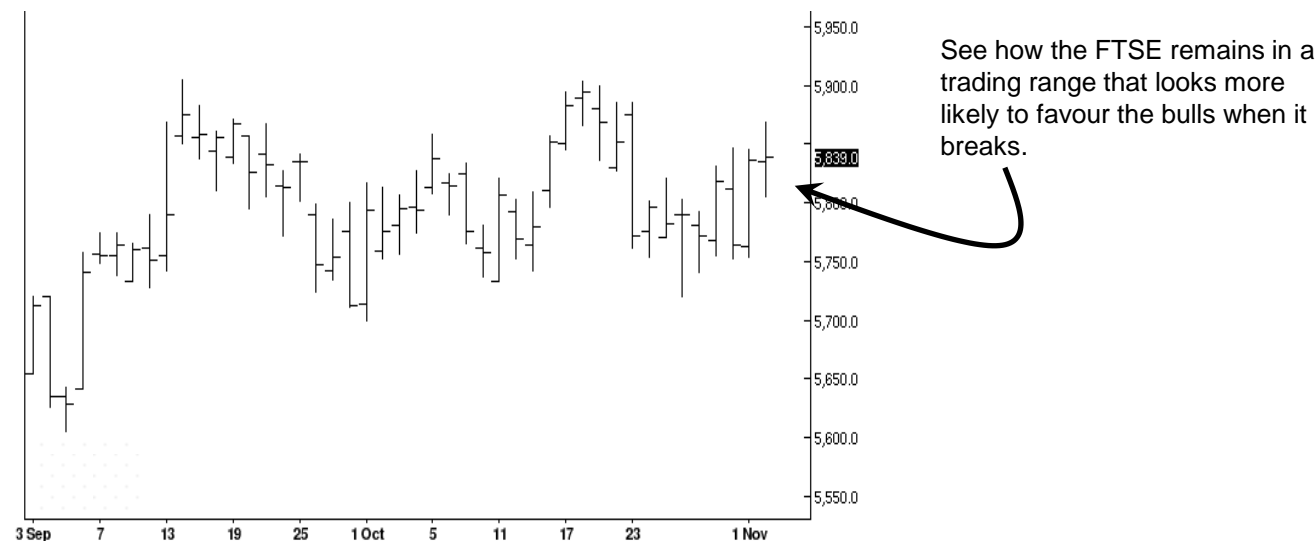
- + GOLD
- + OIL

Disclaimer

UK MARKETS: FTSE

OUR TRADING STANCE; SQUARE.

Last week we were Square.



The Macro Trader's view of the FTSE is; the FTSE continues to look range bound, but its performance over recent days makes it look more likely to result in a break to the upside.

Despite continuing disarray in the Euro zone and the storm damage and disruption in the US, this market looks well supported.

Looking ahead the PMI Services report stands out, but we judge this market could benefit if sentiment in the US turns positive.

As the storm clean up continues and economic life edges back towards normality, traders will soon be assessing the result of tomorrow's US Presidential election.

Will it be Obama and continuity or a new man in the White house?

Who ever wins will have to deal with a wounded economy and approaching fiscal cliff.

For now stay square amid much uncertainty.



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

+ GOLD
+ OIL

Disclaimer

EURO ZONE MARKETS: economic background

Last week's data made disappointing reading as report after report came in weaker than expected, until Friday's various PMI Surveys. But even here the picture painted is clearly one of recession.

Add in the Euro zone crisis that German Chancellor Merkel said could run on for several more years yet and it is difficult to see how the likes of Greece and Spain are going to grow their economies under the burden of austerity.

Looking ahead there are several key reports due which are detailed on the global calendar, but we judge these are the week's **key** releases:

- On Tuesday; **Italian, French, German and Euro zone PMI Services surveys, Euro zone PMI and German factory orders,**
- On Wednesday; **German Industrial production and Euro zone retail sales,**
- On Thursday; **ECB rate decision and German trade and C/A data, and**
- On Friday; **German CPI.**

The main events this week are German industrial production and the ECB rate decision.

The ECB looks unlikely to act so all eyes on German industrial production.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

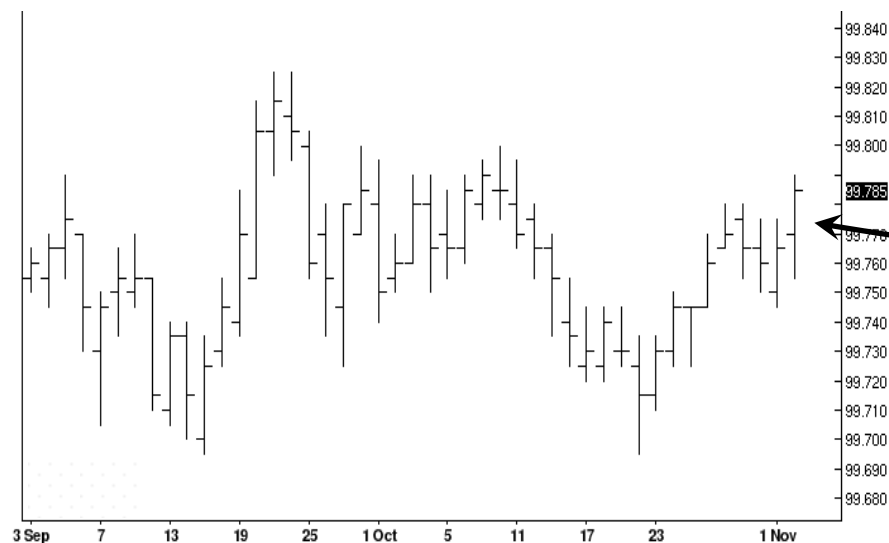
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: Euribor

OUR TRADING STANCE: SQUARE.

Last week we were Square of September 12 Euribor.



See how Euribor is yet another featureless range bound market; yawn!

The Macro Trader's view of Euribor is; the market clearly remains range bound.

With economic growth lacking, unemployment rising and the only cure for the debt crisis still austerity, while the ECB judges rates are low enough, this market looks a complete yawn as it has no where to go.

Looking ahead the ECB rate decision looks a for gone conclusion; no change.,

The main point of interest then is German industrial production, but it is the weakness of the rest of the Euro zone that is the main cause for concern.

Austerity isn't on its own working as economic activity shrinks further, forcing further spending cuts, shrinking the economy and so on.

For now in what we see as a range bound market, stay square.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + **BUND**
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

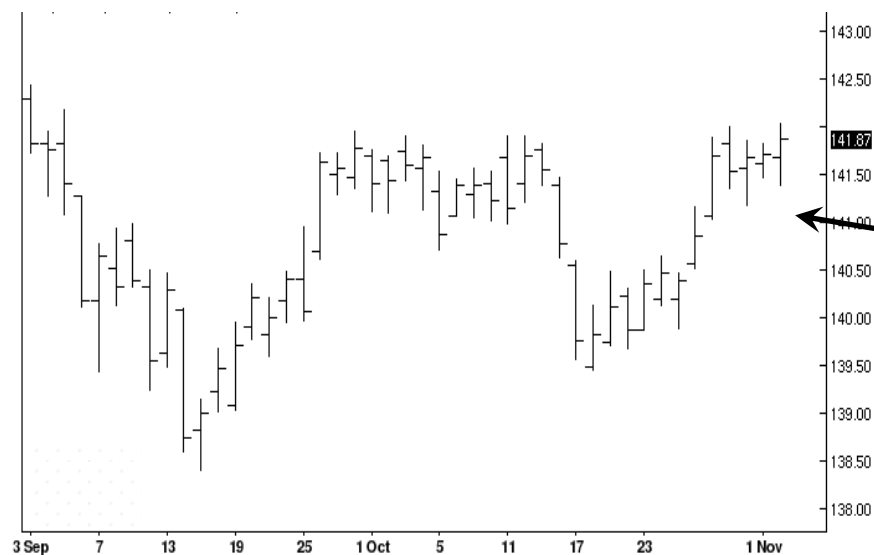
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: The Bund

OUR TRADING STANCE: SQUARE.

Last week we were Square of The Bund.



The Bund staged an unexpected recovery over recent weeks, but can it go on to make new highs?

The Macro Trader's view of the Bund is: the Bund staged an unexpected recovery over recent weeks but can it go on to make new highs?

We see this market supported by the on going debt crisis, but not the strong crisis driven bull market of earlier in the year.

And although the economy is in recession, traders seem less driven by fears of crisis driven economic disaster than seeking opportunities to increase risk, meaning this market isn't where they want to be.

Looking ahead several important releases due this week including an ECB rate decision that is unlikely to excite.

Data wise we expect little to change the current fact the economy is in a recession that could prove difficult to emerge from.

Trading wise; no suggestions, the market looks uninteresting to us so stay square..



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

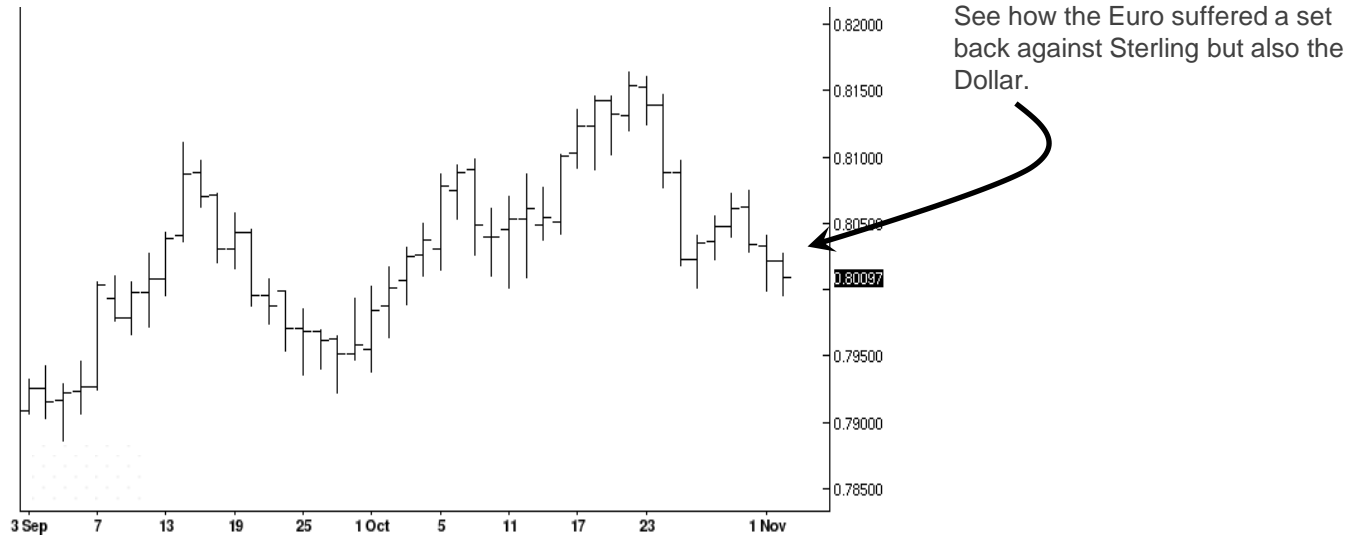
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: The Euro

OUR TRADING STANCE: SQUARE

Last week we were Square



The Macro Trader's view of the Euro; the Euro weakened against the Pound and the Dollar last week despite the disruption and damage caused by the US storm.

But look beyond that and compare data.

The UK and US are in an improving phase where as Euro zone data is still negative. What's more the debt crisis remains unsolved and Merkel expects it to drag on for up to another 5 years!

Will the citizens of the Euro zone accept this, the

Greeks are already fed up with austerity and unemployment in Spain is at levels no democracy can sustain.

For now we judge it too soon to say whether the Euros rally is over.

The US response over the coming months to the storm damage and the result of the US election might throw more light on the matter, but for now stay square, the trading range is yet to break..



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

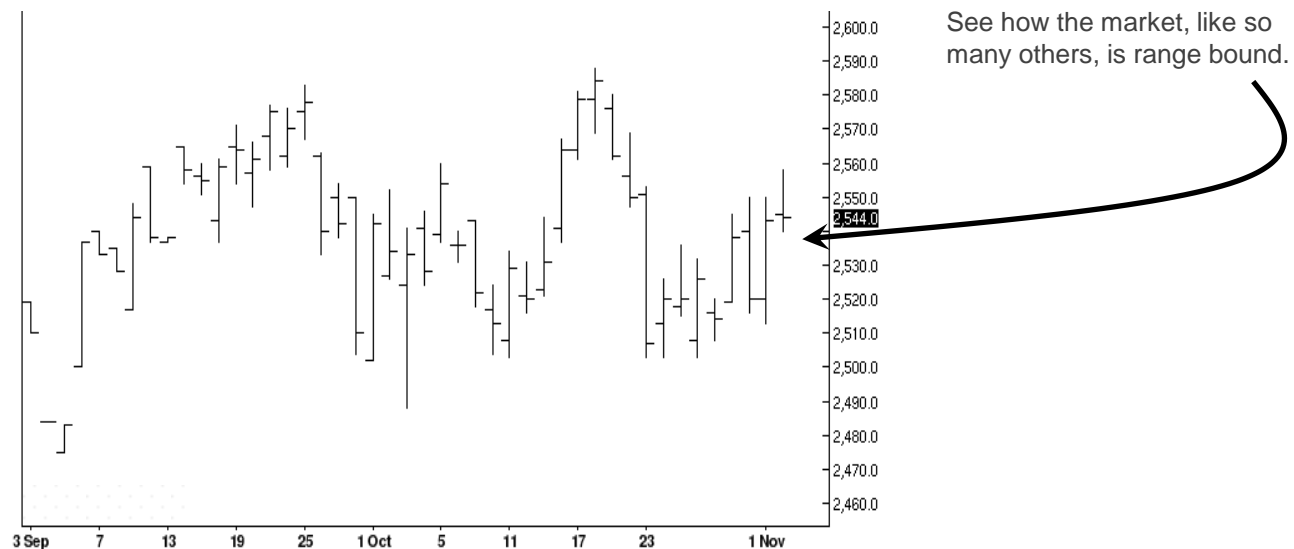
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: DJ Euro Stoxx 50

OUR TRADING STANCE: SQUARE.

Last week we were Square of DJ EUROSTOXX50.



The Macro Trader's view of DJ Euro Stoxx 50 is: the market, like so many others is range bound and with so much uncertainty around why wouldn't it be.

The Euro zone economy is in a recession that austerity policies could make difficult to emerge from.

The Chinese economy has cooled and although the US economy appeared to be gathering steam, last week's storm is an obvious set back.

However traders are more disposed to taking risk than seeking safe haven assets. It has become obvious that unless the debt crisis takes a new negative lurch into the unknown, news flows that currently report more of what we already know isn't enough to drive equities lower.

But for all of that there is a great deal of uncertainty around and the market's price action reflects this, so for now remain square.



Summary

Global Calendar

US Markets

+ EUROS DOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

+ GOLD
+ OIL

Disclaimer

JAPANESE MARKETS: economic background

Last week the Bank of Japan eased policy once more after yet another run of weak data and concerns about the impact a slower Chinese economy was having on Japan.

The key industrial production report was weaker than expected so too were retail sales.

In short the economy appears to be no nearer a strong self sustaining recovery.

Looking ahead there are several key reports due which are detailed on the global calendar, but we judge these are the week's **key** releases ;

- On Wednesday; **C/A, Trade data and**

Bankruptcies,

- On Thursday; **Eco watchers, and**
- On Friday; **consumer confidence.**

The key release this week is the Trade balance.

But we judge trading will likely be driven by news flows from the US this week.



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

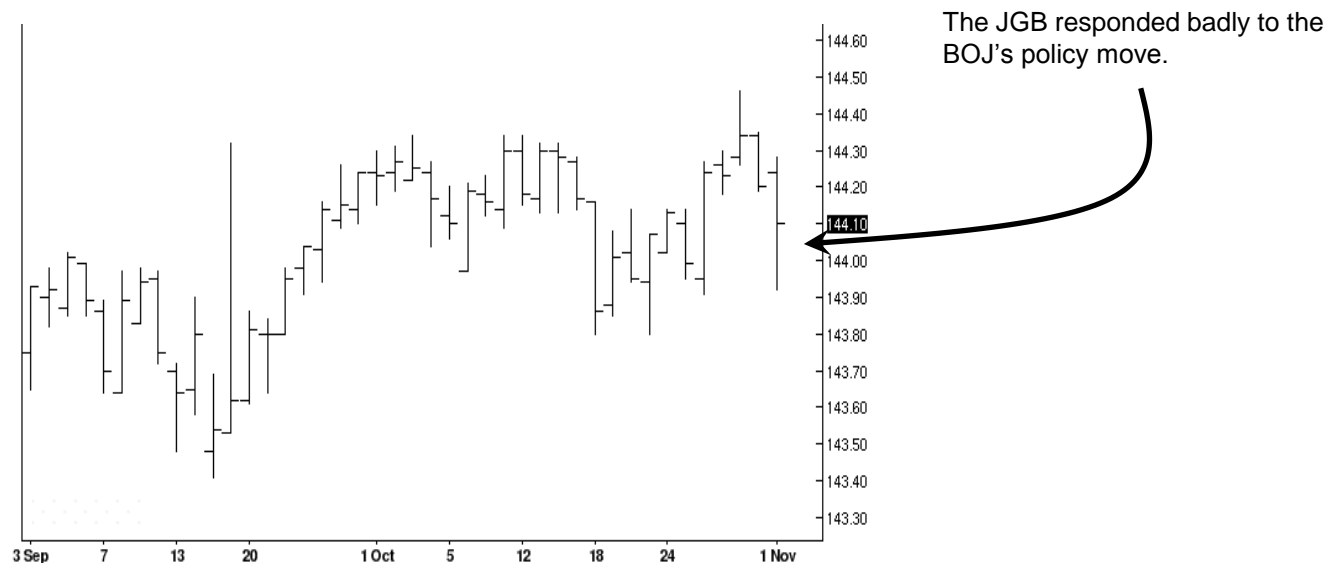
+ GOLD
+ OIL

Disclaimer

JAPANESE MARKETS: Japanese Bonds

OUR TRADING STANCE: SQUARE.

Last week we were Square of Japanese Bonds.



The Macro Trader's view of the JGB is: the JGB responded poorly to the Bank of Japan's latest policy move and given the weak data released last week, this market, like other government bond markets, looks tired.

If the JGB cannot rally on weak data and an increase in the Bank of Japan's QE program what will it take to restart the rally.

We judge that much like the Bund and Gilt, the JGB

earlier enjoyed a crisis driven bull run which has run its course.

It may not be the right time to sell since although recent Euro zone news flows offer nothing new, until the crisis is resolved a shock revelation is always possible..

For now we judge the JGB is increasingly range bound, and advise remaining square..



Summary

Global Calendar

US Markets

+ EURODOLLARS
+ 10 YEAR NOTE
+ US DOLLAR
+ S&P 500

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

Commodities

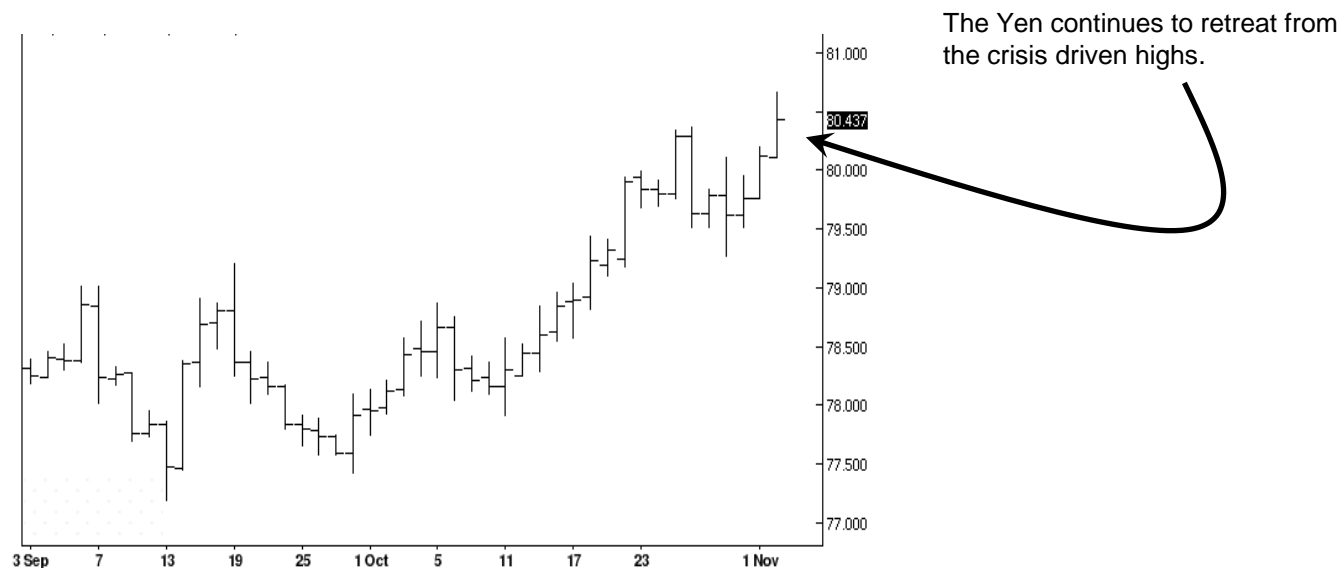
+ GOLD
+ OIL

Disclaimer

JAPANESE MARKETS: Yen

OUR TRADING STANCE: SQUARE.

Last week we were Square.



The Macro Trader's view of the Yen is; the Yen is under pressure on several fronts:

1. The demand for safe haven assets is firmly on the wane,
2. The Dollar has staged a limited recovery, and
3. The Japanese economy continues to feel the fall out from the slowing Chinese economy.

Over all the Yen's recent run of strength has for now exhausted, especially when you consider the run of weak data released by Japan last week.

Looking ahead we judge all eyes this week will be on

the US for two reasons:

1. How the country/economy bounces back after last week's storm, and
2. The result of the Presidential election which is very close.

For now we are restrained from selling the Yen since any unexpected Euro zone crisis development could cause a reversal, but neither do we wish to buy amid a correction phase.

For now stay square..



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

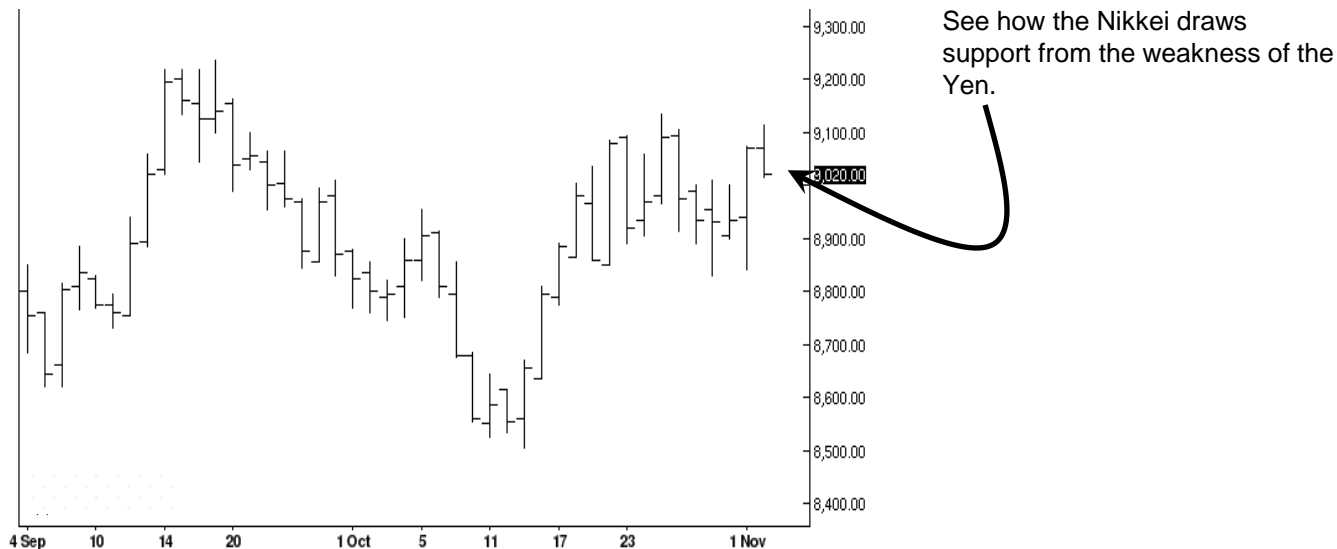
- + GOLD
- + OIL

Disclaimer

JAPANESE MARKETS: Nikkei

OUR TRADING STANCE: SQUARE.

Last week we were Square of the Nikkei.



The Macro Trader's view of the Nikkei is; the Nikkei drew support last week from the weakening Yen as traders judged exporters could benefit from the improved terms of trade.

However with Chinas economy still cooling and the Euro zone still mired in crisis, hopes had rested on the improving US economy, but after last week's storm those hopes are now dashed at least short/medium term.

Looking ahead the trade data stands out as the main domestic event, but markets will likely be driven by events taking place in the US this week including recovery from hurricane Sandy and the result of the US Presidential election.

For now remain square.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

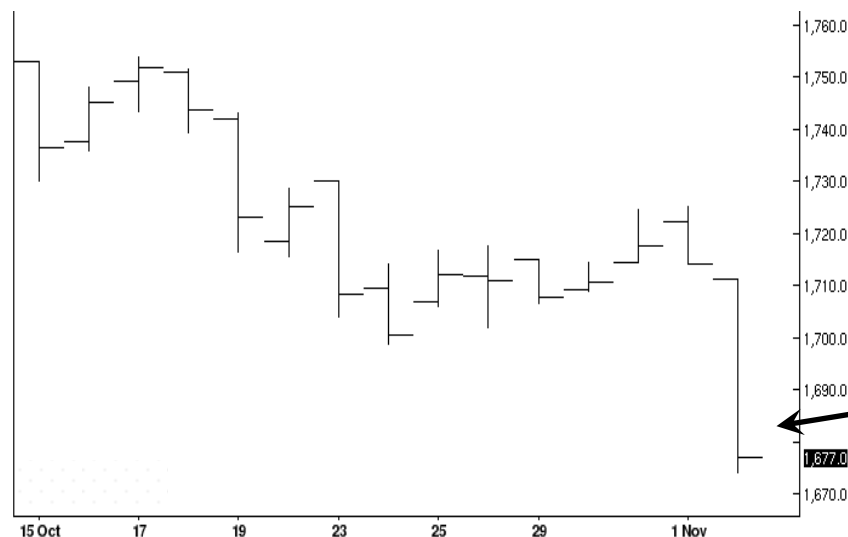
- + GOLD
- + OIL

Disclaimer

COMMODITIES: Gold

OUR TRADING STANCE; SQUARE.

Last week we were [Bullish](#) of Gold.



See how gold sold off on Friday after stronger US payroll data.

The Macro Trader's view of the Gold is: Gold suffered a set back last week as the Dollar rallied against the other major currencies.

The catalyst for the move was Friday's stronger than expected non-farm payroll.

Although the good news recently flowing from the US may now suffer a temporary hiatus resulting from the damage and disruption caused along the entire US East coast, there is a sense that this is not a permanent set back.

Rebuilding will have to take place and this will be a

gain for the economy even if seen only as a counter balance to the short term loss of GDP.

Looking ahead we judge now is not the right time to bounce straight back into the market.

More time is needed to assess just how big a set back the storm caused and then there is tomorrow's Presidential election where the two candidates are virtually tied.

For now we advise a square position, but we are still long term bulls of this market..

More



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer

COMMODITIES: Oil

OUR TRADING STANCE: **BEARISH.**

Last week we were **Bearish** of Oil.



The Macro Trader's view of oil is: the market has met our suggested target but we remain bearish.

Although last week's US non-farm payroll beat consensus, that report doesn't reflect the reality of the Hurricane that hit the US last week

And while we judge any loss of US GDP is likely to be temporary, combined with the cooling Chinese economy, the still sluggish Japanese economy and crisis mired Euro zone economy the short/medium

term outlook for energy demand is surely depressed.

Looking ahead what is important for this market is how the US recovers from the storm damage, and the policies of the New President.

Traders should remain short of oil.

Our target is 82.00 and our stop is reduced to 87.20 for closer protection.



Summary

Global Calendar

US Markets

- + EURODOLLARS
- + 10 YEAR NOTE
- + US DOLLAR
- + S&P 500

UK Markets

- + SHORT STERLING
- + GILT
- + STERLING
- + FTSE

Euro Zone Markets

- + EURIBOR
- + BUND
- + EURO
- + DJ EURO STOXX 50

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer

SEVEN DAYS AHEAD

Authorised and Regulated by the FSA

124 REGENTS PARK ROAD LONDON NW18XL

TEL +44 (0) 7849 922573 E-MAIL jlewis@sevendaysahead.com,

msturdy@sevendaysahead.com

WEB SITE SEVENDAYS Ahead.COM

The material and information set out in this research is not intended to be a quote of an offer to buy or sell any financial products. Any expression of opinion is based on sources believed to be reasonably reliable but is not guaranteed as to accuracy or completeness.

The material and information herein is general and for informational purposes only. Although Seven Days Ahead endeavours to provide useful information they make no guarantee as to the accuracy or reliability of the research.

The derivative market comprises volatility and considerable risks. To the maximum extent permitted by law no responsibility or liability can be accepted by Seven Days Ahead, any company or employee within its group for any action taken as a result of the information contained in this presentation. You are requested not to rely on any representation in this research and to seek specific advice from your accountant, legal adviser or financial services adviser when dealing with specific circumstances.

Seven Days Ahead is regulated by the UK Financial Services Authority.

MAIN MENU