Week 6

11th – 17th February 2014

the macro trader's guide to major markets

John Lewis

SUMMARY

Summary

Global Calendar

US Markets

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

UK Markets

+ SHORT STERLING	SQUARE
+ GILT	SQUARE
+ STERLING	BULLISH v the EURO
+ FTSE	SQUARE

Euro Zone Markets

+ EURIBOR	SQUARE
+ BUND	SQUARE
+ EURO	BEARISH v the POUND STERLING
+ DJ EURO STOXX 50	SQUARE

Japanese Markets

+ JAPANESE BONDS	SQUARE
+ YEN	SQUARE
+ NIKKEI	SQUARE

Commodities

+ GOLD	SQUARE
+ OIL	SQUARE

Disclaimer

More

This week's global calendar – macro trader

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 10th February
Monday	US Mortge foreclosures n/f UK BRC Sales 0.8% JP Cons conf n/f JP Eco watchers survey 55.5 JP Bank lndg incl trusts n/f JP C/A –Y685.4B JP Trade bal –Y1260.0B JP Bankruptcies n/f
Tuesday	US Wholesale invntry 0.5% US Wholesale sales 0.8% US Fed's Yellen testifies @ House JP Tertiary ind indx -0.3% JP Machine orders -3.8m, 17.4y
Wednesday	US MBA Mrtge apps n/f US Monthly bdgt statmnt -$28.5B UK BOE Quarterly inflation report UK RICS House prices 57% EZ Ind production -0.3m, 1.8y JP Machine Tool orders n/f JP Dom corp gds prces 0.1m, 2.4y JP Tokyo Condo sales n/f

	Week of 10th February
Thursday	US Retail sales 0.0% US RS Ex-Autos 0.2% US Jobless claims 330k US Bus invntry 0.4% US Fed's Yellen testifies @ Senate DM CPI -0.6m, 1.3y
Friday	US Imort prices 0.1m, -0.7y US Ind production 0.3% US Capacity utilisation 79.4% US U. of Michigan conf 80.5 UK Construct'n output 2.0m, 6.3y FR Q4 GDP 0.2q, 0.6y DM Q4 GDP 0.3q, 1.3y IT Q4 GDP 0.1q, -0.8y EZ Q4 GDP 0.3q, 0.4y EZ Trade bal 14.5B

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 3rd February
Monday	US ISM Mfg 51.3 **WEAKER** US ISM Prices 60.5 **STRONGER** US Constrct'n spndg 0.1% **LESS** UK PMI Mfg 56.7 **WEAKER** FR PMI Mfg 53.1 **LESS** IT PMI Mfg 49.3 **BETTER** DM PMI Mfg 56.5 **BETTER** EZ PMI Mfg 54.0 **BETTER** JP Vehicle sales 27.5 **STRONGER** **THAN EXPECTED**
Tuesday	US Factory orders -1.5% **WEAKER** UK PMI Construction 64.6 **STRONGER** EZ PPI 0.2m, -0.8y **AS** **THAN EXPECTED**
Wednesday	US MBA Mrtges 0.4% **STRONGER** US ADP Employmt chge 175k **WEAKER** US ISM Non-mfg 54.0 **BETTER** UK PMI Services 58.3 **WEAKER** UK BRC Shop prces -1.0% **WEAKER** IT PMI Services49.4 **STRONGER** FR PMI Services 48.9 **MORE** DM PMI Services 53.1 **WEAKER** EZ PMI Services 51.6 **LESS** EZ Retail sales -1.6m, -1.0y **WEAKER** JP Tokyo office vacancies 7.18 **LESS** JP Labour cash earngs 0.8% **MORE** **THAN EXPECTED**

	Week of 3rd February
Thursday	US Q4 Non-farm prdctvty 3.2% **STRONGER** US Jobless claims 331K **LESS** US Trade bal -$38.7B **WORSE** US Q4 Unit labour -1.6% **BETTER** UK Halifax house prces 1.1m, 7.3(3m/y) **MORE** UK BOE/MPC Rate decision 0.5% **AS** UK BOE AP Target £375.0B **AS** DM Factory orders -0.5m, 6.0y **WEAKER** EZ ECB Rate decision 0.25% **AS** **THAN EXPECTED**
Friday	US Non-farm payroll 113k **WEAKER** US Unemploym't rate 6.6% **BETTER** US Avrge hrly earngs 0.2m, 1.9y **AS** US Avrge wrk wk 34.4 **AS** US Cons Cr $18.756B **MORE** UK Trade bal -£7.717B **BETTER** UK Trade non-EU -£2.198B **BETTER** UK Ind production 0.4m, 1.8y **WEAKER** UK Mfg output 0.3m, 1.5y **WEAKER** UK NIESR GDP Forecast 0.8% **STRONGER** DM Trade bal 14.2B **WEAKER** DM C/A 23.5B **STRONGER** DM Ind production -0.6m, 2.6y **WEAKER** **THAN EXPECTED**

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

US MARKETS: economic background

Last week's focus was clearly non-farm payroll. Following January's weak report traders were seeking evidence the economy remains on track and a strong February payroll report was seen as potentially supplying just that.

In the event the report was weaker than expected, but it is still difficult to read too much into this number as the US has continued to suffer from extreme winter weather which could still be impacting the pace of job creation.

Other data released last week saw a weaker than expected ISM Manufacturing survey, but the non-manufacturing version was stronger than expected and jobless claims showed a small improvement.

On the plus side though, Q4 productivity was much better than forecast and Q4 Unit labour costs lower.

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; **Mortgage foreclosures,**
- On Tuesday; **Fed's Yellen testifies at the House,**
- On Wednesday; **monthly budget statement,**
- On Thursday; **Jobless claims, retail sales, business inventories and Fed's Yellen testifies at the Senate, and**
- On Friday; **Import prices, industrial production, capacity utilisation and University of Michigan confidence.**

The main event this week is Janet Yellen's testimony at both houses of Congress.

As the newly installed Fed Chairman it will be interesting to hear her take on the economy and how she sees it going forward.

Retail sales is also due and this is a key demand measure.

More

SEVEN DAYS AHEAD

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

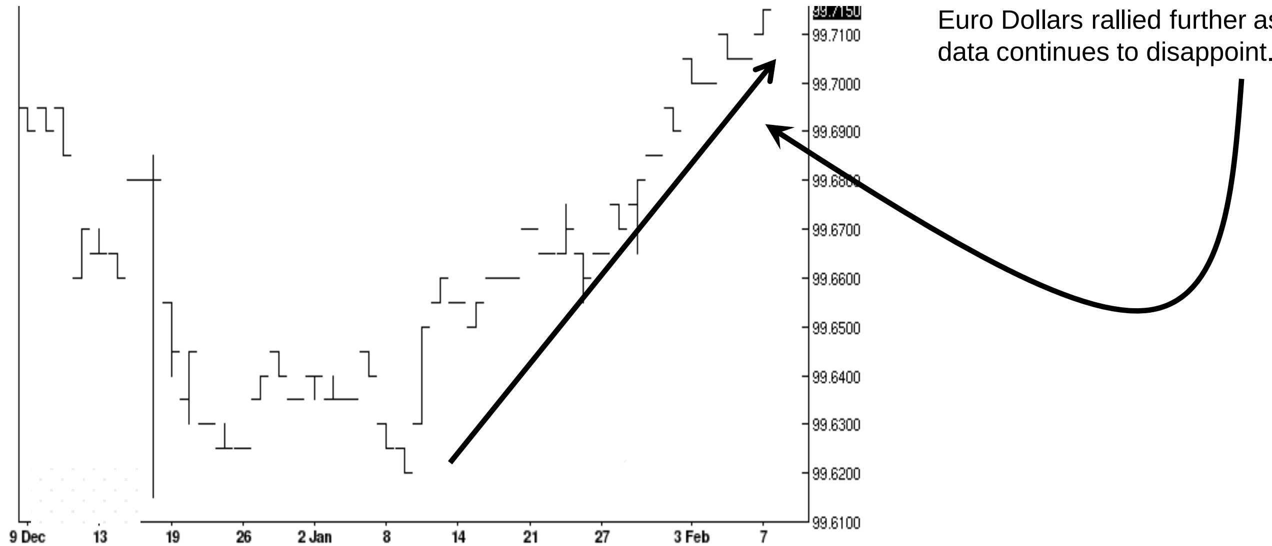
Commodities
+ GOLD
+ OIL

Disclaimer

US MARKETS: Eurodollars

OUR TRADING STANCE: SQUARE.

Last week we were Square of Eurodollars.



The Macro Trader's view of Eurodollars is; the market extended the recent rally last week as another batch of data releases disappointed, but all is not doom and gloom.

The ISM non-manufacturing survey was better than expected and although non-farm payroll fell short of consensus, the run of extreme winter weather has continued, meaning economic activity has likely been hindered by natural causes.

Looking ahead Yellen makes her first appearance before Congress as Fed chairman and retail sales are due.

We think the economy remains sound and the Fed will largely discount the current bad patch as weather induced.

Although this market has gained 10 Tics the chances of a Fed rate cut are zero and we prefer to focus our attention elsewhere.

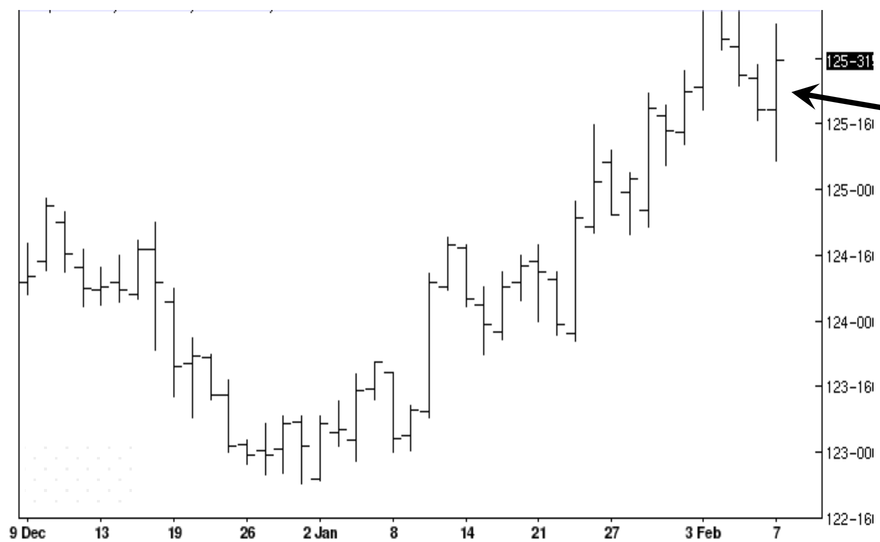
In short; stay square.

More

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 failed to make fresh gains on Friday's weak payroll report.

The Macro Trader's view of the 10 year note is: last week we said…

…"Looking ahead there are three reports that stand out; the two ISM surveys and the non-farm payroll report"...

…"After such a weak January report we are looking for this months release to offer something of a catch up, since the previous months report was depressed by bad weather"…

In the event the ISM surveys offered a mixed picture and non-farm payroll fell short of expectation, but again likely due to extreme weather.

But notably this market failed to make new highs on Friday's news.

Looking ahead retail sales and Yellen at Congress stand out this week. A new era at the Fed so all eyes on Yellen.

We remain ready to sell this market as soon as the correction exhausts, this might just be the week, but for now stay square a little 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

US MARKETS: US Dollar

OUR TRADING STANCE: SQUARE.

Last week we were Square.

The Dollar offers little to excite.

The Macro Trader's view of the Dollar is; last week we said…

…"Looking ahead a stronger than expected non-farm payroll report this week would likely extend the Dollar's rally, but a break below 1.3300 would be needed for us to buy the Dollar"…

In the event another weather weakened report was released and the Dollar retreated.

Looking ahead Yellen's testimony at the House and Senate stand out, but watch retail sale. A flat report is expected any small growth would be positive.

However we judge the Dollar remains stuck in a well defined trading range.

So our advise is unchanged from last week; stay square.

More

SEVEN DAYS AHEAD

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

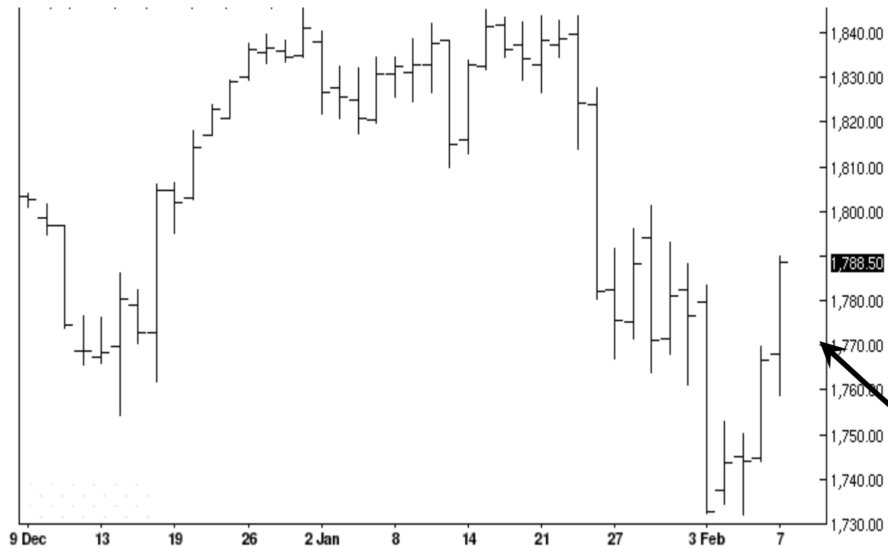
Commodities
+ GOLD
+ OIL

Disclaimer

US MARKETS: S&P500

OUR TRADING STANCE: SQUARE.

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



The S&P paradoxically rallied on Friday's weak payroll report; why?

The Macro Trader's view of the S&P 500 is: last week saw the release of a second disappointing weather affected non-farm payroll report, but instead of this market adding to its losses, it rallied; why?

The reason is most likely that traders judge the Fed could halt their taper policy for a meeting or two if the economy is in a genuine soft patch.

We judge the Fed sees things differently, but we'll find out when new Fed Chairman Yellen testifies in Congress this week.

Looking ahead Yellen's testimonies stand out along with retail sales.

Although we think the recent weakness in this market and stocks generally is a correction, we need more evidence that the correction has exhausted before going long.

So stay square, just a little longer.

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

UK MARKETS: economic background

Last week our focus was the three PMI surveys. Apart from the stronger than expected construction survey, both the manufacturing and services versions fell short of consensus.

But in absolute terms these surveys continue to indicate a very robust economic performance. Coupled with the BRC Shop prices report which reported lower than forecast prices and a much better than expected set of trade data and the economy still looks well set.

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; **BRC Sales,**
- On Wednesday; **Bank of England quarterly inflation report and RICS house price survey, and**
- On Friday; **Construction output.**

The key event this week is the Bank of England inflation report.

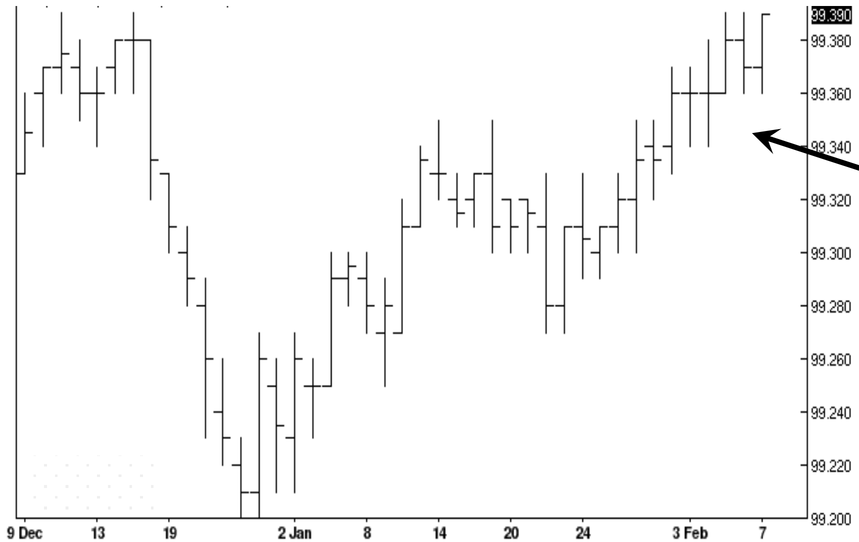
After a run of strong data last year culminating in a solid Q4 GDP report with unemployment continuing to fall, there has been much speculation about the Bank's next policy move; this week we will find out.

More

UK MARKETS: Short Sterling

OUR TRADING STANCE; SQUARE.

Last week we were Square of Short Sterling.



Short Sterling found support from weaker than expected PMI surveys and industrial production.

The Macro Trader's view of Short Sterling is: the market extended the rally again last week as two key PMI surveys fell just short of expectations and Industrial production and manufacturing output were also weaker than expected.

Together with CPI that is now back on target, recent expectations that the Bank might need to start tightening policy sooner than previously thought now seem to be fading.

This week sees the release of the Bank's quarterly inflation report. Traders will be looking for strong clues about when policy makers intend to alter course and start to tighten, but we think there could be a deliberate lack of clarity about their intentions in this report.

For now stay square.

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

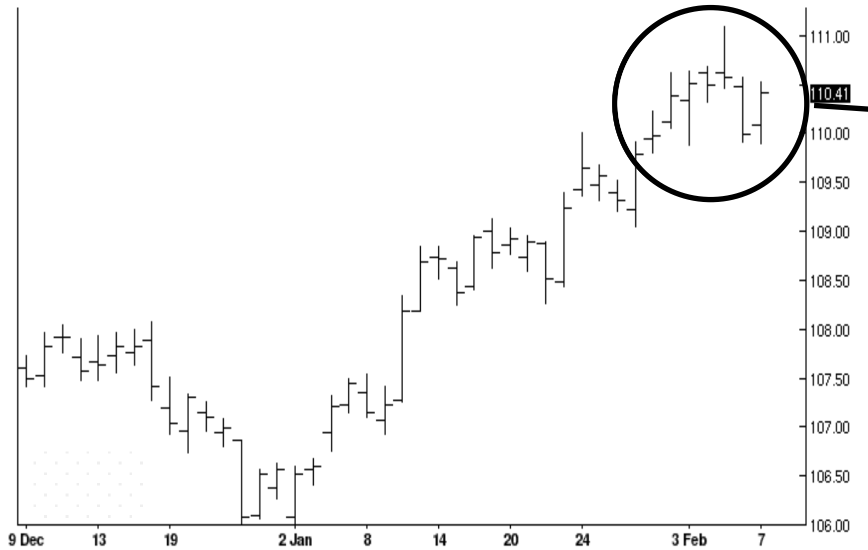
Commodities
+ GOLD
+ OIL

Disclaimer

UK MARKETS: Gilt

OUR TRADING STANCE: SQUARE.

Last week we were Square of the Gilt.



See how the Gilt failed to rally despite weaker UK and US data.

The Macro Trader's view of the Gilt is; last week's weaker than expected data failed to send this market higher which indicates to us that the recent rally is just a correction and the market will sell off as soon as the emerging markets crisis is over.

Looking ahead the Bank of England quarterly inflation report is due.

After stronger growth and faster falls in unemployment than expected, all eyes will be on the Bank this week for its latest version of forward guidance.

We think it could well be vague so as to give policy makers time to assess the economy better and decide how best to respond.

For now we sense this market could drift sideways meaning we see little immediate opportunity to sell, which is what we seek.

For now stay square..

More

SEVEN DAYS AHEAD

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

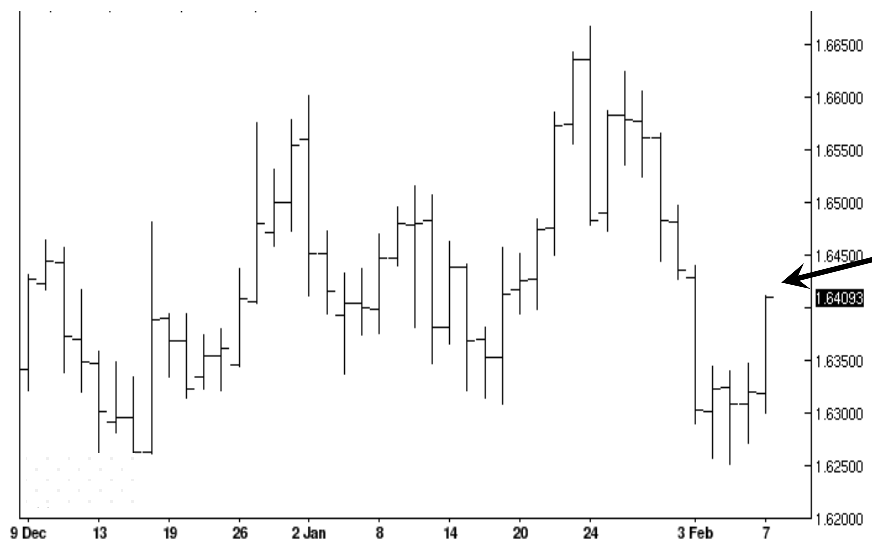
Commodities
+ GOLD
+ OIL

Disclaimer

UK MARKETS: Sterling

OUR TRADING STANCE; BULLISH v EURO

Last week we were Bullish v the Euro and Dollar



See how Sterling risks becoming range bound against the Euro.

The Macro Trader's view of the Pound is; the Pound looks to be at risk of becoming range bound against both the Dollar and the Euro.

Although UK economic activity continues to outpace that of the Euro zone, last week's UK data offered a degree of disappointment and the Pound failed to hold its highs against the Euro.

Looking ahead the Bank's quarterly inflation report is due and that could have a direct impact on Sterling.

Carney has commented negatively about Sterling becoming too strong on a couple of occasions, if that is included in the inflation report the Pound could come under a limited degree of downward pressure.

With that in mind; against the Dollar we advise remaining square, but against the Euro traders should remain Long Sterling/Short the Euro.

Our target against the Euro remains 0.7800 but our stop is brought closer at 0.8435 for protection.

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

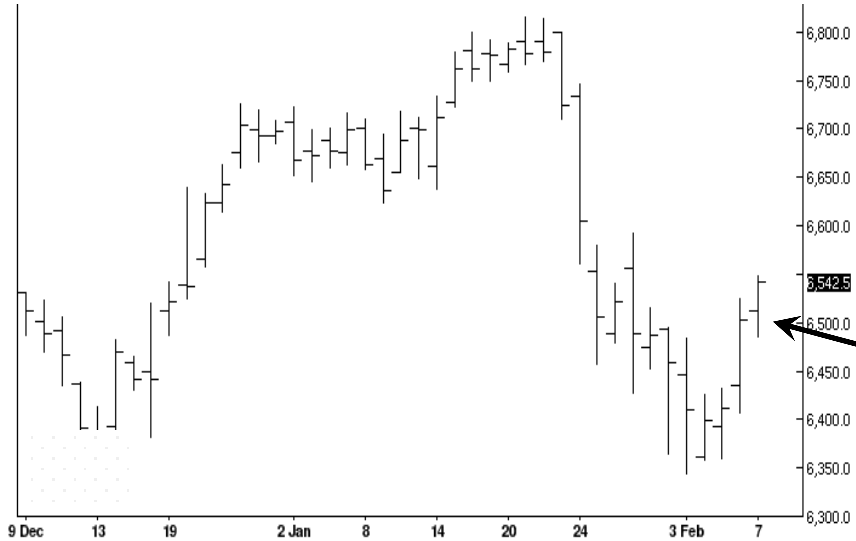
Commodities
+ GOLD
+ OIL

Disclaimer

UK MARKETS: FTSE

OUR TRADING STANCE; SQUARE.

Last week we were Square.



See how the FTSE rallied as weaker data had traders musing about the possibility of Central Banks taking a softer line.

The Macro Trader's view of the FTSE is; last week we said....

…"Looking ahead a big week for data both in the UK and US and we expect economics to argue for a stronger performance from stocks"...

In the event data on both sides of the Atlantic fell short of consensus, but stocks rallied?

Clearly traders reasoned weaker economic performance, equates to slower removal or scaling back of stimulus so stocks rallied.

Looking ahead the Bank of England quarterly inflation report is due and the Bank is likely to poor some cold water on those expecting rate hikes sooner than later, while delivering a mildly vague update of forward guidance.

Although we are under lying bulls of this market, we are not convinced the correction is yet over, so for now remain square.

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

EURO ZONE MARKETS: economic background

Last week's focus was shared between the various Euro Zone PMI surveys and German industrial production.

In the event the PMI surveys combined to deliver a mixed message and that was compounded by a weaker than expected German industrial production report.

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; **Euro zone industrial production,**
- On Thursday; **German CPI, and**
- On Friday; **German, French, Italian and Euro zone Q4 GDP and Euro zone Trade data.**

The main events this week are the Q4 GDP reports.

The pan Euro zone report is forecast to read 0.3q, 0.4y/y, compared to the UK and US this is still very weak and Italy is expected to record year on year negative growth.

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

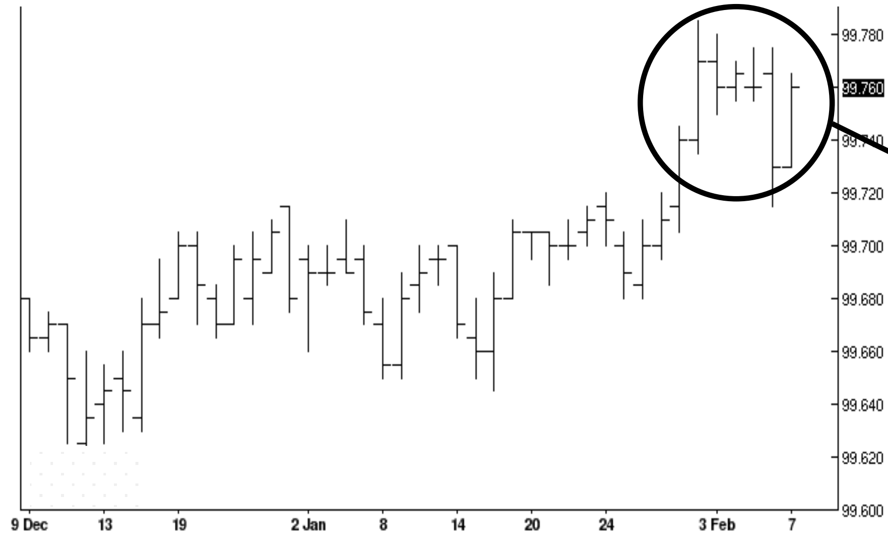
Commodities
+ GOLD
+ OIL

Disclaimer

EURO ZONE MARKETS: Euribor

OUR TRADING STANCE: SQUARE.

Last week we were Square of Euribor.



Euribor looks capped as the ECB gave up an opportunity to act last week despite continuing to voice concerns.

The Macro Trader's view of Euribor is; last week we said…

…"Looking ahead a whole raft of heavy weight data releases are due both domestically and abroad. Strong readings will see this market fall back into the established trading range"…

In the event domestic and foreign data disappointed but this market struggled as the ECB failed to change policy while still voicing concerns about the pace of growth and spectre of deflation.

Looking ahead we judge this market will drift lower. The Germans are once again unhappy about aspects of the ECB's policy stance and that could act as a restraint.

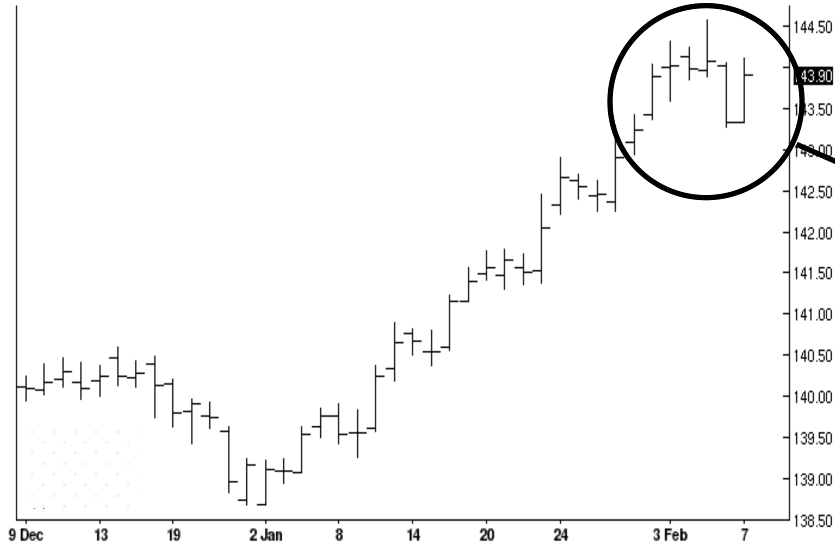
We see little to get excited about here, so once again; stay square.

More

EURO ZONE MARKETS: The Bund

OUR TRADING STANCE: SQUARE.

Last week we were Square of The Bund.



The Bund of all the major bond markets had reason to rally further last week, but didn't?

The Macro Trader's view of the Bund is: of all the major bond markets, the Bund had reason to rally last week but didn't.

The PMI surveys were mixed, the ECB failed to act, the Germans are uneasy about the ECB's policy stance and deflation lurks on the horizon.

But sentiment from abroad weighed on this market as Treasuries and the Gilt drifted lower in response to weaker data and hope the Fed and BOE might decide to maintain rather than reduce their stimulatory policies.

Looking ahead Q4 GDP reports are due this week and they are likely to highlight the under performance of the Euro zone.

But all eyes will be on the US this week as new Fed Chair Janet Yellen testifies in both houses of Congress and may repeat her earlier dovish stance, offering equities support.

For now we are staying square due to lack of clarity.

More

SEVEN DAYS AHEAD

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

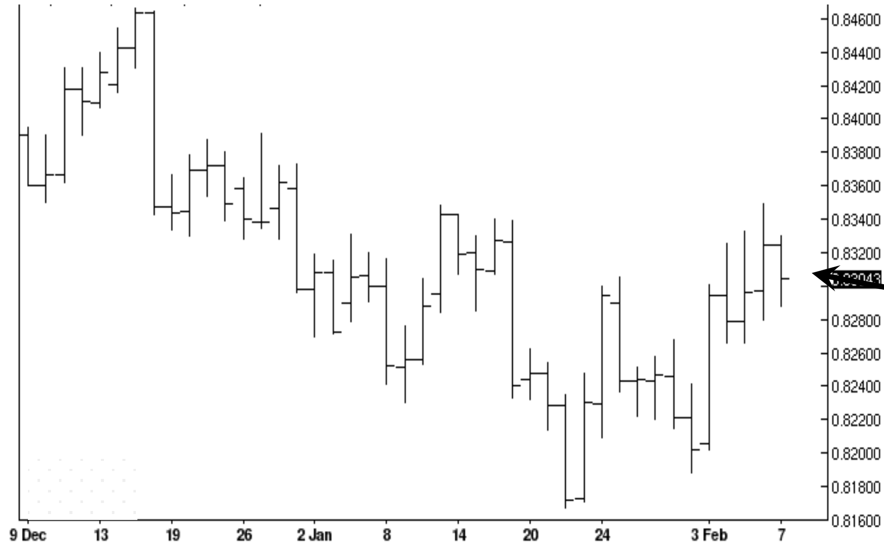
Commodities
+ GOLD
+ OIL

Disclaimer

EURO ZONE MARKETS: The Euro

OUR TRADING STANCE: BEARISH v the POUND

Last week we were Bearish v the POUND



See how the Euro clawed back some of its losses against the Pound.

The Macro Trader's view of the Euro; foreign exchange trading is about relative values rather than absolute values, so when US and UK data fell short of consensus last week, albeit still much stronger than in the Euro zone, the Euro was the beneficiary.

Looking ahead the spot light is likely to fall on the Euro this week with the release of a raft of Q4 GDP reports which are likely to remind traders of the torpid nature of the Euro zone recovery.

We remain square of Dollar/Euro as we judge t is range bound and although the Sterling/Euro pair risks a similar fate, we judge the UK economy will continue to out pace that of the Euro zone.

Traders should remain long Sterling/Short the Euro.

Our target remains 0.7800 but our stop is reset at 0.8435 to offer closer protection.

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

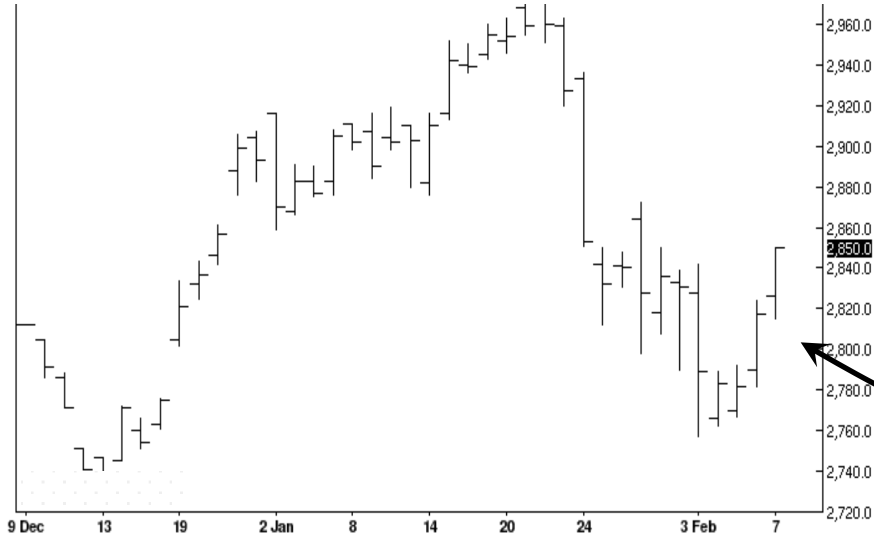
Commodities
+ GOLD
+ OIL

Disclaimer

EURO ZONE MARKETS: DJ Euro Stoxx 50

OUR TRADING STANCE: SQUARE.

Last week we were Square of DJ EUROSTOXX50.



See how the market joined the FTSE and S&P, rallying on disappointing data.

The Macro Trader's view of DJ Euro Stoxx 50 is: there was a common theme in equity markets last week; they rallied on disappointing data.

The main source of sentiment behind that dynamic was the US where the ISM manufacturing survey and non-farm payroll reports fell short of expectations again, leading traders to speculate that the Fed may just decide to ease up on its taper policy.

We doubt that as the US under performance of late is almost certainly a product of the weather rather than inherent weakness.

Looking ahead there are several Euro zone Q4 GDP reports due and we judge they will serve to highlight the growth gap between the Euro zone on one hand and the UK and US on the other.

Add in the still rumbling emerging market crisis and it is by no means clear that the correction in stocks is over.

So stay square on the lack of clarity.

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

JAPANESE MARKETS: economic background

Last week's calendar offered little or no heavy weight data and we judged Japan's markets would likely be driven by global rather than domestic events.

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 Monday; **Consumer confidence, Eco watchers survey, C/A, Trade A/C and Bankruptcies,**
- On Tuesday; **Tertiary industry index and machine orders, and**
- On Wednesday; **Tokyo Condo sales, machine tool orders and domestic corporate goods prices.**

The key events this week are the C/A and Trade A/C reports.

The economy still relies on industry and exports and the trade data is a good indicator of Japan's economic health.

More

JAPANESE MARKETS: Japanese Bonds

OUR TRADING STANCE: SQUARE.

Last week we were Square of Japanese Bonds.

The JGB marked time last week as the Yen weakened late in the week.

The Macro Trader's view of the JGB is: last week we said…

…"Looking ahead several light weight reports due meaning markets are likely to be led by US and Chinese data"...

In the event the market marked time as the Yen weakened and the Nikkei staged a limited rally.

Looking ahead several key reports due and after a period where traders have had little hard economic evidence to go on these reports will be welcome.

For now we judge markets lack clarity. The emerging market crisis and mixed US data have muddied the waters.

For now we are staying square.

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

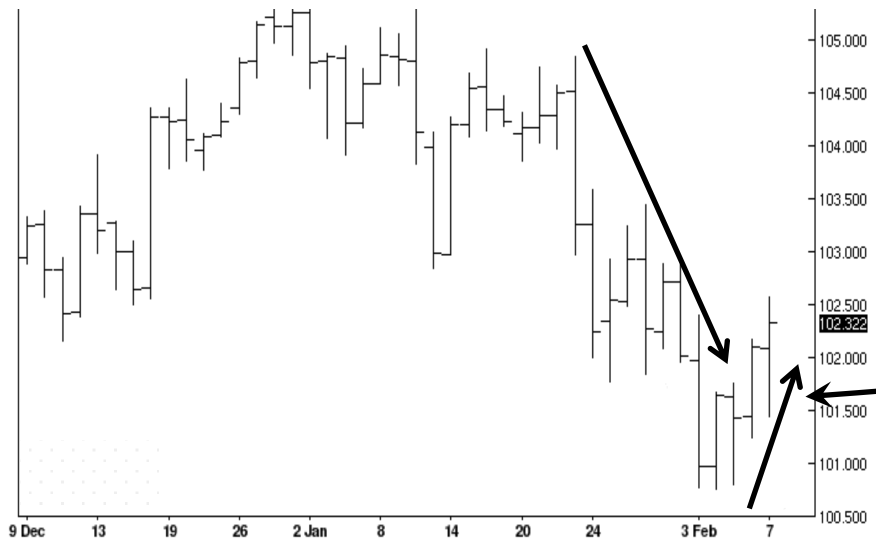
Commodities
+ GOLD
+ OIL

Disclaimer

JAPANESE MARKETS: Yen

OUR TRADING STANCE: SQUARE

Last week we were Square



The Yen weakened throughout much of last week as the emerging market crisis eased a little and traders scaled back safe haven buying.

The Macro Trader's view of the Yen is; the Yen weakened throughout much of last week, giving back some of its recent gains as the emerging markets crisis less in intensity and safe haven assets were less in demand.

Looking ahead there are several key data releases due this week including the trade report and C/A. We judge another large set of deficits are likely and this is likely to further weigh on the Yen.

However with the Dollar range bound and the all clear yet to sound on the emerging markets crisis, we judge it too soon to say with confidence that the Yen is now set to resume its slide.

For now a square position makes sense for us.

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

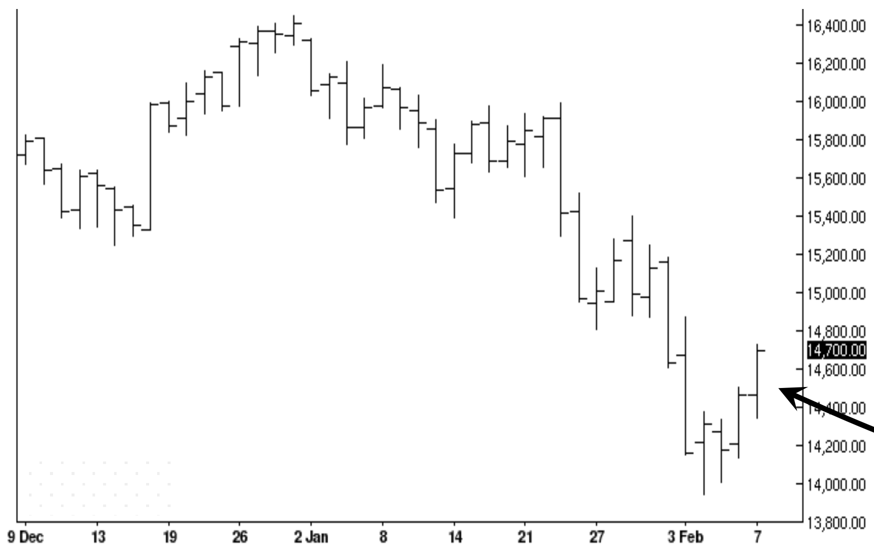
Commodities
+ GOLD
+ OIL

Disclaimer

JAPANESE MARKETS: Nikkei

OUR TRADING STANCE: SQUARE.

Last week we were Square of the Nikkei.



See how the Nikkei bounced off the lows helped by the Yen.

The Macro Trader's view of the Nikkei is; the Nikkei found support from two sources last week; the weaker Yen and weak US data.

The Yen weakened on a reduction of safe haven buying and together with weaker US non-farm payroll, traders took the Nikkei off the lows as stocks bounced generally on hopes the Fed might decide to ease up on the pace of its taper policy until it is clear whether the economy has actually lost momentum or is hampered by bad weather.

We judge the Fed will stick to its task and the current rally in equity markets could suffer one more set back.

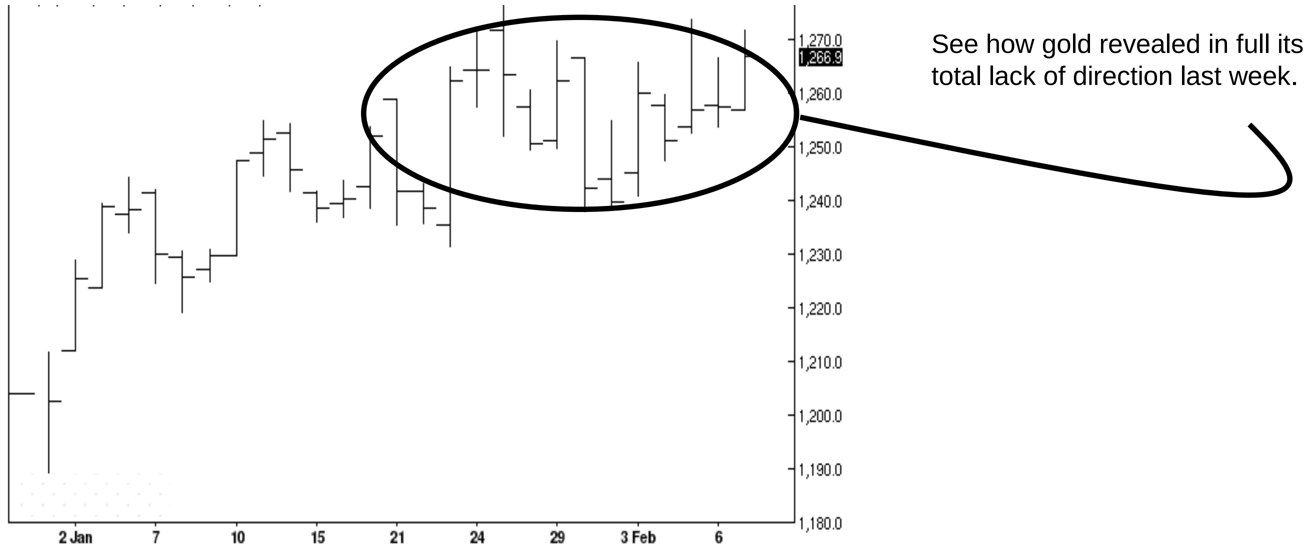
Add in the patchy performance of Japan's economy and the slower pace of growth in China and this market could struggle further, meaning we are staying square a little longer.

More

COMMODITIES: Gold

OUR TRADING STANCE: SQUARE.

Last week we were Square of Gold.



The Macro Trader's view of the Gold is: last week we said…

…"Looking ahead we look to US data due this week to steady markets generally, which will be negative for gold and further force it back into the established trading range"…

In the event data generally disappointed last week from all major sources, but gold showed a complete lack of direction.

We struggle to make a case in this market that fits either Bull or Bear and suggest the markets current torpor could extend further meaning there is no compelling reason to trade it..

In short we advise staying.

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

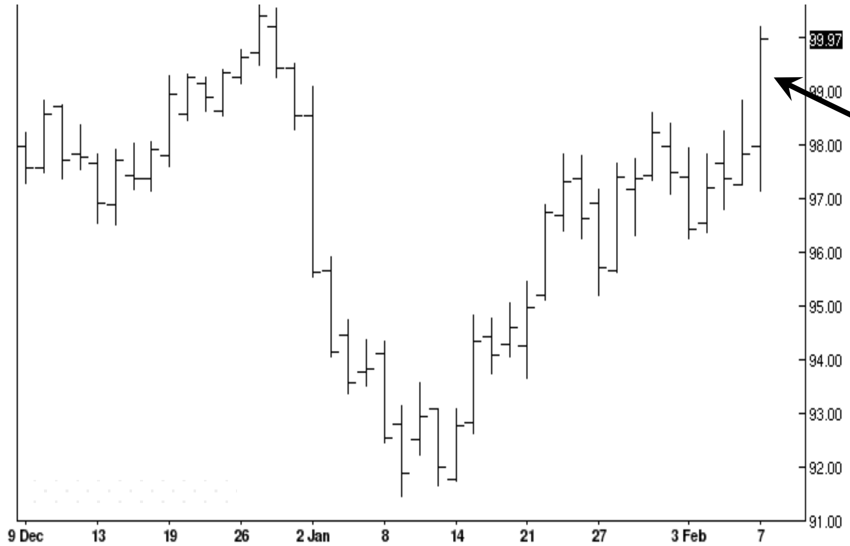
Commodities
+ GOLD
+ OIL

Disclaimer

COMMODITIES: Oil

OUR TRADING STANCE: SQUARE.

Last week we were Square of Oil.



See how oil seems able to ignore the economic news and go its own way.

The Macro Trader's view of oil is: the oil market again rallied further last week, but still just remains within the trading range.

Although the talks with Syria continue to make slow progress, the negotiations with Iran look more productive, meaning we judge events in the Middle East are not bullish for oil.

Data wise, the US and UK economies are expanding, but at a slightly slower pace as evidenced by last week's data, and the Euro zone recovery still lacks dynamism while China seems to be going through her own growth slowdown.

In short we fail to see where the demand for oil necessary to drive the rally is coming from and doubt the market can move much higher, meaning we think profit taking could set in.

In summary we are remaining square of this market.

More

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 SEVENDAYSAHEAD.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