



Week 24
16th – 22nd June 2015

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



Multi-asset fundamental analysis

John Lewis

Authorised and regulated
by the FSA



SUMMARY

Summary

Global Calendar

US Markets

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

- SQUARE
- BEARISH
- BULLISH v YEN
- SQUARE

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

- SQUARE
- SQUARE
- BULLISH v the EURO
- SQUARE

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

- SQUARE
- SQUARE
- BEARISH v STERLING
- SQUARE

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

- SQUARE
- BEARISH v the DOLLAR
- BULLISH

Commodities

+ GOLD
+ OIL

- BEARISH
- SQUARE

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

This week's global calendar

	Week of 15 th June		Week of 15 th June
Monday	US Empire mfg 6 US Ind production 0.2% US Capacity utilisation 78.3 US NAHB House mkt indx 5 US Net lg trm TIC flow n/f UK Rght mve hse prices n/f EZ Trade bal 22.5B	Thursday	US Q1 C/A Bal -\$116.7B US CPI 0.5m, 0.0y US CPI Ex – F&E 0.2m, 1.8y US Jobless claims 275k US Philly Fed 8 UK Retail sales -0.2m, 4.3y EZ Q1 Labour costs n/f
Tuesday	US Housing starts 1100k US Building permits 1100k UK CPI 0.2m, 0.1y UK RPI 0.3m, 1.1y UK RPI-X 1.1y UK PPI Input 0.5m, -11.3y UK PPI Output 0.1m, -1.6y UK PPI Core 0.0m, 0.1y UK DCLG House prices n/f DM CPI 0.1m, 0.7y DM ZEW 37.3 JP Tokyo Condo sales n/f JP Trade bal -Y252.4B	Friday	UK PSNCR n/f UK PNCB 10.0B DM PPI 0.2m, -1.1y EZ C/A n/f JP BOJ Policy statement JP All ind activity index n/f
Wednesday	US MBA Mrtge apps n/f US FOMC Policy decision 0.25% UK Unemploy'm't rate 2.2% UK Unemploy'm't chge -13.8k UK ILO 5.5% UK Average earngs 2.1% UK AE Ex-Bonus 2.5% UK MPC/BOE Minutes 9/0 EZ Construct'n output n/f EZ CPI 0.2m, 0.3y JP Dept stre sales n/f JP Tokyo Dept stre sales n/f JP Machine tool orders 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

Last week's releases

	Week of 8 th June		Week of 8 th June
Monday	UK BRC sales 0.0% WEAKER DM Ind production 0.9m, 1.4y STRONGER DM Trade bal 22.1B STRONGER DM C/A 19.6B LESS JP C/A Y1.326.4B WEAKER JP Trade bal -Y146.2B WORSE JP Q1 GDP 3.9 (A) STRONGER JP BK & Trst Indg 2.6% AS JP Bankruptcies -13.18% WORSE JP ECO Watchers 53.3 WEAKER THAN EXPECTED	Thursday	US Retail sales 1.2% STRONGER US RS Ex- Autos 1.0% STRONGER US Import prices 1.3m, -9.6y STRONGER US Jobless claims 279k WORSE US Bus invntry 0.4% STRONGER THAN EXPECTED
Tuesday	US NFIB Sml bus optmsm 98.3 STRONGER US Wholesale invntry 0.4% STRONGER UK Trade bal -£8.561B BETTER UK Trade non-EU -£2.094B BETTER EZ Q1 GDP 0.4q, 1.0y AS JP Cons conf 41.4 LESS JP Machine tool orders 15% BETTER JP Machine orders 3.8m, 3.0y STRONGER JP Dmstic corp gds prces 0.3m, -2.1y MORE THAN EXPECTED	Friday	US PPI 0.5m, -1.1y MORE US PPI Ex – F&E 0.1m, 0.6y AS US U. of Michigan conf 94.6 STRONGER UK Construct'n output -0.8m, 1.5y WEAKER EZ Ind production 0.1m, 0.8y WEAKER JP Ind production 1.2m, 0.1y STRONGER JP Capacity utilisation -0.4% BETTER JP Tertiary ind indx -0.2% WEAKER THAN EXPECTED
Wednesday	US MBA Mrtge apps 8.4% STRONGER US Mnthly bdgt statm't -\$82.4B BETTER UK Ind production 0.4m, 1.2y STRONGER UK Mfg output -0.4m, 0.2y WEAKER UK NIESR GDP Est 0.6% STRONGER UK RICS House prces 34% LESS JP BSI Lrge Ind -1.2% WEAKER JP BSI Lrge Mfg -6.0 WEAKER THAN EXPECTED		

More



US MARKETS: economic background

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

Last week's focus was retail sales and after the previous week's stronger non-farm payroll report, we were anticipating a stronger showing of consumer demand.

In the event the report was stronger than expected, revealing economic activity has finally begun to pick up after the winter slowdown, clearly if over the next couple of months a stronger trend establishes, the Fed will hike rates this year.

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; **Industrial production, capacity utilisation, NAHB Housing market index and Net long term TIC flows,**

- On Tuesday; **Housing starts and building permits,**
- On Wednesday; **FOMC policy decision/statement, and**
- On Thursday; **Jobless claims, Q1 C/A, CPI and Philly Fed.**

The key release this week is the FOMC policy decision/statement.

The economy has over the last two weeks shown solid signs of bouncing back and although a rate hike is expected this time, the policy statement is likely to drop strong clues about when one can be 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

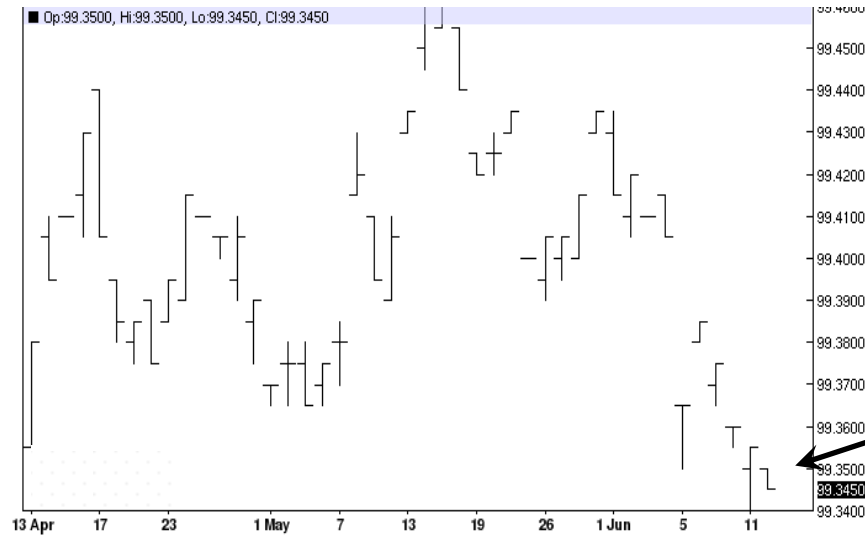
- + GOLD
- + OIL

Disclaimer

US MARKETS: Eurodollars

OUR TRADING STANCE: SQUARE.

Last week we were Square of Eurodollars.



Eurodollars are looking vulnerable as data supports a Fed hike in the coming months.

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

...“Looking ahead retail sales due and traders will be watching consumer demand for more evidence to support the Fed's stated intention to hike rates this year”...

In the event retail sales were stronger than expected and a rate hike is back on the cards for this year.

Looking ahead the FOMC statement is the key event this week and will likely give a lead on when the Fed expects to hike.

Our expectation remains the same; economic data will snap back and the Fed seek to hike during the current year, but the increases will be small, gradual and more or less priced in so stay square.

More



US MARKETS: 10 Year Note

OUR TRADING STANCE: **BEARISH.**

Last week we were **Bearish** of the 10 year note.

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

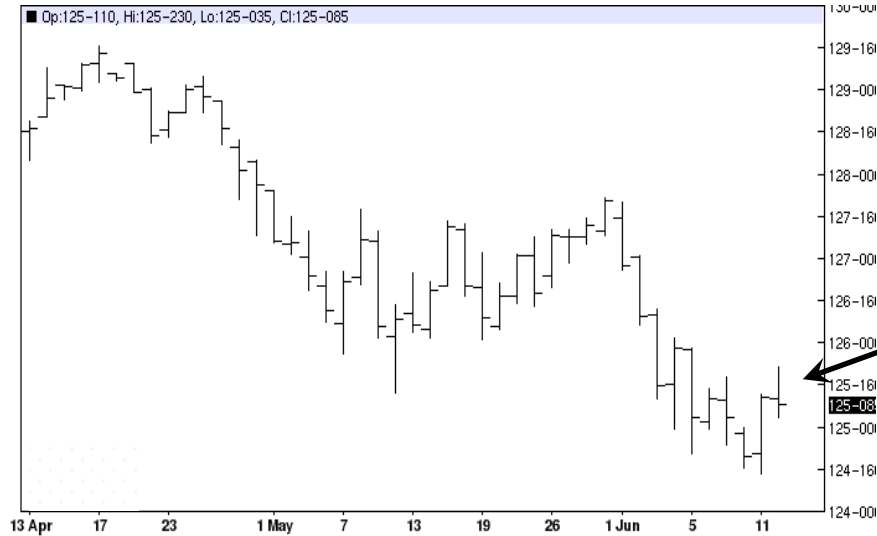
Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer



The 10 year note recovered marginally on continued Greek uncertainty.

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

...“Looking ahead retail sales are due and a strong reading here will weigh further on this market”...

...“We judge Bonds can and will sell off further from here, especially if Retail sales is strong”...

In the event retail sales were stronger and we judge the growing strength of the US economy will lead the Fed to hike and send bonds lower, but the move lower

was held up last week by continued uncertainty about Greece.

Looking ahead the key event this week is the FOMC policy decision/statement. A rate hike is not expected this time, but we do expect some strong guidance as to when policy makers do expect to move; probably late Q3..

Traders should be short this market, our suggested target remains 123.0 and our suggested stop continues at 127.00 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

US MARKETS: US Dollar

OUR TRADING STANCE: BULLISH v the YEN.

Last week we were Bullish v the Yen



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

...“Looking ahead retail sales is the key release this week and a strong report would get the Dollar Bulls back into the market”...

In the event retail sales were indeed stronger than expected, but where were the Dollar Bulls especially given the ongoing Greek drama.

Looking ahead the FOMC decision and policy

statement is due this week, clearly rates aren't moving at this meeting but the statement will likely hint as to when they most likely will. This and further bad news from the Euro zone concerning Greece, should lift the Dollar.

Traders should stay long the Dollar/short the Yen.

Our suggested target remains 126.10 and our suggested Stop continues at 122.0 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

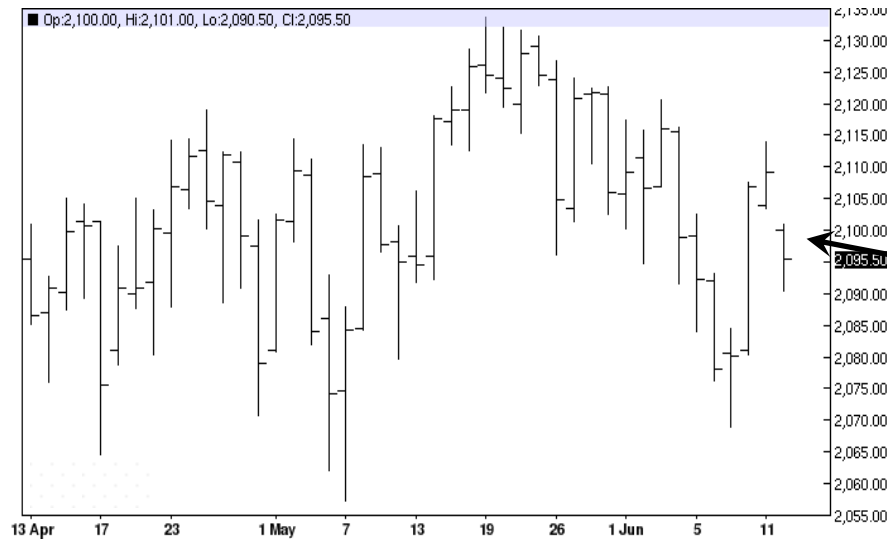
- + GOLD
- + OIL

Disclaimer

US MARKETS: S&P500

OUR TRADING STANCE: SQUARE.

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



The S&P remains trapped by Euro zone uncertainty focussed on Greece.

The Macro Trader's view of the S&P 500 is: last week we said...

...“Looking ahead retail sales are due this week and a strong report is needed to get this market moving in an upward direction”...

The retail sales report was indeed strong and will make a rate hike in Q3 more of a certainty.

But concerns about negotiations between Greece and her creditors are at an impasse; the IMF pulled its team last week due to Greece failing to agree to the terms required by her creditors in exchange for

additional aid and this is weighing on global equity markets.

Looking ahead the FOMC meeting is due, we judge policy makers will acknowledge the improving domestic economy and drop strong clues about when they will start to hike. However they may sight Greece as a possible cause to delay, based on the possibility that Greece could default and leave the Euro zone, which is something markets fear but don't actually expect as the ultimate outcome.

For now, we are staying square. The market is range bound and dogged by uncertainty.

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's focus was industrial production and manufacturing output.

In the event mixed signals; manufacturing output was weaker, but the broader based industrial production figure was stronger than expected, and the NIESR GDP estimate was also stronger pointing to a recovery in economic activity during the 2nd quarter.

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; **Right move house prices,**
- On Tuesday; **CPI, RPI, RPI-X, PPI and DCLG House prices,**

- On Wednesday; **unemployment report and MPC/BOE Minutes,**
- On Thursday; **Retail sales, and**
- On Friday; **PSNCR and PSNB.**

There are several important data releases this week and we judge retail sales stands out.

After a cool Q1 GDP report, traders are seeking evidence to show the economy has bounced back and although a tepid retail sales report is expected anything that comes in better than expected will be seen as a strong positive.

Then there is the MPC minutes!.

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

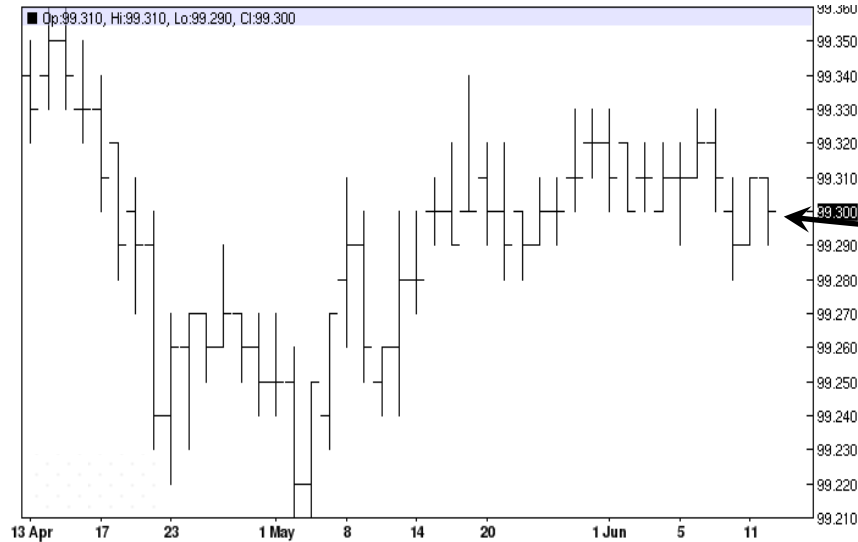
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Short Sterling

OUR TRADING STANCE: SQUARE.

Last week we were Square of Short Sterling.



Short Sterling remains in limbo as traders seek a run of strong data.

The Macro Trader's view of Short Sterling is: last week we said...

...“Looking ahead industrial production is due, and a strong report would steady nerves about UK growth, but we doubt that will be the outcome”...

In the event half right and half wrong!

Manufacturing output was weaker, but industrial production beat expectations on energy extraction and

NIESR forecast an upturn in GDP.

Looking ahead retail sales are due, so too is CPI and the MPC minutes. The Bank has previously indicated rates on hold into 2016, unless they change their stance we see little to encourage getting involved here.

We are remaining square of this market as we judge the Bank will be in no hurry to change policy and on current data releases that seems right.

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

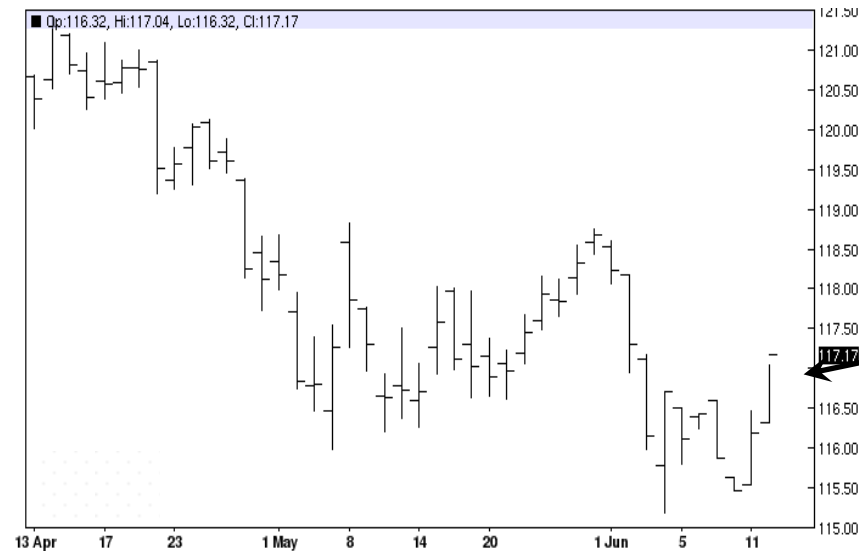
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Gilt

OUR TRADING STANCE: SQUARE.

Last week we were Square of the Gilt.



See how the Gilt rejected the lows on growing uncertainty about Greece.

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

...“Looking ahead the industrial production report is due and so too the NIESR GDP estimate”...

...“After disappointing PMI surveys the NIESR report will be an interesting read”...

In the event industrial production and NIESR both indicated a stronger Q2 GDP report is likely.

Looking ahead several key data releases due, our interest is focused on retail sales and the MPC minutes.

On current evidence the Bank will be in no rush to hike and why sell gilts, and with Greece drifting towards default and all the means, the Gilt could enjoy some safe haven buying.

For now stay square.

More



UK MARKETS: Sterling

OUR TRADING STANCE; BULLISH v the EURO

Last week we were Bullish v the Euro

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

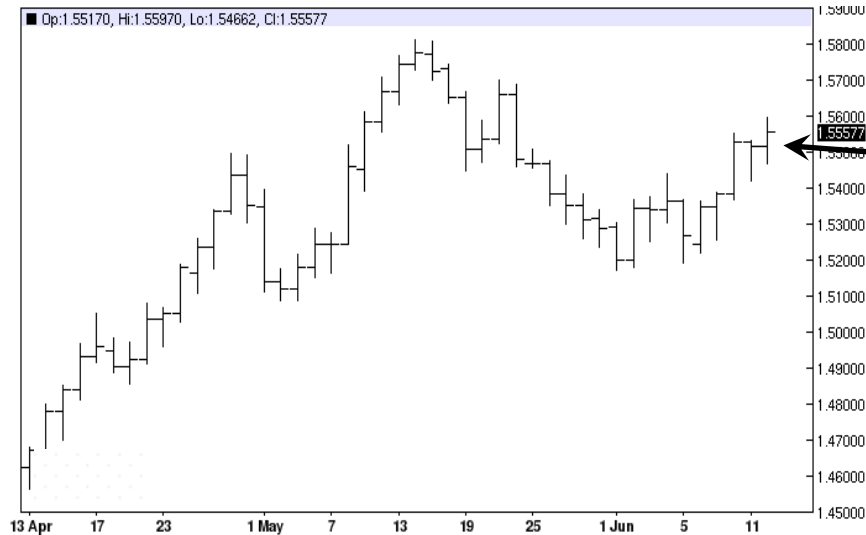
Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer



See how Sterling has found a trading range against the Dollar.

The Macro Trader's view of the Pound is: last week we said...

...“Looking ahead industrial production and the trade data due this week, but we doubt it will help Sterling against the Dollar, but with the Greek crisis still no nearer a resolution the Euro is vulnerable”...

In the event the Pound seems to have settled into a trading range against the Dollar, but against the Euro we judge it can rally.

Looking ahead the CPI, Unemployment and Retail sales reports are all due and should all prove bullish for Sterling especially against the Euro. Add in the Greek drama where a default seems to be edging closer and the Pound could enjoy some safe haven buying.

Traders should be long Sterling/Short the Euro. Our target remains 0.6800 and our stop continues at 0.7505 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

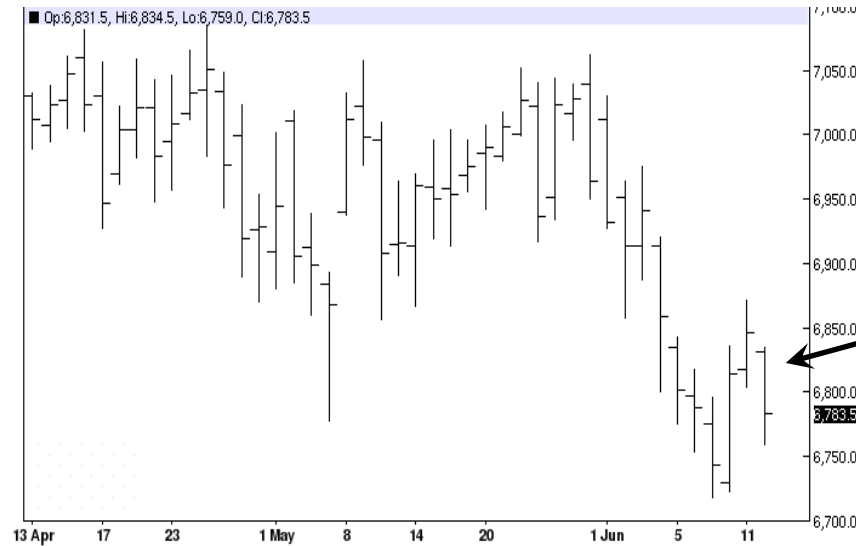
- + GOLD
- + OIL

Disclaimer

UK MARKETS: FTSE

OUR TRADING STANCE: SQUARE.

Last week we were Square.



See how the FTSE remains under pressure as the Greek drama rolls on and unsettles equity markets.

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

...“Looking ahead industrial production is due, but unless an exceptionally strong number we doubt it can lift this market, which under performed the US last week and looks vulnerable on fresh signs of economic weakness”...

In the event industrial production was better than forecast, but as we said not sufficiently so to boost this market.

Looking ahead a whole raft of UK data is due and strength would usually feed into a rally in this market, but with the Greek question still unresolved and looking increasingly as though a default may be on the cards, equity markets remain vulnerable.

We think the UK economy will perform better throughout this year and the Euro zone/IMF and Greece will finally come to a compromise and avert a default.

So for now stay square on such major uncertainty.

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 the German and Euro zone industrial production reports and Euro zone Q1 GDP.

The reports were mixed; strong German, weaker Euro zone industrial production and as expected Q1 GDP.

But the data played second fiddle to the drama still surrounding Greece and her inability to agree terms with her lenders.

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; **Euro zone trade data,**

- On Tuesday; **German CPI and ZEW survey,**
- On Wednesday; **Euro zone construction output and CPI,**
- On Thursday; **Euro zone Q1 Labour costs, and**
- On Friday; **Euro zone C/A and German PPI.**

There are several key releases due this week, but we judge the Greek drama will dominate the week's trading.

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

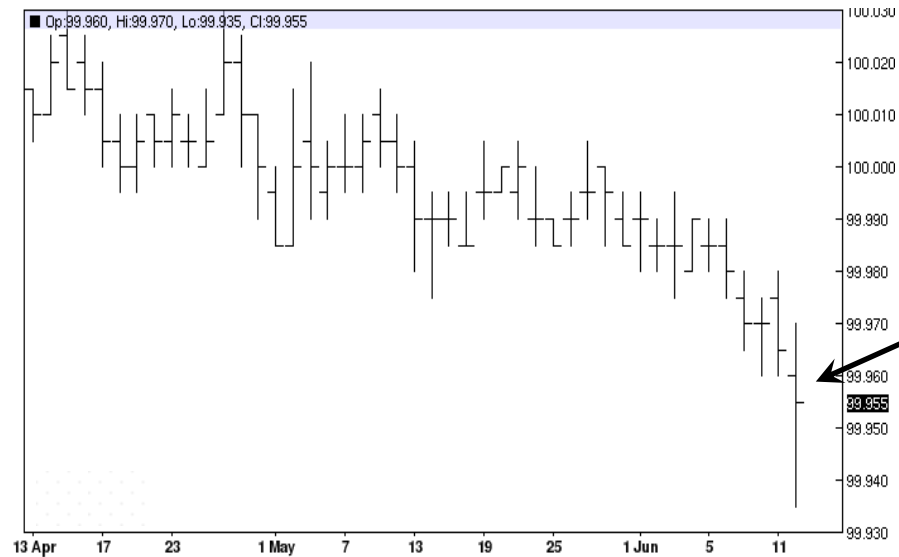
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: Euribor

OUR TRADING STANCE: SQUARE.

Last week we were Square of Euribor.



Euribor weakened on growing Greek uncertainty.

The Macro Trader's view of Euribor is; last week's price action reflected in part the firmer CPI report recently seen and the sense that the Euro zone economy was slowly on the mend, but Greece continues to dominate and with no deal in sight we judge the growing threat of a Greek exit from the Euro followed by default is weighing on this market.

Looking ahead several key reports due this week, but Greece will dominate once more.

We are staying square here.

The Greek drama could go either way; last minute deal or exit?

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

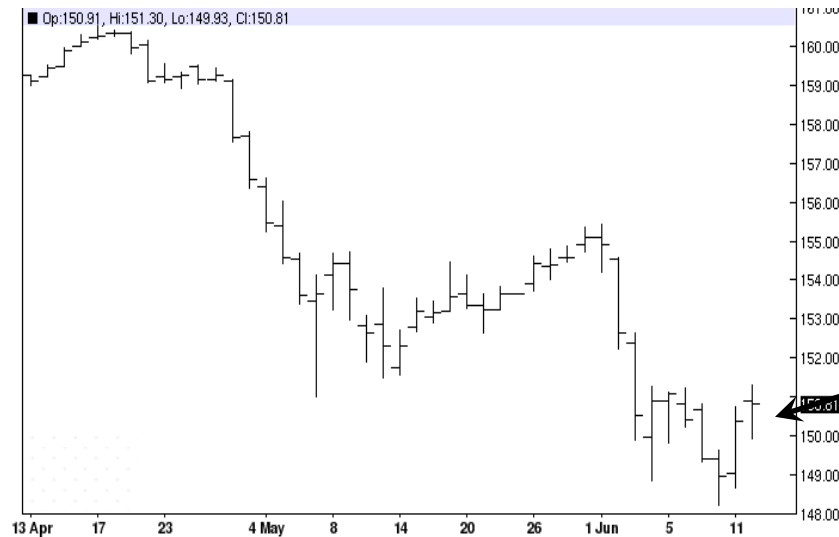
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: The Bund

OUR TRADING STANCE: SQUARE.

Last week we were Square of The Bund.



The Bund remained under pressure last week from the uncertainty and lack of progress involving Greece.

The Macro Trader's view of the Bund is: last week we said...

...“Looking ahead the German and Euro zone industrial production reports are due, but with Greece holding out for better terms and her creditors unwilling to yield the Bund looks vulnerable”...

In the event that was the outcome; Greece and lack of progress dominated and the Bund remained under pressure.,

Looking ahead another important week data wise, but

with time running out for Greece and the EU apparently moving into crisis mode over the lack of agreement with Greece, the Bund could benefit from some safe haven buying.

We judge the situation with Greece difficult to call. A last minute deal is still possible; the EU is famous for that and that is probably what the Greeks are counting on.

For now we are staying square; a Greek exit will probably see Bund buying where as a last minute deal will see equities rally.

More



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

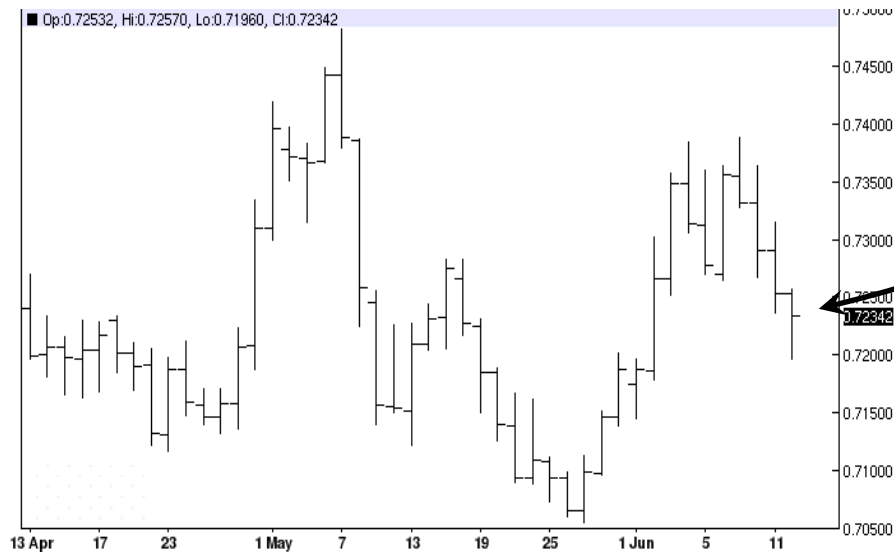
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: The Euro

OUR TRADING STANCE: BEARISH v STERLING

Last week we were Bearish v Sterling and the Dollar



The Euro is vulnerable to a Greek exit.

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

...“Looking ahead another week where global and not just domestic data dominates. In the US retail sales are due, in the UK industrial production and in the Euro zone industrial production is due also”...

...“But given the Greek intransigence we judge the Euro remains vulnerable”...

In the event Greece continued to occupy the headlines for all the wrong reasons with the IMF withdrawing their team. But the Euro held up well never the less as traders are likely expecting a last ditch deal to emerge.

Looking ahead yet more key data due, but again Greece is likely to dominate; several key deadlines have already passed and Greece as a Euro zone member s living on borrowed time. The EU has apparently moved onto an “emergency footing”.

But if Greece does leave the Euro zone what then for the Euro; it will be shown to be breakable!

Traders should be Long Sterling/Short the Euro.

Our target in Sterling/Euro remains 0.6800 and our stop continues at 0.7505 for protection.

More



EURO ZONE MARKETS: DJ Euro Stoxx 50

OUR TRADING STANCE: SQUARE.

Last week we were Square of DJ EUROSTOXX50.

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

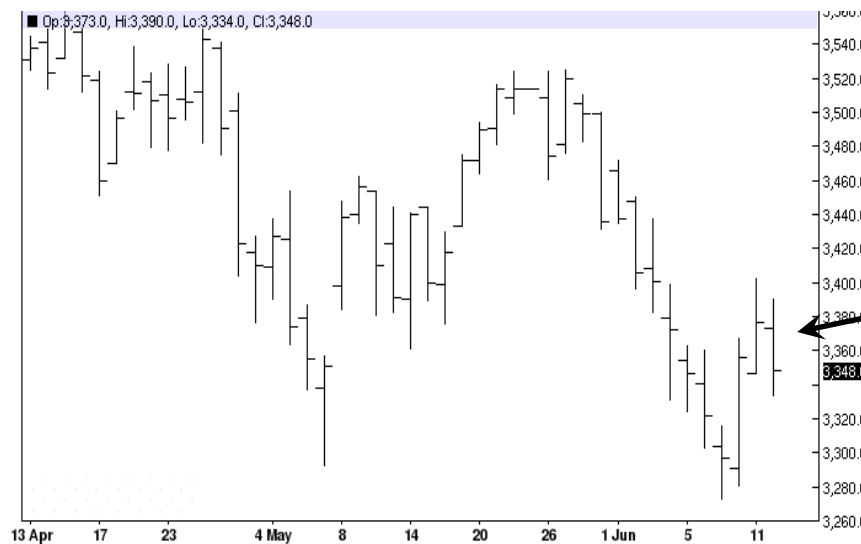
Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer



See how the market remains vulnerable to the Greek question.

The Macro Trader's view of DJ Euro Stoxx 50 is:
last week we said...

...“Looking ahead German and Euro zone industrial production are due, but we judge this market will remain fragile until the Greek question is resolved”...

In the event we judge that was the outcome and looking ahead although there are several key data

releases due we judge this market is vulnerable to a Greek exit from the Euro zone, since it would likely be followed by a Greek default and bankruptcy and all within the EU.

Once again stay square the outcome is uncertain.

A deal would see a strong rally an exit more selling.

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 focus was the Q1 GDP and Industrial production reports.

In the event Q1 GDP was revised much stronger and Industrial production beat consensus. Add in better than expected Machine tool orders and Machine orders and the outlook is suddenly less bleak.

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; **Tokyo condo sales and trade data,**

- On Wednesday; **National and Tokyo department store sales and machine tool orders, and**
- On Friday; **All industry activity index and Bank of Japan policy statement.**

There are several key reports due this week, but after the stronger Q1 GDP report last week we judge the Bank of Japan's policy statement is the main event.

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

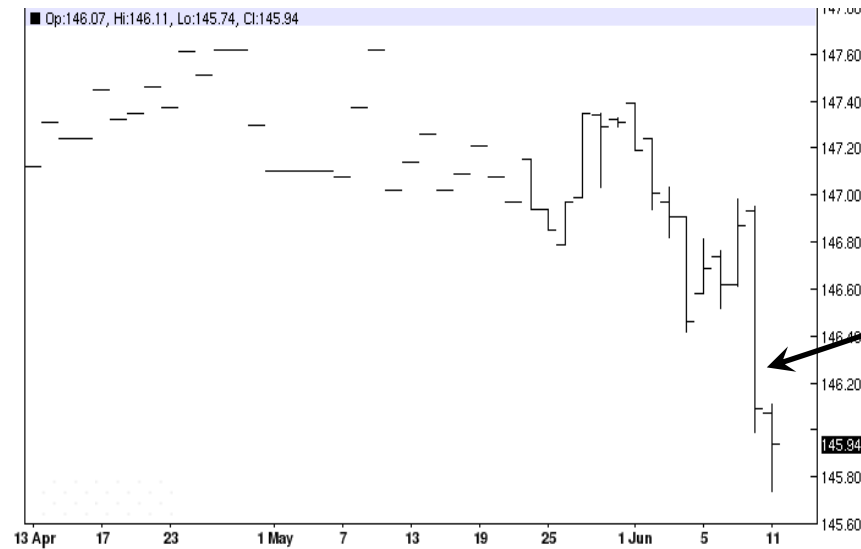
- + GOLD
- + OIL

Disclaimer

JAPANESE MARKETS: Japanese Bonds

OUR TRADING STANCE: SQUARE.

Last week we were Square of Japanese Bonds.



The JGB sold off on a mix of stronger data and growing international concern over Greece.

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

...“Looking ahead this week sees the release of several important data releases. The Q1 GDP report is already known and was stronger than expected, given the negative sentiment internationally currently surrounding bonds, this market looks vulnerable”...

In the event a fair assessment, but we judge external factors had a hand in pushing this market lower and that was the uncertainty surrounding Greece and the

potential negative impact a Greek exit from the Euro and default could have internationally.

Looking ahead the key release this week is the BOJ policy statement, but we judge Greece will dominate.

For now stay square.

If Greece comes to her senses and agrees a deal with her creditors there could be a relief rally in some Bond markets.

More



JAPANESE MARKETS: Yen

OUR TRADING STANCE: **BEARISH** the YEN v the DOLLAR

Last week we were **Bearish v the Dollar**

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



The Yen regained some lost ground on stronger domestic Q1 GDP.

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

...“Looking ahead another week of important data both in the US and Japan. The Japanese Q1 GDP report was released earlier and revised much higher, but although this is Yen positive, traders will remain focussed on the US where retail sales is due. A strong report will make a US rate hike even more likely later this year and that will be Bullish for the Dollar”...

In the event the Yen held up well despite stronger US Retail sales data as various policy makers from the OECD and IMF etc., called on the US to delay a rate

hike until next year; that doesn't seem credible.

Looking ahead the Bank of Japan policy statement is due, after a stronger Q1 GDP report what will be the Bank's stance on policy now?

We judge a looming US rate hike still argues in favour of a Dollar rally.

Traders should be long The Dollar/Short the Yen.

Our suggested target remains 126.10 and our suggested Stop continues at 122.0 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

JAPANESE MARKETS: Nikkei

OUR TRADING STANCE: BULLISH.

Last week we were Bullish of the Nikkei.



The Nikkei bucked the trend among global equity markets and remained close to the highs.

The Macro Trader's view of the Nikkei is; last week's price action was promising.

As global equity markets weakened on the back of continued Greek uncertainty and a looming default, the Nikkei performed well as domestic data was mainly stronger than expected.

Looking ahead the Bank of Japan's policy statement stands out, no material change is expected, but has the better than expected data altered the BOJ's outlook?

We judge this market can extend the rally, especially if the Yen continues the current weakening trend and the Greek drama is resolved.

Traders should be long the Nikkei despite being stopped out.

Our target is 20800.00 and our suggested stop is set at 19900.00 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

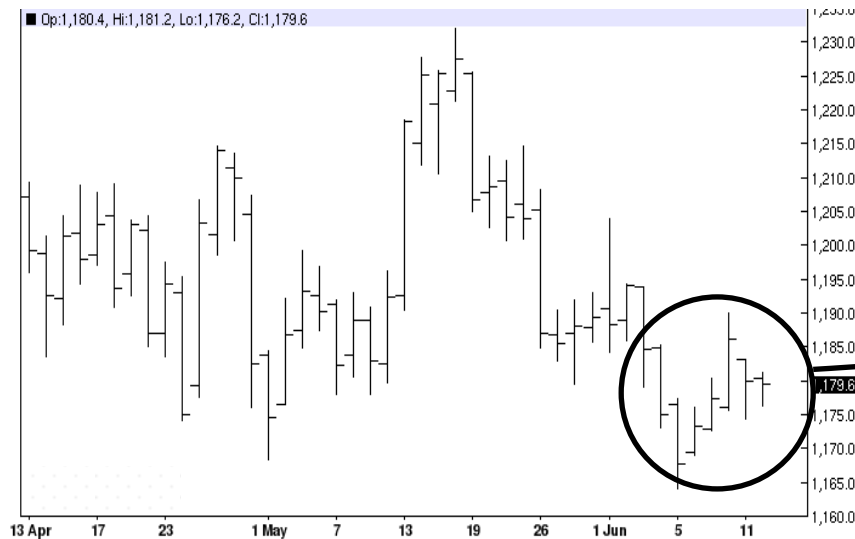
- + GOLD
- + OIL

Disclaimer

COMMODITIES: Gold

OUR TRADING STANCE: **BEARISH.**

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



See how Gold enjoyed a mini correction.

The Macro Trader's view of the Gold is: Last week's price action was interesting. The US retail sales report was stronger than expected and coupled with the stronger non-farm payroll report released the previous week a Fed rate hike in the coming months looks increasingly likely.

We have long argued the turn in the US monetary policy cycle would weigh heavily on Gold.

But note the correction! Greece has again failed to agree terms with her creditors and the IMF has pulled its team on frustration with Greek time wasting.

With the threat of a Greek exit from the Euro zone growing, together with a default closely followed by

bankruptcy, Gold ought to be doing better, maybe traders think a deal will be done?

We judge these events reveal the weakness of this market and unless the Fed has a change of mind a US rate hike is likely in the coming months; the Greek drama has been running a long while but it didn't stop Yellen declaring a few weeks ago that US rates will rise this year.

Traders should be short of this market.

Our long term target is US\$400.00 and our stop is set at 1220.0 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

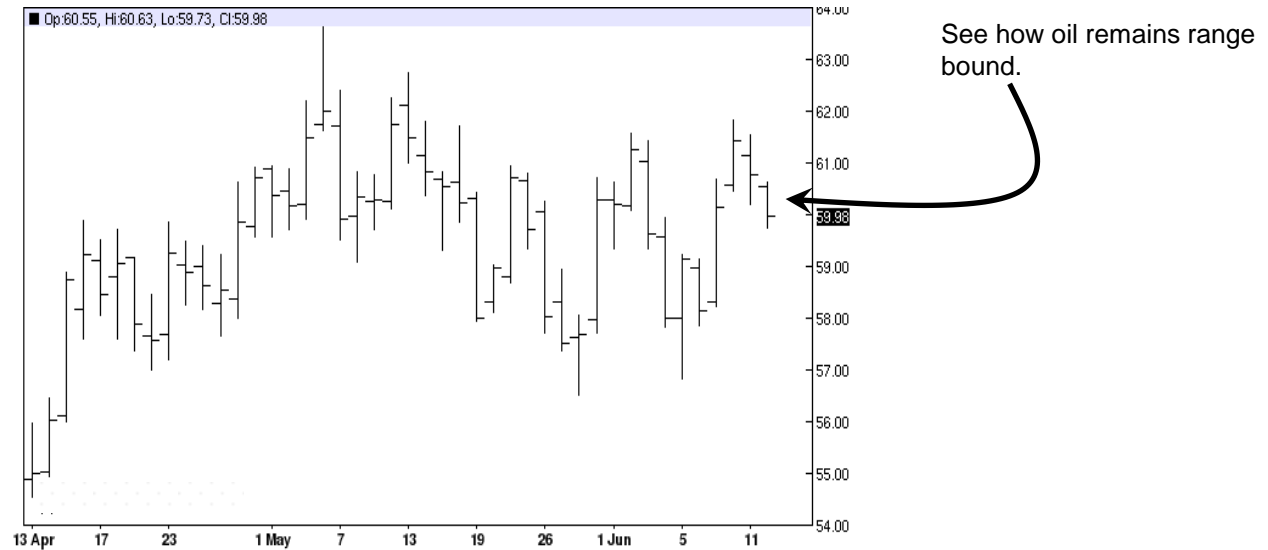
- + GOLD
- + OIL

Disclaimer

COMMODITIES: Oil

OUR TRADING STANCE: SQUARE.

Last week we were Square of Oil.



The Macro Trader's view of oil is: the market remained trapped in the well established trading range last week and is likely to remain there.

Saudi Arabia is content to remain with elevated production levels even though the rally has stalled, why?

We judge the Saudis sense that to cut production now, would see prices edge higher and thereby encourage fracking production to resume, resulting in another oil price slide.

Their judgement is if they can hold the price around current levels the incentive isn't strong enough for fracking to resume, meaning the Saudis and OPEC retain practical control of the oil market. But for how much longer?

For now we remain square.

This market seems to have found a level it is comfortable with.

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

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