



Week 49  
8<sup>th</sup> – 14<sup>th</sup> December 2015

## 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



# Multi-asset fundamental strategies

John Lewis

Authorised and regulated  
by the FSA



## SUMMARY

### Summary

### Global Calendar

### US Markets

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

- SQUARE
- BEARISH
- BULLISH v the EURO
- 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 & the DOLLAR
- SQUARE

### Japanese Markets

+ JAPANESE BONDS  
+ YEN  
+ NIKKEI

- SQUARE
- SQUARE
- SQUARE

### Commodities

+ GOLD  
+ OIL

- BEARISH
- 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

# This week's global calendar

	Week of 7 <sup>th</sup> December
Monday	US Cons Credit \$17.500B UK BRC Sales 0.5% DM In production 0.7m, JP Q3 GDP 0.0q, 0.0(A) JP C/A 1659.0B JP Trade Bal n/f JP Bankruptcies n/f
Tuesday	US NFIB Sml bus optimism 96.6 UK Mfg output -0.1m, 0.2y UK Ind production 0.1m, 1.3y UK NIESR GDP Est 0.6% UK BRC Shop prices n/f EZ Q3 GDP 0.3q, 1.6y JP Eco watcher survey 48.6 JP Machine orders -1.5m, 1.4y
Wednesday	US MBA Mrtge apps n/f US Wholesale invntry 0.0% UK RICS House prices 50 DM Trade Bal 20.1B DM C/A n/f JP Machine tool orders n/f JP Domestic corp gds prices n/f JP BSI Lrge all ind JP BSI Lrge mfg 12.1

	Week of 7 <sup>th</sup> December
Thursday	US Import prices -0.7m, US Jobless claims 266k US Mnthly bdgt statement -\$67.8B UK Trade bal -£9.70B UK Trade bal non-EU -£2.50B UK BOE AP Target £375B UK BOE/MPC Rate decision 0.50%
Friday	US Retail sales 0.3% US RS Ex-Autos 0.4% US PPI -0.1m, -1.4y US PPI Ex -F&E 0.1m, 0.2y US Bus invntry 0.1% US U. of Michigan conf 92.0 UK Construct'n output n/f DM CPI 0.1m, 0.4y DM WPI 0.2m,

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 30 <sup>th</sup> November		Week of 30 <sup>th</sup> November
Monday	US Chicago PMI 48.7 <b>WEAKER</b> US Pndg home sales 0.2m, 2.1y <b>WEAKER</b> UK Net cons credit 1.2B <b>LESS</b> UK Net Indg on dwllgs 3.6B <b>MORE</b> UK Mrtge aprvls 69.6K <b>WEAKER</b> DM CPI 0.1m, 0.4y <b>AS</b> DM Retail sales -0.4m, 2.1y <b>WEAKER</b> JP Ind Production 1.4m, -1.4y <b>WEAKER</b> JP Retail sales 1.1m, 1.8y <b>STRONGER</b> JP Lrge RS 2.9y <b>LESS</b> JP Vehicle prod -0.5y <b>BETTER</b> JP Construct'n orders -25.2 <b>WORSE</b> JP PMI Mfg 52.6 <b>LESS THAN EXPECTED</b>	Thursday	US Jobless claims 269k <b>WORSE</b> US ISM Non-mfg 55.9 <b>WEAKER</b> US Factory orders 1.5% <b>STRONGER</b> UK PMI Services 55.9 <b>STRONGER</b> IT PMI Services 53.4 <b>WEAKER</b> FR PMI Services 51.0 <b>WEAKER</b> DM PMI Services 55.6 <b>AS</b> EZ PMI Services 54.2 <b>WEAKER</b> EZ Retail sales -0.1m, 2.5y <b>WEAKER</b> EZ ECB Rate decision 0.05 <b>AS</b> JP Labour cash earngs 0.7% <b>STRONGER THAN EXPECTED</b>
Tuesday	US Construct'n spndg 1.0m, <b>STRONGER</b> US ISM Mfg 48.6 <b>WEAKER</b> US ISM Prices paid 35.5 <b>WEAKER</b> UK PMI Mfg 52.7 <b>WEAKER</b> IT PMI Mfg 54.9 <b>BETTER</b> FR PMI Mfg 50.6 <b>LESS</b> DM PMI Mfg 52.9 <b>BETTER</b> EZ PMI Mfg 52.8 <b>AS</b> DM Unemploy'm't chge -13k <b>BETTER</b> DM Unemploy'm't rate 6.3 <b>BETTER</b> EZ Unemploy'm't rate 10.7 <b>BETTER</b> JP Vehicle sales 0.3% <b>BETTER THAN EXPECTED</b>	Friday	US Unemploy'm't rate 5.0% <b>AS</b> US Non-farm payroll 211k <b>STRONGER</b> US Avrge hourly earngs 0.2m, 2.3y <b>STRONGER</b> US Avrge wrk week 34.5 <b>AS</b> US Trade bal -\$43.89B <b>BETTER</b> DM Factory orders 1.8m, -1.4y <b>STRONGER</b> JP Cons confidence 42.6 <b>STRONGER THAN EXPECTED</b>
Wednesday	US MBA mrtge apps -0.2% <b>BETTER</b> US ADP Employ'm't chge 217k <b>STRONGER</b> US Q3 Unit labour costs 1.8% <b>STRONGER</b> US Q3 Non-farm prdctvty 2.2% <b>AS</b> US ISM NYK 60.7 <b>STRONGER</b> US Feds Beige book UK PMI Construct'n 55.3 <b>WEAKER</b> UK BRC Shop prices -2.1% <b>WEAKER</b> EZ PPI -0.3m, -3.1y <b>BETTER</b> EZ CPI Estimate 0.1% <b>WEAKER</b> JP Loans & discount corp 3.2 <b>STRONGER</b> JP PMI Services 52.3 <b>AS THAN EXPECTED</b>		

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 the two ISM surveys and non-farm payroll with the payroll report taking prominence.

In the event the two ISM surveys were weaker than expected, and the manufacturing version fell below 50, flagging a recession in manufacturing.

But the non-farm payroll report was stronger than expected and is seen as stiffening the Fed's resolve to begin tightening policy.

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; **Consumer credit**,

- On Tuesday; **NFIB small business optimism**,
- On Wednesday; **Wholesale inventories**,
- On Thursday; **Jobless claims, Import prices and monthly federal budget statement**, and
- On Friday; **retail sales, PPI, Business inventories and University of Michigan confidence**.

The key release this week is retail sales, but unless exceptionally weak we judge the Fed has made its collective mind up to begin hiking at next week's FOMC meeting.

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

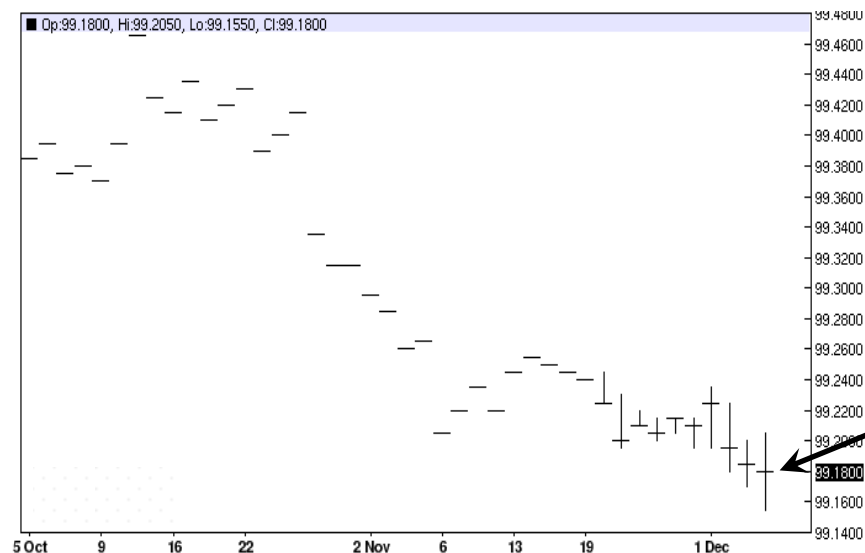
+ OIL

## Disclaimer

## US MARKETS: Eurodollars

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Eurodollars.



Eurodollar traded lower last week as a Fed rate hike looms.

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

...“Looking ahead several important data releases due, the key one being non-farm payroll, but traders already expect the Fed to hike in December so unless very different to consensus, little impact expected here”...

In the event the report beat consensus and with upward revisions to the previous two months reports the Fed looks all set to move.

Looking ahead retail sales is the main event this week, but unless surprisingly very weak traders are expected the Fed to hike next week.

We are staying square.

A hike in December now looks a certainty and is priced in.

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

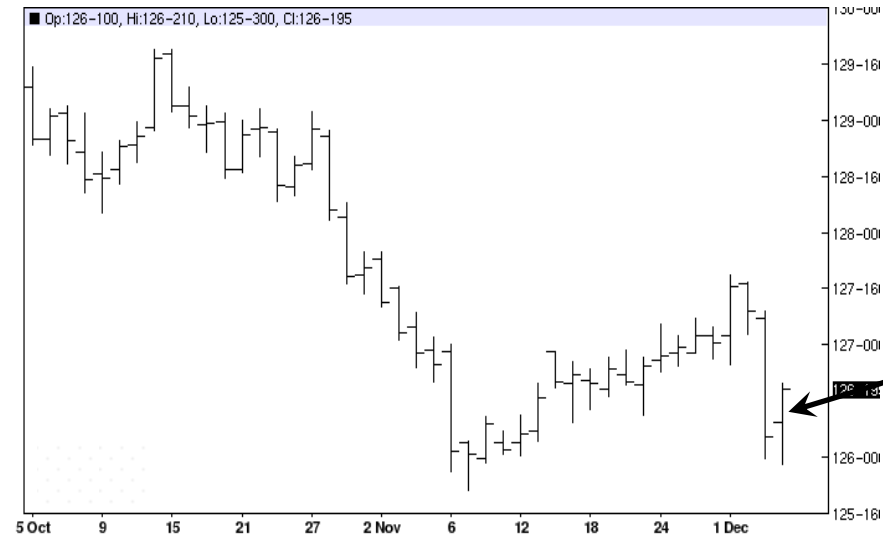
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: 10 Year Note

### OUR TRADING STANCE: **BEARISH.**

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



The 10 year note retested the lows last week as the Fed is set to hike.

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

...“Looking ahead non-farm payroll is due, a strong number, together with solid ISM surveys will see this market retest the down side”...

In the event the two ISM surveys fell short of consensus and our stop was hit. However we were focussed on Friday's non-farm payroll report and remained short ahead of what we saw as the defining report for the Fed; it was stronger and with upward

revisions; stronger yet.

Looking ahead the retail sales report is due on Friday and a solid report will weigh on this market, ahead of what is sure to be the Fed's first rate hike at next week's FOMC meeting.

Traders should be short of this market. Our target in DEC15 is 124.01 and our stop placed at 127.25 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

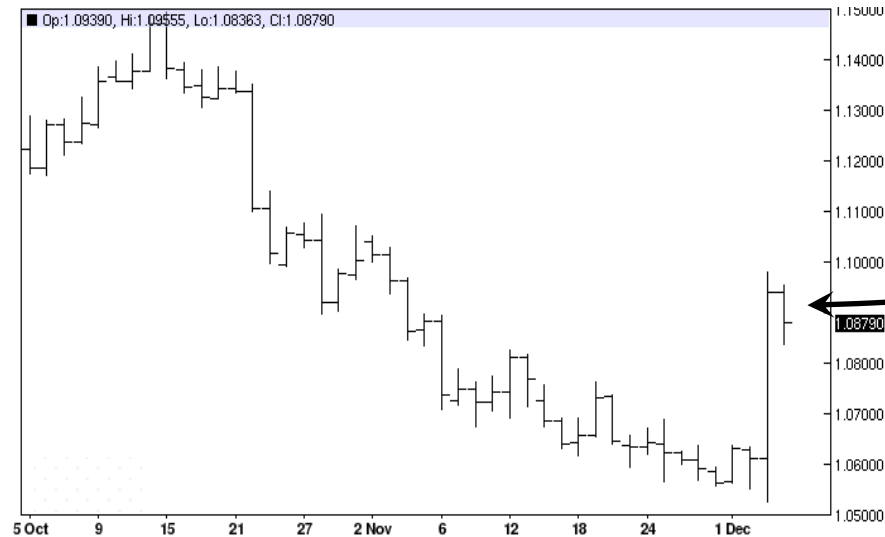
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: US Dollar

### OUR TRADING STANCE: BULLISH v the EURO.

Last week we were Bullish v the Euro



The Dollar retraced on Thursday after the ECB disappointed markets with Thursday's policy move.

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

...“Looking ahead the ECB will likely ease on Thursday and then on Friday US non-farm payroll, a combination that could propel the Dollar even higher”...

In the event disappointment. US non-farm payroll was stronger, but the ECB's ease failed to match the recent hype, the Euro rallied strongly against the other majors

especially the Dollar.

Looking ahead retail sales are due on Friday and a solid report will remind traders that the Fed is about to begin its quest to normalise policy.

Traders should be long the Dollar/short the Euro, we judge last week's move a correction that will fade.

Our suggested target is 104.05 and our suggested stop remains set at 1.1075 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

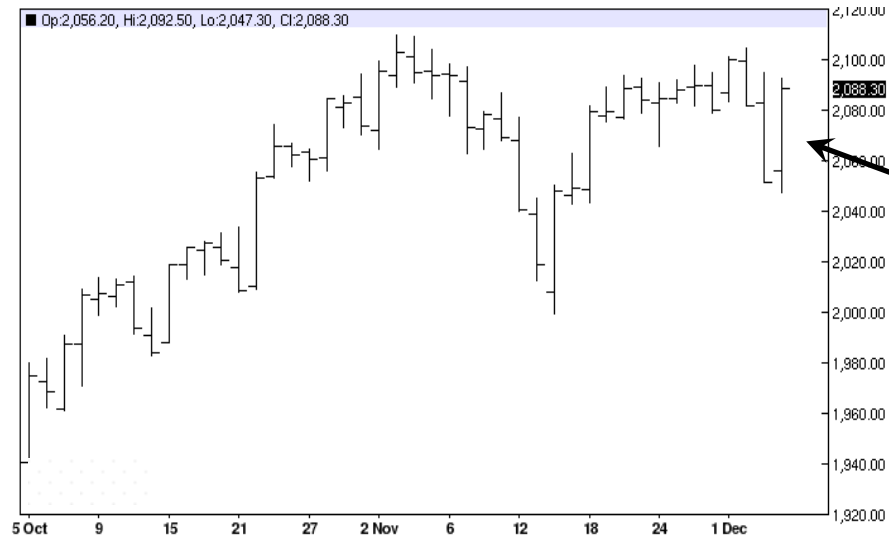
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: S&P500

### OUR TRADING STANCE: SQUARE.

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



The S&P continues to struggle around the recent highs.

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

...“Looking ahead several important data releases due with non-farm payroll the main event; strength will almost guaranty a rate hike but will it send this market lower? That depends on the size of the hike, we will know in a couple of weeks time”...

In the event the payroll report beat consensus, but the

two ISM surveys were disappointing, however we judge the Fed will focus on the labour market and hike next week and that is weighing on this market.

Looking ahead retail sales are due on Friday, but unless very much different from consensus we judge the Fed will act next week and this market remain hesitant, unless the hike is only say a token 10bp!.

For now stay square the market looks tired.

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 the two PMI surveys with all eyes on the service sector version.

In the event mixed signals. The manufacturing PMI was weaker than expected, but the Services version beat consensus maintaining the view that the economy continues to grow at a solid rate with low inflation.

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; **BRC sales report**,
- On Tuesday; **manufacturing output**,

**industrial production, NIESR GDP Estimate and BRC Shop prices,**

- On Wednesday; **RICS House price survey**
- On Thursday; **Trade data and BOE/MPC policy decision, and**
- On Friday; **Construction output.**

There are several reports due this week, but we judge the manufacturing output and industrial production report is the main event since the Bank of England is no where near ready to change UK monetary policy yet.

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

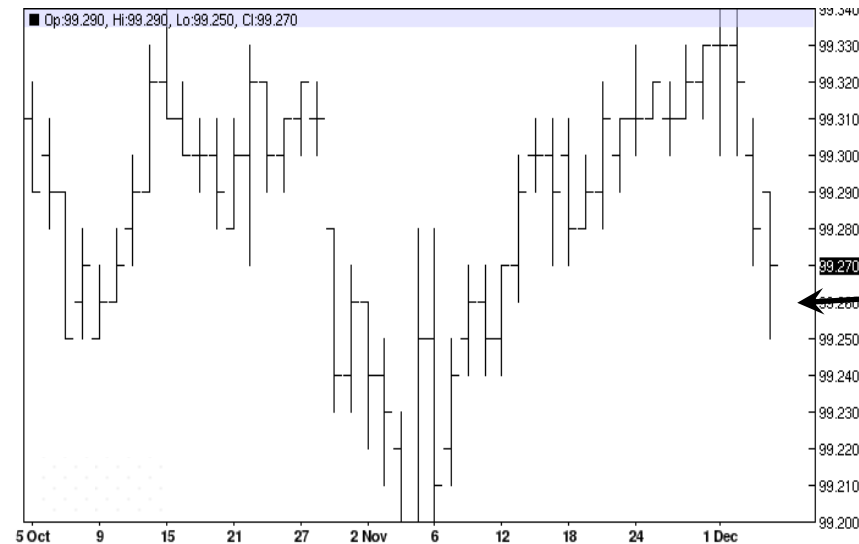
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Short Sterling

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Short Sterling.



Short Sterling retreated on a stronger PMI Services survey.

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

...“Looking ahead the PMI surveys are due but we expect them to confirm the economy continues to grow at the current sustainable speed”...

In the event we judge that was the outcome.

Looking ahead industrial production is due but we

doubt it will have a measureable impact on this market.

We are square.

This market is likely to remain supported as the current mix does not argue in favour of a rate hike any time in the next 12 months.

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

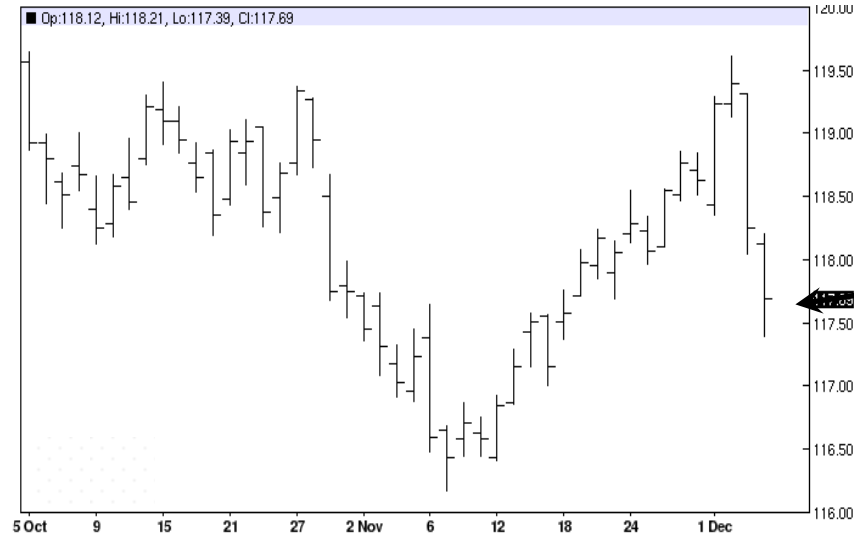
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Gilt

### OUR TRADING STANCE: SQUARE.

Last week we were Square of the Gilt.



See how the Gilt looks increasingly range bound.

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

...“Looking ahead the three PMI surveys are due but we doubt they will change the current perception of a benign mix of data with the Bank of England forced to remain on the side lines”...

In the event we judge that was the result, but with the

ECB disappointing traders last Thursday and a Fed rate hike expected next week, we judge the Gilt has nowhere in particular to go!

We remain square of this market.

Both the upside and downside currently looks limited.

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

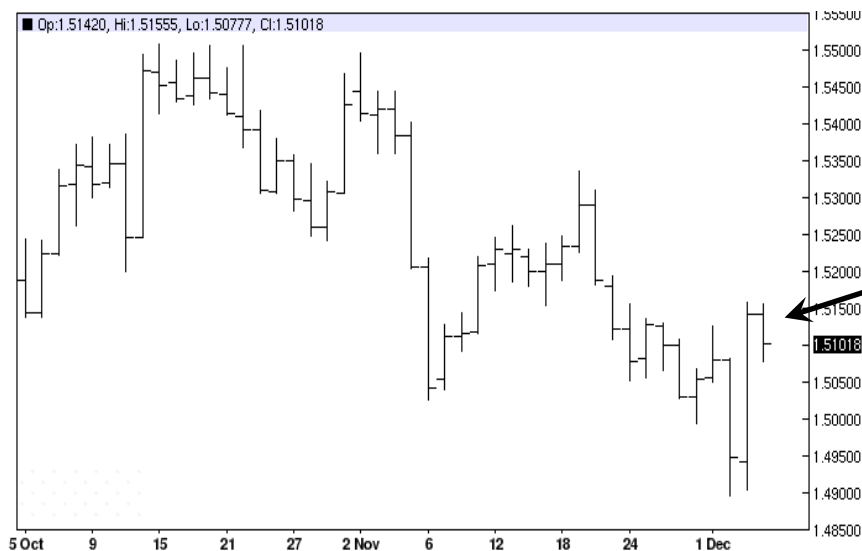
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Sterling

### OUR TRADING STANCE; **BULLISH** v the **EURO**

Last week we were **Bullish** v the **Euro**



See how Sterling staged a limited recovery against the Dollar.

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

...“Looking ahead the three PMI surveys are due will they change the outlook or confirm the current picture of a benign economic mix with steady sustainable growth?”...

In the event we judge that was the outcome, but currency markets experienced a high degree of turbulence last week after the ECB seemed to fall well short of the new round of easing it had been leading traders to expect.

Looking ahead the industrial production report is due, but we judge traders are increasingly focussing on next week's US FOMC meeting where a rate hike is expected, but by how much will they move?

We continue to advise traders should be long Sterling/Short the Euro as the UK economy continues to out perform that of the Euro zone.

Our long term target remains 0.6800 and our stop continues at 0.7505 for protection.

Against the Dollar we 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

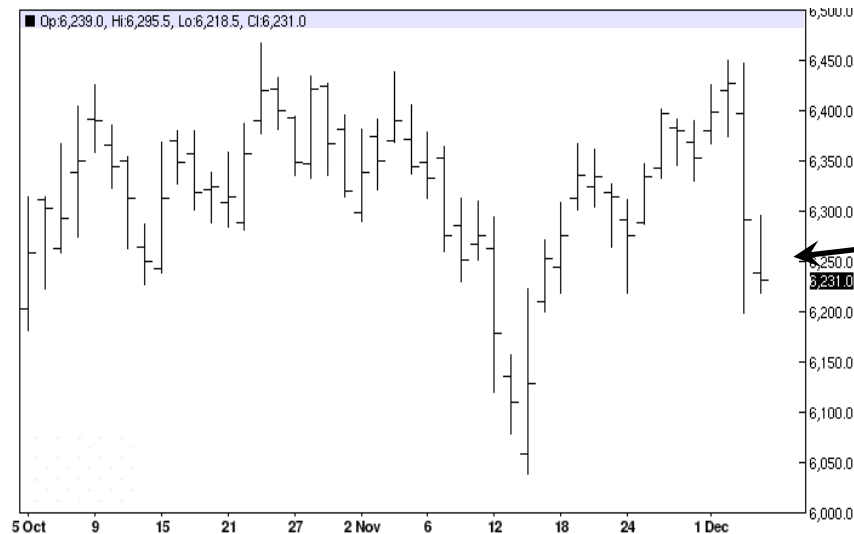
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: FTSE

### OUR TRADING STANCE: SQUARE.

Last week we were Square.



See how the FTSE sold off last week on a combination of external events.

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

...“Looking ahead the three PMI surveys are due with the Services version the key event, but we doubt it will do much to lift this market out of the long period of range trading and under performance”...

In the event that proved right. The PMI Services report was stronger than expected, but the market remained

under pressure as traders reacted to the ECB's ease on Thursday which markets judged fell short of what they had been led to expect.

Looking ahead the Industrial production report is due this week, but once again we doubt it will do much, if anything to lift this under performing market.

For now stay square. The market increasingly looks range bound.

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 calendar had several heavy weight releases including all the various Euro zone PMI surveys, but all eyes were focussed on Thursday's ECB policy statement when a new significant ease was expected.

In the event the ECB fell short of its own rhetoric and by extending the QE Program to March 2017 only delivered what had been promised months earlier.

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; **German industrial production**,
- On Tuesday; **Euro zone Q3 GDP**,
- On Wednesday; **German trade and C/A data, and**
- On Friday; **German CPI and WPI.**

This week's key release is Tuesday's Euro zone Q3 GDP report.

But the ECB has made its move and a run of new data will be needed to decide whether what they have done is enough, or as we think, insufficient!



## 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

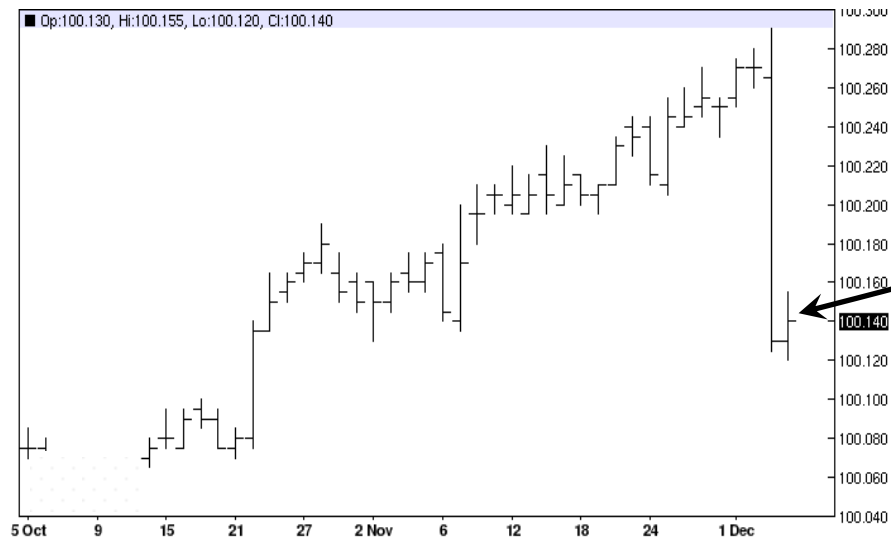
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: Euribor

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Euribor.



Euribor sold off heavily on an ECB disappointment.

**The Macro Trader's view of Euribor is;** last week we said... off.

...“Looking ahead the ECB policy decision and statement is the main event this week, new easing measures are expected, likely in the form of additional QE”...

In the event they extended the end date, but left markets feeling short changed, hence the heavy sell

Looking ahead the Euro zone Q3 GDP report is due, but we judge traders are still licking their wounds, meaning we doubt this market has too much more to do on the down side and will need a run of new weaker data to correct higher.

For now we are 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

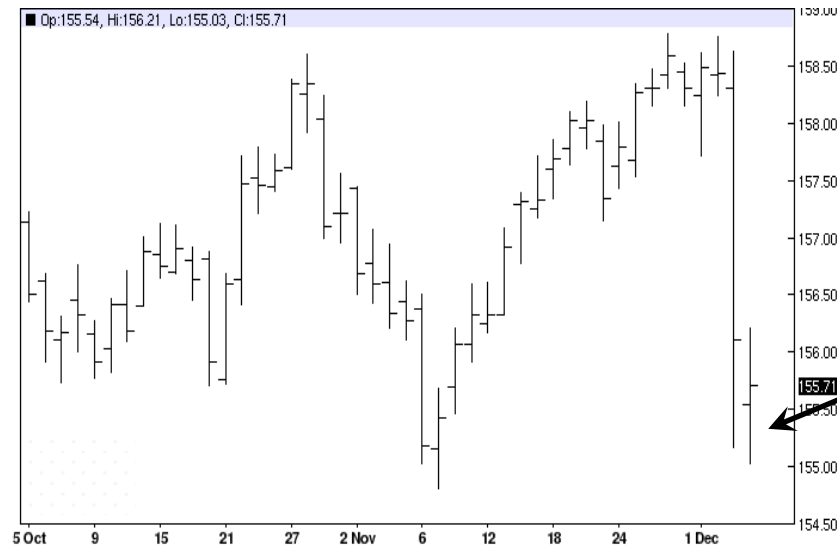
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: The Bund

### OUR TRADING STANCE: SQUARE.

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



The Bund sold off heavily as the ECB disappointed.

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

...“Looking ahead the ECB policy announcement is the main event this week, we expect them to do exactly what they have for weeks been briefing; ease policy further”...

In the event the ECB extended the end date of its QE program, but failed to deliver on the rhetoric of recent weeks which had led traders to expect something

bigger.

Looking ahead there are several releases due, but the Euro zone Q3 GDP report stands out.

We are for now square after the stop was hit, but we expect this market to make another attempt at new highs, but confidence needs to be rebuilt and a run of fresh data that indicates the ECB's job isn't done will likely be needed.

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

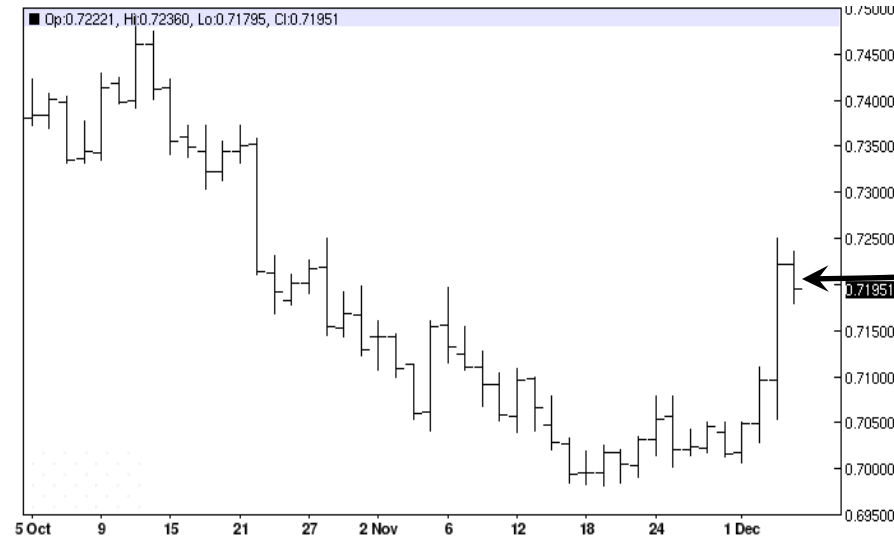
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: The Euro

### OUR TRADING STANCE: BEARISH v STERLING & the DOLLAR

Last week we were Bearish v Sterling



The Euro rallied on ECB disappointment but since they haven't done enough how will that sustain a stronger Euro; it won't!

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

...“Looking ahead the Main event this week is the ECB policy meeting and we, like most others in the market expect them to announce new easing measures”...

They didn't go beyond the minimum they had already promised several months earlier and Euro bears were forced to square up.

Looking ahead the Q3 GDP report stands out, but we

doubt it will have a major impact on the market as traders are switching their attention to next week's FOMC meeting and an expected rate hike.

Traders should be Long the Dollar and Sterling/Short the Euro.

Our longer term target in Dollar/Euro is 104.05 and our suggested stop is set at 1.1075 for protection.

In Sterling/Euro our longer term 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

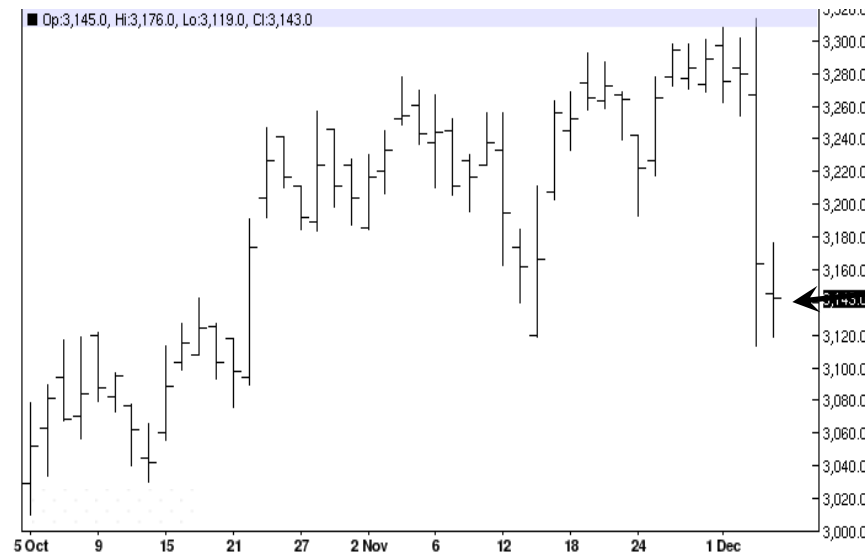
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: DJ Euro Stoxx 50

### OUR TRADING STANCE: SQUARE.

Last week we were Square of DJ EUROSTOXX50.



See how the market sold off when the ECB announced its limited extension to the existing QE program.

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

...“Looking ahead the ECB policy decision due Thursday is the main event, they are expected to ease and it has been in the market for some time so if they deliver will this market rally, or will traders shift their focus to something else...say the FOMC meeting due in two weeks when the Fed is expected to hike”...

In the event they fell well short of what traders had expected, after ECB rhetoric had metaphorically

speaking led traders to the alter and not turned up.

Looking ahead the Q3 GDP report stands out, but equity traders are wary after last week's disappointment and next week it's the Fed's turn. A rate hike is universally expected, will the play games or simply deliver?.

We remain square, but a further breakdown will encourage us to go short of a market we have long argued was supported by very little of substance.

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 spread across industrial production, PMI Manufacturing and PMI Services.

In the event industrial production was weaker than expected and the PMI Surveys were mixed; manufacturing weaker, Services as expected. On balance nothing to particularly excite.

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; **Q3 GDP, C/A, Trade data and Bankruptcies,**
- On Tuesday; **Eco watchers survey and machine**

**orders, and**

- On Wednesday; **Machine tool orders, domestic corporate goods prices and BSI Large all industry and large manufacturing surveys.**

The key release this week is the Q3 GDP report, traders will be looking for any revisions; up or down.



## 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

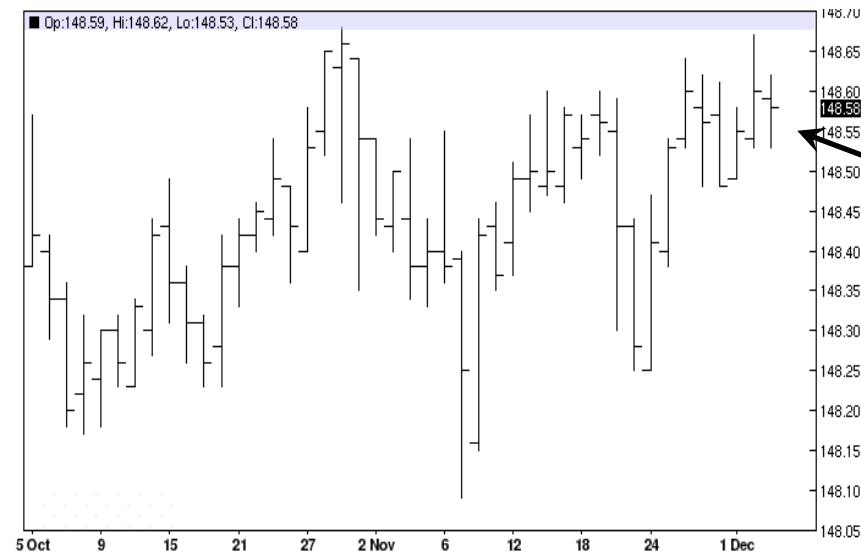
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Japanese Bonds

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Japanese Bonds.



The JGB recovered but still looks volatile.

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

...“Looking ahead several key data releases due, but we doubt they will reveal a path out of Japan’s current economic malaise”...

In the event that proved the case with a weaker industrial production and mixed PMI surveys.

Looking ahead the Q3 GDP report and BSI surveys are due. The GDP report is largely historic and will only excite if revised materially up or down, but the BSI surveys give a window onto the future.

For now we are square.

The JGB has recovered but still looks volatile and in a trading range despite economic weakness.

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

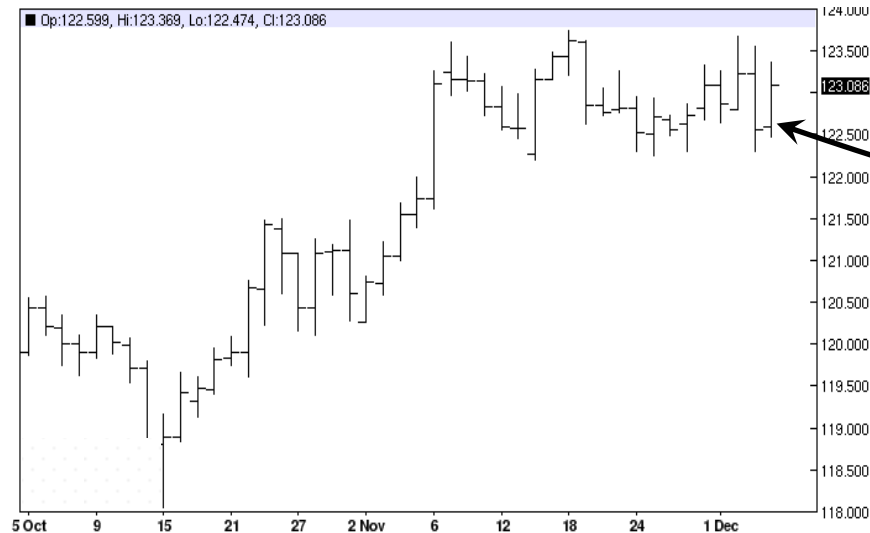
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Yen

### OUR TRADING STANCE: SQUARE

Last week we were Square



The Yen showed no reaction to the Dollars weakness against the Euro.

**The Macro Trader's view of the Yen is;** last week's price action showed the Yen remains in a trading range near its lows against the Dollar.

Despite the Dollars sharp sell off against the Euro the Yen showed little reaction and after a run of mixed to weaker data that seems the right reaction.

Looking ahead the Q3 GDP report and BSI surveys are

due, but as next week's US FOMC meeting draws closer, all eyes will be on the Dollar as expectations are for a first rate hike since before the financial crisis/recession hit.

We are square of Dollar/Yen and await the FOMC policy decision.

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

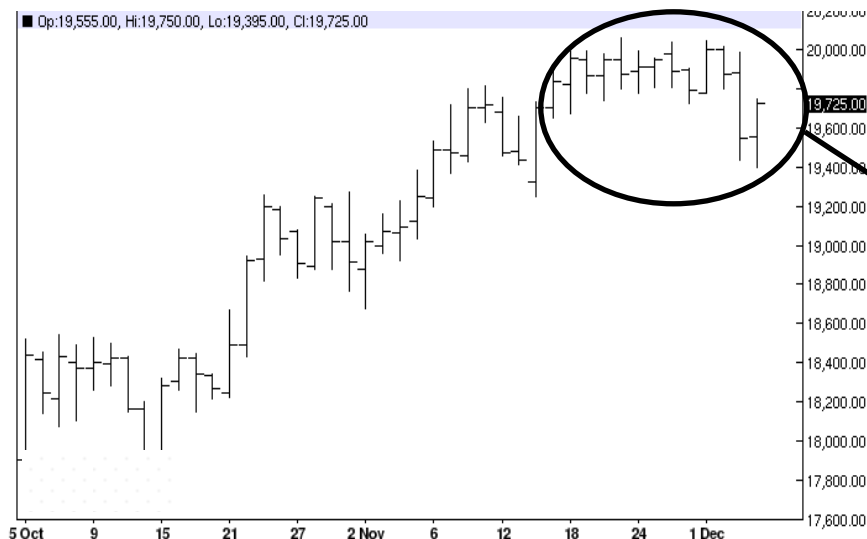
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Nikkei

### OUR TRADING STANCE: SQUARE.

Last week we were Square of the Nikkei.



The Nikkei sold off with other leading equity markets after Thursday's ECB policy move, but looks better supported than the rest.

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

..."Looking ahead the PMI surveys and industrial production are due, but we doubt they will tell us anything we don't already know"...

In the event they didn't and were something of a mixed bag with a weaker than expected industrial production report and weaker PMI manufacturing survey.

Looking ahead the two reports to watch are the Q3

GDP report and BSI survey, but as the FOMC meeting and likely rate hike draw near, will the Dollar strengthen and if so against the Yen, a development that would lift this market.

For now we are staying square. The Japanese economy has stalled yet again, but policy makers have gone quiet about what to do to rectify it; have they run out of ideas?



## 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

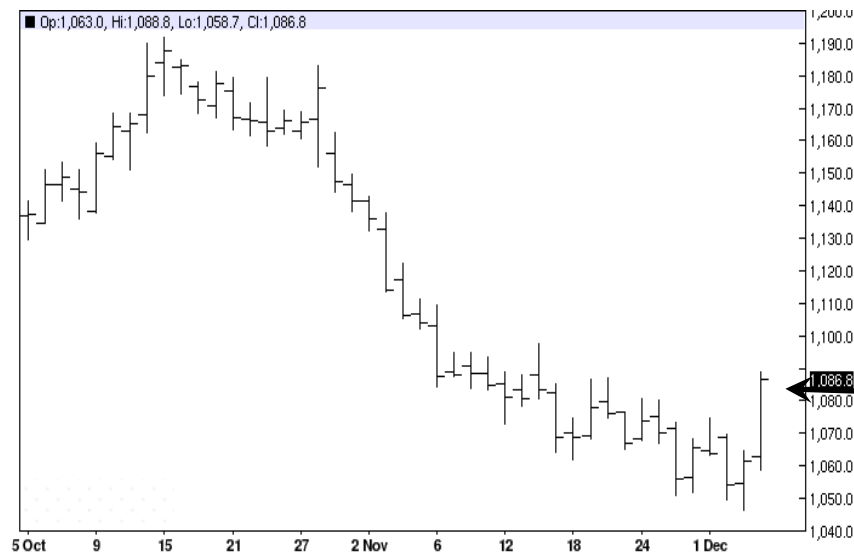
- + GOLD
- + OIL

## Disclaimer

## COMMODITIES: Gold

### OUR TRADING STANCE: **BEARISH**

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



**The Macro Trader's view of the Gold is:** last week's price action was a correction driven by the sharp turn around in the Dollars fortunes on Thursday.

The ECB disappointed markets by easing less than expected and Dollar longs/ Euro shorts were squeezed out of the market, but does that herald a reversal of the Dollars fortunes? We don't think so.

The ECB president had clearly indicated to the markets he intended to do more; the economic situation

warranted it, but the Bundesbank was against anything more than extending the deadline of the existing QE program, they will likely have to do more and that realisation together with an imminent US rate hike will lift the Dollar and curtail the recovery here.

Traders should be short of Gold.

**Our long term target** is \$400.00 and our suggested stop is placed at 1195.00 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: Oil

### OUR TRADING STANCE: **BEARISH.**

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



See how oil looks set to sell off further.

**The Macro Trader's view of oil is:** last week's OPEC meeting failed to agree a production cut to support the Oil price.

The Saudis had thrown out a challenge to other OPEC members that is would consider a cut if they too would cut back their production; clearly no one was willing.

Moreover Iran stated clearly that it was intent on raising

her own production back to pre-sanctions levels, making a deal to cut production even more difficult.

Therefore the glut continues and the oil price will sink further.

Traders should be short of oil our long term target is US\$25.00 and our suggested stop is placed at 44.75 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

### SEVEN DAYS AHEAD

Authorised and Regulated by the FSA

124 REGENTS PARK ROAD LONDON NW18XL

TEL +44 (0) 7849 922573 E-MAIL [jlouis@sevendaysahead.com](mailto:jlouis@sevendaysahead.com),

[msturdy@sevendaysahead.com](mailto:msturdy@sevendaysahead.com)

WEB SITE [SEVENDAYS Ahead.COM](http://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