



Week 32
9th – 15th August 2016

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 strategies

John Lewis

Authorised and regulated
by the FSA



SUMMARY

Summary

Global Calendar

US Markets

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

● SQUARE
● SQUARE
● SQUARE
● BULLISH

UK Markets

+ SHORT STERLING
+ GILT
+ STERLING
+ FTSE

● BULLISH
● BULLISH
● SQUARE
● BULLISH

Euro Zone Markets

+ EURIBOR
+ BUND
+ EURO
+ DJ EURO STOXX 50

● SQUARE
● SQUARE
● SQUARE
● SQUARE

Japanese Markets

+ JAPANESE BONDS
+ YEN
+ NIKKEI

● SQUARE
● SQUARE
● SQUARE

Commodities

+ GOLD
+ OIL

● SQUARE
● BEARISH

Disclaimer

More



Summary

Global Calendar

US Markets

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

UK Markets

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

Euro Zone Markets

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

Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

Commodities

- + GOLD
- + OIL

Disclaimer

This week's global calendar

Week of 8 th August		Week of 8 th August	
Monday	UK BRC Sales -0.7% DM Ind production 0.7m, JP C/A 1057.0B JP Trade Bal n/f JP Banl Indg 2.0% JP Eco watchers survey 42.6 JP Bankruptcies n/f	Thursday	US Jobless claims 272k US Import prices -0.2m,
Tuesday	US NFIB Sml business optmsm 94.7 US Q2 Non-farm prdctvty 2.6% US Q2 Unit labour cost 0.5% US Wholesale invntry 0.2% UK Trade bal -10.10B UK Trade ex-EU -2.40B UK Ind production 0.1m, 1.6y UK mfg output -0.2m, 1.3y UK NIESR GDP Estimate 0.3% DM Trade bal 22.2B DM C/A n/f JP Machine orders 3.1m, -4.2y JP Domestic corp gds n/f JP PPI -4.0y	Friday	US PPI 0.1m, 0.3y US PPI Ex- F&E 0.2m, 1.2y US Retail sales 0.4% US RS Ex – Autos 0.2% US U. of Michigan confidence 91.5 US Bus invntry 0.1m, UK Construct'n output n/f DM Q2 GDP 0.3q, 1.5y DM CPI 0.3m, 0.4y IT Q2 GDP 0.2q, 0.8y EZ Q2 GDP 0.3q, 1.6y EZ Ind production 0.4m, 0.7y DM WPI 0.3m,
Wednesday	US MBA Mrtge apps n/f US Monthly bidget stamnt -\$129.9B UK RICS House prices 6% JP Tertiary indx 0.3m,		

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 1 st August
Monday	US ISM Mfg 52.6 BETTER US ISM Prices paid 55 WEAKER US Construct'n spndg -0.6% WEAKER UK PMI Mfg 48.2 WEAKER IT PMI Mfg 51.2 WEAKER FR PMI Mfg 48.6 AS DM PMI Mfg 53.8 MORE EZ PMI Mfg 52.0 MORE JP PMI Mfg 49.3 BETTER JP Vehicle sales -0.2% WEAKER THAN EXPECTED
Tuesday	US Persnl income 0.2% WEAKER US Persnl spndg 0.4% STRONGER US Core PCE 0.1m, 1.6y AS US ISM NYK 60.7 STRONGER UK PMI Construction 45.9 BETTER UK BRC Shop prices -1.6% MORE EZ PPI 0.7m, -3.1y STRONGER JP Consumer confidence 41.3 LESS JP PMI Services 50.4 BETTER THAN EXPECTED
Wednesday	US MBA Mrtge apps -3.5% BETTER US ADP Employ'm't chge 179k STRONGER US ISM Non-mfg 55.5 WEAKER UK PMI Services 47.4 AS IT PMI Services 52.0 STRONGER FR PMI Services 50.5 BETTER DM PMI Services 54.5 LESS EZ PMI Services 52.9 STRONGER EZ Retail sales 0.0m, 1.6y LESS THAN EXPECTED

	Week of 1 st August
Thursday	US Jobless claims 269k MORE US Factory orders -1.5% BETTER UK BOE/MPC Rate decision 0.25% AS UK BOE/MPC AP Target £425B MORE THAN EXPECTED
Friday	US Non-farm payroll 255k STRONGER US Unemploy'm't rate 4.9% AS US Avenge hrly earngs 0.3m, 2.6y STRONGER US Average wrk week 34.5 BETTER US Trade bal -\$44.5B WORSE US Consumer CR 12.32B WEAKER UK Halifax hse prices -1.0m, 8.4y WEAKER DM Factory orders -0.4m, -3.1y WEAKER THAN EXPECTED





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 split between the two ISM surveys and non-farm payroll and all eyes were on the payroll report after the previous month's very strong reading.

In the event ISM manufacturing was better than expected, ISM non-manufacturing a little weaker than expected and non-farm payroll much stronger than expected together with upward revisions to the previous two months reports.

The focus has clearly shifted back onto the Fed and if they will judge the economy strong enough to risk a rate hike at the September FOMC even though Q2 GDP was weak; we shall have to wait and see how data rolls out over the coming weeks.

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 Tuesday; **Small business optimism, Q2 Farm productivity, Q2 Unit labour costs and wholesale inventories,**
- On Wednesday; **monthly budget statement,**
- On Thursday; **Jobless claims and import prices, and**
- On Friday; **PPI, Retail sales, University of Michigan confidence and business inventories.**

Several important data releases due, but we judge the main event this week is Friday's retail sales report.

After last Friday's strong non-farm payroll a strong retail sales would increase speculation among traders of the Fed hiking in September.

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

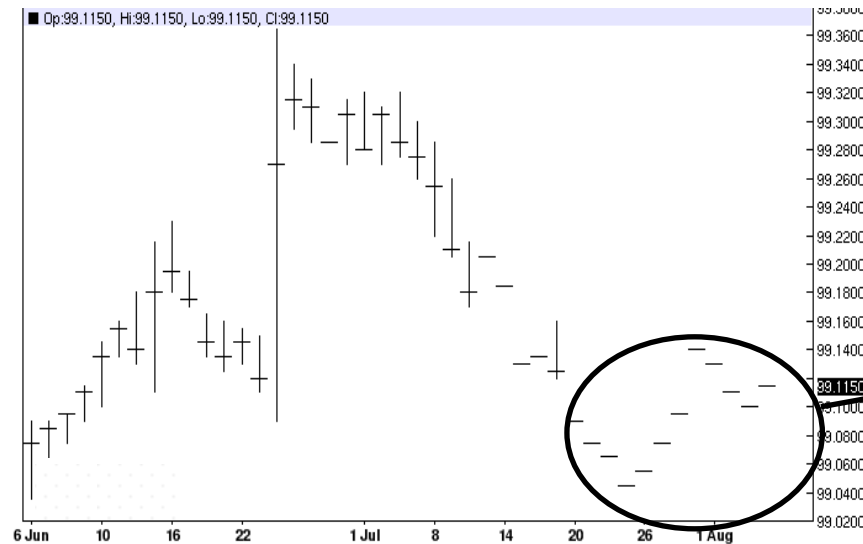
- + GOLD
- + OIL

Disclaimer

US MARKETS: Eurodollars

OUR TRADING STANCE: SQUARE.

Last week we were Square of Eurodollars.



Eurodollars rejected the lows despite a strong payroll report.

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

...“Looking ahead all eyes on Friday’s non-farm payroll report. A stronger than expected report will keep the possibility of an Autumn rate hike alive; weakness will surely be another nail in the coffin!”...

In the event the ISM surveys were broadly solid, but the key non-farm payroll report was indeed stronger than expected; all eyes on the Fed for any clues on the chances of a September rate hike.

Looking ahead retail sales are due and we judge consumer demand is likely to prove the deciding factor on a September rate hike, assuming the labour market continues to hold up.

We are remaining square.

The Fed is still in wait and see mode, especially after Q2 GDP and will likely want to see a run of solid data.

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

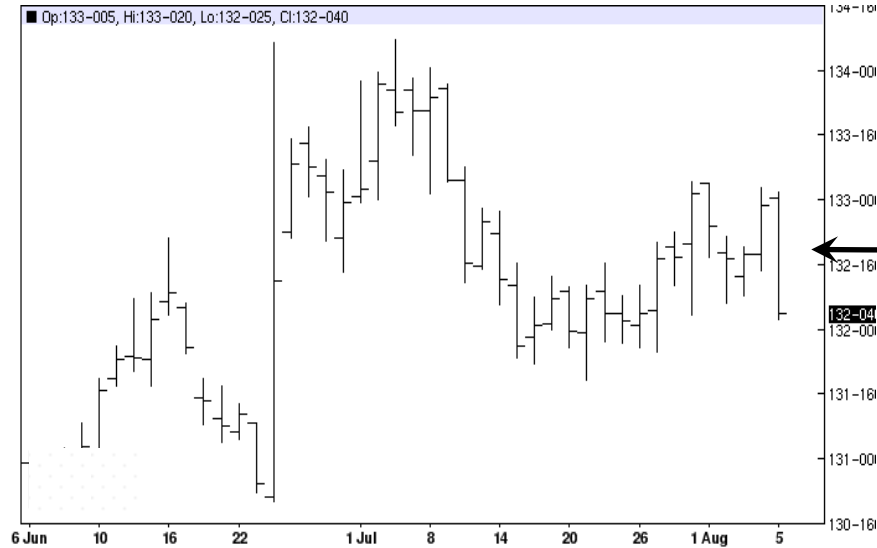
- + GOLD
- + OIL

Disclaimer

US MARKETS: 10 Year Note

OUR TRADING STANCE: SQUARE.

Last week we were Square of the 10 year note.



The 10 year note remains within a clear trading range despite strong payroll data.

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

...“Looking ahead non-farm payroll is due this report if stronger than expected could keep the rate hike debate alive, we are none too sure!”...

In the event the report beat consensus by a margin and rate hike talk is very much alive, but with global growth concerns remaining will the Fed maintain its

cautious stance?

Looking ahead the main event this week is retail sales. A strong showing would swing the odds towards a rate hike, possibly in September, but is consumer demand that strong?

We are staying square, preferring to be long the S&P , the market remains in a trading range.

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

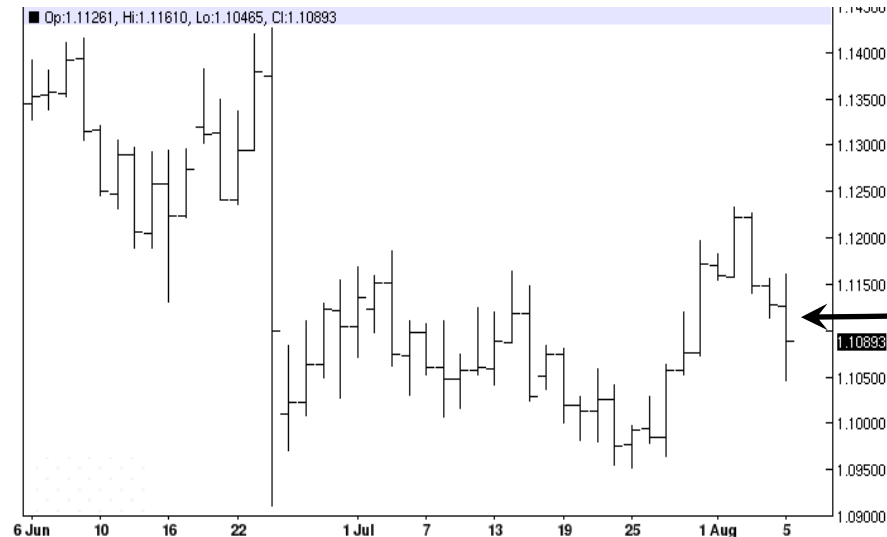
- + GOLD
- + OIL

Disclaimer

US MARKETS: US Dollar

OUR TRADING STANCE: SQUARE.

Last week we were Square



The Dollar failed to make significant gains despite Friday's strong payroll report.

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

...“Looking ahead the non-farm payroll report is due. Last month's much stronger than expected report put a rate hike back on the agenda, lets see if this week's offering can keep it there. We are increasingly doubtful.”...

In the event the payroll report was strong, but after such a weak Q2 GDP report, will the Fed want to take a risk as early as September, currency traders seem to think not.

Looking ahead retail sales are due and a strong report would, together with the current strength of non-farm payroll put a rate hike back on the agenda, but we judge the Fed would want to see solid consumer demand and payroll growth, right up to its September meeting; that might be asking a little too much!

For now we are remaining square, the Dollar failed to make any significant gains after Friday's data and remains within a trading range.

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

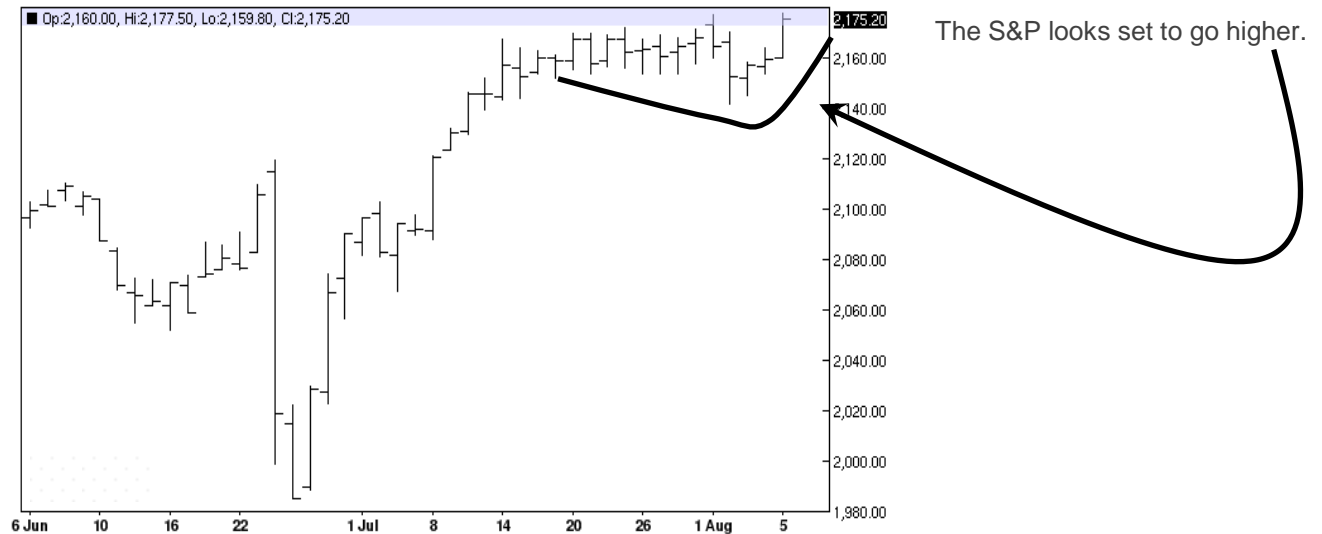
- + GOLD
- + OIL

Disclaimer

US MARKETS: S&P500

OUR TRADING STANCE: BULLISH.

Last week we were [Bullish](#) of the S&P 500.



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

...“Looking ahead two ISM surveys and non-farm payroll are due, we judge they will indicate a further period of the Fed on hold which will be supportive for this market”...

In the event the ISM surveys were broadly solid, but the surprise was another strong non-farm payroll report, but has the Fed seen enough to hike as soon as September? We think they will want to see an

extended run of strong payroll reports together with improving consumer demand.

Looking ahead retail sales are due, another chance to gauge the economy's strength.

We are still bullish of this market, whether or not the Fed hikes, this market looks well set.

Our suggested target continues at 2190.0 and our suggested stop remains set at 2118.0 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

UK MARKETS: economic background

Last week's focus was the PMI surveys and the Bank of England's Quarterly inflation report and policy decision.

In the event the PMI surveys were all very weak suggesting the UK economy is heading straight into a post "BREXIT" recession.

The Bank of England's quarterly report told a similar story and the Bank cut interest rates and increased its Asset Purchase program in response.

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 survey**,
- On Tuesday; **the Trade data, industrial**

production, manufacturing output and NIESR GDP estimate,

- On Wednesday; **RICS House price survey, and**
- On Friday; **construction output.**

All eyes this week on the industrial production/manufacturing output report and the trade data.

The trade report has been deeply in the red for years but now the UK is set to leave the UK it could well start to rattle markets, and with the government wishing to see a rebalancing of the economy away from almost total dependence on services, industrial production will assume greater importance too.

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

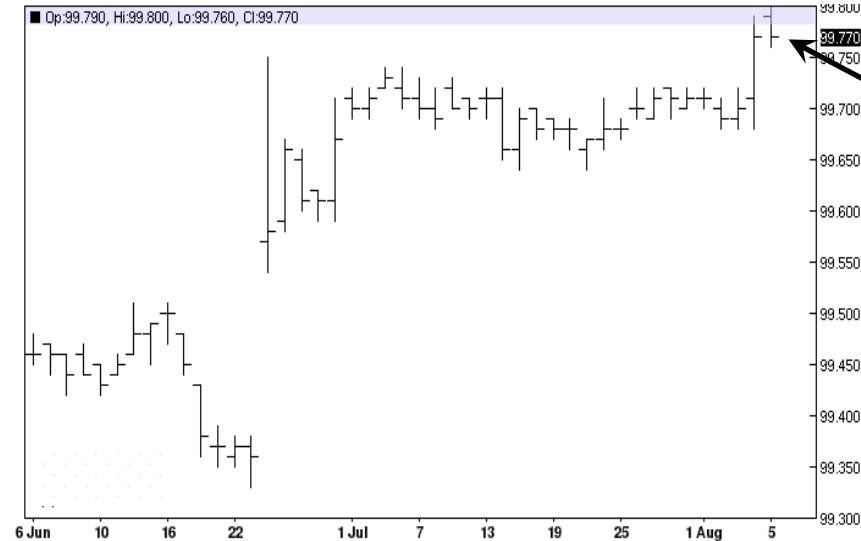
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Short Sterling

OUR TRADING STANCE: BULLISH.

Last week we were Bullish of Short Sterling.



Short Sterling rallied after the Bank's decision but most was already priced in.

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

...“Looking ahead the three PMI surveys are due and expected to flag a very sharp slowdown. On Thursday the BOE is expected to ease policy, maybe aggressively”...

In the event a sharp slowdown was indeed flagged and the Bank acted with a rate cut and indicated more to come and a large increase in the AP program.

Looking ahead the trade report and industrial production are due. The trade report is unlikely to show any improvement, but will industrial production echo the weakness of the PMI Manufacturing survey?

Traders should be long MARCH17 Short Sterling the economy appears to have hit a wall if the PMI's are correct.

Our target in MAR17 remains set at 99.90 and our suggested stop continues at 99.59 for close 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

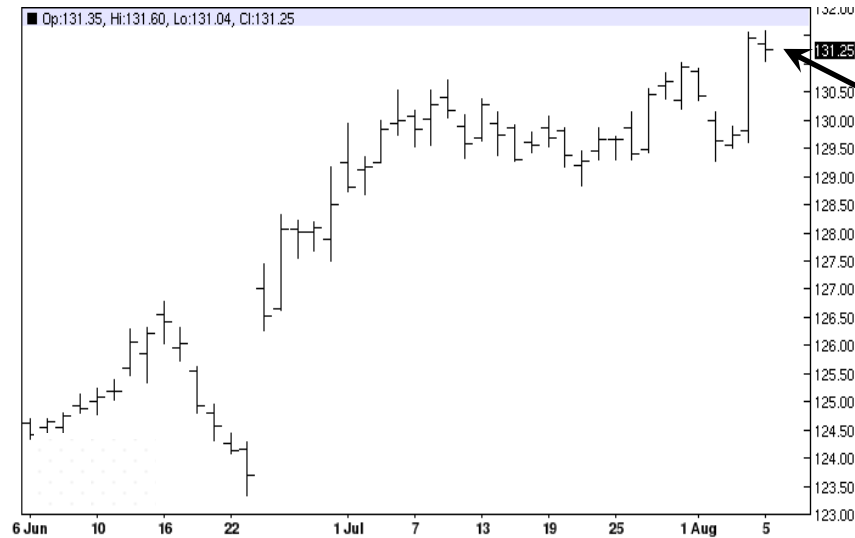
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Gilt

OUR TRADING STANCE: BULLISH.

Last week we were **Bullish of the Gilt**.



See how the Gilt rallied on the Bank's policy announcement.

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

...“Looking ahead all eyes on the three PMI surveys expected to be weak and the Bank of England's response on Thursday, expected to be robust, including an increase in the Asset Purchase Target”...

In the event that was exactly the outcome; weak PMI's and robust BOE response including a sizeable increase in the Asset Purchase program.

Looking ahead the trade data and industrial production are due, but we judge this market is supported by expected economic weakness, still low inflation and a newly active Bank of England.

Traders should be long the Gilt.

Our suggested target remains 132.05 and our suggested stop continues at 125.80 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

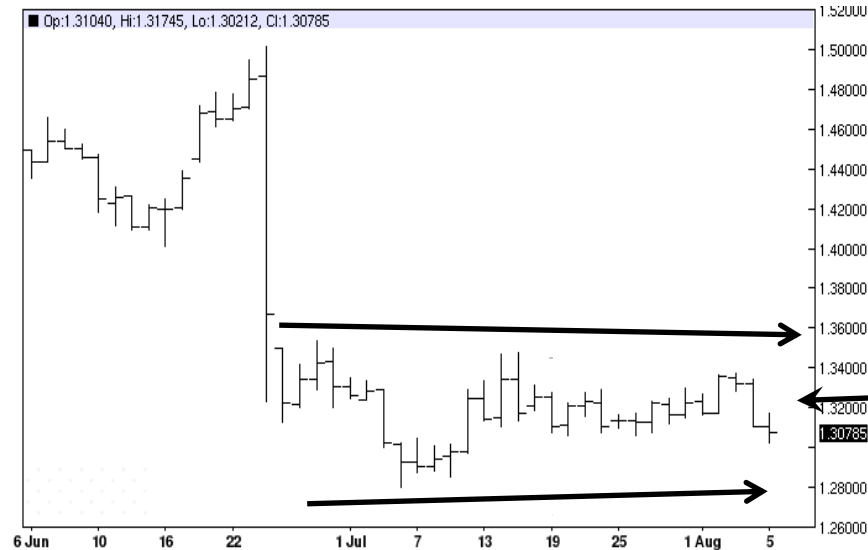
- + GOLD
- + OIL

Disclaimer

UK MARKETS: Sterling

OUR TRADING STANCE; SQUARE

Last week we were Square



See how Sterling barely reacted to last week's data and Bank of England policy response.

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

...“Looking ahead the key events this week are the various PMI surveys in the UK, the ISM surveys and non-farm payroll in the US and the Bank of England's policy decision, all of which have the potential to move the Pound”...

In the event an interesting mix of data and an even more interesting response from Sterling. The UK PMI's were weak, the Bank of England delivered a robust

policy ease, in the US the ISM surveys were broadly solid and US non-farm payroll was strong, but Sterling remains within its clearly defined trading range.

Looking ahead the trade data stands out, yet another large deficit is expected, but unless very much worse than consensus we judge the trading range will hold.

For now we are staying square we think the worst of Sterling weakness has occurred; can it rally? We think so **but not until a clearer picture of the UK's new trading arrangements take shape.**

More



Summary

Global Calendar

US Markets

- + EURO 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

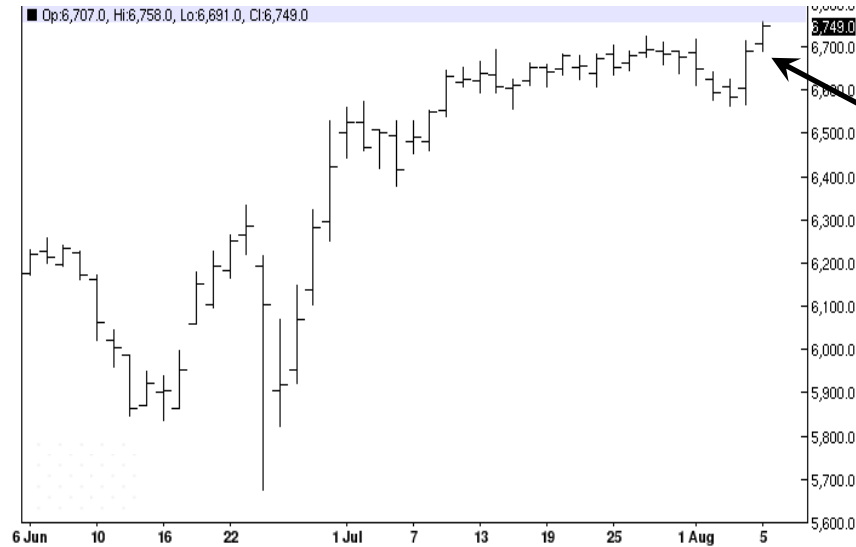
- + GOLD
- + OIL

Disclaimer

UK MARKETS: FTSE

OUR TRADING STANCE: BULLISH.

Last week we were Bullish.



See how the FTSE shrugged off the weak UK PMI reports and reacted instead to the Bank of England's policy response.

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

...“Looking ahead the Bank of England policy decision on Thursday is the main event, they failed to act at their July meeting, action is expected this time”...

In the event they more than delivered and virtually promised more sending this market higher.

Looking ahead several key data releases due, but we

doubt they will have a negative impact on this market unless very much worse than expected and even then we judge any downside is strictly limited after last week's Bank of England policy action.

We are bullish of this market.

Our suggested target of 6750.0 was met and our suggested target is now 6825.0 and our suggested stop raised to 6650.0 for 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: economic background

Last week's focus was the various Euro zone PMI surveys, as the question begging an answer was has the Euro zone economy suffered at all from the "BREXIT" vote.

On the face of it, no. The various PMI surveys were with one or two exceptions broadly better than expected, so although no negative fall out could be detected, the pace of the recovery still remains fragile.

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; **German trade and C/A data, and**
- On Friday; **German Q2 GDP, CPI, Italian Q2 GDP, Euro zone Q2 GDP and industrial production.**

The key events this week are the various Euro zone Q2 GDP reports.

Traders will be looking for clues on the health of the Euro zone economy, has it strengthened or just chugging along, but bear in mind the GDP data is mainly pre-"BREXIT"!

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

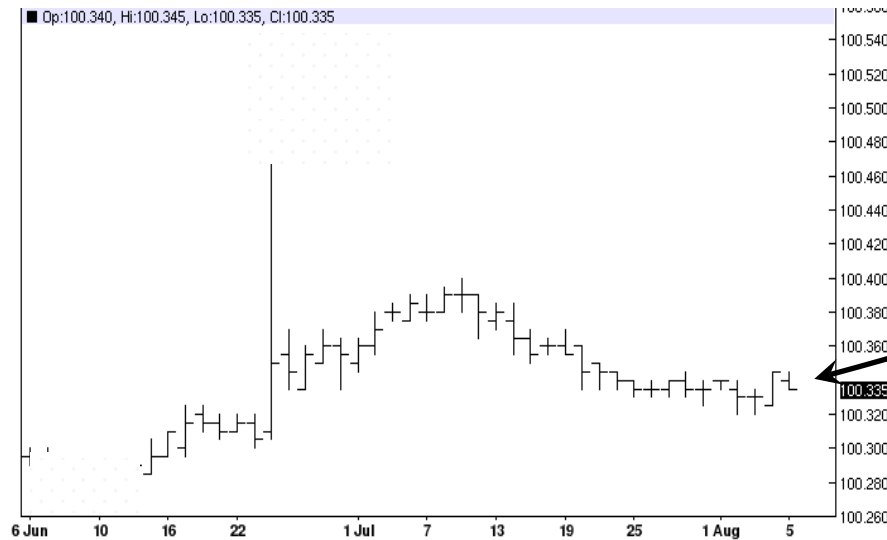
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: Euribor

OUR TRADING STANCE: SQUARE.

Last week we were Square of Euribor.



Euribor remains stuck in a trading range.

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

...“Looking ahead the PMI surveys are due, but our expectation for this market is trading within the previously established trading range”...

In the event that was exactly the outcome, nothing else to add.

Looking ahead several Q2 GDP reports due but we doubt they will shake this market up, meaning the trading range will continue to dominate.

For now we are square, the Euro zone is gradually improving but remains fragile and the ECB wants to wait and see.

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

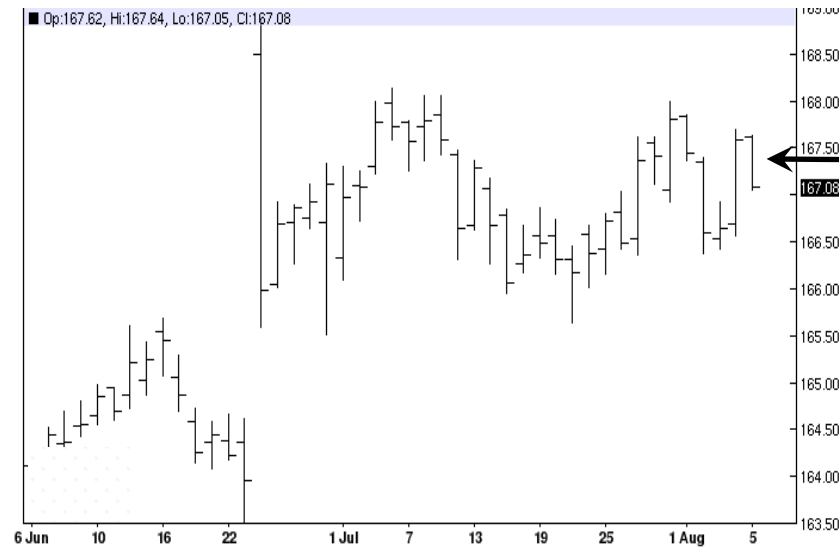
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: The Bund

OUR TRADING STANCE: SQUARE.

Last week we were square of The Bund.



The Bund has settled into a trading range.

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

...“Looking ahead the various Euro zone PMI surveys are due, but we expect data to confirm a slow patchy recovery remains in place”...

In the event we judge that was the outcome and it offered the Bund little to get excited about from either the Bull or Bear perspective.

Looking ahead the Euro zone Q2 GDP reports are due, but we expect them to have little if any impact on this market.

For now we are square of the Bund, it looks supported by the tepid nature of the Euro zone recovery together with very low inflation with a large degree of 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

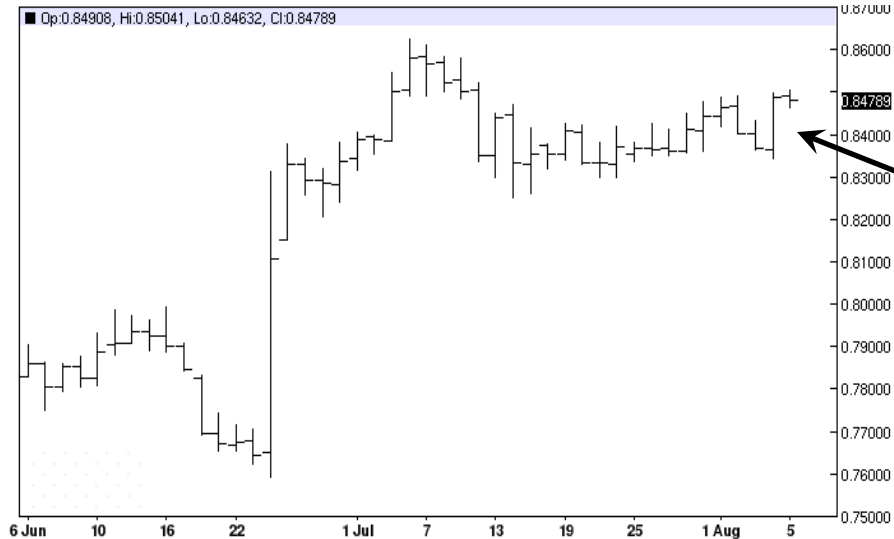
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: The Euro

OUR TRADING STANCE: SQUARE

Last week we were Square



The Euro made only very modest gains against Sterling despite the Bank of England's policy easing.

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

...“Looking ahead the key domestic releases are the various Euro zone PMI surveys, but we judge UK data, especially the BOE policy announcement on Thursday will be key for Sterling/Euro and on Friday US non-farm payroll just as important for Dollar/Euro”...

In the event disappointing from a currency market

perspective. In the UK weak PMI surveys and fairly aggressive easing from the Bank of England, in the Euro zone broadly in line data and in the US a very strong non-farm payroll report and the Euro's reaction; hardly noticeable!.

We are staying square, we think the big currency adjustment has occurred, as evidence by the muted response in markets to last week's UK data and BOE ease.

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

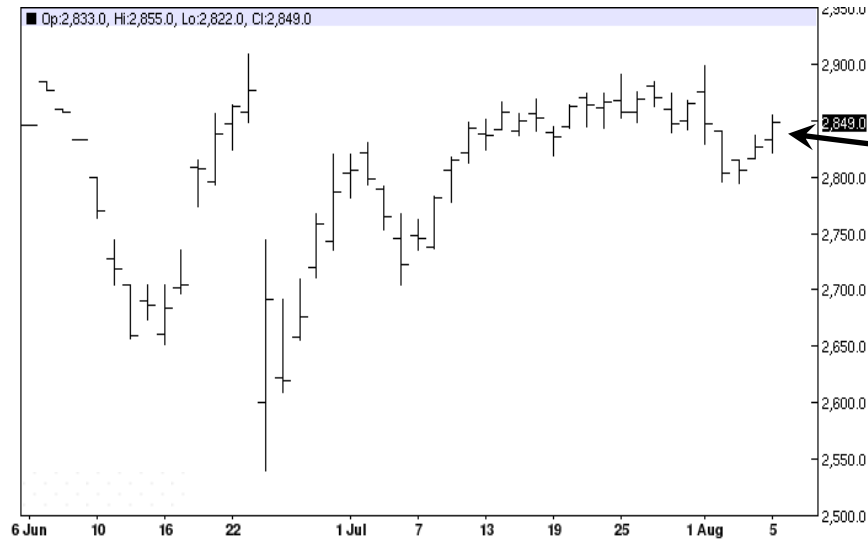
- + GOLD
- + OIL

Disclaimer

EURO ZONE MARKETS: DJ Euro Stoxx 50

OUR TRADING STANCE: SQUARE.

Last week we were Square of DJ EUROSTOXX50.



See how the market continues to under perform.

The Macro Trader's view of DJ Euro Stoxx 50 is:

last week we said...

...“Looking ahead there are several key data releases and events due in the Euro zone, UK and US all with market moving potential. We judge stocks will benefit, but this market has yet to make any new highs.

In the event the data releases and Bank of England policy ease conspired to drive the S&P and FTSE higher, but this market continues to lag despite

reasonably ok Euro zone PMI surveys.

Looking ahead the various Euro zone Q2 GDP reports stand out, but unless they are materially stronger than consensus we judge foreign sentiment will remain the main dynamic in this market and it will continue to lag behind the FTSE and S&P.

We are staying square here the S&P and FTSE remain more interesting.

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 two PMI surveys, traders were looking for clear signs of improvement.

In the event both PMI surveys were better than expected with the service sector version nudging just above the key 50 level.

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; **C/A, Trade balance, Bank lending, Eco watchers survey and bankruptcies,**
- On Tuesday; **Machine orders, domestic corporate goods prices , and PPI, and**

- On Wednesday; **Tertiary index.**

There are several key releases due this week, but our main interest is the trade balance.

The Japanese economy is sensitive to the value of the Yen as evidenced by movements in the Nikkei and the trade balance is a key indicator of how the economy is performing.



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 last week after the Bank of Japan offered a limited easing package.

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

...“Looking ahead the PMI surveys are due, but we judge this market remains supported by the sluggish economy, negative inflation and a Central Bank that is clearly not yet done with easing”...

In the event the JGB sold off after the Bank of Japan's recent easing fell short of market expectations.

Looking ahead the trade data is due and after the recent strength of the Yen against the Dollar traders will be looking to see if that has hit the trade account and potentially growth.

For now we are square here preferring to focus on the UK Gilt as our primary interest in Bonds, but stocks in the US and UK continue to look the best bet right now.

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

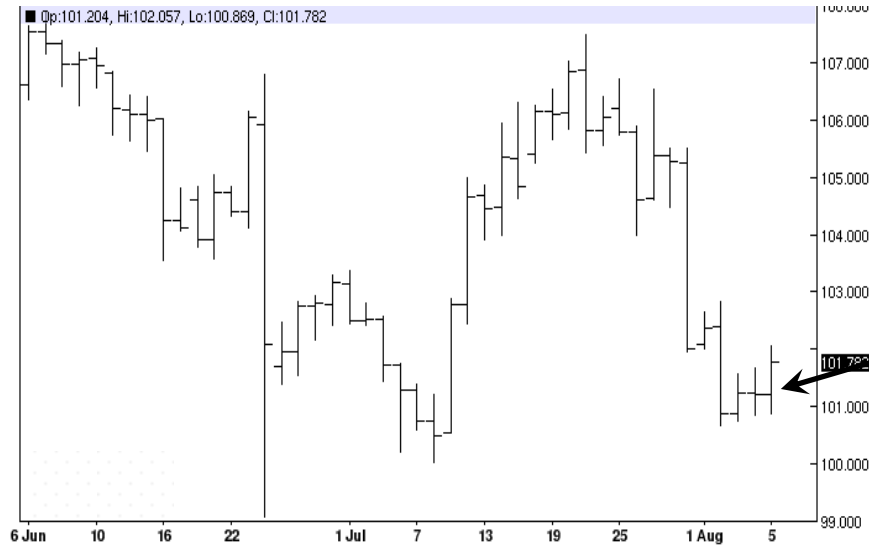
- + GOLD
- + OIL

Disclaimer

JAPANESE MARKETS: Yen

OUR TRADING STANCE: SQUARE

Last week we were Square



The Yen held its gains against the Dollar despite the strong US non-farm payroll report.

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

...“Looking ahead there are key data releases due in the US and Japan, which will clearly drive Dollar/Yen, the most important of these is US non-farm payroll. A stronger report would put a rate hike back in play, a weak report would tie the Fed's hands further and support the Yen”...

In the event US non-farm payroll was stronger than expected, but the Dollar failed to make any material

gains against the Yen; is the US election starting to weigh on the Dollar or do traders simply judge the Fed will need to see more evidence of strength before hiking after the weak US Q2 GDP report.

Looking ahead several important domestic data releases due, in the US retail sales are due, we would expect a strong report to begin having a Bullish impact on the Dollar.

For now we are square, again awaiting Friday's US data release, this time retail sales.

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

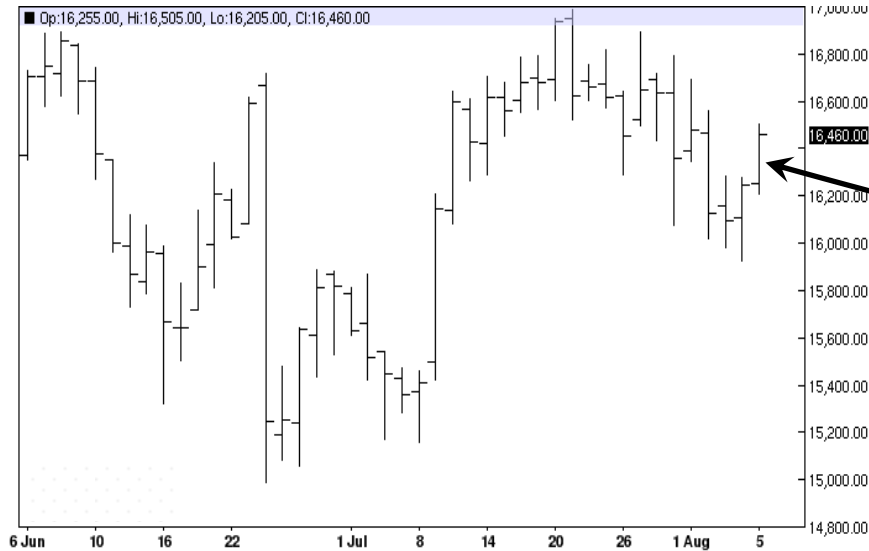
- + GOLD
- + OIL

Disclaimer

JAPANESE MARKETS: Nikkei

OUR TRADING STANCE: SQUARE.

Last week we were Square of the Nikkei.



The Nikkei remains weighed down by the continuing strength of the Yen.

The Macro Trader's view of the Nikkei is; last week's price action revealed the continuing under performance of the Nikkei.

The Yen is a factor but so too is the recent limited easing package delivered by the Bank of Japan.

For us we judge the Yen's strength against the Dollar is the major hindrance.

Looking ahead several key data releases due, but we judge the Nikkei will remain held back by the Yen, despite underlying positive sentiment driving other key equity markets high; the S&P and the FTSE.

For now we are staying square and focussing on the S&P and FTSE, which look less dependant on currency movements.

More



Summary

Global Calendar

US Markets

- + EURO 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

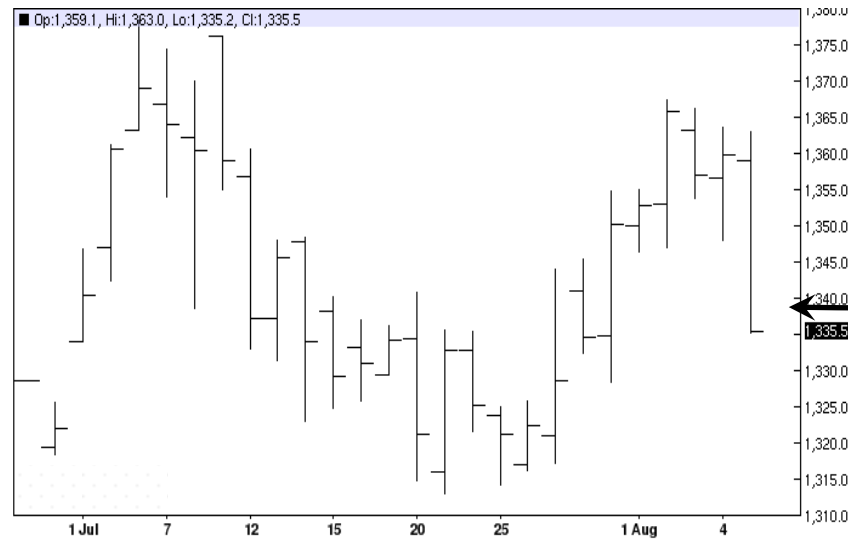
- + GOLD
- + OIL

Disclaimer

COMMODITIES: Gold

OUR TRADING STANCE: SQUARE

Last week we were Square of Gold.



See how Gold sold off after Friday's strong US non-farm payroll report.

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

..." Looking ahead Friday sees the release of US non-farm payroll, a weak report would make a rate hike any time soon very difficult to deliver and offer Gold some support, but this market lacks dynamism"...

In the event US non-farm payroll was stronger than expected, reporting two straight months of stronger than expected job creation, add in the broadly solid ISM surveys and a US rate hike is seen moving back

onto the agenda.

Looking ahead another key US data release is due on Friday; retail sales. Clearly a strong report would firm up thoughts of a rate hike in the US before year end and maybe in September; we think the Fed will not act that soon until they have seen a good run of strengthening data first.

We are staying square here, we see limited appeal in gold and judge the US and UK stocks look better trade as gold looks range bound.

More



Summary

Global Calendar

US Markets

- + EURO 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

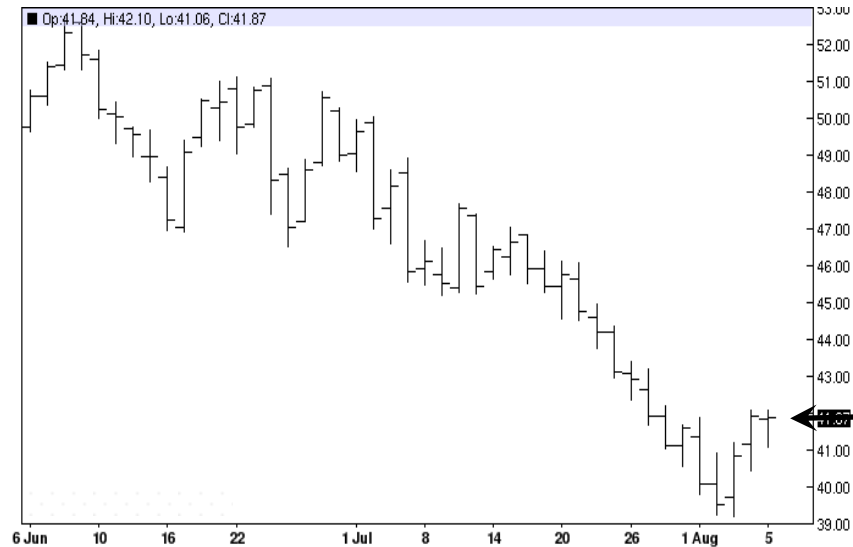
- + GOLD
- + OIL

Disclaimer

COMMODITIES: Oil

OUR TRADING STANCE: BEARISH.

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



See how oil bounced on Friday's US jobs report.

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

...“Looking ahead there are several key releases due in the US this week; the two ISM surveys and non-farm payroll. For oil to rally these would all need to show strength to such a degree that an Autumn rate hike from the Fed is placed squarely back on the table”...

In the event that was broadly the outcome, but the Fed will want to see several more strengthening reports first and that includes this week's retail sales before

throwing caution to the wind and hiking rates as early as September.

For this market we judge last week's price action was a minor correction.

Traders should remain short of oil.

Our suggested longer term target is set at 36.15 and our suggested stop continues at 44.50 for 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

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