



Week 38  
20<sup>th</sup> – 26<sup>th</sup> September 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
- BEARISH v STERLING
- SQUARE for now!

### UK Markets

+ SHORT STERLING  
+ GILT  
+ STERLING  
+ FTSE

- SQUARE
- SQUARE
- BULLISH v the DOLLAR
- SQUARE for now!

### 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
- 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 19 <sup>th</sup> September
Monday	US NAHB Housing mkt indx 60 UK Rgt mve House prices n/f EZ C/A n/f JP Super mkt sales n/f
Tuesday	US Housing starts 1190k US Buildg permits 1173k DM PPI 0.1m, -1.5y JP Trade balance 202.0B JP BOJ Policy decision
Wednesday	US MBA Mrtge apps n/f US FOMC Policy decision 0.25% UK PSNCR n/f UK PSNB 10.30B JP Machine tool orders n/f JP National Dept stre sales n/f JP Tokyo Dept stre sales n/f

	Week of 19 <sup>th</sup> September
Thursday	US Jobless claims 259k US Existing home sales 5.45M UK CBI Trnds Total orders -4 EZ Cons confidence -8.3 JP PMI Mfg n/f
Friday	FR Q2 GDP n/f EZ PMI Composite 52.8 DM Import prices n/f JP All ind actvty indx 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 12 <sup>th</sup> September
Monday	DM WPI -0.7m, -1.2% <b>LESS</b> JP Machine orders 4.9m, 5.2y <b>STRONGER</b> JP Dmstic corp gds prices -0.3m, -3.6y <b>WORSE</b> JP Machine tool orders -8.4y, <b>BETTER</b> JP BSI Lrge mfg 2.9 <b>BETTER</b> JP BSI All industry 1.9 <b>BETTER</b> <b>THAN EXPECTED</b>
Tuesday	US NFIB Sml Bus optimism 94.4 <b>LESS</b> US Mthly bdgt statem't -\$107.1B <b>BETTER</b> UK CPI 0.3m, 0.6y <b>LESS</b> UK RPI 0.4m, 1.8y <b>WEAKER</b> UK RPI-X 1.9y <b>WORSE</b> UK PPI input 0.2m, 7.6y <b>LESS</b> UK PPI output 0.1m, 0.8y <b>LESS</b> UK PPI Core 0.2m, 1.3y <b>AS</b> UK House price indx 8.3% <b>LESS</b> DM CPI 0.0m, 0.4y <b>AS</b> EZ Employ'm't 0.4m, 1.4y <b>AS</b> DM ZEW 0.5 <b>WEAKER</b> JP Tokyo condo sales -24.7 <b>BETTER</b> <b>THAN EXPECTED</b>
Wednesday	US MBA Mrtge apps 4.2% <b>STRONGER</b> US Import prices -0.2%, -2.2y <b>MORE</b> UK Unemploy'm't chge 2.4k <b>MORE</b> UK Unemploy'm't rate 2.2% <b>AS</b> UK ILO Rate 4.9% <b>AS</b> UK Averige earngs 2.3% <b>MORE</b> UK AE Ex-Bonus 2.1% <b>LESS</b> EZ Ind production -1.1m, -4.2y <b>WEAKER</b> JP Ind product'n 0.4m, -4.2y <b>WEAKER</b> JP Capacity utilization 0.6% <b>WEAKER</b> <b>THAN EXPECTED</b>

	Week of 12 <sup>th</sup> September
Thursday	US Jobless claims 260k <b>AS</b> US Q2 C/A -\$119.9B <b>BETTER</b> US Retail sales -0.3% <b>WEAKER</b> US RS Ex- Autos -0.1% <b>WEAKER</b> US PPI 0.0m, 0.0y <b>LESS</b> US PPI Ex- f&e 0.1m, 1.0y <b>LES</b> US Empire mfg -1.99 <b>WEAKER</b> US Philly Fed 12.8 <b>STRONGER</b> US Capacity utilisation 75.5 <b>WEAKER</b> US Ind production -0.4% <b>WEAKER</b> US Bus invntry 0.0% <b>LESS</b> UK Retail sales -0.3m, 5.9y <b>BETTER</b> UK BOE AP Target 435B <b>AS</b> UK BOE/MPC Rate decision 0.25% <b>AS</b> EZ CPI 0.1m, 0.2y <b>AS</b> EZ Trade Bal 25.3B <b>WEAKER</b> <b>THAN EXPECTED</b>
Friday	US CPI 0.2m, 1.1y <b>MORE</b> US CPI Ex- f&e 0.3m, 2.3y <b>MORE</b> US U. of Michigan conf 89.8 <b>WEAKER</b> US Net lg term TIC flows 103.9B <b>STRONGER</b> <b>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 split between retail sales and industrial production and with the up coming FOMC meeting we judged these two numbers took on added significance.

In the event retail sales fell well short of consensus at -0.3%, moreover industrial production was no better coming in at -0.4%, adding to the run of weak data seen over recent 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 Monday: **NAHB Housing market index**,

- On Tuesday; **Housing starts and building permits**,
- On Wednesday; **FOMC Policy decision**, and
- On Thursday; **Jobless claims and existing home sales**.

The key event this week is the FOMC policy decision. The Fed clearly wants to find an opportunity to hike, but after a recent run of weak data is the September meeting the right time?

We think they will wait.

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

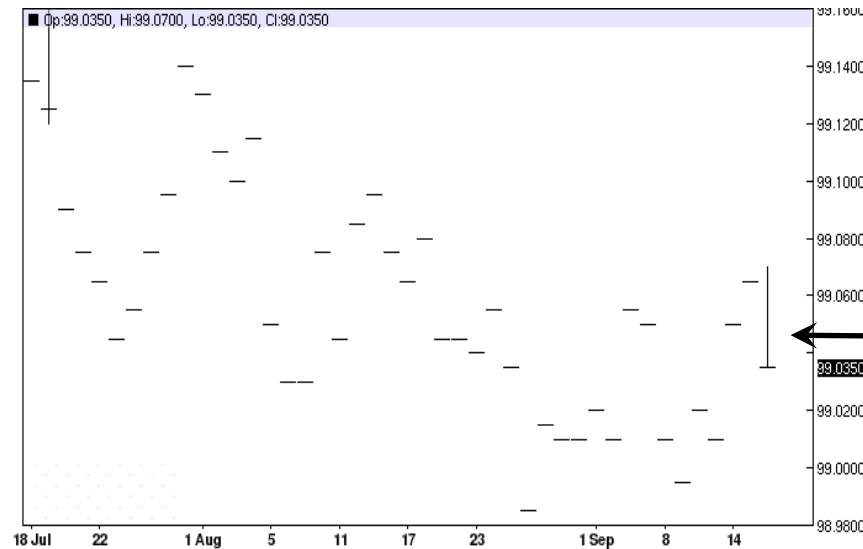
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: Eurodollars

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Eurodollars.



Eurodollars remain confused as traders await the Fed's rate decision this Wednesday.

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

...“Looking ahead retail sales is the stand out report this week. We judge it will need to be materially better than consensus to allow the Fed cover for a rate hike given the weakness of other recent key data series”...

In the event retail sales was weak and so too was industrial production, but will the Fed brush the data off

or remain on hold?

Looking ahead the FOMC decision on Wednesday is the main event, we judge it a tight call but we think the Fed will remain on hold this time.

We are remaining 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

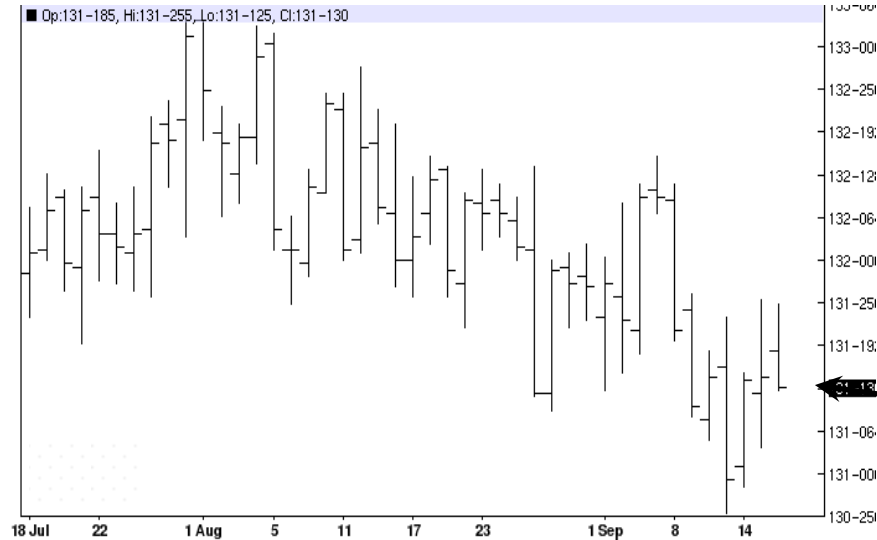
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: 10 Year Note

### OUR TRADING STANCE: SQUARE.

Last week we were Square of the 10 year note.



The 10 year note seems little concerned about this week's weak data.

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

...“Looking ahead the key release this week is retail sales. If that report falls short of expectations, surely the Fed must act on the evidence before their eyes and adopt a more patient approach to hiking rates”...

In the event both retail sales and industrial production fell short of expectations, but will the Fed see this as a

blip or evidence of persistent underlying economic weakness and leave policy on hold.

Looking ahead the main event this week is the FOMC policy decision. Fed officials seem divided on whether or not to hike, despite a run of data that clearly flags weakness.

We are staying square, the market retested the recent lows even though data remains weak.

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

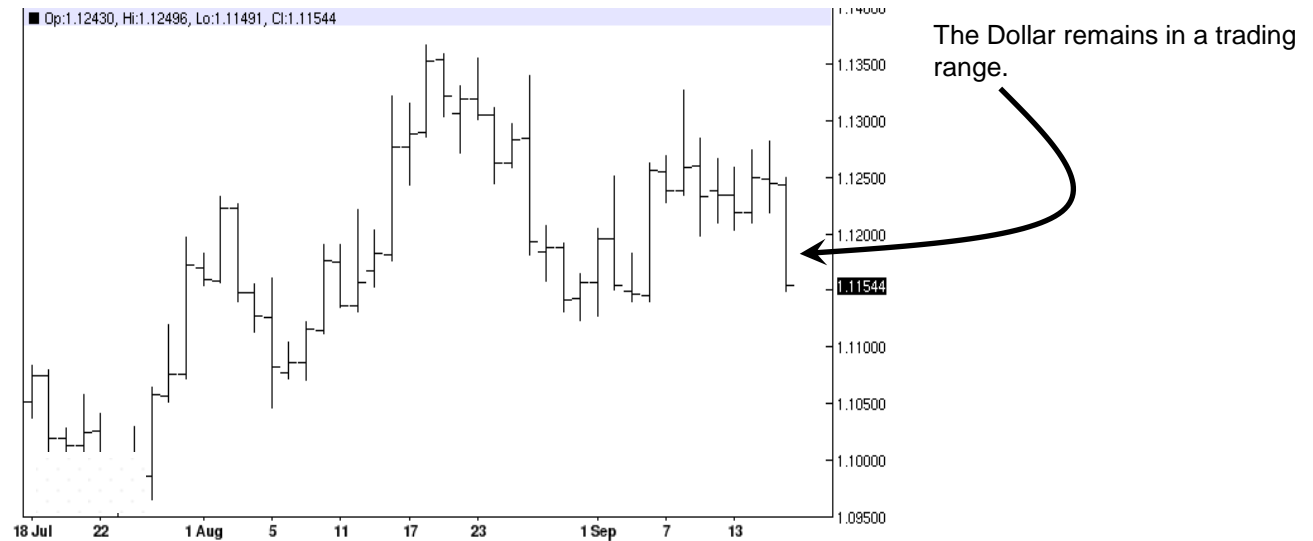
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: US Dollar

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

Last week we were **Bearish v Sterling**



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

...“Looking ahead retail sales are due and a weak report will surely put an end to thoughts among policy makers of hiking rates next week”...

In the event retail sales and Industrial production fell well short of consensus, but uncertainty remains among traders about the Fed's intentions at this week's FOMC meeting.

Looking ahead the FOMC meeting/policy decision is the main event and the question in need of an answer is; will they or wont they hike? We think they will decide to remain on hold, but it is a close call!

Traders should be Short the Dollar/Long Sterling. The US economy looks weaker than expected after last week's weak retail sales.

Our suggested target remains 1.3960 and our suggested stop continues at 1.2980 for protection; now very close.

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

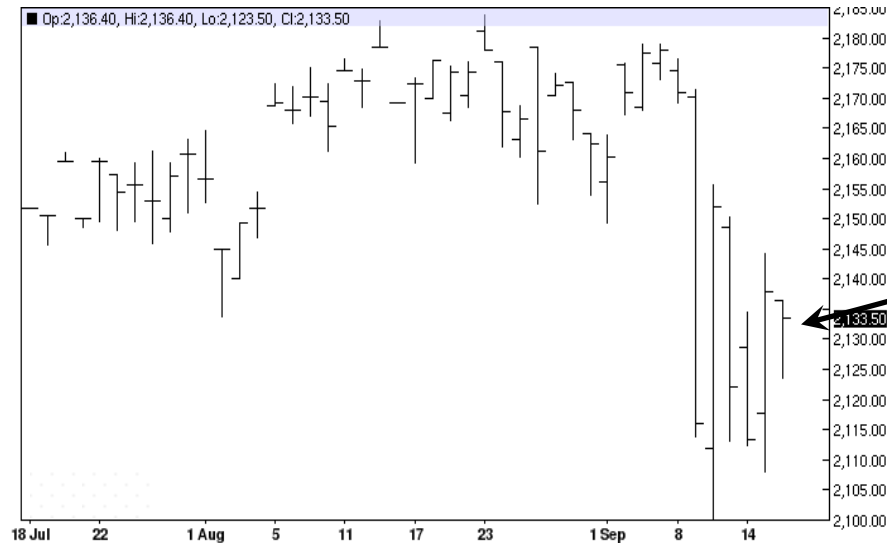
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: S&P500

### OUR TRADING STANCE: SQUARE.

Last week we were **Bullish** of the S&P 500.



The S&P looks weighed down by uncertainty surrounding the outcome of this week's FOMC decision.

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

...“Looking ahead retail sales is due. We judge this could prove a key report for the FOMC next week. The most recent non-farm payroll report, and two ISM surveys have been weak, if retail sales falls short of consensus surely the committee will leave policy on hold”...

In the event retail sales was weak and so was

Industrial production, but opinion seems divided at the Fed, hence the price action in this market.

Looking ahead the FOMC policy decision is due, and traders are nervous. Will they take a big chance and hike or opt for safety and remain on hold?

We are square. We judge the Fed will remain on hold, but it is a closer call than we had thought.

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

## UK MARKETS: economic background

Last week's focus was split between CPI and retail sales.

In the event CPI came in softer than expected, and retail sales was better than expected, meaning the economy seems to be holding up reasonably well post "BREXIT".

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 Wednesday; **PSNCR and PSNB**, and
- On Thursday; **CBI Total orders**.

The main events this week is the PSNB number; are the governments finances holding up in line with the better than expected performance of the economy?

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

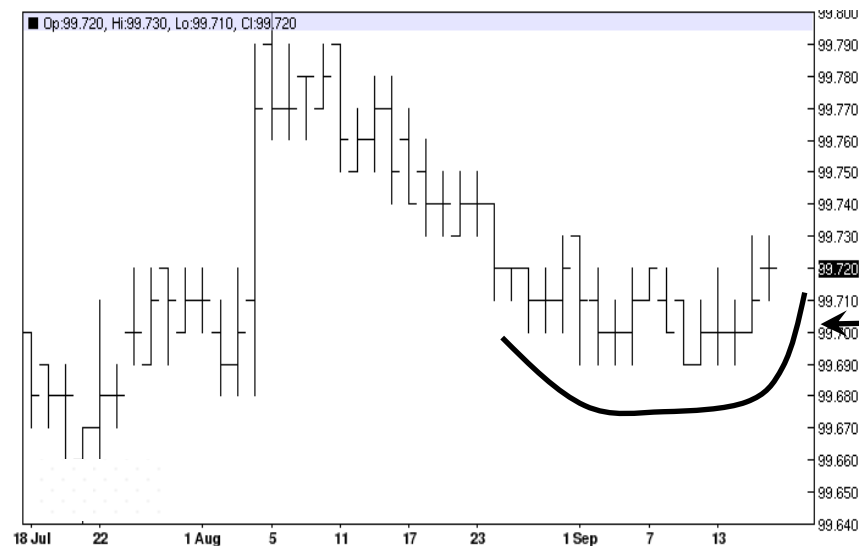
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Short Sterling

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Short Sterling.



Short Sterling seems to have found support after the BOE indicated last week it was still minded to cut again.

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

...“Looking ahead retail sales and CPI are due. It is understood inflation will rise due to the combination of last years falling oil prices dropping out of the comparison and the post “BREXIT” weakness of Sterling, but what of retail sales? A weak report is expected?”...

In the event CPI was less than expected; good news

and retail sales were better too, also good news and a relief for policy makers.

Looking ahead government borrowing data due this week, will it benefit from the economy's better than expected performance?

We are square of Short Sterling.

The economy seems to be holding up but the Bank still thinks another ease will 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

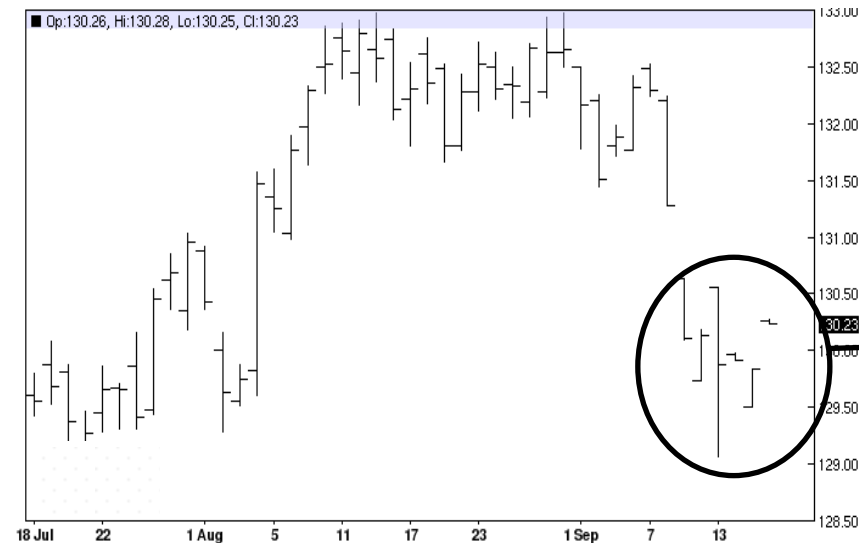
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Gilt

### OUR TRADING STANCE: SQUARE.

Last week we were Square.



See how the Gilt sold off as data came in better than expected.

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

..."Looking ahead the key event this week is retail sales. This number is a reliable indicator of consumer demand which as ever is a major component of GDP"...

In the event the number was better than expected and although at -0.3% month on month represents a decline, not as much as forecast and taken together with the previous months very strong number indicates

the economy is doing well.

Looking ahead a very thin week data wise, but the government borrowing data stands out. The Chancellor is expected to announce a stimulus in his Autumn statement, a solid PSNB will give him room to manoeuvre.

We are staying square of the Gilt. Bonds are under pressure as traders await this week's 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

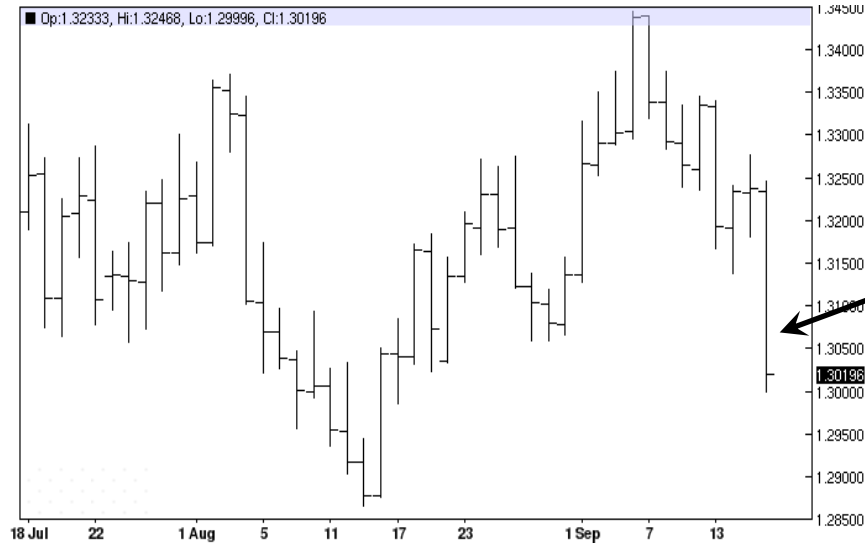
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Sterling

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

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



See how the Pound sold off despite better UK data as traders await the Fed.

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

...“Looking ahead the key releases this week in the UK are retail sales and CPI, but we judge retail sales is the main event”...

In the event both number were better than expected but the Pound lost ground against the Dollar as the MPC/BOE let it be known a further rate cut was still on the cards for later in the year and traders remained uncertain about the timing of a second Fed rate hike.

Looking ahead the PSNB report is due this week, but we judge currencies will react most to Wednesday's FOMC policy decision. A rate hike would likely see the Dollar rally where as unchanged could see Sterling recover.

We are bullish of Sterling against the Dollar as the US economy is hardly firing on all 12 cylinders.

Traders should be Long Sterling/Short the Dollar.

Our suggested target remains 1.3960 and our suggested stop continues at 1.2980 for protection.

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

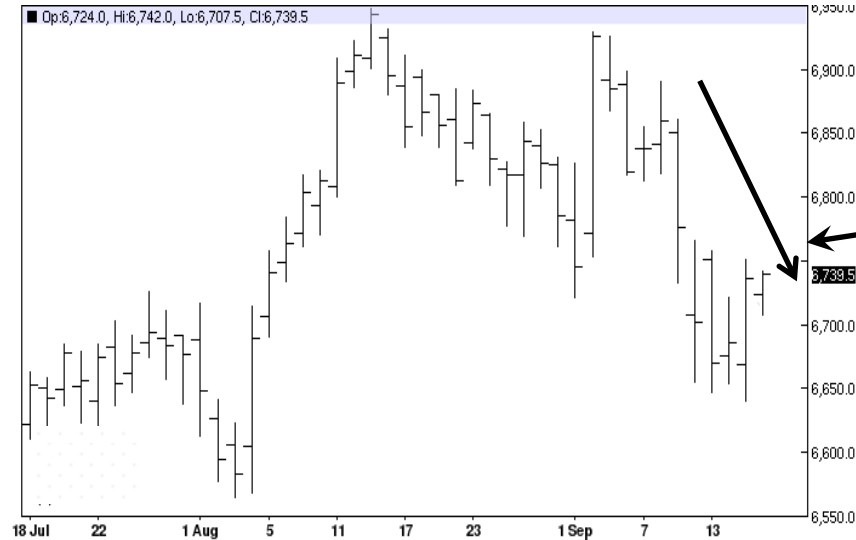
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: FTSE

### OUR TRADING STANCE: SQUARE.

Last week we were Square.



See how the FTSE succumbed to anxiety about the timing of the Fed's next policy move in line with other equity markets.

**The Macro Trader's view of the FTSE is;** last week's price action continued to be driven by uncertainty about the Fed's next policy move.

Policy makers seem divided about whether or not to hike at this week's FOMC meeting. After a run of weak data from every major report released in the last few weeks we would have thought unchanged would be the expectation and result!

Looking ahead the UK calendar is thin this week with only government borrowing standing out, but we judge markets globally will be driven by what the Fed does and says at Wednesday's FOMC meeting.

We are square, until we see which way the Fed goes; we expect unchanged but it is a very close call 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

## EURO ZONE MARKETS: economic background

Last week's focus was the various Euro zone industrial production report. After a weak German report the previous week, weakness was expected here.

In the event the number was weaker than expected highlighting the fragile nature of the Euro zone economic recovery.

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

- On Monday; **Euro zone C/A**,
- On Tuesday; **German PPI**,
- On Thursday; **Euro zone Consumer**

**confidence, and**

- On Friday; **Euro zone PMI Composite survey and German import prices.**

The key release this week is Euro zone Industrial PMI Composite survey.

The survey gives an over all picture of activity in the Euro zone economy, has it picked up or just more of the same?



## 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

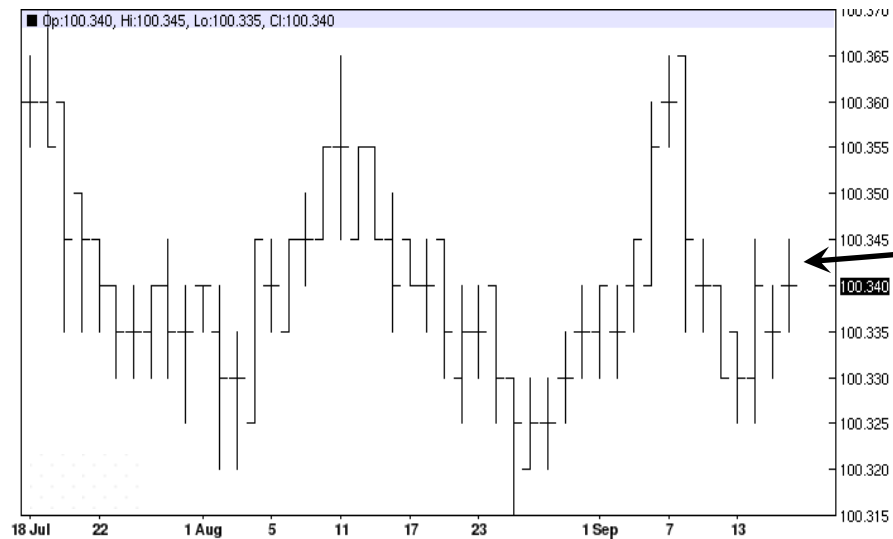
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: Euribor

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Euribor.



Euribor remains increasingly looks like a radio wave; in short range bound.

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

...“Looking ahead Euro zone industrial production is due, but the German version was weak last week, so a week Euro zone report is expected”...

In the event the well established relationship continued and Euro zone industrial production was indeed

weaker than expected.

Looking ahead the key release this week is the Euro zone PMI Composite survey. It is likely to convey the familiar message!.

We remain square here as we see little or no direction in the market.

More





## Summary

## Global Calendar

## US Markets

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

## UK Markets

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

## Euro Zone Markets

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

## Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

## Commodities

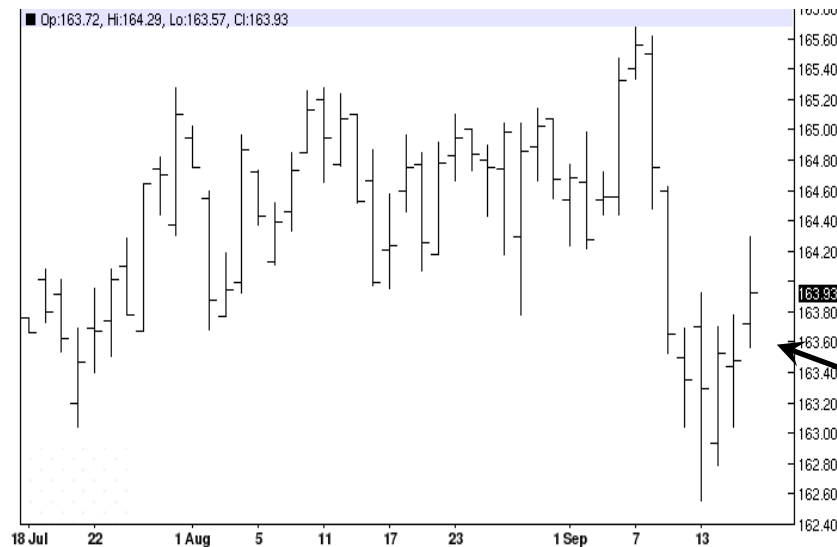
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: The Bund

### OUR TRADING STANCE: SQUARE.

Last week we were square of The Bund.



The Bund rejected the lows last week as data fell short of expectations.

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

...“Looking ahead the key release this week is Euro zone industrial production, a weak report is expected, after last week's disappointingly weaker German report”...

In the event a weak report it was and the market found reason enough to reject the lows.

Looking ahead the Euro zone PMI Composite survey

is due and it is likely to tell the familiar story, but we judge the US FOMC interest rate decision is likely to prove the main dynamic in this and other leading markets.

We remain square of the Bund.

The Bund looks supported, but Bonds generally a gravitation lower.

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

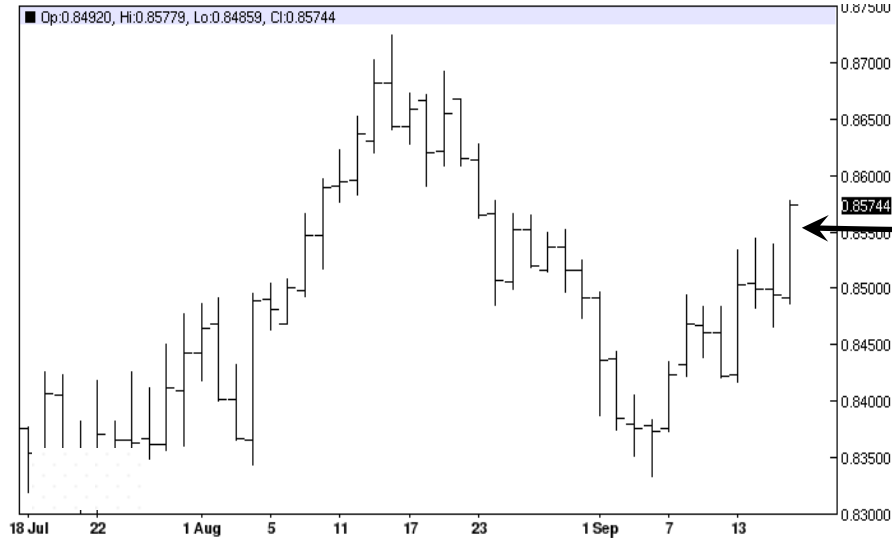
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: The Euro

### OUR TRADING STANCE: SQUARE

Last week we were Square



The Euro like most currencies lacks direction; up against Sterling, down against the Dollar, but all within established trading ranges.

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

...“Looking ahead the key event this week is the ECB policy decision and press conference, we don't expect any new easing, but we are eager to hear Draghi's comments”...

In the event no new easing from the ECB and weak PMI Services survey from Germany, but since US data

has continued weak too, comments about potential interest rate hikes were the dominant theme.

Looking ahead the key event this week is Euro zone industrial production; a weak report is expected.

For now we are staying square, currencies generally seem stuck in trading ranges and we doubt even a rate hike from the Fed would break them.

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

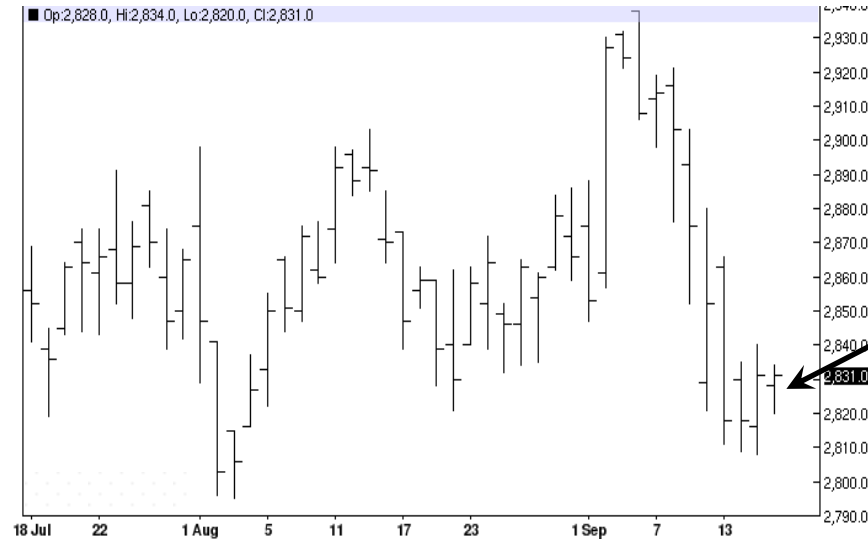
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: DJ Euro Stoxx 50

### OUR TRADING STANCE: SQUARE.

Last week we were Square of DJ EUROSTOXX50.



See how the market revisited the lows last week.

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

last week's price action was driven by weak data; Euro zone industrial production, no new easing from the ECB; surely none was expected and growing anxiety about the Fed and the timing of its much anticipated, but delayed rate hike.

Looking ahead two events stand out, on the domestic front Euro zone PMI Composite PMI, and in the US

the FOMC policy decision. We judge the FOMC will have the biggest impact on this and many other markets.

We are staying square here the market looks vulnerable but an unchanged decision from the Fed might just help the market a little further away from the lows.

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 Industrial production report, as ever a barometer of economic health.

In the event the number was weaker than expected, but machine orders and machine tool orders were stronger than forecast; some signs of life!

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; **Super market sales,**

- On Tuesday; **Trade data and Bank of Japan policy decision,**
- On Wednesday; **Machine tool orders, National and Tokyo department store sales,**
- On Thursday; **PMI Manufacturing survey, and**
- On Friday; **All industry activity index.**

There are several key releases due this week, but we are eager to see the Bank of Japan's policy decision.



## 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

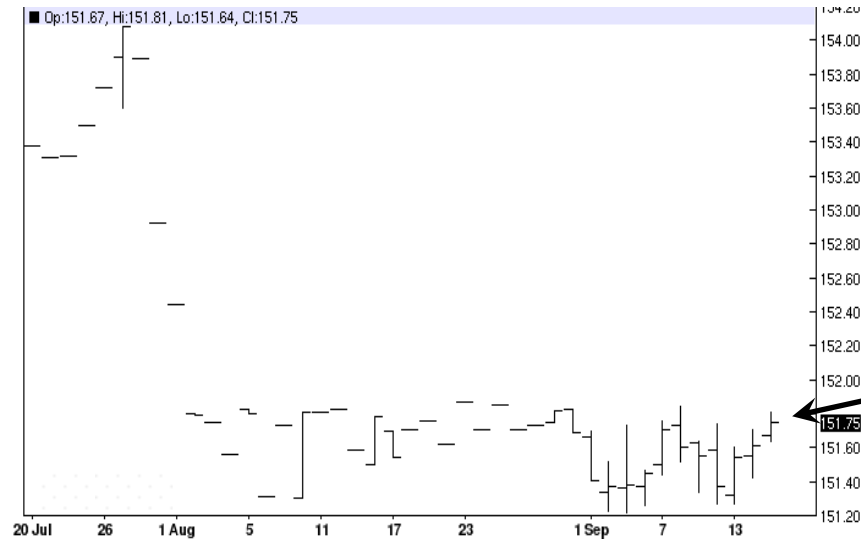
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Japanese Bonds

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Japanese Bonds.



The JGB has become stuck in a narrow trading range.

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

...“Looking ahead the key release is industrial production, but this market looks range bound”...

In the event Industrial production was weaker than expected and although Machine orders and Machine tool orders came in better than forecast the market

remained stuck in the trading range.

Looking ahead the main event this week is the Bank of Japan policy decision; will they ease or was the Governor's words at the recent G20 just for the cameras?.

We are staying square here.

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

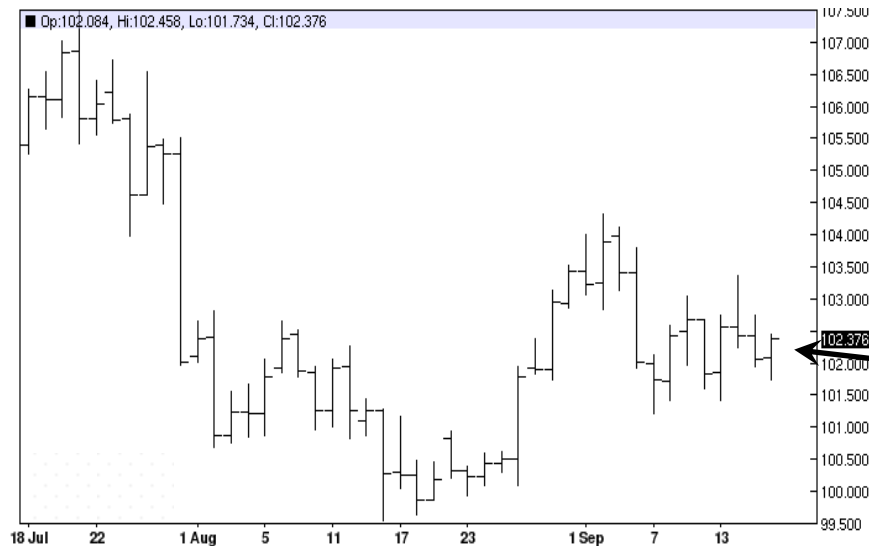
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Yen

### OUR TRADING STANCE: SQUARE

Last week we were Square



The Yen lacks direction; for now!

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

...“Looking ahead industrial production is due, will the number beat expectations and flag a pick up in the pace of recovery; we doubt it”...

In the event a weak report and more directionless trading, but the FOMC rate decision could change that.

Looking ahead the main domestic event is the Bank of Japan policy decision and abroad the US FOMC policy decision, between the Fed and the BOJ they could shake some life into the market, but will they?

We are square here we see a trading range likely to establish. However, if as we expect the FOMC leaves US rates unchanged this week, the Yen could start to rally once more, but not if the BOJ eases.

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

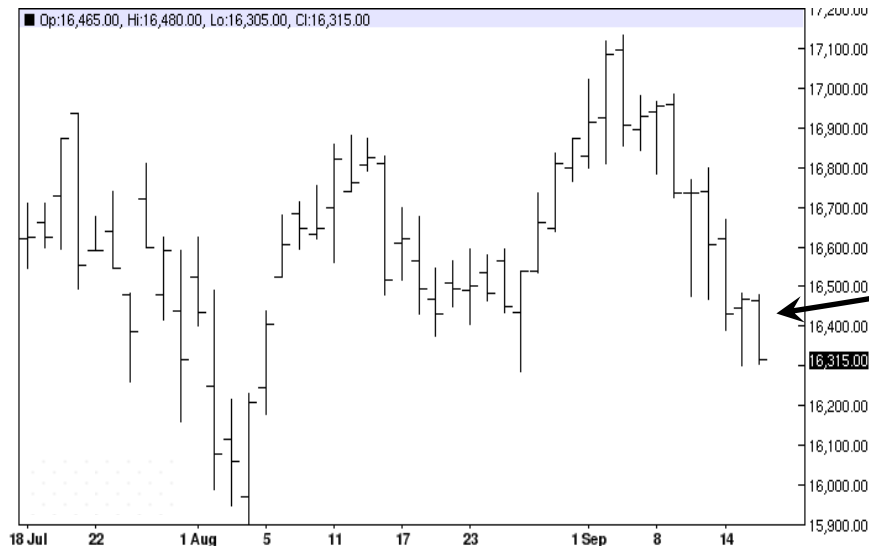
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Nikkei

### OUR TRADING STANCE: SQUARE.

Last week we were Square of the Nikkei.



The Nikkei looks as exciting as the other leading equity markets and as confused.

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

...“Looking ahead industrial production is the main event this week”...

In the event the number was weaker than expected, but the Nikkei looked weighed down by uncertainty concerning the Fed's looming interest rate decision.

Looking ahead the Bank of Japan and the Fed decide on interest rates this week, will the inject life into this and other equity markets; an unchanged from the FOMC and ease from the BOJ would help, but will that be the outcome?

We are square here.

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

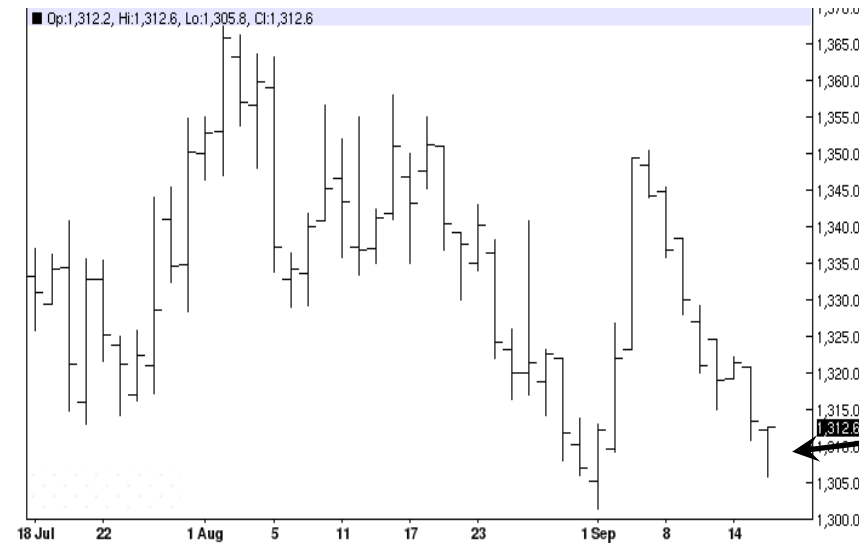
- + GOLD
- + OIL

## Disclaimer

## COMMODITIES: Gold

### OUR TRADING STANCE: SQUARE

Last week we were Square of Gold.



See how Gold looks under pressure at the slightest hint of a US rate hike.

**The Macro Trader's view of the Gold is:** last week's price action was disappointing.

The US released a weak retail sales report and Industrial production report and some Fed officials are still arguing in favour of a rate hike this week?

We judge Yellen will see the economy for what it is; growing at an anaemic rate with still moderate to low inflation and argue in favour of leaving policy unchanged.

What will the impact be on the Dollar and Gold?

We judge the Dollar will drift towards the lows of the current trading range and Gold will drift towards the upside of its own, meaning continued lack of direction.

We remain square of this market, it looks set to go nowhere fast which given the current set of circumstances remains puzzling and disappointing.

More





## Summary

## Global Calendar

## US Markets

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

## UK Markets

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

## Euro Zone Markets

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

## Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

## Commodities

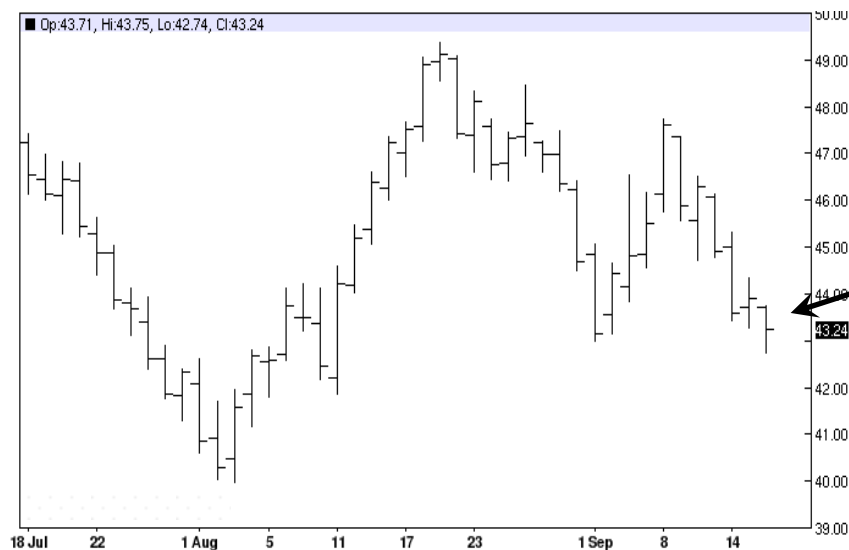
- + GOLD
- + OIL

## Disclaimer

## COMMODITIES: Oil

### OUR TRADING STANCE; SQUARE.

Last week we were Square of Oil.



See how oil looks increasingly vulnerable.

**The Macro Trader's view of oil is:** the market has begun to look top heavy, but will it sell off.

In the news Venezuela talks of OPEC agreeing a production cut; we have heard all of this before but nothing happens and it won't this time, not until the Iranians are ready to join in and that still looks some way off and relations between Iran and Saudi Arabia are in bad shape so neither side will want to help the other.

We judge the market can logically only trade lower. The pace of global growth remains subdued and the oil glut remains with no sign of easing in the coming months. But logic doesn't always win out!

For now stay square.

More



## Summary

## Global Calendar

## US Markets

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

## UK Markets

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

## Euro Zone Markets

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

## Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

## Commodities

- + GOLD
- + OIL

## Disclaimer

### 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](mailto:jlewis@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