



Week 12  
21<sup>st</sup> - 27<sup>th</sup> March 2017

### 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

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by the FSA



## SUMMARY

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### Global Calendar

### US Markets

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

● SQUARE  
● BEARISH  
● SQUARE  
● BULLISH

### UK Markets

+ SHORT STERLING  
+ GILT  
+ STERLING  
+ FTSE

● SQUARE  
● SQUARE  
● SQUARE  
● BULLISH

### Euro Zone Markets

+ EURIBOR  
+ BUND  
+ EURO  
+ DJ EURO STOXX 50

● SQUARE  
● SQUARE  
● SQUARE  
● BULLISH

### Japanese Markets

+ JAPANESE BONDS  
+ YEN  
+ NIKKEI

● SQUARE  
● SQUARE  
● SQUARE

### Commodities

+ GOLD  
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● SQUARE  
● SQUARE

### Disclaimer

More



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# This week's global calendar

	Week of 20 <sup>th</sup> March
Monday	UK Rgt mve Hse prices n/f DM PPI 0.4m, 3.2y
Tuesday	US C/A Bal -\$128.2B UK CPI 0.5m, 2.1y UK RPI 0.8m, 2.9y UK RPI-X 3.1y UK PPI Output 0.3m, 3.7y UK PPI Input 0.1m, 20.1y UK PPI Core 0.2m, 2.5y UK PSNB 2.8B UK PSNCR n/f UK House prices 6.3% UK CBI Trnds orders 5 JP BOJ Minutes Jan 30-31 meeting JP Trade bal Y807.2B
Wednesday	US MBA Mrtge apps n/f US House price indx 0.4m, US Existing home sales 5.56M EZ C/A n/f JP All ind activity indx 0.0m, JP Super mkt sales n/f JP National dept stre sales n/f JP Tokyo dept store sales n/f

	Week of 20 <sup>th</sup> March
Thursday	US Fed's Yellen speaks US Jobless claims 240k US New home sales 566k UK Retail sales 0.3m, 3.2y UK CBI Sales 4 DM GFK Cons conf 10 EZ Cons confidence -5.8 DM Import prices 0.4m, 7.2y JP PMI Mfg survey n/f
Friday	US Durable goods 1.2% US DG Ex-Transport 0.7% UK BBA Home buyer loans 44.900k FR Q4 GDP 0.4q, 1.2y EZ PMI Composite survey 55.8

More



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## Last week's releases

	Week of 13 <sup>th</sup> March
Monday	JP Dmstic corp gds prices 0.2m, 1.0y <b>AS</b> JP Machine orders -3.2m, -8.2y <b>WEAKER</b> JP Tertiary ind indx 0.0 <b>LESS</b> JP PPI 0.2m, 1.0y <b>MORE THAN EXPECTED</b>
Tuesday	US NFIB Sml Business optmsm 105.3 <b>LESS</b> US PPI 0.3m, 2.2y <b>STRONGER</b> US PPI Ex-F&E 0.3m, 1.5y <b>STRONGER</b> DM CPI 0.6m, 2.2y <b>AS</b> DM ZEW 16.2 <b>STRONGER</b> EZ Ind production 0.9m, 0.6y <b>WEAKER</b> JP Tokyo Condo sales 3.3% <b>STRONGER THAN EXPECTED</b>
Wednesday	US MBA Mrtge apps 3.1% <b>LESS</b> US Retail sales 0.1% <b>STRONGER</b> US RS Ex-Autos 0.2% <b>STRONGER</b> US CPI 0.1m, 2.7y <b>STRONGER</b> US CPI Ex- F&E 0.1m, 2.2% <b>LESS</b> US Empire mfg 16.4 <b>STRONGER</b> US NAHB Housing mkt indx 71 <b>STRONGER</b> US Bus invntry 0.3% <b>AS</b> US FOMC Rate decision 1.0% <b>AS</b> UK Averige earngs 2.2% <b>WEAKER</b> UK AE Ex-Bonus 2.3% <b>WEAKER</b> UK Unemploy'm't rate 2.1% <b>AS</b> UK Unemploy'm't chge -11.3k <b>BETTER</b> UK ILO Rate 4.7 <b>LESS</b> JP Ind production -0.4m, 3.7y <b>BETTER</b> JP Capacity utilisation 0.1% <b>LESS</b> JP BOJ Rate decision -0.10% <b>AS THAN EXPECTED</b>

	Week of 13 <sup>th</sup> March
Thursday	US Building permits 1213k <b>WEAKER</b> US Housing starts 1288k <b>STRONGER</b> US Jobless claims 241k <b>BETTER</b> US Philly Fed 32.8 <b>STRONGER</b> UK BOE AP Target 435B <b>AS</b> UK BOE/MPC Rate decision 0.25% <b>AS</b> EZ CPI 0.4m, 2.0y <b>AS</b> JP Machine tool orders 9.1% <b>AS THAN EXPECTED</b>
Friday	US Ind production 0.0% <b>WEAKER</b> US Capacity utilisation 75.4% <b>LESS</b> US U. of Michigan conf 97.6 <b>STRONGER</b> EZ Trade bal 15.7B <b>LESS</b> EZ Construct'n output -2.3m, -6.2y <b>WEAKER THAN EXPECTED</b>

More



## US MARKETS: economic background

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### Euro Zone Markets

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

### Japanese Markets

- + JAPANESE BONDS
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### Commodities

- + GOLD
- + OIL

### Disclaimer

Last week's focus was the FOMC meeting and although there were several other heavy weight data release throughout the week, all eyes were fixed on the Fed.

In the event policy makers hiked rates as expected by a further 25bp, but the surprise was in the policy statement.

Traders were alert to the Fed introducing a more hawkish tone, but they failed to deliver, maintaining their familiar tone, which weakened the Dollar but boosted stocks.

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; **C/A balance,**
- On Wednesday; **House price index and existing home sales,**
- On Thursday; **Jobless claims and New Home sales, and**
- On Friday; **Durable goods.**

There are few key data releases this week, but we judge the main event is New home sales.

As a GDP component it gives a guide on under lying demand in the economy.



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## Commodities

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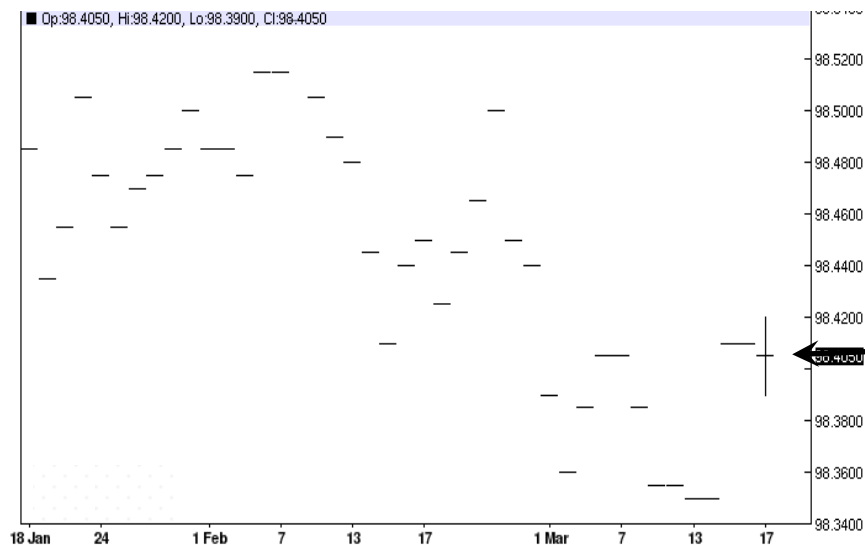
+ OIL

## Disclaimer

## US MARKETS: Eurodollars

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Eurodollars.



Eurodollars rallied after the FOMC policy statement failed to voice a more hawkish tone.

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

...“Looking ahead the FOMC policy decision is due and a rate hike is expected, but for this market we judge the policy statement will have the greater impact if the tone is more hawkish”...

In the event the Fed hiked but the lack of a more hawkish tone helped the market correct higher.

Looking ahead the key release is New Home sales but it will not have much impact here.

We are remaining square the Fed hiked and maintained its moderate tone meaning two more rate hikes over the course of the year.

More



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- + US DOLLAR
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## UK Markets

- + SHORT STERLING
- + GILT
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## Commodities

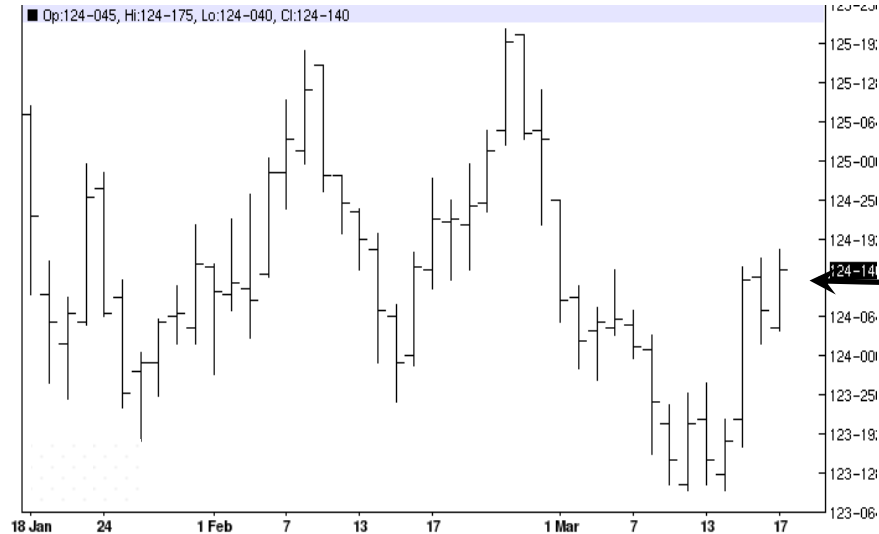
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: 10 Year Note

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

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



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

...“Looking ahead the FOMC policy decision and statement is due. A rate hike together with a more hawkish policy statement will send this market lower, but if the Fed maintains the current tone of the policy statement the market will likely correct”...

In the event the Fed hiked but left the general tone of the policy statement unchanged and as indicated the market corrected.

Looking ahead there are few data releases to focus on this week, but the one to watch is New Home sales, but will it have much impact here? We doubt it.

We remain bearish of Bonds.

The policies Trump has articulated will be pro-growth, but at the expense of a bigger budget deficit yet to materialise, and a likely burst of inflation, and the economy is already picking up speed, meaning we think the Fed will turn more Bearish but is likely waiting to see hard evidence first.

Traders should remain short and patient.

Our suggested target remains 121.30 and our suggested stop continues at 124.15 for closer protection.

More



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- + 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

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- + YEN
- + NIKKEI

## Commodities

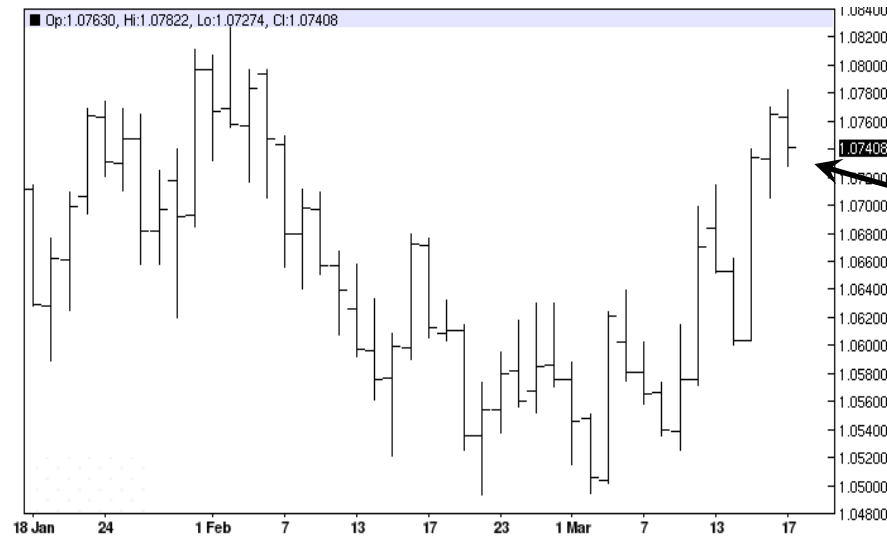
- + GOLD
- + OIL

## Disclaimer

## US MARKETS: US Dollar

### OUR TRADING STANCE: SQUARE.

Last week we were Square



The Dollar weakened further as the Fed disappointed by maintaining the general tone of its statement.

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

...“Looking ahead several key data releases due this week, but all eyes will be on the Fed. We expect them to hike and adopt a more hawkish tone in their policy statement”...

The Fed hiked but the surprise was policy makers didn't adopt a more hawkish tone which led the Dollar lower.

Looking ahead the Current Account deficit is due and given Trump's obsession with renegotiating trade deals and bringing jobs back to the US, it could be one to watch moving forward.

We remain square of the Dollar.

The Fed's failure to adopt a more hawkish tone has left the Dollar in a state of limbo.

More





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- + S&P 500

## UK Markets

- + SHORT STERLING
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- + STERLING
- + FTSE

## Euro Zone Markets

- + EURIBOR
- + BUND
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## Commodities

- + GOLD
- + OIL

## Disclaimer

## US MARKETS: S&P500

### OUR TRADING STANCE: BULLISH.

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



The S&P rallied after the Fed but couldn't make new highs.

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

...“Looking ahead the FOMC policy decision and statement are due. A rate hike is expected, and a more hawkish tone is partially priced in too, but if the tone is too hawkish the market could correct, but we judge the Fed will not want to rattle equity markets by being too strident in its tone”...

In the event the market rallied after the policy announcement and statement, but was unable to move above the recent highs, however a continued

moderate tone at the Fed will support this market moving forward.

Looking ahead several light weight data releases due this week with New Home sales the one to watch, but we judge equity traders will have only limited interest.

We remain Bullish of this market data remains on a broad upward trend, and Trump's policies are looking pro-growth, when he eventually implements them.

Our target remains 2405.00 and our suggested stop continues at 2350.0 for close protection.

More



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## UK Markets

- + SHORT STERLING
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- + EURIBOR
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- + DJ EURO STOXX 50

## Japanese Markets

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## Commodities

- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: economic background

Last week our focus was the Government and speculation that article 50 would be triggered during the week.

In the event it wasn't and the most exciting development was one member of the MPC voted in favour of a rate hike, but given he is leaving the committee in the coming months there is unlikely to be much follow through.

In the event it held very little for markets to get excited about. The head line grabber was a change to national insurance rates for the self employed, hardly something for markets to get excited about.

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; **CPI, RPI, PPI, PSNB and House prices**
- On Thursday; **Retail sales and CBI Sales, and**
- On Friday; **BBA home buyer loans.**

There are two key releases this week; CPI and retail sales.

The Pound has been fairly stable over recent weeks, will that help inflation moderate? And how is consumer demand holding up?.



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## UK Markets

- + SHORT STERLING
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- + STERLING
- + FTSE

## Euro Zone Markets

- + EURIBOR
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- + DJ EURO STOXX 50

## Japanese Markets

- + JAPANESE BONDS
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## Commodities

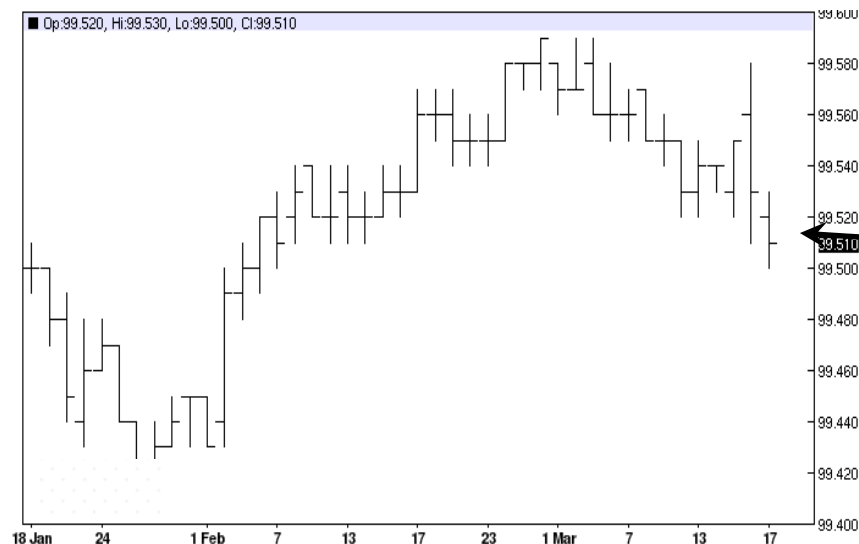
- + GOLD
- + OIL

## Disclaimer

## UK MARKETS: Short Sterling

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Short Sterling.



Short Sterling traded lower as one committee member voted for a rate hike and others thought one might be necessary sooner than later.

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

...“Looking ahead the key event this week isn't on the calendar. If the government actually invokes article 50 this week we judge markets will react, but here the impact will be miniscule”...

In the event a false alarm, but the market was

surprised by the vote on the MPC as one member voted for a rate hike.

Looking ahead CPI and retail sales are due, stronger inflation and solid growth could lead the market lower as the MPC is beginning to talk about the conditions for a rate hike.

We are square, a rate hike still seems some way off.

More



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## UK Markets

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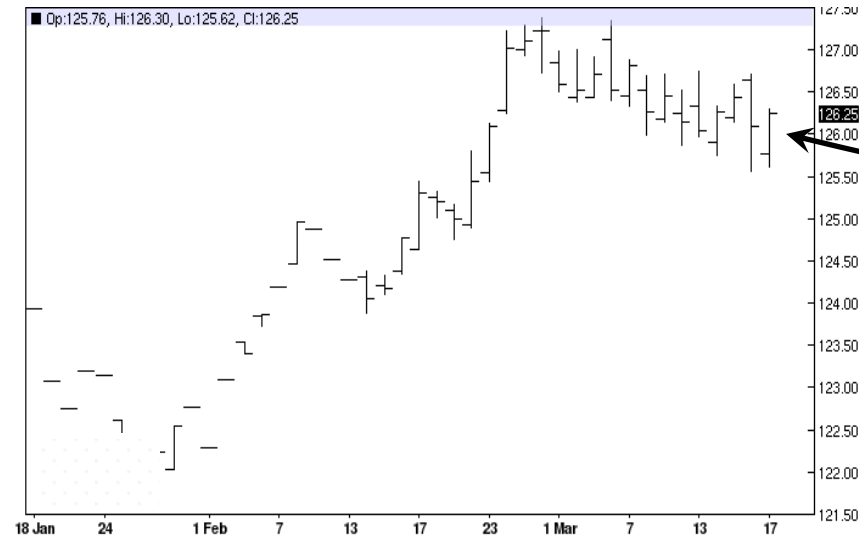
- + GOLD
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## Disclaimer

## UK MARKETS: Gilt

### OUR TRADING STANCE: SQUARE.

Last week we were Square.



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

...“Looking ahead the unemployment report is due, but no surprises expected, also the Bank announces its monetary policy decision on Thursday, but no changes expected there.”...

In the event solid unemployment data. But the Bank surprised by revealing one member voted for a rate hike and others discussed a hike might be warranted if growth remains firmer than expected.

Looking ahead CPI is due and a worse than expected number will generate a degree of nervousness in the market.

We are staying square here.

The government's commitment to maintaining a firm grip on spending helps support the Gilt as does the Bank of England's Bond buying, but what happens if inflation becomes a bigger problem resulting from a 2<sup>nd</sup> spell of Sterling weakness once article 50 is triggered? And that is set to happen next Wednesday.

More



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

## Euro Zone Markets

- + EURIBOR
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## Japanese Markets

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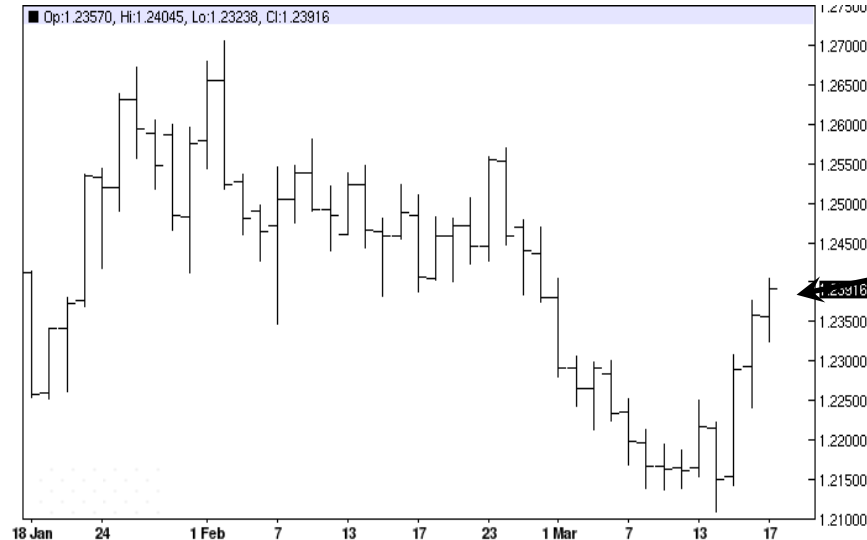
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## Disclaimer

## UK MARKETS: Sterling

### OUR TRADING STANCE: SQUARE.

Last week we were Square



The Pound benefitted from the Fed and MPC.

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

...“Looking ahead we judge the Pound will remain under pressure whether or not article 50 is invoked this week. The fact is it will happen before month end and once it is a two year period of difficult negotiations lay ahead”...

In the event article 50 wasn't the focus, it was the Fed and the Bank of England, The Fed failed to adopt a more hawkish tone which weighed on the Dollar and the Bank of England/MPC saw one member vote for a

rate hike and others indicate one may be appropriate if growth remained strong and inflation turned out worse than expected.

Looking ahead CPI and retail sales are due. A worse than expected CPI could offer the Pound additional support despite the Government intending to trigger article 50 next Wednesday.

We are square.

The Pound is still vulnerable, despite the bounce last week.

More



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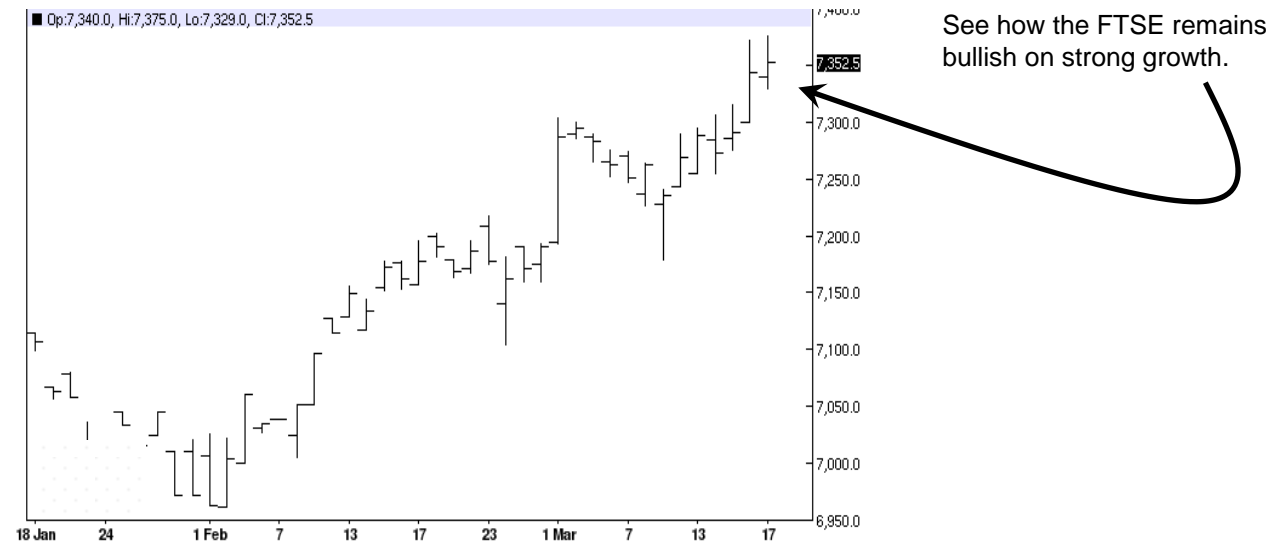
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## Disclaimer

## UK MARKETS: FTSE

### OUR TRADING STANCE: BULLISH.

Last week we were **Bullish**.



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

...“Looking ahead growth is solid, but for how much longer. The FTSE is increasingly reacting to movements in Sterling, and once article 50 is invoked, which could be this week, the Pound is likely to experience increased volatility which will impact this market, but that said we judge a weaker Pound will continue to mean a rally for the FTSE”...

In the event, no article 50, and a better performance from Sterling, but the market still rallied helped mainly

by sentiment from abroad as the Fed maintained the tone of its policy statement, rather than turning hawkish as we had suggested.

Looking ahead retail sales are due, a solid report will underpin the market.

Traders should remain long the FTSE.

Our suggested target remains 7380.0 and our suggested stop continues at 7245.0 for close protection.

More



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## EURO ZONE MARKETS: economic background

Last week's focus was Euro zone industrial production and German CPI.

In the event Industrial production fell short of consensus, a surprise given a stronger German report the previous week, but both German and Euro zone CPI were as expected.

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 PPI**,
- On Wednesday; **Euro zone C/A**,
- On Thursday; **Euro zone consumer confidence and German GfK consumer**

**confidence, and**

- On Friday; **Euro zone PMI Composite and French Q4 GDP.**

The main event this week is the Euro zone PMI Composite survey.

At their last meeting the ECB declared victory over deflation, but what about growth?

More



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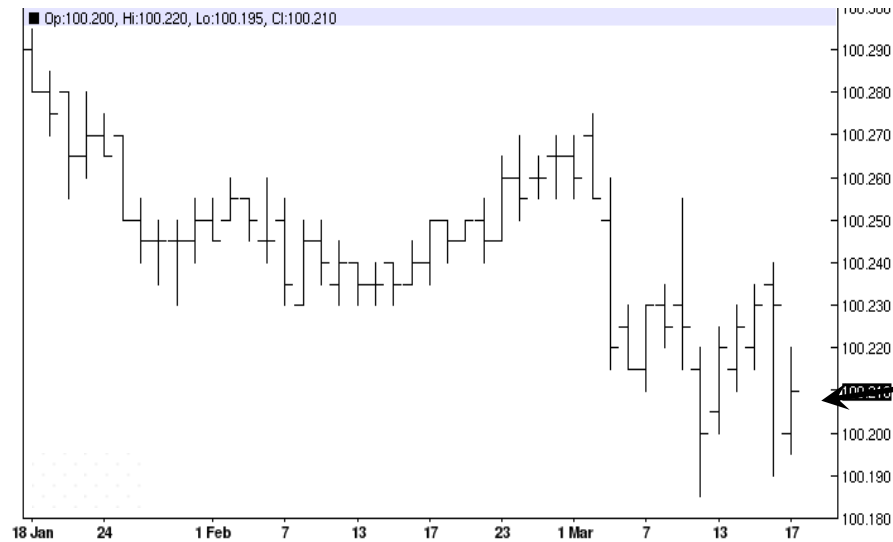
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## Disclaimer

## EURO ZONE MARKETS: Euribor

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Euribor.



Euribor remains under a degree of downward pressure after the previous week's ECB meeting.

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

...“Looking ahead both German and Euro zone CPI reports are due this week and will increasingly dominate this market”...

In the event the CPI reports were as expected, but traders continued to digest the comments delivered by Draghi at the previous week's ECB press conference.

Looking ahead the key release this week is the Euro zone PMI composite survey, but unless weaker than expected, unlikely to change sentiment in this market.

The ECB has a policy to drive inflation up to 2.0% and keep it there. They have achieved the first part of their policy objective, but is economic growth strong enough to keep it there, let alone justify a change of policy stance?

For now we are staying square.

More





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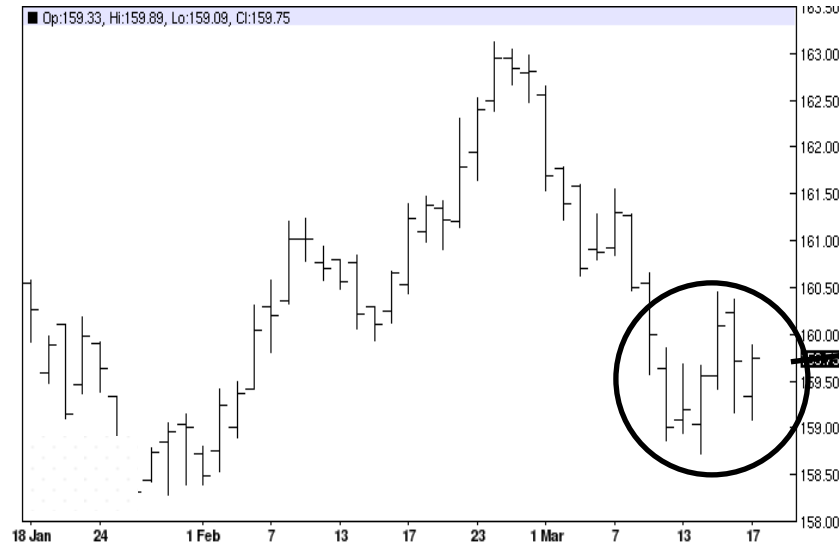
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## Disclaimer

# EURO ZONE MARKETS: The Bund

## OUR TRADING STANCE: SQUARE.

Last week we were **Bearish** of The Bund.



The Bund bounced off the lows hitting our close stop.

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

..." Looking ahead both German and Euro zone inflation are due and if worse than expected the Bund will sell off further, despite lingering political anxiety derived from up coming German and French elections"...

In the event the combination of as expected Euro zone and German CPI together with weaker Euro zone industrial production, threw the Bund a life line and it corrected higher.

Looking ahead the key release this week is the Euro zone PMI Composite survey.

We are now square of the Bund after our stop was hit.

More



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- + DJ EURO STOXX 50

## Japanese Markets

- + JAPANESE BONDS
- + YEN
- + NIKKEI

## Commodities

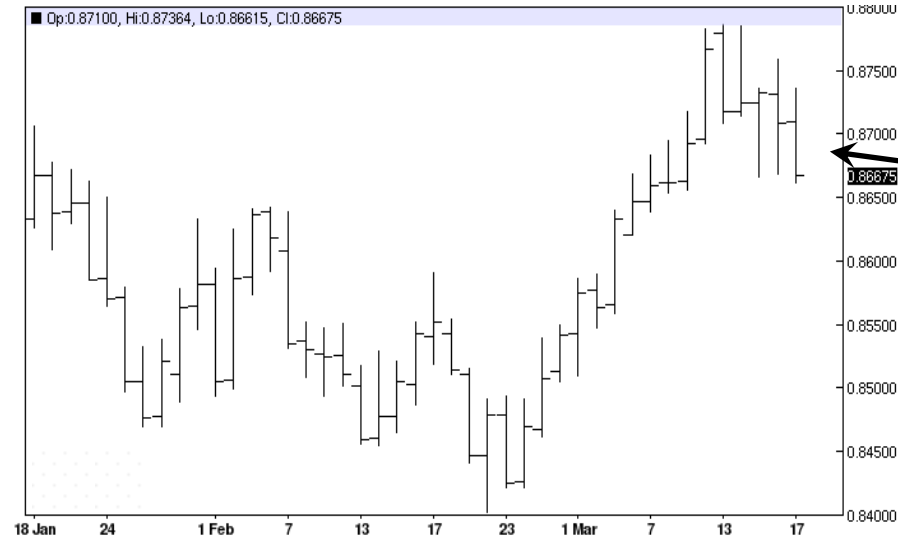
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: The Euro

### OUR TRADING STANCE: SQUARE

Last week we were Square



The Euro remains supported.

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

...“Looking ahead the Euro zone and German CPI reports are due. Where will they peak and how much higher can they go before the ECB feels obliged to change course?”...

Last week's Euro zone and German CPI reports were as expected, but the Euro drew additional support from the unchanged tone of the FOMC policy statement that accompanied the much expected US rate hike.

Looking ahead the key release this week is the Euro zone PMI Composite survey, will it show a pick up in the pace of recovery?

We are square of the Euro.

The Fed disappointed with the tone of the policy statement, but Trump is yet to implement his economic policy so the Fed is likely biding its time.

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

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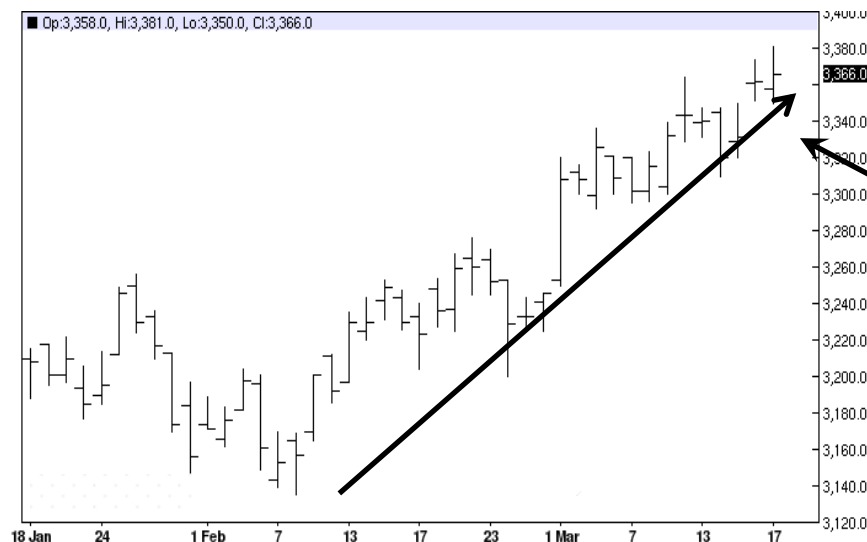
- + GOLD
- + OIL

## Disclaimer

## EURO ZONE MARKETS: DJ Euro Stoxx 50

### OUR TRADING STANCE: BULLISH.

Last week we were Bullish of DJ EUROSTOXX50.



See how the market remains bullish as the ECB remains committed to its policy stance and the Fed didn't turn hawkish.

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

...“Looking ahead the key domestic events are the Euro zone and German CPI reports, then there is the US FOMC policy decision”...

In the event we judge all three fed into the rally in the market last week, the combination of as expected CPI reports and no change to the tone of the Fed's policy statement drove this market higher.

Looking ahead the Euro zone PMI Composite survey

is due, but unless very much different to consensus we do not expect it to disrupt the bullish sentiment driving this market.

We remain bullish of this market as traders are still focussed on what Trump means for growth and we think it is bullish and although his frequent outbursts are worrying the Dollar, equity markets seem unfazed.

Our suggested target remains 3400.0 due to change of contract and our suggested stop reset to 3300.0 for closer protection for the same reason.

More



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## Commodities

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## Disclaimer

## JAPANESE MARKETS: economic background

Last week's focus was the Bank of Japan's policy decision.

In the event they left policy on hold despite recent downward revisions to Q4 GDP.

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

- On Tuesday; **Bank of Japan minutes for Jan 30-31 meeting,**

- On Wednesday; **All industry activity index, super market sales, National and Tokyo department store sales, and**
- On Thursday; **PMI manufacturing survey.**

There are two key releases this week, the BOJ minutes and the PMI manufacturing survey.

We judge the Bank of Japan minutes are the main event, will they say anything that alludes to future policy change.



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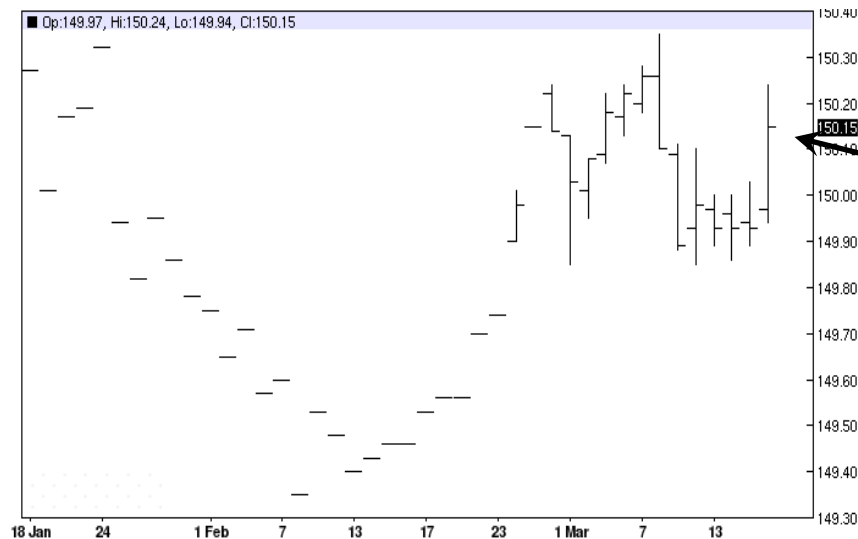
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Japanese Bonds

### OUR TRADING STANCE: SQUARE.

Last week we were Square of Japanese Bonds.



The JGB continues to look range bound.

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

...“Looking ahead all eyes on the Bank of Japan’s policy decision. A change is unlikely but what will they have to say”...

In the event the BOJ held policy unchanged sighting the moderate pace of growth in the economy as reason.

Looking ahead the minutes from the January 30-31 meeting are due and traders will be eager to see if there are any hints relating to possible future policy adjustment.

We are remaining square, CPI has turned positive, but the BOJ’s target is 2.0% so no rate rises, but no cuts while CPI is positive and expected to go higher.

More



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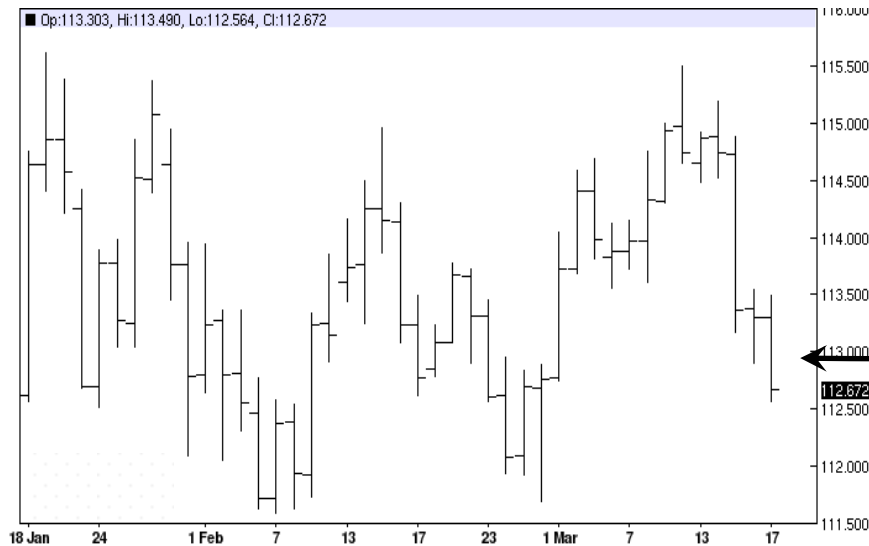
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Yen

### OUR TRADING STANCE: SQUARE

Last week we were Square



The Yen remains range bound despite the Dollar's continued softness.

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

...“Looking ahead the Bank of Japan's policy decision is due, unchanged is the expectation, but what will they say?”...

In the event the BOJ left policy steady and noted the moderately trending pace of growth.

Looking ahead the Bank of Japan minutes for the 30 – 31 January meeting are due; will they hold clues about future policy adjustments.

We are square here.

The Dollar still looks hobbled by Trump's erratic remarks and the Fed's unchanged policy stance.



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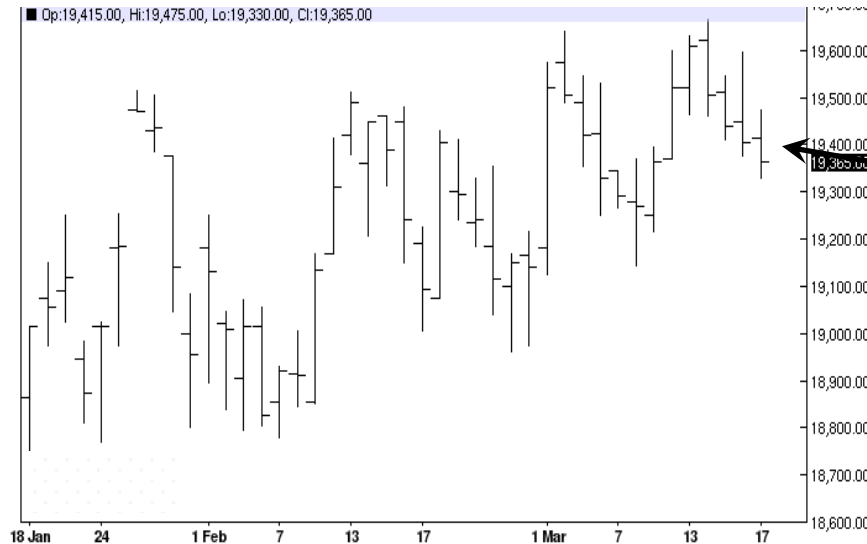
- + GOLD
- + OIL

## Disclaimer

## JAPANESE MARKETS: Nikkei

### OUR TRADING STANCE: SQUARE.

Last week we were Square of the Nikkei.



The Nikkei is a gradually trending market, but with volatility.

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

...“Looking ahead two key events this week that could offer some direction. The US FOMC policy decision and the Bank of Japan's policy decision. Of the two we judge the FOMC has the greater potential to move markets. If they adopt a more hawkish tone the Dollar should strengthen and that could feed into this market”...

In the event the BOJ held steady; no surprise, the FOMC hiked but didn't adopt a hawkish tone. The

Dollar weakened and the Yen remained range bound denying the Nikkei of reason to rally.

Looking ahead the BOJ minutes from January 30-31 are due, will the prove bullish for this market?

For now we are staying square.

The Nikkei reflects the price action in Dollar/Yen and that too is going no where fast, for now.

The S&P especially, and FTSE have greater clarity.

More



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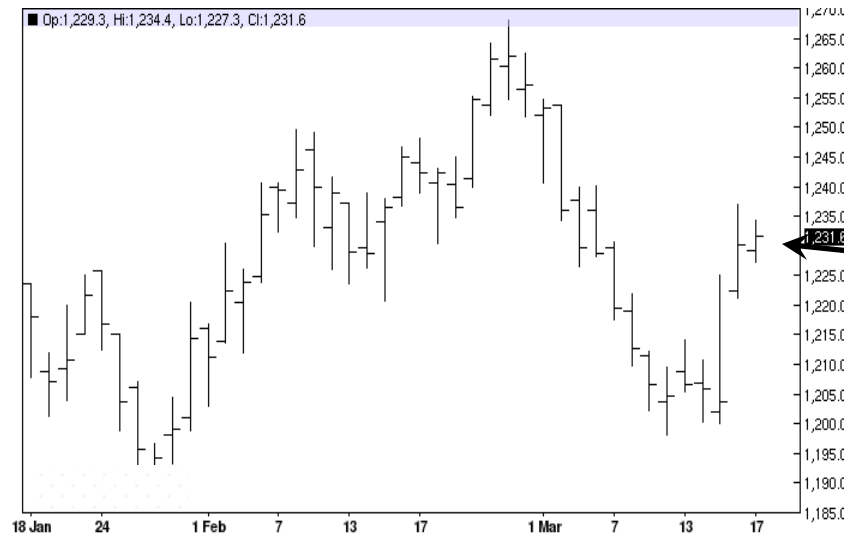
- + GOLD
- + OIL

## Disclaimer

## COMMODITIES: Gold

### OUR TRADING STANCE: SQUARE

Last week we were Square of Gold.



**The Macro Trader's view of the Gold is:** last week's price action was driven again by the path of the Dollar.

Ahead of the FOMC meeting we offered the view the Fed could adopt a more hawkish tone in response to President Trump's intended economic policies. In the event the Fed maintained its established policy message of three rate hikes this year one of which they delivered last week.

The result was the Dollar suffered a further set back

against the other major currencies, offering Gold an opportunity to correct higher.

Looking ahead there are few heavy weight data releases due this week that are likely to move this market. The main dynamic still appears to be the strength of the Dollar, but in truth this market is range bound.

For now we are staying square.

More





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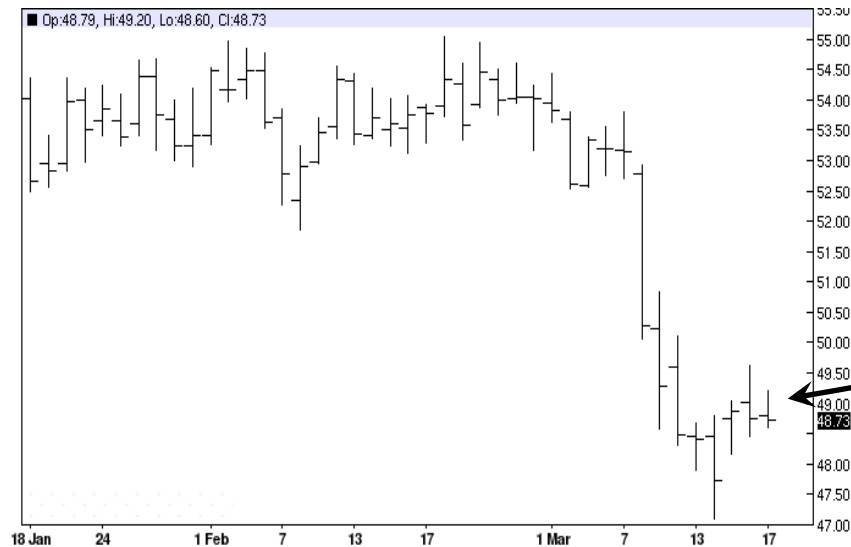
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## Disclaimer

## COMMODITIES: Oil

### OUR TRADING STANCE; SQUARE.

Last week we were Square of Oil.



See how oil remains close to the lows.

**The Macro Trader's view of oil is:** last time we said and repeat again...

...“Looking ahead we judge the OPEC/non-OPEC deal will struggle to force the price very much higher. For every Dollar the price goes up that is a new incentive for Shale producers to up production”...

In the event the oil price rally remains stalled as the promised production cut remains vague on delivery and substance.

Looking ahead, once again, we judge the oil price is

likely capped at or just below US\$60.00 as every dollar the oil price rallies draws shale producers back into action, and encourages the resumption of oil exploration which in turn will weigh on the oil price.

The big drama in oil for now seems over and a trading range of US\$45.00 – US\$60.00 seems likely and at the moment even tighter than that!

For now we are square as the oil price remains within our long stated trading range, but if US\$45.00 breaks we will want to go short.

More



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## Commodities

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## Disclaimer

### SEVEN DAYS AHEAD

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