



## SUMMARY

## POSITIONS

- + Dollar Sterling (NEW)
- + Bund
- + S&P

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# Multi-asset trade and investment recommendation

31st July 2019

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31<sup>st</sup> July 2019 Buy DOLLARS sell STERLING @ 1.2173 Stop@ 1.2506

26<sup>th</sup> July 2019 BUY Sep Bund @ 174.08. **RAISED** 173.41.

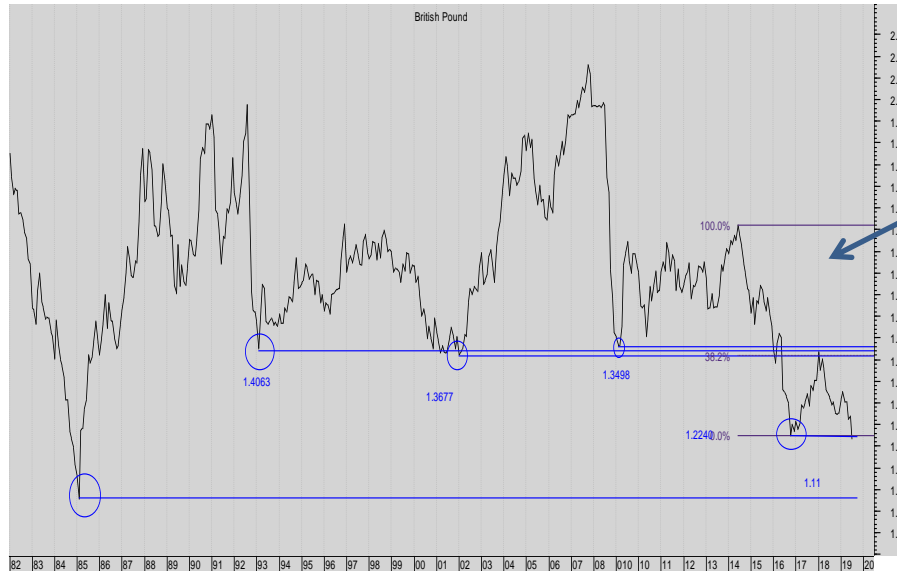
3<sup>rd</sup> July 2019 BUY Sep S&P @ 2989.50. Stop @ 2949.



**(1) TECHNICAL : 31<sup>st</sup> July 2019 Buy DOLLARS sell STERLING @ 1.2173 Stop@ 1.2506**

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**Weekly continuation Chart :**

The Bears are in charge of the market: the recent closing break beneath the 1.2240 Prior Low sets the next bear leg in motion – down to 1.10 or so.



**Daily bar chart :**

The market H&S Reversal has driven the move to this level – but in so doing the Prior Lows of Dec 2018 and Jan 2019 has been breached, and they will act as good resistance on any rally. The bears are in charge of Sterling.



**(2) FUNDAMENTAL:** 31<sup>st</sup> July 2019 Buy DOLLARS sell STERLING @ 1.2173 Stop@ 1.2506

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Last week Boris Johnson became the New PM, no surprise there, and he shaped his cabinet to reflect his pledge that the UK will leave the EU on October 31 with or without a deal in one of the most brutal clearer outs of ministers in many years.

Looking ahead two PMI Surveys due together with the Bank of England Inflation report and policy decision. No policy changes expected, but we judge if a no deal “BREXIT” is the outcome the Bank will ease, potentially expand QE and the Pound take the hit and that is likely his plan together with cutting corporation tax etc. to try to keep and attract foreign investment.

We are now Bearish of a very vulnerable Sterling against the Dollar.

It looks unclear how Johnson will get the EU to renegotiate a new divorce agreement even though the May deal is clearly dead after being voted down in Parliament on three separate occasions.

In summary we advise Selling Sterling Buying the Dollar.

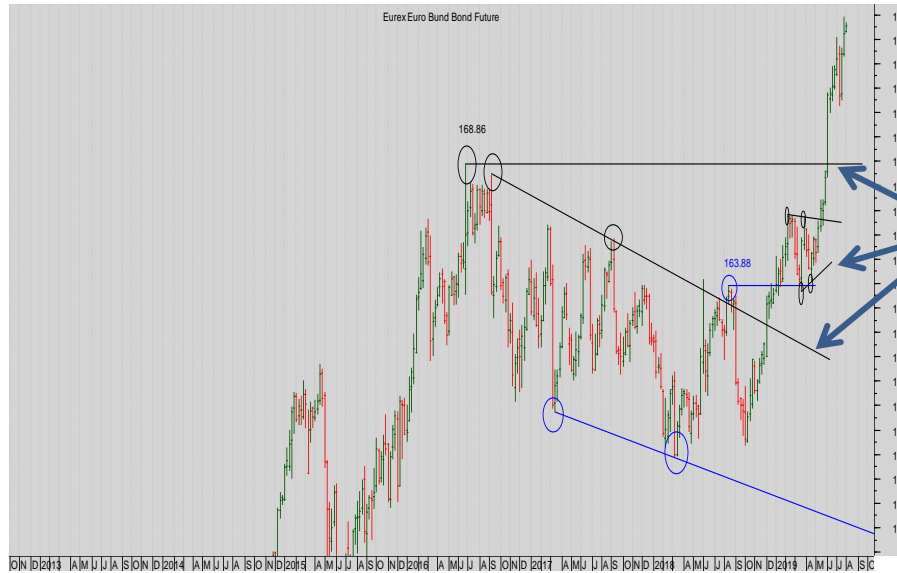


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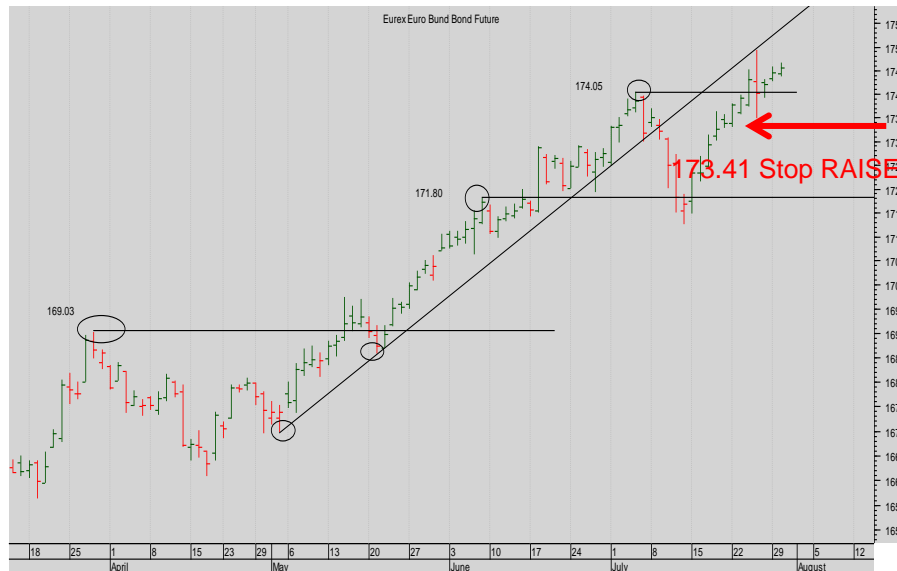
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**Weekly Chart – Continuation:**

The market completed a bull falling wedge, a bull continuation pattern, and now has topped the Prior High 168.86.

The new bull leg begins.



**Daily Chart Continuation:**

The bull trend is well-established, Prior Highs acting as good support SO NOW RAISE THE SUPPORT.



(2) **FUNDAMENTAL**: 26<sup>th</sup> July 2019 BUY Sep Bund @ 174.08. **RAISED** 173.41.

The Euro zone PMI Composite survey was a key release last week, but we judge the ECB's policy decision was the main event. Would they ease or continue pointing to a move at some time in the short/medium term?

In the event the Euro zone PMI Composite survey was weaker than forecast, more worryingly still, the German PMI Manufacturing survey was very weak at just 43.1 and the ECB clearly articulated its concerns and set out a path to ease.

Looking ahead a whole raft of data due, we judge it will only confirm the Euro zone economy is weak and needs fresh monetary stimulus which the ECB seems willing to deliver.

We are Bullish the Bund.

The economy is suffering from external trade threats which monetary policy alone will struggle to fix

In summary hold the trade.

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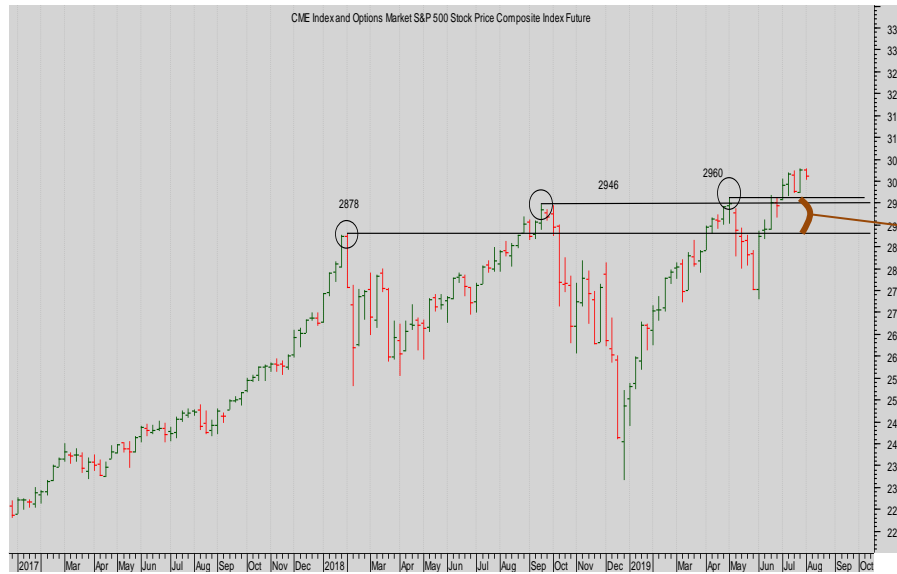
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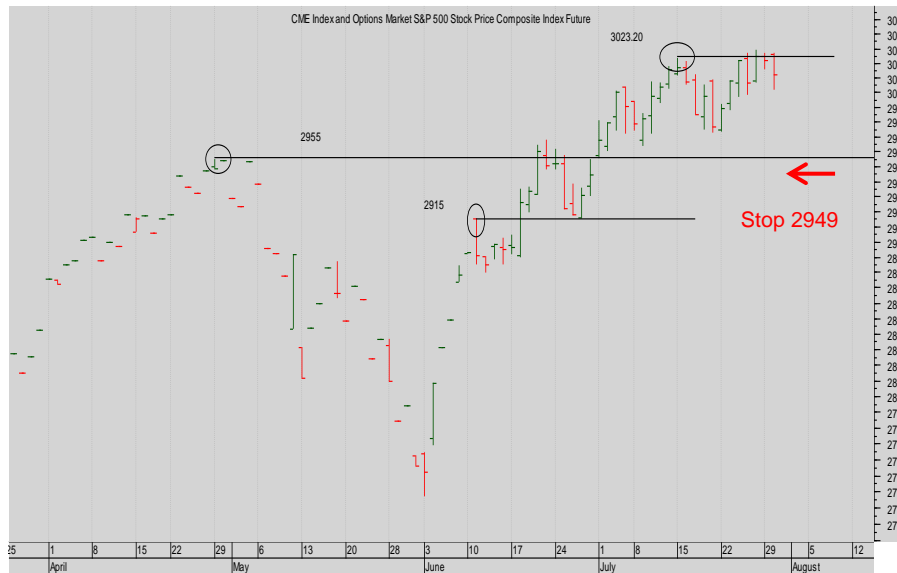
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**Weekly Chart Continuation:**

The market has broken through the Prior High from Sep 2018 @ 2946 and the May 2019 @2960.

This creates massive support beneath the market.



**Daily Chart Continuation:**

The market has Pushed through the recent highs from April and June this year.

Again creating massive support.

The bulls are in charge.



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Last week's main event was Q2 GDP, but we judged the Fed is intent on easing due to external risks with medium/long term economic consequences rather than focus on what is essentially history.

In the event the Q2 GDP number beat consensus at 2.1% annualised, but was well down on the 3.1% Q1 GDP report.

Looking ahead, all eyes on the Fed and today's FOMC policy decision and policy statement, a rate cut is widely expected, but as ever the policy statement is just as important and often more so, as it gives a degree of insight to where policy is moving in the medium/long term.

Still watch Friday's non-farm payroll, a sub trend report would nudge the Fed into doing more later this year.

In summary we remain Bullish the S&P so hold the trade.





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### SEVEN DAYS AHEAD

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