



SUMMARY

POSITIONS

- + Dollar Sterling (NEW)
- + Bund

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Multi-asset trade and investment recommendation

7th August 2019

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+ Dollar Sterling **(NEW)**

+ Bund

31st July 2019 Buy DOLLARS sell STERLING @ 1.2173 Stop@ 1.2506

26th July 2019 BUY Sep Bund @ 174.08. **RAISED** 173.41.



(2) FUNDAMENTAL: 31st July 2019 Buy DOLLARS sell STERLING @ 1.2173 Stop@ 1.2506

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There were two PMI Surveys due last week together with the Bank of England Inflation report and policy decision. No policy changes were 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.

In the event the PMI'S were mixed but clearly weak. Manufacturing a little stronger, Construction weaker, but the Pound is trading off the increasing reality of a no deal “BREXIT”.

Looking ahead several data releases due, our focus is Q2 GDP. Consensus is a flat quarter but what if it is worse and that would be before we leave the EU?

In summary we remain Bearish of Sterling against the Dollar and advise holding the trade.



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

There was a whole raft of data due last week, we judged it will only confirm the weakness of the Euro zone economy meaning the need fresh monetary stimulus.

In the event that was the outcome, but Bonds globally rallied hard as Trump threatened China with more trade tariffs, reflecting his frustration with the almost no existent progress in the long running trade talks.

Looking ahead the various PMI Services surveys are due, so too the German industrial production reports.

Indeed though a small pick up in the various Euro zone PMI surveys were evident, German industrial production released today was very weak.

Add in the deteriorating global trading environment and the Bund is a strong buy.

In summary hold the trade.

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SEVEN DAYS AHEAD

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