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# Forex Weekly

## Canaries and straws in the wind

### Forex Strategy

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**A sell-off in peripheral European bond markets is a reminder that the lack of growth in Europe is going to make debt servicing difficult even if the palliative effects of the ECB's actions remain in place for the long haul. For now, this is far more likely to represent a buying opportunity for risk and carry than a turning point. But just as Fed bond-buying is approaching its end, so is the current market phase.**

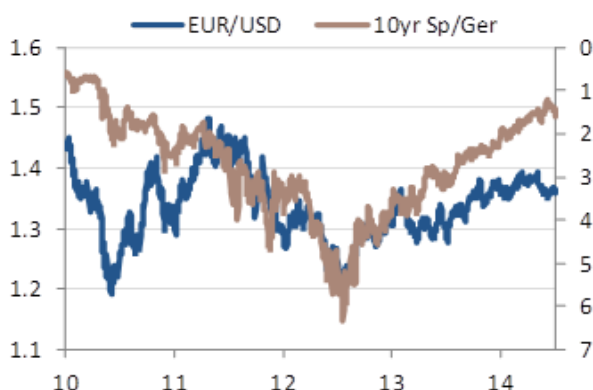
■ The Riksbank remains behind the curve in terms of its inflation and repo rate forecasts. Expect further easing measures ahead, and keep short SEK.

■ **SIMPLEX – FX Valuation:** Our models continue to identify commodity currencies and CHF as extremely overvalued from a long-term perspective. Medium-term valuations show that NZD/NOK is the most at risk of a reversal.

■ **Technicals:** EUR/USD has confirmed a double top and is likely to re-test previous lows at 1.35/1.3476. USD/CAD is undergoing a correction after hitting resistance at the upper limit of an up-sloping channel, but is likely to stabilise at current levels.

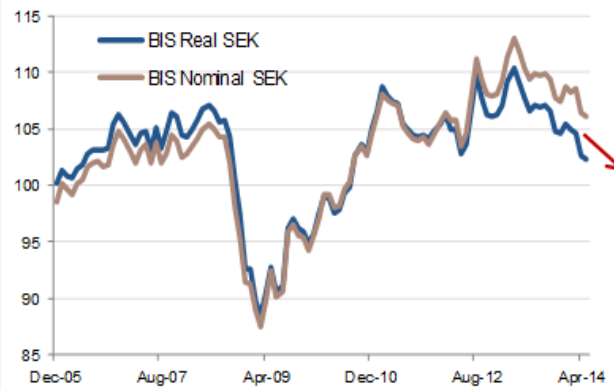
■ **Quant:** The biggest long remains the NZD, followed by the CAD, GBP and TWD. The most sizeable shorts are now the SEK, JPY, USD, EUR and NOK. The SG Sentiment Indicator has slipped into the risk-neutral zone but has remained above the risk-aversion area. We remain long carry in G10 and EM.

### Peripheral spread tightening is becoming exhausted



Source: SG Cross Asset Research/Forex

### SEK needs to fall further



Source: SG Cross Asset Research/Forex



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## Canaries and straws in the wind

**A sell-off in peripheral European bond markets is a reminder that the lack of growth in Europe is going to make debt servicing difficult even if the palliative effects of the ECB's actions remain in place for the long haul. For now, this is far more likely to represent a buying opportunity for risk and carry than a turning point. But just as Fed bond-buying is approaching its end, so is the current market phase.**

### Recommendations

Our open trade ideas, and associated P&Ls, are available at the back of this publication.

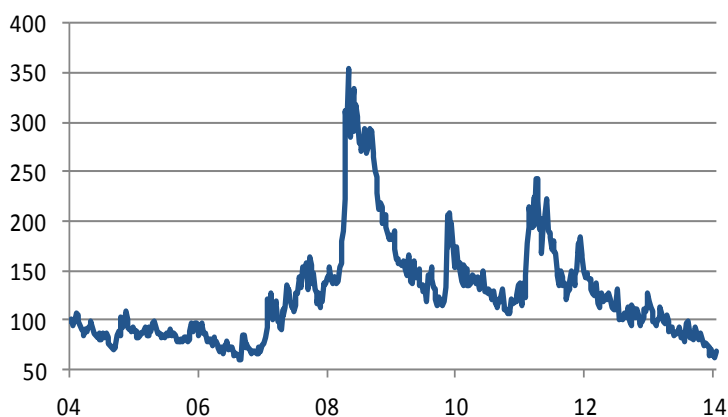
### Not yet the turning point

Four months ago, my inbox was full of dire warnings about the negative economic effects of the annexation of Crimea. That turned into a flow of concern about the crisis in Ukraine. Then, we wondered about the impact of an oil price spike as Iraq slipped towards collapse. Today, the concern is the *Espirito Santo* financial group in Portugal. **The market outcome will probably be the same in the short term – a bit of a sell-off that will provide a buying opportunity for European peripheral and corporate debt, as well as equities.**

The difference between the woes of a Portuguese financial services group and geopolitical concerns, however, is that economic stagnation in Europe raises the risk of companies and sovereigns suffering negative shocks. Furthermore, the market reaction reminds us that when there are sellers around, liquidity dries up very fast in bond markets these days. And lastly, today's reaction, coming after the reassuring tone of FOMC minutes, which suggest we might have another 12 months of 0-25bp fed funds rates ahead of us, may be a warning that there are diminishing returns to endless repetitions of the 'lower rates for longer' mantra.

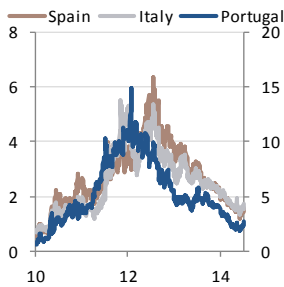
We are not inclined to fight the low volatility trend, or buy the dollar, in July/August, but the mix of a secular slowdown in China, falling unemployment in the US and stagnation in Europe will be the main driver of market trends once the Fed does stop buying bonds in October.

Graph 1: Composite measure of FX, equity and credit vol



Source: SG Cross Asset Research

Graph 2: 10yr spreads – only a small correction so far

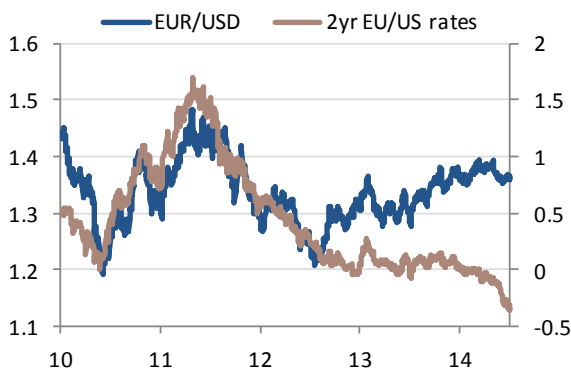


Source: SG Cross Asset Research

## Overdone for now, but a warning all the same

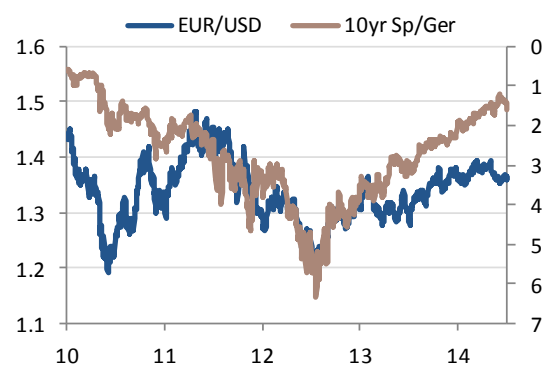
Spreads of 10yr Portuguese bonds over Bunds widened to 211bp today, the widest they have been since March. That spread was out near 15% in 2012, however (Graph 2). Today's move is a bit of a storm in a teacup, but what exactly are investors who are buying Portuguese debt at these yields hoping for? The trend of tightening spreads is down to the last few basis points regardless of this latest 'crisis' being resolved. We can extend the same logic to the euro. Relative rates have moved sharply since the start of 2013 but have been completely offset by tightening peripheral spreads (Graphs 3 & 4). Even if this is a hiccup, the ability of ever-tightening spreads to outweigh a widening Euro/US rate differential is fading sharply.

Graph 3: EUR/USD and rate differentials

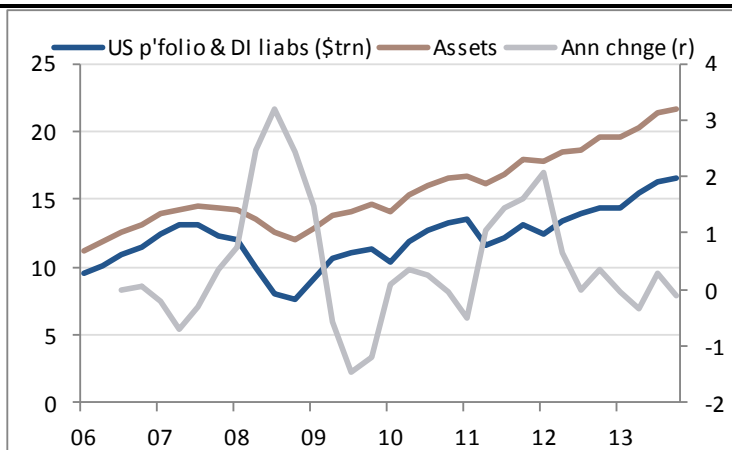


Source: SG Cross Asset Research

Graph 4: EUR/USD and Bono/Bund spread (inverted)



Graph 5: US international asset position and four-quarter change:



Source: SG Cross Asset Research

## The dollar and payments balances

The Fed released detailed balance of payments data for Q1 last week. The story is reassuringly simple. Chart 5 shows the outstanding long-term asset and liability positions of the US, and the four-quarter change (in USD trn). Foreign investors now own over USD 21trn of US bonds, equities and other assets, an increase of USD 9.6trn in just five years. The current account deficit was just USD 2.2trn over the same period but US investors increased their ownership of foreign assets by USD 8.9trn. In the last 12 months, outflows exceeded

inflows by USD 96bn, so that the overall 'basic balance' was in deficit by USD 500bn. And we wonder why the dollar has struggled!



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## Behind the curve in Sweden

The Riksbank was one of the pioneers of forward guidance. Since 2007, it has provided projections of repo policy rates, based on published assumptions of growth, unemployment and inflation. **However, the Riksbank's repo rate forecasts have not been particularly accurate in the past**, and its own research has shown it to be the worst forecaster of the repo rate among six public and private institutions over the period 2007-2012! (Table 1). Indeed, last September the Riksbank was telling the market that the repo rate would be rising from 1% in late 2014, but it has instead dropped to 0.25% currently.

**Table 1: Ranking of Swedish forecasts for the period 2007-2012**

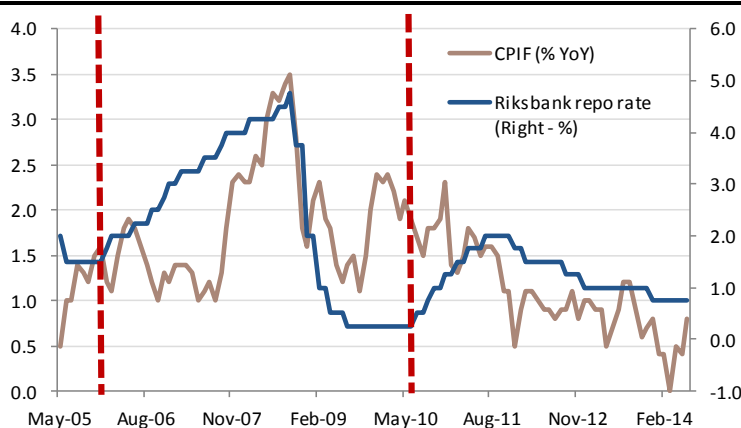
	GDP	Unemployment	CPIF	Repo rate	CPI
FID	10 (9)	10 (10)	6 (6)	3 (2)	4 (3)
HUI	8 (10)	4 (3)	—	—	9 (10)
KI	9 (8)	9 (8)	5 (4)	5 (5)	8 (7)
LO	4 (4)	5 (9)	4 (2)	—	2 (9)
ME	—	—	—	4 (3)	—
Nordea	1 (3)	2 (2)	1 (3)	—	5 (5)
RB	3 (1)	3 (4)	3 (1)	6 (6)	10 (8)
SEB	2 (2)	1 (1)	7 (7)	1 (4)	3 (2)
SHB	6 (6)	7 (5)	8 (8)	—	6 (4)
SN	7 (7)	6 (6)	9 (9)	—	7 (5)
SWED	5 (5)	8 (7)	2 (5)	2 (1)	1 (1)

Note. The institutions assessed are the Ministry of Finance (FID), HUI Research (HUI), the National Institute of Economic Research (KI), the Swedish Trade Union Confederation (LO), Nordea, the Riksbank (RB), Skandinaviska Enskilda Banken (SEB), Handelsbanken (SHB), the Confederation of Swedish Enterprise (SN) and Swedbank (SWED). The figures in the table give the forecasters' ratings, based on the adjusted mean square error. The figure in brackets is the rating based on the adjusted mean absolute error. The highest rating is 1. Ten institutions produce forecasts for GDP, unemployment and the CPI, nine produce forecasts for the CPIF and five produce forecasts for the repo rate. The assessment of the repo rate forecasts also includes market expectations according to market pricing (ME).

Source: Michael Andersson & Stefan Palmqvist, "The Riksbank's forecasts hold up well," *Sveriges Riksbank Economic Commentaries* (No. 3, 2013).

Of course, when the facts change, one should change one's mind. The point is that the Riksbank is also prone to changing its mind. **It most recently predicted that the CPIF measure of consumer prices, which excludes mortgage costs, will rise by 0.6% on an annual basis this year, by 1.6% in 2015 and by 2% in 2016.** The 2016 forecast of 2% was actually left unchanged from the April *Monetary Policy Update*. **Notwithstanding the upside surprise in Swedish inflation today with June's CPIF up 0.8% YoY, it is unlikely to move back to 2% in two years without further easing measures.**

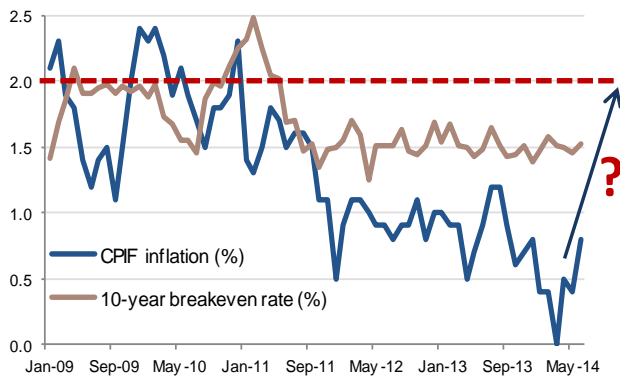
**Graph 6: Inflation at 1.5% and rising needed for Riksbank to initiate rate hikes**



Source: SG Cross Asset Research

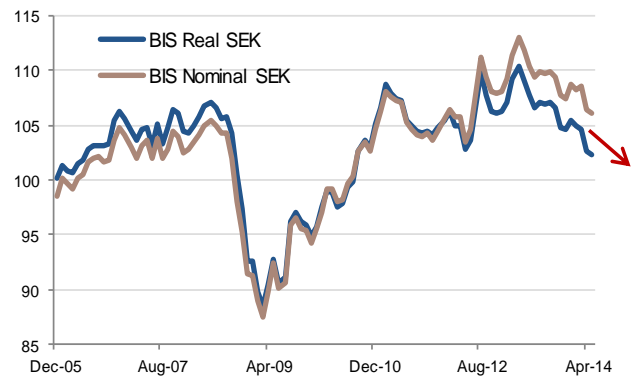
Since the new century began, the Riksbank has never started a rate-hike cycle unless CPIF inflation is on a clear uptrend above 1.5% YoY (Graph 6). The Riksbank's current forward guidance of a repo rate hike in 4Q 2015 is therefore dependent on its inflation forecast being realised. The market does not appear as sanguine, as evinced by the well-anchored 10-year break-even rates holding comfortably below the 2% target rate (Graph 7). **We would need to see a sharp acceleration of Swedish growth to generate the requisite inflationary pressures, and the Riksbank's GDP forecast for this year and next are indeed well above the consensus.** We doubt inflation will revive so quickly.

Graph 7: Inflation revival forecast is not convincing



Source: SG Cross Asset Research/Forex

Graph 8: The krona needs to fall further



Source: SG Cross Asset Research/Forex

Given that we have effectively arrived at the zero lower bound in Swedish rates, the Riksbank will need to target the exchange rate to gain traction on monetary policy. **Despite its recent fall, the SEK remains too high in trade-weighted terms, whether in real or nominal terms** (Graph 8). EUR/SEK has risen by over 10% since last March, but the likes of USD/SEK and NOK/SEK, for example, have climbed much less. **More importantly, Sweden's neighbours have embarked on looser monetary policy paths**, with the ECB moving to [asset purchases](#) early next year and the Norges Bank's recent dovish policy guidance. This means that the Riksbank has its work cut out trying to keep SEK on a weakening path. **Expect further easing measures ahead, and keep short SEK.**

## Recent Forex Strategy Highlights

### Fade an AUD/USD rally

As we reached last week all-time lows in 1-month volatility in EUR/USD, USD/JPY, and GBP/USD, the FOMC minutes this week will be important for near-term dollar direction.

This low vol pro-carry environment has favoured long AUD strategies, but we are bearish from a medium-term perspective. Our technical analysts have highlighted a likely end to the AUD rally this year.

[Link](#)

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[All Technical analysis reports](#)

[In the charts](#)

[Chart Alert –AUD/USD](#)

[Chart Alert –EUR/SEK](#)

[What the charts say – Third Quarter 2014](#)

**Technicals**

EUR/USD nearly tested the lower limit of a rising wedge at 1.35/1.3476 and then evolved within an up sloping channel which has been violated. With the weekly indicator at a resistance, a re-test of June lows at 1.35/1.3476 is not ruled out. A decisive close below will result in a deeper correction towards 1.3210 with intermediate support at 1.34/1.3350, the double top target. Pullback will only be of corrective nature so long as 1.3725 is not breached on the upside.

USD/CAD is undergoing an intermediate correction after hitting resistance at the upper limit of an up sloping channel. Currently it is testing the lower limit of a weekly channel at 1.0630/10 where it has also achieved a projection for wave c (equalling wave a). With monthly and weekly indicators at support, the pair is likely to stabilise at current levels. A break above 1.0830 would be an initial sign of a rebound while it would need to break above 1.0949/65 to resume the uptrend. Only a violation of 1.0630/10 would indicate precipitation of a downtrend.

EUR/USD confirmed a double top and nearly tested the wedge lower limit. It has broken below a channel within which a pullback evolved, pointing towards a correction. With the weekly indicator at a resistance, the pair is likely to re-test previous lows at 1.35/1.3476. Pullback should be capped at 1.3725.

**1 to 3 months**



EUR/USD, weekly and daily chart



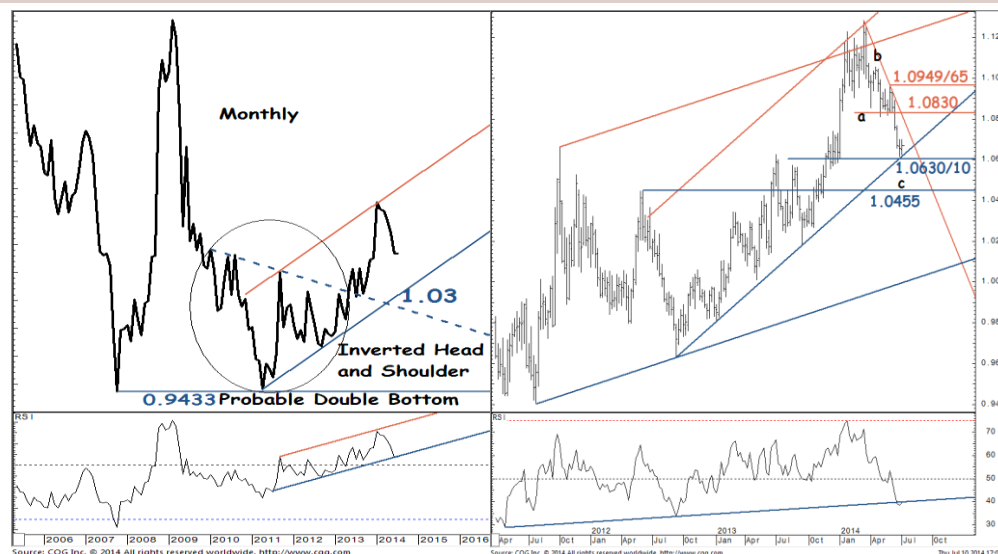
Source: SG Cross Asset Research/Technicals

USD/CAD confirmed an inverted head-and-shoulders last year and reversed the down trend. It is currently undergoing an intermediate correction and testing the lower limit of a weekly channel at 1.0630/10. With momentum indicators at support, the pair is likely to stabilize at current levels. Only a break below 1.0630/10 will trigger a deeper downtrend.

**1 to 3 months**



USD/CAD, monthly and weekly chart



Source: SG Cross Asset Research/Technicals



## FX Valuation

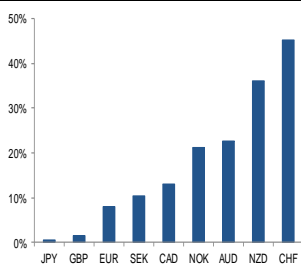
# SIMPLEX fair value models

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Our fair value models cover long-term to medium-term investment horizons, where the sustainable equilibrium may differ. Both the long-term equilibrium and medium-term equilibrium fair value is an average of standard concepts of fair value.

**From a long-term perspective**, commodity currencies such as the AUD and especially NZD are overvalued. This is because the models don't capture the terms of trade gain from the rise of Asia and the consequent bid for commodities. As China slowed down, these commodity currencies dropped closer to their long-term fair values. Medium-term models are built for a normal environment and will hence underestimate the size of such a **fundamental correction**. While EM remains generally cheap (BRL far less so), it has grown more expensive over time.

**Deviation from long-term fair value**

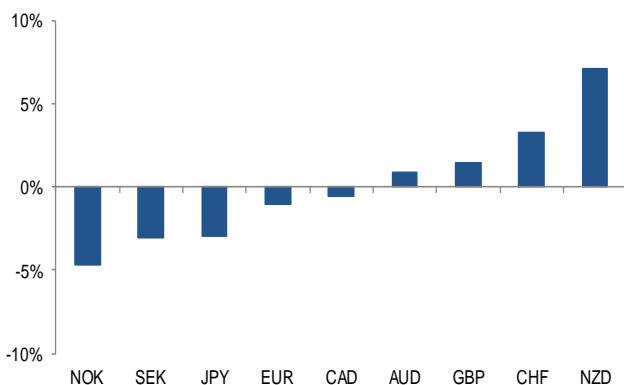


Source: SG Cross Asset Research Note: NOK is very expensive versus very long term metrics, far less so versus long-term metrics.

While the JPY has now corrected close to very long-term fair values following the implementation of Abenomics, the same cannot be said **for the NOK, NZD, AUD and CHF which remain extremely expensive from a long-term point of view**. In Switzerland, the ease with which one can cross the border to purchase goods or for that matter import cheaper qualified labour, means that disinflationary pressures are a constant feature which the SNB must fight. A glass of wine in Norway is as expensive as it gets, but from a medium term perspective the valuation is now a bit cheap.

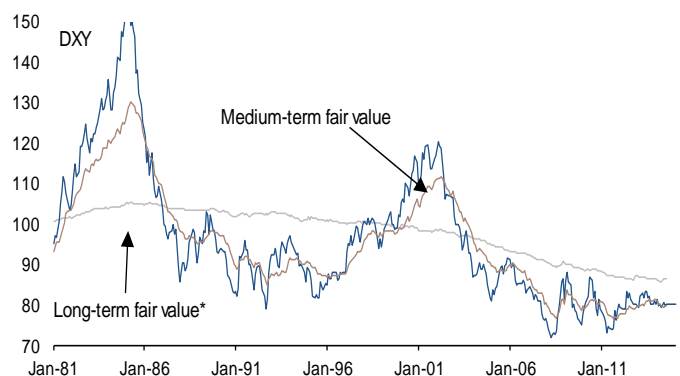
Medium-term models assume a range of equilibrium under normal circumstances: 1) the trade balance (relative PPP), 2) the bond market (IR model), 3) more broadly, financial assets (financial model), 4) the amount of money in relative terms between countries (monetary model) and 5) basic balance of payments (BoP). The monetary model, a classic from the 1980s, proves useful in periods when central banks are aggressive. The BoP model gives an indication of the accumulation of portfolio positions. All models are estimated on their own and as panels for over 75 countries, with data and statistical quality controls in rolling regressions. NZD/NOK is the most exposed to a reversal of fortunes.

**Deviation from long-term fair value against the USD**

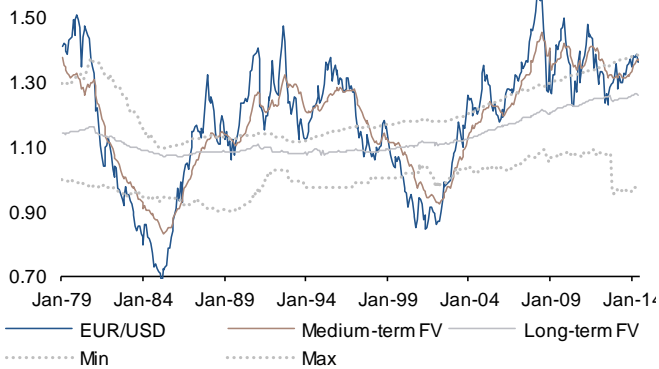


Source: SG Cross Asset Research

**USD is cheap, if the Fed eventually tightens monetary policy**

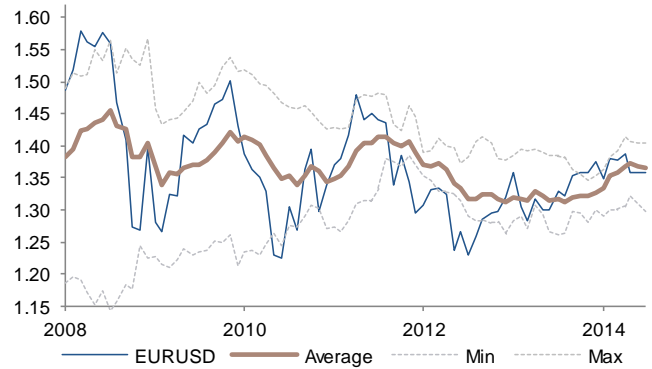


### EUR/USD Fair Value Models



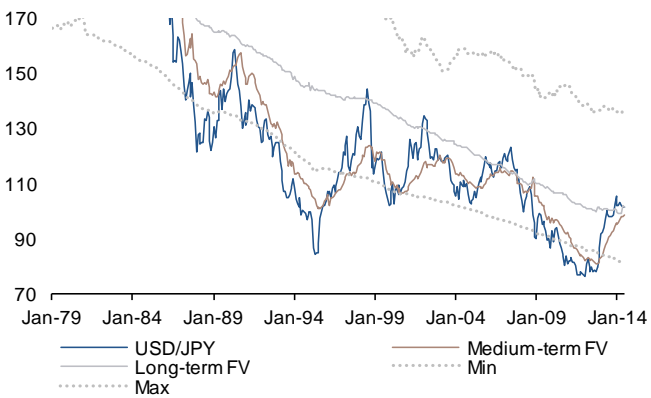
Source: SG Cross Asset Research Note: Long-term model is the average of a FEER model combined with an average of four PPP models accounting for import taxes.

### ...more recently



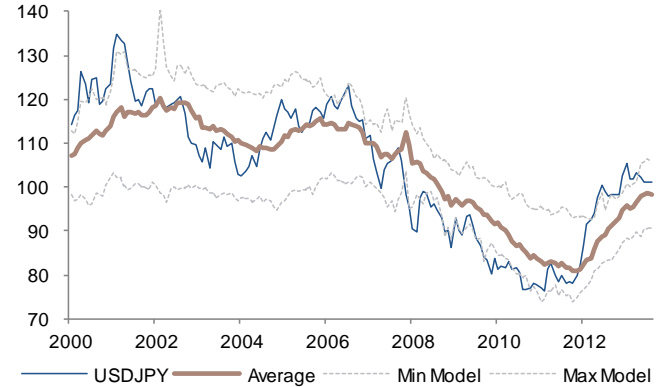
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### USD/JPY Fair Value Models

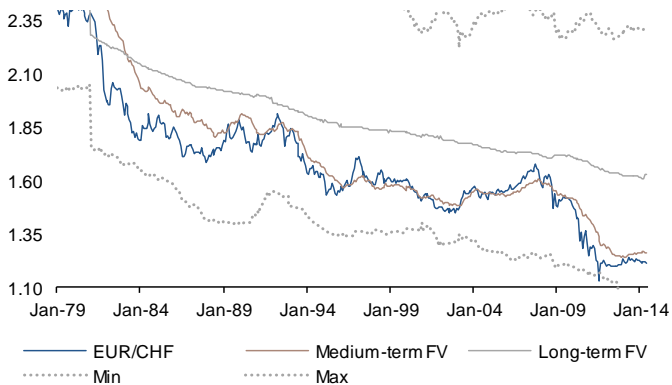


Source: SG Cross Asset Research

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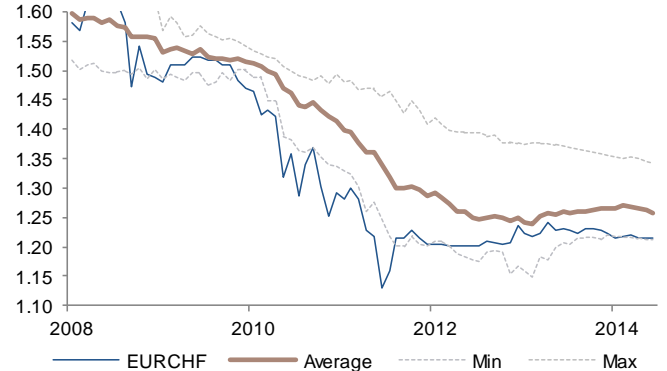


### EUR/CHF Fair Value Models

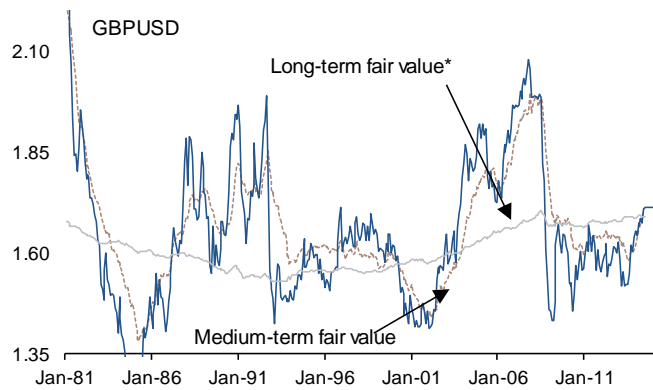


Source: SG Cross Asset Research

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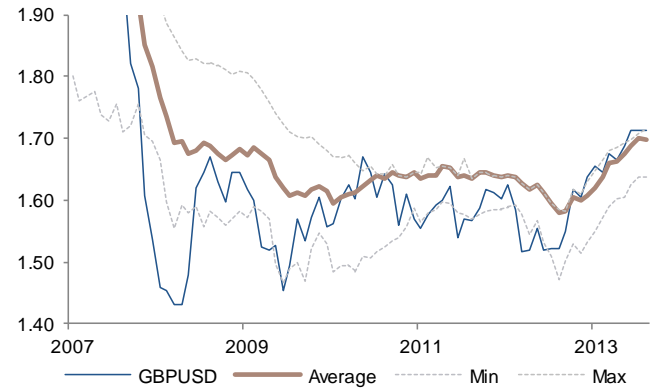


### GBP/USD Fair Value Models cheap vs long-term



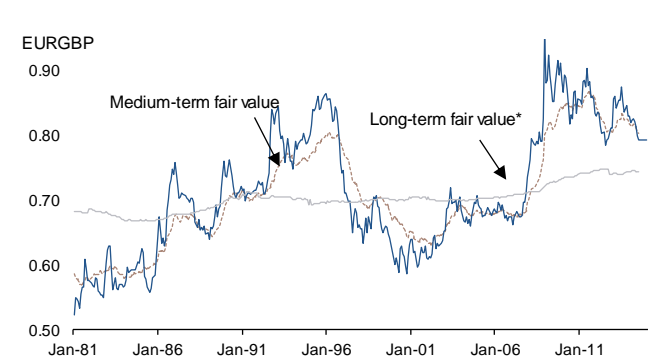
Source: SG Cross Asset Research

### ...more recently GBP is expensive vs medium term



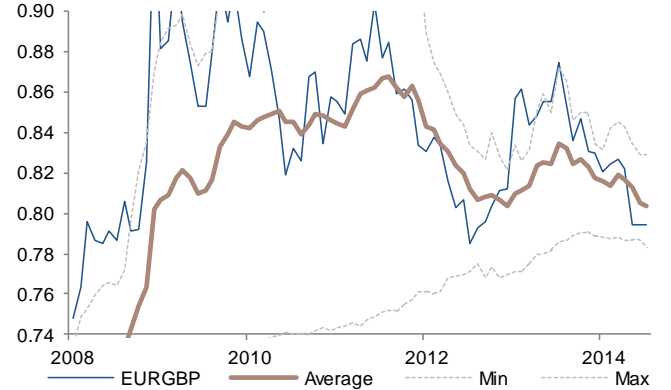
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### EUR/GBP Fair Value Models

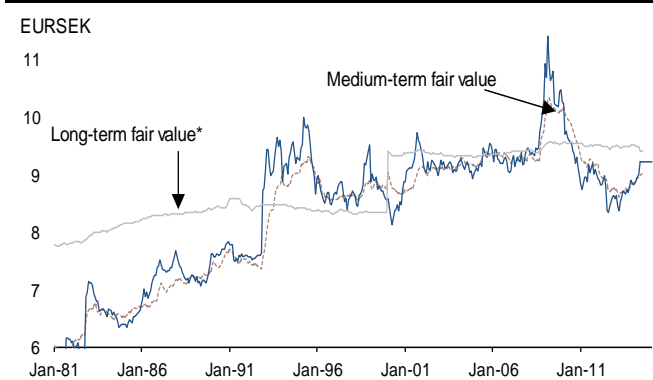


Source: SG Cross Asset Research

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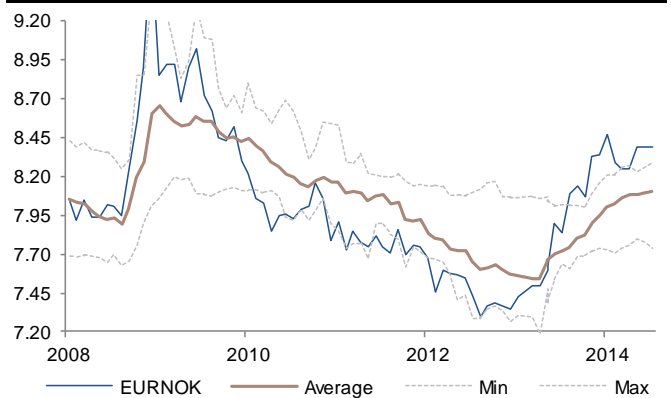


### EUR/SEK Fair Value Models

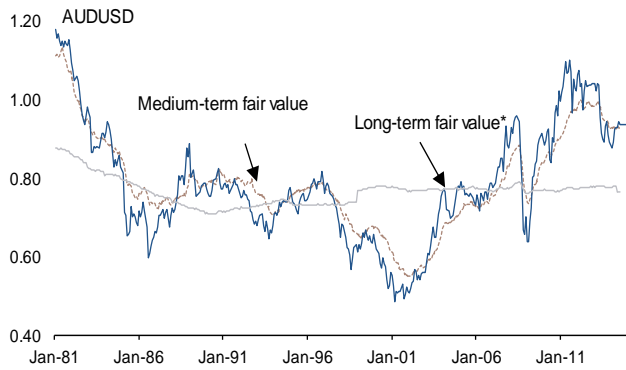


Source: SG Cross Asset Research

### EUR/NOK Fair Value Models

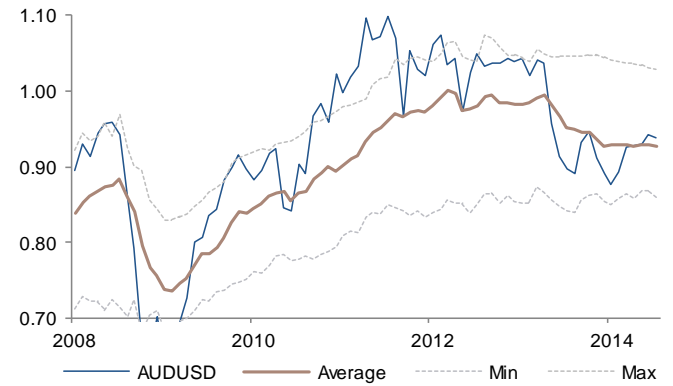


### AUD/USD Fair Value Models



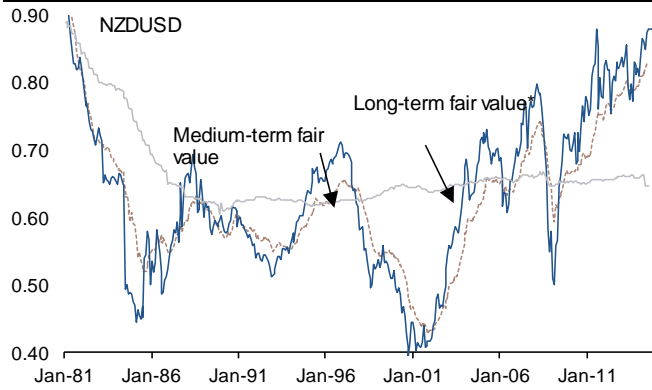
Source: SG Cross Asset Research

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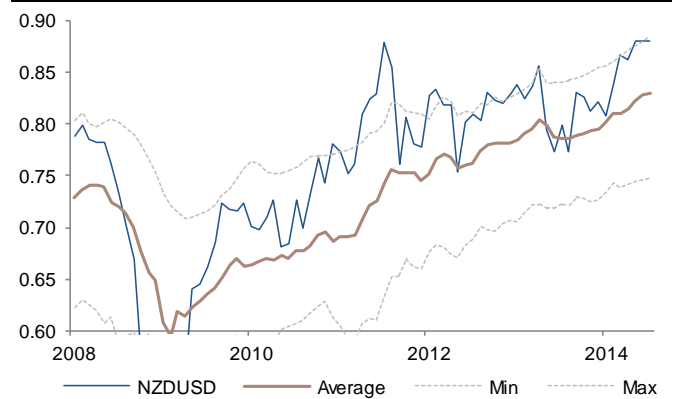
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### NZD/USD Fair Value Models

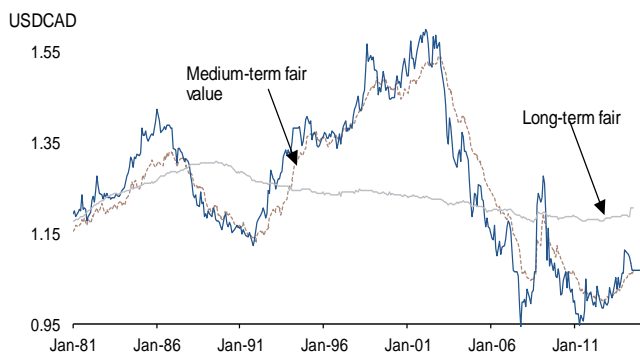


Source: SG Cross Asset Research

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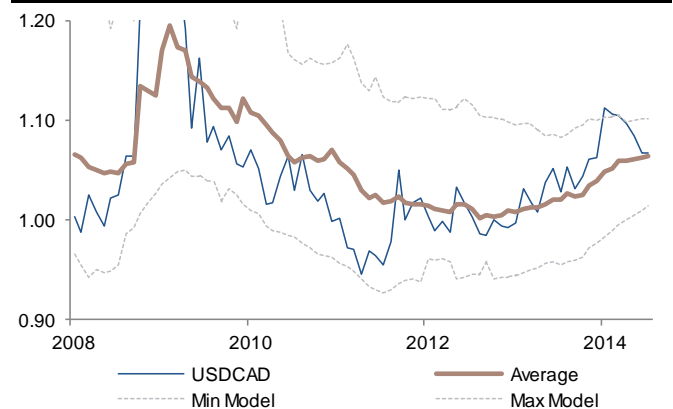


### USD/CAD Fair Value Models



Source: SG Cross Asset Research

### ...more recently



Quantitative analysis

## Currency systematic strategies

Quantitative analysis

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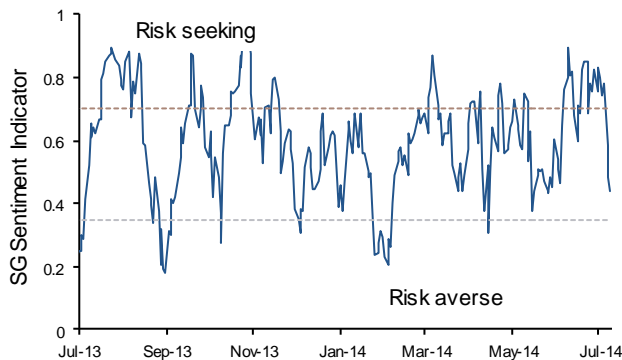
Latest Quantitative Research

The main change in the overall positioning of the [SG FX Enhanced Risk Premia](#) strategy is an increase in short **SEK** positions. The biggest **long** remains the **NZD**, followed by the **CAD**, **GBP** and **TWD**. The most sizeable **shorts** are now the **SEK**, **JPY**, **USD**, **EUR** and **NOK**. The **long positions in USD/SEK, USD/NOK, GBP/USD and NZD/USD** are the USD crosses with the highest combined momentum and IR-driven FX signals among the G10 currencies.

Over the course of the week, the SG Sentiment Indicator has declined to the risk-neutral zone but has remained above the risk-aversion area. We remain **long carry in G10 and EM**, utilising 100% of the risk limits, whereas the Asian carry basket remains closed.

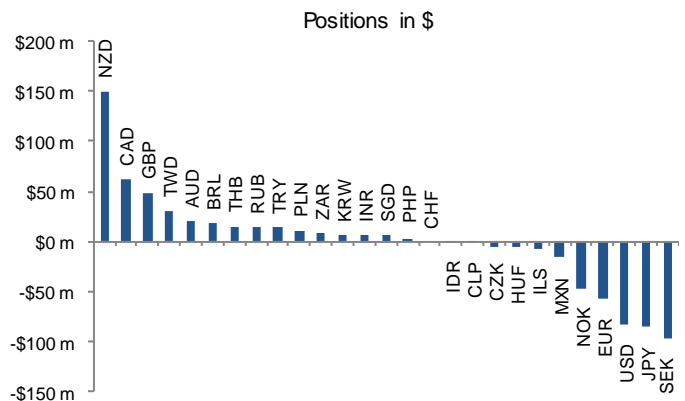
The risk of the aggregate strategy is above the average target and stands at around 17% annualised volatility. The strategy generated +0.98% over the week and is so far up in July by +2.2%. Please refer to the [SG FX Enhanced Risk Premia screener](#) for our latest systematic signals.

### SG Sentiment indicator

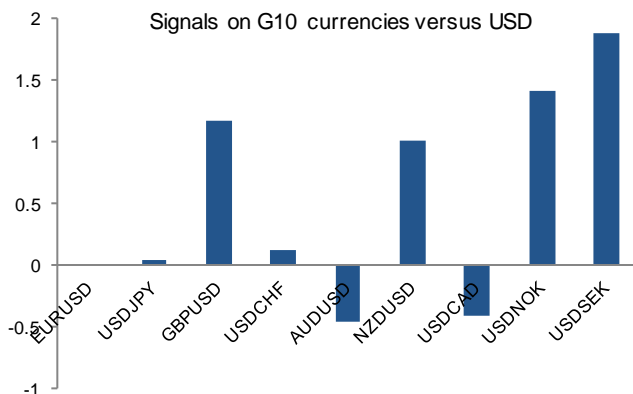


Source: SG Cross Asset Research

### SG FX Quant Fund positions based on USD100m of notional capital

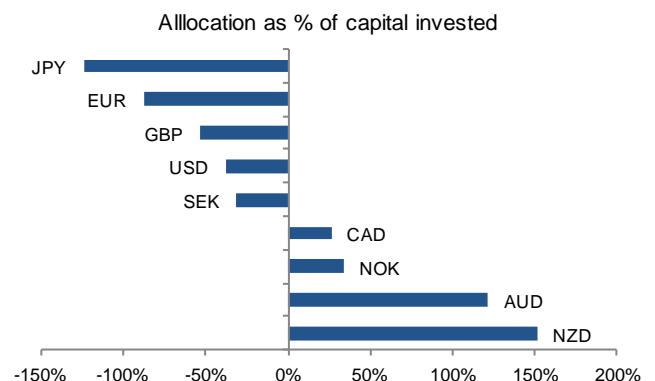


### Combined momentum and IR-driven FX signals



Source: SG Cross Asset Research

### G10 carry basket



# G10 Trade summary

## Open Trade Recommendations

Position	Type	Description	Date Opened	Entry	Target	Stop	P&L (%)
Short EUR/GBP	Structural		15-May	0.8165	0.7800	0.8100	2.8%
Buy USD/SEK 6M call spread 1x17, strikes 6.60/7.00 (cost: 105%)	Structural		02-May				18%
Short EUR/NZD	Tactical		14-Apr	15950	15300	15900	4.0%
Long NOK/SEK	Relative Value		27-Mar	10760	11400	10700	2.4%
Long USD, NOK, GBP / Short JPY, CHF, EUR	Structural	2014 G10 basket	12-Dec		3.0%	-15%	0.9%
Long EUR/CHF	Tactical		12-Dec	12228	12400	12150	-0.5%

## Closed Trade Recommendations (last six months rolling)

Position	Type	Description	Date Opened	Entry	Target	Stop	P&L (%)
Long USD/CAD (stopped 18 June)	Tactical		07-Feb	10990	11700	10850	-1.9%
Long AUD/NZD (take profit 21 April)	Relative Value		14-Mar	10560	10900	10450	3.1%
Buy EUR/SEK 3M put seagull strikes 8.50(x15)/8.70/9.20 (expired OTM)	Structural		06-Feb				-0.1%
Buy GBP/USD 3M risk reversal strikes 160/170 (expired OTM)	Structural		15-Jan				-0.3%
Short AUD/USD (closed 6 March)	Structural		20-Feb	0.8975	0.8500	0.9100	3.1%
Short NZD/USD (stopped 6 February)	Tactical		30-Jan	0.8150	0.7900	0.8250	-1.5%
Short AUD/USD (stopped 6 February)	Structural		16-Jan	0.8810	0.8300	0.8950	-1.8%
Buy EUR/USD 3M put strike 1.32 with KI USD/JPY 101 (expired worthless)	Structural	Exotic option	06-Nov				-0.5%
Long USD/JPY (stopped on higher stop on 24 January)	Structural		21-Nov	10100	10800	10300	2.2%
Long GBP/CHF (take profit 23 January)	Tactical		06-Sep	14705	15200	14650	1.9%
Long GBP/AUD (take profit 16 January)	Structural		06-Jan	18260	19000	18000	1.6%
Long NOK/SEK (stopped 16 January)	Tactical		29-Aug	108	114	105	-2.9%
Long NZD/JPY (take profit 16 January)	Structural		25-Oct	80.60	89.00	85.00	8.8%
Short AUD/CAD (stopped 10 January)	Relative Value		21-Nov	0.9710	0.9200	0.9700	-0.1%
Long NOK and GBP vs EUR (closed 12 December)	Relative Value		27-Jun		3.5%	-15%	-1.3%
Buy USD/CAD 2M put strike 1.02 / Sell EUR/CAD 2M call strike 1.44 (expired)	Relative Value	Option	26-Sep	10320/13930			-0.2%
Long CAD/JPY (take profit 21 November)	Structural		24-Oct	93.35	97.00	92.00	3.0%
Short USD/JPY (stopped 10 October)	Tactical		03-Oct	97.15	96.00	98.00	-1.0%
Short EUR/SEK (stopped 10 October)	Tactical		20-Sep	8.5720	8.4000	8.7900	-2.5%
Buy USD/JPY 6M seagull 95/100/107 (cost: 0.3%) (expired OTM)	Structural	Option	11-Apr	99.30			-0.3%
Long CAD and NOK vs AUD (stopped 7 October)	Structural	Commodity basket	29-Aug		6.0%	-3.5%	-3.5%
Short EUR/USD (closed 10 October)	Structural		20-Jun	13230	125.0%	136.5%	-2.8%
Short CHF vs EUR and USD (stopped 10 October)	Structural		03-Jul		6.0%	-2.0%	-2.0%
Long CAD/JPY (stopped 30 September)	Relative Value		05-Sep	95.03	98.50	95.50	0.5%
Long EUR/PLN (closed 26 September)	Structural	DM-EM divergence	21-Aug	4.2400	6.0%	-3.5%	-0.6%
Long USD/ZAR (closed 26 September)	Structural	DM-EM divergence	21-Aug	10.2300	6.0%	-3.5%	-3.0%
Short THB/JPY (stopped 26 September)	Structural	DM-EM divergence	21-Aug	3.0640	6.0%	-3.5%	-3.5%
Long USD/CHF 6M ATM	Tactical	Option	25-Jul	8.91	10.50	7.70	100 bps
Long AUD, CAD, USD / Short JPY, CHF, EUR	Structural	Currency war basket	08-Mar		6.5%	-3.0%	-3.1%
Long NZD/JPY	Tactical		18-Jul	79.35	8185	77.90	-2.1%
Long AUD/NZD	Relative Value		05-Jul	11770	12130	11570	-1.8%

Notes: Paper trades only. Performance includes costs of carry; P&L in for spot trades, vol points for vol trades and %change in notional for option trades (option trades italicised).

All [forecasts](#) are available online

## G10 FX forecasts

	3-Jul-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>EUR/USD</b>	<b>1.36</b>	1.34	1.32	1.29	1.27
<b>USD/JPY</b>	<b>102.1</b>	101.0	104.0	107.0	110.0
<b>GBP/USD</b>	<b>1.71</b>	1.70	1.69	1.68	1.67
<b>USD/CHF</b>	<b>0.89</b>	0.91	0.93	0.96	0.98
<b>USD/CAD</b>	<b>1.07</b>	1.11	1.12	1.15	1.17
<b>AUD/USD</b>	<b>0.93</b>	0.92	0.90	0.87	0.84
<b>NZD/USD</b>	<b>0.87</b>	0.86	0.85	0.80	0.75
<b>USD/NOK</b>	<b>6.22</b>	5.97	5.91	6.01	6.06
<b>USD/SEK</b>	<b>6.85</b>	6.72	6.86	7.05	7.24
<b>EUR/JPY</b>	<b>139.0</b>	135.3	137.3	138.0	139.7
<b>EUR/GBP</b>	<b>0.80</b>	0.79	0.78	0.77	0.76
<b>EUR/CHF</b>	<b>1.22</b>	1.22	1.23	1.24	1.25
<b>EUR/CAD</b>	<b>1.45</b>	1.49	1.48	1.48	1.49
<b>EUR/AUD</b>	<b>1.46</b>	1.46	1.47	1.48	1.51
<b>EUR/NZD</b>	<b>1.56</b>	1.56	1.55	1.61	1.69
<b>EUR/NOK</b>	<b>8.47</b>	8.00	7.80	7.75	7.70
<b>EUR/SEK</b>	<b>9.33</b>	9.00	9.05	9.10	9.20
<b>DXI Index</b>	<b>80.2</b>	81.2	82.5	84.4	85.8

### Key central bank rates

	3-Jul-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>USA</b>	<b>0.25</b>	0.25	0.25	0.25	0.25
<b>Japan</b>	<b>0.10</b>	0.07	0.07	0.07	0.07
<b>Eurozone</b>	<b>0.15</b>	0.15	0.15	0.15	0.15
<b>United Kingdom</b>	<b>0.50</b>	0.50	0.75	1.00	1.25
<b>Australia</b>	<b>2.50</b>	2.50	2.50	2.50	2.50
<b>Switzerland</b>	<b>0.00</b>	0.00	0.00	0.00	0.00

### 10 year bond yields

	3-Jul-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>USA</b>	<b>2.67</b>	2.75	3.25	3.40	3.60
<b>Japan</b>	<b>0.57</b>	0.60	0.70	0.75	0.80
<b>Eurozone</b>	<b>1.31</b>	1.50	1.75	1.90	2.10
<b>United Kingdom</b>	<b>2.77</b>	2.70	2.90	3.25	3.50
<b>Australia</b>	<b>3.54</b>	3.90	4.30	4.40	4.50
<b>Switzerland</b>	<b>0.67</b>	0.80	1.05	1.20	1.40

## EM FX forecasts

	Sep-14	Dec-14	Mar-15	Jun-15
EUR/PLN	4.15	4.10	4.15	4.15
EUR/HUF	297	295	300	303
EUR/CZK	27.20	27.10	27.04	27.02
EUR/RON	4.35	4.40	4.38	4.35
EUR/RSD	116.1	117.1	117.8	118.2
EUR/RUB	44.89	45.54	44.62	44.07
EUR/TRY	2.65	2.67	2.63	2.64
RUB/BASK	38.63	39.47	39.10	39
USD/RUB	33.50	34.50	34.59	34.70
USD/TRY	1.98	2.02	2.04	2.08
USD/ZAR	9.90	10.10	10.30	10.60
USD/ILS	3.54	3.51	3.47	3.45
USD/EGP	6.90	6.90	6.80	6.80
USD/NGN	170.00	174.00	180.00	190.00
USD/GHS	3.20	3.54	3.89	4.05
USD/BRL	2.22	2.28	2.35	2.45
USD/MXN	12.40	12.45	12.50	12.55
USD/CLP	535	540	545	550
USD/COP	1890	1900	1905	1910
USD/PEN	2.75	2.76	2.77	2.78
USD/CNY	6.20	6.18	6.20	6.22
USD/HKD	7.75	7.75	7.75	7.75
USD/INR	58.00	58.00	57.50	57.50
USD/IDR	12300	12600	12900	13100
USD/MYR	3.15	3.15	3.11	3.11
USD/PHP	43.50	43.00	42.50	42.50
USD/SGD	1.23	1.22	1.22	1.22
USD/KRW	1020	1050	1070	1090
USD/TWD	29.80	29.60	29.70	29.80
USD/THB	32.50	32.00	31.50	31.50

### Key central bank rates

	Sep 14	Dec 14	Mar-15	Jun-15
Poland	2.50	2.50	2.50	2.75
Hungary	2.00	2.00	2.00	2.00
Czech Rep.	0.05	0.05	0.05	0.05
Romania	3.50	3.50	3.50	3.50
Russia	7.50	7.50	6.50	5.50
Serbia	8.00	7.25	7.00	6.50
Turkey	8.50	8.00	8.00	8.00
South Africa	5.75	6.00	6.00	6.25
Israel	0.75	0.75	0.75	0.75
Brazil	11.00	11.50	12.00	12.00
Mexico	3.00	3.00	3.00	3.25
Chile	3.50	3.25	3.25	3.25
China	3.00	3.00	3.00	3.00
South Korea	2.50	2.50	2.75	3.00
Taiwan	1.88	1.88	2.00	2.13
India	8.00	8.00	8.00	8.00
Indonesia	7.50	7.50	7.25	7.25



## Calendar

### During the Week

		GMT	Period	Previous	SG Forecasts	CNS/Actual
Brazil	Formal Job Creation Total		Jun	5883600	.	
	CNI Industrial Confidence		Jul	4750	.	
China	Foreign Reserves (bln, USD)		Jun	3950	.	
	New Yuan Loans (bln, CNY)		Jun	870.8	.	
	Aggregate Financing RMB (bln, CNY)		Jun	1400	.	
	Money Supply M0 (% YoY)		Jun	6.7	.	
	Money Supply M1 (% YoY)		Jun	5.7	.	
	Money Supply M2 (% YoY)		Jun	13.4	.	
	Foreign Direct Investment (% YoY)		Jun	0	.	
India	Exports (% YoY)		Jun	12.4	.	
	Imports (% YoY)		Jun	-11.4	.	
Ireland	Trade Balance (mln, EUR)		May	2876	.	
Japan	Nationwide Dept Sales (% YoY)		Jun	-4.2	.	
	Tokyo Dept Store Sales (% YoY)		Jun	-4.3	.	
	Supermarket Sales (% YoY)		Jun	-2.2	.	
Mexico	Formal Job Creation Total		Jun	47.9	.	
Russia	PPI (% MoM)		Jun	0.4	.	
	PPI (% YoY)		Jun	8.9	.	
	Industrial Production (% YoY)		Jun	2.8	.	
South Korea	Foreign Direct Investments (% YoY)		2Q	49.1	.	
	Discount Store Sales (% YoY)		Jun	12	.	
	Department Store Sales (% YoY)		Jun	0.8	.	
Switzerland	Real Estate Index Family Homes		2Q	434.3	.	

### Monday 14 Jul 2014

		GMT	Period	Previous	SG Forecasts	CNS/Actual
Brazil	Trade Balance Weekly (mln, USD)	19:00	13 Jul	1289	.	
Ireland	Ulster Bank Ireland Construction PMI	0:01	Jun	60.2	.	
Australia	Credit Card Balances (bln, AUD)	2:30	May	A 49.8B	.	
	Credit Card Purchases (bln, AUD)	2:30	May	A 21.3B	.	
Japan	Industrial Production (% MoM)	5:30	May F	0.5	.	
	Industrial Production (% YoY)	5:30	May F	0.8	.	
	Capacity Utilization (% MoM)	5:30	May	-2.2	.	
India	Wholesale Prices (% YoY)	7:30	Jun	6.01	.	
Hungary	Industrial Production s.a. (% MoM)	8:00	May F	-1	.	
	Industrial Production w.d.a. (% YoY)	8:00	May F	9.6	.	
Czech Repub	Current Account Monthly (bln, CZK)	9:00	May	-11.42	-9	
Euro area	EU, U.S. Hold Trans-Atlantic Trade Talks in Brussels	9:00			.	
Italy	General Government Debt (bln, EUR)	9:30	May	2146.4	.	
Euro area	Industrial Production s.a. (% MoM)	10:00	May	0.8	.	
	Industrial Production w.d.a. (% YoY)	10:00	May	1.4	.	
Brazil	Central Bank Weekly Economists Survey	12:30			.	
India	CPI (% YoY)	13:00	Jun	8.28	.	
Poland	Current Account Balance (mln, EUR)	13:00	May	1028	900	
	Trade Balance (mln, EUR)	13:00	May	856	516	
	Exports (mln, EUR)	13:00	May	14207	13667	
	Imports (mln, EUR)	13:00	May	13351	13151	
	Money Supply M3 (% MoM)	13:00	Jun	0.6	0.7	
	Money Supply M3 (% YoY)	13:00	Jun	5.3	5.5	
Euro area	ECB President Draghi at European Parliament in Strasbo	18:00			.	

## Tuesday 15 Jul 2014

		GMT	Period	Previous	SG Forecasts	CNS/Actual
Japan	BOJ 2014 Monetary Base Target (tn, JPY)			270T	.	
	Bank of Japan Monetary Policy Statement				.	
UK	BRC Sales Like-For-Like (% YoY)	0:01	Jun	0.5	.	
Australia	New Motor Vehicle Sales (% MoM)	2:30	Jun	0.3	.	
	New Motor Vehicle Sales (% YoY)	2:30	Jun	-2	.	
	RBA Minutes of July Meeting	2:30			.	
Japan	Tokyo Condominium Sales (% YoY)	5:00	Jun	-13.4	.	
	Machine Tool Orders (% YoY)	7:00	Jun F	--	.	
Switzerland	Producer & Import Prices (% MoM)	8:15	Jun	0.1	.	
	Producer & Import Prices (% YoY)	8:15	Jun	-0.8	.	
Euro area	Juncker Speaks to EU Parliament, Faces Confirmation V	9:00			.	
Italy	CPI FOM Index Ex Tobacco	9:00	Jun	107.3	107.4	
	CPI EU Harmonized (% YoY)	9:00	Jun F	0.2	0.2	
Norway	Existing Homes (% QoQ)	9:00	2Q	2.1	.	
UK	CPI (% MoM)	9:30	Jun	-0.1	.	
	CPI (% YoY)	9:30	Jun	15	.	
	CPI Core (% YoY)	9:30	Jun	16	.	
	Retail Price Index	9:30	Jun	255.9	.	
	RPI (% MoM)	9:30	Jun	0.1	.	
	RPI (% YoY)	9:30	Jun	2.4	.	
	RPI Ex Mort Int. Payments (% YoY)	9:30	Jun	2.5	.	
	PPI Input n.s.a. (% MoM)	9:30	Jun	-0.9	.	
	PPI Input n.s.a. (% YoY)	9:30	Jun	-5	.	
	PPI Output n.s.a. (% MoM)	9:30	Jun	-0.1	.	
	PPI Output n.s.a. (% YoY)	9:30	Jun	0.5	.	
	PPI Output Core n.s.a. (% MoM)	9:30	Jun	0	.	
	PPI Output Core n.s.a. (% YoY)	9:30	Jun	1	.	
	ONS House Price (% YoY)	9:30	May	9.9	.	
Euro area	ZEW Survey Expectations	10:00	Jul	58.4	.	
Germany	ZEW Survey Current Situation	10:00	Jul	67.7	66.8	
	ZEW Survey Expectations	10:00	Jul	29.8	30.5	
UK	BOE's Carney and others at Treasury Committee on FSR	10:00			.	
Poland	CPI (% MoM)	13:00	Jun	-0.1	0	
	CPI (% YoY)	13:00	Jun	0.2	0.2	
US	Retail Sales Advance (% MoM)	13:30	Jun	0.3	.	
	Empire Manufacturing	13:30	Jul	19.28	.	
	Retail Sales Ex Auto (% MoM)	13:30	Jun	0.1	.	
	Retail Sales Ex Auto and Gas (% MoM)	13:30	Jun	0	.	
	Retail Sales Control Group (% MoM)	13:30	Jun	0	.	
	Import Price Index (% MoM)	13:30	Jun	0.1	.	
	Import Price Index (% YoY)	13:30	Jun	0.4	.	
Poland	Budget Bal.: Performance YtD (%)	14:00	Jun	47.3	.	
	Budget Balance: Level YtD (mln)	14:00	Jun	-22473	.	
Mexico	International Reserves Weekly	15:00	11 Jul	--	.	
US	Business Inventories (% MoM)	15:00	May	0.6	.	
Chile	Overnight Rate Target (%)	23:00		4	3.75	

## Wednesday 16 Jul 2014

		GMT	Period	Previous	SG Forecasts	CNS/Actual
Brazil	Selic Rate (%)			11	11	
Euro area	EU Leaders Hold Summit on Key Appointments					
Spain	Trade Balance (mln, EUR)		May	-2154.8	.	
South Korea	Unemployment rate s.a. (%)	0:00	Jun	3.7	.	
Australia	Westpac Leading Index (% MoM)	130	Jun	0.1	.	
China	Fixed Assets Ex Rural YtD (% YoY)	3:00	Jun	17.2	17.2	
	Retail Sales YtD (% YoY)	3:00	Jun	12.1	12.1	
	Retail Sales (% YoY)	3:00	Jun	12.5	12.5	
	Industrial Production YtD (% YoY)	3:00	Jun	8.7	8.8	
	Industrial Production (% YoY)	3:00	Jun	8.8	9	
	GDP YtD (% YoY)	3:00	2Q	7.4	7.5	
	GDP s.a. (% QoQ)	3:00	2Q	14	.	
	GDP (% YoY)	3:00	2Q	7.4	7.5	
Czech Repub	PPI Industrial (% MoM)	8:00	Jun	0	0.2	
	PPI Industrial (% YoY)	8:00	Jun	-0.1	0	
	Export Price Index (% YoY)	8:00	May	3.1	.	
	Import Price Index (% YoY)	8:00	May	0.8	.	
Italy	Trade Balance Total (mln, EUR)	9:00	May	3505	.	
	Trade Balance EU (mln, EUR)	9:00	May	1851	.	
Norway	Trade Balance (bln, NOK)	9:00	Jun	26.8	.	
Euro area	ECB's Coeure Speaks in Frankfurt	9:30			.	
UK	Claimant Count Rate (%)	9:30	Jun	3.2	.	
	Claimant Count Change ('000s)	9:30	Jun	-27.4	.	
	ILO Unemployment Rate 3Mths (%)	9:30	May	6.6	.	
	Employment Change 3M/3M ('000s)	9:30	May	345	.	
	Average Weekly Earnings 3M/3M (% YoY)	9:30	May	0.7	.	
	Average Weekly Earnings ex Bonus 3M/3M (% YoY)	9:30	May	0.9	.	
Euro area	Trade Balance s.a.	10:00	May	15.8	.	
	Trade Balance n.s.a.	10:00	May	15.7	.	
Italy	Etihad Airways CEO Hogan Attends Event in Rome	10:00			.	
Switzerland	Credit Suisse ZEW Survey Expectations	10:00	Jul	4.8	.	
Brazil	FGV Inflation IGP-10 (% MoM)	12:00	Jul	-0.67	.	
	FGV CPI IPC-S (%)	12:00	15 Jul	--	.	
US	MBA Mortgage Applications	12:00	11 Jul	--	.	
Brazil	Retail Sales (% MoM)	13:00	May	-0.4	.	
	Retail Sales (% YoY)	13:00	May	6.7	5	
	Retail Sales Broad (% YoY)	13:00	May	0	.	
Poland	CPI Core (% MoM)	13:00	Jun	0	0	
	CPI Core (% YoY)	13:00	Jun	0.8	0.8	
	Average Gross Wages (% MoM)	13:00	Jun	-2.5	3.2	
	Average Gross Wages (% YoY)	13:00	Jun	4.8	5.1	
	Employment (% MoM)	13:00	Jun	0	0.2	
	Employment (% YoY)	13:00	Jun	0.7	0.7	
Russia	CPI WoW	13:00	14 Jul	--	.	
	CPI Weekly YtD (%)	13:00	14 Jul	--	.	
US	PPI Final Demand (% MoM)	13:30	Jun	-0.2	.	
	PPI Ex Food and Energy (% MoM)	13:30	Jun	-0.1	.	
	PPI Final Demand (% YoY)	13:30	Jun	2	.	
	PPI Ex Food and Energy (% YoY)	13:30	Jun	2	.	
	Net Long-term TIC Flows (bln, USD)	14:00	May	\$24.20	.	
	Total Net TIC Flows (bln, USD)	14:00	May	136.8	.	
	Industrial Production (% MoM)	14:15	Jun	0.6	.	
	Capacity Utilization (%)	14:15	Jun	79.1	.	
	Manufacturing (SIC) Production (% MoM)	14:15	Jun	0.6	.	
	NAHB Housing Market Index	15:00	Jul	49	.	
Brazil	Currency Flows Weekly	16:30			.	
US	U.S. Federal Reserve Releases Beige Book	19:00			.	

## Thursday 17 Jul 2014

		GMT	Period	Previous	SG Forecasts	CNS/Actual
South Korea	PPI (%YoY)	22:00 (-1D)	Jun	0	.	.
Japan	Japan Buying Foreign Bonds	0:50	11Jul	--	.	.
	Japan Buying Foreign Stocks	0:50	11Jul	--	.	.
	Foreign Buying Japan Stocks	0:50	11Jul	--	.	.
	Foreign Buying Japan Bonds	0:50	11Jul	--	.	.
Australia	Conf. Board Leading Index (%MoM)	1:00	May	-0.1	.	.
	NAB Business Confidence	2:30	2Q	6	.	.
	RBA FX Transactions Market (mln, AUD)	2:30	Jun	489	.	.
	RBA FX Transactions Government (mln, AUD)	2:30	Jun	-524	.	.
	RBA FX Transactions Other (mln, AUD)	2:30	Jun	55	.	.
Euro area	EU27 New Car Registrations (%)	7:00	Jun	4.5	.	.
Brazil	FIPE CPI - Weekly (%)	9:00	15 Jul	--	.	.
Euro area	Construction Output (%MoM)	10:00	May	0.8	.	.
	Construction Output (%YoY)	10:00	May	8	.	.
	CPI (%MoM)	10:00	Jun	-0.1	0.1	.
	CPI (%YoY)	10:00	Jun F	0.5	0.5	.
	CPI Core (%YoY)	10:00	Jun F	0.7	0.8	.
Italy	Current Account Balance (mln, EUR)	10:00	May	2033	.	.
Poland	Central/Eastern European ZEW Indicator	10:00	Jul	.	.	.
Portugal	PPI (%MoM)	11:00	Jun	0	.	.
	PPI (%YoY)	11:00	Jun	-0.5	.	.
Russia	Gold and Forex Reserve	12:00	11Jul	--	.	.
Brazil	Economic Activity (%MoM)	12:30	May	0.12	.	.
	Economic Activity (%YoY)	12:30	May	-2.29	0.5	.
Poland	Sold Industrial Output (%MoM)	13:00	Jun	-1.7	2.8	.
	Sold Industrial Output (%YoY)	13:00	Jun	4.4	4.6	.
	PPI (%MoM)	13:00	Jun	-0.2	-0.2	.
	PPI (%YoY)	13:00	Jun	-1	-14	.
Russia	Real Disposable Income	13:00	Jun	5.8	.	.
	Real Wages (%YoY)	13:00	Jun	5	.	.
	Retail Sales Real (%MoM)	13:00	Jun	1.7	.	.
	Retail Sales Real (%YoY)	13:00	Jun	2.1	.	.
	Investment In Productive Capacity	13:00	Jun	-2.6	.	.
	Unemployment Rate (%)	13:00	Jun	4.9	.	.
US	Housing Starts ('000s)	13:30	Jun	1001	.	.
	Housing Starts (%MoM)	13:30	Jun	-6.5	.	.
	Initial Jobless Claims ('000s)	13:30	12 Jul	--	.	.
	Building Permits ('000s)	13:30	Jun	991	.	.
	Continuing Claims ('000s)	13:30	05 Jul	--	.	.
	Building Permits (%MoM)	13:30	Jun	-6.4	.	.
	Philadelphia Fed Business Outlook	15:00	Jul	17.8	.	.
	Fed's Bullard (St. Louis, not in FOMC in 2014) Speaks on	18:35			.	.

## Friday 18 Jul 2014

		GMT	Period	Previous	SG Forecasts	CNS/Actual
Russia	Money Supply Narrow Def		11Jul	--	.	.
China	China Property Prices	2:30	Jun		.	.
	MNI Business Indicator	2:45	Jul		.	.
Euro area	ECB Current Account s.a.	9:00	May	215	.	.
	Current Account n.s.a.	9:00	May	18.7	.	.
	ECB Announces 3-Year LTRO Repayment	11:00			.	.
Brazil	IGP-M Inflation 2nd Preview (%)	12:00	Jul	-0.64	.	.
Mexico	Unemployment Rate n.s.a.	14:00	Jun	4.92	.	.
	Unemployment Rate s.a. (%)	14:00	Jun	5	.	.
Euro area	EU, U.S. Negotiators Brief Press After Trade Talks	14:30			.	.
US	Univ. of Michigan Confidence	14:55	Jul P	82.5	.	.
	Leading Index	15:00	Jun	0.5	.	.



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