

CMC: euro's loss is US dollar's gain

CMC Markets (CMC) has topped the one-month and three-month currency forecast rankings with a euro-bearish, dollar-bullish stance.

Ashraf Laidi, chief market strategist at CMC in London, said: "The euro's breach below \$1.23 and cable's post-election dip under \$1.47 were vital technical confirmations for the greenback's ascent."

When forecasting, Laidi said CMC focused on broadening euro deterioration, dragged down by negative euro-zone sovereign dynamics and the European Central Bank's (ECB) foray into quantitative easing. The governing council of the ECB announced on June 30 that it had purchased €60 billion worth of covered bonds to support the financial market.

Laidi said: "Our confidence in the US dollar grew further as the currency was propped up not only by deepening risk

aversion, but also by stabilising dynamics in the US."

US unemployment fell in June from 9.7% to 9.5%, with 83,000 new private-sector jobs created, according to the most recent payroll figures, released last week.

Looking ahead, Laidi said: "The euro is vulnerable to renewed assault early in the fourth quarter on a combination of euro-specific forces including: prolonged ECB bond buying and rescheduling of Greek debt; broadening risk aversion resulting from US mid-term election uncertainty; fresh cracks in US housing; and uncertainty with China's expansion." Laidi predicts EUR/USD could fall to \$1.10.

Meanwhile, he said: "USD/JPY has yet to re-test the 87 figure as Japanese investors' aversion to the overseas climate will



Ashraf Laidi, CMC Markets

prove a considerable challenge to Tokyo's yen-suppressing efforts." In May, the Bank of Japan offered to inject ¥2,000 billion overnight to calm markets over Greece's sovereign debt crisis.

Laidi said caution must be exercised against any excessive overshoot in US dollar strength or euro weakness. He said: "Fundamental doubts in the US, including the regulatory environment, low US interest rates and expiry of housing credits, will probably stand in the way of key dollar levels, which are 1.10 versus the euro and 95 on the US dollar index."

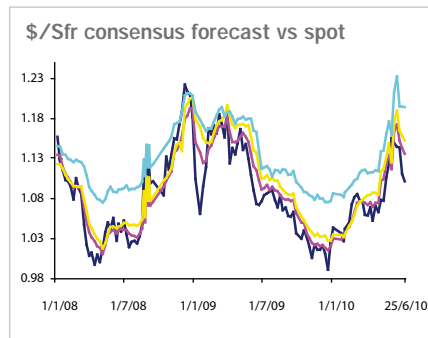
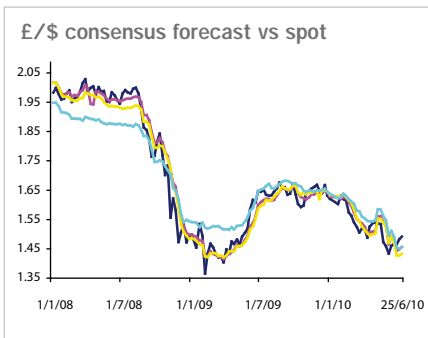
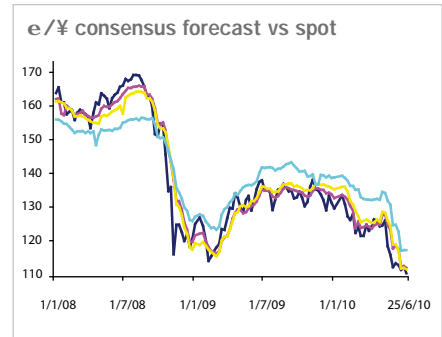
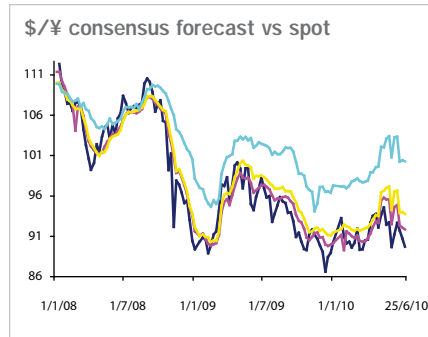
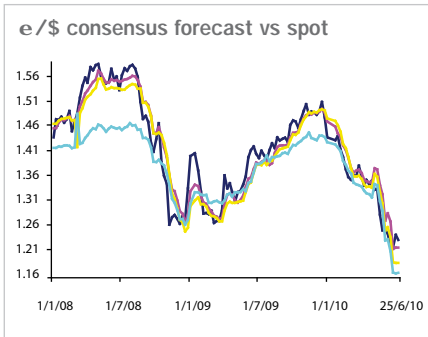
He said that, in the case of a weakening US dollar, gold could become a safe haven, reaching \$1,300 by Q3. [FX](#)

Farah Khaliq

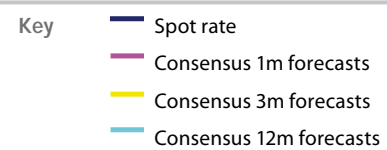
	Euro/dollar			Dollar/yen			Euro/yen			Sterling/dollar			Dollar/Swiss		
	1m	3m	12m	1m	3m	12m	1m	3m	12m	1m	3m	12m	1m	3m	12m
4Cast	1.22	1.15	1.05	90	94	98	110	108	103	1.48	1.39	1.31	1.12	1.19	1.29
ANZ	1.22	1.21	1.12	93	95	98	112	114	110	1.43	1.40	1.52	1.14	1.17	1.23
Aspen Trading	1.28	1.22	1.22	85	85	90	114	110	112	1.54	1.51	1.48	1.04	1.06	1.12
Bank of America Merrill Lynch	1.24	1.18	1.12	93	95	103	115	113	114	1.44	1.45	1.42	1.12	1.12	1.19
Bank Of China	1.15	1.10	1.00	88	92	100	114	118	128	1.48	1.40	1.35	1.05	1.10	1.05
Bank of Montreal	1.33	1.31	1.25	94	95	100	124	124	125	1.48	1.46	1.40	1.07	1.07	1.08
Barclays Capital	1.20	1.20	1.25	92	94	98	110	113	123	1.45	1.48	1.57	1.21	1.23	1.24
BNP Paribas	1.20	1.16	1.04	91	92	110	109	107	114	1.47	1.40	1.30	1.12	1.16	1.35
Credit Agricole CIB	1.23	1.15	1.10	90	93	106	111	107	117	1.49	1.44	1.47	1.08	1.17	1.26
CMC Markets	1.21	1.17	1.30	88	84	95	106	98	124	1.48	1.42	1.50	1.10	1.03	1.02
Commonwealth Bank of Australia	1.21	1.20	1.15	94	98	108	114	118	124	1.48	1.50	1.53	1.14	1.12	1.18
Danske Bank	1.20	1.15	1.27	89	93	99	107	107	126	1.45	1.39	1.52	1.11	1.17	1.11
FXCM	1.25	1.20	0.95	93	91	85	116	109	81	1.50	1.46	1.20	1.12	1.15	1.30
Gain Capital	1.20	1.15	1.05	94	98	105	113	113	110	1.45	1.40	1.35	1.14	1.20	1.28
GFT	1.23	1.21	1.25	91	92	92	112	111	115	1.48	1.47	1.53	1.11	1.13	1.11
HSBC	1.25	1.30	1.35	95	97	105	119	126	142	1.50	1.56	1.65	1.13	1.11	1.09
Informa Global Markets	1.22	1.15	1.05	88	90	100	106	104	105	1.49	1.45	1.39	1.09	1.10	1.20
Lloyds TSB	1.23	1.20	1.18	90	93	102	111	112	120	1.50	1.43	1.42	1.07	1.13	1.19
Morgan Stanley	1.21	1.18	1.12	91	95	103	110	112	115	1.48	1.44	1.40	1.08	1.08	1.20
National Australia Bank	1.22	1.20	1.21	91	96	102	111	115	123	1.50	1.48	1.54	1.08	1.10	1.12
Nomura	1.18	1.16	1.15	93	94	90	110	109	104	1.39	1.40	1.49	1.19	1.20	1.20
Rabobank	1.20	1.16	1.23	91	95	104	109	110	128	1.40	1.36	1.52	1.18	1.21	1.15
RBC Capital Markets	1.21	1.18	1.10	90	89	100	109	105	110	1.43	1.40	1.36	1.13	1.16	1.21
Royal Bank of Scotland	1.23	1.15	1.06	90	92	102	111	106	108	1.50	1.42	1.40	1.09	1.17	1.26
Saxo Bank	1.20	1.16	1.12	90	95	102	108	110	114	1.45	1.45	1.45	1.15	1.18	1.28
Scotia Capital	1.20	1.17	1.21	91	93	97	109	109	117	1.44	1.46	1.50	1.13	1.11	1.09
SEB	1.25	1.18	1.20	88	93	100	110	110	120	1.49	1.47	1.50	1.06	1.17	1.15
St George Bank	1.23	1.22	1.21	90	95	107	111	116	129	1.44	1.43	1.47	1.15	1.13	1.08
Standard Chartered	1.20	1.15	1.25	92	97	105	110	112	131	1.47	1.38	1.55	1.11	1.20	1.15
Thomson Reuters - IFR	1.23	1.15	1.25	90	95	105	111	109	131	1.50	1.60	1.70	1.06	1.10	1.03
TMS Brokers	1.22	1.18	1.10	91	92	97	111	109	106	1.45	1.44	1.35	1.10	1.14	1.27
TD Securities	1.22	1.15	1.05	90	93	98	110	107	103	1.47	1.37	1.30	1.10	1.18	1.35
UBS	1.20	1.15	1.15	95	95	95	114	109	109	1.41	1.35	1.35	1.14	1.17	1.19
UniCredit MIB	1.18	1.16	1.25	93	96	103	110	111	129	1.41	1.42	1.60	1.14	1.14	1.17
Wells Fargo	1.24	1.20	1.14	90	94	100	112	113	114	1.49	1.48	1.42	1.09	1.14	1.20
Westpac	1.20	1.15	1.35	90	86	95	120	105	130	1.45	1.37	1.55	1.06	1.02	1.15
CONSENSUS VIEW	1.2189	1.1794	1.1625	90.98	93.23	99.97	111.57	110.80	117.07	1.4654	1.4365	1.4543	1.1111	1.1389	1.1813
STANDARD DEVIATION	0.0296	0.0395	0.0958	2.1659	3.2013	5.2886	3.6146	5.2451	11.2453	0.0326	0.0528	0.1045	0.0384	0.0489	0.0847
BULL/BEAR VALUE	-0.8883	-1.4636	-0.7443	0.0179	0.0201	0.0267	0.0049	0.0020	0.0060	-1.0818	-1.0292	-0.4075	1.1463	1.4341	1.2980

* Bull/bear value represents a measure of the direction and consensus of forecasts calculated in relation to the spot rate and standard deviation. Forecasts submitted July 2, with €//\$ trading at 1.2518, \$/¥ at 87.59, €/¥ at 109.65, £/\$ at 1.5190, \$/Sfr at 1.0643

Currency forecasts index



Methodology: Rankings are a weekly accuracy rating average percentage divergence of each contributor's aggregated EUR/USD, USD/JPY, EUR/JPY, GBP/USD and USD/CHF forecasts from spot rates on June 29. One-month forecasts submitted May 28. Three-month forecasts submitted April 1. Twelve-month forecasts submitted June 26, 2009. Indexes calculated from weekly accuracy over one, three and 12 months.



Rankings 12m forecasts		
1	BNP Paribas	6.897
2	UBS	7.718
3	Citi	8.434
4	Informa Global Markets	10.672
5	Gain Capital	11.339
6	Saxo Bank	11.395
7	ANZ	11.408
8	FXCM	11.769
9	Bank of China	12.797
10	Wells Fargo	13.565
11	TD Securities	13.712
12	Westpac	13.737
13	GFT	14.317
14	CMC Markets	14.864
15	Thomson Reuters - IFR	14.903
16	Standard Chartered	15.132
17	Royal Bank of Scotland	15.472
18	Lloyds TSB	15.557
19	Rabobank	15.781
20	Scotia Capital	15.901
21	RBC Capital Markets	16.100
22	SEB	16.407
23	4Cast	17.075
24	Aspen Trading	17.798
25	TMS Brokers	18.836
26	National Australia Bank	18.975
27	Bank of Montreal	19.059
28	HSBC	19.083
29	St George Bank	19.126
30	Barclays Capital	19.157
31	Danske Bank	19.162
32	Commonwealth Bank of Australia	22.051
33	Crédit Agricole CIB	23.726
34	UniCredit MIB	27.684

Rankings 3m forecasts		
1	CMC Markets	3.474
2	Bank of America Merrill Lynch	3.827
3	FXCM	4.050
4	Scotia Capital	4.886
5	Lloyds TSB	5.216
6	Rabobank	5.415
7	Wells Fargo	5.446
8	Danske Bank	5.571
9	RBC Capital Markets	5.673
10	Barclays Capital	5.681
11	Westpac	5.914
12	Commonwealth Bank of Australia	6.064
13	Royal Bank of Scotland	6.137
14	4Cast	6.476
15	Crédit Agricole CIB	6.596
16	TD Securities	6.696
17	Bank of Montreal	6.722
18	Informa Global Markets	6.788
19	Gain Capital	6.903
20	Saxo Bank	7.238
21	GFT	7.416
22	SEB	7.470
23	TMS Brokers	7.494
24	UniCredit MIB	7.810
25	St George Bank	7.885
26	BNP Paribas	8.000
27	Aspen Trading	8.467
28	UBS	8.498
29	HSBC	8.981
30	Bank of China	9.197
31	National Australia Bank	9.364
32	Standard Chartered	9.753
33	Thomson Reuters - IFR	10.377
34	ANZ	11.793

Rankings 1m forecasts		
1	CMC Markets	2.755
2	FXCM	2.885
3	TD Securities	3.053
4	BNP Paribas	3.081
5	GFT	3.204
6	Lloyds TSB	3.293
7	Thomson Reuters - IFR	3.305
8	TMS Brokers	3.330
9 =	National Australia Bank	3.519
9 =	RBC Capital Markets	3.519
11	Wells Fargo	3.581
12	Royal Bank of Scotland	3.638
13	Informa Global Markets	3.789
14	Scotia Capital	3.862
15	Saxo Bank	3.882
16	Morgan Stanley	3.955
17	SEB	4.025
18	4Cast	4.081
19	Rabobank	4.092
20	Crédit Agricole CIB	4.156
21	Commonwealth Bank of Australia	4.301
22	Bank of China	4.445
23	Standard Chartered	4.618
24	Aspen Trading	4.627
25	Gain Capital	4.749
26	UniCredit MIB	4.769
27	ANZ	4.816
28	HSBC	4.931
29	Nomura	5.335
30	Westpac	5.353
31	UBS	5.378
32	Bank of America Merrill Lynch	5.392
33	Bank of Montreal	6.351
34	St George Bank	7.371
35	Barclays Capital	7.470
36	Danske Bank	8.098

Twelve-month historical index		
1	Saxo Bank	9.484
2	Royal Bank of Scotland	9.885
3	BNP Paribas	9.971
4	Rabobank	10.192
5	UBS	10.353

Three-month historical index		
1	Wells Fargo	6.722
2	TMS Brokers	6.914
3	TD Securities	7.013
4	Standard Chartered	7.112
5	Lloyds TSB	7.231

One-month historical index		
1	Crédit Agricole CIB	3.389
2	TMS Brokers	3.472
3	Thomson Reuters - IFR	3.503
4	Commonwealth Bank of Australia	3.648
5	4Cast	3.812