

Cable decline pushes FXCM to top spot

FXCM topped last week's one-month currency forecast table with an on-target call on the strengthening of the dollar against sterling, and two close calls on the euro and the yen.

The US-based broker forecast cable to decline to 1.53 from 1.55 over the one-month period. FXCM also correctly predicted the euro would rise against the dollar and decline against the yen, with both moves driven by global markets turmoil.

On August 8, EUR/USD was trading

around the 1.09 level and climbed up to 1.17 in the following weeks, pushed higher by growing concerns about the state of the Chinese economy, before settling at 1.12 last week.

"Going into August, we were seeing signs of trouble in equities. If you are looking at the yen and euro right now, you have to take into account what is going on with global equity prices. Investors had been buying European and Japanese equities on a hedged basis; in other words, they were short euro and yen," says Jamie Saettele, senior technical strategist at FXCM.

"When equities turn down, these hedges must be brought in line with the decreased value," he continues, adding that the euro is not a safe haven, but "simply a funding currency, and funding currencies are bought back when equities decline".

Looking ahead, Saettele sees the risk of a drawn-out range for EUR/USD that could last into Q2 of 2016. He holds a 12-month target of 1.20.

He explains that significant directional moves such as the ones seen over the past

year are usually interrupted by prolonged ranges before the next directional moves happens. He is eyeing the yen in a similar manner to the euro.

"We may be looking at a roughly 115-122 range in USD/JPY for a while," he says. "If 115 breaks though, then a much more important correction of the five-year bull trend in USD/JPY is underway, and 100 wouldn't be difficult to imagine." He forecasts the pair to hit 117 in late 2016.

While all eyes are on the Federal Reserve and a potential rate increase, the strategist is not caught up with looking at economic data to determine the central bank's actions. "Raising rates a quarter point shouldn't be a big deal, but the Fed has made it a big deal by waiting so long to do it," he says. "Given recent turmoil in global markets, I think they worry about what the market reaction would be if they did raise rates. They don't want the risk of being blamed for something negative in the market, which is why I don't think they will raise rates [in September]." ■

Laura Matthews

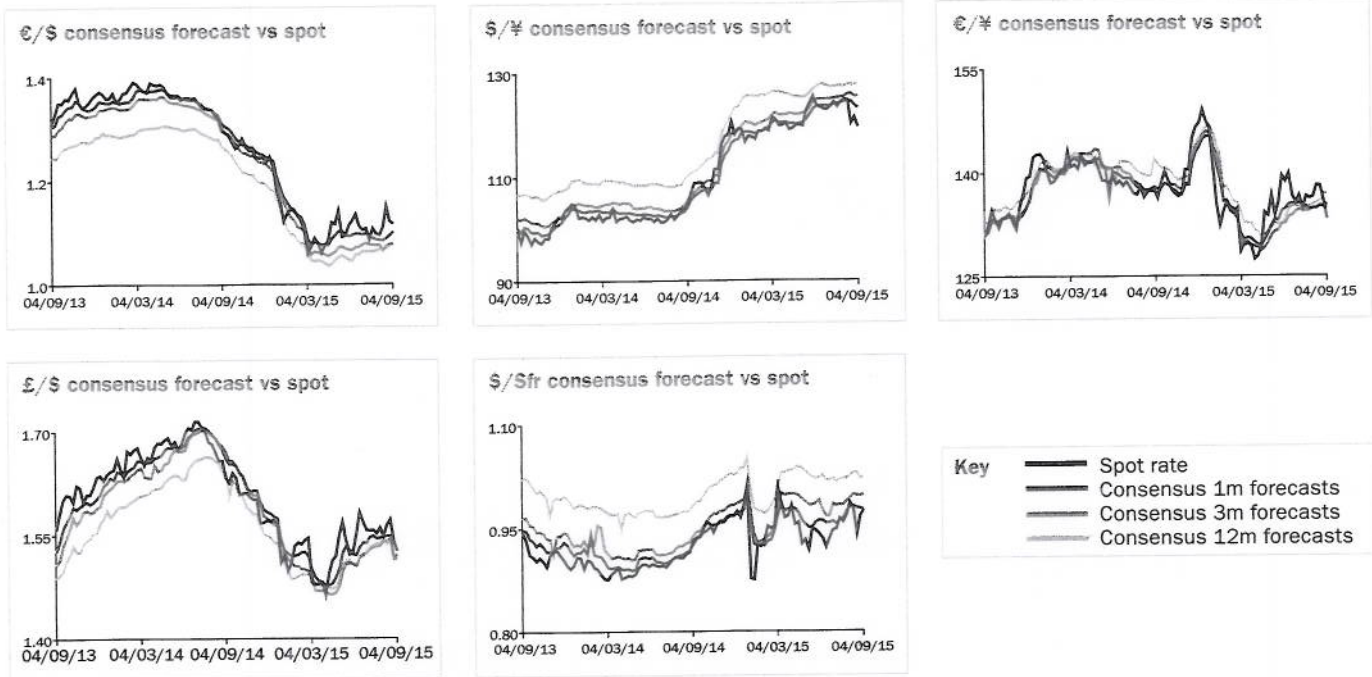
FXCM has topped this week's one-month currency rankings. On August 7, 2015, the firm's forecast was:

	One-month forecast	Sep 7 spot rate
EUR/USD	1.10	1.12
USD/JPY	122	119
EUR/JPY	134	133
GBP/USD	1.53	1.53
USD/CHF	0.96	0.97

12-month rankings		
Based on forecasts submitted Sep 12, 2014		
1	CMC Markets	3.607
2	Informa Global Markets	4.234
3	Saxo Bank	4.281
4	Royal Bank of Scotland	4.754
5	National Australia Bank	5.406
6	Lloyds Bank	5.745
7	BBVA	5.847
8	Wells Fargo	5.883
9	SEB	5.930
10	Rabobank	6.082
11	BNP Paribas	6.107
12	RBC Capital Markets	6.233
13	UBS	6.361
14	Standard Chartered	6.377
15	Danske Bank	6.631
16	CIBC	6.795
17	Morgan Stanley	7.069
18	TMS Brokers	7.181
19	FXCM	7.242
20	Swissquote Bank	7.318
21	Crédit Agricole	7.687
22	Scotiabank	7.702
23	Bank of Montreal	7.899
24	Nomura	7.930
25	TD Securities	8.033
26	Gain Capital	8.204
27	HSBC	8.320
28	Westpac	8.432
29	City Index	8.500
30	Commonwealth Bank of Australia	9.166

Three-month rankings		
Based on forecasts submitted Jun 12, 2015		
1	Wells Fargo	1.671
2	Scotiabank	1.707
3	Bank of Montreal	1.941
4	Danske Bank	2.138
5	Rabobank	2.213
6	CIBC	2.357
7	Commonwealth Bank of Australia	2.420
8	Gain Capital	2.606
9	Monex Europe	2.820
10	HSBC	2.898
11	Bank of China	3.028
12	Informa Global Markets	3.036
13	National Australia Bank	3.077
14	Nomura	3.479
15	Standard Chartered	3.727
16	RBC Capital Markets	3.863
17	Swissquote	3.883
18	Westpac	3.895
19	TMS Brokers	4.212
20	ABN AMRO	4.722
21	FXCM	4.870
22	CMC Markets	5.058
23	BBVA	5.250
24	Bank of America Merrill Lynch	5.510
25	Saxo Bank	5.603
26	SEB Merchant Banking	5.669
27	BNP Paribas	5.774
28	Royal Bank of Scotland	6.092
29	Barclays	6.248
30	UniCredit Group	6.551

One-month rankings		
Based on forecasts submitted Aug 7, 2015		
1=	FXCM	1.216
1=	HSBC	1.216
3	Scotiabank	1.650
4	Danske Bank	1.709
5	National Australia Bank	1.759
6	Bank of Montreal	1.842
7	Barclays	1.902
8	Morgan Stanley	2.034
9	Rabobank	2.071
10	CIBC	2.105
11	Commonwealth Bank of Australia	2.137
12	BNP Paribas	2.158
13	CMC Markets	2.181
14	SEB Merchant Banking	2.234
15	Informa Global Markets	2.258
16	BBVA	2.328
17	Wells Fargo	2.334
18	Monex Europe	2.567
19	Royal Bank of Scotland	2.579
20	Gain Capital	2.653
21	TMS Brokers	2.942
22	ABN AMRO	2.975
23	Westpac	2.983
24	Saxo Bank	2.988
25	Standard Chartered	3.002
26	Swissquote	3.159
27	UniCredit Group	3.455
28	UBS	3.590
29	RBC Capital Markets	4.034
30	Nomura	4.505



Methodology: FX Week currency forecasts are contributed on a weekly basis across five major currency pairs. The rankings opposite are calculated through an accuracy rating based on the average percentage divergence of each contributor's aggregated EUR/USD, USD/JPY, EUR/JPY, GBP/USD and USD/CHF forecasts from spot rates on the Monday prior to publication. Indexes calculated from weekly accuracy over one, three and 12 months. For more information on the forecasts, contact eva.szalay@incisivemedia.com

fxweek.com

To read previous currency forecasts, visit: www.fxweek.com/type/forecast

LATEST FORECASTS submitted September 11, with €/\$ trading at 1.13, \$/¥ at 121, €/¥ at 136, £/\$ at 1.54, \$/Sfr at 0.98

	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
ABN Amro	1.10	1.00	1.05	123	128	135	135	128	142	1.55	1.49	1.50	0.99	1.10	1.09
Bank of Montreal	1.10	1.09	1.05	123	124	129	135	135	135	1.54	1.53	1.54	0.95	0.96	1.04
Barclays	1.05	1.00		125	126		131	127		1.52	1.47		1.03	1.08	
BBVA	1.06	1.06	1.11	125	128	132	133	136	147	1.52	1.53	1.67	1.00	1.02	1.04
BNP Paribas	1.04	1.02	1.02	127	130	134	132	133	137	1.51	1.50	1.48	1.04	1.08	1.08
CIBC	1.10	1.08	1.15	123	124	125	134	134	144	1.53	1.56	1.61	0.97	0.98	0.93
CMC Markets	1.13	1.16	1.10	115	118	125	130	137	138	1.55	1.58	1.54	0.96	0.92	1.00
Commonwealth Bank of Australia	1.09	1.10	1.10	124	125	125	135	138	138	1.55	1.54	1.57	0.96	0.95	0.98
Danske Bank	1.13	1.10	1.15	120	120	127	136	132	146	1.59	1.55	1.60	0.95	0.99	0.97
FXCM	1.13	1.15	1.20	119	118	117	134	136	140	1.52	1.50	1.50	0.95	0.93	0.90
Gain Capital	1.10	1.08	1.05	121	125	125	135	133	127	1.54	1.51	1.55	0.98	1.00	1.02
HSBC	1.05	1.05	1.09	120	123	125	126	129	137	1.54	1.57	1.56	0.95	0.92	0.87
Informa Global Markets	1.11	1.12	1.08	122	123	127	135	138	137	1.53	1.53	1.53	0.97	0.97	1.01
Monex Europe	1.14	1.07	1.00	122	126	127	139	135	127	1.58	1.54	1.50	0.95	1.00	1.05
Morgan Stanley	1.15	1.11	1.08	122	122	123	140	135	133	1.58	1.53	1.52	0.96	1.02	1.06
National Australia Bank	1.07	1.06	1.04	124	125	127	133	132	131	1.53	1.52	1.52	0.98	1.00	
Nomura	1.13	1.10	1.06	124	125	128	140	138	135	1.61	1.59	1.61	0.96	1.00	1.06
Rabobank	1.12	1.10	1.05	122	124	126	136	136	132	1.54	1.53	1.54	0.96	0.97	1.02
RBC Capital Markets	1.10	1.07	1.16	123	128	126	135	137	146	1.53	1.61	1.78	1.01	1.01	0.98
Royal Bank of Scotland	1.11	1.09	1.03	125	127	130	139	138	134	1.54	1.53	1.46	0.98	0.98	1.06
Saxo Bank	1.10	1.04	0.98	122	126	130	134	131	127	1.51	1.48	1.37	1.00	1.06	1.14
Scotiabank	1.10	1.06	1.02	123	125	129	133	131	134	1.53	1.51	1.51	1.00	1.03	1.05
SEB Merchant Banking	1.10	1.09	1.02	120	122	129	132	133	131	0.72	0.71	0.67	0.99	1.00	1.09
Standard Chartered	1.09	1.03	1.10	124	132	125	135	136	138	1.56	1.56	1.58	0.99	1.00	0.98
Swissquote	1.10	1.06	1.06	122	126	128	134	134	136	1.54	1.60	1.58	0.98	1.00	1.02
TMS Brokers	1.09	1.08	1.05	121	125	128	132	135	134	1.54	1.56	1.59	0.98	1.01	1.06
UBS	1.12	1.14	1.10	125	127	130	140	145	143	1.58	1.61	1.52	0.95	0.95	1.00
UniCredit Group	1.16	1.17	1.20	129	130	127	150	154	152	1.61	1.63	1.69	0.95	0.94	1.00
Wells Fargo	1.09	1.09	1.03	122	122	125	133	133	129	1.53	1.53	1.50	1.01	1.01	1.08
Westpac	1.10	1.07	1.07	123	123	125	135	131	134	1.55	1.44	1.47	0.99	1.02	1.05
CONSENSUS VIEW	1.10	1.08	1.08	123	125	127	135	135	137	1.52	1.51	1.52	0.98	1.00	1.02
STANDARD DEVIATION	0.0281	0.0411	0.0548	2.5263	3.1644	3.3736	4.0941	4.9528	6.2069	0.1506	0.1557	0.1779	0.0243	0.0443	0.0580
BULL/BEAR VALUE	-0.7910	-0.9872	-0.8294	0.0066	0.0112	0.0162	-0.0016	-0.0015	0.0008	-0.0991	-0.1281	-0.0830	0.0298	0.4480	0.7957

* Bull/bear value represents a measure of the direction and consensus of forecasts calculated in relation to the spot rate and standard deviation.