



News: Market awaits FOMC decision and statement

The Bank of Japan kept rates unchanged overnight and more importantly did not announce any new easing measures. This news sent equity futures lower and European markets are generally opening -0.3%. There are a number of economic releases today, but the market is waiting for the FOMC announcement. Stocks and the EURUSD have gained in recent sessions as the market builds a case for some type of quantitative easing. We wonder if the market is expecting too much and could be in for a surprise tonight. Goldman Sachs has revised down its year end US GDP, Japan GDP and S&P500 forecasts. On the S&P500 they revision is down to a 1200 target for year end.

Commodity	Price	1 Day Change
Brent Crude	80.15	-1.04%
Baltic Dry	2,114.00	4.14%
Gold	1,201.50	0.05%
Copper	7,425.00	0.75%
Silver	18.19	-0.82%
Dollar Index	80.98	0.32%

Currency	Price	1 Day Change
Eur / Usd	1.3173	-0.37%
Eur / Gbp	0.83351	-0.20%
Eur / Yen	112.85	0.69%
Gbp / Usd	1.5805	-0.55%
Usd / Yen	85.67	0.30%

Stock Index	Latest	1 Day Change
ISEQ	2,947	-1.25%
FTSE 100	5,372	-0.72%
NIKKEI 225	9,551	-0.22%
DOW JONES	10,699	0.42%
S&P 500	1,128	0.55%
NASDAQ	2,306	0.75%
CAC 40	3,733	-1.16%
DAX 30	6,281	-1.11%
EUROSTOXX	2,795	-1.12%

10 Year Benchmark	Yield %	1 Day Change
United States	2.81	-0.57%
United Kingdom	3.24	-0.12%
Germany	2.53	0.04%
Japan	1.04	1.46%
Ireland	5.06	0.78%

FX Update: USD short positions unwound ahead of FOMC

The dollar maintained a slightly better bid tone overnight amid evidence of position paring ahead of today's FOMC meeting, possibly a market getting ahead of itself with short dollar positions.

Speculators seem to be arguing the toss of further QE measures from the Fed sooner rather than later and the dollar found some support above the psychological 80 mark on the index. The EUR held a steady course but struggled to make headway above 1.33.

The Bank of Japan left rates unchanged and maintained its current view of the economy, both as expected. Meanwhile in its monthly assessment of the economy, the Japanese government also maintained a steady view of "picking up steadily, laying the foundation for a self-sustaining recovery". However, it downgraded marginally its assessment on industrial production for the first time in 19 months, with rising external risks a contributing factor.

Looking ahead, the European session features both CPI and WPI from Germany and Norway along with the UK's trade data for June and DCLG House Prices. The North American session features Canada housing starts, US non-farm productivity, unit labour costs and wholesale inventories with the FOMC announcement rounding off the session.

If the FOMC does not deliver in line with the elevated expectations of QE then we could see further cutting of USD shorts pushing the Euro back towards 1.30.

Top 5 Open Positions

Ticker	Stock	Price	BID now	Gain/Loss
EMC	EMC Corp	16.83	20.48	+21.7%
AZN	AstraZeneca Plc	2760	3327	+20.5%
LGF	Lions Gate	5.59	6.56	+17.4%
SKG	Smurfit Kappa	7.27	8.07	+11.0%
QQQ	Nasdaq Trust ETF	42.6	47.07	+10.5%

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