Press Releases

# Likelihood of Global Recession Increases in Early 2012; USD Predicted to Become Global Safe Haven as Eurozone Turmoil Intensifies According to FOREX.com 1Q Markets Outlook

NEW YORK and LONDON, Dec. 22, 2011 /PRNewswire/ -- FOREX.com, the retail division of GAIN Capital (NYSE: GCAP), a global provider of online trading services, today released its 1Q Markets Outlook report focusing on major economies' currency movements as well as across asset classes.

In 1Q 2012, FOREX.com analysts expect worldwide economic growth to stall, increasing the possibility of a global recession. As a result, we foresee the USD becoming a global safe haven, gaining strength from repeated waves of risk aversion triggered by potential events such as EU sovereign ratings downgrades, weak economic data, and ongoing credit market stresses in Europe.

"We are not anticipating an outright collapse of the euro zone, but price falls are likely to be sharper and steeper than any rises. We also can't exclude the possibility of a catastrophic decline in the stock market along the lines of the 2008 market meltdown," said Brian Dolan, chief currency strategist, FOREX.com. "Investors seeking relative stability will look to the USD. Therefore, we expect the USD to gather momentum in the first quarter," he explained.

Other expectations from the FOREX.com 1Q 2012 Markets Outlook include:

- A **USD rally being generally bearish for commodity prices** overall.
- Massive amounts of EU government and bank debt needing refinancing in 2012 with investors being increasingly skittish, conceivably **leading to defaults**
- Swiss National Bank and Bank of Japan continuing to intervene to prevent CHF and JPY from strengthening further providing possible **trading opportunities**
- **Bank of England pursuing a third round of asset purchases** after the current program is completed in March, maintaining downward pressure on Sterling
- In addition to financial risks in 2012, **investors need to judge significant political risks that could make for a volatile first quarter**

The FOREX.com research team also highlights potential price ranges for key pairs, such as EUR/USD, GBP/USD, USD/JPY, USD/CHF, and AUD/USD. Key cross-currency pairs like EUR/JPY and EUR/GBP are also covered.

The FOREX.com Markets Outlook provides commentary and market forecasts with its view of the direction of the world's major currencies and other key financial markets. The report is prepared by Mr. Dolan, Research Director Kathleen Brooks, Senior Technical Strategists Daniel Hwang, Chris Tevere, CMT, Eric Viloria, CMT, and Research Analyst Chris Tedder.

The full FOREX.com 1Q 2012 Markets Outlook Report is now available at www.forex.com under "Research & Ideas".

Forex and spot metals trading involve significant risk of loss and is not suitable for all investors. Contracts for Difference (CFDs) are not available to US residents.

The opinions and information in this report are for general information use and are not intended as an offer or solicitation to any product offered.

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A pioneer in online forex trading, GAIN Capital operates FOREX.com®, one of the largest and best-known brands in the retail

forex industry. GAIN's other businesses include GAIN GTX, a fully independent FX ECN for hedge funds and institutions, and GAIN Securities, Inc. (member FINRA/SIPC) a licensed U.S. broker-dealer.

GAIN Capital and its affiliates have offices in New York City; Bedminster, New Jersey; London; Sydney; Hong Kong; Tokyo; Singapore; Beijing and Seoul.

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