

FOREX.com 3Q Outlook: Global austerity measures begin to take a toll

Markets get set for another period of anemic growth

NEW YORK, LONDON and SYDNEY, July 11, 2012 [PRNewswire](#)/ -- FOREX.com, the retail division of GAIN Capital (NYSE: GCAP), a global provider of online trading services, today released its 3Q Market Outlook report. The report focuses on what to expect in Europe following the EU Summit at the end of last month and the possible implications this has for the wider global economy. It also includes an in depth view of FOREX.com's currency forecasts for the quarter, along with an outlook for commodities and stock markets globally.

In 3Q 2012, FOREX.com analysts expect worldwide economic growth to stall due to the EU still having some way to go to sort out its sovereign debt crisis and with the US facing a presidential election in November and a fiscal cliff at the beginning of next year. In 2Q it briefly looked as if the economic recovery was picking up steam but progress has been halted by a resurgence of tensions in Europe and government driven austerity programmes impacting growth.

"Volatility has started to pick up as we head into the second half of the year. The Eurozone remains a threat to financial markets, the US economy is starting to weaken and the major global central banks have embarked on looser monetary policies. This may weigh on the Euro this quarter and, correspondingly, be positive for the Dollar," said Kathleen Brooks, Research Director, FOREX.com.

Ms. Brooks added: "Key event risks to watch for this quarter include Dutch elections in September, the US fiscal cliff and the Federal Reserve meeting at the end of July/beginning of August – where we may find out if the Fed joins the ECB, BOE and PBOC in China in boosting its monetary stimulus or if it decides to ride the economic storm alone. If we continue to see soft economic data we may find ourselves in a risk averse environment for some time as the focus shifts back to global growth."

Other expectations from the FOREX.com 3Q 2012 Markets Outlook include:

- European stocks may outperform US equities as the US economy starts to slow.
- The People's Bank of China is likely to ease rates further, which may cushion its economy from the global economic slowdown.
- In Australia: expect one 25 bps rate cut and a predicted GDP growth rate of around 1.6%, which will likely lead to a stronger Australian dollar versus the euro, US dollar and British pound.
- It could be a tough quarter for oil as both supply and demand issues limit potential gains.
- Gold is at risk of a decline in the current deflationary environment as growth slows around the world.

The FOREX.com Markets Outlook report 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 report is prepared by Research Director Kathleen Brooks, Senior Technical Strategists Chris Tevere, CMT, Eric Vilorio, CMT, and Research Analyst Chris Tedder.

The full FOREX.com 3Q 2012 Markets Outlook Report is now available at www.forex.com under "Research".

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