

FOREX.com Q2 2014 Outlook: From taper tantrum to record highs: Strengthening dollar to benefit global markets

LONDON, NEW YORK and SYDNEY, March 31, 2014 [/PRNewswire/](#) -- FOREX.com, the retail division of GAIN Capital Holdings, Inc. (NYSE: GCAP), a global provider of online trading services; today released its Q2 2014 Market Outlook report.

FOREX.com analysts predict that the frustrating trading ranges in the G10 currencies seen in the first quarter of 2014 are poised to break out in Q2 as major risk events take center stage. Further clarity on next steps from the Fed, the potential for action from the ECB to avoid deflation, and European Parliament elections could trigger fresh price trends in Q2.



The US dollar may be set to start its long-awaited path to recovery this quarter as geopolitical concerns start to ease, while the Euro, known as the Teflon currency of the G10, should finally start to show its vulnerability. Commodities are poised to extend gains, as gold's reputation as a safe haven comes back to the fore. Equity markets remain close to record highs globally, but have potential for even more upside if growth continues to strengthen.

"We are in a goldilocks scenario this quarter: Growth is not too hot or too cold, which is good news for growth assets like stocks and higher yielding currencies. We expect the Federal Reserve to clarify its timeline for raising interest rates; however, even if this date is sooner than expected, additional stimulus from China or the ECB could provide support for markets," said Kathleen Brooks, research director FOREX.com.

Expectations from the FOREX.com Q2 2014 Markets Outlook include:

- The US dollar looks ready to recover as US economic data recovers from the Q1 weather effect and the Fed provides further clarity on its next steps
- The yen looks set to underperform the rest of the G10 with the BOJ poised to add more stimulus as the government embarks on the first sales tax rise in 17 years
- The Australian dollar and the New Zealand Kiwi were top performers last quarter, and further Kiwi strength is expected as the Reserve Bank of New Zealand sticks to its rate hiking cycle. However, the Aussie dollar faces pressure if the Chinese economy decelerates further after a tough Q1
- Volatility in global stock markets is expected to increase as central banks take steps to wind back their enormous stimulus programs. Too fast and stocks could fall sharply, but a steady, cautious taper could help markets extend into fresh record-breaking territory
- After a torrid 2013, gold is starting to perform like a safe haven. With major elections in a number of emerging markets, including India and South Africa, gold prices should remain generally supported in Q2.

The FOREX.com Markets Outlook report for Q2 2014 has enhanced its coverage of the major global equity markets and commodities including gold, silver and oil markets along with the potential price ranges for key G10 FX pairs, such as **EUR/USD**, **GBP/USD**, **USD/JPY**, **EUR/GBP** and **USD/CNY**

The full FOREX.com Q2 2014 Markets Outlook Report is now available at www.forex.com/uk under Market Analysis.

The report is prepared by the FOREX.com Research Team: Kathleen Brooks, Chris Tevere, Fawad Razaqzada, Chris Tedder, Matthew Weller and Neal Gilbert.

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Through [FOREX.com](#) we provide retail traders around the world with access to over 12,500 global financial markets, including forex, commodities, indices, bonds and interest rates, and more. A market leader for over a decade, FOREX.com's reputation is built on state of the art trading tools, superior trade execution and award-winning customer service.

GAIN Capital is headquartered in Bedminster, New Jersey, with a global presence across North America, Europe and the Asia Pacific regions. For further company information, visit www.gaincapital.com.

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