Press Releases

FOREX.com 4Q Outlook: Market volatility expected to heat up as Central Bank's ammunition begins to run dry

NEW YORK, LONDON and SYDNEY, Oct. 2, 2012 /PRNewswire/ -- FOREX.com, the retail division of GAIN Capital Holdings, Inc. (NYSE: GCAP), a global provider of online trading services, today released its 4Q Market Outlook report. The report examines whether risky assets will be able to sustain their impressive rally from 3Q as we move into the end of the year. FOREX.com analysts remain cautious about 4Q growth as economies around the globe search for a bottom.

"We have become used to the Fed, ECB and other central banks being able to suppress volatility in recent years, but this is getting harder for them to do. As we deal with the conflicting problems of a Eurozone crisis and fiscal concerns in the US, the markets are looking to politicians to sort out the deep structural issues in both economies," said Kathleen Brooks, Research Director, FOREX.com.

Ms Brooks added: "All eyes will be on the US and on China as fears grow that the economic malaise has spread to one of the few remaining global growth engines. The focus will be on whether the People's Bank of China will add stimulus to try and boost growth, and whether the US can avoid the fiscal cliff that could plunge its economy into recession in 2013."

Expectations from the FOREX.com 4Q 2012 Markets Outlook include:

- Dollar gains are likely to be capped now that the Fed has embarked on QE3;
- EURUSD could end the year above 1.30 if the ECB's bond buying programme is activated and fiscal concerns pan across the other side of the Atlantic;
- Commodity markets could struggle as more central bank easing in the West starts to lose its punch;
- After a strong 3Q performance, the Aussie dollar is unlikely to follow suit over the next three months as its largest trading partner, China, continues to slow and fears grow about the strength of domestic demand;
- The yen remains solid as we head into 4Q, since the US fiscal cliff and slowing global growth could cause volatility to spike over the next three months.

The FOREX.com Markets Outlook report highlights potential price ranges for key pairs, such as EUR/USD, GBP/USD, USD/JPY, USD/CHF, EUR/JPY, EUR/GBP and AUD/USD. Major foreign equity markets; key commodities including gold, silver and oil and 4Q currency ranges are also covered.

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

The full FOREX.com 4Q 2012 Markets Outlook Report is now available atwww.forex.com under "Research".

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