Press Releases

FOREX.com Q1 2013 Outlook: New Year resolutions needed as the US faces the fiscal cliff and Spain's woes deepen

LONDON, NEW YORK and SYDNEY, Dec. 12, 2012 /PRNewswire/ -- FOREX.com, the retail division of GAIN Capital Holdings, Inc. (NYSE: GCAP), a global provider of online trading services, today released its Q1 2013 Market Outlook report. FOREX.com analysts predict that the New Year could see a large pick-up in volatility if the US goes over the fiscal cliff edge. This would have major implications for global financial markets as risk sentiment deteriorates and the US economy faces a sharp recession.

2013 is set to be the fourth year of the sovereign debt crisis for Europe and rather than moving nearer to a resolution the crisis is expected to flare up again in the coming year. Stabilization in the Eurozone is likely to be undermined by concerns about Spain's financial position. The fall-out from refinancing Spain has the potential to cause a major spike in market volatility and a drop in the euro. Political risk is also likely to increase during the first quarter of 2013 as the market prepares for a general election in Italy.

The dollar will be faced with two important events in Q1. The first is the outcome of fiscal cliff negotiations. The second event that is important for the dollar is the changing of the guard at the Federal Open Market Committee, which could see a dovish bias at the US central bank.

"If the US goes over the cliff edge then the dollar could attract safe haven flows and stocks may sell off like we saw during debt ceiling negotiations in the US in August 2011," said Kathleen Brooks, Research Director, FOREX.com.

Ms. Brooks added: "After a period of intense risk aversion we could see markets start to recover in late Q1. From a macro perspective, the US could join the Eurozone and Japan in falling back into recession, which may ignite a global decline. Without a bold solution to the European debt crisis and a deal in Washington we cannot envisage a significant pick-up in global sentiment in the first quarter."

Expectations from the FOREX.com Q1 2013 Markets Outlook include:

- The outlook for EURUSD is bleak and we may see some sharp declines over the quarter as sovereign concerns especially in Spain start to heat up;
- There are signs Chinese growth is starting to pick up, this should fuel appreciation in the renminbi during the first quarter of 2013;
- The AUD, CAD and NZD may remain subdued as these commodity currencies are most sensitive to the bleak global growth outlook;
- Gold and silver could have an adventurous quarter as two opposing forces, including sluggish global growth and fresh monetary stimulus, impact the precious metals space ;
- The spread between UK and US oil could remain at elevated levels ($20-25) for the foreseeable future as long as bottlenecks in the supply of oil remain and tensions remain in the Middle East.

The FOREX.com Markets Outlook report highlights potential price ranges for key pairs, such as **EUR/USD**, **GBP/USD**, **USD/JPY**, **EUR/GBP** and **USD/RUB**. Major foreign equity markets; key commodities including gold, silver, oil and agriculture 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 Q1 2013 Markets Outlook Report is now available at www.forex.com under "Research".

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