

FOREX.com Q2 2013 Outlook: Mirror, mirror on the wall - the US dollar is the fairest of them all...

LONDON, NEW YORK and SYDNEY, March 19, 2013 [PRNewswire](#)/ -- FOREX.com, the retail division of GAIN Capital Holdings, Inc. (NYSE:GCAP), a global provider of online trading services; today released its Q2 2013 Market Outlook report.

The full FOREX.com Q2 2013 Markets Outlook Report is now available at [www.forex.com](#) under [Research and Tools](#).

FOREX.com analysts predict that the dollar could be the star of the FX world this quarter as strengthening US economic data helps the greenback to become the growth currency of choice.

A strong dollar offers lots of opportunities in the FX world including an extension of USDJPY strength and GBPUSD weakness during Q2. It could also make life harder for the Aussie dollar, which is struggling under the dual pressure of lackluster growth at home and in China.

Stocks could also extend their gains this quarter, although investors may start to focus on value. US stock markets including the Dow and the SPX 500 reached record highs in Q1; this quarter we could see the Hang Seng, the German Dax index and the Eurostoxx 50 start to catch up with their US counterparts. The next few months could be the sweet spot for US markets, according to FOREX.com, as the Fed keeps monetary policy loose and the economy continues to pick up. But things may start to sour as we get closer to Q3, as fears about the end of quantitative easing start to grip markets.

In the UK, a triple-dip recession is likely to keep pressure on the pound, which could fall to its lowest level since the Financial Crisis in 2009. FOREX.com analysts believe this quarter will be pivotal for the Eurozone as the periphery becomes more vocal in its opposition to austerity, Italian political worries come back to the surface and Cyprus continues to dominate the headlines. This could weigh on the euro and, if the sovereign crisis kicks off once again, it may cause global volatility levels to spike.

"We are most excited about a potential shift in the dollar, from being a safe haven to a growth currency. We expect the USDJPY uptrend to continue, although this quarter the dominating factor is expected to be developments in the US and at the Fed, rather than at the Bank of Japan. We think USDJPY could get to 100.00. In Q2, we also expect EURUSD to grind back to the mid 1.20's as a bullish case for the euro gets harder to justify," said Kathleen Brooks, Research Director, FOREX.com.

Ms. Brooks added: "Although there are risks, particularly in Europe, the global growth outlook will be supported by a continued recovery in Japan and the US, which is supportive of risk assets. But investors need to be on their guard as signs that Italy is being sucked into the sovereign crisis or a slowdown in China, could cause volatility to spike in the coming months."

Expectations from the FOREX.com Q2 2013 Markets Outlook include:

- The FTSE is likely to buck the trend in the UK economy and follow its US counterparts higher
- Relative valuations could help the German Dax out-perform the Dow Jones Industrial Average
- Gold bugs continue to be thwarted by the Goldilocks situation in the US – not too hot, nor too cold. This is likely to keep the yellow metal range bound as global inflation pressures remain contained
- With gold treading water, copper is our commodity to watch, as we expect it to overtake the gold/silver ratio as a barometer for global economic growth
- We predict the pound is the ultimate loser this quarter as long-term growth fears limit any recovery in sterling
- China's uneven recovery could limit Aussie strength as its mining sector reaches its peak
- The spread between UK and US oil is expected to narrow further as US energy demands continue to be met at home

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.

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