

FOREX.com Q3 2014 Outlook: The end of low volatility? Central banks expected to shake things up for stagnant markets in the next three months

LONDON, NEW YORK and SYDNEY, July 3, 2014 [/PRNewswire/](#) -- FOREX.com, the retail division of GAIN Capital Holdings, Inc. (NYSE: GCAP), a global provider of online trading services; today released its Q3 2014 Market Outlook report.

FOREX.com analysts predict that Q3 will see a pick-up in volatility as the Federal Reserve decides its next steps after tapering draws to a close in October. Now that China's economy is showing signs of life, Asia could become the global focus once again, helping to prolong the major stock market rally.

"The next three months are packed with market moving events: including the end of tapering from the Fed, a hawkish Bank of England, a fragile economic recovery in China and the Scottish independence vote. Volatility should pick-up and we expect some big market moves this quarter. Stocks could have one last hurrah, the pound could reach fresh multi-year highs before succumbing to referendum fever and the USD could bounce back as we get closer to the fourth quarter," said Kathleen Brooks, research director FOREX.com.

Expectations from the FOREX.com Q3 2014 Markets Outlook include:

- The euro will fall this quarter as the ECB contemplates more aggressive easing measures to boost inflation including more negative interest rates and QE.
- US growth is set to bounce back in the summer months, along with rising inflation; this could trigger a wave of hawkishness from the Fed, with major implications for the dollar and major stock indices.
- The end of the quarter could trigger some major volatility for the pound as the Scottish Independence vote looms. A "yes" vote would leave the UK in an unprecedented position, and sterling could fall sharply.
- Demand for gold increases as both an inflation hedge and a safe haven, due to inflationary pressures in the US and continued geopolitical unrest in Iraq and Russia/ Ukraine.
- The carry trade is set for a comeback as global central banks in the G10 space begin to think about raising interest rates. This is good news for the New Zealand, Australian, and Canadian dollars, as commodity currencies outperform the rest of the G10.
- In the oil market, Brent crude is expected to outperform US oil, as the geopolitical risks are confined to the Brent contract, and increasing supply of oil in the US keeps the price of WTI under pressure.

The full FOREX.com Q3 2014 Markets Outlook Report is now available at <http://www.forex.com/uk/market-analysis/quarterly-outlook.html> under Market Analysis. The report, prepared by the FOREX.com research team, covers 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**.

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