



# Macro **VIGILANCE**.com



30yr Fixed Mortgage	3.37%
15yr Fixed Mortgage	3.17%
30yr New Car Loan	7.32%
30yr New Car Loan	6.67%
30yr New Car Loan	6.4%
1 year T-Bill	1.55%
3 year T-Bill	2.07%

## COMMODITIES

SPOT GOLD	1300.00	1300.20	0%	08/01
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## Proprietary Global Macro Research

INDEPENDENT > PROPRIETARY > ALWAYS VIGILANT

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# **MV**weekly brief

A fast-track look at Global Macro space for the past week

Week ending 10 Oct 2014

(published 12 October 2014)

## The **MV** weekly stance

This coming week will be a big week in Global Markets as Equity indices are at critical levels with the shorts looking to take the market lower. **Expect rising volatility.**

## KEY HEADLINES FOR THE WEEK

**European stocks fell**, completing their biggest weekly drop since May 2012, amid concern the region's central bank will face obstacles in its measures to revive the region's economy.

(source: <http://www.bloomberg.com/news/2014-10-10/europe-stock-index-futures-fall-on-growth-ebola-concern.html>)

**The dollar snapped the longest weekly rally** since the collapse of the Bretton Woods system in 1971 after the Federal Reserve expressed concern the currency's strength posed a risk to the U.S. economic outlook. The U.S. Dollar Index, which Intercontinental Exchange Inc. uses the gauge to track the greenback against the currencies of six trade partners, fell 0.9 percent to 85.91 this week. It reached 86.75 on Oct. 3, the highest level since June 2010. The index had rallied for 12 straight weeks, the longest since at least 1971 when currencies began to float after the U.S. abandoned the Bretton Woods system that pegged the dollar to the price of gold. The greenback fell 0.9 percent to \$1.2628 per euro, the biggest weekly decline in six months. The U.S. legal tender dropped 1.9 percent to 107.66 yen, while Europe's single currency slipped 1 percent to 135.96 yen. (source:

<http://www.bloomberg.com/news/2014-10-11/dollar-snaps-record-weekly-rally-as-fed-rate-increase-bets-pared.html>)

Russian President Vladimir Putin has ordered thousands of troops stationed near the Ukrainian border to return to their bases, Russian media report. Mr Putin's spokesman said about 17,600 soldiers on training exercises in the Rostov region would be pulled back. Russia has previously announced troop withdrawals that Nato and the US say were not actually carried out. Russia has been accused of supplying troops and weapons to separatist rebels in east Ukraine - claims it denies. The latest order comes ahead of a planned meeting between Mr Putin and Ukrainian President Petro Poroshenko on Friday. Ukrainian troops have been fighting pro-Russia rebels in the regions of Donetsk and Luhansk since April, in a conflict that has killed more than 3,500 people. The two sides agreed a truce on 5 September, but fighting has continued, especially in and around Donetsk. (source: [http://www.bbc.com/news/world-europe-](http://www.bbc.com/news/world-europe-29586627)

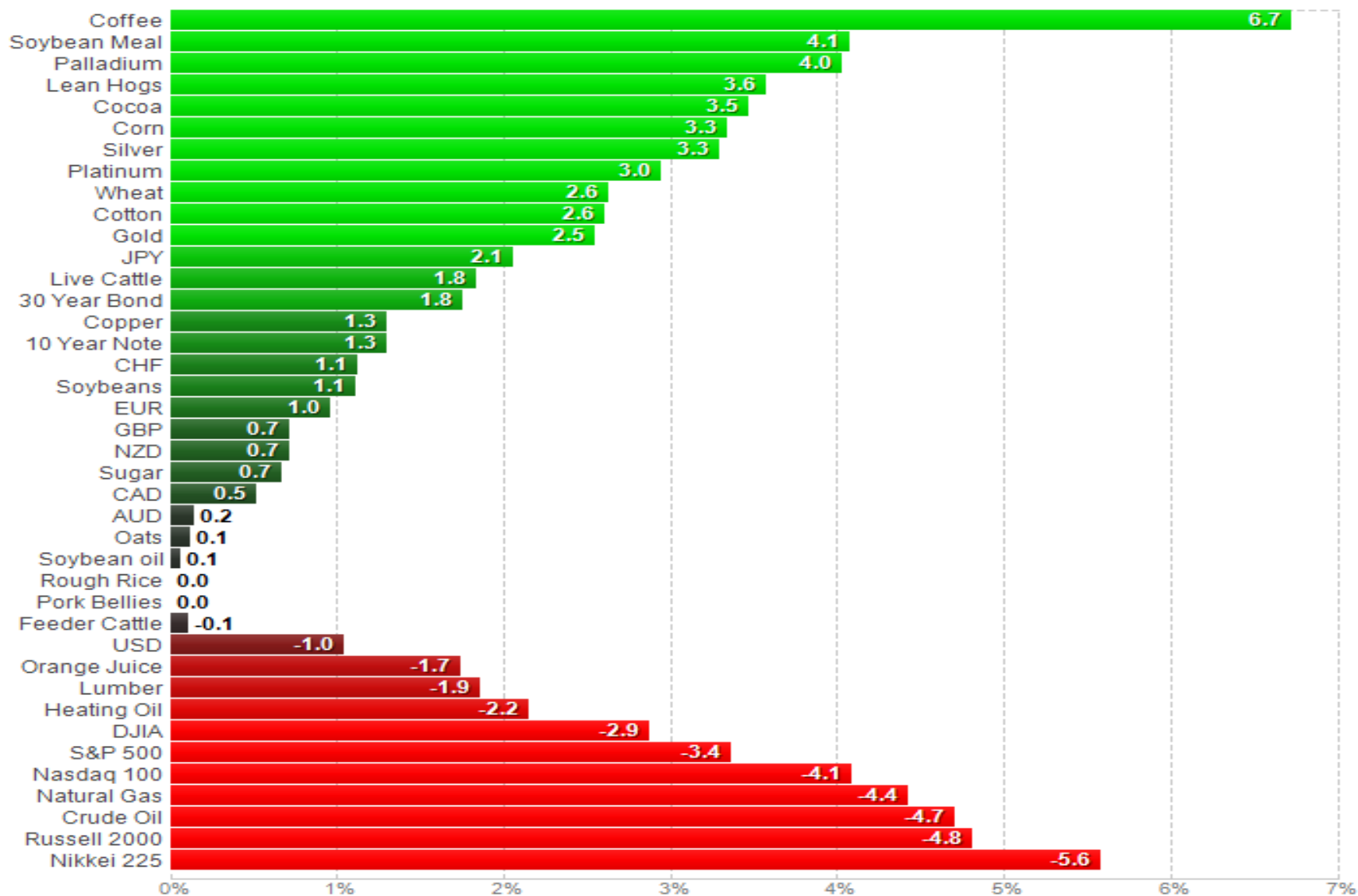
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## Futures - winners and losers for the week (source: finviz.com)

### 1 WEEK RELATIVE PERFORMANCE

OCT 12 2014 07:57 AM

finviz.com



Key equity index returns for the past week – big losses for the majority of Blue Chip Global Equity indices.

(source: Marketwatch.com)

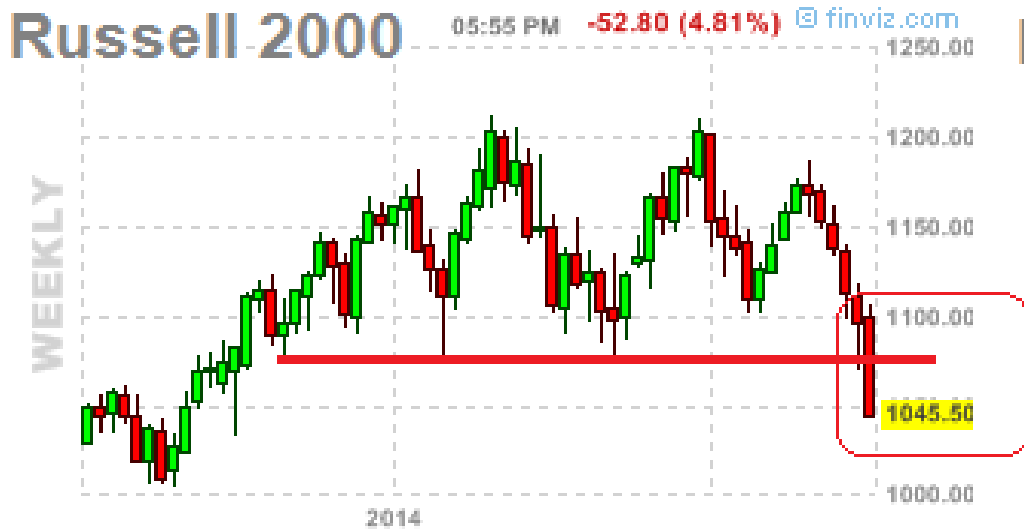
	PRICE		5 DAY CHG
Dow	16,544	-466	2.74%
Nasdaq	4,276	-200	4.46%
S&P 500	1,906	-62	3.15%
GlobalDow	2,431	-62	2.50%
FTSE 100	6,340	-188	2.88%
DAX	8,789	-407	4.42%
CAC 40	4,074	-208	4.85%
FTSE MIB	19,201	-1000	4.95%
IBEX 35	10,151	-417	3.94%
Stoxx 600	322	-13	3.94%
Asia Dow	3,009	-24	0.80%
Nikkei 225	15,301	-408	2.60%
Hang Seng	23,089	+24	0.11%
Shanghai	2,375	+11	0.47%
Sensex	26,297	-271	1.02%
Singapore	3,224	-29	0.90%

**S&P1200 Global Index** – whilst Global Equities remain in a clear uptrend, some technical damage was done over the past two weeks as price has now dropped below the August 2014 low (white circle). We now wait to see if buyers re-emerge or if a more serious sell off occurs?





The four headline equity indices in the US all sold off to finish the week lower. The smaller cap index - the Russell2000 finally broke through the previously discussed support line. Meanwhile, the DJ30, S&P500 and NDX100 all look to be heading towards a test of their earlier lows this year. This coming week could see volatility spike even further. (source: finviz.com - weekly data)



US stock market volatility as measured by the VIX, jumped higher to close the week at 21.24. This coming week should give us more information as whether a deeper decline for global equity markets is in the making. weekly data (source: Stockcharts.com)

\$VIX Volatility Index - New Methodology INDX

© StockCharts.com

10-Oct-2014

Open 14.46 High 22.06 Low 14.05 Close 21.24 Chg +6.69 (+45.98%) ▲



The German DAX closed last week below the August 2014 low and is now in negative territory for the year. Many chartists will be trading the obvious head and shoulders pattern to the downside. Next week is critical to see if a relief rally can flush out many of these shorts. However, there is a real danger of this market cascading (think 2011 sell off) in the coming weeks. (MValpha weekly data)



















Key Government Bond market data for the past week. Equity market weakness has resulted in money flowing into the bond market sending yields lower.

(source: finviz.com)

Major		Actual	Weekly %
Australia	GACGB10	3.36	-2.61 %
Brazil	GEBU10Y	11.57	-5.01 %
Canada	GCAN10YR	2.01	-4.29 %
China	GCHY10YR	4.04	0.25 %
Euro Area	EUROAREAGOVBO10Y	0.24	-4.00 %
France	GFRN10	1.24	-2.36 %
Germany	GDBR10	0.84	-4.55 %
India	GIND10YR	8.45	-0.35 %
Italy	GBTPGR10	2.31	-0.86 %
Japan	GJGB10	0.50	-3.85 %
Russia	RUGE10Y	9.90	3.45 %
United Kingdom	GUKG10	2.21	-7.92 %
United States	USGG10YR	2.30	-5.74 %

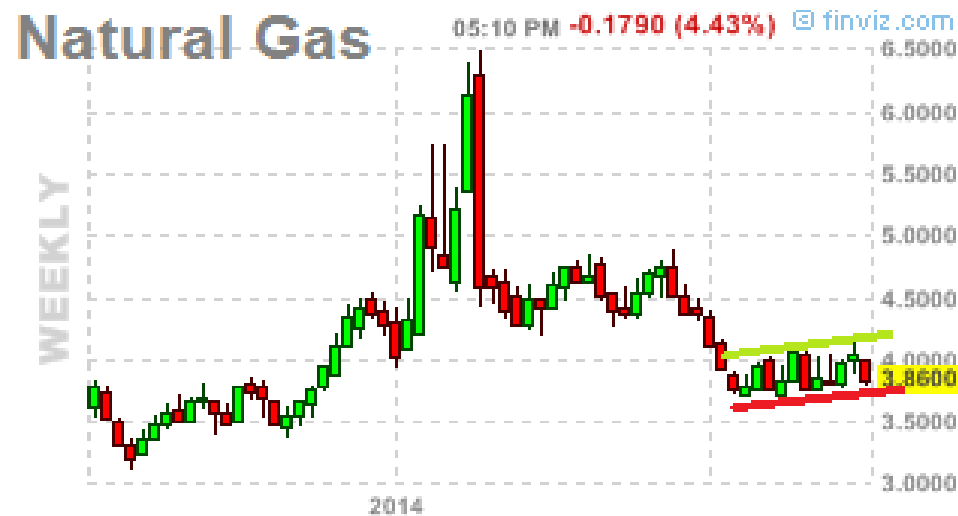
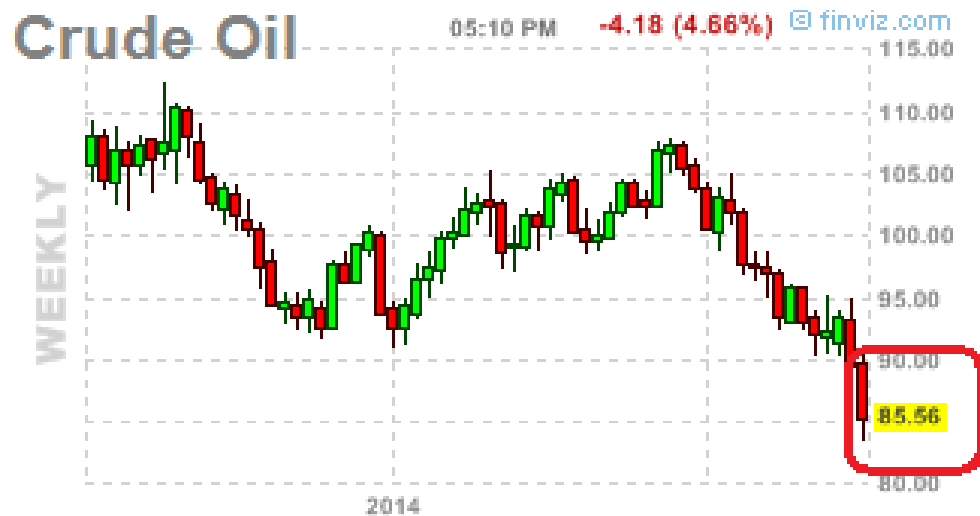
FX majors (source: Bloomberg.com)

	 USD	 EUR	 JPY	 GBP	 CHF	 CAD	 AUD	 HKD
 USD	–	1.2628	0.0093	1.6076	1.0449	0.8930	0.8686	0.1289
 EUR	0.7919	–	0.0074	1.2730	0.8274	0.7071	0.6878	0.1021
 JPY	107.6600	135.9600	–	173.0730	112.5090	96.1260	93.4960	13.8759
 GBP	0.6220	0.7854	0.0058	–	0.6497	0.5555	0.5404	0.0802
 CHF	0.9571	1.2087	0.0089	1.5389	–	0.8544	0.8313	0.1234
 CAD	1.1199	1.4142	0.0104	1.8002	1.1696	–	0.9726	0.1443
 AUD	1.1513	1.4539	0.0107	1.8509	1.2022	1.0282	–	0.1484
 HKD	7.7585	9.7979	0.0721	12.4722	8.1084	6.9281	6.7391	–

Weekly FX charts - many weeks of US Dollar strength and weakness elsewhere was halted with currencies taking a break from the relentless one-directional momentum. That said, the multi-month trends are still very much intact with traders waiting for more information as to whether a change in appetite for the US Dollar is on the cards. (source: finviz.com - weekly data)



**ENERGY:** Crude Oil prices weakened further to close at \$85.56. Natural Gas remains at an important juncture, with an downside break likely. Heating oil extends it's decline further.  
(source: finviz weekly data)



**METALS** – the dampening of the US Dollar's upside momentum has helped the metals with buying coming into the market this past week. Whilst Silver broke it's critical level several weeks back, Gold has so far held it'd corresponding level at the \$1180 zone. (source: finviz weekly data)





**Thank you for reading**

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