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**VIEW FOR THE DAY**

**The dollar moved sideways against most currencies in relatively quiet trading sessions.** In G10, JPY outperformed (+0.1% vs. USD) while GBP weakened a touch (-0.1%). In EM, the outperformance of IDR stood out (+1.4% vs. USD; USD/IDR at its lowest since June 2), while ZAR and INR weakened (-0.4% vs. USD). US Treasuries continued to cheapen modestly after the strong payrolls report on Thursday, while equities were slightly lower in the London session.

Data generally disappointed in the **London session**. **German** IP printed at -1.8% m/m vs. consensus of flat, its weakest since April 2012 and prompted our economists to revise down their German 2Q GDP forecast. The region-wide number is at risk as well and we wait for more IP releases this week before revising it (see [note](http://emaillink.jpmorgan.com/t/AQ/AAUwmA/AApfWQ/Ub6wRg/nw/AEOoYw/AQ/bdVi) from Fuzesi). **Norway** IP disappointed substantially as well and printed at -5.9%m/m (weakest since August 2010) vs. consensus of -0.2%, NOK, but had little market impact. We stay underweight **NOK** vs. **GBP** and **USD** in our recommended portfolio.

**The Monday Sydney session** started with the majors, being traded at similar ranges to the Friday closes as there was no major market movers during the weekend. During the **Monday Asian session**, in Australia, ANZ job advertisements for June were up 4.3%m/m in June after a 5.7%m/m plunge in May. These numbers have been whippy over the last few months, and are likely picking up the stop-start nature of firms' hiring intentions around the Federal Budget release. The data release had little impacts on the markets.USD outperformed the other majors while NZD and SEK were the weakest (-0.2% agst. USD respectively). In EM Asia space, IDR was an outperformer (+1.0% agst. USD).

**Later today**, the calendars are light across regions. **Canada** releases Ivey PMI.

**Trades: We are making a few changes to the macro trade recommendations after last week’s policy and data developments.** We increase the size of the SEK short following the Riksbank’s emphatic policy easing and downward revisions to its repo rate forecast. We hold long **EUR/SEK** (from 9.1940) and add a long position in **GBP/SEK** (entry 11.7290, stop at 11.560). We remain bearish on **NOK** in the wake of the Norges Bank’s equally dovish forecast revisions several weeks ago but see marginally more upside for the dollar now courtesy of payrolls, hence we switch from long in **EUR/NOK** to **USD/NOK**, thereby neutralising the portfolios’s overall implicit EUR/USD exposure. Net profit on EUR/NOK is 1.0%. We enter long in USD/NOK at 6.2140 with a stop at 6.12. The portfolio remains long GBP/NOK (marked at +1.9%).

**This week:** In the **US**, this week is more quiet than the last following the jobs report. FOMC minutes from the June 17-18 meeting are on the 9th while chain store sales are on the 10th. Fed speakers include Lacker (nonvoting, slight hawk; 8th), Kocherlakota (voting dove; 8th), George (nonvoting slight hawk), Fischer (voting center; 10th) and Lockhart (nonvoting center) and Evans (nonvoting dove; 11th). **Canada**’s important releases include housing starts (9th) and job data (11th).

In **Europe**, UK has IP (8th) and RICS home prices and trade (10th). In Scandis, Sweden’s CPI (10th), Norway’s IP (7th) and CPI (10th) will be of interest.

**Japan** has several releases this week. The economy watchers survey (8th). The current account (8th) and private machinery orders and consumer sentiment (10th) are due to release. BoJ Governor Kuroda will speak on the 7th, followed by a speech by BoJ Deputy Governor Nakaso (8th).

**Australia** has NAB business confidence (8th). **New Zealand** releases NZIER business survey (8th). Data from **China** include CPI (9th), trade (10th) and money supply (10th-15th).

In **Asia ex-China**, India IP (11th) and trade (10th-15th) will be in focus. Latam releases include Brazil IPCA (8th) and Mexico IP (11th). In EMEA EM, Turkey IP (8th), Hungary’s trade (9th), Romania’s trade (10th) and Russia’s trade and Turkey’s current account (11th) will be important.

**Six central banks meet this week:** UK, Malaysia, South Korea, Indonesia, Peru (10th), and Mexico (11th). **We are expecting rate changes only from Malaysia (+25bp) and Peru (-25bp).**

**WEEKEND/OVERNIGHT NEWS**

**EUR:** May Germany IP (%m/m, sa) was -1.8 (JPM: 0.0, cons: 0.0, Apr: 0.2)

**NOK:** May IP (%m/m, sa) was -5.9 (cons: -0.2, Apr: -0.1)

**CHF:** June Unemployment rate (%, sa) was 3.2 (cons: 3.2, May: 3.2)

**AUD:** ANZ job advertisements for June were up 4.3%m/m in June after a 5.7%m/m plunge in May.

**TODAY’S WATCH LIST (ALL TIMES BST: +11HRS SYDNEY, +8HRS TOKYO & -4HRS NEW YORK)**

**CAD:**

May Building permits (%m/m, sa) @13:30 (JPM: 1.5, cons: 2.0, Apr: 1.1)

Jun Ivey PMI (index, sa) @15:00 (JPM: 52.4, cons: 52.0, May: 48.2)

**OVERNIGHT PRICE ACTION**

**FX:** In G10, JPY outperformed (+0.1% vs. USD) while GBP weakened a touch (-0.1%). In EM, the outperformance of IDR stood out (+1.4% vs. USD; USD/IDR at its lowest since June 2), while ZAR and INR weakened (-0.4% vs. USD).

**FX Volatility:** JPM index for G7 vol increased by 0.1 vols but was unchanged for EM FX. 1m ATM EUR/USD vol was at its highest in 2 weeks.

**Commodities:** Brent –flat; Gold -0.6%, iron ore -1.2%.

**Bonds**: JGB 10yr flat; ACGB 10yr +1bp.10y UST +0.5bp, UK -0.4bp, Germany +0.4bp.

**Equities:** Nikkei -0.4%, Hang Seng 0.0%, Shanghai +0.0%, Kospi -0.2%, ASX 200 -0.1%, Euro Stoxx -0.3%, DAX -0.1%, FTSE -0.2%, IBEX -0.5%, Russia +0.5% and Istanbul +0.4%.

**TECHNICAL UPDATE**

The short term setup for the USD has improved given the post-ECB/payrolls price action. This is in line with the bullish reversals from several important support levels with the price action suggesting an increased risk for follow-through strength. For the **DXY**, the impulsive reversal from the 79.70 area (61.8% retrace/June channel) raises the risk of additional upside as the 80.31/43 levels will now be key. Similarly, **EUR/USD** looks increasingly vulnerable to additional weakness after struggling against the 1.3690/1.3750 resistance zone (ST range highs/50% retrace from May). The other key focus is on **USD/JPY** as the reversal from the medium term range lows has taken on a more impulsive bias suggesting an increased risk that another shift within the broad consolidation phase can develop. In turn, the 102.38/80 levels will now be key as breaks should confirm the potential upside bias.

The short term backdrop for **AUD/USD** has clearly deteriorated with last week’s price action given the false break above the April high and the failure at the critical .9500/.9545 zone (76.4% retrace/Nov peak). The .9322 support level is now important support for the short term setup with breaks allowing for a retest of the short term range lows near .9200. For **NZD/USD**, the next line of important levels remain critical hurdles including the .8781 May high with the .8845 cycle peak from 2011. In turn, we sense that a short term pullback can develop particularly given the current overbought and diverging momentum setup but this week’s action still reflects a corrective bias. The downtrend for **USD/CAD** continues to develop as the focus stays on the important 1.0648/1.0555 support zone (38.2% retrace/uptrendline from the Sept ’12 low). A break back above the 1.0712/53 area is now necessary to suggest a better tone. Note that **EUR/CAD** has violated important support at 1.4485 uptrendline from the August ’12 low. The other key focus stays on the Scandies as the overall underperformance view is intact. Still, the test of the next line of key levels can allow for some near term pause, if not a mixed tone given the potential shift in EUR/USD. While Thurs’ impulsive rally for **USD/SEK** led to a quick test/reversal from the 6.8667 high from last year, corrective retracements are buying opportunities. Support at 6.76/72 seems key. Moreover, **EUR/SEK** has already tested critical resistance in the 9.30/35 zone (2011 highs) following the breakout above 9.14/9.20 zone. Still, medium term upside risks are intact. Near term pullbacks for **USD/NOK** should find support at 6.1845/6.17 area while a break of the 6.2531 high should set the stage for a closer test of the 6.3144 Feb high. Friday’s bearish reversal in **EUR/NOK** from the 8.52/55 zone (Feb/Dec highs) can allow for some additional consolidation as support at 8.3885 will define whether a pullback into the 8.30 area is likely. Still, the overall upside risks are intact.

**RESEARCH FROM THE REGION YOU MAY HAVE MISSED**

[Germany: we revise down 2Q14 GDP to just 0.5%q/q saar](http://emaillink.jpmorgan.com/t/AQ/AAUwmA/AApfWQ/Ub6wRg/nw/AEOoYw/AQ/bdVi)

[Tweaking macro trades after a busy Thursday](https://jpmm.com/research/content/GPS-1432201-0)

[Research note - Brazil: fiscal deterioration in cyclical and policy drivers](https://markets.jpmorgan.com/research/email/-sf8c993/GPS-1433136-0.pdf)

[Europe, Middle East and Africa Emerging Markets Weekly](https://markets.jpmorgan.com/research/email/-777dnah/GPS-1433193-0.pdf)

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