



QUARTERLY **MARKET** OUTLOOK

Q3 2019



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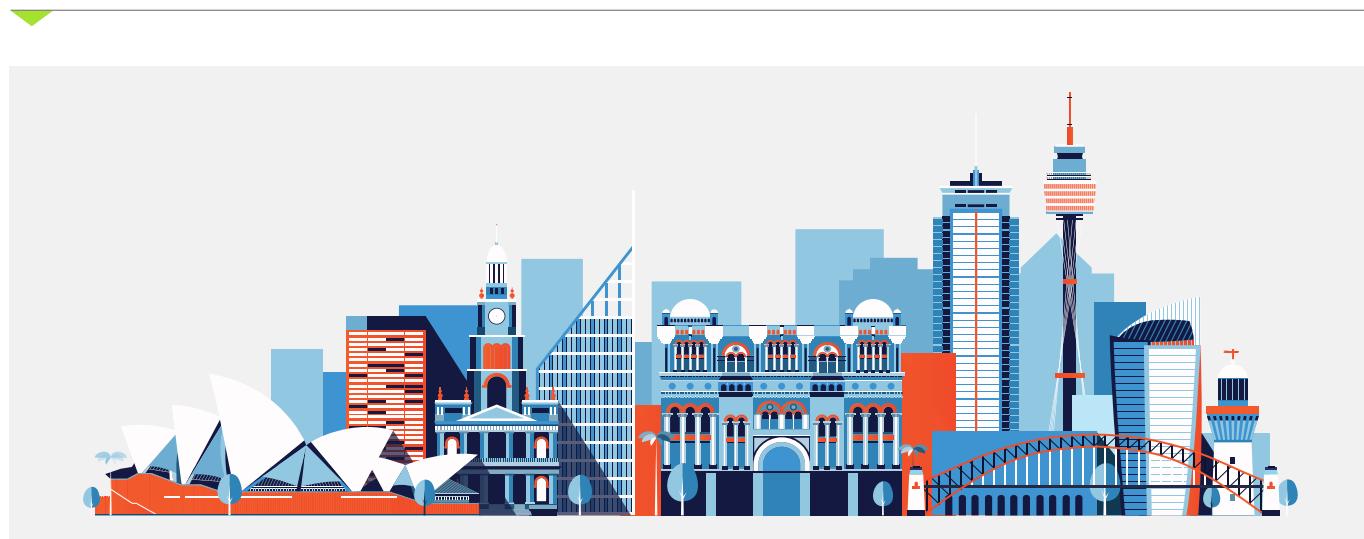
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AUDUSD:

Aussie caught in RBA vs. Fed rate-cuts race

Written by Han Tan, Market Analyst at FXTM

The Australian Dollar's bearish trend that began in early 2018 is set to **extend into the current quarter**. The Reserve Bank of Australia has come a long way from earlier in the year when it painted a picture of steady growth for the **domestic economy**. The central bank then proceeded to lower its cash rate target by 25 basis points in June, before cutting rates by a similar margin again at the start of July.



As worries increase about weaker economic conditions, Australia's benchmark interest rate has reached a new record low of one percent. Those cuts were heavily anticipated by investors, sending the Aussie down over one percent against the greenback in Q2, erasing gains from the first quarter to register an overall decline of 0.4 percent for the first half of 2019.

► DAILY

Fed rate cut could offer limited relief for AUD

Later this month, it could be the Federal Reserve's turn. Investors will turn their attention to the scheduled FOMC meeting at the end of July to see if Fed chair Jerome Powell and his colleagues join the easing party. At the time of writing, Fed Funds futures point to a 100 percent chance of a US rate cut this month. Although a Fed rate cut has been largely priced in, the actual event could still offer some limited relief for the Australian Dollar and nudge it towards the 0.7 mark against its US counterpart.

06

GOLD:

Positioned to thrive in low interest rate environment

Written by Lukman Otunuga, Research Analyst at FXTM

The investment case for Gold is set to remain robust as speculation mounts that major central banks will ease monetary policy in an effort to counter a global economic downturn.



DAILY

The yellow metal shone with extreme intensity during the second quarter of 2019, rallying roughly 9% to levels not seen above \$1435 in over six years, thanks to an environment that included ongoing global growth concerns, geopolitics, trade tensions and Dollar weakness.

Weak macro data, which reflects downward revisions in global growth over the past 12 months, is prompting a handful of central banks including the European Central Bank (ECB), Federal Reserve (Fed) and Reserve Bank of Australia (RBA) to signal a willingness to ease monetary policy and increase economic stimulus to support growth.

In a low interest rate environment filled with chronic uncertainty, Gold can climb another 5% over the course of Q3 - claiming the title as one of the high flyers among safe-haven assets, in competition with the Yen.



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