

# 'FIFA World Cup vs FX: Who will win?' - a Tat Capital prediction

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*Football World Cup 2018 is creating waves, and last week, we saw how the countries fared in FX & Football for Round 16.*

*The big quarter-finals start today: will we better our 50% prediction rate this time around?*

*Here are our predictions:*

## Quarter-finals:

### URUGUAY vs FRANCE

Cavani set to miss the quarter-finals with injury from the last match, so it's likely that France will have yet another advantage. Suarez is confident they can defend against MBappe, but they have another threat with Griezmann.

The EUR has remained strong against the UYU and looks to remain that way. Since the EU Summit, the Euro has strengthened across the board of major currency pairs.

⇒ **Prediction:** France



## BRAZIL vs BELGIUM

Being the two of the top teams remaining, this will be one to watch! If Belgium plays against Brazil as it did against Japan in the first half of its last match, there won't be any miracle comebacks this time around. There's a chance Brazil wins this one with ease (it's still Brazil), but there's just so much talent all over the pitch on both sides.

While our BRL forecast has been more bullish than market expectations, it will turn BRL negative in the short and medium term. The most important negative risks continue to be domestic, and the presidential election to add to BRL volatility.

⇒ **Prediction: Belgium**



## SWEDEN vs ENGLAND

Will England maintain their confidence in the Quarter-finals? England is a hard egg to crack when it comes to the World Cup, as they are pretty unpredictable in how they will perform, but this is a match it should win. It has a distinct talent advantage on Sweden. However, I didn't expect Sweden to come this far and they are still here...

The British pound has moved sharply lower against the Swedish krona, after Sweden's Riksbank kept interest rates on hold as expected, but raised its inflation forecast. Over the last few weeks, we have seen buyers and sellers battling around the 11.75 level, which represents the GBPSEK pair's 200-week moving average, bulls will ultimately need to reclaim this level if we are to see a continuation of the move back towards 12.50 and beyond.

⇒ **Prediction:** England



### RUSSIA vs CROATIA

The best outcome for Russia in this Quarter-final is to hold out the full match until penalty stage. Croatia has come into this quarterfinal as the favourite: being more of the aggressor and of course with Modric's skill of breaking down the middle defence will be an enjoyable lively match.

Even with the World Cup inflows vs outflows on dividend payments, further geopolitical escalation is a serious short- to medium-term risk for the RUB, Russian stocks and government debt.

⇒ **Prediction:** Croatia





**Semi-finals:**

**FRANCE vs BELGIUM**

France currently sits at 4-1 World Cup odds to win the entire tournament. With Matuidi back from suspension, we should see a very good match, especially with Lukaku, Hazard and De Bruyne leading the Red Devils attack in goals.

With both countries trading in EUR, I believe this could be a draw ending in the ultimate penalty shootout. Looking closer to home, within their own economy: we see France's ongoing journey to repair a fundamental economic problem, while Belgium is focusing on investment opportunities in Ukraine.

⇒ **Prediction:** *Belgium*

(no chart)

**ENGLAND vs CROATIA**

England showed signs of greatness in their match with Colombia. This England team is a young, vibrant exciting team with a great attitude, but how far can that take them? Croatia has had some great goals in the Group stages and looks like they are likely to continue being the aggressor with Modric in the middle.

Even with the Short GBP positions starting to perform of late, we can see HRK remaining strong throughout the World Cup. The GBP has maintained a broadly sideways trend against the EUR: time will tell as we come closer to Brexit developments this week.

⇒ **Prediction: Croatia**



**Finals:**

### **CROATIA vs BELGIUM**

Belgium led by powerful scorers, the team has not lost a competitive match since August 2016. However, Croatia has become real contenders this World Cup through their progression by beating giants throughout. Learning from their mistakes in past matches, can the Croatian side test the Red Devils' defence?

So much volatility of late, it is going to be a close game. Looking at the charts, we can see, Croatia starting strong, but Belgium coming back with a late appearance. It's going to be close.....

⇒ **Prediction: The World Cup champions will be 'Belgium'!**





### Alternative Final?

With Brexit controversy swirling around, FX sees another possibility!

### FRANCE vs ENGLAND

Hopefully, now the English Squad have overcome their doubts after beating Croatia, and see themselves as World Cup Champions, even though history does not look good for them... Will the Cup come home?

On the other side of the pitch, the French team, with the scorching pace and youth of Mbappe, are attacking very fluidly and stringing great passing across the midfield to their forwards, which are also converting goals!

In a FX world, who would not want to see a EUR/GBP final? After the controversial Brexit and the ongoing developments, this would be a great match to watch!

The GBP has staged a decent recovery against the EUR over the last week due to improved forecast data, culminating with a consensus-beating service PMI release mid-week. It appears to be successfully defending a key line of defence against the EUR. However, there could be a surge in the EUR shaping up soon, as PM May's time is running out to strike a deal with the EU on their position on Brexit.

⇒ **Prediction:** 'FRANCE'



Game set. Are you ready?

#### **In other FX News:**

The trade war has just begun, and the Chinese reply is going to be pretty tough! Most American families are caught in the middle of this tussle...

#### ➤ **AUD/USD**

The Aussie knocked into a new low for 2018 as risk aversion continues to pummel broader markets. Given its large exposure to the Chinese economy, and with trade war uncertainty set to continue in the next months, the Australian Dollar is at the centre of the crossfire

#### ➤ **AUD/EUR**

We had a strong support in area 0.62 and price moved up again. The German economy (Manufacturer PMI and IFO Index) prices might move up again towards area 0.65

#### ➤ **AUD/GBP**

Some good sign from manufacturing PMI (54.4), Services PMI (54), GDP QoQ 1%. Some good news is coming in from mining in WA and this might give some boost to AUD

#### ➤ **AUD/CNY**

We had an important resistance at 4.9 and we had a retracement towards 4.75. Currently, we are bullish on AUD (retail Sales and employment change are important data for AUD) and CNY GDP and Industrial production. We might see some strength coming towards AUD



## ➤ AUD/INR

Indian Central bank has hiked interest rates to 6.25% and since the beginning of the year, the rate is moving in the trading range of 49.8 and 50.8. and we are bullish on AUD towards the area

## Major events/data this month:

⇒ Monday, July 2

09:50 JPY Tankan Large Manufacturers Index (Q2)

09:50 JPY Tankan Large Non-Manufacturers Index (Q2)

11:45 CNY Caixin Manufacturing PMI (Jun)

18:30 GBP Manufacturing PMI (Jun)

⇒ Tuesday, July 3

Holiday United States - Independence Day - Early close at 13:00

00:00 USD ISM Manufacturing PMI (Jun)

14:30 AUD RBA Interest Rate Decision (Jul)

18:30 GBP Construction PMI (Jun)

⇒ Wednesday, July 4

All Day Holiday United States - Independence Day

11:30 AUD Retail Sales (MoM) (May)

18:30 GBP Services PMI (Jun)



⇒ Thursday, July 5

22:15 USD ADP Nonfarm Employment Change (Jun)

⇒ Friday, July 6

00:00 USD ISM Non-Manufacturing PMI (Jun)

22:30 USD Nonfarm Payrolls (Jun)

22:30 USD Unemployment Rate (Jun)

22:30 CAD Employment Change (Jun)

⇒ Saturday, July 7

00:00 CAD Ivey PMI (Jun)

⇒ Tuesday, July 10

18:30 GBP Manufacturing Production (MoM) (May)

⇒ Wednesday, July 11

00:00 USD JOLTs Job Openings (May)

22:30 USD PPI (MoM) (Jun)

⇒ Thursday, July 12

00:00 CAD BoC Interest Rate Decision

22:30 USD Core CPI (MoM) (Jun)



⇒ Monday, July 16

All Day Holiday Japan - Marine Day

12:00 CNY GDP (YoY) (Q2)

12:00 CNY Industrial Production (YoY) (Jun)

22:30 USD Core Retail Sales (MoM) (Jun)

22:30 USD Retail Sales (MoM) (Jun)

⇒ Tuesday, July 17

08:45 NZD CPI (QoQ) (Q2)

18:30 GBP Average Earnings Index +Bonus (May)

18:30 GBP Claimant Count Change (Jun)

⇒ Wednesday, July 18

18:30 GBP CPI (YoY) (Jun)

19:00 EUR CPI (YoY) (Jun)

22:30 USD Building Permits (Jun)

⇒ Thursday, July 19

11:30 AUD Employment Change (Jun)





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