

**Daily Morning Report** - The British pound eased against the dollar on Tuesday, a day after posting its biggest daily gain in 7 years on the back of opinion polls that swung in favor of the campaign for Britain to stay in the European Union.

Two opinion polls on Monday showed that the "Remain" camp has recovered some ground in Britain's European Union referendum debate. The implied probability of a "Remain" vote in Thursday's referendum rose to around 78% after falling as low as 60% last Thursday, according to odds from gaming website Betfair. "The market is reacting to every twist in opinion polls but trading is becoming choppy because people are avoiding taking big positions ahead of the poll. Our options desk was fairly quiet yesterday," said Kyosuke Suzuki, director of forex at Societe Generale(PA:SOGN). "Polls seem to suggest support for 'Remain' is rising, but the truth is we won't now until we see the results," he said. But traders also said any break may have to wait until the markets see the results of Thursday's referendum. "Until then, there could be more ups and downs," said Masashi Murata, currency strategist for Brown Brothers Harriman in Tokyo. The latest swing in opinion polls in favor of the "Remain" camp also adds to the risk of an especially sharp market reaction if the actual vote result, expected to reach markets on Friday morning in Asia, were to go the other way, Murata added. "As a risk, we have to be on guard on the Tokyo morning of June 24... It could lead to a pretty serious situation if the result turns out to be 'Leave',"

he said. The implied volatility on pound options have fallen notably as investors see a diminishing chance of the "Leave" camp winning. The three-month volatility last stood at 13.3% , compared with a high of 18.5% last week. "At the root of the yen's strength lie diminishing yield gaps between Japan and the U.S. Since expectations of further easing in Japan have waned, Japanese exporters' bids tend to support the yen," said Koichi Yoshikawa, executive director of finance at Standard Chartered (LON:STAN) Bank. After the yen's latest rise, Japanese Finance Minister Taro Aso said on Tuesday that Japan would respond to rapid currency moves in line with G7/G20 agreements, although the country would not intervene in the market so "easily".

**Source:** [Traders Trust Broker \(Review and Forex Rebates Up to 85%\)](#)