



Creative Global Investments

Currencies Commentary & Charts

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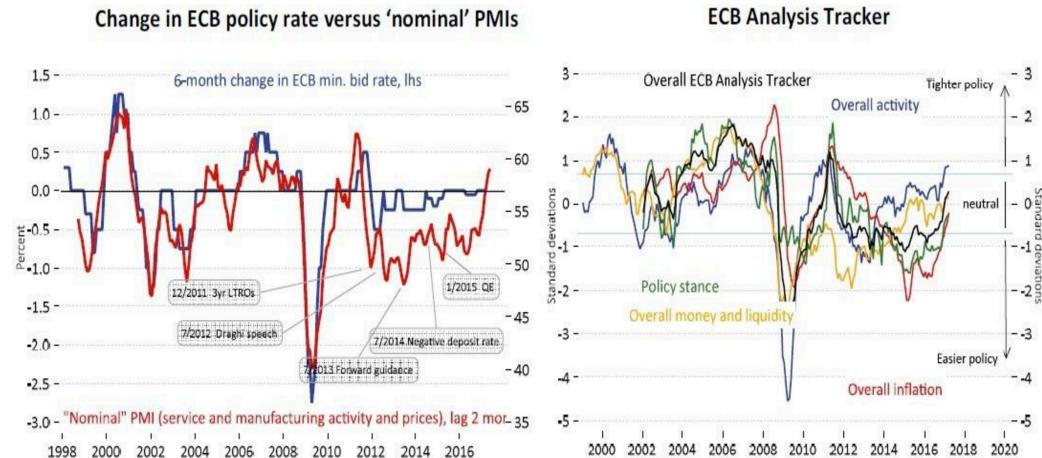
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In Europe, the ECB should start considering tightening policy as there is continuing evidence of stronger economic growth, a tightening labor market and a pickup in inflation, which implies that the ECB should now start considering tightening policy, signaled by the simple 'nominal' composite PMI index.



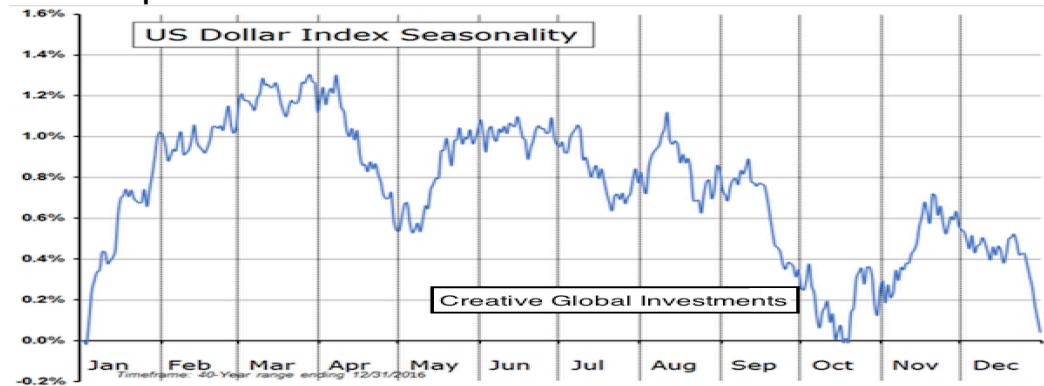
We see this as a major factor, not priced in at all yet, and why there should be continued momentum building in the Euro against other currencies, and particularly against the US\$.



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At the moment the current and projected strength of inflation and of growth look likely to justify two interest rate hikes this year, however, we do not believe that the FED will even proceed with those, as they would likely cause an even stronger US\$, which the US currently cannot cope with, and particularly given the **Trump administration's economic and fiscal objectives**. Strength in the US\$ through Q1 of 2017 is likely to have a continued and increasingly negative influence on US corporate earnings and exports. The US's global competitiveness is suffering increasingly with the US\$ at levels of around USD 100. **The US\$ warrants careful attention in the weeks ahead as we transition out of a period of seasonal strength and into a period of weakness.**



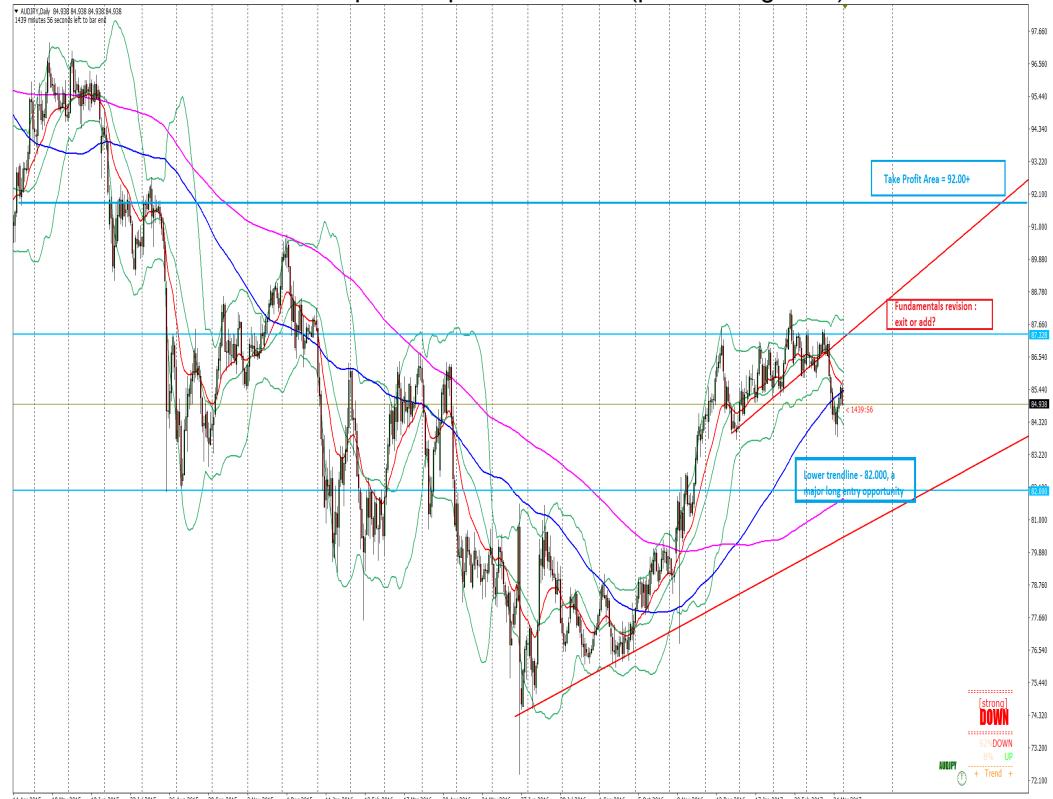
The US\$ has been consolidating above 100 for about 5 months, but a short-term head-and-shoulders topping pattern is forming and the \$USD shows signs of rolling over from resistance around its 50-day moving average. The short-term technicals for the \$USD are very overbought, with full stochastics close to an all time high, and RSI and MACD also at extended levels. We believe that the US\$ will retest the 100 levels, and consolidate back towards a 94 level of support over the coming 3 – 4 months.



The US\$ started to show deterioration against several commodities based currencies, and we have identified actionable trades related hereto and highlighted in the charts below.

AUD JPY

Entry projection: 200MA (purple line) – lower trendline, or 82.00. Revision of fundamentals at the 88.00. Upwards potential move (profit taking area) – 92.00

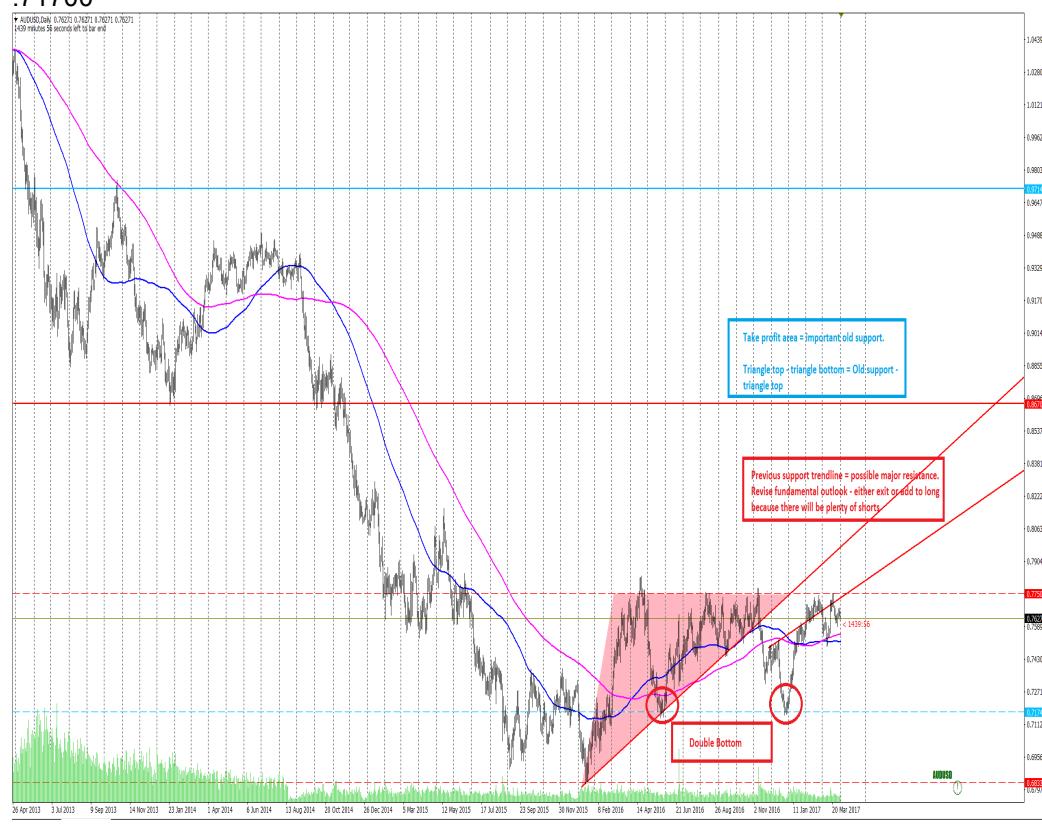


AUD USD

Entry position – upon the 0.77500 resistance break. Price target – 0.86700
Technical perspective → Top of the triangle (.77500) – Bottom (.68300) = Price Target
(resistance at .86700) – Top of the triangle (.77500).



Fundamental revision at .83300. Break of the .77500 also verifies the double bottom of .71700



EUR USD

Entry positions: At the lower trendline, 1.05 or if situation occurs, at 1.04 although there is no obvious reason of the price diving to that level again soon. Revision levels: 1.11, exit or wait depending on the fundamentals. Profit taking area: 1.13 or better



USD CAD

Entry position: upon the next pressure on the 1.30 support – retail shorts will buy back there. Fundamentals revision – once the price hits the lower trendline. Profit taking area – 1.25 or better



USD BRL

Entry position: at the 3.000 support. Fundamentals revision – to be done between 2.75 and 2.50. Profit taking area: 2.25



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