



Creative Global Investments

Currency commentary & charts

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Objectivity

Integrity

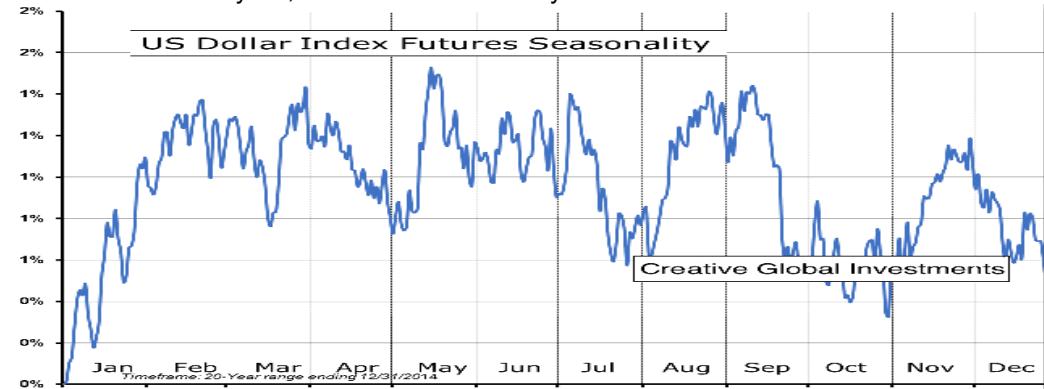
Creativity

US\$ tremendously overbought

The US\$ index dipped, along with the market, into yesterday's afternoon trade. The US\$ Index sits around 100, a key psychological level that has already shown some weight in restraining upside activity earlier in the year.



Seasonally, the US\$ Index averages a decline of -0.7% in the month of December, its worst month of the year, based on the last 20 years.



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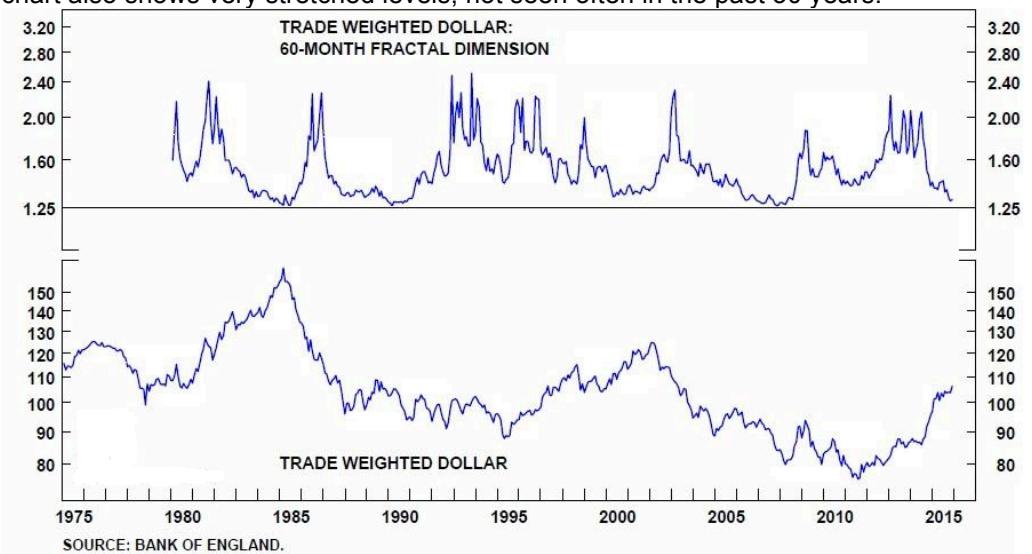
The US\$ Index has ended lower in 70% of Decembers since the mid 1990's. The currency benchmark continues to hover around overbought levels following the substantial move charted over the past month in anticipation of the pending central bank actions.

Monthly Averages over past 20 years:												
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	1.1%	-0.1%	0.0%	-0.4%	0.4%	-0.3%	-0.1%	0.5%	-0.6%	-0.1%	0.5%	-0.7%
Gain Frequency	65%	45%	50%	40%	60%	45%	55%	55%	45%	30%	65%	30%
Max Return	5.6%	3.5%	4.9%	4.5%	5.6%	2.0%	4.5%	5.4%	6.5%	8.6%	4.9%	4.3%
	1997	2013	2001	2000	2010	2003	1997	2008	2011	2008	2010	2009
Min Return	-2.4%	-2.4%	-4.5%	-4.0%	-6.5%	-4.9%	-5.5%	-3.3%	-5.3%	-3.5%	-3.8%	-5.3%
	2006	1995	1995	2006	2009	2002	2010	2001	2010	2011	2004	2008

Here is a weekly chart showing the SU\$ on a trade weighted basis relative to major currencies



On another comparison, namely the long-term groupthink for the US\$, the following chart also shows very stretched levels, not seen often in the past 30 years.



As for the Euro, we do not expect for the ECB to do much more stimulus than the just announced reduction of the deposit rate from 30bps to 20bps, and that most of the well telegraphed further possible actions of the ECB are priced in the current EUR/US\$ 1.06 rate levels, and hence why we believe that the EUR/US\$ is going to hold at the current support levels and bounce back until year end towards the EUR/US\$ 1.12 levels.



As we have pointed out on Monday, the sentiment of investors towards the Euro is at an all-time low. The sentix Global Investor Survey shows that the Euro currently faces stronger investors' pessimism than during the height of the Euro crisis. The US\$ wins investors favor, though. The latest sentix Sentiment Index for the currency pair EUR/USD, which captures investors' one-month market expectations, reaches the lowest value since survey interception (please refer to Chart, blue line). Investors have never been more pessimistic about the Euro. Investors' rising expectation of an imminent FED rate hike as well as ECB's intention to expand its quantitative easing program increasingly burden the Euro vs. US\$. Technically, low readings of the sentix Sentiment Index offer contrarian opportunities. Hence, an indication of an oversold market. However, prudence is advised, as this contrarian signal needs confirmation. That is currently not given since investors' medium-term confidence drops simultaneously.



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