

LE COIN TECHNIQUE

Dollar/Yen should consolidate into November and then accelerate up again towards 2018

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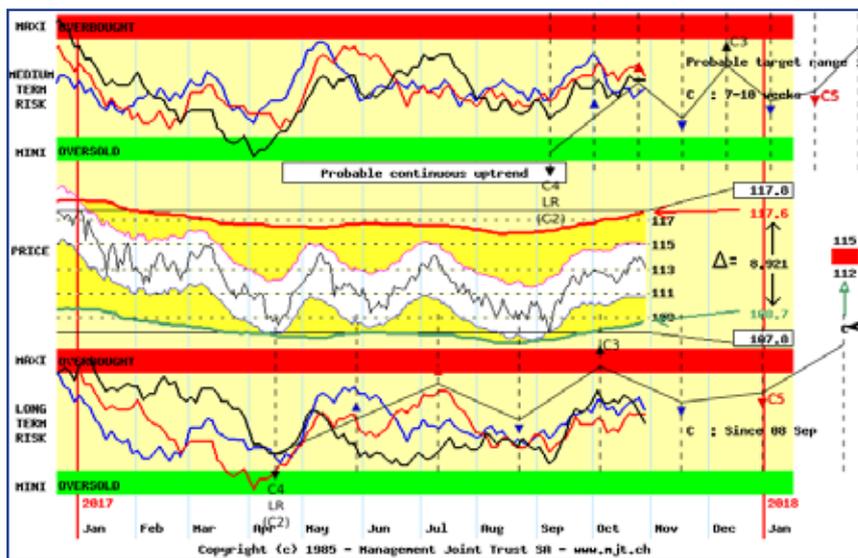
From its lows early September, the Dollar/Yen has followed risk assets and interest rates up in their recent rebounds. This positive momentum was further supported last week by the re-election of PM Shinzo Abe in Japan, famous for his Abenomics or aggressive monetary and fiscal stimulus. In this article we review the perspective for Dollar/Yen over the next few months and quarters.



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USD/JPY (Daily graph or the perspective over the next 2 to 3 months)



On both our oscillator series, USD/JPY reached intermediate tops. These were made early October on our long term oscillators (lower rectangle) and late October on our medium term oscillators (upper rectangle). Both would imply an intermediate correction into mid November, before USD/JPY recuperates and starts moving up towards December and Q1:2018. Currently, we are still below the upper end of "C" Corrective targets at 1.15 (right-hand scale), and hence the uptrend is still weak. This may imply that the retracement into mid November may be quite strong. Yet, we do not expect new lows given the base that was made in Q3:2017 on our Weekly graph below. From late November and December, we would expect USD/JPY to start moving higher towards early next year and reach above 115, opening the door to 118 and potentially even higher targets.

USD/JPY (Weekly graph or the perspective over the next 2 to 4 quarters)



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USD/JPY is currently building off the base it made in Q3:2017 (high lows on our long term oscillators; lower rectangle). It should continue to be supported until at least early next year. Our medium term oscillators (upper rectangle) would suggest one last retest over the next month or so. Yet, thereafter, we would also expect the bounce to continue into Q1:2018. From a price target perspective, we are still eyeing the higher end of our "C" Corrective targets up around 118 (right-hand scale). We would point that if these are taken out, the next level of targets are around 130 (yet, let's see if USD/JPY breaks above 118 to consider that).

CONCLUDING REMARKS: Since early September, the Dollar/Yen has achieved a nice rebound. Our analysis suggests that it has now reached an intermediate top and that it should consolidate for 2 to 3 weeks until mid/late

November, yet probably not make new lows. Following that, we expect further upside for the Dollar/Yen as we move into December. In first instance, the move would probably extend into February.