THE IFA's Wealth Gram

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wealthgram@gscgi.ch • www.gscgi.ch
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LE COIN TECHNIQUE

The Dollar is getting ready to bounce, European markets could outperform in Q1 2018

...article de Jean-Francois Owczarczak - CEO, Management Joint Trust SA - jfo@mjt.ch

In whishing you our best wishes for 2018, we will start our contributions this year with the US Dollar and its influence on the performance of European equity markets vs US ones. Indeed, we believe the US Dollar could bounce in Q1 2018 and that European markets could follow and outperform.

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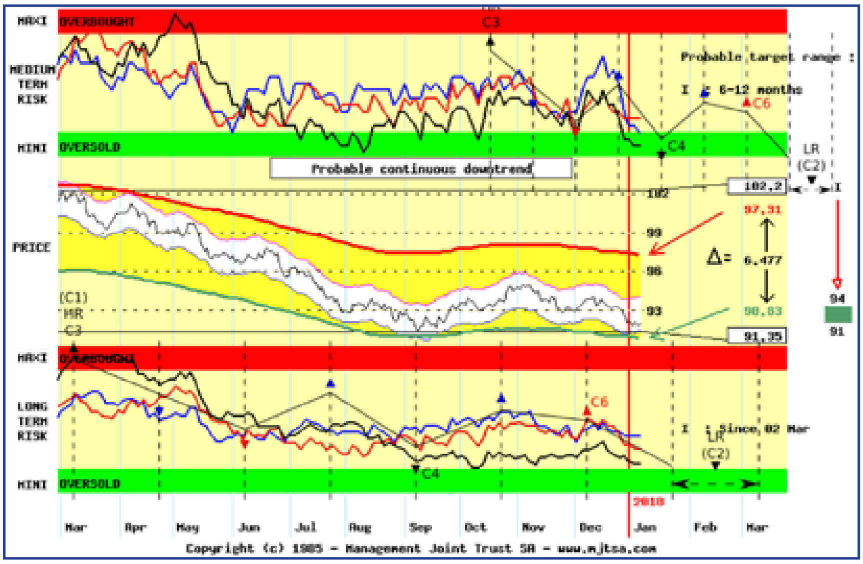
US Dollar Index *(Daily graph or the perspective over the next 2-3 months)*



On this daily graph, the downtrend on the US Dollar is getting close to exhaustion. It has reached its I Impulsive targets down between 94 and 91 (right-hand scale), and on our long term oscillators series (lower rectangle), it is approaching a Low Risk position (between mid-/late-January and early February). Our medium term oscillators (upper rectangle) would suggest that ***the US Dollar may start to bounce form mid-January, possibly into late February/early March.*** *Given our current measure of historical volatility "Delta" (6.477; middle rectangle; right-hand side), this initial bounce could amount to 3 to 5 figures (or 0.5 to 0.8 times "Delta").*

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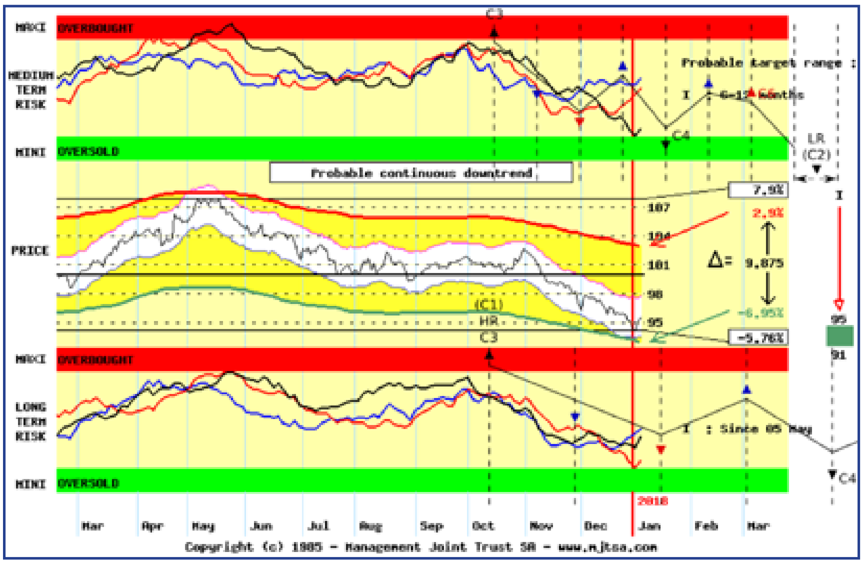
The EuroStoxx 50 Index vs the S&P500 Index *(hedged for currency risk)*



This graph compares both indexes like to like (i.e. hedged for currency risk). Most often, in such currency hedged comparisons, the Index with the stronger currency underperforms the one with the weaker currency (and vis versa). In this case, the EuroStoxx 50 has underperformed the S&P500 for most of 2017, especially since EUR/USD started to really accelerate up in May. As we enter 2018, the downtrend of the EuroStoxx 50 vs. the S&P500 also seems well exhausted. On both oscillator series (upper and lower rectangle), ***the ratio should reach an intermediate bottom mid January and then start to bounce until early March.*** *The downside risk is limited as our I Impulsive targets down (right-hand scale) has been pretty much achieved.*

Concluding Remarks: As we enter 2018, two key asset allocation trends of 2017 may be getting ready to reverse. Indeed, the US Dollar is getting very Oversold. Similarly, European equity markets seem ready to bounce vs. their US counterparts. It is too early to conclude if this shift is durable, yet this initial bounce could last into late February / early March at least.