



CURRENCY OPTIONS STRATEGIST

Intermediate-term directional trading opportunities

Update & Chart View

Tuesday 25 April 25 2017/10:43 a.m. ET

Current ETF Summary:

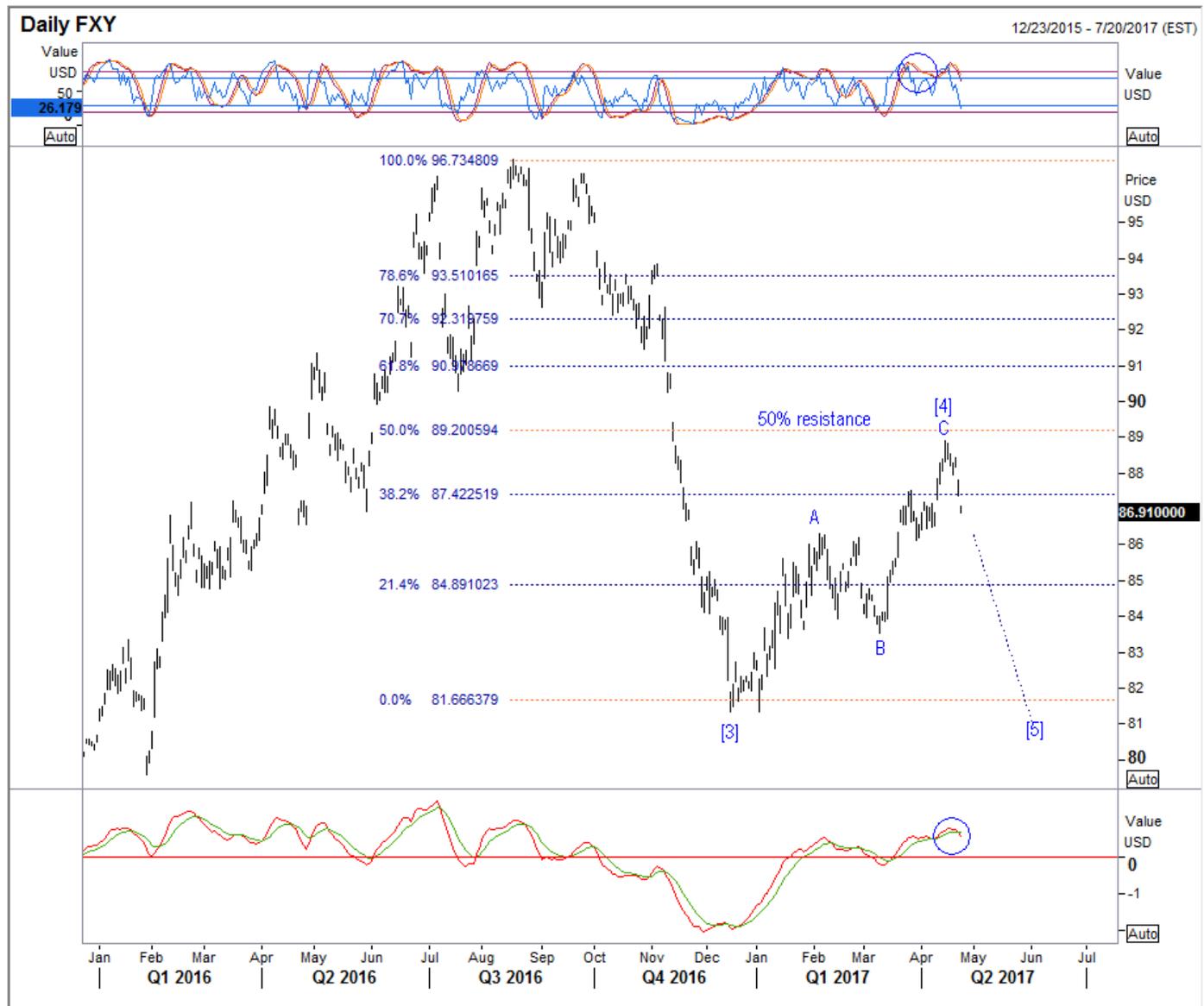
ETF	FXY (yen)	FXE (euro)	FXB (pound)	FXC (cad)	FXA (aussie)	DX (\$ index)
Position(s)	June puts	May puts	--	June puts	--	--
Daily Trend	Down (+)	Up	Up (-)	Down	Down	Up (-)
Weekly Trend	Up	Up	Up	Down	Down	Down

(*Weekly trend based on MACD indicator; daily wave view)

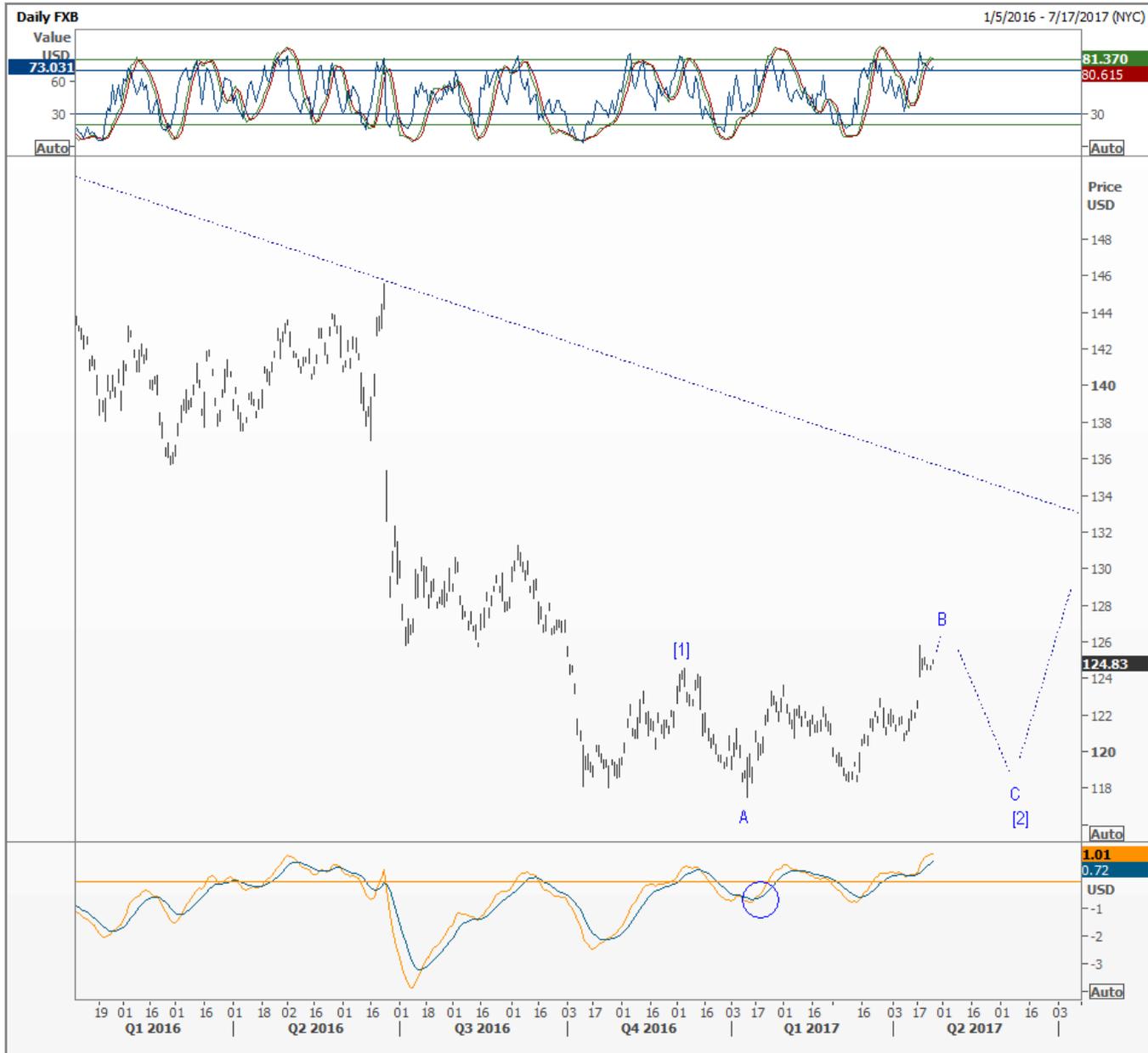
Comments:

- **Dollar index (UUP)** -- Still a very difficult call, but we remain cautiously bullish. Drivers will be US growth coming in; the Trump Agenda; haven attraction; and relative yield. At this stage most of those factors are favoring the US dollar. But open to the idea relative Eurozone growth is improving and sentiment improved on the back of French elections.
- **Japanese yen (FXY)** – Looks as if a major low may be in place. The rationale for this view is ongoing and unlimited loose monetary policy from Japan and no considered rejection of that policy from the recent IMF meeting under the guise of currency management. If the North Korea problem can be adequately addressed, and tensions ratcheted down a notch or two, a big relief decline in the yen could follow.
- **Euro (FXE)** – Acting very well on the French election results which despite the lack of a major party in play, Mr. Macron is very much an establishment (EU) candidate. His big lead is adding confidence among the intelligentsia (so decent institutional funds flow to Europe seems to be helping the euro). But, anything can happen here. The fundamental rationale is the Eurozone economy is recovering and Germany has signaled it can handle a higher euro. The wildcard is the ECB—will it start validating the building growth sentiment?
- **British pound (FXB)** – Still acting well. But politics continue to loom and there are some serious concerns about the UK consumer going forward—it could hammer growth. This may not matter if PM May proves successful in the upcoming snap election. Technically, looking for one more push higher as an opportunity to add puts here.
- **Canadian dollar (FXC)** – Two fold hit here: 1) the tight correlation with oil prices continues to smother the currency; and 2) the tariffs on Canadian wood exports to the US announced last night by the Trump administration. Expecting the weakness to continue here over a multi-week time frame, maybe more given our bearish outlook on oil (and of course assuming the current correlation remains intact).
- **Australian dollar (FXA)** – Looking for a big push lower here and an opportunity to add puts as the yield spread between Aussie and the US continues to move against Aussie (note the divergence on the chart page 6). Despite what seems to be stabilization in China, Aussie still acting badly—qualitative weakness.

Japanese yen (FX) Daily: Though we didn't expect FXC to extend, it did. But seems now a clear and symmetrical three-wave correction could be in place...if so, we could see a sharp fall from here to test the lows near 81. So let's hang on to those puts...daily momentum has turned down...



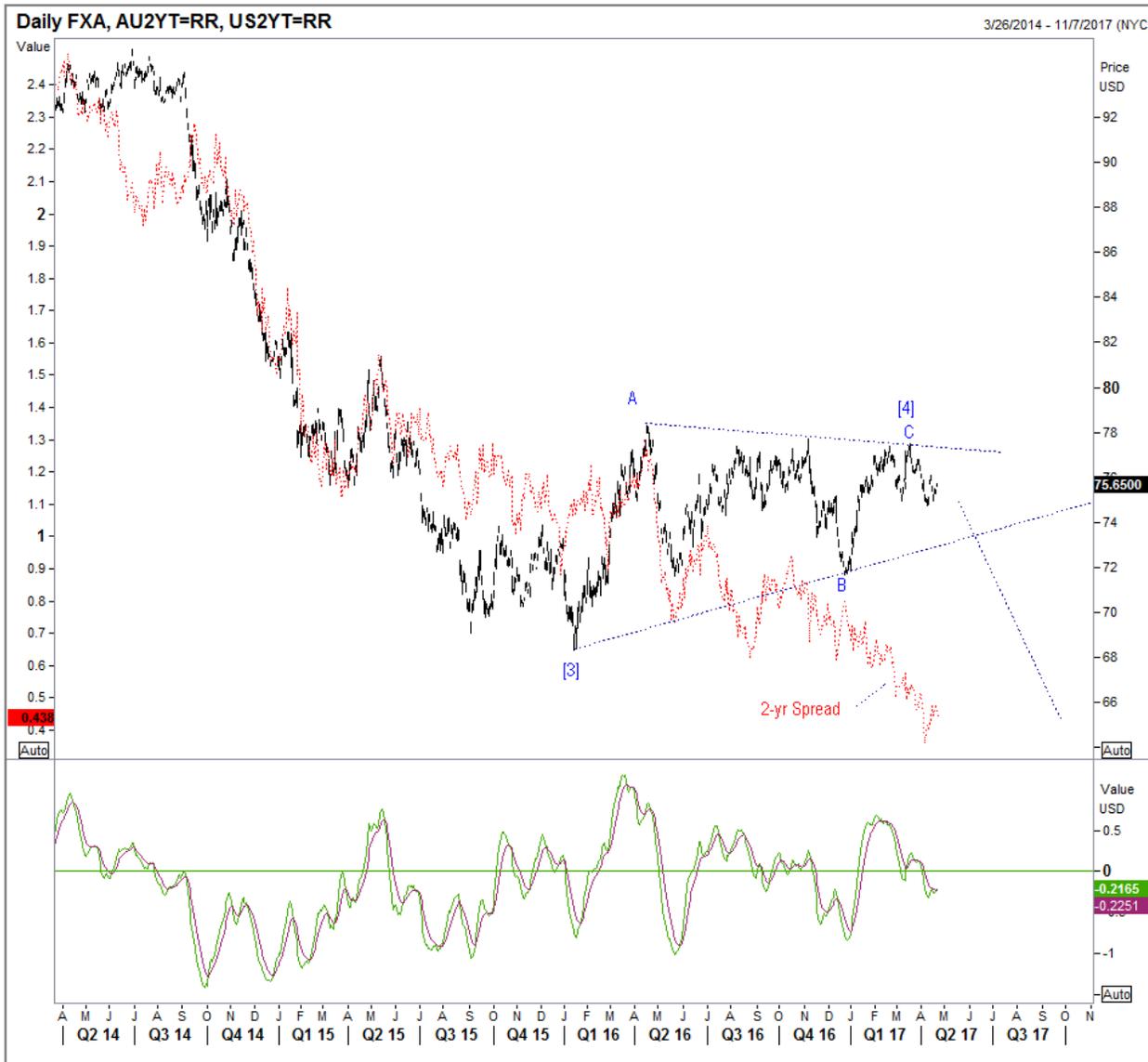
British pound (FXB) Daily: The pound got a big boost on the snap election call by PM May. Looking at this move as a B wave corrective rally; then one more major push lower to complete wave [2]...key here is how economic data flows in...watching. Politics continue to add volatility so cautious, but looking to add puts on this pattern.



Canadian dollar (FXC) Daily: Pushing lower in wave [5] as labeled. Close to our target here of 72.108 which represents a 61.8% retracement. Maybe time to grab some gains but keep some skin in the game here? Watching...stay tuned.



Australian dollar (FXA) Weekly: A-B-C pattern...compete? If so, we should start to see acceleration lower. Note the 2-year spread (Australia – United States) despite the currency still holding up. A nice divergence has developed.



Regards,

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