

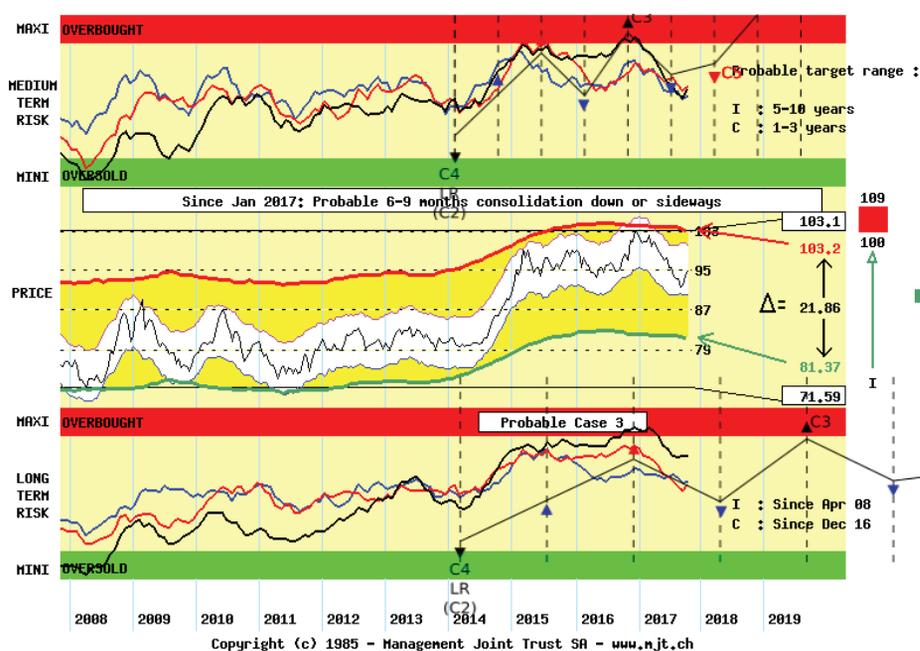
31 / MJT - TIMING AND TACTICAL INSIGHT

The Dollar should retrace down into November

From its lows early September, the Dollar 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 Shinzo Abe in Japan, famous for his Abenomics or aggressive monetary and fiscal stimulus, and the extension of the ECB bond buying program, possibly beyond September 2018. That said, the reaction up since early September still pails in comparison to the downtrend year-to-date and we would probably expect further retests to the downside between now and late Spring next year.

Dollar Index

Bi-monthly Graph or the perspective over the next 1 to 2 years

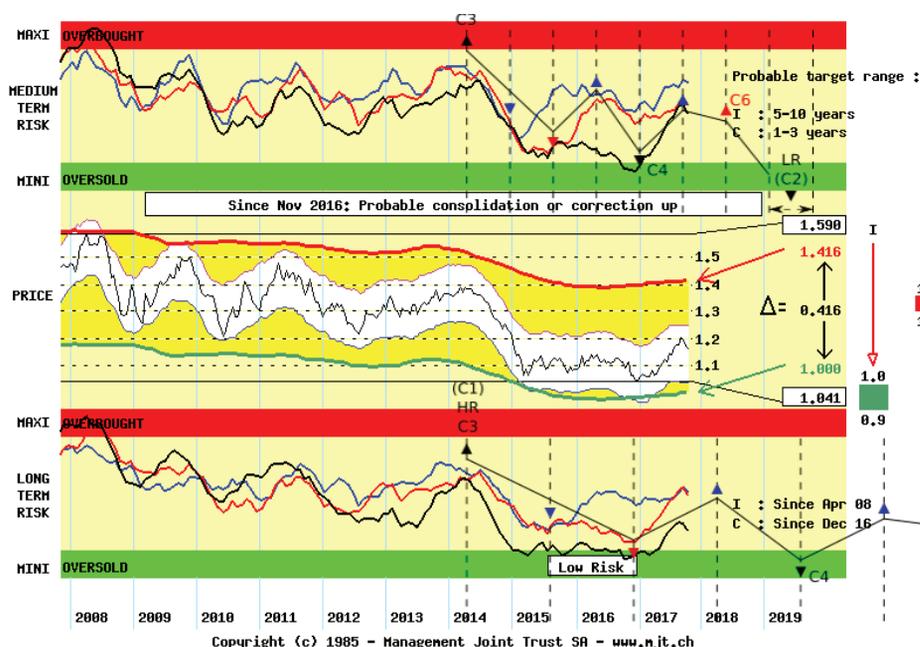


Following its persistent uptrend since 2008 and then 2011, the US Dollar finally topped out late last year. On our long term oscillators (lower rectangle), we would label this top as an intermediate one. Indeed, at some point during the course of next year (late H1 probably), we would expect the US Dollar to resume its uptrend for another couple of years. In the meantime, this implies that the current consolidation to the downside may not over yet. Indeed, such periods of consolidation of our bi-monthly

graphs usually last 5 to 6 quarters or possibly into the Spring next year. This is what is shown on our medium term oscillators (upper rectangle). The US Dollar may have recently made a first inflexion point higher, yet we would expect a further downside retest sometime during H1 next year (lower or higher than recent lows).

EUR/USD

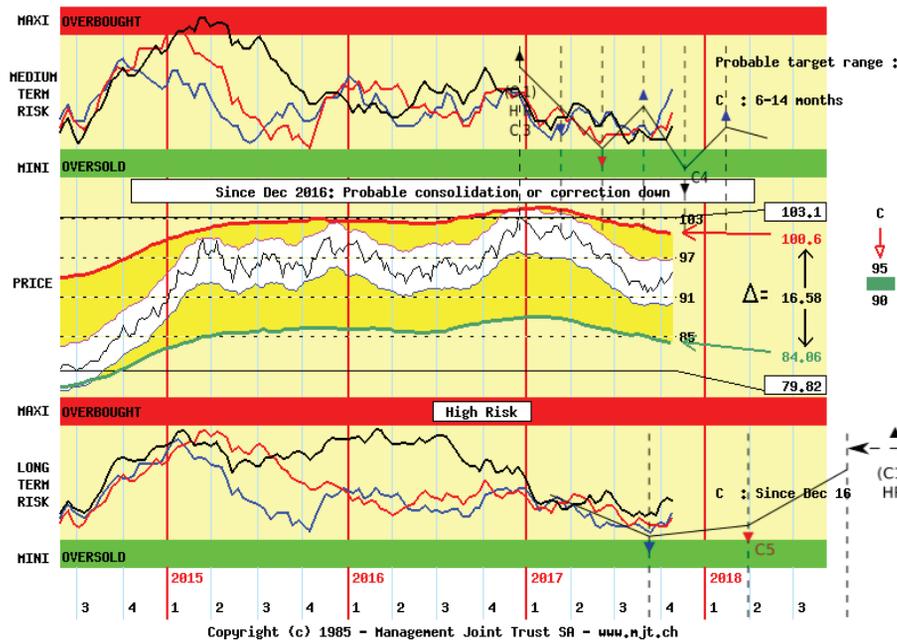
Bi-monthly Graph or the perspective over the next 1 to 2 years



EUR/USD shows a similar picture in reverse. It made an important low late last year and has since been bouncing up. We would also label this bounce as a corrective move and would expect EUR/USD to resume its downtrend sometime from H1 next year into late 2019. This is what we show on both our oscillator series (lower and upper rectangles). We have probably just made an intermediate top, yet a second one (higher or lower than recent tops) is still expected in the Spring next year.

Dollar Index

Weekly Graph or the perspective over the next 2 to 4 quarters

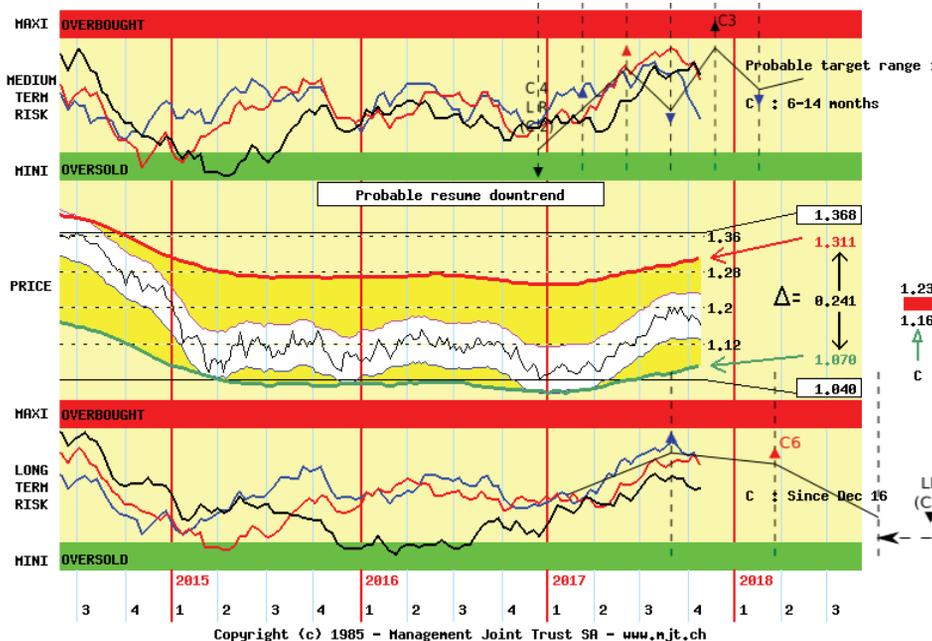


On the Weekly graph, an intermediate low was made early September. It has come early in respect to our medium term oscillators (upper rectangle). As shown, we cannot exclude that a further downside retest is possible over the next month or so (not necessarily new lows). Following that we would expect the current bounce to continue, possibly into early Q1 2108. Our long term oscillators (lower rectangle) also bring some support over the next few months, yet another retest to the downside is projected

towards the end of Q1 2018. Following that, the Dollar should start to resume its long term uptrend. Our "C" Corrective targets to the downside (between 95 and 90; right-hand scale) have pretty much been reached, yet have also held. We expect them to continue to hold until Spring next year.

EUR/USD

Weekly Graph or the perspective over the next 2 to 4 quarters

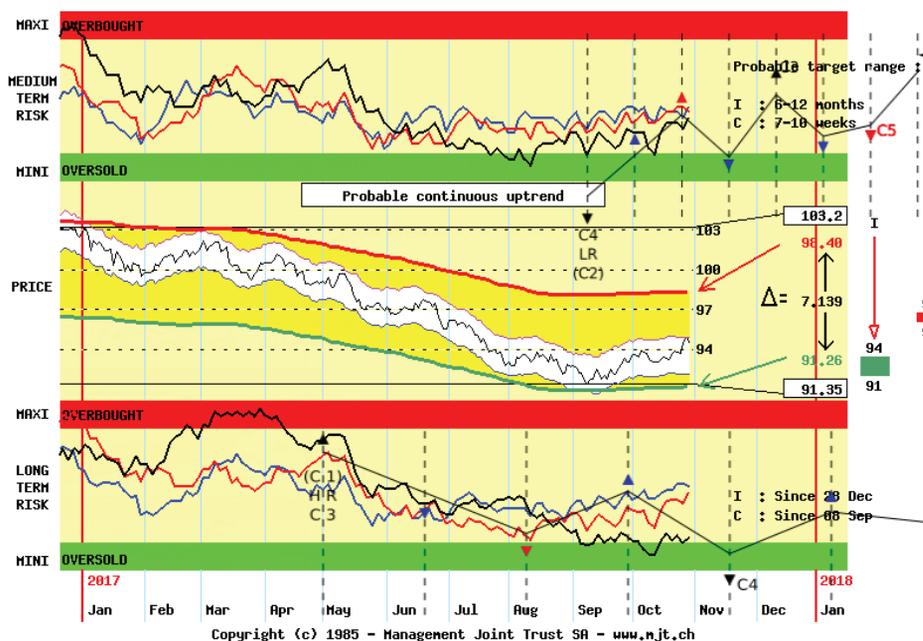


EUR/USD is very similar in reverse. On the Weekly graph, an intermediate top was made early September. It has come early in respect to our medium term oscillators (upper rectangle). As shown, we cannot exclude that a further upside retest is possible over the next month or so (not necessarily new highs). Following that we would expect the current consolidation to continue, possibly into early Q1 2108. Our long term oscillators (lower rectangle) should also weigh on prices over the next few months, yet

another retest to the upside is projected towards the end of Q1 2018. Following that, EUR/USD should start to resume its long term downtrend. Our "C" Corrective targets to the upside (between 1.23 and 1.16; right-hand scale) have pretty much been reached, yet have provided worthwhile resistance. We expect them to continue to cap EUR/USD's potential until Spring next year.

Dollar Index

Daily Graph or the perspective over the next 2 to 3 months

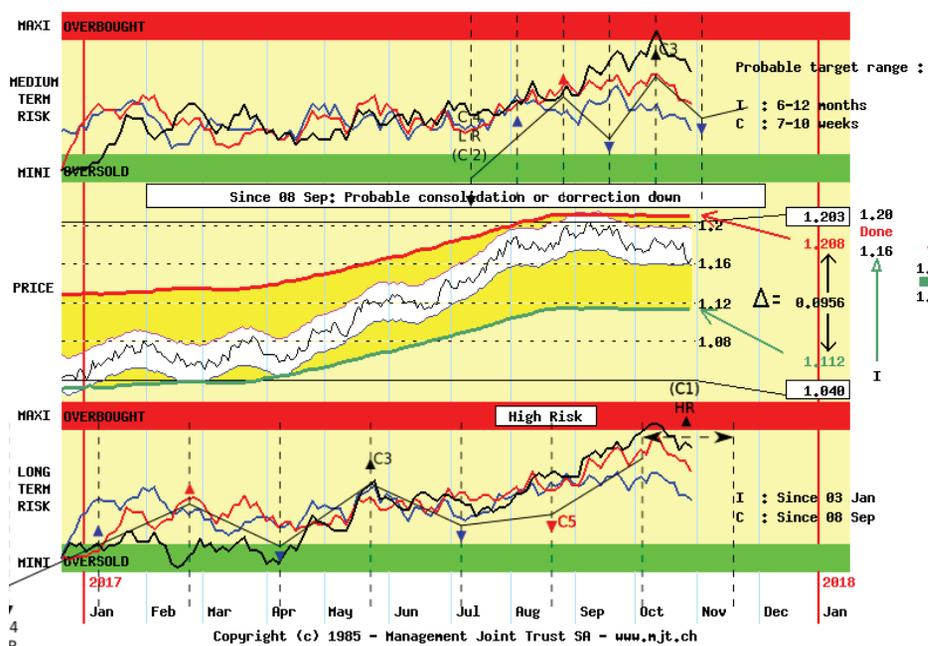


Since it started to bounce early September, the US Dollar has regained a fraction of the ground it lost since last December. That said, the downtrend, which was in place on our long term oscillators (lower rectangle) now seems to have been broken. In line with this sequence, **we would still expect a re-test into mid November, yet probably no new lows.** On our medium oscillators, we would now feature a nascent uptrend (upper rectangle). It has probably just reached an intermediate top and is due to retrace over the

next 2 to 3 weeks. **Following that, the uptrend should continue into December and then potentially into February. A further move up into February would imply that the moves gathers further momentum, and that it reaches above its "C" Corrective targets up above 97 (right-hand scale).** Until then 97 also acts as the crucial resistance.

EUR/USD

Daily Graph or the perspective over the next 2 to 3 months

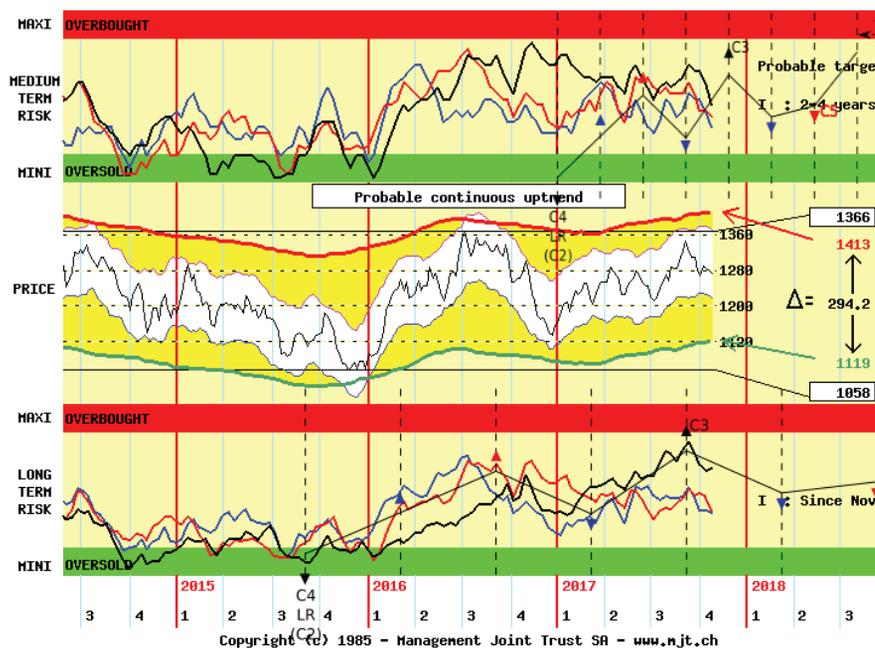


On EUR/USD, our oscillators have been much harder to read. On both our oscillator series (lower and upper rectangle), we had initially projected a "High Risk" situation on the lower highs, which were made in October. **Currently, on EUR/USD, the whole world is seeing a complex Head&Shoulder pattern.** It has recently broken its neckline and is currently attempting the pull-back towards it. If confirmed, it could lead us back down towards the 1.13 area. **We can't avoid a feeling that "What's obvious, is obviously**

wrong" or "slightly wrong". Our medium term oscillators (upper rectangle) do warrant a slight bounce into mid November, yet our feeling, is that it may be slightly more powerful than the 1.17 implied by the pullback to the neckline. We corroborate this view with our projections further below on Gold and GBP/USD. **Following that, EUR/USD should move lower into December and possibly early next year to test the lower end of our "C" corrective targets down towards 1.13 (right-hand scale).**

Gold Spot (USD/oz)

Weekly Graph or the perspective over the next 2 to 4 quarters

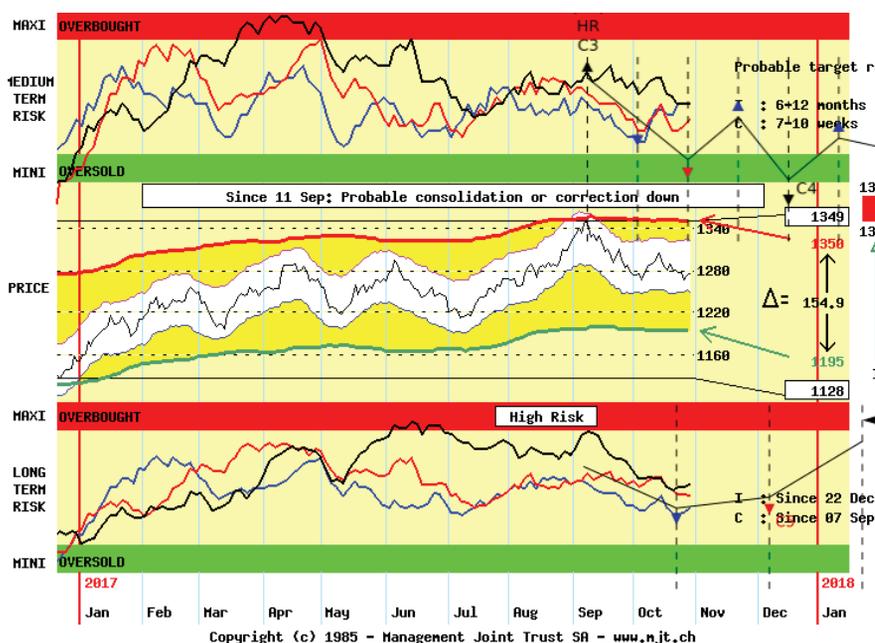


Gold made an important intermediate top in September on our long term oscillators (lower rectangle) and has since started to retrace. On our medium term oscillators, however, a last upside re-test is still possible over the next month or so (upper rectangle). Following that we expect Gold to consolidate down into mid Q1 2018, before it gradually stabilizes and re-accelerates from the Spring / Summer next year and then towards late 2018. Given the intermediate tops, which were just made, the "I" Impulsive targets to the upside we currently calculate

(right-hand scale) are probably valid for the end of next year, not over the next few months. They would reach into the 1'500s levels.

Gold Spot (USD/oz)

Daily Graph or the perspective over the next 2 to 3 months

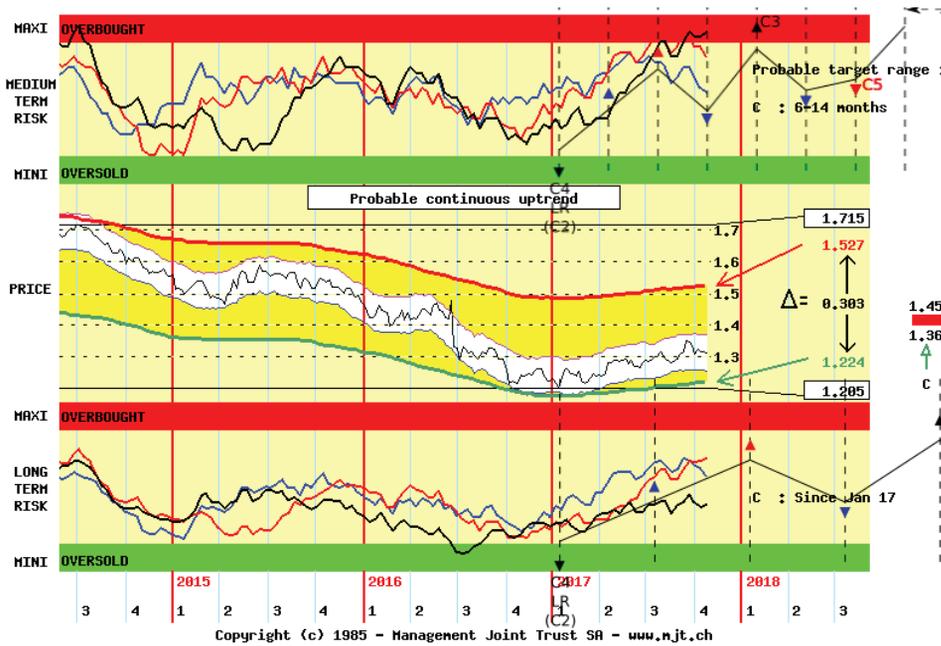


From the "High Risk" top made early September, we project downside sequences on both our oscillator series. They should lead us lower into December at least (long term oscillators; lower rectangle), yet most probably into late Q1 (our medium oscillators; upper rectangle). In meantime, Gold has probably just reached an intermediate low, which should see it rebound over the next 2-3 weeks. We would expect a move into the lower 1'300s, yet probably not new highs given the "High Risk" top made in September.

Following that and in first instance, Gold should start to move lower again towards December to test the lower end of our "C" corrective targets down towards 1'225 USD/oz (right-hand scale).

GBP/USD

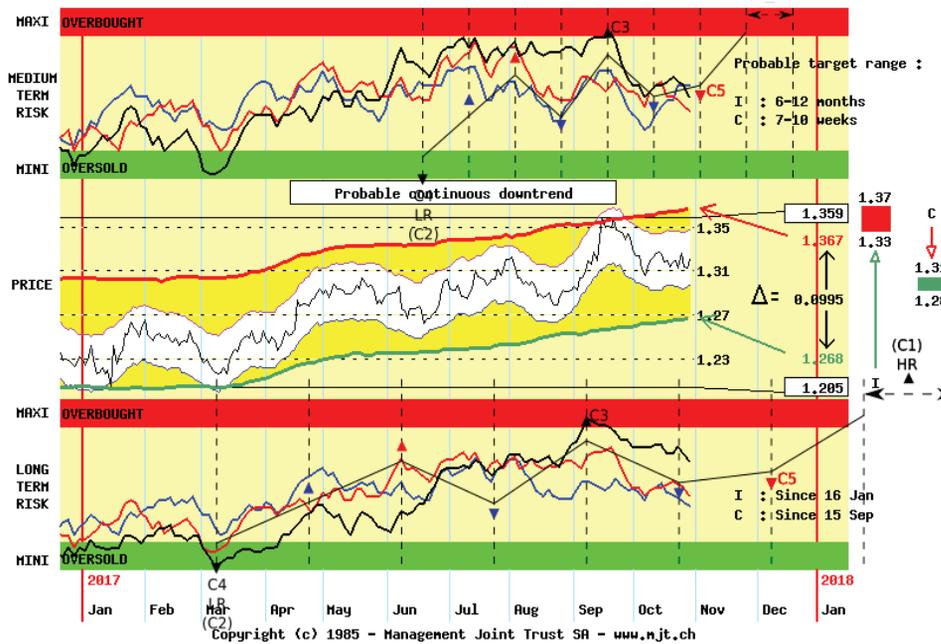
Weekly Graph or the perspective over the next 2 to 4 quarters



Cable is showing similar dynamics that EUR/USD, yet it appears to be more robust. Both our oscillator series are still following a correction up (lower and upper rectangles), that could extend possibly into early 2018. Following that, it is due to correct to the downside during H1 2018. Our "C" corrective targets to the upside (right-hand scale) would suggest that it could retest up towards previous highs (1.36), and even potentially make it above 1.40.

GBP/USD

Daily Graph or the perspective over the next 2 to 3 months

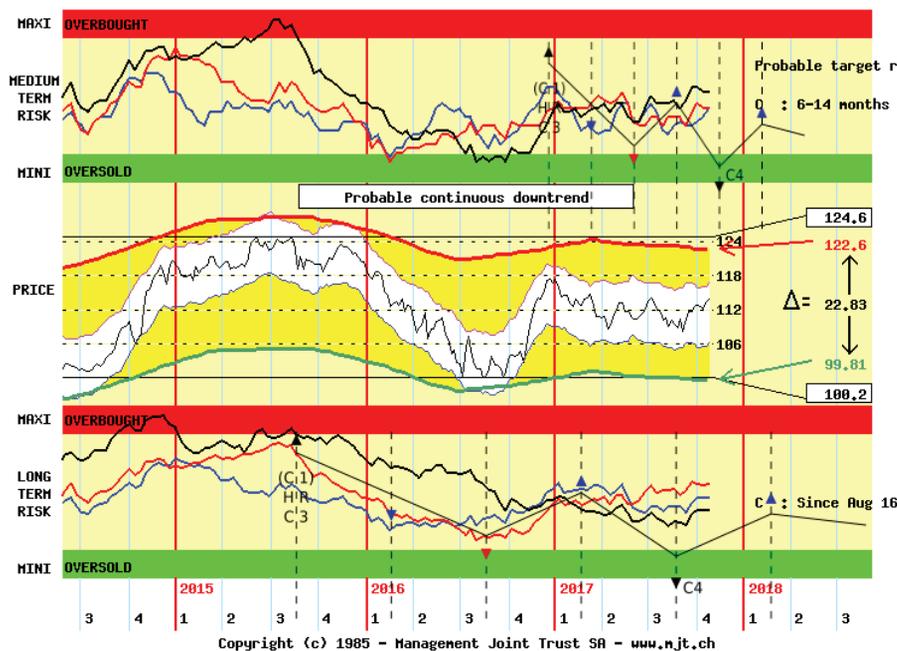


On its Daily graph, Cable also topped out during September, yet slightly later than EUR/USD (a sign of strength vs EUR/USD). On both our oscillator series, it may be getting ready to resume its uptrend, possibly into late November (medium term oscillators; upper rectangle) and even early next year (long term oscillators; lower rectangle). "I" Impulsive targets up (right-hand scale) could lead us up to new highs towards 1.37. To the downside, we still expect strong support within our "C" Corrective targets down between 1.31 and 1.28.

Corrective targets down between 1.31 and 1.28.

USD/JPY

Weekly Graph or the perspective over the next 2 to 4 quarters

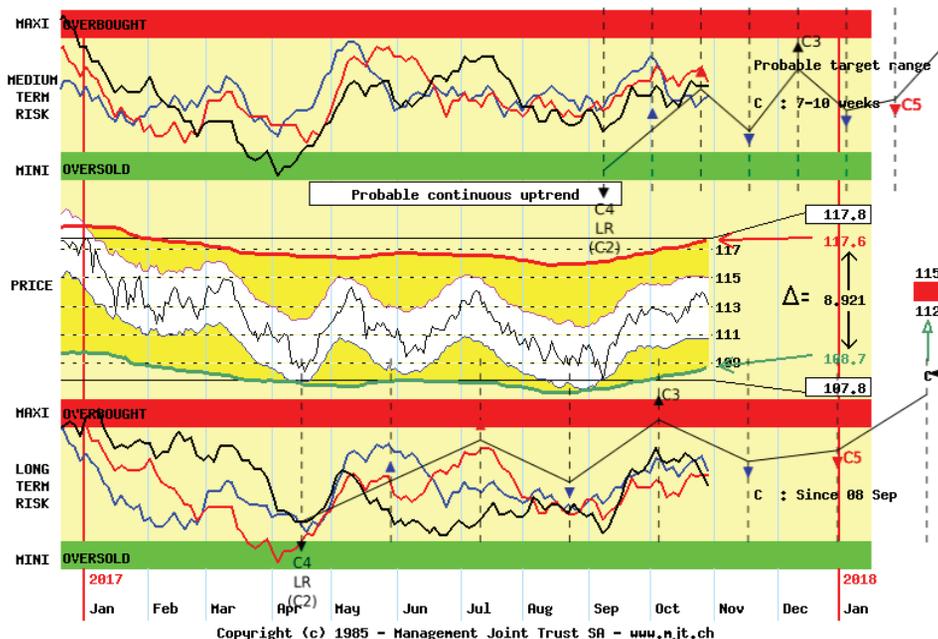


USD/JPY is currently building off the base it made in Q3 2017 (high lows on our long term oscillators; lower rectangle). It should continue to be supported until at least early next year. Our medium term oscillators (upper rectangle) would suggest **one last retest over the next month or so. Yet, thereafter,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

point that if these are taken out, the next level of targets are around 130.

USD/JPY

Daily Graph or the perspective over the next 2 to 3 months

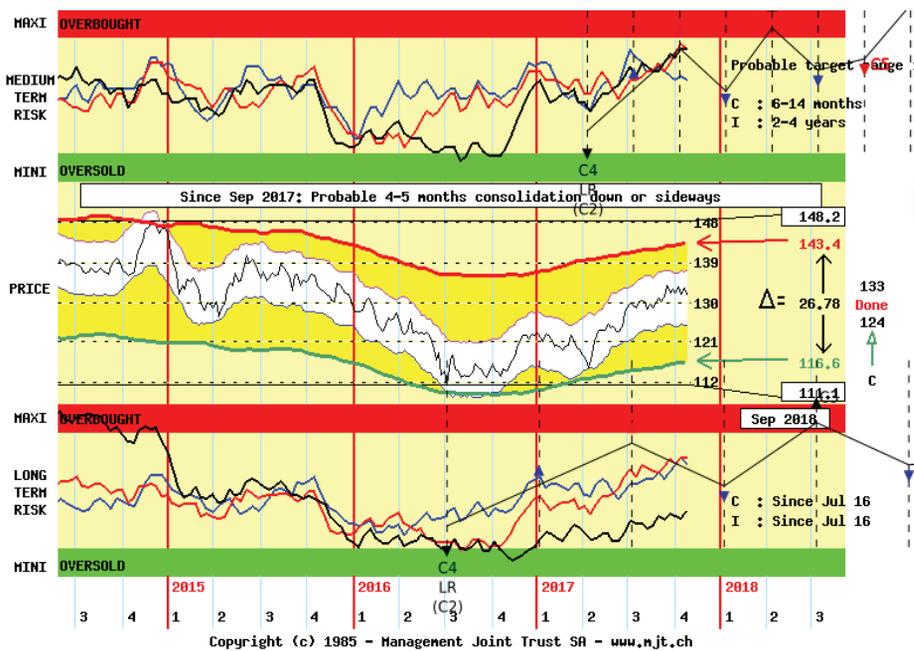


On both our oscillator series, USD/JPY reached intermediate tops. These were made early October on our long term oscillators (lower rectangle) and late October on our medium term oscillators (upper rectangle). Both would imply an intermediate correction into mid November, before USD/JPY recuperates and 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 above. **From late November / December, we would expect USD/JPY to start moving higher towards next year and reach above 115, opening the door to 118 and potentially even higher targets.**

EUR/JPY

Weekly Graph or the perspective over the next 2 to 4 quarters

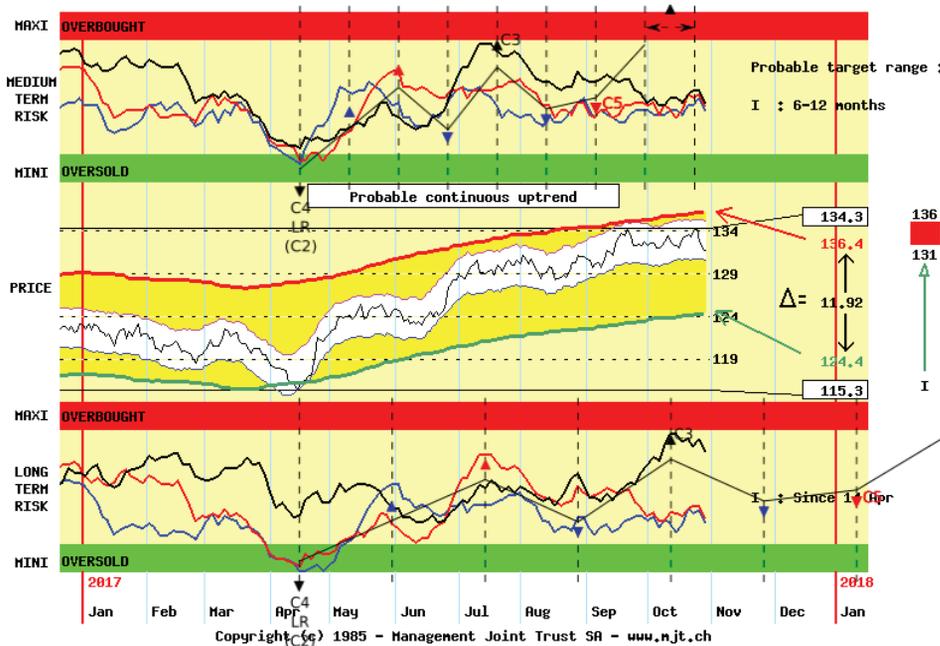


Given the above, our view over the next 6 months is that EUR/USD is relatively range-bound, while from late November, the Yen starts to weaken again. This should translate into the perspectives we see for EUR/JPY. Both our oscillator series (lower and upper rectangles) would suggest that **EUR/JPY is currently due for some consolidation during Q4** and that from early next year, it should start to accelerate up again. It is **currently stalling on the resistance given by the higher end of its "C" Corrective up targets**

around 133. Once it can make it clearly above these, sometime early next year, our "I" Impulsive targets up would point to greater potential, possible into the high 140s, low 150s.

EUR/JPY

Daily graph or the perspective over the next 2 to 3 months



On a Daily basis, EUR/JPY recently reached an intermediate top on both our oscillator series. Its correction could last between 3 to 6 weeks, possibly into mid/late November. Following that, we would expect, EUR/JPY's uptrend to gradually resume into next year. Our "I" Impulsive targets up (right-hand scale) had pretty much been met between late September and late October. The "C" Corrective targets down, we can now calculate amount to 0.5 to 0.8 times our historical volatility measure "Delta" (11.92;

middle rectangle; right-hand side). This would calculate to a retracement potential between 6 and 10 figures (128-124 range). This is interesting as EUR/JPY is often considered as one of the best risk-on/risk-off proxies in the market. This would corroborate our slightly defensive bias over the next few weeks throughout this document.

Concluding remarks

Since early September, the USD Dollar has achieved a nice rebound vs the Euro and the Yen especially. 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 as we move into December (vs the Yen especially). The move may indeed extend towards February, before the Dollar retraces again to the downside towards early Spring.