

---

**From:** Richard Kahn <[REDACTED]>  
**Sent:** Tuesday, February 28, 2017 11:16 PM  
**To:** Jeffrey Epstein  
**Subject:** Fwd: FX BULLet: Five reasons to sell EUR/USD

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue, 4th Floor  
New York, NY 10022  
[REDACTED]

Begin forwarded message:

From: "Ens, Amanda" <[REDACTED]>  
Date: February 28, 2017 at 5:06:51 PM EST  
To: "Rich Kahn" <[REDACTED]>  
Subject: FX BULLet: Five reasons to sell EUR/USD  
Reply-To: "Ens, Amanda" <[REDACTED]>

Can implement through FXE, the ETF. Recall our FX strategy also likes owning April expiry ATM puts.

BofA Merrill Lynch Global Research

Summary: FX strategy is bearish EUR/USD and are convinced it should be sold, now. Here is why...

1. Three major event risks including tax reform, the March FOMC meeting and the French election could weaken the EUR and strengthen USD.
2. The recent divergence between EUR/USD position and risk reversals reminds us of 2011 which witnessed a sharp EUR/USD sell-off. (Chart 1)
3. Differentials for core inflation, unemployment and 5y rate spreads would justify a weaker EUR/USD in 1H17. (Chart 19-21)
4. Technical trend models recently broke down confirming the breakdown in the CEEREU, such as the EUR advance decline line of G9 currencies. (Chart 3, panel 1 and 3)

5. Spot EUR/USD formed a bearish flag pattern that suggests the 4Q16 decline and bearish momentum will continue.

Support: 1.0490, 1.0350, 1.0025. Resistance: 1.0680, 1.08, and 1.1025

Chart=1: EUR/USD positioning and risk reversal diverge

=nbsp;

</=>

Technical Advantage: Euro chart pack

- In this report, we show EUR trends and technical breadth is still weak vs DM and may bounce vs EM.
- EUR trends in DM are mostly down, except EUR/JPY. EUR/GBP is forming a top. EUR/Oil has less downside left than realized.
- Established downtrends in EUR/RUB and EUR/ZAR could bounce and should be sold. EUR/KRW may find support near an 11-year low.

Global Liquid Markets Weekly: What do we know (almost for sure)=

- The interdependency between tax reform, March FOMC mtg and the French election means selling EUR/USD is the right trade now
- The MXN would be a major beneficiary if we are not correct.
- In our annual medium-term oil outlook we now see Brent prices averaging \$50 to \$70/bbl through 2022.

=/tr>

<<http://rsch.baml.com/r?q=9o9FdjPJ80=2cA5chvPpmQ&e=richardkahn12%40gmail.com&h=Jip-xw>> <=pan style="font-family:"Arial","sans-serif";mso-fareat="font-family:"Times New Roman";text-decoration:none;text-underli="none">FX Viewpoint: EUR in 2017

<<http://rsch.baml.com/r?q=9o9FdjPJ80m2cA5chvPpmQ&e=richardkahn12%40gmail.com&=mp;h=Jip-xw>>

- We expect weaker EUR short term, as the US delivers fiscal stimulus and markets get concerned about EZ political risks.
- We see EUR strengthening in H2, as the EUR is undervalued, EZ data is improving, and the ECB will taper QE.
- We are long EUR/JPY for the year. Downside short-term risks an opportunity to buy.<=span>

Back to top

\* Read=the research report(s), available through the link(s) above, for complete i=formation including important disclosures and analyst certification(s).

This sy=opsis, the research reports and the links to such report are for the use of=Bank of America Merrill Lynch customers only or Merrill Lynch Global Wealth=Management customers only and all copying, redistribution, retransmission, p=blication, and any other dissemination or use of the contents thereof are p=ohibited. There may be more recent information available. Please visit one o= the electronic venues that carry BofA Merrill Lynch Global Research report= or contact your Bank of America Merrill Lynch representative or Merrill Ly=ch Global Wealth Management representative for further information. "Bank of America Merrill Lynch" is the marketing name for the global b=nking and global markets businesses of Bank of America Corporation. Copyright 2017 Bank of America Corporation. All rights reserved.<=span>

This message, an= any attachments, is for the intended recipient(s) only, may contain inform=ation that is privileged, confidential and/or proprietary and subject to imp=rtant terms and conditions available at <http://www.bankofamerica.com/emaildisclaimer>. If you are not the intended recipient, please delete this mes=age.

Click here to unsubscribe

</=d>

<=p>

2245488

<=iv>

This message, and=any attachments, is for the intended recipient(s) only, may contain informa=ion that is privileged, confidential and/or proprietary and subject to impo=tant terms and conditions available at <http://www.bankofamerica.com/emaildisclaimer> <<http://www.bankofamerica.com/emaildisclaimer>> . If yo= are not the intended recipient, please delete this message.

2245532

This message, and any attachments, is for t=e intended recipient(s) only, may contain information that is privileged, c=nfidential and/or proprietary and subject to important terms and conditions=available at <http://www.bankofamerica.com/emaildisclaimer> <<http://www.bankofamerica.com/emaildisclaimer>> . If you are not the intended rec=ipient, please delete this message.

<[3](http://rsch-bems-tr.baml.c=m/q/RfHf_p1CGLlvBEgExrulfq~~/AAAAAQA~/RgRamHI3PkEIASxYiLmAETFCCgAEd_S1WM0ke=NSF3JpY2hhcmRrYWhuMTJAZ21haWwuY29tCVEEAAAAAEeZeyJ0ZW1wbGF0ZSI6ImRlZmF1bHRfd=VtcGxhdGUlLCJlbGIlbnRfaWQiOiIlLTAyMjg4NzA2NTY1MzkwNDE6MjI0NTcyNC1ITkEwliwiY=V0aG9yIGVtYWlsljoiYWRTaW5AY29sZHNwYXJrLmNvbSIsIm5hbWUiOiIlwMjI4MTcwNjU2NTM5M=QxOjlyNDU3MjQtSE5BMCIj9> 2245724</a></p></div><div data-bbox=)

<=body>

=