
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

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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.

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=span style="mso-bookmark:_MailOriginal">
BofA Merrill Lynch Global Research<=strong>

<=pan style="mso-bookmark:_MailOriginal">Summary: FX strategy is bearish EUR/USD and are convicted it should be sold, now. Here is why...

1. &n=sp; 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 positioning and risk reversals reminds us of 2011 which witnessed a sharp EUR/USD sell-off. (Chart 1)
3. &=bsp; Differentials for core inflation, unemployment and 5y rate spreads would justify a weaker EUR/U=D 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

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Technical Advant=ge: 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 real=zed.
- Established downtrends in EUR/RUB and EU=/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 2=22.

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<<http://rsch.baml.com/r?q=9o9FdjPJ80=2cA5chvPpmQ&e=richardkahn12%40gmail.com&h=Jip-xw>> FX Viewpoint: EUR in 2017

<<http://r=ch.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 market= 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/JP= for the year. Downside short-term risks an opportunity to buy.

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

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