

EUR/USD - Parity calling

Another major game change is indicated and will be confirmed below 1.1090

Global FX Strategy

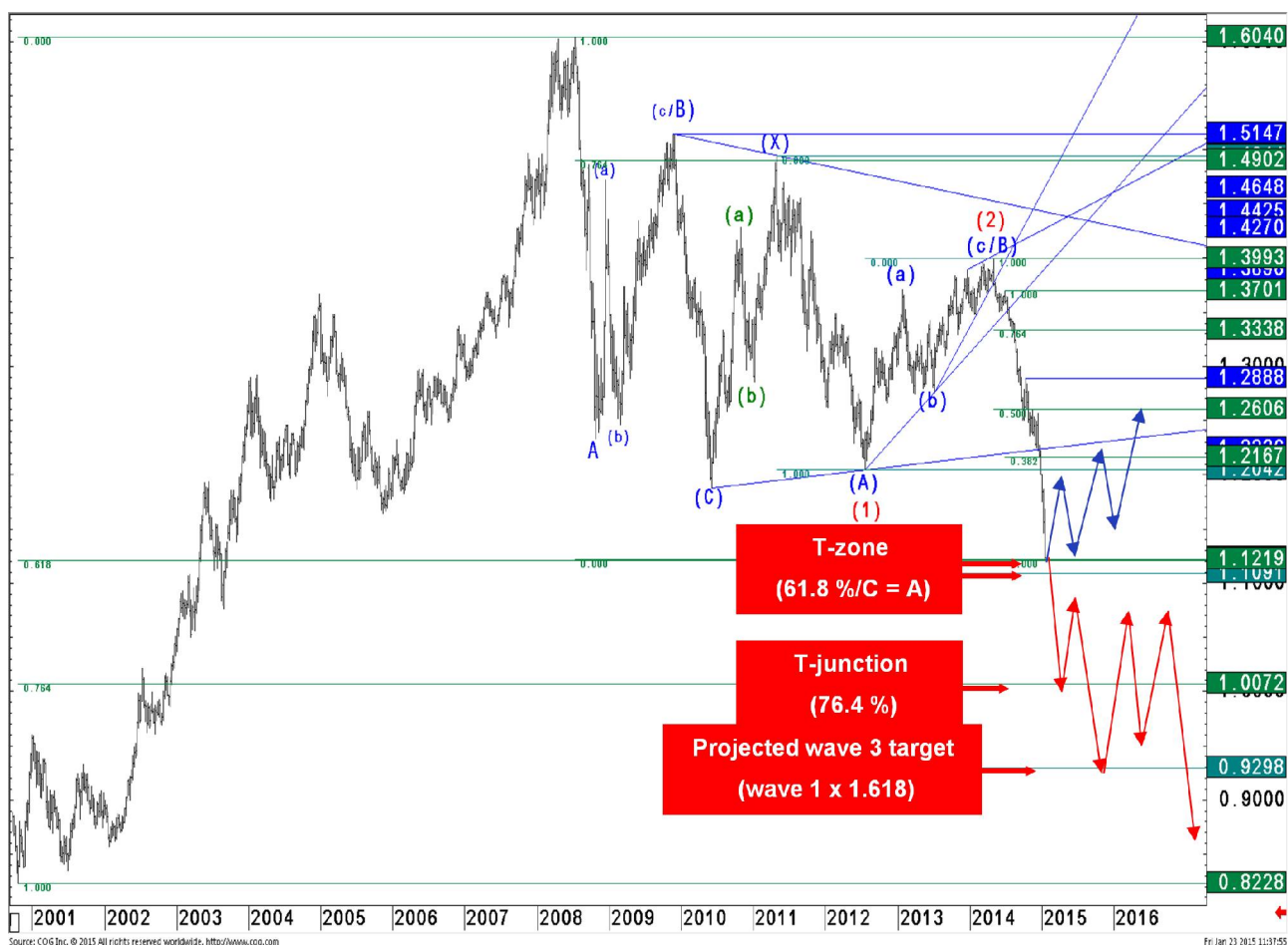
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Based on the chart below we see a major crossroad at 1.1090, which if taken out, would confirm a bear trend of higher scale with parity as an interim target only



Central Scenario: Major policy shifts of the Swiss and European central bank within a week put the odds in favor of another scale jump and a new, long-term bear scenario

- Following our chart special from 7th of January (Euro bound for 1.1100 - <https://jpm.com/research/content/GPS-1591377-0>) we have to acknowledge that we have been spot on what the extent of the next bigger move is concerned (drop to 1.1100), but we didn't see the SNB coming, which meant that this move was triggered without any interim bounce before.
- Given these latest developments though, and in particular the far reaching implications from the ECB's extensive QE program, we don't expect the downward pressure on EUR/USD to ease anytime soon.

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- This together with the latest break below 1.1212 (61.8 %) provides a high probability that the last good support at 1.1091 (C = A), as shown in the chart picture above in blue (double zigzag consolidation target), will also be taken out.
- Such a break would provide another game changer, as it would eliminate the possibility of a Euro stabilization on current levels and would open the door for a 3rd wave decline on big scale to its projected target at 0.9652 (wave 1 x 1.618). 1.0072 (76.4 % of the 2000-2008 decline) would in this case be an interim target only.
- In anticipation of these new developments and a break below 1.1091, we are opening a short position on current levels, but not to the full scale as the bounce risk from the 1.1100 handle is high. We intend to add up on a bounce at 1.1450 or on a decisive hourly close below 1.1091 (i.e. below 1.1050).

Strategy: We sold EUR/USD at 1.1250, add at 1.1450 or on an hourly close below 1.1050, targets 1.0100 & 0.9700, stop at 1.1700

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