

Short-Term Reprieve May Be Coming For The Loonie; But Likely Won't Last

eResearch Corporation is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards examines some European ETFs and is staying clear.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <https://www.valuetrend.ca/europe-not-on-my-radar/>

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Short-Term Reprieve May Be Coming For Loonie; Likely Won't Last

By: Keith Richards (bio at end)

The Canadian dollar continues to decline against the USD. I have noted many times before that I am bearish on the loonie, having posted an accurate prediction that we would see a decline in our currency over the summer [here](#).

I have also posted the backdrop behind my weak outlook for the loonie. On [this blog](#), I noted why I remain bearish on the Canadian economy, and bullish on the USA. Say what you will about Trump's abrasive personality, social policies, etc., etc. He is doing what is best for the USA's economy – and he has done a good job so far. "Facts is facts".

Love him or hate him – those who invest against the trend on the U.S. markets and currency have, and will likely to continue to have, under-performing portfolios. Putting our money where our mouth(s) are, at ValueTrend we moved more into the U.S. side of our stock holdings after the market pulled back in February and, so far, we are happy to have done so.

When it comes to the NAFTA, some feel that Canada has sent an inexperienced boy with a penknife to fight a fully armed gunslinger. I tend to agree.

Ian Lee, Associate Professor at the Sprott School of Business, is concerned as seen on [this video](#). He is not alone in his concern. TD Bank suggests that – if the NAFTA deal fails, Canada will lose 160,000 jobs. BNS reports it will shrink Canada's GDP by a full percentage point.

Upside? Given the depressing outlook for Canada's growth, perhaps marijuana will be more in demand by Canadians to ease the pain of their job losses and lousy stock returns, making the cannabis stocks attractive. But I digress...

I guess I sound like a scrooge so near to Canada Day, but it is not my job to help you feel good. My job is to trade the least risky scenarios according to probability, and I attempt to pass on some of that strategy to you. Below, I might be able to offer some hope for those looking to convert some money into USDs.

Momentary Reprieve May Be Coming For The Loonie

Despite all of this doom and gloom over Canada's outlook, at this moment, the loonie appears ready to bounce. It is at the bottom of its downward trading channel, as you can see in the chart below. It is oversold, and likely to see a move back into the trend channel in the near-term. A move to \$0.78 would likely inspire me to load up on more USDs.



The USD, versus the world basket of currencies, is bullish on the monthly chart – having bounced off of a rising trend-line (black) and found support again back above 92.



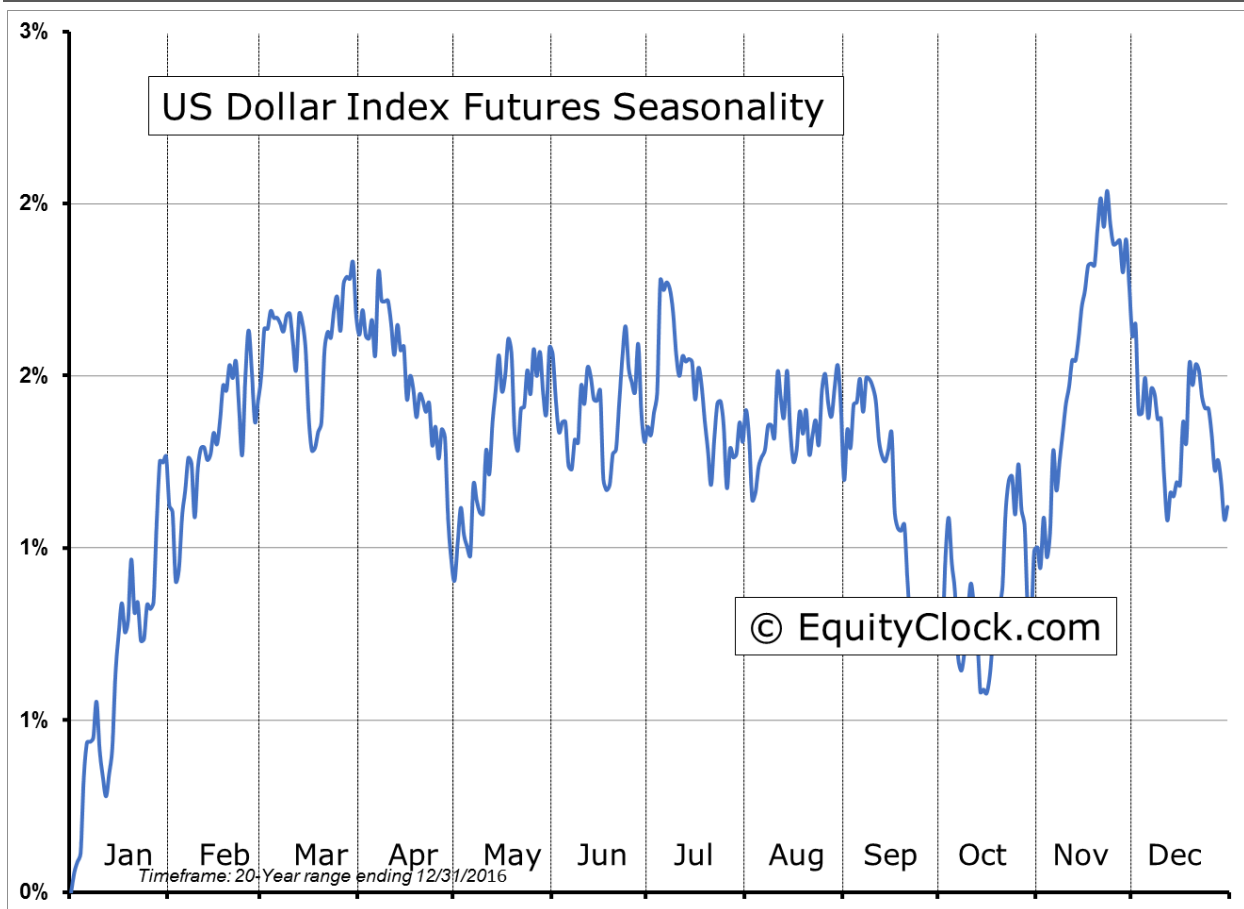
However, on the weekly chart, you can see it is a bit overbought (RSI, stochastics hooking down).



Seasonal trends are a bit soft over the summer for the USD, so it might be to the loonie's benefit given the oversold CD and overbought USD.

Note the Equity Clock seasonal chart on the next page.

The USD can be weak from now until October. From there, it can rally – hard. The real strength usually occurs over the late winter – but there are seasonal tendencies now that confirm my near-term call for a bounce on the loonie. That might be good news to some of you who need to do some conversion soon.



Speaking of Equity Clock...

Equity Clock now offers an enhanced subscription service

I am sure you are aware that I use Equity Clock charts frequently in my stock and broad market analysis. Jon Vialoux (founder of Equity Clock) has enhanced his service to offer more tools than in the past – and access to his massive database of seasonal charts. I am not affiliated with Jon, and do not get kickbacks for telling you about his service. But I do like the service so much, that I asked him to provide me with a description of the subscription for my readers. Here it is—directly from an email I got from Jon*:

“In a nutshell, the subscription offers access to the seasonal chart database at Charts.EquityClock.com. I have put the database behind a “leaky paywall” similar to how newspapers offer their content to users. Visitors to the site have a limited number of seasonal profiles they can view for free, then would be required to subscribe to continue to access the data.

Users can subscribe to either the monthly or yearly option to receive unlimited access to the over 7000 seasonal profiles that are contained in the database.

Also included with the subscription is a monthly commentary highlighting the various tendencies for the month ahead. And that's not all...yearly subscribers are able to download the seasonal data included in the database to a spreadsheet such that they can perform their own custom filters or queries based on a number of factors. This had been a frequent request amongst visitors such that they could download the data into their own systems."

**Link to Charts.EquityClock.com and their tools and services is provided as an additional resource and is for information and convenience purposes only. This website is owned and operated by a third party and is not associated with ValueTrend Wealth Management and Worldsource Securities Inc. By accessing this link you will be leaving our website. Although we use Equity Clock charts frequently, the inclusion of their website in this blog and references to these third party services should not be regarded as an endorsement of the linked website, the third parties named therein, or their products and services. Access to this website is still at your own risk and we have no control over the contents of this linked website and are not responsible for the availability, accuracy or reliability of the linked website or any other link contained in this linked website.*

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See **About The Author** on the following page.

ABOUT THE AUTHOR



ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over \$100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **“one of [our] most accurate technical analysts.”** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page www.valuetrend.ca/blog/. His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

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