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**EUR/USD: 1.0753**

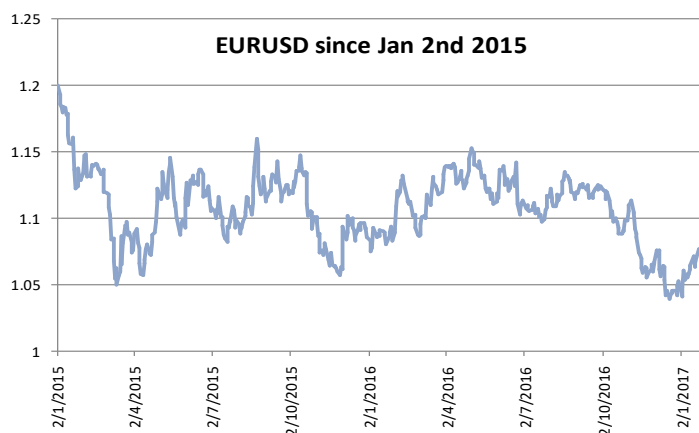
[Bloomberg Ticker: EURUSD:CUR]

**US Dollars per 1 Euro**

## Graph Analysis and Technical View

The EURUSD cross-rate - its predecessor the ECU, and before that the USDEM (Deutsche Mark) - has a remarkable seasonal tendency to establish an annual high or low in the month of January. This phenomenon of seasonal high/low pattern is likely caused mostly by the squaring of EURUSD exposure from the previous year and the establishing of hedges for the year ahead by corporate treasury units. No matter what the reason behind it, however, the seasonal tendency is pronounced and significant. Since 1971, when exchange rates started to float freely, in 35 out of the past 46 years the annual high or low occurred in January – this is 3/4ths of the time. The high/low pattern occurred between February and March another 4 years. All in all, nearly 85% of the time the annual high or low fell into the first quarter, but mostly in January.

That brings us to this past January of 2017 when the EURUSD attempted to break below the March 2015 low of \$1.0462 but could not gather downside momentum. It did fell at the early dealings of the first sessions of 2017 but did not follow-through and stopped at \$1.0340. It then reversed higher and is still consolidating in a price range between \$1.06 and \$1.0830/50. Near-term resistance is still strong between \$1.0830/50 and \$1.09. A clear break above \$1.09 would confirm that the January low may have some staying power leading up to further upside traction. Next upside targets will then be between \$1.1150 and \$1.1370. A close below \$1.060 will neutralize recent trading. Only a clear close back below \$1.05 would hint that the pair is still consolidating before its next medium-term move. Again, nothing is 100% certain in markets. But the 75% chance of a high/low being made in January cannot be overlooked. A close above \$1.09 will likely “seal the deal” for another ANNUAL LOW phenomenon in January.



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