

SPECIAL REPORT

SPECIAL REPORTING TARGET / TRAJECTORY ANALYSIS

SPECIAL REPORT – FOR IMMEDIATE RELEASE

UPDATED: March 9, 2015

ECB Meeting & What to Expect for Euro Trade

Financial markets expect the European Central Bank to cut its deposit rate by at least 10 basis points and expand its asset-buying program this week, but they still do not expect it to hit its inflation target in the near future. Euro zone government bond yields and short-term interest rates fell on Tuesday after weak Chinese trade data revived concern over growth. Wariness before Thursday's ECB meeting prevented a test of last week's lows, though.

Markets are pricing in a deposit rate cut to -0.4 percent and 10 billion to 30 billion euros of extra bond buying every month. Long-term inflation expectations suggest, however, that those measures may not be effective - consumer price growth is not forecast to hit the ECB's target of just under 2 percent. Concern that negative interest rates could irreparably damage the financial sector has also led to some speculation the ECB will introduce tiered interest rates, as Japan has done.

Our goal with StockJumpers trajectory analysis technology is to verify the above scenario and determine the outcome of the direction of the Euro following release of the policy change and how to trade it.

How to trade it....

- 1. The most profitable instrument would be the spot currency EUR/USD and take a short position prior to tomorrow's meeting. (There may be some of this move priced in, as this action is widely anticipated)***
- 2. There are several leveraged EUR ETFs that could be played. ProShares Ultra Short Euro ETF (EUO which is an inverse short instrument) and Currency Shares Euro Trust (FXE) which tracks the EUR/USD as a fund.***
- 3. The Futures contract for EUR on the CME – 6E***

10 Mar 2015 00:00 UTC - 9 Mar 2016 16:23 UTC
EUR/USD close: 1.10114 low: 1.04954 high: 1.16017



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