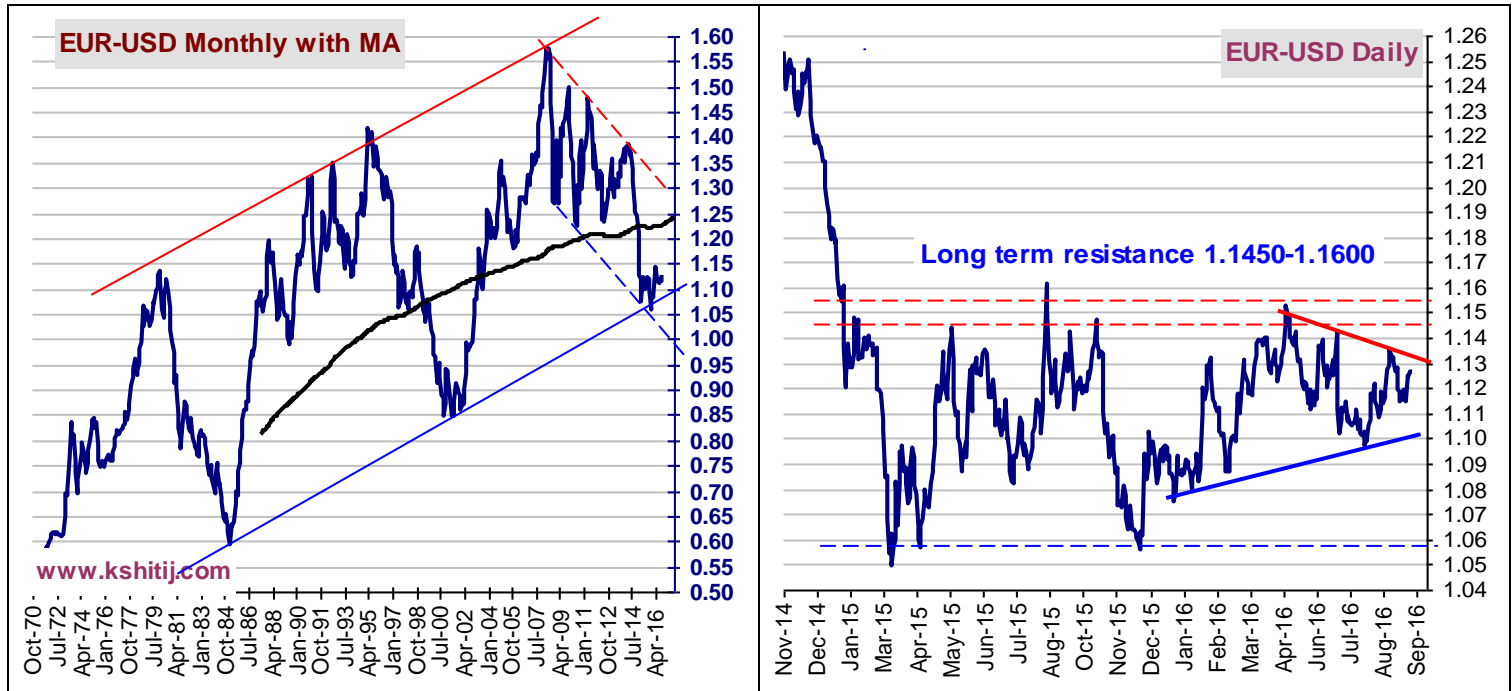


## EXECUTIVE SUMMARY:

The Euro traded slightly higher in August, but the 17-month long sideways consolidation between 1.06-1.16 may continue for the rest of the current year before a breakout on the higher side from this range is seen in Jan-Mar '17.

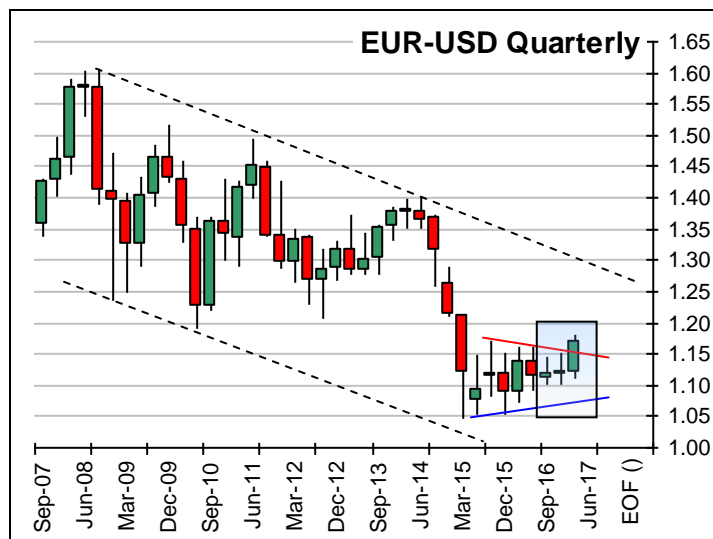


The long term chart since 1970 (the left side chart) clearly shows the secular uptrend for more than 20 years now. As the 2015 low has been made right at the convergence point of the 20-year old long term channel and the lower boundary of the downtrend channel containing the entire decline from the 2008 top of 1.6038, the chance of a long term bounce back look relatively strong.

The right side chart shows a contraction in the near term which may be resolved by the current quarter end or early next quarter (October or November). **The bias is slightly bullish, given the presence of Support at 1.10 for now.**

The forecasted high of 1.1350 for Sep'16 has already been achieved but the relative strength of the Euro suggests that an attempt to test the long term resistance at 1.1450 is possible. **As such, the forecast now includes a possible high of 1.1450 for the current quarter.**

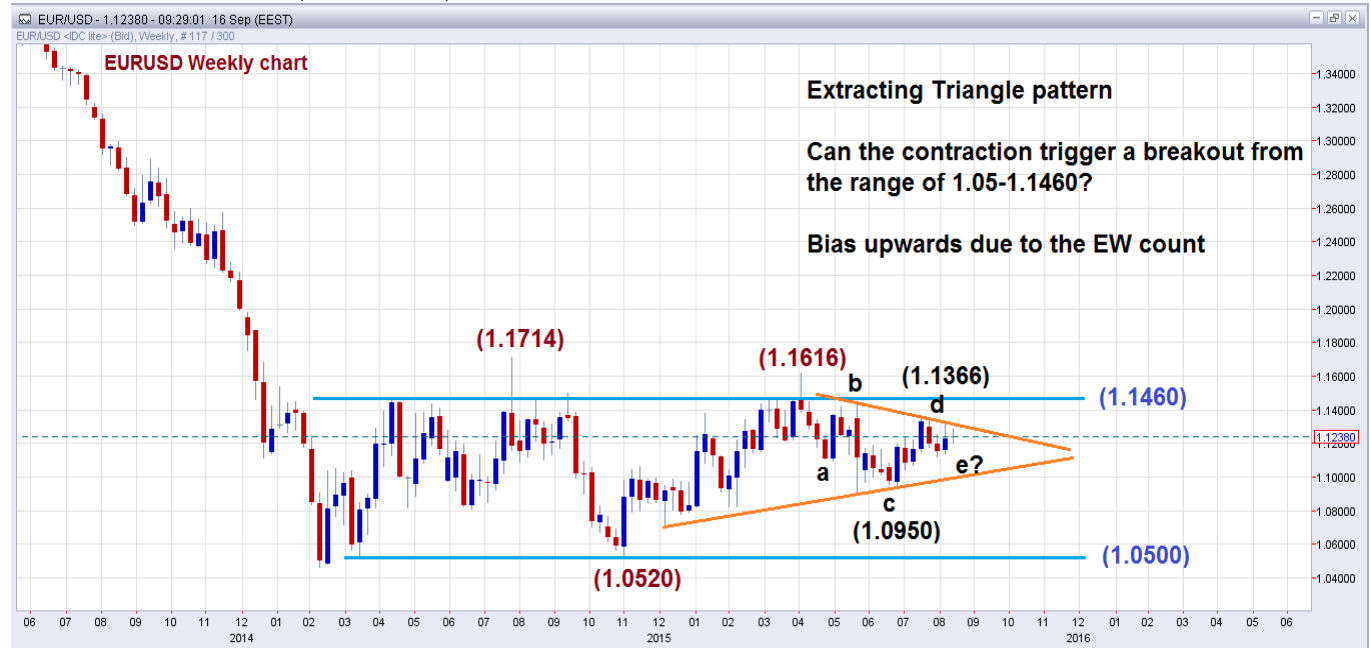
## Quarterly Projections



Period	Open	High	Low	Close
July-Sep'16	1.1103	1.1450. Up from 1.1350	1.1000. Up from 1.06	1.1200. Up from 1.10
Oct-Dec'16	1.1200	1.1500	1.1000. Up from 1.09	1.1200
Jan-Mar'17	1.1200	1.1800	1.1100	1.1700

The near term contraction in the price action may resolve to the higher side with higher highs and higher lows formation in each quarter. **We expect this entire sideways phase from 2015 to end by the first quarter of 2017 and a new bull run to emerge from there.** The shaded box on the previous chart marks the three projected quarterly candles.

## Elliott Wave Studies (Near term)



### Reasons for the increased bullishness compared to the earlier forecast:

- 1) The Extracting Triangle (a Neowave pattern) visible now suggests an eventual breakout above 1.1350 levels but the conviction can't be very high inside the larger 1.06-1.16 sideways range. In such a sideways consolidation phase, patterns generally have a high failure rate. Therefore it remains to be seen if the resulting rally can rise above the long term resistance zone of 1.1450-1.1600.
- 2) EURJPY (currently forming a Triangle in the range of 112.50-116.50, not shown here) can reach 117.50+ by the next quarter, which combined with the USDJPY projection of 103, gives us a probable price of 1.1407 for Euro, which tilts the balance towards a slightly bullish view for the Euro.
- 3) Much weaker chance of a Fed rate hike this year may keep Dollar weak for the next few weeks, boosting the Euro. As the probability of a rate hike has dipped to 18% for September and 48% for December this year, Euro may take the advantage to test 1.1450 sooner than previously expected. Also, any correction in the equities may see Euro emerging as a safe haven once again, just like the early part of 2016.