

Starboard Weekly Report Ending July 8, 2016 Charts of the Week

FXE CurrencyShares Euro Trust NYSE
 07-Jul-2016, 11:51 ET, daily, O: 108.09, H: 108.22, L: 107.852, C: 107.87, V: 103331, Chg: -0.40 (-0.37%)
 No recent chart pattern found
 Scaling: Traditional [Reversal: 3]

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Both of this week's charts from StockCharts.com are on the ETF for the EURO (FXE). Both are weekly depictions; however, the top point and figure shows a longer period going back to 2004. The bottom line chart only illustrates two years. The circled area of the VTX chart, which has trended back and forth since April 2015, has entered a down cycle.

TECHNICAL

These charts paint an ominous picture on both a short and long term perspective. The top point and figure chart shows a recent new low when compared to the 2004 low at 108 (which was recently exceeded at 104). On the bottom chart, there was a bounce from that level, but the weekly line chart and the supporting graphs are indicating a resumption of a downtrend. The middle blue circle in the FXE chart indicates a clear downtrend with the 50 week breaking below the 200 week; this happened in November 2014. Following the 50 week line, we can see that the price remained above the 50 week but dropped on the Brexit news. The KST chart shows a similar bearish pattern which indicates the EURO is headed south.

FUNDAMENTAL

Later this year when we are reading in the headlines that the EURO and Dollar are trading at parity, we will be in a great position with our extensive gold holdings. Please remember, gold is a currency that investors view as a safe harbor when their medium of exchange is declining, as we recently witnessed in the Pound. England's exit from the European Union (EU) will have strong economic consequences on the entire EU banking community. In addition, it could have catastrophic political implications if other members use Britain's exit as grounds for further EU deflection. There are several unhappy members with Greece and Italy at the top of the list. Greece does not mean much, but Italy could bring down the entire union. The Italian economy has suffered because of its membership and polls show that a majority of the population are in favor of exiting. I could speculate on other possible outcomes for the EURO, but the charts clearly illustrate that whatever the future holds, it will not be favorable.

ASIDE

"We can chart our future clearly and wisely only when we know the path which has led to the present." Adlai E. Stevenson

Slow growth due to excessive sovereign debt and an arrogant political class has got us to where we are. That enables us to view charts, like those above, with a high degree of clarity.

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