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Learn the Geopolitical Trends in FX Markets That Will Shape 2019's Trading Environment

Dear Traders and Active Investors,

As active traders and investors seeking opportunity, the return to more volatile markets is both a blessing and a potential curse. We all know that volatility is a two-edged sword—while it creates opportunities, it also increases risks to your portfolio.

Europe may be falling into recession, the US Federal Reserve has recently shifted from a tightening mode to a more dovish tone, and we are still waiting on a resolution to US-China trade discussions. These are interesting and perilous times for traders.

Since a great deal of the recent volatility has involved global trade, tariffs, and President Trump's attempt to put the United States on a more level playing field with our global trading partners, it is appropriate that we focus on foreign exchange markets. No sector is as sensitive to global trade issues as forex, and TradersEXPO New York has put together an extraordinarily talented and knowledgeable group of experts to explore the opportunities and potential pitfalls.

Whether you trade currency futures, the spot forex market, currency-focused exchange traded funds, emerging stock markets, or commodities reliant on the value of the US dollar, our experts will highlight the opportunities and share with you where the hidden risks lie.

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Of course, the Forex Summit is only one track you can follow at TradersEXPO New York. Cryptocurrencies and global macro strategies are also highly reliant on movements in the forex markets. Our Crypto Intelligence and Global Macro Edge Series tracks include new and reliable sources for expert analysis and profitable trading strategies.

And in a world of increased volatility, it is more important than ever to be able to utilize options as not only a way to make directional plays, but also to manage risk without forfeiting opportunity. Our All-Stars of Options Trading track is an essential element of TradersEXPO New York, and will provide attendees with an all-important tool for their trading toolbox.

See you at the New York Hilton Midtown on March 10-12 for the 20th TradersEXPO New York,

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WHAT IS TradersEXPO?

The largest and only Expo exclusively for active traders, TradersEXPO provides optimal access to everything needed for more consistently profitable trading. Attendees discover the latest tools, technologies, and cutting-edge trading strategies, as well as experience in-depth educational classes and interact with the country's most successful professional traders.

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In these 45-minute sessions, you'll get a taste of a trader's unique techniques or hear about the features of the latest trading product or service.

These are full-day events dedicated to a specific topic such as options, futures, and others, with multiple speakers and panels exploring the content in greater depth and detail.

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The Realities of Tariffs

By Dan Gramza

It must be kept in mind that this is not the first time a US president has used tariffs. William McKinley, who later became president, got his Tariff Act of 1890 passed, which increased the average tariff on imports to almost 50%.

Trade tariffs were used after World War I and in the late 1920s. Ronald Reagan, Bill Clinton, George W. Bush, and Barack Obama imposed trade tariffs with what appears to be no appreciable result, though not nearly to the extent of the current Administration.

Theoretically the biggest beneficiaries of tariffs will be the nations and producers that are not involved in the tariffs because of potential increase in demand for their products that do not have the tariffs to overcome. This increase in demand for those products could also have an impact on the demand for that country's currency as other countries' consumers sell their local currency to buy the currency of the country whose products they are purchasing. The expectation is that the currency of the product producing country would rise.

The potential losers would be the producers that utilize products that have tariffs in the production of their products. This could not only decrease demand for those products but also for the currency of that country and therefore the expectation would be that country's currency could fall.

President Trump promised in the 2016 campaign to get tough with trading partners whose "unfair" policies, in his view, have caused huge trade imbalances at the sacrifice of US jobs. For every $5 of Chinese goods that the United States buys, China buys $1 of US goods.

One of the problems for China is the government wants Chinese to buy Chinese-made products, not those products from another country to provide jobs and help fuel their economy. This would change if they open their doors to more trading with other countries.

Although the Chinese GDP for the fourth quarter of 2018 was at 6.6%, the slowest pace since 1990, it is still double the 3.2% for the global GDP estimate. China's economy contributes about one third of global growth. We must keep in mind that China's economy has a very heavy debt load and its ability to make payments depends on rapid growth to generate the profits and tax revenues needed to make those payments. Slower growth would mean it will be difficult to stop the increasing government, corporate, and household debt load.

> **More important than the tariffs is how the president deals with the Chinese typical practice of investing in US companies to steal technology.**

The Chinese government is also concerned about the social implications of the slowing economy and is establishing targeted stimulus measures, decreasing taxes, increasing infrastructure investment, decreasing bank reserves and stimulating sales of cars and appliances in an effort to maintain growth objectives.

However, more important than the tariffs is how the president deals with the Chinese typical practice of investing in US companies to steal technology. They have a history of lifting technology from US companies that invest in China and penetrating US data networks. Most analysts see this as a much bigger threat than the trade balance, which many view as harmless. The main challenge now is the settlement of properly dealing with intellectual property (IP). This has not been solved. Many countries are watching to see how the United States and China reach a conclusion on trade and IP because the outcome will have an impact on how these countries will trade with China.

Currencies and foreign exchange rates are a good barometer of capital flowing into or out of a country. Attractive product pricing, solid economic growth, high interest rates and an increasing stock market are some of the reasons the demand for a country's currency will increase and raise the price of that currency.

The markets are reacting to the anticipation of what may happen with tariffs, not the resulting reality which has not occurred yet. Typically these anticipation reactions rarely cause a lasting bearish trend change.

Dan Gramza is president of Gramza Capital Management Inc. and DMG Advisors, LLC. He provides daily market updates from around the globe on subjects ranging from the Nasdaq and currencies to crude oil and grains at dangramza.com.

» ***Join Dan Gramza** for **The TradersEXPO New York** on March 11 at 8:15 am as the host of the Forex Summit and for **The Challenges and Solutions Facing the Forex Trader Panel** at 11:45 am and **FX Critical Strategies and Applications** at 1:30 pm.*

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March 11 • 8:15 am – 6:30 pm

BENEFITS OF ATTENDING:

- Learn the **fundamentals of trading commodity currencies**
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- Discover the **best cross-pair strategies**
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- Understand the correlation between **traditional forex and cryptocurrencies**
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BACK TO THE FUTURES

March 12 • 8:15 am – 5:00 pm

BENEFITS OF ATTENDING:

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- Master **using the VIX for protection** and profit
- Grasp the **energy market's seasonal tendencies** and how to exploit them
- Learn how to **harness the inherent leverage in futures** without being cut by the double-edged sword

Cryptocurrencies: A Hybrid Cross Between FX and Equities

By Kiana Danial

If you're looking to get involved in cryptocurrency trading, it may help to consider it as a cross between forex trading and stock investing.

Before Bitcoin became the celebrity of financial assets in 2017, most people associated cryptocurrencies such as Bitcoin with the traditional forex market because "cryptocurrency" includes the word "currency," and crypto owners hoped to use their assets to make payments. In fact, they arguably were created as an alternative, non-centralized payment mechanism.

However, as cryptocurrencies evolved, they grew to have a lot in common with stocks. For one, many investors turn to both stocks and cryptos for capital appreciation. When their respective markets are strong, you can generally expect to benefit from price appreciation. Both asset classes are highly correlated internally. A rising tide tends to lift most stocks or cryptos and vice versa as was illustrated across the crypto universe in 2018.

> **Before Bitcoin became the celebrity of financial assets in 2017, most people associated cryptocurrencies with the traditional forex market... as cryptocurrencies evolved, they grew to have a lot in common with stocks.**

New crypto token ventures were often launched through initial coin offerings (ICOs), which appeared much more like an initial public offering of a stock than a launch of a new currency. In fact the expansion of ICOs garnered the attention of the Securities and Exchange Commission (SEC), which prior to this seemed content on allowing the Commodity Futures Trading Commission oversee cryptocurrencies. But the movement towards what appeared to be securities offerings pushed them to get more involved.

Another thing cryptos and stocks have in common is that there are thousands of cryptocurrencies and even more stocks to go through before picking the right one.

When it comes to forex, there are only seven major currencies you'd need to keep up with on your portfolio. When you participate in the forex market, you don't necessarily invest for long-term capital gains. Currencies futures and the spot market is basically an insurance market, like most derivatives. The target user is a business with risk exposure to one currency that they wish to hedge. For the most part—unless you live in Venezuela, or another country facing hyperinflation—cryptocurrencies are not a hedging mechanism.

Even the most popular currencies such as the US dollar are subject to volatility throughout the year. A good US economy doesn't always translate into a stronger US dollar. Heck, some countries, particularly countries that rely on exports such as Japan, prefer to have a weaker currency because it supports exports. If their currencies are stronger than the currency of the country they're trying to sell stuff to, they get a lower rate to sell the same product abroad than domestically.

Participating in the forex market as an investor mainly consists of short-to-medium-term trading activity between different currency pairs. You can buy the euro versus the US dollar (EUR/USD), for example. If the euro's value appreciates relative to the US dollar's, you make money. However, if the US dollar's value goes higher than the euro's, you lose money. And as noted above, a great deal of trading activity in forex has to do with international trade and hedging exposure to a currency other than the currency of the country you are based in.

Analyzing the forex market needs a very different approach when compared to stock and cryptocurrency analysis. When looking at the forex markets, you need to focus on the issuing country's economy, what is its major exports, its growth forecast, inflation rate, interest rate and political environment. Some traders simply like to trade the currency of a country with higher yielding interest rates vs. lower yielding interest rates (the carry trade). Some countries' currencies —like Canada with crude oil—are highly correlated with a commodity.

On the other hand, just like the forex market, you need to trade cryptocurrencies in pairs. For example, you can pair up Bitcoin (BTC) and Ethereum (ETH) against each other. You can even pair up a cryptocurrency such as Bitcoin against a fiat currency such as the US dollar and speculate their value against each other. However, in these cases you need to analyze each currency, crypto or fiat, separately. Then you need to measure their relative value against each other and predict which currency will win the couple's battle in the future. This was probably a safer trade in 2018 when cryptos, as an asset class, was tanking.

> **You can trade different cryptocurrencies against each other, the way you can in the forex market.**

In conclusion, though many investors invest in cryptocurrencies for capital gain purposes, you can also trade different cryptocurrencies against each other, the way you can in the forex market. I explore cross-cryptocurrency trading and investing in my book, *Cryptocurrency Investing for Dummies.*

Kiana Danial, CEO of InvestDiva.com, is an award-winning, personal investing and wealth management expert. She is a highly sought-after professional speaker, author, and executive coach who delivers inspirational workshops and seminars to corporations, universities, and entrepreneurial groups.

» ***Join Kiana Danial** for **Swing Trading the Crypto & Forex Markets** at **The TradersEXPO New York** on March 11 at 10:45 am during the Forex Summit.*

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How the Dollar Drives US & Foreign Stocks

By Matt Weller

In complex adaptive systems like modern financial markets, a change the price of any one market has a spillover effect into other markets. One of the best understood and most straightforward of these intermarket relationships is the impact of the US Dollar Index (DX) on US stocks. In short, a strong dollar tends to boost the performance of domestic stocks at the expense of foreign rivals, as well as the performance of importers at the expense of exporters.

Foreign vs. Domestic

Intuitively, fluctuations in the value of the dollar directly impact the returns that US investors see on their foreign stock investments. To take a trite example, if the UK's FTSE index rallies 20% in a year in local currency terms, a UK investor would see the value of his holdings (in pound sterling) rise by 20%. However, if the value of the dollar also rose by 10% against the pound over the course of the year, a US investor's return on his FTSE investment would be closer to 10%.

Of course, corporate executives are well aware of this connection. As an example, FactSet found that two-thirds of the companies in the Dow Jones Industrial Average cited foreign exchange as a headwind for their earnings in Q3 2018, following a sharp 9% surge in the value of the US Dollar Index over the last six months.

This direct, mechanical relationship can help traders determine how aggressively to allocate to foreign stocks. For instance, if the dollar has just experienced a strong year, sentiment is frothy, and the greenback appears overvalued on historically-reliable metrics like purchasing power parity, a US investor may consider increasing his allocation to foreign stocks, reasoning that the greenback is more likely to fall than rise moving forward. This point can be illustrated by a comparison of the relative performance of the **S&P 500** (SPX) against foreign stocks (EFA). As the dollar rose throughout the middle of 2018, US stocks outperformed their foreign rivals.

Intuitively, fluctuations in the value of the dollar directly impact the returns that US investors see on their foreign stock investments.

It's critical that global stock investors monitor FX market fluctuations, even if they're not trading FX directly themselves.

Importers vs. Exporters

Even for investors who trade exclusively domestic stocks, the foreign exchange market can have a major impact. Given the economy's global nature, businesses are increasingly coordinating (and competing) with rivals across oceans, not just in the next town over.

Fluctuations in the FX market have a direct business impact on the operations of importers and exporters. If the value of the dollar rises relative to its rivals, the dollar cost of foreign imports falls. For companies that are net importers, this directly decreases expenses, increasing margins and by extension, profits at such firms. The converse occurs with net exporters: A rising dollar makes their goods more expensive for foreign buyers, forcing the company to either cut prices or see sales decline.

Because small-capitalization stocks derive more of their revenue from the United States than their large-capitalization rivals, traders can use the performance of small- and large-capitalization stocks as a proxy for importers and exporters. The Russell 2000 (IWM) made up of small-cap stocks have tended to outperform their large-cap brethren in periods when the US dollar rises and underperform when the greenback falls.

In today's global economy, trading stocks without at least a cursory knowledge of developments in the FX market is akin to driving with one eye closed. Experience trading one market can give readers a big leg up in learning to trade another.

Matt Weller is the senior US market analyst at FOREX.com. Over the last decade, he has conducted over 1,200 educational webinars on trading and trading psychology. Mr. Weller holds both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT) designations.

*» **Join Matt Weller** for **Demystifying Forex Trading: How to Capitalize on Intermarket Correlations** at **The TradersEXPO New York** on March 11 at 2:30 pm and for **Why You Are Your Own Worst Enemy: Seven Mental Biases Keeping You from Reaching Your Trading Potential** on March 12 at 11:15 am.*

Spreading Opportunities in US Dollar & Euro ETFs

By Paul D. Cretien

Movement in currency markets can be manipulated by countries trying to weaken the value of their currency to make products they produce less expensive on the world stage. While these tendencies produce opportunities trading currencies futures or in the spot market, exchange traded funds based on specific currencies also offers opportunities to spread.

ETFs on the US dollar index and the euro currency are more than an ordinary pair of securities that have a predictable relationship. **The Invesco DB USD Index Bullish Fund ETF** (UUP) and **the Invesco CurrencyShares Euro Currency ETF** (FXE) have a negative correlation that may produce specific trading opportunities.

A chart of the UUP and FXE indicate that they are almost perfectly negatively correlated. The euro is one of several currencies whose price changes are inverted to those of the US dollar, but the euro is the most powerful of these, having the greatest weight in the index.

There are several profitable trades suggested by this negative correlation. The trades depend on UUP falling in price with respect to the price of FXE over the first half of 2019. The UUP lost ground against the FXE in the first quarter of 2018, but surged past it in April 2018. Since that point it has gained more than 8% while the FXE has dropped nearly as much. Viewing a chart of the two ETFs, it is easy to imagine FXE and UUP as two lovers who embraced twice during the year 2018 and are eager to meet again in 2019. Spring and summer are made for romance between two currencies.

Just as the US dollar is not independent, but is controlled by the inverse relationship with other currencies, the others are also not completely independent. For example, when one currency falls in price (either on purpose in order to improve its export trade, or due to a major geopolitical event such as with the British pound following the Brexit vote) other countries that are economic competitors also reduce their currencies' prices in response.

Three currencies that are competing for low price are the Swiss franc, Australian dollar, and the euro. Their combined weakness pushed the price of the US dollar index higher in 2018.

In the international export-import business competing currencies force the US dollar higher, a higher currency price is a distinct disadvantage for a country wishing to sell products on the world market. A relatively high price for the US dollar benefits importers, such as American tourists traveling to Europe. For Americans producing goods for sale on foreign markets, it is bad for business.

In 2018 the Swiss franc, euro, and Australian dollar fell by 2.40%, 6.35%, and 10.11% respectively, while the US dollar index increased by 7.66%. This means, for example, that US export products increased in price by approximately 14% relative to the euro. This is equivalent to a tariff of 14% on US goods exported to European countries. One way to counteract this difference is for the United States to apply a 14% tariff on imports from the other countries. These differentials are what the trade wars going on currently are all about.

To take advantage of the US dollar and euro "mirror image" trade, consider buying puts on the dollar-based UUP ETF.

To take advantage of the US dollar and euro "mirror image" trade, consider buying puts on the dollar-based UUP ETF, and buying calls on euro-based FXE ETF. This is a classic reversion trade, with the UUP/FXE differential at its highest point over the last year. A time span of three-to-five months may see the two prices coming close together or actually meeting and crossing as they did between April and May of 2018. With this time frame in mind, an expiration date in June 2019 would be appropriate.

For the June 21, 2019, expiration date on Feb. 8, 2019, eight strike prices are listed for UUP puts ranging from $20 to $30, with a $25.72 closing price for UUP on Feb. 8. Eighteen strike prices are shown for the June 21, 2019, expiration of FXE calls, ranging from $88 to $119 with a current price of $108.09 for FXE. While this spread has come in a touch in the early part of 2019, there is still a great deal of room to profit on a reversion to the mean trade.

*» **Read Paul Cretien's** market analysis every week on **MoneyShow.com.***

The Alternative Hedge Options Strategy

By Robb Ross

For those who have been active in the markets for a quarter-century or more, it's difficult to find anything unique. But when it comes to options, the list of strategies is enormous. These include bull put spreads, butterflies, iron condors, bear call spreads, straddles, and strangles. Then, there are variations. Here, we'll look at one variation of the classic straddle called the Alternative Hedge Strategy.

The Alternative Hedge Strategy is a premium-capturing program that involves selling the straddle and then placing orders in the underlying market to provide a level of coverage should the underlying move significantly in one direction.

> **The Alternative Hedge Strategy is a premium-capturing program that involves selling the straddle and then placing orders in the underlying market**

The Alternative Hedge Strategy can be used in any market that has options, including forex, futures, and stocks.

A straddle is a trade that engages both at-the-money put and call options. If the S&P 500 futures are trading at 2,750, then selling the straddle would involve selling the 2,750 put and the 2,750 call. A long straddle would purchase both options. The straddle is usually a volatility play rather than a directional trade; with a long straddle betting on an increase in volatility and a short straddle, a decrease in volatility. By selling the straddle, you collect the option premium. You are thereby naked the straddle.

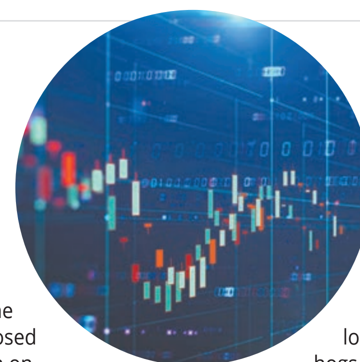
It's nice to collect the premium, but the danger is that the underlying market will move enough that the option buyer can execute against you. When selling options, the exposure is technically unlimited. Taking the above example, if you collected 100 points for the straddle (50 points for the call and 50 points for the put), but the S&P 500 dropped to 2,500, the put would then be worth at least 250 points and you would be down at least 150 points. At $50 per point, that's $7,500. The loss could be more, depending on how much time value is remaining on the options.

The Alternative Hedge Strategy offers a level of protection for the options positions — thus, the position is no longer naked. Applying this to the previous example, if we got 50 points for the call and 50 points for the put, a pair of good until canceled stop orders in the S&P 500 would be appropriate: The orders would be:

- Buy one S&P 500 E-mini at 2,800 stop GTC
- Sell one S&P 500 E-mini at 2,700 stop GTC

Once the straddle has been sold and the orders have been placed, there are three basic scenarios in which the trade makes a profit. In the perfect scenario, the market stays below 2,800 and above 2,700. The trade collects the entire option premium on one side and part of or all all the entire option premium on the other side, depending on the close at expiration. If, in this case, the market expired at 2,755, then the entire put premium was retained and 45 of the 50 points of the call premium were captured.

However, it is unusual that neither of the stops were hit. What normally happens is a trend develops in at least one direction during the trade's life.



If on the day of expiration, the market is at 2,804, the call expires being worth 54 points. It was sold for 50 points, resulting in a loss on the call option of 4 points. However, you went long the S&P 500 at 2,800, and it closed at 2,804. The resulting gain on the S&P was 54 points. The long trade covered the call position. The other thing to remember is you collected all of the points on the put (50 points = $2,500). As long as the market remains above the put's strike price, the position will make money.

Every price above 2,750 achieves the maximum profit of 50 points ($1,2502,500). If the market trends strongly in the direction of the initial stop, the trade will be profitable. Unlike other option writing programs that get hammered during a trend, the Alternative Hedge Strategy loves trending markets. It locks in the profit and covers the losing side.

> **A straddle is a trade that engages both at-the-money put and call options**

Finally, instead of the market hitting your buy stop, let's say it went down and engaged your sell stop at 2,700 and then continued down and closed at 2,600 on the day of expiration. You'd lose 100 points on the put (150 points value at expiration minus the 50 points collected in premium). But you'd also make 100 points on the short sale and wash out the put loss. Then you'd gain all 50 points on the call option because it expired worthless.

Every trading method has losing scenarios, and this is no exception. There are two basic situations where the trade loses money: Gaps and whips.

With a price gap, the market jumps past your stop and executes you at a worse price than you were expecting. Because of this risk, it's advisable not to use this strategy with commodities known to have locked limit days, such as lumber, hogs, corn, etc. It works best with liquid markets like the E-mini S&P 500, crude oil, & euro.

Another scenario that ends in a loss is a whip trade. This occurs when both buy and sell stops are hit. When the second one is hit, then the entire trade is exited. This involves buying back the straddle. The resulting loss is dependent on how much time premium is left in the options. The earlier the whip occurs in the trade's life, the bigger the loss, as opposed to a whip occurring with only 10 days remaining in the option's life.

Finally, because stop orders are being used, there will be times that you'll get slippage (the order is filled at worse than your stop price). If, on expiration day the futures price closes near the strike, it may not be clear whether the option will get exercised. You don't want to come in on Monday thinking you had a profitable trade only to find out you're long the S&P 500 and it dropped Sunday night by 50 points. Sometimes, it's better to buy back at least one leg of the option right before expiration just to avoid this scenario known as pin risk.

Robb Ross is founding principal of White Indian Trading Co.

*» **Join Robb Ross** for **Building a Family Office Trading Business** at **The TradersEXPO New York** on March 11 at 1:30 pm.*

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Trading used to be an extremely social endeavor, but has become relatively solitary in the age of quantitative models and electronic trading. Network, "talk shop" with fellow market enthusiasts, and get your first look at the fabulous products and services on display in our interactive Exhibit Hall. **Drinks are on us at this special kick-off party!**

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Opportunities in Global Macro Trading

By Amelia Bourdeau

Global macro traders consider a range of economic, geopolitical, and market conditions across asset classes to formulate trade ideas. One way they manage the information is to identify market themes and track those themes. The tracking of those themes helps macro traders generate trade ideas and manage risk.

Macro themes tend to simmer in the background, but cause market volatility when they move to the forefront. Market themes in play have the potential to cause big, directional moves. Therefore, in global macro trading, volatility is your friend. When markets are moving, there is opportunity to generate alpha.

While macro managers can trade a range of asset classes, foreign exchange is a cornerstone. Global market themes tend to impact currencies and/or interest rates, which in turn affect currencies.

Large macro themes are driving market activity in 2019 – all of which have the potential to cause initial or further market dislocation, providing trading opportunities. Themes include: the US economy, the extent to which it is growing or slowing; the Federal Reserve Open Market Committee's (FOMC) policy stance on interest rates and adjustments to its balance sheet causing market volatility; China economic slowdown; US-China trade war and trade negotiations; European political uncertainty and economic slowdown and uncertainty over the Brexit.

As seen last year, negative headlines and/or announcements on US-China trade negotiations tended to negatively impact US equity indexes. As trade negotiations are ongoing, this pattern will likely continue. Heavy down days in US equity indexes can strengthen the Japanese yen against the dollar as JPY is a safe haven currency.

Large macro themes are driving market activity in 2019—all of which have the potential to cause initial or further market dislocation.

China's growth slowdown negatively impacts Australia's economy, through trade, commodity price, and investment standpoints. The Aussie dollar (AUD/USD) is likely to be further negatively impacted and could move to 0.60. In addition, it is difficult for the Australian dollar to strengthen if China's renminbi is depreciating—a trend that has been occurring since April 2018.

The European growth slowdown is making market participants question whether there has been a policy error made by the European Central Bank (ECB). The ECB ended its quantitative easing in December 2018, and it is unlikely that they will be able to raise the policy rate any time soon. This combined with political risk at the upcoming European Union parliamentary elections in May could cause the euro (EUR/USD) to drop.

Finally, the tedious Brexit negotiation process is ongoing. The British pound (GBP/USD) is largely trading off of Brexit headlines. While a hard or "no deal" exit from the EU is not the best case scenario, the fact that that option has not been completely taken off the table, makes macro traders nervous. GBP/USD has the potential to fall to parity with the dollar in a "no deal" or messy exit scenario.

As you can see, there are a number of global macros themes that will create volatility and opportunities in a number of assets classes in 2019.

Amelia Bourdeau is the CEO and founder of Market Compass. She has 15 years of financial market experience, with a strong background in macroeconomics, foreign exchange sales and trading, and international event risk.

*Join **Amelia Bourdeau** for **The Challenges and Solutions Facing the Forex Trader** at **The TradersEXPO New York** on March 11 at 11:45 am.*

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- Get a logical and robust investment framework that can help you **profitably navigate global markets** by enhancing your operations, analytics, and execution
- Discover the **tools and techniques** these top professionals use to **identify and solve** the largest problems facing investors, traders, and financial advisors today
- Gain **unique perspective** for understanding new ways of **managing risk and capturing larger returns**

TOOLS FOR TRADING SUCCESS

March 12 • 8:15 am – 5:00 pm

BENEFITS OF ATTENDING:

- **Create structure in your trading business** with a plan, rules, and methodology
- Learn how **best to use various popular indicators** to maximize your success
- **Upgrade your risk and portfolio management skills** to create and keep more of your profits and protect against steep drawdowns
- **Explore new ways of looking at charts and indicators** that will allow you to see opportunities you've previously missed
- **Gain confidence** in knowing that you are using **the latest and best tools available in the marketplace today**

DAY TRADING FOR A LIVING

March 12 • 8:15 am – 5:00 pm

BENEFITS OF ATTENDING

- Learn how **bet sizing is the key to risk management** and your trading success
- Discover **short-term technical indicators** for day and swing traders
- Grasp how to use **Fibonacci analysis** in your day trading
- Understand **due diligence in selecting brokers** and investments
- See **live day trading strategies** in action from master traders
- **Asset allocation and money management strategies** to help you maximize your profits

Trading FX Is Best Anecdote to Trade Wars

By Christopher Vecchio

Over the first few weeks of 2019, global investors were consumed with the fallout from the US government shutdown. As menacing as this risk may seem, it isn't the only systemic theme that has arisen to draw the market's attention.

The lack of a clear plan for the United Kingdom to split from the European Union, a "hard" vs. "soft" Brexit is major concern from global markets, as is broader Eurozone weakness and the noticeably dovish shift in global monetary policy. And, with so many threads pulling on investors' attention, it might be easy to forget about the 900 lb. gorilla of potential global market volatility—the US-led trade wars.

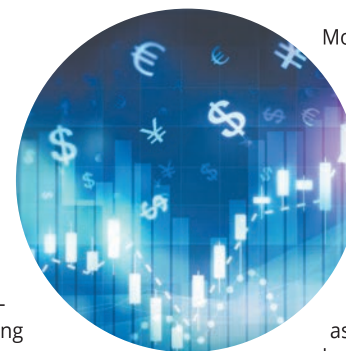
Timing of Trade War Headlines During the Day

For US traders, particularly those active in equity and forex markets, the timing of the trade war headlines occurs at less-than-ideal times during the day. President Trump's preferred means of communication, Twitter, and his early morning timing, often around 5 a.m. EST/10 GMT, well before markets are active can increase market volatility. When Chinese officials issue their own remarks on the fraught relationship, they often occur during the Asian trading session, after the New York close. This inability to act on critical updates can be a serious issue for US-based investors. Off-hour and non-coordinated announcements tend to create greater volatility.

While there are more equity traders in the United States than FX traders, in the latter we find a distinct advantage when we consider its 24-hour accessibility. Developments on trade wars and other international or multi-national themes are not out of reach or delayed for those that trade FX. For many who position with deference to critical fundamental developments – economic data, breaking news, random tweets – this access can help to alleviate a serious challenge.

Over the past decade, access to trade the FX market has improved markedly, with the same level of technical advancements witnessed in other popular asset classes. At present, there are many prominent brokers in the United States. One new entrant to the US is IG, a firm with the pedigree of being one of the largest brokers in the world.

Over the coming weeks, traders would be wise to pay attention to the newswire regarding trade wars once again, even as the potential for another US government shutdown looms large or the Brexit countdown continues to march closer. In December, US President Trump and Chinese President Xi Jinping agreed to a three-month détente in imposing new tariffs on one another. Thus far negotiators have offered little more than statements of optimism. As of press time the March 1 deadline looms as the US Administration announced there would be no direct talks between Trump and Xi before that date.



The threat of the US-China trade war escalating is real, at least according to the White House: "If at the end of [90 days], the parties are unable to reach an agreement, the 10% tariffs will be raised to 25%."

If no agreement is struck, on March 2, the tariff hike would hit some $200 billion of goods that the United States imports from China.

Moving forward, traders interested in taking advantage of opportunities generated by the US-China trade should be focusing on pairs that have shown particular sensitivity to developments: AUD/JPY, AUD/USD, and USD/CNH. And that brings about another advantage of FX over traditional 'buy-and-hold' capital market assets: there is no principal long-only mentality to be tripped up on.

One of the principal benefits of trading FX markets is the access to leverage. While access to leverage can magnify gains, it can also amplify losses, possibly up to and beyond initial deposits.

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