



Quotable

"God bless us every one!" said Tiny Tim, the last of all."

Charles Dickens

FX Trading – Twelve Themes of Christmas (guesses, wishes, and concerns)

- 1) The dollar has bottomed on a multi-year basis after a major test in 2009.
- 2) Interest rates are going higher as this recovery "normalizes" in 2010; we see 5% on the 10-year T-note before the year is done.
- 3) US job growth will be surprisingly strong.
- 4) There will be a crisis within the Eurozone late in 2010 that will shake the foundation of the euro as a single currency.
- 5) Asian-block currencies will breakout against the developed world majors and move higher.
- 6) Extremely tight intermarket correlations will finally begin to breakdown and currencies will be increasingly judged on *both* fundamentals and yield differentials.
- 7) Stock market volatility will increase as government backstops disappear. Stocks will initially get hammered on the broader realization the real economy is improving i.e. money flow.
- 8) China will continue to rock through mid-year, but at some time during the second half of 2010 it will experience a major financial disruption that will rock markets around the globe.
- 9) Gold sees \$700 before \$1,500 (Sorry Dad!)
- 10) South Africa begins to unravel politically (it intensifies for international consumption) and the rand gets hammered.
- 11) Russia makes another major incursion west, increasing its "buffer zone;" continuing to pressure Baltic and Central European Currencies.
- 12) Thank you for reading *Currency Currents* and putting up with our rants, raves, mistakes, bad calls, and curmudgeon-ness (I don't think it's a word but fits well here). We hope we have shared some things good; we know we have received many things good from the amazing quality of people who read CC each day.

Merry Christmas and Happy New Year!

Jack Crooks

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