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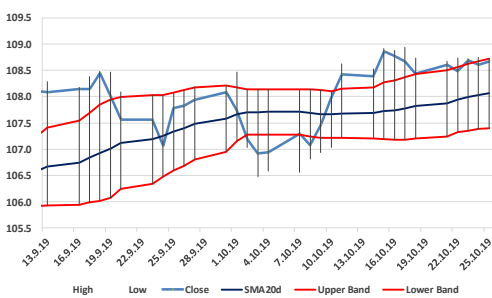
VRS Research Team

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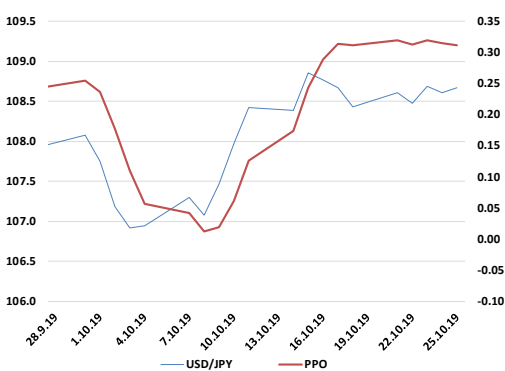
Graph 2: **Candle Chart** (September – October 25, 2019)



Graph 3: **Bollinger Bands** (September – October 25, 2019)



Graph 4: **PPO** (September – October 25, 2019)



**Important Note:**

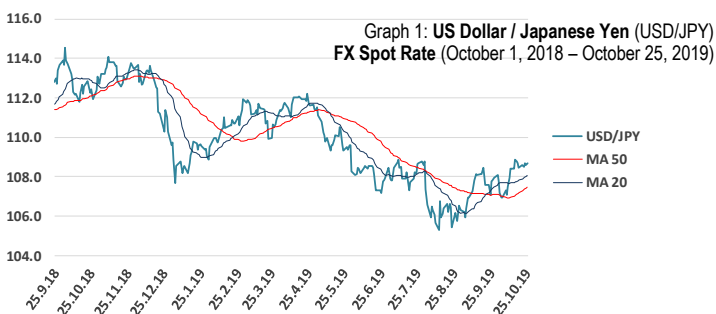
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**USD/JPY: 108.67**

[Bloomberg Ticker: USDJPY:CUR] Japanese Yen per 1 US Dollar

**Graph Analysis**

According to Graph 1, an overall bearish trend has been observed for the USD/JPY exchange rate over the past 55 weeks. During the period, there were four secondary movements. More specifically, the exchange rate followed a downward trend from mid-December 2018 to early January 2019. The second movement was an upward trend which lasted from early January to late April 2019. Thereafter, a downward movement emerged until mid-August when the pair hit the lowest point of the period, whereas a reversal trend until followed until late October 2019. Regarding the support levels, they were formed in the neighborhood of 106 while the resistance levels were formed at around 114. Graph 2 provides information about the daily rate fluctuations since the start of September 2019 with mainly positive candle bars being observed in October. The positive prices of the Price Percentage Oscillator Index (Graph 4) indicated a buy signal during the past one and a half month, which was also supported by the fact that the USD/JPY exchange rate crossed above the 50-day moving average (Graph 1). However, based on Graph 3, after October 10<sup>th</sup> the price crossed above the upper band of Bollinger, entering on overbought territory.



**Fundamental Analysis**

At the beginning of October 2018, U.S. jobs report fell short of expectations and that led to a slip of the greenback, which lasted for almost a month as investors headed for the safe-haven yen, following also a U.S. equities market crash. | In November 2018 the pair was affected by FED's decision to postpone another rate hike, which led the dollar fall before bouncing back. | In December 2018, the dollar slipped further as lackluster U.S. economic data, yield curve inversion and U.S. government shutdown created turmoil on U.S. markets which sparked capital outflows from Japanese investors who sought to repatriate their money. However in the same month, FED raised rates by 25 bp. | The momentum of the yen was quickly reversed, as early gains of January 2019 were squeezed due to U.S. job market major indicators beating expectations. The upward trend of the greenback continued given the end of US government shutdown. | In February, the Governor of Bank of Japan implied that further policy easing could be used to prevent yen from rising, which along with a two-year low PPI of just 0.6% and feeble economic growth of 0.4% led the dollar to a mild uplift. | The discouraging news about the household confidence in Japan paired with China's quite optimistic Caixin Manufacturing PMI led the dollar to hit a 10-week high against the yen early in March 2019. During the same month, however, the concern about a global economic slowdown continued to grow, causing a stronger demand for the Japanese currency. | In April, expectations over the earnings season in U.S. and signs of stabilization in the Chinese economy led investors to abandon the safe-haven yen. A few days later, the U.S. housing data helped the US dollar index reach a 22-month high. | However, BOJ's decision to keep interest rates low combined with the statement of U.S. President Trump on new tariff imposition on Chinese imports caused a downward trend for the USD/JPY pair until mid-May. The dollar rebounded later in the month, as Jerome Powell's words dismissed the expectations about a FED rate cut but next the pair declined after the U.S. administration claimed that it would apply tariffs on Mexican products, leading yen to new multi-month highs. | During June, apart from the escalating U.S.-China trade war and U.S.-Iran tensions, the soft U.S. PMI data paired with FED's signal for cutting rates led to the fall of the dollar. | In July, the greenback recovered slightly due to expectations for less aggressive FED monetary policy, improved retail sales and the decision between Donald Trump and the Congress to increase the debt ceiling. | In August 2019, the greenback dropped after the FED's interest rate cut by 25 basis points and President Donald Trump's announcement about an additional 10% tariff on \$300 billion worth of Chinese imports. Additionally, the slowdown in U.S. employment growth, the ISM non-manufacturing PMI weak data and President Trump's comments regarding Huawei also supported the downward movement which led the pair to reach the lowest point of the examined period on August 12<sup>th</sup>, 2019. | Until September 3<sup>rd</sup>, despite the delay on U.S. tariffs and strong U.S. retail sales, USD/JPY fluctuated around the same levels due to low levels in U.S. consumer sentiment and weak manufacturing data. | The rise in private payrolls and T-bill yields, President Donald Trump's authorization over a use of an emergency crude oil stockpile after the attacks in Saudi Arabia and the release of a transcript between the presidents of the U.S. and Ukraine boosted the dollar until the end of September. | In the start of October 2019, the U.S. dollar lost ground against the yen due to announcements of weak manufacturing data and a lower than expected rise in construction spending in the U.S. However, the exchange rate bounced back during the month after Chinese officials stated that they were open to a partial trade deal agreement with the United States.

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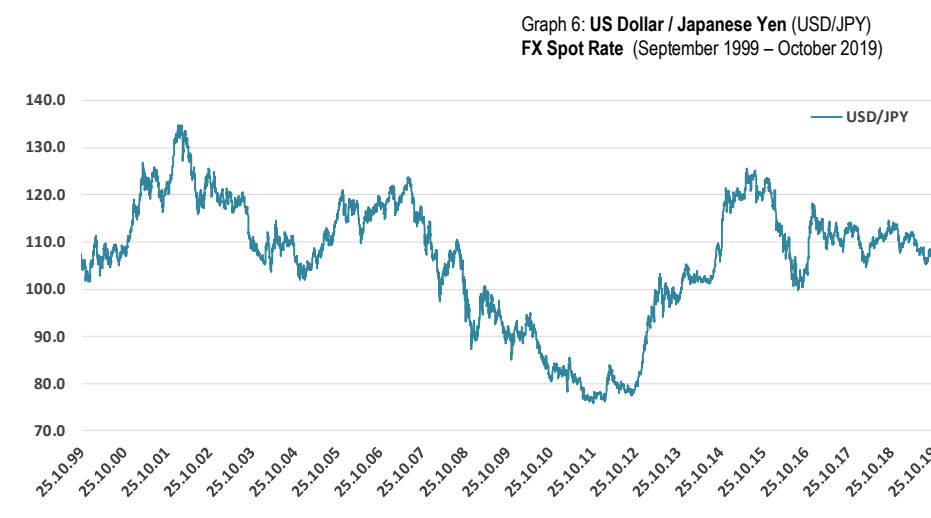
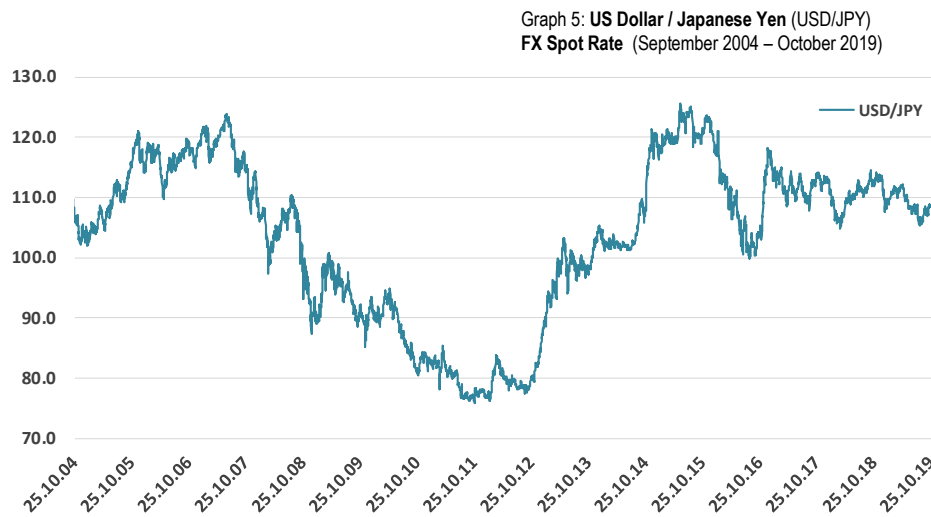
**USD/JPY: 108.67**

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**Graph Analysis**

Examined Period	September 2004 – October 2019
Standard Deviation	13.21
Average	103.51
Range	2.04
Range (%)	1.913%
Max	125.62
Min	75.82
Max Daily Range	7.73
Min Daily Range	0.00

Examined Period	September 1999 – October 2019
Standard Deviation	13.21
Average	106.55
Range	3.30
Range (%)	3.132%
Max	134.77
Min	75.82
Max Daily Range	7.73
Min Daily Range	0.00



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USD/JPY Exchange Rate	USD/JPY	JPY 108.67 per USD 1	October 25, 2019	----

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