# Client Update and Alert

## March 10, 2017

### Canadian Dollar

After a bit of a flash crash in oil, the Canadian dollar following in suit dropped rapidly to test the low end of the trading range it is in. The lows are at .7382. The market this morning bounced off those lows maintaining itself within its trading range. It is in oversold condition and will likely bounce a bit here.

***Daily Canadian Dollar Futures***


There are two things playing on the Canadian dollar right now…

#### Oil Prices

Massive and rising global oil supplies are pressuring oil prices down along with the Loonie. The Loonie will track the price of oil as they are highly correlated.

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***Monthly Crude Oil Futures***


On the monthly chart of oil there are two technical scenarios we are looking at. It appears one scenario is that the market is trying to form the final "shoulder" of a head and shoulders bottom. That would take oil down to 45 or so which would coincide with the slanted long term uptrend support line. (CNRL and its CEO Murray Edwards are likely betting on this scenario as they scooped up a ton of oil sands assets yesterday at rock bottom prices). If that is the case, a break above the $50 mark would take oil and the Loonie to much higher levels with very little in the way of resistance to stop it. The catalyst could be a supply disruption or war that would trigger this sort of move.

The other scenario is that oil is in a flat trading range between $25 and $50/barrel and will likely trade in this range for a good long time to account for the supply glut in global crude. As we are nearer the high end of this sideways range, there is possibility for more downside in crude and pressure lower on the Loonie. Good for cattlemen. We feel this is the more reasonable scenario but one can never tell for sure.

As a hedge, we are recommending ranchers look at forwards or going long the Loonie here as it trades near the lows, with stops at the 7382 mark to protect feeder prices.

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