

- USDCAD firmer on the day, risks still tilted towards a retest of the upper 1.33s.
- EURCAD softer on the day, short, medium term price signals are bearish.
- GBPCAD eases after stall and reversal from upper 1.72s.
- CADMXN extends consolidation below 14.40.
- AUDCAD range breakdown targets 0.9315/20 near-term.
- CADJPY rebounds but weekly bear reversal last week points lower.

 FOLLOW US ON TWITTER @SCOTIABANKFX

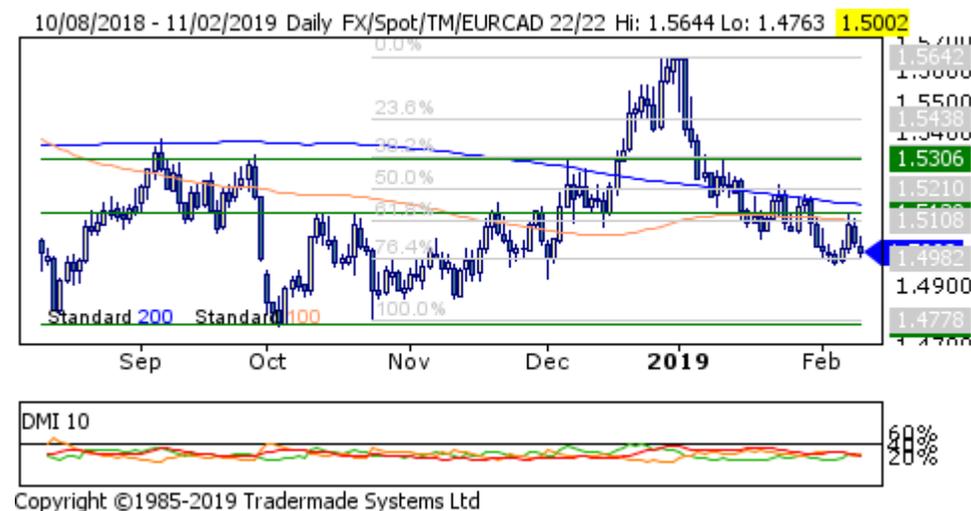
Shaun Osborne
 Chief FX Strategist
 416.945.4538
shaun.osborne@scotiabank.com

Eric Theoret, CFA, CMT
 FX Strategist
 416.863.7030
eric.theoret@scotiabank.com

USDCAD closed strongly Friday, suggesting the correction off the failed 200-day MA test could well develop into something a little more substantial. We still lean towards the idea that the USD peaked in a major way through the turn of the year and the mid-Jan pause/rebound represented a bear flag signal (which implies scope for a push to the 1.28 area in measured move terms). However, the strength of the USD rebound last week, forming a bullish “engulfing” week in the process, suggests further USD upside testing in the near term at least. Trend signals are flat and neutral across a range of time frames, suggesting the USD has a lot of work to do in order to carve out a strong trend (either way). Rather, perhaps, we can expect some choppy trading—with a higher bias—in the next week or so. We see resistance in the upper 1.33 area (note, 40-day MA at 1.3356); support is 1.3255/60.



EURCAD is softer on the day and looking vulnerable to further losses after failing to hold last week’s test of the 100- and 200-day MA signals. Shorter-term price signals are weak—an intraday downtrend is well-established and hourly price signals suggest modest corrective gains last week are reversing (minor, bearish H&S breakdown below noted support around 1.5020, which is now important resistance on the short-term chart). We continue to look for more downside movement in the cross towards 1.47/1.48.



GBPCAD is weaker, with firm resistance in the 1.7275/00 area—the former range ceiling—capping gains last week. The GBP has eased under the 40-day MA (1.7163—now resistance) and may well extend losses on the day below the 1.71 area—where the 200-day MA comes in. Short-term trend signals are tilting bearish but the longer run trend signals are muted at the moment. More weakness seems to lie ahead in the short run at least and we still rather think that longer run risks are geared to a retest of 1.66/1.67 area.



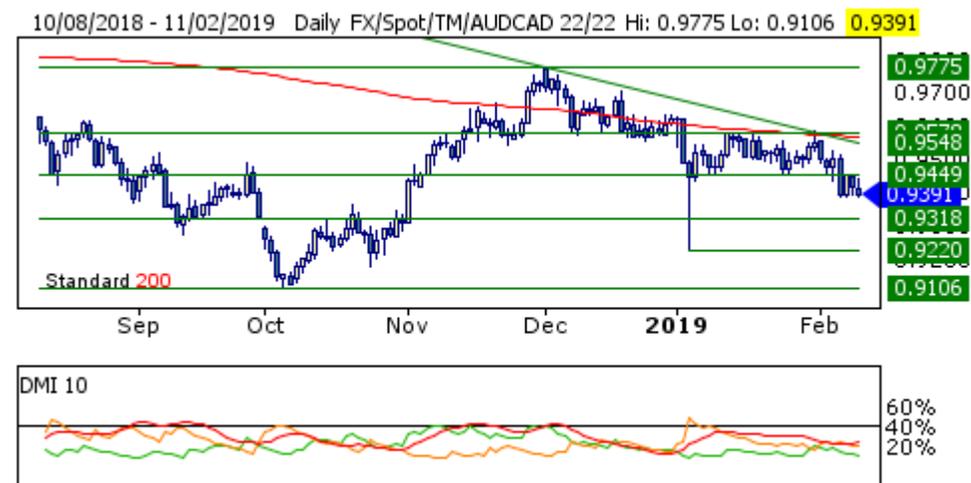
Copyright ©1985-2019 Trademade Systems Ltd

CADMXN is extending Friday's consolidation just below 14.40 as it trades around the lower end of its 14.20-14.65 range from late December. Momentum indicators are bearish and the DMI's are confirming however we remain neutral awaiting a break of the two month range. We still anticipate medium-term gains back toward the 100 and 200 day MA's around 14.80.



Copyright ©1985-2019 Trademade Systems Ltd

AUDCAD is holding near last week's low but retains a soft undertone. The break under the Jan/early Feb range base suggests short-term downside risks extend to the 0.9315/20 area (assuming a double top at 0.9578). We note that the AUD stalled against the 200-day MA last month (and the 200-week MA in Dec) and that short, medium and longer run trend studies are aligned bearishly for the AUD. This suggests ongoing downside pressure and limited scope for counter-trend corrections. We continue to look for the mid-0.94s to cap and retain a high conviction bear view for the AUD to fall the 0.91/0.92 area in the medium-term.



Copyright ©1985-2019 Trademade Systems Ltd

CADJPY's recovery today may make it look as if our bearish shift last week was mistimed but it would be a mistake to conclude that the CAD can rally too far, we feel. On the basis of last week's price action overall—a major weekly reversal (key reversal week, in fact) against combined retracement resistance points—the cross has peaked and short/medium term risks are swinging lower again. We expect firm resistance in the mid/upper 83s. Support is 82.25.



IMPORTANT NOTICE and DISCLAIMER:

This report is prepared by Scotiabank as a resource for clients of Scotiabank for information and discussion purposes only. This report should be considered a marketing communication and has not been prepared by a member of the research department of Scotiabank, it is solely for the use of sophisticated institutional investors, and this report does not constitute investment advice or any personal recommendation to invest in a financial instrument or "investment research" as defined by the UK Prudential Regulation Authority or UK Financial Conduct Authority. This document has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and the information contained in this publication is not subject to any prohibition in the EU on dealing ahead of the dissemination of investment research. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from publically available sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness and neither the information nor the forecast shall be taken as a representation for which Scotiabank or any of its employees incur any responsibility. Neither Scotiabank nor its representatives accept any liability whatsoever for any loss arising from any use of this report or its contents. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instruments and has no regard to the specific investment objectives, financial situation or particular needs of any recipient. It is not intended to provide legal, tax, accounting or other advice. Scotiabank and/or its respective officers, directors or employees may from time to time take positions in the products mentioned herein as principal or agent. Directors, officers or employees of Scotiabank may serve as directors of corporations referred to herein. Scotiabank may have acted as financial advisor and/or underwriter for certain of the corporations mentioned herein and may have received and may receive remuneration for same. This report may include forward-looking statements about the objectives and strategies of Scotiabank. Such forward-looking statements are inherently subject to uncertainties beyond the control of Scotiabank including but not limited to economic and financial conditions globally, regulatory development in Canada and elsewhere, technological developments and competition. The reader is cautioned that the member's actual performance could differ materially from such forward-looking statements. Past performance or simulated past performance is not a reliable indicator of future results. Forecasts are not a reliable indicator of future performance. You should note that the manner in which you implement any of strategies set out in this report may expose you to significant risk and you should carefully consider your ability to bear such risks through consultation with your legal, accounting and other advisors. Information in this report regarding services and products of Scotiabank is applicable only in jurisdictions where such services and products may lawfully be offered for sale and is void where prohibited by law. If you access this report from outside of Canada, you are responsible for compliance with local, national and international laws. Not all products and services are available across Canada or in all countries. All Scotiabank products and services are subject to the terms of applicable agreements. This report and all information, opinions and conclusions contained in it are protected by copyright. This report may not be reproduced in whole or in part, or referred to in any manner whatsoever nor may the information, opinions and conclusions contained in it be referred to without in each case the prior express consent of Scotiabank. Scotiabank is a Canadian chartered bank.

If you are affected by MIFID II, you must advise us in writing at trade.supervision@scotiabank.com.

™Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotia Capital Inc. and Scotia Capital (USA) Inc., Scotiabank Europe plc, Scotiabank (Ireland) Limited - all members of the Scotia-bank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund. Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and is a member of FINRA, NYSE, NFA and SIPC. The Bank of Nova Scotia is authorized and regulated by the Office of the Superintendent of Financial Institutions in Canada. The Bank of Nova Scotia is authorized by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

To unsubscribe from receiving further Commercial Electronic Messages click this link: www.unsubscribe.gbm.scotiabank.com.