alvexo

Trade The Difference

# The 2018 Trader's Playbook

## Your Guide to Mastering the 2018 Financial Market

# OPEC Members Debt-to-GDP and Oil Production

## A World of Debt



## Drowning in Oil



## Central Banks Liquidity



## Hotspots to Watch



## Cryptocurrencies

# A World of Debt

## United States
Debt
**$20.57 Trillion**

**GDP**
2.30%
**Inflation**
2.00%
**Employment**
154 Million

## Euro Area
Debt
**$10.60 Trillion**

**GDP**
2.50%
**Inflation**
1.50%
**Employment**
156 Million

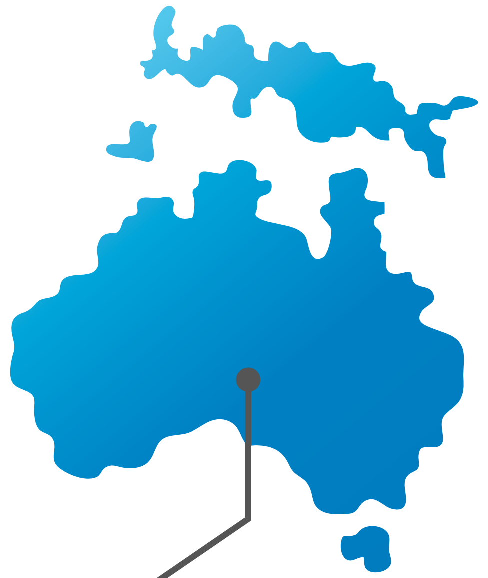
## China
Debt
**$5.17 Trillion**

**GDP**
6.80%
**Inflation**
1.90%
**Employment**
776 Million

## Japan
Debt
**$9.52 Trillion**

**GDP**
1.70%
**Inflation**
0.20%
**Employment**
65 Million

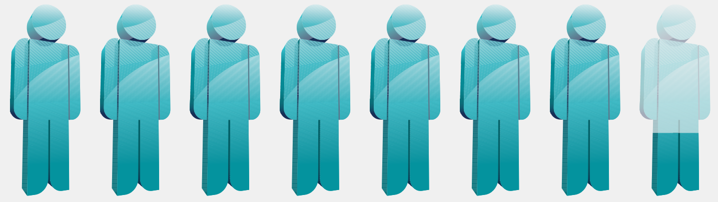
## AUSTRALIA
Debt
**$442.75 Billion**



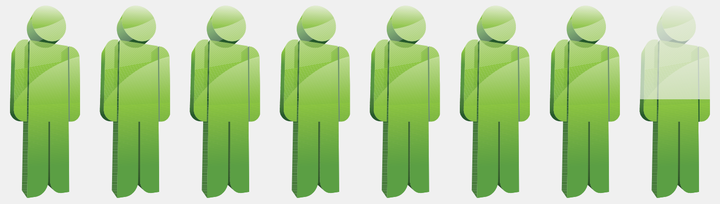
**GDP**
2.80%
**Inflation**
1.80%
**Employment**
12 Million

## WORLDWIDE POPULATION

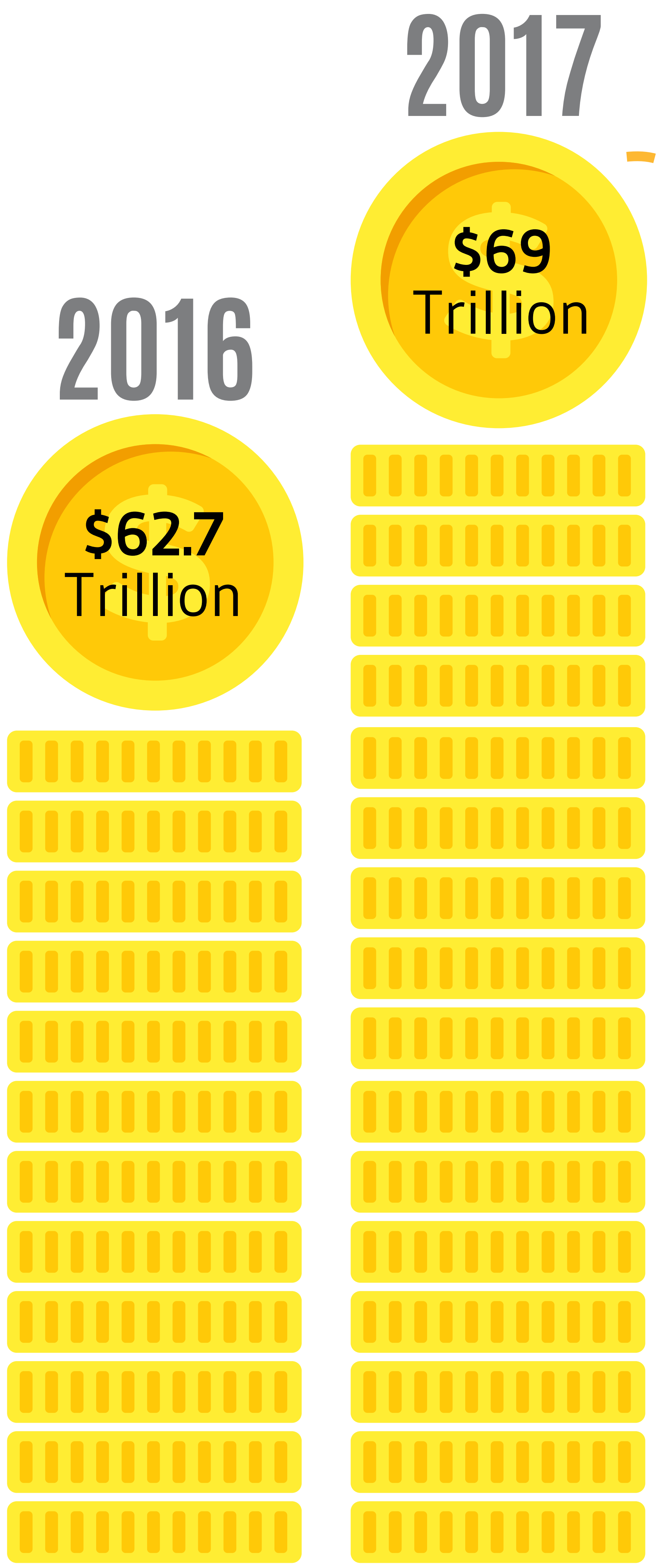
**2016**
**7.5 Billion**



**2017**
**7.6 Billion**



# $69 Trillion World Debt




WHAT CAN YOU BUY WITH

**$69 TRILLION?**

| | | | |
|---|---|---|---|
| Marilyn Monroe's Dress | $6 Million | Most Expensive Weapon System | $400 Billion |
| Ferrari 250 GTO | $52 Million | King of Thailand | $30 Billion |
| Wittelsbach-Graff Diamond | $80 Million | US Yearly Budget | $4.147 Trillion |
| Antilia India House | $2 Billion | The Hobbit Trilogy Movies | $623 Million |
| Real Madrid Club | $3.6 Billion | Graff Diamonds Hallucination Watch | $55 Million |
| Liberty Head V Nickel | $5 Million | Fusaichi Pegasus Horse | $70 Million |
| Painting: Number 5, 1948 | $140 Million | Ruby Slippers | $3 Million |
| Yacht: History Supreme | $4.8 Billion | Luvaglio One Laptop | $1 Million |
| Salvator Mundi (Leonardo) | $450.3 Million | Billionaire Vodka | $3.7 Million |
| One Miligram of Anti-Matter | $100 Billion | Green Leaves and Bust Painting | $106.5 Million |

THIS SHOPPING LIST ADDS UP TO JUST

**$4.689 TRILLION**

(YOU STILL HAVE **$64.3 TRILLION** TO SPEND)

# Swimming in Debt

## JAPAN
¥ 1.07 Quadrillion
$9.52 Trillion
$74,807 per person

## US
$ 20.57 Trillion
$63,423 per person

## UK
£1.78 Trillion
$2.39 Trillion
$35,767 per person

## EURO ZONE
€12.50 Trillion
$10.60 Trillion
$31,090 per person

## CANADA
C$1.13 Trillion
$891.24 Billion
$24,562 per person

## AUSTRALIA
A$ 553.53 Billion
$422.75 Billion
$17,247 per person

## SWITZERLAND
CHF 221.22 Billion
$224.52 Billion
$27,257 per person

## NEW ZEALAND
NZ$ 93.51 Billion
$43.44 Billion
$13,631 per person

## TURKEY
T. 411.94 Billion
$228.23 Billion
$2,849 per person

## CHINA
¥ 30.75 Trillion
$4.65 Trillion
$3,367 per person

## SOUTH AFRICA
R 2.06 Trillion
$152.12 Billion
$2,791 per person

## RUSSIA
RUB 11.38 Trillion
$193.92 Billion
$1,325 per person

# Currency War Dynamic: The Play

## THE CURRENCY WAR DYNAMIC SHIFTS AS POLICY SPLITS

The decision by certain central banks to exit crisis-driven interest rate policies has led to a growing divergence in currency valuations.

A more hawkish monetary policy stance, traditionally signified by rising interest rates, generally benefits the local currency whereas peer currencies come under pressure.

Plans to maintain more supportive policy measures like low interest rates by comparison, commonly referred to as a dovish stance, have a tendency to negatively impact the local currency.

### THE MORE HAWKISH STANDOUTS

United States
United Kingdom
Canada
Turkey

### THE MORE DOVISH STANDOUTS

Japan
Euro Area
Switzerland
Australia
Russia
Sweden

### THE WINNERS:

- USDCHF
- USDSEK
- USDCAD
- USDRUB
- GBPJPY
- USDJPY

### THE LOSERS:

- EURUSD
- AUDUSD
- EURGBP
- EURCAD



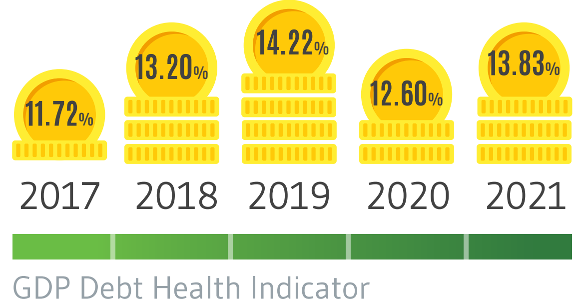
*Trading Involves Risk of Loss

# OPEC Members Debt-to-GDP and Oil Production

## SAUDI ARABIA
9.951 Million bpd

**Debt-to-GDP: 11.72%**

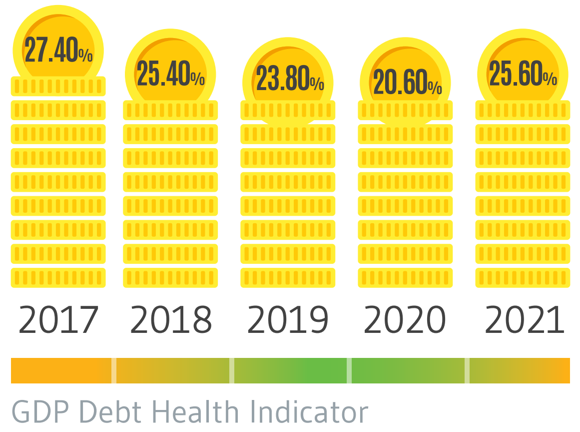
**FORECASTED DEBT-TO-GDP:**




## IRAN
3.845 Million bpd

**Debt-to-GDP: 27.40%**

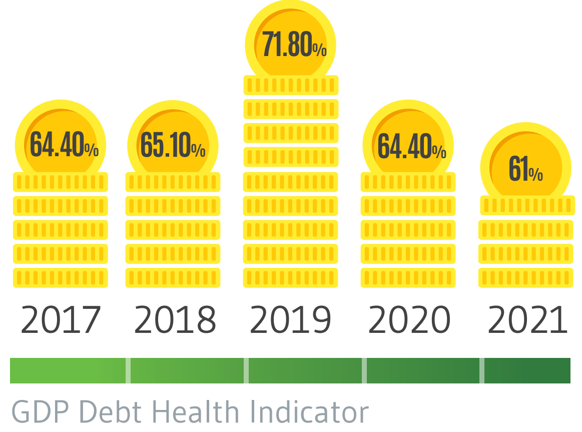
**FORECASTED DEBT-TO-GDP:**




## IRAQ
4.380 Million bpd

**Debt-to-GDP: 64.40%**

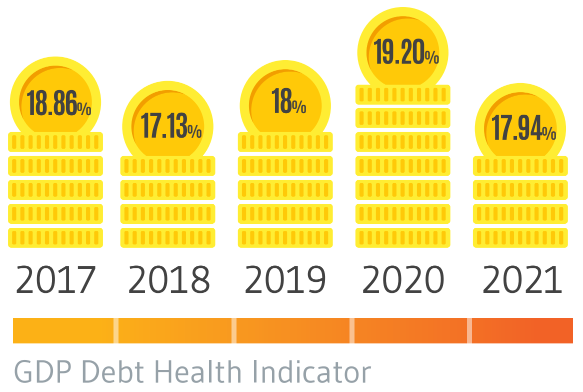
**FORECASTED DEBT-TO-GDP:**




## UNITED ARAB EMIRATES
2.969 Million bpd

**Debt-to-GDP: 18.86%**

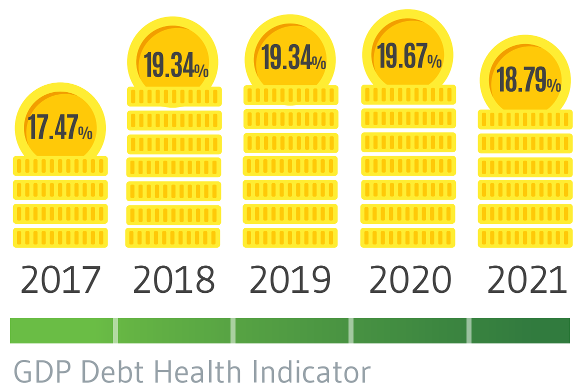
**FORECASTED DEBT-TO-GDP:**




## KUWAIT
2.700 Million bpd

**Debt-to-GDP: 17.47%**

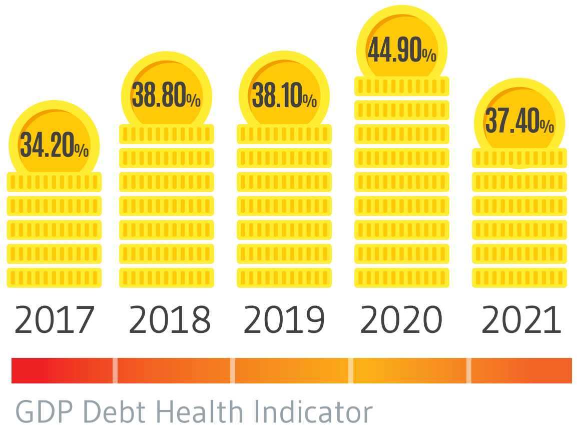
**FORECASTED DEBT-TO-GDP:**




## VENEZUELA
2.100 Million bpd

**Debt-to-GDP: 34.20%**

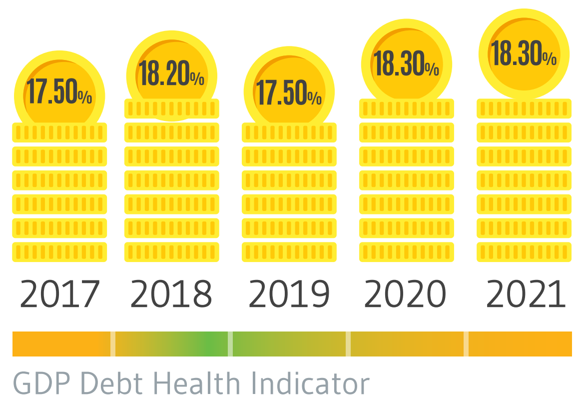
**FORECASTED DEBT-TO-GDP:**




## NIGERIA
1.742 Million bpd

**Debt-to-GDP: 17.50%**

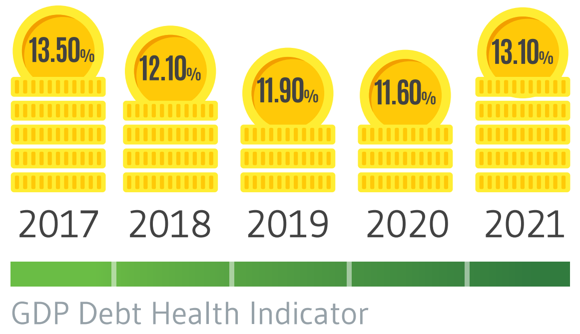
**FORECASTED DEBT-TO-GDP:**




## LIBYA
0.923 Million bpd

**Debt-to-GDP: 13.50%**

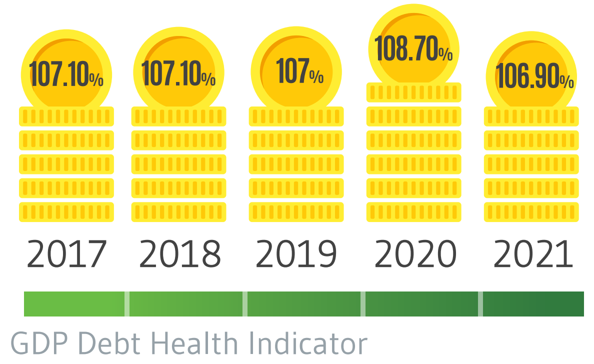
**FORECASTED DEBT-TO-GDP:**




## US
9.707 Million bpd

**Debt-to-GDP: 107.10%**

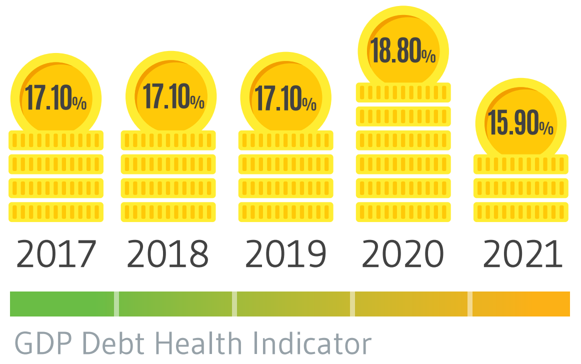
**FORECASTED DEBT-TO-GDP:**




## RUSSIA
10.507 Million bpd

**Debt-to-GDP: 17.10%**

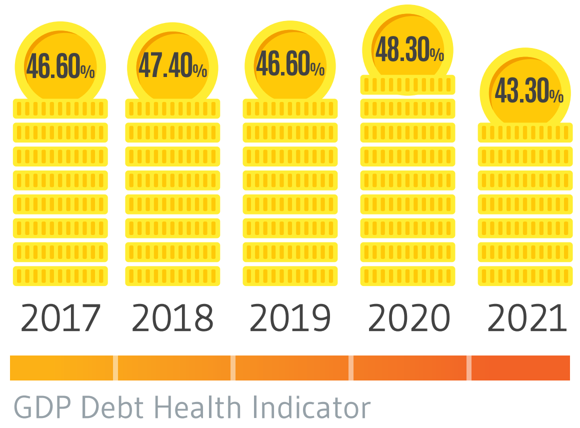
**FORECASTED DEBT-TO-GDP:**




## CHINA
3.758 Million bpd

**Debt-to-GDP: 46.60%**

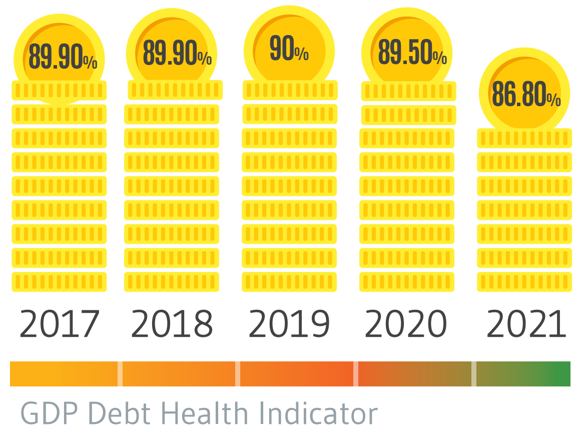
**FORECASTED DEBT-TO-GDP:**




## CANADA
3.851 Million bpd

**Debt-to-GDP: 89.80%**

**FORECASTED DEBT-TO-GDP:**



# Global Oil Glut Retreats: The Play

Gradual elimination of supply imbalance forecast to keep prices elevated over near-term as non-OPEC production fills gaps left by the cartel, keeping prices under pressure for the foreseeable future.

Furthermore, even though the IEA forecasts demand growth in 2017, rising supplies from countries not participating in the production freeze could soak up this excess demand.

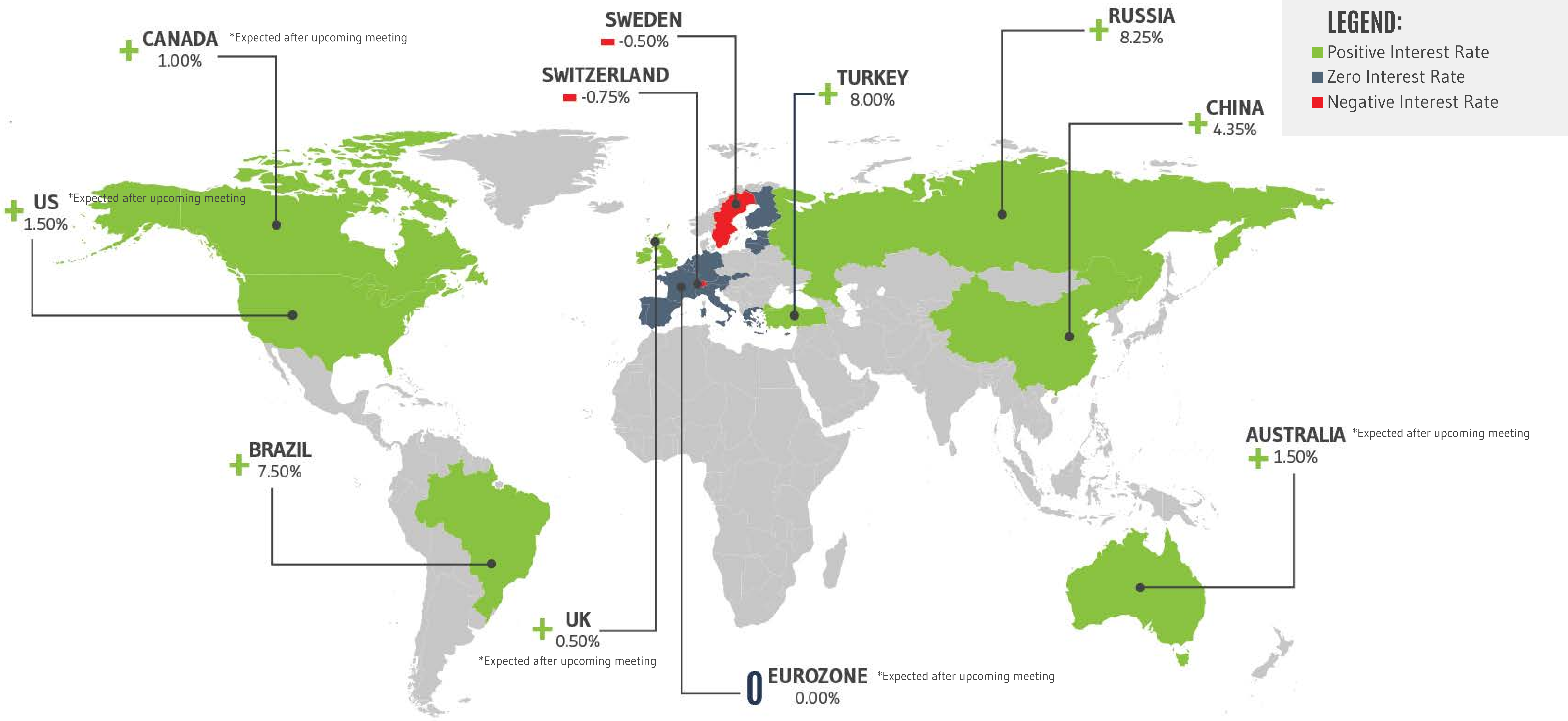
## THE WINNERS:

- United States
- Russia
- Norway
- Canada

## THE LOSERS:

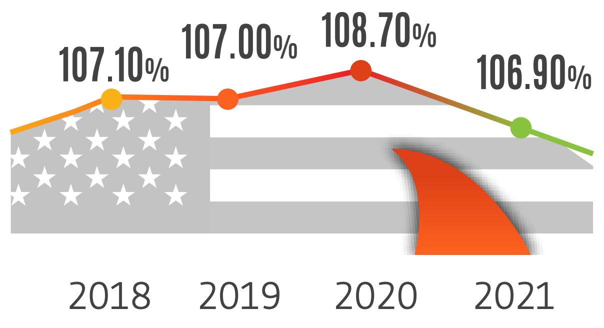
- China
- Euro Area
- United Kingdom

# A Map of Interest Rates

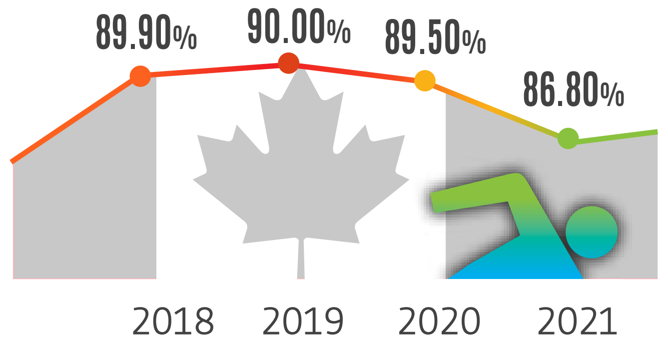


# Swimming in Debt: Future Debt-to-GDP

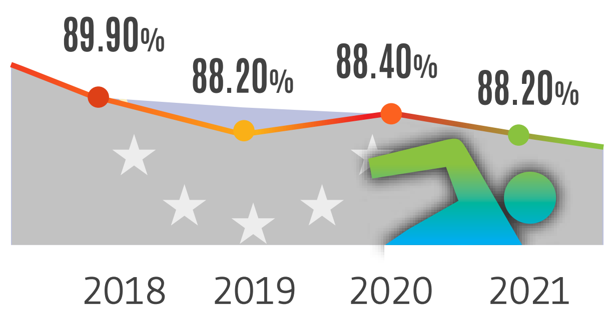
## US



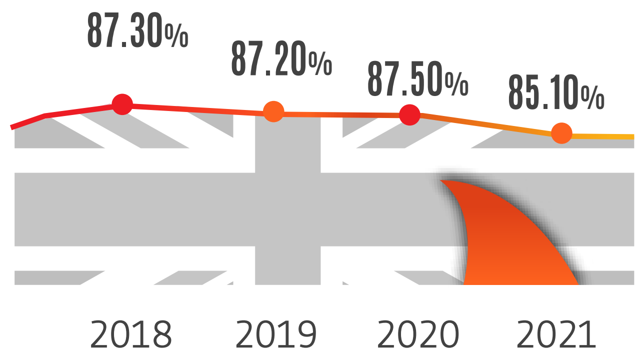

## CANADA



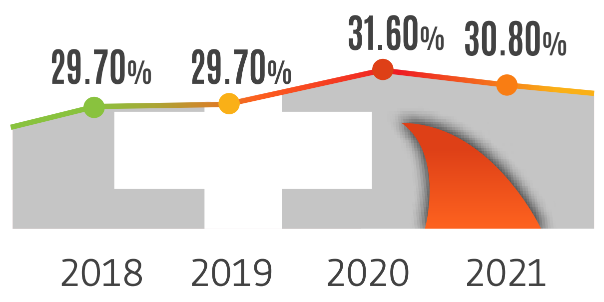

## EUROPE



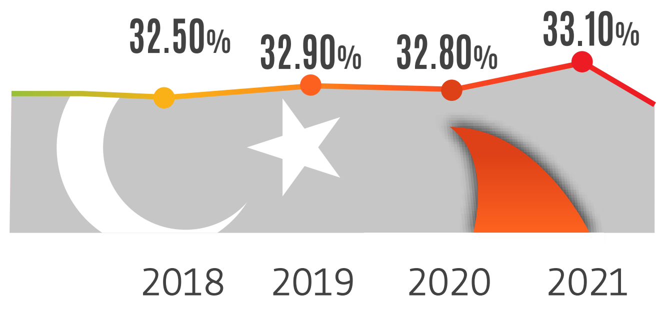

## UK



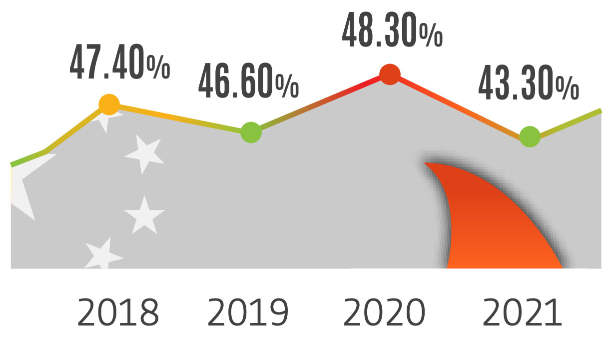

## SWITZERLAND



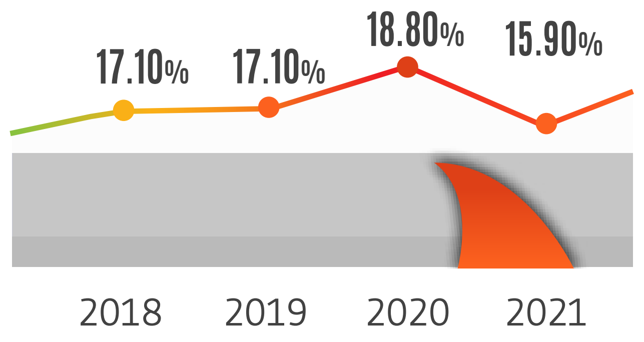

## TURKEY



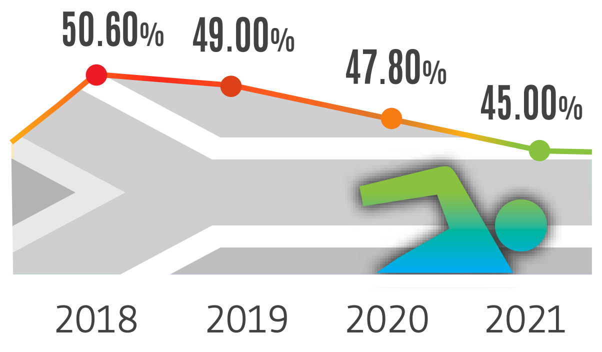

## CHINA



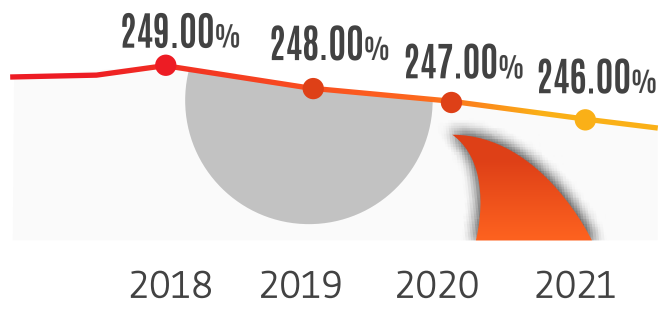

## RUSSIA



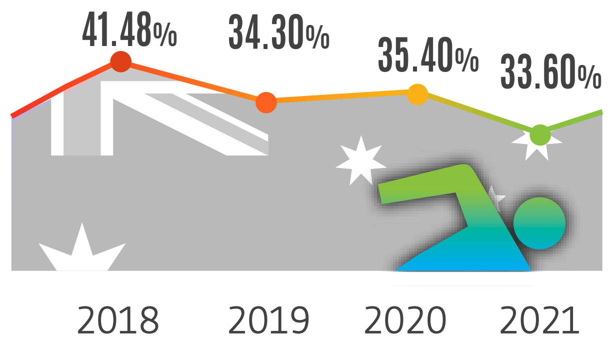

## SOUTH AFRICA




## JAPAN




## AUSTRALIA






*Trading Involves Risk of Loss

# Swimming in Central Bank Liquidity: The Play

**Looser Monetary Policy May Contribute to Expanded Equity Valuations**

Record low interest rates combined with sustained asset purchases in Europe may drive investors to higher returns in equities

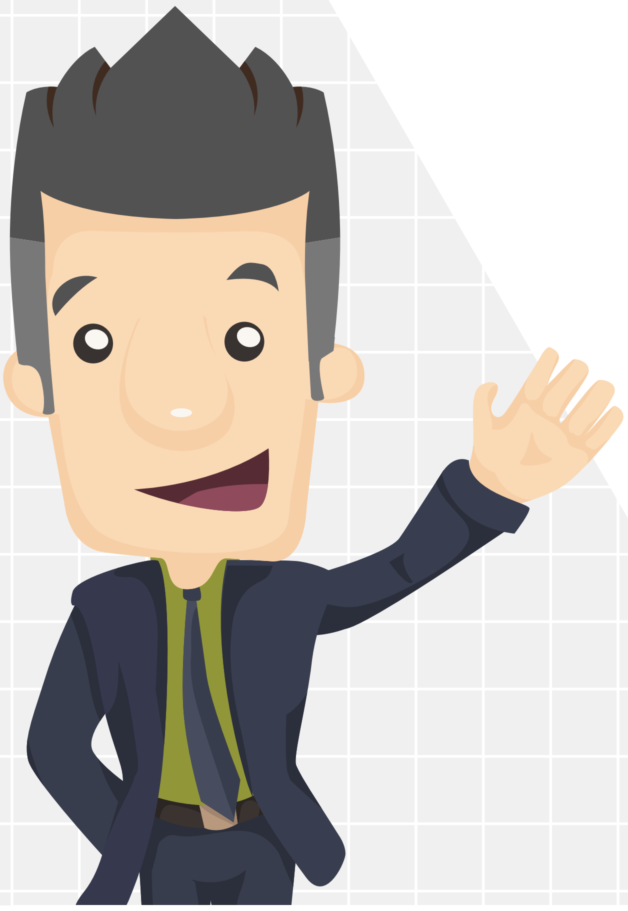
Rising interest rates in the United States combined with record valuations may see tightening contribute to increased allocations away from equities

## THE POTENTIAL WINNERS:

- CAC 40
- DAX 30
- STOXX 50
- FTSE 100

## THE POTENTIAL LOSERS:

- S&P 500
- Dow Jones Industrial Average
- Nasdaq Composite





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# Great Policy Divide

## Monetary Policy Forks

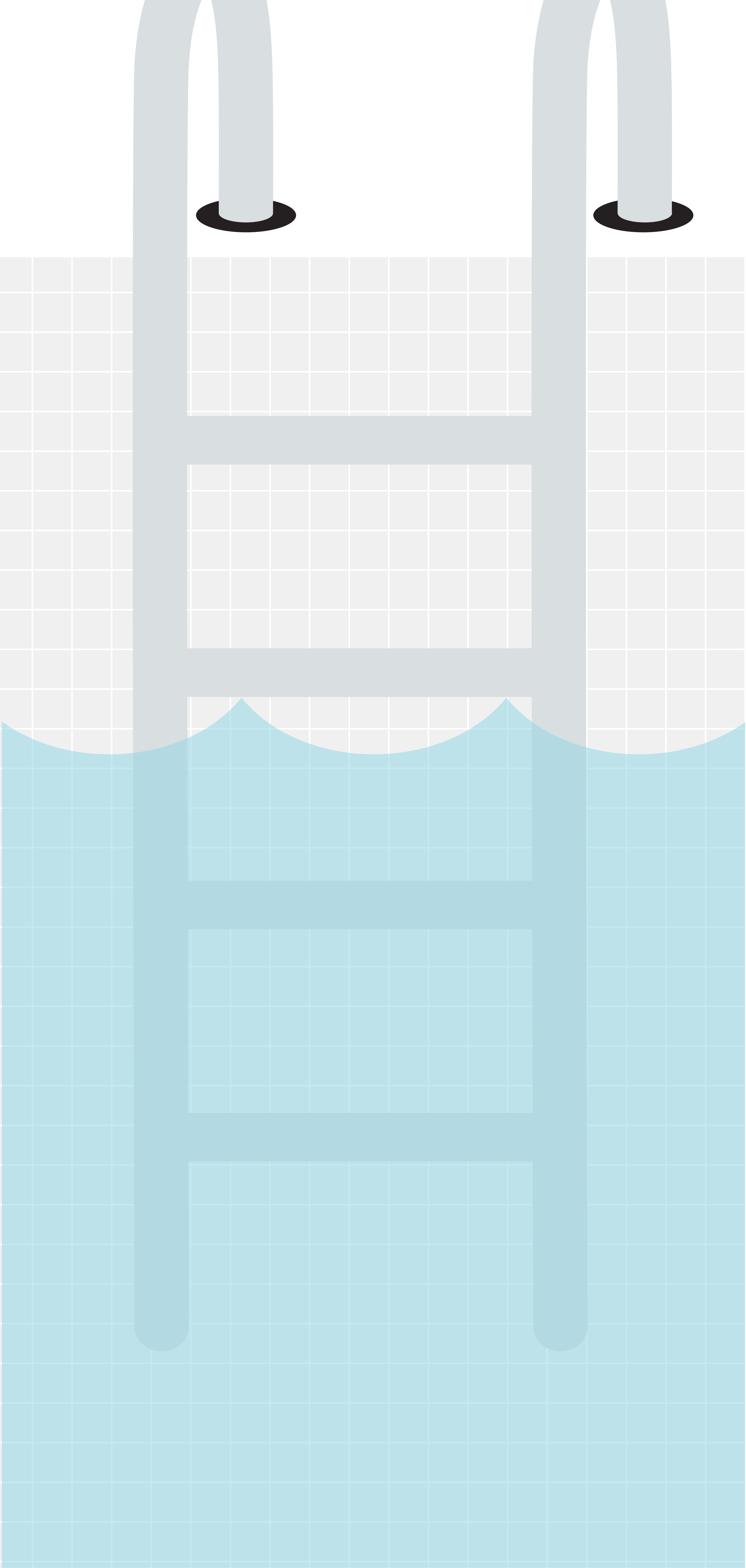
**Shifting Stances Drive Divergence**

2018 is likely to see an even bigger divergence in monetary policy compared to 2017. For one, countries like the US, which are experiencing improving growth and inflation outlooks, will likely raise interest rates even further, driving gains in the local currency. By comparison, some countries like Japan and Switzerland are likely to maintain record low interest rates and asset purchases, potentially weighing on the local currency as countries work to regain momentum and stay competitive in a challenging global economy. Countries that opt to ease off the pedal on easing as conditions gradually improve like the UK or Euro Area may experience concurrent gains in their currencies that reflect the desire to reduce crisis-driven policy measures. However, policy that remains at a standstill will likely be seen as doing more harm than good, indicating a "wait-and-see" strategy that shows concern and anxiety about the outlook.

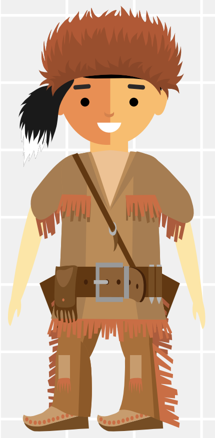
## Energy Presents Potential for Variance

**Efforts to Cap Output Contrast with Production Growth**

While OPEC and its non-OPEC partners like Russia firmly intend to maintain production cuts for the whole of 2018 with a planned reassessment in the middle of the year, other major oil producers like the US and Canada are not participants. Should prices remain above $50.00 per barrel, it could invite even higher production from these non-participating oil producers, theoretically hurting efforts to reduce the existing supply glut and help gradually elevate prices. Producers operating outside the deals constraints could throw the cartel into disarray, leading to defectors from the deal and ultimately bringing about the same conditions that led to the oversupply that prevailed in prior years. With OPEC fragile as ever and participation from key countries like Russia not assured, any decision by one or more members to exceed their quotas could thwart the entire effort to raise prices, contributing to another significant decline.



# Hotspots to Watch: US and UK



**US:** The charged political atmosphere means several potential changes across the board on a fiscal level for the US economy.  Plans to pass tax reform could have a deeply positive impact on both spending and corporate profitability, helping to inflate equities even further from current levels. Furthermore, any success to restructure health care could help control costs and restore consumer purchasing power, contributing to upside potential for GDP and gradually climb interest rates.  NAFTA renegotiation may be positive for the US and result in increased competitiveness if it comes to fruition.  Finally, plans to announce infrastructure spending could help spur additional gains in the labor economy and key US corporations, promoting additional growth.  All told, if any of these developments materialize, it could prove very beneficial for stocks and the US dollar.  However, geopolitical sparring and a general atmosphere of distrust between political parties could result in legislative gridlock and greater risk aversion, potentially weighing on US assets and benefiting risk aversion tools like gold and cryptocurrencies.

**UK:** The significant progress made during negotiations thus far give a positive outlook for the United Kingdom to eventually depart the European Union.  However, many hurdles remain that could ultimately derail any chance of resolution.  For one, UK Prime Minister Theresa May finds herself facing a crisis of confidence from within her own party.  Should she be removed or replaced, it could throw ongoing negotiations into turmoil and raise the likelihood of a disorderly breakup which could ultimately hurt the Pound.  Even if May maintains her position, if the House of Commons determines the deal is not worthwhile, it could cause disarray that weighs on the economy and currency.  A more uncertain outlook might result in businesses investing less while consumers tighten the purse strings, cooling economic momentum and weighing down growth.  Nonetheless, if May cobbles together a deal and extracts favorable trade conditions, the Pound is likely to reflect this momentum, rising as a result while stoking greater confidence in the outlook.

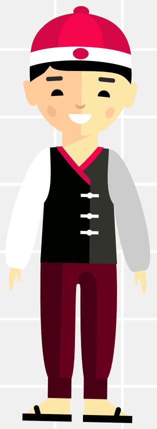
# Hotspots to Watch: Spain and Germany

**Spain:** Although talk of Catalonia seceding from Spain has subsided since the Government declared the referendum illegal and arrested the organizers, tensions are still simmering in Spain. A weak central government and economic conditions that are only gradually improving leaves a lot to be desired in the European nation. These developments may potentially contribute to unrest down the road if Catalonia's requests for more autonomy and better economic conditions are not met with good faith from the central government in Madrid. Furthermore, if peaceful protests are met with more violence, it may embolden other secessionist movements throughout the European Union. Taken together, any further inclination that the European Union is cracking down on dissent could cause its support to gradually dissolve, hurting the political union's outlook and monetary union's stability. If such conditions are eventually catalyzed, the major asset likely to reveal the souring of sentiment will be the Euro.

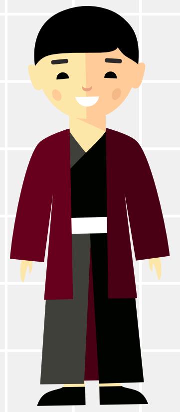
**Germany:** While generally viewed as a bastion of stability within the Euro Area, Germany faces a more internal threat of government at a standstill following the inconclusive election results of 2017. With coalition negotiations only set to begin in the first few weeks of 2018, the sluggish efforts to resolve the political crisis may encourage and empower the fringe parties like AfD. Furthermore, it may erode confidence in other notable political parties like Angela Merkel's CDU party and Martin Schulz's SPD. As criticism of its handling of the migration issue mounts, the government may face more threats to its solidity which may ultimately hurt its ability to do business and help guide policy in the Euro Area. If business confidence slips amid lacking confidence in the government, the first places investors may see an impact is the DAX 30 equity benchmark. Despite its stellar returns thanks to ongoing ECB asset purchases, these gains could be undone if the government cannot arrive at a solution to form a coalition and holds another election.

# Hotspots to Watch: China, Venezuela and North Korea

**China:** A decision to tighten lending standards and crackdown on pollution are the big factors that face the Chinese government looking ahead. Despite its efforts to maintain a steady growth trajectory while gradually shifting the economy towards a more consumption-oriented model, high levels of debt combined with dangerous levels of emissions threaten to undo substantial progress. While the nation is seeking growth outside its own borders with the One Belt One Road initiative to facilitate easier trade with the West, should the devaluation continue, more funds may move out the country, stymying activity in the nation. Furthermore, the looming threat of conflict on the Korean Peninsula could spill over into China, potentially harming the outlook for the Yuan. Should outflows remain or crisis unfold, the Yuan may face further pressure from speculators over the year to come.



**Venezuela:** With the country on the brink of default and the government moving from crisis to crisis, Venezuela faces another challenging year. A government default is increasingly likely as widespread unrest embroils the country amid constant shortages of staple foods and hard currency. Between hyperinflation and growing economic stagnation, there is a significant risk that the government could be overthrown or replaced, adding to the already chaotic backdrop. The main concern is oil facilities which are among the sole revenue drivers for the country. Aging infrastructure that has not been properly maintained or invested in means that the nation's oil production is gradually declining, adding to the risks for the outlook. Should production find itself shuttered, the decline in output could provide an almost immediate catalyst for oil prices to rally when considering the significant amount of energy nation's production currently supplies to the global economy.



**North Korea:** Flaring tempers over the state of North Korea's nuclear weapons program combined with threatening ballistic missile launches could push the international community over the edge, leading to a breakout conflict on the Korean Peninsula. Conflict is the worst-case scenario here due to the likelihood that it would lead to a protracted struggle while resulting in widespread death and destruction. The Asian-Pacific region would likely be the most critically affected area, with Japan square in the middle of the conflict. Although emergency preparedness for such an eventuality is high, it is hard to predict the magnitude of any fallout from an armed conflict. Although neighboring China and Russia are working to diffuse tensions, should their efforts fail, the military option may be the only strategy left available. In such a case, the Yen could surge higher if risk aversion reaches panic-induced levels.

# Cryptocurrencies

## Taking Stock of the Cryptocurrency Movement

2017 was the year that cryptocurrencies took the global financial markets by storm. Apart from being the best performing asset class of the year, cryptos' tremendous growth has been the reflection of growing use cases and applications for the underlying infrastructure; blockchain. As this new realm of financial markets gains more widespread adoption and recognition, the possibilities are truly endless in this burgeoning new asset class. Although bitcoin sits atop the throne thanks to its widespread appeal and notoriety, other currencies such as Litecoin, Ethereum, and bitcoin cash each present their own novel solutions to a number of different problems, potentially threatening its eventual domination.

As adoption and acceptance grow, the cryptocurrency space is poised to be a driving force in an overall technological shift that could forever change modern finance and investing in a dramatic way. 2018 promises to be the biggest year yet ever for cryptocurrencies in terms of awareness and recognition so pay close attention to the developments as more institutional investors and fund managers take note of the sector's accelerating momentum.



*Trading Involves Risk of Loss

# Welcome to Alvexo

Alvexo is a professional forex broker and investment company, regulated with CySEC and specialising in trading within several global financial markets. Our mission is to provide the ideal balance of broker service that both educates and empowers clients to succeed in investing, regardless of their experience or resources. By using a unique and powerful combination of trading conditions, punctual support, accurate information, security, and of course our Trading Academy, we are happy to report that we have succeeded in our mission.

## Why Invest with Alvexo?

### Live Customer Support

Our team consists of true market veterans who are always available to assist with any issues.

### The Trading Academy

Unique combination of videos, articles and an executive broker are available to you from day one to teach effective trading strategies.

### Tools

Daily analyses, trading signals, market trends, weekly reviews and more. All provided by the industry’s most talented analysts.

### Leverage and Spreads

The highest leverage at 300:1 and the narrowest spreads in the market put the power behind your trades.

### The Platform

Gain access to three trading platforms. The worlds most used MT4 platform suited to all trading levels. Alvexo's own WebTrader that requires no download and Mobile Applicaton for those who trade on the go.

**No matter your experience: you will find the right combination to succeed in investing when you trade with Alvexo.**

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