



Polar Futures Guarded Opportunity

**October 2017**

Monthly Performance = 1.57%

*\*net of fees*

Polar Futures Group is pleased to announce the launch of the Guarded Opportunity managed futures program this October. While Polar Futures Group is the cumulative work of Victor Adair and Drew Zimmerman, this trading program will be managed by Drew Zimmerman.

As this is the first month of the program this letter is coming out later than normally expected, the goal will be to have it out within the first two weeks of the next month.

The purpose of the monthly letter is to highlight the ideas that were executed on and what impact each trade had in contributing to monthly performance. I will also look forward with the broad themes that are the basis of futures trading ideas. I will outline positioning broadly without getting into the details of any particular trade structure as this is not intended to be investment advice.

Trading in the program was ready in early October and a short position in the EUR was the first trade established around mid-month. The technical outlook on the EUR looked to be completing a right shoulder in a head and shoulders topping pattern. I had been watching for a place to get on the short side of the EUR as I view the Sept 8<sup>th</sup> turn lower in EUR (higher in USD) to be a pivotal turn date. We were fortunate enough to start out on the right track and saw the EUR trade lower into month end which gave us the positive result for the month remained to be the only trade open. I will look to maintain this position looking for the USD rise into year end.

The USD has been weakening from the start of 2017 as US 10yr yields hit their lowest level since the Trump election. However with financial conditions at or near their easiest levels in the US our view is that the US will again show diverging central bank policy as the Fed moves to tighten rates while the ECB and BoJ continue to ease. We are looking for sustained US economic performance paired with a continuation of rate hikes by the Fed that will likely drive rates to higher. This is likely to continue improving the interest rate differential between the US and other countries. If we were to start to see a firmer pickup in inflation or wage pressure in the US, the pace in which rates move higher could increase at a faster pace than current market expectations, which could see much sharper price action in bonds than anticipated. We watch the interest rate differentials closely as a key driver of currency movements over time.

Until next month,

[DZIMMERMAN@PIFINANCIAL.COM](mailto:DZIMMERMAN@PIFINANCIAL.COM)

604-664-2842

[POLARFUTURESGROUP.COM](http://POLARFUTURESGROUP.COM)

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