

Pundits are wrong.  
Markets fluctuate.

It is DynexCorp's investment adage that volunteered predictions by pundits are always wrong. Well, "in retrospect" some pundits will also be right, yet - to be sure - a small minority, and never the same ones.

Two volunteered opinions reached us recently: a) an Austrian investment bank's forecast for a \$1.60 euro and b) British debt risk manager's forecast for a major turn in the dollar (say \$1.20 euro).

Well, it seems like one or the other of the two must be correct, doesn't it? Not necessarily so. If our title line above holds, both could be wrong; for example if EURUSD continued to fluctuate between 1.53 and 1.58, long enough for pundit a) to abandon its stance "stopped out by erosion of time", and for pundit b) for obvious reasons - - - if EURUSD resumes its move when least expected, somewhere in the more distant future, typically during a U.S./Europe holiday combo, moving swiftly far beyond the "tame" 1.60 target.

Trading bands for extend periods of time might clean out long-term oriented speculators - but do not hurt the interest differential folks: in a sideways market they continue to reap profits from the carry trade.

What we are pointing out here, is that we see no setup conditions for an end to the current move, nor are we inclined therefore to make speculative forecasts. We leave those to the pundits - - - and eventually to the front cover of TIME Magazine.

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