



Market Insights from Our Most Followed Traders

eToro's Popular Investors
Make Their Market Forecasts
for 2018

“When I take a look back at the passing year, I only have one word to describe it: Incredible. 2017 was such an eventful year. The U.S. stock market soared to never-before-seen highs, followed by the global equity markets, and cryptocurrencies went from being a niche market to becoming what everybody is talking about.

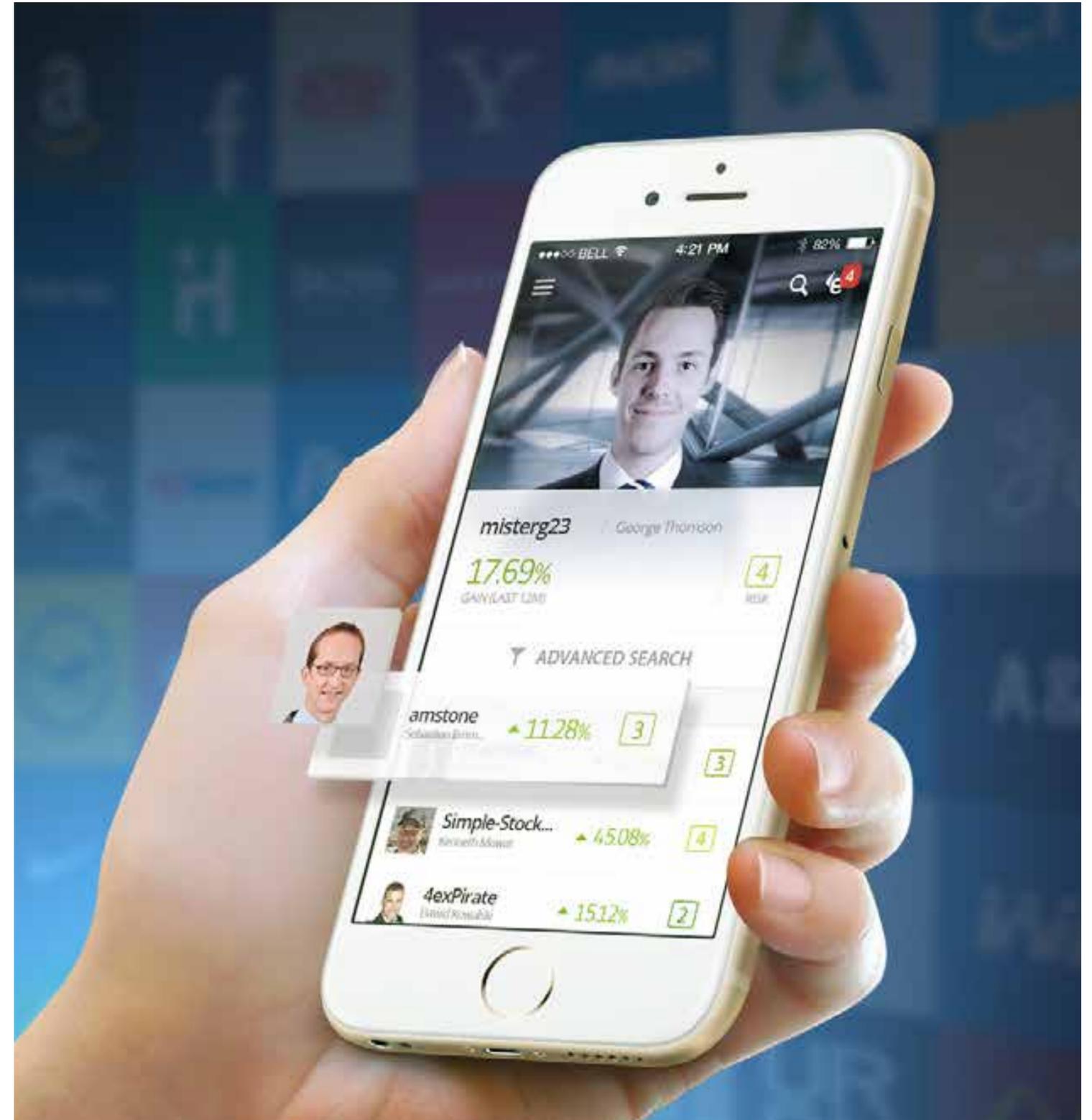
Here at eToro, we’ve had a record year. We saw a dramatic increase in new traders joining our community, and saw our innovative CopyFunds beat market benchmarks.

In 2018, we will continue to lead the global Fintech revolution and be at the forefront of financial innovation. eToro will grow further, as we offer substantially more instruments and open new markets for our clients. We will expand our crypto and CopyFund offering and, as always, continue to listen to you, our traders and investors, to learn how we can make your trading experience even better, by following eToro's values: simple, innovative, transparent, high quality and fun.

At the beginning of last year, we released our Popular Investors’ predictions for 2017. In retrospect, it is interesting to see how they read the market a year ago.

So, we’ve once again asked some of our top Popular Investors to make their market forecasts for 2018. I can’t wait to read what they have to say... ”

Enjoy!
Yoni Assia, eToro CEO



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BIG TECH CONTINUES TO LIFT WALL STREET



@Reinhardtcoetzee
(Reinhardt Gert Coetzee)

The technology sector had an incredible year in 2017, handsomely outperforming the general market in a year where several market indices set new record highs.

Can it continue this momentum in 2018 or are these stocks overvalued? Let's take a closer look at the performance of some of the big companies driving this sector.

A lot of the growth in 2017 was contributed by the "FANG" stocks: Facebook, Amazon, Netflix and Google. Together with Apple, these five companies currently make up about 12 percent of the entire S&P 500 market capitalization. While this makes some investors nervous, these companies have continuously delivered fantastic earnings reports, consistently beating expectations.

Revenue and earnings per share soared. For Facebook, this was driven by strong advertiser demand and continued growth in active users. Amazon's cloud services business drove high profitability, while Netflix continued to impress investors by significantly growing its international markets, and Google parent company Alphabet's rapid business growth was driven by mobile search and YouTube.

Therefore, even though expectation is priced in, these companies keep delivering solid results and justify higher valuations because they can deliver growth where others cannot. Looking at 2018, some of the biggest technology trends such as AI, robotics and self-driving vehicles, are set to continue – with some big tech companies perfectly positioned to benefit.

Technology stocks also have the largest influence over the overall stock market that they've had in over 17 years, and, therefore, if we see a general market selloff in 2018, the technology sector will likely be the most affected.

Bottom line, tech is one of the strongest sectors in the market right now and long term will continue to be one of the fastest-growing segments as consumer demand for technology-related products and services continues to grow.



THE BITCOIN BOOM IS FAR FROM OVER



@jaynemesis
(Jay Edward Smith)

Last year, I predicted that Bitcoin would see new highs of over 300% by the end of 2017, driven by an end to the internal politics that have been holding it back for several years. However, 2017 was even wilder than I expected.

At the start of 2017, the market slumped for a couple of months until anticipation of the ETF decisions throughout spring drove the price higher. This led to disappointment when the SEC turned down all three applications. The decision acted as a catalyst for an Ethereum boom, as ICOs exploded. Later in the year we saw new alternatives to ICOs. Why start from nothing when you can fork off an already successful coin? Bitcoin forked into Bitcoin Cash and Bitcoin Gold, and there could be more forks on the horizon.

But these attempts to steal momentum from Bitcoin are actually having the reverse effect, providing good marketing and less resistance to the Core team's vision for the currency. As 2018 approaches, CME Group have announced their plans for Bitcoin Futures. **If approved by the SEC it seems logical that the ETF's which were denied in 2017 will re-apply in 2018.**

The addition of yet more speculators will likely solidify Bitcoin's position not as a currency, but as a commodity or store of value. This is not a bad thing, Bitcoin is far more efficient at this task than its rivals from the old world such as Gold, which commands over an \$8 trillion market cap. This year could see Bitcoin take on Gold directly and see a second year of 300%+ gains.

This leaves the door open for another crypto to take the top position as a frictionless digital currency. Dash looks most likely to fill this spot. With "Instant Send" and "Private Send" technology and a decentralised marketing fund currently advertising the currency on Virgin Atlantic flights, Dash looks like a good fit to take over. Faster transactions, lower fees, great scaling capabilities and a less volatile currency. I see little else able to compete.

Finally, I believe a purge is coming for the cryptosphere overall, as currencies redefine their positions and corner different markets. Some cryptos will crash heavily as their user base is absorbed by their more efficient rivals.

2018 looks to be an even more intense year for cryptos than 2017, as the competition heats up and regulators try to keep pace. My two big winners from the top 10 cryptos are Bitcoin and Dash.

Bitcoin Target Price:
December 2018: \$30,000-60,000

Dash Target Price:
December 2018: \$2,000-4,500



THE USD INDEX COULD HAVE A BREAKOUT YEAR



@Dpeddle
(David Peddle)

The U.S. Dollar Index consists of a geometric weighted average of a basket of foreign currencies against the dollar.

The U.S. Dollar Index consists of SIX foreign currencies. They are the:

- Euro (EUR)
- Yen (JPY)
- Pound Sterling (GBP)
- Canadian dollar (CAD)
- Krona (SEK)
- Swiss Franc (CHF).



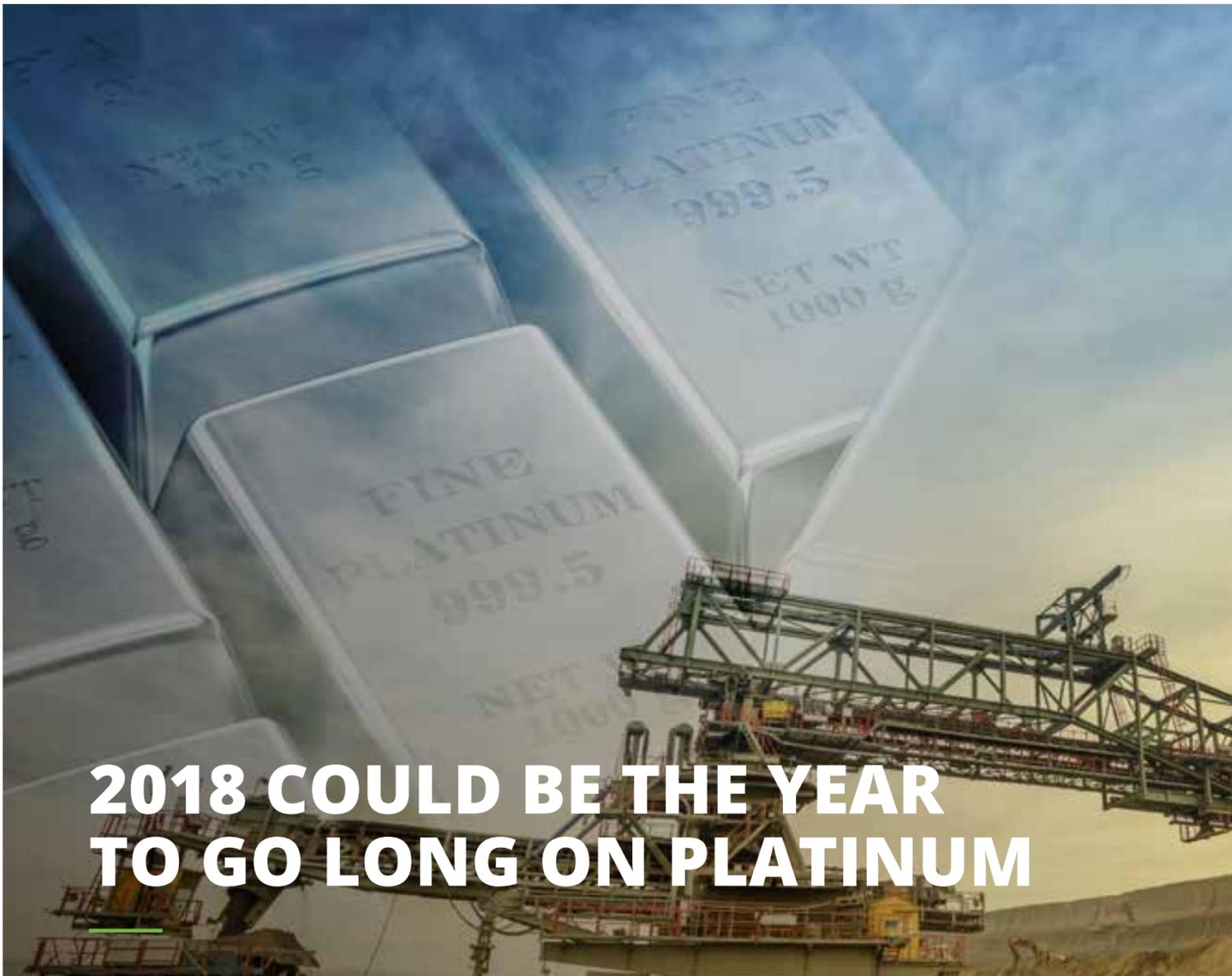
The Euro has such a large weighting that the USD Index trades virtually inverse to the EUR/USD. With regard to trading, the longer-term chart shows that after a decade-long basing period, the US Dollar Index broke out in 2014 and has been in a sideways trading range since March of 2015. Until this consolidation is resolved higher or lower, this range is the dominant trend. Neutral is best within this massive range from the past 3 years. If we are above 93 we can go long for a trade back towards 100.

In the shorter term, the index has been stuck in a sideways range until breaking out above the highs from this range, nearing 100. That level failed to hold throughout 2017 and the US Dollar is back to being stuck in this massive range between 92-100. We are now above 93 (at the time of writing), after the price broke through this level, following the successful completion of an inverse head and shoulders pattern.

The right trade has been to go long on US Dollars, or at least approach the market to take advantage of a rising US Dollar environment. I still think we will get back up towards 100, and if we do, we can potentially go a lot higher than that. For now, we still want to go long towards 100, and then we'll reevaluate at that point.

My target is 100, and if this index continues to rise to that level, as I think it will - we can also be confident about going long USD against the Euro, Yen, Pound, CAD, Krona and Franc.

David Peddle, Technical Analysis Trader, been using charts to navigate the market for 12 years.



2018 COULD BE THE YEAR TO GO LONG ON PLATINUM



@Mrthor7734
(Tom Barson)

I want to tell you about Platinum and why I am long on it. Platinum is a precious metal and a rare one at that. It is the 72nd most common element out of the 92 natural elements. It has a myriad of uses, such as auto production, medical and industrial equipment, pharmaceuticals, jewelry, and as an investment product.

The greatest application lies in the auto industry, which accounts for 37-41% of the metal's use, due to its physical and catalytic properties. Primarily, it is used in emissions reduction through catalytic convertors. I am Bullish on Platinum for 2018 and beyond due mainly to two factors:

1. Supply and demand (The force that drives all markets)

PGM (platinum group metals) Have experienced an increasing production deficit over the last few years, brought about by several reasons, but mainly due to closures of uneconomic mining at current market prices.

Less production means less supply. Coupled with increased demand from the auto industry, which has been reporting increasing vehicle sales year on year and other growing markets for use of the metal, can only mean the price will go up in the long term.

2. Price

The current price of platinum is very cheap in my opinion \$918 (at the time of writing). Just five years ago, platinum was trading at \$1,700, and five years before that at \$2,100. The current price looks to be an exceptional long-term entry point.

One argument that is often presented in opposition to platinum is the growing electric vehicle market. However, although the main use in vehicle production is catalytic convertors, the metal is used for multiple other vehicle components and even in fuel cell technology. So, alternate fuel and energy sources for the auto market do not negate the demand for platinum. At the same time, sales of diesel and petrol cars continue to increase. So, I feel this argument is somewhat overplayed.

I think the other applications for platinum, such as jewelry, industrial uses and investments, are all growing markets that will only add to the demand for the precious metal - so that's why I'm bullish Platinum.

Take care and good trading.



TRADING WITH THE 'SWISSY' (USD/CHF) IN 2018



@SallyForex
(Sally Anne Isaacs)

I find the USD/CHF a very interesting currency pair. During 2017, it was my most traded asset, and I started trading it in 2016 after it became clear that the Swiss National Bank wanted a weaker currency, whereas the US Federal Reserve was on a path to a stronger currency.

It is also a very good pair to trade on eToro as the Swissy's spread makes it convenient to carry out short-term and day trading when compared to most other currency pairs. It is quite a volatile pair because of the Swiss Franc's historical use as a 'safe haven' in times of bad news and crisis in the world. This is a useful thing in trading, though, as movement/volatility is good for bringing opportunities to open and close trades on a regular basis.

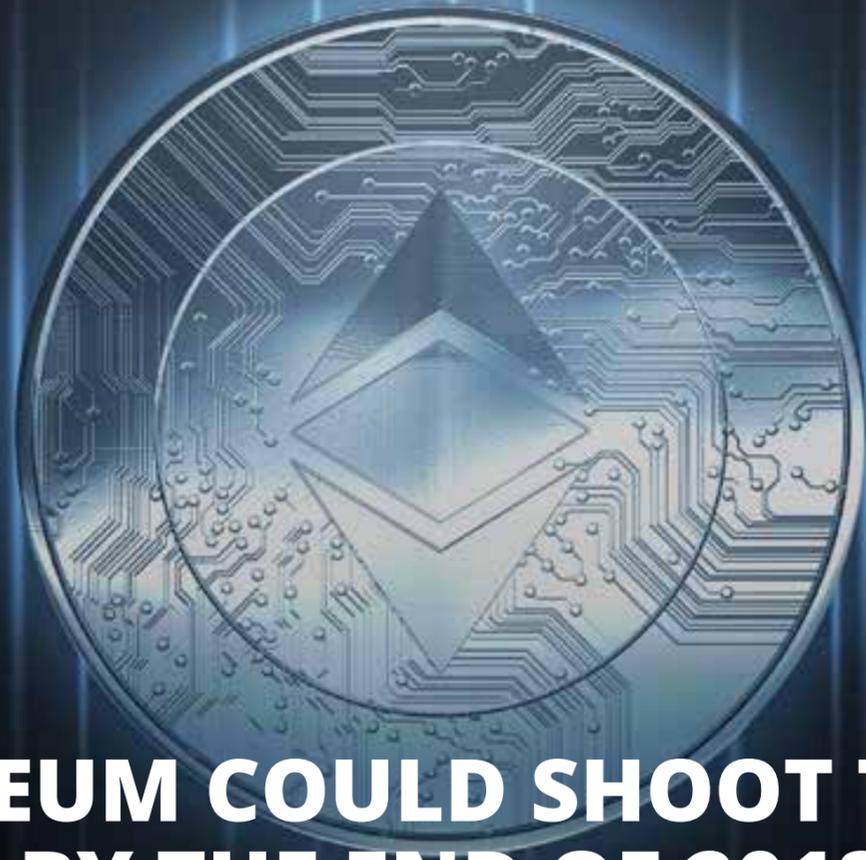
The USD/CHF started 2017 at 1.0180 which is higher than it is currently (30.10.17), as the USD was strong at the end of 2016 following an interest rate hike by the Fed. It has been on a downtrend through most of 2017, but with some good rallies that have provided periods of taking profits. As 2017 nears its end, the USD/CHF is once again moving higher as another rate hike is expected, plus positive news helping the USD overall.

Looking At 2018... I expect the USD/CHF to remain a very tradeable pair. A similar pattern to 2017 could start the year if the Fed raises interest rates again, as the USD might then retreat as seems to be a pattern when they do raise interest rates.

The fundamentals of the trade are still solid as the SNB still desire a weaker currency and this can partially be judged by looking at the exchange rate on the EUR/CHF, which is still far below the old minimum limit of 1.20 which they used to enforce. This is a very rough guide but it might help suggest that it's near its upper range during 2018 if the EUR/CHF does break above 1.20 again.

My target for USDCHF is 1.05 in 2018, although there is considerable resistance at 1.03 and as with all forecasts, this is subject to revision as political and economic conditions change.

Have fun with your trading and you are welcome to drop by my eToro wall for a chat.



ETHEREUM COULD SHOOT TO \$2,400 BY THE END OF 2018



@Wesl3y
(Wes Nolte)

If you would have bought \$1,000 worth of Ethereum on January 1st, 2017, and sold it six months later, you would have had over \$50,000. The potential for another X50 multiplier more than tickled the fancy of those looking to make a quick buck, with several treating the “new kid on the block” as though it were a new religion. Many were the cries of “to the moon” and “HODL” (Bitcoin slang for ‘hold’), but as the highs of June receded, so has the strength of their conviction. This is great news in my opinion: the growth was too much too fast (significantly faster than Bitcoin) and the crypto needed some time to recover from the hype and catch up with the insane valuation it had been blessed with.

The question then becomes, what’s next for Ethereum? First of all we should remember that Ethereum is primarily a platform for change, a tool that will fundamentally alter the face of capitalism and economics. It needs to show some success in that area before we see the price catapult further.

We are very early in this journey but I believe the changes it will bring are so monumental that we cannot imagine the full breadth of implications. But what does the medium-term look like for Ethereum?

- **Ethereum Improvements:** The move to proof-of-stake (PoS) will significantly reduce mining and add additional network security, and the Raiden scaling solution will finally increase transaction times to a level that is effectively real-time.
- **Ethereum Adoption:** Huge corporations and governments are signalling their support for Ethereum. What the technology needs now is a handful of ongoing, real world businesses built on the tech, and that are making money. We should see this in 2018.

Ether Price: \$2,400 by end of 2018? I’d like to think so.



BREXIT NEGOTIATIONS CREATE GREAT OPPORTUNITIES FOR TRADING THE CABLE



@GoodGoing
(Wayne ryan)

Throughout 2018 the Cable (GBP/USD) will continue to offer Forex traders some great opportunities to trade, as the UK government tries to negotiate a successful departure from the European Union, which will take place on March 29th, 2019.

Before this date, the government will try to broker the best deal for the UK, and hopefully complete it by October 2018. However, there is still uncertainty regarding the type of deal and indeed the future relationship the UK will have with the EU. I see this as a great opportunity to trade the Cable in either direction as this uncertainty will continue to pull Sterling in both directions.

Also, as we head into Brexit talks, the UK does so with the possibility of a further rate hike likely by September 2018, as the Bank of England tries to curtail imported inflation, mainly caused by the depreciation of Sterling following the Brexit vote. This will also create volatility as investors try to price in any future rate hike.

From a technical standpoint, I see Sterling continuing to recover further throughout 2018 and trading above key support at 1.300 and recovering further ground back to pre-referendum levels of around 1.400.

The global economy is growing and the UK will be suitably equipped to take full advantage of the new trading relationships with both the EU and our new partners around the world. With a devalued currency, low inflation and close to full employment, these strong fundamentals can only bolster the Cable.

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