

Credit Agricole Sees Euro Rebounding as Greek Vote a Non-Event  
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By Jennifer Tan

(Bloomberg) -- EUR unlikely to reach parity to USD, will rebound before that, Frédéric Lamotte, Chief Investment Officer of Credit Agricole Private Bank, says in interview.

- USD has risen sharply against “pretty much everything”, most investors are long USD, so it may be time to take contrarian approach
- EUR “bashed” over the course of past few mos. and could see rebound, “at least a technical one”
- EURCHF could also rebound to 1.10, retracing half its move from 1.20 to roughly parity now, as EUR gets “a bit of its shine back”
- “Greece is behind us, there is enough bad news in the euro for it to recover a bit, and the pressure on Swiss franc to appreciate would probably abate”
- Another factor that might help euro’s tactical rebound is low U.S. interest rates; Fed not expected to raise rates this yr, oil is factor that is “even more convincing” for Fed to hold rates, since it will bring about deflation: Lamotte
- Greece “not a problem”; either Greece asks for haircut, which is like a default, or they exit the euro zone, and they default; “in one way or another, we have to be ready and accept the fact they will not be able to repay everything. But so what? It’s not critical for the euro region; Greece’s GDP is 3% of European GDP, which is not really critical”
- Credit Agricole remains positive on global equities for 2015; “We will have to take more risk this year, and equities is clearly where we can take that risk”
- To focus less on U.S. stocks and more on Europe; European equities are much cheaper, and weaker currency will also boost exports
- Still can find value in U.S. stocks, but need to be more selective as valuations are expensive; strategy in U.S. is focused more on profit-taking rather than position-building

- Top European picks are health care and technology; investors should avoid oil and mining stocks; “banks are somewhere in the middle, not at the top, not at bottom, with a question mark”: Lamotte
- NOTE: Credit Agricole Private Banking’s global AUM was >EU100b as at Jan. 2015: co. data
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