

The Euro is falling – Here's our view on how to benefit

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First it was the [US Election](#). Then it was yesterday's ECB announcement which caused another dip in EUR vs USD. At the time of writing, the markets seem to be digesting the news and the Euro is recovering, but in reality, we believe this has only served to accelerate a trend that has been apparent from our point of view for most of the year. The Euro's recent peak versus the USD was in early May when it was trading at over €1.15^[1] to the USD, while it's now trading at around €1.061, a fall of around 8%. The prospects for the Euro are also shrouded in political risk uncertainty with the [Italian referendum](#) result and upcoming elections in France and Germany in 2017.

WisdomTree's export-oriented UCITS ETF, Europe Equity UCITS ETF (HEDF), features Eurozone companies that derive more than 50% of their revenue outside Europe. We expect that these companies may benefit from the Euro's weakness and the anticipated pickup in economic growth in markets such as the US. From 2 May to 24 November 2016, the Euro has fallen by 8.38%, the index that our UCITS ETF, HEDF, tracks (the WisdomTree Europe Equity Index) has risen by 4.02%, outperforming the broad benchmark, MSCI EMU which has risen by 2.26%. Additionally, HEDF has outperformed the Euro STOXX 50 which has risen by 2.10%.

If the Euro heads to parity versus the USD – or potentially overshoots it – **European investors may wish to consider a large cap, liquid basket of export-oriented stocks.** The unhedged [WisdomTree Europe Equity UCITS ETF, \(HEDF\)](#), provides such an exposure. Investors could also consider the [WisdomTree Europe Equity UCITS ETF USD Hedged \(HEDJ\)](#), which is a share class with a USD hedge providing investors with both an exposure to export-oriented stocks and a long USD position.

(1) 2 May 2016

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