



SG Capital Research

Global Market Insights

Research Note – Currency Analysis (B) – STRATEGY & PROP ANALYSIS (SP)

MAEG- CZ-PEC-CURRENCY ANALYSIS- SG 2011 # DEC_07

For Immediate Release – *Wednesday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

Currency Analysis (B) –(SP)

- Contents for Coverage within B # SP

- GOLD
- DXY
- EUR/USD
- GBP/USD
- JPY/USD
- AUD/USD

- Attached, the Chart list & specific Charts (below). *We have selected charts that has some distinct characteristics:*
- Selected Currency have up to (3) Analytic Charts as Titled below

1. MA / PATTERN/ OSCILLATOR Analysis
2. Poly Trend Analysis (If Applicable)
3. Correlation Ratio Analysis USD v/s SPX, GLD
4. PEC Analysis. (If Applicable)
5. Sentiments (**if Extreme character**)

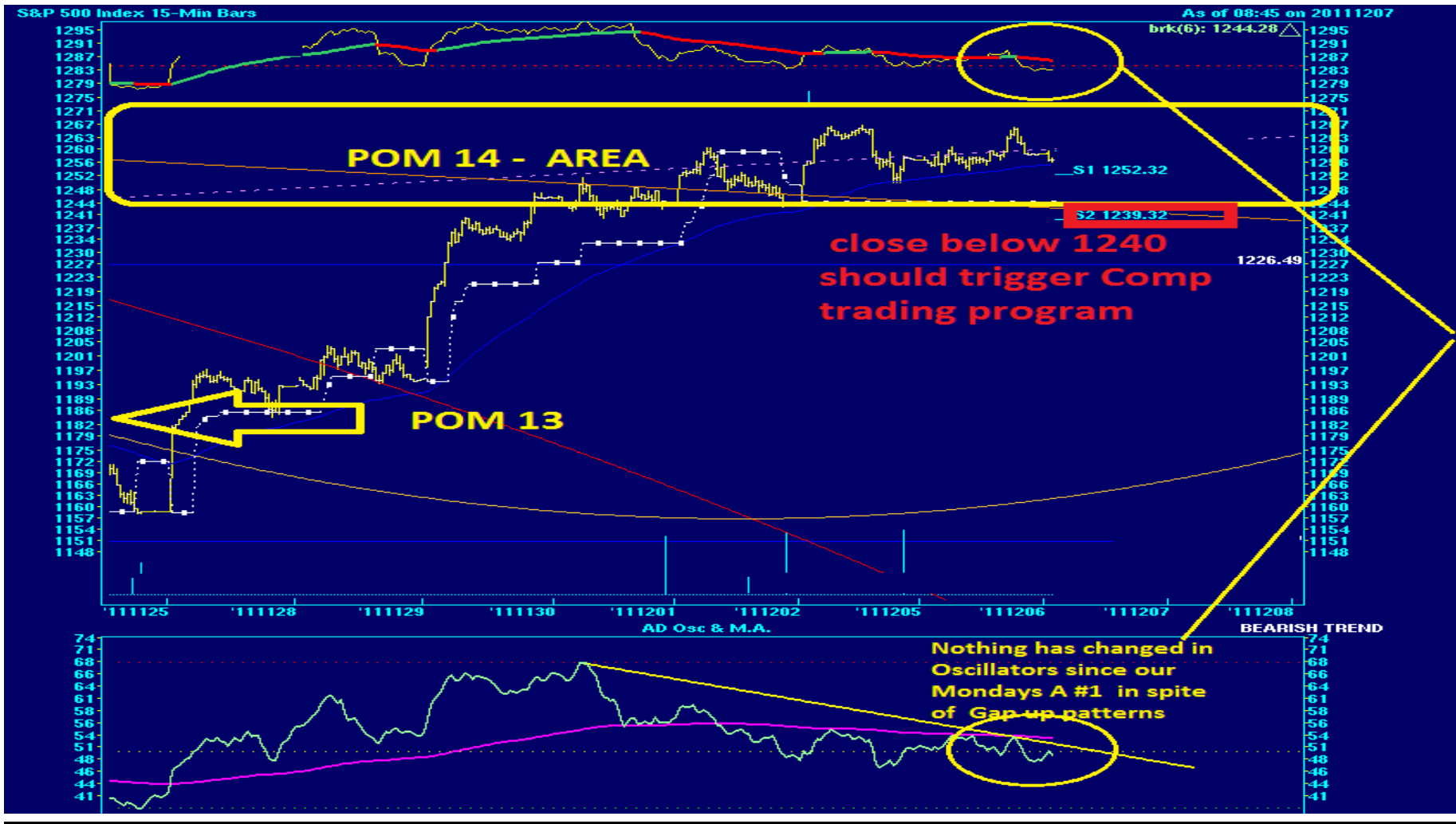
- Appendix - **OBJECTIVE , HISTORY** of past Signals & **POM Key Criteria**

SPX Hrly – Special Situation

Markets Quantum physics v/s Political discussions in Europe . All battles in POM 14 CZ.

In spite of Gap ups in completing the pattern 3 Gap play via “ Newton’s Laws of Motion “ The Oscillator could not turn .
(notes with the chart)

A close below 1240 (marked in red should Trigger computerized Program”



SPX - Internals within the POM 14

Market's Mathematical series v/s Political discussions in Europe

Below is Markets internal numerical (FYI only). We are constantly lining up all the numerical once prices reaches our CZ to achieve balanced Arithmetic Progression and Harmonic regression. Once all lined up in proper summation for +ve and -ve force . The Power of Markets Mathematical series tends gets very powerful .

Daily Market Statistics	29/11/11	30/11/11	01/12/11	02/12/11	05/12/11	06/12/11
S&P 500 (SPX)	1161.79	1158.67	1192.55	1195.19	1246.96	1244.58
Futures Premium	-1.89	-5.27	-1.45	1.31	-0.96	-0.98
Advancing Issues	381.00	1307.00	2608.00	1487.00	2717.00	1202.00
Declining Issues	2701.00	1640.00	512.00	1555.00	401.00	1845.00
Total Issues	3136.00	3052.00	3167.00	3140.00	3166.00	3141.00
Up Volume	33197.63	145865.84	933493.70	449325.20	1600623.46	342961.97
Down Volume	841168	217617	23719	458162	64521	482537
Total Volume	875855	376121	957818	918093	1667161	854910
New Highs	33.00	44.00	81.00	42.00	106.00	105.00
New Lows	170.00	129.00	52.00	60.00	27.00	18.00
Arms (Trin)	3.57	1.19	0.13	0.98	0.27	0.92
Closing Tick	-385.00	44.00	243.00	-55.00	791.00	-99.00
CBOE Put/Call Ratio	1.29	1.32	0.89	0.97	0.91	0.94
VIX	33.98	34.47	32.13	30.64	27.80	27.41
Odd Lot Purchases	2642043	1392367	2591639	2487707	3289543	
Odd Lot Sales	1263429	711807	1494864	1189491	1474891	
Odd Lot Short Sales	1299193	657844	242963	1328702	1984701	

Breadth & Volume

NYSE	NASD	Indicator
1.039	0.774	Adv:Dec
1.076	1.187	TRIN
-7.366	-17.182	BetterTRIN
0.965	0.652	Up:Dn Vol
49.120	39.470	%Up:Up+Dn Vol
88	35	New Highs
13	44	New Lows

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1. Executive Summary

2. Trading & Investment Conclusions for Gold & Currencies

3. GOLD – Commentary

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5. GOLD – POM Signals, Price Projections & Conclusions.

6. Chart Analysis – GOLD & CURRENCIES

7. APPENDIX – Objectives, POM Signal History, POM /CZ Guidelines & Limitation , Disclaimers

• 1- Executive Summary

• GOLD

- *As per our Analysis GOLD initiated its Price Oscillation @ POM 14 from CZ 1680-1740 completing its previous oscillation from 1560 (based on GOLD's Bull Market criteria, POM 14 is for partial hedging cross verified based on Individual portfolio Objectives).*
- *The First downside Price Target on this New Oscillation is expected to be around 1625-1600 for best Risk / Reward. Gold upon proving itself at around that target, we will evaluate the possibility of NEW POM 13 to initiate at that time.*
- *As expected, we are experiencing several Re test into the upwards CZ 1680-1740 (Top Heavy) and failing, which we think is part of distribution process. For Risk Management (Stop @ 1785), especially for Fresh positions that were not the beneficiary of previous rebalanced positions .*
- *Gold has tendencies of false breakouts as witnessed before indicated in charts below*
- *Meanwhile, the Mining Index (GDX) achieved its 54-55 (first downside target) – from our CZ –(61- 59) triggered by Gold POM 14.*
- *We still think 2ND downside target towards CZ 52-50 is wide open as projection for better Risk reward.*

• Currency

- *Kind Dollar is continue to Rule. It should complete its 2nd ABC up into Main Bearish CZ 88-89. (not in straight line). Each Individual Currency's Price & CZ is stated below in our Section below “ Trading and Investment Conclusions for Details”*
- *For more Justification for our current Market Calls and Price Path Analysis , Refer the “ Detail Chart Section “ within this Report*

Currencies below - (Refer to the Charts for CZ & PEC –D for Risk Management Rebalancing areas CZ to CZ moves within Main Price Path Analysis)- with stops around CZ- Confluence Zone for risk management

- **2- Trading & Invest Conclusions on Gold & Currency**

- **GOLD**

POM 14 - Triggered CZ – 1740-1680 - Target 1600-1625

- **DXY -**

Short term Risk Management Turns - From CZ – 72-73 to Target 81 -82
Bigger Trend - Triggered CZ – 71 -73 - Stop below 71 - Target 88

- **EURO / USD**

Short term Risk Management Turns From CZ – 1.39.- 1.40 - Target 1.32-1.33 (Does not look healthy-1.28 appears open)
Bigger Trend - Triggered PEC D @ 1.45, still intact - Stop 1.48 – Target 1.25

- **- BGP / USD**

Short term Risk Management Turns From CZ – 1.60-1.61 - Target 1.54 (Does not look healthy-1.52 appears open)
Bigger Trend Triggered. PEC D @ 1.63, still intact - Stop 1.66

- **AUD / USD**

Short term Risk Management Turns From CZ – 75-76 - Target 81 -82
Bigger Trend Triggered. PEC D @ 1.09 still intact – Stop 1.11

- **JPY / USD**

Short term Risk Management Turns From CZ – 75-76 - Target 79
Bigger Trend - Trigger. PEC D @ 76 / Stop 74.5

• 3- GOLD – Commentary

The open interest and up OB volume statistics at CME is dropping in the precious metals which is an indication that we might be in distribution.

Nothing much has changed in GOLD other than POM 14 – CZ seem to be getting banged repeatedly which is acting like distribution area for Paulson and others. Therefore our message is the same for ST, MT, & LT in terms of Math Indicators. We have much additional supplementary detail coverage in C # Commodity Report.

*On the Short term – It still appears the upside move does not have enough energy for meaningful ABC up to break CZ of POM 14 . (**Although we have Risk Management STOP @ 1785**) . We think some work needs to be done on downside back into 1625-1600 to test to set footing for sustainable rally. This is the area our Next Signal should be triggered on pullback for better risk reward for action based on SP"s RA / RI.*

December have good tendencies of GOLD positive seasonality. But SLV which leads GOLD in Up move is lagging since its Crash.

□ *Earlier Alert 10/13 – In our B # Currency Report dated 10/13 – GOLD Triggered POM14 when it reached in CZ – 1680 - 1740.(Mean CZ price 1710 , - 3 positions) This is Risk Management signal for Hedging the positions (based on Bull Market Regime) For the position that was entered at 1603 – POM 13 - NET LONG on 9/26. Resulted in rally of 107 points .*

On the Mid term, The Last parabolic top in Gold at 1900 was formed with Bullish Top by our Mathematical process , which suggest after the pull back (or nasty correction) . Gold should go back to test those highs again at 1950 . There are ways to negate this event but indicators that we monitor for POM / CZ does not have evidence of negation as of yet.

- *We think over Mid term DXY v/s GOLD correlation will detach itself as its done in past and we will monitor closely for that inflection point.*

On Longer term - GOLD within the confines of Bull Market, POM Projection by our Mathematical process has 2400 Target which is intact . The Natural Oscillation within the price moves are very healthy for next leg up only after re balancing the retracements

- **4- Currency Commentary**

- **DXY -** *USD continues to be the Key part of our Currency Analysis . It is Ruling the world markets. Flight to quality will remain for next 1 year . Charts below on USD had several Long term pattern setup*

Currently DXY pulled back . This put in upward pressure on the rest of the other Markets.

The New leg up in DXY will begin sooner rather than later. The trigger for the 2nd leg up will begin when European Countries start selling their Bond in US denomination. We have already seen start of such occurrence.

The Third leg up in USD will begin when Euro will be exited by the Holders of EURO Bonds with fear of getting dissolved. We will wait and see. Therefore we believe over time USD & GOLD will be currency of choice.

- **EURO -**

All positive for DXY would be negative for EURO.

- **GBP -**

GBP till the crisis settles down, it should move in sympathy with EURO. .

- **YEN**

After basing for multiple months with shake out move, it build a great consolidation pattern. Usually SOS (Sign of strength is required to initiate the move that was given by BOJ for kick start.) .

- **AUD**

AUD is clearly supported by Chinese consumption of resources. If demand from China drops for any reason, support will fail on Poly Trend till then consolidation will continue to build the cause to break the downside.

- **5- GOLD**
- **POM Signals , Price Projections, Investment Conclusions**
- Start point GLD -1420 (1ST Jan) YTD – 1720 up 300 points

Current Signal @ POM 14 into CZ 1680-1740 ending previous POM 13 @ 1550
(but entry @ 1603 due to CFTC open prices)

- **POM 15 - Net Short** -- For SLV only (Total points gains SLV= +10.5)
 - None recommended for GLD to “SHORT’ in Bull market by this Model. (Exception for SLV).
 - Total 2 -Signals YTD – Summary listed in Appendix below
- **POM 14 - Hedge Longs / Risk Management** - (Total decline saved= + 399)
 - Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ whiles the bigger Trend kicks in
 - Proportion / Qty. of Hedges should be based on Portfolio's objective and Risks Tolerance
- **Last Alert on 10/13- 8th HEDGE - B # Report- POM 14 - CZ Trigger @ 1680-1740 – STOP @ 1785**
 - Total 7- Signals YTD – Summary listed in Appendix below
- **POM 12,13 - Net Long** – (Total point gains = + 437)
 - POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long).
 - Total 4- Signals YTD – Summary listed in Appendix below .

YTD – GOLD, Currencies, EFA, SPX performance v/s USD - Chart Analysis

GOLD – Chart Analysis

- **GOLD – MA, Trend & Oscillator Analysis**
- **GOLD - PEC –D Analysis**
- **GOLD - Poly- Trend Analysis**
- **GOLD – Pattern / CZ – Price & Volume Analysis**
- **GOLD - *EXTREAME Sentiment Analysis* (3rd Party Data)**

USD – Chart Analysis

- **USD (DXY) – MA, Trend & Oscillator Analysis**
- **USD - PEC –D Analysis**
- **USD - Poly- Trend Analysis**
- **USD - *EXTREAME Sentiment Analysis* (3rd Party Data)**
- **USD - *CORRELATION RATIO Analysis* – with SPX, GOLD**

EURO – Chart Analysis

- **EURO – MA, Trend & Oscillator Analysis**
- **EURO - PEC –D Analysis**
- **EURO - Poly- Trend Analysis**
- **EURO - *EXTREAME Sentiment Analysis* (3rd Party Data)**

BGP – Chart Analysis

- **BGP – MA, Trend & Oscillator Analysis**
- **BGP - PEC –D Analysis**
- **BGP - *EXTREAME Sentiment Analysis* (3rd Party Data)**

YEN – Chart Analysis

- **YEN – MA, Trend & Oscillator Analysis**
- **YEN - PEC –D Analysis**
- **YEN - *EXTREAME Sentiment Analysis* (3rd Party Data)**

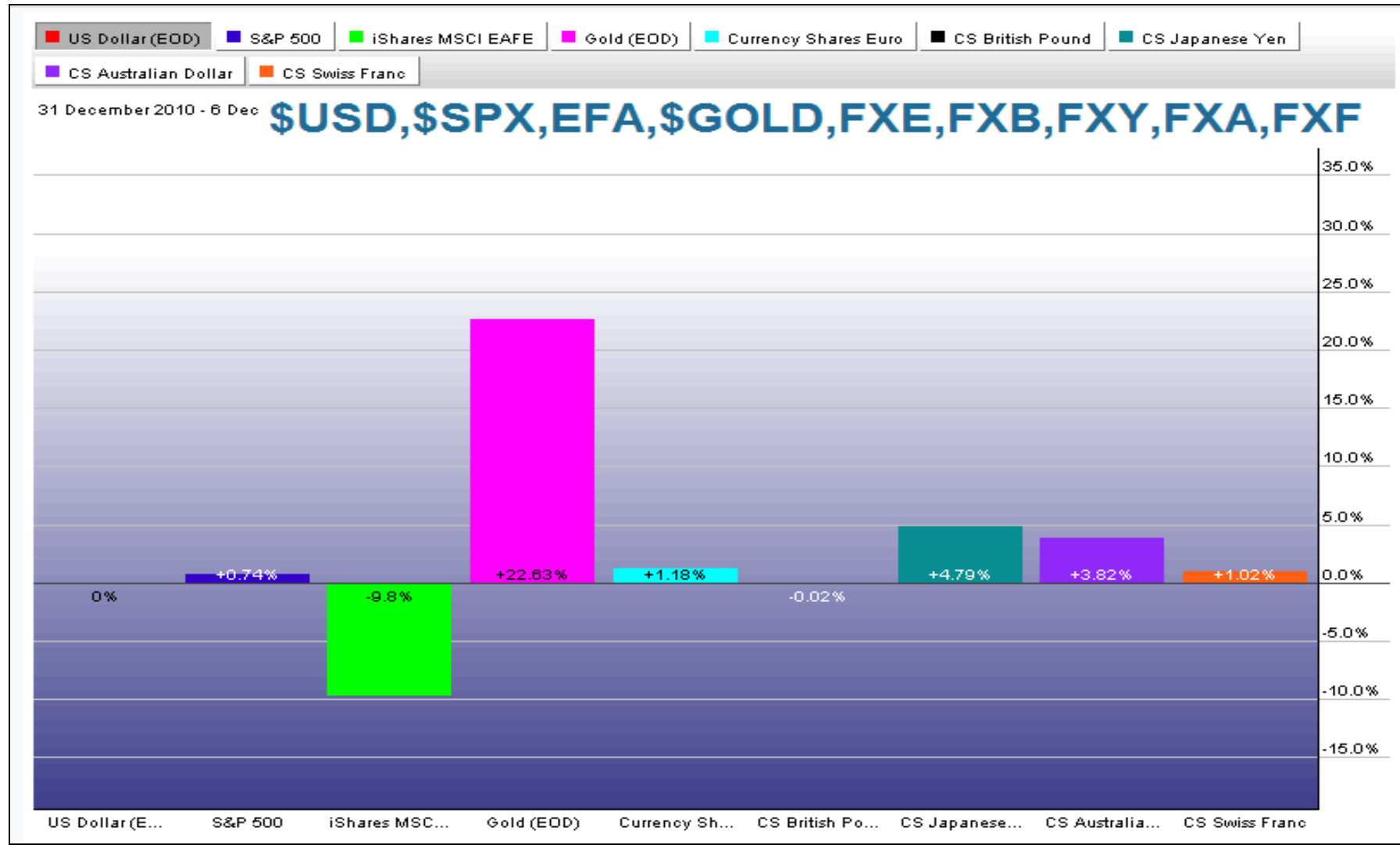
AUD – Chart Analysis

- **AUD – MA, Trend & Oscillator Analysis**
- **AUD - PEC –D Analysis**
- **AUD – Poly- Trend Analysis**
- **AUD - *EXTREAME Sentiment Analysis* (3rd Party Data)**

YTD - SPX, EFA, GOLD, Currency ETF's performance v/s USD

Since our last Report – Due to pullback in Dollar, every instrument below has rallied on Ratio basis.(Chart below is our Inter market Analysis Model with Ratio Relative performance v/s USD)

US Portfolios & Foreign currency denominated EFA- Portfolios are Hedged via Currency ETF's based on their relative performances

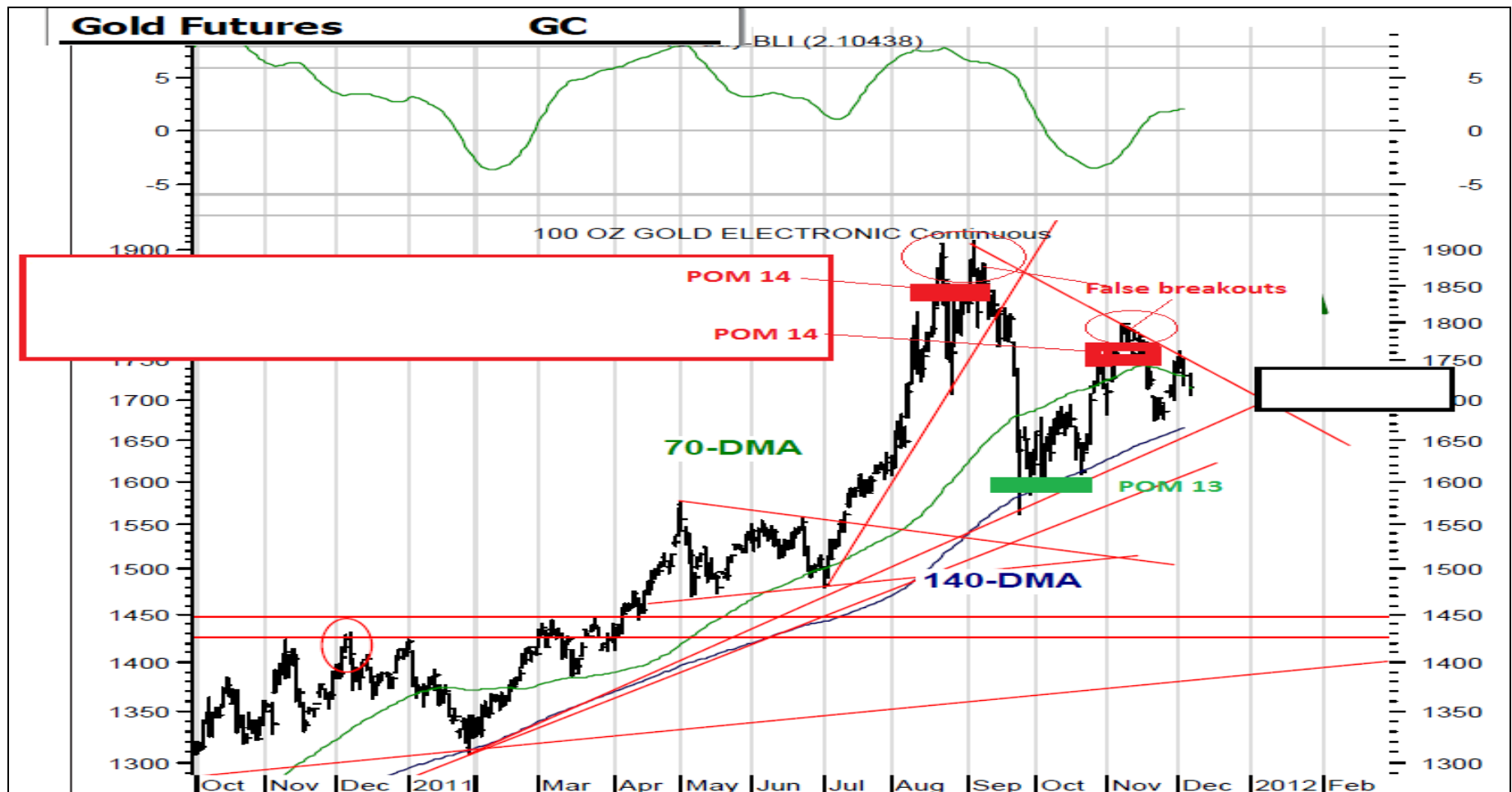


GOLD MA, Trend & Oscillator Analysis – .

The chart below reviews the DMA , Trend Analysis with Oscillator.

GOLD – Gave another false break beyond our POM 14 -CZ area and came right back down as expected . We think it requires quite bit of energy to stay above CZ & continue.

We think there will several attempts to test into CZ – POM 14. Volatility does increase in the CZ Banging between the TOP HEAVY (POM 14) and BOTTOM HEAVY (POM 13). Consolidation. Its building cause. (notes within the chart)



GOLD - PEC -D Analysis

*PEC-D to set in lower highs @ 1770 with 618 / 786 expansion.
By this Method we are looking for GOLD towards 1625 on downside .*



- **EXTREAME Sentiment Analysis GOLD & Currencies**
- **(3rd Party Data)**

Courtesy : SENTIMENT TRADERS

NONE @ EXTREMES

GOLD

- **SENTIMENTS - GOLD – PUBLIC OPINION**
- **NON CONCLUSIVE**
- **SENTIMENTS - RYDEX CASH FLOW**
- **NON CONCLUSIVE**
- **SENTIMENTS - GOLD – COT**
- **NON CONCLUSIVE**

CURRENCIES

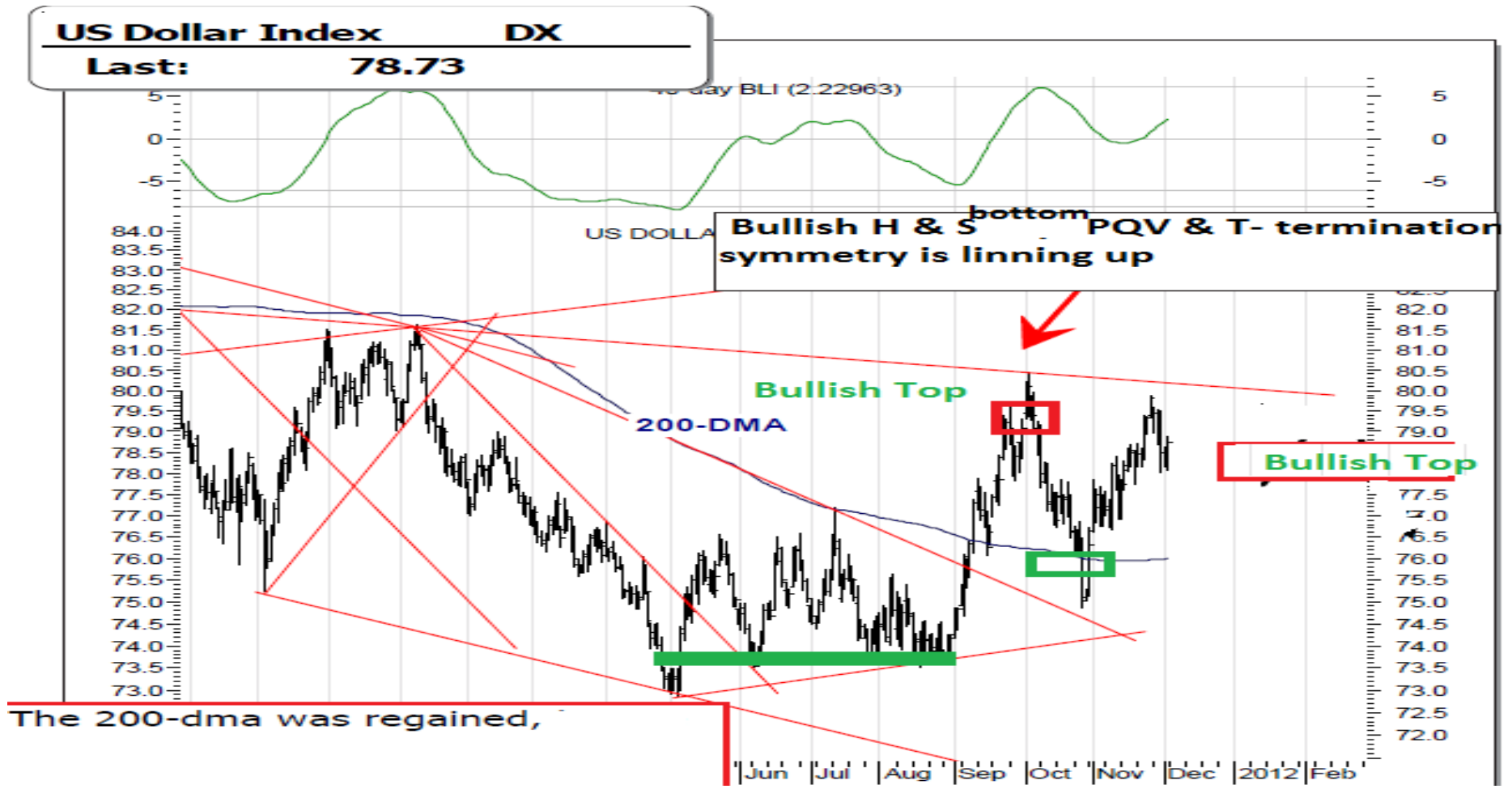
- **SENTIMENTS - USD, FXE, BGP, YEN, AUD,**
- **NON CONCLUSIVE**

DXY - with MA, Trend & Oscillator Analysis

DXY is forming Monster H & T Bottom, Our Head & Shoulder should line up with T termination on Price & Time Symmetry and with PQV to confirm its validity (Notes within the chart)

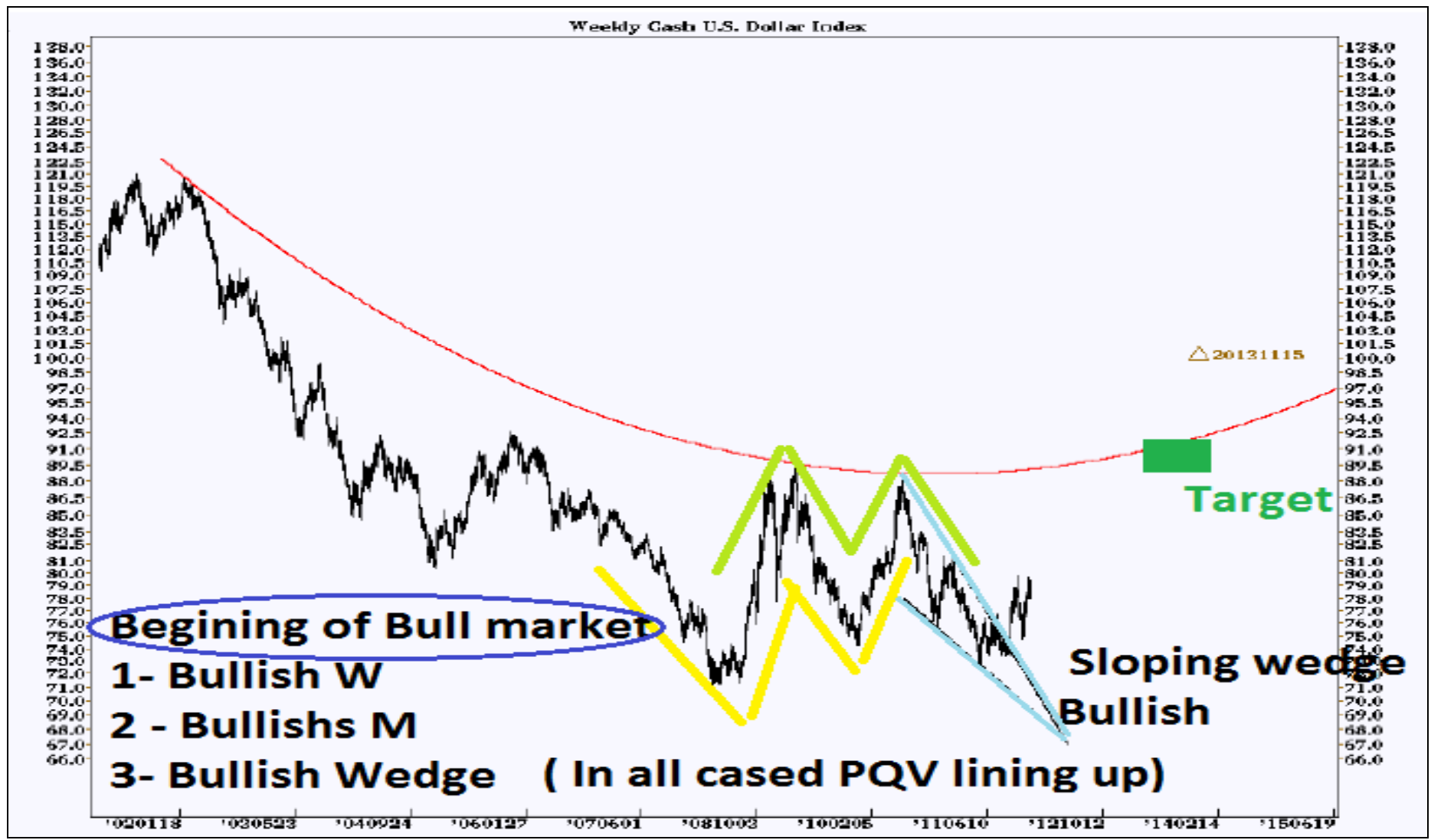
DXY is will be soon in rally mode towards the Bullish Top. This rally will put in lot of pressure in the market . We have triggered SPX signal @ POM 14

DXY finished its 1ST ABC up 81 from Trigger @ 72-73 (stated in B # Currency Report. & C # REPORT 09/07



DXY - with Pattern & Oscillator Analysis

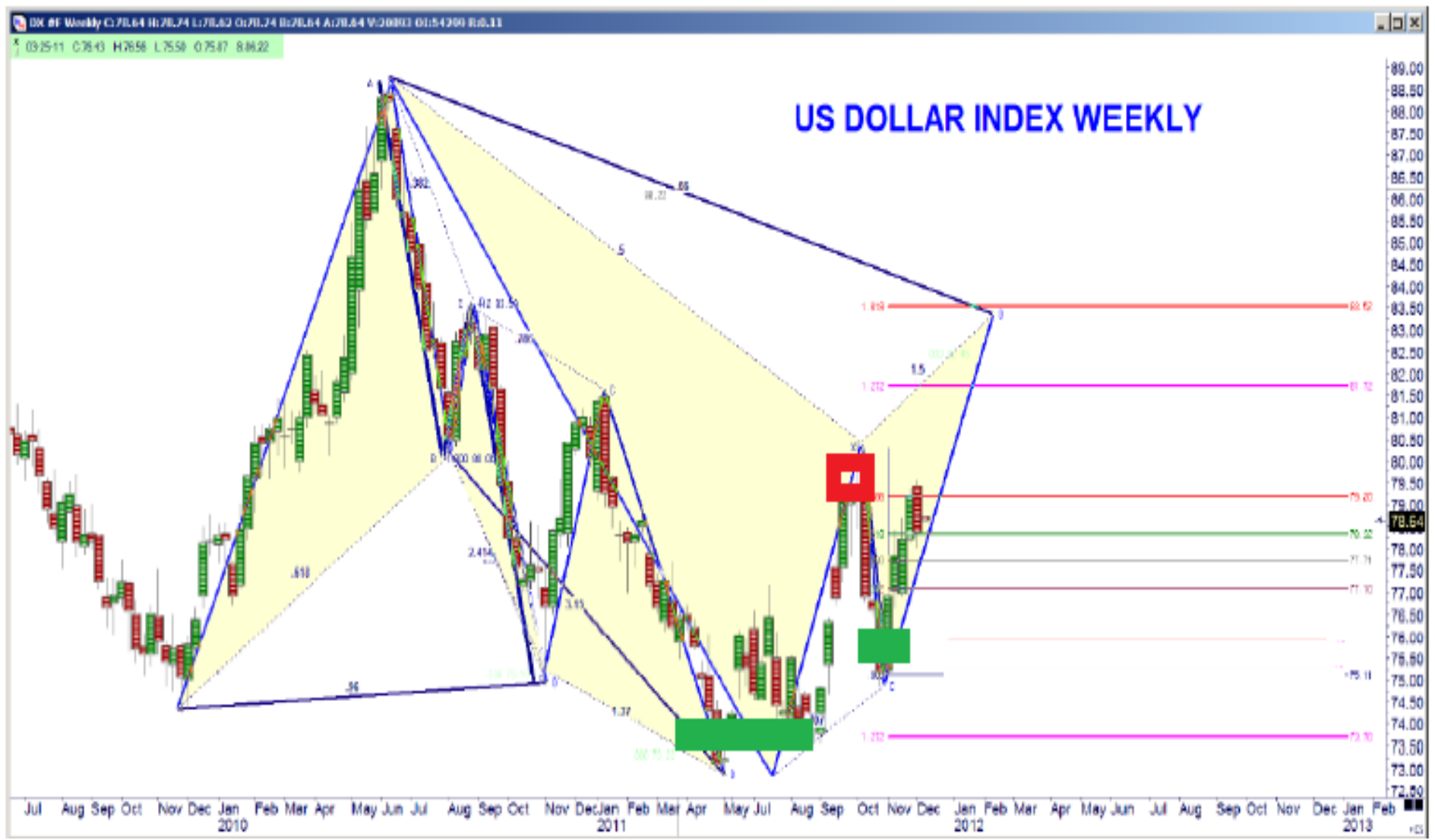
Several powerful patterns are being setup here . W , M and Declining Bullish Wedge is powerful . (Our work in 2002 / 2003 on Gold & SPX had similar patterns) We suspect that the long term will see the Dollar Index goes towards the under poly trend line (in green) . DXY will move higher on flight to safety once the market realizes there is no escape from the debt crisis.



USD – PEC D

USD Projection via PEC-D pattern can make the larger AB-CD at 84..

Short term another consolidation and our first target was at PEC-D @ 80.5



- CORRELATION RATIO ANALYSIS

Inter market Analysis – USD v/s SPX

NO CHANGE - *Inverse Correlation continues in Current Trend*

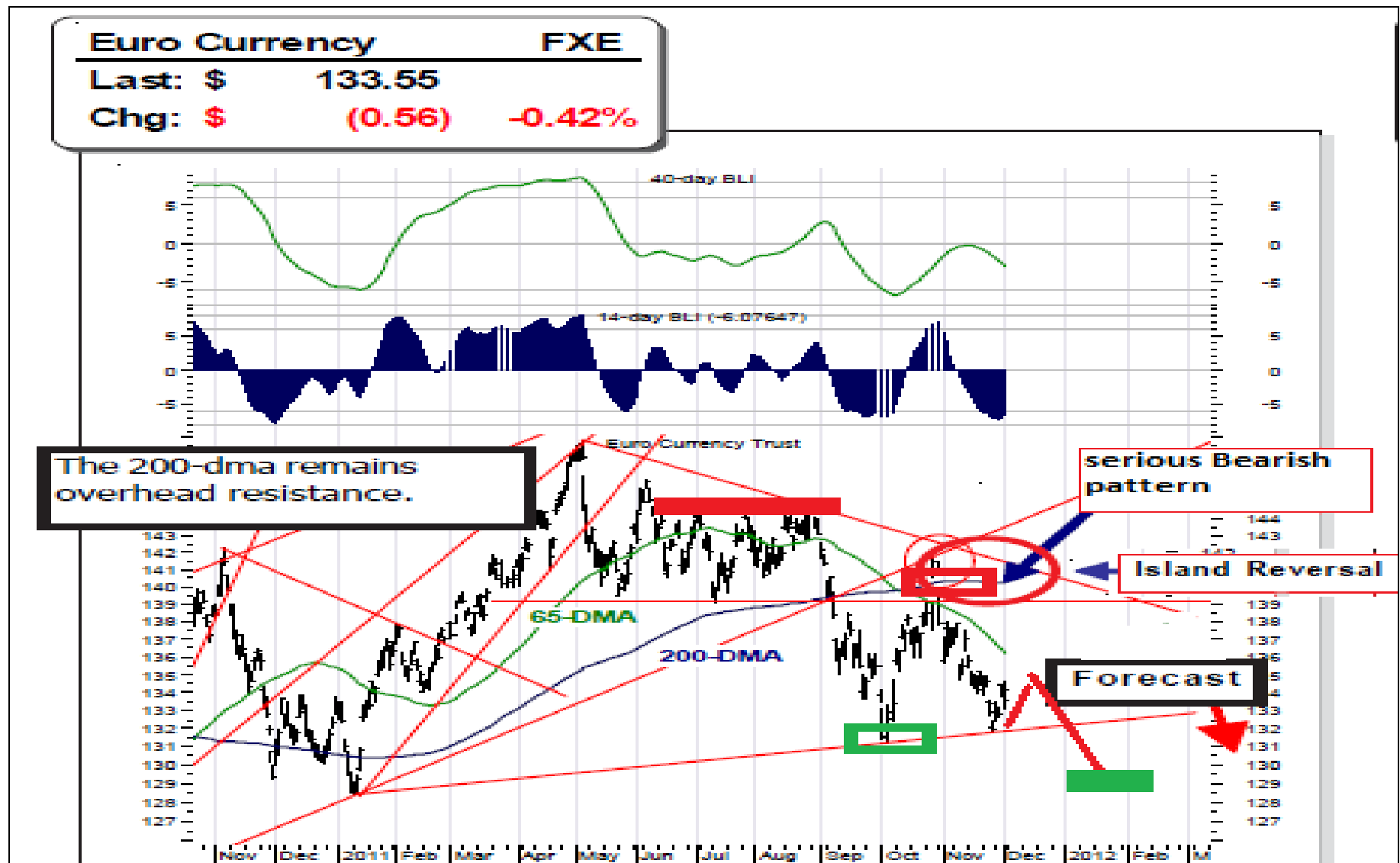
Inter market Analysis – USD v/s GOLD

NO CHANGE - *Inverse Correlation continues in Current Trend*

EURO / USD - with Pattern & Oscillator Analysis

Currently we reached our 1.33-1.32 target we had projected & Bounced back. Neither the floor nor the bounce looks solid. We still think 1.33 would be tested and perhaps broken towards to target 1.28

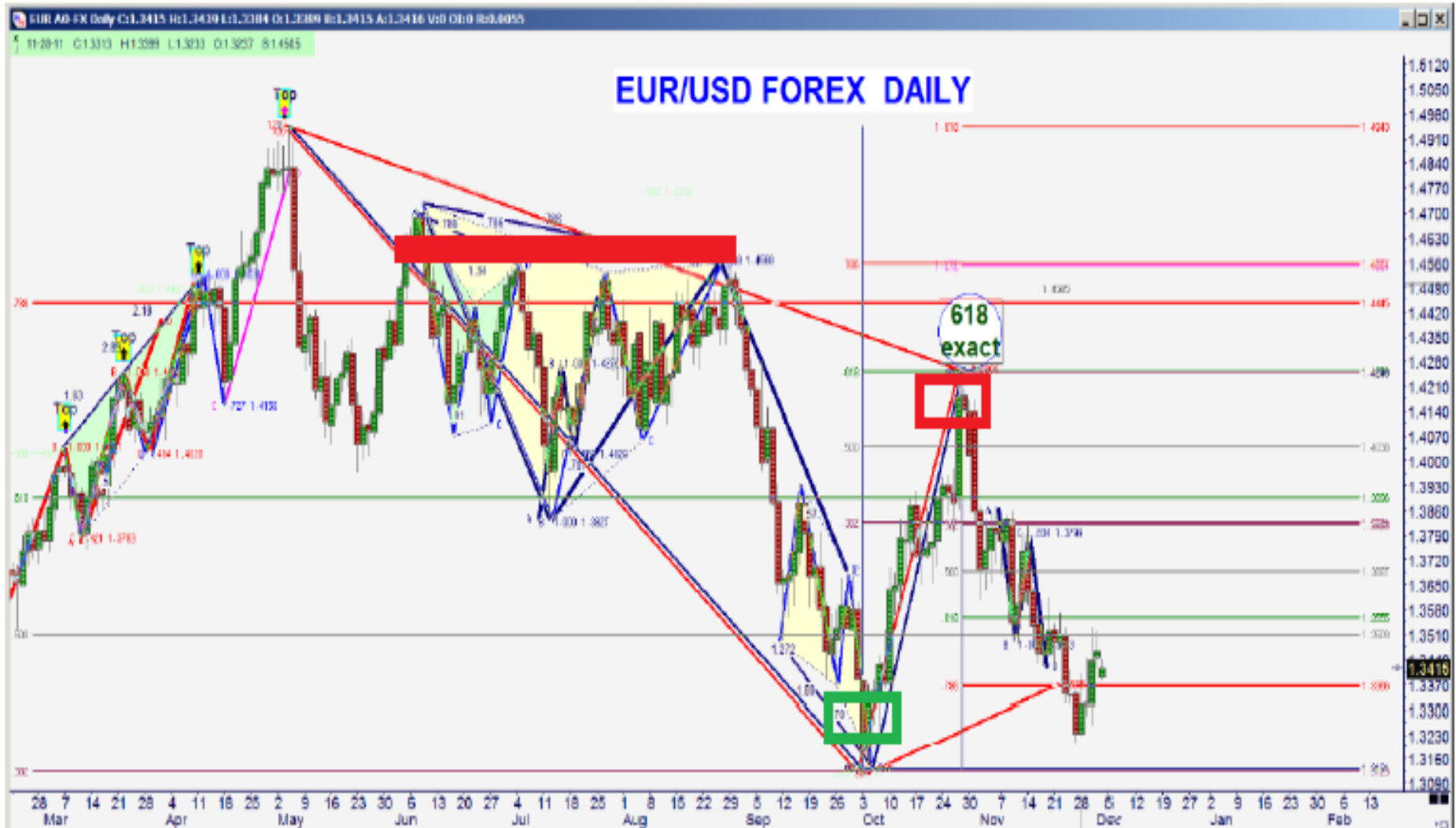
We have serious Bearish Pattern and Island Reversal towards 1.39 (Coincided with our CZ Target earlier)



EURO / USD – PEC Analysis - Intermediate term

Bounce came in from our PEC –D 133 but have no projections upwards . this suggest by this method PEC- 786/618 for lows would be far lower 118 (NO CONFIRMATION YET)

Main PEC –D Trigger of 1.45 .Stop above 1.49, for risks management - The distribution in Euro along our CZ resulted in massive mark down on Trigger from debt crises will continue



YEN / USD - PEC Analysis

JPY is forming higher lows in Bullish manner towards PEC-D projection of 79. The move was initiated after BOJ intervention with Sign of Strength. The odds were in favor of a rally.

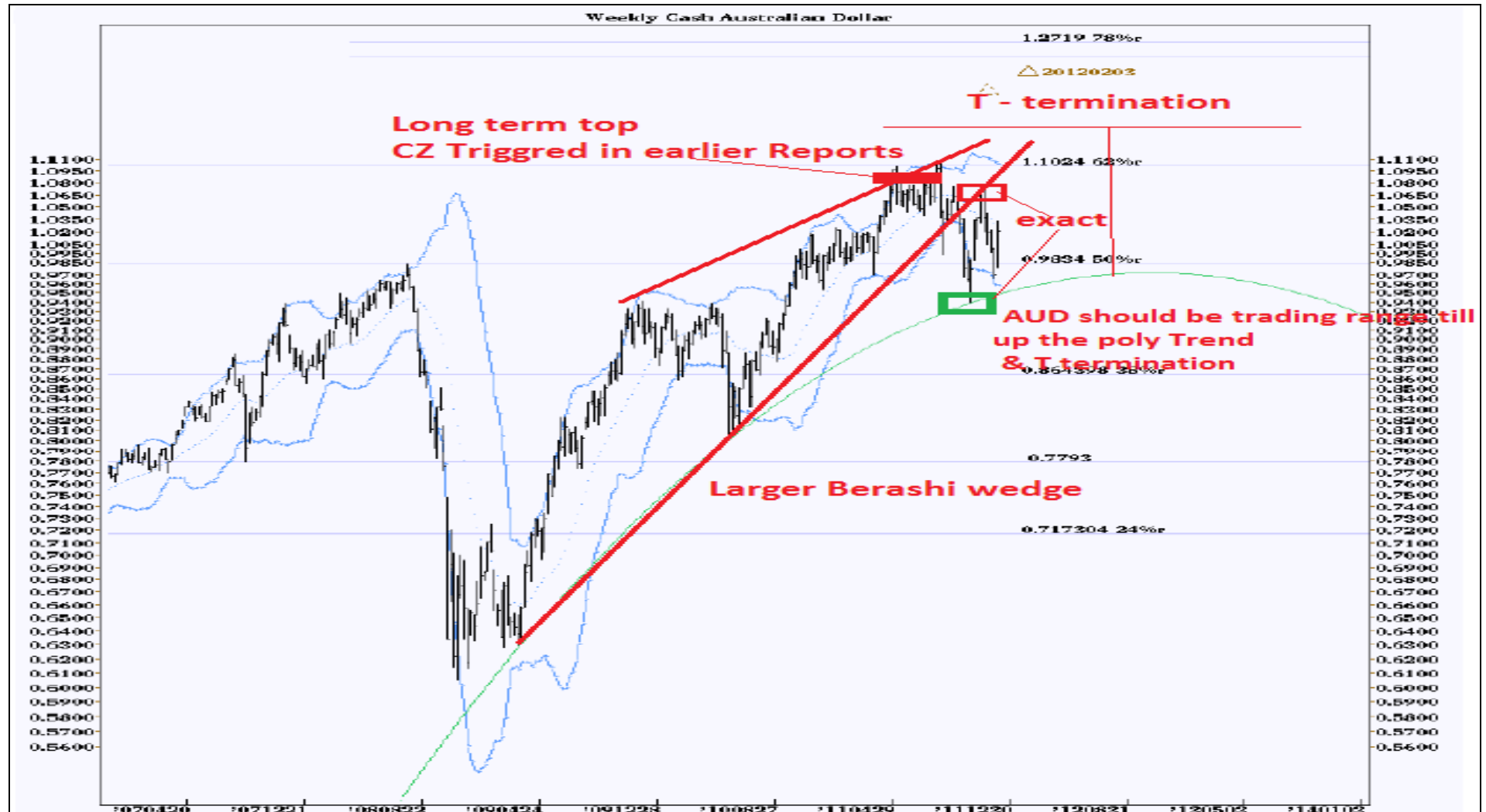
Earlier YEN / USD spiked below 76 with new lows, but they didn't stay there very long. @ 76 Trigger good entry point (as indicated in Green) . Stops below the lows 74.5 for risks management is still in tact.



AUD/USD – Poly Trend & Osc Analysis

AUD is still building cause sideways above Poly Trend till Time termination, China could keep it floating for while (refer charts below) . Last correction it bottomed out exact at 97 and topped out at 1.07 @ Bearish Wedge trend line as indicated in earlier Report

AUD - 5/10 Trigger 1.09 (in red) , forming long term top. Stops above 1.11 for risks management.



AUD/USD - PEC -D Analysis

AUD on Short term basis suggests the current bounce is tapering 1.02 -1.03 coming off of the 786 retracement It hit exact 97 by PEC-D Method

Earlier - PEC -D Pattern was completed @ 618 /786 suggests the bounce might be over @ 1.07 EXACT Proved it merit



Appendix Content

- **1. GOLD – POM Signals History for 2011**
- **2. Trading & Investment Conclusion History GOLD 2011**
- **3. Objectives & POM /CZ Guidelines**
- **4. Guidelines for Full Utilization of “ SP” Report with Limitations**
- **5. GOLD & Currencies – 52 Weeks Chart with Signal turns**
- **6. GOLD - POM – “ Price Oscillation Model “ Criteria**
- **7. PEC –D “ Pythagoras – Expansion & Contraction Criteria**
- **8. Definitions of Extreme Sentiment Indicators**

- **GLD/ SLV - Trading & Investment Conclusion - – Updated**
- **GOLD – POM Signals & Price Projections - Start point 1420 1ST Jan**

- **POM 15 - Net Short -- SLV (Total points gains SLV= +10.5 or 28%)**

- **Alert - POM 15 –, SLV – Triggered Alert Jan 1st @ 30 target 26 , 25TH Jan = (4 points) 12% gains**
- **Alert - POM 15 –, SLV – Triggered Alert April 26th & 28TH @ 47.5 target 41 = (6.5 points) 16% gains**
- **None recommended for GLD to “SHORT’ in Bull market by this Model. (Exception for SLV)**

- **POM 14 - Hedge Longs / Risk Management - (Total decline saved= + 399 = 22%)**

- **Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ whiles the bigger Trend kicks in**
- **Proportion / Qty. of Hedges should be based on Portfolio’s objective and Risks Tolerance**

- **Last Alert on 10/13- (OPEN POSITION) – 8th HEDGE - B # Report- POM 14 - CZ Trigger @ 1680-1740**

- **7TH Hedge - Closed @ 1680 CZ (9/23 - Alert) from POM 14 Re run @ 1825 , 8/23 = 145 points gain**
- **6th Hedge - Closed @ 1725 CZ (as per Target 1700 announced in Report 8/23 - Alert) from POM 14 Re run @ 1825 , 8/23 = 100 points gain**
- **5th Hedge - Stopped out on 8/17 @ 1825 from POM 14 – Re run Trigger at 1780 = (-45) points loss**
- **4th Hedge - Closed on 5/6 at POM 13 @1460 (GLD = 143) from POM 14 @ 1544 (150.48) = 84 points gain**
- **3rd Hedge - Stopped out on 4/5 @ 1450) from POM 14 – Re run Trigger at 1425) = (-25) points loss**
- **2nd Hedge - Closed on 3/16 at CZ (@ 1380) , from POM 14 – Re run Trigger at 1425) = 45 points gain**
- **1st Hedge - closed on 1/25 at POM 13 (@ 1325) , from POM 14 @ 1420 (since 1st Jan) = 95 points gain**

- **POM 12,13 - Net Long – (Total point gains = + 437 = 25%)**

- **Alert 9/26 – POM 13 @ entry 1603 (Trigger 1550) & Closed position (1/3) @ 1680 & (1/3) @ 1695 & 1740 (1/3) – POM 14- Alert (10/13) -Bearish CZ - Resulted in = 107 point gain**
- **Alert 01/25 – POM 13 @ 1320 & Closed position @ 1375-1395 @ Bearish CZ (03/09) Resulted in = 65 point gain**
- **Alert 5/6 - POM 13 @ 144-145 (1470) & Closed position @ 1596 – 1615 @ Bearish CZ .Resulted in = 135 point gain**
- **Alert – 7/20 - Parabolic Warning announced in C # Commodity @ 1628 to target 1760 = 130 points gain- Parabolic Apex pattern although we announced it in timely manner, such long plays is for special Type of specialized Trading Desks- Risk Management is Critical (Disclosure -We did not play upside parabola Real time)**
- **POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long)**

- **Objective**

Focus is on the short term and Intermediate term turning points of the Currencies via Integrated Methodologies of POM's and PEC's overlay. It utilizes multiple input signal from PEC derived with ABCD Price projections, where D price point to be validated via Price Oscillation Model (POM) . POM's price & Quality volumes (PQV) , patterns conclusions is derived to overlay POM /PEC gives a Confluence Price Zone "around D Zone" (within +/- 1.5% variation). This is ACTIONABLE ZONE, on scaled in entry with stops if required on other side of confluence) with margin for volatility & Risk tolerance. This is supplementary Analytics to add value to RA/ RI Framework for Risk Management.

- *All CZ / PEC D / POM's – Marked on charts (in color) below has been Announced on Real time in our Previous Reports prior to Price shifts.*
- *Stops always on other side of CZ @ value based on Portfolio's Objectives & Risk tolerance.*
- *POM / PEC D Conclusions to be cross verified by other methods prior to final decision*
- *For Maximum utilization of POM / PEC –D Process for Risk Management. Refer to the Appendix below for guidelines on maximization of Market Observation*
- *In Some Charts, there may be possibility of 1- 2 days of delayed chart data due to processing and preparation time involved prior to release*

➤ Key Points for Full utilization of SP- Reports

- **Maximum Utilization of various POM's , CZ's & ABC's – for Risk Management & full enhancements on CZ pricing & CZ-PQV Timeliness**
- **At Top down Level**– Triggers around POM's -Mid term & CZ's - Short term – (CZ's happens in between the POM's) . Critical component for Clean execution is to maintain ongoing updated data base spreadsheet of CZ's Pre announced in SP releases prior to price shifts. These inputs when Computerized Daily Monitoring, Triggers, Timely PQV validations, Price projections Alerts on real time should warn in timely manner to take action. .
- **Rebalancing Pre Planned procedure at Triggers** – “ Rebalancing % of Overall Position Sizing” , Beta & , Net Exposures sizing depending on each Portfolio's Objective & Risks Tolerances for either Recycling of Capital or Fresh capital.
- **Key points for Risk Management**
- Hard Stops around CZ's
- STOP SELL- “ early warning Alerts” in fast moving markets, Over night Day / Night (IST) time delay Risks.
- Cross verification by Other Methods
Computerized Daily Monitoring, CZ Triggers, Timely PQV validations
- **2. CZ – Tracking**
- **Programing - “Time/ Price Displacement, Supply / demand Activity Bar Analysis” –**
 - At “Institutional Grade - Price , Volume with Time Integration
 - Supply / Demand Activity bar Analysis – Real time.
 - Candlestick – Price displacement Algo Programing experience at CZ Validation for Triggers

Currencies – 52 Weeks Chart with Signal turns

\$USD, FXE, FXB, FXA, FXY



POM criteria for Implementation

- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way DOWN move, POM 13 signifies to STOP executing additional “ New Short Sells” that was initiated at POM 14 or POM 15 levels
- (Bear Markets) POM 15 is for - Net Short & POM 14 is for - Hedge Longs
- (Bull Markets) POM 15 is for -Hedge Longs & POM 14 is for - Partial Hedge
- POM 12 & 11 is for Net Long
- POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)

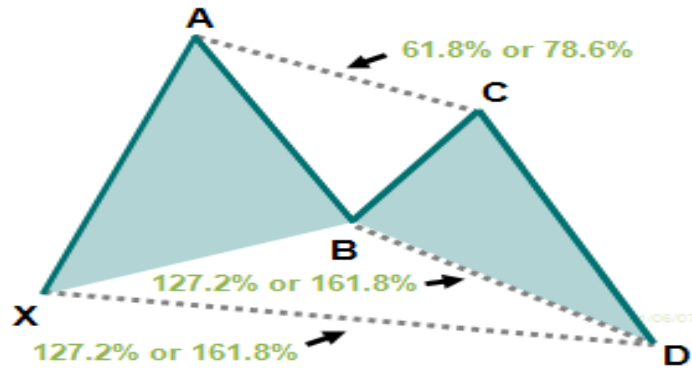
Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2th Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion and contraction (PEC) in concert with Price Oscillation (POM) . This has a high probability for greater accuracy on Price projections at confluence when Integrated together.
- Once our POM analysis is complete, it will overlay PEC. The input signals are from tracking rolling Arithmetic Numerical series of Regression utilizing Fibonacci to Identify Triangular patterns of Expansion/ Contraction. Triangular pattern completes at the convergence of 2 separate Fibonacci extension levels and overlay Price Oscillation Model.
- Since the Currency has 2 dimensional pairs, PEC is critical to analyze with 2x2 Fibonacci streams to achieve confluence point D coinciding with POM

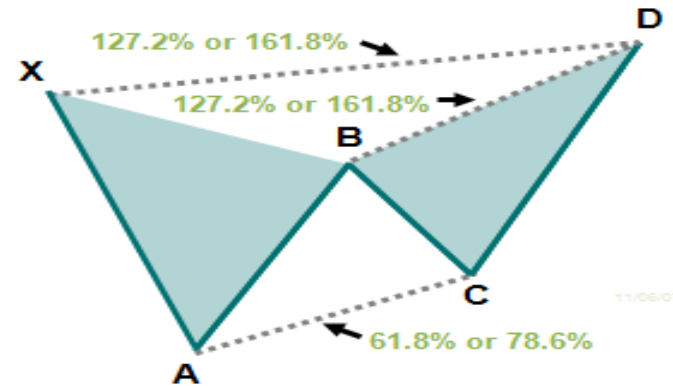
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D

Buy Pattern (bullish)



Sell Pattern (bearish)



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