



SG Capital Research

Global Market Insights

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

MAEG- CURRENCY ANALYSIS- PEC- SG 2011 # JULY_12

For Immediate Release – *Bi Wkly Tuesday AM (EST)*

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Currency Analysis (B)

- GOLD
 - DXY
 - EUR/USD
 - GBP/USD
 - JPY/USD
 - AUD/USD
 - CHF /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. PEC Analysis. (If Applicable)
 4. Sentiments (if Extreme character)
 - Appendix - **OBJECTIVE , HISTORY** of past Signals & **POM Key Criteria**

- Currency – “ Signals & Projections”

- Trading & Investment Conclusions (update)

(2) Groups of Currencies below - (Refer to the Charts for CZ & PEC –D for ACTIONABLE AREAS)-
(within +/- 1.5% variation) with stops around CZ- Confluence Zone for risk management

- Our Price Target stated (below) . We advise risk management within Short term moves around CZ to CZ move with stops (due to sudden volatility)

- GR – (1) – DXY, EURO & GBP -

1. DXY – *Triggered PEC D@ 77.5, Mid term upside Target at 86*

2. EUR/USD – *Triggered PEC D @ 1.45, Mid term downside Target at 1.36*

3. BGP/USD – *Triggered. PEC D @ 1.63 but downside target 1.57.*

- GR – (2) - AUD, CHF & JPY –

1. JPY/USD - *Triggered PEC D @ 82 Mid term Target to 88*

AUD/USD - *Triggered. PEC D @ 1.09 but no downside target yet*

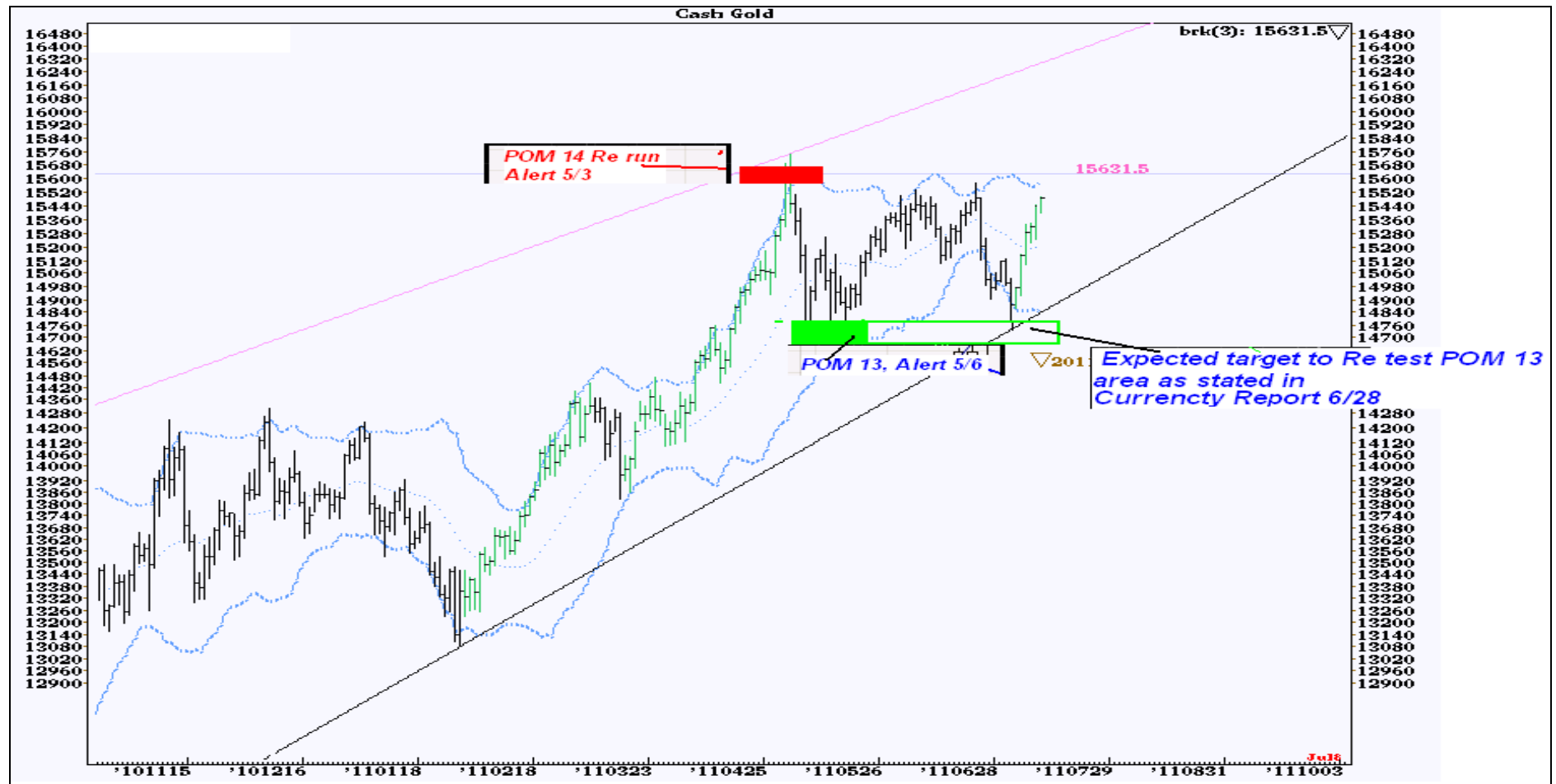
. CHF / USD – *Trigger PEC D @ 88 – but no upside target yet .*

2 – GOLD Trend line Analysis – (GLD + \$ 30) = GOLD continuous contract.

Gold had a rally based upon weakness in the euro. We think we are at the top of the Trading Range and could certainly Hit 1565 -1570 at highs. The Question here ...Do we get POM 14 Trigger or Bullish top Consolidation at highs to break the highs, in that case we will get a pull back and then another rally .

The rally was initiated from POM 13 - @ 1470. Send by Alert email 5/3. It is still intact .

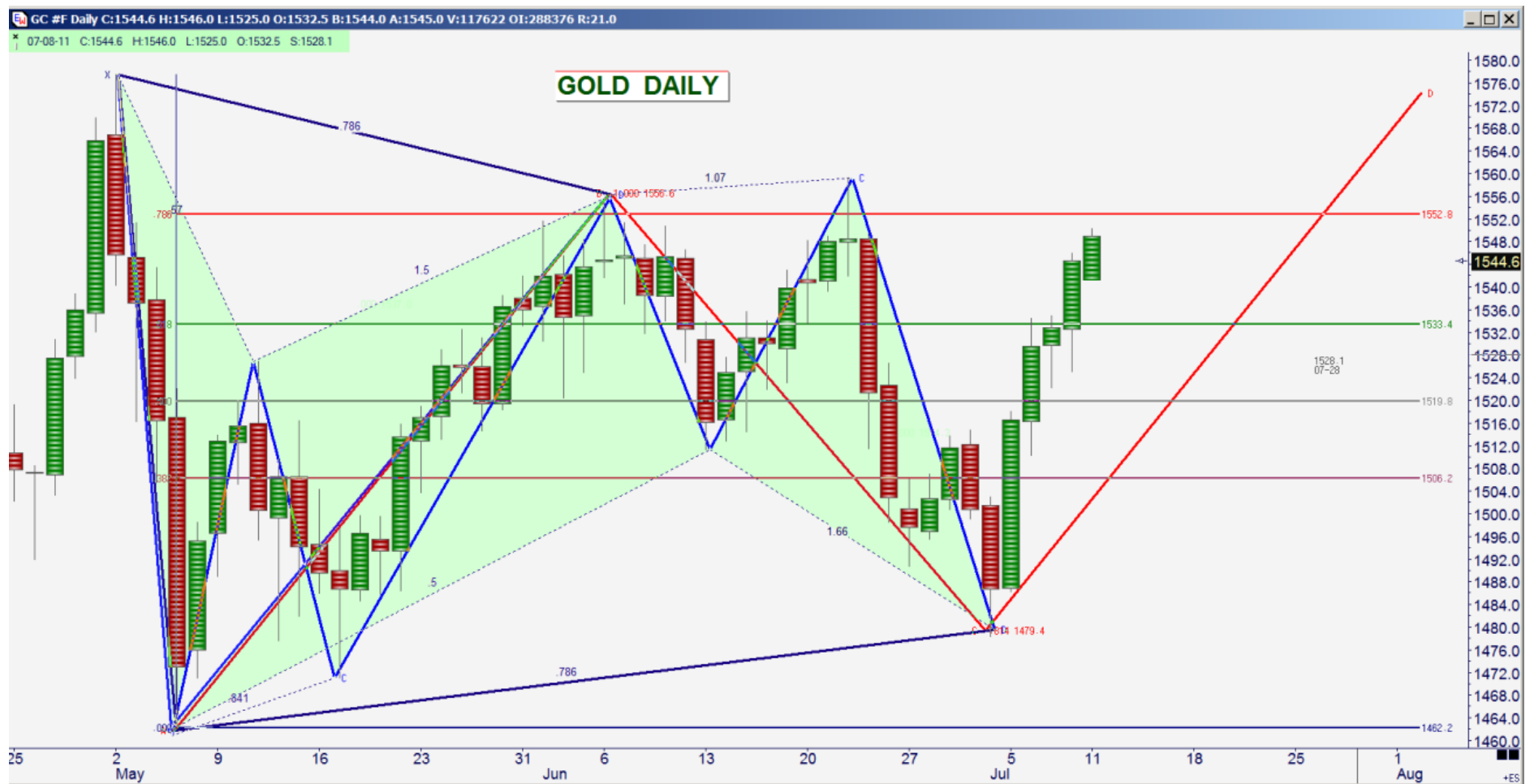
POM 13 / @ (GLD 144) 1470 (green) Triggered & subsequently as expected Re test of POM 13 on 6/26 - within the Bull Market, **stops always below CZ**



2 - GOLD – PEC D - Analysis

By this Method, Gold took off from the 0.786 level at 1480 that we had mentioned in our last Report. Now approaching the 1,555 level. Should this level be exceeded, it could easily complete a short burst to new high ground in the 1,575-1,600 range.

PEC –D pattern gave good signal at POM 13 and another signal in Previous Report. Gold has completed a bullish pattern at the 0.786 & 1.618 projection of 1480 (145 in GLD). The POM's are actionable areas.



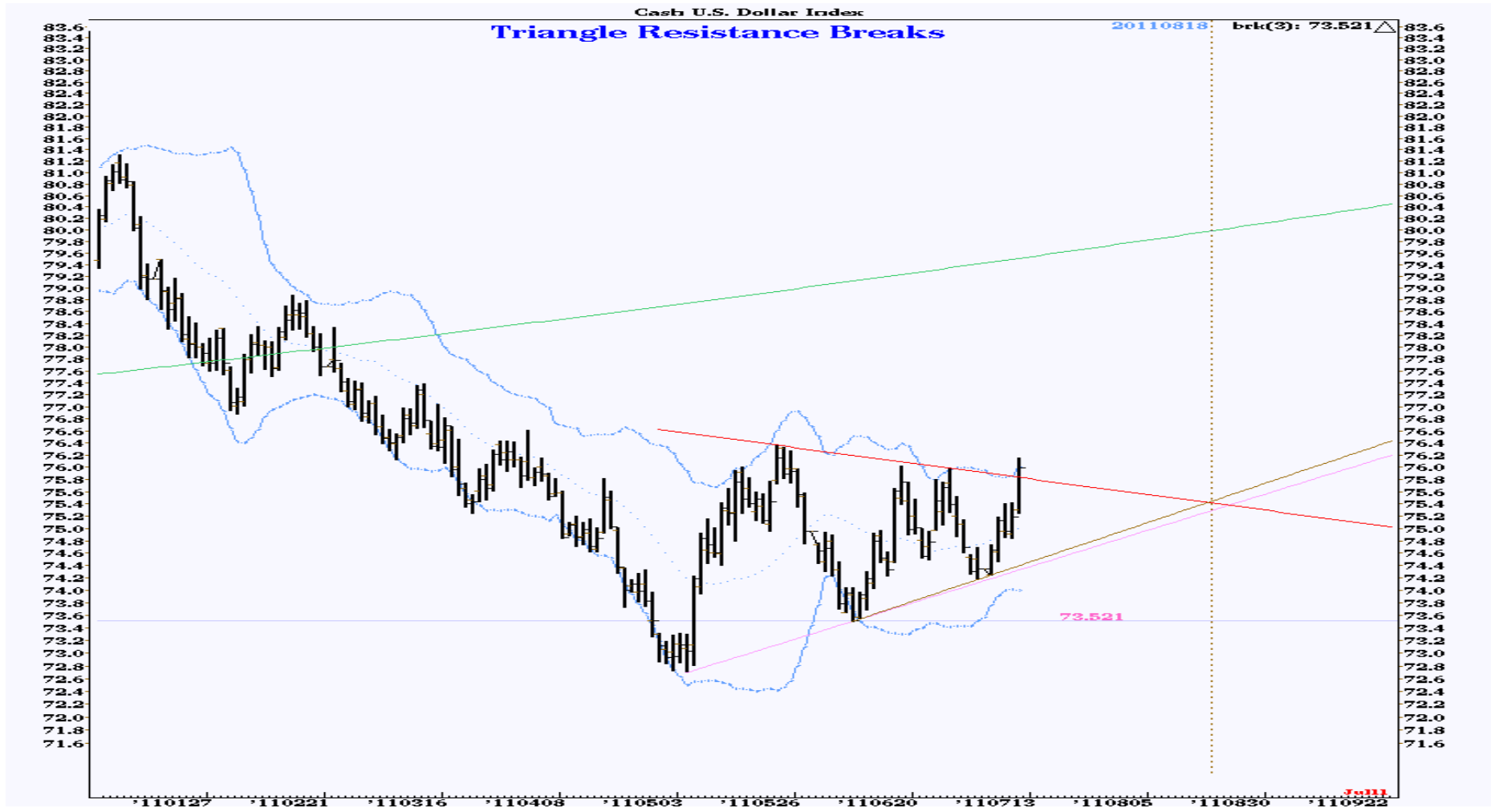
XAU / GDX – PEC D –

Gold & Silver index - XAU has held up extremely well at the 618 level. D point . The current pull back in Gold with GDX steady will have the GDX/GLD ratio start to rise. This suggests a strong move in GDX . We have BUY SIGNAL ON XAU / GDX at current areas . We will be watching this condition closely.



2 - USD – MA / Pattern & Oscillator Analysis

In last few messages on a # 1 – MS , we demonstrated the triangle , the rally back into the trend line coincided with drop in as we were expecting . USD is trying to breakout from down Trend



- USD – MA / Pattern & Oscillator Analysis

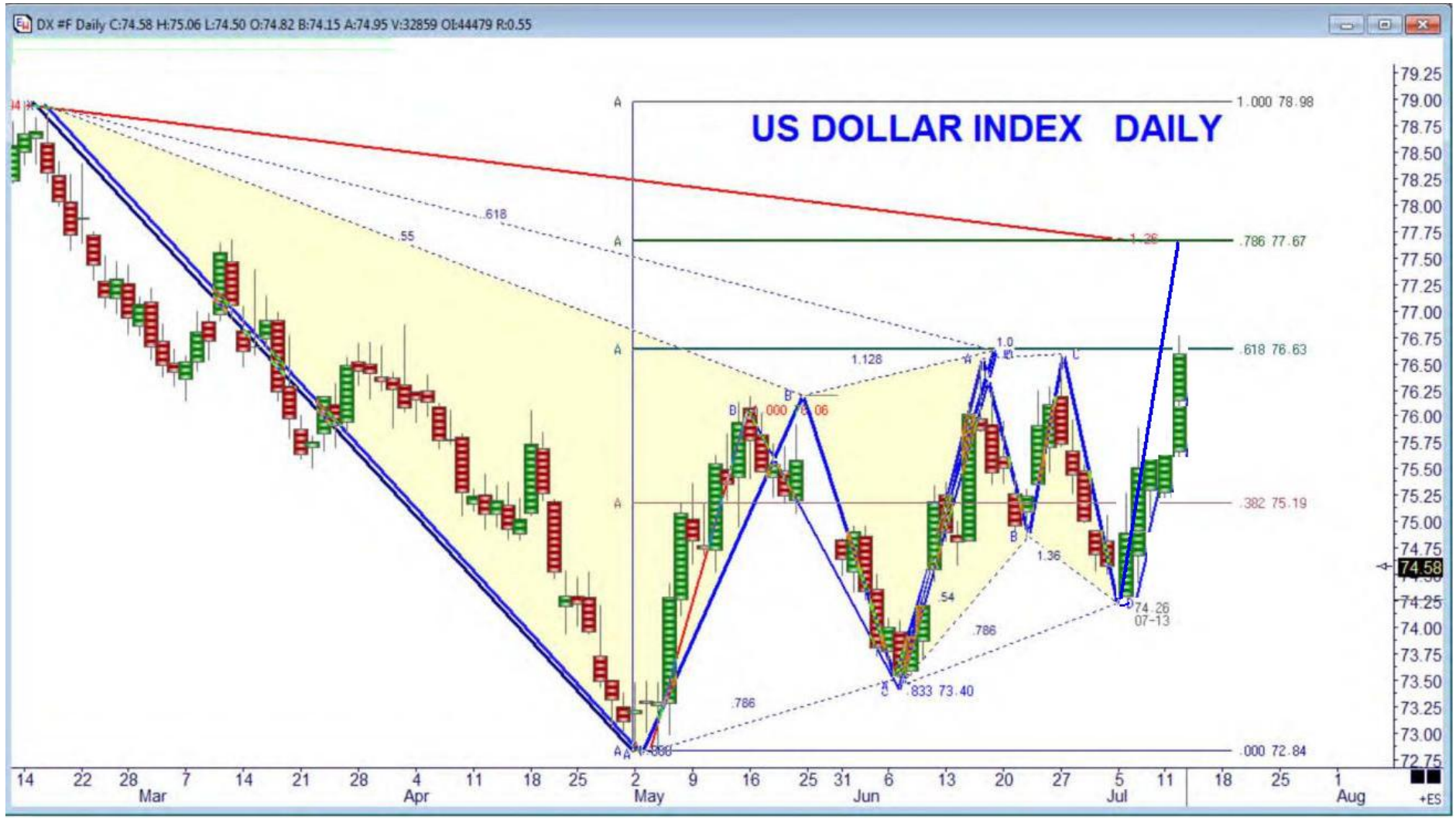
The dollar rallied and have overhead supply as indicated in Trend line & DMA analysis, which could result in pull back . Later, one more low is possible. That low would be simulative for the equity and commodity markets for a final rally in summer

The Dollar Index continues to base and has been bolstered by the continuing, unresolved crisis in Europe. **Stop below 72.5 for risks management**



2 – DXY – PEC D

The USD has ABCD pattern at 77.50 on this move, We will watch how it happens, Euro crises is a continuous catalyst Although eventually it want to rally to 79 -80 level .



EURO – Poly Trend Analysis

The euro is, of course, the exact inverse of the dollar and the pattern is also the inverse — a contracting triangle with break of Triangle & Poly Trend

We suspect that considerable distribution will be taking place going into the final highs.

Our first target 1.37 from our Trigger point indicated in red in chart below @ 1.45.



3 - EURO / USD – PEC Analysis - Intermediate term

By PEC D Method, Our TARGET IS 1.37 . Earlier 1.45 was the ABCD completion on upside , .Stop above 1.49, for risks management

Euro is trading below the 140 level after breaking out of the triangle we had been posting for the past several weeks. This gives us a first price objective of 1.37 for the Euro.



3 - EURO / USD – MA / Pattern & Oscillator Analysis

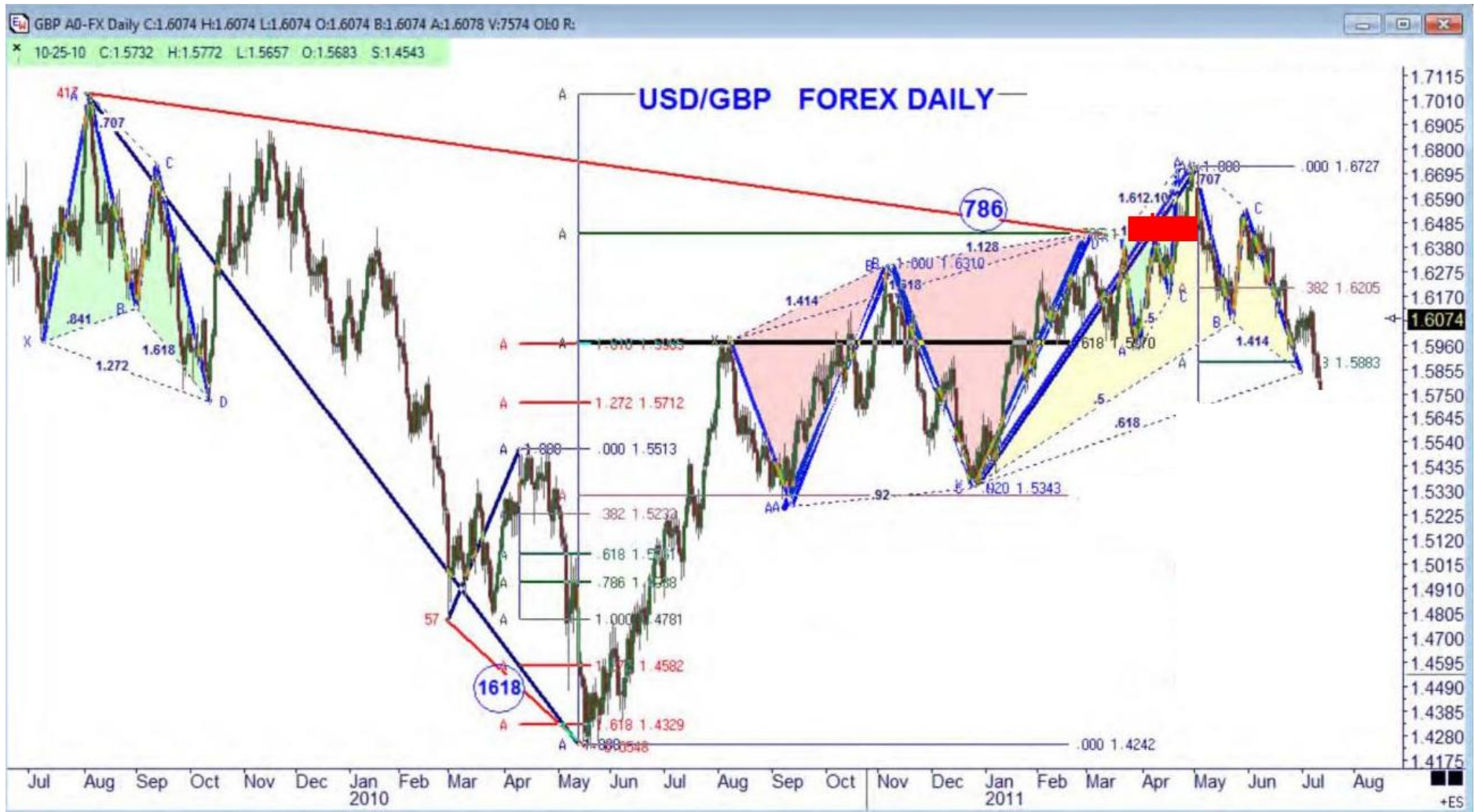
With Signs of weakness , the Trend line is broken, All bounces will be sold , Eventually 200D MA will be broken



3 - GBP / USD – PEC Analysis - Intermediate term

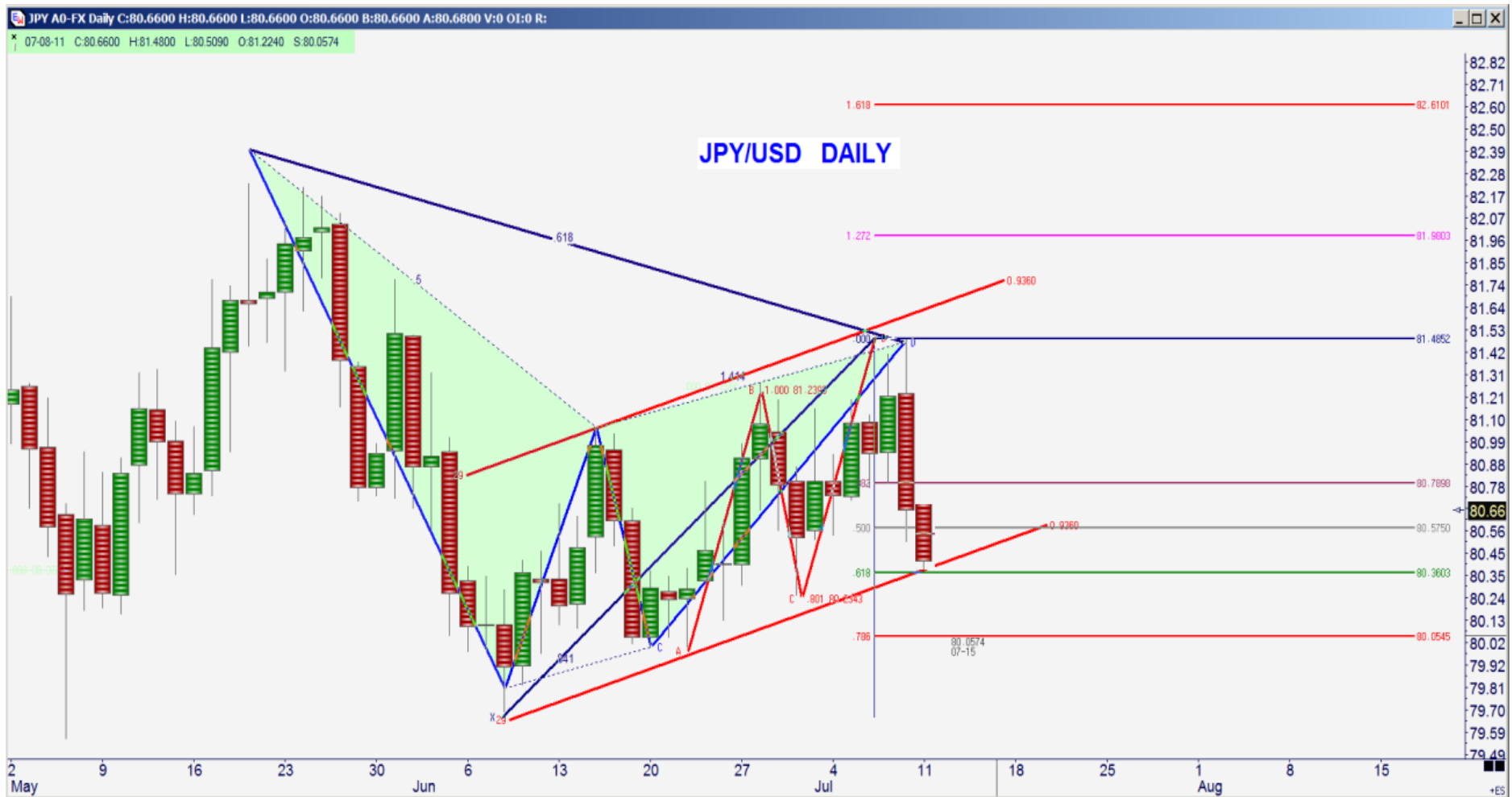
GBP -USD Our PEC -D @ 618 comes in at 1.63 correctly, **stops above 1.67 for risks management**

Our GBP downside target of 1.58. was achieved. Expect a bounce



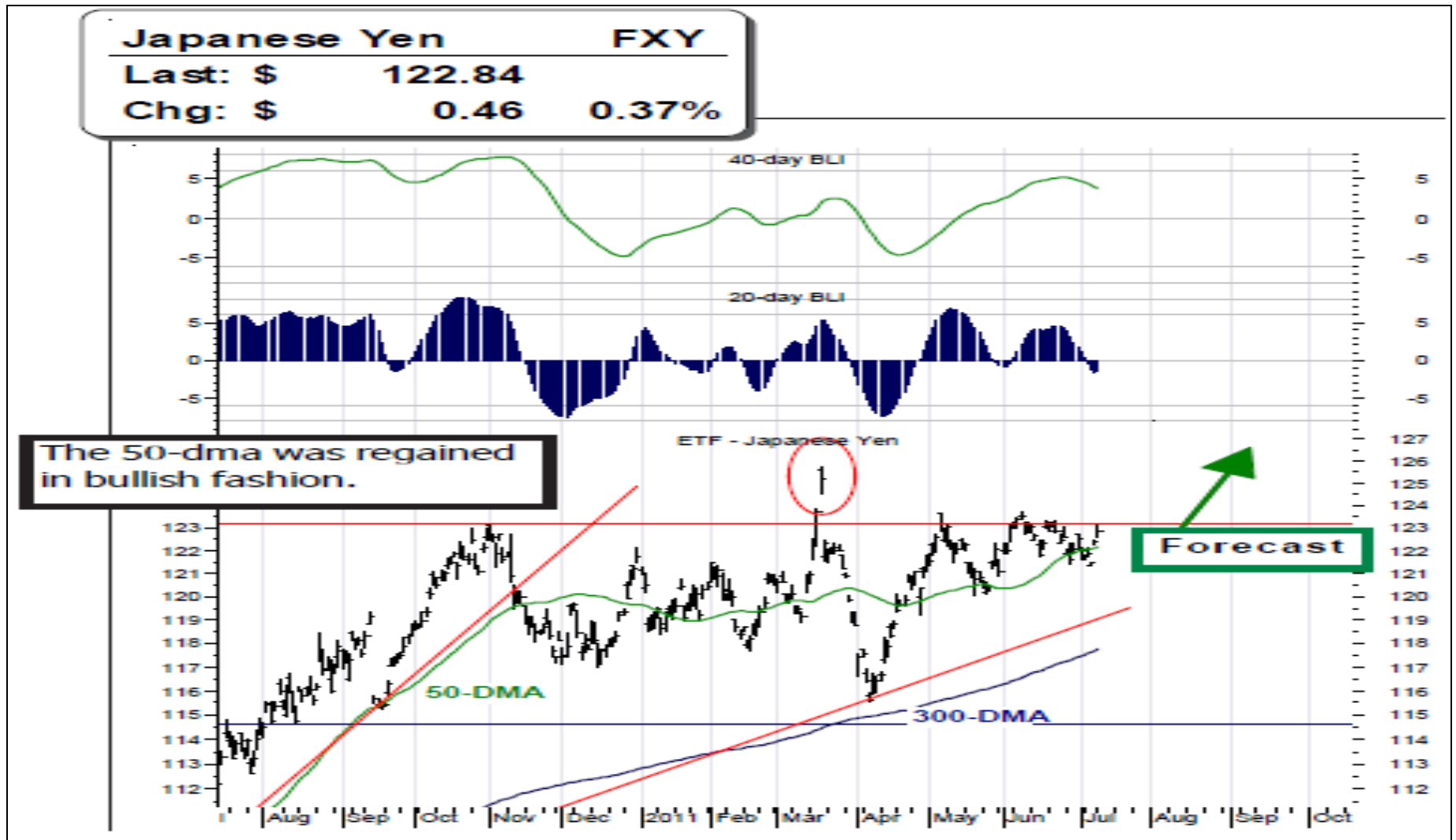
YEN / USD - PEC Analysis

*YEN has held the 80 level several times over the past weeks and appears to be testing it once again. The 80 level is a very strong 0.618 level for the yen and should continue to provide resistance. . We still target 88 . **Stops below the lows 76 for risks management***



YEN / USD - MA / Pattern & Oscillator Analysis

USD/JPY's , -“ It appears it is Topping below the ISLAND top



3 - AUD / USD -Analysis

AUD - is back on track for a retest of the recent high, and possibly a higher high if the 62% retracement level breaks . It found support at the Trend line below but it is forming long term top

If a break of the support line could be waterfall drop .



AUD/USD - PEC Analysis

By this Method, AUD has hit the 0.618 retrace 4 times in the past few weeks which is indicative of a sell off. However, if it manages to gain above the 0.618 level, it could have some rally potential, though odds favor the downside. PEC D signal @ 1.09 is more valid analysis to judge , stops above 1.11 for risks management –



Appendix

- 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.

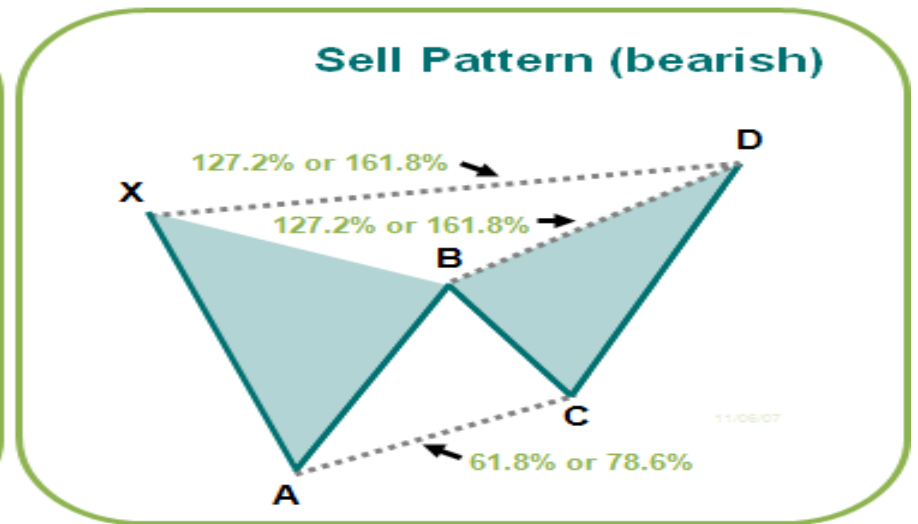
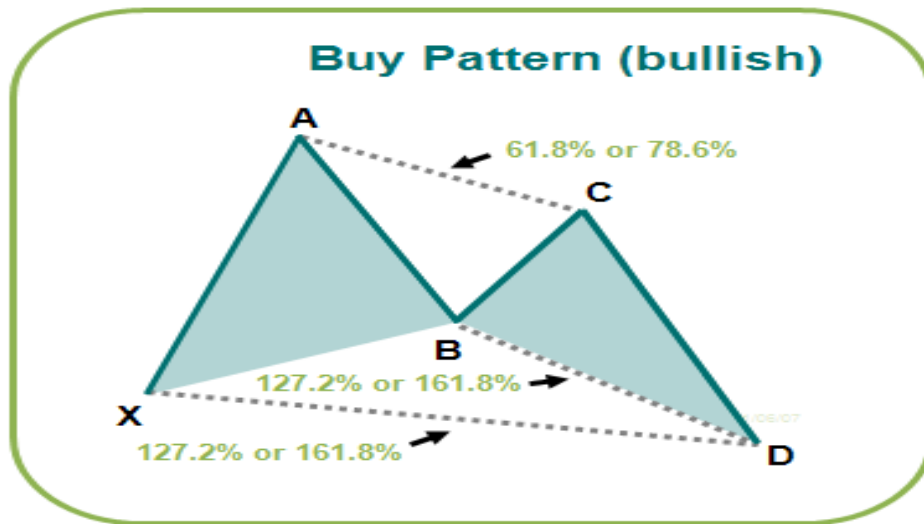
(In Some Charts, there may be possibility of 1- 2 days of delayed chart data due to accommodation of processing and preparation time in 1-2 days prior

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



Daily SPX - “ Trend Adjusted Signal”

- 3x3 /9EMA – Break Indicator –

The process utilizes the cumulative Algorithm of price trails 3x3 / 9EMA input signals for Trend formation. This signal tends to work well in Market extensions (i.e. Post POM 14).

This Methodology is implemented by Program Traders especially in Momentum extensions and diagonal triangle formation Trend-following system which bases its reversal signals on breaking a significant closing Break Indicator I to confirm the new trend. (it's important to use a stop if you act on a signal). The reversal price is generated on the close of a bar. (The drawback of strategy is that it can whip saw).

INTERNALS OF 3X3- 9EMA – Break Indicator.

The line break indicator has captured the post POM 14 Moves on a mechanical basis. Although can't guarantee it will continue. But, even if it misses on occasion , it's still is the best indicator we've ever seen in Market for extensions.

Tight trading ranges tend to cause whipsaws and those are environments where trading multiple markets can help for diversification, in SPX & DOW. The reason is that we have a purely mechanical indicator, our line break indicator, that is much better to use. That indicator has proven extremely good over the past several months in many markets in many extensions.

As a reminder of how simple this indicator is, when the market closes above the "break" price level, the indicator is ""bullish"; when the market closes below the break price, the indicator is then "bearish". at the close

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