<u>**Research Note – Currency Analysis (B) – STRATEGY & PROP ANALYSIS**</u>

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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 Mid term Price Target stated (below) . We advise risk management within Short term moves around CZ to CZ Trading moves with stops (due to sudden volatity)*

  - *GR – (1) – DXY, EURO & GBP -*

1. DXY –   *Triggered PEC D@ 77.5* *& failed on bounce , Watch out below 73.5 – No New CZ yet*

2   EUR/USD –   *Triggered PEC D @ 1.45,* *downside Target at 1.38 -1.37 reached but reversed quickly back*

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

  - *GR – (2) - AUD, CHF & JPY –*

1. JPY/USD - *Triggered PEC D @ 82* *& failed at 80 , Watch out below 76 – No New CZ yet*

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

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

- ## *GLD*

  - ***Triggered – Alert 5/6 email - POM 13 @ 1460** for Recycle capital or Partial fresh capital to go Long .*
  - ***GLD – Rallied from 1460 to 1598 ABC pattern – CZ Analysis and by PEC D Projected to 1615.***
  - ***SHORT TERM – ALERT – GOLD TARGET BEARISH CZ 1598 & 1615 – in collective Methodology (Nice Rally of 130 points)***

On Short term basis GOLD pull back is near But it is a BULLISH TOP, this suggests that after the pull back Gold should move higher with Good seasonality in August and top is due in late September with Time Ratio and in early October into the 6- year cycle high . The Pull back Target is not clear yet as we need more Data point

As stated in our C # Commodity Report Last week ……
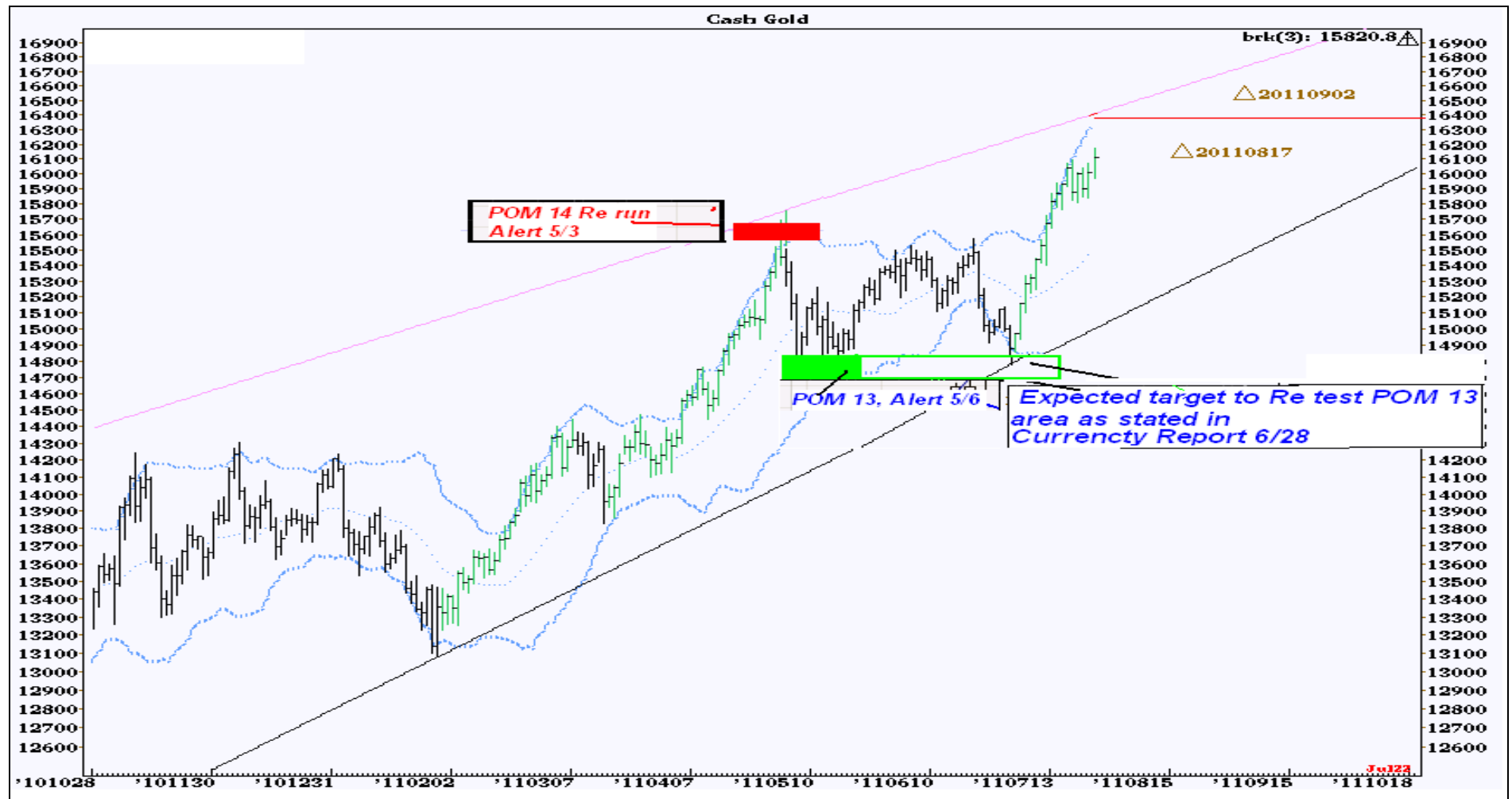
<u>Caution</u> – GOLD has not gone parabolic as did SILVER , but a close above 1630 in <u>this leg up</u> may very well Trigger such phenomena similar to what SLV did few months ago, (although Short term there is divergence but that doesn't matter for such math)

<u>In Abnormal Parabolic Price behavior</u> – 1630 – is Apex point of PEC –D in All time high region. By our calculations the 2nd point of " Stop & Reversal " Parabolic point initiation for Angular upward Trajectory with 65 to 80 degree angle is 1630. This can add 120 points to target 1750 (Similar to what we had poined out in SLV in our April 25th Report in SLV at 42 which moved to 48) . We will wait to see how it reacts at 1630 (if at all it gets there in extension mode) . This is possibility but need some kind of Trigger

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

Projection of 1598 ABC is being met here with BULLISH TOP, suggests after the pull back GLD should go higher.

*The rally was initiated from POM 13 - @ 1470. Send by Alert email 5/ 6. POM 13 / @ (GLD 144) 1470 (green)   &
subsequently as expected Re test of POM 13 on 6/26 - within the Bull Market,*

Cash Gold

brk(3): 15820.8

△20110902

△20110817

POM 14 Re run
Alert 5/3

POM 13, Alert 5/6

Expected target to Re test POM 13
area as stated in
Currencty Report 6/28

2 - GOLD – PEC D - Analysis

Prices are Projecting to 1615 – PEC –D . by this method
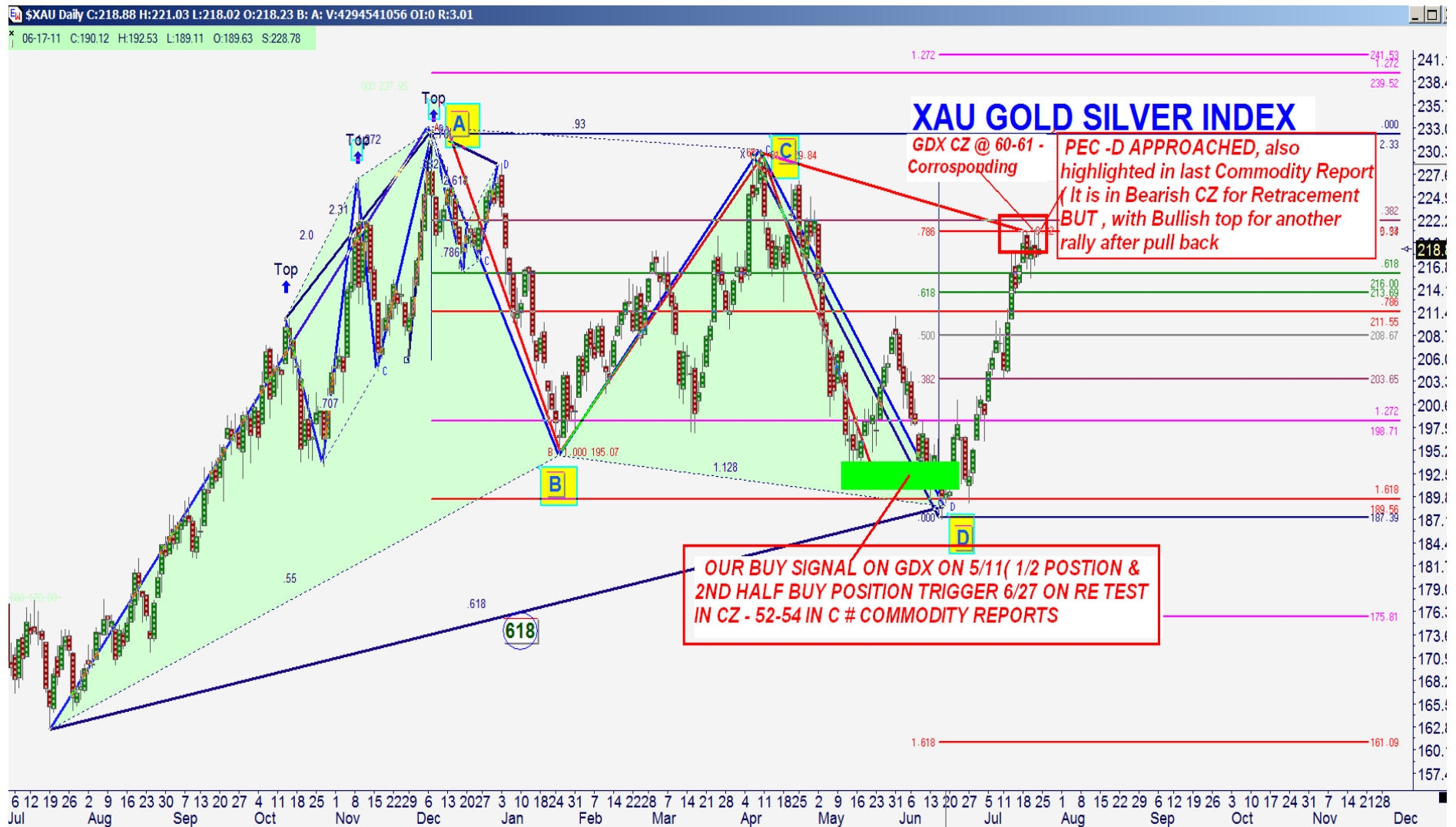
PEC –D pattern gave good signal at POM 13 and & its Retest , PEC –D @ 786 level at 1480 (Indicated in previous Report)..
Gold has completed a bullish pattern at the 0.786 & 1.618 projection of 1480 (145 in GLD). The POM's are actionable areas.
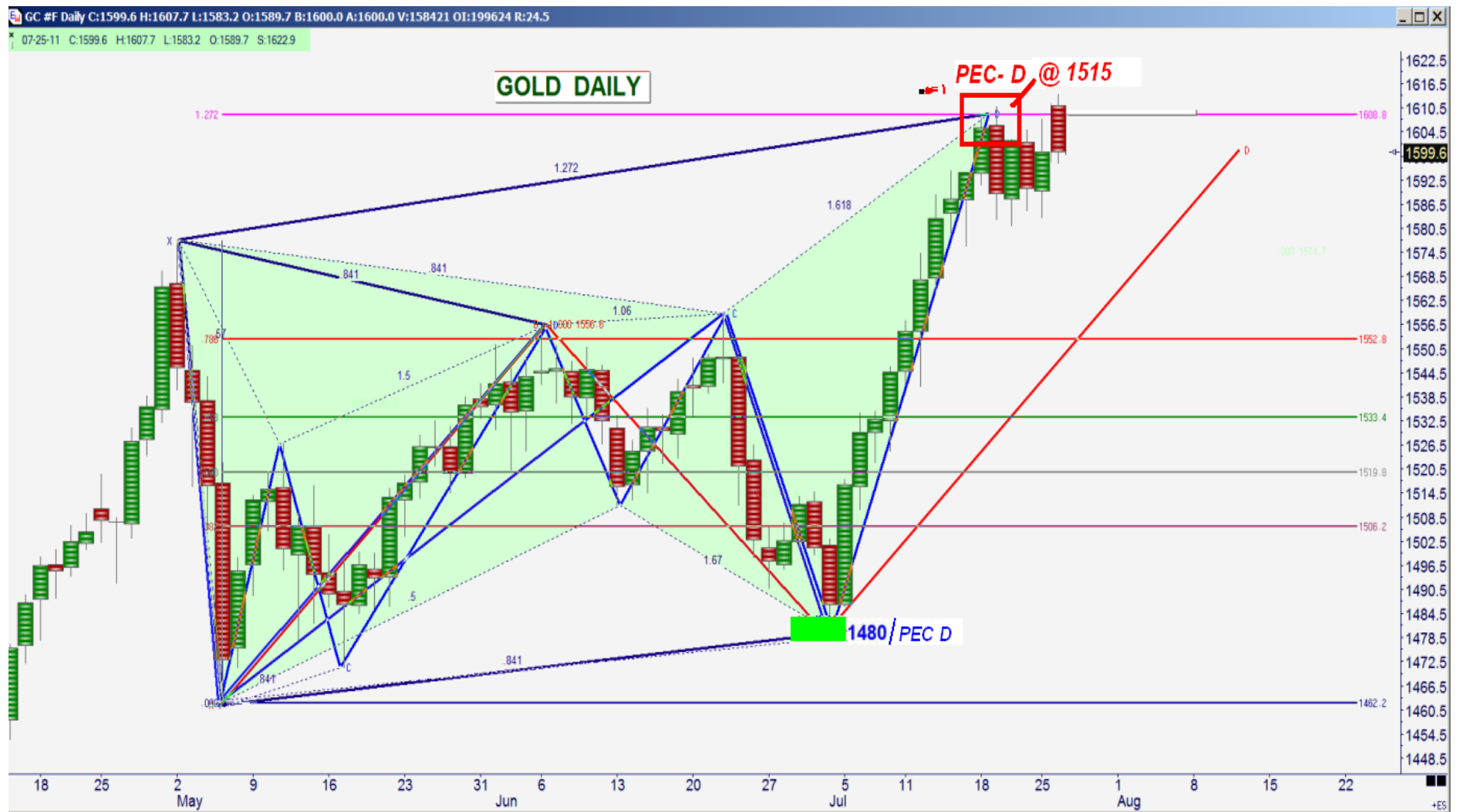
XAU / GDX – PEC D – (Supplement)

GDX - _SHORT TERM – ALERT – GDX TARGET 60 -61 BEARISH CZ within Larger Bull Move_

- **GDX – Rallied from our BUY Trigger 52 – 54 .** _Triggered_ <mark>5/11</mark> _(½ position) & 2nd. Trigger on_ <mark>6/27</mark> _(½ position) on RETEST at CZ_

XAU GOLD SILVER INDEX

GDX CZ @ 60-61 - Corrosponding

PEC -D APPROACHED, also highlighted in last Commodity Report (It is in Bearish CZ for Retracement BUT , with Bullish top for another rally after pull back

OUR BUY SIGNAL ON GDX ON 5/11(1/2 POSTION & 2ND HALF BUY POSITION TRIGGER 6/27 ON RE TEST IN CZ - 52-54 IN C # COMMODITY REPORTS

2 - USD – MA / Pattern & Oscillator Analysis

Triangulation indicated in previous messages is still in tact . The trend is down in DXY as the market gets more volatile. Flight-to-safety buying pressure has been seen in gold, rather than DXY. .

Although Long term Bullish but Currently it tested back our CZ 77.5 and failed, we would let it settle down but stop of 73.5 should be looked at as risks management

2 – DXY – PEC D

The USD ABCD pattern at 77.50 was just a bounce and failed to get back in , Even by this method 73.50 looked critical for sharp low. Unless there is Key reversal

US DOLLAR INDEX WEEKLY

below 73.50 in US DOLLAR could suggest sharlpy lower prices

EURO – Poly Trend Analysis

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 1.38 – 1.37 was met (shy by penny) from our Trigger point indicated in red in chart below @ 1.45. & Reversed quickly.

Cash Euro FX

brk(3): 1.3974△

Previous
Trigger call
PEC -D

1.4579

3 - EURO / USD – PEC Analysis - Intermediate term

By PEC D Method, Our TARGET 1.38 – 1.37 was reached, shy by penny (and reversed very quickly) . Earlier 1.45 was the ABCD completion on upside , .Stop above 1.49, for risks management

A close above 1.46 would be needed for this trend line to break in my opinion. The trend is still down in the Euro but it is in danger of moving against the USD if USD fails

3 - GBP / USD – PEC Analysis - Intermediate term

Our GBP downside target of 1.58. was achieved. . The British pound is in the same situation as the Euro
*GBP -USD Our PEC –D @ 618 comes in at 1.63 correctly, **stops above 1.67 for risks management***

YEN / USD - PEC Analysis

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Yen fell below critical support level at the 78 level. (It did not hold 80 & failed) This sets up a retest of the bottom that occurred when they had the Japanese earthquake on March 11th.. <mark>ALERT – We think 76 could be tested, and good entry point .</mark> *Stops below the lows 75 for risks management*
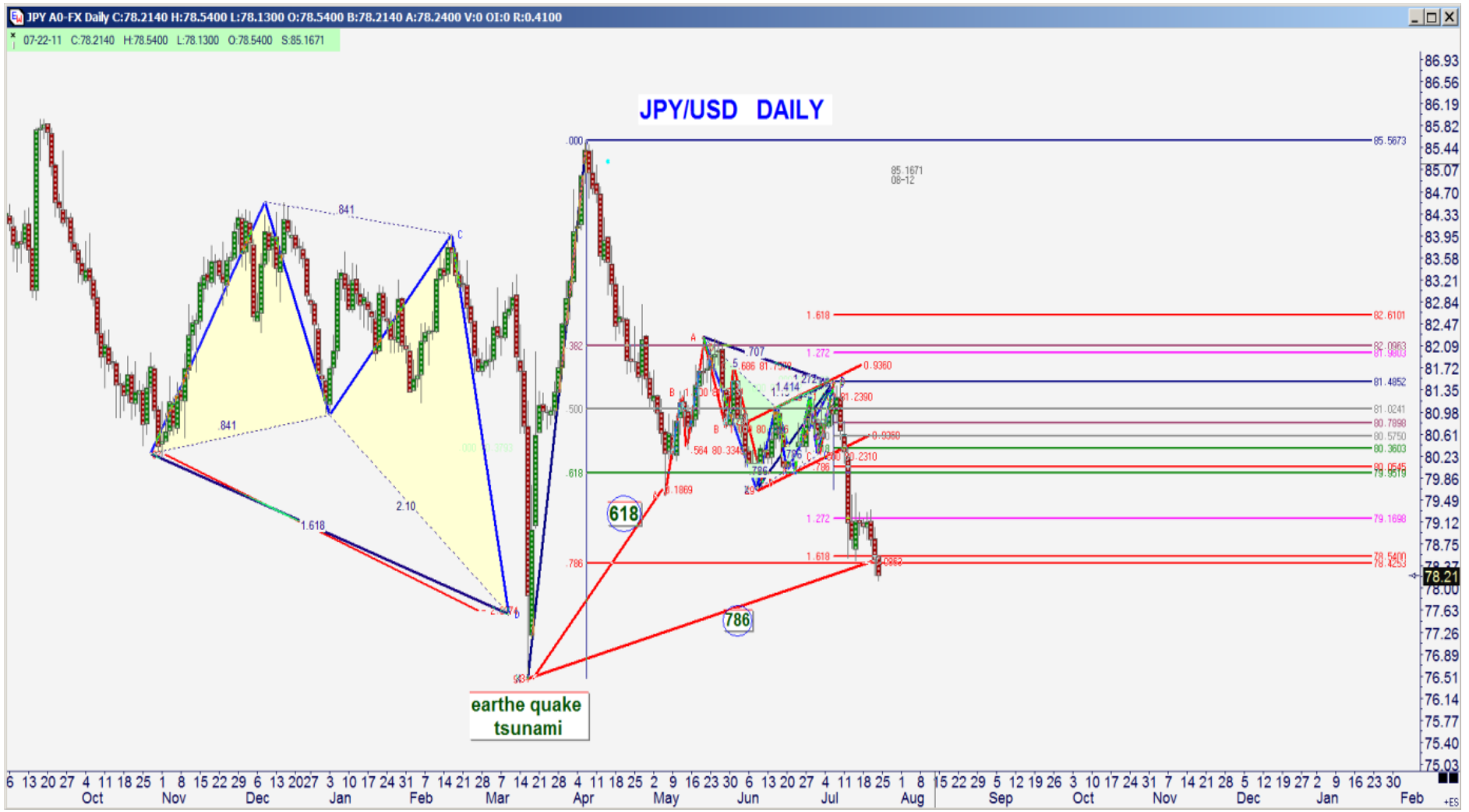
YEN / USD - MA / Pattern & Oscillator Analysis

USD/JPY's , Testing the 11th March ISLAND TOP looks like it will fail -No Clear picture
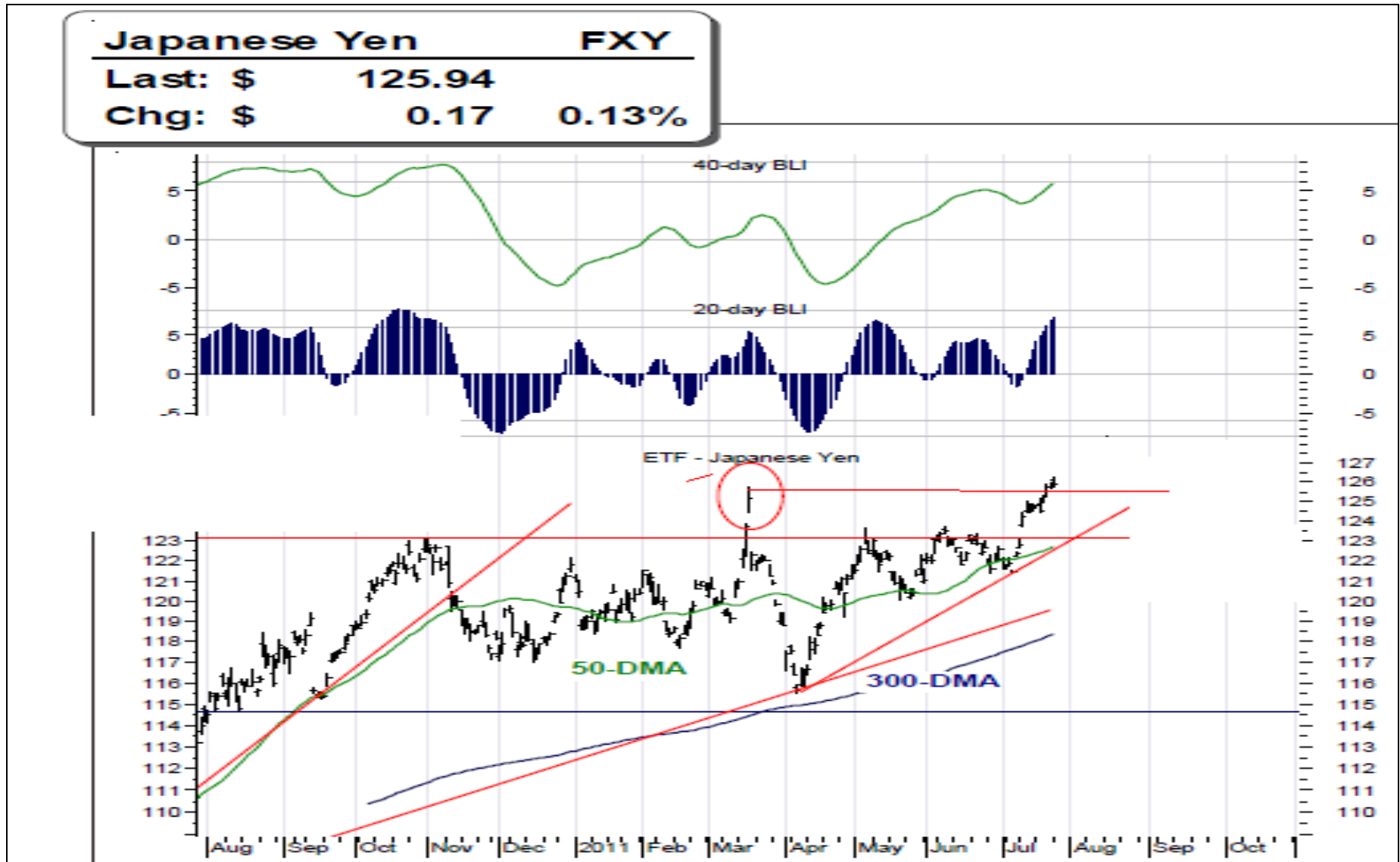
3 - AUD / USD –Analysis

AUD -   is back on track for a retest of the 5/10 Trigger 1.09 (in red) , 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. **stops above 1.11 for risks management**

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

AUD/USD - PEC Analysis

By this Method, No PEC D yet but appears to test the old PEC –D signal @ 1.09 STILL VALID analysis to judge , stops above 1.11 for risks management –
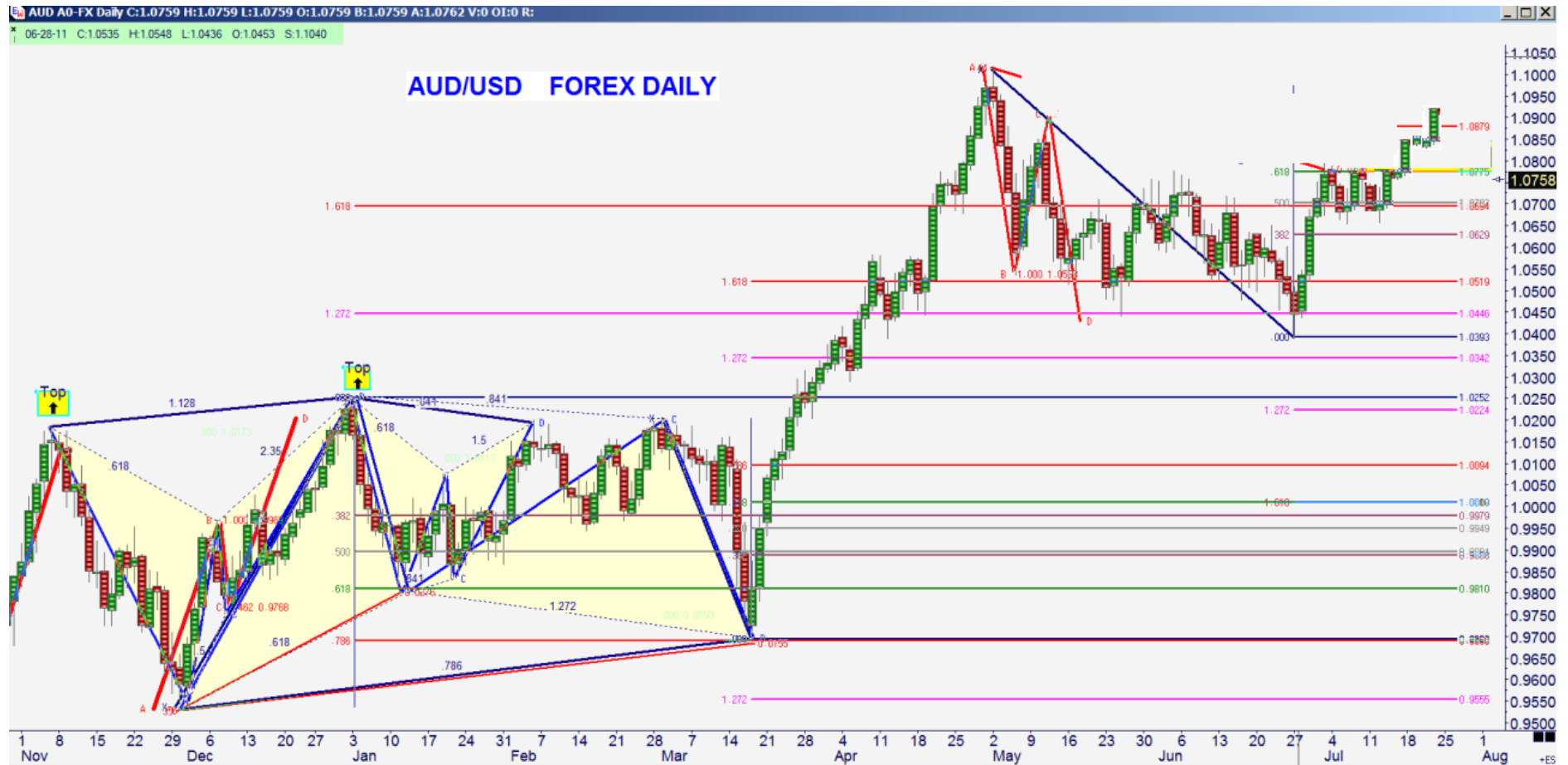
CHF /USD - PEC Analysis

By this Method, PEC D @ 79 ==ALERT – We think good entry point , stops 0.77 for risks management==
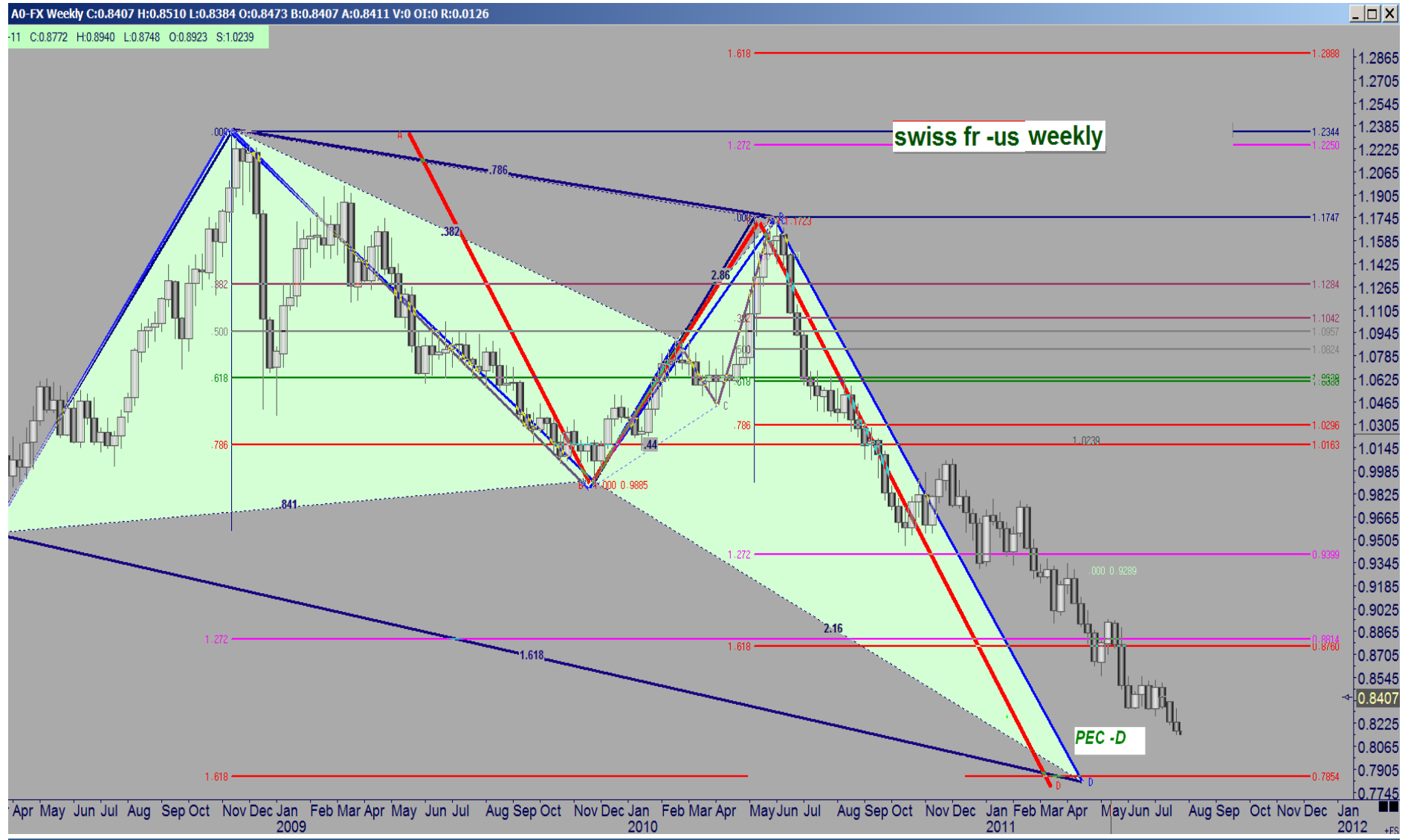
Appendix

- ## 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 steams 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
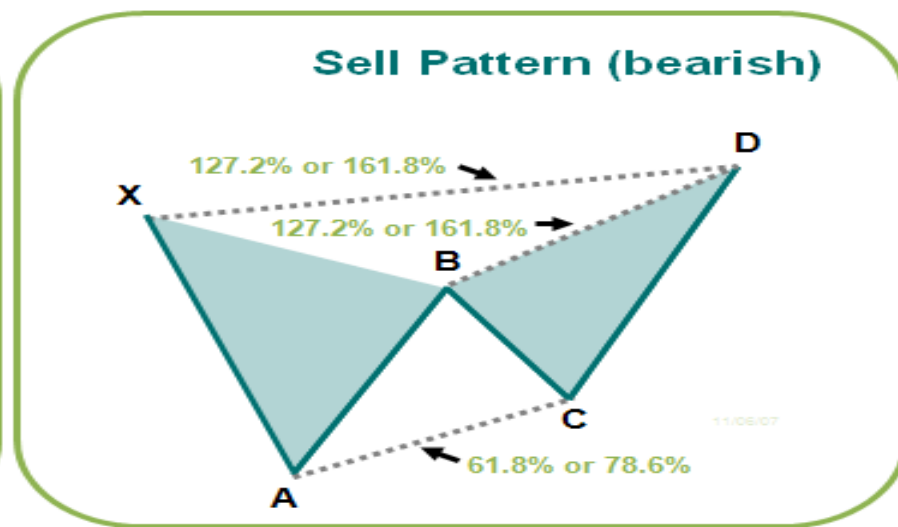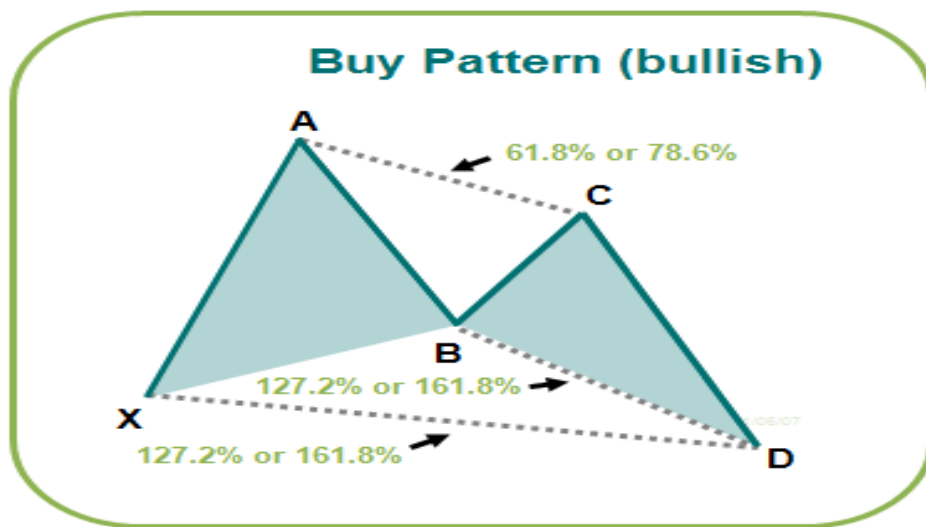
Daily SPX - " Trend Adjusted Signal"

- ## 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