



SG Capital Research

Global Market Insights

Research Note – Currency Analysis (B)

MAEG- CURRENCY ANALYSIS- PEC- SG 2011 # MAR 08

For Immediate Release – *Tuesday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

Currency Analysis (B)

- DXY
- EUR/USD
- GBP/USD
- JPY/USD
- AUD/USD
- CHF /USD
- Daily Trend Adjusted Strategy - 3x3 / 9EMA – **DOW, SPX**
- Attached, the Chart list & specific Charts (below). *We have picked up charts that has some distinct characteristics and values as the pattern gets completed based on our assessment:*
- Selected Currency have up to (5) Analytic Charts as Titled below
 1. Weekly – 3 Year with **11 W / 40 W SMA** with RSI, CCI, MACD
 2. Daily – 3 Year with **11D / 55D SMA** with RSI, CCI, MACD
 3. POM Analysis
 4. PEC Analysis.
 5. Sentiments (if Extreme character)
 6. Standard Deviation charts (LT / ST)
 7. PPP Reversion & Standard Deviation Analysis – Long Term
- Charts 3,4,5 (above) articulates special situation coverage for that specific CURRENCY highlighted in the list below
- Appendix - History of past POM, PEC Signals & Key Criteria

- **Daily SPX - “ Trend Adjusted Signal” – Flat @ 1324**

3x3 /9EMA – Momentum Break Indicator –

Next Signal – Buy SPX above 1340 close

- **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.

- **Currency – “ Signals & Projections”**

. Current Signals (stated below) & Projections to be advised when trend begins

(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)

• Trading & Investment Conclusions (update)

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

• GR – (1) – DXY, EURO & GBP -

1. DXY – Triggered PEC D @ 77.5, Mid term objective at 86

First price objective achieved at 81, Currently Retracement in progress to 77.5- retesting zone

2. EUR/USD – Triggered PEC D @ 1.40, Mid term objective to 1.20.

First price objective achieved at 1.30, Currently Bounce to 1.34 -1.36 - retesting zone (Extended)

3. BGP/USD – (No Signal) POM 14 / PEC D @ 1.63 but no conformation by other Methods.

• GR – (2) - AUD, CHF & JPY –

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

First price objective achieved 84.50, Currently pull back to 82 in Progress

2. AUD/USD - Triggered - PEC D @ 97. Mid term objective to 91

double topped , potential thrust but then target to 95

3. . CHF / USD – Trigger PEC D @ 92 – Mid term Price objective to 1.00

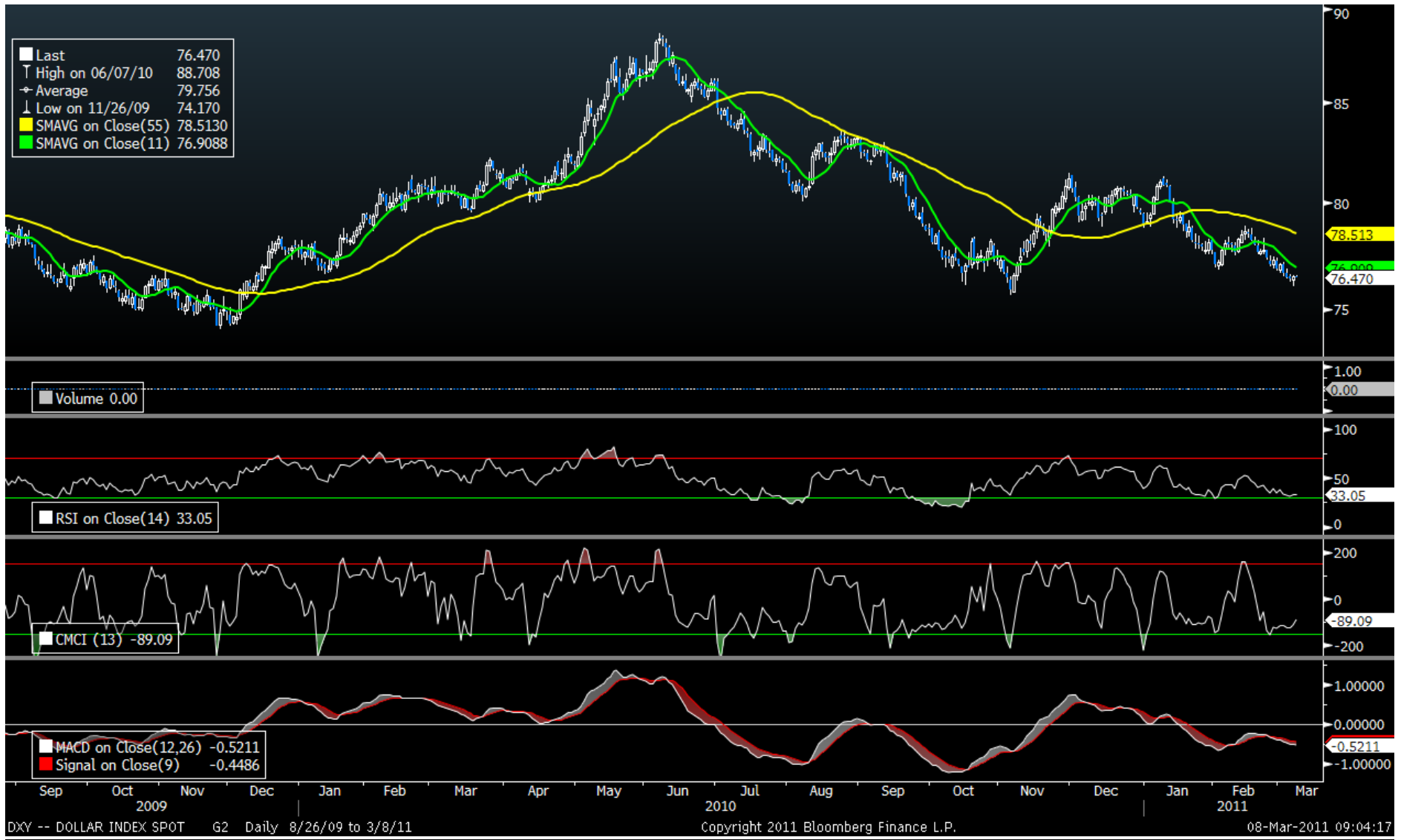
Now looks attractive for reversal, then target to 96

• *Last week our Focus was CHF & JPY to make turn for a interesting opportunities.*

DXY - Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



1- DXY - Daily - 3 Year with RSI, CCI, MACD (11D / 55D SMA)



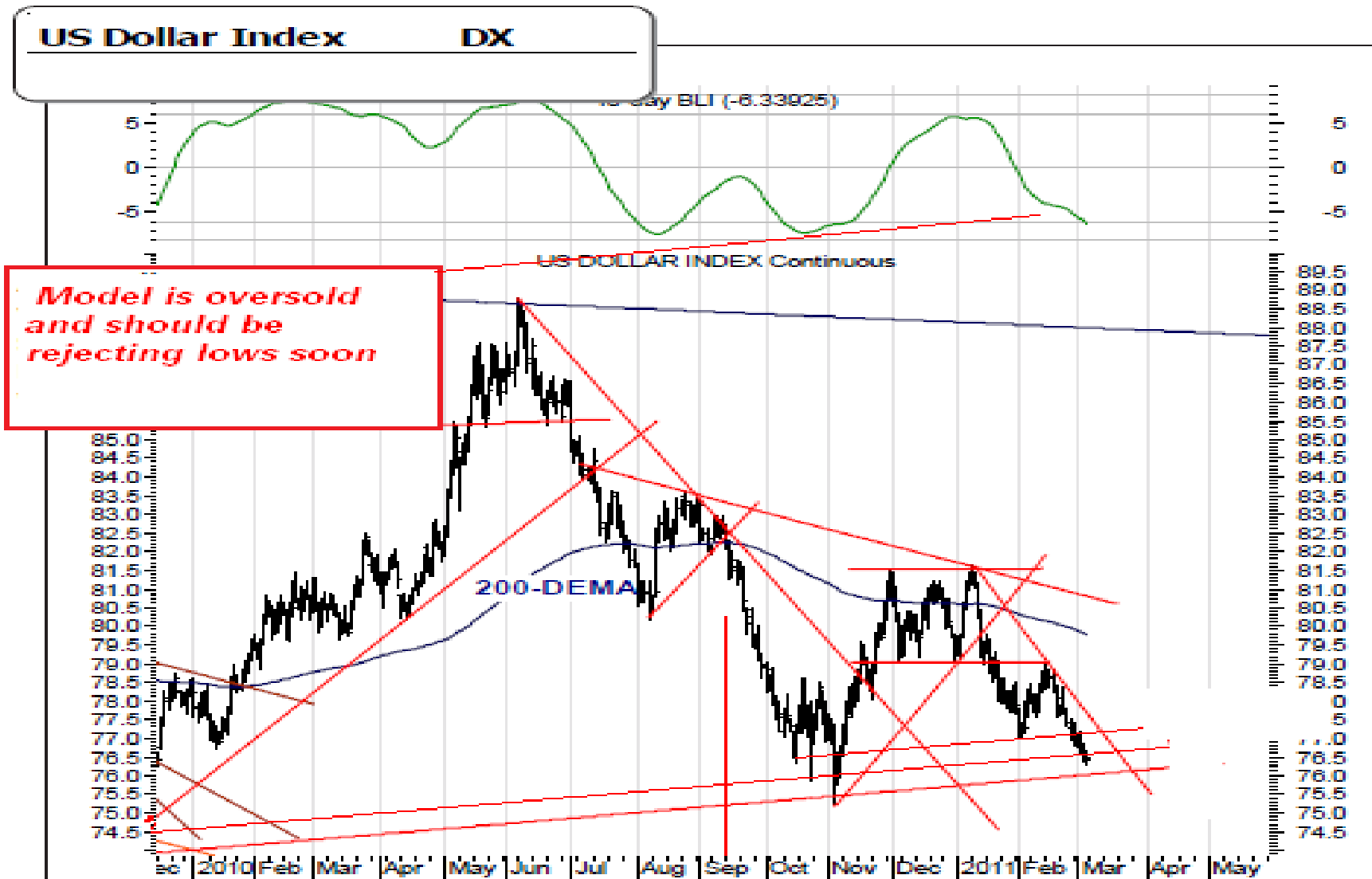
2 – DXY Analysis - **BIG PICTURE**

The Dollar Index continues to base, waiting for the commodity bubble to burst. The next leg up is likely to be the one which coincides with the strong collapse phase in the prices of commodities. If there needs to have a blow off move in Commodity , USD will have to collapse very quickly. It might have a texture of Bear Trap on USD and Bull Trap in Commodity. Such moves tends to happen at the end and give rise to next leg .



2 - USD – POM Analysis

USD will come back into trading range quickly. The Dollar Index remains a long term buy . After hitting the lows @ 3% bullish sentiments it rejected the lows then showed the sign of strength. The impulse wave has started from lows to first target point of 81 +/- .upon completion of this pull back we should begin next leg up. Basing process in Bull Market



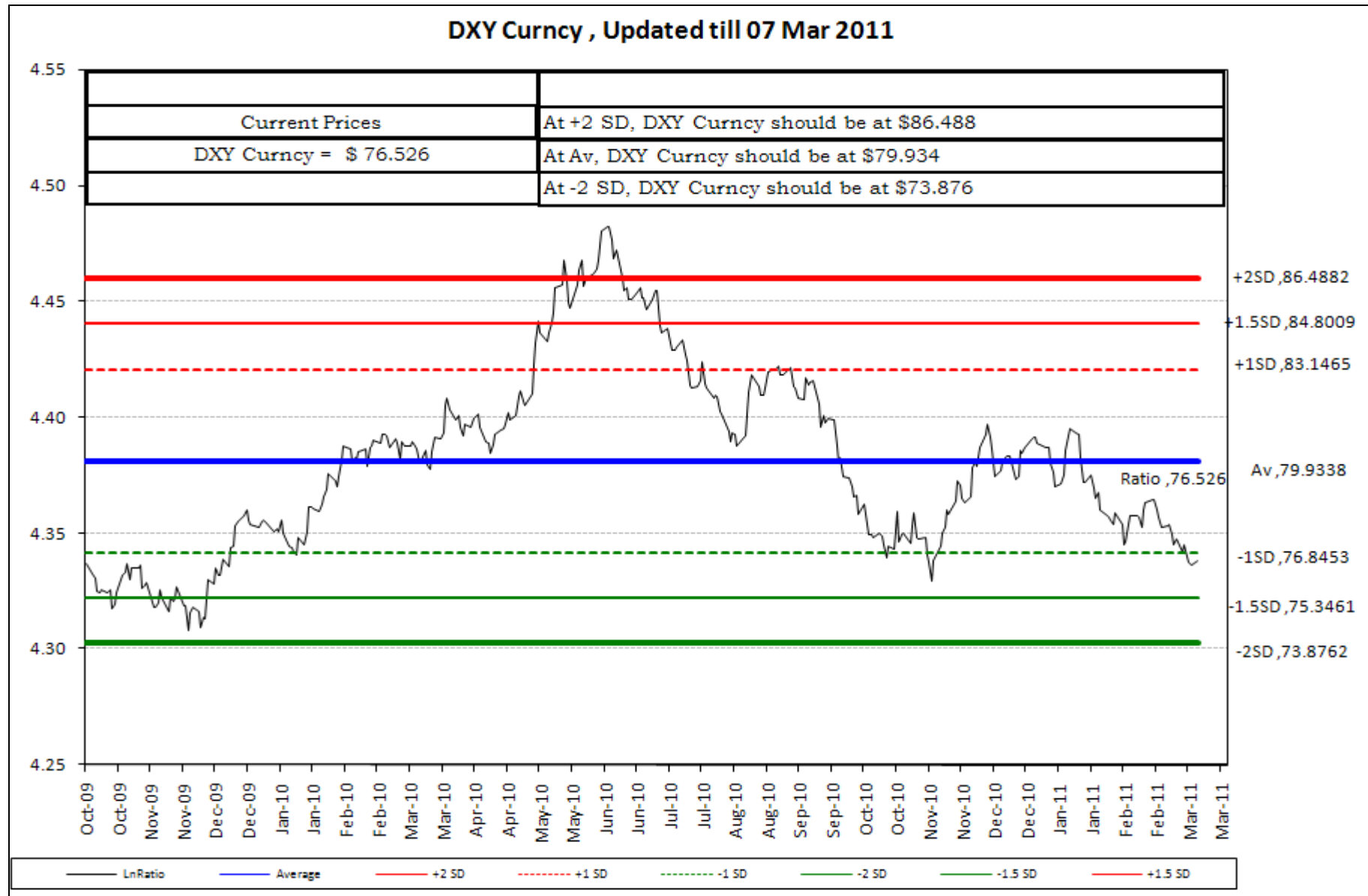
3 - DXY – PEC Analysis - Intermediate term

The support Holding at 76.30 (dipped slightly below) 618 / 786 level of last lows and it is hitting lows with few contracts on downside .

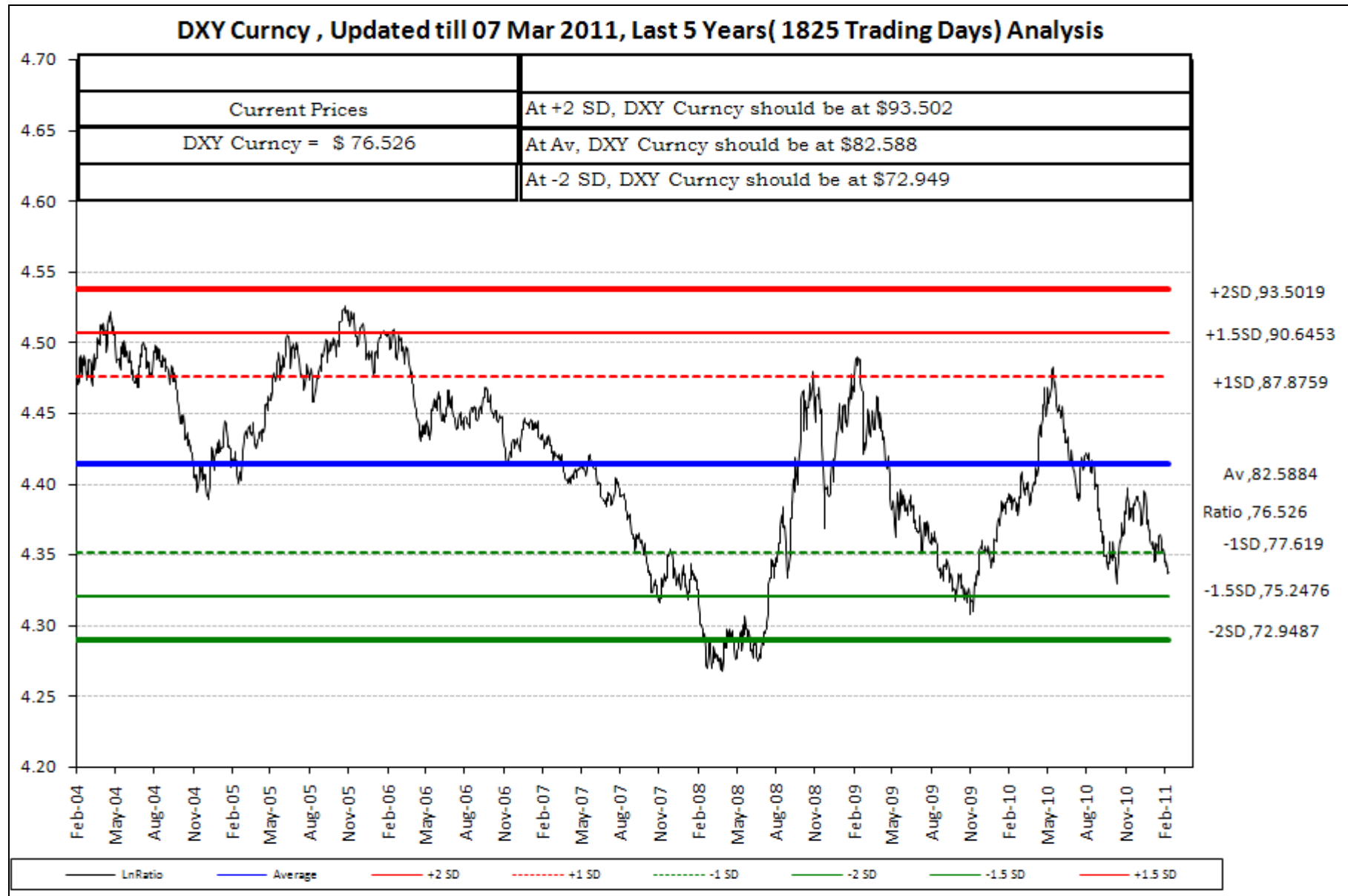
By PEC D Method, The bottom D point was at 77 and it was tested several times, in bullish fashion. Although reached a first target point of 81. The next leg up could come to till potential resistance at the 0.618 level at 85.00. BULL MARKET continues.



DXY Last 365 Analysis



DXY Last 5 yrs Analysis



1- EURO / USD - Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



EURO / USD - Daily - 3 Year with RSI, CCI, MACD (11D / 55D SMA)



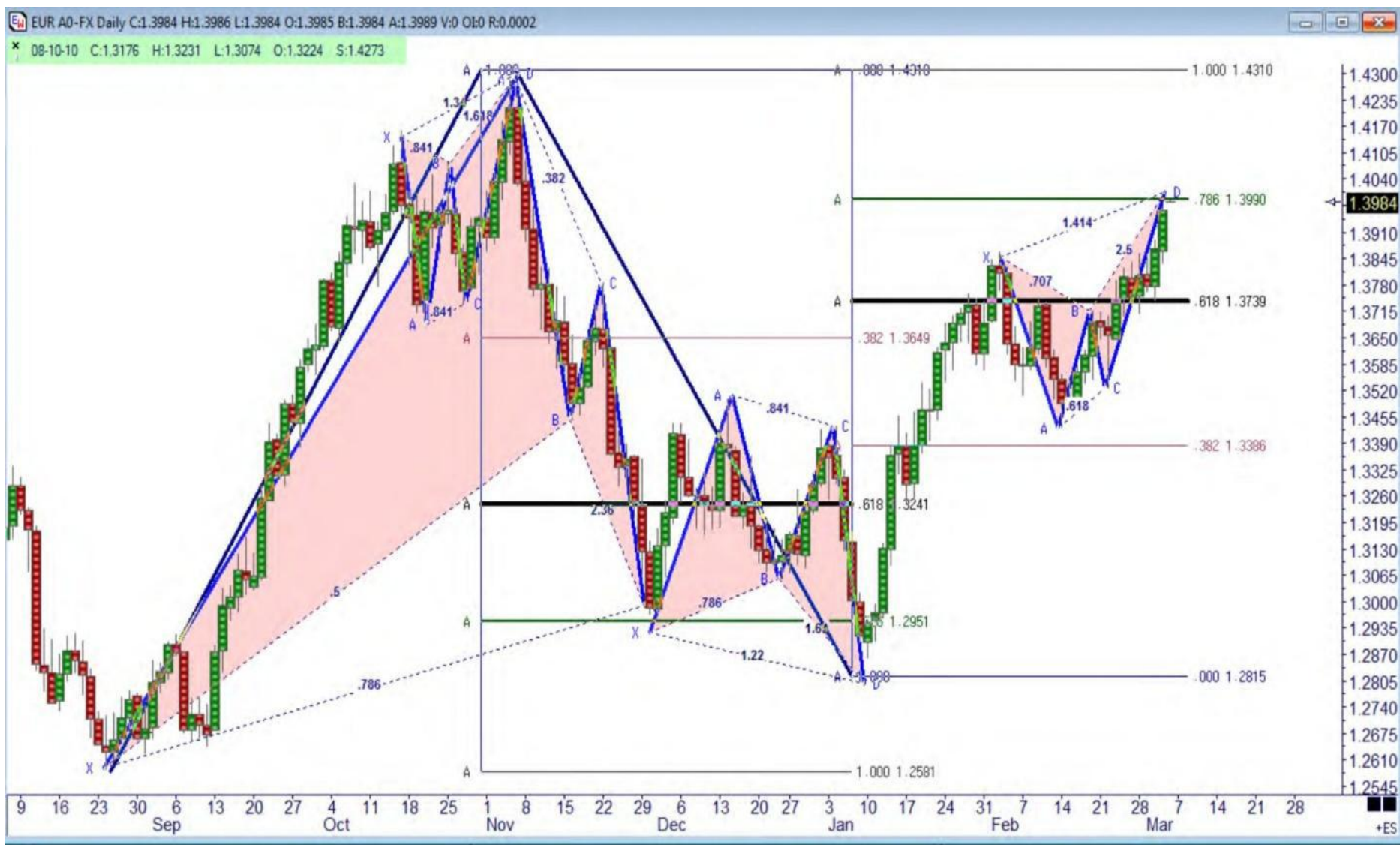
EURO - POM Analysis – **BIGGER PICTURE**

ECB suggested would raise interest rates bolstered the euro last week caused the extension in EURO past our retracement Target of 1.36. However in went into the CZ we indicated in our last week's message. Once the bounce is over we should wait for next signal on downside.



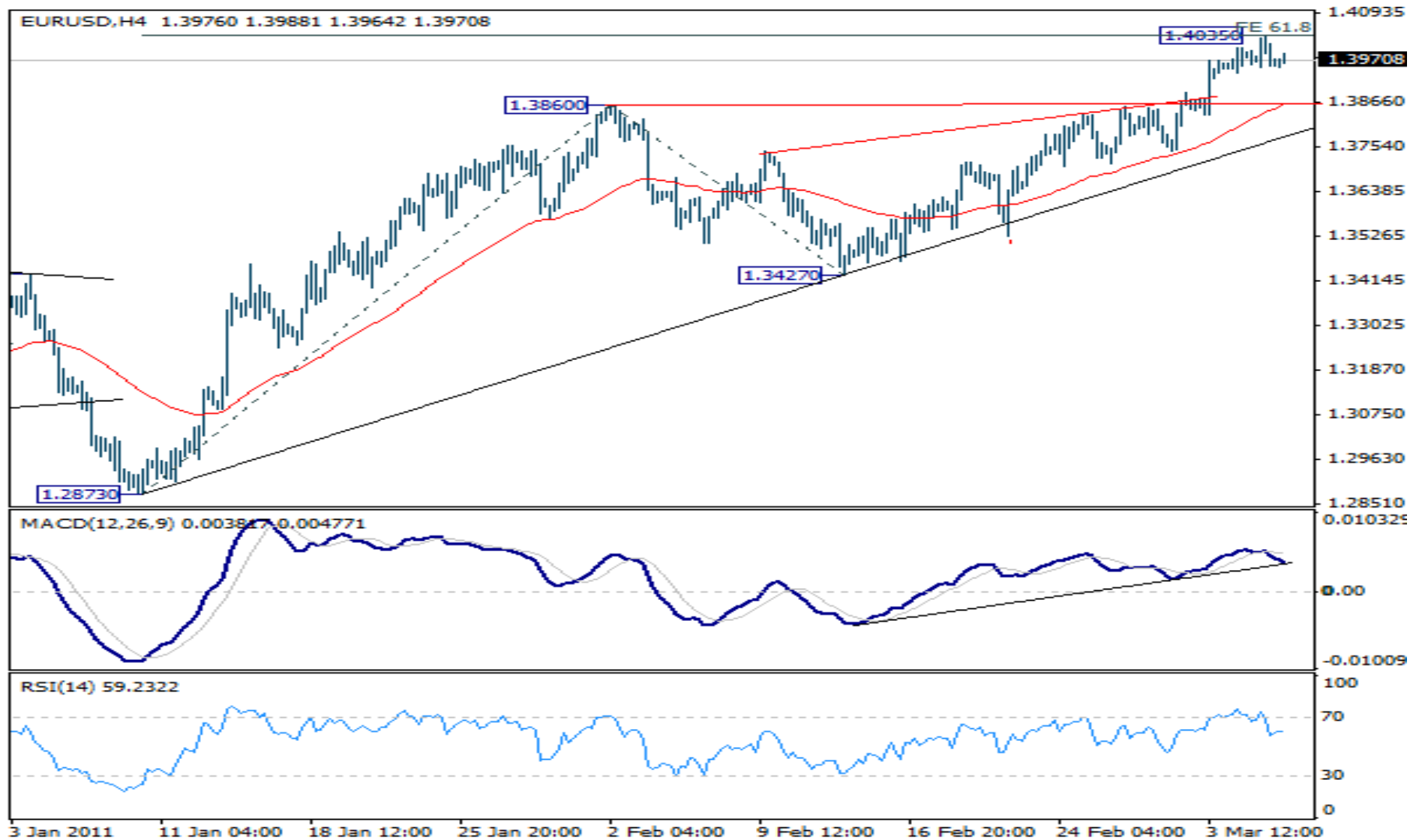
3 - EURO / USD – PEC Analysis - Intermediate term

By PEC D Method, the bounce came in to 0.618 to 1.36 was met as expected, however is now extended to 0.786 which is quite toppy. we could very well be setting up next leg down if it fails at this level.



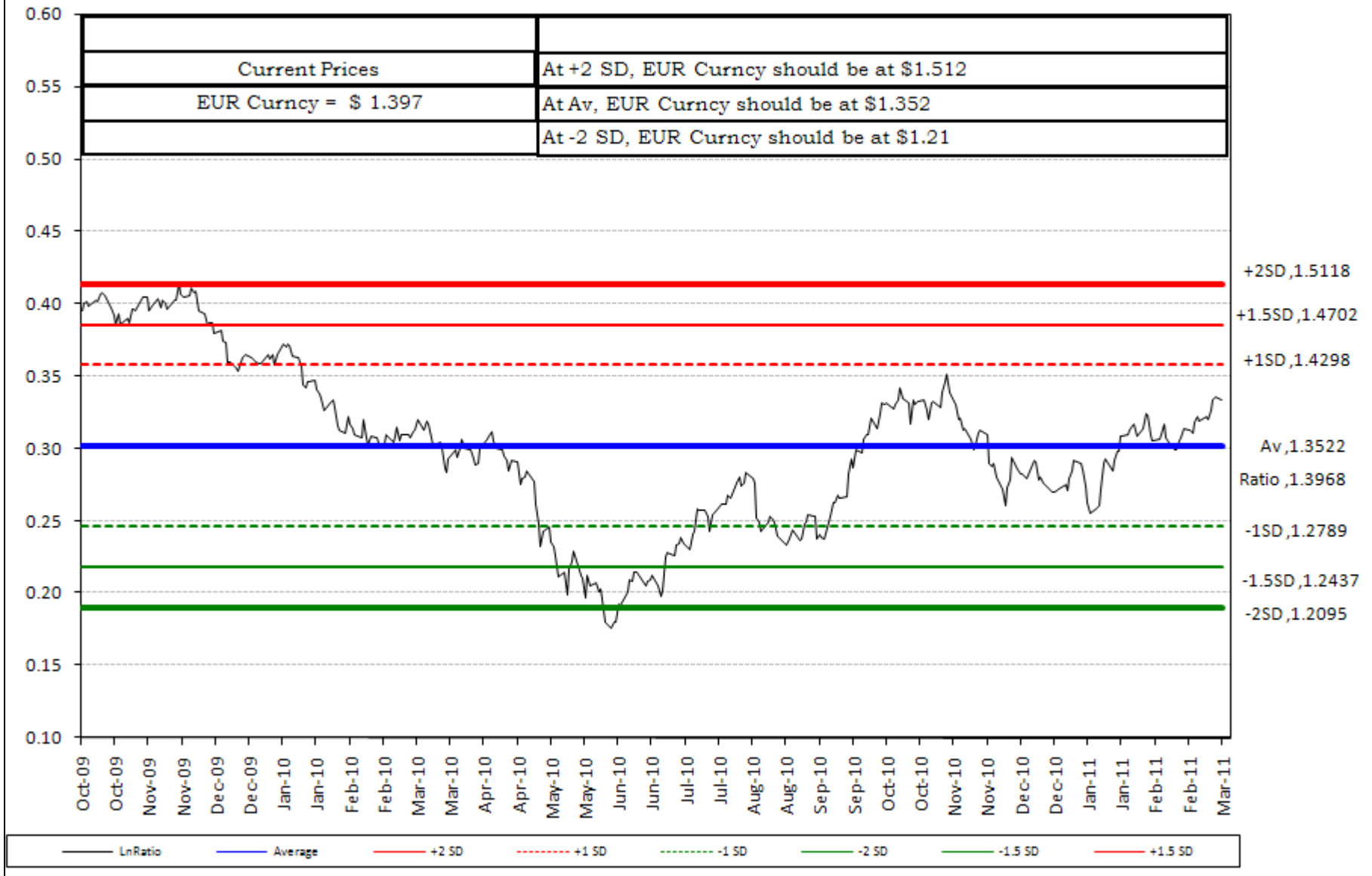
3 - EURO / USD – Tech Analysis

We think first it would pull back to 1.38 and bring another rise. Sustained break of 1.37 may bring more pressure on downside.

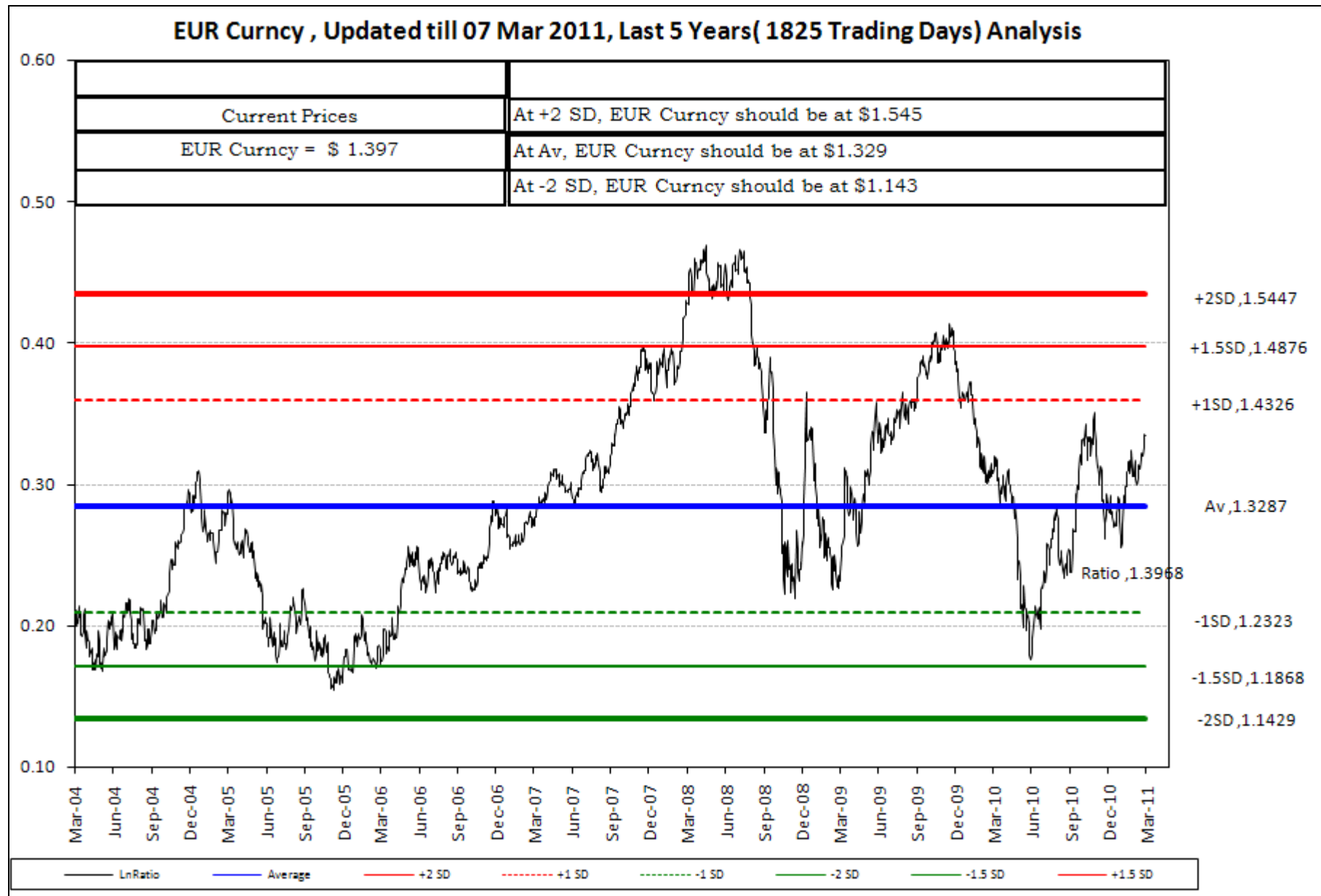


EUR Last 365 Analysis

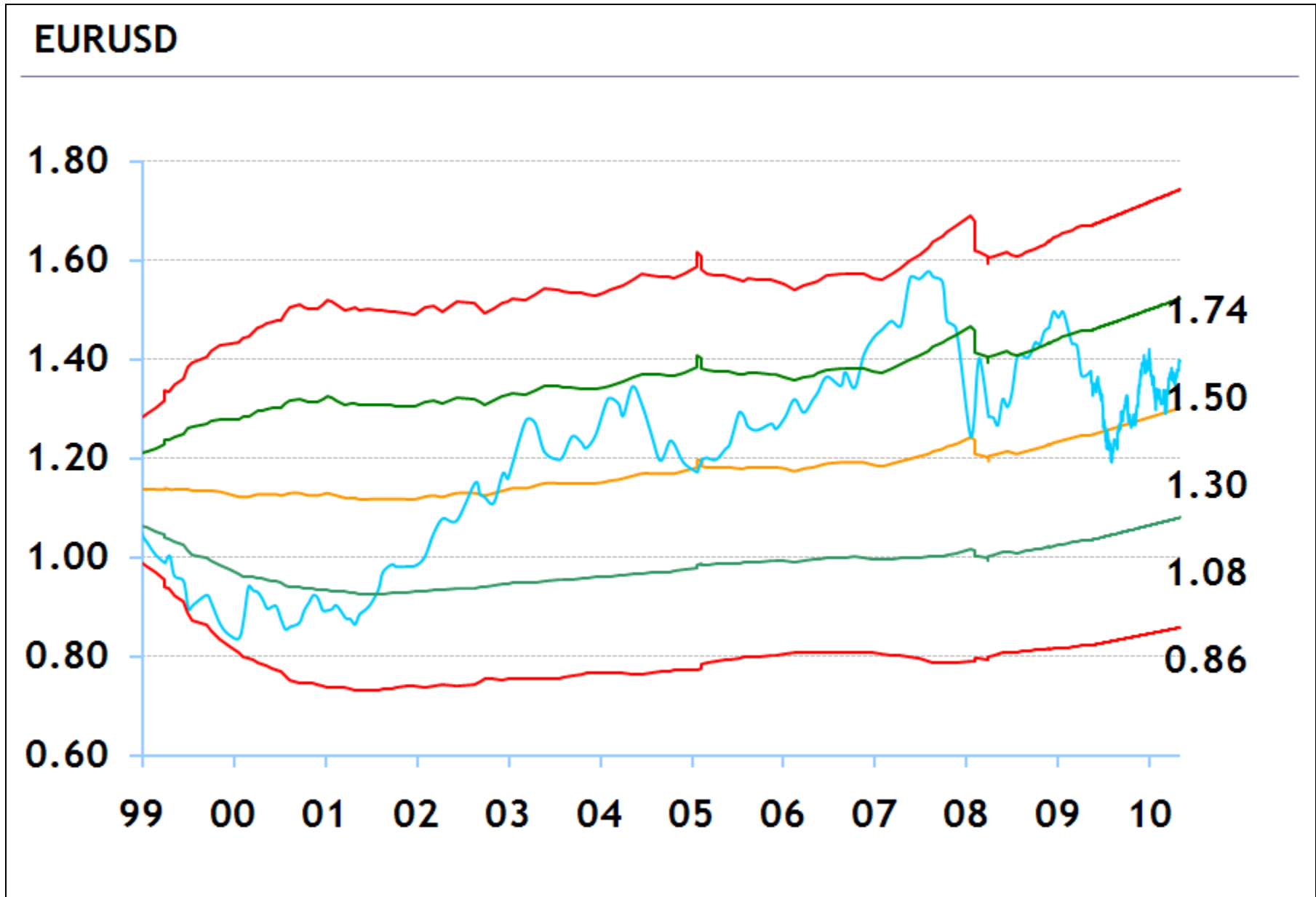
EUR Curncy , Updated till 07 Mar 2011



EUR Last 5 yrs Analysis



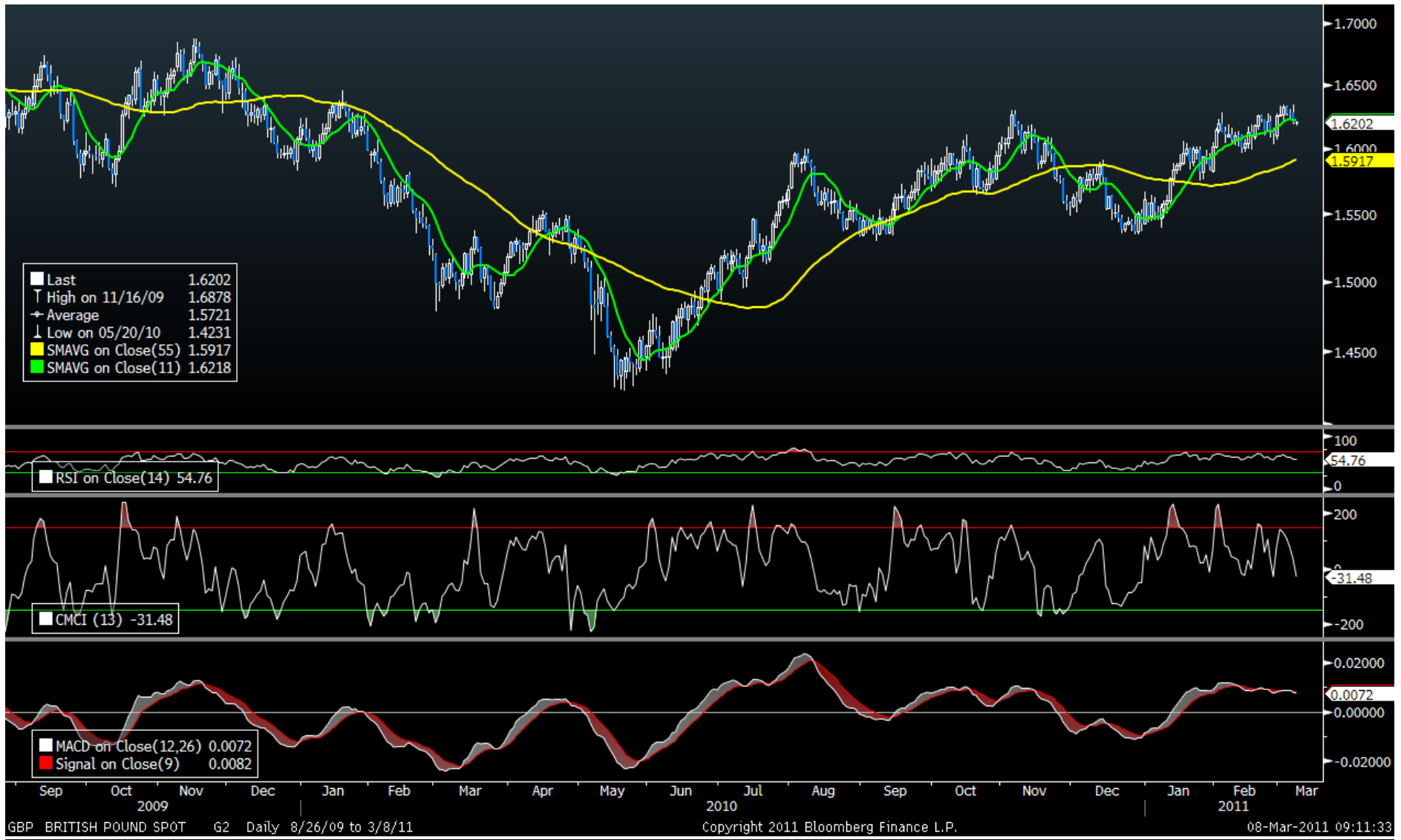
4 - EURO / USD – PPP Reversion & Standard Deviation Analysis – Long Term



1- GBP / USD - Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



GBP / USD - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



2 - GBP / USD – Analysis

GBP/USD failed the break of 1.63 resistance currently below 55 DMA . Now downside break of 1.60 will indicate that a short term top is at least formed and bring deeper pull back. Bu No Trigger by this method.



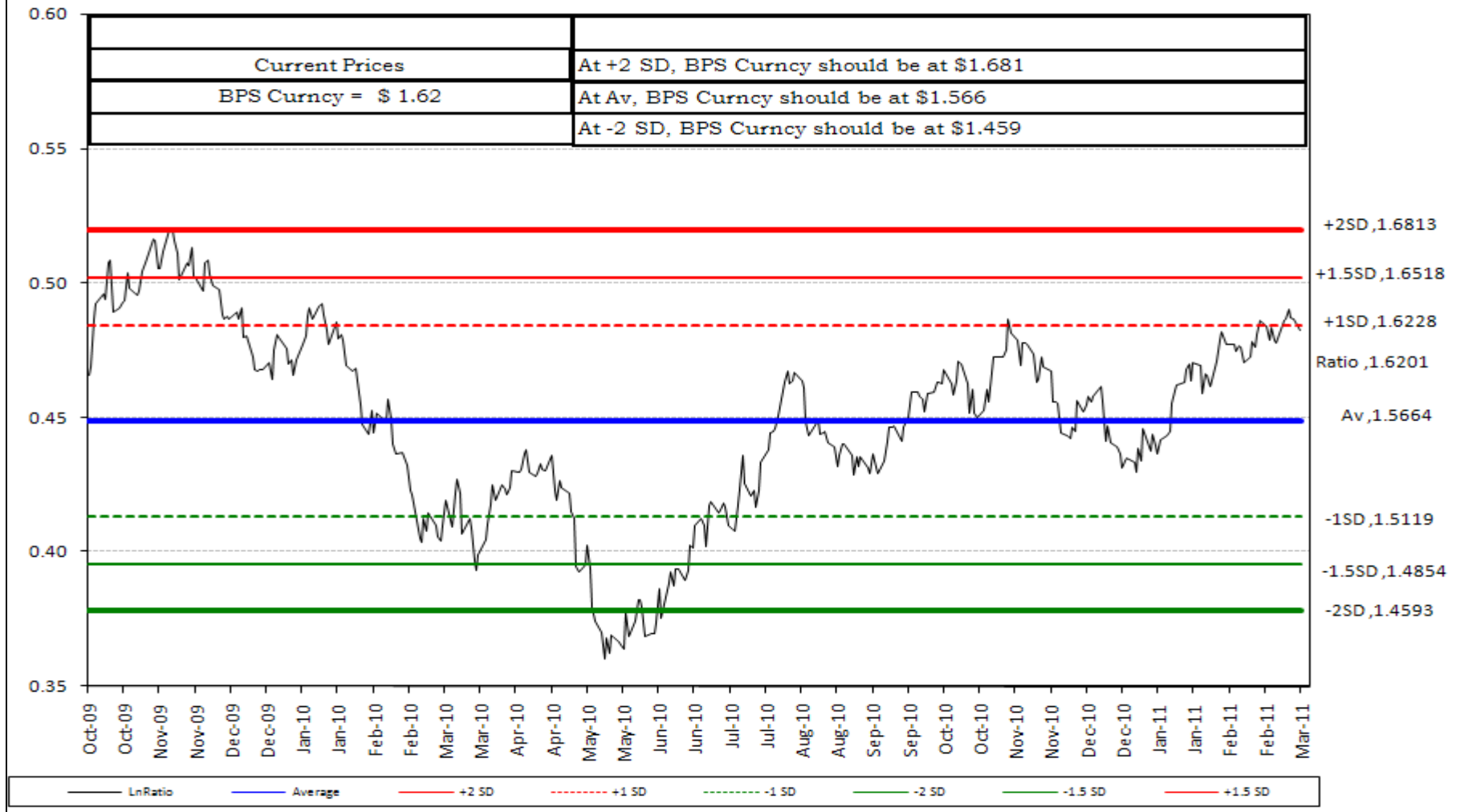
3 - GBP / USD – PEC Analysis - Intermediate term

GBP -USD Our PEC -D @ 618 comes in at 1.63 correctly predicted from last RESEARCH NOTE , We think this is a good Signal by this Method. But not confirmed by above (Stops on other side of PEC D)

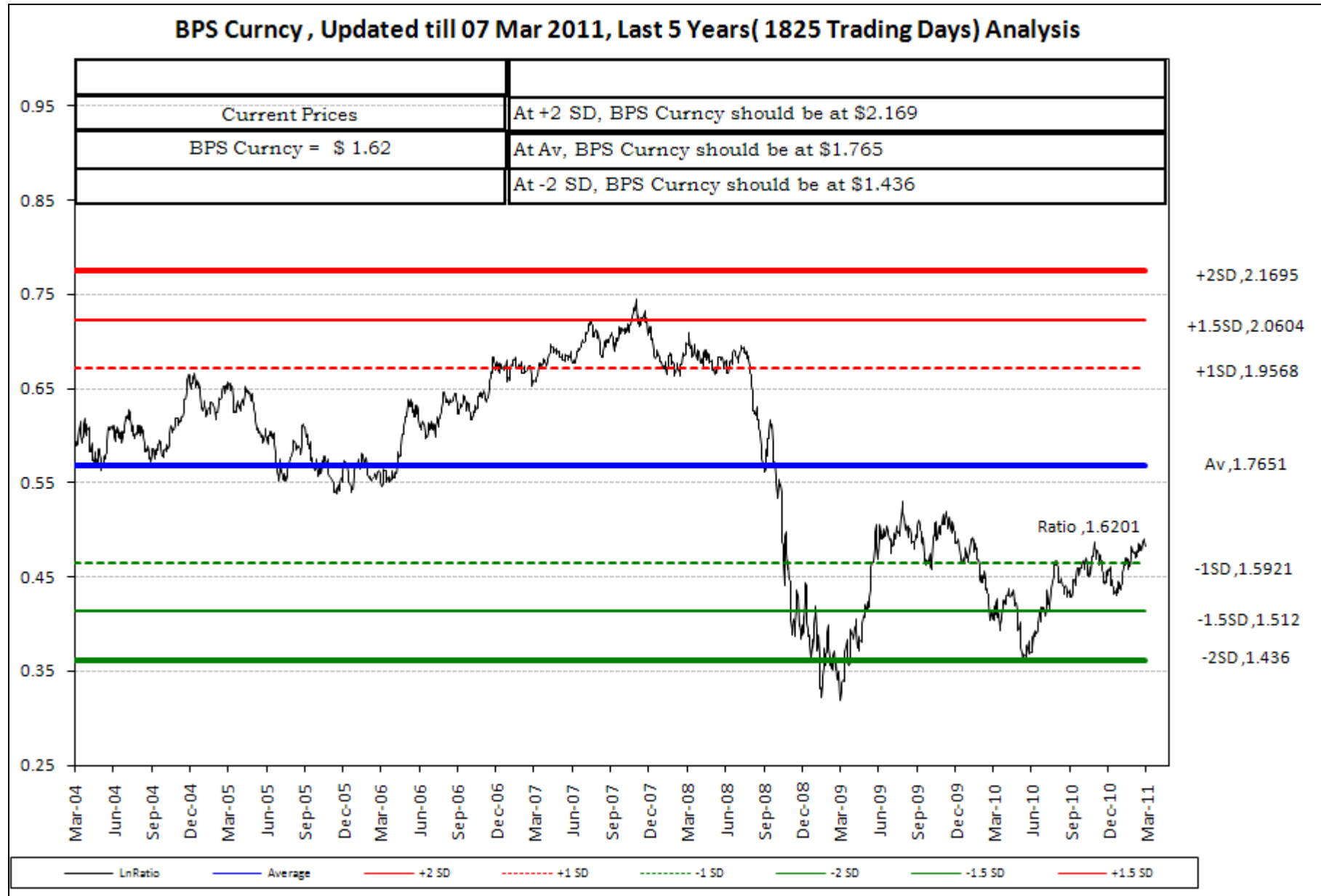


BPS Last 365 Analysis

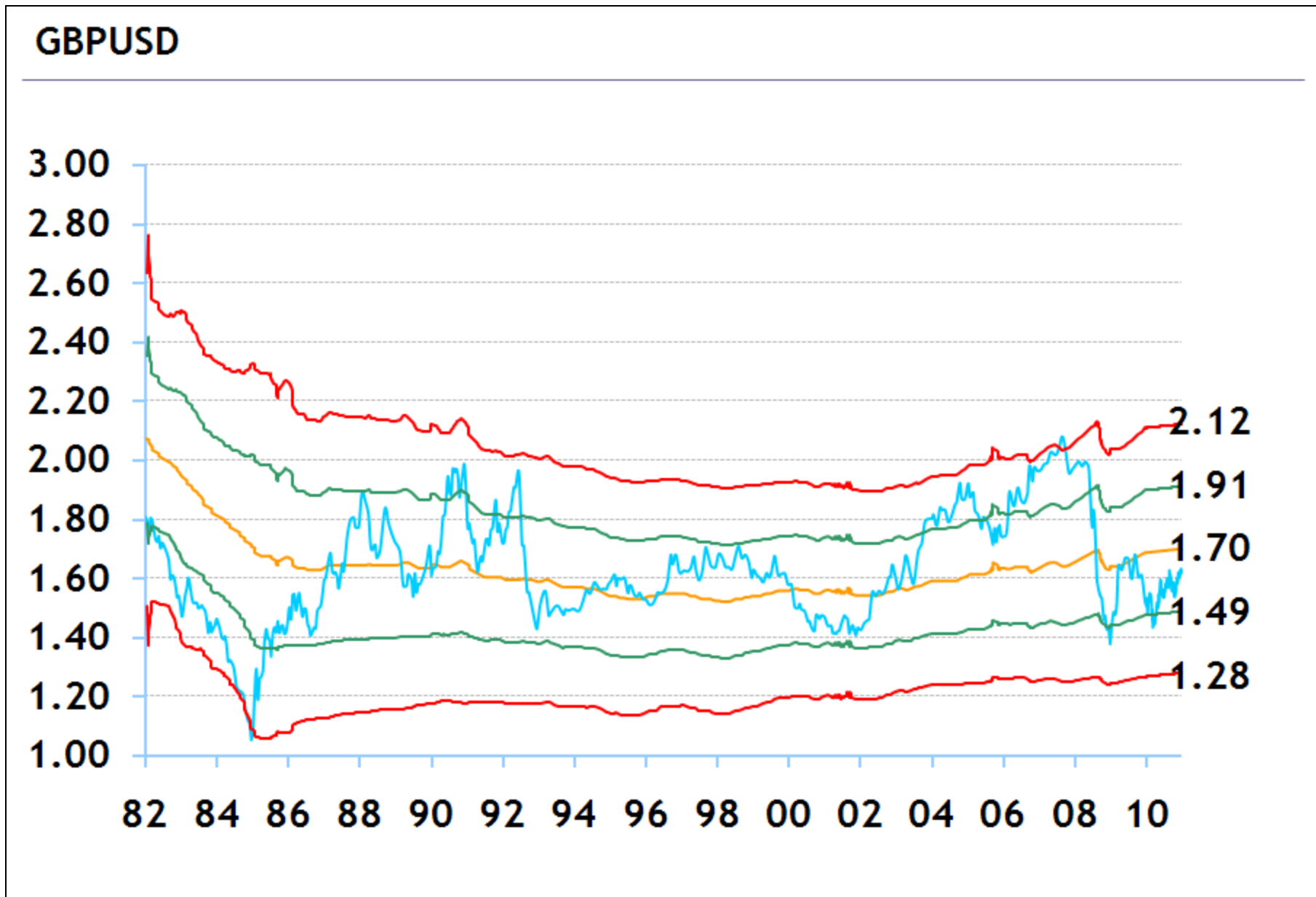
BPS Curncy, Updated till 07 Mar 2011



BPS Last 5 yrs Analysis



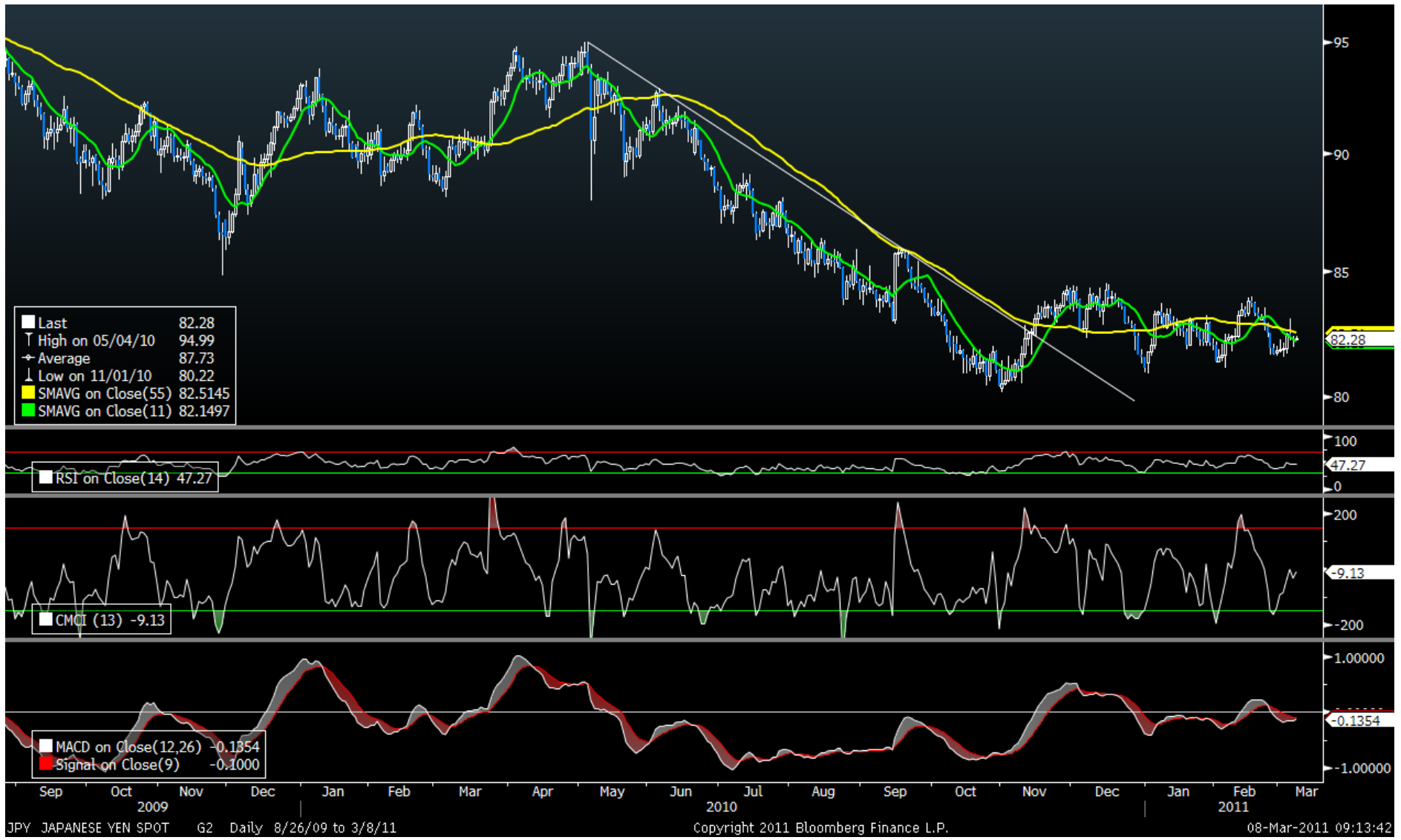
4 - GBP / USD – PPP Reversion & Standard Deviation Analysis – Long Term



1- JPY / USD - Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



2- JPY / USD - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



YEN / USD - PEC Analysis

The Yen, Tremendous Long term potential, This appears similar to USD building up bases PEC D Confirmed at 81



YEN / USD - Tech Analysis

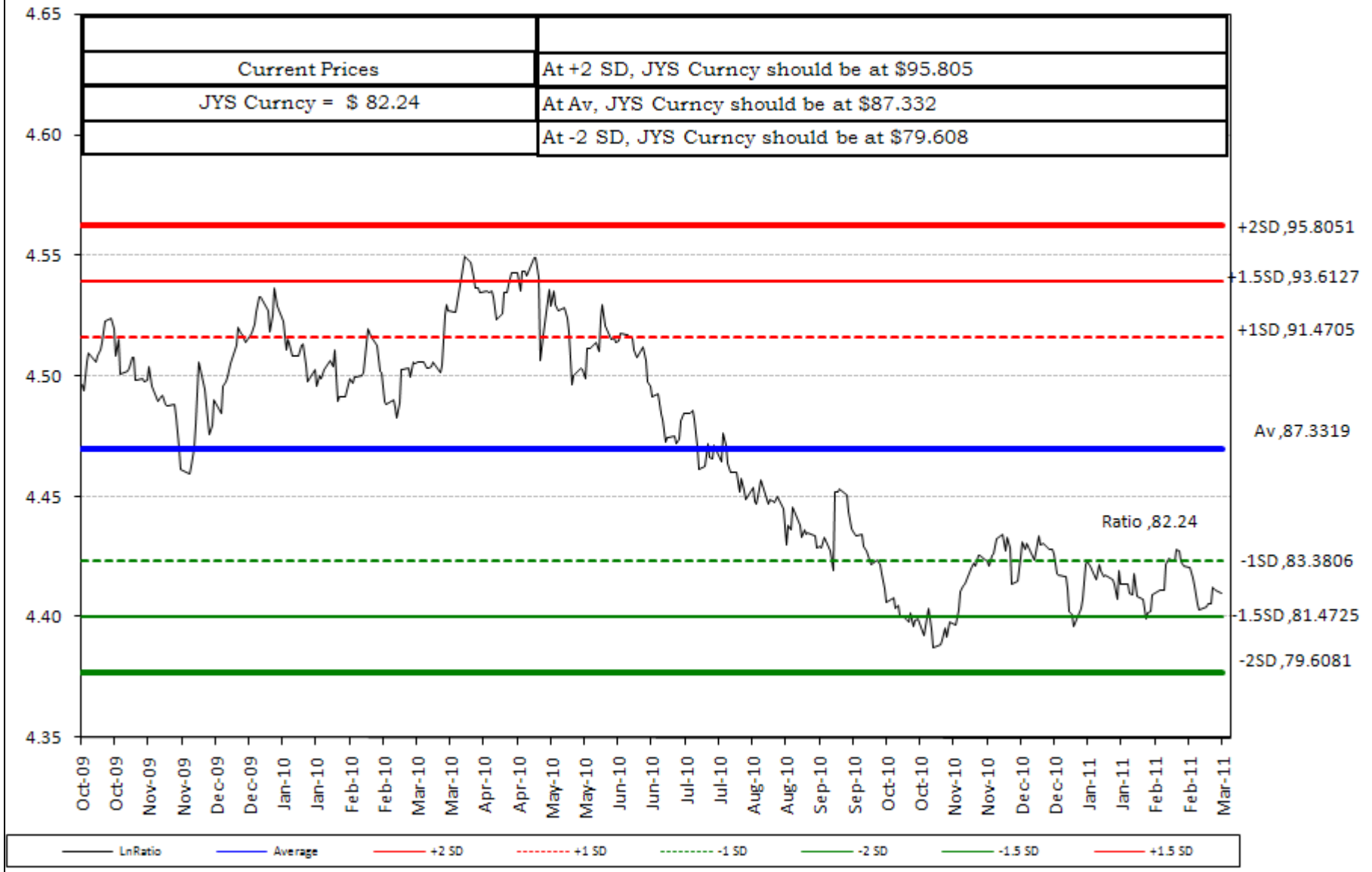
USD/JPY's , recent Triangular consolidation indicated last week broke out and quickly broke out to 83 , which represents strong limit upside. On the downside, below 81.60 will turn bias back to the downside for 80.90 support first. Although Long term this will make a big move but Short term use stop around those key break Numbers.

Now above 83.02 will bring another rise but upside of any further rebound should be limited by 83.96 resistance..

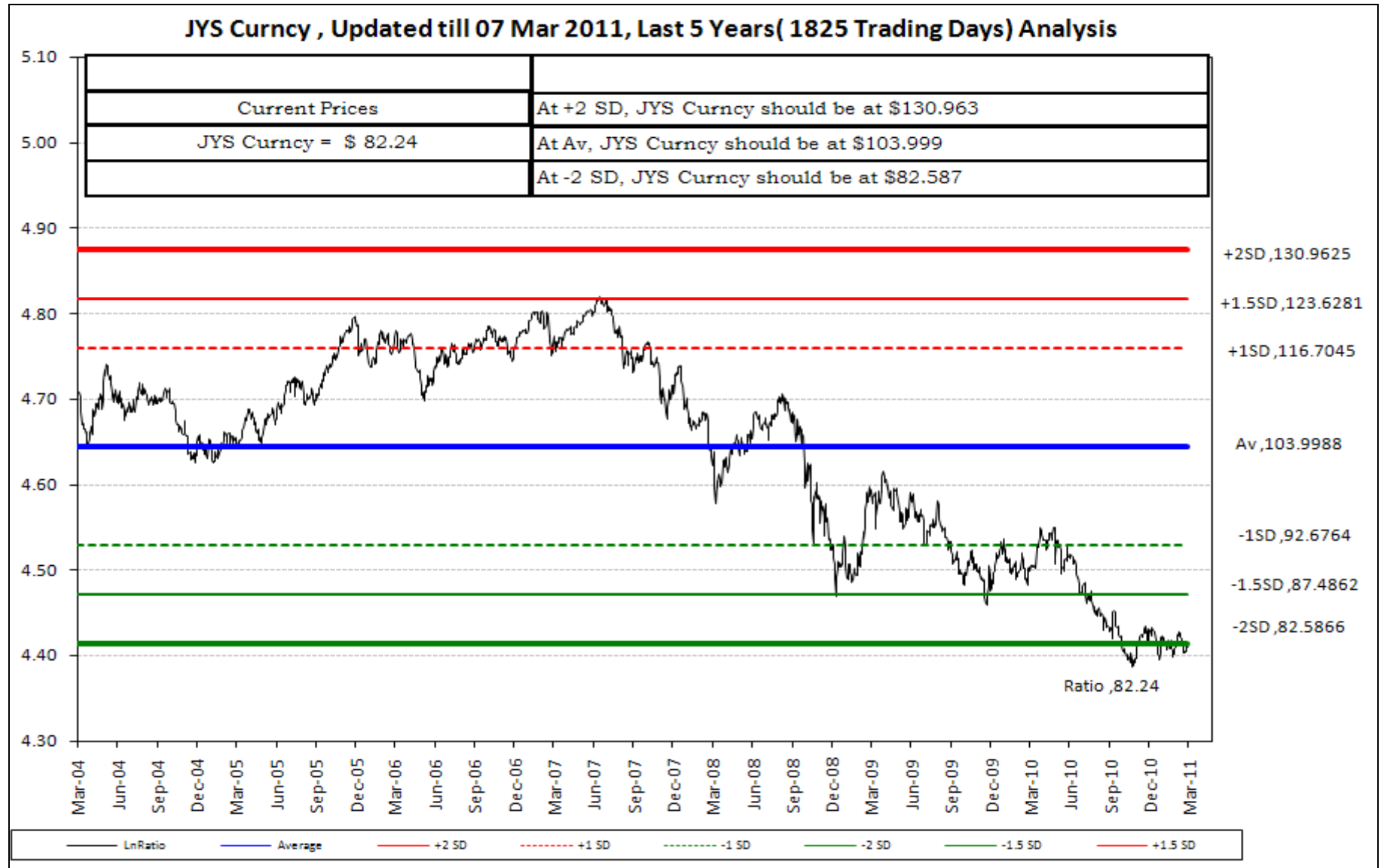


JYS Last 365 Analysis

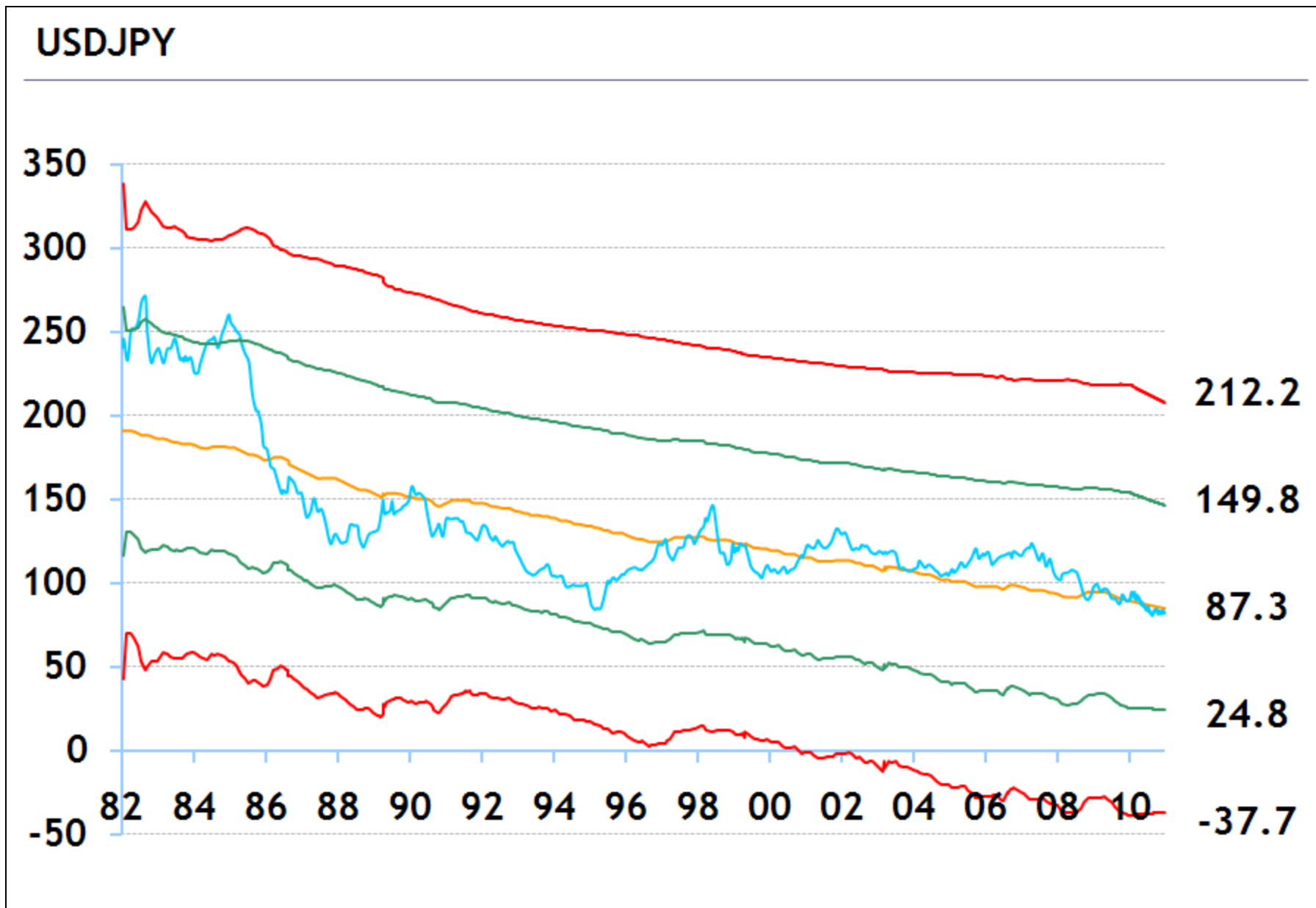
JYS Curncy , Updated till 07 Mar 2011



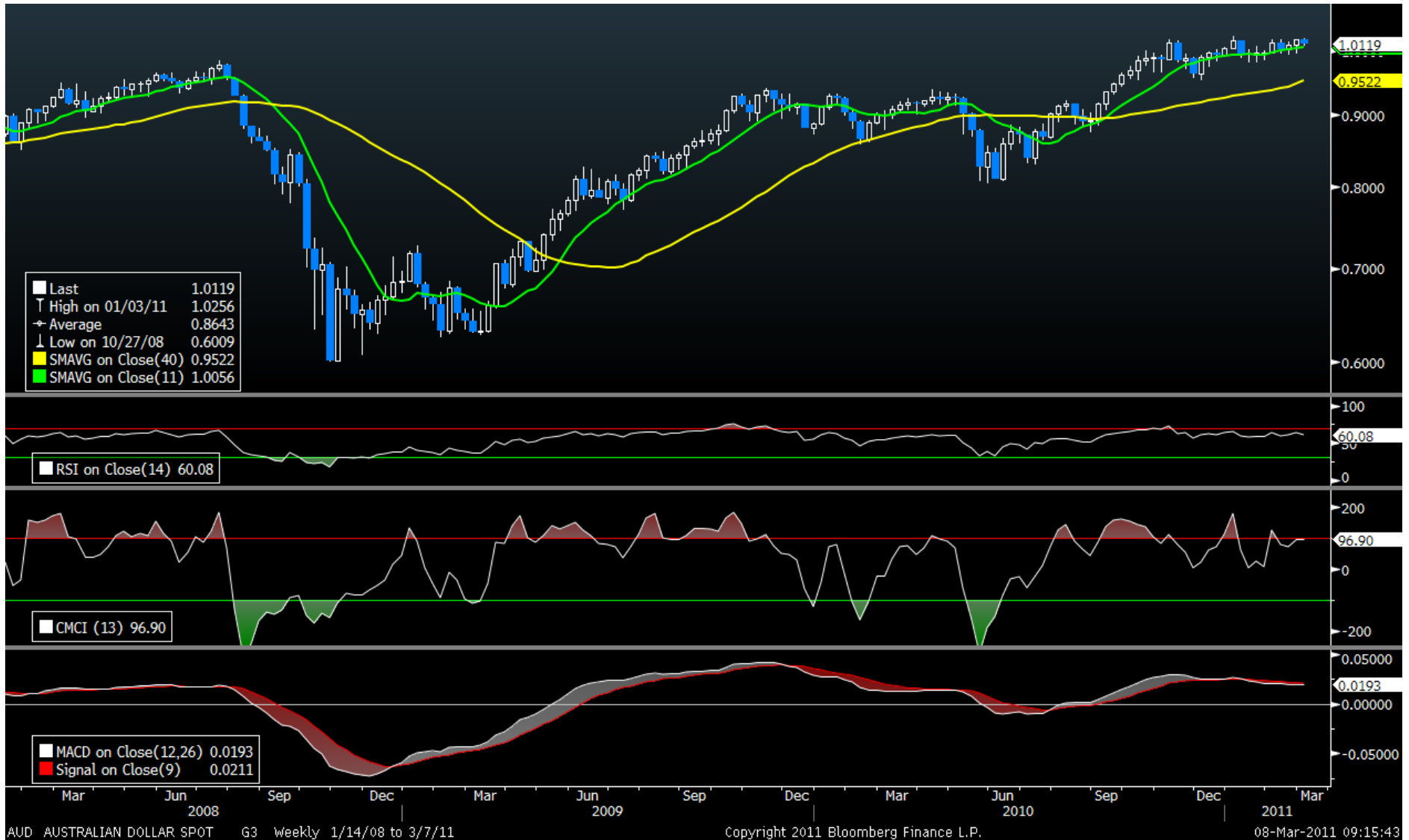
JYS Last 5 yrs Analysis



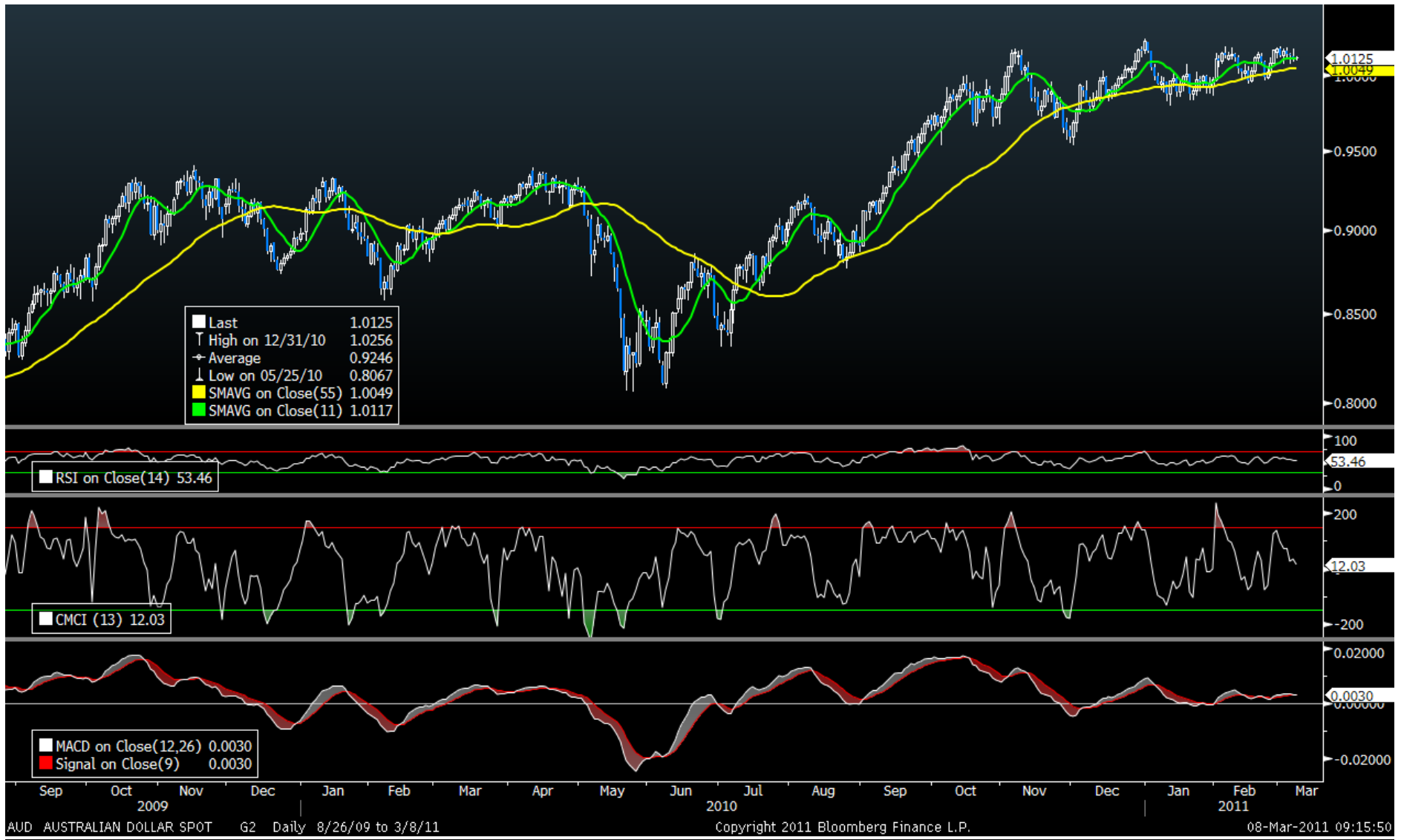
4 - JPY / USD – PPP Reversion & Standard Deviation Analysis – Long Term



1- AUD / USD - Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)

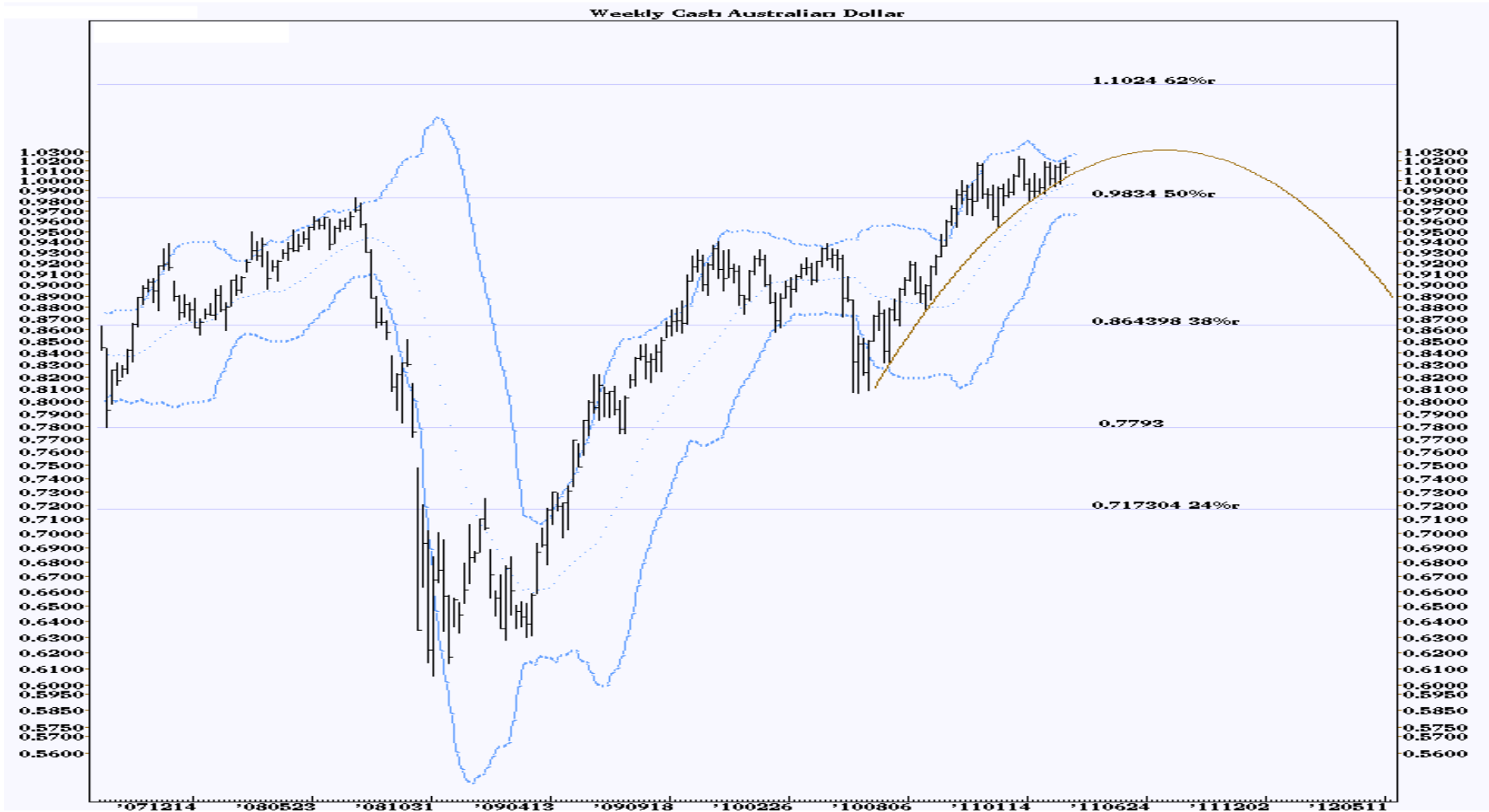


AUD / USD - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



3 - AUD / USD -Analysis

Aussie Dollar, which appears to be close to the end of the contracting triangle pattern it has been in. If that pattern call is correct, we expect to see a thrust rally before end march . It is climbing the Poly Trend line. We would wait for new position. No breakdown yet, but signs of rolling over a top are clearly evident . When the breakdown does come, the downside potential will be extremely strong below poly trend curve at 99.



AUD/USD - PEC Analysis

By this method, Australian dollar, which is closely linked to commodities prices, is also potentially forming a peak at this level and was unable to make new highs when we experienced big moves in commodities.

For new position would wait for 1.02 to be rested.



1 - AUD / USD – POM Analysis

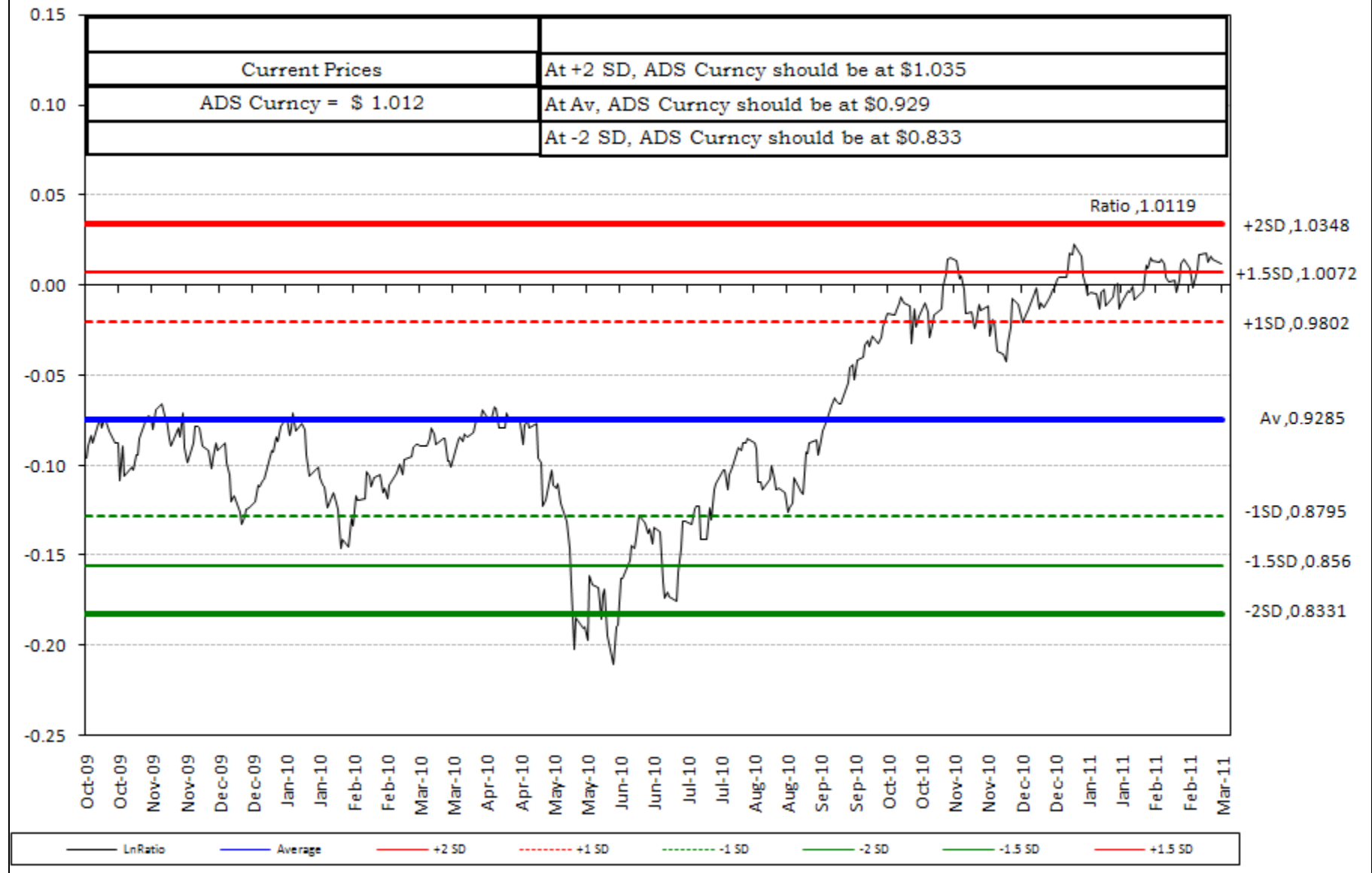
AUD/USD , the thrust rally is still on cards. Another efforts will be made . Mid term upside momentum is clearly seen diminishing with bearish divergence condition in daily MACD, but still drawing strong support from 55 DMA. Recent THURST will target another high above 1.02. On the downside, break of 0.99 support is needed to be the first signal of topping to 95 based on bearish wedge .

Although Long term this will make a big move to downside but Short term use stop around those key break Numbers.

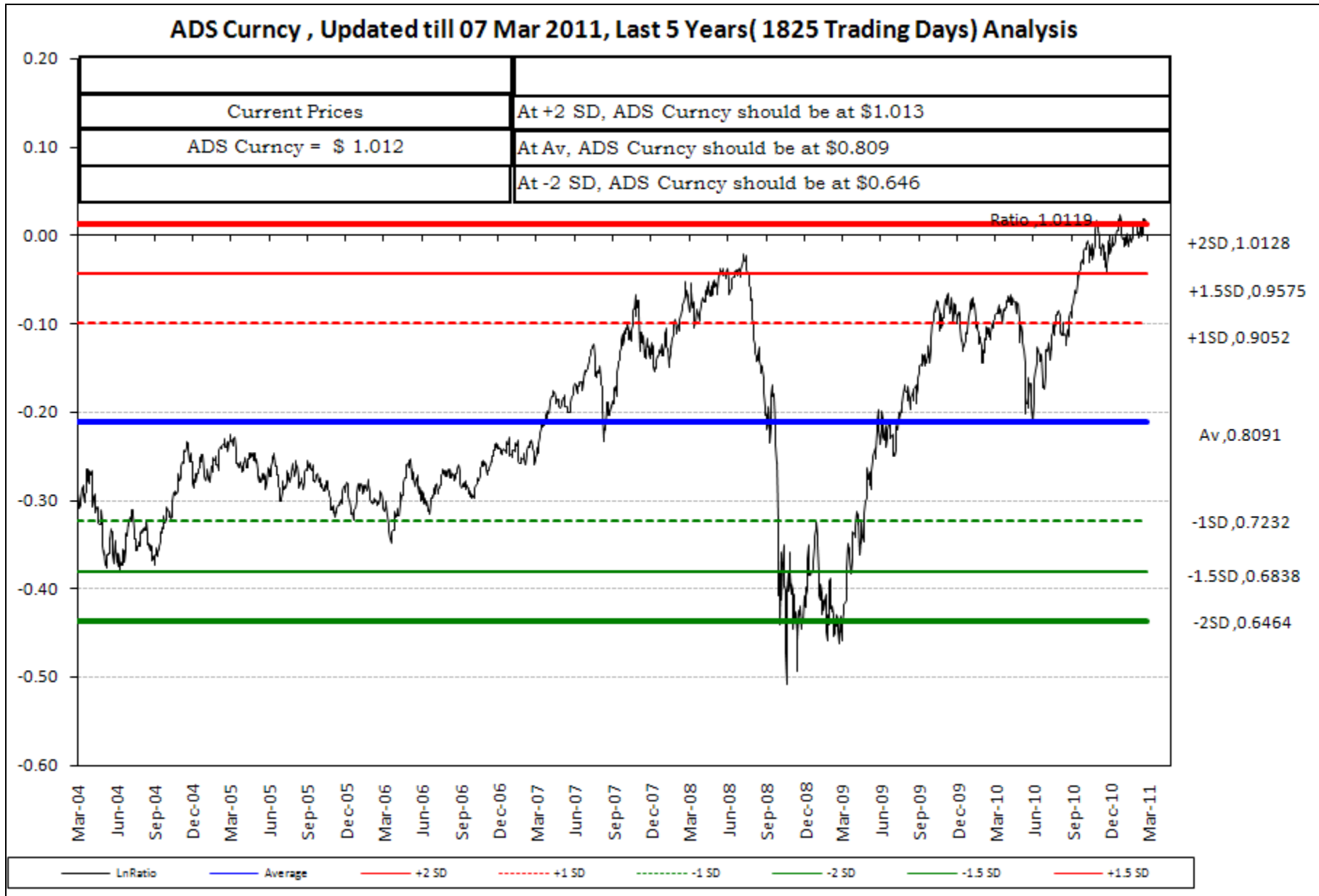


ADS Last 365 Analysis

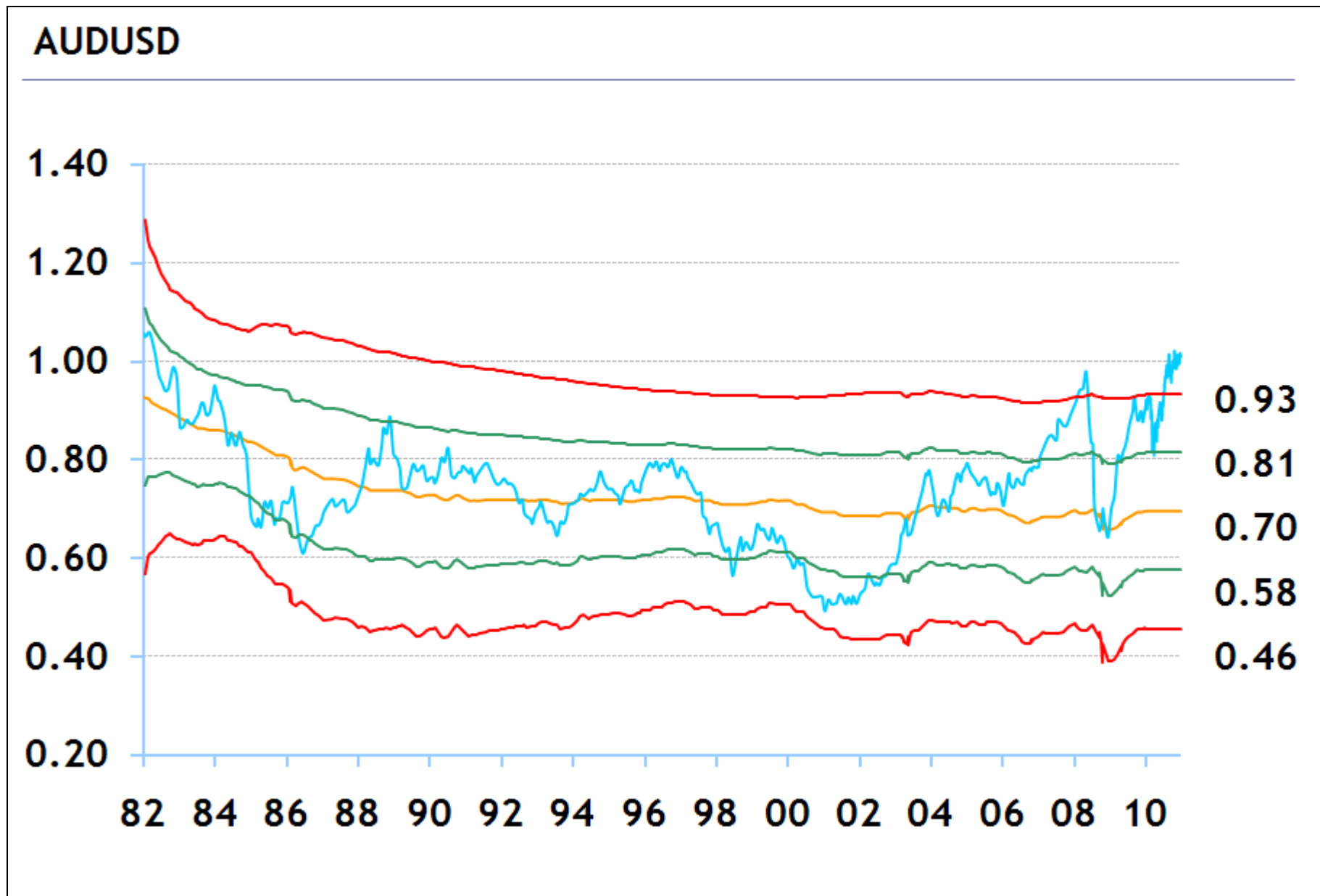
ADS Curncy , Updated till 07 Mar 2011



ADS Last 5 yrs Analysis



4 - AUD / USD – PPP Reversion & Standard Deviation Analysis – Long Term

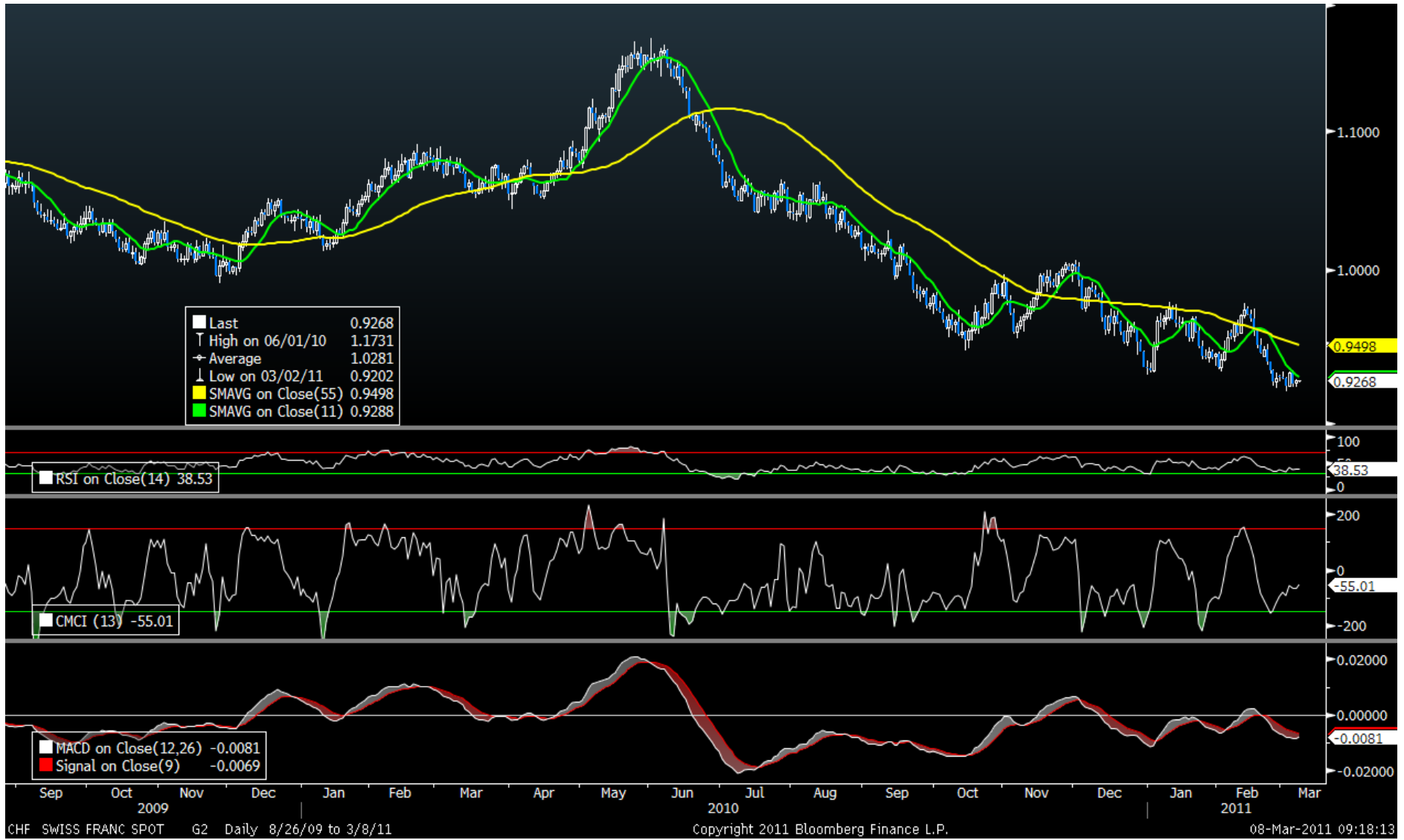


1- CHF / USD - Weekly – 3 Year with RSI, CCI, MACD

(11 W / 40 W SMA)



2- CHF / USD - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



JPY / USD – PEC Analysis -

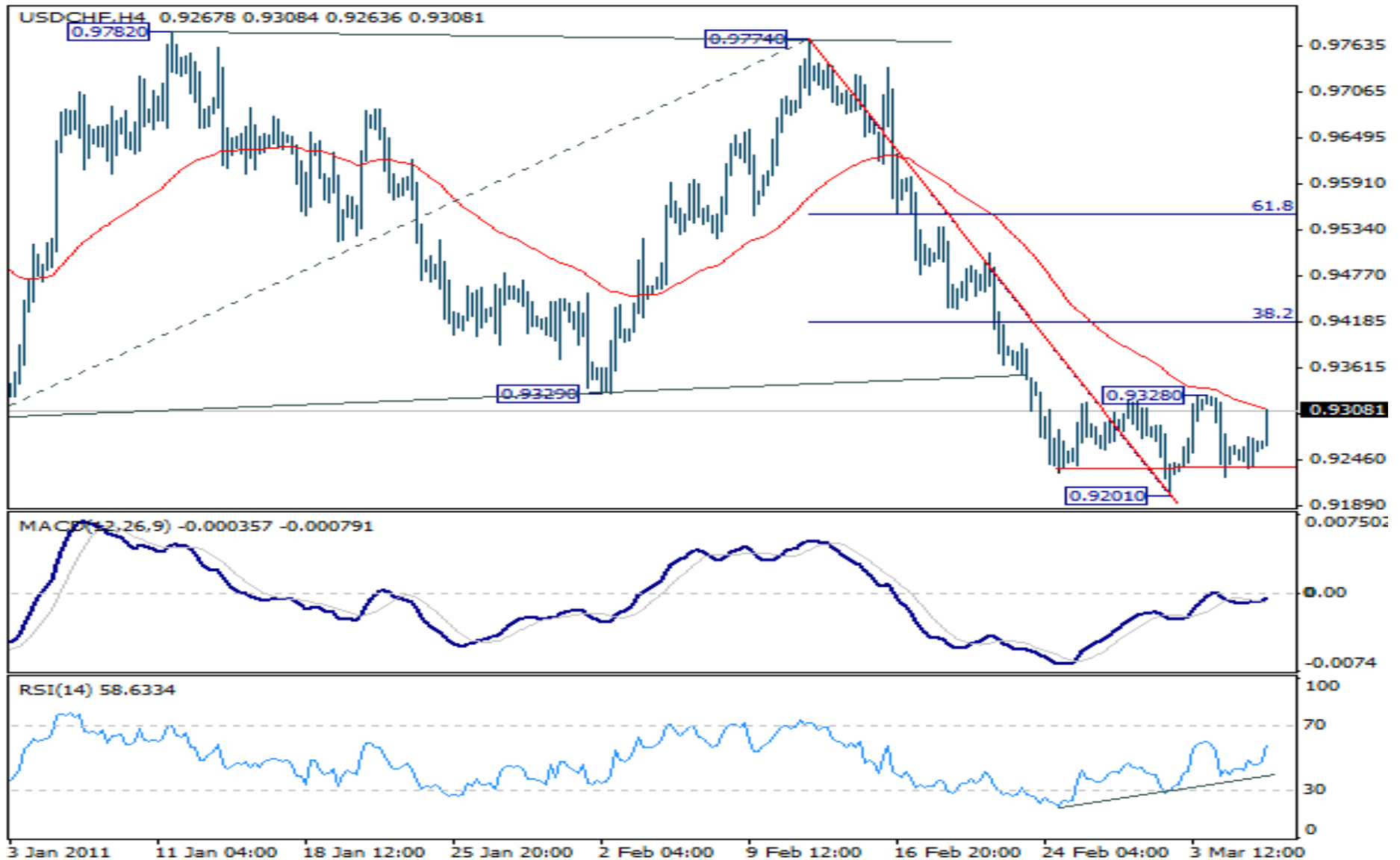
Reaching PEC D @ We reached our retracement target 92 @ 0.27 as we had indicated last week and it had the turn .
This looks like good opportunity on Risk reward for rally to 96 first

Although Long term this will make a big move but Short term use stop around those key break Numbers.



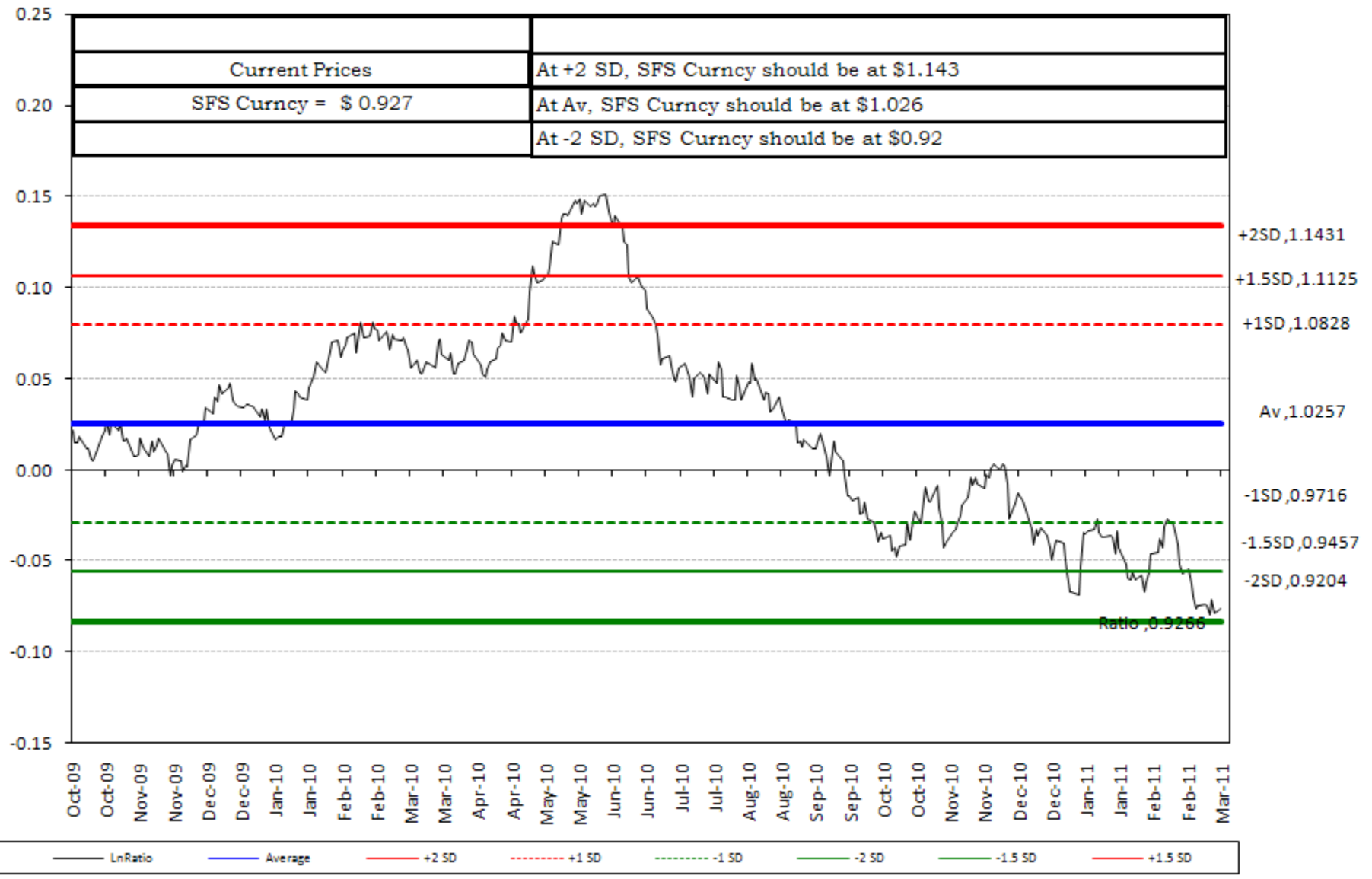
2 - CHF / USD – Analysis – (Tech)

USD/CHF's last week was forming decline wedges with RSI Diverging bearishly and the on its completion broke upside. However, we'd still expect resistance at 38.2% - 61.8% retracement of 0.95 to limit upside .

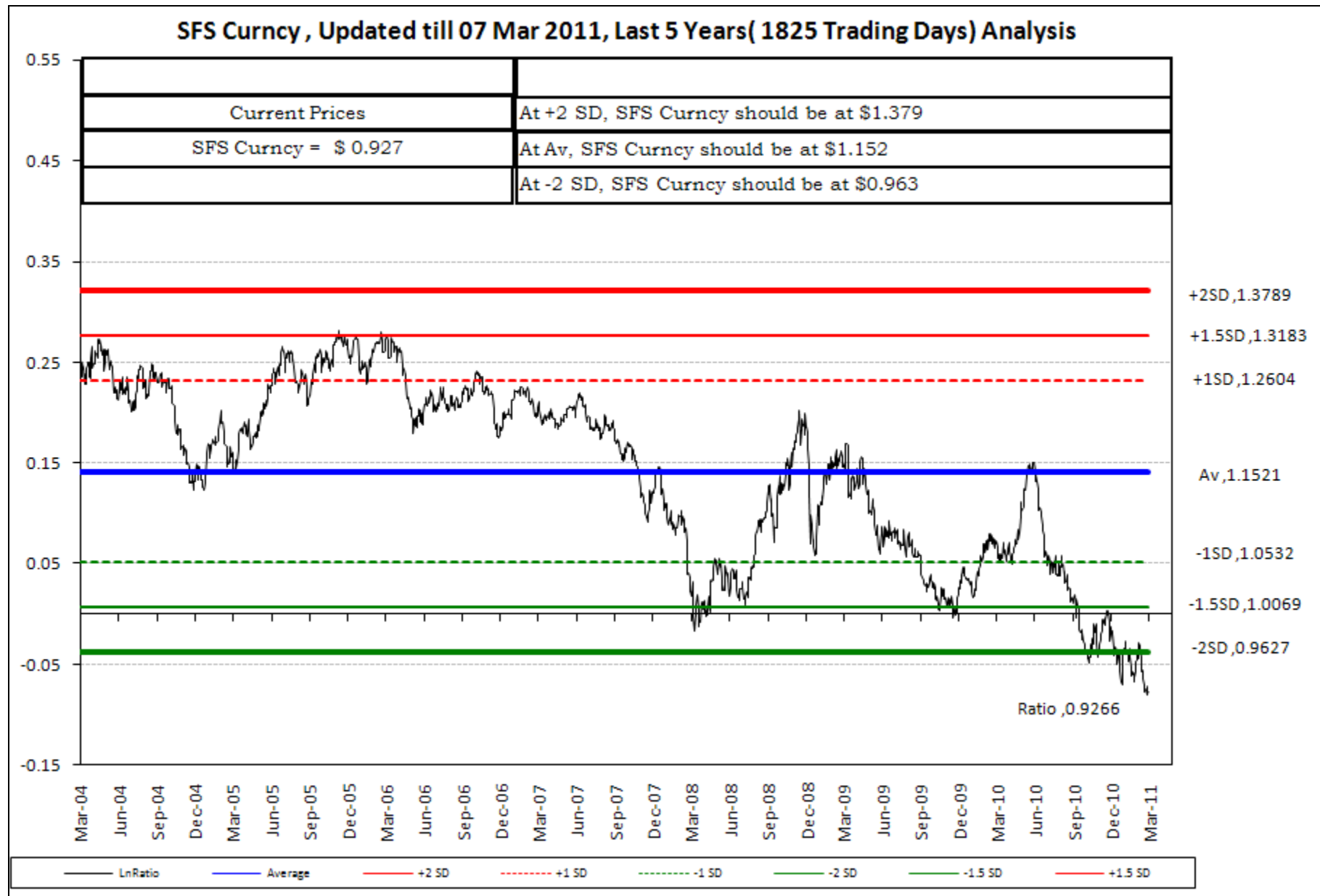


SFS Last 365 Analysis

SFS Curncy , Updated till 07 Mar 2011



SFS Last 5 yrs Analysis



4 - CHF / USD – PPP Reversion & Standard Deviation Analysis – Long Term

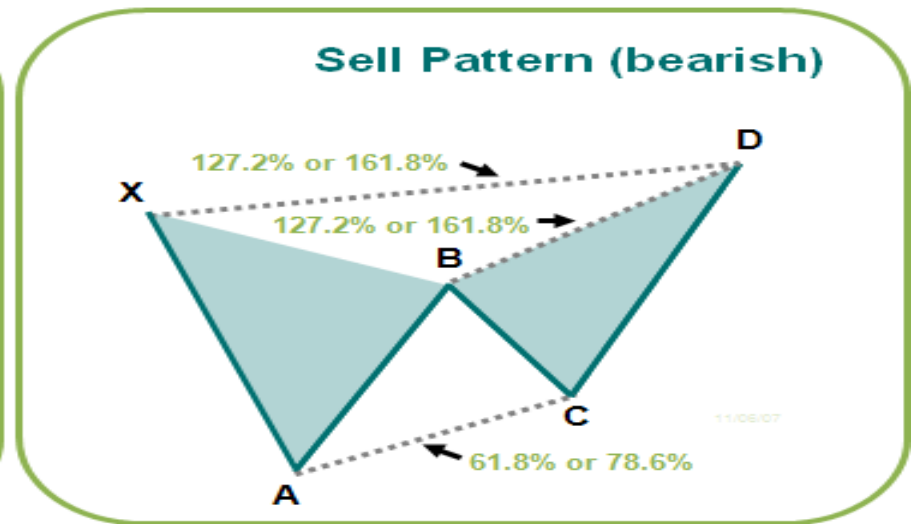
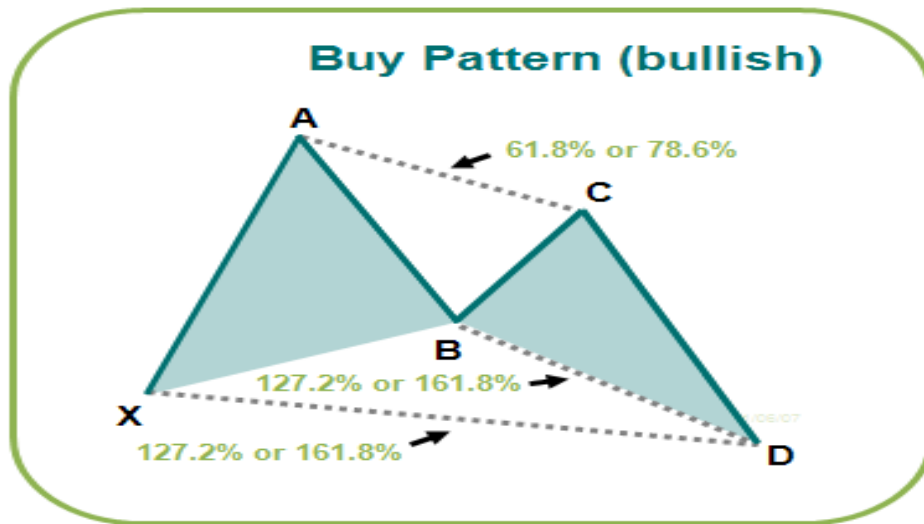


Pythagoras Expansion / Contraction – (PEC) Model

- 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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