



SG Capital Research

Global Market Insights

Research Note – Currency Analysis (B)

MAEG- CURRENCY ANALYSIS- PEC- SG 2011 # MAR 29

For Immediate Release – *Tuesday AM (EST)*

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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” – Buy @ 1309 / Stop 1256**

3x3 /9EMA – Momentum Break Indicator – TAS

- 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 +/- - 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 – **POM 14 / PEC D @ 1.63** but no downside target yet.

● 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 in Progress to 82 +/- - retesting zone(Crashed in Quak)

2 AUD/USD - **Triggered - PEC D @ 97.** Mid term objective to 91
double topped , potential thrust then target to 95 (we reached 96.5 and reversed)

3 . CHF / USD – **Trigger PEC D @ 92** – Mid term Price objective to 1.00
Now looks attractive for reversal, then target to 96

- **Currency Insights**

- *Quake in Japan has changed the balance in all the currency market past 2 weeks, and that cannot be forecasted however eventually, it will all be normalized and now could get on track for the script*
- *JPY / USD dropped below 80 in face of earth quake and bounced right back. In any event, the yen has made a major bottom at 76 versus the dollar and should we take out this low then the dollar may well weaken further against the yen.*
- *DXY made a strong hold at the 75 level this week before reverting higher, the sentiment is very bearish, just about every foreign currency analyst expects the dollar to melt down. But Treasury does not suggest this in our Inter market Analysis*
- *EURO / USD at 1.42 level has held, although it was a relatively quiet week.*
- *GBP / USD which stopped just short of 1.64 level.*
- *AUD / USD was making a “three drive to a top” pattern on the long term weekly charts and we will be monitoring.*

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)



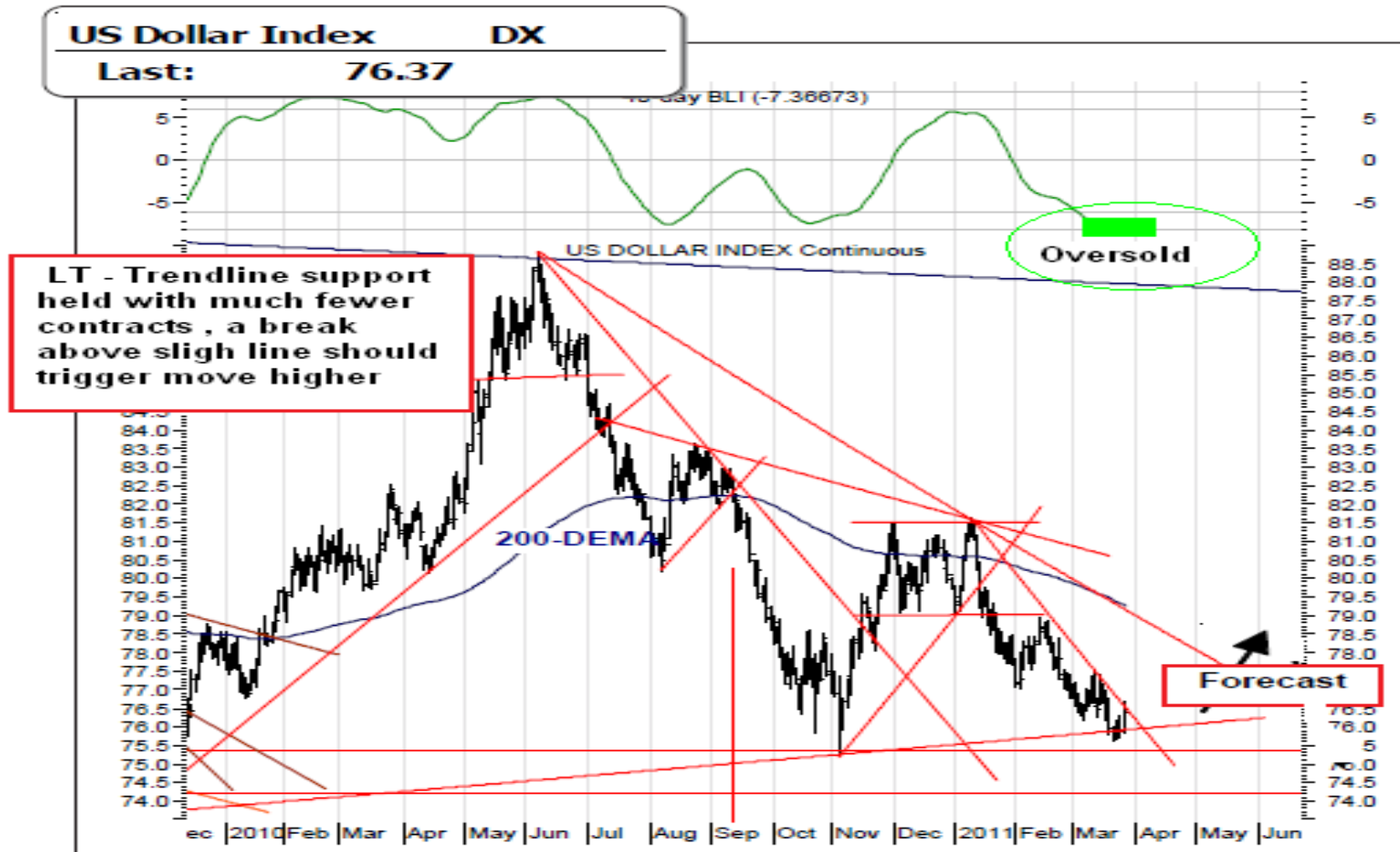
2 – DXY Analysis - **BIG PICTURE**

*Long term the dollar will once again be the only safe refuge from financial turmoil in next leg down in other markets .
Currently Bullish divergence on the last leg down implies a bottom formation is underway. Over the years we have seen several Bull Market begin in the same fashion. The multi year bottoming process*



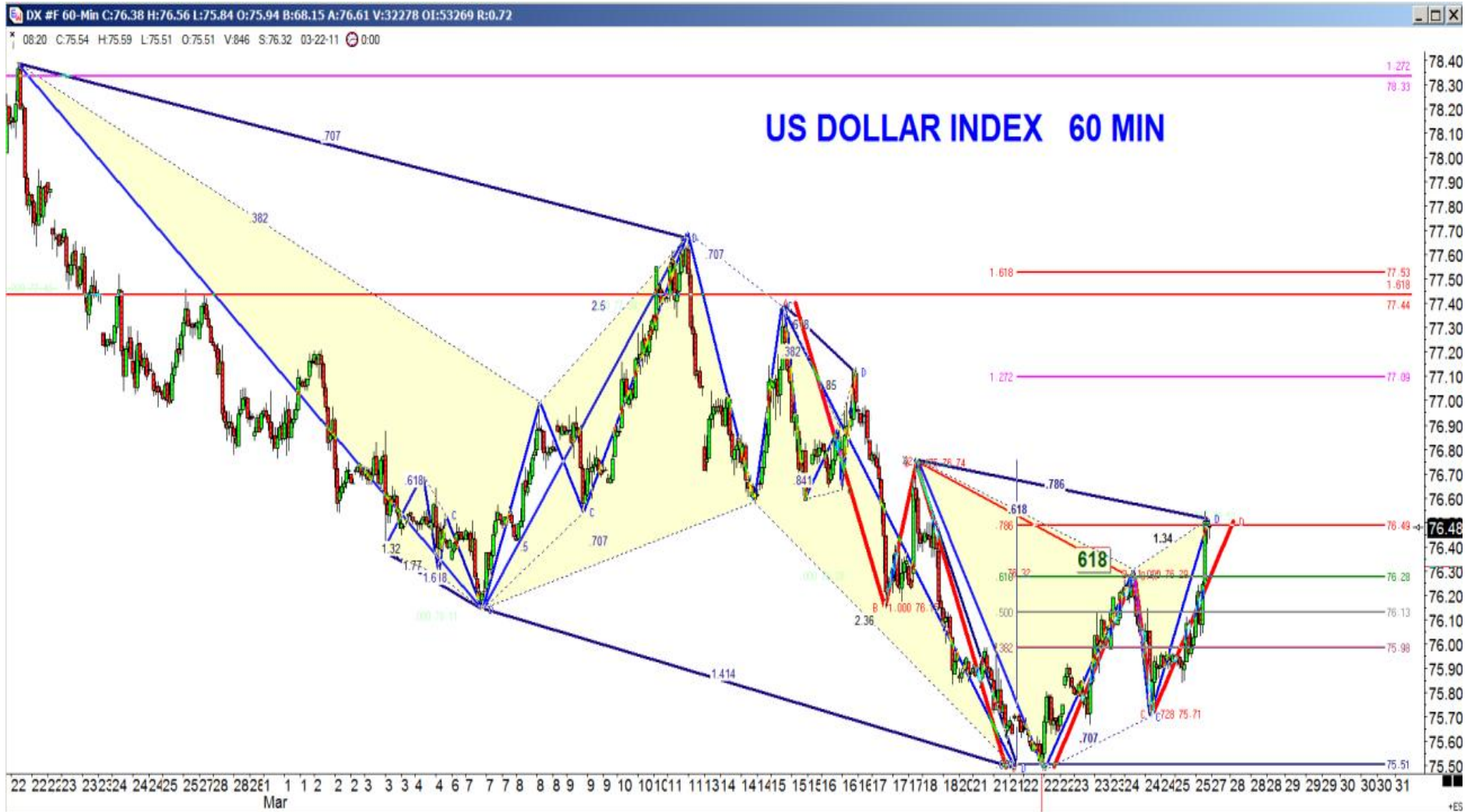
2 - USD – POM Analysis

USD last week rejected the lows testing back again . We will come back into trading range quickly. The Dollar Index remains a long term buy . Sentiments BEARISH again. We should begin next leg up. Basing process in Bull Market

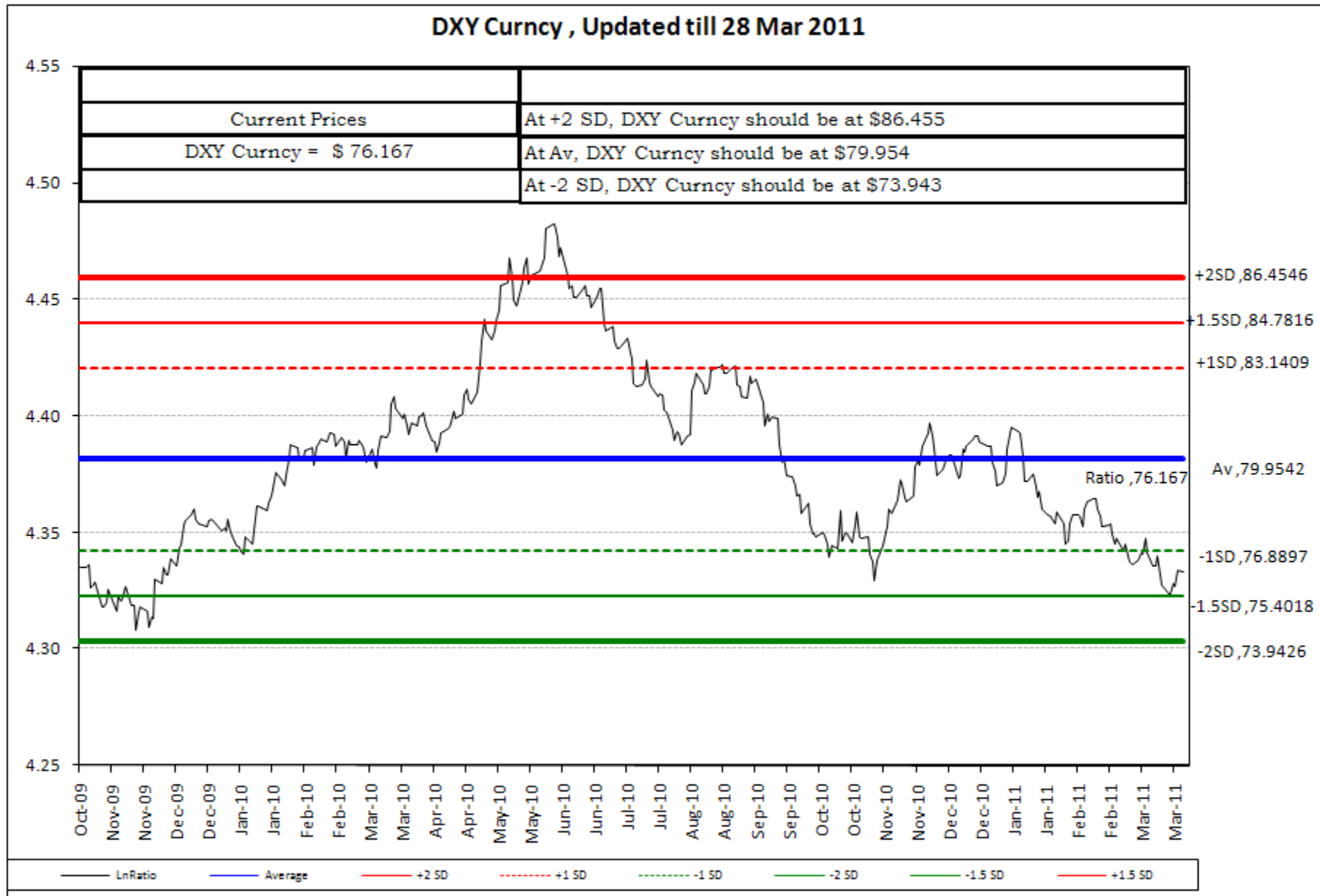


3 - DXY – PEC Analysis - Intermediate term

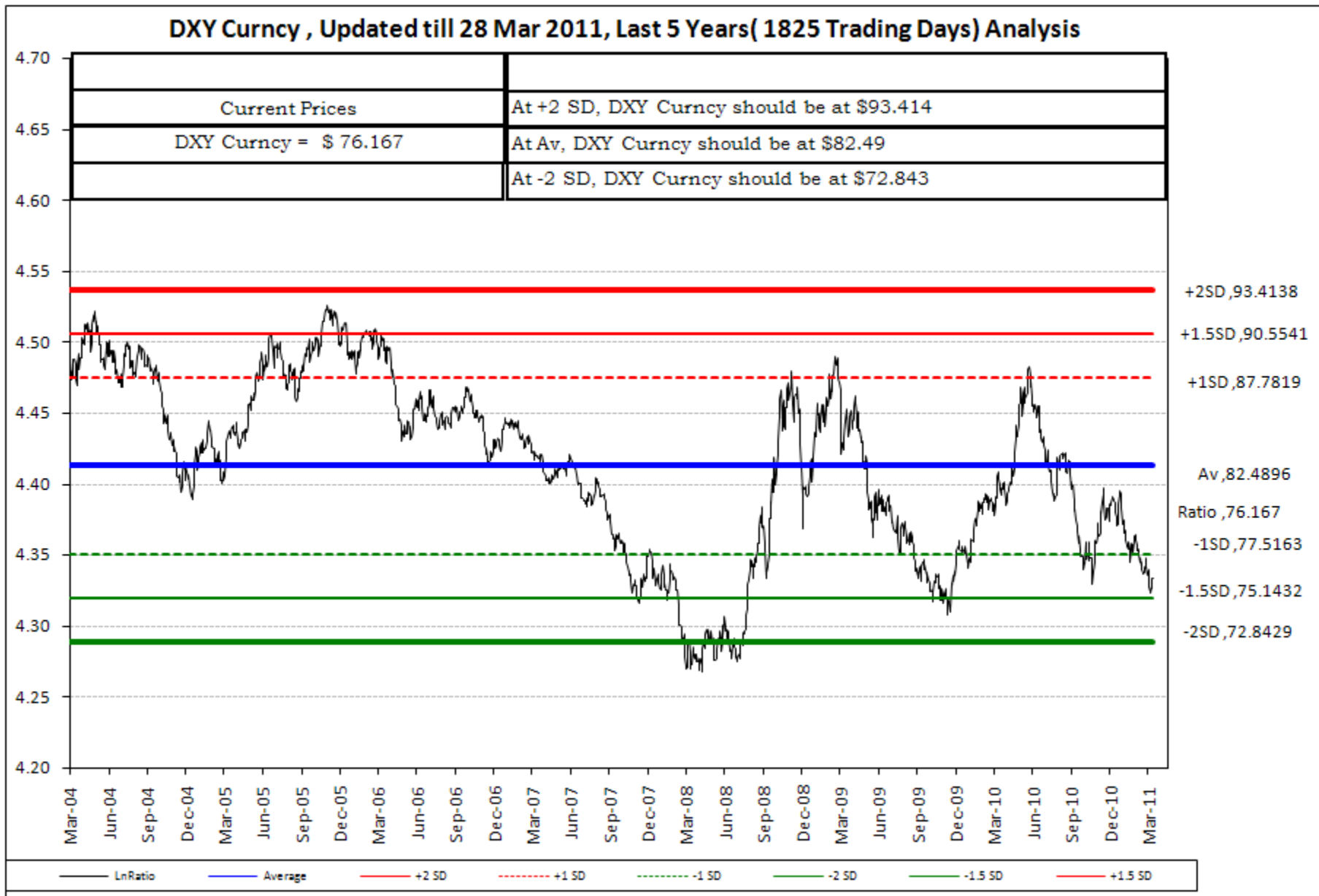
By PEC D Method, LT bottom D point was at 77 BUT ST it dipped several times in bullish fashion. Base building various Fib numbers steams with 3 smaller PEC D at the bottom. .



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)



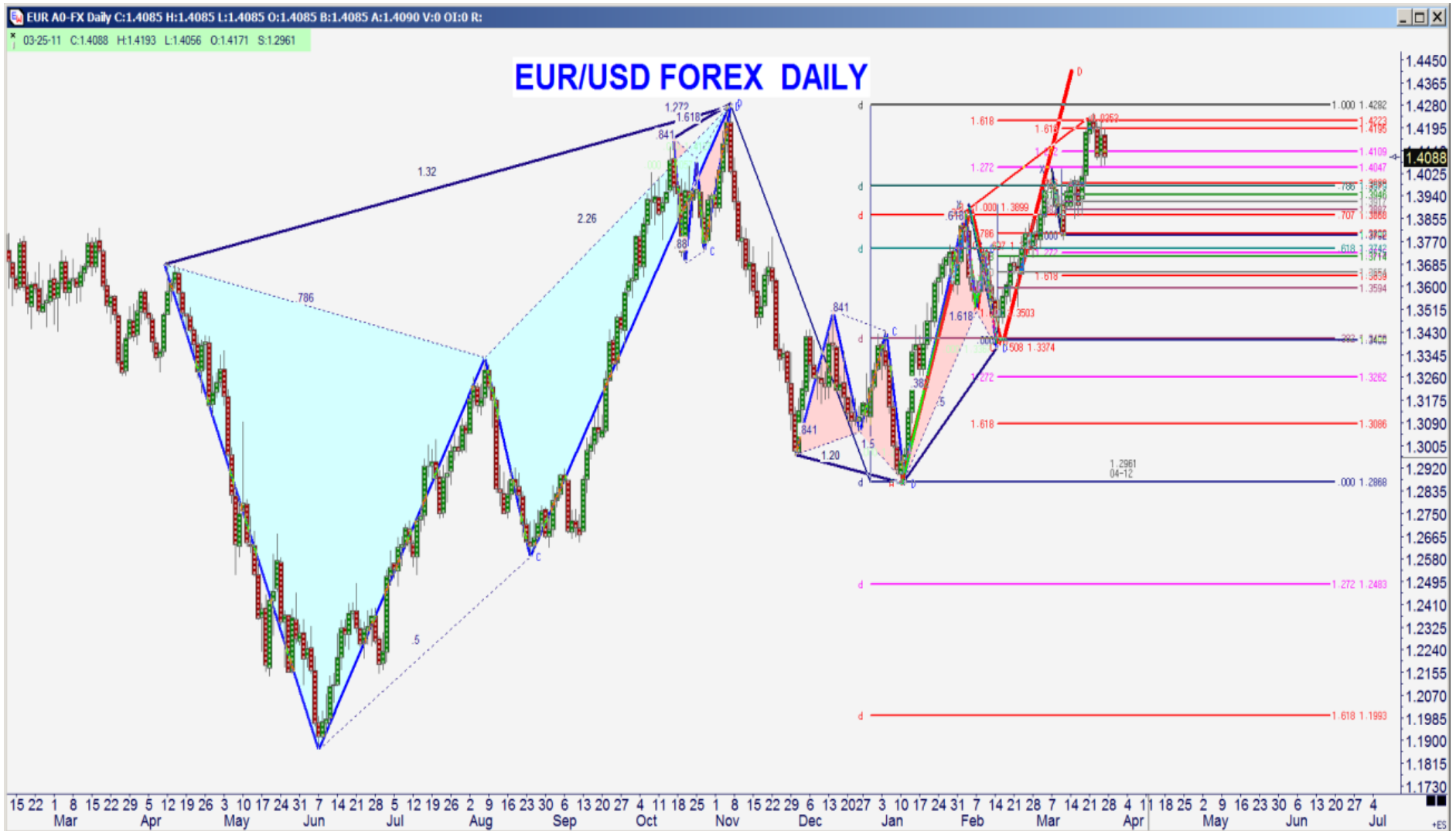
EURO - POM Analysis – BIGGER PICTURE

EURO past our retracement Target of 1.36. (extended - Imbalance by quake). Now above poly trend line . Once the bounce is over we should wait for next signal on downside.



3 - EURO / USD – PEC Analysis - Intermediate term

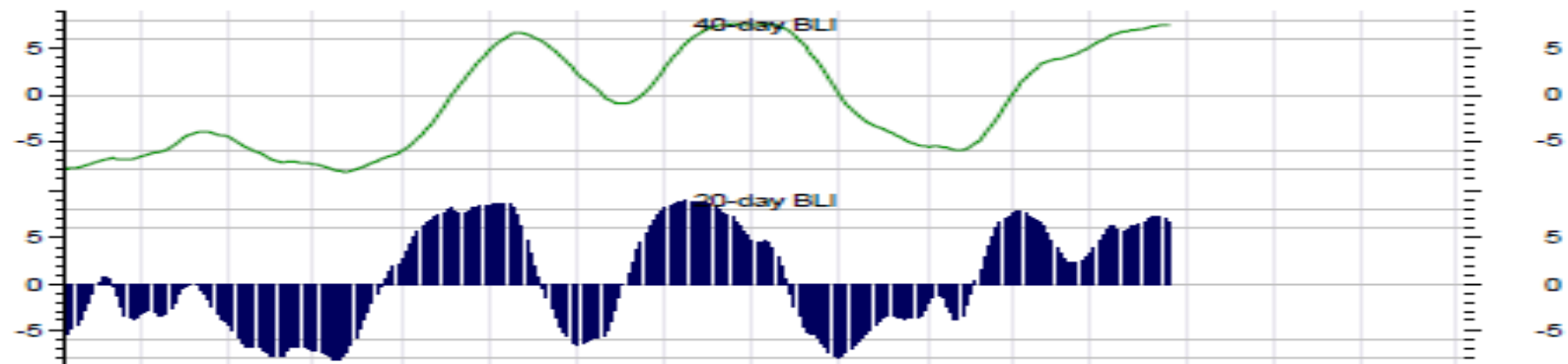
By PEC D Method, the bounce came in to 0.618 to 1.36 was met and exceeded to 0.786 which is quite toppy. we could very well be setting up next leg down if it fails at this level.



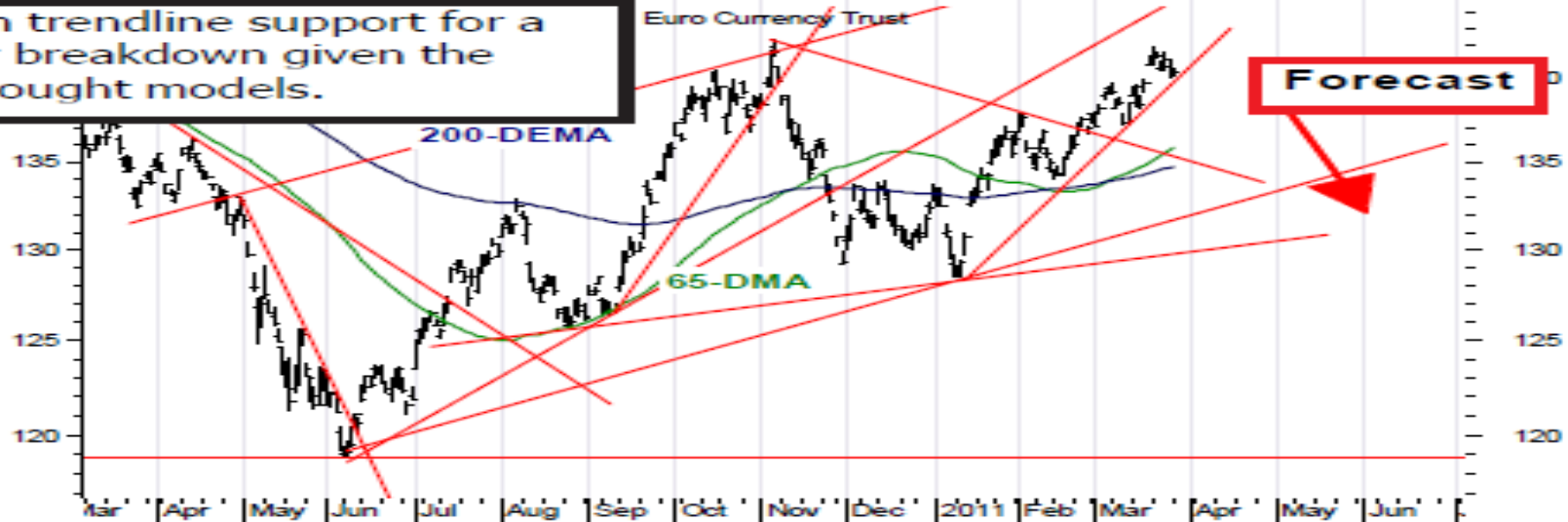
3 - EURO / USD – Tech Analysis

We think first it would pull back to 1.38 Trend line, if breaks may bring more pressure on downside.

Euro Currency		FXE
Last: \$	140.36	
Chg: \$	0.19	0.14%



Watch trendline support for a larger breakdown given the overbought models.

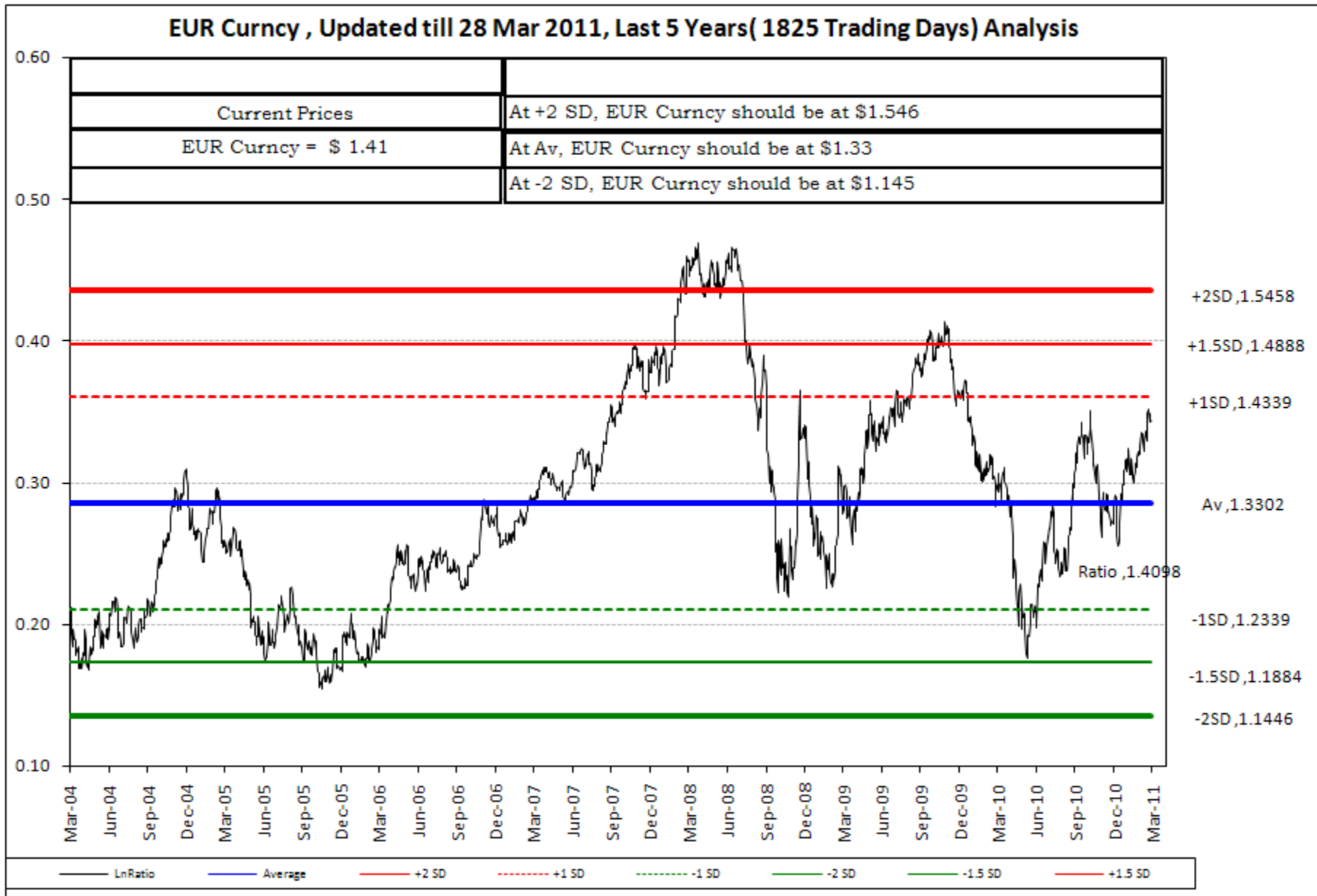


EUR Last 365 Analysis

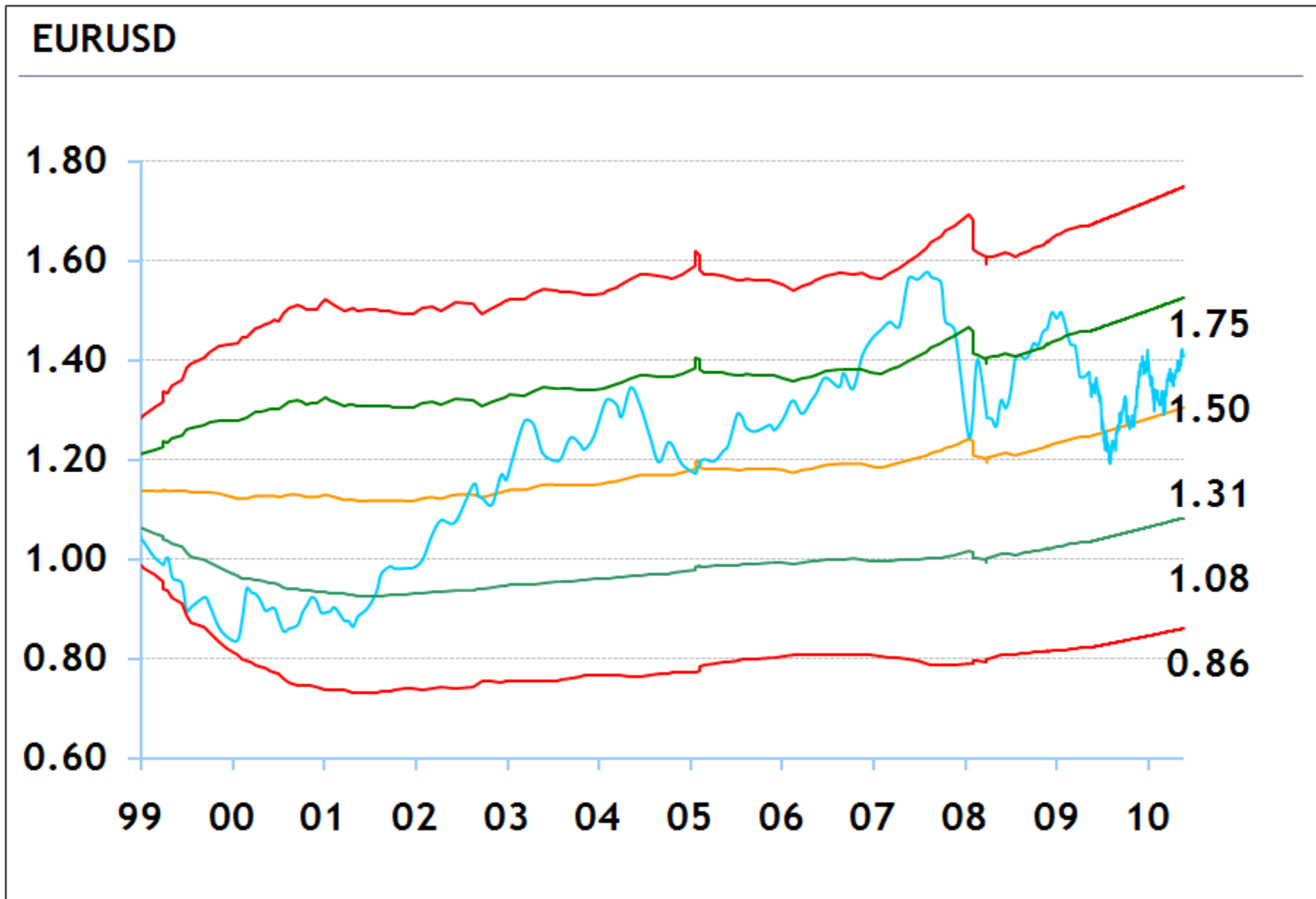
EUR Curncy , Updated till 28 Mar 2011



EUR Last 5 yrs Analysis



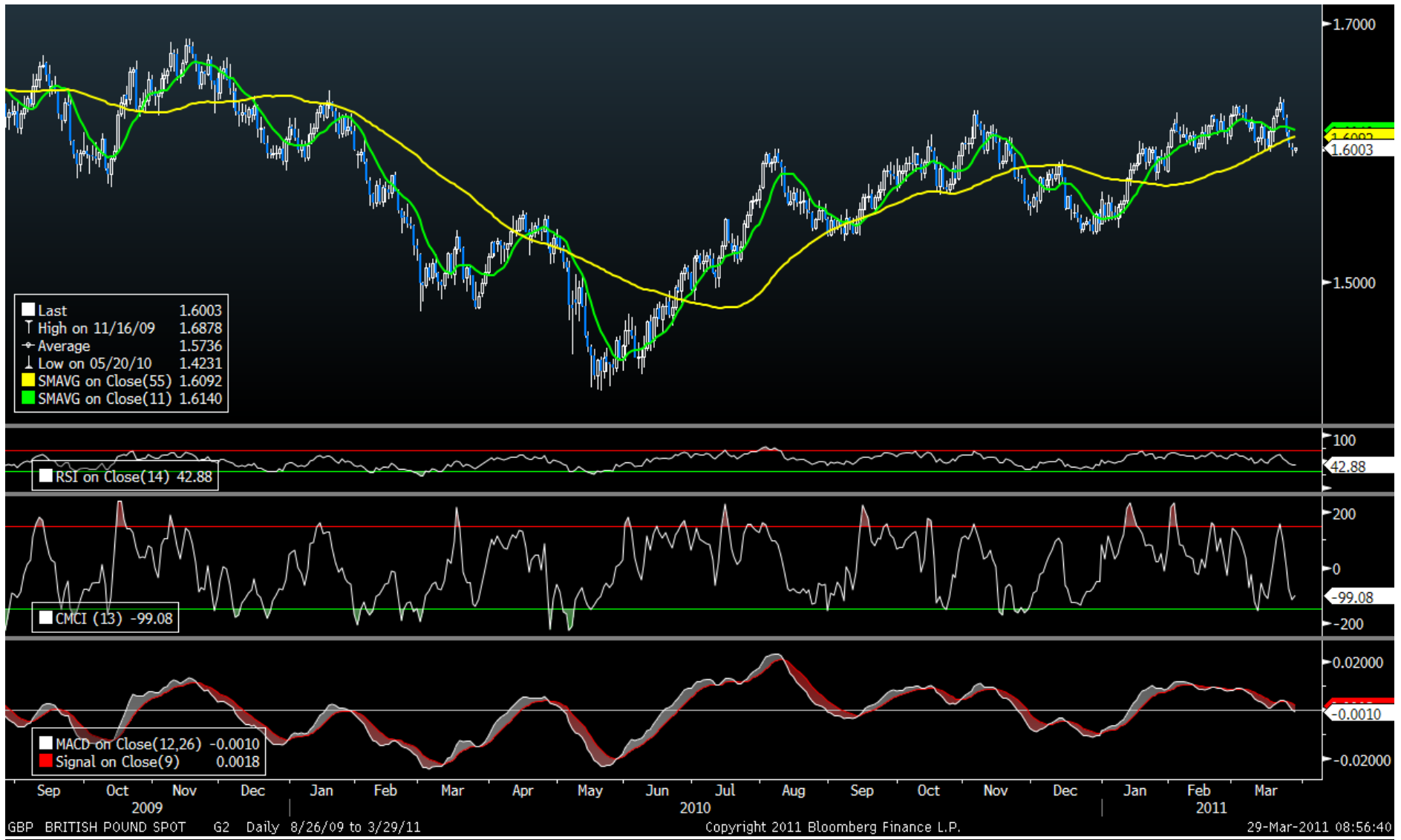
4 - EURO / USD – PPP Reversion & Standard Deviation Analysis – Long Term



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

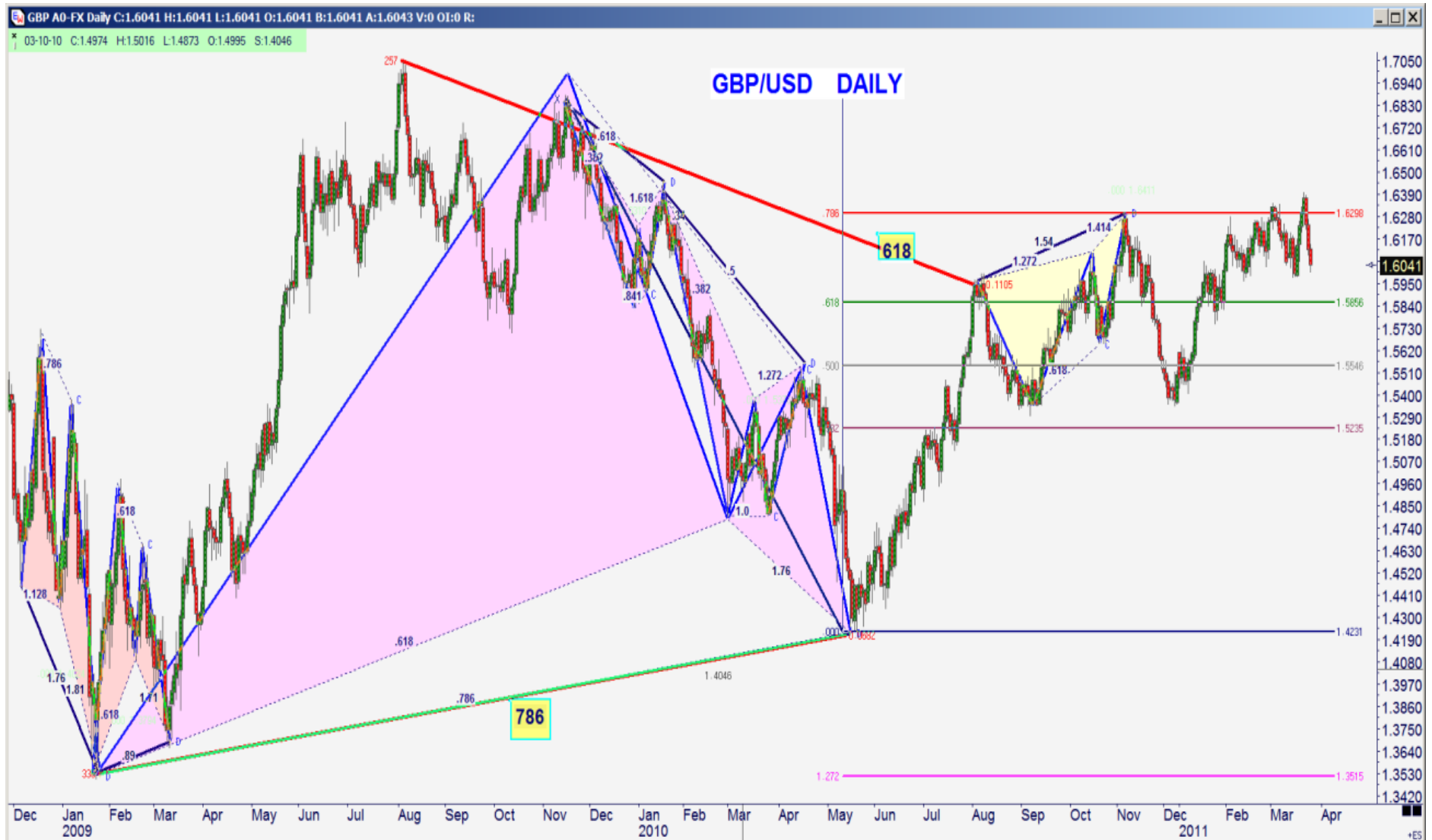


GBP / USD - Daily - 3 Year with RSI, CCI, MACD (11D / 55D SMA)

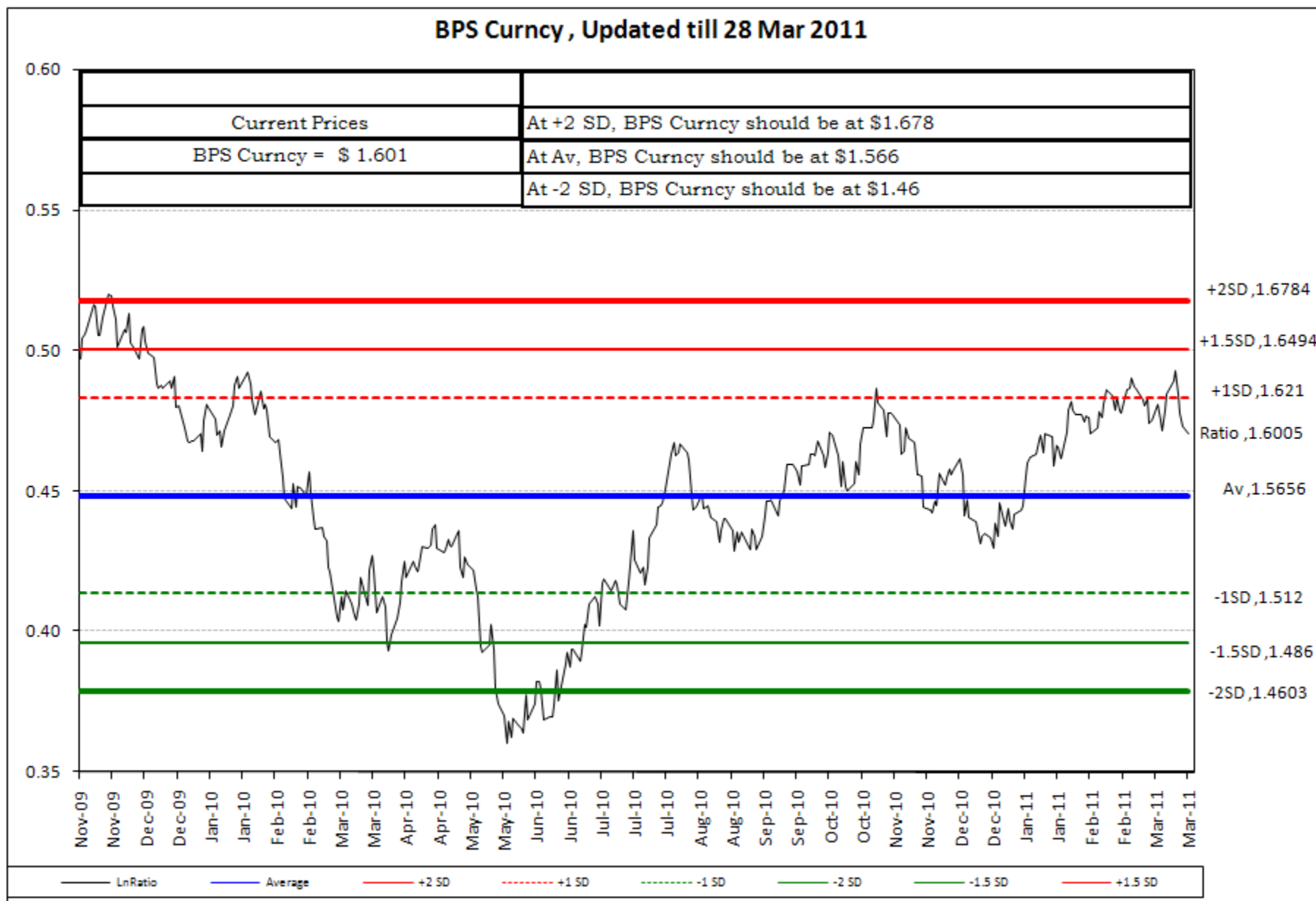


3 - GBP / USD – PEC Analysis - Intermediate term

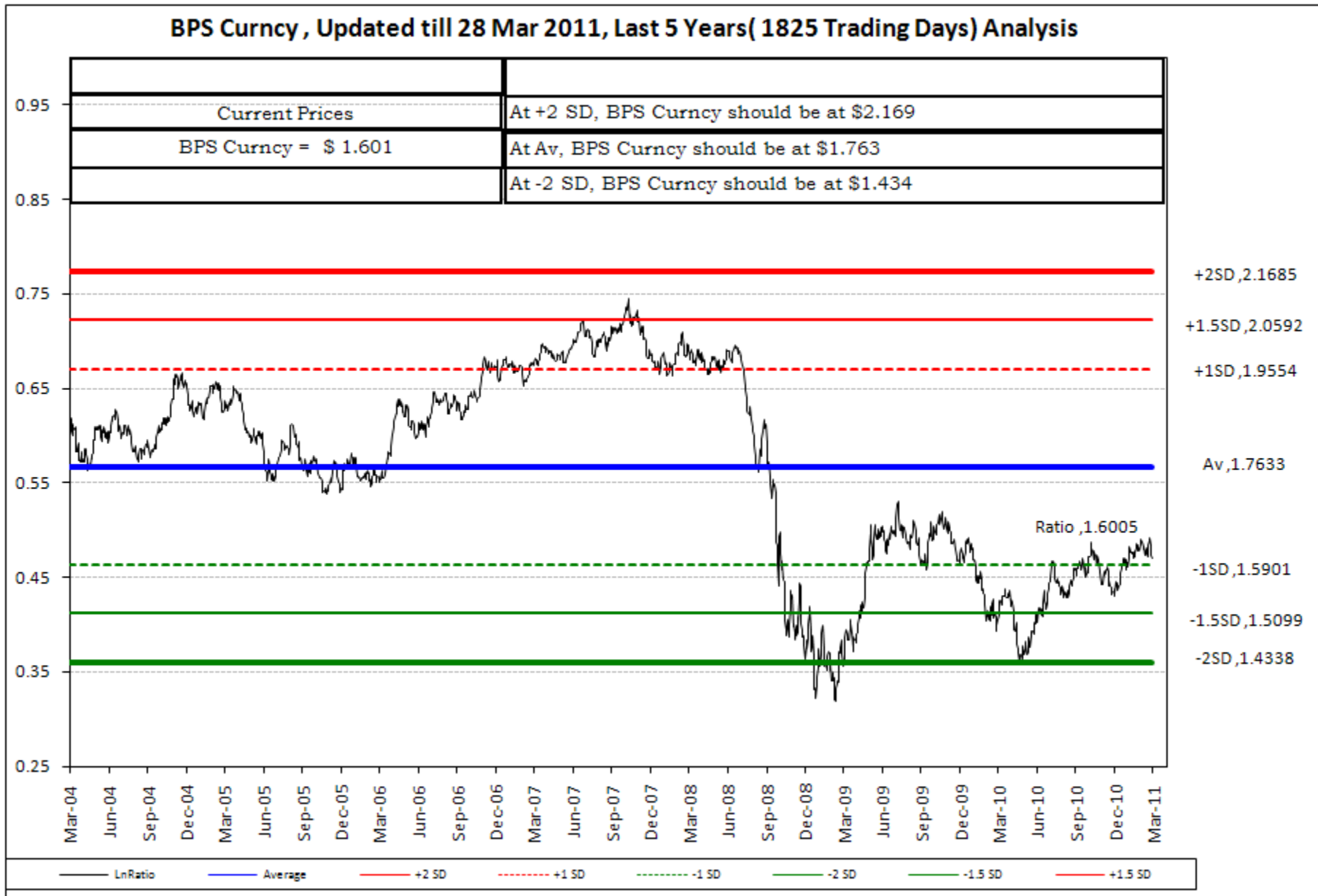
GBP -USD Our PEC -D @ 618 comes in at 1.63 correctly predicted from last RESEARCH NOTE , We think this is a good Signal by this Method. (Stops on other side of PEC D)



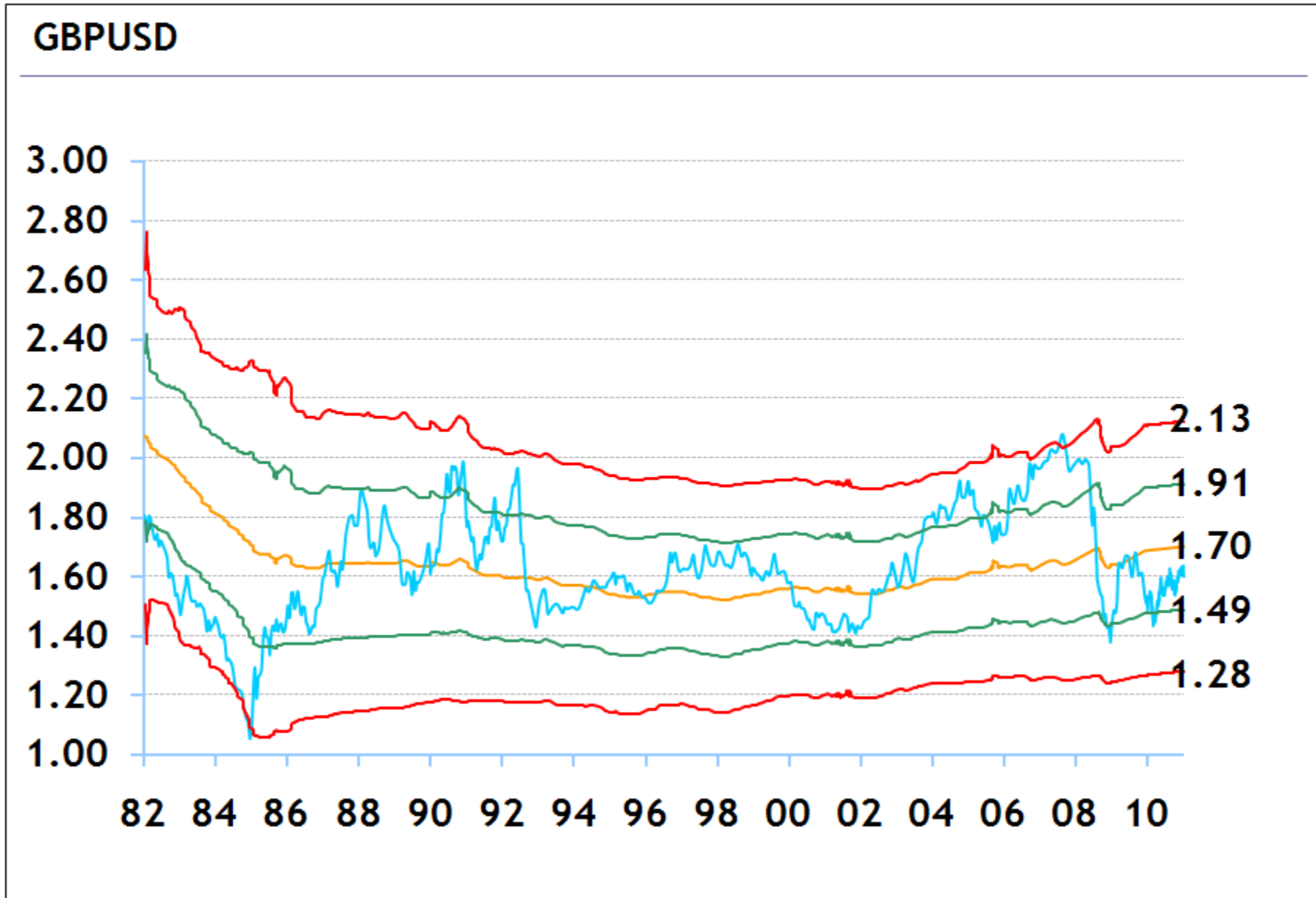
BPS Last 365 Analysis



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)

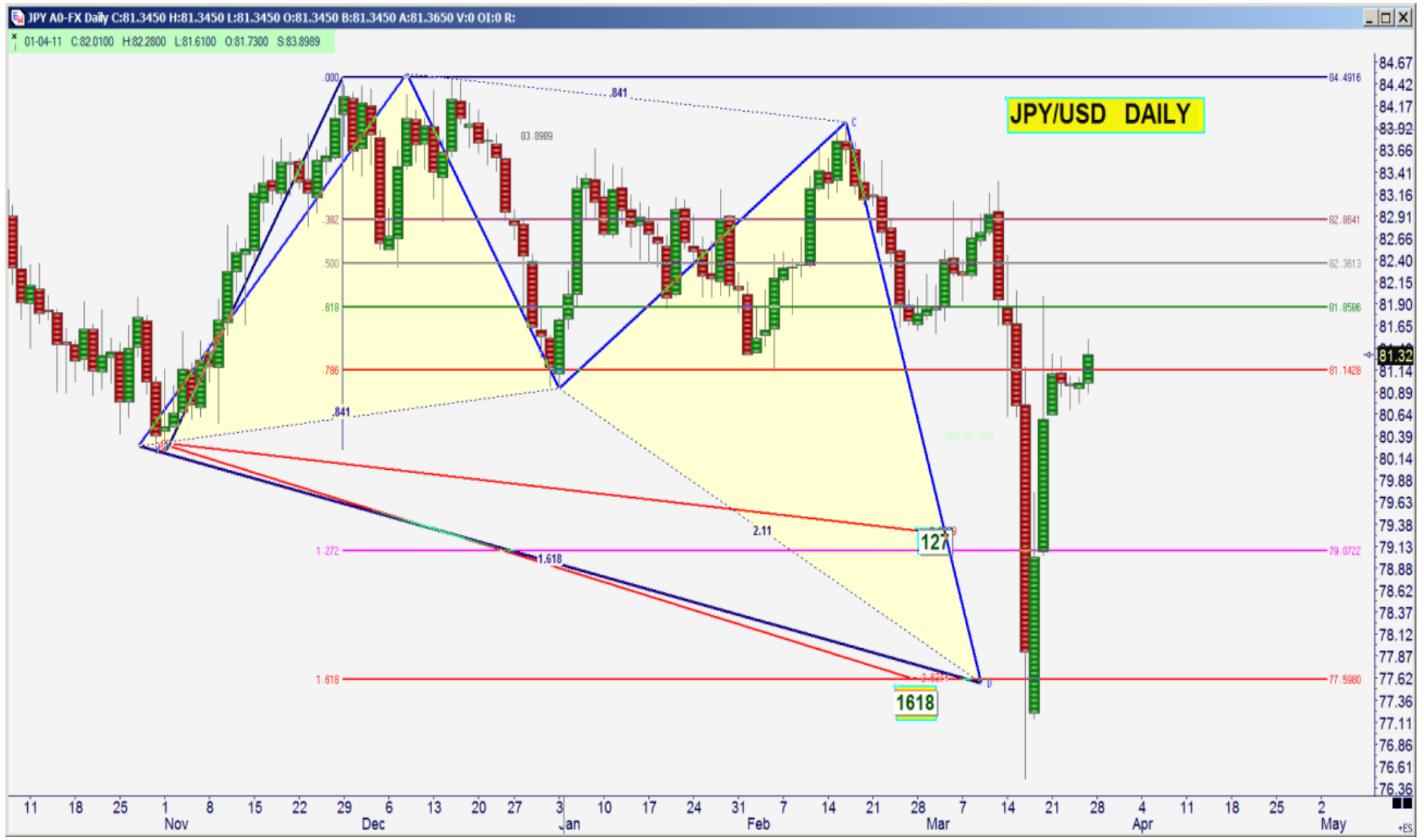


2- JPY / USD - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



YEN / USD - PEC Analysis

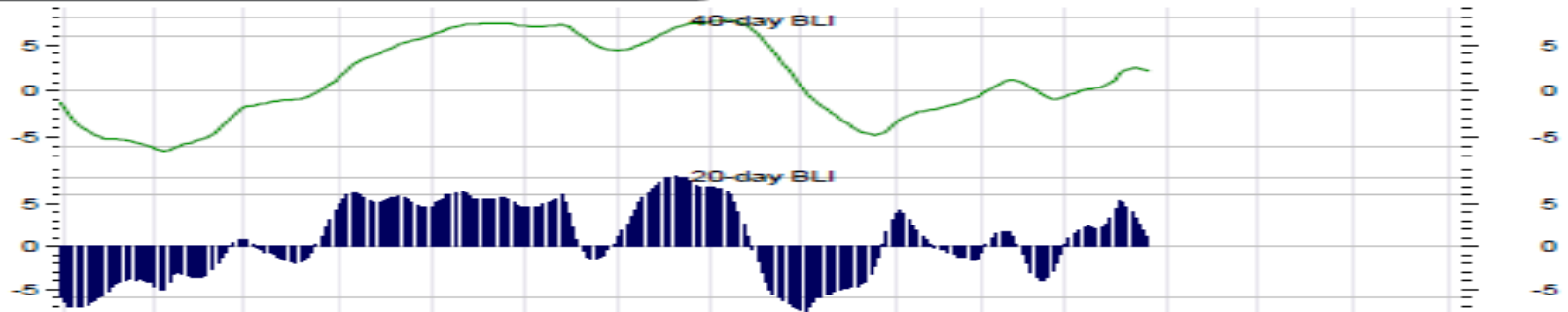
Earth quake's first reaction , we had Panic Triggered all the weak stop and back quick to d PEC D Confirmed at 81 is still Strong



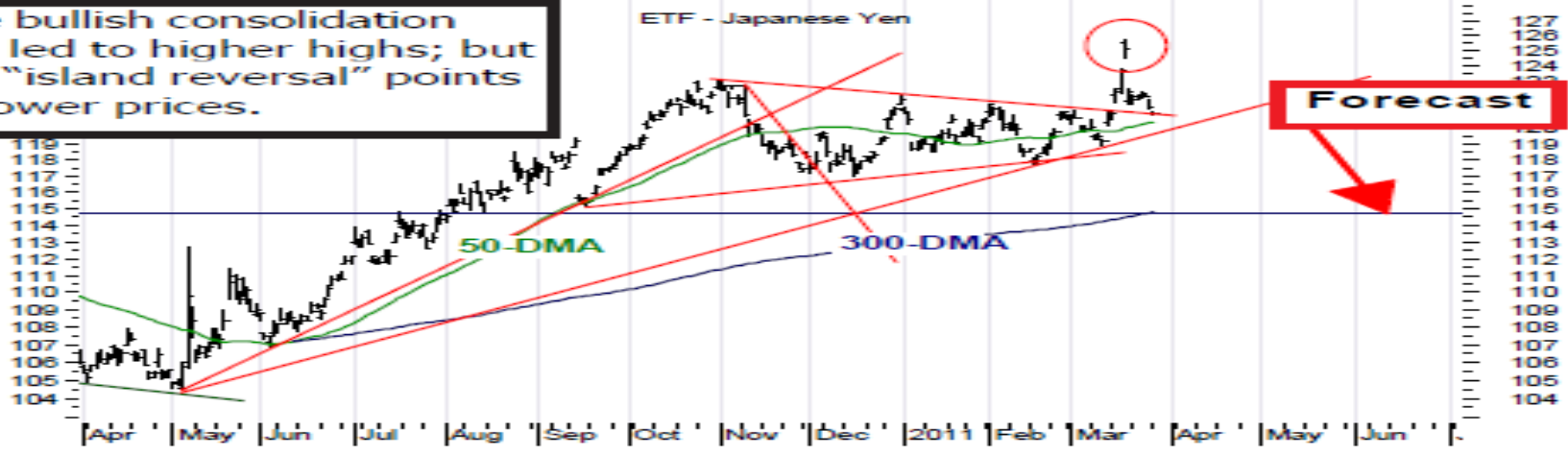
YEN / USD - Tech Analysis

USD/JPY's , Recent what appeared as Triangular consolidation into up thrust, Resulted in " ISLAND REVERSAL" this pattern over the years we have traded on blind faith (surely within limits and risks managements). Such pattern almost takes all the energy of out the market. We would get another higher high test that should mark a stop point.

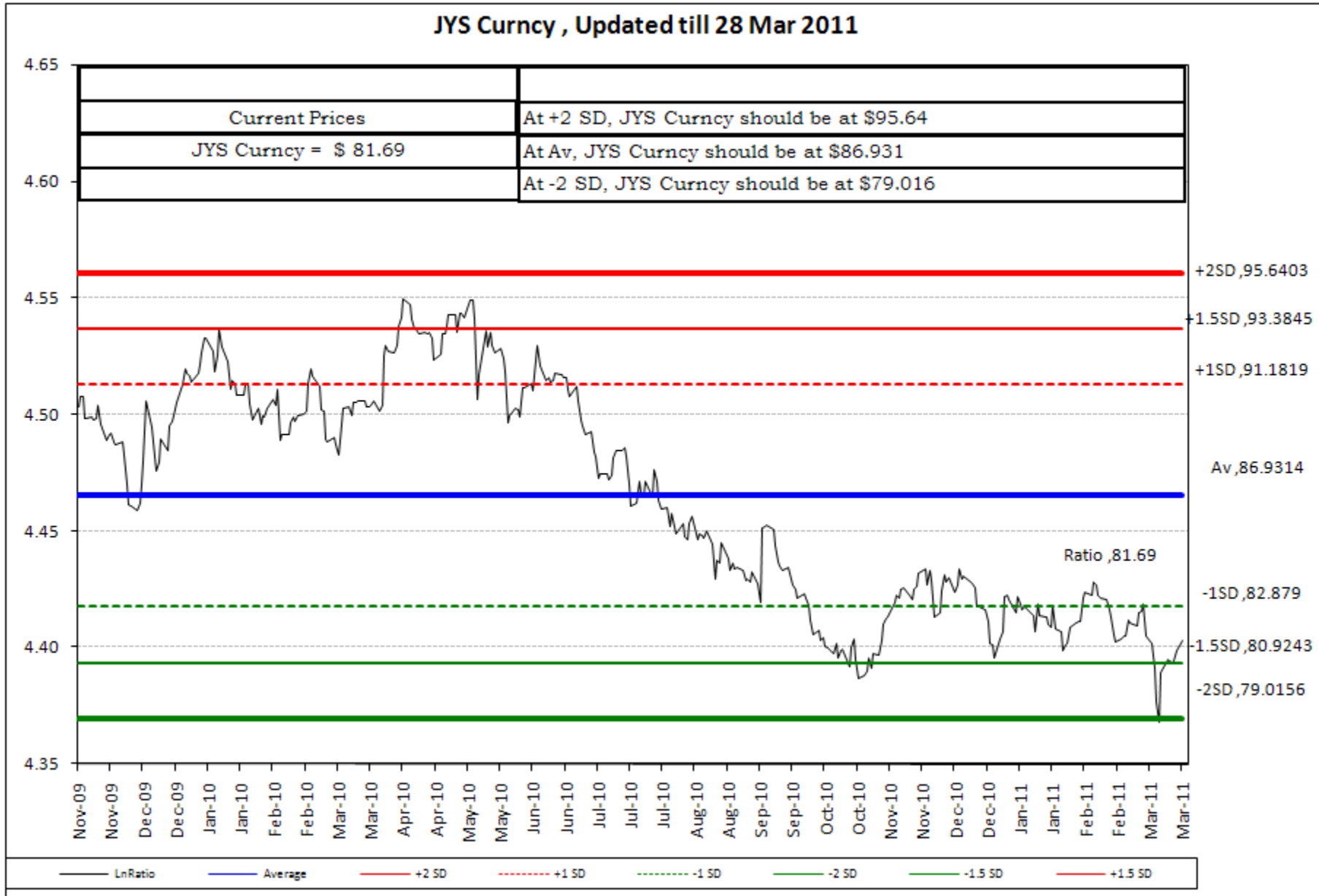
Japanese Yen		FX
Last: \$	120.88	
Chg: \$	(0.36)	-0.30%



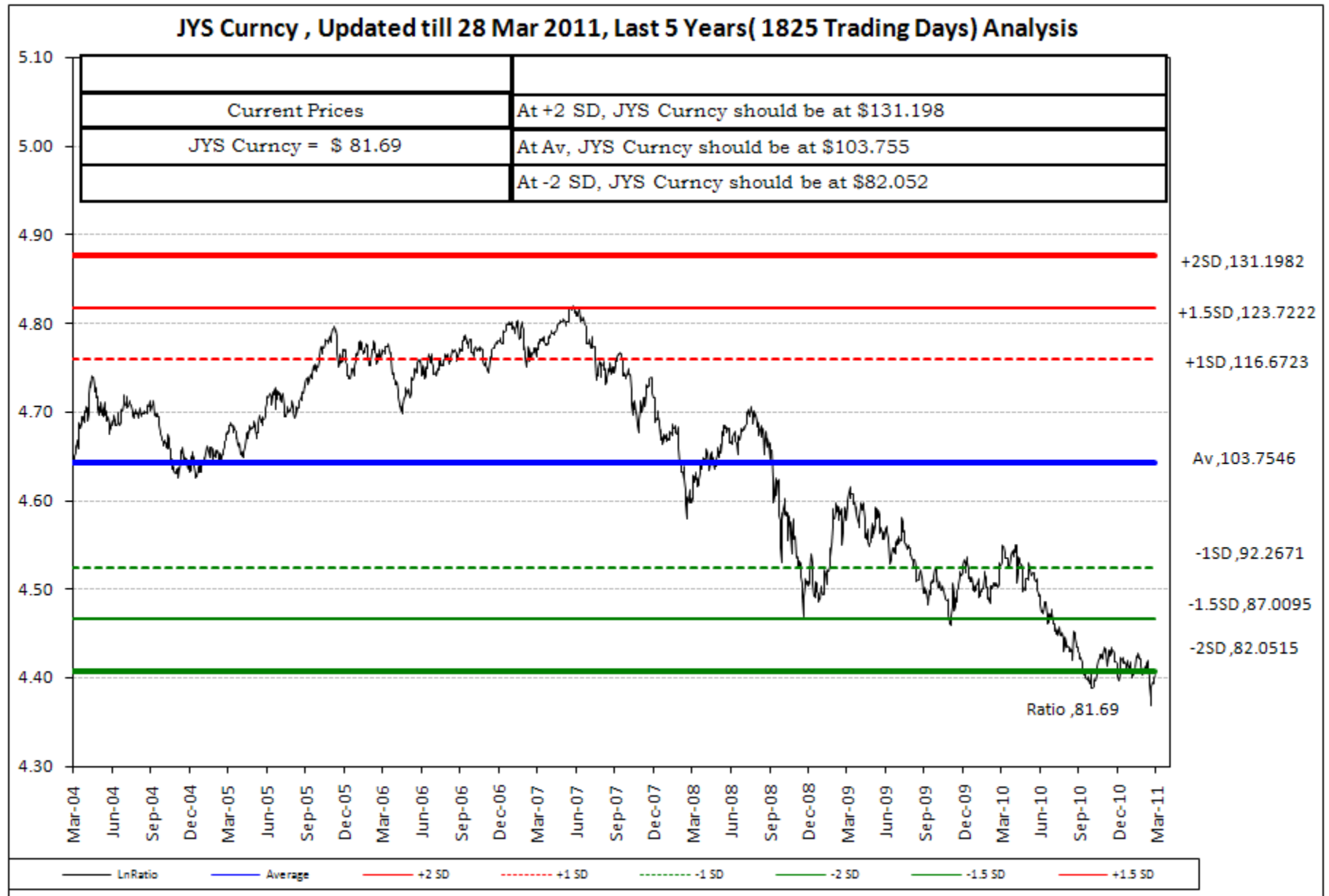
The bullish consolidation has led to higher highs; but the "island reversal" points to lower prices.



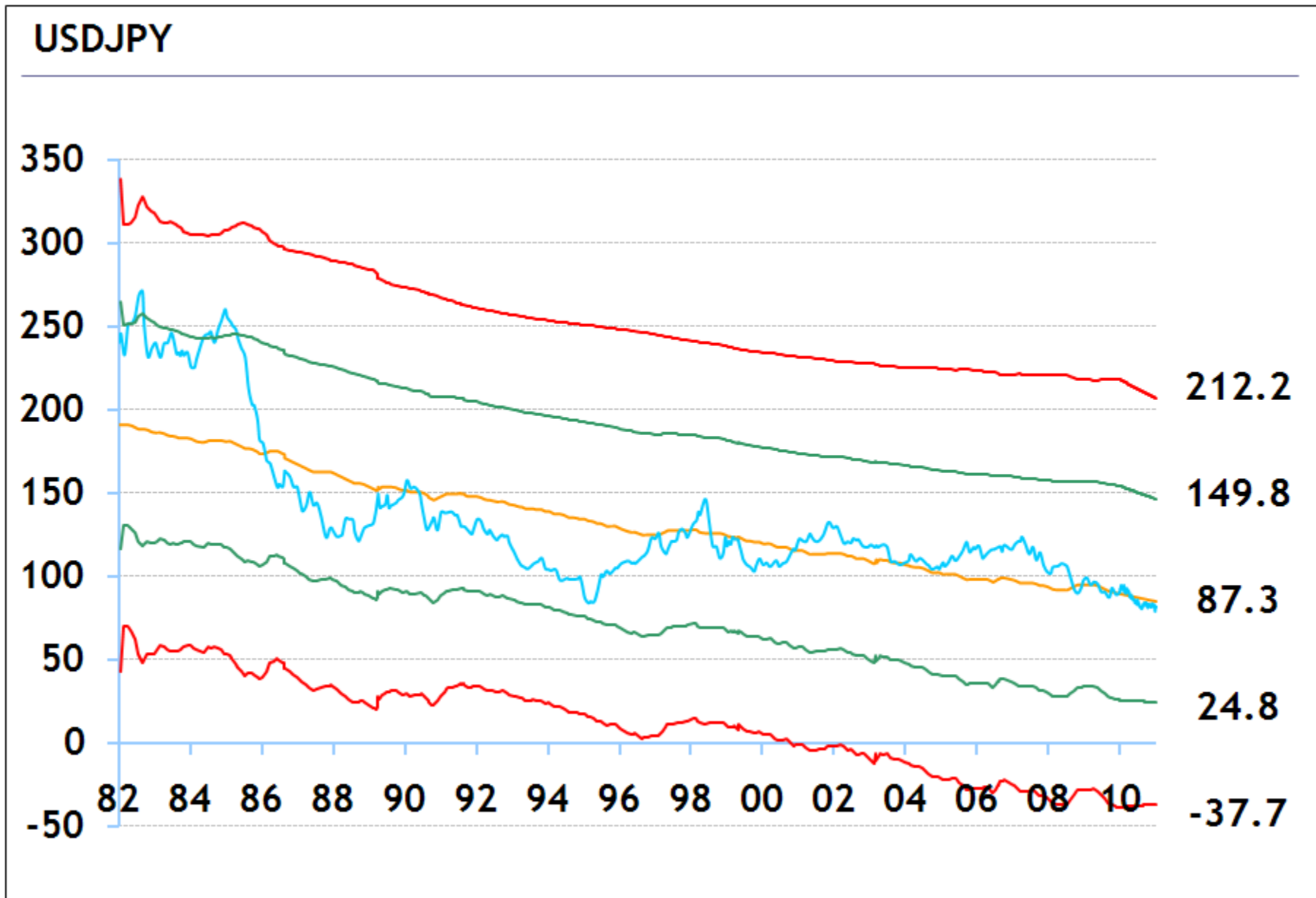
JYS Last 365 Analysis



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)



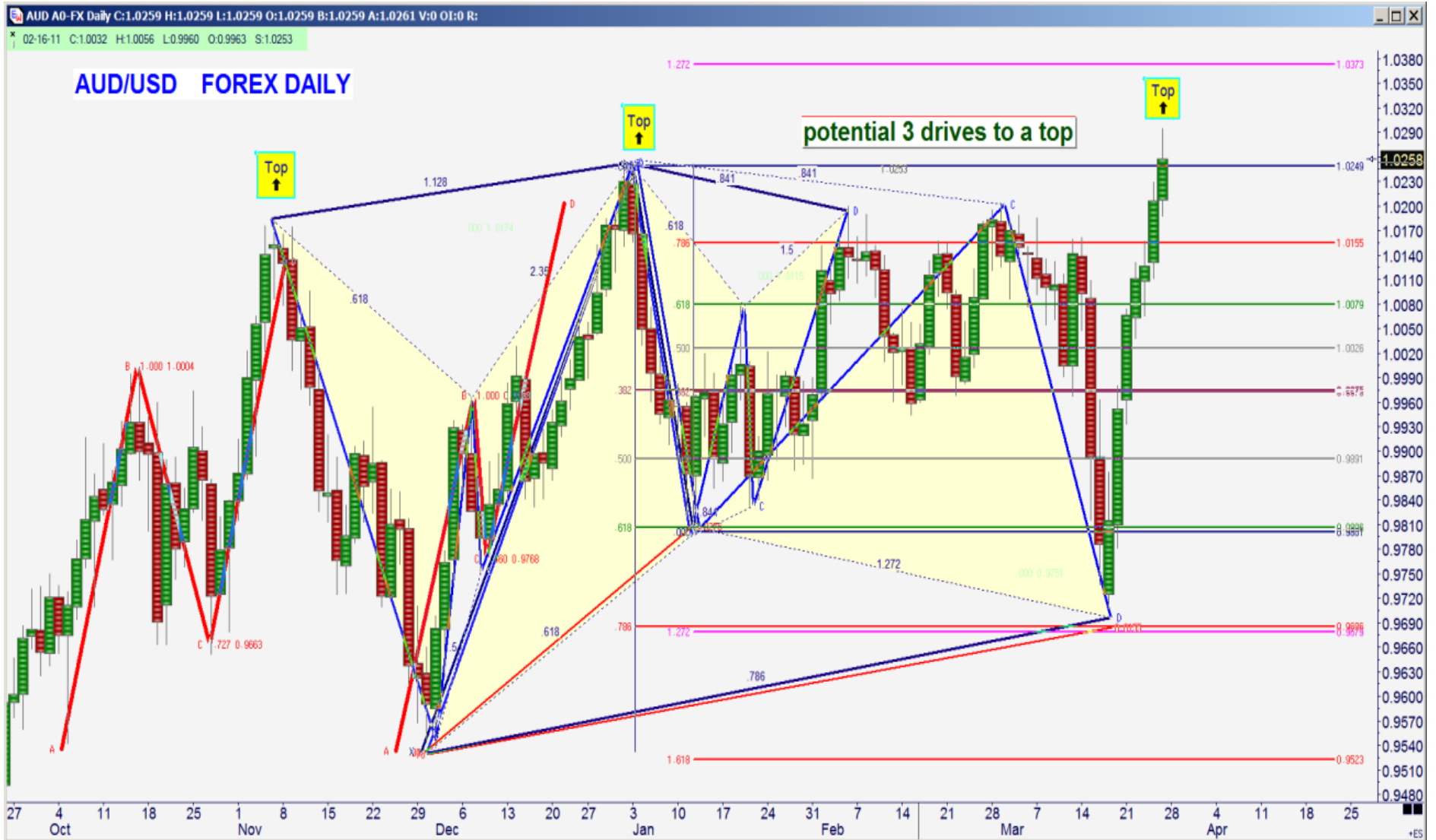
3 - AUD / USD -Analysis

AUD finished an ABC Down as we were expecting to our target , (Trigger the Quake) but the b-wave was the contracting triangle and now is thrusting higher. We're counting this a final rally now. . It is climbing the Poly Trend line. When the breakdown does come, the downside potential will be extremely strong



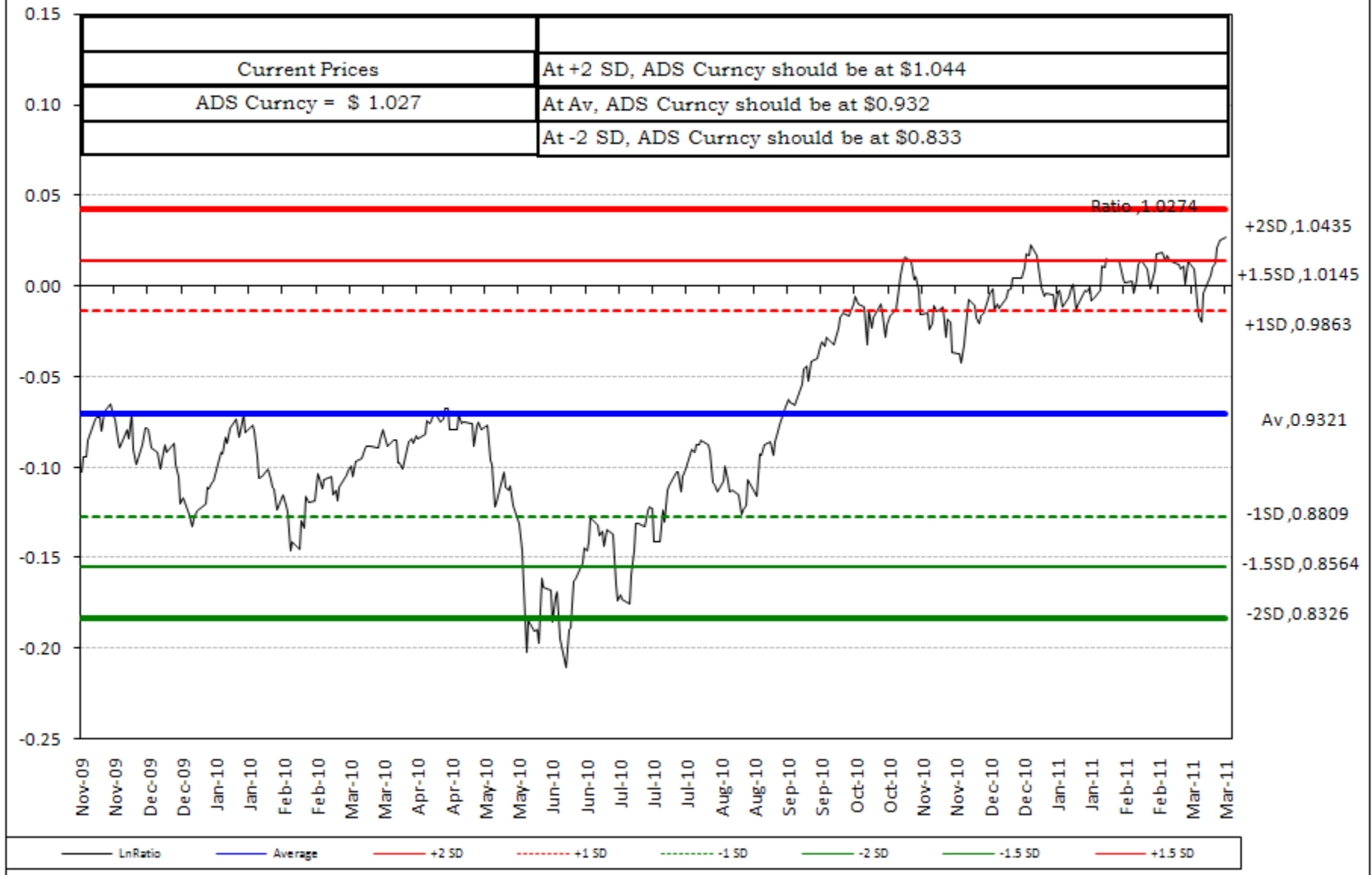
AUD/USD - PEC Analysis

By this method, This is reliable 3 drives to the top. Especially confirmed by 2 streams of FIB – Numbers. There is potentially forming a peak at this level. 1.02 rested.

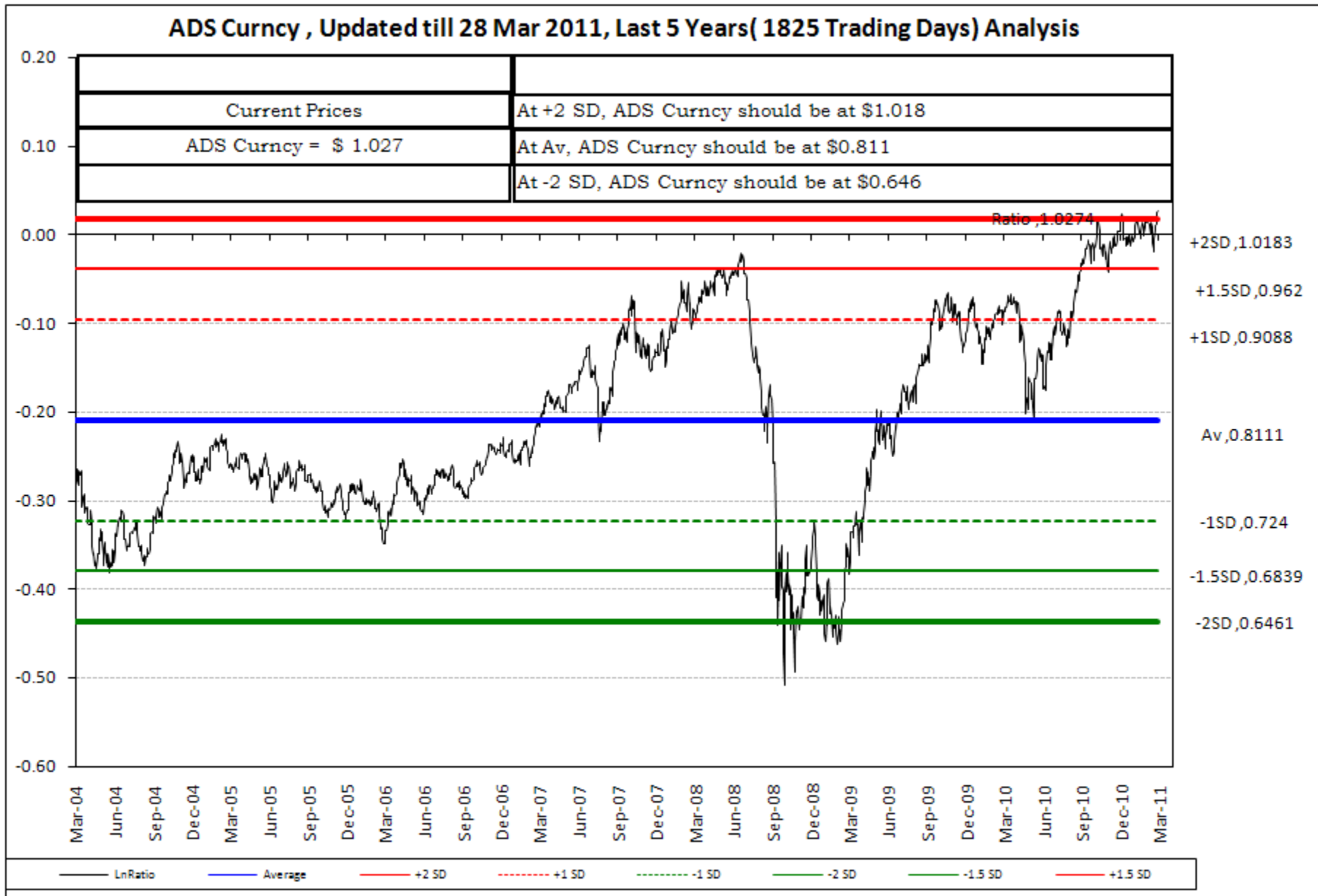


ADS Last 365 Analysis

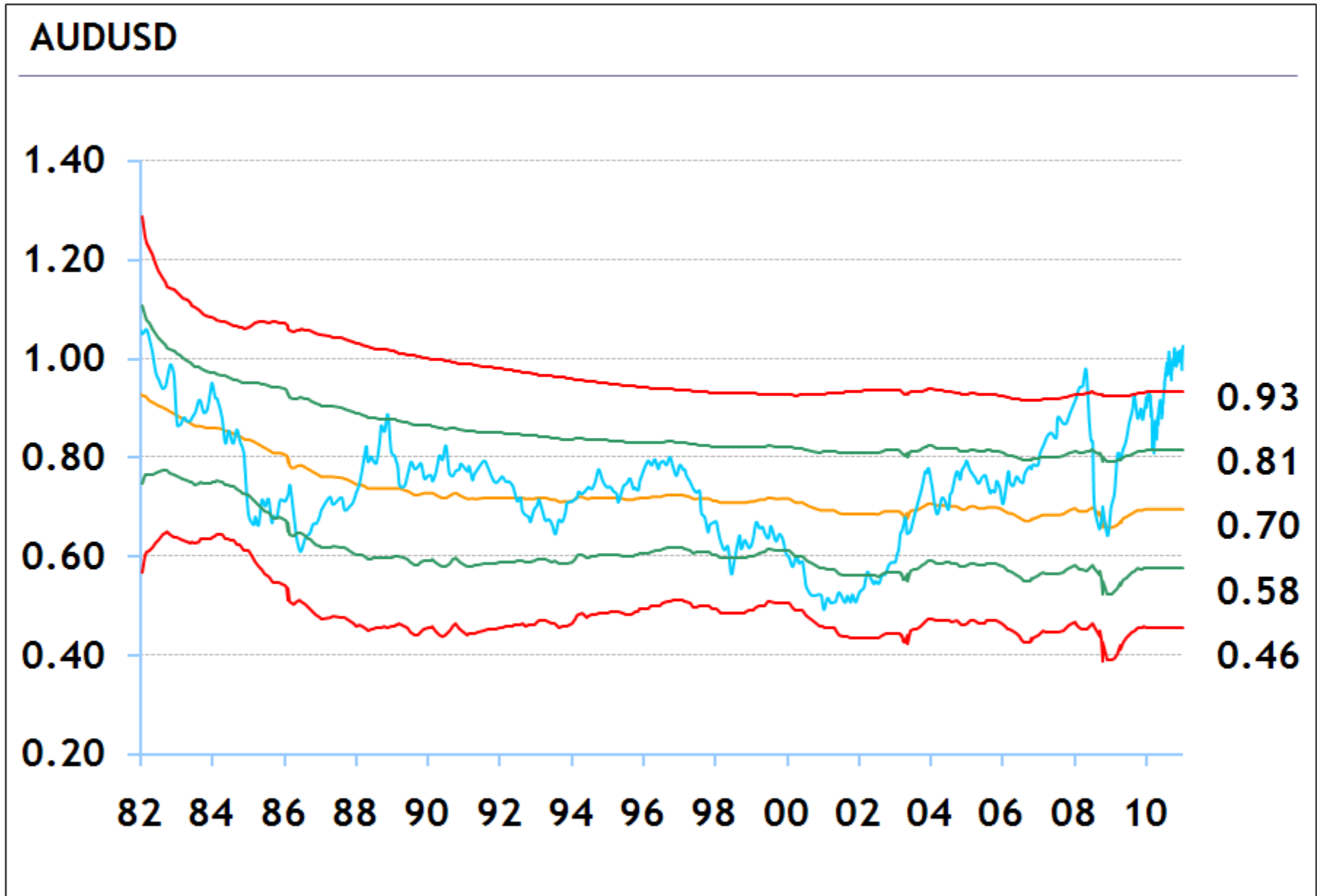
ADS Curncy , Updated till 28 Mar 2011



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)

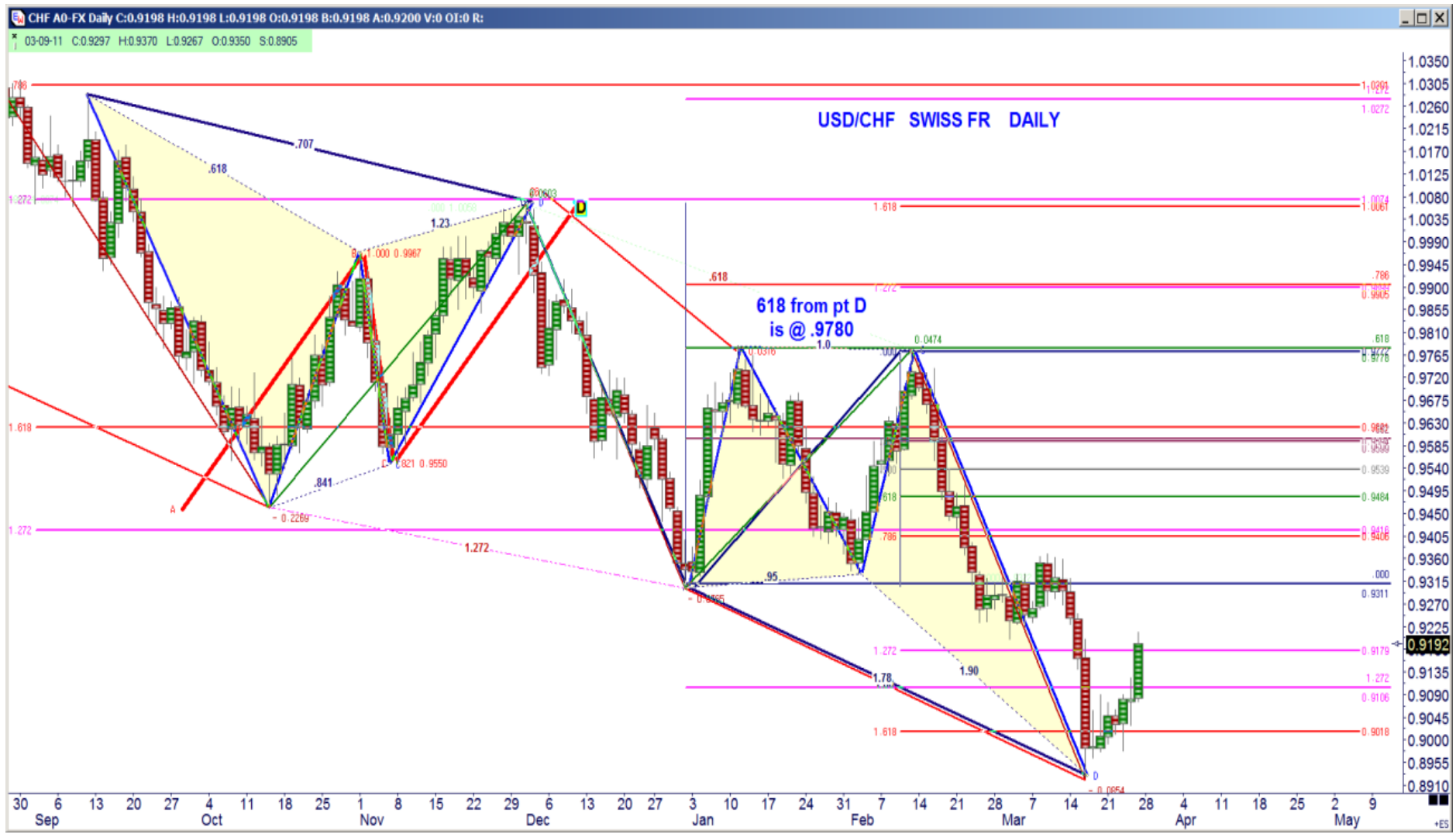


2- CHF / USD - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



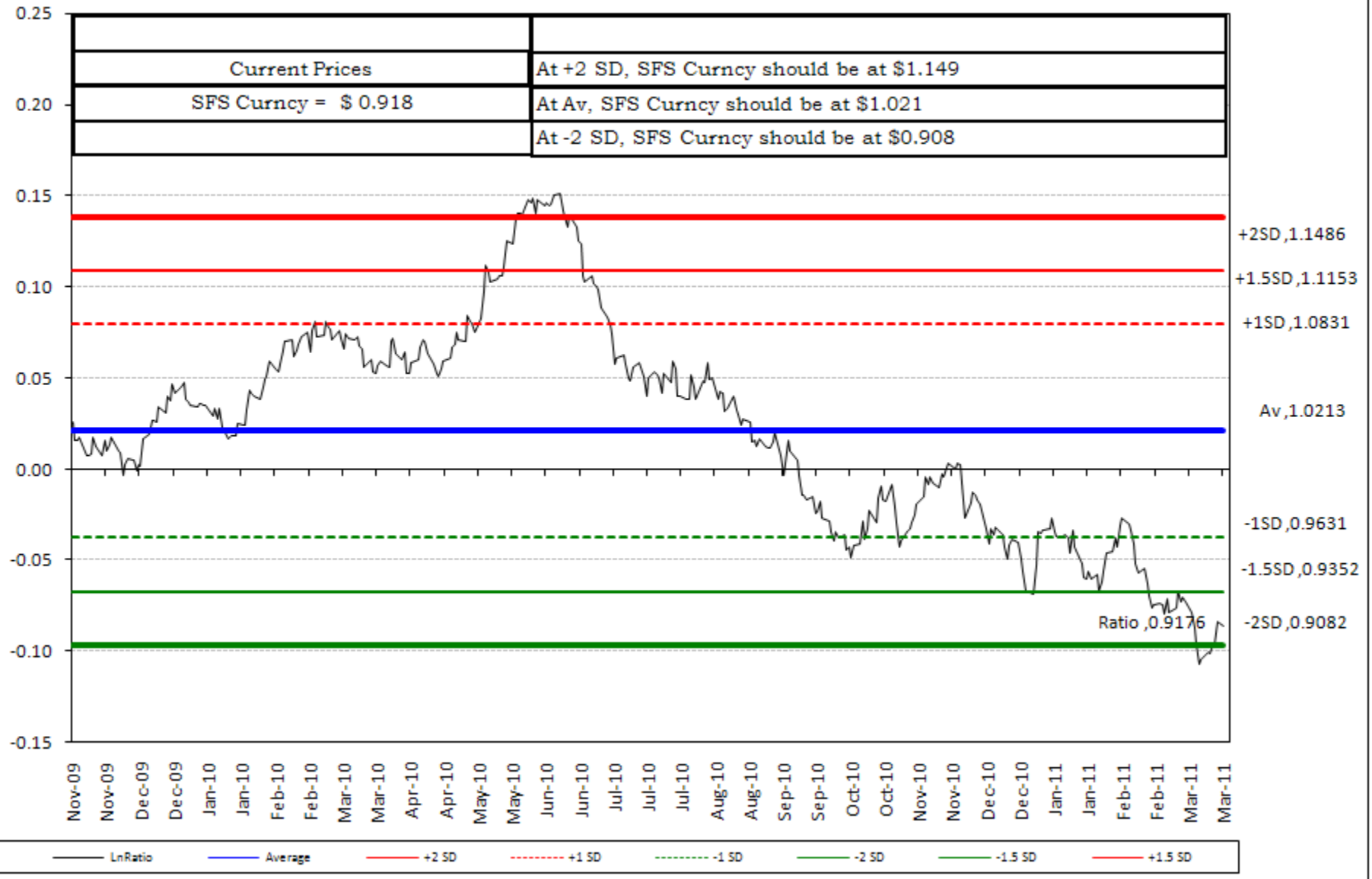
CHF / USD – PEC Analysis -

Reaching PEC D @ We reached our retracement target 92 , but imbalance caused one quick surge and back up again 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).

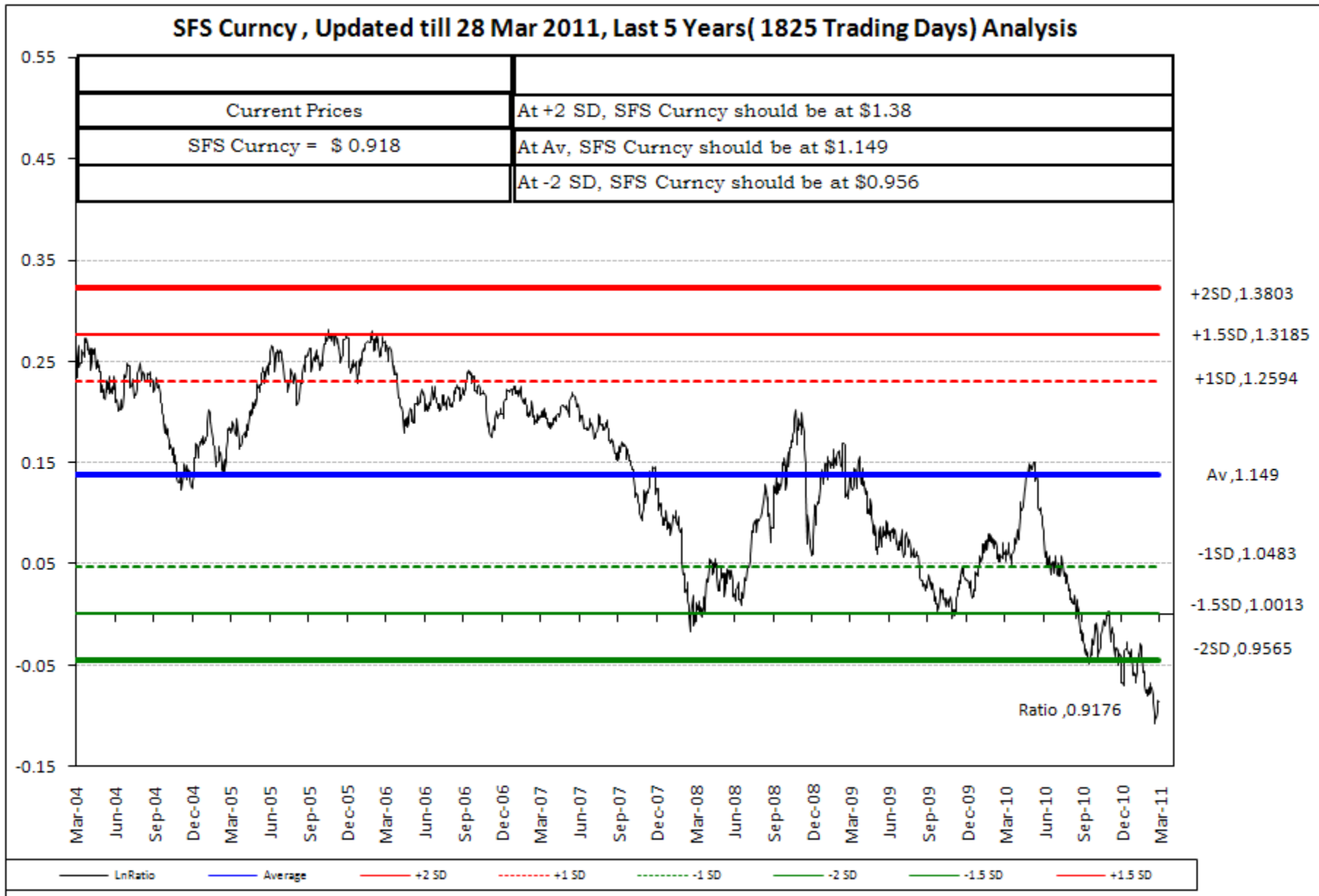


SFS Last 365 Analysis

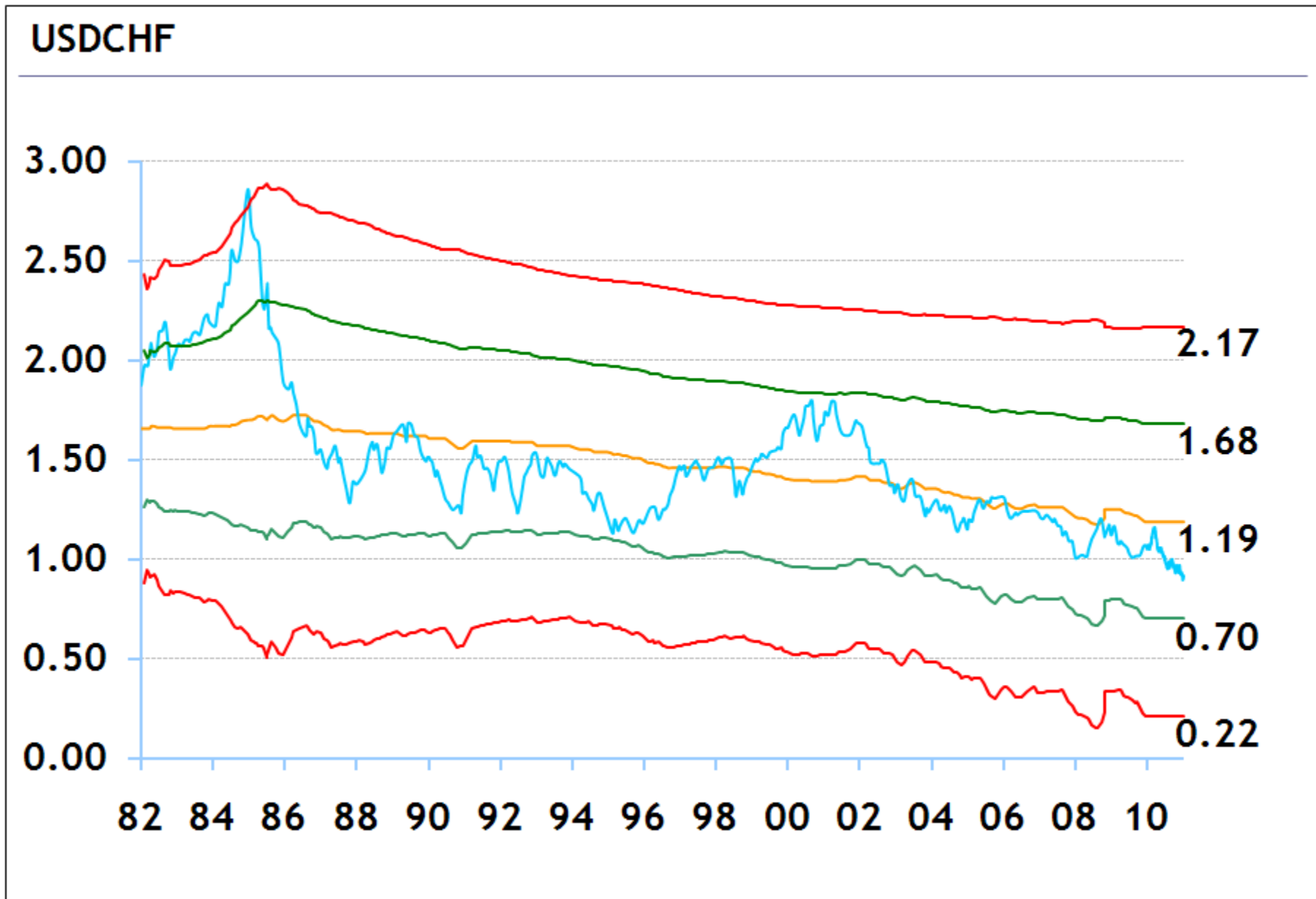
SFS Curncy , Updated till 28 Mar 2011



SFS Last 5 yrs Analysis



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

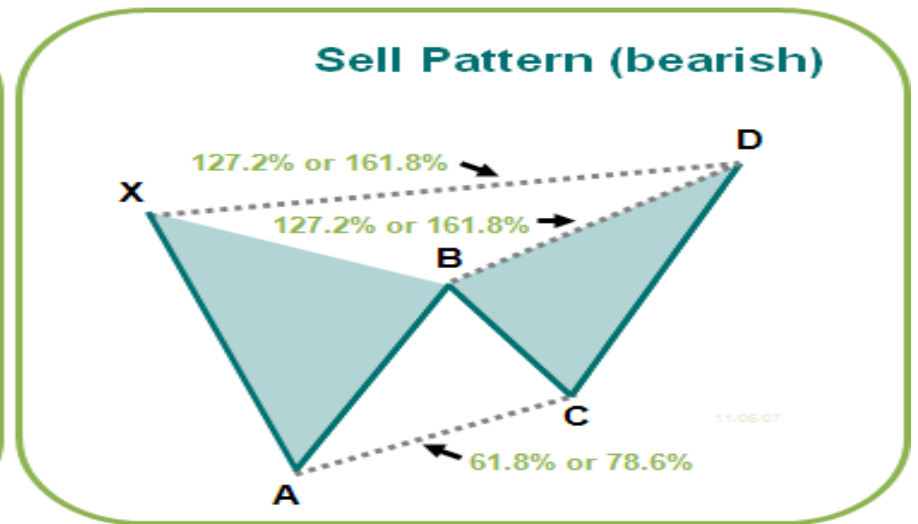
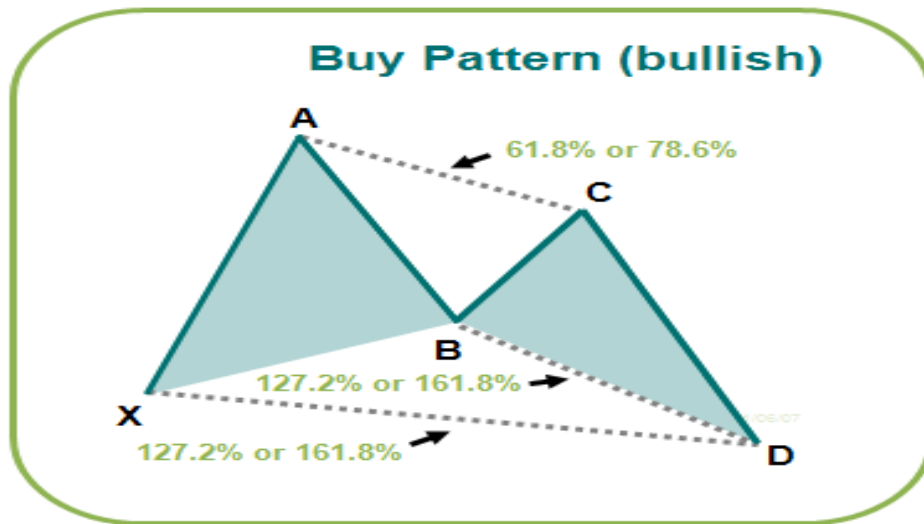


Pythagoras Expansion / Contraction – (PEC) Model

- 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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