SG Capital Research
Global Market Insights

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

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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 for risk management

  - ### *Long term view as below but advised risk management within ST moves around CZ / PEC D with stops*

  - ### *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 upside Target at 1.36*

3. **BGP/USD –** *Triggered. PEC D @ 1.63 but no downside target yet.*

  - ### *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 .*

GOLD – POM Signals & Price Projections

Trading & Investment Conclusions – GLD

- ***POM – 14   Re run** – CZ Validation trigged in our C – Commodity Report on 3rd of May on touch of 153 with close under 151 with 25 M @ 150.48 . This happened prior to the Crash in SLV*

- ***POM – 13 –** Triggered on 5/6 after the Crash at 143 (Via Alert email) as it reached our Target point . The next day GLD opened at 144. Post POM 13 the counter Trend rally has been Hugh past 3 days*

- ***No Target on the Bounce yet***

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Key note

We must admit, ever since Japan quake and BOJ has intervened along with ECB & FED, the Currency market has been volatile needing much tighter stops
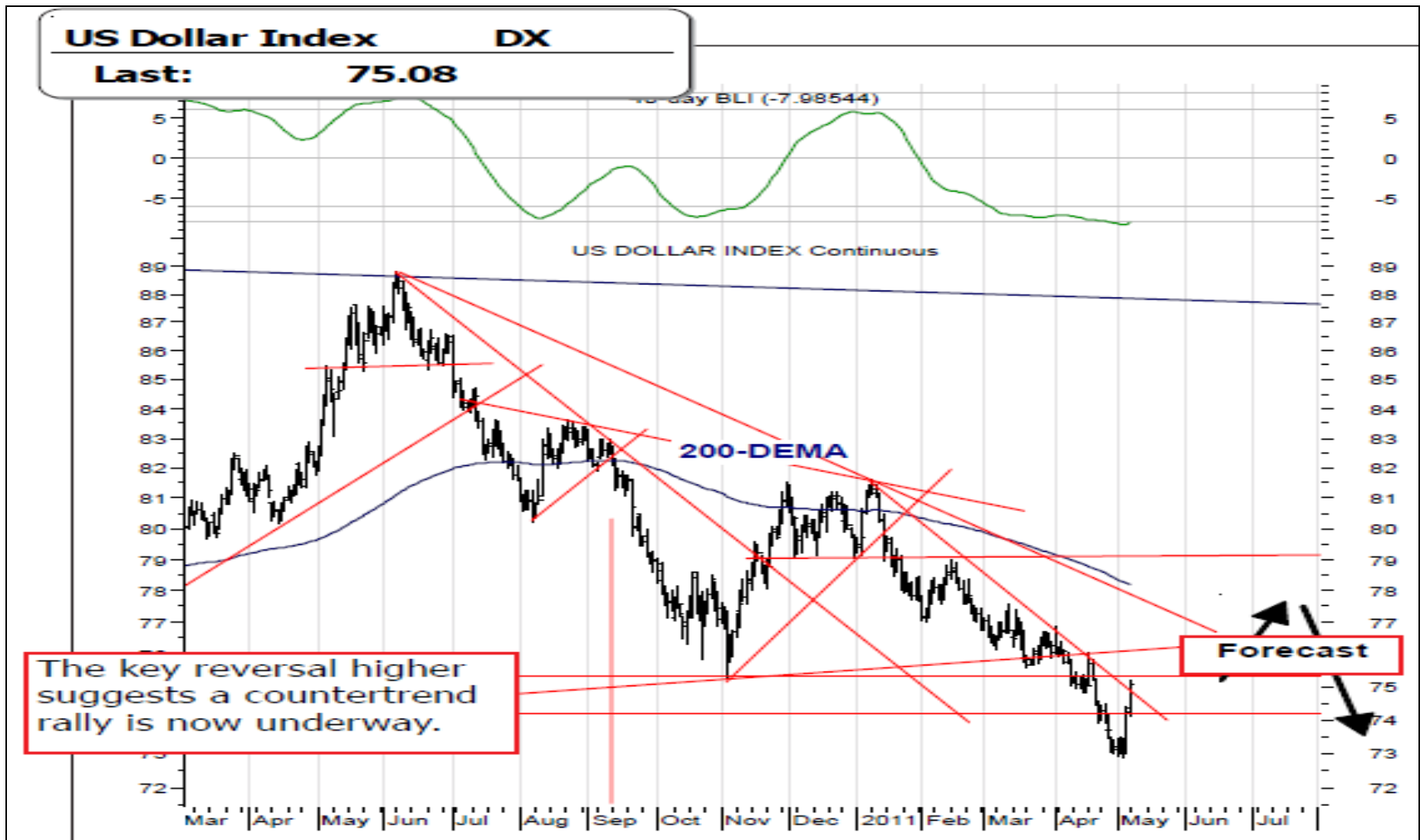
2 – DXY Analysis – Poly trend

This crowded trade could take quite a while to unwind — into 2014. As the dollar bottoms, the commodities should top
The Bigger picture - the Poly Trend has changed inversely to upside.

Weekly Cash U.S. Dollar Index

2 - USD – MA / Pattern & Oscillator Analysis

USD rejected the lows with sign of strength and come back in quickly. Oversold on our Oscillator indicator, Sentiments are very bearish. Earlier it was extended what could be a climax lows if one is bearish commodity. Stop below 72.5 for risks management

US Dollar Index   DX

Last: 75.08

10-day BLI (-7.98544)

US DOLLAR INDEX Continuous

200-DEMA

Forecast

The key reversal higher suggests a countertrend rally is now underway.

2 - GOLD – MA / Pattern & Oscillator Analysis

Trend line and Oscillator proved its merit on upside at 153 & CZ Validation trigger @ 150.48 = 1538 on GOLD
The downside was at POM 13 at 1470 (GLD 144)

2 - GOLD – PEC D - Analysis

Along with 3 week cycle change, Currently POM 13 came in @ 768= 1470 . Bounce in progress.
Earlier Upside PEC –D was projected & nailed top at 1548 (GLD 153)
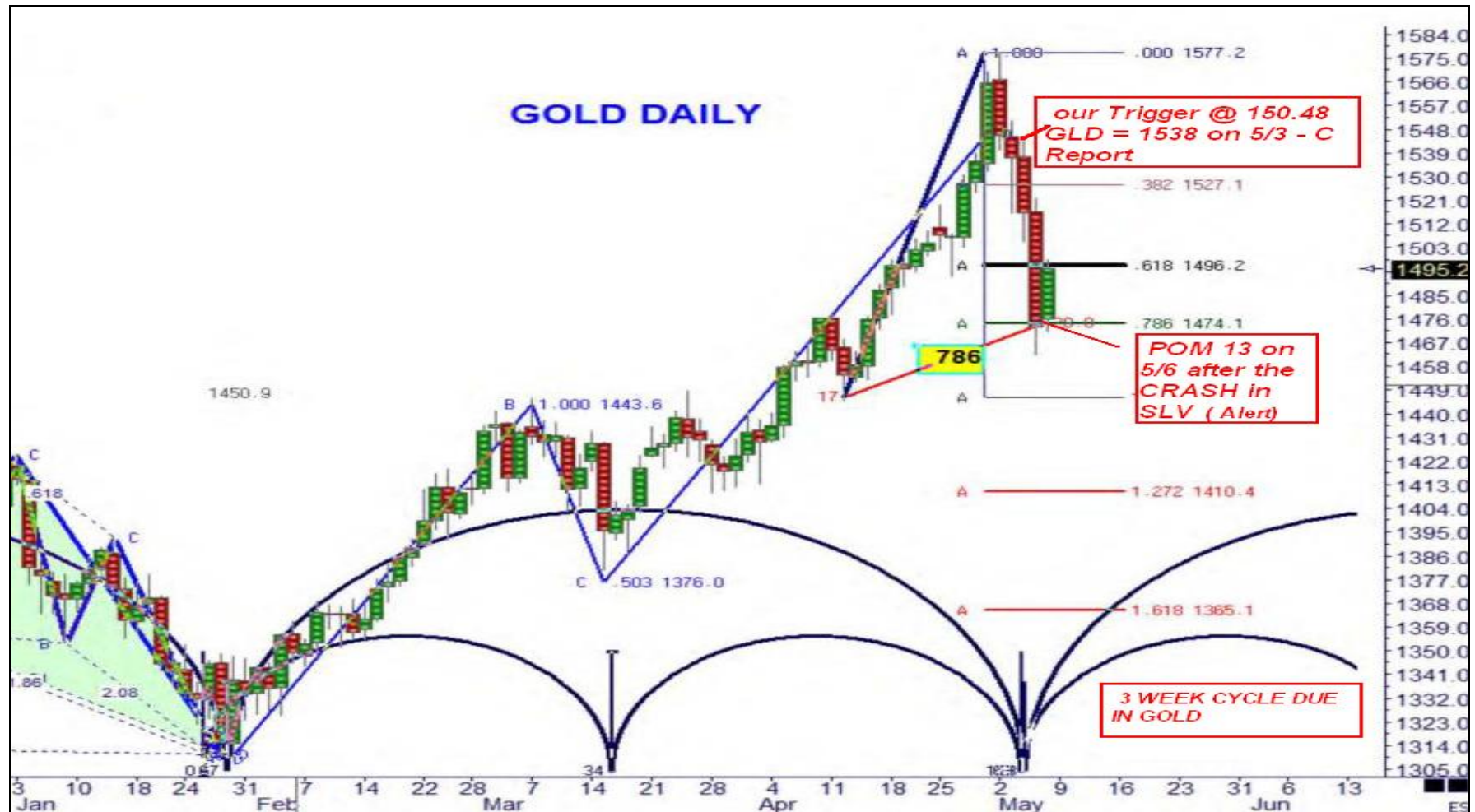
2 - GOLD – Bigger picture

It appears an Elliott 5th wave high came on 5/2 and a larger corrective wave down. This Correction wave could take a couple of months to complete and could retrace back down to the previous 4th wave low near 1375 - 1400. Seasonality wise May and June show a modest decline in Gold and could move in a correction mode in this timeframe building "Cause" for the next move up. The strongest months for gold, Seasonality wise is August and September.

Although little to early to say till the bounce is complete. Below is the potential price path we could follow if all our Indicators line up. Especially CZ Validation with POM's
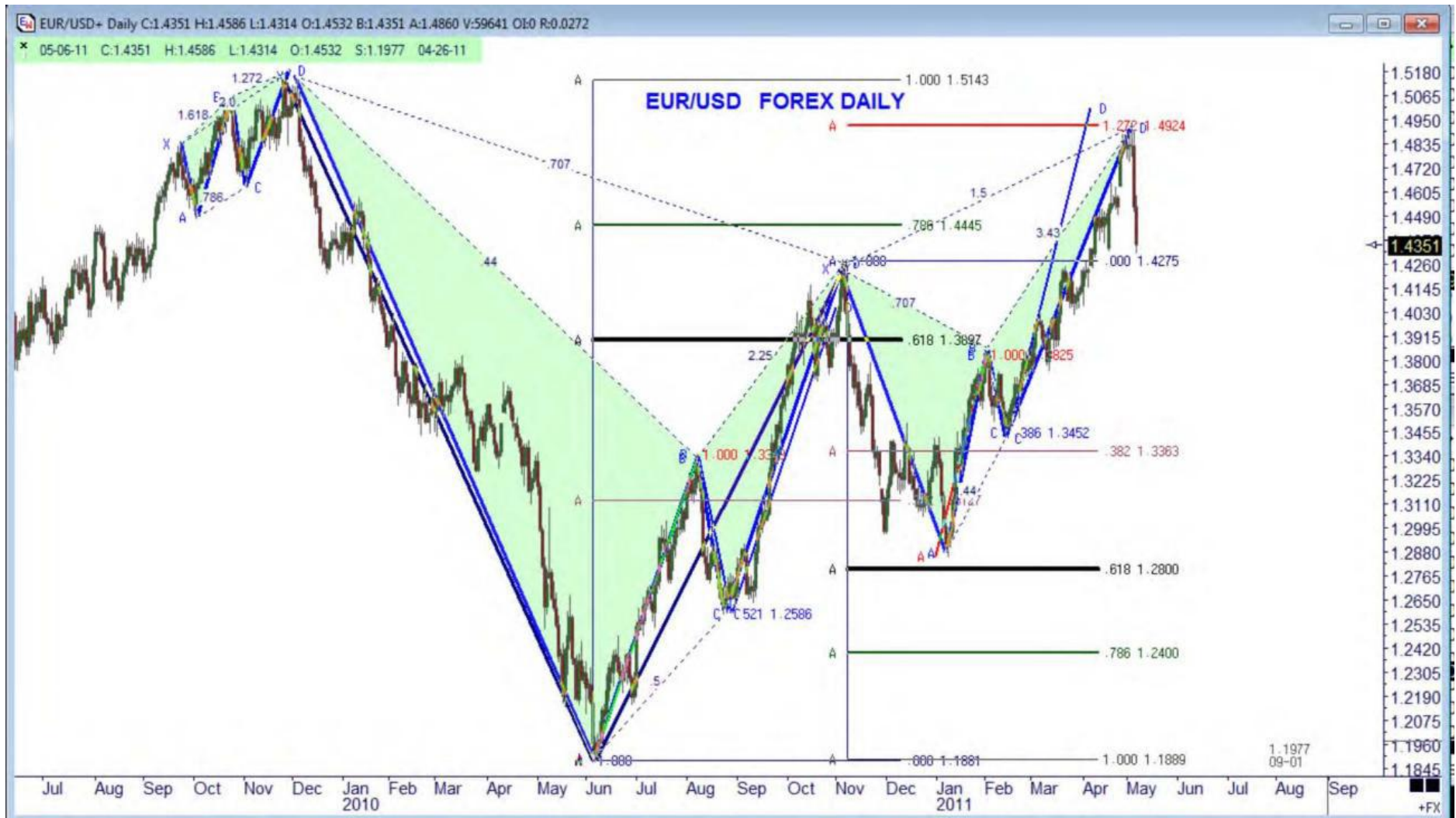
EURO – Poly Trend Analysis

Since our target 1.37-1.38 was busted we had (No Trigger- by this method). But no appears inverse to USD. The target for this large Head and Shoulders pattern on longer term .
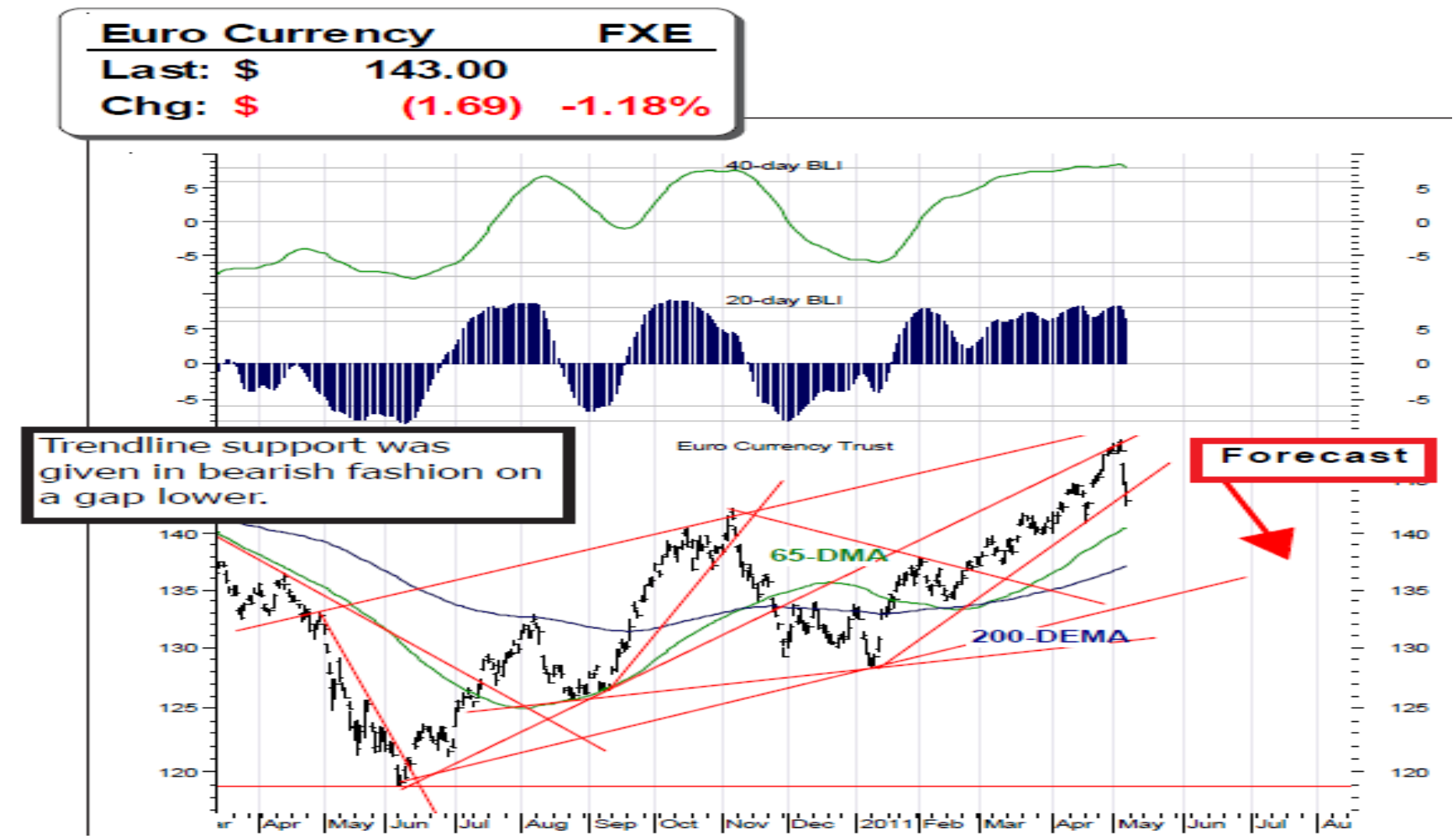
3 - EURO / USD – PEC Analysis - Intermediate term

*By PEC D Method, 1.45, This market also extended as well to 1.49 . Hence stops gets to be handy. **Stop above 1.49, for risks management***

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

Once Signs of weakness is in place and Trend line is broken, Traders will start shorting the bounces from now on .
Especially PEC D is in place at 1.49 for top side risk management. ***Stop above 1.49, for risks management***

Euro Currency   FXE
Last: $ 143.00
Chg: $ (1.69)   -1.18%

40-day BLI

20-day BLI

Trendline support was given in bearish fashion on a gap lower.

Euro Currency Trust

Forecast

65-DMA

200-DEMA

3 - GBP / USD – PEC Analysis - Intermediate term

*GBP -USD Our PEC –D @ 618 comes in at 1.63 correctly, False breakout to 1.67 and back , **stops above 1.67 for risks management***

YEN / USD -   PEC Analysis

Panic & then reflect rally, now consolidation after Hugh move. **Stops below the lows 76 for risks management .** *we doubt if it will get that low . Capitulation / Climax lows do not have to get tested*
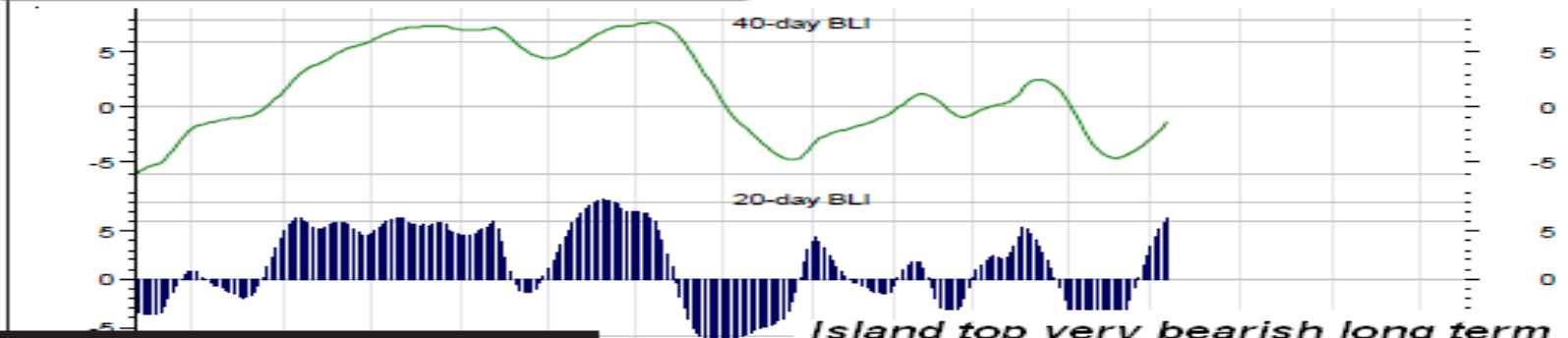
# YEN / USD - MA / Pattern & Oscillator Analysis

USD/JPY's , -" A counter trend move appears to be complete after massive decline upside Risks protection above Island top for stops

Japanese Yen   FXY
Last: $ 122.50
Chg: $ (0.70)   -0.57%

40-day BLI

20-day BLI

Island top very bearish long term signal

ETF - Japanese Yen

Quake / BOJ etc , Island top and Large decline. Consolidation is in process

50-DMA   300-DMA

Forecast
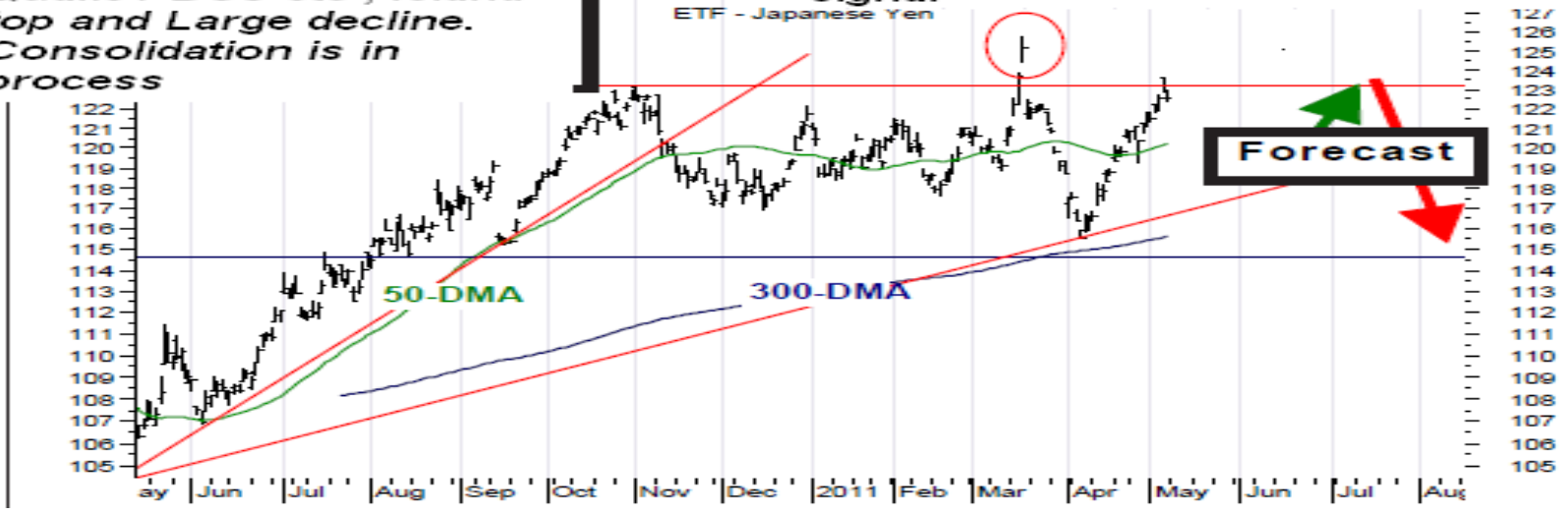
3 - AUD / USD –Analysis

AUD – Top is coinciding with top in CRB, and CHINA (refer notes within the chart) . A counter trend rally will be in progress along with CRB. We had no Signal except price path to 1.07

AUD/USD - PEC Analysis

Upon achieving the Up trust rally above the Poly Trend line
PEC D signal @ 1.09 is more valid analysis to judge , stops above 1.11 for risks management
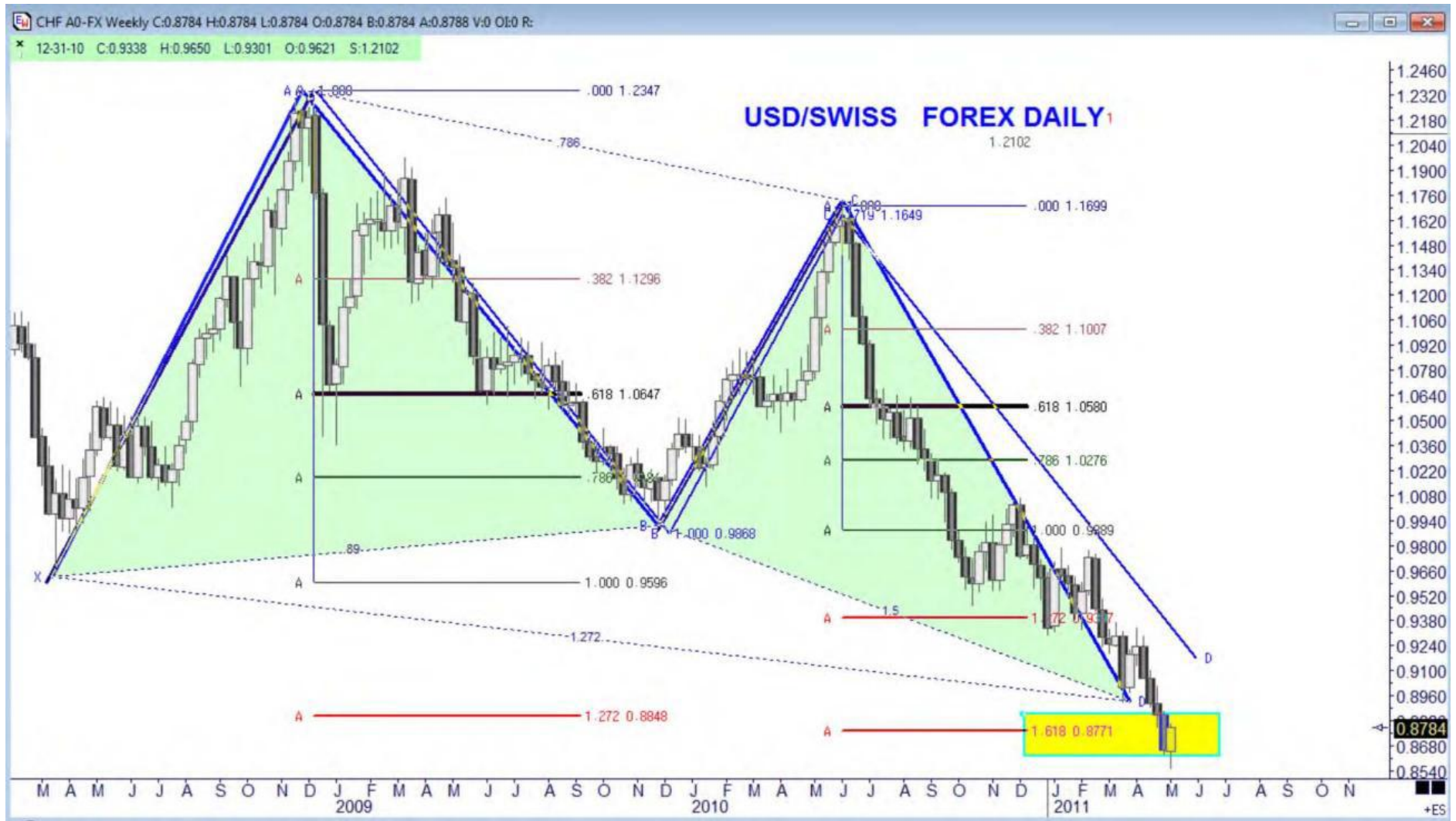
CHF / USD   -   PEC Analysis

By this method, - No signal was Trigged since PEC D @ .92. was busted.

Now it appears as Bullish reversal at PEC D -88 Triggered   however come back to 90 in trading range would be very bullish. *stops below 85 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.
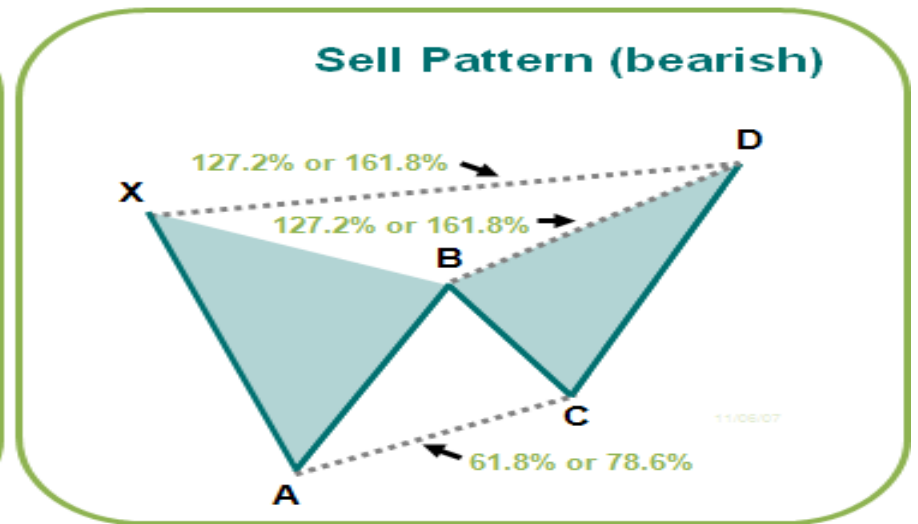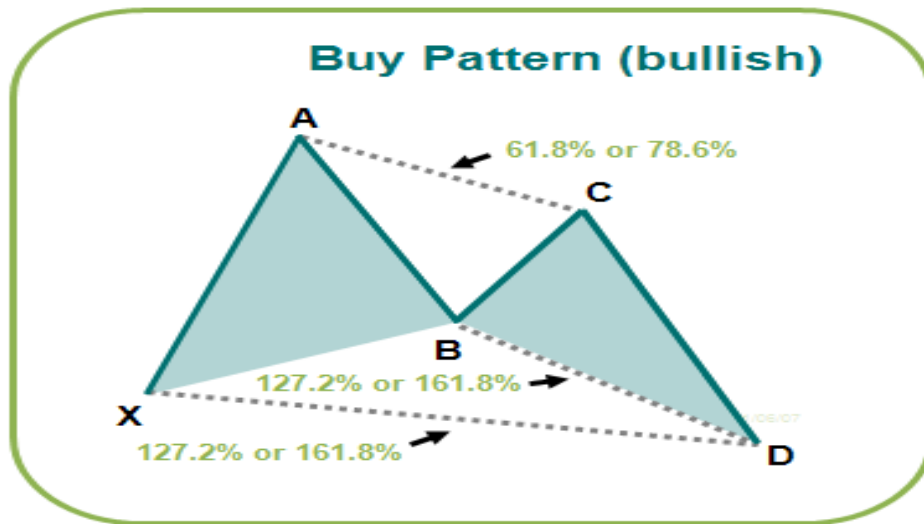
(In Some Charts, there may be possibility of 1- 2 days of delayed chart data due to accommodation of processing and preparation time in 1-2 days prior

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

Buy Pattern (bullish)

A
61.8% or 78.6%
C
B
127.2% or 161.8%
X
127.2% or 161.8%
D

Sell Pattern (bearish)

D
127.2% or 161.8%
X
127.2% or 161.8%
B
C
A
61.8% or 78.6%

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