



SG Capital Research

Global Market Insights

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

MAEG- CURRENCY ANALYSIS- SG 2011 # SEPT_28

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 Mid term Price Target are stated (below) . We advise risk management within Short term moves around CZ to CZ Trading moves with Stop - Loss (due to sudden volatility)

- GR – (1) – DXY, EURO & GBP -

1. DXY – Triggered CZ – 71 -73 - Stop below 71

2. EUR/USD – Triggered PEC D @ 1.45, still intact - Stop 1.49

3. BGP/USD – Triggered. PEC D @ 1.63 _still intact - Stop 1.69

- GR – (2) - AUD, CHF & JPY –

1. JPY/USD - Trigger. PEC D @ 76 / Stop 74.5

AUD/USD - Triggered. PEC D @ 1.09 still intact – Stop 1.11

CHF / USD – - Await for bottom @ panic lows to be tested for safer entry

- **GLD**

- **Alert** – On 9/16 - We have Triggered POM 13 on GOLD @ 1570. (GOLD Signals are still within the norms of Bull market POM's)
- **Since we Trade US Market our entry was at 1603 on CME Pre-open US on 9/16 . If one has Asia Trading account it could have capitalized on lows of 1550 (at the time we send the Alert out)**
- **Our Price target of 1570 was reached (as we had projected in our earlier Reports). It overshot and hit lows of 1530 , a drop of 300 points.**
- **On FMOC Day we had warned of a event, if a close by tick below 1770 would Trigger a computerized Trading**
- **Earlier Alert - 8/23 @ 1825 “ Reverse decline Trigger” POM 14 – Re Run (Hedge Signal)**
- **SENTIMENTS - Sentiment Traders curtsey**

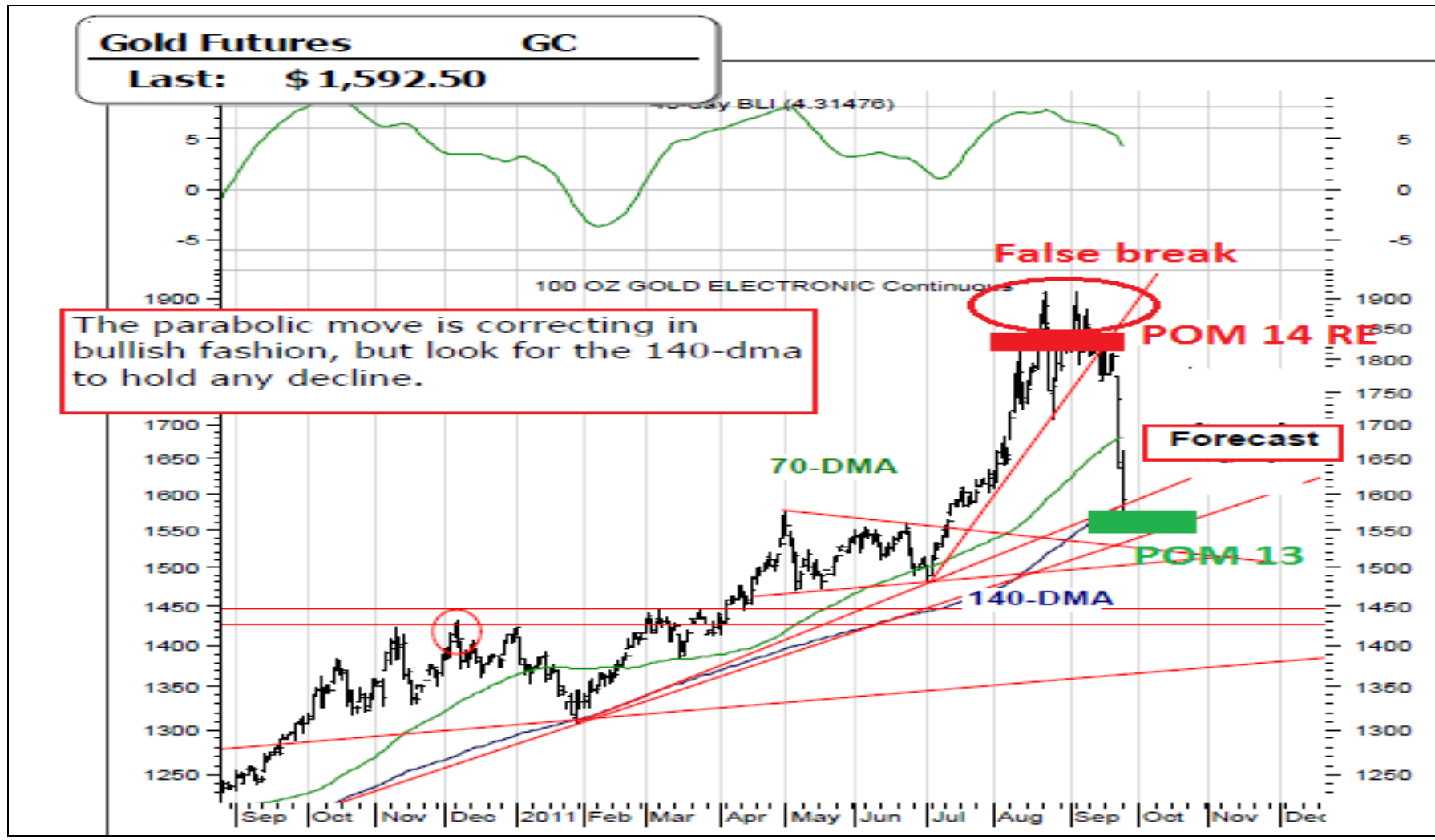
NO – Extreme Sentiments - on any of the Instruments within our Coverage

Note – All CZ / PEC D – Marked (in color) on charts below has been Announced Real time in our Previous Reports prior to Price shifts.

GOLD Analysis – (GLD + \$ 50) = GOLD continuous contract.

We have reached our Price objective of 1570 and Triggered POM 13 via Alert 9/16 (See chart below)

Earlier Alert - 8/23 @ 1825 Trigger" POM 14 – Re Run



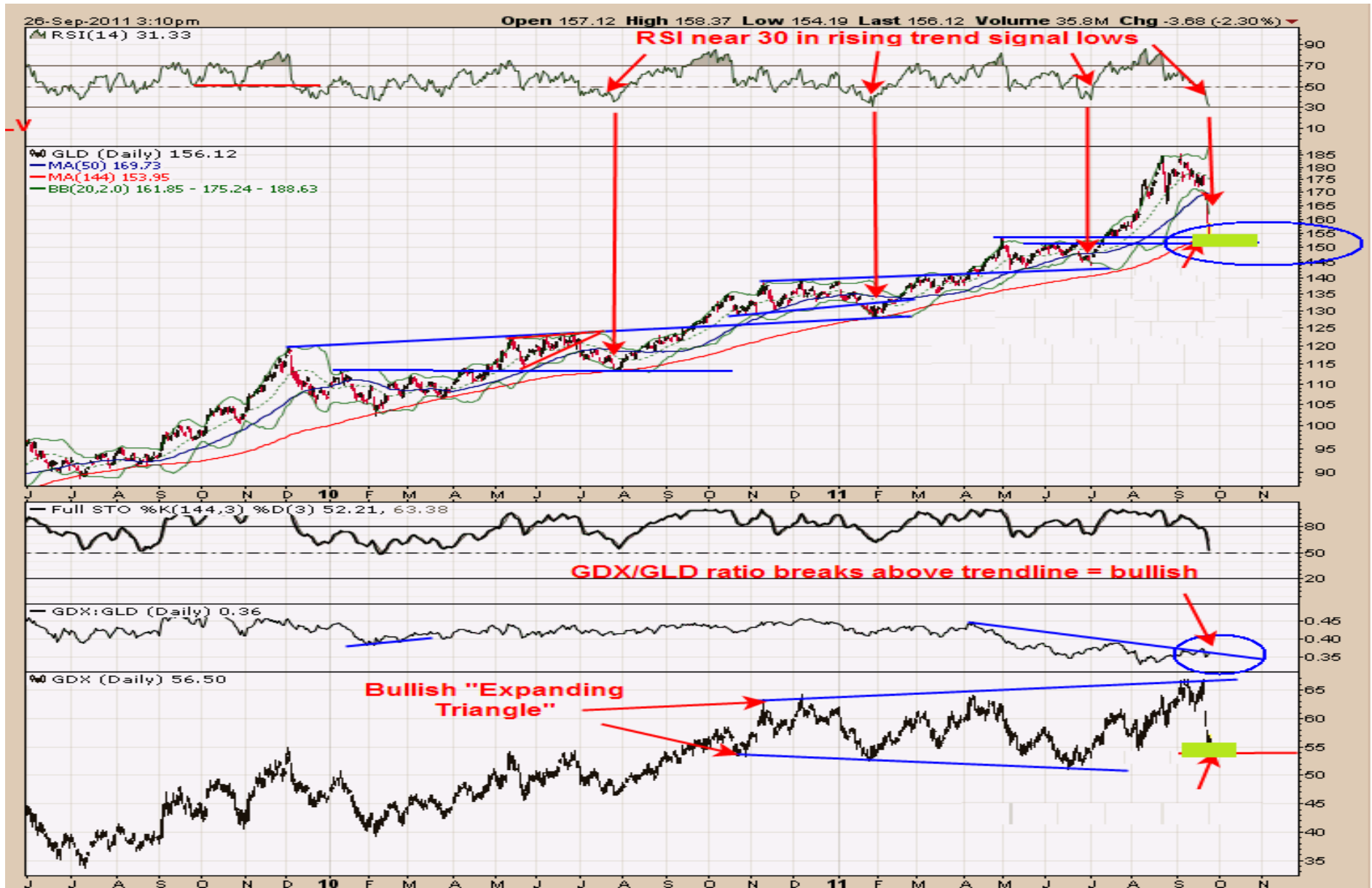
GOLD Trend line Analysis – 1580 Target – met

A text book example of price meeting into CZ at 1570 at the Poly Trend & other cross currents with Oscillator diverging



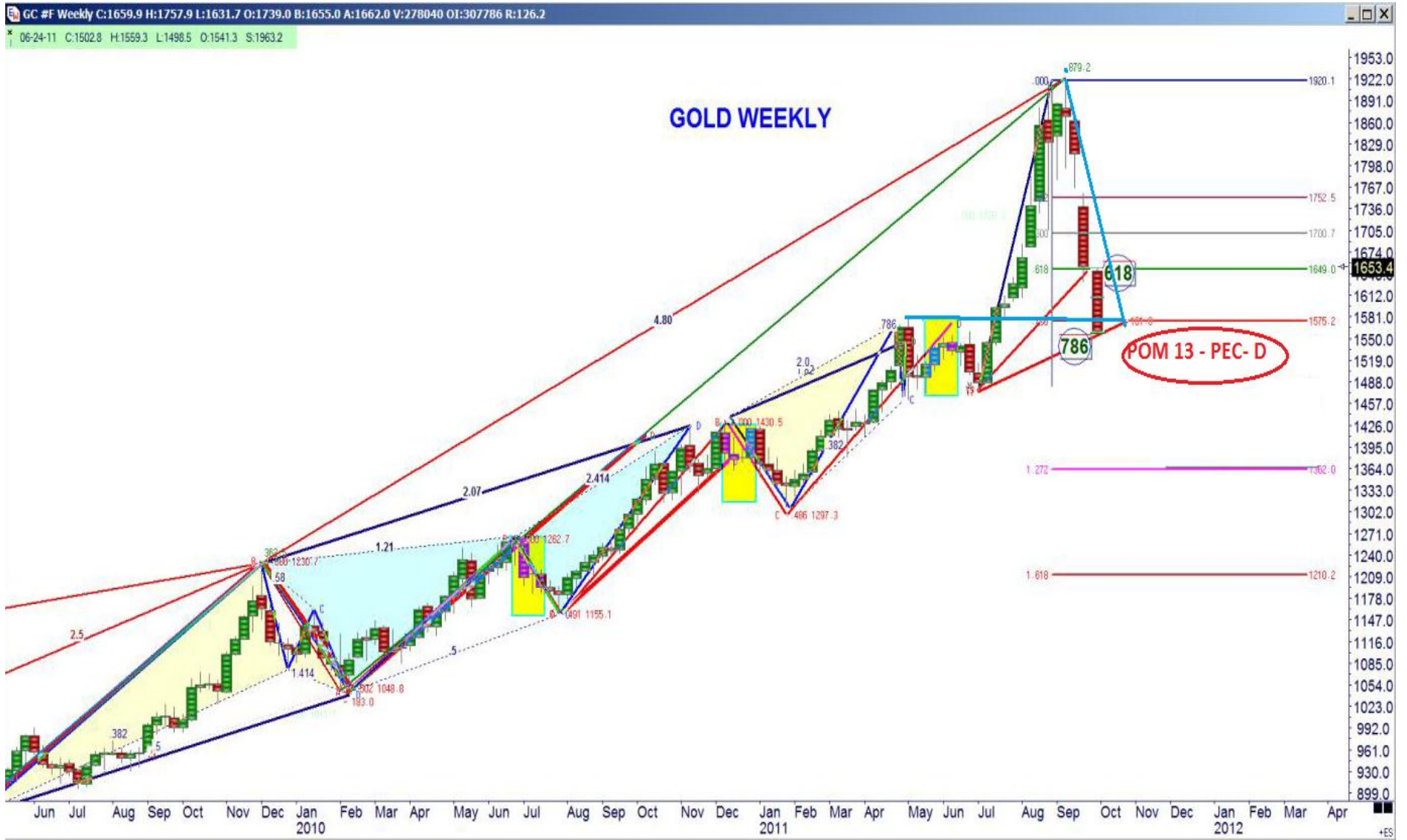
2 – GOLD - (GLD + \$ 50) = GOLD continuous contract - MID TERM – 1570 Target – met

(see the notes within the chart below – GLD Triggered POM 13.(1570)



2 – GOLD - (GLD + \$ 50) =

In chart below – PEC – D very much coincided with POM 13. .(1570)



- **SENTIMENTS - GOLD – PUBLIC OPINION – Sentiment Traders curtsey**

Not – Extreme Sentiments - Comments – NO CHANGE

In spite of huge rally still sentiments are not extremes – Suggests after retracement, the rally has more to go

- **RYDEX CASH FLOW – Sentiment Traders curtsey**

Comments – NO CHANGE

In spite of huge rally Rydex Flow has not changed much – Suggests after retracement, the rally has more to go

DXY - with Pattern & Oscillator Analysis

*DXY has finished its ABC up. The Pull back in USD should give a counter Trend move in Equity and Commodity.
After the pull back DXY should have its 2nd ABC up price target to 83 (BLI – Osc still has some room to move (red box)*

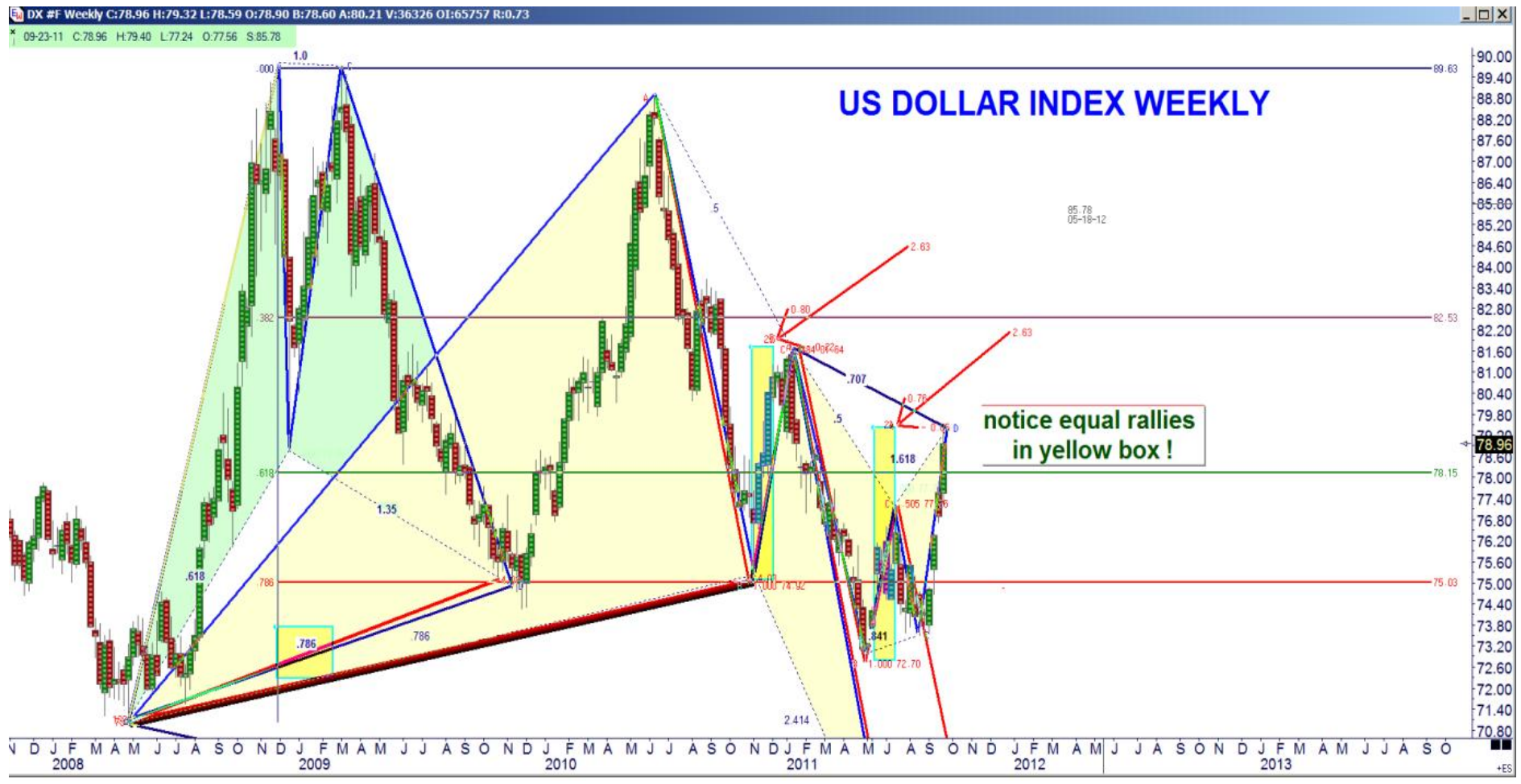
Earlier Our CZ 73 -72 in green proved its merit (indicated in our Currency Report 08/23) then the rally with valid breakout began .



2 - USD – PEC D

USD has completed a perfect AB=CD pattern at the 79 level. This past rally is exactly the same amount that occurred several months ago as can be seen by the yellow boxes

Longer-term we think the dollar will remain strong versus the other currencies but for the next few days it could be under some pressure



EURO / USD - with Pattern & Oscillator Analysis

Euro Broke down and violated in very Bearish away. Now it should give a counter Trend rally whiles USD pulls back

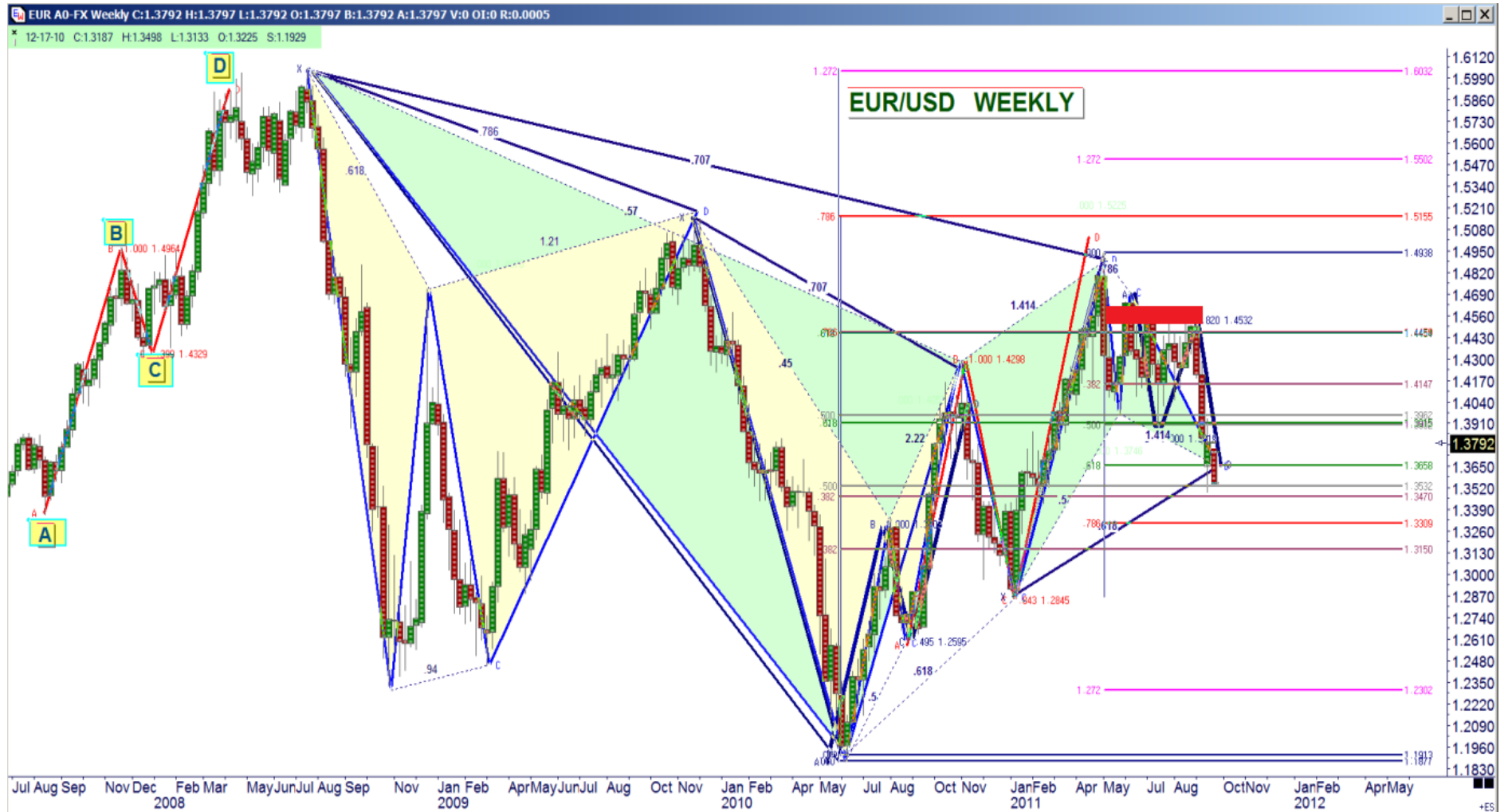


- EURO / USD – PEC Analysis - Intermediate term

Our PEC –D Trigger of 1.45 .Stop above 1.49, for risks management

The distribution in Euro along our CZ resulted in massive mark down on Trigger from debt crises.

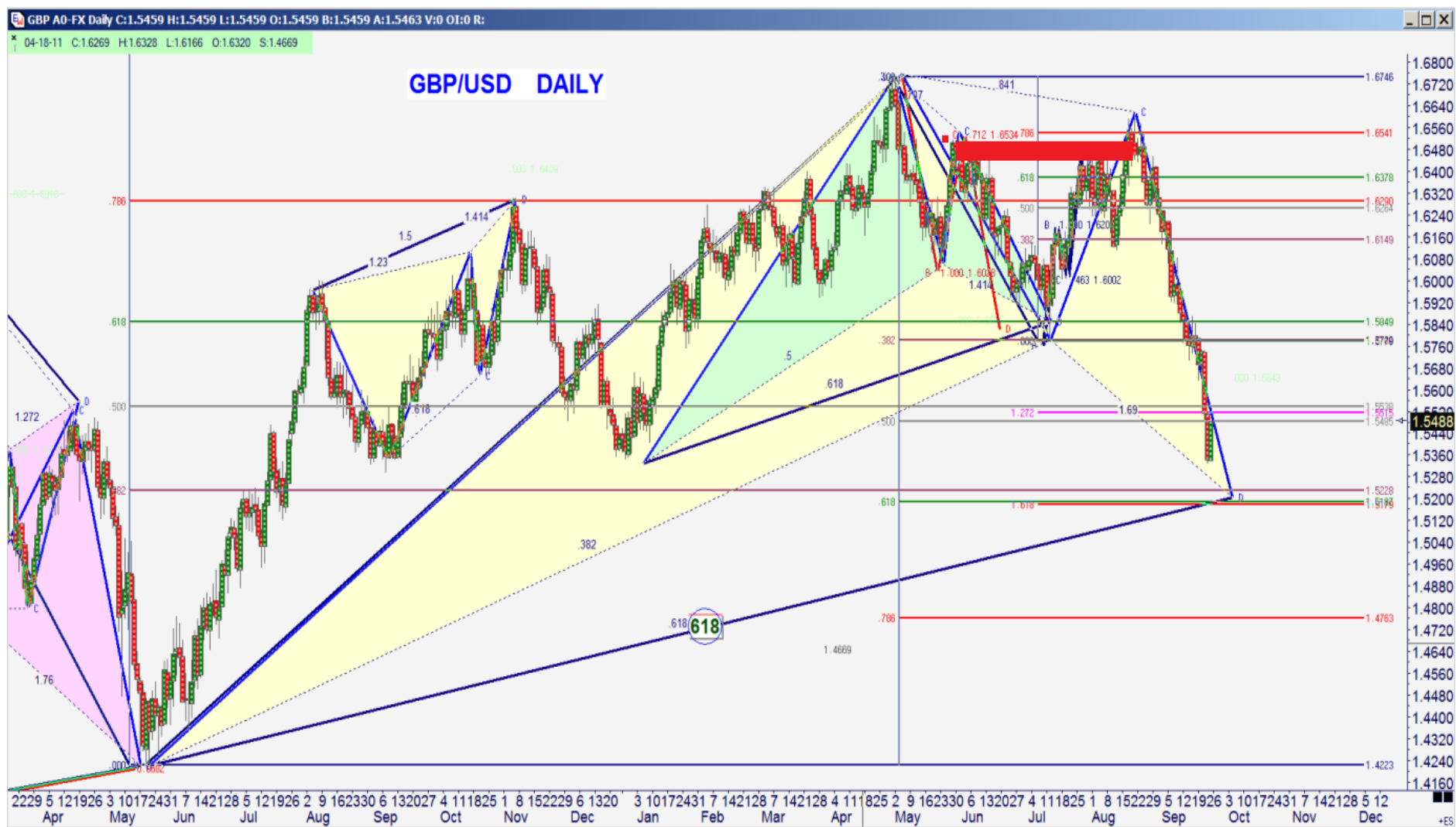
ST – PEC –D @ 1.36 is for counter trend rally only – for a bounce .



3 - GBP / USD – PEC Analysis - Intermediate term -

Similar to Euro, GBP is oversold and rally should come in anytime just for counter Trend bounce. **ST PEC D @ 1.53**
The British pound is in the same situation as the Euro

GBP -USD Our PEC –D @ 1.63 correctly, stops above 1.69 for risks management



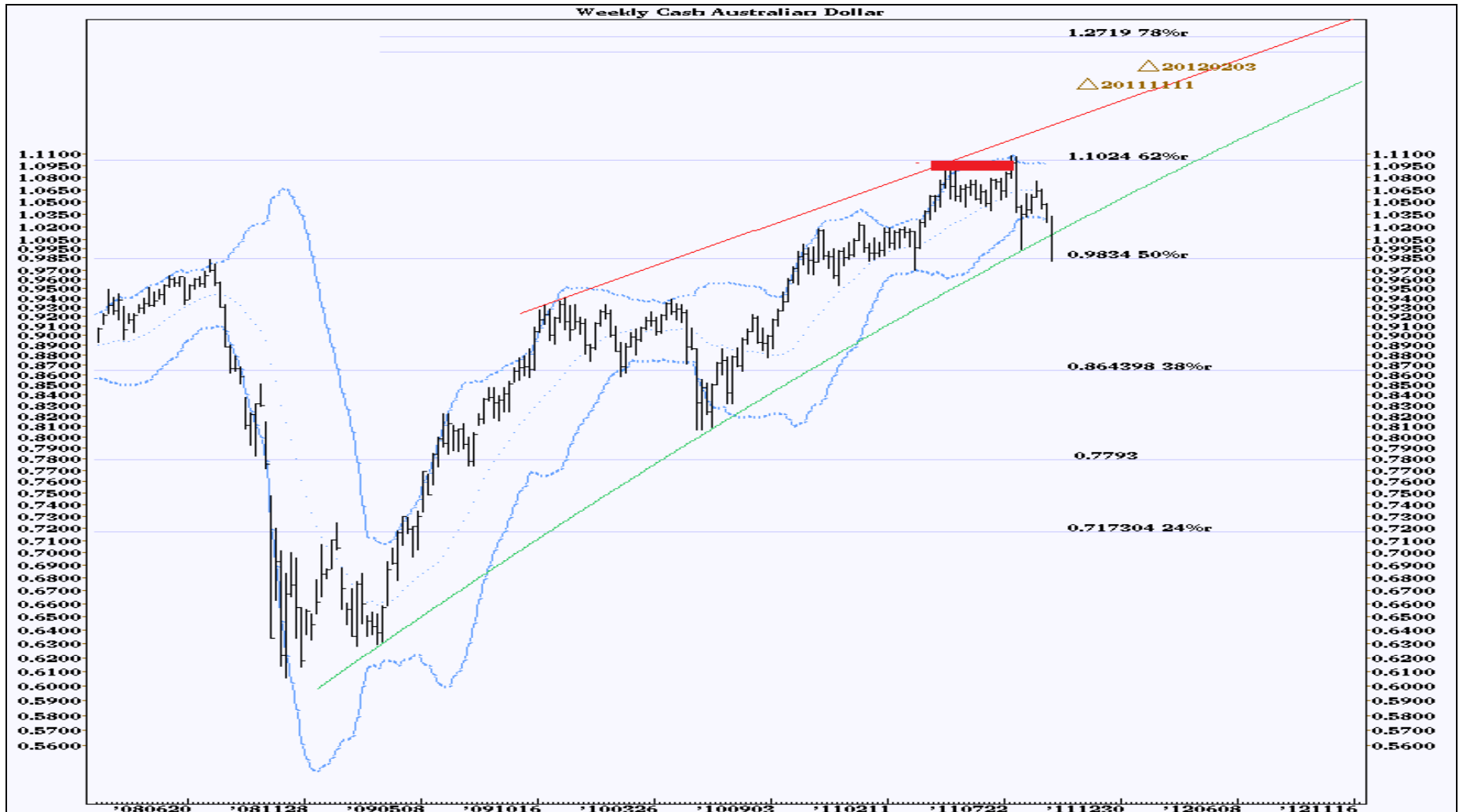
YEN / USD - PEC Analysis

ALERT – we mentioned - 76 could be tested, and good entry point (as indicated in Green) . Stops below the lows 74.5 for risks management is still in tact. (Stop is critical if it goes in free fall)



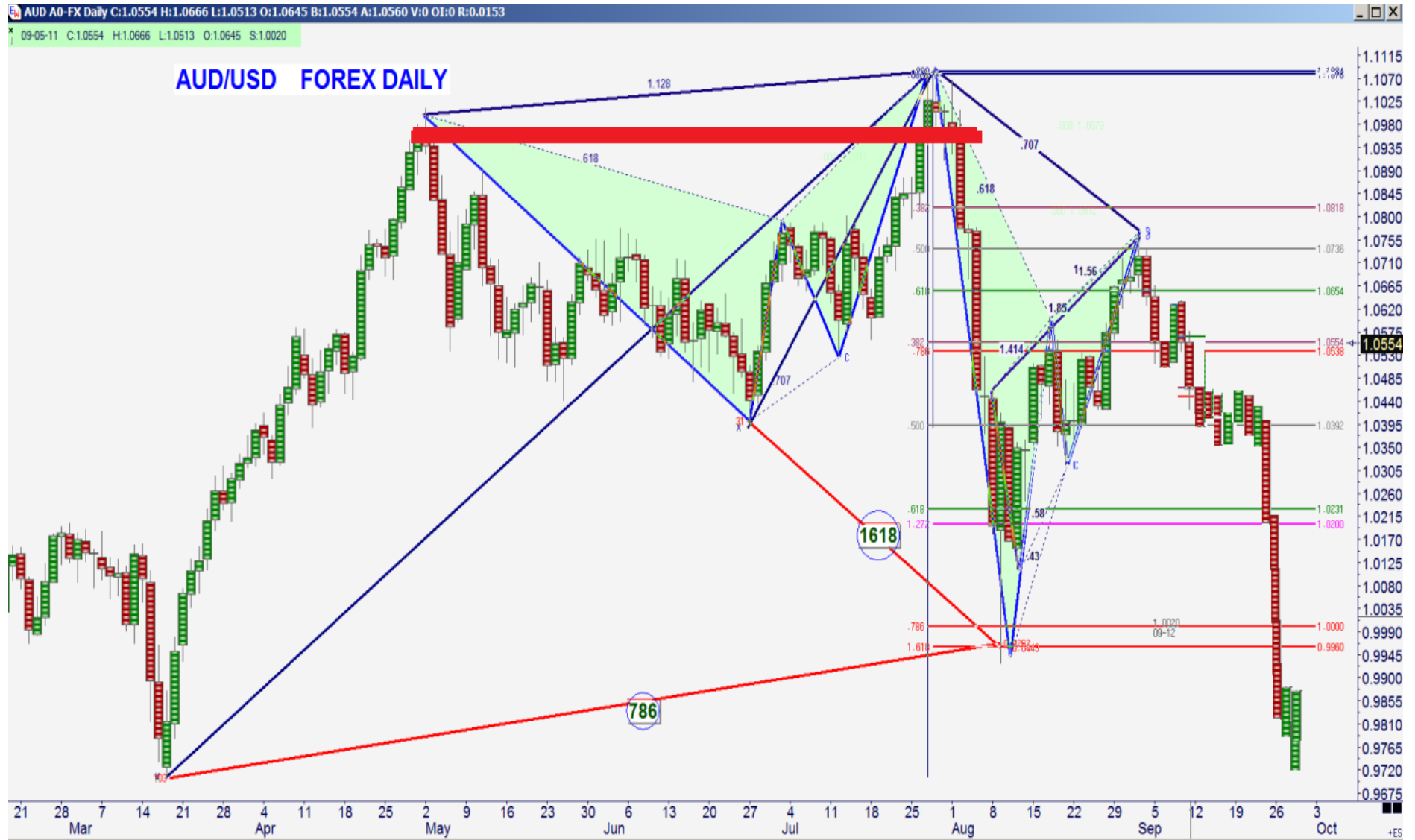
3 - AUD / USD -Analysis

AUD - 5/10 Trigger 1.09 (in red) , It should find support at the Trend line below @ 1.00 as expected but it is forming long term top. Stops above 1.11 for risks management. If a break below 0.95 could be waterfall drop .



AUD/USD - PEC Analysis

AUD oversold and should rally on counter trend . Earlier By this Method, PEC -D signal @ 1.09 STILL VALID analysis to judge , Stops above 1.11 for risks management -



CHF /USD - PEC Analysis

The Swiss franc has dropped more than 25% against the dollar in the past few weeks

We were expecting to test the bottom again but it has not given Trigger – - Await for bottom @ panic lows to test for safer entry .



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

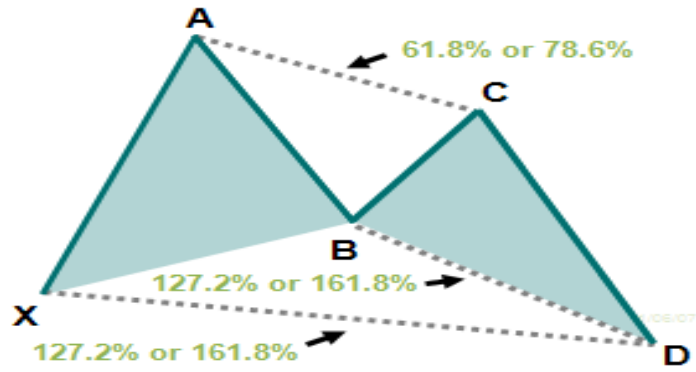
Pythagoras Expansion / Contraction – (PEC) Model

- 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

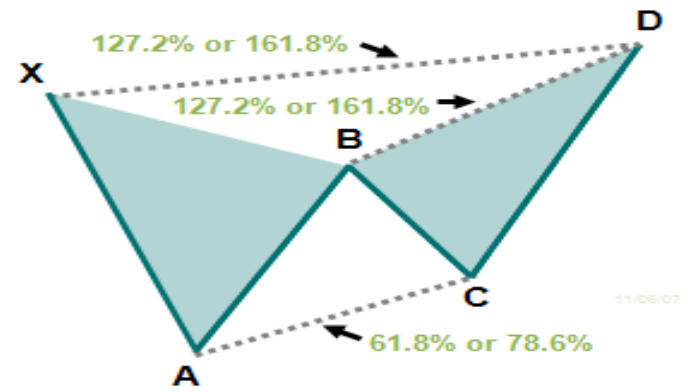
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

Buy Pattern (bullish)



Sell Pattern (bearish)



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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