SG Capital Research
Global Market Insights
Chart System

Date : 17th April 2013 (*Wednesday*)   **CURRENCY REPORT (Strategy & Prop Tech)**

_____

By : Suneil R. Pavse, E : apavse@aol.com

• *Executive Summary*

	Current Price	Trigger POM or CZ & Date	Triggered Within CZ & Date	Progress Status	Current Position	NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1375	POM 13 @ 1540 On 5/15 For main entry **Core position**	CZ 1345-1375 On 4/15	Capitulation	Net Long	NONE On Successful Re test of CZ 1345-1320 Would Trigger POM 12 Full exposure	CZ 1420-1430	CZ 1530-1560 Upside cap	CZ 1430-1450 Met & Sliced through for New ABC	CZ 1345-1370 ABC down to 1345 Met & Held	For Recycled exposure 1.Re entry. @ 1635 (1/5), @1575 (3/01) @1358 (4/15) RM 1330 For now 2 Earlier exited at 1770 9/17 For 220 profit Is providing profit cushion 3 –Stop losses of 20 points incurred. Including latest 4/12
DXY ($ USD)	81.86	CZ @ 72 **Core** on 7/9/2011 Intact	Secondary CZ 79.55-79.0 On 10/06	BULLISH Short term Pull back	Net Long	NONE	CZ 83-84 Met Bullish Top	CZ 88-90	CZ 79.55-79.0 PQV Validated floor	CZ 81.5-80.5 Approaching	(RM) below 79.25

	C. Price	Triggered POM or Main CZ & Date	Triggered within CZ	Progress Status	Current Position	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
EUR /USD Pre-announcement	1.318	CZ 1.352 On 2/13	CZ -1.36-1.345	CAUTION Turn to Bearish On trigger	CASH To Net Short	Initiate entry within CZ 1.335-1.325 Best Risk / Reward RM -.1.36	CZ 1.33-1.34	CZ 1.35-1.36 Bearish Top	CZ 1.27-1.29 Met with Bearish bottom	CZ 1.20-1.21	CZ @ 1.49 Core , on 7/9/2011 Intact.
GBP/USD Pre-announcement	1.535	CZ 1.50 On 3/06	CZ 1.51-1.49 On 3/06	BULLISH To turn to Neutral On trigger	Net Long To CASH	Initiate Exit within CZ 1.555-1.545	CZ 1.555-1.545 Target Approaching	CZ 1.65-1.64	CZ 1.49-1.51 Met , Bullishly		RM below 1.48
USD / JPY Pre-announcement	97.55	CZ @ 76 Core, on 10/7/2011 intact	Secondary CZ 92-93 On 4/03	BULLISH	Net Long Up 29% from entry	Initiate re - entry within CZ 93-91 Best Risk / Reward This is Earlier exited ½ recycle position RM @ 89.5	Target 96-99 Met Triangular Bullish Top	Target 106	CZ 93-91		Exited ½ @ 89 on 01/11 for 17% gains Long term Trade @ 76 remains , 2012 , 2013
AUD/ USD	1.037	CZ 1.05 On 1/24	CZ 1.06-1.05 On 1/23	BEARISH	Net Short	NONE	CZ 1.06-1.05 Failed bearishly on Secondary Top @ 1.05)		CZ 1.02-1.025 Met Bearishly	CZ 0.99-1.00	(RM) on Core above 1.07 (CZ @ 1.09 Core on 10/7/2011 intact

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- **BULLISH CURRENCY**

DXY, USD/JPY (i.e weaker Yen) , BPS
GOLD – Capitulating

- **BEARISH CURRENCY -**

AUD, EUR

- **NEUTRAL CURRENCY**

NONE

Portfolio –   Overview

- *Currency Portfolio is well balanced. We are **Long DXY**   It has rallied well on upside since our Trigger. Time to time DXY is assisting us to Hedge against " Short EURO, Long GOLD.*

- *We have increased **Net Long Position in GOLD** in recent **CRASH @ 1545** . (On position Earlier stopped out at cost 1560, 1545). We have generated cash by **EXITING NG long , OIL – Short Positions***

- **Short AUD ,**
- **Flat EUR ,**

- **Long BPS**

GOLD – "Capitulation"

*Structural deformation at CME and Margin calls is liquidating this Market in fast Price moves. In such circumstances , the " Daily charts are meaningless. GOLD has created " Flag Post Pattern . This is Identical pattern as **NIKK during Tsunami Crash 2011**. This pattern can have another Gap away at times if the ABC down to 1345 is <u>not tested well soon enough</u>.*

We would refrain from exposing ourselves in this cross fire. This is hurdle for increasing our position to " Full Exposure"

*However, the GOLD is in middle of Flag post. Risk / reward would come only if Upside or Downside target is met first until then it is in **"No Man's land"***

Downside- .

- *The weekly projection was at CZ 1345-1370 for ABC down 1345 . This was met & Gold has rallied. The upside is capped.*
- *For now Successful **Re test** of this lower CZ with PQV Validation would stabilize this Market.*
- ***At that time we would review options to <u>Trigger POM 12</u> get to our Full exposure of 16% .***

Upside -

- *CZ 1420-1430 would be CAP on any up move. This area is bottom of that SMASH down sliced decisively .*

- *Current destruction may take little longer to achieve our LONG TERM <u>upside objective</u> in GOLD, Pull back in USD may give some breathing room for GOLD to go little higher.*

- *If Upside CZ 1420 -1430 is met, we shall EXIT the position (entered 1558) as Risk Management We shall send Alert*

Currency Overview

CAUTION EUR - *The current bounce is forming Double right shoulder of H & S . This bounce should taper soon for next leg down. " Watch Trigger for failure ENTRY " . Euro is bouncing back to CZ 1.335-1.325 after it missed a very critical point @ 1.26 PEC-D confirmed "Head-and-Shoulders" .*

BULLISH (ST Pull back) DXY - *We should see short term pull back . We are Bullish on DXY Mid term . It has rallied quite furiously to its first Bullish ABC up to CZ 82-83. DXY should begin its 2nd leg up in the 2nd half of 2013. acceleration to Bullish Top @ 88-90.*

BULLISH USD/YEN . (i.e YEN is going to weaken). *Pull back to CZ 93-91 was met & rallied furiously for continuation move higher for next ABC up (BOJ) news .*

The next Re test of CZ into 93-92 we shall scale in our Recycling position. Watch Trigger for ENTRY PQV Validation. This pair continues to move higher beating 3rd ABC ups on Bullish Tops. USD / YEN should be another profitable up move in 2013 .
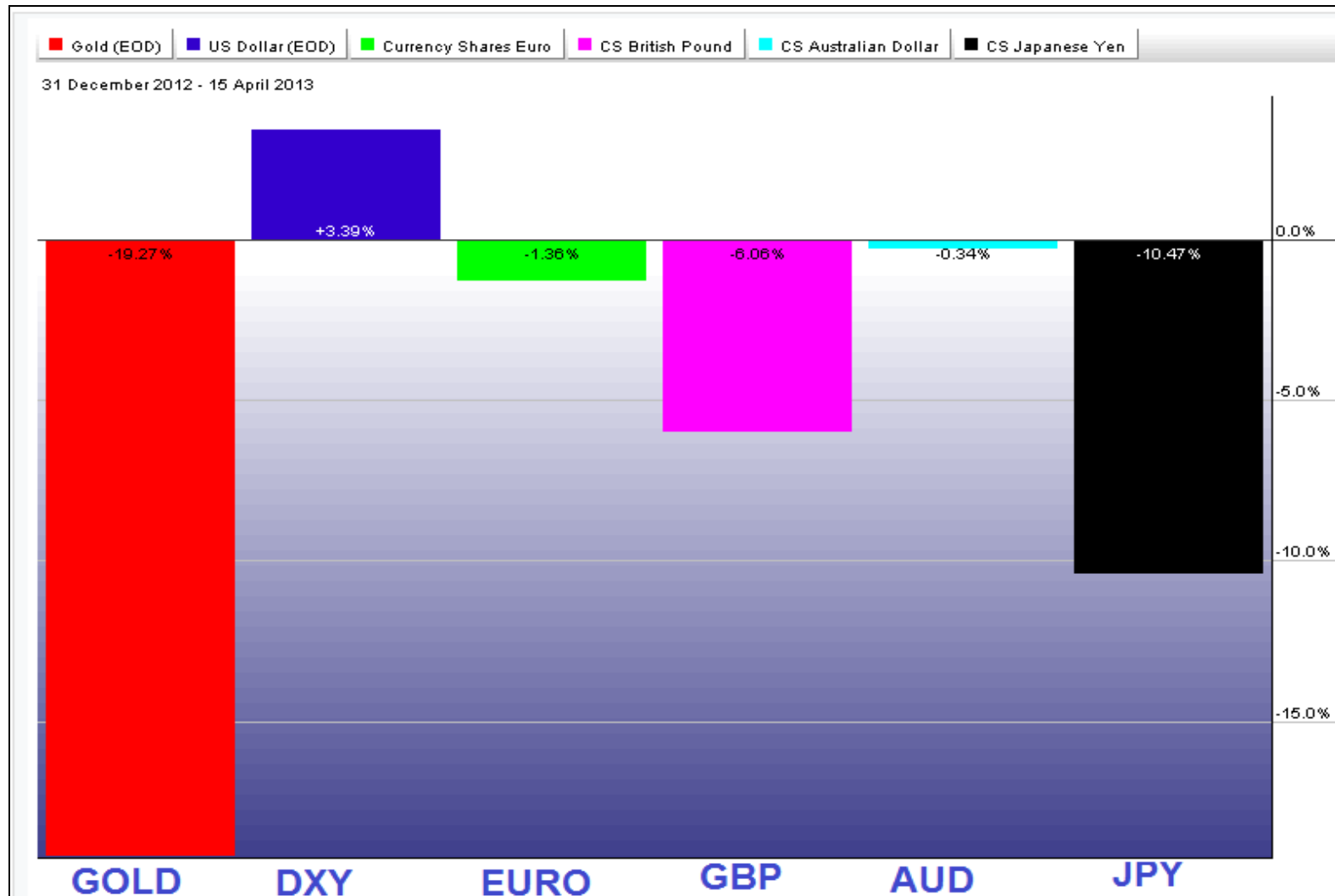
CAUTION AUD - *We are CAUTIOUS at current levels 1.05 Secondary Top . It has been in trading range 1.05-1.01 , . Downside CZ 1.02-1.025 is with heavy bottom. AUD Triggered @ 1.05 –PEC-D remains intact .*

BULLISH GBP - *Approaching our Target 1.55, GBP bottomed bullishly entry Triggered at 1.5 for rally . Watch for Trigger to EXIT " in CZ 1.55-1.56-)*

YTD - Currency performance v/s USD

Weakest and strongest currencies

2013 - Strength / weakness.   Chart below is our Inter market Analysis Model with Ratio Relative performance v/s USD .

Legend: Gold (EOD) | US Dollar (EOD) | Currency Shares Euro | CS British Pound | CS Australian Dollar | CS Japanese Yen

31 December 2012 - 15 April 2013

GOLD: -19.27%
DXY: +3.39%
EURO: -1.36%
GBP: -6.06%
AUD: -0.34%
JPY: -10.47%

GOLD – Weekly – PEC –D / CZ   Analysis

Downside- *Weekly CZ projections was met in 1345-1375, with ABC down to 1345. Successful Re - test of this CZ would stabilize this Market*

GOLD – Hourly – PEC –D / CZ Analysis

Upside - *CZ 1420-1430 would be <u>CAP on any up move</u>. This area that was sliced decisively during the SMASH down.*

GOLD has created " Flag Post Projection Pattern . <u>This is Identical pattern as NIKK during Tsunami Crash 2011</u>. This pattern can have another Gap away sometime towards ABC down to 1345. This is hurdle for increasing our position to " Full Exposure"

DXY ($ USD) – CZ / PEC D – Analysis – *Bullish – short term pull back & higher*

Downside - , Pull back first to *CZ 80.5-81.5* then move higher .
Main entry @ 72 Net Long Trigger

Upside - Reached CZ – 82-81 & exceeded - Powerful rally with a Bullish top

DXY ($ USD) – CZ / PEC D – Analysis – *Bullish - short term pull back & higher*

2ND Upside -   *CZ – 88-90, 2ND ABC up after the pull back ,*

EURO / USD – CZ/ PEC Analysis – *Caution- Daily*

Upside target – CZ – 1.335-1.325 approaching . *EUR is still in –ve divergence.* **Double head & Shoulder Top is in making validated by PEC-D**

Downside - PEC –D @ 1.28, ' Critical point 1.26 Neckline of PEC-D remains intact.
Main entry @ 1.49 - Net short Trigger .
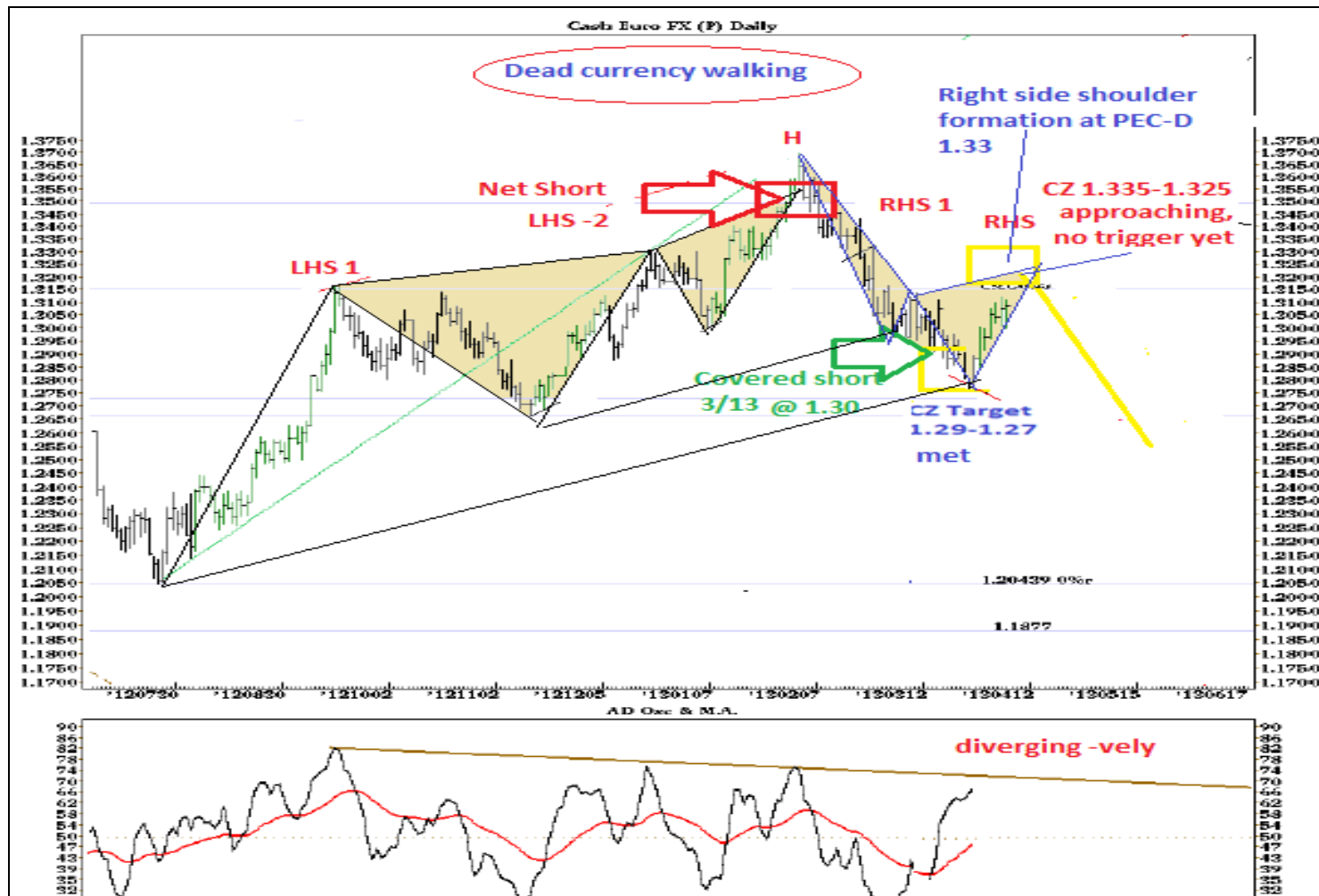
YEN / USD – PEC-D Analysis - *Bullish* - *Daily*

 Pull back target – CZ – 92-93, met exact & rally began (BOJ trigger) to set up next ABC up. Possible Re test to come in CZ 93-91

Upside -   *Peak 96 -99 of Triangular Bullish Top in Bull Market . (4th ABC up with Bullish top) , should be eventually broken to upside. .*
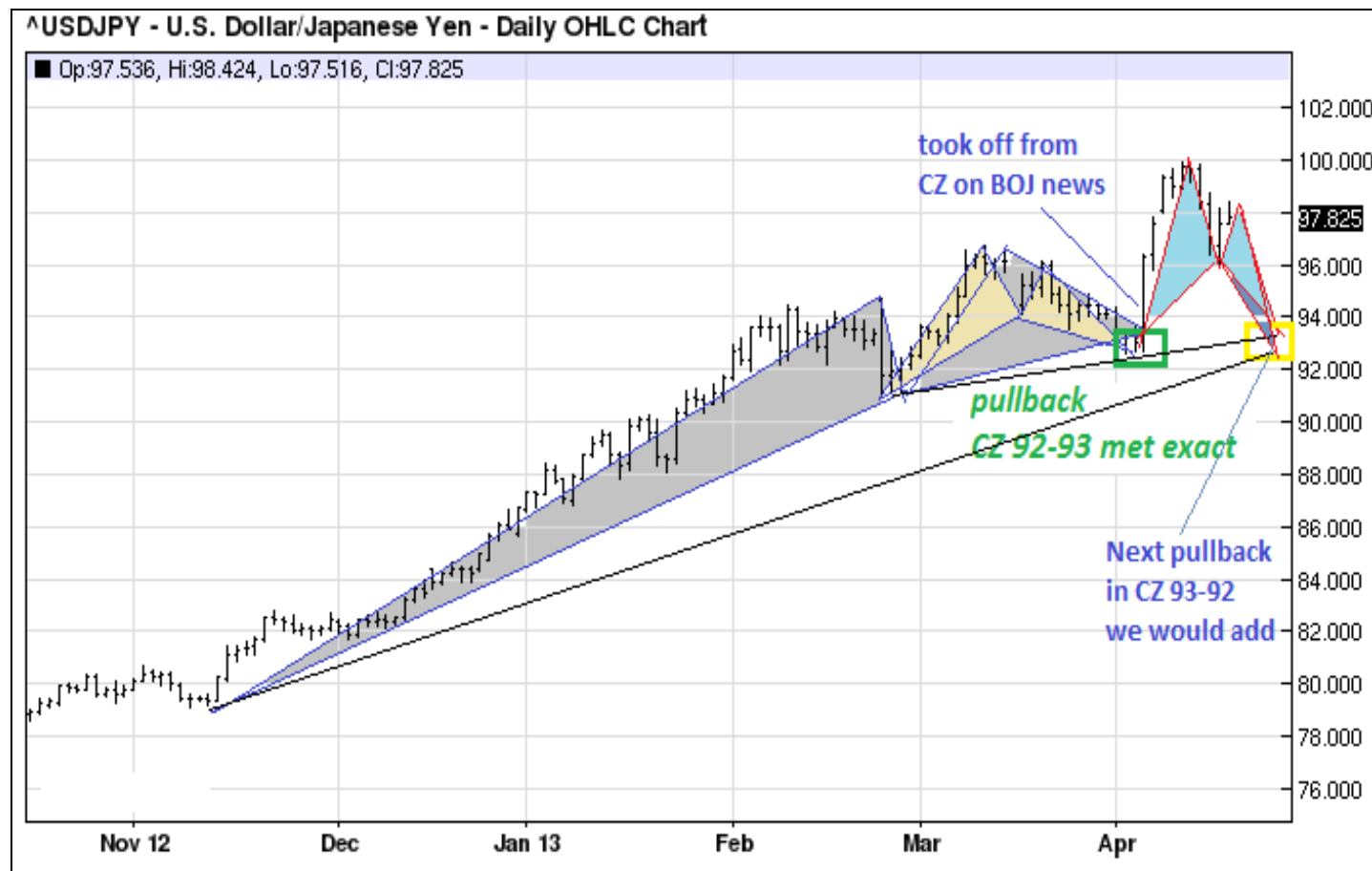
YEN / USD – PEC-D Analysis - *Bullish* - – *Weekly*

Downside - *pull back PEC-D 92 move higher for next leg up .*

Upside - *Next ABC to Weekly PEC-D- 106 .*

Main entry in YEN / USD @ 76 – Net long Trigger .

AUD/USD – CZ / PEC –D Analysis – *Caution-*

Upside target –. *1.05, Secondary top failed as expected CZ – 1.05-1.06, Trigger @ 1.05*

Downside - *CZ 1.025-1.02 - EXACT with heavy bottom & Bounced . We did not act . .*

This was meaningful 3 Drives to the top pattern PEC-D Validated . *Main entry @ 1.09 Net short Trigger*

GBP / USD – PEC Analysis – *Bullish*

Upside target – CZ 1.55-1.56 ,

Downside - CZ 1.51-1.49 is tested and rally underway,.
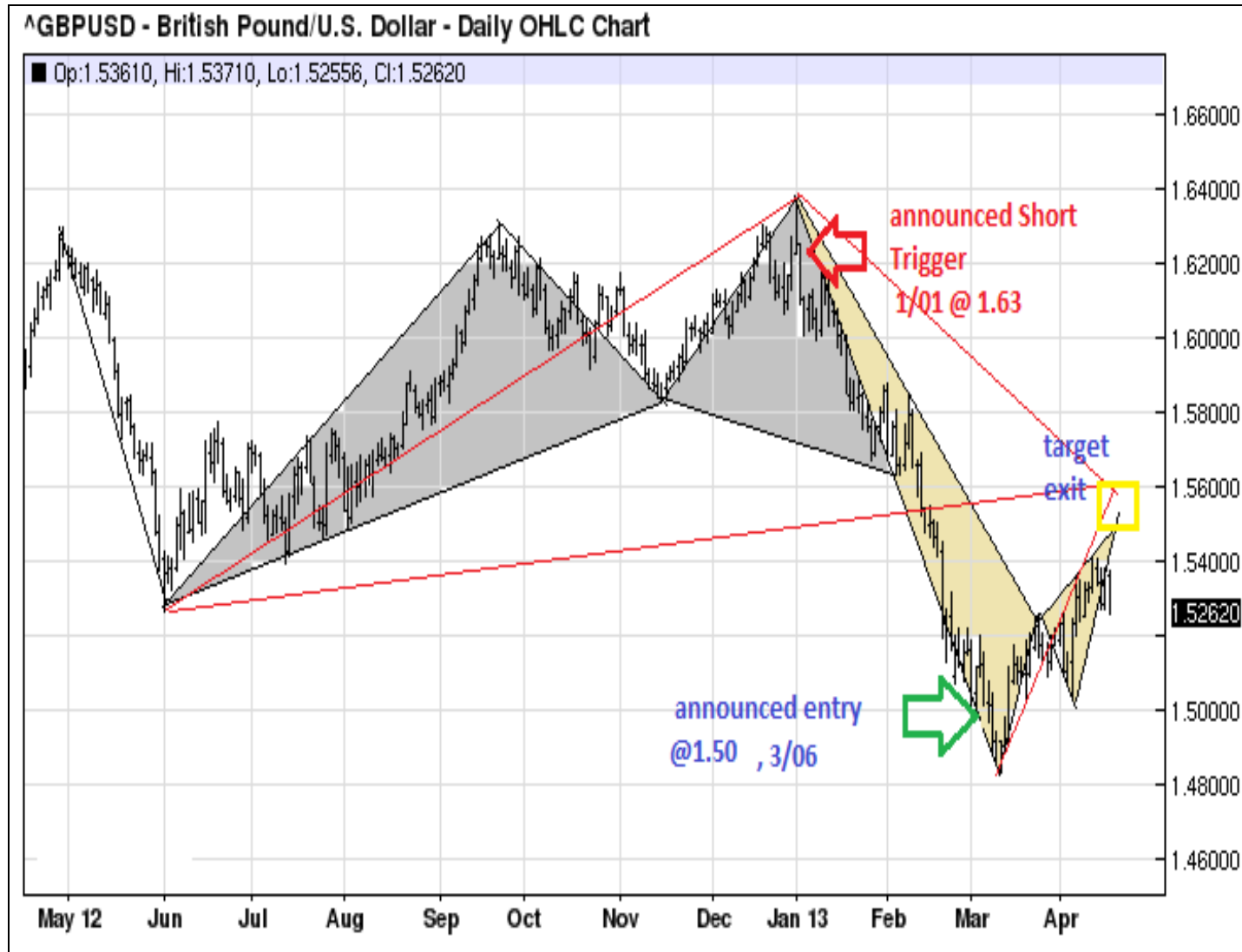
GOLD – "BULLISH"

GOLD - Remains Triggered POM 13 @ 1540- on 5/15 we initiated NET LONG within CZ 1540-1580, This signal completed POM 14 Triggered . On 2/6 for HEDGING within CZ 1790-1765. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

DXY (USD) – "BULLISH"

DYX Triggered Main CZ 72-73 on 07/09/2011, we initiated FULLY LONG position for a medium term target of CZ 88-89. All subsequent commentary refers to CZ to CZ Risk management / rebalancing moves within the NET LONG stance.

EUR / USD – " NEUTRAL "

EURO Triggered Main CZ 1.46-1.45, on 07/09/2011, we initiated FULLY SHORT position for a medium term target of CZ 1.18-1.17, All subsequent commentary refers to moves CZ to CZ Risk Management / rebalancing within the NET SHORT

USD/JPY – BULLISH"

USD / JPY Triggered Main CZ 75-76, on 10/07/2011, we initiated FULLY LONG position for a medium term target CZ 83-84 Yen is going to weaken . All subsequent commentary refers to CZ to CZ Risk management / rebalancing moves. within the NET LONG stance .

GBP/USD – "BULLISH"-ST

GBP Triggered Main CZ 1.64-1.63, on 07/09/2011, we initiated FULLY SHORT position for a medium term target of, CZ 1.52-1.51, All subsequent commentary refers to moves CZ to CZ – Risk Management / rebalancing within the NET SHORT stance .

AUD / USD – "CAUTION

AUD Triggered Main CZ 1.09-1.08, on 05/10/2011, in we initiated FULLY SHORT position for a medium term target of CZ 0.97-0.98, All subsequent commentary refers to moves CZ to CZ – Risk Management / rebalancing within the NET SHORT stance .

Appendix Content

- **2012 YTD – Position Summary**

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **POM – " Price Oscillation Model " Criteria**

- **PEC –D " Pythagoras – Expansion & Contraction Criteria**

- **CZ- Confluence Zone Criteria**

- **TEXTURES – Bullish , Bearish , Neutral**

- **Chart Analysis**

  - *Trend & Oscillator Analysis,*
  - *PEC –D Analysis,*
  - *Poly- Trend Analysis,*
  - *Pattern / CZ – Price & Volume Analysis.*
  - *Exterme Indicator Analysis*

<u>Critical backdrop Notes –</u>

- *Price path Analysis is running commentary of the Market's price behavior , Not a Trade Signal.*
- *Intermittent CZ's are Short time out / Risk management for overweight position / rebalancing spots. Unless your own Portfolio objective demands.*
- *POM's are Action points. Also at times Action points is at Main CZ's when specifically announced Triggers.*

- *Model does not encourage Buying in between unless its false break upside or false break downside soon after POM / Main CZ Trigger and is specifically announced . Model stays with Trend POM to POM Signal.*

- ## EXTREAME Sentiment Analysis GOLD & Currencies
- **(3rd Party Data)** - Courtesy : SENTIMENT TRADERS

GOLD

None @ EXTREMES

- *SENTIMENTS - GOLD – PUBLIC OPINION*

- *SENTIMENTS - RYDEX CASH FLOW*

- *SENTIMENTS - GOLD – COT*

CURRENCIES

None @ EXTREMES

- *SENTIMENTS - USD, FXE, BGP, YEN, AUD,*

- ## CORRELATION RATIO ANALYSIS

Inter market Analysis – USD v/s SPX

- *Inverse Correlation continues in Current Trend*

Inter market Analysis – USD v/s GOLD

- *Inverse Correlation continues in Current Trend*

GOLD- 2012 –REAL TIME TURNS– POM & CZ

POM criteria for Implementation

- ***POM is rated from 10 to 15***

- *POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management*

- *On way UP move, POM 13 signifies to STOP executing additional 'New Buys" that was initiated at POM 12 or POM 11 levels*

- *On way DOWN move, POM 13 signifies to STOP executing additional " New Short Sells" that was initiated at POM 14 or POM 15 levels*

- *(Bear Markets) POM 15 is for - Net Short & POM 14 is for - Hedge Longs*

- *(Bull Markets) POM 15 is for -Hedge Longs & POM 14 is for - Partial Hedge*

- *POM 12 & 11 is for Net Long*

- *POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)*

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