Date : 4ʳᵈ Dec 2013 (Wednesday**)** **CURRENCY REPORT (Strategy & Prop Tech)**

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● Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up Alert Update For Trend Reversal	Progress Status	Current Position / Exposure	NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD Pre announc ement	1220	POM 13 Re – Run CZ 1205-1190- *Mean CZ At 1200* *Triggered 6/28*	*@ 1280* *Re entry ½* *On 10/6*	BULLISH pull back in progress	Increase Net Long	Initiate on test below 1220 - 1190	Target PEC-D 1265	ABC up to CZ 1350-1335 Neutral Top Target CZ 1425- 1445 Bullish Top In tact .	PEC-D 1220 False break below 1250 On lighter volume Bullish Bottom	Weekly 5 year CZ 1220-1190 Is solid floor *Best Risk / Reward*	*We shall look to Re- enter ½ stopped out 6% (@ 1245) Position as per Trigger noted* *Close above 1235*

GOLD -   Bullish- – pull back in progress.

GOLD should see a solid bottom very soon as indicated in above executive summary. We shall look to re – enter our stopped out RM – 1245 position back in on successful test. The COT from Traders is showing extremes sentiments as shown in chart below. Friday's Employment could put in volatility in GOLD

 USD & GOLD are at a point where both could rally at the same time as we have 3 times in past 10 years.

Downside -   Gold certainly pulled back more than we thought from 1295 since our caution announced at 1350. False break below 1250 into PEC-D 1220 in progress with +ve VTO . We should reject it with Bullish Bottom. Weekly 5 year has solid floor within CZ 1220-1190 . ***Close above 1235 on daily once 1220 is tested successfully .*** GOLD would trigger Re entry

Upside -   First to 1265 but Projected to Cap 1350-1335 .

*RM Stopped out @ 1245 "*entry @ 1319 , ½ exposure ,   9/18 for -5.6% loss). Triggered entry on 10/16 @ 1280 , ½ exposure to remain

	Current Price	Main CZ Triggered & Date	Follow up Alert Update For Trend Reversal	Progress Status	Current Position / Exposure	NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
DXY ($ USD) Pre announcement	80.50	CZ @ 72 *Triggered* 7/9/2011	NONE	NEUTRAL Bullish bias	Increase Net Long	Initiate Within CZ 80-80.5	CZ 84-85 Bullish Top	Eventual target CZ 88-90	False break below CZ 80-81	PEC-D 79.25 *PQV Validated floor*	**We were stopped out at cost @ 79.25**
EUR /USD Pre announcement	1.358	CZ 1.352-1.36 *Triggered* On 2/13	NONE	NEUTRAL Bearish bias	Increase Net Short	Initiate Within CZ 1.36-1.35 Met & & failed Bearish Top	CZ 1.36-1.35	False break above PEC-D 1.36	CZ 1.28-1.27 Bearish bottom	CZ 1.20-1.21	
GBP/USD	1.635	NONE	NONE	NEUTRAL	NONE	NONE No Signal	PEC-D @ 1.63 Neutral Top	CZ 1.65-1.64 Neutral Top	PEC-D 1.575 Neutral bottom	CZ 1.52-1.51 Neutral bottom	*Trading range Between 1.65-1.55*
USD / JPY	102.5	CZ @ 76 *Triggered* 10/7/2011	Secondary CZ 94-95 Triggered On 6/12	BULLISH ST pull back to begin	Net Long	NONE	3rd ABC up PEC-D @ 104-almost met Bullish Top	Target 120 Bullish Top	Pull back PEC-D 96.25 Should hold Bullish bottom	CZ 95-96 Floor Bullish bottom	Up 35% from entry
AUD/ USD Pre announcement	0.90.2	CZ 94-95 *Triggered* On 6/12	Secondary CZ 91.5-92.5 on 6/24	BULLISH	Increase Net Long	Initiate Within CZ 90-91,	CZ 0.96-0.97 Bullishly	CZ 1.00-0.99	Pull back PEC-D 93 Met & extended Bullish bottom	Re tested @ 91 3 – Drives to the bottom Bullish bottom	*False break below 93* +VE divergence

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- **BULLISH CURRENCY**

GOLD – pullback in progress,

AUD – Bullish .

USD/JPY (i.e weaker Yen)

- **BEARISH CURRENCY -**

NONE

- **NEUTRAL CURRENCY**

DXY – Neutral with with Bullish bias

EUR – Neutral with Bearish bias

BPS - Neutral

Currency Overview

- **NEUTRAL- Bullish bias - DXY**

DXY came back in range **above 80.5** to initiate its leg up. On Mid- term basis USD still has Bullish Top & Bullish bottom in place. Pull back to CZ 80-80.5 would trigger entry. Projected 1st ABC up to CZ 84-85 Bullish top target.

- **NEUTRAL Bearish bias EUR/USD -**

EURO/USD - CZ 1.36-1.35 Met & Failed . On Mid- term basis EURO still has Bearish Top & Bullish bottom in place. On rally back to CZ 1.36-1.35 would trigger entry We shall look for successful Re test for safer entry .

 This is "Reverse wave pattern"   with 5 Wave expanding triangle at the 1.35 failed on the longer-term chart. . The longer term direction firmly remains to the downside. The Larger H & S is still in progress to target @ 1.27 PEC-D- Neckline Bearish bottom.

- **BULLISH   USD/YEN (i.e YEN is going to weaken**).

Target to 3rd ABC up – PEC-D 104 fell short by 1.2c with Bullish top) . Short term pull back and then rally back. Typical Bull Market retracement. The Final Target to 126.

- **NEUTRAL GBP/USD**

Reverse – 5 Wave pattern Top PEC-D 1.63 extended , Neutral Top – No Signal . First downside PEC-D 1.575 . Neutral Bottom . – Trading range from 1.65 to 1.55

BULLISH AUD/USD - Re testing PEC-D lows of 91 - Bottom on accumulation. AUD would trigger entry . *The* Pull back target to PEC-D 93 was extended with +ve divergence . We are adding to our position . Upside PEC-D – 96.6 . Rally to 0.99-1.00 . Mid term Target.

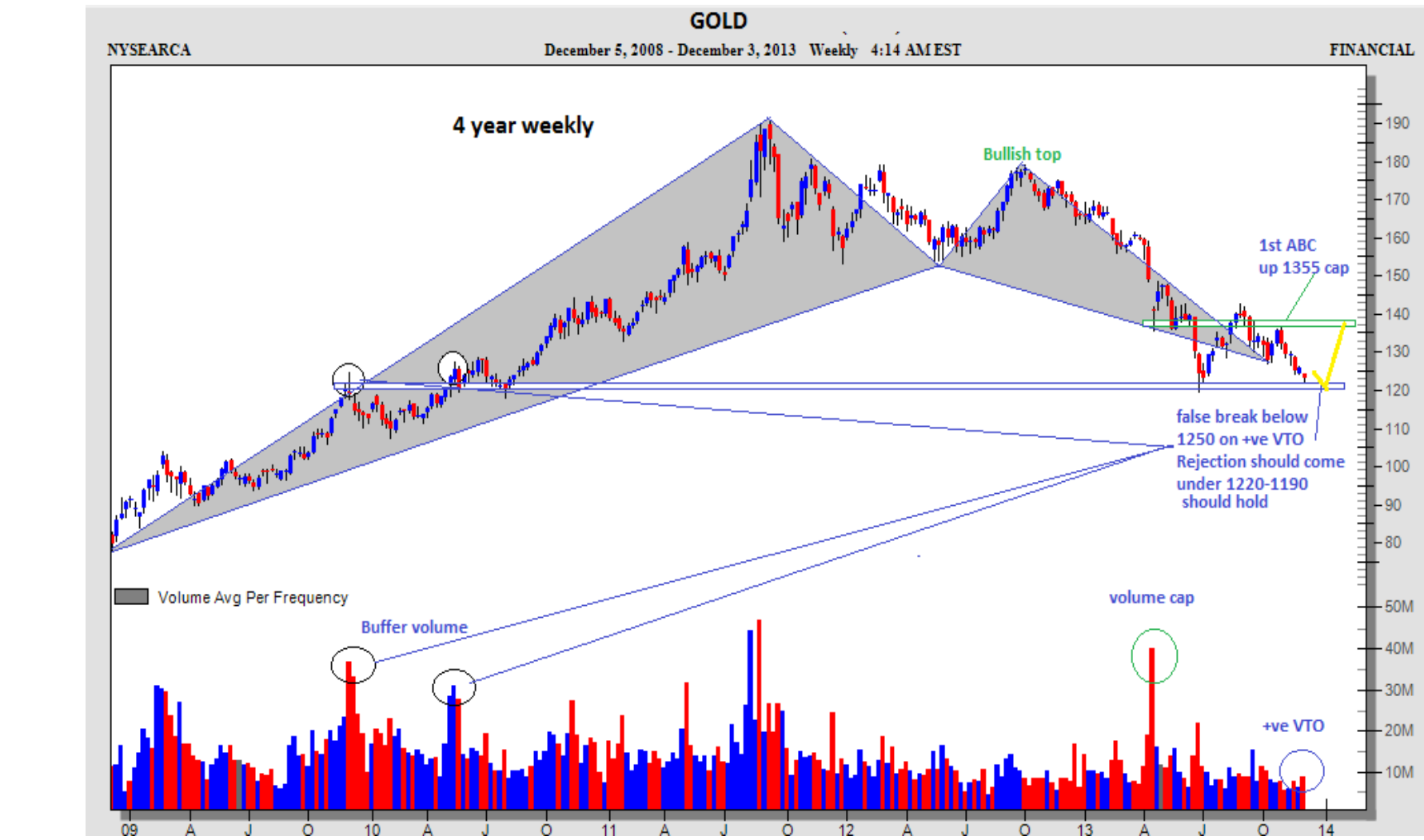# YTD - Currency performance v/s USD

Weakest and strongest currencies

2013 - Strength / weakness.   Chart below is our Inter market Analysis Model with Ratio Relative performance v/s USD .
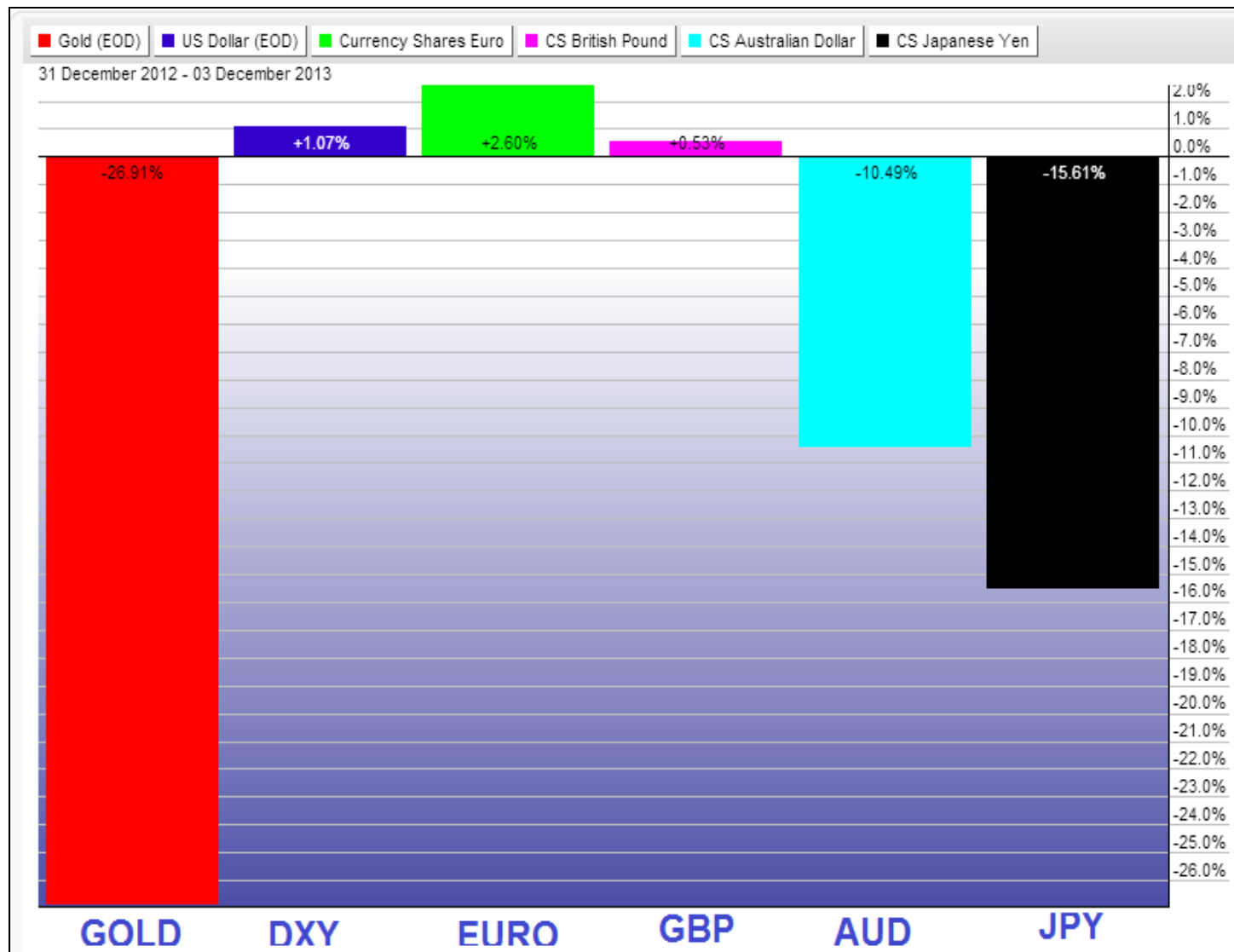
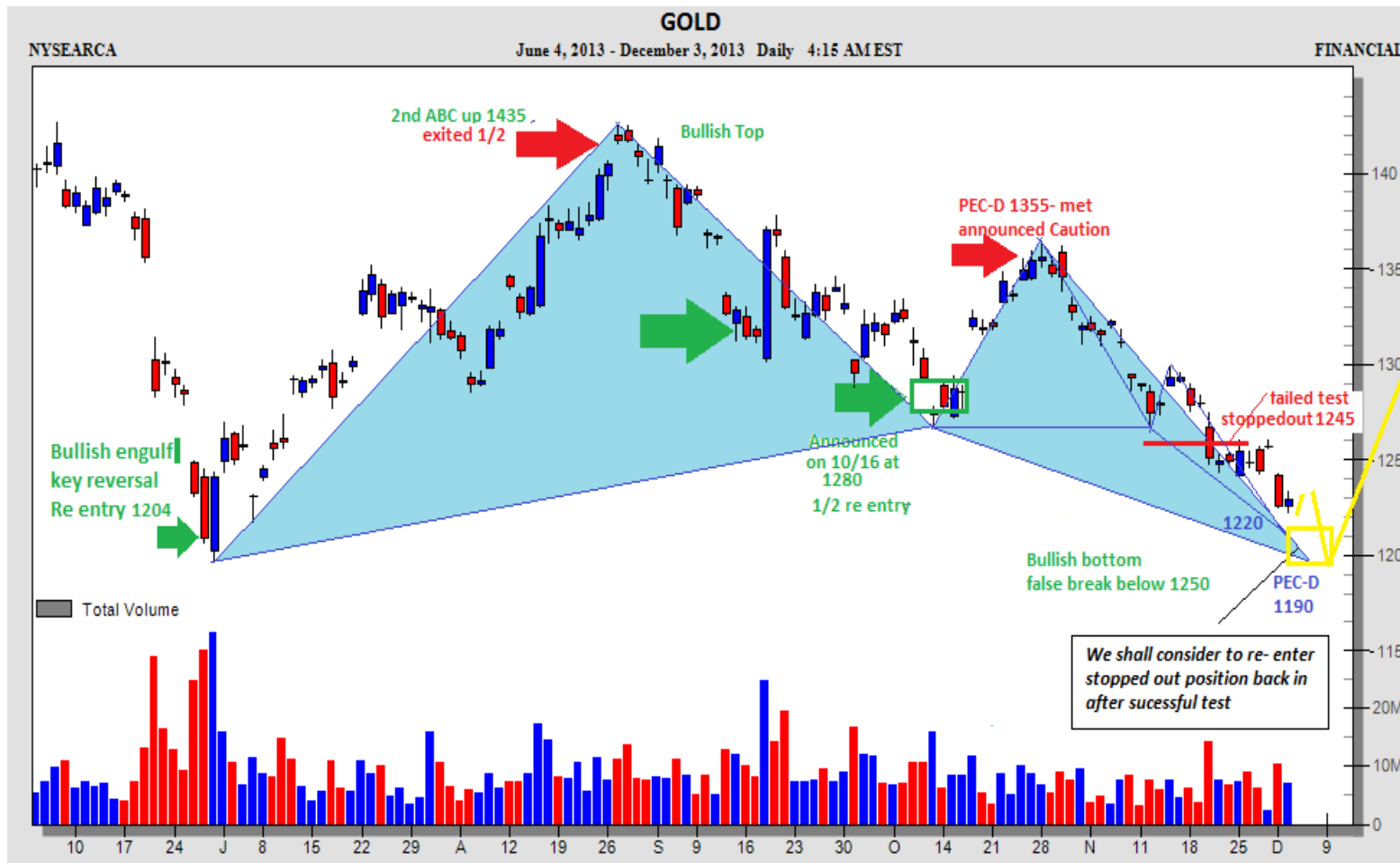# GOLD – Weekly – PEC –D / CZ Analysis –

Weekly 5 year has solid floor within **CZ 1220-1190** . *Close above 1235 on daily once 1220 is tested successfully .* GOLD would trigger Re entry
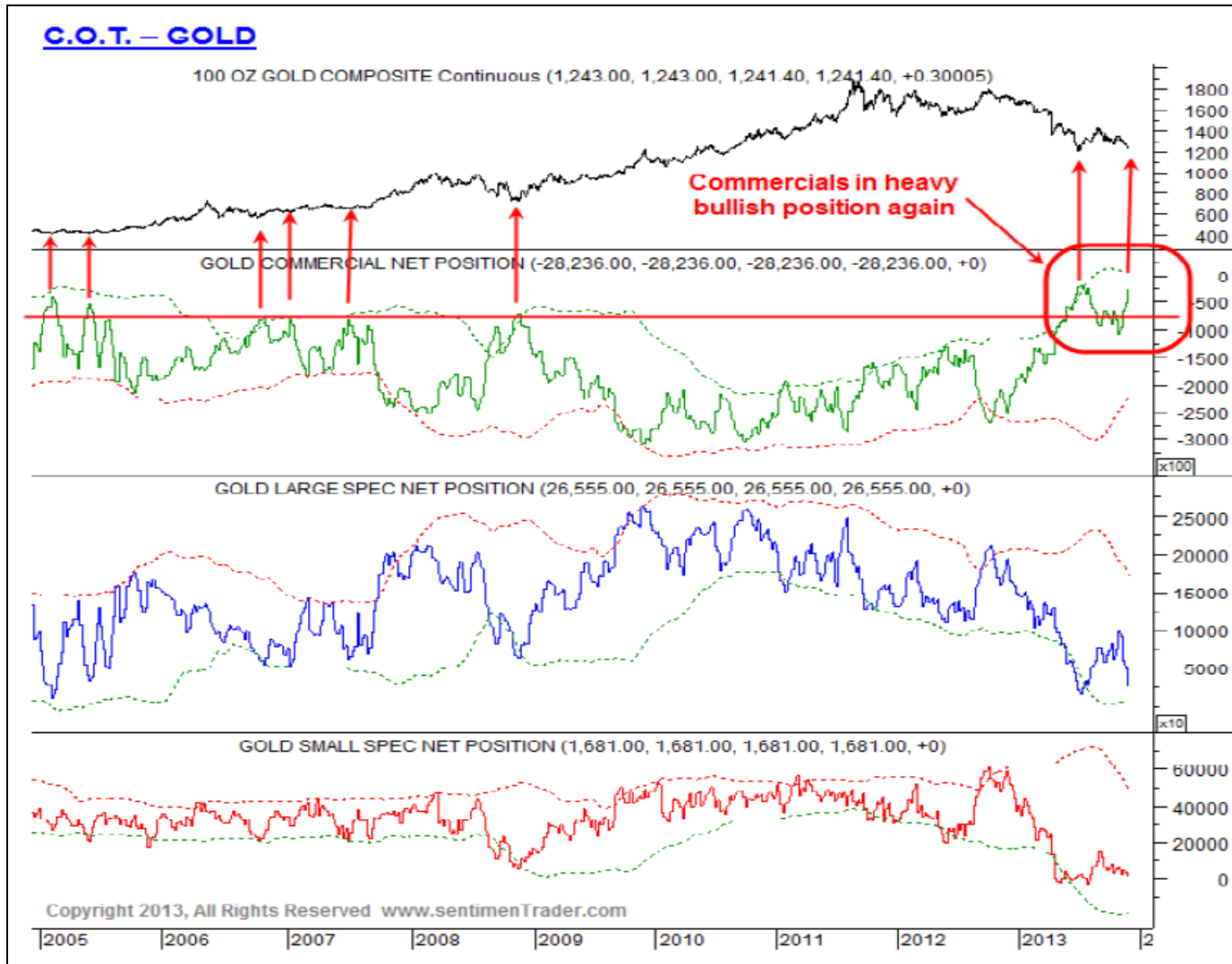
GOLD – Daily – PEC –D / CZ Analysis –

Downside – false break below 1250 into PEC-D 1220 in progress with +ve VTO . We should reject it with Bullish Bottom.
- GOLD Triggered ½ Re entry on 10/16 @ 1280

**Upside -** First to 1265 but Projected to Cap 1350-1335.

GOLD
NYSEARCA   June 4, 2013 - December 3, 2013 Daily 4:15 AM EST   FINANCIAL

2nd ABC up 1435 ,
exited 1/2   Bullish Top

PEC-D 1355- met
announced Caution

Bullish engulf
key reversal
Re entry 1204

Announced
on 10/16 at
1280
1/2 re entry

tailed test
stoppedout 1245

1220

Bullish bottom
false break below 1250

PEC-D
1190

Total Volume

We shall consider to re- enter
stopped out position back in
after sucessful test

GOLD – COT Analysis

C.O.T. – GOLD

100 OZ GOLD COMPOSITE Continuous (1,243.00, 1,243.00, 1,241.40, 1,241.40, +0.30005)

GOLD COMMERCIAL NET POSITION (-28,236.00, -28,236.00, -28,236.00, -28,236.00, +0)

Commercials in heavy bullish position again

GOLD LARGE SPEC NET POSITION (26,555.00, 26,555.00, 26,555.00, 26,555.00, +0)

GOLD SMALL SPEC NET POSITION (1,681.00, 1,681.00, 1,681.00, 1,681.00, +0)

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AUD/USD – CZ / PEC –D Analysis – Bullish

Pull back target –. Re testing PEC-D lows of 91 Bottom on accumulation . AUD would trigger entry .
The Pull back target to PEC-D 93 was extended with +ve divergence . We are adding to our position .

Upside - – Upside PEC-D – 96.6 . Rally to 0.99-1.00 . Mid term Target.
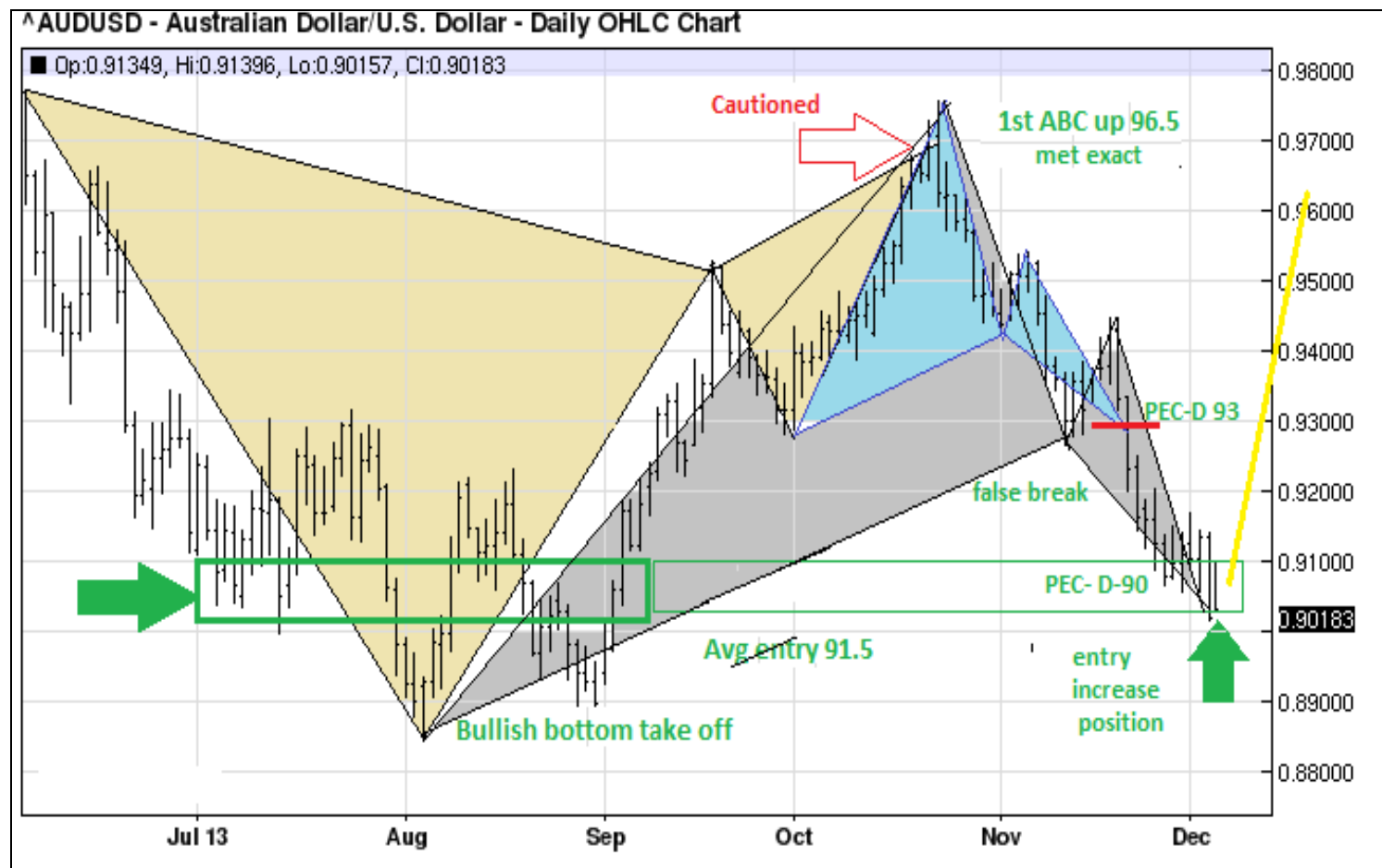
DXY ($ USD) – CZ / PEC D – Analysis – Neutral - Bullish bias

Downside - .Pull back to CZ 80-80.5- DXY would trigger entry .

Upside - CZ – 84-85 Bullish top,

Eventual Upside - CZ – 88-90, 2ND ABC' - Main entry @ 72 Net Long Trigger.

EURO / USD – CZ/ PEC Analysis – Neutral - Bearish bias

**Upside target – ** Target to CZ 1.36-1.35 Bearish Top – met exact , We should look for re test within CZ to re- enter & Trigger

1. **Reverse – 5 Wave pattern & Double Top PEC-D confirmed @1.35.** EUR is still in –ve divergence.
2. **Double head & Shoulder Top is validated by PEC-D .** ' Critical point 1.27 Neckline of PEC-D remains intact
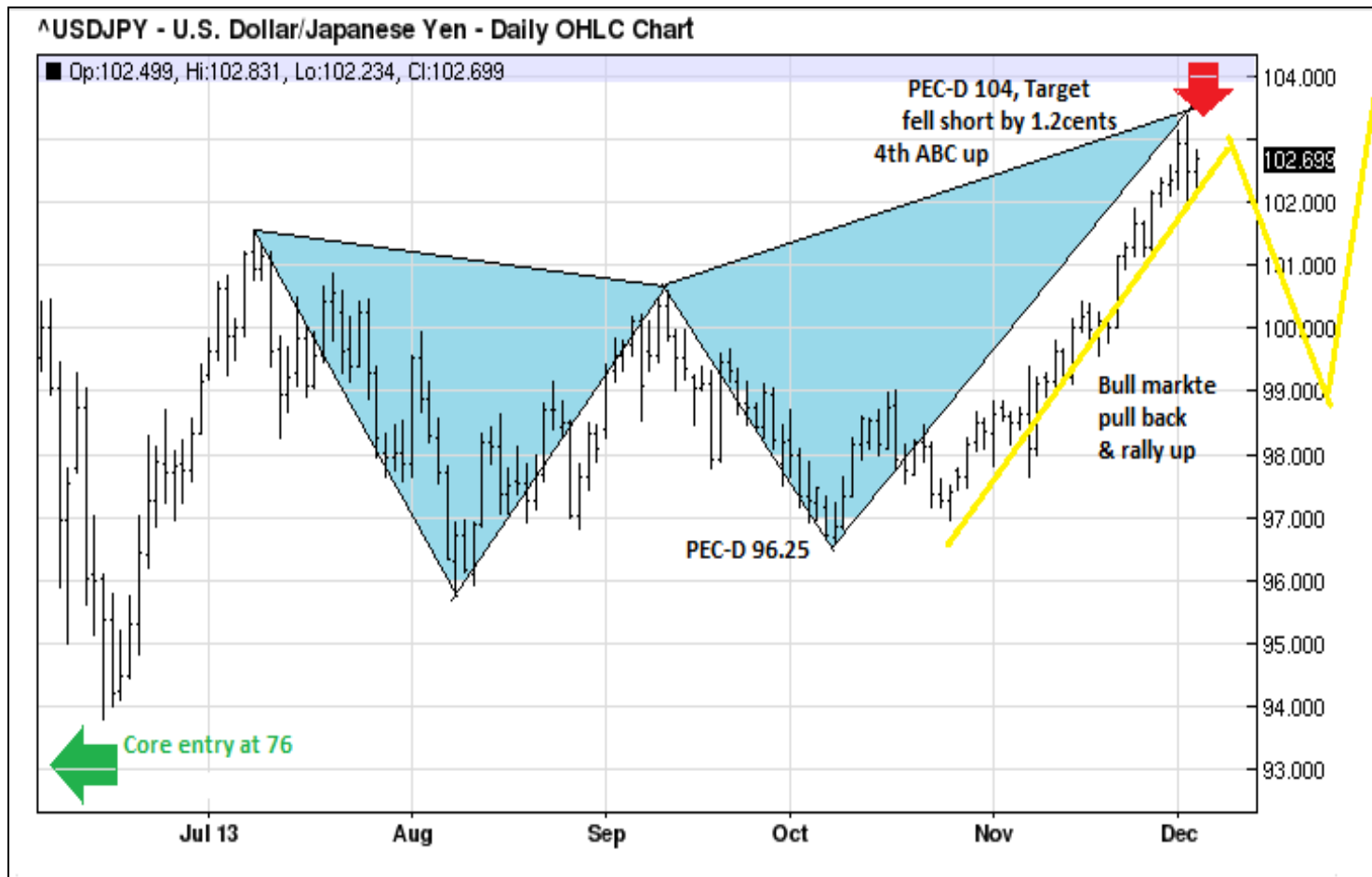
**Downside - ** CZ 1.28-1.27 met- PEC –D @ 1.27 .
Main entry   @ 1.49 - Net short Trigger .
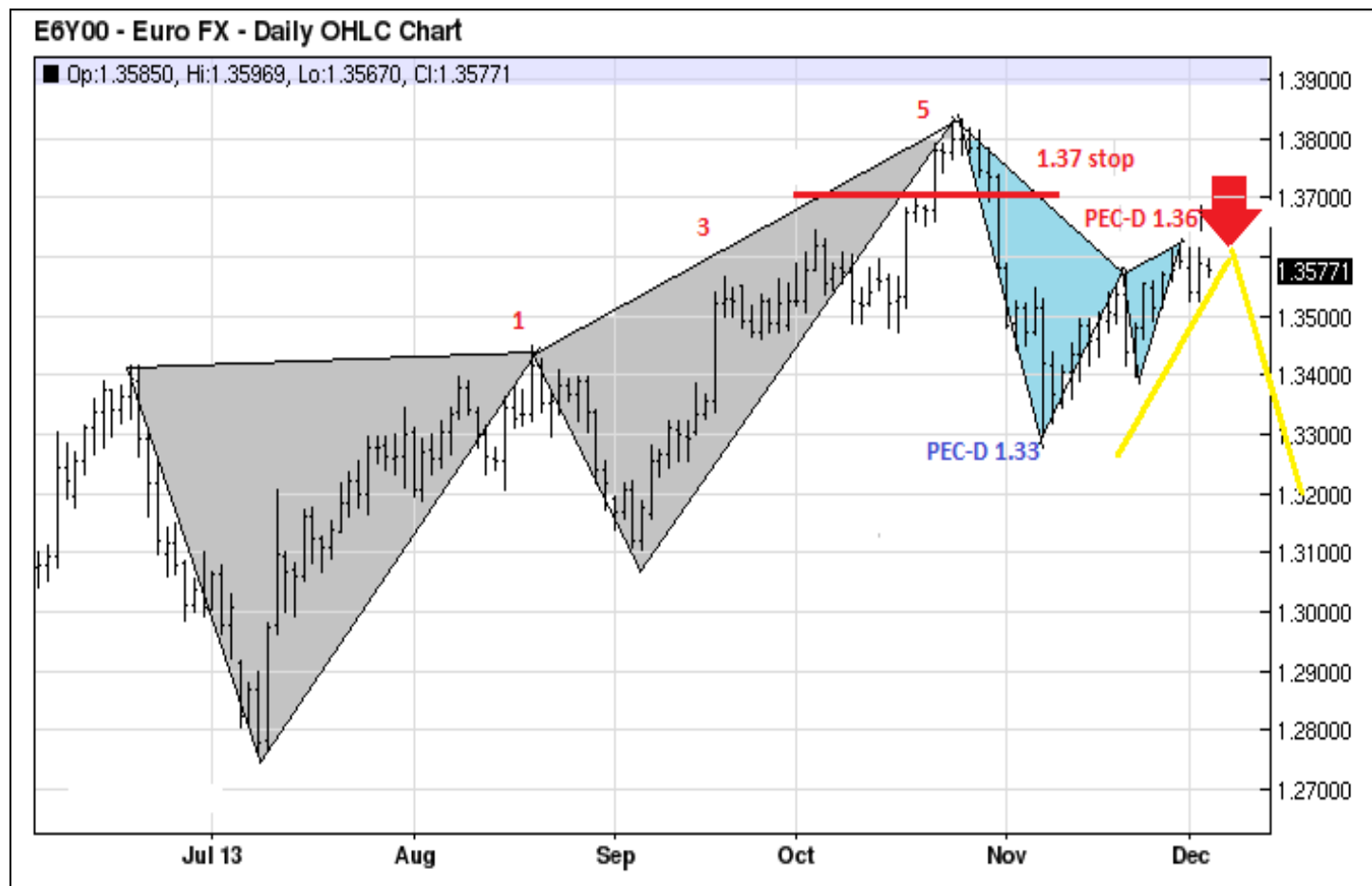
YEN / USD – PEC-D Analysis - Bullish – (Weakening Yen)

Upside -   Target to 3rd ABC up – PEC-D 104 fell short by 1.2c with Bullish top) , decline to begin .
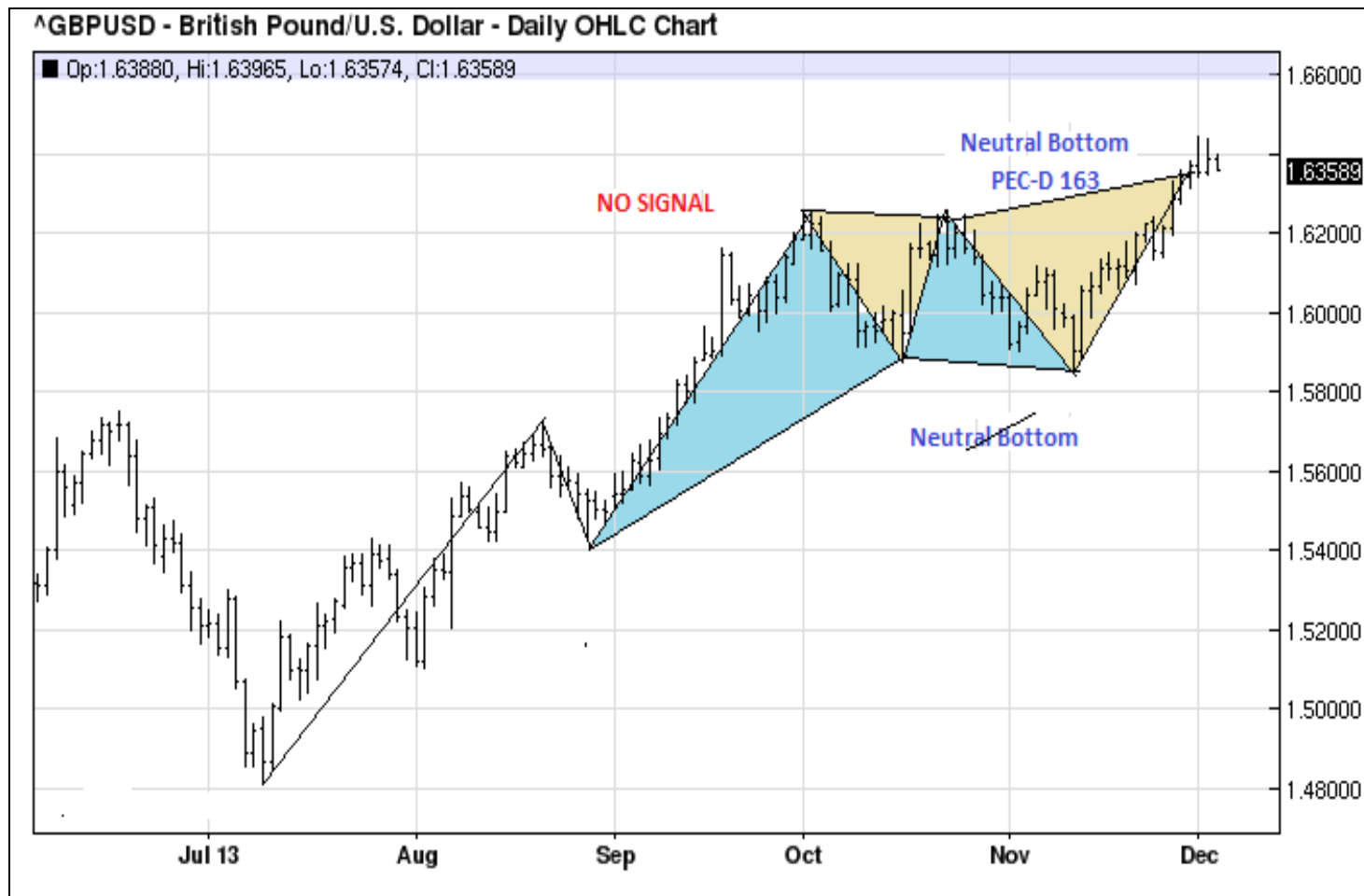
Pull back target -   Short term pull back and then rally back. Typical Bull Market retracement.
 Main entry in YEN / USD   @ 76 – Net long Trigger on core position .

^USDJPY - U.S. Dollar/Japanese Yen - Daily OHLC Chart

■ Op:102.499, Hi:102.831, Lo:102.234, Cl:102.699

PEC-D 104, Target
fell short by 1.2cents
4th ABC up

102.699

Bull markte
pull back
& rally up

PEC-D 96.25

Core entry at 76

Jul 13   Aug   Sep   Oct   Nov   Dec

104.000
102.000
101.000
100.000
99.000
98.000
97.000
96.000
95.000
94.000
93.000

GBP / USD – PEC Analysis – NEUTRAL .

Upside target –   Reverse – 5 Wave pattern Top PEC-D 1.63 extended , Neutral Top – No Signal

Downside - First downside PEC-D 1.575 . Neutral Bottom . – Trading range from 1.65 to 1.55

^GBPUSD - British Pound/U.S. Dollar - Daily OHLC Chart

Op:1.63880, Hi:1.63965, Lo:1.63574, Cl:1.63589

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*

Critical backdrop Notes –

- *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*

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 <u>UP</u> move, *POM 13* signifies to <u>STOP</u> executing additional 'New Buys" that was initiated at *POM 12 or POM 11 levels*

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

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

- <u>(Bull Markets)</u> **POM 15** is for -<u>**Hedge Longs**</u> & **POM 14** is for - <u>**Partial Hedge**</u>

- *POM 12 & 11 is for Net Long*

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

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