



Date : 13th Feb 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	1646	POM 13 @ 1540 On 5/15 For entry <u>Core position</u> POM remains intact)	Secondary CZ 1635-1625 <u>Re entry</u> @ 1645 on 01/04	BULLISH	Net Long	NONE	CZ 1690-1710, 1 st leg up. Volume did not pick up at CZ for continuation higher.	CZ 1790-1820 Bullish Top	CZ 1635-1620 Hit lows of 1639 Approaching To Retest of CZ on pull back	ABC down to 1625 Met once & PQV validated	RM @ 1590 on recycled exposure only PS- Re entered earlier exited at 1770, on 9/17
DXY (\$ USD)	80.00	CZ @ 72 <u>Core</u> on 7/9/2011 Intact	Secondary CZ 79.55-79.0 On 10/06	BULLISH	Net Long	NONE	CZ 81.75-81.00	CZ 84-84.5 Bullish Top	CZ 79.55-79.0 Met & PQV Validated		(RM) below 78.25

	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 Announcement	1.346	CZ 1.325 On 1/02	CZ -1.33-1.32 On 1/02	CAUTION	CASH (Stopped Out 1.35 for 2.5 c – loss	Re - Initiate back to scale in Within CZ 1.345-1.36	CZ 1.35-1.36 Was false break		CZ 1.29-1.27	CZ 1.20-1.21	CZ @ 1.49 Core on 7/9/2011 Intact RM above 1.37
GBP/USD Announcement	1.555	CZ 1.625 On 1/02	CZ 1.63-1.62 On 1/02	NEUTRAL	Net Short To CASH	Exit position today @ 1.555 for 7.5 c profit objective	CZ 1.65-1.64			CZ 1.55-1.56 Neutral bottom Met	CZ@ 1.64 Core on 7/9/2011 intact
USD / JPY	93.37	CZ @ 76 Core on 10/7/2011 intact	Secondary CZ 77-78 On 7/18	BULLISH	Net Long Up 23% from entry	NONE	CZ 88-90 Extended Bullish Top		CZ 88-90		Exited ½ @ 89 on 01/11 for 17% gains Long term Trade @ 76 remains ↓ 2012 Trade of the year , 2013 Will continue.
AUD/ USD	1.034	CZ 1.05 On 1/24	CZ 1.06-1.05 On 1/23	CAUTION	Net Short	NONE	CZ 1.06-1.055		CZ 1.02-1.025 Bearish bottom met	CZ 0.97-0.98	(RM) on Core above 1.07 CZ @ 1.09 Core on 10/7/2011 intact

- **SIGNALS. - Price Projection CZ , Trading / Investment Conclusion**

- **BULLISH CURRENCY**

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

- **BEARISH CURRENCY -**

EURO, AUD,

- **NEUTRAL CURRENCY**

BPS

Currency Overview

Currency Market has been moving fast and furious past 2 weeks. It suggests Money has been moving cross borders. The after math of it should be pick up in volatility in Equities.

We prefer to Trade / Invest in direction of larger Trend. I.e by our definition the Larger Trend by SP Methodology, is Minimum of " 2 ABCs up with Bullish Top" for Net Long OR " 2 ABC's down with Bearish Bottoms. This provides the Time, Price & Holding power with desirable Risk Rewards.

BULLISH DXY - has been rallying long side of Equity Market. DXY is Building base in CZ 79-79.50) with Higher highs with PQV Validation. . Once DXY begins its 2nd leg up, it should hammer risk-on markets hard in the 2nd half of 2013. On big picture, we are looking for upward acceleration in Price and Volume for NEW ABC up to Bullish Top @ 84 once USD close above 82.5.

BULLISH USD/YEN . (i.e YEN is going to weaken). This pair continues to move higher beating 3rd ABC ups on Bullish Tops. This appears to be Triangular top within Bull Market. Pull back to CZ 88-90 and continuation move higher for next ABC up . USD / YEN should be another profitable up move in 2013 .

CAUTION EURO & AUD - We are CAUTIOUS on both EURO & AUD.

Triggered in AUD @ 1.05 –PEC-D is working well.

EURO has been stopped out @ 1.35 due to volatility . BUT we target back in with Trigger to watch today within CZ 1.345-1.36

NEUTRAL GBP - Short term has bottomed out at 1.555 for another bounce . GBP worked well for our entry since Trigger @ PEC- 1.63 .

GOLD – “BULLISH”

Brief Overview

Gold continues to suffer from lack of buying interest. We have been suggesting that eventually Secondary test of **CZ 1635-1620** Requires to complete to initiate a fifth wave rally. In the gold market, the fifth wave is usually the strongest of them all. This market is doing its best to shake out the weak hands.

The rally attempts towards our target of **CZ 1690-1710**, has failed to break through. We need much higher volume to break this CZ till such time there should be few false starts, similar to last May 2012 bottom.

CZ 1635-1620 was previously PQV Validated ABC down and should hold. Any break under should be” Down Thrust as part of bottoming process.

Our Announcement **ALERT on 1/05**, has generated Re –Entry in GOLD @ 1645..

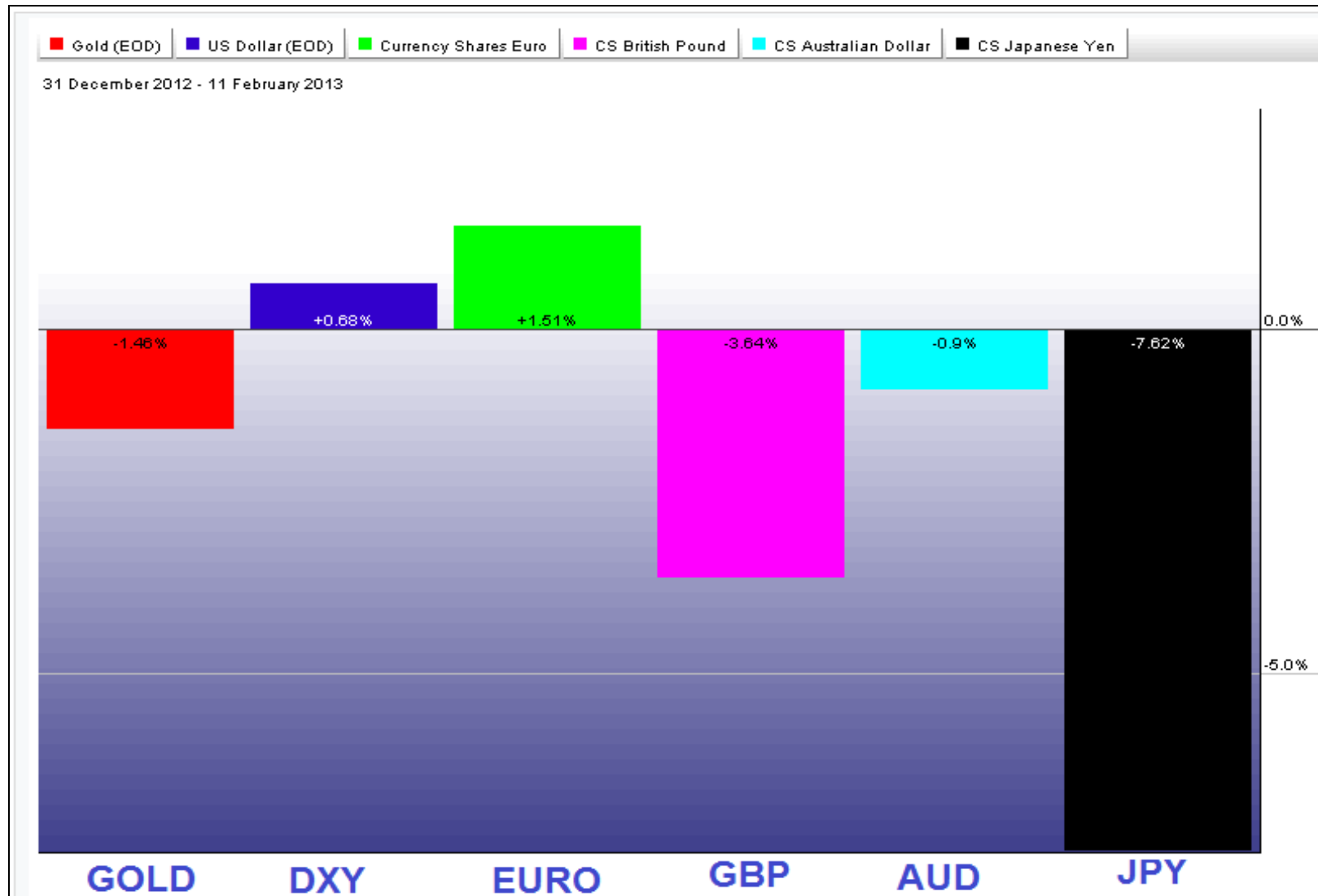
Our core entry GOLD (1548) and timely Caution exit (1770) on 9/17 for ½ recycling position, We re entered back on exited position @ 1645. **PS-** On ½ recycling position exited @, 1770, 9/17, we booked 220 point profit & avoided the decline till re –entry @ 1645= 125 points - **(PS : 1 stop cost 10 point**

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.

YTD - Currency performance v/s USD

Weakest and strongest currencies - For Hedging Global Portfolios against currency moves.

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



GOLD – CZ/ PEC- D Analysis – *Bullish*

Texture - *BULLISH TOP & BULLISH BOTTOM.*

Downside – In progress our Suggested Pull back into CZ 1635-1620 – for secondary Retest (see price path below)

Upside – CZ 1690-1710 –, Volume did not pick up within CZ for continuation move higher .



GOLD – CZ/ PEC- D Analysis – *Bullish* – Weekly chart

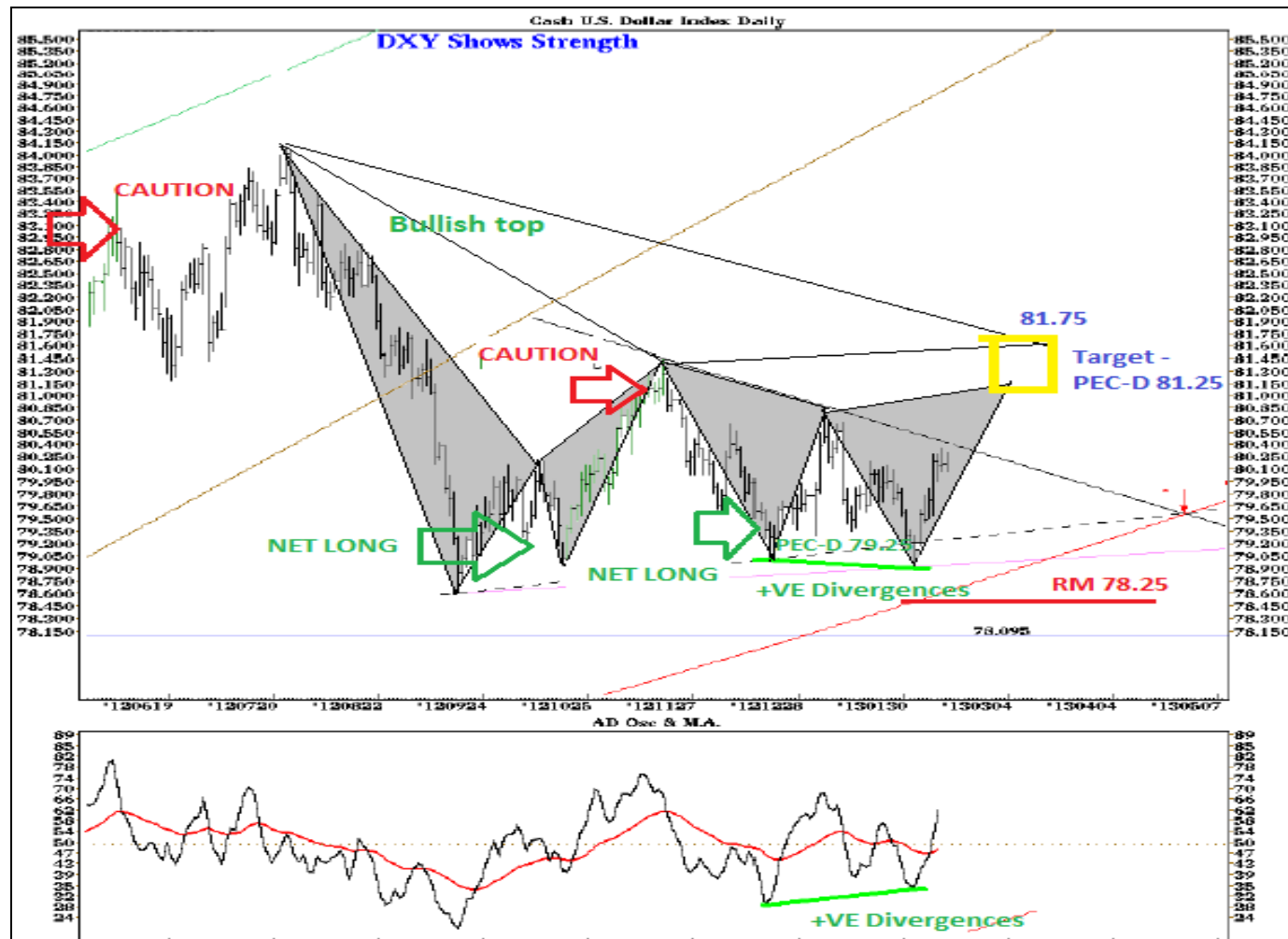
Downside – Weekly Larger PEC-D 's 1635 7 1625 pattern. Pull back to CZ 1635-1620 – for secondary Retest, VTO +VE



DXY (\$ USD) – CZ / PEC D – Analysis – *Bullish*

Upside - CZ – 81.25 -81.75, PEC-D – 81.25

Pull back target – CZ – 79.55-79, PEC-D – 79.55 – Met exact , Building Major base with Bullish bottom with +VE divergence
Main entry @ 72 Net Long Trigger



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

Upside target – CZ – 1.34-1.33 failed with false breakout & 1.35 RM was triggered (for 2.5c loss)
EUR is still in –ve divergence.

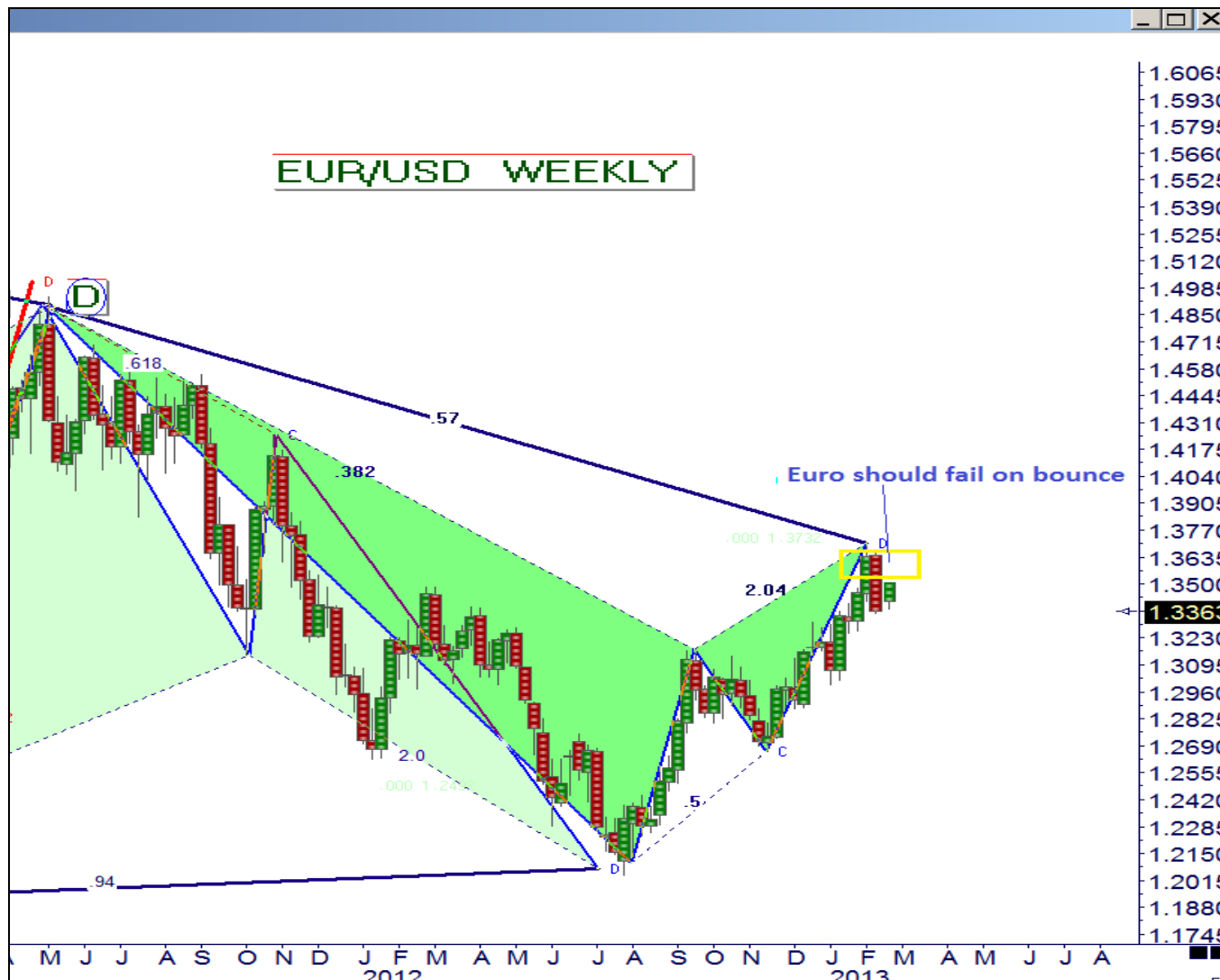
Downside - PEC –D @ 1.28

Main entry @ 1.49 - Net short Trigger .



EURO / USD – CZ/ PEC Analysis – *Caution* – Weekly

Upside target – CZ – 1.345-1.36 – Initiate to back in within CZ. Weekly PEC'S suggest to Scale in , RM @ 1.37



YEN / USD – PEC-D Analysis - **Bullish** - **ST Caution @ 89 on 1/11 Alert** – **Daily**

Upside - Extended to unusual 4th ABC up with Bullish top with –ve divergence. . This is Triangular Top in Bull Market.

Pull back target – CZ – 88-90 , For Next ABC up. .

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



YEN / USD – PEC-D Analysis - **Bullish** - **ST Caution @ 89 on 1/11 Alert** – **Weekly**

Downside - pull back CZ 88-90 move higher for next leg up .



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

Downside - *CZ 1.025-1.02* , should result in bounce. .

Upside target – CZ – 1.05-1.06, Trigger @ 1.05. This was meaningful 3 Drives to the top pattern PEC-D Validated . Risk Management @ 1.07

Main entry @ 1.09 Net short Trigger



GBP / USD – PEC Analysis – Neutral

Downside - @ 1.555 exit the position , Now should bounce from this CZ

Upside target – PEC-D @ 1.63 , CZ 1.63-1.62 was Triggered exact , Risk Management @ 1.65

Main entry @ 1.64 Net short Trigger



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 – “CAUTION”

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 – “CAUTION”

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 – “NEUTRAL”

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 – Refer to detail Annexure
- Full Utilization of “ SP” Report Guidelines & Limitations - Refer to detail Annexure
- 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.*
 - *Externe 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*

GOLD- 2012 –REAL TIME TURNS– POM & CZ



GOLD - YTD - Gains + 100 Points ————— + 6 %

POM 13 - Gains + 400 Points (2 Signals) ————— + 24%

POM 14 to 13 - Partially Hedged & Risk Management saving +300 points (2 Signals) — +18%

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 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

Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.