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CURRENCY REPORT (Strategy & Prop Tech)

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

● Executive Summary

	Current Price	Triggered POM or Secondary CZ - PQV	Trigger Announcement date	Triggered within CZ	Progress Status	Current Position	Action - New Position (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
DXY (\$ USD)	79.50	CZ / PQV @ 79.5	10/6	CZ 79.55-79.0	BULLISH	Net Long	NONE	CZ 81.75-81.00	CZ 84-84.5	CZ 79.55-79.0 Met on pull back		Core – Net Long @ 72 remains
EUR /USD	1.324	CZ / PQV @ 1.33 Announcement	1/02	CZ -1.33-1.32	CAUTION	Net Short	Trigger to watch Touch 1.33 & close under 1.32	STOP LOSS CZ 1.35-1.34-		CZ 1.29-1.27	CZ 1.20-1.21	Core – Net Short @ 1.49 remains
GBP/USD	1.63	CZ / PQV @ 1.63 Announcement	1/02	CZ 1.63-1.62	CAUTION	Net Short	Trigger to watch Touch 1.63 & close under 1.62	STOP LOSS CZ 1.65-1.64		CZ-1.59-1.58	CZ 1.54-1.55	Core – Net Short @ 1.64 remains
USD / JPY	87.0	CZ / PQV @ 77	7/18	CZ 77-78	BULLISH	Net Long	NONE	CZ 84-83 MET & Broken Bullishly	CZ 87-86 Bullish Top But extended	CZ 84-83		Long term Trade @ 76 remains In Jan 2012 , we announced this Trade of the year & proved its merit
AUD/ USD	1.05	CZ / PQV @ 1.055	8/05	CZ 1.06-1.05	NEUTRAL	NONE	NONE	CZ 1.06-1.055 Approaching		CZ 1.02-1.01	CZ 0.97-0.98	(RM) @ 1.10 for core position. Core – Net Short @ 1.09 remains

	Current Price	Triggered POM or Main CZ - PQV	Trigger Annou cement date	Triggered within CZ	Progress Status	Current Position	Action - New Position (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1685	POM 13 @ 1540	05/15	CZ 1540-1580	BULLISH on Core But Caution Advised on ½ at 1770 to 1705 & to 1675 (1650) remains intact,	½ Net Long ½ Cash - locked in gains from 1550 entry to 1770 exit 9/17	NONE	CZ 1690-1720 For bounce only. Volume needs to pick	CZ 1790-1820 Target to Exit core position	ABC down to 1675 Met & extended to 1635 with heavy Bottom	CZ 1635-1620 ABC down	On recycling position Avoided the decline completely) The re entry at 1705 stopped out at 1703 <u>Awaiting for</u> Inter market Analysis with DXY & SPX to line up with GOLD's PQV Validation

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

DXY (USD) – “NET LONG”

Brief Overview

We met **PEC-D** within our downside target of **CZ 79.55-79** . & is rejecting lows . Our Trigger point at **79.55**. for Net long re-entry is in progress .

During this DXY decline, risk-on markets are levitated by the falling dollar. But, once the CZ test is complete , we could see a huge rally begin in the DXY which hammers risk-on markets hard in the first half of 2013.

On big picture, we are looking for upward acceleration in Price and Volume for NEW ABC up. The Mid term Upside target has Bullish Top @ **84** once USD close above 82.5 on Core position Net long Position taken at 72.

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 “

Brief Overview

EURO @ 1.33 has turned Bearish for Net Short . **Trigger to watch** - touch 1.335 & close under 1.32. The Near Term Downside Target **CZ 1.29-1.27**. Euro is in tight trading range 1.25-1.32 with Bearish bias , it has whipsawed in recent rally in Equities. Global Markets rally has direct correlation with EURO.

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** stance.

USD/JPY – “NET LONG”

Brief Overview - YEN is going to weaken.

Beginning of Last year we announced this as possibly being the “ Trade of the year” & surely hasn’t let us down. This has been great profitable up move in USD / JPY.

2nd upside target CZ 84-83 has been met & broken out Bullishly, suggesting more to come after pull back. In Bull run , we let the Bullish CZ run . Long this pair from CZ at 76-75 is proving to be the best idea in the coming months.

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”

Brief Overview

GBP @ 1.63 has turned Bearish for Net Short . Trigger to watch - touch 1.63 & close under 1.62. The Near Term Downside Target CZ 1.59-1.58. GBP is in tight trading range 1.62-1.53 with Bearish bias

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”

Brief Overview

Near Term upside Target **CZ 1.06-1.055** MET & fell right back , It is approaching upside once again . We are Net Short on core position , but do not have signal for Recycling position . We have Risk Management in place at **1.10**.

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 .

GOLD – **“NET LONG” for ½ Core position @ 1540 & CAUTION for ½ position since 1770 on 9/17**

Brief Overview

Our bounce target **CZ 1690-1710** is approaching, We have **ABC down to 1625** is still intact with heavy bottom at 1660 which was our price target that was met in the leg down.

GOLD requires PQV Validation at 1650 for sustainable move higher or Volume pick up on rise. Non of it has happened since the reversal at 1650. .

On other hand, DXY is bottoming and –ve correlation should begin soon which should assist GOLD to fail in **CZ 1690-1710**. .

With our core entry GOLD (1548) and timely exit (1770) on ½ recycling position, We have avoided the down move from 1770 to 1650.

We recommend ½ Core position to be intact, let the profit ride and in No rush !!! The POM 13 @ 1540 is in progress for Upside ABC to **CZ1790-1820 (Exit all)** . Our cost basis on Core position is **now lowered by 120 points** due to recycled ½ position exited at 1770 @ re- entry 1705 avg & then Stopped @ 1705. . This gives better cushion to ride the Bull Market

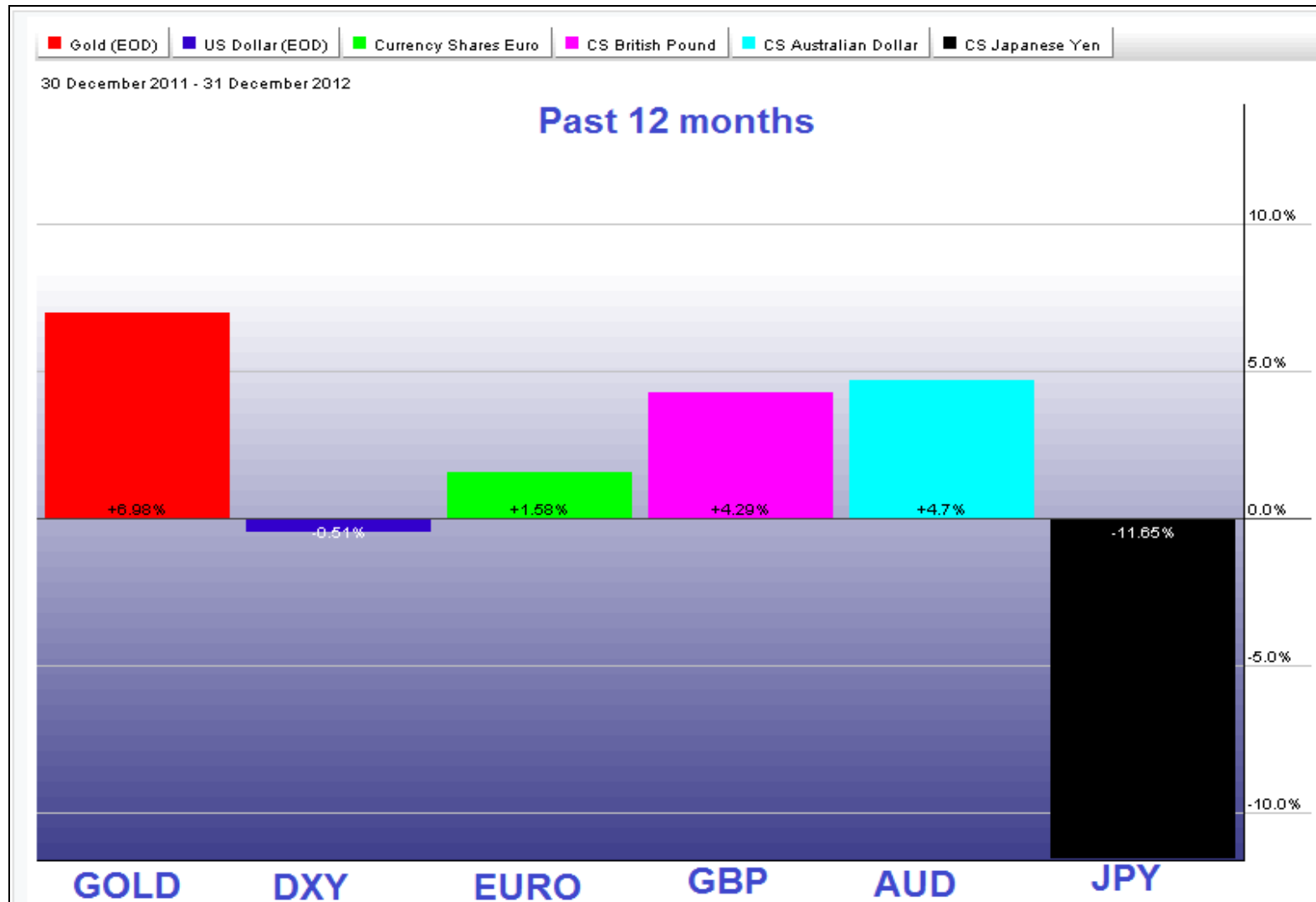
GOLD - Remains Triggered **POM 13 @ 1540-** on 5/15 we initiated **NET LONG** within **CZ 1540-1580**, This signal completed **POM 14** Triggered . On 2/6 for **HEDGING** within **CZ 1790-1765**. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

- Weekly Change – GOLD Close Price @ 1685 (0.5%))
- YTD Change - GOLD – Closed @ 1675 / 1685 (0.5%) gains

YTD - Currency performance v/s USD

Weakest and strongest currencies - For Hedging Global Portfolios

2012 - Strength / weakness. Chart below is our Inter market Analysis Model with Ratio Relative performance v/s USD .



GOLD – CZ/ PEC- D Analysis – **Bullish** – **ST Caution @ 1770 on 9/17 till 1650** Texture - **BULLISH TOP & NEUTRAL BOTTOM**

Upside Near term – CZ 1690-1720 – Volume needs to pick up for continuation move higher, if not we can come back to lows with false start .

Downside – ABC down to 1675 met with heavy force to setup New ABC down to 1625 in CZ 1635-1620



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

Near Term Pull back target – CZ – 79.55-79, PEC-D – 79.55 , Main entry @ 72 Net Long Trigger

Upside - CZ – 81-81.75, PEC-D – 80.90

USD & GOLD has been moving in tandem with each other. (see chart window 2 below)



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

Upside target – CZ – 133-1.32 , Trigger to watch – Touch of 1.335 & close under 1.32 , Risk Management @ 1.35-1.34

Downside - *PEC-D @ 1.28*

Main entry @ 1.49 Net short Trigger .



YEN / USD – PEC-D Analysis - *Bullish*

Upside - *PEC-D @ 86.25* is 3rd upside target , extended Bullishly . The 2nd *CZ 84-83* met & broken with *BULLISH TOP* , This is large ABC up

Near Term Pull back target – CZ – 84-83 ,

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



YEN v/s NIKKE – COR Analysis - *Bullish*

FALLING YEN IS BOOST TO NIKK

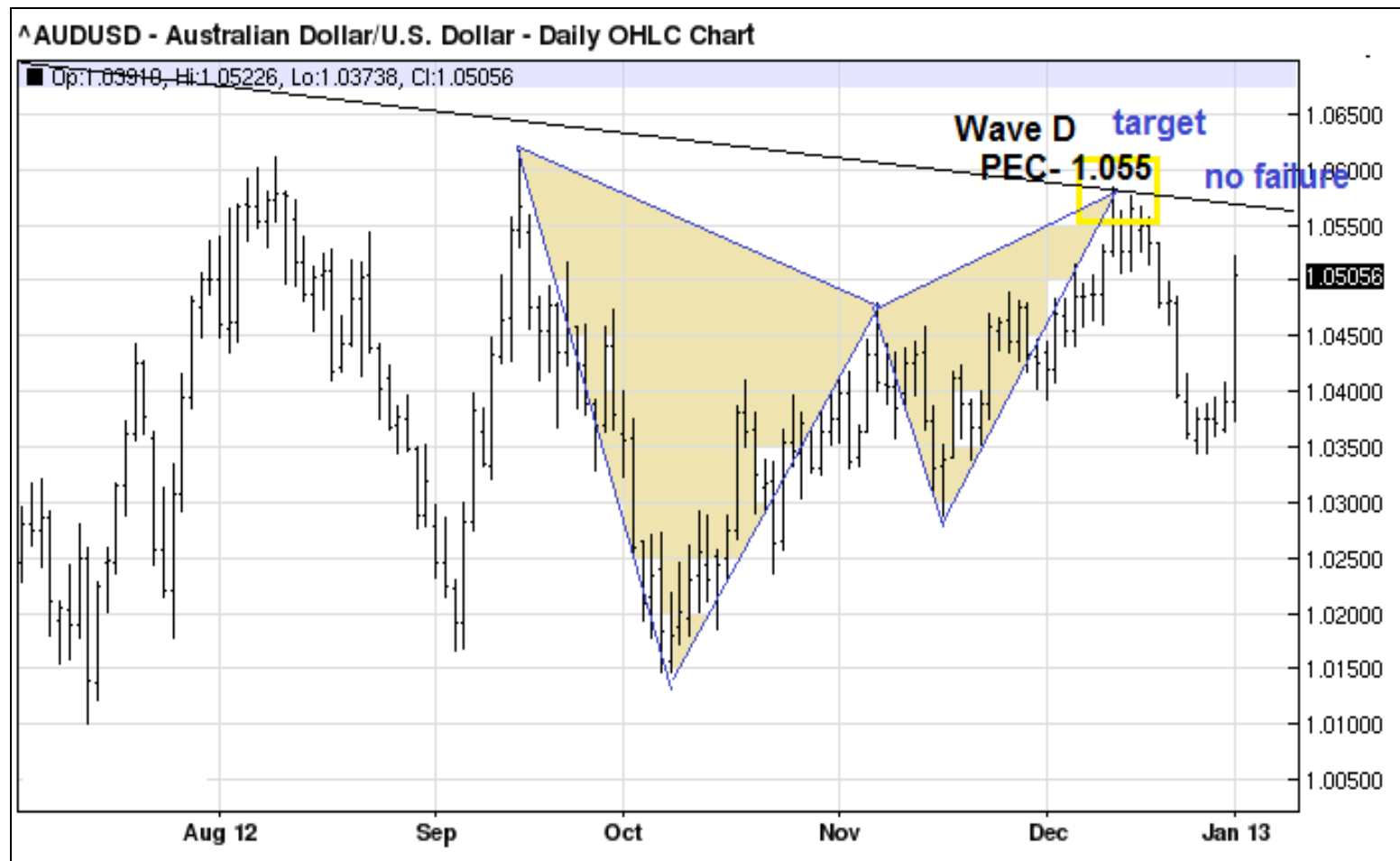


AUD/USD – CZ / PEC –D Analysis – *Neutral*

Upside target – CZ – 1.06-1.05 - The counter trend move is still in progress. It appears to be double top of 3 Drives to the top pattern. Once it fails , then decline would begin . Risk Management @ 1.10

Downside - PEC –D @ CZ 1.02-1.01 CZ .

Main entry @ 1.09 Net short Trigger

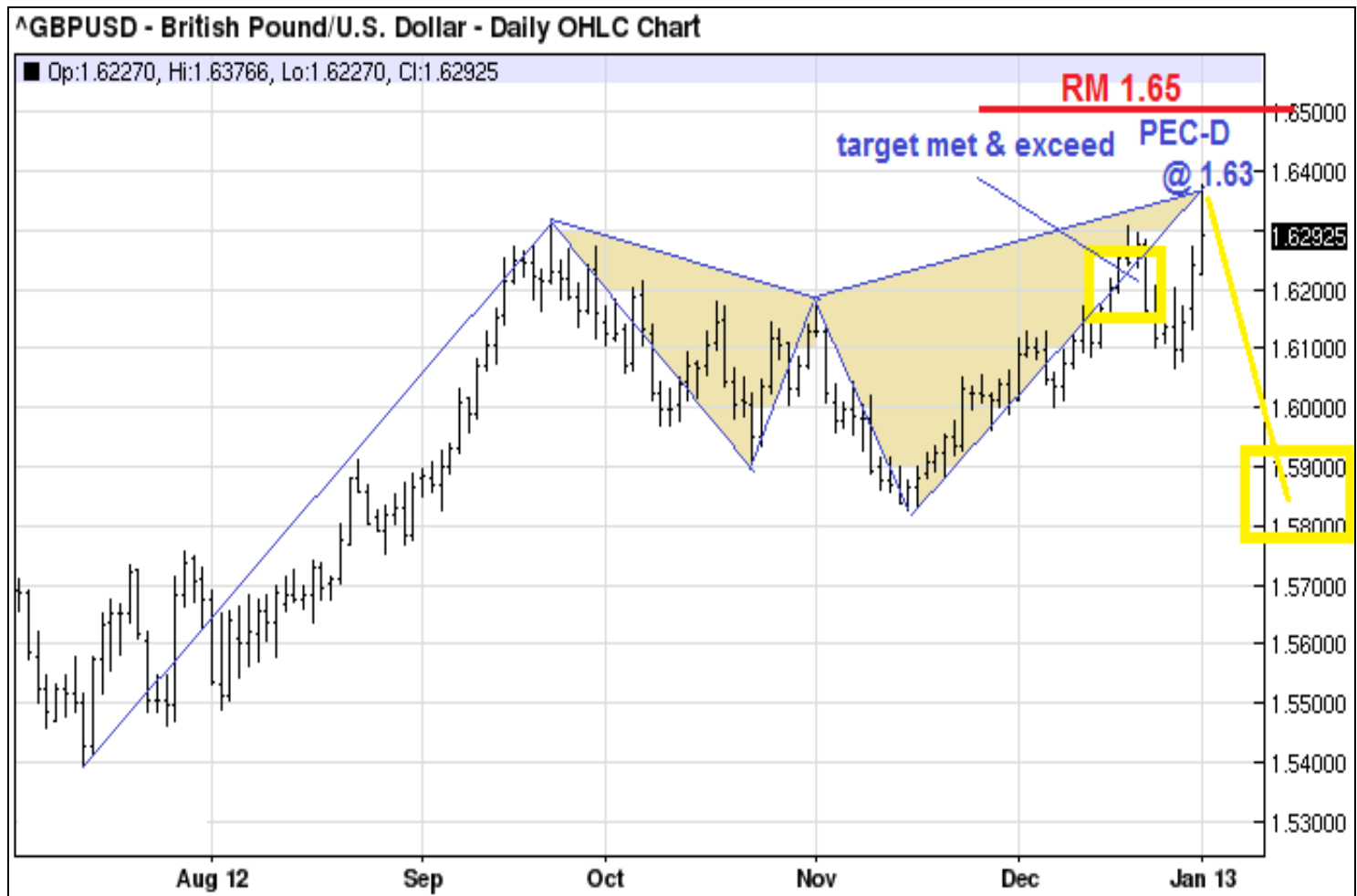


GBP / USD – PEC Analysis - *Caution*

Upside target – *PEC-D @ 1.63 , CZ 1.63-1.62*, Trigger to watch – *Touch of 1.63 & close under 1.62* , Risk Management @ 1.65-1.64

Downside - *PEC-D @ 1.59, CZ 1.59-1.58*

Main entry @ 1.64 Net short Trigger



Appendix Content

- 2012 YTD – SPX - 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.*
 - *Exterme Indicator Analysis*

- **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 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

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