



Date : 24<sup>th</sup> Jan 2013 ( **Thursday** )

## CURRENCY REPORT (Strategy & Prop Tech)

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### ● Executive Summary

	Current Price	Trigger POM or CZ & Date	Triggered Within CZ & Date	Progress Status	Current Position	Current Exposure	<b>NEW ACTION</b> ( Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>GOLD</b>	1680	POM 13 @ 1540 On 5/15  <b>Core</b> POM remains intact)	Secondary CZ 1635-1625  <b>Alerted</b> @ 1645 on 01/04	<b>BULLISH</b>	Net Long	10 %	NONE	<b>CZ 1690-1710,</b> 1 <sup>st</sup> leg up. <b>Met</b> ( but did not have force to punch th') & now the Pull back	CZ 1790-1820 Bullish Top	CZ 1635-1620  GOLD May require another re test & PQV should hold	ABC down to 1625 <b>Met exact &amp; PQV</b> validated	<b>RM @ 1590</b> on recycling 5% only  <b>PS-</b> On ½ recycling position @, 1770, 9/17 took 220 point profit & avoided the decline till re-entry @ 1645= 125 points
<b>DXY (\$ USD)</b>	79.97	CZ @ 72 <b>Core</b> on 7/9/2011 Intact	Secondary CZ 79.55-79.0 On 10/06	<b>BULLISH</b>	Net Long	3%	NONE	<b>CZ 81.75-81.00</b>	CZ 84-84.5 Bullish Top	CZ 79.55-79.0 <b>Met</b>		<b>(RM ) below 78.25</b>

	C. Price	Triggered POM or Main CZ & Date	Triggered within CZ	Progress Status	Current Position	Current Exposure	<b>NEW ACTION</b> ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downsi de CZ Near term	Downsi de CZ Mid term	Remark
<b>EUR /USD</b>	1.333	1.325 On 1/02	CZ -1.335-1.32 <b>On 1/02</b>	<b>CAUTION</b>	<b>Net Short</b>	1.5%	NONE	<b>CZ 1.35-1.34-</b>		CZ 1.29-1.27	CZ 1.20-1.21	<b>(RM ) above 1.35</b> CZ @ 1.49 <b>Core</b> , on 7/9/2011
<b>GBP/USD</b>	1.583	1.625 On 1/02	CZ 1.63-1.62 <b>On 1/02</b>	<b>CAUTION</b>	<b>Net Short</b>	1.5%	NONE	CZ 1.65-1.64		<b>CZ-1.59-1.58</b> Met	CZ 1.54-1.55	<b>(RM ) above 1.65</b> CZ@ 1.64 <b>Core</b> , on 7/9/2011
<b>USD / JPY</b>	88.37	CZ @ 76 <b>Core</b> , on 10/7/2011 intact	<b>Secondary</b> CZ 77-78 On 7/18	<b>BULLISH</b>	<b>Net Long</b>	<b>Reduced</b> from 5% to 2.5%	NONE	CZ 87-86 Bullish Top	<b>CZ 88-90</b> Extended	<b>CZ 85-86</b>		<b>Long term Trade @ 76 remains</b> , 2012 Trade of the year , 2013 Will continue.
<b>AUD/ USD</b> <b>Announc</b> <b>ement</b>	1.045	1.05 On 1/24	CZ 1.06-1.05 On 1/23	<b>CAUTION</b>	<b>Net Short</b>	<b>Increased</b> 0% to 1.5%	<b>Trigger to watch</b> Entry Around 1.05 +/- <b>STOP @ 1.07</b>	<b>CZ 1.06-1.055</b> Met exact & failed in CZ		CZ 1.02-1.01	CZ 0.97-0.98	<b>(RM ) on Core above 1.10</b> CZ @ 1.09 <b>Core</b> on 10/7/2011

## **SPX – Special Situation note**

Wednesday's wide price move in IBM & GOOG, Markets it did not have much impact on upside on SPX & NASD which clearly speaks of divergences & internal weakness overall . AAPL's results today is weighing slight NASD / QQQ which is one of our Bearish Indices.

This clearly justifies Markets topping process Globally indicated within in our "**Special Report on Wednesday**" on SPX, IWM, HK & China for "**Triggers to Watch**" till we reach POM 15 .

**BTW-** "Convectional Dow Theory" has Triggered Buy Signal as of last night close. This Signal has been "VERY Wrong" past 6 years almost every "Buy & Sell" .

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

- **BULLISH CURRENCY**

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

- **BEARISH CURRENCY -**

**EURO, AUD, BPS**

- **NEUTRAL CURRENCY**

**NONE**

## Currency Overview

**BULLISH DXY** - Recent rally in Equity Market has taken place without decline in DXY. DXY is holding steady ( Building base in **CZ 79-79.50** ) . Once DXY begins its up move, it should hammer risk-on markets hard in the 2<sup>nd</sup> 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** . (YEN is going to weaken). This has been at the center stage of FOREX market. We have managed the Short term Risk on our position by Exiting ½ position. But the Texture is very Bullish at the Top , this suggests continuation move higher for next ABC up after the pull back to **CZ 85-86**.

*This has been great profitable up move in USD / JPY and should continue in 2013 .*

**BEARISH EURO & AUD** - Global Markets rally has direct correlation with EURO & both AUD should top out soon. .

**BEARISH GBP** - Topped out exactly at our Trigger **PEC- 1.63** and declined to meet First downside target **to 1.58 exact PEC-D**. Now the GBP'S short term bounce should Materialize. .

## GOLD – “BULLISH”

### Brief Overview

Gold is rallied into our First upside target of **CZ 1690-1710**, Hit highs of 1698 could not break through and now pulling back . A decisive PQV Validated move higher above 1720 is required for continuation move higher, till it happens there should be few false starts. similar to last May 2012 bottom.

**PQV suggests, the next pull back, could be a secondary test of CZ 1635-1620, that should hold and any break under should be” Down Thrust as part of bottoming process.**

Earlier Gold reached the expected Price projection of 1625, within **CZ 1635-1620**, Completing a massive ABC down of 1.732 magnitude with absolutely anemic volume. especially at the end of exhaustion move with + ve VTO.

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

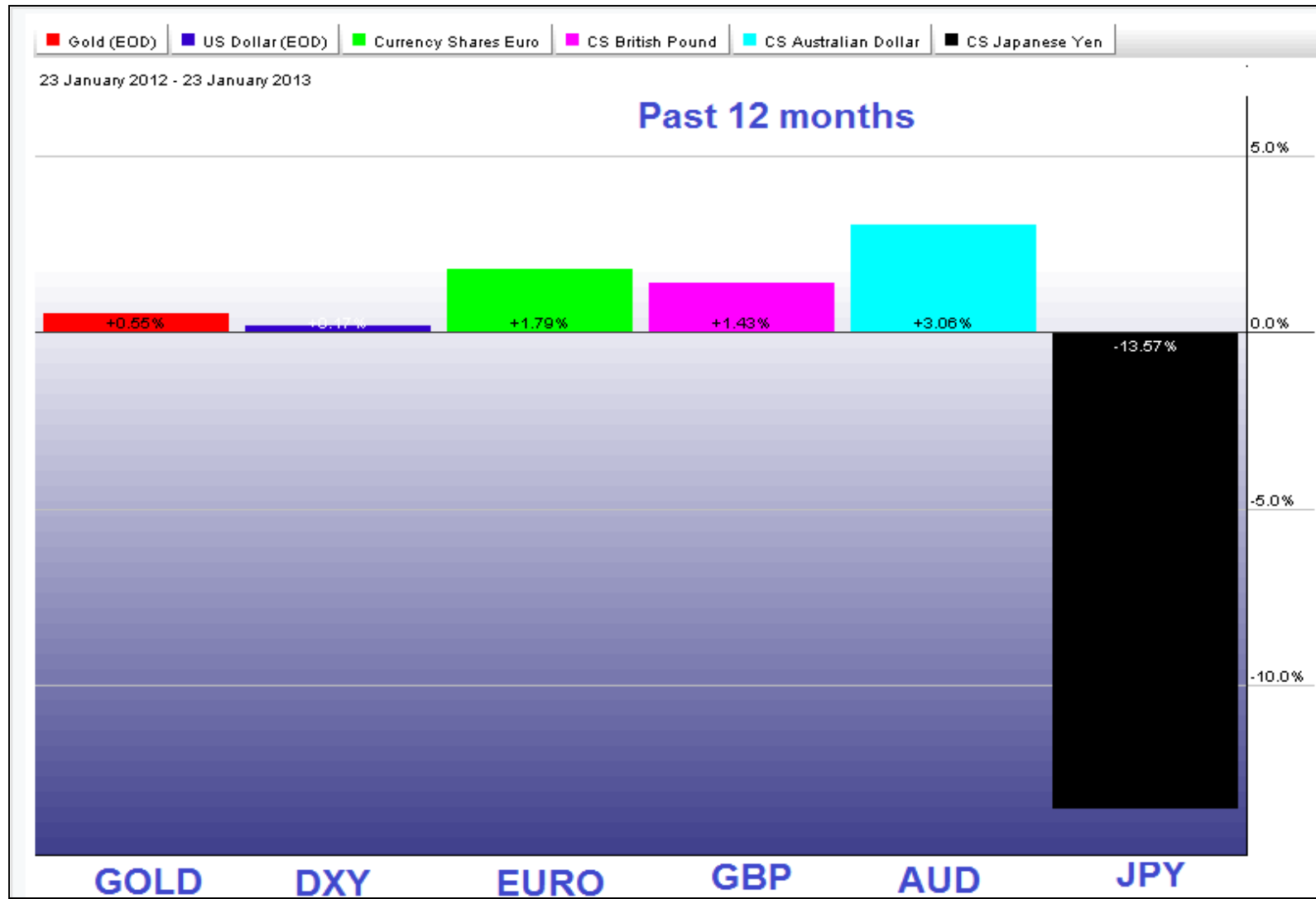
Our core entry GOLD (1548 ) and timely Caution exit ( 1770) on 9/17 for ½ recycling position, We have avoided the down move from 1770 to 1650. Avoiding 125 point decline, We re entered back on exited position @ 1645.

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 .

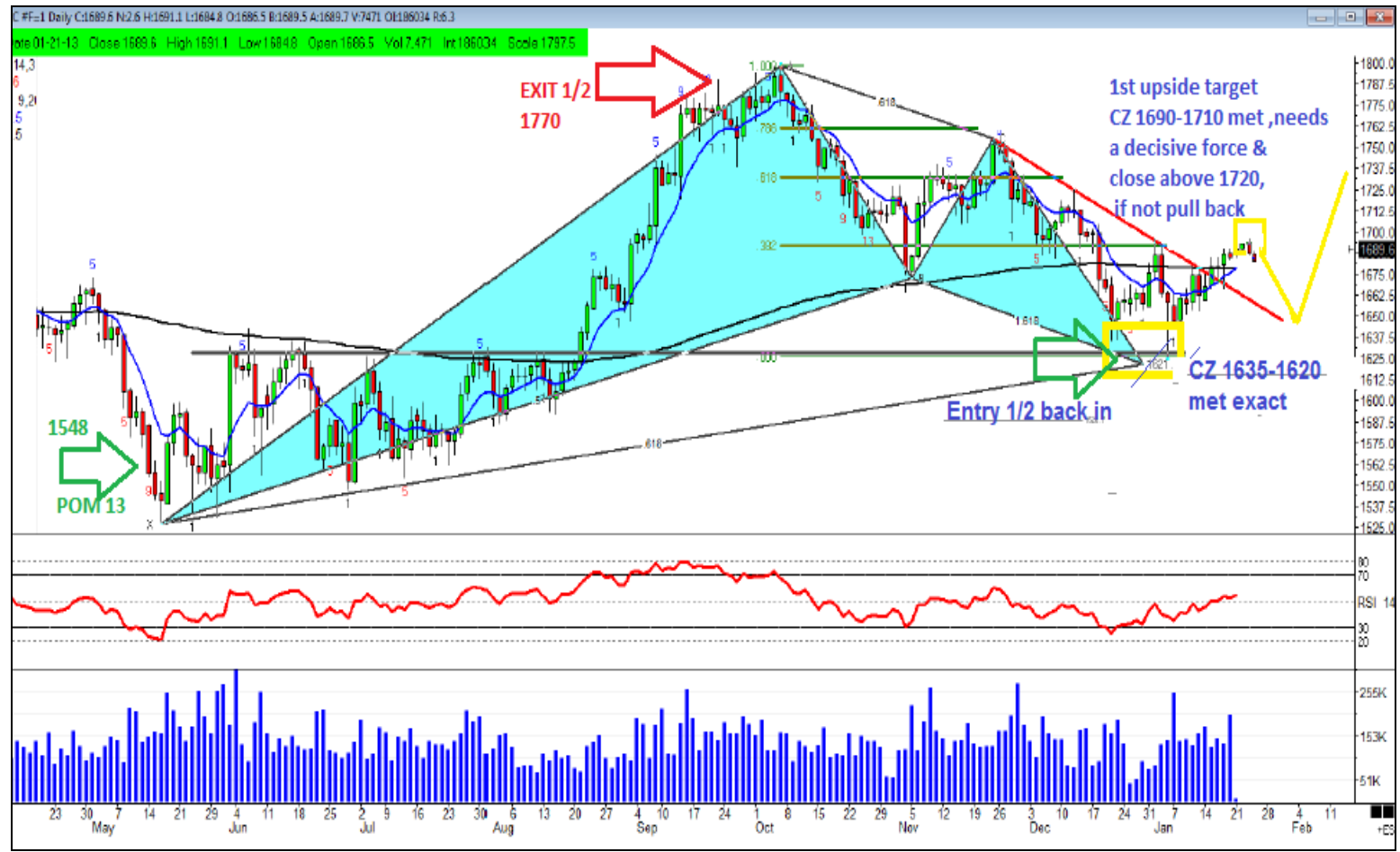


# GOLD – CZ/ PEC- D Analysis – *Bullish*

Texture - *BULLISH TOP & BULLISH BOTTOM.*

Upside Near term – *CZ 1690-1710 – Met,* Volume dried up on move , now pull back in progress .

Downside – *ABC down to 1625 Met Exact in CZ 1635-1620 – With possibility of Retest ( see price path below)*



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

Near Term Pull back target – CZ – 79.55-79, PEC-D – 79.55 – Met exact , Building base with Bullish bottom

Main entry @ 72 Net Long Trigger

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





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

Upside target – CZ – 1335-1.32 , was Triggered , Risk Management @ 1.35

Downside - PEC -D @ 1.28

Main entry @ 1.49 Net short Trigger .



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

Upside - *Extended 3 Gap play is playing out as exhaustion patten, in CZ 89-90 . Exited ½ position at 89*

*Real price on the move is PEC-D @ 86.25 is 3<sup>rd</sup> upside target , extended Bullishly . with BULLISH TOP , This is large ABC up*

Near Term Pull back target – CZ – 85-86 ,

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



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

Upside - *Extended CZ 89-90*, after the pull back move higher for next leg up .

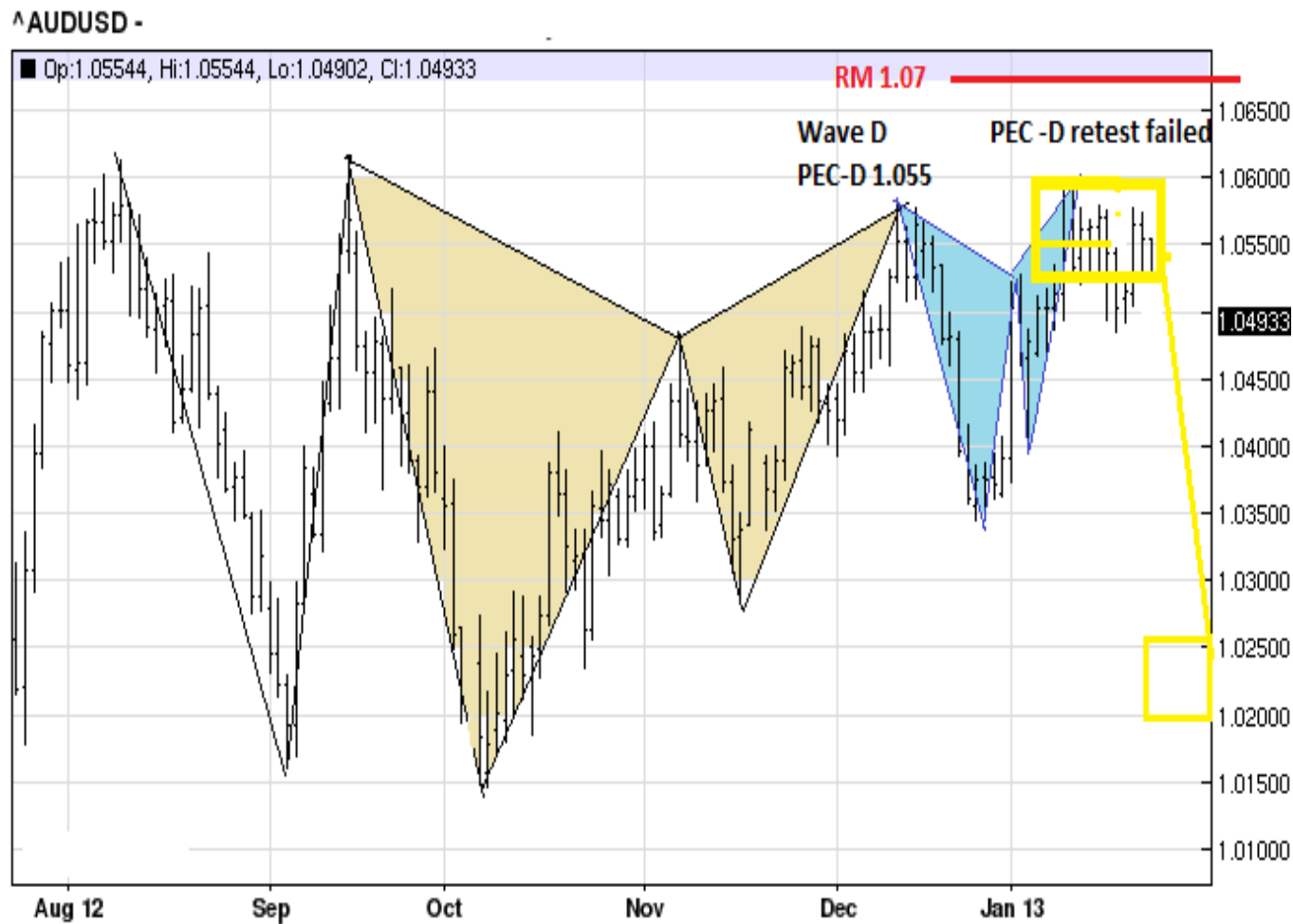


## AUD/USD – CZ / PEC –D Analysis – *Caution*

Upside target – CZ – 1.06-1.05 met & failed - on 3 Drives to the top pattern PEC-D Validated . Risk Management @ 1.07

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 was Triggered exact, Risk Management @ 1.65*

Downside - *PEC -D @ 1.585 met exact, Now should bounce from this CZ*

*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 – 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 – 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**

- ( 3<sup>rd</sup> 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 2<sup>th</sup> 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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