

Date : 3rd July 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 <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
GOLD	1245	POM 13 @ 1540 For main entry <u>Core position</u>	CZ 1205 1190 Crash Zone 6/28 <u>entry@</u> Special Report 6/28. 1205, <u>RM 1180</u>	New							

	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	1.295	CZ 1.352-1.36 On 2/13	Secondary CZ 1.325-1.315 On 5/08	NEUTRAL	CASH Took profit 1.33 (5/8 to 1.305 (6/28) Announced	NONE	CZ 1.335-1.325 Bearish Top	CZ 1.35-1.36 Bearish Top	CZ 1.28-1.27 Approaching. Bearish bottom	CZ 1.20-1.21 H & S Project	<u>No Signal</u> CZ @ 1.49 Core , on 7/9/2011 Intact.
GBP/USD	1.52	NONE	NONE	NEUTRAL	CASH	NONE	CZ 1.575-1.585, Neutral top	CZ 1.65-1.64	CZ 1.52-1.51 Approaching Neutral bottom	CZ 1.48-1.50 Bullish bottom	<u>No Signal</u>
USD / JPY	99.96	CZ @ 76 Core , on 10/7/2011 Intact	Secondary CZ 94-95 On 6/12 <i>Announced to add In Report</i>	BULLISH	Net Long Up 32% from entry	NONE	Target 106-105 Bullish Triangular Top	Target 120	CZ 95.5-94.5 Bullish bottom		For Recycled ½ exposure 1.Re entry. @ 94.5 (6/12) RM @ 92.5 Earlier exited Profit @ 89, 1/11 = 17%
AUD/ USD	0.91	CZ 94-95 On 6/12	Secondary CZ 91.5-92.5 on 6/24 <i>Announced to add Report</i>	BULLISH	Net Long	NONE	CZ 0.95-0.96 Poly trend line	CZ 1.00-0.99	CZ 94-95 Exceeded below	CRASH PEC- @ 92 Bullish bottom	False break below 93.5 +VE divergence (Refer note below)

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- BULLISH CURRENCY

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

GOLD, AUD – Testing Crash Zone

- BEARISH CURRENCY -

NONE

- NEUTRAL CURRENCY

BPS, EURO

Currency Overview

Since last Currency Report

- **BULLISH DXY (5%) -** DXY rally has acted as good Hedge against Rising Interest. & has been acting as Buffer in GOLD decline.

Rally that began from our projected CZ 81.5-80.75 is in Progress. USD should have another Minor pull back within the confines of Mid term Bull Market. DXY.

1st ABC up to CZ 85-84 has Bullish top . The 2nd leg up to CZ 88-90 to be accelerated in the 2nd half of 2013.

- **NEUTRAL EUR (1.5% to 0% Flat)** - We covered our Short Position at PEC-D @ 1.305 Completion . The decline that began from CZ 1.34-1.33 is being completed. It can certainly go lower but the Risk of counter trend move exists. The Larger H & S is still in progress to target @ 1.27 PEC-D- Neckline Bearish bottom.

- **BULLISH USD/YEN (5%) . (i.e YEN is going to weaken)**.

This offered another opportunity to enter within the pull back into CZ 94.5-95.5 Triggered – Net long. It is within confines of Mid term move higher in USD/YEN.

3RD ABC up to CZ 105-104,has Bullish top . The Final Target to 126 to be accelerated in 2014.

- **NEUTRAL GBP (Flat)**

GBP is in Trading range . It has Neutral Top & Neutral Bottom. No Signal hence / No Risk Reward

- **BULLISH AUD (1.5% to 3%)**

We feel comfortable holding the AUD at our entry positions. CRASH PEC-D's **always** get extended to next levels. We have been accumulating, Extended PEC-D @ 92 has been Trigger to scale into . The downside with Bullish Bottom has +ve divergence . We need a sign of strength first, the previous key reversal at 93 has been broken down falsely.

GOLD - Crash Zone

For Golden Bulls, there is no other way to play the “Crash “ without Stop loss (Risk Management) on entry. (Refer table below). On 6/28 – Report , we announced such Crash re entry point for Trading only @ 1205. RM – 1180.

So far “ No successful test of lows has happened to **Trigger POM 12-** validation for Full exposure, till such time we will enter Trading exposures ONLY! With EXIT Strategy. **For Bears Upsides are Ideal targets to Reposition SHORTS upon CZ Failure.**

Upside - “ Flag Post Pattern’ target CZ 1280-1320 is Breakdown Area. It is overhead ceiling .

Downside - The falling knife went to lows of 1180 on liquidation calls. GOLD got extended past our Target 1280 – PEC D, Gold tends to make its seasonal low in the middle of July. COT for Commercials report a net short position which was the lowest short position since 2004 & 2008 lows . Refer chart below

BACK DROP - Since POM 13 Trigger , 5/21/2012 @ 1545 . Our Average cost on Gold (cost adjusted basis for all the P/L-listed below) has been 1380. Considering the CRASH we experienced since 1770 Top, **we exited ½ at 1770 right at the Market Top on 7/17.** Since then

- **(5)- Stopped out Positions – for total (-22) points loss**

Entry 1280 – Stop 1265 = -15

Entry 1365-- Stop 1365 = 0

Entry 1555 - Stop 1552 = -3

Entry 1679- Stop 1670 = -9

Entry 1705 – Stop 1703 = -2

- **Profitable Exited Positions. for total (222+77)**

Entry 1545 – Exited @ 1770 = +220- *Real swing Trade from Bottom to Top*

Entry 1350 – Exited @ 1430 = +70 – *Crash Trade*

- **Current Holdings @ P/L adjusted cost basis of 1380, now trading at 1250 – Down 10% considering GLD down 30%**

1. Core Position - @ 1540 on 5/21

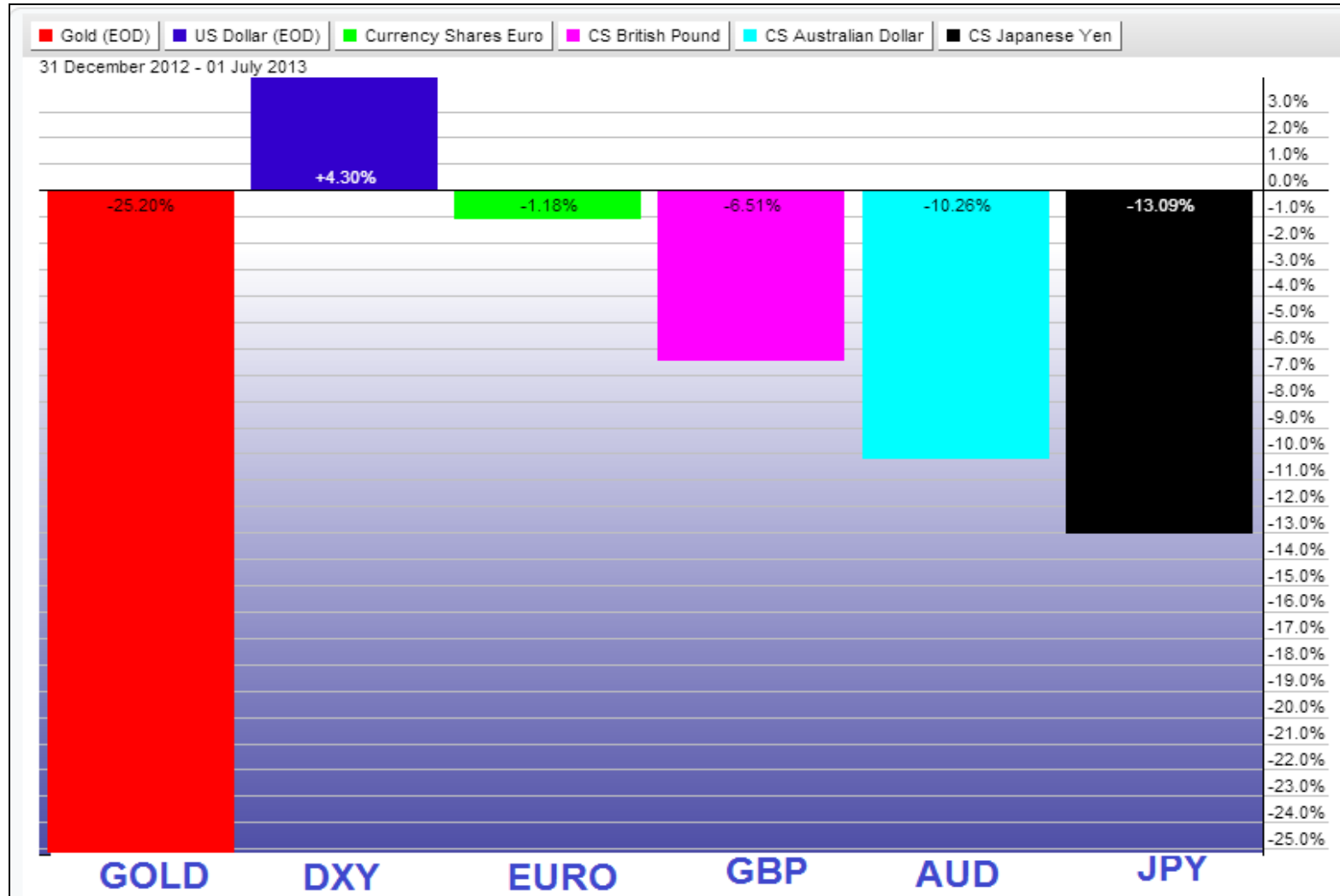
2. Recycled Position @ 1575 (3/1) , 1635(1/5)

3. Trading Position - @ 1205 (6/28) – **Potential Exit Price is 1300 + /- upon failure**

YTD - Currency performance v/s USD

Weakest and strongest currencies

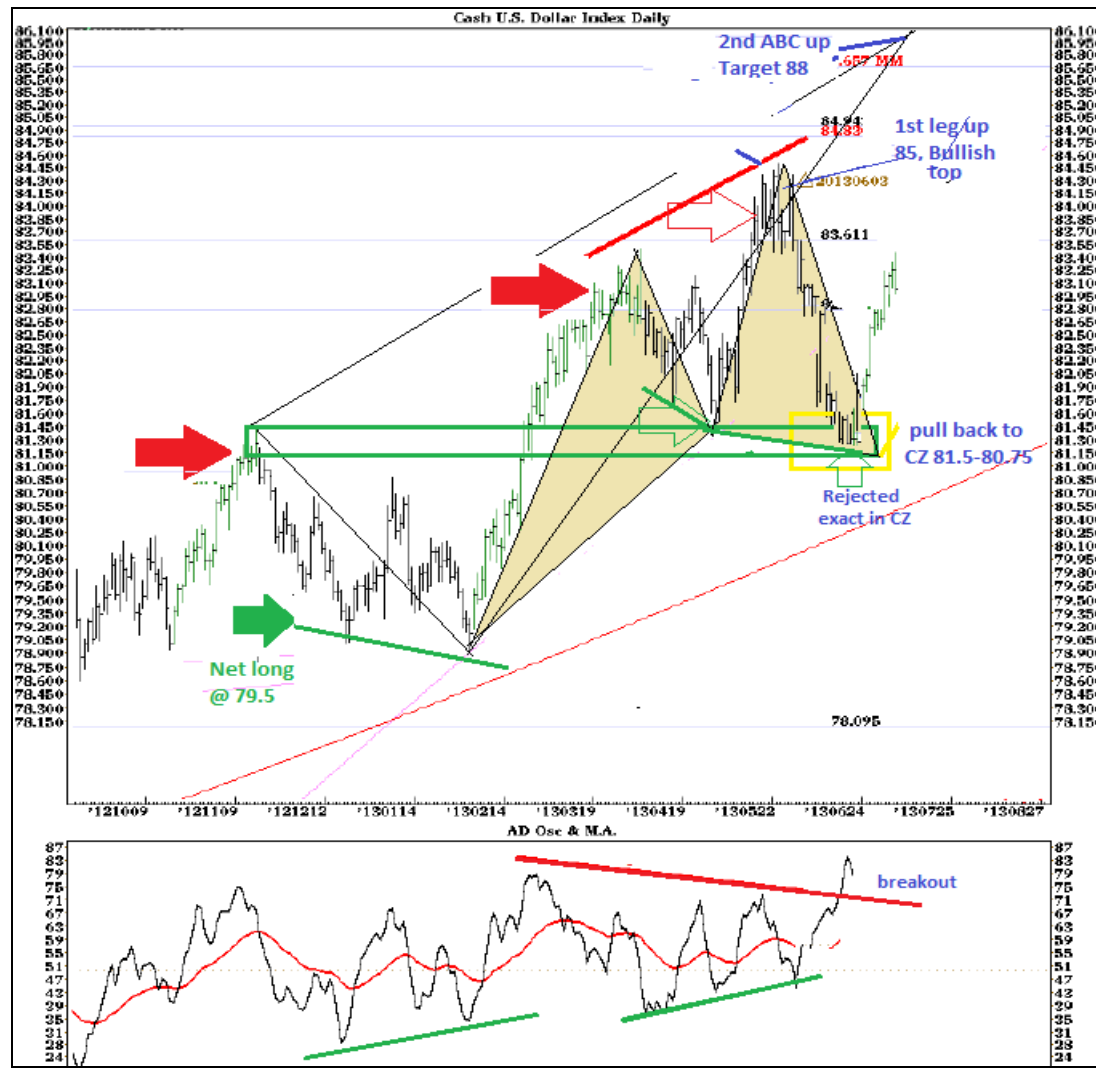
2013 - Strength / weakness. Chart below is our Inter market Analysis Model with Ratio Relative performance v/s USD .



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

Upside - CZ – 85-84 Bullish top, approaching, Short term Pull back in order. **Eventual Upside -** CZ – 88-90, 2ND ABC'

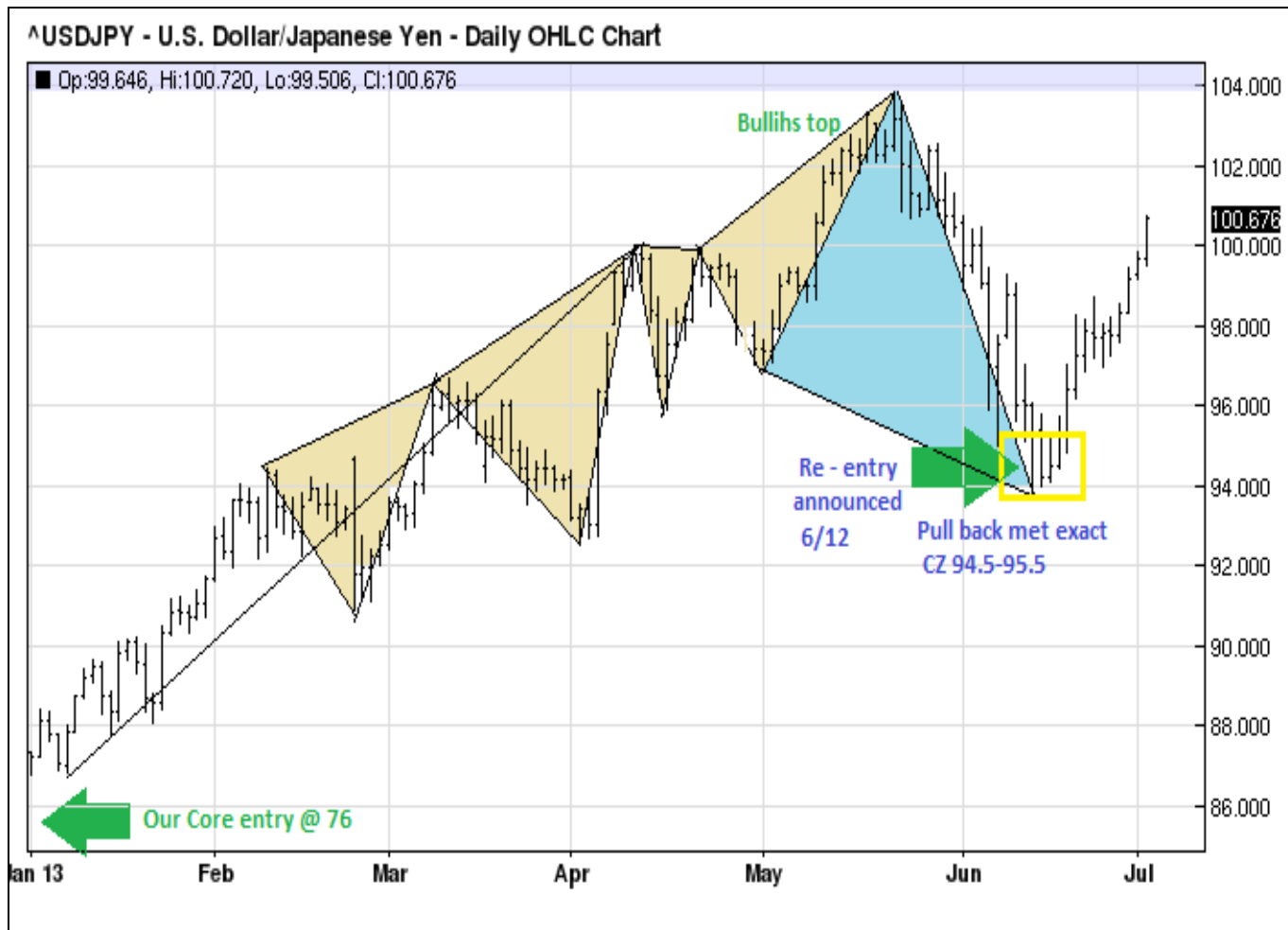
Downside -, Pull back to CZ 81.5-80.75, PEC-D @ 80.9 – completed **EXACT** with +ve Divergence at lows
Main entry @ 72 Net Long Trigger



YEN / USD – PEC-D Analysis - Bullish

Pull back target – PEC-D @ 94.25, within CZ – 95.5-94.5 - Met **exact**, Triggered and gave another opportunity to entered.
Main entry in YEN / USD @ 76 – Net long Trigger .

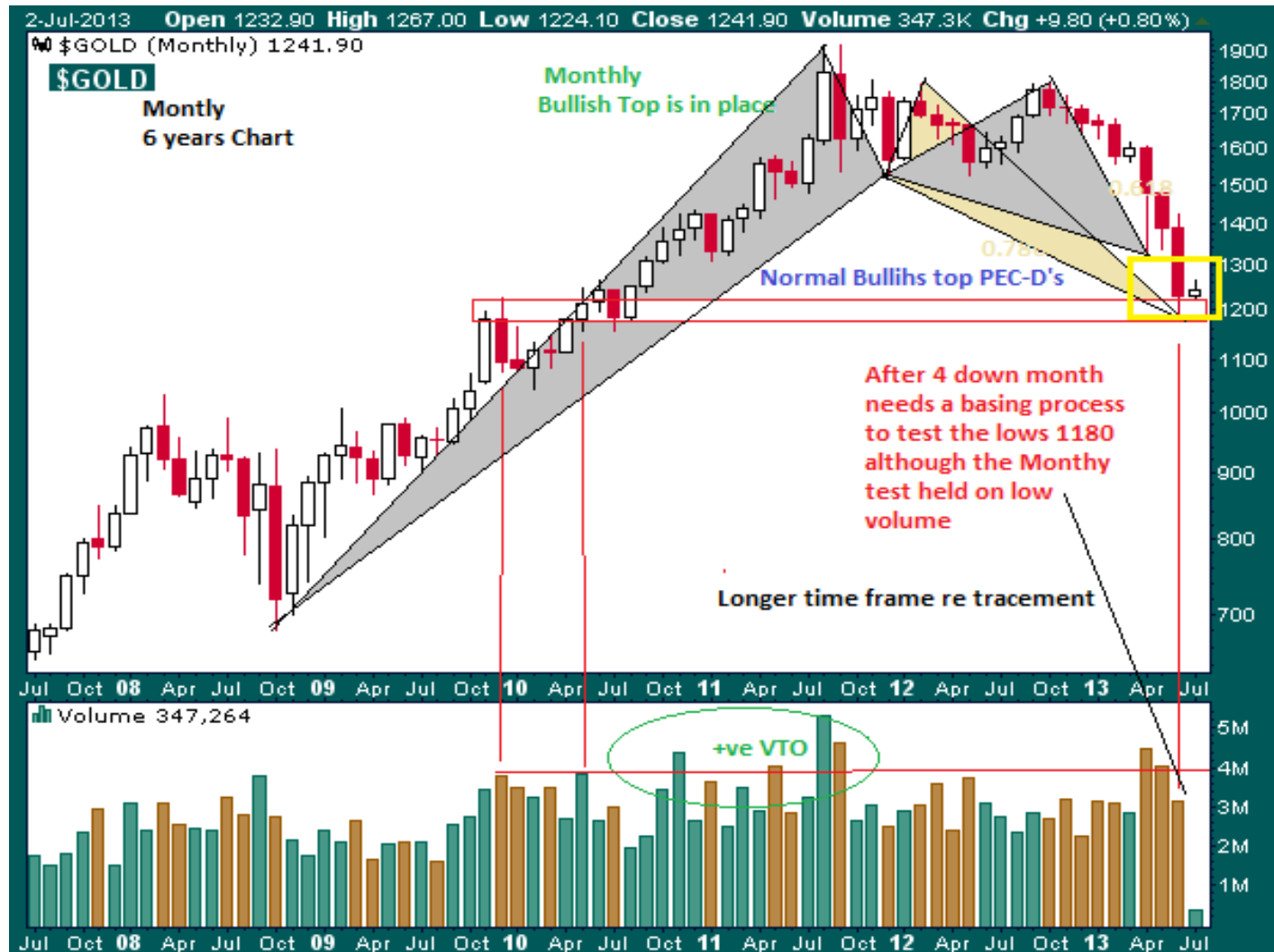
Upside - CZ 105-104 is a Triangular Bullish Top in Bull Market . (4th ABC up with Bullish top) .



GOLD – Monthly – PEC –D / CZ Analysis

Let us take a view from Monthly to Weekly To Daily Charts. (Notes within the chart) . 3rd Major correction since 2004

Bigger Picture- Natural Pull backs PEC-D's of Bullish Tops VTO's on Monthly Scale. As long as we manage the Risk.



GOLD – Weekly – PEC –D / CZ Analysis –

Weekly WAVE 5 now should get back above point WAVE 3 on weekly to signal Bottom (Notes within the chart)



GOLD – Daily – PEC –D / CZ Analysis

Daily Downside- PEC-D @ 1280 (Stop RM 1265) – Resulted in Crash to 1180 & reversed with Bullish engulfing on low volume reversal. Possible retest BUT not until it builds enough cause. It should rally First .

Upside - CZ 1340-1360 – Flag post cap .

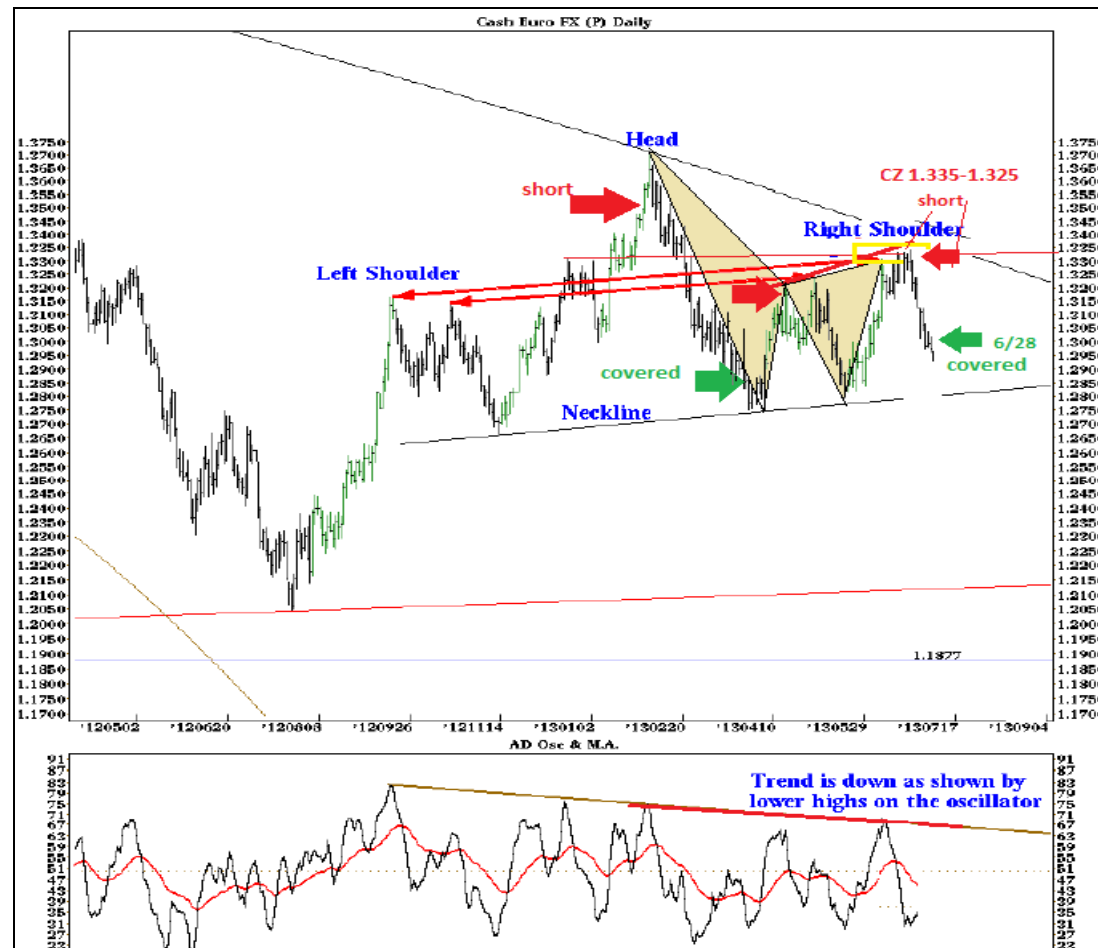


EURO / USD – CZ/ PEC Analysis – Neutral -

Upside target – PEC-D 1.33 in CZ – 1.335-1.325 met & failed - exact. EUR is still in –ve divergence.

Downside - Covered Net Short - Approaching PEC –D @ 1.27, ' Critical point 1.26 Neckline of PEC-D remains intact.

Double head & Shoulder Top is in makings validated by PEC-D . Main entry @ 1.49 - Net short Trigger .



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

Pull back target – CZ – 94-95. Exceeded , below 93 is false break . +ve divergences.

CRASH PEC-D to 92 has Bullish bottom. We need a 1-2 day of key reversal and close above 93.5 to mark the bottom.

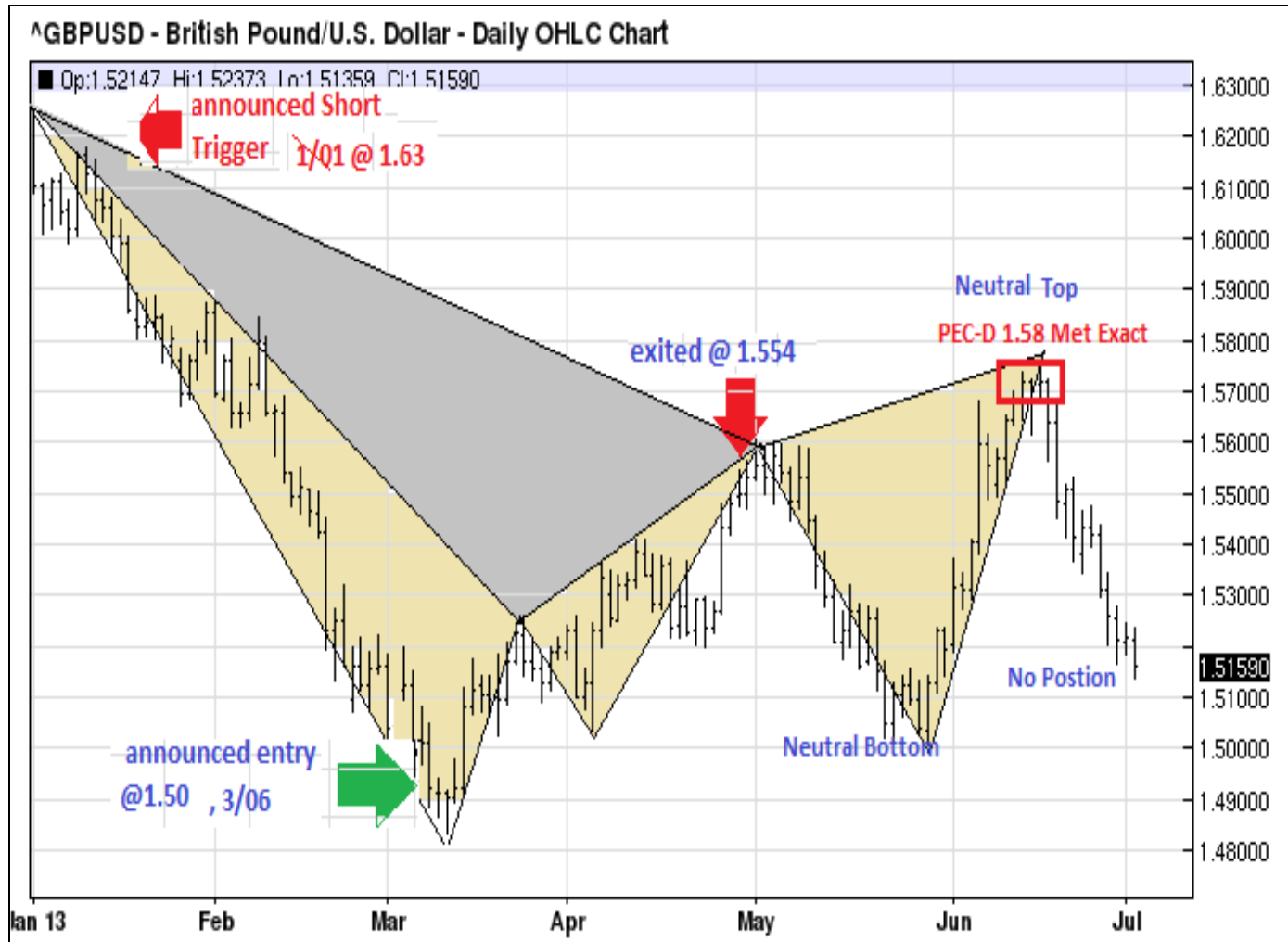
Upside - Bounce to CZ – 0.97 , then pull back and rally to 0.99-1.00 Mid term Target.



GBP / USD – PEC Analysis – Neutral -

Upside target – PEC –D 1.58 – Met **exact** with Neutral Top & Declined

Downside - Pull back to CZ 1.52-1.51 in Progress, to Neutral Bottom . **No Position** .



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.*
 - *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 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.