



Date : 23rd July 2013 (Wednesday)

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	NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1342	POM 13 @ 1540 For main entry Core position	CZ 1205 1190 <u>Entry Triggered @ 1105</u> 6/28-announced	Bottoming Out off Crash Zone	Net Long <u>Last entry -@ 1205</u> Special Report on 6/28. RM 1180	NONE	CZ 1280- Met , With volume picks up to accelerate higher	ABC up to 1365 In tact, <i>Flag post Top 1375</i> <i>This week Close above 1320 suggests continue higher</i>	Pull back CZ 1305 - 1320 <i>This week Close above 1320 suggests continue higher</i>	secondary lows 1225, the Bottom came in place- PEC-D 1180 <i>Critical Rejection-Highs of Key Reversal bar</i> 1225-1190 On low Volum	For Recycled 2/3 exposure 1.Re entry. @ 1205 (6/28) @1575 (3/01 @ 1635 (1/5),) Earlier exited For Profit @ 1429 = 72 @ 1770 = 220 Loss - 22 (-15+ 0-3-9-2) 5-stopped out Entry @ RM 1280 @ 1265 1365@ 1365 1555 @ 1552 1679 @ 1670 1705 @1703

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DXY (\$ USD)	82.25	CZ @ 72 <u>Core</u> on 7/9/2011 Intact	Secondary CZ 79.55-79.0 On 10/06	BULLISH ST pull back in progress	Net Long	NONE	CZ 85- 84 Met with Bullish Top	CZ 88-90	CZ 81.75-81.25	CZ 80.75-81.0	(RM) below 79.25 PQV Validated floor
EUR /USD	1.321	CZ 1.352-1.36 On 2/13	Secondary CZ 1.325-1.315 On 5/08	NEUTRAL Bearish bias <u>No Signal</u>	CASH	NONE	CZ 1.335-1.325 Bearish Top	CZ 1.35-1.36 Bearish Top	CZ 1.28-1.27 met Bearish bottom	CZ 1.20-1.21 H & S Projection Once 1.27 is broken	CZ @ 1.49 <u>Core</u> on 7/9/2011 Intact. Earlier exited For Profit @ 1.30 = 5 c 6/28
GBP/USD	1.537	NONE	NONE	NEUTRAL <u>No Signal</u>	CASH	NONE	CZ 1.575-1.585, Neutral top	CZ 1.65-1.64	CZ 1.52-1.51 Met Neutral bottom	CZ 1.48-1.50 Bullish bottom	Trading range Between 1.58-1.51
USD / JPY	100.0	CZ @ 76 <u>Core</u> on 10/7/2011 1 Intact	Secondary CZ 94-95 Triggered On 6/12	BULLISH	Net Long Up 32% from entry	NONE	Target 106- 105 Bullish Triangular Top	PEC-D Target 120	CZ 95.5-94.5 Met & rally began Bullish bottom	PEC-D 90 Floor 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	0.925	CZ 94-95 On 6/12	Secondary CZ 91.5-92.5 on 6/24	Bottomin Out off Crash Zone	Net Long	NONE	CZ 0.95-0.96 Poly trend line	CZ 1.00-0.99	CZ 94-95 Exceeded below	CRASH PEC-@ 92 - met Bullish bottom	False break below 93.5 +VE divergence (Refer note below)

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- BULLISH CURRENCY

USD/JPY (i.e weaker Yen) , DXY (St pull back in process) ,

GOLD, AUD – Bottoming out off Crash Zone

- BEARISH CURRENCY -

NONE

- NEUTRAL CURRENCY

BPS, EURO – **Bearish bias**

Note - Special coverage on SPX at the end of Report

Currency Overview

- **BULLISH DXY - ST pull back**

Higher rates have made USD more attractive. It appears DXY is likely to be trading range 85-81 to build cause for now. Currently minor pull back is in progress as indicated in our last DXY coverage 7/10

Projected 1st ABC up to CZ 85-84 Bullish top is complete. The minor pull back is within the confines of Mid term Bull Market. The 2nd leg up to CZ 88-90 to be accelerated in the 2nd half of 2013.

- **NEUTRAL EUR - Bearish bias**

The longer term direction firmly remains to the downside. We covered our Short Position at PEC-D @ 1.305 Completion . 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).**

USD /YEN 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 106-105,has Bullish top . The Final Target to 126 to be accelerated in 2014.

- **NEUTRAL GBP**

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

- **BULLISH AUD – Bottoming**

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 to scale into . The key reversal at 93 has been broken down falsely The +ve divergence with Bullish should initiate a rally in AUD especially when Commodity Market rallies in 2nd half of the year.

GOLD - Bottoming Crash Zone.

At 1205 ,we Triggered entry on 6/28. At 1225 Price rejection in the Report we indicated that the Price & Volume projects at least 200 point rally in Gold. So far we have rallied 150 points. Our 1st ABC up has been 1365 –PEC-D.

Seasonally we are in the three-month period of July, August, and September, which *tend* to be the most positive 3-month period for gold. Most all sentiment indicators related to gold, are in extreme readings suggesting a longer term bottom is forming. The Bullish percent index for the Gold miners. COT for Commercials report a net short position is still lowest. since 2004 & 2008 lows

Upside - “ **Flag Post Pattern**’ ABC up to 1365 Flag post 1375. At PEC-D 1280, the volume picked up Bullishly with breakout.

Downside – Pull back to 1305 should hold.

Secondary low of 1225 is in place with Higher highs. **The** Rejection of Key Reversal bar 1235-1190 on low Volume was very meaningful to our work

Final Note!*The first powerful rally off the bottom is in progress. GOLD having gone th’ nasty correction 30% from 1800 Top*

*We are getting very near to our “**breakeven point**” 1360 in “overall Portfolio Position” .. Our process with Triggered Risk Management , Scale in’s & Recycling exposures has achieved its objective of to Breakeven in the First rally of the Bottom considering GLD is down 30% during the same time frame. Details below is laborious journey of unwinding. .*

Disclosure – Our Error position entry 1280 was flattened at 1280 at cost although ABC up projection 1365 . A strict discipline with no consideration.

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 1360. Considering the CRASH we experienced since 1770 Top, we exited ½ on 7/17 , 1770 right at the Market Top. In the process we capitalized on 2 – Crash Trades.....

- **(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*

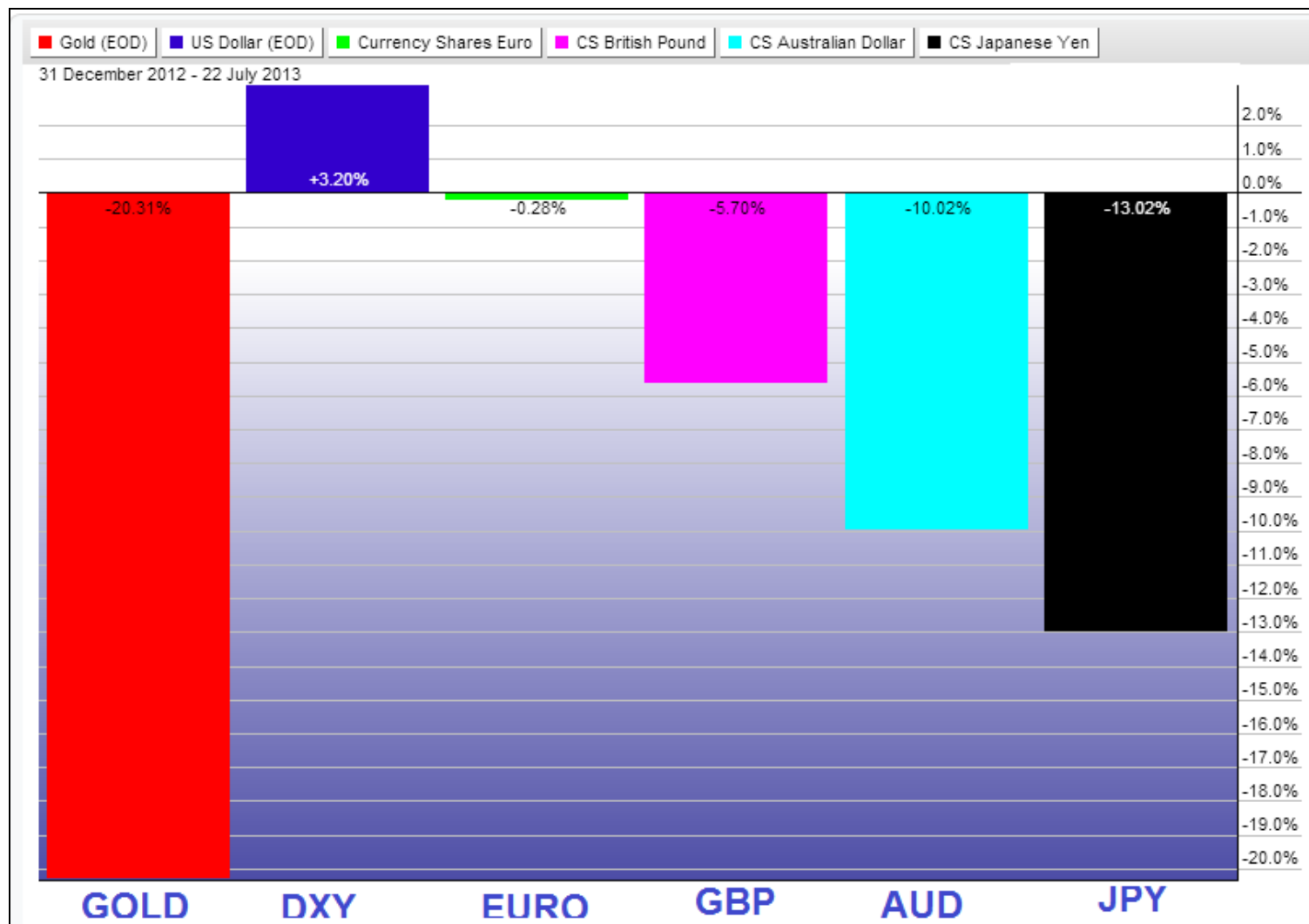
- **Current Holdings @ P/L adjusted cost basis of 1360, now trading at 1345 .**

1. Core Position - @ 1540 on 5/21
2. Recycled Position @ 1575 (3/1) , 1635(1/5)
3. Trading Position - @ 1205 (6/28)

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 – Daily – PEC –D / CZ Analysis

1st ABC Up to 1365 Flag post cap is in place 1370.

ST Target 1280 was approached with high volume and Broke out. Confirming ABC up . **Weekly** close (1320) to signal continuation move higher.

Downside- Secondary low 1225 tested suggested the Bottom is in place. It Rejected Key Reversal bar 1235-1190 On low Volume



GOLD – Rydex – Cash flow divergences Analysis

The assets and cash flow levels of the Rydex Precious metals produced positive divergences at turning point. The top back 2011 high in the Rydex Precious metals made a higher high and the Asset and Cash Flow made lower highs and a negative divergence marked a top (We had demonstrated the same slide at that time 7/17 time frame) . It appears an important bottom has formed at 1205 – 6/28 our Trigger point. .



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

Downside - , Pull back to CZ 81.75-81.25 , PEC-D 81.50 with Reversed 5 Wave pattern .

Upside - CZ – 85-84 Bullish top, marked the Short term Pull back with –ve divergence .

Eventual Upside - CZ – 88-90, 2ND ABC'

Main entry @ 72 Net Long Trigger.



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

Downside - CZ 1.28-1.27 met- PEC -D @ 1.27 & bounced from it . EUR is still in -ve divergence.

The ' Critical point 1.27 Neckline of PEC-D remains intact. Double head & Shoulder Top is in makings validated by PEC-D .

Upside target – PEC-D 1.33 in CZ – 1.335-1325 could test in Bearish way

Main entry @ 1.49 - Net short Trigger .

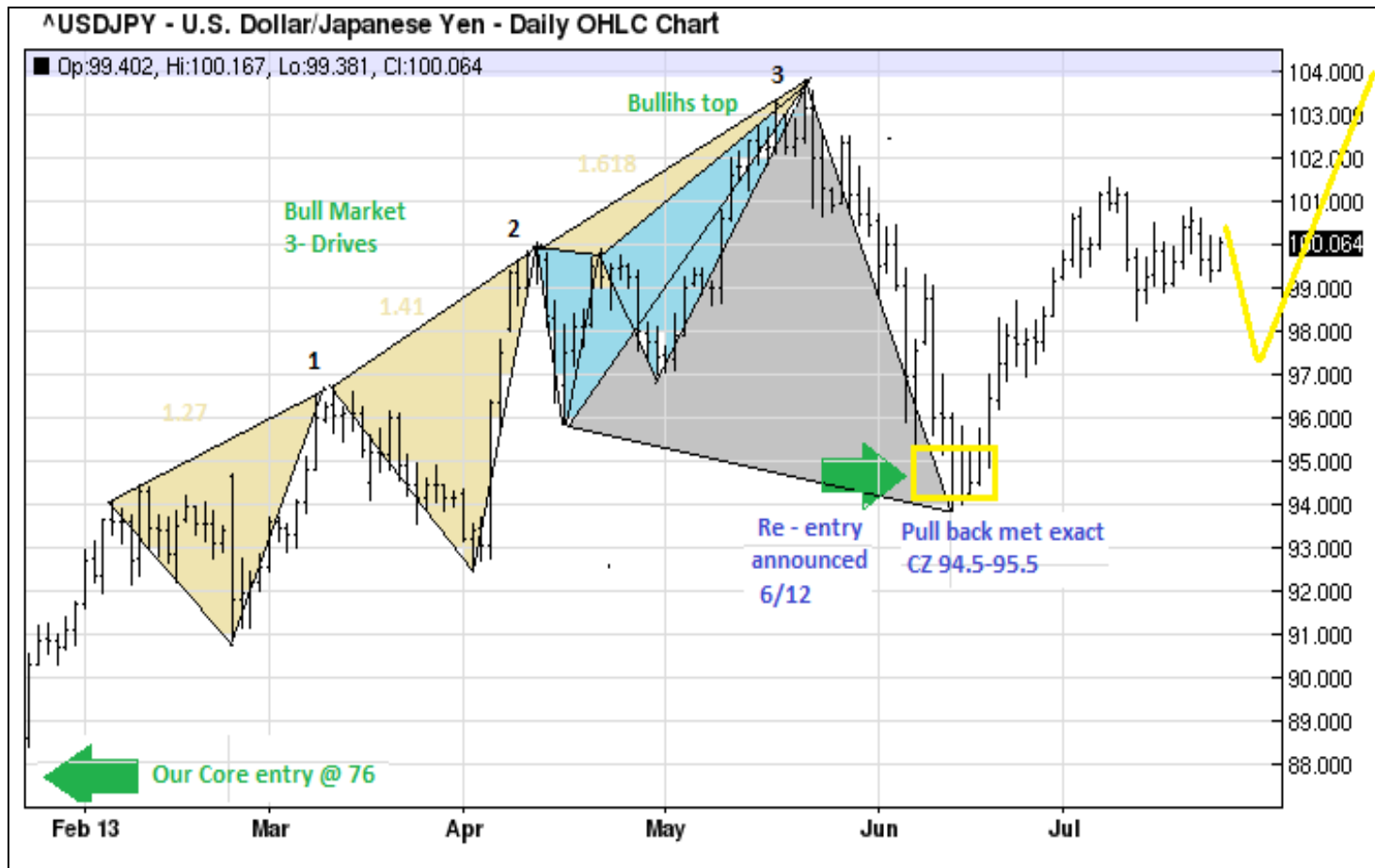


YEN / USD – PEC-D Analysis - Bullish

Pull back target CZ – 94.5-95.5 - PEC-D @ 94.25 Met **exact** &, Triggered . It gave another opportunity to enter with Typical Bull Market retracement after 1-2-3 Bullish Tops. In sequential PEC- Ratio.

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) .



AUD/USD – CZ / PEC –D Analysis – Bullish – Bottoming in Crash zone

Pull back target – CRASH PEC-D to 92 has Bullish bottom. We need close above 93.1 to mark the bottom. , below 93 is false break . CZ – 94-95. Exceeded with +ve divergences.

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

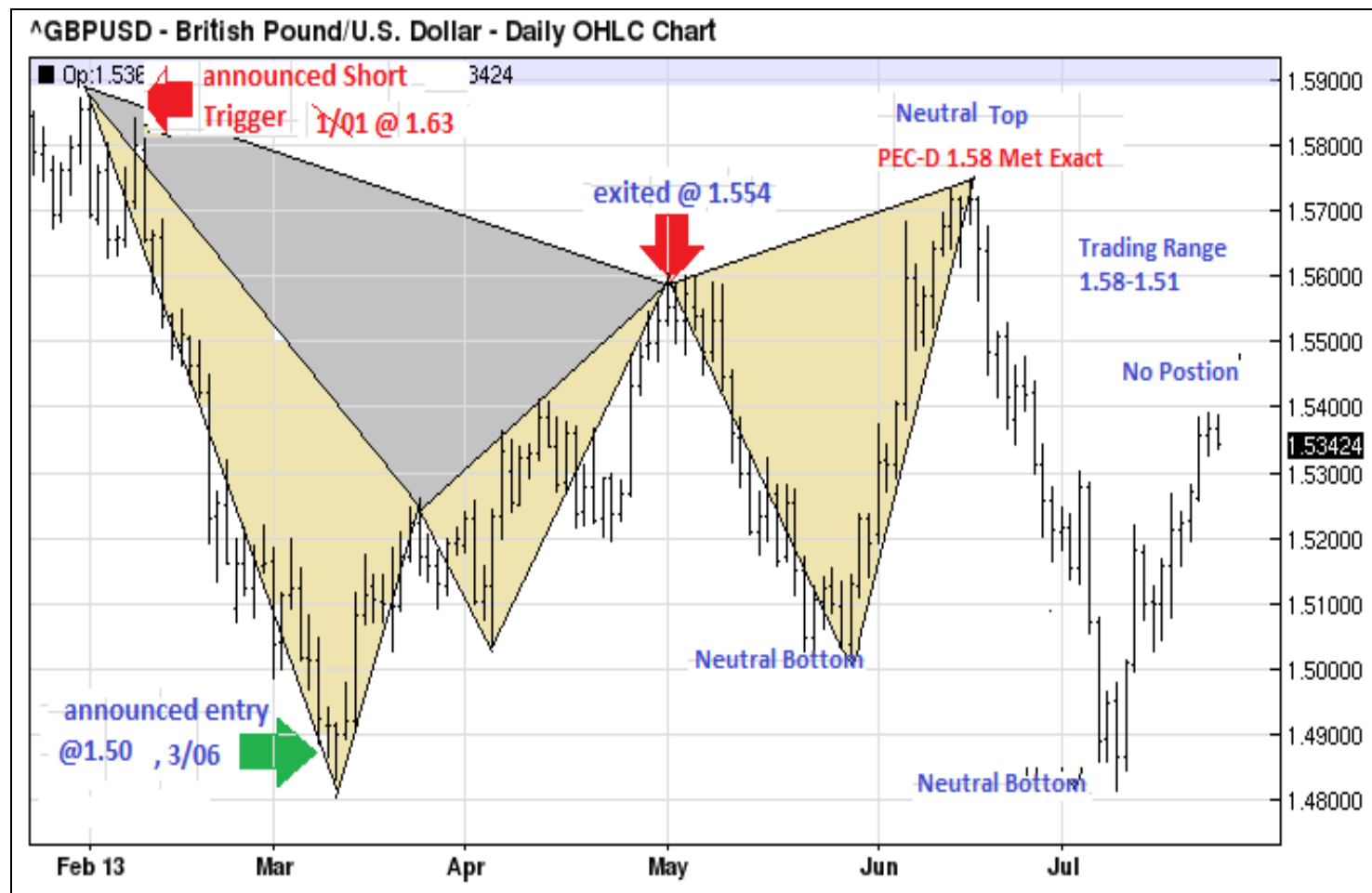


GBP / USD – PEC Analysis – Neutral

Trading Range 1.58-1.52

Downside - Pull back to CZ 1.52-1.51 met , exceeded & rallied Neutral Bottom . No Position .

Upside target – PEC –D 1.58 – Neutral Top



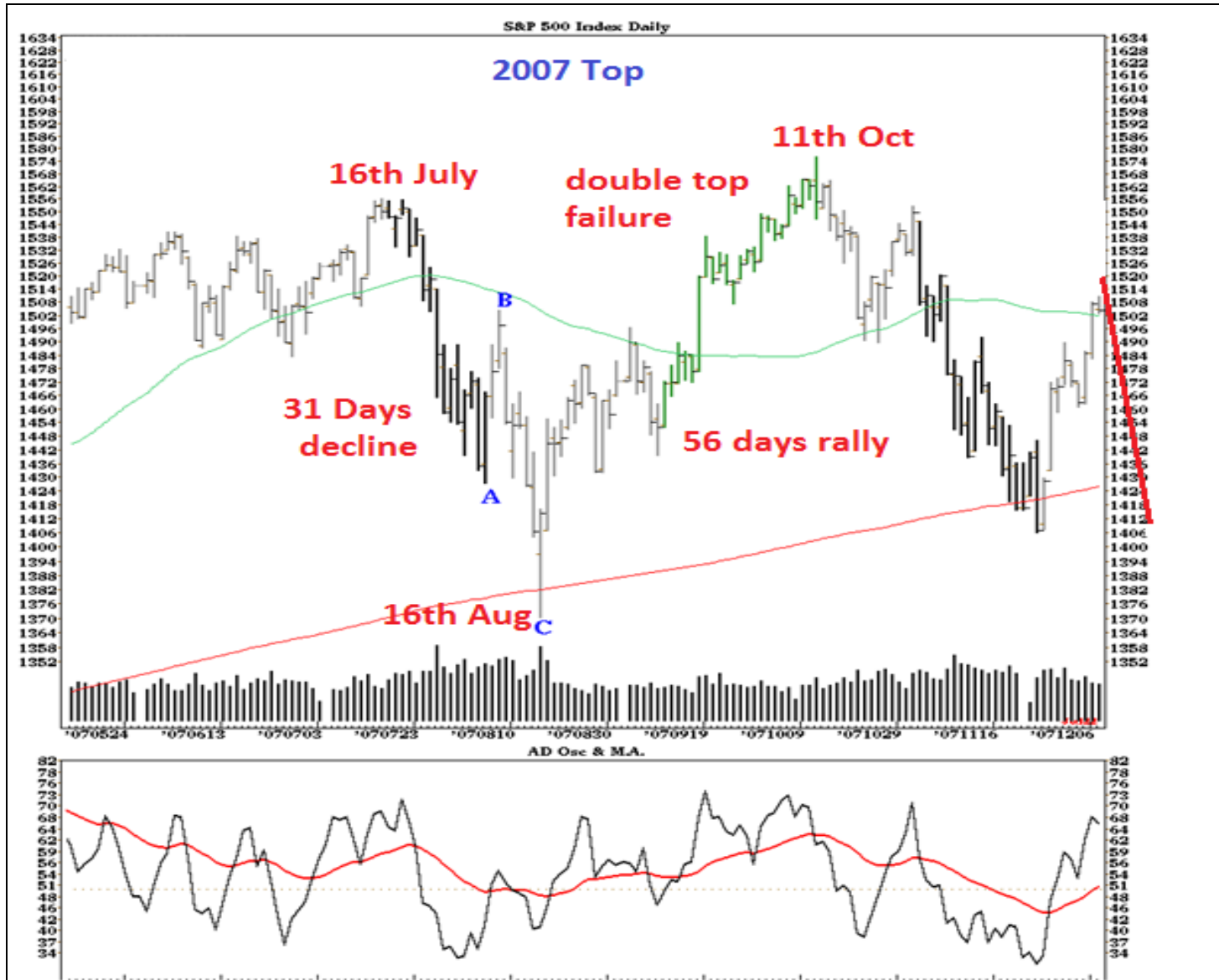
Market SPX

Time Observation

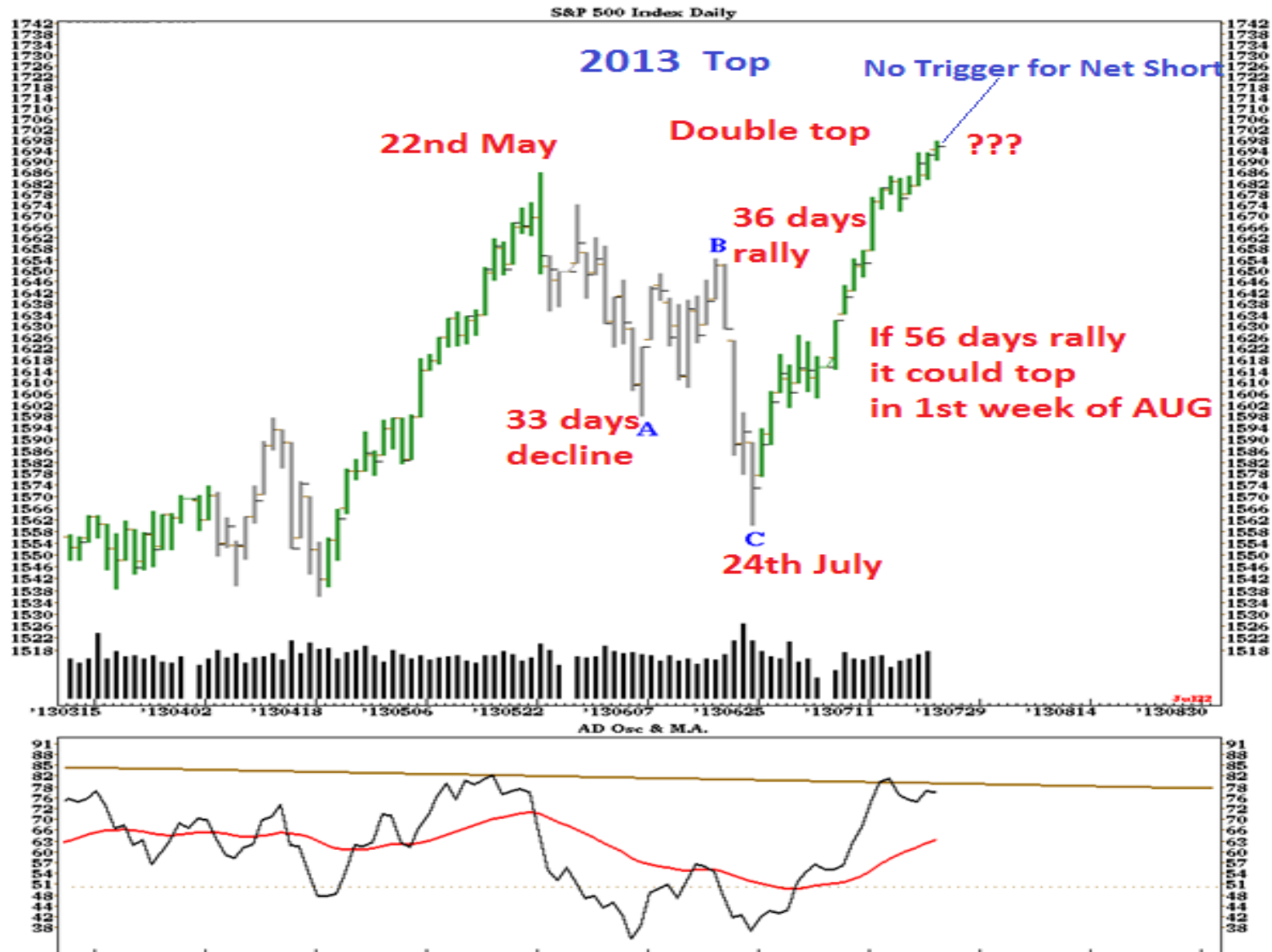
At every double top we review the Time line of Final Tops . In 2007, the market made a double top, with the first peak in July and the second in October. Chart below indicates it.

In today's market, the SPX formed its first peak on May 22nd and went into a ABC correction. The correction this time lasted 33 days, two more than in 2007. The rally from that June 24th low would equal the 2007 rally on August 6th . Currently, we are 36 days.

SPX- 2007 Top - Daily chart



SPX- 2013 Top - Daily chart - Possibility ???



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 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

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