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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	1380	POM 13 @ 1540 For main entry Core position	CZ 1345-1320 (5/21) Secondary entry	To Retest Crash Zone	Net Long On new entry@ 1365, 5/21 RM Stop at 1365 cost p	NONE	CZ 1430-1420 failed	CZ 1450-1480 Flag post top	CZ 1345-1320 with lows of 1336 to be tested Bottom heavy	Re test of 1320 is Crash lows Successful PQV Would trigger POM 12 – Full exposure	For Recycled exposure 1.Re entry. @ 1635 (1/5), @1575 (3/01) Earlier exited at 1429, 4/22 for 72 points & @ 1770, 9/17 for 220 profit Is providing profit cushion 3 –Stop losses of 20 points incurred.
DXY (\$ USD)	81.07	CZ @ 72 Core 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 Bullish Top	CZ 88-90	CZ 81.5-80.75- PEC-D @ 80.9 Approaching Validated PQV	CZ 79.55-79.0 PQV Validated floor	(RM) below 79.25

	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	1.33	CZ 1.352-1.36 On 2/13	Secondary CZ 1.325-1.315 On 5/08	BEARISH	Net Short	NONE	CZ 1.335-1.325 approaching with Bearish Top	CZ 1.35-1.36 Bearish Top	CZ 1.27-1.28 Bearish bottom	CZ 1.20-1.21	RM above 1.34 CZ @ 1.49 Core , on 7/9/2011 Intact.
GBP/USD	1.565	NONE	NONE	NEUTRAL	CASH	NONE	CZ 1.575-1.585 approaching with Neutral top	CZ 1.65-1.64	CZ 1.52-1.51	CZ 1.48-1.50 Bullish bottom	No Signal
USD / JPY Pre Announcement	96.12	CZ @ 76 Core , on 10/7/2011 intact	Secondary CZ 92-93 On 4/03	BULLISH	Net Long Up 29% from entry	Initiate re-entry within CZ 95.5-94.5 (½ recycling exposure back Best Risk / Reward RM @ 93	Target 106-105 Fell slightly short & declined Bullish Triangular Top	Target 120	CZ 95.5-94.5 Bullish bottom		½ Recycling 2.5% earlier Exited @ 89 on 01/11 for 17% gains Long term Trade @ 76 remains to 120 , 2012 , 2013, 2014.
AUD/ USD Announcement	0.95	CZ 95-94 On 6/12	CZ 95-94. On 6/12	BULLISH	Net Long	Initiate entry within CZ 95-94. Best Risk / Reward	CZ 0.97-0.98 Poly trend line	CZ 1.00-0.99	CZ 95-94 CRASH PEC- @ 94.25 Key reversal Bullish bottom		RM on Core below 0.925 Earlier exited Short Position(<u>too early</u>) - captured only ½ the declined, 5/09 for 4.5 c move

AUD – Pre announced Alert on 22nd May – Commodity Report to enter AUD - CZ 97.5-96.5 (with RM 95.5), provided close above 97.5 for Trigger on conservative stance . Close did not happen. For aggressive stance If entered it got stopped out at 95.5, we re- enter back again within CZ 95-94. (RM 93)

	Current Price	Progress Status	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
INR/USD (Special Situation)	58.33	Blow off In 3 Gap play	CZ 59.9- 60.4 Exhaustion gap, for key reversal		1 st ABC down 57.9 then rally up	CZ 56.7-56.9 2 nd ABC down Stabilizing area	Refer weekly & daily chart both for common conclusion within +/-

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- BULLISH CURRENCY

DXY, AUD, USD/JPY (i.e weaker Yen)
GOLD – Capitulation zone testing

- BEARISH CURRENCY -

EUR

- NEUTRAL CURRENCY

BPS

Currency Overview

- **BULLISH DXY** - USD after completing a double top near the 85 level, is completing a 5% correction in bull market. Pull back should be completed within CZ 81.5-80.75 and next rally up should begin soon . We are Bullish on DXY Mid term . 1st ABC up to CZ 84-83 met with Bullish top . The 2nd leg up to Bullish Top CZ 88-90 be accelerated in the 2nd half of 2013.
- **BEARISH EUR** - German to decide if the ECB bond buying program is constitutional next 2 days , this should put some volatility into EUR. Euro should turn down once USD bottom is in place

The current bounce has PEC-D @ 1.33 to CZ 1.335-1.325, it is forming Double right shoulder of H & S . This bounce should taper soon for next leg down. The projection of H & S down is confirmed to @ 1.27 PEC-D- Neckline Bearish bottom.

- **BULLISH USD/YEN . (i.e YEN is going to weaken).** Watch Trigger for ENTRY PQV Validation

Nikke rise & Yen fall has direct 90% correlation. (BOJ) decided to leave the asset-buying campaign in place, with no changes to it at this time

Pull back in progress should be complete within CZ 95.5-94.5 and next rally up (weaker Yen) should begin soon. In re test of CZ into 95.5-94.5 we shall scale in our ½ Recycling position back exited @ 89 on 1/11, The 3rd ABC ups CZ 105-104 was almost completed on Bullish Tops. USD / YEN should be another profitable up move in 2013 .

- **NEUTRAL GBP** - Approaching upside projection CZ 1.585-1.575 with Neutral Top
- **BULLISH AUD** - Watch Trigger for ENTRY PQV Validation.
CRASH PEC-D @ 94.25. Completed its Downside projection CZ 95-94 with Bullish Bottom & +ve divergence . We are beginning to see sign of strength here. The decline in AUD has been very steep, in hind side we covered our Short position On 5/09 little to early.

GOLD - Testing Capitulation Zone

GOLD's up move to CZ 1430-1420 & failed . The Lows of 1336 still has heavy bottom which requires a test . GOLD has made one Key Reversal at Capitulation zone CZ 1345-1320. In our Last Report MS – 5/28 , we had highlighted this fact “ It needs another validation of lows to finish the down move” it should happen as long as upside CZ 1430-1420 continues fails.

The COT for Commercials report a net short position of 59k which was the lowest short position since 2004 and even lower than the major low of 2008. We think this is a significant event and marks a major low in Gold ONLY once CZ 1545-1320 is tested effectively.

Downside-

- Successful **Re test** of 1336 & if volume picks up , projection to 1320 lows with PQV Validation would Trigger POM 12 to increase to our Full exposure.

Ideal test - The final move to 1320 or lower and a close back above 1325 on lighter volume. This is swing test on lighter volume and Price/RSI divergence followed up with a bullish reversal signal to set a significant bottom.).

Upside -

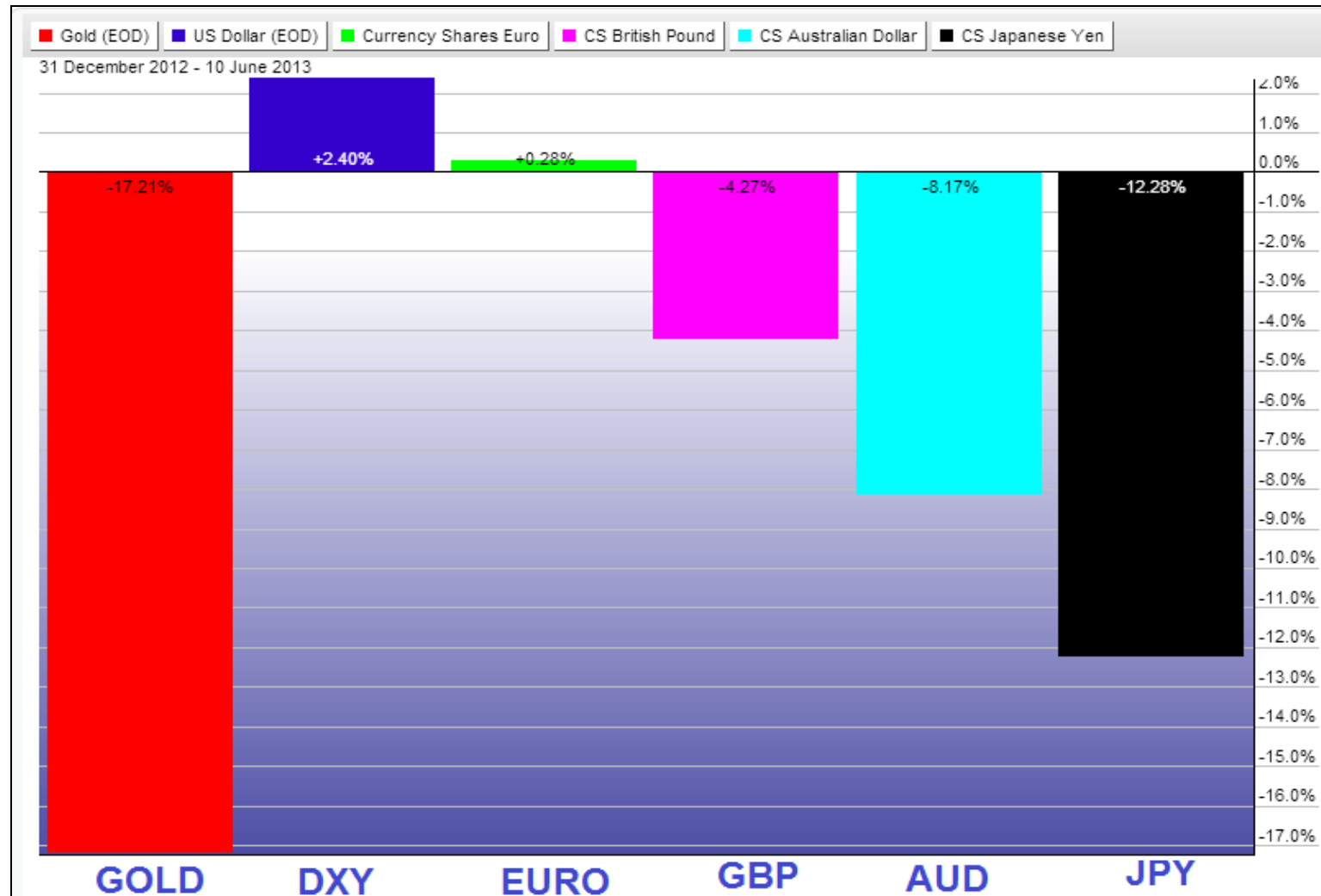
- “ **Flag Post Pattern'** target of 1450-1480 still remains a formidable ceiling .

Our Re entry Trigger point to increase exposure has been at 1365 - Alert email 5/21 above CZ 1345-1321 indicated in Precious metal Report on 5/21. We increased our exposure.

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

Upside - CZ 1420-1430 – Failed on 2nd rally .

Downside- Lows of 1336 is heavy bottom, -Need another test, . CZ 1345-1320 – Capitulation zone .



GOLD – Weekly – PEC –D / CZ Analysis – Bigger picture

Downside- Weekly CZ projections met with ABC down to 1345 was a reversal point within CZ 1345-1320.

If WAVE 1-3-5 is pending, target 1320 lows has capitulation volume. (Notes within the chart)

Upside - CZ 1450-1480 is FLAG POST cap .



DXY (\$ USD) – CZ / PEC D – Analysis – Bullish – Pull back in progress

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

Upside - CZ – 85-84 Met with Bullish top, Eventual Upside - CZ – 88-90, 2ND ABC'



EURO / USD – CZ/ PEC Analysis – Bearish

Upside target – PEC-D 1.33 in CZ – 1.335-1325 met & failed . EUR is still in –ve divergence. **Double head & Shoulder Top** is in makings validated by PEC-D

Downside - **PEC –D @ 1.27**, ' Critical point 1.26 Neckline of PEC-D remains intact.
Main entry @ 1.49 - Net short Trigger .

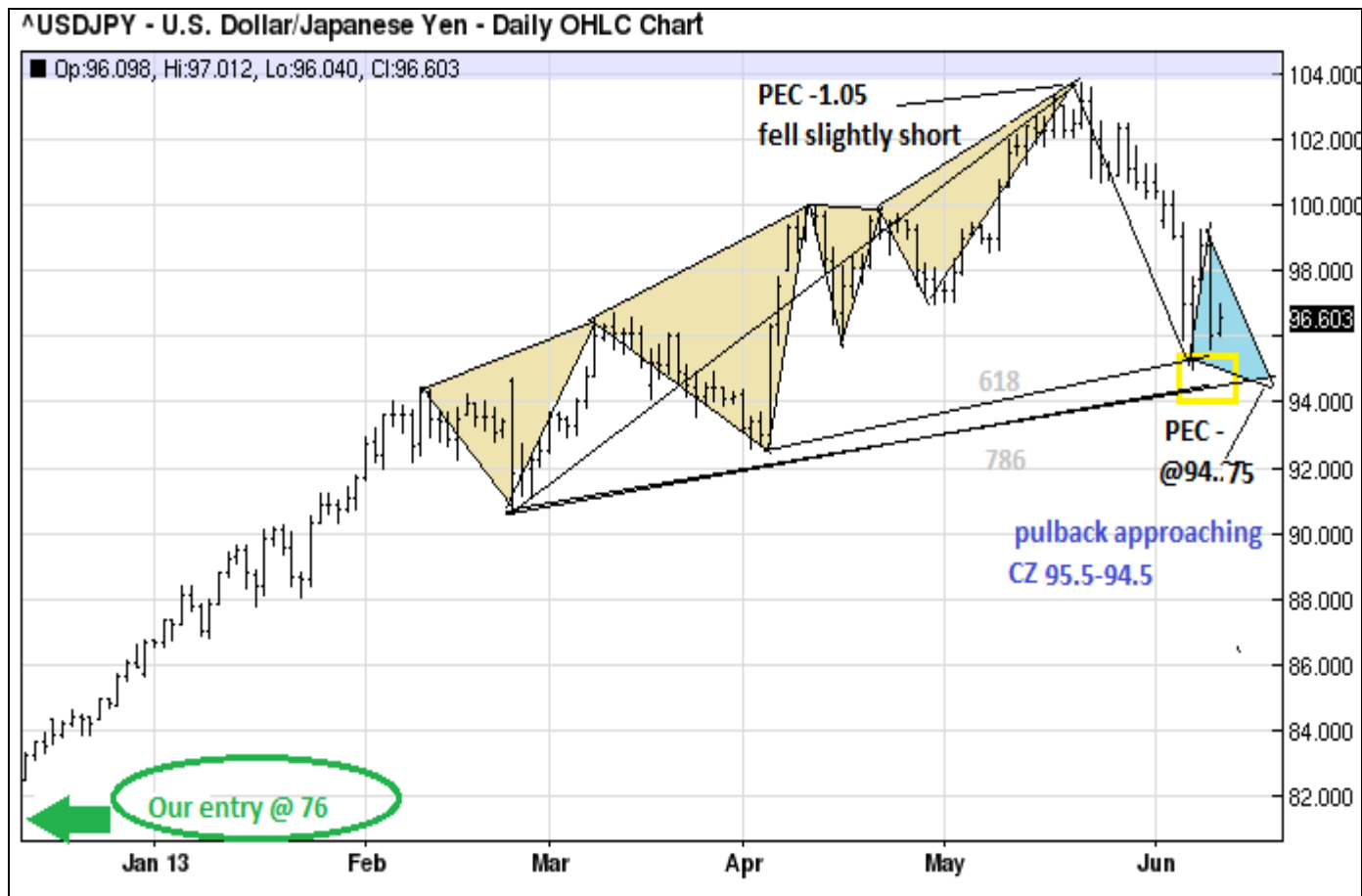


YEN / USD – PEC-D Analysis - **Bullish** - Daily

Pull back target – PEC-D @ 94.25, within CZ – 95.5-94.5 Re test should offer re entry spot for Best Risk / Reward - “Trigger to Watch”.

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

Pull back target – - CRASH PEC-D @ 94.25, within CZ – 95-94 offers entry spot for Best Risk / Reward . Notes within the chart. - We covered our Short too early @ Natural PEC-D

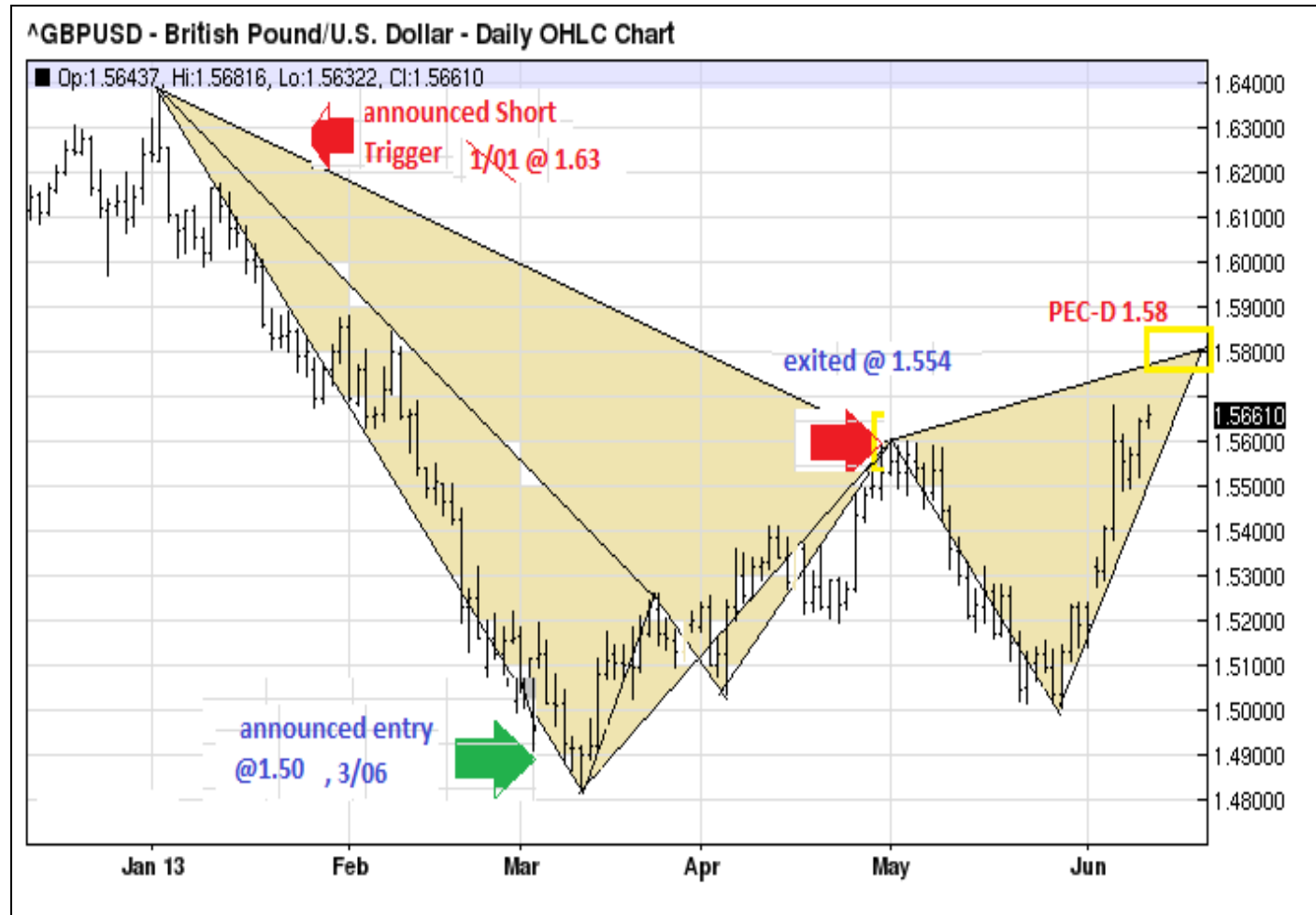
Upside - Bounce to CZ – 0.99-1.00 - Mid term



GBP / USD – PEC Analysis – Neutral -

Upside target – PEC -D 1.58 – CZ 1.585-1.575 - Rally should be completed with Neutral Bottom

Downside - Pull back to begin CZ 1.52-1.51 Mid term .



INR /USD – Daily – PEC –D / CZ Analysis

Notes within the chart . – Triangulation Top is under formation. If today's Gap up is indeed “ Key reversal” with highs then we should close below 57.95 & rally back - as a part of Triangular top completion



INR/USD – Weekly – PEC –D / CZ Analysis

Notes within the chart-



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 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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