



SG Capital Research

Global Market Insights

Chart System

Date : 27th March 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 Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1605	POM 13 @ 1540 On 5/15 For main entry <u>Core position</u> POM remains intact)	Secondary CZ 1625-1635	BULLISH Bottoming volatility	Net Long	NONE	CZ 1620-1635 Close above 1625 (Weekly) should initiate acceleratn	CZ 1690-1710,	ABC down extended to 1605 by 20 points (Building base)	Down thrust lows of 1560 was tested on 3/01, (Possibility of One last smash down	<u>For Recycled 5% exposure</u> 1. suitable Re entry.@ 1635, 1575 With RM rules in place 2 Earlier exited at 1770 9/17 <u>For 220 profit Is providing profit cushion</u> 2 –Stop losses of 10 points incurred
DXY (\$ USD)	83.00	CZ @ 72 <u>Core</u> on 7/9/2011 Intact	Secondary CZ 79.55-79.0 On 10/06	BULLISH Short term Pull back	Net Long	NONE	CZ 83-84 Approachin Bullish Top	CZ 88-90	CZ 79.55-79.0 PQV Validated floor	CZ 80.5-81.5	(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	1.275	CZ 1.352 On 2/13	CZ -1.36-1.345	CAUTION	Net Short to CASH Announced To exit at 1.30, on 3/13 Report , entered @ 1.35	NONE	CZ 1.35-1.36		CZ 1.29-1.27 Met But at very Critical point 1.26	CZ 1.20-1.21	CZ @ 1.49 Core , on 7/9/2011 Intact.
GBP/USD	1.517	CZ 1.505 On 3/06	CZ 1.51-1.49 On 3/06	BULLISH	Net Long	NONE	CZ 1.55-1.56	CZ 1.65-1.64	CZ 1.49-1.51 Met , Bullishly		RM below 1.48
USD / JPY	94.5	CZ @ 76 Core , on 10/7/2011 intact	Secondary CZ 77-78 On 7/18	BULLISH	Net Long Up 25% from entry	NONE	CZ 90-88 Bullish Top	Target 95 Met Triangular Bullish Top	CZ 92-93		Exited ½ @ 89 on 01/11 for 17% gains Long term Trade @ 76 remains , 2012 Trade of the year , 2013 Will continue.
AUD/ USD	1.046	CZ 1.05 On 1/24	CZ 1.06-1.05 On 1/23	CAUTION	Net Short	NONE	CZ 1.06-1.05 Approaching Bearishly (Secondary Top should be in @ 1.05)		CZ 1.02-1.025 Met Bearishly	CZ 0.99-1.00	(RM) on Core above 1.07 (Revised) CZ @ 1.09 Core on 10/7/2011 intact

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- **BULLISH CURRENCY**

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

- **BEARISH CURRENCY -**

AUD, EUR

- **NEUTRAL CURRENCY**

NONE

Portfolio – Overview

- Currency Portfolio is well balanced. We are **Long DXY** moving higher since our Triggers and acting as Good Hedge against Short term bottoming volatility in **GOLD**
- We are accumulating **Net Long Position in GOLD** in this correction. Our accumulation prices are much closer to lower end of “correction CZ” lows . We have profit Cushion of (220 points) on **½ Recycling Position** – Reentry at 1635 & 1575, great desirable entry point . On **½ Core position** (entry at 1540).
- **Short AUD** , @ 1.05 . It has been in trading range 1.05-1.01 , Secondary Top @ 1.05 should be in soon .
- **Flat EUR** – Exited our Short position @ 1.30 entered at 1.35 as per Announcement dated 3/13
- **Long BPS** - Triggered @ 1.50- Net Long remains

Currency Overview

All English speaking/ developed Nation's currency has been rallying during Cyprus crisis DXY, AUD, CN, NZ, CHF (not EUR of course due to obvious reason). Relatively speaking the land with constitutional rights and Rule of law provides the Flight to safety. A weak currency has to do with bureaucracies controlling citizens. In such events GOLD, DXY & US bonds all should rally. US bonds is building great accumulation as large foreign institutions are pricing their Bonds in USD v/s EURO increasing the demand in USD. All this can be seen on DXY chart with Bullish tops.

Currency Market has continued to remain volatile so far this year, 2nd half of the year would get worst as Money should move rapidly cross borders before Dr. Ben leaves office. Japanese stimulus should weaken YEN considerably in next 2 years.

The euro has reached its downside projected target CZ 1.27-1.29 . It is at very critical point. If it doesn't bounce very soon. This would continue to build a larger PEC-D confirmed "Head-and-Shoulders" top. A breakdown below projects a large drop that would , raise the US Dollar substantially. This would be consistent with the DXY holding its Bullish Top to accelerate to the upside. The rising dollar is putting more value into the dollar-denominated accounts.

BULLISH DXY - has rallied quite furiously to its first Bullish leg up from base CZ 79-79.50) . It is slightly extended . Pull back should be in order. Once DXY begins its 2nd leg up in the 2nd half of 2013. We are looking for upward acceleration in Price and Volume to Bullish Top @ 88-90.

BULLISH USD/YEN . (i.e YEN is going to weaken). This pair continues to move higher beating 3rd ABC ups on Bullish Tops. This appears to be Triangular top within Bull Market. Pull back to CZ 91-93 and continuation move higher for next ABC up . USD / YEN should be another profitable up move in 2013 .

CAUTION AUD - after touching exact CZ 1.02-1.025 projected downside target with heavy bottom (We preferred not to act), it had big bounce to the upside during the Cyprus issue We are CAUTIOUS at current levels after the bounce. AUD Triggered @ 1.05 –PEC-D remains intact .

BULLISH GBP - Short term is bottoming out bullishly at 1.5 for rally .

CAUTION EUR - Meeting the target CZ 1.27-1.29 but at very crucial point to hold prices.

GOLD – “BULLISH” Bottoming volatility

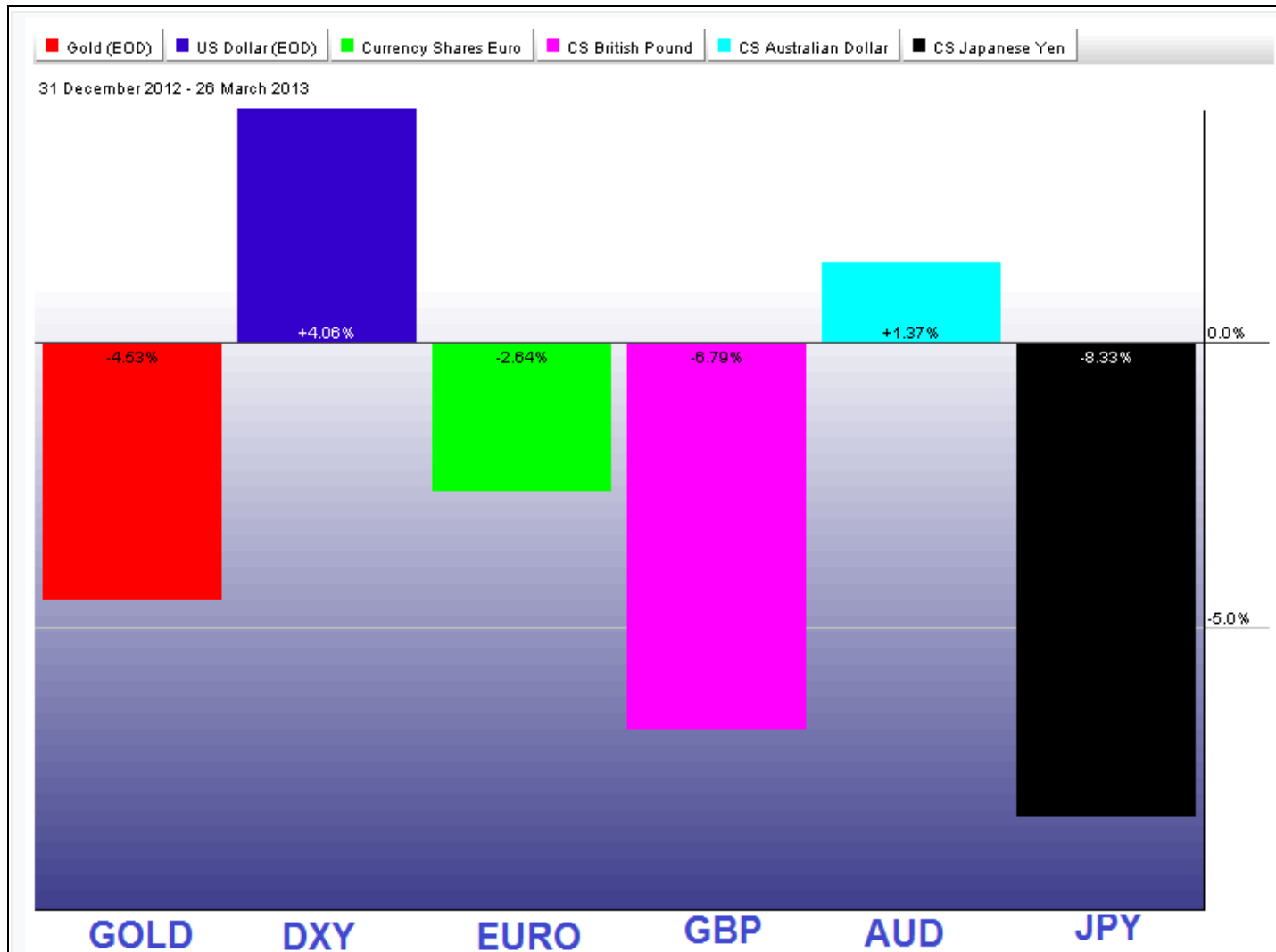
Brief Overview

- We are looking for GOLD to close above 1625 Weekly for acceleration higher. It has not happened.
- GOLD initiated a good price move off the “ Bullish Bottom CZ ” with sign of strength . The upside force has not picked up yet. .
- GOLD is building PQV validated base but has the possibility to go back to the bottom for last smash down into Bullish bottom CZ .
- The Bullish bottom is still intact suggesting the longer term force is on upside in spite of **The Down Thrust (1580)**, was successfully tested 3/01.
- The large Commercial net short continues to build up position at levels that marked the 2008 low and the January 2011 low. (Refer chart below)

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 – CZ/ PEC- D Analysis – Daily chart

Texture - BULLISH TOP & BULLISH BOTTOM. (in Monthly & weekly) - Bottoming volatility

Upside – Close weekly above CZ at 1625 level is required to initiate acceleration . .

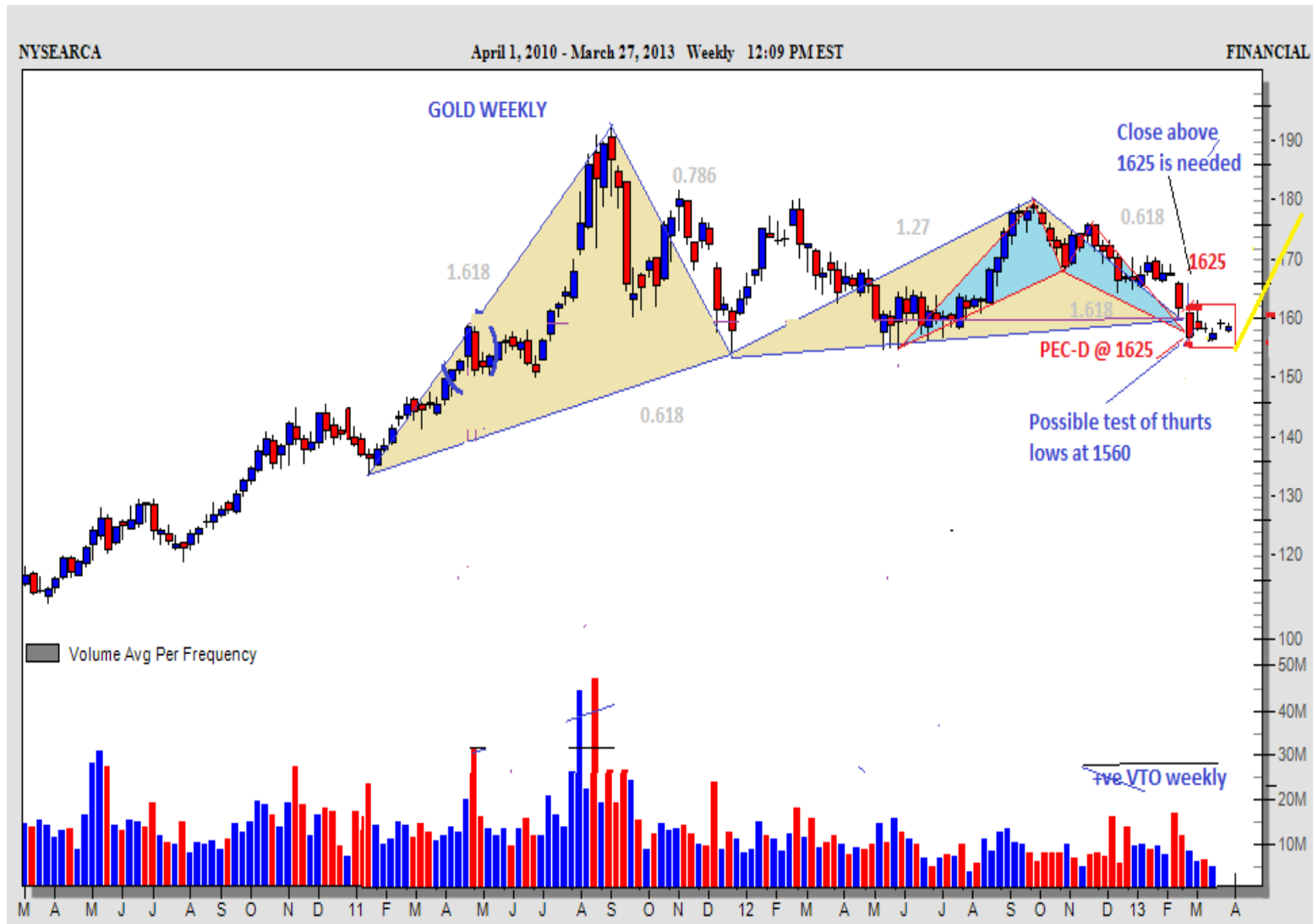
Downside – Down Thrust to 1580 has been re tested. We think one smash down can't be ruled out to 1560 lows

It appears “3 drives to the bottom”(In Time & PEC-D Price validated”) which usually has bounce to neckline of broken CZ 1620-1635. .



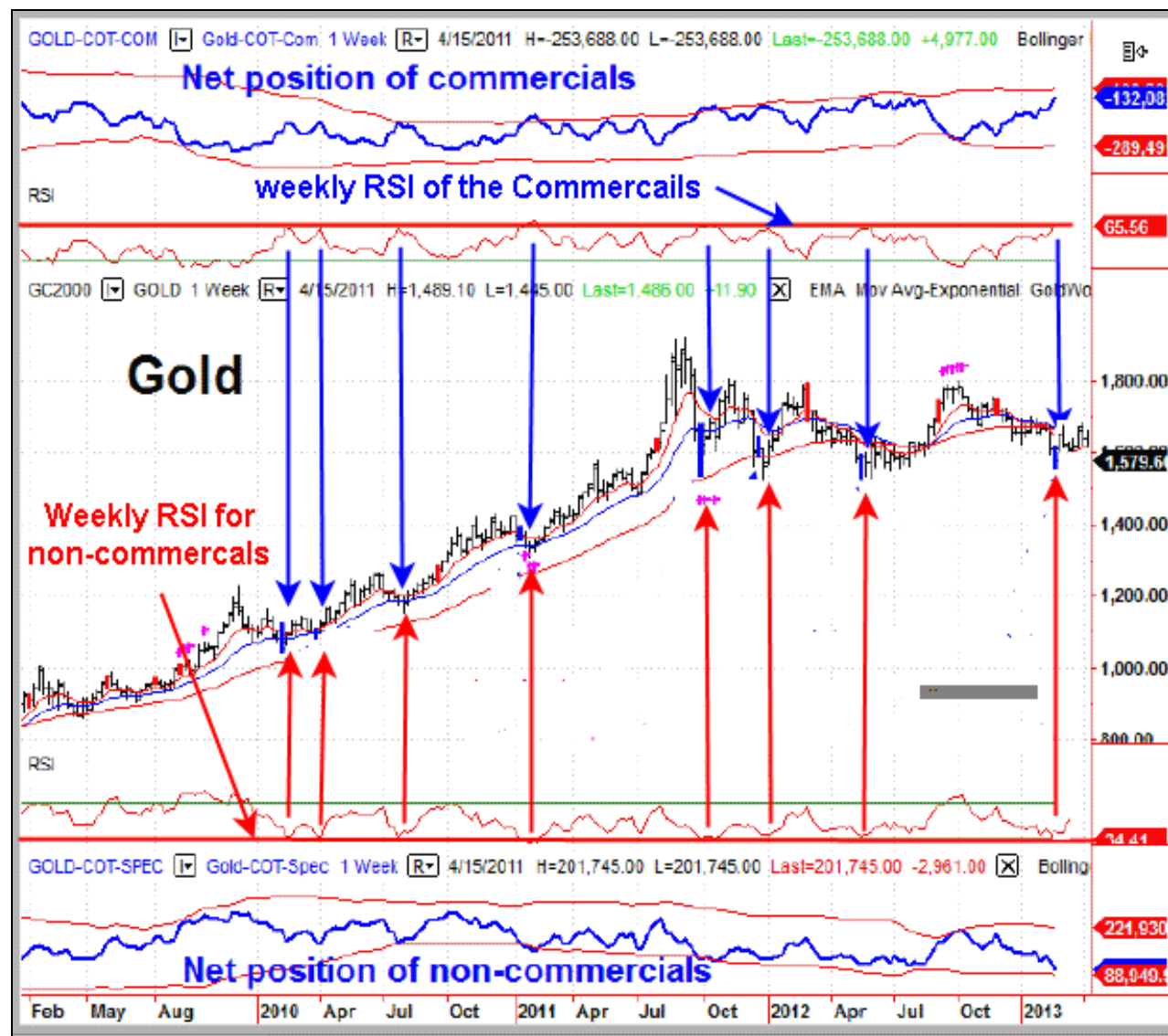
GOLD – CZ/ PEC- D Analysis – *Bullish – Weekly chart - ST Bottoming volatility*

Downside – Weekly , *Larger PEC-D @ 1625* is very much intact . with VTO +VE
(Refer volume notes in chart below)



GOLD – COT Analysis – *Bullish*

We have marked up the previous lows in GOLD based on COT (commercial & non commercial) on data chart provided by CFTC. .GOLD is moving higher from these bottom lows.

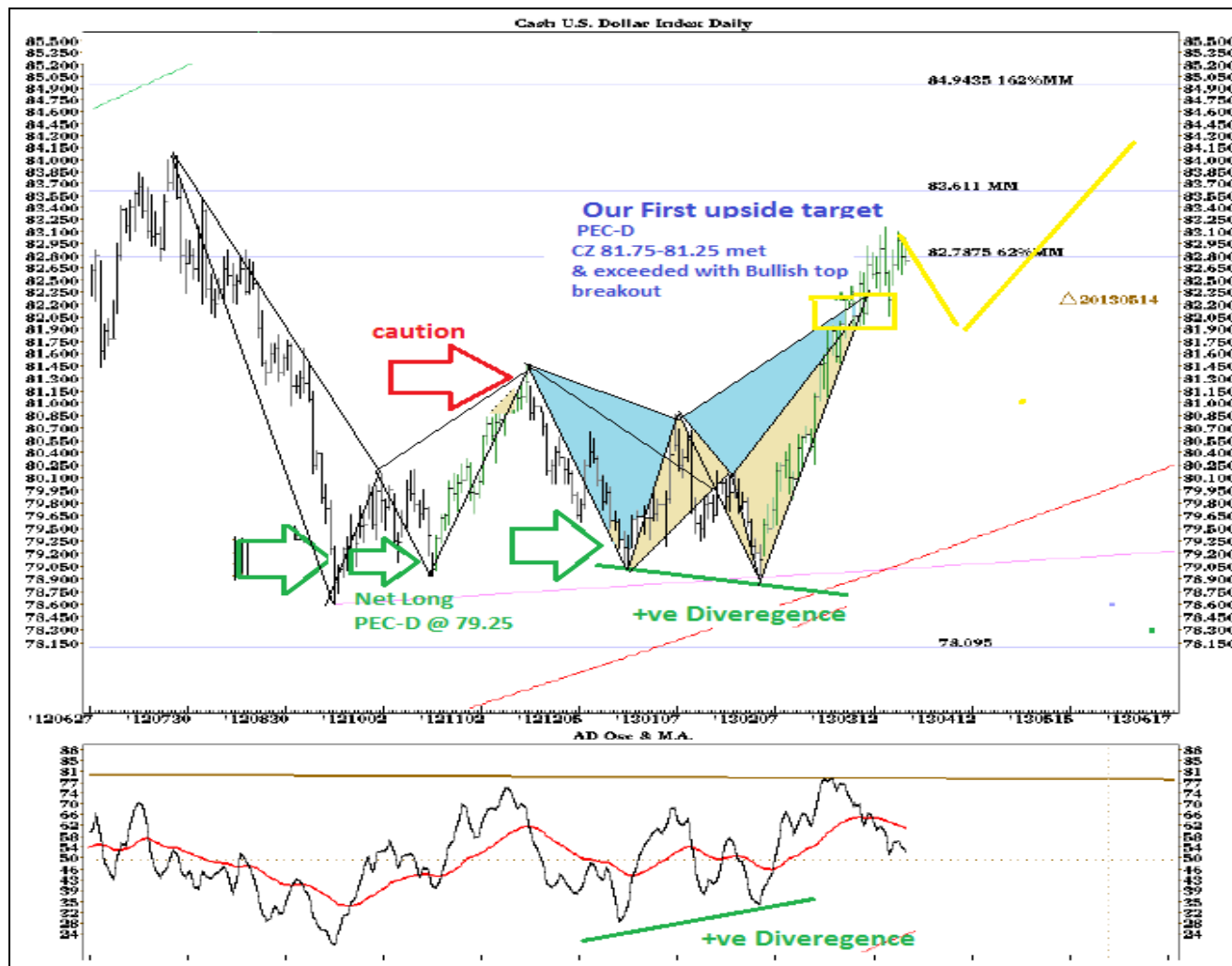


DXY (\$ USD) – CZ / PEC D – Analysis – **Bullish**

Upside - CZ – 81.75- 81.25 Met & exceeded - Powerful rally as expected is approached CZ with a Bullish top

Downside - Pull back first to CZ 80.5-81.5 then move higher . DXY is Building Major base with Bullish bottom with +VE divergence

Main entry @ 72 Net Long Trigger



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

2ND Upside - *CZ – 88-90, 2ND ABC up after the pull back , If EUR Crashes through its head & shoulder top neckline of 1.26*
This target of 88 in DXY may not take longer



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

Downside - *PEC –D @ 1.28, MET EXACT but it is ' Critical point 1.26 Neckline of PEC-D validated H & S Top*

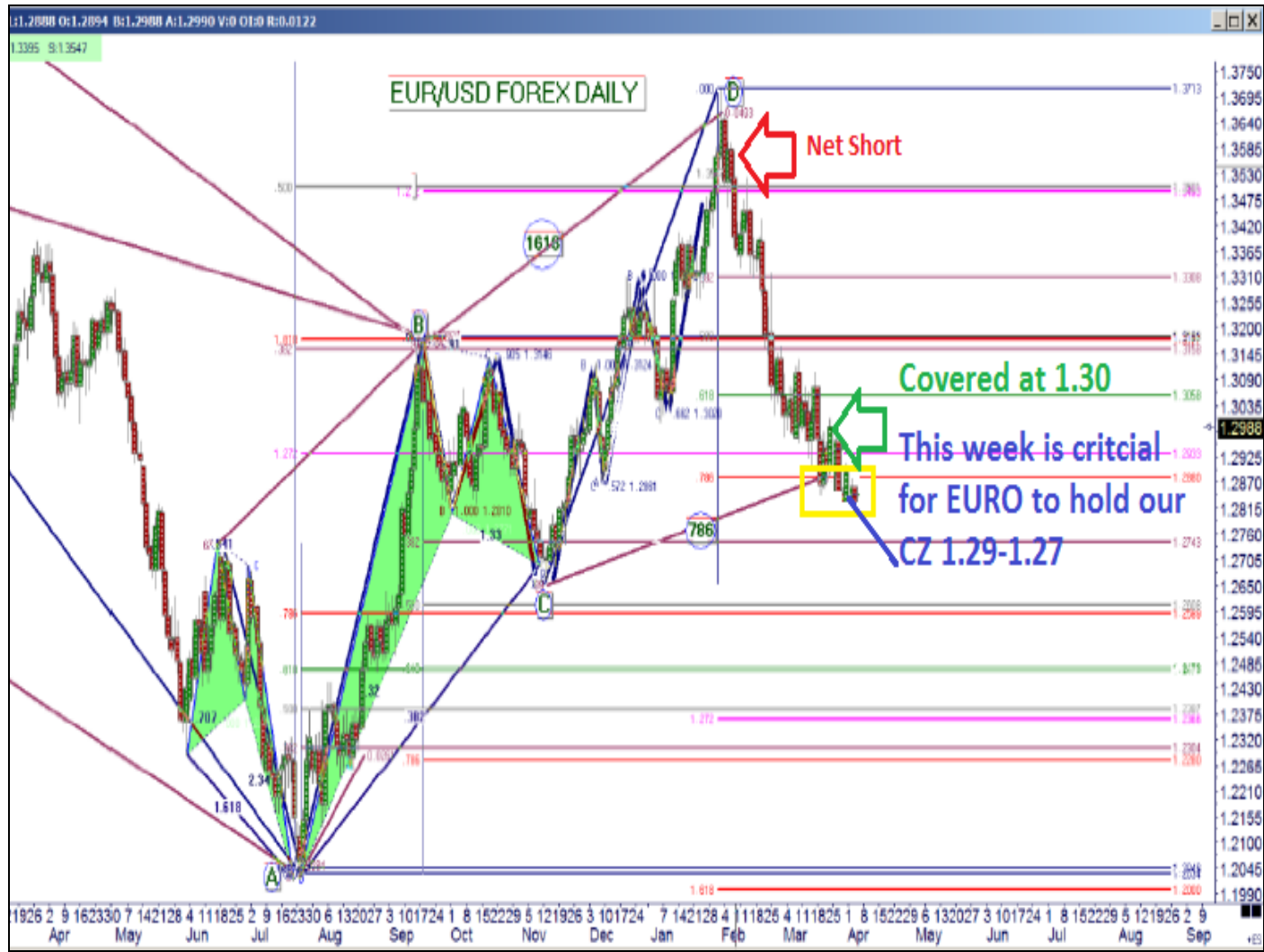
Upside target – *CZ – 1.36-1.345 failed & 1.35 Triggered . EUR is still in –ve divergence.*

Main entry @ 1.49 - Net short Trigger .



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

Downside - PEC-D @ 1.28, MET EXACT



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

Upside - Peak 95 of Triangular Bullish Top in Bull Market . (I 4th ABC up with Bullish top) .

Pull back target – CZ – 92-93, to set up next ABC up. .

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



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

Downside - pull back PEC-D 92 move higher for next leg up .

Upside - Next ABC to Weekly PEC-D- 106 .

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

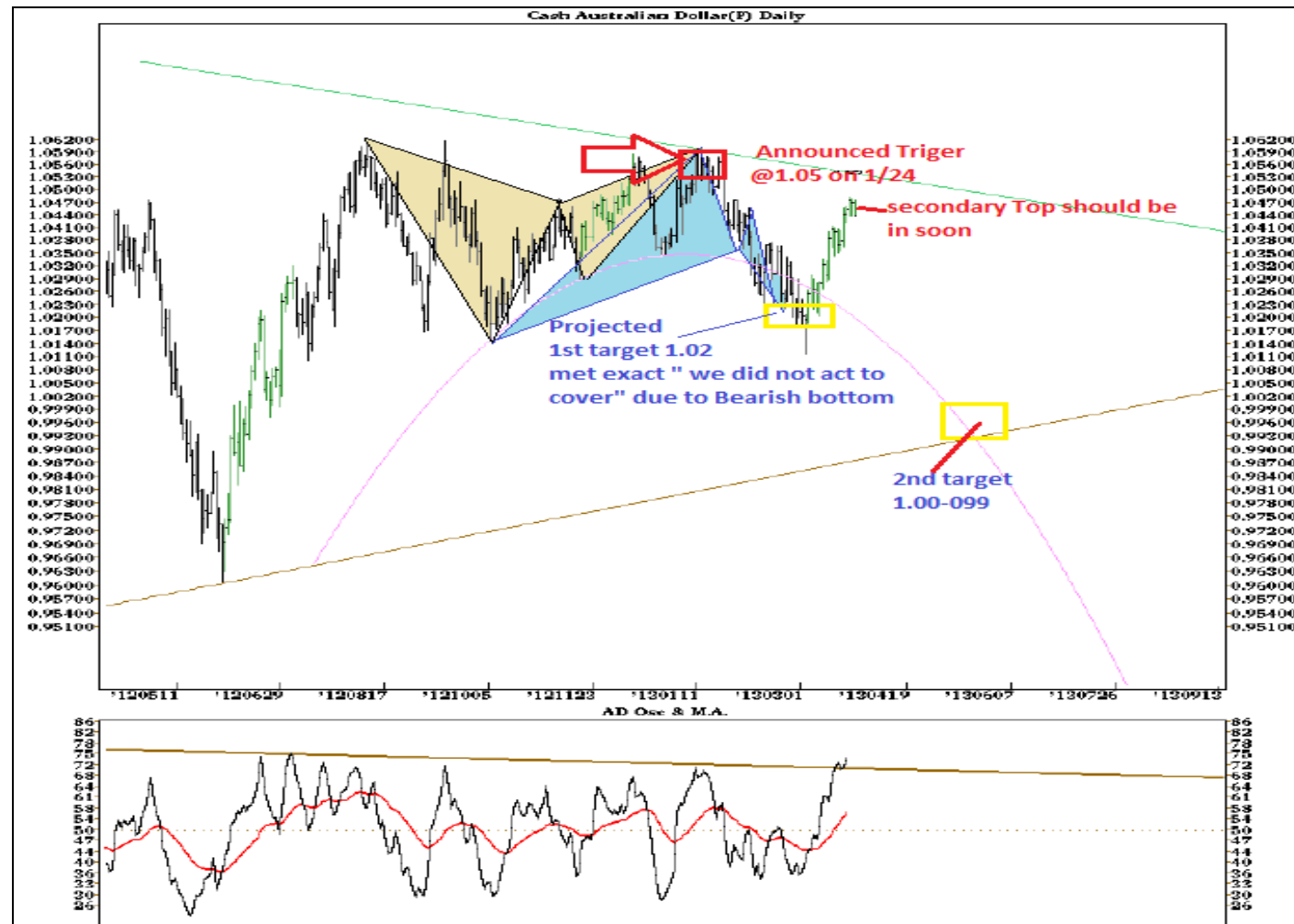


AUD/USD – CZ / PEC –D Analysis – *Caution-*

Downside - *CZ 1.025-1.02 - EXACT with heavy bottom & Bounced . We did not act . .*

Upside target – *CZ – 1.05-1.06, Trigger @ 1.05. At current levels AUD should put in secondary Top.*

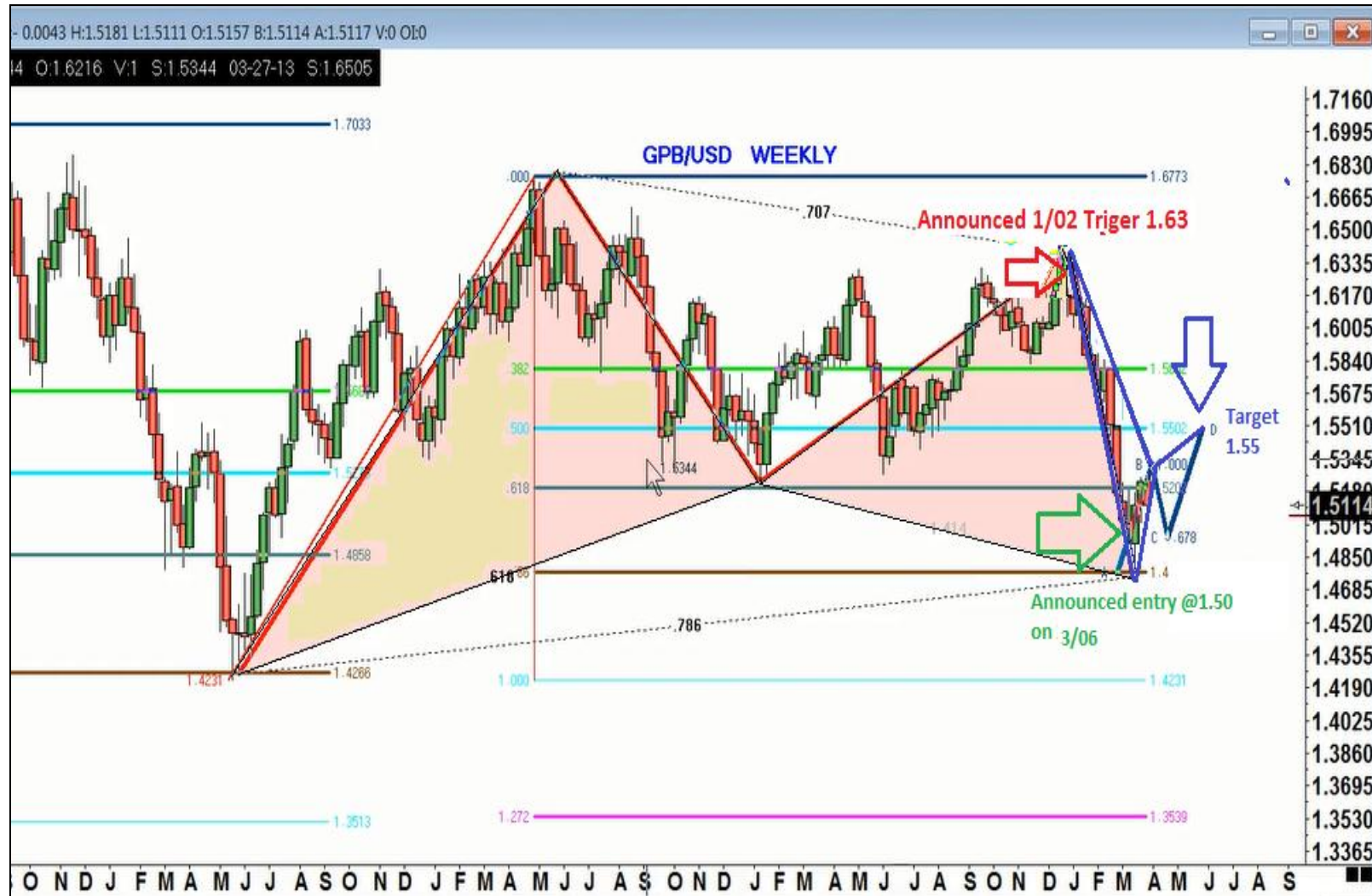
This was meaningful 3 Drives to the top pattern PEC-D Validated . Main entry @ 1.09 Net short Trigger



GBP / USD – PEC Analysis – *Bullish*

Downside - *CZ 1.51-1.49* is tested and now should rally from this CZ, *We have Trigger in CZ*.

Upside target - *CZ 1.55-1.56*,



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 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.