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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	1465	POM 13 @ 1540 On 5/15 Main entry Core position	CZ 1345-1320 On 4/15 CRASH lows	Capitulation bottoming	Net Long	NONE (Exited Crash Trade Resulted in 72 point up move.	CZ 1435-1420 Met & exceeded Volume is drying up on bounce	CZ 1530-1560 Upside cap	1410-1400 Towards Poly Trend Slope re entry for fresh position	CZ 1345-1320 (PQV Validation would Trigger POM 12)	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)	81.92	CZ @ 72 Core on 7/9/2011 Intact	Secondary CZ 79.55-79.0 On 10/06	BULLISH Ready to rally	Net Long	NONE	CZ 84-83 Bullish Top	CZ 88-90	CZ 81.5-80.5 Met & 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 Announcement Alert	1.315	CZ 1.352 On 2/13	CZ -1.36-1.345	CAUTION To BEARISH	CASH To Net Short	Initiate entry within CZ 1.315-1325 RM – 1.36	CZ 1.325-1.335 Met with Bearish Top	CZ 1.35-1.36 Bearish Top	CZ 1.27-1.29 Bearish bottom	CZ 1.20-1.21	CZ @ 1.49 Core , on 7/9/2011 Intact.
GBP/USD	1.555	NONE	NONE	NEUTRAL	CASH Exited 4/29 @ 1.555 5.5 cent move		CZ 1.555-1.545 Met , Neutral top	CZ 1.65-1.64	CZ 1.52-1.51	CZ 1.48-1.50 Bullish bottom	RM below 1.48
USD / JPY Pre-announcement	98.94	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 93-91 Best Risk / Reward RM @ 89.5	CZ 99-98 Met Bullish Triangular Top (Possibility of breakout)	Target 106	CZ 93-91		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 Alert	1.016	CZ 1.05 On 1/24	CZ 1.06-1.05 On 1/23	BEARISH Turned to NEUTRAL	Net Short to CASH	Initiate EXIT 5/09 @ 1.016 4.0 cent move	CZ 1.06-1.05 Bearish top		CZ 1.02-1.02 Met Neutral Bottom	CZ 0.99-1.00	(RM) on Core above 1.07 (CZ @ 1.09 Core on 10/7/2011 intact

SIGNALS. - Price Projection CZ, Trading / Investment Conclusion

- **BULLISH CURRENCY**

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

- **BEARISH CURRENCY -**

EUR

- **NEUTRAL CURRENCY**

BPS, AUD

Point to Note -

USD/JPY - Bullish Top Instruments can continue to Go higher in spite of completion of ABC up , at times without any pull back. We have as witnessed this in Bullish Top JPY / USD .

EUR / USD - On the hand Bearish Top Instruments gets extended , it should fall apart sooner rather than later especially if it has Bearish bottom in place with confirmed ABC down . We have as witnessed this in EURO

Over all we must admit , Currency & Commodity trading is more enjoyable since there is no much FED intervention on day- today basis

Currency Overview

- **BULLISH DXY** - Pull back should be complete @ 81.5 and next rally up should begin soon . We are Bullish on DXY Mid term . 1st ABC up to CZ 84-83 is in place . The 2nd leg up in the 2nd half of 2013 will accelerate to Bullish Top @ 88-90.

- **BEARISH EUR** - **ENTRY** – Short Position within CZ 1.315-1.325 on 5/9 .

The current bounce to CZ 1.335-1.325 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 @ 1.26 PEC-D.

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

The next Re test of CZ into 93-92 we shall scale in our Recycling position, This pair continues to move higher beating 3rd ABC ups on Bullish Tops. USD / YEN should be another profitable up move in 2013 .

- **NEUTRAL GBP (Flat)** - **EXITED** Long Position at 1.55 on 4/29. Completed its upside projection with Neutral Top

- **NEUTRAL AUD (Flat)** - **EXIT** – Short Position at 1.016 on 5/9 . Completed its Downside projection with Neutral Bottom . We are beginning to see sign of strength here. If Commodity rally kicks in this summer, AUD should rally with it hence the CAUTION for sudden rally

GOLD – “Capitulation Bottoming”

- **Net Long Position in GOLD**

We **HOLD** all our current “Net Long” exposure in **GOLD** and **SHOULD add position** on pulls back to CZ 1410 – 1400 when PQV is validated. **This is the best Risk / Reward** for Fresh position

Upside -

- The Crash “**Flag Post Pattern**’ had a target of **1430**. The current move to **1465** is extension of Flag post . Volume is drying up on bounce . The open Interest hasn’t picked up in this rally, this suggest the bounce should taper..
- DXY is ready to rally . Its rally should put some pressure on GOLD and allow us next entry point .

Downside-

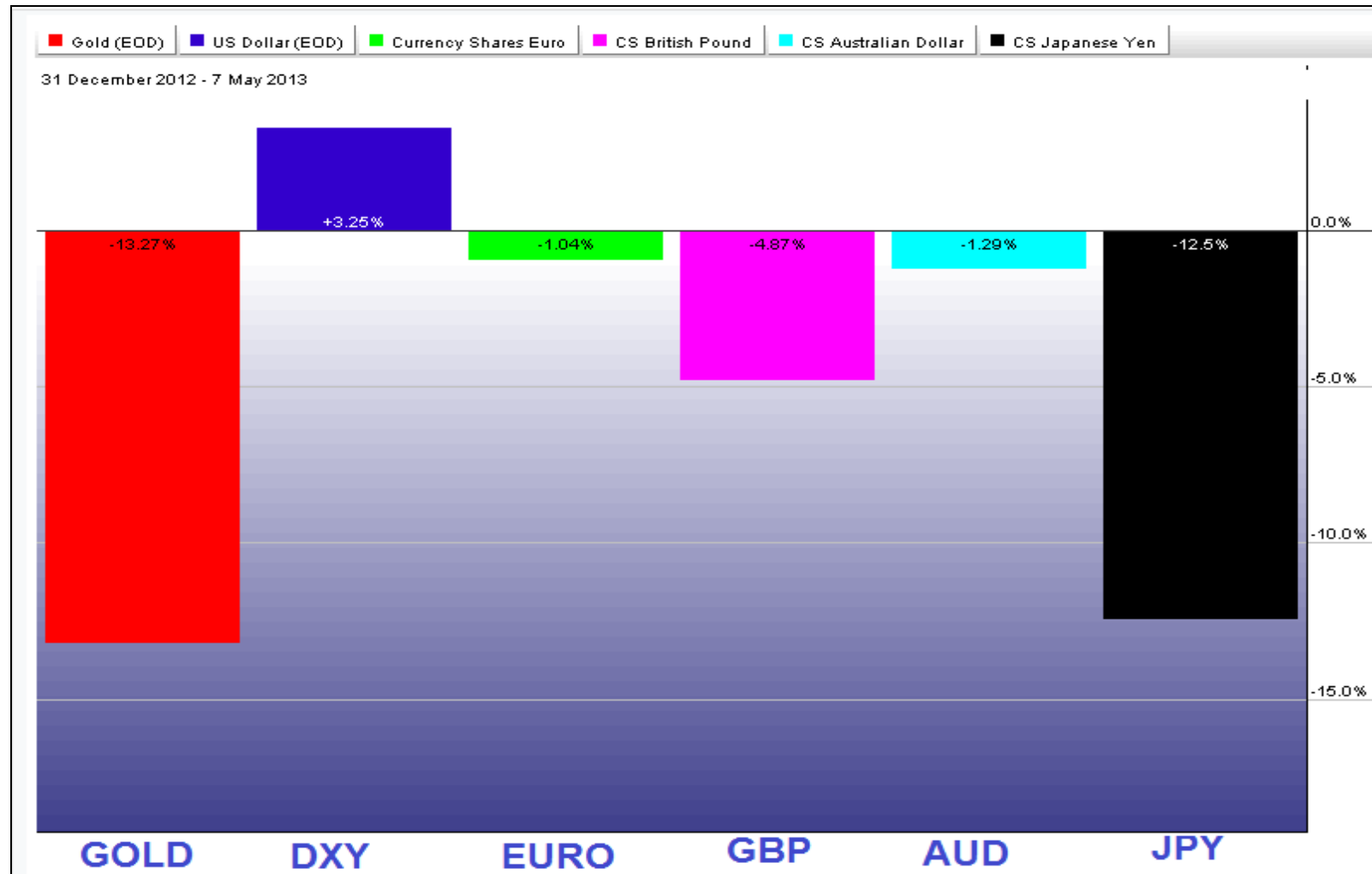
- First pull back should be towards the Poly Trend Slope @ 1410 -1400, we shall see how it reacts PQV wise in this area for next entry
- Successful **Re test** of lower **CZ 1345-1320** with PQV Validation would stabilize this Market Long term to Trigger POM 12 to increase to our Full exposure.

Net long @ 1540 on 5/15. Entry (at original POM 13) , Avg @ 1590 on 1/5, 3/01 entry (220 + 72 Points profit along the way on Recycling position)

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 1430-1420 is met & extended to 1465 . Volume is drying up on bounce

1st Downside- " Flag Post Projection Pattern . Can pull back to 1410 – 1400 (Poly trend Slope) . we shall see how it reacts PQV wise in this area . Probable entry point



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

2nd Downside- Weekly CZ projections met with ABC down to 1345 was a reversal point . (We entered the position @ 1358 and exited @ 1429 for CRASH TRADE". Successful Re - test of CZ 1345-1320 would stabilize this Market on Long term



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

Downside -, Pull back to **CZ 80.5-81.5** – Met & rally should begin soon . +ve Divergence at lows
Main entry @ **72 Net Long Trigger**

Upside - CZ – 84-83 Bullish top

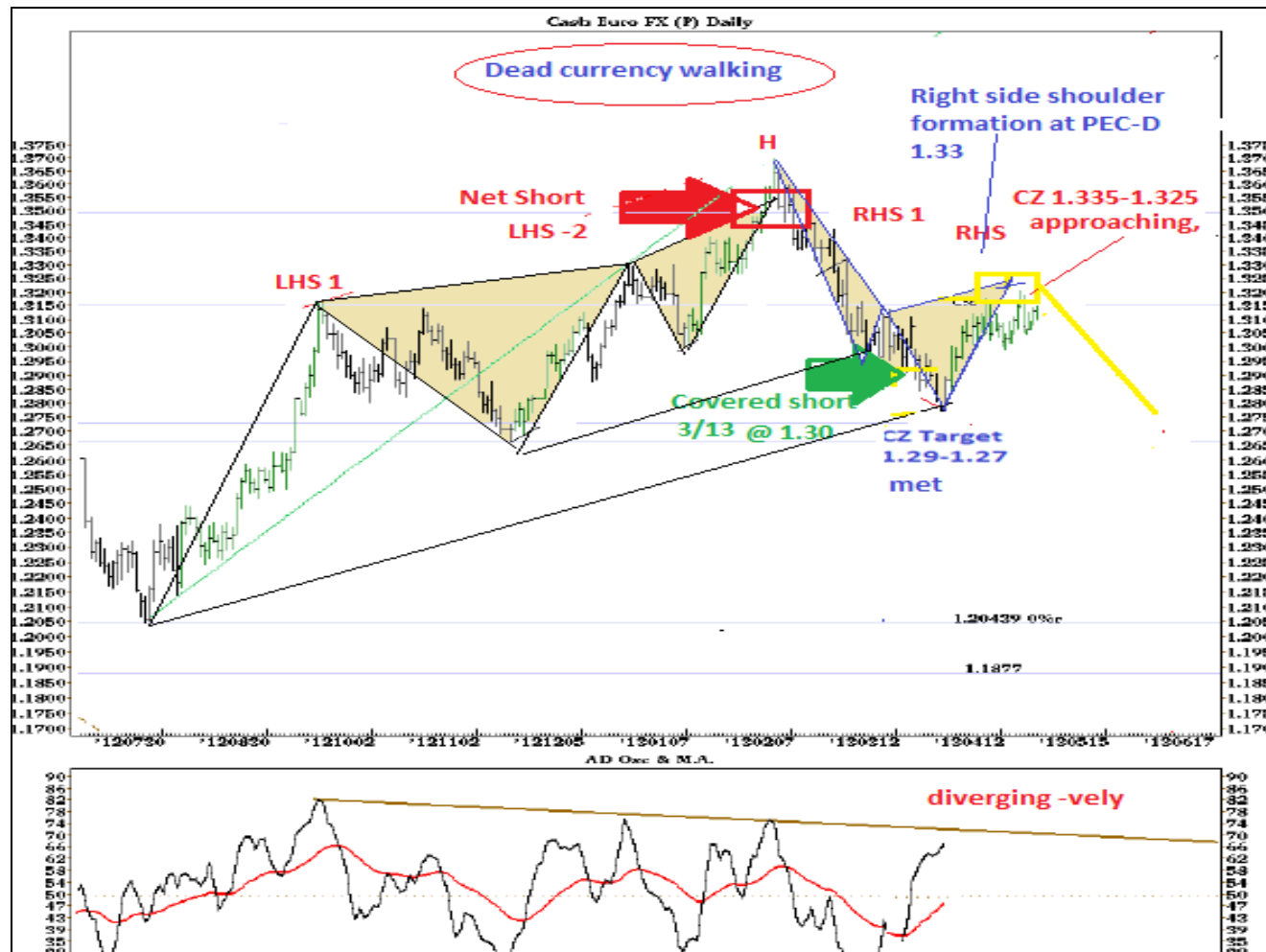
Eventual Upside - CZ – 88-90, 2ND ABC,



EURO / USD – CZ/ PEC Analysis – *Bearish*

Upside target – CZ – 1.325-1335 met & failed . EUR is still in –ve divergence. **Double head & Shoulder Top is in makings** validated by PEC-D

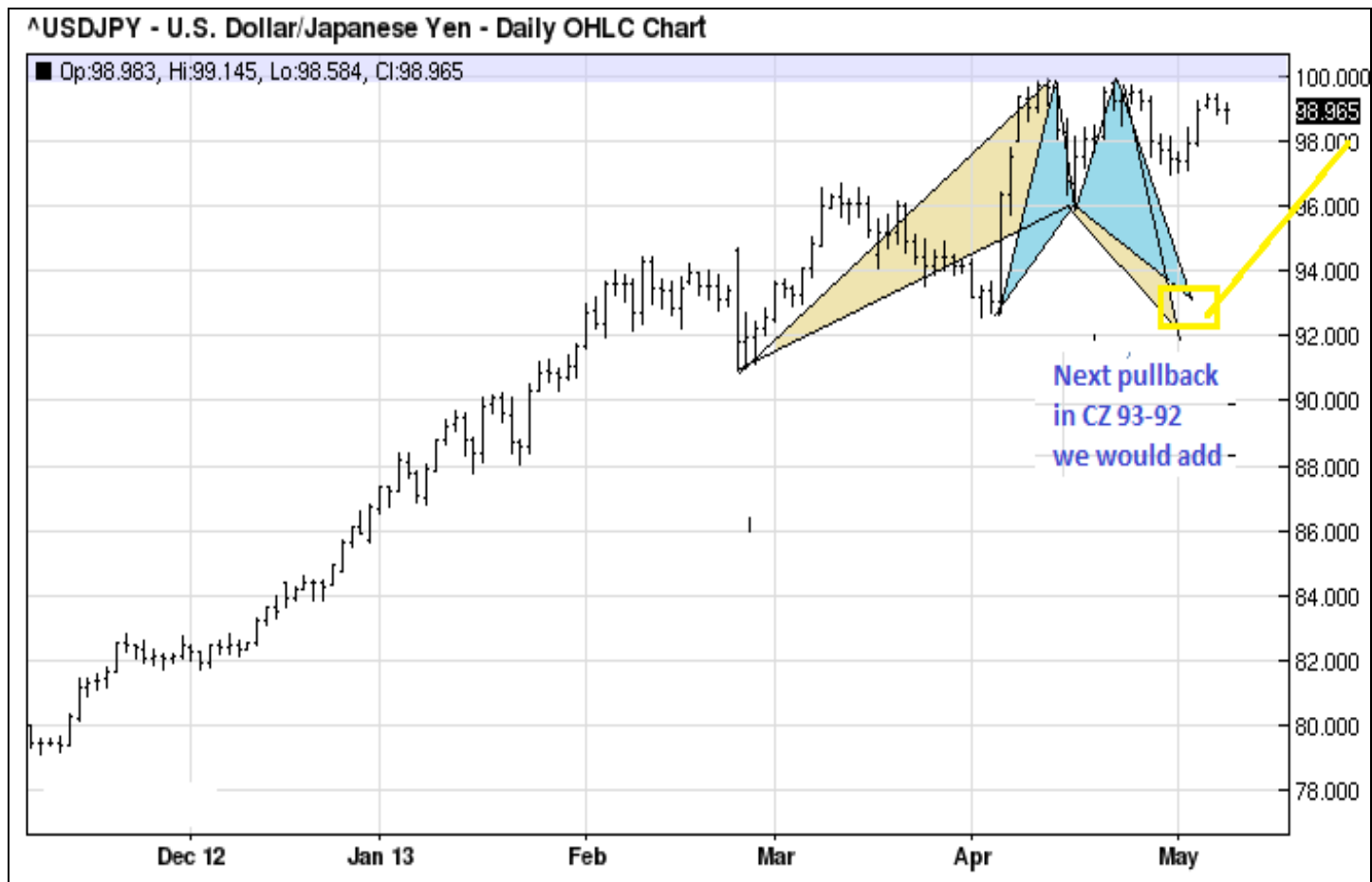
Downside - PEC –D @ 1.28, 'Critical point 1.26 Neckline of PEC-D remains intact.
Main entry @ 1.49 - Net short Trigger .



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

Upside - CZ 99-98 is a Triangular Bullish Top in Bull Market . (4th ABC up with Bullish top) , High possibility of Breakout soon .

Pull back target – CZ – 93-91 Re test should offer re entry spot for Best Risk / Reward - “ **Trigger to Watch**”.



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

Eventual Upside - Weekly ABC up to PEC-D- 106 .

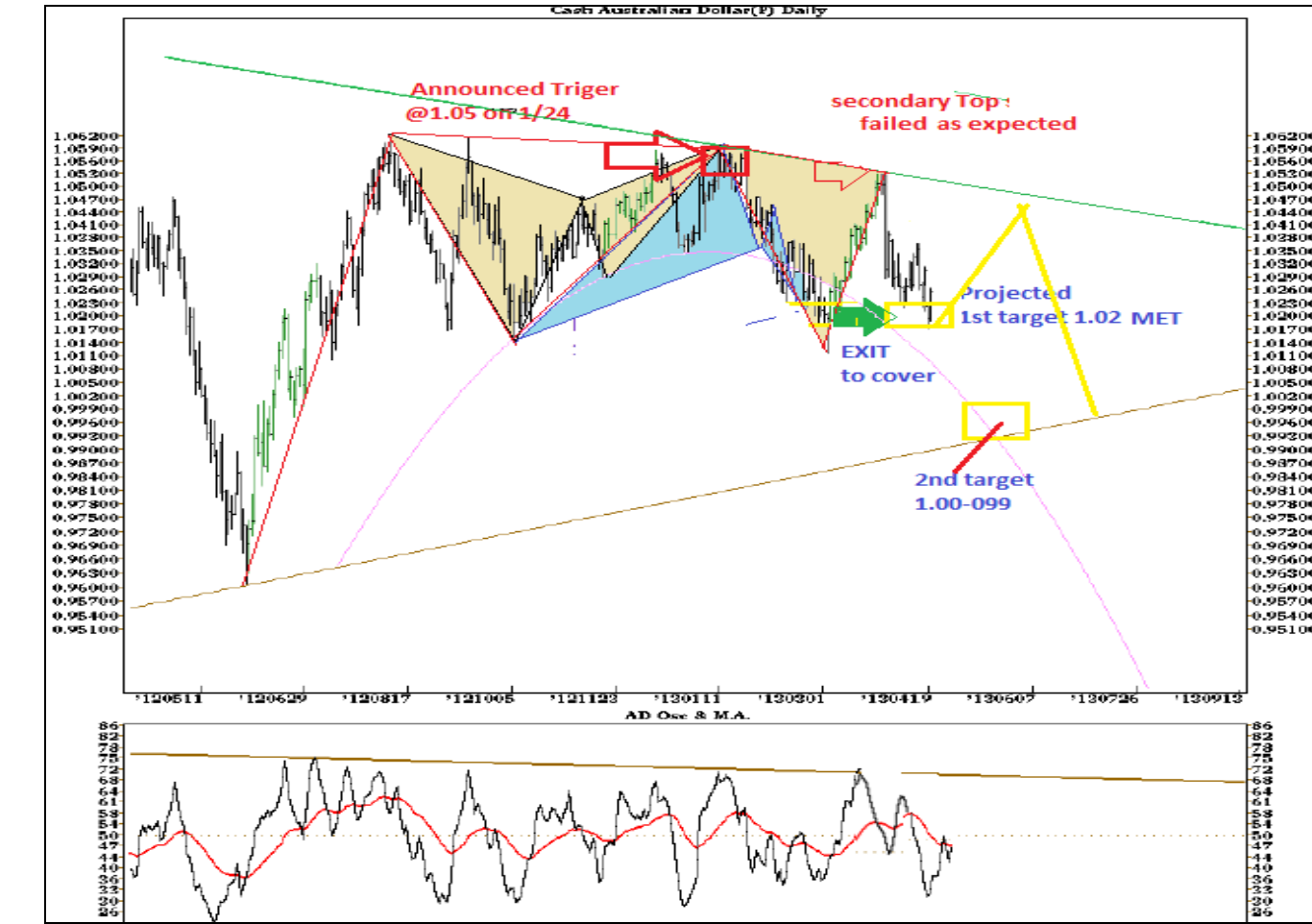
Main entry in YEN / USD @ 76 – Net long Trigger .



AUD/USD – CZ / PEC –D Analysis – Neutral -

Downside - CZ 1.02-1.02 - Met EXACT – EXIT – Announced – Decline should be completed with Neutral Bottom .

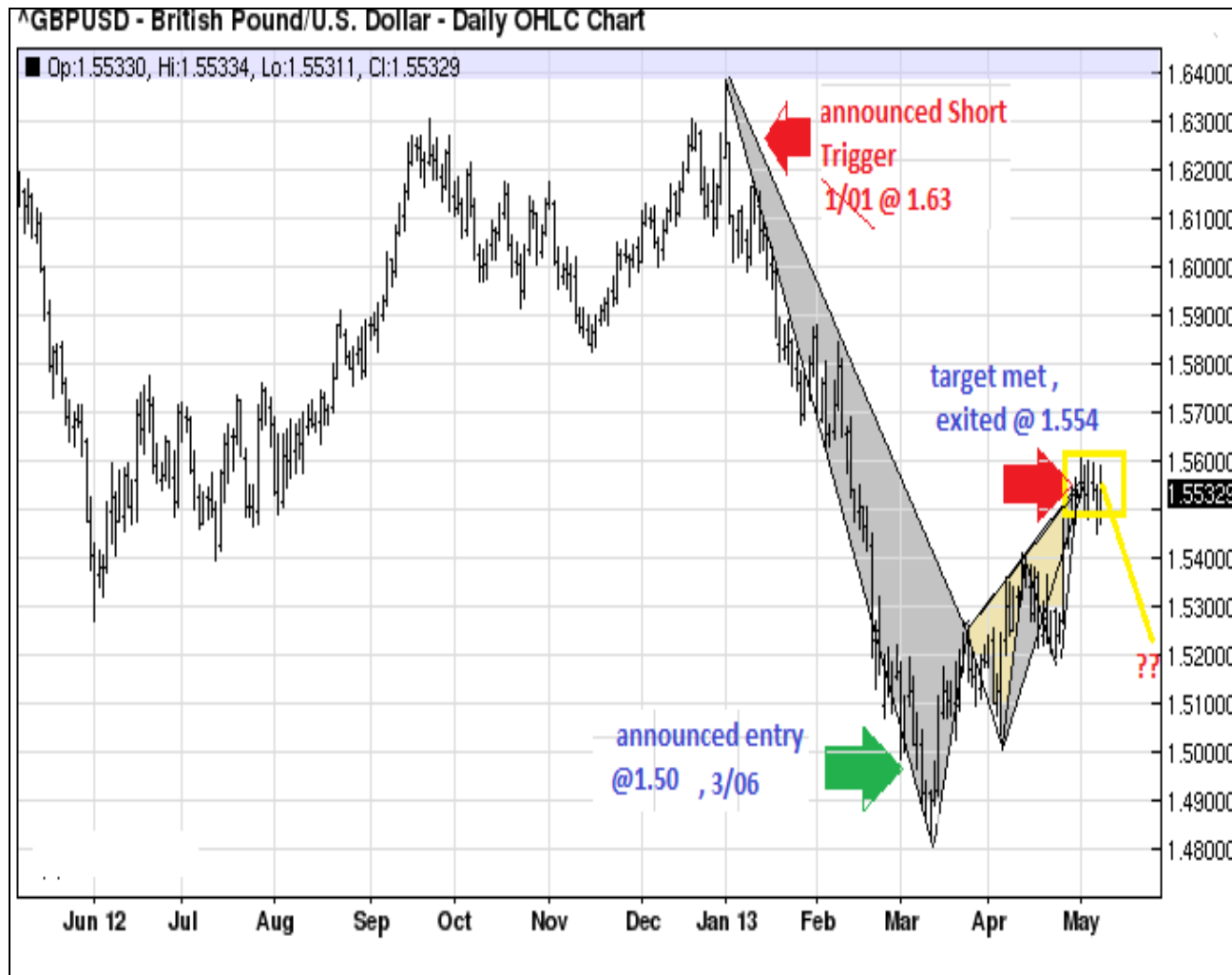
Upside target – Bounce to CZ – 1.05-1.06 has Bearish Top



GBP / USD – PEC Analysis – **Neutral** -

Upside target – CZ 1.55-1.56, **Met EXACT – EXITED** – Rally should be completed with Neutral Bottom

Downside - Pull back to begin CZ 1.52-1.51 .



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

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