



Date : 8<sup>th</sup> August 2014 ( Friday)

## CURRENCY REPORT (Strategy & Prop Tech)

By : Suneil R. Pavse, E : apavse@aol.com

### ● Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement Update</u> For Trend Reversal	Progress Status	Current Position / Exposure	<u>NEW ACTION</u> ( Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>GOLD</b>	1321	POM 13 Re – Run Marked to Market on 1/01 start @1205	Announced Re- entry Trigger @ 1268 Email 6/17 <u>Alerted</u> <u>Stop 1268</u>	BULLISH	12% Net Long	NONE	1 <sup>st</sup> Target PEC-D 1345- Bullish Top  <i>Should be re tested</i>	Target 2 <sup>nd</sup> ABC to 1400 Bullish Top Weekly ABC up  <u>H &amp; S bottom</u>	Pull back 1305-1295 Met & Rejected CZ for next leg higher  Bullish Bottom	PEC-D 1260 Bullish Bottom	<u>CZ 1305-1295</u> Broke out high volume For a large ABC up  <u>Weekly 5 year CZ 1220-1190</u> Is solid floor Bullish floor

### ACTIONABLE IDEAS

**For Bulls –** The First Target ABC up @ 1345 **should be re tested** . It **rejected lows at CZ 1305-1295** . The Mid term H & S Bottom Target @ 1400. GLD Triggered re- entry @1268 , 6/17. with Bullish bottom

**For Bears –** The heavy volume upside breakout of CZ 1305-1295 tested with Bullish Bottom . **Not a Candidate for Short Sell** . No “Sell Signal” till 1400.

	Current Price	Main CZ Triggered & Date	Follow up <u>Announcement</u> - Update For ST Trend Reversal & RM	Progress Status	Current Position / Exposure	<b>NEW ACTION</b> ( Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>DXY (\$ USD)</b> <b>Announcement</b>	81.50	<b>@ 80.2</b>  Marked to Market on 1/01 start	<b>@ 80.25</b> <i>Triggered entry 12/4</i>	BULLISH To Neutral ST pull back soon	Reduce 5% to 2.5% Net Long	Exit ½ Risk Mangmnt	Target 1 <sup>st</sup> ABC up 81.3 Met exact	2 <sup>ND</sup> ABC up PEC-D 83 Bullish Top	Pull back CZ 80.1-79.60 Should hold & rally back up	PEC-D 79.25 PQQ Validated floor	CZ @ 72 Triggered Main Long term Bullish signal entry 7/9/2011
<b>EUR /USD</b> <b>Announcement</b>	1.34	CZ 1.34-1.33 Triggered entry 8/4	NONE	BULLISH	3% Net Long	Entry In CZ 1.34-1.33	Target PEC-D 1.37		Target PEC-D 1.335 Met exact Bullish Bottom		
<b>GBP/USD</b>	1.68	NONE	NONE	NEUTRAL Pull back in progress	0%	NONE No Signal	Target PEC-D 1.71 Met , we exited 7/11		Pull back to PEC-D 1.66 Approaching	PEC-D 1.575 Neutral bottom	<b>Locked in 3.5%</b> 1.65 to 1.71move
<b>USD / JPY</b>	101.6	<b>@ 104.2</b>  Marked to Market on 1/01 start	Secondary CZ 94-95 Triggered Re entry 6/12	BULLISH i.e. weaker Yen	5% Net Long	NONE	Target 3 <sup>rd</sup> ABC up PEC-D @ 104- Bullish Top	Target 120 Bullish Top	Pull back PEC-D 100.5 Bullish bottom & rally up	PEC-D 96.25 Floor Bullish bottom	Up 35% from Main entry long term CZ @ 76, 10/7/11
<b>AUD/ USD</b>	0.925	NONE	NONE	NEUTRAL	0%	NONE No Signal	Target PEC-D 96		Pullback to PEC-D 92.5 Should hold, Rally and re test back		<b>Target reached Exiting for 5.6% profit</b>

## Currency Overview -

SIGNALS. - Price Projection CZ , Trading / Investment Conclusions below

Since our last Report 7/11 , All currencies have been moving as expected. Good move in currency markets due to geopolitical . Its been good Traders Market.

DXY reached its 1<sup>st</sup> objective with good rally to 81.5 from our trigger entry 80.2. This should pull back soon.

EURO pulled back to our target 1.33 from 1.37 to trigger entry . Accumulation is beginning

AUD pulled back as expected to 92.5 from 95 ( No trigger)

BPS pulled back from 1.71 timely exit to 1.67 on way to 1.65

USD/JPY continues to march towards our Target to 104 from 100.2

GOLD marching to our Target 1345 from 1268 Trigger. Accumulation continues.

- BULLISH

**GOLD, EURO, USD/JPY ( i.e weaker Yen) –**

- NEUTRAL

**AUD, BPS, DXY ( ST pull back) .**

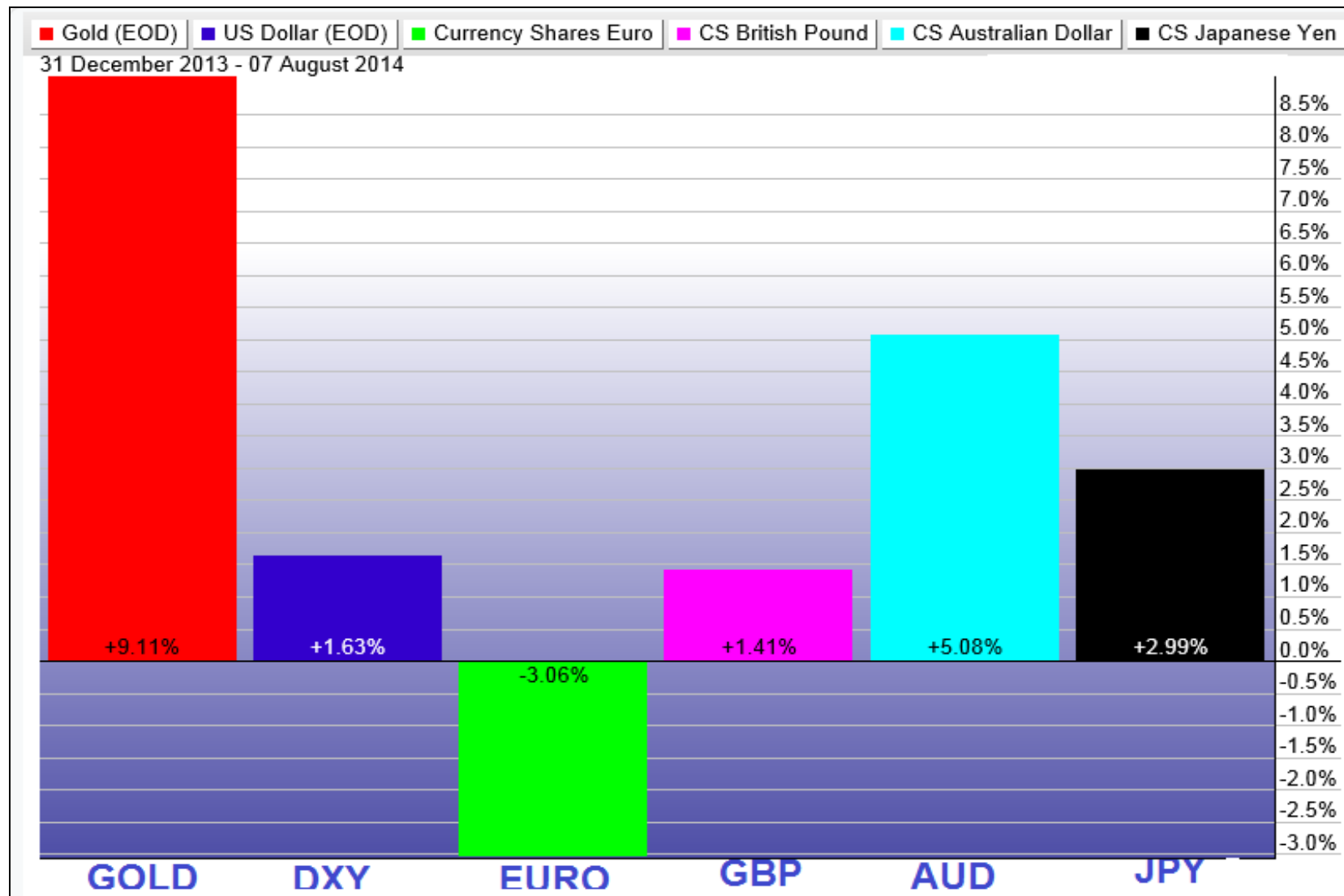
- BEARISH -

**NONE**

## YTD - Currency performance v/s USD

### Weakest and strongest currencies

2014 - Strength / weakness. Chart below is our Inter market Analysis Model with Ratio Relative performance v/s USD .



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

NO SIGNAL / NO POSITION.

Pull back –. PEC-D - 92.5 - Met but should bounce and then re- test before rally up.

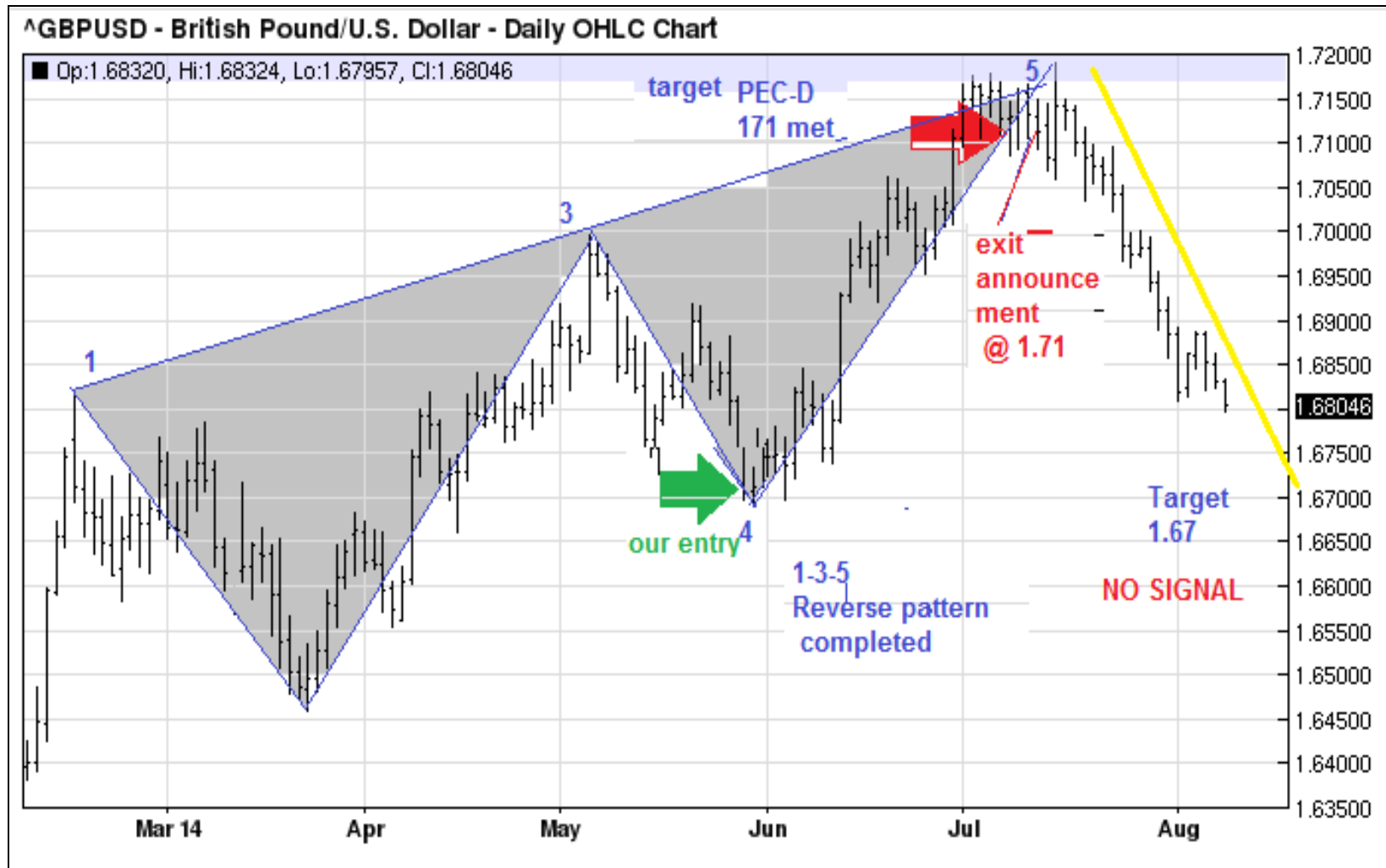
Upside - – Target PEC-D – 96



# GBP / USD – PEC Analysis – Neutral – Pull back in progress.

Downside - Target PEC-D 1.67

Upside target – PEC-D 1.71 – Exited in last Report 7/11 in timely manner



## YEN / USD – PEC-D Analysis - **Bullish – ( Weakening Yen)**

**Pull back target** - Pull back to **PEC-D 100.5** should hold and rally up – This is large consolidation within the leg higher.  
Main entry in YEN / USD @ **76** – Net long Trigger on core position .

**Upside** - **Target to 3rd ABC up – PEC-D 104-Bullish top)** . The Final Target to **120**



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

**Upside -** 1<sup>ST</sup> ABC up to PEC-D 81.3. – met exact . Should pull back- **Exit ½ position @ 81.35**  
However the 2<sup>nd</sup> ABC up to PEC-D 83. Bullish top is in tact after the pull back  
Main entry @ 72 Net Long Trigger.

**Downside -** .Pull back into CZ 80.1-79.60 Bullish bottom in place





## EURO / USD – CZ/ PEC Analysis – Bullish

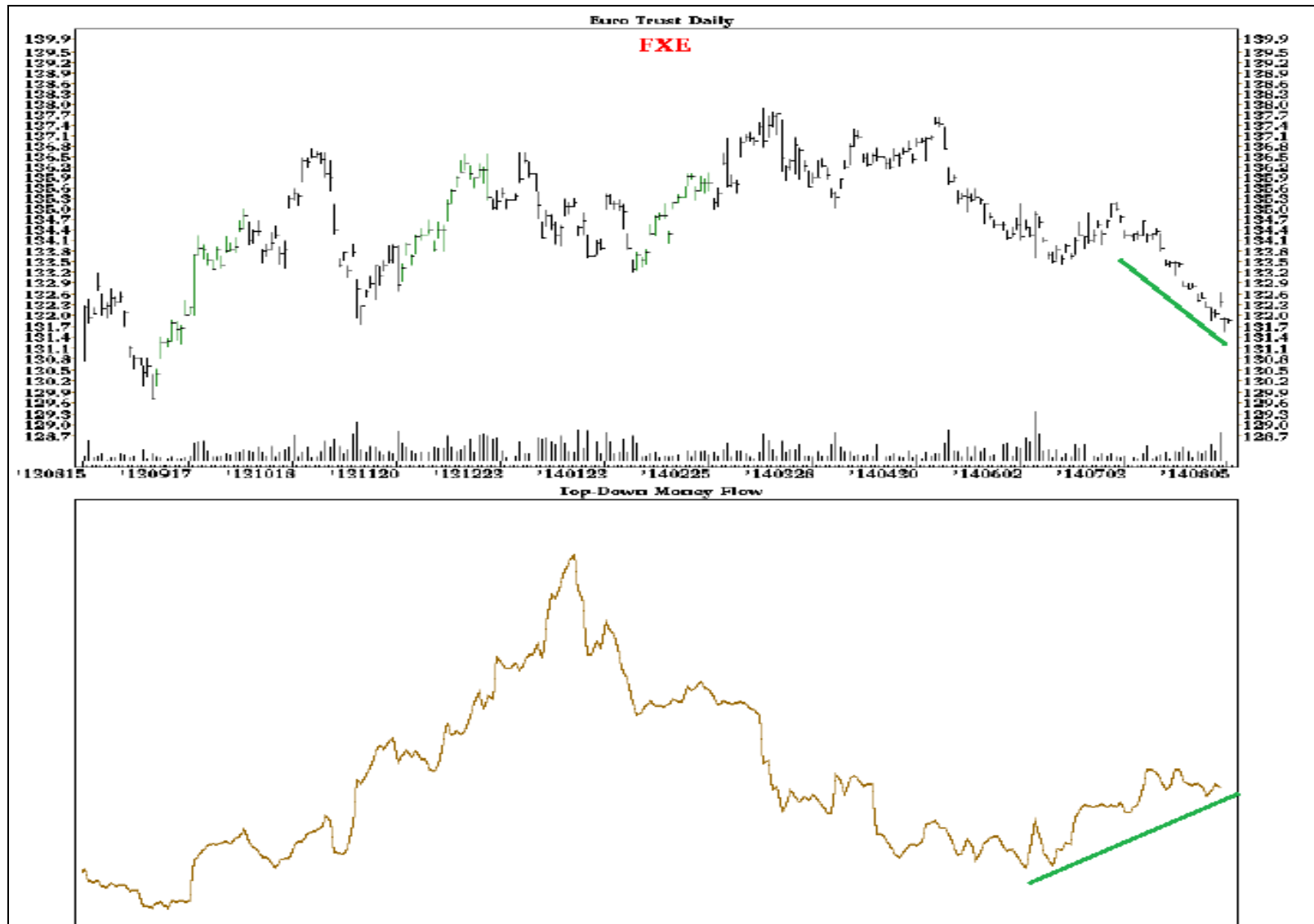
Downside - PEC-D 1.335 - Met – **Entry Net long on 8/4** .

Upside target – Target PEC-D 1.37



## EURO / USD – Money flow Analysis – Bullish

The strong pattern of accumulation continues in the euro as bullish divergence points to a rebound in the Euro.



# 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**

- **( 3<sup>rd</sup> 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 2<sup>th</sup> 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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