SG Capital Research
Global Market Insights
Chart System

Date : 13rd February 2014 (Thursday)   **CURRENCY REPORT (Strategy & Prop Tech)**

● <u>Executive Summary</u>

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> Update For Trend Reversal	Progress Status	Current Position / Exposure	<u>NEW ACTION</u> (Trigger to Watch))	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
GOLD	1291	POM 13 Re – Run *Marked to Market on 1/01 start* @1205	*@ 1220 Re entry ½ On 12/4 & @ 1280 Re entry ½ On 10/6*	BULLISH	Net Long	**NONE**	PEC-D 1265 – 1st ABC up Bullish Top *Completed & began next ABC up*	Target 2nd ABC up CZ 1325-1325-1335 Bullish Top Approaching *& then Short term pull back* .	Pull back to CZ 1270-1255 *Higher high Should hold & then rally up*	PEC-D 1220 Rejected lows On lighter volume **Weekly 5 year** CZ 1190-1220 Is solid floor Bullish floor	*Best Risk / Reward to go long below 1220 as announced*

	Current Price	Main CZ Triggered & Date	Follow up Announcement- Update For ST Trend Reversal & RM	Progress Status	Current Position / Exposure	NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
DXY ($ USD)	80.29	*@ 80.2* *Marked to Market on 1/01 start*	@ 80.25 *Triggered entry 12/4*	BULLISH	Net Long	NONE	Target CZ 83-84 Bullish Top	Eventual target CZ 88-90	Pull back PEC-D 80.60 CZ 80-81	PEC-D 79.25 *PQV Validated floor*	CZ @ 72 *Triggered Main* **Long term Bullish signal entry** 7/9/2011
EUR /USD	1.364	*@ 1.365* *Marked to Market on 1/01 start*	@ 1.36 *Triggered entry 12/4*	BEARISH	Net Short	NONE	PEC-D 1.36 Met & & failed Bearish Top	False break above PEC-D 1.36	Target PEC-D 1.33	CZ 1.28-1.27 Bearish bottom	
GBP/USD	1.66	NONE	NONE	NEUTRAL		NONE No Signal	PEC-D @ 1.63 –met Neutral Top	PEC-D 1.575 Neutral bottom	Target PEC-D 1.67 Neutral Top	CZ 1.52-1.51 Neutral bottom	**Trading range** *Between 1.67-1.55*
USD / JPY Pre announcement	101.7	*@ 104.2* *Marked to Market on 1/01 start*	Secondary **CZ 94-95** Triggered On 6/12	BULLISH	Increase Net Long	Initiate previously exited @104 position In CZ 101.5-101	3rd ABC up PEC-D @ 104- Bullish Top	Target 120 Bullish Top	Pull back PEC-D 101.5 – met & held Bullish bottom	PEC-D 96.25 Floor Bullish bottom	Up 35% from **Main entry long term CZ** @ 76, 10/7/11
AUD/ USD	0.90	*@ 0.89* *Marked to Market on 1/01 start*	*@ 89.5* *Re entry ½ On 12/4* **&** *@ 91* *Re entry ½ On 6/24*	BULLISH	Net Long	NONE	Target PEC-D 91.5 Fell short by 50 c in first get go Bullish top	PEC-D 95 Bullishly	Sudden false break below to 89 is Shake out	3 – Drives to the bottom Bullish bottom	+VE divergence & accumulation

Currency Overview -

Since our last Report 1/23, GOLD has rallied handsomely from our Trigger points . Its approaching our 2nd ABC up 1325, which has been announced it for quite sometime. AUD despite new lows is still in accumulation which is bullish. If you're a long term accumulator this is the time, this should have major upside. EURO and YEN should continue to weaken with few minor bounces. DXY pickup in money flow last week suggests that a large investors is buying the Dollar Index .

- **BULLISH**

GOLD , AUD , DXY

USD/JPY (i.e weaker Yen) –

- **BEARISH -**

EURO

- **NEUTRAL**

BPS

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 .
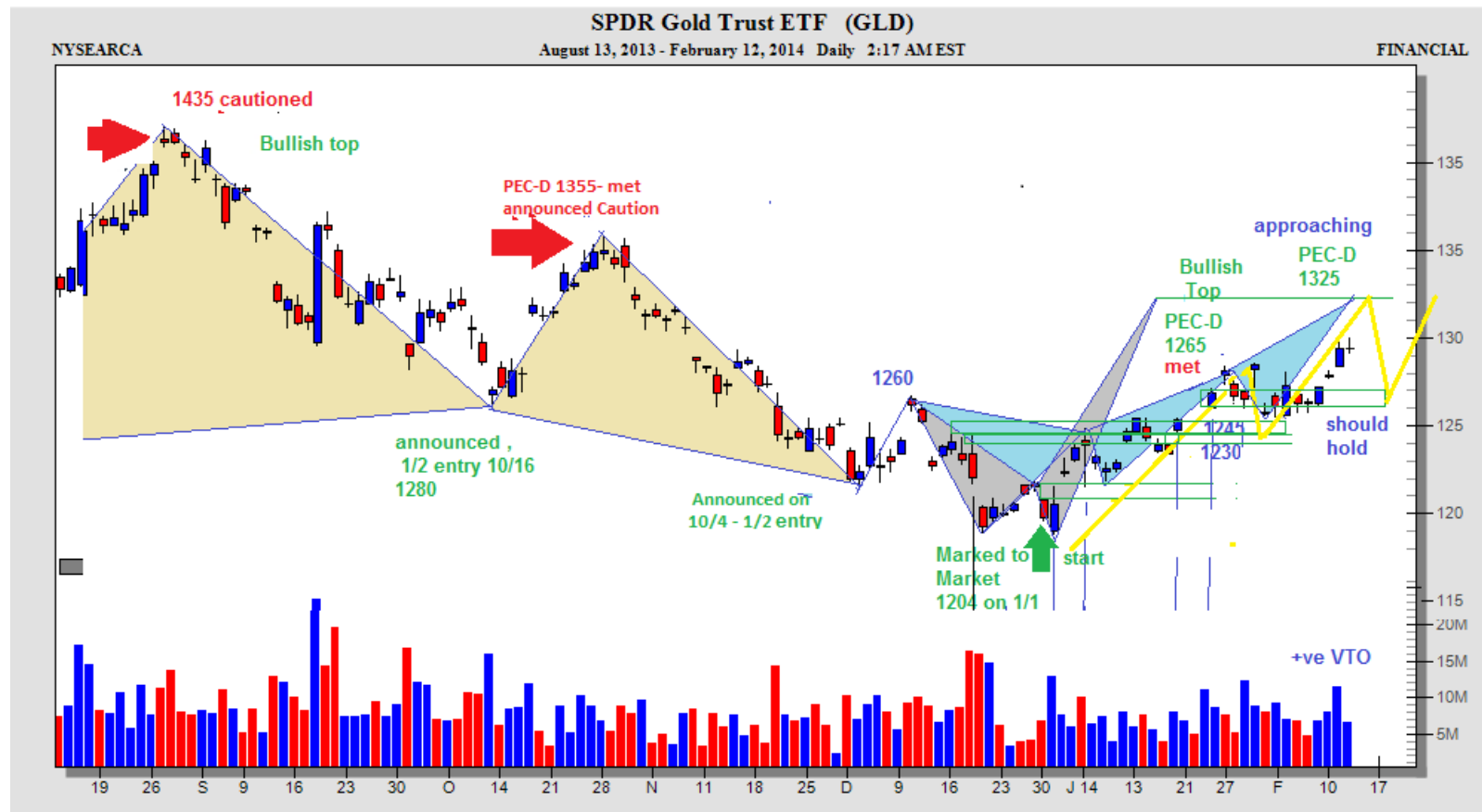
■ Gold (EOD)	■ US Dollar (EOD)	■ Currency Shares Euro	■ CS British Pound	■ CS Australian Dollar	■ CS Japanese Yen

31 December 2013 - 12 February 2014

+7.20%	+0.59%	-1.25%	+0.09%	+1.29%	+2.71%
GOLD	**DXY**	**EURO**	**GBP**	**AUD**	**JPY**
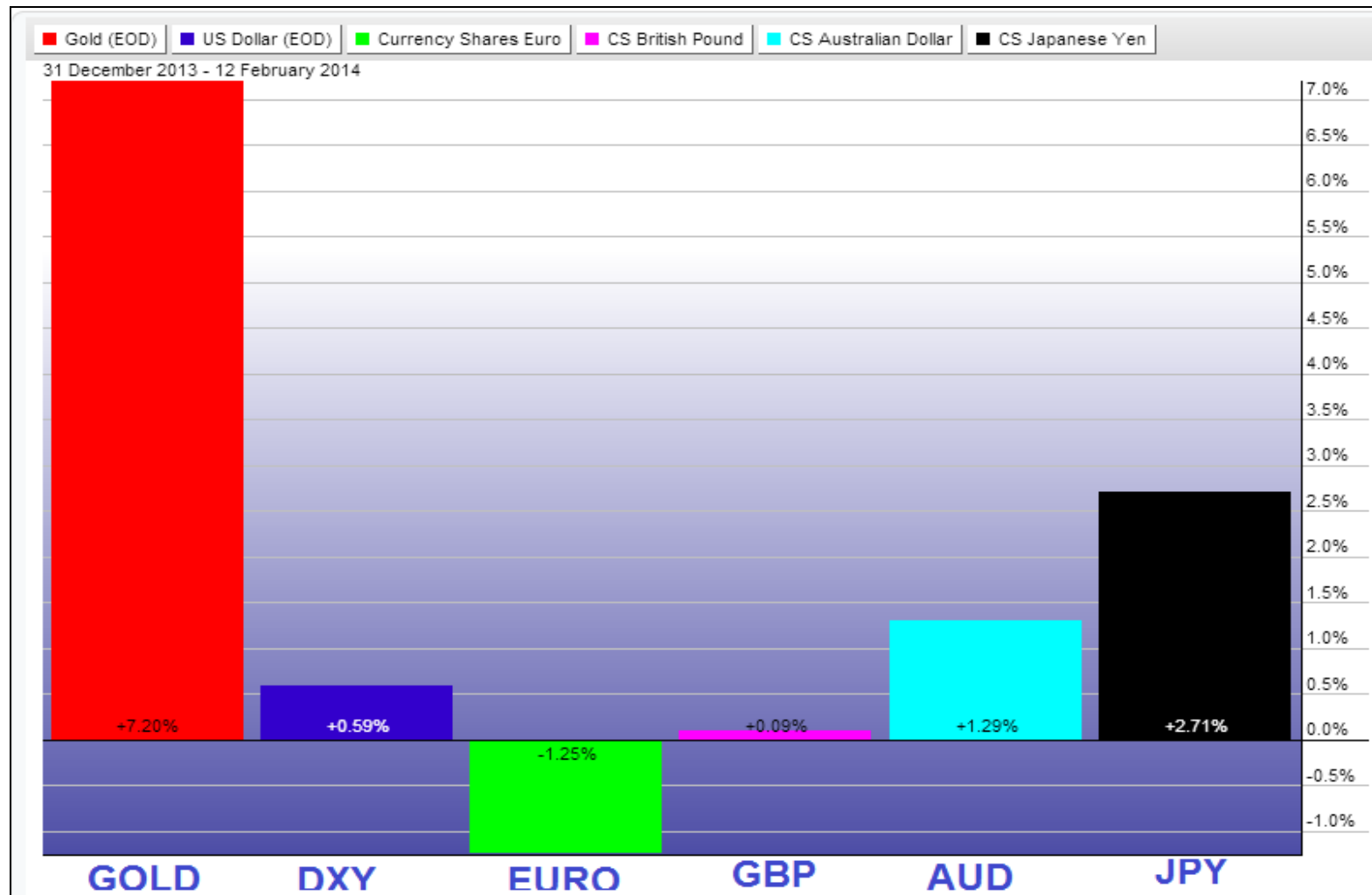
GOLD – Daily – PEC –D / CZ Analysis – Bullish-

Upside - 2nd ABC up to 1325 is approaching , followed by Short Term pull back.

Downside - Pull back to CZ 1270-1255, higher high should hold and rally back up to double top

PEC-D 1220 – Rejected lows +ve VTO & Bullish Bottoming process . GOLD has seen a solid bottom on 5 year weekly chart within CZ 1190-1220.


SPDR Gold Trust ETF (GLD)
August 13, 2013 - February 12, 2014 Daily 2:17 AM EST
NYSEARCA   FINANCIAL

GOLD – Weekly – PEC –D / CZ   Analysis –

Accumulation in gold continues. Yes we should get pull back to higher highs . If that comes with money flow still positive, it would signal the beginning of the next leg up.
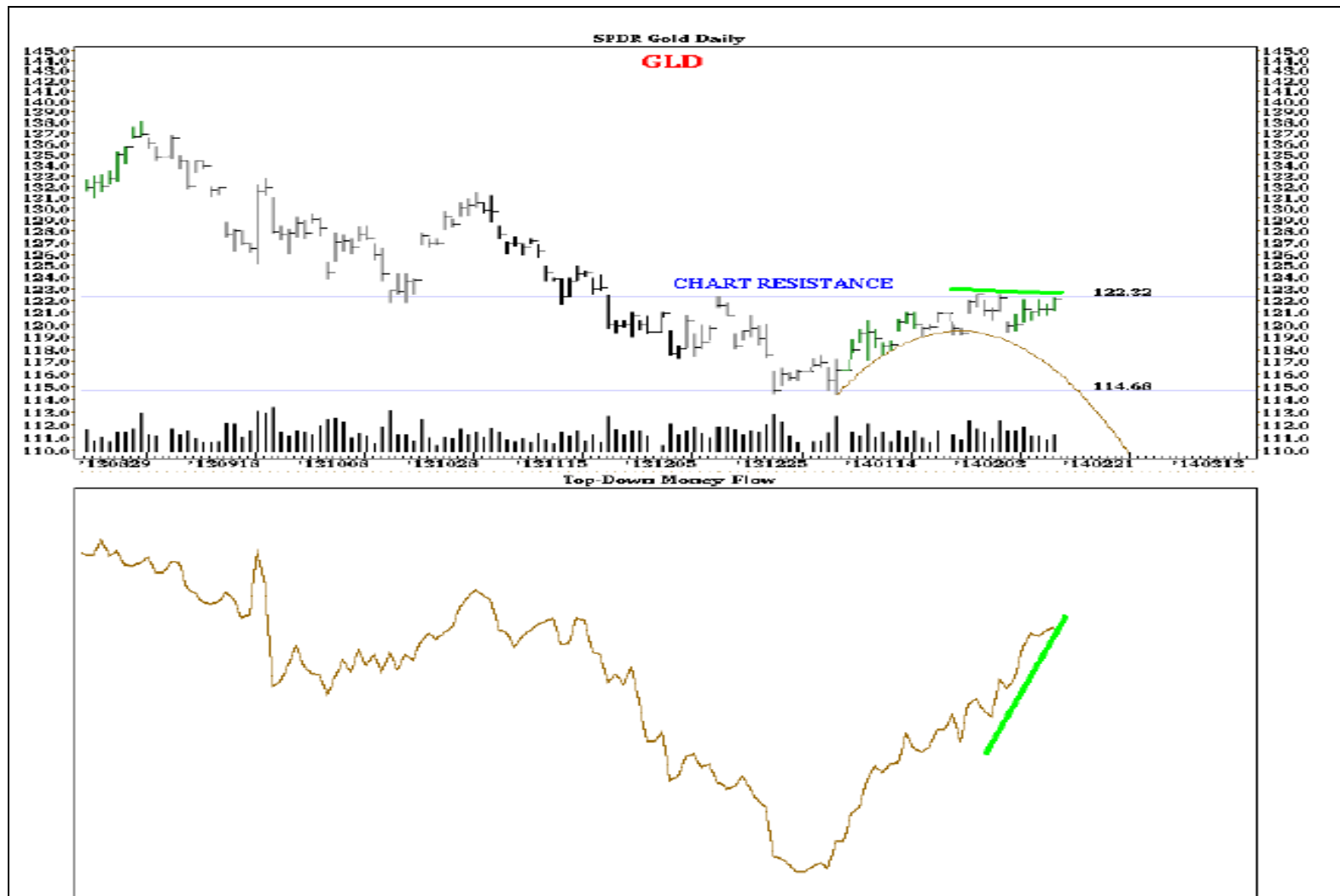
AUD/USD – CZ / PEC –D Analysis – Bullish

Pull back target –.Triggered re entry for 2nd half position @ 89.5 . Bottom on accumulation with +ve divergence . False break below CZ 90-91

Upside - – Upside PEC-D 91.5 fell short by 50 cents. Target PEC-D – 95 Projected Mid term.
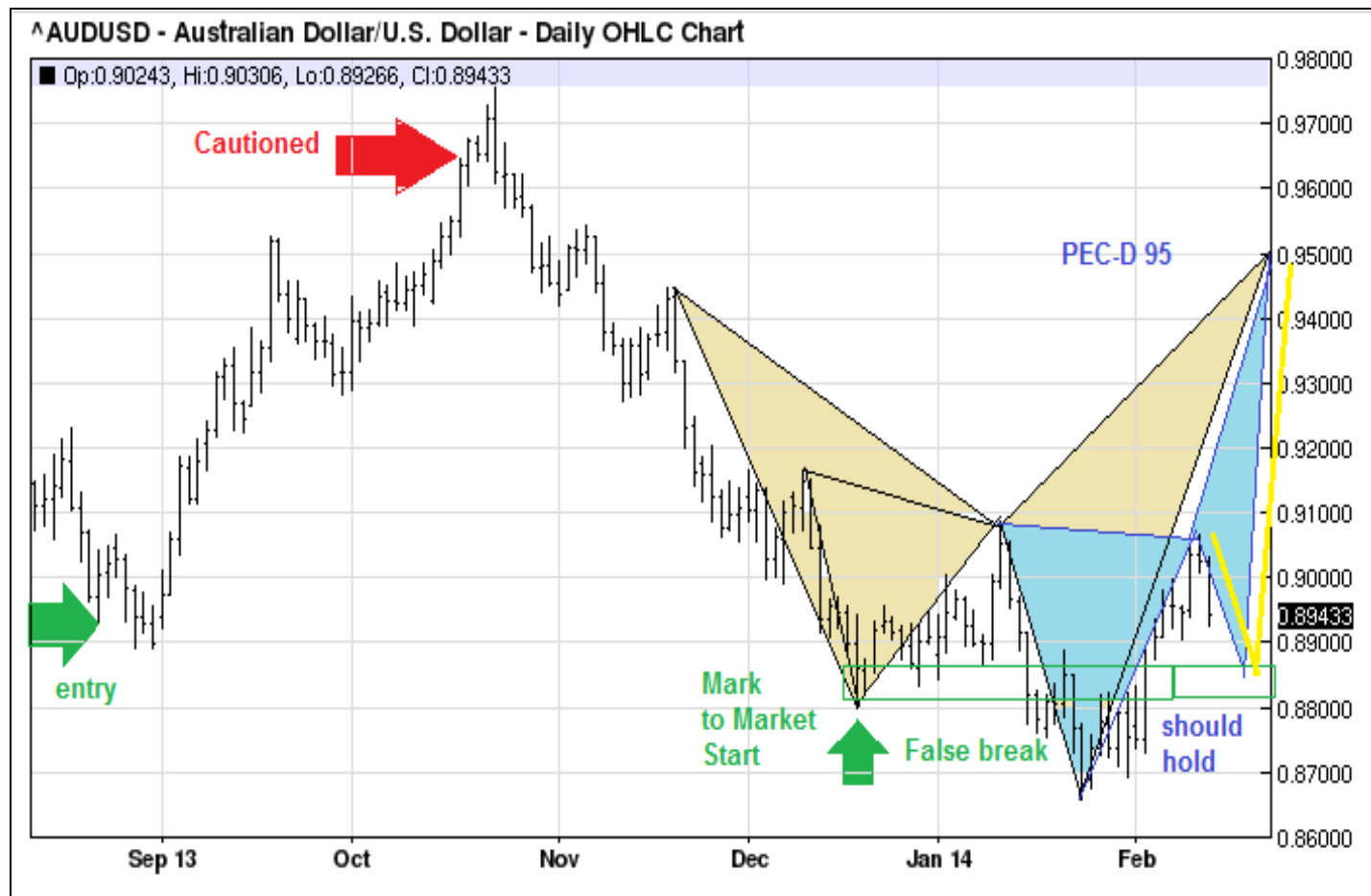
AUD/USD – Money flow Analysis

Money flow positive.   Great chance to accumulate

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

Upside - Triggered re entry   @ 80.25 & has been in rally mode. Target to CZ – 83-84 Bullish top, Projected 1st ABC up

Downside - .Pull back to PEC-D 80.60 has been holding to initiate its leg up. On Mid- term basis USD still has Bullish Top & Bullish bottom in place

Eventual Upside -   CZ – 88-90, 2ND ABC' - Main entry @ 72 Net Long Trigger.
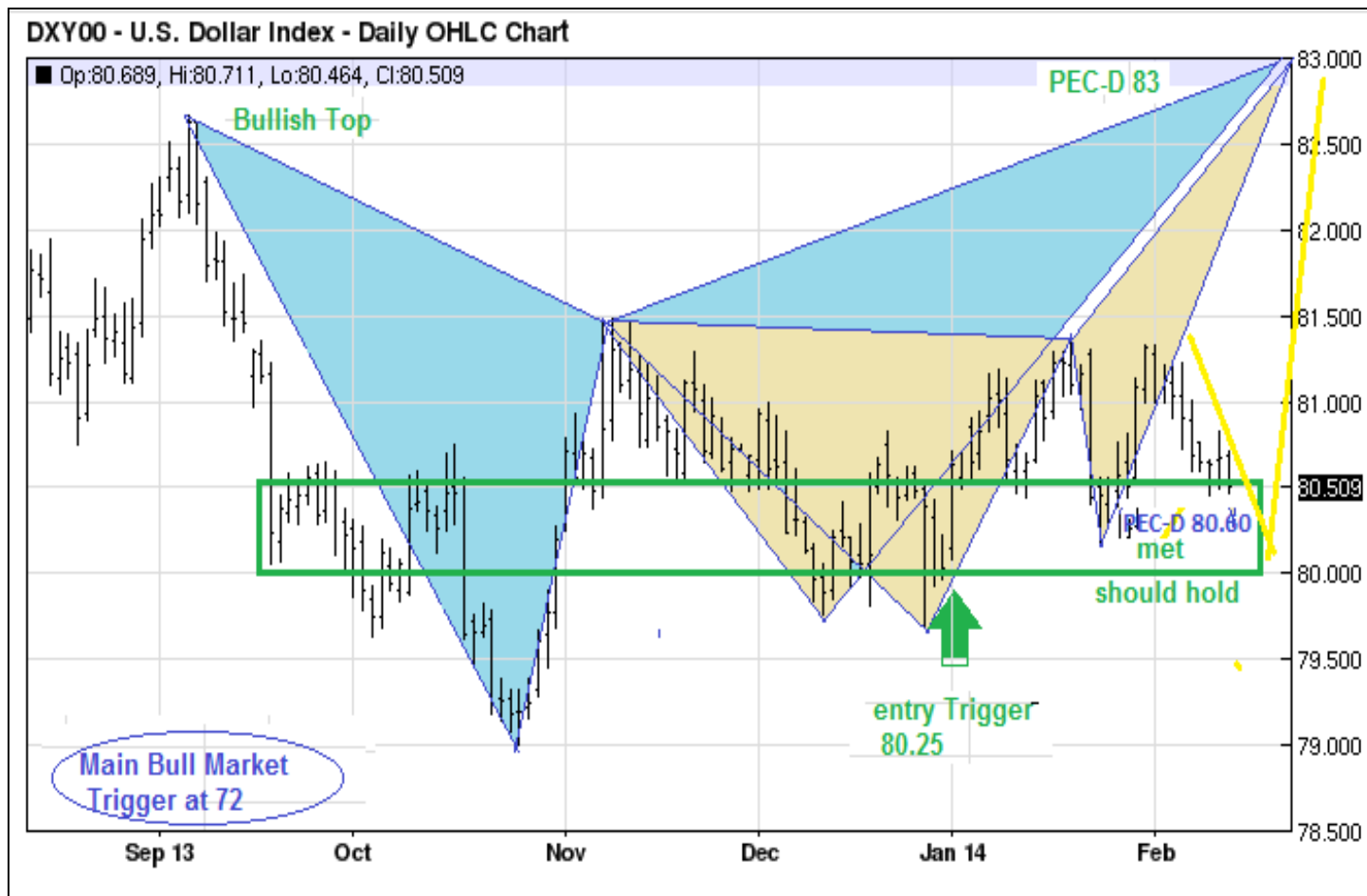
EURO / USD – CZ/ PEC Analysis – Bearish

Upside target – Target to PEC-D 1.36 Bearish Top – failed & Triggered entry.

Downside - 1ST ABC down to 1.33 and 2nd to PEC –D @ 1.27 .
Main entry   @ 1.49 - Net short Trigger .

Bigger scale – this is "Reverse wave pattern"   with 5 Wave expanding triangle at the 1.35 failed on the longer-term chart.
. The longer term direction firmly remains to the downside. The Larger H & S is still in progress to target @ 1.27 PEC-D-
Neckline Bearish bottom.
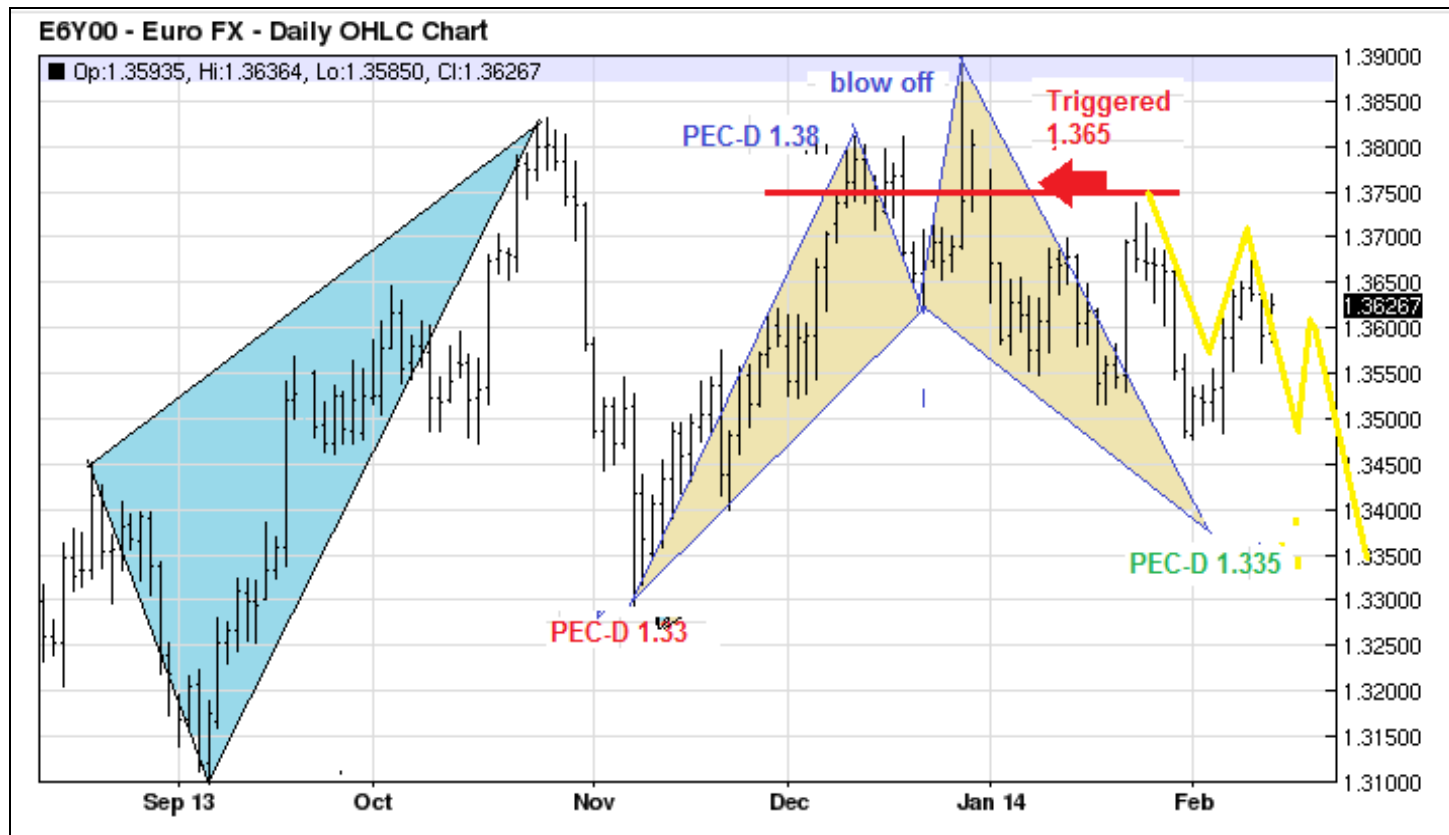
YEN / USD – PEC-D Analysis - Bullish – (Weakening Yen)

Pull back target - Short term pull back to PEC-D 101.5 – Met exact and then rally back. Any test to 101.5 should hold
Typical Bull Market retracement.   For previously exited position We have Trigger to enter
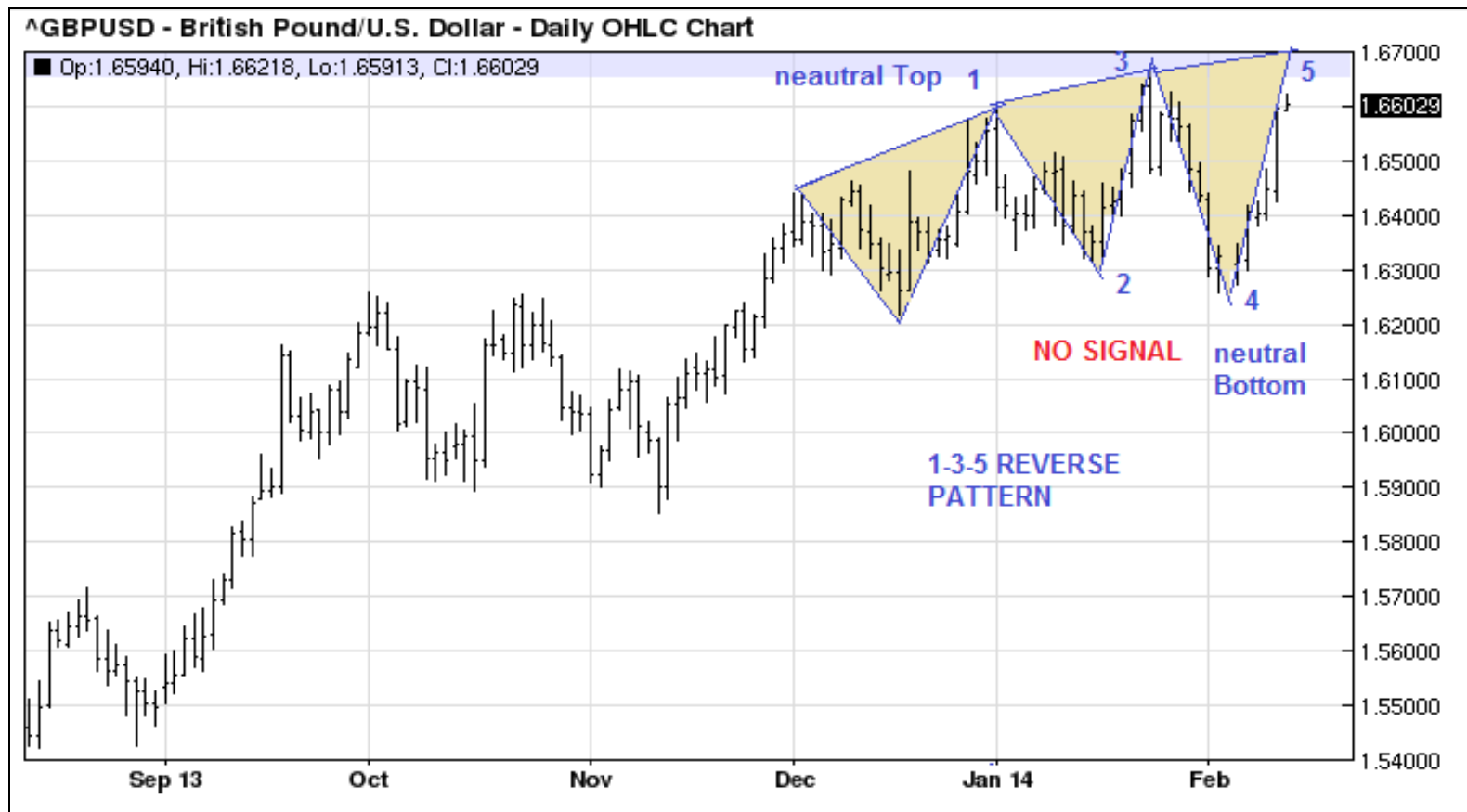 Main entry in YEN / USD   @ 76 – Net long Trigger on core position .

Upside - Target to 3rd ABC up – PEC-D 104- met with Bullish top) , decline in progress . The Final Target to 120
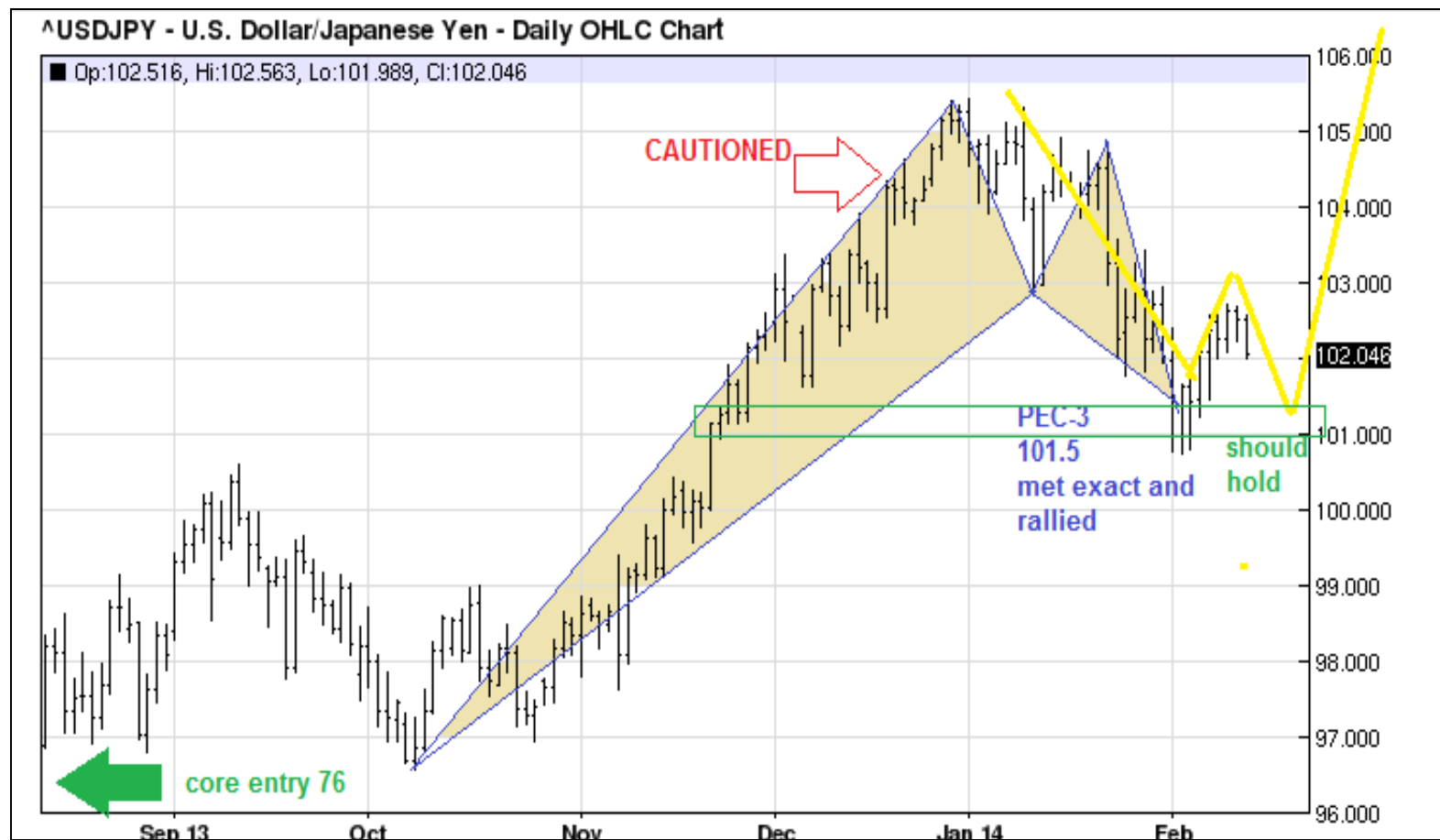
GBP / USD – PEC Analysis – NEUTRAL .

Upside target –   PEC-D 1.67 , Neutral Top – No Signal – 1-3-5 Reverse wave

Downside - First downside PEC-D 1.575 . Neutral Bottom . – Trading range from 1.67 to 1.55 .

Appendix Content

- **2012 YTD – Position Summary**

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **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*

<u>Critical backdrop Notes</u> –
- *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