



Date : 4th January 2014 (Saturday)

CURRENCY REPORT (Strategy & Prop Tech)

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● 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 <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
GOLD	1238	POM 13 Re – Run @1205 Marked to Market on 1/01 start	@ 1220 Re entry ½ On 12/4 & @ 1280 Re entry ½ On 10/6	BULLISH	Net Long	NONE	PEC-D 1265 – 1 st ABC up	Target CZ 1335- 1325 Bullish Top In tact	PEC-D 1220 Rejecting lows On lighter volume Bullish Bottom	<u>Weekly 5 year</u> CZ 1190-1220 Is solid floor Bullish floor	<i>Best Risk / Reward to go long below 1220 as announced</i>

	Current Price	Main CZ Triggered & Date	Follow up Alert Update For Trend Reversal	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)	80.56	@ 80.2 Marked to Market on 1/01 start	@ 80.25 Triggered entry 12/4	BULLISH	Net Long	NONE	CZ 83-84 Bullish Top	Eventual target CZ 88-90	False break below 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	1.642	NONE	NONE	NEUTRAL	NONE	NONE No Signal	PEC-D @ 1.63 –met Neutral Top	Extended PEC-D 1.67 Neutral Top	PEC-D 1.575 Neutral bottom	CZ 1.52-1.51 Neutral bottom	<u>Trading range</u> Between 1.65-1.55
USD / JPY	104.4	@ 104.2 Marked to Market on 1/01 start	Secondary CZ 94-95 Triggered On 6/12	BULLISH ST pull back in progress	Net Long	NONE	3 rd ABC up PEC-D @ 104- met Bullish Top	Target 120 Bullish Top	Pull back PEC-D 101.5 Should hold 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	@ 91 Re entry ½ On 6/24 & @ 89.5 Re entry ½ On 12/4	BULLISH	Net Long	NONE	Target PEC-D 91.5 Bullish top	CZ 0.97-0.96 Bullishly	Re tested @ 91 & false break below to 89 3 – Drives to the bottom Bullish bottom		False break below 90.5 +VE divergence

Currency Overview - Since last Report 12/4

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

GOLD should see a solid bottom very soon for good rally in early 2014. The COT from Traders is showing extremes sentiments as shown in chart below. Past 3 days GOLD and USD has been rallying together. We think it should continue especially if we see a larger correction in equity.

All the currencies are being re balanced after the QE reduction announcement, this has created volatility near our projected PEC-D points in DXY, Euro and AUD. AUD should put in bottom soon as we see +ve divergences. YEN should continue to weaken with few minor bounces.

- BULLISH

GOLD , AUD , DXY

USD/JPY (i.e weaker Yen) – ST pullback in progress,

- BEARISH -

EURO

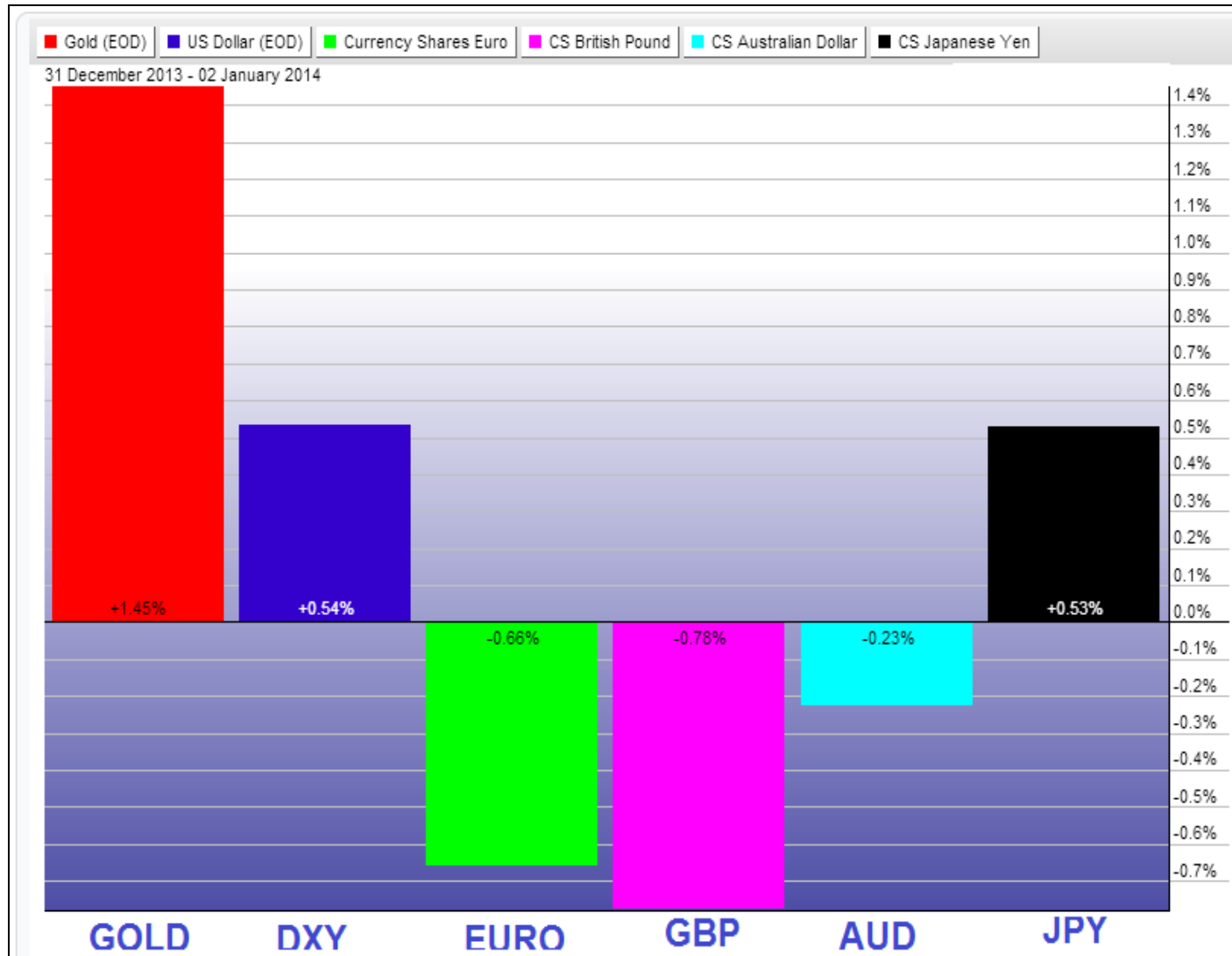
- NEUTRAL

BPS

YTD - Currency performance v/s USD

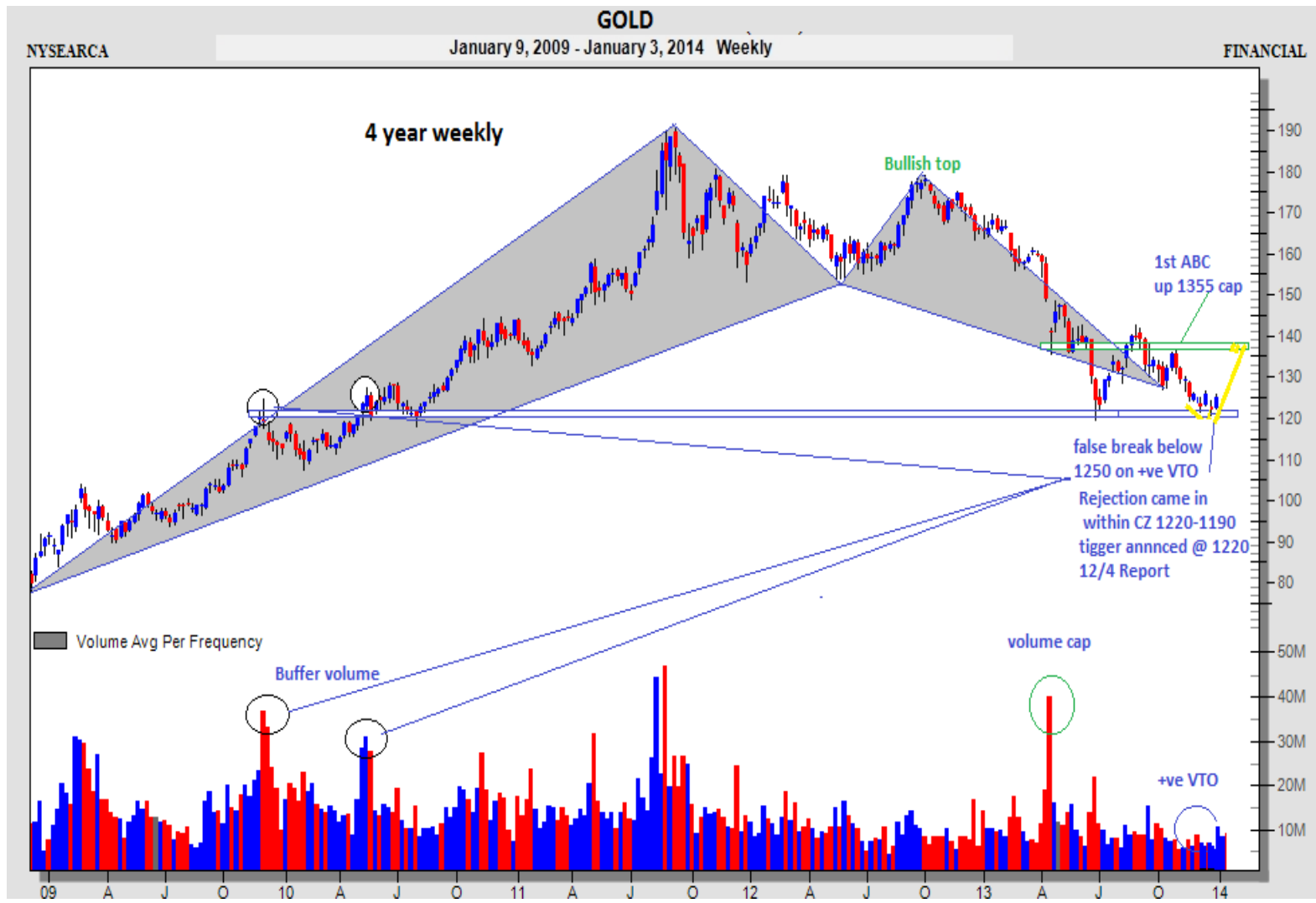
Weakest and strongest currencies

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



GOLD – Weekly – PEC –D / CZ Analysis –

Weekly 5 year has solid floor within CZ 1190-1220 *tested successfully* .

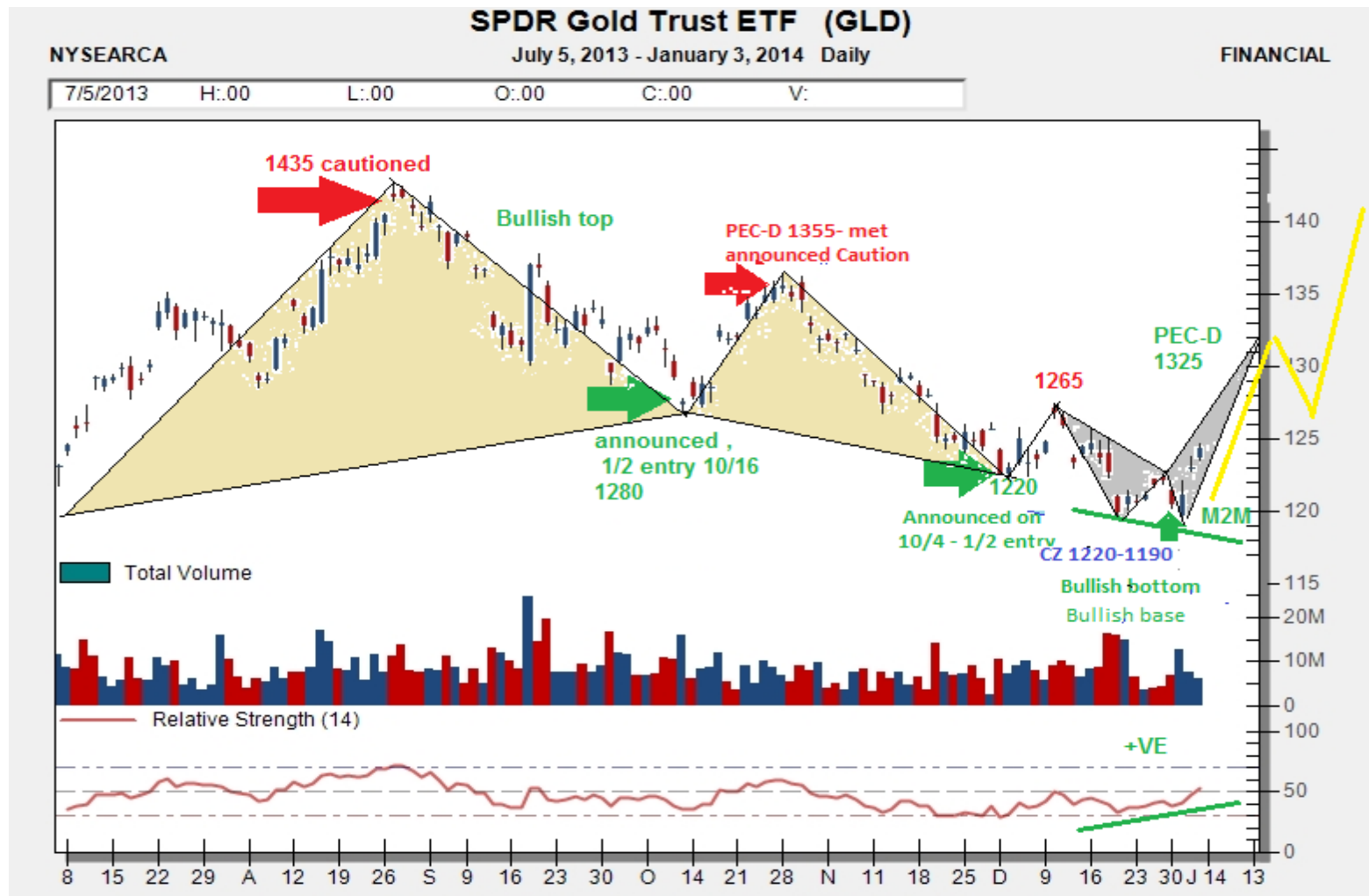


GOLD – Daily – PEC –D / CZ Analysis – Bullish-

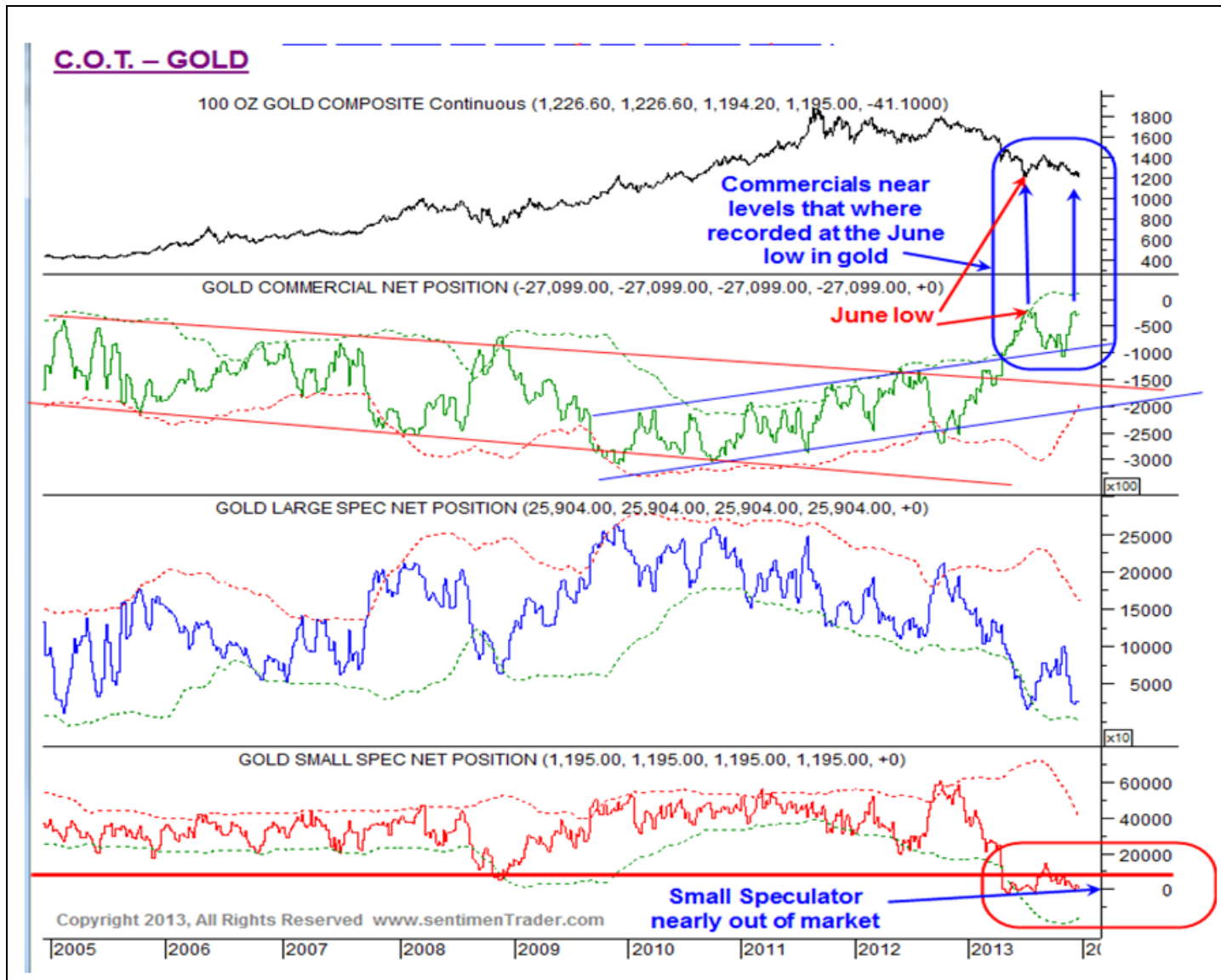
GOLD has seen a solid bottom on 5 year weekly chart within CZ 1190-1220.

Upside - First to 1265- but Projected to Cap 1335-1325 .

Downside - PEC-D 1220 – Rejected lows +ve VTO & Bullish Bottoming process .



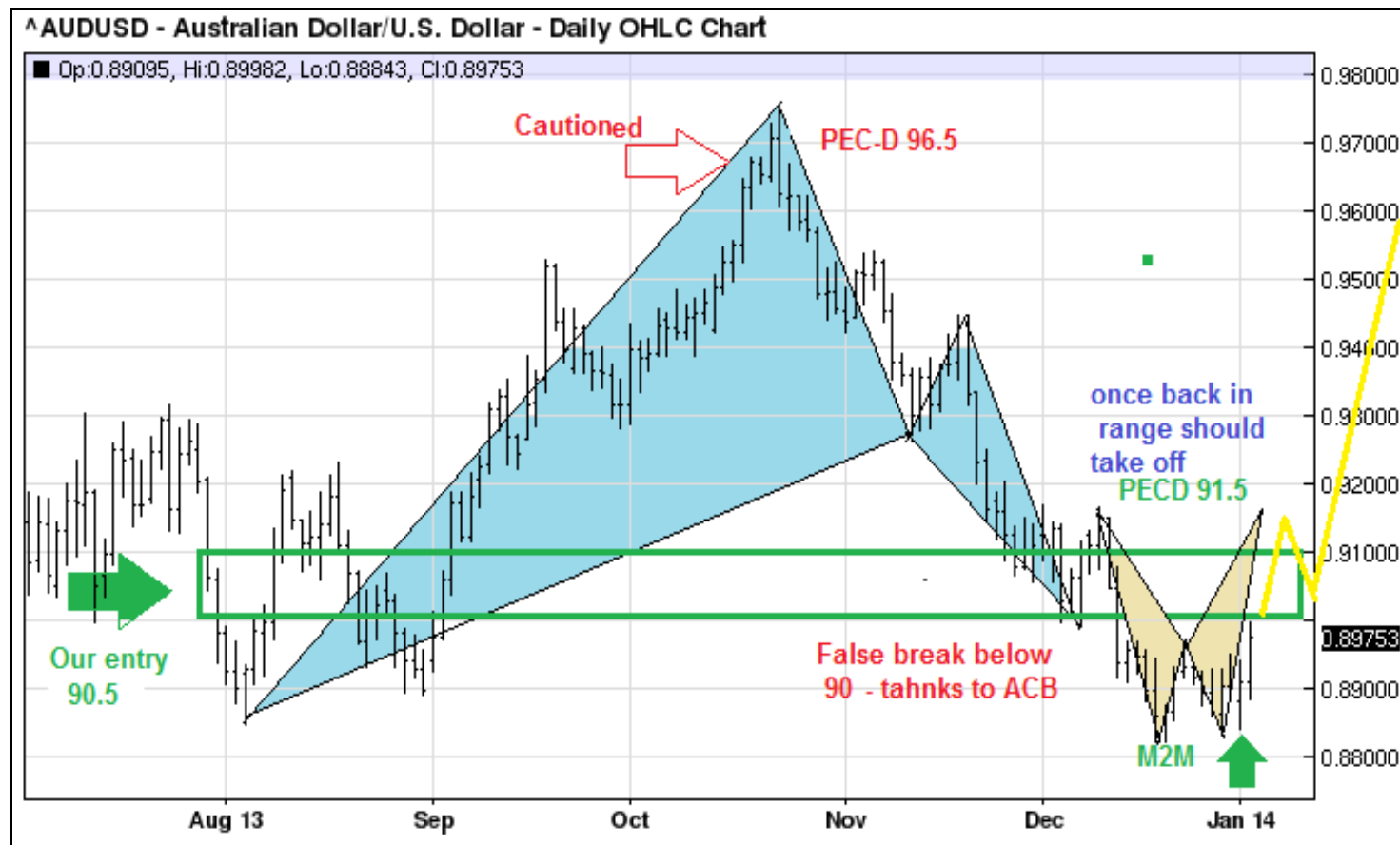
GOLD – COT Analysis



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, then Rally to CZ 97-96 . Mid term Target.



AUD/USD – Money flow Analysis

Money flow positive.

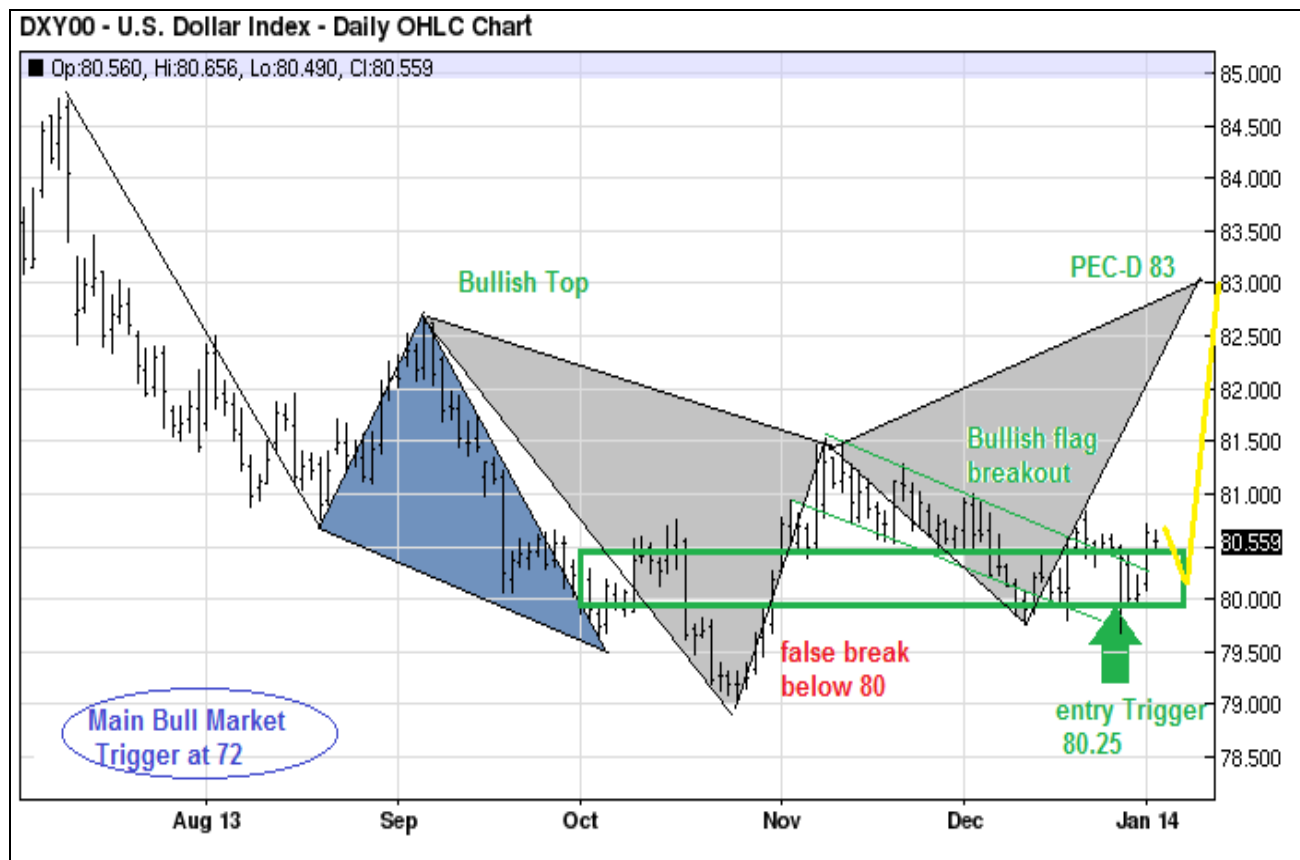


DXY (\$ USD) – CZ / PEC D – Analysis – Bullish

Downside - .Pull back to CZ 80-80.5- triggered entry to initiate its leg up. On Mid- term basis USD still has Bullish Top & Bullish bottom in place

Upside - CZ – 83-84 Bullish top, Projected 1st ABC up

Eventual Upside - CZ – 88-90, 2ND ABC' - Main entry @ 72 Net Long Trigger.



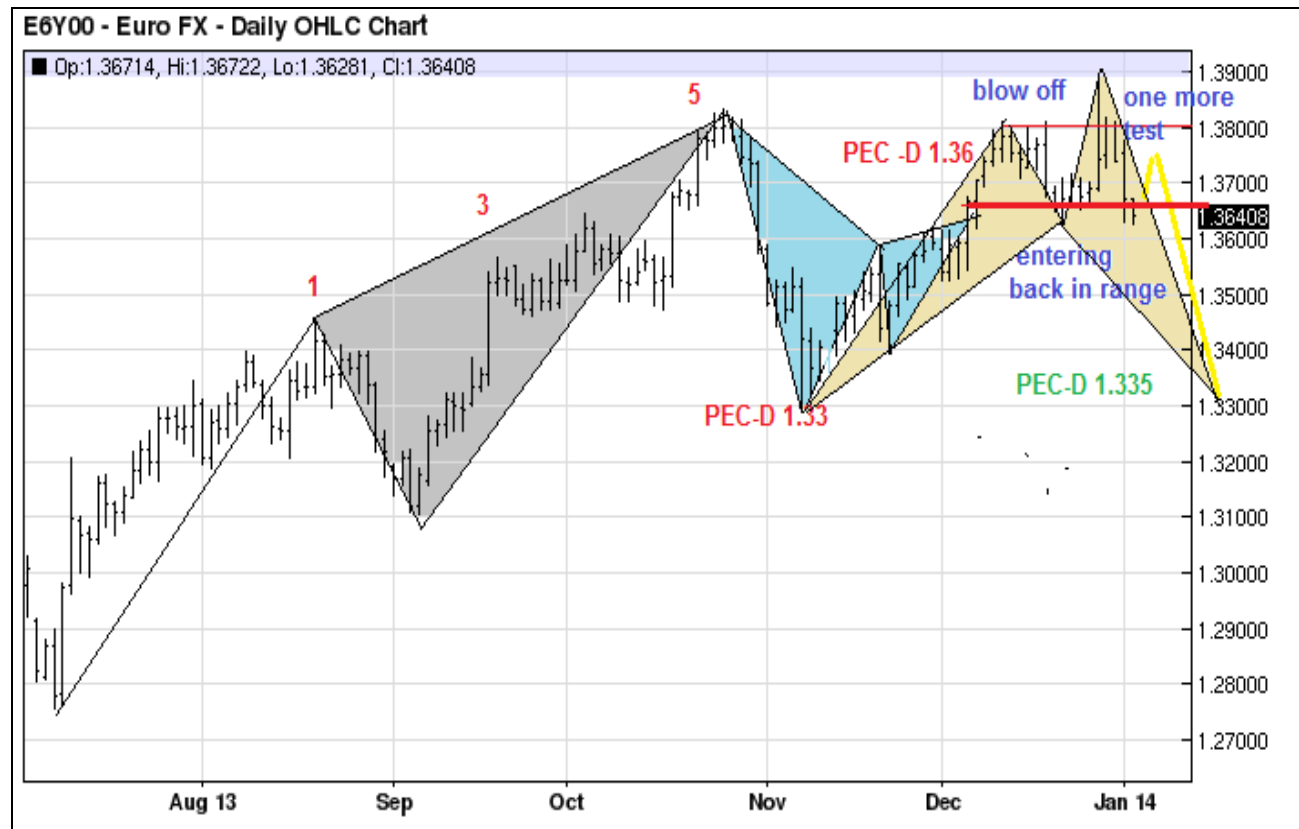
EURO / USD – CZ/ PEC Analysis – **Bearish**

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 .

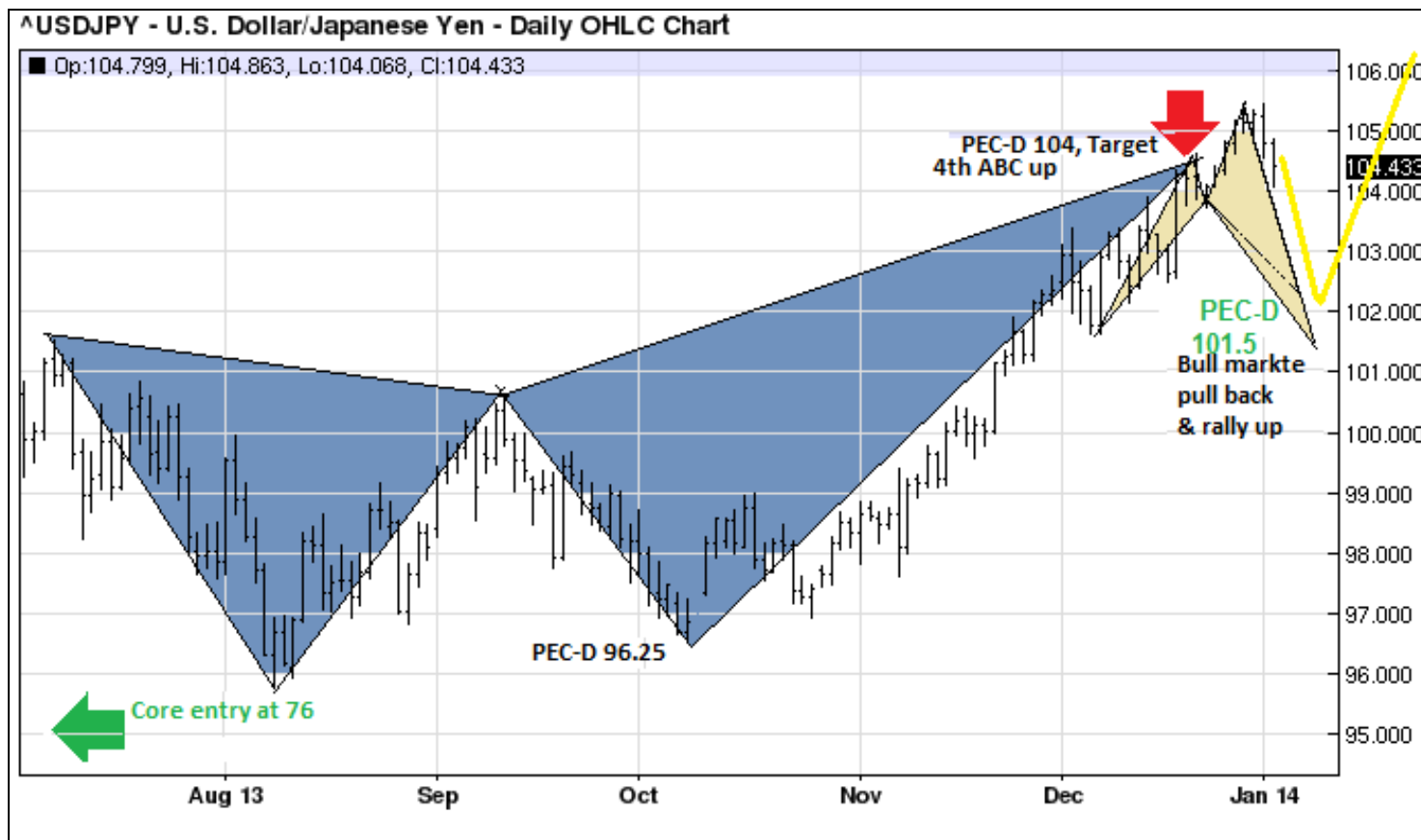
This is “Reverse wave pattern” with 5 Wave expanding triangle at the 1.35 failed on the longer-term chart. . The longer term direction firmly remains to the downside. The Larger H & S is still in progress to target @ 1.27 PEC-D- Neckline **Bearish bottom**.



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

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

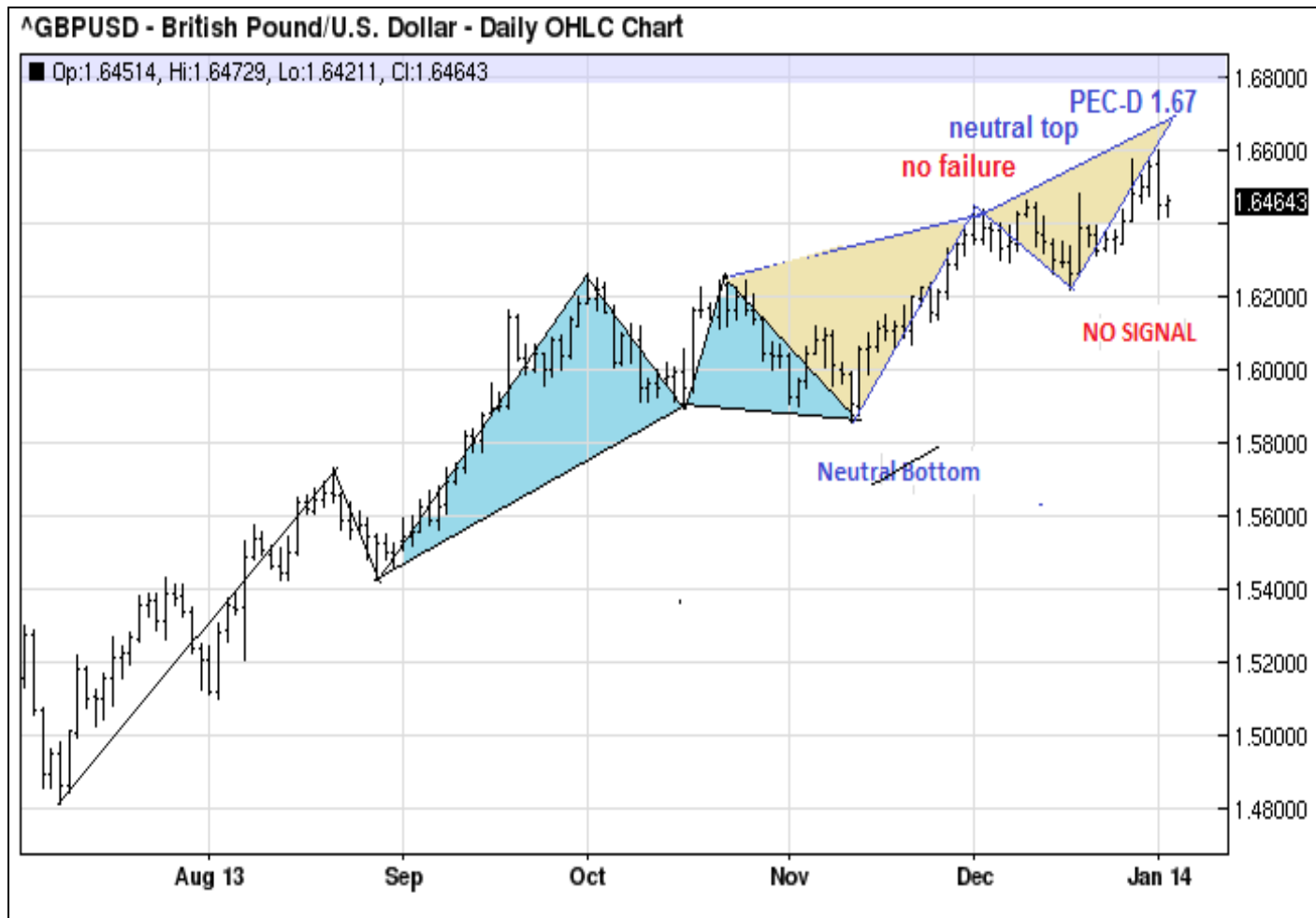
Pull back target - Short term pull back to PEC-D 101.5 and then rally back. Typical Bull Market retracement.
Main entry in YEN / USD @ **76** – Net long Trigger on core position .



GBP / USD – PEC Analysis – NEUTRAL .

Upside target – Reverse – 5 Wave pattern Top PEC-D 1.63 extended to PEC-D 1.67 , Neutral Top – **No Signal**

Downside - First downside PEC-D 1.575 . Neutral Bottom . – Trading range from 1.65 to 1.55



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*

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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