Date : 23rd January 2014 (Thursday)

CURRENCY REPORT (Strategy & Prop Tech)

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● Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up Announcement 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
GOLD	1250	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**	Target PEC-D 1265 – 1st ABC up	2nd ABC up CZ 1335-1325 Bullish Top In tact .	PEC-D 1220 Rejected lows On lighter volume Bullish Bottom	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)	80.83	@ 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	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	Trading range Between 1.65-1.55
USD / JPY	104.2	@ 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	3rd 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	0.88	@ 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	CZ 0.96-0.97 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/ 4, GOLD and USD has rallied as expected . GOLD and USD should rally together in 2014 . GOLD has seen a good bottom. AUD despite new lows is still in accumulation which is bullish. If you're a long term accumulator this is the time. EURO and YEN should continue to weaken with few minor bounces.

- **BULLISH**

GOLD , AUD , DXY

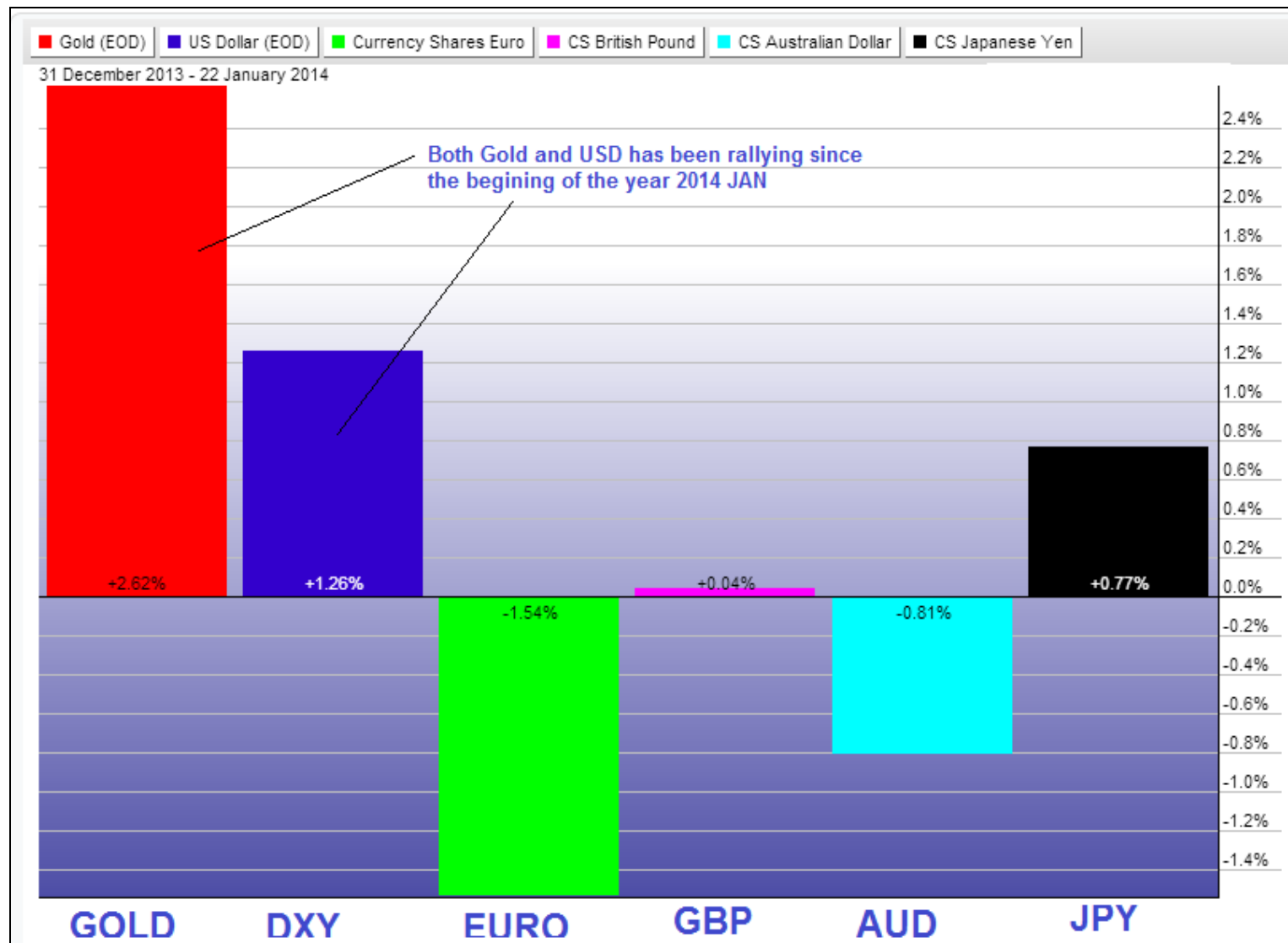**USD/JPY (i.e weaker Yen) – ST pullback in progress,**

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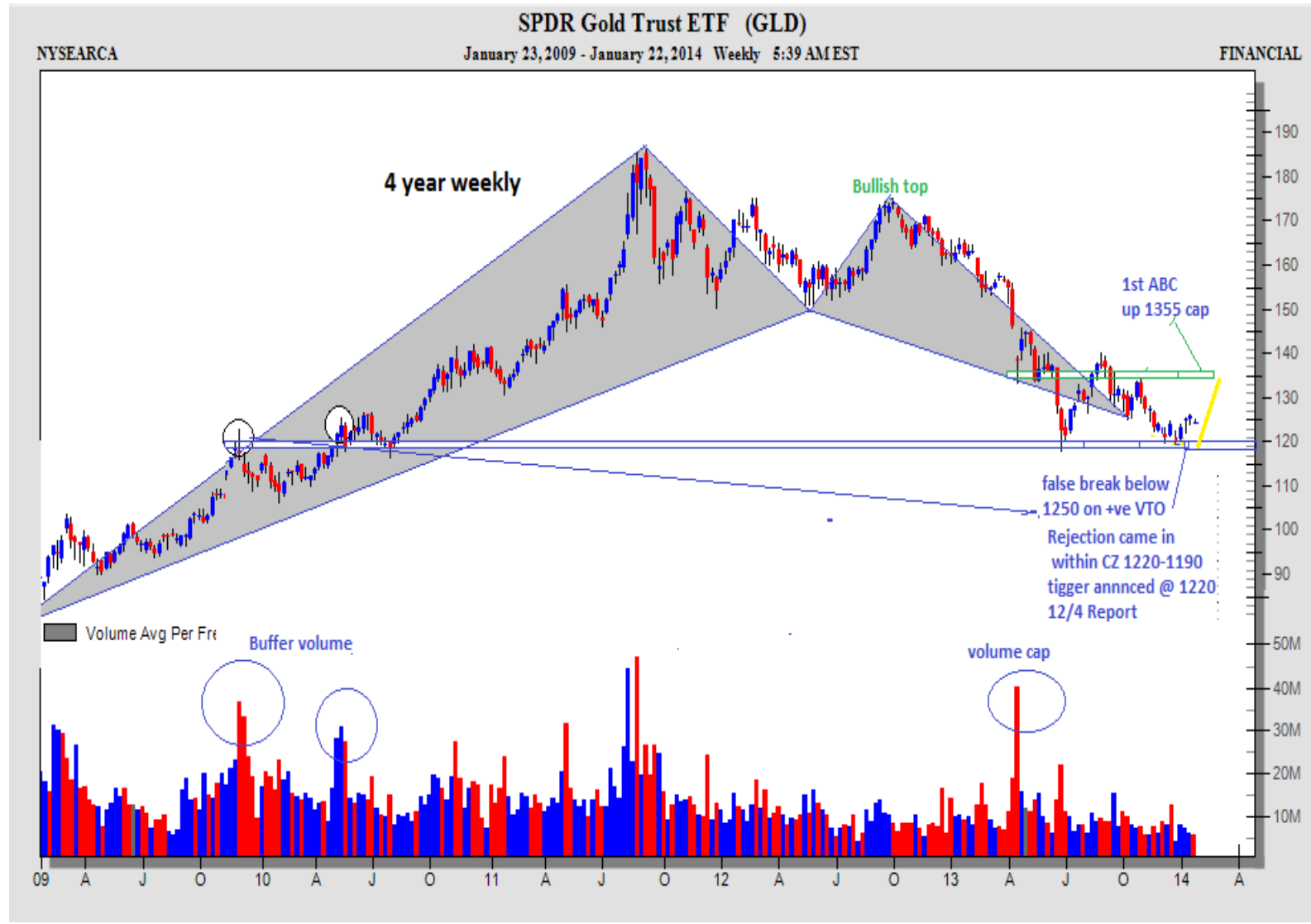
GOLD – Daily – PEC –D / CZ Analysis – Bullish-

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

Downside -   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.
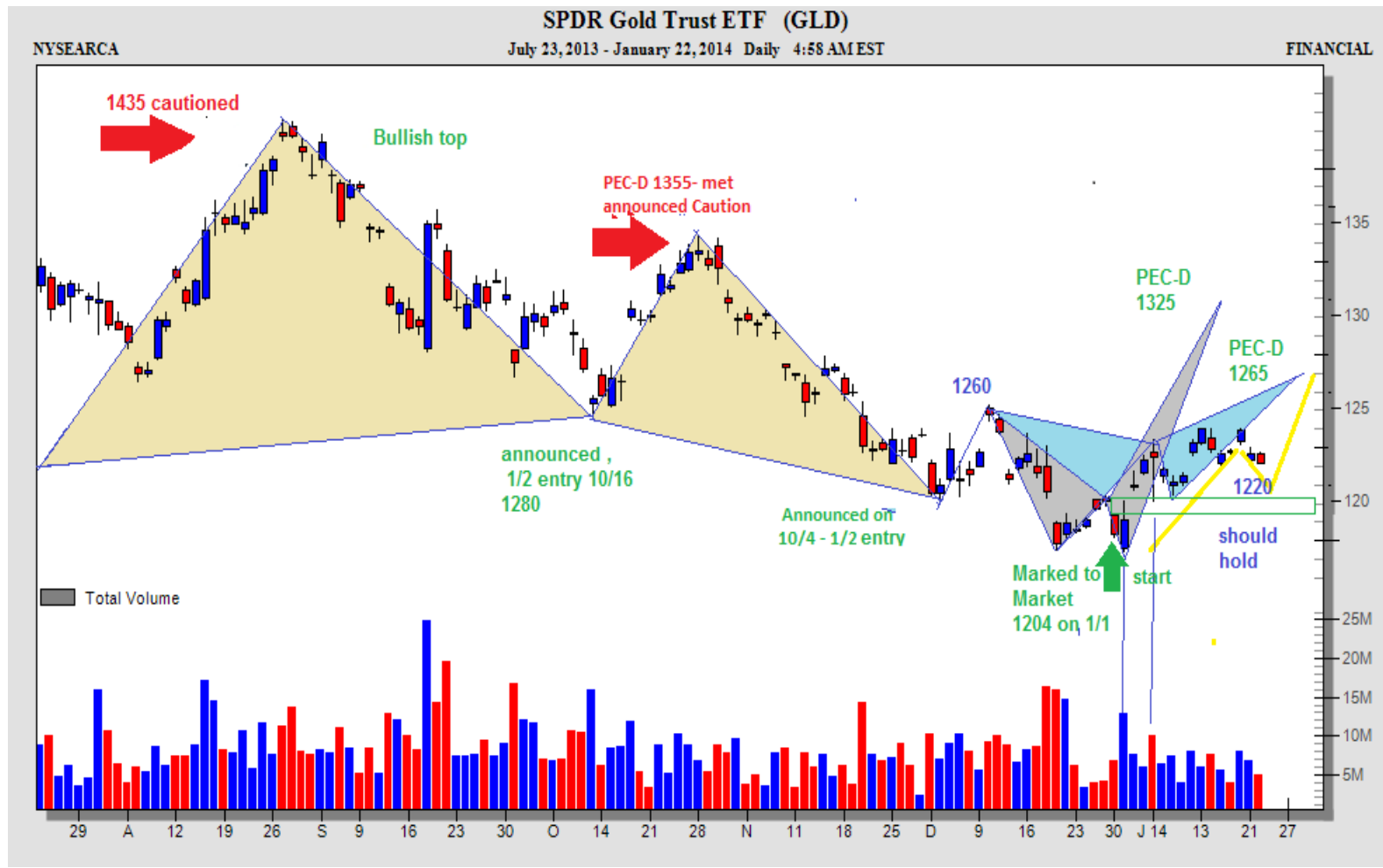
GOLD – Weekly – PEC –D / CZ Analysis –

Strong weekly solid floor within **CZ 1190-1220** *is proving its merit .*

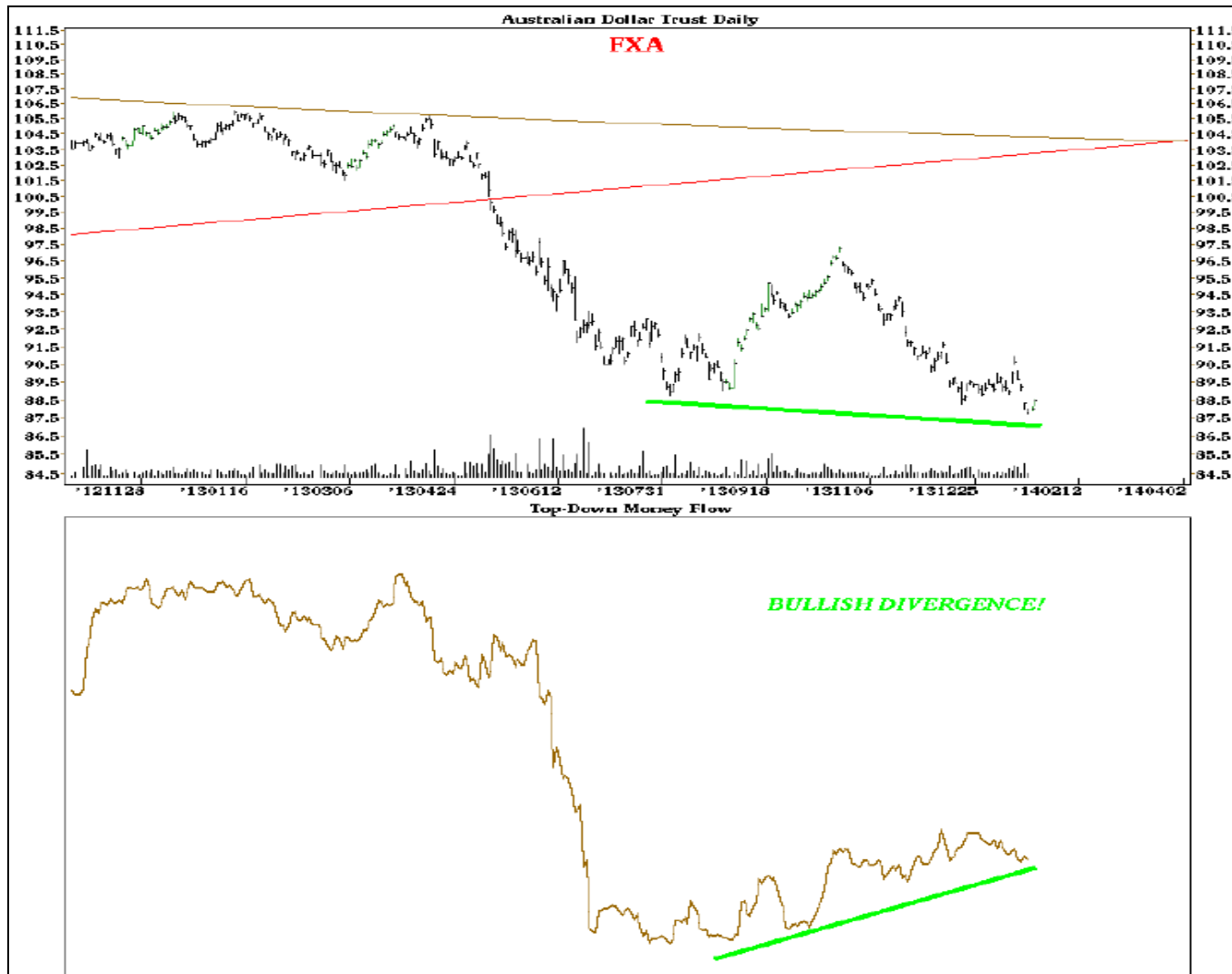# AUD/USD – CZ / PEC –D Analysis – Bullish

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

Upside - – Upside PEC-D – 91.5, (missed by 50 cents in first get go) . Projected Target Rally to CZ 96-97 . Mid term
Target.
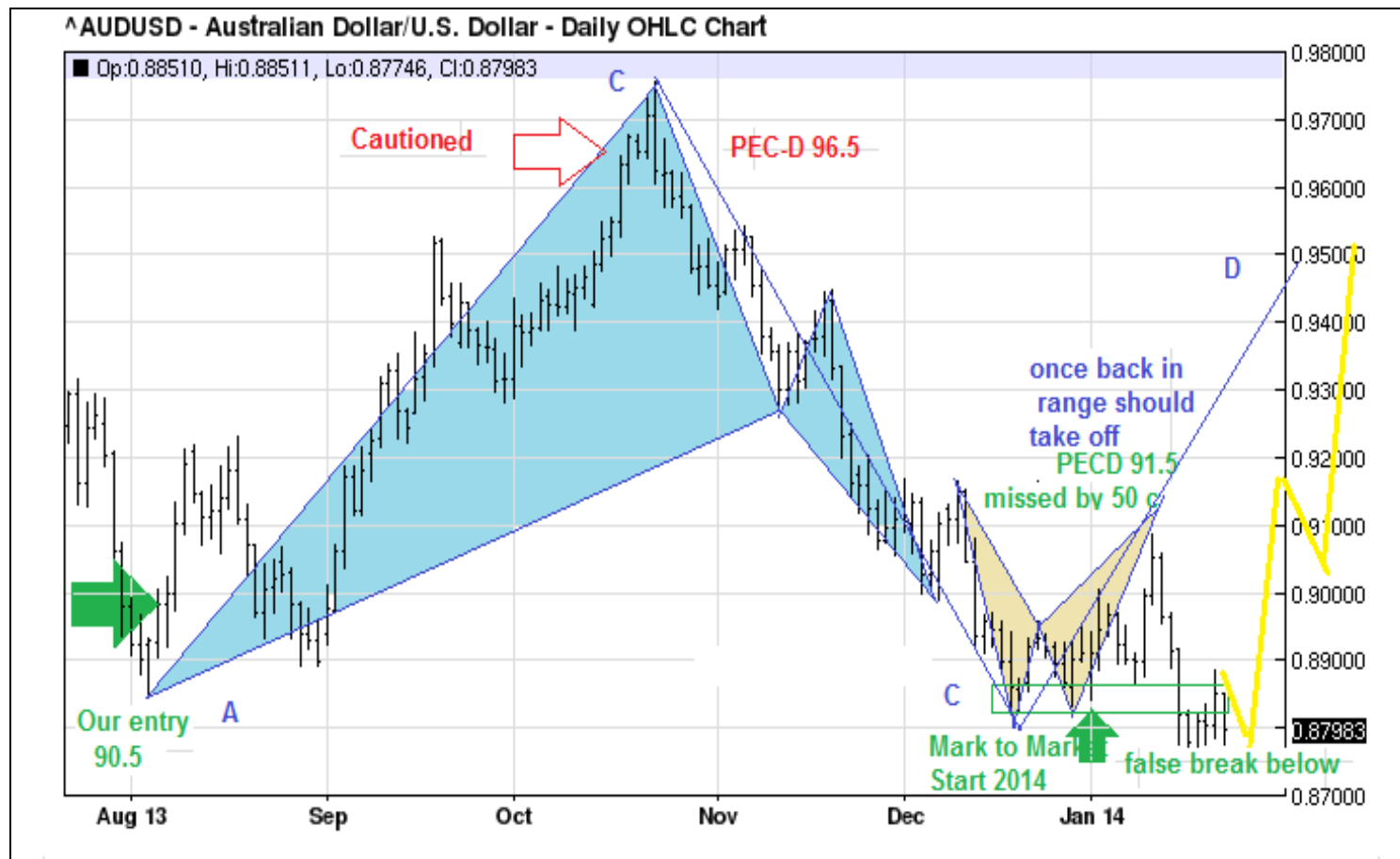
AUD/USD – Money flow Analysis

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 should hold 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.
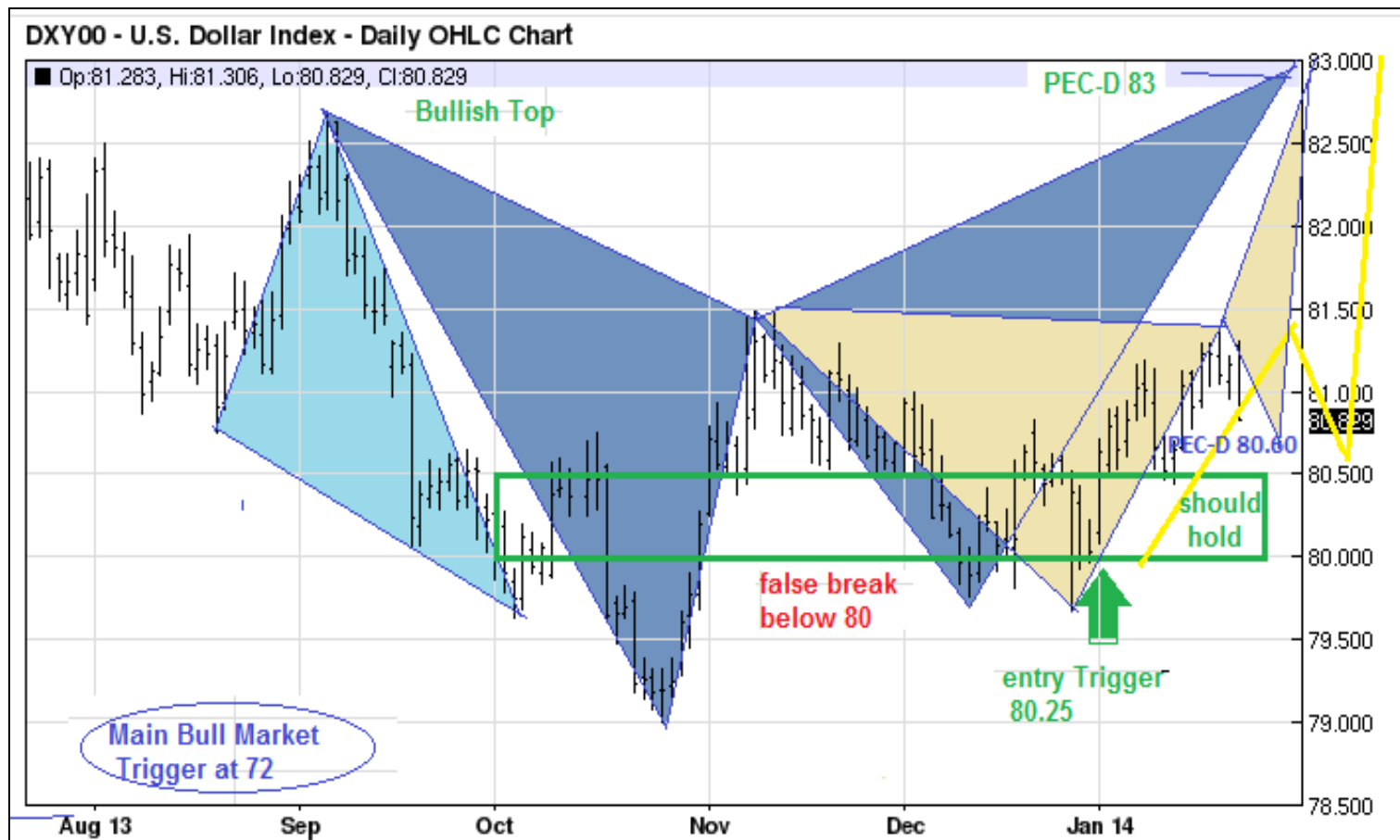
EURO / USD – CZ/ PEC Analysis – Bearish

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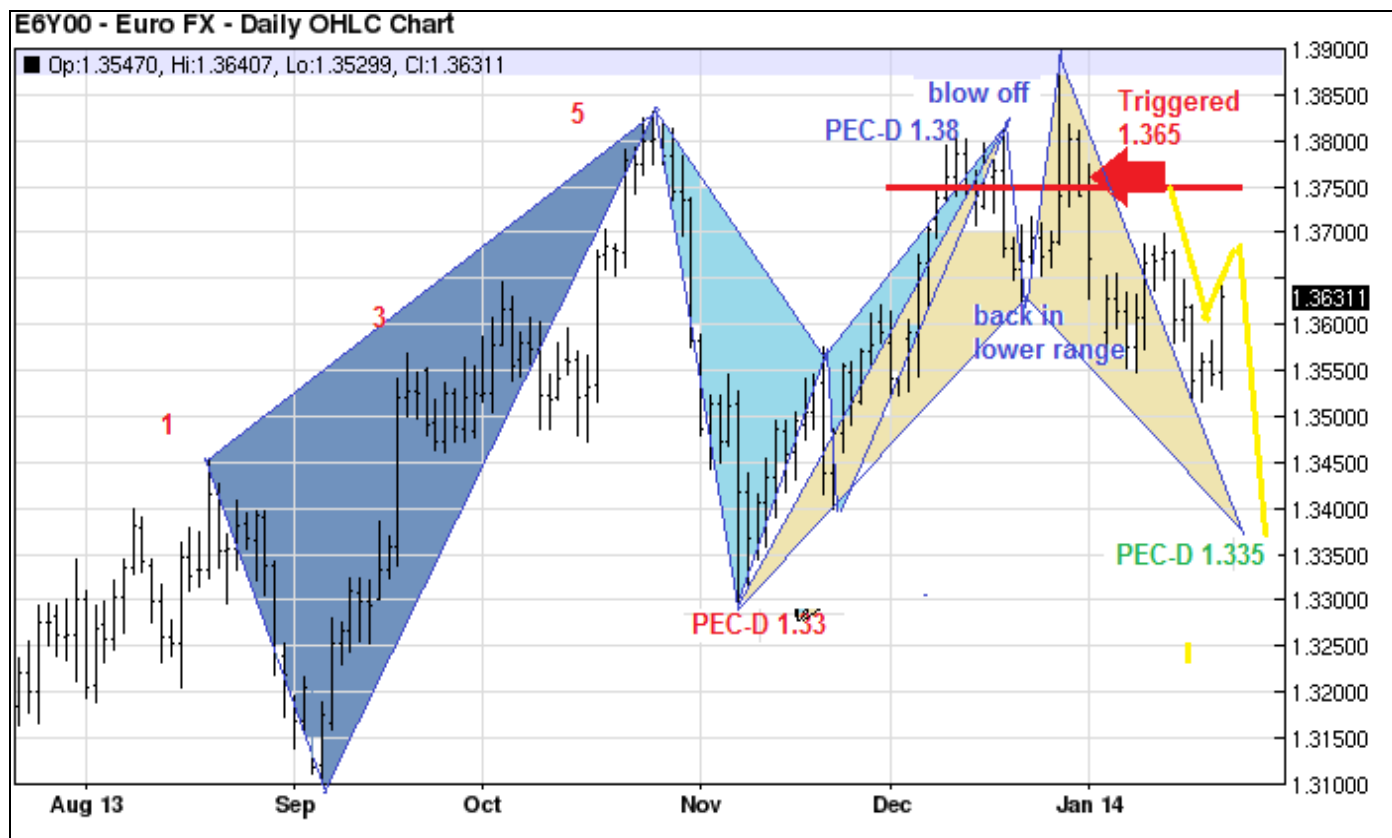
YEN / USD – PEC-D Analysis - Bullish – (Weakening Yen)

Upside - Target to 3rd ABC up – PEC-D 104- met with Bullish top) , decline in progress . The Final Target to 120
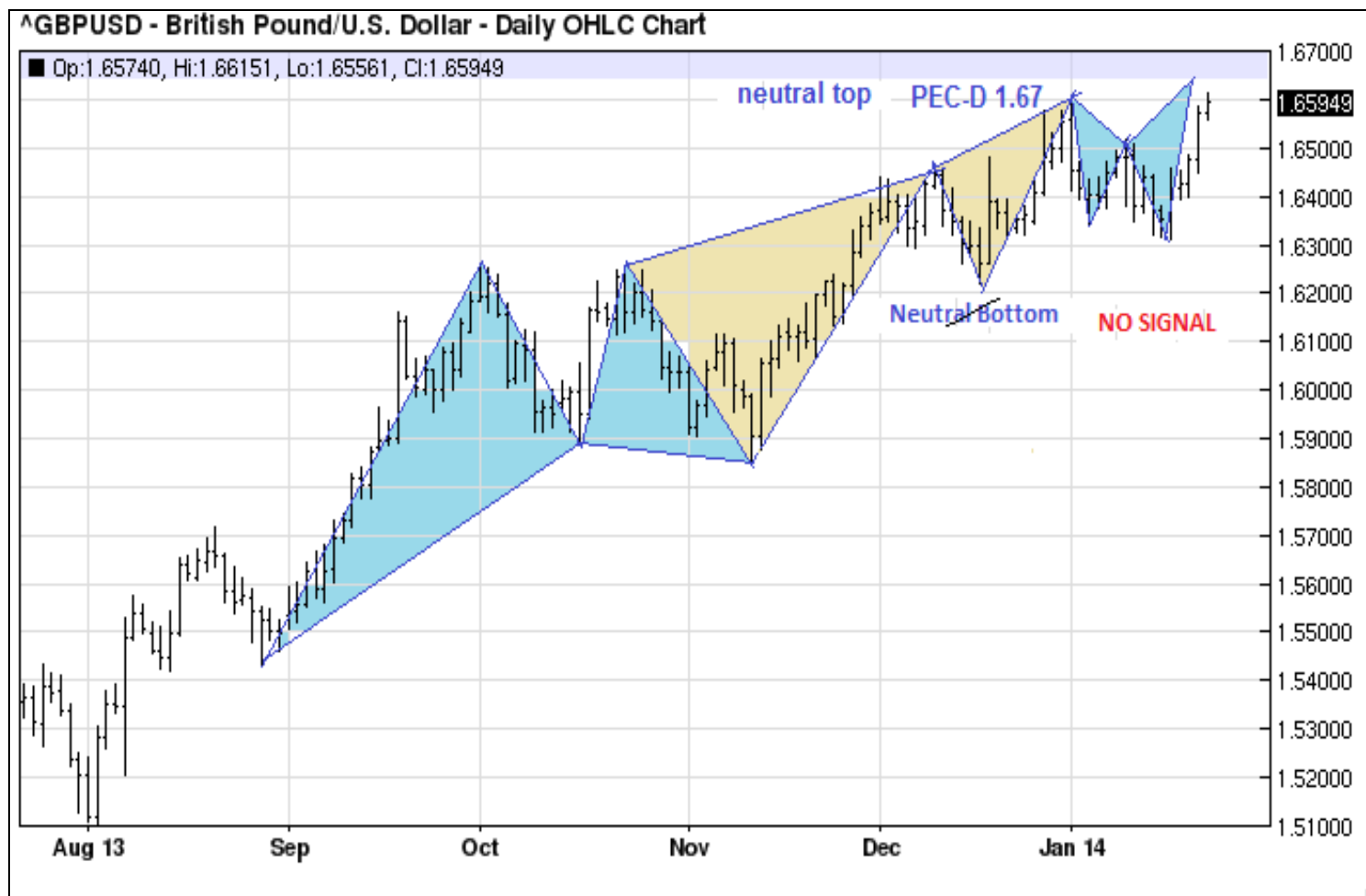
Pull back target - Short term pull back to PEC-D 101.5 and then rally back. Typical Bull Market retracement.
Main entry in YEN / USD @ 76 – Net long Trigger on core position .
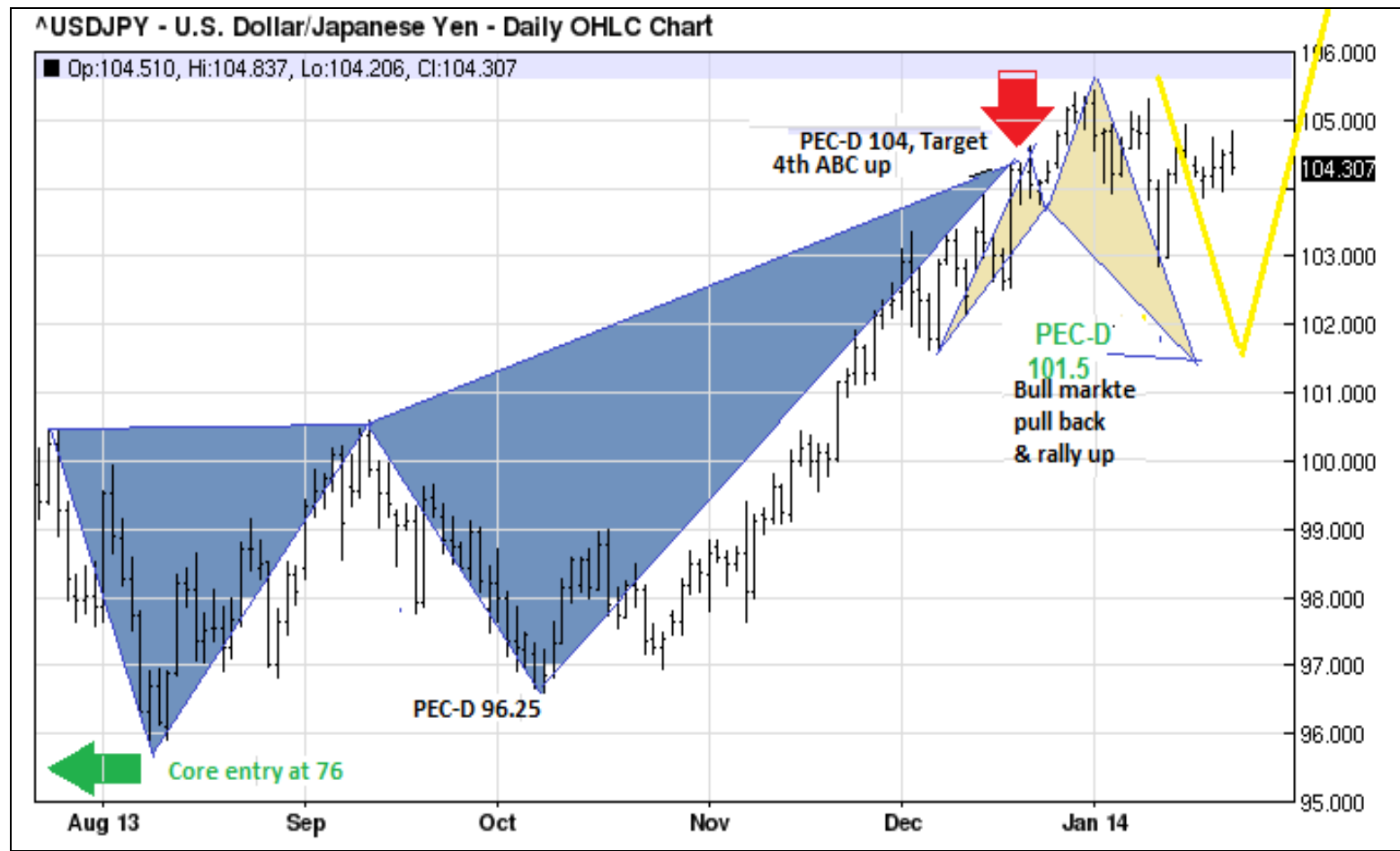
GBP / USD – PEC Analysis – NEUTRAL .

Upside target – 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 – <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