



SG Capital Research

Global Market Insights

## **Research Note – Currency Analysis (D)**

**MAEG CURRENCY ANALYSIS SG 2010 # Aug 24**

***For Immediate Release***

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## **Currency Analysis**

Analysis of Currency includes “PEC & POM” Overlays as it approaches D point and POM 12 / POM 14 Inflection points. This overlays gives a Confluence Price Zone. We have picked up charts that has some distinct characteristics and values as the pattern gets completed based on our assessment:

### **Currency List**

- USD
- EUR/USD
- JPY/USD
- AUD/USD
- GOLD

## **Currency – “ Signals & Projections”**

- ***On 12<sup>th</sup> Aug – Our Signals*** accurately pinpointed the highs in essentially all of the major foreign currencies as it approached ( ***POM 14 & D point*** ) and the corresponding low in the US dollar ( ***POM 12 & D point*** ) ***as both coincided*** . This trend looks likely to continue for at least several more weeks.
- Currently after such a large price moves , there do not seem to be any obvious low-risk entry points in the currencies at this moment.
- ***Now , we should get a reversed Retracement for Short Term. .***

## Currency Insights

### USD – Short term

DXY held 80 and rallied. Currently overbought and subject to minor pull back at least on top of broken trend line .

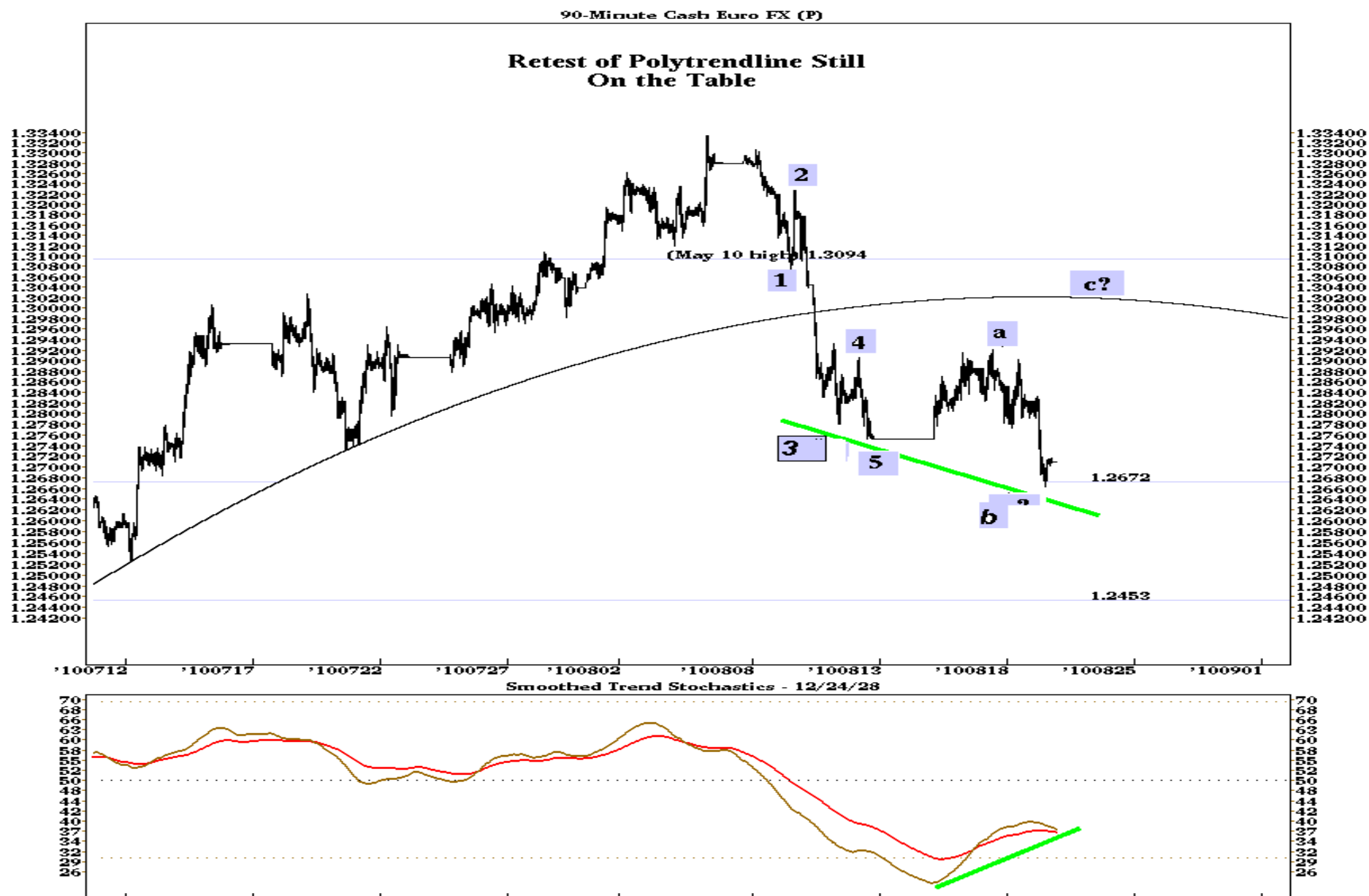


The USD achieved the .618 retracement of 88.80. = 80.00. @ POM 12/ D and rallied(See the notes marked within the Chart )



## EURO / USD – Short term

The euro is diverging short term diverging Bullishly and should rally to retest the broken support line ( doesn't have to fully but its on table. ....Longer term, the euro is topping and heading much lower.



## EURO / USD – Short term

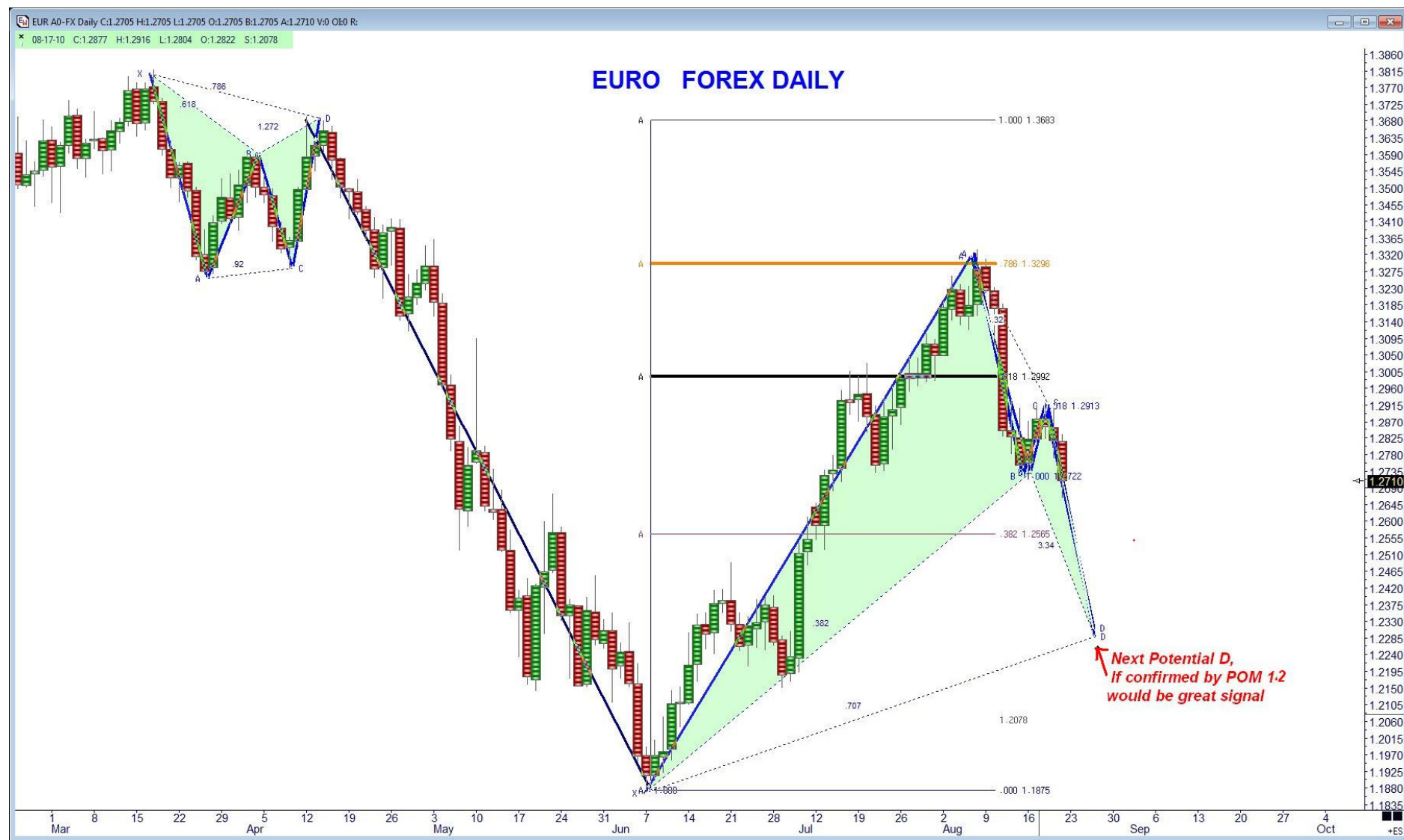
Chart below hitting resistance from broken support around 132.5 in early August and moving sharply lower the last two weeks. The indicator window shows the Commodity Channel Index (CCI) moving below its late June low and into negative territory. **Momentum is clearly bearish** and the Euro appears headed for a test of its June lows. (This would be quite negative for stocks).

**Currently – It has broken a trend line of June lows and might go to Retest the lower end of the trend line that will coincide with the Poly trend hump underneath ( See chart above)**



## EURO / USD – Intermediate term

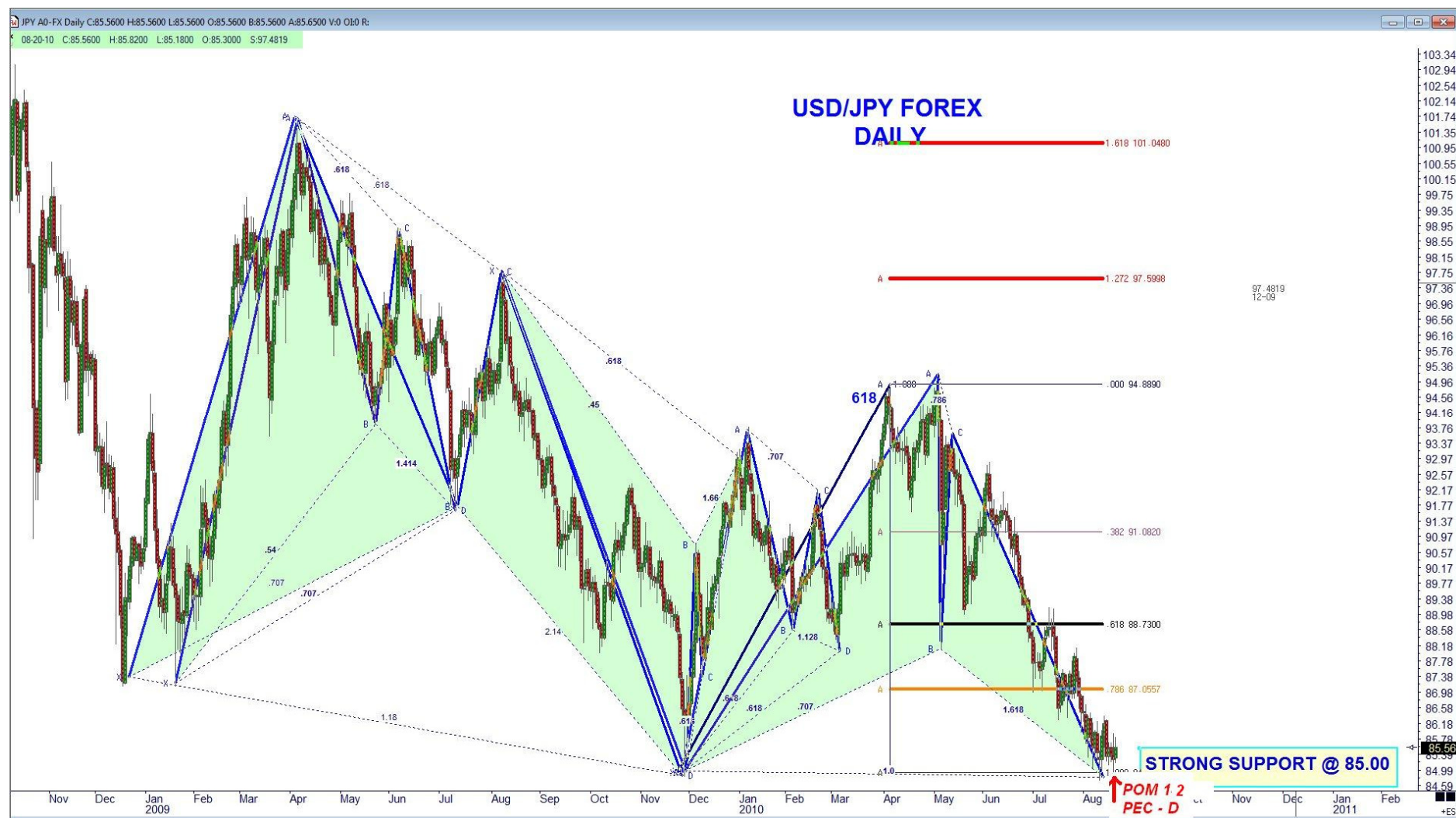
The EURO / USD achieved the .618 retracement of 138. = 133 @ POM 14 / D and sold off (See the notes marked within the Chart).





## JPY / USD – Intermediate term

The JPY/USD is forming a double bottom and a 3 drive to a bottom pattern, also. It must hold the 85.00 level @ POM 12/ D



## AUD ( \$ XAD) – Short term

**As foreign currency weaken ...** Another sign of global weakness . (except for the yen). The **Australian Dollar** has also peaked and fallen back below its 200-day line . That is positive sign for the U.S. Dollar (a safe haven currency), but the drop in the XAD and industrial commodities is another sign of global weakness.





### AUD/USD – Intermediate term

**The strongest of all major currencies is the AUD/USD just like CDN due to ties to commodity country and Real Estate concerns. It has formed a bearish on the weekly charts and the tops are lower only marginally.**

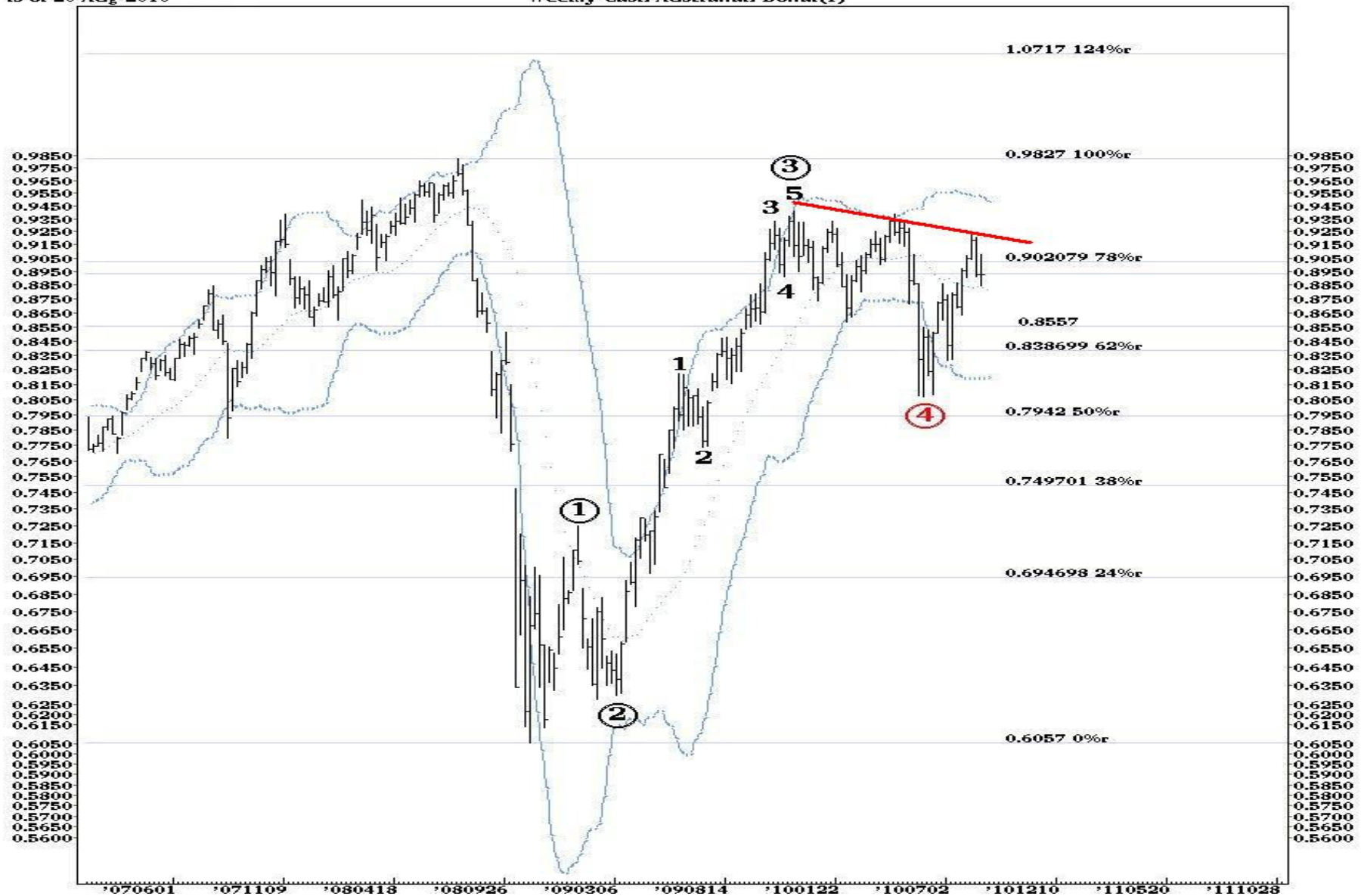


## AUD/USD – Intermediate term

Could certainly be another surge to the upside before it falls apart.

As of 20 Aug 2010

Weekly Cash Australian Dollar(P)



## GOLD – Short term

We had POM 14 @ 1260 in April for Price target of 1170 to POM 13 ( Although we have final price target of 1080 on POM 12)  
The bounce from 1170 has exceeded our Price target of 1210.

Currently at 1235, Last weeks Report we indicated the divergence with SLV & GDX. It is confirming the Re run POM 14 the way it approached 1225. Currently Gold is overbought and well above its trendlines, thus the risk is to the downside. However, overall the trend is still neutral and gold should initially be somewhat a flight to safety play when stocks hit the big slide to the downside. After it becomes clear that we're in another leg down, gold could decline



## GOLD – Short term

**PEC point D measurement**, Gold has rallied back to its 0.786 retracement and must now remain at 1235 level additionally its completing H, S Pattern( see below) at PEC D that sometimes is very unusual.



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