



## SG Capital Research

Global Market Insights

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

**MAEG- CURRENCY ANALYSIS- PEC- SG 2010 # SEPT 14**

**For Immediate Release – *Tuesday AM (EST)***

*By: Suneil R Pavse*

*Contact: apavse@aol.com*

---

### **Currency Analysis**

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

- Attached is Chart list & Charts (below)
- Selected Currency have up to (5) Analytic Charts as Titled below
  1. Weekly – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD
  2. Daily – 3 Year with 11D / 55D SMA with RSI, CCI, MACD
  3. POM Analysis
  4. PEC Analysis
  5. PPP Reversion & Standard Deviation Analysis – Long Term
- Highlighted Charts 3,4 (above) articulates special situation coverage for that specific CURRENCY highlighted in the list below

## Currency List

- JPY/USD
- AUD/USD
- CHF /USD
- DXY
- EUR/USD
- GBP/USD

## Currency – “ Signals & Projections”

- **On 12<sup>th</sup> Aug Currency Report** – *Our Signals* pinpointed the highs in essentially all of the **major foreign currencies** as it approached ( **POM 14 & D point of ABCD projections** ) and the corresponding low in the **US dollar** ( **POM 12 & D point of ABCD projections** ) as both coincided . Below are the Signals of each and **now JPY, AUD,CHF are almost at Inflection point.**
  - DXY - **POM 12 / PEC D @ 80** .....then it rose to 83, now is in the middle of the retracement move
  - EUR/USD – **POM 14 / PEC D @ 133** ....then it declined to @ 127, now is in the middle of the retracement move
  - JPY/USD - **POM 14 / PEC D @ 85** .....Failed but **(New Inflection point soon)**
  - GBP/USD - **POM 14 / PEC D @ 159** ....then it declined to 154, now is in the middle of the retracement move
  - AUD/USD - **POM 14 / PEC D @ 92** .....then it declined to 88, now is in the middle of the retracement move  
**(New Inflection point soon)**
  - CHF / USD - **( Inflection point soon)**
- *Currently after such a large price moves from D point, in the direction of the predicted move , there do not seem to be any obvious low-risk entry points in the currencies at this moment as they are going through the smaller and larger retracements.*

## Currency Insights -

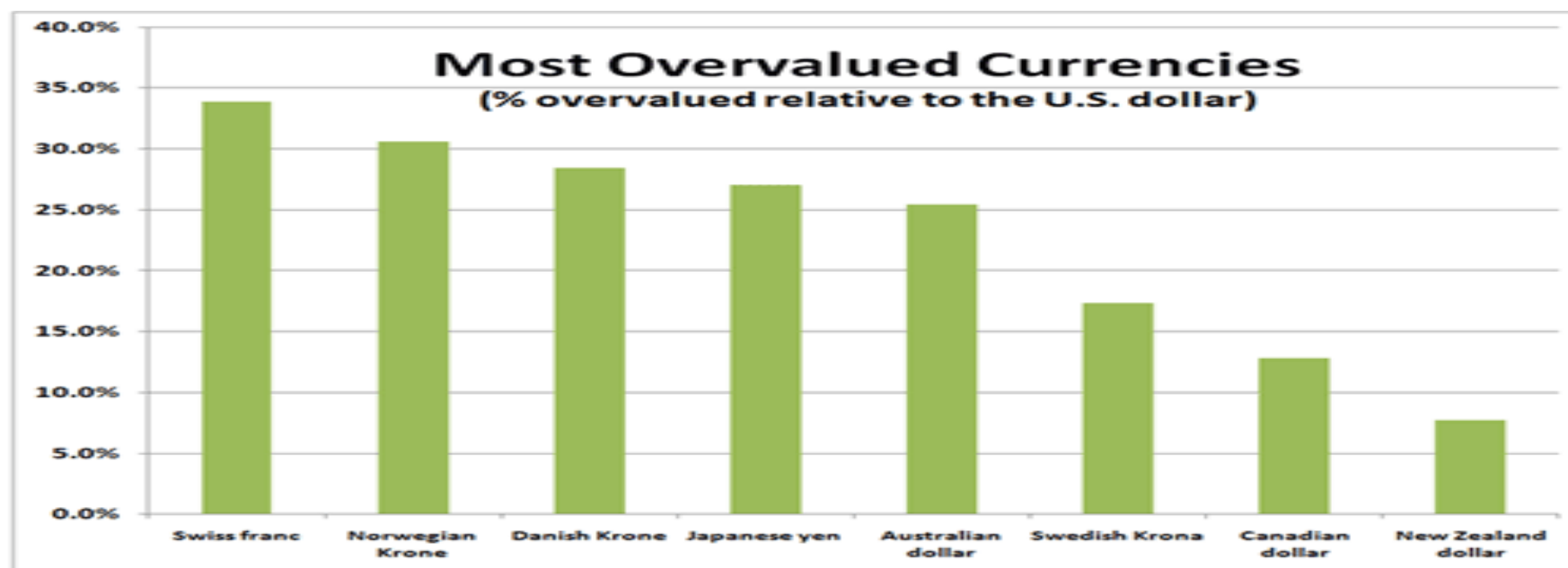
### From OECD : Fair Value for the Franc and the Yen

*“For our guide, let’s take a look at the market’s estimate of the current “fair value” of currencies. We’ll use an economic theory known as purchasing price parity (PPP), which adjusts the exchange rate so that an identical product in two different countries has the same price when expressed in the same currency.*

*In the chart below, you can see some of the most overvalued currencies according to the Organization for Economic Co-Operation and Development’s (OECD). The axis on the left shows how overvalued these currencies are based on PPP.*

*According to this measure, the Swiss franc is the most overvalued currency in the world, relative to the U.S. dollar. Also sitting well in overvalued territory is the Japanese yen. Given the likelihood of another round of crisis in the euro zone, the Swiss aren’t likely to see the tide of the Swiss franc change against the euro. But, if risks continue to elevate, the Swiss franc should weaken against the dollar, as it did during the first half of 2010. .*

*As for the yen, it appears that nothing short of actual intervention will change the tide of the yen, to release the pressure valve on its exporters. ....OECD*

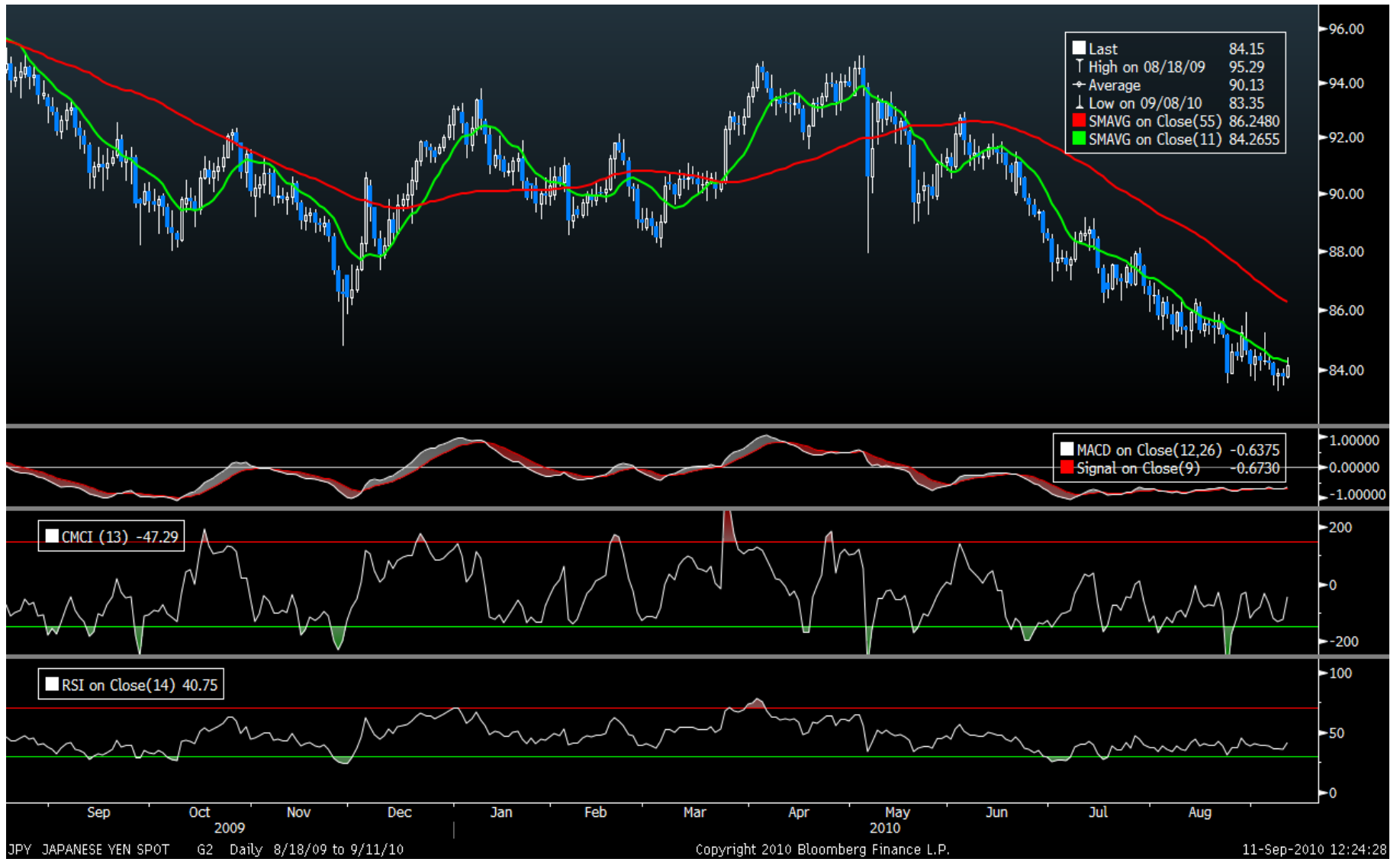


Source: Bloomberg

# 1- JPY / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD ( 11 W / 40 W SMA)



## 2- JPY / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



## 2 - JPY / USD – POM Analysis

\$ XJY / YEN trying to test the old highs, now its so near to it BUT Internal momentum has decreased as its both double topping with lower relative strength. ( especially the strength of last 3 yrs, see the green line below) . chart below that demonstrates it

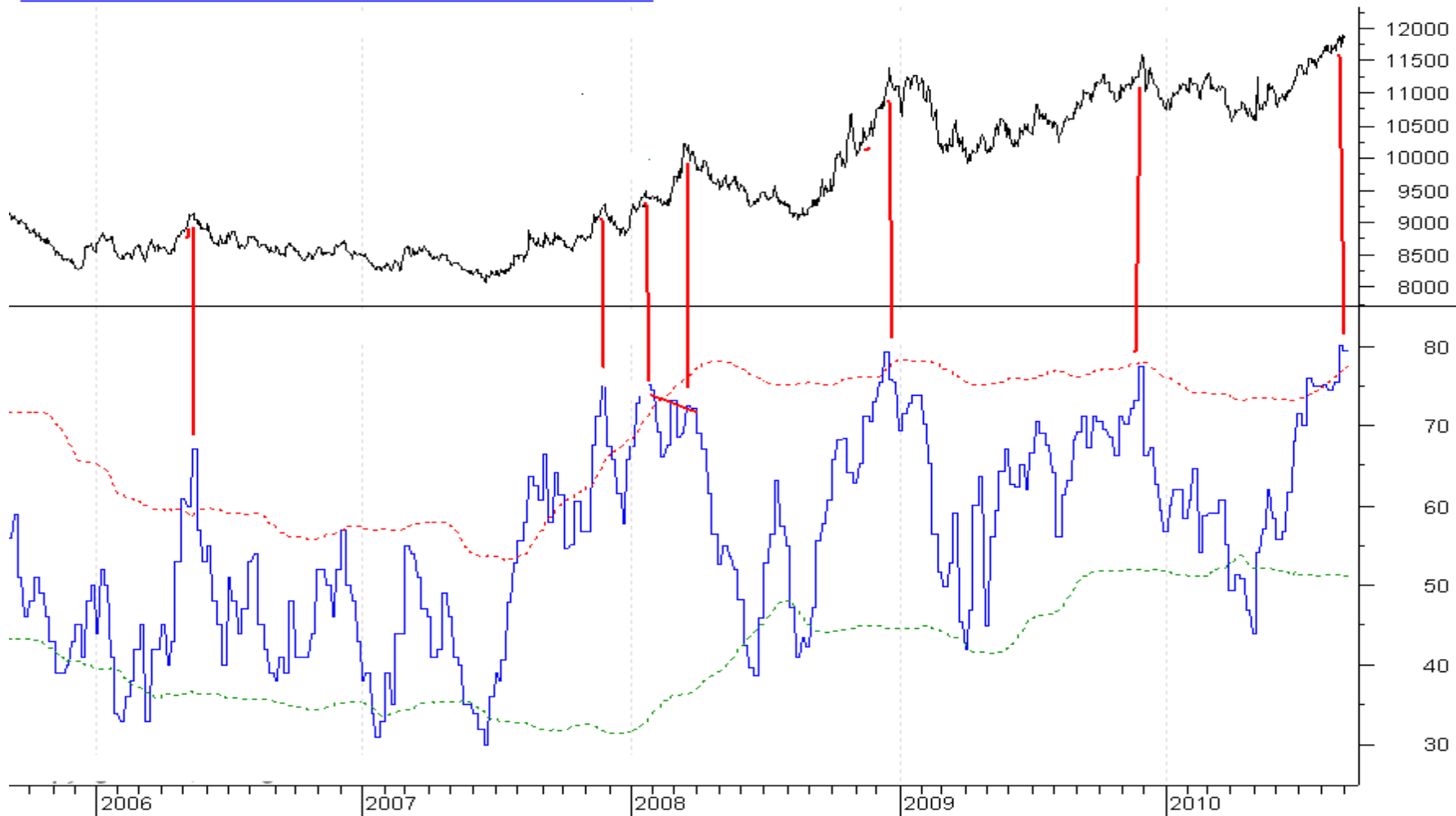


## 2 - JPY / USD – POM Analysis - Short term

Sentiments getting very bullish at levels in past has caused time out . We are watching very carefully.

### PUBLIC OPINION – JAPANESE YEN

September 7, 2010



## 2 - JPY / USD – POM Analysis - Short term

\$ XJY / FXY In 09 tested the 08 highs on lighter volume as indicated and then retraced back to 105 , then put in the lows at 105 with high volume and signaled this lows will be tested at some point. Then it rallied back to current with equal volume but now has entered the red area of confluence for test of 119 – 120 area, we think this test is failing





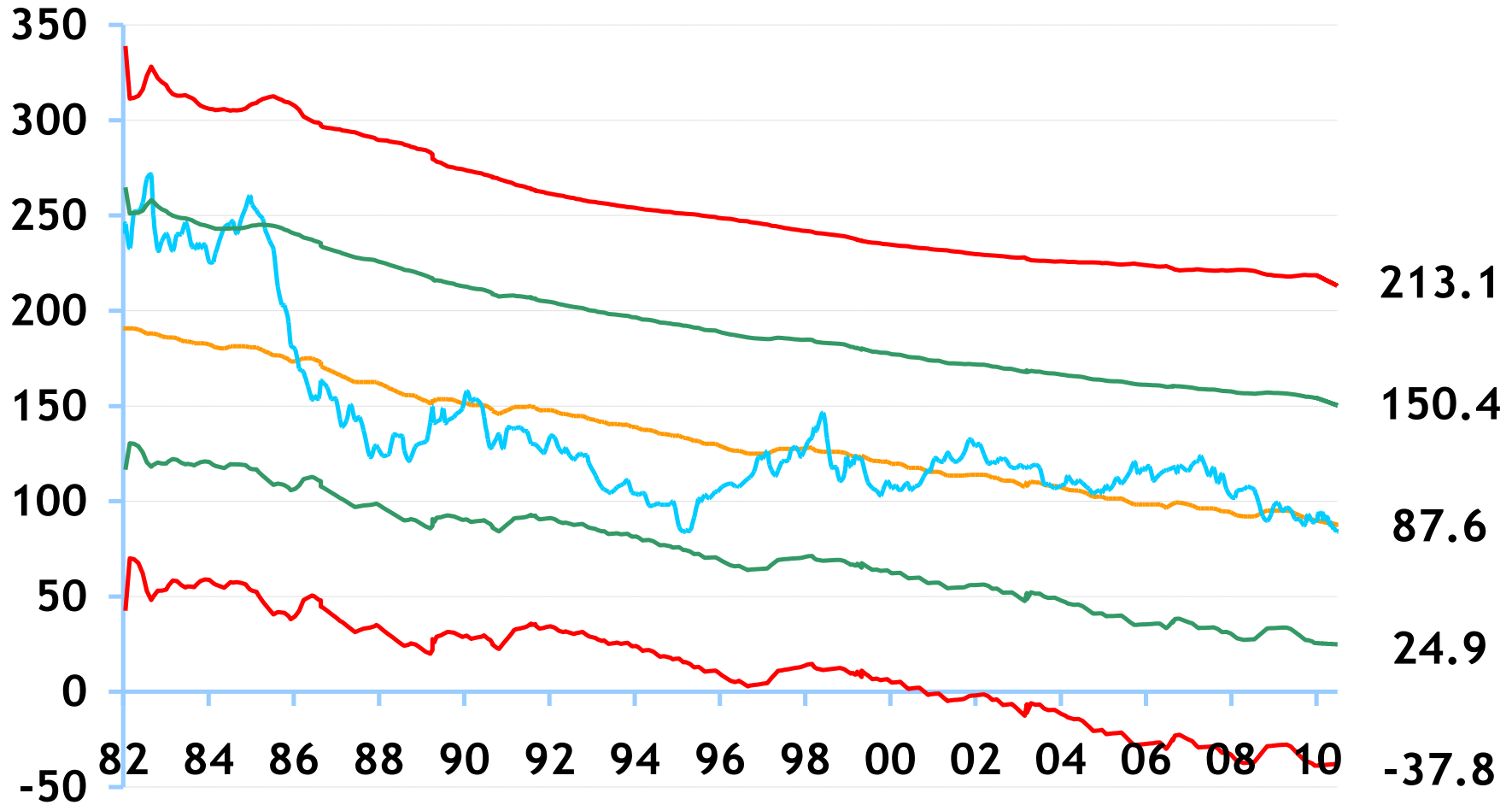
### 3 - JPY / USD – PEC Analysis - Intermediate term

Those area above coincided with YEN v/s USD , a 3-drive pattern has formed on the weekly chart (near the 81 level). This is definitely worth monitoring as it shows a high degree of symmetry, not to mention that nearly everyone is on one side of this market (long Yen and short USD). ( See the sentiment chart above) .



# 4 - JPY / USD – PPP Reversion & Standard Deviation Analysis – Long Term

USDJPY



# 1- AUD / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD

**( 11 W / 40 W SMA )**



# AUD / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



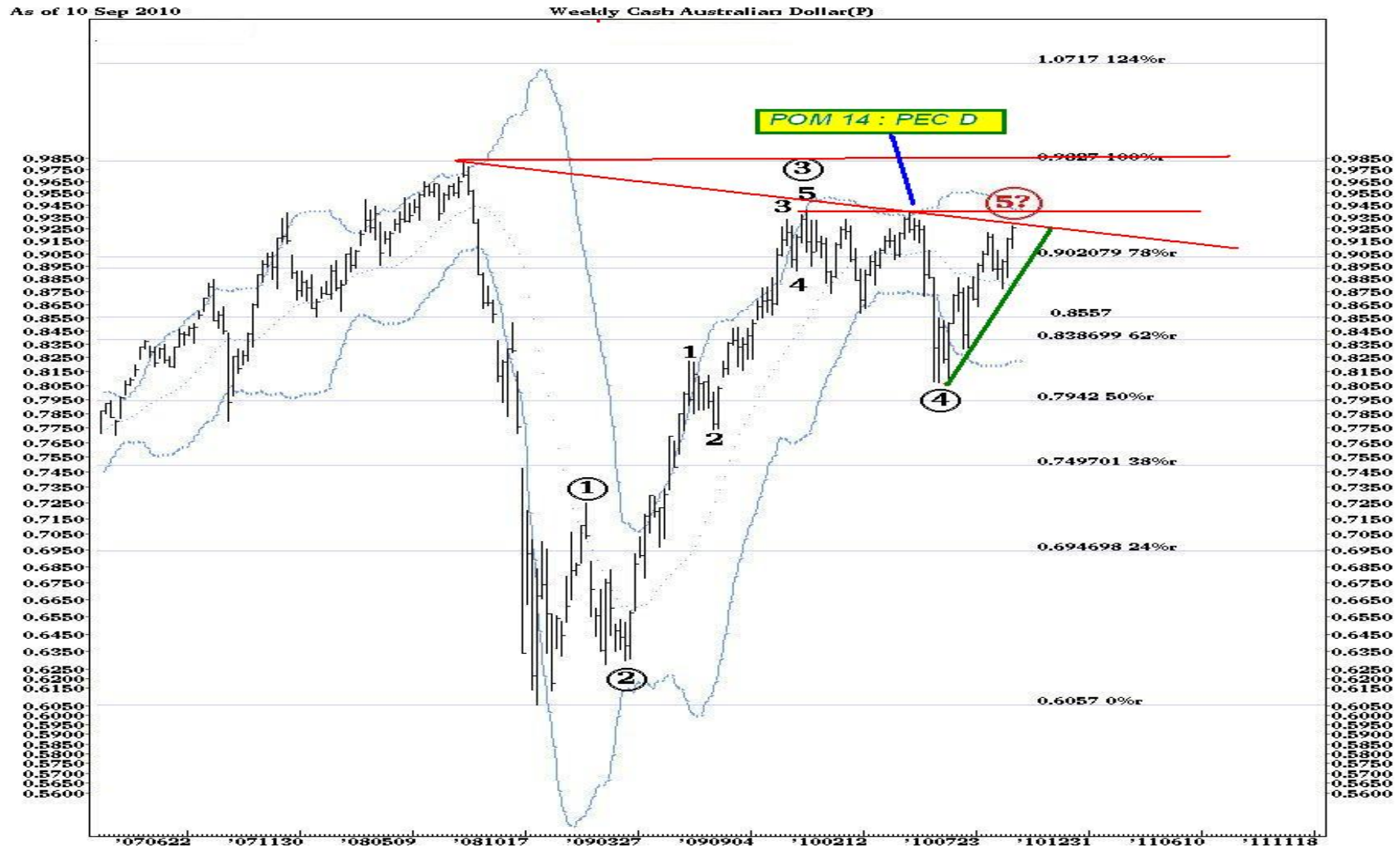
## 2 - AUD / USD – POM Analysis - Short term

\$ XAD / FXA - In 09 & twice in 010 tested the 08 highs, each time on diminishing volume as indicated and then in 010 retraced back to 80 , it put in the lows at 80 with high volume and signaled this lows will be tested at some point. Then it rallied back to current with lower volume. Now its entered the red area of confluence for test of 93 -94 area



## 2 - AUD / USD – POM Analysis - Short term

The AUD is heading for its fifth and final wave up, which appears to be a diagonal triangle. This pattern is very weak and confirms the likelihood of a larger decline once this fifth wave up is complete.





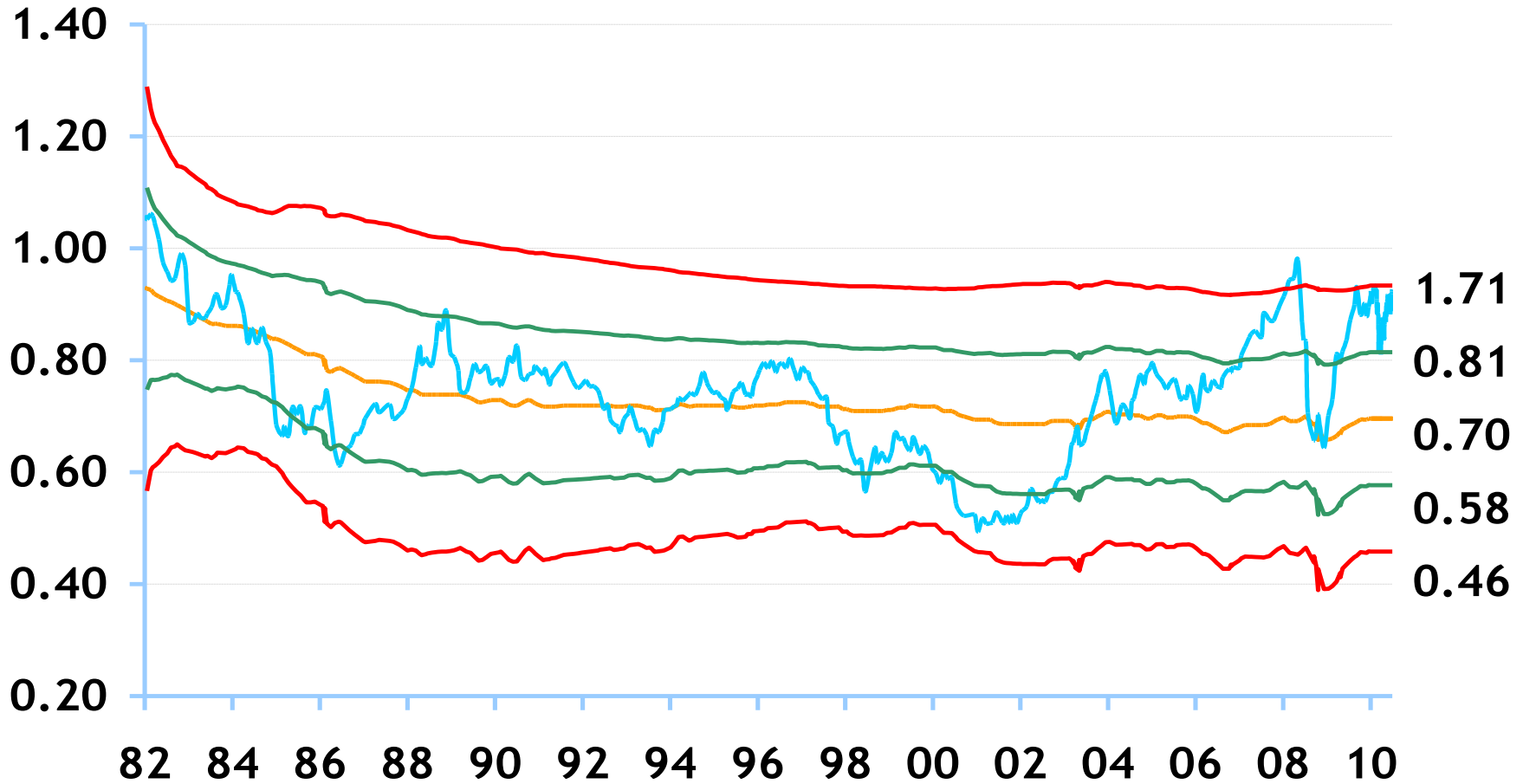
### 3 - AUD / USD – PEC Analysis - Intermediate term

- **POM 14 / PEC D @ 92** .....then it declined to 88, Quick . Now is in the middle of the retracement move, This needs attention the pattern is weak. The D point projection is outside previous D point of 92
- 



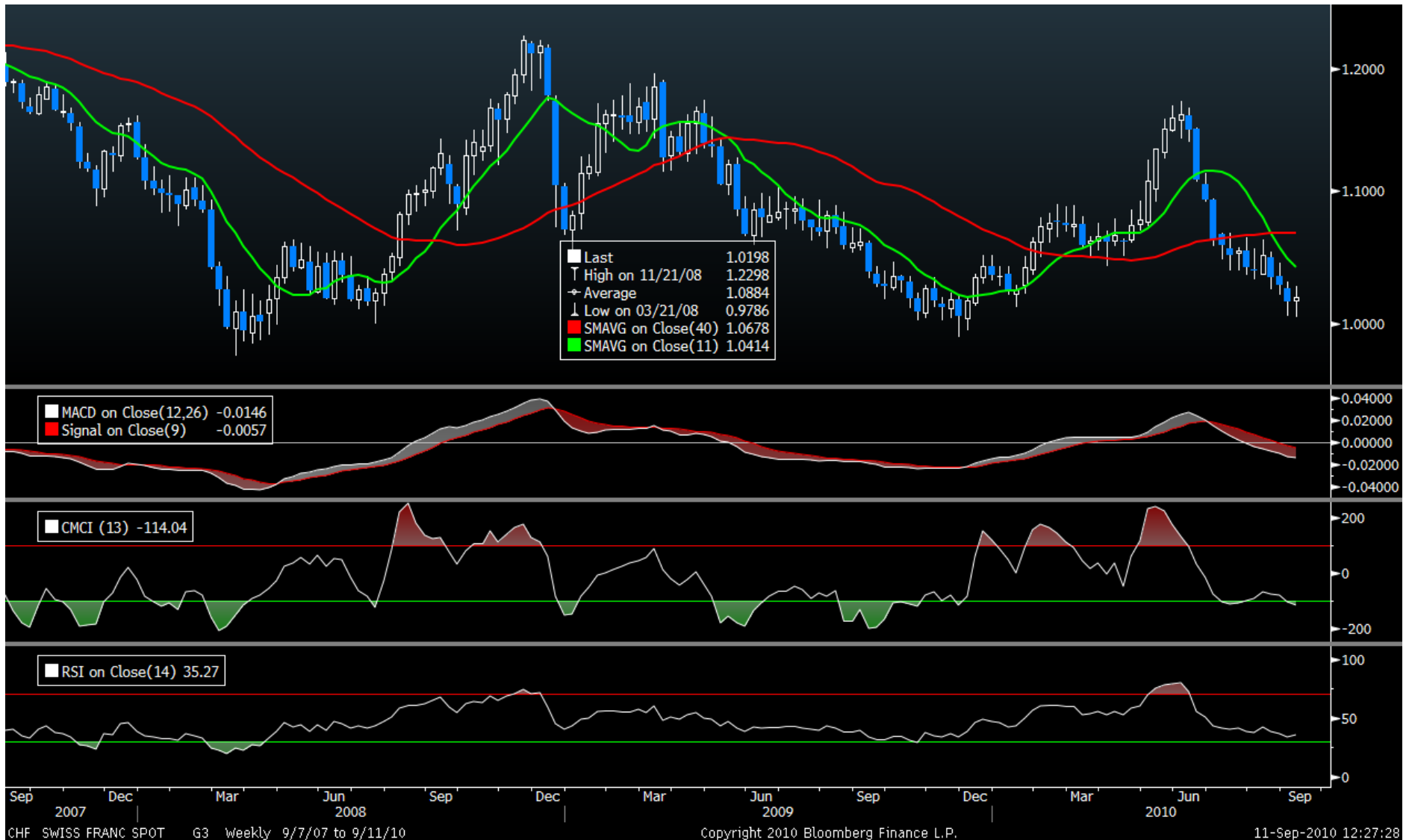
# 4 - AUD / USD – PPP Reversion & Standard Deviation Analysis – Long Term

AUDUSD





# 1- CHF / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD ( 11 W / 40 W SMA)



## 2- CHF / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



## 2 - CHF / USD – POM Analysis - Short term

\$ XSF / FXF In 09 tested the 08 highs, each time on diminishing volume as indicated and then in 010 retraced back to 85 , it put in the lows at 85 with high volume and signaled this lows will be tested at some point. Then it rallied back to current with lower volume. Now its entering the red area of confluence for test of 99 -101 area

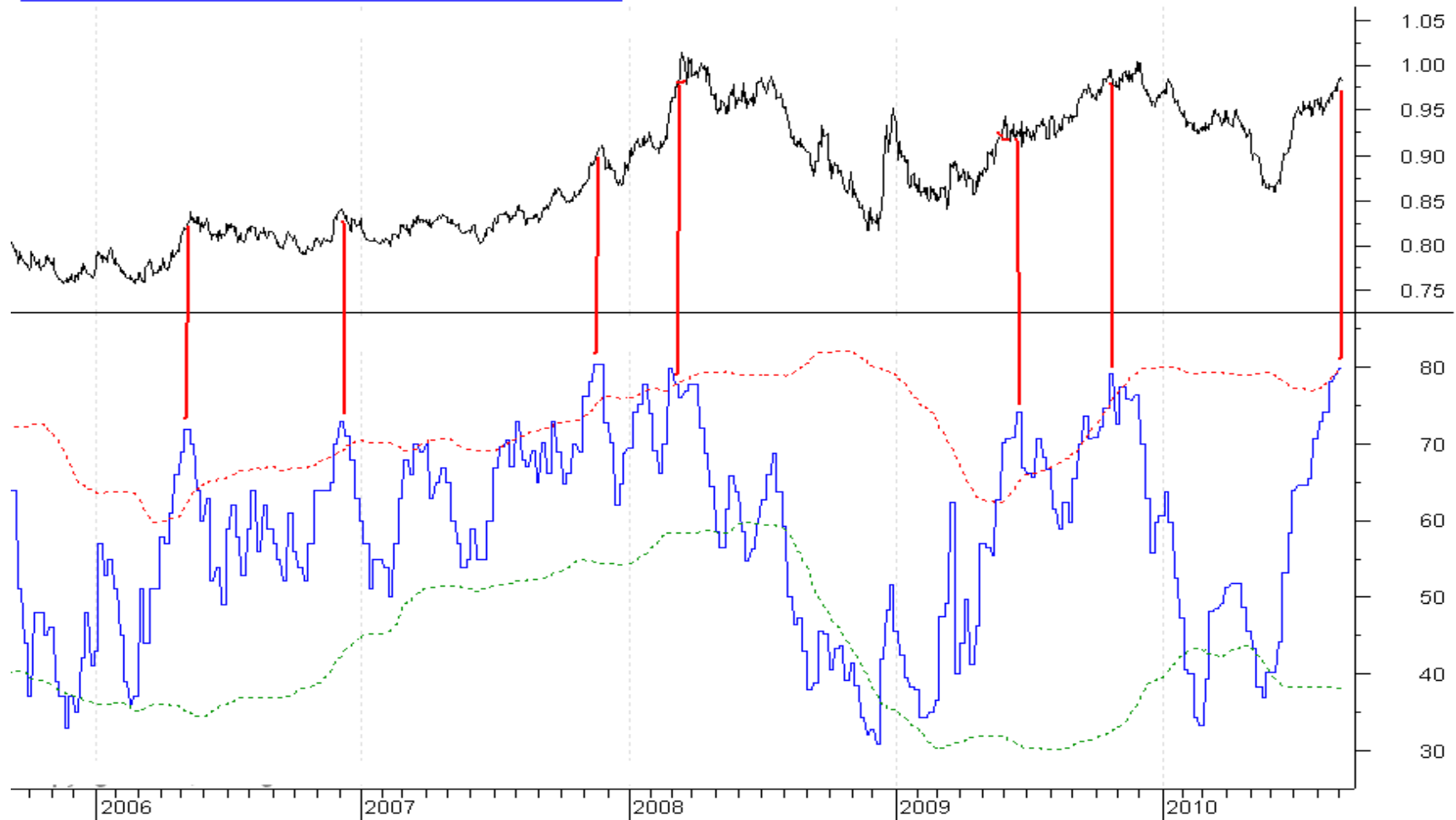


## 2 - CHF / USD – POM Analysis - Short term

Sentiments getting very bullish at levels in past has caused time out . We are watching very carefully.

### PUBLIC OPINION – SWISS FRANC

September 7, 2010

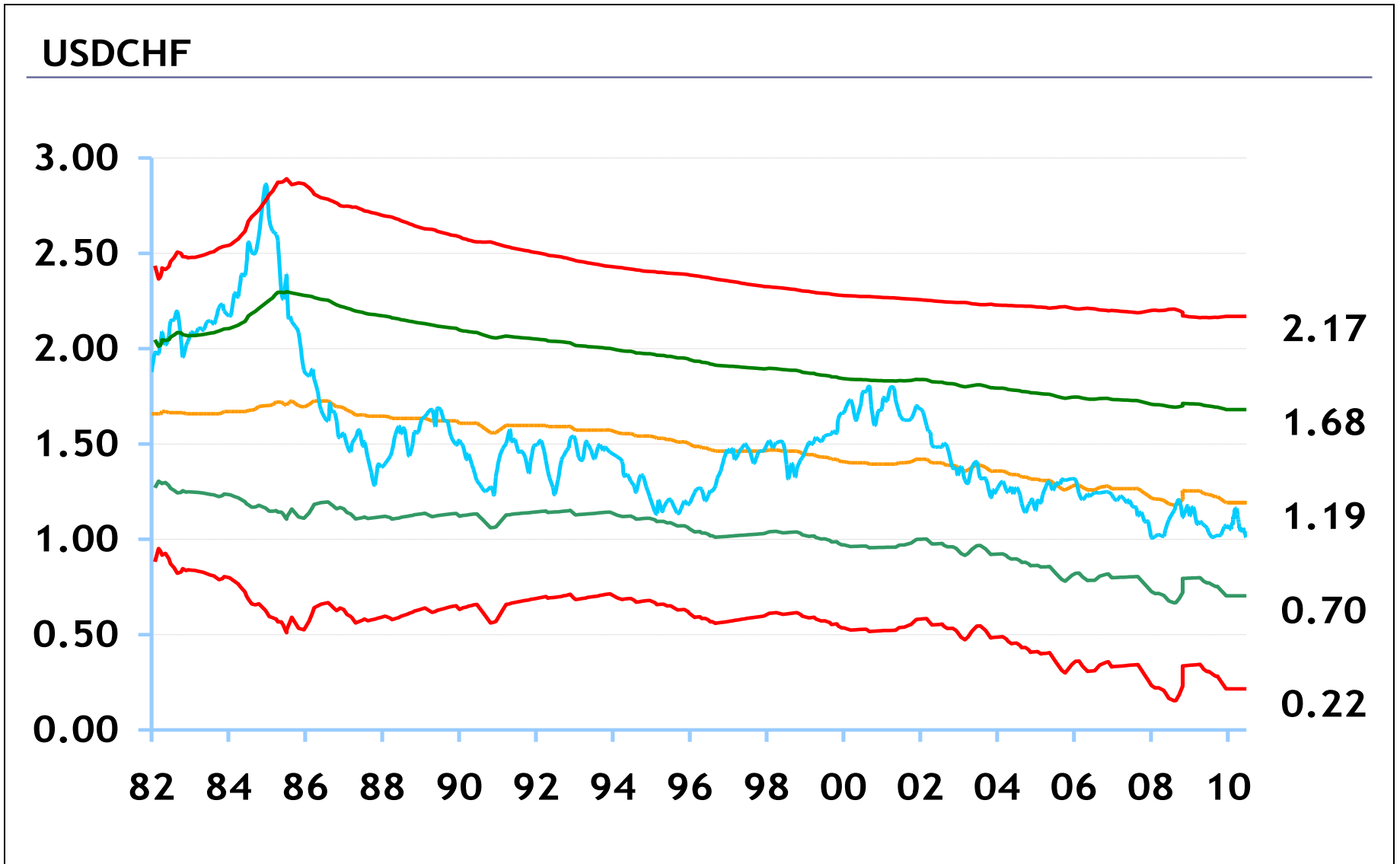


### 3 - CHF / USD – PEC Analysis - Intermediate term

The 0.618 is at 1.01, there is a support here on PEC Projections and very well could be D point if confirmed by other methods then risk reward could be favorable soon.

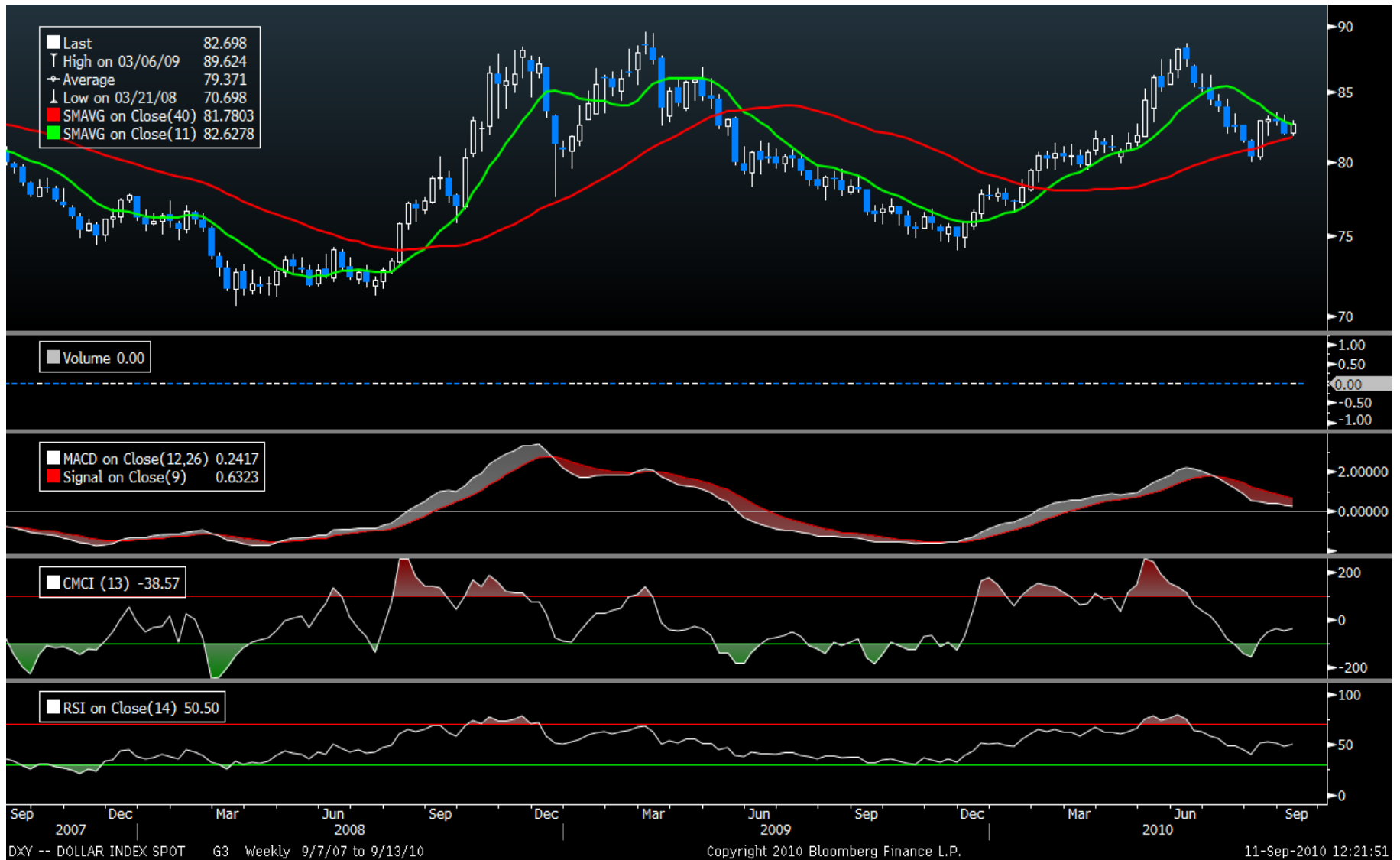


# 4 - CHF / USD – PPP Reversion & Standard Deviation Analysis – Long Term



# DXY - Weekly & Daily - 3 Year with RSI, CCI, MACD

**(11 W / 40 W SMA)**



# 1- DXY - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)





### 3 - DXY – PEC Analysis - Intermediate term

POM 12 / PEC D@ 80 .....then it rose to 83, now is in the middle of the retracement move



## 2 - USD - POM Analysis - Short term



# 1- EURO / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD ( 11 W / 40 W SMA)

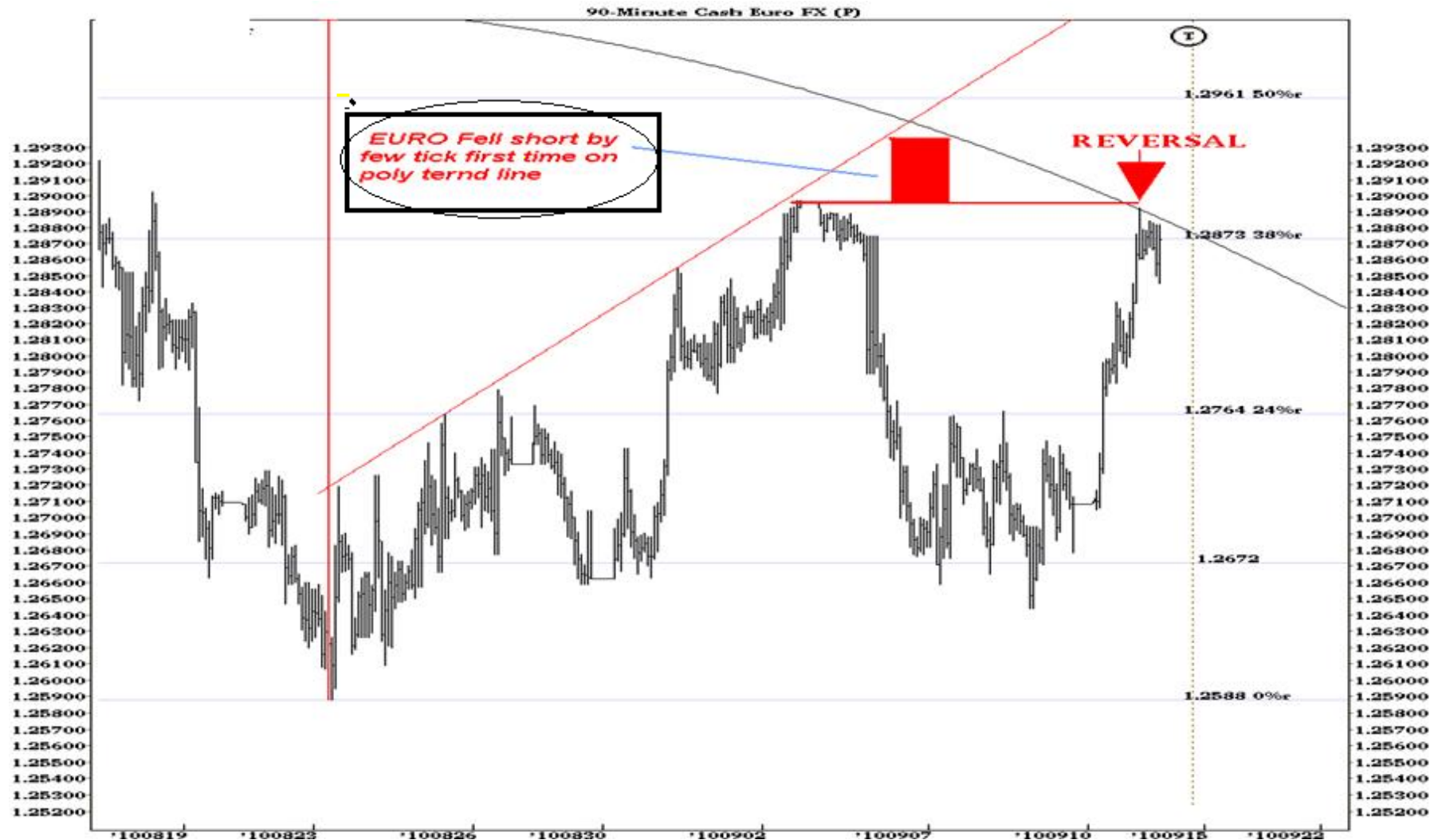


## 2- EURO / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



## 2 - EURO / USD – POM Analysis

**POM 14 / PEC D @ 133** ....then it declined to @ 127, found support near the 50% retracement but remains . Then rallied back small ABC to 1.29 underneath the poly trend line , very soon euro should resume its downward trend. As you can see, the euro is still fighting its way upstream.



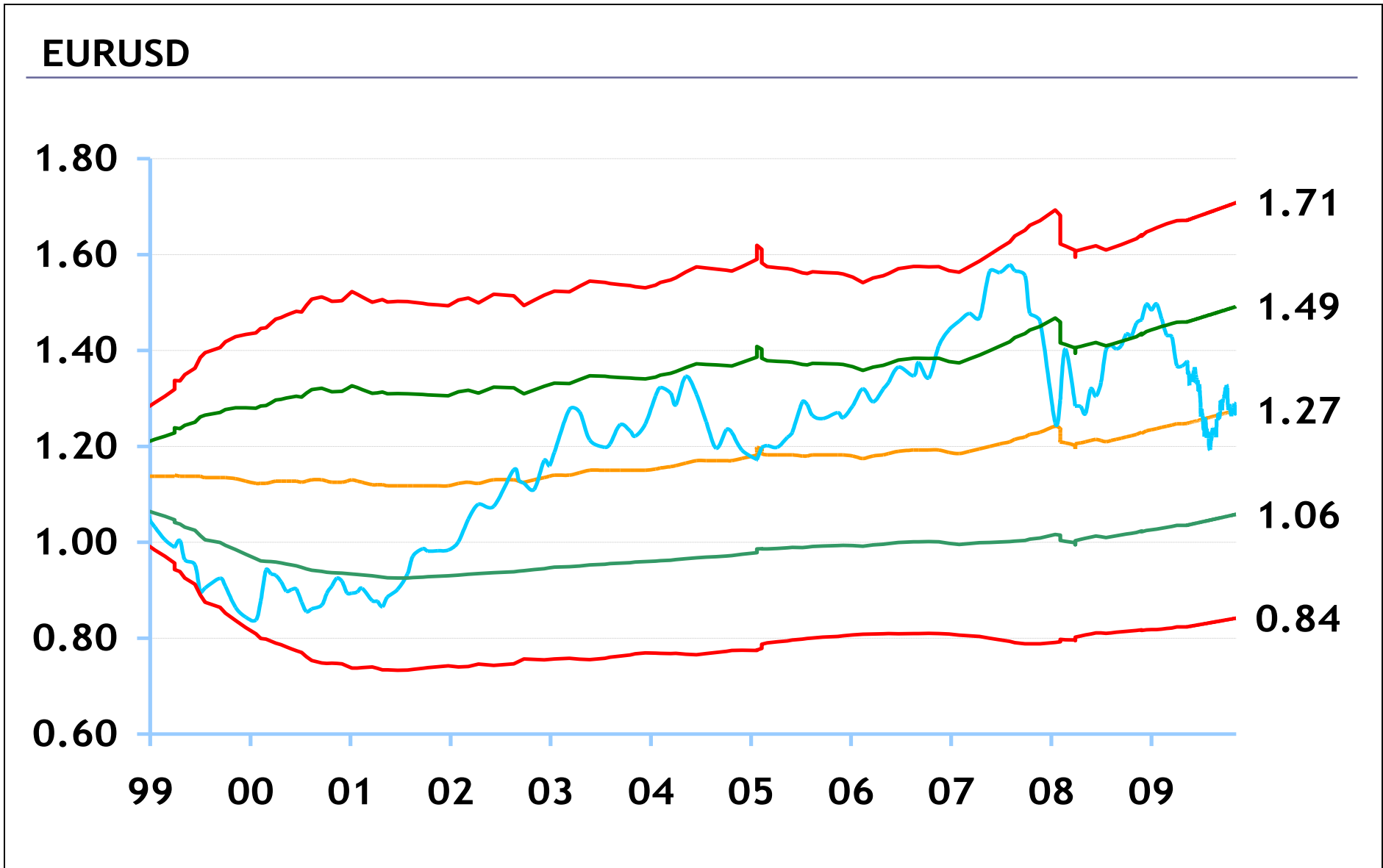


### 3 - EURO / USD – PEC Analysis - Intermediate term

**POM 14 / PEC D @ 133** ....declined to @ 127, rallied back small ABC to 1.29 ( underneath the polytrend line on POM but by .  
**PEC- D method D point is at 1.30 as indicated in Red**



# 4 - EURO / USD – PPP Reversion & Standard Deviation Analysis – Long Term



# 1- GBP / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD ( 11 W / 40 W SMA)





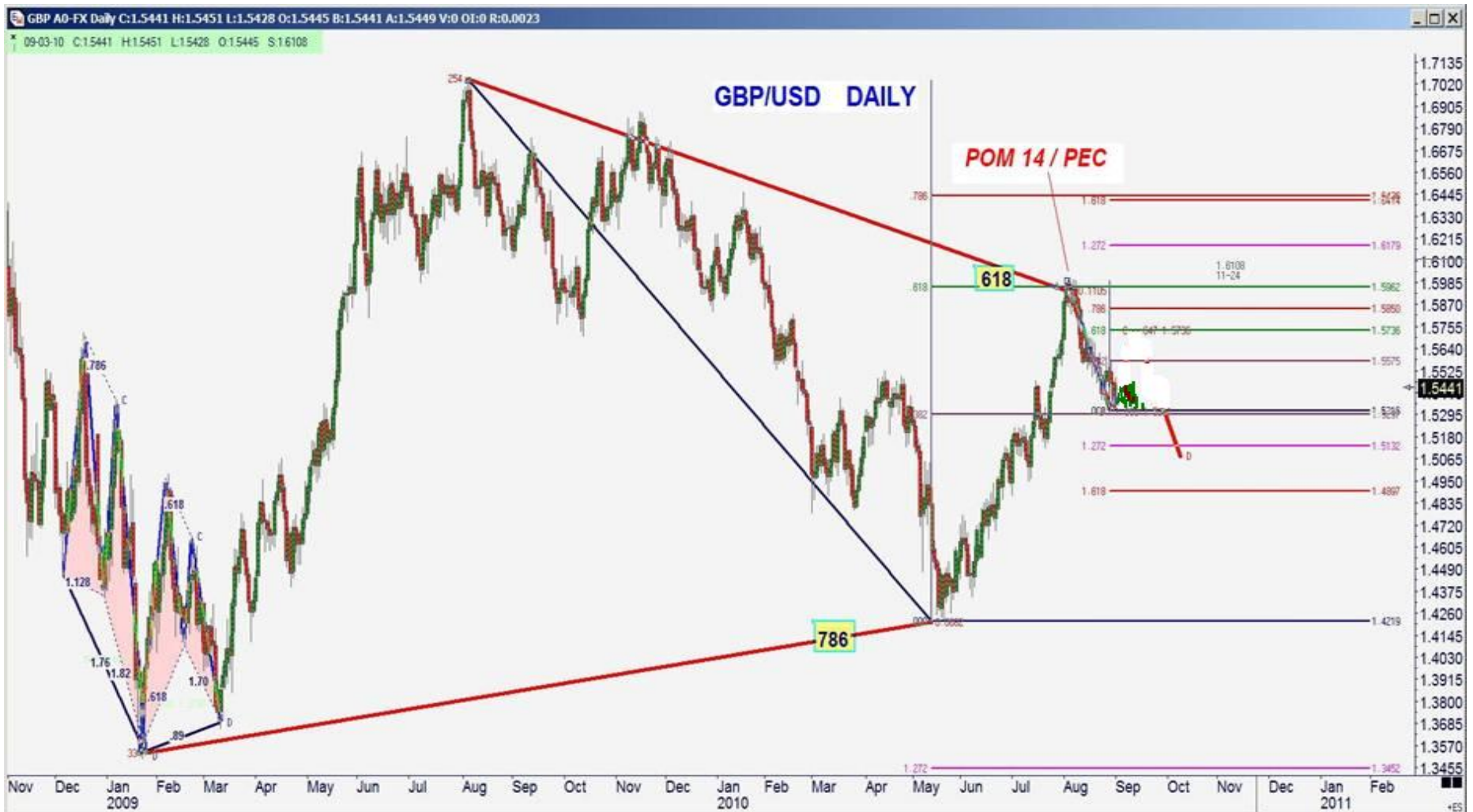
# GBP / USD - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



### 3 - GBP / USD – PEC Analysis - Intermediate term

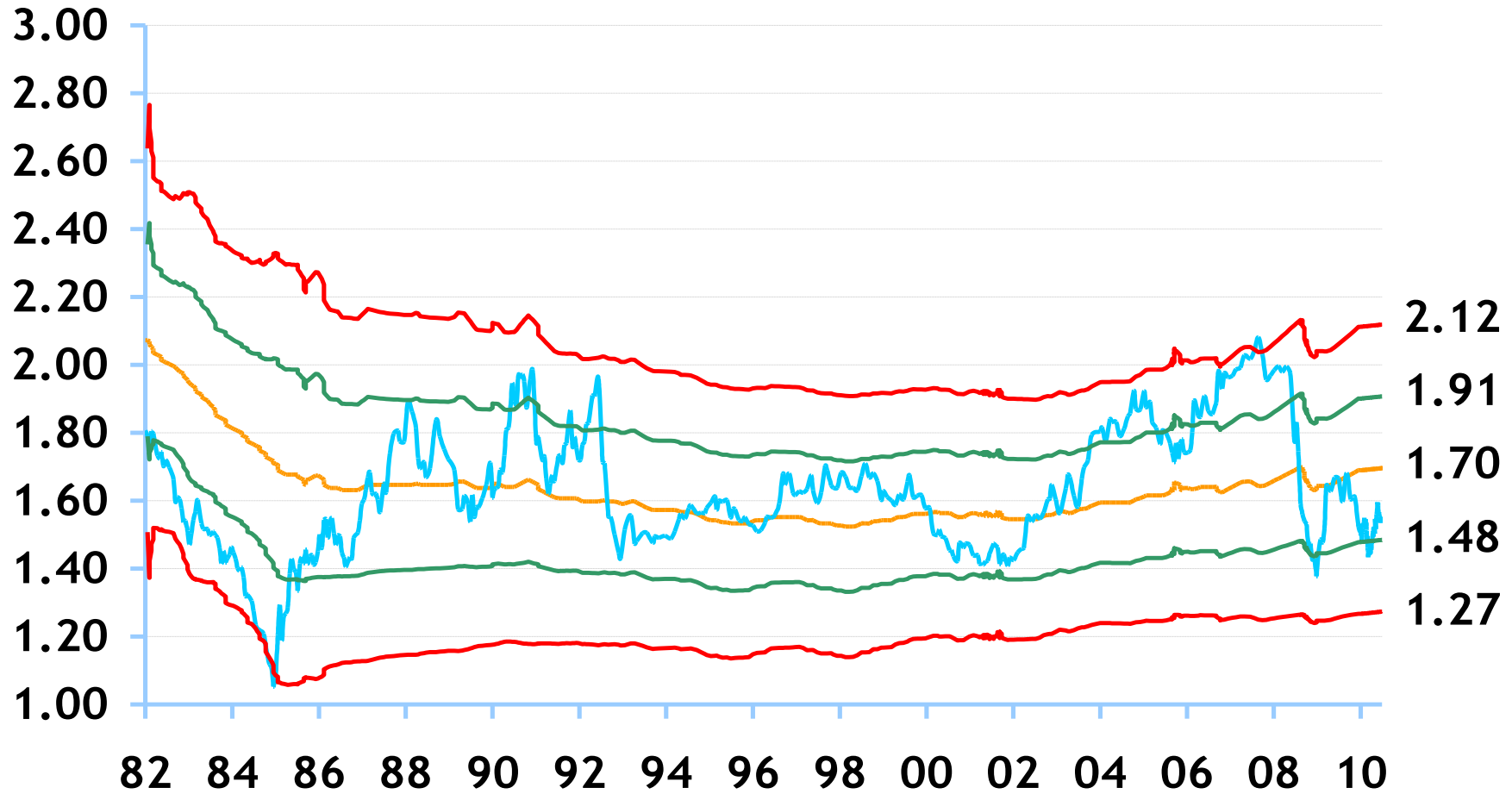
**POM 14 / PEC D @ 159** ....then it declined to 154, now is in the middle of the retracement move

It has been fluctuating within a narrow trading range for the last eight days. The long-term trend for the pound to follow along with EURO



# 4 - GBP / USD – PPP Reversion & Standard Deviation Analysis – Long Term

GBPUSD



**Disclaimer :** The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.