

THE DOLLAR CYCLES

During a telecon, a senior MTA member and my mentor Rona Schehrer from Zurich remarked that markets move around a few key assets. And inability to miss out on one can imbalance any sound portfolio. What Rona was mentioning was that even she could generate real alpha, she still had to understand Forex risk. The wild movements in dollar made a fund managers already tricky task trickier.

I promised her to have a detailed look at Dollar Index, so here goes. We have studied the inverted dollar index in this report. Inverted dollar index (=USD) is similar to the Euro Dollar (EUR=). Despite a comprehensive attempt to study Dollar cycles, we could not make an immediate secular case of weakness on Dollar. What we could see was a broad stagnation on dollar for 12-15 months, followed by further strength at least till late 2010. Only after which the next round of secular dollar weakness should begin.

We could be interpreting the cycles incorrectly, but if what we see is correct, then it's not over for the paper assets. DOW and Global equity has a large bout of strength left. This should be good news for battered equity bulls and bad news for the crisis believers (majority now). This also means that Gold collapse is more real than what seems. The fool's gold is trapping as many bulls as it can.

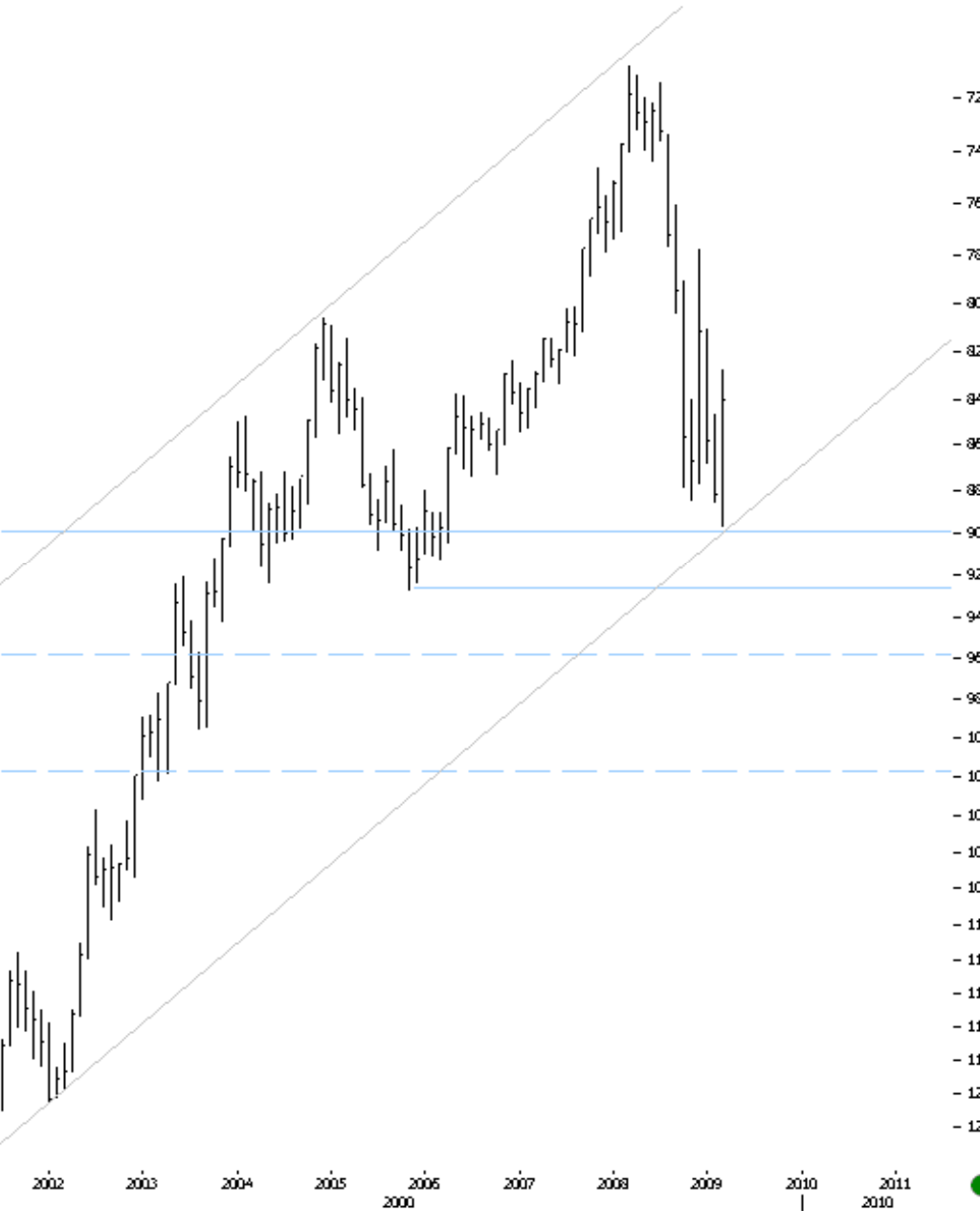
On the minor and intermediate terms, dollar index could push up till 92 (previous 4 levels). After which the large multi month stagnation should unfold. The latest WAVES.FOREX carries other Anticipated and Happened cases on INR and RON Dollar. Euro Ron triangle is fizzling out. We are still expecting a leg up on Euro Ron before the multi month strengthening starts on Lei. If majority of world assets are against dollar and markets core competence is to confuse and surprise, the large multi dollar stagnation we are talking about is at the right time.

Enjoy the latest WAVES.FOREX



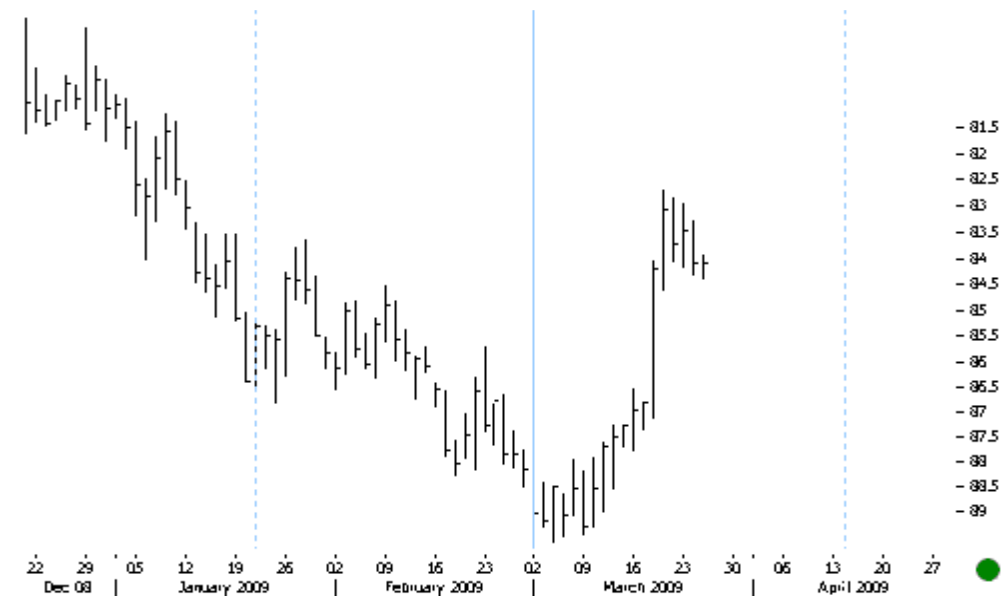
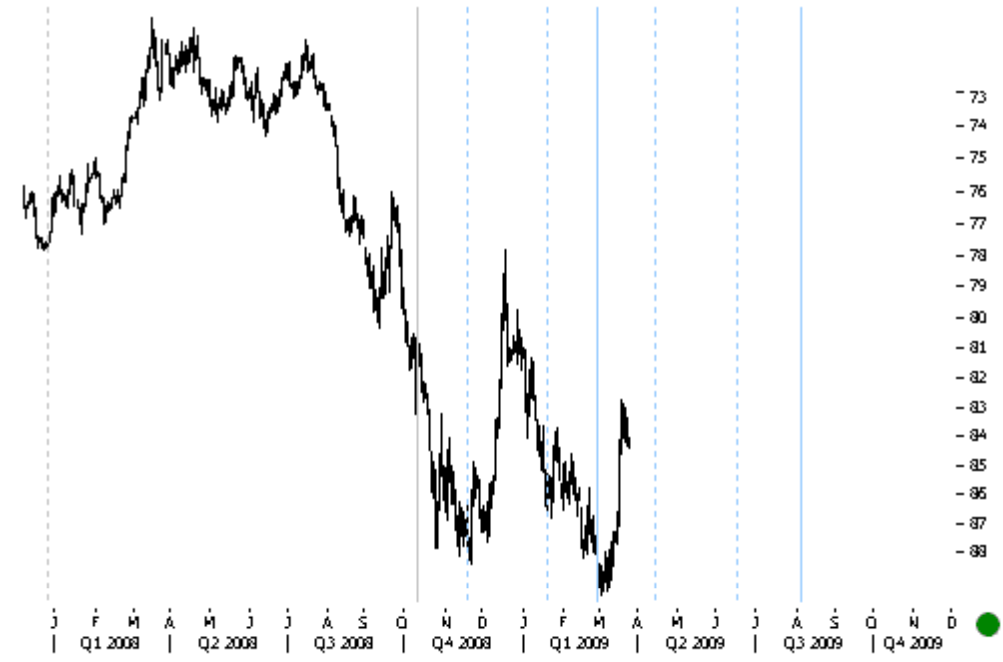
DOLLAR INDEX. INVERTED. INTERMEDIATE. STRENGTHENING TILL 2011

KEY LEVELS LIE AT 92.



DOLLAR INDEX. INVERTED. MINOR.

SHORT TERM WEAKENING OF THE DOLLAR.



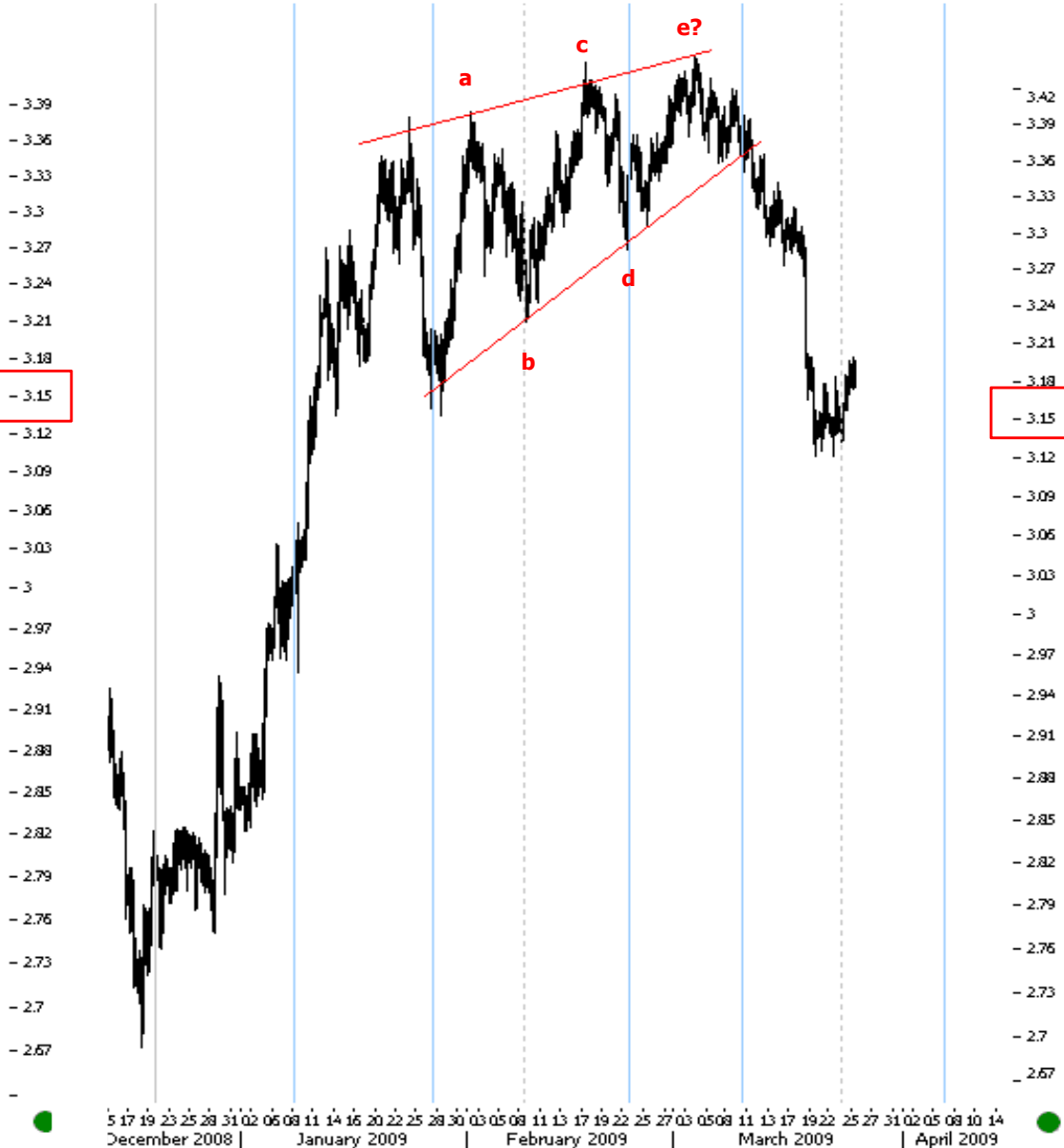
CHFRON. INTERMEDIATE (LEFT). LAST LEG DOWN PENDING

MINOR (RIGHT). IN A CORRECTIVE FORMATION WHICH SHOULD RESOLVE LOWER.



RON DOLLAR. ANTICIPATED AND HAPPENED

BOUNCING BACK AFTER HITTING ENDING DIAGONAL TARGET.



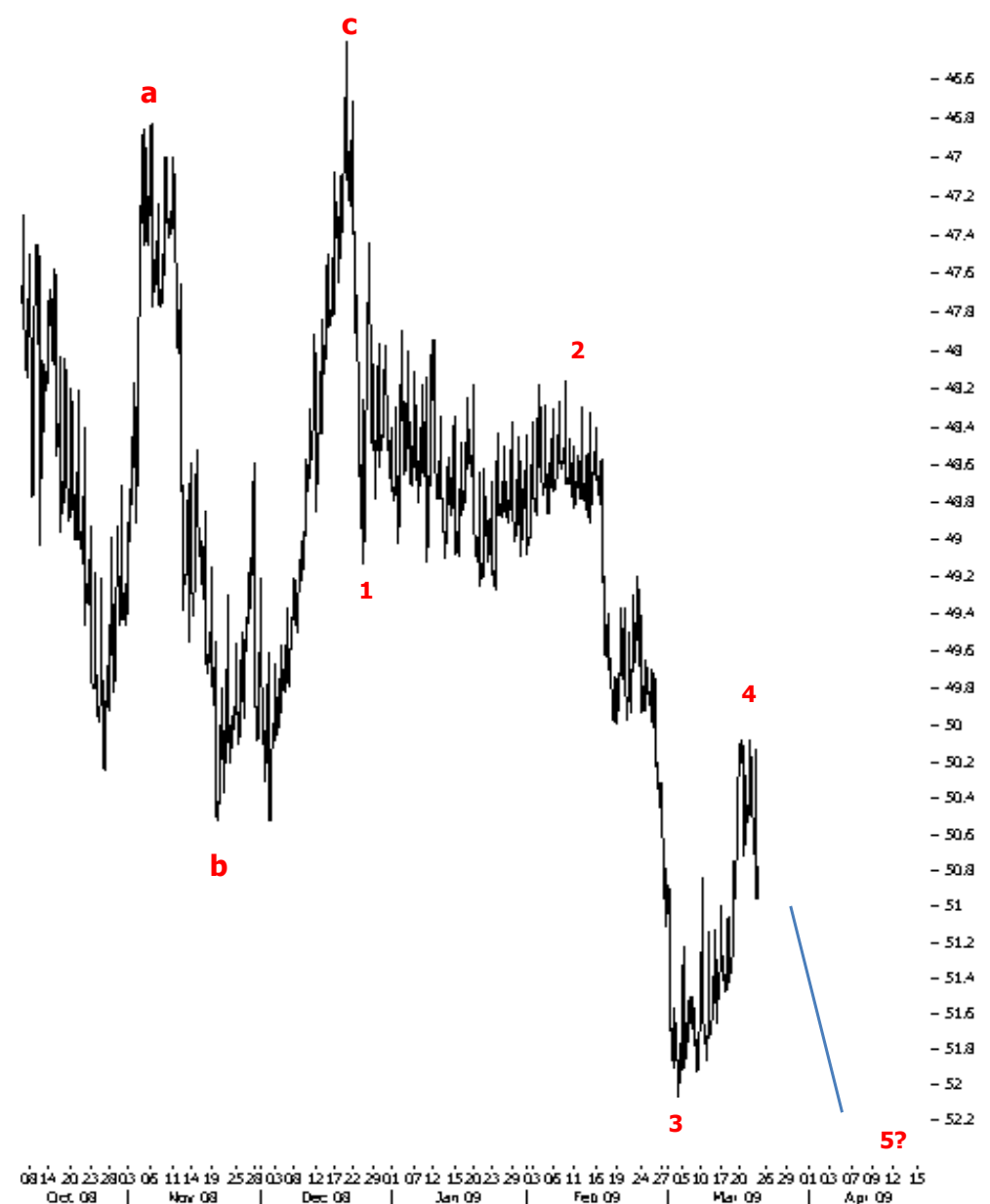
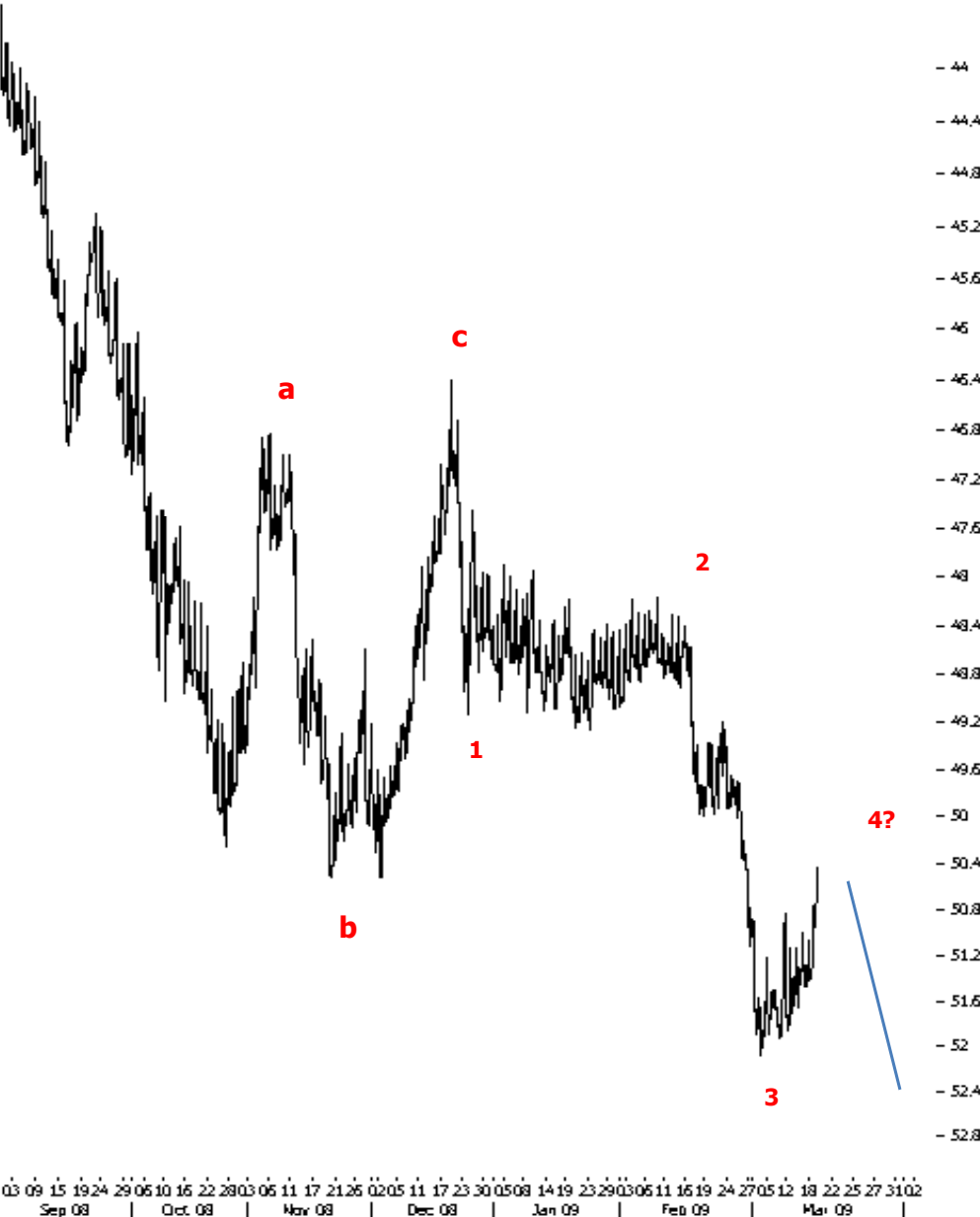
EURRON FUTURES DAILY. STILL ABOVE KEY LEVELS

ABOVE 4.25 THE TRIANGLE FORMATION IS STILL VALID.



INR. INDIAN RUPEE. INVERTED. PRICES SEEM TO BE IN THE 5 WAVE DOWN

ANTICIPATED AND HAPPENED



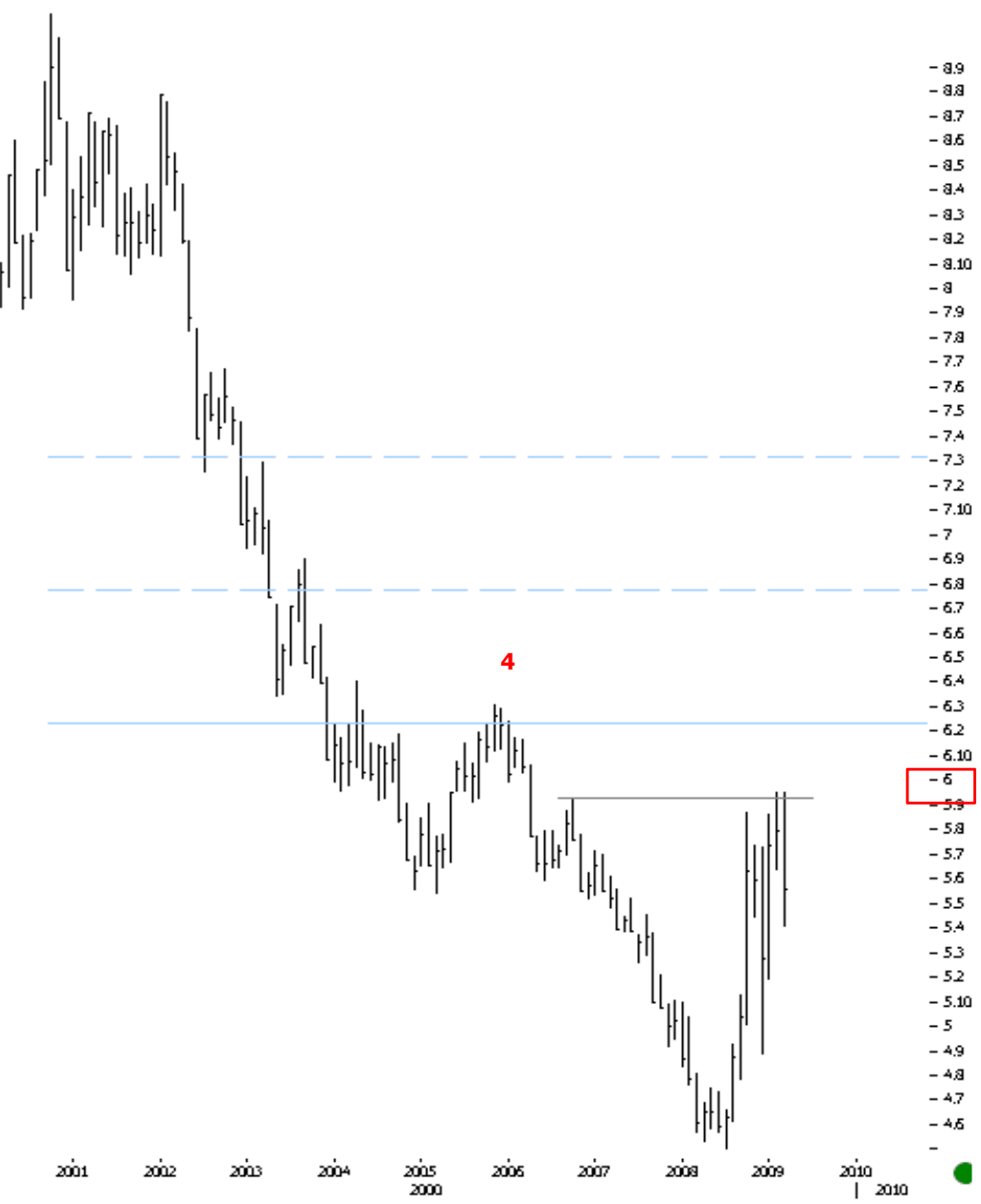
JAPANESE YEN. INTERMEDIATE (LEFT). TOPPING NEAR 100

MINOR (RIGHT). HOLDING THE TRUE TRENDLINE.



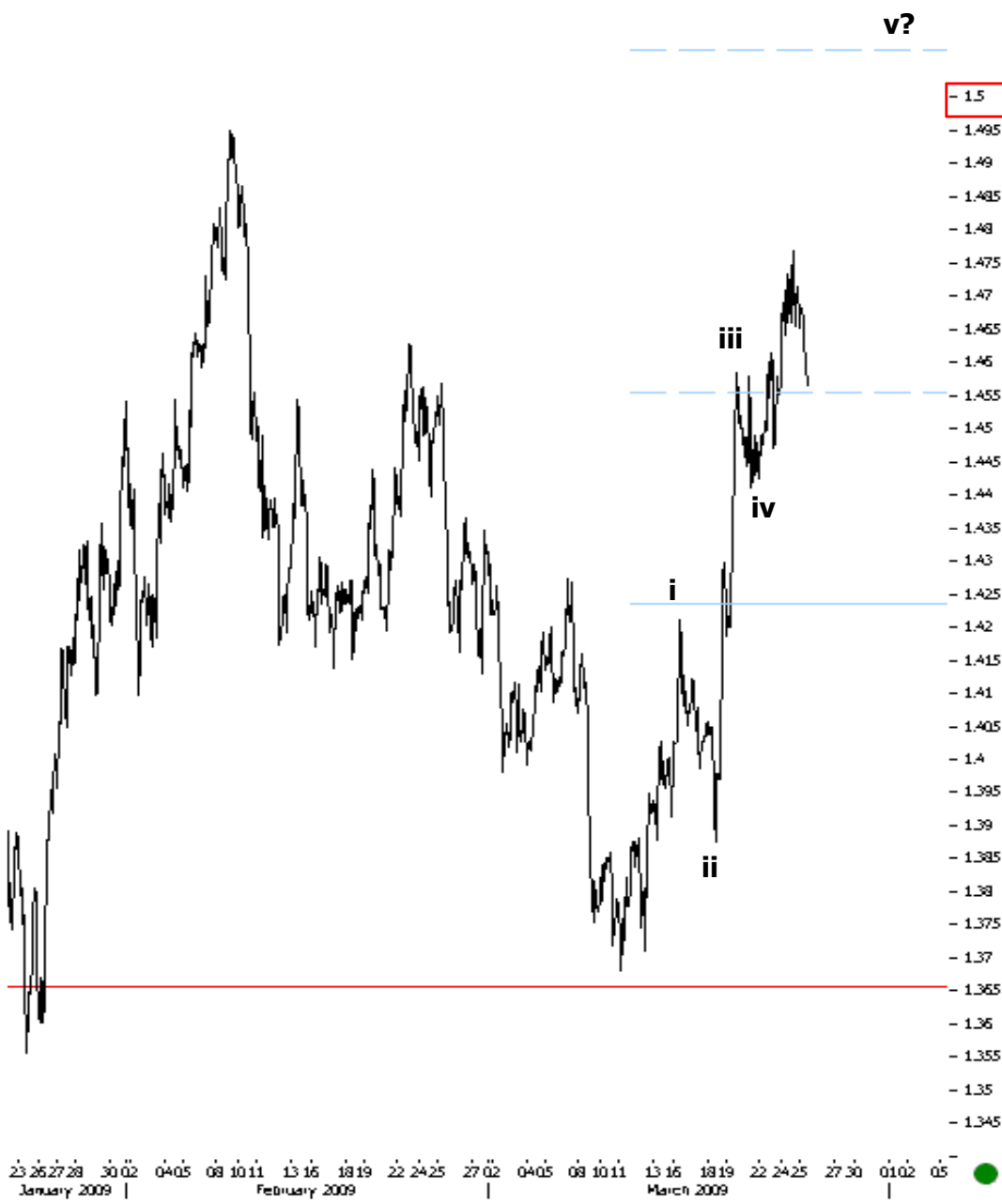
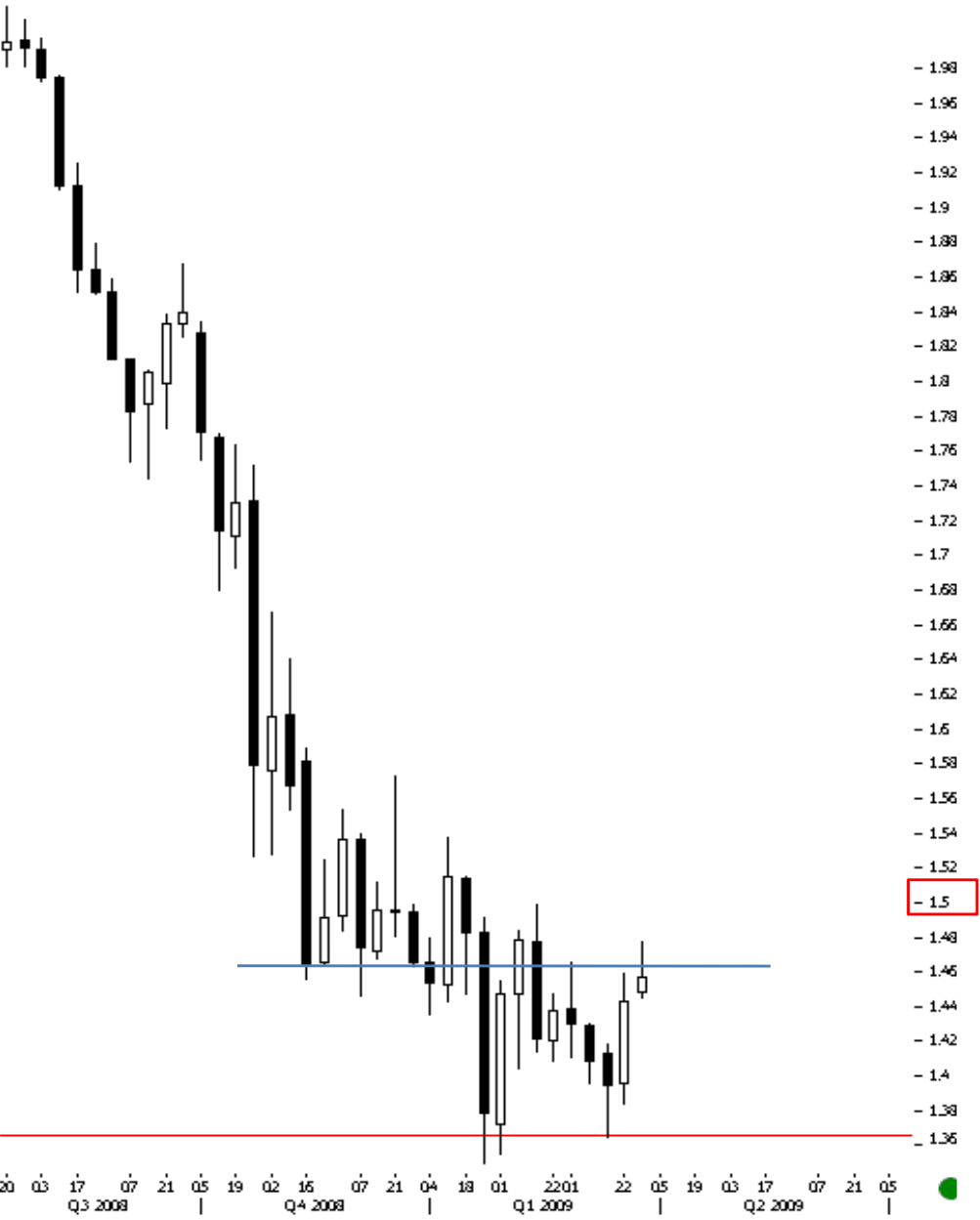
HRK (LEFT). TOPPING NEAR PSYCHOLOGICAL 6

HUF (RIGHT). TURNING BACK FROM KEY FIB LEVELS NEAR 230.



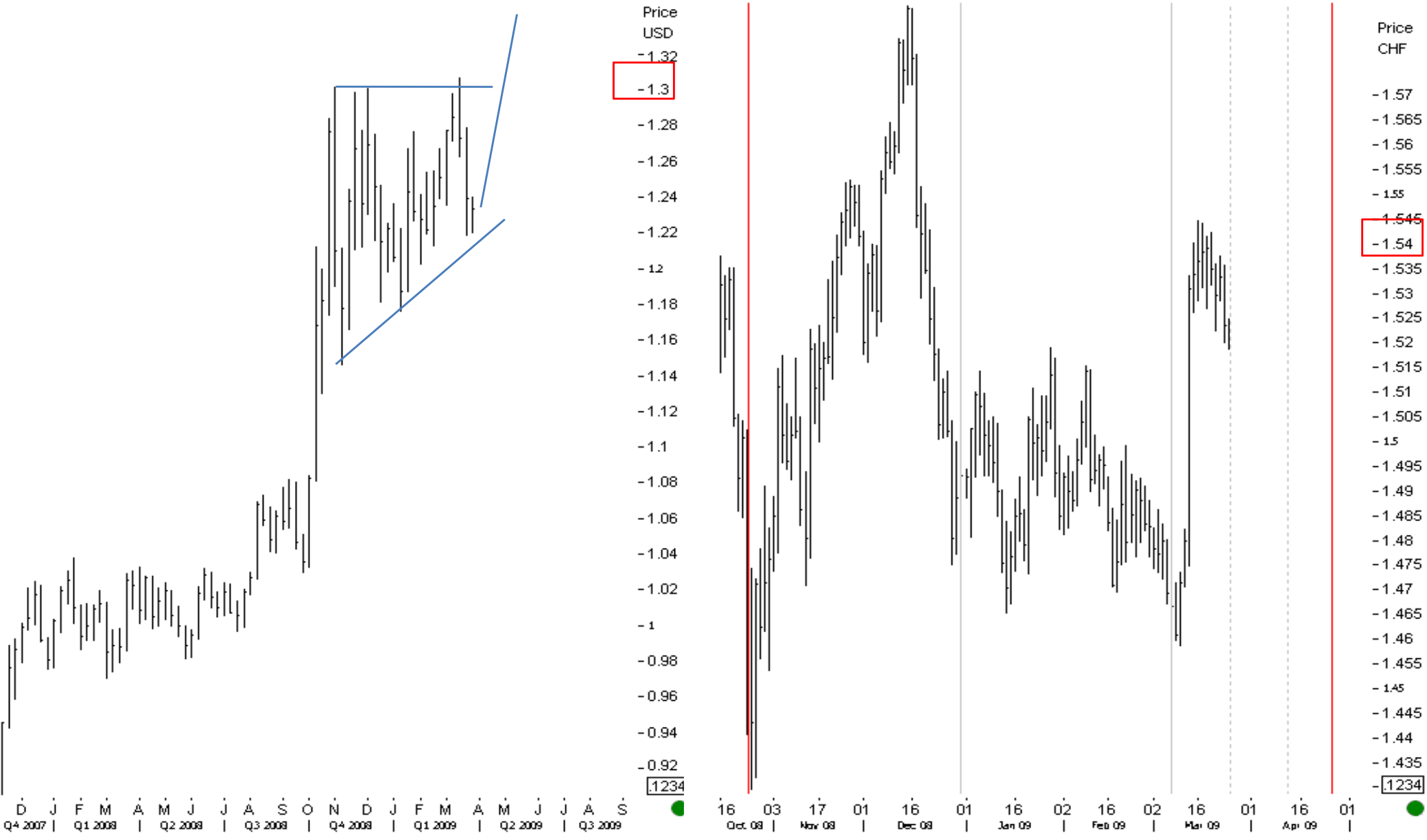
GBP. PRIMARY. KEY LEVELS LIE AT 1.5

MINOR (RIGHT). ABOVE 1.45 WE ARE LOOKING HIGHER TILL 1.5



CAD (LEFT). FURTHER WEAKNESS

EURCHF (RIGHT). TIME OSCILLATORS SUGGEST DOWNSIDE TILL END OF APRIL.



NAME	INDEX	CURRENT PRICE	MINOR KEY	MINOR PREFERRED	STRENGTHENS	WEAKENS		
DOLLAR INDEX	'=USD"	83.99	83.70	DOWN BUT BOTTOMING	BELOW	83.70	ABOVE	85.00
EURO DOLLAR	EUR=	1.35	1.36	UP BUT TOPPING	ABOVE	1.36	BELOW	1.34
BRITISH POUND	GBP=	1.46	1.45	UP	ABOVE	1.45	BELOW	1.43
EUR CHF	EURCHF=	1.52	1.54	UP BUT TOPPING	ABOVE	1.54	BELOW	1.52
JAPANESE YEN	JPY=	97.79	100.00	UP BUT TOPPING	ABOVE	100.00	BELOW	97.00
EURO RON	EURRON=	4.27	4.20	UP BUT TOPPING	ABOVE	4.30	BELOW	4.20
SWISS FRANC RON	CHFRON=	2.81	2.77	DOWN	BELOW	2.75	ABOVE	2.80
RON DOLLAR	RON=	3.16	3.18	DOWN BUT BOTTOMING	BELOW	3.18	ABOVE	3.27
INDIAN RUPEE	INR=	50.66	50.00	DOWN BUT BOTTOMING	BELOW	50.00	ABOVE	51.00
HUNGARIAN FORINT	HUF=	221.63	230.00	UP BUT TOPPING	ABOVE	230.00	BELOW	220.00
CROATIAN KUNA	HRK=	5.51	6.00	UP BUT TOPPING	ABOVE	6.00	BELOW	5.60
CANADIAN DOLLAR	CAD=	1.23	1.28	UP	ABOVE	1.28	BELOW	1.20

TRACKER: The above tracker illustrates minor PREFERRED trend for the currency pairs. It also highlights the current price and key levels above which the Preferred view strengthens or weakens (negates). These levels can also be used as conventional supports and resistances respectively.

OBJECTIVE: The aim of the tracker is to keep a close eye on MINOR perspective (Few days to multiple weeks) changes and watch for change in trend signals.

TREND – MINOR VS INTEREMEDIATE: Minor is a short term trend less than 3 weeks. And intermediate trend is more than 6 weeks and can last many months. We will keep you updated on the minor trend in the tracker and the commentary will emphasize on the overall trend include potential intermediate trend changes. Since WAVES.FOREX is an anticipatory product, minor trend tracking remains significant.

SUPPORT AND RESISTANCE: These can be conventional, psychological and Fibonacci levels that can reinforce or negate the minor perspective.

CHANGE: Any change in the recommendation will be highlighted to make the report more actionable.

REUTERS RICS: We have illustrated all Reuters RICS for the assets.

COVERAGE: The report covers top currency pairs.

FREQUENCY: The report is published all five trading days of the week.

PERSPECTIVE VS RECOMMENDATION: This is a perspective report and not a recommendation products. This is why we mention positive or negative (up or down) instead of buy or sell.

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REUTER RICS: EURRON=, RON=, JPY=, INR=, HUF=, HRK=, GBP=, EURCHF=, CHFRON=, CAD=, =USD, EUR=

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