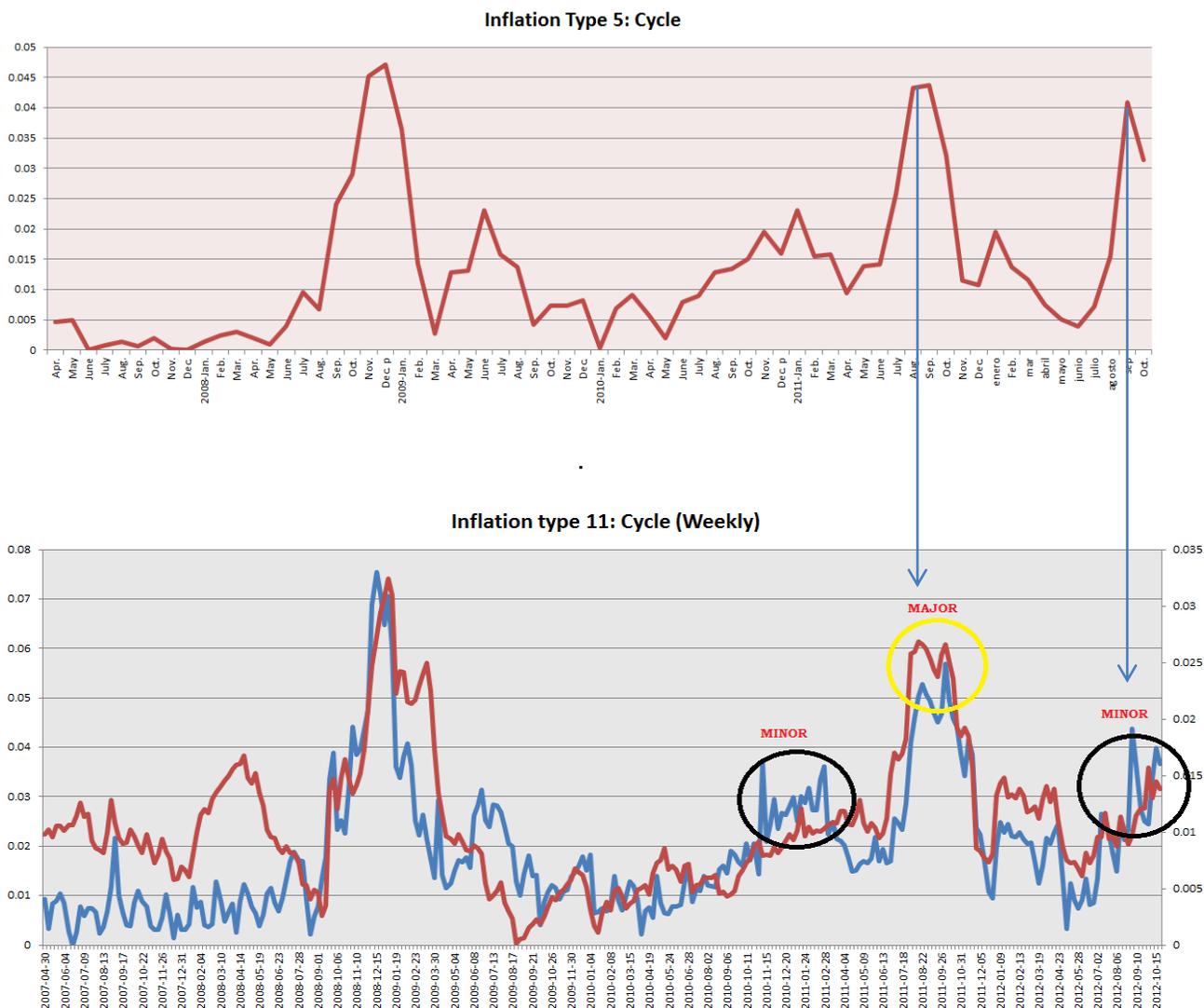


Quick Review of Key Cyclical Macroeconomic indicators:

Relevant information about Inflation:



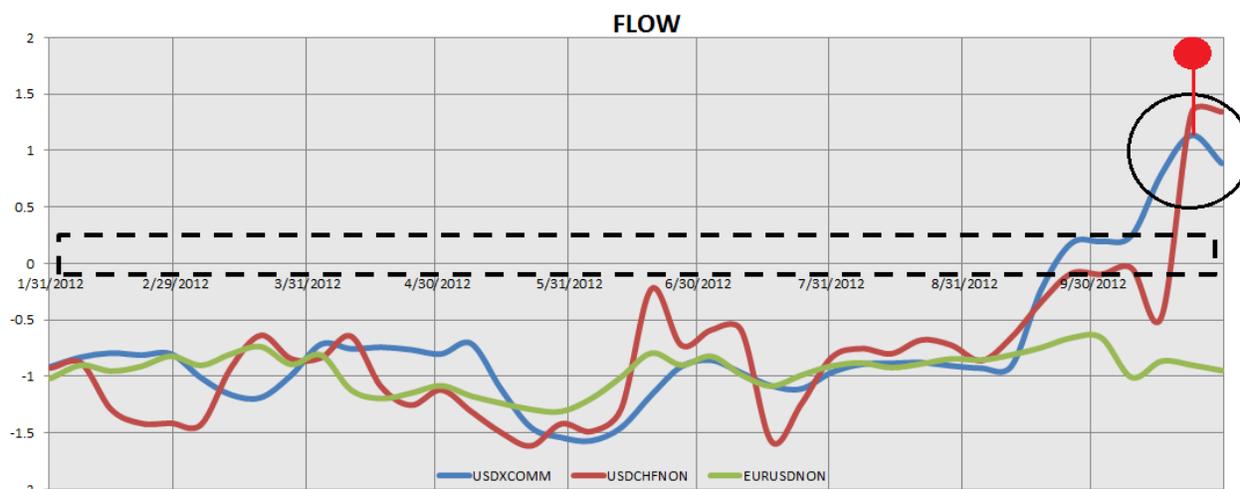
- ❖ I want to show you this relationship one more time. First indicator is showing a major peak on US inflation. The chart below is showing actual money supply on US, showing a minor peak on inflation. (First Indicator is other measure of Inflation, is not the same as Actual Money Supply)

What can we infer from these charts?

Inflation peak (**Chart 1**) seems to be major but there is a lack of money supply peaking (**Chart 2**) to push EURUSD into a heavy downside rally. **But** this could be enough push for a pullback.

Note: Peaks reflect a maximum level on Money Supply (Inflation). When price is peaking, we can expect a decline on inflation, reflecting a stronger USD. This data set is weekly based on Money Supply and Foreign related institutions.

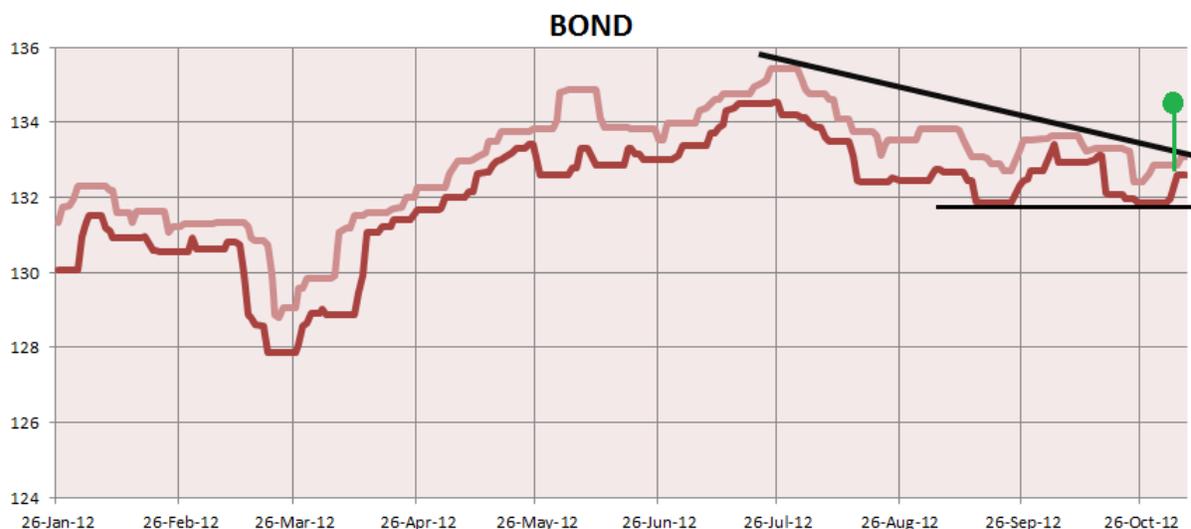
Quick Review on Order Flow Analysis:



- ❖ Order flow on US DOLLAR (ICE), EURO FX and SWISSFRANK, suggesting a possible bearish bias on EURUSD dollar (This is a bias not signal because USDCHFNON is above USDXCOMM and should be below, is not a perfect setup but probabilities are high). This information is too important for anyone to miss.

Quick review on Inter market Analysis-Technical:

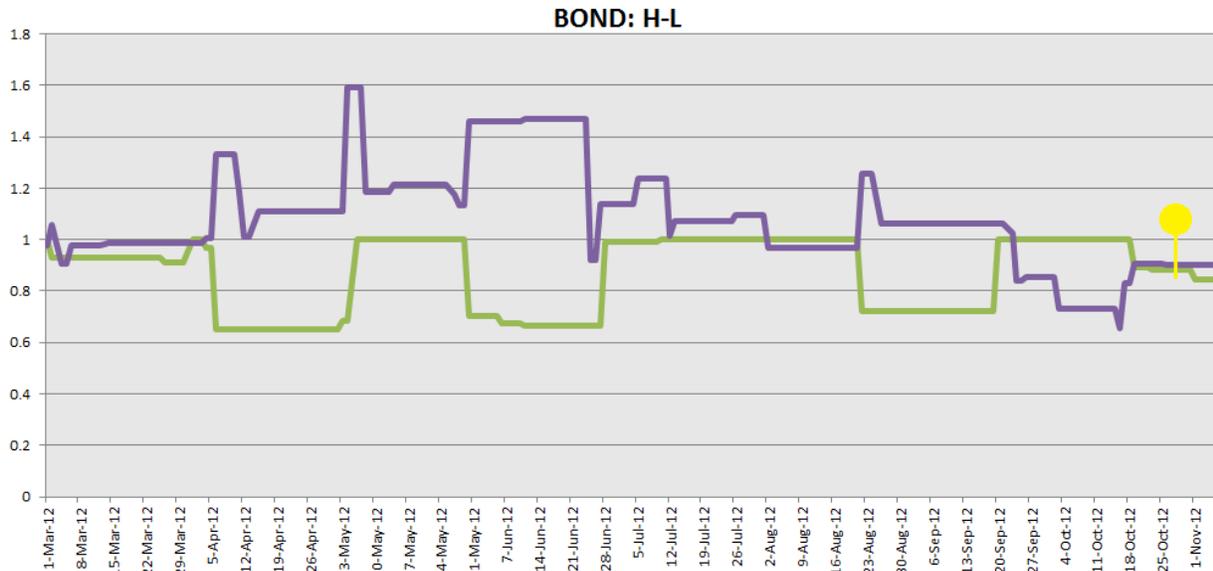
Bonds (US 10 YEAR)



- ❖ Bond (Value) price is near major resistance line, this could imply a pullback **But** as market (Market: Refers to 4 major markets) sentiment (**Bearish at this time**) is showing this could mean a break above the resistance. (**Green pin**)

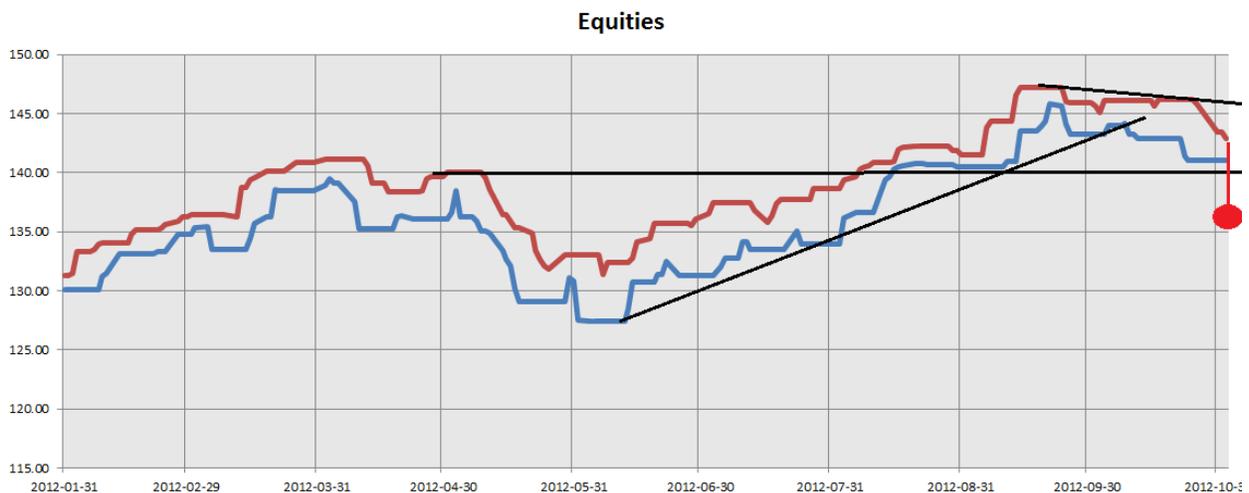
Note: Remember there is an inverse relationship between value and yield. More yield will imply a major risk premium and less value on the asset. Less Yield -- More value (USD) Less -- EURUSD value. This is on Daily TF.

Bonds (H-L Statistical)



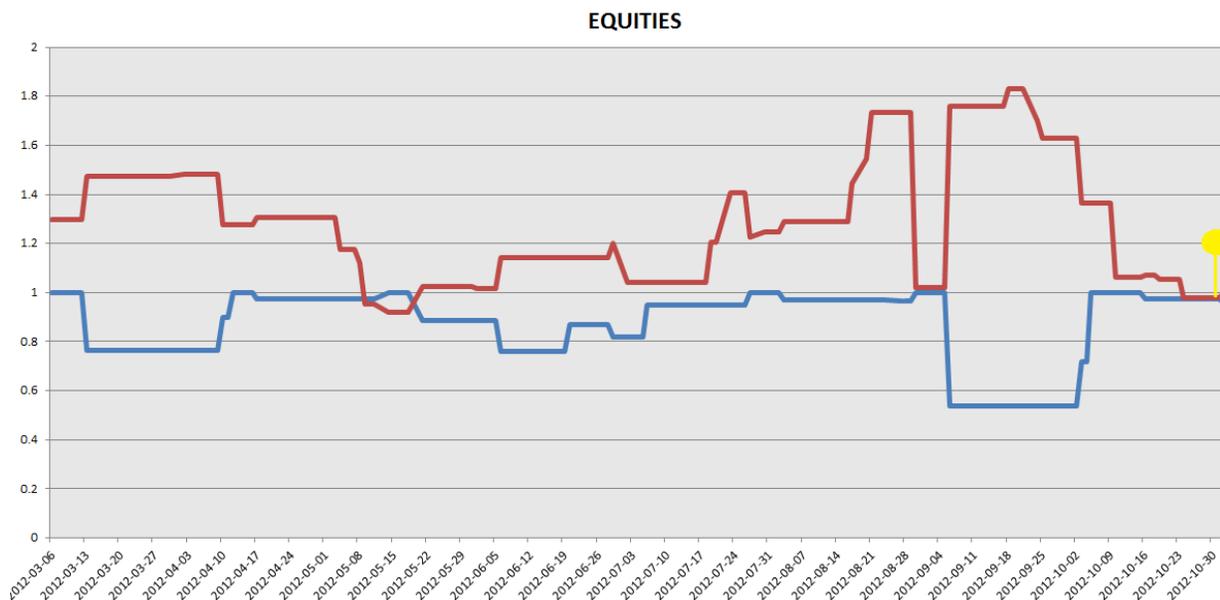
- ❖ H price and L price are in equilibrium (**Yellow pin**), this could imply a strong move in either direction. According to the graph above (**Bonds: US 10 YEAR**), this could be bullish.

Equities (SPY (SPX ETF))

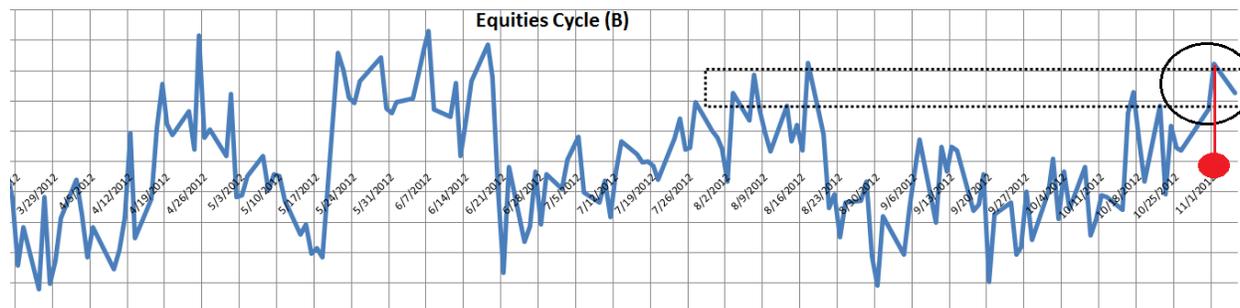


- ❖ Equities could find support at 140 level. (Also a psycho level). We need Bonds confirmation (Break above the trend line) to have enough pressure to the downside on Equities and begin a bearish rally.

Equities (H-L Statistical)



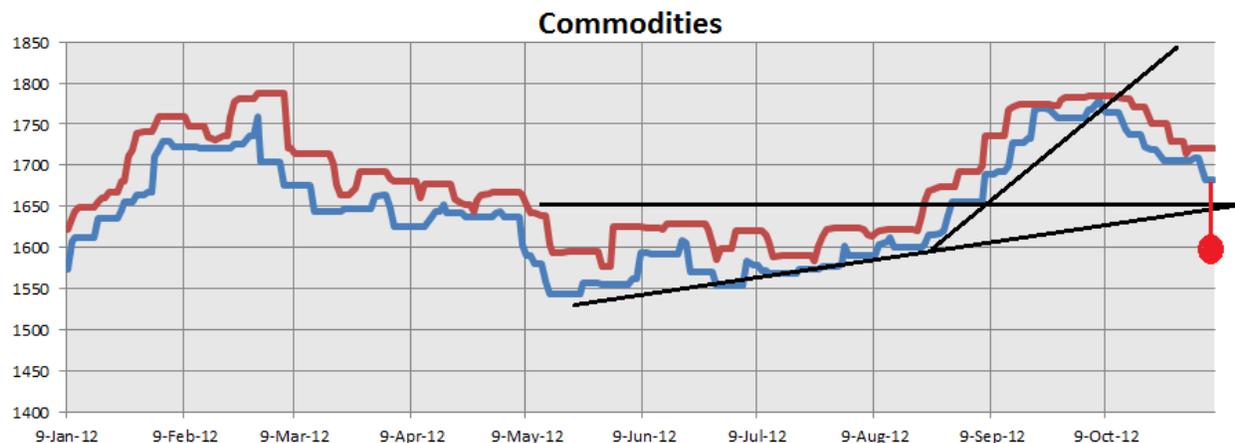
- ❖ Same as bonds, we have a major equilibrium showing a possible trend bias on either direction. I will not say bearish, but could be, if bonds align with equities, commodities and FOREX.



- ❖ Equities Put/Calls Cycle, showing major peak level and pullback. This could imply a bearish cycle on Equities. But we need further confirmation on BONDS US 10.

Note: Remember when Equities are down or there is a bias to the downside this could imply a bearish bias on EURO but not always. This is on Daily time frame.

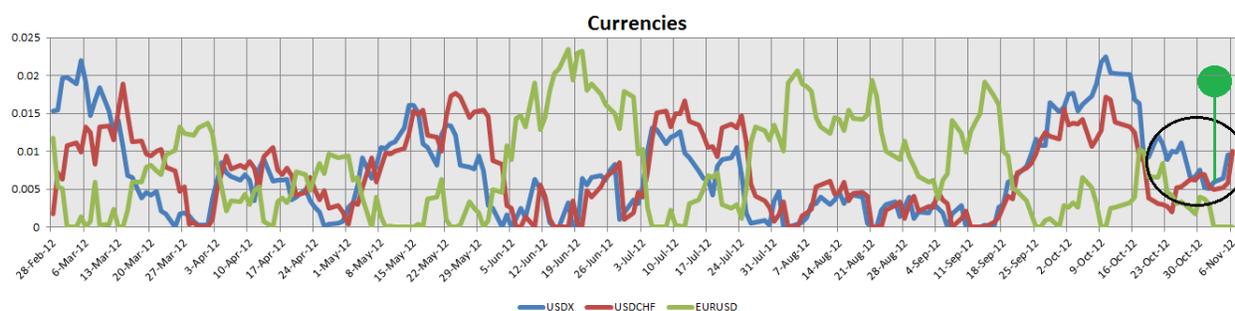
Commodities (/GC)



- ❖ Price still pushing to the support level at 1650. This could give EURUSD more pressure to the downside. If you ask **why** I put support on 1650 you can look into daily **candlesticks** and look for a **pin** on 06.06.12.

Note: As on Equities, Commodities relationship is not an iron law. If there is a bearish bias on commodities this could also imply a bearish bias con EURO. I do not post H-L statistical on commodities because we have same information as in equities and bonds. (Major equilibrium and possible trend bias)

FOREX (USD, USDCHF and EURO)

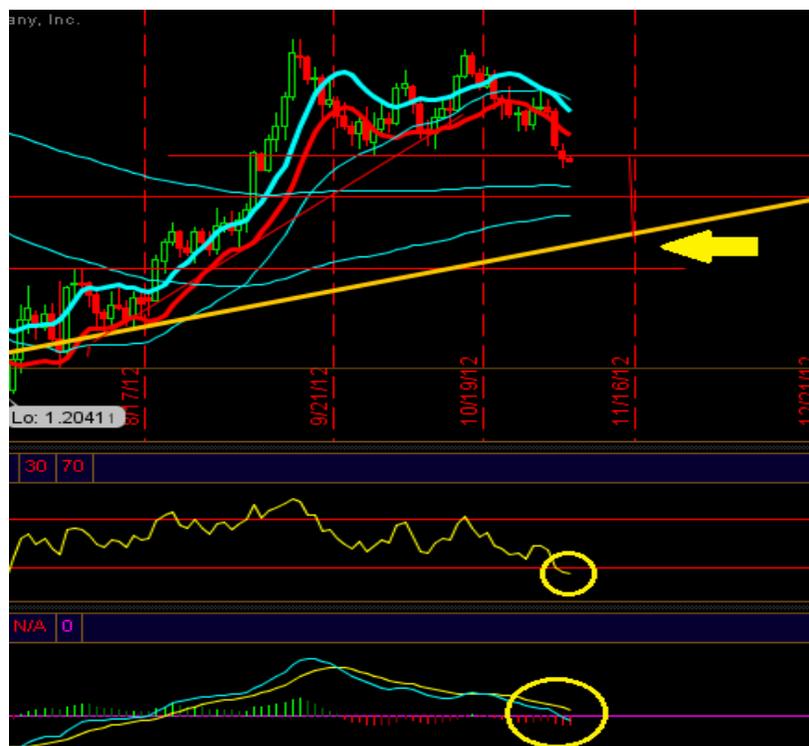


- ❖ USD and USDCHF showing bullish bias. Red line and blue line going up and EURO is at zero level.

EURUSD

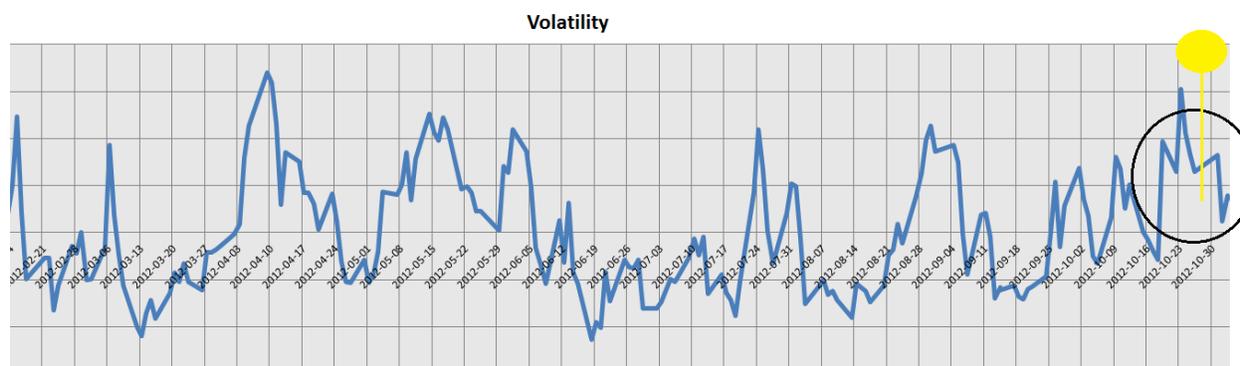


- ❖ EURO filtered, showing bearish PA and could find lower support. This is suggesting euro might have more push to the downside.



- ❖ Price could find lower major support at 1.24. MACD crossing the zero level suggesting a bearish bias. RSI crossing the 20 level also suggesting a bearish bias.

Volatility (VIX)



- ❖ Price showing great volatility peak. This means a major move is coming; this move could be a heavy pullback on EURUSD. VIX cycle does not show direction.

Summary:

- ❖ Macro cyclical fundamentals on money supply (weekly) and inflation (monthly) suggesting a pullback not a major downtrend as on August, 2011.
- ❖ Order flow analysis not showing “best” setup, but could be bearish on EUR/USD
- ❖ Bond market ready to break trend line, this could be a major confirmation to a bearish really on EURUSD.
- ❖ Equity price looking for support, this could mean more bearish movement on EURUSD.
- ❖ Equity Put/Call cycle, showing a major peak and rebound. This could mean a bearish signal on SPX that could push further down the EURUSD.
- ❖ Commodities (Gold) market still looking for support at 1650 this could mean further bearish bias on EURUSD.
- ❖ H-L statistical on Equities, Commodities and Bonds showing critical equilibrium point, suggesting a possible trend bias.
- ❖ Currency Meter showing we could have more movement to the downside on EURUSD as USDX and USDCHF get stronger and begin to go up.
- ❖ Euro filtered, price still looking for support at lower level.
- ❖ Actual EURO spot price, according to the other markets could find a lower support at 1.24. MACD and RSI crossing 0 and 20 level this mean more bearish bias on EUROUSD.
- ❖ VIX showing Extreme peak level and could reverse until -1 level. This means a strong move is coming.

GETTING TOGETHER ALL INFORMATION EXTRACTED I REMAIN BEARISH ON
EURUSD. -GINO