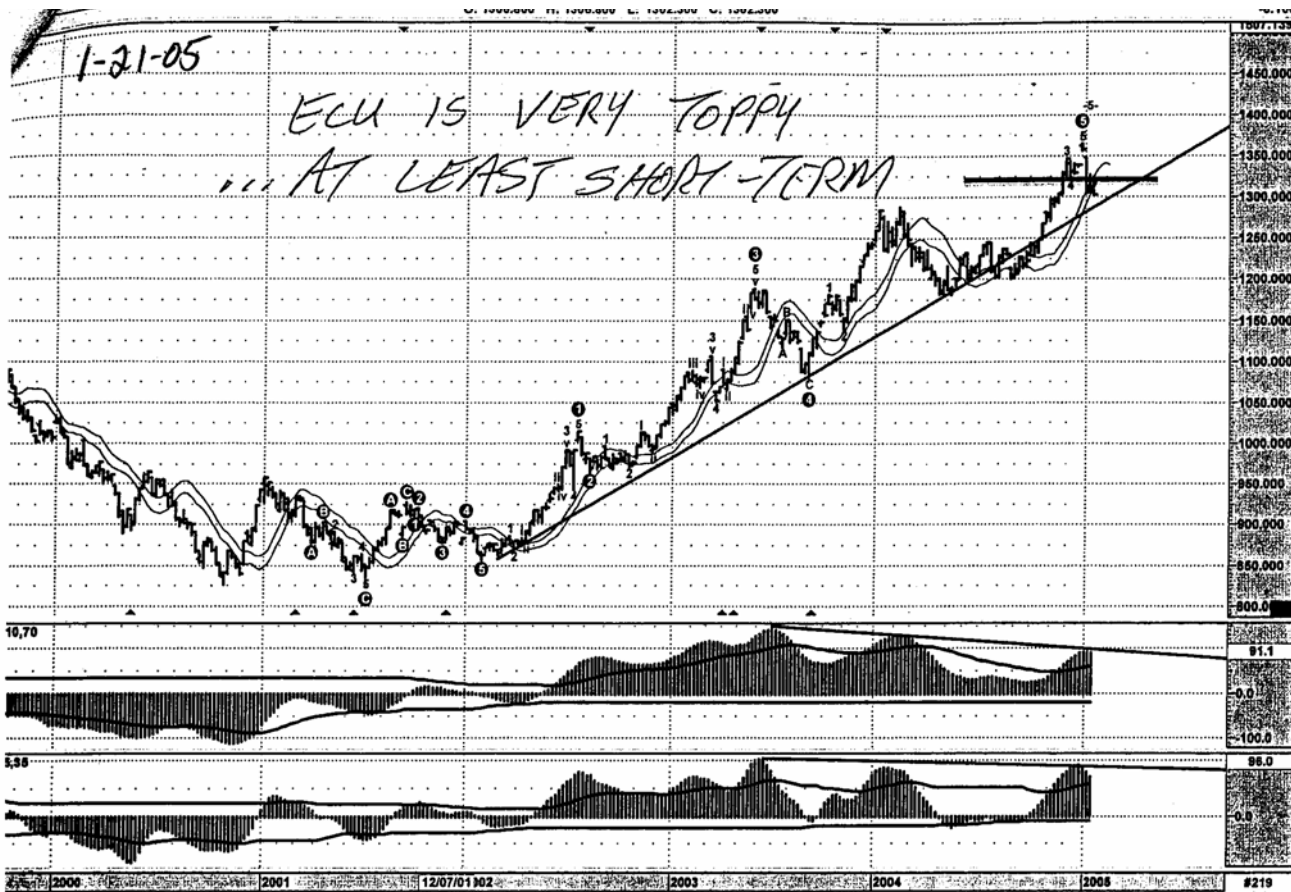


# Jan. '05: Calling an intermediate ECU & Yen top...

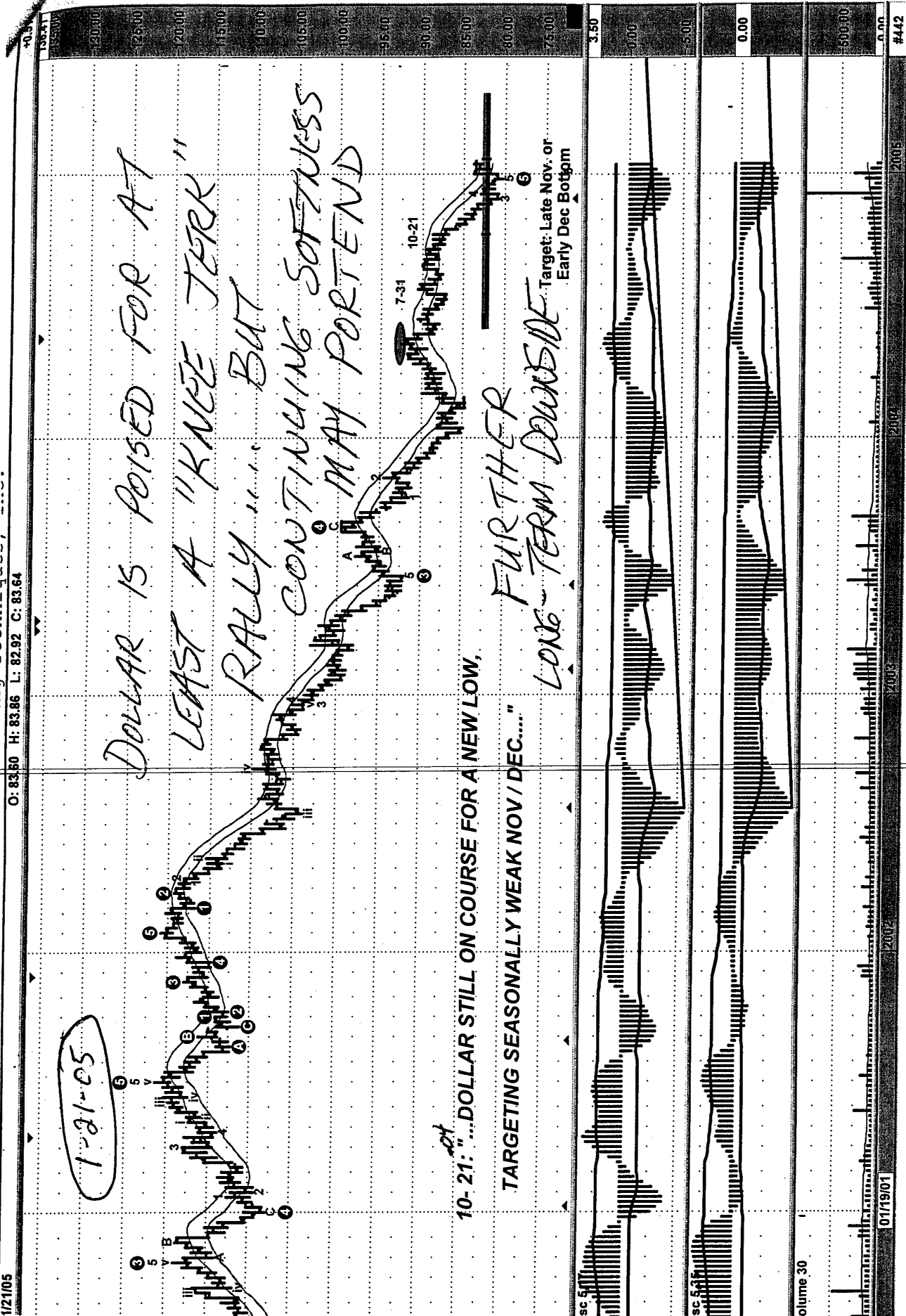


EUR - Japanese Yen, Weekly - Advanced GET ©2005 Trading Techniques, Inc.



~~BIT~~  
BIT

Jan. '05, Dollar Bottoming. But the lingering pattern raised questions of how long the greenback rally would last...



1-21-05

DOLLAR IS POISED FOR AT LEAST A "KNEE JERK" RALLY ... BUT CONTINUING SOFTNESS MAY PORTEND

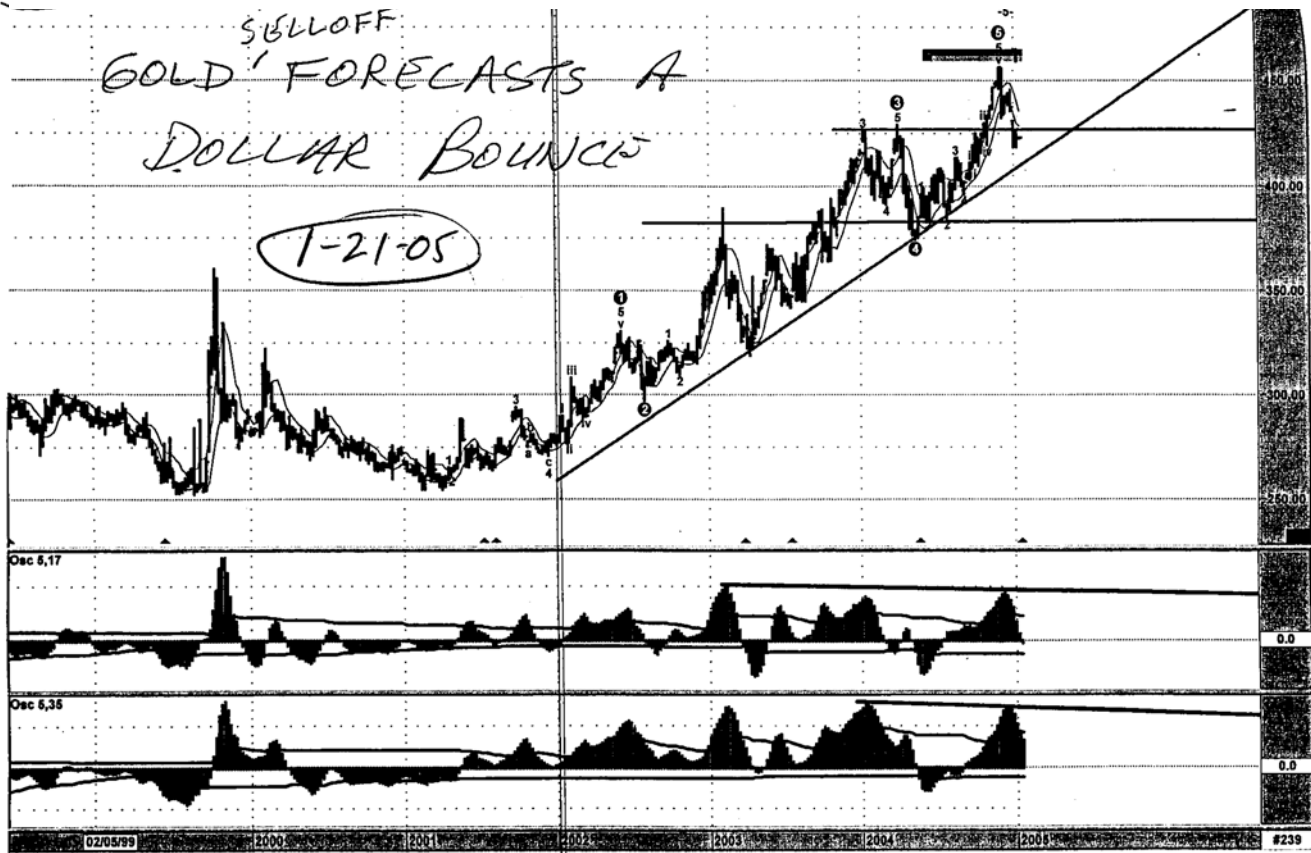
10-21: "...DOLLAR STILL ON COURSE FOR A NEW LOW, TARGETING SEASONALLY WEAK NOV / DEC...."

FURTHER LONG-TERM DOWNSIDE

Target: Late Nov. or Early Dec Bottom

B16

# Jan'05, gold toppiness and relatively weak gold mining stocks vs. both signaled dollar rally likely



26/1999 (GO 600) Gold CMX 1600

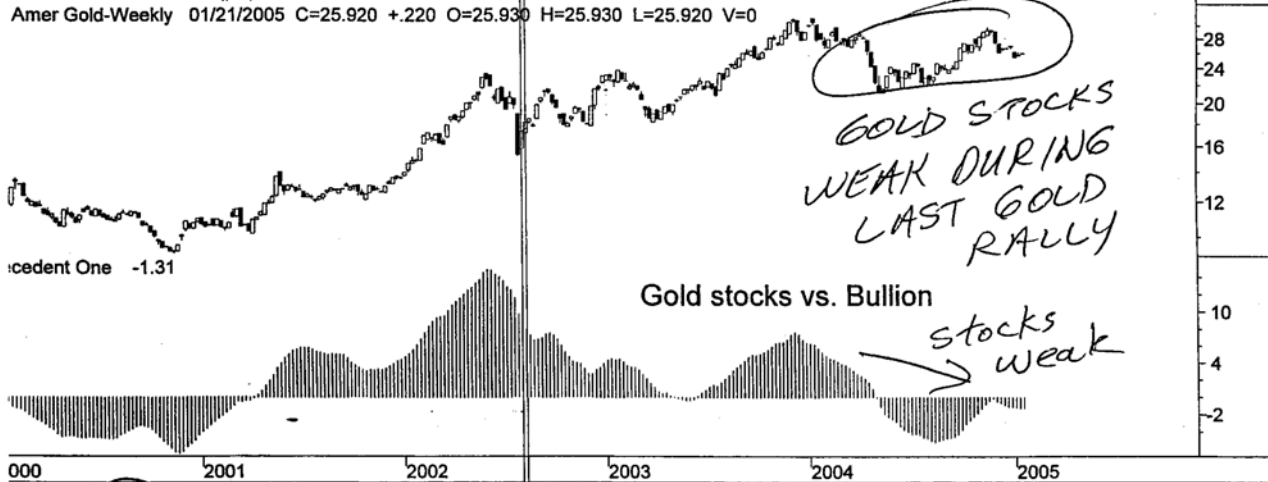
*01/21/2005*

CMX 1600-Weekly 01/21/2005 C=423.000 +.300 O=423.200 H=423.200 L=423.000 V=376

*WEARINESS OF GOLD STOCKS WAS PORTENT OF RECENT GOLD SELLOFF*



Amer Gold-Weekly 01/21/2005 C=25.920 +.220 O=25.930 H=25.930 L=25.920 V=0



cedent One -1.31

Gold stocks vs. Bullion

*stocks weak*

*B18*

# Jul'05: "Further Dollar Upside into the Fall..."

815

S & P Index 1600, Weekly - Advanced GET ©2005 Trading Techniques, Inc.  
 7/22/05 O: 89.21 H: 90.00 L: 89.00 C: 89.02

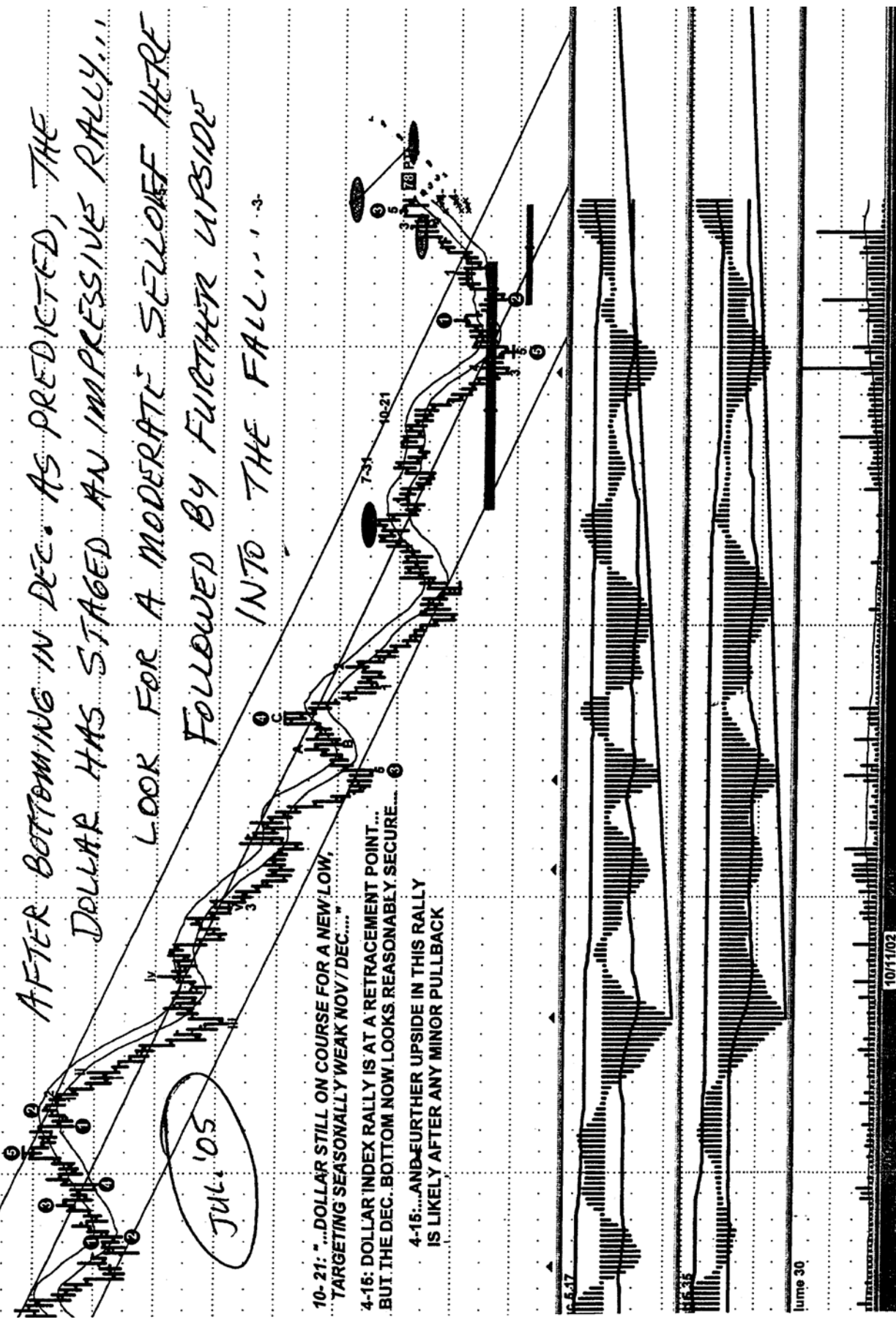
AFTER BOTTOMING IN DEC. AS PREDICTED, THE DOLLAR HAS STAGED AN IMPRESSIVE RALLY...  
 LOOK FOR A MODERATE SELLOFF HERE FOLLOWED BY FURTHER UPSIDE INTO THE FALL...<sup>3</sup>

JUL '05

10-21: "...DOLLAR STILL ON COURSE FOR A NEW LOW, TARGETING SEASONALLY WEAK NOV/DEC..."

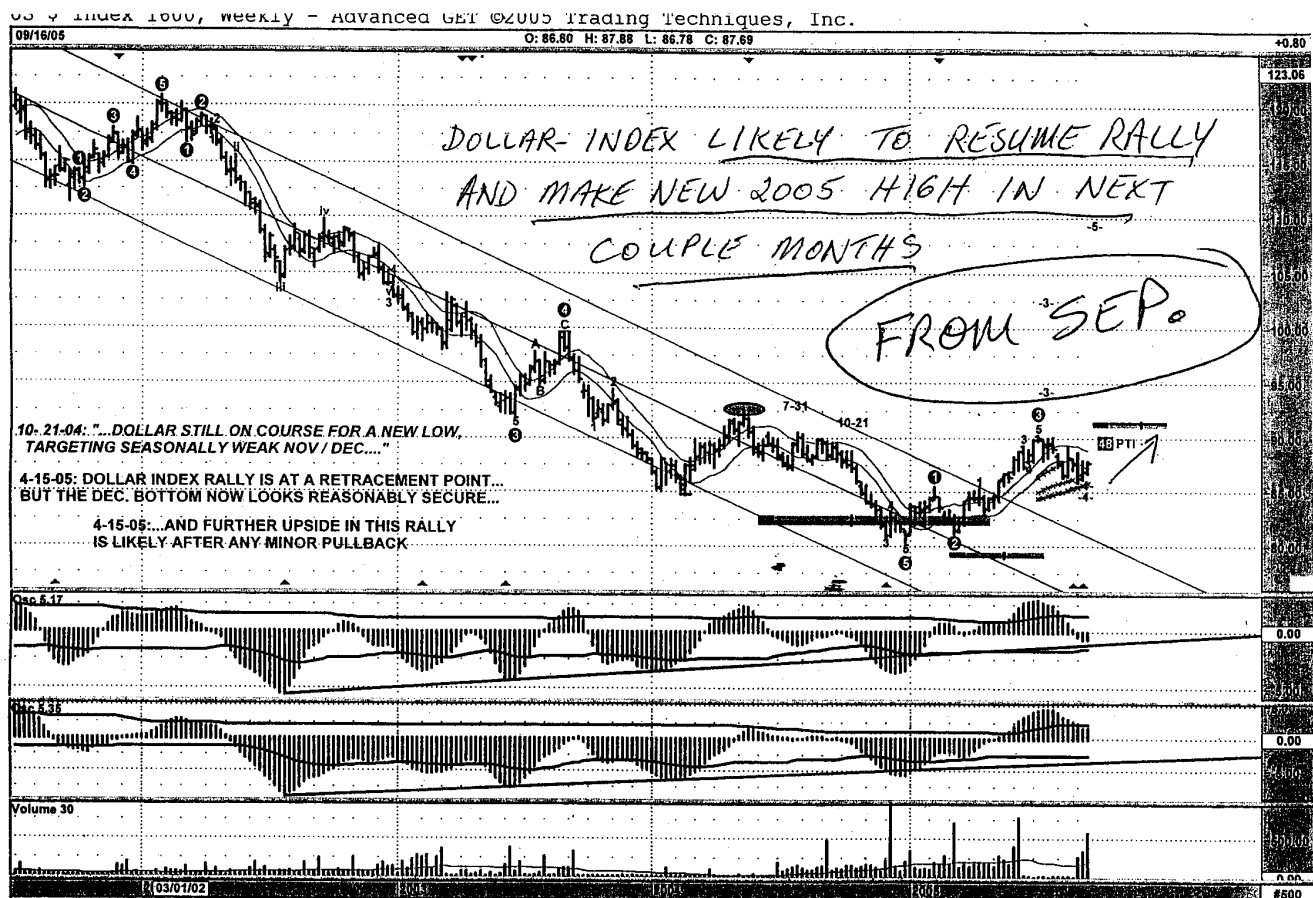
4-16: DOLLAR RALLY IS AT A RETRACTION POINT... BUT THE DEC. BOTTOM NOW LOOKS REASONABLY SECURE...

4-15: ...AND FURTHER UPSIDE IN THIS RALLY IS LIKELY AFTER ANY MINOR PULLBACK

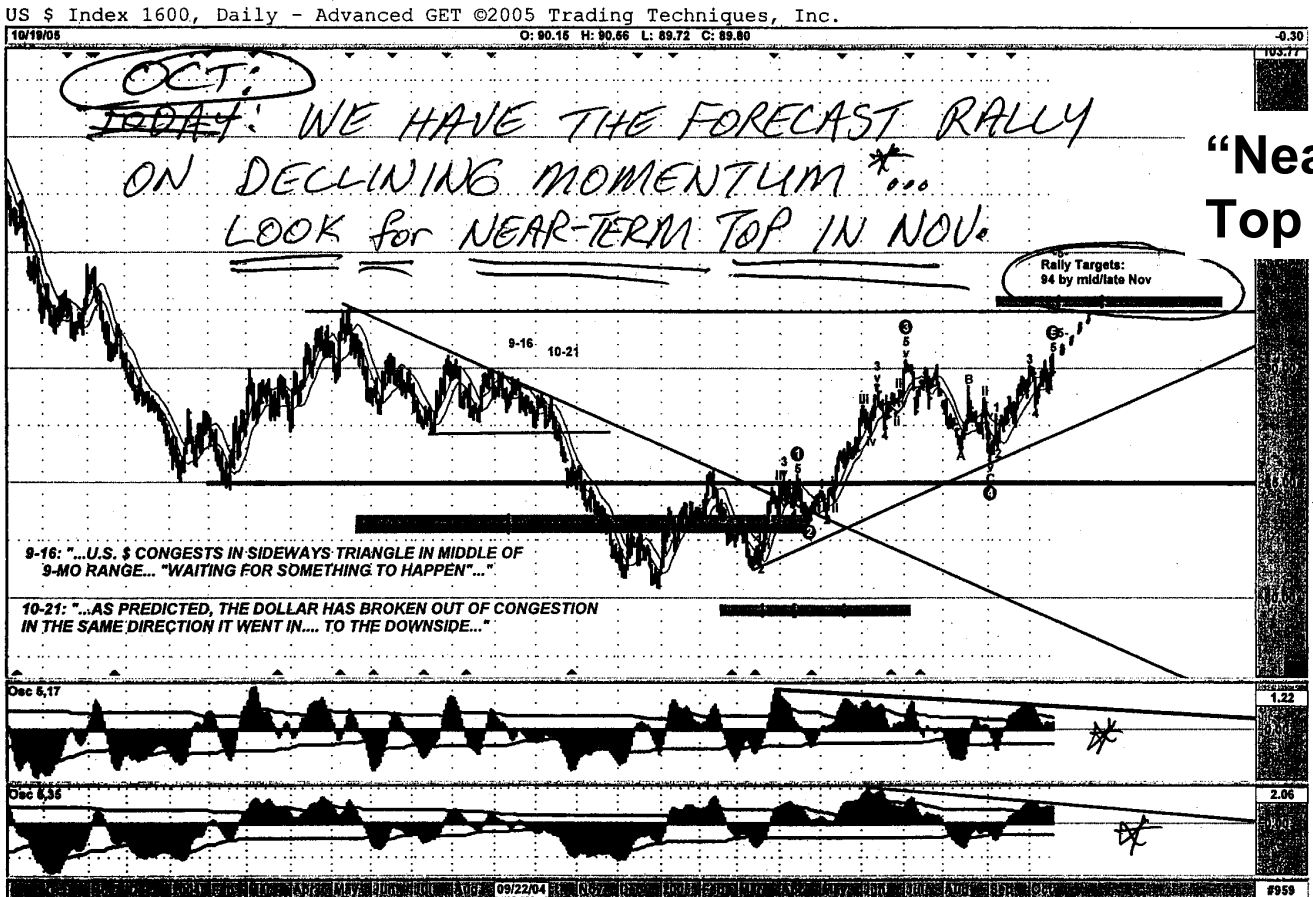


10/11/02

# Sep/Oct '05: Targeting dollar rally to 94.0 by mid Nov.



8



"Near term Top in Nov"

14

BT

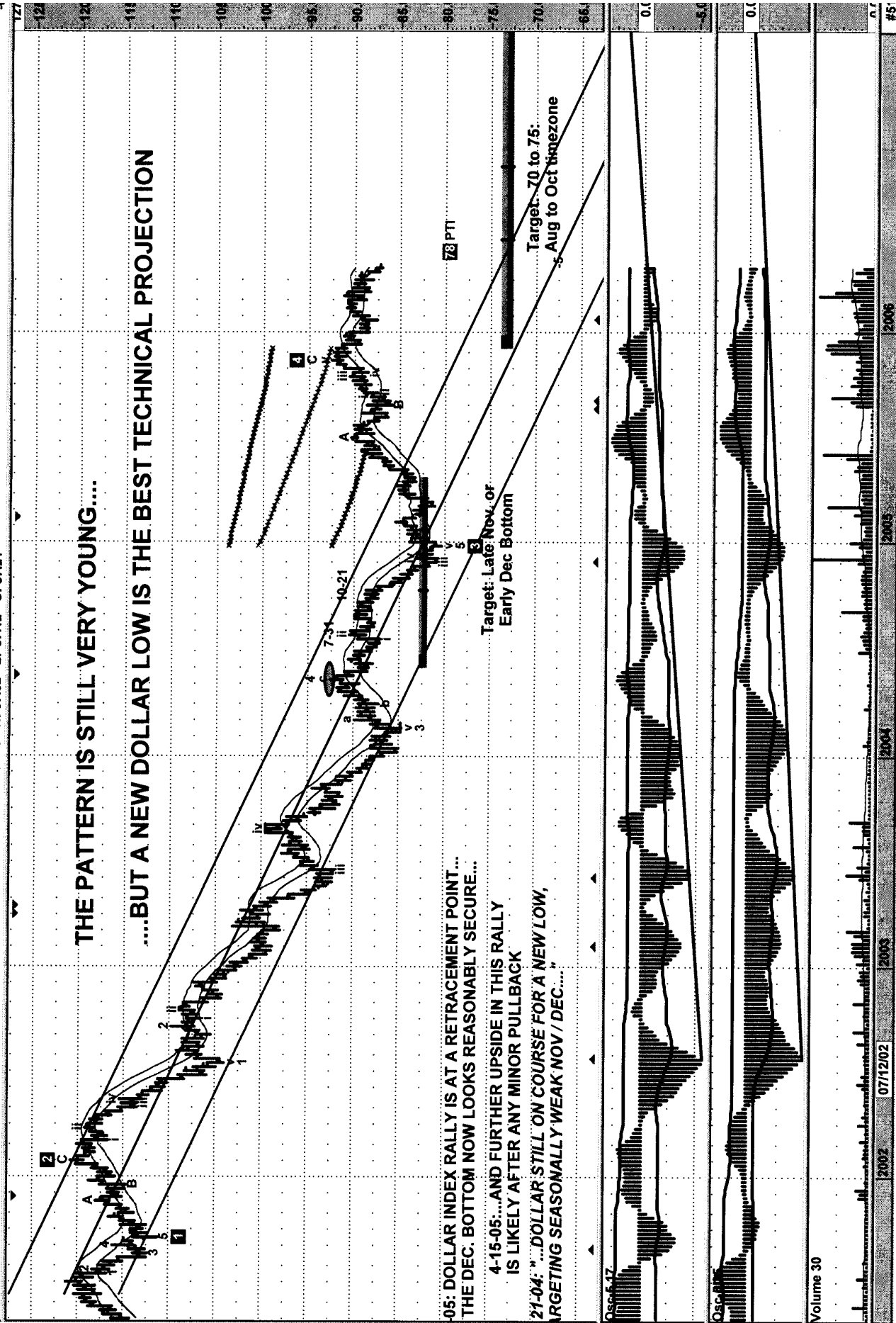
# 4-29-06: "New dollar low is the best technical projection" (Cornerstone/ Striker seminar, Tampa)

**THE PATTERN IS STILL VERY YOUNG....  
 ....BUT A NEW DOLLAR LOW IS THE BEST TECHNICAL PROJECTION**

05: DOLLAR INDEX RALLY IS AT A RETRACEMENT POINT...  
 THE DEC. BOTTOM NOW LOOKS REASONABLY SECURE...  
 4-15-05...AND FURTHER UPSIDE IN THIS RALLY  
 IS LIKELY AFTER ANY MINOR PULLBACK  
 21-04: "...DOLLAR STILL ON COURSE FOR A NEW LOW,  
 TARGETING SEASONALLY WEAK NOV / DEC...."

Target: Late Nov. or  
 Early Dec Bottom

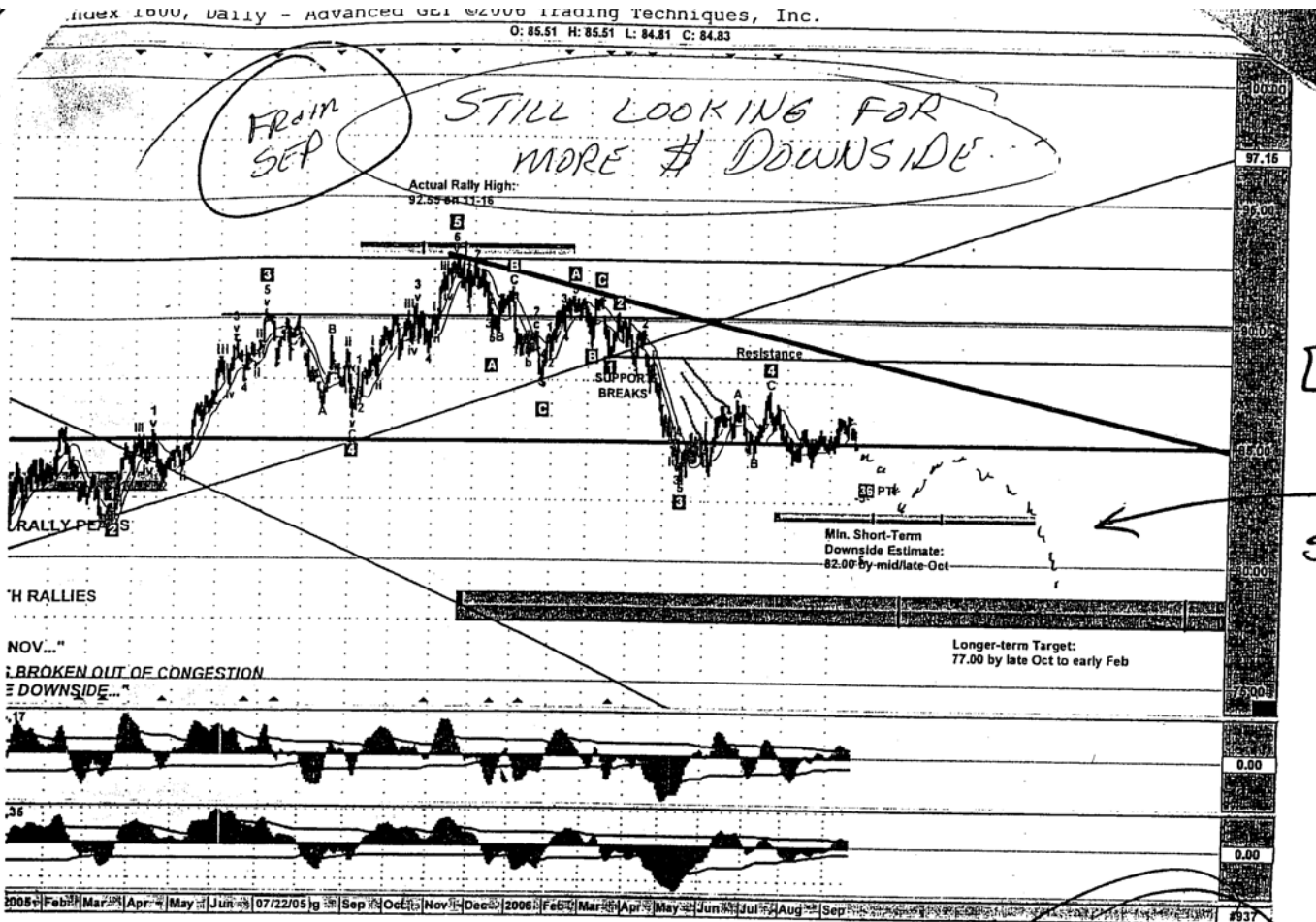
Target: 70 to 75:  
 Aug to Oct timezone





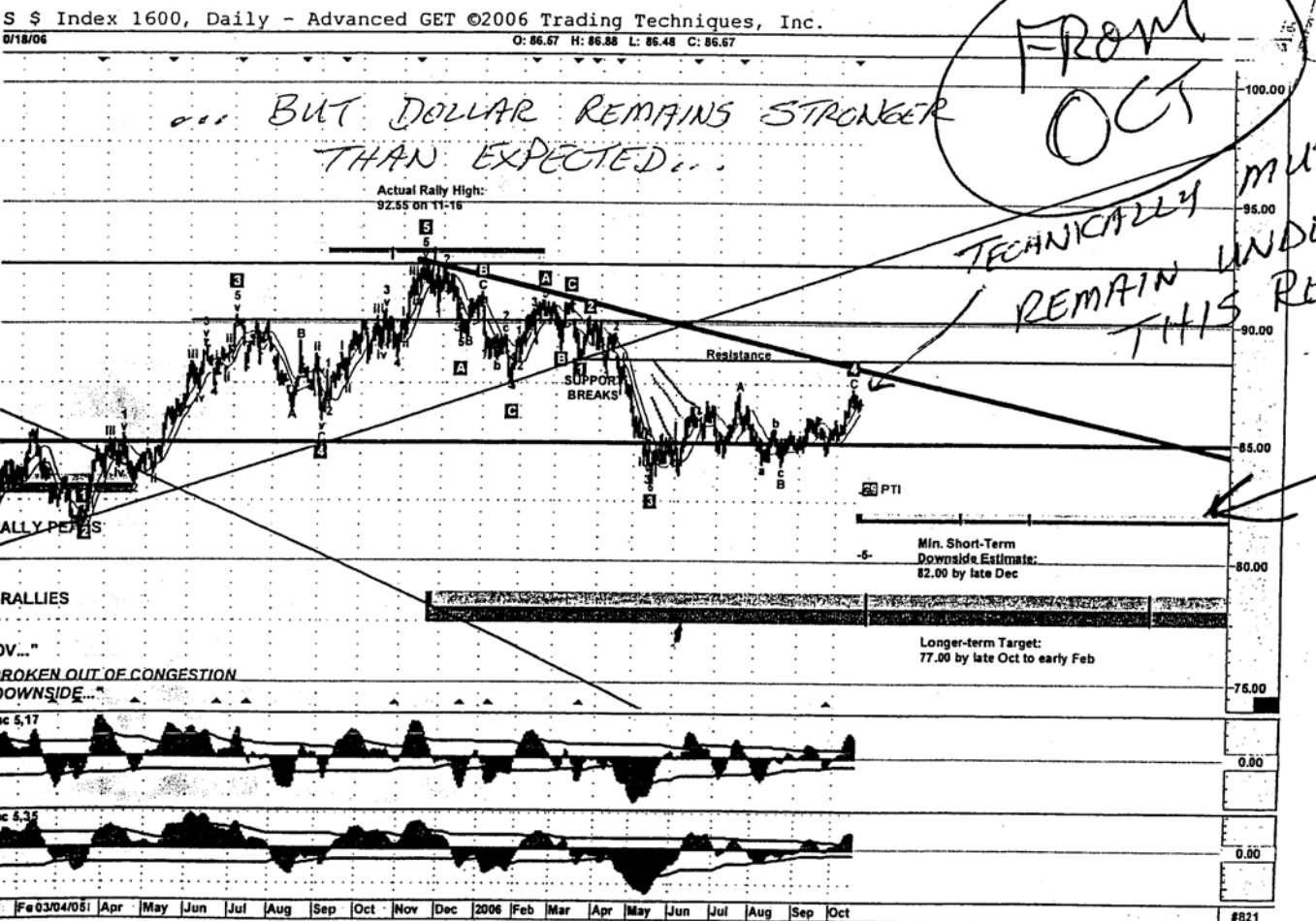


# Sep & Oct: Dollar downside target remains @ 82.00



From SEP STILL LOOKING FOR MORE \$ DOWNSIDE

[NOTE 82.00 TARGET SINCE SEPT!]



BUT DOLLAR REMAINS STRONGER THAN EXPECTED...

FROM OCT TECHNICALLY MUST REMAIN UNDER THIS RESISTANCE

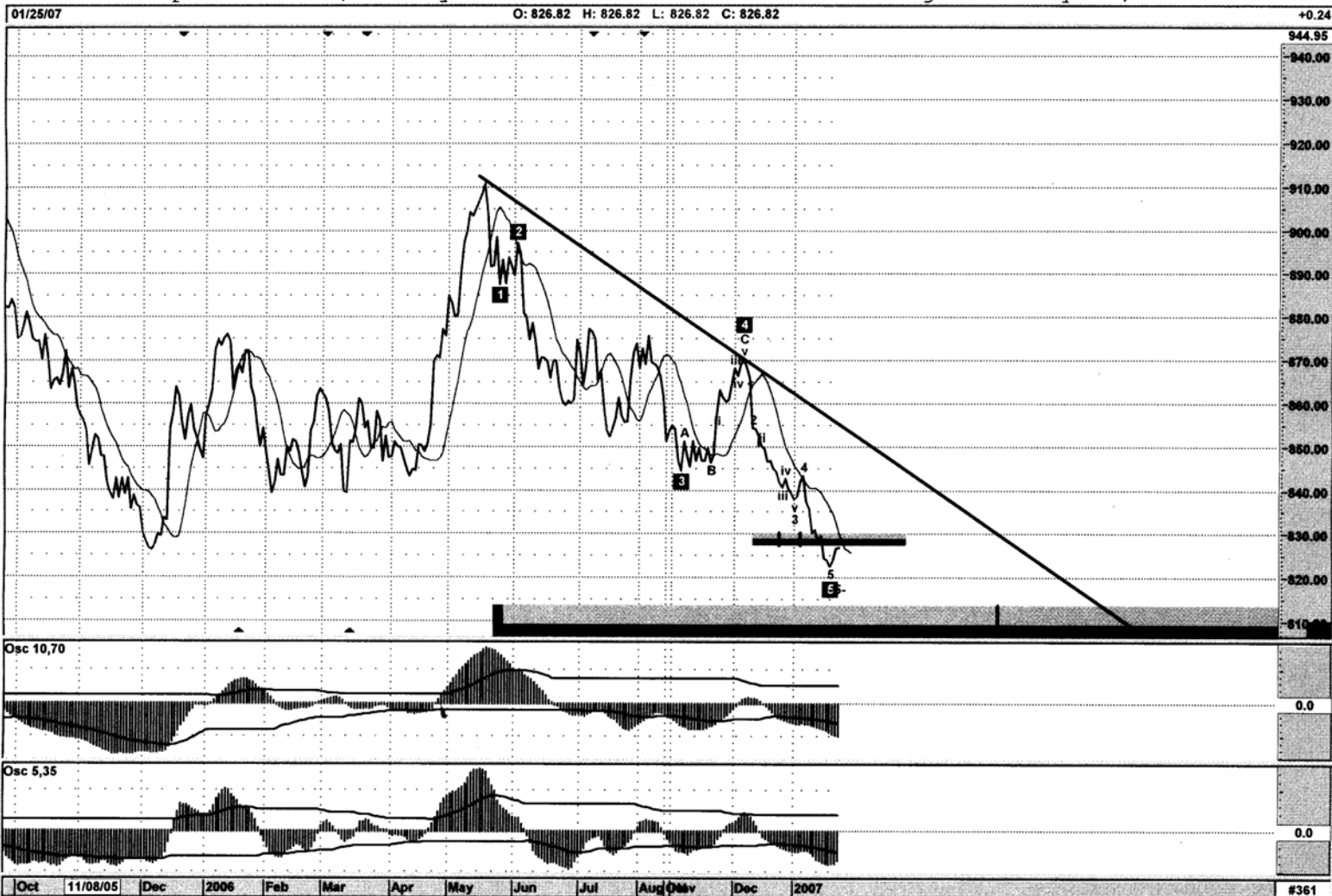
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(14)

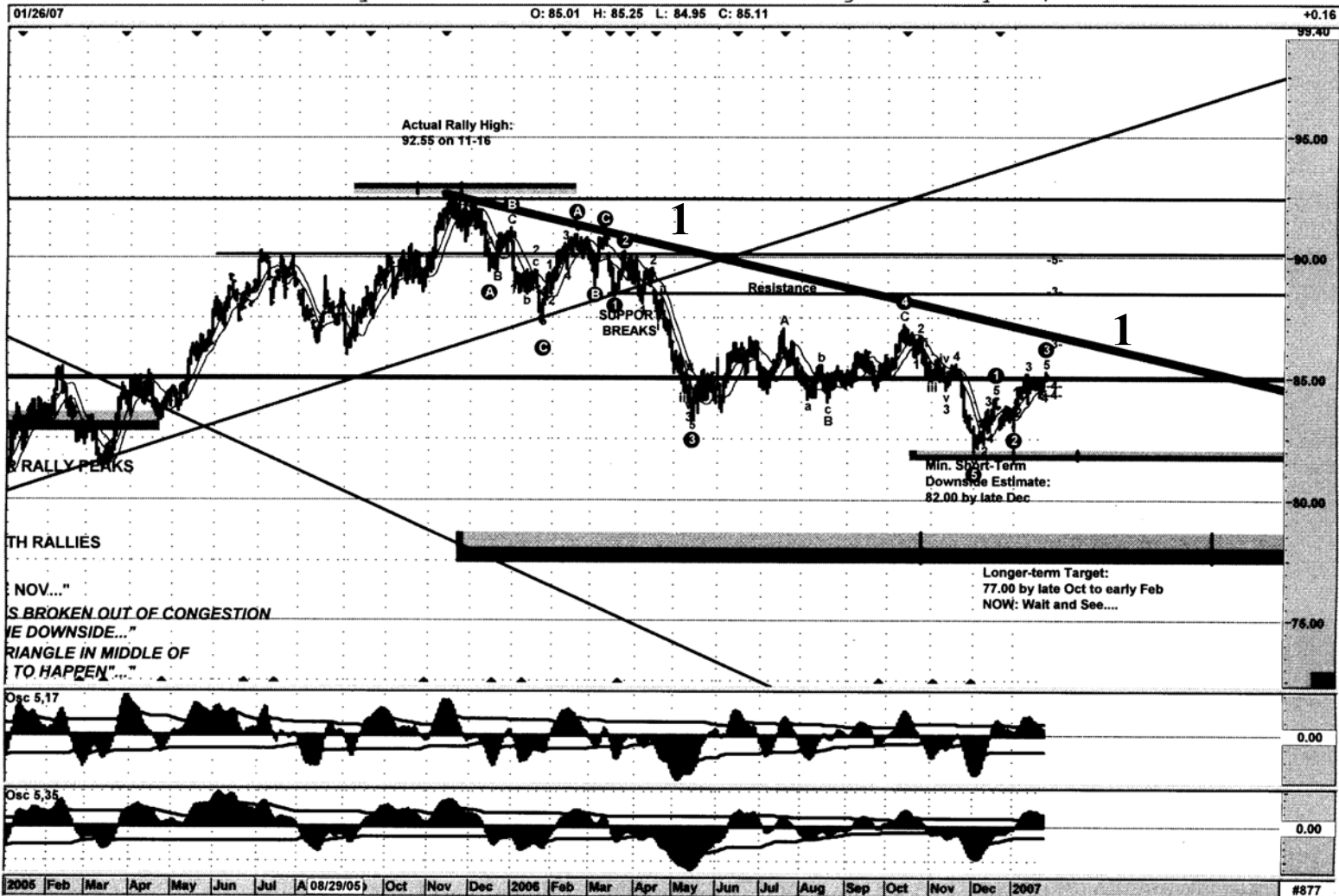


Insert DX Dec & Jan here... bottom &  
Short term rally

Further dollar downside may require  
Yen upside, not far away here



**Japanese Yen tests and takes out Dec. '04 lows on Jan 22, 2007. It is now in the most important bottoming pattern since the Jan '05 top.**



The dollar remains in downtrend unless the key downsloping resistance line "1 – 1" is broken to the upside. Minimal downtrend target is the Dec'04/Jan'05 low cluster just above 80.00



**Euro is nearing the most important topping zone since a 5 year secular uptrend began early 2002.**

**The uptrend is still intact above upsloping support and is targeting at least a re-test of the late 2004 high in the 1365 range.**

# Silver lining: If the Dollar softens, it will likely help U.S. corporate foreign earnings translations....



AP file photo  
A Chinese couple patronizes a McDonald's restaurant in Shanghai. The company's international business produced about 66 percent of its sales in 2004.

## Strong dollar may weaken profits of firms doing overseas business

By Dune Lawrence  
Bloomberg News

U.S. companies that generate most of their revenue overseas, such as McDonald's Corp. and Colgate-Palmolive Co., may trail the stock market this year as the dollar's surge hurts sales and earnings.

The dollar posted its biggest quarterly advance against the euro since 2001. The increase may have the most effect on makers of consumer staples, such as food, beverages and household items, whose shares have outperformed the Standard & Poor's 500 index in 2005.

"Over the past few years, a lot of these companies have gotten a tailwind from the U.S. dollar weakening, and that looks as if it's going to shift in the other direction," said Sean Fitzgibbon, manager of the Boston Co. Large Cap Core Fund in Boston. "It's becoming a concern."

The dollar gained 7.1 percent against the euro in the quarter, and also advanced against the yen. As the U.S. currency climbs, goods and services become more expensive to international buyers and the value of overseas sales decreases when translated into dollars.

McDonald's earnings and share price may slide because of

the strength of the U.S. currency, according to Vadim Zlotnikov, chief equity strategist at Sanford C. Bernstein & Co., and Ryan Renicker, an equity derivatives strategist at Lehman Brothers Inc. Both cited the Oak Brook-based burger giant in recent reports to clients.

McDonald's international business produced about 66 percent of sales in 2004, according to data compiled by Bloomberg.

Currency translation accounted for 4 percentage points of a 10 percent sales increase in the fourth quarter.

Colgate-Palmolive generated 78 percent of sales internationally last year. The New York-based company said currency gains produced a third of its 9 percent increase in fourth-quarter revenue.

Food, beverage and tobacco companies in the S&P 500 made an average of 44 percent of their sales overseas in 2004, while the figure for household and personal-products companies was about 52 percent, Bloomberg data show. The average for the benchmark overall is 27 percent.

"I would be shocked if they managed to get through without anyone saying the strong dollar hurt us and we're going to miss our earnings," said Ben Halli-

burton, chief investment officer at Tradition Capital Management in Summit, N.J.

Shares of firms that "end up missing are going to be marked down," said Halliburton, who added that firms that sell to Europe may be hit the hardest.

Boston Co.'s Fitzgibbon cited medical device makers as an example of an industry that may suffer the most because of the dollar's strength.

Zimmer Holdings Inc., the world's largest maker of orthopedic products, said in June that annual sales will be \$49 million lower than previously forecast if the dollar stays where it is. The Warsaw, Ind.-based company estimated in April that sales would be \$3.33 billion to \$3.35 billion.

Earnings for S&P 500 companies may rise 7.6 percent this year instead of 10 percent as long as the dollar stays near its current level. David Rosenberg, chief North American economist for Merrill Lynch & Co., wrote in a recent note to clients. The increase for 2006 would probably be reduced to 3 percent from 10 percent, he wrote.

Investors such as Janna Sampson noted, however, that when a company makes products abroad its costs and sales are both in local currency.

THE SILVER LINING: A weaker dollar would likely help U.S. corporate profits (i.e. stock market),

27

~~53~~



# **RECENT “GLOBAL-FEEDBACK” EFFECTS OF A WEAKER DOLLAR**

- 1) U.S. companies report stronger currency translation. Benefits U.S. earnings statements. (see previous slide)**
- 2) U.S. trade deficit narrows as exports become more competitive. November 2006 deficit was the lowest since July 2005.**
- 3) Stock investors’ money flows into foreign stock funds as the value of their shares rises as the dollar weakens.**
- 4) If the dollar has fallen substantially, foreign shares may fall as: A) They wonder if the U.S. can keep buying their goods; B) They wonder if they can remain competitive against the U.S.**
- 5) Weaker currency may come to be viewed as an unreliable reserve currency.**