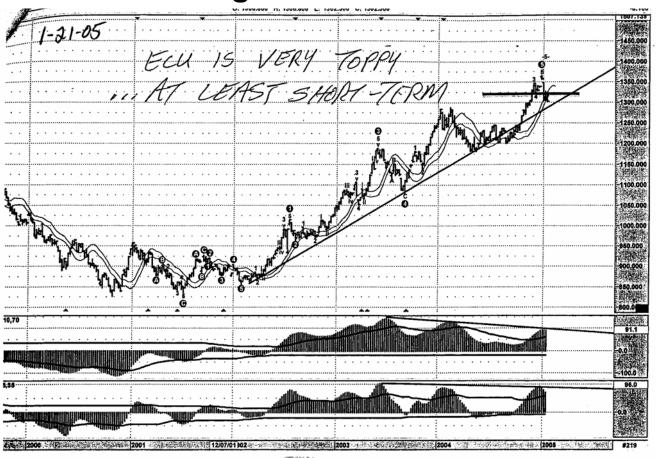
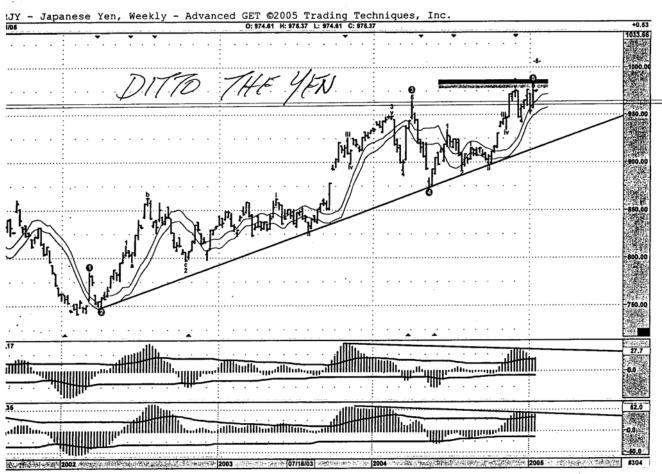
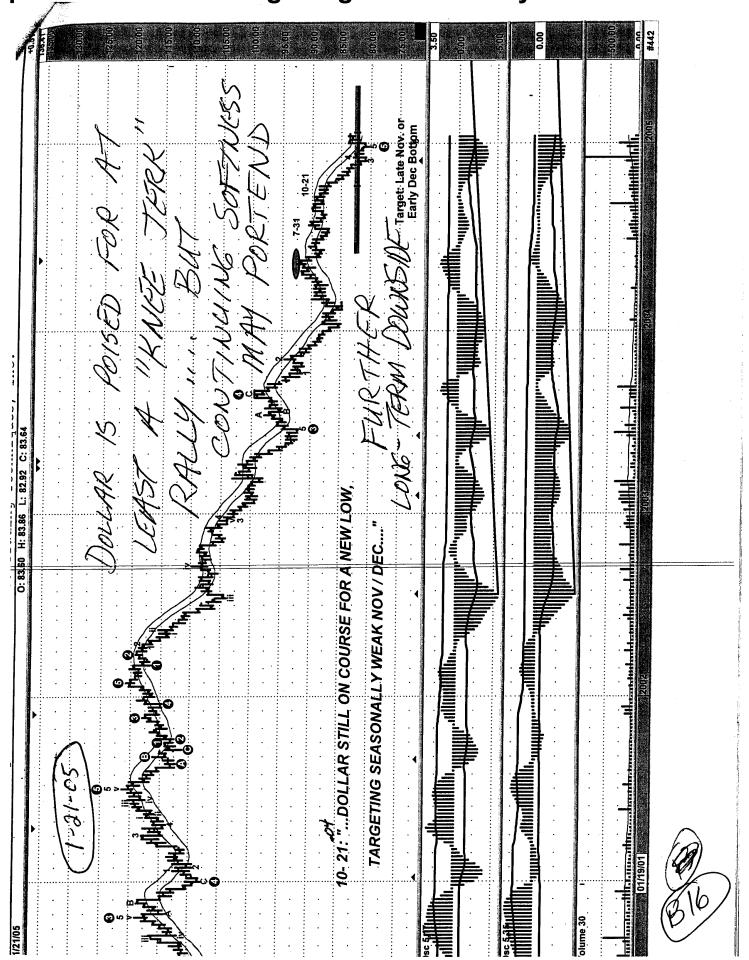
Jan. '05: Calling an intermediate ECU & Yen top...



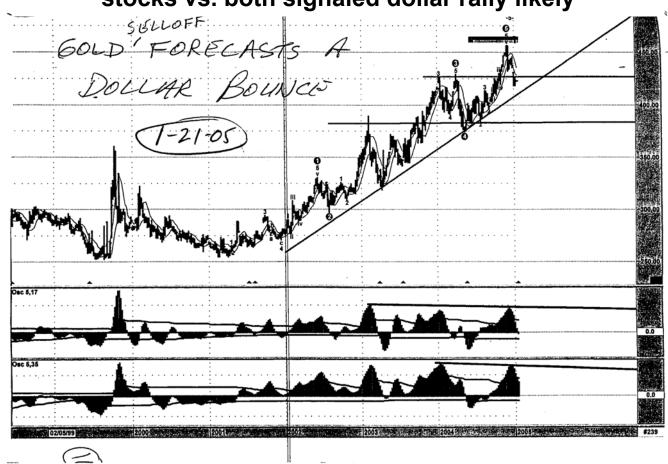


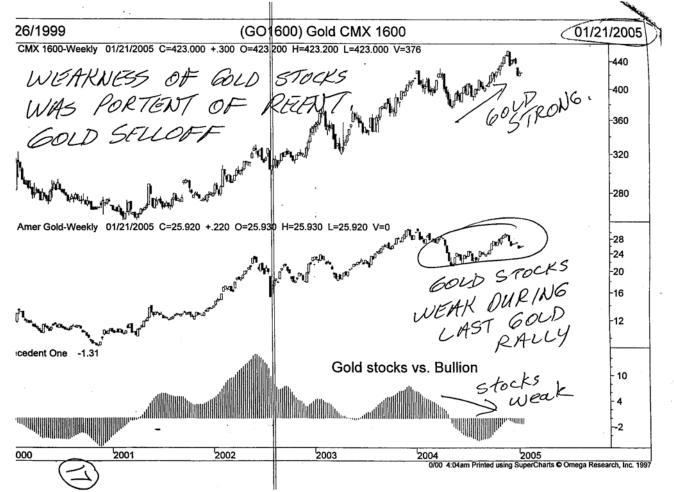


Jan. '05, Dollar Bottoming. But the lingering pattern raised questions of how long the greenback rally would last...



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

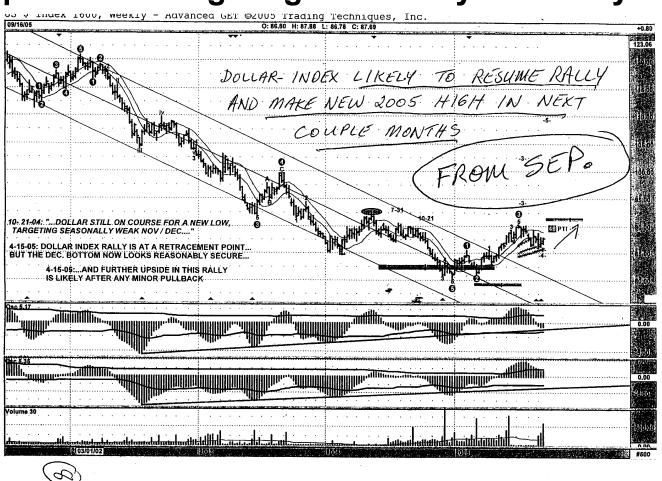


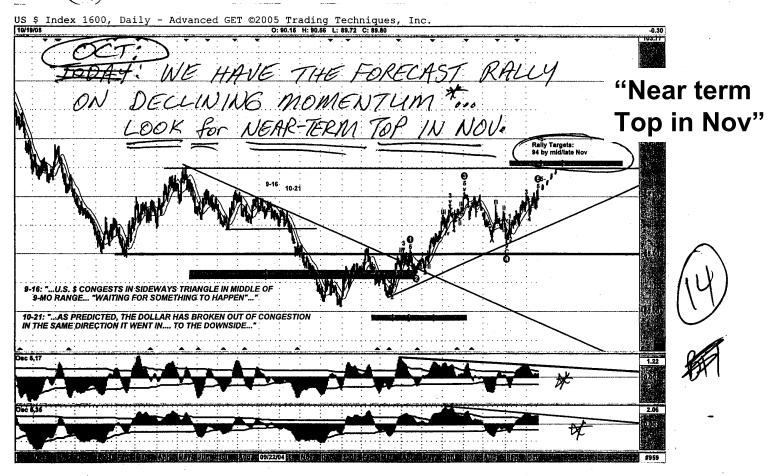


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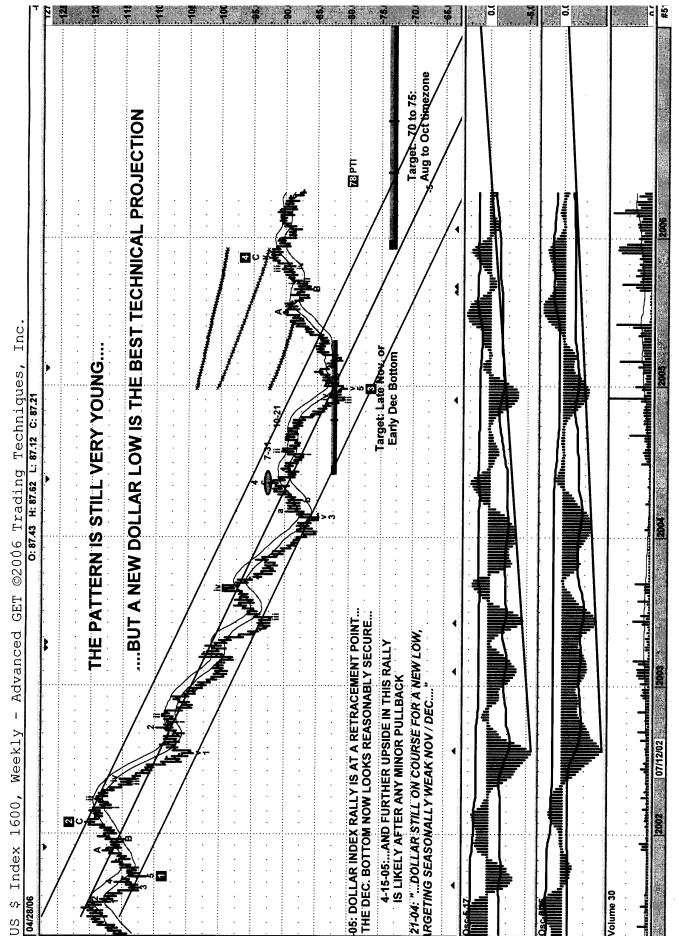
"Further Dollar Upside into the Fall TER BOTTOMING IN DEC. AS PREDICTED, THE DOLLAR HAS STAGED AN IMPRESSIVE RALY... LOOK FOR A MODERATE SELLONEF HERE FOLLOWED BY FURTHER UPSIDE INTO THE FALL > Index 1600, Weekly - Advanced GET @2005 Trading Techniques, O: 89.21 H: 90.00 L: 89.00 C: 89.02 10-21: "...DOLLAR STILL ON COURSE FOR A NEW LOW

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





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



4-24-06: G-7 Statement mirrors IMF position favoring a weaker dollar

C8 MONDAY, APRIL 24, 2006

THE WALL STREE

G-7 Statement May Hurt the Dollar

By LAURENCE NORMAN

The dollar could be in for a rough ride this week, especially against Asian currencies, as the market feels the reverberations of the latest communiqué from the Group of Seven leading industrial nations.

The main point of discord among currency analysts wasn't whether the G-7

FOREX

statement would increase the pressure on an alreadyfalling dollar. Rather, it was

which would take the greatest toll: the G-7's position on currencies or its warnings about global imbalances.

Late Friday in New York, the euro was at \$1.2349, up from \$1.2323 late Thursday. The dollar was at 116.65 yen, down from 117.55 yen. The euro was trading around 144.05 yen, down from 144.85 yen.

In its statement, the G-7 singled out China, saying, "Greater exchange-rate flexibility is desirable in emerging economies with large current-account surpluses, especially China, for necessary adjustments" in global imbalances to occur.

Global imbalances are G-7
buzzwords for the huge U.S. current-account deficit, alongside Asia's high savings rates, due in part to undervalued
currencies.

The International Monetary Fund last week said correcting the imbalances will likely mean dollar declines. While the G-7 statement made no such comment, the heightened focus on imbalances prompted several analysts to suggest exactly that will happen.

After the G-7 statement, European Central Bank President Jean-Claude Trichet and Bank of Japan Gov. Toshihiko Fukui said the statement wasn't a signal the group was seeking a weaker dollar.

The call for China to allow greater flexibility in the yuan seemed unlikely to have a quick effect. On Saturday, People's Bank of China Gov. Zhou Xiaochuan told reporters "the speed of moving forward on yuan appreciation is OK." He even suggested the yuan's glacial rise was in the U.S. interest, since "we invest in U.S. Treasurys and subsi-

Nonetheless, Alan Ruskin, head of international strategy at RBS Markets in Greenwich, Conn., said he believed the statement could produce considerable volatility. "The market's inclinations certainly [will be] to give Asian currencies a decent jolt" higher against the dollar, fie said.

-Azam Ahmed, Denis McMahon and Lingling Wei contributed to this article.

Treasury's Latest Deficit Figures Could Pressure Dollar Downward

By AZAM AHMED

The dollar could come under the gun this week when trading resumes after the long holiday weekend.

In an environment where any surprises on the data front can cause ripples in the currency market, the U.S. currency is likely to see more downside pressure ahead of a host of U.S. statistics. Top-level international meetings could cast a shadow over the dollar.

With many major financial centers closed Friday in observance of spring hol-

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FOREX VIEW

idays and foreignexchange trading largely dormant, the dollar was little changed to slightly higher.

Late Friday in New York, the euro was trading at \$1.2111 from \$1.2113

late Thursday. The dollar was at 118.67 yen from 118.47 yen and at 1.2985 Swiss francs from 1.2975 francs. The pound was at \$1.7511 from \$1.7522, while the euro was at 143.69 yen from 143.45 yen.

Aside from the holiday-induced torpor at the end of last week, currency markets have been volatile over the past several weeks. Investors have attempted to assess when the Federal Reserve will stop lifting interest rates and shifting opinions have caused some ups and downs for

The dollar rally that started two weeks ago—after European Central Bank President Jean-Claude Trichet slashed expectations for a May rate increase by the European Central Bank—was preceded by severe dollar weakness that saw the dollar at its 2006 low versus the euro.

Though interest rates still attract most attention in currency markets, analysts are beginning to focus on the U.S. twin deficits, particularly as it seems likely that Fed will stop raising rates sometime in the near term. Market expectations are for the Fed to lift rates to 5%, then pause, from 4.75%.

This deficit fear will be particularly relevant when the Treasury International Capital System data are released at 9 a.m. EDT today by the Treasury Department.

A Dow Jones survey of five banks looks for the average net foreign buying of U.S. securities to have fallen in February to \$61.4 billion from \$66 billion in January and \$53.8 billion in December, and sharply down from \$91.6 billion in November.

The most dollar-negative scenario is likely to occur if net inflows fall short of covering, the February trade deficit, which narrowed to \$65.7 billion.

The arrival this week of Chinese President, Hu Jintao comes at a time when trade tensions are steadily escalating in the U.S. The Treasury and the Bush administration have been vocal ahead of the visit about the need for China to al-

CHINA NOW II

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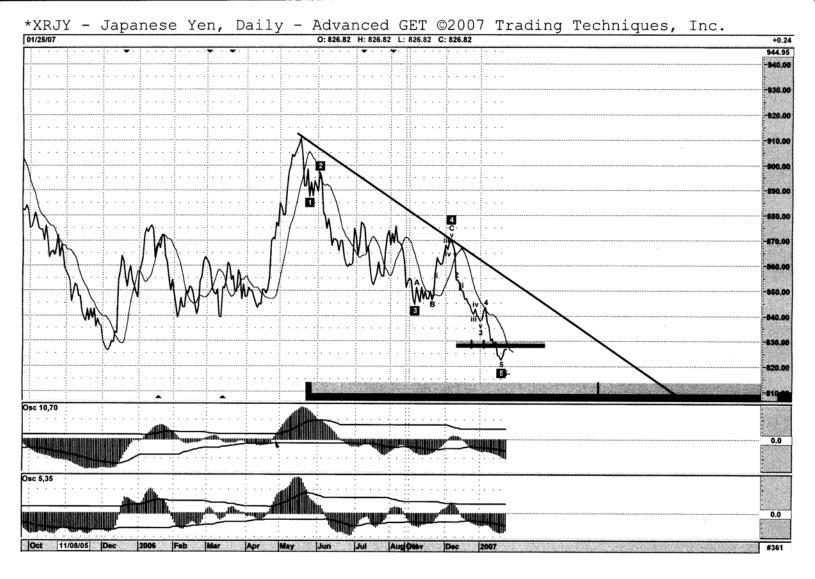
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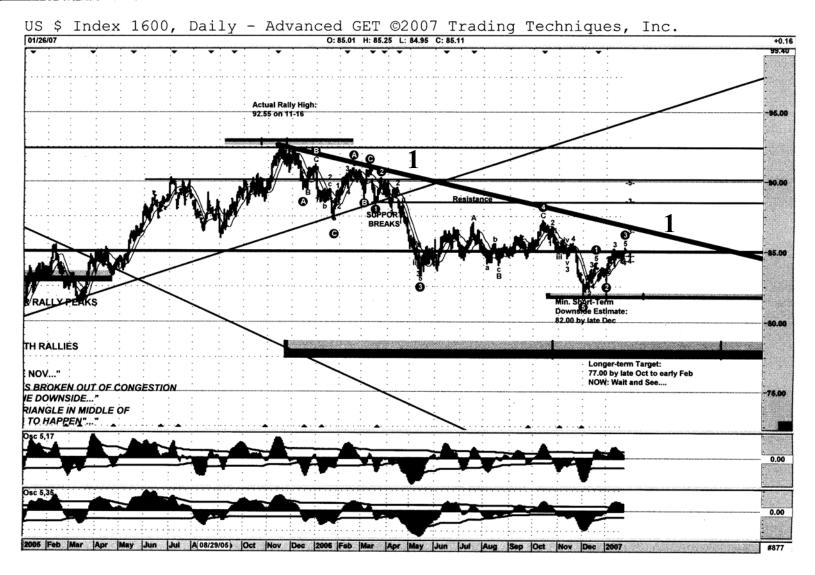
Sep & Oct: Dollar downside target remains @ 82.00 FRain STILL LOOKING FOR MORE # DOWNSIDE [NOTE 82,00 TARGET SINCE] 'H RALLIES NOV..." \$ Index 1600, Daily - Advanced GET ©2006 Trading Techniques, Inc 0:86.67 H:86.88 L:86.48 C:86.67 BUT DOLLAR REMAINS STRONGER THAN EXPECTED. Longer-term Target: 77.00 by late Oct to early Feb ROKEN OUT OF CONGESTION

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.

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

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

quarterly advance against the cent of sales in 2004, according euro since 2001. The increase to data compiled by Bloomberg may have the most effect on Currency translation accountmakers of consumer staples, such as food, beverages and household items, whose shares, fourth quarter.

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

By Dune Lawrence

Bloomberg News

the strength of the U.S. curren.

Cy. according to Vadim Zloting at Tradition Capital Manage ment in Summit, N.J.

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

the strength of the U.S. curren.

Button, chief investment Officer at Tradition Capital Manage ment in Summit, N.J.

Sanford C. Bernstein & Co., and Shares of firms that lend up missing are going to be marked down, said Halliburton, who added that firms that sell to Europe may be hit file hardest.

Brook-based burger giant in respects to clients.

Boston Co.'s Fitzgibbon cited

The dollar posted its biggest a business produced about 66 per-example of an industry that may ed for 4 percentage points of a 10 percent sales increase in the

> 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 per-

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

as the dollar's surge hurts sales cent reports to clients. Boston Co.'s Pitzgibbon cited and earnings. McDonald's international medical device makers as an example of the control of the 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 \$19 milhave 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 gains produced a third of its 9 sales would be \$3.33 billion to respectively and the Locks as if the sales with the 345 finite part of the dollar stays where it has companies have gotten a tailwind from the U.S. dollar gains produced a third of its 9 sales would be \$3.33 billion to respectively and the Locks as if \$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. dollar would likely help U.S. Corporate Profits (¿stock Market),

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.