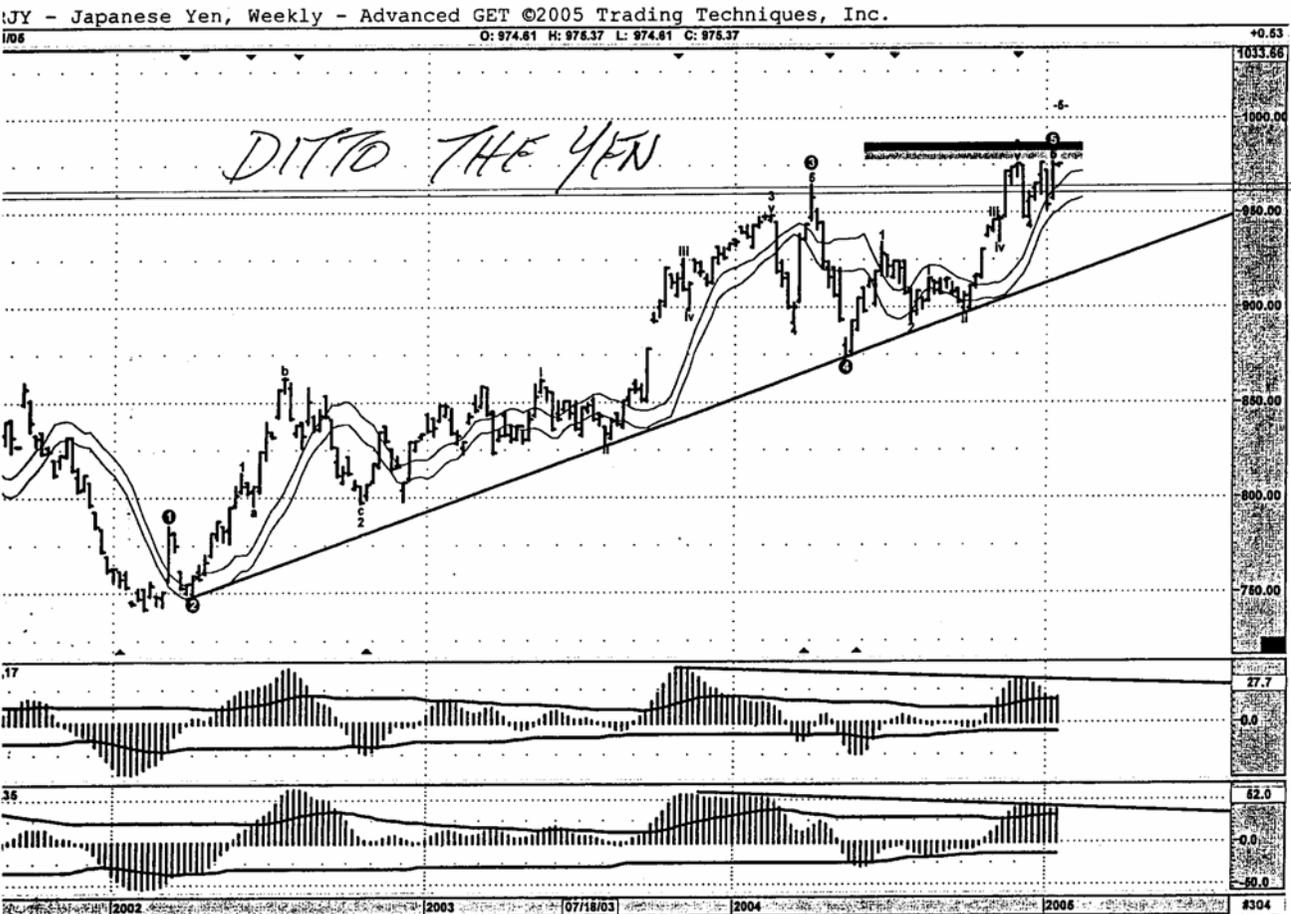
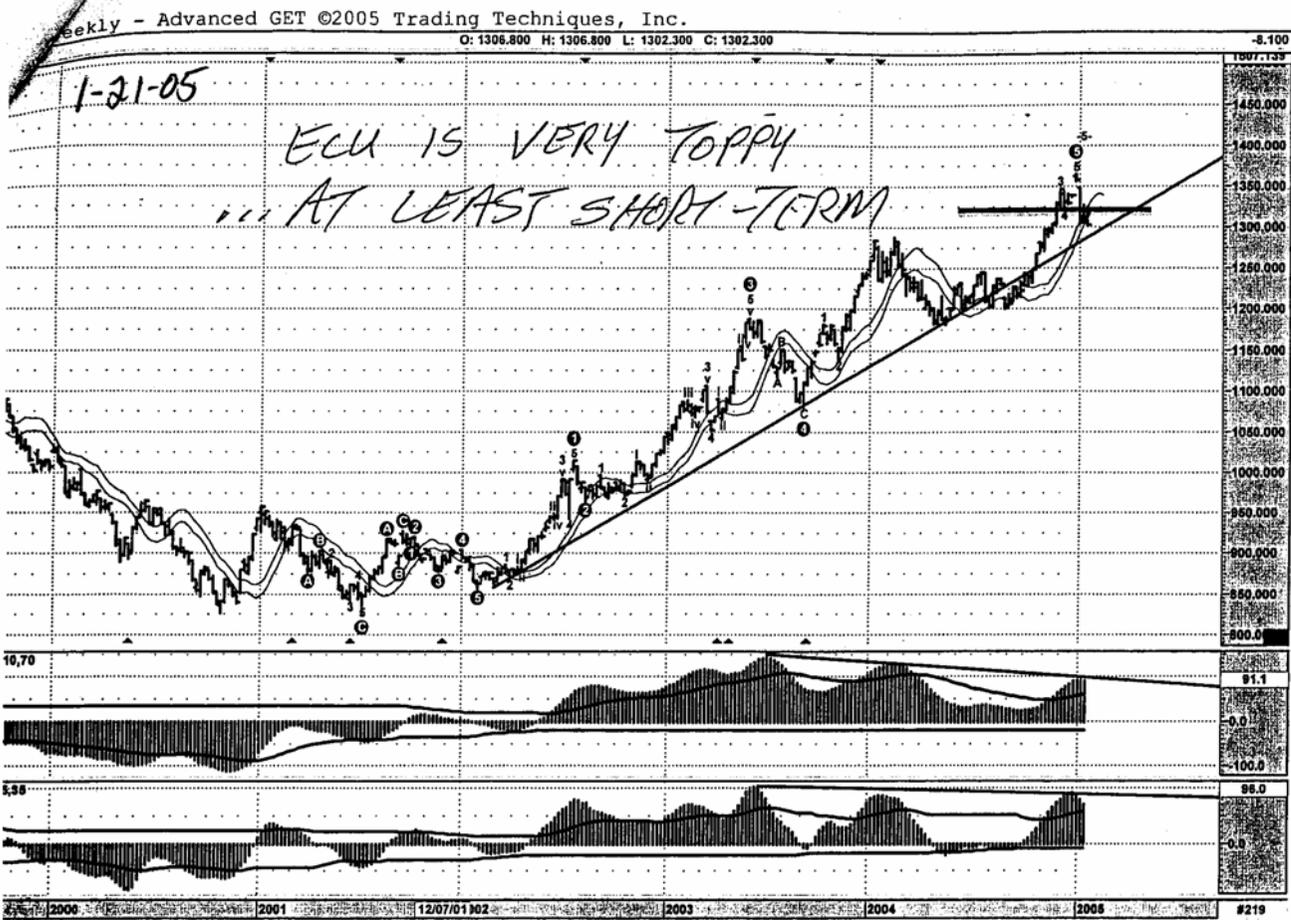
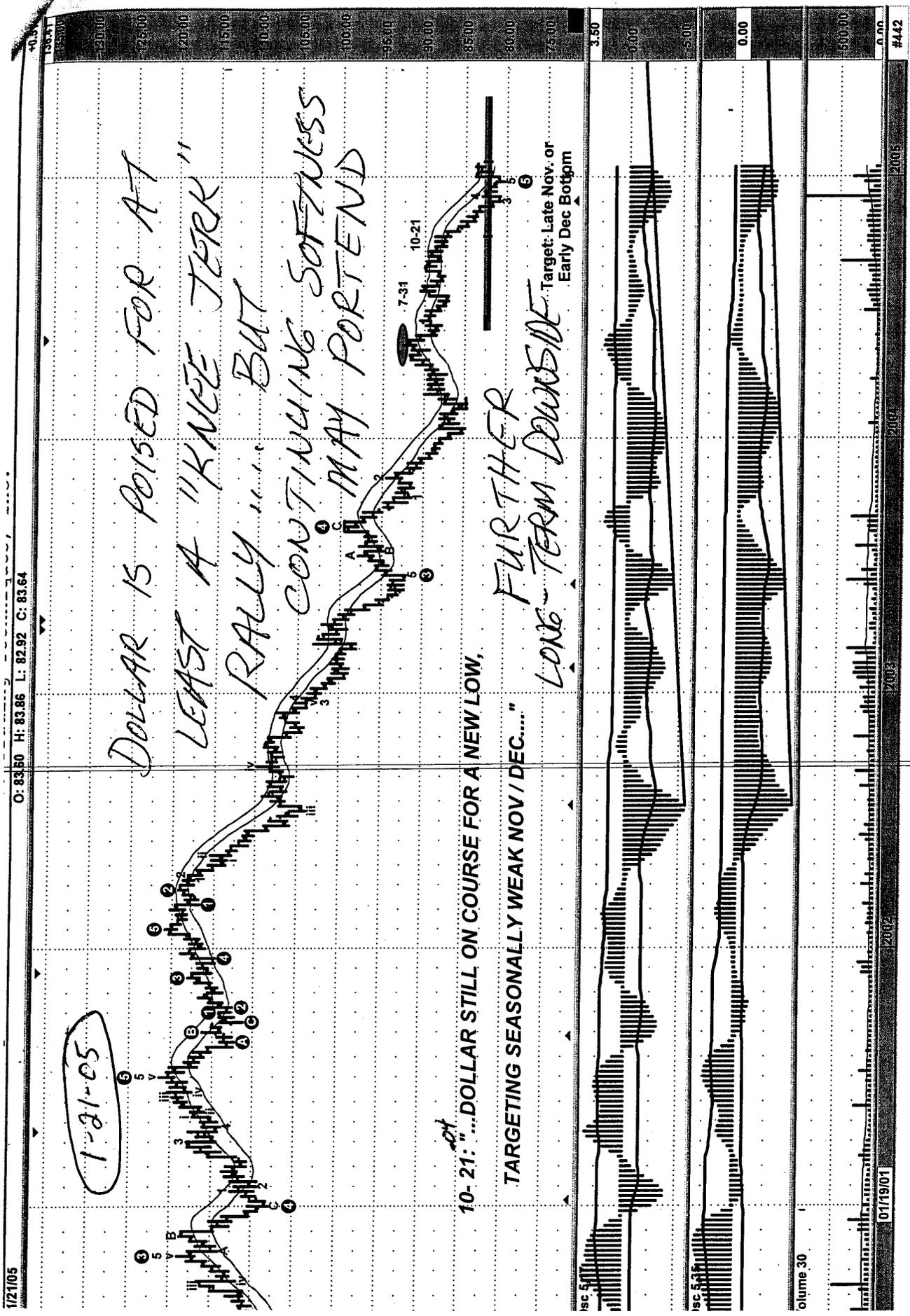


Jan. '05: Calling an intermediate ECU & Yen top...



~~BIT~~
 BIT

But even then the lingering dollar bottom raised questions of how far and 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

O: 83.50 H: 83.86 L: 82.92 C: 83.64

1/21/05

Volume 30

01/19/01

2005

2002

2002

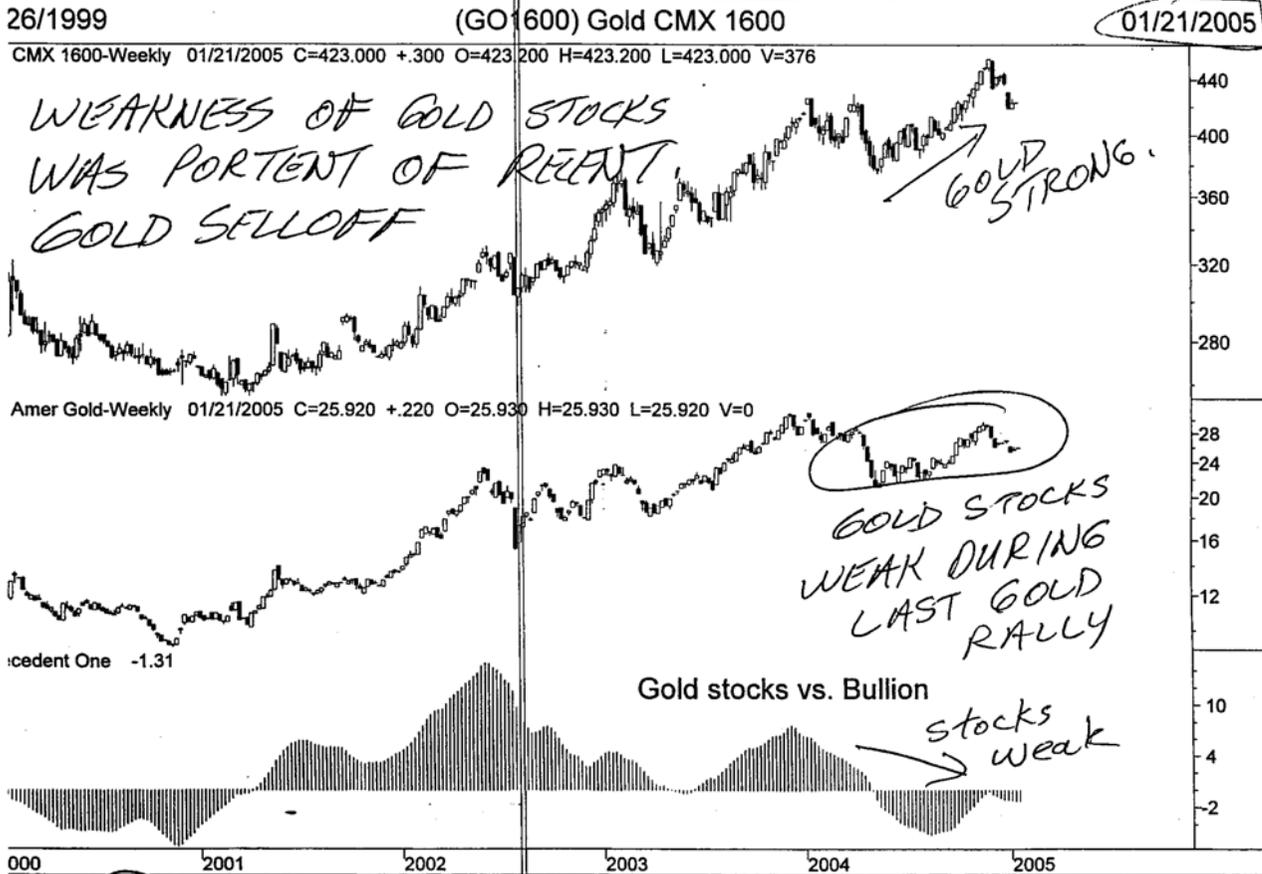
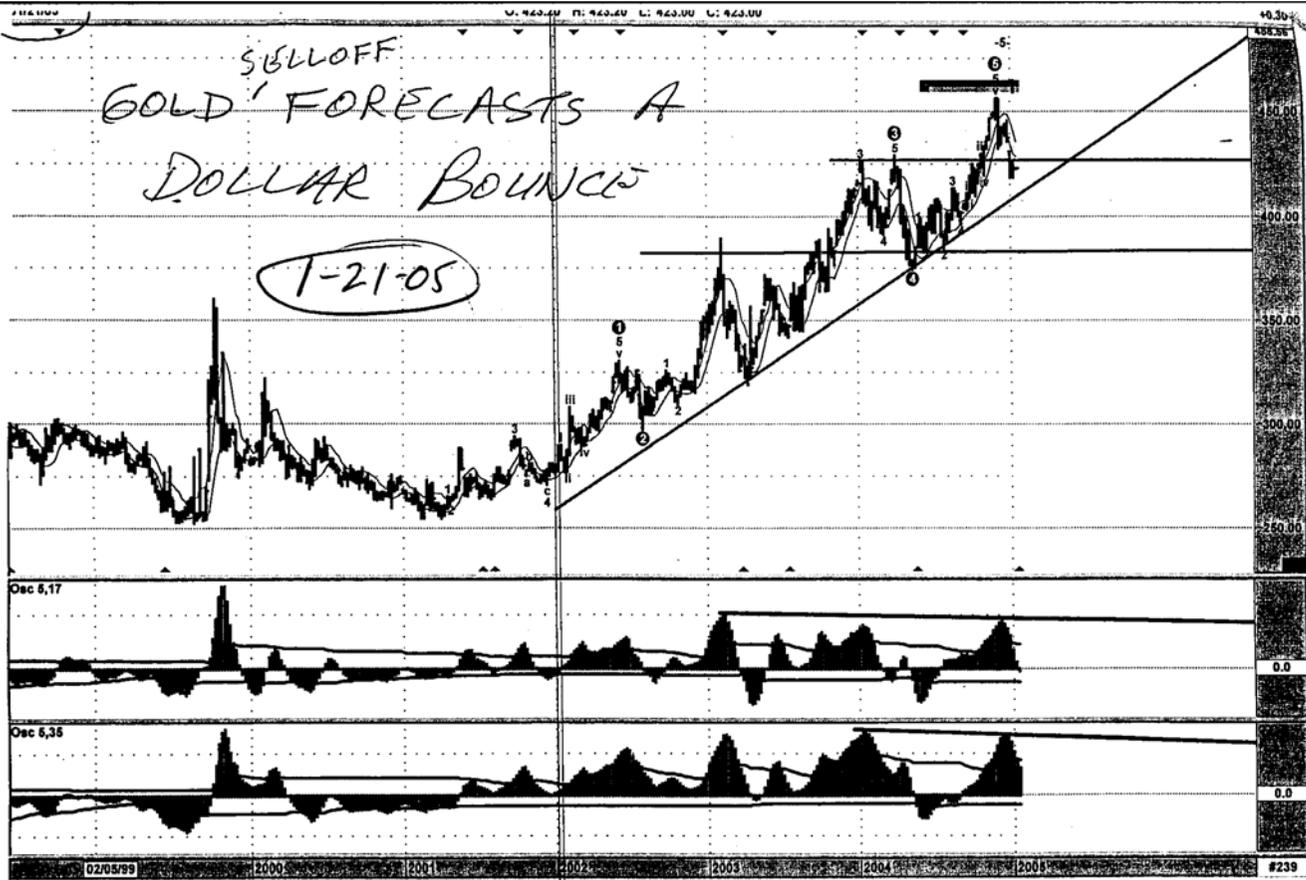
2002

2002

2005

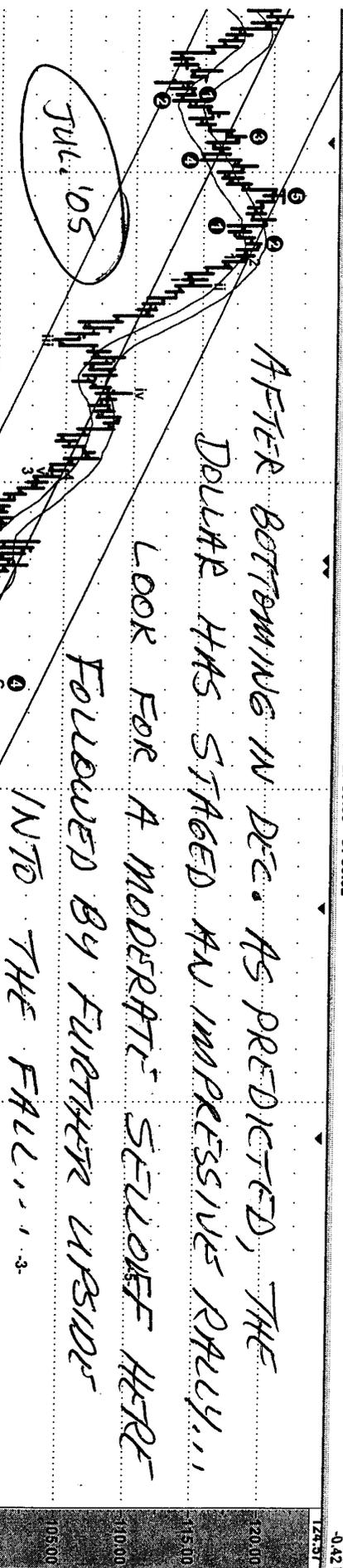
#442

In early '05, gold toppiness and the relative weakness Of gold mining stocks vs. bullion both signaled dollar rally likely



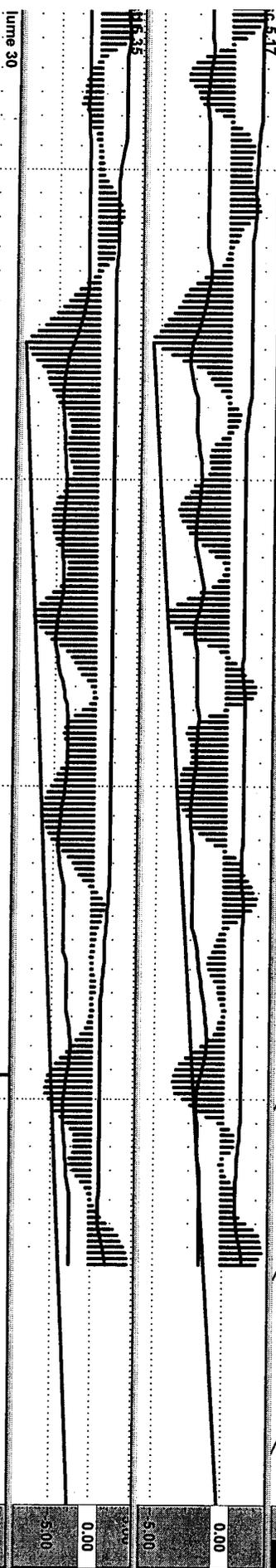
B18

Jul '05: Forecasting further dollar upside into the Fall...



AFTER BOTTOMING IN DEC. AS PREDICTED, THE DOLLAR HAS STAGED AN IMPRESSIVE RALLY...
 LOOK FOR A MODERATE SELL-OFF HERE FOLLOWED BY FURTHER UPSIDE INTO THE FALL...

10-21: "...DOLLAR STILL ON COURSE FOR A NEW LOW, TARGETING SEASONALLY WEAK NOV/DEC..."
 4-15: DOLLAR INDEX RALLY IS AT A RETACEMENT POINT... BUT THE DEC. BOTTOM NOW LOOKS REASONABLY SECURE...
 4-15: ...AND FURTHER UPSIDE IN THIS RALLY IS LIKELY AFTER ANY MINOR PULLBACK

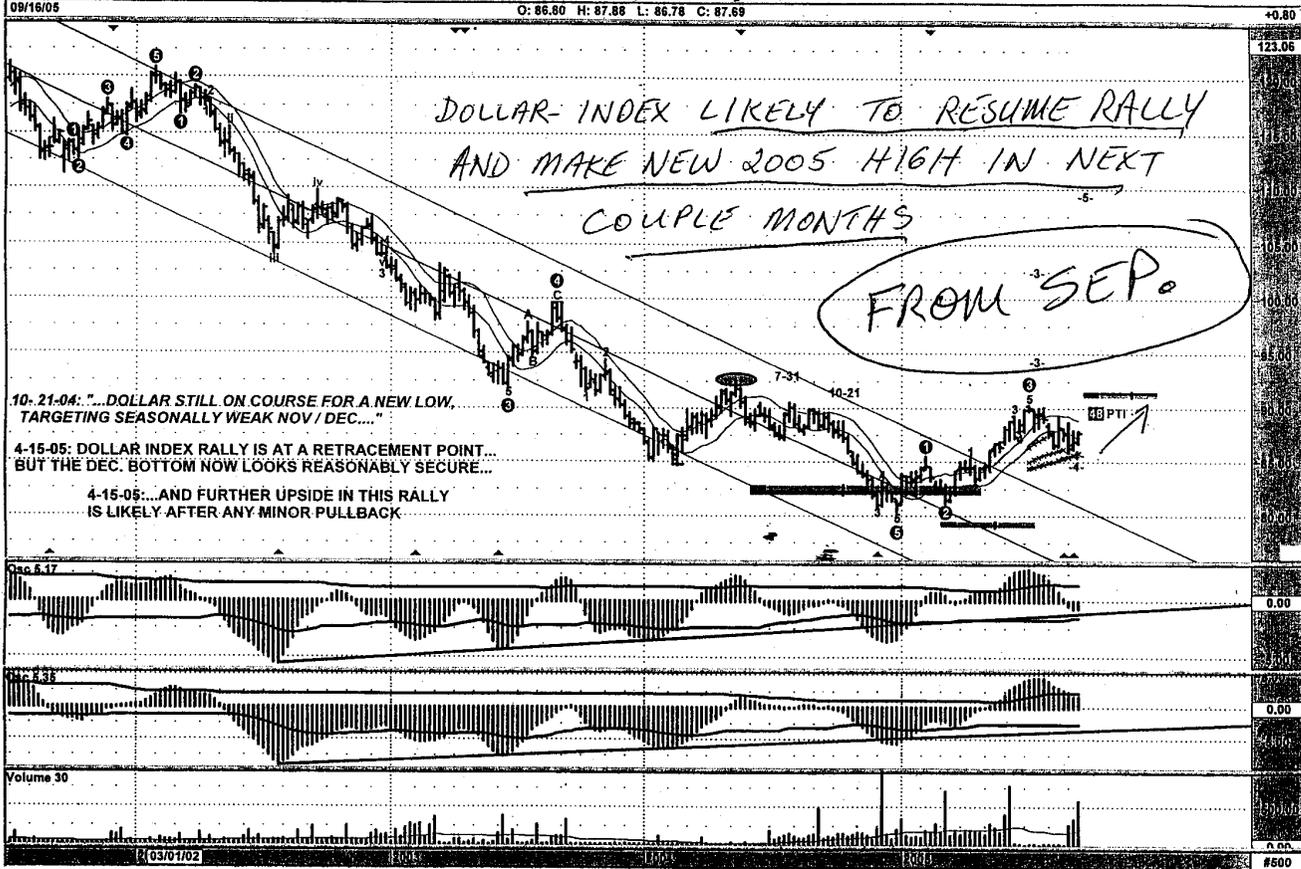


Year	High	Low	Open	Close
2002	107.11	102.11	102.11	102.11
2003	107.11	102.11	102.11	102.11
2004	107.11	102.11	102.11	102.11
2005	107.11	102.11	102.11	102.11

12

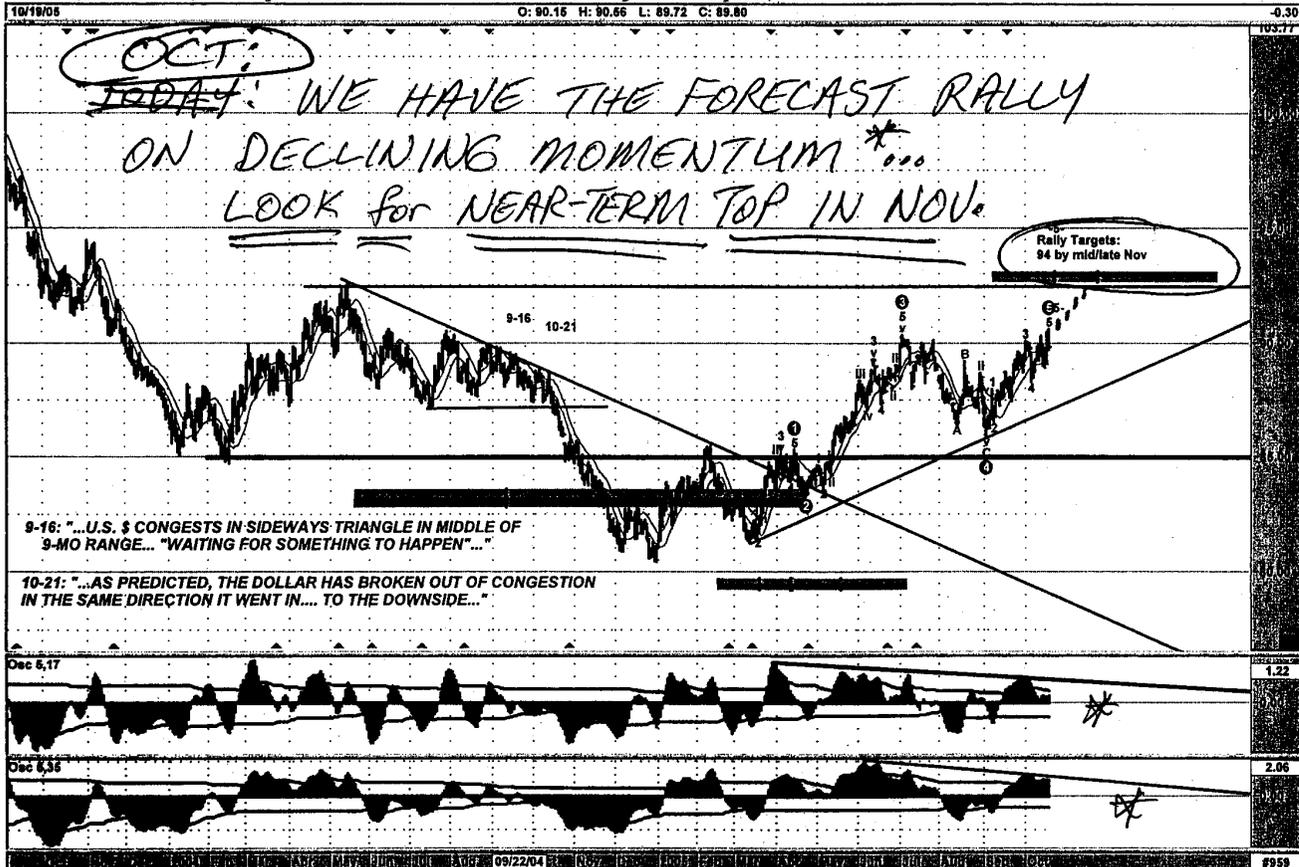
Sep/Oct '05: Targeting 94.00 dollar index by mid Nov.

US \$ Index 1000, weekly - Advanced GET ©2005 Trading Techniques, Inc.



8

US \$ Index 1600, Daily - Advanced GET ©2005 Trading Techniques, Inc.



14

BT

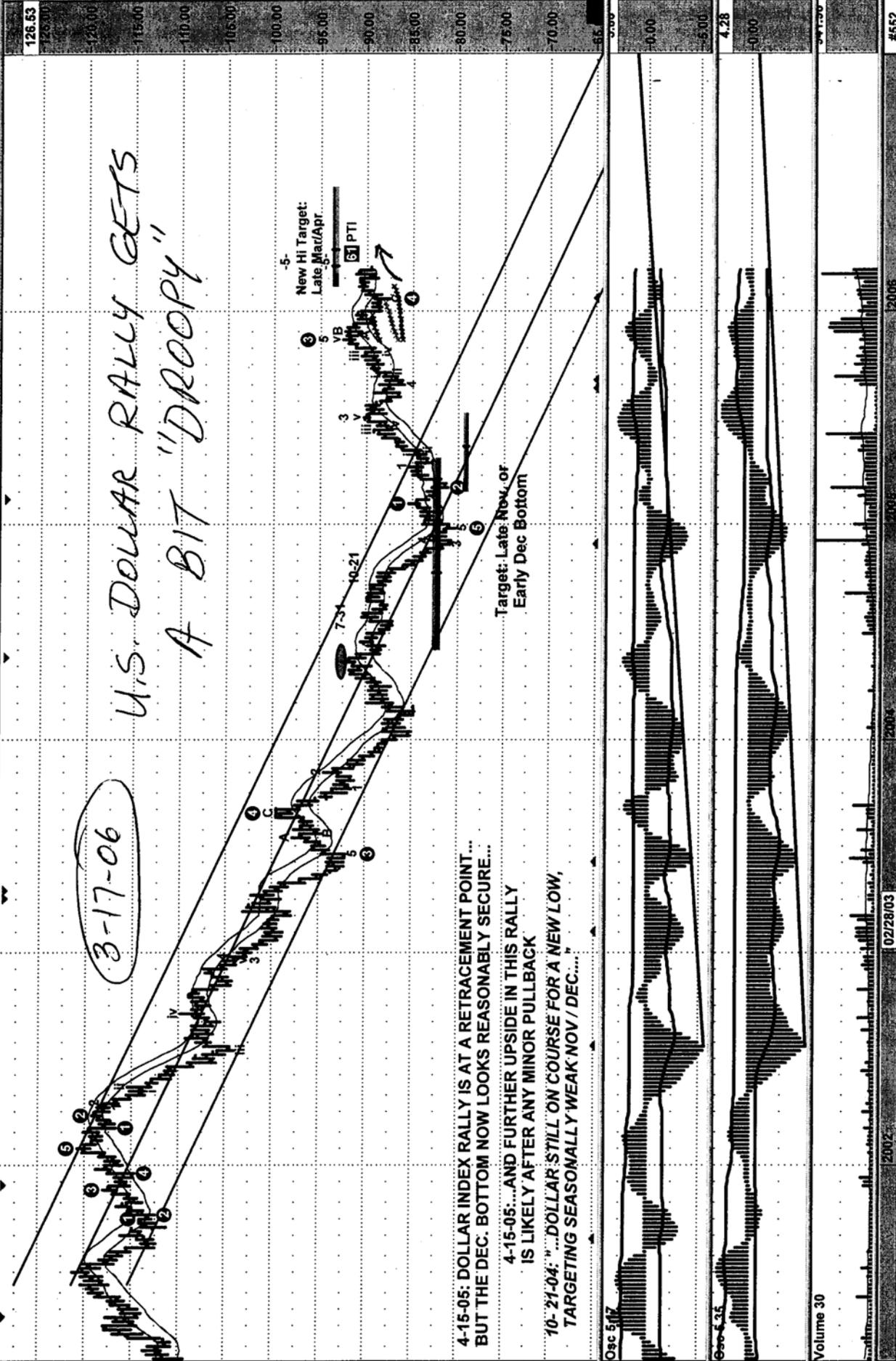
After hitting 93.44 in Nov. '05, the dollar rally pattern begins to lose steam...

US \$ Index 1600, Weekly - Advanced GET ©2006 Trading Techniques, Inc.

O: 90.79 H: 90.79 L: 89.47 C: 89.57

03/17/06

-1.31



3-17-06
U.S. DOLLAR RALLY GETS A BIT "DROOPY"

4-15-05: DOLLAR INDEX RALLY IS AT A RETRACEMENT POINT... BUT THE DEC. BOTTOM NOW LOOKS REASONABLY SECURE...
4-15-05: ...AND FURTHER UPSIDE IN THIS RALLY IS LIKELY AFTER ANY MINOR PULLBACK
10-21-04: "...DOLLAR STILL ON COURSE FOR A NEW LOW, TARGETING SEASONALLY WEAK NOV / DEC..."

#552

2006

02/28/03

2002

Volume 30

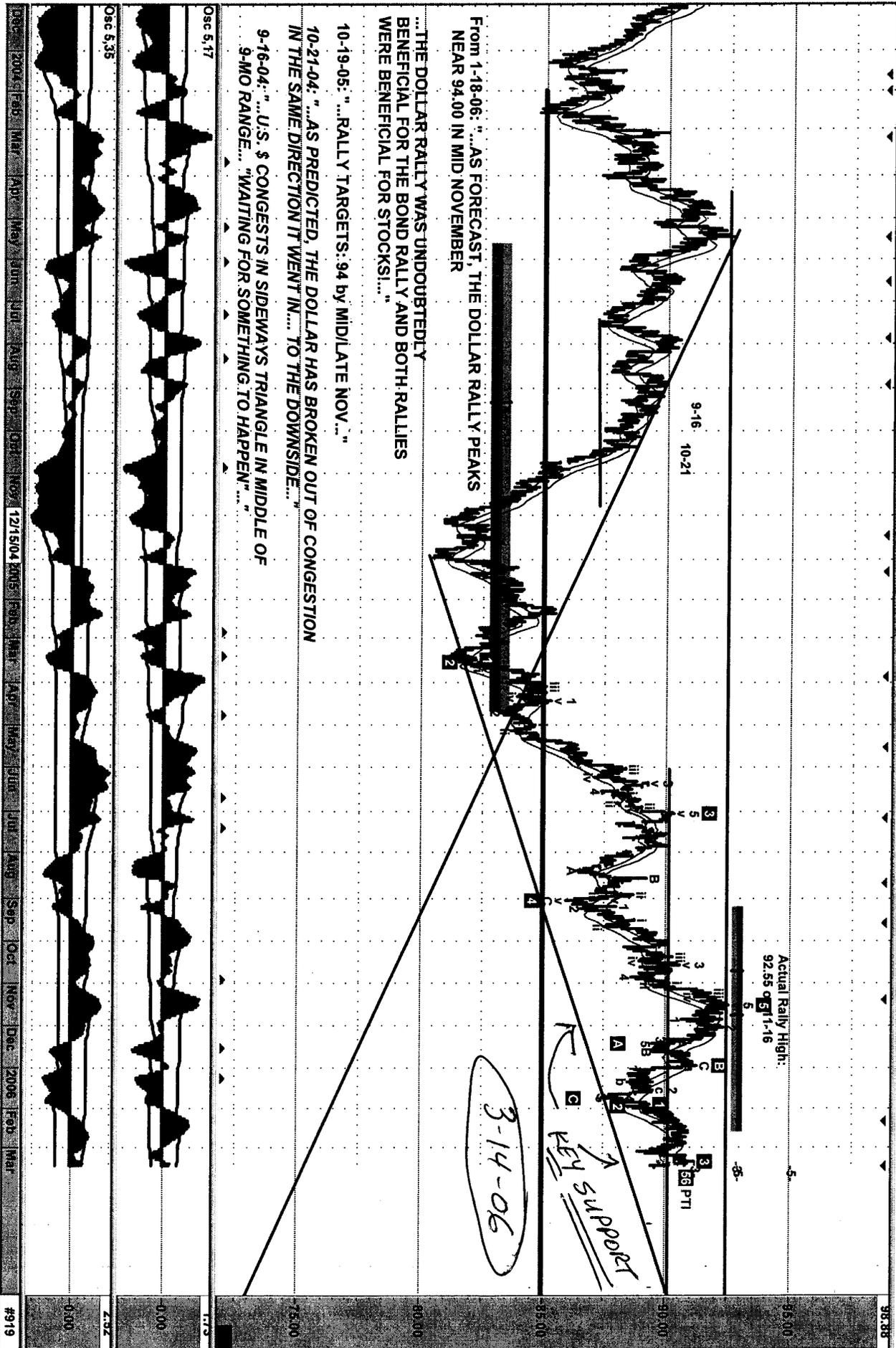
W13

...and our key support lines were broken...

US \$ Index 1600, Daily - Advanced GET ©2006 Trading Techniques, Inc.

03/14/06 O: 90.05 H: 90.47 L: 89.47 C: 89.57

-1.22



Actual Rally High:
92.55 of 5/11-16

From 1-18-06: "...AS FORECAST, THE DOLLAR RALLY PEAKS NEAR 94.00 IN MID NOVEMBER

...THE DOLLAR RALLY WAS UNDOUBTEDLY BENEFICIAL FOR THE BOND RALLY AND BOTH RALLIES WERE BENEFICIAL FOR STOCKS!..."

10-19-05: "...RALLY TARGETS: .94 BY MIDLATE NOV..."

10-21-04: "...AS PREDICTED, THE DOLLAR HAS BROKEN OUT OF CONGESTION IN THE SAME DIRECTION IT WENT IN... TO THE DOWNSIDE..."

9-16-04: "...U.S. \$ CONGESTS IN SIDEWAYS TRIANGLE IN MIDDLE OF 9-MO RANGE..." "WAITING FOR SOMETHING TO HAPPEN"..."

Osc 5.17

Osc 5.35

Z-RZ

2004 Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec 2006 Jan Feb Mar #919

W

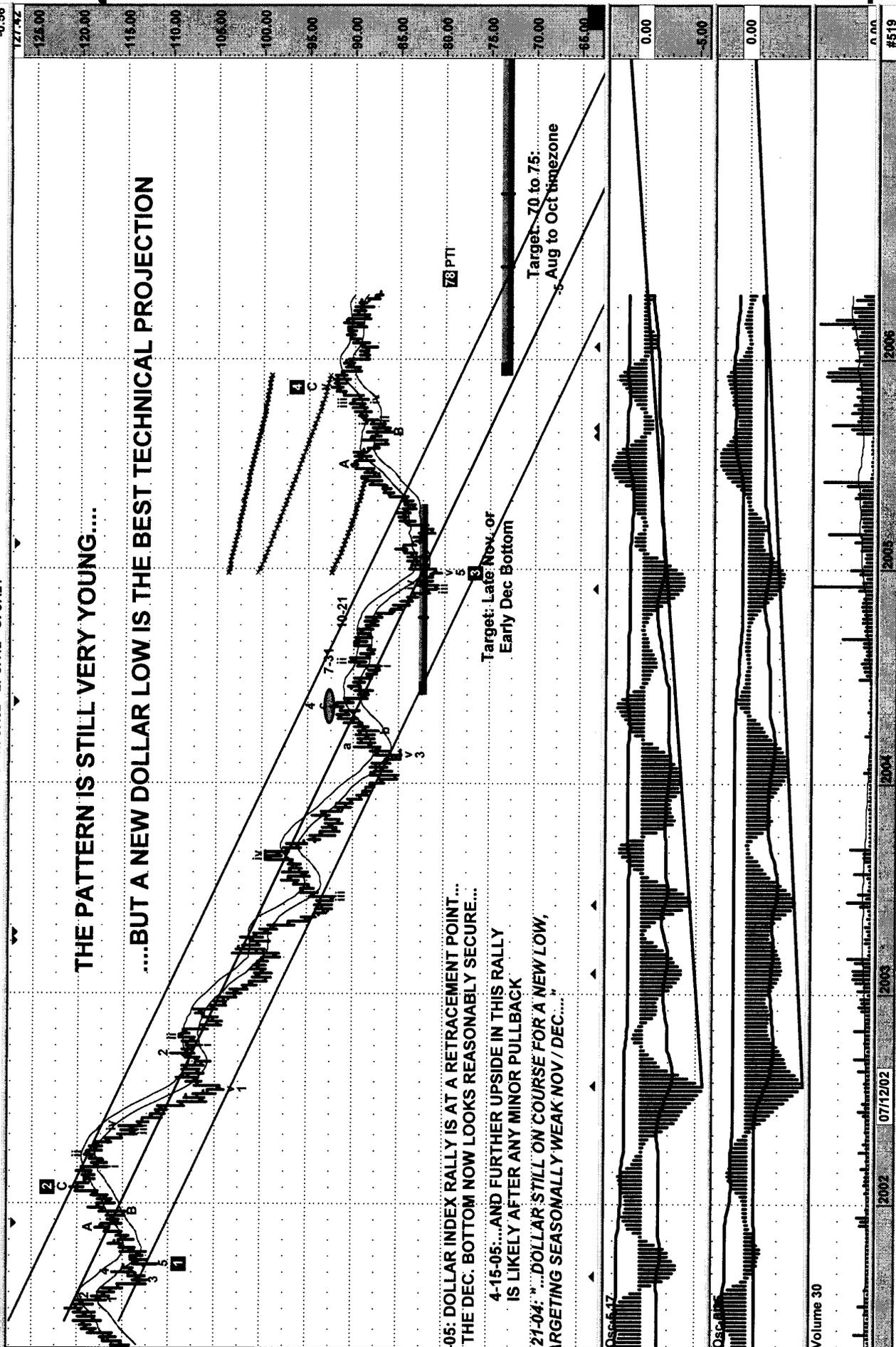
4-29-06: "New dollar low is the best technical projection" {from Cornerstone / Striker seminar in Tampa}

O: 87.43 H: 87.62 L: 87.12 C: 87.21

04/28/06

**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...."



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 statement would increase the pressure on an already-falling 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.

FOREX VIEW

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. Toshiko 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. Treasuries and subsidize U.S. consumers."

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, he 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 holidays and foreign-exchange 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

FOREX VIEW

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.

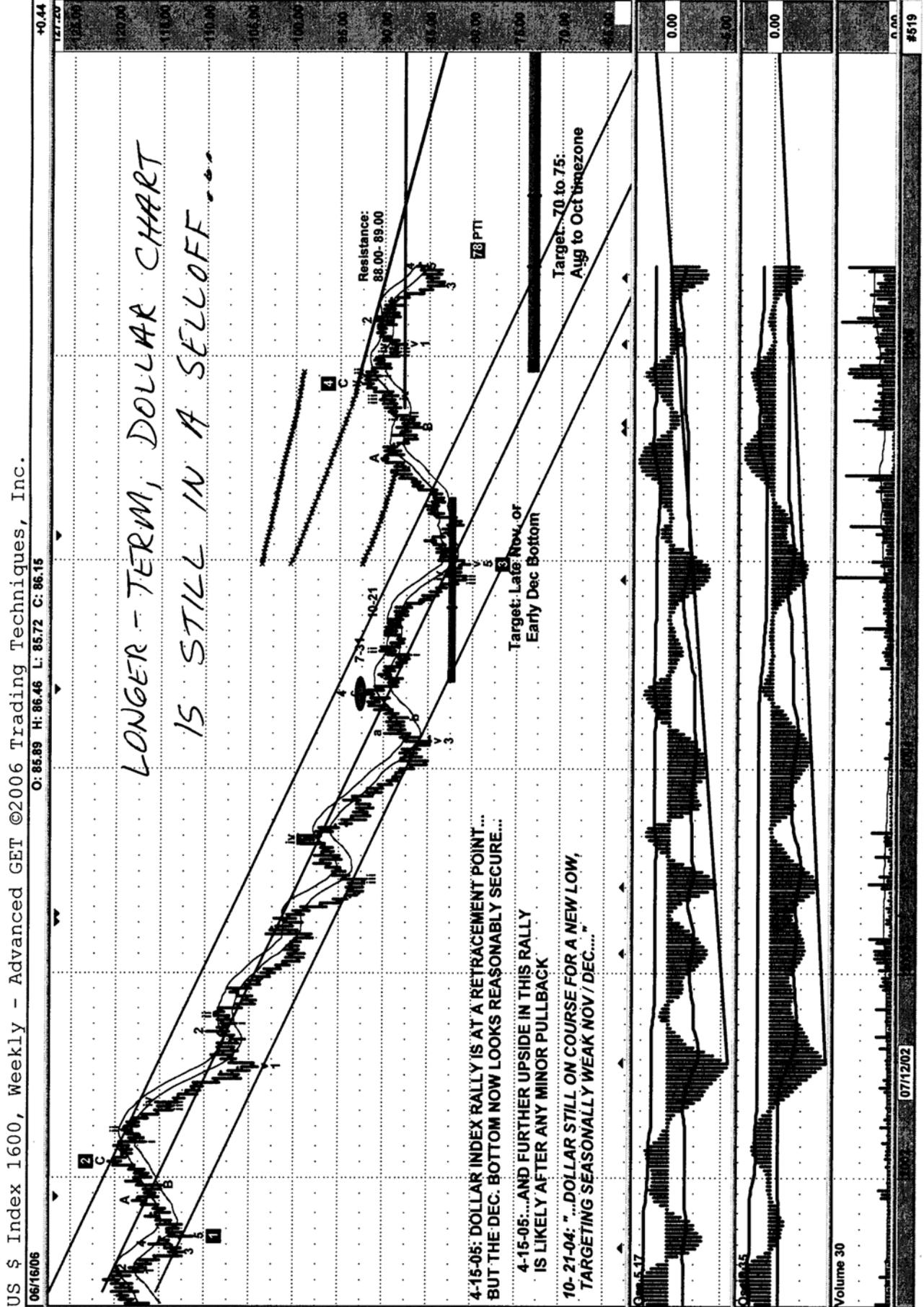
A Dow Jones survey of five banks looks for the average net foreign buying of U.S. securities to have fallen in February to \$61.4 billion from \$66 billion in January and \$53.8 billion in December, and sharply down from \$91.6 billion in November.

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 "SUBSIDIZES" HIGHLY-INDEBTED U.S. CONSUMERS
...
WITHIN A FEW YEARS THEY WILL ALSO HAVE to SUBSIDIZE U.S. BABY-BOOM RETIREES!!

6-15-06: Dollar rallying within an intact downtrend. Chart still projects further lows. HOWEVER, hedging activity is at least short-term supportive. Note vague H&S. Market lacks clarity.



54

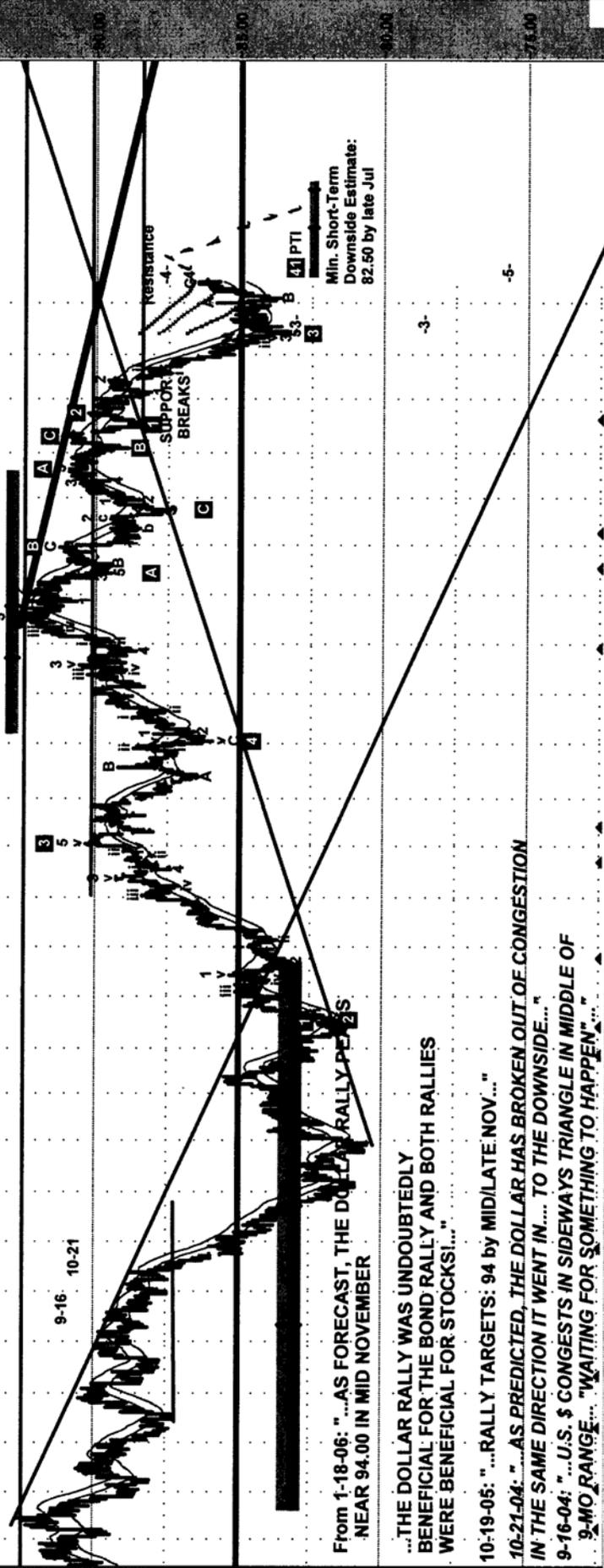
Strict US\$ chart reading is still bearish. Watch resistance lines closely! Hedging pressure is likely to test them!

US \$ Index 1600, Daily - Advanced GET ©2006 Trading Techniques, Inc.

06/14/06 O: 86.42 H: 86.42 L: 85.75 C: 86.15

TARGETING 82.50 ON DOLLAR INDEX BY AUGUST.

Actual Rally High:
92.55 on 11-16

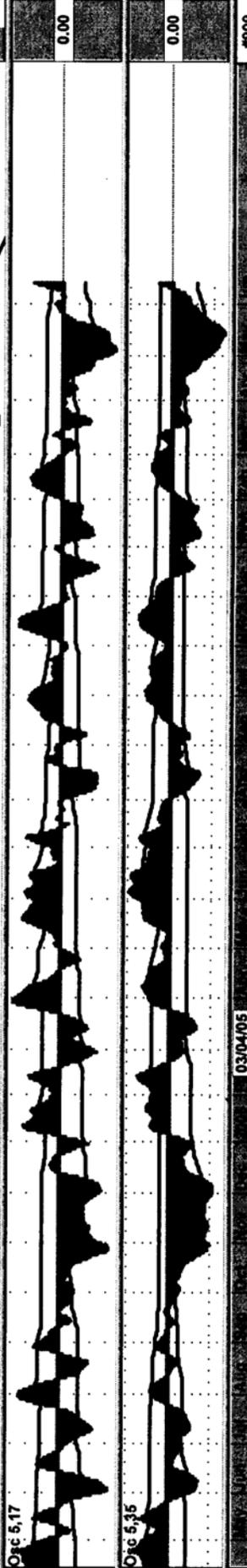


From 1-18-06: "...AS FORECAST, THE DOLLAR RALLY PEAKS NEAR 94.00 IN MID NOVEMBER ...THE DOLLAR RALLY WAS UNDOUBTEDLY BENEFICIAL FOR THE BOND RALLY AND BOTH RALLIES WERE BENEFICIAL FOR STOCKS!..."

10-19-05: "...RALLY TARGETS: 94 by MID/LATE NOV..."

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9-16-04: "...U.S. \$ CONGESTS IN SIDEWAYS TRIANGLE IN MIDDLE OF 9-MO RANGE... "WAITING FOR SOMETHING TO HAPPEN"..."



03/04/05 #909

55

What has possibly changed in just a few weeks?...

NEW "WILD CARD": Will global market turmoil change the dollar direction??

day	range
747	
178	
106	
52	
308	
2256	
Day's	low
700.93	
1222.52	
5467.4	
4594.34	
5262.21	
4218.60	
K	ago
P/E	
12.3	
12.5	
10.8	
12.6	
16.7	
16.4	
16.3	
12.8	
18.3	
outers.	
Jun 9	
3426	
1501	
1777	
148	
25	
40	

CURRENCIES

Dollar is port in stormy seas

By Steve Johnson *6-14-06*

Emerging market currencies were sold off again yesterday after sharp falls for equity indices across the developing world.

Currency weakness spread from Indonesia to South Africa, Poland, Turkey, Iceland and Chile.

In contrast, the US dollar chalked up its seventh successive daily gain as it once again proved a safe haven amid the financial storm.

The sell-off started in Asia, where Japan's Nikkei 225 equity index crashed 4.1 per cent, before spreading west.

In Asia, the Indonesian rupiah fell 0.8 per cent to Rp9,485 to the dollar, a five-month low, and the South Korean won shed 0.5 per cent to Won961.3. The New Zealand dollar, the country having seen significant portfolio inflows - meaning there are long positions to be exited - fell 1 per cent to \$0.6223.

As the contagion spread, the Turkish lira tumbled 2.8 per cent to a three-year low of TL1.5962 to the dollar,

despite the central bank intervening to buy lira for the first time since May 2004.

The Polish zloty fell 0.6 per cent to 4.0169 zlotys to the euro, a seven-month low, and the Icelandic krona slid 1.5 per cent to IKr75.14 to the dollar as Fitch Ratings said Iceland's economy was heading for a "hard landing" and a sharp drop in employment.

The South African rand fell 1.1 per cent to R6.825, an 11-month low, weighed down by the continuing slide in gold prices. Tumbling copper prices led the Chilean peso to fall 0.6 per cent to 546 pesos to the dollar.

Opinion was divided on the cause of the turmoil.

"The inflation concern has become a scare, putting equity and commodity markets under substantial selling pressure," said Hans Redeker, head of currency strategy at BNP Paribas.

However, Steve Pearson, chief currency strategist at HBOS, said: "Markets do not appear to be worried about inflation itself. This is evidenced by the fact that break-even inflation rates

derived from inflation-protected securities in the US, France, Japan and the UK have been declining since mid-May when the spike in risk aversion began.

"The big worry for global markets appears to be that lingering upward pressure on inflation will mean central banks are slow to ease policy in response to softer economic and financial market conditions. The legendary Greenspan put, where the Fed cut rates at the first sign of trouble, has expired."

Among leading currencies, the yen was sold off well after the close of Tokyo trade, tumbling 0.6 per cent to Y115.06 to the dollar, 0.6 per cent to Y144.77 to the euro and 0.5 per cent to Y211.73 against sterling.

Derek Halpenny, senior currency economist at Bank of Tokyo-Mitsubishi UFJ, suggested the 18 per cent fall of the Nikkei 225 since mid-April could delay the ending of Japan's zero interest rate policy.

"If market sentiment is still fragile come July, it is very unlikely that the Bank

of Japan will move," said Mr Halpenny, who added that the next Tankan survey of Japanese business sentiment might disappoint because of the turmoil.

Tony Norfield, global head of FX strategy at ABN Amro, said fears that foreign investors would continue to sell Japanese stocks, a process that has happened for 14 consecutive trading days, were weighing on the yen.

"A number of our clients have been dumping the yen for this reason," he said.

The dollar continued to gain from the turmoil, firming a fraction to \$1.2582 to the euro and \$1.8399 against sterling.

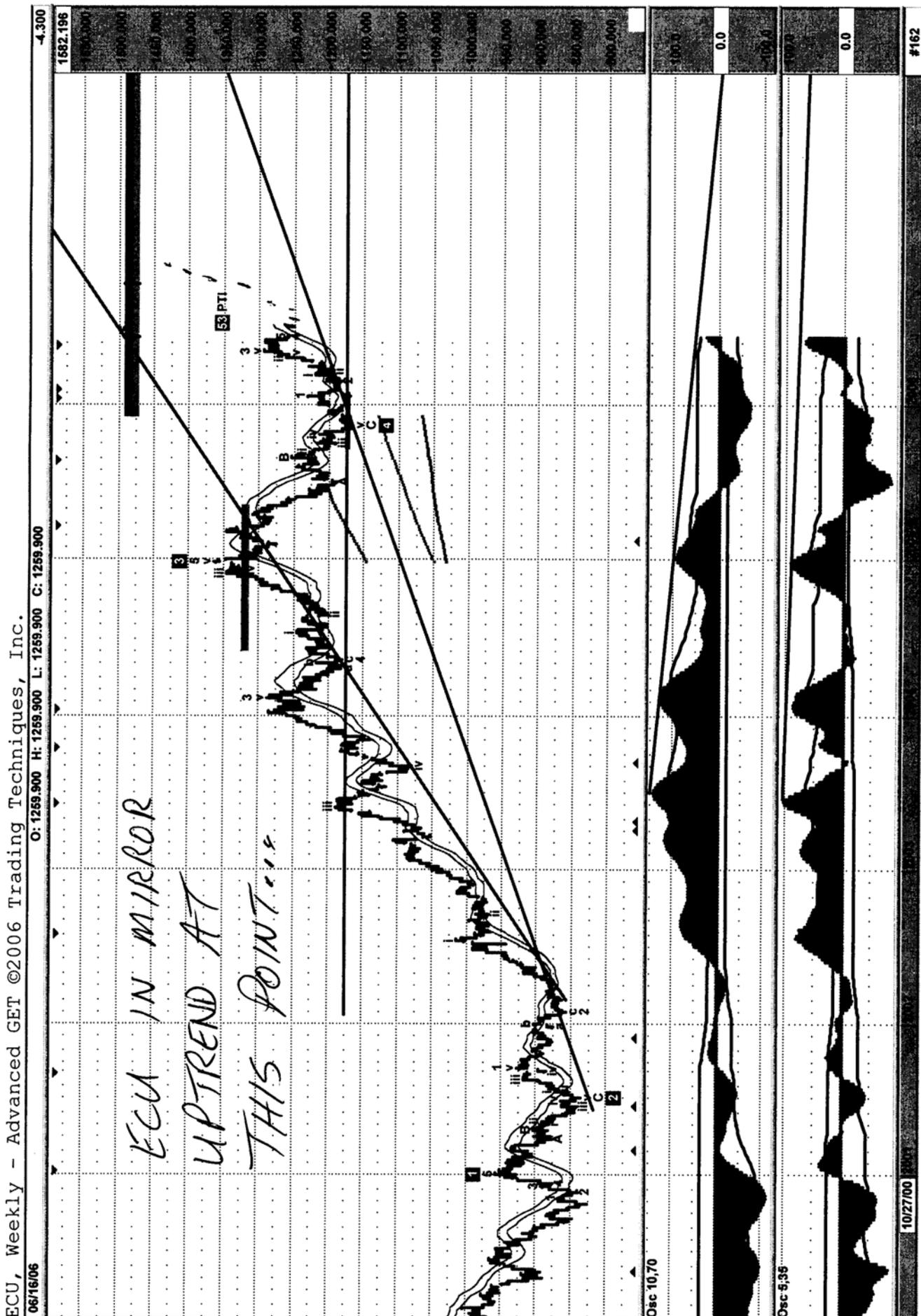
Marc Chandler, at Brown Brothers Harriman, saw signs that the dollar rally might be running out of steam given the small gain off the back of weak German investor sentiment data, but Michael Woolfolk, at Bank of New York, predicted that US interest rates would rise from 5 to 6 per cent by the middle of next year, providing potential fuel for further dollar gains.

SHORT TERM BOOSTS TO A FALLING DOLLAR:

- ① Flight from emerging markets + currencies
- ② Flight to Treasury bonds
- ③ Collapsing Gold, the dollar's "mirror" market

51

**ECU: A "so-so" bullish chart. Watch support lines closely!
Note vague H&S. Hedging activity at least short-term bearish.**



50

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~~