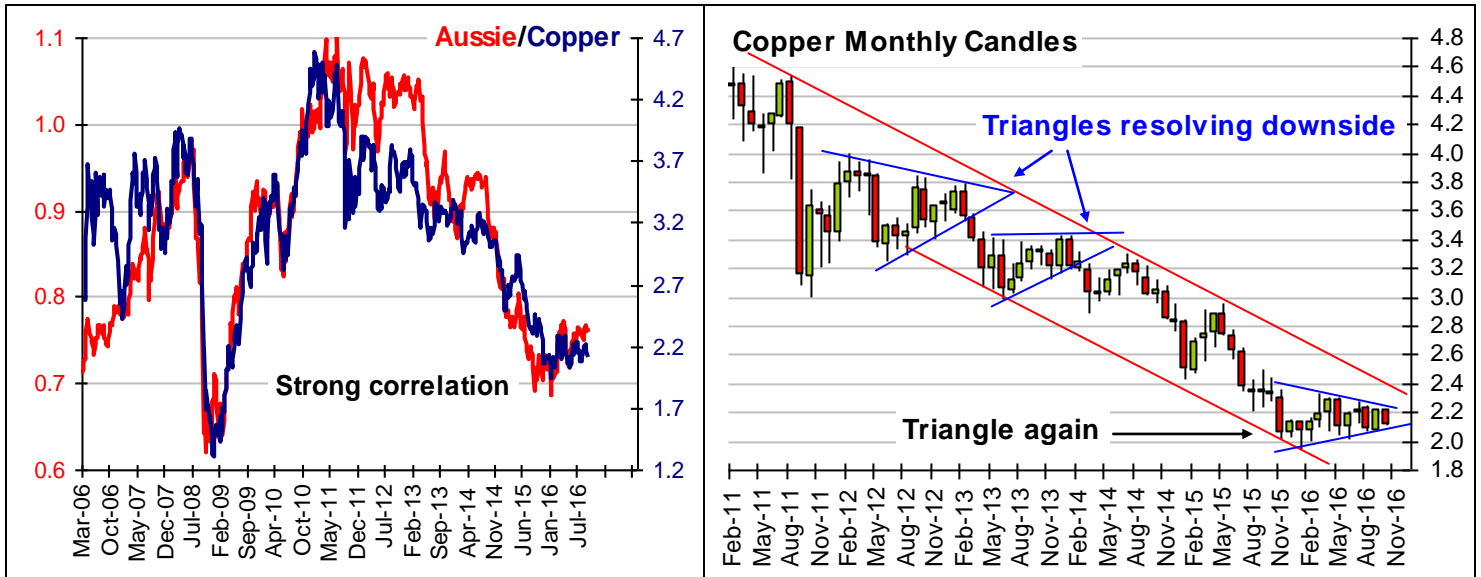


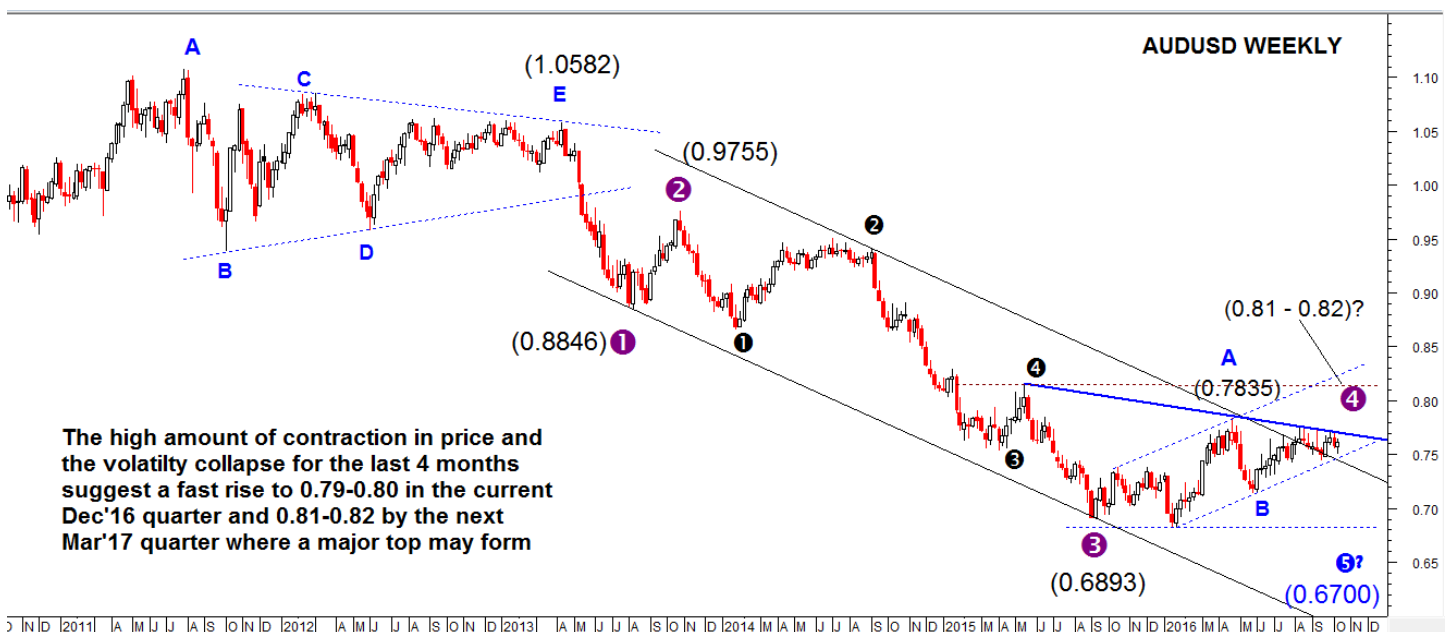
EXECUTIVE SUMMARY:

Aussie has continued its oscillation in the band of 0.7500-0.7750 for more than 2 months now with no directional preference. As a commodity currency, we have found clues from its dependence and close correlation with industrial metals like Copper, which favors a bearish stance. Therefore, the chances of the current bounce from 0.7145 (blue B on the AUDUSD weekly chart) ending below 0.7845 looks higher and we may see a sharp decline towards 0.6800 in the current quarter.



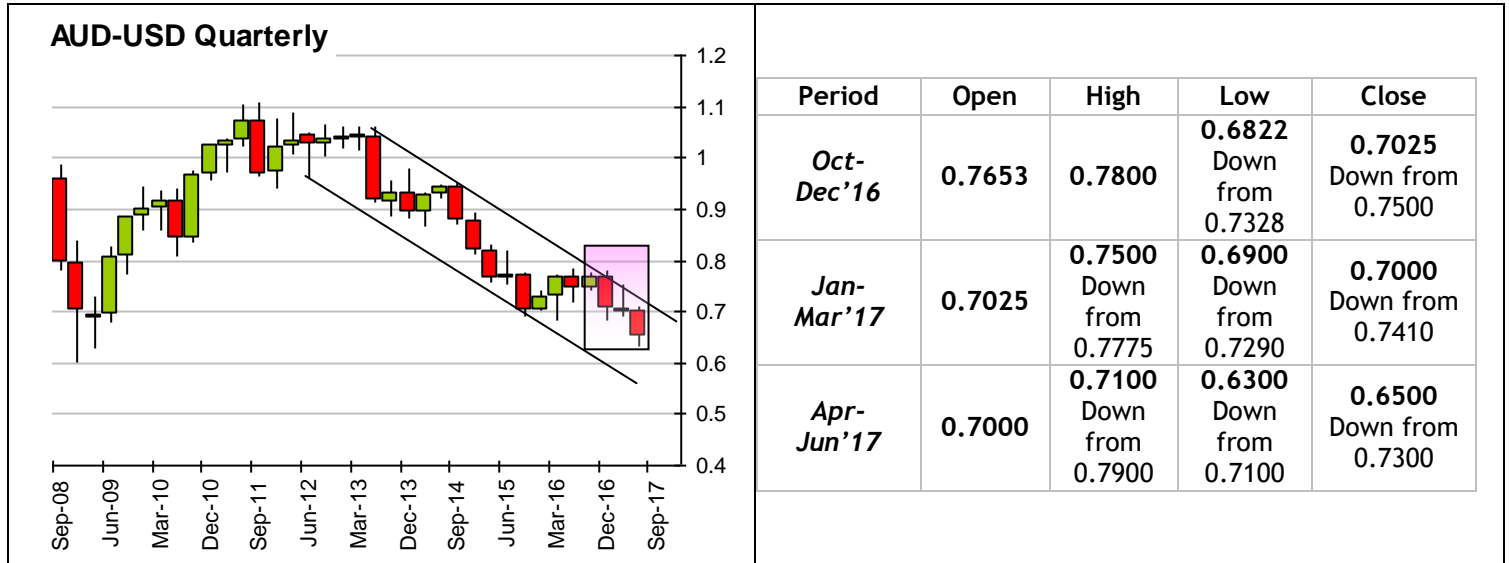
Correlation between Aussie and Copper

The left chart clearly shows the very strong and sustained correlation between AUDUSD and Copper in the last 10 years. Now, the chart on the right side shows a Triangular consolidation in a clear downtrend and the previous instances of the same Triangular pattern have always resulted in a decline to the downside. The probability of another sharp fall in Copper is too large to ignore at this point, which forces us to revise our Aussie forecast to the downside despite not much activity in the last 1 month.



The high chances of a Copper meltdown and resultant weakness in Aussie in the coming months bring down the probability of seeing 0.81-0.82 and favor the bearish scenario of the bounce from 0.7145 ending below 0.7835. The chart shared above still shows the 0.81-0.82 (Purple 4) as the alternative scenario but a break below 0.7400 will confirm the bearish scenario and trigger a decline towards 0.6800-0.6700 as indicated in the revised projection.

Quarterly Projections



As the sideways consolidation for the last few months left us searching for directional guidance, we have found clues from Copper as explained above.

We take a decisive stance at this point, expecting a deep cut in the coming months and modify our forecast to that direction and extent. The changes have been sharper but the amplitude has always been large for Aussie when it catches a true trend.

(The box on the chart marks the 3 projected quarterly candles)