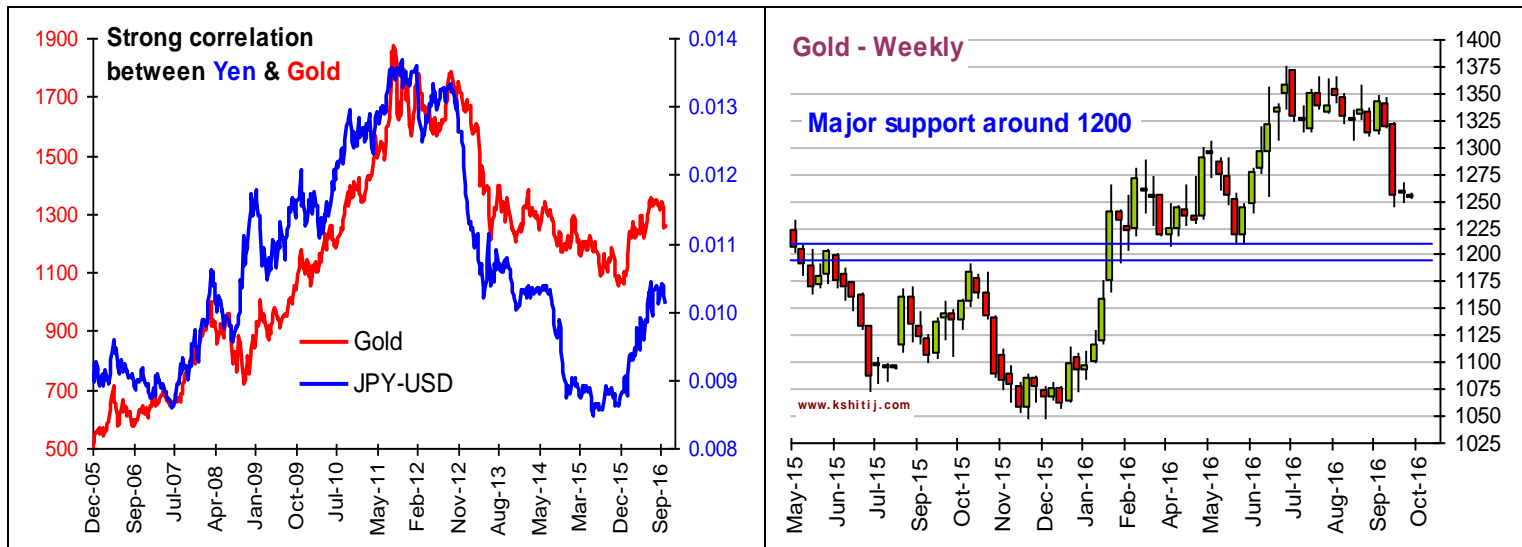


EXECUTIVE SUMMARY:

Among our previous two scenarios, the straight line fall to 95-94 from 124 is discarded now. The preferred scenario of sideways consolidation in a Triangle in 100-105 before the major fall towards 95 resumes is still open.

But another alternative is considered now where a major bottom at 99.52 comes into effect, followed by a sharp rally towards 107-108 in the coming months. **We still keep the sideways consolidation in 100-105 as our preferred scenario with 55% probability assigned and see lesser chance of seeing a sharp rally.**



Being traditional safe havens, Yen and Gold have a very strong correlation (as evident from the left chart above). Looking at the Gold chart, we can see Gold has a very strong long term support around 1200 which may stop the decline for the next few months. If Gold bounces back from the support of 1200, then Yen may strengthen up too and stay below 106-107.



The chart above shows a break above the long term downtrend channel containing the entire decline from 124 to 99. Another down leg may be pending (**possible path marked by red lines, Preferred scenario**). The long term targets for this move come at 99.11-98.35 and 95-94.

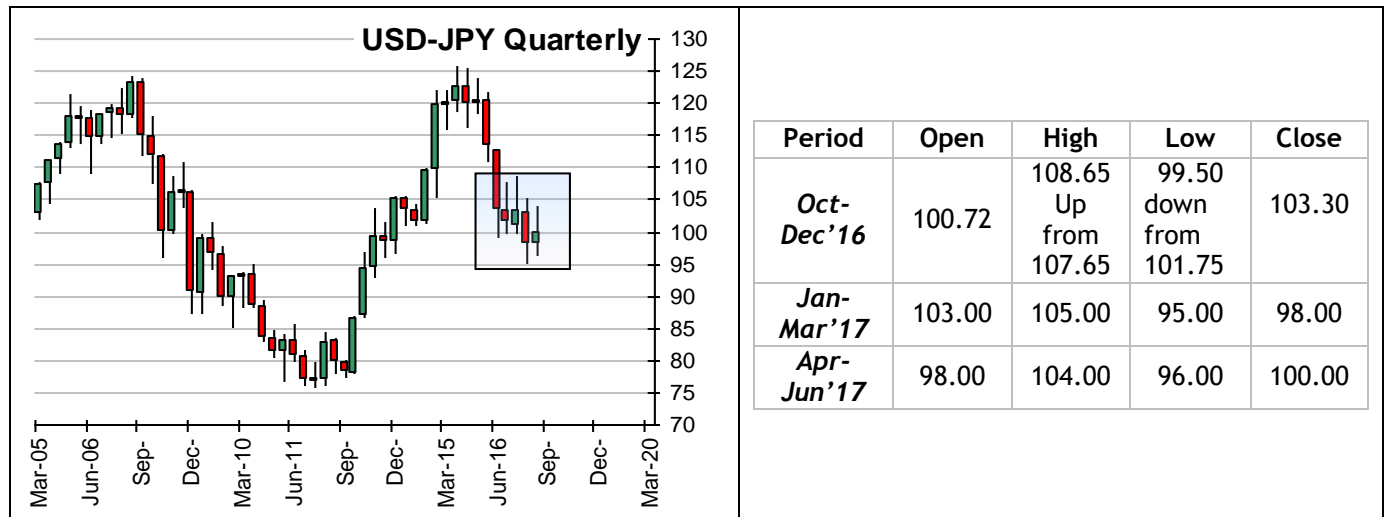
Alternative View

Last month we had discussed an alternative view. According to that, the downside may remain limited to the Sep'16 quarter's low of 99.50 and a rise to 107.65 may be seen by the next quarter.

We assign 45% probability to that scenario now. On the chart above the 99.52 has been marked with (blue 5), a possible major bottom. Technically, that would be a 5th wave failure, implying a large reversal of the trend to the upside but the evidences in hand neither help discard this possibility nor confirm it. So we keep it as the alternative scenario.

The alternative views have been taken into consideration in the final quarterly projections in the next page.

Quarterly Projections



The probability of a straight fall to 95 has been discarded due to a breakout above the downtrend channel as noted above. This has increased the chances of seeing higher levels around 107-108 first before the resumption of the long term downtrend towards 95. The volatility may increase in the current quarter and that's the reason the current quarter high is projected a bit higher (108.65) and the low, a bit lower (99.50).

The sideways consolidation scenario in the range of 99-108 (marked by red lines in the first chart above) has been taken for this projection which is expected to resolve to the downside in the Jan-Mar'17 quarter. (The box on the chart marks the 3 projected quarterly candles)