

**13<sup>th</sup> September 2007**

## **U.S. Dollar vs Japanese Yen – Long Term Outlook**

The current technical position of Dollar-Yen is really quite interesting. I have to admit to finding the actual wave structure just a little confusing. Normal Fibonacci relationships have eluded this currency pair recently and the correct pattern is not 100% clear.

However, the most interesting feature of the charts is the position of the cycles and it is mainly the implied impact of the cycles which has driven me to label the chart as I have with a particularly bullish forecast. Now, as I have already mentioned I am not totally certain of the correct structure and as such I want to limit my forecast to a 3-6 month time frame but will speculate as to what I feel are the risks going further out into a year's time frame. It does appear still to be bullish for the entire year overall.

In fact the next major decline doesn't look like occurring until 2009 when a very sharp decline will be expected.

What I will attempt to do is provide a broad guideline as to the possible alternatives although the main time-frame of the report will concentrate on the next 3-6 months which does still look particularly bullish.

Ian Copsey

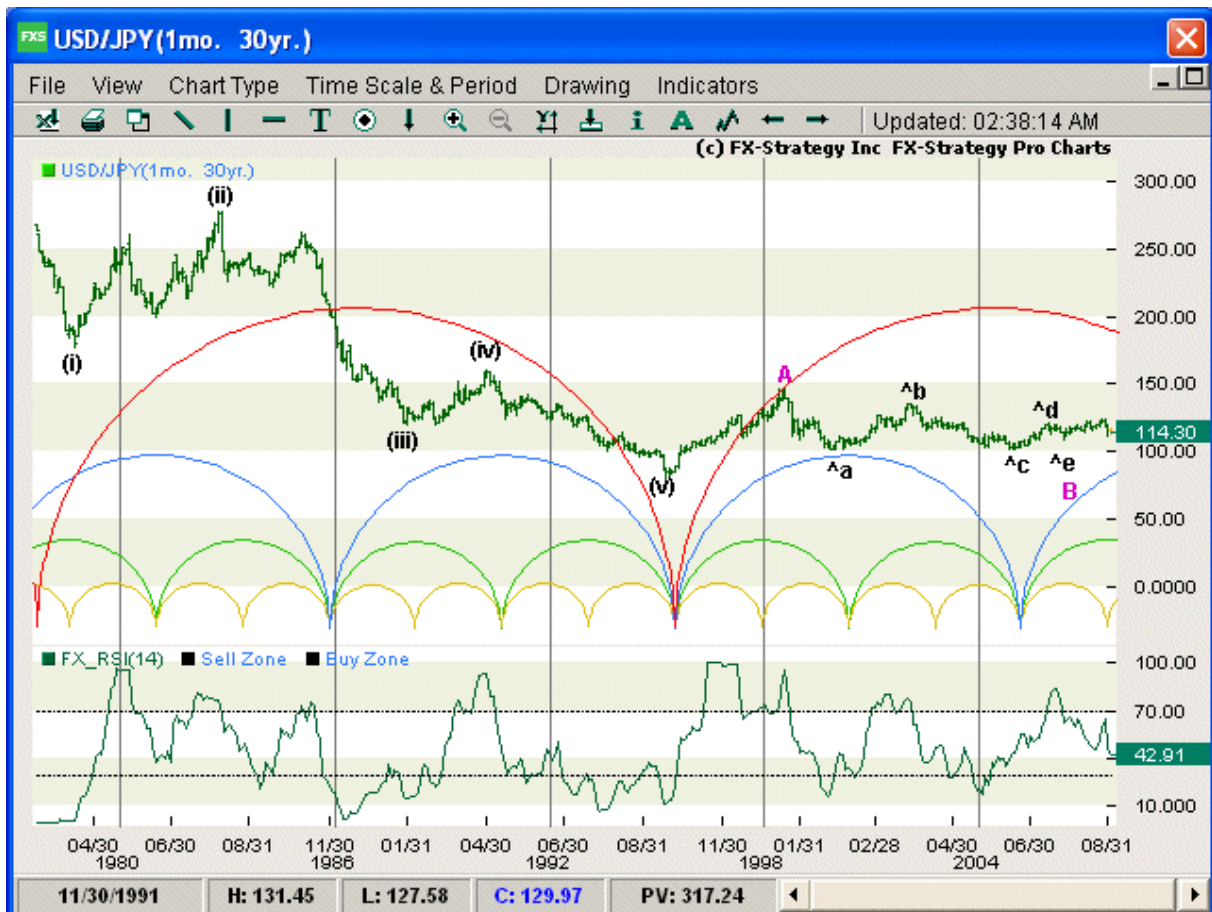
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## Monthly Chart



### Points to note on the monthly chart:

- The next larger (undrawn) 38 year cycle is still rising (having found a low at 79.70)
- The 19 year red cycle is declining but is still very high
- The 9 ½ year blue cycle is rising
- The 4 ¾ year green cycle has just found a high
- The 2 ⅜ year brown cycle has just found a low

The combination of these cycles presents a BULLISH influence. Note that since the Wave ^b high at 135.14 the cyclic influences have been neutral and it is unlikely that over the coming years 2-3 years that we shall see a break from the current range between 100 and 147.

The next larger decline is in 2009 when both green and brown cycles will combine to drag price lower.

Right now the pressure appears to be higher with the brown cycle having just found a low while the green, blue, red and 38 year cycles all high. I suspect therefore that price may rally into the end of next year at which point we should see a large correction lower. These years would tend to generate a move of some 20 yen.

As a *guideline* wave count I have suggested that the first rally from the 79.70 low to 147.65 can be counted as Wave [A]. Since then we have seen a broad sideways move that looks as if it could have been a triangle with the Wave ^e ending at the 108.96 low.

This would then mean we completed Wave [B] and thus we are in the process of seeing Wave [C] develop.

## Weekly Chart



### Points to note on the weekly chart:

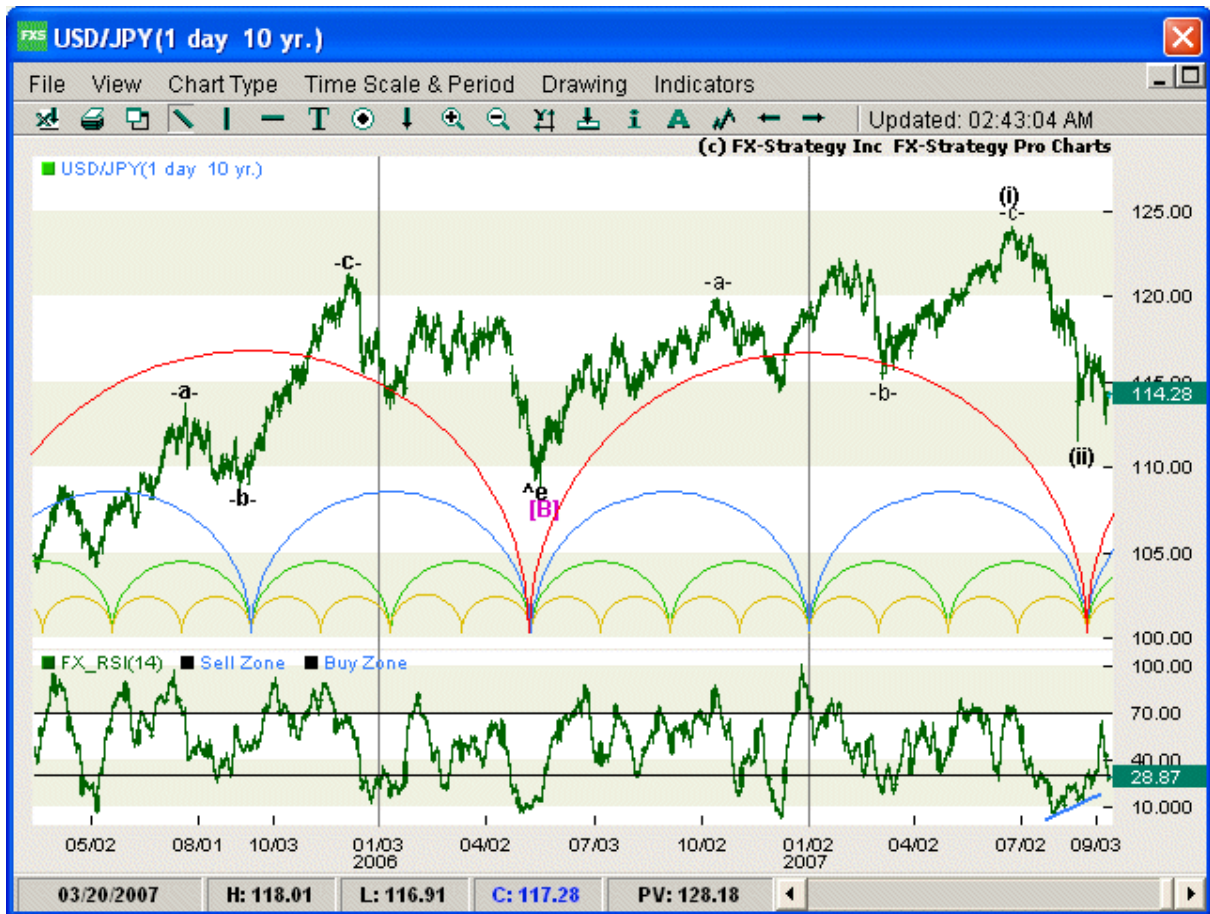
- The blue cycle is the equivalent of the monthly brown cycle.
- The weekly brown, green and blue cycles have just found a major low and are now rising
- The red cycle is at a high
- The larger pink cycle (notated by arrows) is rising
- Momentum through "FXS- RSI" is oversold

Note that at the last blue cycle low we had reached the 101.67 low in Wave ^c  
 The low at the current cycle low is at 111.57 – that is 10% above the 101.67 low

The implication is a strong recovery that should easily reach this year's 124.13 high  
 If we assume that prices can rise while the blue cycle is rising then we could see a full year of strength.

I have tentatively labeled the 124.13 high as Wave (i) and thus the recent 111.57 low as Wave (ii).  
 If this is correct then a minimum 138.2% projection in Wave (iii) would imply a target of 132.53  
 If I am wrong and we see a wave equality rise then it will imply a target of 126.74.

## Daily Chart



### Points to note on the daily chart:

All four cycles shown have just found a cycle low and are now rising  
 This implies a strong recovery  
 At the 111.57 low "FXS-RSI" generated a bullish divergence

The rise to 117.12 came in three waves and is labeled as Wave -i-  
 The decline to 112.58 came in a Triple-Three and is labeled as Wave -ii-

A minimum 138.2% projection in Wave -iii- would imply a target of 120.25  
 On the way 117.12 is likely to provide a temporary stalling point as may 119.82 which was the Wave (b) in the decline from 124.13

These numbers would imply an eventual test in Wave -v- to around the 124.13 high which I expect to label Wave -a- of Wave -iii-

Assuming the Wave -a- rises to the peak of the green cycle it would imply a rally of around 3-4 months ie into the month of December

We should also find an intermediate low implied by the brown cycle around the end of October. I suspect this will be the end of Wave -iv- from where we can expect Wave -v- to rally to around the 124.13 high