



## Short Term Trading Ideas September 21, 2009

**This is a new research product where we will be making actionable short-term (usually less than 3 weeks) trading calls.**

**Bottom-Line:** We recommend going long the Dollar and shorting the Euro for a short-term trade.

Long DXY with a short-term target of 81-82 and an intermediate target of 86-88. Stops at 75 (major support level lies at 76).

Short EURUSD with a short-term target of 1.38-1.4 and an intermediate target of 1.3-1.32. Stops at 1.505 (major resistance level lies at 1.495).

The difference between short-term and intermediate targets is that we expect our short-term target to represent major resistance/support, where we expect to undergo a period of retrenchment or consolidation whether through price or time, which will set the stage to reach our deeper intermediate targets.

We have a number of ETF and derivative strategies to play this call. If you are interested in getting more information, please contact us.

Let's go through the evidence that makes us believe that we have a good technical setup to initiate a short-term trade at this time.

### **DXY**

On the daily in the DXY (See Chart 1) we see bullish divergences with several oscillators, and we are close to an historical, pivotal support level at 76. Furthermore, the 76.4% Fibonacci retracement level from the low on 07/15/08 to the high on 03/05/09 is at 75.6. We also have a "9-13-9" TD Sequential buy signal on the daily (see Chart 2).

On the shorter-term time frames, we are also seeing technical evidence that we are close to a reversal. Bullish divergences with several oscillators are clear on a 120 min chart, for example (see Chart 3).

### **EURUSD**

Despite this being more of a short-term call, we found the weekly charts compelling enough to include them in this report. On the weekly (see Chart 4), one can see that the Euro has rallied back to the bottom of the long-term weekly trend channel that had been in place from the beginning of '02 until it was broken at the end of '08. Furthermore, we just got a perfected weekly TD Sequential sell setup (see Chart 5), which has worked well in the past to time significant reversals.

On the daily charts we also have a "9-13-9" Demark Sequential sell signal (see Chart 6) and the bearish divergences with several oscillators are clear (see Chart 7). Furthermore, the RSI indicator has reached daily overbought levels.

# Technical Analysis & Strategy

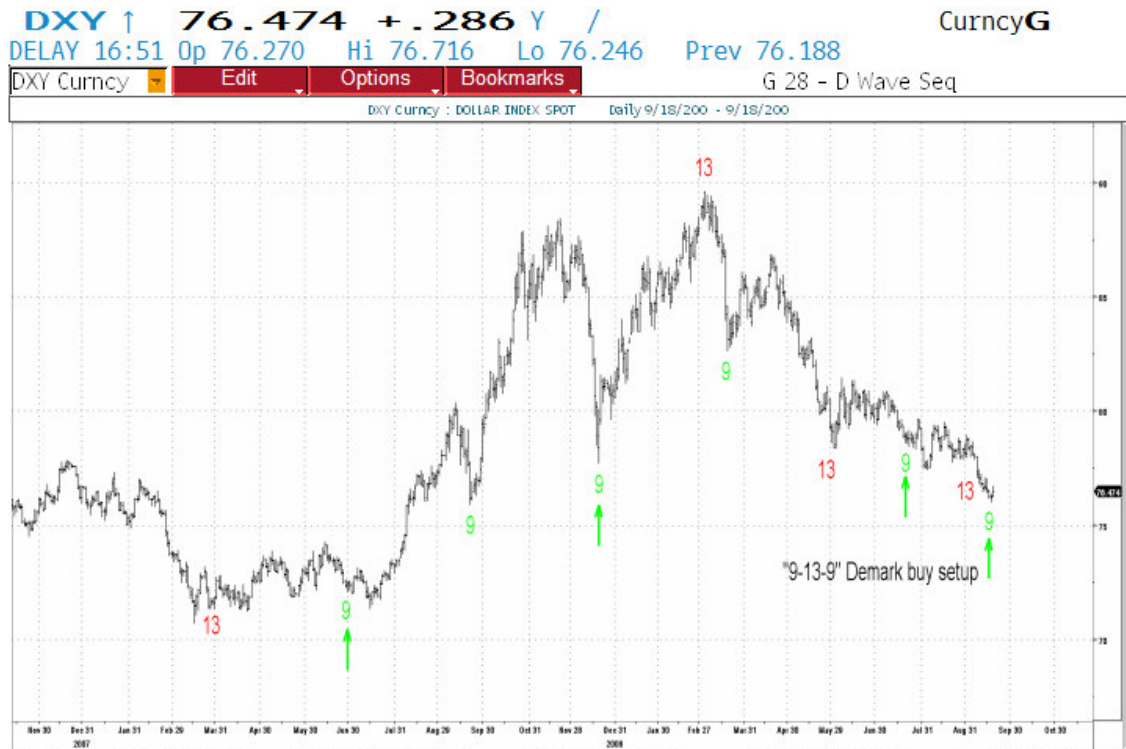
We also got a “9-13-9” Demark Sequential sell signal on a 120 minute chart (see Chart 8), and bearish divergences are once again evident with a number of oscillators. This combination of technical trading signals across various time-frames is usually very powerful.

**Chart 1: DXY Index Daily with Oscillators**



# Technical Analysis & Strategy

**Chart 2: DXY Index Daily with TD Sequential**



**Chart 3: DXY Index 120-minute with Oscillators**



# Technical Analysis & Strategy

**Chart 4: Euro Weekly with RSI**



**Chart 5: Euro Weekly with TD Sequential**



# Technical Analysis & Strategy

**Chart 6: Euro Daily with TD Sequential**

EUR 1.4712Y as of close 9/18 BGN CurncyG



**Chart 7: Euro Daily with Oscillators**

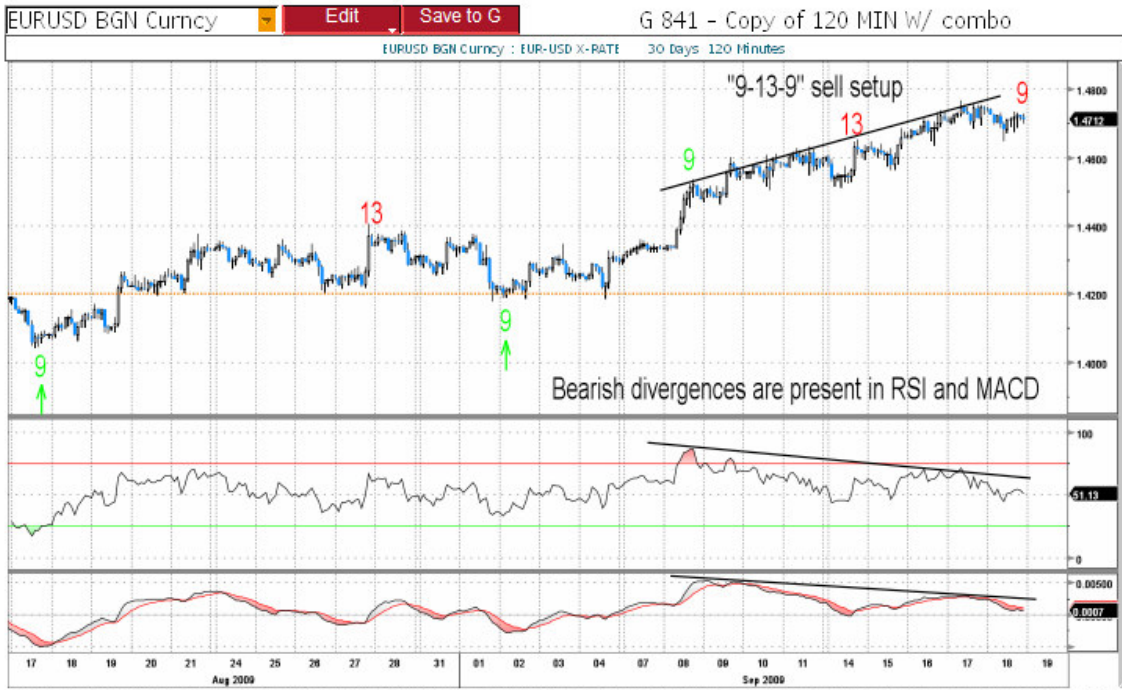
EUR ↓ 1.4663 - .0049 BGN 1.4662/1.4664 BGN CurncyG  
 At 7:14 Op 1.4707 Hi 1.4714 Lo 1.4638 Close 1.4712 Value 9/23/09



# Technical Analysis & Strategy

**Chart 8: Euro 120-minute with TD Sequential and Oscillators**

**EURUSD 1.4712Y** as of close 9/18 BGN CurncyG



---

# Technical Analysis & Strategy

## IMPORTANT DISCLOSURES

### Analyst Certification

The author certifies that this research report accurately states his/her personal views about the subject securities, which are reflected in the substance of this report. The author certifies that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. The research provided in this report is based on technical analysis provided by Bay Crest Partners LLC. Technical analysis is the study of price and volume and the interpretation of trading patterns associated with such studies in an attempt to project future price movements. The investments discussed in this report may not be suitable for all investors. Investors should use technical analysis as one input into formulating an investment opinion.

### Potential Conflicts of Interest

Analysts employed by Bay Crest Partners LLC are compensated from revenues generated by the firm. Bay Crest Partners LLC generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, Bay Crest Partners LLC generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers.

### Company Specific Disclosures

Bay Crest Partners LLC does not expect to receive or intend to seek compensation for investment banking services from any or all companies listed.

### Additional Information

Please write to Bay Crest Partners LLC 40 Wall Street, 45th Floor, New York, NY 10005 Attention: Compliance Department.

### Other Disclosures

This report is issued and approved by Bay Crest Partners LLC, a registered member of NYSE, FINRA, ARCA, ISE, NASDAQ, NFA. This report does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of Bay Crest Partners LLC. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. The analyst writing the report is not a person or company with actual, implied or apparent authority to act on behalf of any issuer mentioned in the report. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. We recommend that investors independently evaluate particular investments and strategies. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Bay Crest Partners LLC accepts no liability for any loss arising from the use of information contained in this report. All information, opinions and statistical data contained in this report were obtained or derived from public sources believed to be reliable, but Bay Crest Partners LLC does not represent that any such information, opinion or statistical data is accurate or complete, and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice. Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. This report may provide addresses of, or contain hyperlinks to, Internet web sites. Bay Crest Partners LLC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

The information presented in this document is believed to be reliable. This document does not constitute an offer or solicitation to buy or sell. For accredited investors only. Options are not suitable for all investors. Please ensure that you have read the options risk disclosure document, accessible at [www.optionsclearing.com/publications](http://www.optionsclearing.com/publications)

This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Bay Crest Partners LLC.