Dynamic Outcomes — Take control of tomorrow's forex today

Giving you an objective view as to WHERE the Rand is likely to head in time and price, based on actual past historical patterns

BI-WEEKLY DOLLAR/RAND FORECAST – HISTORICAL SAMPLE – FEBRUARY 2014

This web-based service provides you with a forecast for the Rand against the Dollar, Euro or Pound, giving the most likely outlook in four different timeframes – the next few days, weeks, months and years.

Below is a sample of forecasts that we issued in February 2014 (when the Rand had just made a multi-year high), which gave clients a heads up as to where the Rand was likely to head from there in the short, medium and long term.

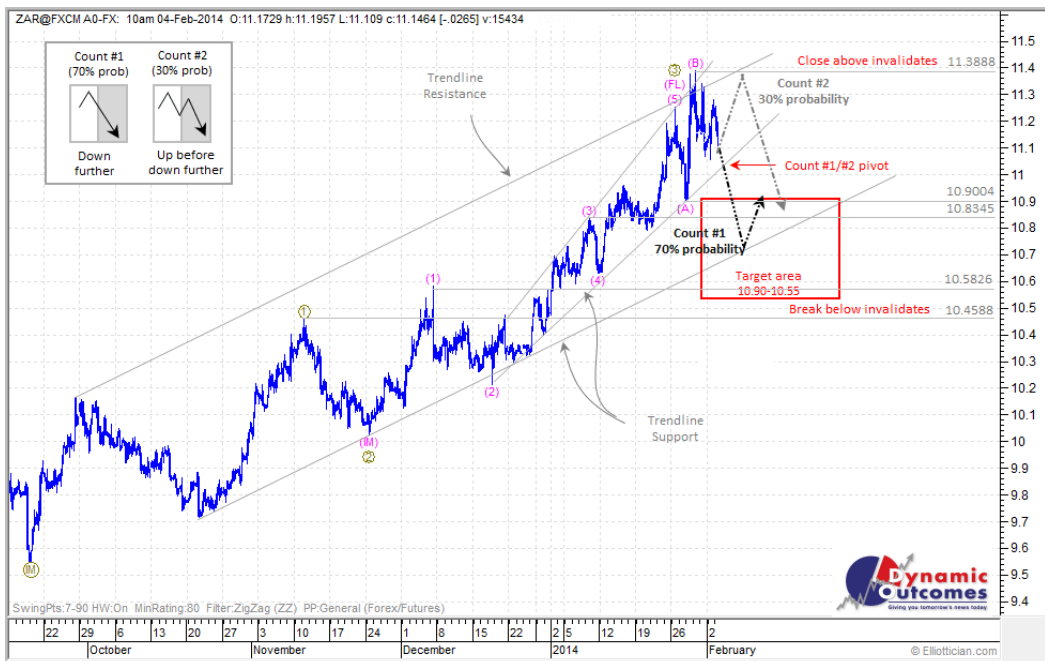## USD/ZAR SHORT TERM OUTLOOK (NEXT FEW DAYS)
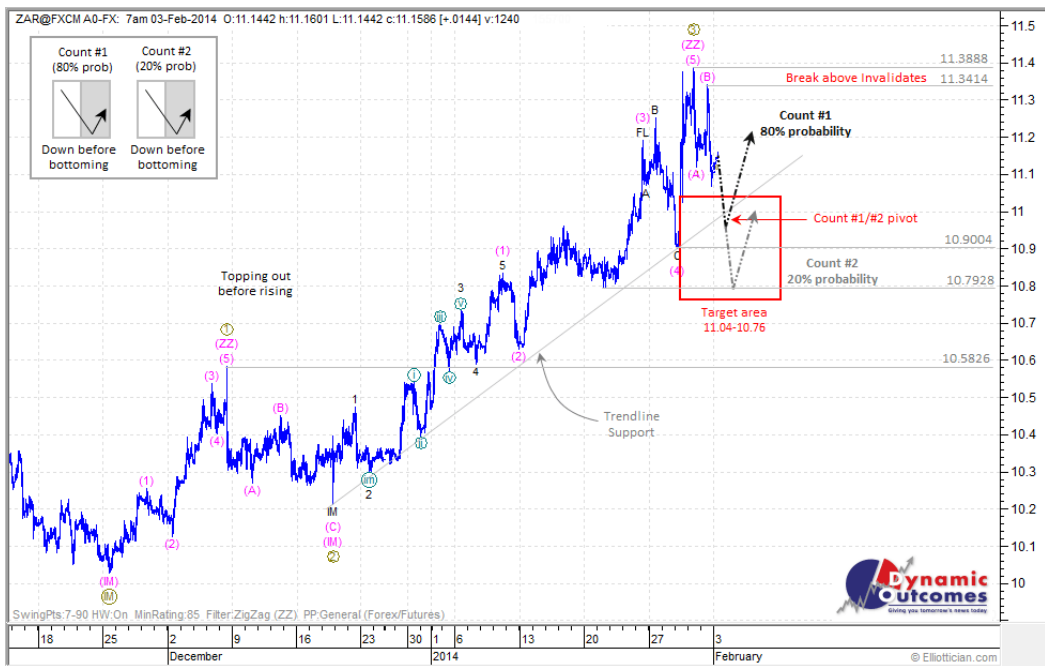
USD/ZAR Short Term Outlook
Next Few Days
Date: 3 February 2014
Time: 08:00 SAST / 06:00 GMT
Current Price: 11.1591
Direction: Down before bottoming
Target: 11.04-10.76
Invalidation: 11.3414
Outlook: Market expected to fall further before bottoming out

The market has fallen after making a high of 11.3888 and is expected to fall further into the 11.0400 to 10.7600 area before bottoming, with support at 10.9400/10.9600 then 10.7928.

A break above 11.3414 would invalidate the immediate bearish outlook.

USD/ZAR NEAR TERM OUTLOOK (NEXT FEW WEEKS)

USD/ZAR Near Term Outlook
Next Few Weeks
Date: 4 February 2014
Time: 10:00 SAST / 08:00 GMT
Current Price: 11.1729
Direction: Down, with 11.0500 pivotal
Target: 10.8500-10.6000
Invalidation: 11.2528
Outlook: Market expected to fall, with small chance of last thrust higher

The market has fallen after making a new high at 11.3888 and is expected to fall further targeting trendline support at 11.0500. A successful break below here (Count #1) would see the market fall further into the 10.9000 to 10.5500 area before bottoming out, with interim support at 10.9004/10.8345, followed by 10.7000 then 10.5826. However, a strong reversal around 11.0500 would see the market rise back up towards 11.3888 again before falling sharply.

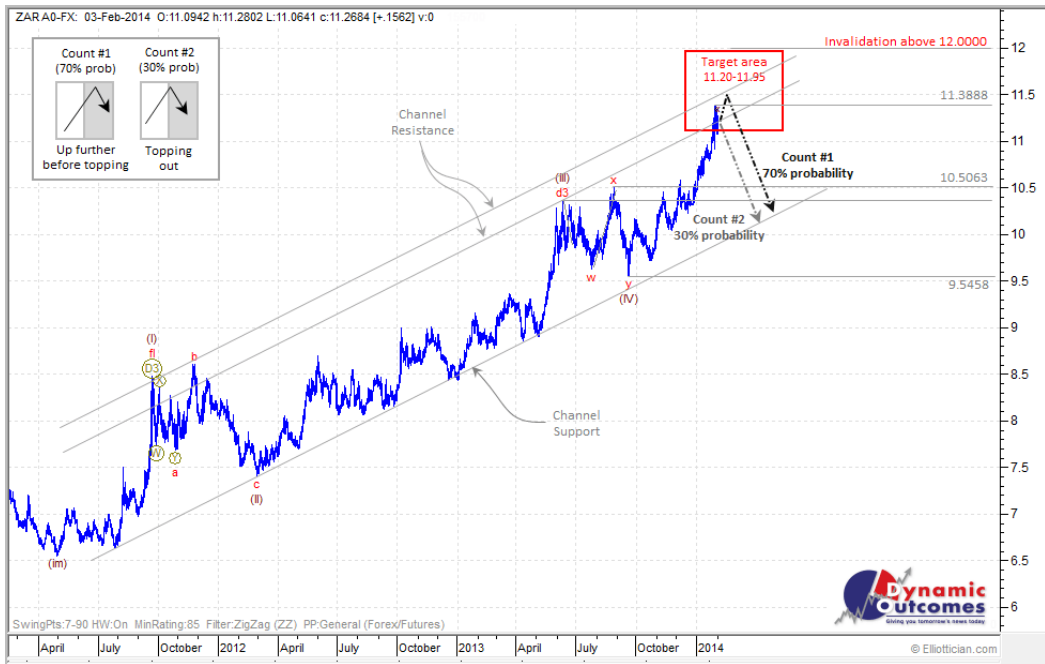A close above 11.3888 or below 10.4588 would invalidate this outlook.

BI-WEEKLY DOLLAR/RAND FORECAST – HISTORICAL SAMPLE – 3/4 FEBRUARY 2014

## USD/ZAR MEDIUM TERM OUTLOOK (NEXT FEW MONTHS)

USD/ZAR Medium Term Outlook
Next Few Months
Date: 4 February 2014
Time: 09:00 SAST / 07:00 GMT
Current Price: 11.2356
Direction: Topping
Target: 11.2000-11.9500
Invalidation: 12.0000

Outlook: Market in the process of topping out but last thrust higher possible

The market has risen further, changing the wave count slightly, but has either topped out at 11.3888 or is close to doing so in the 11.2000 to 11.9500 area, the bias being for a final thrust above 11.3888 before doing so (Count #1), with next resistance being at 11.6000 then 11.8615.

Once complete, the market is expected to fall into the 10.5000 to 9.5000 area.

A close above 12.0000 would invalidate this outlook.

USD/ZAR LONG TERM OUTLOOK (NEXT FEW YEARS)
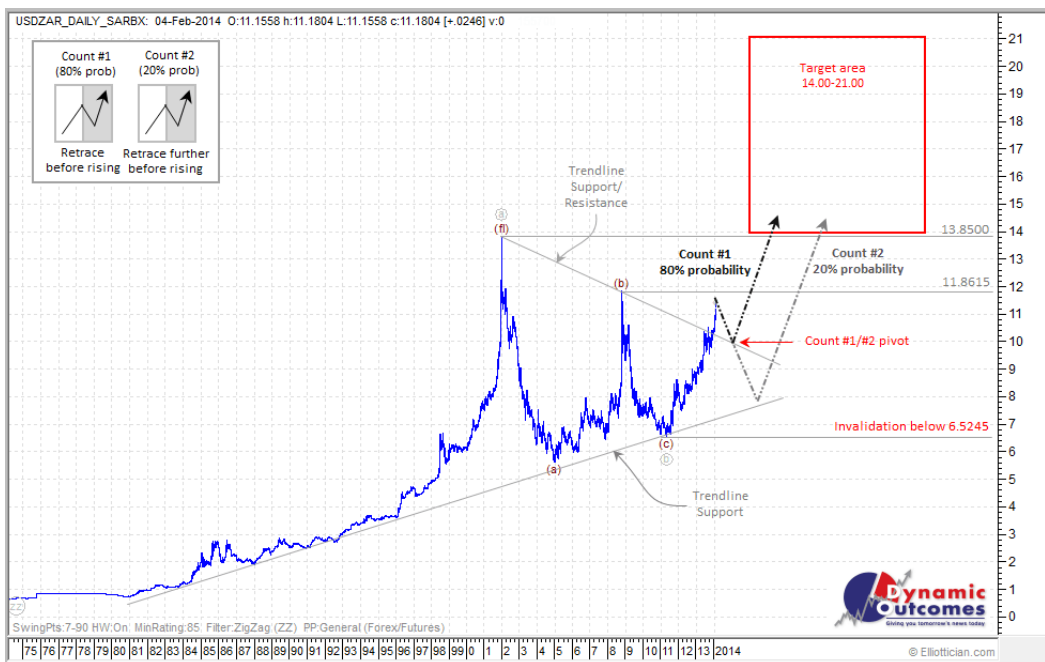
USD/ZAR Long Term Outlook
Next Few Years
Date: 4 February 2014
Time: 09:00 SAST / 07:00 GMT
Current Price: 11.1558
Direction: Retrace before rising further
Target: 14.0000-21.0000
Invalidation: 6.5245

Outlook: Market expected to retrace before rising strongly again

The market has risen above long-term trendline resistance, and while it is expected to retrace back down to test this line (around 10.0000), the bias (Count #1) is for the market to bounce off here and rise strongly into the 14.0000 to 21.0000 area, with interim resistance at 11.8615 then 13.8500. A successfull break below this support area (Count #2) would see a deeper retracement back down towards 7.8000 support area before rising very strongly into the targer area.

A break below trendline support (around 7.8000) would jeopardize and below 6.5245 would invalidate this outlook.

BI-WEEKLY DOLLAR/RAND FORECAST – HISTORICAL SAMPLE – 3/4 FEBRUARY 2014

How did the market actually play out following these forecasts?

REVIEW OF HOW MARKET MOVED SUBSEQUENT TO THE FORECASTS ISSUED

Below is a *before* and *after* picture to show how things have played out since early February 2014.

As can be seen, the market had in fact topped out on 30 Jan 2014 at 11.3888 – in the initial Medium Term target area (11.20-11.90), and fell over the next few days to make a minor low 10.9387 on 7 Feb 2014 (in the Near Term target area of 11.04-10.75), and an intermediate low of 10.8179 on 18 Feb (in the Near Term target area of 10.85-10.60). Over the next few months, the market then worked its way down before making a low of 10.2742 on 27 May 2014 (in the Medium Term target area of 10.50-9.50) and, importantly, hitting the trendline support shown in the Medium Term chart.
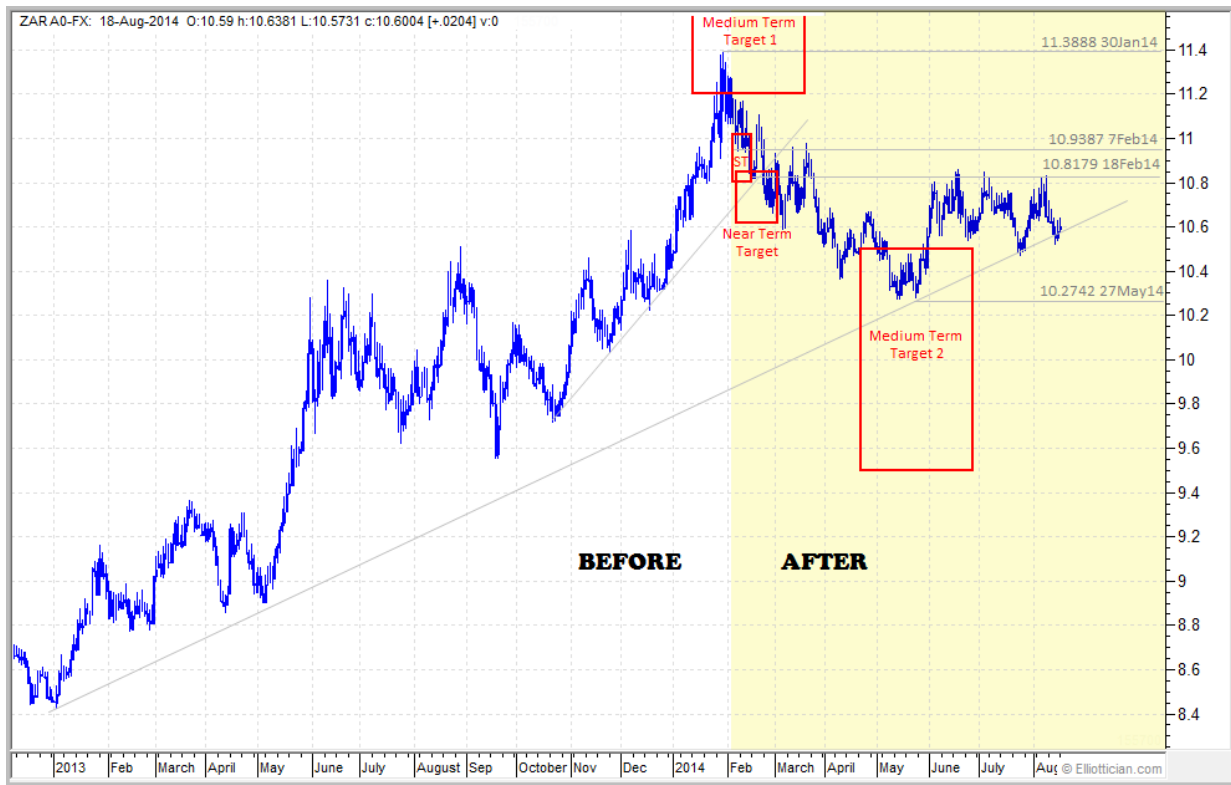
What is the science and technology behind these forecasts? The Rand, like any other financial market, is moved by mass human sentiment – the millions of persons involved in the market make the decision to buy, sell or do nothing – based on the information available to them and their reaction to this.

Now, the fact is that, as humans, almost all of our decisions are emotionally-driven – we then rationalise these with logic afterwards. And as we tend to have the same emotions in similar circumstances, we tend to make the same (emotionally-driven) decisions in similar circumstances.

As a result, the price patterns that we see on any financial chart are patterns of mass human emotion which tend to repeat themselves, as the market is driven from extremes of hope and greed, to fear and despair.

Because these patterns repeat themselves in larger and smaller degrees, using cutting-edge pattern-matching technology which has analysed millions of historical patterns, we are able to find a best fit for the current market in terms of shape and degree, which then gives us the most likely target for the current market in time and price – based on how the market has reacted historically. This is <u>not</u> an exact science, but a case of putting the probabilities in your favour, based on what the market has done in similar circumstances historically.