

Using and trading with PIA Research

PIA- First has an established and successful track record in accurately forecasting the direction of market sentiment and identifying profitable trading opportunities based on our analysis. Over the past 9 years as both an Investment bank research team and an independent research firm we have maintained a success rate of 7/10 in our published calls. This success has been in accurately forecasting the direction and timing of price changes.

PIA –first does not offer a trading programme or system, nor does it offer money management advice. PIA publishes daily research & trading recommendations four days each week on Tuesday, Wednesday, Thursday, & Friday. On Monday PIA publishes weekly research and trading recommendations targeted for a 1 week horizon. We measure the performance of every published recommendation according to a set of trading rules we believe compliment our research.

This document provides an explanation of three particular aspects of the PIA service:

1. How to use the details of the recommendations published on the web platform:
2. A guide to the trading rules we use to measure the performance of our calls and which we believe can be used effectively to trade our recommendations
3. How to use our Trade Break recommendations

1. Using the Web based research

While many clients use our forecasts to optimise the timing of their trades and hedge financial transactions, many also take trading positions based on our calls. Each PIA recommendation contains all the important criteria on which to base a specific trade

As an example this is the above information as published in our trade recommendation for EURUSD on Friday 18th January;

Most likely 3 profit targets for the bullish calls (RES) and stop level to the call and further selling targets (SUP).

Recommended EURUSD trade for European morning from 7am - 1pm with stop level & degree of confidence

Fast & clear matrix guide to all trade recommendations at a glance

PIAfirst

[EURUSD](#) | [GBPUSD](#) | [USDCHF](#) | [USDJPY](#) | [USDCAD](#) | [AUDUSD](#) | [EURGBP](#) | [EURJPY](#) | [CHEAT](#)

OUR INFORMATION - YOUR ADVANTAGE
 MARKET SENTIMENT & TECHNICAL ANALYSIS

Fri 18th Jan 2008 Intraday EURUSD **Cautious Buy above 1.4590** 70%

RES	1.4728	1.4804	1.4858
SUP	1.4590	1.4545	1.4490

Today's Call – Cautiously Buy EURUSD from the European open while prices are above 1.4590

For the 2nd day in a row losses below 1.4500 attracted investor buying. This time this bounce formed a positive performance although only a marginal one – less than half of Wednesday's decline has been reversed. Although this failure highlights a lack of demand for EURUSD, it is considered likely that investors will buy any dips again Friday and with this in mind our call is bullish while above 1.4590. To confirm this view and early move through 1.4728, half of Wed's net fall (1.4804 – 1.4590), is needed with further upside then focusing on 1.4804, Wednesday's open, but probably no further.

The risk to this bullish forecast is that yesterday's weak rally signals a return to negative momentum which would be confirmed by selling beneath 1.4590, yesterday's low trade. Prices and sentiment should

Alerts

- BUNDS - After 11 days of increasing, open interest shows first fall
- USDCAD - Likely to test 200 day mvg avg at 1.0342
- EURCHF - Corrected 62% of May 06 - Oct 07 rise - 1.5978
- SCHATZ - Highest Open interest in life of contract
- EQ Indices - S&P thru 2007 low, FTSE and DOW testing 2007 low trades.
- S&P, DOW - STOXX break key 20 month average rate.

2nd Bounce From Lows

Selling Nr Nov High

Click to change between up to 3 charts showing key signals for the trade.

Intraday	⬆️	Cautious Buy above 1.4590 (70%)
Week	⬇️	Cautious Sell below 1.4728 (70%)
3 Month	⬆️	Cautious Buy Above 1.3948 (70%)

Key assumptions underlying the recommendations and explanations of the targets for the trade

Explanation of the risk to the call and further targets if stop level triggered

The headline of the call: Specifies the direction of the price change forecast and whether to buy or sell. For example in the EURUSD recommendation “Buy above 1.4590” is a market order to go long at the 7am London open with a stop at 1.4590.

Confidence rating: Quantifying the confidence we have that the recommendation will be successful. In the EURUSD example we were 70% confident the correct advice was to buy the market

Profit targets: Two or three specific target levels that we expect prices to trade to and where partial profits can be taken. In the same example the targets for an improvement in prices are 1.4728, then 1.4804, and finally the last target 1.4858

Risk/Stop: This is the stop level to the buy or sell recommendation and is where we recommend closing the trade. This also includes two further levels that we expect will be traded to next if the stop/risk is broken. For example in the EURUSD call above if the stop level at 1.4590 is broken prices should then go down to 1.4545 then 1.4490

Analysis: Key sentiment analysis underlying the trade. This is the black text that contains the analytical assumptions underlying the recommendation.

Real time updates: As necessary real time updates are published to change risk levels, targets, or to close out recommendations. These will appear in red with the time of the publication. They are also sent separately by live email bulletins.

2. Trading with PIA Daily recommendations

These recommendations are the most practical to trade due to their high frequency and real time updates. Daily research and trade recommendations are published Tuesday, Wednesday, Thursday & Friday.

- 52 daily trade recommendations each week in 13 currency pairs and cross rates
- 24 daily recommendations each week in 6 Equity Indices futures
- 16 Daily recommendations each week in 4 Bond futures markets

Over the past 9 years our expertise and experience has been in forecasting the net direction of price changes for the European morning so our clients can know with confidence what possible opportunities trading will provide. You can use our calls to improve the timing of the deals you already plan to do or to specifically enter a trade based on our recommendation. All our daily FX calls and European Bonds and Stock indices are therefore aimed at correctly forecasting the market between a 7am -1pm window, London time. The performance tables and hit ratio's of all our European calls reflect this.

Suggested criteria for trading with PIA Calls:

1. All calls are entered into at the 7am London opening price in FX and futures opening in Bonds and Indices .We use the 7am open in our performance measurement. In FTSE and the US futures markets the trade is executed at the opening price of trading.
2. The stop level is the specified risk level to the call.
3. Each recommendation identifies either 2 or 3 profit targets and partial profits should be taken at each specified level.
4. If the trade is in profit by 1pm London time we recommend closing out at 1pm.

Exceptions to the 1pm close out

If a trade is unprofitable at 1pm but has not been stopped out it can be run until 4pm. If at 1pm a trade is unchanged from the opening level it can be run until 4pm. Conditions may make it necessary to take earlier profits, move stop levels, or close out trades completely. We will advise.

Why is 1pm our cut off point?

Due to the release of US economic data from 1.30pm onwards, and US related news and developments, sentiment in the US trading session may change from the sentiment that dominated in the European morning.

Example

This is a real example taken from the London trading session in EURUSD in the week of the 10th December 2008. Daily calls are published Tuesday-Friday. The table shows the published calls each day, the degree of confidence in the call, the 7am opening price and 1pm closing price, the maximum gain based on our criteria, and whether the call was a hit or a miss.

DATE	EURUSD FORECAST	CF	CORRECT	Price @ 7am	Price @ 1pm	Max change
11/12/2007	Very Cautious Sell below 1.4772	65%	1	1.4725	1.466	+65
12/12/2007	Cautious buy above 146.40	70%	0	1.4688	1.4672	-16
13/12/2007	Trade a Break of 1.4640 or 1.4749	75%	1	1.4709	1.4682	+27
14/12/2007	Sell below 1.4692	75%	1	1.4645	1.4495	+150

Real time updates

Once the trade is live and open, changes in real time market conditions may make it necessary to take earlier profits, move stop levels, or close out trades completely. We will advise on these by live email updates.

FTSE and US markets

Due to the later opening time the trading window for our calls in FTSE is from 8am -1pm, and in US markets (S&P, NASDAQ, DOW, T Notes) it is from the days open to the days close.

Weekly calls;

Weekly research and recommendations are published each Monday. The same criteria apply to trading with our weekly calls with the exception that the time horizon the forecast covers is from 7am Monday morning – 1pm Friday. (Open – close for US markets). Trades are entered from 7am Monday, and partial profits should be taken at each of the specified profit targets. The stop level for the trade is the risk level used in the weekly call. Every Monday there is a trading recommendation for each of the 26 markets we cover in FX, Equity Indices and Interest rate futures.

3. PIA Trade Break Recommendations

Most recommendations are either buy or sell trades. In some conditions sentiment signals can be very mixed. This usually indicates the potential for indecision, offering us no strong clues for the direction of trading. In these circumstances we recommend staying out of the market and prefer to only trade once prices break out of specific range.

For example. The published recommendation in EURJPY on a Tuesday morning is to only trade a break of a range specified as 128.53 – 130.04. Between these two prices we are recommending no trading. If the range is broken our analysis signals that this is the time to trade, effectively exploiting the momentum we expect will follow the break.

On a break of 130.04

This is where our signals get more bullish and we suggest buying the market on a break of 130.04. The stop level would be the 7am open price at 129.58, but we may change this stop level. The targets we then expect are 130.60 and 131.45 and profits should be taken at these levels

On a break of 128.53

This is where our signals get more bearish and we suggest selling the market on a break of 128.53. The stop level would be the 7am open price at 129.58, but we may change this stop level. The targets we then expect are 127.68 and 127.00 and profits should be taken at these levels.

The two questions we are most asked with these types of calls are:

What happens once it breaks the range?

A trade break call is an either/or call. We either trade the break of the top level, or the bottom level. Whichever break occurs first is the trade we recommend which becomes a market order. For example if EURJPY breaks 130. 04 the trade will then be to buy it at market. This cancels the other part of the call to sell it on a break of 128. 53.

Are the breakout levels Exact?

We advise you should always allow a few pips either side of the levels.

Risk Warning

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