



SG Capital Research

Global Market Insights

Research Note – Commodity Analysis (C)- STRATEGY & PROP Analysis (SP)

MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2011 # NOV_02

For Immediate Release – *Bi – Wkly Wednesday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

Commodity Analysis (C) -SP

- **Coverage**

- CRB / CCI / DBC
 - GOLD / GLD
 - SLV,
 - GDX / XAU
 - OIL / USO
 - NAT GAS / UNG
 - COPPER / JJC
 - BASE METALS / DBB
 - AGRI COMMODITY / DBA
-
- Selected Sector may have Analytic Charts as Titled below
 1. POM Analysis (**Only if applicable**)
 2. Technical , Pattern & Oscillator Analysis
 3. Confluence Zone (CZ) & Price / volume Analysis,
 4. Ratio Analysis
 5. PEC Analysis, Ratio Analysis (**Only if applicable**)
 6. Sentiments (**If Extreme character**)
-
- **Appendix - OBJECTIVE , HISTORY of past Signals & POM Key Criteria**

Special Situation

SPX Insights

- *The Market volatility within the CZ for rebalancing is part of our process but it is happening on News headlines. Is this coincident or what !!!*
- *Today, we have the FOMC meeting conclusion and announcement at 12:30pm EST and then Fed Chair provides a press conference at 2:30pm. Therefore, we should expect more volatility . Especially USD, GOLD, TLT*
- *Leading up into Friday's worthless comical Employment Situation Report.*

SPX – Hrly chart

- *Via Alert Email - SPX - POM 14 – Triggered yesterday (11/01) at 1226 into the POM 14 CZ 1220 -1250. Volatility will increased by Mathematical process (although it appears it is the News).*
- *Via Alert Email – warned - SPX rally towards 1252 (see the chart below why !!). Hrly is getting critical towards the end.*
- *Via Alert note A# 3– MS Report - QQQ Trigger was at 59 Monday (10/31) showed all the weakness and Price projections.*
- x
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SPX – Hrly - Poly trend Analysis - Special Situation

- Chart below indicates how the Market jumped from 1254 to under 1240 negating the” Momentum Price Path move via Wave 1-2-3-4-5- X 2 to 3X3/9EMA – CZ
- POM 14 – CZ 1226 -1252 is good area to accumulate the Hedges – POM 14 is for Fully Hedge by SP - RA/RI
- **The rally today towards 1252 we had warned has the price path indicated in the Chart below. (refer notes within the chart) . First move is towards the 1240 POLY TREND and then towards the Hrly CZ 1245-1255 which it jumped**



TLT – MA / Pattern and Oscillator Analysis - Special Situation

- BONDS – We acted on **10/04 Alert** - POM 14 from 123.5 on TLT to 115, **10/07** for **6.5%** gains and immediately triggered POM 13 @ 113. However now for next safer place would be to wait for TLT to run back up towards CZ - POM 14 – re run to Trigger.
- We think TLT initiated another ABC up since POM 13 (which we did not take it) (Refre notes within the charts)

Lehman Bond	TLT
Last: \$ 119.45	
Chg: \$ 3.87	3.24%

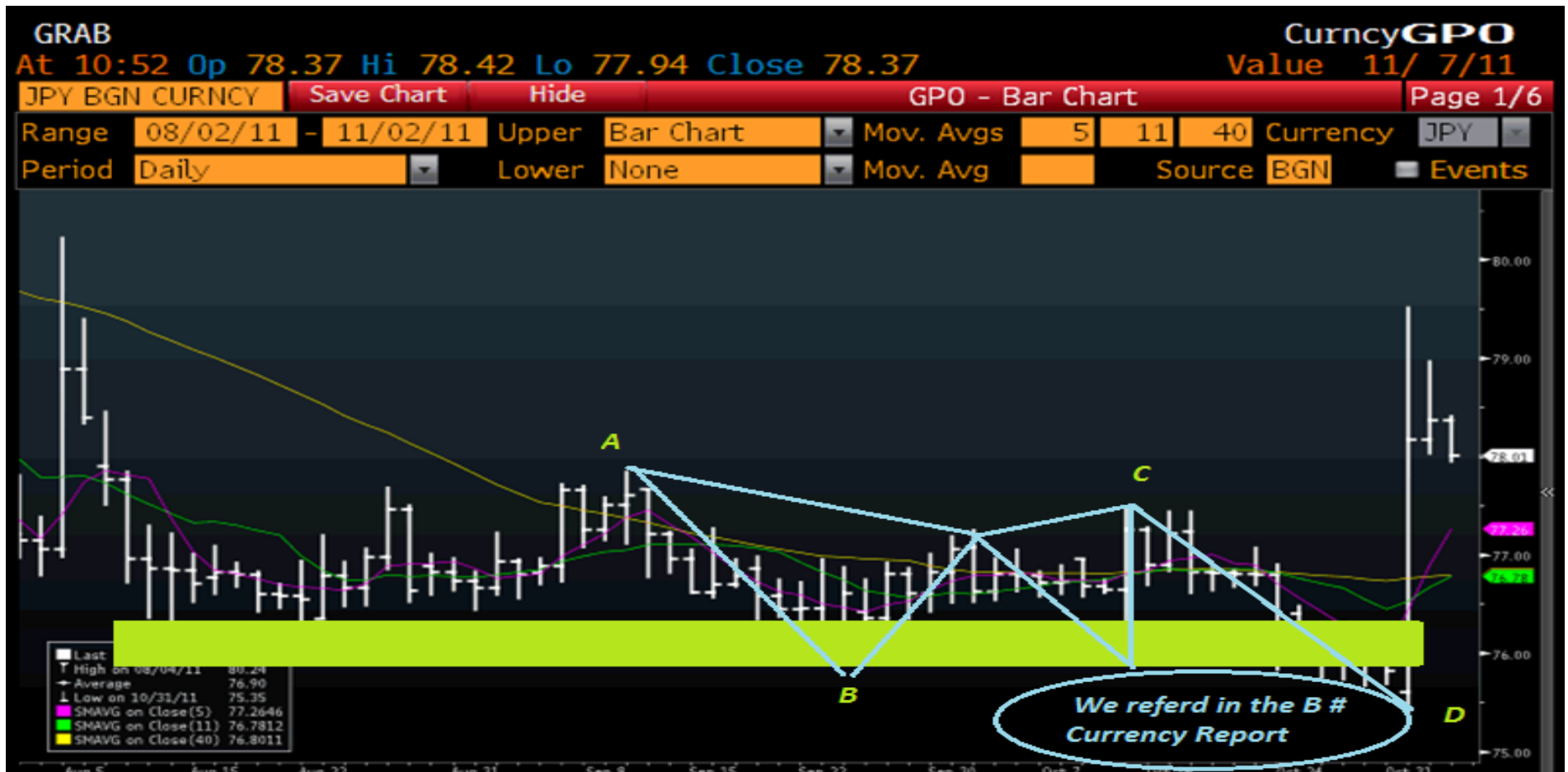


JPY / USD - Special Situation

UPDATE - Huge move - For whatever news driven issues ,(just took off)

In our Currency Report B # Currency Report 10/26 – Our Note..... “ YEN / USD spiked below 76 for a few minutes making new lows, but they didn't stay there very long. The AB=CD pattern is apparent at this low . There is also a long term weekly cycle in the YEN

ALERT – 76 could be tested, and good entry point (as indicated in Green) . Stops below the lows 74.5 for risks management



- **Objective & POM / CZ Guidelines**

Focus is on the Short & Intermediate term turning point – Price Path Analysis of GOLD, SLV, GDX via POM's Price projections and / or CZ (Bullish & Bearish between the POM's) . POM is Unidirectional Judgmental Model, It utilizes multiple input signal via the Global Inter market Analysis (GIC), Price & Quality Volume (PQV), Pattern Recognition (PEC) , Cycles, Internal & External price equilibrium points to assists in output signals . POM is supplementary Analytics to add value to RA/ RI Framework for Risk Management.

- *SPX, CRB, GOLD combination signal acts as Risk Benchmark for all the Commodity Markets. Since these Markets gets priced off SPX for timely POM & Bullish CZ calls of each Specific Commodity .*
- *All the Commodities tends to follows the Price path of POM 11, 12, 13 of SPX (except @ POM14, 15), various Instruments will Top out at different time to Trigger CZ – Validation for NET SHORT. Sell Order at POM 14, 15 to be spread within CZ price band for scaling out*
- *GOLD is still following the Bull Market “ POM” Regime unlike SPX market*
- *All CZ / PEC D / POM's – Marked on charts (in color) below has been Announced on Real time in our Previous Reports prior to Price shifts.*
- *Stops always on other side of CZ @ value based on Portfolio's Risk tolerance*
- *POM Conclusions to be cross verified by other methods prior to final decision*

- **Latest Alerts & Open positions are highlighted in yellow**

- **GLD/ SLV - Trading & Investment Conclusion - – Updated**
- **GOLD – POM Signals & Price Projections - Start point 1420 1ST Jan**

- **POM 15 - Net Short -- SLV (Total points gains SLV= +10.5 or 28%)**

- Alert - POM 15 –, SLV – Triggered Alert Jan 1st @ 30 target 26 , 25TH Jan = (4 points) 14% gains
- Alert - POM 15 –, SLV – Triggered Alert April 26th & 28TH @ 47.5 target 41 = (6.5 points) 14% gains
- None recommended for GLD to “SHORT’ in Bull market by this Model. (Exception for SLV)

- **POM 14 - Hedge Longs / Risk Management for corrections- (Total decline saved= + 399)**

- Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ whiles the bigger Trend kicks in
- Proportion / Qty. of Hedges should be based on Portfolio's objective and Risks Tolerance

- **Last Alert on 10/13- (OPEN POSITION) – 8th HEDGE - B # Report- POM 14 - CZ Trigger @ 1680-1740**

- 7TH Hedge - Closed @ 1680 CZ (9/23 - Alert) from POM 14 Re run @ 1825 , 8/23 = 145 points gain
- 6th Hedge - Closed @ 1725 CZ (as per Target 1700 announced in Report 8/23 - Alert) from POM 14 Re run @ 1825 , 8/23 = 100 points gain
- 5th Hedge - Stopped out on 8/17 @ 1825 from POM 14 – Re run Trigger at 1780 = (-45) points loss
- 4th Hedge - Closed on 5/6 at POM 13 @1460 (GLD = 143) from POM 14 @ 1544 (150.48) = 84 points gain
- 3nd Hedge - Stopped out on 4/5 @ 1450) from POM 14 – Re run Trigger at 1425) = (-25) points loss
- 2nd Hedge - Closed on 3/16 at CZ (@ 1380) , from POM 14 – Re run Trigger at 1425) = 45 points gain
- 1st Hedge - closed on 1/25 at POM 13 (@ 1325), from POM 14 @ 1420 (since 1st Jan) = 95 points gain

Cont...GOLD.

- **POM 12,13 - Net Long – (Total point gains = + 415)**
 - **Alert 9/26 – POM 13 @ entry 1603 (Trigger 1550) & Closed position (1/3) @ 1680 & (1/3) @ 1695 & 1740 (1/3) – POM 14- Alert (10/13) -Bearish CZ - Resulted in = 85 point gain**
 - **Alert 01/25 – POM 13 @ 1320 & Closed position @ 1375-1395 @ Bearish CZ (03/09) Resulted in = 65 point gain**
 - **Alert 5/6 - POM 13 @ 144-145 (1470) & Closed position @ 1596 – 1615 @ Bearish CZ .Resulted in = 135 point gain**
 - **Alert – 7/20 - Parabolic Warning announced in C # Commodity @ 1628 to target 1760 = 130 points gain- Parabolic Apex pattern although we announced it in timely manner, such long plays is for special Type of specialized Trading Desks- Risk Management is Critical (Disclosure -We did not play upside parabola Real time)**
 - **POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long)**

Key point Summary

- **YTD – since 1st Jan GOLD is up +19% (+ 280 point gains from 1420 levels). & GDX down -6% (-4.5 Points loss from 61 levels). POM Investment Conclusion” in the C # Commodity Report summarizes it.**
- **+415 points gains on GOLD- for NET LONG, (in 4 - Signals) (additionally + 17 points on GDX score)**
- **+399 points – Avoid Declines on Risk Management (in 8 – Signals) (additionally +20 points on GDX score)**
- **+10 points gains on SLV for NET SHORT (in 2- Signals)**

(GOLD Signals are still within the norms of Bull market POM's)

Our Focus - POM's are better actionable areas for us to produce Highest Reward for the Risk where the “ Back is against the Wall” then entering positions in between the moves of POM

• STRATEGY – Insights

- **Last Alert** – In our B # Currency Report dated 10/13 – GOLD Triggered POM14 when it reached in CZ – 1680 -1740. This is Risk Management signal for Hedging the positions that was entered at 1603 – POM 13 - NET LONG on 9/26. Resulted in rally of 85 points .
- This is the area to consider Rebalancing Hedges & Position sizing on Net & Beta Exposures depending on the Portfolio Objectives & Beta tolerances .

• GOLD – Insights

- On the Short term – Since our Trigger POM 14 @ (1680-1740) immediately GOLD declined to hit lows of 1605, (11/21) & then bounced back to POM 14 – CZ area 1680-1740 to re test last 2 session and sold off once again.
- We think some work needs to be done on downside back into 1600-1550 to test the previous POM 13 area. Currently it appears the upside move does not have enough energy for meaningful ABC up to break CZ of POM 14 .
- However move above the POM 14 – upper CZ 1740) it can initiate momentum rally but we do not see it as ABC up (as protection place STOP on Hedge @ 1785 Revised Close).
- On the Mid term, The recent parabolic top in Gold at 1900 was formed with Bullish Top by our Mathematical process , which suggest after the pull back (or nasty correction) . Gold should go back to test those highs again. There are ways to negate this but indicators that we monitor for POM / CZ does not have evidence of it
- On Longer term - GOLD within the confines of Bull Market, POM Projection by our Mathematical based process is 2400 which is intact . Oscillation within the price moves are very healthy for next leg only after re balancing the retracement

- **Latest Alerts & Open positions are highlighted in yellow**

- **GDX- Trading & Investment Conclusion - Start point 61 on 1st Jan**
- **GDX follows GOLD- POM's**

GDX (XAU / HUI)

- **POM 15 - Net Short – None**
- **POM 14 - Hedge Longs / Risk Management - (Total decline saved= 20 points or 33 %)**
 - *Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ while the bigger Trend kicks in*
- **Alert - CZ @ 59-61 – Revised - 4TH HEDGE**
 - 3rd Hedge - Closed @ 56.5 (9/23 - Alert) from POM 14 Re run @ 61-62, 8/23 = 5 points gain 8.5%
 - 2th Hedge - Closed on 5/6 at POM 13 @ 56 from POM 14 @ 62 = 6 points gain 10%
 - 1st Hedge - closed on 1/25 at POM 13 @ 53), from POM 14 @ 62 (since 1st Jan) = 9 points gain 15%
- **POM 12,13 - Net Long – (Total point gains= 17.25 points or 29%)**
 - Alert 09/26 – POM 13 @55.76 & Closed position @ 57 @ POM 14 **Alert - (10/13)** Bearish CZ Resulted in = (1.25 points) 2.2%%
 - Alert 01/25 – POM 13 @53 & Closed position @ 60-61 @ Bearish CZ (03/09) Resulted in = (7.5 points)14%
 - Alert 5/12 & 6/27 - POM 13 @ 52-53 & Closed position @ 60-61 @ Bearish CZ .Resulted in = 8.5 point gain 13%
 - POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long)

• Commodity Insights

Current Market Status - update

- **SPX** – Triggered POM 14 @ 1226 on 11/01 within its price target CZ 1220-1250. This was initiated at POM 12 @ 1080 completing its full oscillation without Retracement. Earlier **via Alert 10/11**. Market Triggered POM 13 @ 1192 (Risk Management Signal) . This is a favorable spot to Rebalance the Beta & Net Exposures based on Portfolio's Objective. This Signal ended POM 12 (NET LONG call) @ 1080 which resulted in Rally of 112 point.
- **DXY** - On Monday / Tuesday , the King Dollar rallied huge after giving a shake out move on Friday. It is All One Market” (AOM) . USD's is Ruling the world markets. DXY completed its retracement @ 75 after finishing ABC up with Bullish TOP . Next rally is now putting pressure on AOM
- **COMMODITY** markets Should follow the Signals of POM 14 on SPX along with POM 14 on GOLD .
- We think several commodities should follow the same price path from that point in different proportion based on its own individual patterns and its own CZ (See charts below) .
- **GOLD** – **via Alert 10/13**. Triggered POM 14 @ 1680-1740 . This ended POM 13 @ 1603 which resulted in Rally of 85 points
- **BONDS** – We acted on **10/04 Alert** - POM 14 from 123.5 on TLT to 115, **10/07 for 6.5%** gains and immediately triggered POM 13 @ 113. However now for next safer place would be to wait for TLT to run back up towards CZ - POM 14 – re run to Trigger. We think TLT may initiate another ABC up

• Commodity – Insights

The CRB is turning down after a brief rally which was based upon

First, on the Fed talking about the possibility of QE3.

Second, based on USD rally.

Third, would be MF Globe's RAFCO Liquidation book (Which was MAN's largest Futures book) . We wonder who would take the counter party Risk.

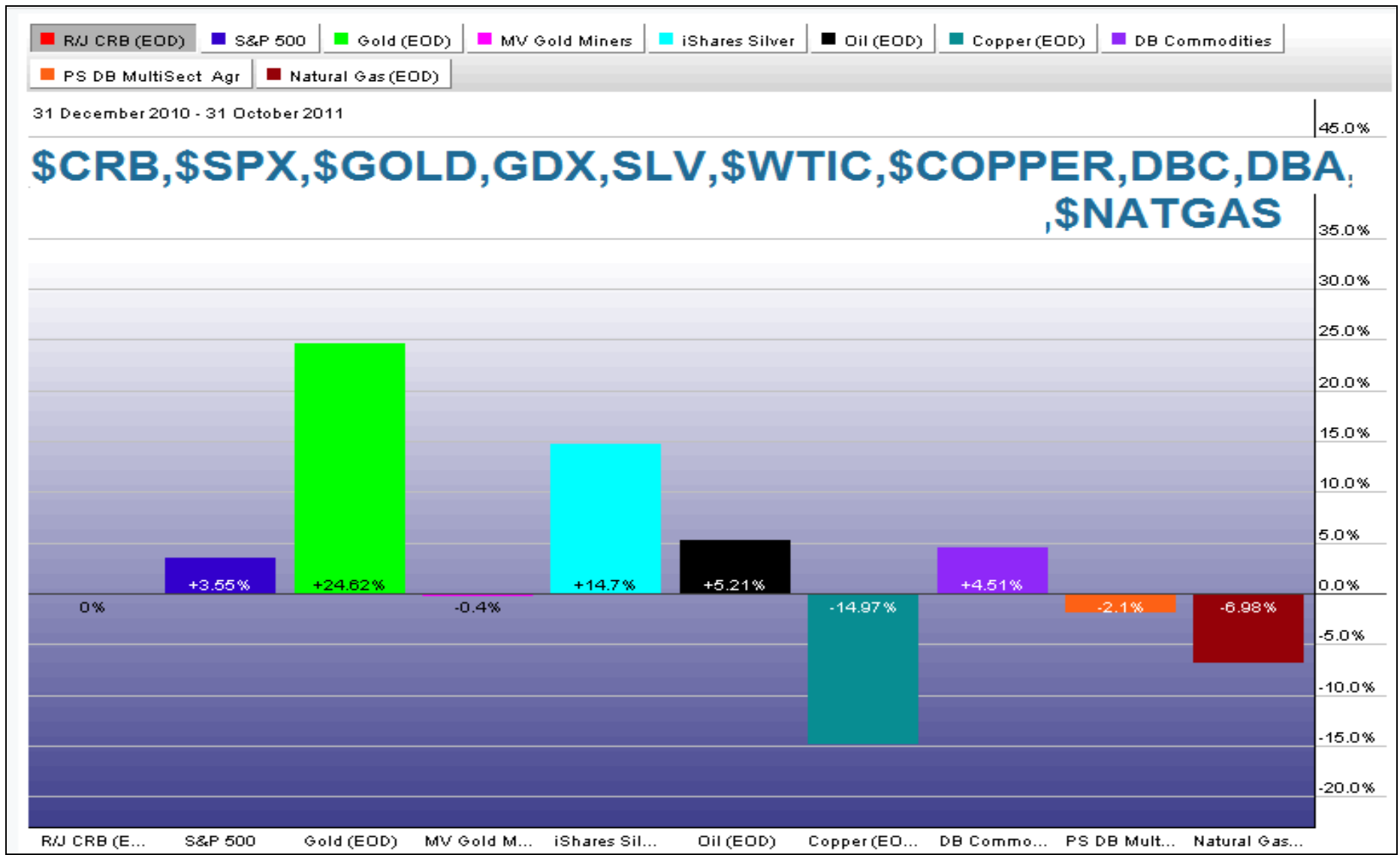
The underlying trend in the CRB Index has clearly rolled over into a downtrend, so countertrend bounces like this are just oversold rallies which allow the smart money to sell their inventory of long positions and get short for the trend to the downside in coming weeks.

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- YTD – Commodities & SPX performance v/s CRB

- *Chart below shows Relative performance of leaders and lagger with respect to CRB .*



- Trading & Investment Concl. - CRB, OIL, CU, AGRO, B. Metals, UNG

- GLD, SLV

Our Pull back (Downside) Target on GLD projected to **CZ 1600- 1560** (It has Triggered POM 14 – CZ 1680-1740). **(place STOP @ 1785 Close)**. If it break upside above Upper CZ

SLV will follow GOLD on downside .SLV Has PEC –D projection at **27 on downside** (The current PEC- D is at

- GDX (XAU)

Our Pull back (Downside) Target on GDX projected to **CZ 52-52)**.. (It has Triggered POM 14 on GOLD corresponded to triggered GDX - CZ 59-61.

- CRB (DBC)

- **Bearish CZ 320 -325 is reached** (we had indicated this in our Previous Report). (Earlier at POM 12 on SPX initiated rally at 290 on CRB).

- WTIC OIL

- **Upside target 95-97.**(CRB has reached bearish CZ) . Earlier POM 12 on SPX initiated rally at 75 as expected in previous Report.)

- DBB, Copper (JJC)

- **BEARISH** - DBB& COPPER has been weakest in CRB . Both IDX will break the lows sooner rather than later.

- DBA, UNG

- **BULLISH**

DXY - with Pattern & Oscillator Analysis

On Tuesday we had a follow through rally after Monday's key reversal in DXY & Fridays shake out move into the pullback CZ 75.5. We think the pull back in USD should be over soon . Rally mode Monday/ Tuesday put pressure as expected on AOM to decline .

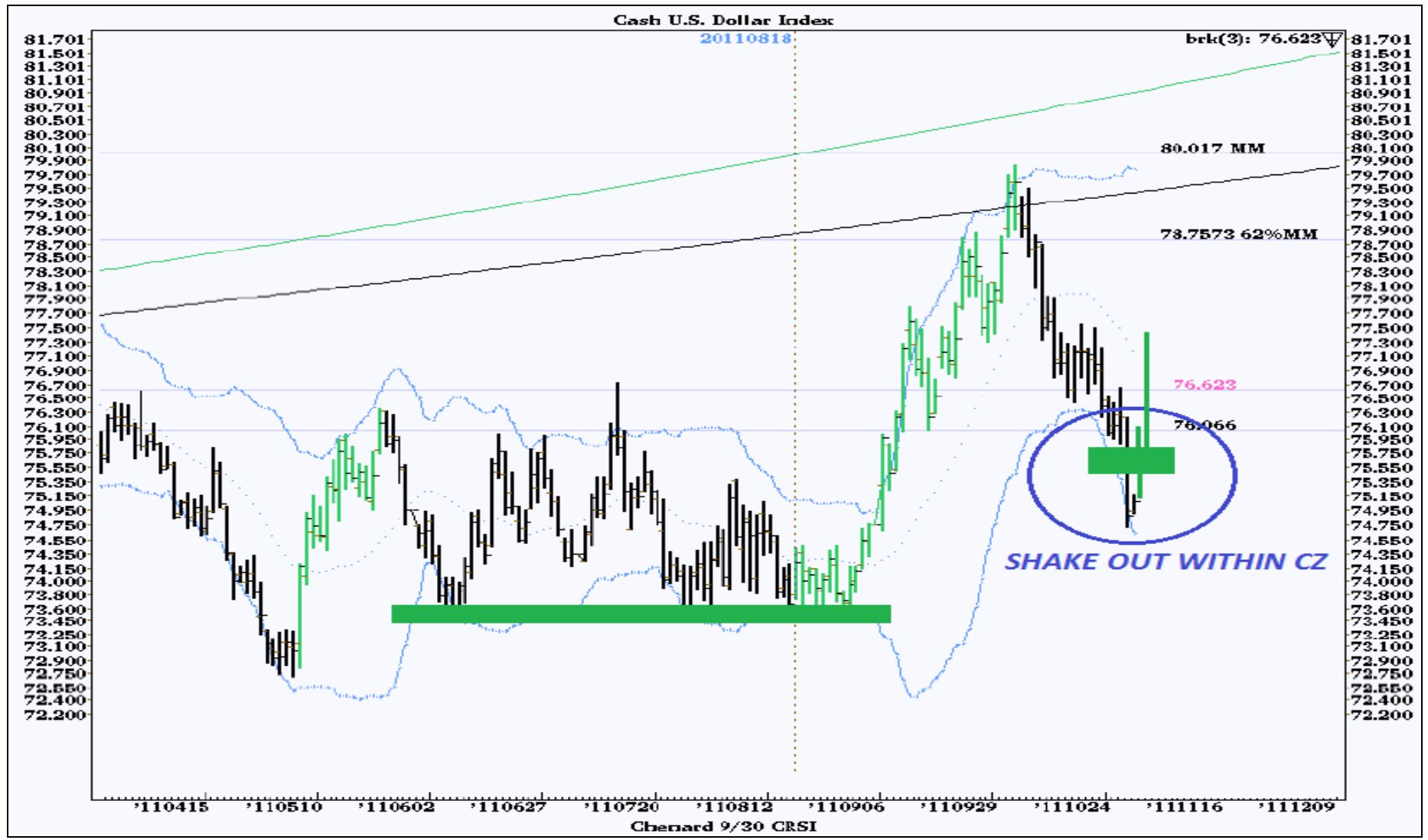
Once the next Rally begins towards its Bullish Top, we should put another fear in the market.

DXY finished its ABC up 80 . USD Trigger @ 72-73 (stated in B # Currency Report. Subsequently in our C # REPORT 09/07



DXY - with Pattern & Oscillator Analysis

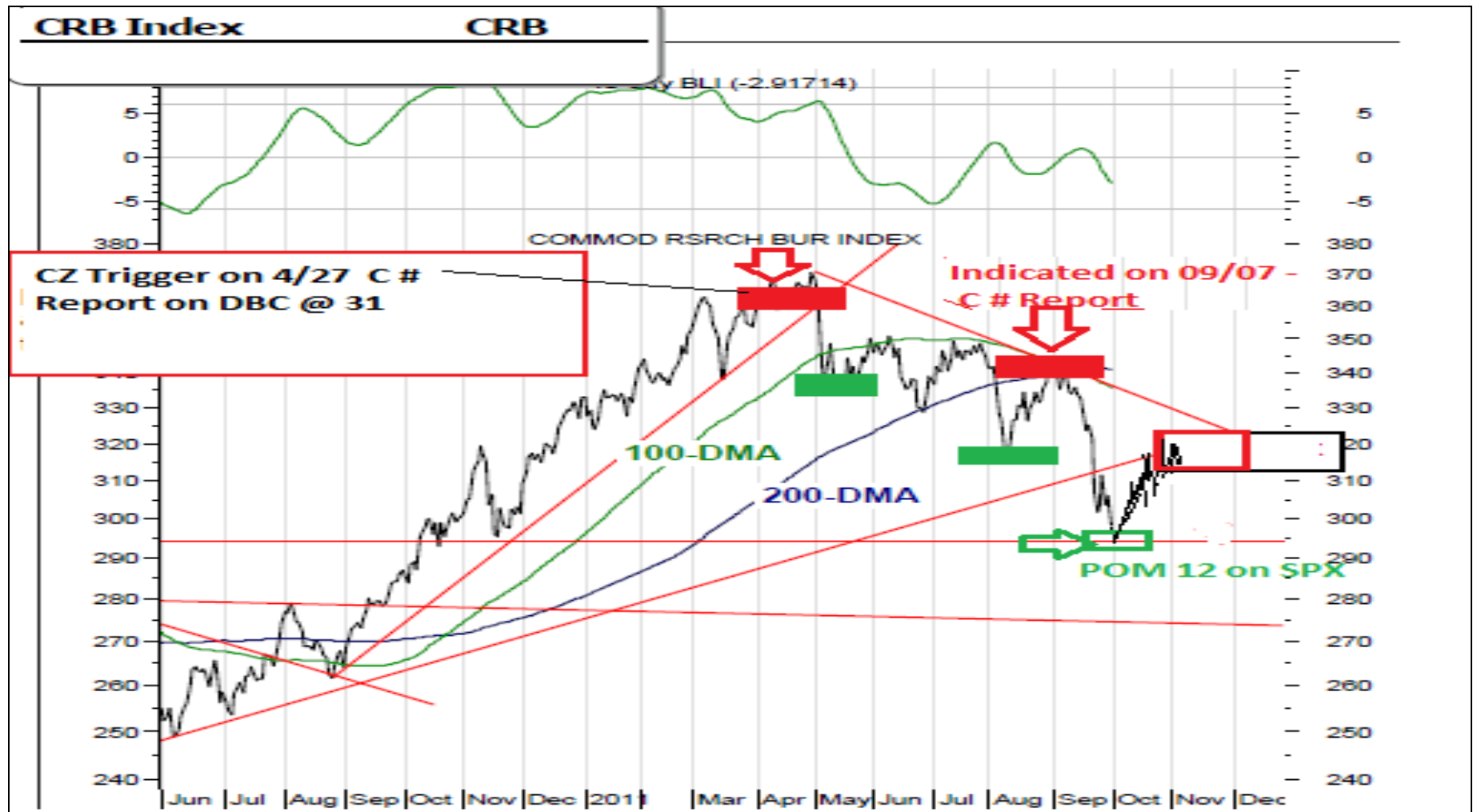
The European "Noise" intervening in the markets could not keep it down more than 48 hrs . We suspect that the long term will see the Dollar Index soar even higher once the market realizes there is no escape from the debt crisis for European. This will decimate Euro and send the dollar soaring watch out !!



CRB / DBC- with Pattern & Oscillator Analysis

Our Target for bounce was 320 as mentioned in previous Report – We are there in that vicinity. The CZ is 320-330. Currently SPX is at POM 14. Earlier POM 12 On SPX Triggered when CRB prices were at 290 and rally began from there as expected .

Longer term - CRB retraced a Fib 62% of its 2008-2009 bear market and ran into CZ 360-370 (similar to DBC- ETF). & 50% of its move CZ 340-350 . Bounces are within the confines of larger declines of “lower highs and lower lows” .



CRB- Poly Trend Analysis

CRB - By Poly Trend Method - *Target the bounce was a towards 320. We are approaching that area underneath Poly Trend in bearish fashion @ 325.*



- **RATIO ANALYSIS**

- **CRB v/s USD - Inter market Analysis @ Extreme**

The inverse correlation is in process –

NO CHANGE

- **CRB v/s SPX - Inter market Analysis @ Extreme**

The Direct correlation is in process .

NO CHANGE

GOLD- Poly Trend line / CZ Analysis -

Chart below indicates the Price path of GOLD

GOLD – Banging between the TOP HEAVY (POM 14) and BOTTOM HEAVY (POM 13). It is entering back CZ 1680 -1730 . It requires quite of energy. Volatility does increase in the CZ (Up down and all around)



2 – GOLD - = GOLD continuous contract - MID TERM – 1600- 1560 Target

The Bearish FLAG on GOLD came in play on Trigger of POM 14 & decline began .

Multiple FIB Convergences & Trend Analysis suggests a conclusion on decline towards the CZ 1600-1560.



- **EXTREAME Sentiment Analysis (3rd Party Data)**

Courtesy : SENTIMENT TRADERS

- **SENTIMENTS - GOLD – PUBLIC OPINION**

Comments – NO EXTREMES

- **SENTIMENTS - RYDEX CASH FLOW**

Comments – NO EXTREMES

- **SENTIMENTS - GOLD – COT**

Comments – NO EXTREMES

SLV – Poly Trend Analysis

SLV is approaching its Poly Trend target of 36 (Refer notes within the charts below)



GDX – SMA & Trend Analysis – CZ – Price & Volume

- **Alerted on - 10/13- B # Report- For POM 14 Trigger on GOLD , GDX was at 57 pull back to 56**
- **We have now clear picture on CZ which is at 59-61**
- **Earlier it rallied from POM 13 @ 55.75, Alert 09/26**

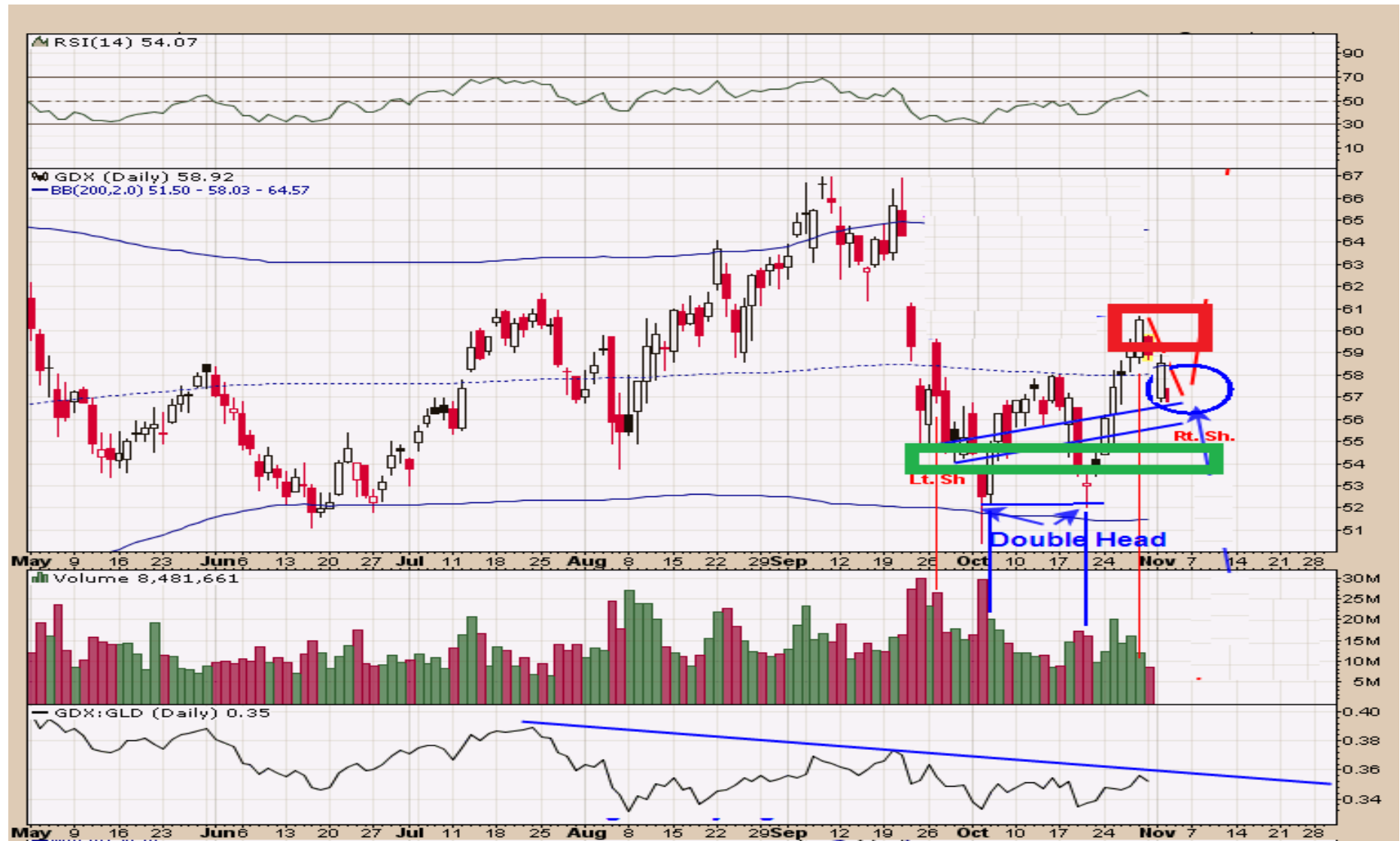
Our Pull back / Downside Target to **CZ 52 -50** in this move down, POM 13 area or it might be forming right side of H&S bottom (Not clear yet , see the chart below for possibility) .



GDX – SMA & Trend Analysis – CZ – Price & Volume

A possible Head and Shoulders bottom may be forming, where the pattern formed a double Head in October & Right shoulder is being formed (refer chart below) . **Friday's rally setup highs with CZ 61-59** , we are currently entering that area
The pull back may form the right shoulder. 54-55 which is above our previous POM 13 – CZ of 52-50 .

We have more faith in H & S bottom when confirmed by POM criteria's.



Ratio Analysis

- **GOLD v/s GDX (XAU) – Extreme Ratio (ST / MT)**

GDX : GLD Ratio acts like A/D Line for GOLD market .

SHORT TERM (ST) is NEUTRAL

MID TERM (MT) GDX is s Undervalued

Comments - NO EXTREMES

- **GOLD v/s SPX – Extreme Ratio**

Gold v/s SPX prices since 1988 (22 YR Cycle). SPX has moved 5.5 X times to-date and during the same time frame GOLD has moved up 4 X times . It appears still some more room left to upside on Gold. With similar target of Price expansion - Target PRICE is 2500 on GOLD.

Comments - NO EXTREMES

- **GOLD : SLV RATIO – Extreme Ratio - RSI & SMA Analysis**

At one time this ratio was at extreme. (Reversion to mean, consolidation is needed here)

Comments - NO EXTREMES

- **OIL v/s SPX - Inter market Analysis @ Extreme**

Comments - NO EXTREMES

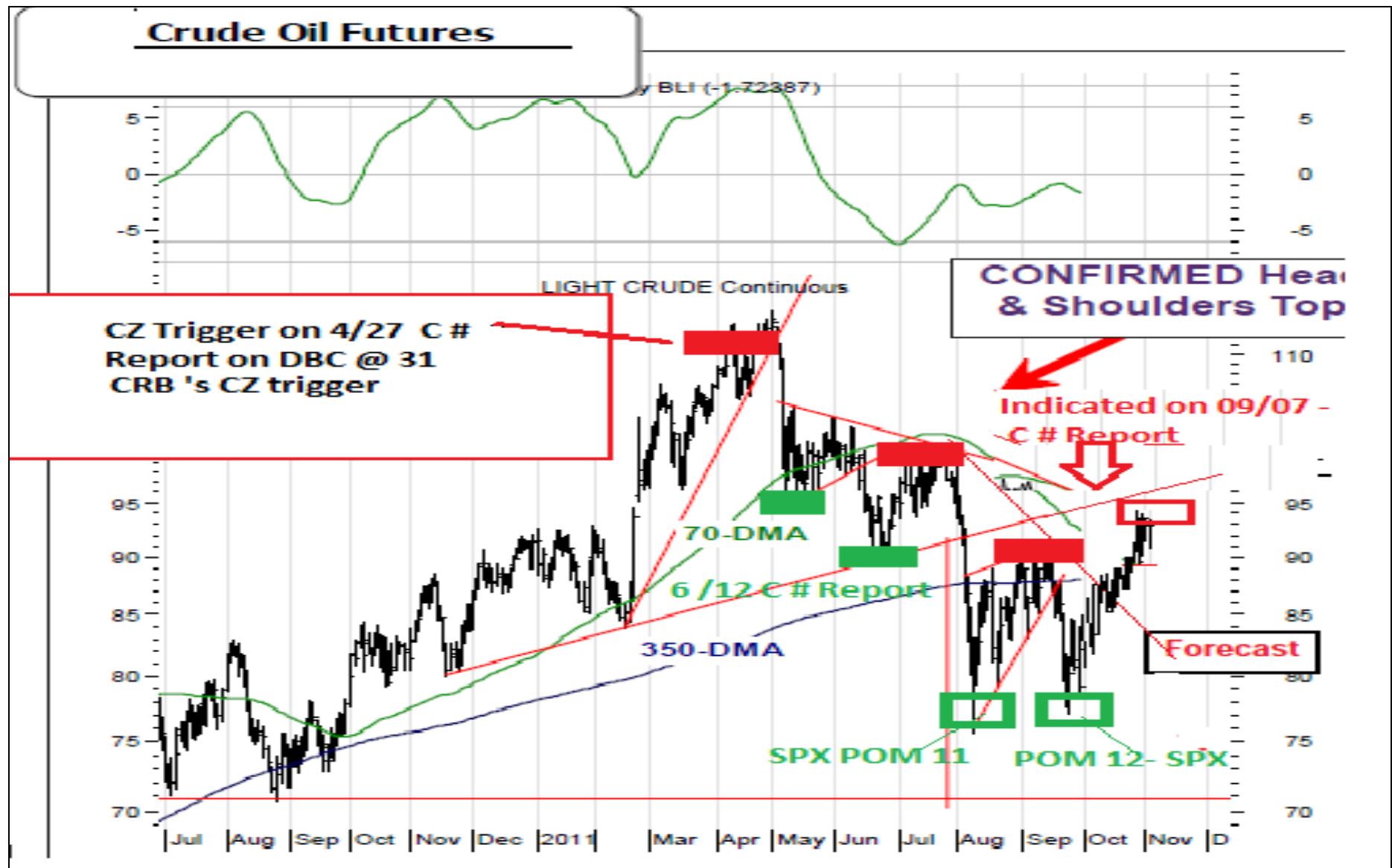
OIL – PEC –D Analysis

PEC-D Analysis . Oil Projection is towards 95 . Earlier – As indicated in PREVIOUS Report, Oil formed a bottom at the 0.786 level at 75, 0.786 retracement off of the lows from last May. The Rally began when POM 12 on SPX was triggered.



OIL -MA, Pattern & Oscillator Analysis

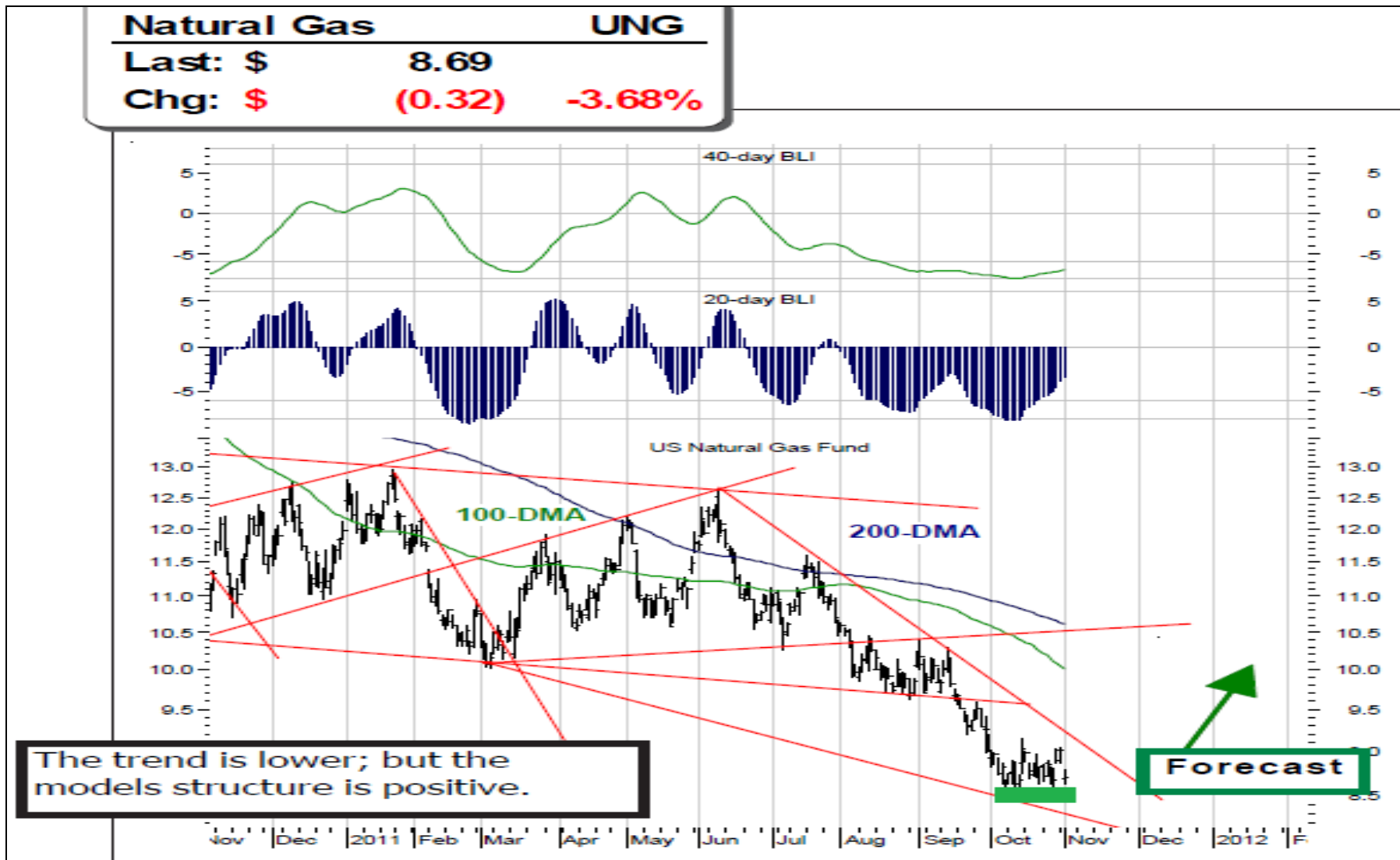
Upside target should be 95-96 .(CRB has reached bearish CZ) . Earlier POM 12 on SPX initiated rally at 75 as expected in previous Report.



2- NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis

BULLISH - - (Refer notes within the charts)

- Rally has begun since POM 12 –SPX - Stop under 8.00



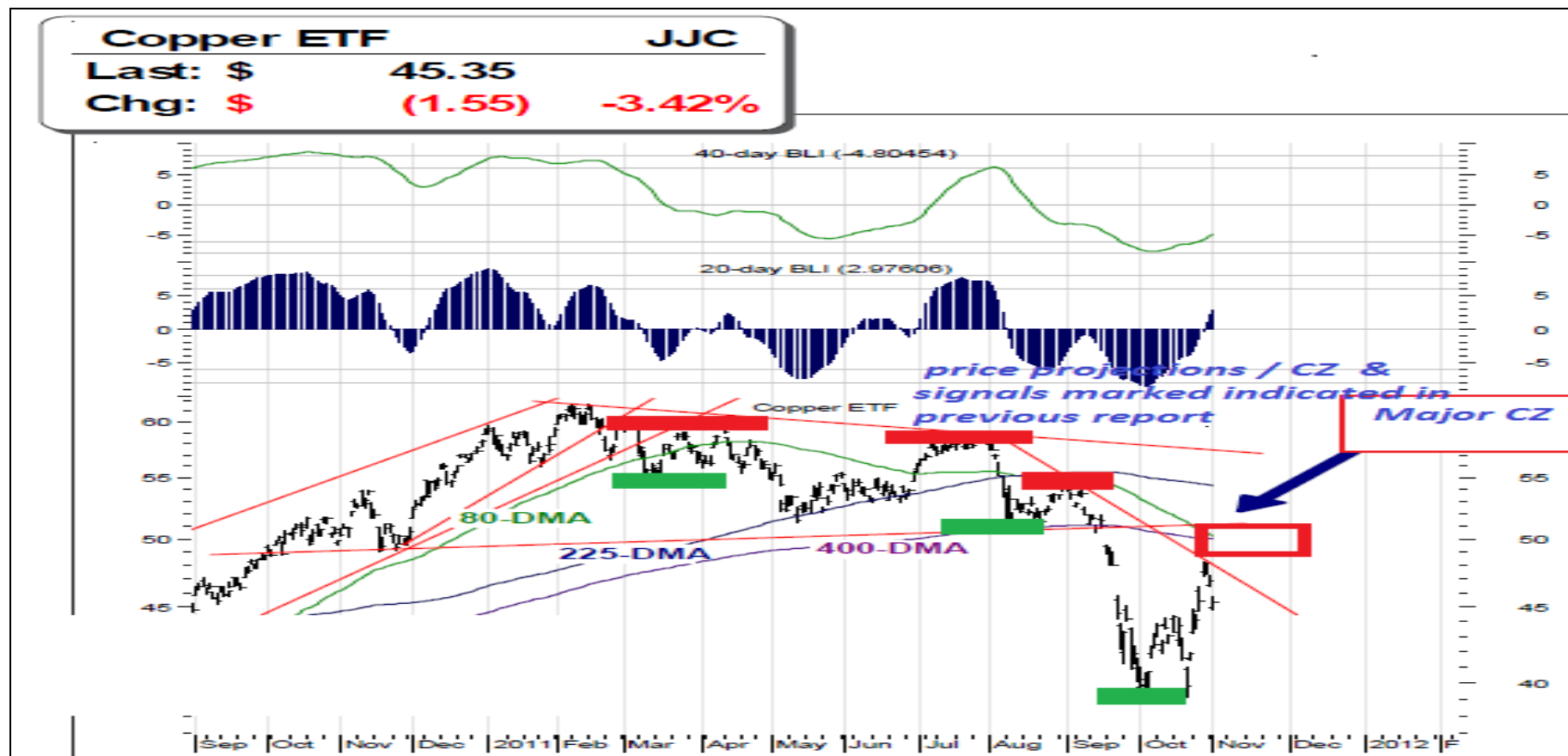
3 COPPER (JJC) – MA / Pattern & Oscillator Analysis

Copper has been following the CRB Signals almost blindly on upside topping and on downside the Signal of reversal comes in at SPX – POM trigger - (Refer notes within the charts)

In last Report we presented the rally of POM 12 bottom was weak and sure enough it re tested successfully the POM 12 area 40 once gain to resume the rally along with CRB which we had target from 290 to 320

BEARISH - Currently Upside target should be 48-51 .(CRB has reached bearish CZ) . Earlier POM 12 on SPX initiated rally at 39 as expected in previous Report.)

Since the beginning of the year JJC has been giving good signal on Bearish CZ – Tops on every rally (indicated in red) . & Bottoms for reversal with POM 12 on SPX ..



- **Ratio Analysis**

\$ COPPER v/s SPX - Inter market Analysis @ Extreme

The Price Path Analysis in SPX & COPPER act as LEAD / LAG Indicator on its correlations.

Comments - NO EXTREMES

\$ COPPER v/s CHINA - Inter market Analysis @ Extreme

CHINA'S market collapse hurts copper. We have been Tracking the Price Path Analysis in CHINA market in our A # 2 – MS GLOBAL Report as warning to Global Markets. And in C # Commodity Report CZ in JJC (COPPER) for Top / Bottom with Inter market Analysis .

Comments - NO EXTREMES

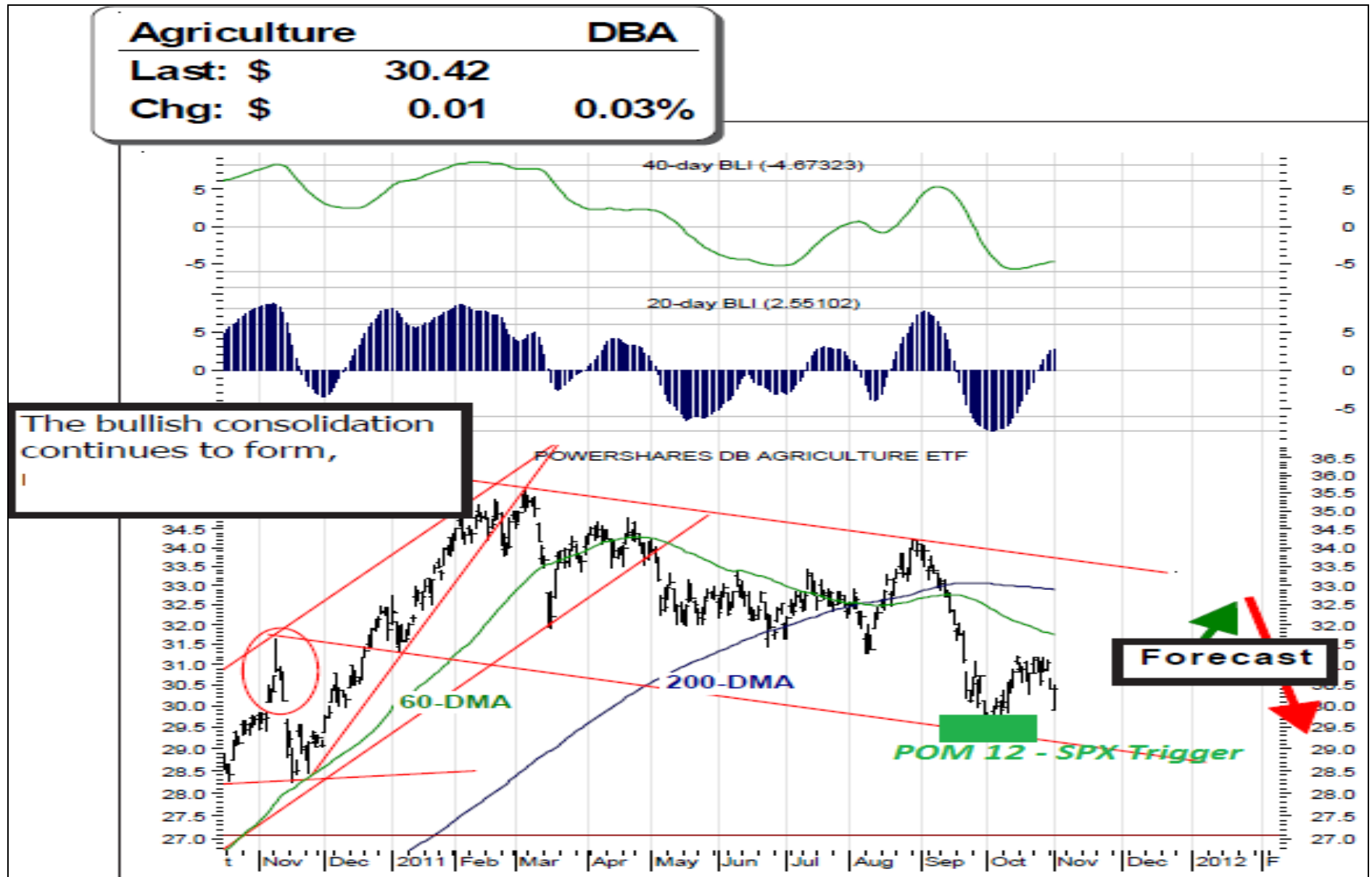
4 BASE METAL – (DBB) - MA / Pattern & Oscillator Analysis

TECHNICAL PROBLEMS

5 - AGRI – COMMODITY – (DBA) - MA / Pattern & Oscillator Analysis

BULLISH - As expected, the rally began in DBA initiated with Trigger POM 12 in SPX .with successful re test .

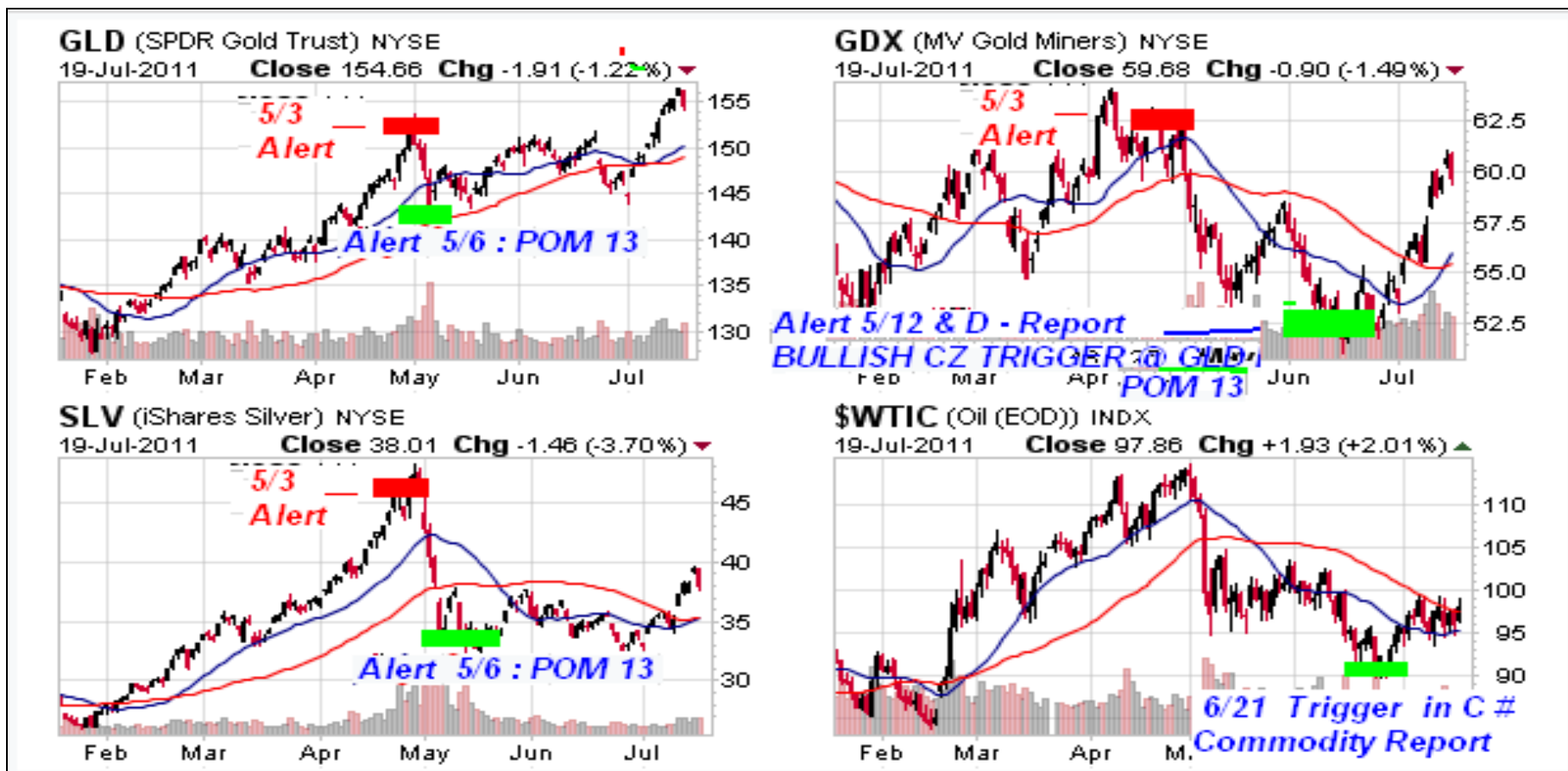
- Stop under 28.5



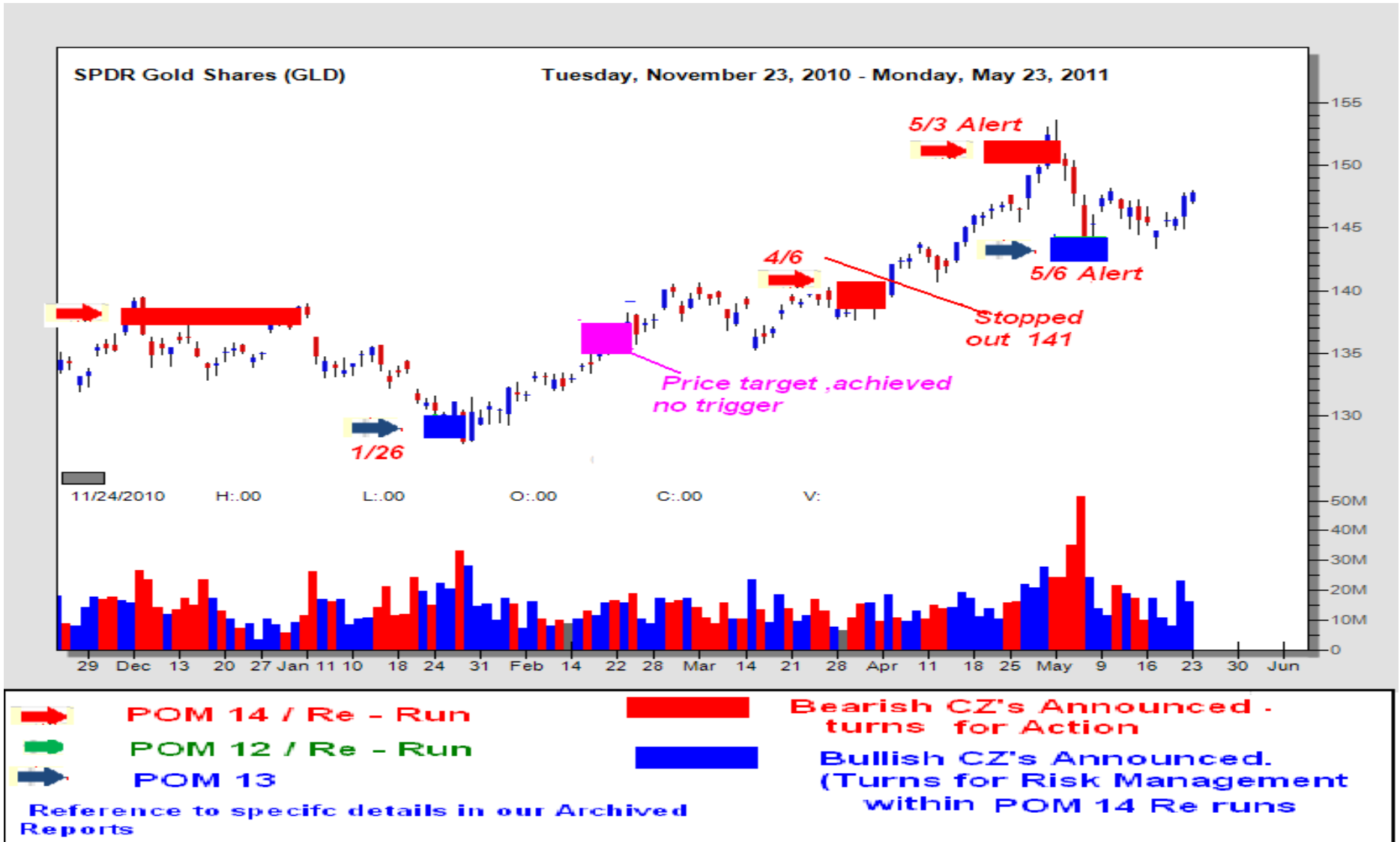
Appendix

Latest History on Triggers-

- **GLD, GDX, \$ WTIC ,SLV (Last Price Trigger indicated in green) Charts below**



• YTD - POM / CZ - GOLD Signal (updated 5/23)



Latest History on Triggers-

(½ positions) – Triggered previously by CZ TRACKER at Qualified CZ – Stops above UCZ as Programed

- GLD (touch of 154 and close under 151) with 25 M or less test triggered CZ Sell (NEW by @ 3.00 pm rule
- SLV – (Touch of 48 and close under 47) with 125 M or less test triggered - CZ Sell by @ 3.00 pm rule (Alert 4/28 message) – (we will re assess this on bounce)
- DBC - (31 - 32)... with 1.7M or less test - qualified at CZ Sell (Old) 4/27
- GDX – (62 – 64.5) .. with 9.5M or less test - qualified at CZ Sell (Old) 4/20
- JJC – (59-60) with 160k or less test – qualified at CZ Sell (Old) 3/31
- OIL – No Trigger
- All others – No CZ Validation

SELL SIDE - Triggered previously by CZ TRACKER at Qualified CZ

- **GLD, SLV, GDX, DBC, JJC** (CZ validation time & price indicated Red on charts below & Trigger points in Appendix)
- **Remaining Commodities including OIL** had – No Validation or Triggers



- **Objective**

*Focus is on the short term and Intermediate term turning points of the Commodities via Integrated Methodologies of POM's and PEC's overlay. It utilizes multiple input signal from PEC derived with ABCD Price projections, where D price point to be validated via Price Oscillation Model (POM) . POM's price & Quality volumes (PQV) , patterns conclusions is derived to overlay POM /PEC gives a Confluence Price Zone "around D Zone" (**within +/- 1.5% variation**). This is ACTIONABLE ZONE, on scaled in entry with stops if required on other side of confluence) with margin for volatility & Risk tolerance. This is supplementary Analytics to add value to RA/ RI Framework for Risk Management.*

POM criteria for Implementation

- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way DOWN move, POM 13 signifies to STOP executing additional “ New Short Sells” that was initiated at POM 14 or POM 15 levels
- (Bear Markets) POM 15 is for - Net Short & POM 14 is for - Hedge Longs
- (Bull Markets) POM 15 is for -Hedge Longs & POM 14 is for - Partial Hedge
- POM 12 & 11 is for Net Long
- POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)

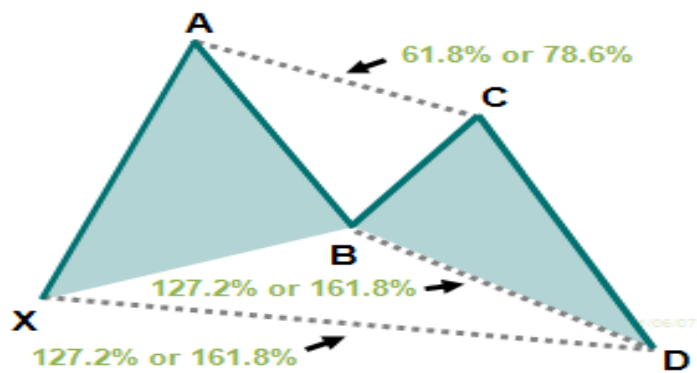
Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2th Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion and contraction (PEC) in concert with Price Oscillation (POM) . This has a high probability for greater accuracy on Price projections at confluence when Integrated together.
- Once our POM analysis is complete, it will overlay PEC. The input signals are from tracking rolling Arithmetic Numerical series of Regression utilizing Fibonacci to Identify Triangular patterns of Expansion / Contraction. Triangular pattern completes at the convergence of 2 separate Fibonacci extension levels and overlay Price Oscillation Model.
- Since the Currency has 2 dimensional pairs, PEC is critical to analyze with 2x2 Fibonacci streams to achieve confluence point D coinciding with POM

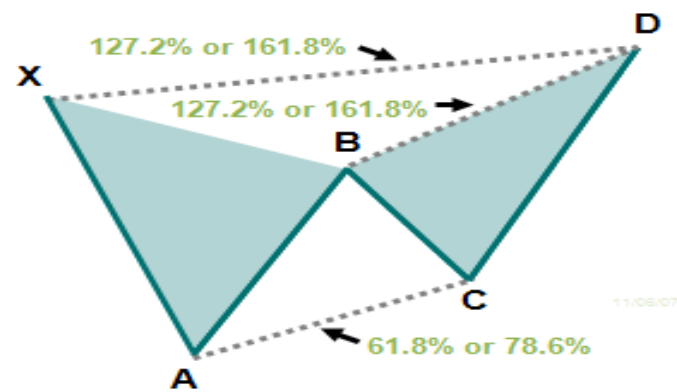
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D

Buy Pattern (bullish)



Sell Pattern (bearish)



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