



SG Capital Research

Global Market Insights

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

MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2011 # NOV_16

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

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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. Correlation Ratio Analysis CRB v/s USD, SPX
 5. Correlation Ratio Analysis GOLD v/s USD, GDX, SLV,SPX
 6. Correlation Ratio Analysis OIL, CU, v/s SPX, GOLD, CHINA
 7. PEC Analysis, Ratio Analysis (Only if applicable)
 8. Sentiments Analysis & Behavior (If Extreme character)
- Appendix - OBJECTIVE , HISTORY of past Signals & POM Key Criteria

- **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 Objectives & Risk tolerance*
- *POM Conclusions to be cross verified by other methods prior to final decision*
- *For Maximum utilization of POM / PEC –D Process for Risk Management. Refer to guidelines within the Appendix below*

- **GOLD – POM Signals & Price Projections**
- **GOLD/ SLV /GDX - Trading & Investment Real Time Conclusions**
- **Start point GLD -1420 (1ST Jan) YTD – 1765 – up 24%**

Current Signal @ POM 14 into CZ 1680-1740 ending previous POM 13 @ 1550
(but entry @ 1603 due to CFTC open prices)

- **POM 15 - Net Short** – For SLV only (**Total points gains SLV= +10.5 or 28%**)
 - None recommended for GLD to “SHORT” in Bull market by this Model. (Exception for SLV).
 - 2 -Signals YTD – Summary listed in Appendix below
- **POM 14 - Hedge Longs / Risk Management** - (**Total decline saved= + 399 = 22%**)
 - 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- 8th HEDGE - B # Report- POM 14 - CZ Trigger @ 1680-1740**
 - 7- Signals YTD – Summary listed in Appendix below
- **POM 12,13 - Net Long** – (**Total point gains = + 437 = 25%**)
 - POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long).
 - 4- Signals YTD – Summary listed in Appendix below .

• STRATEGY – Insights

- Last Alert – 11/09 in B # Currency Report , We re – initiate the Trigger back @ 1785 – ALERT at the same price we were stopped out of our Hedges earlier . We rather protect our profits on position initiated at 1603 entry then chase the upside move on GLD which we are not sure . Dealing in probabilities is the nature of this business.
 - We Think the move above 1785 could be a false break upside **similar to Sept move from 1850 to 1950**. Gold tends to extend in both directions but We could certainly be wrong here.
 - We will target next signal only on the pullback @ POM 13, POM 12 in GOLD to enter back based on SP's RA / RI risk management
 - Earlier Alert – In our B # Currency Report dated 10/13 – GOLD Triggered POM14 when it reached in CZ – 1680 - 1740.(Mean CZ price 1710 , - 3 positions) This is Risk Management signal for Hedging the positions (based on Bull Market Regime) For the position that was entered at 1603 – POM 13 - NET LONG on 9/26. Resulted in rally of 107 points . As Indicated in C # Commodity Report protection we were STOPPED out on Hedges @ 1785 was Triggered) for 3 – Position - 1/3^d each at 1680,1710,1740 @ Mean CZ- 1710 from 1603.
- GOLD Signals are still within the norms of Bull market POM's for Investment conclusions, POM 14 is for partial Hedging based on Portfolio's objectives especially applicable to positions taken at POM 13 entry)
- Like any other Model, it is not perfect but Risk Management is the First objective (Generate Alpha @ 1/2 to 1/3 Market Risk from POM to POM – CZ 's as reference points of the Price oscillation).
 - Focus - POM's are better actionable areas for us to produce Highest Reward for the Risk where the “ Back is against the Wall” as compared to entering positions in between the moves of POM

• **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 beyond POM 14 – CZ area 1680-1740 to 1800 then back down into our CZ again
- We have gunned back once again with another Trigger at POM 14. It still appears the upside move does not have enough energy for meaningful ABC up to break CZ of POM 14 . We think some work needs to be done on downside back into 1600-1550 to test the previous POM 13 area.
- **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 at 1950 . 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 process has 2400 Target which is intact . Oscillation within the price moves are very healthy for next leg up only after re balancing the retracements

- GDX- Trading & Investment Conclusion
- GDX follows GOLD- POM's
- Start point 61 (1st Jan) – YTD 62- Flat

GDX (XAU / HUI)

- POM 15 - Net Short – **None Triggered in 2011 - (Total points gains = 0)**
- 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 whiles the bigger Trend kicks in
 - Proportion / Qty. of Hedges should be based on Portfolio's objective and Risks Tolerance
- **Alert - CZ @ 59-61 – Revised - 4TH HEDGE**
- 3- Signals YTD – Summary listed in Appendix below
- POM 12,13 - Net Long – (**Total point gains= 17.25 points or 27%**)
 - POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long).
 - 4- Signals YTD POM 13 – Summary listed in Appendix below .

● Commodity Insights

- ***DXY - USD's is Ruling the world markets. It is AOM " All One Market". 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 and 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 entry @ 1603 which resulted in Rally of 105 points***

Key points of observation

- ***Silver has been lagging Gold since it made its high on April 25th.***
- ***Open Interest in Gold has been dropping***
- ***Last Fridays filing of 13F as of 30th Sept, confirms Paulson's block sell on Gold (1/3rd Position) putting in supply of additional GLD stock in market place.***
- ***Other Mangers who are in 13F filling on Sell side (in meaningful way) are the one who were pumping GOLD at the same time on Media past 4 weeks Black Rock, Citi, Northern Trust, BAC.***

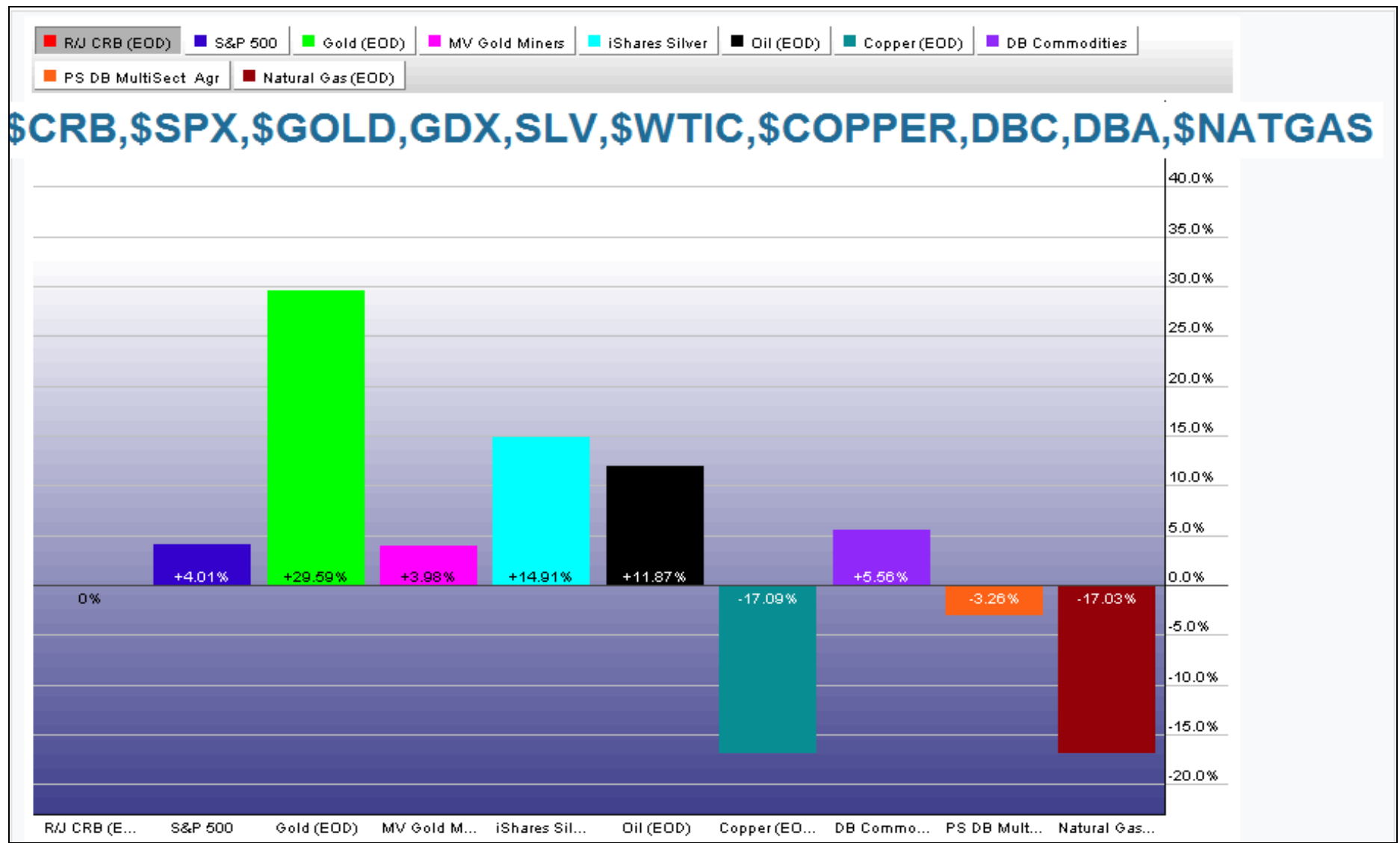
General academic point to note on Price path in broad sense on false breaks of POM 14

The 1st possibility at the end of POM 14, the extensions tends to get initiated with either Parabolic way (to POM 15) with STOP / REVRSE (SAR) (3RD ABC up on weekly & Daily)(it happens in Bull Market & ends with Triangular Top – example would be TLT or GOLD , one which Triggered in our Report 7/20 GOLD @ 1630 move rise to 1850 and fall move Triggered in Report 8/27 at 1825 to 1630 (Based on Risk prospective we rather play the fall then the final rise which hurts investors badly) . This phenomena of 3rd ABC up usually happens when the market is trading at 52 week high in Bull market , Similar to SLV trigger at 47.5 on 4/26& 4/28 in our Report to fall to $\frac{3}{4}$ of the base @ 40 first stop.

The 2nd Possibility that happens after POM 14 in extended 3rd ABC up would be (unconfirmed by weekly or monthly) . This would follow the pattern Wave 1-2-3-4-5 back to 2 towards nearest CZ with penetration to 3x3 / 9EMA- This process repeated 3 times . Similar to what happened to SPX in QE-2 extensions (it was repeated 5 times due to liquidity flood) . Such pattern constitutes round Top and a round trip back to POM 14 -CZ . If SPX or GOLD Breakout for whatever reason . It will follow this price path. (Off course the market internals and PQV should line up for these event)

- 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) Mean CZ 1710. (**ALERT - place STOP @ 1810 Close**). If it break upside above Upper CZ

SLV has PEC –D projection at 36, should follow Gold on downside

- GDX (XAU/ HUI)

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 -330 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 95-96 .but extended to 99** (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 then later.

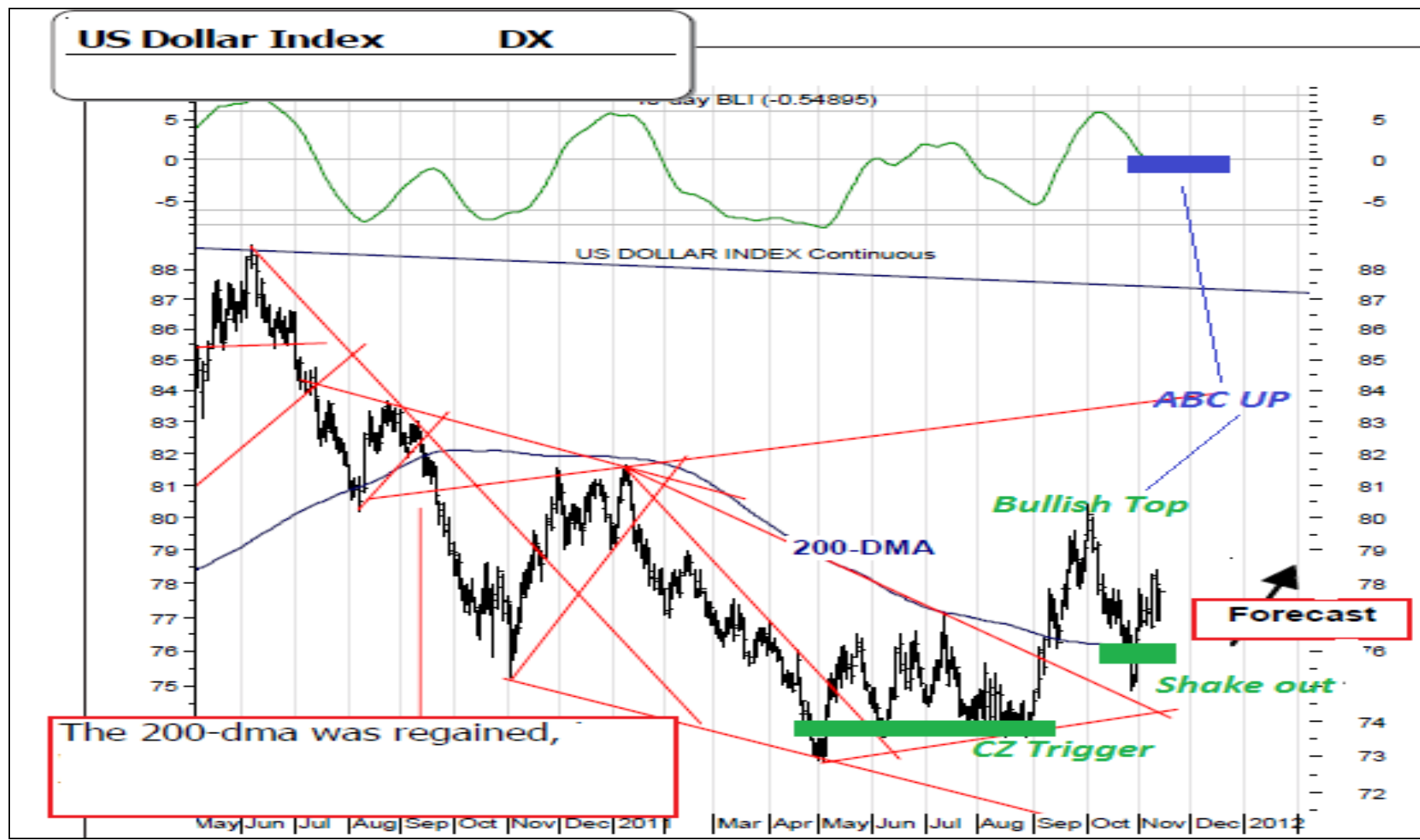
- DBA **BULLISH**, UNG – **Neutral**

-

DX - with Pattern & Oscillator Analysis

DX is in rally mode after the retracement and shake out . Rally continuation toward Bullish Top should put pressure on AOM to decline .

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



DX - with Pattern & Oscillator Analysis

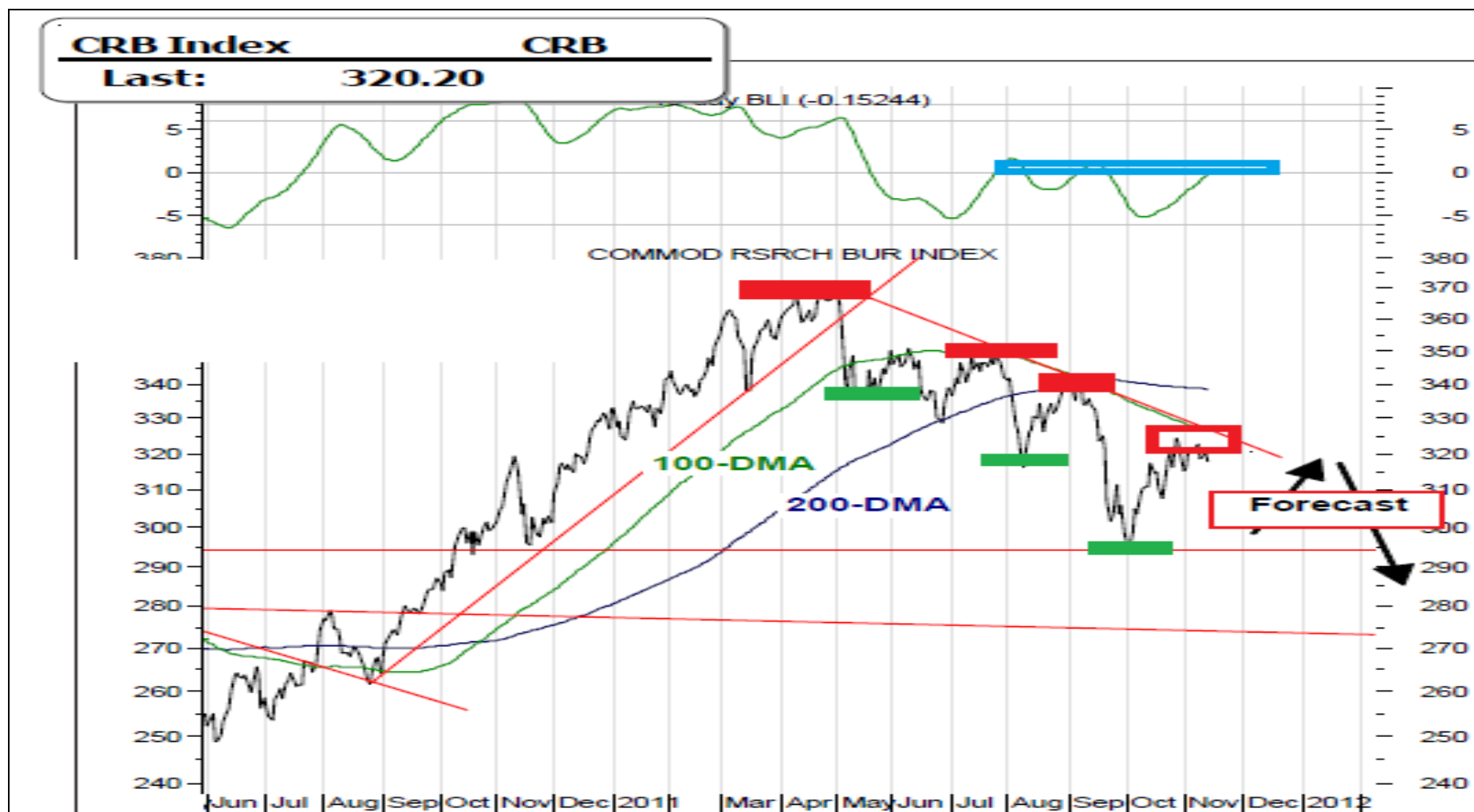
*Declining Bullish Wedge is powerful . We suspect that the long term will see the Dollar Index soar even higher flight to safety once the market realizes there is no escape from the Euro debt crisis followed by blow off in china down the road.
Target 87*



CRB / DBC- with Pattern & Oscillator Analysis

Our Target for bounce was 325 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.*



- **CORRELATION 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

The chart below reviews the DMA , Trend Analysis with Oscillator.

Volatility does increase in the CZ Banging between the TOP HEAVY (POM 14) and BOTTOM HEAVY (POM 13). Consolidation. (notes within the chart)

Gold Futures GC

Last: \$1,787.50

100 OZ GOLD ELECTRONIC Continuous

70-DMA

140-DMA

POM 14

POM 13

Breakout or Fake out

Forecast

Sep Oct Nov Dec 2011 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2012 F

GOLD - (GLD + \$ 50) = PEC -D Analysis

GOLD @ 1800 as a 618 expansion & 786 level which could be the extension point .

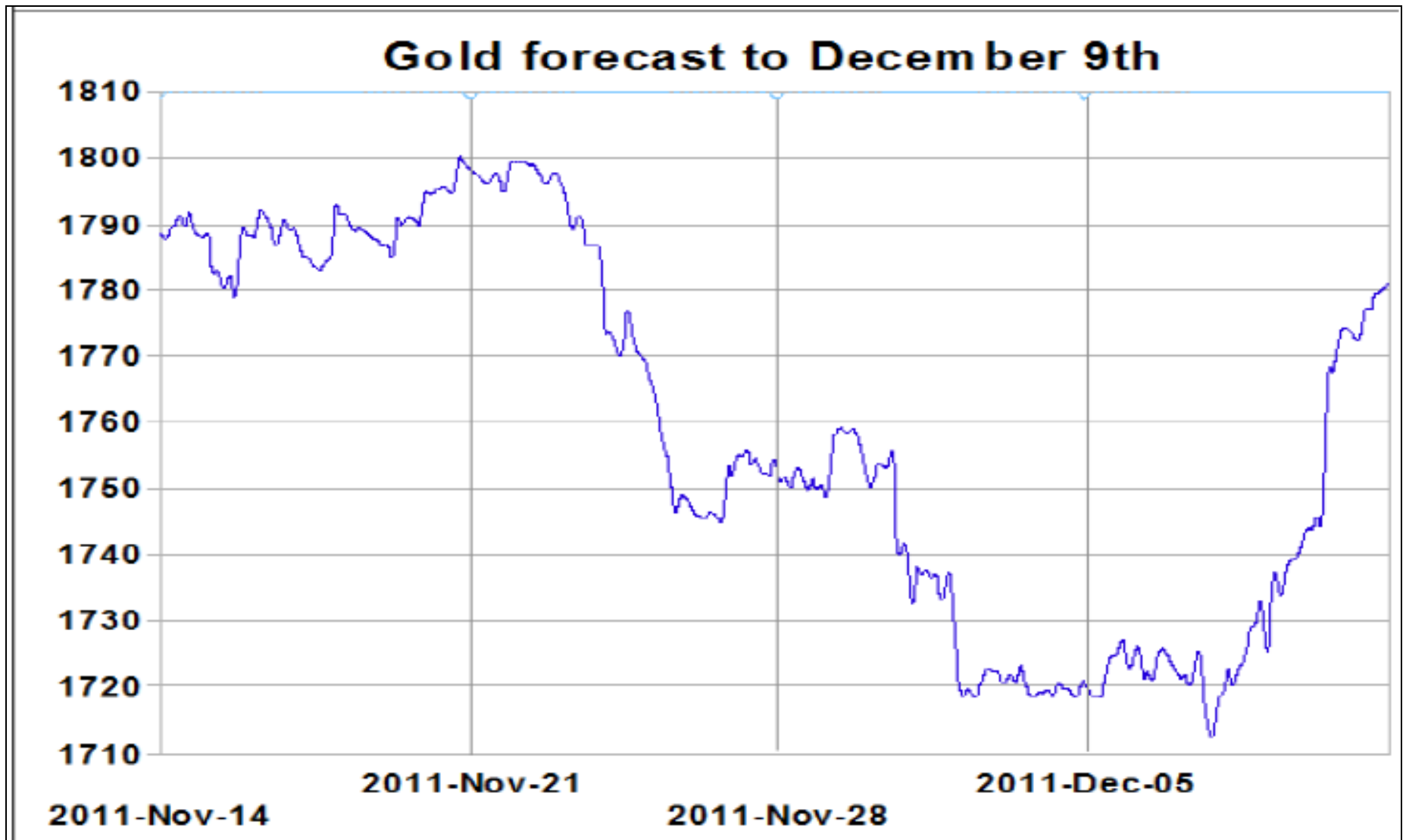
PEC -D Projection to 1770 as pointed out last week was met and exceeded.

At the bottom - 786 & 618 Convergence very much coincided with POM 13.(1570) exact



GOLD – Cycle Analysis

*This just a Cyclical price path. It has more weightage **ONLY** when all other indicators line up within our POM / CZ Matrix / PEC-D*



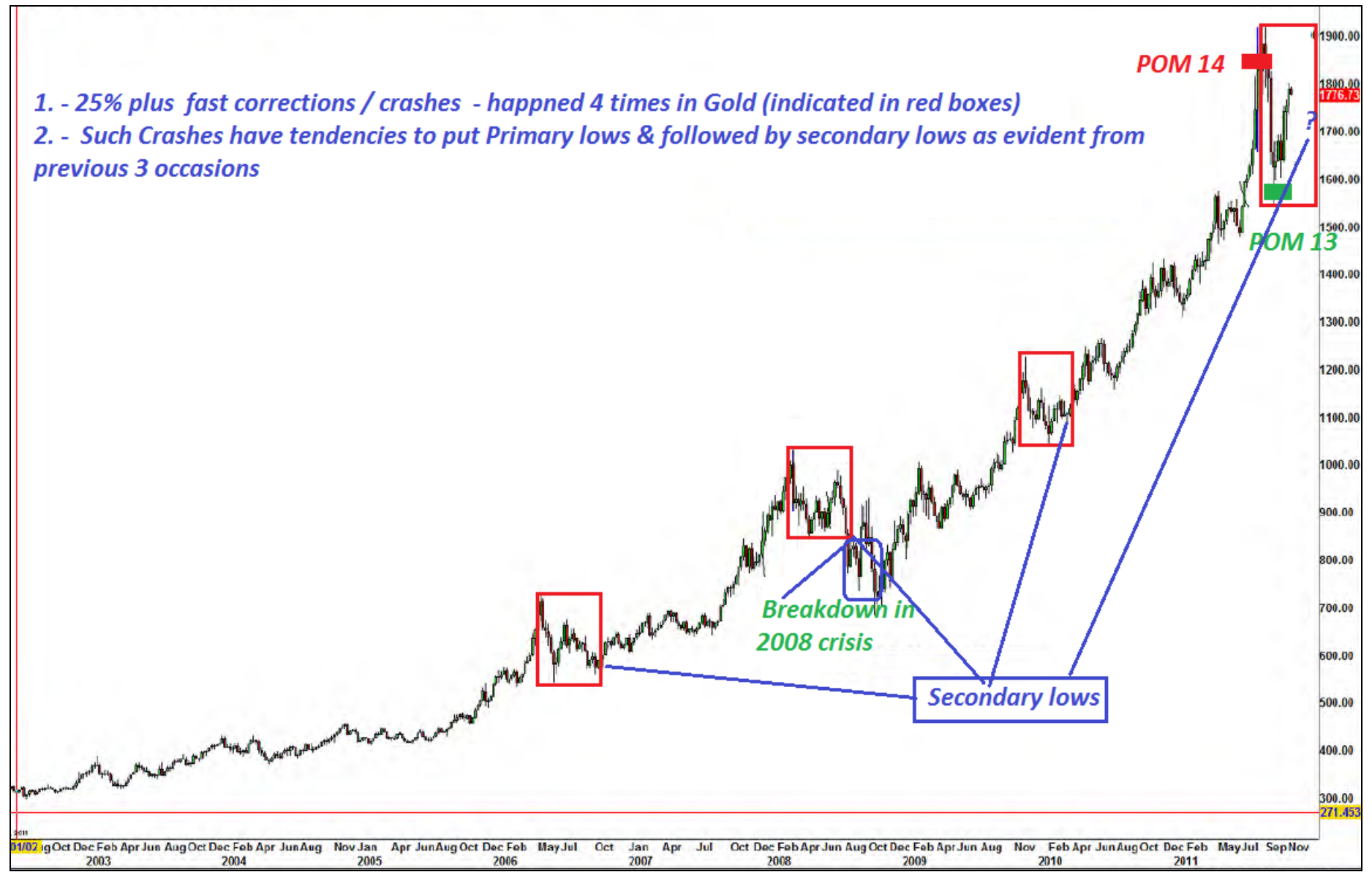
GOLD / SLV – Lead / lag Analysis

When SLV leads the rally GLD tends to have extended sustainable price move. In the last move up in Gold (after the Crash from 1850 to 1550), SLV has lagged very badly in its price path



GOLD – Historical After Math of Crash Analysis

Notes within the chart



- **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 – PEC –D Analysis

SLV is still lagging the market. the fourth consecutive higher lows at the exact 618 retracement formed the bottom in the silver over the last four cycles. Each of these higher lows is an exact 618/716 forming a higher bottom

ABCD Pattern – PEC- D is at 35.



SLV – Poly Trend Analysis

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



HUI / XAU – PEC –D Analysis

We believe HUI will follow GOLD . ABCD Pattern – PEC- D is at 605 . We should see another test of these highs again as GOLD enters its POM 14- CZ area . HUI should move along with GOLD Price path as it moves downwards whiles GOLD goes it lower CZ 1600- 1560

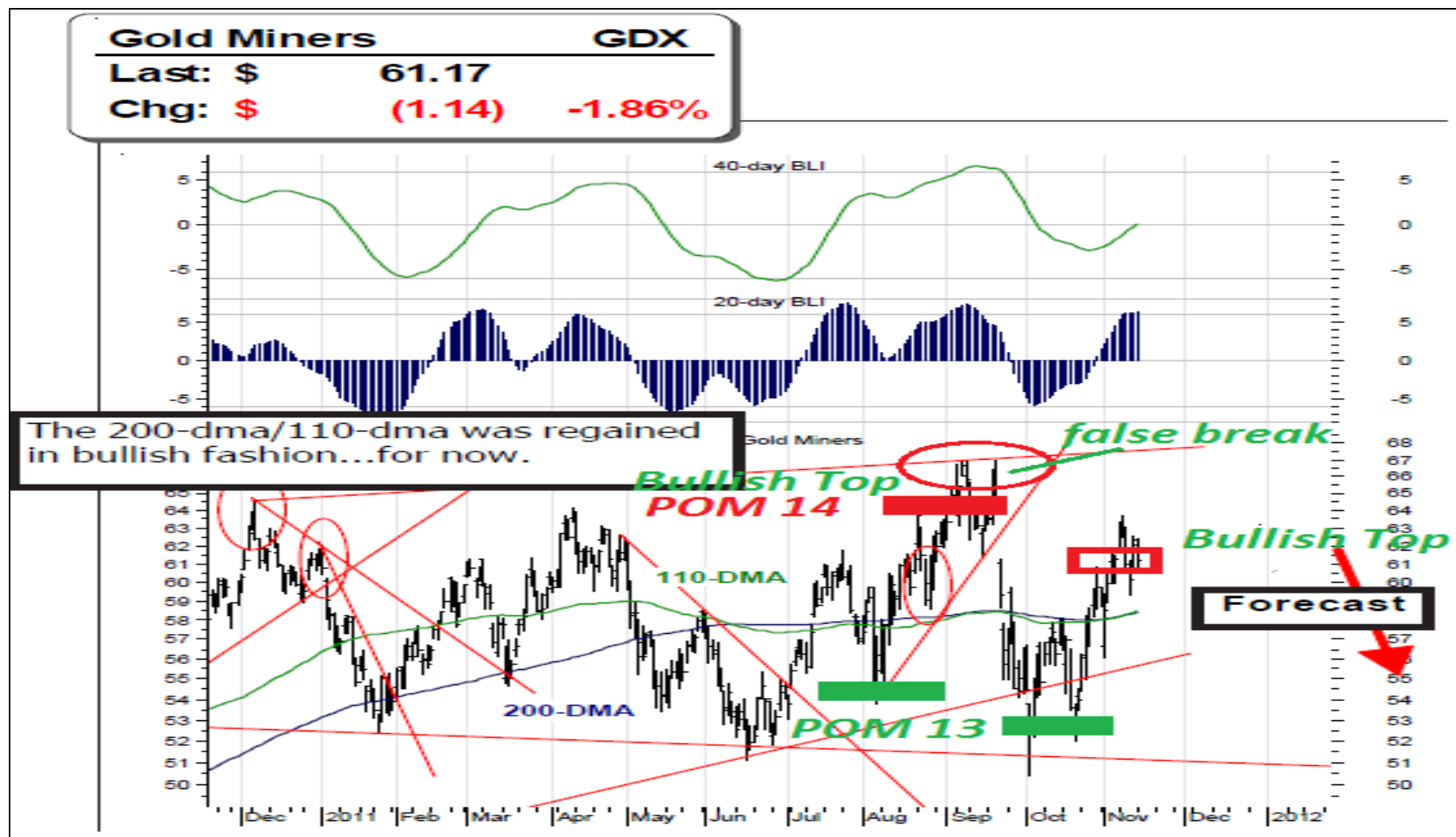


GDX – SMA & Trend Analysis – CZ – Price & Volume

GDX has a Bullish top. We should see another test of the high once again before the pull back . All the confirmed retracement toward pull back target should be bought. Our Pull back / Downside Target

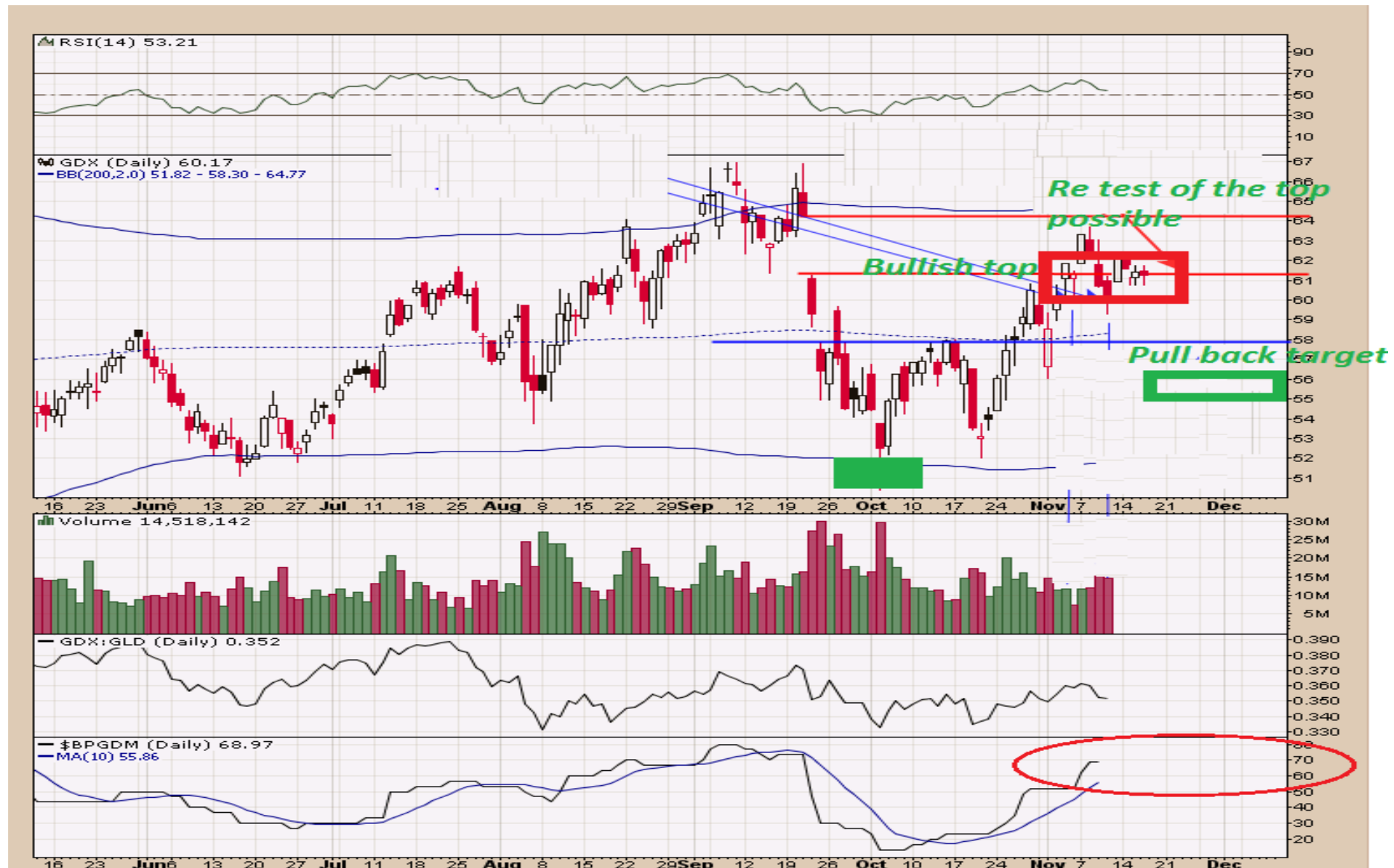
- We have now clear picture on CZ which is at 59-61 the First pull back will be 55
- Earlier it rallied from POM 13 @ 55.75, Alert 09/26

2nd pull back (if 1st does not hold) to CZ 52 -50 in this move down



GDX – CZ – Price & Volume

GDX chart. The bottom window is the **Bullish Percent index for GDX** which shows that **68.97 %** of gold stocks in this index are on **Point and Figure buy signals** and rising. We are very bullish on GDX on the larger time frames as the **monthly XAU /GOLD ratio** suggests GDX should continue rally after the pull back.



Correlation Ratio Analysis

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

- **GOLD v/s SPX – Extreme Ratio Analysis**

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 - 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**

Oil prices above 95 needs to be watched in relation with SPX (Although they have been rallying to gather).
When Oil rises above 95 (indicated in red arrow). SPX tends to correct (in yellow circle) . Currently we are above 95 in oil.
Fear of recession kicks in above 95.



PEC-D Analysis . Oil Projection is towards 95-96 was extended to 99

CL #F Daily C:99.22 H:99.22 L:97.35 O:97.51 B:99.19 A:99.38 V:347730 OI:201927 R:1.87

08-22-11 C:84.47 H:84.80 L:81.18 O:82.27 S:87.82

crude oil daily

95-96 Exceeded

618

786

1618

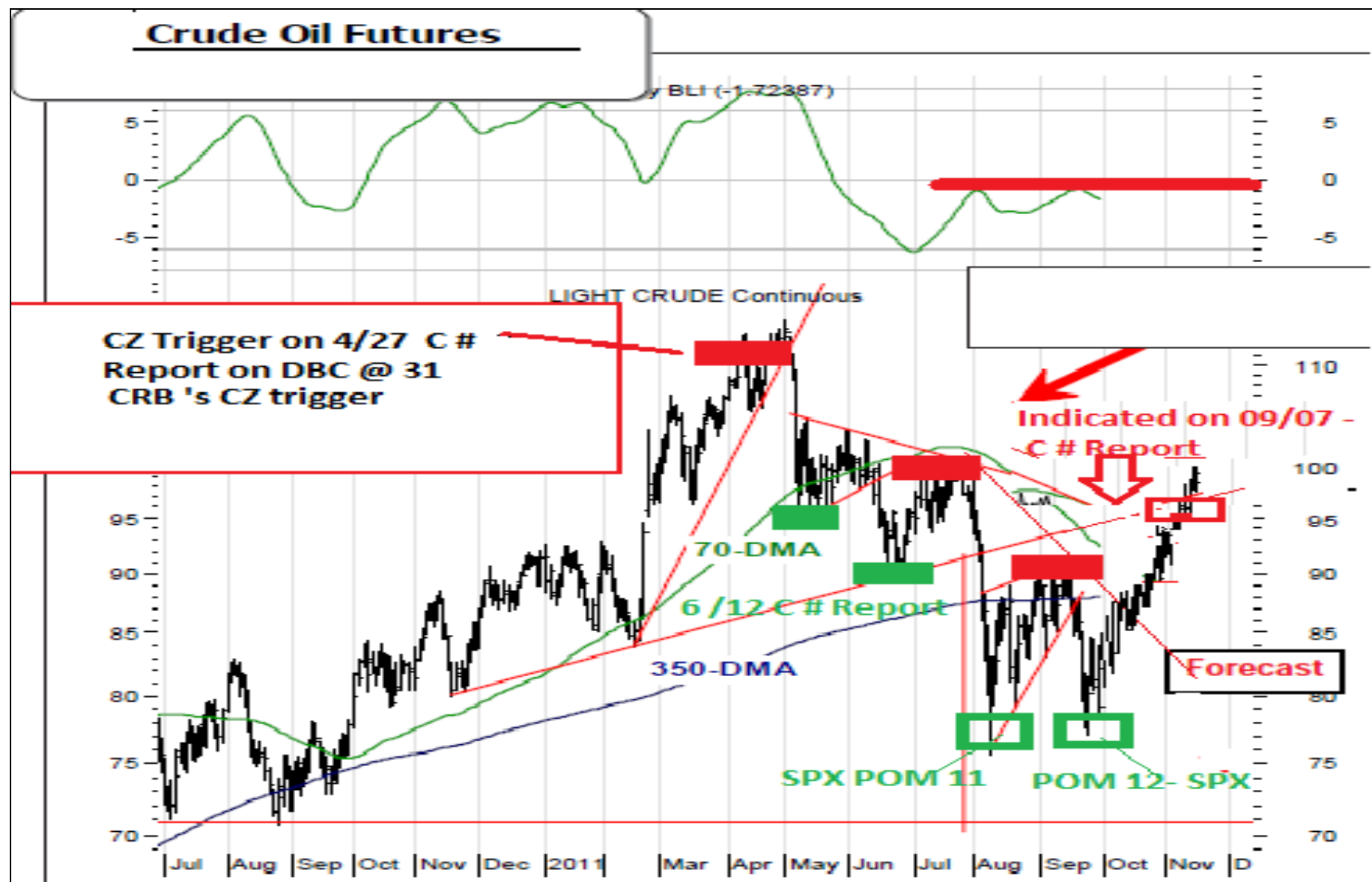
115.70
114.40
113.10
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110.50
109.20
107.90
106.60
105.30
104.00
102.70
101.40
100.10
98.80
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96.20
94.90
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92.30
91.00
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81.90
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78.00
76.70
75.40
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14 22 28 7 14 21 28 4 11 18 25 2 9 16 23 31 6 13 20 27 5 11 18 25 1 8 15 22 29 6 12 19 26 3 10 17 24 31 7 14

Mar Apr May Jun Jul Aug Sep Oct Nov

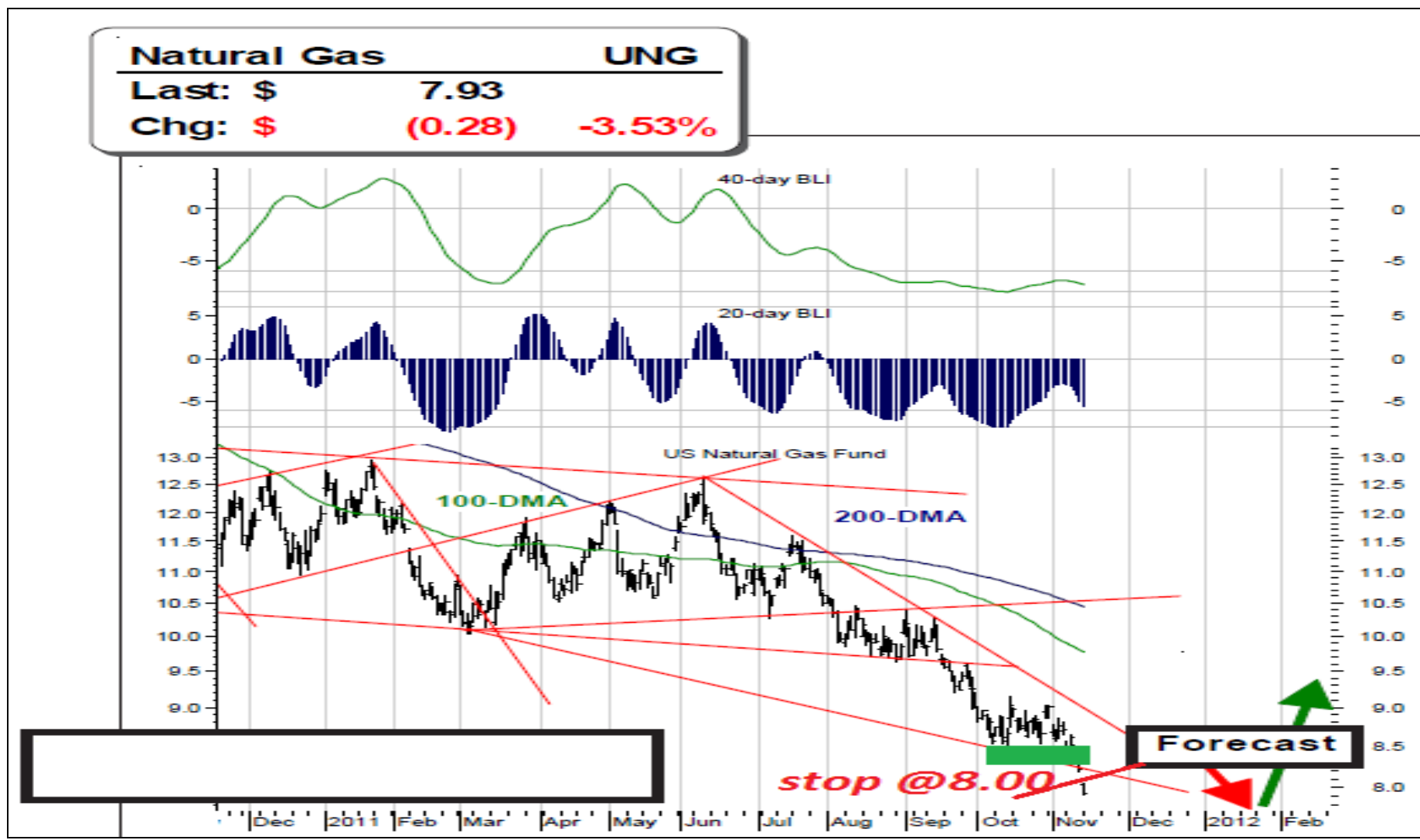
OIL -MA, Pattern & Oscillator Analysis

Upside target should be 95-96 exceed to 99 .(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 to NEUTRAL - Our stop indicated was at 8.00 . Wait for dust to clear - (Refer notes within the charts)

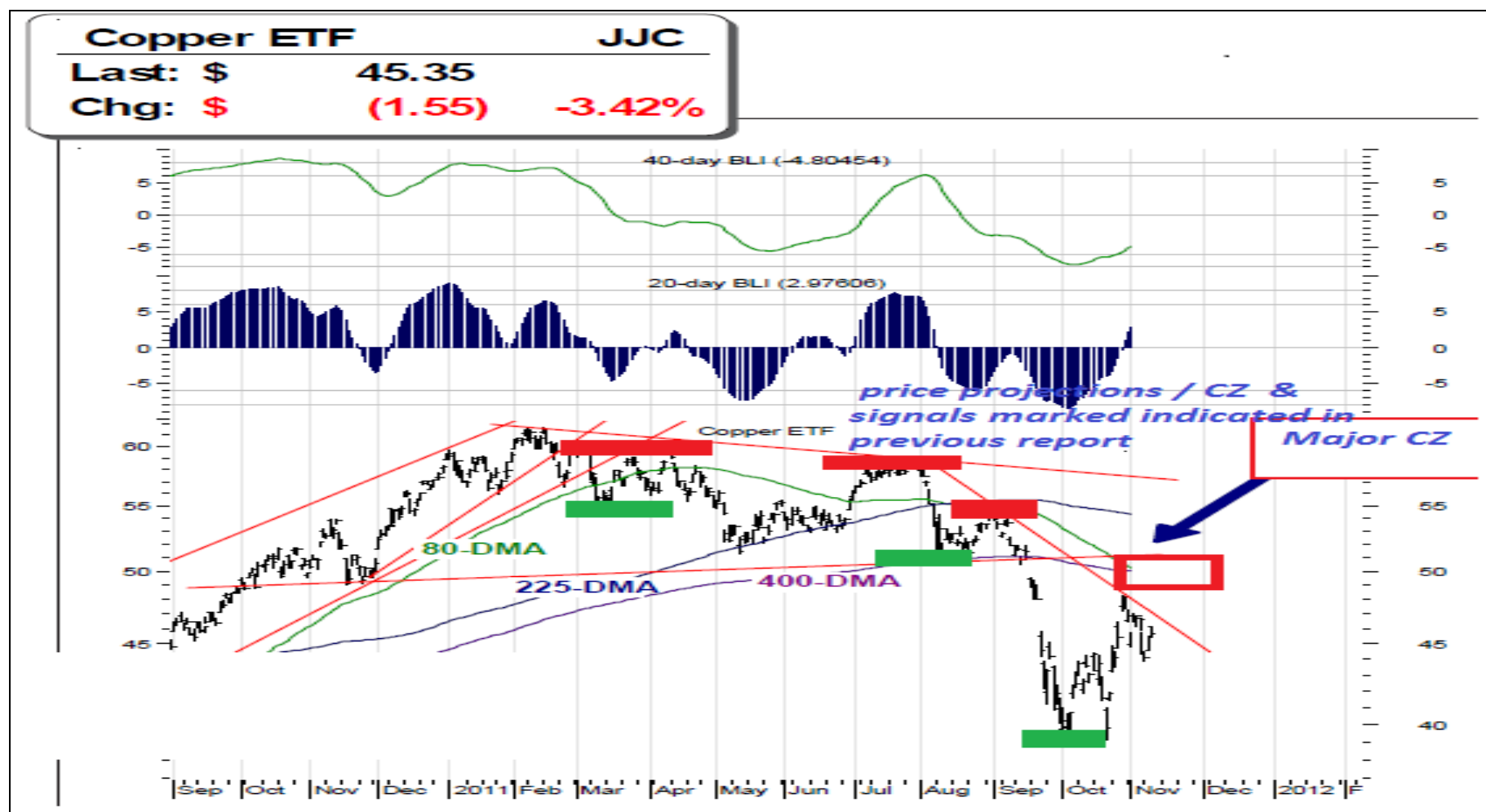


COPPER (JJC) – MA / Pattern & Oscillator Analysis

BEARISH - Currently Upside target should be 48-51 . We don't know if it will get there , Although .(CRB has reached bearish CZ 320-330) . 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 ..

Copper & JJC 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)



- **Correlation 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

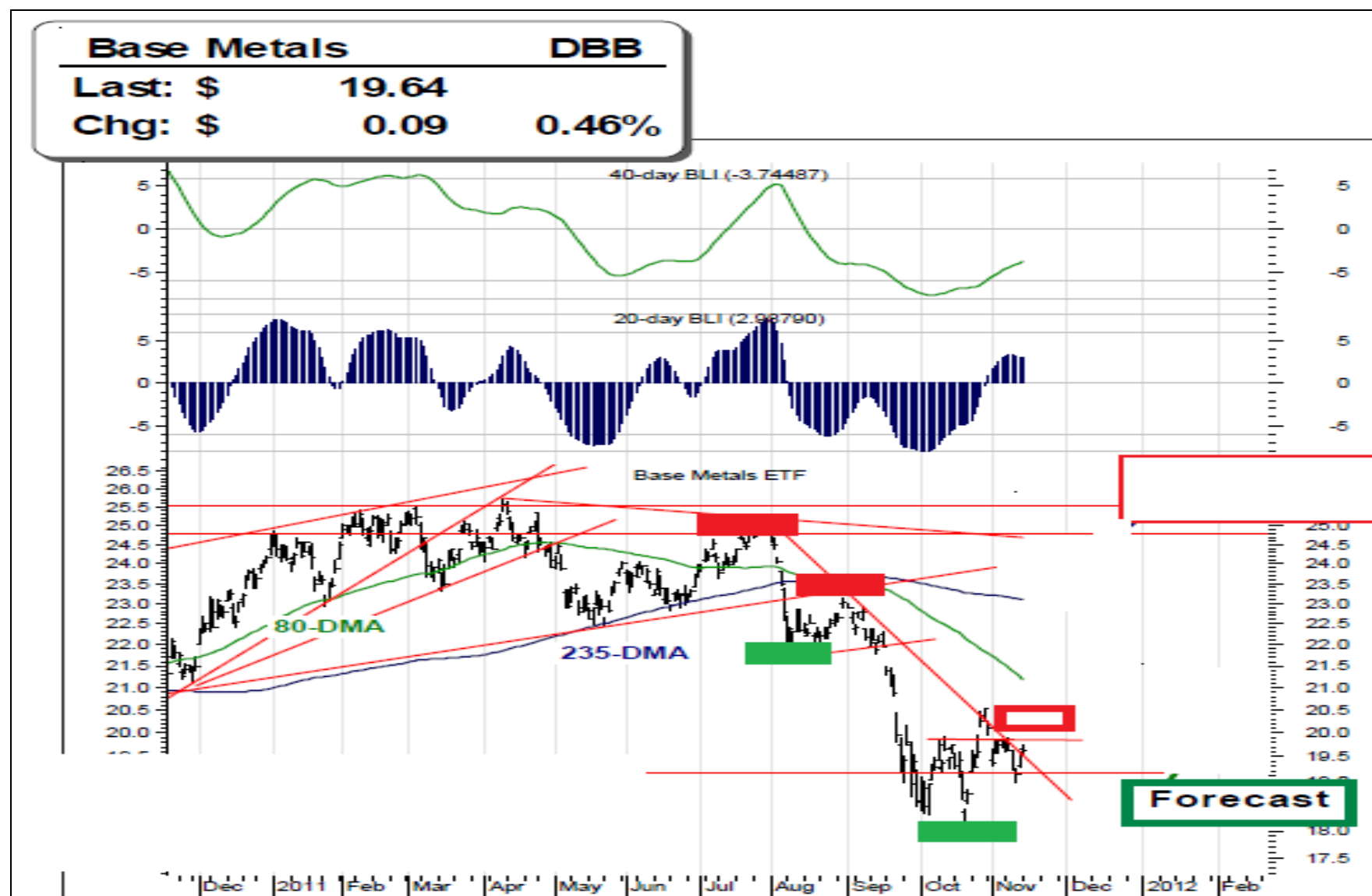
\$ COPPER v/s CHINA - Inter market Analysis @ Extreme

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

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

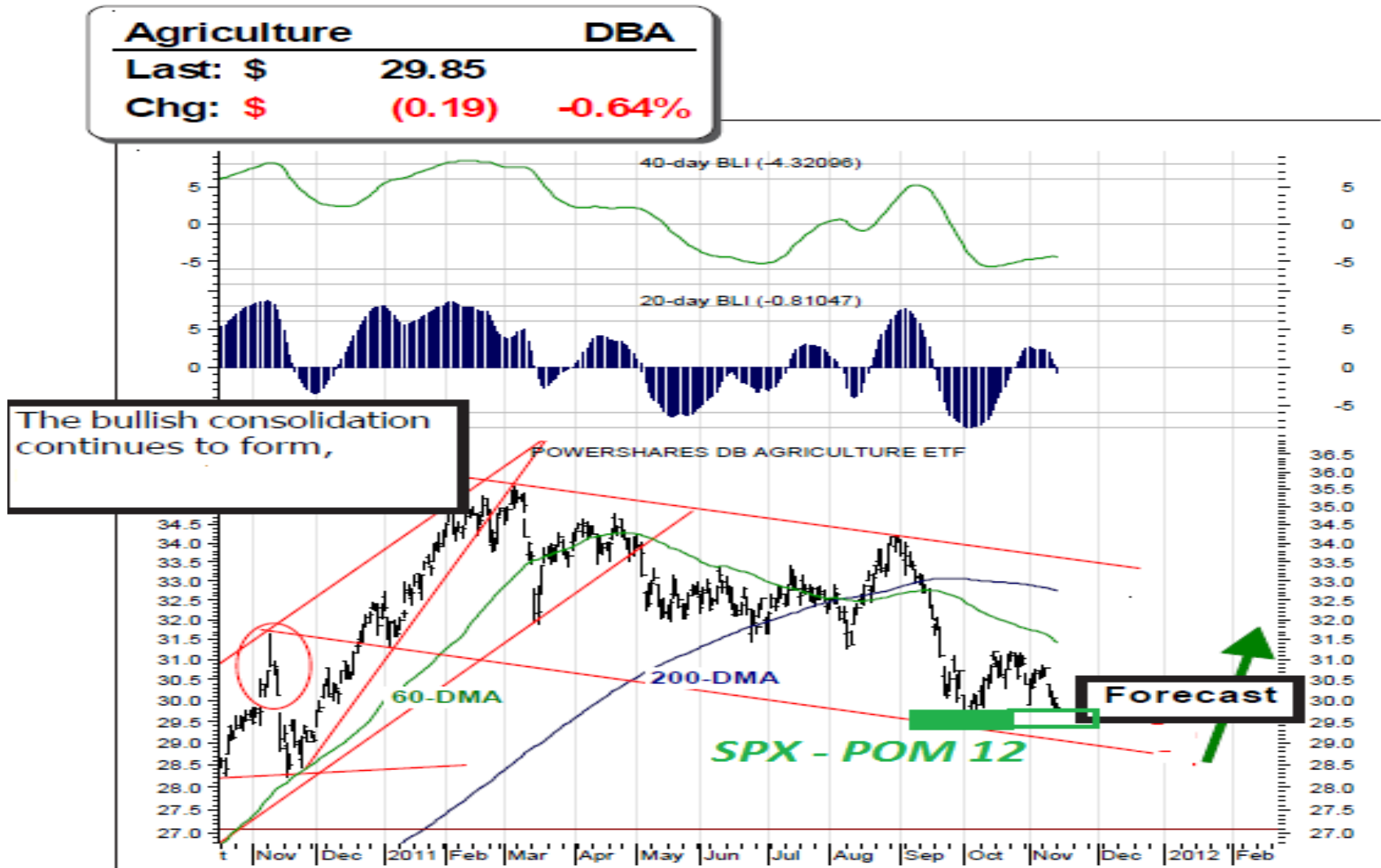
DBB has been following the CRB Signals very closely on upside topping and on downside the Signal of reversal comes in at SPX – POM trigger - (Refer notes within the charts)



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

- **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) 12% gains**
 - **Alert** - POM 15 –, SLV – Triggered **Alert** April 26th & 28TH @ 47.5 target 41 = **(6.5 points) 16% gains**
 - **None recommended** for GLD to “SHORT” in Bull market by this Model. (Exception for SLV)
- **POM 14 - Hedge Longs / Risk Management - (Total decline saved= + 399 = 22%)**
 - 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**
- **POM 12,13 - Net Long – (Total point gains = + 437 = 25%)**
 - **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 = **107 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)

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

GDX (XAU / HUI)

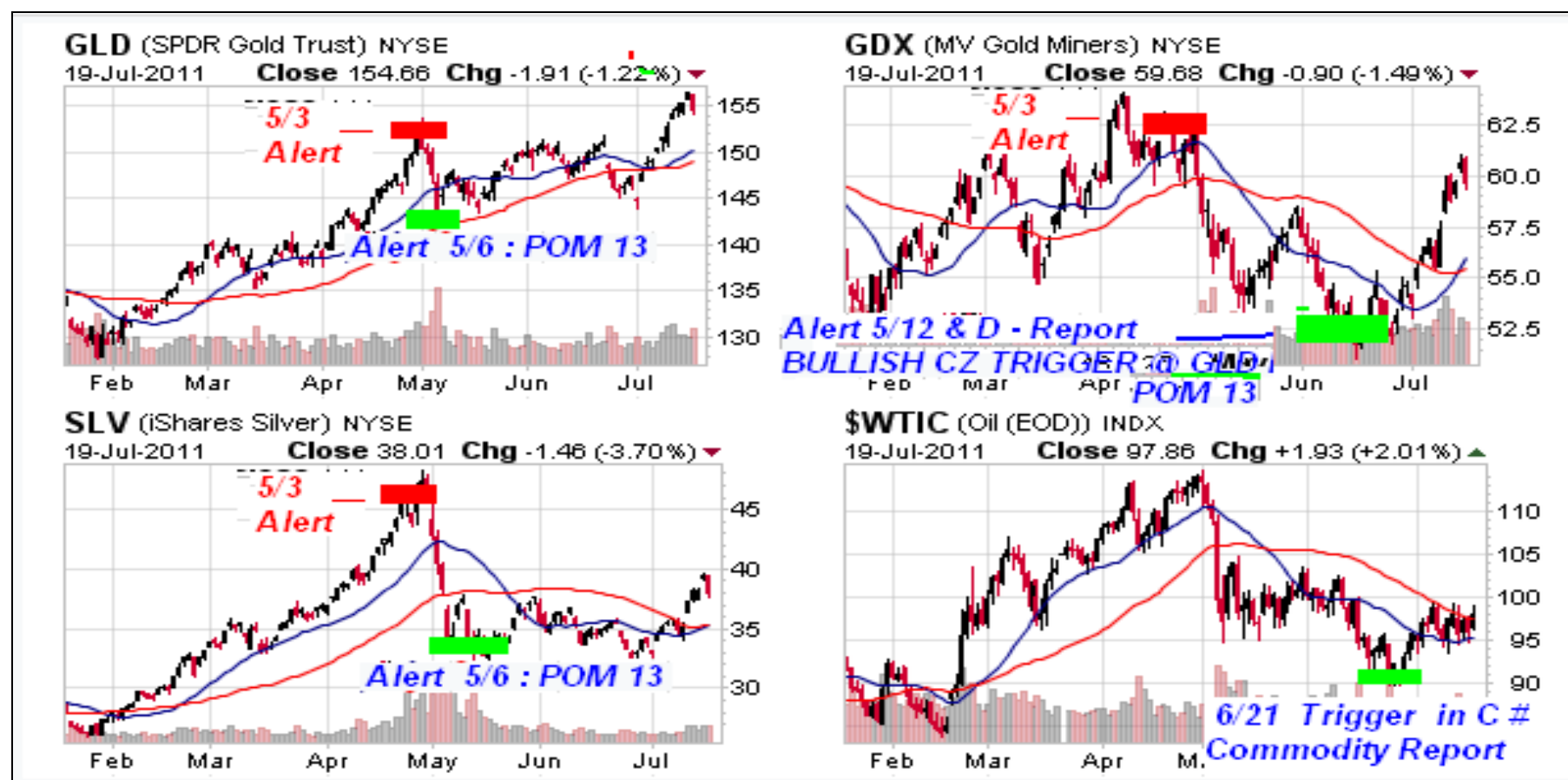
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 - Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ whiles the bigger Trend kicks in
 - Alert - CZ @ 59-61 – Revised - 4TH HEDGE
 - 3rd Hedge - Closed @ 56.5 (9/23 - Alert) from POM 14 Re run @ 61-62, 8/23 = 5 points gain 8.5%
 - 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 27%)
 - 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)

➤ Key Points for Full utilization of SP- Reports

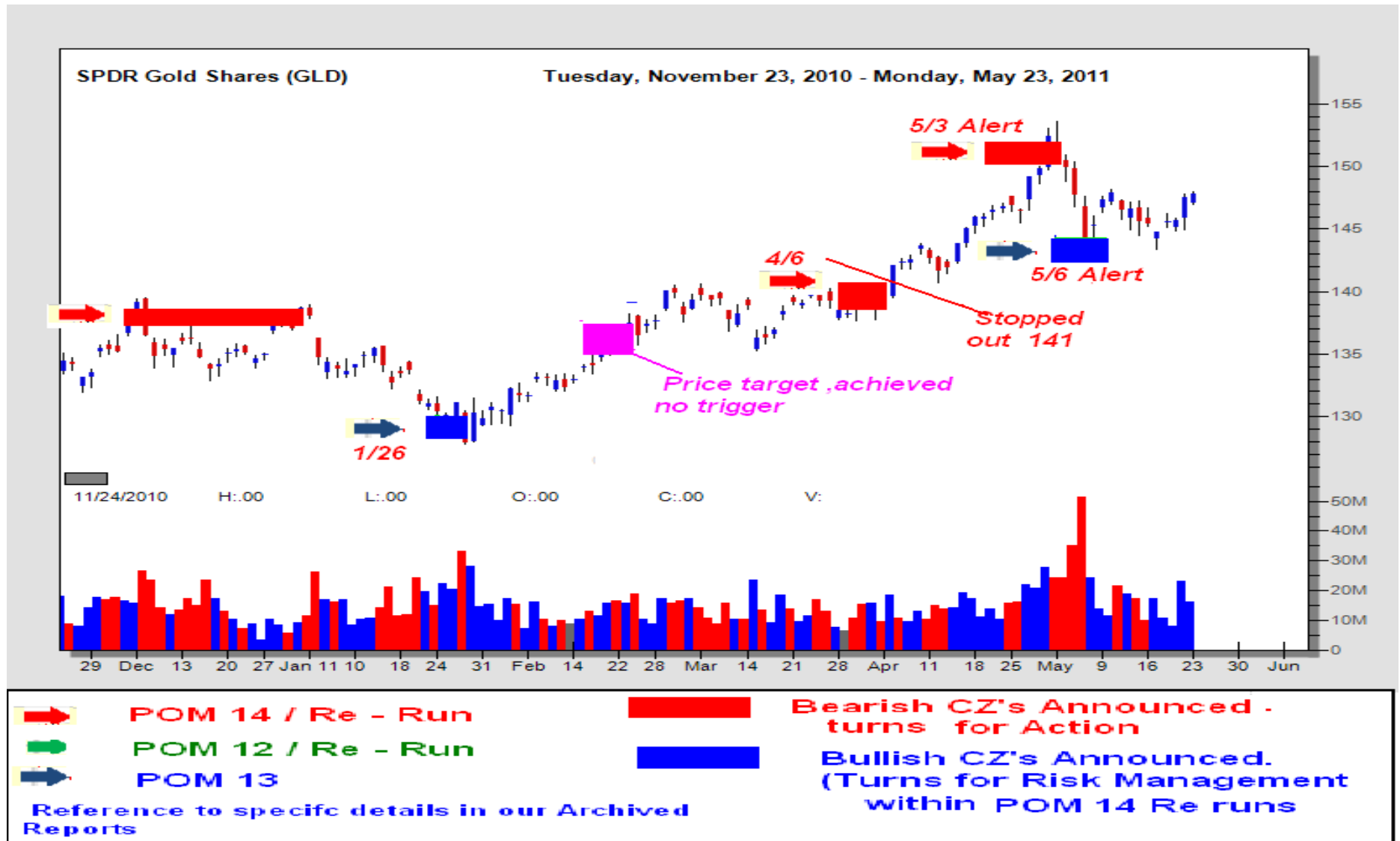
- **Maximum Utilization of various POM's , CZ's & ABC's – for Risk Management & full enhancements on CZ pricing & CZ-PQV Timeliness**
- At Top down Level– Triggers around POM's -Mid term & CZ's - Short term – (CZ's happens in between the POM's) . Critical component for Clean execution is to maintain ongoing updated data base spreadsheet of CZ's Pre announced in SP releases prior to price shifts. These inputs when Computerized Daily Monitoring, Triggers, Timely PQV validations, Price projections Alerts on real time should warn in timely manner to take action. .
- Rebalancing Pre Planned procedure at Triggers – “ Rebalancing % of Overall Position Sizing” , Beta & , Net Exposures sizing depending on each Portfolio's Objective & Risks Tolerances for either Recycling of Capital or Fresh capital.
- Key points for Risk Management
- Hard Stops around CZ's
- STOP SELL- “ early warning Alerts” in fast moving markets, Over night Day / Night (IST) time delay Risks.
- Cross verification by Other Methods
Computerized Daily Monitoring, CZ Triggers, Timely PQV validations
- **2. CZ – Tracking**
- Programing - “Time/ Price Displacement, Supply / demand Activity Bar Analysis” –
- At “Institutional Grade - Price , Volume with Time Integration
- Supply / Demand Activity bar Analysis – Real time.
- Candlestick – Price displacement Algo Programing experience at CZ Validation for Triggers

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

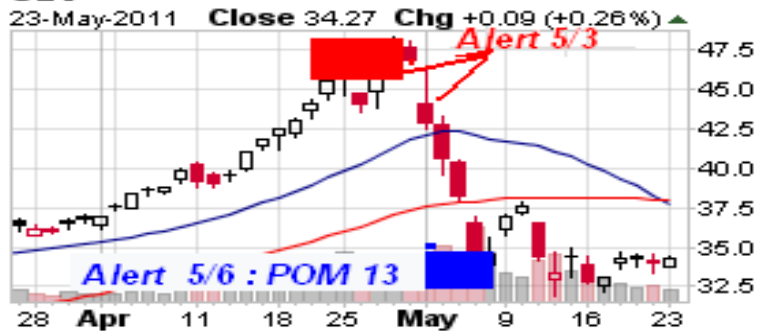
SELL SIDE - Triggered previously by CZ TRACKER at Qualified CZ

- 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

GLD



SLV



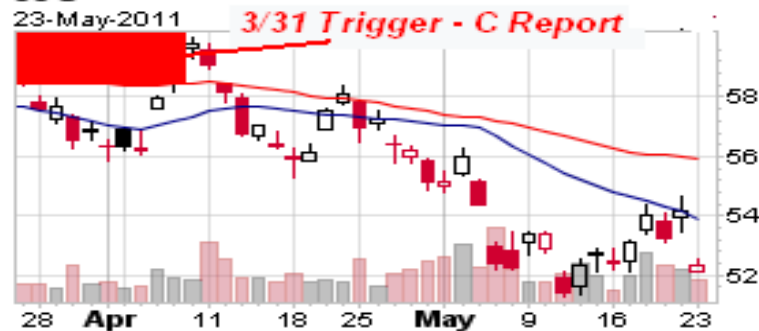
GDX



DBC



JJC



- **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)

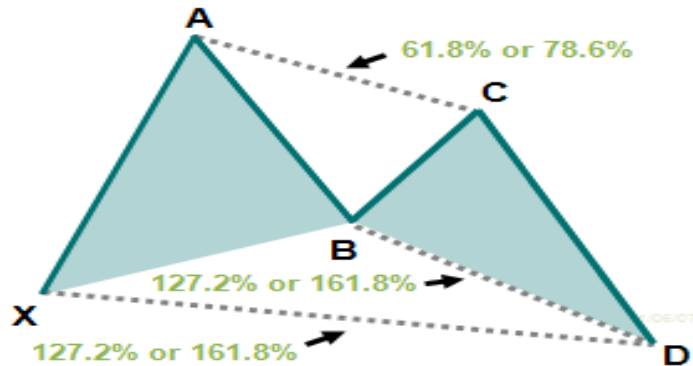
Pythagoras Expansion / Contraction – (PEC) Model

- 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

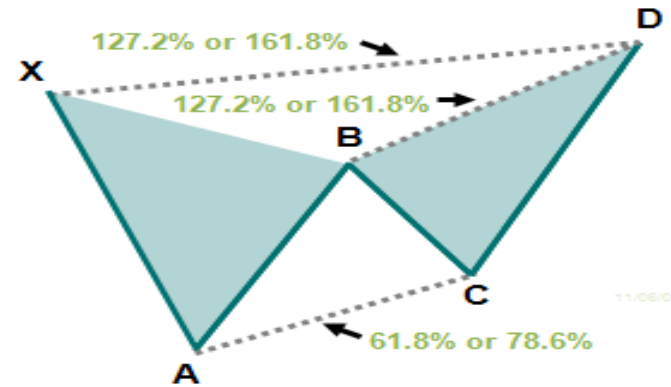
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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