## SG Capital Research
### Global Market Insights

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

**MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2011 # OCT_21**

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

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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. **PEC Analysis, Ratio Analysis ( Only if applicable)**
    5. **Sentiments ( If Extreme character)**

- **Appendix - OBJECTIVE , HISTORY of past Signals & POM Key Criteria**

- ## Objective

*Focus is on the Short & Intermediate term turning point – Price Path Analysis of <u>GOLD. SLV, GDX via POM's</u> Price projections and / or CZ ( Bullish & Bearish between the POM's) . POM is <u>Unidirectional</u> 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*

- <mark>*__Latest Alerts & Open positions are highlighted in yellow__*</mark>

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

- ## *__POM 15 - Net Short –- SLV ( Total points gains SLV= <mark>+10.5 or 28%</mark>)__*

  - ➤ *__Alert__ - POM 15 –, SLV – Triggered __Alert__  Jan 1<sup>st</sup>  @ 30 target 26 , 25<sup>TH</sup> Jan = ( 4 points) 14% gains*
  - ➤ *__Alert__ - POM 15 –, SLV – Triggered __Alert__ April 26<sup>th</sup> & 28<sup>TH</sup>  @ 47.5 target 41 = ( 6.5 points) 14% gains*
  - ➤ *__None recommended__ for  GLD to "SHORT'   in Bull market by this Model. ( Exception for SLV)*

- ## <mark>*__POM 14 - Hedge Longs / Risk Management for corrections-__ (Total decline saved<mark>= + 399)</mark>*</mark>
- *Recycle partial capital  to Trade  from Bullish CZ to  POM 14  Re Run - CZ whiles the bigger Trend kicks in*

- <mark>*__Last Alert -__  ( OPEN POSITION) – 8<sup>th</sup> HEDGE  - On 10/13- B # Report- POM 14 - CZ Trigger  @ 1680-1730 ( 2/3 rd was executed, Lower CZ & Mean CZ ). Upper CZ Position was left un executed due to family emergency*</mark>

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

# Cont...GOLD.

- ***POM 12,13 - Net Long – ( Total point gains = + 415)***

- ***Last Alert - 10/13 Trigger POM 14 ( 1/3 Rd of the Position was left open – did not get trigger at 1725 – Upper CZ) – 9/26 @ 1603 entry***

  - ***Alert 9/26 – POM 13 @ entry 1603 ( Trigger 1550) & Closed position (1/3) @ 1680 & (1/3) @ 1695 – 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 +14% (+ 200 point gains from 1420 levels). & GDX down -13% ( -9 Points loss from 61 levels). The above page summarizes YTD Opportunities via " POM Investment Conclusions" on Real time .***
- ***+415 points on GOLD- for NET LONG, ( additionally + 17 points on GDX score)***
- ***+399 points – Avoid Declines on Risk Management ( additionally +20 points on GDX score)***
- ***+10 points on SLV for NET SHORT***

- ***IMPORTANT NOTE - POM's are better actionable areas within the POM Analysis to produce highest Reward for the Risk where the " Back is against the Wall" then entering position in between or Middle of POM - Price moves .***

- ## *STRATEGY – Insights*

- ***Last Alert** – In our  B # Currency Report dated 10/13 – GOLD Triggered  POM14 when it reached in CZ – 1680 -1730. This is  Risk Management signal for Hedging the positions Entered at 1603 – POM 13 NET Long.*
- ***This is the area  to  consider  Rebalancing Hedges & Position sizing  on Net & Beta Exposures depending on the Portfolio Objectives &  Beta  tolerances .***

**ALERTED - ON 13<sup>TH</sup> OCT ANNOUNCED IN B # CURRENCY REPORT AS FOLLOWS -**

*We said -  " We are now reaching our **Bearish  CZ 1680- 1730**  with completion of Bearish wedge pattern. **ALERT** - **PQV should fail into CZ  to Trigger POM 14,** For the Position (that was entered  at 1603). "The Action plan is to manage Risk around ( within)  CZ 1680 -1735 . Today it has entered the Zone.  Gold being very volatile it has tendencies to run through the CZ volatility. It is not clear if GOLD go th' the entire CZ . Gold being volatile use scale in process within the CZ'*

***Conclusion on Execution**  – ( 2/3 position was Triggered) - As per our  scale in process within the CZ's. (1/3) at Lower CZ & (1/3) at Mean CZ . The balance (1/3) at Upper end of CZ at 1725 levels **did not get Trigger.***

- ## *GOLD – Insights*

  - *On the Short term - GOLD hit lows of 1605, yesterday 11/21 & rallied . It  lost 85  points quickly since our "*
    *Alert Announcement  on 10/13 for POM 14" on B – Report.  Considering  GOLD is up only $200 (YTD) in spite*
    *of all the hype, the $ 85 move from our POM 14 signal is quite meaningful dent if we let it pass .*

  - *This  Drop could very well be the Paulson liquidation factor we had warned.*

  - *Now as it approaches our  previous POM 13 area 1600-1550 on downside for the Re test, the  bounces within*
    *the move should be volatile. We do think it would make much progress on upside*

  - *Move above the POM 14 – area – (upper CZ)   it can initiate rally but we do not see it happening based on*
    *current indicators. ( place STOP @ 1760 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*

- <mark>*Latest Alerts & Open positions are highlighted in yellow*</mark>

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

## *GDX ( XAU / HUI)*

- **POM 15 - Net Short – *None***

- <mark>**POM 14 - Hedge Longs / Risk Management  - ( Total decline saved=** <mark>**20 points or 33 %)**</mark></mark>
- *Recycle partial capital  to Trade  from Bullish CZ to  POM 14  Re Run - CZ whiles the bigger Trend kicks in*

- <mark>*Alert -  10/13- B # Report- POM 14 -  @ 57 ( OPEN POSITION)- 4TH HEDGE*</mark>

  > *3rd Hedge  - Closed  @ 56.5 ( 9/23 - Alert ) from  POM 14 Re run @ 61-62, 8/23 = <u>5 points gain 8.5%</u>*
  > *2th Hedge  - Closed on 5/6 at POM 13 @ 56 from  POM 14 @ 62  = 6  <u>points gain 10%</u>*
  > *1st Hedge  -  closed on 1/25  at POM 13  @ 53), from POM 14 @ 62 ( since  1st Jan) = <u>9 points gain 15%</u>*

- **POM 12,13 - Net Long  – ( Total point gains=** <mark>**17.25 points or 29%)**</mark>

- *Alert 09/26 – POM 13 @55.76 & Closed position @ 57 @ POM 14 Alert - (10/13) Bearish CZ Resulted in = <u>(1.25 points) 2.2%%</u>*
- *Alert 01/25 – POM 13 @53 & Closed position @ 60-61 @ Bearish CZ (03/09) Resulted in = <u>( 7.5 points)14%</u>*
- *Alert  5/12 & 6/27 - POM 13  @ 52-53 & Closed position @ 60-61@ Bearish CZ .Resulted in = <u>8.5 point gain 13%</u>*
- *POM 12 Calls –  <u>None -</u>  so far this year. (POM 12 for Full  Fresh capital to go long)*

- ## **Commodity Insights**

- *SPX - 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 - All One Market" ( AOM) . USD's is Ruling the world markets. DXY is completing its retracement after finishing ABC up with Bullish TOP . Next rally up should put pressure on AOM*

- *COMMODITY markets Should follow the Signals of POM 13 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 @ 1680-1730 . This ended POM 13 @ 1603 which resulted in Rally of 85 points*

# YTD – Commodities & SPX performance v/s CRB

- *Chart below shows Relative performance of leaders and lager with respect to CRB .*
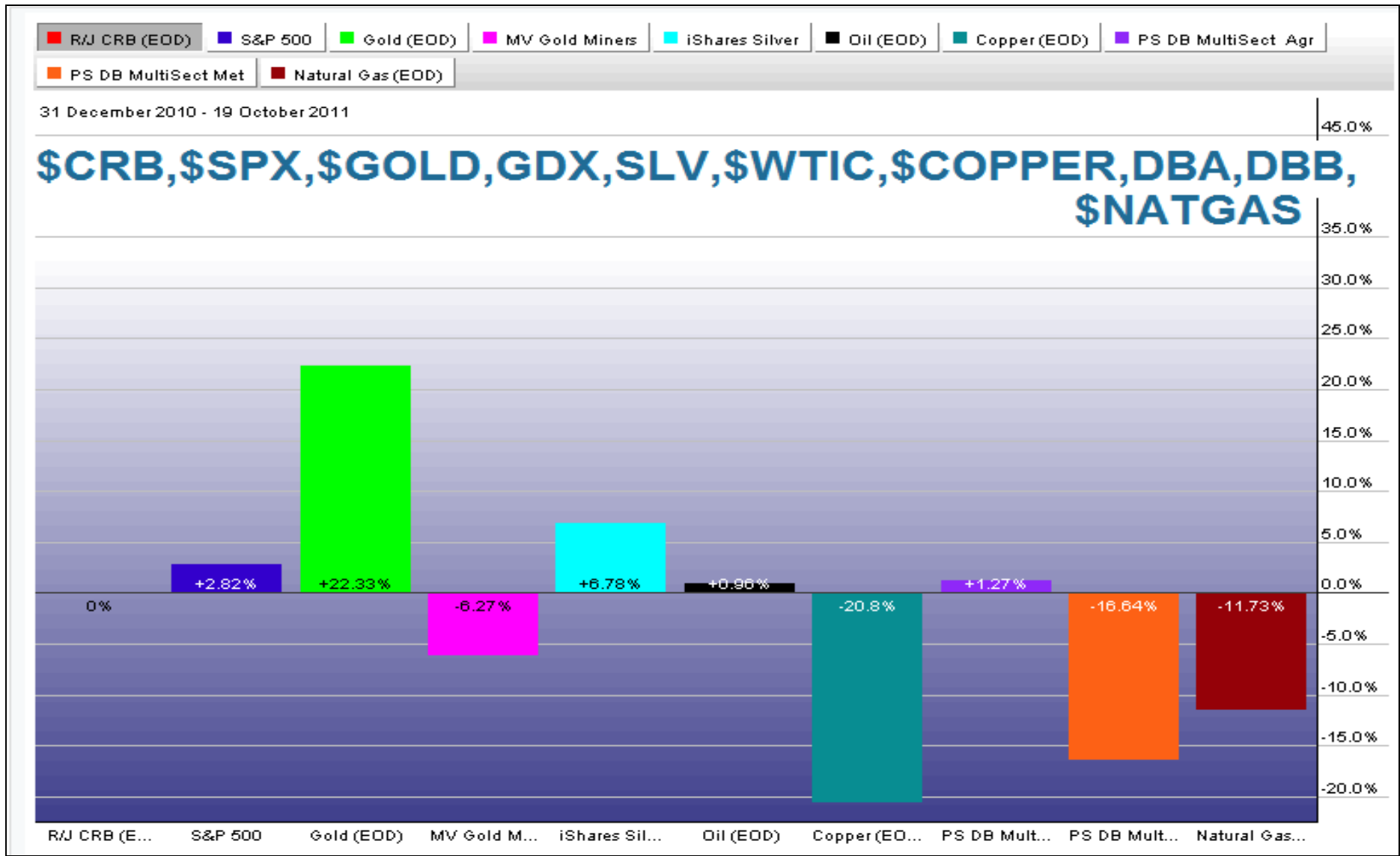
- ## **Trading & Investment Concl.  -  CRB, OIL, CU, AGRO, B. Metals, UNG**

- ### ***GLD, SLV***

  *Our  Pull back / Downside Target on GLD   projected to  <span style="color:red">CZ  1600- 1560</span>  (  POM 14 – CZ 1680-1730).* <mark><span style="color:red">*( place STOP @ 1760 Close).*</span></mark> *If it break upside*

  *SLV will follow GOLD .SLV Has PEC –D projection at 27*

- ### ***GDX ( XAU)***

  *Our  Pull back / Downside Target on GDX   projected  to  <span style="color:red">CZ 52-52</span>) . ( POM 14 on GOLD corresponded to  triggered GDX - CZ 57).*

- ### ***CRB ( DBC)***

- <span style="color:red">*Bearish CZ 320 is reached*</span>  *( we had indicated in our  Previous Report ). ( POM 12 on SPX initiated rally at 290 on CRB ).*

- ###  ***WTIC OIL***

- <mark><span style="color:red">*No upside target although it is struggling in this area.*</span></mark>*( CRB has reached bearish CZ) . Earlier   POM 12 on SPX initiated rally at 75 as expected in previous Report. )*

- ### ***DBB, Copper ( JJC)***

- <span style="color:red">*BEARISH  -  DBB& COPPER  has been weakest in CRB . Both IDX will break the lows sooner rather then later.*</span>

- ### ***DBA, UNG***
- <span style="color:red">*NEURAL -*</span>

# DXY - with Pattern & Oscillator Analysis

*We are in pull back mode which is causing the markets ( AOM) to rally . We are monitoring the QTY of pull back in USD. Next rally towards its Bullish Top should put another fear in the market*

*Earlier - DXY finished its ABC up 80 . As expected USD Rally took all the markets downtown first and then up for rally. USD Trigger @ 72-73 ( stated in B # Currency Report. Subsequently in our C # REPORT 09/07*

# CRB / DBC- with Pattern & Oscillator Analysis

*Our Target for bounce was 320 as mentioned in last Report* – *We are almost there in that vicinity. Earlier POM 12 On SPX Triggered when CRB prices were at 290 and rally began from there.*

*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" .*
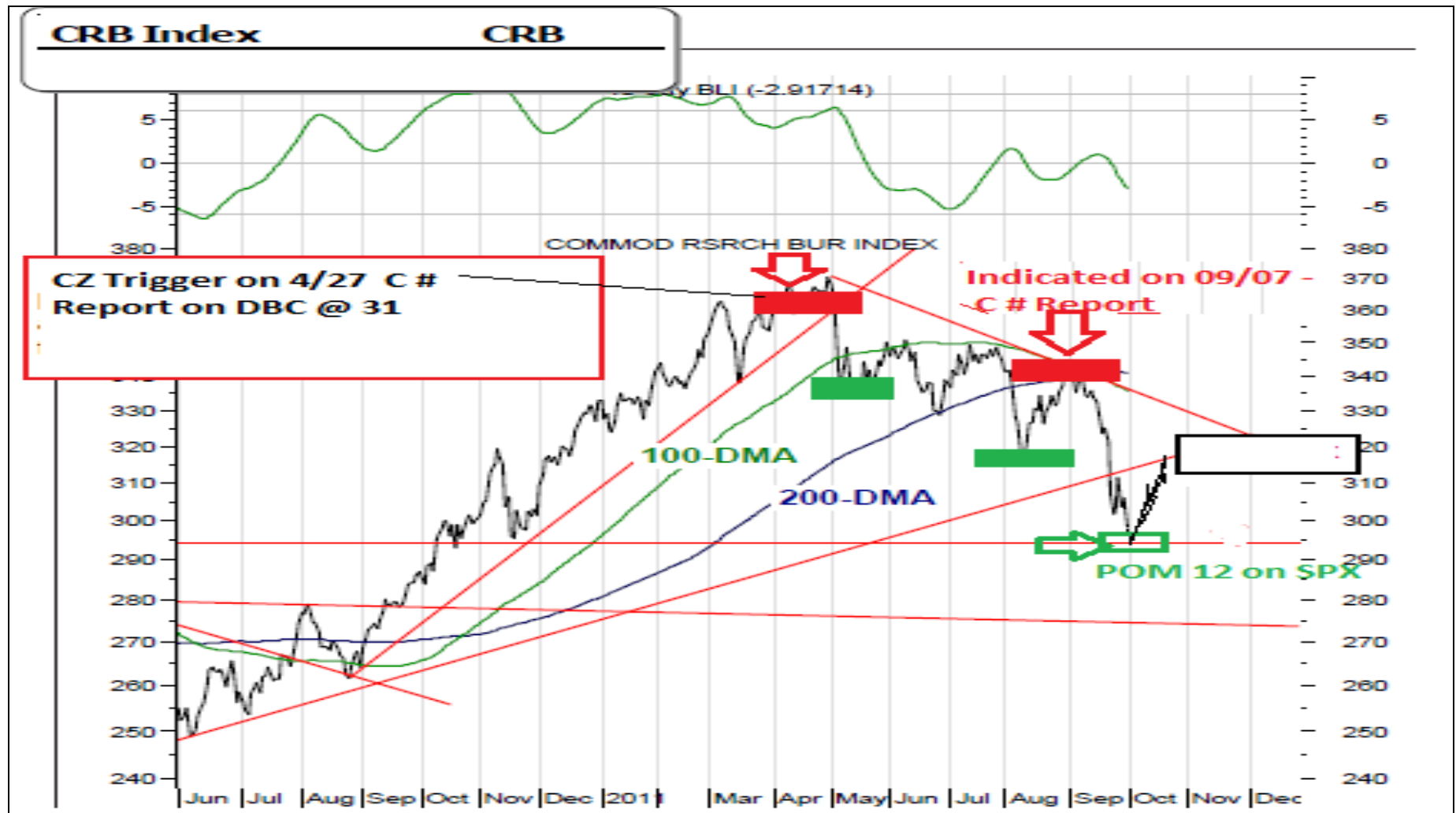
# CRB- Poly Trend Analysis

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

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

*The inverse correlation is in process indicated by arrows. USD should be finishing its pull back soon for another rally back towards the Bullish Top.*

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

*The Direct correlation is in process indicated by circles. SPX is at POM 13 – Risks Management after a huge rally from POM 12 . CRB coincided with it for rally from 290 at that time to 320 .*

# GOLD Analysis – = GOLD continuous contract.

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

*We  reached our Price objective of CZ  1680 -1730 and Triggered POM 14 via Alert 10/13 )  A rally of  90 points ( See chart below) . We should see some back filling, even test of lows POM 13*

*Earlier Alert -  9/26   @ 1603 Trigger"  POM 13 @ 1550.*



Gold Futures                    GC

100 OZ GOLD ELECTRONIC Continuous

The parabolic move is correcting in bullish fashion, but look for the 140-dma to hold any decline.

False break

POM 14 RE

70-DMA

140-DMA

POM 13

## 2 – GOLD - = PEC –D Analysis

*In chart below –   the rally took it up to 1700 , our PEC – D  target was 1720 by this Method,  <u>did not achieve full extend</u>*

*Price projection on down side is  786 & 618 Convergence very much to coincide .( 1580)*

# GOLD- Poly Trend line / CZ Analysis –

*Chart below indicates the New Price path of GOLD*
*We have reached our Price objective of CZ 1680 -1730 and Triggered POM 14 via Alert 10/13 ) rally 90 points ( See chart below) . We should see some back filling, even test of lows POM 13*

*DOWNSIDE -   The decline has been 70 points Since POM 14 ( 1680-1700) ,.   Price Path indicated below  Our pull back appears to be back to Bullish CZ - 1600 -1560 ( In green Box) where POM 13 was triggered and rally  began  . (GOLD Signals are still within the norms of Bull market POM's)*

## 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.*

*USD move (circled in pink ) . This is positive cross over for Inverse Relation to kick in  ( see chart below , 2<sup>nd</sup> window)*

- ## **[EXTREAME Sentiment Analysis ( 3<sup>rd</sup> 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

*ABCD Pattern – PEC- D can get tested again . SLV should move along with GOLD Price path as it moves downwards towards the test of 1600- 1560*

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

- <mark>*Alerted on - 10/13- B # Report- For POM 14 Trigger on GOLD & GDX was at 57,*</mark> *Earlier it rallied from POM 13 @ 55.75,* <u>*Alert 09/26*</u>

  *Our Pull back / Downside Target to CZ <u>52 -50</u> in this move down .*

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

*The pattern on GDX was another "Rising Wedge". The Previous "Rising Wedge" in GDX occurred in August that had a downside target to 54 range which was met. The current "Rising Wedge" started at the October 4 low and ended at the October 14 high. "Rising Wedge" Pattern have downside target to 51 which is around our CZ 51-52 .*

*The Bullish Percent index of the Gold Miners (Bottom window) has had a bullish crossover and the test of the CZ likely will put in a positive divergence along with a positive divergence in other indicators .*
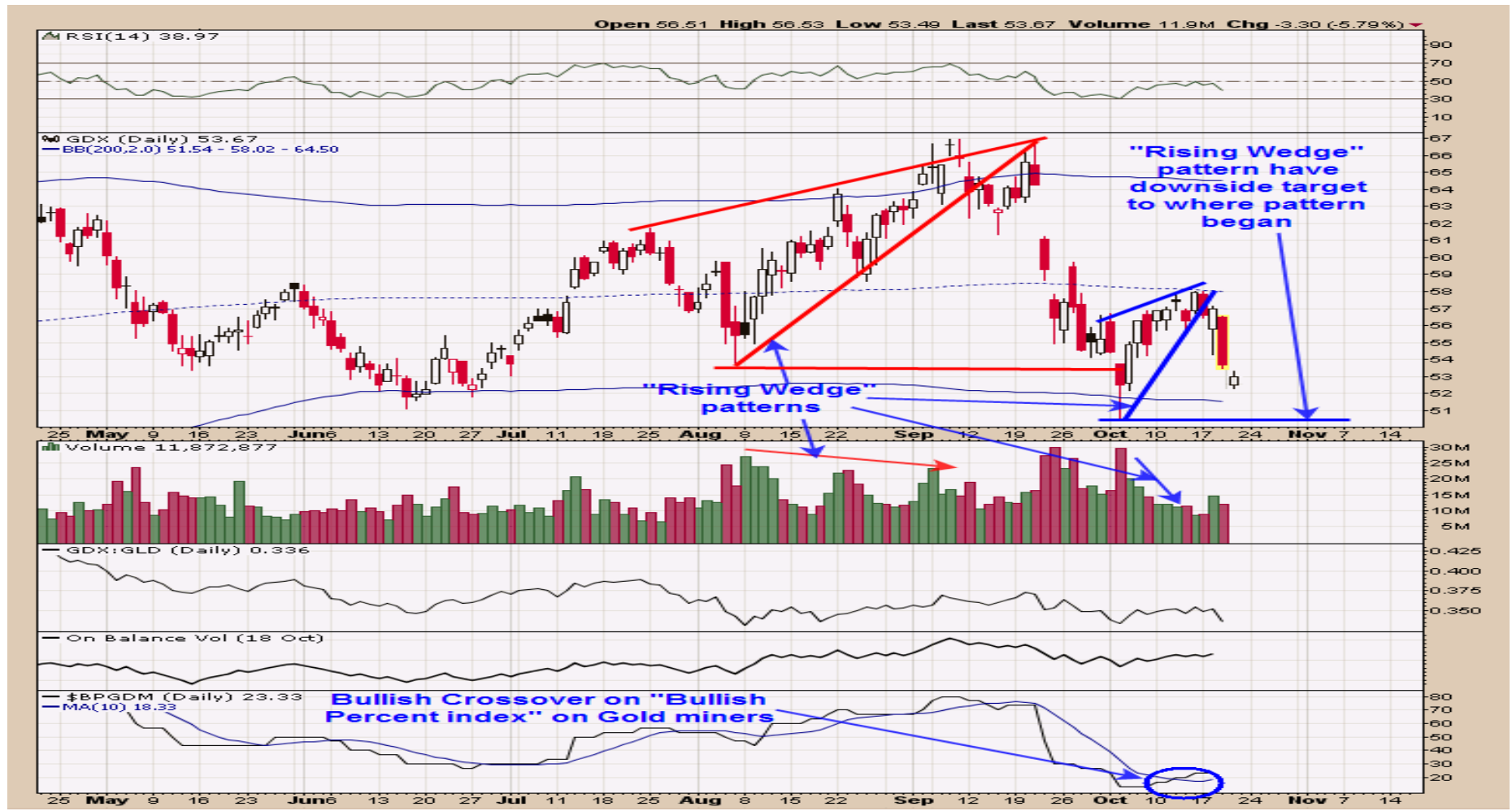
# GDX : GOLD RATIO – SHORT TERM

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

*Currently on Short term basis GDX ( in green box) is lagging GOLD . When GOLD Triggers POM 13 once again and initiate the rally then GDX will catch up with differentials on rally . We witnessed similar events in recent RISE & FALL of GDX . It reacted positively on both counts.*

*Red boxes indicates when GDX is ahead of itself , the decline begins due to nonconformance of the move .*

# GDX : GOLD RATIO – MID TERM

*Mid term the Ratio is still very undervalued, suggests the BULLISH TOP in GDX will prove itself with another rally upon Triggering POM 13 on Gold.*

*The weekly chart of the GDX/GOLD ratio . The weekly RSI of the GDX/GOLD ratio has shown a positive divergence where the ratio made three lower lows and the RSI made three higher lows. This condition also showed up on the Slow Stochastics in the bottoms window. The Weekly MACD of the GDX/Gold ratio appears to have turned up and another bullish sign. The weekly GDX/Gold ratio is showing bullish signs. We don't have it shown but the daily Bullish Percent index of the Gold Miners had a bullish crossover of its 10 day moving average. There is evidence that once POM 13 is triggered on GOLD, GDX may be starting an uptrend from there.*



0335 **High** 0.0345 **Low** 0.0331 **Close** 0.0345 **Volume** 110 **Chg** +0.0011 (+3.22%)

GDX (Weekly) 56.51

RSI(14) 43.63

GDX:$GOLD (Weekly) 0.0345
BB(20,2.0) 0.0322 – 0.0349 – 0.0377

RSI of GDX/Gold ratio shows positive divergence

MACD(12,26,9) -0.001, -0.001, 0.000

MACD of the GDX/Gold ratio appears to have turned up

Slow STO %K(60) %D(3) 19.48, 18.90

Slow Stochastics of GDX/Gold ratio showing bullish divergence

- ## **Ratio Analysis**

  - ### *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  formed a bottom at the 0.786 level at 75 , which was also a double test of the 0.786 retracement off of the lows from last May. The  Rally began when POM 12 on SPX was triggered.* **No upside Projection**



CRUDE OIL WEEKLY

786

double test
of .786 level

# OIL –MA, Pattern & Oscillator Analysis

*No upside target although it is struggling in this area.( CRB has reached bearish CZ) . Earlier POM 12 on SPX initiated rally at 75 as expected in previous Report. )*
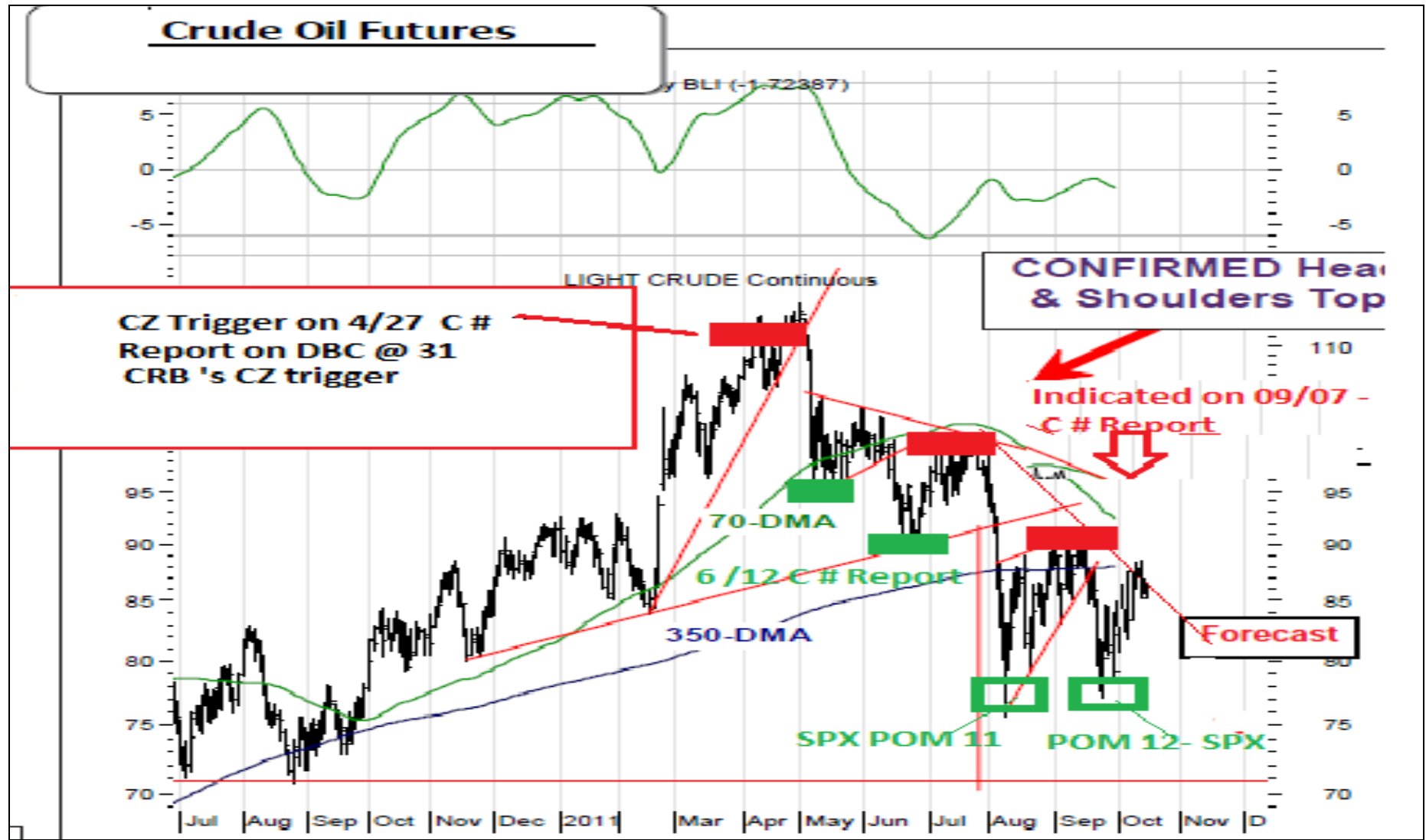
## 2- NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis
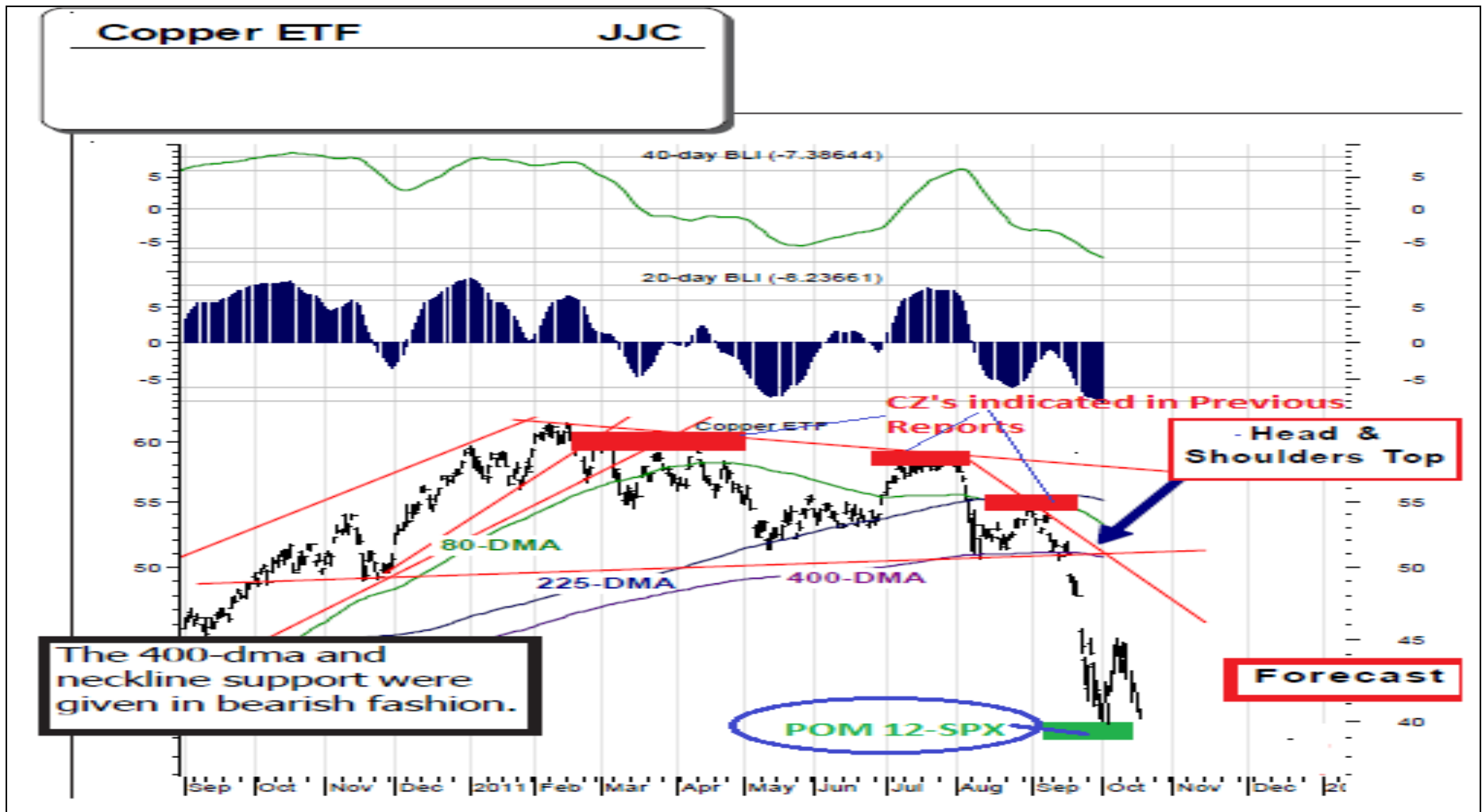
*NEUTRAL - -* *( Refer notes within the charts)*

- *Rally has began since POM 12 –SPX - Stop under 8.00*



Natural Gas       UNG

40-day BLI

20-day BLI

US Natural Gas Fund

100-DMA

200-DMA

The trend is lower; but the models structure is positive.

Forecast

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

*BEARISH -* *As expected, the rally began in JJC ( COPPER) initiated with Trigger POM 12 in SPX . This recent bounce was very weak and reversed back quickly to test the lows again. Last decline we witnessed was very Brutal*

*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 ..* <mark>*( Refer notes within the charts)*</mark>



Copper ETF      JJC

40-day BLI (-7.38644)

20-day BLI (-8.23661)

CZ's indicated in Previous Reports

- Head & Shoulders Top

Copper ETF

80-DMA

225-DMA    400-DMA

The 400-dma and neckline support were given in bearish fashion.

Forecast

POM 12-SPX

# • Ratio Analysis

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

*The chart below ( circled in red) suggests COPPER is lagging behind SPX & CRB. This does not go well for the market .*

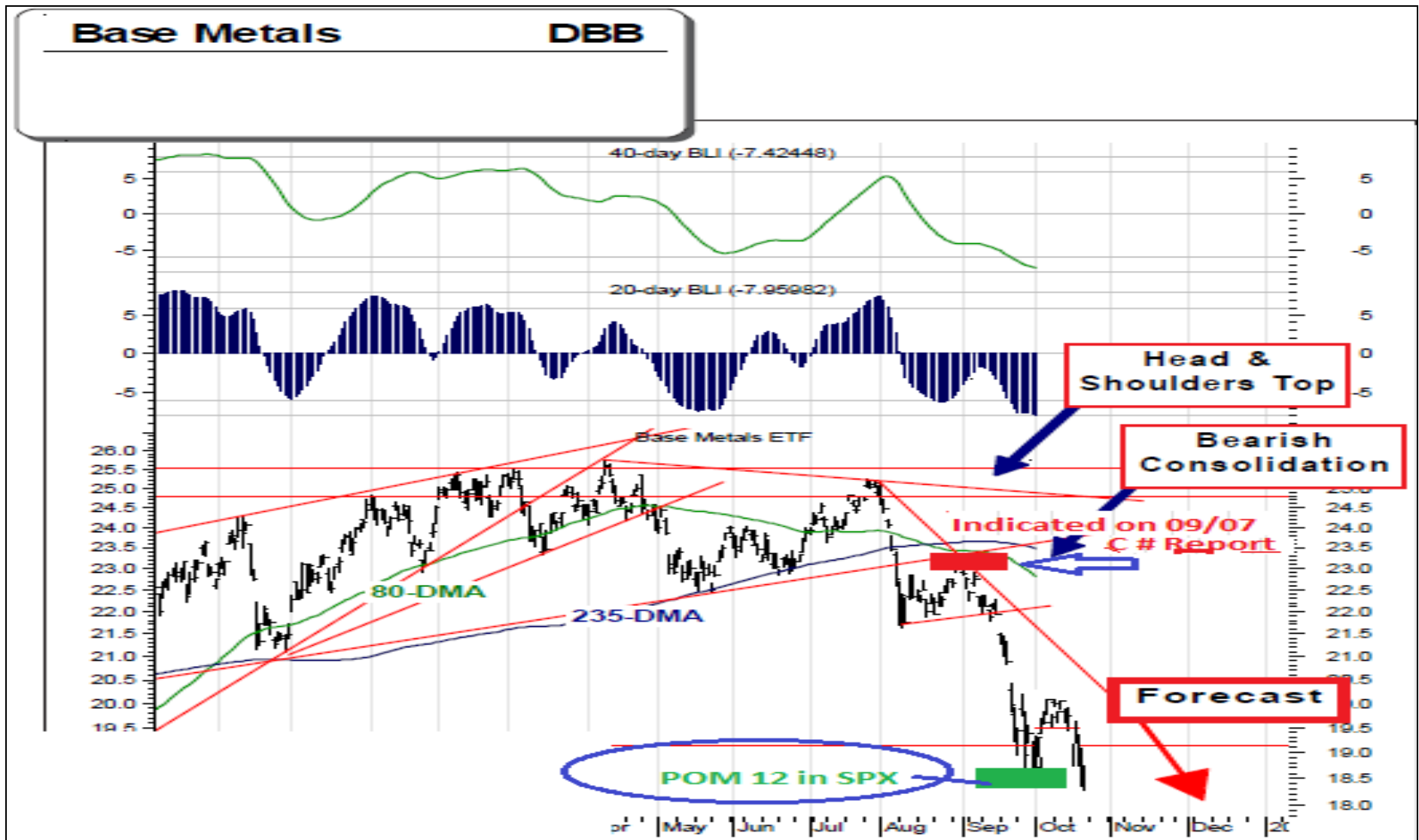*The Price Path Analysis in SPX & COPPER act as LEAD / LAG Indicator on its correlations.*



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

*CHINA'S market collapse hurts cupper. 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**

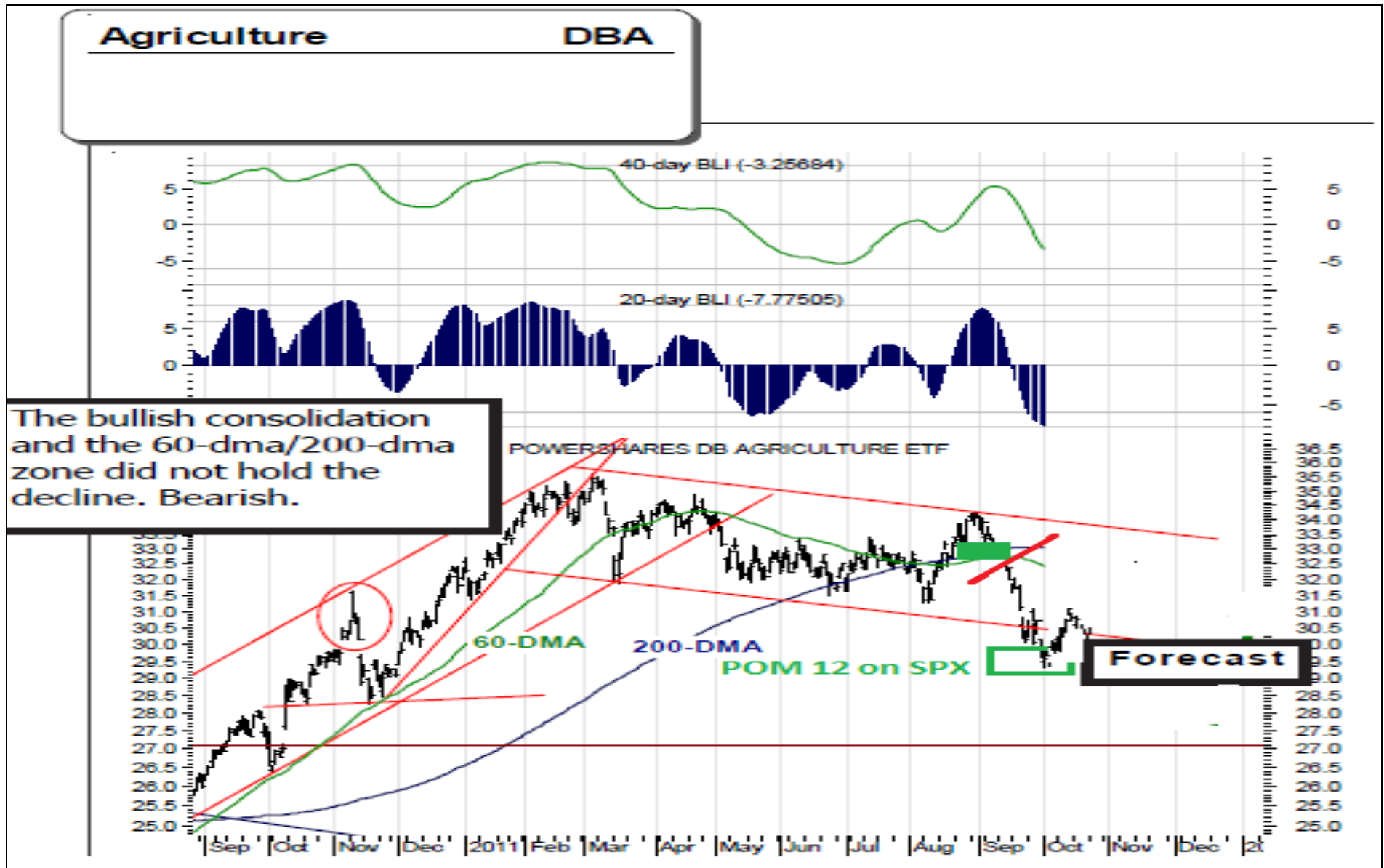# 4  BASE METAL – (DBB) -  MA / Pattern & Oscillator Analysis

*BEARISH  - DBB has been weaker then COPPER.  The rally that began in DBB  initiated with Trigger POM 12 in SPX  did not last . Now it has broken POM 12 lows - ( Refer notes within the charts)*



Base Metals                                  DBB

40-day BLI (-7.42448)

20-day BLI (-7.95982)

Head & Shoulders Top

Bearish Consolidation

Base Metals ETF

Indicated on 09/07 C # Report

80-DMA

235-DMA

Forecast

POM 12 in SPX

pr  |May  |Jun   |Jul   |Aug  |Sep  |Oct  |Nov  |Dec  |2(

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

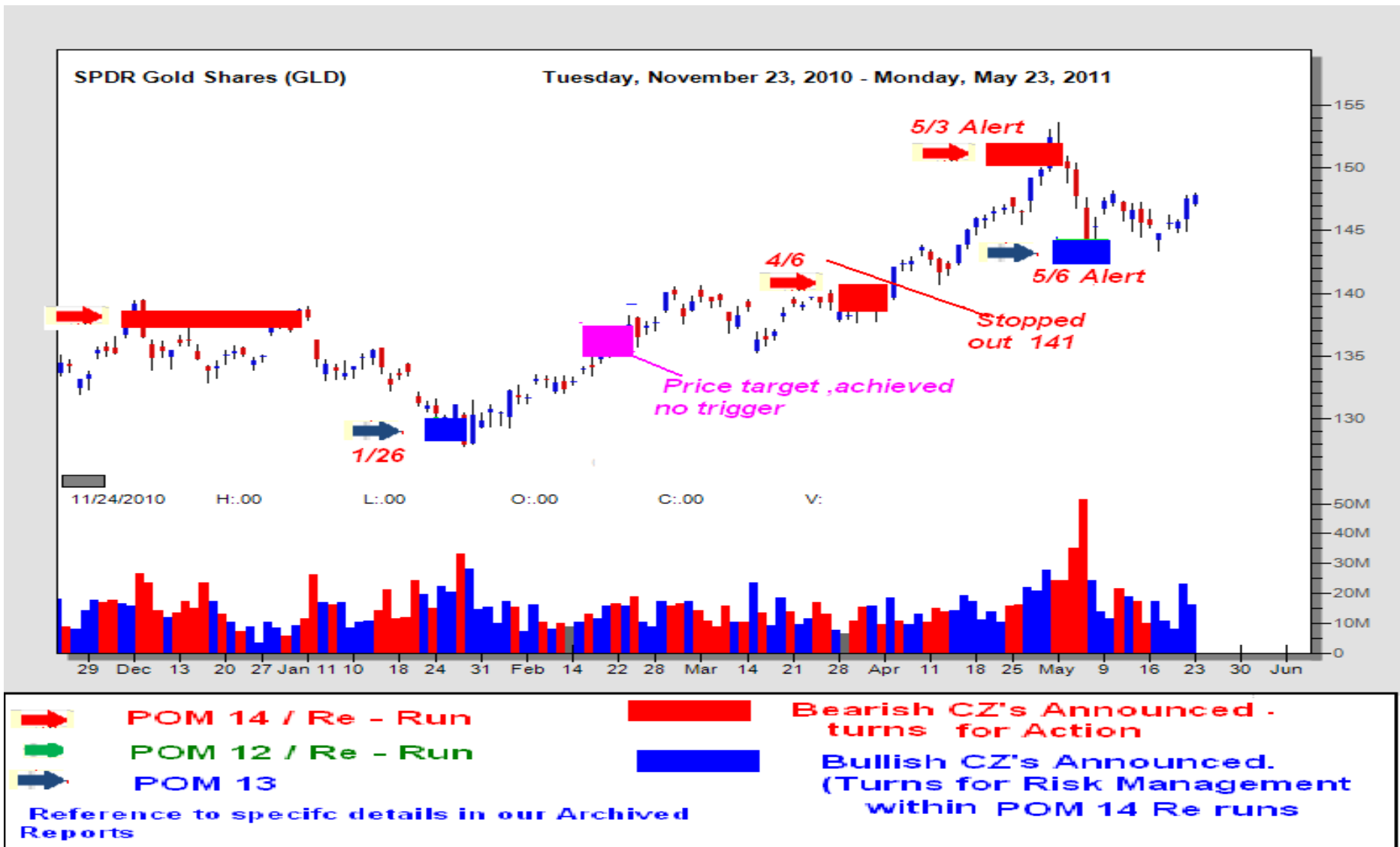*NEUTRAL - As expected, the rally began in DBA initiated with Trigger POM 12 in SPX . This recent bounce was very weak*



Agriculture                DBA

40-day BLI (-3.25684)

20-day BLI (-7.77505)

The bullish consolidation and the 60-dma/200-dma zone did not hold the decline. Bearish.

POWERSHARES DB AGRICULTURE ETF

60-DMA     200-DMA
POM 12 on SPX

Forecast

# Appendix

## Latest History on Triggers-

- *GLD, GDX, $ WTIC ,SLV  (Last  Price Trigger indicated in green ) Charts below*
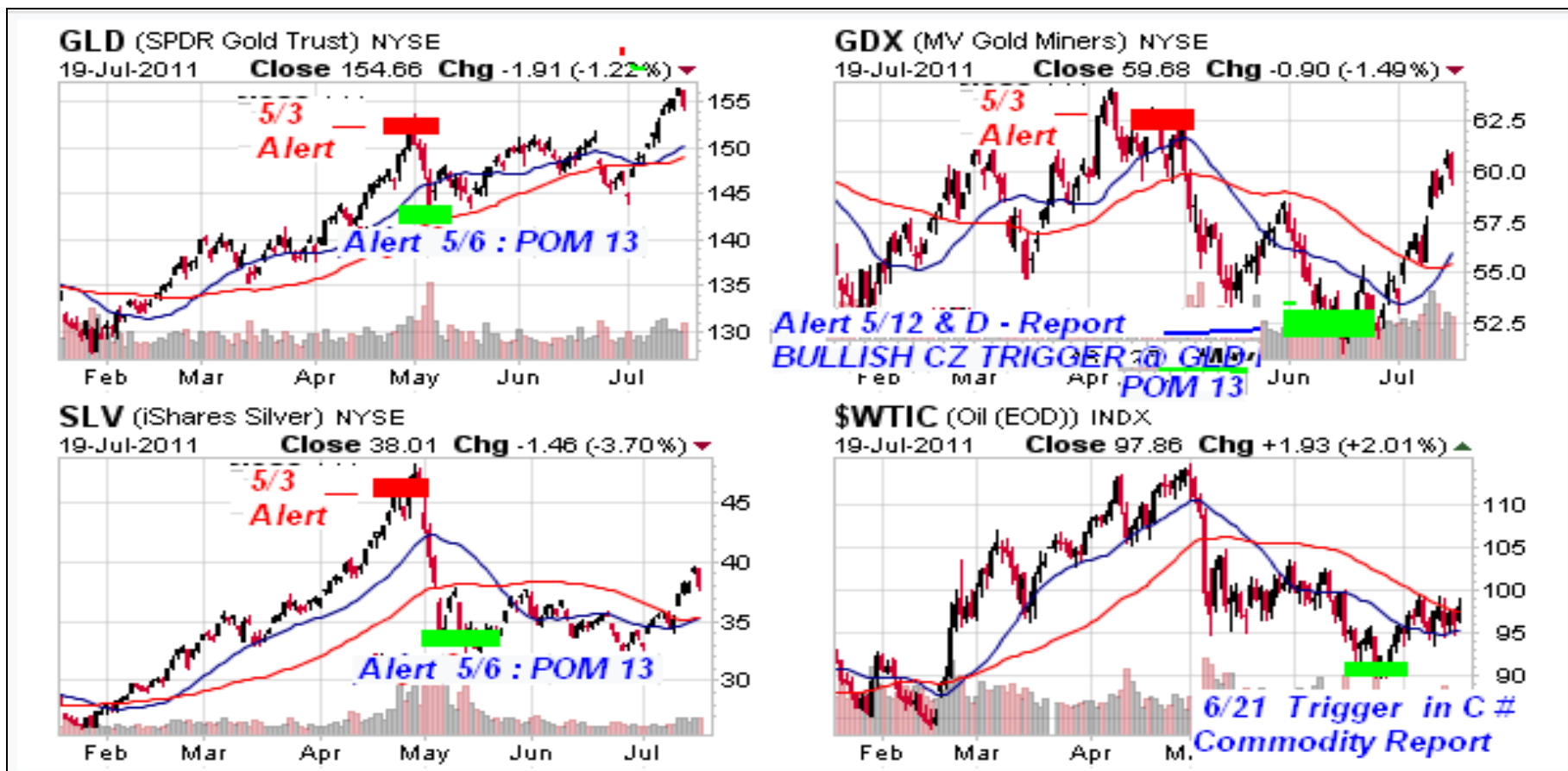
- ## YTD - POM / CZ - GOLD Signal ( updated 5/23)



SPDR Gold Shares (GLD)     Tuesday, November 23, 2010 - Monday, May 23, 2011

5/3 Alert

4/6

Price target ,achieved no trigger

Stopped out 141

5/6 Alert

1/26

11/24/2010    H:.00     L:.00     O:.00     C:.00     V:

POM 14 / Re - Run

POM 12 / Re - Run

POM 13

Reference to specifc details in our Archived Reports

Bearish CZ's Announced - turns for Action

Bullish CZ's Announced. (Turns for Risk Management within POM 14 Re runs

## 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**

- ## <u>Objective</u>

*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 <u>UP</u> move, POM 13 signifies to <u>STOP</u> executing additional 'New Buys" that was initiated at POM 12 or POM 11 levels

- On way <u>DOWN</u> move, POM 13 signifies to <u>STOP</u> executing additional " New Short Sells" that was initiated at POM 14 or POM 15 levels

- **( Bear Markets)** POM 15 is for - <u>**Net Short**</u> & POM 14 is for - <u>**Hedge Longs**</u>

- **( Bull Markets)** POM 15 is for - <u>**Hedge Longs**</u> & POM 14 is for - <u>**Partial Hedge**</u>

- POM 12 & 11 is for Net Long

- **POM 10** is Climatic Crash low Buy Signal to add to Net long position <u>**( Rear event)**</u>

# Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a $2^{th}$ 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 steams to achieve confluence point D coinciding with POM

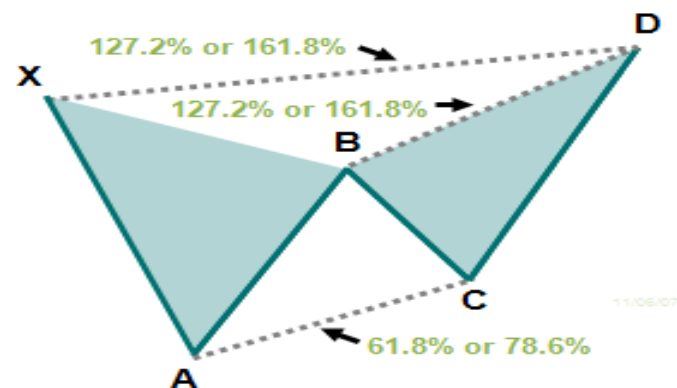## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

A
61.8% or 78.6%
C
B
127.2% or 161.8%
X
127.2% or 161.8%
D

Sell Pattern (bearish)

D
127.2% or 161.8%
X
127.2% or 161.8%
B
C
A
61.8% or 78.6%