



SG Capital Research

Global Market Insights

Research Note – Special Report Analysis (E # 4) –
MAEG- SPECIAL REPORT ANALYSIS SG 2012 # APRIL_05

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SPECIAL REPORT

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• 1- Executive Summary

GOLD – Update

First – On current inter market Analysis, We'll keep a close watch on ABC up in USD. It began from 78 – key reversal (our pull back re entry trigger) now moving towards to 82 – Bullish Top . This is pushing GOLD down as expected . Till this ABC up in DXY is finished, GOLD needs to be watched carefully.

Second – Liquidation / Unwinding , - John Paulson Fund is down 13% in March alone, He is highest in GLD ownership . Surely has to Protect the Profits or Avoid further losses as case may be

Currently, GOLD at 1620, we are much closer to the Bottom then to the Top as we were at 1775 – POM 14. After correcting 150 points. Surely great place to cover hedges put in at CZ 1775

Wednesdays Action in GOLD upon reaching Price Projections CZ 1650-1620 for Secondary test, it reacted Violently in Bearish manner still creating more bottom heaviness on PQV Validation. Any Market when reaches the Projected Targets in CZ, its reaction within the Zone is critical for next step. Either with.....

- Bullish PQV rejection for new ABC up OR
- Bearish PQV Jump to next floor below 1610 (No bounce will happen in this case) OR
- Bearish entry in CZ but does not slice through CZ .

We are in 3rd scenario here. Reaching the CZ in Bearish Manner with valid break downside , this qualifies the Market for a bounce (not a rally) . This bounce from this area should taper into 1650 & come right back down minimum a retest of CZ 1650 – 1620 and likely hood to ABC down to break the lows of 1620.

We need a proper / methodical successful test of lows (which has not happened yet) .If it does then it would set up Bullish entry for next ABC up and not just a bounce. (similar to what we saw in USD- Chart below)

Since PQV is invalidated at CZ 1650 -1620 TEST, the eventual downside projection is 1560 as Next target completion of PEC-D and near the next CZ 1560-1530. And should set up great Risk reward . It could very well be POM 13 at that time .

PLAN B - Chart below has been Analyzed based on Wednesday's action reflecting some justification to our thinking. If on cross verification by other Methods, it warrants entry at current prices then Practice – Risk Management with STOP under 1610. Aggressive Funds with quick fingers may play this bounce as well or accept the DRAWDOWN till next CZ level before reversal .

We think the move from 1620 to 1560 may be one of the fast price destruction move. In typical Bull Market move, Pull back tends to give fast Price destruction to finish the move. & does not stay down longer on Trigger

BACKDROP –

GOLD Price path has been following exact since our POM 14 re - Trigger at CZ - 1775-1750 to CZ -1650-1620, a decline of 155 points

For Floating position - On 3/06, - Last email Alert Our Action was to Cover Hedge Position Triggered at CZ 1775-1750 failure , for decline towards 1668 to lock in gains 7 wait to add Longs .

Currently GOLD remains, at Bull Market POM Rating - POM 14 which is Partially Hedged Long Positions Triggered within CZ area of POM 14 . Failure in this Zone provides best Risk Management opportunities during the ST GOLD declines within larger LT up move. .

USD – PEC D – Analysis – SHORT TERM

By this Method- PEC-D @ 78.5, it completed retracement and rally began with key reversal and SOS. DXY should rally to 82.25 Bullish Top

Point to note – Comparison – The way USD reacted at 78, Gold should have reacted similarly in CZ 1650-1625 to give Bullish remarks on it entry.



GOLD - PEC -D Analysis -

By this Model - GOLD wants to jump to next Zone to PEC-D @ 1580. (yellow) - area where it could Trigger POM 13. We will wait and see

Earlier we experienced a failure with wide ranging price bar into PEC-D - 1775 - exact (POM 14). & nasty decline began - towards - PEC-D @ 1635 then bounced & re test into PEC-D 1635 failed .



GOLD – CZ, Pattern Analysis

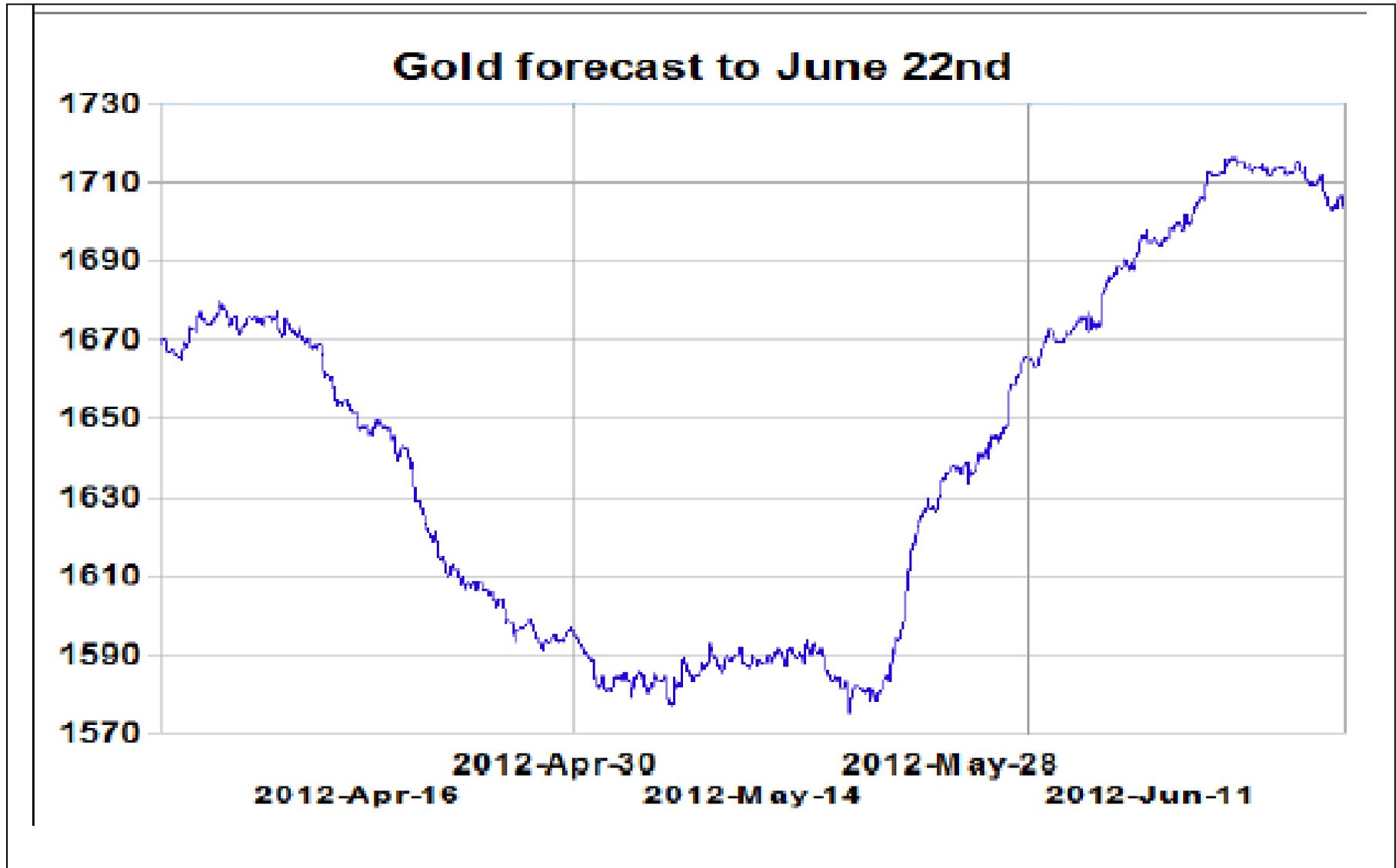
By this Method - Chart below indicates valid break . on PQV / VTO Violation .Downside target back to 1650-1620 area. Close below 1625 now target s CZ 1575-1530 to provide best Risk Reward.

Earlier - POM 14 – CZ – proved its merit at red box CZ 1775 -1750 (red) for current decline to 1650-1620 (yellow) area as expected.



GOLD – Cycle Analysis - Repeat but critical

Cycle chart – Suggests the same price path as PEC-D & CZ – Price Path Analysis . Lows towards CZ 1570-1540



GDX

Although Mining Stocks (GDX) has reached in CZ 45-47 – Target depicted in earlier C # Commodity Reports for relentless 20% selling from CZ – 58-57 Triggered – (POM 14 GOLD Trigger CZ 1775-1750) with oversold conditions. Some Absolute Fund Strategist look for cross verification on GOLD for synchronizing and other do not, based on Fund Objectives.

We approached the CZ 45-47 in Bearish Manner with valid break downside , this qualifies the Market for a bounce (not a rally) . This bounce from this area should taper into 49 -51 & come right back down minimum a retest of CZ 47-45 and likely hood to ABC down to break the lows of 46.

We need a proper / methodical successful test of lows (which has not happened yet) .If it does then it would set up Bullish entry for next ABC up and not just a bounce. Since PQV is invalidated at CZ 47-45 TEST, the eventual downside projection is 44 as Next target completion of PEC-D and near the next CZ 44-42

PLAN B - Chart below has been Analyzed based on Wednesday's action reflecting some justification to our thinking. If on cross verification by other Methods, it warrants entry at current prices then Practice – Risk Management with STOP under 46. Aggressive Funds with quick fingers may play this bounce as well or accept the DRAWDOWN till next CZ level before reversal .

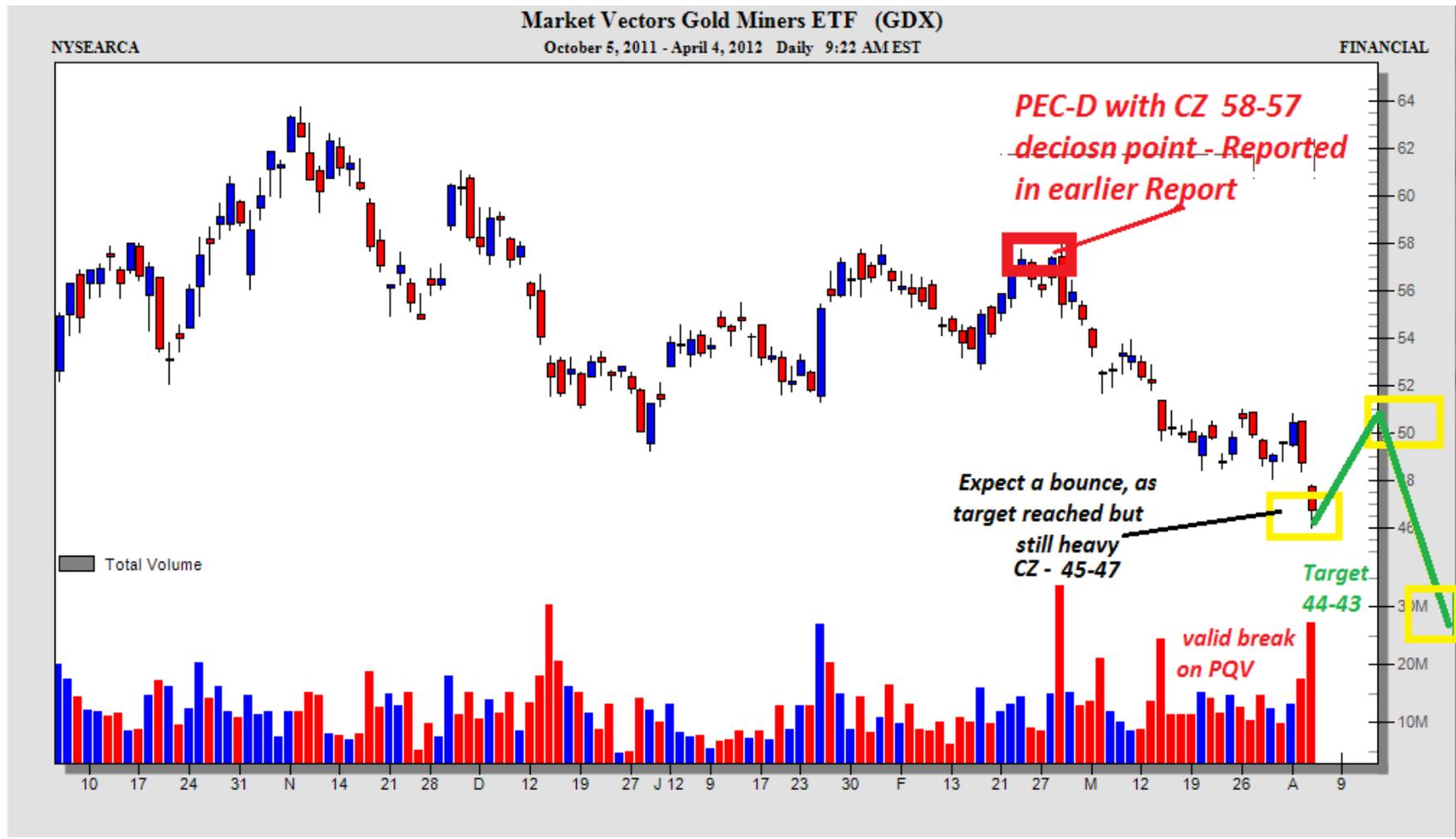
We think the move from 46 to 43 may be one of the fast price destruction move to finish the move.

Bigger Picture – Longer term XAU is setting up very well for Larger move up upon completion of this decline . For the market to stage a multi month impulse wave up the sentiment has to be extremely negative to get the weak holders out and last move down may help to do that.

GDX – CZ – PEC-D Analysis

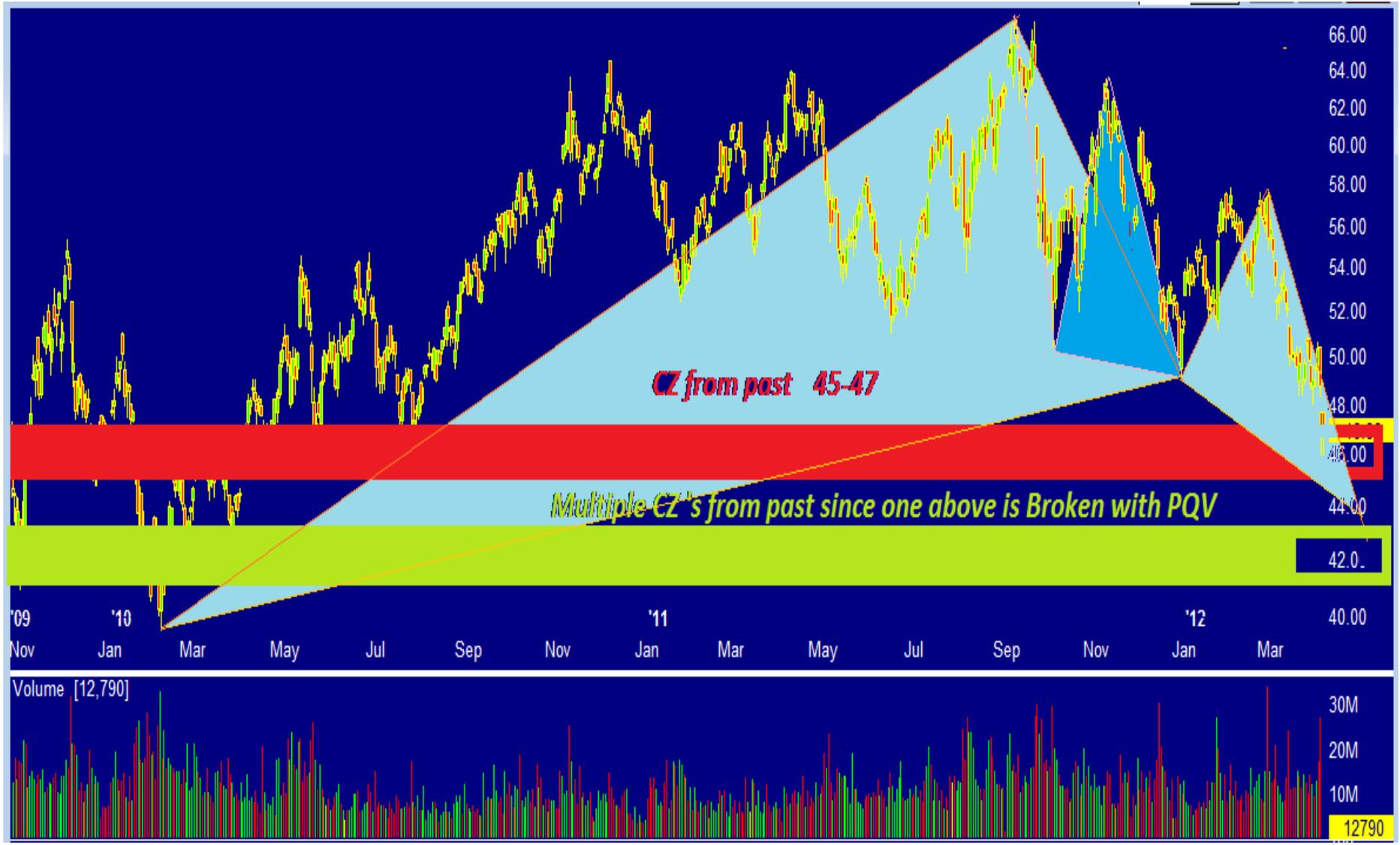
By this Model – From last Report PEC –D pattern proved its merit and sell off began from GDX – 58-57 decline to CZ Target projected to CZ 47-45 achieved but still heavy & Invalidated PQV . When CZ is broken with High PQV it jumps to next level

Bounce should come in to 49-51 and decline to CZ 44-43 . If PQV validates it could trigger better Risks reward for next signal . Bounces are bounces



GDX - PEC - D Analysis

From Chart below it is more clear on logic – PEC-D to 44 and CZ from past CZ 44-42 (in green) next completion of target. GDX broke the red zone CZ 45-47 with PQV violation , this puts the prices to next level floor



XAU – Pattern Analysis

Weekly XAU chart back to 1993. The Larger pattern that formed at the 2008 low was a Head and Shoulders bottom. In mid 2010 a “Sign of Strength” SOS through the Neckline appeared and confirmed the Head and Shoulders Bottom. Since the high in Dec 2010 the market has worked lower to Neckline . Slow Stochastics oversold level of 20. There is a “Flag” pattern at the half way point of the move and would give a target on the XAU to 310. XAU / GOLD Ratio is at 2008 lows

Once the CZ in yellow 160-140 is successfully tested the decline should be complete.



NEM

NEM is large part of GDX and XAU . NEM has been toasted to speak the least . It has been victim of deleveraging of PAIR TRADE – First LONG NEM / SHORT AEM unwinding and then SHORT NEM / LONG RANG GOLD unwinding, either way they smoked NEM . Typical Institutional behavior leaving Elephant Footprints on Volume Flow.

Although NEM has reached in CZ 48-50 – Target relentless 25% selling from CZ – 65-64 Triggered – (POM 14 GOLD Trigger CZ 1775-1750) with oversold conditions. Cross verification on NEM / GDX / GOLD for synchronizing is based on Fund Objectives.

We approached the CZ 48-50 in Bearish Manner with valid break downside , this qualifies NEM for a bounce (not a rally) . This bounce from this area should taper into 55-54 & come right back down minimum a retest of CZ 50-48 and likely hood to ABC down to break the lows of 47.

We need a proper / methodical successful test of lows (which has not happened yet) . If it does then it would set up Bullish entry for next ABC up and not just a bounce. Since PQV is invalidated at CZ 50-48 TEST, the eventual downside projection is 45 as Next target. completion of PEC-D and near the next CZ 45-43

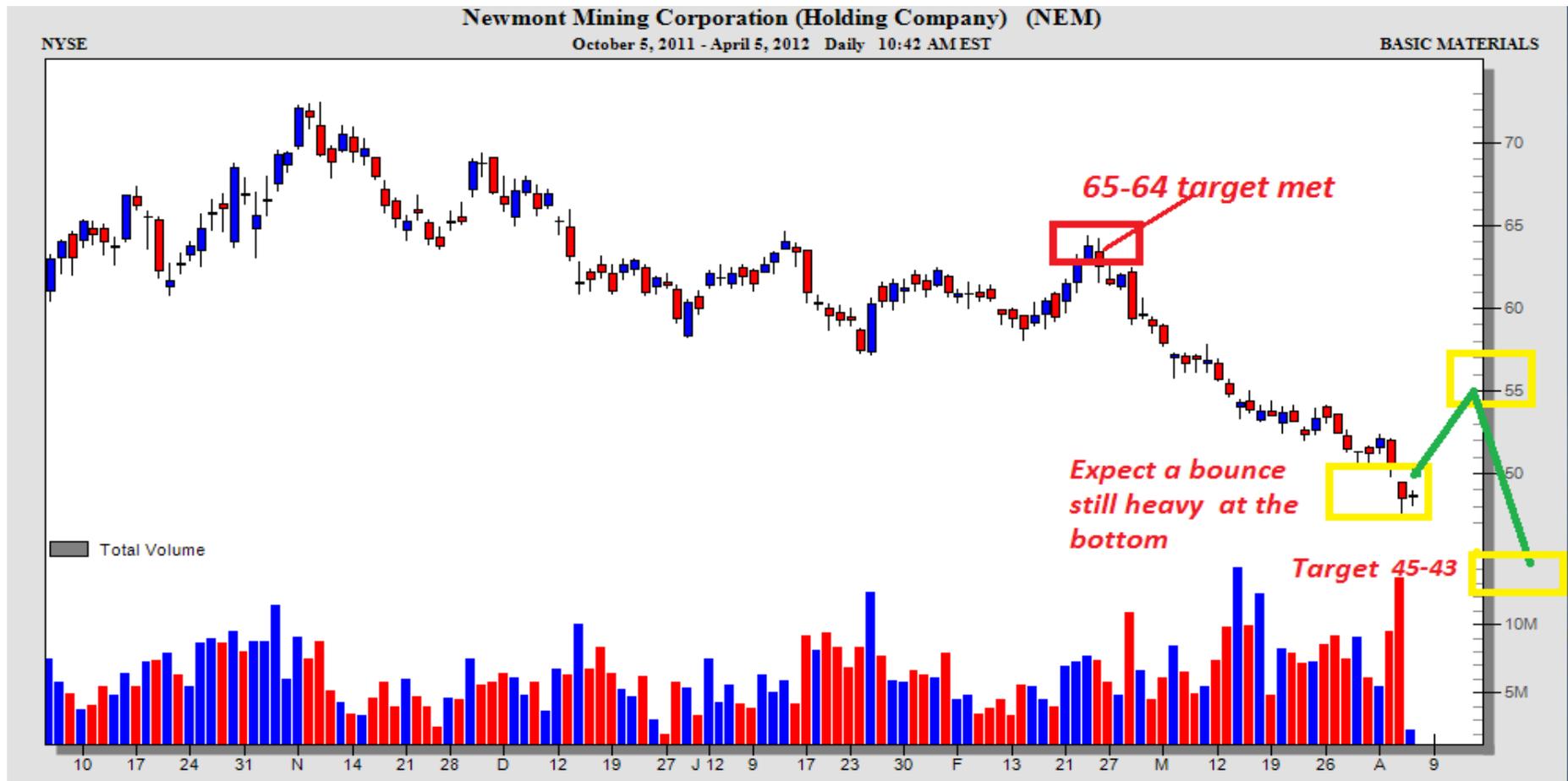
PLAN B - Chart below has been Analyzed based on Wednesday's action reflecting some justification to our thinking. If on cross verification by other Methods, it warrants entry at current prices then Practice – Risk Management with STOP under 47. Aggressive Funds with quick fingers may play this bounce as well or accept the DRAWDOWN till next CZ level before reversal .

We think the move from 48 to 45 may be one of the fast price destruction move to finish the move.

NEM – CZ- PRICE & VOLUME ACTION

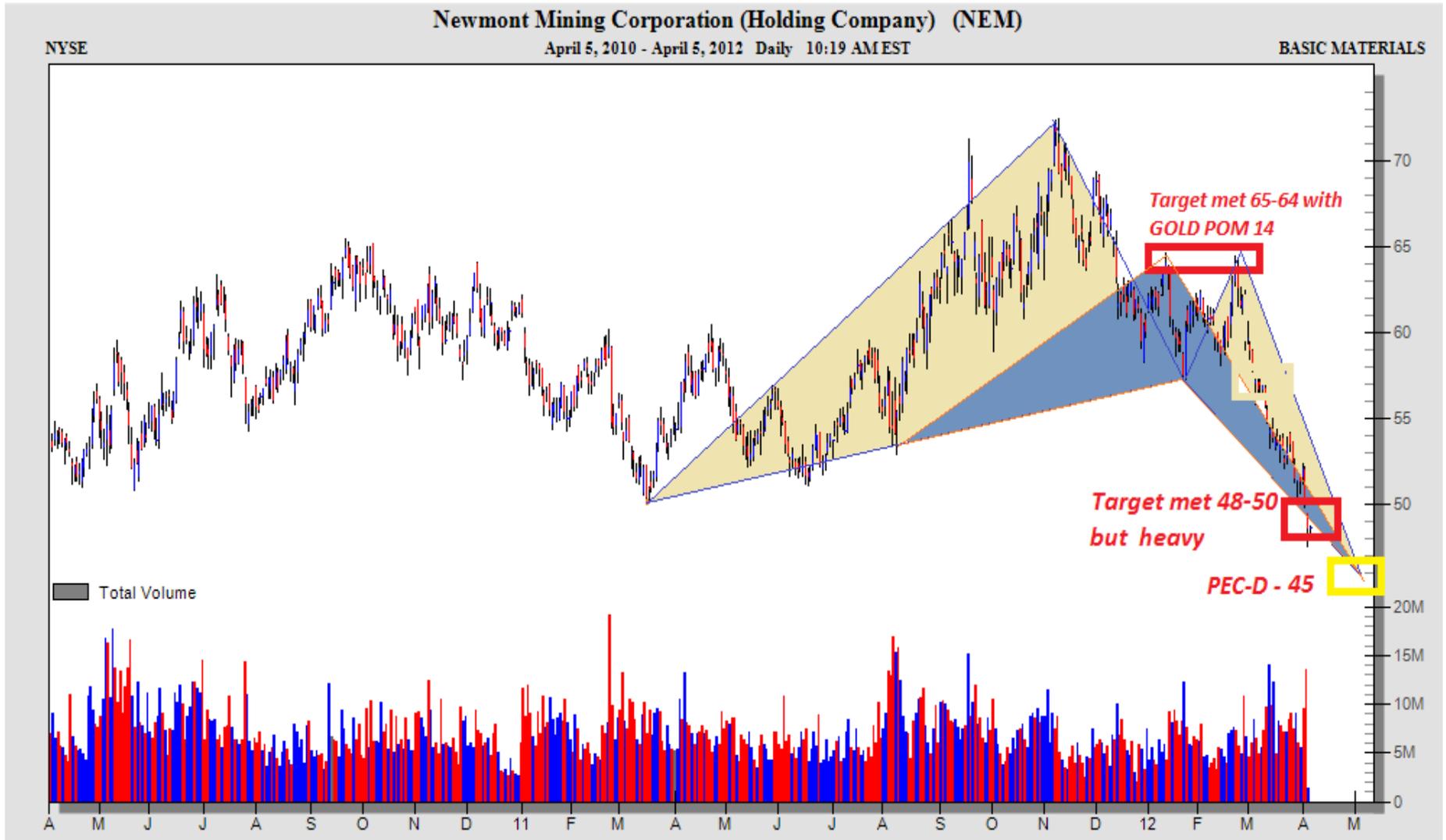
By this Model – From last Report PEC –D / CZ pattern proved it merit and sell off began from **CZ 65-64** decline to CZ Target projected to **CZ 48-50** achieved but still heavy & Invalidated PQV , When CZ is broken with High PQV it jumps to next level

Bounce should come in to 55-54 and decline to CZ 45-43 . If PQV validates it could trigger better Risks reward for next signal . Bounces are bounces



NEM - PEC - D Analysis

From Chart below it is more clear on our logic – PEC-D to 45 and CZ from past CZ 45-43 is next completion target .
NEM broke the red zone CZ 48-50 with PQV violation , this puts the prices to next level floor



Equities – Below 52 week Lows – **Sell Program Triggered – exaggerated the selling.**

NEM NYSE + BATS

5-Apr 11:32am Last 48.33 Chg -0.20 (-0.41%) ▼



ABX NYSE + BATS

5-Apr 11:32am Last 40.99 Chg -0.32 (-0.77%) ▼



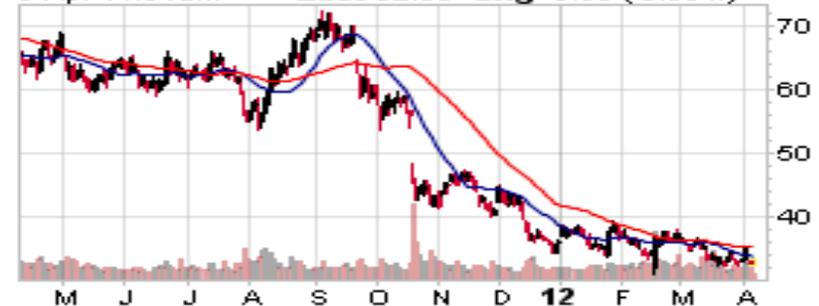
GG (Goldcorp) NYSE + BATS

5-Apr 11:32am Last 40.93 Chg -0.24 (-0.58%) ▼



AEM NYSE + BATS

5-Apr 11:31am Last 32.60 Chg -0.03 (-0.09%) ▼



KGC NYSE + BATS

5-Apr 11:32am Last 9.26 Chg +0.02 (+0.16%) ▲



HMY NYSE + BATS

5-Apr 11:31am Last 10.35 Chg +0.13 (+1.27%) ▲



Equities – Above 52 week Lows

GOLD Nasdaq GS + BATS

5-Apr 11:30am **Last 81.66 Chg +0.35 (+0.43%)** ▲



FCX NYSE + BATS

5-Apr 11:32am **Last 38.24 Chg +0.21 (+0.55%)** ▲



AUY NYSE + BATS

5-Apr 11:30am **Last 14.81 Chg -0.19 (-1.27%)** ▼



RGLD Nasdaq GS + BATS

5-Apr 11:31am **Last 61.91 Chg -0.98 (-1.56%)** ▼



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