



SG Capital Research

Global Market Insights

Research Note – Special Report Analysis (A # 3) –
MAEG- SPECIAL REPORT ANALYSIS SG 2012 # MAY_10

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SPECIAL REPORT

- **Contents for Coverage within A # 3 – SPECIAL Report (SP)**
- **GDX**
- **NEM**

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● 1- Executive Summary

GOLD / GDX / NEM

PQV & PEC –D Analysis has kept us from harms way in GOLD Market since 2/23 – Triggers in

- GDX – CZ 57-58)
- NEM – CZ 64-63) &
- GOLD (CZ 1775-1750) @ POM 14 all the way down to current levels.

This has been 2nd worst correction in GOLD MINERS in past 10 yrs. A Non stop decline of 30% -35% in XAU / HUI. In process cutting down some of the Sr. Gold stocks down 60%.

We have awaited very patiently for the current CZ projections to arrive for taking Fresh positions. In the process taken some slack from some of our Golden Bulls friends from US for remaining bearish for this long. There is certainly no regrets here.

Now that the prices are finally arriving near horses mouth so to speak . As we know, oversold market can remain oversold forever (in this case for 6 weeks and 20% decline was the oversold nature).

Finally GDX & NEM arrived into its Projected CZ as expected & articulated in our previous Reports for quite sometime.

Its arrival came into CZ in Bullish Manner with PQV validation. Yesterdays 5/10 , A # 2 B Report – We had Alerted in to “scale into” Position for Longer term (If confirmed by other Methodologies) . This resulted in Key reversal yesterday within the CZ

We sometime wonder how these prices know how to go to CZ exactly & react violently on imbalance is very common. But in this CZ, the reaction was to Neutralization and NOT Create Heavy bottom.

GDX

GDX is in CZ 44-42 & PEC D – 43 and reacting very positively with Sign of strength (SOS) & Key reversal in CZ, Our Partial entry was yesterday at 42.10.- As indicated in yesterday's ALERT. If SPX rallies. GDX should come out of gates first

What can happen next ? – Such CZ testing & reversal pattern is called “ last engulf “ and has tendency to re test the lower end of the post if not bottom. But there is possibility it may test the bottom where we may scale back in

Possibility of False break below in GDX , Why ? Wide card is GOLD .

GOLD perfectly completed PEC-D @ 1580 EXACT yesterday , The projection that was created from 1775. Although we have scaled into it .We would feel more comfortable if CZ 1580-1540 heavy bottom is tested successfully, Area where we would scale in for new position closer to lower end of CZ 1540 for additional .

If this testing happens in GOLD going into CZ as final Gasp, GDX may just get dragged down on false break in Sympathy(just something to keep in mind)

The False break lower would be 42-40 & come back in range (This might be opportunity)

Bigger Picture – Longer term XAU (Covered in detail our last C # Commodity Report) 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

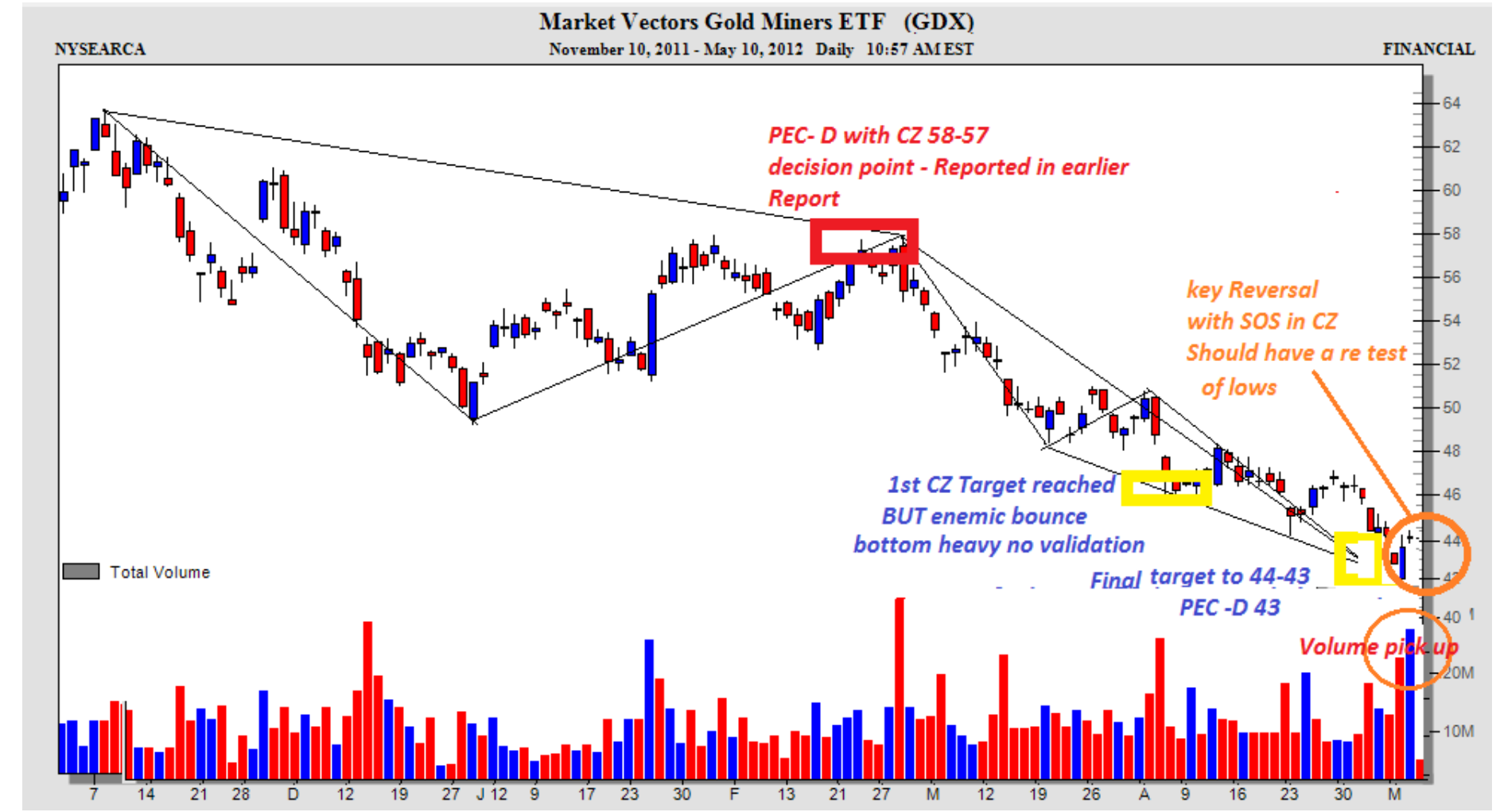
NOTE –

By PQV /CZ Methodology , Scaling into CZ for new position is strategic buying NOT considered doubling down of losing position.

GDX – CZ – PEC-D Analysis (Reference C # Commodity Report for back up)

From Chart below it is more clear PEC-D to 43 is met and CZ CZ 44-43 (in yellow) is met & Key reversal with SOS **WITHIN CZ** with PQV Validation.

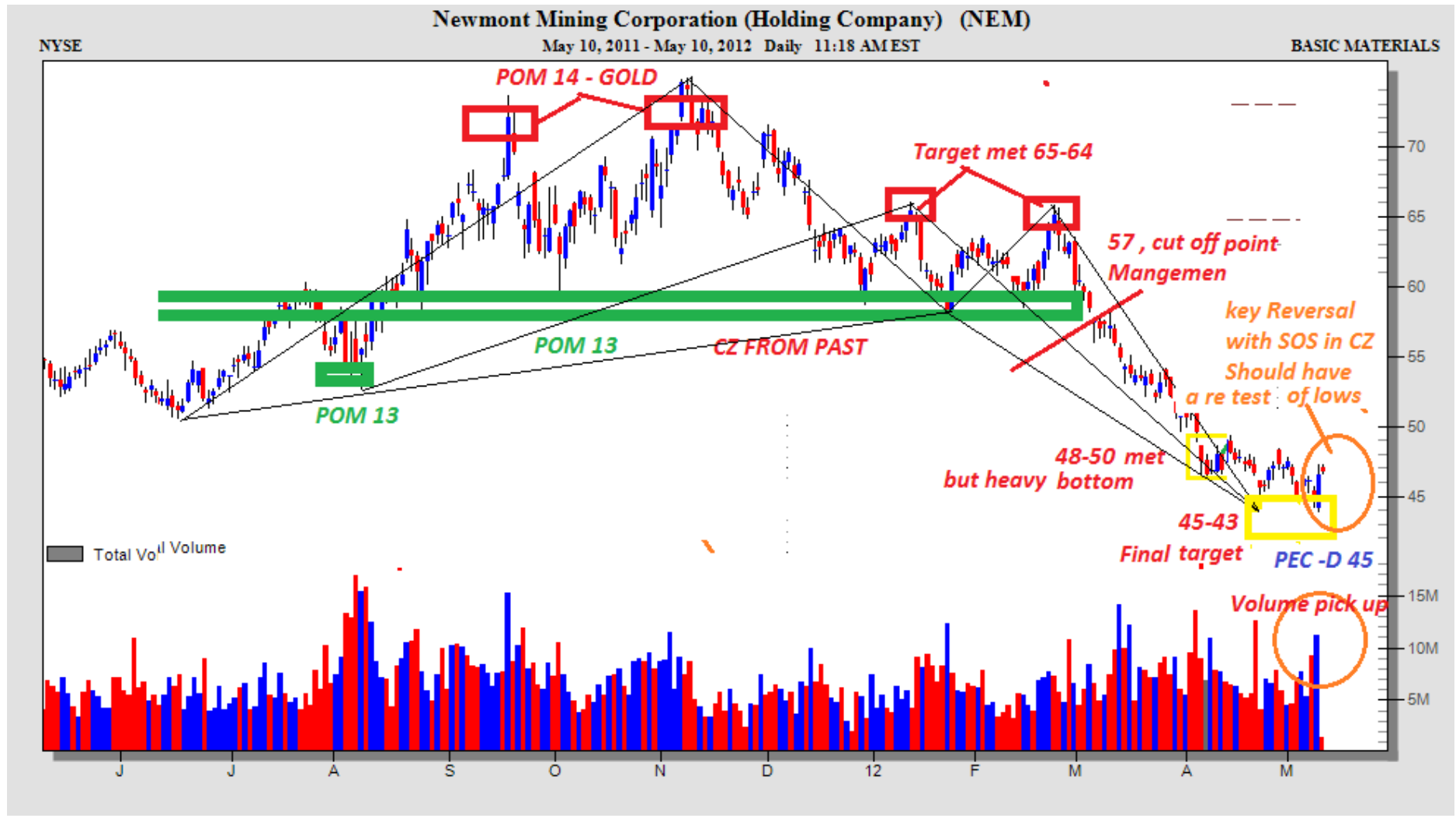
GDX relentless 30% selling from our CZ – 58-57 Triggered – (POM 14 GOLD Trigger CZ 1775-1750).



NEM – CZ PEC-D Analysis (Reference E # 2 – 15 HQ Equity Report for back up)

From Chart below it is more clear PEC-D to 45 is met and CZ CZ 45-43 (in yellow) is met & Key reversal with SOS **WITHIN CZ** with PQV Validation

NEM's relentless 32% selling from our CZ – 65-64 Triggered – (POM 14 GOLD Trigger CZ 1775-1750) .



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