



**SG Capital Research**

Global Market Insights

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

**MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # APRIL\_11**

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

*By: Suneil R Pavse*

*Contact: apavse@aol.com*

---

**Commodity Analysis (C) – (SP)**

• **Contents for Coverage within C # SP**

- COMMODITY INDEX/ CRB / CCI / DBC .
- GOLD (GLD)
- SILVER ( SLV)
- MINERS (GDX )
- OIL ( USO)
- NAT GAS (UNG)
- COPPER ( JJC)
- BASE METALS ( DBB)
- AGRI COMMODITY (DBA)

# **Index – C # Commodity**

***1. Executive Summary.***

***2. GOLD / SLV – Commentary***

***4. COMMODITY – Commentary***

***5. POM / CZ Signals, Price Projections & Trading Conclusions.***

***6. Charts Analysis – CRB***

***7. Chart Analysis – GOLD/ SLV / GDX***

***8. Chart Analysis - OIL, NGAS, COPPER, BASE M, AGRO***

***9. APPENDIX – Objectives, POM Signal History, POM /CZ Guidelines & Limitation , Disclaimers***

- **MARKET – ( Special situation)**

*Past 4 days of Market decline, we saw downside volume come out of this Market especially as it approached our ST – CZ Target 1365- 1370 given in our Mondays A # 1 – MS, & with extremes TRIN , TICK & PUT / CALL Ratio readings. This suggests these areas will be tested and eventually broken after the bounce is complete. We might initiate the bounce soon. Upon completion of bounce we should set up new ABC down especially in weaker IDX ( In Related Reports) where we saw heavy volume come out of this decline.*

*Close below Area CZ – 1365-1370 on weekly basis would indicate the Market is back in the Trading Range from April 2010 & May 2011 highs and the move above 1375 was false break top side. Negating move above 1375 as just a blip on longer time frame charts.*

*Market took back 6 week worth of gains in 4 days. Patience worked out well for our ACTION ZONE - POM 15 Trigger at 1375 for Core position entry and to scale into Net Short Position towards the test of 1425 failure / close below 1415. This allowed to preposition for the down move in various Instruments covered in various Individual Reports. We shall look at NYA more closely on bounce. This bounce will come in all the IDX instruments that we track in other Reports*

*Market after being down 4 days in row especially (MSCI – World – Ex US ) down - 7 % from our POM 15 – SPX Trigger date 2/29.*

*SPX completed ST round Trip back to 1370 on 3 drive to the Top to 1420 ( both these price pattern also coincided with SHORT TERM – PEC-Ds target of 1365 from 1420 indicated in Mondays' r A # 1 MS – Report ). Now Counter Trends bounces are part and parcel of the process and snap back rally can be quick , to be sold on taper points.*

*As pointed out in Reports, since POM 15 Trigger, the Weak IDX performed much nastier on downside than SPX . i.e NYA, IWM, Among Sectors we preferred XLE, IYT, XLI ,CRB, XLB, GDX for the weakness. Among Global IDX , we preferred EFA, EEM, BRZ, EZU ( EURO) , AUST worked out great on downside spreading the Risk. For SHORT position we prefer weakness and these were certainly worth the wait. At the Market Tops, Timing “ the Price” has higher probability on accuracy then Timing “ the Time “ . However at the end of the day it is patience game. **Just like any other Model nothing can be perfect but we assure you of our best judgment & efforts taking into account all the indicators before we commit & focus on Risk Management. It is great to see Majority of our calls / Price path are working out in these various Reports since our Signal .***

*Since the day AAPL price triggered 485 for Parabolic move we stayed away from NASD due to its 20% weightage, thereafter NASD did not see any breakdown volume, going up on Momentum. In spite of 4 days decline it is not ready*

# NYSE – Poly Trend Analysis,

Clearly suggests, post POM 15 decline ( in red) with valid break downside and ST positive divergence for bounce.  
Target should be towards under Poly Trend & CZ indicated in yellow. We shall monitor PQV on bounce . But bounces are bounces

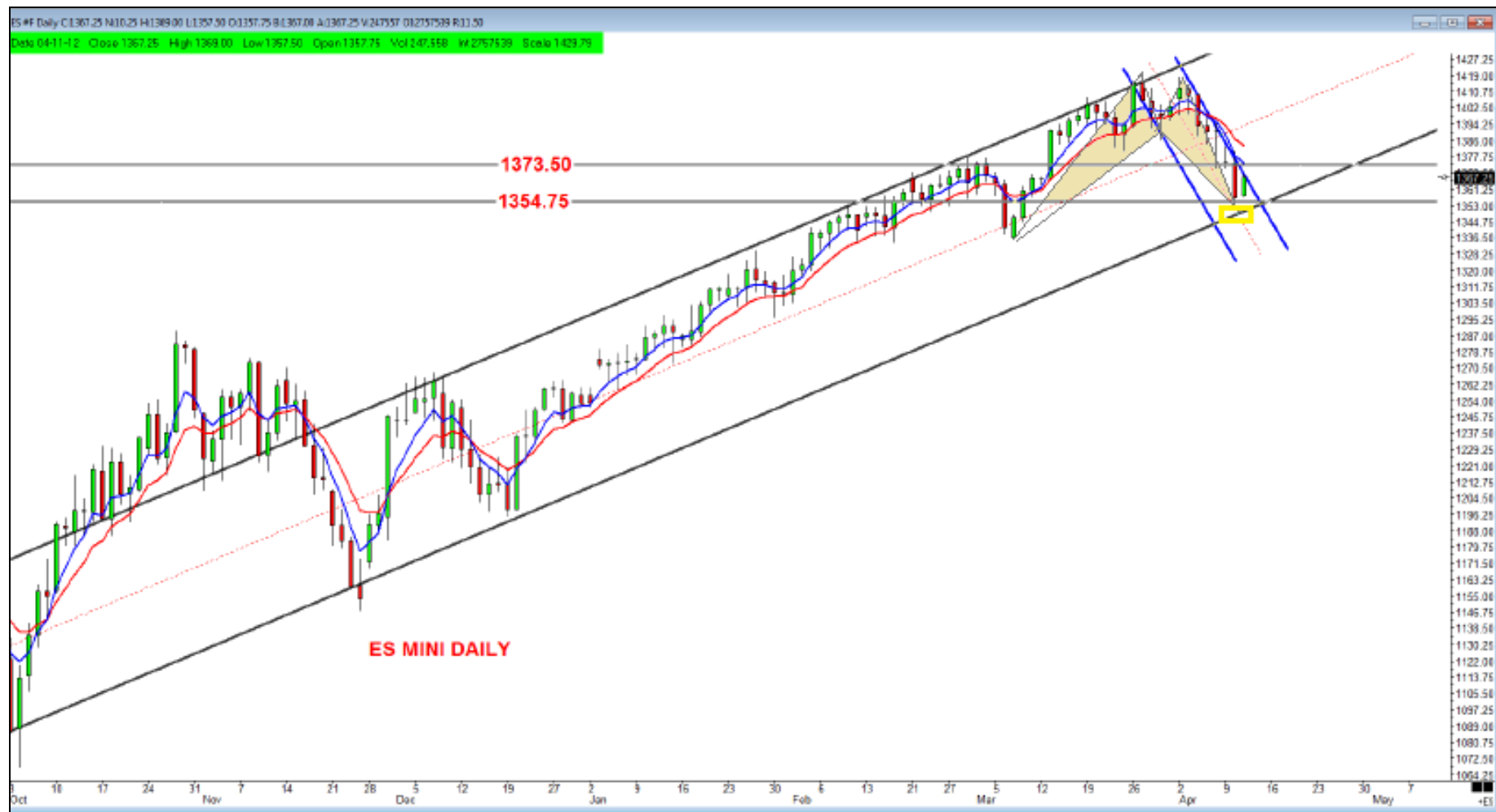
We have preferred NYSE for its diversification ( non AAPL factor)



# SPX – SHORT TERM HRLY – PEC-D Analysis,

*On Short term basis , Our First spot on this decline could be 1375-1365 ,( ST – PEC-D ) From the Top that was put in above chart at 1415-1425 . was met . This coincided with banging the trend line with volume .*

*The counter trend bounce from that price point might be the opportunity for Bears to Short if PQV invalidates the bounce.*  
*If Volume picks up at yellow region , the decline should continue to next level. Bounces are just bounces*



# SPX – MID TERM – Trend Analysis

*SPX broke the top side with invalidated PQV and currently right back as volume is picking up. This suggests the lower channel line will be touched at some point.*

*Close below the **CZ (red)**– 1365-1370 on weekly basis would indicate the Market is back in the Trading Range from April 2010 & May 2011 highs and the move above 1375 was false break top side. Negating move above 1375 as just a blip on longer time frame charts*



- 1- Executive Summary .

- COMMODITY

*Commodity Market has been following our Price Path Script & Projections very closely as articulated in our Previous Commodity Reports ( includes GOLD, SLV, GDX (GDX), CRB , Base Metal, Copper etc.)*

*Technically CRB and its Major component ( except Oil) has been weak since our POM 15 Trigger on SPX as indicated in our last C # Commodity Report & continues to prove its merit . Certainly Commodity Instruments have been good instrument at POM 15 for Short Position then SPX itself.*

*Past 10 years every rally in SPX has been led by Commodity Market. And conversely Decline in SPX has began with Commodities topping out before equities. We have seen this once gain. Gold Miner also Topped out first and may be Proxy for such pre cursor.*

- COMMODITY ( CRB)- meeting its own CZ AT 330-320 with its Price Path Analysis & failed. This market followed our signals of POM 15 on SPX on downside .
- DBA UNG – Went below our CZ and exited on Risk Management . Especially UNG in spite of being oversold continues to decline due to effect loosing value on Rolling over contracts to re adjust NAV . We stay flat. .
- OIL( \$WTIC) - Since last Report, Due to Geopolitical situation. We were Neutral, in spite of having Projection target. Refer below
- DXY - The USD continues to move on New ABC up from 78 to 82 put in pressure on GOLD , CRB.

# GOLD

GOLD upon reaching Price Projections CZ 1650-1620 for Secondary test, it reacted Violently once again in Bearish manner still creating more bottom heaviness on PQV Validation. Upon reaching the CZ in Bearish Manner with valid break downside , this qualifies GOLD for a bounce ( not a rally ) . This bounce from this area should taper into 1650- 1660 & 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.

*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 .*

GOLD at current price is much closer to the Bottom Zone 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 if not outright Buy.

**PLAN B** - Chart below has been Analyzed based on 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 1610 to 1560 decline may be one of the fast price destruction down 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

Current inter market Analysis theme , USD is on another ABC up from 78 –( key reversal ) from our pull back re entry trigger. Now move is targeting 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.



## **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 & 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. .

## GDX

Mining Stocks ( GDX) has reached in CZ 45-47, Our 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.

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 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 decline may be one of the fast price destruction move to finish the down 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.

# POM Signals , Trading Conclusions - Price / CZ Projection Summary

C# Commodity Report 11th April 2011	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
<b>GOLD</b>				
SHORT-TERM -POM 14 last 1725	NEUTRAL	1668	1650-1625	Decline from 1775 to 1668 was met (140 pts decline)
MID-TERM - POM 13 (1575-1550)	NEUTRAL	1650-1625	1560-1531	Awaiting for PQV Validation
LONG-TERM POM 12 ( 1250-1225)	BULLISH	1250-1225	1900 -2000	Consolidation in larger range 1450-1825 (Partial Long Position in tact)
<b>GDx (Miners)</b>				
SHORT-TERM from 58	NEUTRAL	47-45	44-43	Decline from 58-57 to 47-45 was met (11 points decline)
MID-TERM	BULLISH	47-45	65-67	Awaiting for PQV Validation
<b>SLV</b>				
SHORT-TERM from 35	NEUTRAL	31	31-30	Decline from 34.5 to 31 was met (3.5pts decline)
MID-TERM	BULLISH	30-29	TBA	Awaiting for PQV Validation
<b>CRB</b>				
SHORT-TERM from 330-320	BEARISH	330-320	300-305	Decline met ( 25 points decline) / Short term bounce
MID-TERM	BEARISH	360-370	TBA	4th leg down
<b>OIL</b>				
SHORT-TERM	BULLISH	100	TBA	Bounce should come / Risk Management 98.5
MID-TERM	NEUTRAL	TBA	TBA	
<b>DBB ( Base M)</b>				
SHORT-TERM	BEARISH	22-21	TBA	leg down in progress ( bounce in between ) Should follow CRB
<b>JJC ( Copper)</b>				
SHORT-TERM	BEARISH	53-52	TBA	leg down in progress ( bounce in between ) Should follow CRB
<b>DBA ( Agro)</b>				
SHORT-TERM	NEUTRAL	TBA	TBA	No Trigger Risk Management below 28
<b>UNG ( Natgas)</b>				
SHORT-TERM	NEUTRAL	TBA	TBA	No Trigger Risk Management below 28

## CRB – Chart Analysis

- **YTD – Commodity Components with SPX performance v/s CRB**
- **DXY Correlation / CRB - with MA , Trend & Oscillator Analysis**
- **DXY - with Poly trend & Oscillator Analysis**
- **CRB / DBC- with MA , Trend & Oscillator Analysis**
- **CRB- Poly Trend Analysis.**
- **CORRELATION RATIO Analysis – CRB v/s USD, CRB v/s SPX**

## GOLD / SLV, GDX – Chart Analysis

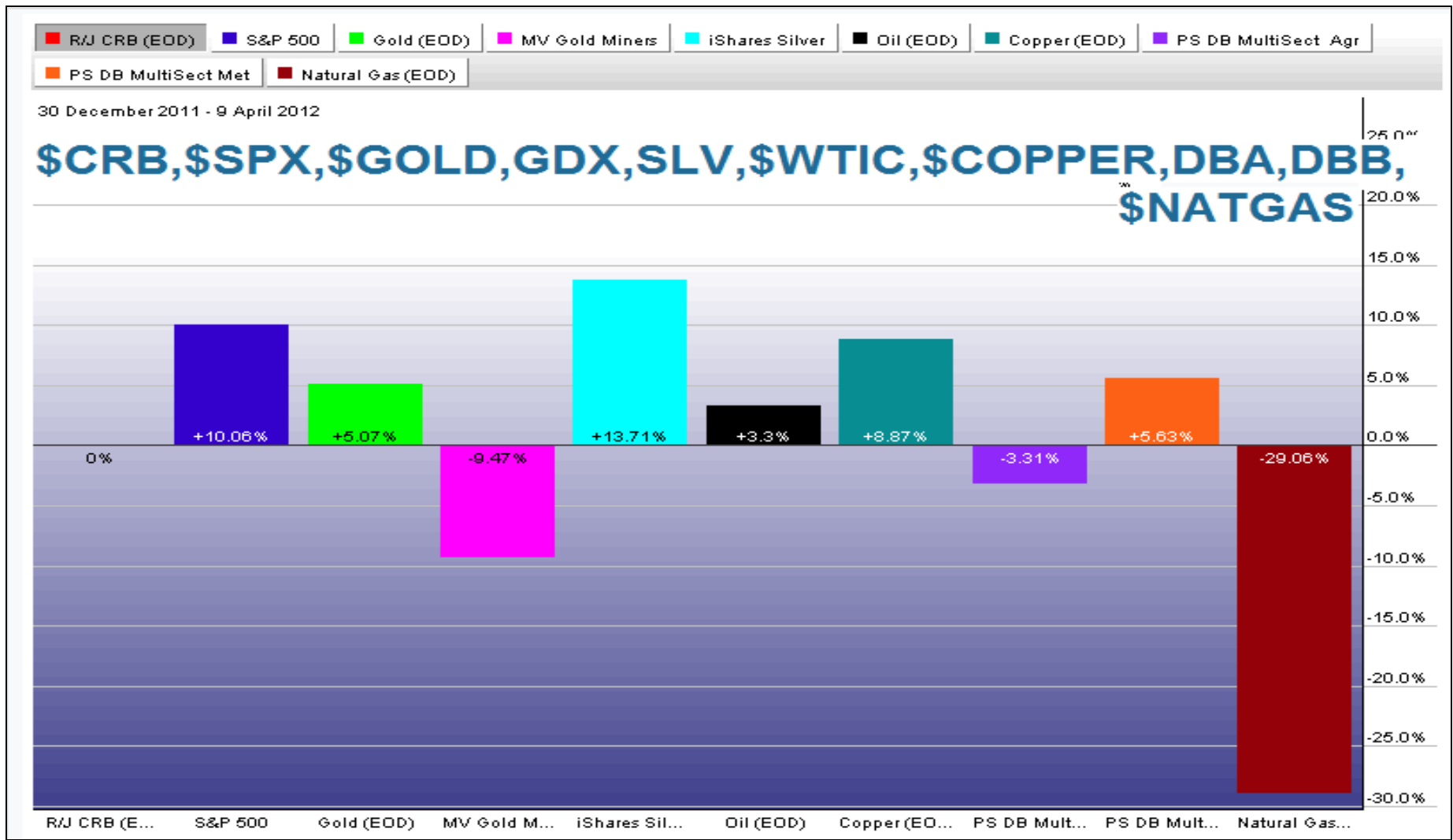
- **GOLD MA, Trend & Oscillator Analysis –**
- **GOLD - PEC –D Analysis**
- **GOLD – Cycle Analysis**
- **GOLD / SLV – Lead / lag Analysis**
- **EXTREAME Sentiment Analysis ( 3<sup>rd</sup> Party Data )**
- **SLV – PEC –D Analysis**
- **SLV – Poly Trend Analysis**
- **HUI / XAU – PEC –D Analysis**
- **GDX – SMA & Trend Analysis**
- **GDX – CZ – Price & Volume**
- **CORRELATION RATIO Analysis– GOLD v/s GDX, SPX, SLV, OIL**

## Commodity Component – Chart Analysis

- **OIL – PEC –D Analysis**
- **OIL –MA, Pattern & Oscillator Analysis**
- **NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis**
- **COPPER ( JJC) – MA / Pattern & Oscillator Analysis**
- **CORRELATION RATIO Analysis – COPPER v/s SPX , CHINA,**
- **BASE METAL – (DBB) - MA / Pattern & Oscillator Analysis**
- **AGRI – COMMODITY – (DBA) - MA / Pattern & Oscillator Analysis**

# • YTD – Commodities & SPX performance v/s CRB

**Weakest and strongest Indices** - Since is beginning of the year 2012 , **FOR PAIR TRADES** - it is very critical to keep close eye on this chart for Strength / weakness pick up in these market . ( Chart below is our Inter market Analysis Model with Ratio Relative performance v/s CRB)



# 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*

*Failure began with wide ranging price bar into PEC-D - 1775 - exact ( POM 14). & nasty decline began towards 1610 now bounced back .*

-.



# GOLD – CZ, Pattern Analysis

By this Method - Chart below indicates valid break . on PQV / VTO Violation in our .Downside target 1650-1620 area. Close below 1610 now target s CZ 1575-1530 to provide best Risk Reward.

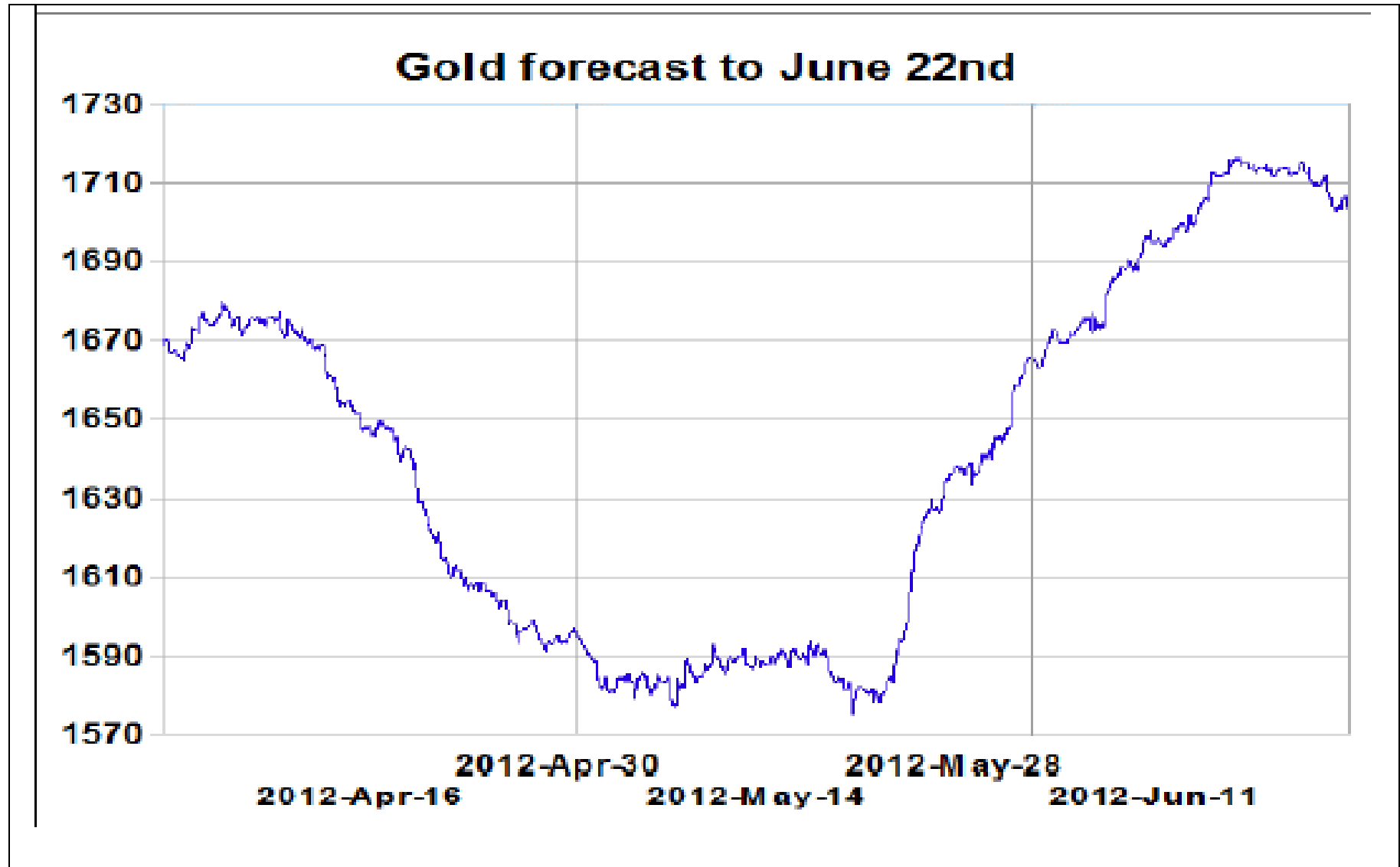
Earlier - POM 14 – CZ – proved its merit at red box CZ 1775 -1750 ( red) for current decline to 1650-1620 ( yellow) area as expected.

Notes within the charts)



## GOLD – Cycle Analysis – **On track so far**

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





- **EXTREAME Sentiment Analysis GOLD ( 3<sup>rd</sup> Party Data )**

Courtesy : SENTIMENT TRADERS

- **GOLD – PUBLIC OPINION - NON @ EXTREMES SENTIMENTS**

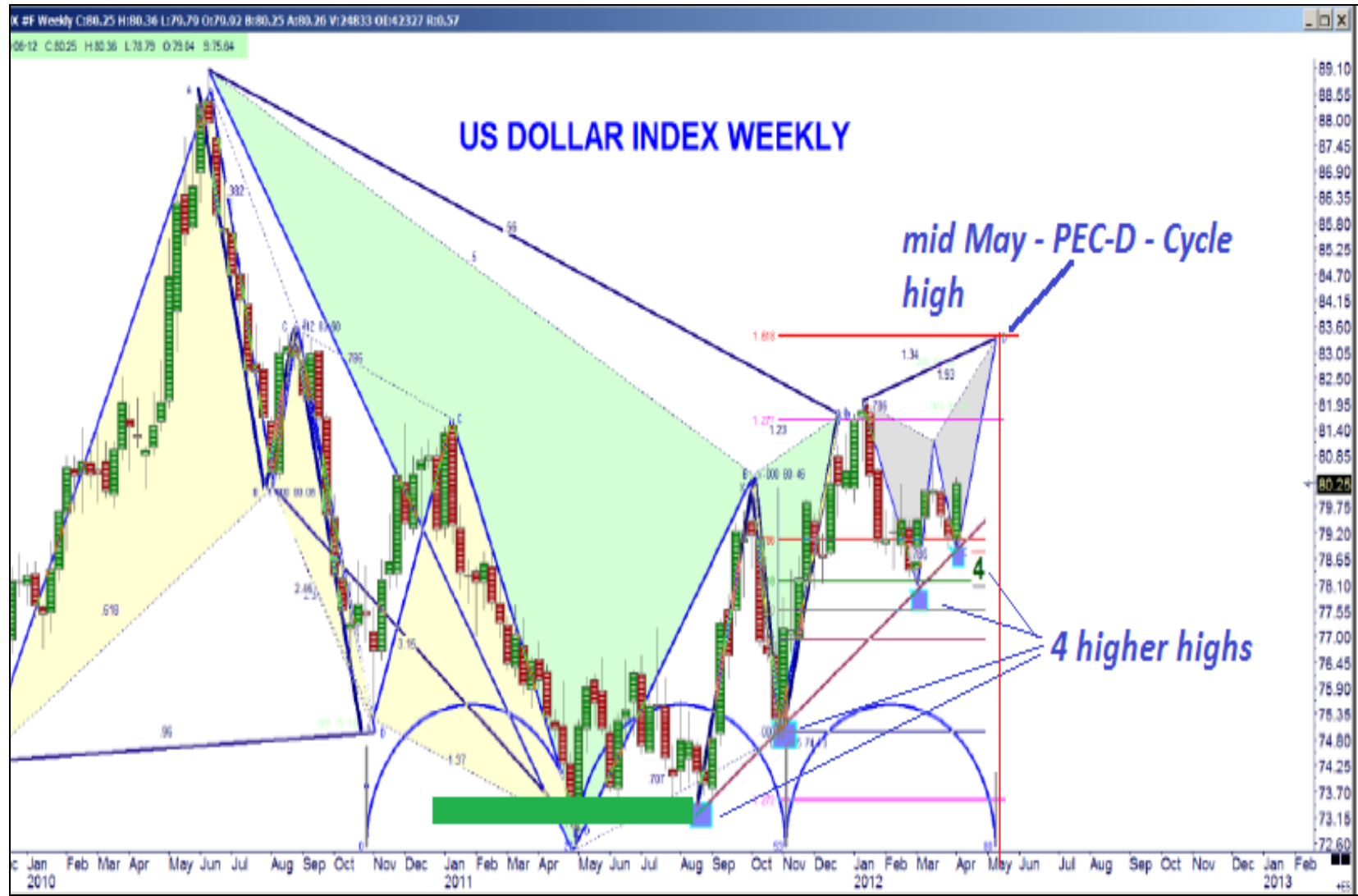
- **RYDEX CASH FLOW - NON @ EXTREMES SENTIMENTS**

- **GOLD – COT - NON @ EXTREMES SENTIMENTS**

# USD, - PEC-D Analysis – LONG TERM

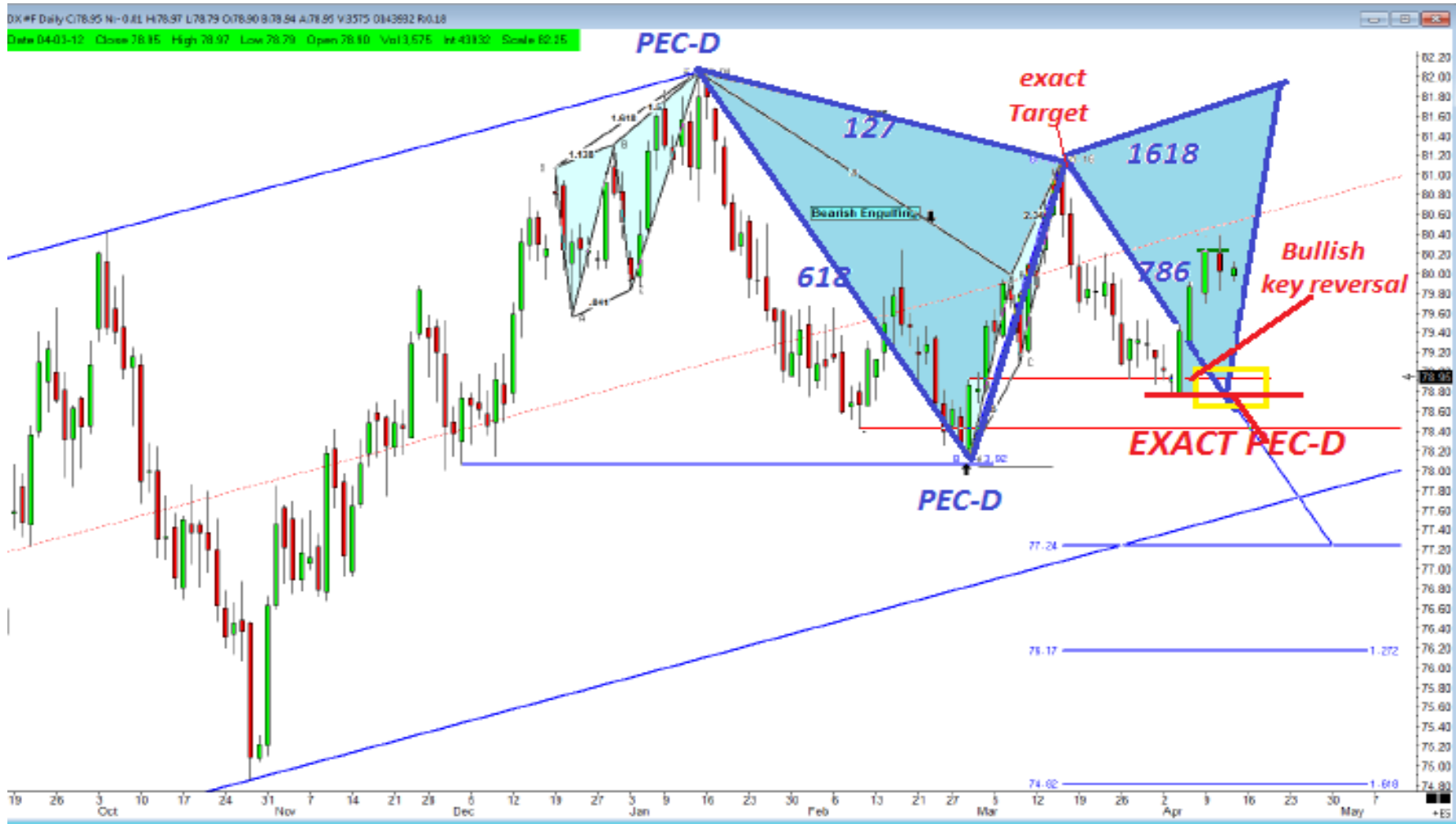
*Weekly huge key reversal with Sign of Strength of Strength ( SOS ) i, suggests next move to the top –PEC-D high 83.6 on weekly . Major bullish divergence on Oscillator that signals a bottom is solid on every rally.*

*DXY began MAIN Trigger @ 72-73 ( 09/07/2011)*



# 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**



# CRB- Poly Trend Analysis

The commodities failed in our **CZ 330-320** ( as indicated) and declined to our First expected **target to 300** . It should be ready for bounce soon as it approached the CZ

**CZ of 330-320** with -ve divergence and PQV is invalidated.



## CRB / DBC- with MA , Trend & Oscillator Analysis

By this Analysis – the bounce reached back to CZ is 330-320. & FAILED (SPX triggered POM 15)  
Target on this move is 300-305 ( indicated in yellow) & PEC-D

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



- **CORRELATION RATIO ANALYSIS**

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

**Inverse Correlation continues in Current Trend – No extremes**

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

**Direct Correlation continues Current Trend – No extremes**

# SLV – PEC –D Analysis

**By this Analysis – PEC – D Projection on downside is 30-29 indicated in yellow . The decline began from PEC-D 34.5 @ 786/127- PEC-D as stated in earlier Reports.**



# SLV – Poly Trend Analysis

*As Reported in earlier Report , By this method , Silver was at high risks area CZ Triggered **at 35.5** challenged the Poly Trend target where previous rallies have failed. is in counter trend bounce., That trend line is rolled over to the downside bearishly*





## SLV – CZ, Pattern Analysis

By this Method -.. The retracement to -30 -29 area if PQV validates., We think better Risk / reward should be set up , till such time our Model would not Trigger sustainable up move.

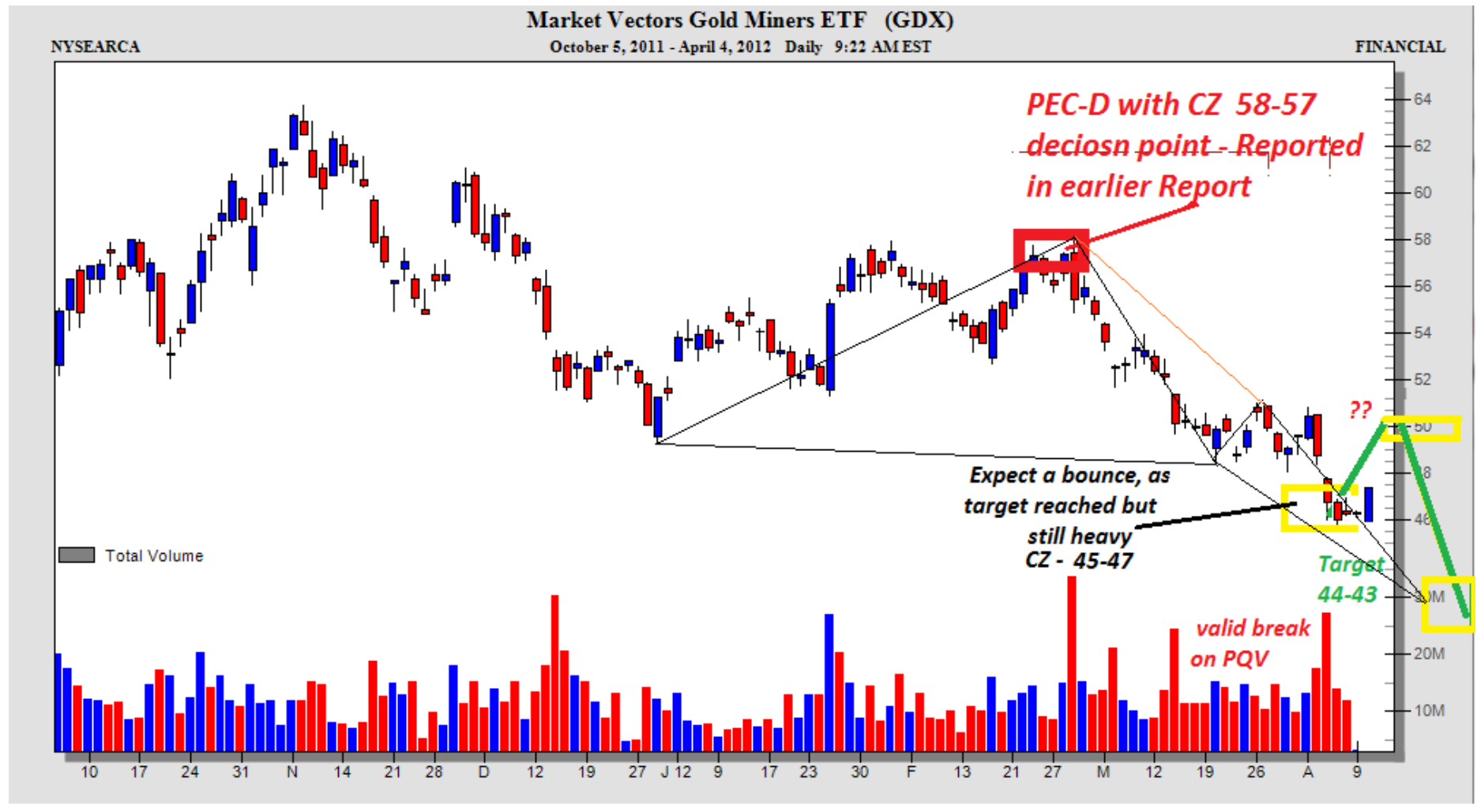
As expected , SLV failure began in CZ35-34 ( RED) due to PQV, -ve VTO , This was a Bull Trap., now moving back below the breakout with a sharp decline to 30.



# GDX – CZ – PEC-D Analysis

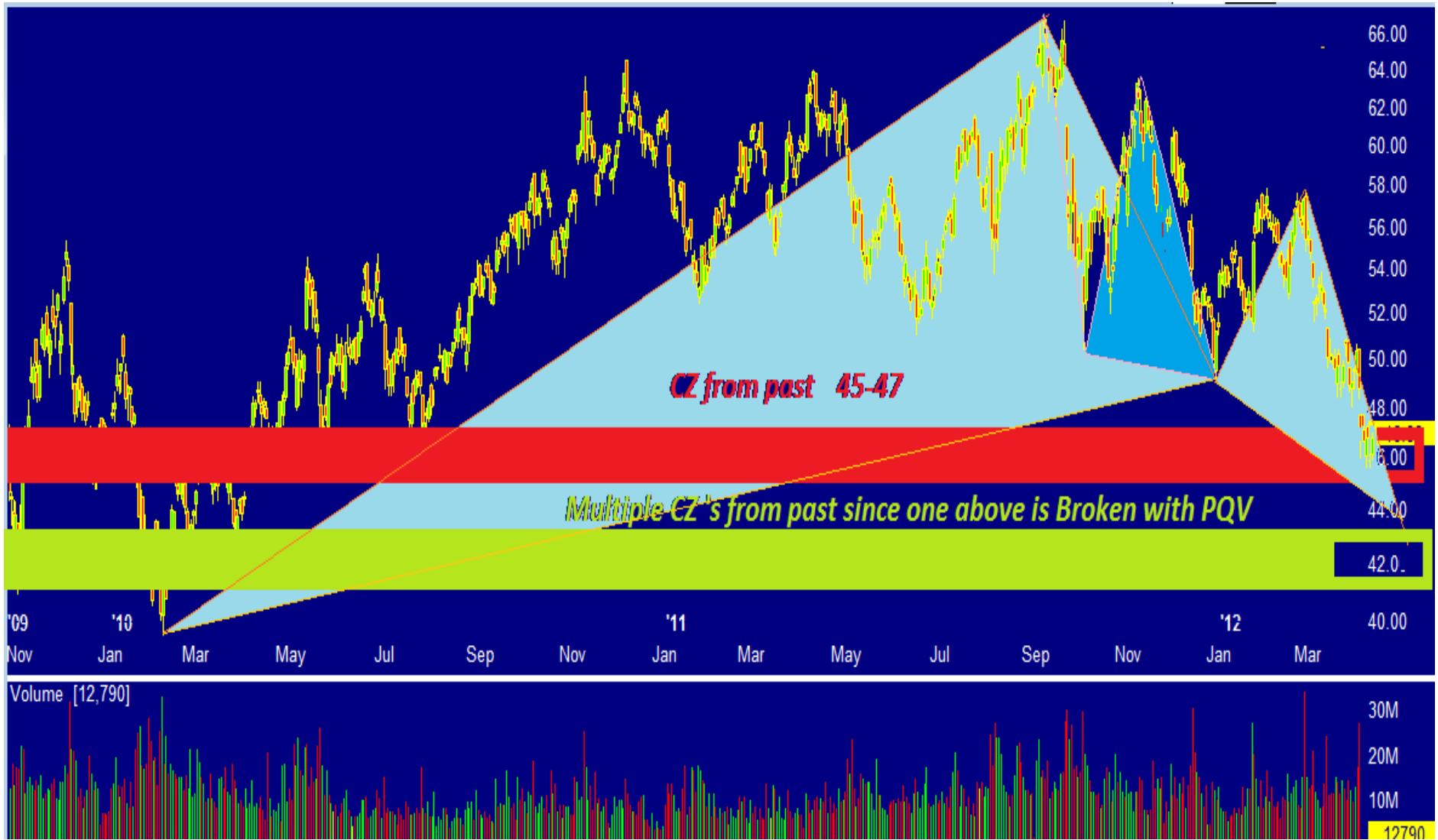
By this Model – From previous Report PEC –D pattern proved its merit and sell off began from GDX – 58-57 decline to Target projected to CZ 47-45 achieved but still heavy & Invalidated PQV. When CZ is broken with High PQV it jumps to next level next level is CZ 44-43

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.



# GDx - PEC - D Analysis

From Chart below it is more clear on logic – **PEC-D to 44** and CZ from past **CZ 44-43** ( 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 - Longer Term

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.



# HUI / SPY Ratio Analysis - Longer Term

*HUI/SPX ratio going back to 2000 low. RSI dropped below 30. This is the fourth time the weekly RSI of this ratio dropped to 30 going back to 2000 low. Slow Stochastics of the HUI/SPX ratio close below 20 as this is the fourth time since the 2000 low and previous times it has got this low the market started and intermediate term rally.*



## 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 - NONE @ EXTREMES**

**MID TERM - GDX is 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.*

**NONE @ EXTREMES**

- **GOLD : SLV RATIO – Extreme Ratio - Analysis**

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

**NONE @ EXTREMES**

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

*DBA broke our Bullish CZ on downside . Earlier triggered entry at 29.00 . Risk protected with stop at 28.00.*



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

*UNG broke our Bullish CZ on downside . This is the 2<sup>nd</sup> time it failed to hold after key reversal .*

*Earlier triggered entry at 18.4 . Risk protected with stop at 17.5. BUT Several Individual NGAS stocks have broken out & remain Bullish.*

*UNG going through the capitulation phase. By several Matric including v/s \$WTIC is very undervalued.*

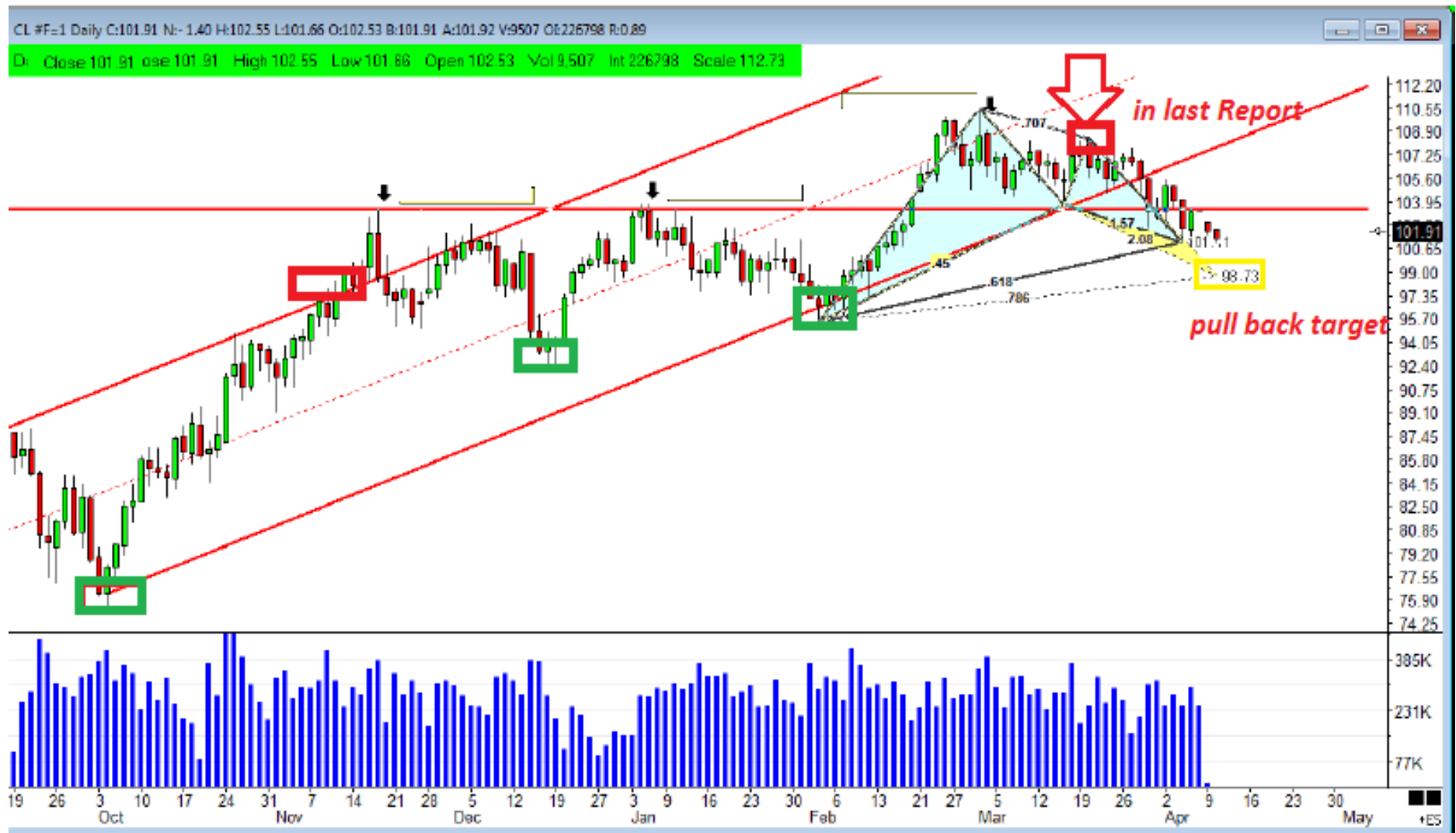




# OIL – PEC –D Analysis -

*Last Report we pointed out PEC-D at 108 as top with price projection to 100 but did not take the Trigger & stayed Neutral due to Geopolitical issues . This Report we will ignore Geopolitical events .*

*Our PEC-D projection is 100 -99 and then turn*



# OIL – Poly Trend Analysis

If we look at OIL in slightly different Analysis . It appears pull back to break out CZ 100 -99 held & consolidate in FLAG should result in move back up . NOTE – if close blow 98 , it should target next level down .



# Correlation Ratio Analysis

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

*Oil prices are back above 95 . Every time it exceeds 95 , the correction is due in SPX . We are currently in the similar situation & extended.*

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

*The Price Path Analysis in SPX & COPPER act as LEAD / LAG Indicator on its correlations. Copper is once again is showing diverging from SPX . Copper has been lead indicator by at least 2-4 weeks in prior cases to call nasty decline. We have already past 4 weeks..*

- **\$ 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 .*

## COPPER - PEC -D Analysis -

**COPPER** - Natty decline from our **PEC -D** exact at 4.0 .

*Copper's rebound may be over as it failed to exceed its prior high. That represents a bearish divergence against stronger commodities & CRB*



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

*Bounce into CZ 52-51 & Failed with key reversal @ POM 15 – SPX . It should follow CRB on next decline.*



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

*Bounce into CZ 22-21. & FAILED with key reversal @ POM 15 – SPX. It should follow CRB on next decline. .*



## SD - OVERVALUED v/s CRB ETF ( SD +2 )

- \$WTIC v/s NATGAS

## SD - UNDERVALUED ETF ( SD - 2 )

- NATGAS v/s CRB
- GDX v/s GOLD
- GDX v/s CRB

# Appendix Content

- **1. GOLD / SLV – POM Signals History for 2011**
- **2. Trading & Investment Conclusion History GOLD / GDX 2011**
- **3. Objectives & POM /CZ Guidelines**
- **4. Guidelines for Full Utilization of “ SP” Report with Limitations**
- **5. GOLD & CRB Components – 52 Weeks Chart with Signal turns**
- **6. GOLD - POM – “ Price Oscillation Model “ Criteria**
- **7. PEC –D “ Pythagoras – Expansion & Contraction Criteria**
- **8. Definitions of Extreme Sentiment Indicators**



#### 4- GOLD - POM Signals , Price Projections, Investment Conclusions

- Start point GLD -1560 (1<sup>ST</sup> Jan)
- POM 15 - Net Short --None ( Total points gains= +0 )
- None recommended for GLD to “SHORT’ in Bull market by this Model. ( Exception for SLV).
- POM 14 - Hedge Longs / Risk Management - None (Total decline saved= + 0 )
- POM 12,13 - Net Long – None ( Total point gains = +0 )

#### 5- GDX. - POM Signals , Price Projections, Investment Conclusions

- Start point 51.5 ( 1<sup>st</sup> Jan)
- POM 15 - Net Short --None ( Total points gains= +0 )
- POM 14 - Hedge Longs / Risk Management - None (Total decline saved= + 0 )
- POM 12,13 - Net Long – None ( Total point gains = +0 )

## 2011 – POM Signals on Triggers-

### GOLD- 2011 –**REAL TIME** TURNS– POM & CZ



(5) POM 13 - Signals  
(5) POM 14 - Signals  
(2) POM 14 - Re

GOLD - YTD - Gains <u>+150 Points</u>	+10.0%
POM 12, 13 - Gains <u>+ 437 Points</u> ( 4 Signals)	+30%
POM 14 to 13 - Partially Hedged & Risk Management saving <u>+550 points</u> ( 9 Signals)	+35%
POM 15 - Net Short SLV <u>+ 10.5 gains</u> ( 2 Signal)	+33%

# GDX - 2011 – TURNS **REAL TIME** – POM & CZ



GDX - YTD (-10 points) \_\_\_\_\_ (-15%)

POM 14 to POM 13 - Risk Management saving +30 points gains ( 4 Signals) — +60%

POM 13 +18 points gains ( 3 Signals) \_\_\_\_\_ +35%

# SLV- 2011 –REAL TIME " CRASHES" – POM & CZ



# CRB Commodity-2011-TURNS **REAL TIME**- POM & CZ



CRB - YTD - (-30 points) \_\_\_\_\_ **(-10%)**  
POM 12/13 + 115 points gains ( 5 signal) \_\_\_\_\_ **+40%**  
POM 14 - Risk Management Saving 180 Points (6 signals) \_\_\_\_\_ **+55%**

**SELL SIDE - Triggered previously by CZ TRACKER at Qualified CZ**

- ( CZ validation time & price indicated Red on charts below & Trigger points in Appendix)
- Remaining Commodities including OIL had – No Validation or Triggers
  
- \$ WTIC , JJC (Copper), DBC



- **GLD/ SLV - Trading & Investment Conclusion - – Updated**

- **GOLD – POM Signals & Price Projections - Start point 1420 1<sup>ST</sup> Jan**

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

- **Alert** - POM 15 –, SLV – Triggered **Alert** Jan 1<sup>st</sup> @ 30 target 26 , 25<sup>TH</sup> Jan = ( 4 points) 12% gains
- **Alert** - POM 15 –, SLV – Triggered **Alert** April 26<sup>th</sup> & 28<sup>TH</sup> @ 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 while 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) – 8<sup>th</sup> HEDGE - B # Report- POM 14 - CZ Trigger @ 1680-1740**

- **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>rd</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

- **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 1<sup>st</sup> Jan

## 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 whiles the bigger Trend kicks in*
    - Alert - CZ @ 59-61 – Revised - 4<sup>TH</sup> HEDGE
      - 3rd Hedge - Closed @ 56.5 ( **9/23 - Alert** ) from POM 14 Re run @ 61-62, 8/23 = 5 points gain 8.5%
      - 2<sup>th</sup> Hedge - Closed on **5/6** at POM 13 @ 56 from POM 14 @ 62 = 6 points gain 10%
      - 1<sup>st</sup> Hedge - closed **on 1/25** at POM 13 @ 53), from POM 14 @ 62 ( since 1<sup>st</sup> 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)



- **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*

## ➤ 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

## POM criteria for Implementation

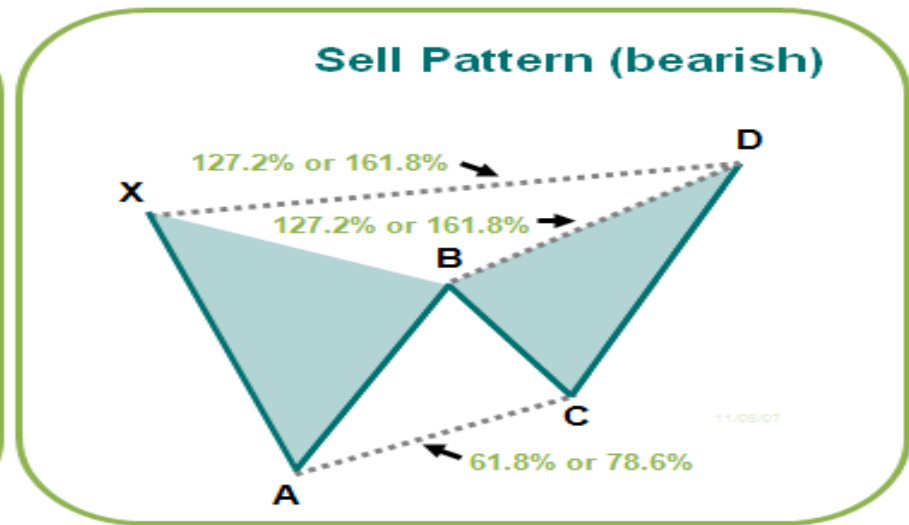
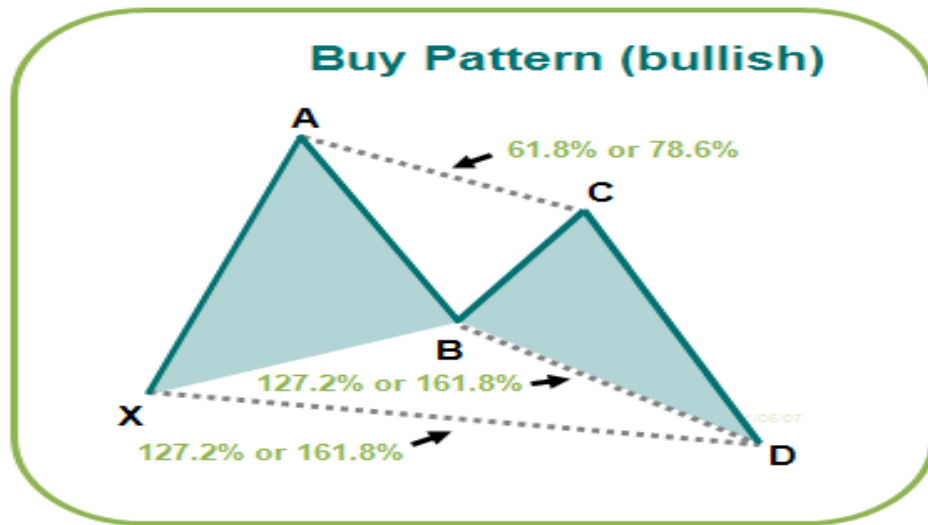
- POM is rated from 10 to 15
- POM 14 , 15 ( is Sell Signal) and 12 , 11 ( is Buy Signal ) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On 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 2<sup>th</sup> 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



## • EXTREAME Sentiment Analysis ( 3<sup>rd</sup> Party Data )

Courtesy : SENTIMENT TRADERS

*Our Sentiment Analysis has "Intermediate & Short term" composition. We evaluate ( 8- 9 ) Indicators for sentiments out of which some are working well for Short term and other for Intermediate terms These are either Numerical Indicators as the Investors sentiments is expressed through purchases of the market*

*Rydex flow, Insiders activity. The Emotional / Survey sentiments we track Investors Intelligence sentiment Advisors sentiments. etc. All these are Integral part of POM composition ,*

*Our Behavior Indicators Commercial Hedges , AAll etc Sentiment Indicators, Insiders activity, Speculation activity,*

*Based on current market condition and the probability of Indicators we point out the EXTERME INDICATOR ONLY as a observation points*

**Disclaimer :** The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.