



Date : 5th Dec 2012 ( **Wednesday** )

## COMMODITY REPORT (Strategy & Prop Tech)

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### ● Executive Summary

	Current Price	Triggered POM or Secondary CZ - PQV	Triggered date announced	Triggered within CZ	Progress Status	Current Position	ACTION - New Position ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>DBC ( COMMODITY INDEX) CRB-COR</b>	28.20	POM 13 Run CZ / PQV @28.41	10/15	NONE	NEUTRAL	CASH	NONE	CZ 28.75-28.25		CZ -27.2-26.5		" No favorable Risk / Reward"
<b>OIL ( \$ WTIC)</b>	89	NONE		NONE	NEUTRAL	CASH	NONE			CZ -84-83		" No favorable Risk / Reward" till CZ 84-83 to buy
<b>JJC (COPPER - COR)</b>	46.09	CZ / PQV @44	11/14	CZ 44.2-43.2	BULLISH	Net Long	NONE			CZ 44.2-43.2- met exact ,(new floor)		Initiated Net long Pre announced / Alerted . Triggered on 11/14 – Test into CZ 44.2-43.2
<b>UNG (NATGAS)</b>	20.5	CZ / PQV @ 16.00	5/2 & 5/16	CZ 16-16.5	BULLISH (Advised Caution RM@ 22.66 On 10/25	½ Net Long	½ recycling Position re entry ( scale in) Trigger to watch within CZ 20.5-19.5 STOP @ 17.5	CZ -23.75-22.5		CZ -20.5-19.5		Awaiting entry for ½ Recycling position, exited on 10/25, at 22.66 avoiding decline.

Continued.....with Precious Metals

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<b>GOLD</b>	1705	POM 13 @ 1540	05/15	CZ 1540-1580	<b>BULLISH</b>  But <b>Caution Advised at 1770 to 1705</b> remains intact as- re entry @ 1705 has failed at 1703	½ Net Long	On ½ recycling position entered @ 1705, Our Prepositioned Stop was triggered @ 1703 at 8.05 AM on Tuesday 12/4  (Alerted in MS – Reports Monday / Friday @ 1722 , Risk Management @ 1705 stop		CZ 1790-1820	CZ 1705-1725, MET & Broken with PQV for ABC down	ABC down to 1675	1. In light of Bull Market , working around Core position with RM. 2.Recycling position lowered cost basis on core position by 65 points Fr 1770 to 1705 Avg )
<b>GLD (GOLD COR)</b>	166	POM 13	05/15	CZ 150-154	<b>BULLISH</b>  But <b>ST Caution</b>				CZ 173-176	CZ 166-164		Refer Gold Overview note (Cautioned on 9/17 @ 1770 for decline
<b>GDX (XAU /HUI MINERS COR)</b>	46.5	POM 13 @41	05/15	CZ 41-43	<b>NEUTRAL Bearish bias</b>	½ Net Long	On ½ recycling position entered @ 49.5, Our Prepositioned Stop was Triggered @ 46.95 at 12.15 on Monday 12/3 .  (Alerted in MS – Reports Monday / Friday), Risk Management @ 47 stop .	CZ 50.5-48.5, should be a cap for bounce		CZ 50.5-48.5, MET & Broken with PQV for ABC down	CZ 45.5-43.5 is ABC down Target for proper test	Recycling position lowered cost basis on core position by 4 pts Fr 53.5 to 49.5 Avg & 2.5 pt loss ) Maintain ½ Core position LT
<b>SLV ( SILVER)</b>	31.57	POM 13 @26.5	05/15	CZ 27-26	<b>BULLISH</b> But <b>ST Caution</b>	NONE	NONE	CZ 34-33 Met		CZ 30-29		SLV should follow GLD but would be volatile

## **SIGNALS. - Price Projection CZ , Trading / Investment Conclusion**

### **Commodity Indices Overview**

We are "Neutral" on CRB and do not have Position, although POM 13 Re run for Net Long is in progress.

**GOLD, SLV, NGAS, COPPER** - Our Bullish Sectors , But short term Caution is in place, after effective test it should continue to rally.

The NEUTRAL / WEAK Sectors **CRB, DBB, GDX** should be in UNDERWEIGHT.

- **STRONG INDICES**

**GOLD, SLV , NATGAS (UNG), COPPER**

- **WEAKER INDICES-**

**NONE**

- **NEUTRAL INDICES**

**CRB, DBB, OIL - Neutral bias**

**GDX – Bearish bias**

## DBC -(COMMODITY) - NEUTRAL

### Brief Overview

Current position is “Cash”, There is no favorable Risk / Reward at current levels till it enters pull back **CZ 27.2-26.2** subject to PQV Validation.

Near Term the counter trend strength in (DXY) should be weighing on CRB.

Remains Triggered **POM 13 @ 28.4** on 10/15, **within CZ 28-29**, But we do not initiate any New position.( in CASH). This signal completed **POM 14 – Caution** Triggered on 9/24 within **CZ 28-29**

All subsequent commentary refers to CZ to CZ moves are for Risk Management.

## JJC ( COPPER) – NET LONG

### Brief Overview

In last Report Copper was on verge of Trigger in CZ, JJC ( Copper) initiated the **Trigger @ 44 on 11/14**, Since Copper has rallied very Bullishly from our CZ .

Remains Triggered **MAIN CZ – Net long @ CZ 44.2-43.2** on 11/14

All subsequent commentary refers to CZ to CZ moves are for Risk Management.

## NAT GAS)- UNG – “NET LONG”

### Brief Overview

UNG is approaching the pullback CZ 20.5-19.5. for re- entry of ½ recycling position ONLY. Our Cautionary Alert at 22.66 on 10/25 has enabled to avoid the decline whiles Holding the Core position. The Upside Target – CZ 23.75-22.5 has Bullish top

Remains Triggered MAIN CZ – Net long @ CZ 16.00-16.5 on 5/2, & 5/16

All subsequent commentary refers to CZ to CZ moves are for Risk Management.

## GOLD – “NET LONG”

### Brief Overview

In Mondays MS - GOLD at 1722, we Alerted precautionary measure in our “ Action Summary” of potential for testing of “ Heavy bottom” at CZ 1705 -1675 & potential for ABC down to 1675, if Fridays lows of 1720 was broken , In Tuesdays trading Gold was down 18 approached within CZ area. It triggered Alerted Stop @ 1703. CZ requires PQV Validation for sustainable move higher.

Gold has been fast moving Market, We are in No Hurry to chase it !! Our Cautionary Alert on 9/17 for the decline from 1770 is still intact.

DXY is ready to bounce Short term, this may cause the required pull back in Gold.

OVERALL, In the light of Bull Market , POM 13 @ 1540 is in progress for Upside ABC to CZ1790-1820. Our cost basis on Core position is lowered by 65 points due to recycled ½ position exited at 1770 @ re- entry 1705 avg.

Remains Triggered POM 13 @ 1540- on 5/15 we initiated NET LONG within CZ 1540-1580, This signal completed POM 14 Triggered . On 2/6 for HEDGING within CZ 1790-1765. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

## **GDX (MINERS) – NEUTRAL – Bearish bias**

### Brief Overview

As pointed out in last Commodity Report 11/16, The pullback **CZ 50-48** broke decisively in Bearish way to ABC down to **CZ 45.5-43.5**, We waited for bounce and put a Alerted stop @ 47. It triggered @ 47 on 49.5 entry for ½ recycling position.

Our Cautionary Alert at 53.5 on 9/17 for the decline (from 53.5 to 49.5) has enabled to avoid ¾ of GDX decline from 53.5 whiles Holding the Core position

Triggered **POM 13 @ 41-** on 5/15 we initiated **NET LONG** within **CZ 41-43**, This signal completed **POM 14** Triggered . On 2/6 for **HEDGING** within **CZ 58-56**. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

## **OIL ( \$ WTIC) – “ NEUTRAL ”**

### Brief Overview

Current position is “Cash” , There is no favorable Risk / Reward at current levels till EITHER upside is complete OR it enters pull back **CZ 84-83** for PVQ Validation. Middle East conflict can always add fuel to the fire

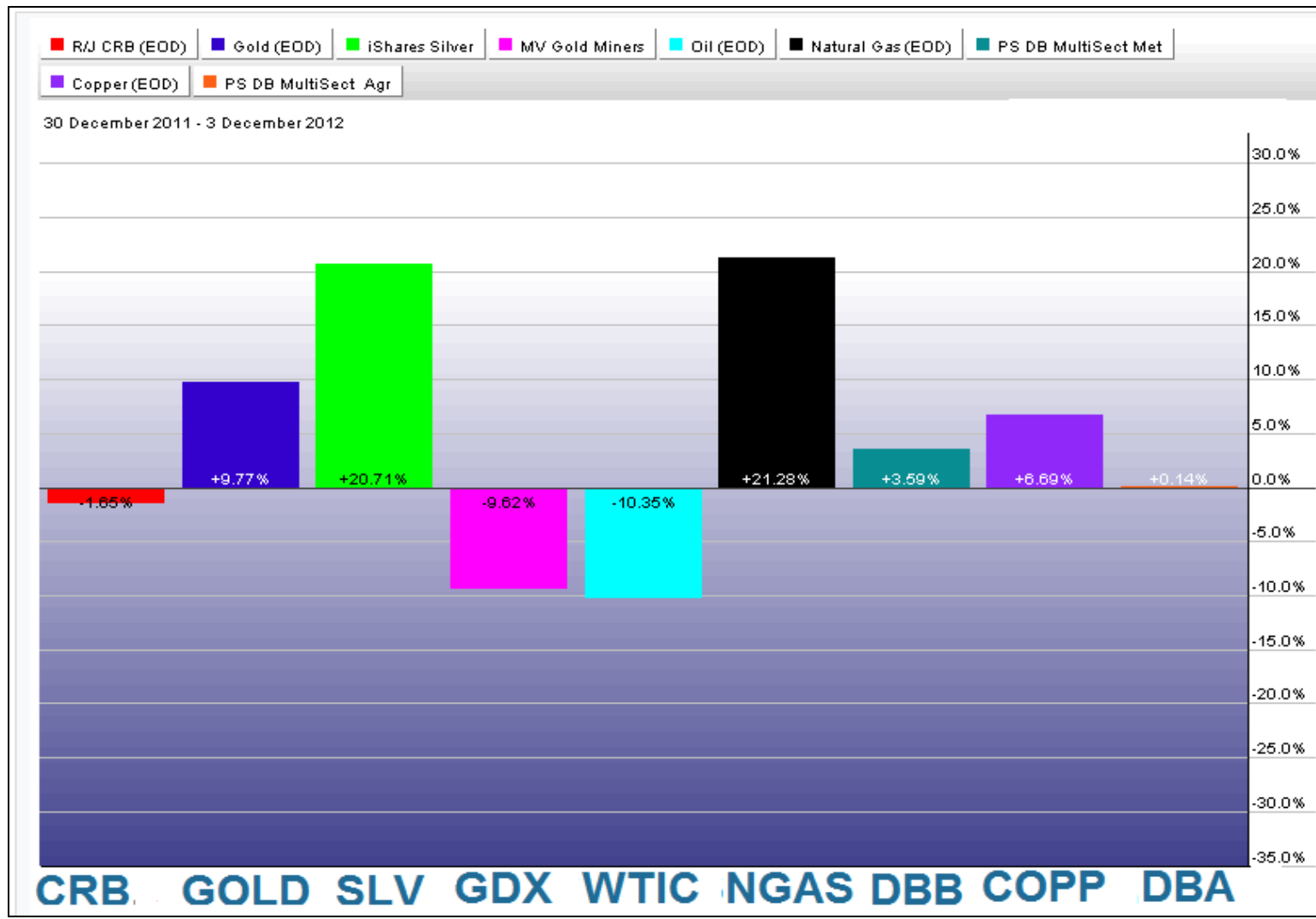
CLOSED Net Short Position on 10/25 Triggered **within CZ 86-88**, But we do not initiated any New position.( in CASH). This signal completed – **CAUTION** Triggered on 9/17 @ 96

All subsequent commentary refers to CZ to CZ moves are for Risk Management.

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

## Weakest and strongest Indices for PAIR TRADES

2012 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s CRB .



# DBC ( CRB- Index ) - with CZ/ PEC-D & Oscillator Analysis - Neutral

- Texture - NEUTRAL BOTTOM CZ & BEARISH TOP - CZ

UPSIDE - CZ - 28.75-28.25 - Met

DOWNSIDE - - CZ - 27.2 -26.5, PEC-D @ 27 & 26.75



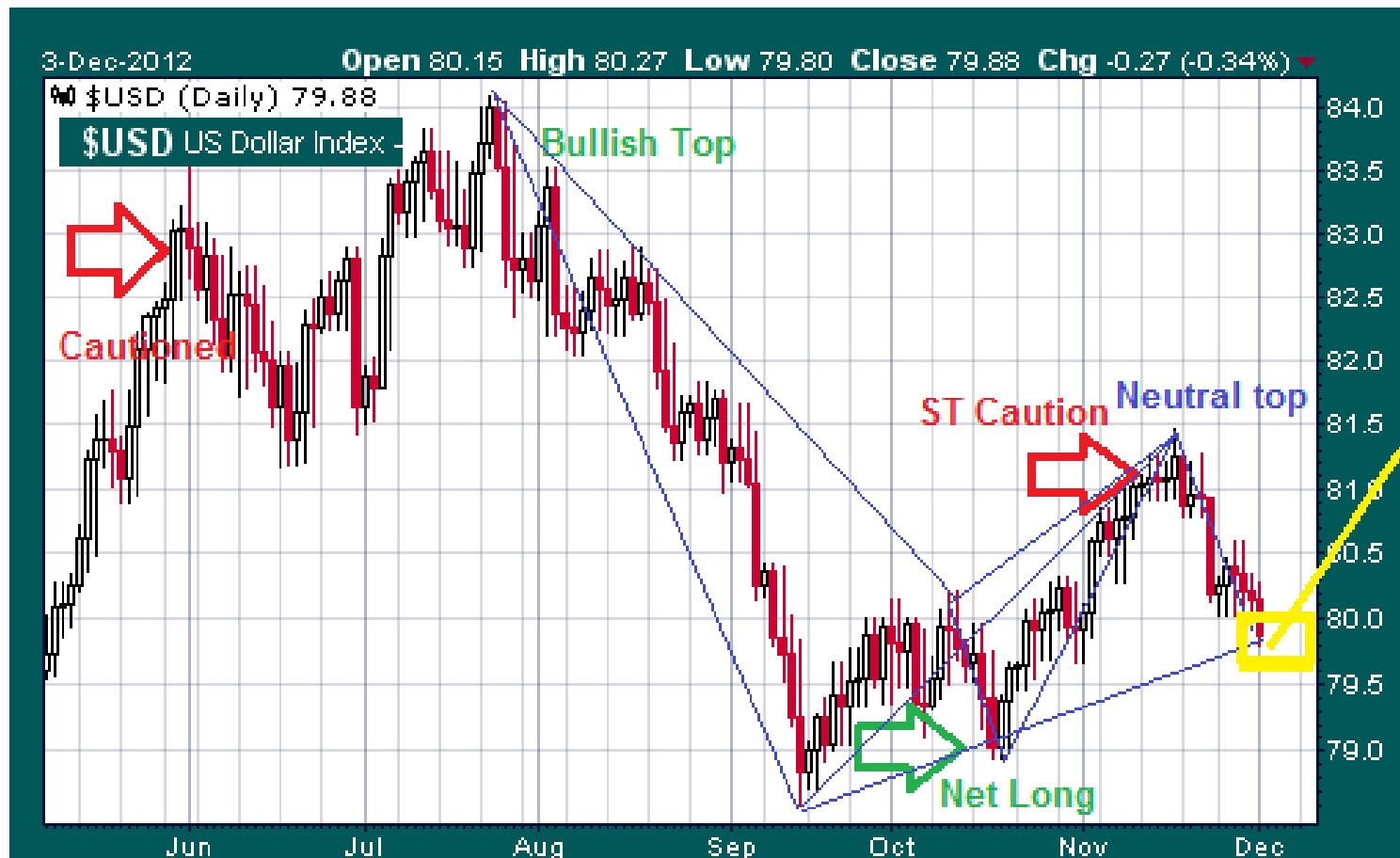


## DXY ( \$ USD) – CZ / PEC D – Analysis – **Bullish**

DXY's counter Trend rally should generate near term pull back in CRB & Equities. Inter market correlation

**Near Term Pull back target** – CZ – 79.80-79.50 Approaching, Risk Management @ 79.25, remains  
Main entry Core @ 72 Net Long Trigger in tact

**Upside -** ABC up in DXY at CZ – 81-81.75, Met with –ve divergence.



**GOLD – CZ/ PEC- D Analysis – *Bullish* – *ST Caution @ 1770 on 9/17***  
**Texture - *BULLISH TOP & NEUTRAL BOTTOM***

**Near Term Pull back – CZ – 1705-1675, ABC down to 1675**

**UPSIDE – CZ 1790-1820**



# SLV – CZ / PEC –D Analysis - **Bullish – ST caution**

- Texture - **BULLISH TOP & NEUTRAL BOTTOM**

**UPSIDE** - CZ – 34-33 – Met

**DOWNSIDE** – CZ 30.- 29.25 has PEC-D Projections. ( Notes within the chart)



# GDJ - CZ - PEC-D Analysis - DAILY - Neutral - Bearish bias

- Texture - BULLISH TOP & BEARISH BOTTOM

GDJ / GOLD ratio suggests bottom in GDJ could come in at 0.26, suggesting room for pull back when PQV is validated in CZ 45.5-43.5. The pullback CZ 50-48 broke decisively in Bearish way. The break of CZ has set up new ABC down to Near Term Pull back - CZ 45.5-43.5

Upside - Met Target- capped at CZ 50.5-48.5



# COPPER ( PROXY) - CZ/ PEC -D Analysis - *Bullish*

- *BULLISH TOP CZ & NEUTRAL BOTTOM*

*Near Term Pull back – Met – & Triggered in CZ 3.52-3.47 –EXACT & Rally began*



## JJC (COPPER) - CZ/ PEC -D Analysis - **Bullish**

- Texture – **BULLISH TOP CZ & NEUTRAL BOTTOM CZ**

**DOWNSIDE** – *Met & Triggered PQV Validation in CZ 44.2-43.2- EXACT & Rally began*



# NATGAS ( UNG) – CZ / PEC –D / Oscillator Analysis **Bullish**

- Texture - BULLISH TOP & BULLISH BOTTOM

**DOWNSIDE** – Best Risk reward to Re enter the ½ recycling position is CZ – 20.5-19.5, Stop @ 17.50. ( Not a fresh position) All the readings are Bullish. , Trigger to Watch

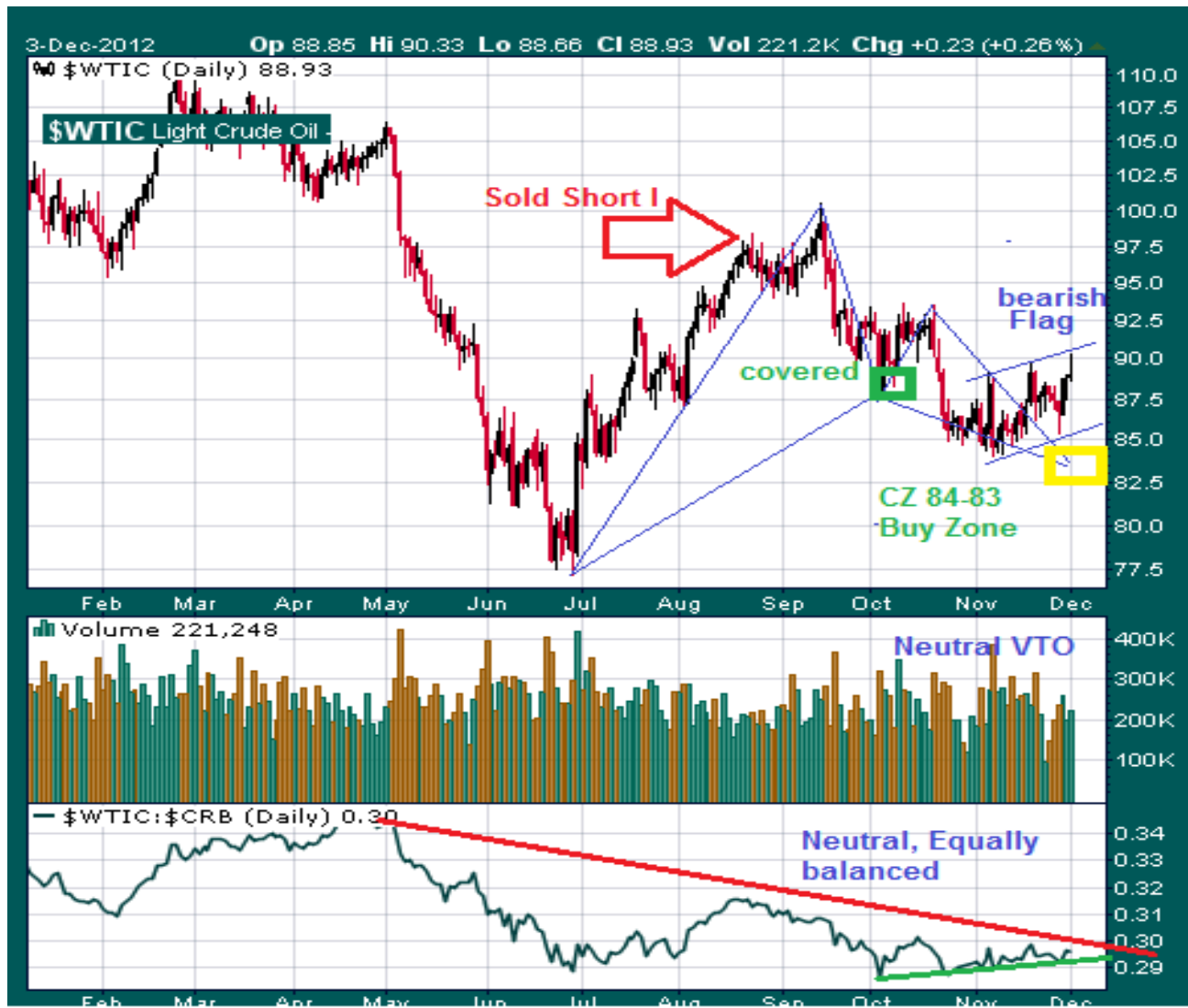
**Upside target** , CZ – 23.75- 22.5 , ABC up). Initiated at CZ 16.5 -16.



# OIL – CZ / PEC –D / Oscillator Analysis - Neutral

- Texture - NEUTRAL TOP CZ & NEUTRAL BOTTOM CZ

DOWNSIDE – Best Risk reward to Buy, CZ – 84-83 , The readings should turn Bullish from currently Neutral,





# Appendix Content

- 2012 YTD – GOLD, GDX, CRB - Position Summary
- Objectives & POM /CZ / PEC –D Guidelines – Refer to detail Annexure
- Full Utilization of “ SP” Report Guidelines & Limitations - Refer to detail Annexure
- POM – “ Price Oscillation Model “ Criteria
- PEC –D “ Pythagoras – Expansion & Contraction Criteria
- CZ- Confluence Zone Criteria
- TEXTURES – Bullish , Bearish , Neutral
- Chart Analysis
  - *Trend & Oscillator Analysis,*
  - *PEC –D Analysis,*
  - *Poly- Trend Analysis,*
  - *Pattern / CZ – Price & Volume Analysis.*
  - *Exterme Indicator Analysis*

- **EXTREAME Sentiment Analysis GOLD & Currencies**

- **( 3<sup>rd</sup> Party Data ) - Courtesy : SENTIMENT TRADERS**

- **CORRELATION RATIO ANALYSIS - Inter market Analysis**

**GOLD v/s GDX ( XAU)**

- ***None @ EXTREMES***

**GOLD v/s SLV**

- ***None @ EXTREMES***

- **CORRELATION RATIO ANALYSIS - Inter market Analysis**

**CRB v/s SPX**

- ***Direct Correlation continues in Current Trend***

**CRB v/s USD**

- ***Inverse Correlation continues in Current Trend***

**OIL v/s SPX**

- ***None @ EXTREMES***

**COPPER v/s SPX**

- ***None @ EXTREMES***

**COPPER v/s CHINA**

- ***None @ EXTREMES***

- **OUR GOLD POSITIONS 2012 ( FYI)**

1) Triggered - POM 13 – NET LONG Position in CZ (1540-1580) , initiated dated 5/16

2) CLOSED – ALL HEDGES from POM 14 @ CZ - 1775-1750 at CZ 1580.

- **OUR GDX POSITIONS 2012 ( FYI).**

3) Triggered - POM 13 – NET LONG Position in CZ (41-43) , initiated dated 5/16

4) CLOSED – ALL HEDGES from POM 14 @ CZ – 64-62 at CZ 52.

- **OUR CRB POSITIONS 2012 ( FYI).**

5) Triggered - POM 13 – NET LONG Position in CZ (260-280) , initiated dated 5/25

6) CLOSED – ALL HEDGES from POM 14 @ CZ – 330-320 at CZ 280

## 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 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

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