



SG Capital Research

Global Market Insights

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

**MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # FEB\_08**

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

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**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)**

# SPX – Special situation

The terminal Pattern as pointed out Mondays' MS, 3<sup>rd</sup> Gap of 3 gap play might be today . Sometimes 3<sup>rd</sup> Gap is followed by exhaustion as well. It might be better one SOW ( Heavy volume Sign of weakness with 125% PQV shows up for confirmation). We have NOT Triggered NET SHORT. Signal Although the pattern is coming pretty close.

Earlier , Bearish PEC-D Pattern extended from 1325 with Bearish distribution pattern as Tristar , with 25% lighter PQV within Bearish Wedge on declining volume, ( Notes within the charts)

Momentum and cleaning the Stops above the prices has been Traders early AM game fighting over 40 – SPX Handles. . We just wonder !!! where were these participant when market moved from POM 12 ( 1080) to POM 14 ( 1280) with two juicy POM 13 's in between . One thing we know “ What Goes up must come down”



# SPX – Rydex net flow

The Rydex group publishes the total dollar amount of assets in each of its funds on a daily basis with Real Money. This is a very stable platform from which to derive information. The calculation is the net cash flow of all bull and bear market funds. We see the negative number is bearish & rising daily

	Rydex Net Cash Flow in Millions		
	By Day	By Week	Cumulative
1/3/2012	15.4		
1/4/2012	(7.9)		7.5
1/5/2012	1.6		9.1
1/6/2012	79.4	88.5	88.5
1/9/2012	(10.9)		77.6
1/10/2012	2.6		80.2
1/11/2012	17.5		97.7
1/12/2012	23.3		121.0
1/13/2012	(12.4)	20.1	108.6
1/17/2012	(43.8)		64.8
1/18/2012	(3.4)		61.4
1/19/2012	(15.9)		45.5
1/20/2012	(3.2)	(66.3)	42.3
1/23/2012	(9.8)		32.5
1/24/2012	(10.5)		22.0
1/25/2012	(19.9)		2.1
1/26/2012	(68.0)		(65.9) @ 1325 SPX
1/27/2012	(28.3)	(136.5)	(94.2)
1/30/2012	5.4		(88.8)
1/31/2012	11.8		(77.0)
2/1/2012	(5.7)		(82.7)
2/2/2012	(6.4)		(89.1)
2/3/2012	(10.8)	(5.7)	(99.9)
2/6/2012	26.3		(73.6)

# **Index – C # Commodity**

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# • 1- Executive Summary

## • GOLD

Currently remains, at POM 14 ( Partial Hedged Long Positions ) – Bull Market POM Rating, i.e remain partial long with Core position from POM 12 . As for ½ floating hedge position timely exit for Profit at 1560 lows on 14<sup>th</sup> December prior to the bounce.

BEARISH SIDE Gold keeps getting attracted to the CZ 1775 -1750 as seen in Tuesday's Trading, in spite of its 35 point fizzle last week from the touch of that CZ. Yesterday's move higher was on dropping open interest. After first drop Market tends to go back on lighter volume to test the CZ once again & Give up. On its failure in CZ it will Trigger a decline.. DXY appears to be meeting our downside target and the rally in USD could Trigger this move. Especially Market requires Heavy energy to break (2) back to back CZ's . First being on 1/25, CZ 1650-1625 and second being now . (if it does so). Next 2 days might be the Litmus test. As we all know Gold tends to extend in either direction

However, If volume picks up in this CZ with Sign of Strength on PQV – valid breakout then might be different story , (we do not see it happening - Refer charts below) Either way it does not effect our current floating position as we are flat on this Timing Call. Move after the Move is more important to trigger setup on better Risk / Reward as Market tends to leave a better foot print on Price Path to prove itself. Therefore.....

BULLISH PULL BACK to CZ -1650-1620 , (Reaction at CZ 1650-1620 on FOMC day 1/25). - We broke out from this CZ with "Sign of Strength and validated PQV. Now we would like to see the PQV quality of the pull back to set up Bullish entry for next ABC up . This should invalidate prices below 1600 as shake out move for all the Bears. If PQV is invalidated at 1650 then 1560 is wide open.

### OUR POSITIONS -

The Core Long Position has been in tact from our last POM 12 @ 1250 which we plan to hold long term towards 1900 to test the BULLISH TOP target and to 2400 our 6<sup>th</sup> Wave LT Price Target .

The floating Hedge Position being rebalanced with Hedges several times\_ for Profits within the market's swinging gyration from POM 14 to POM 13). Is looking for entry till dust settled down.

- **GDX**

The bounce is in progress towards CZ ( 57-56) as expected from CZ (50-52) downside target . Both were announced prior to move and was met respectively . Next step would be GDX may test 57-56 area and then it too needs to pull back to follow the Price Path of GLD

- **COMMODITY**

- DXY - USD continues to be the Key part of our Commodity Analysis . It is Ruling the world markets. Currently DXY pulled back . This put in upward pressure on the rest of the other Markets, SPX, GOLD , CRB.
- COMMODITY ( CRB)- meeting its own CZ AT 320-330 with its Price Path Analysis. markets should follow our signals of POM 14 on SPX on downside
- DBA UNG usually does not follow CRB very closely are on Bullish Set Up Trigger. .

***Each Individual Commodity component's Price & CZ is stated below in our Section below " Trading and Investment Conclusions for Details" For more Justification for our current Market Calls and Price Path Analysis , Refer the " Detail Chart Section " within this Report***

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

C# Commodity Report 8th Feb 2011	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
<b>GOLD</b>				
SHORT-TERM - <b>POM 14 (1725)</b>	<b>BEARISH</b>	<b>1750-1775</b>	<b>1650-1625</b>	Retracement in progress
MID-TERM - <b>POM 13 (1575-1550)</b>	<b>NEUTRAL</b>	<b>1725</b>	<b>1650-1625</b>	Retracement in progress
LONG-TERM <b>POM 12 ( 1250-1225)</b>	<b>BULLISH</b>	1250-1225	1900 -2000	Consolidation in larger range 1450-1825 (Partial Long Position in tact)
<b>GDX (Miners)</b>				
SHORT-TERM	<b>BEARISH</b>	<b>58-56</b>	<b>50-52</b>	Retracement in progress
MID-TERM	<b>BULLISH</b>	45-48	65-67	2nd leg up Target met
<b>SLV</b>				
SHORT-TERM	<b>BEARISH</b>	<b>35-34</b>	<b>31-30</b>	Retracement in progress
MID-TERM	<b>NEUTRAL</b>	TBA	TBA	
<b>CBB</b>				
SHORT-TERM	<b>BEARISH</b>	<b>330-320</b>	TBA	leg down to begin soon
MID-TERM	<b>BEARISH</b>	360-370	TBA	4th leg down
<b>OIL</b>				
SHORT-TERM	<b>NEUTRAL</b>	0	0	<b>Trading Range 103-96 ( till breaks)</b>
MID-TERM	<b>NEUTRAL</b>	TBA	TBA	Should follow CRB
<b>DBB ( Base M)</b>				
SHORT-TERM	<b>BEARISH</b>	<b>22-21</b>	TBA	leg down to begin soon Should follow CRB
<b>JJC ( Copper)</b>				
SHORT-TERM	<b>BEARISH</b>	<b>51-53</b>	TBA	leg down to begin soon Should follow CRB
<b>DBA ( Agro)</b>				
SHORT-TERM	<b>BULLISH</b>	<b>29</b>	TBA	Leg Up in Progress Risk Management below 28
<b>UNG ( Natgas)</b>				
SHORT-TERM	<b>BULLISH</b>	<b>5.17</b>	TBA	Leg Up in Progress Risk Management below 5

## 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**

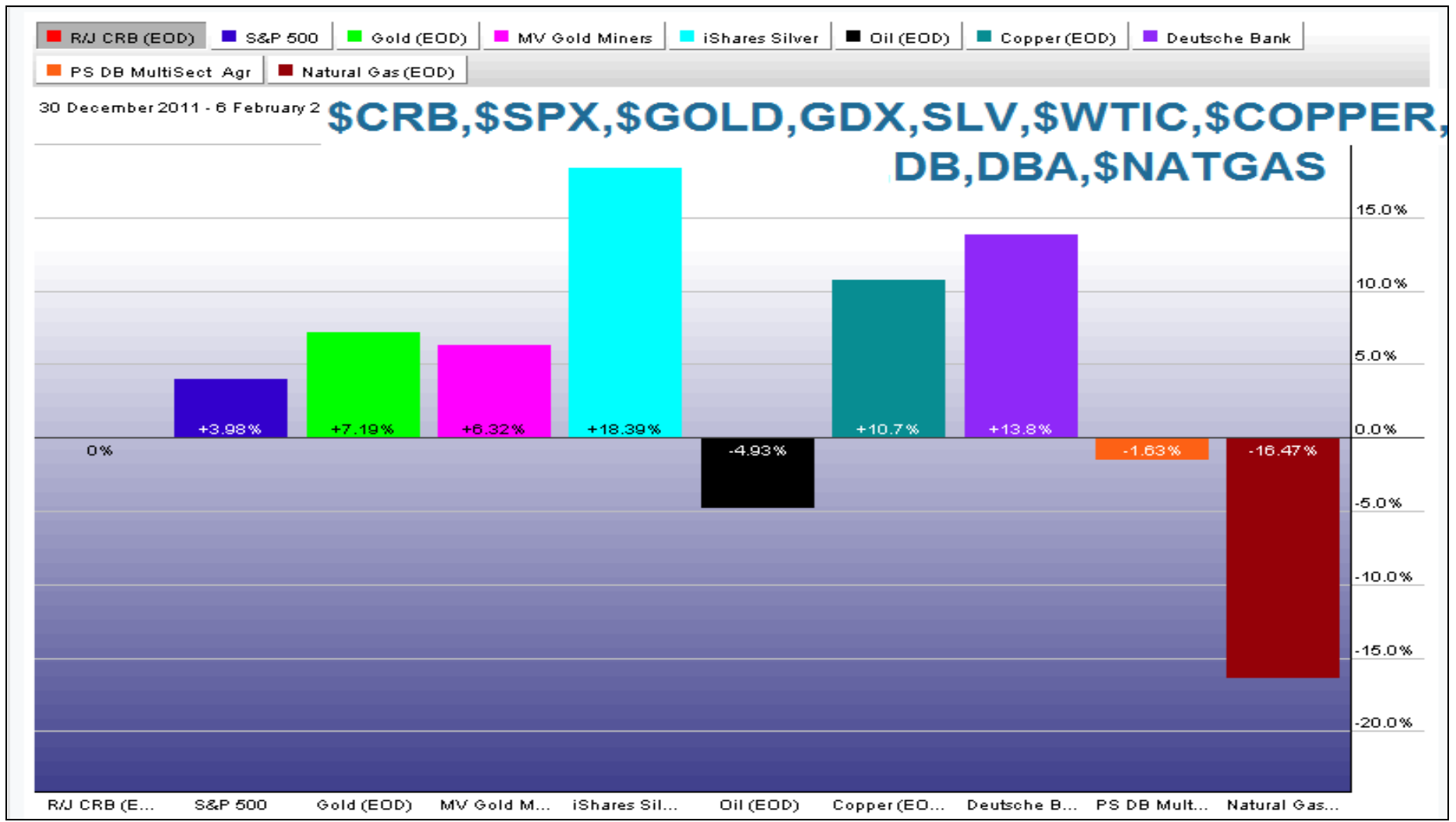
## Commodity Component – Chart Analysis

- **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**



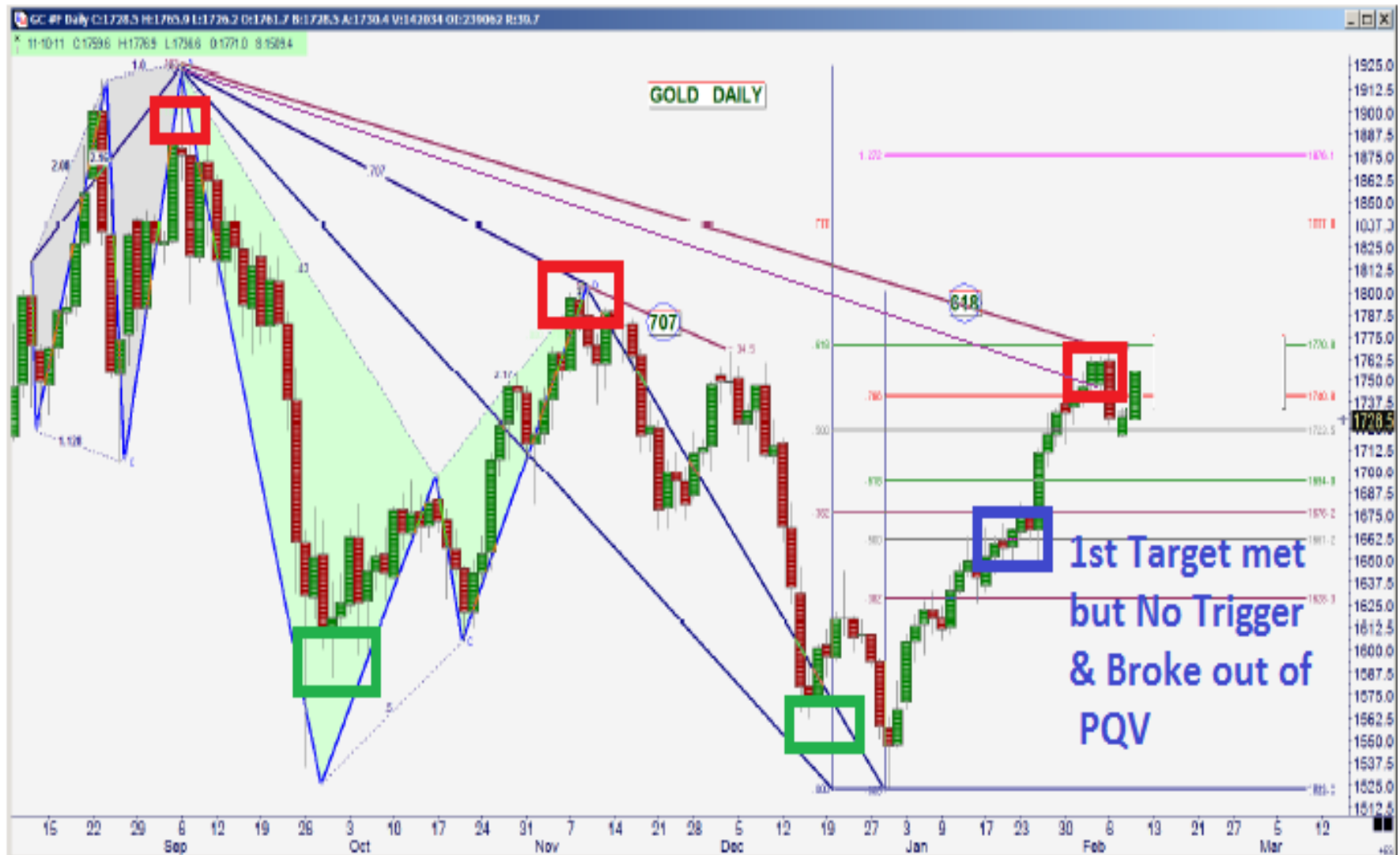
# • YTD – Commodities & SPX performance v/s CRB

**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 - **ST - Pull back Case**

*By this Model – The bounce has tapered into **786/618 - PEC-D towards 1750**. This Suggests the pull back soon. Earlier the Projected bounce target busted with valid PQV. The move in DXY reacts on pull back which has been acting in inverse correlation.*



## GOLD – CZ, Pattern Analysis – ( If false break )

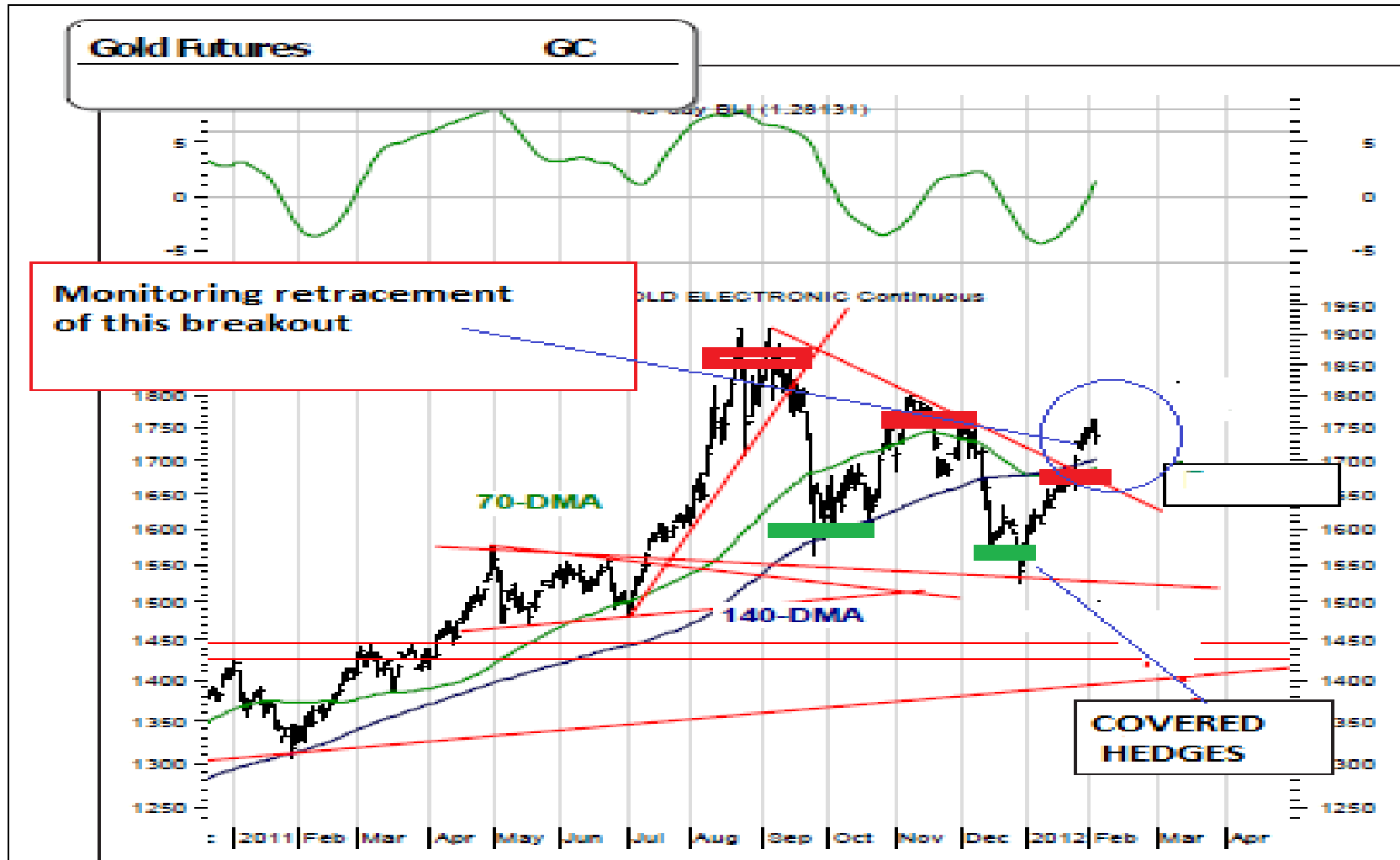
By this Method - . Red Box at 1750 -1775 appears to be completion of this rally leg . Once the retracement begins as we approach & On downside if we break below 1650-1620 area , then the breakout was false and Bull Trap. Then the next downside target is Retesting of CZ back down to ( 1560-1530) . We think better Risk /reward should be set up on\_ till such time our Model would not Trigger POM 13 for sustainable up move. We plan to wait patiently.



## GOLD MA, Trend & Oscillator Analysis – ( If valid break )

*By this Model – The breakout from CZ appears valid . We wait and see how PQQV reacts on pull back . CZ 1650-1620 , we broke out in Price ( blue circle) along with breakout in Oscillator. Now we should monitor the quality of retracement to see if breakout was valid. . We will justify our next move accordingly.*

*If the breakout is valid, then on pull back we should hold CZ 1650 -1620 levels and then continue to move higher.*



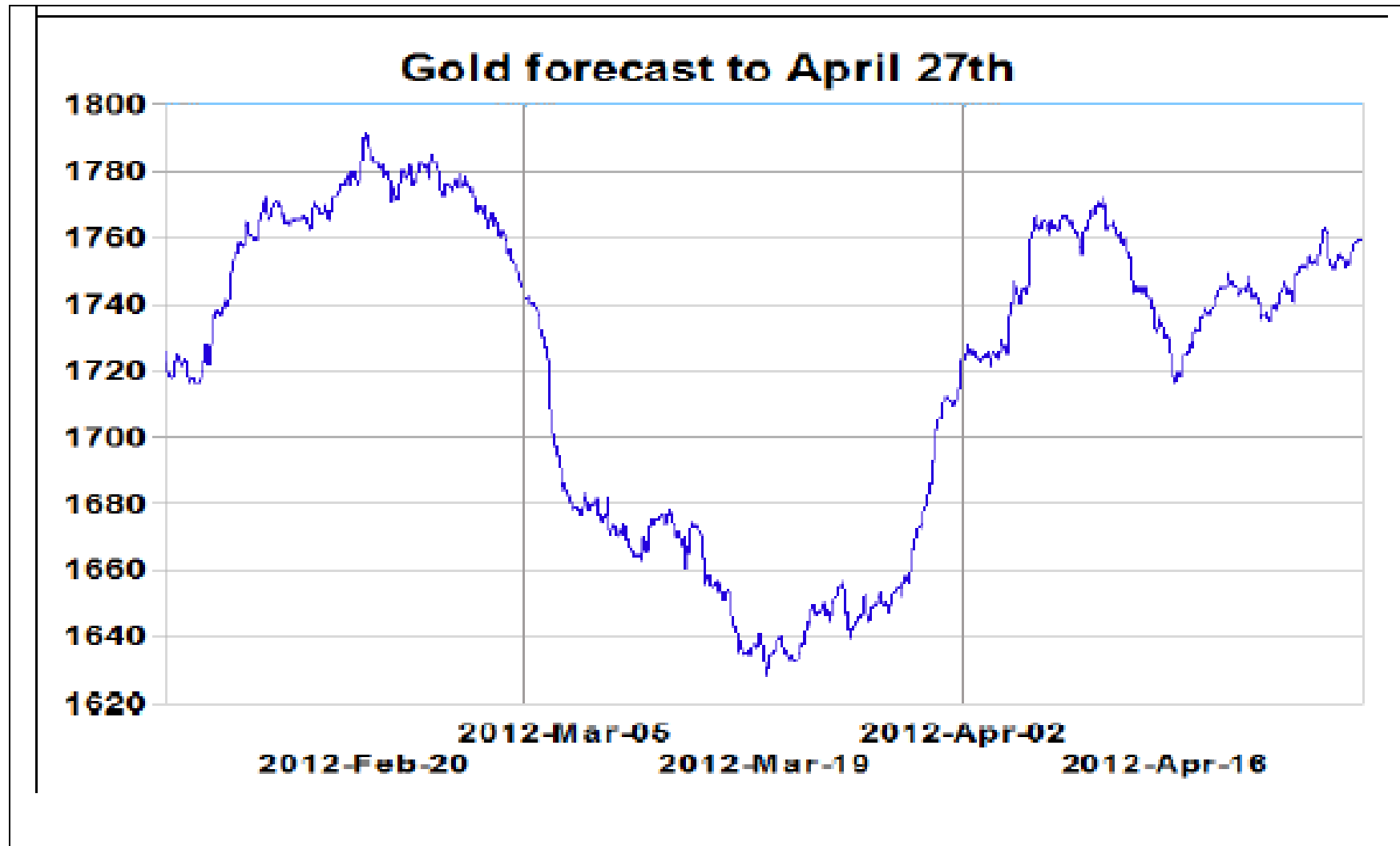
## GOLD – CZ, Trend Pattern Analysis – ( Bigger picture) .

The 3<sup>rd</sup> lower lows could bounce into 1650-1620. Has been broken with Valid PQV . This overhead ceiling may be the new floor . This should keep the Long term picture in tact in Gold.



## GOLD – Cycle Analysis

Cycle work is anticipating a Top this mid Month followed decline towards out CZ 1650-1620 & Then rally back .



- **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**

## DX - with MA, Trend & Oscillator Analysis

As projected in our last message, the Pull back towards 78 -79 is being completed on price projection. Rally begins here could put pressure on all markets.

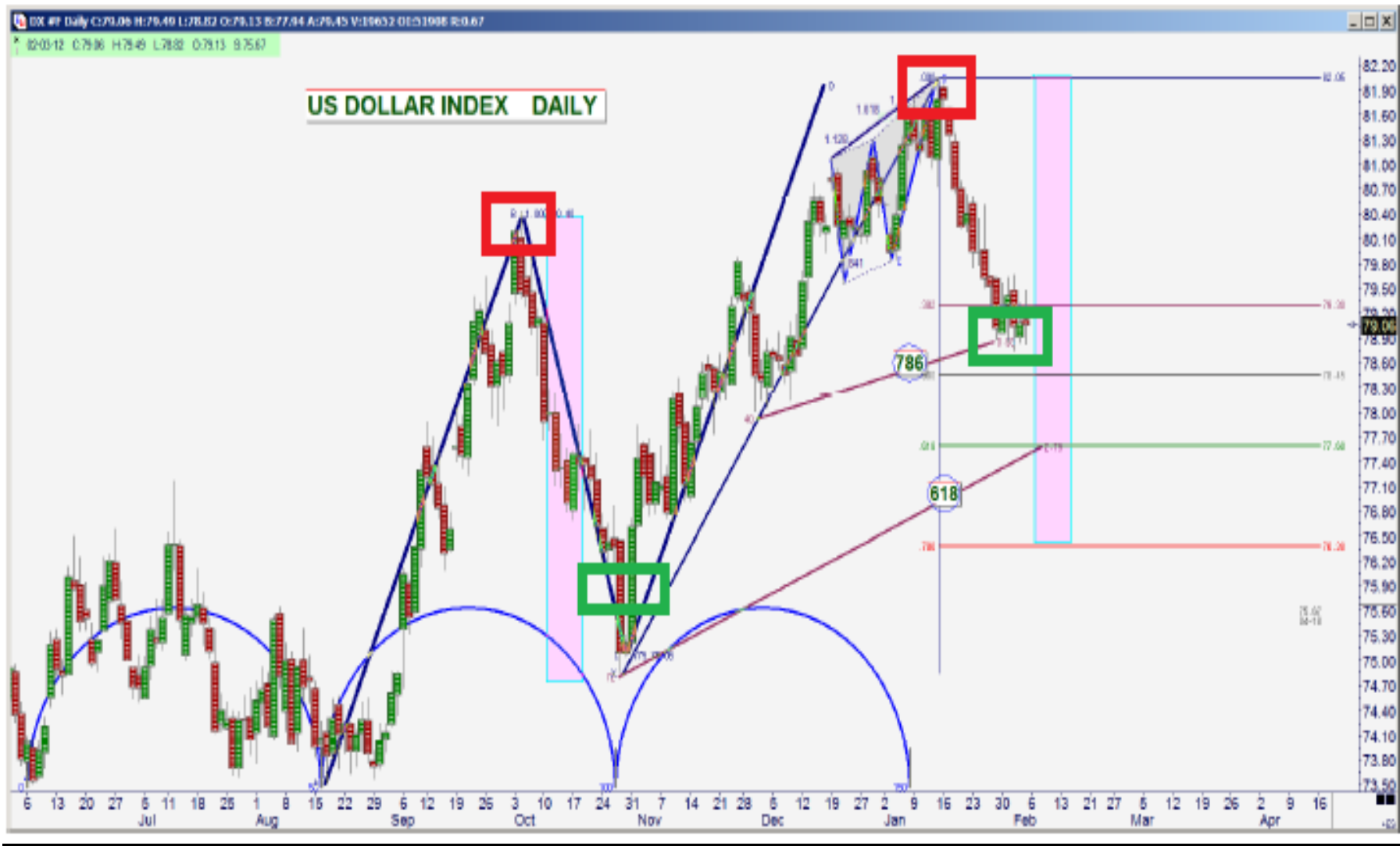
Earlier DX broke out of Neckline just as expected towards the Bullish Top finished its 1<sup>ST</sup> ABC up 81 from Trigger @ 72-73 (09/07). This has followed our Bull Market script from get go.





# USD – PEC D – Analysis –

**By this Method- Our Retracement Target by PEC-D Projection was at 78-79 ( 786/618) is being reached. Earlier at PEC-D @ 80.5 was the ST Top as expected. !**



# CRB- Poly Trend Analysis

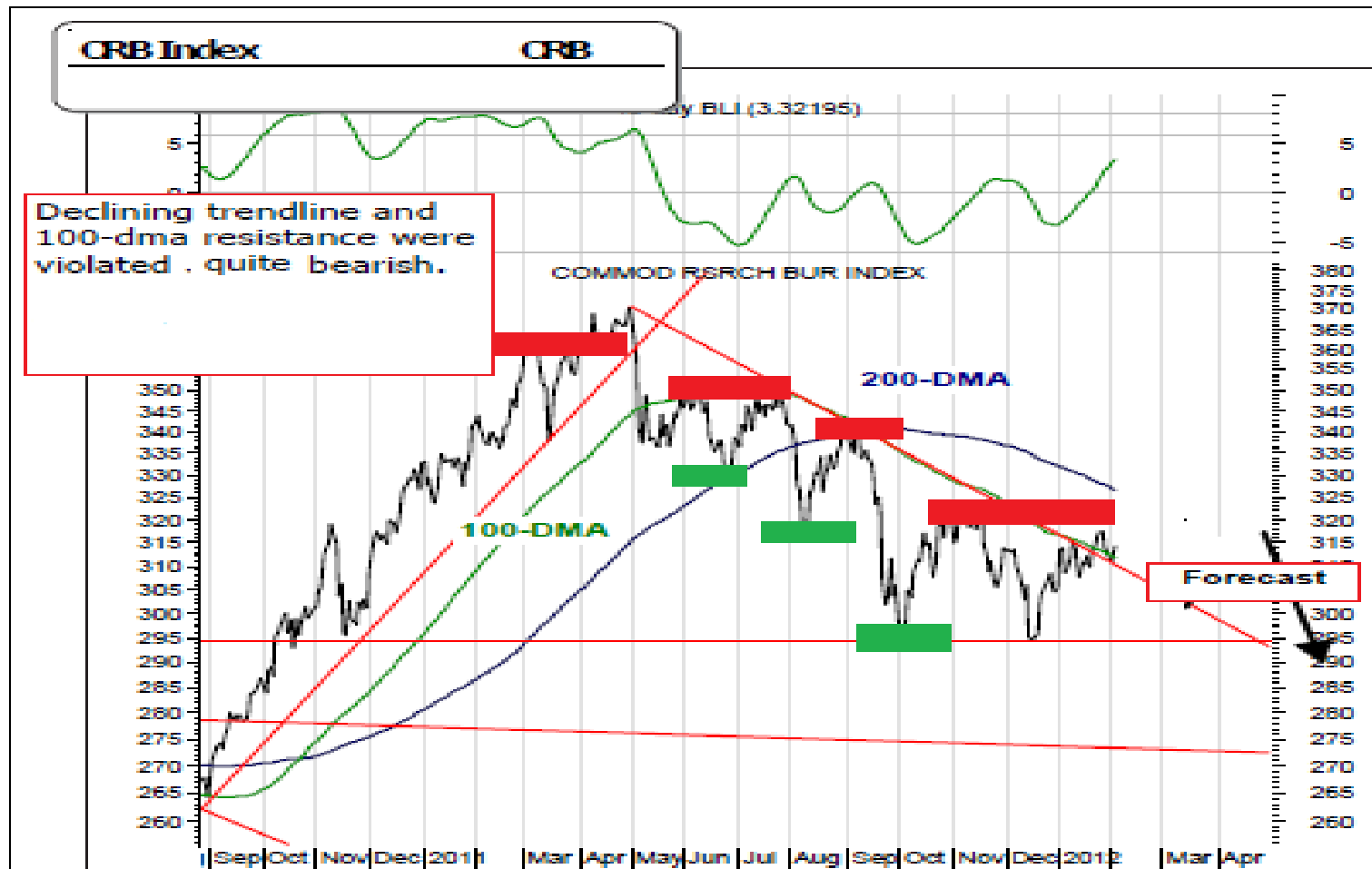
Head and shoulder on Right side of Poly Trend , also this structure is below CZ of 330-320 with -ve divergence and PQV is invalidated. .



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

By this Analysis Method – Now on the bounce we are reaching back at those levels. \_ The Correction in Commodity Market is still in tact since CZ is 320-330. (SPX triggered POM 14) All the subsequent highs are lower high CZ .

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**

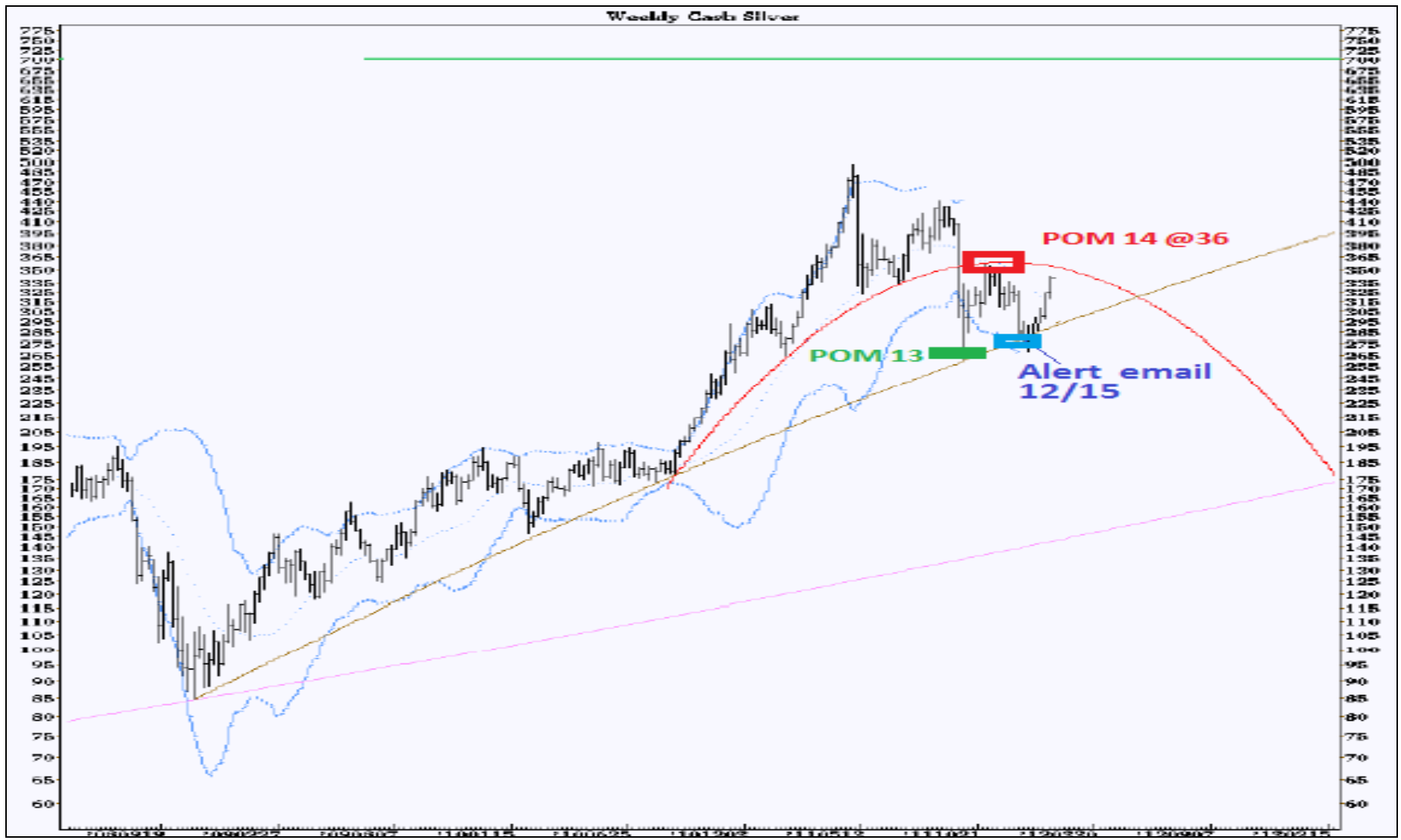
## SLV – PEC –D Analysis

**By this Analysis - Silver approaching – 33.5 – 34.5 target ( short term bounce) @ 786/127. . The bounce will fail once the Gold completes its counter Trend move we are looking for pull back to 618 to confirm if the pull back holds. Volume should decide if it needs to penetrate to re test of lower CZ . We'll wait and see.**



## SLV – Poly Trend Analysis

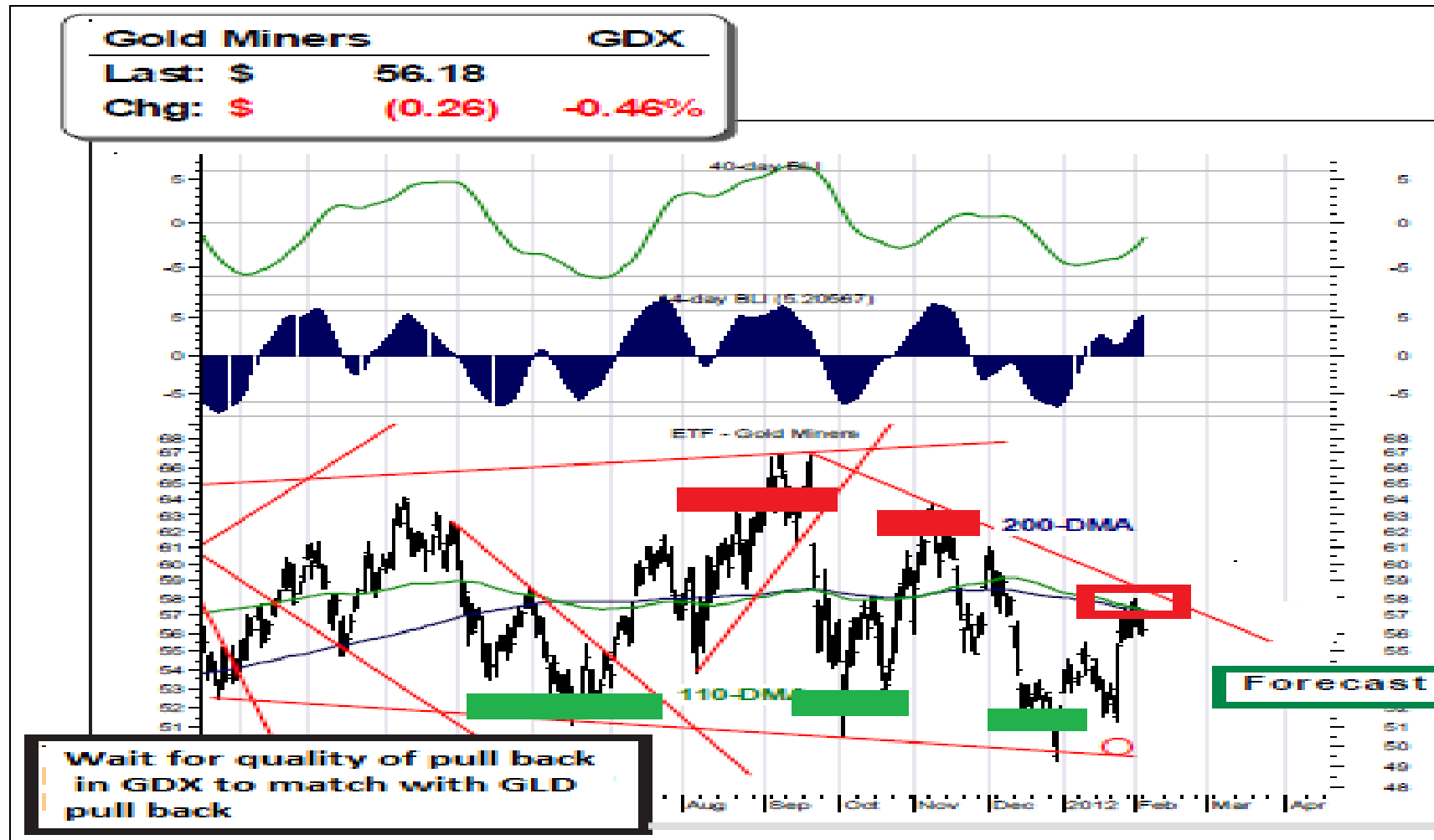
By this Analysis - - Silver & approaching Under the Poly Trend where previous rallies have failed. is in counter trend bounce.



## GDX - MA, Trend & Oscillator Analysis

By this Model – The Price took off from lower CZ 50-52 with Sign of Strength ( SOS) to upper CZ 56-58 .

GDX should pull back . Along with GOLD. SOS usually has Bullish retracement . We are watching the quality of pull back. However SPX is at POM 14 and we have slight cross currents.







## GDx – CZ – Price & Volume ( Bigger Picture)

Weekly GDx chart that shows an intermediate term view. The Weekly RSI must trade below 50, second part is for the weekly Bullish Percent index trade below 20 then close above 20 for the trigger. Third part of the signal is for the Slow Stochastics fall below 20 and a close above 20 triggers the buy signal. .

**BUT** after the successful test of lows which is in progress but No rejection yet. The long term pattern is Bullish for breakout



## 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**

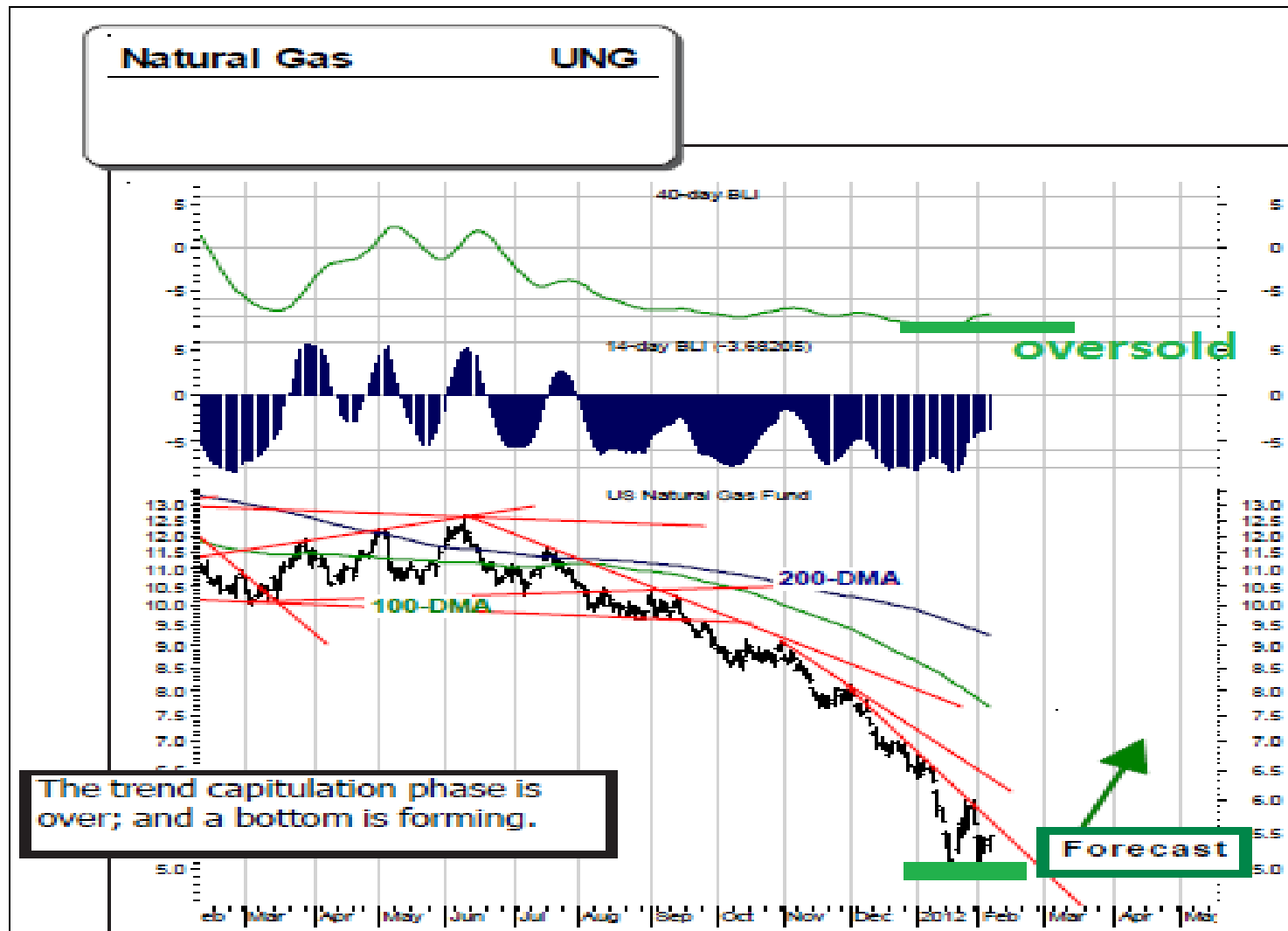
- **GOLD : SLV RATIO – Extreme Ratio - Analysis**

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

**NONE @ EXTREMES**

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

UNG is forming a bottom . We Triggered **CZ - @ 5.20** , ( **STOP below 4.95** ) . It went through the capitulation phase . .



# OIL – PEC –D Analysis - NEUTRAL

Crude oil has completed **PEC –D** exact at 96. For 786/127.

**By this Method-** The projection on very Short term basis move higher on Shorter bounce. Oil is locked into a trading range between 103 and 92. . We need to close beyond either one of these prices in order to get the market moving in a stronger trend. The triangle formed over the past few weeks appear to be a distribution, which means that the prices would be poised to go to the downside after the bounce.

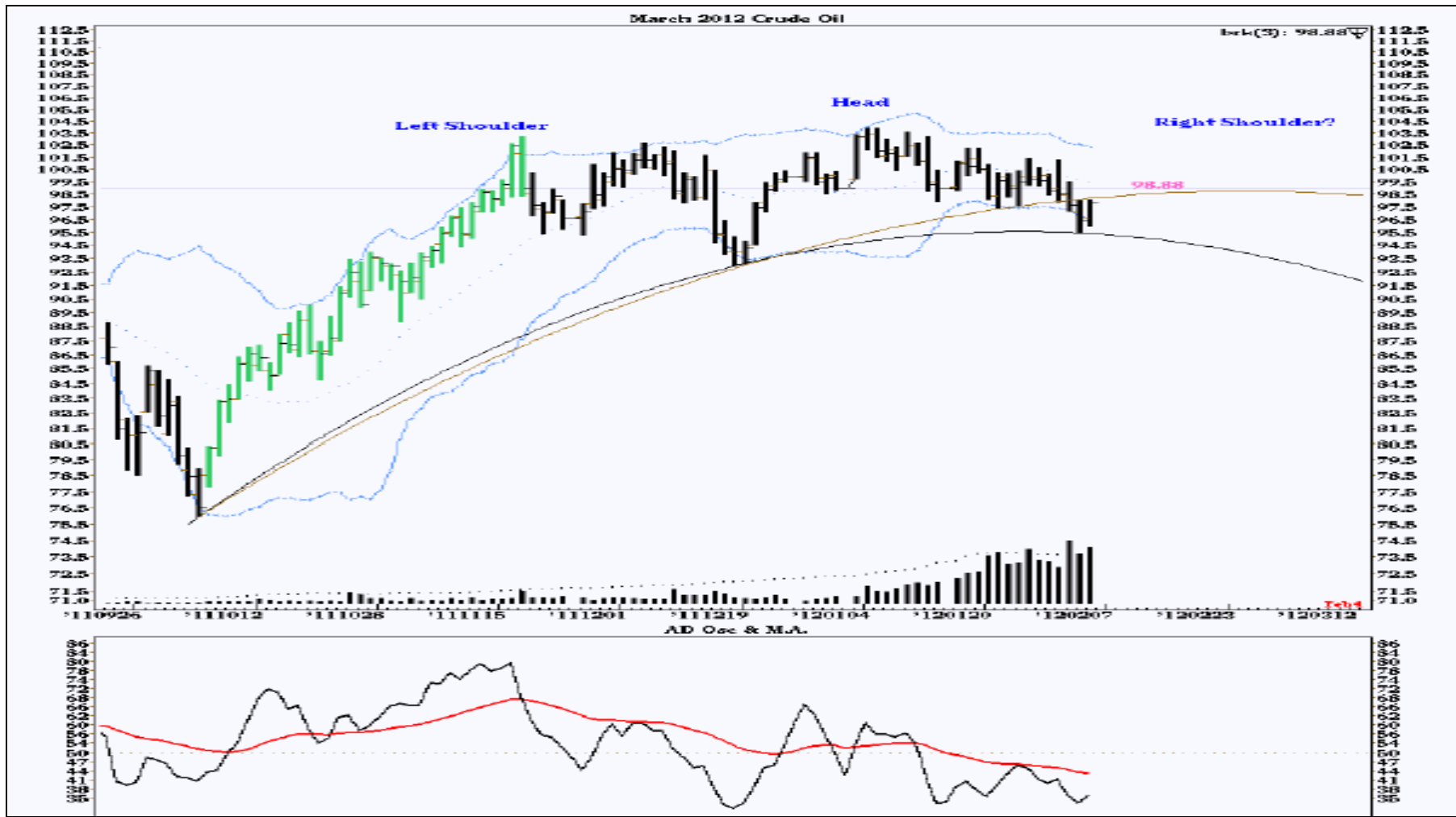


## OIL – Poly Trend Analysis - NEUTRAL

*Poly Trend held for ST @ 96 . This should result in bounce. But it would form Right Shoulder of H & S- Top. We are currently trading on Right side of slippery slope with Time termination.*

*No signal for Top but appears it should follow CRB.*

*Longer term – 3<sup>rd</sup> May Signal is very critical which happened at the Top of Poly Trend and the POM 12 in SPX Triggering at 75 for current rally*



# Correlation Ratio Analysis

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

## Oil prices above 95 – Warning bell for SPX

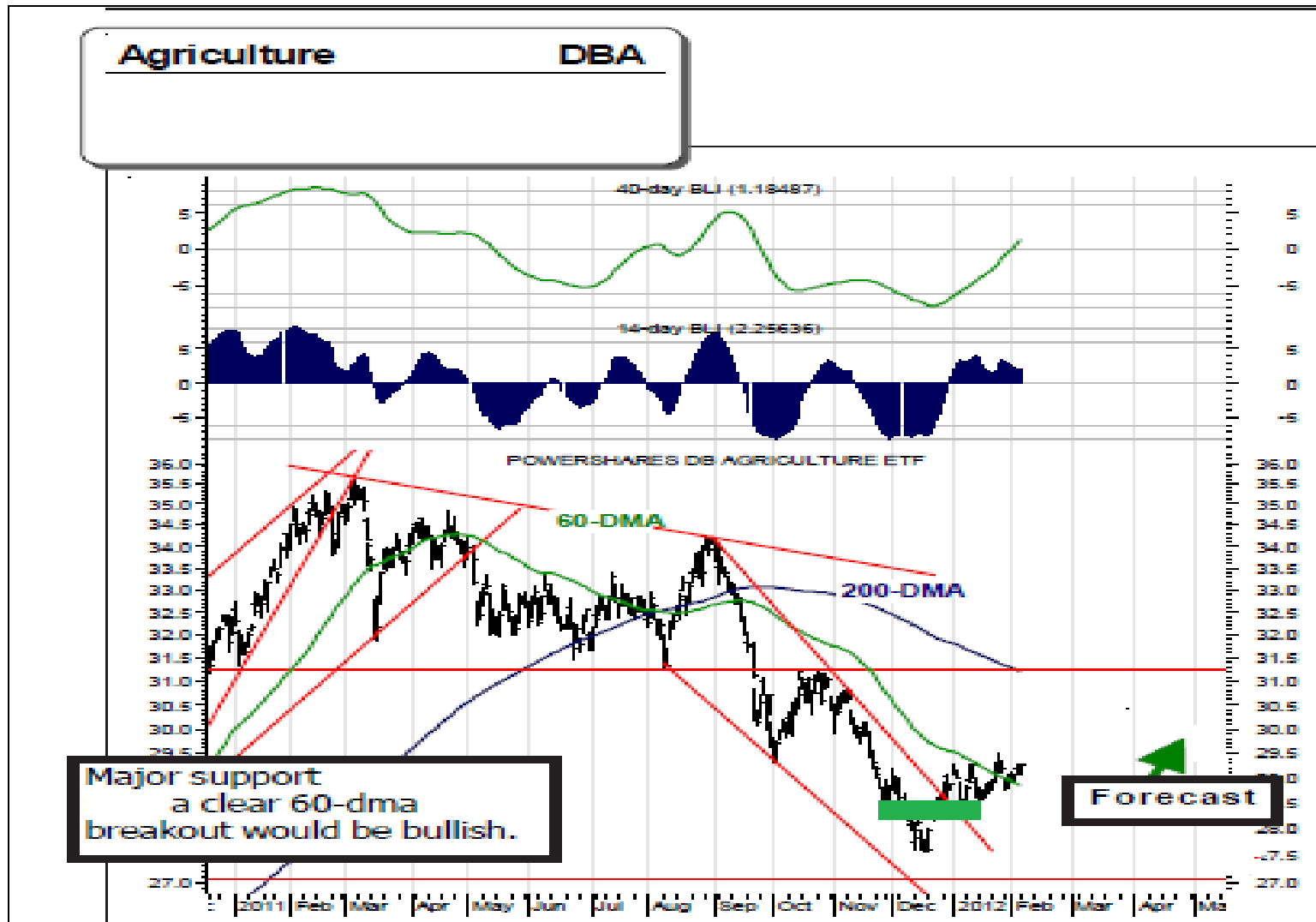
*Oil prices are back above 95 . Every time it exceeds 95 , the correction is due in SPX . We are currently in the similar situation & extended. As they say “ This time it could be different” But we don’t think so. !!!*



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

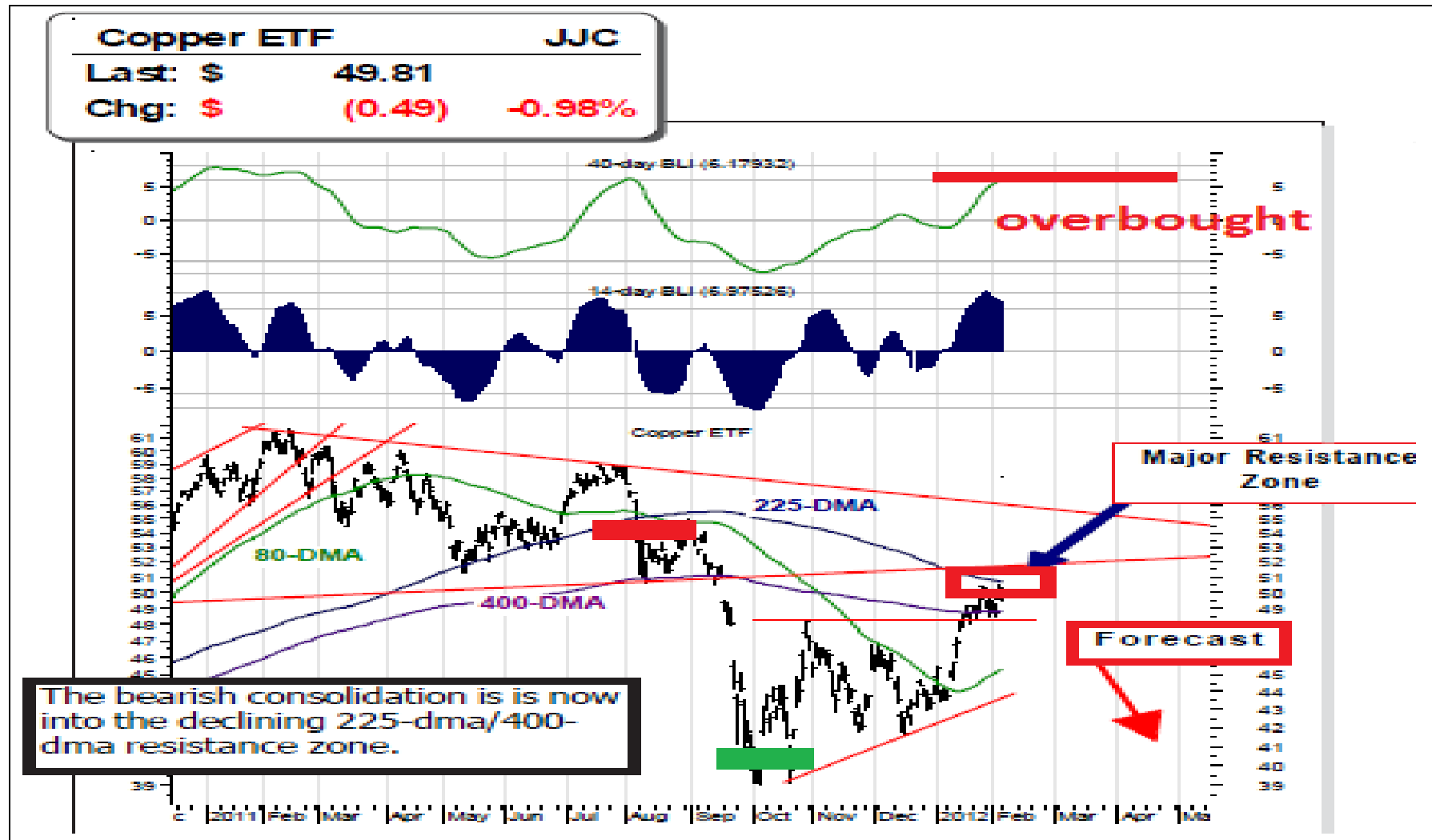
*DBA has turned Bullish . Triggered entry at 29.00 should be protected with stop at 28.00.*

*Earlier break below CZ was shake out.*



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

Bounce into **CZ 51-52**. It should follow CRB on next decline. .





## • Correlation Ratio Analysis

### \$ 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..

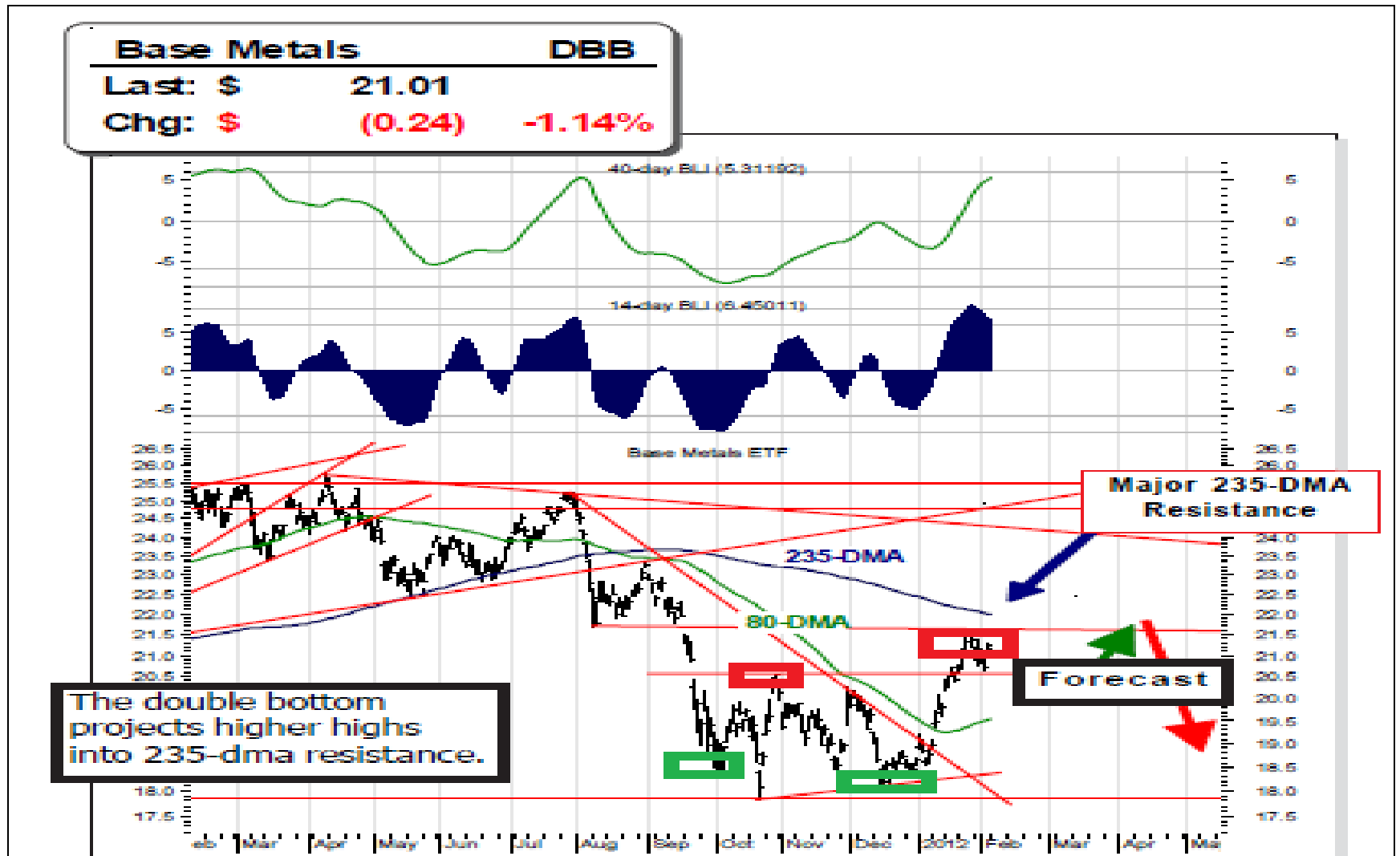


### \$ COPPER v/s CHINA - Inter market Analysis @ Extreme

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 . - **NONE @ EXTREMES**

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

Bounce into CZ 21-22. It should follow CRB on next decline. .



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

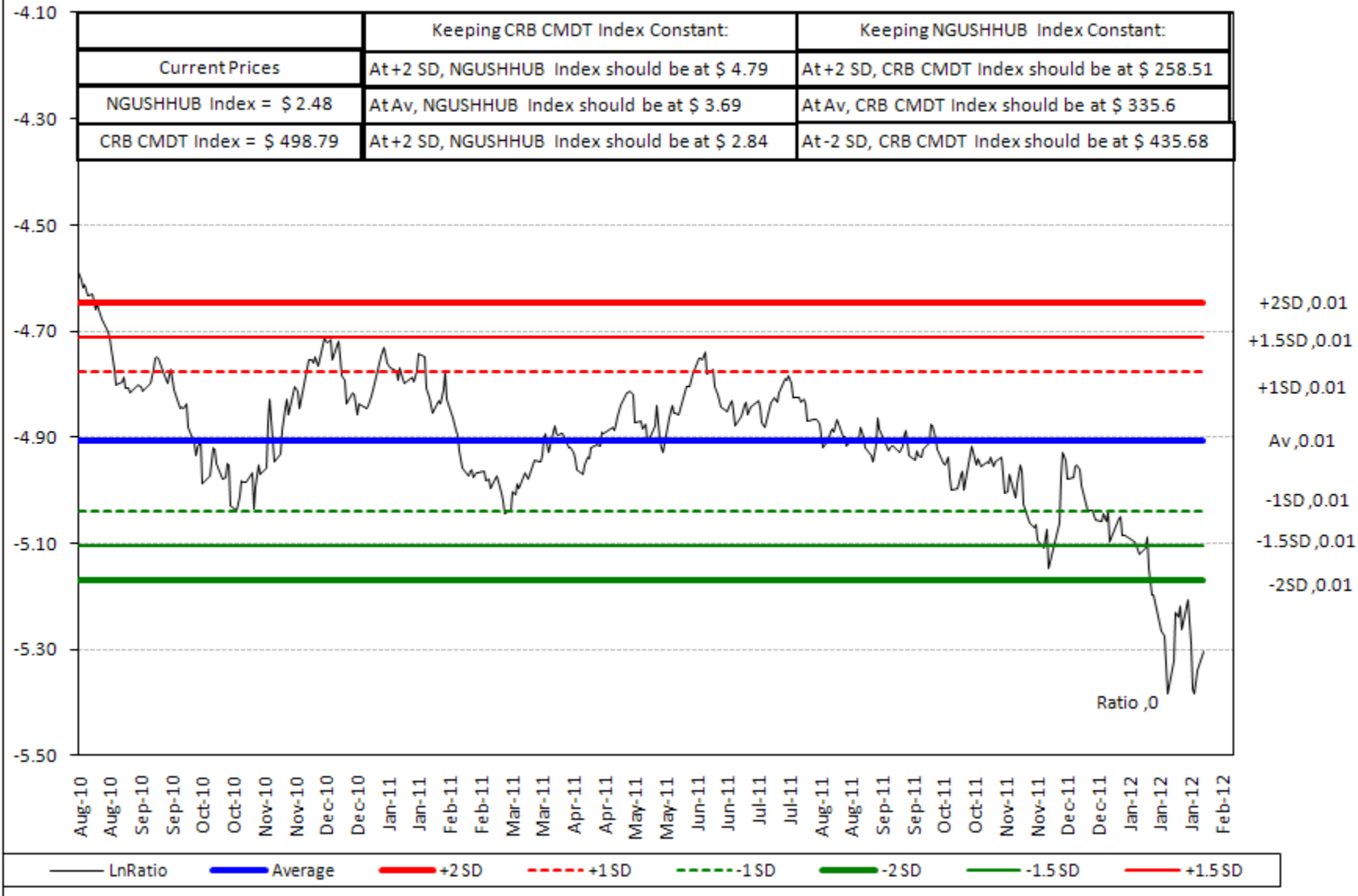
- **\$WTIC v/s NATGAS**

**SD - UNDERVALUED ETF ( SD - 2 )**

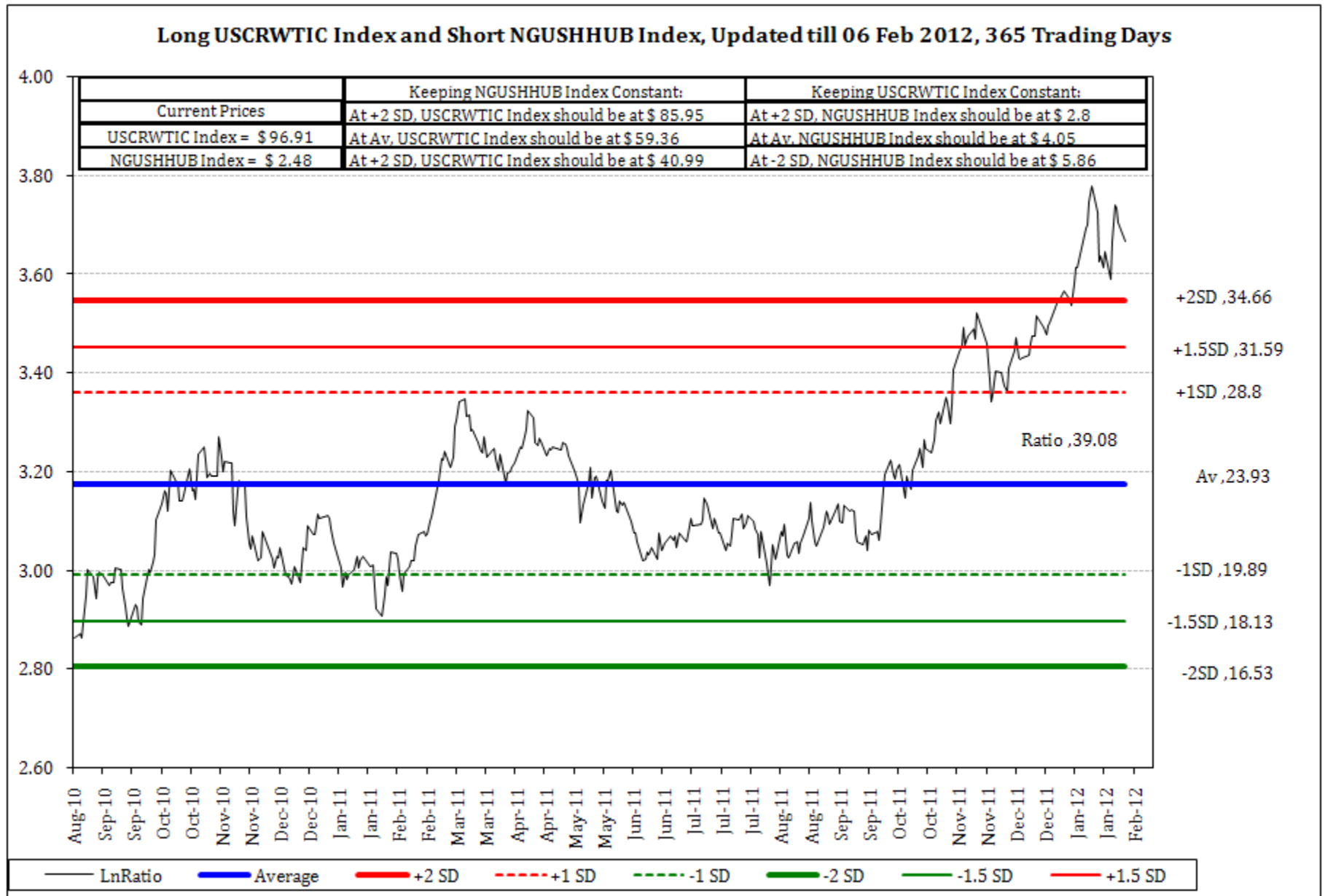
- **NATGAS v/s CRB**

# NATURAL GAS : CRB RATIO – Correlation Ratio Analysis with CRB – 365 days Time basis

Long NGUSHHUB Index and Short CRB CMDT Index, Updated till 06 Feb 2012, 365 Trading Days



# \$ WTIC OIL : NATURAL GAS RATIO – Correlation Ratio Analysis with NATURAL G 365 days



# 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



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 Managment 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

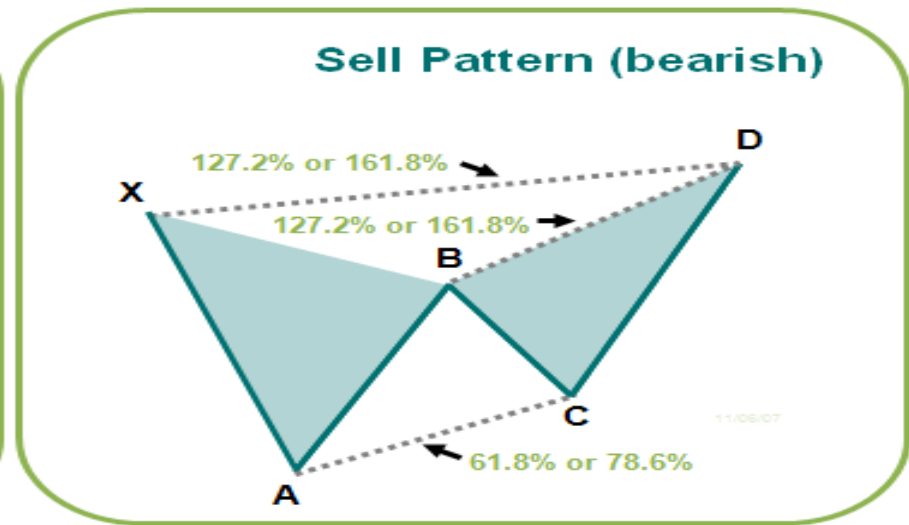
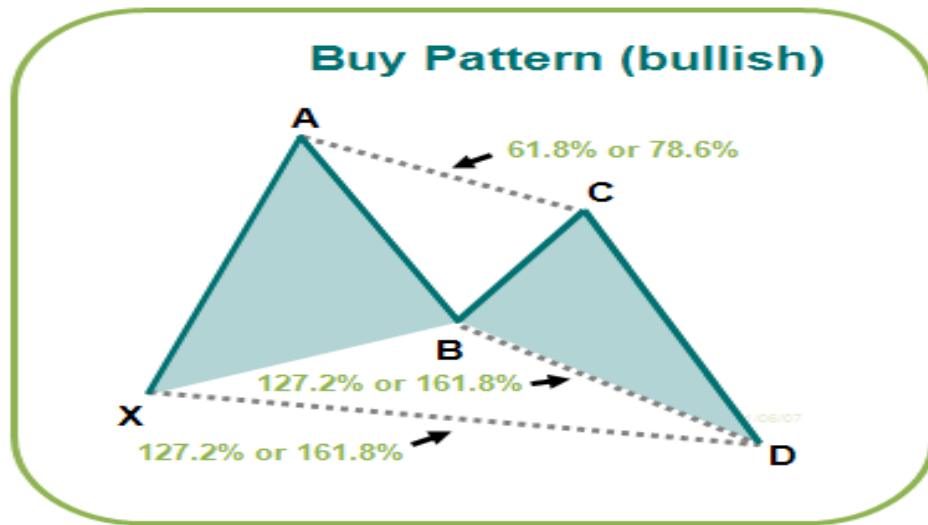
- POM is rated from 10 to 15
- POM 14 , 15 ( is Sell Signal) and 12 , 11 ( is Buy Signal ) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On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

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