



SG Capital Research

Global Market Insights

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

MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # JULY_05

For Immediate Release – *Thursday 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, XAU,HUI)
- OIL (\$WTIC, USO)
- NAT GAS (UNG)
- COPPER (JJC)
- BASE METALS (DBB)
- AGRI COMMODITY (DBA) – **Special Situation**

Index – C # Commodity

1. Executive Summary.

2. COMMODITY – Commentary.

3. GOLD / SLV – Commentary

4. 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

• 1- Executive Summary .

CRB – (We benchmark with POM 13 - SPX – via CRB's COR , PEC-D , CZ Analysis for guild lines)

- Last Trigger . (On 5/23 – Alert via email within SPX's POM & CZ) corresponded to CZ 280 in CRB.

LAST ACTION On 5/23 - Net Long within CZ 280 / PEC-D projection indicated in last Report. (We Closed Hedges (initiated from 325 level in the 45 point correction)

Projected TARGET - Upside CZ 300 -320. CRB had great rally off the bottom from our SPX -POM 13 Trigger @ 280 , which is very much in tact, for continuation move . We shall review how it approaches our first CZ on upside .

NEXT - CRB should follow SPX very closely and should try to test the overhead CZ 300-320. The top should form when SPX Triggers POM 14 and for CRB to fail into its own CZ & PEC –D

GENERAL NOTE- Market is certainly overbought on short term basis after a rally from POM 13 Trigger and it needs consolidation. Friday is BLS data which has history of volatility especially in USD & Commodity market might very well provide that excuse . In a way we prefer that to happen since holiday volume would be light on pull back especially after great take off the bottom.

Commodities too have been very strong since it rejected lows of CZ (260-270), reversal spot we indicated last Report in Executive summary. All components were very strong GOLD, OIL DBA – agro), with expectation of another round of QE-3 and Agro rally due to weather related

This Thursdays ADP number was better but market did not like the news, probably Fed can avoid QE-3. Good news in economy is looked as bad news for Market & QE-3. BLS on Friday AM could confirm the suspicion temporarily with another piece of worthless data to create volatility take everyone's stops out . Lets tighten our seat belts.

OIL - (We benchmark with CRB 's COR & OIL - PEC-D , CZ Analysis for guild lines).

- **Last Trigger** - (On 6/1 – Report , We had highlighted in Executive Summary, **CZ 81-83** would HOLD & then rally would begin along with CRB & POM 13

LAST ACTION - Net Long within **CZ 81-82** projection, _reversal along with CRB follow upside rally. After brutal Crash from PEC-D at 107 to 88 target to 82 extended.)

Projected TARGET - Upside target **CZ 90-92**. OIL had great rally off the bottom from our **CZ 81-83** Trigger, News driven pull back can happen due to 1st leg up is completed and extended

NEXT - We shall review how it approaches our first **CZ**, we need volume to pick in **CZ**

HOWEVER – LT , at some point - close below CZ 77 -75, There is nothing to support the market till 60 Target , something to be careful about , similar to 2008 waterfall

GOLD – @ POM 13 – NET LONG.

- **Last POM Trigger** – POM 13 NET LONG Position on 5/15, 5/14 – Alert @ 1540 . Within CZ 1540-1580.

LAST ACTION - We went LONG within CZ 1540-1580 prices. – Good entry point, overweight purchase concentrated at lows 1540 (We patiently avoided the correction from CZ 1775 – POM 14 to POM 13- 1540

Projected TARGET –

In our A # 1 – MS , On Tuesday 6/3 , we had Reported the projection towards CZ 1625-1635 , Yesterday, 6/5 we hit EXACT at 1625 at AM and then sold off but based on our process it did not quite get into the CZ . Volume was conflicting due to holidays

GOLD had great rally off the bottom from our POM 13 Trigger with Bullish PQV Validation and tertiary Bullish test which is very much in tact for continuation move higher. We shall review how it approaches our first CZ 1625 -1635 in more methodical manner to complete the 2nd ABC up . We need Bullish top continuation move higher in CZ (The first ABC up move was completed at 1620 which began from our POM 13 price point 1540).

Any news driven such as BLS Report etc, could have the pullback be to 1580 . Back filling process of the base formation of bottoming process. .

NEXT

PLAN A - Decisive break above 1630, with Sign of strength and PQV validation should begin next impulse wave up that started from our POM 13 – 1540 point . The breakout have **PEC-D to 1670** eventually provided we break 1630 , with PQV Validation.

PLAN B - For any pull back or If 1630 -1620 fails on PQV validation, we might have to manage the Short Term pull back Risk on any Overweight / Short term Trading Position, with either Volatility based trailing STOPS to lock in PROFIT or at Cost price / Breakeven as Risk Management move. (Rule 1) -Our Model does not convert our Profit into loss. We can always enter back later with same partial capital at lower prices. Whiles maintain our core POM 13 position

GDX – @ POM 13 – NET LONG (We benchmark with GOLD POM's & SPX – COR with - PEC-D , CZ Analysis for guild lines).

- **Last POM Trigger** – POM 13 NET LONG Position on 5/15, 5/14 – Alert @ 1540 . Within CZ 41-43, @PEC-D 41.

LAST ACTION - We went LONG within CZ 41-43 prices. Good entry point. (We patiently avoided the correction from CZ 65-64 (POM 14 on GLD))

Projected TARGET –

GOLD had great rally off the bottom from our POM 13 Trigger, which is very much in tact, for continuation move higher. We shall review how it approaches our first CZ 49-47. The first ABC up move was completed at 48 which began from our POM 13 price point 41. The Short term PEC-D projection at @ 49.

Any news driven such as BLS Report etc, could have the pullback be to 44-43 . , This should be the Right shoulder of H & S Inverse bottom validated by PQV. (see chart below) .

NEXT

PLAN A - Decisive break above 50-51 with Sign of strength and PQV validation should begin next impulse wave up that started from our POM 13 – 41 point, but Gold should simultaneously break above 1630

PLAN B - For any Short Term pull back Risk on any Overweight / Short term Trading Position, use either Volatility based trailing STOPS to lock in PROFIT or at Cost price / Breakeven as Risk Management move to avoid converting Profit into loss. We can always enter back later with same partial capital at lower prices. Whiles maintain our core POM 13 position

POM Signals , Trading Conclusions - Price / CZ Projection Summary

C# Commodity Report 6-Jul	CURRENT STATUS	CZ - Trigger Confluence Zone	Target	Comments
GOLD				
SHORT-TERM -	NEUTRAL / BULLISH	1540	1620-1630	pull back MOVE FROM 1620 TO 1540 met & Rally began Nimble into longs (1540 - 1580) Consolidation in larger range 1450-1825 Building up floor to test the Highs Covered Short -Decline from 1775 to 1580 met
MID-TERM - POM 13 (1540) - Open	BULLISH	1540-1580	TBA	
LONG-TERM POM 12 (1250-1225)	BULLISH	1250-1225	1900 -2000	
GDX (Miner)				
SHORT-TERM	NEUTRAL			
MID-TERM	BULLISH	41 43	47-48	Nimble into Longs (CZ 41-43) Closed Short (hedges) -Decline from 58 to 48 met
SLV				
SHORT-TERM	NEUTRAL			
MID-TERM	BULLISH	26.5-27	29	Nimble into Longs Closed Short (hedges) -Decline from 35 to 29 met
CBB				
SHORT-TERM	NEUTRAL			
MID-TERM	BULLISH	260-270	300-320	Nimble into Longs in CZ indicated Closed Short (hedges) -Decline from 320 to 280 met 4th leg down
OIL				
SHORT-TERM	NEUTRAL			
MID-TERM	BULLISH	81-83	90-92	Nimble into Longs in CZ indicated CRASH -Decline from PEC-D 107 to 88 met
DBB (Base M)				
SHORT-TERM	NEUTRAL			
MID-TERM	BULLISH	17.7-18.20	TBA	Nimble into Longs in CZ indicated Should follow CRB Decline from 21.5 to 18 met
Copper				
SHORT-TERM	NEUTRAL			
MID-TERM	BULLISH	3.15-3.30	3.60-3.65	Nimble into Longs in CZ indicated Should follow CRB Decline from 4 to 3.30 met
UNG (Natgas)				
SHORT-TERM				
MID-TERM	BULLISH	16-16.5	TBA	Triggered at 16 as per Last Report Stop 14.5 Rally in progress

BACK UP SECTION

Commentary & Charts below are for Reference , backup & cross verification . It is required for in- depth understanding behind our Conviction, Logic & Risk disclosures / limitation

GOLD - Commentary

SPX & GLD Correlation , Gold continues to lead the markets. If this relationship continues to holds up , On slightly longer term we should see Gold Topping first and turning down ahead of SPX by week or so .

GOLD is in process of 2nd ABC up rally mode towards 1630 which began from 1535. Since our POM 13 – 1540 it has continued to move higher .

It tested the CZ almost 4 Times and It has come off the bottom in Bullish way bottoming in Bullish Manner with PQV Validation after huge decline. We stay in this trade for next move higher. Our “Scale into” the CZ price was more concentrated closer to lower end of CZ 1540 at POM 13.(for Longer term position If cross verified by other Methodologies based on Portfolio Objectives)

Once we get good entry point Triggered, we like to play & stay with the Larger trend in spite of Contra views (shake out news) from surrounding . However we would manage our risk via recycling partial position at CZ turns to improve cost basis on Core position. Also in overweight positions , we raise Stop loss as Market goes higher to lock in the profits if market flips.

GOLD POSITION / BACKDROP

Currently GOLD remains, at Bull Market POM Rating - POM 13 which is NET LONG Position triggered at 1540 within CZ – 1540-1580 area. ALERT - 5/15, 5/14. Risk Management under the CZ Levels based on Portfolio Objectives. .

GOLD Price path has been following exact since our POM 14 re - Trigger at CZ - 1775-1750 to CZ -1650-1620 (to cover hedges On 3/06 – Alert ,) & then to next level CZ 1580-1540 to go LONG after decline of 200 points from 1775

GDX POSITION / BACKDROP

GDX should follow GLD . GDX / GLD ratio is completely undervalued. Longer term GDX is setting up very well for Larger move up upon completion of this decline .

POM 13 which is NET LONG Position triggered at 41 within CZ – 41-43 area. ALERT - 5/15, 5/14. Risk Management under the CZ Levels based on Portfolio Objectives. .

GDX Price path has been following exact since our POM 14 re - Trigger at CZ – 65-64 to CZ -52-50 (to cover hedges On 3/06 – Alert ,) & then to next level CZ 43-41 to go LONG after decline of 40% from 65

• COMMODITY - Commentary

USD – Based on direct correlation with USD. USD finished its ABC up to 83 BULLISH top (It put in bottom in CRB) and now retracement in USD came in as expected our earlier Report causing rally in CRB .

The possibility of double top in USD should result in ST pull back in CRB . Watch for any reversal. Therefore USD continues to be the Key part of our Analysis .

CRB has been basing since the lows on 4th June within our CZ 260-270 and Since SPX – POM 13 Triggered rally @ 280 – CRB . Commodities have undergone nasty correction since POM 15 Trigger on SPX @ 325 - CRB .

The Risk On Trade on CRB has been in effect since POM 13 in SPX. Since it is “AOM”, the rally in commodity & SPX is in tandem

Rally in SPX has been led by Commodity Market. And conversely Decline in SPX has began with Commodities topping out before equities.

CRB POSITION / BACKDROP

CRB Price path has been following exact since our COR - SPX - POM 13 which is NET LONG Position triggered within CZ – 260-280 area. ALERT - 5/25. Risk Management under the CZ Levels based on Portfolio Objectives. .

CRB Price path has been following exact since our COR - SPX - POM 15 - Trigger at CZ – 330-320 to CZ – 280. PEC-D (to cover hedges , On 5/25 Alert ,) for decline of 15% from 325

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

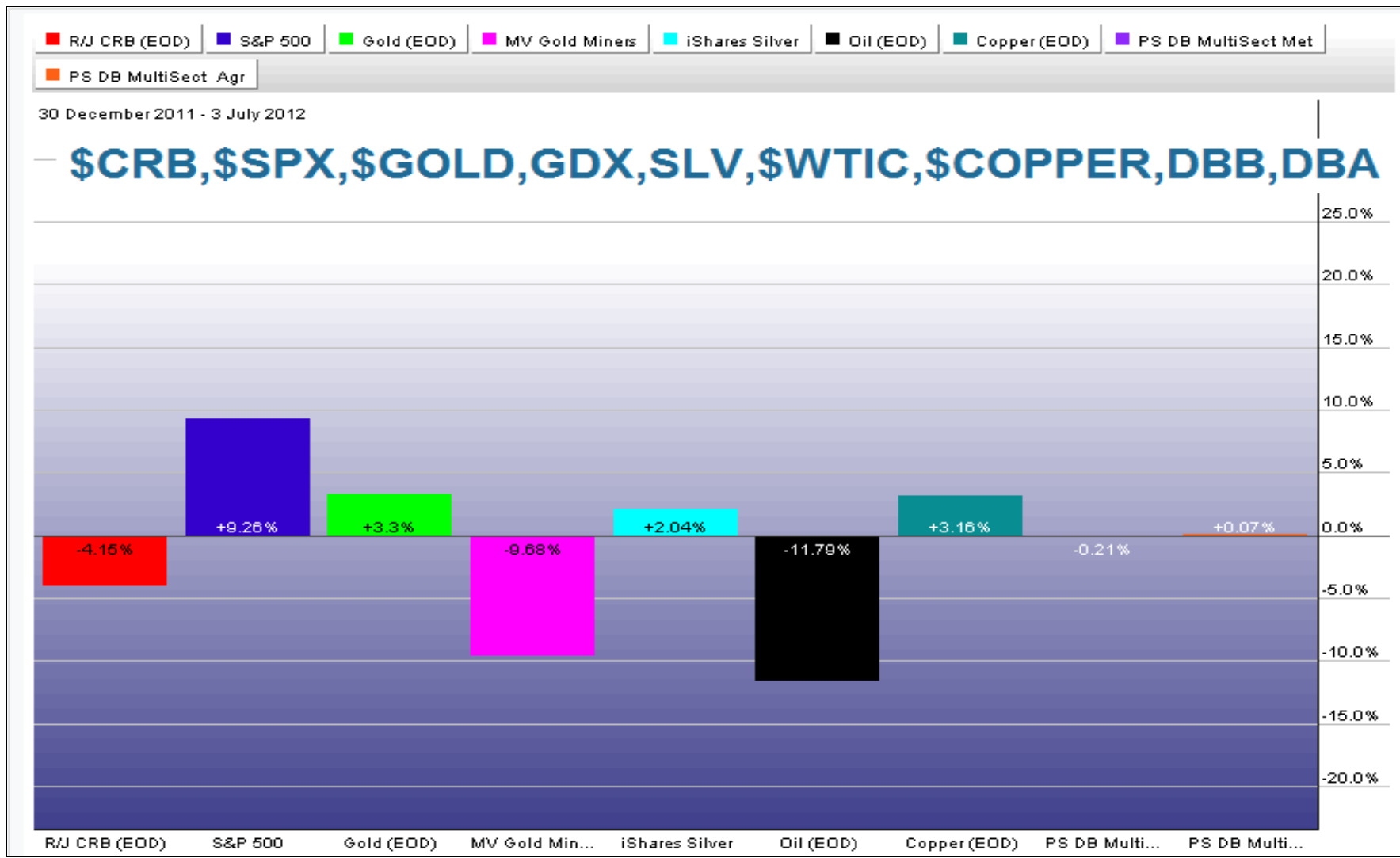
- *GOLD MA, Trend & Oscillator Analysis –*
- *GOLD - PEC –D Analysis*
- *GOLD – Cycle Analysis*
- *GOLD / SLV – Lead / lag Analysis*
- ***EXTREAME Sentiment Analysis (3rd Party Data)***
- *SLV – PEC –D Analysis*
- *SLV – Poly Trend Analysis*
- *HUI / XAU – PEC –D Analysis*
- *GDX – SMA & Trend Analysis*
- *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)



USD – PEC D – Analysis –

By this Method- Bullish top 83 is in process of getting tested after the pullback. Top came in EXACT- PEC-D . We will monitor the quality of double top on PQV. After such large move USD needs to get consolidated.

The potential pull back is 81, It is hard to imagine 83 being broken out with force on upside this time around (unless political issues trigger)

Longer term -DXY began MAIN Trigger @ 72-73 (09/07/2011). Weekly huge key reversal with Sign of Strength of Strength (SOS), Major bullish divergence on Oscillator that signals a bottom is solid on every rally. Our LT – Target 88.



USD – Poly trend Analysis –

Although the full pull back was not complete in DXY, the bounce came from ST Poly trend. The larger move USD needs to get consolidated to 81



CRB / DBC- with CZ/ PEC-D & Oscillator Analysis

Upside target projected - CZ 300-310, at (PEC-D -305)

Downside target met - CZ 260-270, at (PEC-D -282)

Longer term –

Earlier the commodities failed in our CZ 330-320 (at POM 15 as indicated) on PQV , -Ve divergence and declined .

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 .



CRB / DBC- with CZ/ PEC-D & Oscillator Analysis

Upside target projected - *-310 – Poly trend Target*

Downside target met - *CZ 260-270, perfectly.*



CORRELATION RATIO ANALYSIS

- CRB v/s SPX - Inter market Analysis

Direct Correlation continues in Current Trend – By 1- week lead

- CRB v/s USD - Inter market Analysis

Inverse Correlation continues in Current Trend – No extremes

GOLD - PEC -D / CZ Analysis -

Upside target projected - GOLD Rallied towards target CZ 1625 -1650, at tick 1625 and sold off , pull back should be towards 1585. Ultimately if 1630 CZ is broken target is (PEC-D -1660)

Downside target met - CZ 1540 -1580, at (PEC-D -1540), rally in progress

By this Model - We reached 1620 , 1st ABC up 1620, Pull back is in progress after huge rally from POM 13 Trigger at 1540. Repair work & back filling in progress towards 1585.

Gold turned up right when it was supposed to have turned, basing process to continue. PQV / VTO turned bullish on test towards 1540



GOLD – MID TERM Price Analysis

Weekly (GLD) dating back to 2005. RSI seven period with a 10 period moving average. When this RSI got near 40 (current) GLD was near an intermediate term low. We have labeled with red arrows previous signals. The current signal will carry more weight in that the Commercials “Commitment of Traders” (COT) report starting in mid May had shorts of 139k; 136k and 131K respectively which puts them in the most bullish camp since the 2008 low.



- **EXTREAME Sentiment Analysis GOLD (3rd Party Data)**

Courtesy : SENTIMENT TRADERS

- **GOLD – COT - | @ EXTREMES SENTIMENTS**
- **RYDEX CASH FLOW - | @ EXTREMES SENTIMENTS**
- **GOLD – PUBLIC OPINION - | @ EXTREMES SENTIMENTS**

chart – *Appears GOLD sentiments are approaching lows.* Courtesy : SENTIMENT TRADERS

SLV – PEC –D Analysis -

SLV is much weaker than GOLD , but has tested well . Repair work & back filling in progress.

Upside target projected - *-29 – PEC –D only if GOLD proceeds to 1660 PEC-D Target t)*

Downside target met - *PEC –D @ 26.25 perfectly.*

Notes within the charts



GDX – CZ – PEC-D Analysis

Upside target projected - GDX Rallied towards target CZ 47-48 , if 48 CZ is broken target is (PEC-D - 50)

Downside target met - CZ 41-43, at (PEC-D -41), rally in progress

By this Model - We reached 48 , 1st ABC up , Pull back is in progress after huge rally from POM 13 Trigger at 41-43. Repair work & back filling in progress towards 44-43 , This might be forming right SHOULDER OF inverse H & S , validated by PQV

Gold turned up right when it was supposed to have turned, basing process to continue. PQV / VTO turned bullish on test towards 41-43



XAU - CZ/ Pattern Analysis - Longer Term

Monthly XAU chart , RSI and Slow Stochastics are at previous long term lows, the key areas to buy gold stocks . This Long term bullish combination was present at the 2000 low and again in 2008 low and now in the current timeframe. It appears the mid may low near CZ 140 -160 was tested in XAU. Previous triggers of this type lasted a year or longer.



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

OIL – PEC –D Analysis -

Upside target projected - **-CZ 90-92 , PEC –D @ 91 only if CRB proceeds to 300-320 Target)**

Downside target met - **CZ 81-83** tested perfectly.

Notes within the charts



Correlation Ratio Analysis

- **OIL v/s SPX - Inter market Analysis @ Non 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 @ NonExtreme**

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 @ Non 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 -

Upside target projected - , PEC -D @ 3.65 only if CRB proceeds to 300-320 Target)

Downside target met - CZ 3.25 -3.3 tested

Notes within the charts

Our Main Signal PEC -D at 4.0 & POM 15 - SPX Trigger.



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

Upside target projected - , Should follow the price path of CRB to 300-320 Target)

Downside target met - CZ 18-17.75 tested

Notes within the charts

Our Main Signal CZ 21.5-200 & POM 15 – SPX Trigger.



NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis

We have been on UNG since at 16 , After first leg up , pull back & classic retest . We had indicated bottoming & reversal process in our previous Reports

Upside target projected - -, No target

Downside target met - CZ 16 tested

Notes within the charts



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

- NONE

SD - UNDERVALUED ETF (SD - 2)

- GDX v/s GOLD

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 (1ST 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 (1st 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)

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 <u>180</u> Points (6 signals)	_____	+55%

- **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

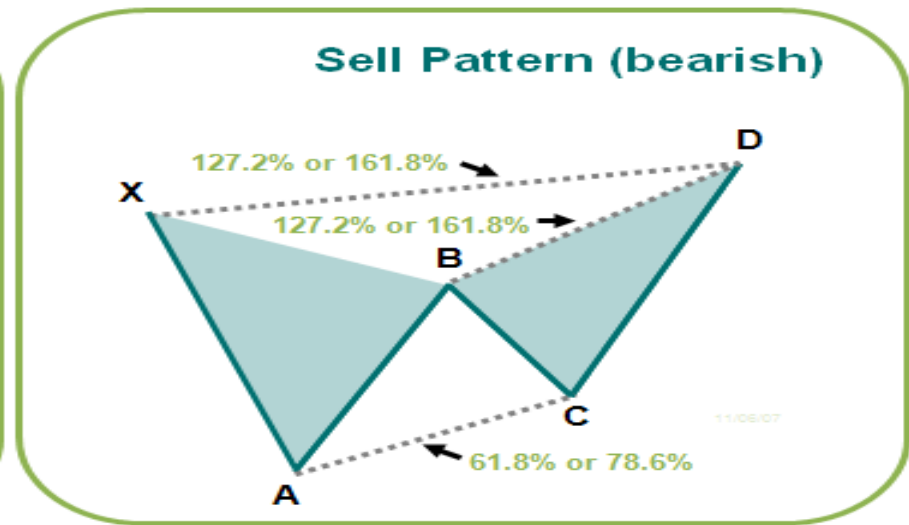
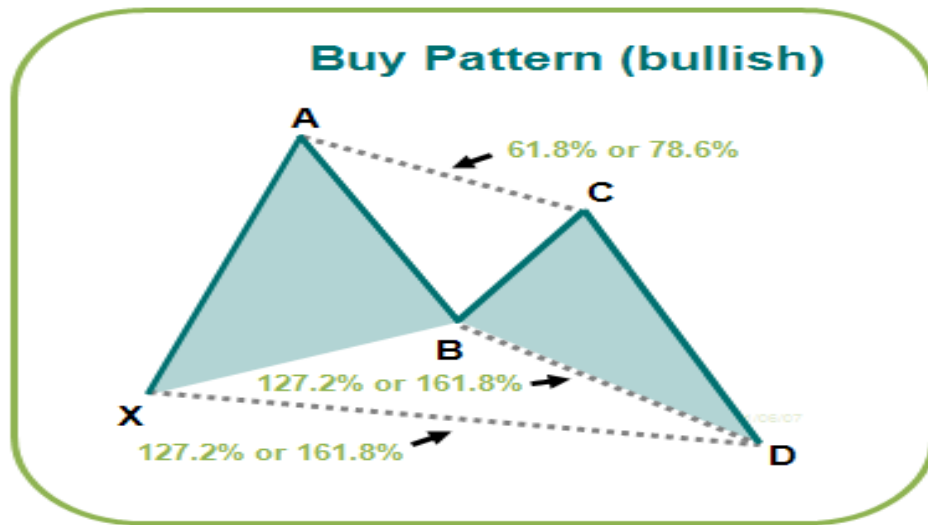
- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way 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 2th 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 (3rd 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.