



SG Capital Research

Global Market Insights

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

MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # JUNE_13

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

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• 1- Executive Summary .

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

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

OUR ACTION On 5/23 - We Closed Partial Hedges (initiated from 325 level) & went Net Long within CZ 280 / PEC-D projection indicated in last Report . We are extended in price projection a bit.

OUR Projected TARGET - Decline into CZ 270-260, met & next Retest when SPX tests CZ 1290-1310. We shall look for the reaction in this CZ for PQV validation & PEC-D completion to judge the next move to hold . We think it will hold

NEXT - CRB should follow SPX very closely . We should focus on T termination lows on 16th – 18th June , which suggest the market should try to retest of lower CZ 270-260.

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

- Our Last Trigger – (On 5/1 – PEC-D at 107 to Target 88.)

OUR ACTION On 5/ 1 - At 107, We did not trade OIL (Full Disclosure) but was the BEST Crash Call to target 88 . We are extended in price projection on downside.

OUR Projected TARGET - Decline into CZ 83-81, We shall look for the reaction in this CZ for PQV validation & PEC-D completion to judge the next move to hold . We think it will hold

NEXT - OIL should follow CRB

It should be noted that the weakness in oil prices is a very large positive for the economy as it gives the equivalent of a tax cut and optimism to boost the Market during the election rally.

GOLD – @ POM 13 – NET LONG

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

OUR ACTION - We went LONG within **CZ 1540-1580 prices**. – **Great entry point at the lows**. (after patient wait from CZ 1775)

OUR Projected 1st TARGET - Move up is in progress which began from our POM 13 to complete ABC up at 1620. We need some back filling into the Trigger Zone **1540-1580** to build base after such nasty correction . We shall look for another tertiary Bullish PQV validation to re verify the earlier Bullish PQV Validation & PEC-D completion as part of bottoming process.

NEXT Certainly possibility of final shakeout move to scare all the Bulls below our **CZ 1540**. (No signal)

GDX – @ POM 13 – NET LONG

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

OUR ACTION - We went LONG within **CZ 43-41 prices**. – **Great entry point at the lows** (after patient wait from CZ 65-64)

OUR Projected 1st TARGET - Move up is in progress which began from our POM 13 to complete ABC up at 48.5. We need some back filling into the Trigger Zone **43-41** to build base after such nasty correction . We shall look for another tertiary Bullish PQV validation to re verify the earlier Bullish PQV Validation & PEC-D completion as part of bottoming process.

NEXT Certainly possibility of final shakeout move to scare all the Bulls below our **CZ 41**. (No signal)

PLAN B (GOLD / GDX) - For any Overweight Position (Partial) put STOP at Cost price / Breakeven as Risk Management. Our Process of Entry, Exit or Re- entry Position is more suitable / relevant for the Positions entered by our very own Previous Signals. This tends to give better Reward if round trip gets completed. .

POM Signals , Trading Conclusions - Price / CZ Projection Summary

C# Commodity Report 13-Jun	CURRENT STATUS	CZ - Trigger Confluence Zone	Target	Comments
GOLD				
SHORT-TERM -	NEUTRAL			Closed Short (hedges) -Decline from 1775 to 1580 met Nimble into longs (1540 - 1580) Consolidation in larger range 1450-1825 Building up floor to test the Highs
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			Closed Short (hedges) -Decline from 58 to 48 met Nimble into Longs (CZ 43-41)
MID-TERM	BULLISH	43-41	TBA	
SLV				
SHORT-TERM	NEUTRAL			Closed Short (hedges) -Decline from 35 to 29 met Nimble into Longs
MID-TERM	BULLISH	26.5-27	TBA	
CBB				
SHORT-TERM	NEUTRAL			Closed Short (hedges) -Decline from 320 to 280 met Nimble into Longs in CZ indicated 5th leg down
MID-TERM	BULLISH	270-260	TBA	
OIL				
SHORT-TERM	NEUTRAL			CRASH -Decline from 107 to 88 met Nimble into Longs in CZ indicated
MID-TERM	BULLISH	83-81	TBA	
DBB (Base M)				
SHORT-TERM	NEUTRAL			Decline from 21.5 to 18 met Nimble into Longs in CZ indicated Should follow CRB
MID-TERM	BULLISH	18.20-17.80	TBA	
Copper				
SHORT-TERM	NEUTRAL			Decline from 4 to 3.30 met Nimble into Longs in CZ indicated Should follow CRB
MID-TERM	BULLISH	3.30-3.15	TBA	
UNG (Natgas)				
SHORT-TERM	BULLISH	16-16.5	TBA	Triggered at 16 as per Last Report Stop 14.5 Retracement in progress

• GOLD - Commentary

Once we get good entry point is Triggered to play the Larger trend , we would like to stay with the 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.

SPX & GLD – Correlation - Gold seems to be leading the other risk-on markets, bottoming first, finishing up move first, and going into a corrective pullback first. If this relationship holds up, we should see Gold bottoming first and turning up once again.

If Gold were to make a lower low this week, it would hint that equities could make a lower low before rejecting the lows.

GOLD Finished its first ABC up to 1620 which began from 1535 and is under retracement . Since our POM 13 – 1540 it has continued to move higher . It has come off the bottom in Bullish way. In month of May, it had the best monthly gains in 3 yrs. We were clearly the beneficiary of our signal. Re- testing our CZ1540-1580 several times would be part and parcel of 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 .(for Longer term position If cross verified by other Methodologies based on Portfolio Objectives)

USD finished its ABC up to 83 , once the ST Top is complete and pullback begins in USD , GOLD should rally further.

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 .

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

Commodities are still stuck in a deep downtrend (since POM 15 Trigger on SPX) for 12 weeks without any meaningful bounce.

The Commodity losses were direct warning for global stocks tumbling. The deflationary implications of falling commodity prices explains why bond yields have fallen to lows and why bond prices continue to rally.

There has been divergence in GOLD & OIL market GOLD up while OIL selling off. Euro's drop from our Sell PEC-D 1.33 (to 1.27 TO 1.24 projection) continued to pressure this Market.

The Risk off Trade on CRB has been in effect full force since POM 15 in SPX. Since it is "AOM", the rally in commodity should begin along with rally in SPX. CRB Reaching CZ target is Part 1 of the process, Bullish divergence is Part 2. We are awaiting for PQV Validation.

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 rallied first out of the box.

For now, we expect the upward correction to have more legs in coming week but a retest of the recent lows still looks likely going into this week / next week and is the ideal Time Ratio Low for number of other risk-on market.

USD - Although finished ABC up 83 & re traced from BULLISH TOP , On Short term , the retest higher to double top on USD should pressure these risk-on markets during lower retest till PQV validation is complete. Directional correlation between USD & AOM (All one Market ") are very much intact. Therefore USD continues to be the Key part of our Analysis .

CRB POSITION / BACKDROP

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

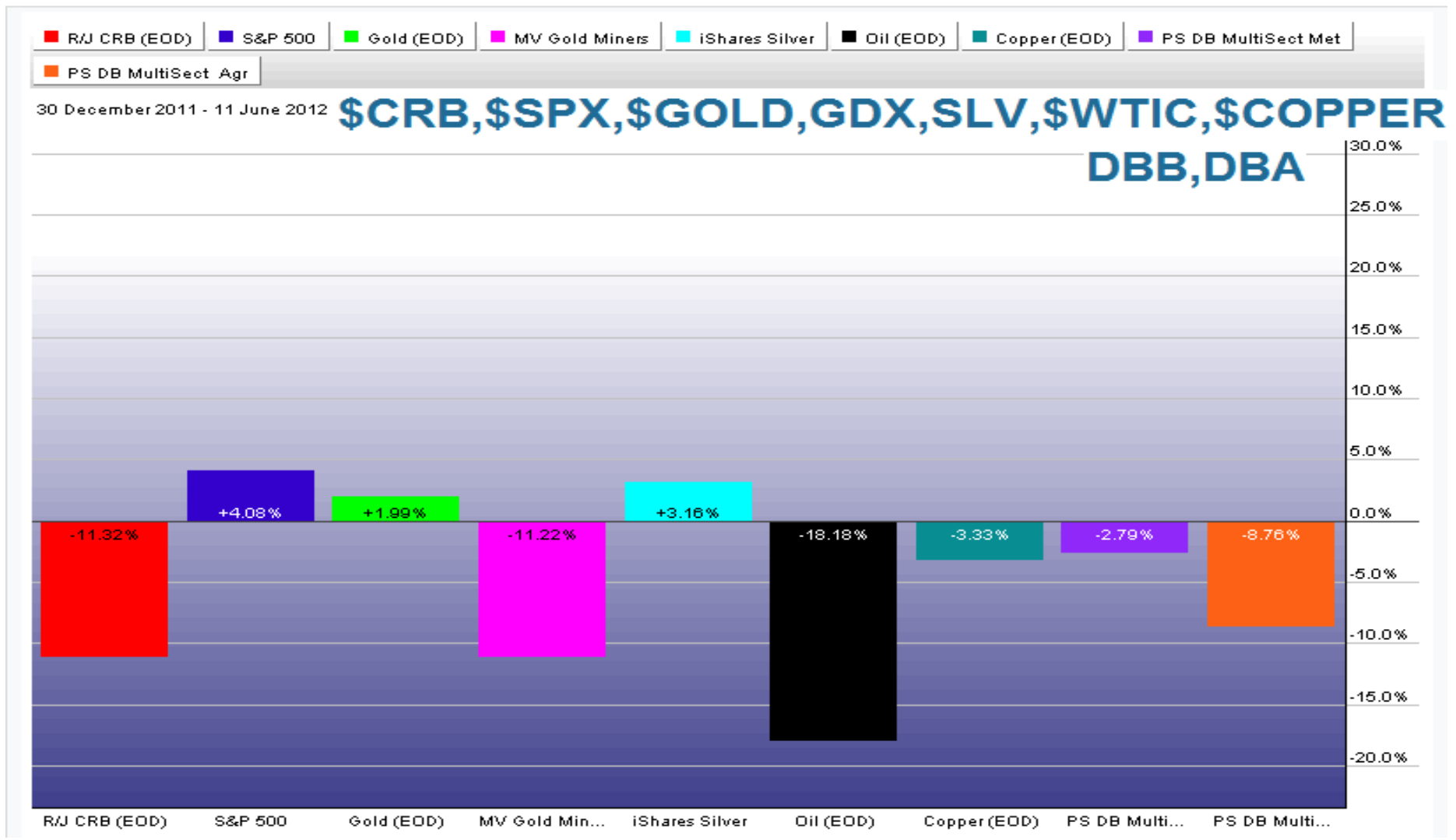
- **GOLD MA, Trend & Oscillator Analysis –**
- **GOLD - PEC –D Analysis**
- **GOLD – Cycle Analysis**
- **GOLD / SLV – Lead / lag Analysis**
- **EXTREAME Sentiment Analysis (3rd Party Data)**
- **SLV – PEC –D Analysis**
- **SLV – Poly Trend Analysis**
- **HUI / XAU – PEC –D Analysis**
- **GDX – SMA & 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 at 83-82 should get retested . DXY completed PEC-D 83-82 with Bullish Top from Last leg up at 78. We will monitor the quality of pull back which is critical for other Markets to rally . (No pull back target yet) .

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

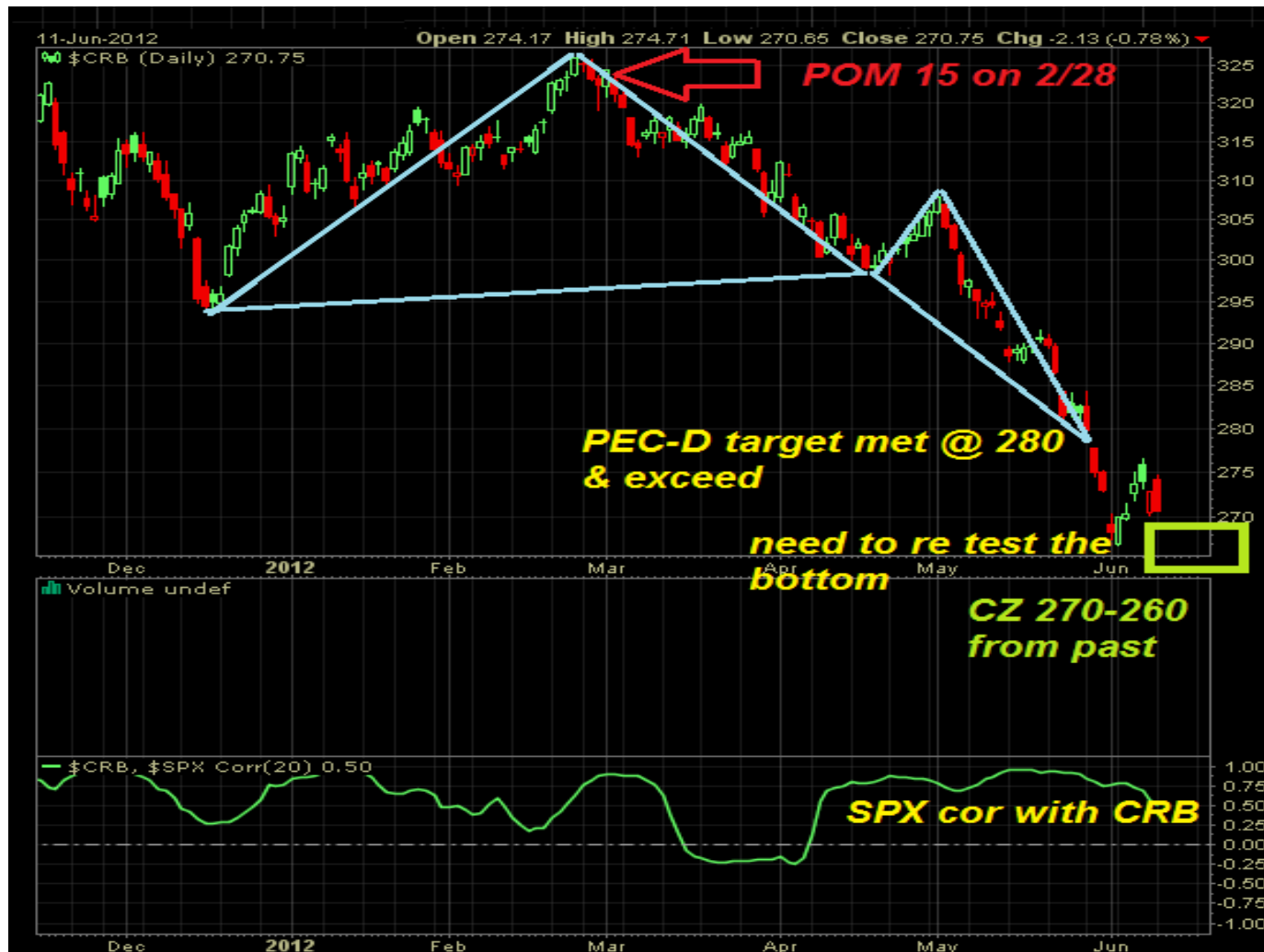


CRB / DBC- with CZ/ PEC-D & Oscillator Analysis

Our Downside CRB target met at (PEC-D 282) & exceeded. Price projection CZ 270-260 should be tested

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

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 .



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

. Price projection CZ 270-260 should be tested, CRB was one of our favorite on this decline



CORRELATION RATIO ANALYSIS

• CRB v/s SPX - Inter market Analysis

SPX & CRB Index over the last three years. Both markets have been highly correlated. The last 3- Major correction stocks were preceded by peaks in the CRB And the two previous bottoms were accompanied by commodity bounces. This time, however, the commodity downturn has been much more serious. That's associated with global economic weakness which isn't good for stocks.



• CRB v/s USD - Inter market Analysis

Inverse Correlation continues in Current Trend – No extremes

GOLD - PEC -D Analysis -

By this Model - Rally began meeting CZ of pull back target POM 13 Trigger at 1540. Repair work & back filling in progress.

Earlier, Failure began with wide ranging price bar into PEC-D - 1775 - exact (POM 14). & nasty decline began.



GOLD – CZ, Pattern Analysis

By this Method - Gold turned up right when it was supposed to have turned. It has broken out of area of the triangle apex price zone and trend is now up, basing process to continue. .

CZ 1540-1580 PQV / VTO turned bullish.



GOLD – RSI – LONG TERM Price Analysis

Weekly LT - GLD chart since 2005 , RSI (7) with a 10 WMA. This indicator has marked important lows when it reached 45 and lower (red arrows). It gave a double buy signal back in 2008 and is doing so again. The pattern that appears to be forming over the last 7 months is a Triangle pattern. A lot of the time a "Triangle pattern" can mark the half way point of the move. A "Triangle pattern" formed back in 2006 and more or less marked the mid point of that move that started in 2005 and lasted into 2008. The bottom window is the GDX/GLD ratio which is starting to show strength. It has managed to cross above the red downtrend line and suggests that gold stocks are starting to outperform Gold.



- **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 -

By this Model - Rally began meeting **PEC-D @ 27 downside** Repair work & back filling in progress.

Earlier , Failure began with wide ranging price bar into **PEC-D – 35-(POM 14)** stated in earlier Reports.
. & nasty decline.



GDX – CZ – PEC-D Analysis

By this Model - Rally began meeting CZ of pull back target POM 13 Trigger at CZ 41-43. Repair work & back filling in progress.

Earlier , Failure began with wide ranging price bar into PEC-D- / CZ 58-57 & nasty decline began .

VTO is still positive on Primary test. On Trend Ratio Analysis , its breaking out at early stages.



XAU – Pattern Analysis - Longer Term

Monthly XAU since 2000. Previous multi month bullish signals have been triggered by the monthly RSI (7) hit 30 or lower and the monthly Slow Stoch turning up from below 20. In 2000, 2008 low and both produced gains in excess 100%. The top of consolidation that started back in December 2010 may have ended in May 2012 with a 50% retracement of the previous rally into our CZ 140-160 which is a normal retracement in a bull market. A lot of consolidation mark the half way point of the move and if it holds true this time around would give a target on the XAU near 306. Previous signals of this type of lead to rallies that lasted well over a year.



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**

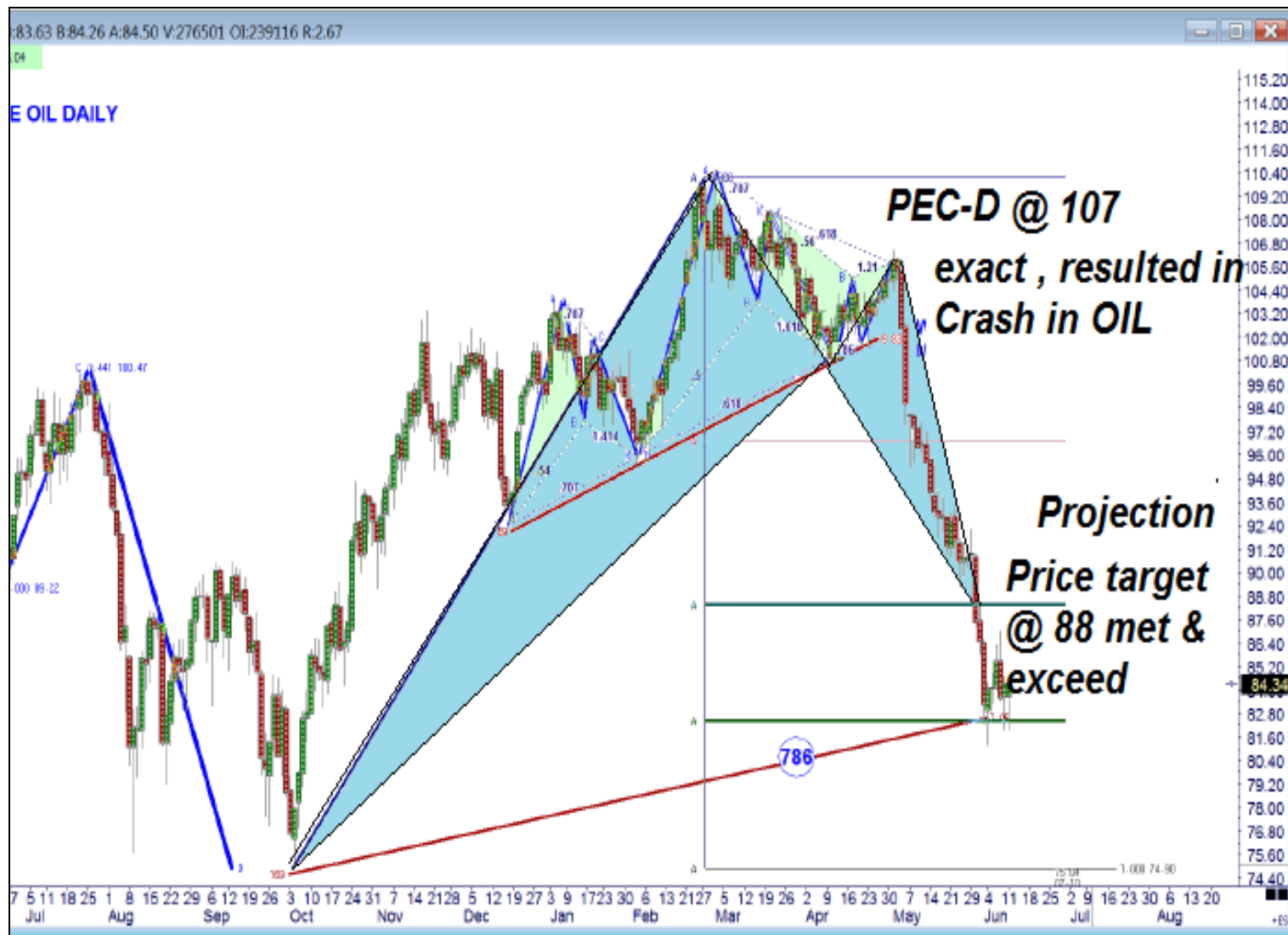
At one time this ratio was at extreme. (Reversion to mean, consolidation is needed here)

NONE @ EXTREMES

OIL – PEC –D Analysis -

Our Price target 88 is extended **to CZ 83-81** to be re tested .

Last Report we pointed out **PEC-D - 107 EXACT** and decline bean with **CRASH** target 88 .



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..

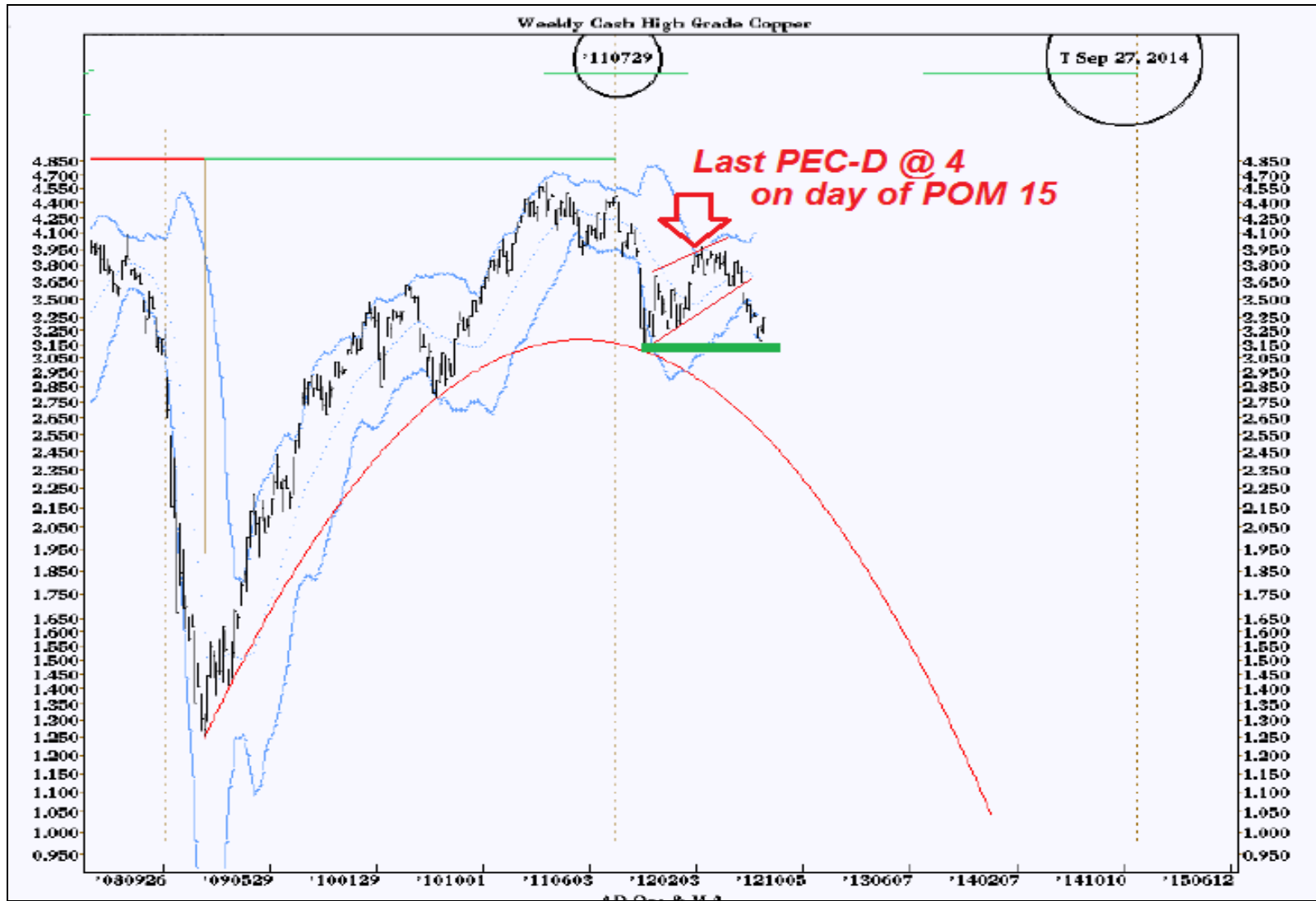
- **\$ COPPER v/s CHINA - Inter market Analysis @ Non Extreme**

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 -

Copper approaching CZ 3.30-3.15, on testing CZ, it will follow CRB closely once CRB rallies. .

Our Main Signal PEC -D at 4.0 & POM 15 - SPX Trigger at 3.90 is very much intact. (JJC- IDX corresponds to 52-51).



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

CZ 18.20-17.80 - On reversal it should follow CRB once CRB reverses at CZ. DBB / XLB was one of our favorite on this decline

Main Signal CZ 22-21 failed with key reversal @ POM 15 – SPX – decline began to 18



NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis

*UNG with BULLISH signal at 16 , After first leg up , pull back is in progress. . We had indicated bottoming & reversal process with SOS to hold in CZ. **Downside – STOP – 14.25**. UNG is at 20 yrs low and went through the capitulation phase. By several Matric including v/s \$WTIC is very undervalued.*



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 (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)

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 Management Saving 180 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

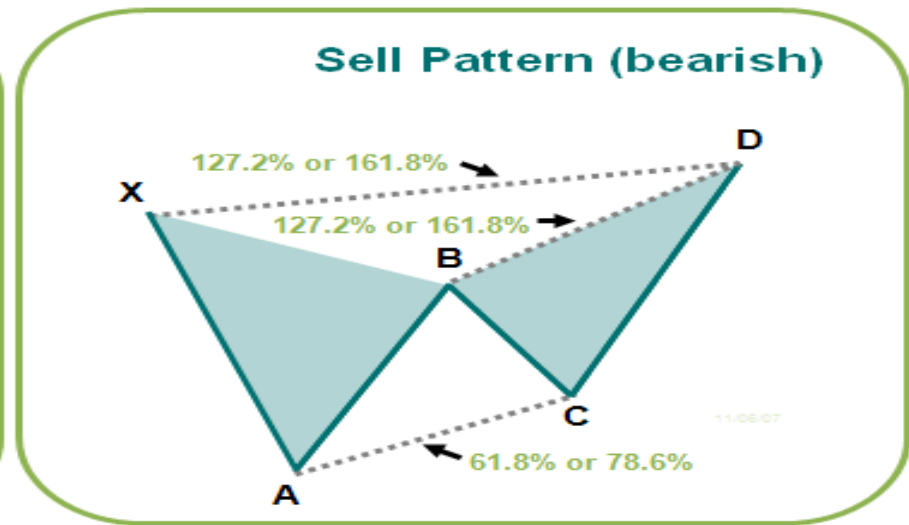
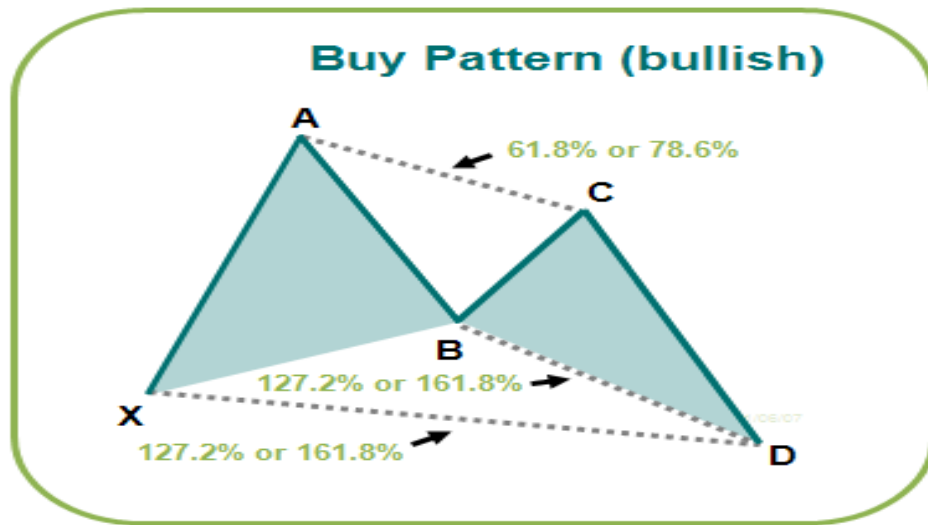
- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way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

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