



SG Capital Research

Global Market Insights

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

MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # MAR_01

For Immediate Release – *Thursday AM (EST)*

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Commodity Analysis (C) – (SP)

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- SILVER (SLV)
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- OIL (USO)
- NAT GAS (UNG)
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• 1- Executive Summary

GOLD / SLV

Currently remains, at Bull Market POM Rating - POM 14 (*Partially Hedged Long Positions*)

In yesterday's trading, Gold took back 4 weeks worth of gains in 4 hrs. GOLD once again went into our projected CZ - 1775-1750 (4th time) each time with invalidated PQV & gave up (We have been indicating this price path past with each time invalidation and fizzled out repeatedly as stated in all our earlier Reports A # 3, B#, C#). Finally yesterday it reacted violently in that CZ with downside loosing 90 points . Since we use Projective Methodology, our decision point is at the CZ, prior to train leaving the station. Once it gets going it doesn't let anyone in or out.

This decline is "blamed" on Fed Chairman's testimony. It could very well be the reason but we think ABCD completion of pattern within CZ with PQV invalidation certainly has "unspoken" role in this price behavior .

This CZ – Supply / Demand zone required quite bit of force to burst through which in past 3 touches kept reducing without SOS (Sign of strength) . The irony of this move is, it happened on face of European Monetary announcement on injecting US \$ 800 B into the Banks, such announcements usually would have sent GOLD to the moonshot.

Simultaneously, DXY upon meeting our downside target CZ – 78, put in key reversal & rally began.

PULL BACK - GOLD– Pull back tends to give fast Price destruction , this is a typical Bull Market move.. The decline should go to CZ -1650-1620, where we broke out with "Sign of Strength with validated PQV. on FOMC day 1/25)_ Now that area should hold the decline with PQV quality on the pull back towards 1650. With proper / methodical PQV successful test This would set up Bullish entry for next ABC up . This should invalidate price drop below 1600 as shake out move for all the Bears. **But** If PQV is invalidated 1650 TEST then downside would continue to 1560 as Next target

Once the decline begins it is hard to assess if the Pullback will continue first to next CZ target or Bounce will occur first but we are prepared for both eventuality.

BOUNCE GOLD – The Wide ranging price bar on decline from yesterday should be respected, Any bounce attempt may give opportunity to re-align the risk on second chance. The bounce would go back into CZ -1775-1750 and upon failure of another PQV, next ABC down would begin But the extend of bounce is not clear. It needs 2-3 days of data to evaluate. CZ 1775 -1750 should put in a stoppage point for rally

BOUNCE SLV– Just like GOLD , in SLV Any bounce attempt may give opportunity to re-align the risk on second chance. The bounce would go back into CZ -34.5-35.5 and upon failure of another PQV, next ABC down would begin But the extend of bounce is not clear it needs 2-3 days of data to evaluate. CZ – 35-36 should put in a stoppage point for rally

PULL BACK - SLV– The decline should go to CZ -31-30. where we broke out with “Sign of Strength with validated PQV. on FOMC day 1/25)_ Now that area should hold the decline with PQV quality on the pull back towards 1650. With proper / methodical PQV successful test This would set up Bullish entry for next ABC up . This should invalidate price drop below as shake out move for all the Bears. **But** If PQV is invalidated 30 TEST then downside would continue to Next target

LONG TERM BULLS - remain Long with (½) Core position from POM 12. The 2nd (½) floating HEDGE position at POM 14 CZ .

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 6th Wave LT Price Target .

The Floating Hedge Position being rebalanced with Hedges several times_ for Profits within the GOLD's swinging gyration from POM 14 to POM 13 or when the Sell off target is reached).

- **GDX**

As predicted in last C # Report, The bounce end up exactly in the CZ (58-57) as expected from CZ (50-52) downside, Trigger on 12/16 for covering the hedges. . Both were announced prior to move and was met respectively . Next step would be GDX may test CZ 53-51 area and then it too needs to pull back to follow the Price Path of GLD

Considering the long term on GDX (Chart below) , the ideal point to accumulate is at lower end of CZ 52-50 with Core Position and Manage the Risk of Floating Position at CZ 58-57, every time PQV invalidates. If PQV validates, it is Usually next ABC up

- **COMMODITY**

In theory, commodities should top before equities, The argument supporting that idea seems to be that the Fed tends to provide buying support on every selloff in equities, while refusing to do so in commodities, which they see as inflationary. So, it's reasonable that we would be seeing a top in commodity sooner while a final equity index top could be over a week away

- COMMODITY (CRB)- meeting its own CZ AT 330-320 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.
- OIL(\$WTIC) - Since last Report, We were Neutral, Trading at lower range 96 for upper range move to 103 . But beyond that had no identity. Geopolitical situation has pushed it out beyond and we are evaluating the breakout. But No Signal
- DXY - As witnessed in yesterday's key reversal in DXY. The USD continues to be the Key part of our Commodity Analysis . It is Ruling the world markets. Move in DXY put in pressure on GOLD , CRB.

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 1st March 2011	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
GOLD				
SHORT-TERM -POM 14	BEARISH	1775-1750	1650-1625	Retracement in progress
MID-TERM - POM 13 (1575-1550)	NEUTRAL		1650-1625	Retracement in progress
LONG-TERM POM 12 (1250-1225)	BULLISH	1250-1225	1900 -2000	Consolidation in larger range 1450-1825 (Partial Long Position in tact)
GDX (Miners)				
SHORT-TERM	BEARISH	58-57	50-52	Retracement in progress
MID-TERM	BULLISH	45-48	65-67	2nd leg up Target met
SLV				
SHORT-TERM	BEARISH	35-34	31-30	Retracement in progress
MID-TERM	NEUTRAL	TBA	TBA	
CRB				
SHORT-TERM	BEARISH	330-320	TBA	leg down to begin soon
MID-TERM	BEARISH	360-370	TBA	4th leg down
OIL				
SHORT-TERM	NEUTRAL	0	0	Trading Range 103-96 (broken)
MID-TERM	NEUTRAL	TBA	TBA	Should follow CRB
DBB (Base M)				
SHORT-TERM	BEARISH	22-21	TBA	leg down to begin soon Should follow CRB
JJC (Copper)				
SHORT-TERM	BEARISH	53-52	TBA	leg down to begin soon Should follow CRB
DBA (Agro)				
SHORT-TERM	BULLISH	29	TBA	Leg Up in Progress <u>Risk Management below 28</u>
UNG (Natgas)				
SHORT-TERM	BULLISH	20.80	TBA	Leg Up in Progress (adjusted fo split) <u>Risk Management below 19.25 on close.</u>

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

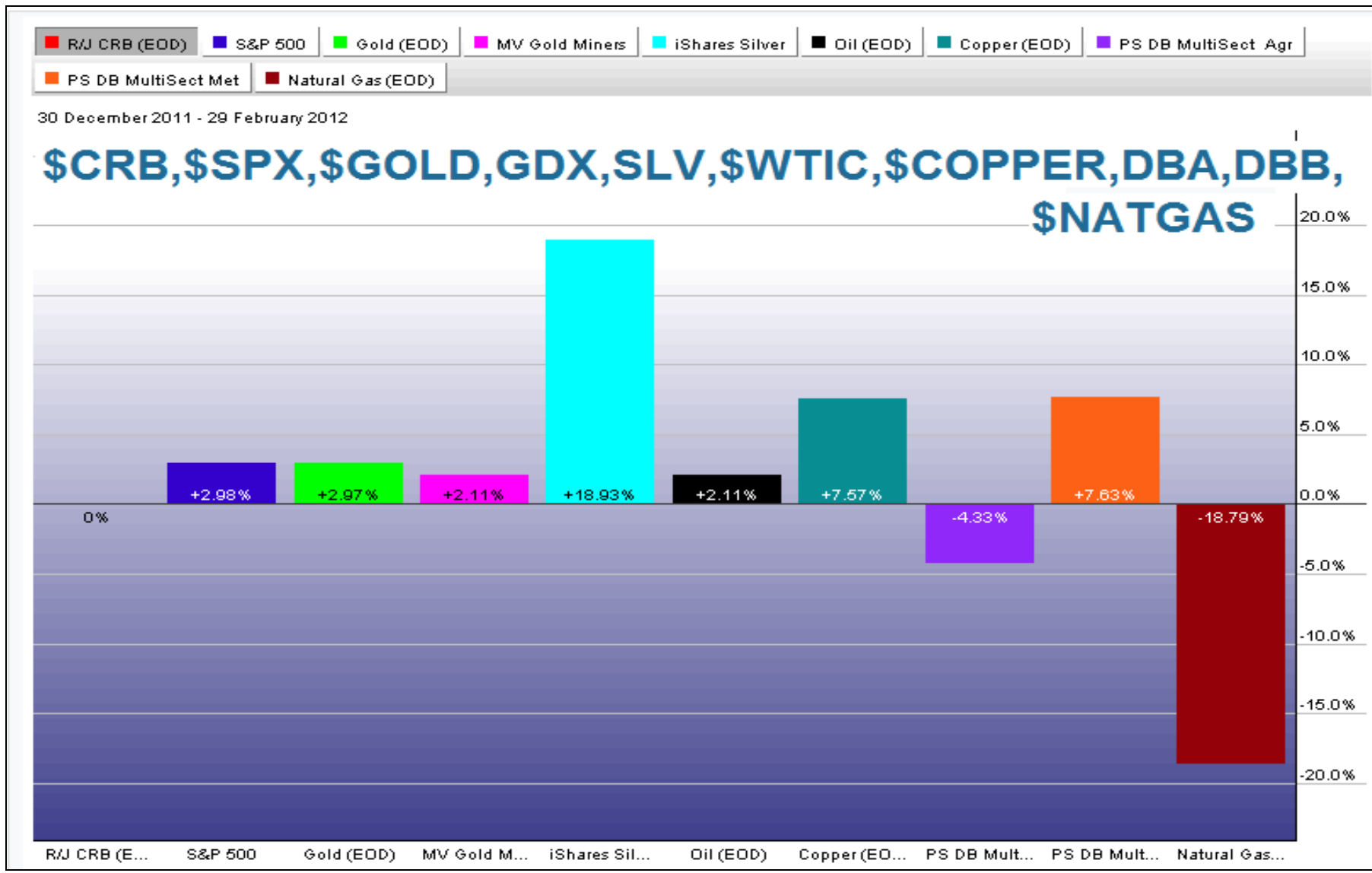
- *GOLD MA, Trend & Oscillator Analysis –*
- *GOLD - PEC –D Analysis*
- *GOLD – Cycle Analysis*
- *GOLD / SLV – Lead / lag Analysis*
- ***EXTREAME Sentiment Analysis (3rd Party Data)***
- *SLV – PEC –D Analysis*
- *SLV – Poly Trend Analysis*
- *HUI / XAU – PEC –D Analysis*
- *GDX – SMA & Trend Analysis*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



GOLD - PEC -D Analysis -

We experienced a failure with wide ranging price bar into PEC-D - 1775. The easy trade here is to watch for the retracement and look to the long side.

By this Model – Once again GOLD's bounce & tapered into 786/618 - PEC-D towards 1775 & failed. The pull back towards 1650-1625 (Yellow) for better Risk reward.



GOLD – CZ, Pattern Analysis

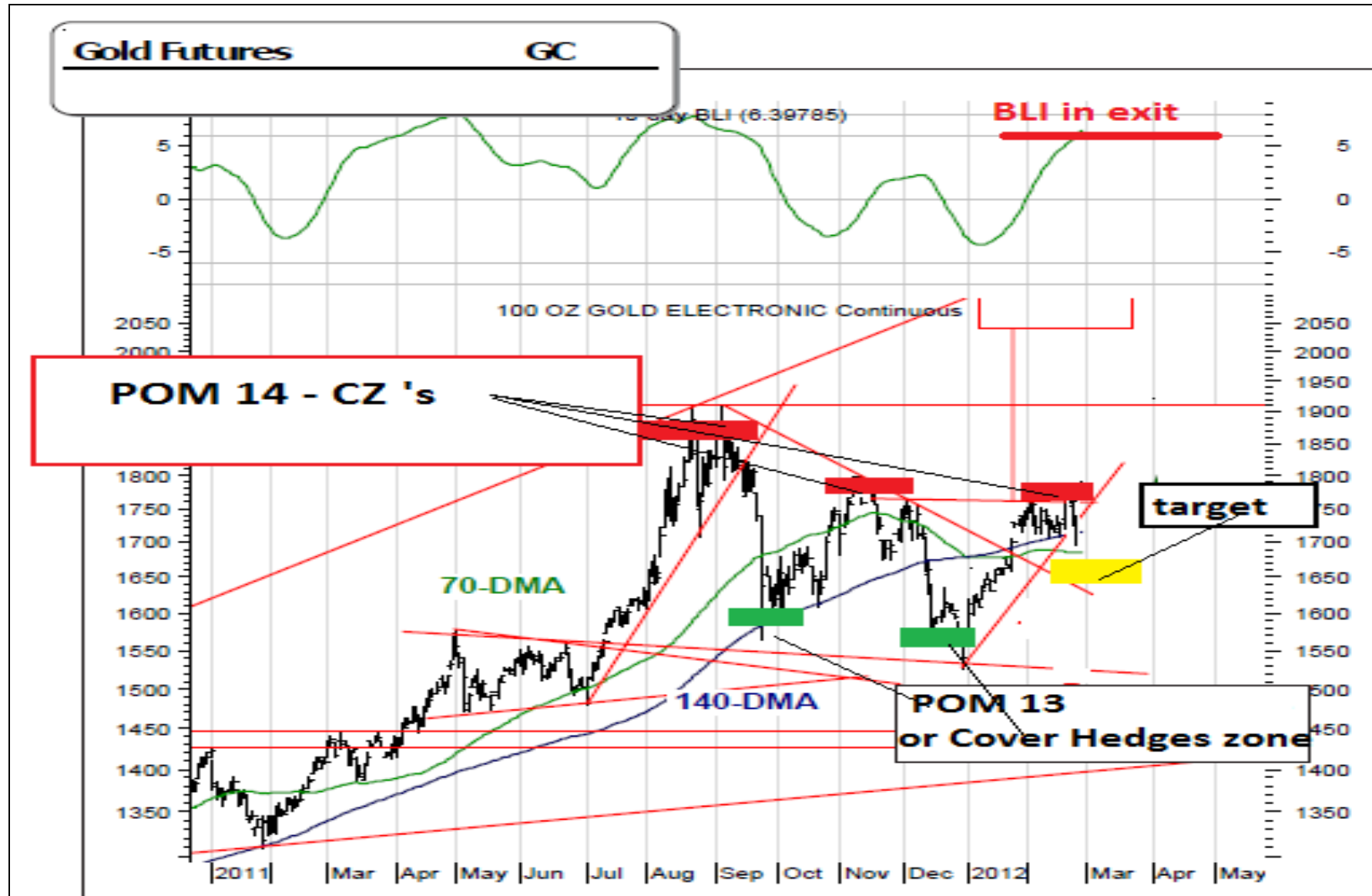
GOLD FAILS TO HOLD FLAG BREAKOUT. (in Blue) due to PQV, This was a Bull Trap. Gold now moving back below the flag breakout with a sharp decline. The indicator window shows the Correlation Coefficient that gold and stocks are positively correlated, which means yesterday's decline is negative for the General Market. .

By this Method - . As indicated in last Report, Red Box at 1775-1750 completed this rally leg . The retracement to 1650-1620 area . We think better Risk / reward should be set up on_ till such time our Model would not Trigger POM 13 for sustainable up move.



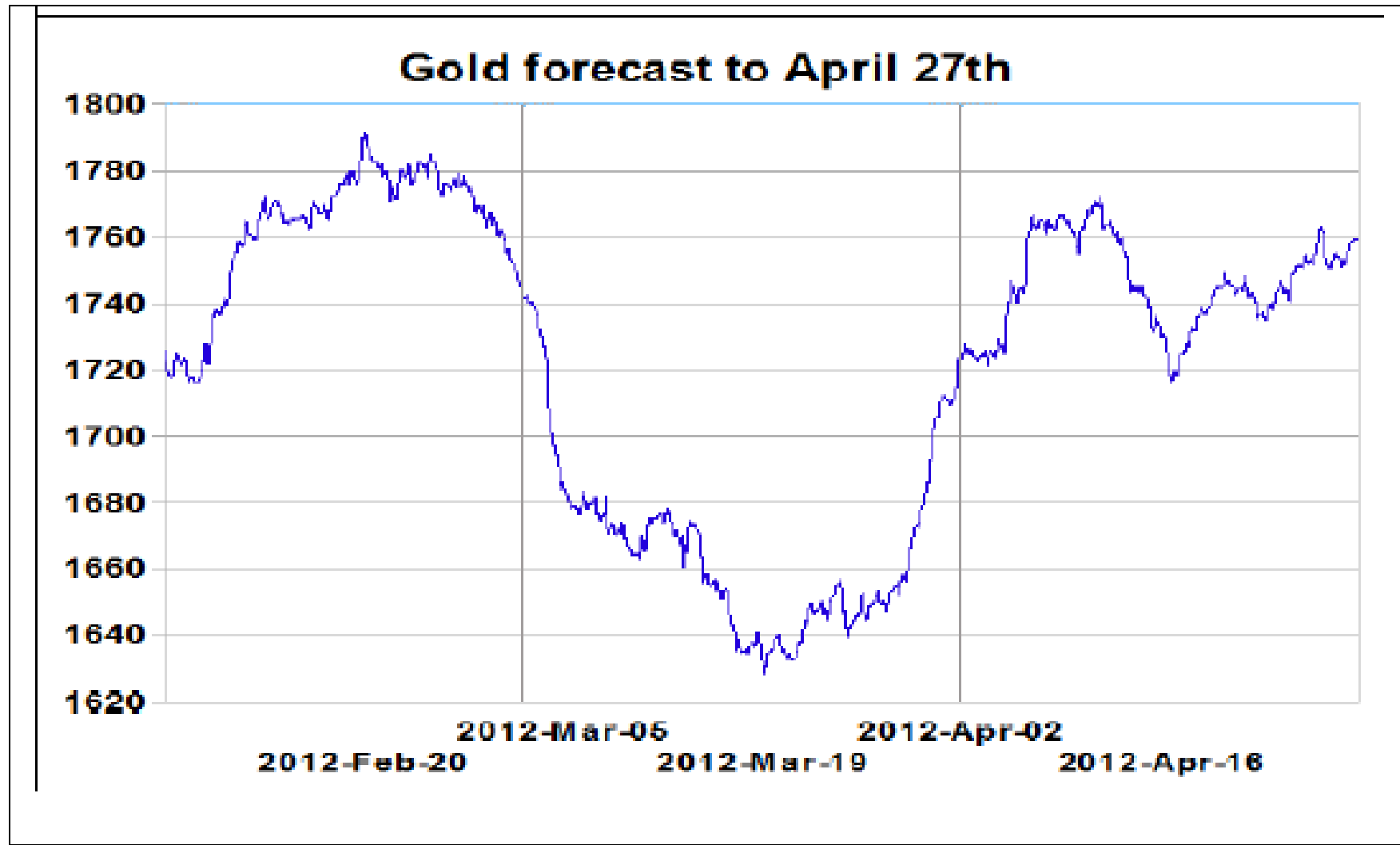
GOLD MA, Trend & Oscillator Analysis

By this Method - Red Box at 1775-1750 was Top heavy . The retracement to 1650-1620 area ,. Will setup better Risk / reward (in yellow)



GOLD – Cycle Analysis

Cycle chart – From last Report – Proved its merit . We shall see if further price path continues into our CZ 1650-1625



- **EXTREAME Sentiment Analysis GOLD (3rd 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**

Dollar put in key reversal at the 78 level as expected partially contributed to 90 points drop in GOLD. DXY and GOLD have enjoyed a negative correlation for most of the last six months. The further strength in the greenback would be negative for gold.

*DXY should move higher towards its **Bullish Top at 81** . Bullish Tops tend to get tested after pull backs if not broken*

Earlier it completed ABC up with Bullish Top at 81 from Trigger @ 72-73 (09/07/2011)



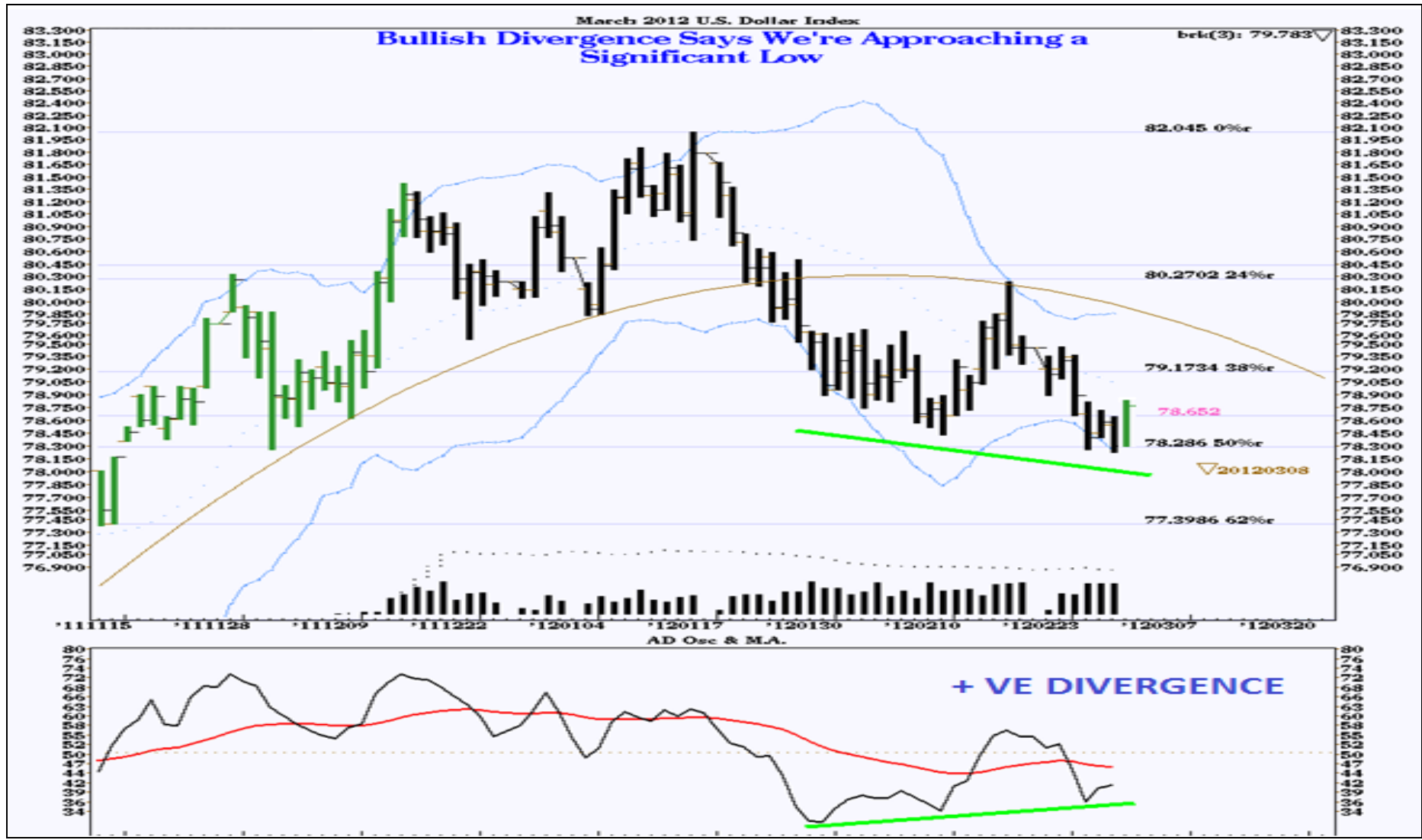
USD – PEC D – Analysis – SHORT TERM

By this Method- PEC-D @ 78 with 786/ 618 was met and rally began with Bullish engulfing at PEC-D



USD – PEC D – Analysis – SHORT TERM

*Major bullish divergence on Oscillator that signals a bottom is developing in USD supports the previous 2 charts on USD. :
When the dollar breaks to the upside, risk-on markets are going to trigger.*



CRB- Poly Trend Analysis

The commodities remains back in CZ & overbought, . We are at the apex of the contracting triangle, which makes a trend change a possibility to happen here:

CZ of 330-320 with -ve divergence and PQV is invalidated on Right side of POLY TERND . . Head and shoulder was violated from earlier Report



- **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

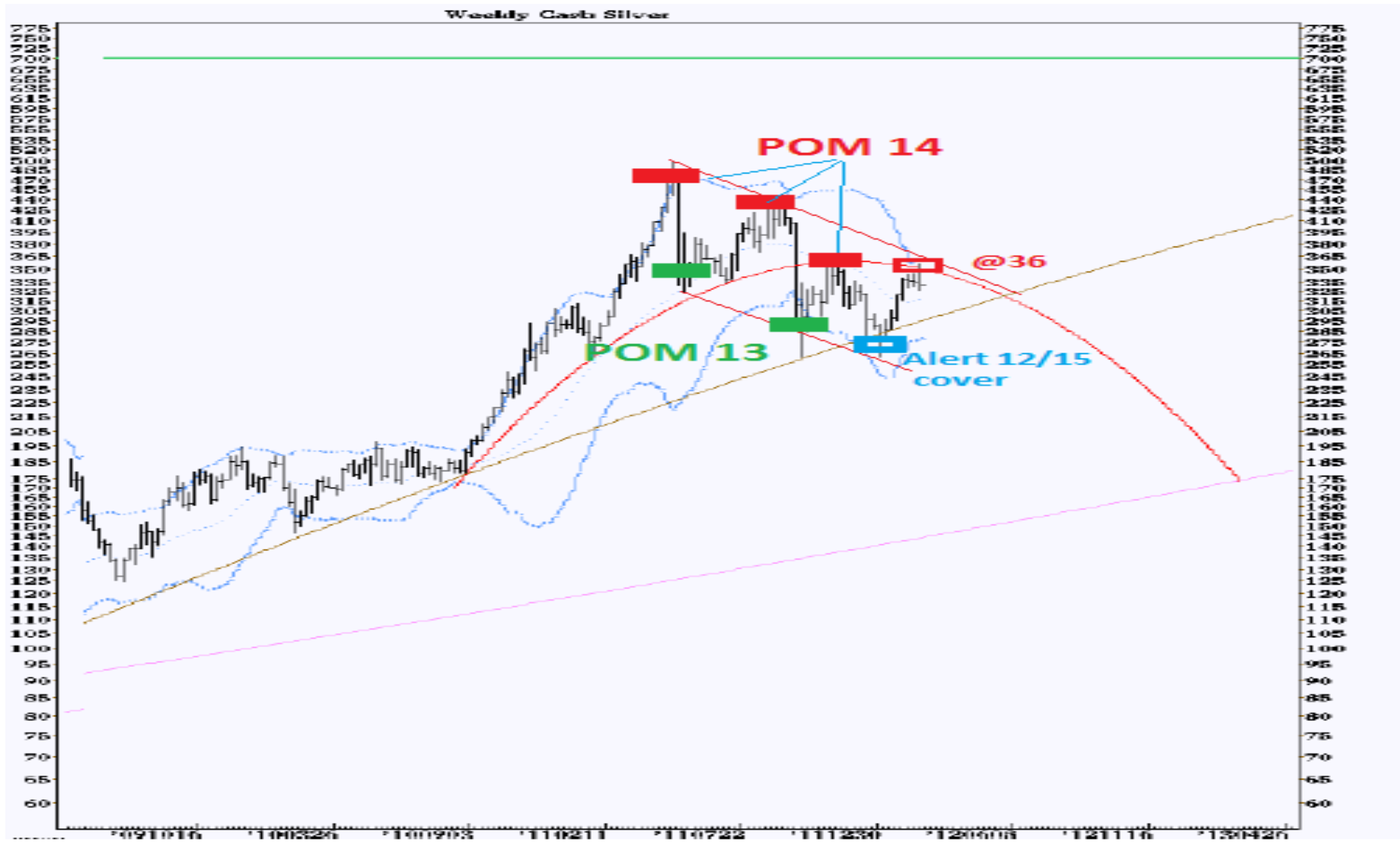
SLV – PEC –D Analysis

By this Analysis – SLV approached 34.5-33.5 target @ 786/127- PEC-D and bounce failed . We may go back and test the highs at 35 once again .



SLV – Poly Trend Analysis

As pointed out last Report , By this method , Silver is challenged the Poly Trend target where previous rallies have failed. is in counter trend bounce, the last trading high and closing on the resistance line. This was very high risk area @ 36 against the underside of the trend line. That trend line is rolled over to the downside bearishly



SLV – CZ, Pattern Analysis

SLV FAILS TO HOLD BREAKOUT. In CZ (RED) due to PQV, This was a Bull Trap. Gold now moving back below the breakout with a sharp decline.

By this Method - . As indicated in last Report, Red Box at 35-34 completed this rally leg . The retracement to 31-30 area if PQV validated ,. We think better Risk / reward should be set up on_ till such time our Model would not Trigger for sustainable up move.

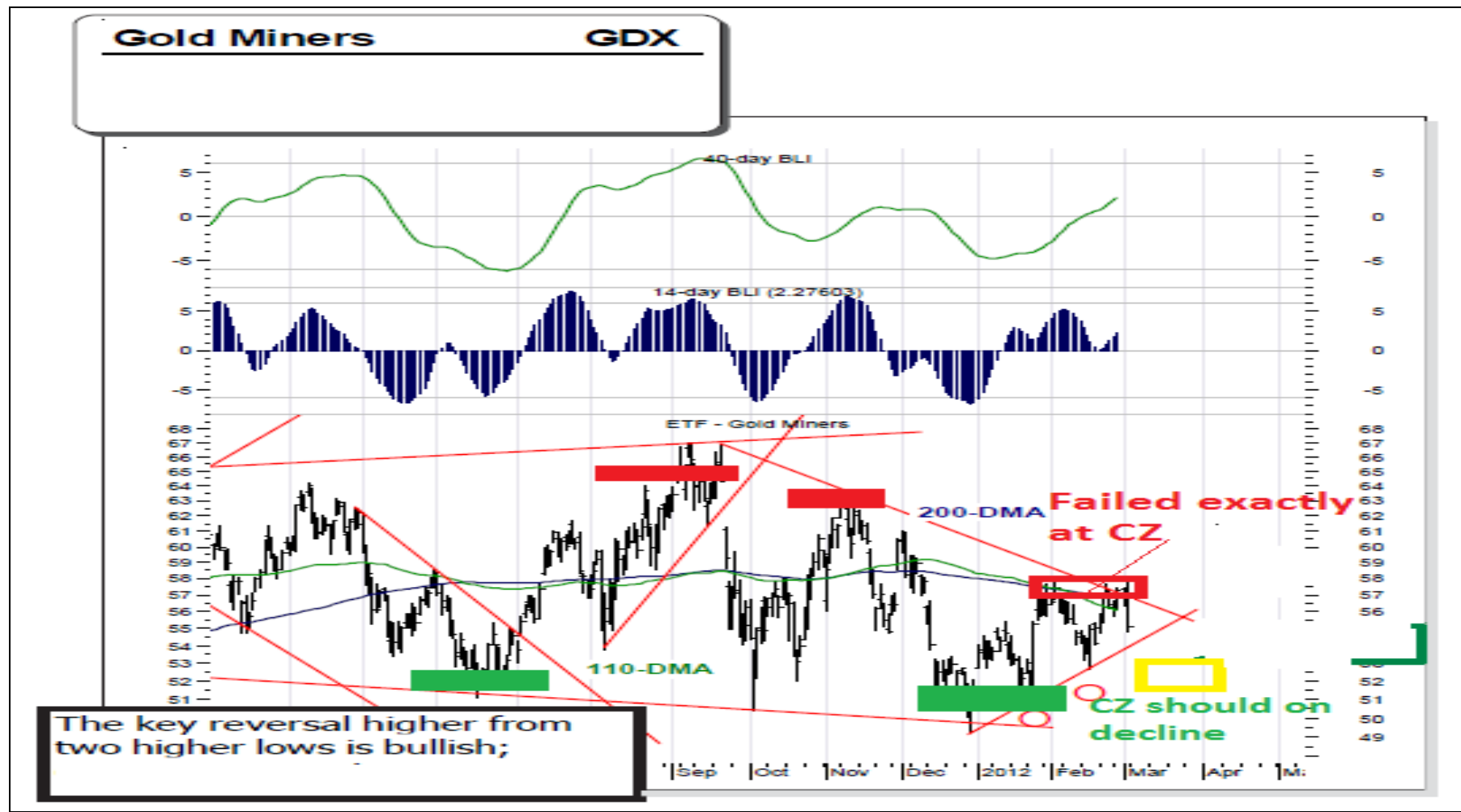


GDX - MA, Trend & Oscillator Analysis

By this Model – The Price was rejected at **CZ 58-57** and decline began .

GDX should pull back **CZ -53-51 (in yellow)**. Along with GOLD. 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**

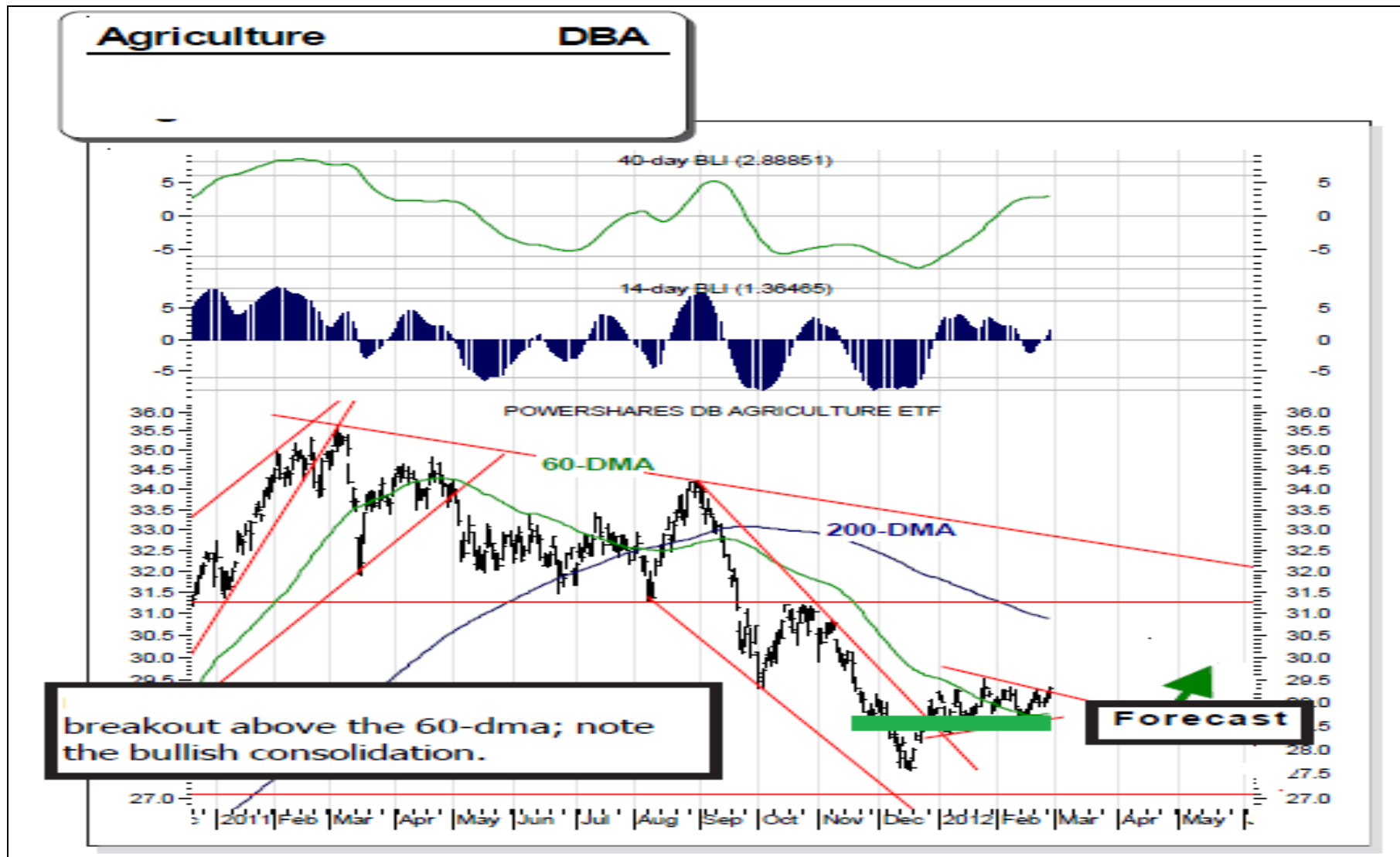
At one time this ratio was at extreme. (Reversion to mean, consolidation is needed here)

NONE @ EXTREMES

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.

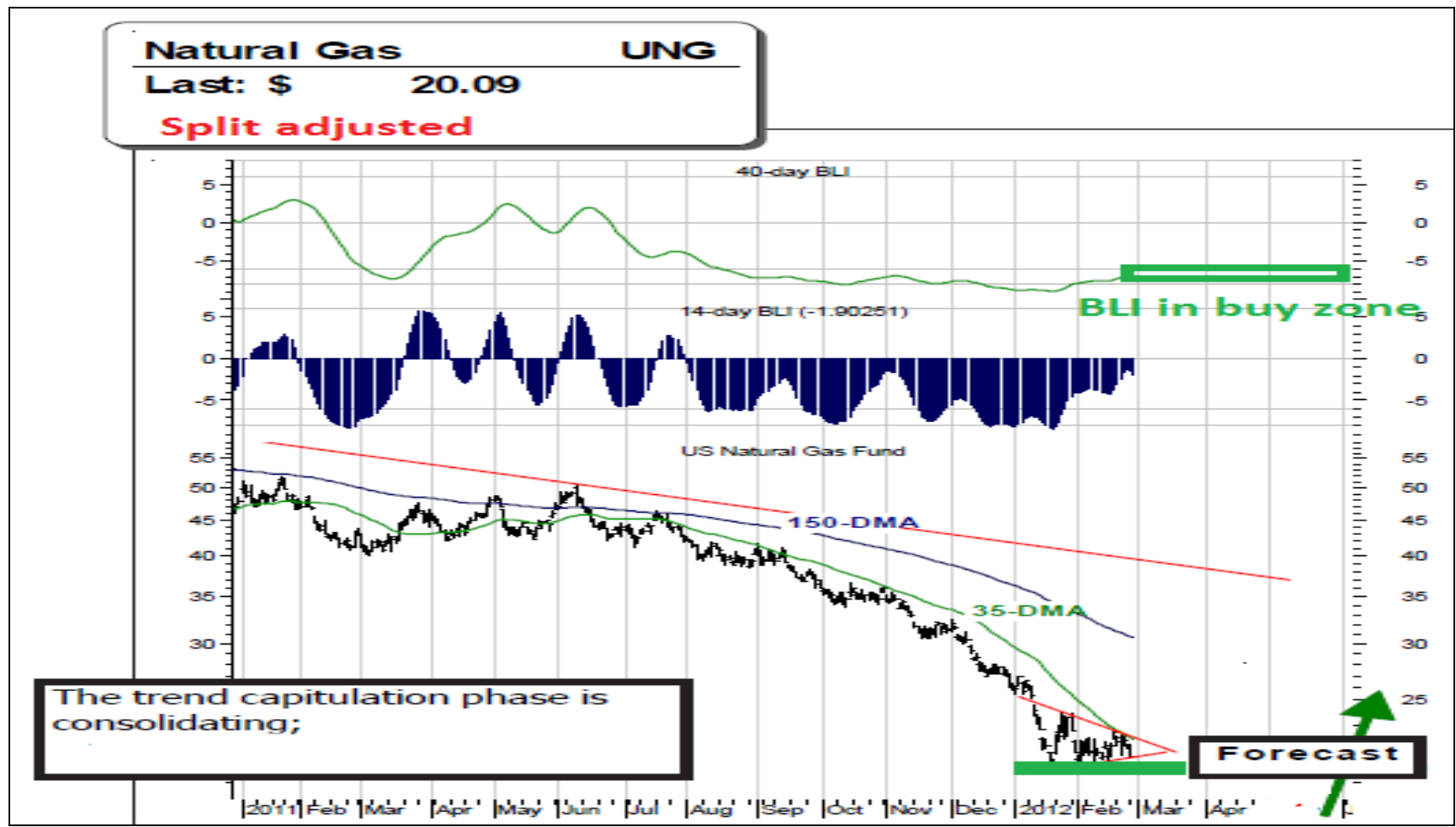
Earlier break below CZ was shake out.



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

UNG is forming a bottom . We Triggered **CZ - @ 20.8 (split adjusted for 5.20 , (STOP below 19.25) on close** .If Triggers lets reevaluate and target back again .

UNG showed several Sign of strength after going through the capitulation phase. By several Matric including v/s \$WTIC is very undervalued. UNG move is not very correlated with CRB . UNG is also at 20 yr low



OIL – PEC –D Analysis - NEUTRAL

In last Report we indicated Crude oil completed PEC –D exact at 96. For 786/127 and began the trading range move to 103. We closed above 103 . We have no projections.



OIL - CZ - Analysis -

Crude oil broke out from Trading range 103 resistance area that it held in check for an extended period of time CZ from past. The tensions in the Middle East are the primary reasons behind it but the market is discounting it. If the discussion of embargo is avoided, prices can come down hard. Therefore we do not have any upward projections.(notes within the chart)



OIL – Poly Trend Analysis - NEUTRAL

Oil market is coming back to test the accelerating upward poly trend line . But oscillator is diverging. There is no Riks / reward setup

Poly Trend held for ST @ 96 . and resulted in bounce and broke the trading range . It violated H & S- Top which we in process in last Report.



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.

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

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

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

CHINA'S market collapse hurts copper. We have been Tracking the Price Path Analysis in CHINA market in our A # 2 – MS GLOBAL Report as warning to Global Markets. And in C # Commodity Report CZ in JJC (COPPER) for Top / Bottom with Inter market Analysis .

COPPER - PEC -D Analysis -

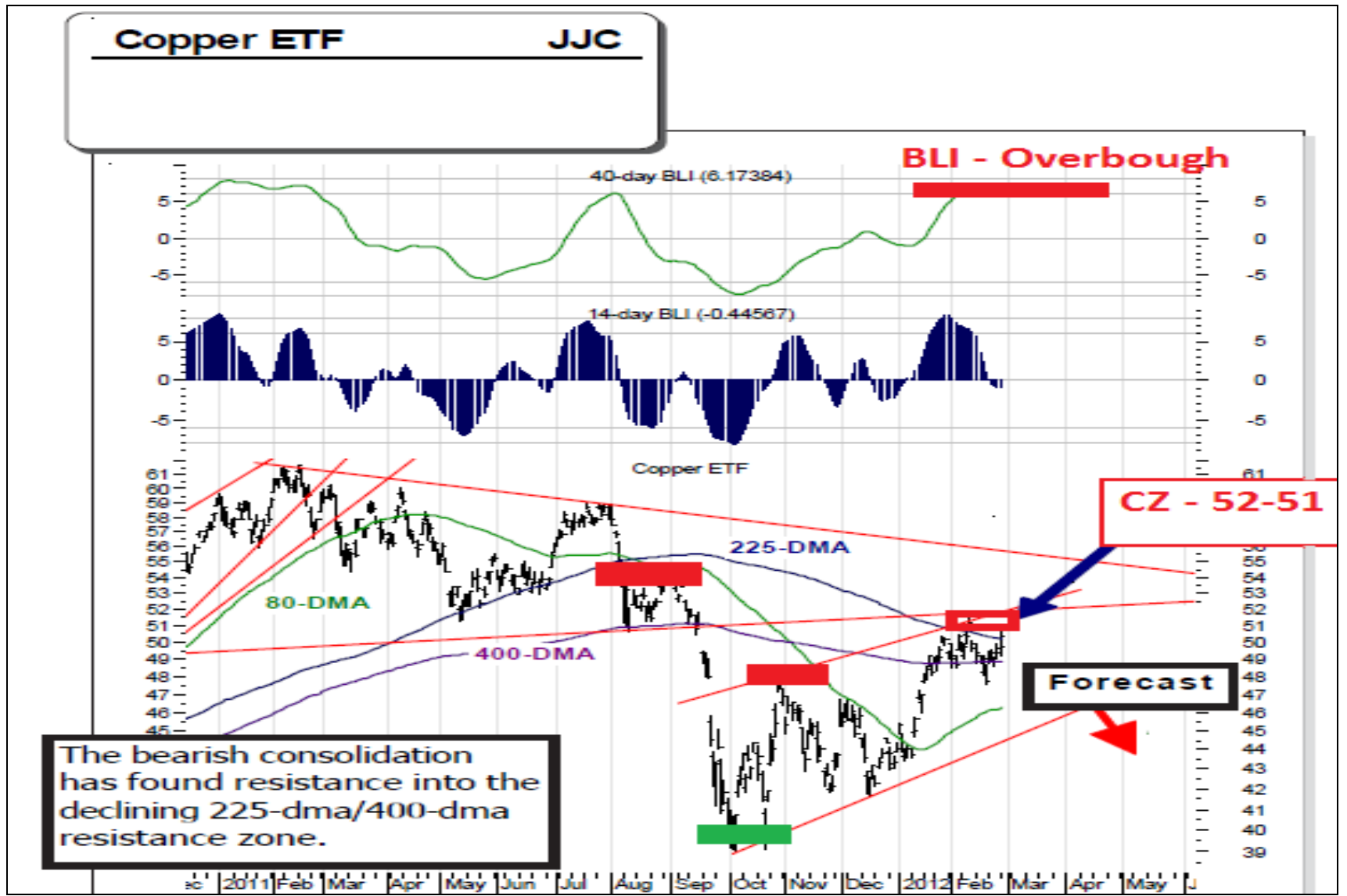
COPPER completed **PEC-D** exact at 4.0 at 786/127

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



COPPER (JJC) – MA / Pattern & Oscillator Analysis

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



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

Bounce into CZ 22-21. 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**

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

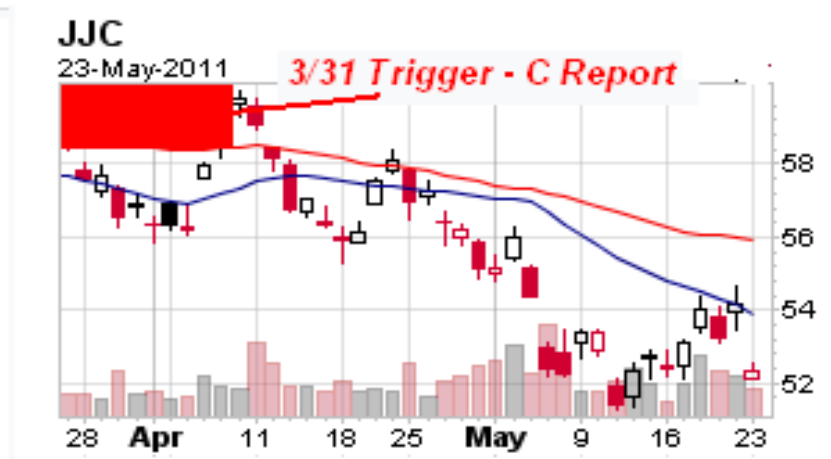


CRB - YTD - (-30 points) _____ (-10%)
POM 12/13 + 115 points gains (5 signal) _____ +40%
POM 14 - Risk Management Saving 180 Points (6 signals) _____ +55%

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 1ST Jan**

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

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

- **7TH Hedge** - Closed @ 1680 CZ (9/23 - Alert) from POM 14 Re run @ 1825 , 8/23 = 145 points gain
- **6th 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
- **5th Hedge** - Stopped out on 8/17 @ 1825 from POM 14 – Re run Trigger at 1780 = (-45) points loss
- **4th Hedge** - Closed on 5/6 at POM 13 @1460 (GLD = 143) from POM 14 @ 1544 (150.48) = 84 points gain
- **3rd Hedge** - Stopped out on 4/5 @ 1450) from POM 14 – Re run Trigger at 1425) = (-25) points loss
- **2nd Hedge** - Closed on 3/16 at CZ (@ 1380) , from POM 14 – Re run Trigger at 1425) = 45 points gain
- **1st Hedge** - closed on 1/25 at POM 13 (@ 1325), from POM 14 @ 1420 (since 1st 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 1st 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 - 4TH HEDGE
 - 3rd Hedge - Closed @ 56.5 (**9/23 - Alert**) from POM 14 Re run @ 61-62, 8/23 = 5 points gain 8.5%
 - 2th Hedge - Closed on **5/6** at POM 13 @ 56 from POM 14 @ 62 = 6 points gain 10%
 - 1st Hedge - closed **on 1/25** at POM 13 @ 53), from POM 14 @ 62 (since 1st 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

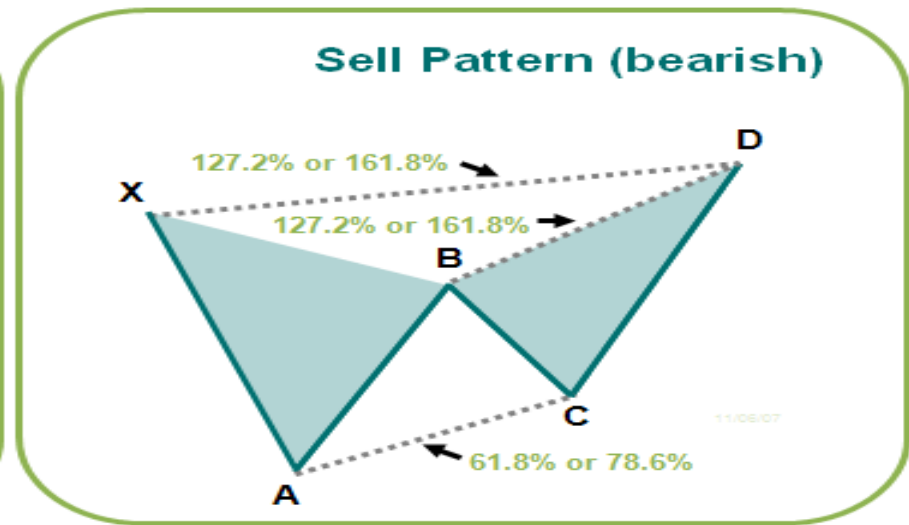
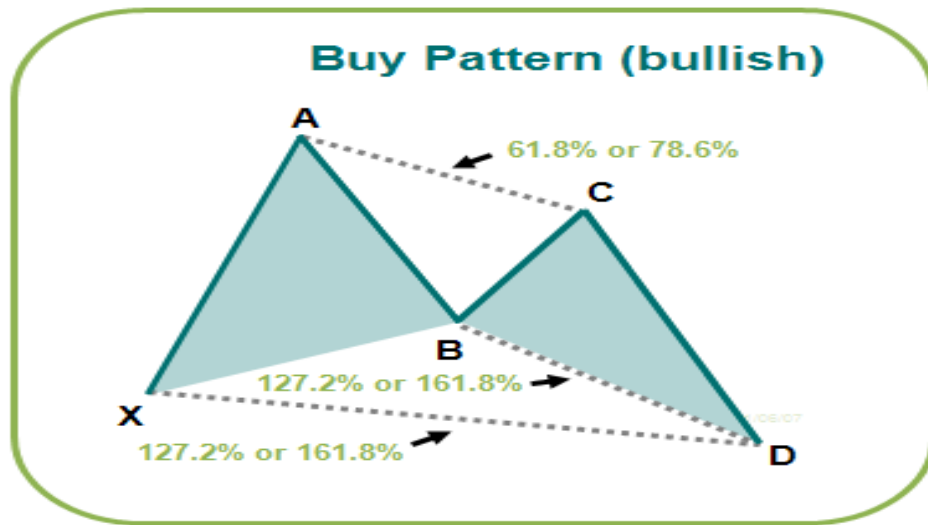
- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way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