



SG Capital Research

Global Market Insights

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

MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # MAY_02

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)

Index – C # Commodity

1. Executive Summary.

2. GOLD / SLV – Commentary

4. COMMODITY – Commentary

5. 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 .

● SPX – Special situation

As mentioned in Monday's A # 1 – Report –SPX @ 1403 , “ Market made the run to 1418 highs & failed with reversal to 1395 as expected. Most of these Market reversal are happening post 3.00 EST. Traders have been capitalizing on it via pre planned limit orders in CZ .

We are in POM 15 – CZ area once again. We may try to attempt any rally attempt back into Tuesdays intraday zone for another failure. Secondary / Tertiary bounces with failures sets up better Risk rewards then Price breaks. Weekly close below 1400-1395 would be sweet for Bears.

Secondary Markets and International Markets did not go to previous high as done by SPX & DOW in Tuesday rally .These are way below the POM 15 Trigger Signals

● COMMODITY

Technically CRB and its Major component has been weak on decline since our POM 15 Trigger on SPX. Now resulting in counter trend bounces as indicated in our last C # Commodity Report . We must admit Commodity IDX have been good instrument for Short Position since POM 15 in SPX , compared to SPX itself. SPX has gone no where since POM 15 reached CZ – 1375-1415 whiles weaker IDX'Ss have declined.

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 now completely oversold. .

- COMMODITY (CRB)- Bounce to CZ 310-307 upon reaching downside CZ Target – PEC-D 300 from top CZ AT 330-320 . This market followed our signals of POM 15 on SPX on downside .
- UNG – Now showing SOS , we are monitoring PQV . Earlier went below our CZ and exited on Risk Management . UNG is oversold.
- OIL(\$WTIC) - ST Topping out at 106. Projection target. Refer below
- DXY - The USD continues to move on New ABC up from 78 to 82 put in pressure on GOLD , CRB.

GOLD

Gold has been within the 1620-1670 for almost 8 weeks . Last week Gold made another test into the lower end CZ 1620 -1640 & bounced from 1620 exact as expected . At 1620 , We had Highlighted Alert – Heads up in our 4/25 – B # Currency Report (See note below) . Since then its rallied back to 1660 once again.

At 1660, it tends to peak out & reacts violently . Our Price Projections CZ 1620-1640 seem to be holding up as floor but is still bottom heavy on PQV Validation suggest valid break downside. and likely hood to ABC down to break the lows of 1620.

We need a proper / methodical successful test of lows (which has not happened yet) . If it does then it would set up Full fledge Bullish entry for next ABC up and not just a bounce.

Since PQV is invalidated at CZ 1620-1640 TEST, the eventual downside projection is 1560 as Next target completion of PEC-D and near the next CZ 1580-1550. And should set up great Risk reward . It could very well be POM 13 at that time .

GOLD at current price is much closer to the Bottom Zone than to the Top as we were at 1775 – POM 14.- TOP After correcting 150 points. surely great place to cover hedges put in at CZ 1775. .

We think the downward move from 1610 to 1560 decline may be one of the fast price destruction move. In typical Bull Market move, Pull back tends to give fast Price destruction to finish the move. & does not stay down longer on Trigger

On very short term USD is almost finishing the retracement, Current inter market Analysis theme , USD is on another ABC up from 78 –(key reversal) from our pull back trigger. Now move is targeting towards to 82 – Bullish Top . This is pushing GOLD down as expected . Till this ABC up in DXY is finished, GOLD needs to be watched carefully.

PLAN B

Chart below has been Analyzed based on some justification to our thinking. If on cross verification by other Methods, it warrants entry at current prices then Practice – Risk Management with STOP under 1610. ALERT – 4/25- GLD @ 1620 - Aggressive Funds with quick fingers may play this bounce as well or If needed to scale in with partials at lower end 1620 of CZ 1620-1640 and accept the DRAWDOWN till next CZ – 1580-1550 level is reached before reversal. By our Model we have saved declined from 1775 to 1630 = 9% drop. At 1775 Sentiments were very Bullish now its getting exactly opposite

BACKDROP –

GOLD Price path has been following exact since our POM 14 re - Trigger at CZ - 1775-1750 to CZ -1650-1620, a decline of 155 points

For Floating position - On 3/06, - Last email Alert Our Action was to Cover Hedge Position Triggered at CZ 1775-1750 failure , for decline towards 1668 to lock in gains & wait to add Longs.

Currently GOLD remains, at Bull Market POM Rating - POM 14 which is Partially Hedged Long Positions Triggered within CZ area of POM 14 . Failure in this Zone provides best Risk Management opportunities during the ST GOLD declines within larger LT up move.

GDX

Mining Stocks (GDX) has reached in CZ 45-47, our Target depicted in earlier C # Commodity Reports for relentless 24% selling from CZ – 58-57 Triggered @ (POM 14 GOLD Trigger CZ 1775-1750) with oversold conditions.

We approached the CZ 45-47 in Bearish Manner with valid break downside , this qualifies the Market for a bounce (not a rally) .and retest of CZ 47-45 and likely hood to ABC down to break the lows of 45.

We need a proper / methodical successful test of lows (which has not happened yet) .If it does then it would set up Bullish entry for next ABC up and not just a bounce. Since PQV is invalidated at CZ 47-45 TEST, the eventual downside projection is 44 as Next target completion of PEC-D near the next CZ 44-43

PLAN B –

Chart below has been Analyzed based on some justification to our thinking. If on cross verification by other Methods, it warrants entry at current prices then Practice – Risk Management with STOP

ALERT – 4/24- GDX @ 44.5 - Aggressive Funds with quick fingers may play this bounce as well or If needed to scale in with partials at lower end 44 of CZ 44-43 and accept the DRAWDOWN till next CZ – 44-43 level is reached before reversal. By our Model we have saved declined from 58-57 = 24% drop. At 58, Sentiments were very Bullish & our Model was on Sell (or Hedged) now AT 45 its getting exactly opposite

We think the move from 45 to 43 decline may be one of the fast price destruction move to finish the down move.

Bigger Picture – Longer term XAU is setting up very well for Larger move up upon completion of this decline .
For the market to stage a multi month impulse wave up the sentiment has to be extremely negative to get the weak holders out and last move down may help to do that.

POM Signals , Trading Conclusions - Price / CZ Projection Summary

# Commodity Report 2nd May 2011	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
GOLD				
SHORT-TERM -POM 14 last 1725	NEUTRAL	1620-1640	TBA	Decline from 1775 to 1668 was met (140 pts decline)
MID-TERM - POM 13 (1575-1550)	BULLISH	1575-1550	TBA	Awaiting for PQV Validation
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 from 58	NEUTRAL	47-45	44-43	Decline from 58-57 to 47-45 was met (11 points decline)
MID-TERM	BULLISH	44-43	65-67	Awaiting for PQV Validation
SLV				
SHORT-TERM from 35	NEUTRAL	31	31-30	Decline from 34.5 to 31 was met (3.5pts decline)
MID-TERM	BULLISH	30-29	TBA	Awaiting for PQV Validation
CRB				
SHORT-TERM from 330-320	BEARISH	330-320	300-305	Decline met (25 points decline) / Short term bounce
MID-TERM	BEARISH	360-370	TBA	4th leg down
OIL				
SHORT-TERM	BEARISH	106	TBA	ST decline
MID-TERM	NEUTRAL	TBA	TBA	
DBB (Base M)				
SHORT-TERM	BEARISH	22-21	TBA	leg down in progress (bounce in between) Should follow CRB
JJC (Copper)				
SHORT-TERM	BEARISH	53-52	TBA	leg down in progress (bounce in between) Should follow CRB
DBA (Agro)				
SHORT-TERM	NEUTRAL	TBA	TBA	No Trigger
UNG (Natgas)				
SHORT-TERM	NEUTRAL	TBA	TBA	No Trigger
LEGEND				NOTE
POM 14	Partially Hedge Status	Bull Market Signals		For Detail Price Path Chart Analysis Indicators, Justification for our

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

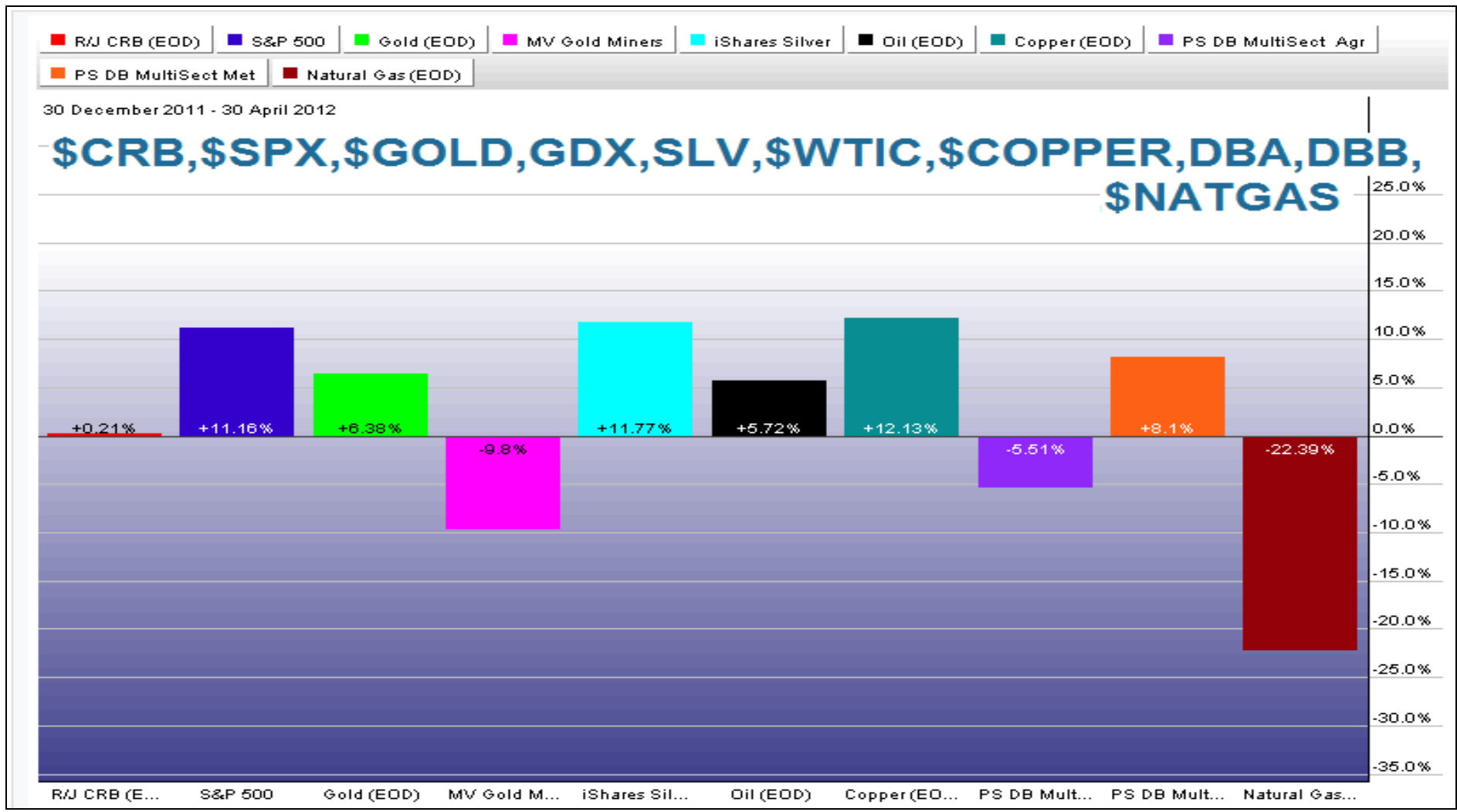
- **GOLD MA, Trend & Oscillator Analysis –**
- **GOLD - PEC –D Analysis**
- **GOLD – Cycle Analysis**
- **GOLD / SLV – Lead / lag Analysis**
- **EXTREAME Sentiment Analysis (3rd Party Data)**
- **SLV – PEC –D Analysis**
- **SLV – Poly Trend Analysis**
- **HUI / XAU – PEC –D Analysis**
- **GDX – SMA &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

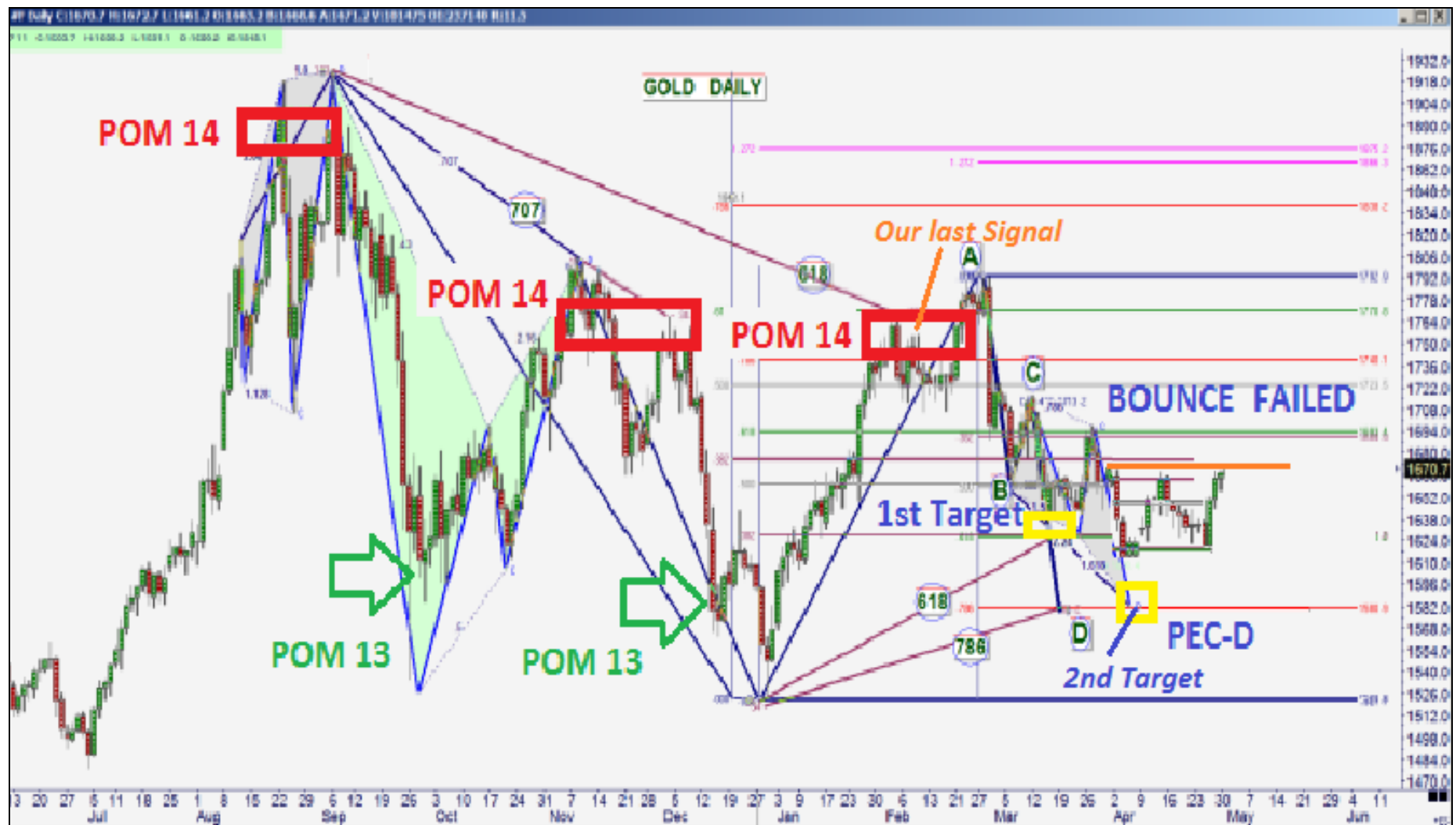
Weakest and strongest Indices - Since is beginning of the year 2012 , **FOR PAIR TRADES** - it is very critical to keep close eye on this chart for Strength / weakness pick up in these market . (Chart below is our Inter market Analysis Model with Ratio Relative performance v/s CRB)



GOLD - PEC -D Analysis -

By this Model - GOLD has PEC-D @ 1580. (yellow) - area where it could Trigger POM 13. We will wait and see

Failure began at PEC-D - 1775 - exact (POM 14). with wide price spread & nasty decline towards 1610 (First target 1620-1640) and Bounces back to 1660 as expected have kept failing.



GOLD – CZ, Pattern Analysis

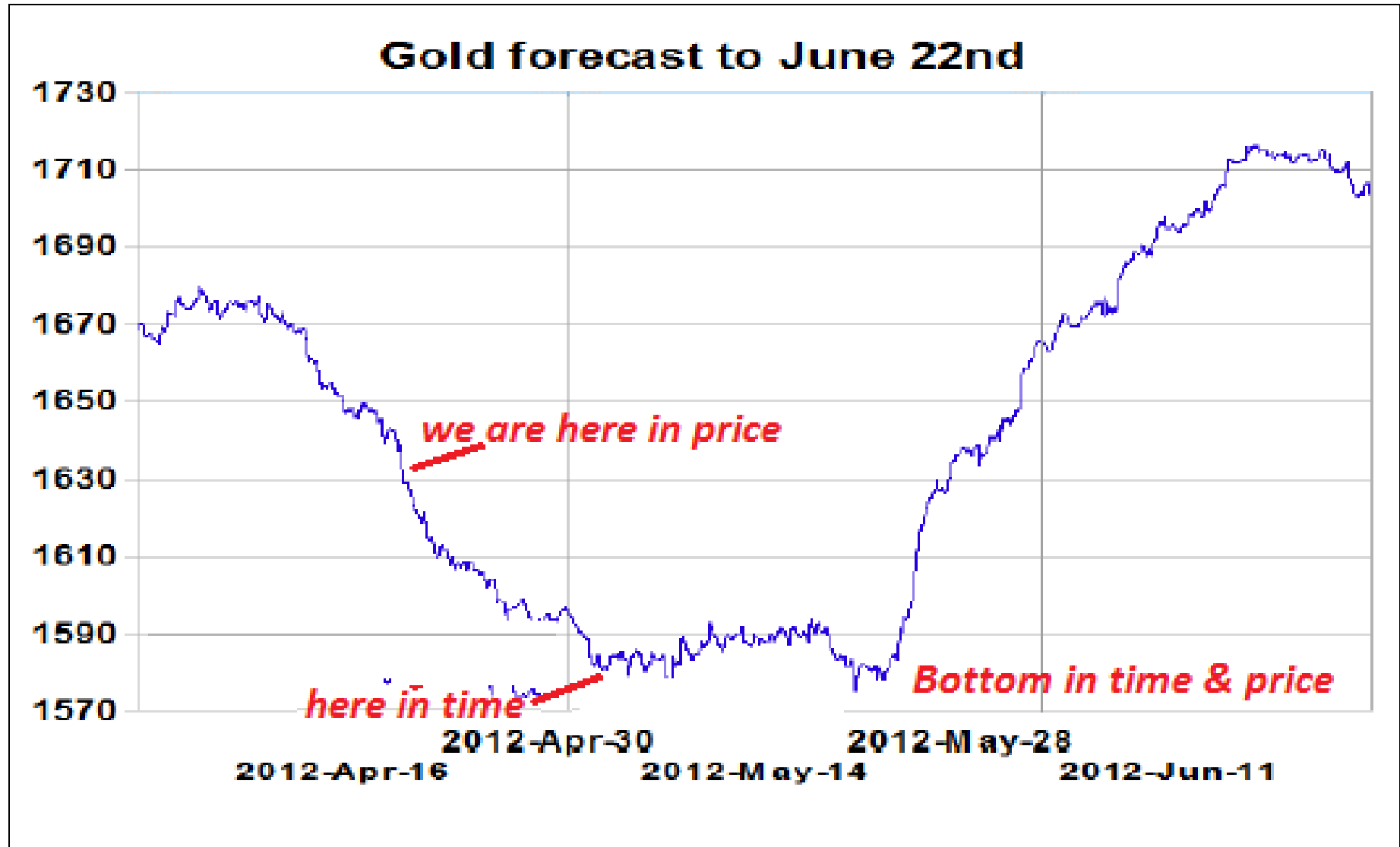
By this Method - Reached our Downside target CZ 1620-1650 area . & forming contracting triangle which may result in trust decline. PQV / VTO Violation has resulted in heavy bottom . Close below 1610 now targets CZ 1580-1550 to provide best Risk Reward.

Earlier - POM 14 – CZ – proved its merit at red box CZ 1775 -1750 (red) for current decline to 1650-1620 (yellow) area as expected. Notes within the charts



GOLD – Cycle Analysis

Cycle chart – Time wise is bottoming in May and Price wise GOLD is still above the Projected price of 1570.



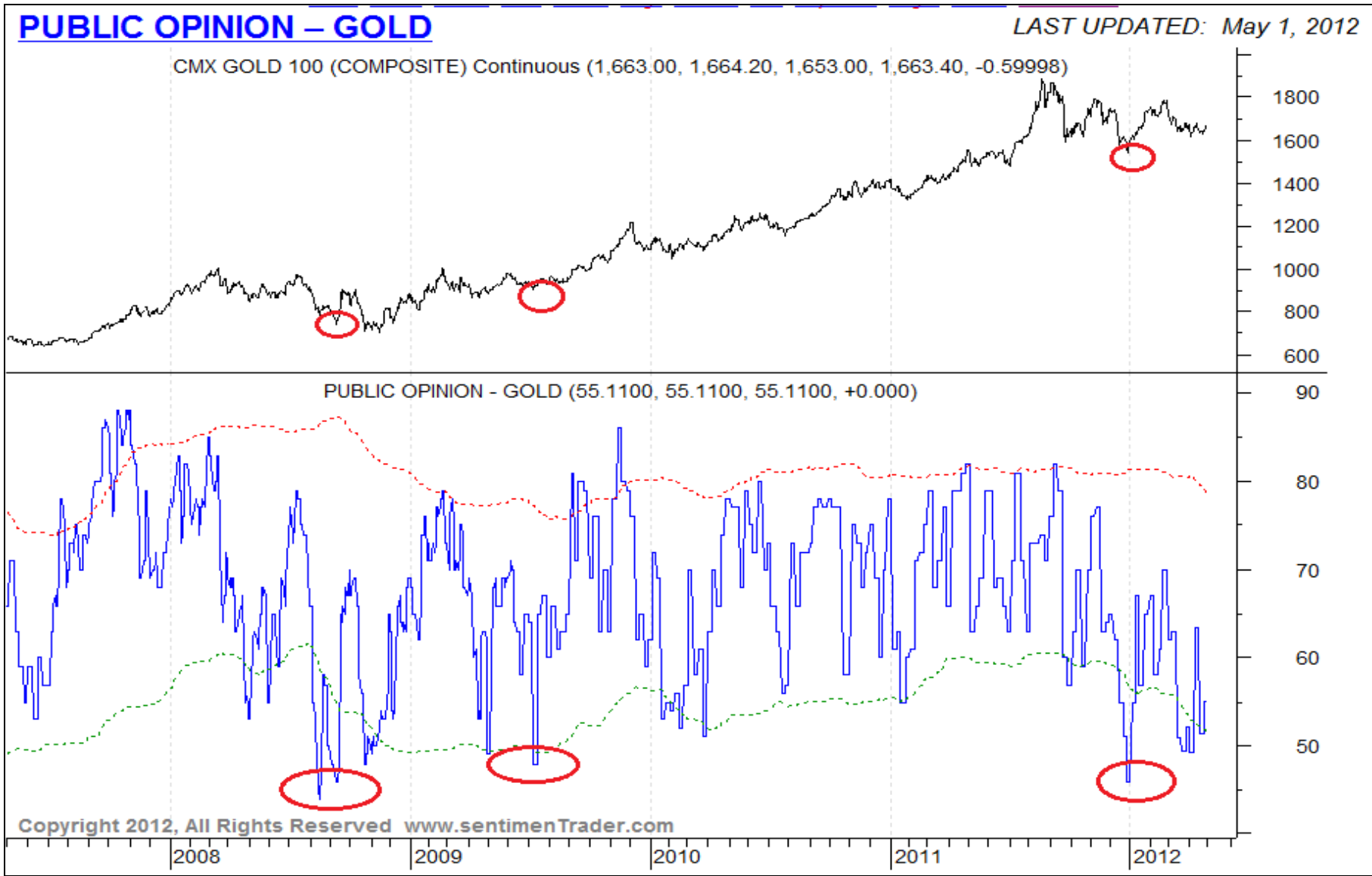
- **EXTREAME Sentiment Analysis GOLD (3rd Party Data)**

Courtesy : SENTIMENT TRADERS

- **GOLD – COT - NON @ EXTREMES SENTIMENTS**
- **RYDEX CASH FLOW - NON @ EXTREMES SENTIMENTS**

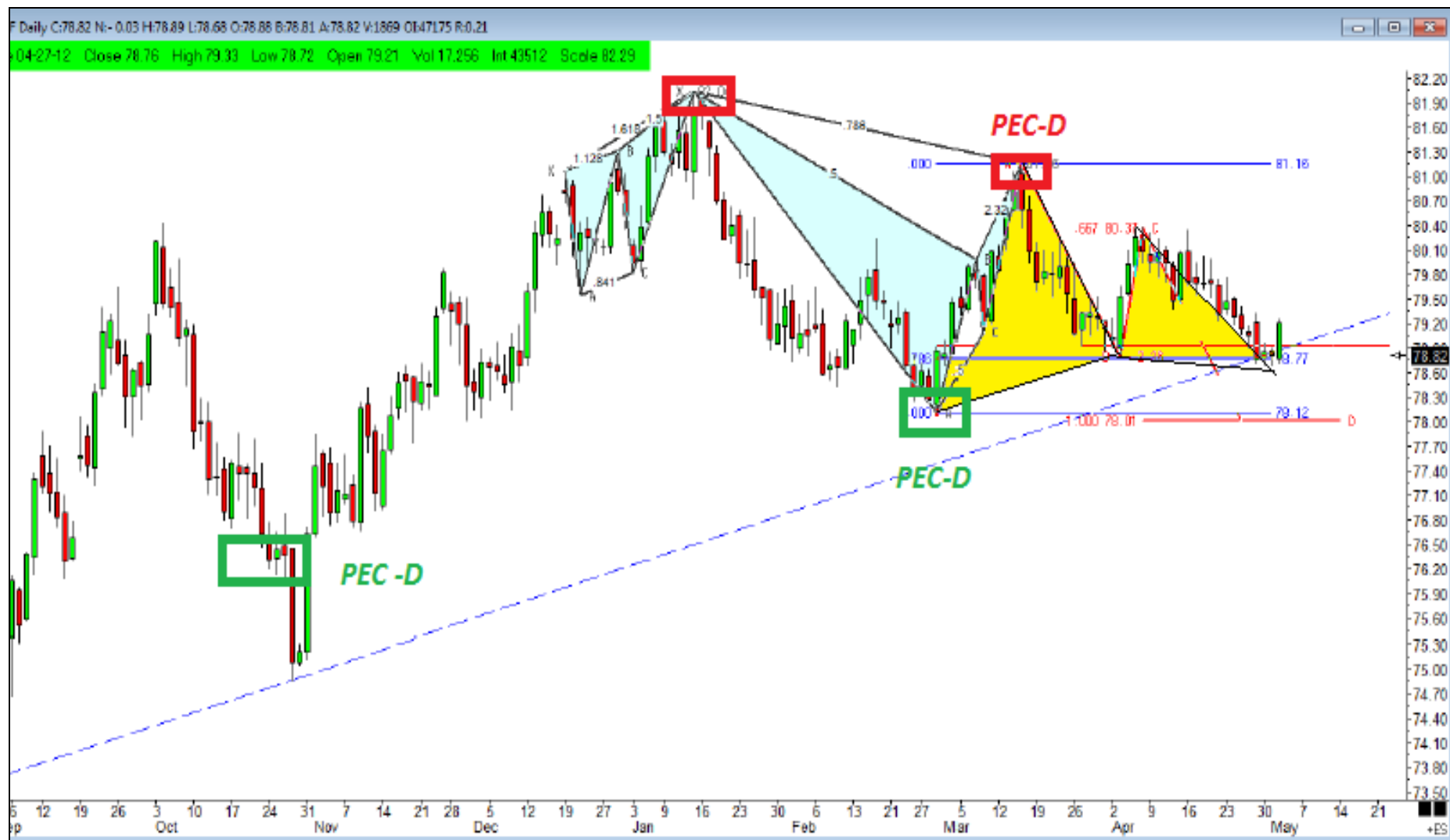
- GOLD – PUBLIC OPINION - NON @ EXTREMES SENTIMENTS**

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



USD – PEC D – Analysis – **SHORT TERM**

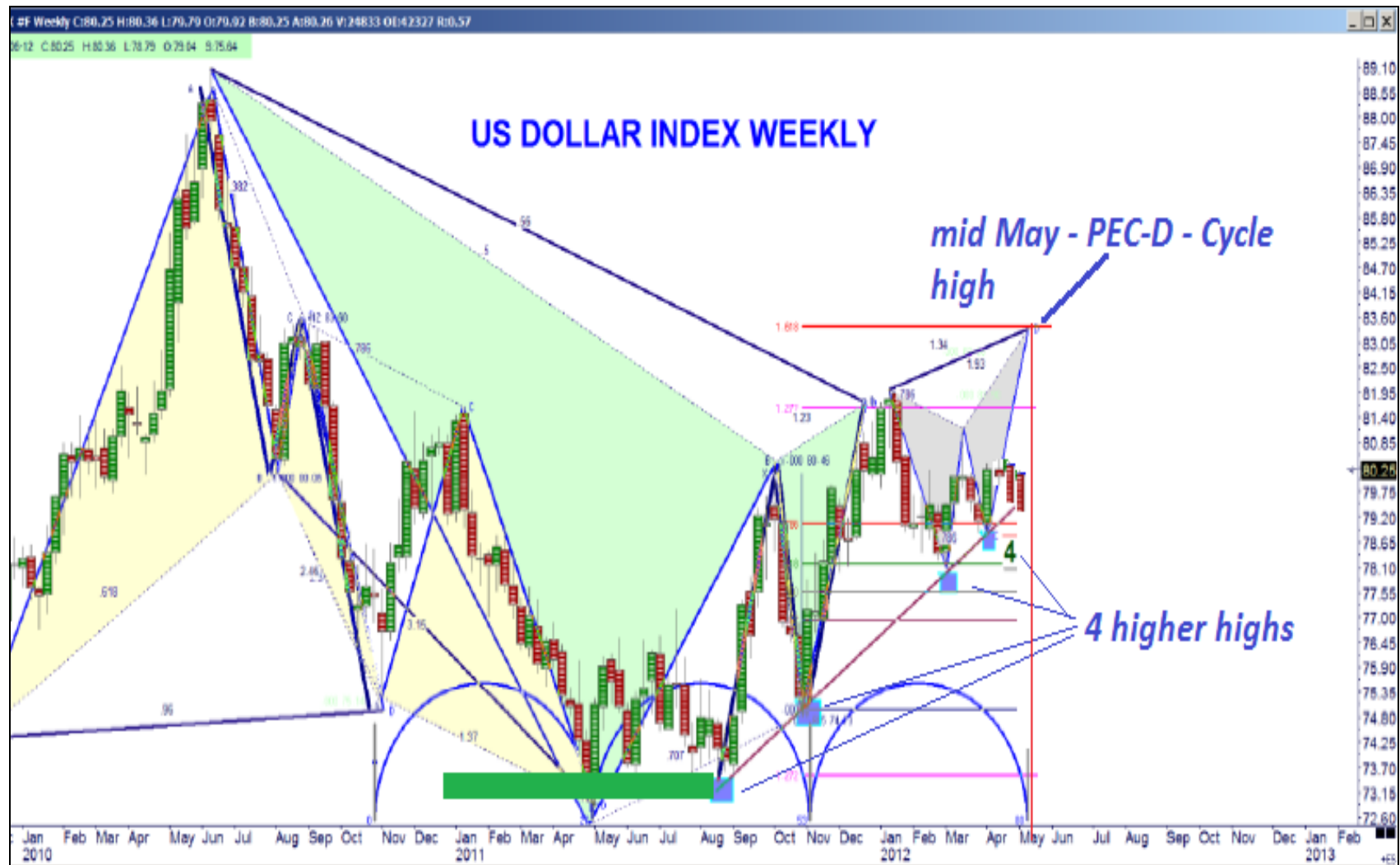
By this Method- PEC-D @ 78.5, completed retracement and rally began with key reversal and SOS. Moves in between the move are in progress. . DXY should rally to 81.25 Bullish Top



USD, - PEC-D Analysis – LONG TERM

Weekly key reversal with Sign of Strength of Strength (SOS), suggests next move to the top –PEC-D high 83.5 on weekly . Major bullish divergence on Oscillator that signals a bottom is solid on every rally.

DXY began MAIN Trigger @ 72-73 (09/07/2011)



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

The commodities failed in our **CZ 330-320** (as indicated) Failed PQV , -Ve divergence and declined to our First expected target to 300 . Bounce came in as expected at 300. as it approached the CZ & PEC-D
The bounce should fail in the target zone (yellow) 307-310 (refer notes within the charts)

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 – Poly Trend Analysis

By this method, - SLV is approaching the Poly trend line of past at 30

Earlier, Silver was at high risks area CZ Triggered at 35.5 challenged the Poly Trend target where previous rallies have failed and trend line is rolled over to the downside bearishly



SLV – CZ, Pattern Analysis

By this Method -.. The retracement to -30 -29 area is the first target on downside . We think better Risk / reward should be set up at 29-28 , till such time our Model would not Trigger sustainable up move.

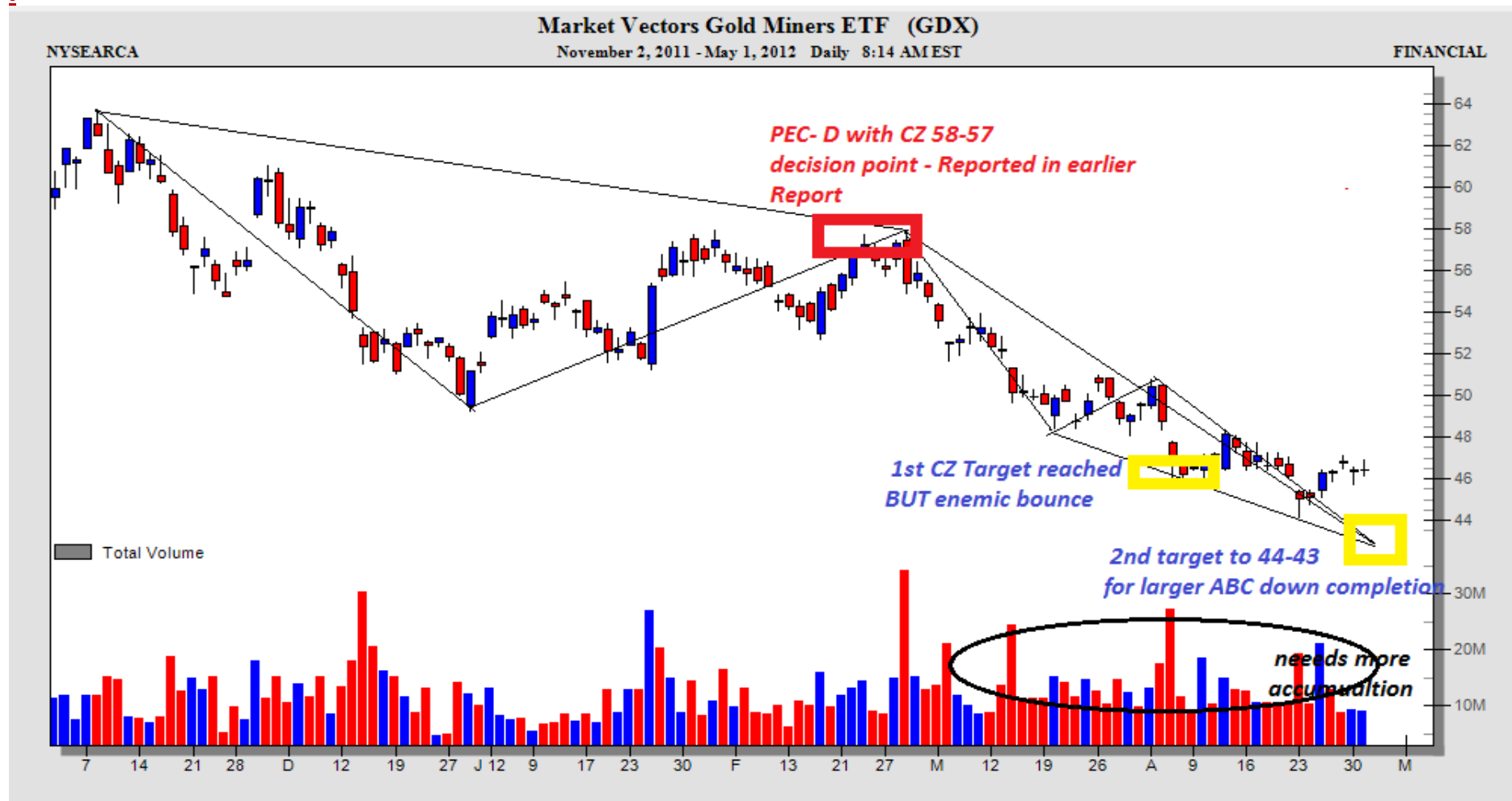
SLV failure began in CZ35-34 (RED) due to PQV, -ve VTO , This was a Bull Trap., moving back below the breakout with a sharp decline to 30.



GDx – CZ – PEC-D Analysis

From Chart below it is more clear PEC-D to 44 and CZ from past CZ 44-43 (in yellow) next completion of target. GDx broke the red zone CZ 45-47 with PQV violation , this puts the prices to next level floor

From previous Report PEC –D pattern proved it merit and sell off began from GDx – 58-57 decline to Target projected to CZ 45-47 achieved but still heavy & Invalidated PQV . When CZ is broken with High PQV it jumps to next level next level is CZ 44-43



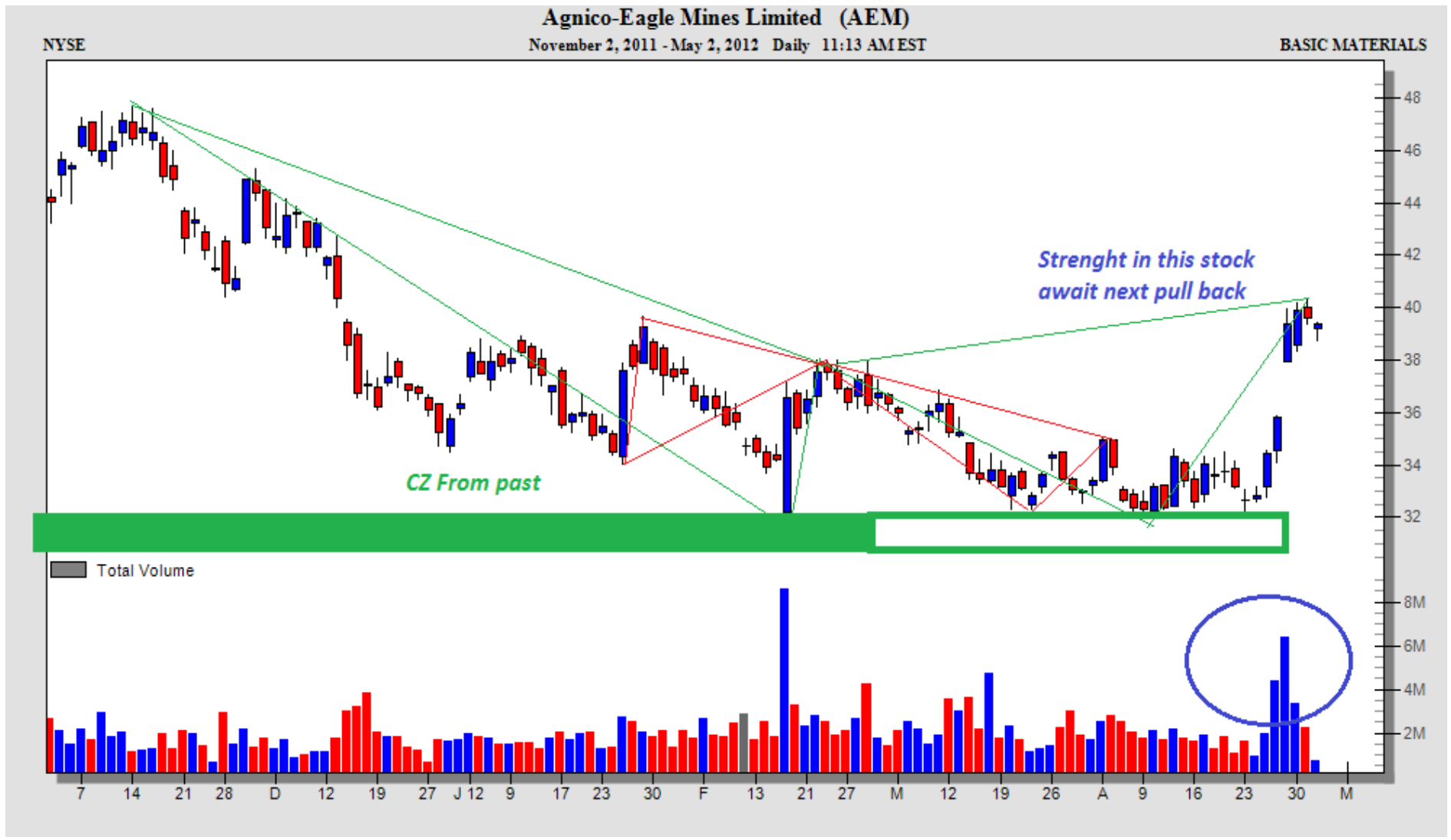
XAU / GOLD Ratio Analysis - Longer Term

Long term Ratio – Monthly for past 30 yrs . This is the third time RSI of this ratio dropped to 30 . Slow Stochastics of the ratio close below 20 . Each time market started and intermediate term rally & GOLD stocks have moved up 250%.



AEM – CZ PEC-D Analysis

AEM had a successful test of CZ and strong rally of the bottom while GDX is testing its CZ. Next pull back should provide good entry point. This might be strong coming out gates to out perform GDX in next rally phase.



XAU – Pattern Analysis - Longer Term

Weekly XAU chart . The Larger pattern that formed at the 2008 low was a Head and Shoulders bottom. In mid 2010 a “Sign of Strength” SOS through the Neckline appeared and confirmed the Head and Shoulders Bottom. Since the high in Dec 2010 the market has worked lower to Neckline . Slow Stochastics oversold level of 20. There is a “Flag” pattern at the half way point of the move and would give a target on the XAU to 310. XAU / GOLD Ratio is at 2008 lows . Once the CZ in yellow 160-140 is successfully tested the decline should be complete.



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**

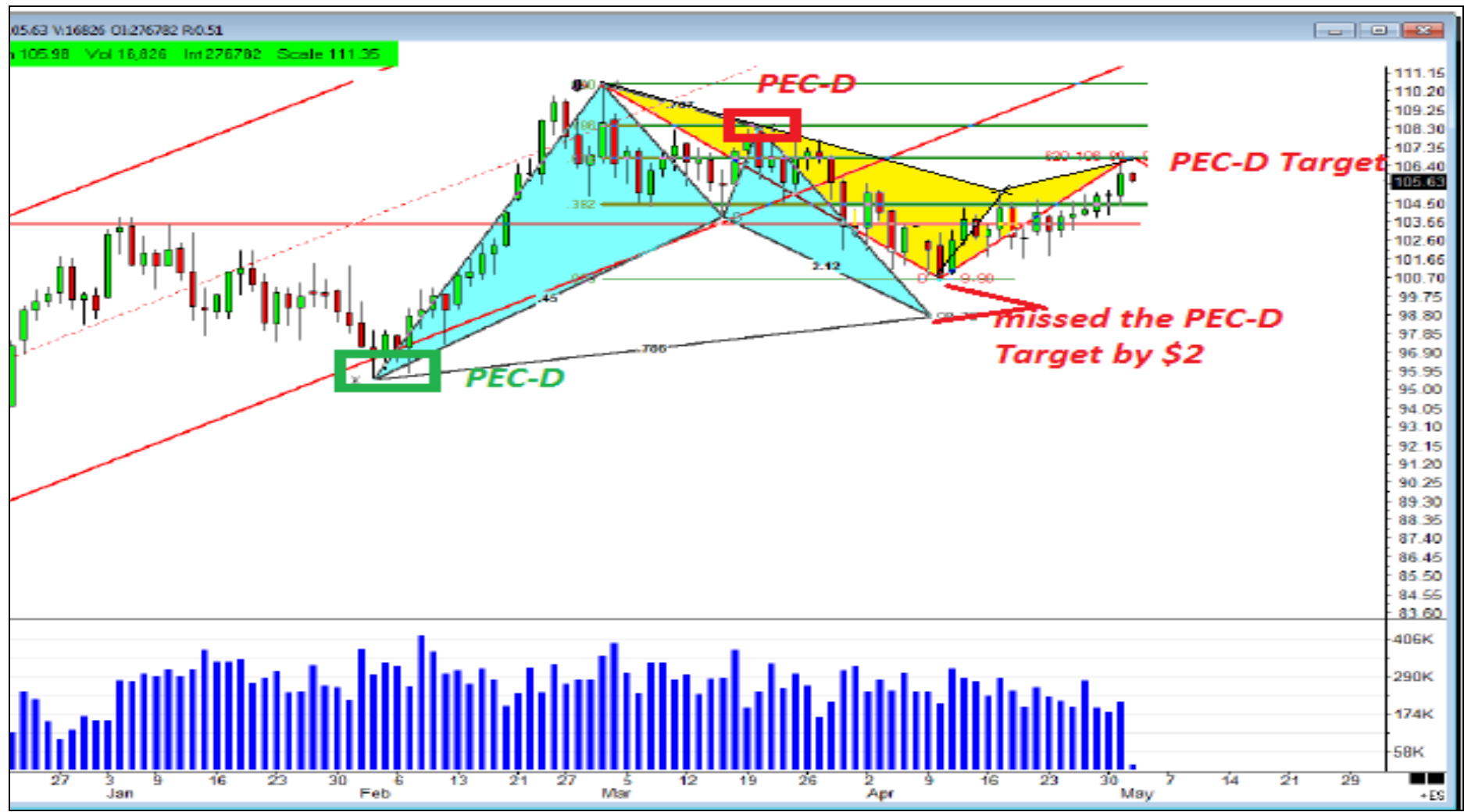
At one time this ratio was at extreme. (Reversion to mean, consolidation is needed here)

NONE @ EXTREMES

OIL – PEC –D Analysis -

Last Report we pointed out **PEC-D price projection to 98.5** but did not reach there . It stopped at \$ 100 & Rallied .

Now the bounce has tapered into **PEC-D at 107** and decline should begin.



Correlation Ratio Analysis

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

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

Copper bounces and decline should follow the CRB very closely . It should follow CRB on next decline. The current bounce has bearish divergence.



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

CZ 22-21 FAILED with key reversal @ POM 15 – SPX is still intact. It should follow CRB on bounces & decline. .



NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis

After two successful failures to hold CZ downside. Now showing sign of bottoming & reversal. UNG is at 20 yrs low and going through the capitulation phase. By several Matric including v/s \$WTIC is very undervalued.

We are monitoring the rally . There is pick up in volume with SOS, if we get + VTO on pull back and the CZ lows hold , we may get a Bullish signal (Stop below lows)



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%**

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

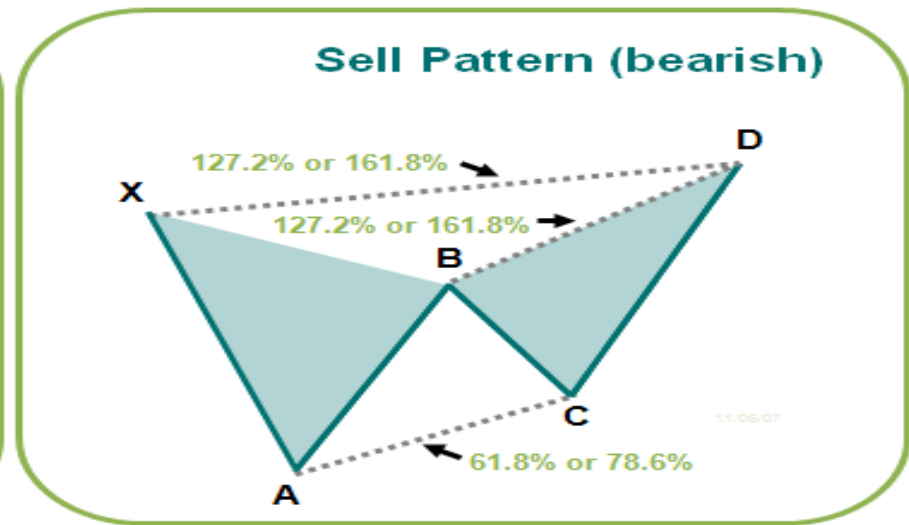
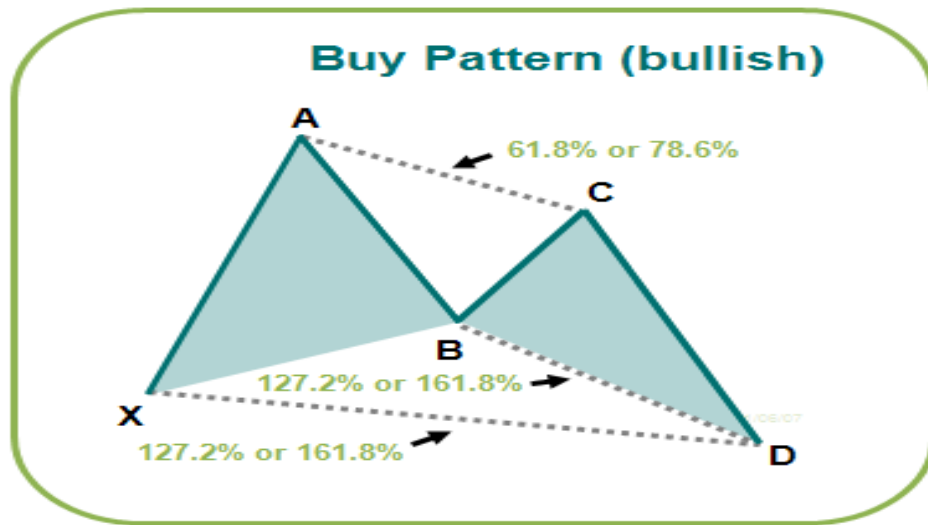
- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way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