



SG Capital Research

Global Market Insights

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

**MAEG – WKLY CZ- COMMODITY ANALYSIS SG 2012 # MAY\_23**

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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

We shall keep it simple. Markets have been following our price path very closely . Currently we are Fully Hedged / Raised cash mode on this decline from the Market To Top till present , in the process capitalizing on NET Short in the first leg down utilizing weaker IDX's in various market segments.

### PLAN A – Looking for Trigger on POM 13 – NET LONG

Currently reached our Price projection Target CZ 1290-1310 with heavy bottom ( without proper PQV test). This suggested a bounce from this CZ towards the CZ 1345-1355. ( If strong Markets) OR in case of weak Market, 2-3 days bounce taper into target 1320 (as suggested in last Report A # 1 – MS ). The failure at 1320 which could initiate ABC down to Re test the bottom heavy CZ 1290-1310 for the test . This is exactly what seem to be happening. Heavy bottoms get tested sooner than later.

We are awaiting for that successful test of CZ 1290-1310 to Trigger POM 13 where we may cover some Hedges and go with NET long.

Although there is NO Trigger of POM 13 . There several group of Market internals & projection study suggesting Bullish Texture ( as indicated in our A # 1- MS Report on Monday). This is requisite for “countertrend rally”. but the Trigger is more critical . We shall wait for Market to confirm.

### PLAN B –

If the re test fails at CZ 1290 -1310 and market slices through the heavy bottom then our next ABC down target is to CZ 1260 -1240. . If PQV Validates the bottom then we shall consider POM 12( FULL LONG ) / POM 13 ( NET LONG) at that time.

NOTE– Based on our Risk / Reward profile , we shall justify the re entry of our previously exited NET Shorts only after the bounce towards CZ 1345-1355 is complete WITHOUT successful test of CZ 1290-1310. ( heavy bottom). A weak bounce to 1320 does not give enough beef to add Net Short position especially when several key Market indicators are diverging Bullishly at CZ 1290-1310

## • COMMODITY

*Euro continues to pressure this Market with Eurozone issues. We have been on Latest Sell Signal on Euro since 1.33 for this Trend in our C # Currency Report to Target 1.27. We have exceeded the target by slight margin 1.26 and in panic mode. This needs to be watched carefully if markets have to be unglued .*

*AOM – “ All one market “ theme continues. Risk off Trade has been in effect full force since POM 15 in SPX. Past 3 weeks market took back 3 to 4 months of gains. We were repeatedly warning of this upcoming distribution process in Feb / March ( Pushing the paper out as much as they could ) which has resulted in “ current Markdown phase” .*

*Technically CRB and its Major component has been weak on decline since our POM 15 Trigger on SPX. We must admit Commodity IDX have been good instrument for our Short Position since POM 15 in SPX , compared to SPX itself.*

*We are awaiting for Bottom to Trigger here , however we need more fear in the Market in terms of TRIN & TICK readings. These are Traders extreme Sentiments expressed when pressing order keys in loosing positions. We have had few readings during the first low .. We are looking for 2<sup>nd</sup> Tick & Arms reading during the re test. .*

*Although this market is toasted and roasted. Reaching CZ target is Part 1 of the process, Bullish divergence is Part 2. We are awaiting for PQV Validation for POM Trigger which is part 3. Which is what we have been awaiting for .*

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

*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.*

**Our Commodity Country Market AORD ( Australia)** has CRASHED in waterfall drop since our POM 15 area ( CZ 4500-4400) to 4000 ( A # 2G GLOBAL ID Report) and its currency has been on Sell Signal in our C # Currency Report since PEC-D 1.07 to Target 1.00

- **COMMODITY ( CRB)**- Our Trigger has been from top CZ AT 330-320 . This market followed our signals of POM 15 on SPX on downside . Our next Signal is when SPX Triggers POM 13 . ( CRB v/s SPX Correlation below explains the theme)

On Short term basis , Bounce to CZ 310-307 came in exact for next decline . ( move in between the move)

The CRB Index continues to point toward a low around the May 28th Time Ratio Low projection, so the dollar ( although finished ABC up & extending up higher on BULLISH TOP is likely to pressure these risk-on markets for a few more days till PQV validation is complete to Trigger the signal.

- **OIL( \$WTIC)** - This was the BEST TRADE of all EXACT Top at 106 in last Report resulted in CRASH to 91 in straight line ( Refer below for chart) Target 88

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.

- **DXY -** Today dollar shows a bit of strength, convincing short term to “de-risk” by selling stocks and commodities (risk assets). But, we think that a correction in the dollar has arrived and the dollar should be retracing some of its gains and providing an excuse for risk-on assets to be purchased:

We have been “Long” for quite some time in anticipation of such move. The move in USD higher has send shivers in the Market as expected.

Directional correlation between USD & AOM ( All one Market “ ) are very much intact. Therefore USD continues to be the Key part of our Analysis . Charts on USD had several Long term pattern Bullish setup

DXY is completing its ABC up as expected creating another Bullish top at 82 . Last leg up was initiated at 78 key reversal . We shall monitor the quality of the pull back to decide the size of retracement. These Pullbacks have been moves within the Larger move higher. We are Bull on USD since 72 last September and remain so. Price action suggests after the pullback , Bullish Top of 82 should be tested if not broken.

# GOLD

Upon testing our CZ1540-1580 ( EXACT) as expected after our patient wait from CZ 1775-1750 (POM 14) . GOLD did its Primary test in Bullish Manner with PQV Validation then rallied 70 points coming out of gates. Hit highs of **1600 +/-**

Our expectation was pull back & back / forth move to build a base and repair work after a big decline which is why we have current retracement for past 2 days back into the CZ to re test the bottom around 1540. If SPX Holds CZ 1290-1310 Re Test .but If SPX goes down to CZ 1260-1240 we can have one last shake out in GLD below the CZ 1540 . This is part of bottoming process after coming down so hard. ( We are Long USD which is acting Hedge on GOLD on short term basis)

Once the Top in USD is complete the Gold should put in sustainable rally

## BACKDROP –

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

Currently GOLD remains, at Bull Market POM Rating - ALERT 5/16 - At lower end of our CZ 1540 “Scale into” the CZ “ We Triggered POM 13 @ 1540 ( for Longer term position If cross verified by other Methodologies based on Portfolio Objectives

Risk Management under the CZ Levels based on Portfolio Objectives.- Especially for the partial positions taken at higher prices, tightening/ raising the STOPS to re - enter at re test of lower levels to improve cost basis of overall position as we had mentioned in our earlier Comentary.

Secondly the entry into CZ 1540-1580 – is more suitable for New Positions or Recycled positions exited at POM 14- CZ 1775-1750 .

## GDX

Upon testing our CZ 43-41 ( EXACT) as expected after our patient wait from CZ 65-64 (POM 14) . GDX did its Primary test in Bullish Manner with PQV Validation then rallied coming out of gates. Hit highs of 44-

Our expectation was pull back & back / forth move to build a base and repair work after a big decline which is why we have current retracement for past 2 days back into the CZ 43-41 to retest the bottom at 41 If SPX Holds CZ 1290-1310 on Re Test .But If SPX goes down to CZ 1260-1240 we can have one last shake out in GDX . This is part of bottoming process after coming down so hard.

Once the Top in USD is complete the Gold / SPX should put in sustainable rally & GDX should follow GDX / GLD ratio is completely undervalued.

### BACKDROP –

GDX Price path has been following exact since our POM 14 re - Trigger at CZ – 65-64 to CZ – 50-48 ( to cover hedges) & then to next level CZ 43-41 to go LONG after decline of nasty 40%

Currently GDX remains, at Bull Market POM Rating - ALERT 5/16 - At lower end of our CZ 43-41 “Scale into” the CZ “ We Triggered POM 13 @ 41 ( for Longer term position If cross verified by other Methodologies based on Portfolio Objectives

Risk Management under the CZ Levels based on Portfolio Objectives. .

NOTE - the entry into CZ 43-41 – is more suitable for New Positions or Recycled positions exited at POM 14- CZ 65-64 OR 58-60 .

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

C# Commodity Report 23-May	CURRENT STATUS	CZ - Trigger Confluence Zone	Target Reached	Comments
<b>GOLD</b>				
SHORT-TERM -POM 14 ( closed)	BEARISH	1775-1750	1540-1580	Decline from 1775 to 1580 was met (Cover Shorts)
MID-TERM - POM 13 (1540-1580)	BULLISH	1540-1580	TBA	Nimble into Longs ( CZ 1540-1580)
LONG-TERM POM 12 ( 1250-1225)	BULLISH	1250-1225	1900 -2000	Consolidation in larger range 1450-1825 (Partial Long Position in tact)
<b>GDx (Miners)</b>				
SHORT-TERM from 58 ( CLOSED)	BEARISH	60-58	47-45	Decline from 58-57 to 47-45 was met (11 points decline)
MID-TERM	BULLISH	43-41	65-67	Nimble into Longs ( CZ 43-41)
<b>SLV</b>				
SHORT-TERM from 35	BEARISH	35	29	Decline from 35 to 29 was met (6 pts decline)
MID-TERM	BULLISH	26.5-27	TBA	Nimble into Longs
<b>CRB</b>				
SHORT-TERM from 330-320	BEARISH	330-320	285-290	Decline in Progress ( bounces in between)
MID-TERM	NEUTRAL	360-370	TBA	4th leg down
<b>OIL</b>				
SHORT-TERM	BEARISH	106	88	Decline in Progress ( bounces in between)
MID-TERM	NEUTRAL	TBA	TBA	
<b>DBB ( Base M)</b>				
SHORT-TERM	BEARISH	22-21	TBA	leg down in progress ( bounce in between ) Should follow CRB
<b>JJC ( Copper)</b>				
SHORT-TERM	BEARISH	53-52	TBA	leg down in progress ( bounce in between ) Should follow CRB
<b>DBA ( Agro)</b>				
SHORT-TERM	NEUTRAL	TBA	TBA	No Trigger
<b>UNG ( Natgas)</b>				
SHORT-TERM	BULLISH	16-16.5	TBA	Triggered at 16 as per Last Report Stop 14.5



## CRB – Chart Analysis

- **YTD – Commodity Components with SPX performance v/s CRB**
- **DXY Correlation / CRB - with MA , Trend & Oscillator Analysis**
- **DXY - with Poly trend & Oscillator Analysis**
- **CRB / DBC- with MA , Trend & Oscillator Analysis**
- **CRB- Poly Trend Analysis.**
- **CORRELATION RATIO Analysis – CRB v/s USD, CRB v/s SPX**

## GOLD / SLV, GDX – Chart Analysis

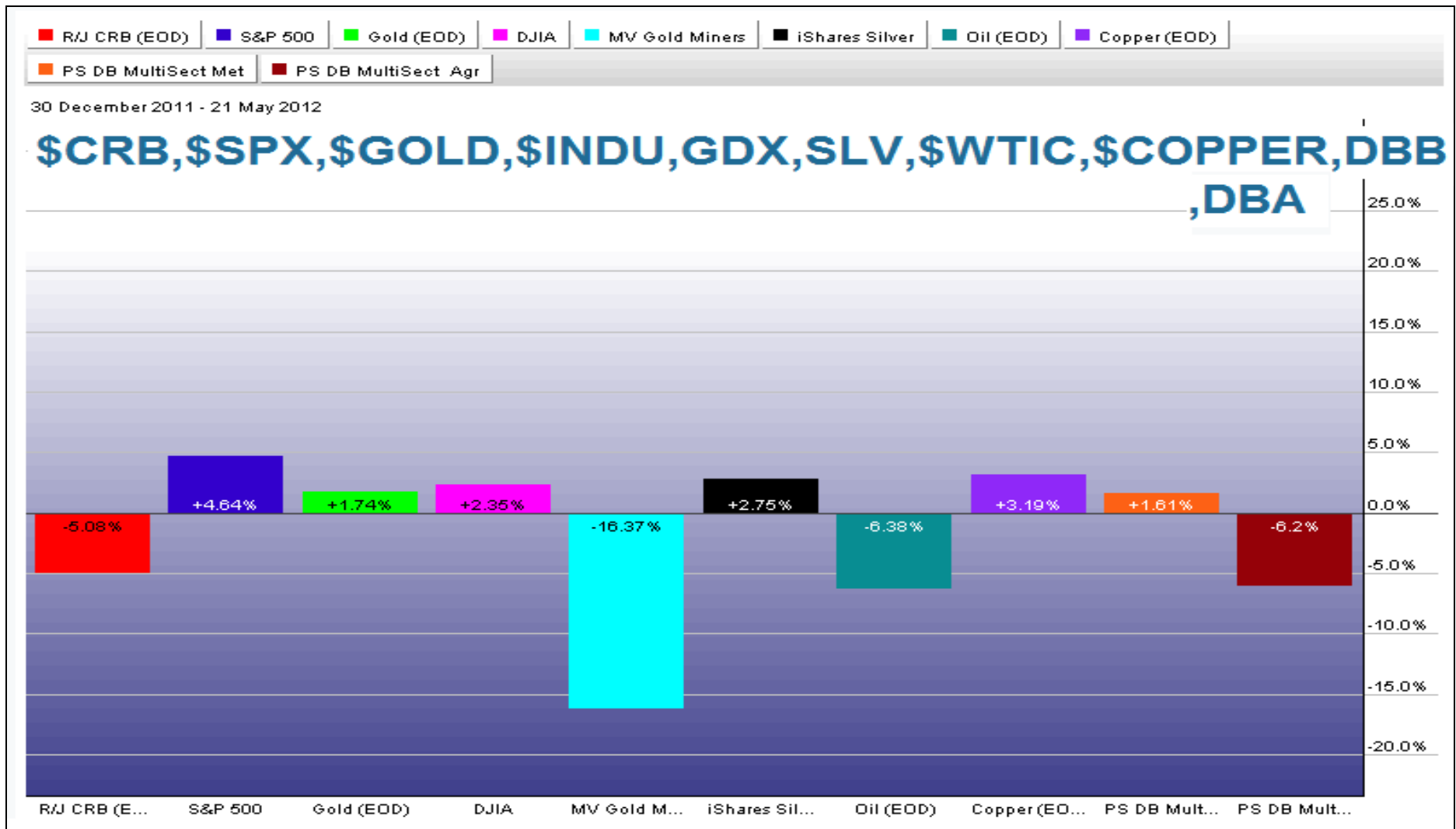
- **GOLD MA, Trend & Oscillator Analysis –**
- **GOLD - PEC –D Analysis**
- **GOLD – Cycle Analysis**
- **GOLD / SLV – Lead / lag Analysis**
- **EXTREAME Sentiment Analysis ( 3<sup>rd</sup> Party Data )**
- **SLV – PEC –D Analysis**
- **SLV – Poly Trend Analysis**
- **HUI / XAU – PEC –D Analysis**
- **GDX – SMA & Trend Analysis**
- **GDX – CZ – Price & Volume**
- **CORRELATION RATIO Analysis– GOLD v/s GDX, SPX, SLV, OIL**

## Commodity Component – Chart Analysis

- **OIL – PEC –D Analysis**
- **OIL –MA, Pattern & Oscillator Analysis**
- **NATURAL GAS – UNG - MA / Pattern & Oscillator Analysis**
- **COPPER ( JJC) – MA / Pattern & Oscillator Analysis**
- **CORRELATION RATIO Analysis – COPPER v/s SPX , CHINA,**
- **BASE METAL – (DBB) - MA / Pattern & Oscillator Analysis**
- **AGRI – COMMODITY – (DBA) - MA / Pattern & Oscillator Analysis**

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

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



# GOLD - PEC -D Analysis -

*By this Model - GOLD achieved Price targets , In 3 various price contraction profile. ( see chart below ) . Repair work to begin*

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



# GOLD – CZ, Pattern Analysis

By this Method - Reached our\_Downside target CZ 1540-1580\_PQV / VTO turning bullish. to provide best Risk Reward.

Earlier - POM 14 – CZ – proved its merit at red box CZ 1775 -1750 ( red) Notes within the charts).



# GOLD – HRLY ( SHORT TERM) – PEC-D Pattern Analysis

*On hrly basis , pull back is towards 1536 within our CZ on daily charts.*



# GOLD – RSI – LONG TERM Price Analysis

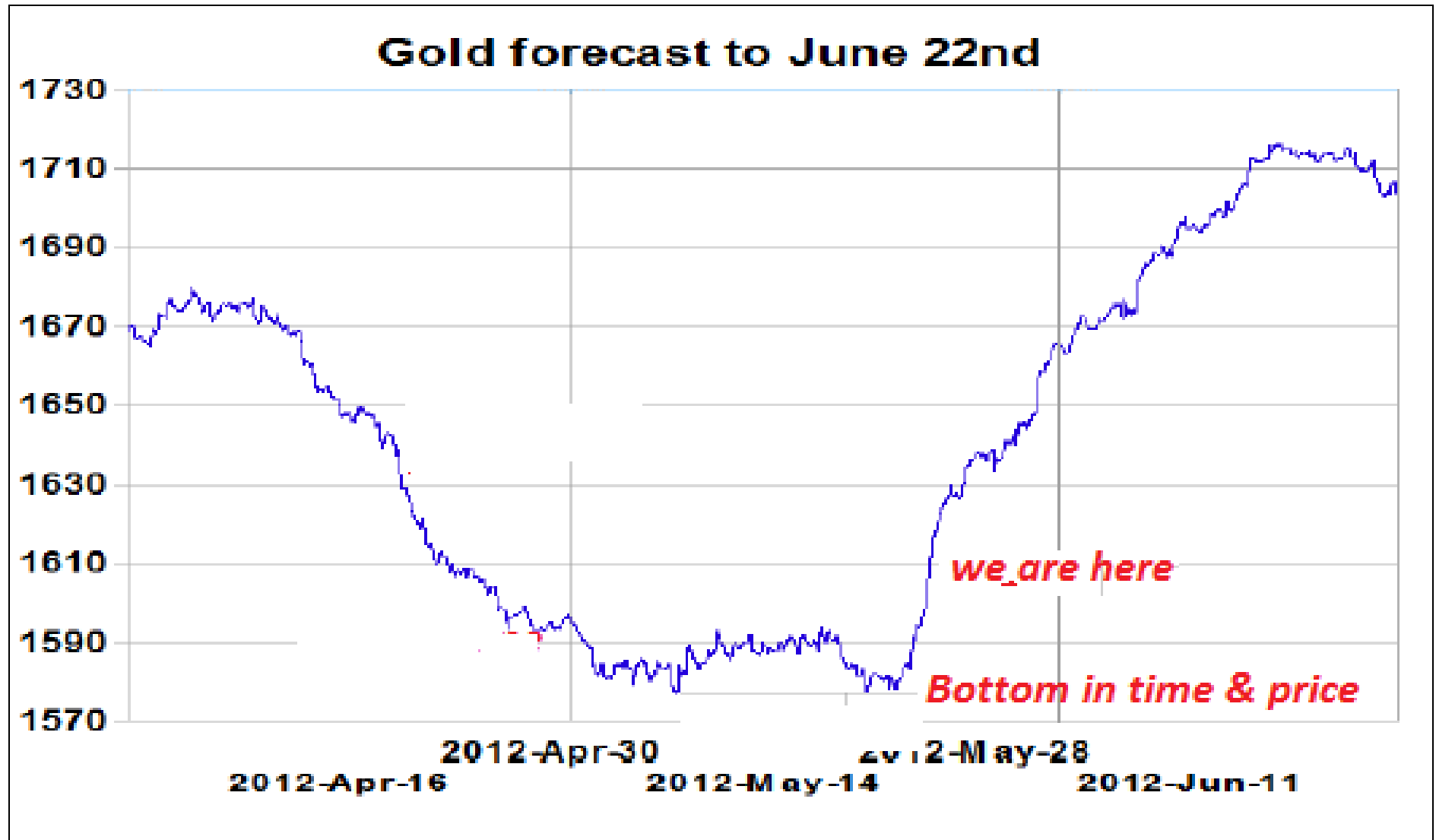
Notes within the charts).

The gold short positions reported by (COT) that occurred at significant turning points in the gold market. The Commercials are at the least short position since April 2009 and suggests gold in near an important low. Also the CCI (top window) and Slow Stochastics (middle window) are in bullish levels



## GOLD – Cycle Analysis ( **ON TRACK but getting SKEWED** )

*Cycle chart – Has same price path as PEC-D & CZ Price Path .*



- **EXTREAME Sentiment Analysis GOLD ( 3<sup>rd</sup> 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



# USD – PEC D – Analysis –

**By this Method- . DXY is extending further than 82 ( Our target) completing PEC-D with Bullish Top . Last leg up that began from 78.** We will monitor the quality of pull back which is critical for other Markets. .

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

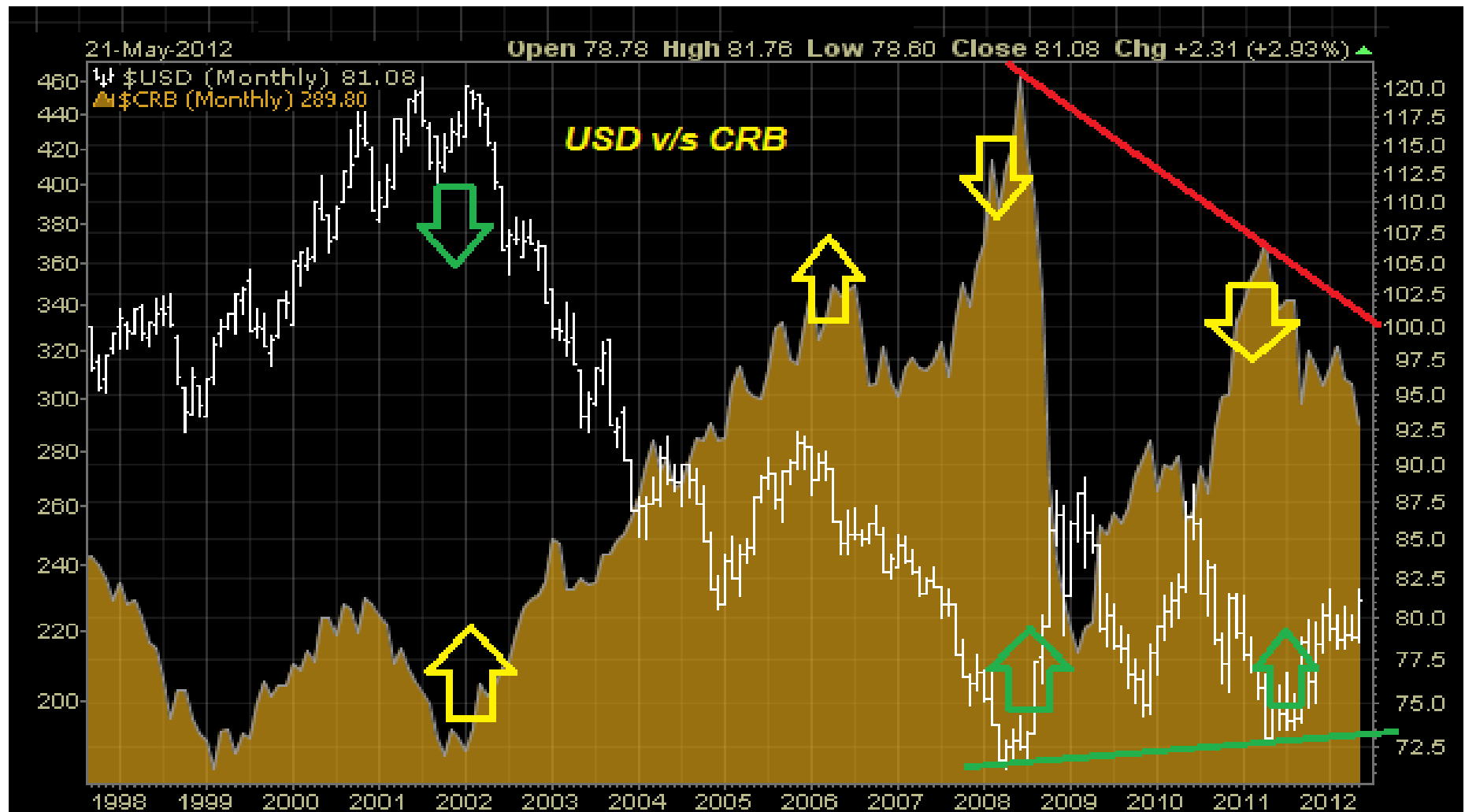
**Weekly huge key reversal with Sign of Strength of Strength ( SOS ), Major bullish divergence on Oscillator that signals a bottom is solid on every rally.**



## CRB v/s USD – Price Behavior Analysis

**USD HURTS CRB - intermarket links the inverse relationship. Chart below USD (Green arrow) v/s CRB ( yellow arrow) emphasizes the on Price path of USD to navigate this market effectively.**

**Commodities have established a pattern of "lower highs" between 2008 and 2011 (see trendline). And that's during a period when the USD has been trending sideways. Imagine what impact a dollar uptrend would have on commodity assets, if USD has to seriously rally from 82 to 89**



## CRB v/s SPX – Price Behavior Analysis

*CRB v/s SPX Correlation, CRB ( yellow arrow) tends to peak 2-3 months ahead of SPX ( orange arrow) . In both cases POM 15 – Nailed the CRB Sell signal. Currently looking for SPX – POM 13 to Trigger for any reversal. .*



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

*ST rally target was met CZ 307-310 ( Yellow zone ) from 300 –PEC-D and failed as expected ( refer notes within the charts )*

*Our Downside CRB target should come at POM 13 . ( PEC-D 282)*

*Our Main trend , the commodities failed in our CZ 330-320 ( 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 .*



- **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**

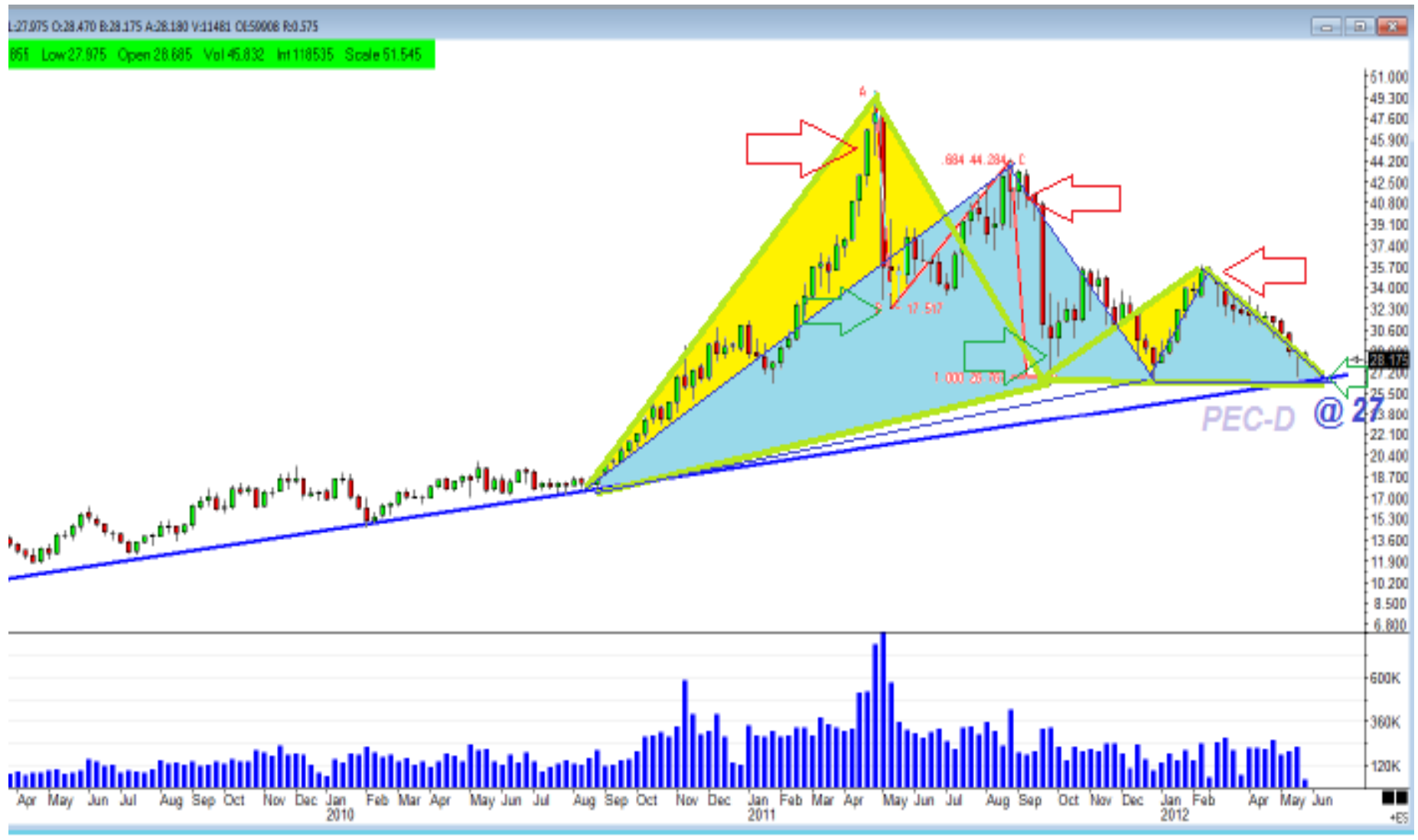
# SLV – PEC –D Analysis - SHORT TERM

*By this Analysis – PEC – D Projection on downside is indicated in yellow ( 29-28) . The decline from **PEC-D 34.5** @ stated in earlier Reports. SLV should follow the GOLD Market*



# SLV – Poly Trend Analysis - MID TERM

By this Mid term time scale, Projection on PEC-D is at 26.5 -27 from CZ Triggered at 35.5



# GDX – CZ – PEC-D Analysis

From Chart below it is more clear GDX is re testing its CZ 43-41 ( in yellow)

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





# 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%.



## 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 - 107 EXACT and decline began with CRASH in oil to 92 . Ultimately we target 88 .**



## 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 -

*Copper bounces and decline has followed CRB very closely . Currently it is showing +ve strength v/s CRB and should lead CRB on next buy signal .*

*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

Main Signal CZ 22-21 FAILED with key reversal @ POM 15 – SPX – decline is still intact . It should follow CRB on next signal .



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

*Last Report we placed the parameters to enter UNG with BULLISH signal . 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 (1<sup>ST</sup> Jan)
- POM 15 - Net Short --None ( Total points gains= +0 )
- None recommended for GLD to “SHORT” in Bull market by this Model. ( Exception for SLV).
- POM 14 - Hedge Longs / Risk Management - None (Total decline saved= + 0 )
- POM 12,13 - Net Long – None ( Total point gains = +0 )

#### 5- GDX. - POM Signals , Price Projections, Investment Conclusions

- Start point 51.5 ( 1<sup>st</sup> Jan)
- POM 15 - Net Short --None ( Total points gains= +0 )
- POM 14 - Hedge Longs / Risk Management - None (Total decline saved= + 0 )
- POM 12,13 - Net Long – None ( Total point gains = +0 )

## 2011 – POM Signals on Triggers-

### GOLD- 2011 –**REAL TIME** TURNS– POM & CZ



GOLD - YTD - Gains <u>+150 Points</u>	+10.0%
POM 12, 13 - Gains <u>+437 Points</u> ( 4 Signals)	+30%
POM 14 to 13 - Partially Hedged & Risk Management saving <u>+550 points</u> ( 9 Signals)	+35%
POM 15 - Net Short SLV + <u>10.5 gains</u> ( 2 Signal)	+33%

# GDX - 2011 – TURNS **REAL TIME** – POM & CZ



GDX - YTD (-10 points) \_\_\_\_\_ **(-15%)**  
POM 14 to POM 13 - Risk Management saving +30 points gains ( 4 Signals) — **+60%**  
POM 13 +18 points gains ( 3 Signals) \_\_\_\_\_ **+35%**

# SLV- 2011 –REAL TIME " CRASHES" – POM & CZ



# CRB Commodity-2011-TURNS **REAL TIME**- POM & CZ



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

**SELL SIDE - Triggered previously by CZ TRACKER at Qualified CZ**

- ( CZ validation time & price indicated Red on charts below & Trigger points in Appendix)
- Remaining Commodities including OIL had – No Validation or Triggers
  
- \$ WTIC , JJC (Copper), DBC





- **GLD/ SLV - Trading & Investment Conclusion - – Updated**

- **GOLD – POM Signals & Price Projections - Start point 1420 1<sup>ST</sup> Jan**

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

- **Alert** - POM 15 –, SLV – Triggered **Alert** Jan 1<sup>st</sup> @ 30 target 26 , 25<sup>TH</sup> Jan = ( 4 points) 12% gains
- **Alert** - POM 15 –, SLV – Triggered **Alert** April 26<sup>th</sup> & 28<sup>TH</sup> @ 47.5 target 41 = ( 6.5 points) 16% gains
- None recommended for GLD to “SHORT” in Bull market by this Model. ( Exception for SLV)

- **POM 14 - Hedge Longs / Risk Management - (Total decline saved= + 399 = 22%)**

- Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ while the bigger Trend kicks in
- Proportion / Qty. of Hedges should be based on Portfolio's objective and Risks Tolerance

- **Last Alert on 10/13- ( OPEN POSITION) – 8<sup>th</sup> HEDGE - B # Report- POM 14 - CZ Trigger @ 1680-1740**

- **7<sup>TH</sup> Hedge** - Closed @ 1680 CZ ( 9/23 - Alert ) from POM 14 Re run @ 1825 , 8/23 = 145 points gain
- **6<sup>th</sup> Hedge** - Closed @ 1725 CZ ( as per Target 1700 announced in Report 8/23 - Alert ) from POM 14 Re run @ 1825 , 8/23 = 100 points gain
- **5<sup>th</sup> Hedge** - Stopped out on 8/17 @ 1825 from POM 14 – Re run Trigger at 1780 = (-45) points loss
- **4<sup>th</sup> Hedge** - Closed on 5/6 at POM 13 @1460 ( GLD = 143) from POM 14 @ 1544 ( 150.48) = 84 points gain
- **3<sup>rd</sup> Hedge** - Stopped out on 4/5 @ 1450 ) from POM 14 – Re run Trigger at 1425 ) = (-25) points loss
- **2<sup>nd</sup> Hedge** - Closed on 3/16 at CZ ( @ 1380) , from POM 14 – Re run Trigger at 1425) = 45 points gain
- **1<sup>st</sup> Hedge** - closed on 1/25 at POM 13 ( @ 1325 ), from POM 14 @ 1420 ( since 1<sup>st</sup> Jan) = 95 points gain

- **POM 12,13 - Net Long – ( Total point gains = + 437 = 25%)**

- **Alert 9/26** – POM 13 @ entry 1603 ( Trigger 1550) & Closed position (1/3) @ 1680 & (1/3) @ 1695 & 1740 (1/3) – POM 14- **Alert (10/13)** -Bearish CZ - Resulted in = 107 point gain
- **Alert 01/25** – POM 13 @ 1320 & Closed position @ 1375-1395 @ Bearish CZ (03/09) Resulted in = 65 point gain
- **Alert 5/6** - POM 13 @ 144-145 ( 1470) & Closed position @ 1596 – 1615 @ Bearish CZ .Resulted in = 135 point gain
- **Alert – 7/20** - Parabolic Warning announced in C # Commodity @ 1628 to target 1760 = 130 points gain- Parabolic Apex pattern although we announced it in timely manner, such long plays is for special Type of specialized Trading Desks- Risk Management is Critical ( Disclosure -We did not play upside parabola Real time)
- POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long)

- GDX- Trading & Investment Conclusion
- GDX follows GOLD- POM's
- Start point 61 on 1<sup>st</sup> Jan

## GDX ( XAU / HUI)

- POM 15 - Net Short – **None**
  - POM 14 - Hedge Longs / Risk Management - ( Total decline saved= **20 points or 33 %**)
    - *Recycle partial capital to Trade from Bullish CZ to POM 14 Re Run - CZ whiles the bigger Trend kicks in*
    - Alert - CZ @ 59-61 – Revised - 4<sup>TH</sup> HEDGE
      - 3rd Hedge - Closed @ 56.5 ( **9/23 - Alert** ) from POM 14 Re run @ 61-62, 8/23 = 5 points gain 8.5%
      - 2<sup>th</sup> Hedge - Closed on **5/6** at POM 13 @ 56 from POM 14 @ 62 = 6 points gain 10%
      - 1<sup>st</sup> Hedge - closed **on 1/25** at POM 13 @ 53), from POM 14 @ 62 ( since 1<sup>st</sup> Jan) = 9 points gain 15%
  - POM 12,13 - Net Long – ( Total point gains= **17.25 points or 27%**)
    - Alert 09/26 – POM 13 @55.76 & Closed position @ 57 @ POM 14 **Alert - (10/13)** Bearish CZ Resulted in = (1.25 points) 2.2%%
    - Alert 01/25 – POM 13 @53 & Closed position @ 60-61 @ Bearish CZ (03/09) Resulted in = ( 7.5 points)14%
    - Alert 5/12 & 6/27 - POM 13 @ 52-53 & Closed position @ 60-61 @ Bearish CZ .Resulted in = 8.5 point gain 13%
- POM 12 Calls – None - so far this year. (POM 12 for Full Fresh capital to go long)

- **Objective & POM / CZ Guidelines**

*Focus is on the Short & Intermediate term turning point – Price Path Analysis of GOLD, SLV, GDX via POM's Price projections and / or CZ ( Bullish & Bearish between the POM's) . POM is Unidirectional Judgmental Model, It utilizes multiple input signal via the Global Inter market Analysis (GIC), Price & Quality Volume (PQV), Pattern Recognition ( PEC) , Cycles, Internal & External price equilibrium points to assists in output signals . POM is supplementary Analytics to add value to RA/ RI Framework for Risk Management.*

- *SPX, CRB, GOLD combination signal acts as Risk Benchmark for all the Commodity Markets. Since these Markets gets priced off SPX for timely POM & Bullish CZ calls of each Specific Commodity .*
- *All the Commodities tends to follows the Price path of POM 11, 12, 13 of SPX ( except @ POM14, 15), various Instruments will Top out at different time to Trigger CZ – Validation for NET SHORT. Sell Order at POM 14, 15 to be spread within CZ price band for scaling out*
- *GOLD is still following the Bull Market “ POM” Regime unlike SPX market*
- *All CZ / PEC D / POM's – Marked on charts ( in color) below has been Announced on Real time in our Previous Reports prior to Price shifts.*
- *Stops always on other side of CZ @ value based on Portfolio's Objectives & Risk tolerance*
- *POM Conclusions to be cross verified by other methods prior to final decision*
- *For Maximum utilization of POM / PEC –D Process for Risk Management. Refer to guidelines within the Appendix below*

## ➤ Key Points for Full utilization of SP- Reports

- **Maximum Utilization of various POM's , CZ's & ABC's – for Risk Management & full enhancements on CZ pricing & CZ-PQV Timeliness**
- At Top down Level– Triggers around POM's -Mid term & CZ's - Short term – ( CZ's happens in between the POM's ) . Critical component for Clean execution is to maintain ongoing updated data base spreadsheet of CZ's Pre announced in SP releases prior to price shifts. These inputs when Computerized Daily Monitoring, Triggers, Timely PQV validations, Price projections Alerts on real time should warn in timely manner to take action. .
- Rebalancing Pre Planned procedure at Triggers – “ Rebalancing % of Overall Position Sizing” , Beta & , Net Exposures sizing depending on each Portfolio's Objective & Risks Tolerances for either Recycling of Capital or Fresh capital.
- Key points for Risk Management
- Hard Stops around CZ's
- STOP SELL- “ early warning Alerts” in fast moving markets, Over night Day / Night ( IST) time delay Risks.
- Cross verification by Other Methods  
**Computerized Daily Monitoring, CZ Triggers, Timely PQV validations**
- **2. CZ – Tracking**
- Programing - “Time/ Price Displacement, Supply / demand Activity Bar Analysis” –
- At “Institutional Grade - Price , Volume with Time Integration
- Supply / Demand Activity bar Analysis – Real time.
- Candlestick – Price displacement Algo Programing experience at CZ Validation for Triggers

## POM criteria for Implementation

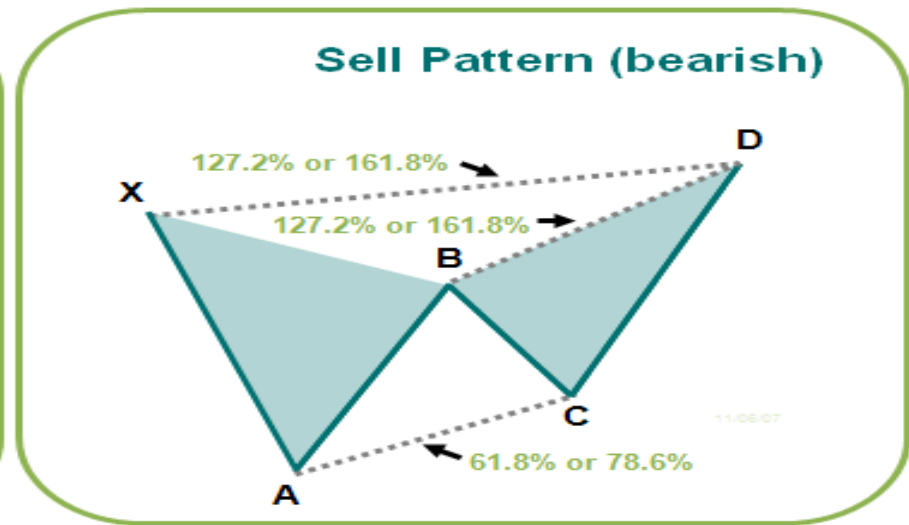
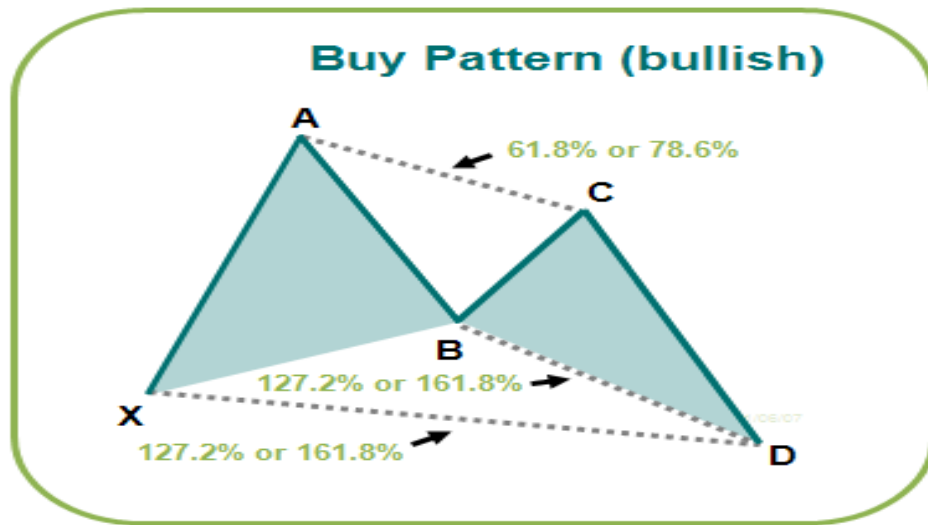
- POM is rated from 10 to 15
- POM 14 , 15 ( is Sell Signal) and 12 , 11 ( is Buy Signal ) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way DOWN move, POM 13 signifies to STOP executing additional “ New Short Sells” that was initiated at POM 14 or POM 15 levels
- ( Bear Markets) POM 15 is for - Net Short & POM 14 is for - Hedge Longs
- ( Bull Markets) POM 15 is for -Hedge Longs & POM 14 is for - Partial Hedge
- POM 12 & 11 is for Net Long
- POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)

## Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2<sup>th</sup> Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion and contraction ( PEC) in concert with Price Oscillation ( POM) . This has a high probability for greater accuracy on Price projections at confluence when Integrated together.
- Once our POM analysis is complete, it will overlay PEC. The input signals are from tracking rolling Arithmetic Numerical series of Regression utilizing Fibonacci to Identify Triangular patterns of Expansion/ Contraction. Triangular pattern completes at the convergence of 2 separate Fibonacci extension levels and overlay Price Oscillation Model.
- Since the Currency has 2 dimensional pairs, PEC is critical to analyze with 2x2 Fibonacci streams to achieve confluence point D coinciding with POM

## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D



• **EXTREAME Sentiment Analysis ( 3<sup>rd</sup> Party Data )**

Courtesy : SENTIMENT TRADERS

*Our Sentiment Analysis has “Intermediate & Short term” composition. We evaluate ( 8- 9 ) Indicators for sentiments out of which some are working well for Short term and other for Intermediate terms These are either Numerical Indicators as the Investors sentiments is expressed through purchases of the market*

*Rydex flow, Insiders activity. The Emotional / Survey sentiments we track Investors Intelligence sentiment Advisors sentiments. etc. All these are Integral part of POM composition ,*

*Our Behavior Indicators Commercial Hedges , AAll etc Sentiment Indicators, Insiders activity, Speculation activity,*

*Based on current market condition and the probability of Indicators we point out the EXTERME INDICATOR ONLY as a observation points*

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