



Date : 16th Nov 2012 (**Friday**)

COMMODITY REPORT (Strategy & Prop Tech)

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● Executive Summary

	Current Price	Triggered POM or Secondary CZ - PQV	Triggered date announced	Triggered within CZ	Progress Status	Current Position	ACTION - New Position (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
DBC (COMMODITY) CRB- COR	27.41	POM 13 Re run CZ / PQV @28.41	10/15	NONE	NEUTRAL	CASH	NONE			CZ -27.2-26.2		" No favorable Risk / Reward"
OIL (\$ WTIC)	85.5	NONE		NONE	NEUTRAL But Turn Bullish if CZ is Triggered	CASH	Initiate Net long Trigger - Test into CZ 83-82 & Close Above 82.5			CZ -83-82		1. Awaiting Trigger to initiate Net Long 2. Closed Net Short Position at 87 on 10/25 Report from 96
JJC (COPPER - COR)	43.75	NONE		NONE	BULLISH Only If CZ is triggered	Net Long	Initiate Net long Trigger - Test into CZ 44.2-43.2 with 35 K Volume or less & Close Above 44			CZ 44.2-43.2		Awaiting Trigger to initiate Net Long
UNG (NATGAS)	21.72	CZ / PQV @ 16.00	5/2 & 5/16	CZ 16-16.5	BULLISH (Advised Caution RM@ 22.66 On 10/25	½ Net Long (½ Recycling position Re entry abandoned)	NONE	CZ - 23.75-22.5		CZ -21-22		UNG gapped up from pull back CZ and we lost the Risk / reward to reenter, Now Abandon the re entry for Recycling position, exited 10/25, .

Continued...with Precious Metal

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GOLD	1715	POM 13 @ 1540	05/15	CZ 1540-1580	BULLISH	Net Long	NONE		CZ 1790-1820	CZ 1700-1675 (could be re rested)		Recycling position lowered cost basis on core position by 65 points Fr 1770 to 1705 Avg)
GLD (GOLD COR)	166	POM 13	05/15	CZ 150-154	BULLISH				CZ 173-176	CZ 166-164		Refer Gold Overview note (Cautioned on 9/17 @ 1770 for decline
GDX (XAU /HUI MINERS COR)	46.5	POM 13 @41	05/15	CZ 41-43	NEUTRAL From BULLISH	Net Long	NONE	CZ 50.5-48.5, should be a cap for bounce		CZ 50.5-48.5 Broken with conviction	CZ 46-44	Recycling position lowered cost basis on core position by 4 pts Fr 53.5 to 49.5 Avg) BUT re entry position will be evaluated on bounce
SLV (SILVER)	31.57	POM 13 @26.5	05/15	CZ 27-26	BULLISH	NONE	NONE	CZ 34-33		CZ 30-29		SLV should follow GLD On upside but would be volatile

Note – This table to be applied in reference with notes, commentary, charts, Appendix within the Report.

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Commodity Indices Overview

We are "Neutral" on CRB and do not have Position, although POM 13 Re run for Net Long is in progress.

GOLD, SLV, NGAS - Our Bullish Sectors , should continue to rally. But on near term basis it faces headwinds till SPX settles down.

The NEUTRAL / WEAK Sectors should be in UNDERWEIGHT in next rally.

- **STRONG INDICES**

GOLD, GDX, SLV , NATGAS (UNG),

COPPER – should turn Bullish on CZ Trigger.

GDX – turned Neutral on CZ Break ,

- **WEAKER INDICES-**

NONE

- **NEUTRAL INDICES**

CRB, DBB, Neutral bias

OIL – Bullish bias

DBC -(COMMODITY) - NEUTRAL

Brief Overview

Current position is “Cash”, There is no favorable Risk / Reward at current levels till it enters pull back CZ 27.2-26.2 and validates PQV .

The strength in (DXY) has been weighing on CRB. At this point, we are very close to finishing ABC up in DXY at 81-81.7 but a sharp drop may be coming to DXY which could generate upside in CRB & Equities.

Remains Triggered POM 13 @ 28.4 on 10/15, within CZ 28-29, But we do not initiated any New position.(in CASH). This signal completed POM 14 – Caution Triggered on 9/24 within CZ 28-29

All subsequent commentary refers to CZ to CZ moves are for Risk Management.

GOLD – “NET LONG”

Brief Overview

Our downside pull back target is CZ 1700-1675, it needs a test . This is a “ shake out “ CZ and has the tendencies of getting re tested. Simultaneously One spike up in DXY to 82 should spike down GOLD into the testing zone. Overall DXY is finishing its ABC up at 82 and it’s pull back should assist Gold move higher. The strong November seasonally rally hasn’t kicked in yet.

Our Cautionary Alert on 9/17 for the decline from 1770 is still intact till , Gold finds a floor .

Remains Triggered POM 13 @ 1540- on 5/15 we initiated NET LONG within CZ 1540-1580, This signal completed POM 14 Triggered . On 2/6 for HEDGING within CZ 1790-1765. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

GDX (MINERS) – “NET LONG” – Bullish turned Neutral

Brief Overview

The pullback **CZ 50-48** broke decisively in Bearish way, such breaks puts in Bearish bottom. The Next upside bounce should be carefully looked to cap at **CZ 50-48**, if it is setting up Next ABC down. We have turned Neutral

The break of CZ has set up new ABC down to **CZ 46-44**, Our Cautionary Alert on 9/17 for the decline (from 53.5 to 49.5) has enabled us to lower cost basis on “Core” position. We shall re evaluate our re entry position, entered at 49.5 while stay with core position

Triggered POM 13 @ 41- on 5/15 we initiated NET LONG within CZ 41-43 , This signal completed POM 14 Triggered. On 2/6 for HEDGING within CZ 58-56 . All subsequent commentary refers to CZ to CZ moves are for Risk Management.

NAT GAS)- UNG – “NET LONG”

Brief Overview

UNG Gapped up from pull back **CZ 21-20**, it VOIDED the Risk / Reward for re- entry of recycling position We Abandoned the re- entry of recycling position exited 10/25 @ 22.6. The Upside Target – **CZ 23.75-22.5** has Bullish top

Remains Triggered MAIN CZ – Net long @ CZ 16.00-16.5 on 5/2, & 5/16
All subsequent commentary refers to CZ to CZ moves are for Risk Management.

OIL (\$ WTIC) – “ NEUTRAL” with Bullish bias

NEW POSITION – WATCH FOR TRIGGER” -

Initiate NET LONG on OIL entry into CZ 83-82, close above 82.5

Brief Overview

Current position is “Cash”, There is no favorable Risk / Reward at current levels till it enters pull back CZ 83-82 and validates PQV. Near term, Neutral bottom at 86-88 suggest still downside force to complete ABC down to CZ 83-82. On Upside, the OIL will follow CRB in next rally.

CLOSED Net Short Position on 10/25 Triggered within CZ 86-88, But we do not initiated any New position.(in CASH). This signal completed – CAUTION Triggered on 9/17 @ 96

All subsequent commentary refers to CZ to CZ moves are for Risk Management.

JJC (COPPER) – “ NEUTRAL” with Bullish bias

NEW POSITION – WATCH FOR TRIGGER”

Initiate NET LONG on JJC entry into CZ 44.2-43.2 with 35 k PQV Validation & close above 44

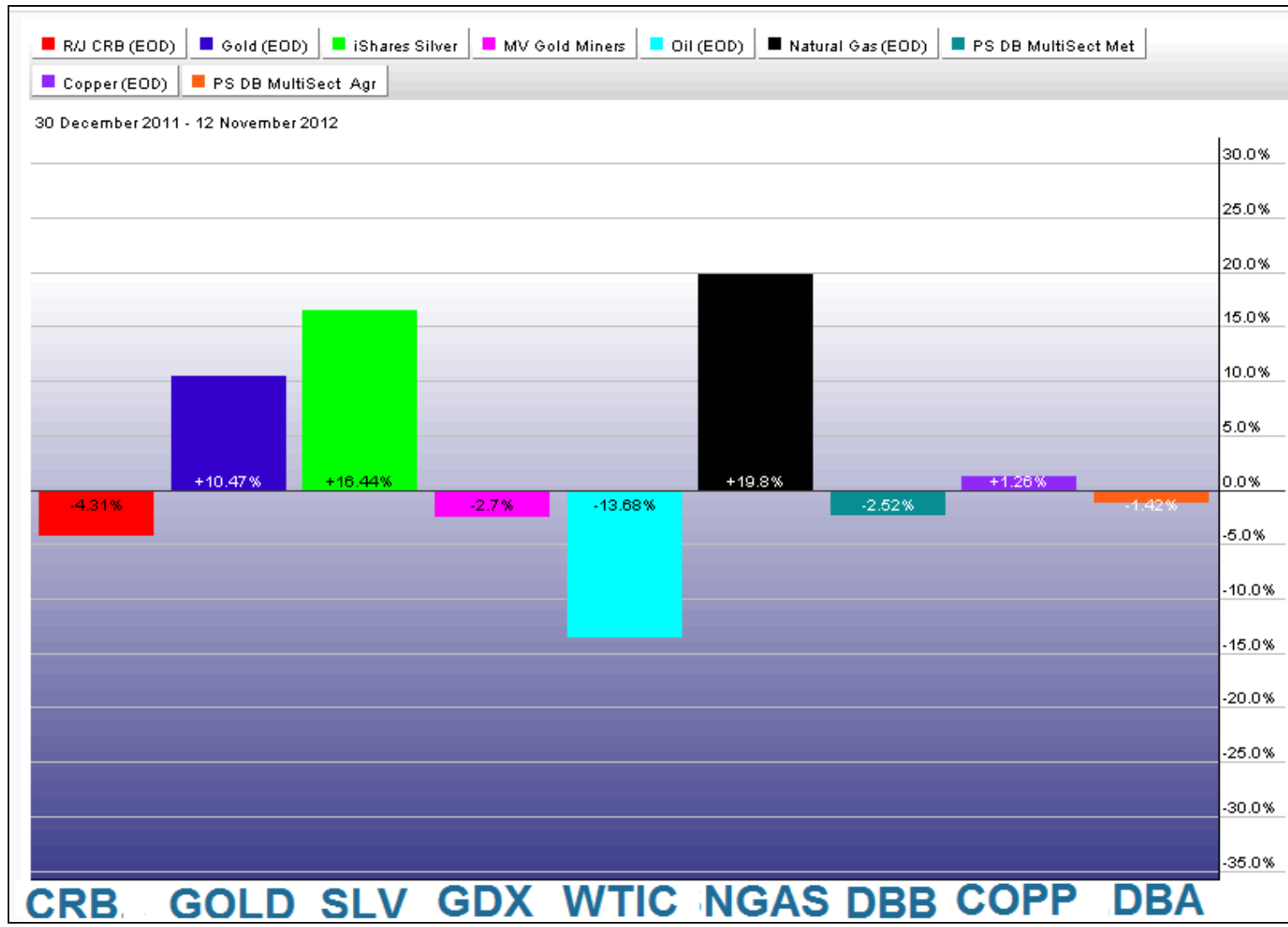
Brief Overview

Current position is “Cash”, Near term downside target CZ 44.2-43.2, PEC-D @ 44 – Met, PQV test needs to be validated to turn Bullish. On Upside, the COPPER will follow CRB in next rally.

● YTD – Commodities & SPX performance v/s CRB

Weakest and strongest Indices for PAIR TRADES

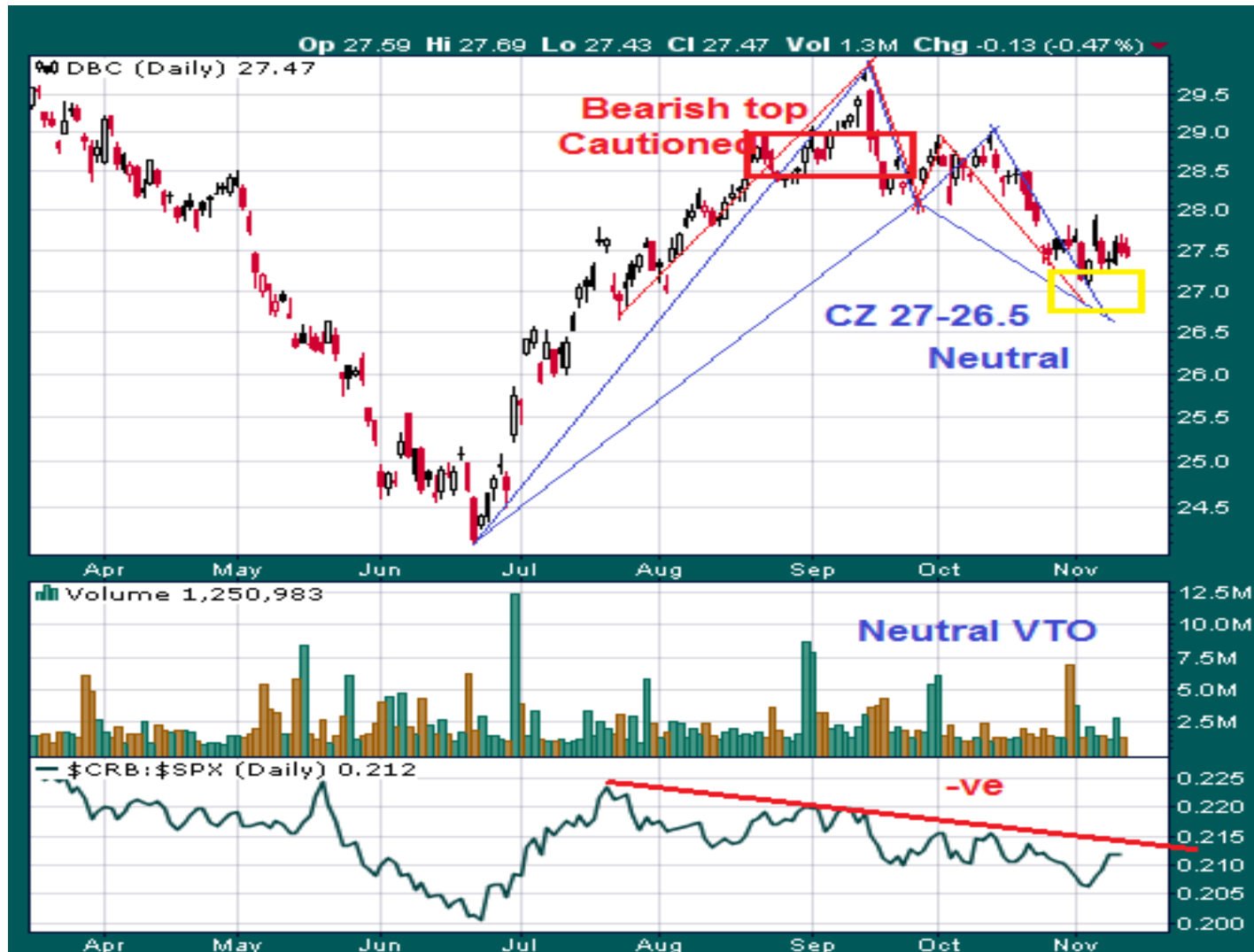
2012 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s CRB .



DBC (CRB) - with CZ/ PEC-D & Oscillator Analysis - Neutral

- Texture - NEUTRAL BOTTOM CZ & BEARISH TOP - CZ

DOWNSIDE - - CZ - 27.2 -26.5 , PEC-D @ 27 & 26.75



DXY (\$ USD) – PEC D – Analysis – **NEAR TERM**

Upside - CZ – 81-81.75, PEC-D – 80.90 – Approaching with Neutral top & –ve divergence.

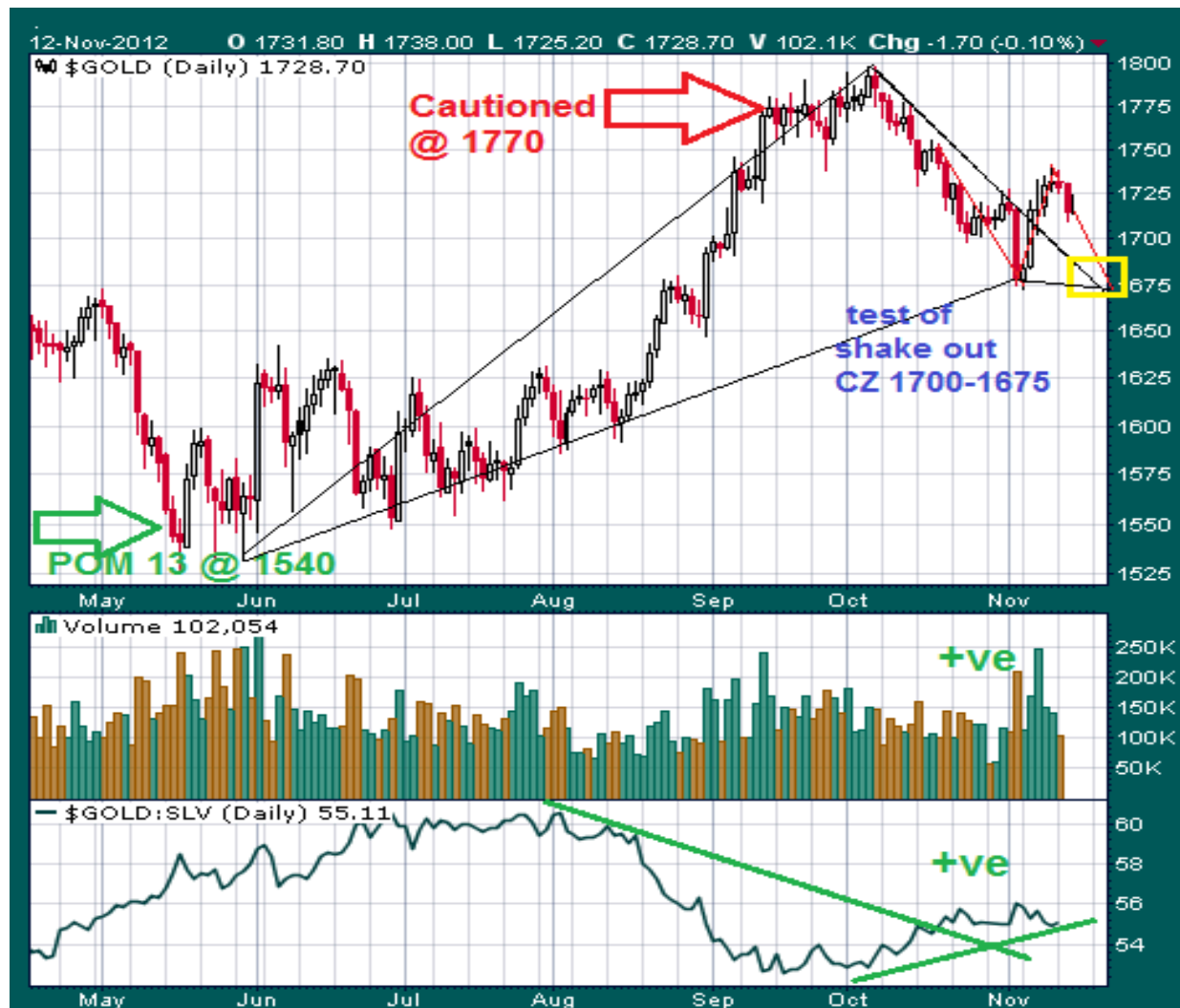
DXY rallied break from false breakdown. At this point, we are very close to finishing ABC up in DXY at 81-81.7, one spike up is possible to shake all markets but then a drop may be coming to DXY which could generate upside in CRB & Equities.



GOLD – CZ/ PEC- D Analysis – **Bullish** - with ST Caution @ 1770

- Texture - **BULLISH TOP & NEUTRAL BOTTOM**

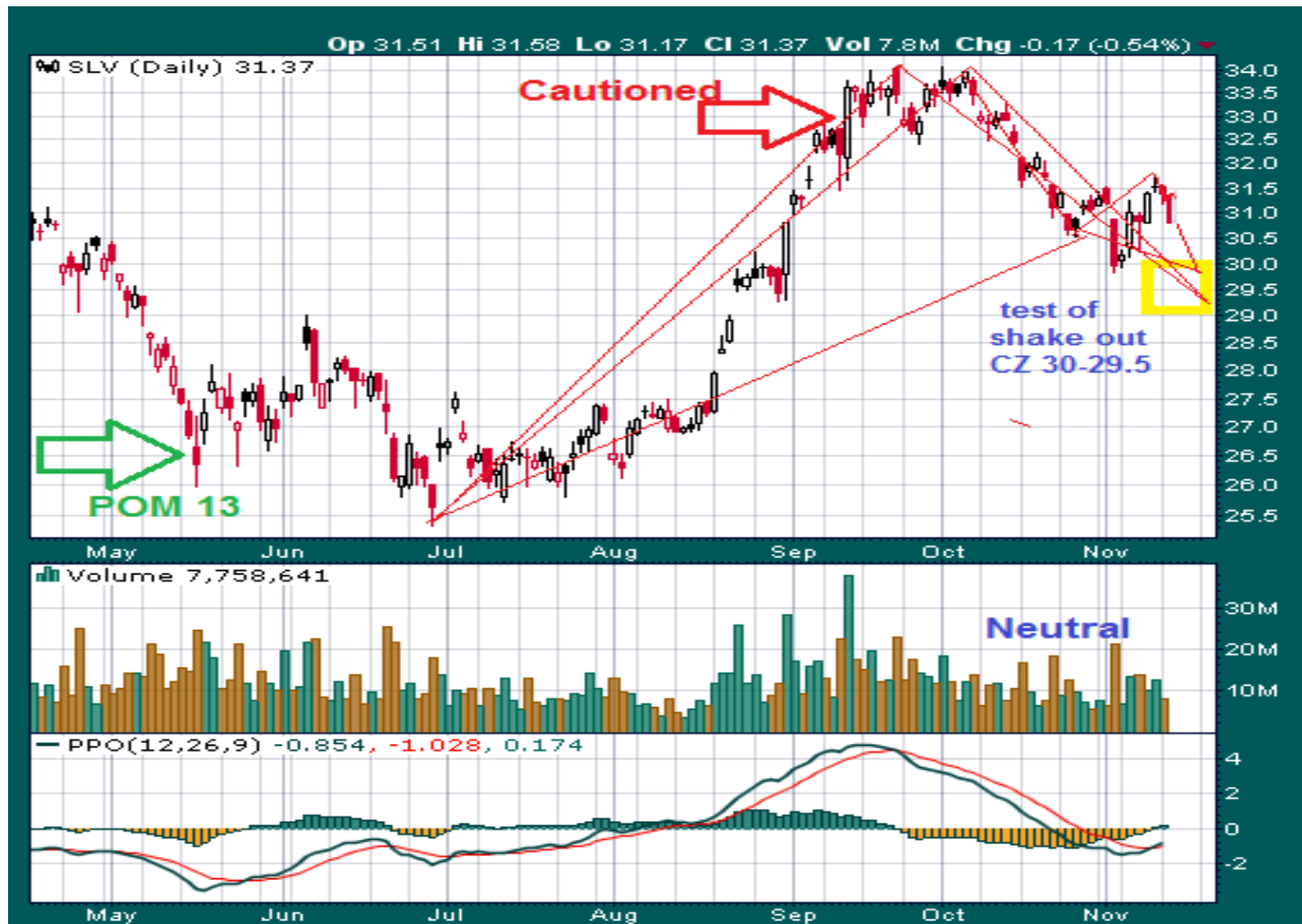
Near Term Pull back – CZ – 1700-1675, the “shake out” CZ area has tendencies of getting re tested.



SLV – CZ / PEC –D Analysis - **Bullish**

- Texture - **BULLISH TOP & NEUTRAL BOTTOM**

Near Term Pull back – CZ 30.- 29., the “shake out “ CZ area has tendencies of getting re tested.



GDx - CZ - PEC-D Analysis - DAILY - **Bullish turned Neutral**

- Texture - **BULLISH TOP & BEARISH BOTTOM**

Near Term Pull back - CZ 46-44

Upside - Target to be capped CZ 50.5-48.5

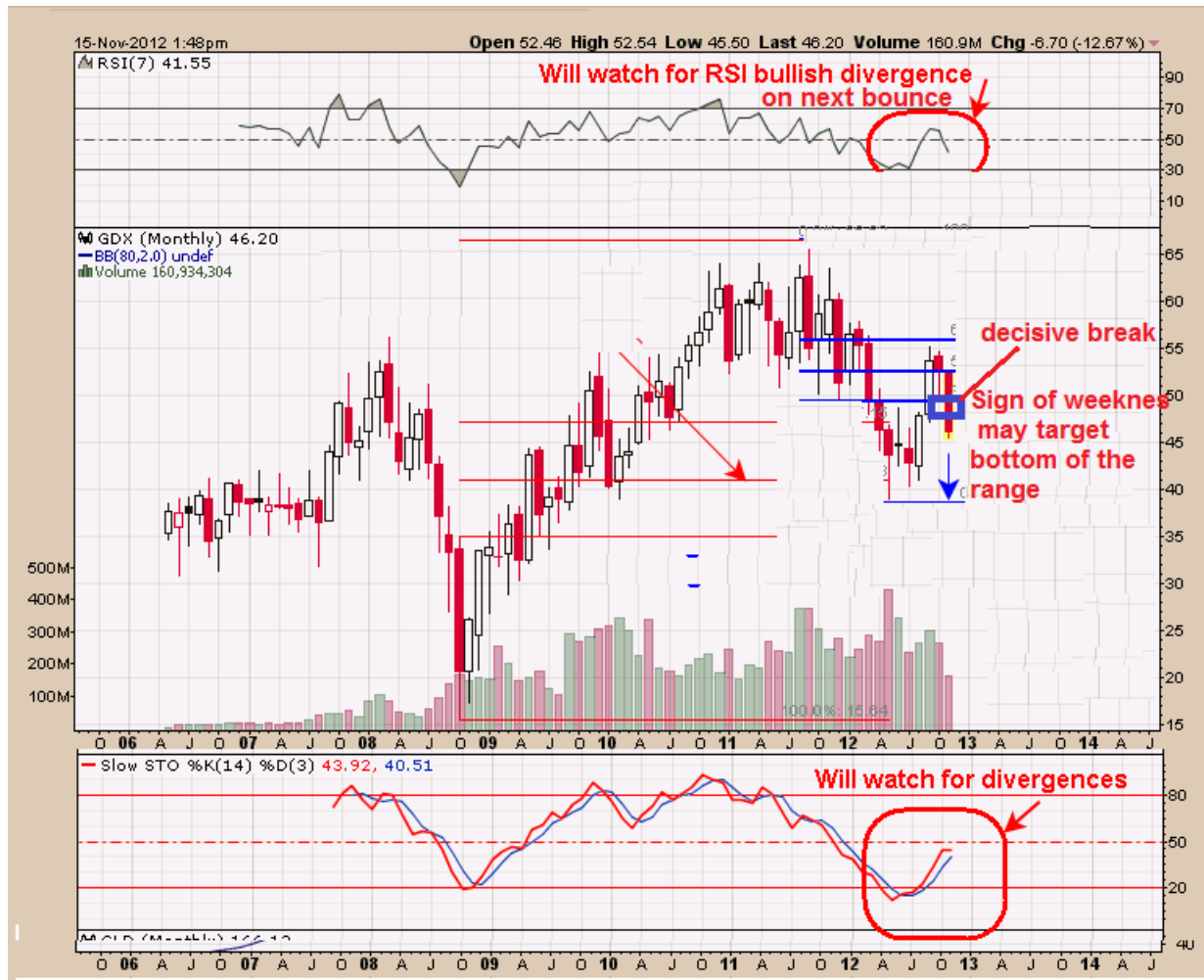
The pullback CZ 50-48 broke decisively in Bearish way. The break of CZ has set up new ABC down to CZ 46-44, The Next upside bounce should be carefully looked to cap at CZ 50-48, if it is setting up Next ABC down.



GDX – CZ – PEC-D Analysis – Weekly - **Bullish turned Neutral**

- **Texture - BULLISH TOP & BEARSH BOTTOM**

We have turned Neutral, Next bounce we need divergence to quantify ABC



OIL – CZ / PEC –D / Oscillator Analysis - *Neutral (Bullish bias)*

- Texture - *NEUTRAL TOP CZ & NEUTRAL BOTTOM CZ*

DOWNSIDE – CZ – 83-82 - WATCH FOR TRIGGER - Although currently in -ve to Neutral move, test in CZ should turn Bullish

Initiate NET LONG on OIL entry into CZ 83-82, close above 82.5



NATGAS (UNG) – CZ / PEC –D / Oscillator Analysis *Bullish*

- Texture - *BULLISH TOP & BULLISH BOTTOM*

Upside target , *CZ– 23.75- 22.5 (3rd ABC up)* .

Initiated at - *CZ 16.5 -16.*

UNG Gapped up from pull back *CZ 21-20.*, *VOIDED* the Risk / Reward for re- entry of recycling position



COPPER (PROXY) - CZ/ PEC -D Analysis - Neutral (Bullish bias)

- BULLISH TOP CZ & NEUTRAL BOTTOM

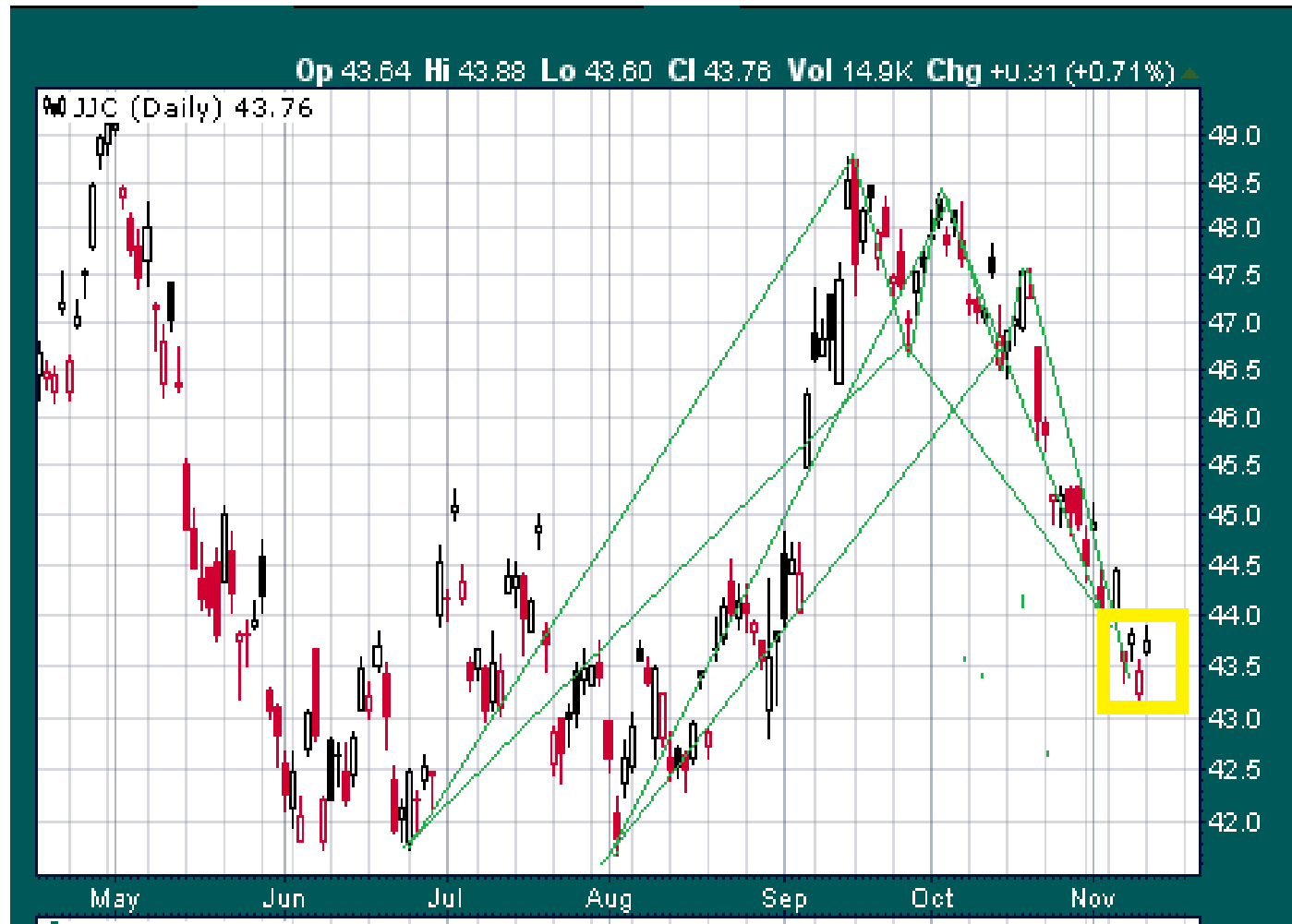
Near Term Pull back - CZ 3.52-3.47 , PEC -D @ 3.48 (Met but Awaiting for Trigger)



JJC (COPPER) - CZ/ PEC -D Analysis - *Neutral (Bullish bias)*

- Texture – **BULLISH TOP CZ** & **NEUTRAL BOTTOM CZ**

DOWNSIDE – **WATCH FOR TRIGGER** – CZ 44.2-43.2 , PEC -D @ 44 , PQV Validation 35k & close above 44



Appendix Content

- 2012 YTD – GOLD, GDX, CRB - Position Summary
- Objectives & POM /CZ / PEC –D Guidelines – Refer to detail Annexure
- Full Utilization of “ SP” Report Guidelines & Limitations - Refer to detail Annexure
- POM – “ Price Oscillation Model “ Criteria
- PEC –D “ Pythagoras – Expansion & Contraction Criteria
- CZ- Confluence Zone Criteria
- TEXTURES – Bullish , Bearish , Neutral
- Chart Analysis
 - *Trend & Oscillator Analysis,*
 - *PEC –D Analysis,*
 - *Poly- Trend Analysis,*
 - *Pattern / CZ – Price & Volume Analysis.*
 - *Exterme Indicator Analysis*

- **EXTREAME Sentiment Analysis GOLD & Currencies**

- **(3rd Party Data) - Courtesy : SENTIMENT TRADERS**

- **CORRELATION RATIO ANALYSIS - Inter market Analysis**

GOLD v/s GDX (XAU)

- ***None @ EXTREMES***

GOLD v/s SLV

- ***None @ EXTREMES***

- **CORRELATION RATIO ANALYSIS - Inter market Analysis**

CRB v/s SPX

- ***Direct Correlation continues in Current Trend***

CRB v/s USD

- ***Inverse Correlation continues in Current Trend***

OIL v/s SPX

- ***None @ EXTREMES***

COPPER v/s SPX

- ***None @ EXTREMES***

COPPER v/s CHINA

- ***None @ EXTREMES***

- **OUR GOLD POSITIONS 2012 (FYI)**

1) Triggered - POM 13 – NET LONG Position in CZ (1540-1580) , initiated dated 5/16

2) CLOSED – ALL HEDGES from POM 14 @ CZ - 1775-1750 at CZ 1580.

- **OUR GDX POSITIONS 2012 (FYI).**

3) Triggered - POM 13 – NET LONG Position in CZ (41-43) , initiated dated 5/16

4) CLOSED – ALL HEDGES from POM 14 @ CZ – 64-62 at CZ 52.

- **OUR CRB POSITIONS 2012 (FYI).**

5) Triggered - POM 13 – NET LONG Position in CZ (260-280) , initiated dated 5/25

6) CLOSED – ALL HEDGES from POM 14 @ CZ – 330-320 at CZ 280

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 steams 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

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