



SG Capital Research

Global Market Insights

Research Note – Commodity Report (SP) STRATEGY & PROP Analysis

MAEG – COMMODITY REPORT_SP_C_SG 2012 # OCT_25

For Immediate Release – *Thursday AM (EST)*

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Commodity Report - Coverage

1. Executive Summary

- ***COMMODITY Signal.***
- ***Price Projection CZ , Summary – Trading / Investment Conclusion.***

2. Overview Commentary

3. Chart Analysis

- ***CRB - COMMODITY INDEX/ (DBC) .***
- ***GLD -GOLD (GLD)***
- ***SLV - SILVER (SLV)***
- ***GDX - MINERS (XAU,HUI)***
- ***\$WTIC - OIL (USO)***
- ***\$NAT GAS (UNG)***
- ***\$COPPER (JJC)***
- ***BASE METALS- (DBB) & AGRI COMMODITY (DBA) - *Special Situation only.****

- 1- Executive Summary .

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Commodity IDX

POM 13 Re run for Net Long triggered on 10/15 , CRB @ 306 is in progress. Although We are on Net Long status, We are" Neutral" on CRB and do not have Position. .

GOLD, GDX, SLV, NGAS - Our Bullish Sectors , should lead the next rally.

The Weak / Neutral Sectors should be UNDERWEIGHT in next rally.

- STRONG IDX

GOLD, GDX, SLV , NATGAS (UNG),

- WEAKER IDX-

NONE

- NEUTRAL IDX

CRB, DBB, OIL – Neutral bias

COPPER – Bullish bias

CRB (CMDTY) Triggered POM 13 Re – Run (in SPX) @ 305 within CZ 301-305- NEUTRAL

Triggered **POM 13 @ 305** on 10/15, **But** we do not initiated any New position.(Flat) This signal completed **POM 14 – Caution** Triggered on 9/24 within **CZ 315-300**

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

NEW POSITION – NONE

Triggered Action

On 10/15 , POM 13 Triggered @ 305 for Rebalancing POM 14 positions taken at **CZ 315-300** on 9/24

Projected Target

NEAR TERM – Downside Target – None .

UPSIDE – Target – CRB will follow SPX on next rally .

Brief Commentary on Price path on CRB

Current position is “Cash” ,

- **NAT GAS)- UNG** – **Remains Triggered in CZ 16.5-16 – “NET LONG”**

NEW POSITION – **Exiting ½ Position in CZ 23-22 based on Risk Management**

Triggered Action

Announced 5/2 & 5/16 Commencement of NET LONG in **CZ 16.0-16.5** .

Projected Target

NEAR TERM - Upside Target – **CZ 23.75-22.5,- MET**

MID TERM – Existing positions should continue to remain NET LONG

Brief Commentary on Price path on UNG

Short term top may be in place on completion of 3rd ABC up target price 23-22 . Exiting ½ position as Risk Management to be recycled back after the pull back for next move higher

- **OIL (\$ WTIC) – Remains Triggered within CZ 86-88 – “ NEUTRAL ”**

NEW POSITION – Cover “ NET SHORT POSITION in CZ 86-88”

Triggered Action

Price Triggered on 10/25 in CZ 86-88, This signal completes the down move that was triggered on 09/17 @ 96 for CAUTION and Announcement of Hedging

Projected Target

NEAR TERM - Downside Target – CZ 86-88. , PEC-D @ 87 – MET

MID TERM – Upside – OIL will follow CRB in next rally.

Brief Commentary on Price path on OIL

Current position is “Cash” , Near term, **Bearish bottom** suggest still downside force and any oversold rally may not hold .

GOLD – Remains Triggered at POM 13 @ 1540 within CZ 1540 -1580 – “NET LONG”

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.

NEW POSITION –

Initiate Scaling in the ½ recycling position back in **CZ 1720-1690**, this position was exited 9/17 at 1770 for Risk Management

Triggered - Action

POM 13 Triggered @ 1540 within **CZ 1540-1580** is in progress till we announce next trigger.

Projected Target

NEAR TERM – Downside pull back to **CZ 1720-1690 (PEC-D @ 1720)**

MID TERM –Upside target is **CZ 1790-1820** for POM 14. Positions continue to remain NET LONG till next POM 14 is Triggered .

Brief Commentary on Price path on GOLD

GOLD dropped 75 points to lows of 1695 within lower end of CZ 1690-1720 (EXACT) . Our Short term CAUTION signal was defined @ 1770. We may get first rally from CZ, followed by Re test the zone going into month end. Scale into CZ is would be best option

This pull back & recycling the position has given us the opportunity to lower our cost basis on Core position

We should position for strong November seasonality after weak October. GOLD should rally with SPX . Our upside target is POM 14 CZ 1790-1820 target. .

GDX (MINERS) – Remains Triggered at POM 13 @ 41 within CZ 41-43 – “NET LONG”

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.

NEW POSITION –

Initiate Scaling in the ½ position back in CZ 51-49, this Position was exited 9/17 at 53.5 for Risk Management

Triggered - Action

POM 13 Triggered @ 41 within CZ 41-43 is in progress till we announce next trigger.

Projected Target

NEAR TERM – Downside pull back to CZ 50.5-48.5 (PEC-D @ 48.25)

MID TERM –Upside - Positions continue to remain NET LONG till next POM 14 in GOLD is Triggered .

Brief Commentary on Price path on GDX

GDX retracement was slightly shallower compared to GOLD retracement, but Risk Management move never the less.

- **JJC (COPPER) – To be Triggered within CZ 44.2-43.2 – “ NEUTRAL” with Bullish bias**

NEW POSITION – WATCH FOR TRIGGER”

Action – To be Triggered

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

Projected Target

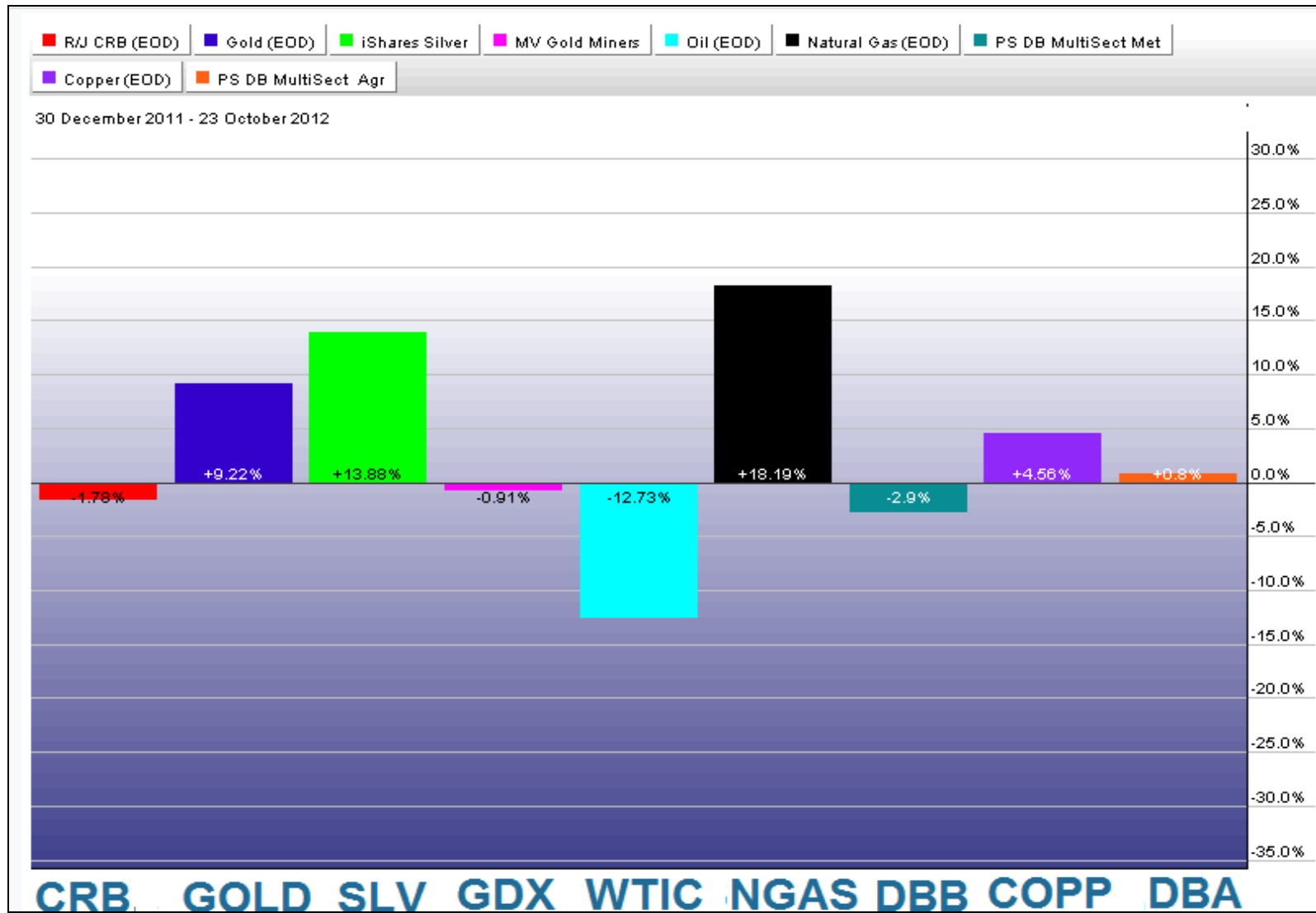
NEAR TERM - Downside Target – CZ 44.2-43.2, PEC-D @ 44

MID TERM – Upside – 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*

- Current price 25.5 -Texture - *NEUTRAL BOTTOM CZ & BEARISH TOP - CZ*

Downsider - - *CZ - 27.2 -26.5 , PEC-D @ 27 & 26.75* (Notes within the charts)



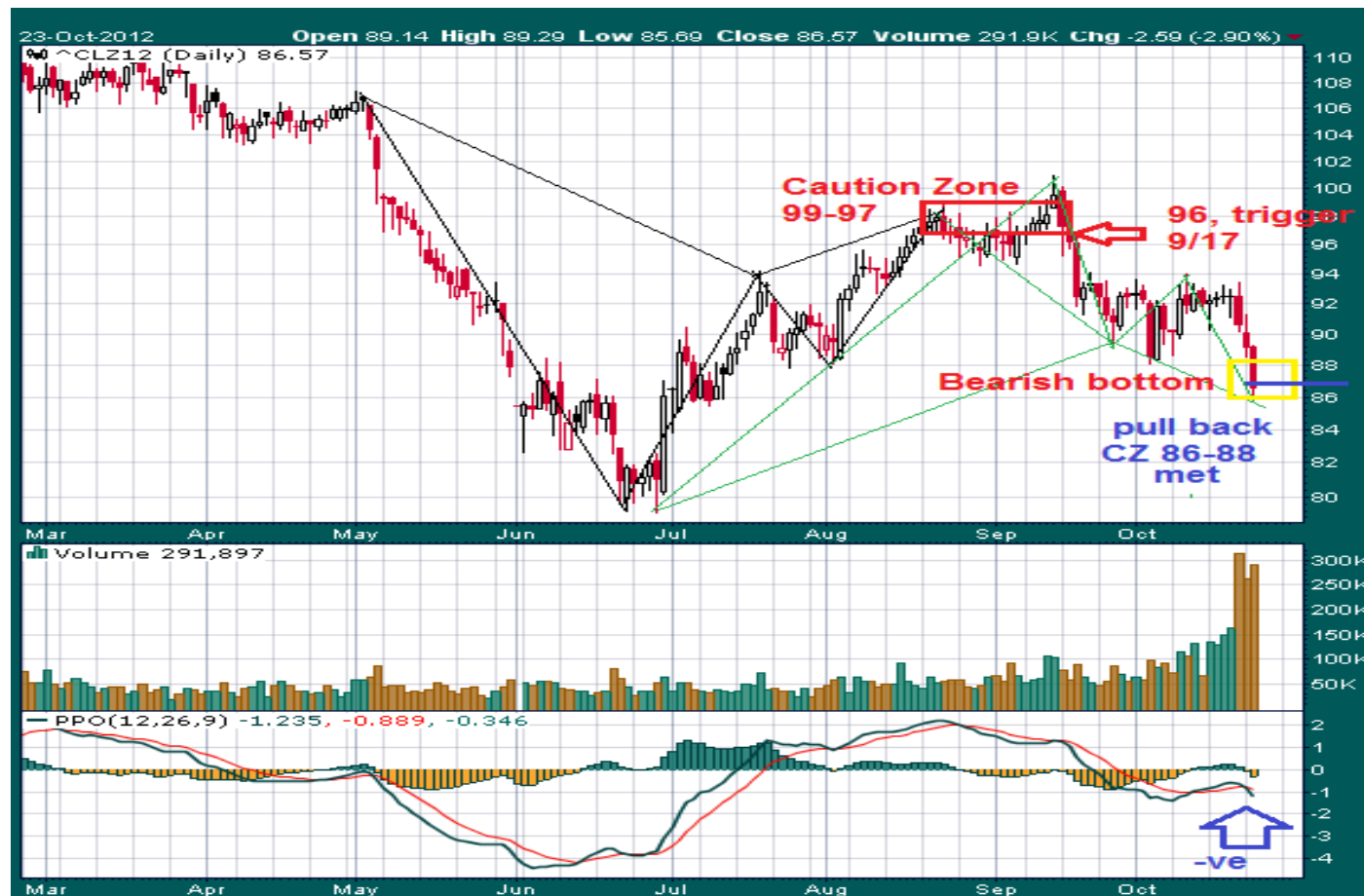
OIL – CZ / PEC –D / Oscillator Analysis - *Neutral*

- Current price 86.5 - Texture - *NEUTRAL TOP CZ & BEARISH BOTTOM – CZ*

DOWNSIDE – CZ – 86-88, PEC-D – 87 MET. “Cover Net short position”, Current position is “Cash

Initiated at - CZ 96

suggest still downside force and any oversold rally may not hold .



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

- Current price 22.6- Texture - **BULLISH TOP & BULLISH BOTTOM**

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

Initiated at - CZ 16.5 -16.

Short term top may be in place on completion of 3rd ABC up target price CZ 23-22 . Exiting ½ position as Risk Management to be recycled back after the pull back for next move higher



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

- Current price 1715 - Texture - *BULLISH TOP & BULLISH BOTTOM*

Near Term Pull back – CZ – 1720-1690, PEC-D – 1720 MET , & Rallied . Re test very likely

Upside - POM 14 – area 1790- 1820, _ 3RD ABC up with BULLISH TOP



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

- Current price 30.75 - Texture - **BULLISH TOP & BULLISH BOTTOM**

Near Term Pull back – CZ 30.75 – 29.75 , PEC –D @ 30.50

Upside - CZ – 34-33- 3RD ABC up with **BULLISH TOP**



GDX – CZ – PEC-D Analysis - **Bullish**

- Current price 50.1 - Texture - **BULLISH TOP & BULLISH BOTTOM**

Near Term Pull back - CZ 50.5-48.5 , PEC -D @ 48.25

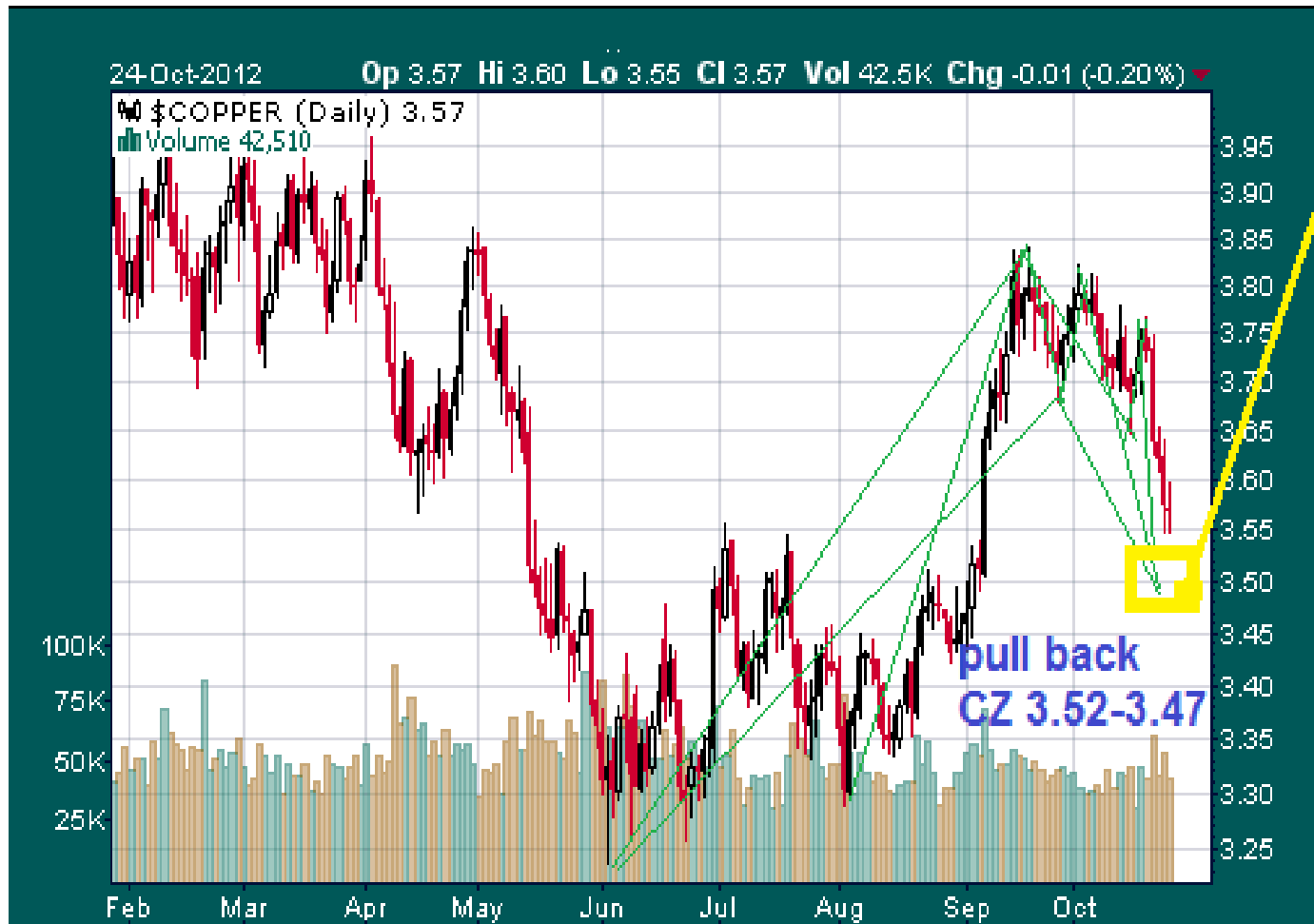
Upside - Target to Wave 5 to POM 14 in Gold



COPPER (PROXY) - CZ/ PEC -D Analysis - *Neutral*

- Current price 3.55 - Texture – *BULLISH TOP CZ & BEARISH BOTTOM – CZ*

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



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

- Current price 45.0 - Texture – **BULLISH TOP CZ & BEARISH BOTTOM – CZ**

Near Term Pull back – (**TRIGGER TO WATCH**)

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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