



SG Capital Research

Global Market Insights

Date : 30TH Jan 2013 (**Wednesday**)

COMMODITY REPORT (Strategy & Prop Tech)

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● Executive Summary

	C. Price	Trigger POM or CZ & Date	Triggered within CZ & Date	Progress Status	Current Position	NEW ACTION - Position (Trigger to Watch)	Upside CZ <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
DBC COMMODITY CRB- COR	28.16	NONE	NONE	NEUTRAL	CASH	NONE	CZ 29-28.5		CZ -27-26.5		" No favorable Risk / Reward" For Long or Short Position till CZ is tested & PQV validated
OIL (\$ WTIC)	97.0	NONE	NONE	NEUTRAL	CASH	NONE	CZ 95-94, met exceeded Bullishly	CZ 100.5-99.5	CZ -94-92		Ditto
UNG (NATGAS)	18.17	CZ @ 16.00 16.5 Core Position Alerted entry On 5/2 & 5/16	Secondary CZ 19.5-20.5 Alerted Re entry on 12/03	BULLISH	Net long	NONE	CZ -23.75-22.5		CZ -19.5 -20.5 Met & extended		RM @ 17.00 on <u>recycling 1.5%</u> only PS- On ½ recycling position exited @, 22.66, 10/25, we booked 5 point profit & avoided the decline till re – entry @ 20= 2.6 points

Continued.....with Precious Metals

	Current Price	Trigger POM or CZ & Date	Triggered Within CZ & Date	Progress Status	Current Position		NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1660	POM 13 @ 1540 On 5/15 For entry Core position POM remains intact)	Secondary CZ 1635-1625 Alerted Re entry @ 1645 on 01/04	BULLISH	Net Long		NONE	CZ 1690-1710, 1 st leg up. Volume should pick up for continuation higher.	CZ 1790-1820 Bullish Top	CZ 1635-1620 Possible Retest of CZ on pull back	ABC down to 1625 Met exact & PQV validated	RM @ 1590 on recycling 5% only PS- Re entry is earlier exited at 1770, on 9/17
GLD (GOLD COR)	161	POM 13 @ 150 On 5/15	Secondary CZ 159-157	BULLISH	Net Long		N/A	CZ 164- 166	CZ 173-176	CZ 159-157		
GDX (XAU /HUI MINERS COR)	42.25	POM 13 @41 on 05/15 For entry Core Position POM remains intact)	Secondary CZ 43.5-45.5 Alerted Re entry @ 44.75 mean on 01/04	BULLISH	Net Long		NONE	CZ 46-45	CZ 50.5-48.5 -	CZ 43.5-45.5 Approached as expected for the Retest & volume picked up on down (This is Not a new ABC down)	Previous POM 13 CZ 43-40 Is wide open for re entry	PS- Re entry is earlier exited at 53.5, on 9/17

Continued...

	Current Price	Trigger POM or CZ & Date	Triggered Within CZ & Date	Progress Status	Current Position		NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SLV (SILVER) Pre announcement	31.40	POM 13 @26.5 05/15 Core POM on GOLD remains intact)	Secondary CZ 30.25 - 29.25	BULLISH	NONE		Plan to Initiate exposure On Successful secondary Retest in CZ 30.25-29.25,	CZ 34-33		CZ 30.25-29.25 Possible Retest of CZ	CZ 30-29 Met exact & PQV validated	SLV appears stronger than Gold should outperform GOLD in next rally
JJC (COPPER - COR)	46.50	CZ @44 Alerted on 11/14 For entry	CZ 44.2-43.2	BULLISH	Net Long		NONE	CZ 48-47.5		CZ 44.2-43.2	CZ 48-48.5	RM @ 44.00 COPPER move is following China's move
DBA (AGRO)	27.64	CZ @ 27.50 Alerted on 1/09 For entry	CZ 27-28	BULLISH	Net Long		NONE	CZ -30.00-29.00			CZ 27-28 PEC-D@ 27.5	RM @ 26.25 Refer chart below & Commentary

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- **BULLISH INDICES**

GOLD, SLV, GDX , NATGAS (UNG), COPPER (JJC) , DBA (AGRO)

- **BEARISH INDICES-**

NONE

- **NEUTRAL INDICES**

CRB, DBB, OIL - Neutral bias

Commodity Overview

FOMC announcements today could Trigger some computerized trading in Gold & USD Market. This may very well judge the direction of Gold Market on Near term basis.

NEUTRAL Sectors **CRB, DBB, .** has not rallied at all from POM 13 , We have no favorable Risk / Reward at current levels. and has no Position. POM 14 in SPX for CAUTION is in progress. .

NGAS, COPPER , DBA - all BULLISH Sectors are building base for rally. **China Market** has been in uptrend and carrying copper in sympathy. If they reach our upside Target Bullish Tops, we s continue to Hold positions

OIL - is NEUTRAL , suddenly volume picked up. Topped out exactly at our Trigger

GOLD – “BULLISH”

Brief Overview

The first rally towards our target of **CZ 1690-1710**, was met (with highs of 1698) but could not break through. We need much higher volume to break this CZ till such time there should be few false starts, similar to last May 2012 bottom. We could very well have Secondary test of **CZ 1635-1620**

CZ 1635-1620 was previously PQV Validated with 1.732 ABC down and should hold. Any break under should be” Down Thrust as part of bottoming process.

Our Announcement **ALERT on 1/05**, has generated Re –Entry in GOLD @ 1645..

Our core entry GOLD (1548) and timely Caution exit (1770) on 9/17 for ½ recycling position, We re entered back on exited position @ 1645. **PS-** On ½ recycling position exited @, 1770, 9/17, we booked 220 point profit & avoided the decline till re –entry @ 1645= 125 points - **(PS : 1 stop cost 10 point**

GOLD - 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.

- Weekly Change – GOLD Close Price @ 1660 (-1.0%)
- YTD Change - GOLD – Closed @ 1675 / 1660 (-1.0%)

GDX (MINERS) – “BULLISH”

Brief Overview

GDX pulled back to **CZ 43-45** as expected for secondary test, Volume picked on down side on the test & penetrated further to 42 with down volume . This is not ABC down since POM 13- CZ is slightly below the current levels, that should hold any decline.

The first rally towards our target of **CZ 48.5-50.5**, fell slightly short of target . As warned earlier , there should be few false starts, similar to last May 2012 bottom.

The GDX/GLD ratio is moving higher , this indicates gold stocks are outperforming gold while Gold has reached its own projected target of 1625. This is bullish sign for both. GDX is in process of bottoming .

Our Announcement **ALERT on 1/05** , has generated Re –Entry in GDX @ @ 44.7 on ½ Recycling position.

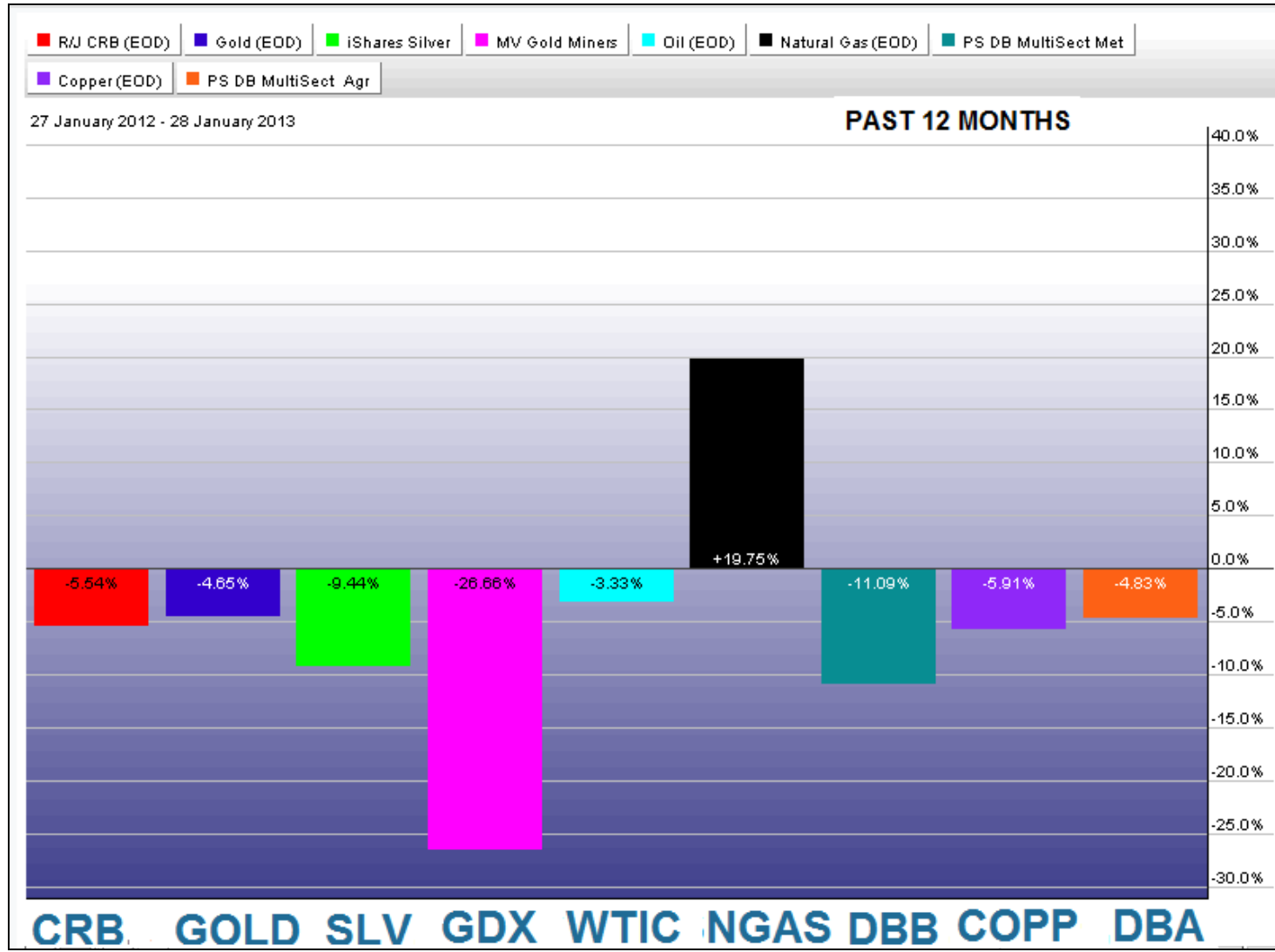
Our core entry GOLD (42) and timely Caution exit (53.5) on 9/17 for ½ recycling position, We re entered back on exited position @ 44.5. **PS-** On ½ recycling position exited @ 53.5, 9/17, we booked 12.5 point profit & avoided the decline till re –entry @ 44.5= 9.5 points. **(PS : 2 stops cost 2.75 loss in between till re entry**

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.

• YTD – Commodities & SPX performance v/s CRB

Weakest and strongest Indices for PAIR TRADES

2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s CRB .



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

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

Upside & Downside Risk equally balanced - Since *last POM 13*, there has been almost no move on CRB. (Blue line in chart below) . We look for best Risk / Reward

UPSIDE - CZ - 29-28.5 PEC-D @ 28.75 -

DOWNSIDE - - CZ - 27-26.5 , PEC-D @ 26.75.



DXY (\$ USD) – CZ / PEC D – Analysis – *Bullish*

Near Term Pull back target – CZ – 79.55-79, PEC-D – 79.55 – , *needs a test of CZ . DXY is Building base with Bullish bottom for rally to come in April*

Main entry @ 72 Net Long Trigger

Upside - CZ – 81.25 -81.75, PEC-D – 81.25



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

Texture - *BULLISH TOP & BULLISH BOTTOM.*

Upside – CZ 1690-1710 –, Volume on up move needs to pick up within CZ for continuation move higher .

Downside – Pull back to CZ 1635-1620 – for secondary Retest – possible (see price path below)



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

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

UPSIDE - CZ – 34-33 , SLV is appearing to be stronger than Gold.

DOWNSIDE – pull back to CZ 30.25 - 29.25 – for secondary Retest possible (see price path below) .

“Trigger to Watch” to initiate a position if it Re tests successfully

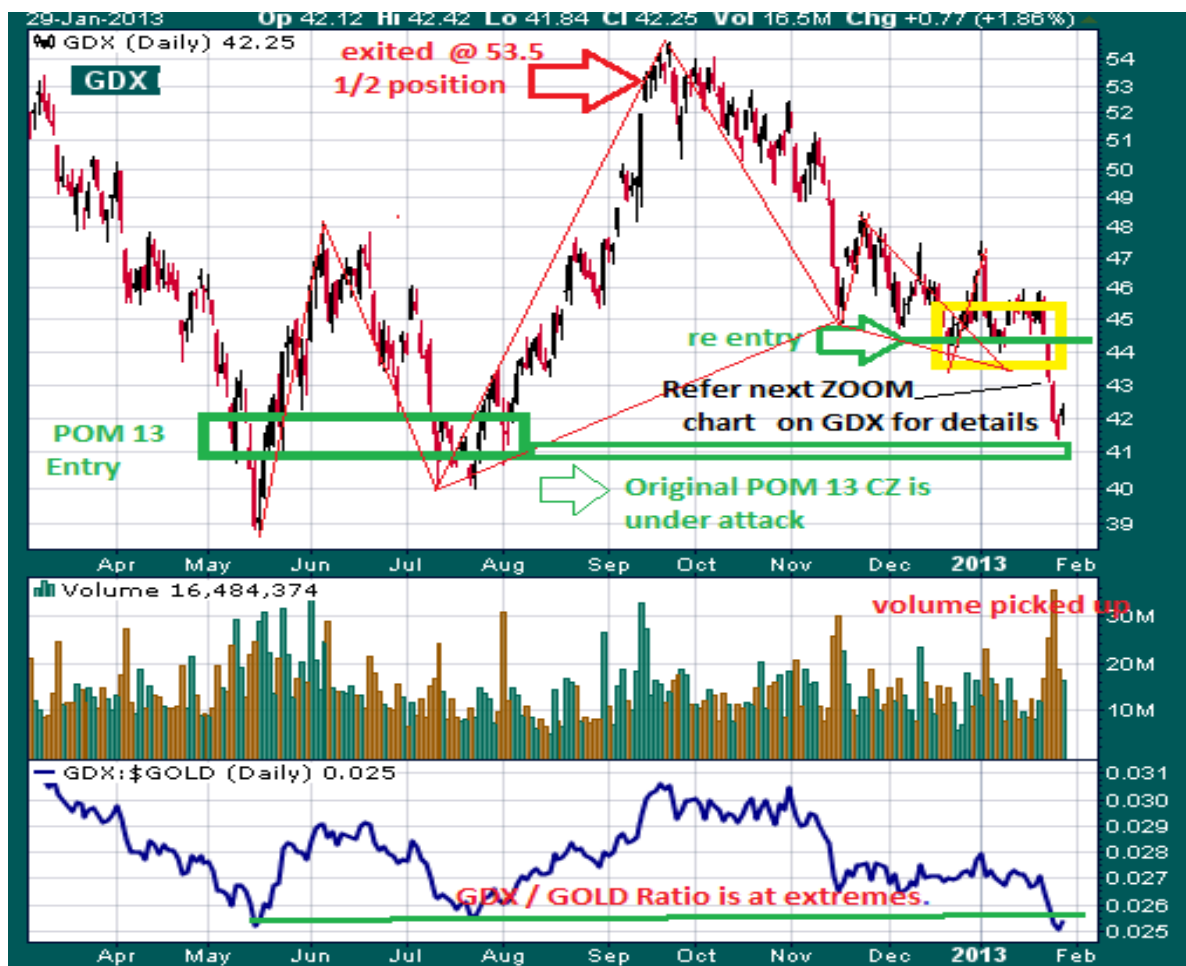


GDX – CZ – PEC-D Analysis - DAILY - **Bullish –**

- Texture - **BULLISH TOP & BULLISH BOTTOM.**

Downside – Approached & penetrated pull back CZ 43.5-44.5 – by slight Margin during the secondary Retest (see price path below) , We shall have special coverage as we have time limitation today

Upside – CZ 46-44.5

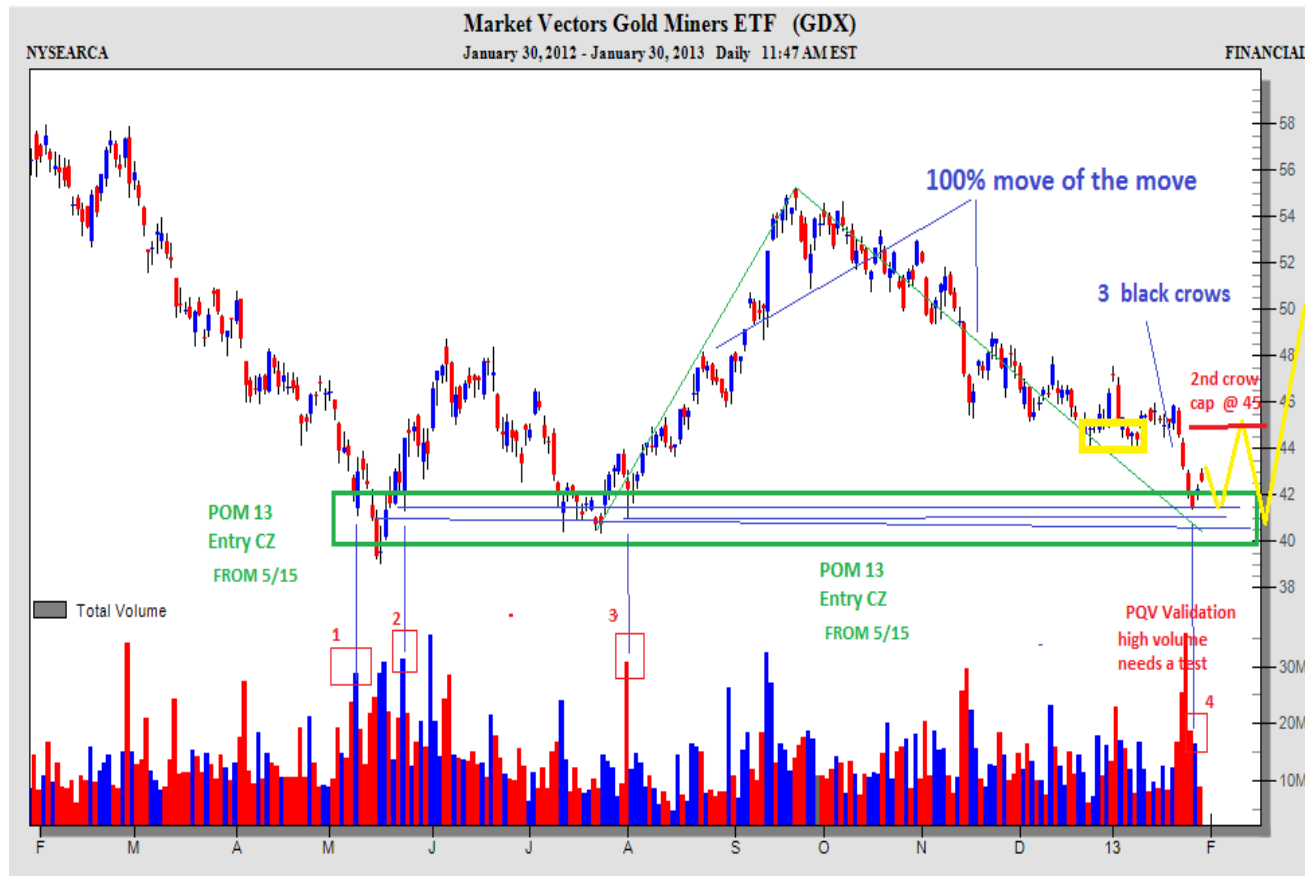


GDX – CZ – PQV Analysis - DAILY - **Bullish –**

- Texture - **BULLISH TOP & BULLISH BOTTOM.**

Downside – Approaching the initial POM 13 - CZ 42-40 area with 3 – BLACK CROWS & high volume (This is not ABC down)
PQV Validation at sequential 1,2 ,3 4 Should hold.

Upside – 2nd crow top limits the upside @ 45.5, then re – test again. This more of time consolidation to diffuse the downside Volume_ before impulse wave begins

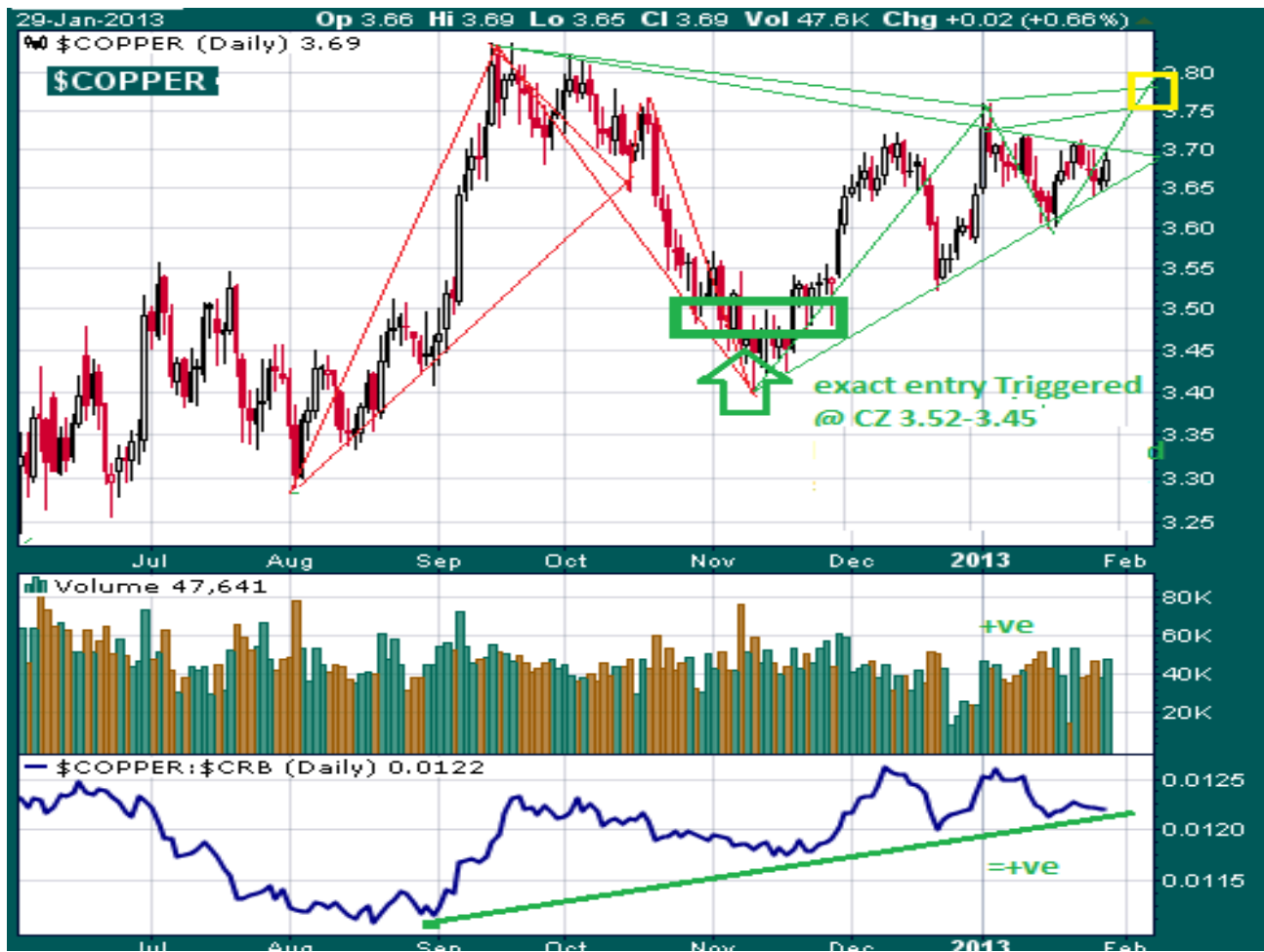


COPPER (PROXY) - CZ/ PEC –D Analysis - *Bullish*

- *BULLISH TOP CZ & NEUTRAL BOTTOM*

Downside - Triggered in CZ 3.52-3.47 –EXACT & Rally began

Upside – CZ 3.78-3.84.



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

Texture – *BULLISH TOP CZ & NEUTRAL BOTTOM CZ*

Upside – CZ 48-48.5.

DOWNSIDE – Triggered PQV Validation in CZ 44.2-43.2- EXACT & Rally began, Risk Management at 44.00



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

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

- DOWNSIDE – CZ – 19.5-20.5 Met & exceeded down thrust , RM @ 17.25 only on ½ recycling position

↳ Upside target , CZ – 23.75- 22.5 , ABC up.

Initiated Main entry **CZ 16.5 -16.**

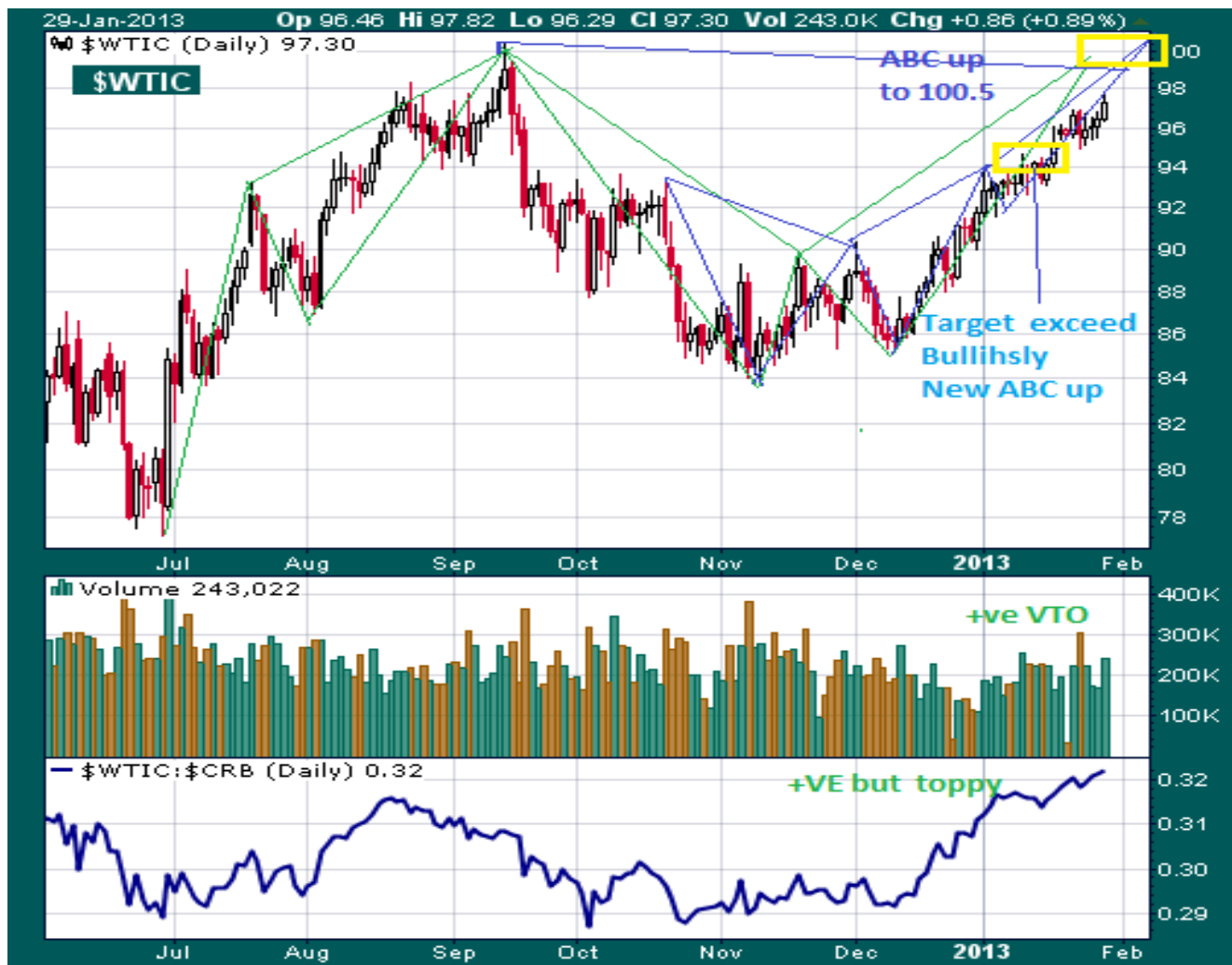


OIL – CZ / PEC –D / Oscillator Analysis - Neutral

- Texture - NEUTRAL TOP CZ & NEUTRAL BOTTOM CZ

Upside target , CZ – 95-94 , PEC-D @ 94.60 , met Bullishly for ABC up to 100

DOWNSIDE – Best Risk reward to Buy, CZ – 95-94 ,

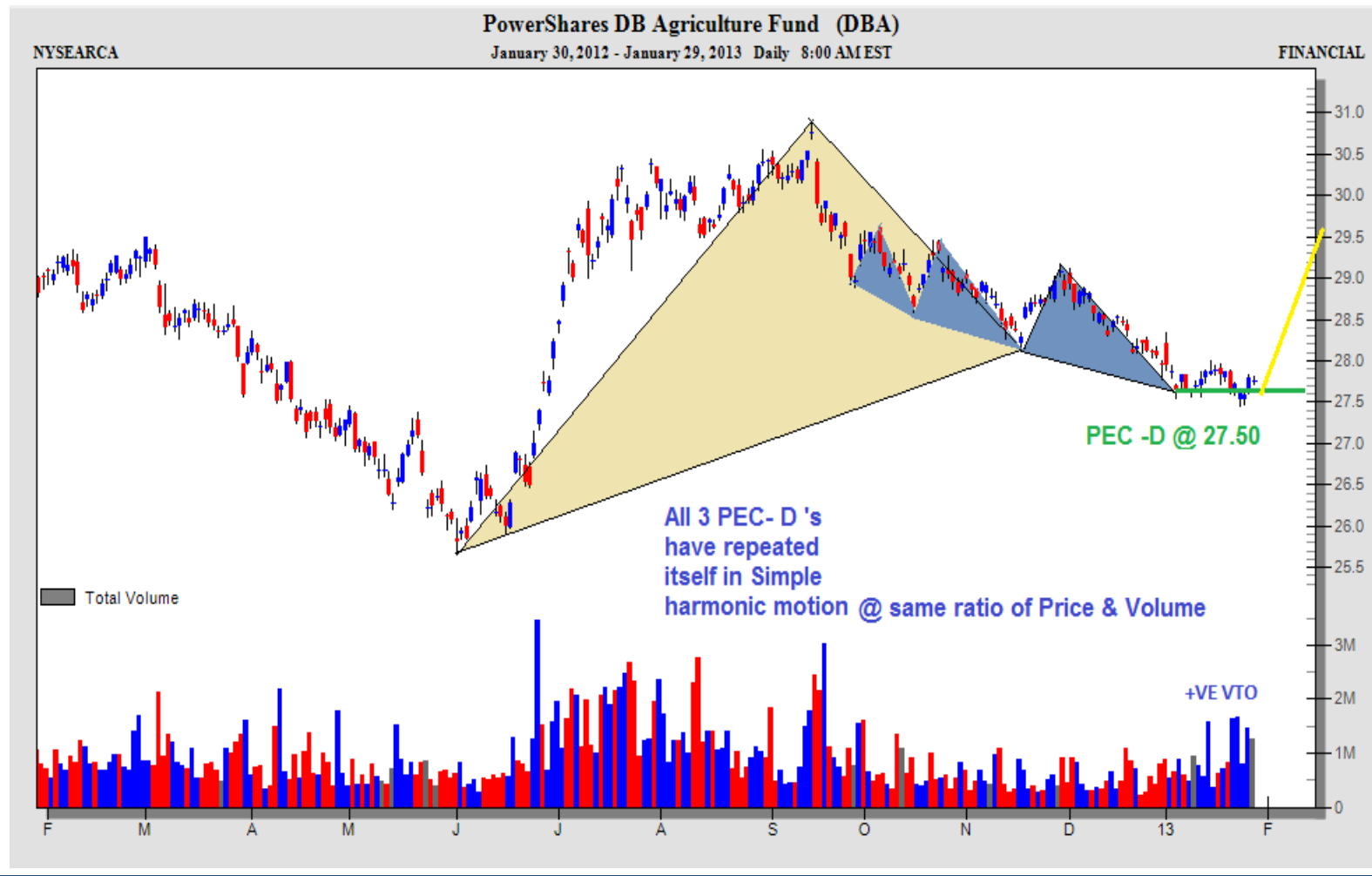


DBA (AGRO) – CZ / PEC –D / Oscillator Analysis *Bullish*

- Texture - BULLISH TOP & BULLISH BOTTOM

DOWNSIDE – CZ – 27-28- , MID TERM - PEC-D @ 27.5

↳ Upside target , CZ 30-29



DBC -(COMMODITY) - NEUTRAL

No New Trigger & we do not initiate New position.(in CASH). Last Signal Trigger POM 13 @ 28.4 on 10/15, **within CZ 28-29**All subsequent commentary refers to CZ to CZ moves are for Risk Management.

JJC (COPPER) – BULLISH

Remains Triggered **MAIN CZ – Net long @ CZ 44.2-43.2** on 11/14

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

NAT GAS)- UNG – BULLISH

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”

No New Trigger & we do not initiate New position.(in CASH). Last Signal Trigger CLOSED Net Short Position on 10/25

Triggered **within CZ 86-88,** All subsequent commentary refers to CZ to CZ moves are for Risk Management.

AGRO) -DBA – BULLISH

Remains Triggered **MAIN CZ – Net long @ CZ 26-27** on 1/09

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

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***

CRB Commodity-2012-TURNS REAL TIME-POM & CZ



CRB - YTD - (-15 points) _____ (- 5%)

POM 13 + 35 points gains (1 signal) _____ + 13%

POM 14 - Risk Managment Saving 45 Points (2 signals) _____ +16%

GDX - 2012 – TURNS REAL TIME – POM & CZ



GDX - YTD -(**-8 points**) _____ (- **15%**)
 POM 13 **+12 points gains** (**1 Signals**) _____ **+30%**
 POM 14 to POM 13 - Risk Management saving **+23 points gains** (**2 Signals**)— **+46%**

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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