SG Capital Research
Global Market Insights
Chart System

Date : 23th Oct 2013 (Wednesday)

COMMODITY REPORT (Strategy & Prop Tech)

By : Suneil R. Pavse, E : apavse@aol.com

• 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 Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
DBC **COMMDITY CRB**	26.17	NONE	NONE	NEUTRAL No Signal	CASH	NONE	Target to PEC-D 27.60 Neutral top		CZ 25.75-25.50 Met with Neutral Bottom		*DBC should rally*
OIL ($ WTIC)	96.80	NONE	NONE	NEUTRAL Bullish bias **Negated** No Signal	CASH	NONE	PEC-D 110.75 Met & failed Neutral Top		CZ 102.5 Met exact & failed Bullish bottom **Negated**	ABC down PEC-D 94.5	*Geopolitical issues can move Oil in both directions.*
COPPER - COR)	3.35	@ 3.20 avg. 4/15 announced 04/04 & 4/22	CZ 3.10-3.27	BULLISH	Net Long	NONE	Target to CZ 3.50-3.45 Bullish Top		CZ 3.10-3.05- Bullish Bottom (Floor)		Successful bottom in place at 3.10

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UNG (NATGAS) Pre-Announcement (Open)	18.43	CZ 16-17 On 4/15	CZ -17.75-17.50	BULLISH	CASH *No Position*	Initiate to Scale in Entry in CZ 17.75-17.25	Target PEC-D 20	CZ -23.75-22.5 Bullish top	Re test into CZ -17.75-17.50 Bullish bottom		
DBA (AGRO)	25..7	CZ 25.5-25 5/22	CZ – 24.5-24.25	BULLISH	CASH *No Position*	NONE	Target PEC-D 26.30	CZ -28-29 Bullish top	CZ 24.50-24.25 Bullish Bottom	PEC-D 24.5 3 drives to bottom Completed Bullish Bottom	Missed Entry @ 24.5 – pre announced 8/25

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- **BULLISH INDICES – $ NATGAS (UNG), DBA (AGRO), $COPPER**

- **BEARISH INDICES-   None**

- **NEUTRAL INDICES -   CRB (DBC) , $WTIC – Bearish bias**

Commodity Overview - Since last Report 10/3,

CRB - Is Neutral . **No Signal** at current levels for entry.
The projected rally to PEC-D 27.60 is in progress after rejection of lows in CZ 25.75-25.25. – Neutral bottom

COPPER - **We are Net Long** . The projected rally to PEC-D 3.50 Bullish Top. is in progress. Copper has successfully tested the Bullish CZ 3.15-3.05 twice , rejecting lows & key reversal.

NGAS, - Pull back to re test CZ 17.75-17.50 . is " <mark>Trigger to watch " to Initiate Scaling in Net long</mark> within CZ . **NGAS** has a Bullish top target at PEC-D 23.5 . **We are Bullish**
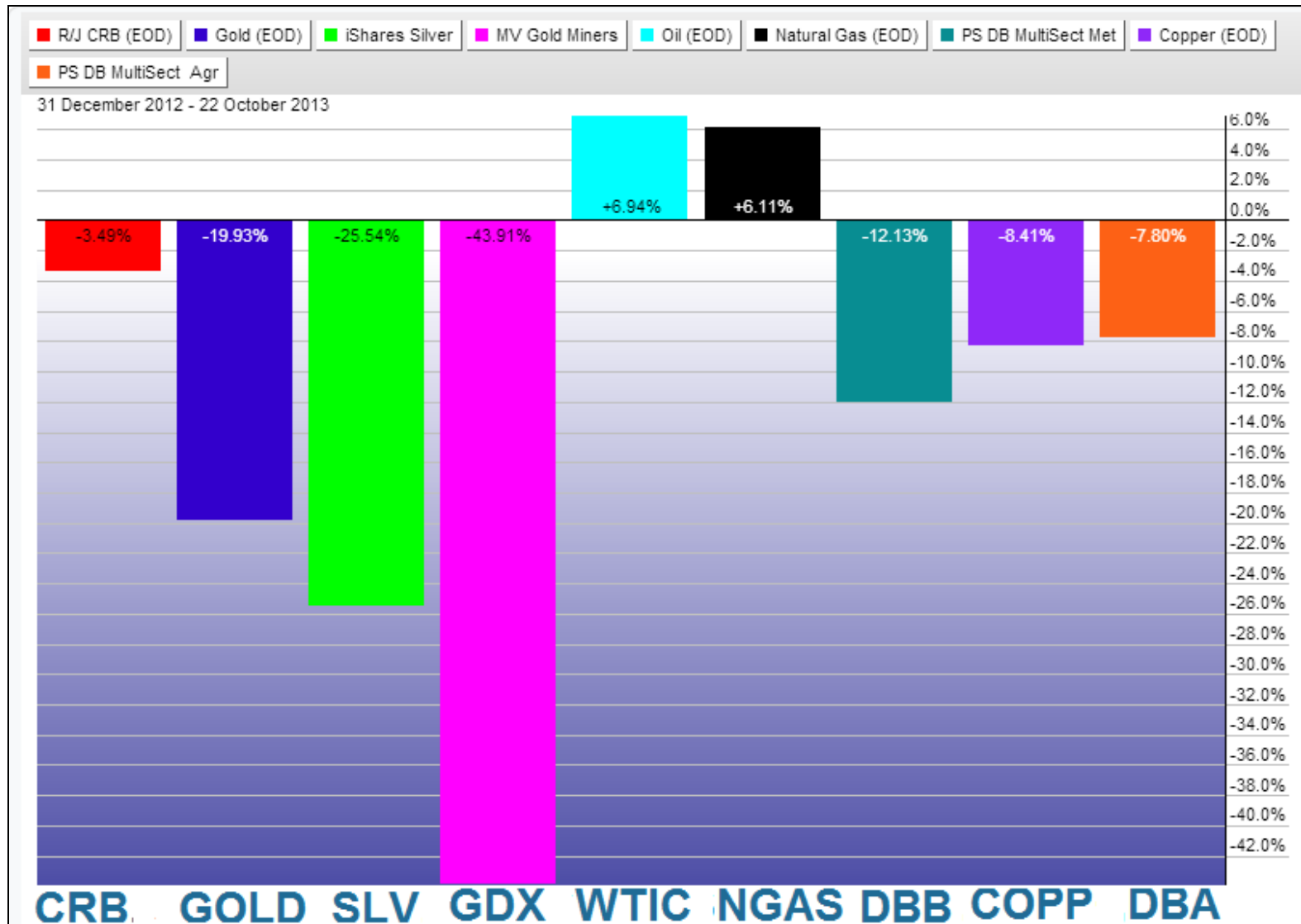
DBA - Moving towards Bullish top at PEC-D 28.5. **No position** since we missed Net long entry on Pull back to 24.50 – PEC-D " But .**We are Bullish**

OIL - - Is Neutral with Bearish bias . The bullish bias got negated, once it met our PEC-D 102.5 target & broke down bearishly. The next ABC down to PEC-D 94.5 .   We have **No Signal** at current levels for entry till thing stabilizes and rejected .

• YTD – Commodities & SPX performance v/s CRB
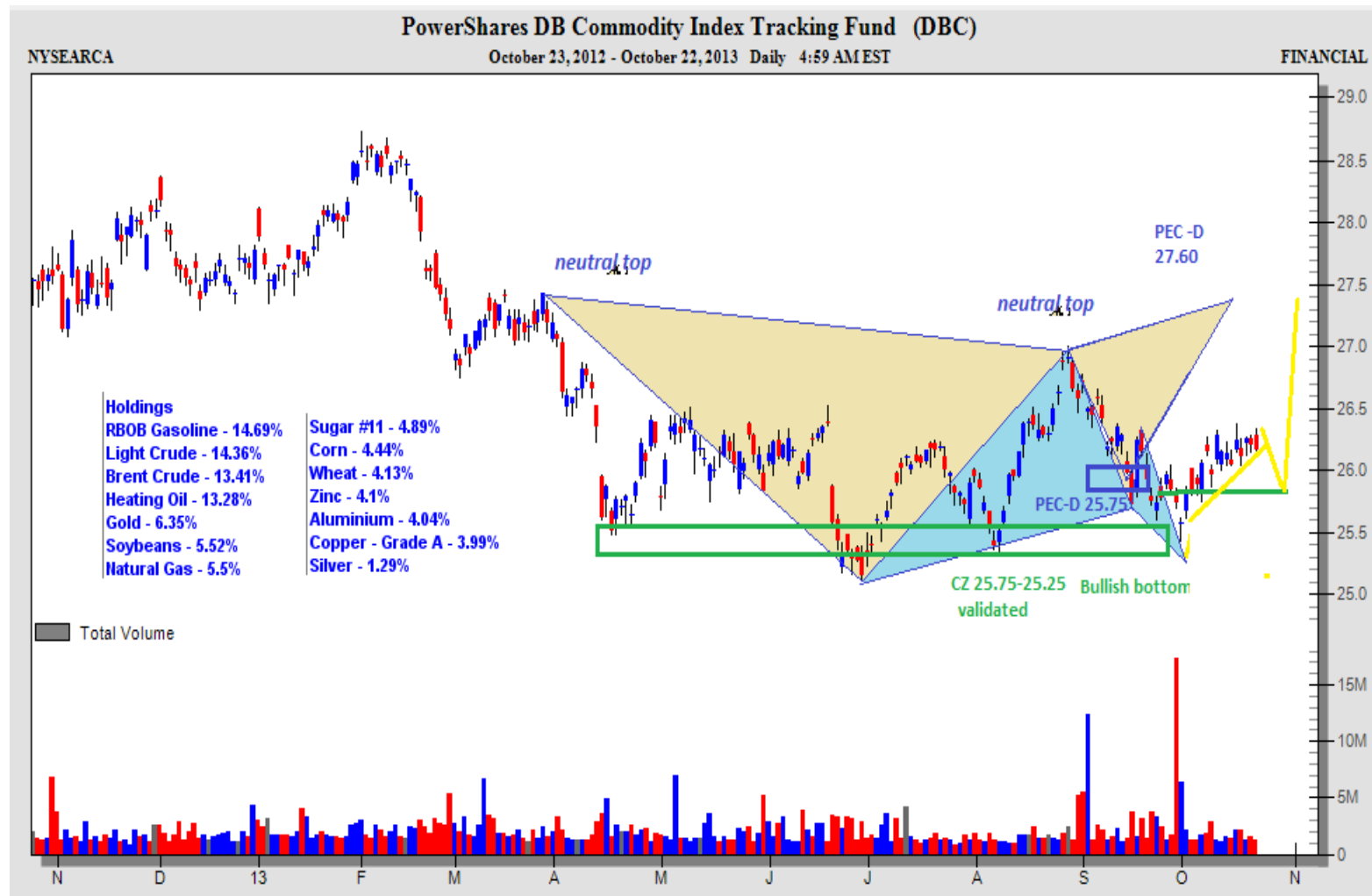
Weakest and strongest Indices for PAIR TRADES

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

Legend: ■ R/J CRB (EOD) ■ Gold (EOD) ■ iShares Silver ■ MV Gold Miners ■ Oil (EOD) ■ Natural Gas (EOD) ■ PS DB MultiSect Met ■ Copper (EOD) ■ PS DB MultiSect Agr

31 December 2012 - 22 October 2013

Index	Performance
CRB	-3.49%
GOLD	-19.93%
SLV	-25.54%
GDX	-43.91%
WTIC	+6.94%
NGAS	+6.11%
DBB	-12.13%
COPP	-8.41%
DBA	-7.80%

DBC (CRB- Index) - with CZ/ PEC-D & Oscillator Analysis – Neutral
NEUTRAL TOP & NEUTRAL BOTTOM

UPSIDE - Target to PEC-D @ 27.60 for Neutral Top is in progress

DOWNSIDE - - The floor CZ 25.75-25.25. Neutral bottom rejected lows for a rally

PowerShares DB Commodity Index Tracking Fund (DBC)

NYSEARCA

October 23, 2012 - October 22, 2013 Daily 4:59 AM EST

FINANCIAL

neutral top

neutral top

PEC -D
27.60

Holdings
RBOB Gasoline - 14.69%
Light Crude - 14.36%
Brent Crude - 13.41%
Heating Oil - 13.28%
Gold - 6.35%
Soybeans - 5.52%
Natural Gas - 5.5%

Sugar #11 - 4.89%
Corn - 4.44%
Wheat - 4.13%
Zinc - 4.1%
Aluminium - 4.04%
Copper - Grade A - 3.99%
Silver - 1.29%

PEC-D 25.75

CZ 25.75-25.25 Bullish bottom
validated

Total Volume

COPPER - CZ/ PEC –D Analysis - Bullish
BULLSH TOP & BULLSH BOTTOM

Upside – Target remains CZ 3.50-3.45. – Bullish Top – on Multiple PEC-D's

Downside - CZ 3.15-3.05- is Bullish bottom Floor, It has tested twice and PQV Validated.
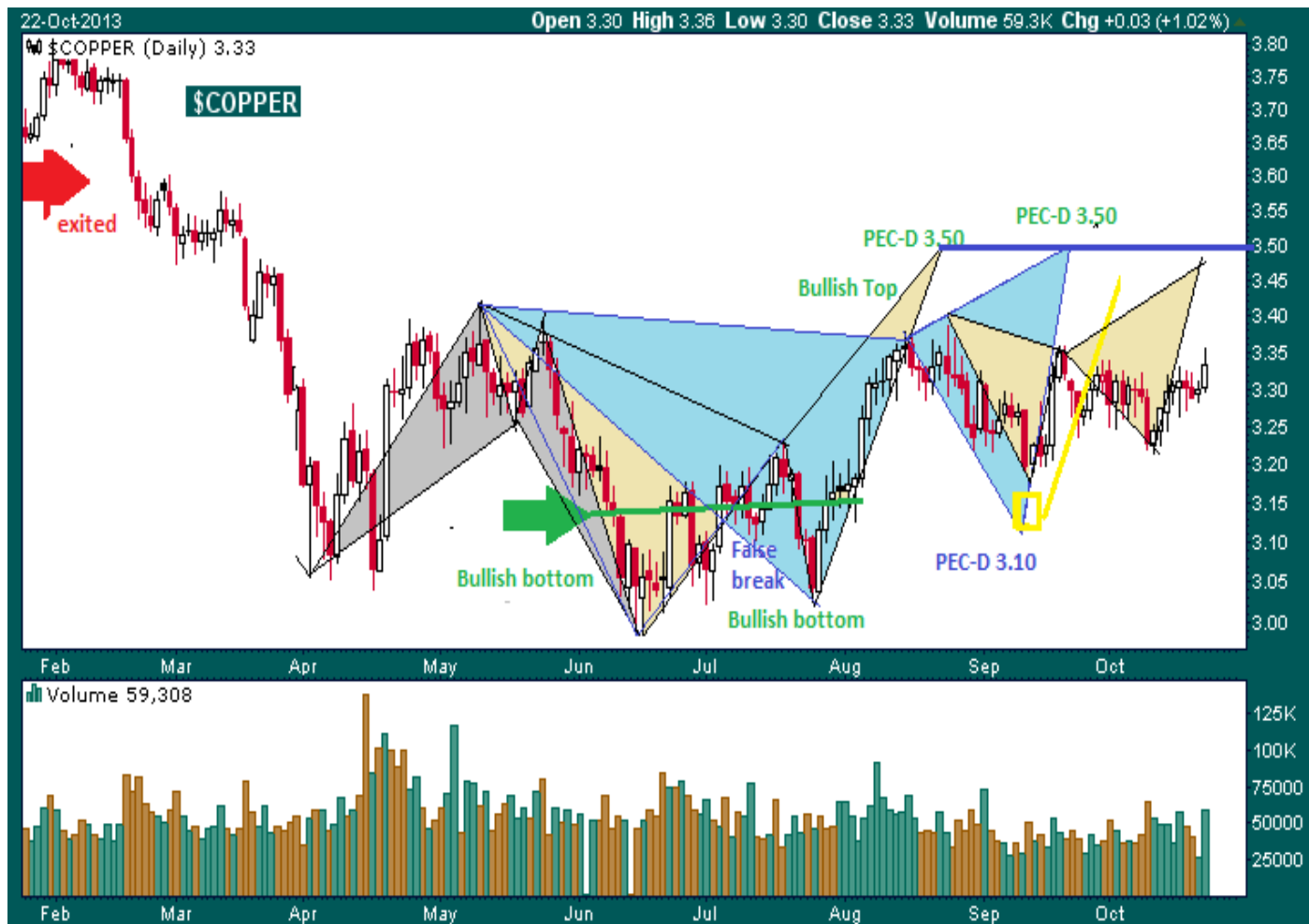
OIL – CZ / PEC –D / Oscillator Analysis - Neutral- Bearish bias

DOWNSIDE – Pull back – PEC-D @102.5 . Met & Broken Bearishly , to setup ABC down to PEC-D -94.5
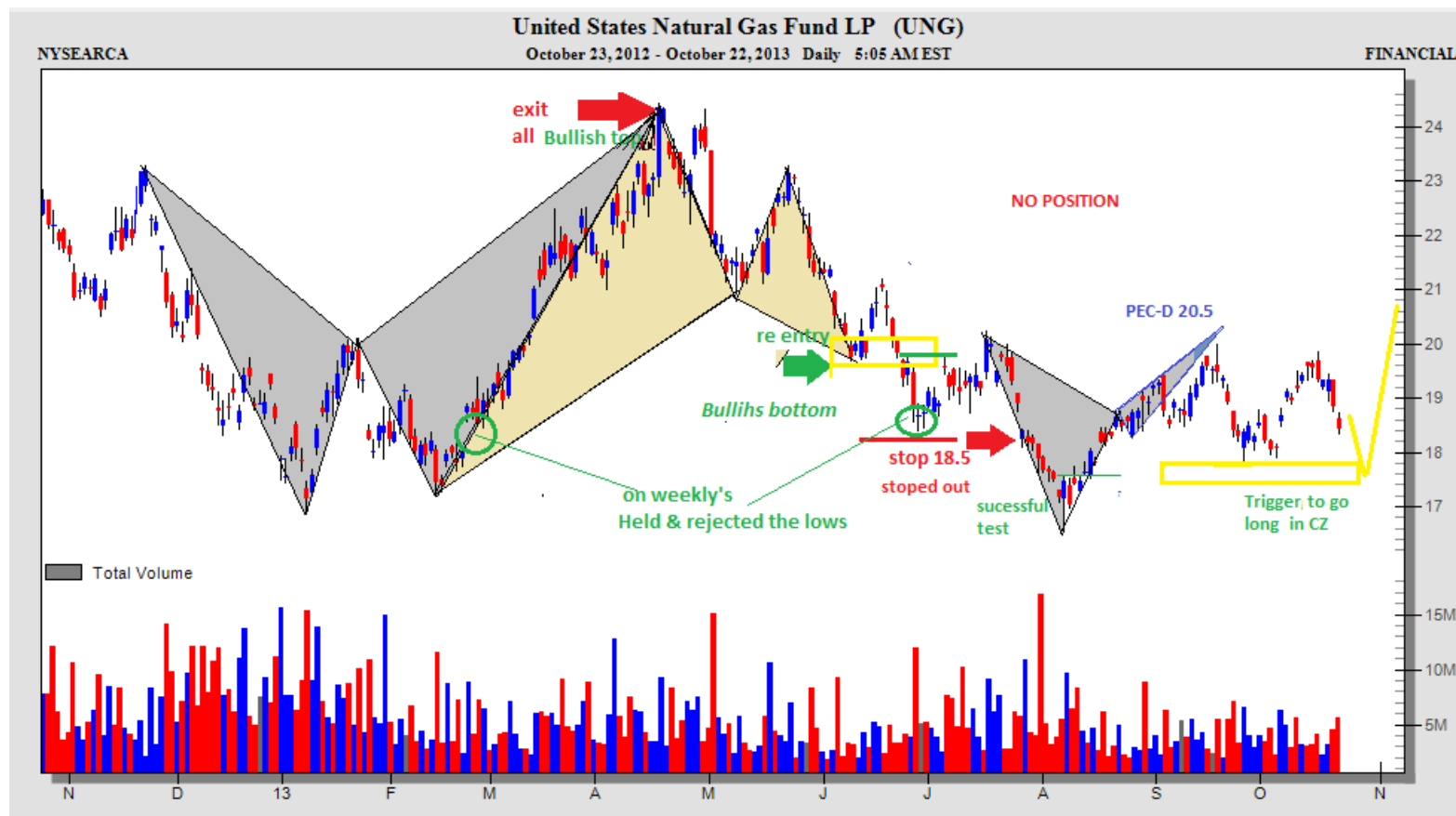No Signal / No Position

Upside target- PEC-D 110.5 –met & failed at Neutral Top-

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

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

DOWNSIDE - - To re test CZ 17.75-17.50 - Bullish Bottom. " Trigger to watch " to initiate Scale in Net long in CZ

1ST Upside – PEC D- 20.5.

Upside target , CZ – 23.75- 22.5 (Bullish Top)

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

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

1ST Upside – Moving towards PEC D- 26.30

2nd Upside target , CZ – 28-29 (Bullish Top)

DOWNSIDE - Missed the pre announced entry at 24.5 within CZ 24.50-24.25 - Bullish Bottom. **Therefore No position**
3 DRIVES TO THE Bottom PEC-D Validated is pretty strong Floor .
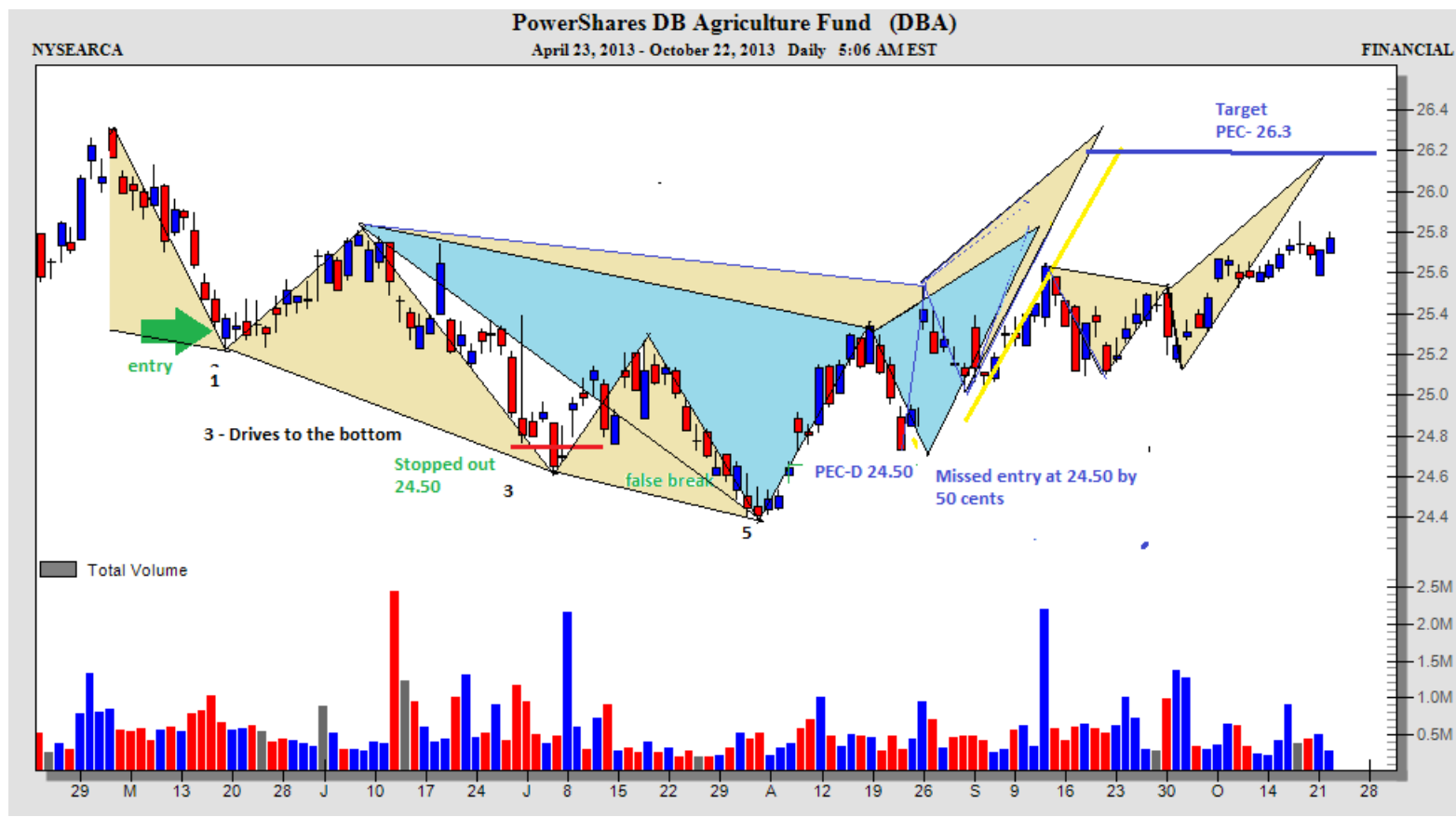
Appendix Content

- **2012 YTD – GOLD, GDX, CRB - Position Summary**

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **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 .*

Critical backdrop Notes –

- *Price path Analysis is running commentary of the Market's price behavior , Not a Trade Signal.*
- *Intermittent CZ's are Short time out / Risk management for overweight position / rebalancing spots. Unless your own Portfolio objective demands.*
- *POM's are Action points. Also at times Action points is at Main CZ's when specifically announced Triggers.*
- *Model does not encourage Buying in between unless its false break upside or false break downside soon after POM / Main CZ Trigger and is specifically announced . Model stays with Trend POM to POM Signal.*

- **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**

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