



Date : 3rd Oct 2013 (Thursday)

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 COMMODITY CRB	25.84	NONE	NONE	NEUTRAL <i>No Signal</i>	CASH	NONE	Target to PEC-D 27.60 Neutral top		Pull back PEC-D 26.5 False broke	CZ 25.5-25.75 Met with Neutral Bottom	<i>DBC should rally</i>
OIL (\$ WTIC)	103.6	NONE	NONE	NEUTRAL Bullish bias <i>No Signal</i>	CASH	NONE	PEC-D 110.75 Neutral Top M & W – Pattern validated with PEC-D	No further target due to Geopolitical Syria issues can move in both directions.	CZ 102.5 102 Met exact With Bullish bottom		<i>Oil should rally</i>
COPPER - COR)	3.20	@ 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

	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
UNG (NATGAS) Pre-Announcement	18.22	CZ 16-17 4/15	CZ -17.75-17.50	BULLISH	CASH	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)	25.31	CZ 25.5-25 5/22	CZ – 24.5-24.25	BULLISH	CASH	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	No Position Missed Entry @ 24.5 – pre announced 8/25

Special situation – Oil stocks From Sector Report

	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
XLE (ENERGY) Announcement	83.63	POM 15 (SPX)	CZ 81.60-81.82 “Scaled in” 7/10, 7/24	BEARISH ST bounce	Net Short	Close position @ 83.63 For 1.7 point loss Risk Management	POM 15 target @ PEC-D 81.75 Failed, false Break above	Secondary bounce to 85 Bearish top	1 st ABC down PEC-D 77	2 nd ABC down CZ 74-75 Heavy bottom	Close below 83.2 Weekly Would be the Top

Note XLB – Announcement - Closing the Net Short Hedge Position at 42.30 , Entry at 40 for loss of 2.30 . This is for similar Risk Management as XLE . Details in weekends sector Report. SPX – having met PEC-D 1670 & closed above 1687 as – Alerted / indicated in Mondays MS Reports- Triggers a rally hence cutting back on XLE, XLB for slight loss. POM 15 triggered @ 1687, We are currently 6 points above it

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

- BULLISH INDICES – \$ NATGAS (UNG), DBA (AGRO), \$COPPER
- BEARISH INDICES- XLE – (Special Situation from Sector Report)
- NEUTRAL INDICES - CRB (DBC) & \$WTIC with Bullish bias

Commodity Overview - Since last Report 8/25,

CRB - Is Neutral . No Signal at current levels for entry. But it is setting up for rally to PEC-D 27.60 after rejection of lows in CZ 25.75-25.25. – Neutral bottom

COPPER - It has successfully tested the Bullish CZ 3.15-3.05 twice , rejecting lows & key reversal. The target is PEC-D 3.50 to Bullish Top. We are Net Long

NGAS, - Pull back to re test CZ 17.75-17.50 . “ Trigger to watch “ Initiate to Scale in Net long in CZ . **NGAS** has a Bullish top at 23.5 . We are Bullish

DBA - Moving towards Bullish top at 28.5. We are Bullish - No position since missed Net long entry on Pull back to 24.50 – PEC-D “.

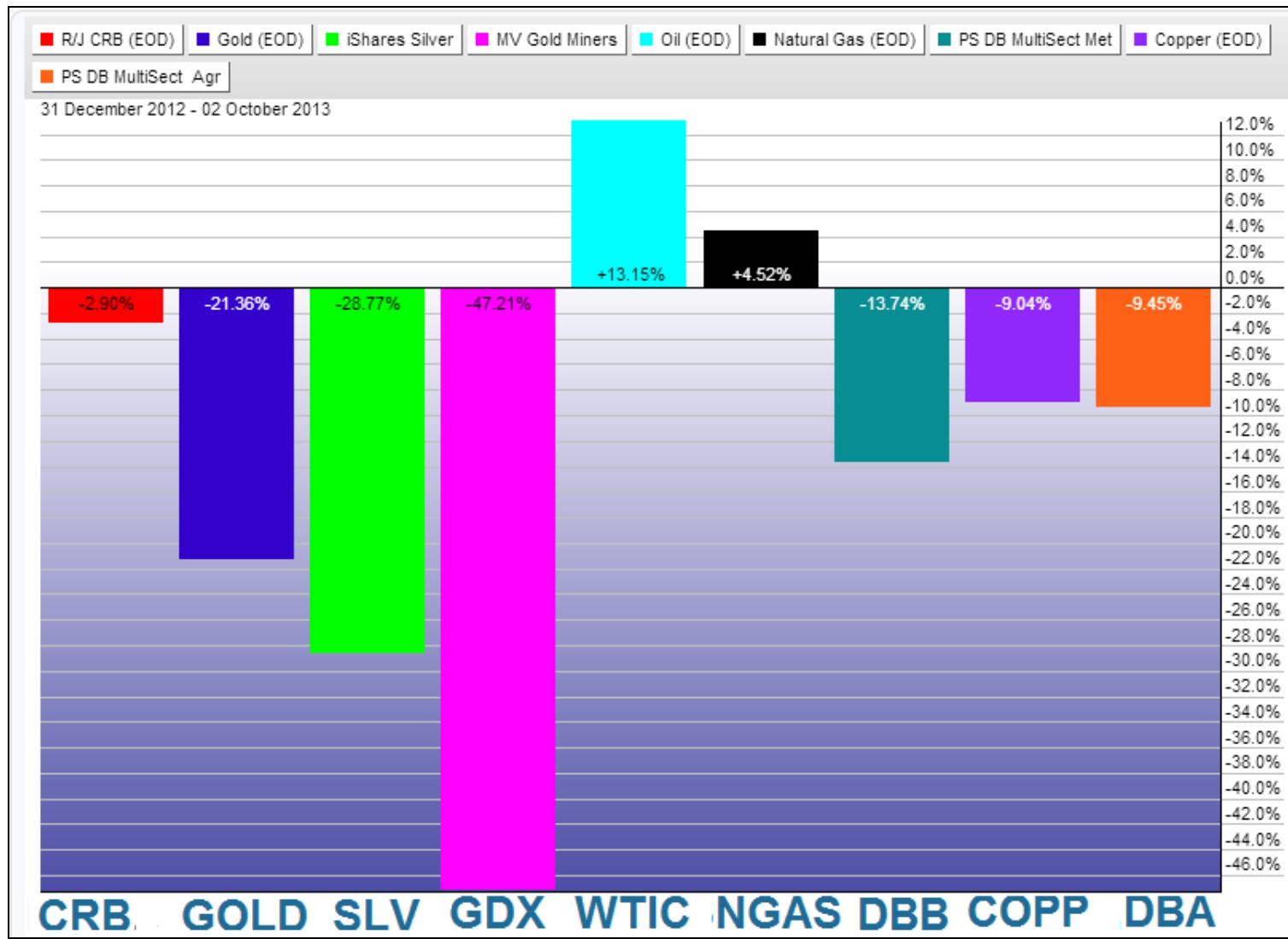
OIL - - Is Neutral is Neutral with Bullish bias . PEC-D 102.5- Met exact with Bullish bottom. Target to PEC-D 110.5 – W & M validated PEC-D Pattern under completion . We have No Signal at current levels for entry.

XLE (SP) - We Remain BEARISH and failed . However on ST Basis, _Another bounce towards the highs of 85 Bearish top is on the way . We shall close the “ Net Short as Risk Management . Earlier XLE moved above the CZ 81.80- 81.60– Bearish Top on false break Triggered failure – Net Short position @ 81.75 . Close below 83.25 weekly the Top should be in & we shall act again .

• 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 .

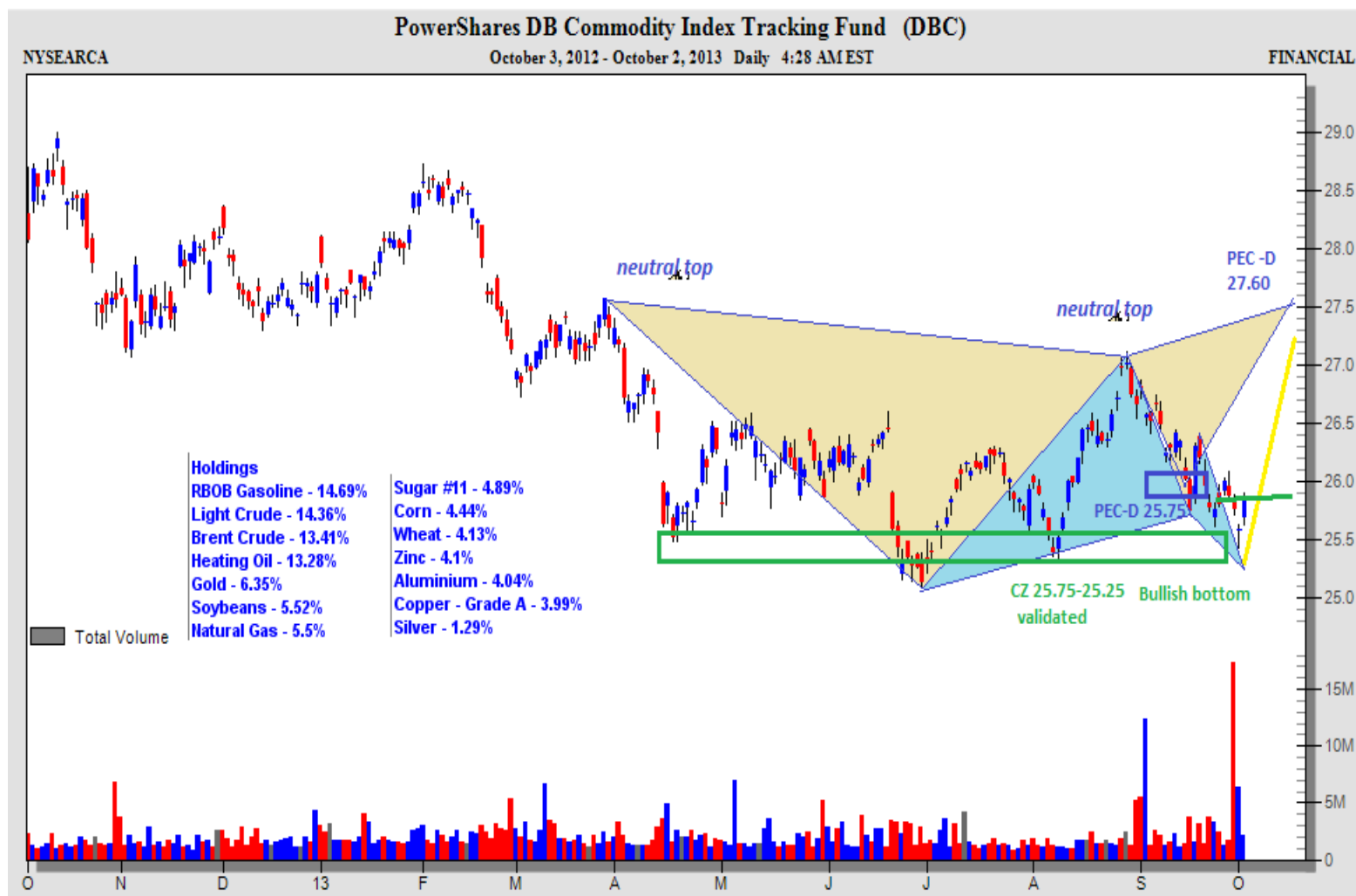


DBC (CRB- Index) - with CZ/ PEC-D & Oscillator Analysis – Neutral

NEUTRAL TOP & NEUTRAL BOTTOM

DOWNSIDE -- PEC-D 26.25- False broke to the floor under is CZ 25.75-25.25. Neutral bottom rejected lows for a rally

UPSIDE - Target to PEC-D @ 27.60 for Neutral Top

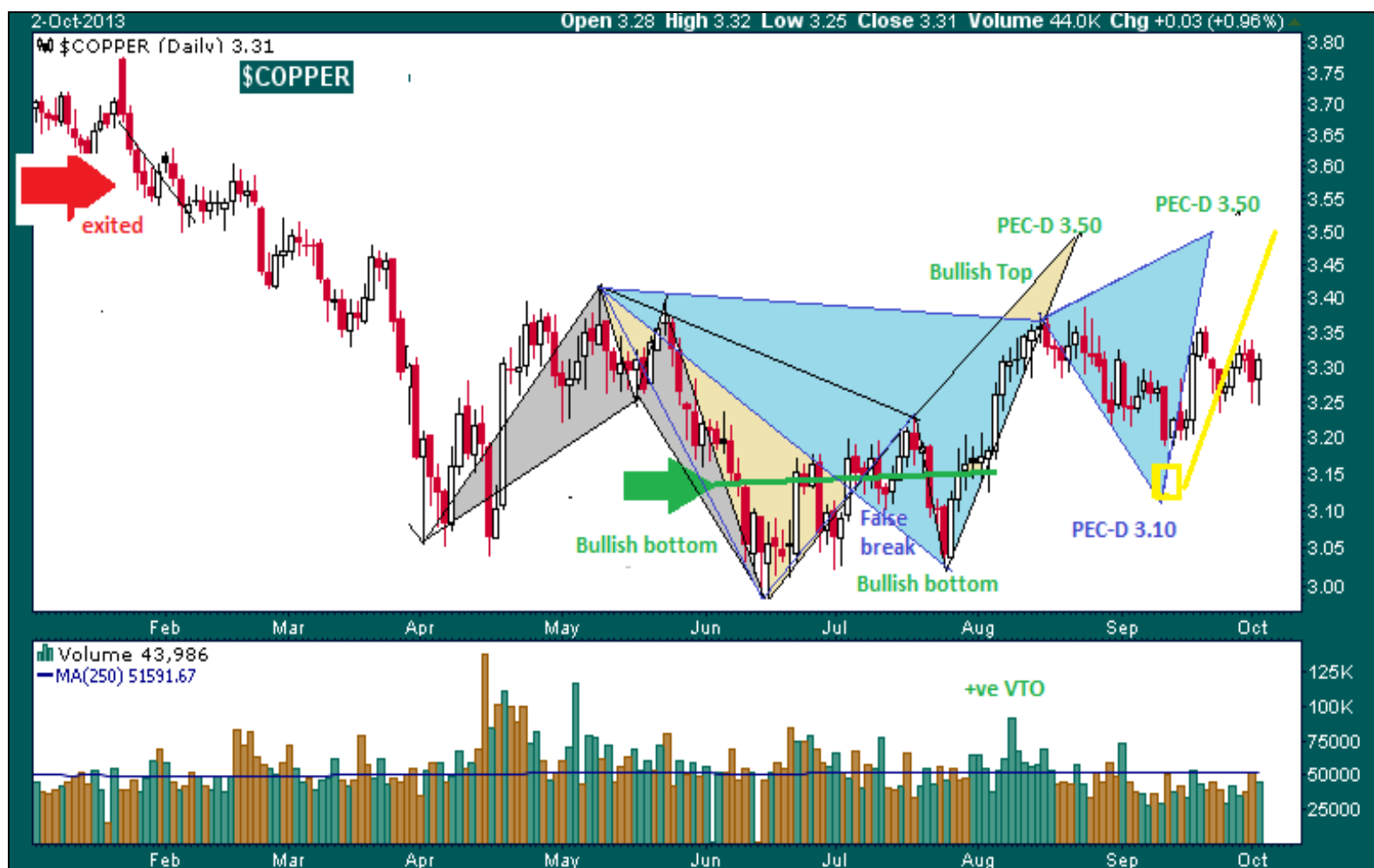


COPPER - CZ/ PEC -D Analysis - Bullish

BULLSH TOP & BULLSH BOTTOM

Upside – Target remains CZ 3.50-3.45. – Bullish Top

Downside - CZ 3.15-3.05- is Bullish bottom Floor, It has tested twice and PQV Validated.



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

DOWNSIDE – Pull back – PEC-D @102.5 . Met exact – Bullish bottom with M & W shaped – PEC-D pattern under completion

Upside target- PEC-D 110.5 towards Neutral Top-

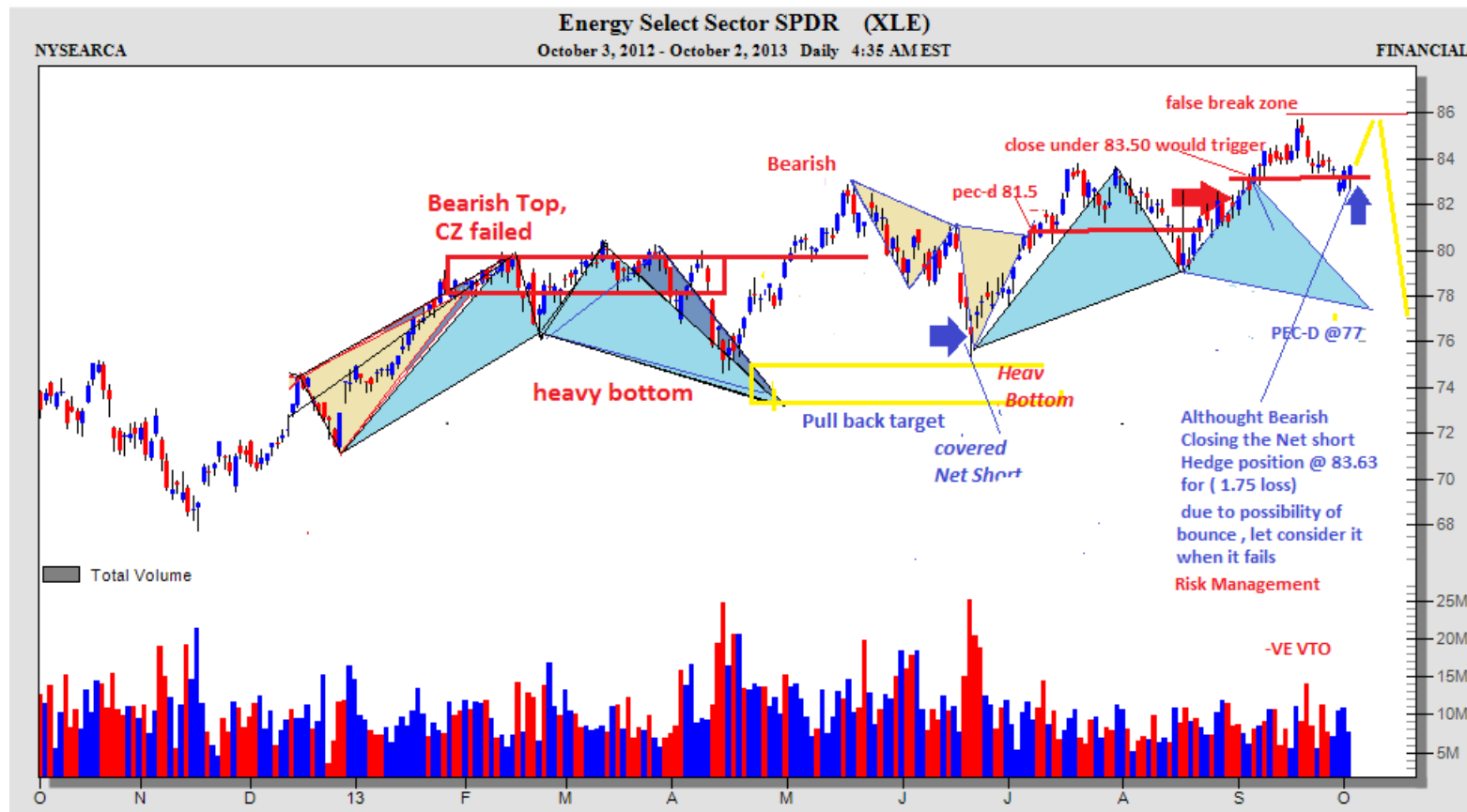


XLE - CZ -PEC-D / Ratio Analysis - BEARISH POM 15 - 7/24 - Sp situation - Sector Report

- Texture - BEARISH TOP & BEARISH TOP

UPSIDE - Another bounce towards the highs of 85 - Bearish top - (Refer chart below - for note within it) - **We shall close the " Net Short as Risk Management "** . Earlier it moved above the CZ 81.80- 81.60- Bearish Top on false break **Triggered failure** - Net Short position . Close below 83.25 weekly the Top should be in.

DOWSIDE - 1st ABC down to 77
2nd ABC down to CZ 74-75 heavy bottom.



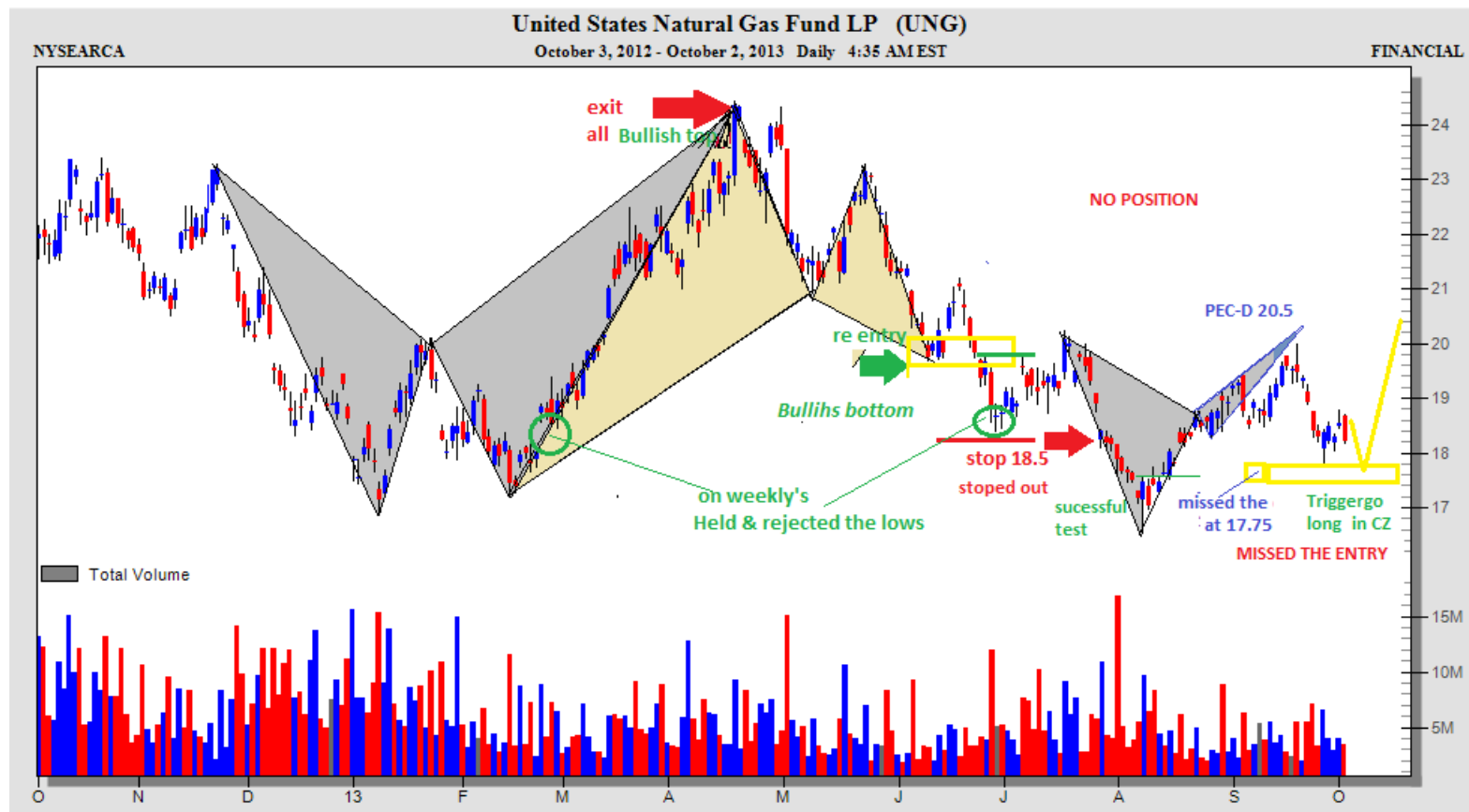
NATGAS (UNG) – CZ / PEC –D / Oscillator Analysis **Bullish**

- 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)



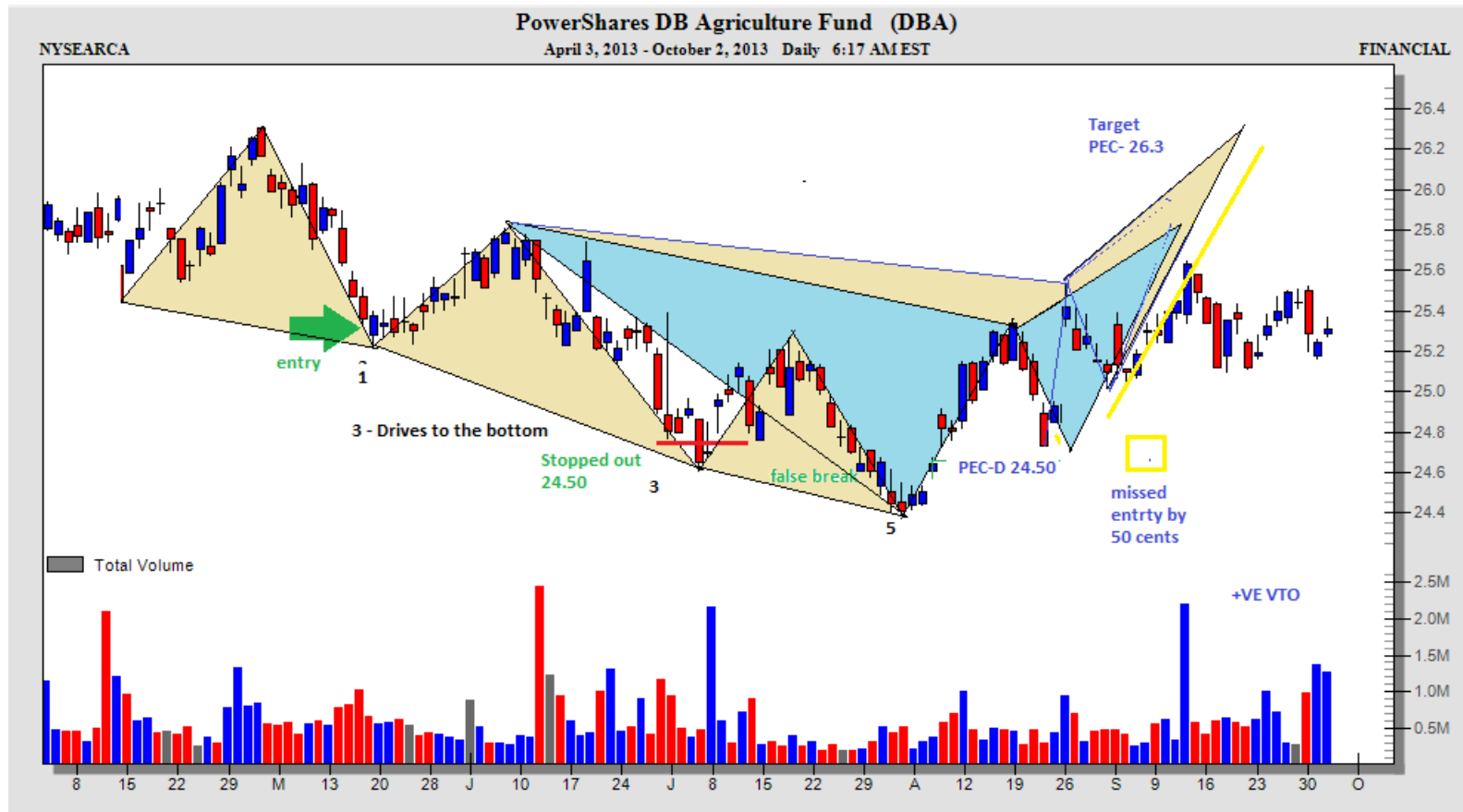
AGRO (DBA) – CZ / PEC –D / Oscillator Analysis **Bullish**

- Texture - BULLISH TOP & BULLISH BOTTOM

1ST Upside – Moving towards **PEC D- 26.30**

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 . Up Volume has started entering this Market



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 .*

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 GD \bar{X} (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

Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.