

Date : 18<sup>th</sup> April 2014 ( Friday)**COMMODITY REPORT (Strategy & Prop Tech)**

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

**● Executive Summary**

	C. Price	<u>Main CZ Triggered &amp; Date</u>	<u>Follow up Announcement Update For Trend Reversal</u>	Progress Status	Current Position / Exposure	<b>NEW ACTION - Position ( Trigger to Watch)</b>	<u>Upside CZ Near Term</u>	<u>Upside CZ Mid term</u>	<u>Downside CZ Near term</u>	<u>Downside CZ Mid term</u>	Remark
<b>OIL (\$ WTIC)</b>	104.5	NONE	NONE	NEUTRAL	CASH	NONE <b>No Signal</b>	<b>PEC-D 104 Met &amp; topping For failure</b>		<b>Target</b> PEC-D 98	CZ 96-97 Neutral Should hold	
<b>COPPER - (COR)</b>	3.05	NONE	NONE	NEUTRAL	CASH	NONE <b>No Signal</b>	<b>Target PEC-D 3.05 Met EXACT</b>	CZ 3.45-3.50 <b>Negated Bullish Top</b>	<b>Pull back to Heavy bottom CZ 2.95-2.9 for consolidatio</b>		

	C. Price	Main CZ Triggered & Date	Follow up <u>Announcement</u> Update For Trend Reversal	Progress Status	Current Position / Exposure	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)	26.300	CZ -17.75-17.50 @ 17.50  Triggered On 10/23	NONE	BULLISH	Net long  Up 55%	NONE	PEC-D 23 Bullish top Broke out 3 YEAR consolidation into large ABC up	Target PEC-D 28 Bullish top  1-3-5 Pattern in place	CZ 23.5-23 Bullish bottom	CZ 19.50-19.25 Bullish bottom	Big Rally since our Trigger 10/23 @ 17.50 Up 55%
DBA (AGRO)	28.88	CZ – 24.60-24.40  Triggered On 12/5	NONE	BULLISH	Net long  Up 18%	NONE	CZ 29-28 Approaching Bullishly	Target 2 <sup>nd</sup> ABC up PEC-30 Bullish top	Pull back CZ 27.5-28 Met exact & HELD	PEC-D 24.5 3 drives to Bullish bottom In place	Big Rally since our Trigger 12/5 @ 24.50 Up 18%

## Commodity Overview -

SIGNALS. - Price Projection CZ , Trading / Investment Conclusions below

**AGRO (DBA) & NATGAS ( UNG)** continues to be in uptrend with powerful gains and Bullish tops

**OIL** – we are still Neutral & No signal . Oil prices remain off their highs. Overall, the trading range continues. **COPPER** – Neutral & No signal

- BULLISH INDICES –

**DBA ( AGRO), \$ NATGAS (UNG)**

- BEARISH INDICES-

**NONE**

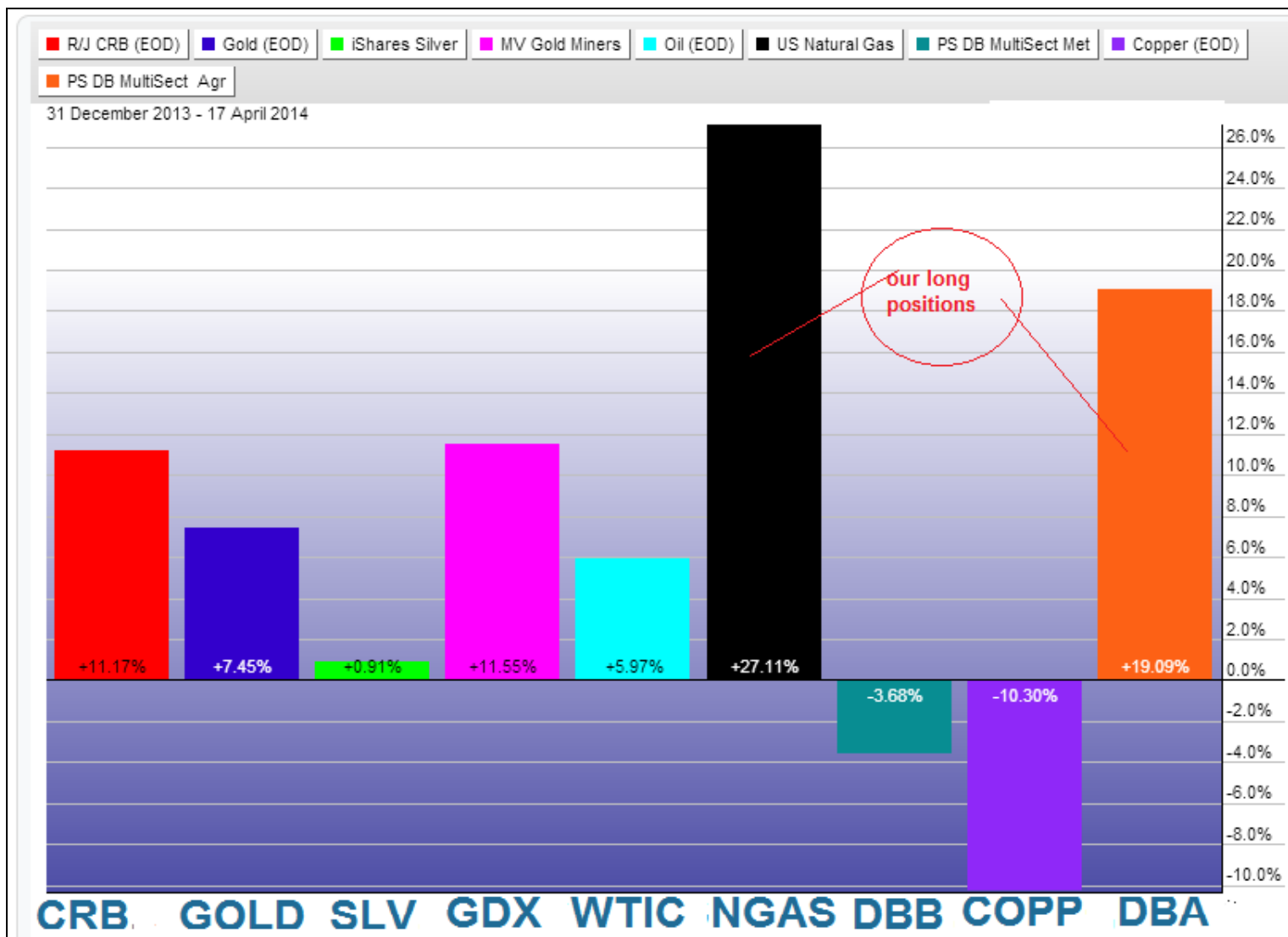
- NEUTRAL INDICES -

**\$WTIC , COPPER**

# • YTD – Commodities & SPX performance v/s CRB

## Weakest and strongest Indices for PAIR TRADES

2014 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s CRB .

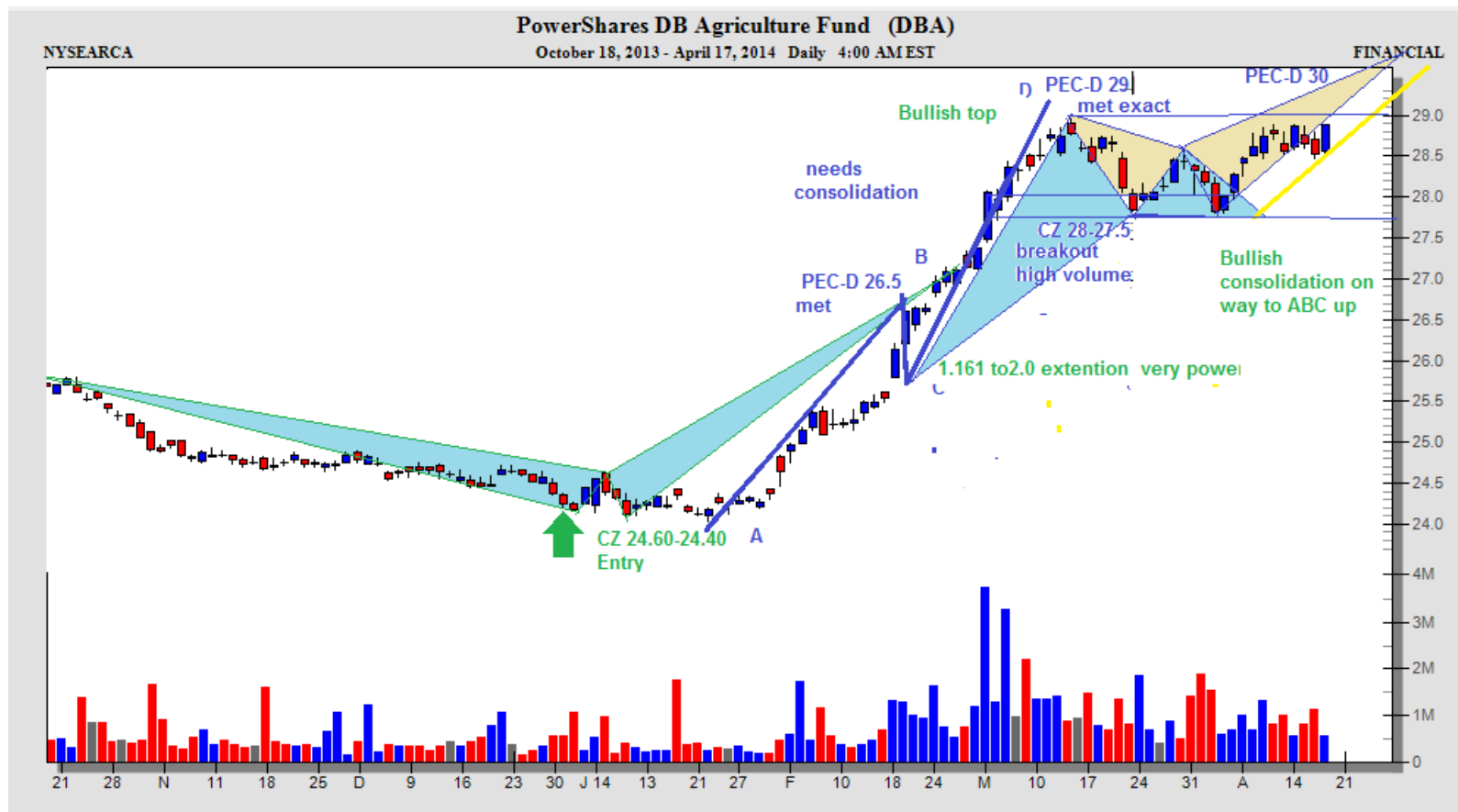


# AGRO ( DBA) – CZ / PEC –D / Oscillator Analysis **Bullish-**

Texture - **BULLISH TOP & BULLISH BOTTOM**

**2<sup>nd</sup> Upside target** , **PEC-D 30** ( Bullish Top) . This is Monster ABC up 1.61/2.0 as we have been expecting for while

**DOWNSIDE -** to - **CZ 27.5-28-** Breakout met exact. Congestion Bullish bottom ,



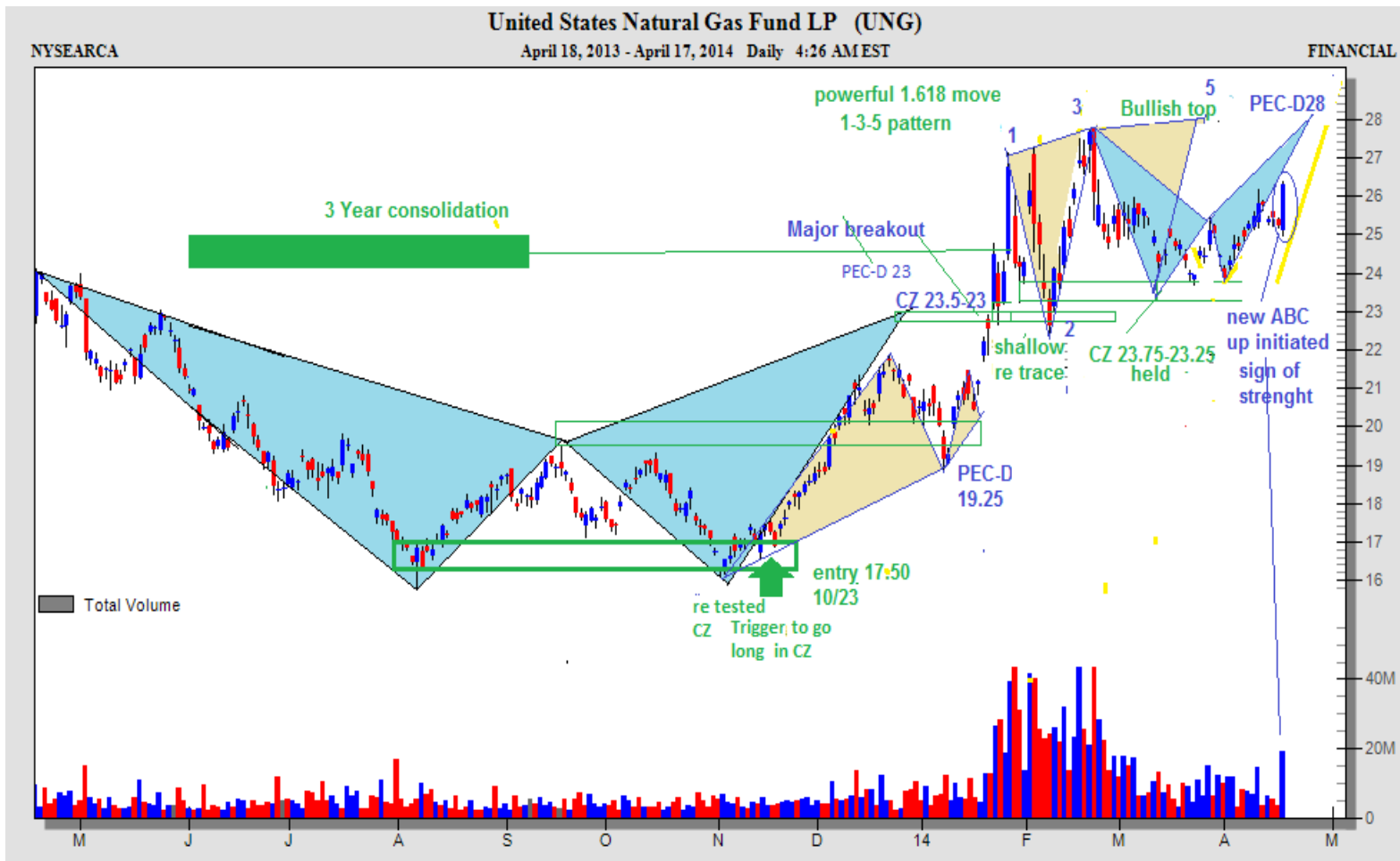
# NATGAS ( UNG) – CZ / PEC –D / Oscillator Analysis **Bullish**

Texture - **BULLISH TOP & BULLISH BOTTOM**

Upside - **PEC-D 28** *Pattern 1-3-5 in place .*

**PEC-D 23** ( Bullish Top) – Broke out of 3 years consolidation with very large ABC with Bullish top,

**DOWNSIDE** - Pull back **CZ 23.50-23.00** with bullish bottom.



# COPPER - CZ/ PEC -D Analysis - Neutral-

NEUTRAL TOP & BEARISH BOTTOM

No Signal / No Position -

Upside - Bounced to PEC-D 3.05 and topping

Downside - CZ 2.95-2.90 to Heavy bottom. Need time at bottom range



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

### NEUTRAL TOP & NEUTRAL BOTTOM

**No Signal / No Position** – This is triangle pattern and it should come down to CZ

**UPSIDE** - PEC-D 102 – Extended to 104 and is topping.

**DOWNSIDE** - - PEC-D to 98. The breakout area CZ 96-97 should hold .





# 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**
- **( 3<sup>rd</sup> 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 2<sup>th</sup> 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.