



Date : 7<sup>th</sup> December 2014 ( Sunday)

## COMMODITY REPORT (Strategy & Prop Tech)

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### ● Executive Summary

	C. Price	Main CZ Triggered & Date	Follow up <u>Announcement</u> Update For Trend Reversal	Progress Status	Current Position / Exposure	<b>NEW ACTION</b> - Position ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>OIL</b> ( \$ WTIC)	65.6	NONE	<b>No Signal</b>	NEUTRAL	CASH	NONE <b>No Position</b>	<b>Bounce to 73</b> Should fail For next ABC down	NONE	<b>Pull back to 64.2</b> , approaching Should hold for counter trend rally up	<b>Target</b> PEC-D down to 55	<b>Oil</b> <b>Needs</b> <b>bottoming</b> <b>process</b>
<b>COPPER -</b> <b>COR)</b>	2.92	NONE	<b>No Signal</b>	NEUTRAL	CASH	NONE <b>No Position</b>	PEC-D 3.25 <b>Met &amp; sold</b> <b>off</b>	NONE	<b>Pull back to 2.79</b> should hold and rally up	1-3-5 3 Drives to bottom Is at play to 2.76	

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<b>UNG (NATGAS)</b>	19.34	CZ -17.75-17.50 @ 17.50  <i>Triggered On 10/23</i>	NONE	NEUTRAL	2% Net long  <b>Up 10%</b>	NONE	1 <sup>st</sup> ABC PEC-D 23 <i>Bullish top</i> <b>Met &amp; sold off</b>	Target PEC-D 28 <i>Bullish top</i>	<b>PEC-D 21</b> <i>Extended Below on false break</i>	<b>PEC-D 18</b> <i>Should hold Bullish bottom</i>	<b>Big Rally since our Trigger 10/23 @ 17.50</b>

## Commodity Overview -

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

This year Commodities have been decimated due to rally in DXY. We have pretty much stayed out of commodity camp except UNG and DBA both have done well for us.

I fact GOLD has been flat this year at 1200.

USD - Currently it looks very toppy after completing 3 ABCs up. There is –ve divergence on long term and well as short term chart. Retracement here would initiate rally in commodity

NATGAS ( UNG) – It has reached our upside target several times ( including this time at PEC-D 23) but we did not take the money off the table and each time it has sold off. We have been waiting for our target price of 28.

OIL – **No Signal / No Position** Geopolitical reasons i.e Russia and strength in dollar has decimated Oil. Our downside target was at 82 below which we have lost the predictability due to world political. It appears now PEC-D and volume wise the counter trend rally should be very close to happening but the rally should fail for next leg down.

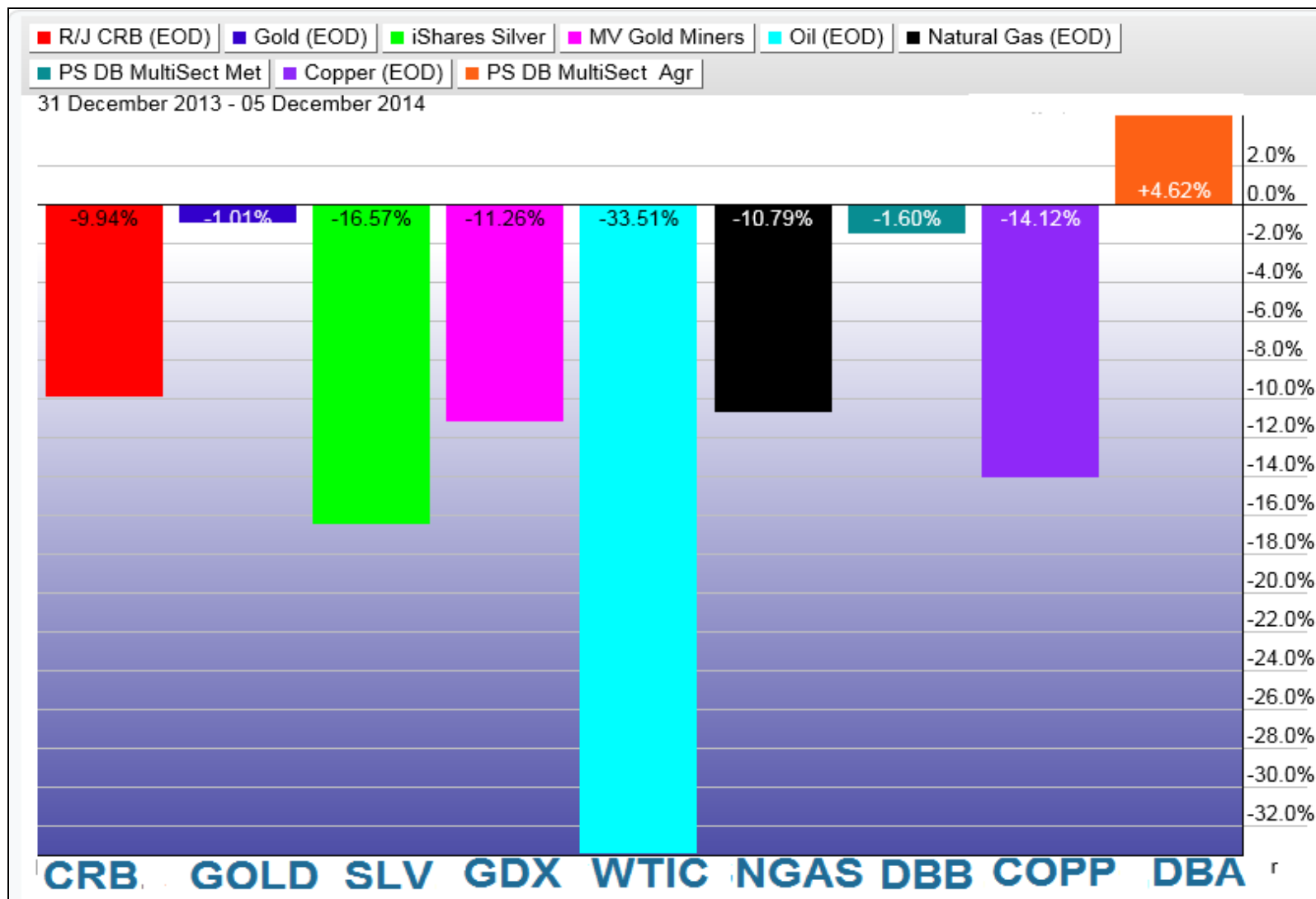
COPPER – **No Signal / No Position.** Showing positive divergence in at PEC-D 2.79 .

- BULLISH INDICES – **NONE**
- BEARISH INDICES- **NONE**
- NEUTRAL INDICES - **\$WTIC , COPPER, UNG - Bullish bias**

# • 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 .



## DXY (\$ USD) – CZ / PEC D – Analysis – Neutral – Bearish bias

**Upside -** 3<sup>rd</sup> ABC up is completed. Currently it looks very topy. Usually after 3 ABCs, it tend to get larger Retracement. We have exited our share of profitable positions. PEC-D @ 89.9 is on –ve divergence in past 5 year chart



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

**NEUTRAL TOP & BEARISH BOTTOM**

**No Signal / No Position –** Refer notes within chart.

**UPSIDE** - Bounce to 73 – No Signal for trade

**DOWNSIDE** -- Larger ABC down to 55.



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

**NEUTRAL TOP & BEARISH BOTTOM**

**DOWNSIDE** - - pull back to PEC-D 64.5 should hold. .

**UPSIDE** - PEC-D 73.



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

## NEUTRAL TOP & Neutral BOTTOM

**No Signal / No Position** – Refer notes within chart.

**Downside** - Pull back to PEC-D 2.79 should hold . Bullish divergence . 1-3-5 , 3 drives to bottom at play.

**Upside** – Target PEC-D 3.25 – Met and sold off. It should rally back to that target. .

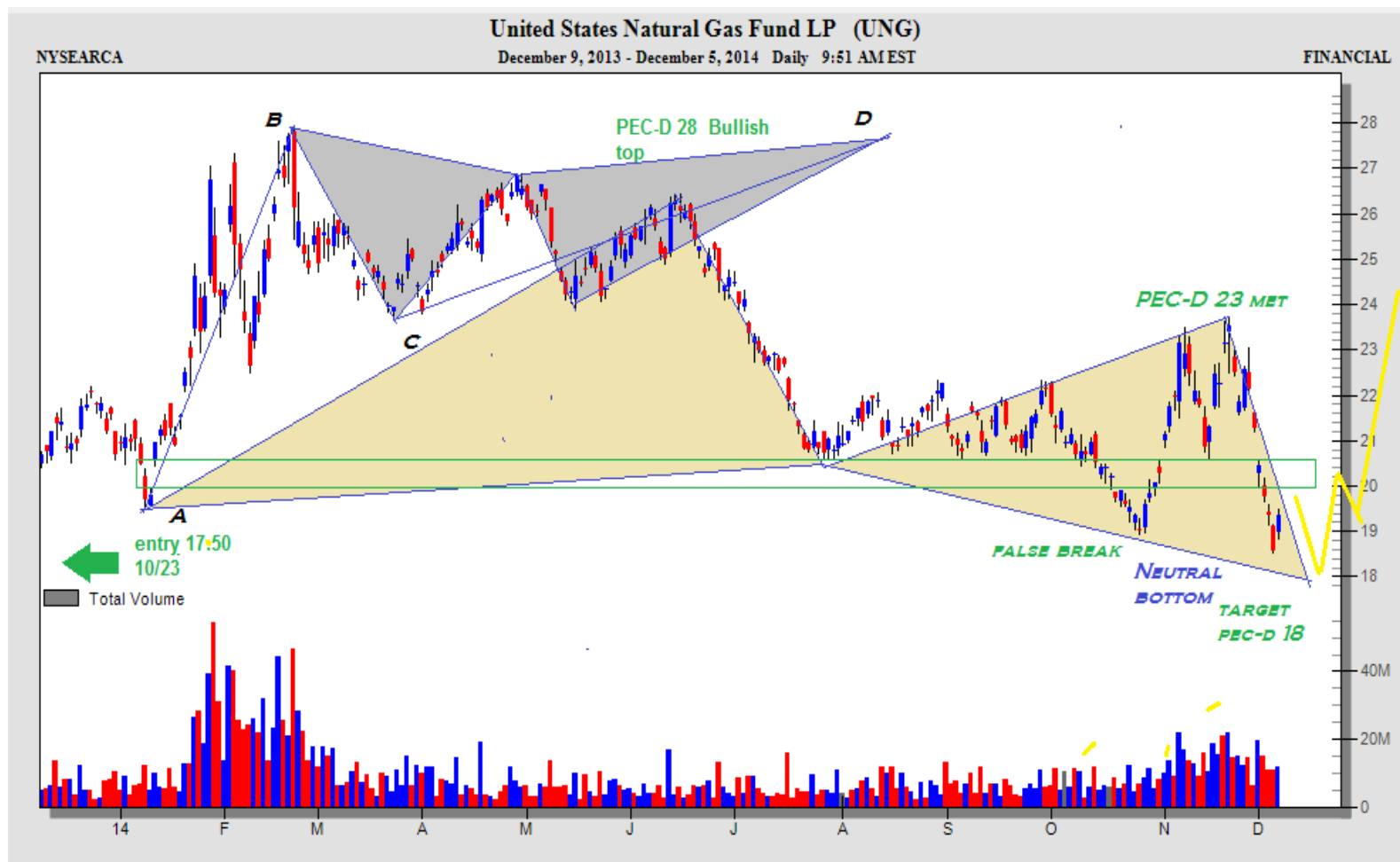




# NATGAS ( UNG) – CZ / PEC –D / Oscillator Analysis - Neutral - Texture - Bullish Top & Neutral Bottom

Upside - PEC-D 23 ( Bullish Top) – Met but we did not exit since very large ABC - Bullish top. to PEC-D 28 is still at play.

DOWNSIDE - PEC-D 18 .



# 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 GD<sub>X</sub> ( 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

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