



Date : 17th October 2014 (Saturday)

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	NEW ACTION - Position (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
OIL (\$ WTIC)	83.0	NONE	No Signal	NEUTRAL	CASH	NONE No Position	Bounce to 88	NONE	Target PEC-D down to 89 met from 96 & exceeded	Panic selloff Extended PEC-D TO 82	Oil Needs bottoming process
COPPER - COR)	3.00	NONE	No Signal	NEUTRAL Bullish bias	CASH	NONE No Position	Bounce to PEC-D 3.25	NONE	Pull back to PEC-D 3.0 should hold		

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UNG (NATGAS)	20.2	CZ -17.75-17.50 @ 17.50 <i>Triggered On 10/23</i>	NONE	BULLISH Consolidatio	2% Net long Up 16%	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	PEC-D 23 Extended Below on false break	PEC-D 21 CZ 21-20 Should hold Bullish bottom	Big Rally since our Trigger 10/23 @ 17.50

Commodity Overview -

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

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.

USD - Currently it looks very topy. Usually after 3 ABCs you tend to get larger Retracement. This should initiate rally in commodity

NATGAS (UNG) Building base around CZ 21-20 within larger consolidation in uptrend with powerful Bullish tops .

OIL – We are **Neutral - NO POSITION** . – Our target to PEC-D 88 was met and panic sell off kicked in to 82. This damage needs to be repaired.

COPPER – We are **Neutral – with Bullish bias. – NO POSITON** . Showing positive divergence in at PEC-D 3.00 .

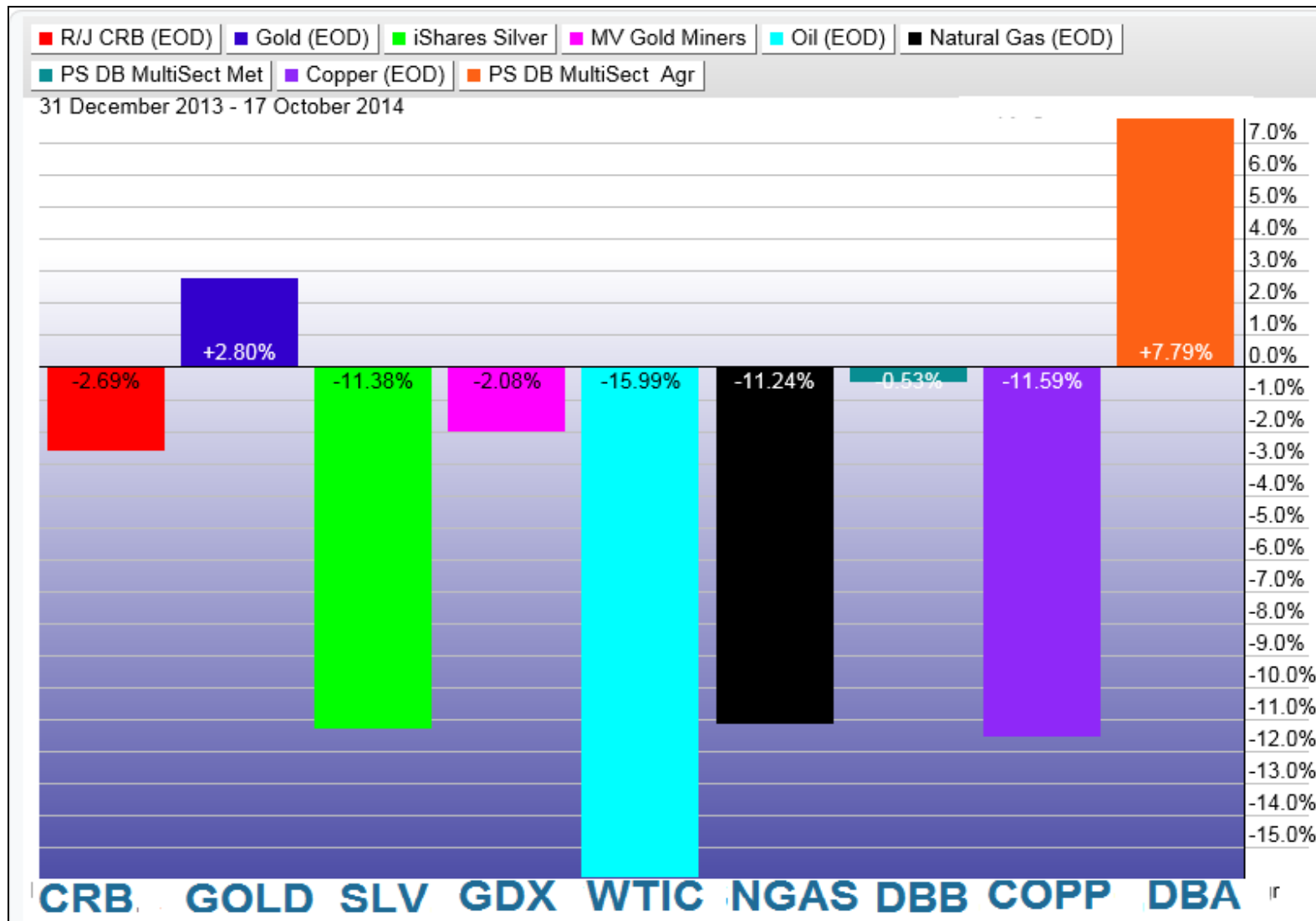
Commodities are Neutral i.e NO signal

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

Upside - 3rd ABC up is completed at 85. Currently it looks very topy. Usually after 3 ABCs, it tend to get larger Retracement. We have exited our share of profitable positions looking for next opportunity to enter. .

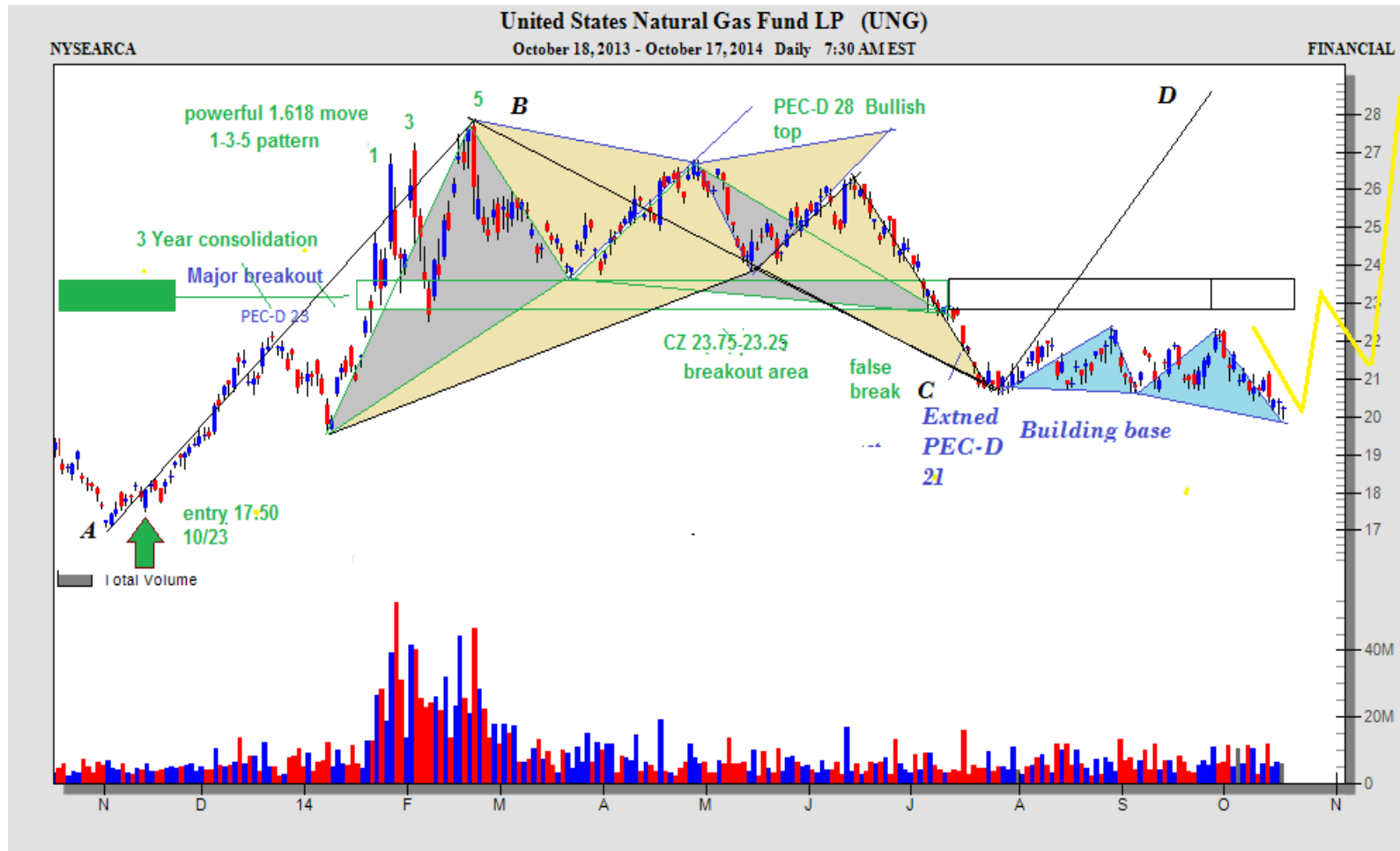


NATGAS (UNG) – CZ / PEC –D / Oscillator Analysis - **Bullish -**

Texture - **Bullish Top & Bullish Bottom**

DOWNSIDE - Pulled back to **PEC-D 21 – CZ 21-20** Bullish Bottom .

Upside - Bounce to **PEC-D 23** (Bullish Top) – This area Broke out of 3 years consolidation with very large ABC - Bullish top. **Target to PEC-D 28** *Pattern 1-3-5 in place with 3 drives to top in place .*



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

NEUTRAL TOP & Neutral BOTTOM

No Signal / No Position –

Downside - Pull back to PEC-D 3.0 should put in bottom. Bullish divergence but no signal yet for trade .

Upside – Target PEC-D 3.25 .



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

NEUTRAL TOP & NEUTRAL BOTTOM

No Signal / No Position –

DOWNSIDE - - Larger PEC-D to 89 from 97 is extended on panic selling to 83

UPSIDE - Bounce to 89 – No Signal for trade



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 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

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