



Date : 29th August (Thursday)

MS –GOLD – POM - MARKET STRATEGY REPORT (SP)

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

● Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement Update</u> For Trend Reversal	Progress Status	Current Position / Exposure	<u>NEW ACTION</u> (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1288	POM 13 Re – Run Marked to Market on 1/01 start @1205	Announced Re- entry Trigger @ 1268 Email 6/17 <u>Alerted</u>	BULLISH	15% Net Long	<u>Stop 1268</u>	1 st Target PEC-D 1345- Bullish Top <i>It should re test 2nd time & breakout</i>	Target 2 nd ABC to 1400 Bullish Top Weekly ABC up <u>H & S bottom</u>	Pull back 1300-1290 <u>Met & False break below</u> <i>Building higher highs</i> Bullish Bottom	PEC-D 1260 Rejected lows Bullish Bottom	<u>CZ 1300-1290</u> Broke out high volume For a large ABC up <u>Weekly 5 year CZ 1220-1190</u> Is solid floor Bullish floor

ACTIONABLE IDEAS – Nothing has changed in texture

For Bulls – Currently false break below CZ 1300-1290 . The First Target ABC up @ 1345 **should be re tested and breakout.** The Mid term H & S Bottom Target @ 1400. GLD Triggered re- entry @1268 , 6/17. with Bullish bottom. Protective stop in case

For Bears – The heavy volume upside breakout of CZ 1300-1290 is being tested on pull back on light volume . No “Sell Signal” till 1400 or at least 1345. GOLD – is Not a Candidate for Short Sell

GOLD – Overview & Update

GOLD- NET LONG – POM 13 - Marked to Market @ 1204 – 1st Jan 2014 .

On 6/17 Triggered – Re – entry @ 1268- Alerted

Last week Report on 8/21 we increased our Net Long GOLD Position by 3% in the gap at 1275 as announced

GOLD – False break below CZ 1300-1290 on lighter volume. We are building higher highs past 7 days. It is rejecting the false break . It is building up large ABC up.

Our 1st Upside ABC up target of 1345 which was met earlier with Bullish top. from our triggered entry 1268. The breakout area CZ 1300 -1290 on low volume with Bullish Bottom has been repeatedly testing . Divergence in Money flow is still exiting past 8 weeks.

Next few months to achieve its 2nd ABC up 1400 (Weekly ABC up) and Inverse H & S bottom target of 1400

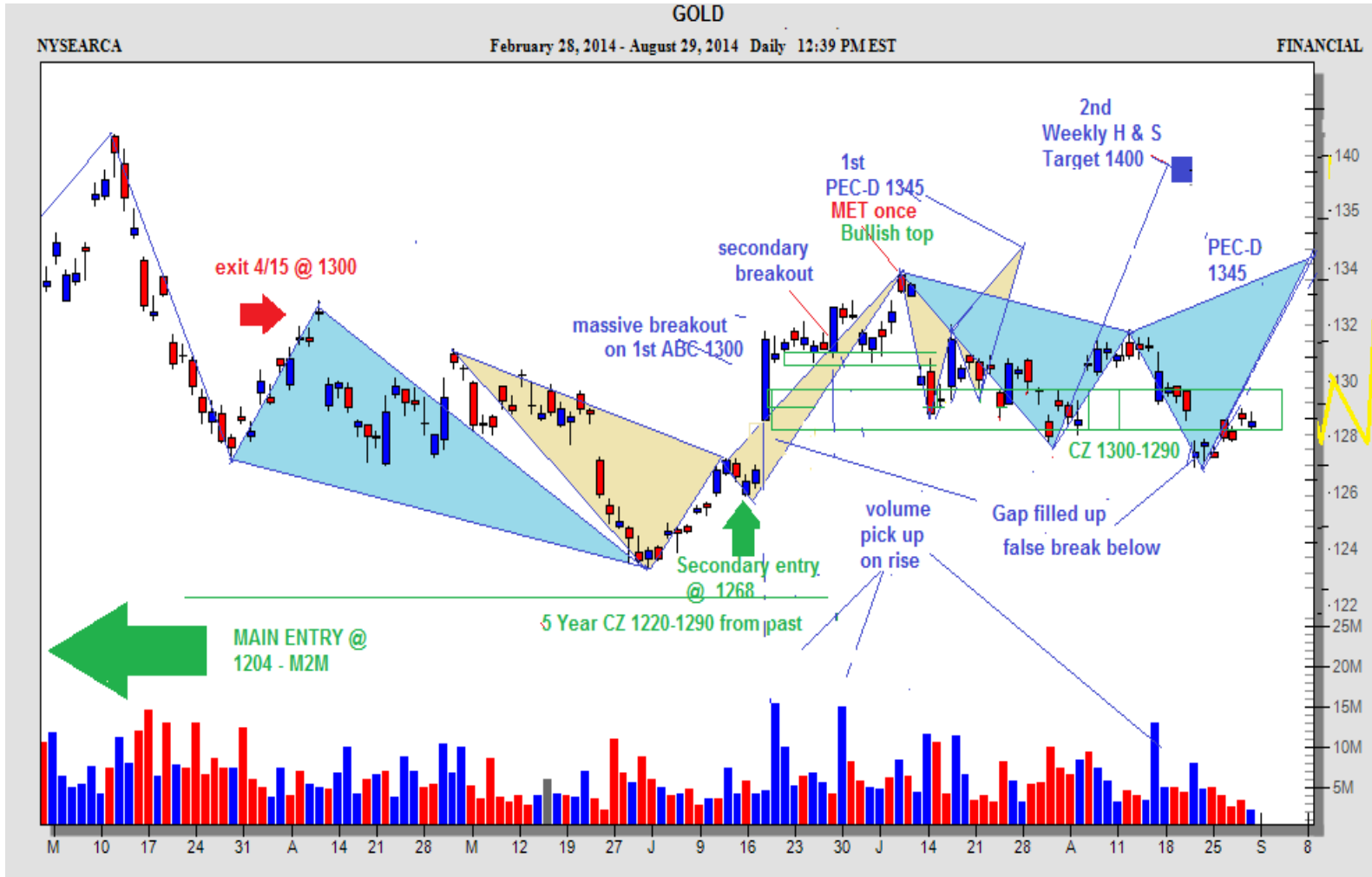
Seasonal – Remains positive from end July to October for most explosive for GOLD Markets .

GOLD STOCKS (GDX) continues to outperform GOLD. GDX/gold ratio has been rising Bullishly. This is Bullish condition for both gold and gold stocks.

GOLD- CZ/ PEC- D Analysis POM 13 - Daily chart – Short term Chart 1

Downside - False break below (fill the gap at 1275) on lighter volume , trying to get back in range CZ 1300-1290 breakout area. consolidation and for next rally.

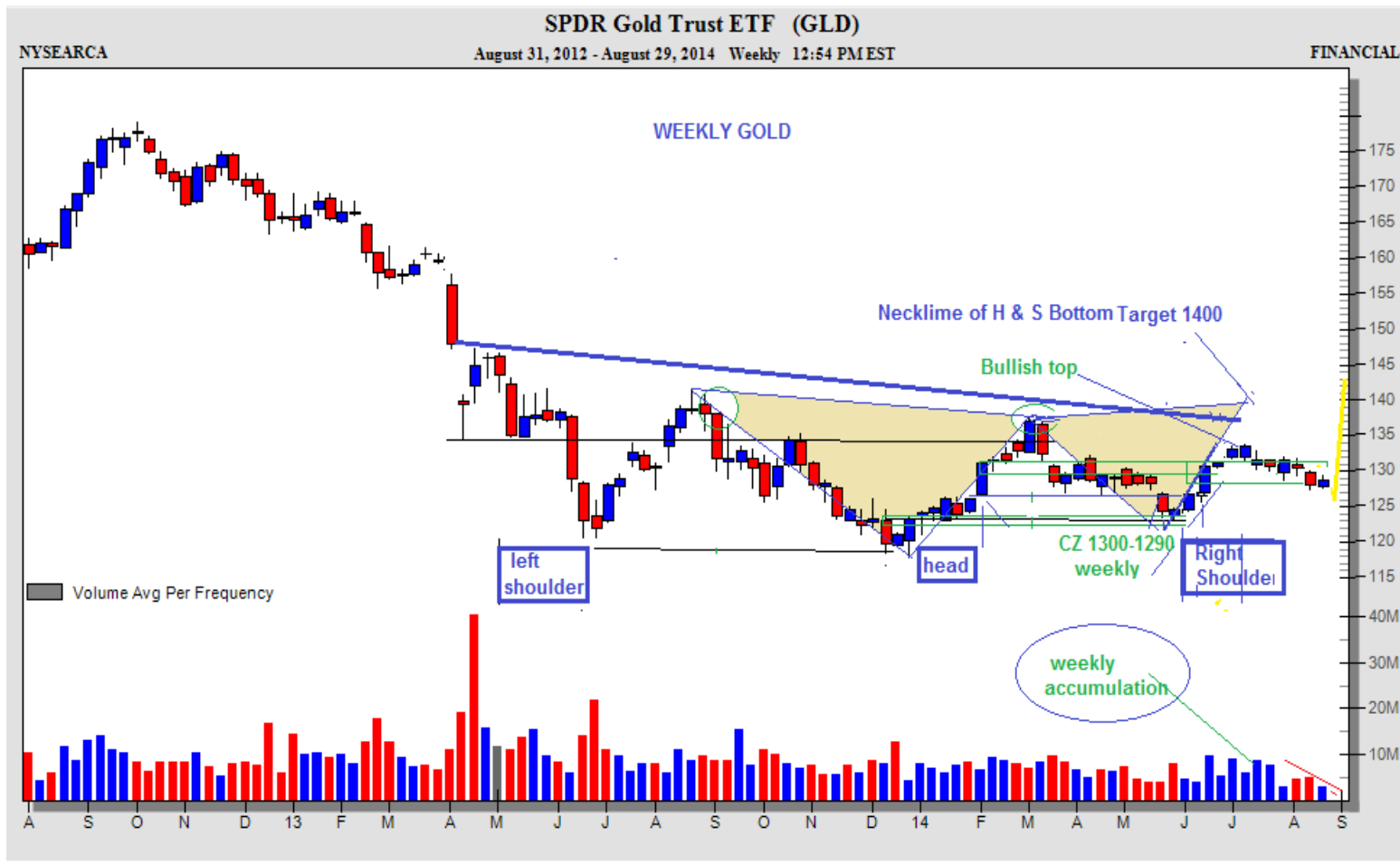
UPSIDE – 1st Target **PEC-D 1345- Bullish top. Should be re tested again - met once** (**Notes within the charts**)



GOLD – Weekly – PEC –D / CZ Analysis - Chart 2

Downside - CZ 1300-1290 – Under false break Rejecting lows with Bullish Bottom for next rally.
GOLD has seen a solid bottom on 5 year weekly chart within CZ 1220-1190

Upside - Weekly ABC up target 1400 - Inverse H & S bottom is under formation (Notes within the charts)



GOLD v/s Money flow Analysis - Chart 3



Appendix Content

- 2012 YTD – SPX - 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

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.*

(42) - INSTRUEMNTS COVERAGE SUMMARY

Re - STRATEGY & PROP ANALYSIS with – POM, CZ, PEC-D, PQV

GR 1 (13+2) Coverage in MS	GR 2 (9 +4) Coverage in SECTORS	GR 3 (8+1) Coverage in COMMODITY	GR 4 (5) Coverage in CURRENCY
<p>US BROADER IDX</p> <ul style="list-style-type: none"> • SPY (SPX 500) • DIA (DOW 30) • QQQ (NASD100) • IWM (Small Cap) • IYT (Transports) • NYA (NYSE) <p>BOND IDX</p> <ul style="list-style-type: none"> • TLT (Bonds) • MUB (Muni). (SP) <p>GLOBAL IDX</p> <ul style="list-style-type: none"> • EEM (Emerg.) • EWJ (Japan) • FXI (China) • EWZ (Brazil) • FTSE (Europe Proxy) • BSE (India) • EWA (Aust) SP <p>SP - Special situation</p>	<p>SECTORS IDX</p> <ul style="list-style-type: none"> • XLF (Financials) • XLV (Health) • XLB (Materials) • XLE (Energy) • XLK (Tech) / QQQ - Proxy • XLI (Industrial) – • XLP (Staples) • XLY (Discretionary) • XHB (Home Builders) • XLU (Utility) SP • RTH (Retail) - SP • SMH (Sem.) SP • BBH (Biotech) SP 	<p>COMMODITY IDX</p> <ul style="list-style-type: none"> • CRB /DBC • GLD (Gold) • SLV (Silver) • GDV (Miners) • OIL • Copper • DBA (Agro) • UNG (Natural Gas) • DBB (Base M) SP 	<p>CURRENCY</p> <ul style="list-style-type: none"> • USD / DXY • EUR/USD • AUD/ USD • USD/JPY • GBP/ USD

POM criteria for Implementation on SPX

- 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)

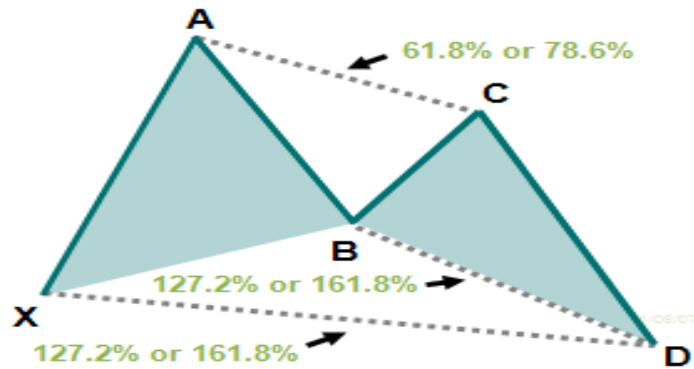
Pythagoras Expansion / Contraction – (PEC) Model

- 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 streams to achieve confluence point D coinciding with POM

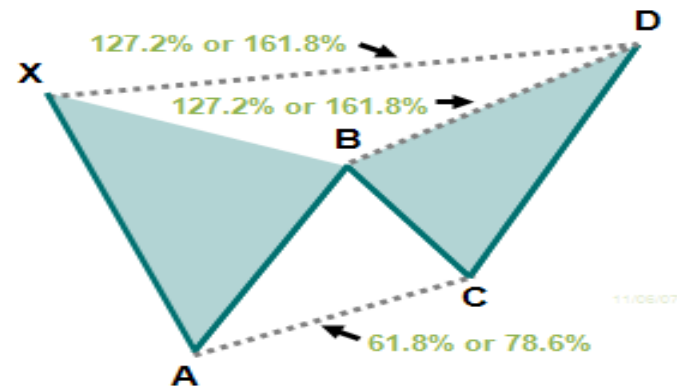
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

Buy Pattern (bullish)



Sell Pattern (bearish)



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.