



Date : 10<sup>th</sup> December ( 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</u> Update For Trend Reversal	Progress Status	Current Position / Exposure	NEW ACTION ( Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>GOLD</b>	1229	POM 13 Re – Run Marked to Market on 1/01 start @1205	Triggered entry to scale in CZ 1190-1220 @1201 On 10/2	BULLISH	12% Net Long	NONE	1 <sup>st</sup> ABC Target 1220 Met with Bullish Top	Target 2 <sup>ND</sup> PEC-D 1260 Bullish Top  Weekly ABC to 1325 Bullish Top H& S Bottom Target 1335	Pull back Possible to breakout area 1220-1200 But then Head higher	CZ 1135-1130 rejected Bullish Bottom Bear Trap - & Key reversed	Move below Weekly 5 year CZ 1190-1220 Is false break.

**ACTIONABLE IDEAS** - Our Current position is positive.

**For Bulls** – Hold the position entered on 10/2 @ 1201. The first rally to PEC-D 1220- Met . Target ABC up @ 1260 Bullish Top should be re tested.

**For Bears** – Heavy overhead CZ 1220-1190 on bounce is broken out Bullishly. Wait for Target PEC-D 1260 to fail This is not a candidate for Short Sell

## GOLD – Overview & Update

POM 13 – @ 1204 – 1<sup>st</sup> Jan 2014 & Re run @ 1200, 10/2 .

Gold has made a very significant bottom. The re test of Bear Trap to 1145 resulted in massive rally.

A major sign of strength resulted in ABC up to our First Target of 1220 . The Gold is now moving above the break. We expect to see Gold contract move higher to PEC-D 1260.

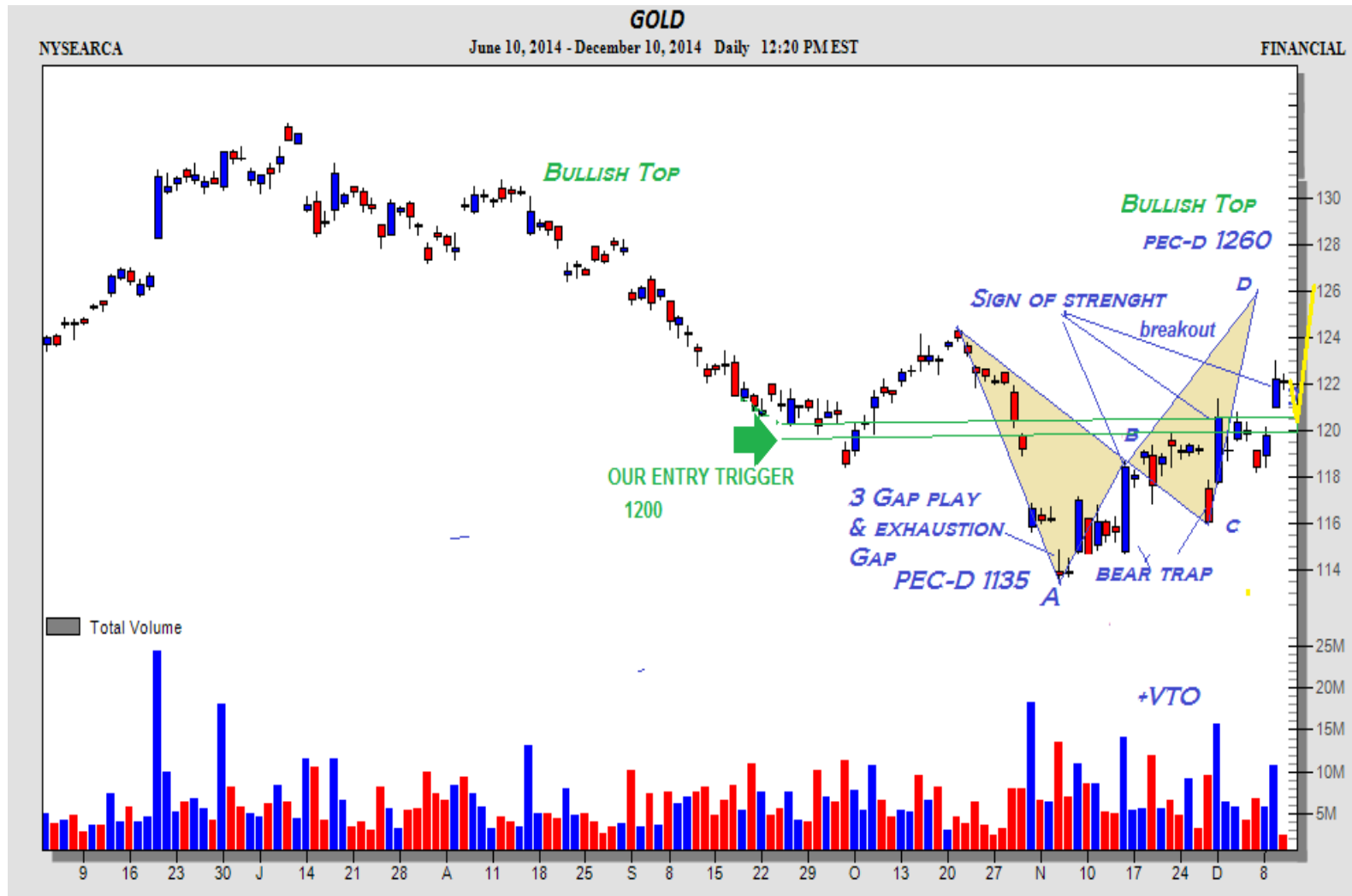
USD Target to 89 has completed its 2<sup>nd</sup> weekly ABC up . Currently it is exhausting itself after the highs are tested several times and failed on volume . The Retracement should fuel the move in Gold from 1200 to 1260( 2<sup>nd</sup> ABC up target) .

On longer term basis we think the recent move below CZ 1220-1190 was a shake out on weekly / monthly basis. Currently on weekly basis it is forming **H & S bottom to target 1325**

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

UPSIDE – 1<sup>st</sup> Target PEC-D 1220 – Met and 2<sup>nd</sup> target 1260 is in progress

Downside - Pull to breakout area CZ 1220-1200 possible gap under. (Notes within chart)

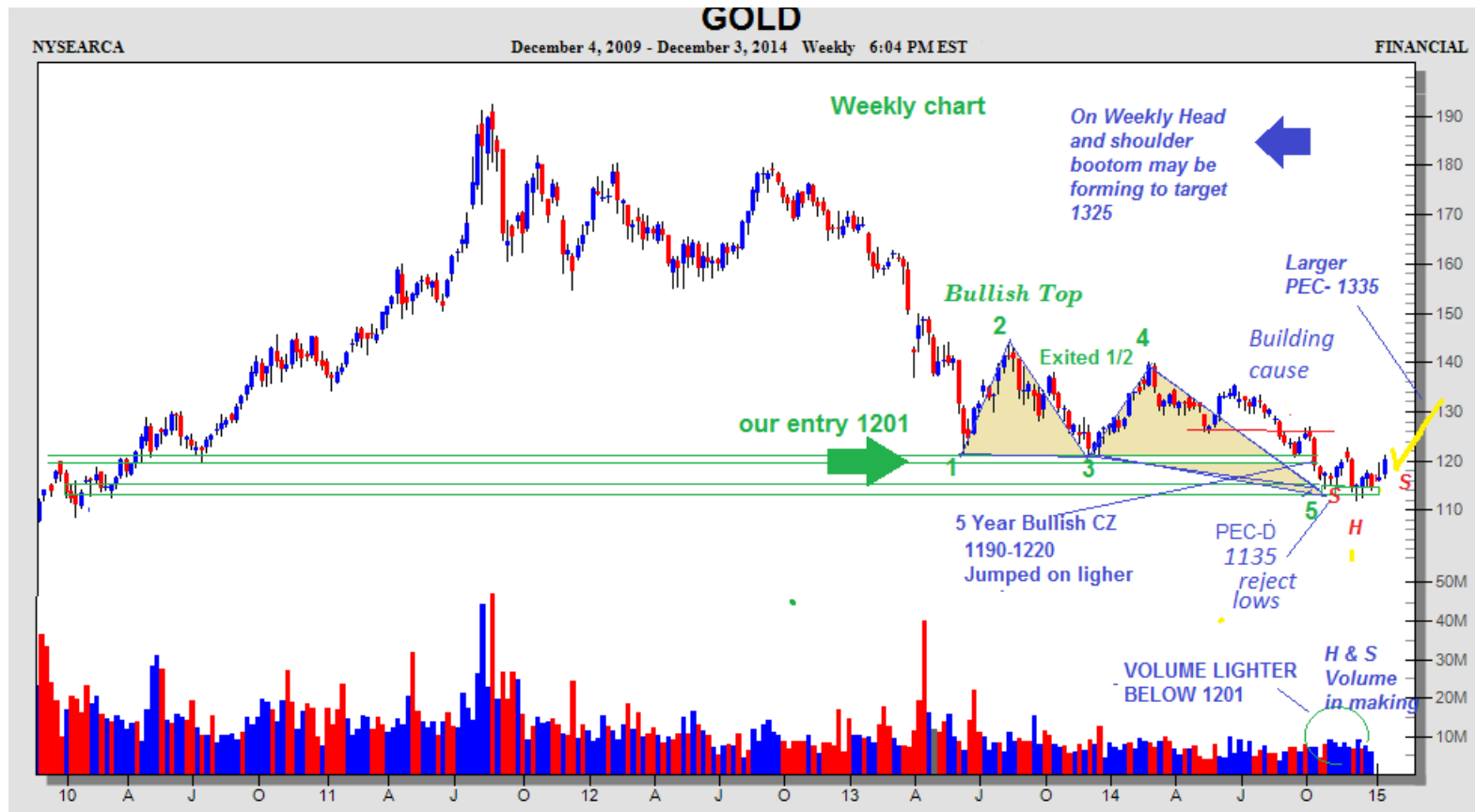


# GOLD – Weekly – PEC –D / CZ Analysis - Chart 2

**Downside** – Bear Trap to 1140 proved its merit with massive rejection of lows and completed Wave 1-3-5 pattern @ PEC-D

**UPSIDE** – Weekly , Head and Shoulder bottom is under formation to target 1325.

Chart below indicates the volume is lining up for H& S bottom.



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

## 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

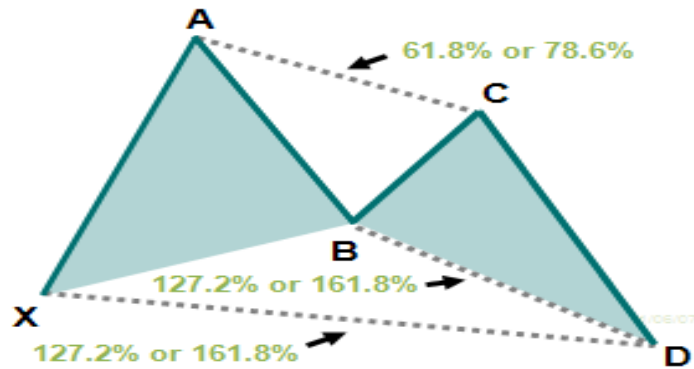
- PEC Model is a 2<sup>th</sup> Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion 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 streams to achieve confluence point D coinciding with POM

## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

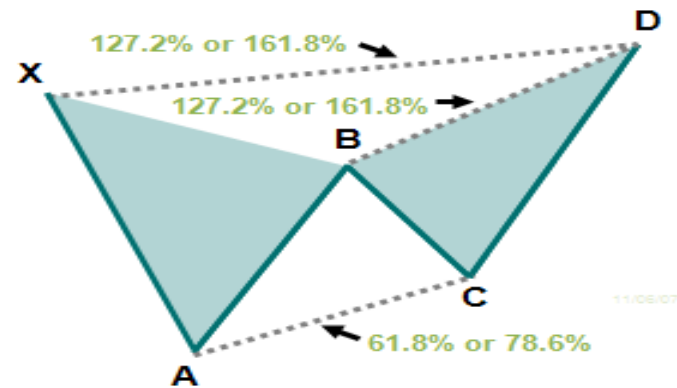
The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D



### 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.