



Date : 1st July 2014 (Tuesday)

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

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Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcemen</u> <u>t Update</u> For Trend Reversal	Progress Status	Current Position / Exposure	<u>NEW ACTION</u> (Trigger to Watch))	<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
GOLD	1326	POM 13 Re – Run Marked to Market on 1/01 start <u>@1205</u>	Announced Re- entry Trigger @ 1268 Email 6/17 Alerted Stop 1268	BULLISH	Net Long	NONE	CZ 1325-1345- Approaching then Shallow Pull back	Target 2 nd ABC to 1400 Bullish Top Weekly ABC up & H & S bottom	Pull back 1310-1305 & next leg higher Bullish Bottom	PEC-D 1260 Rejected lows Bullish Bottom	CZ 1300-1290 Broke out high volume For a large ABC up Weekly 5 year CZ 1220-1190 Is solid floor Bullish floor

ACTIONABLE IDEAS -

For Bulls – Triggered re- entry @1268 , 6/17. with Bullish bottom , **GOLD EXPLODED since our trigger** . The Target ABC up & . H & S Bottom Target 1400

For Bears – This is not a light volume on breakout of CZ 1300-1290, therefore No Sell Signal till 1400, **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

GOLD – Gold has been following the price path pretty accurately since our Trigger entry 1268.

Currently, from CZ 1325-1345 , Gold may have short term pull back to 1310. Money flow suggests after the pullback another massive leg up

Overall , Gold has exploded upside with wide Sign of strength th' 1310 with high volume for large ABC up. Gold and silver making its biggest move in more than four years to the upside. These markets are coming off major bottoms could move them a great deal higher. Next few months to achieve its 2nd ABC up 1360 (Weekly ABC up) and Inverse H & S bottom target of 1400 (Refer chart below)

Seasonal – Historically July to October has been the most explosive for GOLD Markets .

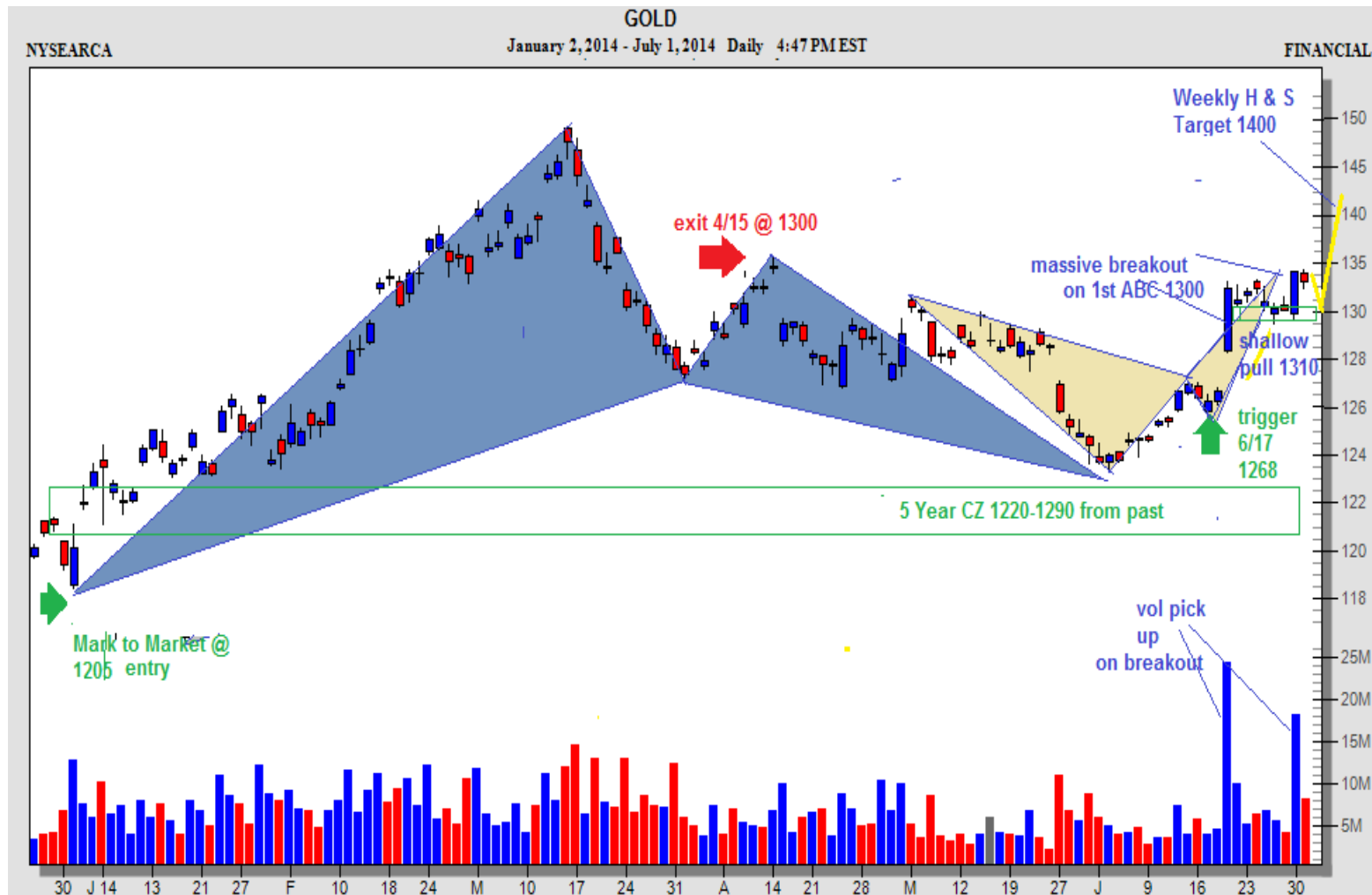
SPX UPDATE – As highlighted in our Monday MS Monday's Report , Today's Trading it has moved to test the highs of 1969 to our Target 1970-1975 on positive biased light volume Holiday week. The move from 1970 to 1976 has been on light volume. As mentioned in the Report , historically Market tends to put in short term lows on 30th June for 4th of July rally. We expect the market to peak around the 9th of July

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

UPSIDE – CZ 1325-1345 – Approaching . it should have short term pull back & rally back

CZ 1310-1290- Broke out explosively to Target 2nd ABC to 1400 in progress in Mid term

Downside - Pull back shallow to 1310 should reject and hold for next rally (Bullish bottom)

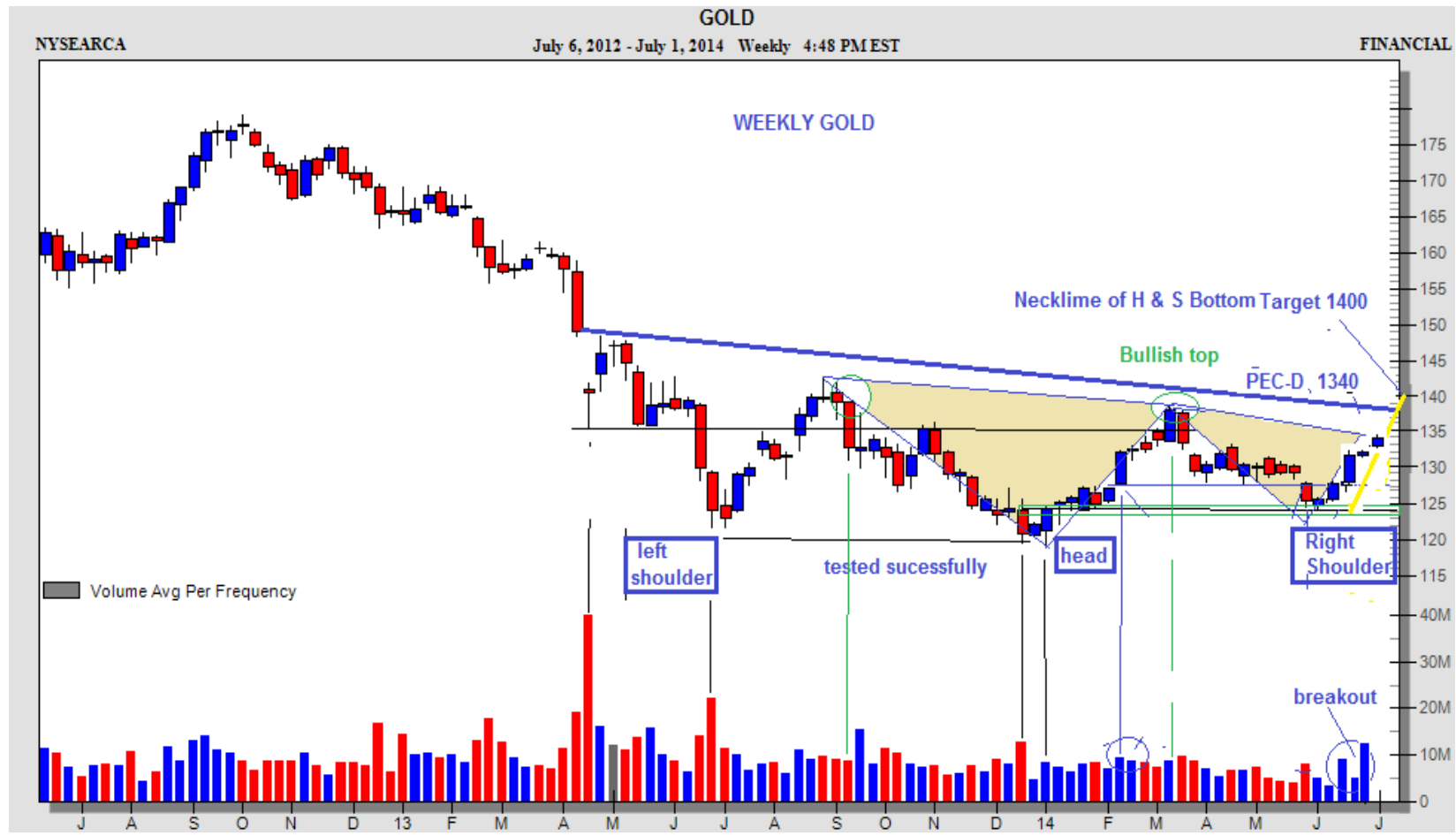


GOLD – Weekly – PEC –D / CZ Analysis - Chart 2

Upside - Inverse H & S bottom is under formation to **target 1400**.

PEC-D - 1345 – Bullish Top. Notes within the charts for current testing)

Downside - GOLD has seen a solid bottom on 5 year weekly chart within **CZ 1220-1190**.



GOLD – Money flow Analysis

Notes within the chart = +ve Divergence



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)

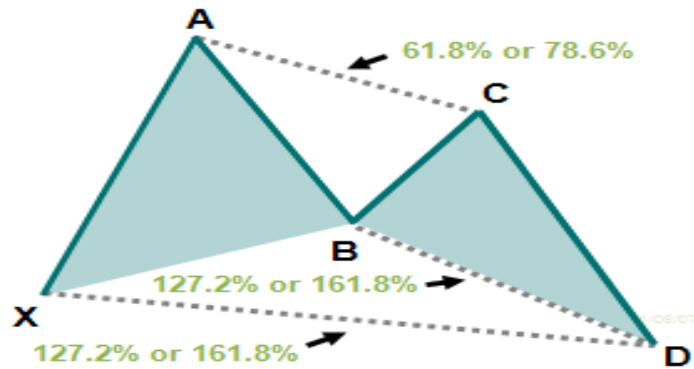
Pythagoras Expansion / Contraction – (PEC) Model

- 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

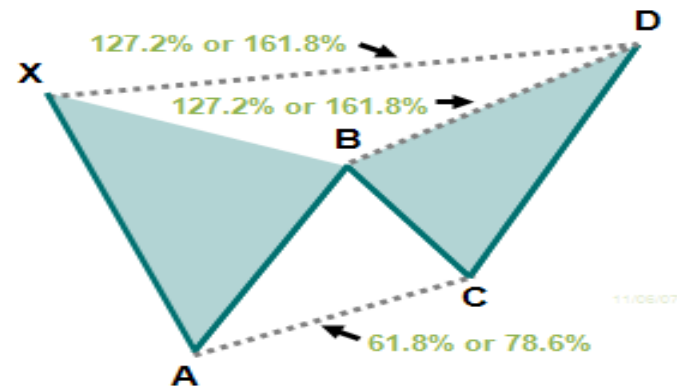
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



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