



SG Capital Research

Global Market Insights

Chart System

Date : 9<sup>th</sup> July 2014 ( Wednesday)

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

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### 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>	1328	POM 13 Re – Run Marked to Market on 1/01 start @1205	Announced Re- entry Trigger @ 1268 Email 6/17 Alerted Stop 1268	BULLISH  <i>Rejection Of shallow retracement to 1305 Sets up Larger ABC up</i>	Net Long	NONE	Target PEC-D 1345- Bullish Top	Target 2 <sup>nd</sup> ABC to 1400 Bullish Top Weekly ABC up & H & S bottom	Pull back 1305-1310 Met & rejected for next leg higher  Bullish Bottom	PEC-D 1260 Rejected lows Bullish Bottom	<b>CZ 1300-1290</b> <b>Broke out high volume For a large ABC up</b>  <b>Weekly 5 year CZ 1220-1190</b> <i>Is solid floor Bullish floor</i>

### 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 a heavy 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 – 1<sup>st</sup> 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.

Past 2 weeks Gold has been building cause for next leg up. The Pull back to CZ 1305 -1310 was shallows and rejected with Bullish Bottom sets up Large ABC up . Money flow suggests another massive leg up

Overall , Gold has exploded upside with wide Sign of strength th' 1300 with high volume. Gold , GDX and silver making its biggest move in more than four years to the upside. Next few months to achieve its 2<sup>nd</sup> ABC up 1400 (Weekly ABC up) and Inverse H & S bottom target of 1400 ( Refer chart below).

SLV is much stronger than GOLD. GOLD stocks are leading and has began 2<sup>nd</sup> ABC up.

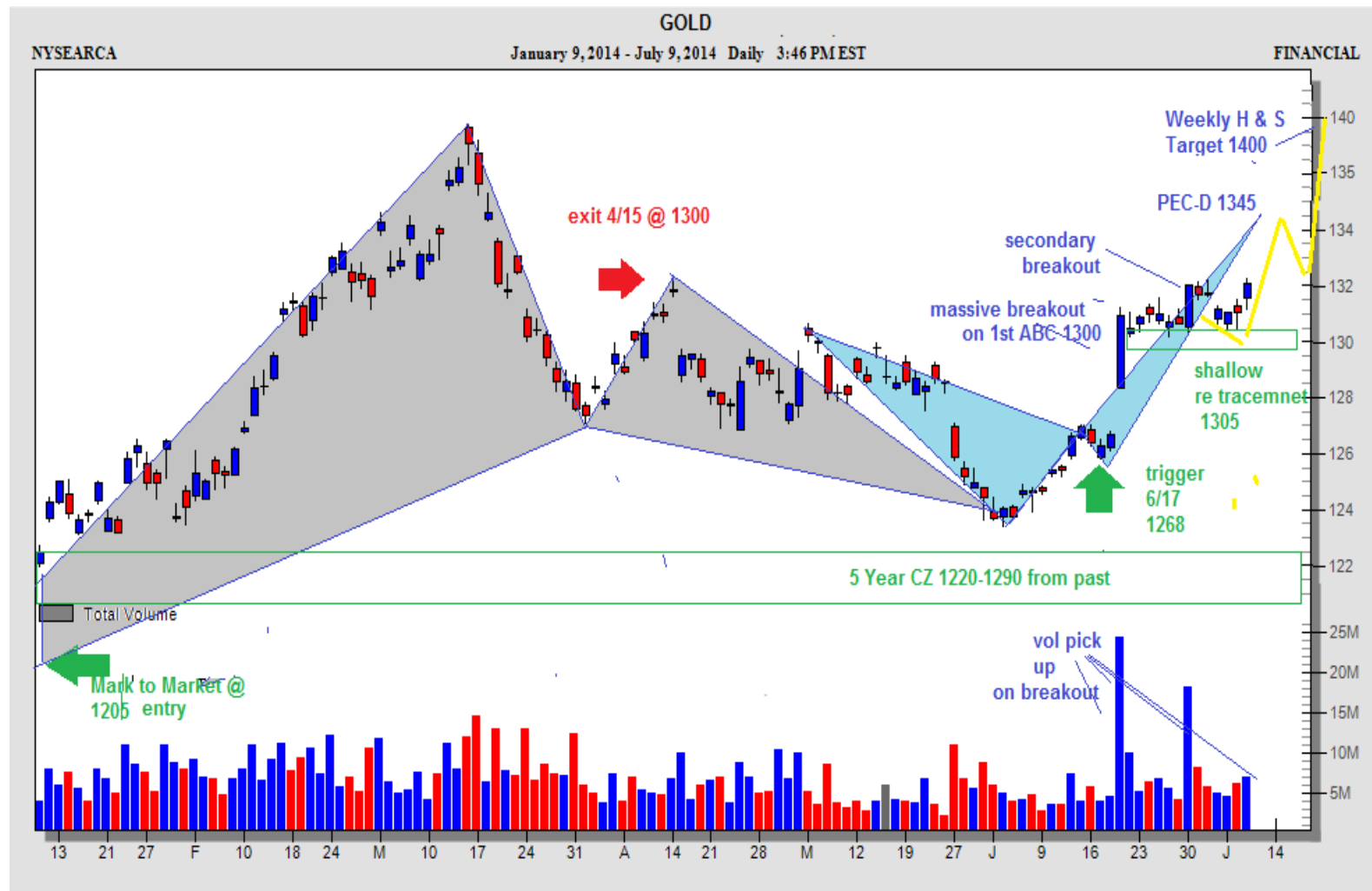
**Seasonal** – July to October has been the most explosive for GOLD Markets .

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

UPSIDE – PEC-D 1345

CZ 1310-1290- Broke out explosively to Target 2<sup>nd</sup> ABC to 1400 in Mid term

Downside - Pull back shallow to 1305 Rejected the lows with Bullish Bottom for next rally in progress.

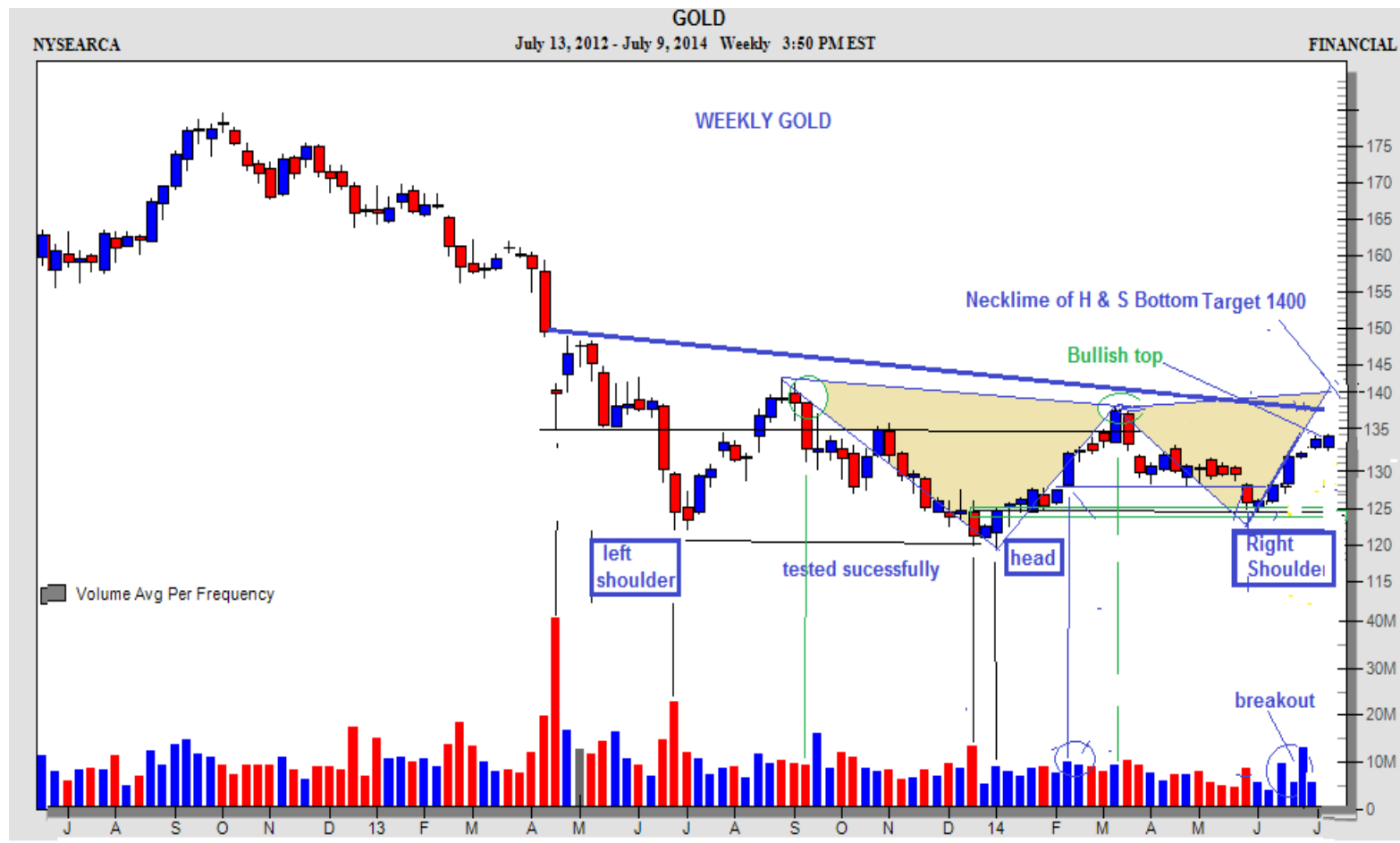


## GOLD – Weekly – PEC –D / CZ Analysis - Chart 2

Upside - Inverse H & S bottom is under formation to **target 1400 – Weekly ABC up.**

**PEC-D - 1345** – Bullish Top Daily 2<sup>nd</sup> ABC up. Notes within the charts for current testing )

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



# 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**

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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
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#### US BROADER IDX

- SPY ( SPX 500)
- DIA ( DOW 30
- QQQ ( NASD100)
- IWM (Small Cap)
- IYT ( Transports)
- NYA (NYSE)

#### BOND IDX

- TLT ( Bonds)
- MUB ( Muni). (SP)

#### GLOBAL IDX

- EEM (Emerg.)
- EWJ (Japan)
- FXI (China)
- EWZ ( Brazil)
- FTSE (Europe Proxy)
- BSE (India)
- EWA (Aust) SP

SP - Special situation

#### SECTORS IDX

- 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

#### COMMODITY IDX

- CRB /DBC
- GLD (Gold)
- SLV (Silver)
- GDX (Miners)
- OIL
- Copper
- DBA ( Agro)
- UNG ( Natural Gas)
- DBB ( Base M) SP

#### CURRENCY

- 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)



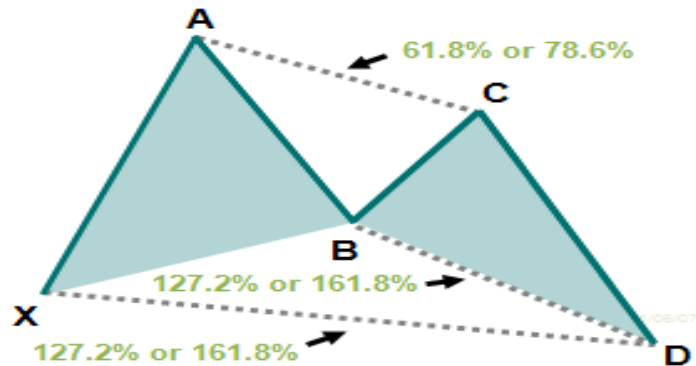
# Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 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

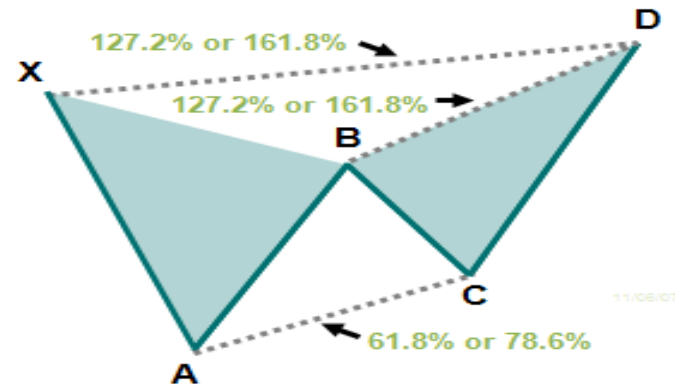
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



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