



Date : 30th 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 Update</u> 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
GOLD	1300	POM 13 Re – Run Marked to Market on 1/01 start @1205	Announced Re- entry Trigger @ 1268 Email 6/17 <u>Alerted</u> <u>Stop 1268</u>	BULLISH	Net Long	NONE	1 st Target PEC-D 1345- Bullish Top <i>Met once & sold off , It should re test again</i>	Target 2 nd ABC to 1400 Bullish Top Weekly ABC up <u>H & S bottom</u>	Pull back 1305-1300 Met & rejecting CZ for next leg higher 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

For Bulls – The First Target ABC up @ 1345 Met once but should be re tested again. It should Now rejecting lows at CZ 1305-1295 . The Mid term H & S Bottom Target @ 1400. GLD Triggered re- entry @1268 , 6/17. with Bullish bottom

For Bears – The heavy volume upside breakout of CZ 1300-1290 is being tested on pull back . No “Sell Signal” till 1400.
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

GOLD –

FOMC meeting on Wednesday may initiate volatility. But GOLD has been building cause with sideways move on low volume for past 4 weeks along with Gold Equity. GOLD Equities have not been pulled back much . This suggests a very large 2nd ABC up is in horizon. The volume should expand on way up.

We shall re test 1st Upside ABC up target of 1345 which was met earlier with Bullish top from our triggered entry 1268. The breakout area CZ 1305 -1300 on low volume with Bullish Bottom. Divergence in Money flow on GLD suggests another massive leg up after consolidation.

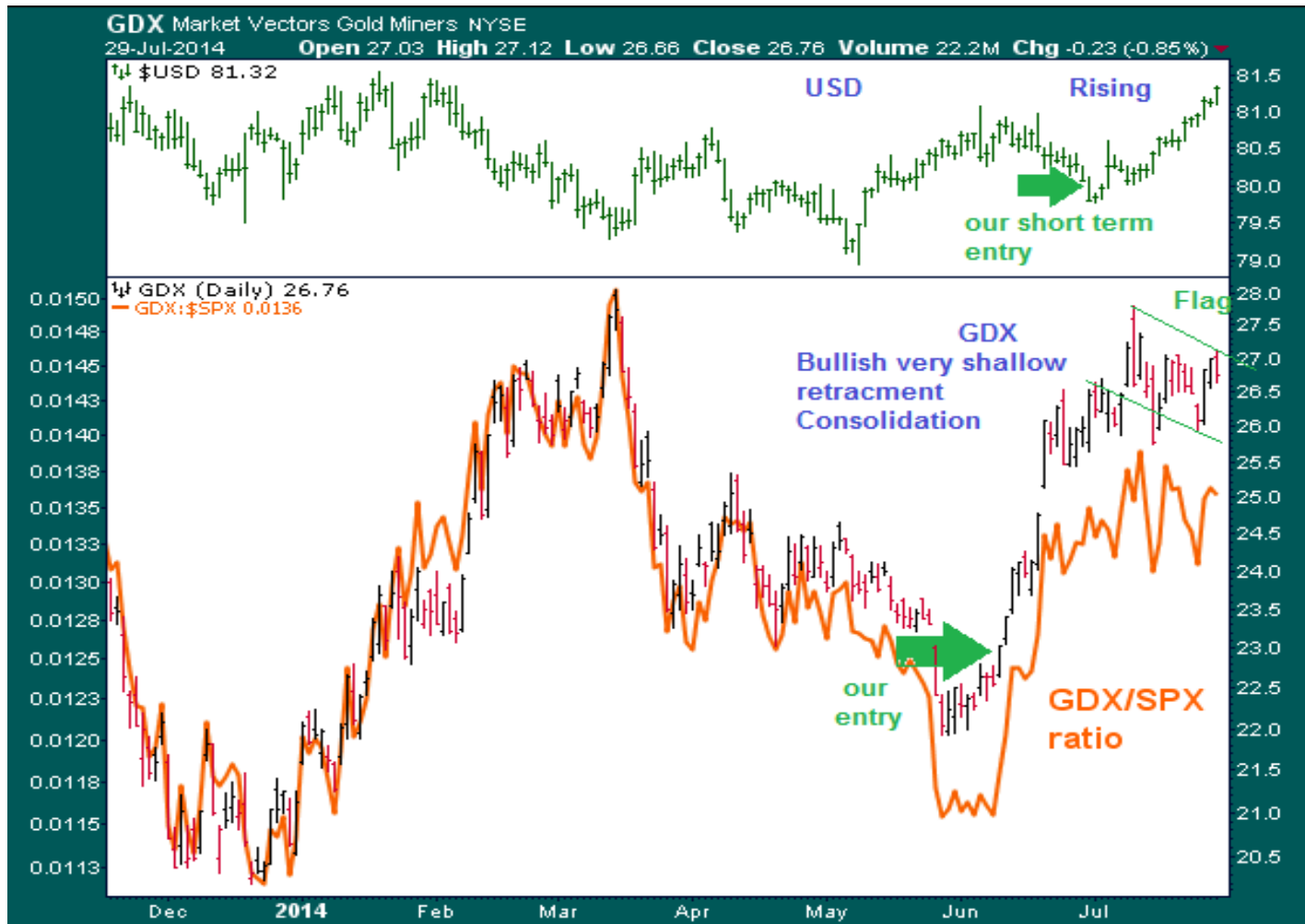
Next few months to achieve its 2nd ABC up 1400 (Weekly ABC up) and Inverse H & S bottom target of 1400 (Refer chart below).

GOLD STOCKS (GDX) OUTPERFORMING GOLD. GDX/gold ratio has been rising Bullishly. This is another good sign for the entire sector.

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

GOLD v/s GDX v/s USD – Analysis – Mid term Chart 1

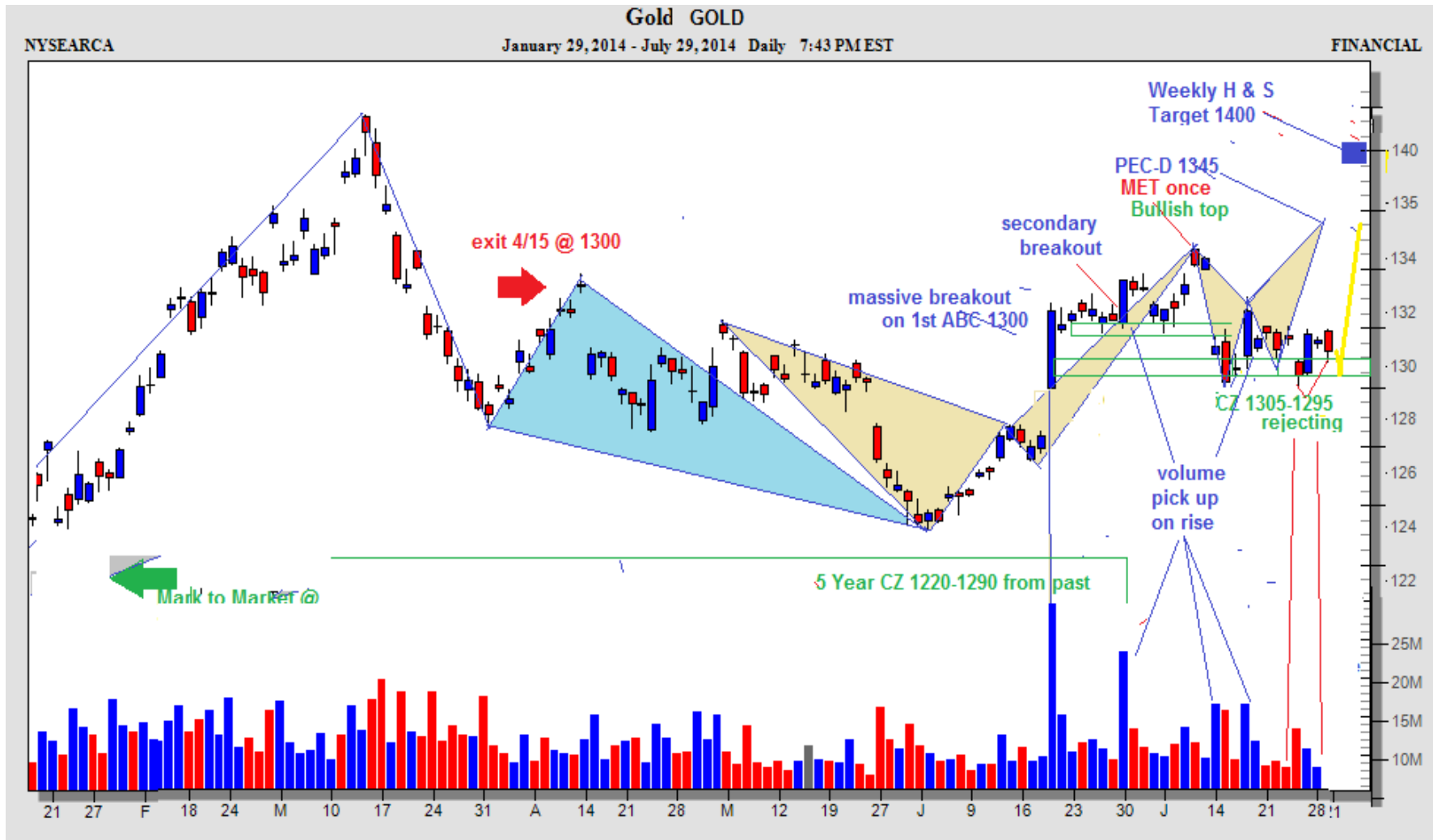
GOLD STOCKS OUTPACE STOCKS IN FACE OF RISING DOLLAR first time in two years, which is generally a good sign for both. **(GDX)** consolidating during the week but impressive in face of a stronger dollar. GDX is out pacing SPY as seen in **SPX ratio** **We have been Net long in both USD & GDX** (Refer chart below)



GOLD- PEC- D Analysis POM 13 - Daily chart – Short term Chart 2

Downside - Pull back to CZ 1305-1300 breakout area is Rejecting lows with Bullish Bottom for next rally.

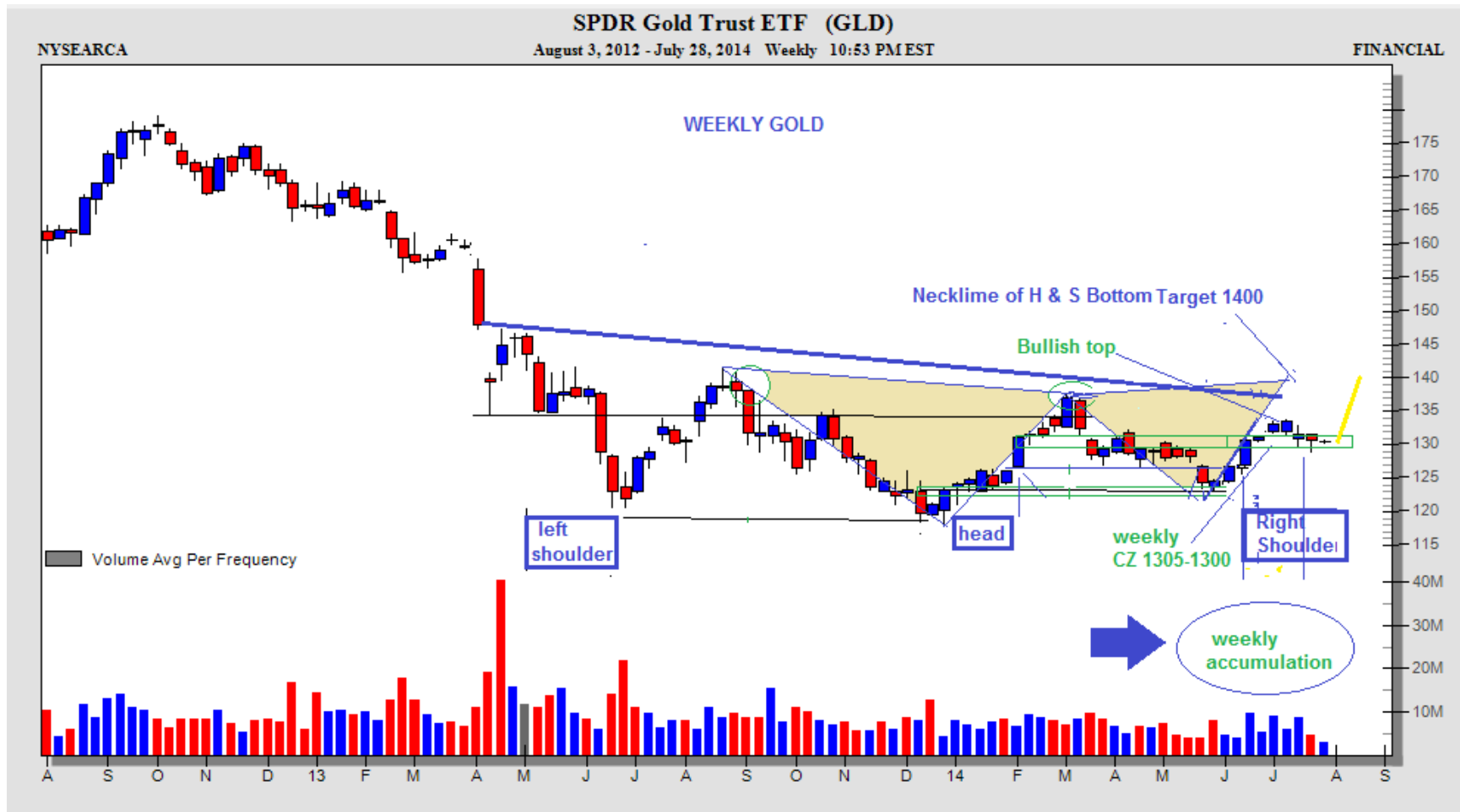
UPSIDE – 1st Target PEC-D 1345- Bullish top. Should be re tested again - met once (Notes within the charts)



GOLD – Weekly – PEC –D / CZ Analysis - Chart 3

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

Downside - CZ 1305-1290 – Under accumulation for several weeks Rejecting lows with Bullish Bottom for next rally.
GOLD has seen a solid bottom on 5 year weekly chart within CZ 1220-1190.



GOLD v/s Money flow Analysis - Chart 4



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)

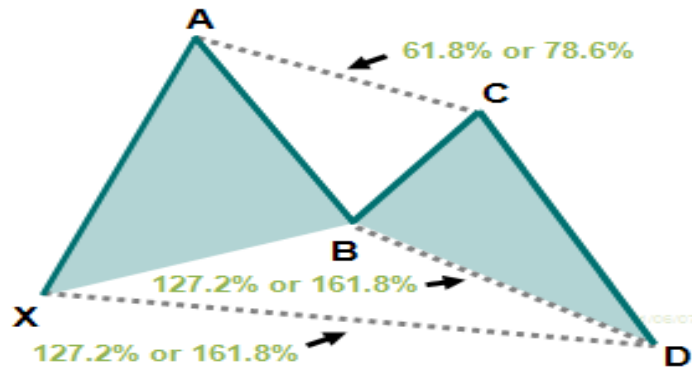
Pythagoras Expansion / Contraction – (PEC) Model

- 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

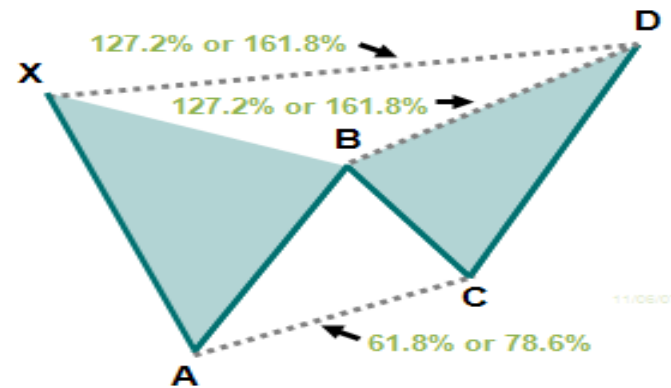
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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