



Date : 6th November (Thursday)

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	<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	1145	POM 13 Re – Run Marked to Market on 1/01 start @1205	Trigger entry to scale in Within CZ 1190-1220 On 10/2	NEUTRAL	12% Net Long	NONE	Bounce target 1220	1 st Target PEC-D 1260 Bullish Top Weekly ABC to 1345 Bullish Top	Weekly 5 year CZ 1190-1220 Jumped over	Target to 3 gap downside move to 1135-1125 is in progress (Exhaustion)	

Note – GOLD is 50 points (4.2%) below our avg entry point of 1200 on 10/2 . We are holding on our Net long position till panic settles.

ACTIONABLE IDEAS -

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

For Bears – Heavy overhead CZ 1220-1190 on bounce can be considered to sell into only upon failure with Bearish Top.

GOLD – Overview & Update

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

Since last week's Report, the pull back to CZ 1190-1220 did not hold. Gold jumped the creek on heavy volume on daily but On Weekly and monthly the volume is still lighter. Currently we are 4.5% below our entry point. Frankly speaking we did not expect it to happen. Especially CZ 1190-1220 was very formidable with several cross section projections

Strength in USD continues and the upside projection to 89 should be complete for Gold to reverse. In terms of 3 gap downside move has the Exhaustion move between 1135-1125. Sentiment readings in general for gold are at bullish levels and suggests gold is near a low; however momentum needs to turn up before a low can be stated.

Although we have 4.5% drawdown, we are have several Bullish Tops and no bearish bottom in place to say quit!. The opportunity may come on bounce to 1200 (which is our cost price to decide any further action).

Summary of our GOLD Positions for 2014

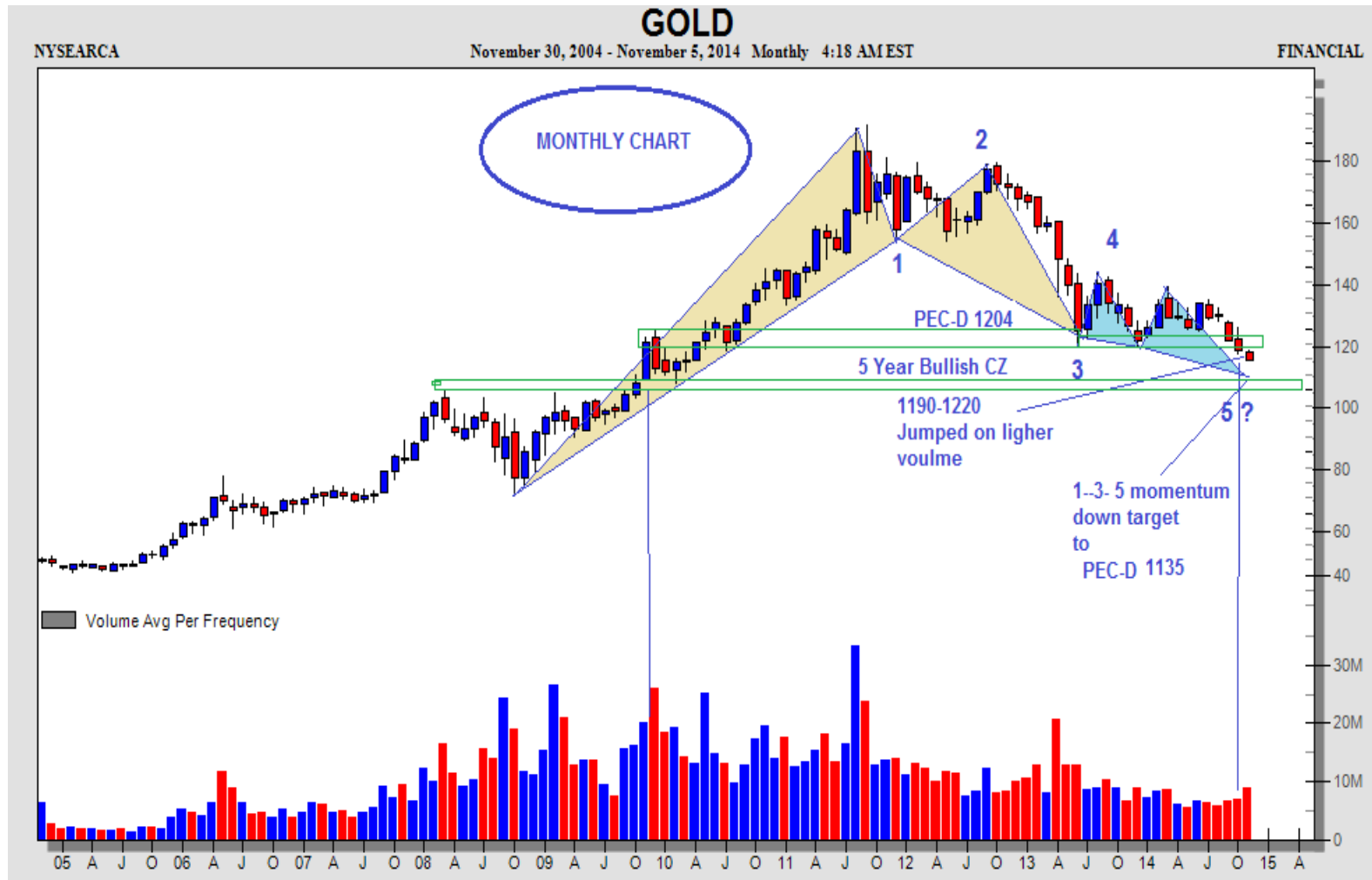
1. Entry @ 1204 (1/1) , Exit @ 1300 (4/15) for **8.35% profit** . Simultaneously GDX for **16.3% profit**
2. Entry @ 1280 (4/22), Stopped out @ 1270 (5/27) . Almost at **breakeven (-0.7%)**. Simultaneously GDX for **-3.38% loss**)
3. Entry @1268 (6/17) , Stopped out @ 1268 (9/5) , At cost price. **(0%)** . Simultaneously GDX for **7.14% profit**
4. **Entry @ 1201 (6/17), OPEN @ 1145- current for -4.5% Drawdown.** Simultaneously GDX for **-21% Drawdown**

Net – Net – We are still ahead of the game and current position should be profitable in time. Although we are not happy about last drawdown

We have prospective of Gold market on Monthly, weekly and daily time frame to see the price projection and volume based on this current breakaway. Although chart 1,2 has similar conclusion, the 3rd chart , Daily Short term has significant break. Our 1st **bounce target is 1220 and Upside ABC up target is 1260**. It may take time to get our full projection soon.

GOLD – Monthly – PEC –D / CZ Analysis - Chart 1

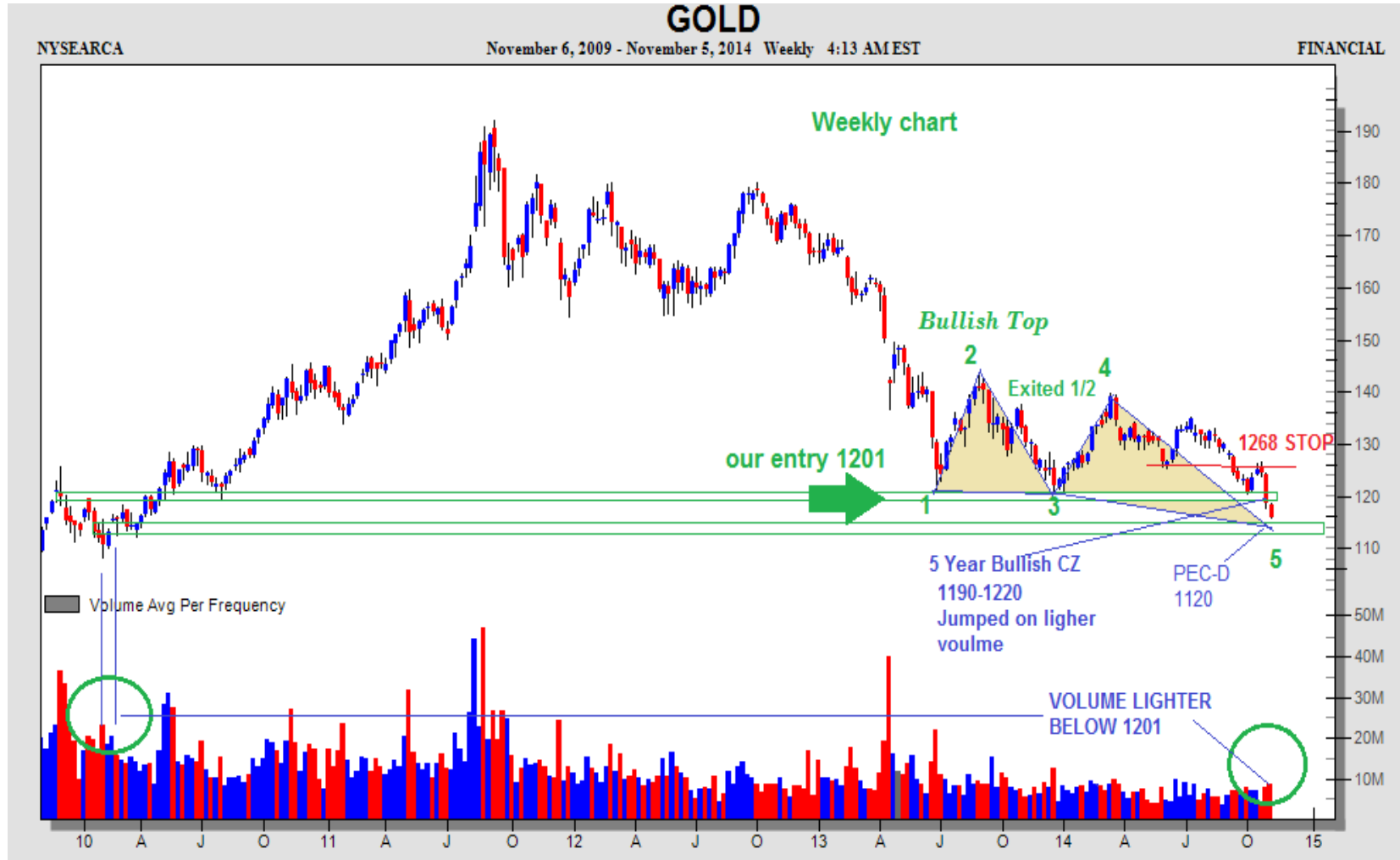
Gold appears to be in **1-3-5 pattern of downside** on monthly projected to PEC-D 1135. Gold is below **our CZ 1190-1220** by 50 points



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

Weekly Inverse H & S bottom was negated.

Downside – PEC-D 1120 – Chart below indicates the volume is way lighter on this breakaway move.



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)

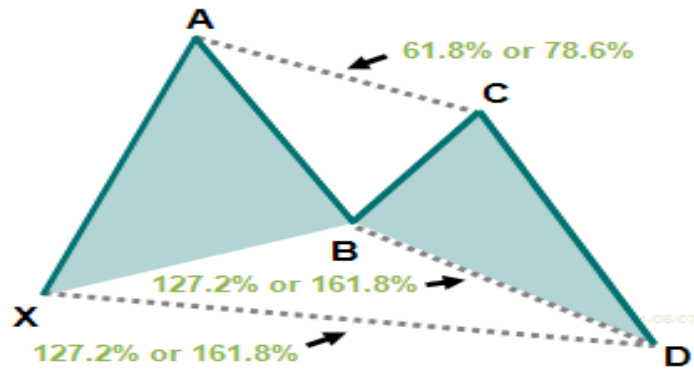
Pythagoras Expansion / Contraction – (PEC) Model

- 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

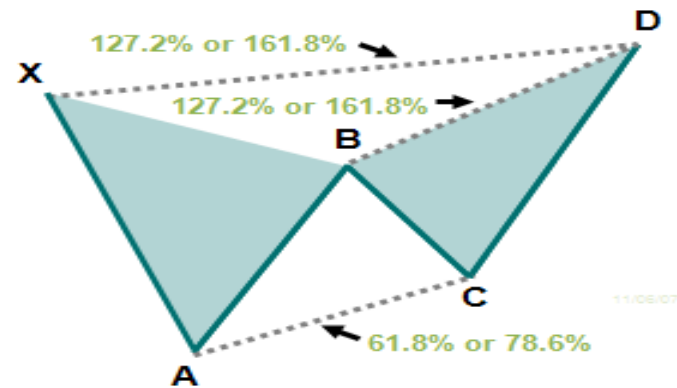
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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