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MS –GOLD – POM - MARKET STRATEGY REPORT

By : Suneil R. Pavse, CMT

● Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> Update 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	1140	POM 12 On 8/15 @ 1120 TRIGGER	NONE	BULLISH	Full Position 17% Net long	NONE	Target 1 st ABC up to 1150 approaching EXACT	2 nd PEC-D 1210 Bullish Top	Pull back to 1120 – EXACT & rallied up	ABC down to 1070 Rejected lows With Bullish Bottom	

GOLD is 33% in our Asset allocation holding: split equally in GOLD and GDV.

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GDX (XAU /HUI MINERS COR)	14.48	POM 12 On 8/15 @ 14.3 Trigger	NONE	BULLISH	Full Position 17% Net long	NONE	1 ST ABC up at 16 Bullish top	Target ABC up to 17.5 Bullish Top	Pull back to 14.5 rejected Bullishly. Exact	ABC down to 13.50- Double bottom Rejected lows	

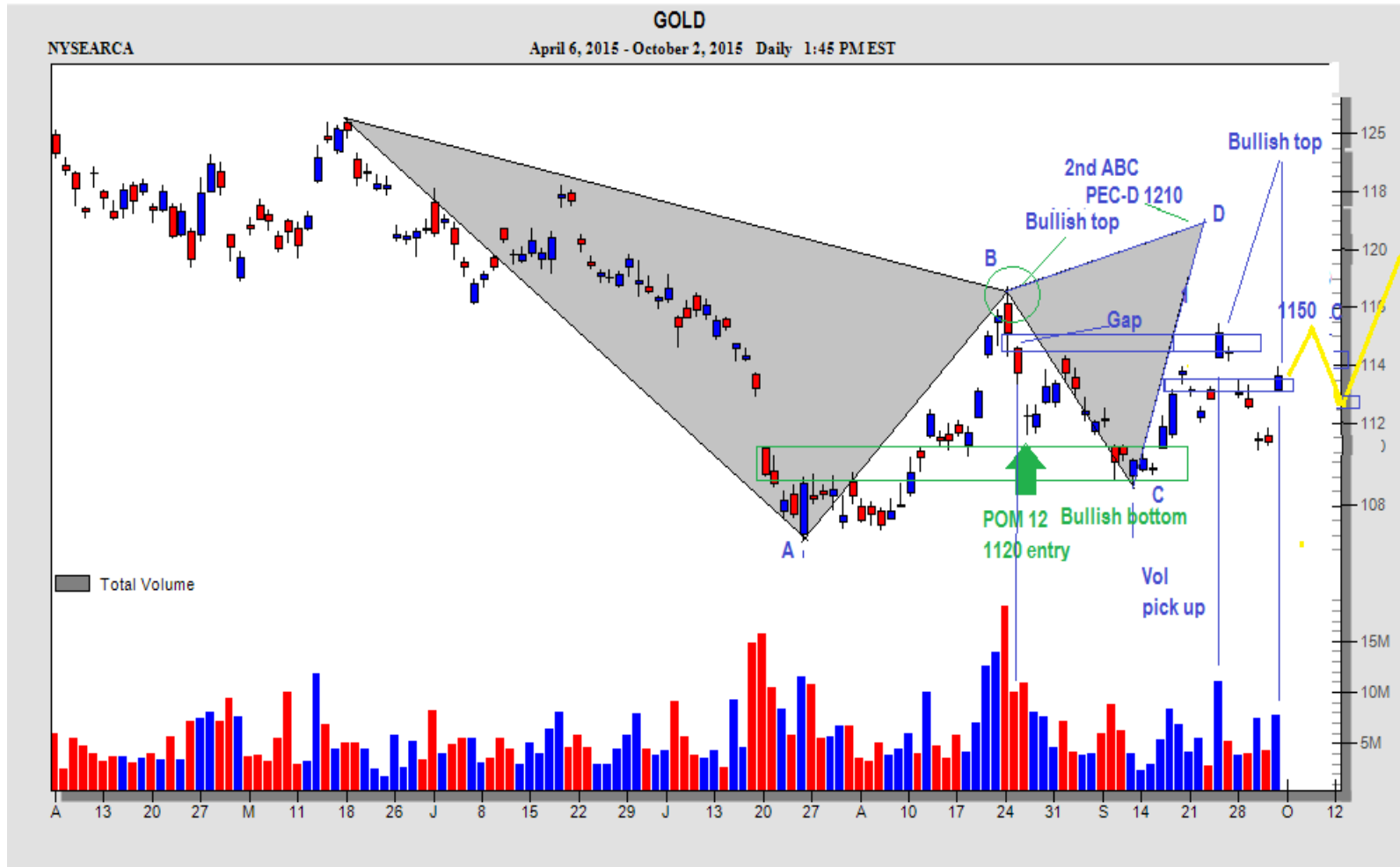
Gold and Miners continued to rally with volume when the BLS came out with Report last week. If this volume continues it could initiate a larger impulse wave up beyond our nominal trade projections.

GOLD- CZ/ PEC- D Analysis Daily chart

Notes within chart

UPSIDE – 1st ABC up to 1150 target approaching. – 2nd ABC up to 1210

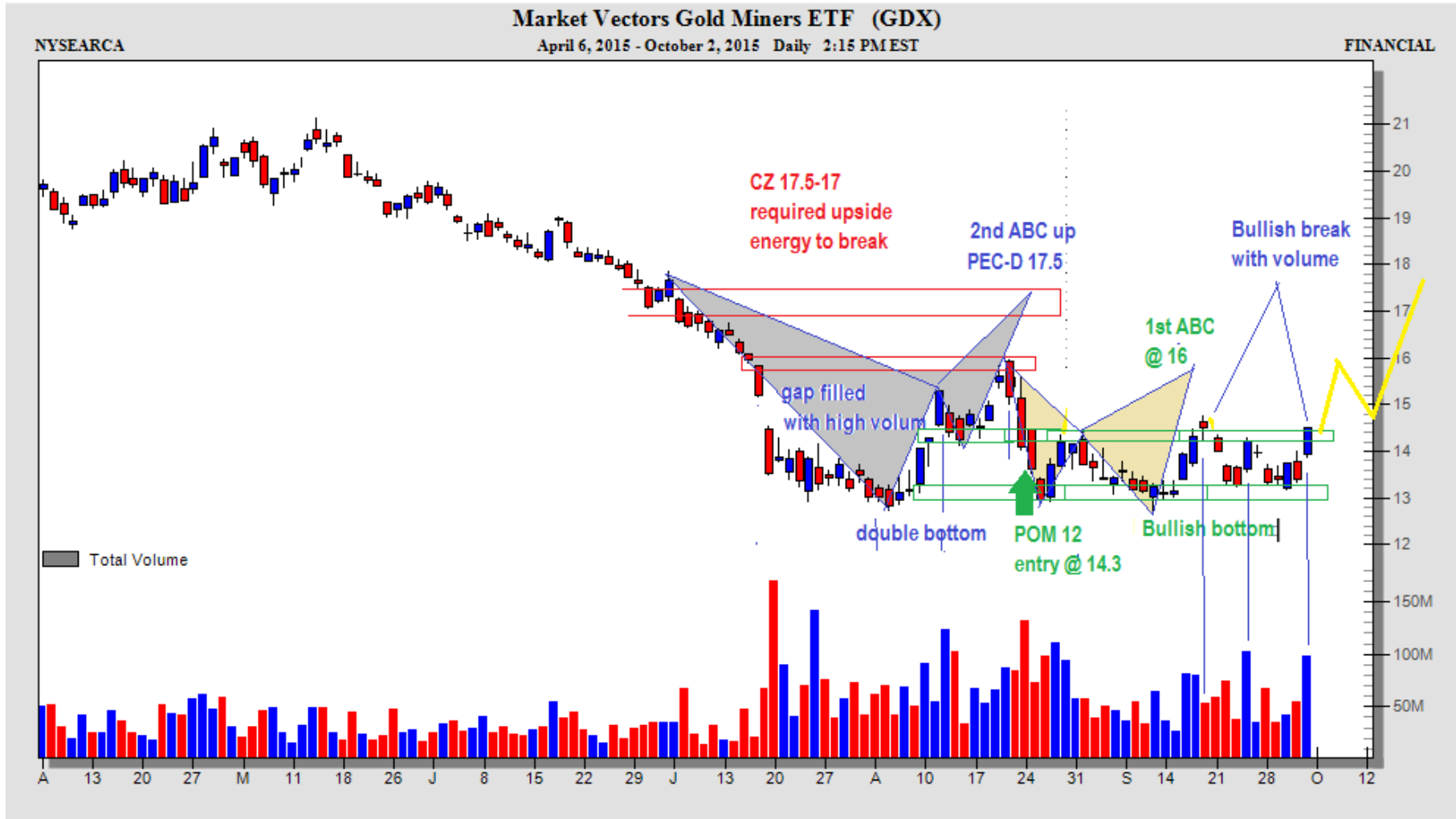
Downside - Pull backed to 1120 – EXACT and rallied up.



GDX – Daily – PEC –D / CZ Analysis

Downside - Pull back to PEC-D 14 rejected the lows with Bullish bottom

Upside - 1st ABC up to 16 Bullish top . & 2nd ABC up to 17.5



GOLD – Monthly Analysis

The chart below is monthly Gold going back to 1980. Gold has an 8 year cycle noted by the red vertical lines and the next major cycle low is due in Jan 2016. In general when the monthly RSI stays below 50 than market is considered in a down trend and when above 50 the market is considered in an uptrend. A break above 50 on the RSI (coming soon) will be a longer term bullish sign, but as for now the monthly RSI stands at 47. It appears Gold is at 50% retracement level of the rally off of the 2000 low and also XAU is matching the price low of 2000. These levels are important price areas and we are watching closely for momentum changes. Momentum has stalled to the downside.



Appendix Content

- Objectives & POM /CZ / PEC –D Guidelines – 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.*

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)

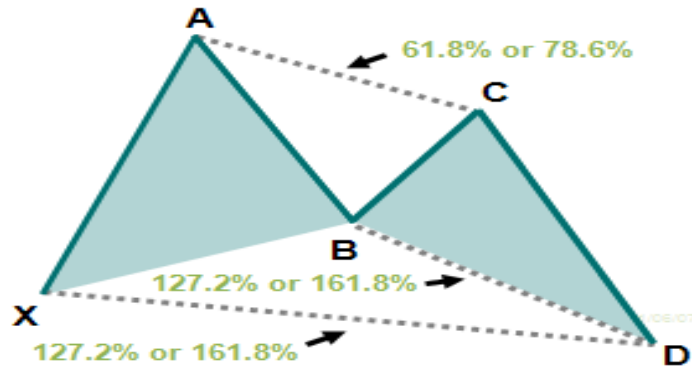
Pythagoras Expansion / Contraction – (PEC) Model

- 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

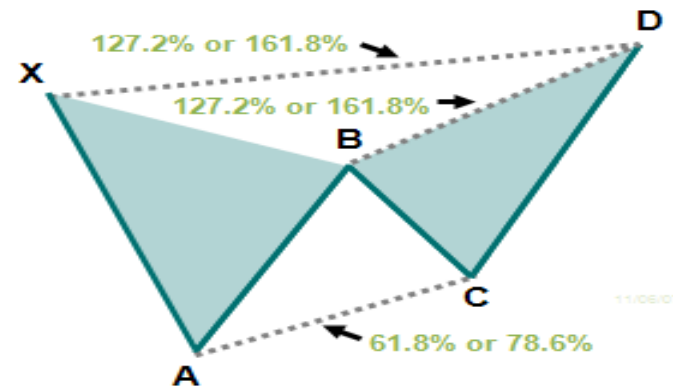
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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