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MS –GOLD – GDX - STRATEGY REPORT

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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	<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	1164	POM 12 On 8/15 @ 1120 Triggered	On correct path as suggested	BULLISH Short term shallow pull in progress	Full Position 17% Net long	NONE	Target 1 <sup>st</sup> ABC up to 1152 Bullish top approached EXACT	2 <sup>nd</sup> PEC-D 1210 Bullish Top	Pull back to 1140 & rally up	ABC down to 1070 Rejected lows With Bullish Bottom	

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

	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
GDX (XAU /HUI MINERS COR)	16.50	POM 12 On 8/15 @ 14.3 Triggered	On correct path as suggested	BULLISH Short term shallow pull back in progress	Full Position 17% Net long	NONE	1 <sup>ST</sup> Target at 16.5 Bullish top approached EXACT	2 <sup>nd</sup> ABC up to 19.0 Bullish Top	Pull back to 15.5-15 & rally up	ABC down to 13.50- Double bottom Rejected lows Bullishly	

**Update** – Since the last Report the Gold has pulled back slightly and is building Bullish top for next ABC up. Our target price to 1210 is intact. Any high volume breakout at 1210 should confirm the beginning of larger move till such time, the target to 1210 is trading rally from our entry point 1120

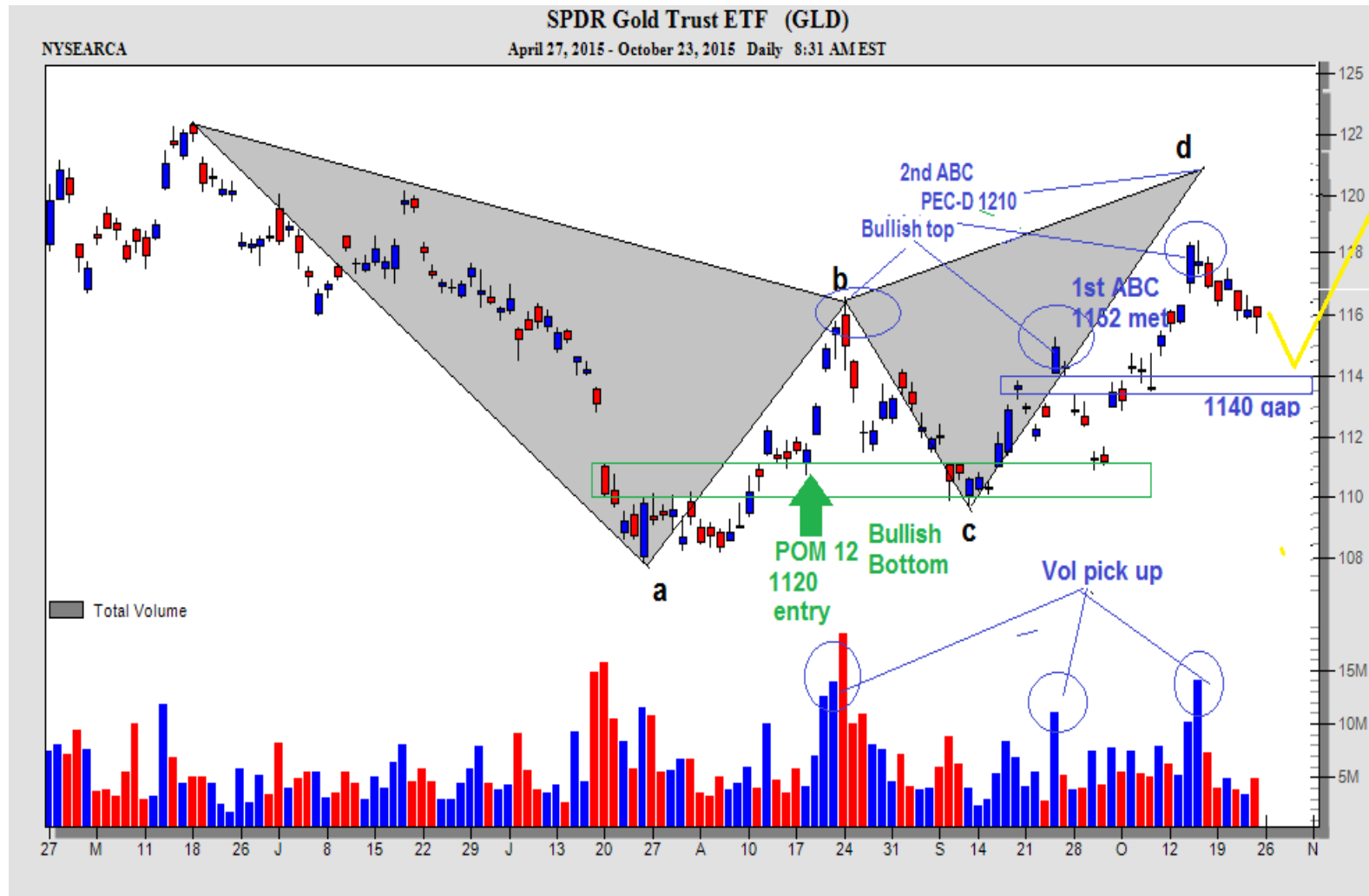
Considering the USD has rallied substantially in past one week, GOLD's pull back has not been much. We are fully Committed to Our Net long position since entry at 1120. If GOLD pulls back further to 1140 on low volume, it may give 2<sup>nd</sup> chance to enter at better risk / reward.

# GOLD- CZ/ PEC- D Analysis Daily chart

## Notes within chart

UPSIDE – 1<sup>st</sup> ABC up to 1152 Bullish top MET – EXACT. Next Target 2<sup>nd</sup> ABC up to 1210

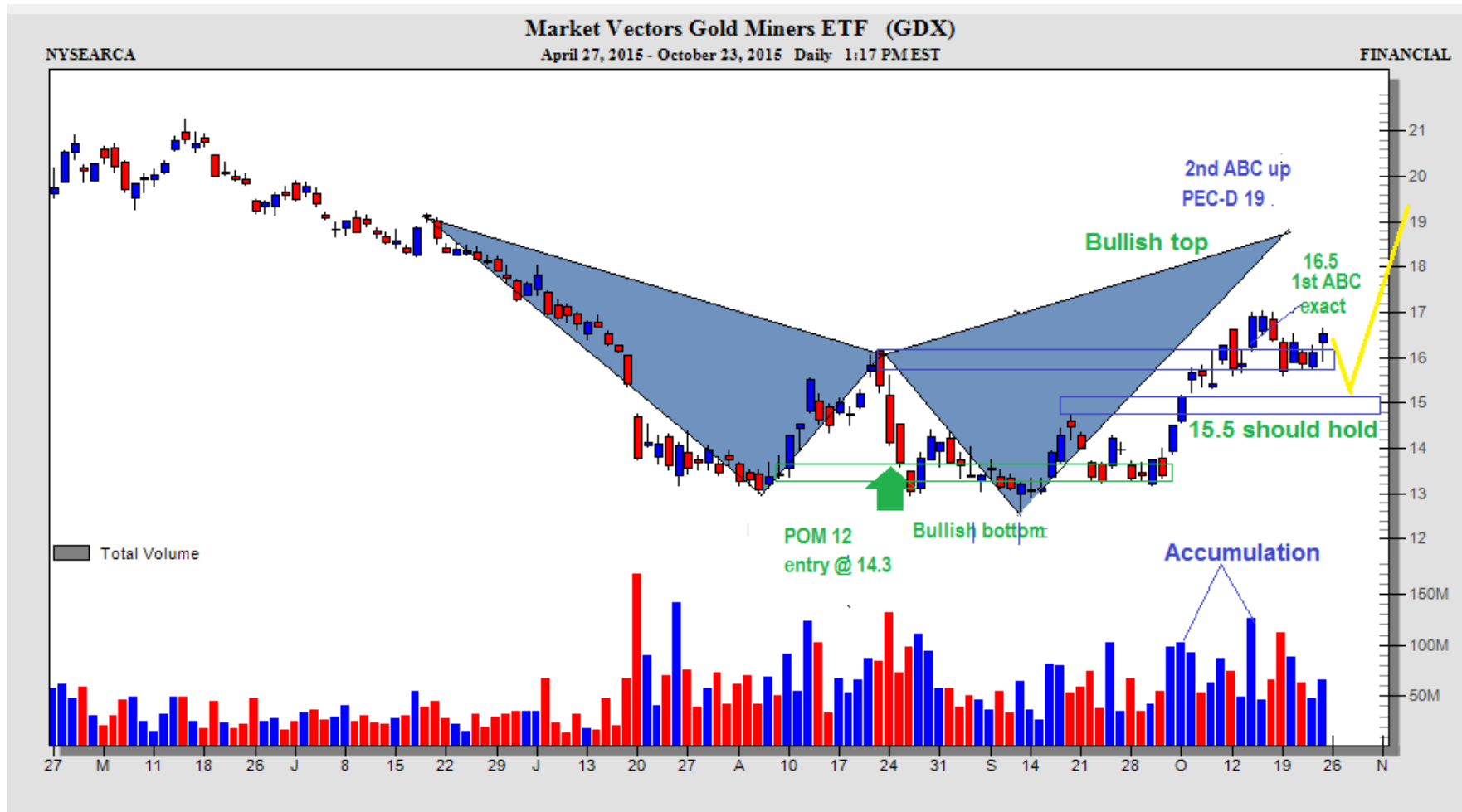
Downside - Pull back to 1140, should hold in gap on lighter volume and rally up.



# GDx – Daily – PEC –D / CZ Analysis

**Upside** - 1<sup>st</sup> ABC up to 16.5 Bullish top MET – EXACT. Net Target 2<sup>nd</sup> ABC up to 19.0

**Downside** - Pull back to CZ 15.5--15, should hold at breakout on lighter volume and rally up. PEC-D 13.5 rejected the lows with Bullish bottom. This was the Bottom.



# GDX – Daily – PEC –D / CZ Analysis

GDX has formed Heads of a double Head and Shoulders bottom. The larger Right Shoulder is in formation. This larger Head and Shoulders bottom has an upside target near 19.50. The “Sign of Strength” (SOS) through the smaller (in blue) Head and Shoulders pattern which produce the confirmation. We would expect GDX to pull back to CZ 15-14.5. The bottom was in during the bullish “Shakeout” day. The top window in chart is showing bullish divergences breaking to new short term highs. The RSI is also showing bullish divergences as well as the SLV/GLD ratio.



# 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

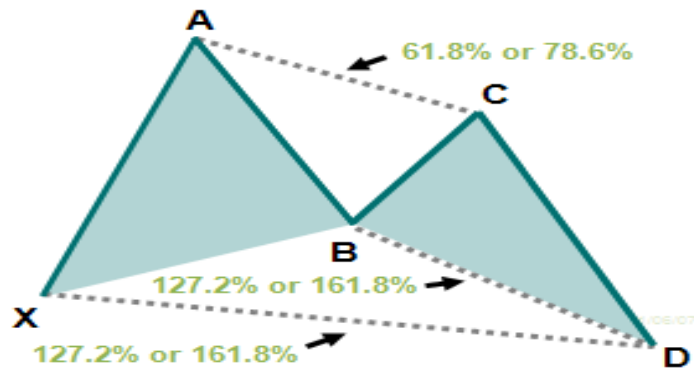
- PEC Model is a 2<sup>th</sup> Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion 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 steams to achieve confluence point D coinciding with POM

## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

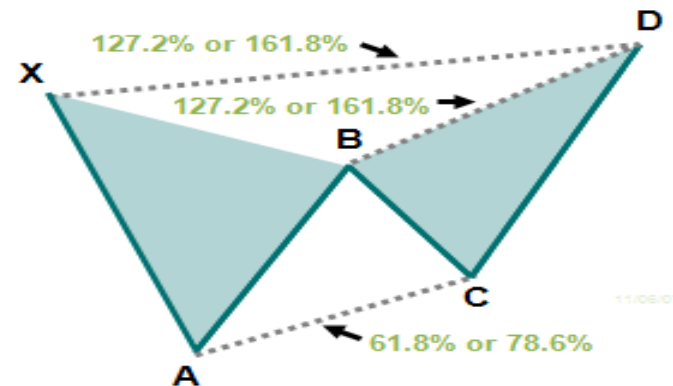
The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D



### Buy Pattern (bullish)



### Sell Pattern (bearish)



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