



Date: 10<sup>th</sup> July 2015 (Friday)

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	<u>NEW ACTION</u> (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>GOLD</b>	1168	POM 12 On 3/19 @ 1165 <b>ENTRY</b>	Stopped out ½ position @ 1150 Risk management	<b>BULLISH</b> Short term sell off	7.5% Net long	NONE	1 <sup>st</sup> PEC-D 1210 Bullish Top	Target PEC-D 1270 Bullish Top	ABC down to 1180 Break Below on low volume	CZ 1165-1145 Bullish Bottom	

**Note** - Announced entry on 3/19 Report @ 1165 as POM 12

½ Positon stopped out at 1150 as Risk management, As soon as we have rejection and close above 1170, we would trigger entry

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GDX (XAU/HUI MINERS COR)	16.75	POM 12 On 3/19 @ 18.07 ENTRY	Stopped out ½ position @ 16.7 Risk management	BULLISH Short term sell off	7.5% Net long	NONE	1 <sup>st</sup> – PEC-D 21 Bullish Top	Target to To CZ 24-23 Bullish Top	ABC down to CZ 18-19 Break Below on low volume	PEC-D to 16.5  3 drive to bottom Bullish bottom	

## GOLD – Overview -

The Gold's bottom was put in on our announcement **date 3/13 for POM 12 trigger @ 1165.**

**½ Position stopped out at 1150 as Risk management**

**GLD and GDX are at the same price points since last report.**

Gold has been pulling back into main **CZ 1165-1145** once again. We briefly touched 1150 and rejected . We are looking for secondary rejection

Earlier Gold rallied bullishly toward our 1<sup>st</sup> upside target of 1210. It's been repeatedly testing its breakout area at **1180 - 1165** building cause. **But it doesn't see to get the footing**

**On daily and weekly basis the pull back on much lighter volume below 1165 and moving higher with expanding volume on Bullish Tops several times to 1210.** Close above key level of **1220** could put in a strong positive bias to the upside to **target 1270.**

GDX volume expanded a bit on downside . We need to get back with the range **CZ 18-19** soon. On upside the ABC target **to 21.0** and then to **PEC-D 24.**

Bullish divergences forming on monthly RSI, Slow Stochastics, MACD for GDX. It appears to be “Three Drives to Bottom” that may be forming. GDX is now going for the third and final bottom (sometimes the third bottom is a double bottom but we will cover that later). Once the “Third bottom” has formed the market reverses and retraces back to where the pattern began and in this case would give a target to 21.

At previous important lows the “Commitment of Traders report” showed the small Speculators in a short position and shows net long over 7K. Next couple of months could be important for the gold market

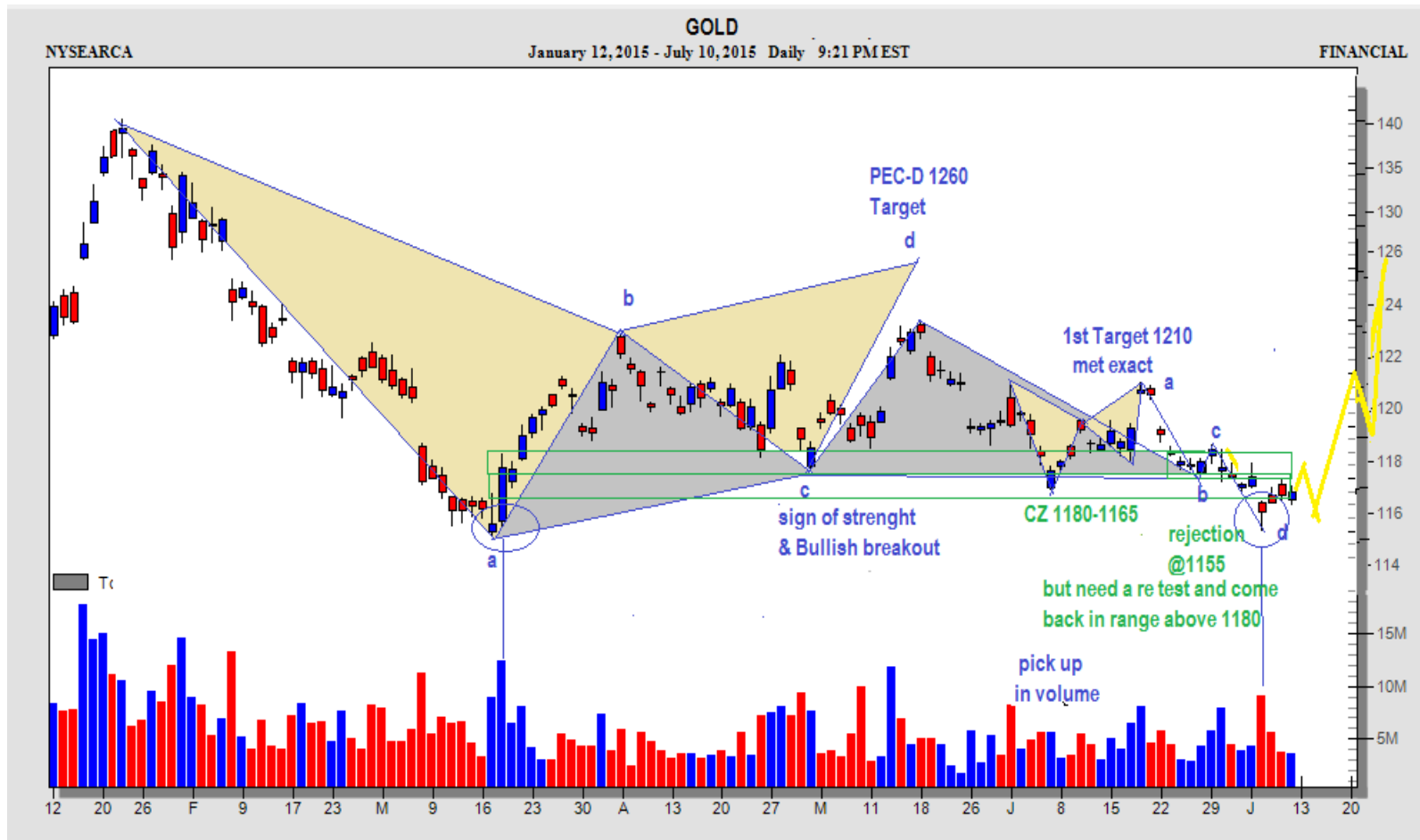
# GOLD- CZ/ PEC- D Analysis Daily chart

## Notes within chart

**Downside** - Pull back to **1180 -1165** broke below it to **1150**, It is rejecting but needs another test and **close above 1170**

Long term **CZ 1165-1145**.

**UPSIDE** - 1<sup>ST</sup> **PEC-D -1210** - approached bullishly. **Close above 1220**, the next ABC up to **1260** Bullish Top.

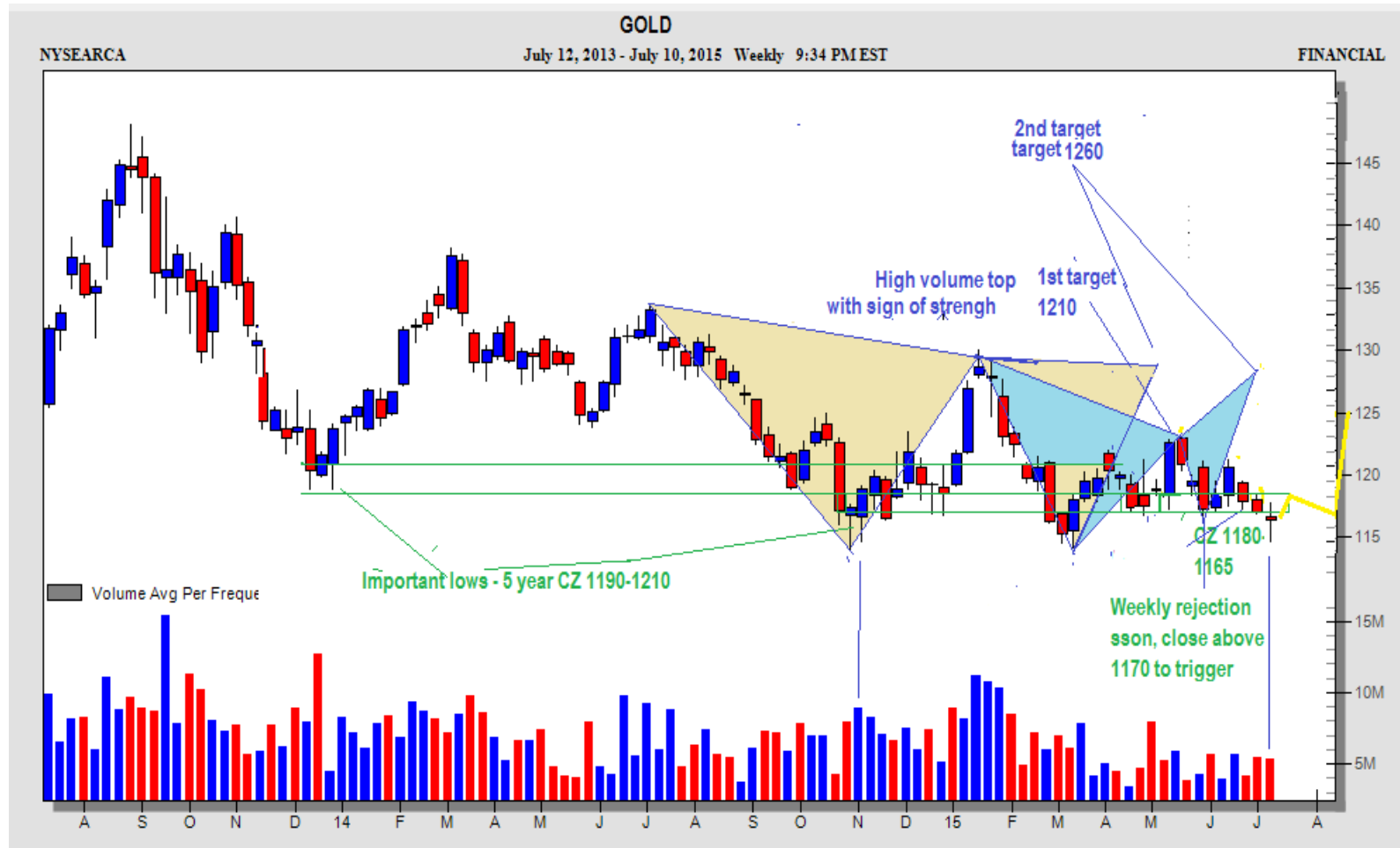


# GOLD – Weekly – PEC –D / CZ Analysis

## Notes within chart

**Downside** - Pull back to 1180 -1165 broke below it to 1150, It is rejecting lows on weekly but needs close above 1170

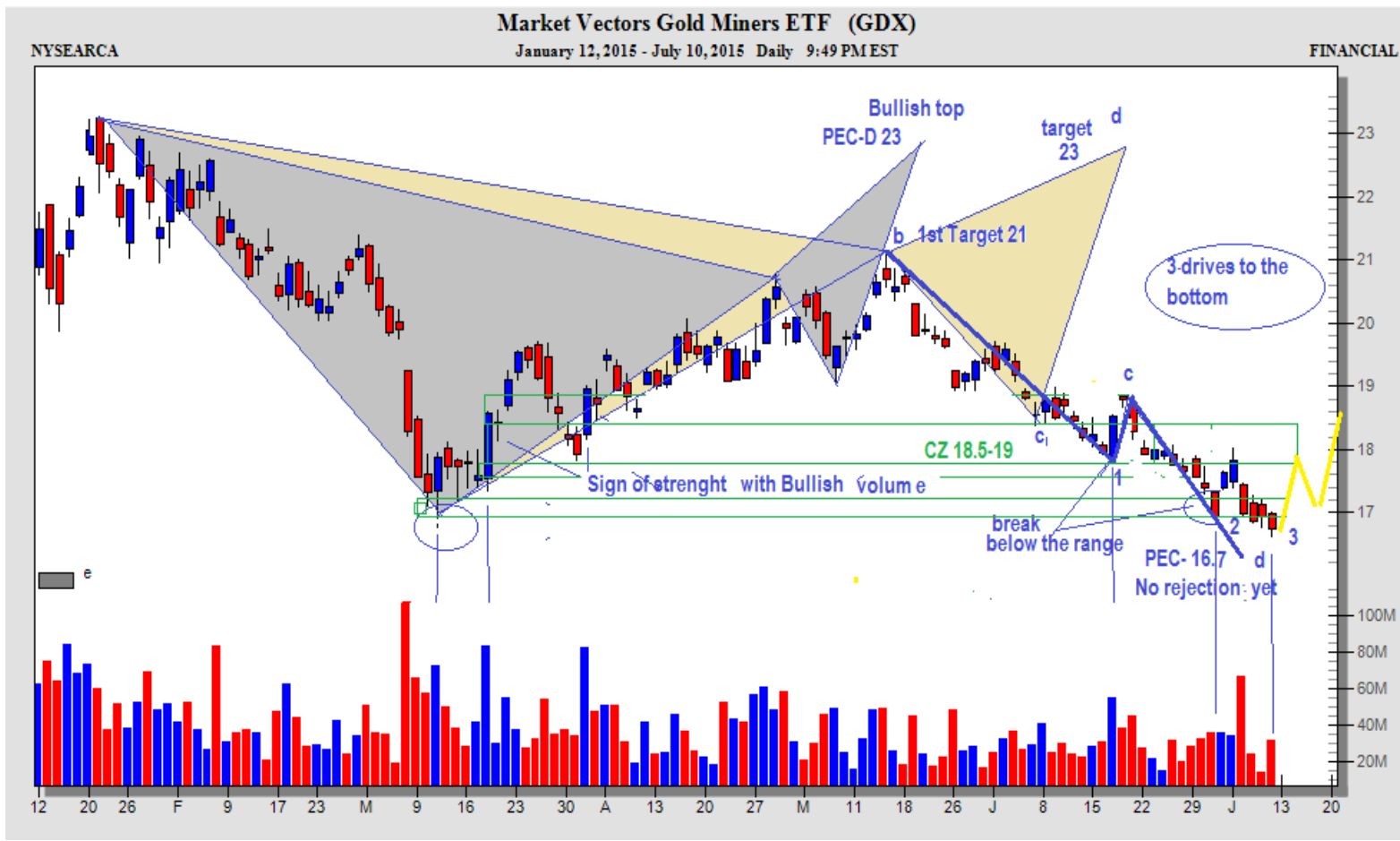
Long term CZ 1165-1145.



# GDX – Daily – PEC –D / CZ Analysis

**Downside -** Pull back to CZ 18-19 broke down now toward PEC-D 16.5- It appears to be 3 drive to the bottom 1-2-3 being completed at 16.6. Sometimes the third bottom is a double bottom

**Upside -** Target PEC-21 Bullish Top.



# 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><a href="#">US BROADER IDX</a></p> <ul style="list-style-type: none"> <li>• SPY ( SPX 500)</li> <li>• DIA ( DOW 30)</li> <li>• QQQ ( NASD100)</li> <li>• IWM (Small Cap)</li> <li>• IYT ( Transports)</li> <li>• NYA (NYSE)</li> </ul> <p><a href="#">BOND IDX</a></p> <ul style="list-style-type: none"> <li>• TLT ( Bonds)</li> <li>• MUB ( Muni). (SP)</li> </ul> <p><a href="#">GLOBAL IDX</a></p> <ul style="list-style-type: none"> <li>• EEM (Emerg.)</li> <li>• NIKK (Japan)</li> <li>• SSEC (China)</li> <li>• EWZ ( Brazil)</li> <li>• FTSE (Europe Proxy)</li> <li>• BSE (India)</li> <li>• EWA (Aust) SP</li> </ul> <p>SP - Special situation</p>	<p><a href="#">SECTORS IDX</a></p> <ul style="list-style-type: none"> <li>• XLF ( Financials)</li> <li>• XLV ( Health )</li> <li>• XLB ( Materials)</li> <li>• XLE (Energy)</li> <li>• XLK (Tech) / QQQ - Proxy</li> <li>• XLI ( Industrial) –</li> <li>• XLP ( Staples)</li> <li>• XLY ( Discretionary)</li> <li>• XHB ( Home Builders)</li> <li>• XLU ( Utility) SP</li> <li>• RTH ( Retail) - SP</li> <li>• SMH ( Sem.) SP</li> <li>• BBH ( Biotech) SP</li> </ul>	<p><a href="#">COMMODITY IDX</a></p> <ul style="list-style-type: none"> <li>• CRB /DBC</li> <li>• GLD (Gold)</li> <li>• SLV (Silver)</li> <li>• GDV (Miners)</li> <li>• OIL</li> <li>• Copper</li> <li>• DBA ( Agro)</li> <li>• UNG ( Natural Gas)</li> <li>• DBB ( Base M) SP</li> </ul>	<p><a href="#">CURRENCY</a></p> <ul style="list-style-type: none"> <li>• USD / DXY</li> <li>• EUR/USD</li> <li>• AUD/ USD</li> <li>• USD/JPY</li> <li>• GBP/ USD</li> </ul>



## 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)

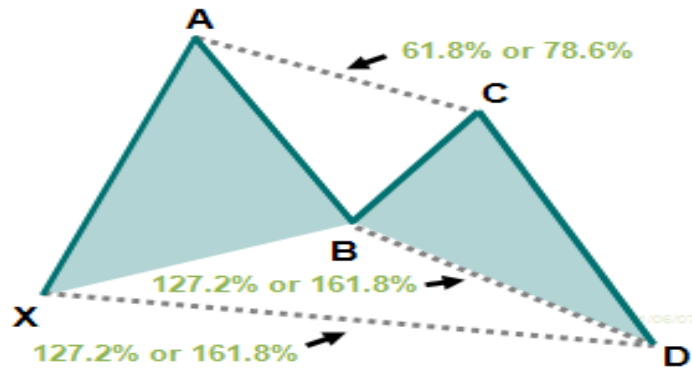
## Pythagoras Expansion / Contraction – (PEC) Model

- 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

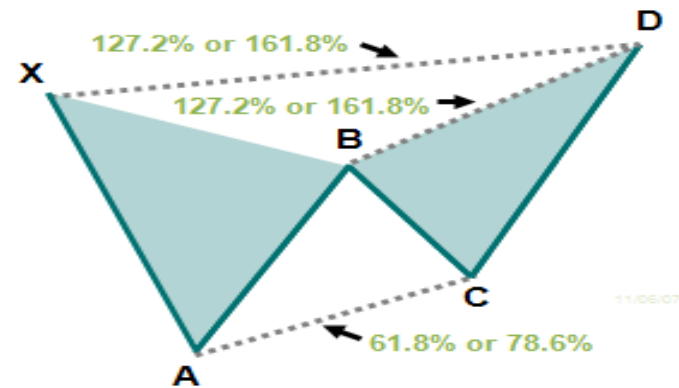
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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