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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 |
|---------------------------------|---------------|--------------------------------|---|-----------------|-----------------------------|--|---------------------------------------|---|-----------------------|---------------------------------|--------|
| GOLD Pre announcement | 1115 | POM 13 On 7/9 @ 1150 | Announcement Trigger entry within CZ 1100-1090 | BULLISH | ½ position Net long | Increase to full position Within CZ 1100 -1090 | Target 1 st ABC up to 1140 | 2 nd PEC-D 1210 Bullish Top | Pull back to 1090 | Possibility of ABC down to 1070 | |

Note- From now on our positions will be dealt with two parts for purchases, full position and ½ positions.

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|---------------------------|---------------|--------------------------------|---|-----------------|-----------------------------|---|---------------------------------------|--|-----------------------|--------------------------------------|--------|
| GDX (XAU /HUI MINERS COR) | 14.40 | POM 13 On 7/9 @ 16.7 | Announcement Trigger entry within CZ 1100-1090 | BULLISH | ½ position Net long | Increase to full position Within CZ 14-13.5 | Target 1 st ABC up to 16.5 | 1 st – PEC-D 21 Bullish Top | Pull back to 14.0 | Possibility of re testing lows 13.50 | |

Pre announcement – Trigger entry in GOLD within CZ 1100-1090 should trigger entry in GDX for entry.

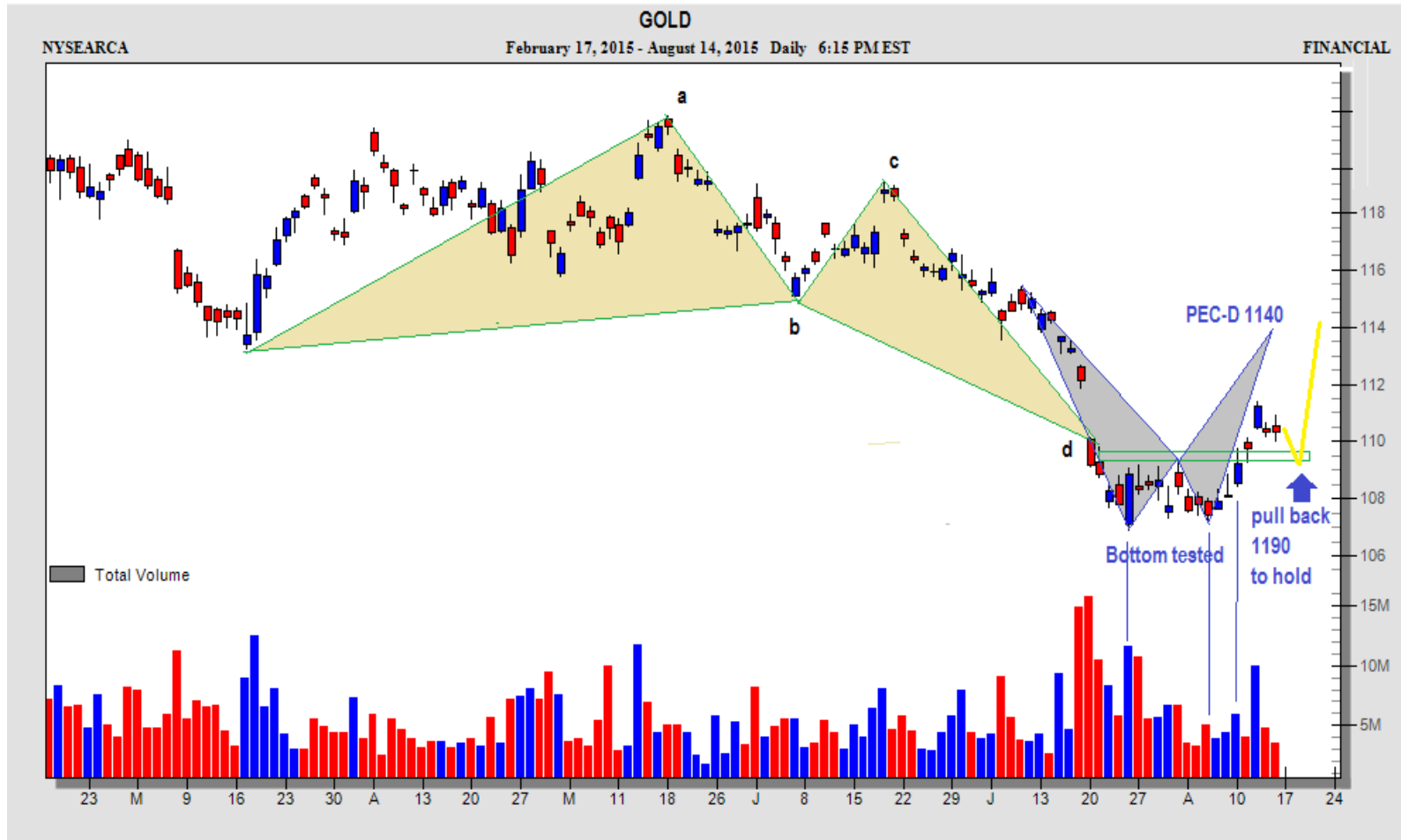
Note - The COT report for last Friday showed the Commercials short at -14,820 and the previous week at minus 21,584 contracts. It has been a bullish sign for gold when the Commercials are less than 50,000 contracts short. Over the last two weeks with the Commercials reducing the shorts even more is a bullish sign. The Small Speculators are net short 15,080 from last Friday's reading and up from 6,695 contracts the previous week. It has been a bullish sign for gold when the Small Speculators are net short contracts for gold and they have over doubled their short bet from last week.

GOLD- CZ/ PEC- D Analysis Daily chart

Notes within chart

Downside - Pull back to 1090 and rally up.

UPSIDE - 1st ABC up to 1140.



GDX – Daily – PEC –D / CZ Analysis

Downside - Pull back to PEC-D 14 and rally up

Upside - 1st ABC up to 16.5.

GDX. There is a gap from 15.50 to 15.00 from July 17 to 20 and this gap had high volume. Today the Gap was tested on lighter volume and suggests the gap has resistance and a pull back is possible here and in whole may encompass a bottoming process. We are in a time window where a longer term bottom could be forming. We are still expecting a bullish outcome



XAU – Monthly Analysis

Monthly XAU chart going back to 1996. The major low in the XAU in 2000 came in October with a price low of 42. The low so far from the 2011 top is 44. It would seem possible for the 2000 low to be touched before the next uptrend begins. The 7 period RSI which has been showing a bullish divergence since mid 2013. The Slow stochastics is below 20 (bullish). There is a good possibility that the XAU will touch below the 2000 low before the next uptrend begins.



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)

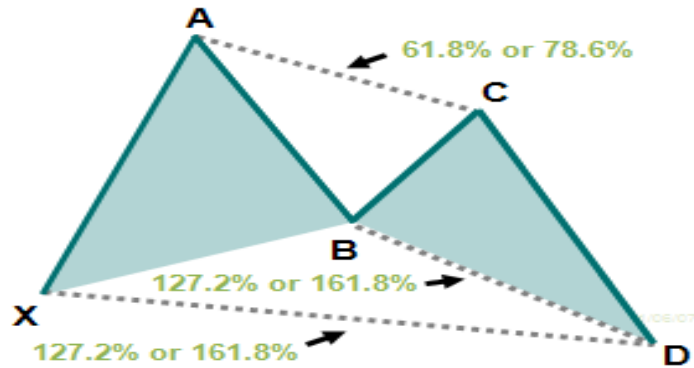
Pythagoras Expansion / Contraction – (PEC) Model

- 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 steams to achieve confluence point D coinciding with POM

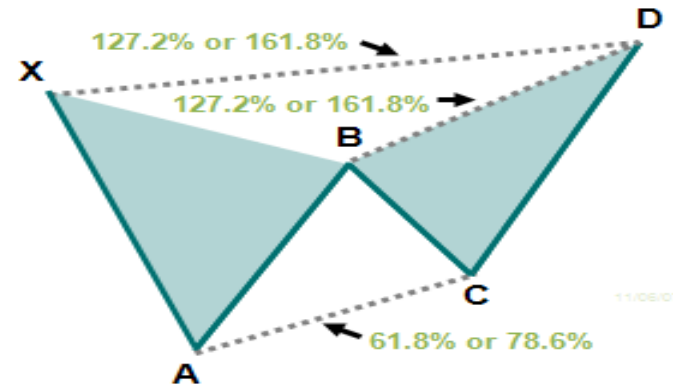
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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