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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
<b>GOLD</b>	1132	POM 13 On 7/9 @ 1150	<u>Announcement</u> To add 2 <sup>nd</sup> ½ position 8/15 @1120	<b>BULLISH</b>	Full Position 17% Net long	NONE	Target 1 <sup>st</sup> ABC up to 1150 Met EXACT and Pulled back	2 <sup>nd</sup> PEC-D 1210 Bullish Top	Pull back to 1120 & rally up	ABC down to 1070 Rejected lows	

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

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<b>GDX (XAU /HUI MINERS COR)</b>	14.23	POM 13 On 7/9 @ 16.7	<b>Announceme</b> To add 2 <sup>nd</sup> ½ position @14.5 8/15	<b>BULLISH</b>	Full Position 17% Net long	NONE	1 <sup>st</sup> Bounce to test highs at 16 Bullish top	Target ABC up to 17.5 Bullish Top	Pull back to 14.5 – fell off to 13.5	ABC down to 13.50- Double bottom Rejected lows	

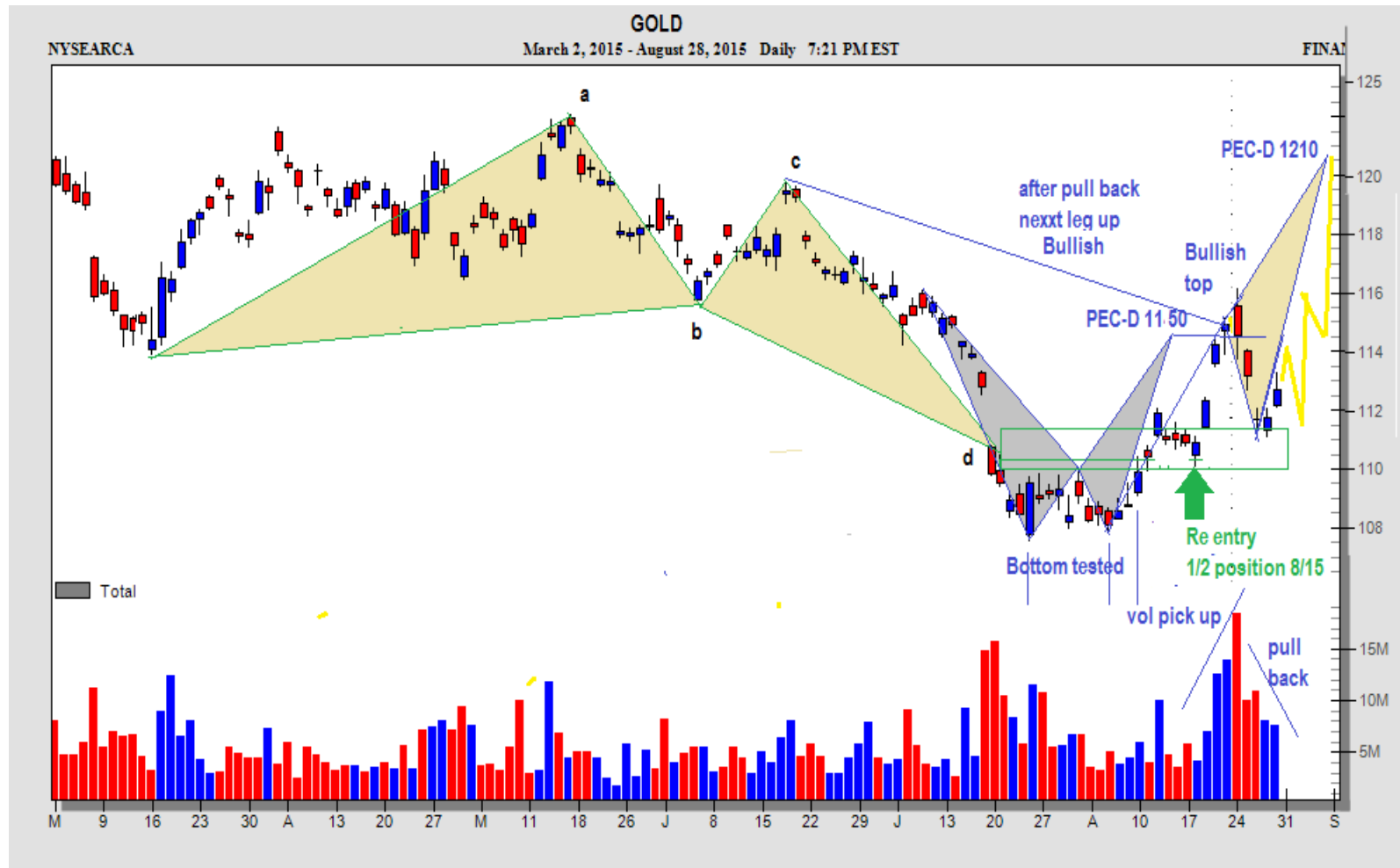
The COT (Commitment of Traders) report remains bullish for the last four weeks as the Small Speculator remains net short of last report dated 8/21/15 at -11000 contracts and Commercials remain in bullish territory of less than -50K at -30000 contracts.

# GOLD- CZ/ PEC- D Analysis **Daily chart**

## Notes within chart

**UPSIDE** – 1<sup>st</sup> ABC up to 1150 target met & Pulled back .

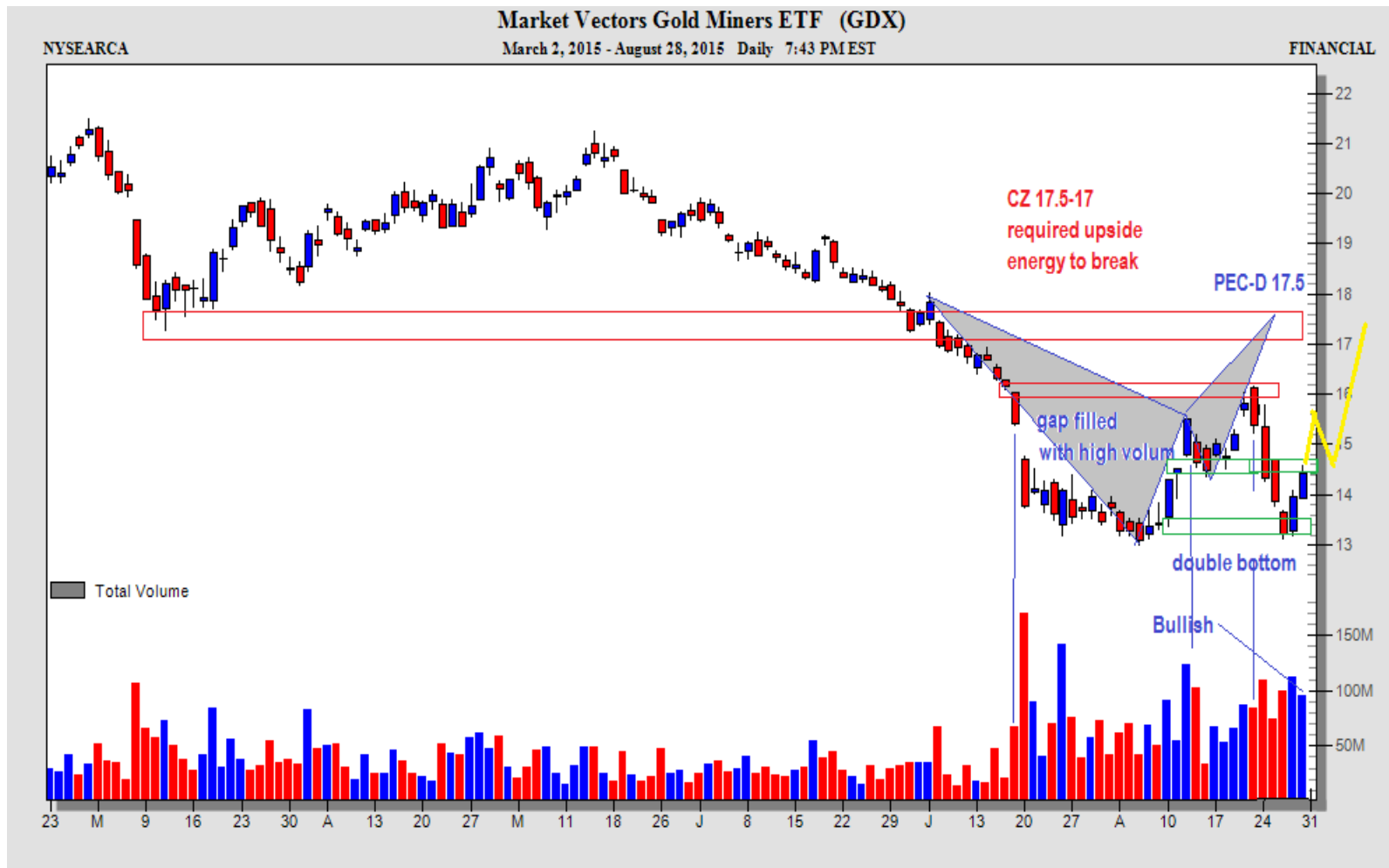
**Downside** - Pull back to 1120 and rally up.



# GD<sub>X</sub> – Daily – PEC-D / CZ Analysis

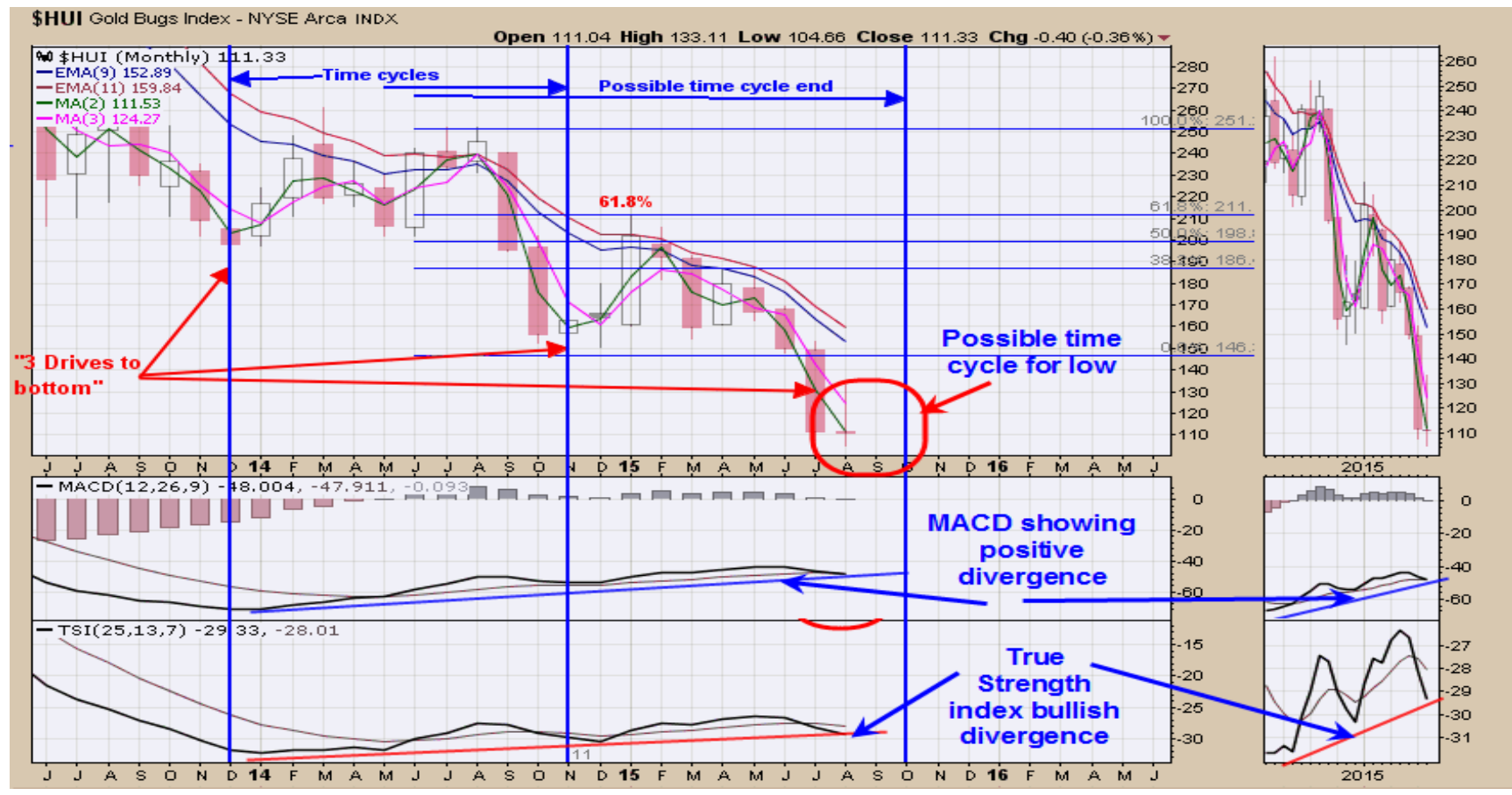
**Downside** - Pull back to PEC-D 14.5 fell off range and back up. It should rally back 16

**Upside** - 1<sup>st</sup> ABC up to 17.5



# GDX – Daily – PEC –D / CZ Analysis

The monthly chart HUI index turn bullish than a lasting bottom could be in place. The pattern that appears to be in play is a “Three Drives to Bottom” and HUI may be working on the third and final low. To help identify a “Three Drives to Bottom” is forming is that off the second low the market must retrace at least a 61.8% of the previous decline and the HUI did just that and gives credit to “Three Drives to Bottom” forming here. The bottom window is the True Strength index which so far is keeping with a bullish divergence. Next window up is the MACD which is holding on to a bullish divergence. The time cycle for a low is from now into October.



# 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

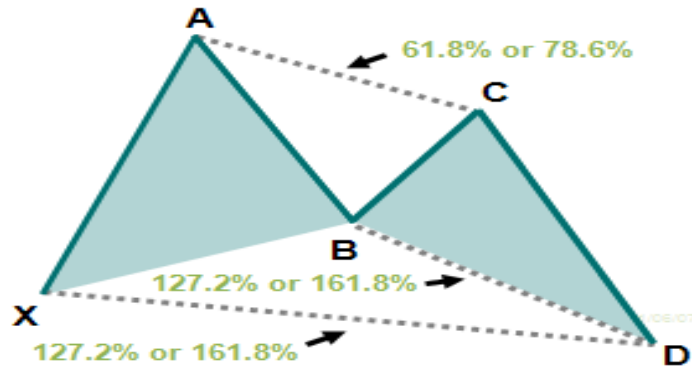
- PEC Model is a 2<sup>th</sup> Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion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

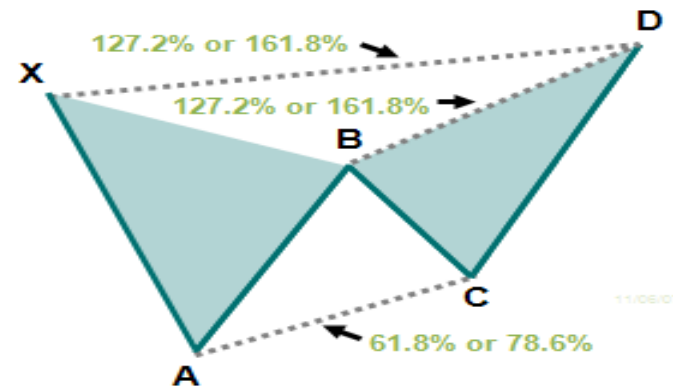
The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D



### Buy Pattern (bullish)



### Sell Pattern (bearish)



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