SG Capital Research
Global Market Insights

Chart System

Date: December 04, 2016 (Sunday) www.sgcr.us **GOLD – GDX STRATEGY REPORT**

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• Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up Announcement Update For Trend Reversal	Progress Status	Current Position / Exposure	NEW ACTION (Trigger to Watch))	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
GOLD	1185	POM 12 Bullish @ 1070 Triggered	Triggered POM 13 @1200-1220	BULLISH	Net long Increasing 8.5% to 17.5%	Scaling in below 1210 Overshoot to 1180	First upside to 1210	Rally to breakdown area 1270	Target decline to 1180 – Met	Potential to re test 1165 (last week's low)	Target 2ND Weekly ABC up to 1400 Bullish top

- **Our pull back target of 1220-1200, (with the possibility to) overshoot to 1180 has been met.**
- **We scale into this position below 1210 very carefully to minimize the drawdown.**
- **There is possibility of re testing last week lows of 1165. Keep the power dry.**
- **GOLD needs to close above 1200 to be back within the range.**

- **On Election night, we exited our (17.5%) GOLD trading position @ 1330 (Net long entry at 1260 within CZ 1280-45). For 70 points gains. (5.2% Profit)**

Our Core entry Net long since POM 12 trigger: at 1070. Holding initial 17.5% position

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GDX (XAU /HUI MINERS COR)	21..3	POM 12 Bullish @13.0 Triggered	Triggered POM 13 @1220-1200 (GDX 21-20)	BULLISH	Net long Increasing 8.5% to 17%	Scaling in below 1210 Overshoot to 1180	Rally to breakdown area 24	TBA	Potential for decline to 19.5		

GOLD stocks (GDX, HUI, and XAU) has been acting and holding up quite well in this recent correction in GOLD. The real action seems to be in GOLD stocks. Silver has been acting very well . Especially PAAS, SLW

- **GDX needs to close above 22.0 to suggest the bottom is in.**

- **Core entry Net long since POM 12 trigger: at 13.0. Holding initial 17.5% position**

Market Overview GOLD

USD : US Dollar is pushing into 13 years high. USD rally is completely overbought with the possibility of blow off move. The sentiment Indicator suggests 94% Bullishness. This is a contrarian Indicator. Once USD fails around 101.5 , the downside targets 96.

GOLD: Our flush down target move to 1180 materialized below our pull back CZ 1200-1220. . The possibility to re test last week's low of 1165 still remains if Italian referendum news creates the volatility in the GOLD market

Conversely, Close above 1200 should signal that the bottom is in.

Some of the Trump policies should impact tremendously to re adjust GOLD prices positively. Expect: More currency devaluations, higher prices for commodities, volatile markets, increasing central bank desperation such as negative interest rates.

GOLD Market could be in significant up move in 2017-18. There is complete Bearish sentiment in Gold Market.

" I believe the very best money is made at market turns. Everyone says you get killed trying to pick tops and bottoms and you make all your money by playing the trend in the middle. Well for twelve years I have been missing the meat in the middle but I have made a lot of money at tops and bottoms" - Paul Tudor Jones

GOLD / SPX Ratio Analysis Daily chart

The ratio of GOLD to SPX is currently low, consistent with the previous lows in GOLD. This is a good time to accumulate more gold for the long term till Ratio hits 1.2 – 1.6.

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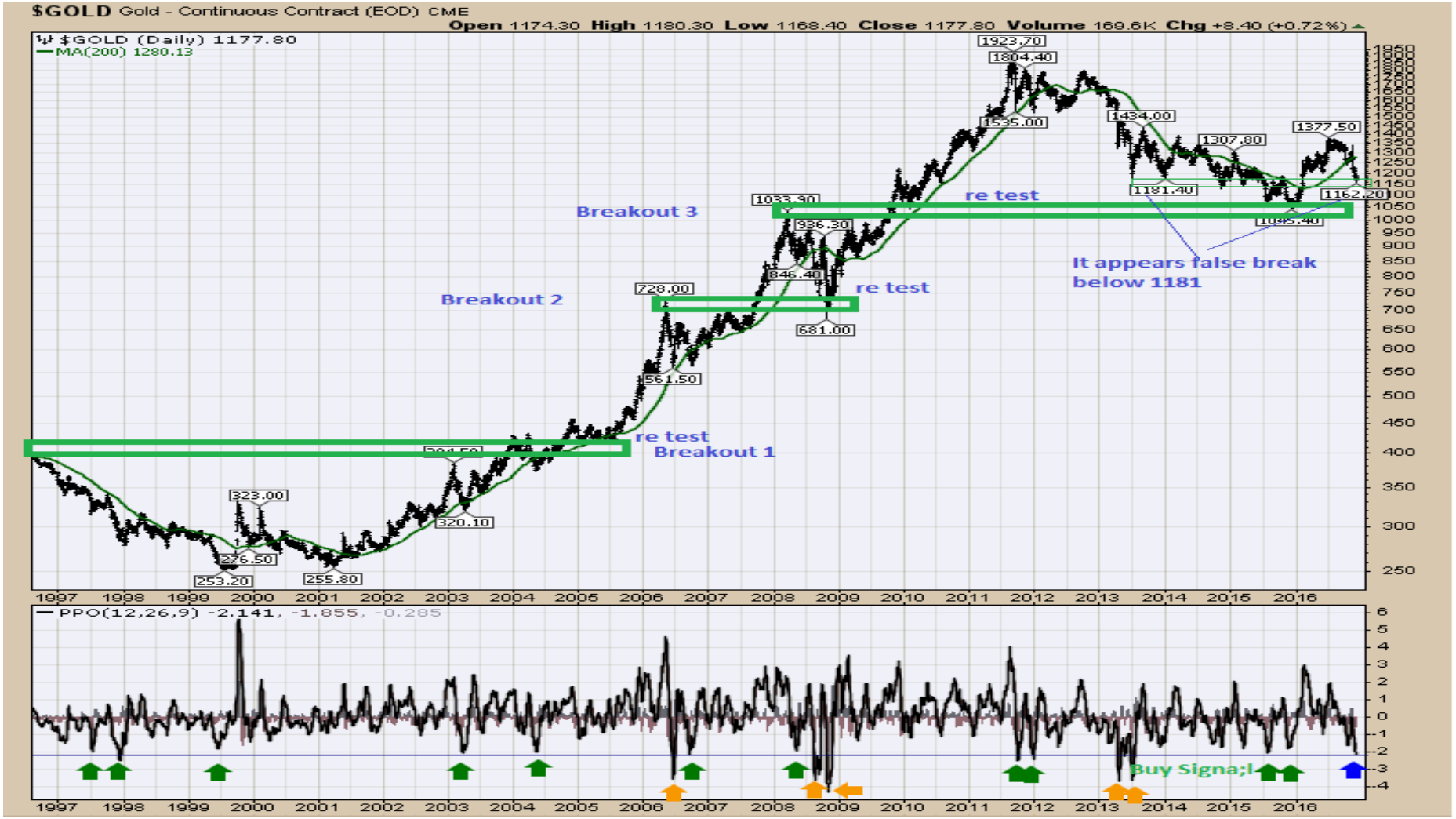
GOLD / USD Analysis Daily chart

USD broke out to new highs but has not made any progress since and closed near the lows for the last three weeks. USD is trying to hold above the previous high. Close below 101.25 should put in top in USD and decline to 96. This should be bullish for Gold

GOLD Analysis - Long term chart

Percentage Price Oscillator (PPO) works better than the MACD for long time frames. Chart below indicates, Gold has pulled back significantly to the level at which **Percentage Price Oscillator (PPO) is at** more sever levels. Notes within the chart).



GOLD / GDX Analysis - Long term chart

GDX is trying to form a base here. While **Gold has continued lower, GDX has consolidated for the last few weeks**. (Notes within the chart).

GDX Analysis - Long term chart

The monthly GDX chart suggests there is good support near 20.00 range. The 20.00 range is where the monthly mid Bollinger band at 61.8% retracement. The monthly RSI for GDX stands at 50, suggests bull market correction. The daily chart is giving bullish divergences. GDX may be forming near the 20.00 range, but it may back and fill for several more weeks.

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

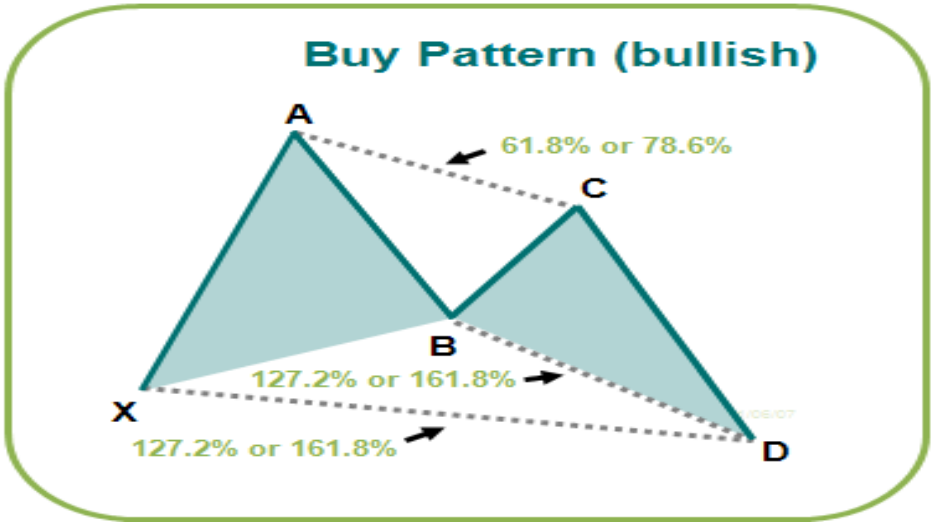
- ***POM is rated from 10 to 15***
- *POM 14 , 15 (is Sell Signal)* and *12 , 11 (is Buy Signal)* both are the Actionable Area whereas *POM 13* is A *Neutral Signal* for Risk management
- On way *UP* move, *POM 13* signifies to *STOP* executing additional 'New Buys" that was initiated at *POM 12 or POM 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)***

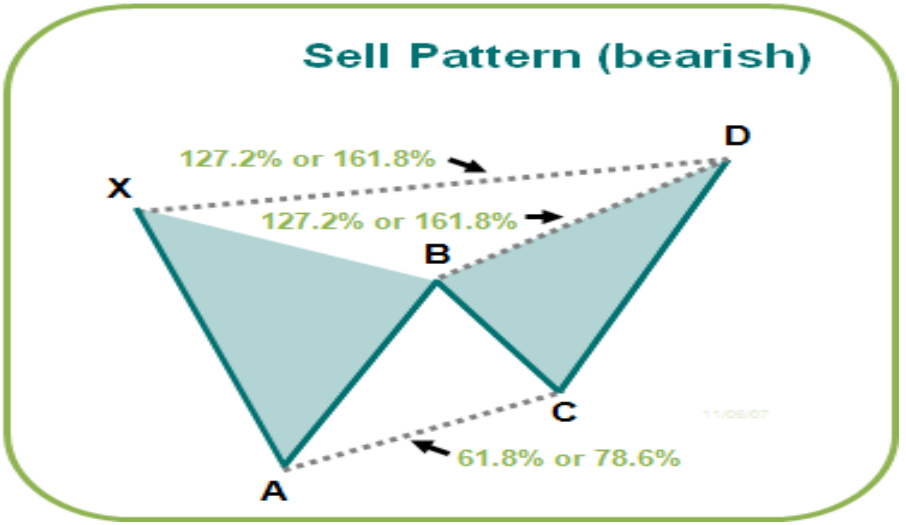
Pythagoras Expansion / Contraction – (PEC) Model

- 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





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