SG Capital Research
Global Market Insights
Chart System

Date: May 01, 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	1296	**POM 12** Bullish @ 1070 Triggered	**POM 13** Bullish @ 1200 Triggered	BULLISH *New breakout From 1260*	8.5% Net long	NONE	2nd ABC (Daily) to 1260 Met & broke out Bullish top	Target 2ND Weekly ABC up to 1390	Pull back to CZ 1270-60 and rally up	ABC down to 1070 re - tested Triple bottom Bullish	

Triggered Signal – POM 12 – Strong Net long at 1070- Dated 1/1 /2016

New Bullish breakout from 1260 to next ABC up as expected

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GDX (XAU /HUI MINERS COR)	25.6	POM 12 Bullish @13.0 Triggered	POM 13 Bullish @ 18 Triggered	BULLISH *New breakout From 22.5*	8.5% Net long	NONE	2nd ABC (Daily) to 22.5 Met & broke out Bullish top	Target 2ND Weekly ABC up to 29	Pull back to CZ 23-22 and rally up	ABC down to 13.0 re - tested Triple bottom Bullish	

Market Overview GOLD

GOLD – has taken off since our Mark to Market (Jan 1st price @ 1070) . Our POM 12 – Net long Triggered at 1060. Currently <mark>we have 20% Profit in GOLD and 100% Profit on GDX- Miners.</mark>

Last week GOLD broke out 1260 Bullish top after consolidating for 6 weeks between 1200-1230.   GOLD 1260 was 2nd ABC up projection on daily basis. This move targets our next projection to 1390 which is weekly 2nd ABC up projections.

 The major cycle low in 2016 has materialized in January as predicated.   There are still lots of room for Gold to run higher.

DXY has hit our price target of 93 from 100. It is forming bearish consolidation between 95-92 to target 88. US Dollar topped out exactly at our PEC-D 100 as announced. The decline in the U.S. dollar continued this past week. Fed's dovish tone is not helping the USD especially with GDP growth numbers are dismal

GDX : Has hit our price target of 26 since we made the announcement at entry of 13.

On Balance Volume continues to be higher suggests higher prices for GDX. It is a bullish sign for both gold and gold stocks when the GDX/GLD ratio is rising (which shows gold stocks are outperforming gold). It is even more of a bullish sign when GDX/GLD ratio is outperforming GDX which is what happening here. Refer to GDX Chart below
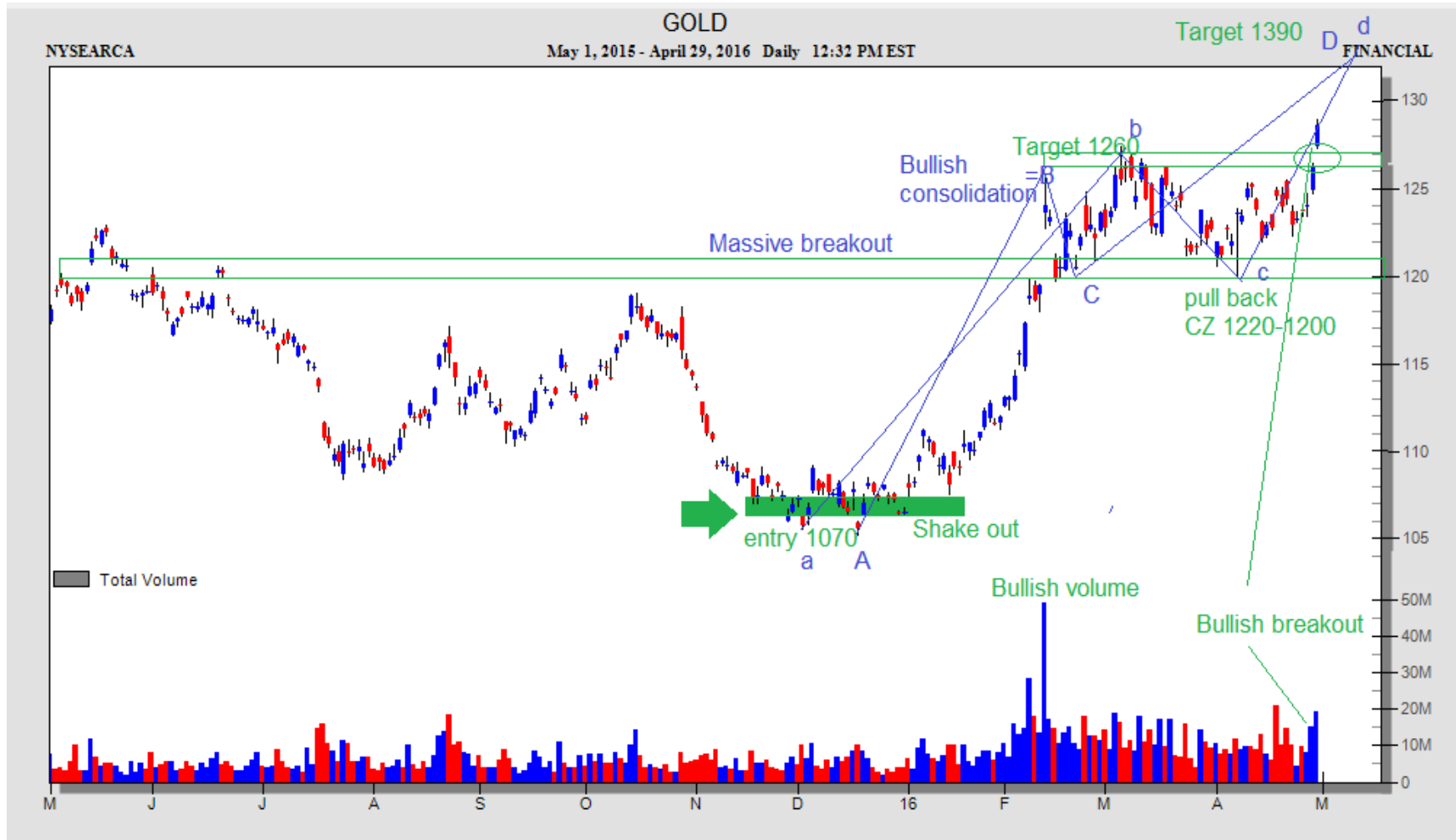 .

USD/ DXY - PEC-D   Analysis   Daily chart

Notes within the chart.

GOLD- PEC-D Analysis Daily chart

UPSIDE – Currently GOLD has broken out for next leg up to PEC-D 1390 from Bullish consolidation. Earlier 2nd daily ABC up to 1250 met with Bullish Top

Downside – **Pull back to CZ** 1270-60 should hold once gain and then rally up.

GOLD- PEC-D Analysis   Weekly chart

UPSIDE –   Currently GOLD is building cause between 1220-1200 with accumulation for next leg up. Next weekly ABC up is towards 1350. Earlier 2nd daily ABC up to 1250 with Bullish Top
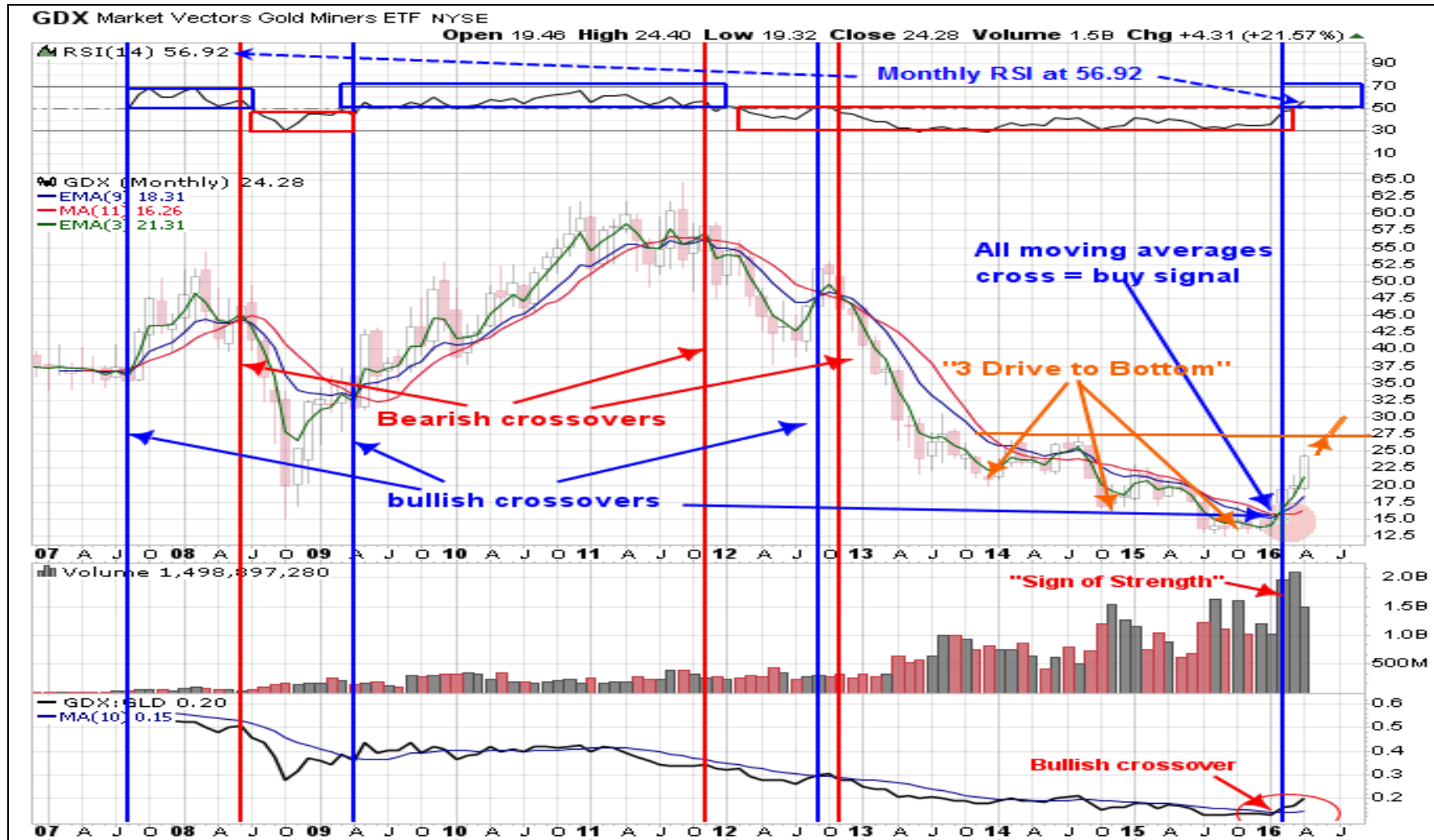
Downside – Pull back to CZ 1220-1200 should hold once gain and then rally up.

GDX- PEC-D   Analysis   Daily chart

UPSIDE –   Currently GDX is broken out once gain above 22.5 with volume accumulation.   Next weekly ABC up is towards 29. Earlier 2nd daily ABC up to 22 met EXACT with Bullish Top

Downside – Pull back to CZ 23-22 should hold once gain and then rally up.

Appendix Content

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **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 <u>UP</u> move, POM 13 signifies to <u>STOP</u> executing additional 'New Buys" that was initiated at POM 12 or POM 11 levels

- On way <u>DOWN</u> move, POM 13 signifies to <u>STOP</u> executing additional " New Short Sells" that was initiated at POM 14 or POM 15 levels

- **<u>(Bear Markets)</u> POM 15 is for - <u>Net Short</u> & POM 14 is for - <u>Hedge Longs</u>**

- **<u>(Bull Markets)</u> POM 15 is for - <u>Hedge Longs</u> & POM 14 is for - <u>Partial Hedge</u>**

- POM 12 & 11 is for Net Long

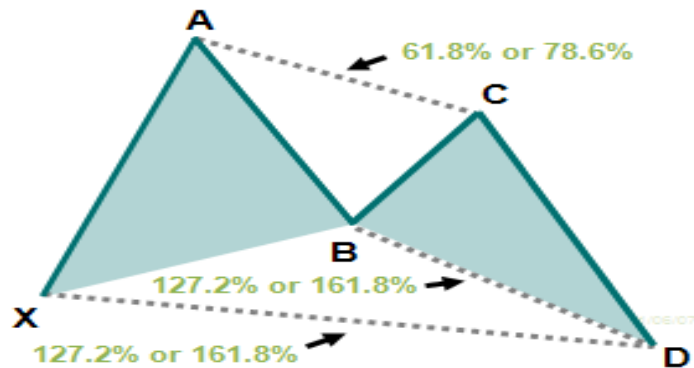- **POM 10** is Climatic Crash low Buy Signal to add to Net long position **(Rear event)**

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
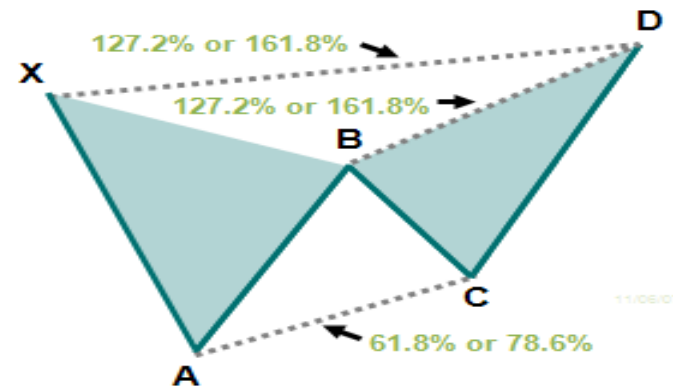
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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) — A, 61.8% or 78.6%, C, B, 127.2% or 161.8%, X, 127.2% or 161.8%, D

Sell Pattern (bearish) — D, 127.2% or 161.8%, X, 127.2% or 161.8%, B, C, A, 61.8% or 78.6%