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Immediate Release - 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	1222	POM 12 Bullish @ 1070 Triggered 01/01/2016	Triggered POM 13 Avg of 1173 M2M @ 1152 Jan 1 st	BULLISH	Net long 17.5%	If required rebalance 1210 position at cost For Risk Management	Re test of upside to 1220- Met exact With Bullish top	Target - ABC up to area 1260	Pull back to 1185 Should hold	Decline to 1185-65 Rejected lows put in lows at 1125.	Target 2 ND Weekly ABC up to 1400 Bullish top

- On 1st Jan Marked to Market at 1152 as cost basis.
- We scaled into GOLD Net long POM 13 position; avg price 1173 (4 entries @ 1210, 1185, 1164,1134).
- Our position is up 6% Profit in GOLD v/s 1.8% in SPX -YTD

Our Core entry Net long since POM 12 trigger: at 1070 (1/1/2016) . Holding initial 8.5% position.

Keep stop losses based on risk appetite, volatility and asset allocations.

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement Update</u> 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
GDX (XAU /HUI MINERS COR)	24.50	POM 12 Bullish @13.0 Triggered 01/01/2016	Triggered POM 13 Avg of 21.57 M2M @ 21.0 Jan 1 st	BULLISH	Net long 17.5%	If required rebalance 23.7 position at cost For Risk Management	First upside to 26	Target - Rally to breakdown area 29	Possible pull back to 23.0 & rally	Worst case pull back to 21.5 Gap area Should hold	Target 2 ND Weekly ABC up to 32 Bullish top

- On 1st Jan Marked to Market at 21.0 as cost basis, YTD- Profit 11%
- We scaled into GOLD Net long POM 13 position ; avg price 21.57 (4 entries @ PEC-D 23.7, 21.8, 20.1,19.7)
- Our position is up 17 % Profit in GOLD v/s 1.8% in SPX -YTD

Our Core entry Net long since POM 12 trigger: at 13.0 (1/1/2016) . Holding initial 8.5% position.

Keep stop losses based on risk appetite, volatility and asset allocations.

Market Overview GOLD

Portfolio : On invested capital, we have outperformed SPX – YTD gains of 1.8% by very wide margin.

USD : Possibility of bounce here, however Bearish bottom is being developed in USD . Downside target to 2nd PEC-D at 98. On weekly basis, longer term downside target PEC-D at 96.

Fundamentally, Wall Street has been Bullish the USD ever since it hit 103 but we have disagreed on that analysis based on technical. Fundamentally; chart below shows import / export imbalances from Trump policies which may result in weaker USD.

USD topped out at 103.5 and began its decline as we predicted. It has failed at its 13 year high levels.

GOLD: As expected GOLD has burst out of CZ 1220-1210 and closed above 1220 on weekly basis. We have reached inflection point for 2nd ABC up. If the pull back is shallow up to 1200, GOLD can begin next leg up to 1260.

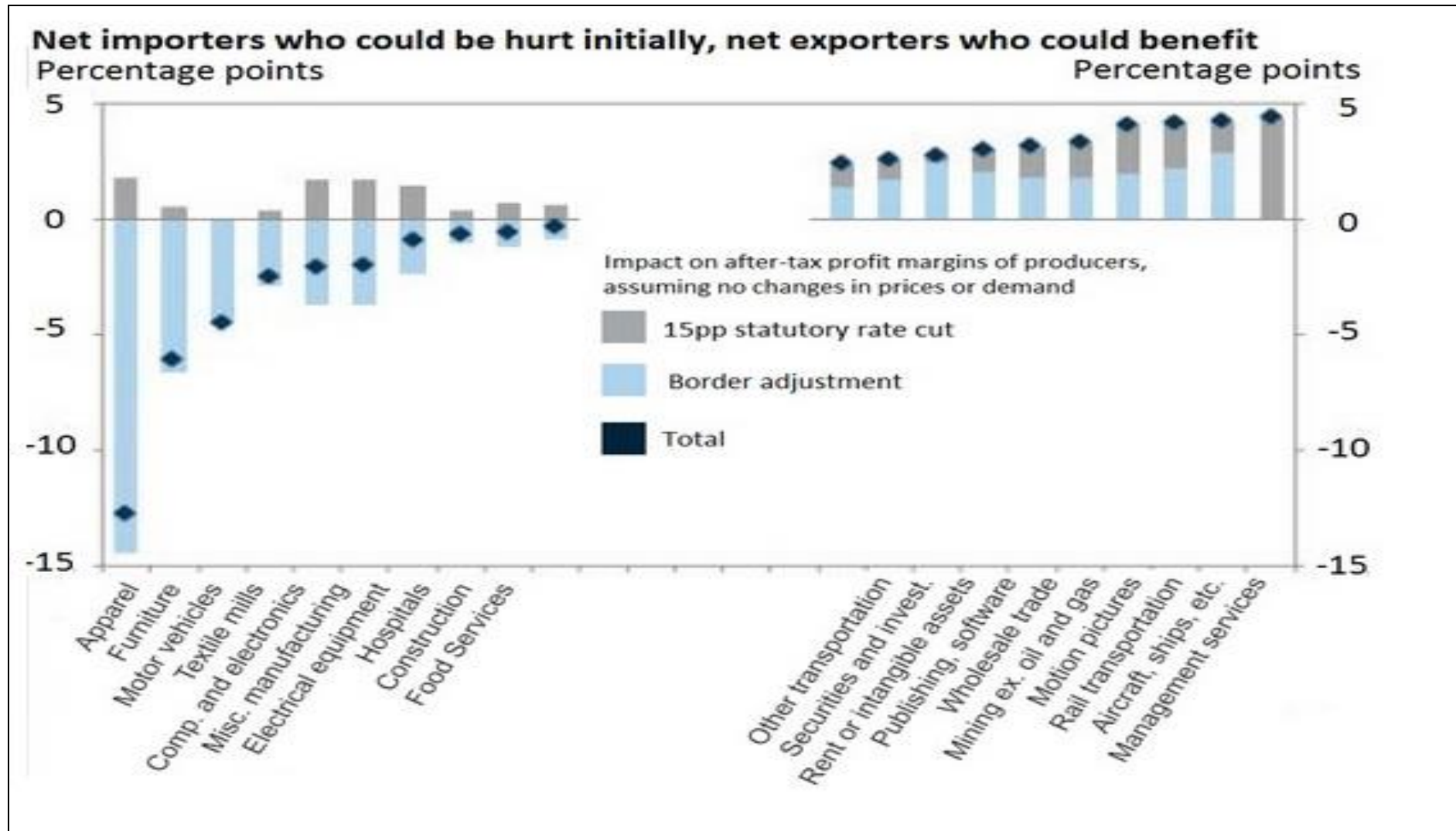
Silver/Gold ratio turned up suggesting the next Bull Run has started. When this ratio is rising, than Silver is outperforming Gold. Therefore in bull markets Silver and GDX are better performer than Gold

Eight year low cycle came in January 2016 and major bottom in Gold at 1070 in GOLD

GDX: Has taken off very well from the lows. _Past week rejected the lows on pull back._ The GDX/GLD ratio is still leading the way which is a bullish sign for GDX. Bullish percentile Index trending higher.

USD v/s Trade Analysis

Numbers doesn't suggest USD can rally with "Border tax adjustment". Demand for USD will drop with Trump Trade Policies. This is positive for GOLD



GOLD v/s EURO Analysis

Gold and ERO has 87% COR.



GOLD – Daily **chart** Analysis

Sideways consolidation may be needed to digest the recent gains above 1220 and gain energy next leg up.

Pull back may be shallow to 1200 to build up right shoulder of Bullish head and shoulder bottom



SILVER – Monthly – Long term **chart** Analysis

Longer term bottoms in Silver have formed when the Silver/Gold ratio turned up near .0125 (blue vertical lines). The last bullish upturn in this ratio came in near .0125 in early 2016. From August the Silver/gold consolidated and has turned up again in December suggesting the next Bull Run has started. We are expecting this ratio to move higher into the .02 range or higher where a possible top in silver may form. When this ratio is rising, than Silver is outperforming Gold. Therefore in bull markets for the precious metals , Silver is a better performer than Gold.



GDJ Bullish percentile Index- chart Analysis

Bullish Percent index for the Gold Miners index jumped showing this index is still getting stronger suggesting the uptrend is intact. A warning sign for a top would be for GDJ to make higher highs and the Bullish Percent index to make a lower high. This bearish divergence appeared at the August 2016 high. As long as the bullish percent index moves higher, the uptrend in GDJ should continue.



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**)

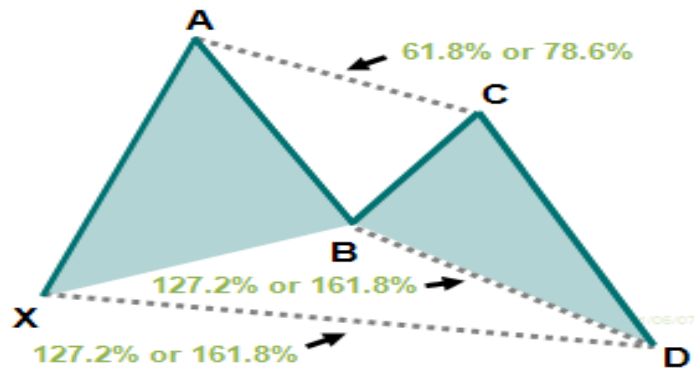
Pythagoras Expansion / Contraction – (PEC) Model

- 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

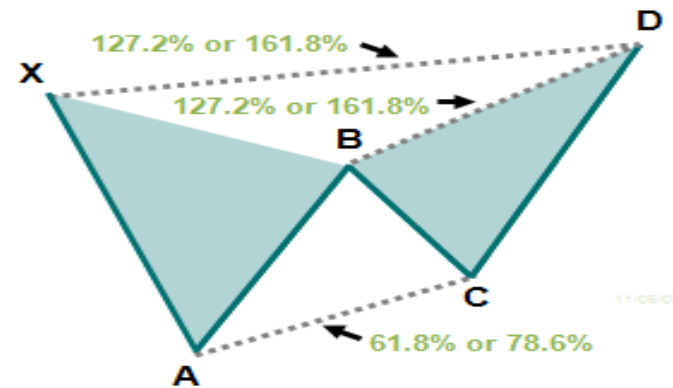
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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