SG Capital Research
Global Market Insights

Chart System

Date: January 22, 2017 (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	1209	POM 12 Bullish @ 1070 Triggered 01/01/2016	Triggered POM 13 Avg of 1173 M2M @ 1152 Jan 1st	BULLISH	Net long 17.5%	Rebalance overweight position to adjust the cost price – If required	First upside to 1210- MET EXACT With Bullish top	ABC up to area 1260	Possible pull back to 1185	Decline to 1165-80 Exceeded and put in lows at 1125.	Target 2ND Weekly ABC up to 1400 Bullish top

- **We scaled into GOLD Net long POM 13 position; avg price 1173 (4 entries @ 1210, 1185, 1164,1134).**
- **Our First entry is trading at the cost price**
- **On 1st Jan Marked to Market at 1152 as cost basis, YTD – Profit 5%.**

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 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
GDX (XAU /HUI MINERS COR)	23.2	POM 12 Bullish @13.0 Triggered 01/01/2016	Triggered POM 13 Avg of 21.57 M2M @ 21.0 Jan 1st	BULLISH	Net long 17.5%	Rebalance overweight position to adjust the cost price – If required	First upside to 26	Rally to breakdown area 29	Possible pull back to 21.5 Gap area	Decline to 20-21 Exceeded and put in lows at 19.5	Target 2ND Weekly ABC up to 32 Bullish top

- **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 First entry is trading at the cost price**
- **On 1st Jan Marked to Market at 21.0 as cost basis, YTD- Profit 11%**

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

USD : USD topped out at 103.5 and began its decline as expected. It has failed at its 13 year high levels. Price path in USD has been exactly what we expected.

The false break above 102 lost the momentum on upside and demonstrated negative divergence. Our first ABC down target to 100 is almost approaching. The 2ND PEC-D target is at 98.

GOLD: Initiated the rally last week of December and has rallied 85 points from its lows. At lows, Wall Street with its Bearish sentiments scared the crowd from entering this market during the lows. During the next leg up, the institutions will pile on in this market.

GOLD's first stage of a significant rally came with Bullish top meeting our projection PEC-D 1210. Gold has burst out of the short-term down channel. Pull back to 1185 is quite possible to back fill.

The real action will begin once GOLD closes above 1220 on weekly basis, and then it should target 1260.

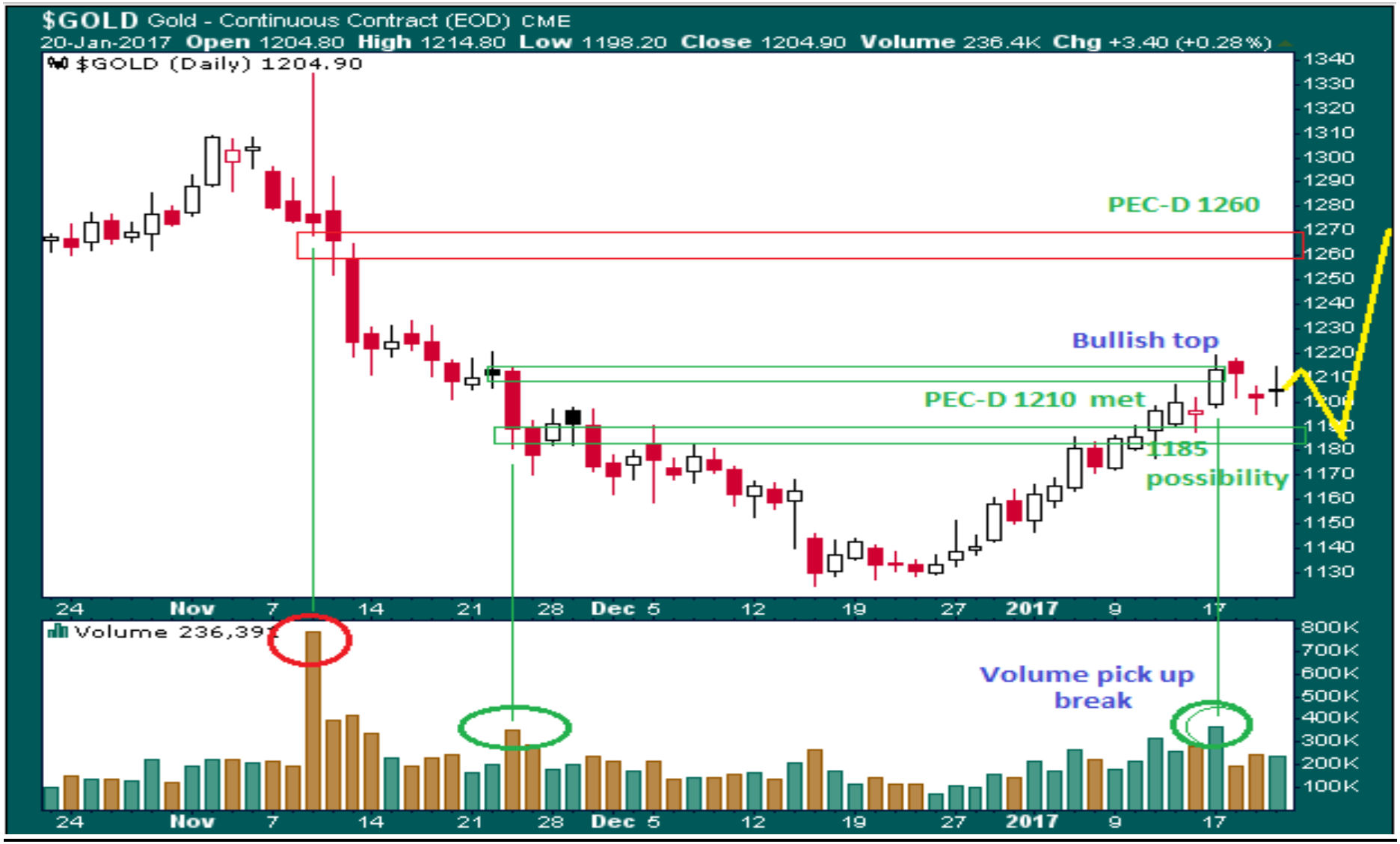
GDX: Has taken off very well from the lows. The GDX/GLD ratio is still leading the way which is a bullish sign for GDX. Bullish percentile Index trending higher. RSI is above 50.

GDX – Daily chart Analysis

Notes within the chart

GOLD – Daily chart Analysis

Sideways consolidation may be needed to digest the recent gains between 1210-1185 and to gain energy for next leg up.



GOLD – Weekly chart Analysis

Notes within the chart. : Sideways consolidation may be needed to break the upside above 1220 for next leg up.

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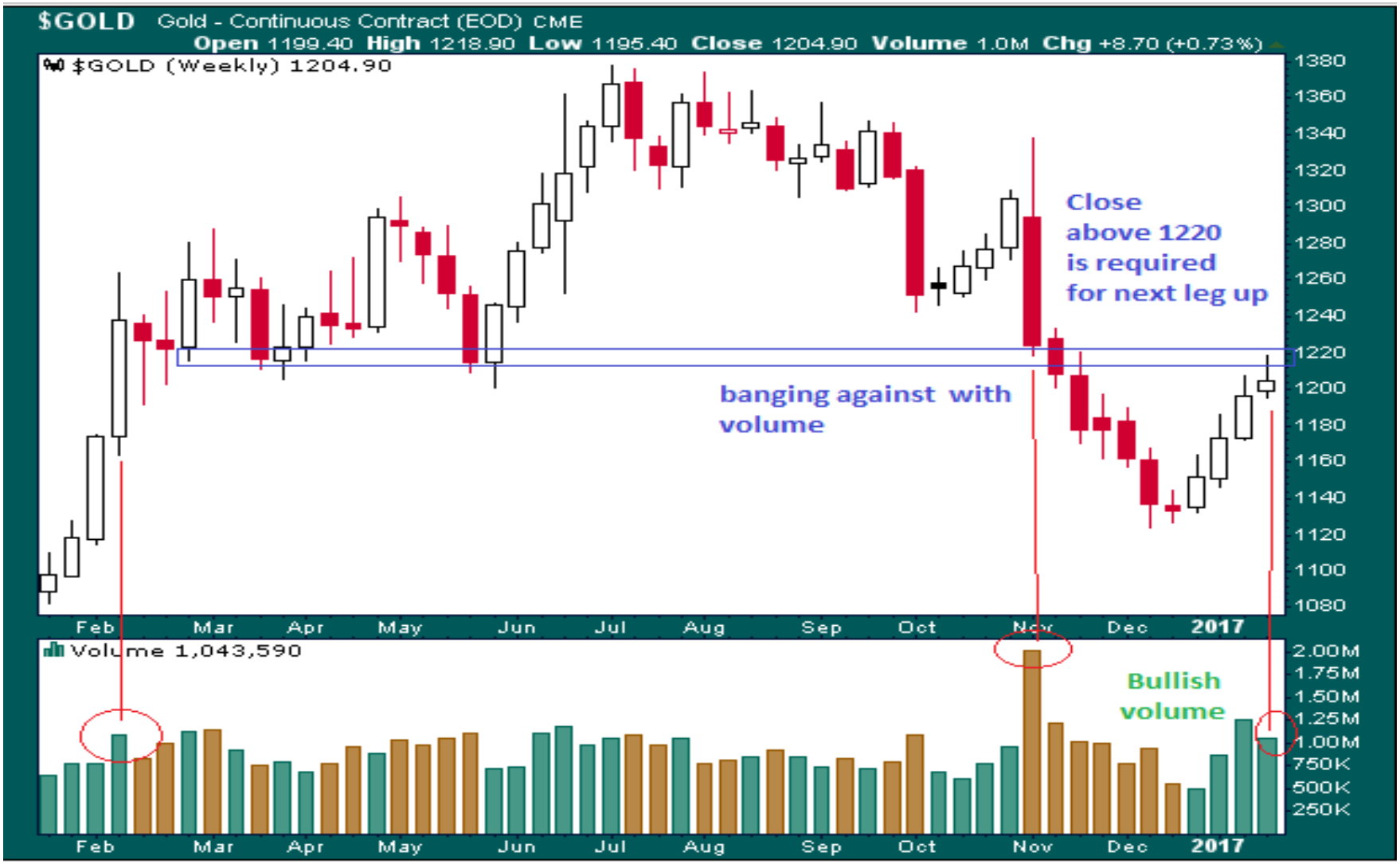
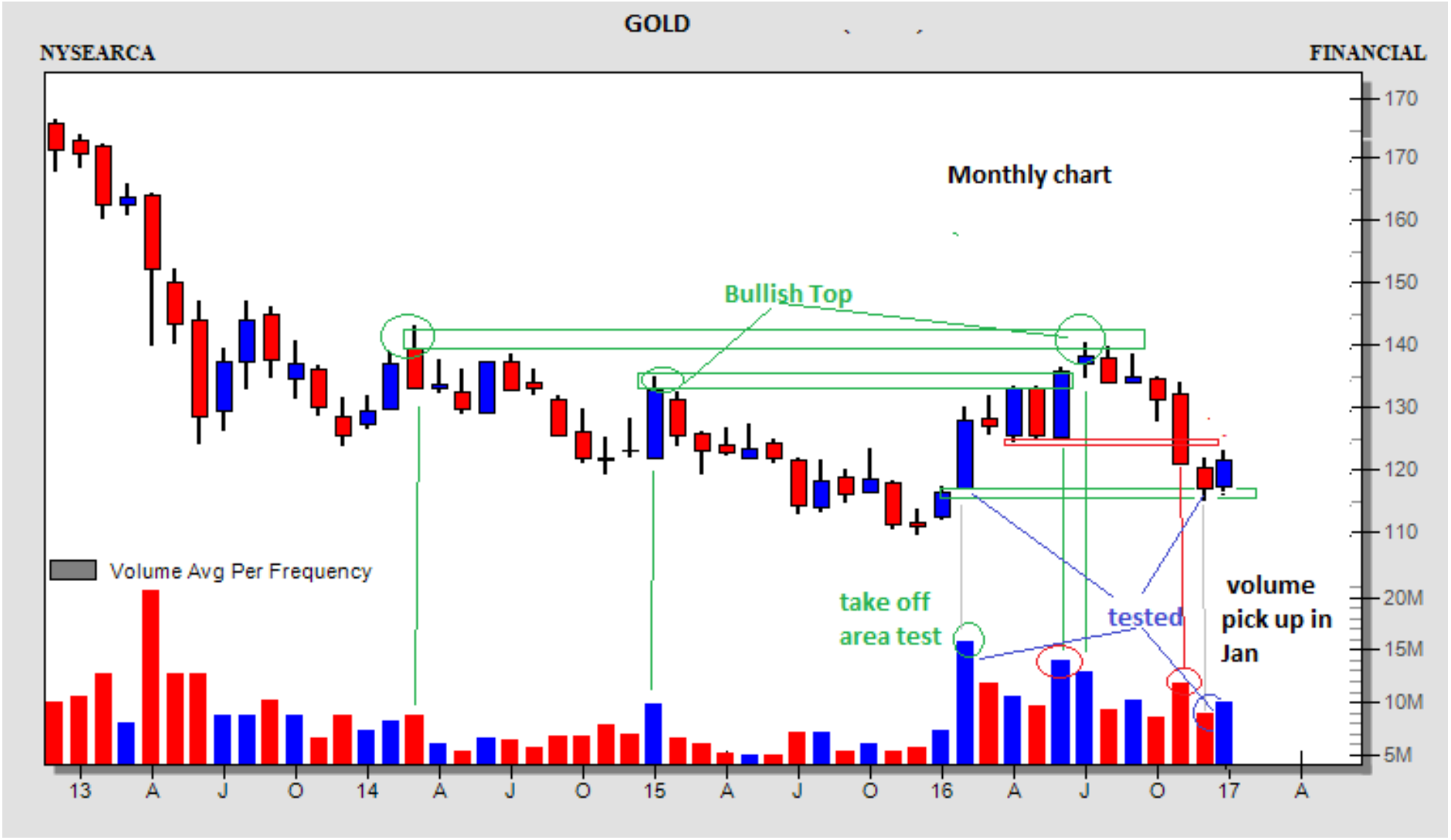


GOLD – Monthly Chart Analysis

Notes within the chart: On monthly charts, the bigger picture appears to have tested 1150 successfully. In the month Of January the volume appears to be expanding.



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

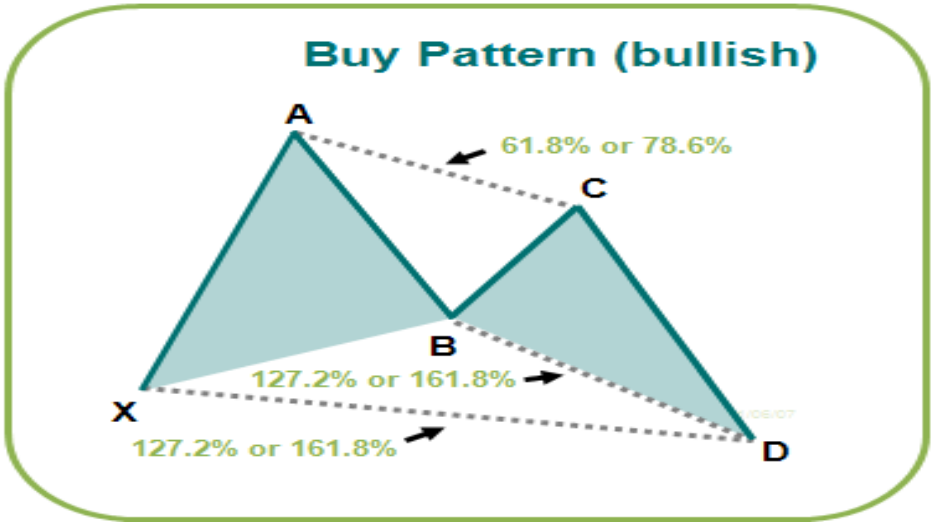
- ***POM is rated from 10 to 15***
- *POM 14 , 15 (is Sell Signal)* and *12 , 11 (is Buy Signal)* both are the Actionable Area whereas *POM 13* is A *Neutral Signal* for Risk management
- On way *UP* move, *POM 13* signifies to *STOP* executing additional 'New Buys" that was initiated at *POM 12 or POM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

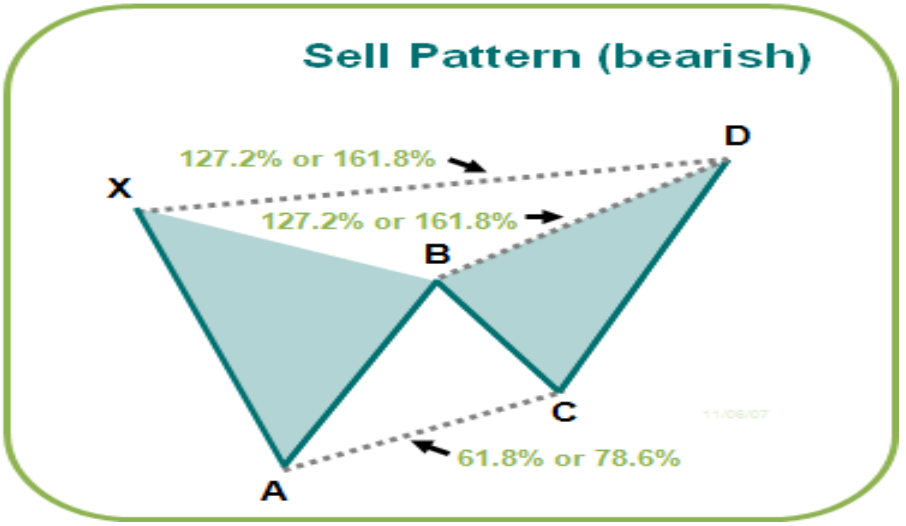
Pythagoras Expansion / Contraction – (PEC) Model

- 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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