



Date: January 29, 2017 (Sunday)

Immediate Release - GOLD – GDX STRATEGY REPORT

By : Suneil R. Pavse, CMT

MFTA

● 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	1190	POM 12 Bullish @ 1070 Triggered 01/01/2016	Triggered POM 13 Avg of 1173 M2M @ 1152 Jan 1 st	BULLISH	Net long 17.5%	NONE	Re test of upside to 1220- With Bullish top	ABC up to area 1260	Pull back to 1185- Met Exact and rejected	Decline to 1165-80 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 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>Announcements</u> <u>Update</u> 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
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 1 st	BULLISH	Net long 17.5%	NONE	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 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 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.

Note: In our last Report, we expected GOLD to re test upside of 1220 & pull back to 1185. It rejected the lows at 1180. Both Targets hit exact within the same week. In the Report we had recommended in “**New Action column**” to rebalance the Highest cost position (1210) and to fine tune the cost basis if required.

Market Overview GOLD

USD: Our first ABC down target to 100 met exact and USD bounced back up. Bearish bottom is developing here. The 2ND PEC-D target is at 98. Fundamentally if trade war begins, the world will require less USD to trade. Certainly opinions don't make money; it is the Trade that makes the money. The downside in USD can be 96 which is our weekly PEC-D.

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 as we expected.

GOLD: GOLD should run back up to 1220 for another test. It is building Bullish cause between 1220-1185. Most striking point during Friday's rejection of the GOLD past week was SILVER build up great sign of strength with accelerated volume. It is catching up with GOLD. The Ratio SLV/GLD has turned bullish.

URANIUM stocks have taken off as well, It is a small market; stocks are acting very Bullish. This sector may be running ahead of Trump nuclear policies.

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

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. RSI is above 50.

Commodities: Inflation is here, it is showing up in key early indicators since January 2016. Copper, base metal and mining stocks have really done well for us. Our stock list presented in January 1st Report has taken off. VALE, X, XLB /DBB, DBA Agro . Watch out for DBA Agro if trade war starts with Mexico. The Agricultural produce can go up quickly. XME/ SPY has ratio has been trading 2 year high. RIO, BHP [which we don't own personally] but our clients own in their fund has taken off as well.

Market being a forward looking mechanism, is better predictor of policies. Smart money has already positioned itself since January 1 ; as we see evident in Price & volume, most importantly in the currency market. While everyone has been focusing on Equity market, the low apples in equity markets have been picked up in rally from election night (sell off) to 1st of January.

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



GOLD – Monthly – Long term **chart** Analysis

A bullish signal is triggered. Monthly RSI above 50 which happened in January 2016. The red vertical lines show when the Eight year cycle low is due and the last red vertical line came in October 2016. Since this is such a long cycle, a couple of months on either side of this red vertical line would imply “on time”. The Gold low came in December and on time. The monthly XAU/Gold ratio is in a bullish trend when trending up. The monthly XAU/Gold ratio closed above its 20MA back in January 2016 and triggered a bullish signal. Both the monthly RSI and XAU/Gold ratio remains on bullish signals suggesting the long term trend is up. **We expecting at some point Gold will hit a new high on the current bull signal.**



GDx - Daily chart Analysis

Notes within the chart



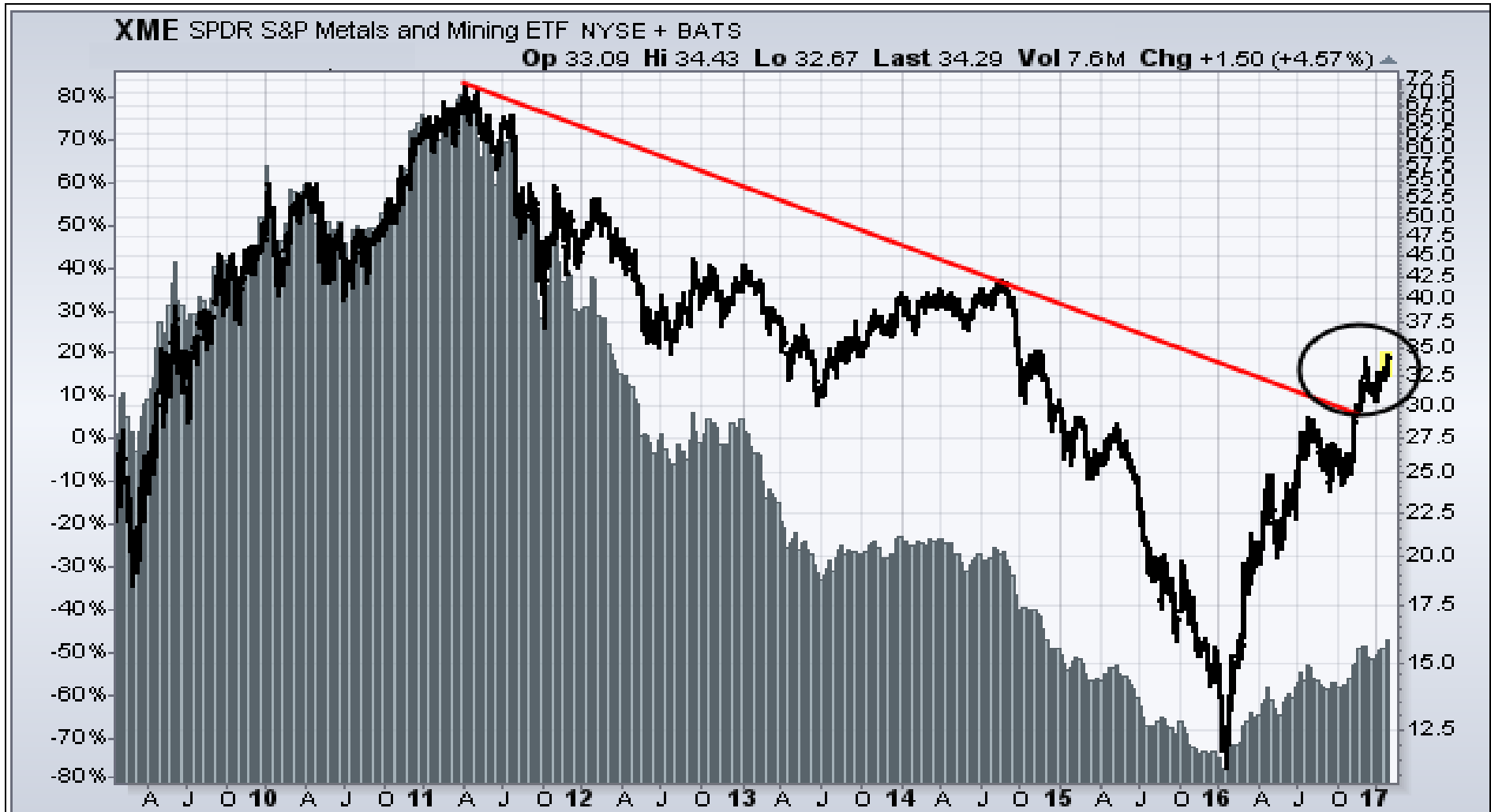
XAU – Monthly chart Analysis

The pattern on the monthly XAU is a Head and Shoulders bottom. The Right Shoulder is forming now and may find resistance at the August high near 100 and then could retrace back to support near 75 then another rally that breakout to the measured Head and Shoulders target to 150 from neckline. Head and Shoulders pattern have symmetry both in time and price and is one of the reason XAU may find resistance at its previous high as time would not be symmetric to the Left Shoulder time. The XAU/Gold ratio tends to lead the way for the XAU (also HUI and GDX).

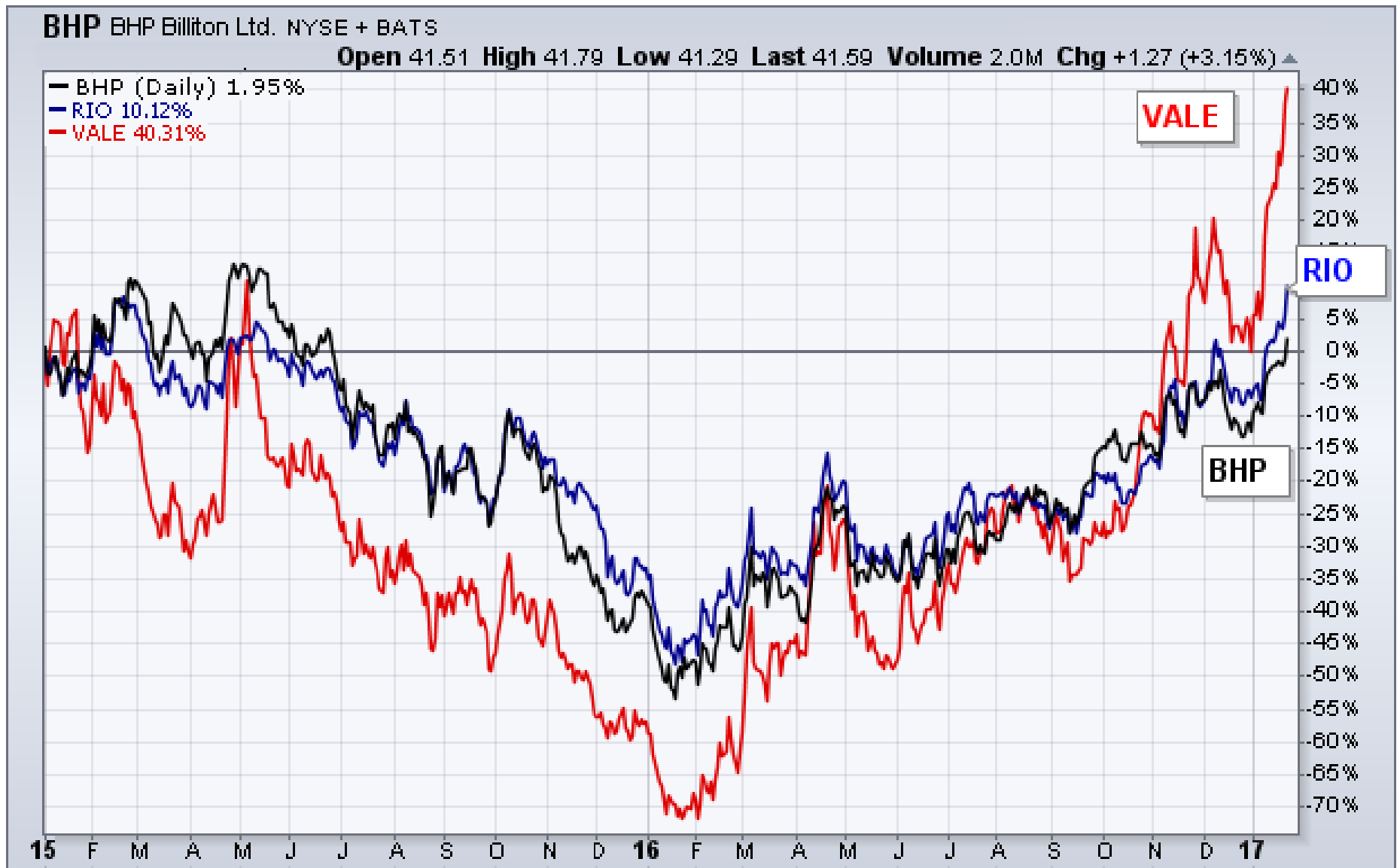


XME – Weekly chart Analysis

XME has broken out decisively from 4 year trend line. We have been bullish on this sector since January 2016 when we first initiated position in Mining stocks. XME is has been trading 2 year high.



VALE, RIO, BHP chart comparison.



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**)

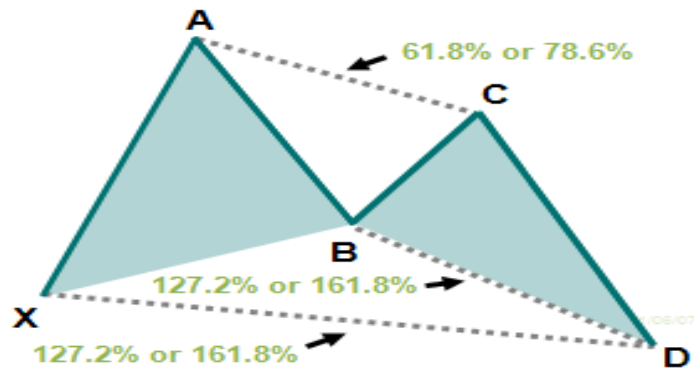
Pythagoras Expansion / Contraction – (PEC) Model

- 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

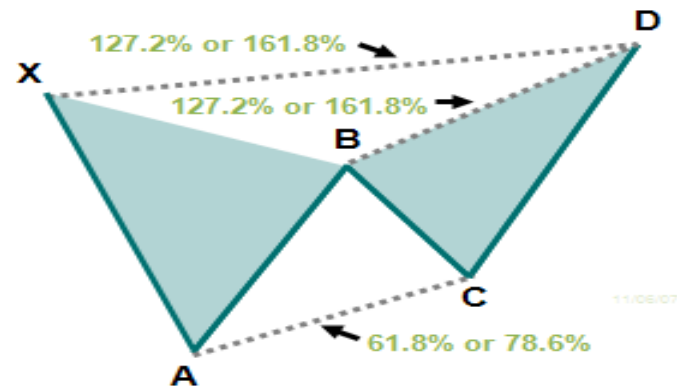
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.