SG Capital Research
Global Market Insights

Chart System

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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	1260	POM 12 Bullish @ 1070 Triggered 01/01/2016	1/1/2017 Report Announcement reentry - @ 1160 POM 13	BULLISH	Net long	None	Weekly Target CZ 1290	Target 2ND Weekly ABC up to 1400 Bullish top	Pull back to 1235-60 Met and rally began *Triggered Reentry 5/7*	CZ 1205-1195 target met & Rejected	

- **½ Trading Position – Entry @ 1150 – 1/1/2017 (up 10% Year to date)**
- **On 5/07 Report : Announcement: Reentry position at CZ 1235-60**
- Close above 1265 this week should be very bullish.
- Stop loss at 1200.
- Net Short USD @102 ; Currently trading at 96

2016 - Core Position: Net long since POM 12 trigger: at 1070 (1/1/2016) . Holding initial 9.0% position.
(up 20% - since our main entry)

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GDX (XAU /HUI MINERS COR)	23.25	POM 12 Bullish @13.0 Triggered 01/01/2016	1/1/2017 Report Announcement reentry - @ 21.6 POM 13	BULLISH	Net long	None	Bounce to 23.5 Met exact	Weekly Target PECD- 24.5	Possible pull back to CZ 22.75-22.25	Pull back to 21.25-22.4 Met and rally began *Triggered Reentry 5/7*	Target Lows of 21.5 met & Rejected

- **½ Trading Position – Entry @ 21.5 -1/1/2017 (up 9% Year to date)**
- **On 5/07 Report : Announcement: Reentry position at CZ 21.25-22.4**
- **Junior Miner with heavy volatility**: MUX, GPL, GORO, HL
- **Senior Miner**: RGLD, SA, FNV.

2016 - Core Position: Net long since POM 12 trigger: at 13.0 (1/1/2016) . Holding initial 9.0% position.
(up 78% - since our main entry)

Market Overview GOLD

US Fiscal Budget for 2018 to be released Tuesday and the minutes of the FOMC meeting to be released Wednesday, this should result in volatility within the Currency market. New Moon and Perigee Cycle is on May 25, it too has the history of high volatility.

USD: USD soared after the election on the prospect that lower taxes, fiscal stimulus, and deregulation would boost the U.S. economy. But that USD trade has reversed completely. (Refer chart below)

We Triggered Sell Signal in USD at 102; the downside projection target to 96 is approaching.

Dollar drop and rally in European currencies due to improving economic conditions in the Eurozone and uptick in inflation are supporting that currency**. GBP** rising in optimism in the UK economy. The falling dollar, is giving a lift to commodities and Gold. If Geo- political Crisis increases around the world, GOLD will once again be perceived as hard currency. Silver has lagged in this move, it is still considered as industrial metal in this run based on investors perception

GOLD ; GOLD triggered reentry at PEC-D 1245 within pull back zone CZ 1235-60. Close above 1265 on weekly basis should be Bullish to continue higher, If not GOLD can pull back one more time to CZ 1250-40 and then rally up

The longer term view for GOLD is Bullish. The bottom of 8 year cycle came in December 2016 at 1050 (our main core entry point).

GDX ; GDX/GLD ratio leads the way for GDX, and GDX/GLD ratio is weaker. Last Thursday GDX gapped down and produced a "Sign of Weakness" (decline on large volume) and short term bearish sign. On today's trading, last Thursday's gap was tested on lighter volume suggesting a pullback only if GOLD fails to break above 1265 this week. RSI is above 50 which is Bullish. Pull back to 22.75-22.5 and then rally up

The monthly chart for GDX remains bullish. GDX rejected the back CZ 21.4-22.4 as expected.

USD – Daily chart Analysis

We Triggered Sell Signal in USD at 102; the downside projection target to 96 is approaching.

GOLD – Daily chart Analysis

Refer notes inside the chart: Larger 3 drive to the top pattern is in play towards 1.618. CCI is positive and has room to run higher. Close above 1265 on weekly basis should be Bullish to continue higher, If not GOLD can pull back one more time to **CZ 1250-40** and then rally up.

GDX – Daily chart Analysis

GDX/GLD ratio leads the way for GDX, and GDX/GLD ratio is weaker. Last Thursday GDX gapped down and produced a "Sign of Weakness" (decline on large volume) and short term bearish sign. On today's trading, last Thursday's gap was tested on lighter volume suggesting a pullback only if GOLD fails to break above 1265 this week. RSI is above 50 which is Bullish. **Pull back to 22.75-22.5** and then rally up

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 are 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

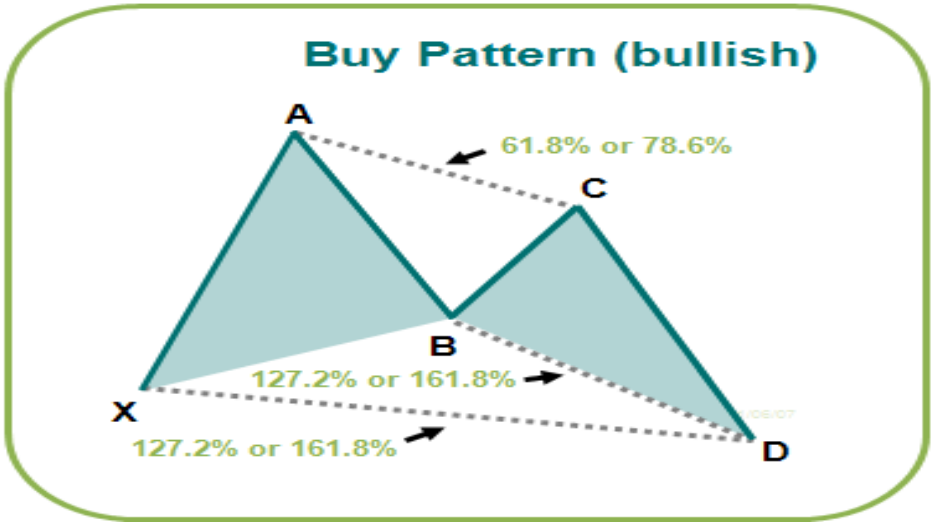
- ***POM is rated from 10 to 15***
- *POM 14 , 15 (is Sell Signal)* and *12 , 11 (is Buy Signal)* both are the Actionable Area whereas *POM 13* is A *Neutral Signal* for Risk management
- On way *UP* move, *POM 13* signifies to *STOP* executing additional 'New Buys" that was initiated at *POM 12 or POM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

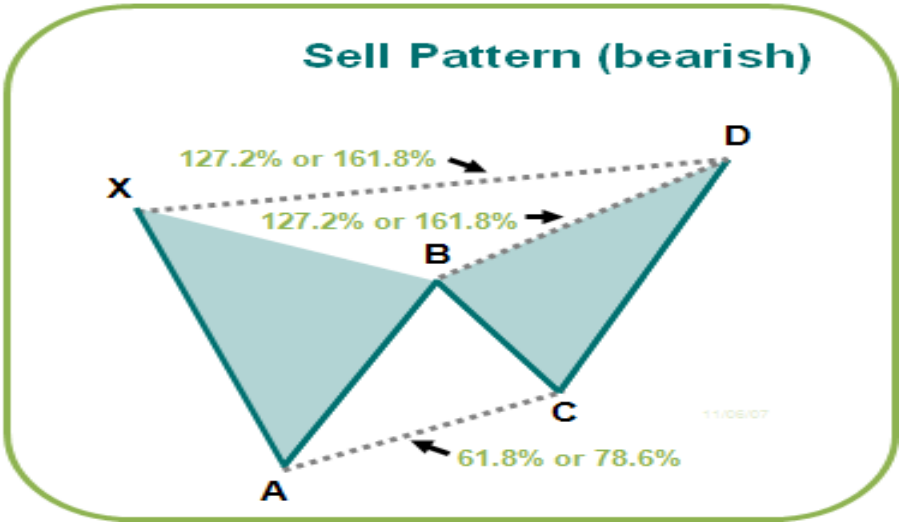
Pythagoras Expansion / Contraction – (PEC) Model

- 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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