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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 <u>Announcement 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
GOLD	1229	POM 12 Bullish @ 1070 Triggered 01/01/2016	1/1/2017 Report Announcement reentry - @ 1160 POM 13	BULLISH ST pull back In progress	Net long 9% to 18% Scale in	None	Weekly Target CZ 1290 Met	Target 2 ND Weekly ABC up to 1400 Bullish top	Pull back to 1235-65 In progress	CZ 1205-1195 target met & Rejected	

- ½ Trading Position – Entry @ 1150 – 1/1/2017
- On 4/16 Report : Announcement: exited position at 1288
- On 4/26 Email: Announcement reentry to initiate “Scale in within CZ 1265-1235” (GOLD Extended further to downside ahead of French election).
- Close above 1235 should be rejection

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

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GDX (XAU /HUI MINERS COR)	23.6	POM 12 Bullish @13.0 Triggered 01/01/2016	1/1/2017 Report Announcement reentry - @ 21.6 POM 13	BULLISH ST pull back In progress	Net long 9% to 18% Scale in	None	Bounce to 23.00	Weekly Target PECD- 24.5 Met	Pull back to 22.4-21.25 In progress	Target Lows of 21.5 met & Rejected	Target 2 ND Weekly ABC up to 31 Bullish top

- ½ Trading Position – Entry @ 21.5 -1/1/2017
- **On 4/16 Report : Announcement: position exited at 24.5 (3 points Gains)**
- On 4/26 Email: Announcement reentry to initiate “Scale in within CZ 22.4-21.25” - in Progress .
- 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.

Market Overview GOLD

USD/ EURO:

EURO took off after French Election results. Jump in EURO may put pressure on USD. We remain on Sell Signal since 102; USD is on its way to 96. Past week's upside move failed and the decline has been on heavy volume.

Falling open Interest in USD with falling prices is bearish for USD.

GOLD

After the French election results, GOLD gapped down..

GOLD has extended beyond its pull back projection within CZ 1235-1265. Gold tends to get extended in both directions of the move. Close above 1235 should be rejection in price.

Earlier, GOLD reached our upside target exactly at 1290 on 4/16 and decline had began

GDX

GDX continues to lag GOLD in this last run up. GOLD is much stronger than GDX. GDX is in the process of pull back.

GDX/GLD ratio leads the way, indicating weakness in Mining stocks on weekly charts. **The monthly chart for GDX remains bullish.**

GDX pull back projection within CZ 22.4-21.4. GDX appears to have Rejected lows of Friday 5/5

GDX reached our upside target exactly at 24.5 and decline began. Mining stocks are very volatile and not to be overweight

GOLD – Daily chart Analysis

Refer notes inside the chart: **Close above 1235 should be rejection**



GDX – Daily chart Analysis

A low may be forming. GDX/GLD ratio leads the way for GDX. GDX/GLD ratio has started to form a base. The likely upside target if GDX does bounce is the gap area near 23.00. GDX appears to have Rejected lows of Friday 5/5



GOLD – Monthly chart Analysis

The longer term view for gold. Monthly RSI above 50 suggests major trend is up in gold. The red vertical lines on the Gold chart represent the 8 year cycle for gold bottoms. The last one came in December 2016 at 1050 (our main core entry point) Suggesting this major cycle has bottom for gold. In bull markets; gold stocks outperform gold; XAU/Gold ratio is rising. This Ratio had a bullish crossover in early 2016. In bull markets the Slow Stochastics stays above 50 and the current reading is 53. Gold retraced 50% of the move from the 2000 low to the 2011 high at December 2015 low. This is the half way point of the move up suggesting gold could reach 2750. The monthly charts remain bullish.



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**)

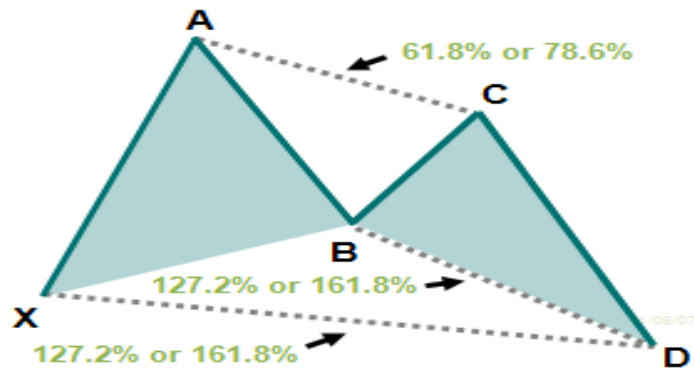
Pythagoras Expansion / Contraction – (PEC) Model

- 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

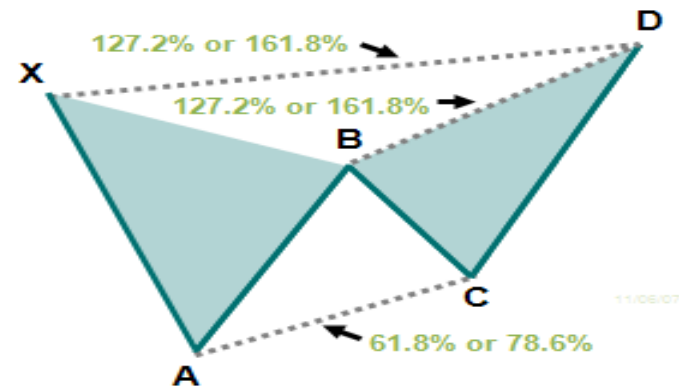
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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