SG Capital Research
Global Market Insights
Chart System

Date : 12ᵀᴴ April 2013 (*Friday*)

GLOBAL INDICES REPORT (Strategy & Prop Tech)

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● *Executive Summary*

	Current Price	Triggered POM or CZ & date	Triggered within CZ & date	Progress Status	Current Position	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
EEM (EMRG)	42.50	POM 15 In SPX	CZ 44.50-43.50 on 1/04	NEUTRAL	CASH	NONE	CZ 44.30-43.40 Neutral Top		Follow SPX pullback	CZ 40.75-39.75	No Risk / Reward unless the upside or downside CZ is tested.
EWZ (BRZL)	55.20	POM 15 In SPX	CZ 57-55.50 on 1/04	NEUTRAL	CASH Exited longs @56	NONE	CZ 57-55.50 Bullish Top		Ditto	CZ 50 - 52	EWZ - Good candidate to be long in next pull back . Exited for 5.5% profit. (53 to 56. In current rally
FXI (CHINA)	36.27	Main CZ @ 33.57 On 9/26 Is intact	Secondary Re entry CZ 36.50-35.25 Re entry On 4/03 Pre announced For ½ recycle	BULLISH Bottoming	Net Long	NONE	CZ 43-42, Bullish Top	On $ SSEC CZ 2700-2600	CZ 35.25-36.50 Met with Bullish bottom		PS- ½ recycng Position exited @, 41.74, 1/23, booked - 8 point profit & avoided the 6.5 pt decline till re –entry @ 36 RM – 33.75 only on ½ - Re cycling positio

Continued…

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$NIKK (JAPAN)	13,550	Main CZ @ 8500 . On 10/10	CZ 8600-8450	BULLISH SHORT TERM PULLBACK	½ Net Long Exited ½ @ for 25 % profit. On 1/11 (10900) in current rally	NONE	CZ 12200 - 12000 Met & smashed th' with Bullish Top	CZ 15600-15900	CZ 12100 - 11700 (Next best Risk / Reward for long	CZ 11,100 -10800 (floor)	Holding ½ position since 8500 (10/10) up 60% for ABC up Especially LT weakening YEN target is from 76 to 120
EWJ COR - (JAPAN)	11.34	Main CZ @ 9.05 . on 10/10	CZ 8.95-9.15	BULLISH SHORT TERM PULLBACK	½ Net Long Exited ½ @ for 8.9% profit. On 1/11 (9.85) in current rally	NONE	CZ 11.80-11.60 is approachin with Bullish Top	CZ -13.70-13.40	CZ -10.70-10.40 (Next best Risk / Reward for long	CZ 10.2-10 (floor	Holding ½ position since 9.05 (10/10) up 25% for ABC up
$BSE MUMBAI	18300	POM 15 In SPX COR	CZ 20050-19650 On 1/16 19850 mean price	CAUTION	n/a	n/a	20160 Spike up Drive 3 rd Completed & FAILED	CZ 19200-19100 Right Shoulder -2 Met & failed	CZ 18400-18700 Exceeded with heavy bottom	TBA	our projected Spike high 20160 resulted in decline to 18250 lows

BSE -– *Will have special Report later on Sunday(still working on it) - TBA*

- ## **SIGNALS. - *Price Projection CZ , Trading / Investment Conclusion***

Global Indices Overview

- **BULLISH INDICES -** **FXI (China) – Bottoming**
  EWJ (Nikke) (Short term pull back due)

- **BEARISH INDICES-** **BSE , HK (Ready for ST bounce from Current CZ)**

- **NEUTRAL INDICES -** **EEM,EWZ**

- **Japan (NIKKE / EWJ)**

The dichotomy between (JAPAN & US Equity) v/s (the rest of the world) continues. BOJ expanding the monetary base pushing YEN sharply lower and pushed the NIKKE higher . Simultaneously QE is pushing US higher. But certainly not helping the " Rest of the world Markets & Commodity Markets , they are trading lower than January highs . Including the European Markets

For us , the difference is NIKKE has Bullish top and overall SPX " Does NOT" (Except in our selected longs Hlt, Home Bld, staples, Ulitilty) We remain Net Long on $NIKK. This Index has shallow retracements and refuses to have meaningful pull back. This a sign of early stages and powerful ABC up in NIKKE. It should continue for few years as Major change in Trend.

*Since our triggered **NIKK moved up (60%).& EWJ up (25%)** . Once we identify early Bull Market entry at early stage" We remain with Core Position " . At later stages the charm of Market disappears.*

Many participants are talking now about YEN at 99 & NIKKE at 13500 after almost 60% rally , but like they say we'll Trade the Market not the Opinions. i.e Bullish Top , Bullish Bottom and PEC-D projections up

- ### *China ($ SSEC / FXI)*

 A hint of bullish divergence within the current CZ low suggests that we have a correction within a new uptrend , rather than a new leg down in the old bear market. Thus, we are looking for the market to consolidate and turn up . We re- entered ½ recycled " Net Long " position back in in **CHINA** which has Bullish top

- ### *HSI (Hong kong) – FYI only*

 HK (Hong Kong)- We called the top at 23700 in **special Report on 1/23** on the very day **,** now it has declined 2000 points to 21,800. We should get bounce towards 22, 500 but heavy bottom remains towards 21800 lows.

- ### *Brazil (EWZ) , Emmrg. (EEM),*

EWZ, EEM Remains NEUTRAL , EWZ (Brazil) formed Bullish Top .   At current levels , there is   no favorable Risk / Reward till we get meaningful pull back for adding Long positions. These are NOT Short Candidates

- ***Mumbai ($ BSE)***
- ***Signal is Exclusively benchmarked via SPX- POM 14 & COR with PEC-D, CZ pattern completion.***

In our last Global (Special) Report 3/23 , we had indicated 2st ABC down to CZ 18400-18700 , that was completed . Volume is heavy, it came down with force.   The proper   Test of CZ 18400-18700 is very critical but proper test <mark>which hasn't happened yet although the target has been met</mark>. (see important charts below from last week). Our expectation as re – iterated on 23rd March Chart was for " Very complex " PEC-D of 2nd Shoulder of Right side of H & S Top did not get completed   But first shoulder did. Double shoulder is much complicated & powerful . Last week's chart speaks the BSE story If this complex pattern is resolved in that direction . Very critical week especially how US Market reacts today

OVERALL - BSE's Top came in at SPX - POM 14 signal within CZ 20050-19750. Spike high Triggered at 20160 (WAVE 1-3-5) completed the Top . SPX , COR is at 0.8 . failed via PQV within CZ. BSE completed 2nd ABC down to CZ 18400-18700 with heavy volume.

(<mark>More of BSE over the weekend)</mark>

• YTD – Global Indices performance v/s SPX

Weakest and strongest Indices for PAIR TRADES – (Notes within chart below- QE- Impacting various Markets)

2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX.
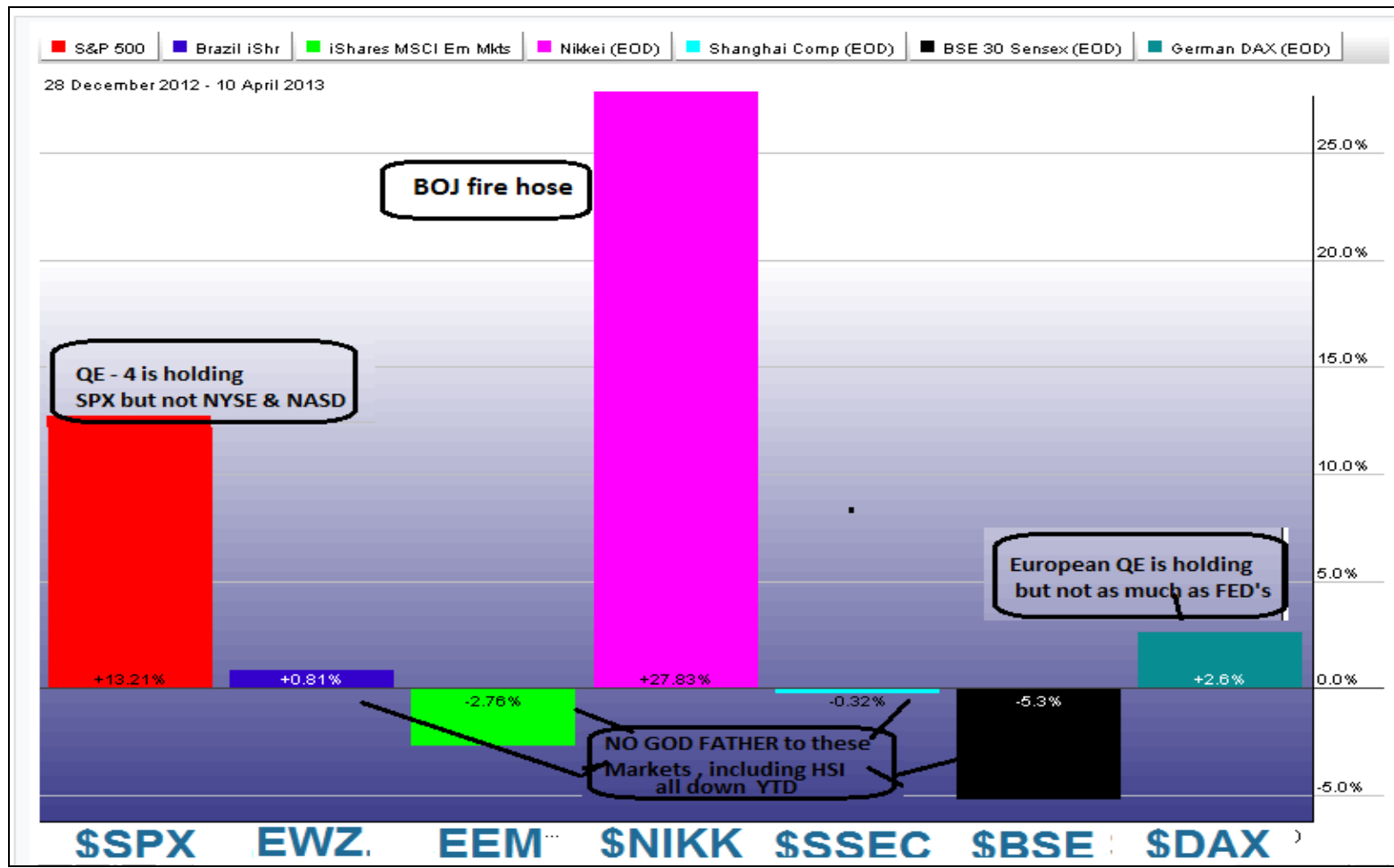
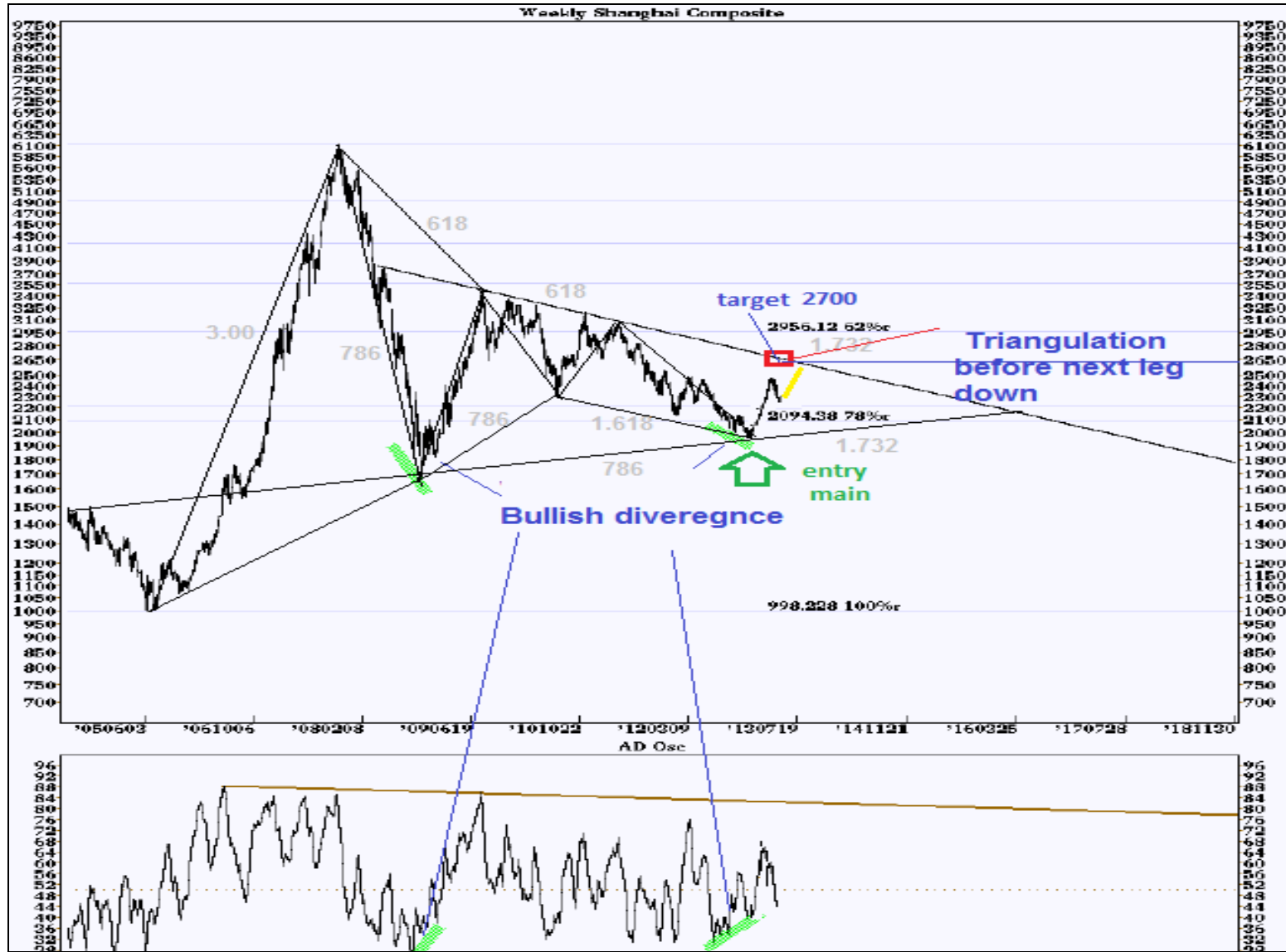# $SSEC (SHANGHAI) / Poly Trend & Ratio Analysis - *Bullish – Bottoming*

DOWNSIDE – CZ 2275-2200, - met , met & tested with Bullish bottom " Triggered entry ½ position back in " – *Ready for next leg up.*

UPSIDE – CZ 2400-2350, - Bullish top – *Refer note within the chart* - Bullish H & S bottom confirmed by Poly Trend and volume

Shanghai Composite Daily

Parabolic Poly ternd suggest more upside after the pull back

left Shoulder
Right shoulder
exited 1/2 on 1/23
CZ 2275- 2200
re entry on previously exited
Initail Entry in tact
Head
H & S confimed by PEC-D & PQV

AD Osc & M.A.
+VE DIVEREGNCE

$SSEC (SHANGHAI) / PEC-D / Ratio Analysis. – <mark>Bigger picture</mark>

2nd - Upside - *Target CZ 2700 -2600 -Larger PEC-D pattern validation is intact .*

FXI – (SHANGHAI) / PEC-D / Ratio Analysis. – *Bullish – Bottoming*

- *Texture - BULLISH TOP & BULLISH BOTTOM*

DOWNSIDE - CZ 36.50-35.25, met & tested with Bullish bottom " Triggered entry ½ position back in " – Ready for next leg up.

UPSIDE – CZ 42-43, - Bullish top
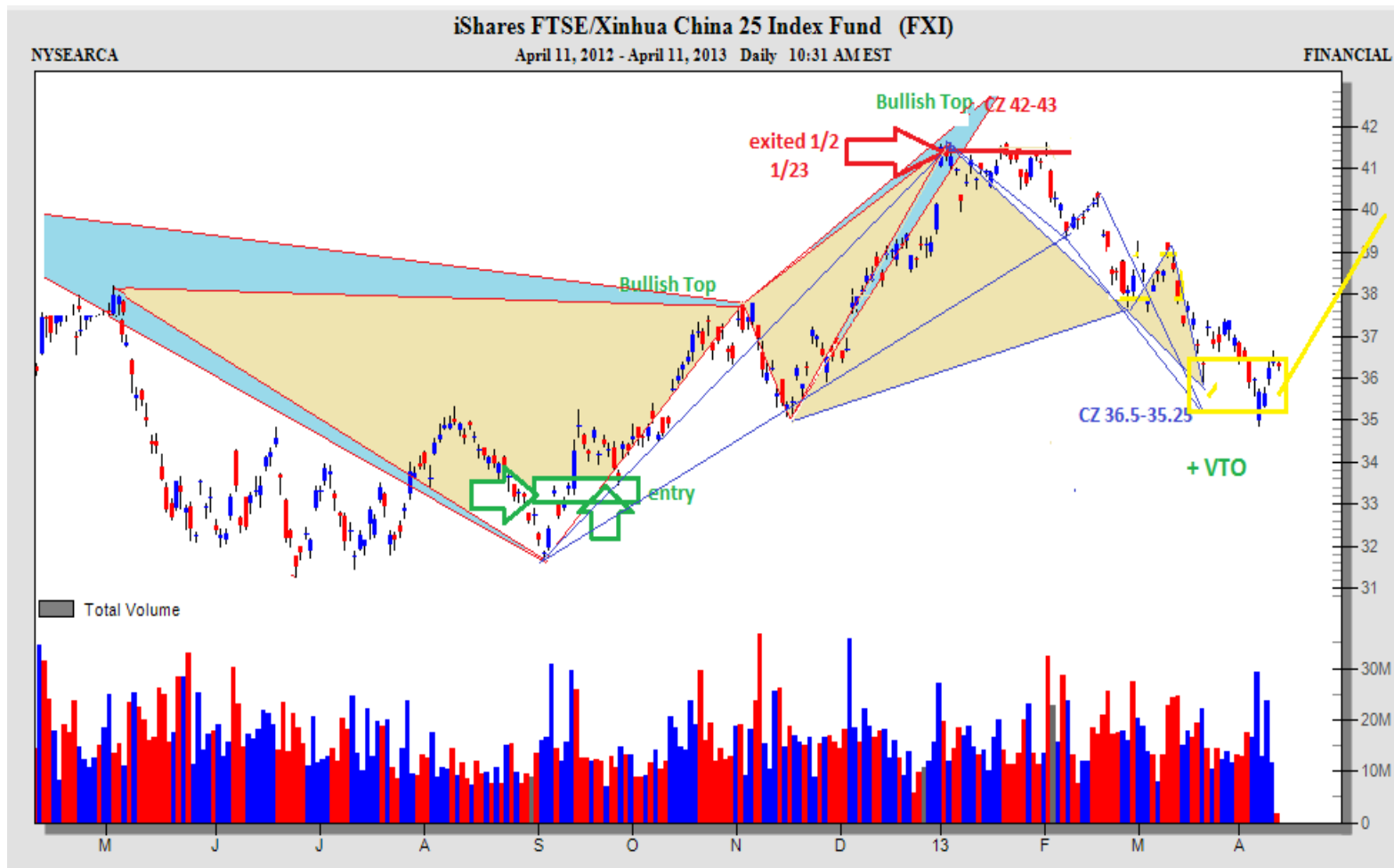
$HSI (HONG KONG) / PEC-D / Ratio Analysis. – (Special situation – FYI only)

Indicated in last Special Report 1/23 – CAUTION – AT 23700 . HK finished Mid term – PEC-D Patterns under several time frames. We called the top at 23700 , now it has declined 2000 points to 21800.

Update - Now ready to bounce (see notes below) , but the bottom at 21800 still heavy , after the bounce to 22600 should come back to test
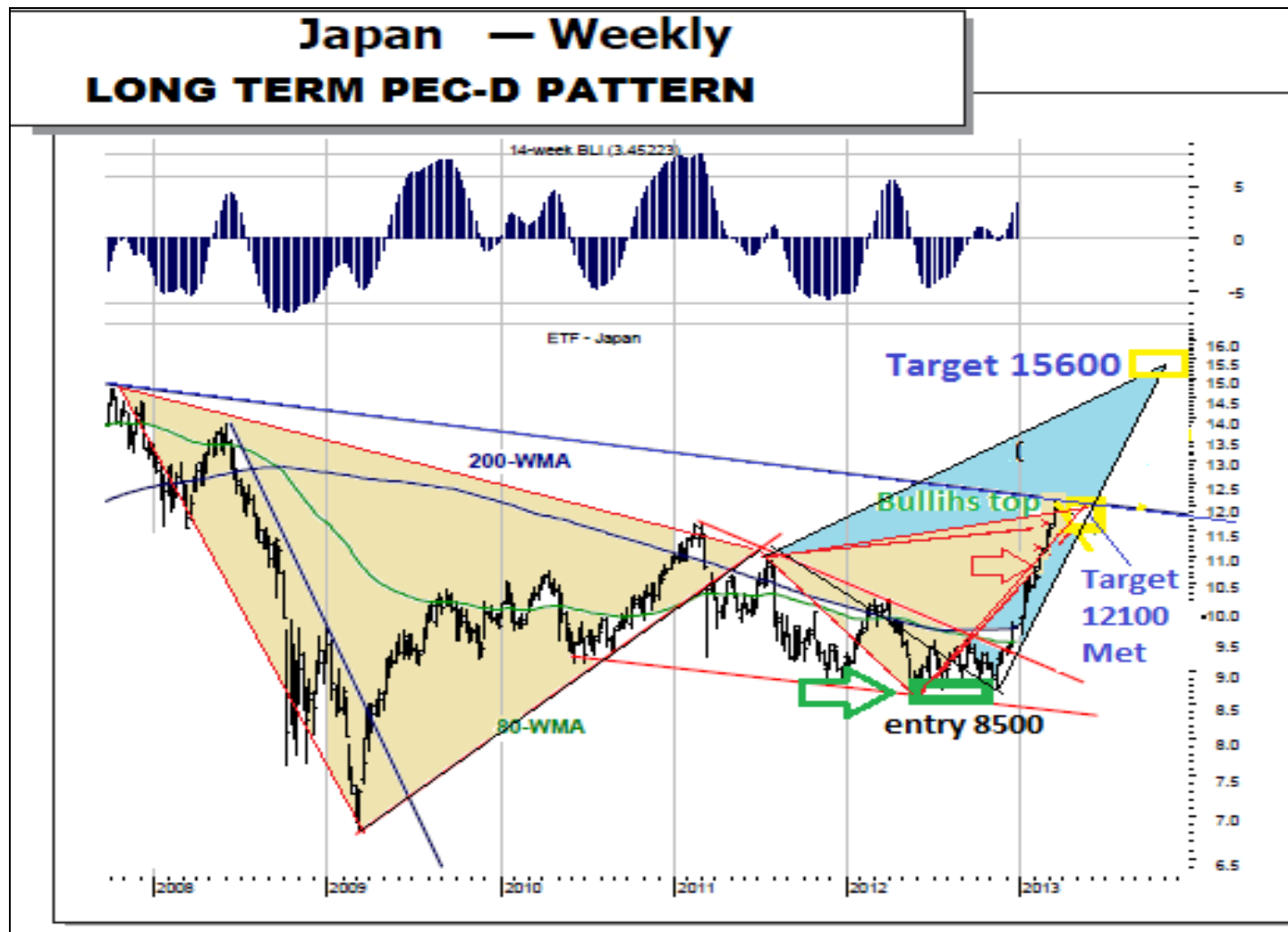
NIKKE (JAPAN)– CZ / PEC-D / Ratio Analysis – Bigger picture

- **-Texture - BULLISH TOP & BULLISH BOTTOM**

Downside – CZ 12100-11700 Pull back target for PQV Validation and then next ABC up .

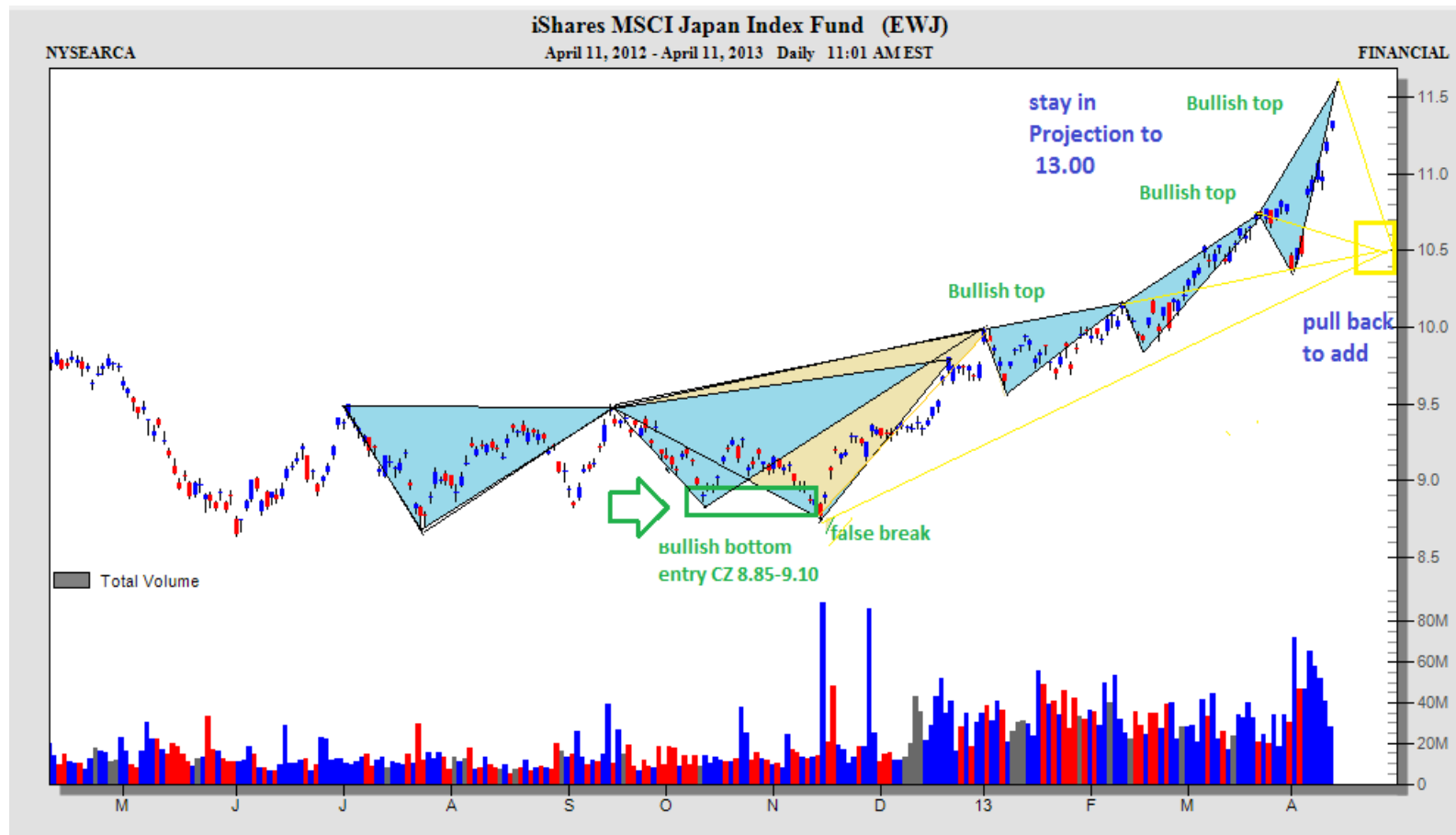**Larger Upside -** Target CZ 15600-15900 (Larger PEC-D pattern validation)

EWJ (JAPAN)– CZ / PEC-D / Ratio Analysis – *Bullish -* *ST Pull back*

- **-Texture -** *BULLISH TOP & BULLISH BOTTOM*

2ST Upside - *Target CZ 11.80-11.60 is approaching, Larger ABC at 13.00,*

1ST Upside - *Target CZ 10.90-10.50 met & SMASHED TH' with Bullish top setting up Larger PEC-D pattern.*

Downside – *CZ 10.70-10.40 Pull back target for PQV Validation and then next ABC up*

iShares MSCI Japan Index Fund (EWJ)

NYSEARCA   April 11, 2012 - April 11, 2013   Daily   11:01 AM EST   FINANCIAL

stay in Projection to 13.00

Bullish top

Bullish top

Bullish top

pull back to add

false break

Bullish bottom entry CZ 8.85-9.10

Total Volume

NIKKE v/s YEN Ratio Analysis – *Bullish*

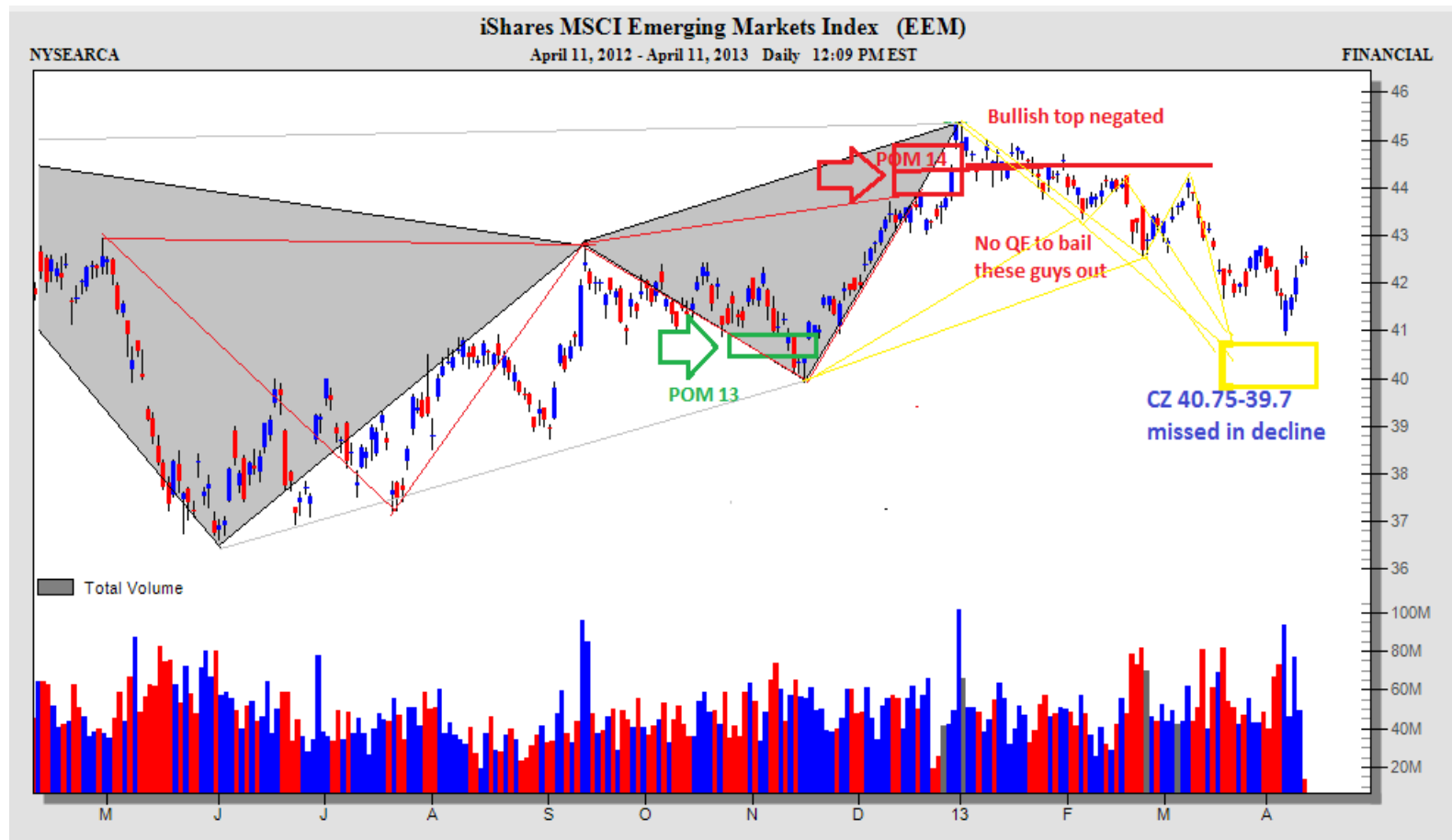*This is very early stages of Run.*

EEM (EMMEG) – CZ / PEC-D / Ratio Analysis – *Neutral*

- *Texture – NEUTRAL TOP   & BEARISH BOTTOM*

DOWNSIDE – CZ 40.75-39.75 missed but should follow SPX 's pull back. The CZ test is required

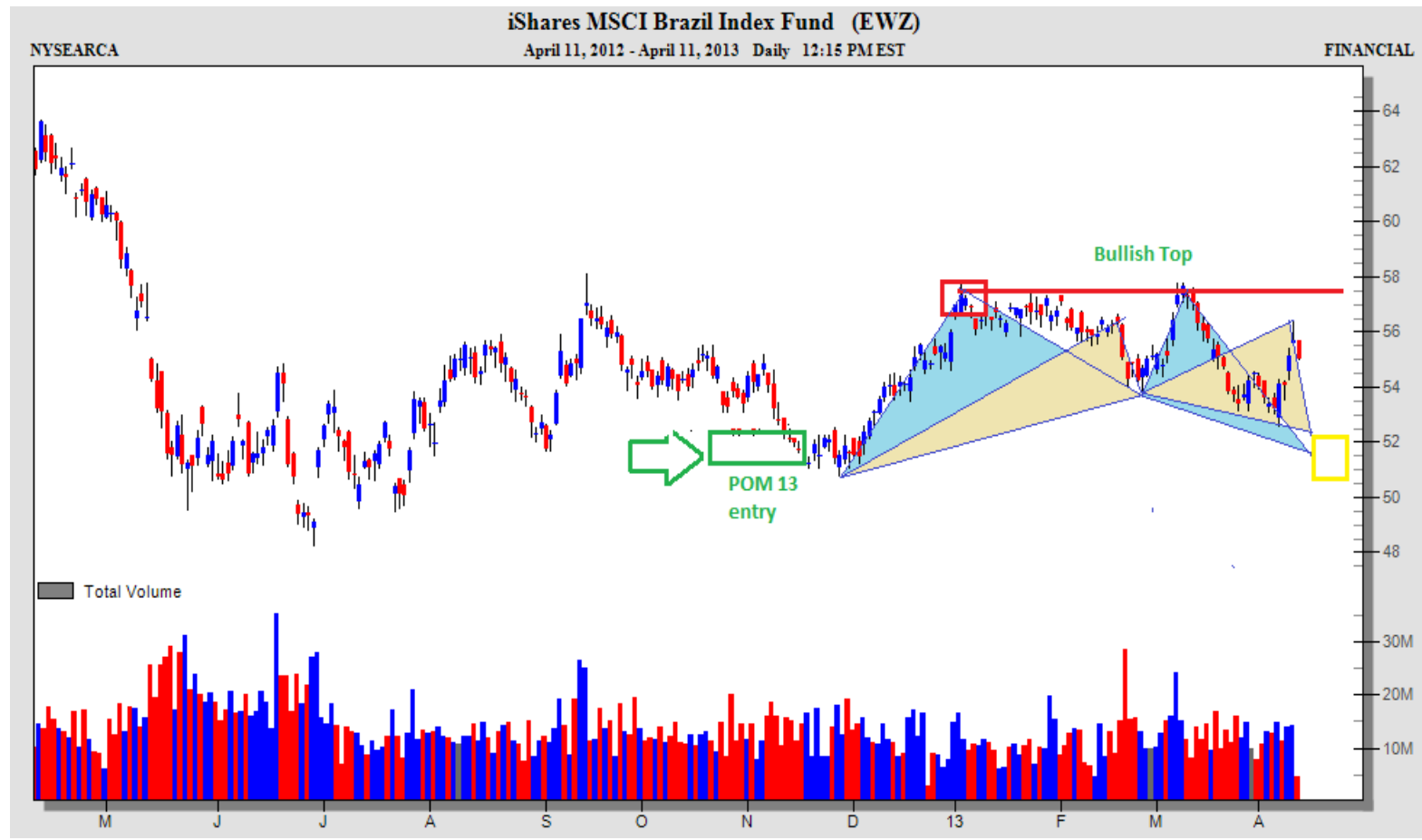*UPSIDE – CZ 44.40-43.30 – Met exact & decline began*

.EWZ (BRAZIL) - CZ / PEC-D / Ratio Analysis *- Neutral – Bullish bias*

- ***Texture – BULLISH TOP   & NEUTRAL BOTTOM***

UPSIDE – *CZ 57-55.50 – Met exact* with Bullish Top . We wait to review the texture of pull back

DOWNSIDE – *CZ 50-52 to* Follow SPX 's pull back . The CZ test is required

CHART 1- BSE (Mumbai) v/s SPX – ROC - Corr - MID TERM - *Caution*

- ***Texture –*** BEARISH TOP & BEARISH BOTTOM

DOWNSIDE - *In our last Global (Special) Report 3/23 , we had indicated 2st ABC down to CZ 18400-18700 , that was completed . Volume is heavy, it came down with force.*

UPSIDE - *Top Announced 1/16 - WAVE 1-3-5 Spike up @ met exact at 20160 at the Top of CZ CZ 20050-19750 (SPX – POM 14 @ 19800) , internal weakness with Bearish Top , Be CAUTIOUS. COR @ 0.8 levels.*

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CHART 2- BSE (Mumbai) – (From Archive 3/23 SP – Report)

To be completed after Fridays weekly closing

<u>*Note –*</u> *This Analysis in BSE is " STRICTLY " with respect to SPX & POM . pinpoints the Tops and bottom. NOTE - POM 's of SPX are better actionable points. All other points CZ (noted) are moves within the move for Risk Management. Actionable point by this methodology is at SPX @ POM 14*

EEM (EMERG) - NEUTRAL -

EEM- Triggered   POM 14, CAUTION within CZ 44.50-43.50, on 12/26, & 1/04 , This signal completed POM 13 on 10/15, NET LONG within CZ 41.5-40, We advice to Rebalance and maintain Underweight .
within CZ 81.5-79 All subsequent commentary refers to CZ to CZ moves are for Risk Management.

EWZ (BRAZIL) - NEUTRAL -

EWZ- Triggered   POM 14, CAUTION within CZ 57-55.50, on 12/26, & 1/04 , This signal completed .POM 13 on 10/15, NET LONG within CZ 53.5-51.5, We advice to Rebalance and maintain Underweight
All subsequent commentary refers to CZ to CZ moves are for Risk Management.

FXI – ($ SSEC SHANGHAI) – BULLISH

FXI – Remains Triggered Bullish CZ on 9/19 & 9/26 (Pre- announced 9/11), Net Long within CZ 33.25-33.90
All Subsequent commentary refers to CZ to CZ moves are for Risk Management / rebalancing positions

EWJ (NIKKE JAPAN) – BULLISH

EWJ – Remains Triggered Bullish CZ on 10/10 (Pre- announced 9/25) , Net Long within CZ 8.95-9.15
All Subsequent commentary refers to CZ to CZ moves are for Risk Management / rebalancing positions

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FTSE (LONDON) - CAUTION

FTSE Triggered   POM 14, CAUTION within CZ 6100-5950, on 12/26, & 1/04 , This signal completed POM 13 @ 5300 on 5/21 Net Long within CZ 5300-5400. We advice to Rebalance and maintain Underweight .
subsequent. commentary refers to CZ to CZ moves are for Risk Management / rebalancing overweight positions

Appendix Content

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **POM – " Price Oscillation Model " Criteria**

- **PEC –D " Pythagoras – Expansion & Contraction Criteria**

- **CZ- Confluence Zone Criteria**

- **TEXTURES – Bullish , Bearish , Neutral**

- **Chart Analysis**
    - *Trend & Oscillator Analysis,*
    - *PEC –D Analysis,*
    - *Poly- Trend Analysis,*
    - *Pattern / CZ – Price & Volume Analysis.*
    - *Exterme Indicator Analysis*

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)

- **TEXTURES – Bullish , Bearish , Neutral**

In charts above we have price path of DX's noted as they are reaching its individual CZ / PEC-D Price Projections in this rally. We have identified IDX's ' with Bullish Tops . These have participated very strongly whereas the IDX with Bearish Tops & Bearish Bottoms are moving higher with –ve divergences. .

At POM 14, <u>Bearish Top IDXs</u> should be viewed with caution for weakness & suitable of Hedging to scale in within its own Individual CZ . These IDX 's <u>should on reduced in position at its CZ area / PEC- D patterns.</u> The pull back in such cases tends to be deeper in correction

The <u>Bullish Top IDX</u> should be continued to Hold Long position from POM 13 – Net long till POM 15 is Triggered and should be accumulated on any pull backs. <u>These are NOT candidates for Short Sell. .</u>

The <u>Neutral Top IDX's</u> are in CONSOLIDATION , with Force equally balanced. Upon building cause it should be resolved in direction of " New pick up in force in one direction" to decide the Trajectory of Path.
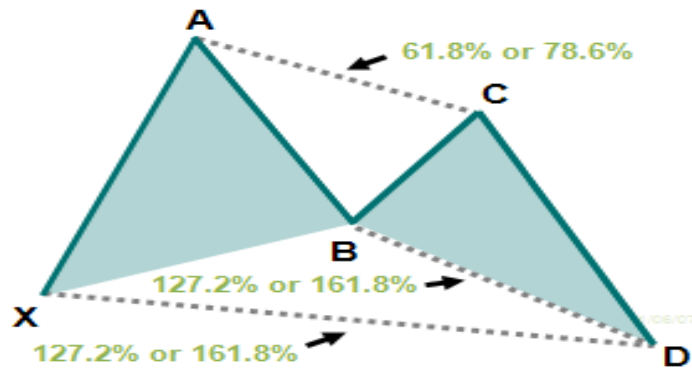
Pythagoras Expansion / Contraction — (PEC) Model

- 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
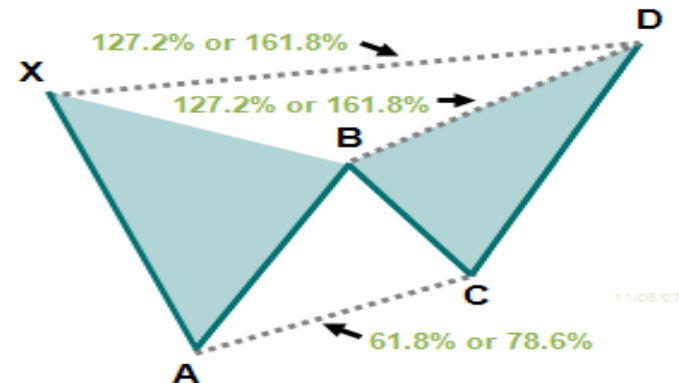
PYTHAGORAS EXPANSION / CONTRACTION —(PEC) Model

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)

A
61.8% or 78.6%
C
B
127.2% or 161.8%
X
127.2% or 161.8%
D

Sell Pattern (bearish)

D
127.2% or 161.8%
X
127.2% or 161.8%
B
C
A
61.8% or 78.6%