



SG Capital Research

Global Market Insights

Chart System

Date : 20th Dec 2013 (Friday)

GLOBAL INDICES REPORT (Strategy & Prop Tech)

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Executive Summary -

	Current Price	POM Triggered within CZ & Date	Follow up <u>Alert</u> Update For ST Trend Reversal & RM	Progress Status	Existing Position /Exposure	NEW ACTION (Trigger to Watch)	Upside CZ <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
EEM (EMRG)	40.54	POM 15 (SPX) <u>Triggered 7/24</u>	NONE	NEUTRAL Bullish bias pull back completed , now should rally	CASH	NONE	Target CZ 43.5-44	CZ 46-45 Neutral Top	CZ 40.5-41 Met & exact – it Should hold & rally	CZ 36-35 Bearish Bottom	No Signal
EWZ (BRZL)	44.06	POM 15 (SPX) <u>Triggered 7/24</u>	NONE	NEUTRAL Bullish bias pull back completed , now should rally	CASH	NONE	Target CZ 51-53 Neutral Top		Target to PEC-D 44.5 Met & exceeded a bit – it Should hold & rally	CZ 41.5-40.5 Neutral bottom	No Signal
FXI (CHINA)	37.59	Main CZ @ 33.57 <u>Triggered 9/26/ 2012</u> <u>Is intact</u>	@ 37.75 Triggered On 12/17 CZ 38.38.5 <u>Secondary</u> For Net Long entry (floor)	BULLISH	Net Long	NONE	Target CZ 42.5-41.5	\$ SSEC- Target to CZ 2375-2350 <i>Bullish Top remains.</i>	CZ 38 -38.5 re tested Validated Bullish bottom	ABC down To 35 RM stop- 35.75	@ 37.92 Exited Net Long On 11/04 For 15% Profit

	Current Price	POM Triggered within CZ & Date	Follow up <u>Alert</u> Update For ST Trend Reversal	Progress Status	Existing Position / Exposure	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
\$NIKK (JAPAN) Or DXJ	15870	Main CZ @ 8500 . <u>Triggered</u> 10/10/2012 Is intact	CZ 12500-12100 On 5/21 <u>Secondary</u> For Net Long entry (floor)	BULLISH	Net Long	NONE	Target PEC-D 16000 Approaching Bullish Top	ABC up to 17000 intact	Pull back To PEC-D 15300 CZ-15400-15200 Higher high Bullish bottom	CZ 13600-13400 Bullish bottom	Core position up 87%
EWJ COR - (JAPAN)	11.77	Main CZ @ 9.05 . <u>Triggered</u> 10/10/2012 Is intact	CZ 8.95-9.15 On 5/21 <u>Secondary</u> For Net Long entry	BULLISH	Net Long	NONE	Target PEC-D 12.75 CZ 12.50-12.40 Bullish Top	CZ -13.70-13.40 intact	CZ 11.50-11.25 Met repeatedly with Bullish bottom	CZ -10.60-10.80 Higher high Bullish bottom floor	

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Global Indices Overview

Since last Report 11/21, FXI –China has pulled back as expected into our CZ and triggered entry for Net long. Baltic Index which tends to move in tandem with China seems to have broken out (refer chart below).

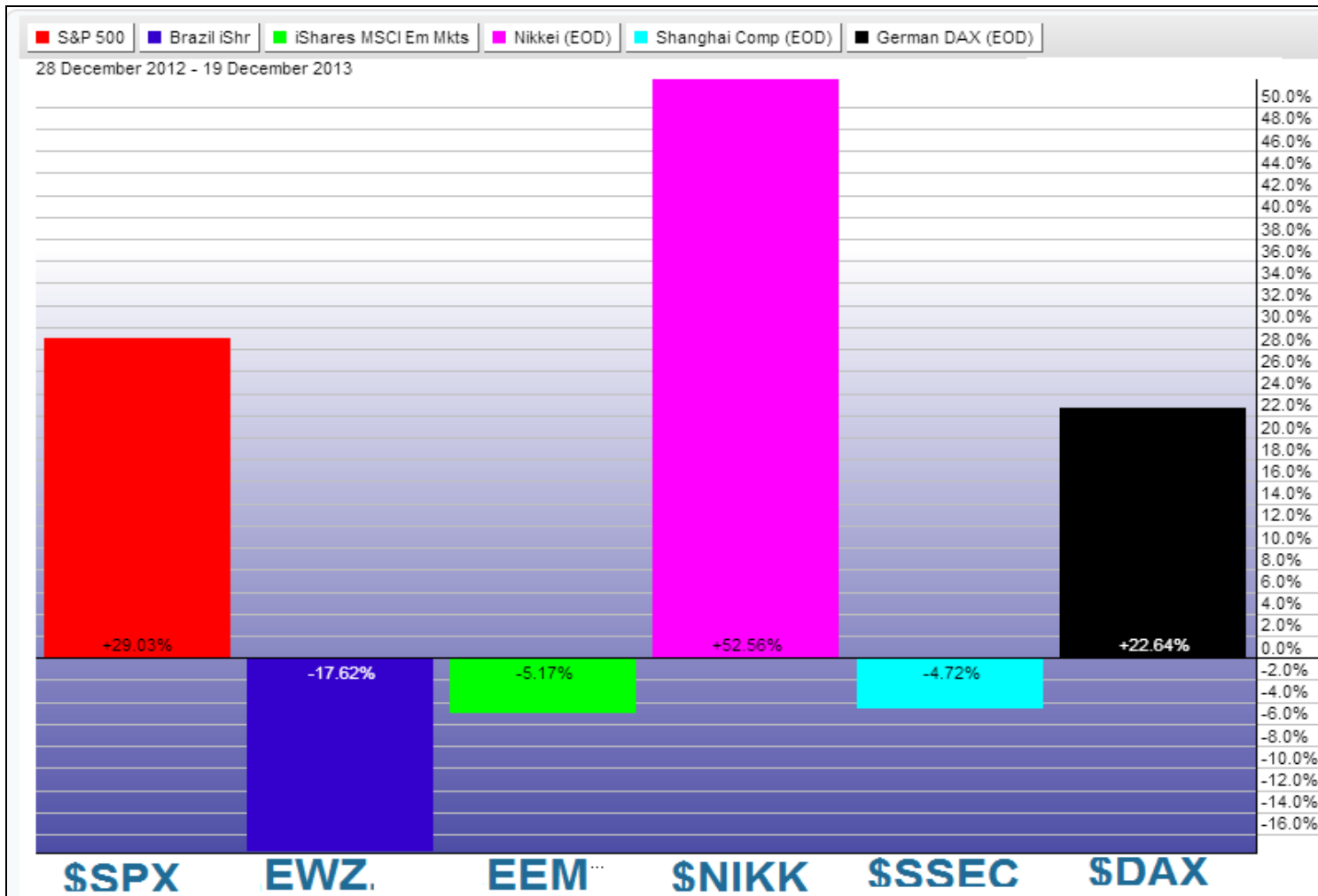
NIKKE – Japan continues to be strong in its uptrend Bull Market with +ve VTO. This Market has been consistently buy on dips into CZ. Within our Portfolio , we have done very well in Japan and China – Net long positions as ll the targets have been consistently . EEM & EWZ has pulled back exactly to CZ as we had warned last Report but still we do not have Signal / Position. Neutral Tops and Neutral bottoms usually has no signal

- BULLISH - EWJ (Nikk) , FXI (China)
- NEUTRAL - EWZ , EEM, - Bullish Bias
- BEARISH - None

- YTD – Global Indices performance v/s SPX

Weakest and strongest Indices for PAIR TRADES –

2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX.

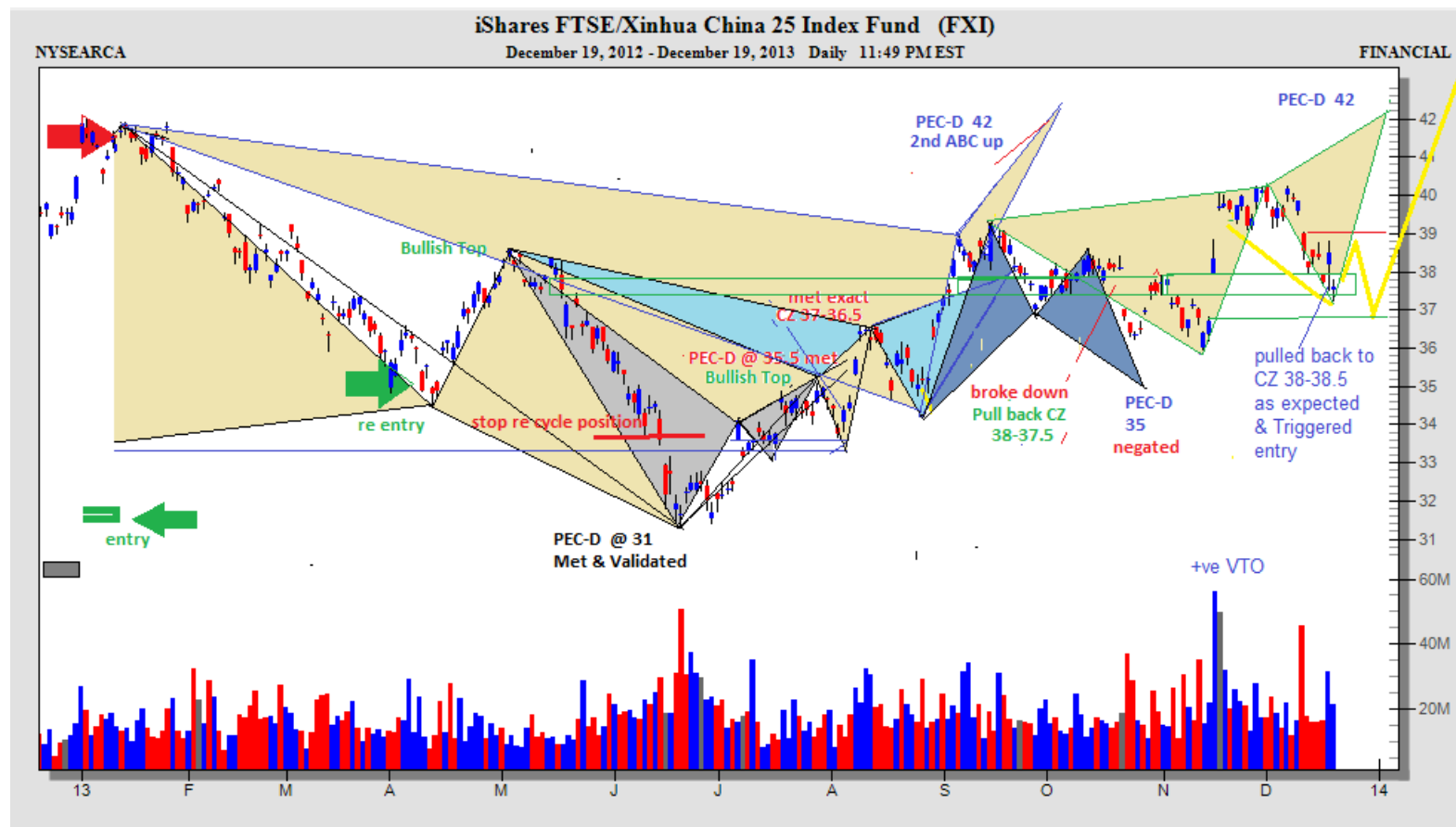


FXI – (SHANGHAI) / PEC-D / Ratio Analysis. – **Bullish**

- Texture - **Neutral Top & BULLISH BOTTOM**

DOWNSIDE – Pull back to CZ 38 -38.5 re tested - Triggered entry Net long @ 37.75 , 12/17 – RM 35.75

UPSIDE – ABC up PEC-D @ 42.



\$SSEC (SHANGHAI) / PEC-D / Ratio Analysis. – Weekly - Bigger picture

1ST UPSIDE – PEC- D @ 2380, CZ 2350 -2375, - Bullish top . pattern validation is intact . This may take time

DOWNSIDE – Pull back to PEC-D 2050 – Retesting . It Rejected lows 1950-2000 Bullishly.



\$SSEC (SHANGHAI) / PEC-D / Ratio Analysis.

Baltic Index which tends to move in tandem with China seems to have broken out (refer chart below).



NIKKE (JAPAN)– CZ / PEC-D / Ratio Analysis – **Weekly Bigger picture**

- -Texture - BULLISH TOP & BULLISH BOTTOM

Upside - Approaching our Target to – PEC-D 16000 – Bullish Top . **Larger ABC at - 17000,**

Downside – PEC-D 15300 within 15400-15200 - Bullish Bottom . .

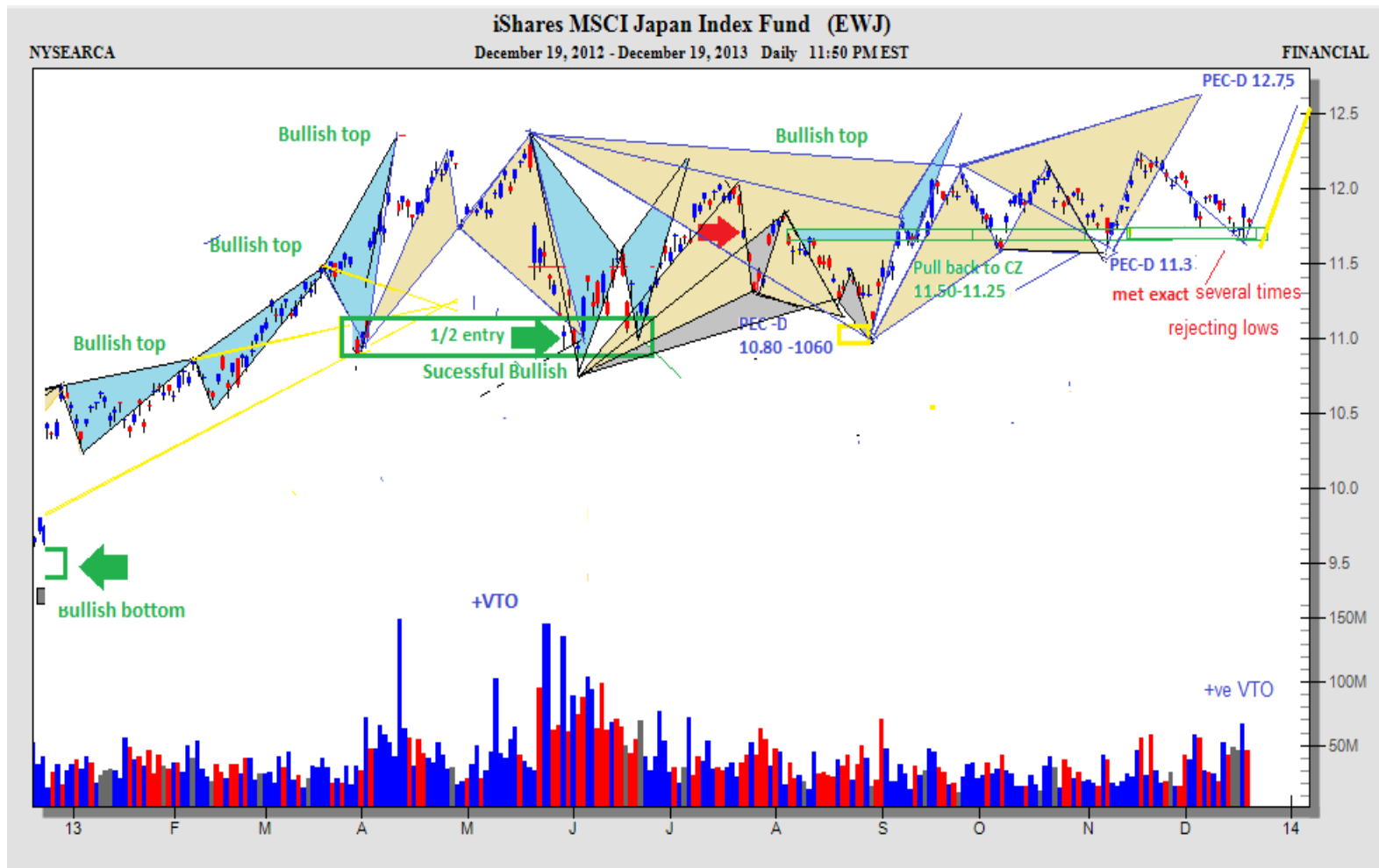


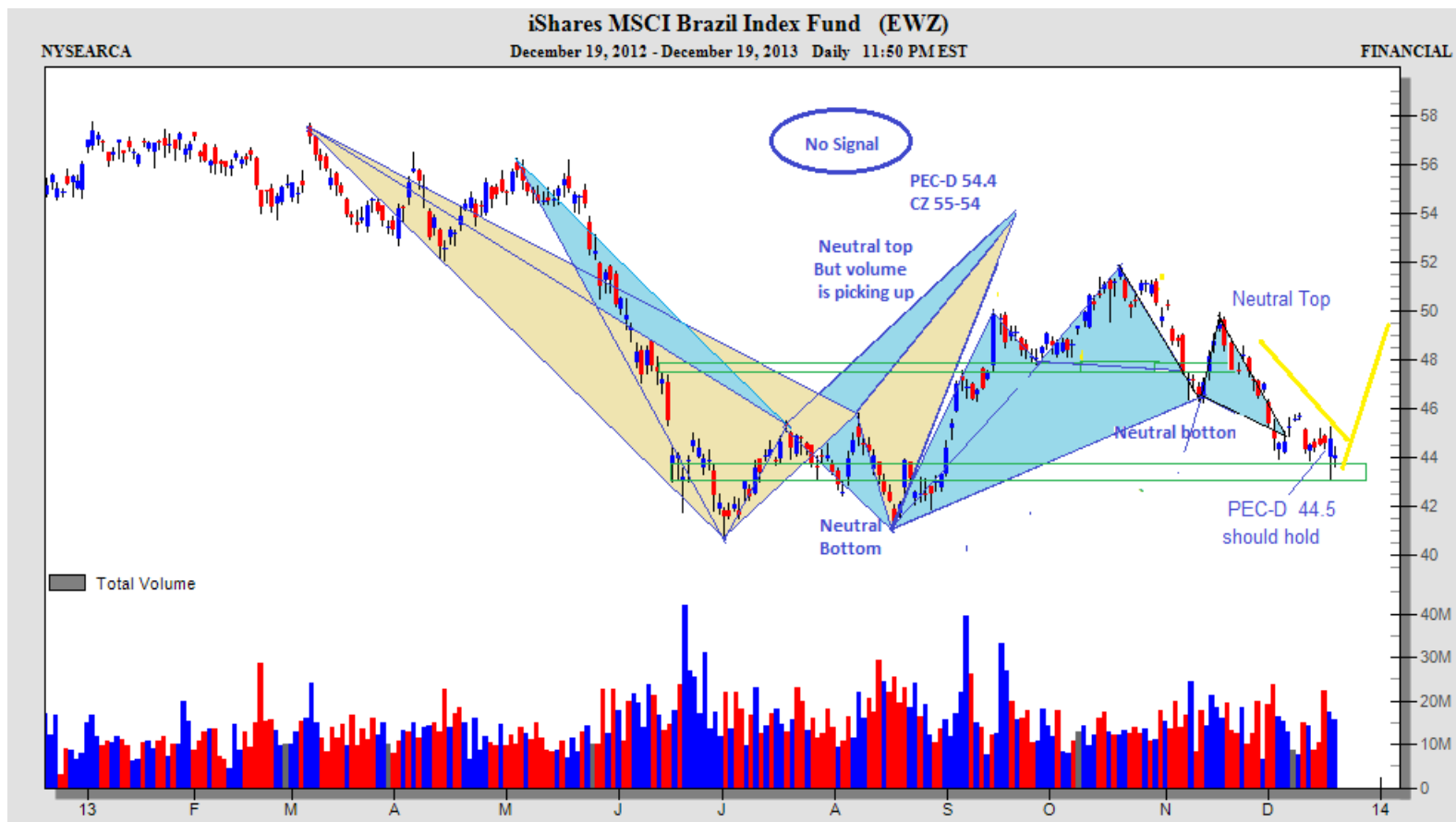
EWJ (JAPAN)– CZ / PEC-D / Ratio Analysis – **Bullish**

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

Upside - Target PEC-D 12.75- to CZ 12.5-12.40 Bullish Top . **Larger ABC at - 13.40-13.70,**

Downside – Pull back to CZ 11.50-11.25- HELD – repeatedly into Bullish Bottom. - (10.60-10.80) is the Floor.





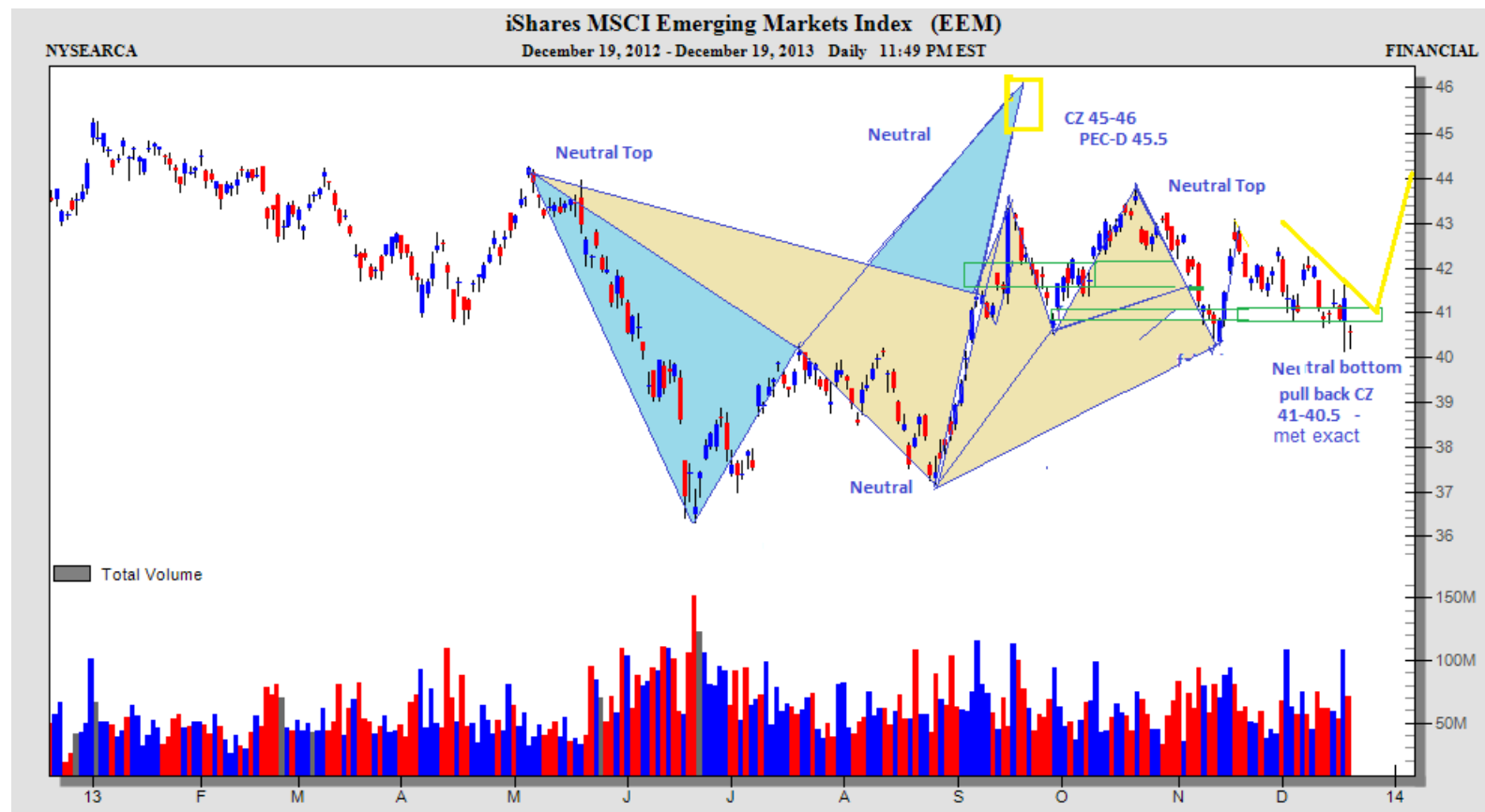
EEM (EMMEG) – CZ / PEC-D / Ratio Analysis – Daily – Neutral - Bullish bias

- Texture – Neutral Top & NEUTRAL BOTTOM

At current levels No Signal / No Risk Reward due to Neutral Top & Neutral Bottom ..

DOWNSIDE – CZ 40.5-41 – Met & exact , Now it should rally .

UPSIDE – -- ABC to PEC-D 43.5 within CZ 43.5-44..



Appendix Content

- Objectives & POM /CZ / PEC –D Guidelines – Refer to detail Annexure
- Full Utilization of “ SP” Report Guidelines & Limitations - Refer to detail Annexure
- 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.*
 - *Externe 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, Bearish Top IDXs should be viewed with caution for weakness & suitable of Hedging to scale in within its own Individual CZ . These IDX 's should on reduced in position at its CZ area / PEC- D patterns. The pull back in such cases tends to be deeper in correction

The Bullish Top IDX 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. These are NOT candidates for Short Sell. .

The Neutral Top IDX's 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.

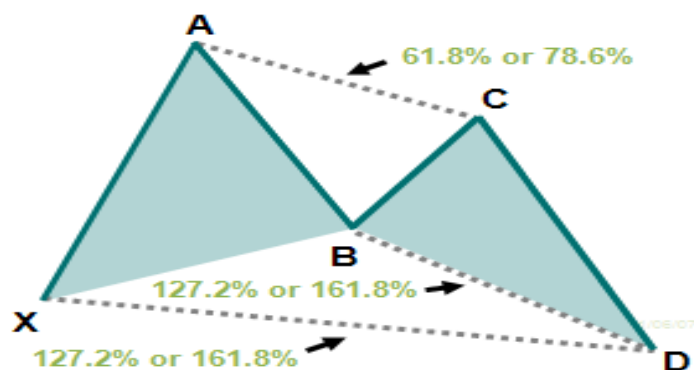
Pythagoras Expansion / Contraction – (PEC) Model

- **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**

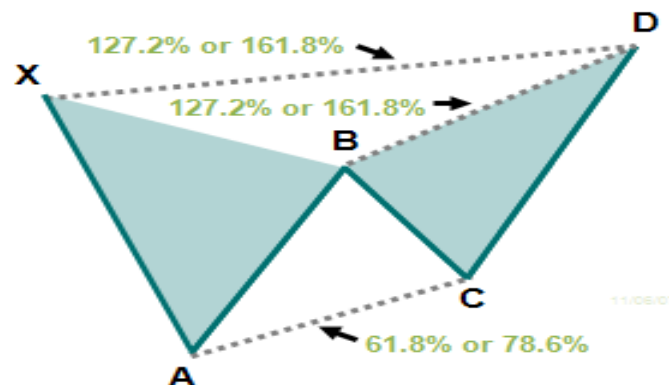
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



Sell Pattern (bearish)



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