



Date : 8TH FEB 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 <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
FXI (CHINA)	39.52	Main CZ @ 33.57 On 9/26	CZ 33.90-33.25	BULLISH ST CAUTION @41.74 on 1/23	Net Long	NONE	CZ 43-42, almost met With Bullish Top		CZ 38.25-39.50		Position up 22% profit since 33.25 trigger 9/26) Refer – HSI proxy for ST RM
\$NIKK (JAPAN)	11150	Main CZ @ 8500 . On 10/10	CZ 8600-8450	BULLISH ST CAUTION @ 10900 On 1/11	Net Long	NONE	CZ 10900 - 10800 Met & exceeded With Bullish Top	CZ 12000 -11800	CZ 10600-10300 (New floor		Position up 33% profit since 8500 trigger 10/10) Especially LT weakening YEN target is from 76 to 115
EWJ COR - (JAPAN)	10.05	Main CZ @ 9.05 . on 10/10	CZ 8.95-9.15	BULLISH ST CAUTION @ 9.90 On 1/11	½ Net Long	NONE	CZ 10-9.85 Met With Bullish Top ST Caution	CZ 10.80-10.60	CZ -9.55-9.40 (New floor		Position up 11% profit since 9.05 trigger 10/10)

Continued...

	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)	43.53	POM 14 In SPX	CZ 44.50-43.50 on 1/04	NEUTRAL Bullish bias	NONE	NONE	CZ 44.30-43.40 Met with Bullish Top	To follow SPX rally Till POM 15	TBA		Awaiting to Buy the next pull back due to Bullish top in place (Not a candidate for Short Sell currently)
EWZ (BRZL)	55.98	POM 14 In SPX	CZ 57-55.50 <u>Alerted</u> @ 56.95 on 1/04	NEUTRAL Bullish bias	CASH <u>Exited for 5.5% profit.</u> (53 to 56. In current rally	NONE	CZ 57-55.50 Met with Bullish Top	Ditto	TBA		Awaiting to Buy the next pull back due to Bullish top in place <u>Not a candidate for Short Sell currently</u>
\$BSE MUMBAI	19480	POM 14 In SPX COR	CZ 20050-19650 On 1/16	CAUTION	n/a	n/a	CZ 20050 – 19650- Met	20220 Spike up Drive 3 rd target Fell short by 60 points	CZ 19275-19100 Approaching	TBA	From Spike high target 20160, the decline began to 19480
DAX (GERM)	7652	POM 14 In SPX	CZ 7750-7600 On 1/16	CAUTION	n/a	n/a	CZ 7750-7600 met	7900 spike high was false break upside	CZ 7300-7150		From Spike high target 7900, the decline began to 7600

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

Global Indices

- **BULLISH INDICES - FXI (China) , EWJ (Nikk) . (ST Caution)**
- **BEARISH INDICES- DAX, BSE , HK (Special situation)**
- **NEUTRAL INDICES - EEM,EWZ – Brazil (Bullish Bias) .**

Global Indices Overview

- **China (\$ SSEC / FXI) , Japan (Nikk / EWJ), HSI (Hong kong)**

We remain Net Long and Bullish on **\$ SSEC, \$NIKK**. This has been great Global Rally since our POM 13 Signal. Both Indices exceeded our upside CZ projection with Bullish tops, suggests shallow retracement and continuation move higher. These have Outperform very strongly & profitably since our entry.

We have reduced our ½ position (NIKK & CHINA) due to Risk Management VIA ... **ALERT** - Special Report Announcement on 1 /15 & 1/23 respectively .

\$NIKK(Japan) has been getting assistance from **weaker YEN** , since our triggered NIKK moved up **2700** points (33%) , currently it is **extended** & **YEN (Short)** has moved from **76 to 93 USD/JPY** as indicated in our Currency Report.

\$ SSEC (China)- has rallied 22% since our entry . **Copper** has been moving higher with China Markets. We have remain long **Copper / JJC** to capitalize on same theme in Commodity Report.

HK (Hong Kong)- as previewed in **special Report on 1/23** for Market top at 23700 reached critical levels, this may provide short term risk **for FXI (CHINA)** to pull back in Sympathy.

- **Brazil (EWZ) , Emmrq. (EEM),**

EWZ, EEM Remains NEUTRAL , both forming 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

- **DAX (Germany)**

This Index has been lead Indicator for SPX Topping . DAX is forming Bearish top . It appears this Market has been First to have massive Sell off past week. (Refer chart below)

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

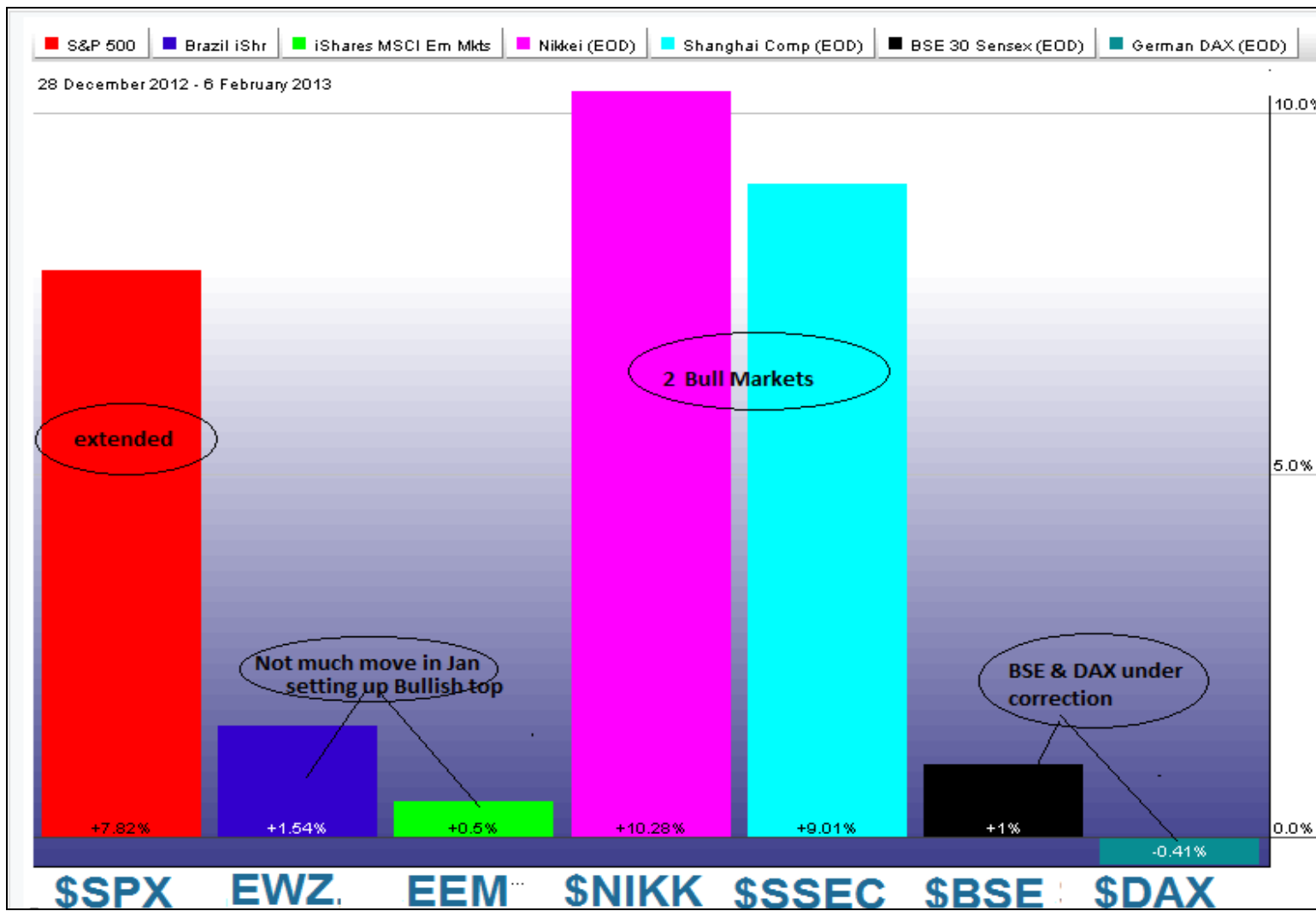
*In Our last Report , Our expectation was for BSE to Spike up to 20220 to WAVE 1-3-5 to complete PEC-D. , We hit **high of 20160 (missed by 60 points)** on 3rd Drive to Top & **sold off 600 points** to current **19480** levels today. BSE is continuing to head towards our 1st downside target CZ 19275-19100.*

*BSE is at **SPX - POM 14 – CAUTION within CZ 20050-19650.** SPX , COR is at 0.8 . This gives more validity to POM with internal weakness, Bearish Top and PQV Invalidation within CZ .*

- 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.

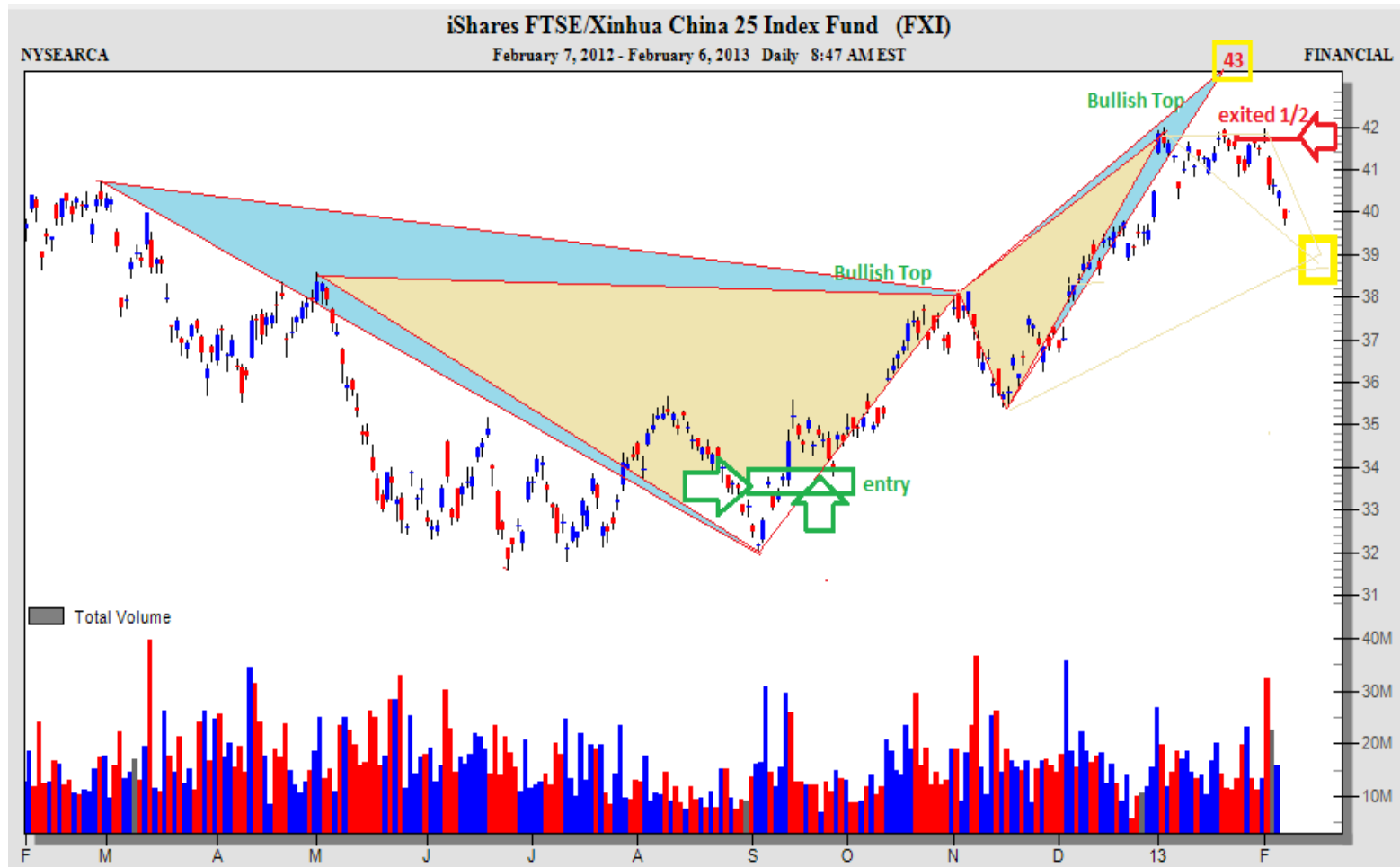


FXI – (SHANGHAI) / PEC-D / Ratio Analysis. – **Bullish - ST Caution @ 41.75**

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

UPSIDE – CZ 42-43, - almost met - with Bullish top , (Exited ½ , Holding ½)

DOWNSIDE - CZ 38.25-39.25.



§SSEC (SHANGHAI) / Poly Trend & Ratio Analysis

1st UPSIDE – CZ 2350-2400, - met & exceeded with - Bullish top , (Exited ½ , Holding ½) – Refer note within the chart



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

2nd - Upside - *Target 2700 -Larger PEC-D pattern validation* Would raise Cautionary flag if PQV Fails (Notes in the chart).



\$HSI (HONG KONG) / PEC-D / Ratio Analysis. – (Special situation - FYI)

Indicated in last Special Report 1/23 , HK finished Mid term – PEC-D Patterns under several time frames. HK critical levels could have some sympathy effect on FXI (CHINA) for pull back even though FXI remains with Bullish top. .

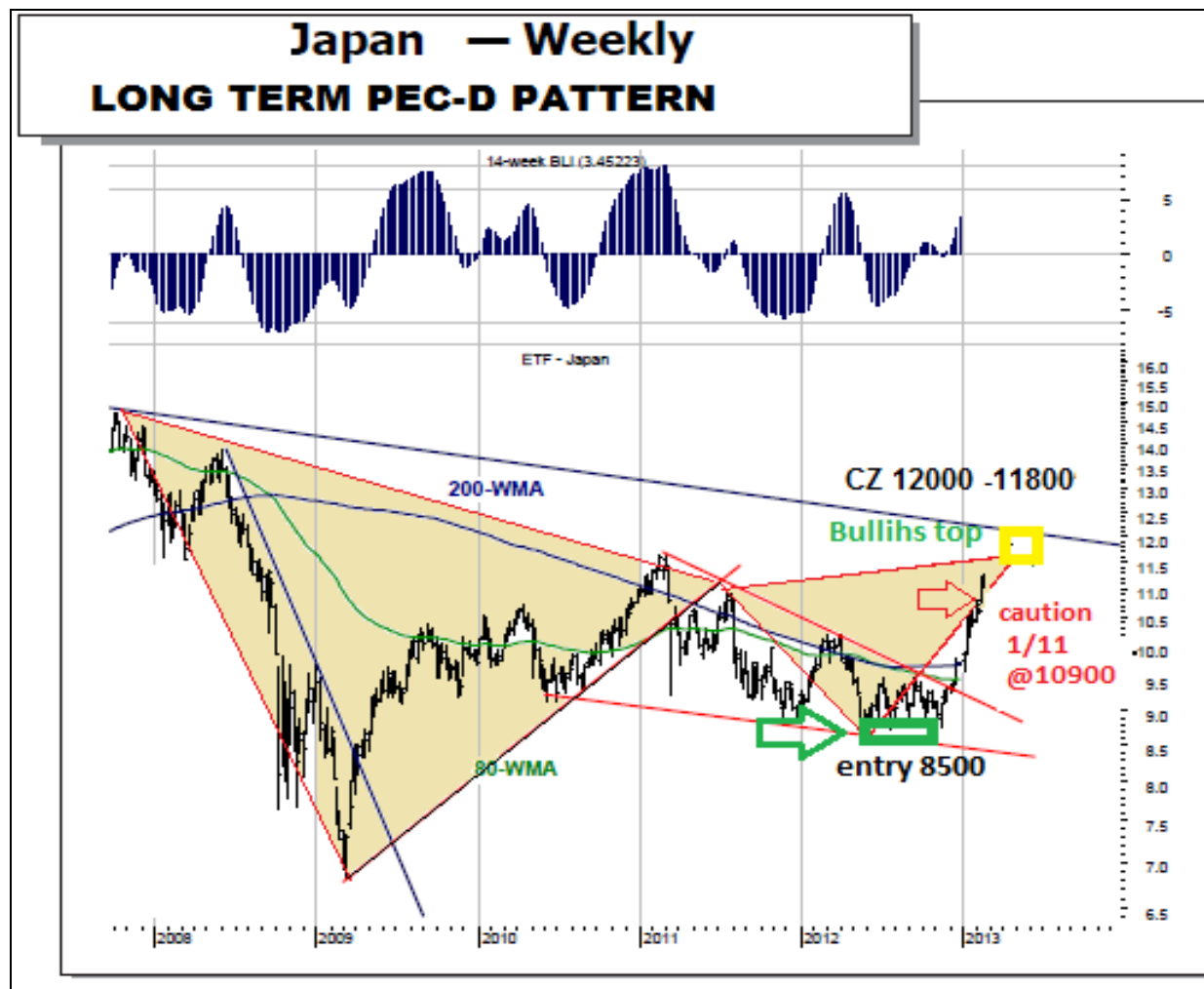


NIKKE (JAPAN)– CZ / PEC-D / Ratio Analysis – **Bullish – ST Caution @ 10900**

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

2nd Upside - *Target CZ 12000-11800 – Larger PEC-D pattern validation Would raise Cautionary flag if PQV Fails (Notes in the chart).*

1st Upside *CZ 10900-10800 Bullish top met & extended with ISLAND TOP, (exited ½ & Holding ½))*



NIKKE (JAPAN) v/s EWJ (ETF) Analysis

Chart below shows Price lag of EWJ v/s NIKK, It is all about the Currency (Notes within chart)



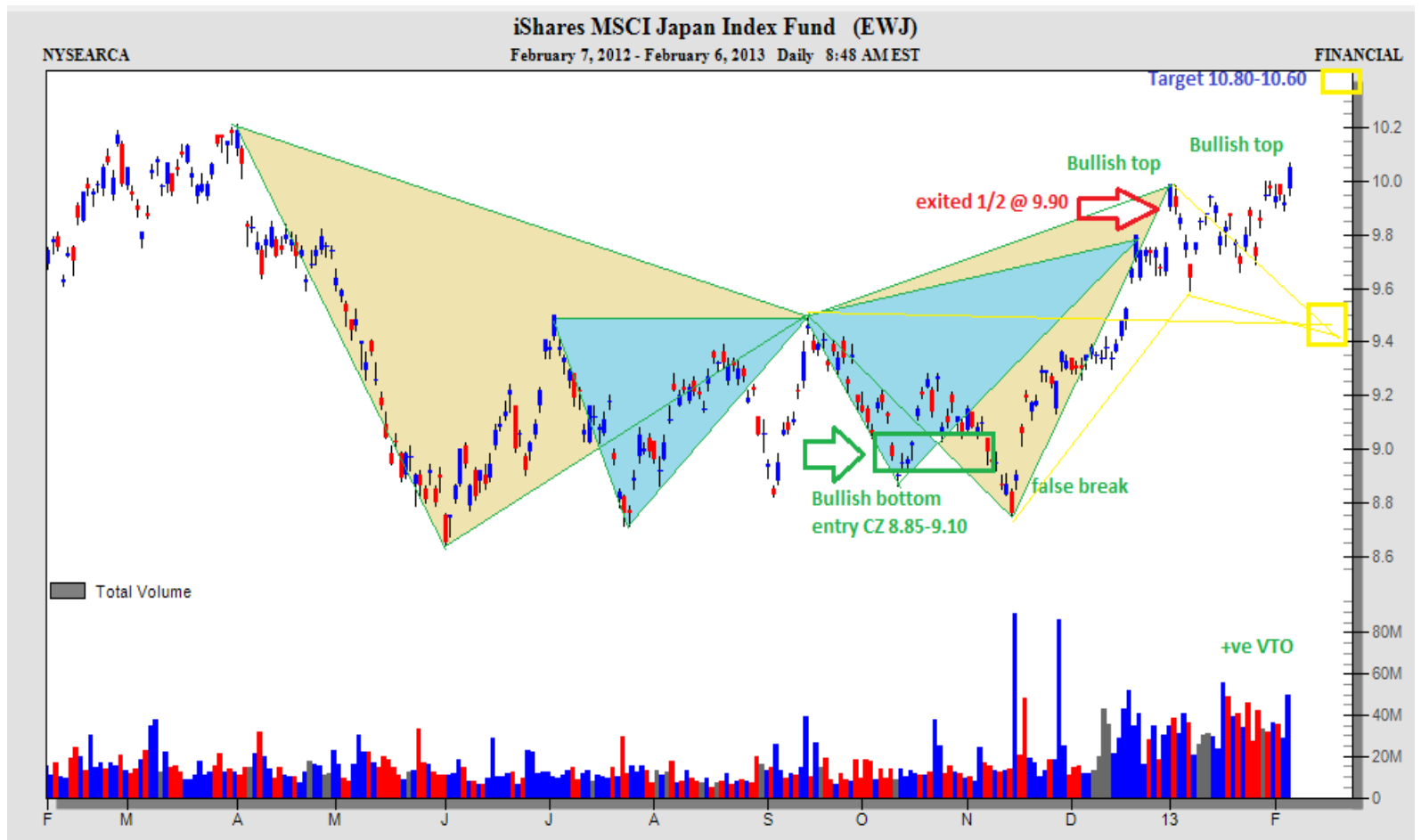
EWJ (JAPAN)– CZ / PEC-D / Ratio Analysis – **Bullish - ST Caution @ 9.90**

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

NEAR UPSIDE – CZ 10.00-9.85, Bullish top, remain long (exited ½ & Holding 1/2)

MID TERM UPSIDE – CZ 10.80-10.60 - Larger PEC-D pattern validation Would raise Cautionary flag if PQV Fails

DOWNSIDE - CZ 9.55-9.40,

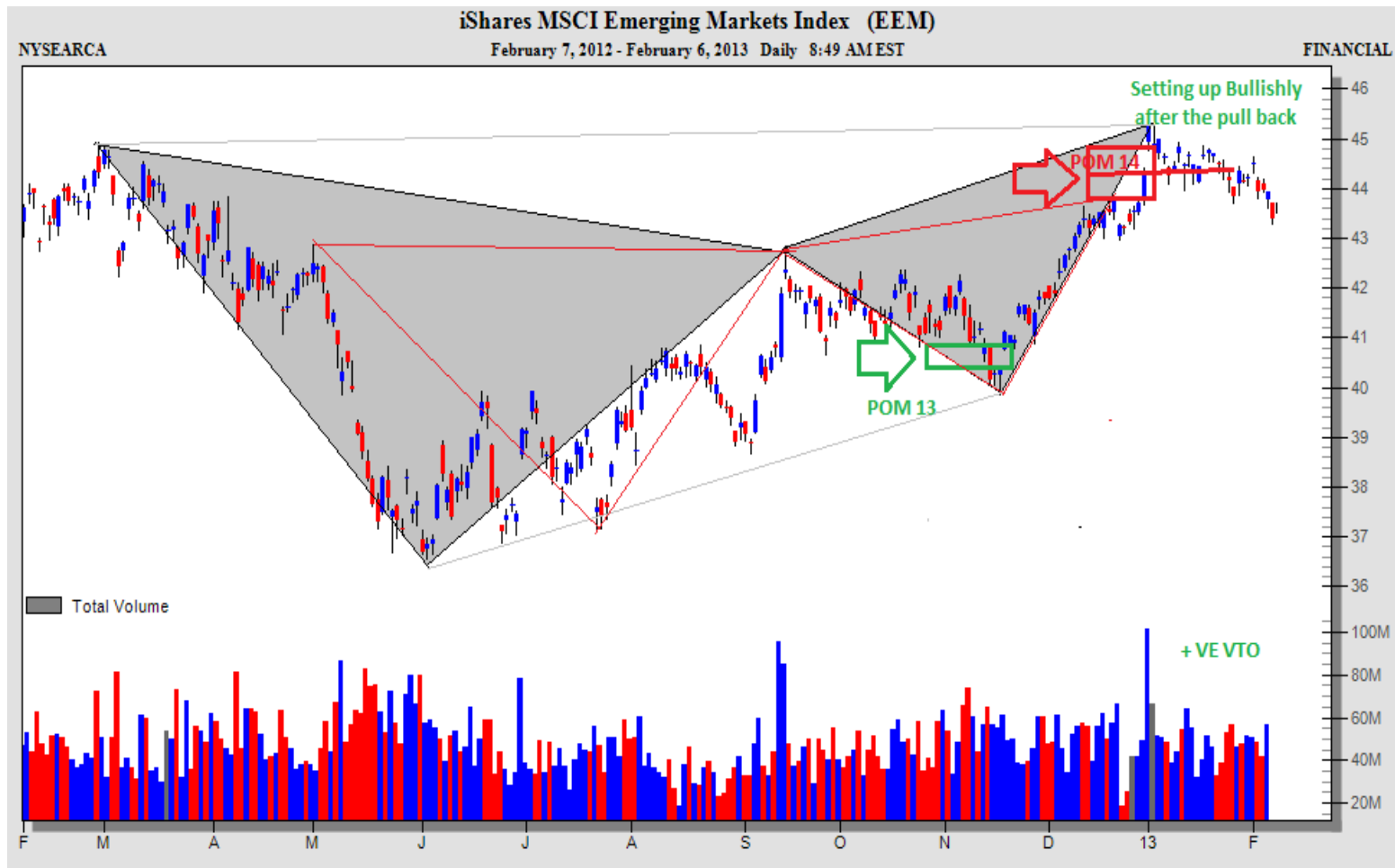


EEM (EMMEG) – CZ / PEC-D / Ratio Analysis – *Neutral – Bullish bias*

- Texture – *BULLISH TOP & NEUTRAL BOTTOM*

UPSIDE – CZ 44.40-43.30 – *Met exact with Bullish Top & sold off, We wait to the texture of pull back*

DOWNSIDE – *Follow SPX*

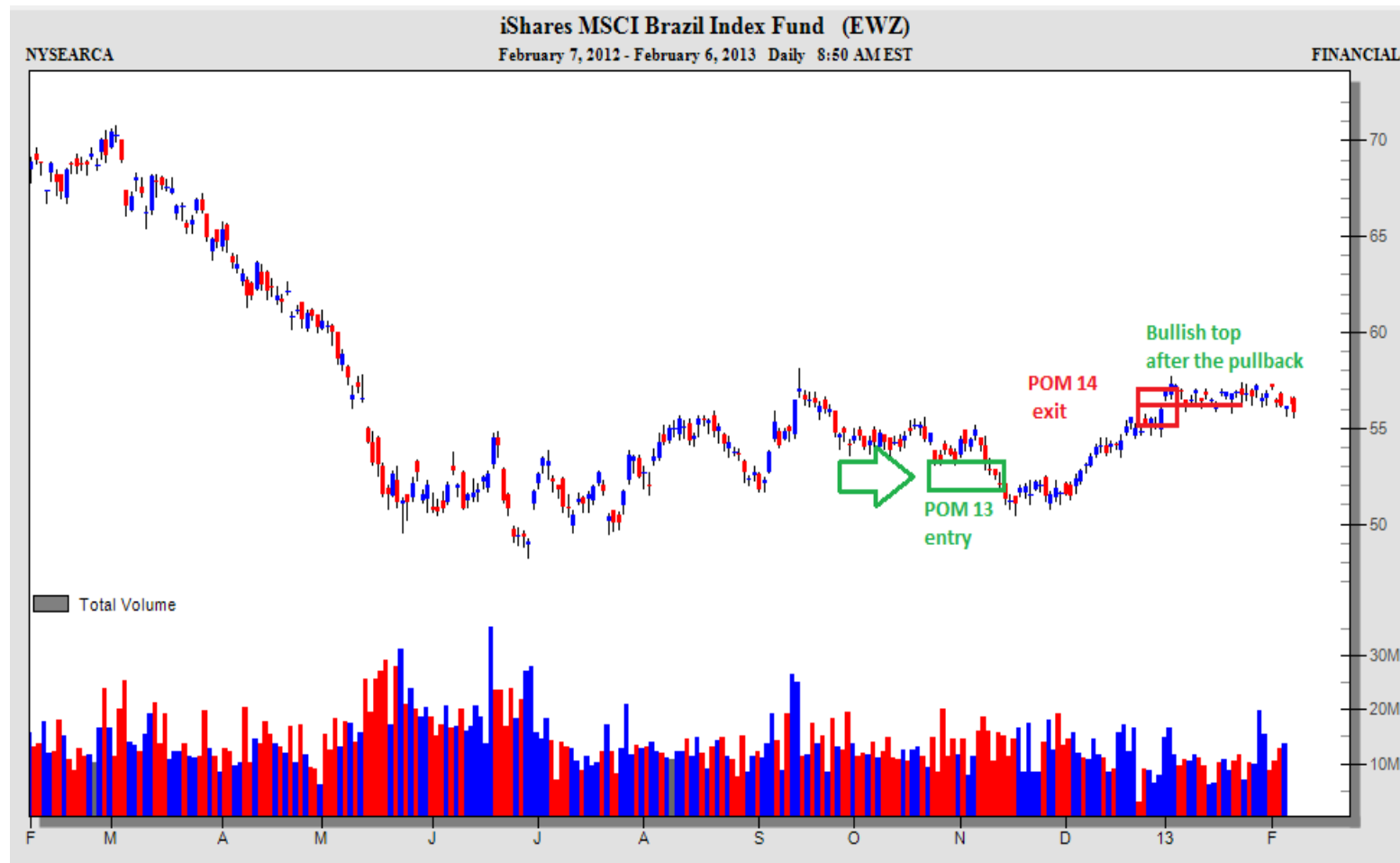


EWZ (BRAZIL) - CZ / PEC-D / Ratio Analysis - *Neutral – Bullish bias*

- Texture – *BULLISH TOP & NEUTRAL BOTTOM*

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

DOWNSIDE – *Follow SPX*



.DAX (GERMANY) - CZ / PEC-D / Ratio Analysis - *Bearish*

DAX , Led on upside , now leading on downside. After massive sell off last week , It appears to consolidate below the POM 14 – CZ area to set up ABC down to Target indicated on Poly Trend in chart below .



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

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

CZ 20050-19650 (SPX – POM 14 @ 19800) , internal weakness with Bearish Top , Be CAUTIOUS. COR @ 0.8 levels (Refer notes within the charts)

Upcoming Budget can skew the price path .



CHART 2- BSE (Mumbai) v/s SPX – ROC - Corr – NEAR TERM - **Caution**

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

UPSIDE - Spike up to 20220 to WAVE 1-3-5 to complete PEC-D. , We hit **high of 20160** (missed by 60 points) on 3rd Drive to Top & **sold off 600 points** to current 19480 levels today.

1ST DOWNSIDE – CZ 19275-19100- , This is Price contraction target , This CZ has highest imbalance on last leg up



Note – 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

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 – 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. .

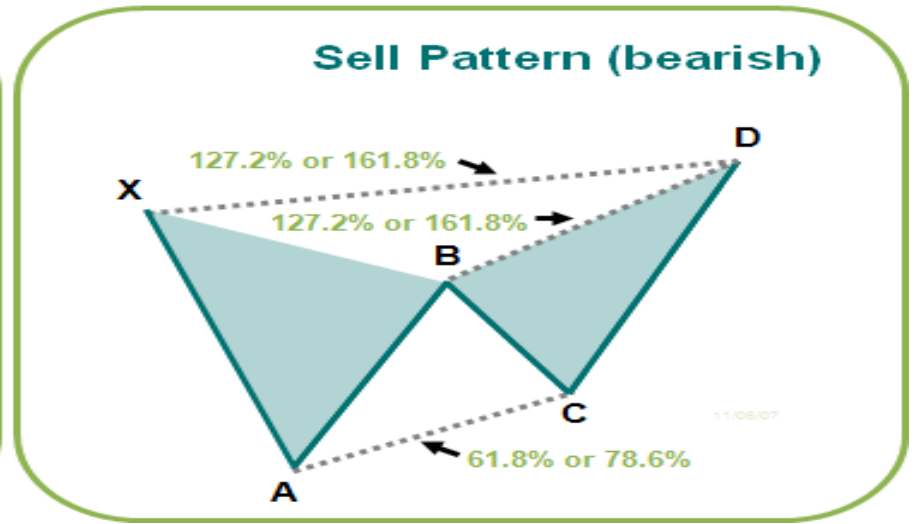
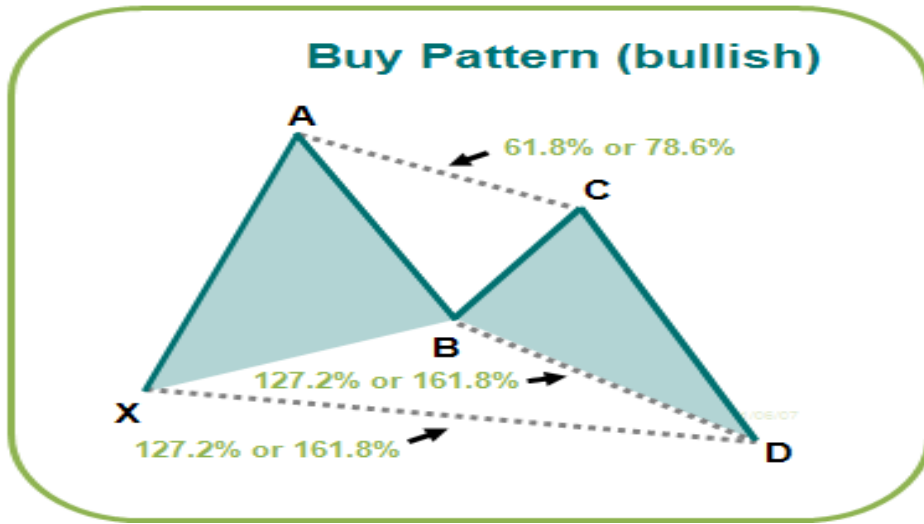
The Neutral Top IDX's are in CONSOLIDATION , with Force equally balanced. Upon building cause it should be resolved in direction of “ New pick up in force in one direction” to decide the Trajectory of Path.

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



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