Date : 31st May 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)	41.41	POM 15 (SPX)	CZ 44.50-43.50 on 1/04	NEUTRAL -ve bias	CASH	NONE	CZ 44.30-43.40 Neutral Top		CZ 40.75-39.75 Bearish Bottom	Should Follow SXP on pull back	No Risk / Reward unless the upside or downside CZ is tested successfully.
EWZ (BRZL)	51.28	POM 15 (SPX)	CZ 57-55.50 on 1/04	NEUTRAL +ve bias	CASH	NONE	CZ 57-55.50 Bullish Top		Approaching CZ 50 -52 Neutral Bottom (No validation)	Ditto	EWZ - Good candidate to be long in next pull back . Exited for 5.5% profit. (53 to 56. In current rally
FXI (CHINA)	36.42	Main CZ @ 33.57 On 9/26 Is intact **Core position**	Secondary CZ 36.50-35.25 4/03 **Re entry** RM – 33.75 only on Re cycling position	BULLISH	Net Long	NONE	CZ 43-42, Bullish Top	Target on $ SSEC CZ 2700-2600	CZ 35.25-36.50 – Bullish bottom PQV Validated & initiated Leg up		For Recycled exposure .Re entry. 35.87 (4/03) Earlier exited at 41.74, 1/23 for 8 points & & avoided the 6.5 pt decline till re –entry @ 36

	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
$NIKK (JAPAN) Pre announcement	13,775	Main CZ @ 8500 . On 10/10	CZ 8600-8450	BULLISH	½ Net Long Exited ½ @ for 25 % profit. On 1/11 (10900) in current rally	Scale in With in CZ 12500-12100	CZ 15900-15600 Met exact with Bullish Top	New ABC up after Pull back complete	CZ 12500-12100 (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)	10.88	Main CZ @ 9.05 . on 10/10	CZ 8.95-9.15	BULLISH	½ Net Long Exited ½ @ for 8.9% profit. On 1/11 (9.85) in current rally	NONE	CZ 11.80-11.60 met with Bullish Top	CZ -13.70-13.40	CZ -10.60-10.40 (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 Pre announcement	19750	POM 15 In SPX COR	CZ 20050-19650 On 1/16 19850 mean price	CAUTION	n/a	n/a	19600 Bullish top. Met & exceeded .	CZ 20150-19900 ABC up completed With Double top & failed	CZ 19250-19050 Should Hold on first down	CZ 18400-18600 heavy bottom (Needs A test)	Retracement in progress

BSE – *We will have **special Report** later on Sunday EST -*

NIKK – *Instead of NIKK , one can use DXJ – ETF - next entry on recycling position exited earlier (DXJ is Currency adjusted instrument)*

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

Global Indices Overview

- **BULLISH INDICES -** **FXI (China), EWJ (Nikk) (Short term shallow pull back in progress)**

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

- ## China ($ SSEC / FXI)

Since last Report , China has taken off from Bullish CZ lows pull back re test. A new uptrend in China (2nd leg up) should correspond with a commodity market bottom and turn higher. (Oil should be exception the exception). Refer correlation Chart with CRB below. We re- entered ½ recycled at pull back zone " Net Long " position back in in **CHINA** which has Bullish top

- ## Japan (NIKKE / EWJ)

NIKKE finally was hard hit . Spike in Japanese bond yield was trigger. In spite of this correction, the Market is still at the levels it was 3 weeks ago. Therefore we avoid to time the exits of Bullish tops in infant stages of any new Bull Market for core position

NIKK Correction was well justified within the Bull market. After the completion of this pull back into the CZ, it should continue higher towards the Bullish Top . NIKKE is "under owned " as Asset class within Investment community in past decade, the new inflows should initiate up move .
In spite of correction !! Since our trigger **NIKK has moved up (62%).& EWJ up (23%)** .
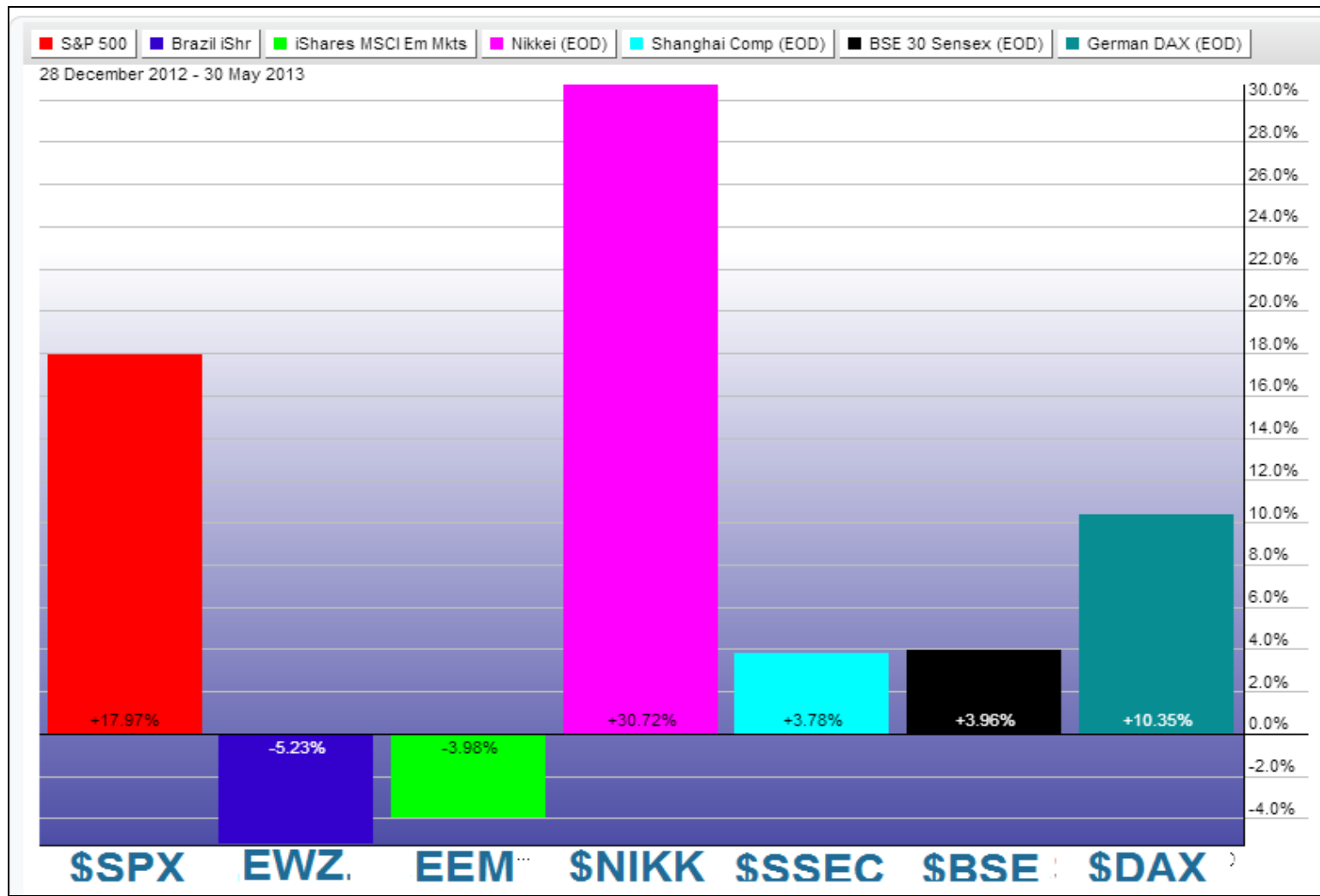
- ## Brazil (EWZ) , Emmrg. (EEM),

EWZ, EEM Remains NEUTRAL , Since beginning of the year. Since POM 15 Triggered, both these Markets have been trading lower. EWZ (Brazil) formed Bullish Top . At current levels , there is no favorable Risk / Reward till we get meaningful pull back & PQV Validation for adding Long positions. These are NOT Short Candidates. EWZ on proper CZ PQV Validation should be Net Long Candidate when commodity run begins.

• YTD – Global Indices performance v/s SPX

Weakest and strongest Indices for PAIR TRADES – <mark>**(Notes within chart below- QE- Impacting various Markets)**</mark>

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

| ■ S&P 500 | ■ Brazil iShr | ■ iShares MSCI Em Mkts | ■ Nikkei (EOD) | ■ Shanghai Comp (EOD) | ■ BSE 30 Sensex (EOD) | ■ German DAX (EOD) |

28 December 2012 - 30 May 2013

Index	Performance
$SPX	+17.97%
EWZ.	-5.23%
EEM	-3.98%
$NIKK	+30.72%
$SSEC	+3.78%
$BSE	+3.96%
$DAX	+10.35%

$SSEC (SHANGHAI) / Poly Trend & Ratio Analysis - *Bullish*

DOWNSIDE – *MET - CZ 2200-2275 & PQV Validated* with Bullish bottom " *Triggered entry ½ position back in* " & initiated next leg up is in progress.

1ST UPSIDE – *CZ 2400-2350, -* Bullish top – *Refer note within the chart* - Bullish H & S bottom confirmed by Poly Trend and volume

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

Final Upside - *Target CZ 2700 -2600 -Larger PEC-D pattern validation is intact .*
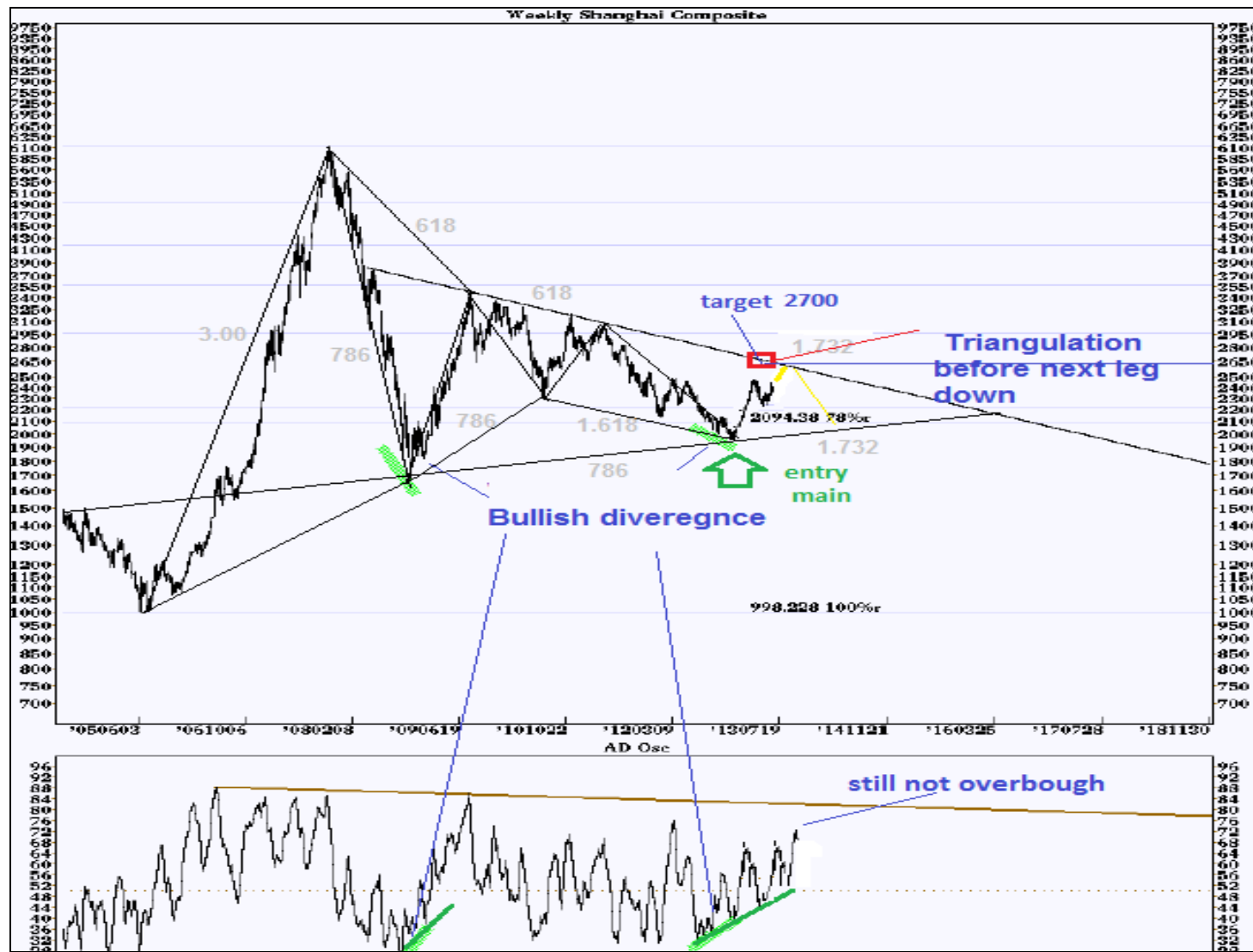
FXI – (SHANGHAI) / PEC-D / Ratio Analysis. – *Bullish*

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

DOWNSIDE *– MET - CZ 35.25-36.50 & PQV Validated with Bullish bottom " Triggered entry ½ recycled position back in "*
– Ready for next leg up.   initiated next leg up is in progress.

1st UPSIDE *– CZ 42-43, - Bullish top*
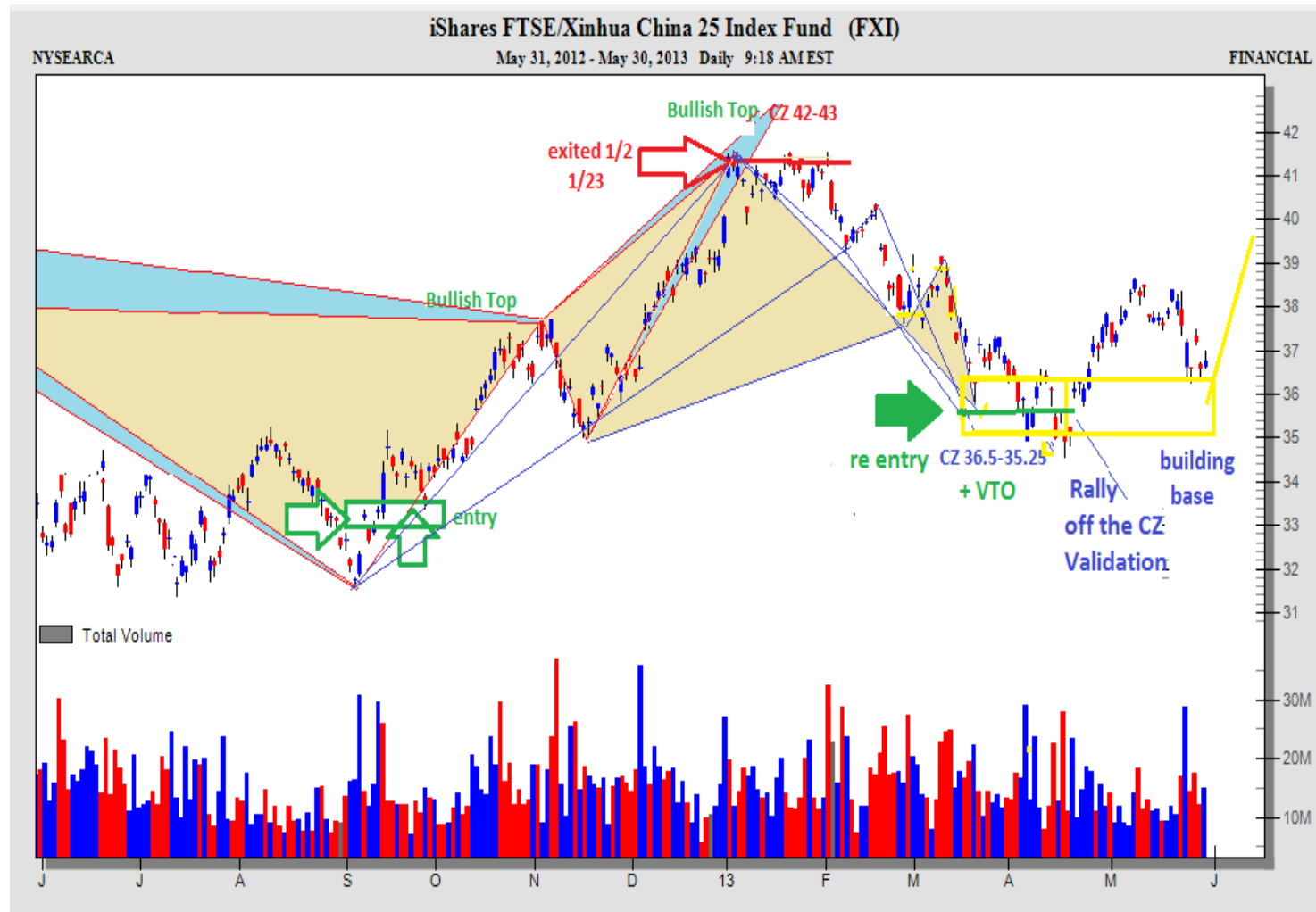
FXI (CHINA) v/s CRB (COMMODITY) – Correlation Analysis –

FIX & CRB has been moving in tandem , FXI has triggered at Bullish CZ . CRB still hasn't Triggered in CZ .
Both indices building higher highs. .

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

- *-Texture - BULLISH TOP & BULLISH BOTTOM*

Upside - Target CZ 15900-15600 *Met exact* with Bullish top (Larger PEC-D pattern validation)

Downside – CZ 12500-12100 *Pull back target for next ABC up .* Trigger to watch *for ½ recycling exposure back in)*

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

- *-Texture - BULLISH TOP & BULLISH BOTTOM*

*Upside - MET - CZ - with Bullish Top , **Larger ABC at 13.40-13.70,***

*Downside – CZ 10.60-10.40 is Pull back target and next ABC up - Trigger to watch, for ½ recycling exposure back in)*

iShares MSCI Japan Index Fund (EWJ)
May 31, 2012 - May 30, 2013 Daily 9:19 AM EST

NYSEARCA   FINANCIAL

exact
Bullish top
-Bullish top
Bullish top
pull back   CZ 10.60-10.40
to add
false break
Bullish bottom
entry CZ 8.85-9.10
Total Vol
+VTO
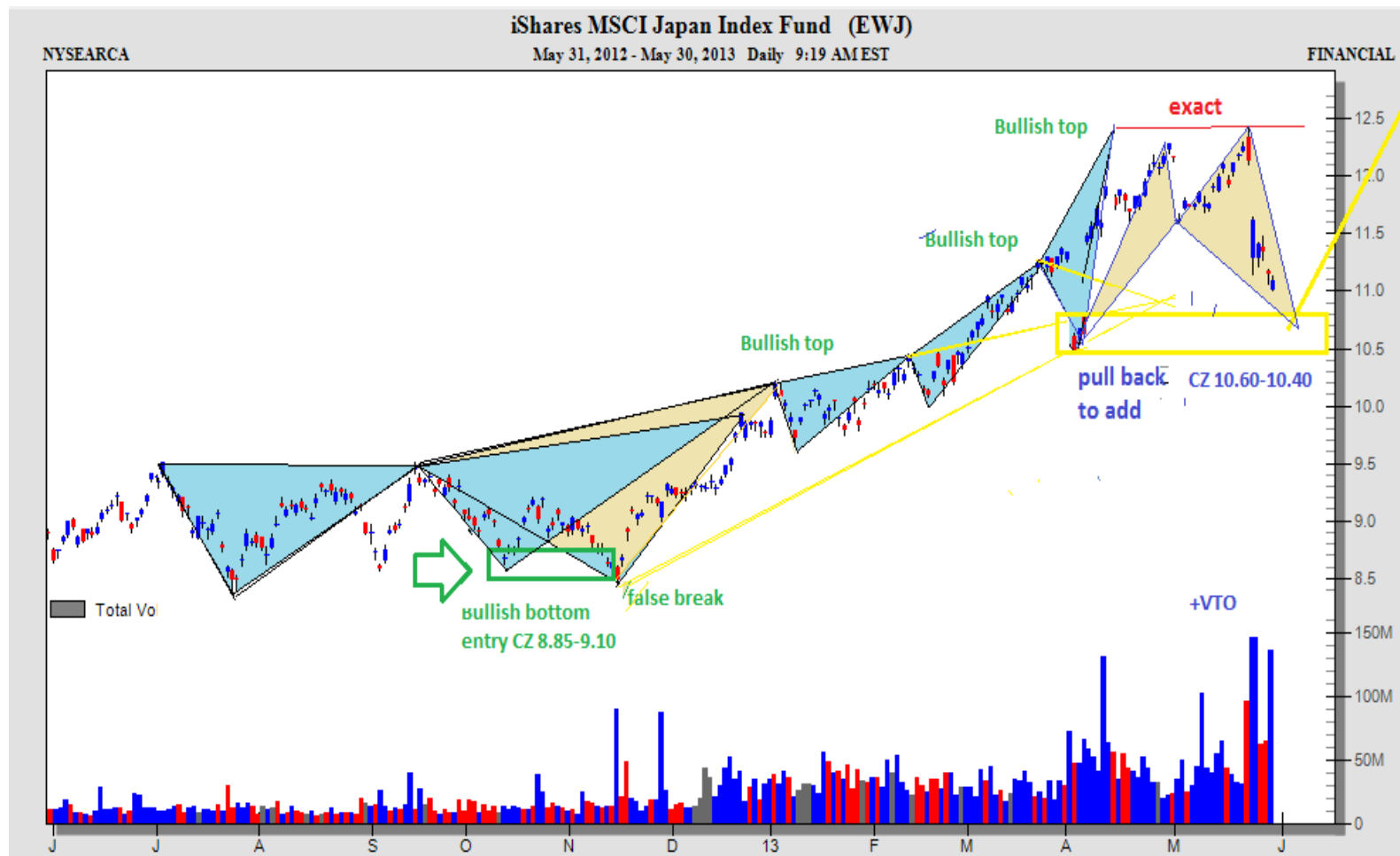
EEM (EMMEG) – CZ / PEC-D / Ratio Analysis – *Neutral – Bearish bias*

- *Texture – NEUTRAL TOP & BEARISH BOTTOM*

DOWNSIDE – CZ 40.75-39.75 Proper CZ test is required . This should follow SPX 's pull back

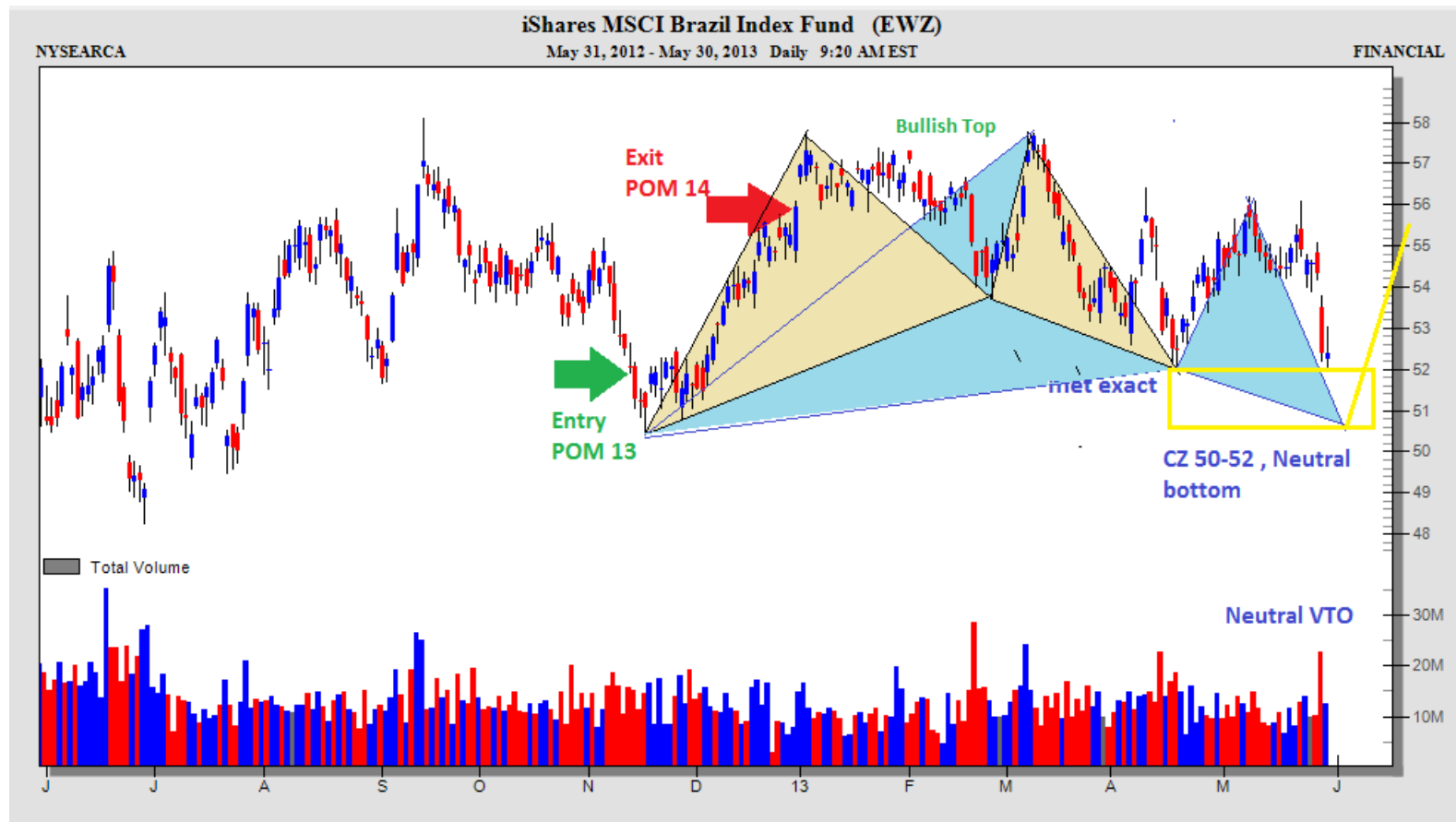*UPSIDE – CZ 44.40-43.30 – " No Risk / Reward for Long or Short*
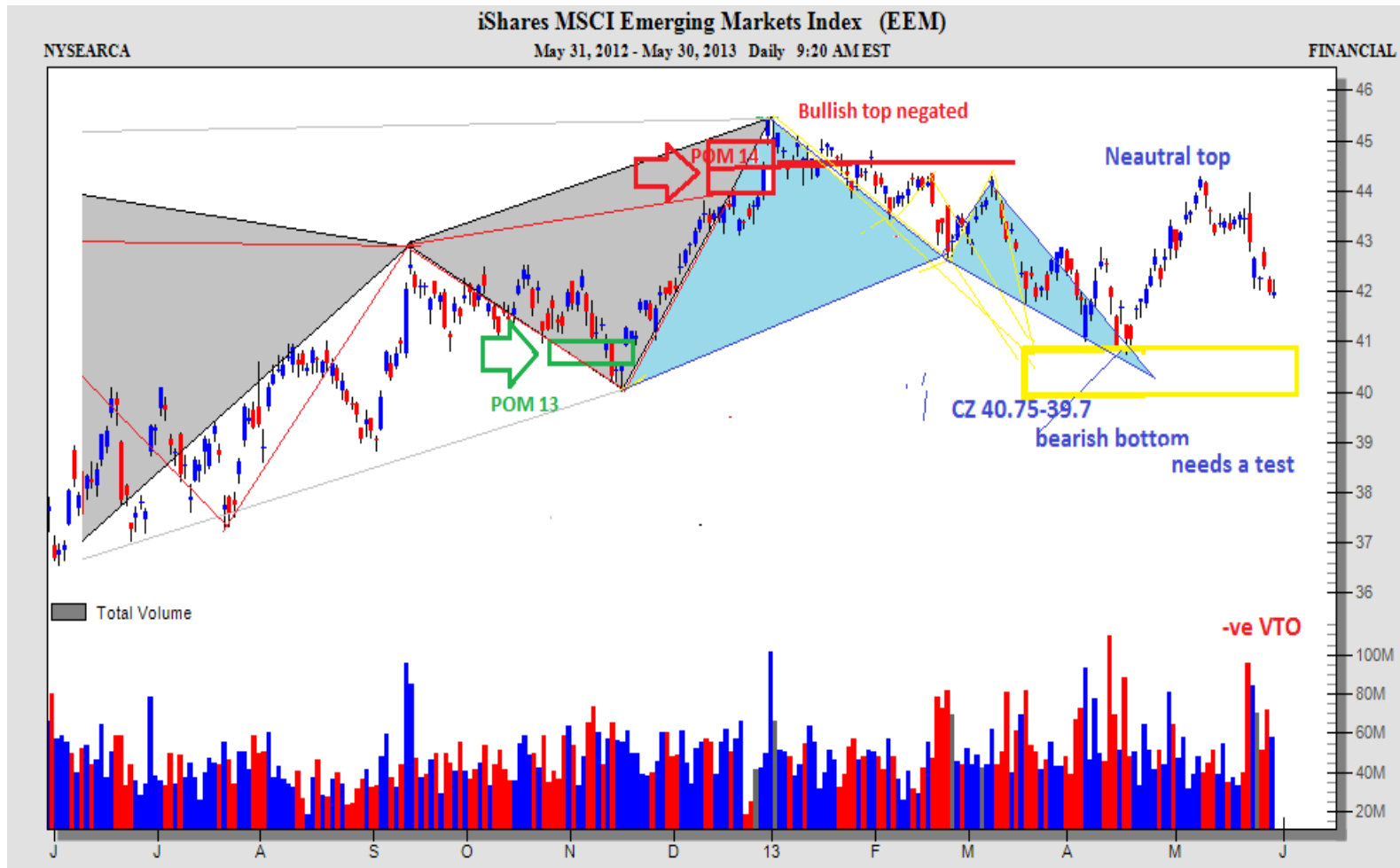
.EWZ (BRAZIL) - CZ / PEC-D / Ratio Analysis - *Neutral – Bullish bias*

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

DOWNSIDE – *Approaching - CZ 50-52 –- Proper CZ test is required .*

UPSIDE – *CZ 57-55.50 – is Bullish Top .   No Risk / Reward for Long or Short*

iShares MSCI Brazil Index Fund   (EWZ)
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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*

<u>Critical backdrop Notes –</u>

- *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.
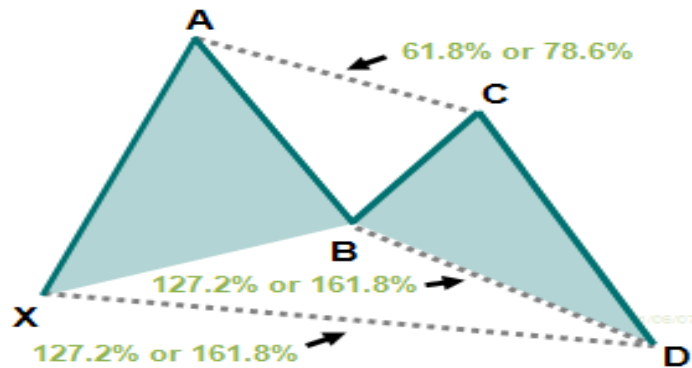
Pythagoras Expansion / Contraction — (PEC) Model

- 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
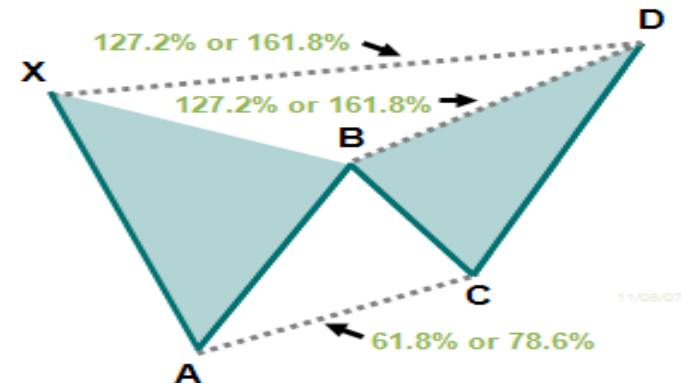
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

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
61.8% or 78.6%
A