



Date : 6th April 2013 (**Saturday**)

SECTOR REPORT (Strategy & Prop Tech)

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• Executive Summary

	Current Price	Trigger 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
XLV (HLT CARE)	46.41	POM 13 On 5/21 @ 35.25 Is In tact	Secondary Re entry CZ 38.75-39.25	BULLISH	Net Long	NONE	POM 15 target Met with Bullish top	After shallow pullback next ABC up	Under larger correction CZ 43-44		On Bullish Sectors - POM 15, Triggers ST Cautionary signal , but we remain long , <u>Higher highs with Volume</u>
XHB (HM BLDR) <u>Long term Bull announced 17th March 2012 – 1st Anniversary</u>	28.91	POM 13 On 5/21 @ 19.5 Is In tact	Secondary Re entry CZ 25-25.5	BULLISH	Net Long	NONE	POM 15 target Met with Bullish top	Ditto	Under larger correction CZ 26.25-27.25		Ditto
XLP (CONS STPL)	39.66	POM 13 On 5/21 @ 33.25 Is In tact	Secondary Re entry CZ - 34.75-34	BULLISH	Net Long	NONE	POM 15 target Met with Bullish top	Ditto	Under larger correction CZ 37.75-38.25		Ditto

Continued

	Current Price	Trigger 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	Down side CZ Mid term	Remark
XLB (MATRL)	38.31	POM 15 In SPX	CZ 39.25-38.50 "Scaled in" 2/24 & 3/06	BEARISH	Net Short	NONE	CZ 39.25-38.5 Met with Bearish Top	POM 15 Termination Wave in SPX Completed 1530 Triggered @ 1515	ABC down CZ 37.25-36.75		Breakaway Bearish reversal confirmed
XLF (FINN)	18.03	POM 15 In SPX	CZ 16.88-16.40	NEUTRAL	CASH	NONE	CZ 16.90-17.25 MET & extended with Neutral top	Ditto	CZ16.50-16.25		Earlier Exited for 9% profit. (15.40 to 16.88)
XLI (INDUST)	40.47	POM 15 In SPX	CZ 38.93-37.93,	BEARISH	CASH	NONE	CZ 39.50-39 MET & exceeded Bearish Top	Ditto	ABC down CZ 38.25-38.75		key Bearish reversal down confirmed
XLK (TECH) QQQ - Proxy	29.73	POM 15 In SPX	QQQ- CZ - Scaled in On 1/16, 1/25, 2/24	BEARISH	Net Short (to Hedge long position)	Refer QQQ On MS - Report	Target met with Bearish Top	Ditto	ABC down		QQQ is good Instrument to Hedge against existing Long XLV, XLP, XHB

PAIR TRADE – (Short XLE / Long XME)- Delta Neutral

	Current Price	Trigger 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
XLE (ENERGY)	77.30	POM 15 In SPX	CZ 78.5-76..5 <u>Scaled in</u> On 1/25, 3/06	BEARISH	Net Short	NONE	CZ 78.5-76.50- Met with Bearish top		ABC down CZ 73.5-72.5		Both Legs (XLE & XME) To Maintain Delta Neutral for 5% exposure
XME (METAL & MININGS)	37.95	NONE	CZ 43-45 On 1/25 (extended)	NEUTRAL	Net Long <u>Pair Trade with Short XLE</u>	NONE	CZ 42-41 Need high force with Sign of Strength (SOS) break th'	CZ 48-47 Bullish top	ABC down extended to 39	<u>Smash down</u> to thrust lows of 37. This was Key reversal	XME should come back in range to 41 soon to initiate up move .

XME (Metal & Mining) -

- XME Has been “underperformer” past 12 months v/s SPY & XLE- Ratio.
- XME – Effected by Market Liquidation Sell offX

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Sectors

- **BULLISH INDICES** - **XLV, XLP, XHB,**
- **BEARISH INDICES**- **XLE, XLI, XLK (QQQ – Proxy) , XLB .**
- **NEUTRAL INDICES** - **(XME, XLF)**

Sector Overview

XLV , XLP, XHB - We Maintain our Net long Position in Bullish Top Sectors . They have been flying with new ABC ups. . XHB (Home builders) have completed one year anniversary on 17th March “ start of New Bull Market” . Higher highs with volume

XLU - We must admit , on 30th Nov **Special Report** we had coverage to Buy XLU (utility) at CZ 34-34.5 Bullish Top , but when XLU triggered in CZ , Our order had expired in 30 days and could not get in . Currently XLU is at \$ 40 up 16% and continues to remain with Bullish Top.

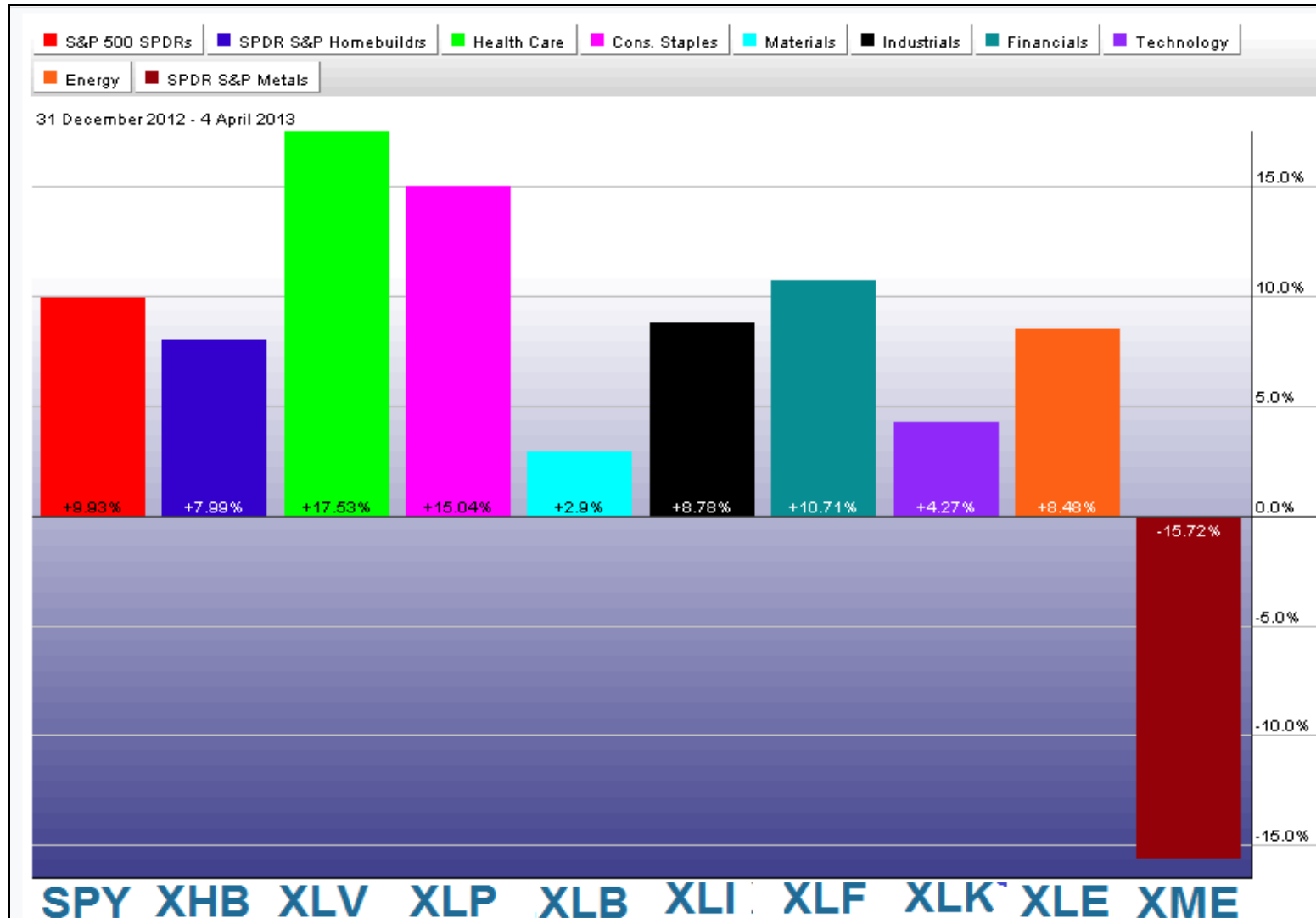
XLF, XME - We Remains **NEUTRAL** with XLF in residual strength and XME – Bearish bottom indicated last Report resulted in climax selling . XME’s downside extension is more than we would like.

XLE, XLI, XLB, XLK(QQQ) - Are setting up **BEARISHLY** and failed in CZ . **XLE, XLB, XLK(QQQ)** **Validated for Short position as a Suitable Hedge against existing longs.** Special Report Announcement on 1/15, 1/25 on QQQ , 1/25 on XLE, 2/24,3/06 on XLB

YTD - SECTOR Performance v/s SPX

For Pair – Weakest and strongest Indices –

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



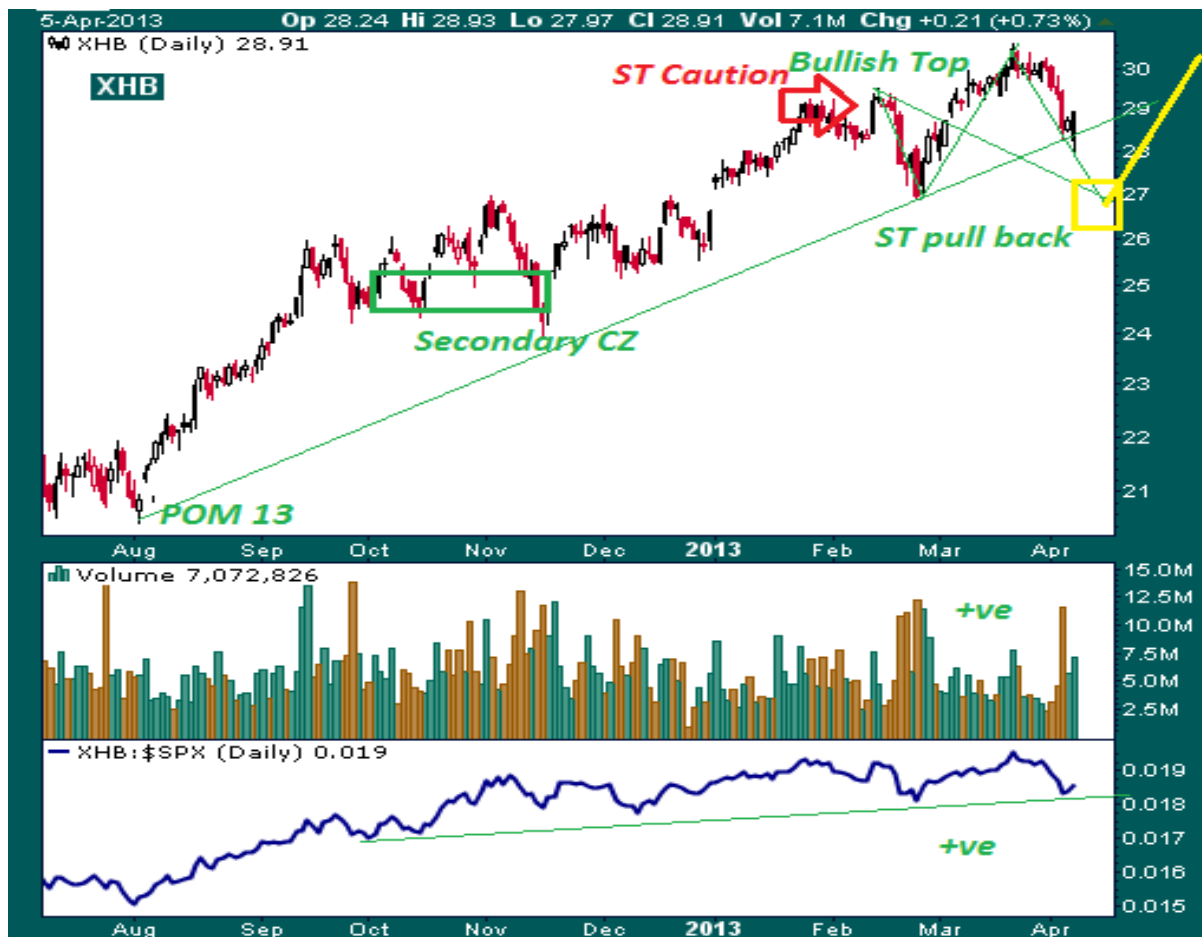
XHB (HOME BULDERS) - CZ – PEC-D / Ratio Analysis - **BULLISH** – **ST CAUTION**

- Texture - **BULLISH TOP & BULLISH BOTTOM** - Trigger at POM 13 at 19.5 on 5/21 still remains.

UPSIDE – CZ 29-28.5. met exact with Bullish Top,

DOWNSIDE- CZ -26.25 - 27.25

VTO tuned Neutral , it suggests the downside target (in yellow) should be met . We maintain Net long in this Sector since **ALERTED – 2012 March 17th** . (around \$ 19) as beginning of New Bull Market on Long term PQV Validation.



XLV (HEALTH)- CZ – PEC-D / Ratio Analysis - **BULLISH**

- **Texture - BULLISH TOP & Bullish Bottom . - Trigger at POM 13 at 35.5 on 5/21- still remains**

UPSIDE – POM 15 Target .with Bullish Top,

DOWNSIDE- CZ 44-43, (shallow retracement) for next ABC up

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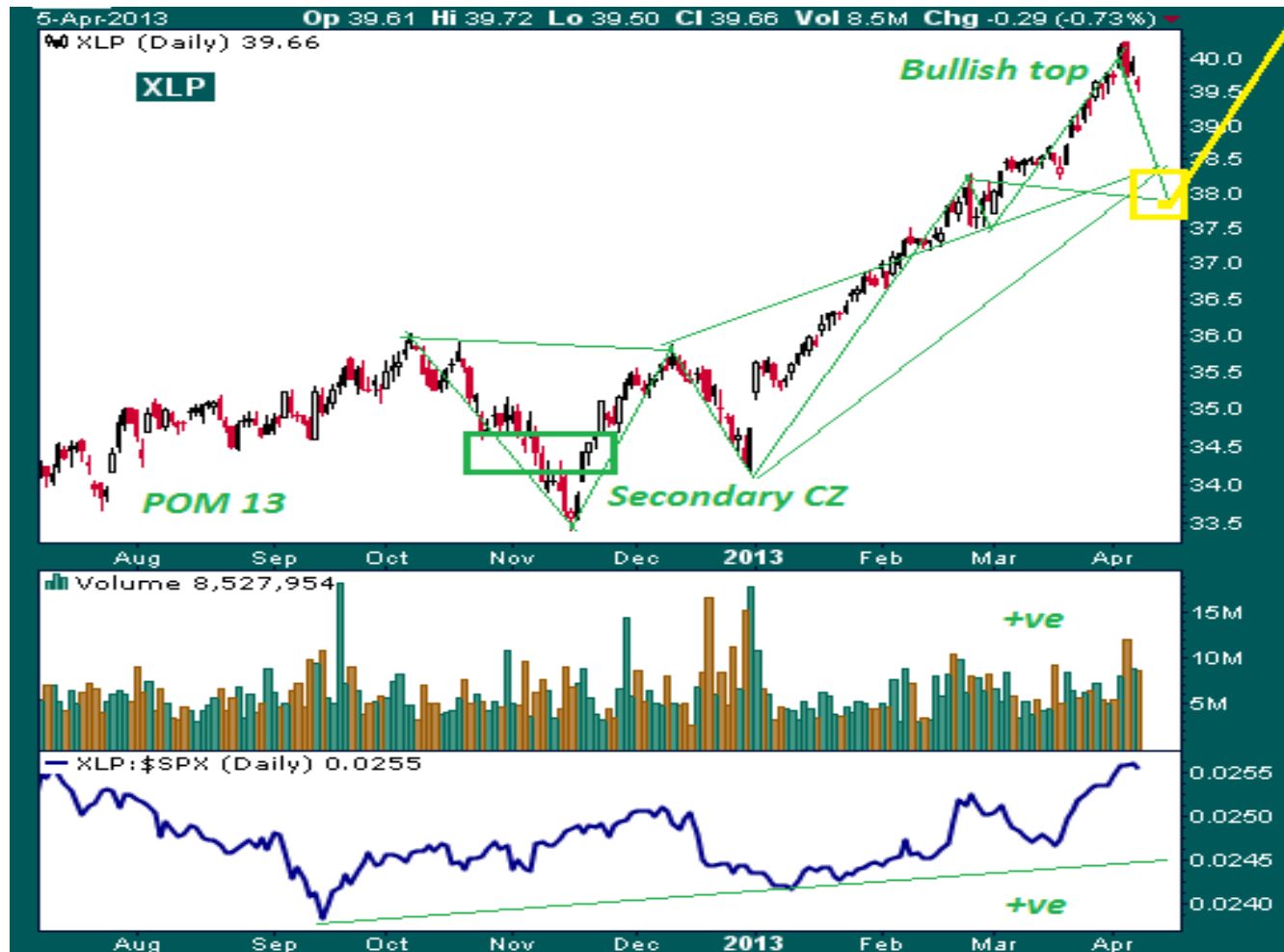


XLP (CONSUMER) - CZ – PEC-D / Ratio Analysis - **BULLISH**

- **-Texture - BULLISH TOP & BULLISH BOTTOM - Trigger at POM 13 at 35.25 on 5/21- still remains**

UPSIDE – POM 15 Target . with Bullish Top,

DOWNSIDE- CZ 38.25-37.75 (*shallows retracement*). *for next ABC up*



XLB (MATERIALS) - CZ –PEC-D / Ratio Analysis - **BEARISH**

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

UPSIDE – Break away with Bearish Top , within CZ 39.25-38.50 , PQV Triggered.

DOWNSIDE - 1st ABC down began & ready for next ABC down to CZ 37.25-36.75.

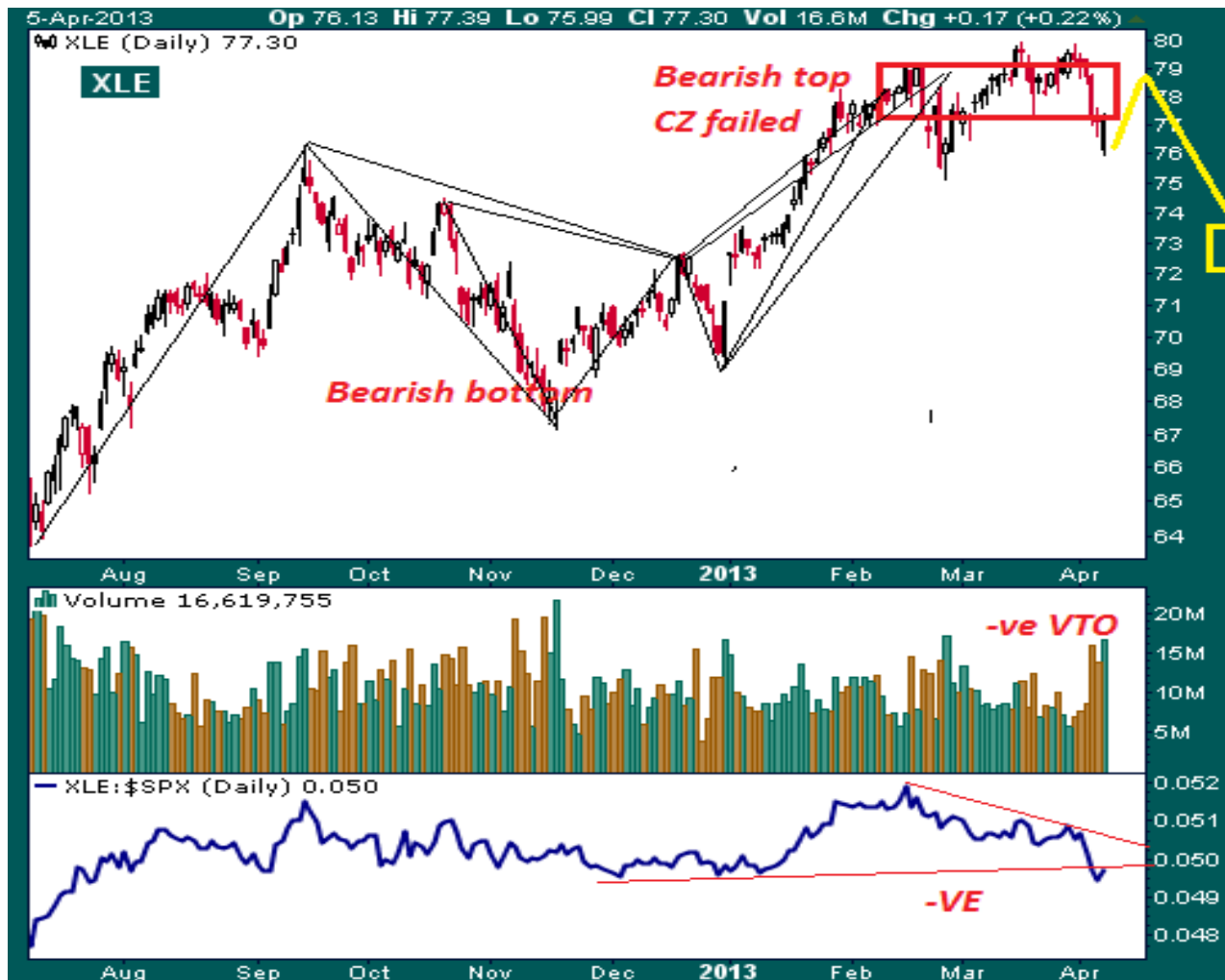


XLE - CZ -PEC-D / Ratio Analysis - **BEARISH** - Pair with XME

- Texture - **BEARISH TOP & BEARISH TOP**

UPSIDE – Key reversal with *Bearish Top*, CZ 78.5-76.5, PQV Triggered ,

DOWNSIDE- 1st ABC down began & ready for next ABC down to CZ 73.5-72.5.



XME – CZ – PEC-D Analysis - DAILY - *Neutral* –Pair with XLE

- Texture - *BULLISH TOP & BEARISH BOTTOM* .

Downside – Down Thrust to *39* is *CRASH – PEC-D is under attack . key reversal @ 37*. Need rejection of lows , volume is lighter. This did not work as it should

Upside – First Bounce to *CZ 43 -41* & then back down. *Close above CZ at 41* level is required to initiate up move (Refer notes within the chart) . **Note** - VTO Neutral . XME should be stuck in Trading range 42 to 38



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*

40- INDICES SUMMARY

GR1 (16) Coverage in A #1, A# 2 (B, G) MS	GR2 (14) Coverage in D # SECTOR	GR3 (10) Coverage in C # COMMODITY
<p><u>US BROADER IDX (A # 2B)</u></p> <ul style="list-style-type: none"> • SPY (SPX 500) • DIA (DOW 30) • QQQQ (NASD100) • IWM (Small Cap) • IYT (Transports) • NYA (NYSE) <p><u>BOND IDX (A # 2B)</u></p> <ul style="list-style-type: none"> • TLT (Bonds) • MUB (Muni). • JNK (Junk) <p><u>GLOBAL IDX (A # 2G)</u></p> <ul style="list-style-type: none"> • EEM (Emerg.) • EZU (Europe) • EWH (HK) • EWA (Aust) • EWJ (Japan) • FXI (China) • EWZ (Brazil) • IFN (India) 	<p><u>SECTORS IDX (D #)</u></p> <ul style="list-style-type: none"> • RTH (Retail) - • XLF (Financials) • XLV (Health) • XLB (Materials) • XLE (Energy) • XLK (Tech) / QQQ - Proxy • XLI (Industrial) – • XLU (Utility) • XLP (Staples) • XLY (Discretionary) • XHB (Home Builders) • SMH (Sem.) • BBH (Biotech) • IYR (Real Estate) <p>Highlighted above are covered in Today's Report</p>	<p><u>COMMODITY IDX (C #)</u></p> <ul style="list-style-type: none"> • DBC (Commodity) • GLD (Gold) • SLV (Silver) • GDX (Miners) • USO (Oil) • JJC (Copper) • DBA (Agro) • DBB (Base metal) • UNG (Natural Gas)

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 streams 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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