



Date : 27th 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)	47.40	POM 13 On 5/21 @ 35.25	Secondary Re entry CZ 38.75-39.25	BULLISH	Net Long	NONE	POM 15 target Met with Bullish top	CZ 49-50 ABC up In progress	shallow pullback next ABC up	CZ 44.5-45.75 Under larger correction Best Risk / reward For longs	On Bullish Sectors - POM 15, ST Caution, but we remain long , <u>Higher highs with Volume</u>
XHB (HM BLDR) <u>Long term Bull announced 17th March 2012 – 1st Anniversary</u>	30.41	POM 13 On 5/21 @19.5	Secondary Re entry CZ 25-25.5	BULLISH	Net Long	NONE	POM 15 target Met with Bullish top	CZ 33.5-34.5 ABC up In progress	Ditto	CZ 27.5-26.5 Ditto	Ditto
XLP (CONS STPL)	40.89	POM 13 On 5/21 @ 33.25	Secondary Re entry CZ - 34.75-34	BULLISH	Net Long	NONE	POM 15 target Met with Bullish top	CZ 43-44 ABC up In progress	Ditto	CZ 38.25-39.25 Ditto	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	Downside CZ Mid term	Remark
XLB (MATRL)	38.90	POM 15 (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		ABC down CZ 37.25-36.75		Breakaway Bearish reversal
XLF (FINN)	18.57	POM 15 (SPX)	CZ 16.88-16.40	NEUTRAL	CASH	NONE	CZ 16.90-17.25 MET & extended with Neutral top	CZ 20.5-19.5	CZ 16.50-16.25		Earlier Exited for 9% profit. (15.40 to 16.88)
XLI (INDUST)	41.23	POM 15 (SPX)	CZ 38.93-37.93,	BEARISH	CASH	NONE	CZ 39.50-39 MET & exceeded Bearish Top		ABC down CZ 38.25-38.75		key Bearish reversal down
XLK (TECH) QQQ - Proxy	30.03	POM 15 (SPX)	QQQ- CZ - Scaled in On 1/16, 1/25, 2/24, 3/06, 4/03	BEARISH	Net Short (to Hedge long position)	Refer QQQ On MS - Report	Target met with Bearish Top		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)	77.18	POM 15 (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 73-71		Both Legs (XLE & XME) To Maintain Delta Neutral exposure
XME (METAL & MININGS)	36.12	NONE	CZ 35.5-34..5 <u>On 4/15</u> <u>At the last CRASH day</u>	Capitulati on	Net Long <u>Pair Trade with Short XLE</u>	NONE	CZ 38-37 Failed Need high force with Sign of Strength (break th'	CZ 40-41 Upside cap	CZ 35.5-34..5 For re test & PQV Validation		Key reversal @ 35 , would Initiate rally

XME (Metal & Mining) -

- XME Has been “underperformer” past 12 months v/s SPY & XLE- Ratio.
- XME – Now stabilizing after Market Liquidation Sell off

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Sectors

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

Sector Overview

XLV , XLP, XHB - We Maintain our Net long Position in Bullish Top Sectors . They have been on ABC ups. Higher highs with volume . Bullish Tops tend Top out Short term at POM 15 for Shallow retracement.

XLU has Bullish top Triggered on 30th Nov BUT we hold “ No Position” due to our execution shortfall & operational reasons.

XLF, - We Remains **NEUTRAL** with XLF in residual strength and XME climax selling extension is settling down. On more test of Crash lows and XME should begin upside move

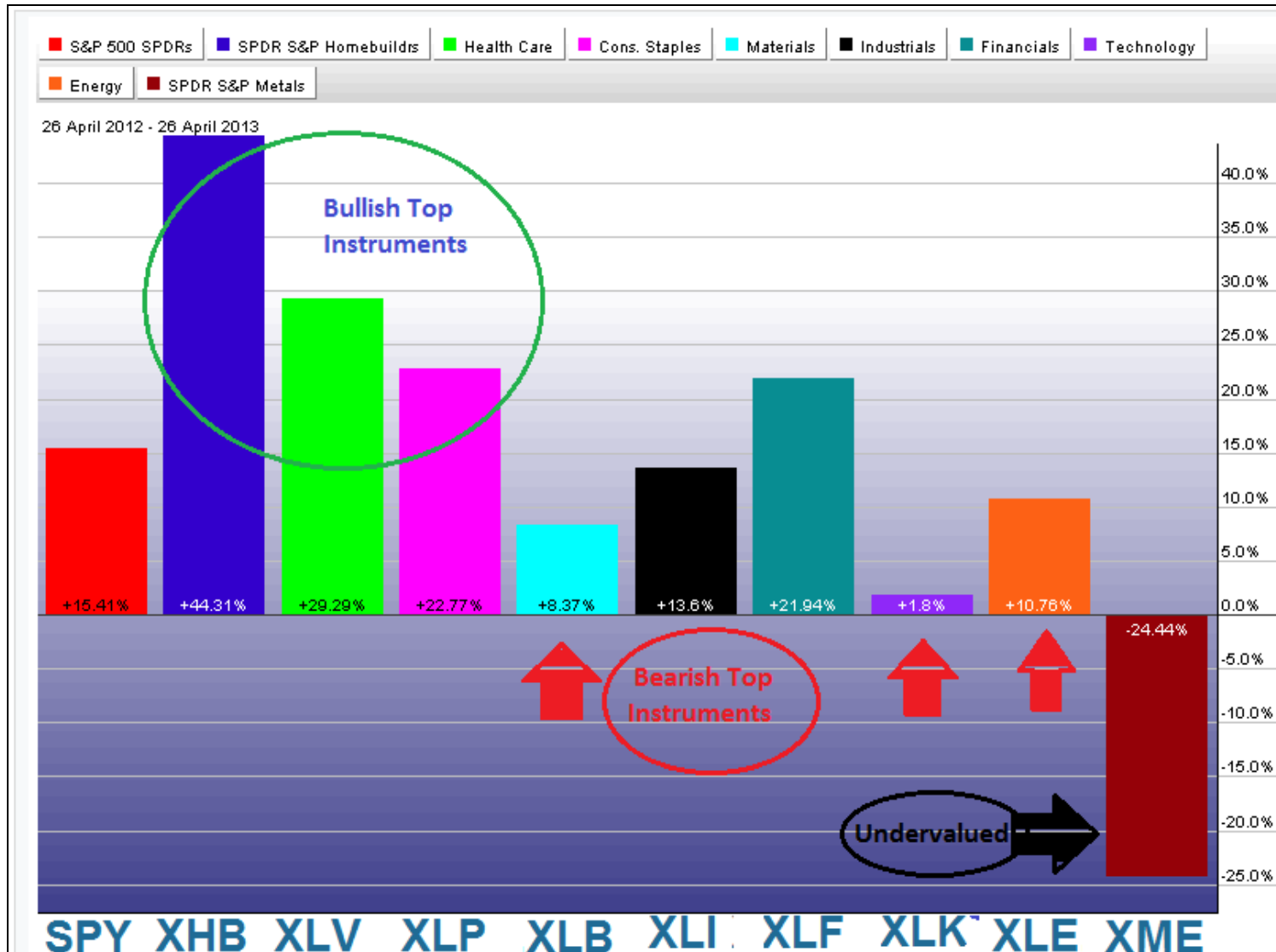
XME - We Remains in Bottoming process and climax selling extension is settling down. One more test of Crash lows with key reversal at 35 with PQV Validation should begin upside move

XLE, XLI, XLB, XLK(QQQ) - Are setting up **BEARISHLY and failed in CZ** Validated for Short position as an Suitable Hedge against existing long. Special Report Announcement on 1 /15, 1/25, 3/06,4/03 on QQQ , 1/25, 3/06 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 .



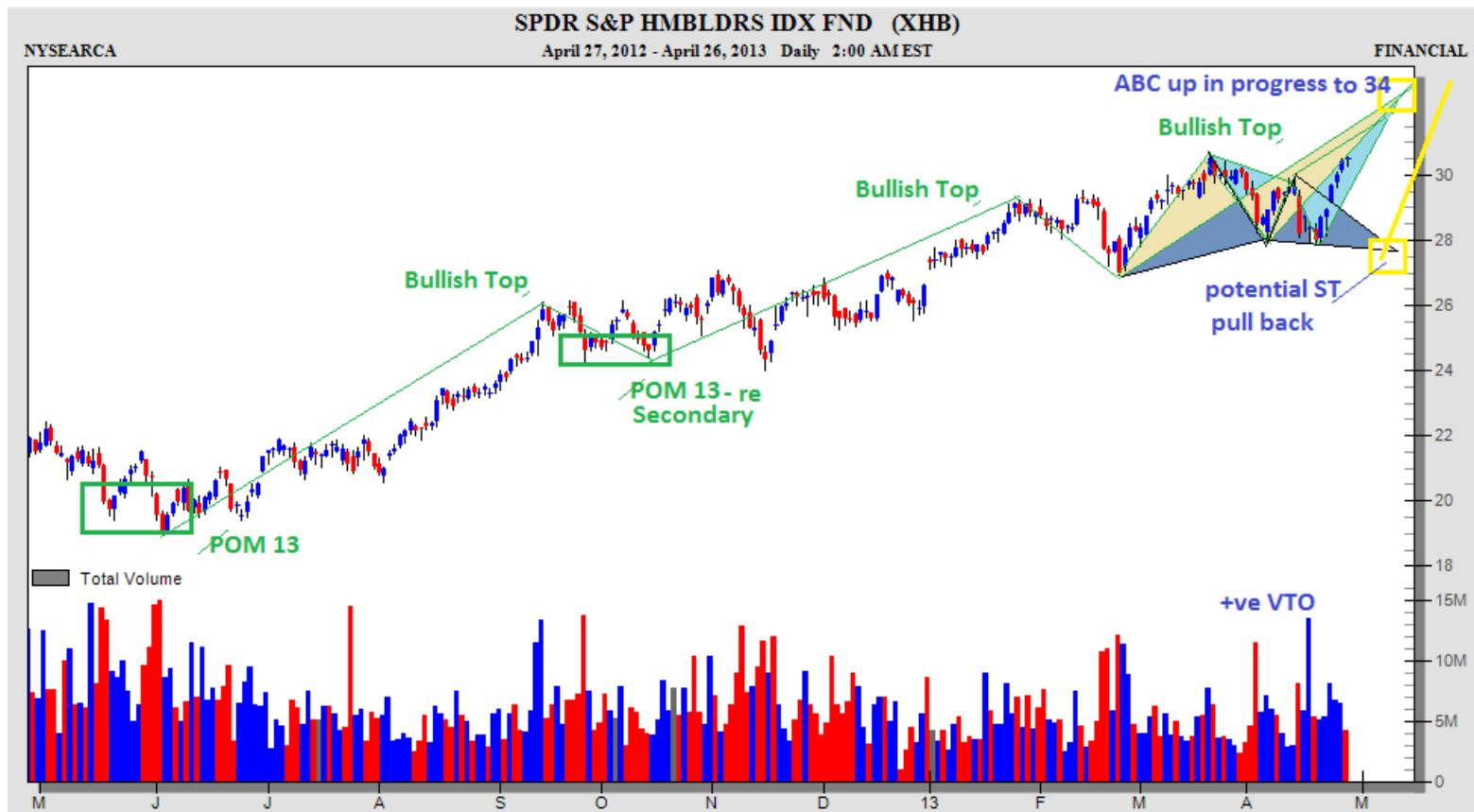
XHB (HOME BULDERS) - CZ – PEC-D / Ratio Analysis - **BULLISH**

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

UPSIDE – CZ 33.5-34.5, ABC up in progress , possible ST pull back. & then higher

DOWNSIDE- CZ -27.5-26.5, Under larger correction then continuation to move higher

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

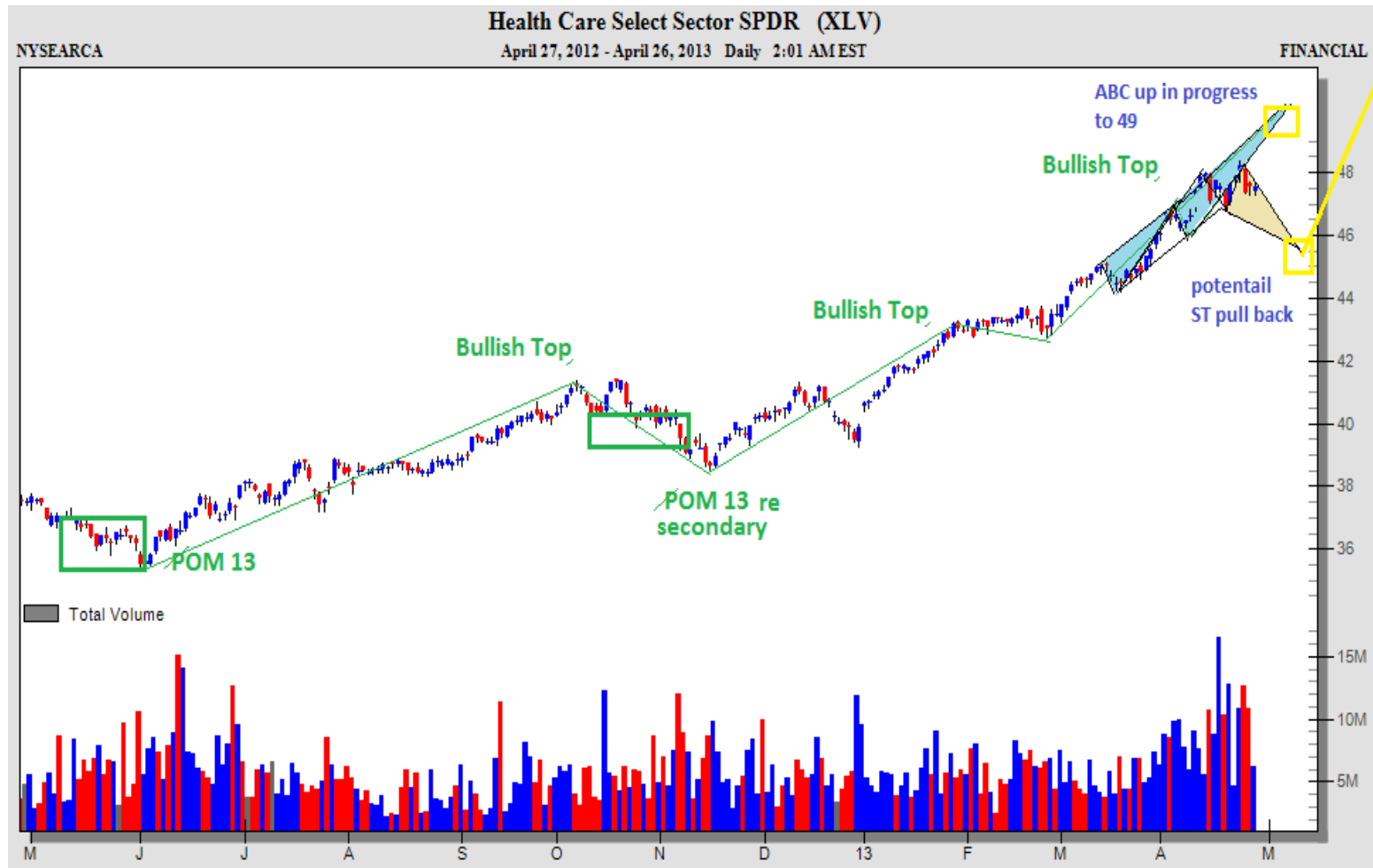


XLV (HEALTH)- CZ – PEC-D / Ratio Analysis - **BULLISH**

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

UPSIDE – CZ 49-50, ABC up in progress , possible ST pull back. & then higher

DOWNSIDE- CZ -44.5-45.75, Under larger correction then continuation to move higher

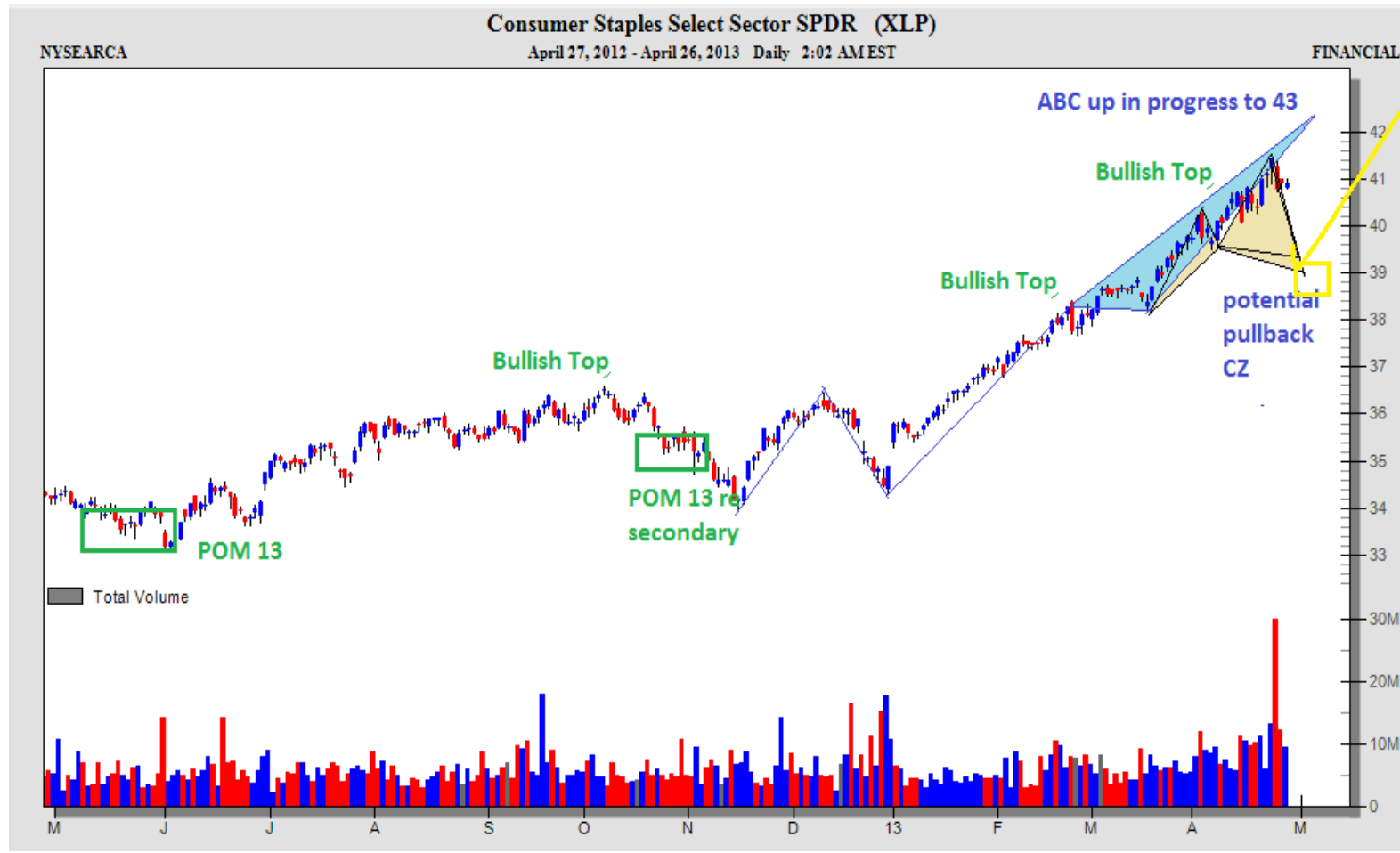


XLP (CONSUMER) - CZ – PEC-D / Ratio Analysis - **BULLISH**

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

UPSIDE – CZ 43-44, ABC up in progress , possible ST pull back. & then higher

DOWNSIDE- CZ -38.25-39.2, Under larger correction then continuation to move higher

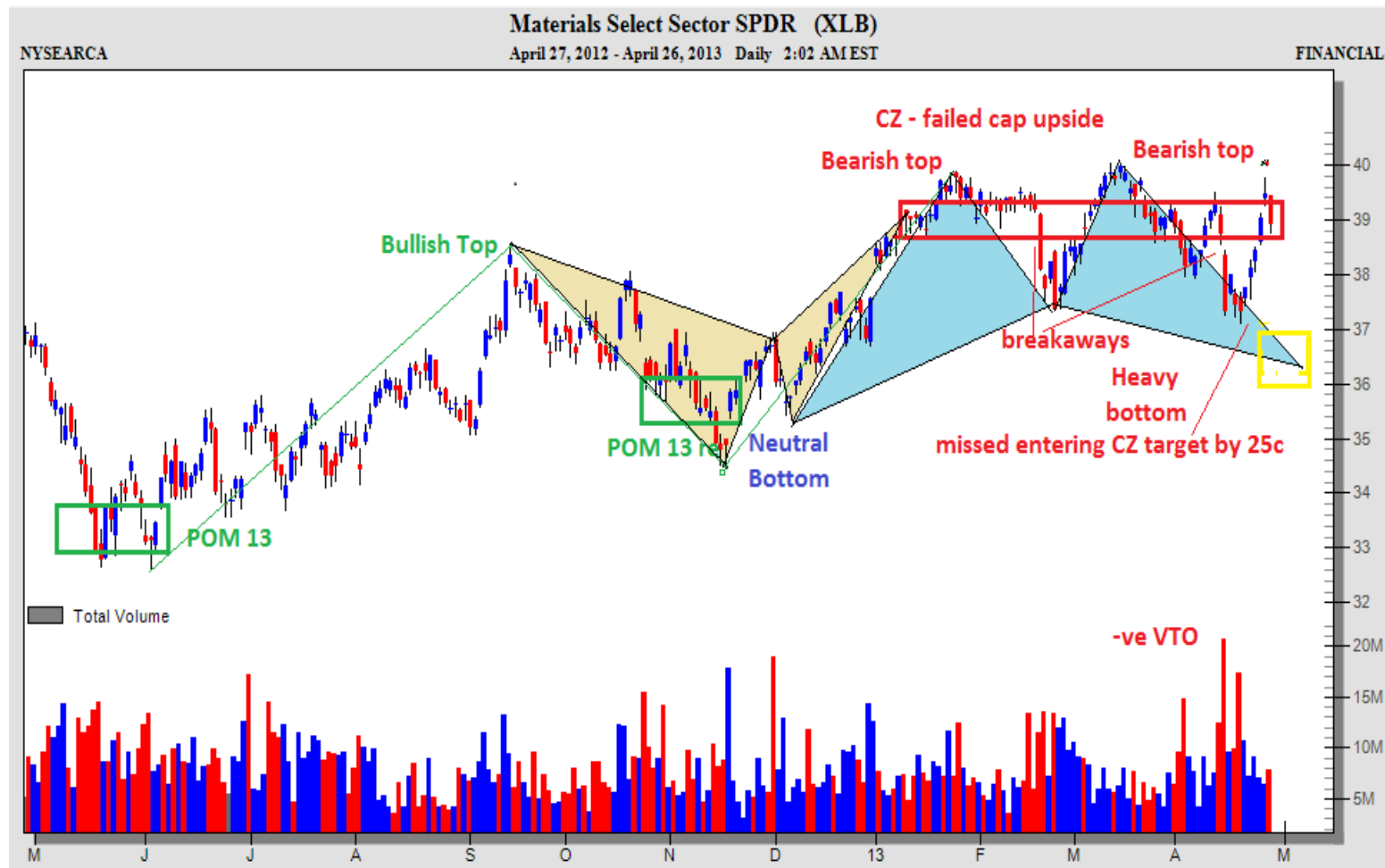


XLB (MATERIALS) - CZ –PEC-D / Ratio Analysis - **BEARISH**

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

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

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

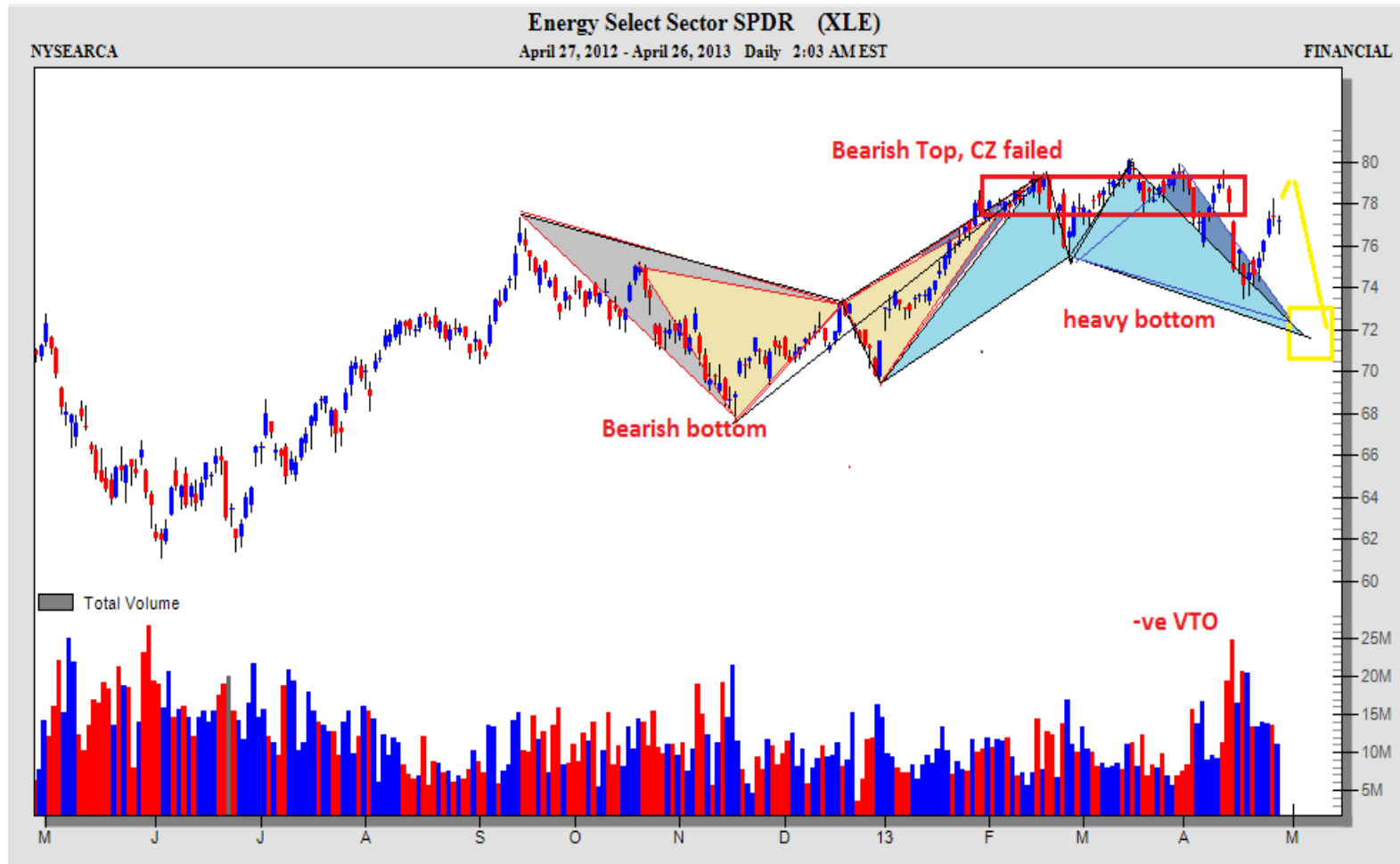


XLE - CZ -PEC-D / Ratio Analysis - **BEARISH** - Pair with XME

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

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

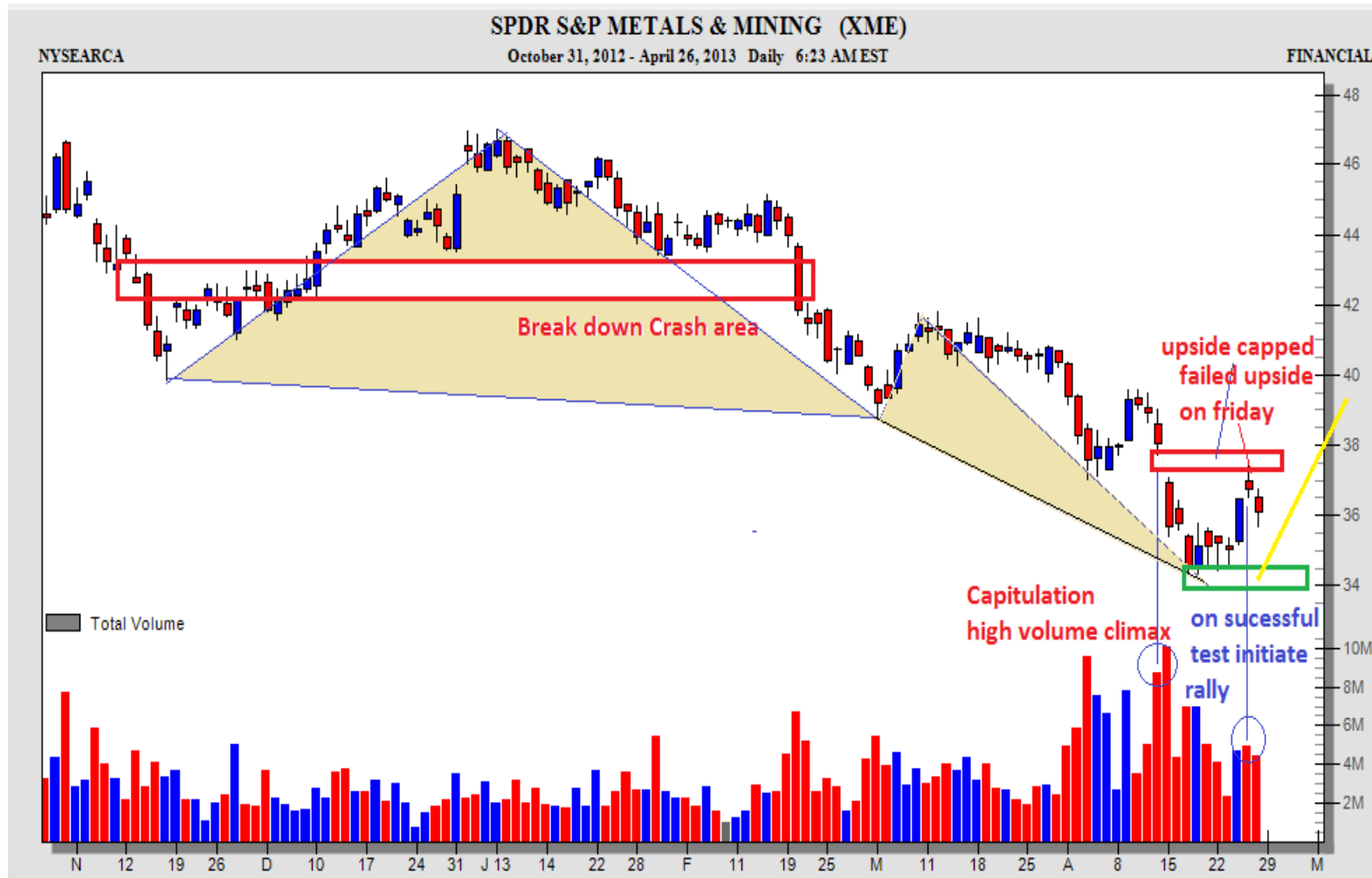
DOWNSIDE- 1st ABC down began & ready for next ABC down to CZ 73-71.



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

Upside - CZ 38-37 - CAP - on any up move. This area that was decisively GAPPED AWAY high volume

Downside - -@ PEC-D 35 Daily , On successful test / PQV Validation of “capitulation volume , initiate rally.



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) • GDV (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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