



Date : 7th December 2013 (Saturday)

SECTOR REPORT (Strategy & Prop Tech)

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● Executive Summary

Sector & % of SPX Hlg	Current Price	Current POM within CZ & Date Triggered	Follow up Alert Update For ST – turn	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
XLB (MATL 3%)	44.27	POM 15 (SPX) CZ -40.17-39.53 Triggered 7/24	<u>@42.30</u> Closed Net Short On 10/3 SPX @ 1670	BEARISH <i>Momentum bounce Is in progress</i>	NONE	NONE <i>No sign of failure yet</i>	PEC-D 45.5 Met & Failed,	Should Double Top & fail @ 45.5 Bearish Top Best Risk / reward	ABC down CZ 41-40 Heavy bottom		Close below 43.75 weekly Would be the Top Once it fails, We shall announce the Trigger to Sell Short
XLE (ENGY 10%)	86.41	POM 15 (SPX) CZ 81.82-81.60 Triggered 7/24	<u>@83.60</u> Closed Net Short On 10/3 SPX @ 1670	BEARISH <i>Momentum bounce Is in progress</i>	NONE	NONE <i>No sign of failure yet</i>	PEC-D 88 Met & Failed,	Should Double Top & fail @ 88 With Bearish Top Best Risk / reward	ABC down PEC-D 80 Heavy bottom		Close below 86.00 Weekly Would be the Top Once it fails, We shall announce the Trigger to Sell Short

Sector & % of SPX Hlg	Current Price	Current POM within CZ & Date Triggered	Follow up Alert Update For ST – Risk M.	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
XLV (HLT CR 13%) <u>Long term Bull – 5/21 OBAMACAR</u>	55.22	POM 13 On 5/21 @ 35.25	NONE	NEUTRAL With Bullish bias	Net Long	NONE	PEC-D 55.5 Met , exact Bullishly	Target ABC up to 57.75 1-3-5 Pattern	CZ 52-51	Best Risk /reward For next entry longs	<u>On Bullish Sectors</u> - we remain long <u>Higher highs with Volume</u>
XHB (HM BDR 2%) <u>Long term Bull announced 17th March 2012 – 1st Anniversary</u>	31.30	POM 13 On 5/21 @19.5	NONE	NEUTRAL With Bullish bias	Net Long	NONE	PEC-D 33 Met exact	No Bearish Top Yet	Pull back to CZ 28.5-29.25	Best Risk /reward For next entry longs	Ditto
XLP (CONS STPL 10%) <u>Long term Bull – 5/21 INFLATION Story</u>	43.08	POM 13 On 5/21 @ 33.25	NONE	NEUTRAL With Bullish bias	Net Long	NONE	PEC-D 43 Met exact Bullishly	Target ABC up to 44.5 1-3-5 Pattern	CZ 41-40	Best Risk /reward For next entry longs	Ditto

1. XLK(TECH - QQQ) 21% of SPX - In US Broader Indices Report,
2. XLU (UTU)-3%, X LI (INDT)-10%, XLF(FIN)-16%, XLY(DISC)-12% of SPX

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Sectors

- BULLISH INDICES - NONE
- BEARISH INDICES- XLE, XLK (QQQ – Proxy) , XLB, XLF
- NEUTRAL INDICES - XLV, XLP, XHB, - Bullish bias

Sector Overview

On 10/3 , We Closed the Net Short Positions in XLB, XLE – Avoided the Short Squeeze of 135 points as SPX simultaneously moved from 1670 to 1805 current price.

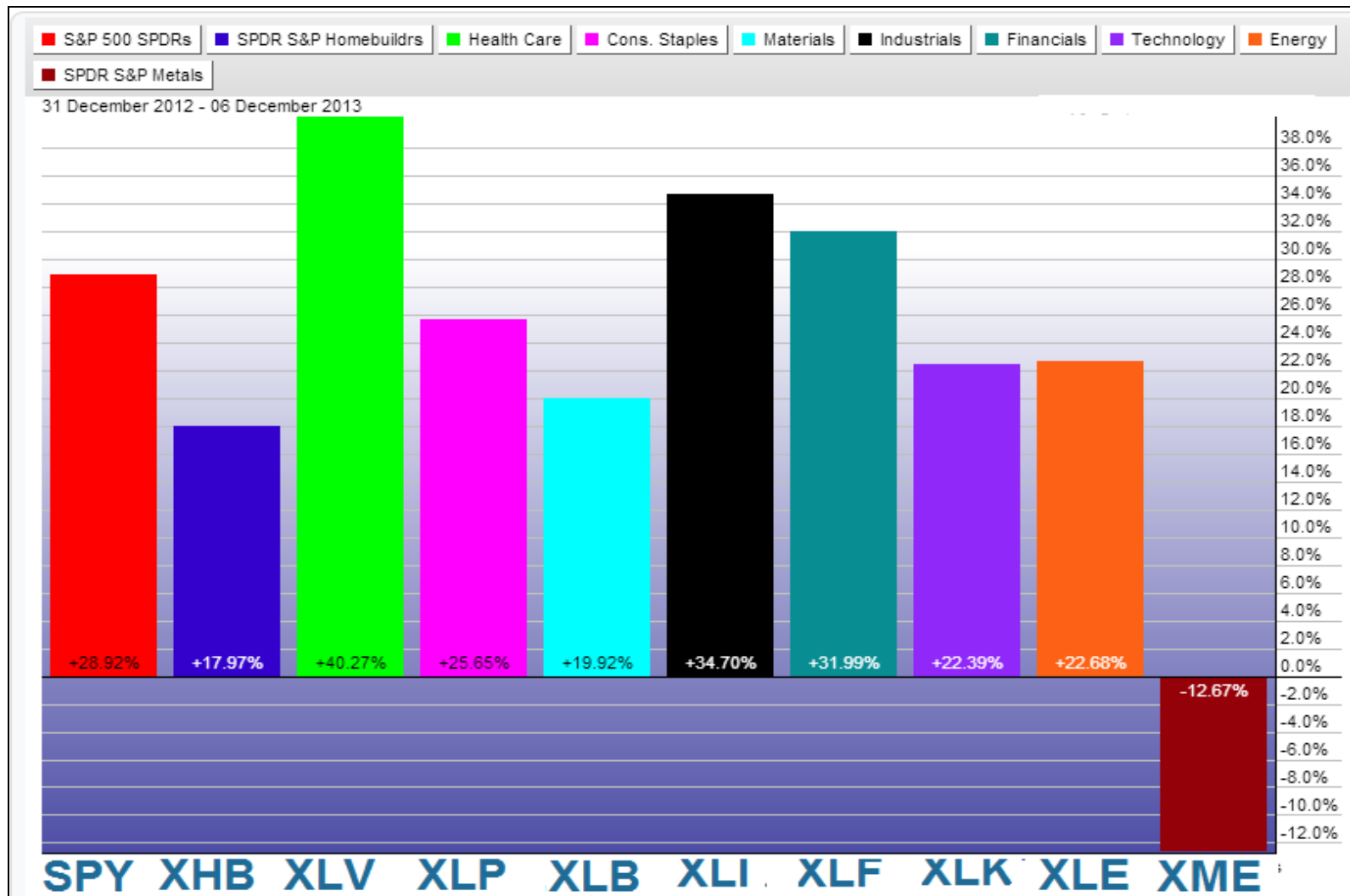
XLV , XLP, XHB - We shall maintain our Net long Position due to Bullish Bottoms till we witness Bearish Top . Several ABC ups with higher highs with high volume continues to remain. Currently these sectors are Neutral with Bullish bias .

XLB, XLE XLK, XLF - We Remain BEARISH . It has failed CZ as we await for final exhaustion of the Top . POM 15 has more effect on Bearish Instruments . **Currently we have No Position**

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 .

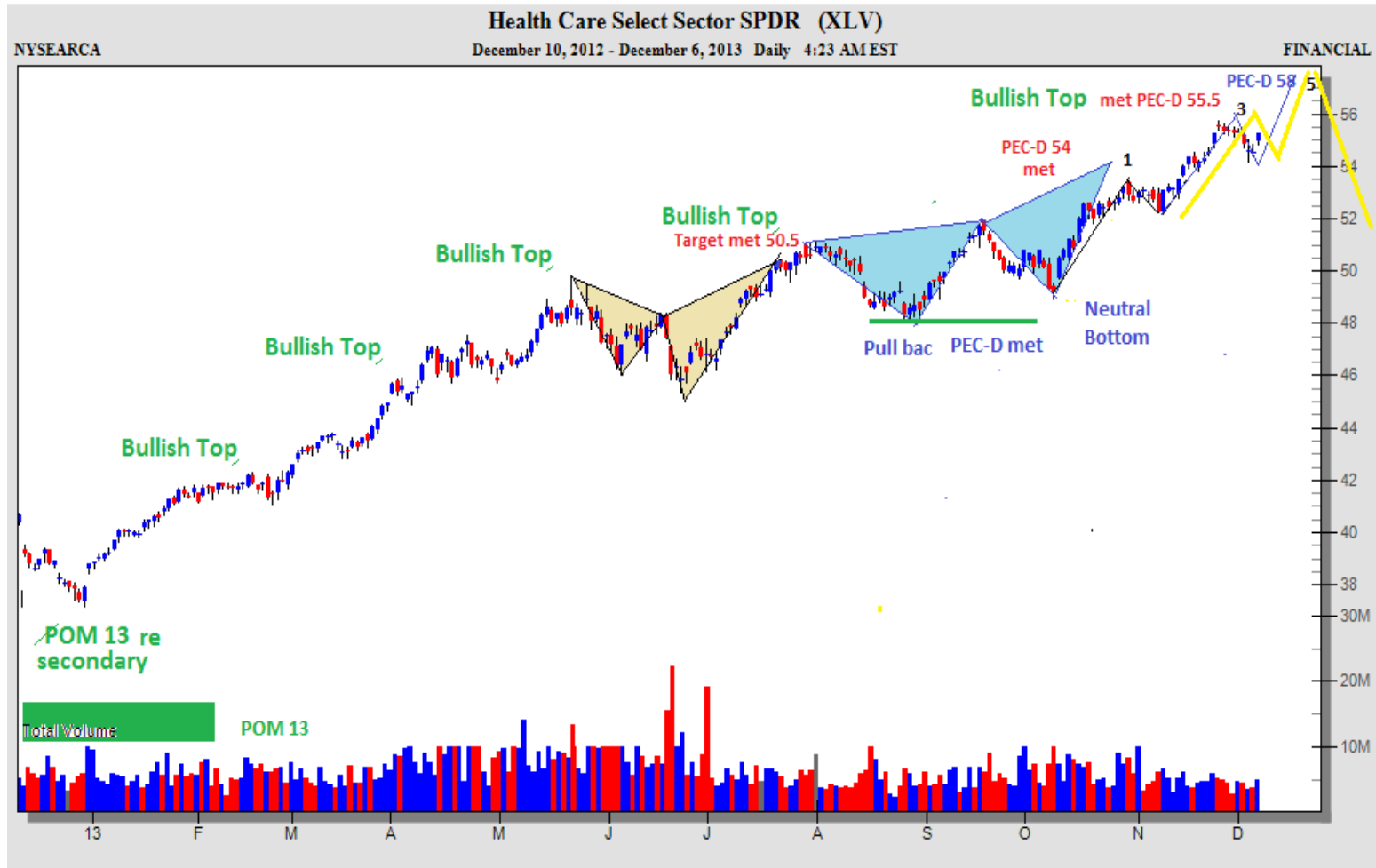


XLV (HEALTH)- CZ – PEC-D / Ratio Analysis - Neutral- Bullish bias

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

Midterm UPSIDE – PEC-D 55.5 Met with Bullish Top . ABC up to PEC-D 57.75 – 1-3-5 pattern to 55.5

DOWNSIDE- CZ -52-51 . Best Risk / Reward to enter longs

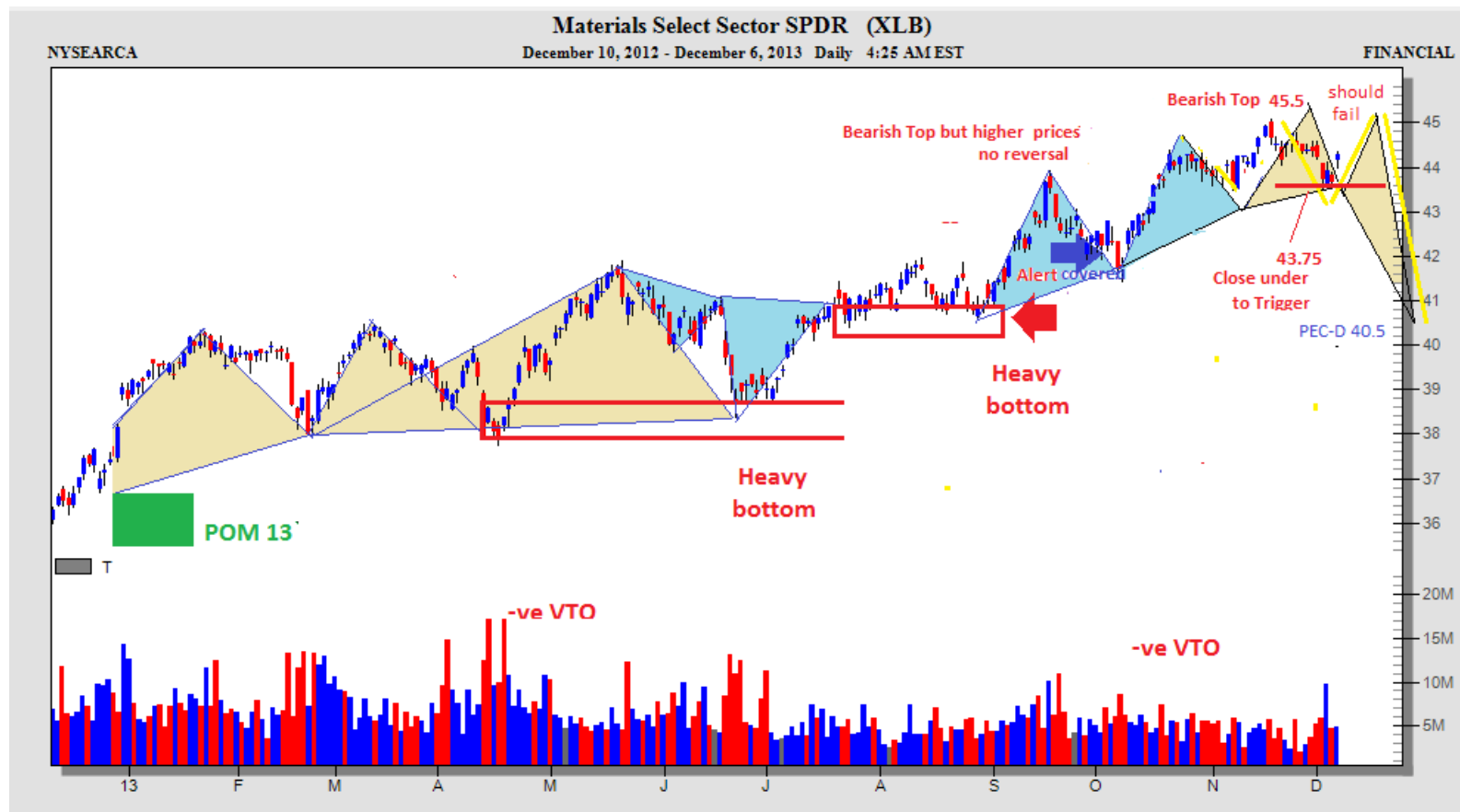


XLB (MATERIALS) - CZ -PEC-D / Ratio Analysis - **BEARISH - POM 15**

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

UPSIDE – PEC-D 45.5 met with Bearish Top . Double top should fail @ 45.5 and possibly Trigger “ Short Sell” .
Close **below 43.75** weekly to trigger decline . **Currently No Position**

DOWNSIDE - ABC down to CZ 41-40 heavy bottom .

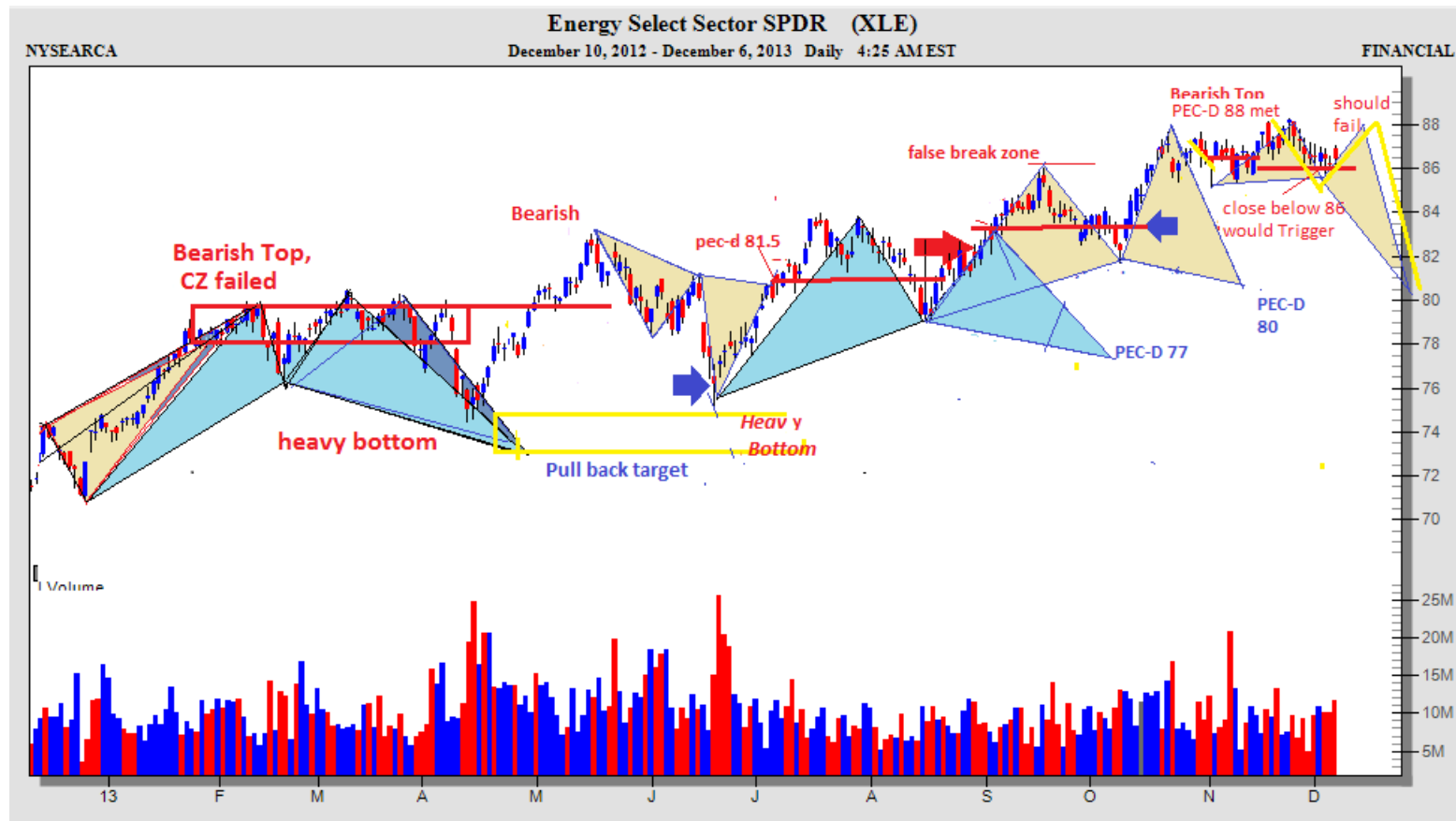


XLE - CZ -PEC-D / Ratio Analysis - BEARISH POM 15

- Texture - BEARISH TOP & BEARISH TOP

UPSIDE - PEC-D -88 met with Bearish Top . Double top should fail @ 88 and possibly Trigger "Short Sell" .
Close below 86 weekly to trigger decline . **Currently No Position**

DOWSIDE - ABC down to 80. heavy bottom.



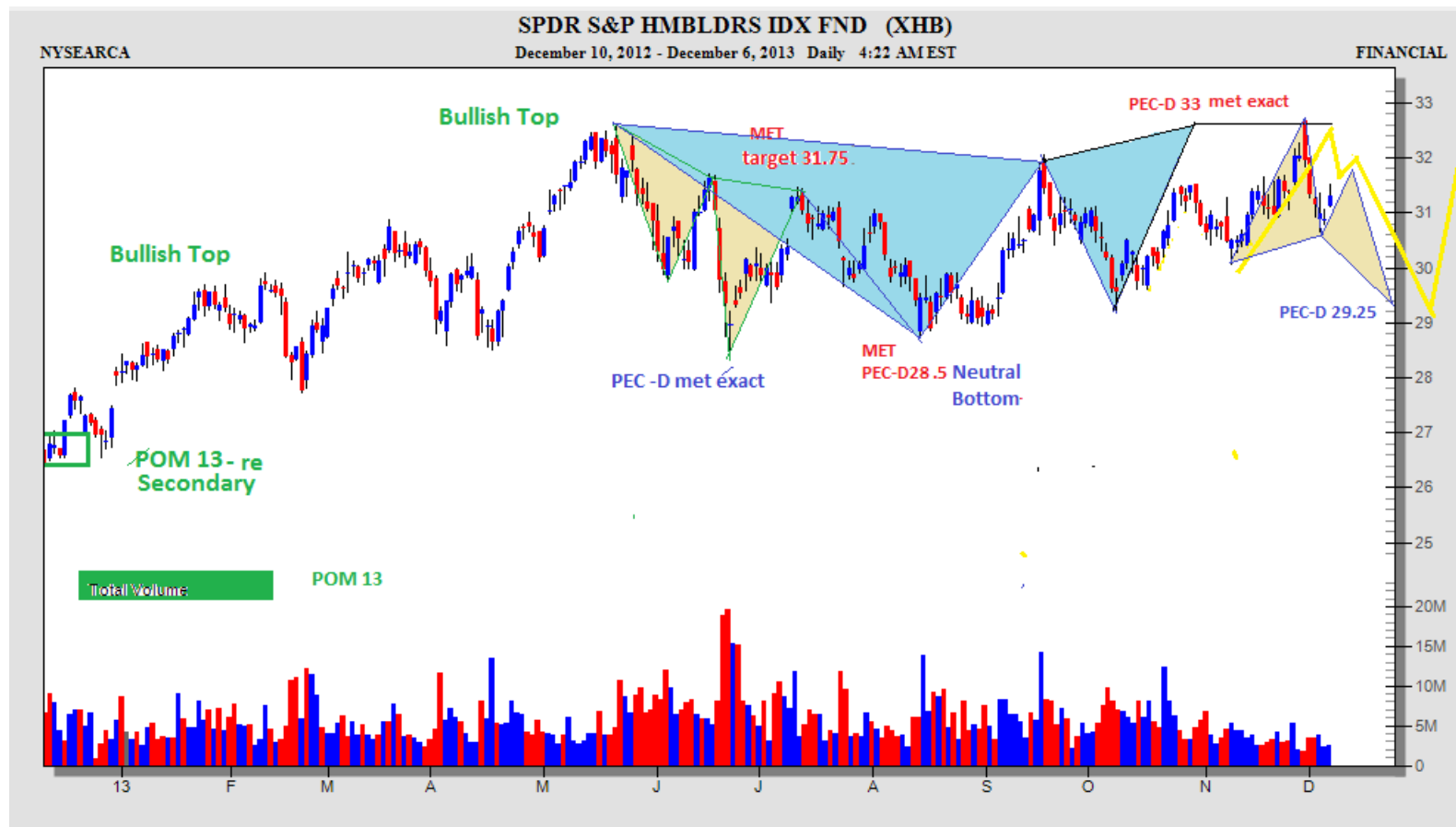
XHB (HOME BULDERS) - CZ – PEC-D / Ratio Analysis - **Neutral- Bullish bias**

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

Midterm UPSIDE – ABC up to **PEC-D 33 – MET EXACT** .

DOWNSIDE- towards **CZ -28.5-29.25 in progress** & continuation to move higher. Best Risk / Reward to enter longs

Net long in this Sector since **ALERTED - March 17th** . (around \$ 19) **as beginning of New Bull Market on Long term PQV Validation.**



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

<p>GR1 (16) Coverage in A #1, A# 2 (B, G) MS</p>	<p>GR2 (14) Coverage in D # SECTOR</p>	<p>GR3 (10) Coverage in C # COMMODITY</p>
<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)

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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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