



Date : 14th July 2013 (Sunday)

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)	49.88	POM 13 On 5/21 @ 35.25	Secondary Re entry CZ 38.75- 39.25	BULLISH	Net Long To Neutral On 7/10	NONE	POM 15 target Met @ PEC-D 50.5 Approaching	CZ 50.5- 50.25 ABC up In Progress Bullishly	CZ 46-47 Best Risk / reward For next entry longs		On Bullish Sectors - we remain long <u>Higher highs</u> with Volume
XHB (HM BLDR) <u>Long term Bull announced 17th March 2012 – 1st Anniversary</u>	31.15	POM 13 On 5/21 @19.5	Secondary Re entry CZ 25-25.5	BULLISH	Net Long To Neutral On 7/10	NONE	POM 15 target Met @ PEC- 31.75	CZ 33.5- 34.5 ABC up In progress Bullishly	CZ 28- 28.75 Best Risk / reward For next entry longs		Ditto
XLP (CONS STPL)	41.43	POM 13 On 5/21 @ 33.25	Secondary Re entry CZ - 34.75-34	BULLISH	Net Long To Neutral On 7/10	NONE	POM 15 target Met @ PEC-D 50.5 Approaching	CZ 43-44 ABC up In progress Bullishly	CZ 39.25- 40 Best Risk / reward For next entry longs		Ditto

	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)	40.03	POM 15 (SPX)	CZ 39.53-40.17 "Scale in" 7/10	BEARISH	Net Short	Increase	POM 15 target Met @ PEC-D 40 failed	Close below 40 weekly Would be the Top	ABC down CZ 37-38 Heavy bottom		Breakaway Bearish reversal intact
XLF (FINN)	20.35	POM 15 (SPX)	CZ 20.02-20.08 "Scale in" 7/10	NEUTRAL Bearish bias	CASH	NONE	POM 15 target	CZ 21.2-20.30- Neutral top <i>No signal</i>	CZ18-18.5		Earlier Exited for 9% profit. (15.40 to 16.88)
XLI (INDUST)	44.45	POM 15 (SPX)	CZ 44.02-44.69,	NEUTRAL Bearish bias	CASH	Increase	POM 15 target	CZ 45.7-44.7 Neutral top <i>No signal</i>	CZ 41-41.5		
XLK (TECH) QQQ - Proxy	31.93	POM 15 (SPX)	QQQ- CZ - Scale in 7/10 – Net S 1/25, 2/24, Hedges	BEARISH	Net Short (to Hedge long position)	Increase Refer QQQ On MS - Report	Target met with Bearish Top	Refer MS Broader IDX on Wednesday			QQQ is good Instrument to Hedge against existing Long XLV, XLP, XHB

	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)	81.71	POM 15 (SPX)	CZ 81.60-81.82 "Scale in" 7/10	BEARISH	Net Short	Increase	POM 15 target Met @ PEC-D 81 failed	Close below 81 Weekly Would be the Top	ABC down CZ 74-75 Heavy bottom		Bearish break away is in tact

	Current Price	Triggered Within CZ & Date	Progress Status	Current Position	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
XME (METAL & MININGS)	34.51	CZ 35.5-34..5	Bottoming Volatility	Net Long But need A test of lows	PEC-D 34.5 Failed. Need high force with Sign of Strength (break th'	CZ 39-40 Breakdown	Lows of 32 needs a test	PEC-D @ 31 is Weekly LT PEC-D	Our entry Key reversal PEC-D @ 34.5, Initiated rally But failed

SIGNALS. - Price Projection CZ , Trading / Investment Conclusion

Sectors Overview

- BULLISH INDICES - **XLV, XLP, XHB**, - **Turned Neutral on 7/10 @ POM 15**
- **XME is Bottoming process**
- BEARISH INDICES- **XLE, XLI, XLK (QQQ – Proxy) , XLB .**
- NEUTRAL INDICES - **(XLF) – Bearish Bias**

Since last Report 5/27 - We Triggered POM 15 , 7/10

XLV , XLP, XHB - We Maintain our **Net long** Position in Bullish Top Sectors . They have been on ABC ups with higher highs with high volume . Bullish Tops tend Top continues to go higher after ABC up completed . Surprise still can be on upside. These Bullish Sector gave opportunity on 6/28 @ SPX 1570 if one wants to add position in CZ

XLF, - We Remains NEUTRAL **with Bearish Bias , No Position**

XLE, XLI, XLB, XLK(QQQ) - We Remain **BEARISH and failed in CZ** Validated for **Short position as an Suitable Hedge** against existing long. Special Report Announcement on 7/10 to Scale in Net Short & Earlier , to scale in to hedge 1/25, 3/06,4/03

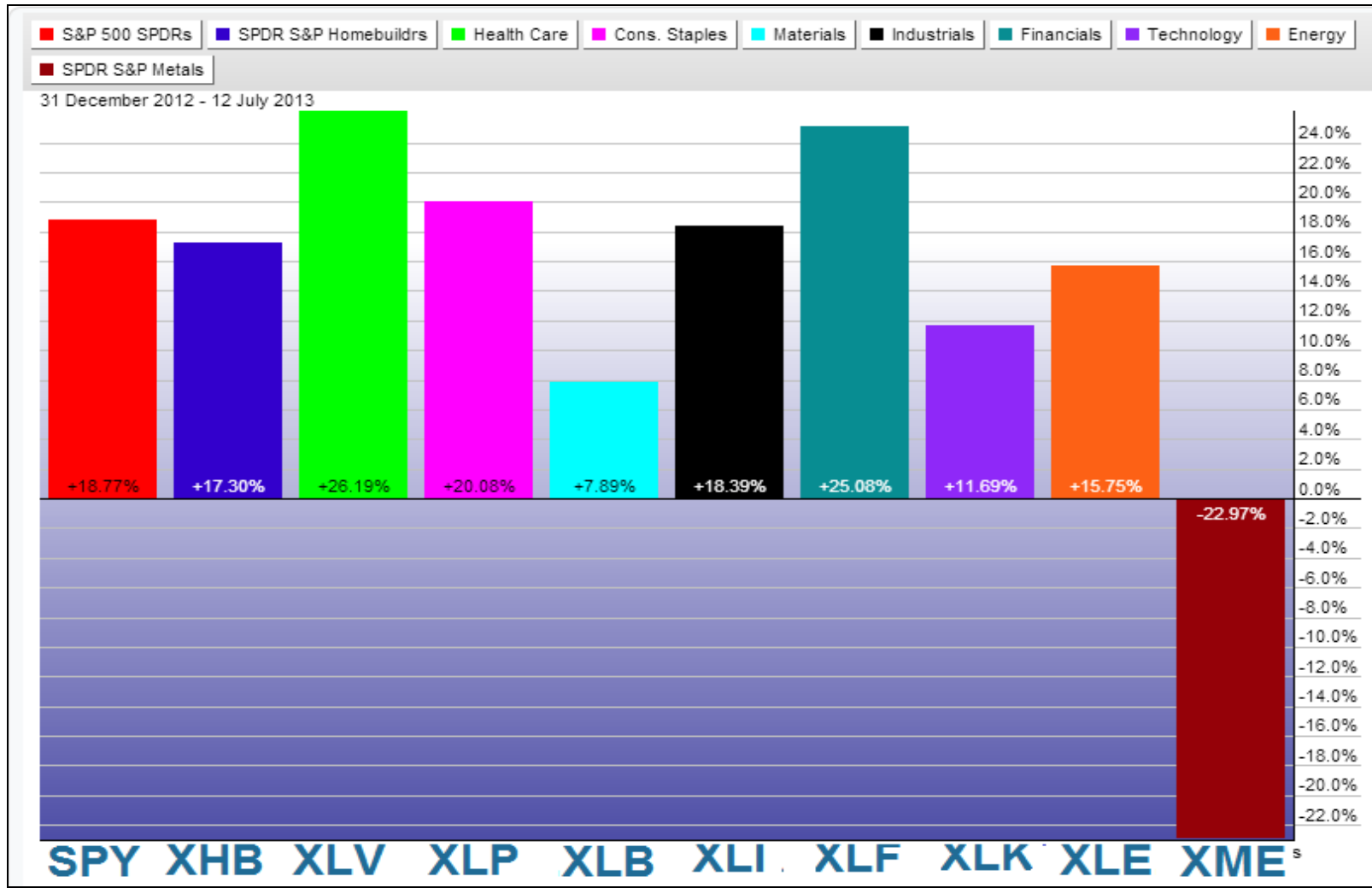
XME - *We Remains in Bottoming process & testing process of and climax selling. Key reversal at PEC-D @ 34.5 initiated upside move with pick up in volume but failed on retest XME Has been “underperformer” past 12 months v/s SPY Ratio. XME – Now stabilizing after Market Liquidation Sell off.*

Chart details of XLK is via QQQ (proxy) in MS – Broader Indices Report

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** – Turned Neutral 7/10

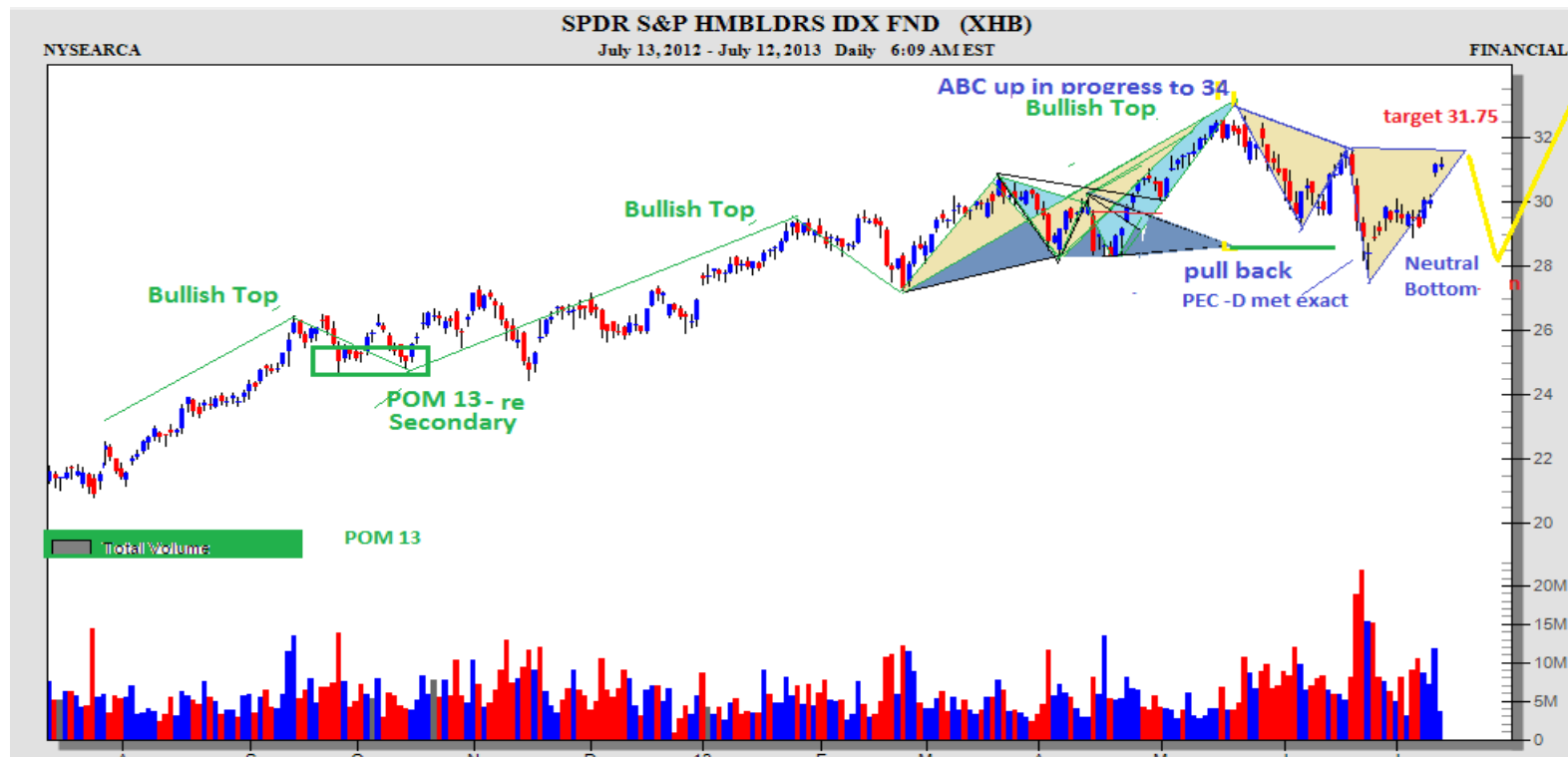
- -Texture - **BULLISH TOP & NEUTRAL BOTTOM** - Trigger at POM 13 at 19.5 on 5/21 still remains.

Short Term UPSIDE - PEC-D 31.75.- Approaching

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

DOWNSIDE- CZ -28-28.75 MET exact & rallied -it needs a re test , 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.



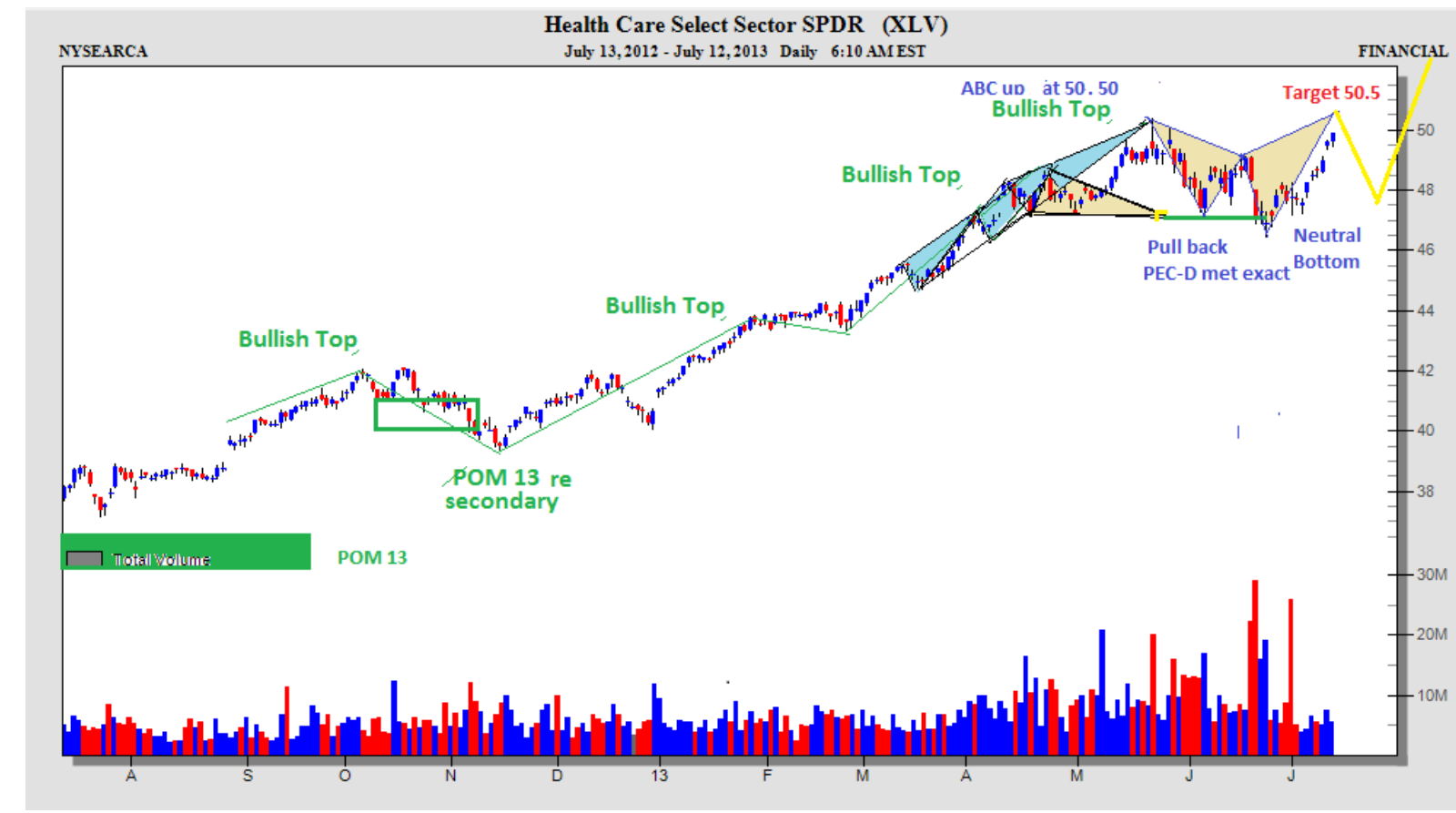
XLV (HEALTH)- CZ – PEC-D / Ratio Analysis - BULLISH - Turned Neutral 7/10

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

Short Term UPSIDE - PEC-D 50.50 - approaching .

Midterm UPSIDE – CZ 50.5, **ABC up in progress**, ST pull back. & then higher.

DOWNSIDE- CZ -47-46 MET exact & rallied -it needs a re test , Under larger correction then continuation to move higher.



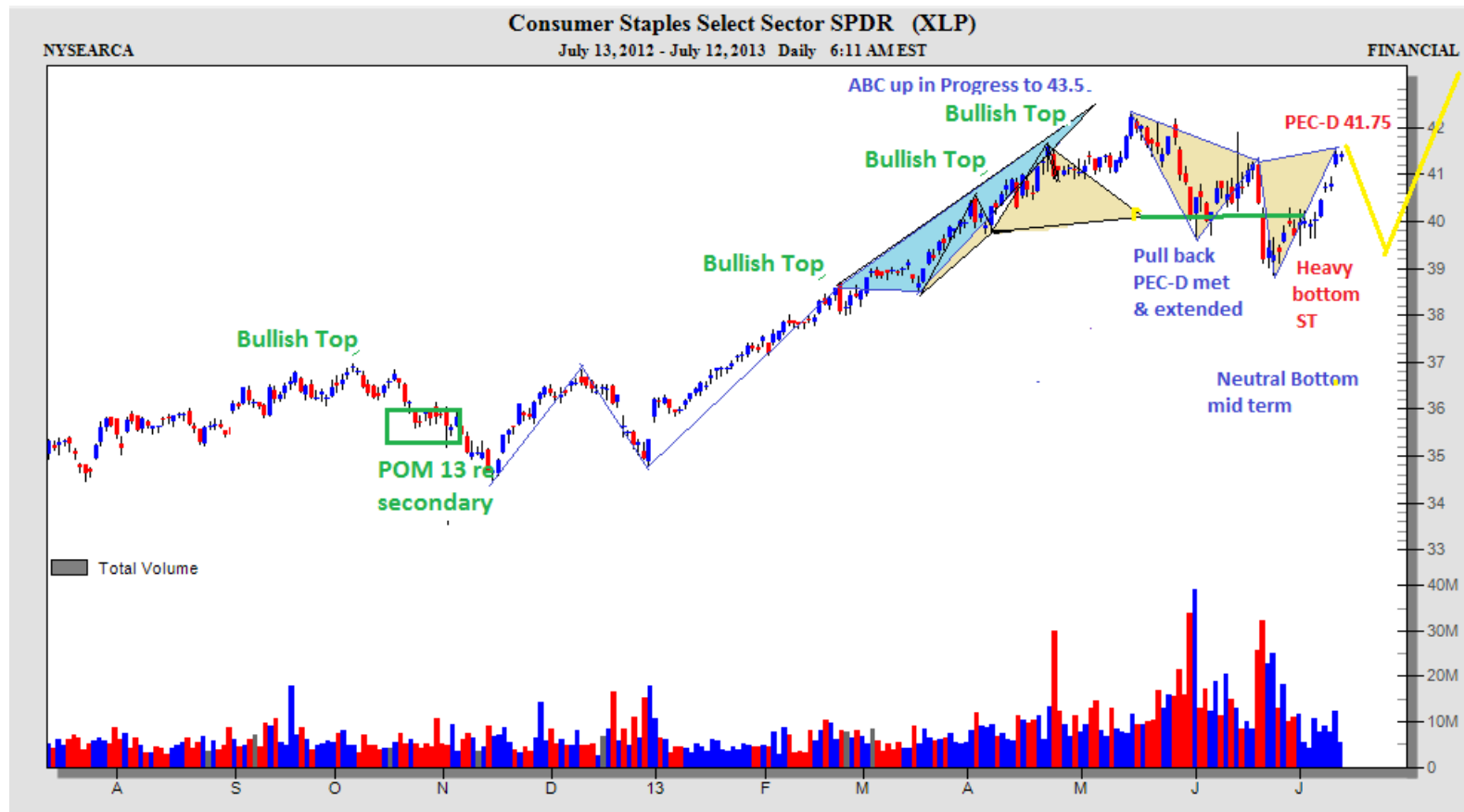
XLP (CONSUMER) - CZ – PEC-D / Ratio Analysis - **BULLISH** - Turned Neutral 7/10

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

Short Term UPSIDE - **PEC-41.75 Met .**

Midterm UPSIDE – CZ 43.5, **ABC up in progress** , ST pull back. & then higher.

DOWNSIDE- CZ -39.25-40.0 MET & exceeded down & rallied -it needs a re test , Under larger correction then continuation to move higher.

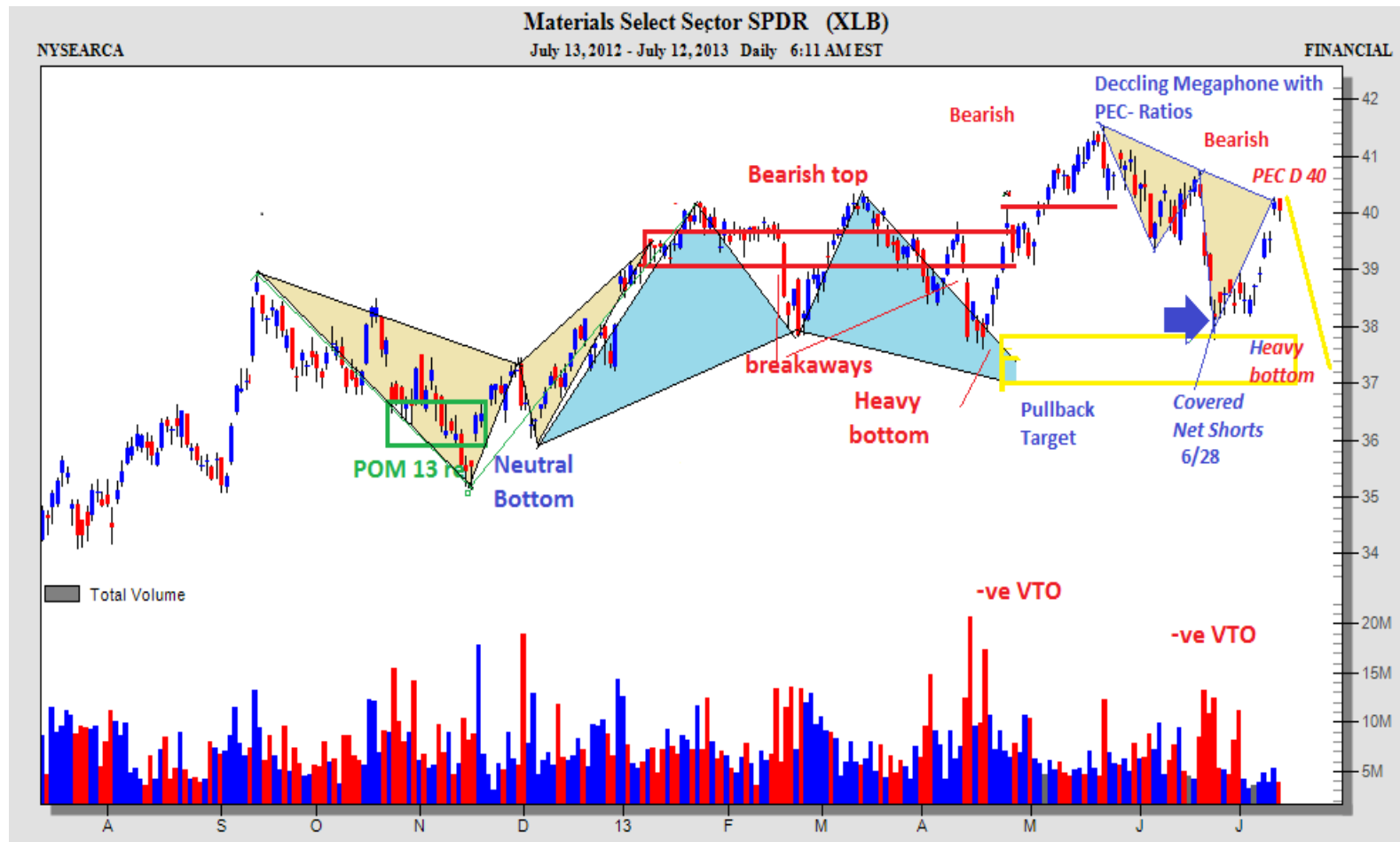


XLB (MATERIALS) - CZ -PEC-D / Ratio Analysis - BEARISH - POM 15 - 7/10

- -Texture - BEARISH TOP & BEARISH BOTTOM

UPSIDE - CZ 40.20-39.50 - Bearish Top Triggered failure . Close below 40 weekly , the Top should be in .

DOWNSIDE - ABC down to CZ 37-38 heavy bottom , Breakaway is in tact.

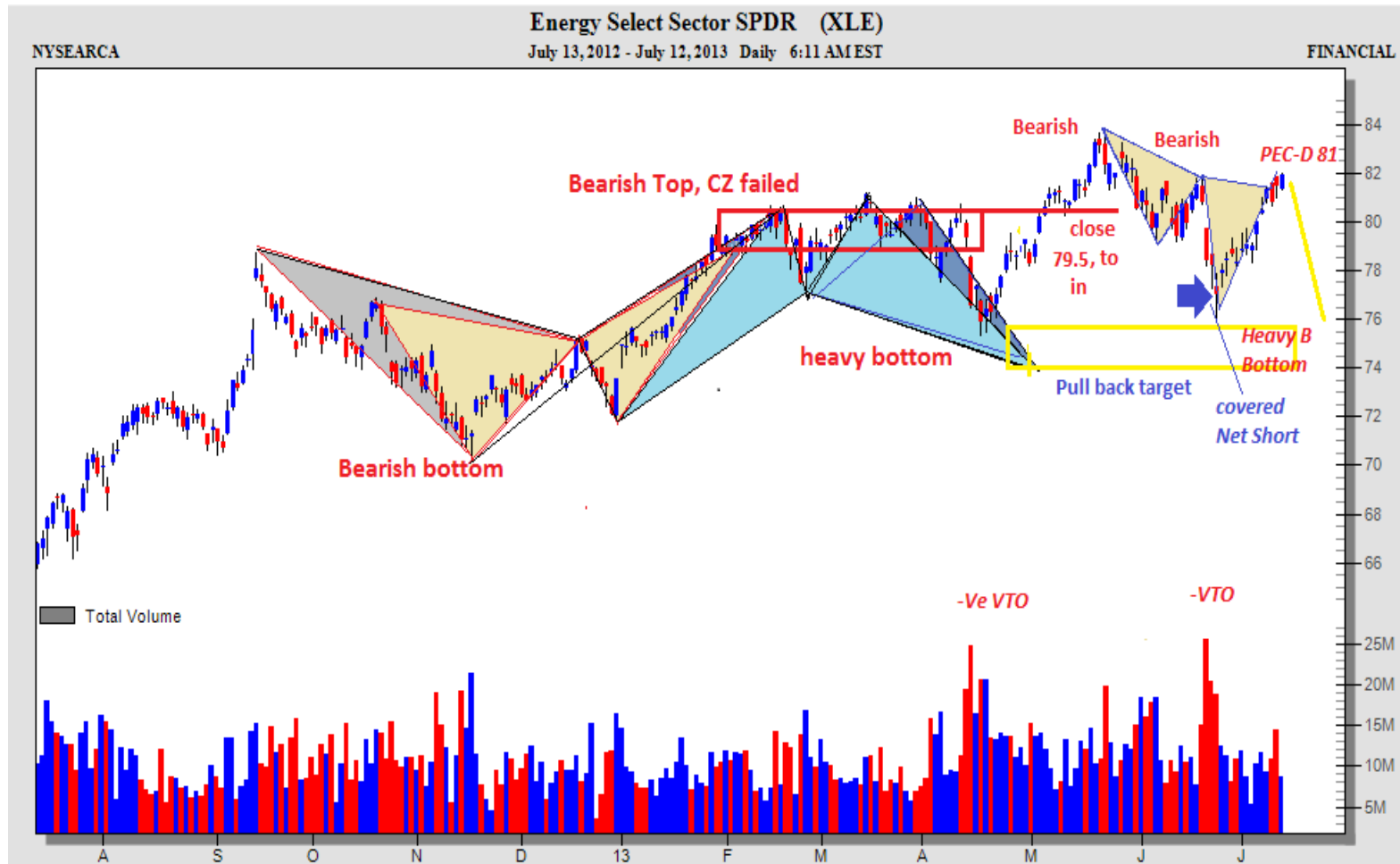


XLE - CZ -PEC-D / Ratio Analysis - BEARISH - BEARISH - POM 15 - 7/10

- Texture - BEARISH TOP & BEARISH TOP

UPSIDE - CZ 81.60- 81.80- Bearish Top Triggered failure . Close below 81 weekly , the Top should be in.

DOWNSIDE - ABC down to CZ 74-75 heavy bottom , Breakaway is intact.

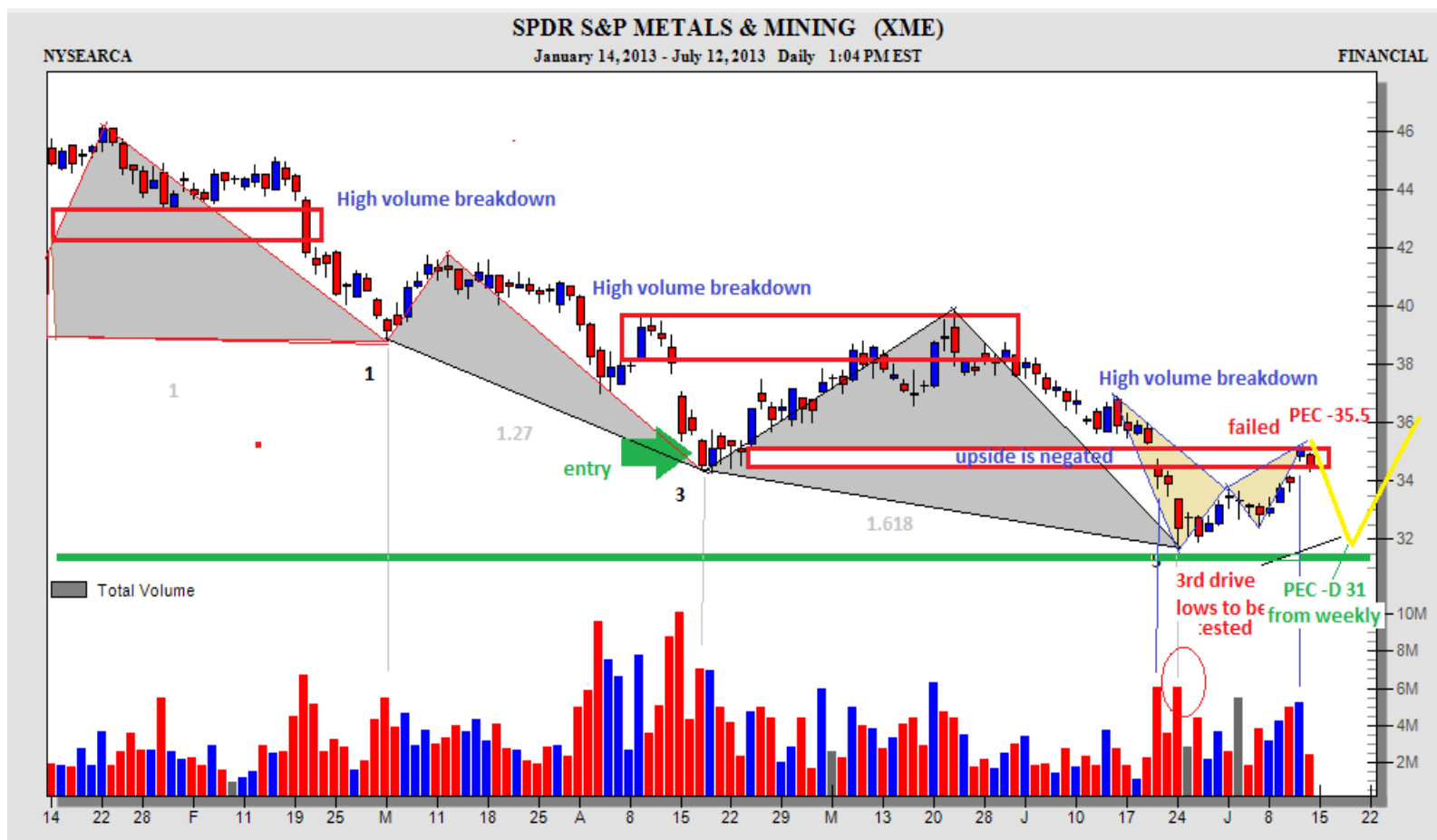


XME – Daily – PEC –D / CZ Analysis

Our earlier entry @ 34.50 rallied and failed on re- test negating upside (see notes in chart) . **Resulted in PEC-D Validated 3 Drives to the Bottom**

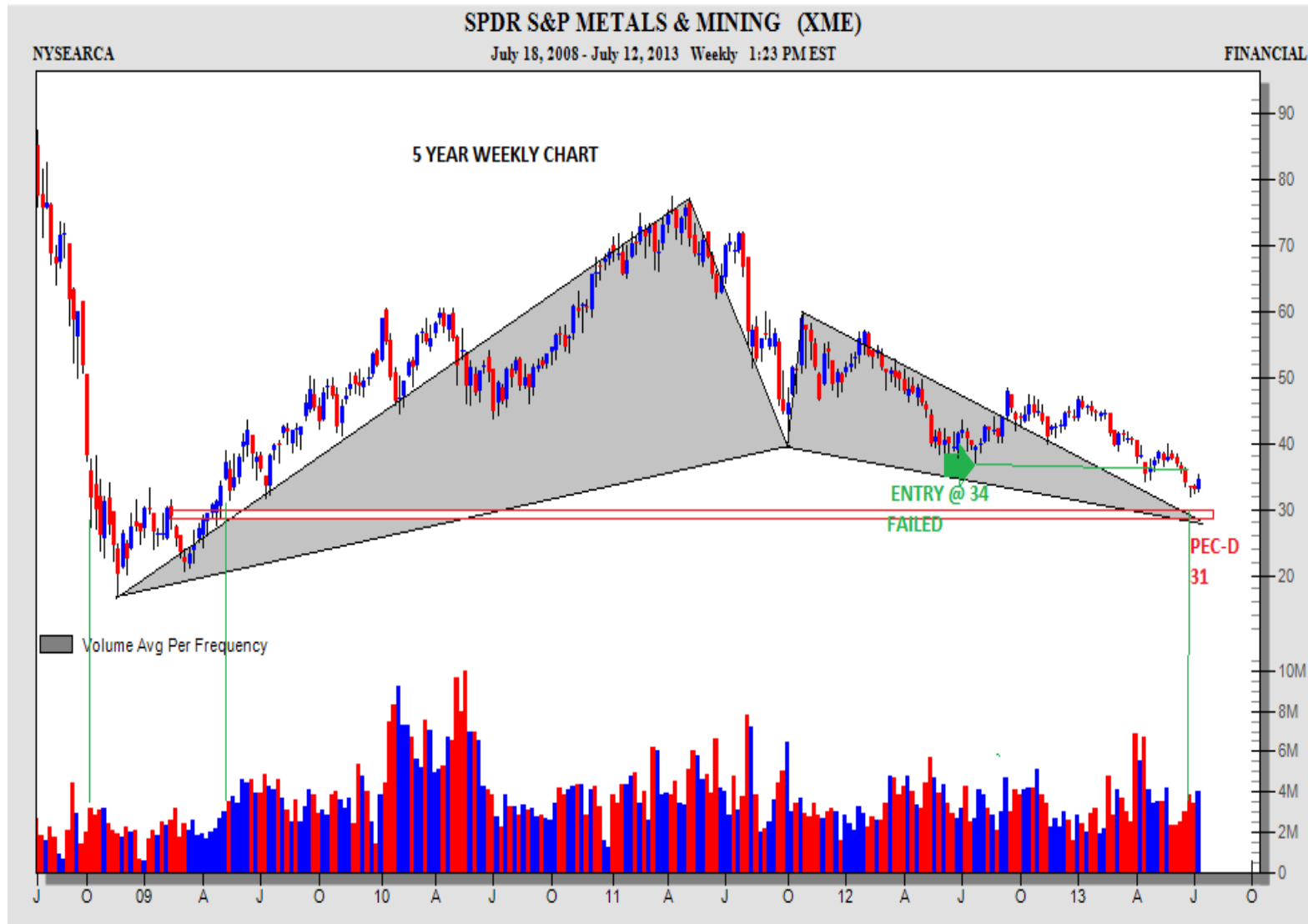
Downside- Secondary test of high volume lows @ 32 needs a test On low Volume
Larger PEC-D on weekly is at 31 (see weekly chart below)

1st ABC Up – PEC- D @ 35.5 failed with no pick up in volume.



XME – CZ – PQV Analysis - DAILY - Weekly chart

Weekly Chart – Larger PEC-D @ 31 , Earlier PEC- 34 .25(Entry failed during the capitulation)



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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