



Date : 16th March 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)	44.73	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	CZ 42.5-43		On Bullish Sectors - POM 15, Triggers ST Cautionary signal
XHB (HM BLDR) Long term Bull announced 17 th March 2012	29.70	POM 13 On 5/21 @19.5 Is In tact	Secondary Re entry CZ 25-25.5	BULLISH ST CAUTION	Net Long	NONE	POM 15 target Met exact with Bullish top	Ditto	CZ 26.25- 27.25		Ditto
XLP (CONS STPL)	38.49	POM 13 On 5/21 @ 33.25 Is In tact	Secondary Re entry CZ - 34.75-34	BULLISH	Net Long	NONE	CZ - 36.5 - 36.25 Met Bullishly	Ditto	CZ 36.5- 37.25		Ditto

Continued

	Current Price	Trigger POM or CZ & Date	Triggered Within CZ & Date	Progress Status	Current Position	NEW ACTION (Trigger to Watch)	Upside CZ <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Down side CZ <u>Mid term</u>	Remark
XLB (MATRL)	39.858	POM 15 In SPX	CZ 38.50-39.25 "Scaled in" 2/24 & 3/06	BEARISH	Net Short	NONE	CZ 38.5-39.25 Met with Bearish Top		ABC down		Breakaway Bearish reversal confirmed
XLF (FINN)	18.45	POM 15 In SPX Exited longs at avg. 16.64	CZ 16.88-16.40	NEUTRAL (CAUTION)	CASH	NONE	CZ 17.25-16.90 MET & extended with Neutral top		CZ16.50-16.25		Exited for 9% profit. (15.40 to 16.88) In current rally
XLI (INDUST)	41.97	POM 15 In 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 confirmed
XLK (TECH) QQQ - Proxy	30.20	POM 15 In SPX	QQQ- CZ - On 1/16, 1/25, 2/24	BEARISH	Net Short Via QQQ (to Hedge long position)	Refer QQQ On MS - Report	Target met with Bearish Top				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)	79.60	POM 15 In SPX	CZ 78.5-76.5 "Scaled in" On 1/25, 3/06	BEARISH	Net Short	NONE	CZ 78.5-76.50- Bearish top		ABC down CZ 73-72,		Both Legs (XLE & XME) To Maintain Delta Neutral
XME (METAL & MININGS)	40.90	NONE	CZ 43-45 On 1/25 (extended)	NEUTRAL Bottoming	Net Long <u>Pair Trade with Short XLE</u>	NONE	CZ 44.2-43.2 Need high force with Sign of Strength (SOS) break th'	CZ 48-47 Bullish top	ABC down to CZ 40.5 extended	CZ 41-40 Down thrust lows of 39 Resulted in Key reversal	XME should be stuck in trading range between 44-40

XME (Metal & Mining) -

- XME Has been "underperformer" past 12 months v/s SPY & XLE- Ratio.
- XME – Effected by Market Liquidation Sell off, along with GDX

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) - CAUTION**

Sector Overview

XLV , XLP, XHB - We Maintain our Net long Position in Bullish Sectors . On XHB , it is 1 yr today since we announced the Bull Market Trigger

XLF, XME - We Remains **NEUTRAL** with residual strength still active But **CAUTION** .

At current levels we have No favorable Risk / Reward , therefore has No Position. These are NOT Short Candidates. The general Market is at **POM 15 (Net Short)** since 2/26 .

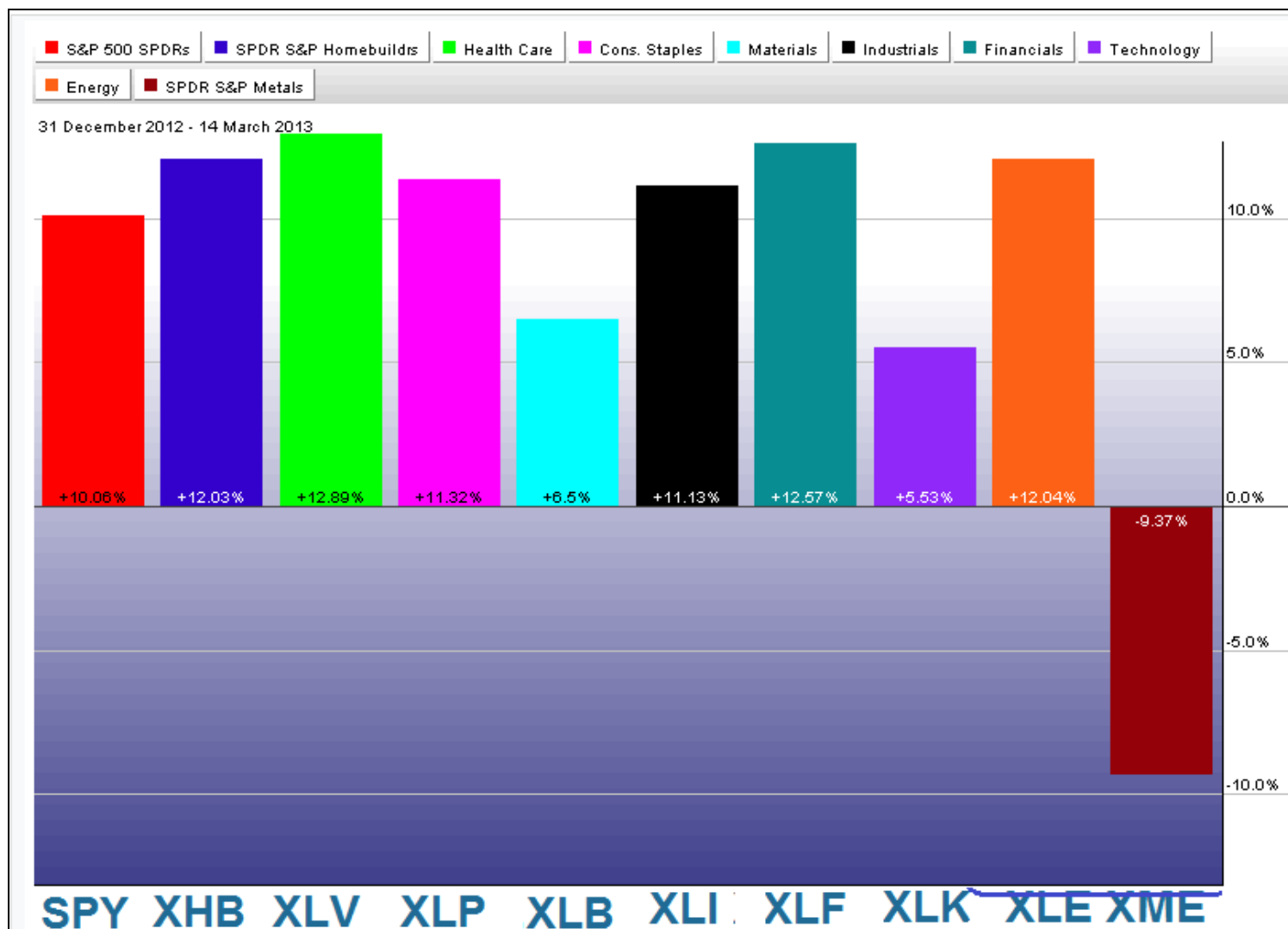
XLE, XLI, XLB, XLK(QQQ) - Are setting up **BEARISHLY**.

QQQ(XLK) & XLE Validated for Short position as an Suitable Hedge against existing long. _ 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** - Initial 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 - March 17th . (around \$ 19) as beginning of New Bull Market on Long term PQV Validation.



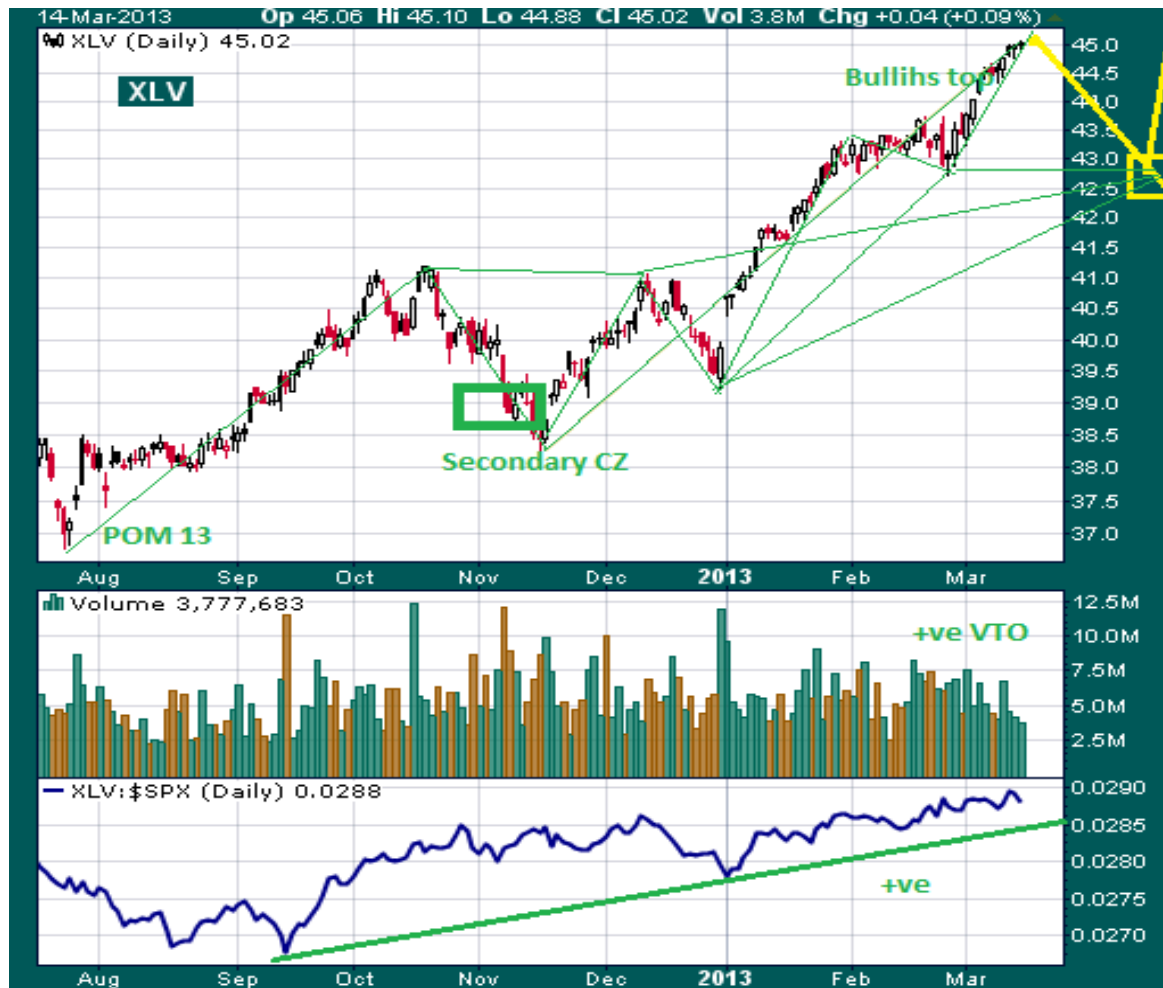
XLV (HEALTH)- CZ – PEC-D / Ratio Analysis - **BULLISH**

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

UPSIDE – POM 15 Target . MET with Bullish Top,

DOWNSIDE- CZ 42.5-43, (shallow retracement)

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

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

UPSIDE – POM 15 Target . MET with Bullish Top,

DOWNSIDE- CZ 36.75-37.25 (shallows retracement)



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

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

UPSIDE – Break away with Bearish Top , **(Triggered)** within CZ 39.25-38.50

DOWNSIDE - *ABC down should begin*



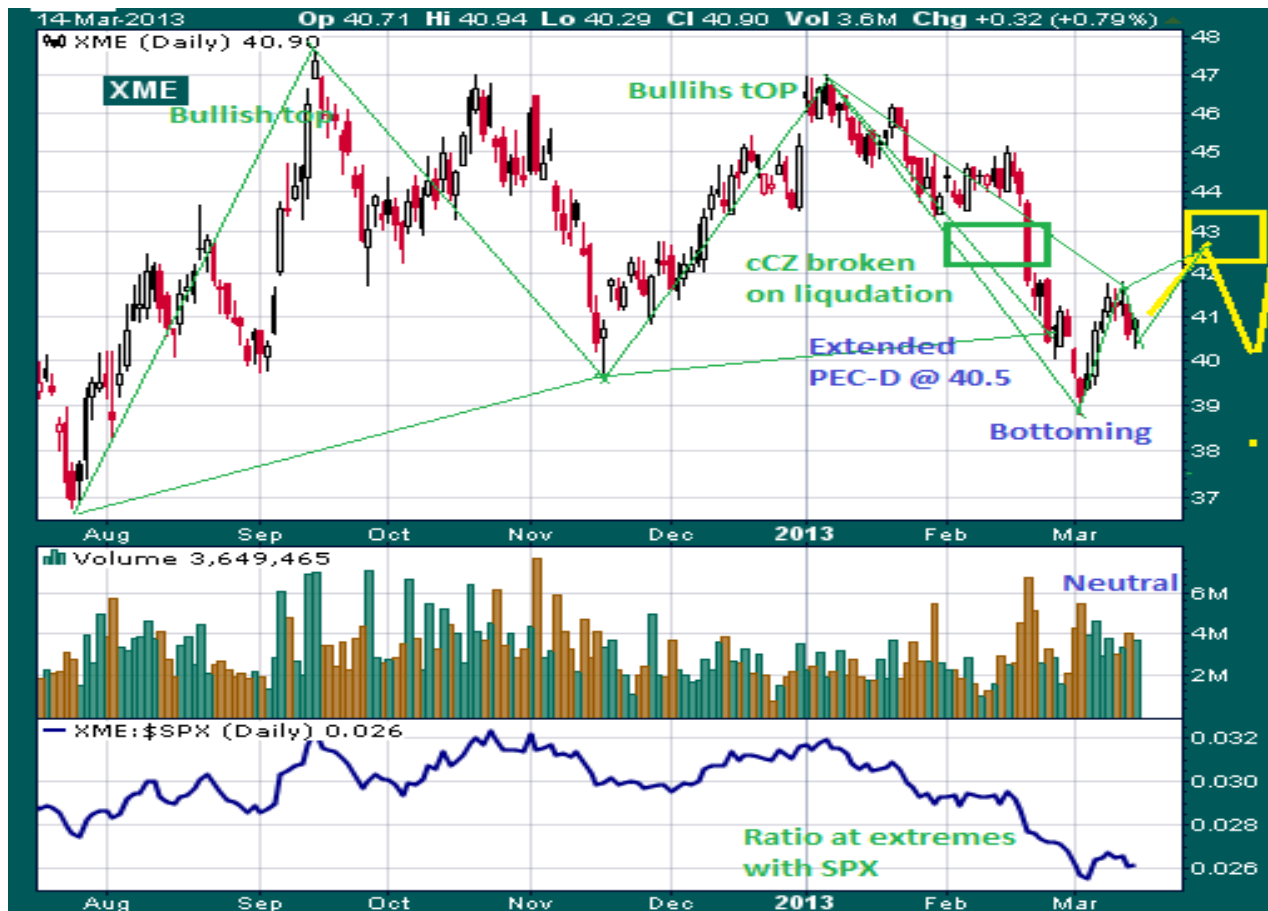
XME – CZ – PEC-D Analysis - DAILY - **Neutral** – Pair with XLE

- Texture - **BULLISH TOP & BEARISH BOTTOM** .

Downside - CZ 43.2- 44.20- extended to Next Projection to CZ 40-41 – (PEC-D 40.50)

Upside - Bullish Top remains , First Bounce to CZ 43.20-44.20 & then back down to CZ 40-41 to complete the move

Note - VTO Neutral . XME should be stuck in Trading range 44 to 40



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- ABC down should begin



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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