



Date : 15th November 2013 (Saturday)

SECTOR REPORT (Strategy & Prop Tech)

By : Suneil R. Pavse, E : apavse@aol.com

● Executive Summary

Sector & % of SPX Hlg	Current Price	Current POM within CZ & Date Triggered	Follow up <u>Alert</u> Update For ST – turn	Progress Status	Existing Position/ Exposure	<u>NEW ACTION</u> (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
XLB (MATL 3%)	44.93	POM 15 (SPX) CZ -40.17-39.53 <u>Triggered 7/24</u>	<u>@42.30</u> Closed Net Short On 10/3	BEARISH <i>ST bounce Is in progress</i>	NONE	NONE	PEC-D 44.5 Met & Failed, False break above	Extension to 45.5 With Bearish Top	ABC down CZ 41-40 Heavy bottom		Close below 43.75 weekly Would be the Top Once it fails, We shall announce the Trigger
XLE (ENGY 10%)	87.6	POM 15 (SPX) CZ 81.82-81.60 <u>Triggered 7/24</u>	<u>@83.60</u> Closed Net Short On 10/3	BEARISH <i>ST bounce Is in progress</i>	NONE	NONE	PEC-D 88 Met & Failed, False break above	Extension to 88 With Bearish Top	ABC down PEC-D 80 Heavy bottom		Close below 86.25 Weekly Would be the Top Once it fails, We shall announce the Trigger

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>	54.30	POM 13 On 5/21 @ 35.25	NONE	NEUTRAL With Bullish bias	Net Long	NONE	ABC up to PEC-D 54 Met Bullishly	Extension to 55.5 With Bullish Top	CZ 50-51 Best Risk /reward For next entry longs		On Bullish Sectors - we remain long <u>Higher highs with Volume</u>
XHB (HM BDR 2%) <u>Long term Bull announced 17th March 2012 – 1st Anniversary</u>	31.45	POM 13 On 5/21 @19.5	NONE	NEUTRAL With Bullish bias	Net Long	NONE	ABC up to PEC-D 33 In progress Bullishly	No Bearish Top Yet	CZ 28.5-29 Best Risk /reward For next entry longs		Ditto
XLP (CONS STPL 10%) <u>Long term Bull – 5/21 INFLATION Story</u>	43.33	POM 13 On 5/21 @ 33.25	NONE	NEUTRAL With Bullish bias	Net Long	NONE	ABC up to PEC-D 43.5 Met Bullishly	Extension to 55.5 With Bullish Top	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 (UTY)-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 Hedge Positions in XLB, XLE – **Avoided the Short Squeeze** of 120 points as SPX – simultaneously moved from 1670 to 1790 current price.

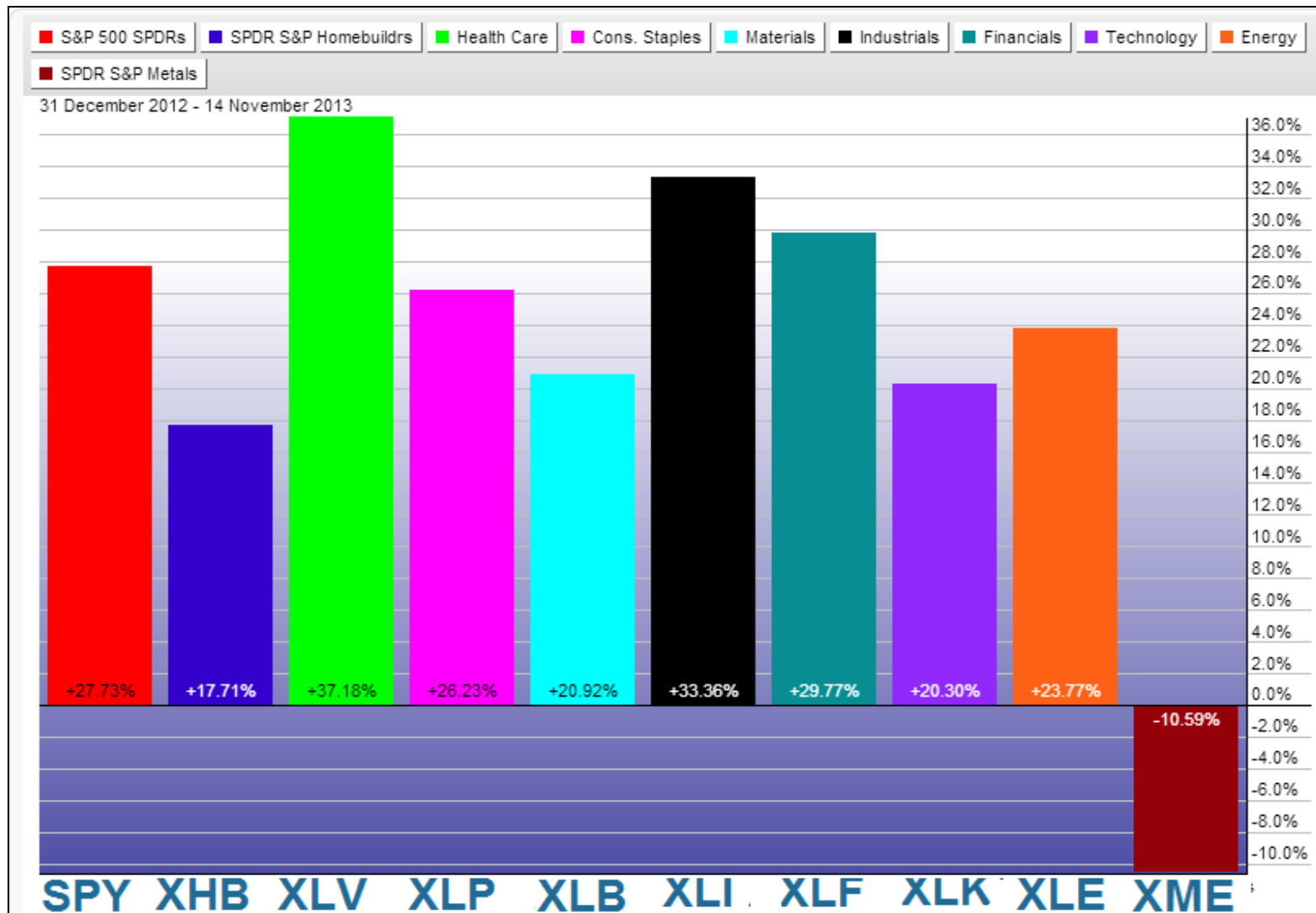
XLB, XLE, XLK, XLF - We Remain **BEARISH and failed in CZ** - **Currently No Position** , awaiting for failure and exhaustion of the Top . POM 15 has more effect on Bearish Instruments

XLV , XLP, XHB - We remain Neutral with Bullish bias . **We maintain our Net long Position due to Bullish Bottoms & till we witness Bearish Top** . They have been on several ABC ups with higher highs with high volume .

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 .



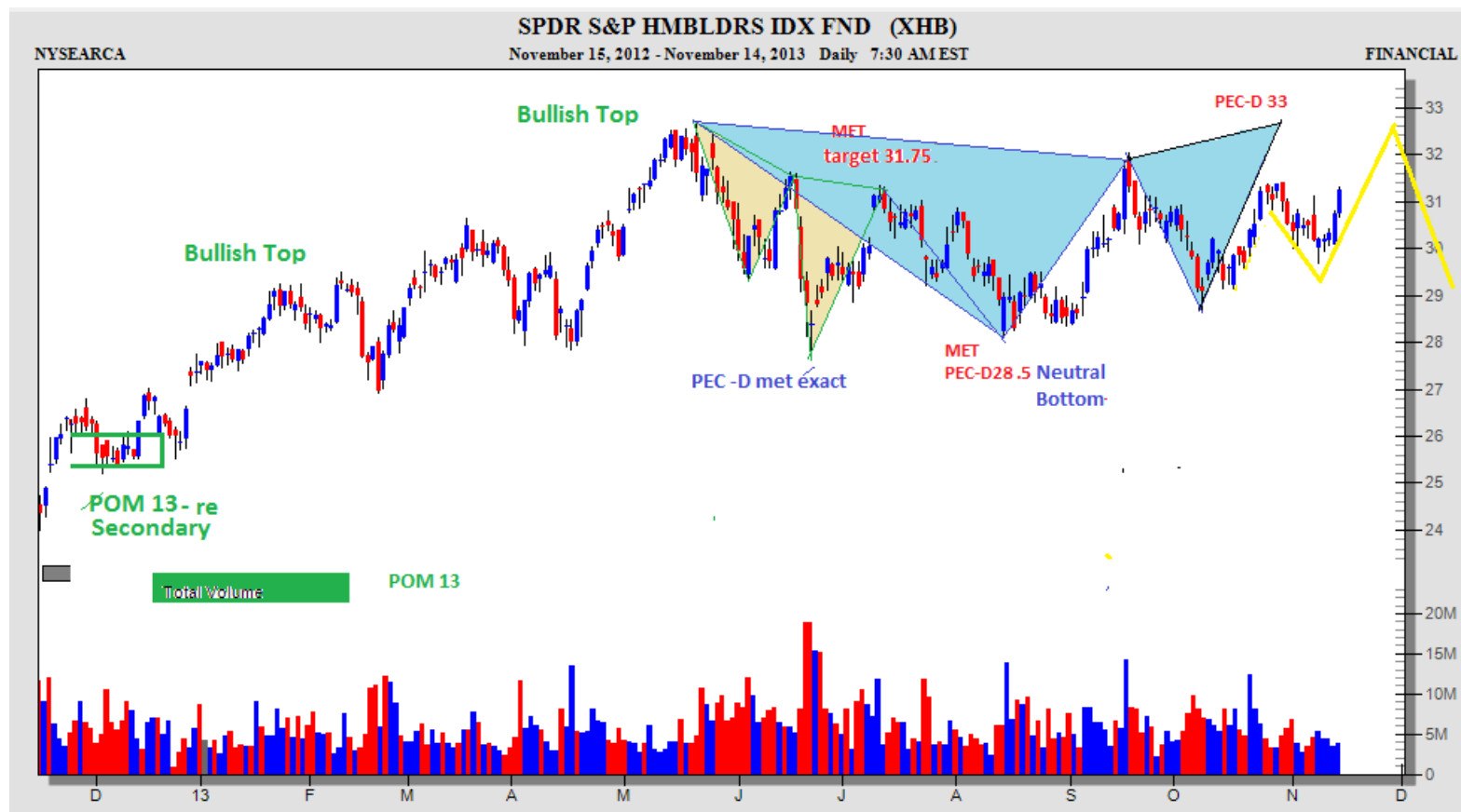
XHB (HOME BULDERS) - CZ – PEC-D / Ratio Analysis - Neutral- Bullish bias

- -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** in progress .

DOWNSIDE- **CZ -28.5-29.0** & 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.

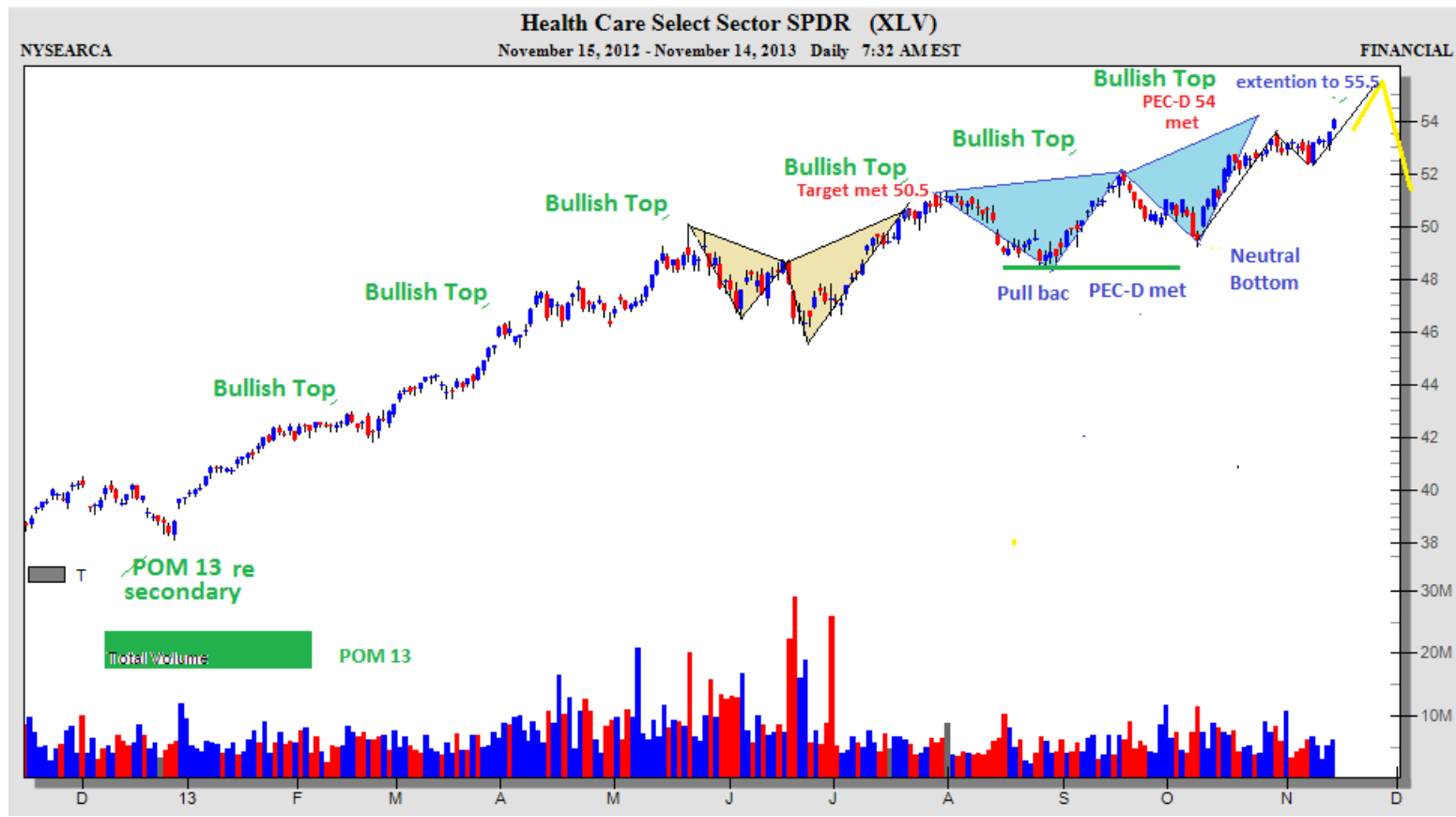


XLV (HEALTH)- CZ – PEC-D / Ratio Analysis - Neutral- Bullish bias

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

Midterm UPSIDE – PEC-D 54- ABC up Met Bullishly, **Extension to 55.5- Bullish Top** .

DOWNSIDE- CZ -50-51 & continuation to move higher. Best Risk / Reward to enter longs

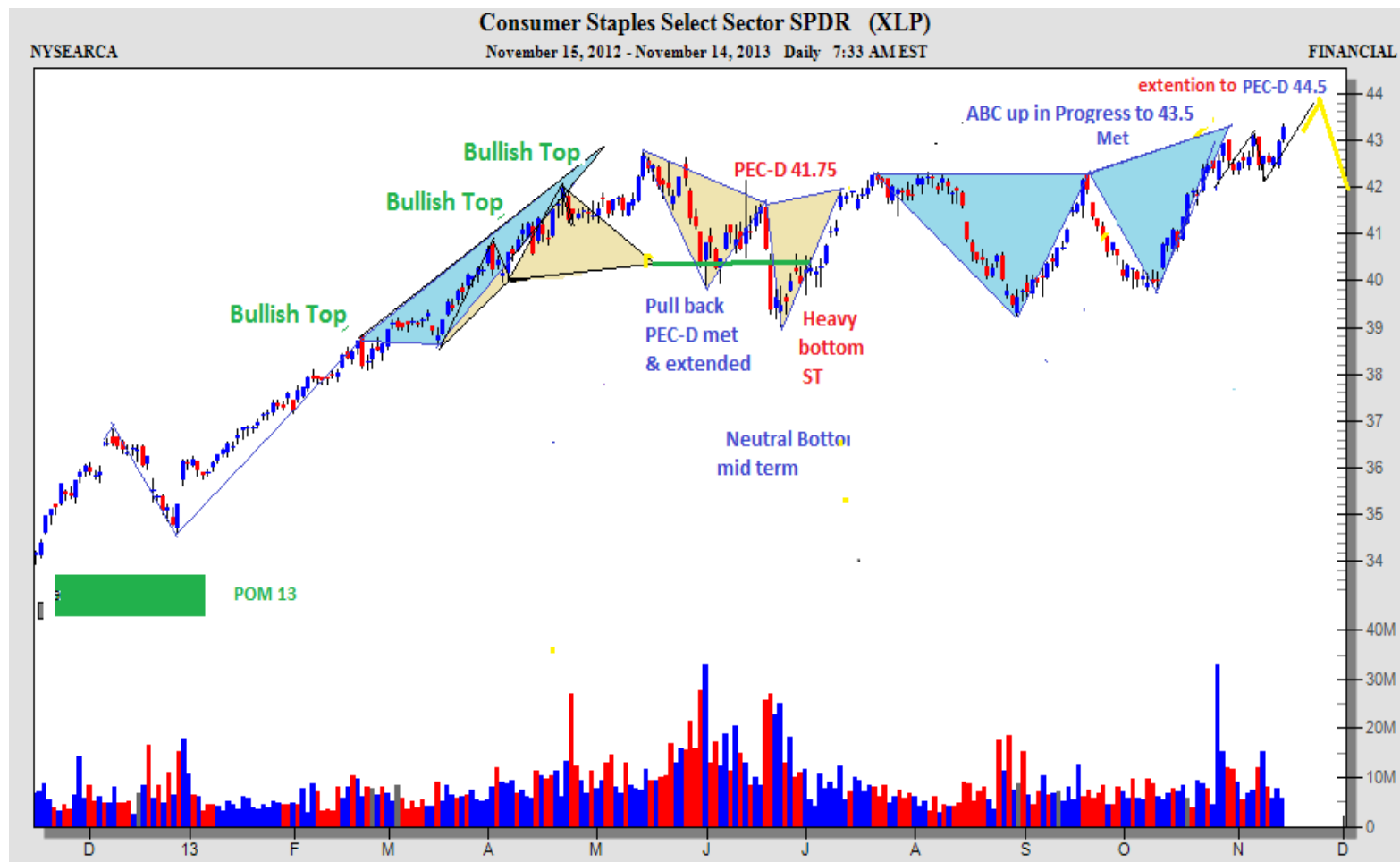


XLP (CONSUMER) - CZ – PEC-D / Ratio Analysis - **Neutral- Bullish bias**

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

Midterm UPSIDE – PEC-D 43.5 ABC up Met Bullishly, **Extension to 44.5- Bullish Top**

DOWNSIDE- CZ -41-40 & continuation to move higher. Best Risk / Reward to enter longs

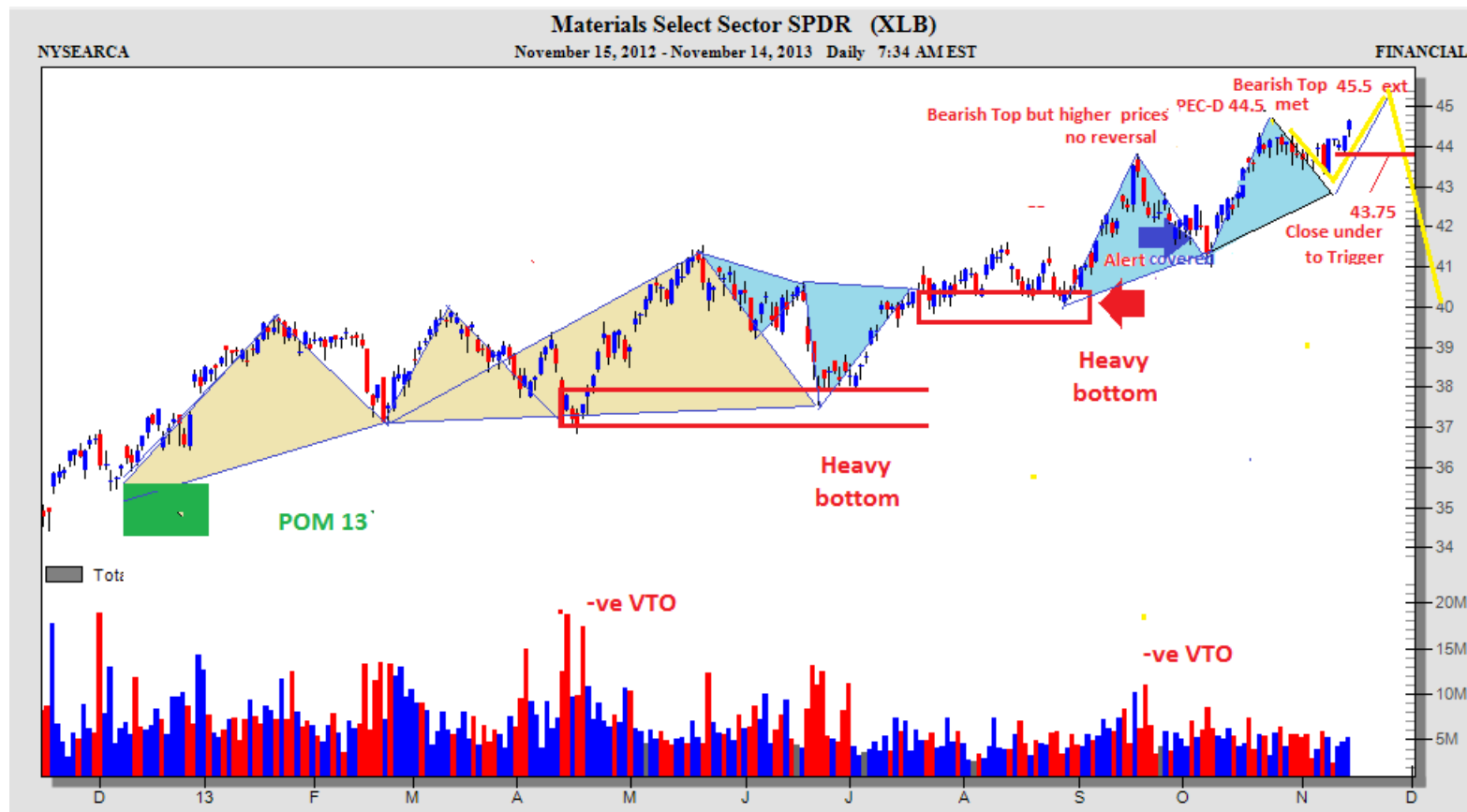


XLB (MATERIALS) - CZ -PEC-D / Ratio Analysis - BEARISH - POM 15

- -Texture – BEARISH TOP & BEARISH BOTTOM

UPSIDE – _PEC-D 44.5 met with Bearish Top . Extension to 45.5. It should fail . Close below 43.75 weekly to trigger decline . **Currently No Position**

DOWSIDE - ^tABC down to CZ 41-40 heavy bottom .

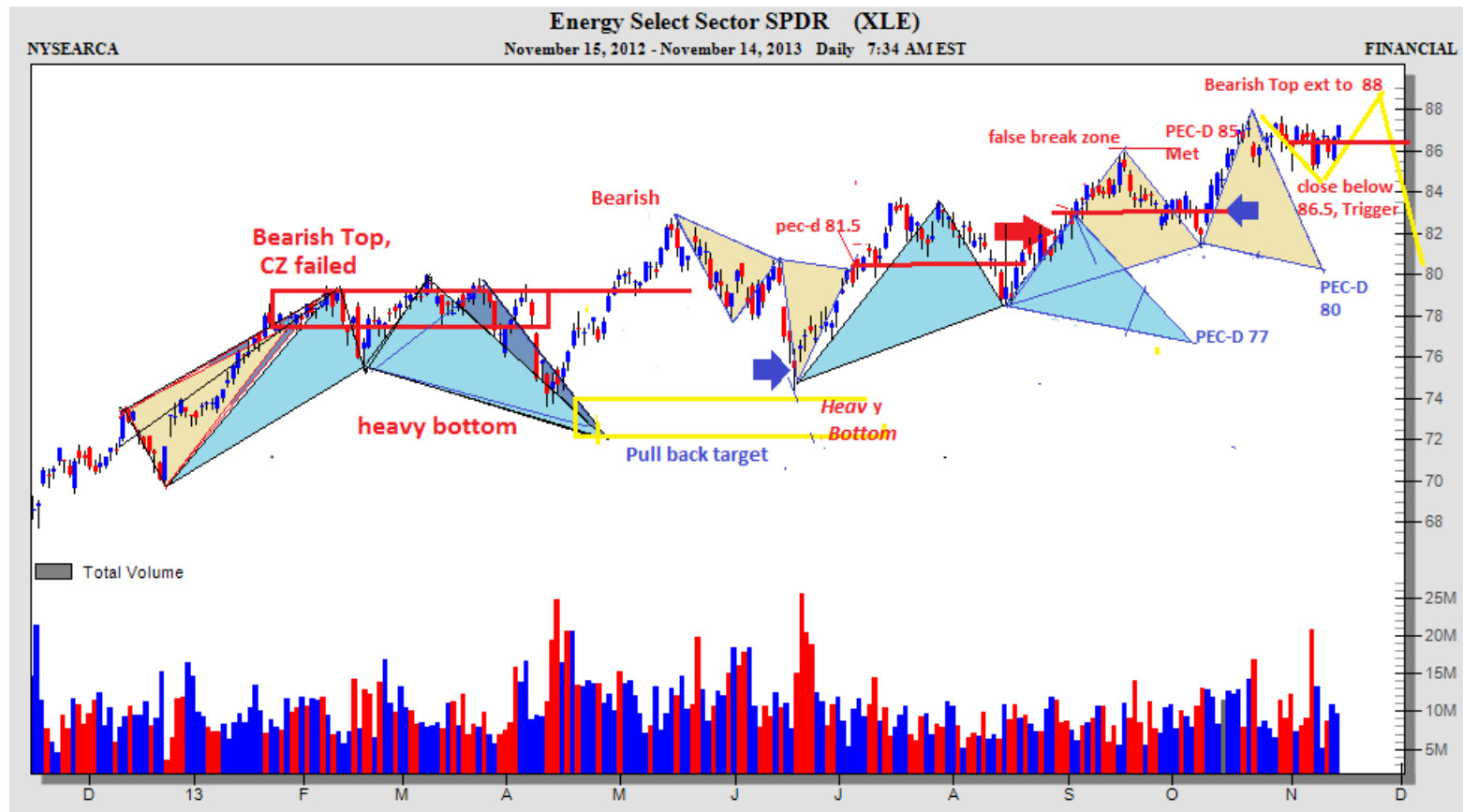


XLE - CZ - PEC-D / Ratio Analysis - BEARISH POM 15

- Texture - BEARISH TOP & BEARISH TOP

UPSIDE - PEC-D 85 met with Bearish Top . **Extension to 88.** It should fail . Close below 86.25 weekly to trigger decline .
Currently No Position

DOWSIDE - ABC down to 80. heavy bottom.



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

Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement