



Date : 10th April 2013 (Wednesday)

BROADER INDICES REPORT(Strategy & Prop Tech)

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• Executive Summary

	Current Price	Triggered POM/ 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
TLT (BONDS)	121.6	POM 13 – Re Run On 01/7	CZ 115-118	BULLISH Bottoming Volatility	Net Long	NONE	CZ 124-128 Bullish Top	CZ 135-136	Shallow Pull back & then next ABC up	CZ 115-118 Successful PQV – Validated CZ	Strong rally began as expected from Bullish CZ. RM @ 117 on 1/2 position
IWM (SM CAP)	92.22	POM 15 In SPX @92.5	CZ 89.75-88.25 Avg @ 90.97	BEARISH Topping	Net Short	NONE	CZ 89.75-88.25 Met, with Bearish top	POM 15 Termination Wave Completed 1530 Triggered @ 1515	CZ 82.5-80.5		<u>Alerted to Scale in</u> on 1/23, 2/20, 2/25, 04/03(89,92,90.4, 92.5) (within CZ)
QQQ (NASD)	68.68	POM 15 In SPX @68.25	CZ 67.75-66.5 Avg @ 67.38	BEARISH Topping	Net Short	NONE	CZ 67.75-66.50 Met, Bearish Top	Ditto	CZ 64-63		<u>Alerted to Scale in</u> Ditto

Continued.....

	Current Price	Triggered 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
SMH (SEMI)	34.75	POM 15 In SPX @35.92	Exited longs @ 32.7	NEUTRAL	CASH	NONE	CZ 33.5-32 Met , extended with Bullish top	Ditto		CZ 33.25-32.75	SMH - Good candidate to be long in next pull back! Exited for 9% profit. (30 to 32.7) In current rally
MDY (MID CAP)	206.36	POM 15 In SPX @204	Exited longs @ 188avg	NEUTRAL	CASH	NONE	CZ 191-185-Met & exceeded with Neutral Top	Ditto	TBA		MDY - Good candidate to be long in next pull back! Exited for 6.5 % profit. (176.5 to 188avg In current rally
IYT (TRANS)	107.97	POM 15 In SPX @107		NEUTRAL	NONE	NONE	CZ 97.5-93 Met & exceed with Neutral Top	Ditto	TBA		IYT – is not a Short Candidate.

TO WATCH - Our Portfolio is well balanced for our conservative stance but any aggressive taste, to increase Short exposure would be the **“Spike up to 1576 to finish this Market on upside & close under 1555.** (Participate Only in Bearish Instruments) . The final finish of five internal wave within the pattern is most likely to be the best indicator for the upside will end.

Portfolio – Overview

SPX is inching towards the spike high target of 1576. Tuesday Market moved up in what may be just a New Moon rally. Market tends to rally into New Moons (if it goes down into lower CZ) and falls into Full Moons (if it goes into upper CZ) and visa versa . It is also moving into Miniature internal WAVE 5 which it refuses to complete. The time of the New Moon is 6.00 EST, so we'll see whether that cools it and fail into the Spike high.

DOW / SPY should play itself out. We have been selective only in Bullish top segments of SPX on long side.

Against sudden drop in Market , Short / Hedge via QQQ, IWM, XLE, XLB. They rallied with pretty weak internals on Tuesday. Any rallies into the options expiration will not last. Last weeks' decline has created heavy bottom with force expanding downside. These Instrument should continue to fail within the Bearish CZ as its been doing since our Triggered entries.

EQUITY ONLY Holdings & Re- balancing

- NET LONG at POM 13 / in Main Bullish CZ :– Bullish Tops / Bullish Bottom

XLV ,XHB, FXI , EWJ, XLP

- SHORT (at/ in Bearish CZ : Bearish Tops / Bearish Bottoms

QQQ , IWM, XLB , XLE

- **SIGNALS. - Price Projection CZ , Trading / Investment Conclusion**

Broader Indices Overview

- **BULLISH INDICES - TLT,**
- **BEARISH INDICES- **QQQ, IWM.****
- **NEUTRAL INDICES - MDY, IYT, & SMH – **ST CAUTION due to POM 15****

- **MDY, SMH, IYT NEUTRAL with residual strength still active.**

SMH is setting up with Bullish Top. These are NOT Short Candidates. We Maintain our CASH Position in NEUTRAL Indices. These Instruments would provide good opportunities to go Long on after the pull back to add position to ride the next leg up. At current levels, there is no favorable Risk / Reward .

- **QQQ, IWM - Are setting up **BEARISHLY,****

*BEARISH Indices (**QQQ**) underperformed SPX grossly in this rally as we had pre-warned & **IWM**- Bearish & extended.*

***QQQ & IWM** Validated for Short position as an Suitable Hedge against existing long positions. We announced to “scale in at appropriate Prices on 1/23, 2/20,2/25, 04/03.*

• **DOW TRANSPORT THEORY (IMPROVISED - For Monitoring Purposes ONLY -**

SIGNAL - *No new Buy Signal by Our improvised DOW Theory Method. However, based on conventional DOW Theory - The Buy Signal Triggered @ 13850 on 1/29 – and rallied 800 points. This Method finally got it right after 5 years of continuous failures.*

TLT (BONDS)– BULLISH”- Bottoming

Brief Overview

Powerful rally of the bottom. Bonds have been in a 30-year bull market , most of those who have called the top in the bond bull market have been wrong so sometime. This year, we think the top in the bond market may finally come about but not until the Top of the Bullish top is tested and failed. Such markets do not end on high volume.

They will rally, when stocks sell off. But, over time, rising yields may diminish their safe haven status.

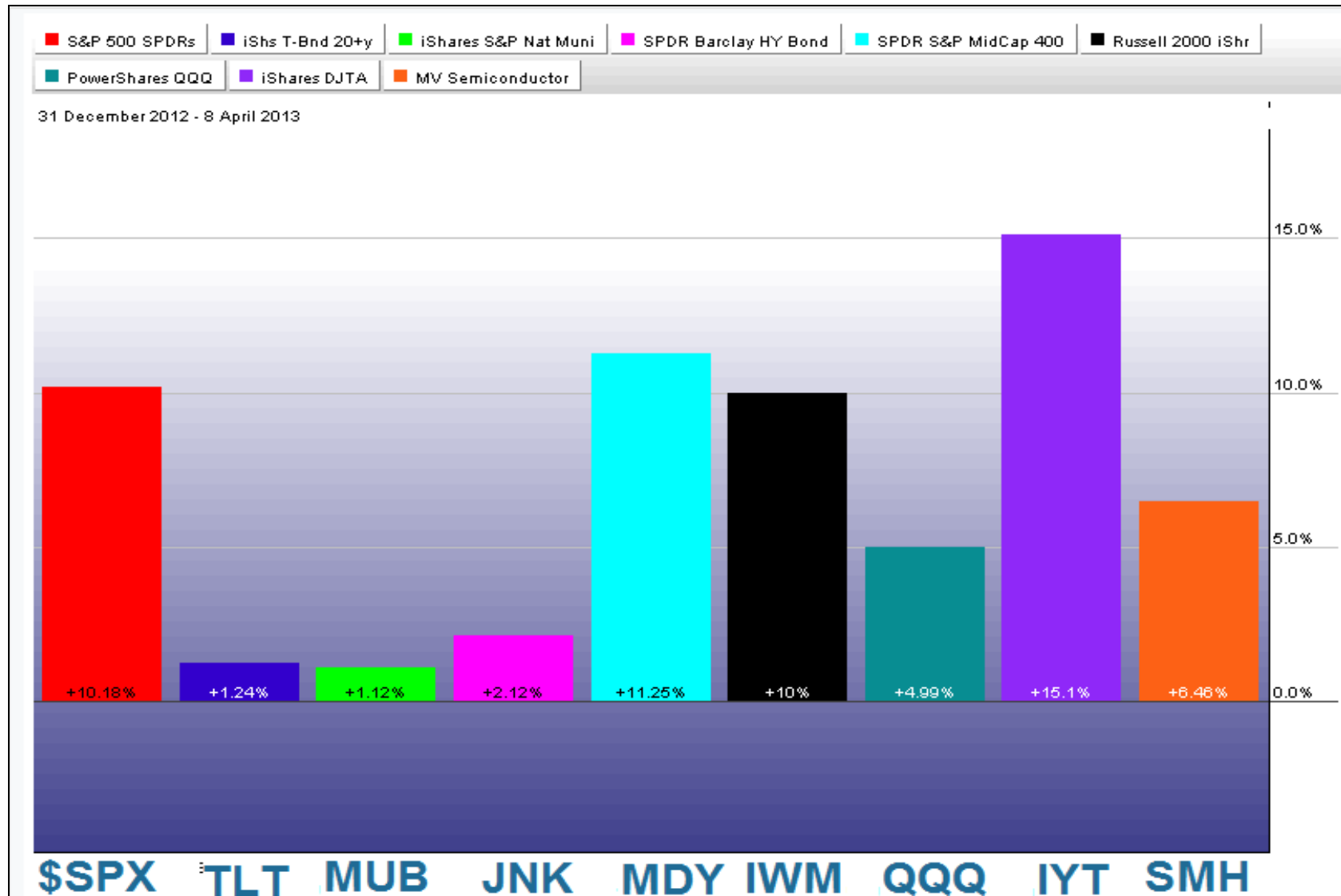
Currently the stock/bond ratio hitting a five-year high which showed increased optimism as rotation from bonds to stocks took effect. Over the short-term, however, those roles should reverse. .

- *Bonds initiated a good price move off the “ Bullish Bottom CZ “ with several signs of strength & upside force.*
- *Commitment of Traders (COT) continues to add more “ Net Short” which is at very high levels, this is Bullish for the Bonds.*
- *The Next rally in Bonds should begin as “ Flight to Quality” once SPX begins it own correction. This is good Hedge against Long Equities.*

YTD – Broader Indices performance v/s SPX

Weakest and strongest Indices for PAIR TRADES

2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX .

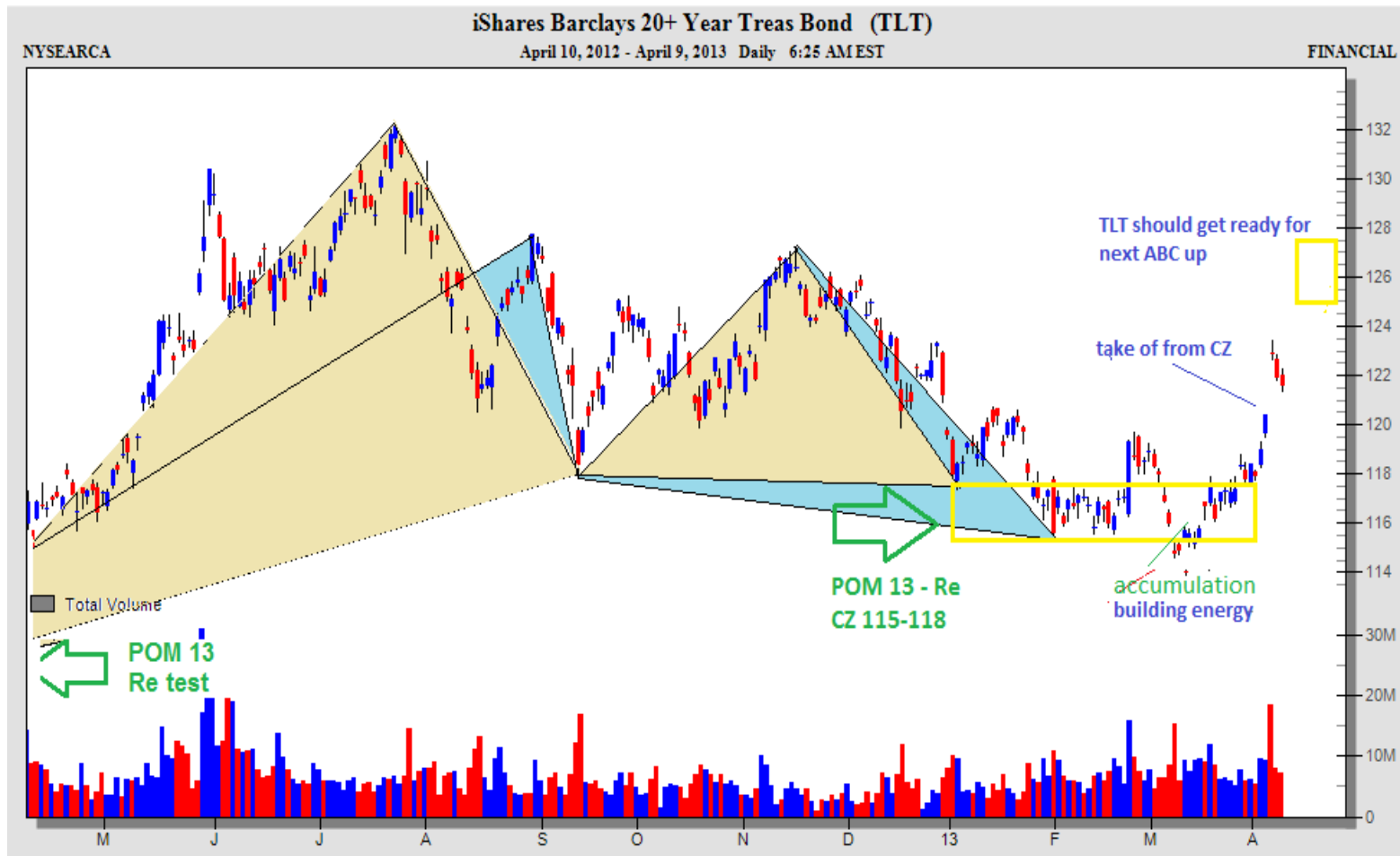


TLT (Bond) – CZ- PEC- D Analysis – Daily Chart . – **Bullish- Bottoming**

- **Texture - BULLISH TOP CZ. & BULLISH BOTTOM –**

Upside - Took off as expected towards CZ – 124-128 (Bullish top) , If it is broken Bullishly then to Target CZ 135-136. .

Downside - Multiple PEC-D's converged into CZ 115-118, a the secondary test into CZ, - PQV validated with +ve VTO .. accumulation at the bottom within the CZ . (RM – 117)

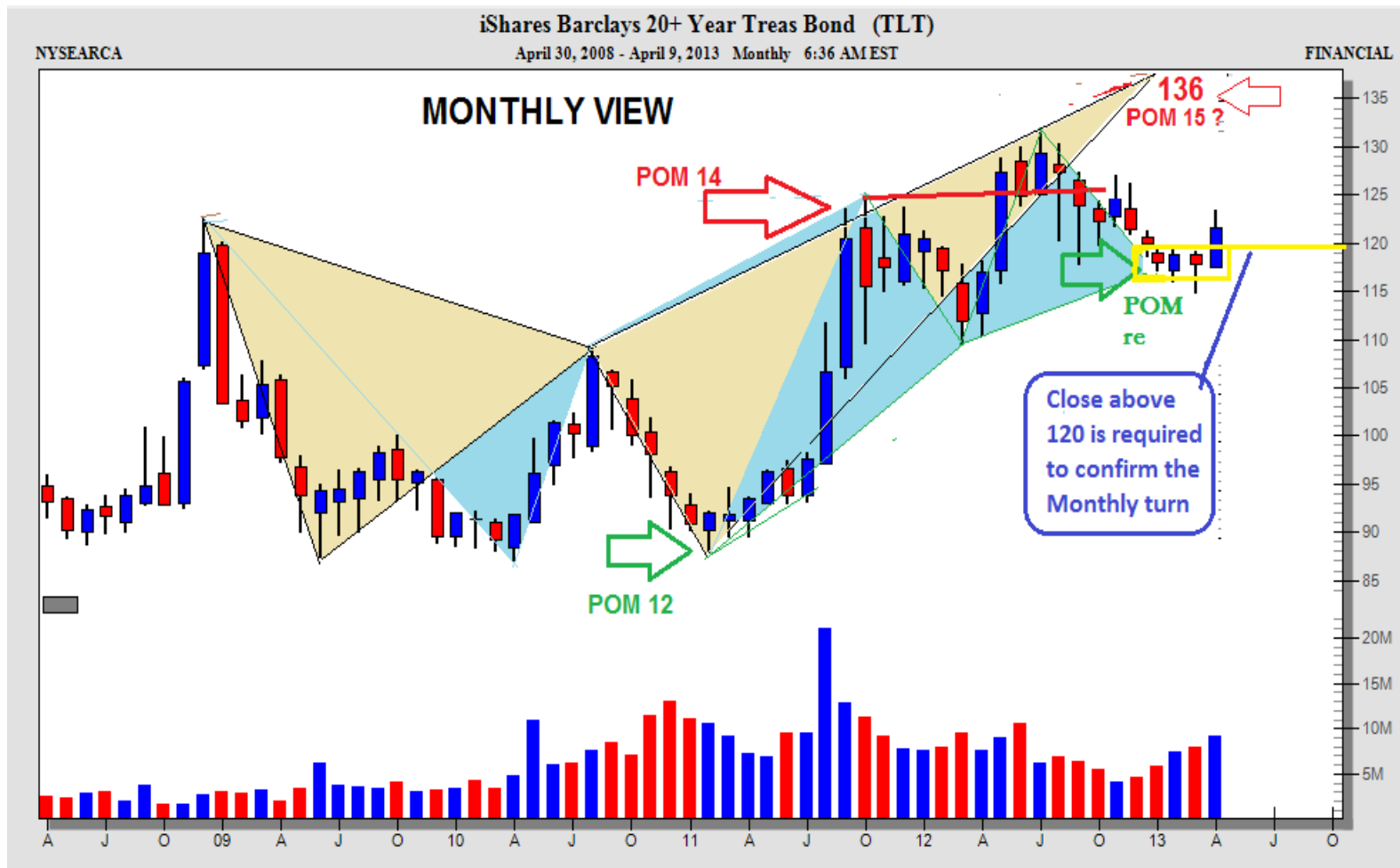


TLT (Bond) – CZ- PEC- D Analysis – **BIG PICTURE** - *Bullish*

Monthly Downside - pull back *PEC-D* at 115 – Met exact , On daily basis , TLT has Triggered POM 13 re in *CZ 115-118*.

30 yr Bull Market . Weekly – *PEC-D* @ 126 – Bullish top (Notes within the chart)

Monthly Upside - Close above 120 on Monthly *PEC-D* projects to target 136 . ,

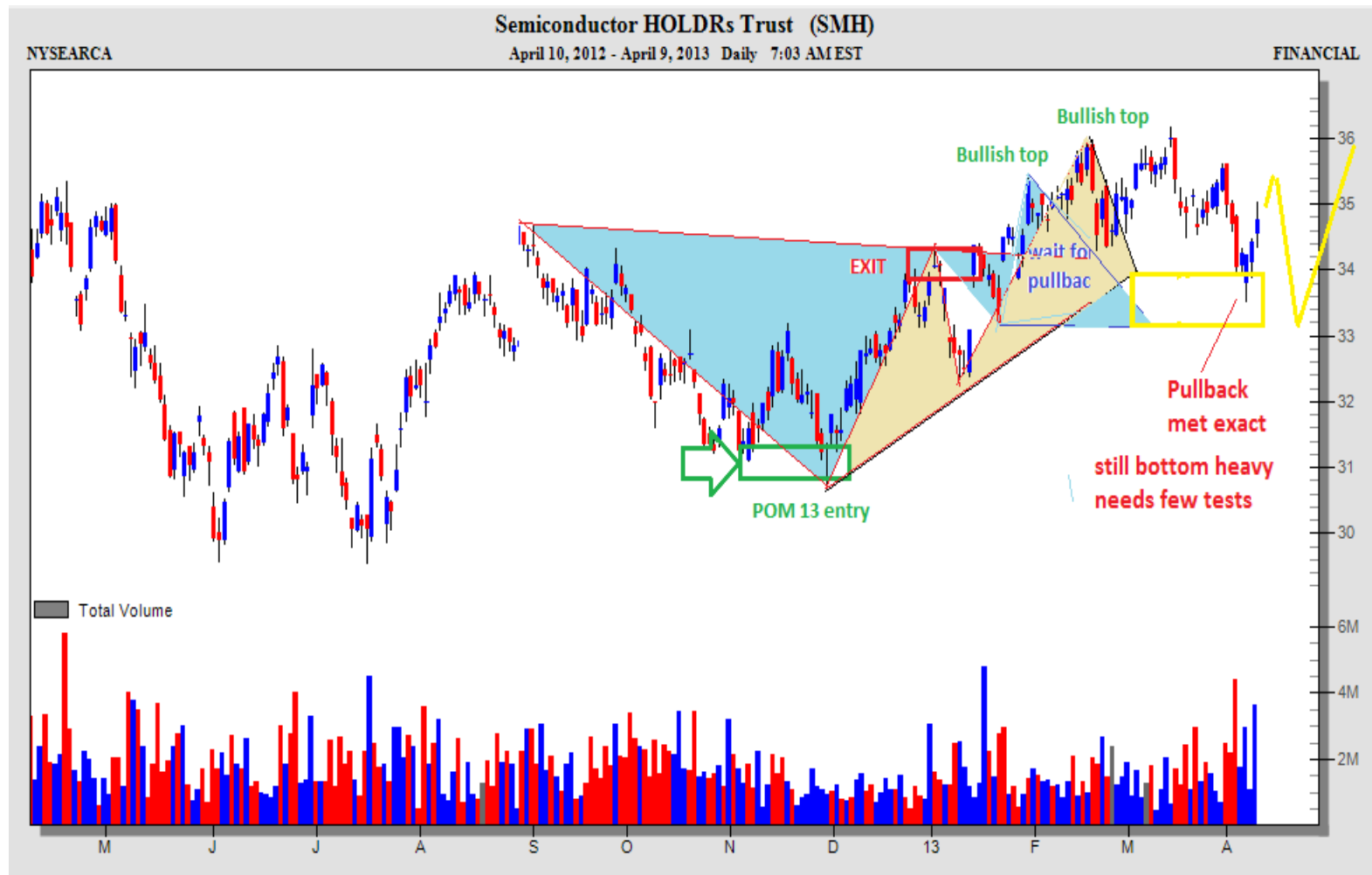


SMH (SEMI) – CZ - PEC- D Analysis – *Neutral (Bullish bias)*

- Texture – BULLISH TOP & NEUTRAL BOTTOM

Upside – Bullish Top, wait for pull back & PQV Validation for next leg up

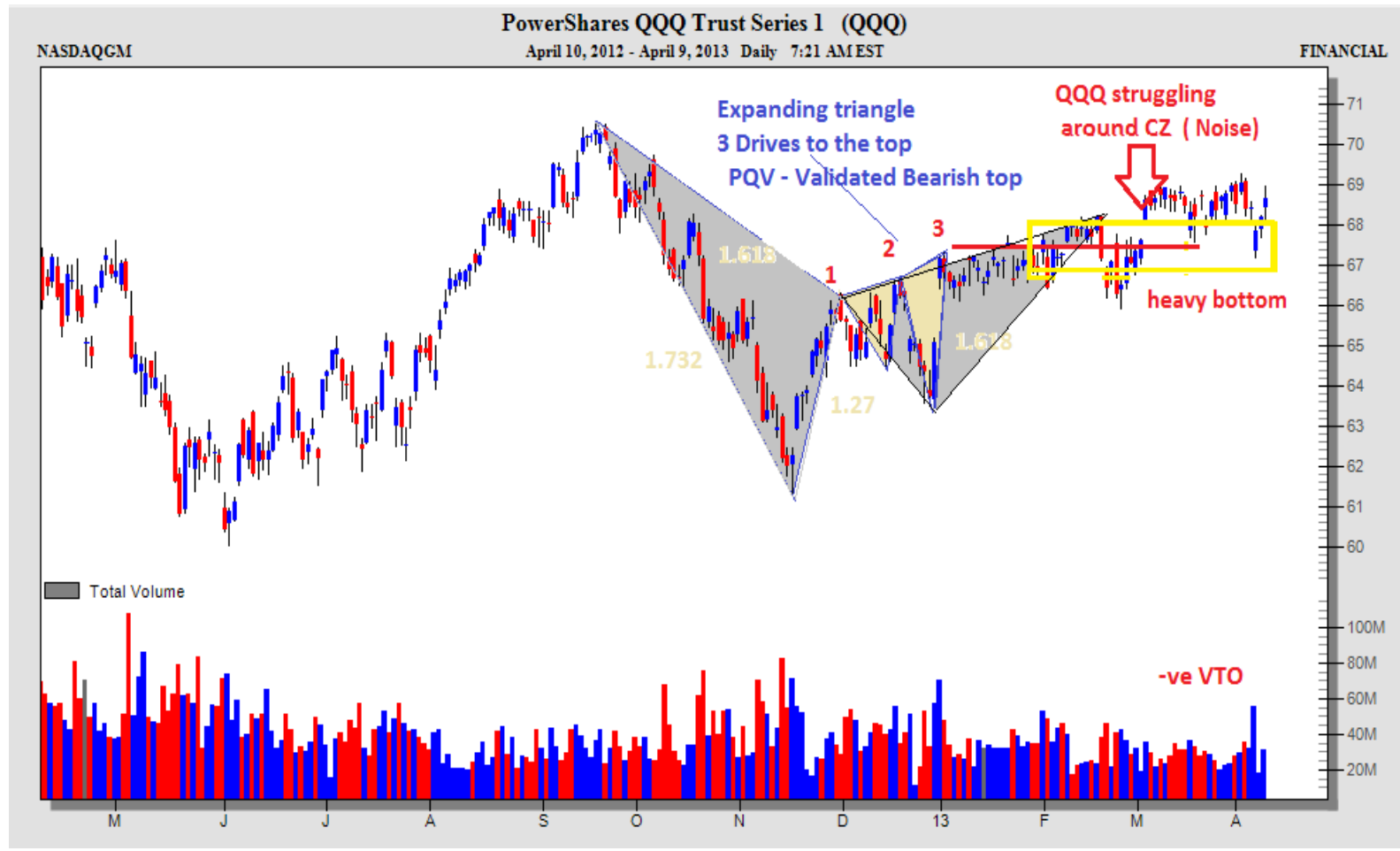
Downside – PEC-D 33.25 , Probably to the area we exited our position



QQQ – (NASD 100) - CZ – PEC-D Analysis - **BEARISH**

- Texture – Texture - **TOP BEARISH CZ. & TOP BEARISH CZ**

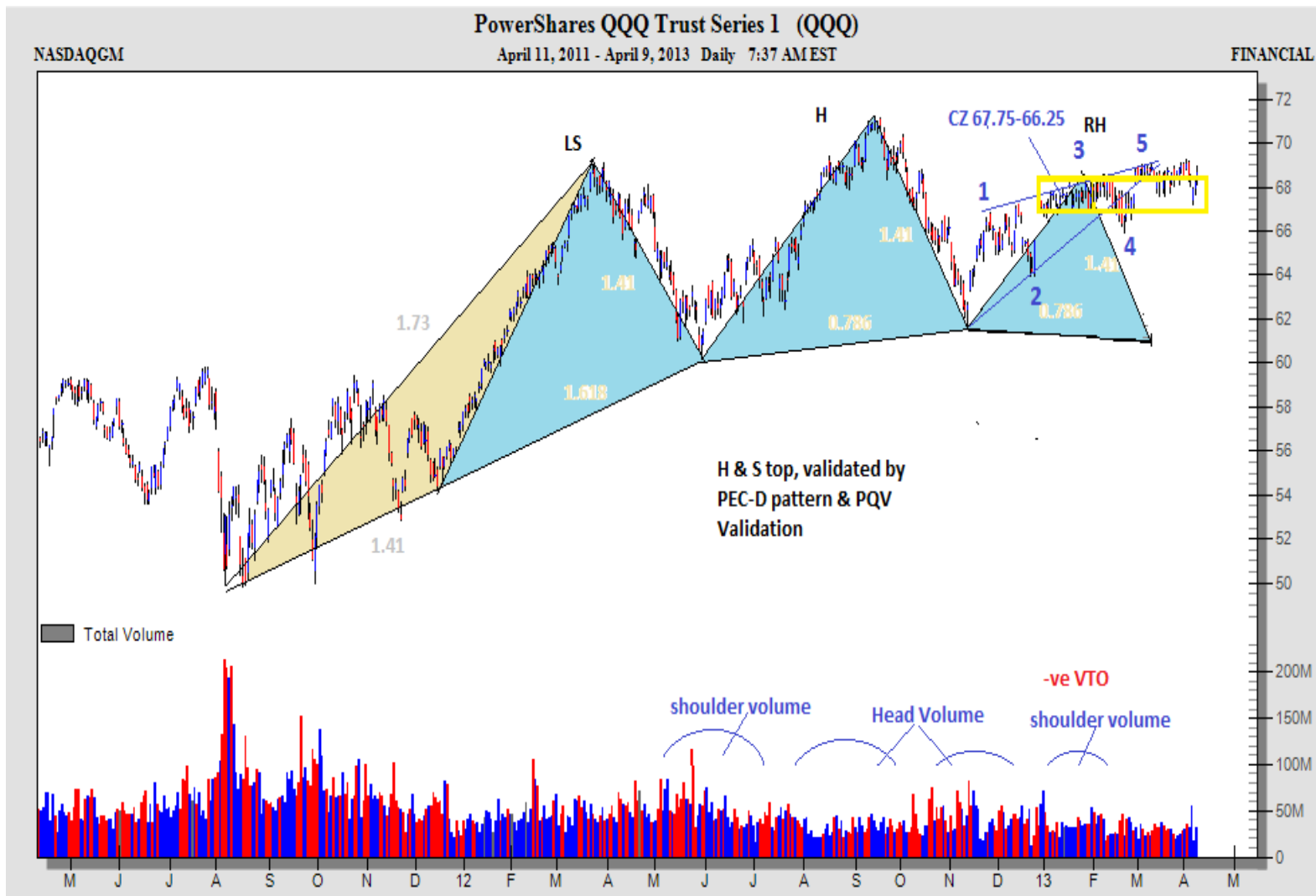
Upside - CZ 67.75-66.25 met & Failing with Bearish Top around the CZ with PEC-D @ 1.618 & 1.27 at 67.5
Expanding Triangle – PEC Validated.



QQQ – (NASD 100) - H & S – Top WAVE 1-3-5 – PEC-D Analysis - **BEARISH**

H & S – Top is PEC-D Validated & PQV Validated within CZ - CZ 67.75-66.25 met & Failed

Simultaneously completed WAVE 1-3-5 within PEC-D Framework



(NASD) - % 50 DMA – Bullish Analysis - **BEARISH**

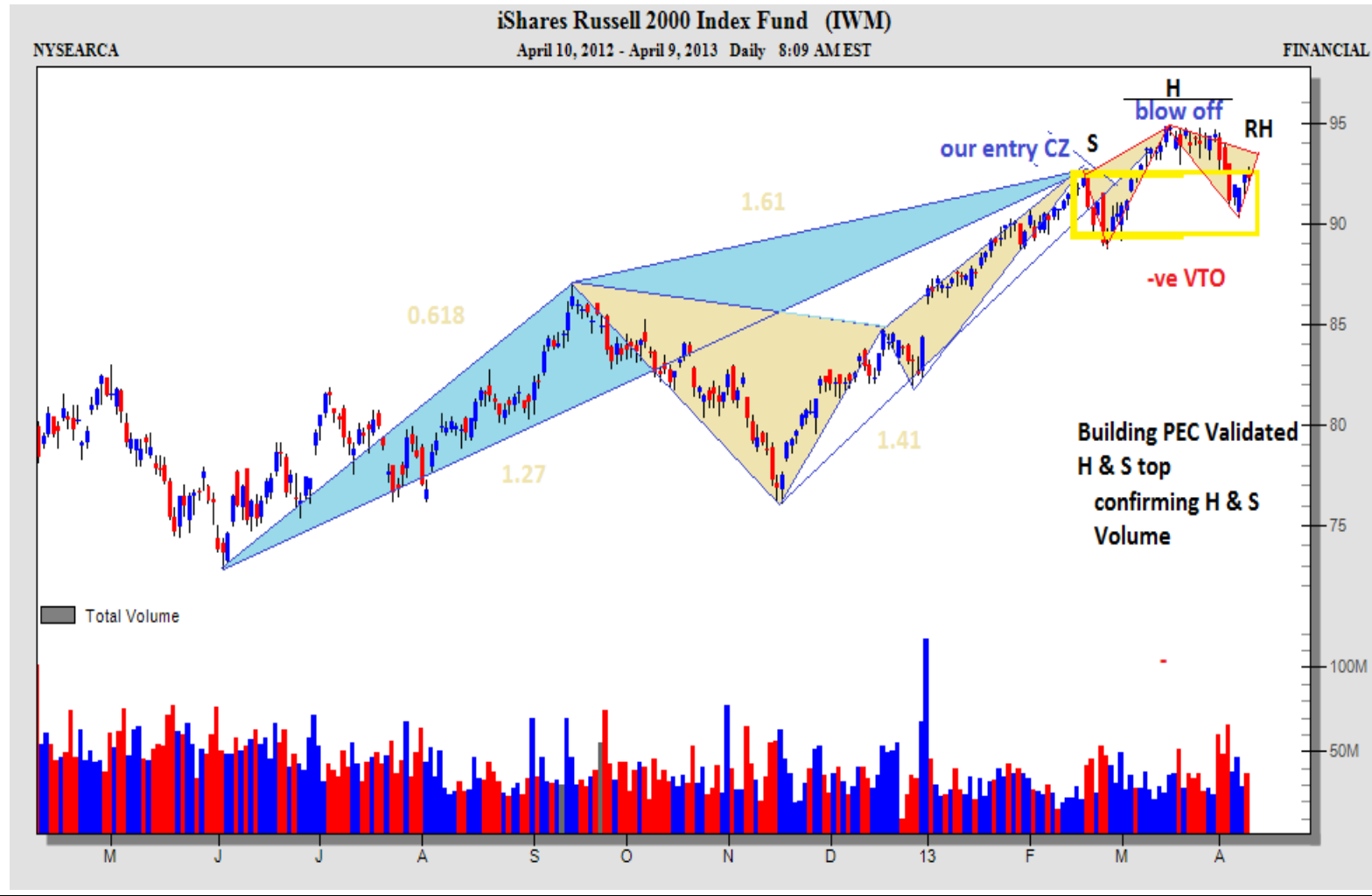
BREADTH INDICATOR - %Above 50D MA confirm the bearish divergence forming a lower high . The indicator failed to confirm the higher high . **fewer stocks participated in advance**.



IWM – (RUSS 2000) - CZ – PEC-D Analysis - MID TERM **“BEARISH”**

- **Texture - TOP BEARISH CZ. & TOP BEARISH CZ)**

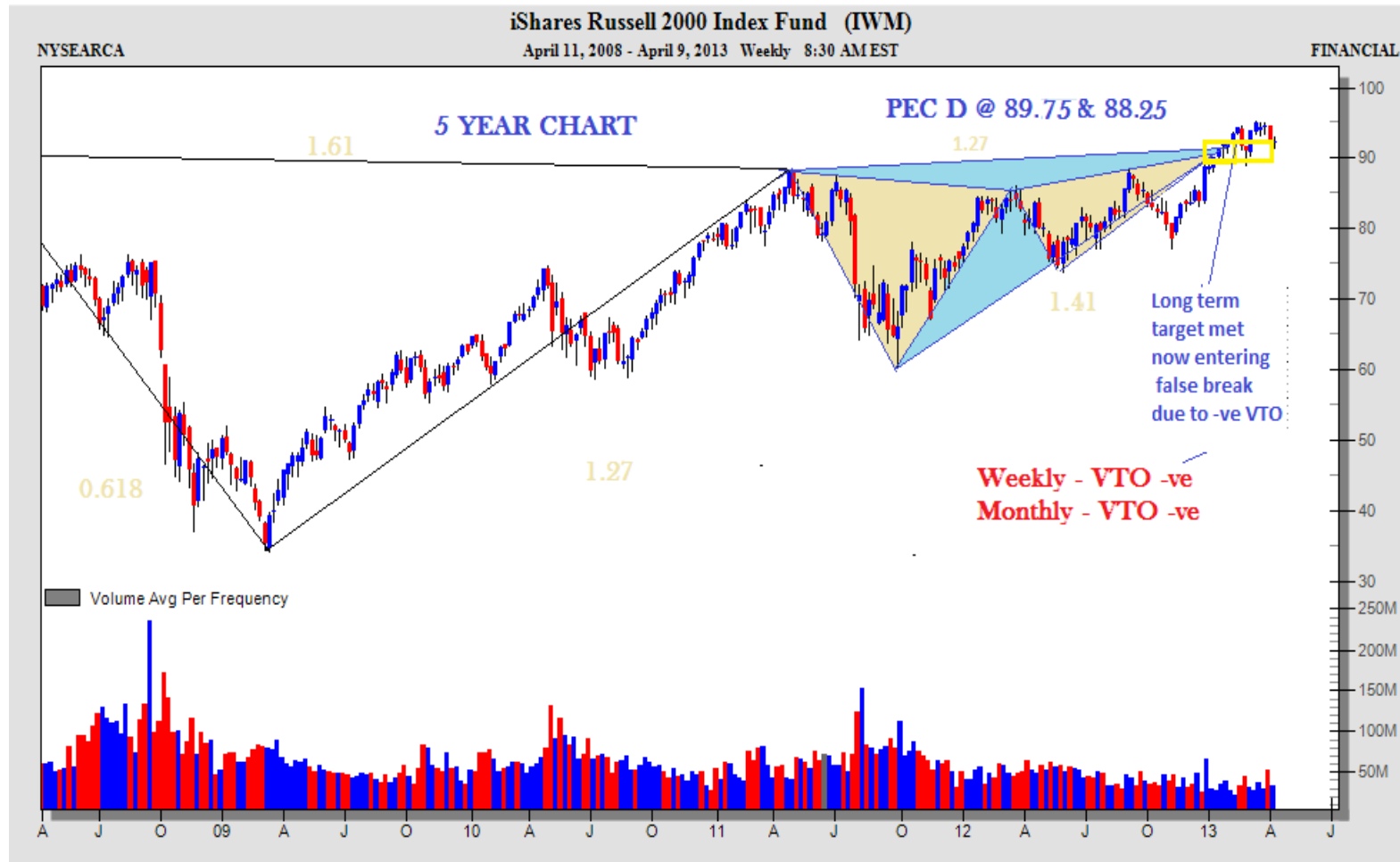
Upside - Bearish , extended Top with Long term PEC-D @ 88.25 & 89.75 , Our entry 89, 90, 92, 92.5 (Avg 90.97)



IWM – (RUSS 2000) - CZ – PEC-D Analysis - MID TERM “**BEARISH**”

- **Texture - TOP BEARISH CZ. & TOP BEARISH CZ**

Upside - 5 YEAR long chart has Bearish Top with Long term PEC-D @ 88.25 & 89.75 , with -ve VTO



IWM (RUSSELL) -- BEARISH

IWM - Trigger **POM 14, CAUTION & Short** within **CZ 89.75-88.25 on 1/24** , This signal completed **POM 13 – Re run on 10/15** within **CZ 82.5-80.5** & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

QQQ (NASD 100) -- BEARISH

QQQ - Trigger **POM 14, CAUTION & Short** within **CZ 67.75 -66.25, on 1/16** , This signal completed **POM 13 (Original) on 5/21** within **CZ 61-62** & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

MDY (MID CAP) - NEUTRAL

MDY - Trigger **POM 14, CAUTION** within **CZ 185-191, on 12/26, & 1/04** , This signal completed **POM 13 – Re run on 10/15** within **CZ 175-178** & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

SMH (SEMI) – NEUTRAL

SMH - Trigger **POM 14, CAUTION** within **CZ 32-33.5, on 12/26, & 1/04** , This signal completed **POM 13 – Re run on 10/15** within **CZ 29.5-30.5** & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

IYT (TRANSPORT – NEUTRAL

IYT - Trigger **POM 14, CAUTION** within **CZ 95-97.5, on 12/26, & 1/04** , This signal completed **POM 13 – Re run on 10/15** within **CZ 88-90** & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

TLT (BONDS)– BULLISH”

TLT - Triggered **POM 13 – Re run** on 1/07, we initiate to **Net Long**) within **CZ 115-118**, This signal completed **POM 14-** Triggered on 5/21 for **CAUTION** within **CZ 128-125**. All subsequent commentary refers to CZ to CZ moves are for Risk Management/ rebalancing overweight positions.

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*

CORRELATION RATIO ANALYSIS

Inter market Analysis – TNX (Yield) v/s SPX

- *Direct Correlation continues in Current Trend*

Inter market Analysis – TLT v/s USD

- *Inverse Correlation continues in Current Trend*

- **EXTREAME Sentiment Analysis**

- **(3rd Party Data) - Courtesy : SENTIMENT TRADERS**

None @ EXTREMES

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)

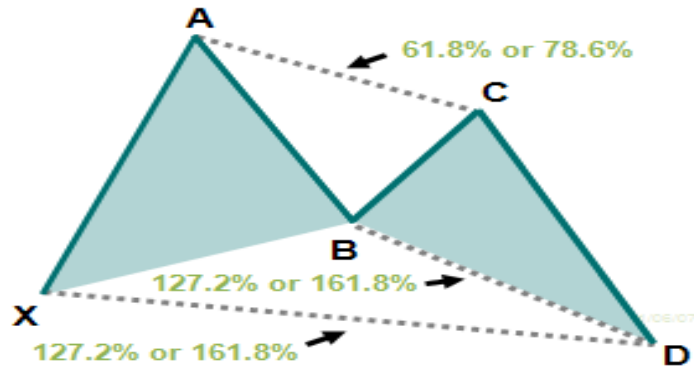
Pythagoras Expansion / Contraction – (PEC) Model

- **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**

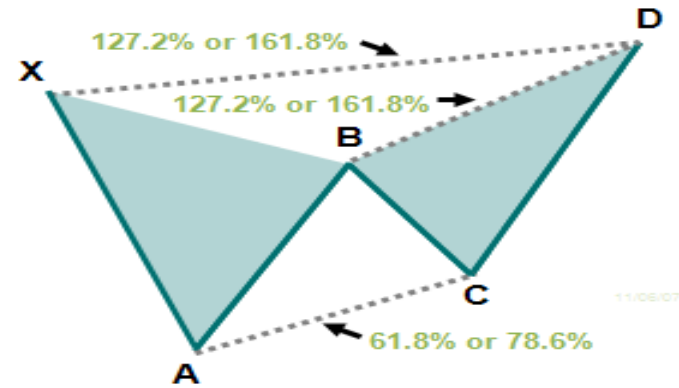
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

Buy Pattern (bullish)



Sell Pattern (bearish)



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