SG Capital Research
Global Market Insights
Chart System

BROADER INDICES 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
TLT (BONDS)	123.0	POM 13 –Re Run On 01/7	CZ 115-118	BULLISH	Net Long	NONE	CZ 124-128 Approaching Bullish Top	CZ 135-136	Shallow Pull back & then next ABC up	CZ 115-118 Successful PQV – Validated CZ	Strong rally began from Bullish CZ. RM @ 118 (REVISED) on 1/2 position
IWM (SM CAP)	93.57	POM 15 In SPX @92.5	CZ 89.75-88.25 Avg @ 90.97	BEARISH Topping	Net Short	NONE	CZ 92.5-88 Met, with Bearish top	ALERT Target to 94 with 32M Shares & Close under 92.75 Is failure	CZ 82.5-80.5		Alerted to Scale in" on 1/23, 2/20,2/25,04/03(89,92,90.4, 92.5) (within CZ)
QQQ (NASD)	70.21	POM 15 In SPX @68.25	CZ 67.75-66.5 Avg @ 67.38	BEARISH Topping	Net Short	NONE	CZ 68.60 – 67.10 Met, Bearish Top	ALERT Target to 70.5 with 30M Shares & Close under 69.5 Is failure	CZ 64-63		Alerted to Scale in" 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)	36.39	POM 15 In SPX @35.92	NONE	NEUTRAL	CASH .	NONE	ABC up to 39 Is in progress	Ditto	TBA		SMH - Good candidate to be long in next pull back l

Exited for 9% profit. (30 to 32.7) In current rally |
| MDY (MID CAP) | 209 | POM 15 In SPX @204 | NONE | NEUTRAL | CASH | NONE | N/A | Ditto | TBA | | MDY - Good candidate to be long in next pull back l

Exited for 6.5 % profit. (176.5 to 188avg In current rally |
| IYT (TRANS) | 109.48 | POM 15 In SPX @107 | NONE | NEUTRAL | NONE | NONE | N/A | Ditto | TBA | | IYT – is not a Short Candidate. |

SPX TO WATCH - *For any aggressive taste, to increase Hedge exposure would be the "Spike up to 1605 on upside & close under 1580. (Participation in Bearish Instruments as ALERTED in Upside target in table above) .*
If ALL instruments line up there will be harmony in the market

Portfolio –   Overview

*Federal Reserve has done great job buying SPX stocks but hasn't able to pump up NASD & Small Cap since our Trigger .
None of the Broader Indices have moved higher substantially since POM 15 . The Bearish Top Instruments have made " No Progress" since Failure in CZ.*

SPX is inching towards the high target of <u>1600-1605</u>.   It is also moving into Miniature internal WAVE 5 which it has not completed . Our Time Termination is <u>May 3rd to 6th</u> . We have been selective in Bullish top segments of SPX on long side.

<u>Against sudden drop in Market</u> ,   *Hedge / Short via **QQQ, IWM, XLE, XLB**. They rallied with   weak internals. Last weeks' decline has created heavy bottom with force expanding downside. These Instrument should continue to fail within the Bearish CZ since our Triggered entries.*

Our Portfolio is well balanced for our conservative stance

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

Broader Indices Overview

- **BULLISH INDICES -**   **TLT,**

- **BEARISH INDICES-**   **QQQ, IWM .**

- **NEUTRAL INDICES -**   **MDY, IYT, & SMH**

  - **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. The " Best opportunities to go Long would be after the pull back for 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 & **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.

TLT (BONDS)– BULLISH"

Bonds has not pulled back past one week in spite of rally in SPX. We witnessed a Powerful rally of the bottom.

- *This may very well be the final rally in 30 yr Bull Market. ONLY once the Bullish top is diffused.*
- *Bonds initiated a good price move off the " Bullish Bottom CZ " with several signs of strength & upside force.*

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

SIGNAL -   Based on conventional DOW Theory - The Buy Signal Triggered @ 13850 on 1/29 – and rallied 1000 points. This Method finally got it right after 5 years of continuous failures.

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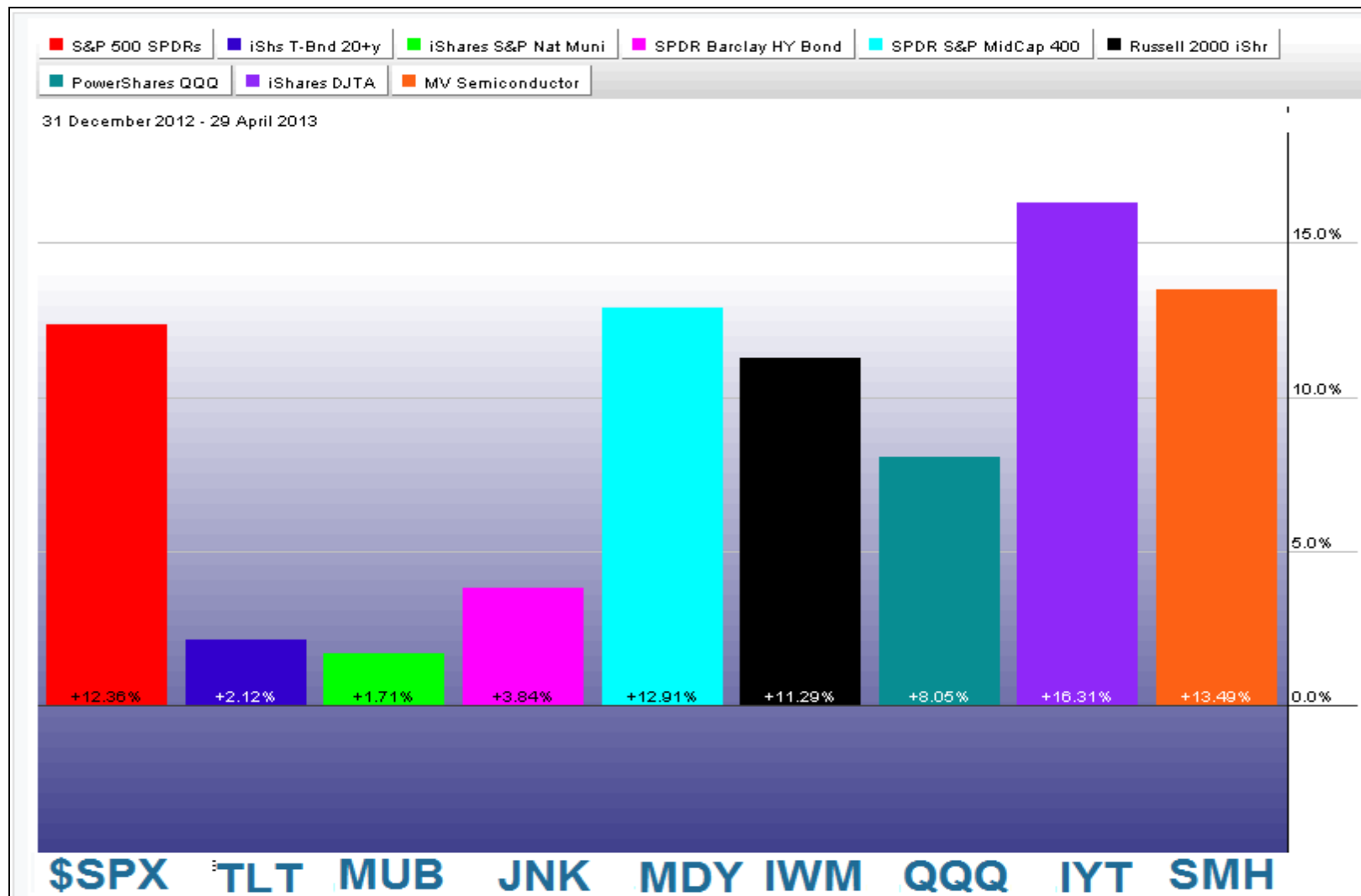
TLT (Bond) – CZ- PEC- D Analysis – Daily Chart . – *Bullish*

Upside - *Approaching - PEC-D @ 126.5 – within* CZ – 124-128 (with 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 – 118)
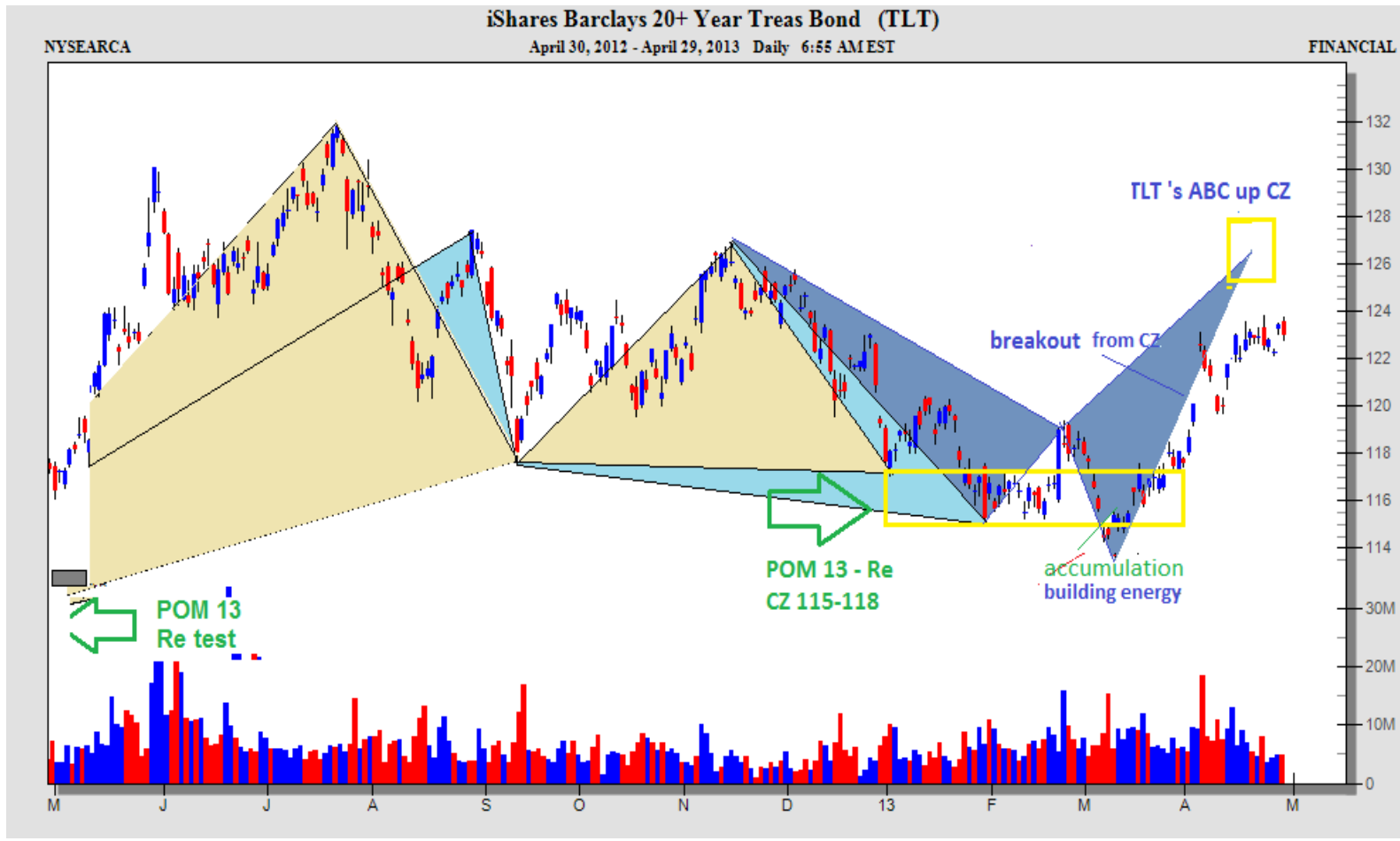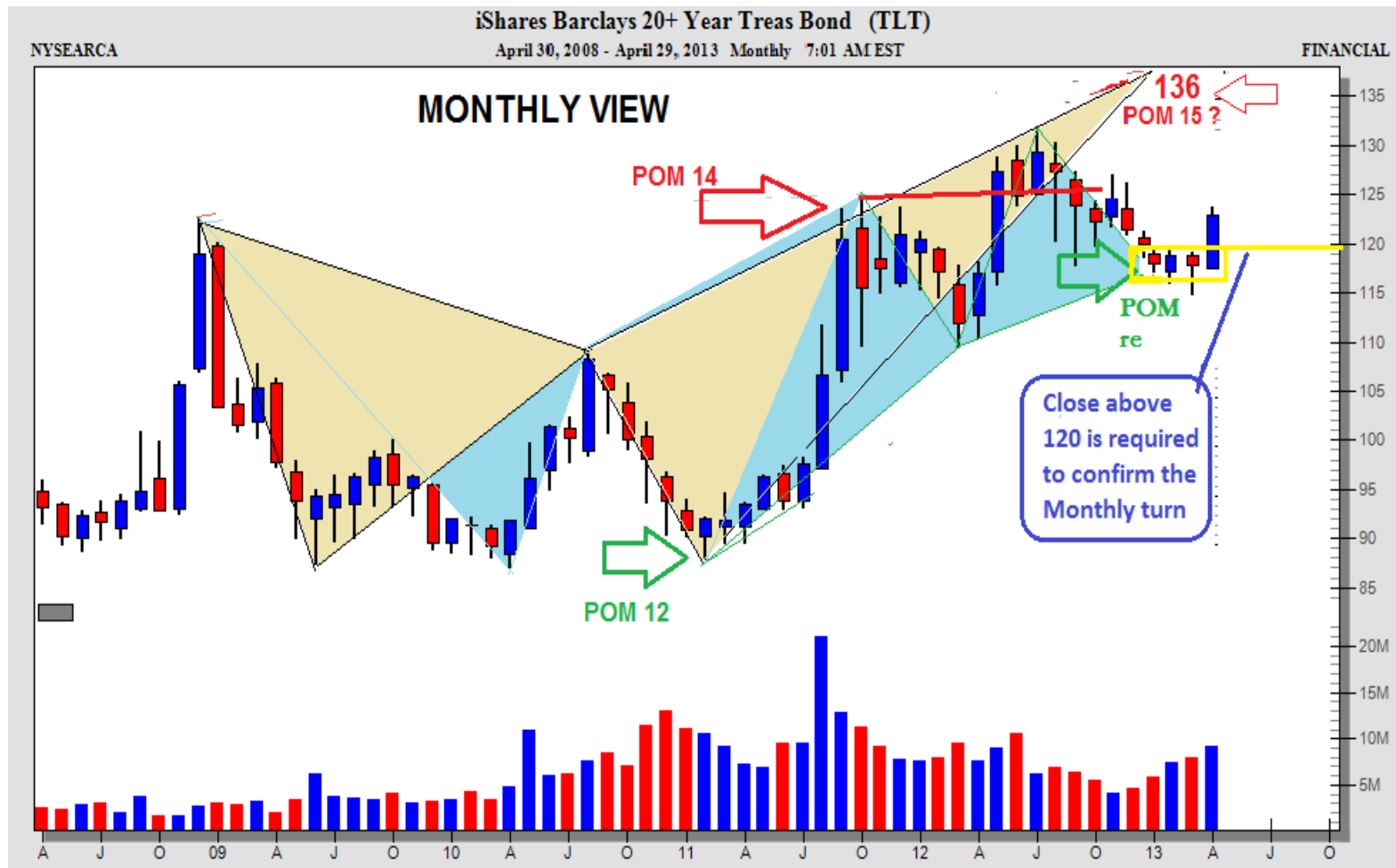
TLT (Bond) – CZ- PEC- D Analysis – BIG PICTURE - *Bullish*

30 yr Bull Market . Weekly – PEC-D @ 126 .5 – Bullish top (Notes within the chart)

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

Monthly Downside - *pull back PEC- D at 115 – Met exact , On daily basis , TLT has Triggered POM 13 re in CZ 115-118.*
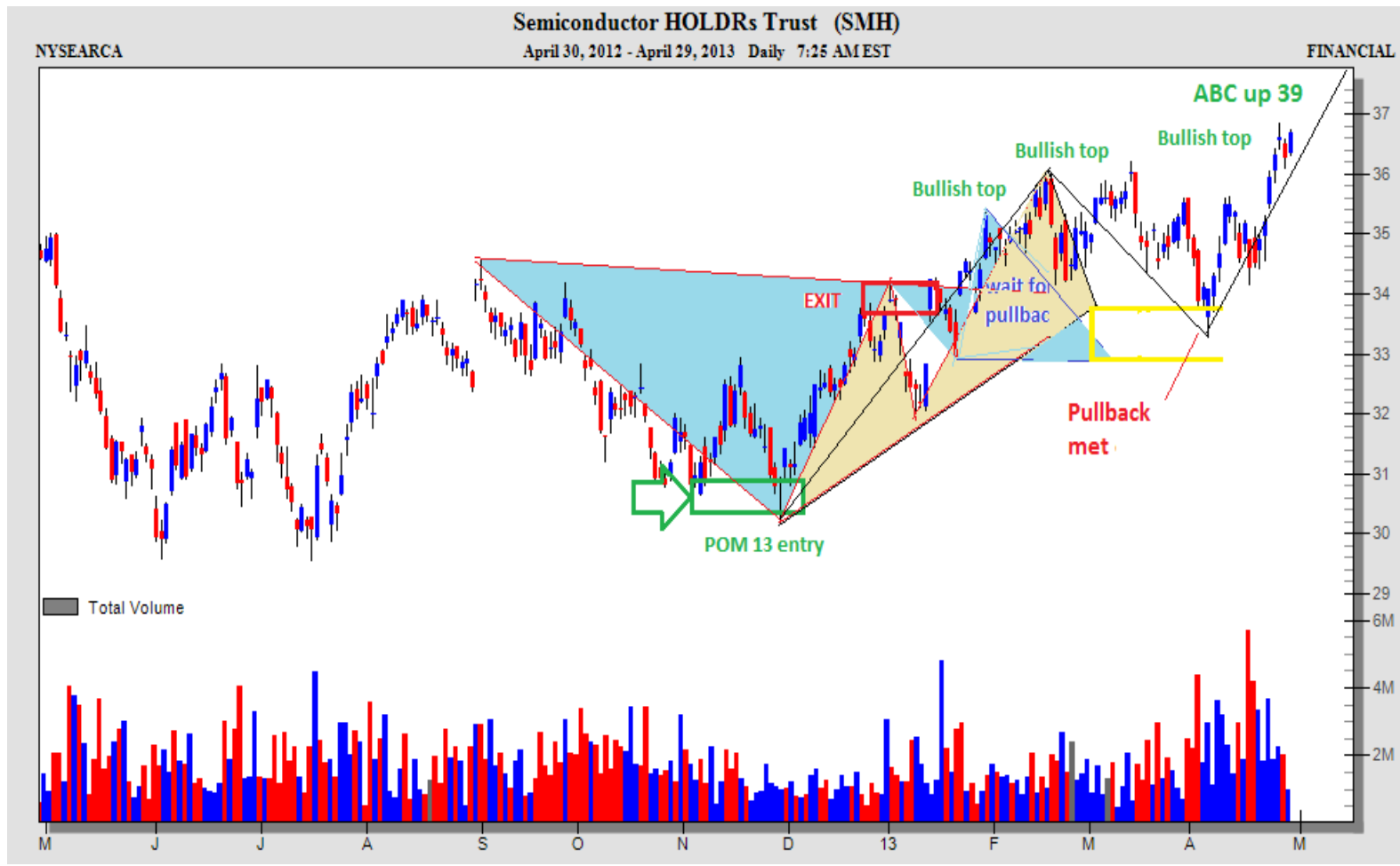
SMH (SEMI) – CZ - PEC- D Analysis – *Neutral (Bullish bias)*

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

Upside -   *ABC up 39- Bullish Top , Market continues higher. Wait for pull back & PQV Validation for next leg up*

Downside – *PEC-D 33.25*

Semiconductor HOLDRs Trust   (SMH)
April 30, 2012 - April 29, 2013   Daily   7:25 AM EST

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

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

Upside - *CZ 68.60-67.2* *met & Failing* with Bearish Top around the CZ with *PEC-D* validating **Expanding Triangle.**
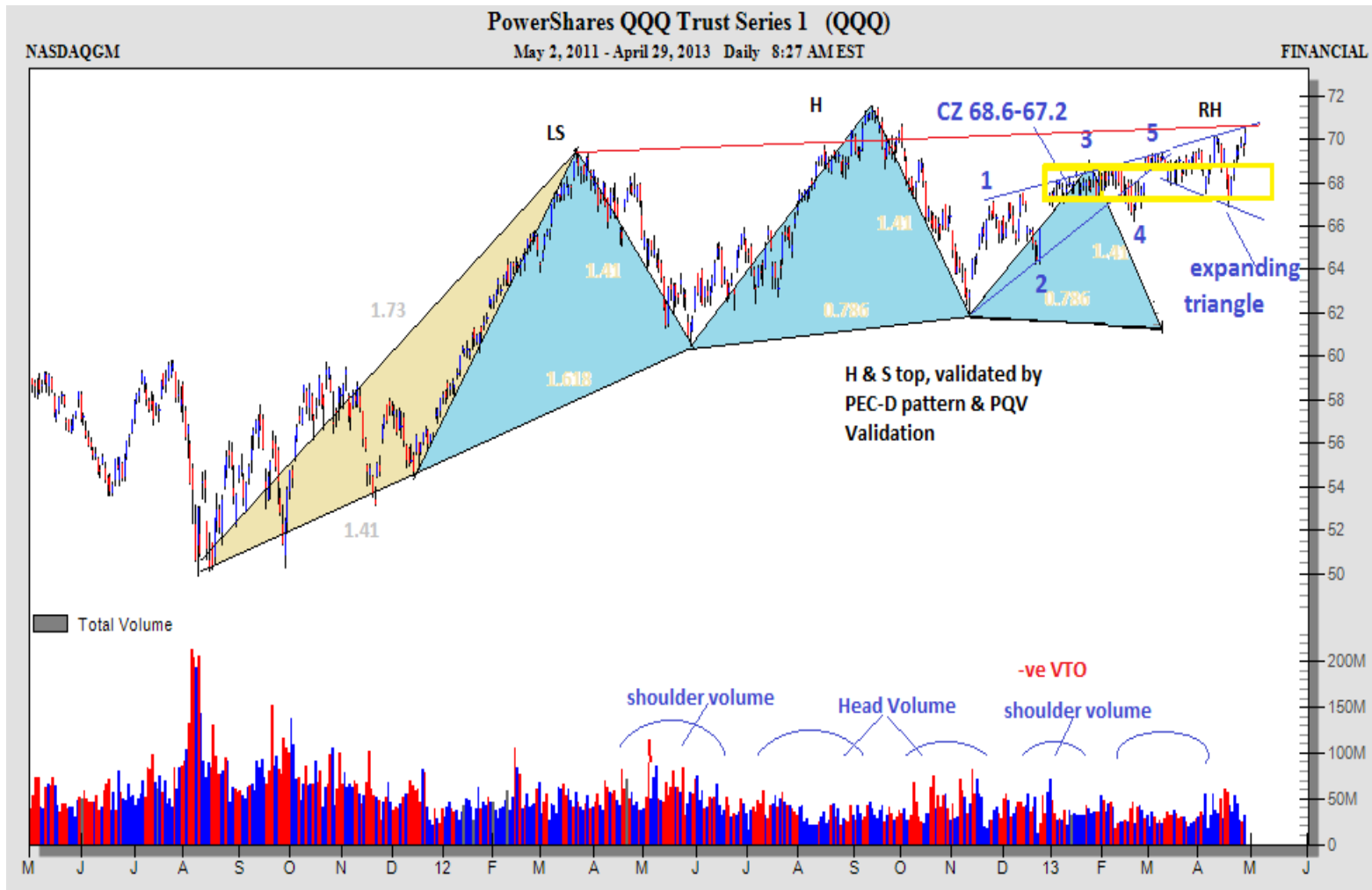
Trigger for failure- *Refer notes in chart - Same time SPX should fail in* *1600-1605 area*
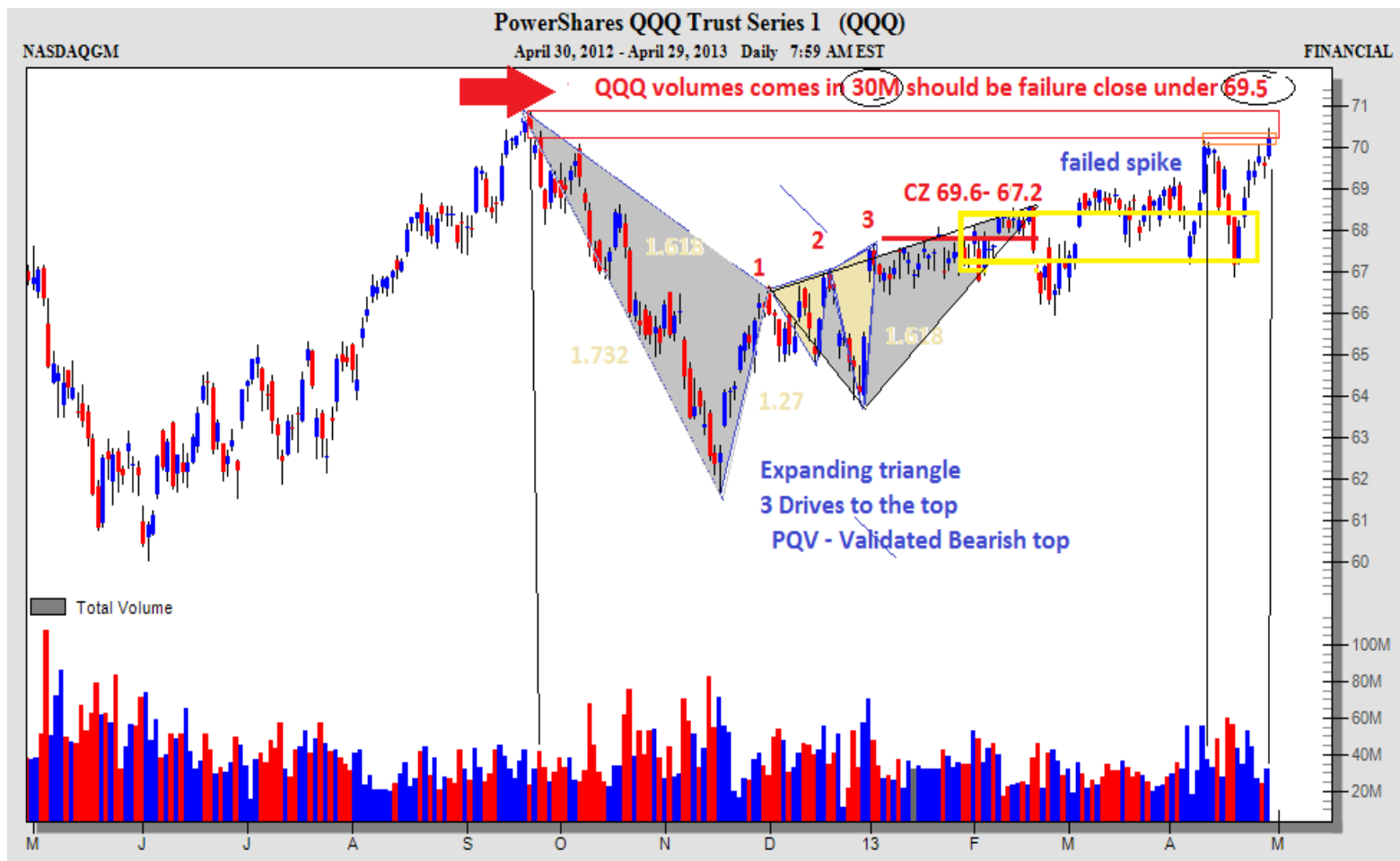
QQQ – (NASD 100) - H & S – Top WAVE 1-3-5 – PEC-D Analysis - *BEARISH)*

H & S – Top is PEC-D Validated & PQV Validated within CZ - *CZ 68.60-67.2* *met & Failed -* **with –ve VTO**

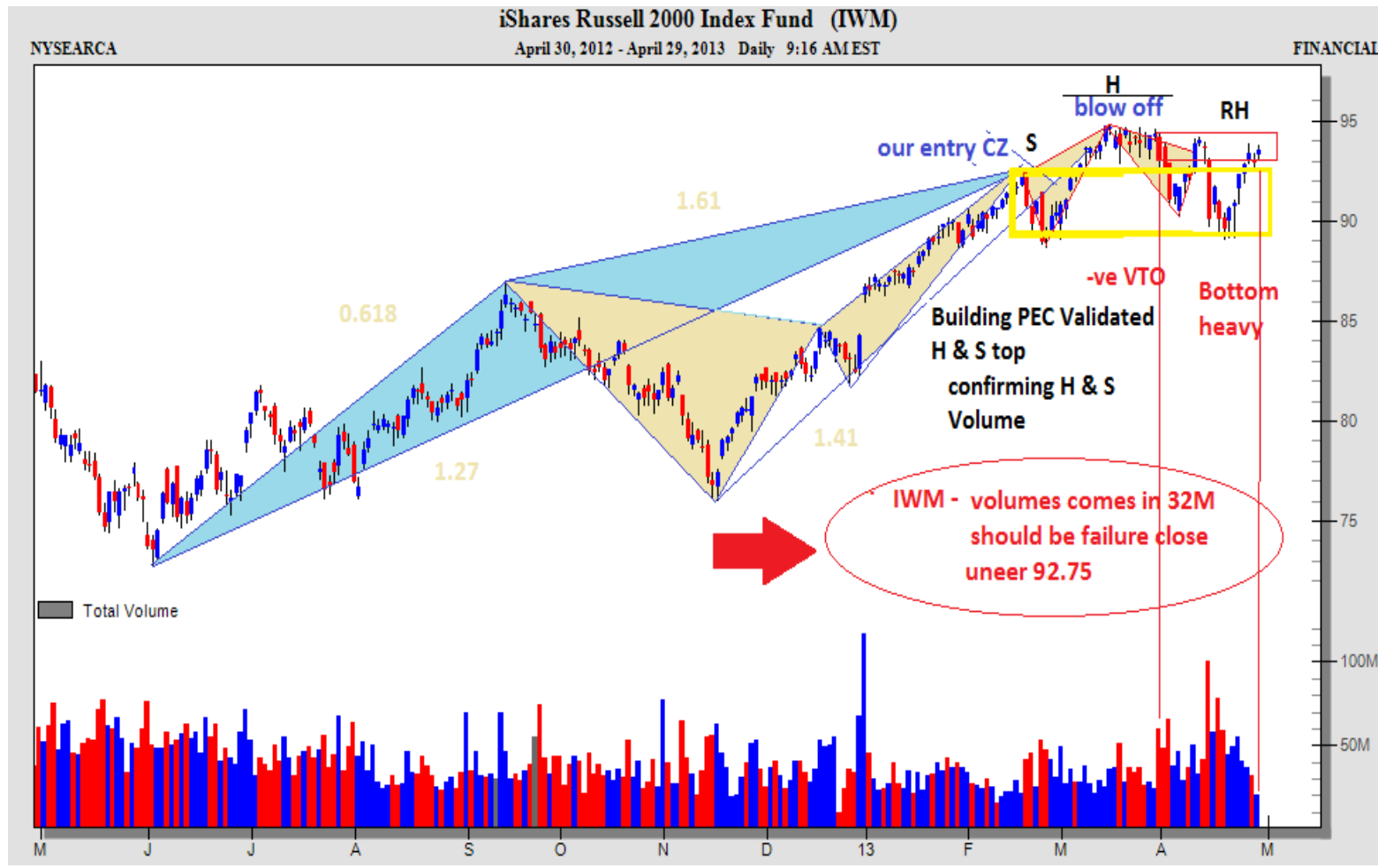*Simultaneously completed WAVE 1-3-5 within PEC-D Framework*

PowerShares QQQ Trust Series 1 (QQQ)
May 2, 2011 - April 29, 2013 Daily 8:27 AM EST

NASDAQGM   FINANCIAL

H & S top, validated by PEC-D pattern & PQV Validation

CZ 68.6-67.2

expanding triangle

-ve VTO

Total Volume

shoulder volume   Head Volume   shoulder volume

IWM – (RUSS 2000) - CZ – PEC-D Analysis - Near Term *"BEARISH)*

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

Upside - *Bearish with Long term CZ 88.5-92.5 , Our entry 89, 90, 92, 92.5 (Avg 90.97) -* **with –ve VTO**

Trigger for failure- Refer notes in chart - Same time SPX should fail in 1600-1605 area

iShares Russell 2000 Index Fund (IWM)
NYSEARCA
April 30, 2012 - April 29, 2013   Daily 9:16 AM EST
FINANCIAL

H
blow off
RH
our entry CZ S
1.61
0.618
-ve VTO
Bottom
heavy
Building PEC Validated
H & S top
confirming H & S
Volume
1.41
1.27

IWM - volumes comes in 32M
should be failure close
uneer 92.75

Total Volume

M J J A S O N D 13 F M A M

Appendix Content

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **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.*
  - *Exterme 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 <u>UP</u> move, *POM 13* signifies to <u>STOP</u> executing additional 'New Buys" that was initiated at *POM 12 or POM 11 levels*

- On way <u>DOWN</u> move, *POM 13* signifies to <u>STOP</u> executing additional " New Short Sells" that was initiated at *POM 14 or POM 15 levels*

- <u>**(Bear Markets)**</u> **POM 15 is for - <u>Net Short</u> & POM 14 is for - <u>Hedge Longs</u>**

- <u>**(Bull Markets)**</u> **POM 15 is for -<u>Hedge Longs</u> & POM 14 is for - <u>Partial Hedge</u>**

- *POM 12 & 11 is for Net Long*

- **POM 10** is Climatic Crash low *Buy Signal* to add to Net long position <u>**(Rear event)**</u>

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 steams to achieve confluence point D coinciding with POM

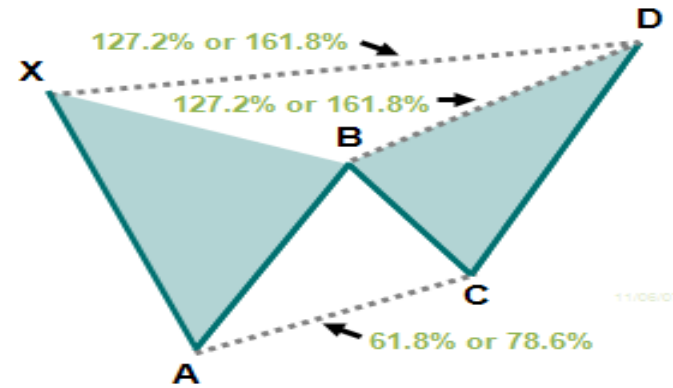## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)