Date : 28th Aug 2013 (Wednesday)   **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)	106..3	POM 13 –Re Run On 01/7 **Core position**	CZ 115-107 **Triggered @ 107 8/09** – 2nd -1/2 re entry	BULLISH Bottoming	Net Long *Avg entry Price111*	NONE	Close above PEC-D - 107 is required Within the Chanel line	CZ 124-128 Bullish Top	Extended PEC-D 106 below to 104 @ Crash levels		Earlier closed TLT positions *For profit* 115 to 122, 7 points Round trip (*Lost all Previous Profits)*
IWM (SM CAP)	100.7	POM 15 (SPX)	CZ 104.25 – 101.28 "Scale in" 7/10 & 7/24	BEARISH Topping	Net Short *Alerted To scale in Net Short* For Bearish bias Portfolio *Avg entry @ 103.*	NONE	PEC-D 102 met & failed *Close below 101* Would be confirmation	104 extension Frothy , failed 3 – Drives to the Top complete	1st ABC down to 98	CZ 93-94 heavy bottom	Bearish Top Engulf @ 99 is intact on 5/22 . *10% Hedge remains on XLP,XLV,XHB for Market Neutral Book 5/22*

	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
QQQ (NASD)	75.14	POM 15 (SPX)	CZ -74.75-73.51 Scale in" 7/10 & 7/24	BEARISH Topping	Net Short *Alerted To scale in Net Short* For Bearish bias Portfolio *Avg entry @ 74.28*	**NONE**	PEC-D 76 met & failed *Close below 74.5 Would be confirmation*		1st ABC down to 73	CZ 69.5-70 heavy bottom	Bearish Top Engulf @ 75 is intact on 5/22 *10% Hedge remains on XLP,XLV,XHB for Market Neutral Book 5/22*
SMH (SEMI)	36.77	POM 15 (SPX)	NONE	NEUTRAL	CASH .	NONE	ABC up to 40 *No signal*			CZ 35-36 Met *No signal*	SMH - Good candidate to be long after the correction.
MDY (MID CAP)	217.61	POM 15 (SPX)	NONE	NEUTRAL	CASH	NONE	POM 15 *No signal*	TBA	TBA		Ditto
IYT (TRANS)	112.69	POM 15 (SPX)	NONE	NEUTRAL	NONE	NONE	POM 15 *No signal*	TBA	TBA		**DOW THEORY** " Triggerred SELL SIGNAL @ 14700 on 6/6

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
EMB (EMG B. Announcement	106.7	N/A	CZ 110.7-109.7 On 7/1	BEARISH	Net Short Close position To Cash	NONE	CZ 110.7-109.7 Bearish Top . failed RM -112.5	CZ 115-117 – no Possibility yet.	PEC-D 104.5, ABC down	Target CZ 103-101 for next retest Of next 1.786	Second leg down had high volume . Bounces are anemic to fail

Announcement EMB -

We are closing the ST Hedge we put on TLT – Long using EMB Instrument – It has +3.6% Gains and acted Buffer of rebalancing the risk against the TLT's Short term drawdown of -4.5%. This is a Portfolio call. The price path on EMB should continue as defined in above table

SPX- Portfolio –   Overview

- **Portfolio -**   Turned Bearish (for Short Bias Portfolio) as on 7/28 – from Market Neutral status POM 14 @ SPX 1570 (6/24.) at which time we closed our Net Short exposure **IWM, QQQ, XLB, XLE** for profit and avoided the Short Squeeze of 130 SPX points

- **We have Re instated – all exposure** on SPX Failure CZ 1687.

- **TLT** - Net Long exposure (is **down – 4.5%). It**   has been ½ hedged via **Short EMB (up +3.5%)** dampening the effect. EBM has Bearish Top & Bearish bottom & TLT has Bullish Bottom.

EQUITY Portfolio Holdings - Non Marginable – Non leveraged (1:1)

- **NET LONG at POM 13 / in Main Bullish CZ : ……….** **Bullish Tops / Bullish Bottom**

   XLV ,XHB , FXI , EWJ , XLP, TLT

- **SHORT -LEG (at/ in Bearish CZ : ………** **Bearish Tops / Bearish Bottoms**

   QQQ , IWM , EMB , EEM

The Positive spread -   IWM, QQQ, is also a Short leg in Bearish instrument to Hedge taken on 2/20, 2/25, 3/06 .
against the Bullish Top Instruments – Net longs (listed above),

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

Broader Indices Overview –

The rebound to 1675 in SPX on Monday ran out of gas @ 1671 7 decline began to ABC down.   Of course, it is possible that pullback could have another run top side during the Holiday weekend . Something traders take into consideration as a risk factor. We do know that it's likely that the next leg down could be much stronger than the 1st ABC down . We've noticed that Labor Day Holiday often brings a high shortly thereafter, followed by move downside as the senior traders return to trading desk.

- **BULLISH   -   TLT- Pull back extended but bottoming** .

- **BEARISH-   EMB, QQQ, IWM**

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

  - **QQQ, IWM** - BEARISH with heavy Bottom .

QQQ and IWM is acting frothy after our Projections have been met post POM 15.

- **MDY, SMH , IYT**   NEUTRAL - Residual strength - No SIGNAL

SMH, MDY & IYT has Neutral Top & Neutral Bottom - 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 in Bullish zone. At current levels , there is   no favorable Risk / Reward .

1. **EMB** - BEARISH with heavy Bottom . EMB failed within CZ 110.7-109.7 to go Net Short - RM 112.5

   For Mid Term Trade for Bulls- The decline to RE TEST the 2nd ABC down CZ 103-101 should produce best Risk reward to go Net Long   . Once tested. The Next leg up will begin powerful from 102. Which has been climax lows

TLT (BONDS)–   Pull back extended below Bottoming CZ

We have had a rally in bond rates and the sentiments are solidly bearish on bonds.

TLT has exceeded the original measured move target on the downside PEC-D 107, much more than our average entry point of 111. We think having confirmed the Channel , it may bounce within the channel. (Refer chart below)

There is no volume in this down move as prices have moved down therefore we think we may be close to a turn up in bonds . The Bullish divergence still exists although the prices are down.

BACKDROP - Our Re - entry Avg price of 111 on full position & has drawdown of -4.2% & Hedged by EMB up +3.5% .

We have been Bullish and hasn't worked out as it should for time being. TLT is down -4.2% has taken back some gains made in Previous round Trip.

Earlier round trip on 10% exposure with profitable gains - 1ST half 117 to 121.5 and 2nd half from 115.5 to 118 (stopped out)

- **DOW TRANSPORT THEORY (IMPROVISED -** **For Monitoring Purposes ONLY - Sell Signal 6/6**
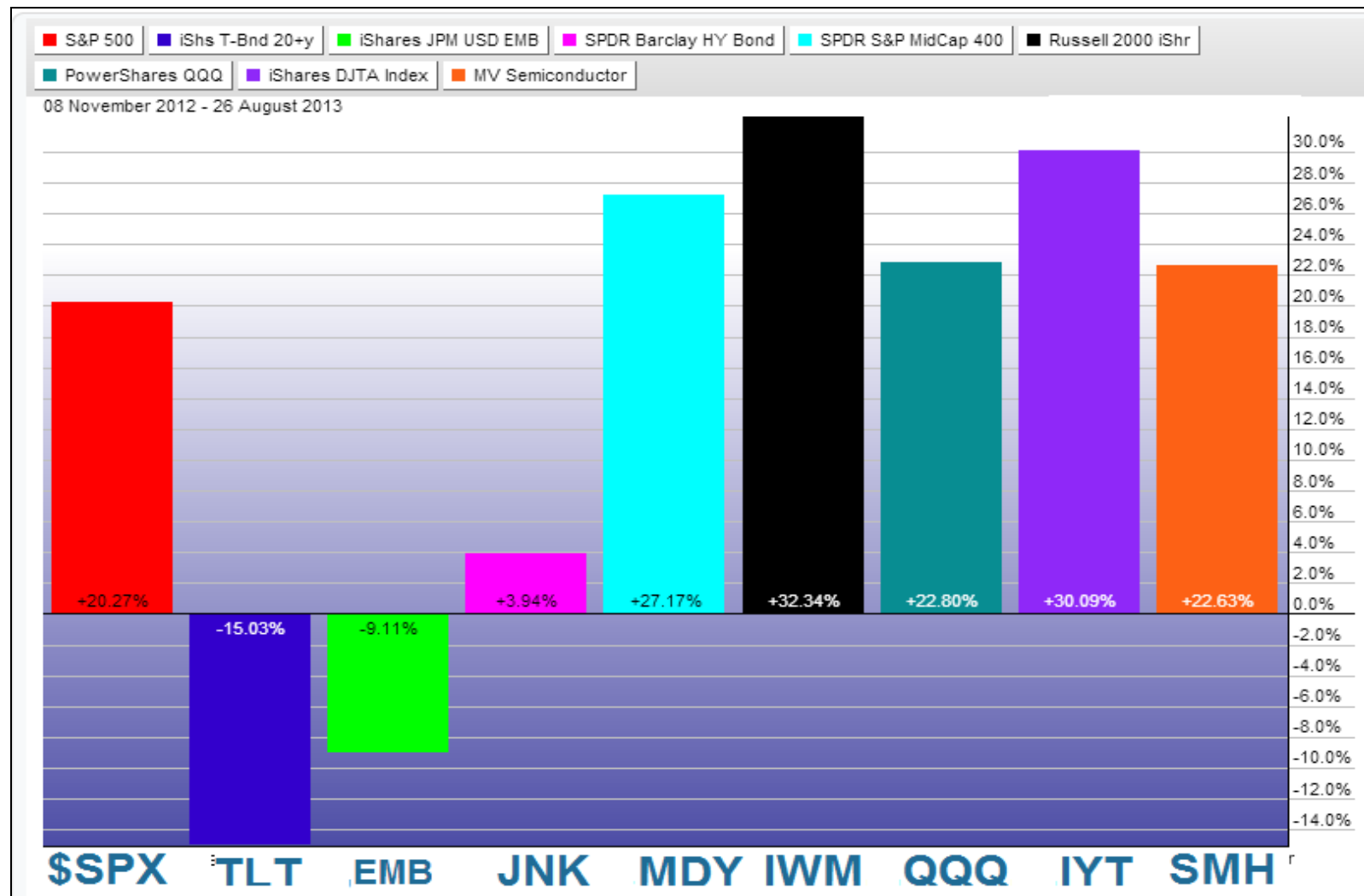
    Currently DOW is @ 14800

 SIGNAL -   Based on conventional DOW Theory - Triggered " Sell Signal " on 6/6 @ 14700 . Ending the previous Buy Signal Triggered @ 13850 on 1/29 – for 850 points gains.

# 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 .

Legend:
- ■ S&P 500
- ■ iShs T-Bnd 20+y
- ■ iShares JPM USD EMB
- ■ SPDR Barclay HY Bond
- ■ SPDR S&P MidCap 400
- ■ Russell 2000 iShr
- ■ PowerShares QQQ
- ■ iShares DJTA Index
- ■ MV Semiconductor

08 November 2012 - 26 August 2013

Index	Performance
$SPX	+20.27%
TLT	-15.03%
EMB	-9.11%
JNK	+3.94%
MDY	+27.17%
IWM	+32.34%
QQQ	+22.80%
IYT	+30.09%
SMH	+22.63%

TLT (Bond) – CZ- PEC- D Analysis – Daily

Upside -   Close above 107_ TLT should rally to 111 & then to CZ – 124-128 (Bullish top).
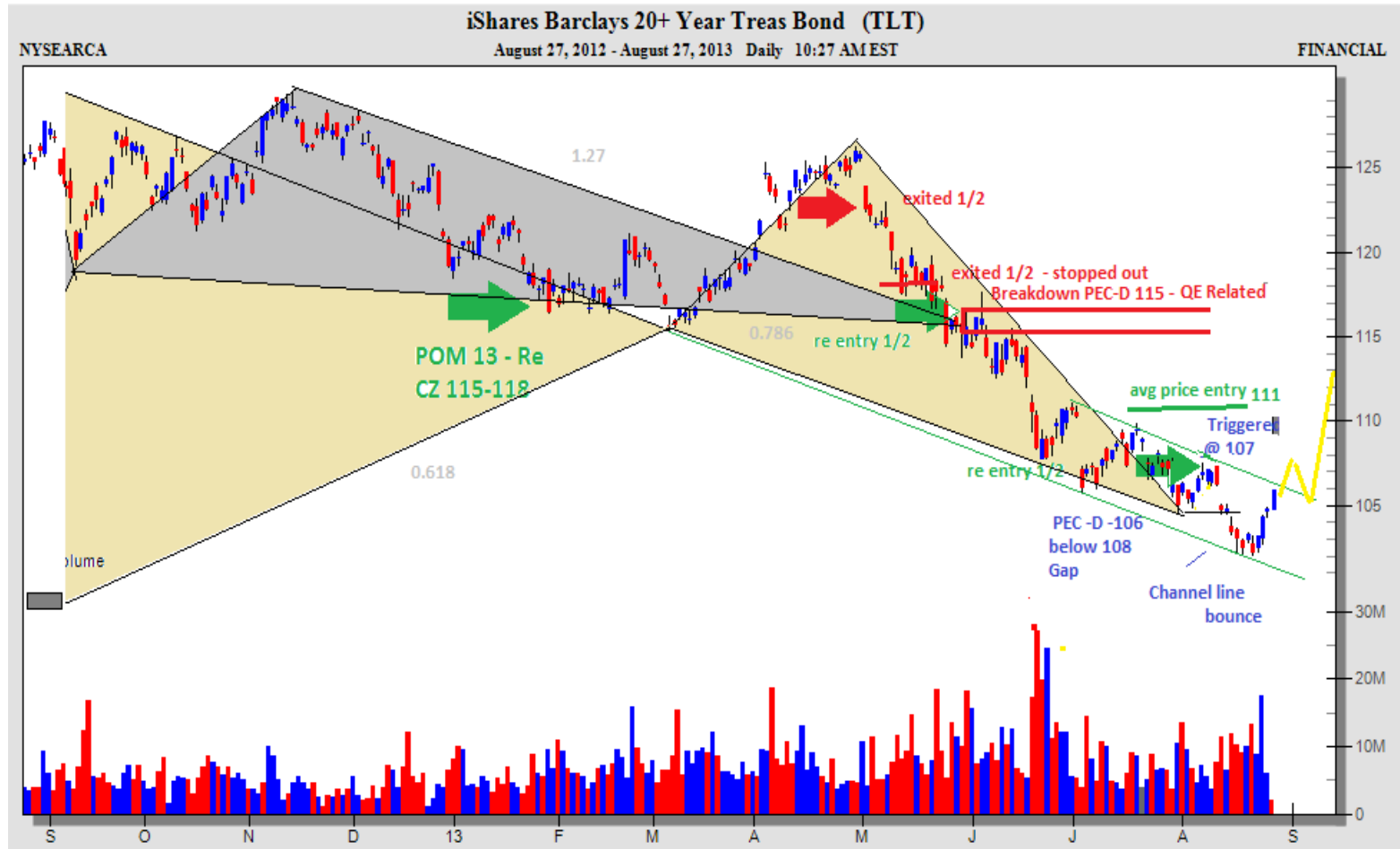
TLT (Bond) – CZ- extended. PEC- D Analysis – Weekly

Downside -   Rally has initiated Rejecting the lows into the   Extended PEC-D 106 with , +ve vol reversal .
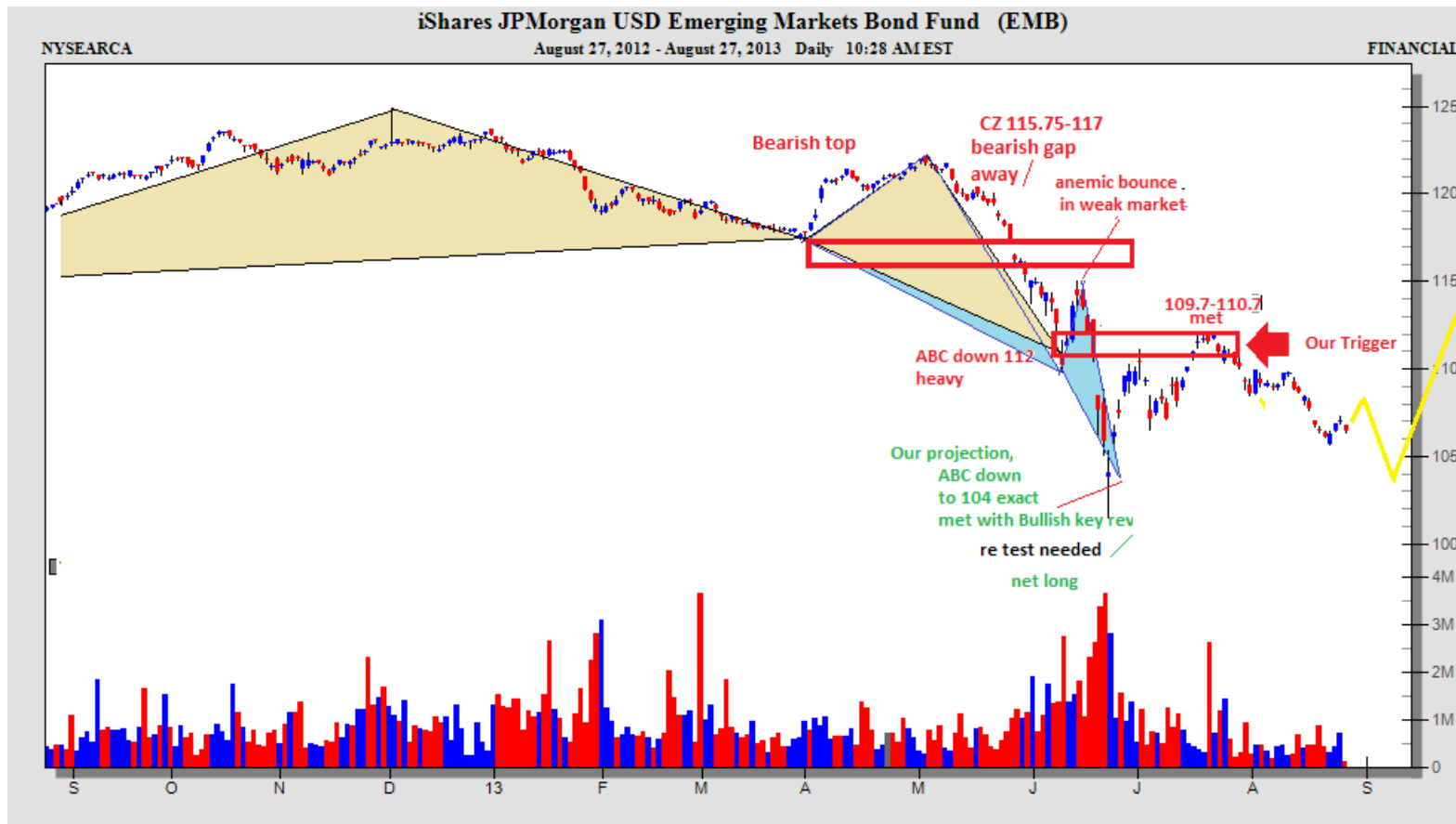
Upside -   Rally to 111
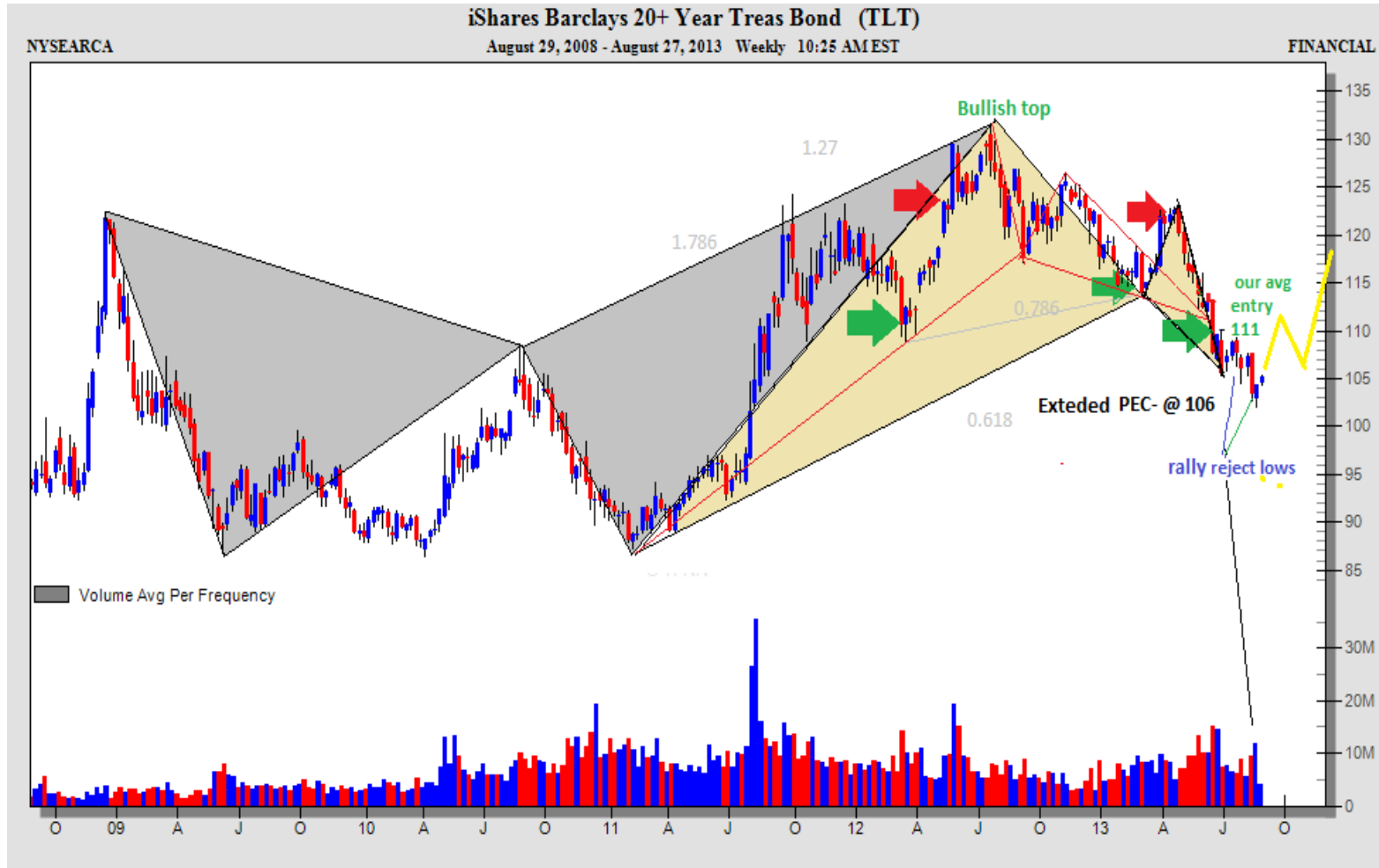
EMB (EMG Bonds) – CZ / PEC-D / Ratio Analysis – Daily – Bearish

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

UPSIDE – CZ 110.7-109.7 failed & Triggered Net short- RM -112.5

DOWNSIDE – Target PEC-D 104.5–

iShares JPMorgan USD Emerging Markets Bond Fund (EMB)

NYSEARCA   August 27, 2012 - August 27, 2013 Daily 10:28 AM EST   FINANCIAL

Bearish top

CZ 115.75-117
bearish gap
away

anemic bounce
in weak market

109.7-110.7
met

Our Trigger

ABC down 112
heavy

Our projection,
ABC down
to 104 exact
met with Bullish key rev

re test needed

net long

EMB (EMG Bonds)– CZ / PEC-D / Ratio Analysis – – Weekly - Neutral

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

DOWNSIDE – PEC-D - 104 heavy bottom , It needs a PQV Validation which should hold. **Within CZ 103-101 -** Trigger to watch for Net Long
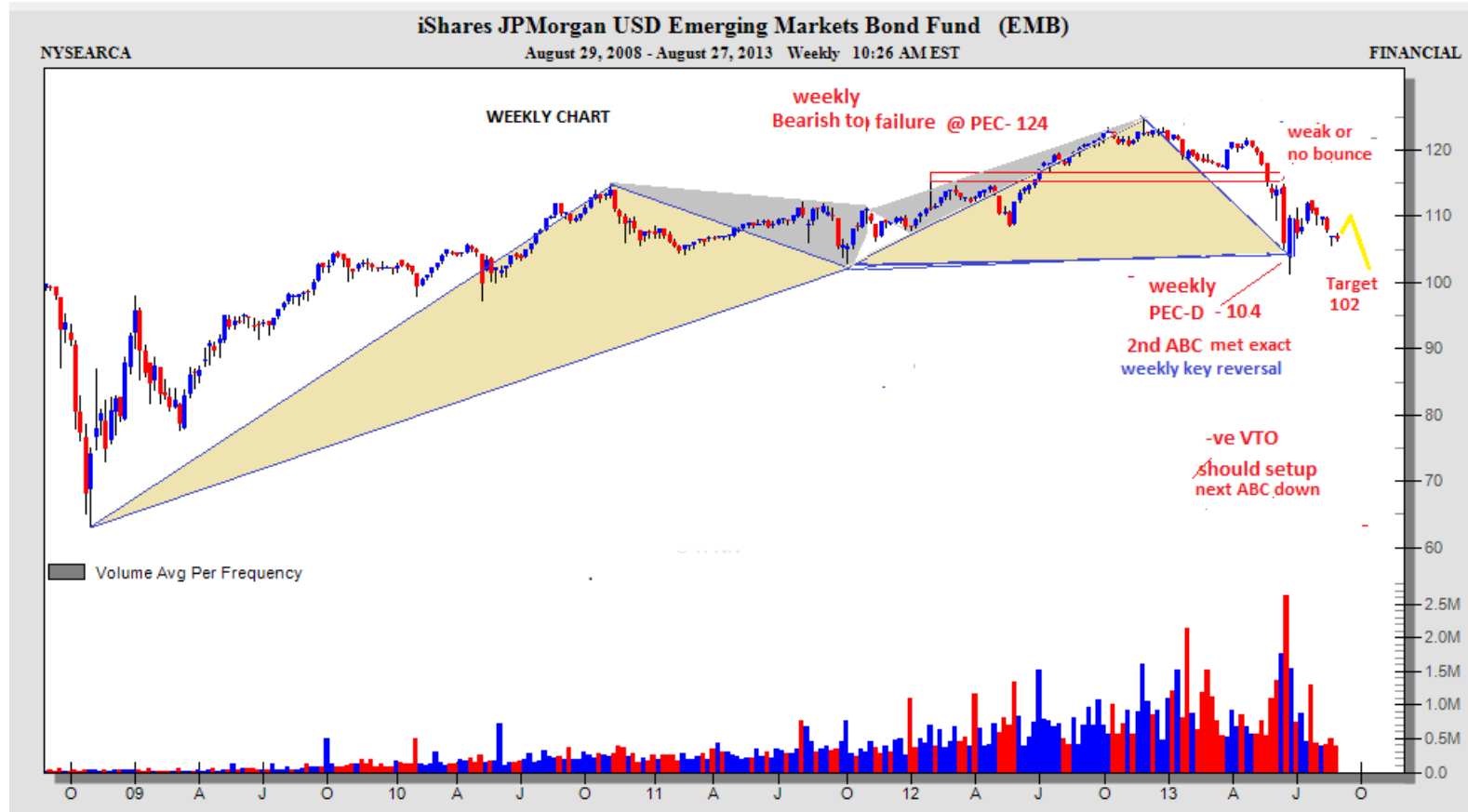
QQQ – (NASD 100) - CZ – PEC-D Analysis - BEARISH

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

Upside - Target to PEC-D 76. Bearish Top on <u>FAILURE to Scale in Net Short exposure</u>. **with –ve VTO,**

Downside - 1st ABC down PEC-D @ 73 any bounces from here should set up next ABC down to 69.5
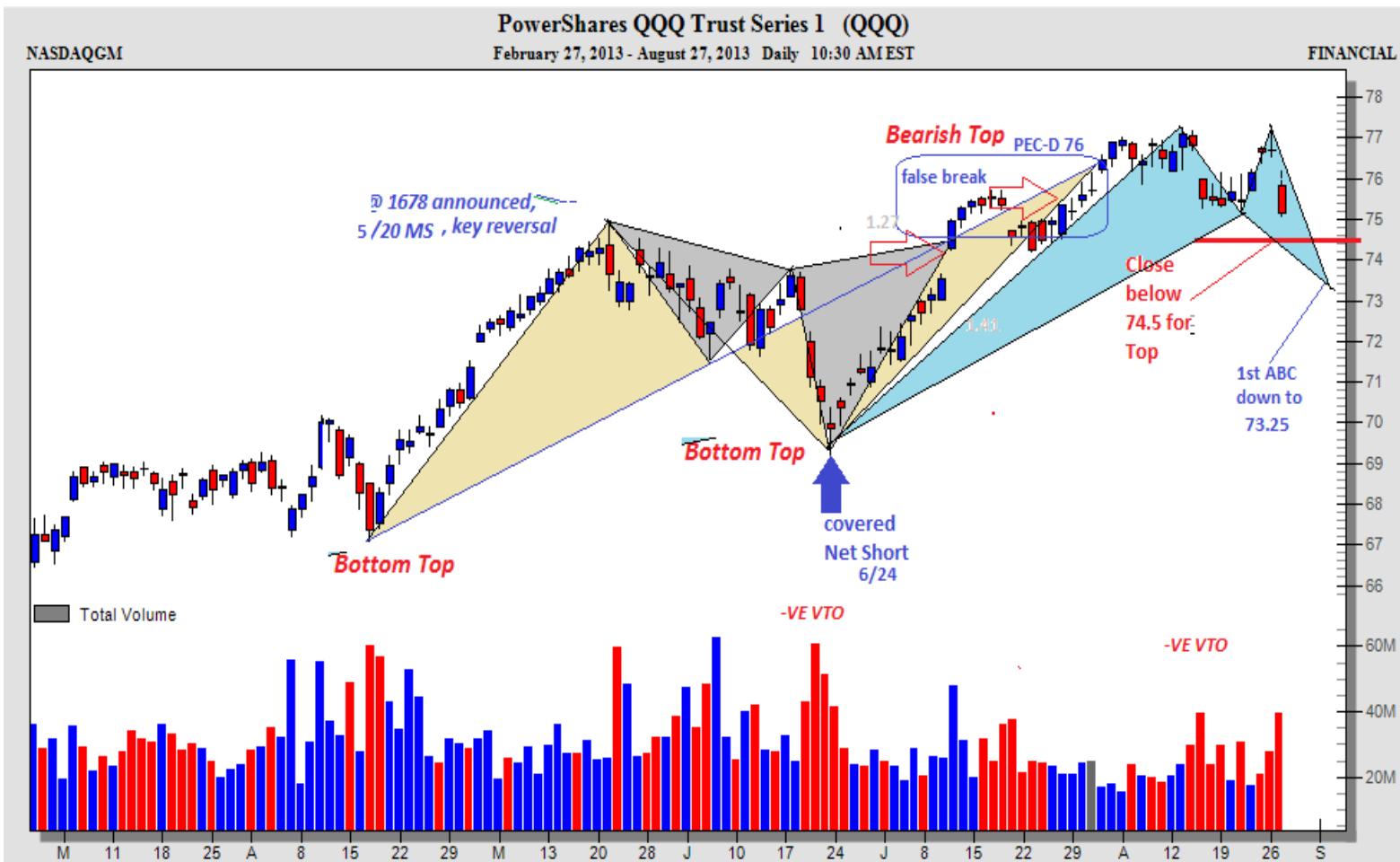
IWM – CZ – PEC-D Analysis - "BEARISH)

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

Upside - 3-Drives to Top to PEC-D 104 & PEC-D 102. Bearish Top on <u>FAILURE</u> **with –ve VTO & Money flow ,**

Downside - 1st ABC down PEC-D @ 98, any bounces from here should set up next ABC down to 93.5

iShares Russell 2000 Index Fund (IWM)
February 27, 2013 - August 27, 2013 Daily 10:31 AM EST
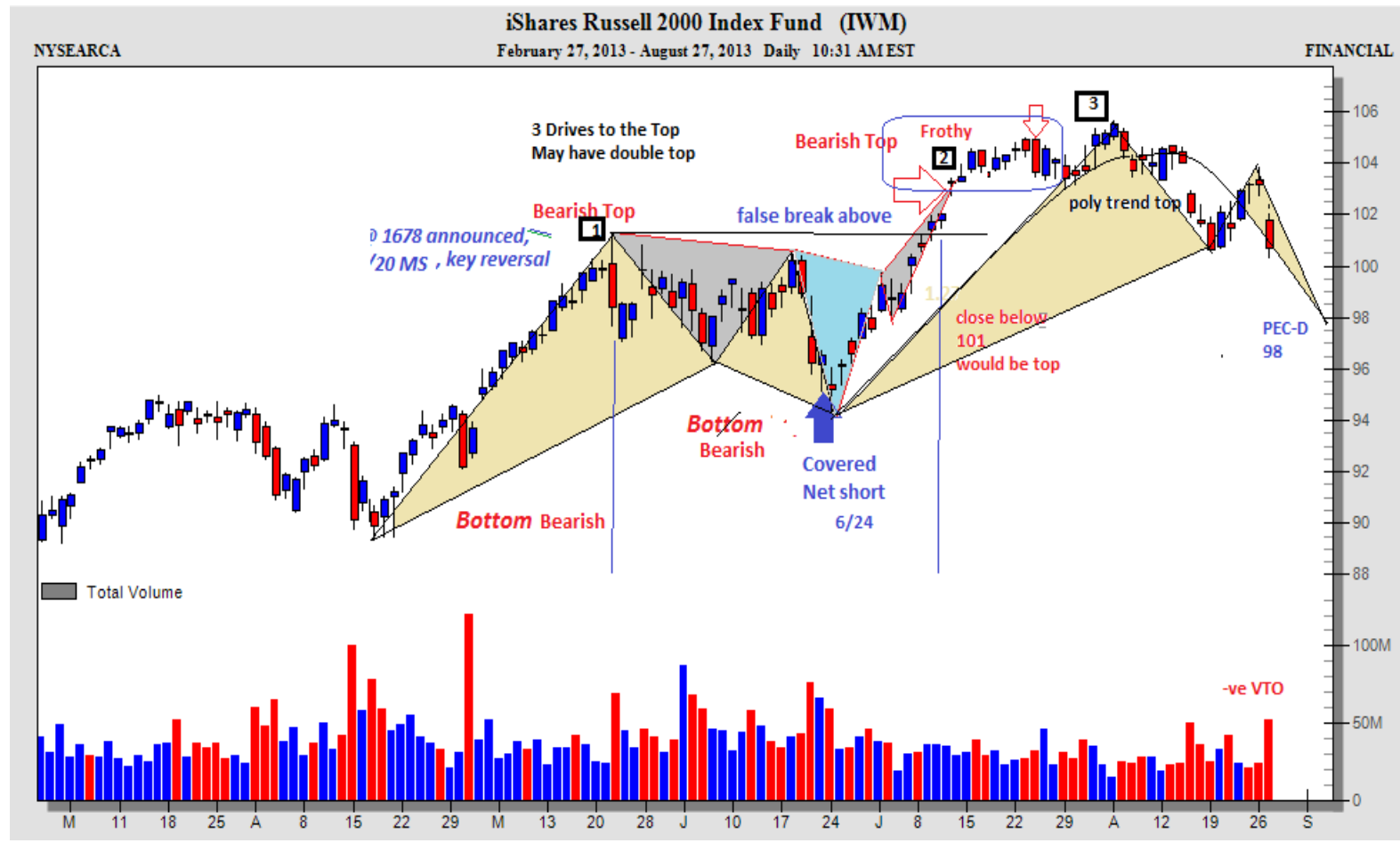
Appendix Content

- **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 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 steams to achieve confluence point D coinciding with POM
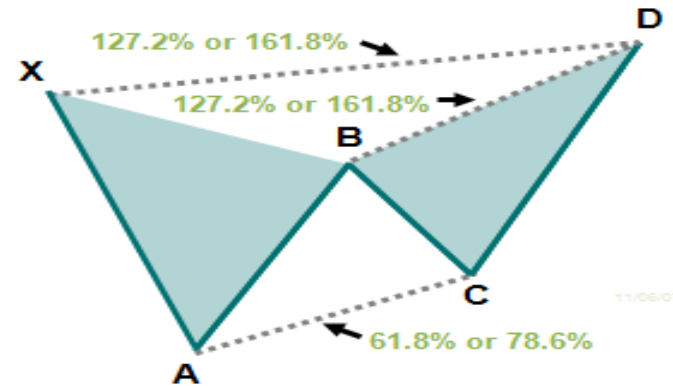
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

A
61.8% or 78.6%
C
B
127.2% or 161.8%
X
127.2% or 161.8%
D

Sell Pattern (bearish)

D
127.2% or 161.8%
X
127.2% or 161.8%
B
C
61.8% or 78.6%
A