



Date : 19th December (Thursday)

BROADER INDICES REPORT(Strategy & Prop Tech)

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Executive Summary

	Current Price	POM Triggered within CZ & Date	Follow up Alert Update For ST Trend Reversal & RM	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
TLT (BONDS)	102.77	POM 13 –Re Run CZ 107-115 Mean CZ At 111 Triggered 8/9	NONE	BULLISH <i>Should turn Neutral <u>only</u> if close under 102.2</i>	Net Long	NONE	Target – PEC-D 108-	1 st ABC PEC-D 112 Bullish Top	Pull back to Crash PEC-D 104 – retesting Bullishly	CZ 104-105, Should come into range above 105	RM ½ @ 102.2
IWM (SM CAP)	112.88	POM 15 (SPX) CZ 104.25 – 101.28 Mean CZ At 103.1 Triggered 7/24	@ 104.6 Reduced 1/2 Net Short On 10/3	BEARISH <i>Seasonality rally from lows 1780 is in progress</i> Alerted on Monday 12/16	Net Short	NONE	false break above PEC-D 106 On PQV	PEC-D 114 Momentum Thrust - Frothy No sign of failure yet	Pull back to 110 and then rally back to double top	1 st ABC down to 107 heavy bottom	Close below 110.2 wkly Would be 1 st confirmation 3 – Drives to the Top complete

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QQQ (NASD)	86.15	POM 15 (SPX) CZ -74.75-73.51 <i>Mean CZ At 74.28</i> <u>Triggered 7/24</u>	@ 77.23 Reduced 1/2 <i>Net Short On 10/3</i>	BEARISH <i>Seasonality rally from lows 1780 is in progress</i> <u>Alerted on Monday 12/16</u>	Net Short	NONE	false break above PEC-D 78 On PQV	PEC-D 86 Momentum Thrust – Frothy No sign of failure yet	Pull back to 83.5 and rally to double top	1 st ABC down to 79 heavy bottom	<u>Close below 83.50 wkly</u> <i>Would be 1st Confirmation</i> 1-3-5 Pattern complete
SMH (SEMI)	41.85	POM 15 (SPX)	NONE	NEUTRAL	CASH No signal	NONE	ABC up to 40 Complete	Extend to 42, but should fail with SPX		CZ 35-36 Best Risk Reward to enter Net long	Good candidate to be long after the correction.
MDY (MID CAP)	239.86	POM 15 (SPX)	NONE	NEUTRAL	CASH No signal	NONE	POM 15	TBA	TBA		Ditto
IYT (TRANS)	128.78	POM 15 (SPX)	NONE	NEUTRAL	NONE No signal	NONE	POM 15	TBA	TBA		Ditto

Continued.....

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EMB (EMG B.	108.5	NONE	NONE	NEUTRAL Bullish bias	NONE	NONE <i>No signal</i>	CZ 110.7-109.7 Met & broken out Bullishly	Target to CZ 114.5-113.75	Pull back to CZ 108-107 Met & rejected Bullish breakout area	PEC-D 104.5, floor CZ 103-101 Climax lows	<u>Best Risk</u> <u>Reward for</u> <u>Net long</u> <u>@ 102.5 PEC-D</u>

Overview

In Wednesday's action, Fed decided to dip its injections of free money only slightly, but promised to keep rates at the zero bound for longer than market participants had expected. The combination of relief and free money had an immediate impact on the market on upside.

Technically speaking as indicated in Monday's MS Report, SPX was projected to have the low point at 1775 by 17-18th December for Change-In-Trend due obvious Volume, CZ, TICK, TRIN and VIX reading and the market rallied as expected. A rally of 35 points. Fed certainly provided the reason to do so assisting SPX moving towards the double top projection of 1820. The Price path and Time line appears to be as depicted on Monday's MS Report.

On Wednesday, NASD volume was very heavy. It could be qualified a climax volume in middle of trend. Such behavior takes good amount of energy out of the market and causes some kind of stall. IWM did not show the same relative strength on Wednesday.

NASDAQ & Russell have met all long term weekly targets in Mid term time frame. Russell (Small caps) continues to underperform v/s SPX. The volume on downside picked up and last week's pull back. These are time driven rolling top and good candidate to add to Net Short. We are watching the NASDAQ-100 Index and Futures for signs of a top. That index has been leading (our "Lead Dog").

We expect Bonds to move sideways building base till seasonality rally is completed in equity. Thereafter we expect bond making big moves once the correction in Equity begins. Bonds should be much better than stocks for 3 months into 2014. For sometime the Money flow is showing +ve divergence with accumulation.

Update - - To Add to Net Short exposure in IWM, QQQ, let the Market exhaust itself on current Santa clause Rally with Bearish Momentum top or let the volume pick up on downside with "**close under price**" as Trigger. One can short counter Trend rally upon 1st failure to add previously exited positions at SPX 1670. We have refrained from adding any new position since 1670 avoiding short squeeze.

SPX- Portfolio – Overview

- SPX @1670 on 10/3, We Announced to - **Reduced** Short exposure **@ 1670** to avoid short squeeze
- SPX Failed @ 1687 to Trigger POM 15 - Mid term Turned Bearish 7/28

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

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

XLV ,XHB, EWJ , XLP, TLT

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

QQQ , IWM,

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

Broader Indices Overview

- BULLISH - **TLT-**

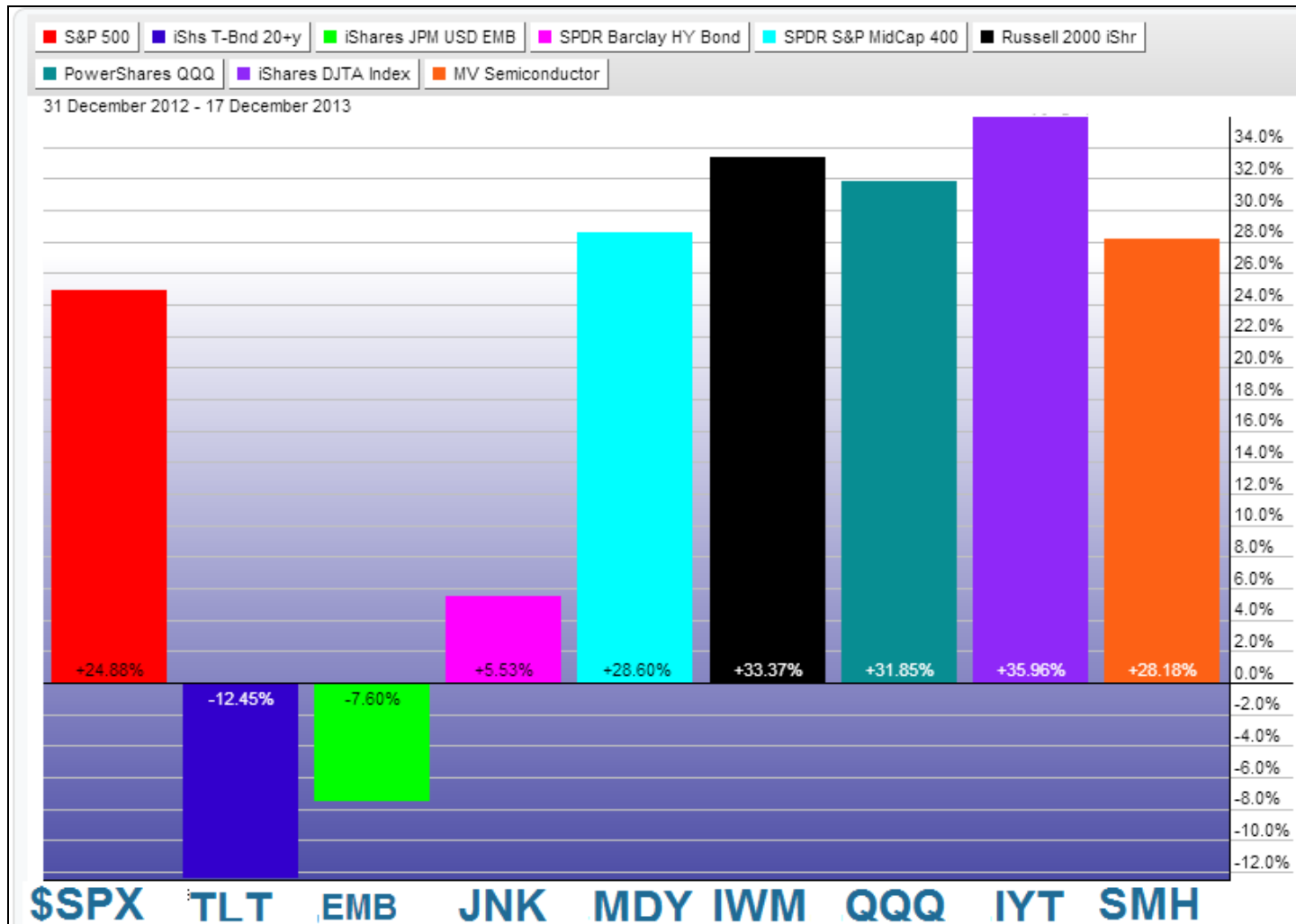
- BEARISH- **QQQ, IWM,**

- NEUTRAL - **EMB, MDY, IYT, & SMH - No SIGNAL. - Neutral Top & Neutral Bottom**

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 - Bullish

Downside – Pull back Retesting CZ 104-105 several times

. We would like to see close above 105 on weekly . Stop RM -102.2

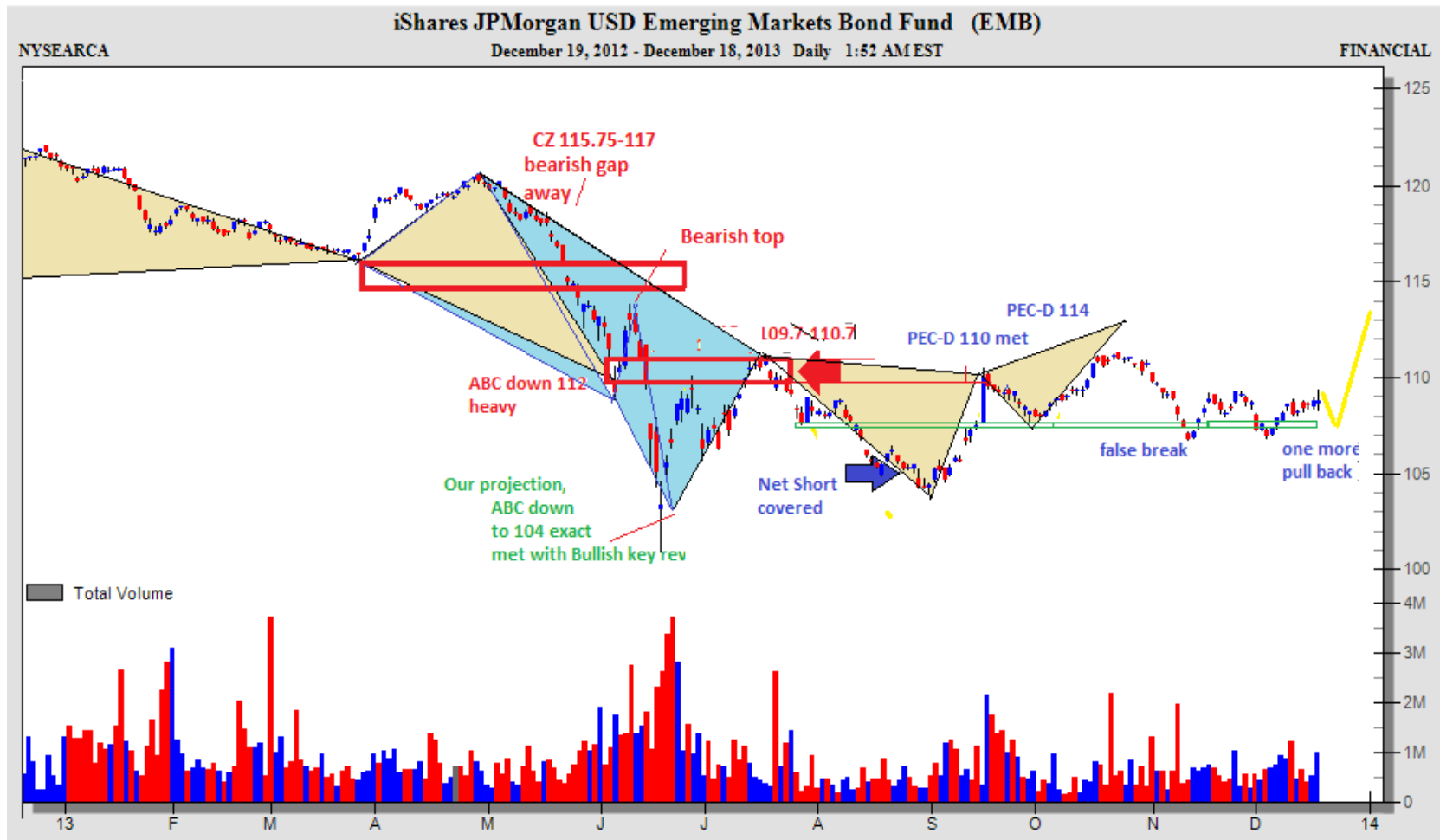
Upside - , Upward move to PEC-D 108 is left incomplete for re test .



EMB (EMG Bonds) – CZ / PEC-D / Ratio Analysis – Daily – Neutral with Bullish bias

UPSIDE – CZ 114.5-113.75

DOWNSIDE – Pull back to CZ 107-108 – Met & rejected lows . Bullish breakout area .

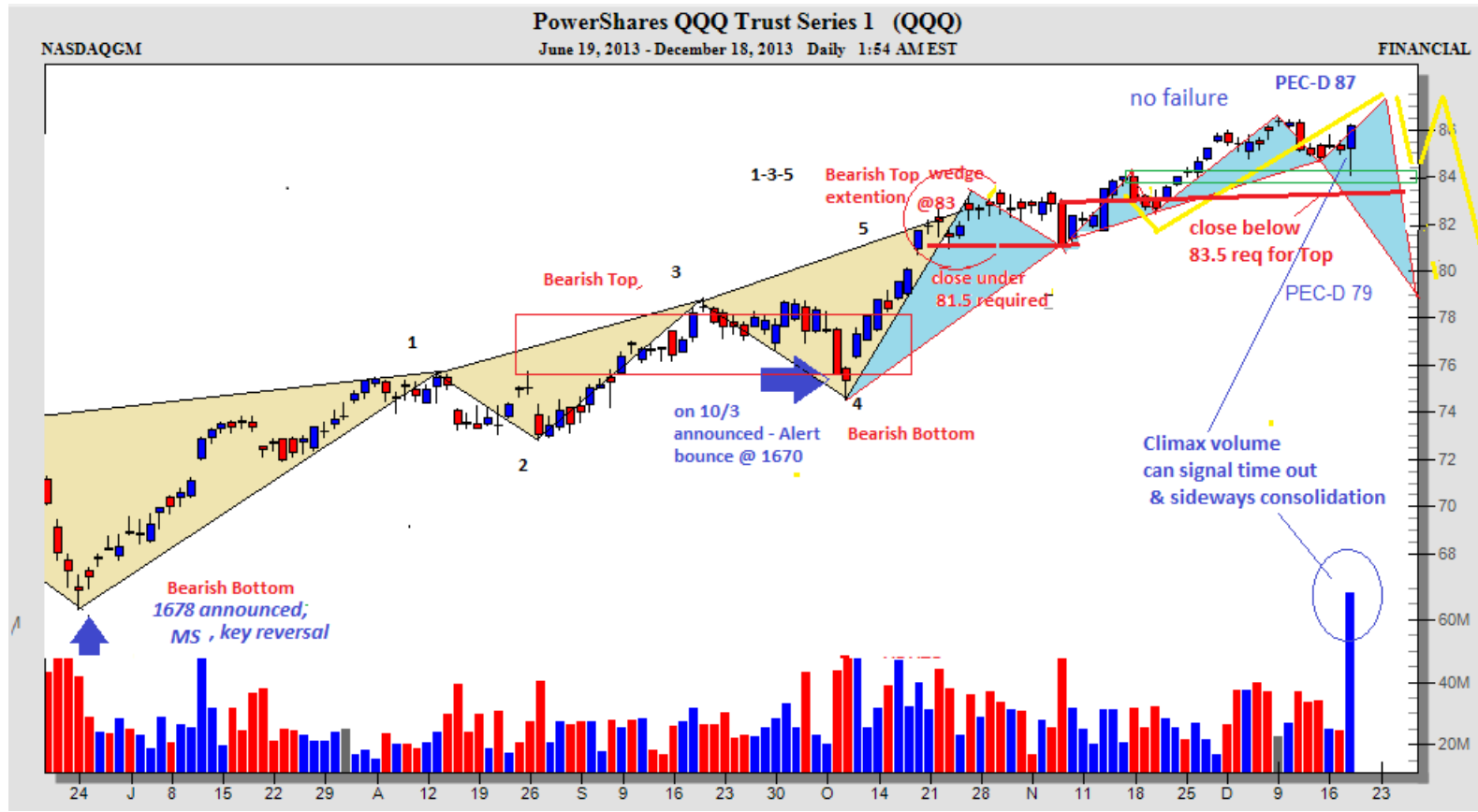


QQQ – (NASD 100) - CZ – PEC-D Analysis - **BEARISH**

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

Upside - Bearish Top extended to 86 with -ve VTO , PEC-D 79 is the natural price. **- No failure**

Downside - Pull back to PEC-D 83.5 and then 1st ABC down_PEC-D @ 79,

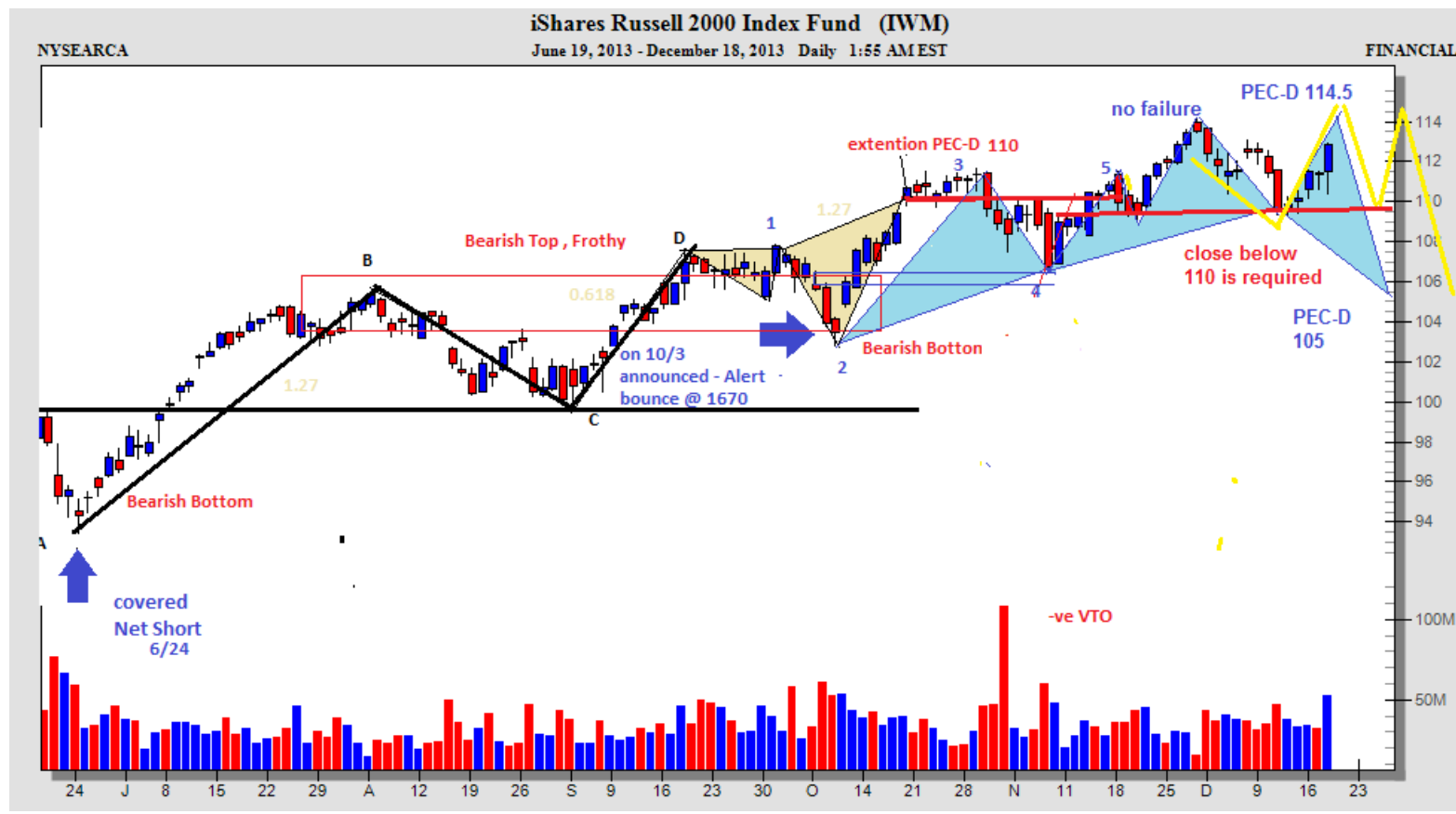


IWM – CZ – PEC-D Analysis - “BEARISH)

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

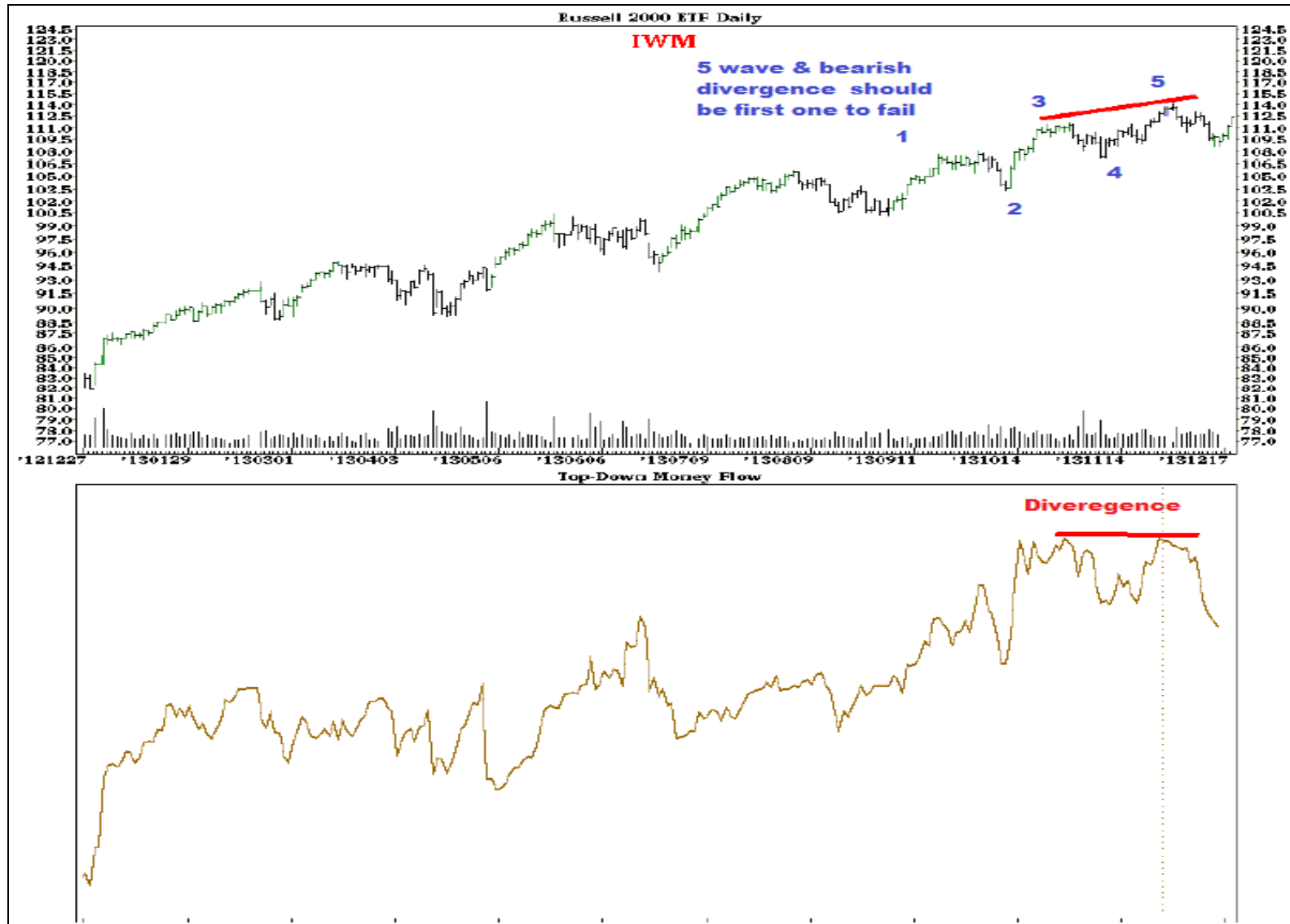
Upside - Bearish Top extended to 114 , 1-3-5 pattern with -ve VTO , **- No failure**

Downside - Pull back to **PEC-D 110** and then 1st ABC down **PEC-D @ 107**,



IWM - CZ – PEC-D Analysis - BEARISH

Five Wave 1-3-5 completion with Bearish divergence , should be first index to mark the top



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)

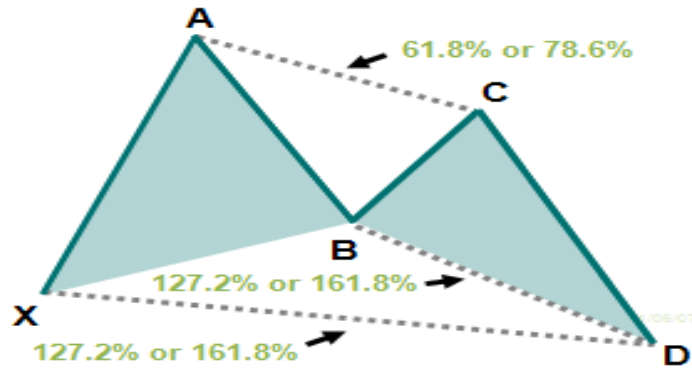
Pythagoras Expansion / Contraction – (PEC) Model

- **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**

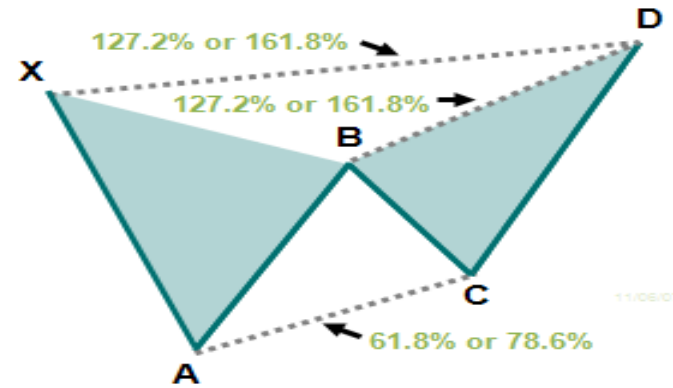
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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