



Date : 17th July 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)	108.6	POM 13 – Re Run On 01/7 Core position	CZ 115-117	BULLISH extended beyond pull back CZ 115	Net Long ½ Re Entry @ 116	NONE	CZ 124-128 Bullish Top	CZ 135-136	Gap below 108 Is being filled & re tested <i>Close above 111 required</i>	LT Extended PEC-D @ 107 (Refer chart Below)	Earlier closed TLT positions For profit 115 to 122- 7 points Round trip (Lost all Previous Profits)
IWM (SM CAP)	103.1	POM 15 (SPX)	CZ 101.28-102.42 "Scale in" 7/10	BEARISH Topping	Net Short	NONE	PEC-D 102 met, may blow of & fail <i>Close below 101 Would be Trigger</i>	SPX Target 1688 or Wave 5 Complete <i>No Trigger Yet</i>	1 st ABC down to 98	CZ 93-94 heavy bottom	Bearish Top Engulf @ 99 is intact on 5/22
QQQ (NASD)	75.37	POM 15 (SPX)	CZ 73.51-74.29 "Scale in" 7/10	BEARISH Topping	Net Short	NONE	PEC-D 76 Should fail <i>Close below 74.5 Would be trigger</i>	SPX Target 1688 or Wave 5 Complete <i>No Trigger Yet</i>	1 st ABC down to 72	CZ 69.5-70 heavy bottom	Bearish Top Engulf @ 75 is intact on 5/22

Continued.....

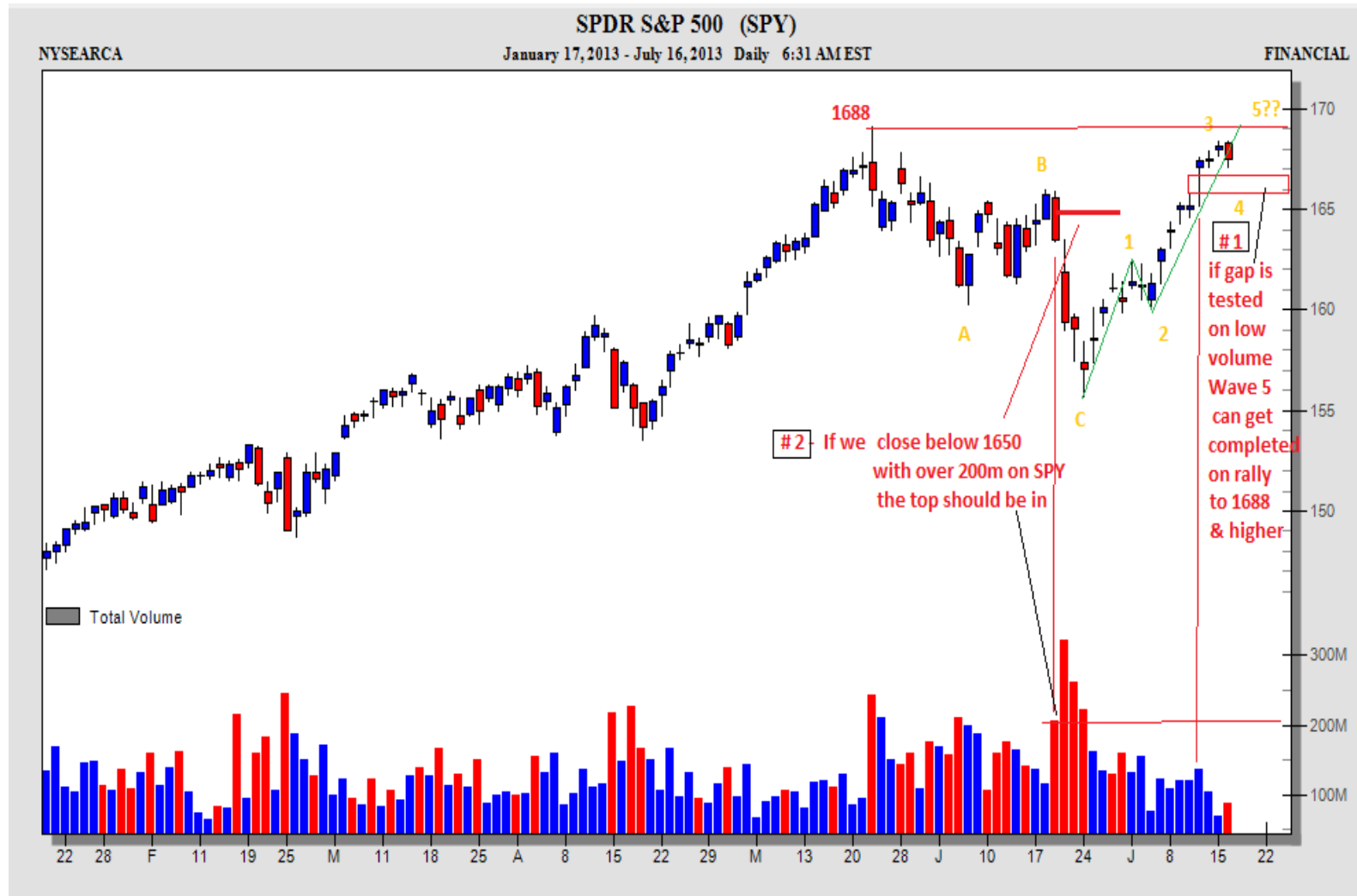
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SMH (SEMI)	39.5	POM 15 (SPX)	NONE	NEUTRAL	CASH	NONE	ABC up to 40 <i>No signal</i>		CZ 38-37.5	CZ 35-36	SMH - Good candidate to be long after the correction.
MDY (MID CAP)	221.3	POM 15 (SPX)	NONE	NEUTRAL	CASH	NONE	POM 15 <i>No signal</i>	TBA	TBA		
IYT (TRANS)	114.46	POM 15 (SPX)	NONE	NEUTRAL	NONE	NONE	POM 15 <i>No signal</i>	TBA	TBA		<u>DOW THEORY</u> " Triggerred <u>SELL SIGNAL</u> @ 14700 on 6/6

NOTE –

Humphrey Hawkins Testimony , Dr Ben to speak at Capital Hill with Finance committee. This should act as great Trigger to get any Market direction. Later in day Fed Beige book to be released. **We have special Situation SPX below**

SPY – PQV / CZ Analysis – (Special Situation)

SPX has still not touched our Target 1688 to prove the point. It should crawl higher. SPY chart below has two option # 1, & # 2 (notes within) . We could look to add our exposure upon failure to manage downside Risk.



SPX- Portfolio – Overview

- **Update- Portfolio -** Turned slightly Bearish on 7/10 @ POM 15 – from Market Neutral POM 14 @ SPX 1570 . On 6/24 we closed our Net Short exposure **IWM, QQQ, XLB, XLE** for profit and avoided the Short Squeeze of 100 SPX points.
- **Update-** We Plan to **add some Net Short exposure** when SPX FAILS completely around 1688, Bulls can wait for pull back to add longs
- **Current Short** - for Market Neutral in **IWM, QQQ** is a Short leg in Bearish instrument to Hedge against the Bullish Top Instruments , taken on 2/20, 2/25, 3/06 . for **positive SPREAD** during same time frame.
- **TLT** – ½ Position entered at 116 is currently under water . This is re cycling exposure. We closed previous Positions on TLT for Profit . We plan to increase the 2nd half position upon full rejection . Currently we **are Short EMB** due to Bearish Top & Bearish bottom which should act as suitable Hedge to TLT till things stabilizes with QE discussions

EQUITY Portfolio Holdings - Non Marginable

- **NET LONG** at POM 13 / in Main Bullish CZ : Bullish Tops / Bullish Bottom
XLV,XHB, FXI ,EWJ, XLP , TLT
- **SHORT -LEG** For Hedge Net long exposure (at/ in Bearish CZ : – Bearish Tops / Bearish Bottoms
QQQ , IWM , EMB
- **NET SHORT** at POM 15

Initiate to Scale in on failure in Bearish Instrument for Short Bias

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

Broader Indices Overview

- **BULLISH INDICES** - **TLT**- Pull back extended but bottoming .
- **BEARISH INDICES**- **QQQ, IWM – extended in nose bleed**
- **NEUTRAL INDICES** - **MDY, IYT, & SMH**

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

QQQ, has been up 14 days in row and IWM is acting frothy.

This Rally from 6/24 lows has given another opportunity to Scale in Net Short on 7/10 & there after in these Bearish Instruments. We shall scale in gradually to our “full exposure “ .

- **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 .

TLT (BONDS)– Pull back extended below CZ – Bottoming process

TLT is showing bottoming process. Extended PEC-D's to 106 below 108 gap has been tested successfully.

Bonds are a way oversold due to QE - fears. TLT has extended the lows on false break below **CZ 115-117** previously PQV Validated Bullish Bottom Zone on lighter volume. TLT Needs to get back in range above 111 first and then 115. The next rally should begin to the Bullish top at **128 or at 136**.

Weekly & Monthly chart on price and volume is more clear . In spite of decline there is no Bearish bottom and has it previous Bullish top in place. (Refer chart below)

Our Re - entry at **116** on ½ recycling Position is in tact. Upon rejection of lows @ and close above 115 , we may add the 2nd – ½ position back . **Earlier** - For same position we finished **round trip** on 10% exposure with profitable gains 1ST half 117 to 121.5 and 2nd half from 115.5 to 118 (stopped out)

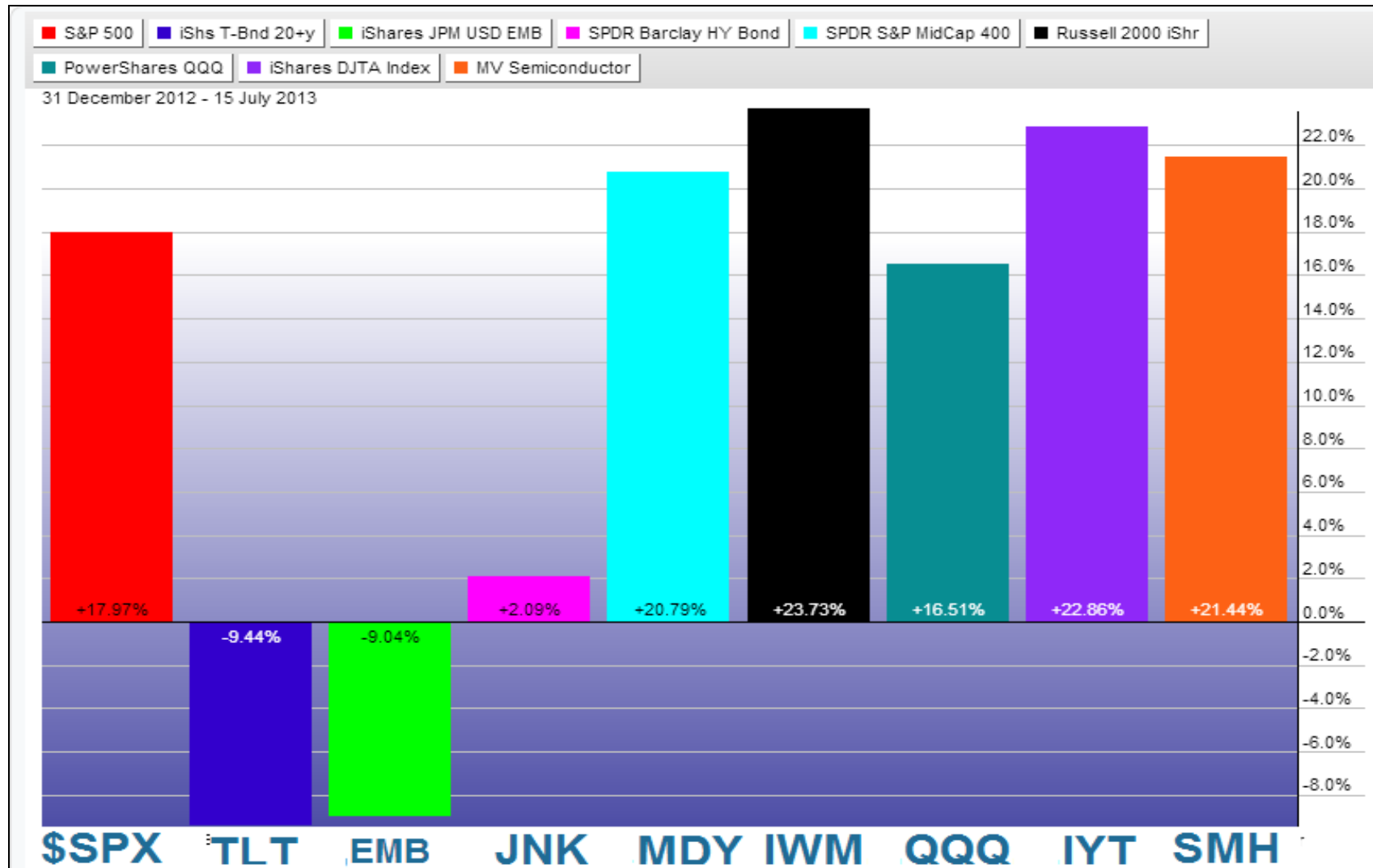
• DOW TRANSPORT THEORY (IMPROVISED - For Monitoring Purposes ONLY - Sell Signal 6/6

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

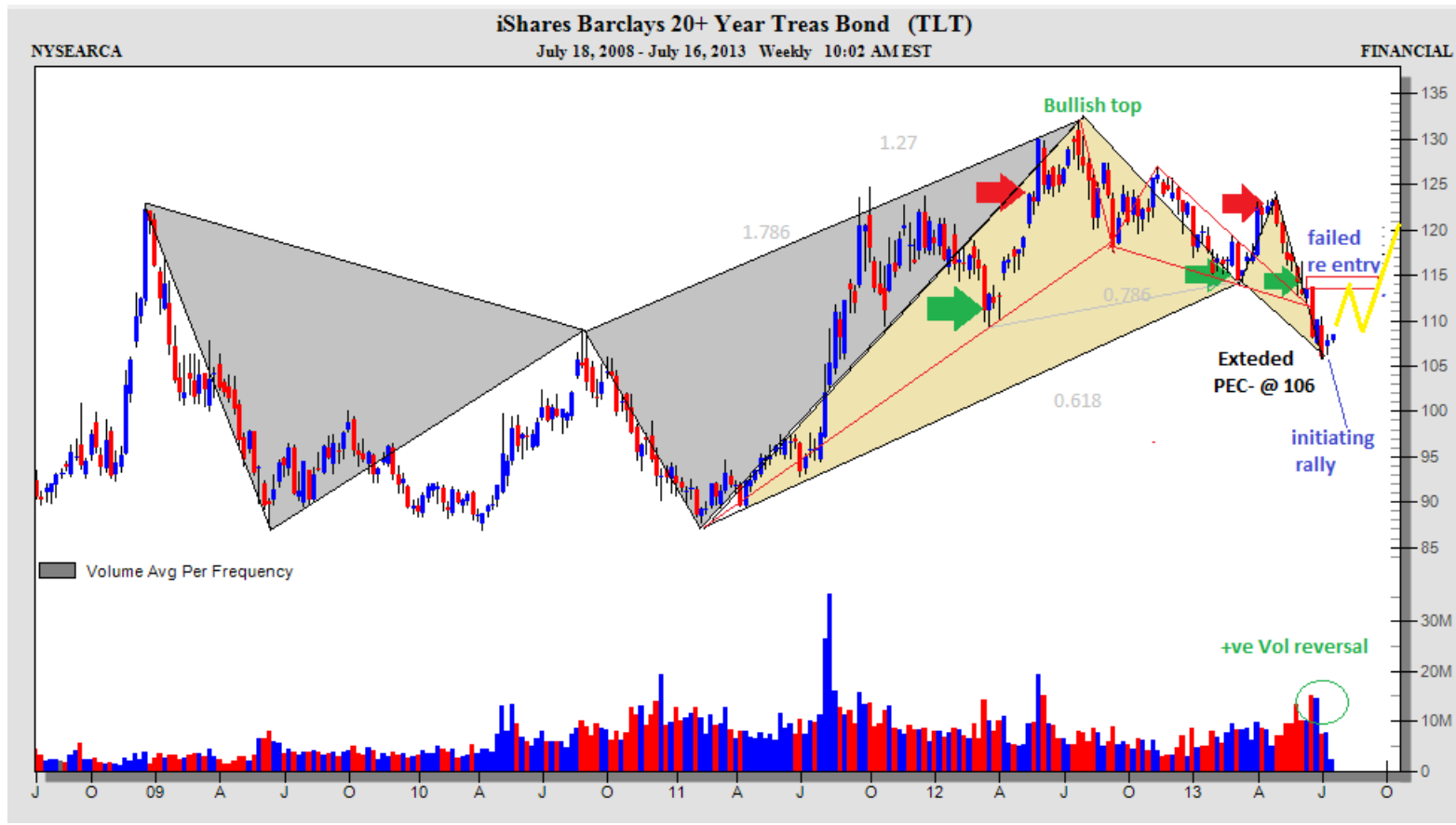
2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX .



TLT (Bond) – CZ- **extended.** PEC- D Analysis – Weekly

Downside - Rally has initiated Rejecting the lows into the **Gap of 1.08.** & **Extended PEC-D 1.06** , +ve vol reversal
It was false broken downside below _Pull back **CZ 115-117.**

Upside - Close above 111 , TLT should rally to **CZ – 124-128** (Bullish top).

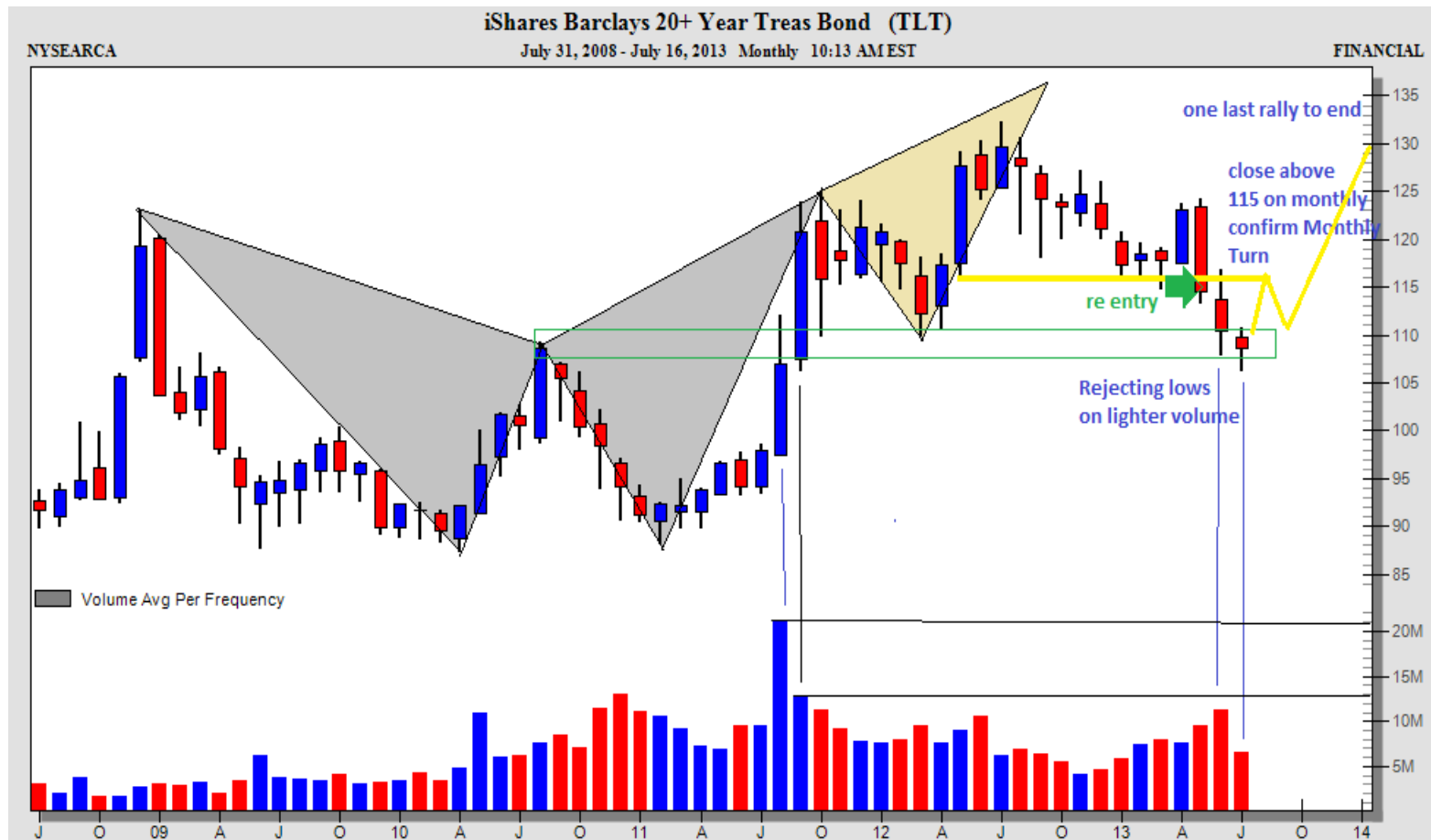


TLT (Bond) – CZ- PEC- D Analysis – **BIG PICTURE** -

Monthly Downside - pull back PEC- D at 115 – is clearly extended Post FOMC announcement (Refer notes within chart) .
Triggered POM 13 re in CZ 115-117.

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

Monthly Upside - Close above 115 on Monthly PEC- D projects to target 136 .



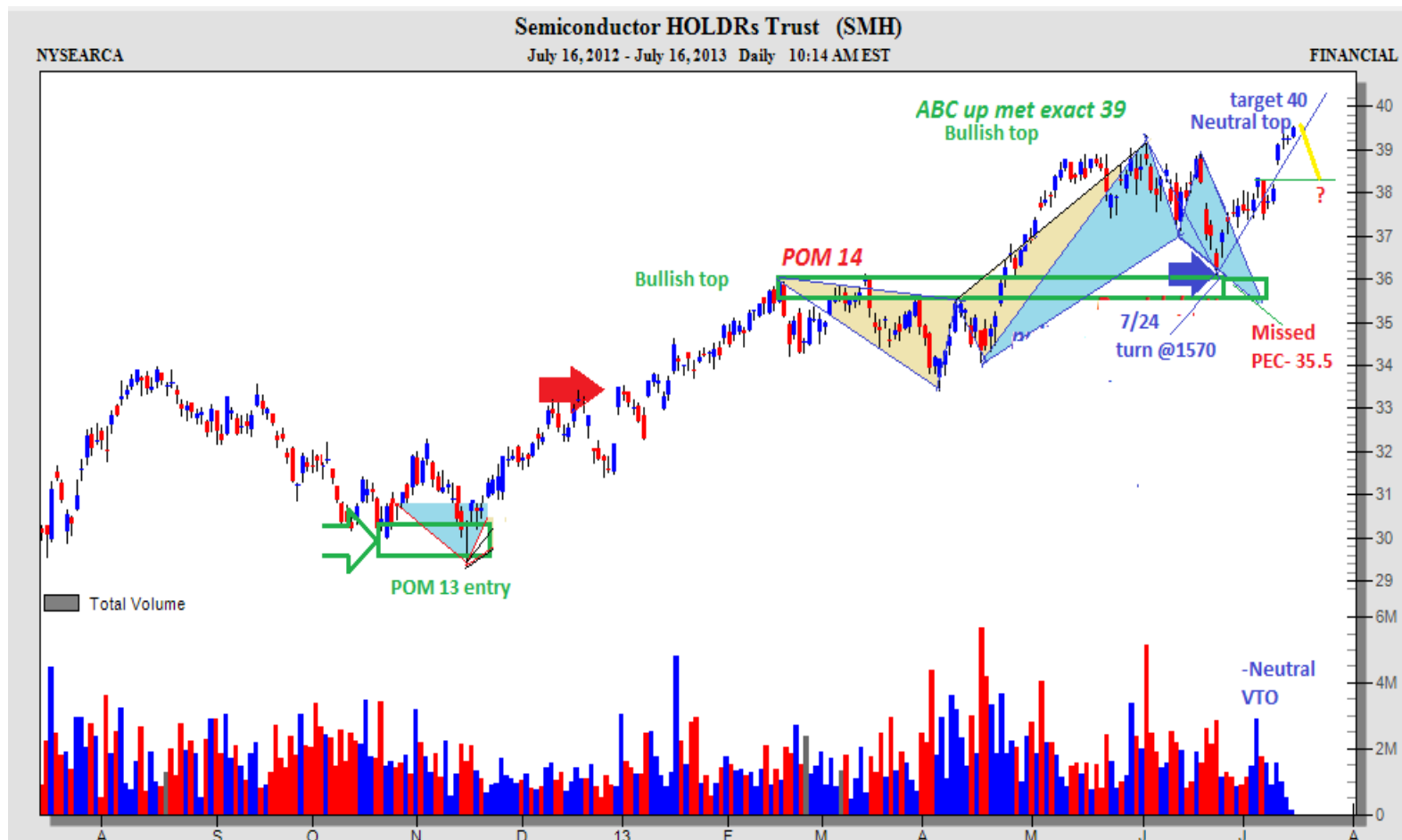
SMH (SEMI) – CZ - PEC- D Analysis – Neutral

- Texture – NEUTRAL TOP & NEUTRAL BOTTOM

Pull back – CZ 35.5-35.5 , - Missed by 50 cents at the time of POM 14 Re on 6/24 – SPX turn @ 1570.

Upside - Our Projected ABC up 40 with Neutral Top , But should pull back now to 38 It is not clear yet beyond that till decline begins.

Down side - CZ 35-36

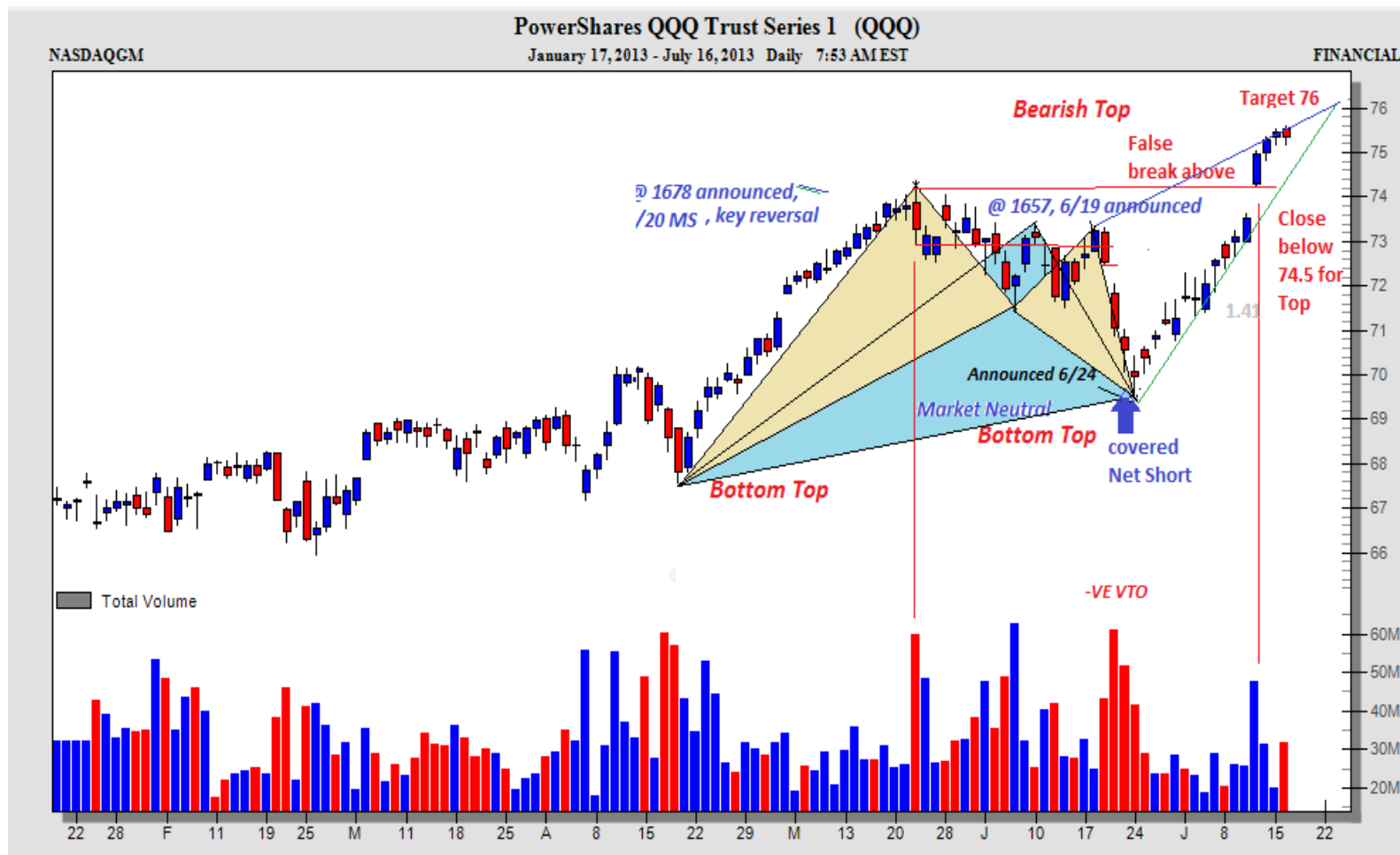


QQQ – (NASD 100) - CZ – PEC-D Analysis - **BEARISH**

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

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

Downside - 1st ABC down PEC-D @ 72

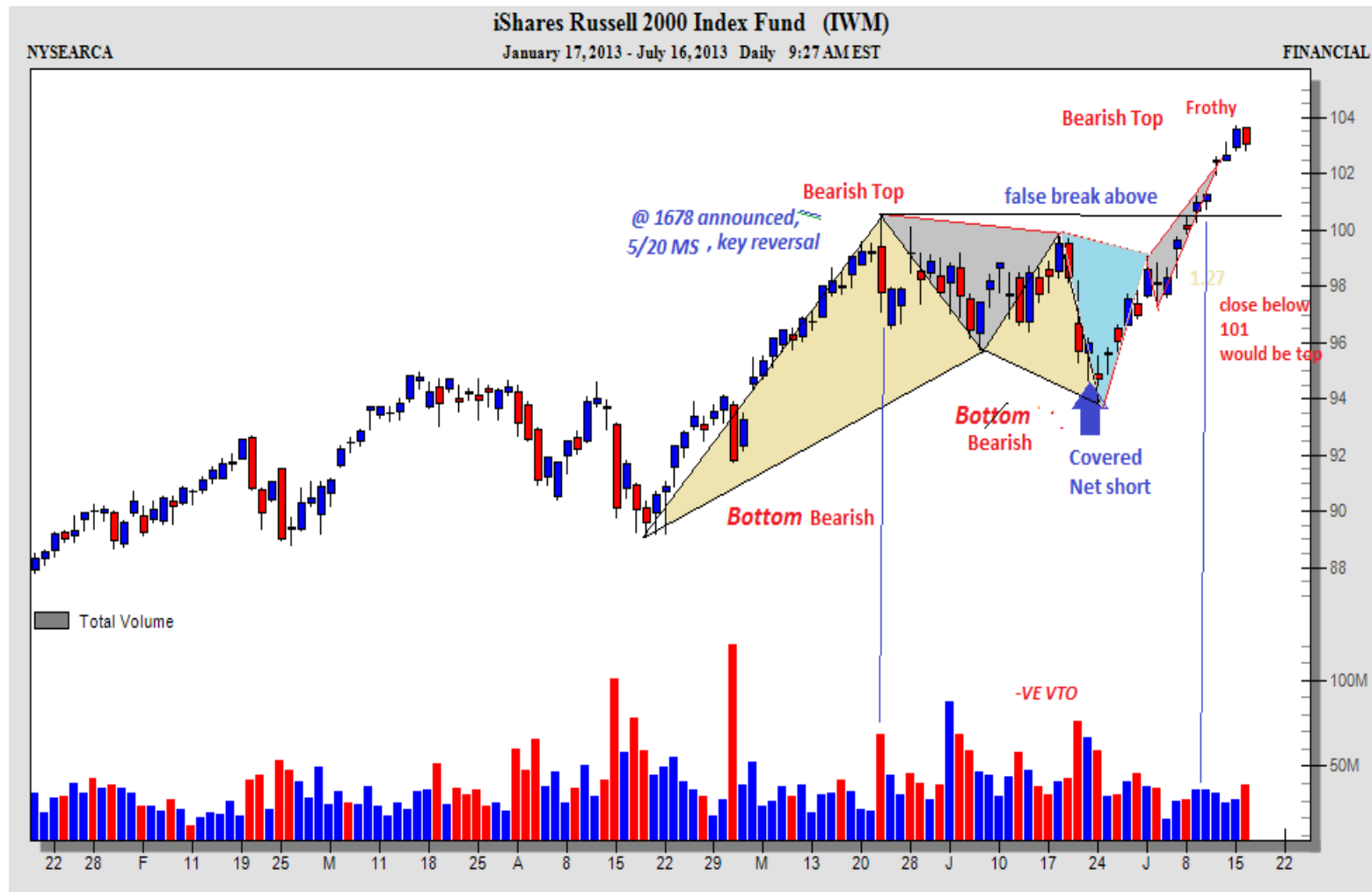


IWM – (RUSS 2000) - CZ – PEC-D Analysis - “BEARISH)

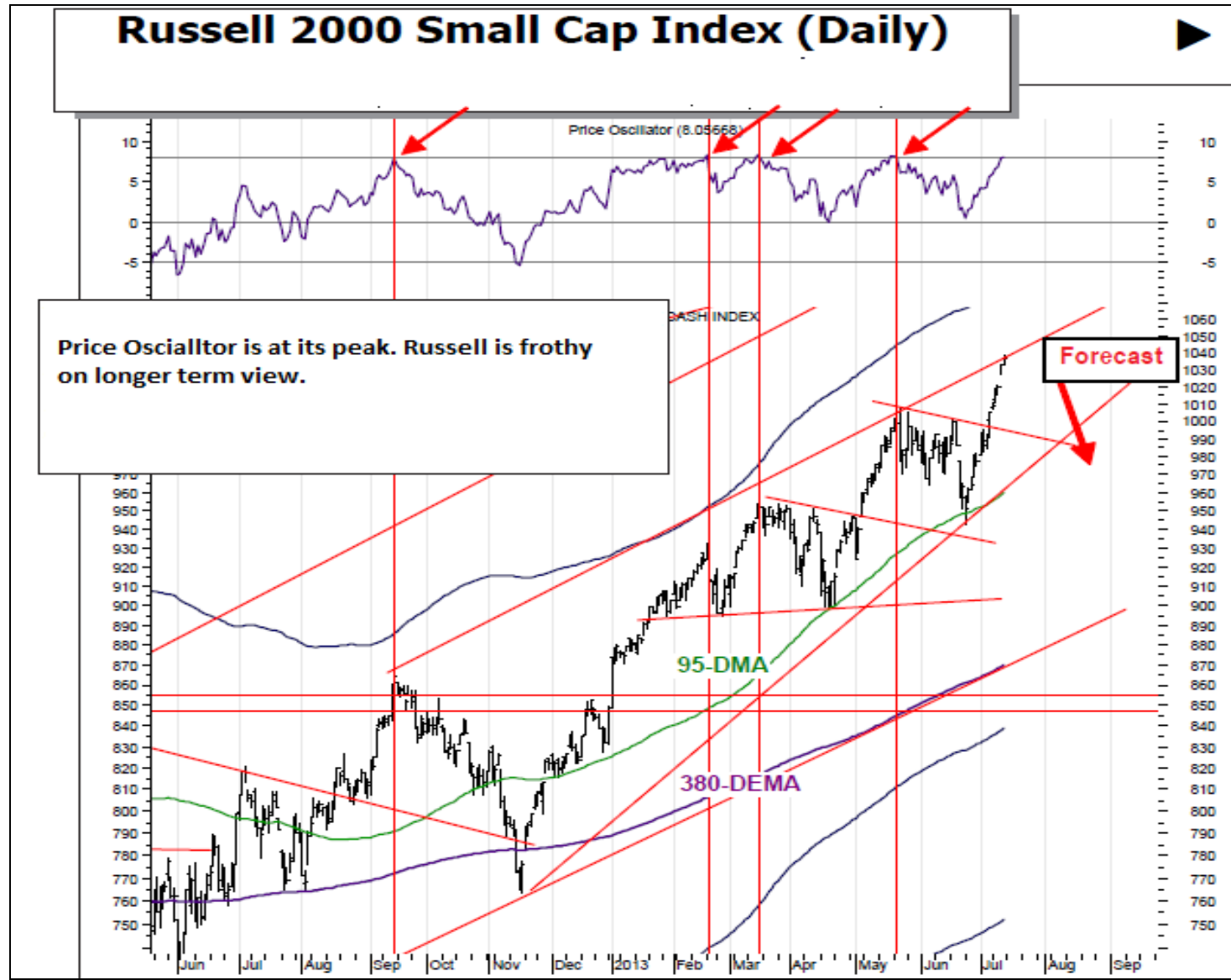
- Texture - TOP BEARISH CZ. & TOP BEARISH CZ)

Upside - Target to **PEC-D 102**. Bearish Top on FAILURE to Scale in Net Short exposure. with **-ve VTO**,

Downside - **1st ABC down** PEC-D @ 98



(RUSS 2000) - Analysis - Mid term **“BEARISH”**



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)

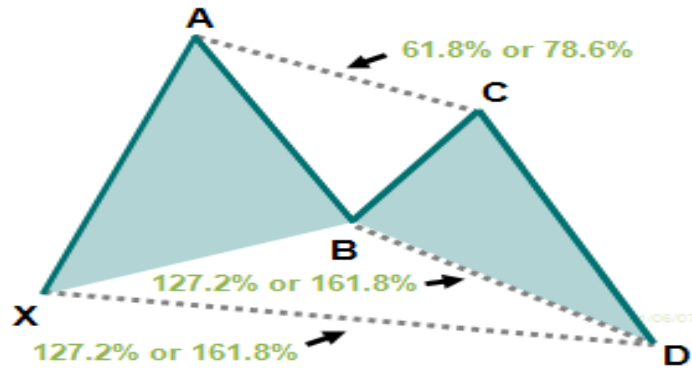
Pythagoras Expansion / Contraction – (PEC) Model

- **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**

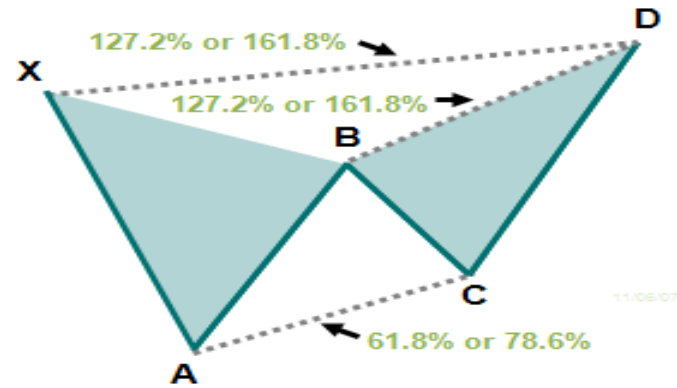
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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