



Date : 26th June 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	Mid Term 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	POM 13 -Re Run On 01/7 Core position	CZ 115-118	BULLISH Pull back Has extended beyond our pull back CZ	Net Long Re Entry @ 116 - ½ exposure (Refer note below in commentary	NONE	CZ 124-128 Bullish Top	CZ 135-136	CZ 115-117 Pull back Is false break below. PQQ Validated	Gap at 108 Is being filled Close above 111 required	Earlier we closed TLT positions For profit 115 to 122 Round trip
IWM (SM CAP)	95.51	POM 14 @90.97	2/20,2/25,3/06	BEARISH (Bounce in progress)	Net Short Hedges in place For Market Neutral Port	NONE	CZ 97-98 Summer rally target	CZ 99-100 Failed Decisively 5/30 – Report Alert	CZ 93-94 MET heavy bottom	ABC down To 90.2 CZ 90-91	Bearish Top Engulf @ 99 is intact.
QQQ (NASD)	70.54	POM 14 @67.38 avg	2/20,2/25/3/06	BEARISH (Bounce in progress)	Net Short Hedges in place For Market Neutral Port	NONE	CZ 72.20-73 PEC-D 72.60 Summer rally target	CZ 74.5-75 Failed Decisively 5/30 – Report Alert	CZ 69.5-70 MET heavy bottom	ABC down To 66.9 CZ 67-68	Bearish Top Engulf @ 75 is intact

Continued.....

	Current Price	Triggered POM or CZ & Date	Triggered within CZ & Date	Progress Status	Current Position	NEW ACTION (Trigger to Watch)	Upside CZ <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downsi de CZ <u>Near term</u>	Downsi de CZ <u>Mid term</u>	Remark
SMH (SEMI)	37.0	POM 14 @35.92	NONE	NEUTRAL Bullish bias	CASH .	NONE		ABC up to 39 Met Bullish top	CZ 36.5-36 MET heavy bottom	ABC down To 35.1 Net long Area upon validati on	SMH - Good candidate to be long at ABC down 35.1 Exited for 9% profit. (30 to 32.7) In current rally
MDY (MID CAP)	207	POM 14 @204	NONE	NEUTRAL	CASH	NONE	N/A	TBA	TBA		Exited for 6.5 % profit. (176.5 to 188avg In current rally
IYT (TRANS) Announcement	109	POM 14 @107	NONE	NEUTRAL	NONE	NONE	N/A	TBA	TBA		DOW THEORY " Triggerred SELL SIGNAL @ 14700 on 6/6

Portfolio – Overview

- **Update- Our Portfolio** is well balanced for our conservative stance at Market Neutral POM 14 Re Run rating at SPX 1570 – 6/24 MS Report. We closed our Net Short exposure **IWM, QQQ, XLB, XLE**. **This turned out to be timely as rally is in full flow.** **We wait for rally to re instate the position when SPX FAILS . We shall announce it accordingly**
- **“Net Net”** , we were able to close / unwind our overall POM 15- Net Short exposure
- **Our current Short ownership** 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 . with Long leg it has positive **SPREAD** during same time frame.
- **If SPX declines to 1535 , its 3rd ABC down** without much bounce from here @ 1580 , we would Trigger Net Long if PQV is validated and cut back ownership of Short leg for Net long bias.
- **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

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** (at/ in Bearish CZ : **Bearish Tops / Bearish Bottoms**

QQQ , IWM ,
- **NET SHORT** at POM 15-
NONE

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

This has been 4th year (2013) in row , SPX has gone into correction post May 1st. 2013 (-7.5% so far), 2012 (-10%), 2011(-19%) –US Rating downgrade , 2010(-16%) Flash Crash .

Broader Indices Overview

- BULLISH INDICES - TLT- Pull back extended.
 - BEARISH INDICES- QQQ, IWM – Bounce in progress
 - NEUTRAL INDICES - MDY, IYT, & SMH
-
- QQQ, IWM - BEARISH with heavy Bottom

After the July Holiday rally , we should get another opportunity to go Net Short in these Bearish Instruments upon failure. This would present best Risk / Reward. Current ownership in **QQQ & IWM** are our Short leg suitable Hedge against existing long positions. We announced to “scale in at appropriate Prices on 2/20,2/25, 03/06 periodically .

- MDY, SMH, IYT NEUTRAL - strength still active. No SIGNAL

SMH has Bullish Top & Bearish 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)– BULLISH” – Pull back extended below CZ .

Bonds got a way ahead of itself on downside in FOMC Panic . Rates were climbing up their polytrendline, we should actually see rates coming down again before they head higher on next leg up.

Simultaneously , TLT has extended the lows on false break below CZ 115-118 previously PQV Validated Bullish Bottom Zone on lighter volume. TLT Needs to get back in range above 115.

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

We are looking at Weekly & Monthly Charts for Analysis.

At 108 there is a gap that has been testing currently. Upon completion of this Re test , next rally may very well be the final rally in 30 yr Bull Market. There exists the Bullish top at 128 or at 136.

NOTE - 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 . 1/2 exposure 117 to 121.5 and 2nd half from 115.5 to 118 (stopped out)

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

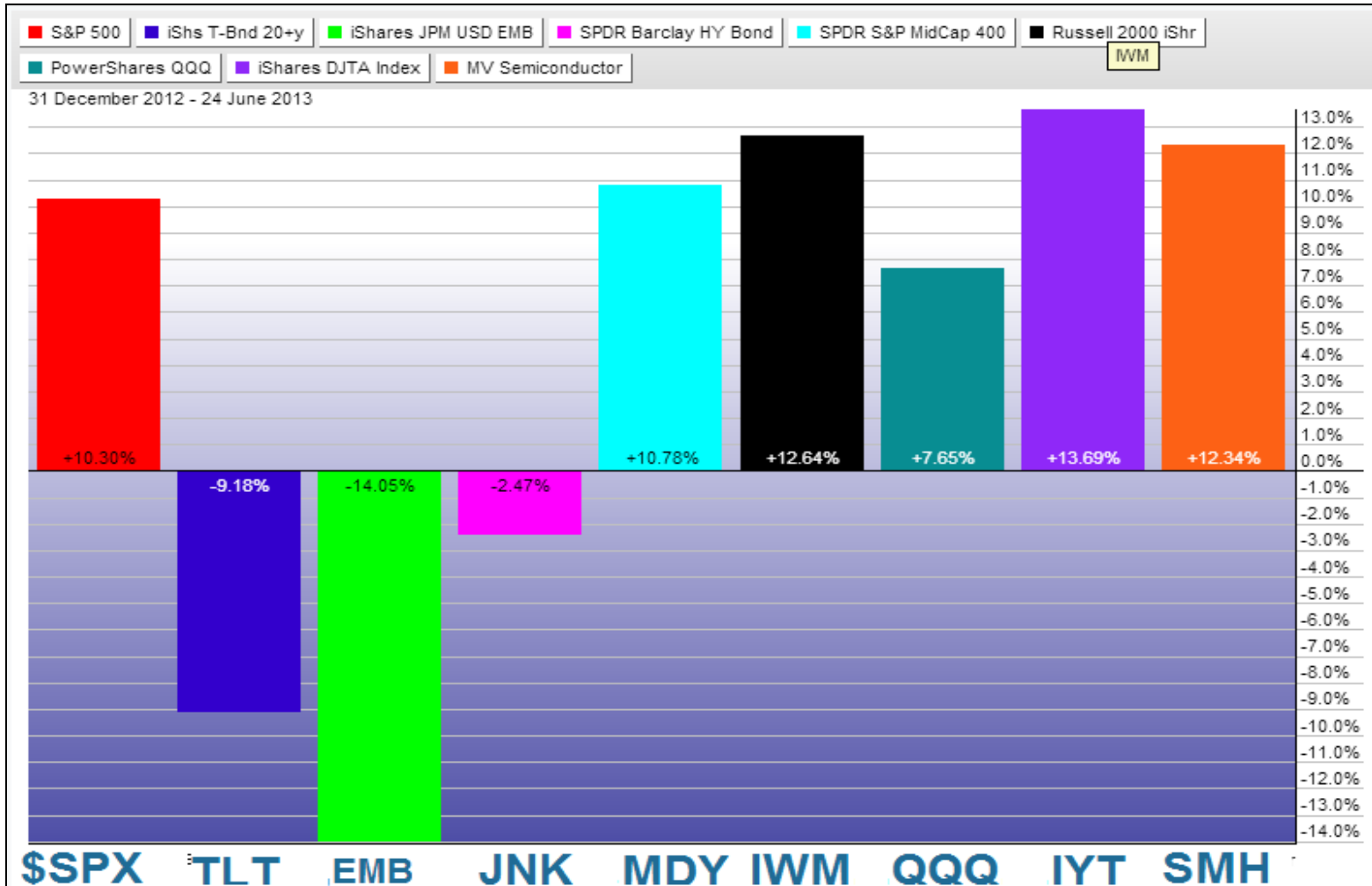
SIGNAL - Based on conventional DOW Theory - Triggered “ Sell Signal “ on 6/6 @ 14700 . Ending the previous Buy Signal Triggered @ 13850 on 1/29 – for 850 points gains.

This Signal has worked out successful 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 .

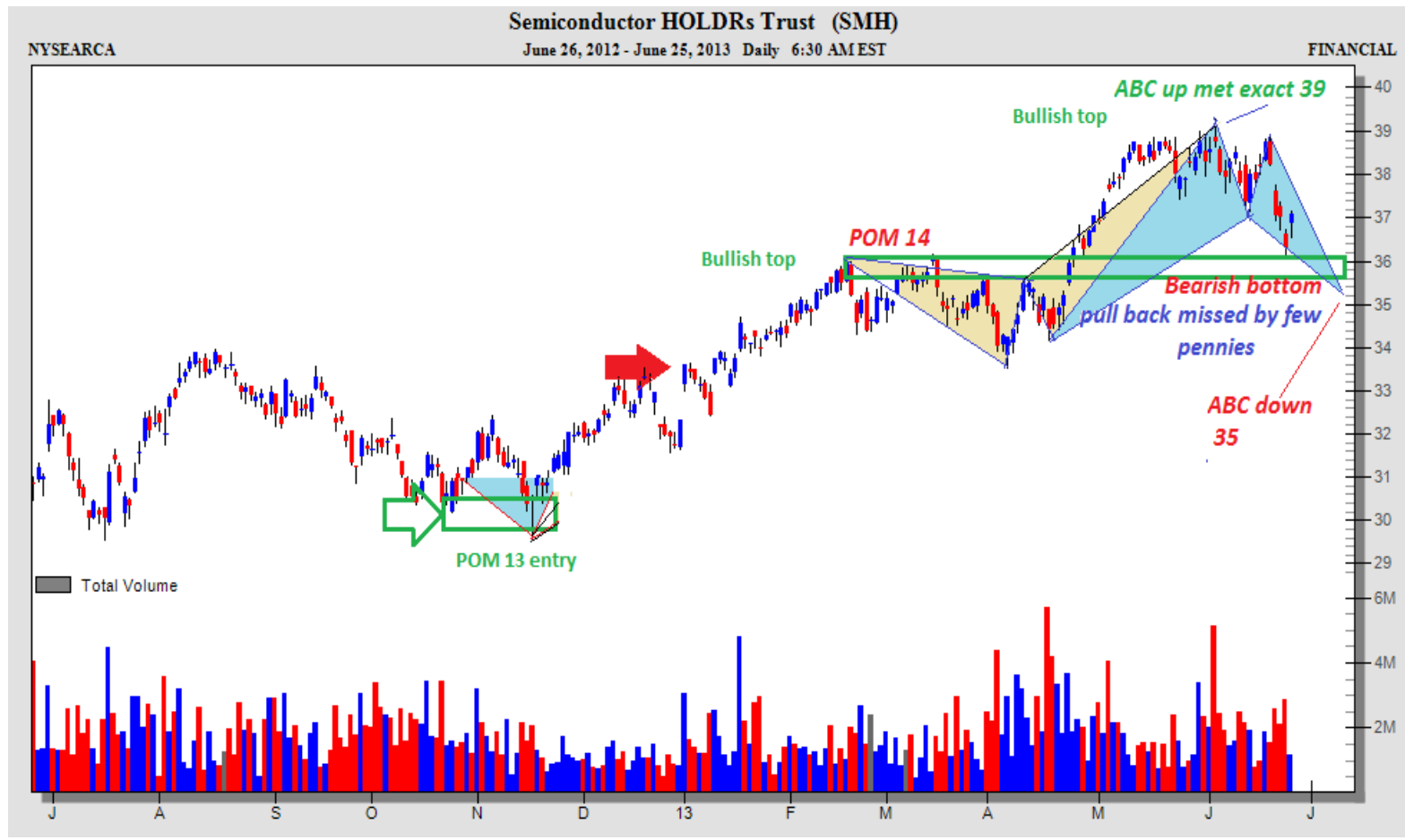


SMH (SEMI) – CZ - PEC- D Analysis – Neutral

- Texture – BULLISH TOP & BEARISH BOTTOM

Upside - Our Projected ABC up 39- met with Bullish Top. After the bounce, next decline to be completed to downside PEC-D 35.2. (Refer notes within the chart)

Downside – CZ 35-35.5 , - For going Net long , If validated to Bullish Bottom.

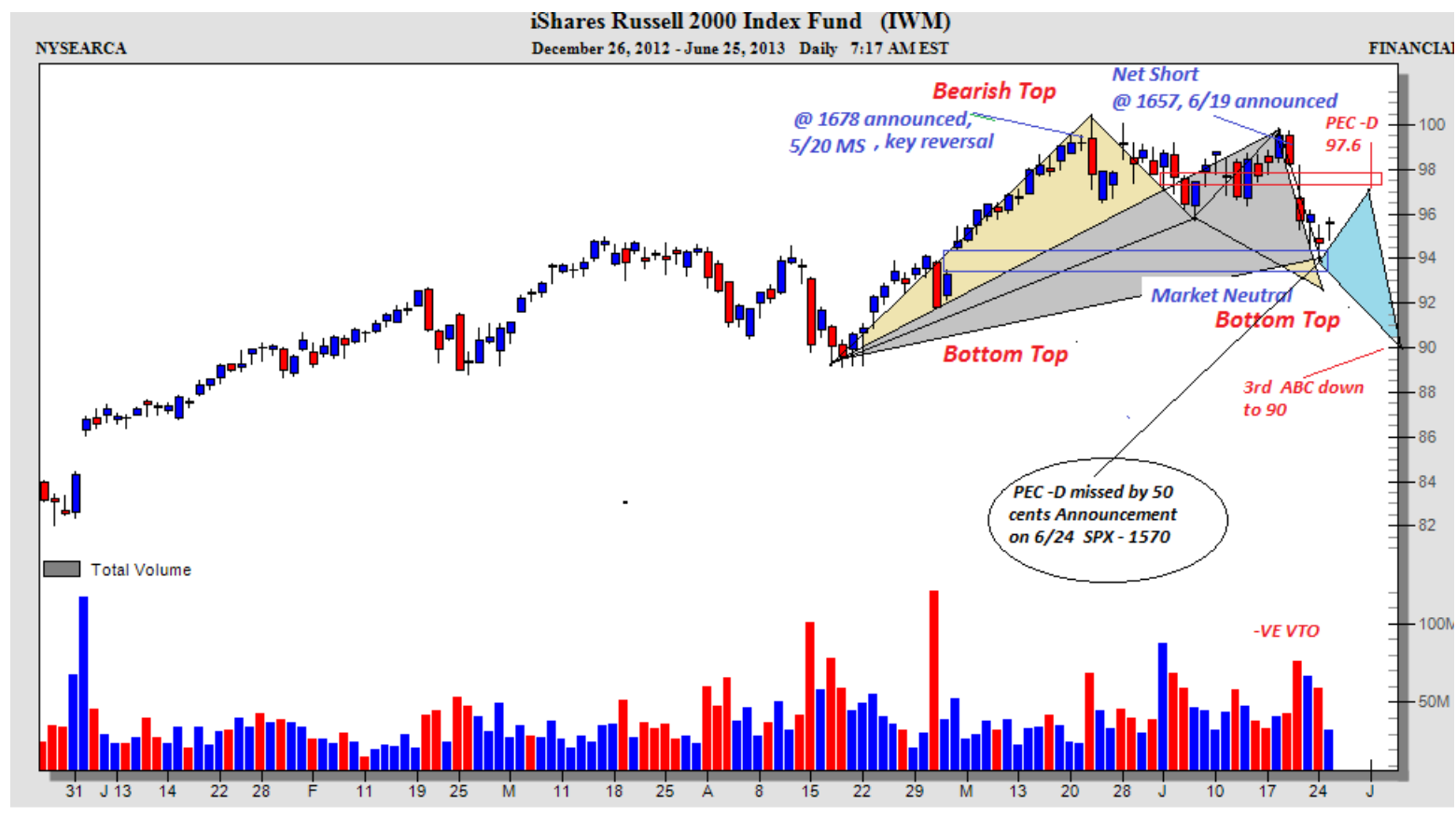


IWM – (RUSS 2000) - CZ – PEC-D Analysis - “BEARISH – ST bounce initiated)

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

Upside - Bearish bounce to CZ 97-98 , - with -ve VTO, Refer notes within the chart

Downside - 3rd ABC down PEC-D @ 90.2 in CZ 91-92

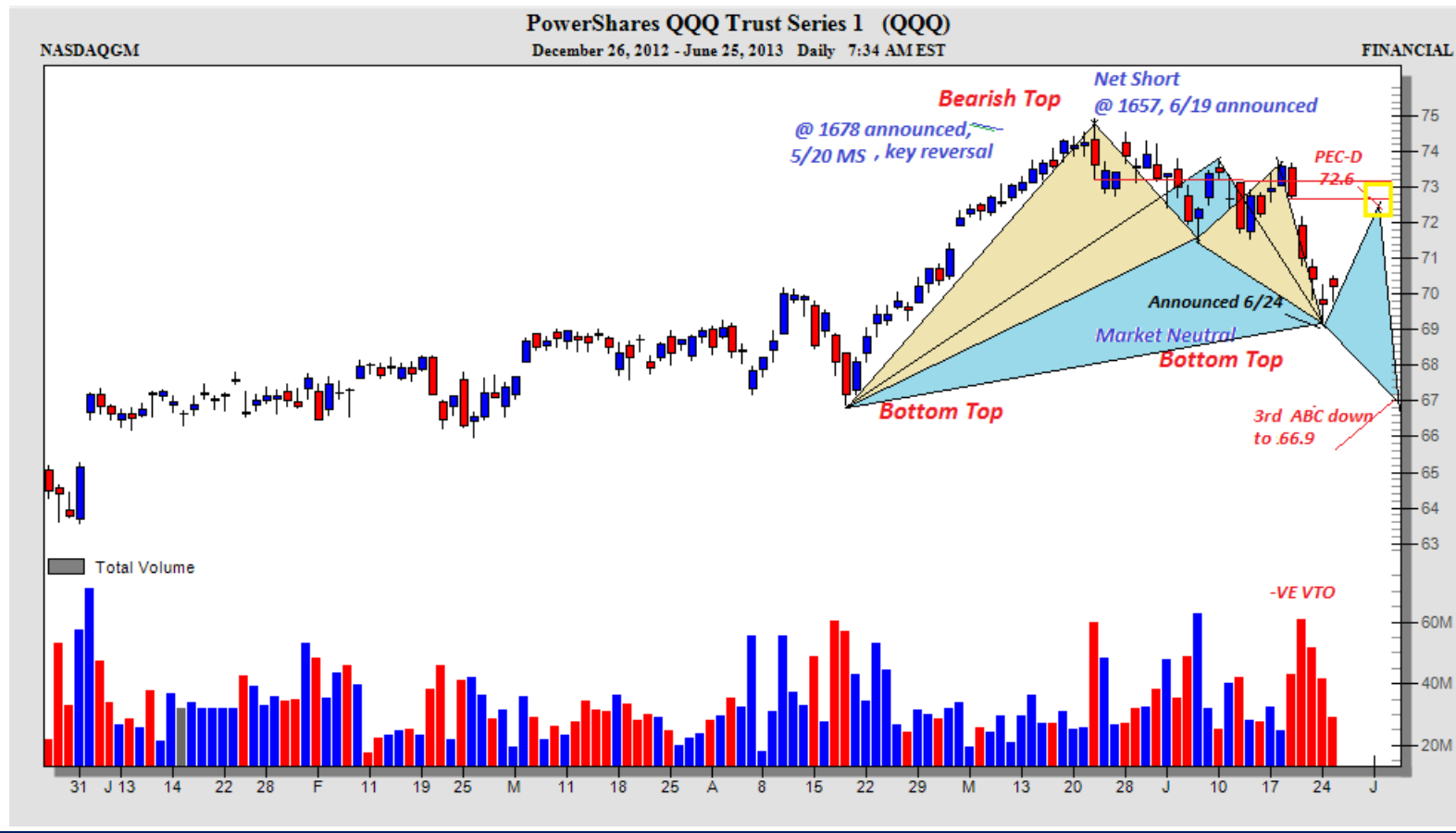


QQQ – (NASD 100) - CZ – PEC-D Analysis - BEARISH ST bounce initiated

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

Upside - Bearish bounce to CZ 72.2-73 , - with -ve VTO, Refer notes within the chart

Downside - 3rd ABC down PEC-D @ 66.9 in CZ 67-68



TLT (Bond) – CZ- PEC- D Analysis – Weekly – Bullish – Pull back in completion

Downside - Targeting to Gap of 1.08. Currently false broken extended downside below Pull back CZ 115-117. (Notes within chart)

Upside - Close above 111, TLT should rally to CZ – 124-128 (Bullish top). . (Final rally in Bull Market).

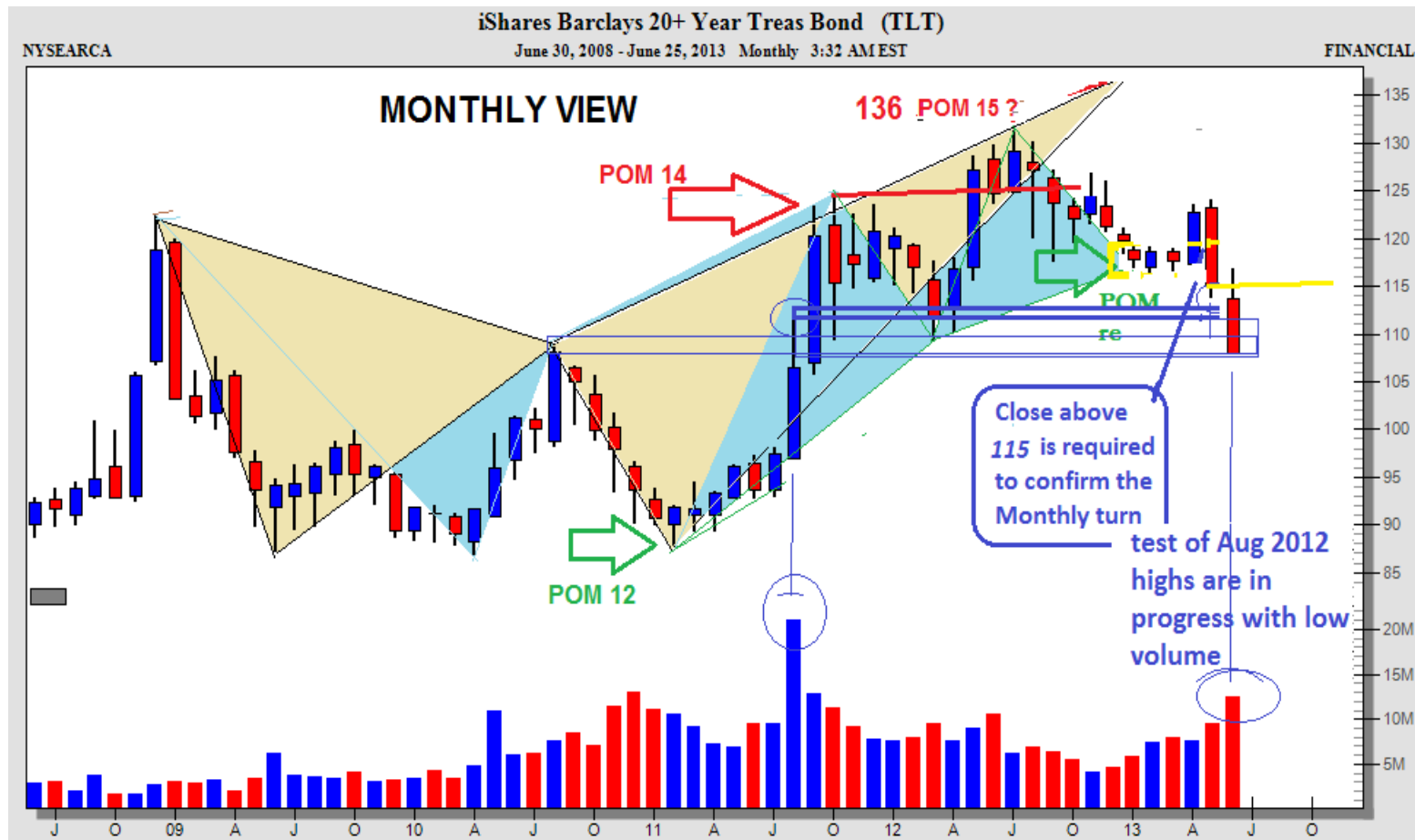


TLT (Bond) – CZ- PEC- D Analysis – **BIG PICTURE** - Bullish

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 .



\$ TNX LT (Interest rates) – Poly Trend Analysis –

Upside - Topping out with -ve divergence (Refer notes within the chart)



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.*
 - *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)

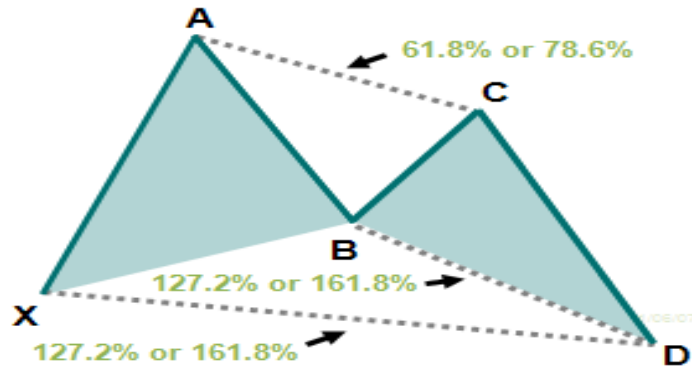
Pythagoras Expansion / Contraction – (PEC) Model

- **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 streams to achieve confluence point D coinciding with POM**

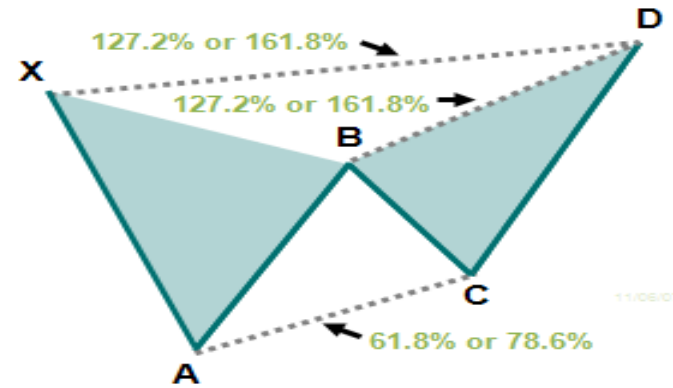
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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