Date : 20th March 2013 (*Wednesday*)   **BROADER INDICES REPORT(Strategy &Prop Tech)**

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- ## *Executive Summary*

	Current Price	Triggered POM/ 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)	117.43	POM 13 –Re Run On 01/7	CZ 115-118	BULLISH Bottoming Volatility	Net Long	NONE	CZ 124-128 Bullish Top	CZ 135-136)	CZ 115-118 Re-testing PQV – Validated CZ		Bonds under accumulation building base for next rally STOP RM @ 113 (½ exit)
IWM (SM CAP)	93.83	POM 15 In SPX @92.5	CZ 89.75-88.25	BEARISH Topping	Net Short	NONE	CZ 89.75-88.25 Met, with Bearish top	POM 15 Termination Wave Completed 1530 Triggered @ 1515	CZ 82.5-80.5		IWM is better Instrument to Hedge against existing Longs
QQQ (NASD)	68.23	POM 15 In SPX @68.25	CZ 67.75-66.5	BEARISH Topping	Net Short	NONE	CZ 67.75-66.50 Met, Bearish Top	Ditto	CZ 64-63		IWM Ditto

Continued…….

	Current Price	Triggered POM or CZ & Date	Triggered within CZ & Date	Progress Status	Current Position	Current Exposure / Holding	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SMH (SEMI)	34.89	POM 15 In SPX @35.92	Exited longs @ 32.7	NEUTRAL ST CAUTION Due to POM 15	CASH .	0%	NONE	CZ 33.5-32 Met , extended with Bullish top	Ditto	CZ 33.25-32.75		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)	206.36	POM 15 In SPX @204	Exited longs @ 188avg	NEUTRAL ST CAUTION Due to POM 15	CASH	0%	NONE	CZ 191-185-Met & exceeded with Neutral Top	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)	111.31	POM 15 In SPX @107		NEUTRAL ST CAUTION Due to POM 15	NONE	0%	NONE	CZ 97.5-93 Met & exceed with Neutral Top	Ditto	TBA		IYT – is not a Short Candidate.

Portfolio –   Overview

In our " Monday's Report , we were awaiting SPX 's internal wave Price path to move to 1555-1560 , Today we are seeing the prices approach those levels

If 1555-1560 fails today at those levels and closes under 1545 . It would be good time to manage the downside risk via our preferred Bearish Instruments QQQ, IWM, XLE, XLB.   Since our Bearish entries Triggered in CZ's in these Instrument , prices have not gone much higher.   Currently we are fully hedged as of 2/26 ,

FOMC minutes today may Trigger some volatility. Ideally we would prefer to see last gasp into Fed announcement. If SPX does not close below 1545 we let the upside ride .

On Tuesday's early decline and late afternoon recovery created another heavy bottom with force expanding downside in QQQ, IWM, XLE, XLB.   The subsequent intraday day bounce   there was no volume on upside . XLE was hardest hit . These Instrument should continue to fail within the Bearish CZ . (see charts below) .

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

Broader Indices

- **BULLISH INDICES -   TLT,**

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

- **NEUTRAL INDICES -   MDY, IYT, & SMH – ST CAUTION due to POM 15**

Broader Indices Overview

- **MDY, SMH , IYT** -   NEUTRAL with residual strength *still active.* We Maintain CASH Position in NEUTRAL Indices. These Instruments would provide good opportunities to go Long on after the pull back to add position to ride the next leg up. At current levels , there is   no favorable Risk / Reward .

- *Since SPX at POM 15, we are ST Cautious SMH is setting up with Bullish Top. These are* NOT *Short Candidates.*

- **QQQ, IWM** - Are setting up BEARISHLY,

BEARISH Indices **(QQQ)** underperformed SPX grossly in this rally as we had pre-warned & **IWM-** Bearish & extended.

QQQ & IWM Validated for Suitable Hedge against existing long positions. We announced to "scale in at appropriate Prices on 1/23, 2/20,2/25.

TLT (BONDS)– BULLISH"- Bottoming

Brief Overview

Cyprus News certainly triggered the Flight to Quality in Bonds & Currency in Country " with " Rule of law" . This should continue especially as DXY continues to move higher .

As expected, Bonds initiated a good price move off the " Bullish Bottom CZ " with several signs of strength .   The upside force is now picking up.

Commitment of Traders (COT) continues to add more " Net Short" which is at very high levels, this is Bullish for the Bonds.

The Next rally in TLT should begin as " "Flight to Quality" once SPX begins it own correction. This is good Hedge against Long Equities. **On 1/07 – ALERT ,** We trigger POM 13 Re run .- Net long.

TLT - Triggered POM 13 – Re run   on 1/07, we initiate to Net Long) within CZ 118-115, This signal completed POM 14- Triggered on 5/21 for CAUTION within CZ 128-125. All subsequent commentary refers to

CZ to CZ moves are for Risk Management/ rebalancing overweight positions.

- *Weekly Change - TLT Close Price @ 117. 5 (flat %)*

- *YTD Change - TLT – Closed @ 121.5 / 117.5(- 3.2%)*

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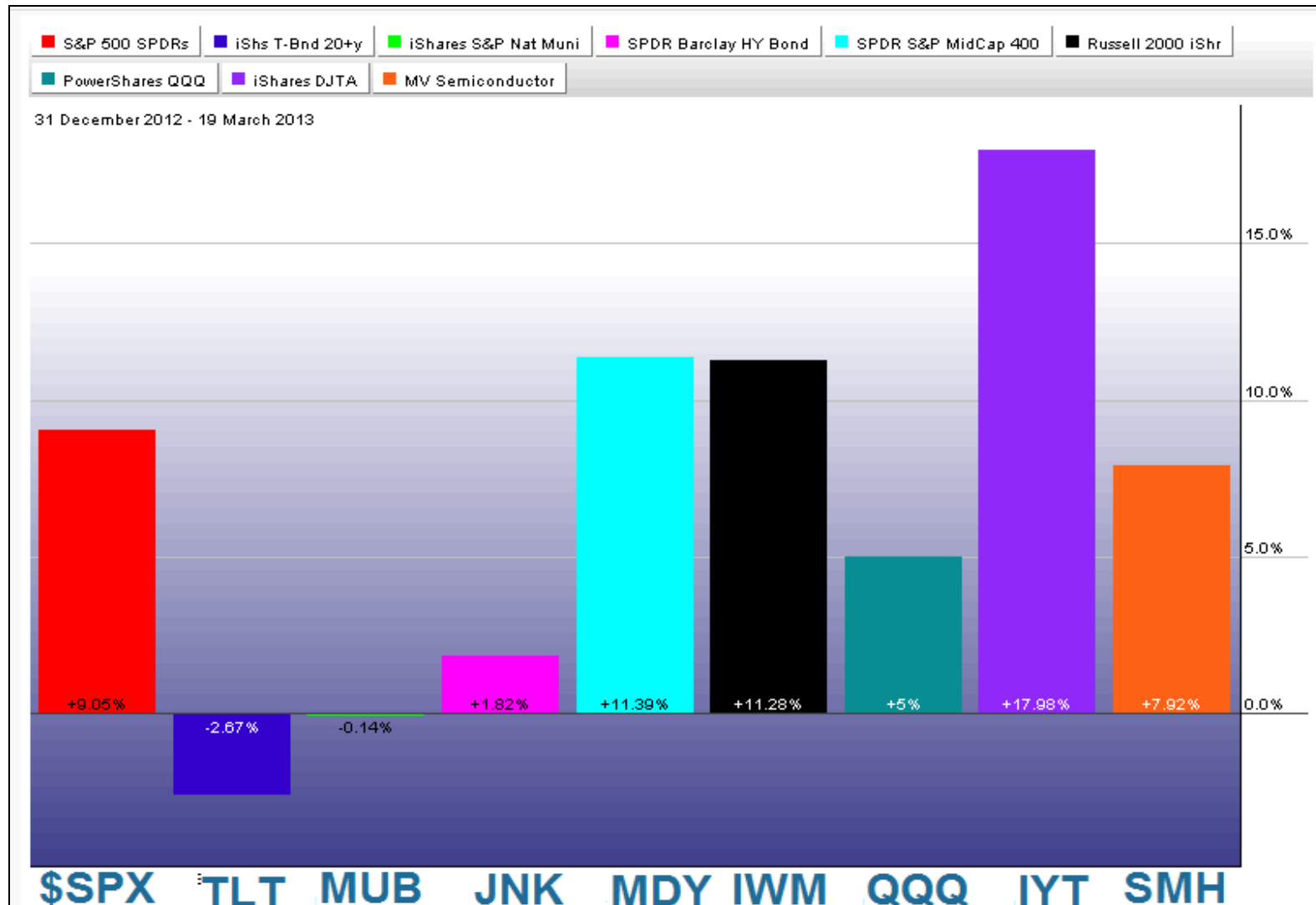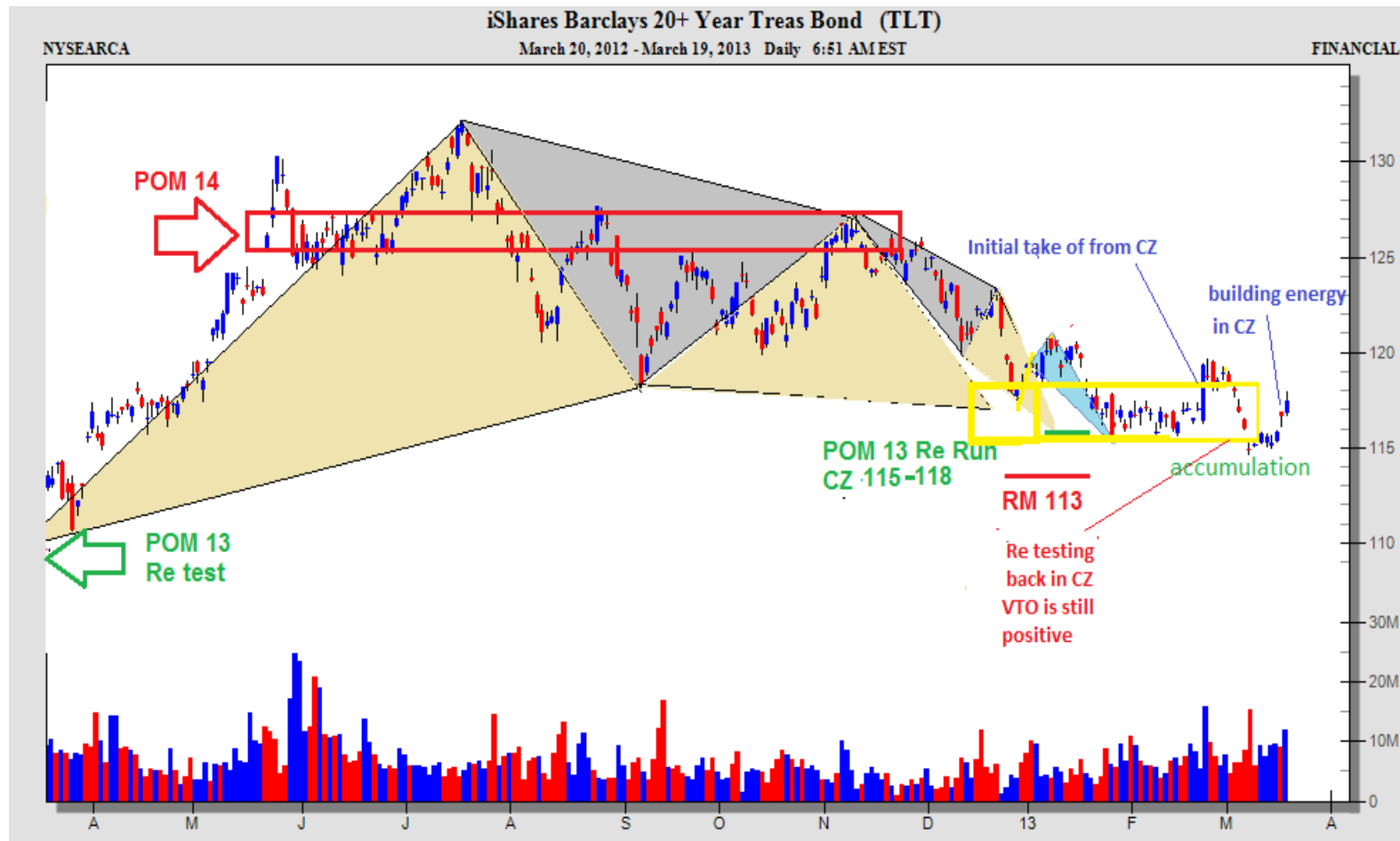
TLT (Bond) – CZ- PEC- D Analysis – Daily Chart . – *Bullish- Bottoming*

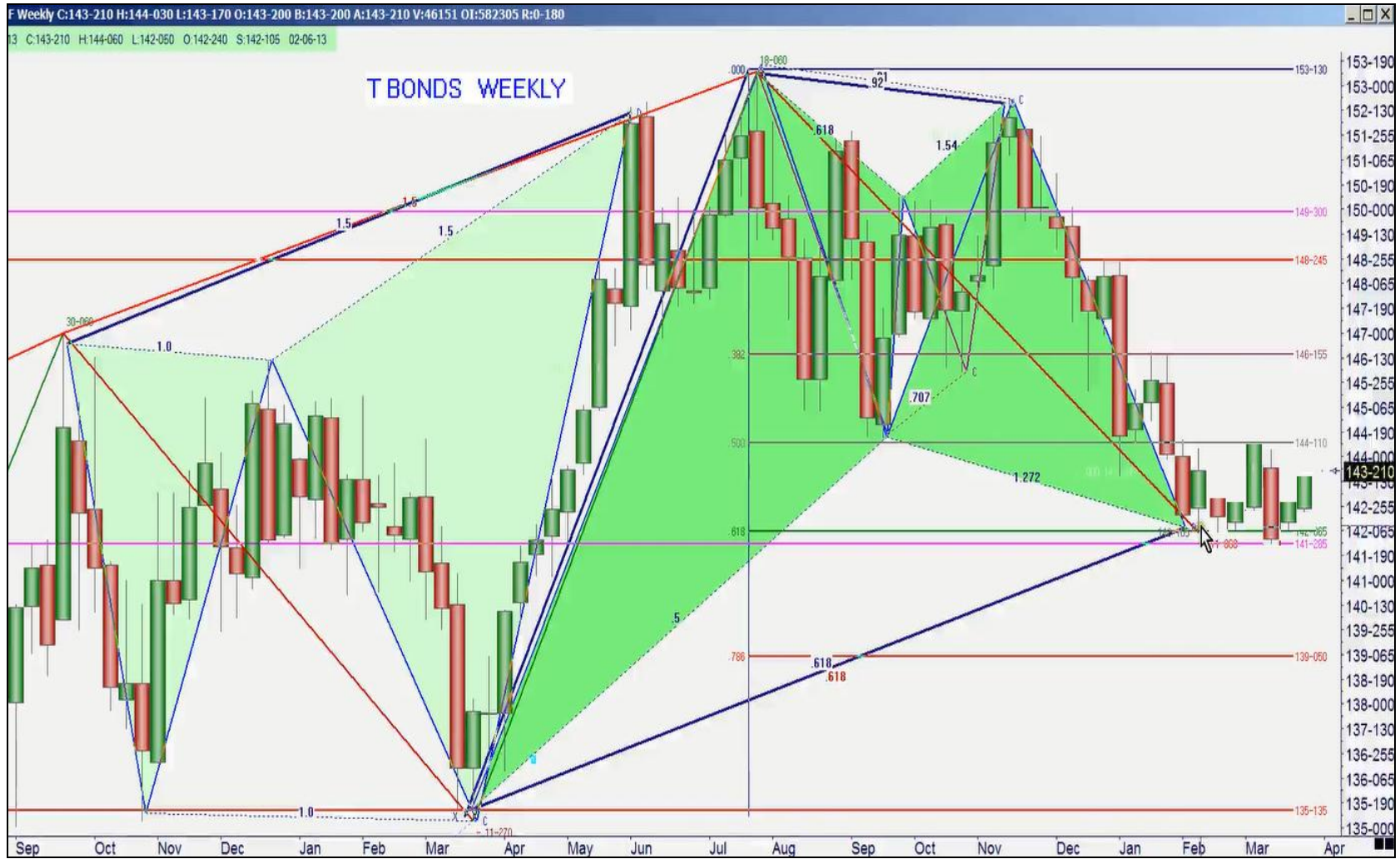- **Texture -** *NEUTRAL TOP CZ. & BULLISH BOTTOM –*

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 – 113)*

Upside - *CZ – 124-128 (Bullish top) , If it is broken Bullishly then to Target CZ 135-136. .*

Chart: iShares Barclays 20+ Year Treas Bond (TLT)
NYSEARCA — March 20, 2012 - March 19, 2013 Daily 6:51 AM EST — FINANCIAL

Annotations on chart:
- POM 14
- POM 13 Re test
- Initial take of from CZ
- building energy in CZ
- POM 13 Re Run CZ 115 –118
- RM 113
- Re testing back in CZ VTO is still positive
- accumulation

30 yr Bond) – CZ- PEC- D Analysis – Weekly Chart .
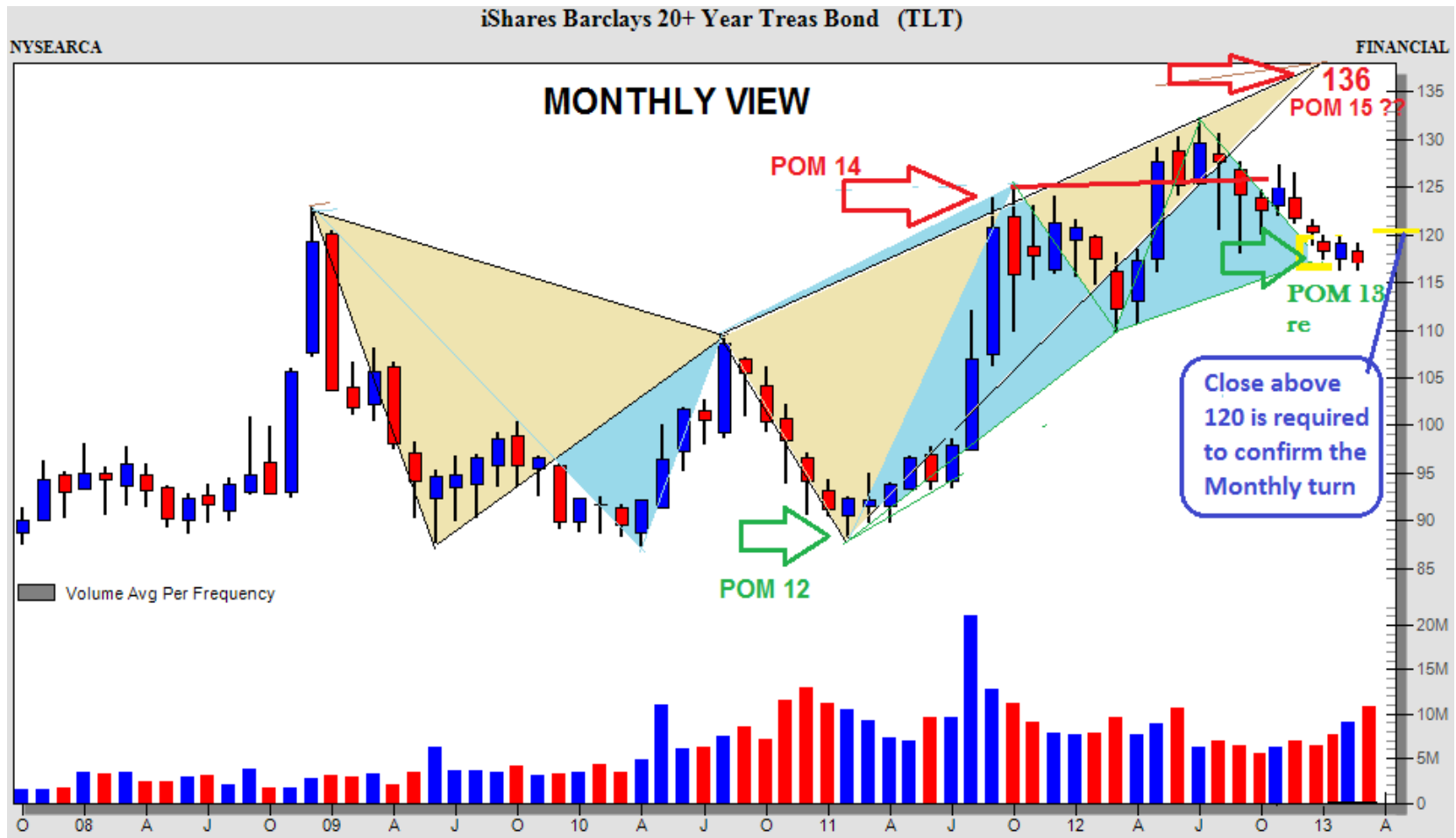
PEC-D on weekly at 141

TLT (Bond) – CZ- PEC- D Analysis – <mark>BIG PICTURE</mark> - *Bullish*

Monthly PEC- D projections is at 115 , On daily basis , TLT has Triggered POM 13 re in CZ 115-118.

 __30 yr Bull Market .__ __Weekly__ – PEC-D @ 126 – Bullish top (Notes within the chart)

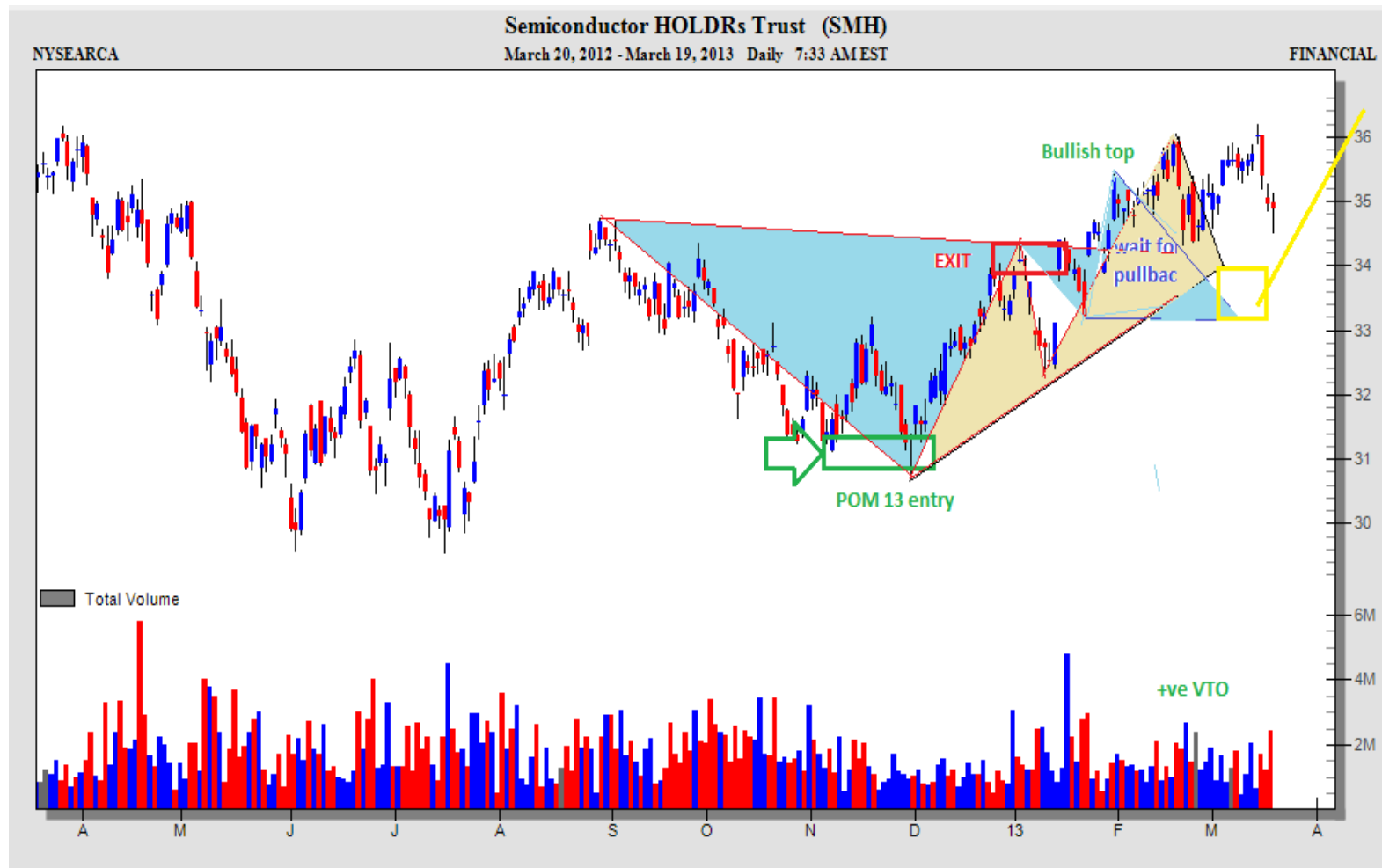*Close above 120 on Monthly is required for LT Monthly PEC- D projections to target f POM 15 to 136 . ,*

iShares Barclays 20+ Year Treas Bond (TLT)

NYSEARCA

FINANCIAL

MONTHLY VIEW

136
POM 15 ??

POM 14

POM 13 re

Close above
120 is required
to confirm the
Monthly turn

POM 12

Volume Avg Per Frequency

SMH (SEMI) – CZ - PEC- D Analysis – *Neutral (Bullish bias)*

- *Texture – BULLISH TOP & NEUTRAL BOTTOM*

Upside - Bullish Top, wait for pull back for next leg up

Downside – PEC-D 33.25 , Probably to the area we exited our position

IWM – (RUSS 2000) - CZ – PEC-D Analysis - SHORT TERM *"BEARISH)*

SHORT TERM Price & Volume analysis
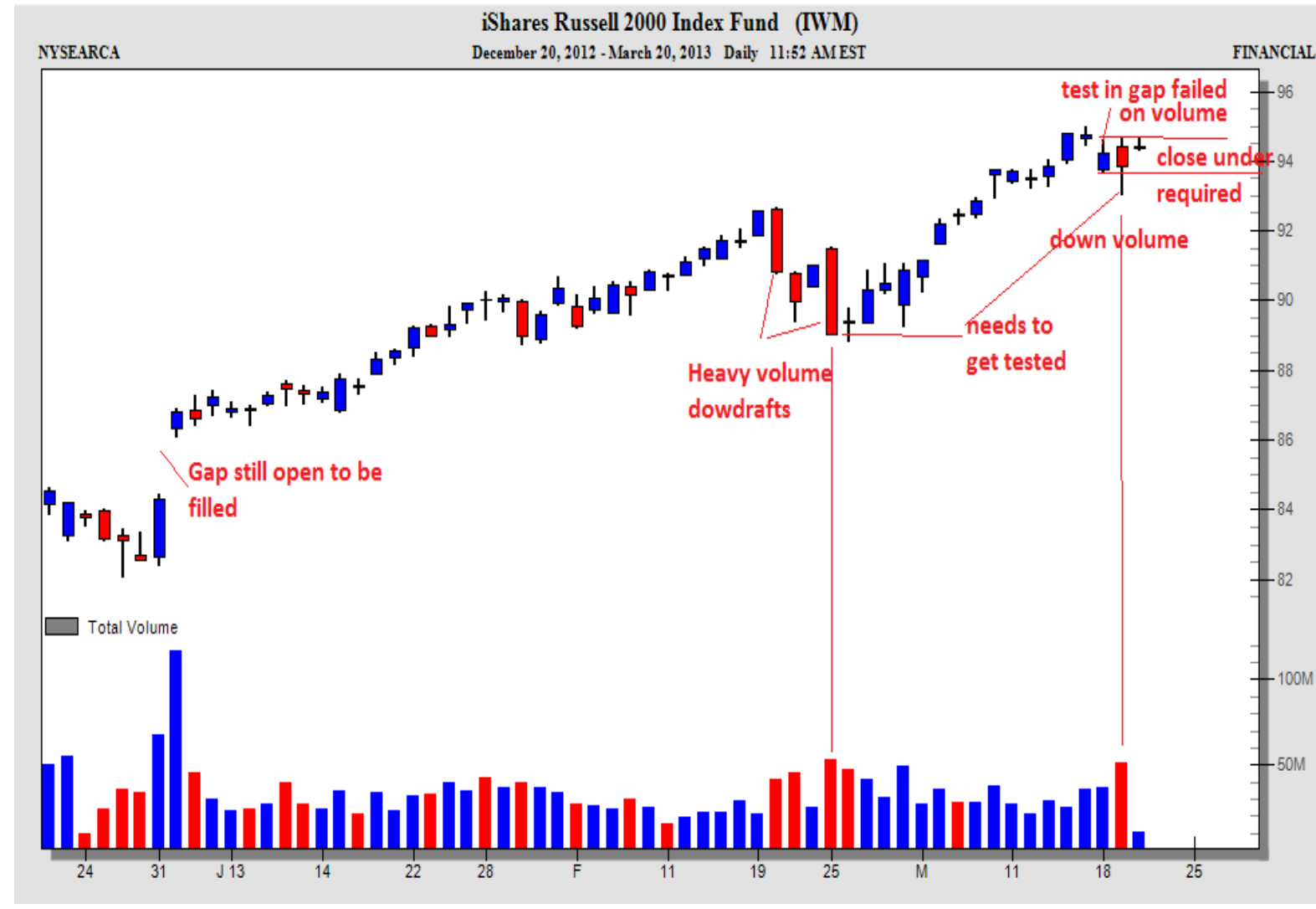
iShares Russell 2000 Index Fund (IWM)

NYSEARCA

December 20, 2012 - March 20, 2013 Daily 11:52 AM EST

FINANCIAL

test in gap failed on volume

close under required

down volume

needs to get tested

Heavy volume dowdrafts

Gap still open to be filled

Total Volume

IWM – (RUSS 2000) - CZ – PEC-D Analysis - MID TERM *"BEARISH)*

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

Upside - *Bearish , extended Top with Long term PEC-D @ 88.25 & 89.75 , Our entry 89, 90, 92.*
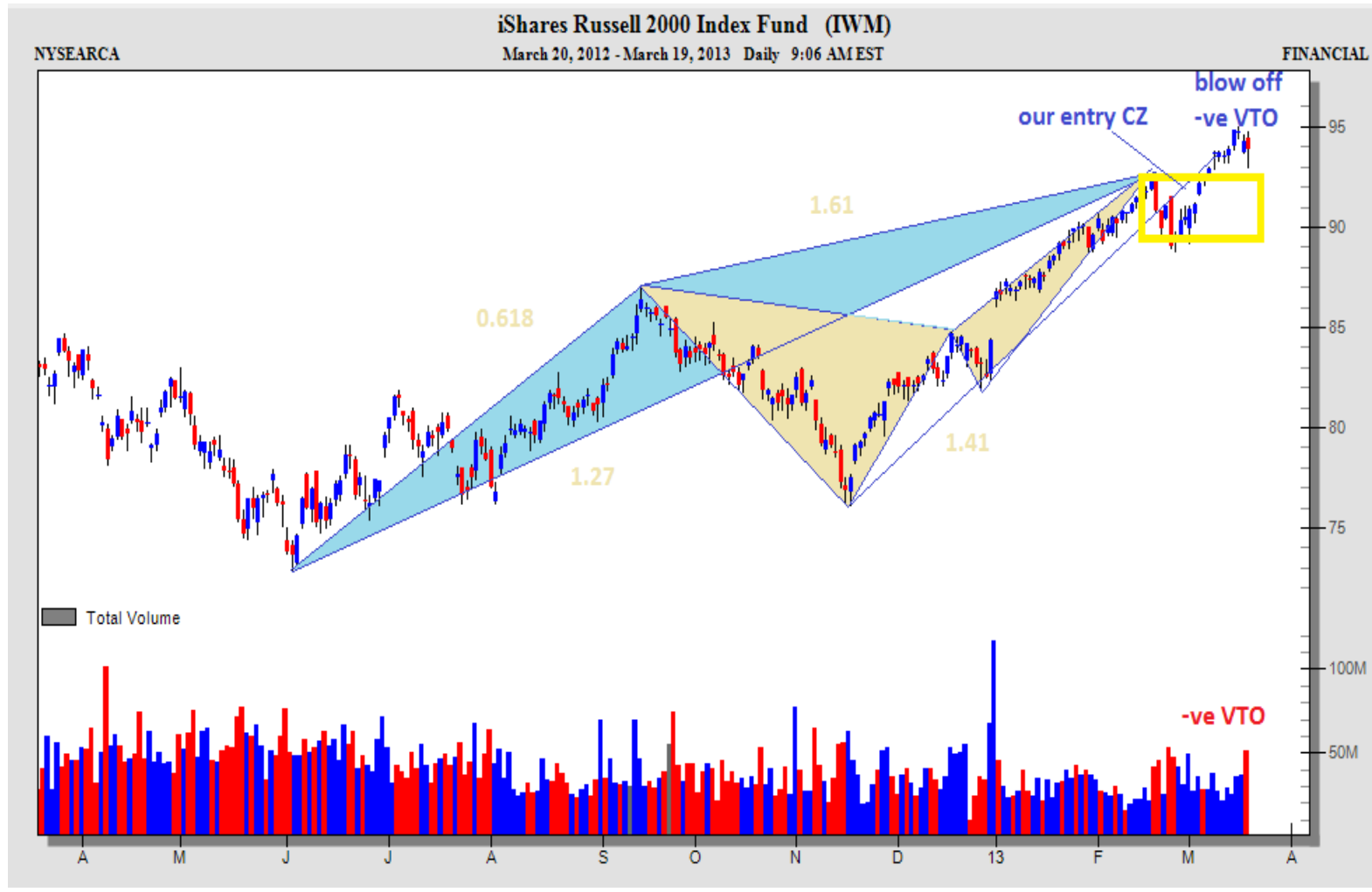
IWM – (RUSS 2000) - CZ – PEC-D Analysis - MID TERM *"BEARISH)*
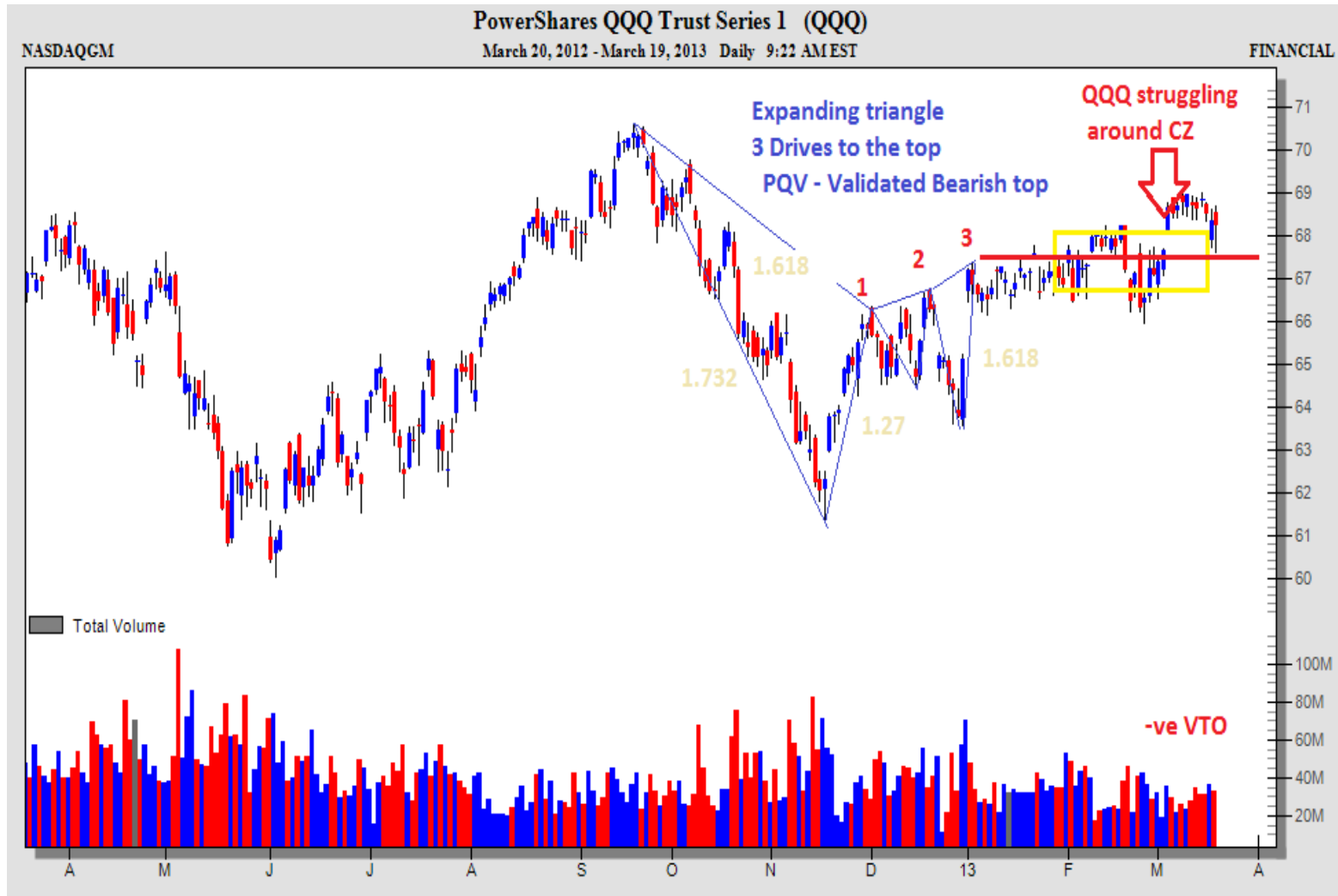
- **Texture -** TOP BEARISH CZ. & TOP BEARISH CZ

Upside - 5 YEAR long chart has Bearish Top with Long term PEC-D @ 88.25 & 89.75 , **with –ve VTO**
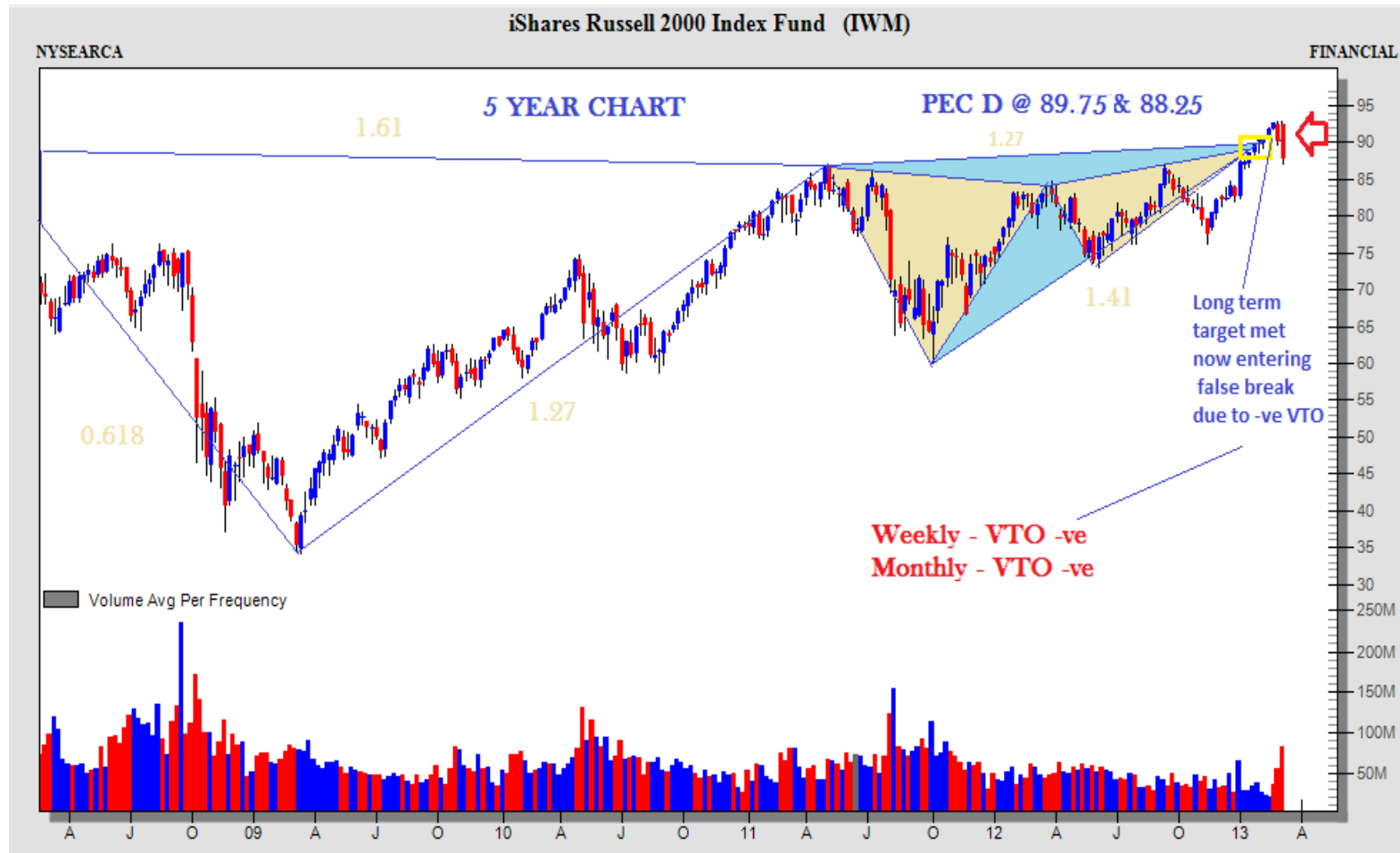
QQQ – (NASD 100) - CZ – PEC-D Analysis - *BEARISH)*

- **_Texture – Texture -_** _TOP BEARISH CZ. & TOP BEARISH CZ_

Upside - _CZ 67.75-66.25 met & Failing with Bearish Top around the CZ with PEC-D @ 1.618 & 1.27 at 67.5_

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 67.75-66.25 met & Failed

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

PowerShares QQQ Trust Series 1 (QQQ)
March 21, 2011 - March 19, 2013 Daily 8:11 AM EST
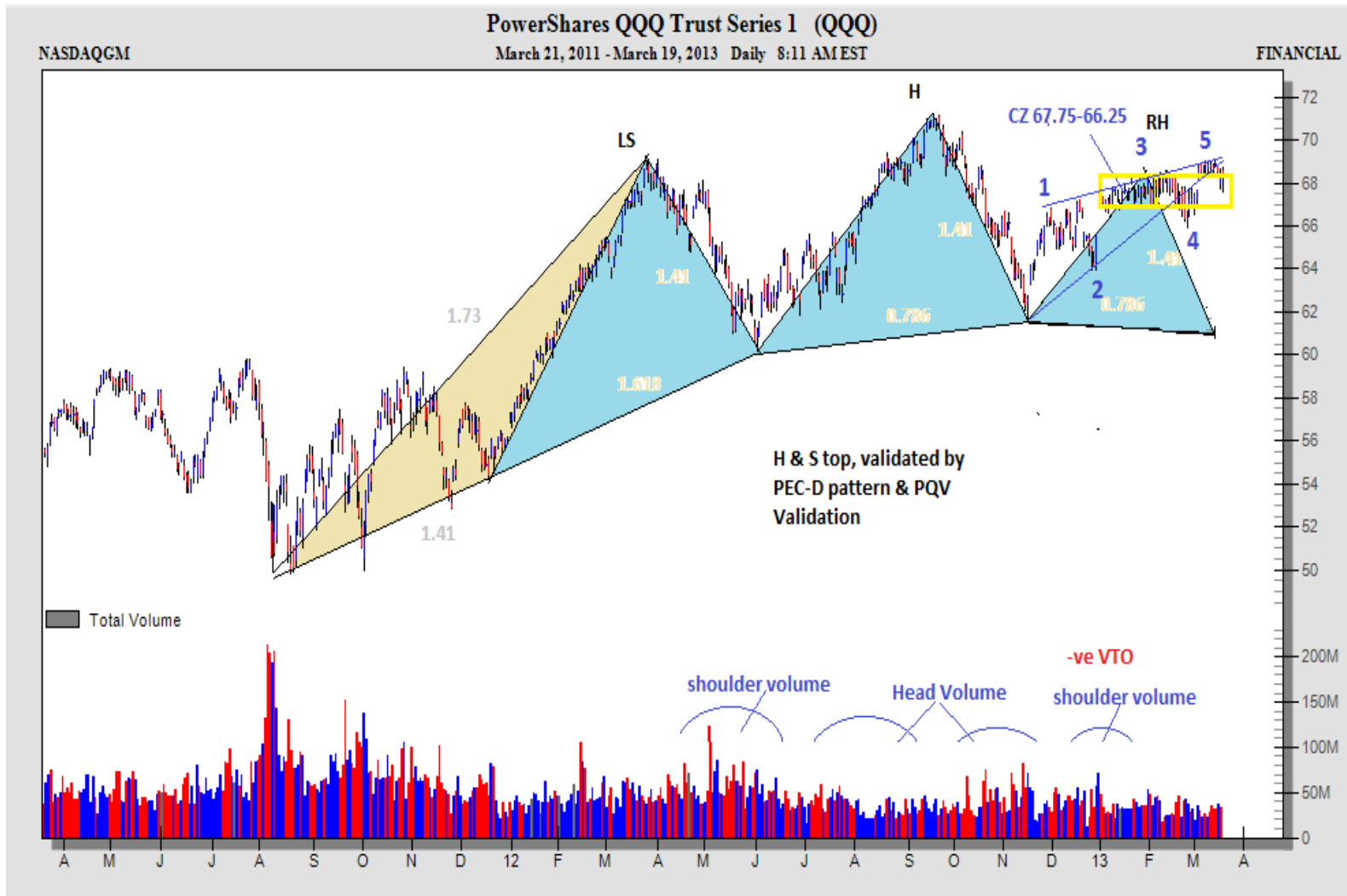
IWM (RUSSELL) -- BEARISH

IWM - Trigger   POM 14, CAUTION & Short within CZ 89.75-88.25 on 1/24 , This signal completed POM 13 – Re run on 10/15 within CZ 82.5-80.5 & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

QQQ (NASD 100) – - BEARISH

QQQ - Trigger   POM 14, CAUTION & Short   within CZ 67.75 -66.25, on 1/16 , This signal completed POM 13 (Original) on 5/21 within CZ 61-62 & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Managment.

MDY (MID CAP) - NEUTRAL

MDY - Trigger   POM 14, CAUTION within CZ 185-191, on 12/26, & 1/04 , This signal completed POM 13 – Re run on 10/15 within CZ 175-178 & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

SMH (SEMI) – NEUTRAL

SMH - Trigger   POM 14, CAUTION within CZ 32-33.5, on 12/26, & 1/04 , This signal completed POM 13 – Re run on 10/15 within CZ 29.5-30.5 & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

IYT (TRANSPORT – NEUTRAL

IYT - Trigger   POM 14, CAUTION within CZ 95-97.5, on 12/26, & 1/04 , This signal completed POM 13 – Re run on 10/15 within CZ 88-90 & false break below. All subsequent commentary refers to CZ to CZ moves are for Risk Management.

TLT (BONDS)– BULLISH"

TLT - Triggered POM 13 – Re run   on 1/07, we initiate to Net Long) within CZ 115-118, This signal completed POM 14- Triggered on 5/21 for CAUTION within CZ 128-125. All subsequent commentary refers to
CZ to CZ moves are for Risk Management/ rebalancing overweight positions.

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 – <u>TNX (Yield) v/s SPX</u>

- ***Direct Correlation <u>continues</u> in Current Trend***

Inter market Analysis – <u>TLT v/s USD</u>

- ***Inverse Correlation <u>continues </u>in Current Trend***

- ## EXTREAME Sentiment Analysis
- **(3rd Party Data) -** Courtesy : SENTIMENT TRADERS

None @ <u>EXTREMES</u>

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
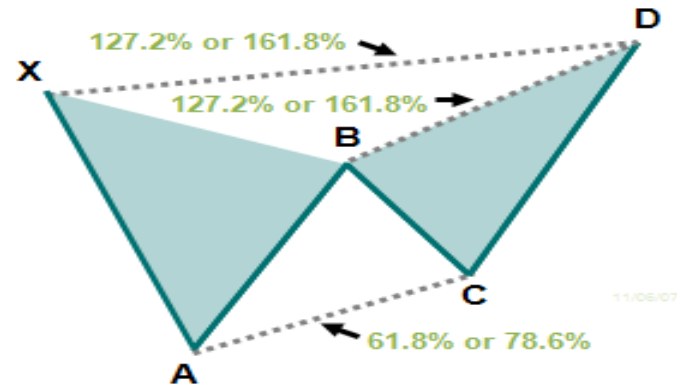
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

A

61.8% or 78.6%