



Date : 30<sup>th</sup> May 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	<b>NEW ACTION</b> ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>TLT (BONDS)</b>	115.1	POM 13 -Re Run On 01/7  <b>Core position</b>	CZ 115-118	<b>BULLISH</b>  ST pull back	Net Long	<b>NONE</b>	CZ 124-128 Met with Bullish Top	CZ 135-136	<b>CZ 115-118 Pull back &amp;</b> then next rally up	CZ 115-118 Successful PQV Validated In tact	<b>Re test of Bullish CZ in progress.</b>  Earlier we closed TLT positions For profit 115 to 122
<b>IWM (SM CAP)</b>  <b>Alert ( FYI)</b>	98.5	POM 15 In SPX @92.5	CZ 89.75-88.25  Avg @ 90.97	<b>BEARISH Topping</b>	Net Short	Refer below	CZ 92.5-88 <u>Exceeded</u> with Bearish top	<b>CZ 99-100 Should fail</b> Decisively Close under <u>97.5 - Alert</u>	CZ 91.50-93.75	CZ 82.5-80.5	Bearish Engulf @ 99 is intact.  Move from <u>92 to 99</u> has been with no volume
<b>QQQ (NASD)</b>  <b>Alert ( FYI)</b>	74.11	POM 15 In SPX @68.25	CZ 67.75-66.5  Avg @ 67.38	<b>BEARISH Topping</b>	Net Short	Refer below	CZ 68.60 – 67.10 <u>Exceeded</u> Bearish Top	<b>CZ 74.5-75 Should fail</b> Decisively Close under <u>73.5- Alert</u>	CZ 71-72	CZ 64-63	Bearish Engulf @ 75 is intact  Move from <u>68 to 75</u> has been with no volume

## Continued.....

	Current Price	Triggered POM or CZ & Date	Triggered within CZ & Date	Progress Status	Current Position	<b>NEW ACTION</b> (Trigger to Watch)	Upside CZ <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
<b>SMH (SEMI)</b>	38.93	POM 15 In SPX @35.92	NONE	NEUTRAL  Bullish bias	CASH	NONE	ABC up to 39 Is in progress Bullish top	Ditto	CZ 35-35.5		SMH - Good candidate to be long in next pull back!  Exited for 9% profit. (30 to 32.7) In current rally
<b>MDY (MID CAP)</b>	217	POM 15 In SPX @204	NONE	NEUTRAL  No Sell Signal	CASH	NONE	N/A	Ditto	TBA		MDY - Good candidate to be long in next pull back!  Exited for 6.5 % profit. (176.5 to 188avg) In current rally
<b>IYT (TRANS)</b>	113.61	POM 15 In SPX @107	NONE	NEUTRAL  No Sell Signal	NONE	NONE	N/A	Ditto	TBA		IYT – is not a Short Candidate.

**Note** **QQQ** -1. CZ 74.5-75 Should fail Decisively Close under 73.5 for our Mid term purposes -

2. For aggressive intentions **QQQ @ 74.5-75, it should fail - RM stop @ 75.5**

**Note** – **IWM** - CZ 99-100 Should fail Decisively Close under 73.5 for our Mid term purposes -

2. For aggressive **IWM @ 99-100, it should fail - RM stop @ 101**

## Portfolio – Overview

Last US Broader Idx Report, We had announced “close under “Alert “ in our QQQ, IWM( Bearish Instruments) to add to Short exposure for Bearish bias positions . Both did not happen & Market continued rise in sync with SPX. This week we have revised “ Close under prices for Bearish engulf to Trigger. We shall see.

On key reversal day 5/25, Bearish Bias instruments QQQ, IWM were the hardest hit . They have moved higher from failed CZ Triggers with anemic “No volume” . These should have much larger decline in correction

**Against sudden drop in Market** , Hedge / Short via **QQQ, IWM, XLE, XLB**. They rallied with weak internals & has created heavy bottom with force expanding downside.

We have ½ position in TLT entered at 117 . We closed previous Positions at Profit

Our Portfolio is well balanced for our conservative stance & we would like to get Shorter ..... upon Trigger

### EQUITY Portfolio Holdings – Non Marginable – Market Neutral –ve BIAS

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

XLV ,XHB, FXI , EWJ , XLP, TLT

- **SHORT** ( at/ in Bearish CZ : ..... Holding – **Bearish Tops / Bearish Bottoms**

QQQ , IWM, XLB, XLE

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

## **Broader Indices Overview**

- **BULLISH INDICES** - **TLT,**
- **BEARISH INDICES**- **QQQ, IWM .**
- **NEUTRAL INDICES** - **MDY, IYT, & SMH**

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

*SMH is setting up with Bullish Top. 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 for the next leg up. At current levels , there is no favorable Risk / Reward .*

- **QQQ, IWM** - Are **BEARISH** with heavy Bottom and false broken upside on low volume

**QQQ & IWM** Validated for Short position as an Suitable Hedge against existing long positions. We announced to “scale in at appropriate Prices on 1/23, 2/20,2/25, 04/03.

## TLT ( BONDS)– BULLISH” – ST Pull back

- *The current pull back into CZ, the volume is drying up . The re test of last engulfing at swing is at play . We should have successful test of Previously validated CZ 115-118. Bullish Bottom CZ*
- 
- *Upon completion , next rally may very well be the final rally in 30 yr Bull Market \_once the Bullish top is diffused at 128 or at 136.*

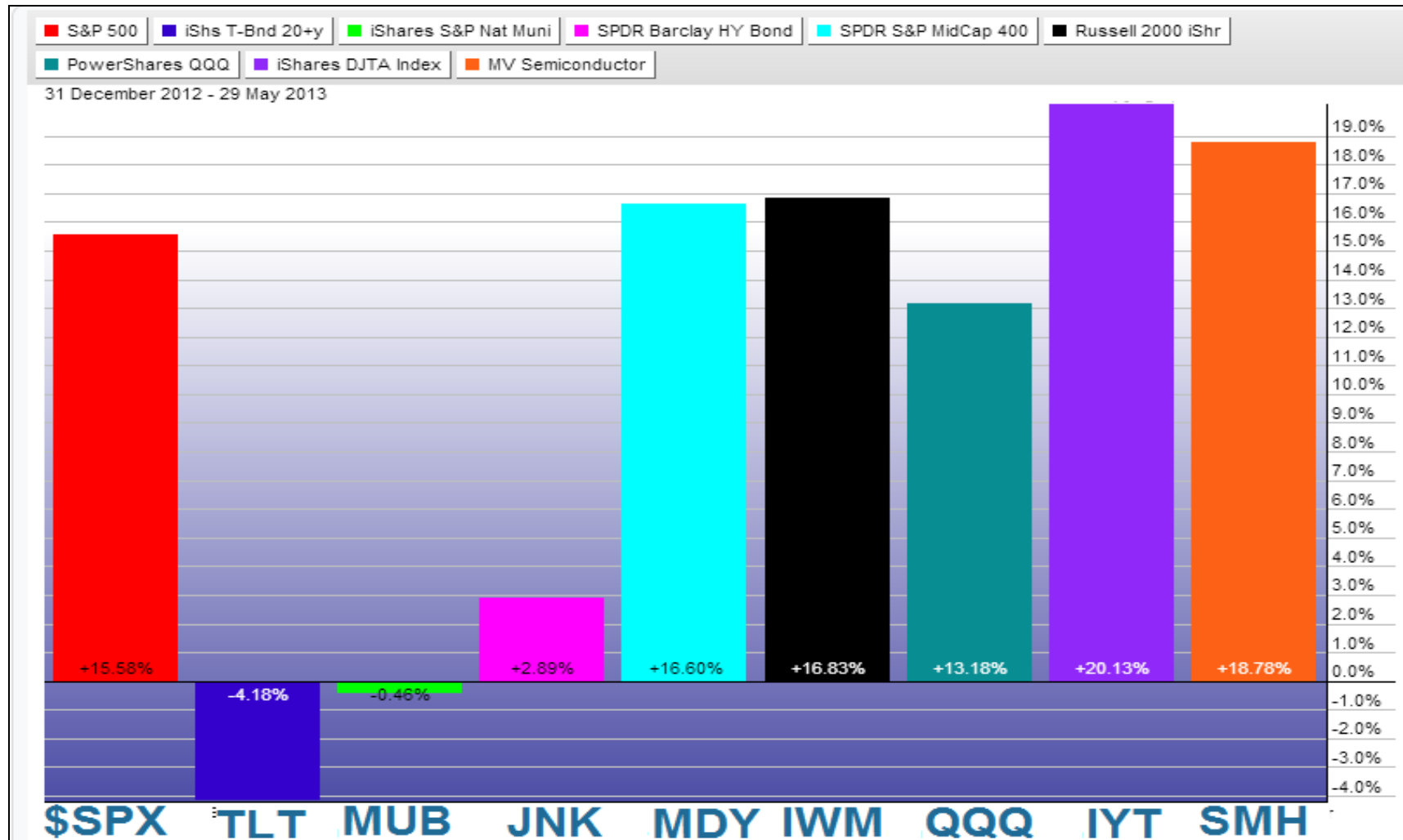
### • DOW TRANSPORT THEORY ( IMPROVISED - For Monitoring Purposes ONLY -

SIGNAL - Based on conventional DOW Theory - The Buy Signal Triggered @ 13850 on 1/29 – and rallied 1500 points.  
*This Signal has worked out very successful after 5 years of continuous failures.*

# YTD – Broader Indices performance v/s SPX

## Weakest and strongest Indices for PAIR TRADES

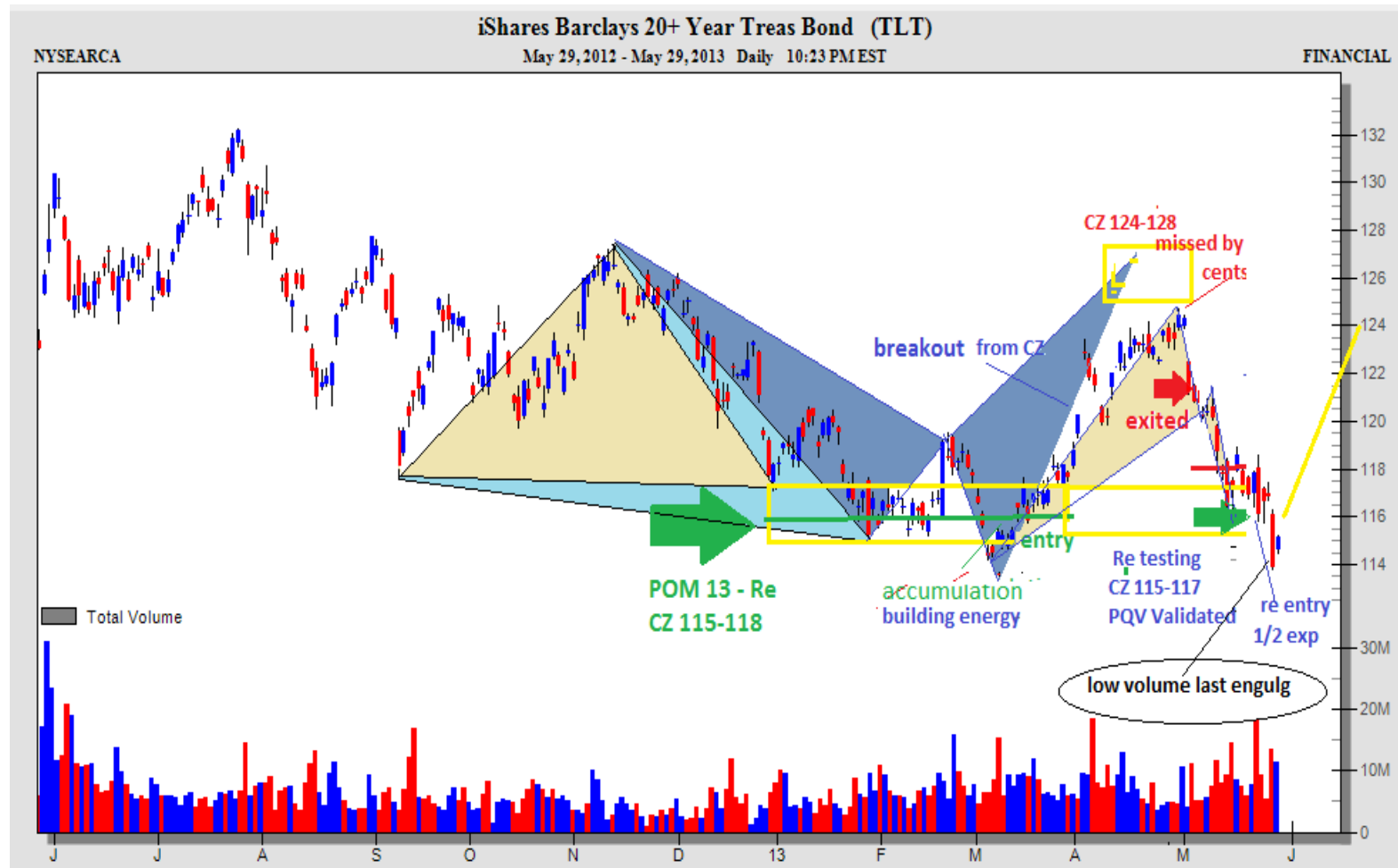
2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX .



## TLT ( Bond ) – CZ- PEC- D Analysis – Daily Chart . – **Bullish – ST Pull back**

**Downside** - - *Pull back should be complete* into CZ 115-117. Secondary test into CZ,- PQV validated with +ve VTO ..  
*accumulation at the bottom within the CZ . Multiple PEC-D's converged*

**Upside** - CZ – 124-128 ( *Bullish top*). . *If it is broken Bullishly then to Target CZ 135-136.* ( *Final rally in Bull Market*).

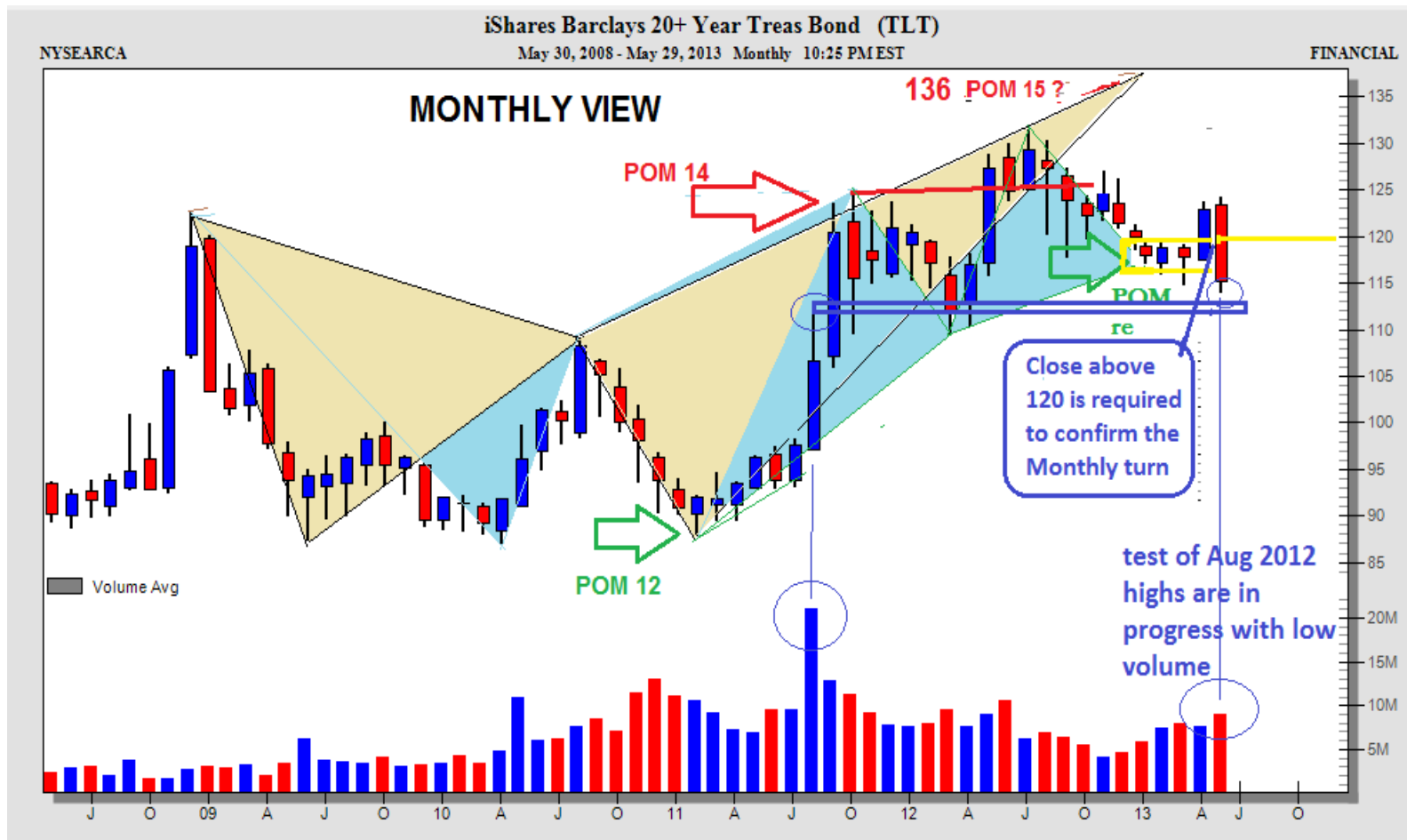


# TLT ( Bond ) – CZ- PEC- D Analysis – **BIG PICTURE** - *Bullish*

**Monthly Downside** - pull back *PEC- D* at 115 – in progress ( Refer notes within chart ) .  
Triggered POM 13 re in *CZ 115-118*.

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

**Monthly Upside** - *Close above 120* on Monthly *PEC- D* projects to target *136* .



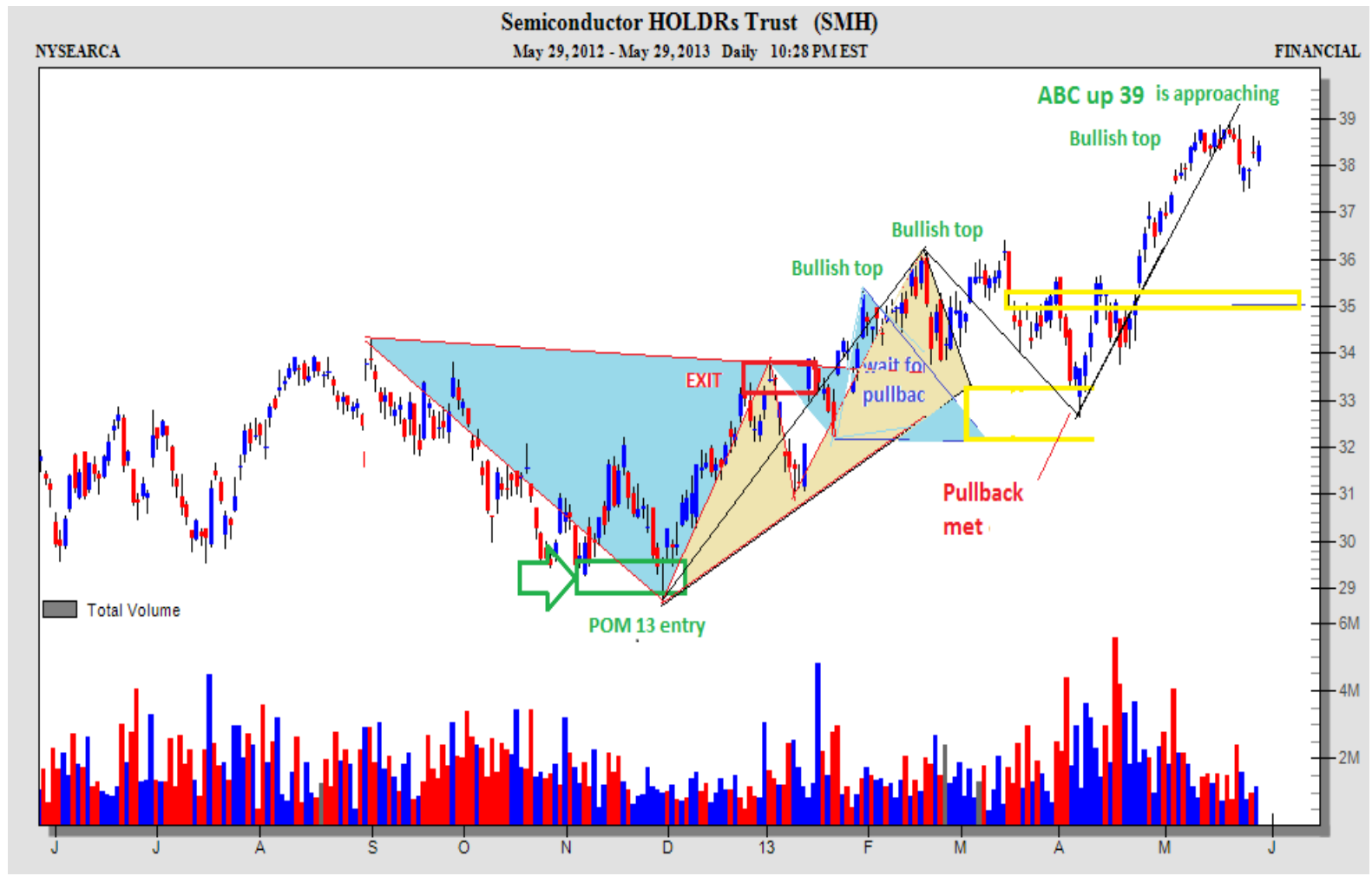


# SMH ( SEMI ) – CZ - PEC- D Analysis – *Neutral ( Bullish bias)*

- Texture – BULLISH TOP & NEUTRAL BOTTOM

Upside - *Our Projected ABC up 39- is approaching with Bullish Top.* Wait for pull back & PQV Validation for next leg up

Downside – CZ 35-35.5 ,

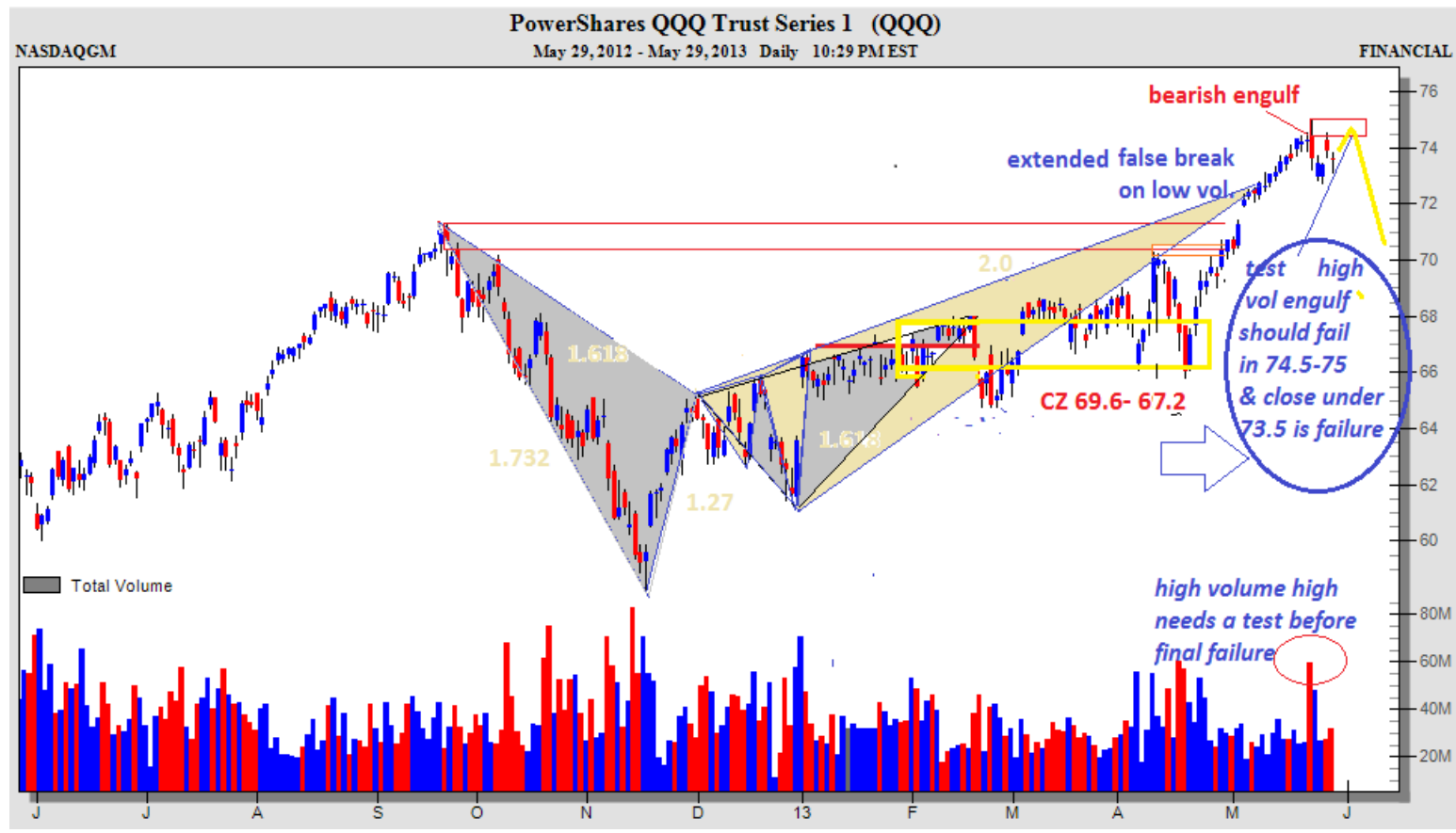


# QQQ – ( NASD 100) - CZ – PEC-D Analysis - Near Term - **BEARISH**

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

**Trigger for failure**- Refer notes in chart - Same time SPX should fail in **1680-1675**  
**For Aggressive Intentions CZ 74.5-75, it should fail - RM stop @ 74.88**

**Upside - CZ 68.60-67.2 Exceeded with Bearish Top around the CZ with PEC-D validating .**

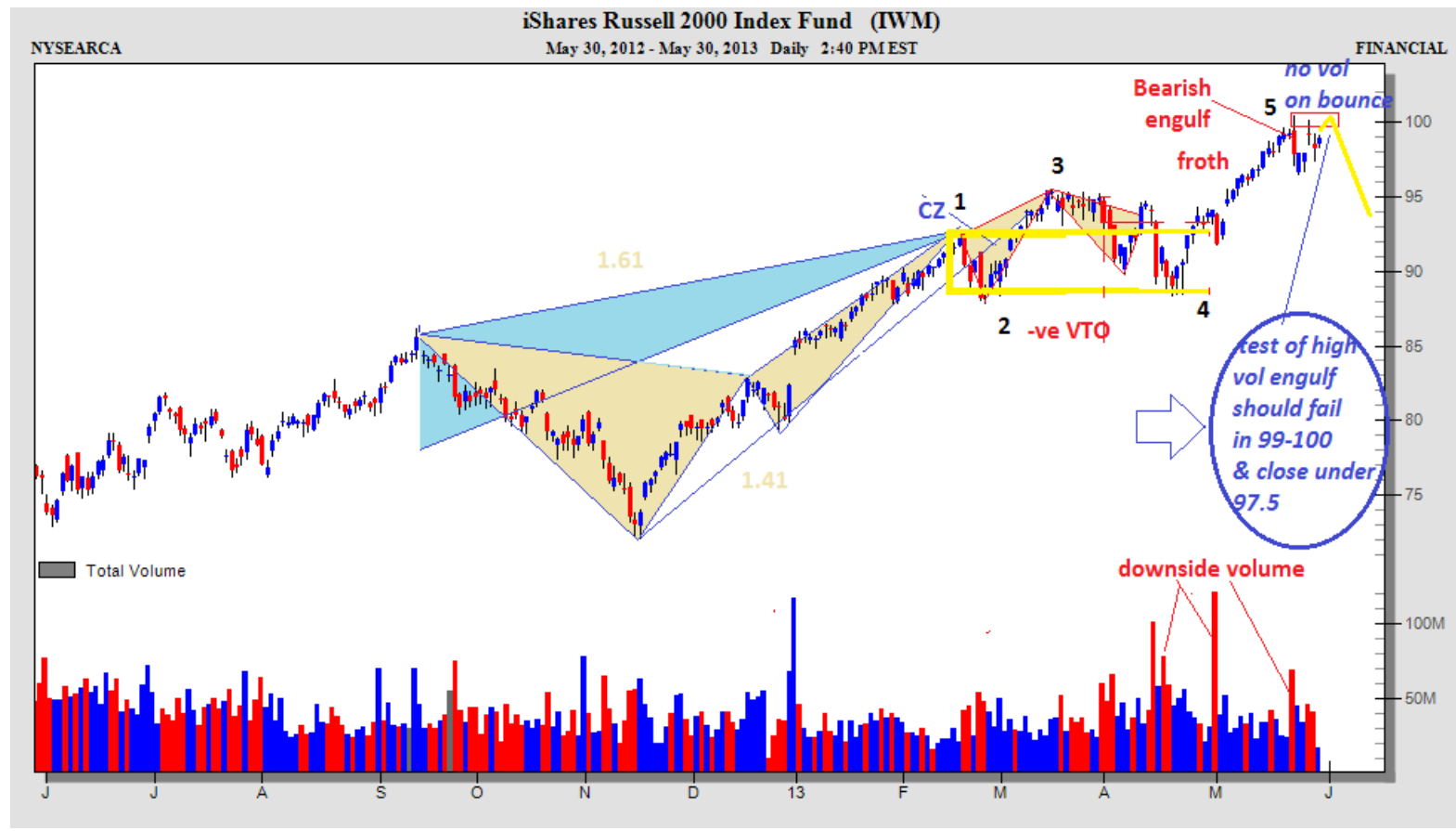


# IWM – ( RUSS 2000) - CZ – PEC-D Analysis - Near Term **“BEARISH”**

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

**Trigger for failure-** Refer notes in chart - Same time SPX should fail in 1680-1675  
**For Aggressive Intentions CZ 99-100 , it should fail - RM stop @ 101**

**Upside - Bearish** with Long term CZ 92.5-88.5 , - with -ve VTO  
Simultaneously completed WAVE 1-3-5 within PEC-D Framework



# 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**

- **( 3<sup>rd</sup> 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)

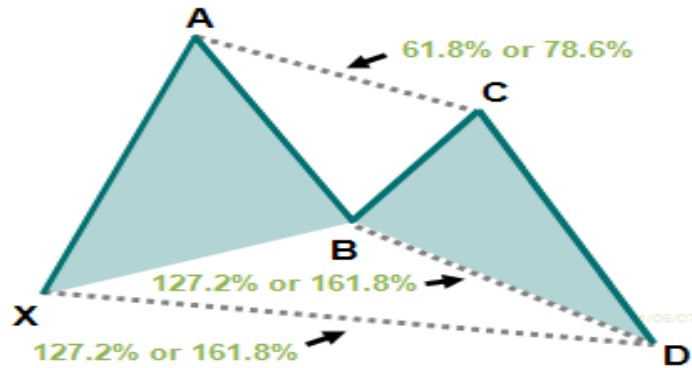
## Pythagoras Expansion / Contraction – (PEC) Model

- **PEC Model is a 2<sup>th</sup> 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**

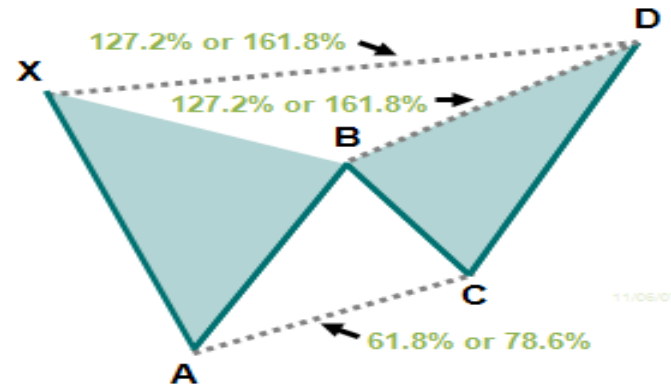
### **PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model**

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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