



Date : 9<sup>th</sup> October ( 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>	106.7	POM 13 -Re Run On 01/7  <b>Core position</b>	CZ 115-107  <b>Triggered @ 107</b> 8/09 – 2 <sup>nd</sup> -1/2 re entry	<b>BULLISH</b> Bottoming  <i>Building cause for Leg up</i>	Net Long  <b>Avg entry Price 111</b>	<b>NONE</b>	Target – PEC-D 112  <b>Close above 107</b> is required Within the Chanel line	CZ 124-125 <b>Bullish Top</b>	<b>Pull back CZ 104-105</b> Should hold	Crash PEC-D 104, tested Bullish divergence	<b>No change from Previous</b> <b>Current Drawdown -- -4.0%</b> managed with EMB Hedged profit of 3.5%
<b>IWM (SM CAP)</b>	104.1	POM 15 (SPX)	CZ 104.25 – 101.28  "	<b>BEARISH</b>  <i>Alerted To scale in Short- Bias Portfolio only</i>	Net Short  <b>Avg entry @ 103.1</b>	<b>NONE</b>	PEC-D 103 met & failed On PQV  <i>Close below 101</i> Would be confirmati on	<b>106 extension</b> Frothy, & decline began  3 – Drives to the Top complete	1 <sup>st</sup> ABC down to 98	CZ 93-94 <b>heavy bottom</b>	Bearish Top Engulf @ 99 is intact on 5/22 .  <i>Hedge remains on XLP,XLV,XHB for Market Neutral Book 5/22</i>

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<b>QQQ (NASD)</b>	77.22	<b>POM 15 (SPX)</b>	CZ -74.75-73.51  Scale in” 7/24	<b>BEARISH</b>  <i>Alerted To scale in Short- Bias Portfolio only</i>	Net Short  Avg entry @ 74.28	<b>NONE</b>	PEC-D 76 met & failed On PQV  Close below 74.5 Would be confirmation	79 extension Frothy  & decline began	1 <sup>st</sup> ABC down to 73	CZ 69.5-70 heavy bottom	Bearish Top Engulf @ 75 is intact on 5/22  <i>10% Hedge remains on XLP,XLV,XHB for Market Neutral Book 5/22</i>
<b>SMH (SEMI)</b>	39.59	<b>POM 15 (SPX)</b>	NONE	<b>NEUTRAL</b>	CASH .	NONE	ABC up to 40 complete  No signal			CZ 35-36  Best Risk Reward to enter	Good candidate to be long after the correction.
<b>MDY (MID CAP)</b>	223	<b>POM 15 (SPX)</b>	NONE	<b>NEUTRAL</b>	CASH	NONE	POM 15  No signal	TBA	TBA		Ditto
<b>IYT (TRANS)</b>	115.1	<b>POM 15 (SPX)</b>	NONE	<b>NEUTRAL</b>	NONE	NONE	POM 15  No signal	TBA	TBA		<b>DOW THEORY</b> “ Triggerred <b>SELL SIGNAL</b> @ 14700 on 6/6

Continued.....

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EMB (EMG B.	109	N/A	CZ 110.7-109.7 On 7/1	NEUTRAL Bullish bias	NONE	NONE  <i>No signal</i>	CZ 110.7-109.7 Approaching With volume pick up “  <i>suggests This zone should be broken upside</i>	CZ 115-117	PEC-D 104.5, ABC down	CZ 103-101 Climax lows	<b><i>Best Risk Reward for Net long @ 102.5 PEC-D</i></b>  <b><i>Earlier - Closed the Net long Position for 3.5% profit</i></b>

# SPX- Portfolio – Overview

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

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

XLV ,XHB , FXI\_EWJ , XLP , TLT (10%)

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

QQQ , IWM,

## Market Overview SPX

The markets are being held hostage by the inadequacies in DC. When the impasse ends, we can see a kind of relief rally. The average seasonal low for the market occurs on October 20<sup>TH</sup> but of course precision isn't called for. The actual price low could occur earlier (a panic low), or later. One thing we do know is that the market usually makes a momentum low, then a price low.

The markets action yesterday pulled back to our SPX – PEC-D 1675 as suggested in our previous MS Report and volume picked up downside (No PQV Validation) breaking the CZ and **negating the Momentum thrust**. The bars formed were wide ranging and they closed at their session lows. On short term basis the Market's do not typically end on candles of this magnitude especially if they are not tested and therefore the futures that are pointed higher this morning are nothing more than a bounce at the moment. The likely targets for the bounce are the 1665-1670 towards the breakdown area. Our ABC down has been 1610 to heavy bottom. At best we would like to see how it reacts at yesterdays lows of 1655 for judging best risk reward.

On short term positive for bounce has been VIX moved to upside target of PEC- D - 20 met, Trin has been at 1.95 and Tick has been -800 all 3 combination in one day tends to give bounce within 2-3 days.

The oscillator is below the zero line. We are at POM 15 effect and McClellan Summation is below 500

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

## **Broader Indices Overview**

- **BULLISH** - **TLT- bottoming building cause.**
- **BEARISH**- **QQQ, IWM,**
- **NEUTRAL**- **EMB, MDY, IYT, & SMH**
  
- **QQQ, IWM** - On 10/8 , it come down hard with massive high volume decline . The Bearish Top has been in place since POM 15 . It has is acting frothy at the Top with **BEARISH** heavy Bottom .
  
- **MDY, SMH , IYT** **NEUTRAL** - **No SIGNAL.** - Neutral Top & Neutral Bottom - At current levels , there is no favorable Risk / Reward . \_The “ Best opportunities to go Long would be after the pull back in Bullish zone.
  
- **EMB** - **NEUTRAL** , **No SIGNAL.** approaching **CZ 110.7-109.7** . Volume is picking up , this suggests upside zone may be broken for move higher. If volume fails then we shall see

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

**TLT** - is getting ready to initiate leg up by building a big base within **CZ 104-105** . It is attempting to come back in range **107** with Bullish volume reversal. Once it trades above **PEC-D 107** to get traction to **112**. The Bullish divergence in VTO exists on price rejection.

**BACKDROP** - Our drawdown of **-4.0%** has been cushioned by EMB hedged profits **+3.5%** . **Earlier round trip on 10% exposure with profitable gains - 1<sup>ST</sup> 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**

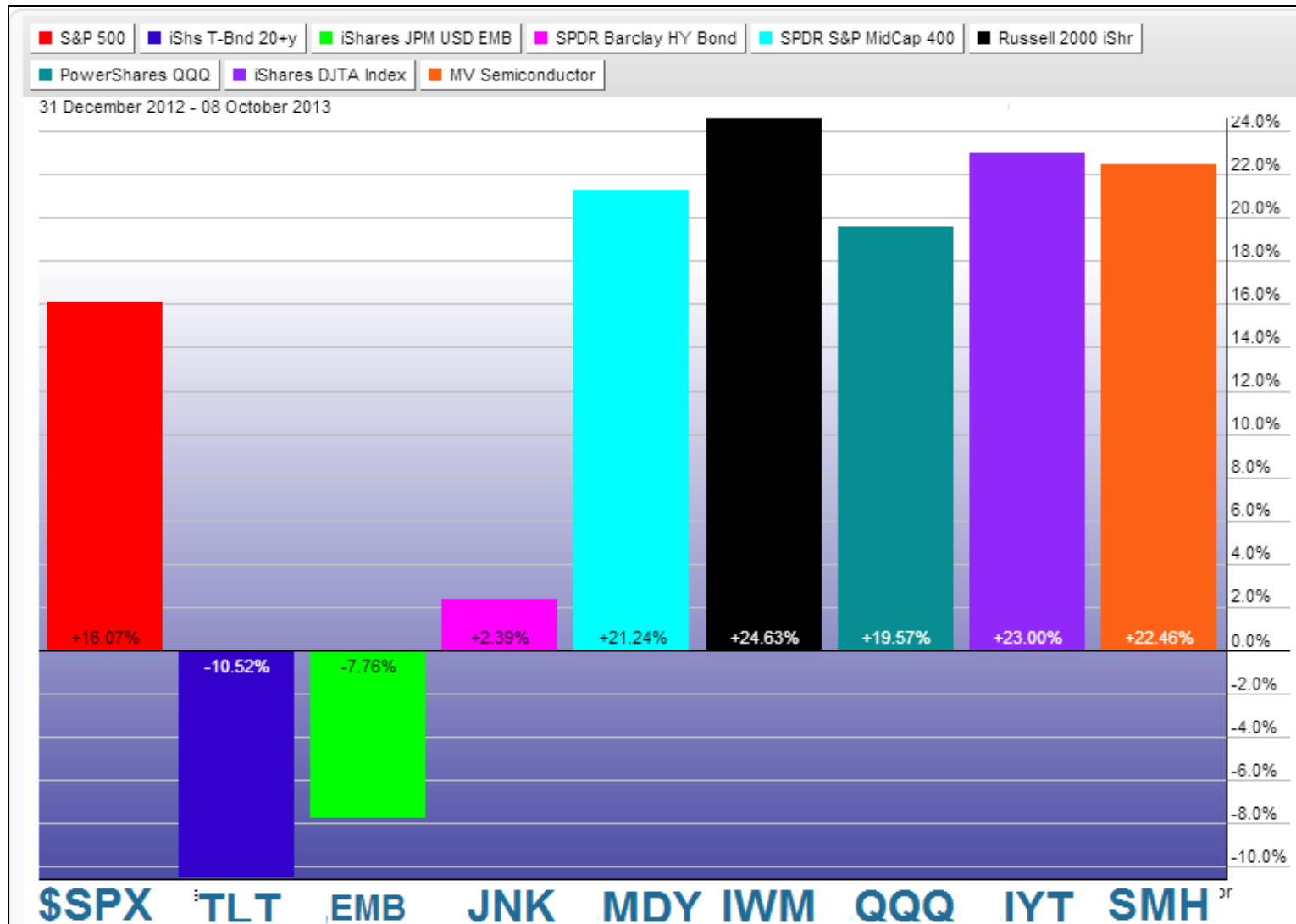
**Currently DOW is @ 14800**

**SIGNAL** - Based on conventional DOW Theory - **Triggered “ Sell Signal “ on 6/6 @ 14700 .** Ending the previous Buy Signal Triggered **@ 13850 on 1/29 .**

# 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 .

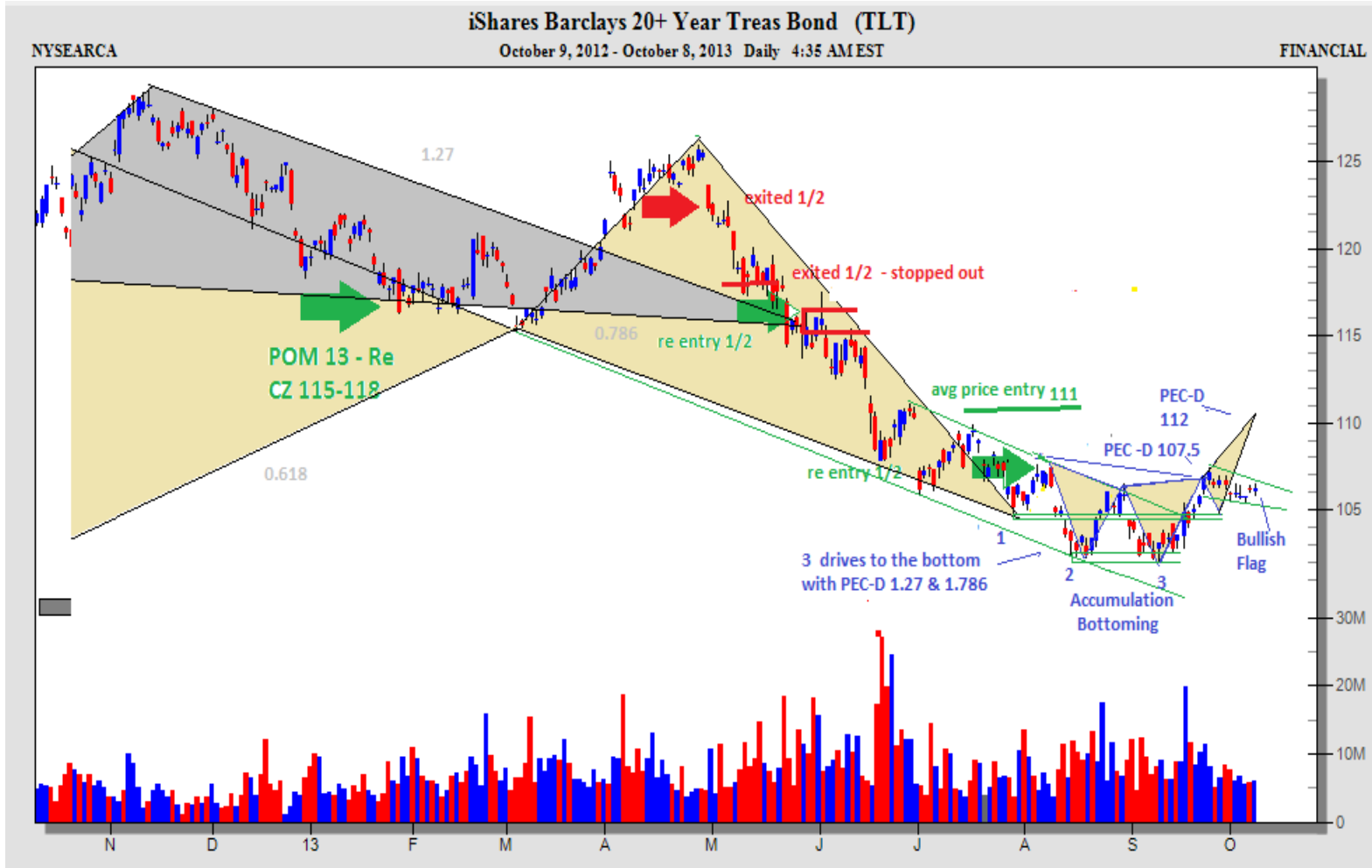




# TLT ( Bond ) – CZ- PEC- D Analysis – Daily

**Upside -** Close above PEC-D 107, should rally to PEC-D 112 & then to CZ – 124-125 ( Bullish top).

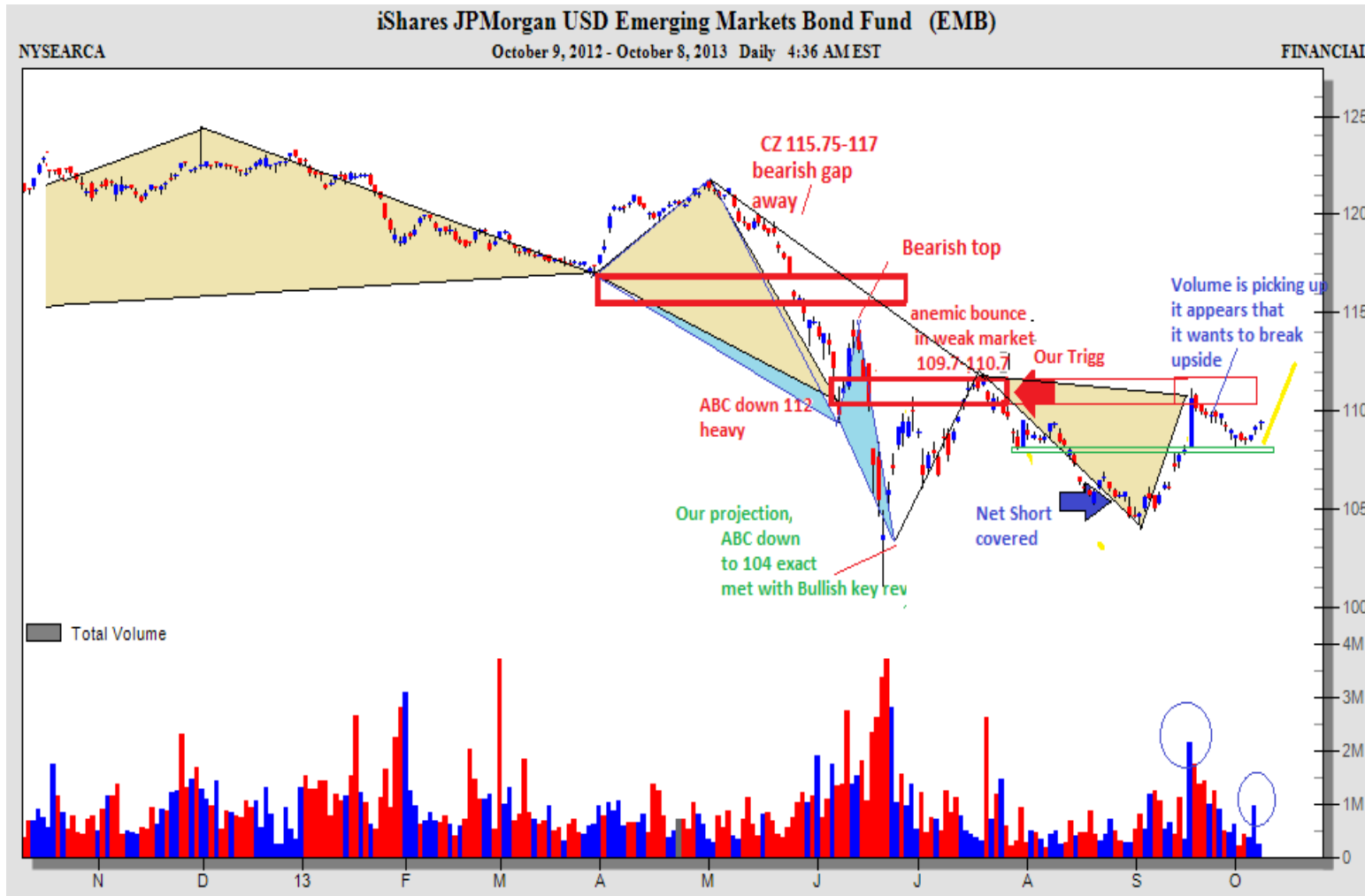
**Downside –** Bottoming process complete 105-104 , Rally has initiated Rejecting the Extended PEC-D 104 lows with , +ve vol reversal .



# EMB (EMG Bonds) – CZ / PEC-D / Ratio Analysis – Daily

**UPSIDE** – CZ 110.7-109.7, Volume is picking up – possible break of CZ upside

**DOWNSIDE** – PEC-D - 105 Met & Covered our Net Short exposure timely

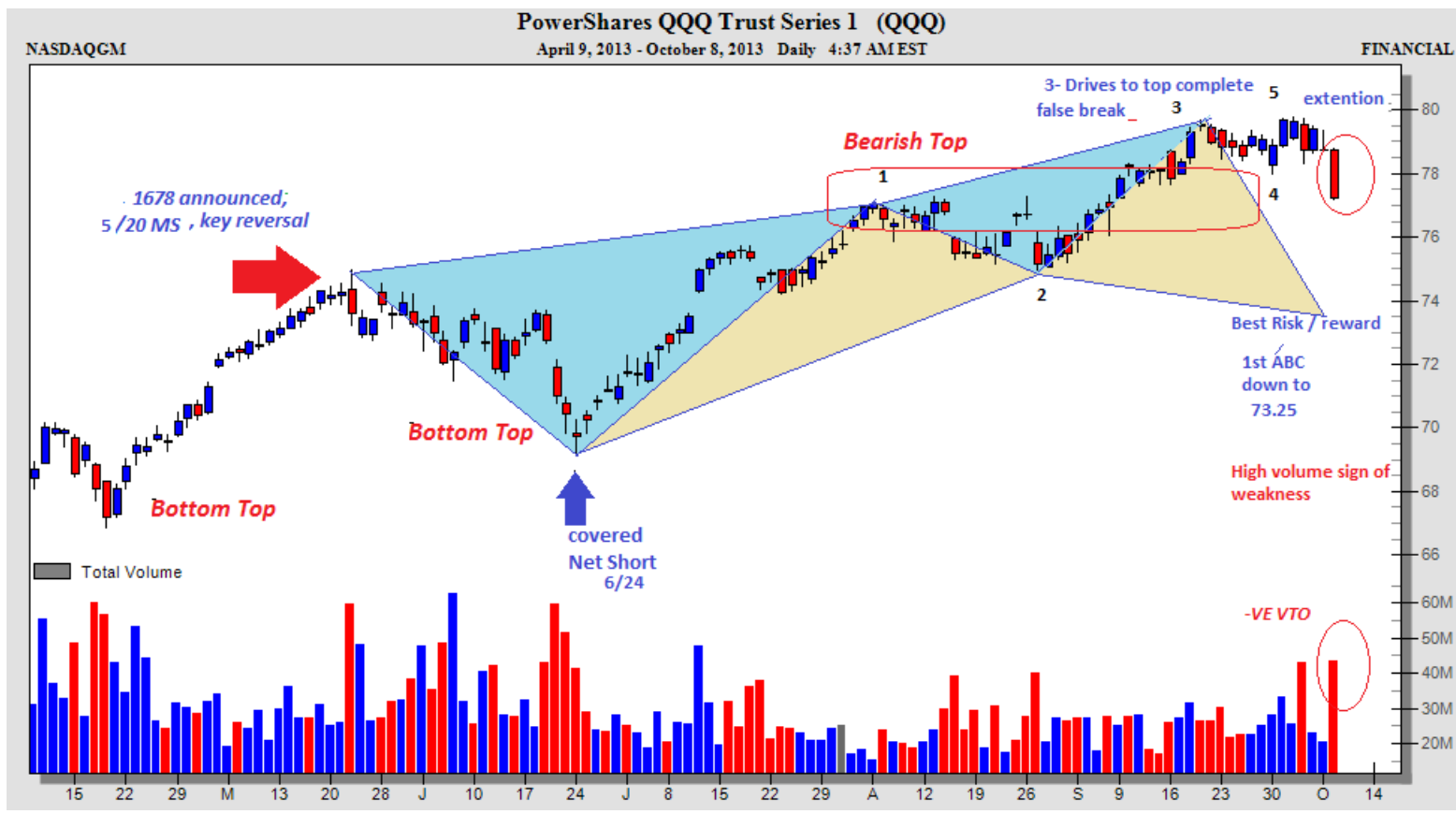


# QQQ – ( NASD 100) - CZ – PEC-D Analysis - **BEARISH**

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

**Upside -** Bearish Top extended to 79 with **-ve VTO**, **PEC-D 76 met.**

**Downside -** 1<sup>st</sup> ABC down **PEC-D @ 73.**

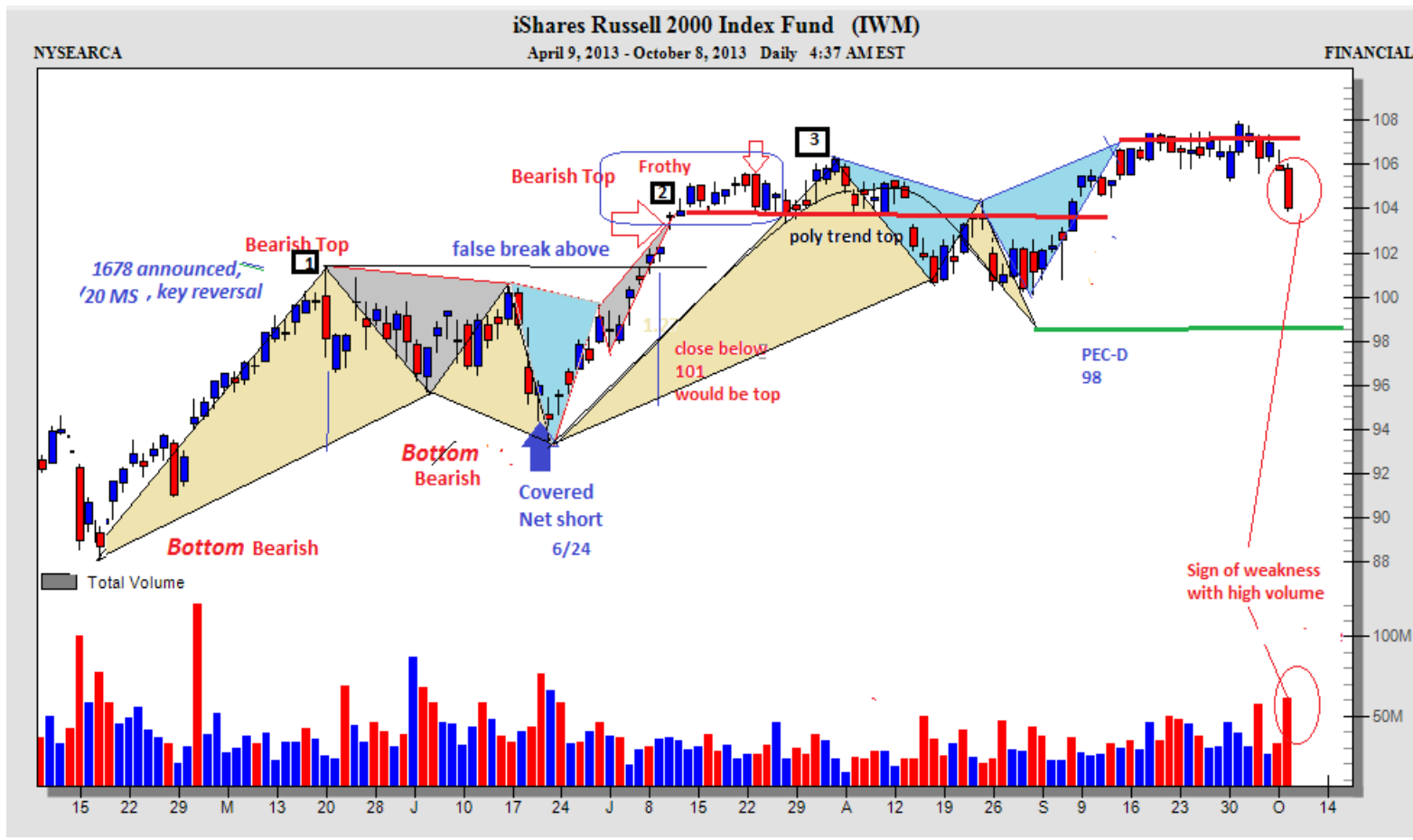


# IWM – CZ – PEC-D Analysis - “BEARISH)

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

Upside - Bearish Top extended to 106 with -ve VTO , PEC-D 103.5 – met

Downside - 1<sup>st</sup> ABC down PEC-D @ 98,



# 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

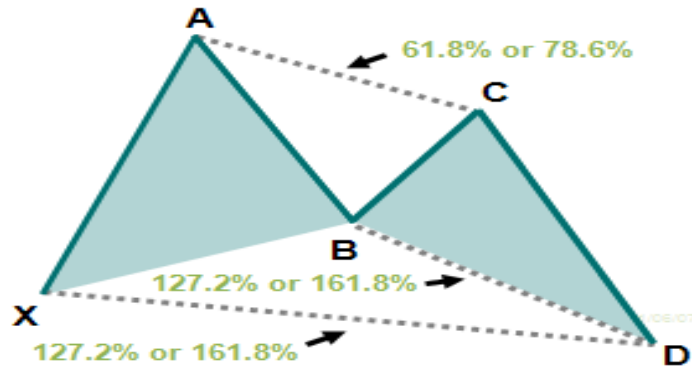
- **PEC Model is a 2<sup>th</sup> Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.**
- **Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular 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**

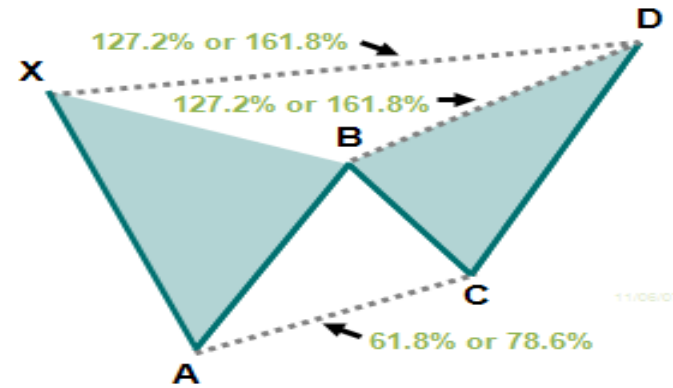
The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D



### Buy Pattern (bullish)



### Sell Pattern (bearish)



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