



Date : 18th Sept 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)	105.1	POM 13 -Re Run On 01/7 Core position	CZ 115-107 Triggered @ 107 8/09 – 2 nd -1/2 re entry	BULLISH Bottoming	Net Long Avg entry Price 111	NONE	Target – PEC-D 115 Close above 107 is required Within the Chanel line	CZ 124-125 Bullish Top	Crash PEC-D 104, Bullish divergence		No change from Previous Current Drawdown - 5.5% managed with EMB Hedge profit of 3.5%
IWM (SM CAP)	106.98	POM 15 (SPX)	CZ 104.25 – 101.28 "Scale in" 7/24	BEARISH	Net Short Avg entry @ 103.1	NONE	PEC-D 103 met & failed On PQV Close below 101 Would be confirmation	106 extension Frothy , 3 – Drives to the Top complete	1 st ABC down to 98	CZ 93-94 heavy bottom	Bearish Top Engulf @ 99 is intact on 5/22 . 10% Hedge remains on XLP,XLV,XHB for Market Neutral Book 5/22

	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
QQQ (NASD)	79.3	POM 15 (SPX)	CZ -74.75-73.51 Scale in” 7/24	BEARISH	Net Short Avg entry @ 74.28	NONE	PEC-D 76 met & failed On PQV Close below 74.5 Would be confirmation	79 extension Frothy ,	1 st ABC down to 73	CZ 69.5-70 heavy bottom	Bearish Top Engulf @ 75 is intact on 5/22 10% Hedge remains on XLP,XLV,XHB for Market Neutral Book 5/22
SMH (SEMI)	40.49	POM 15 (SPX)	NONE	NEUTRAL	CASH	NONE	ABC up to 40 complete No signal			CZ 35-36 Best Risk Reward to enter	SMH - Good candidate to be long after the correction.
MDY (MID CAP)	229	POM 15 (SPX)	NONE	NEUTRAL	CASH	NONE	POM 15 No signal	TBA	TBA		Ditto
IYT (TRANS)	120	POM 15 (SPX)	NONE	NEUTRAL	NONE	NONE	POM 15 No signal	TBA	TBA		DOW THEORY “ Triggerred SELL SIGNAL @ 14700 on 6/6

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>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
EMB (EMG B.	110.6	N/A	CZ 110.7-109.7 On 7/1	NEUTRAL	NONE Timely closed the 5% Short position 8/28 For 3.6% profit	NONE No signal	CZ 110.7-109.7 Approaching (No validation yet)	CZ 115-117	PEC-D 104.5, ABC down	Target CZ 103-101 for next retest	Best Risk Reward for Net long @ 102.5 PEC-D

- FOMC announcement put fire powers under our Net long positions XHB (Housing) , TLT (Bonds) , FXI, NIKK & AUD in big way while Net.Short leg with -ve returns in QQQ, IWM balanced out with +ve spread on XLV & XLP managing the -3.5% drawdown in Short leg
- **Alert** - GOLD & GDV exploded , we shall re enter our ½ exited positions **ONLY** back (scale in) between 1370- 1350 in GOLD & GDV . Gold reached our 3rd ABC down exact PEC-D 1295 and reversed for monster 60 point rally. This position was exited at 1428 on 8/26 STOP @ GOLD 1280, GDV 25.5

NOTE – Market changed in 1 hr faster than we can change our Chart Analysis of past 2 days of work. Some of the charts were done prior to it . However non of our price path projection changed due to it except signal in Gold.

SPX- Portfolio – Overview

- We have Re instated – Net short bias on SPX Failure 1687 on 7/28 POM 15.
- Spread - IWM, QQQ, is also a Short leg in Bearish instrument to Hedge taken on 2/20, 2/25, 3/06 . against the Bullish Top Instruments – Net longs (listed below)

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

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

QQQ , IWM ,

- NET SHORT at POM 15–

QQQ, IWM, , XLE, XLB ,

EEM (2%) –stopped out @ 41.50 on 9/16 for 2.5% loss

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

Broader Indices Overview

- **BULLISH** - TLT- bottoming .
- **BEARISH**- **QQQ, IWM,**
- **NEUTRAL** - EMB, MDY, IYT, & SMH
- **QQQ, IWM** - is acting frothy after our Projections have been met post POM 15 on 7/27 @ 1687. **BEARISH** with heavy Bottom . **We would not consider adding any additional Short position till Market fails.**
- **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.** Timely exit for Profit on 8/28 . EMB exploded on upside after FOMC announcement . Now approaching **CZ 110.7-109.7** .- **No signal**

For Mid Term Trade for Bulls- The decline to RE TEST the 2nd ABC down **CZ 103-101** should produce best Risk reward **to go Net Long** . Once tested, the Next leg up will begin **powerful from 102. Which has been climax lows**

TLT (BONDS)– Pull back extended below Bottoming CZ

Sentiments in Bonds are very negative. There has been a 'great rotation' of money being pulled out of bonds and put into the stock market. Now the reverse should happen the other way.

TLT - is building a big base to launch what could be a very big move. It has rejected lows on weekly basis and attempting to come back in range with Bullish volume reversal. We should trade above **PEC-D 107** to get traction.

There is no volume in this down move as prices have moved down therefore we think we may be close to a turn up in bonds . The Bullish divergence still exists.

BACKDROP - Our drawdown of **-5.5%** cushioned by EMB hedge profits **+3.5%** . **Earlier 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**

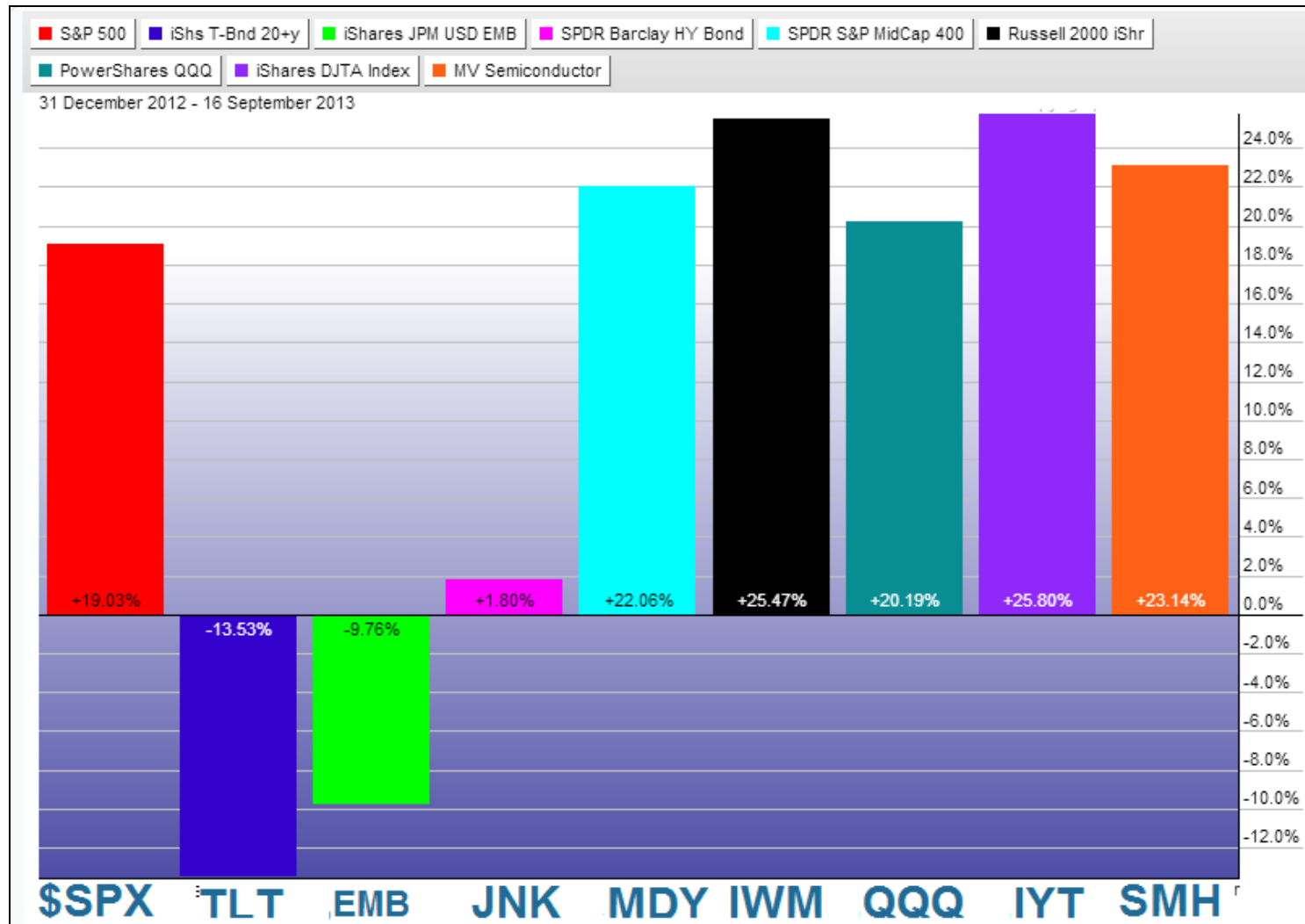
Currently DOW is @ 15,500

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

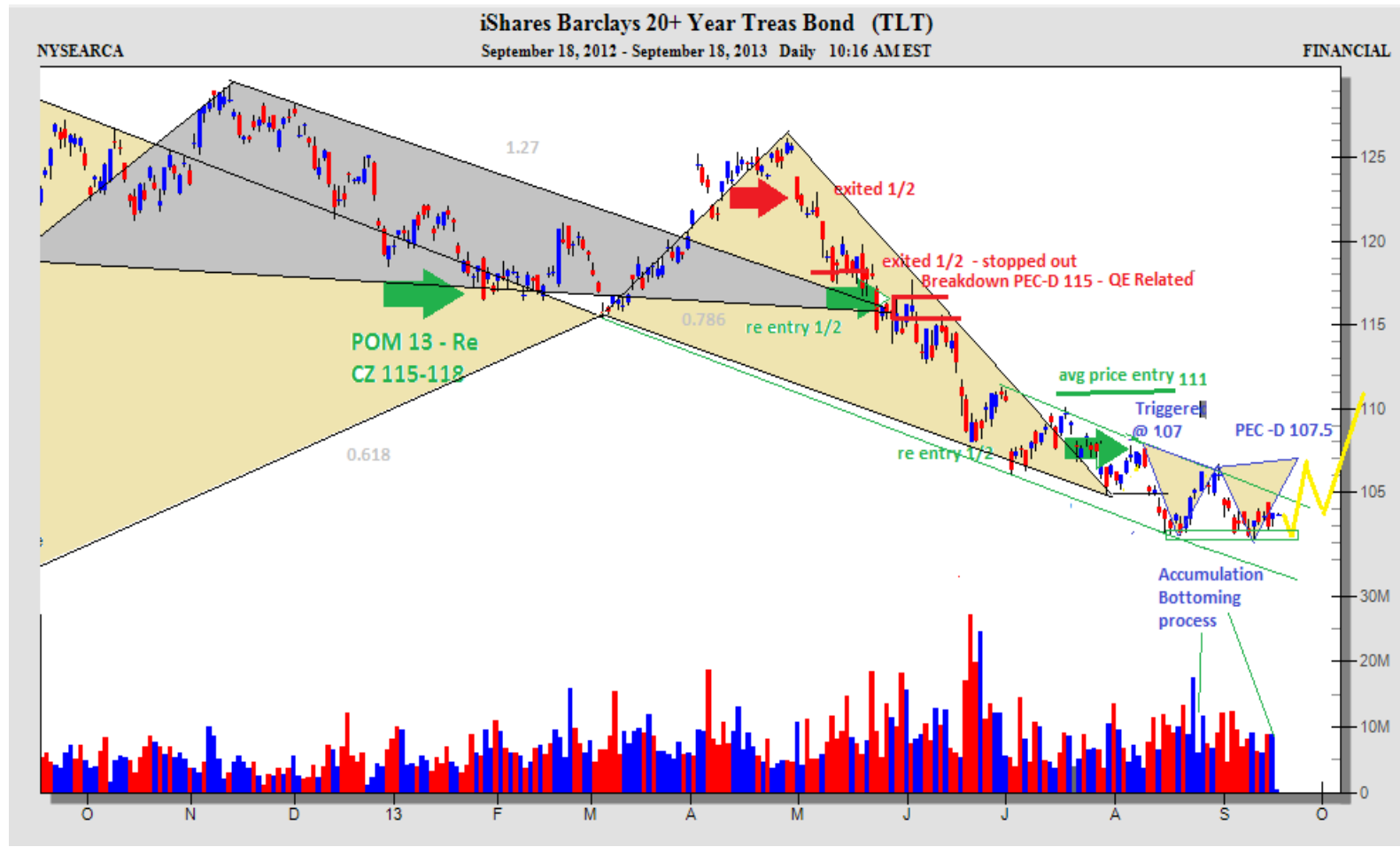
2013 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX .



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

Upside - PEC-D 107.5 Close above 107, TLT should rally to 111 & then to CZ – 124-125 (Bullish top).

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

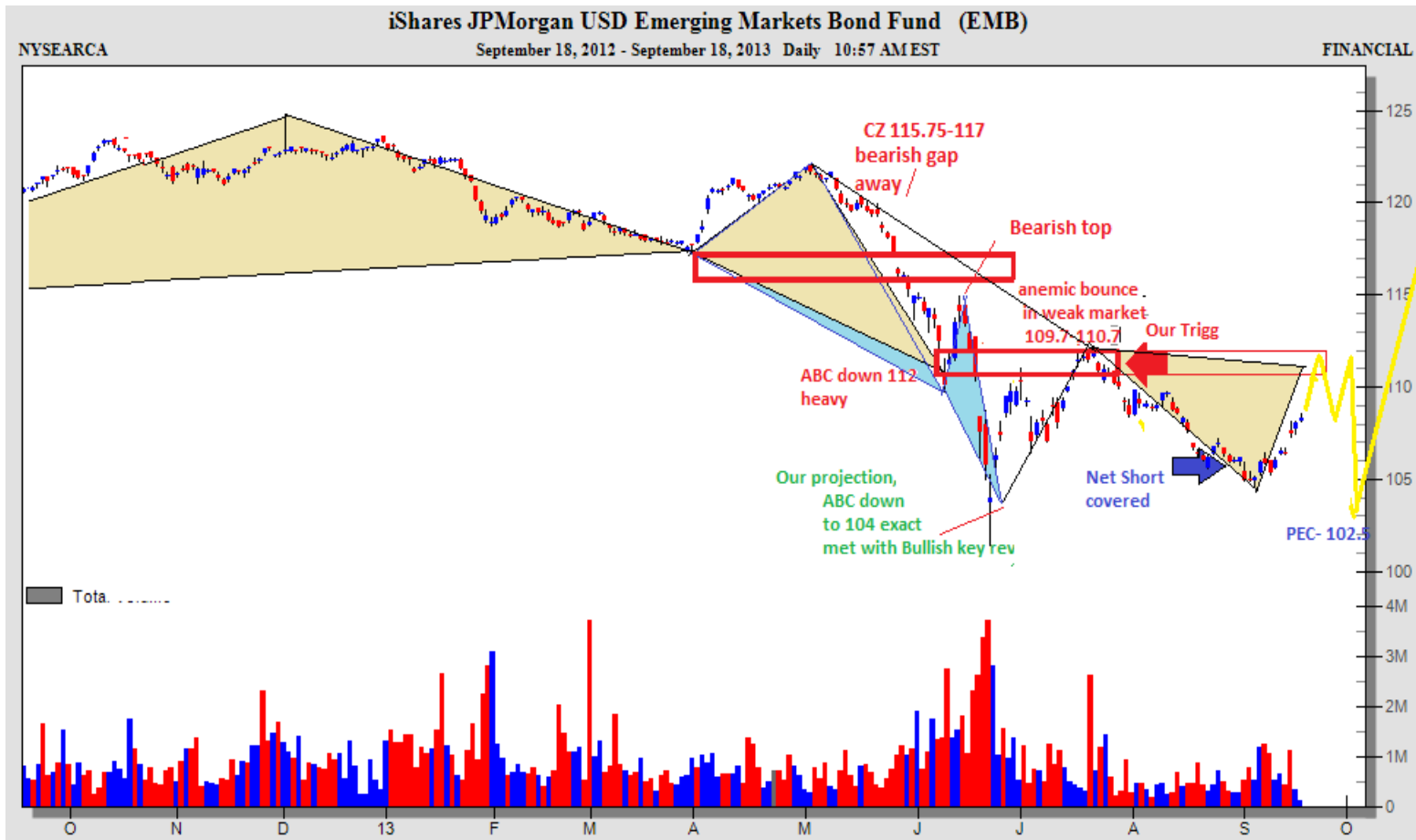


EMB (EMG Bonds) – CZ / PEC-D / Ratio Analysis – Daily

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

Best Risk / Reward – For Net long Within CZ 103-101 -

UPSIDE – CZ 110.7-109.7 , should fail



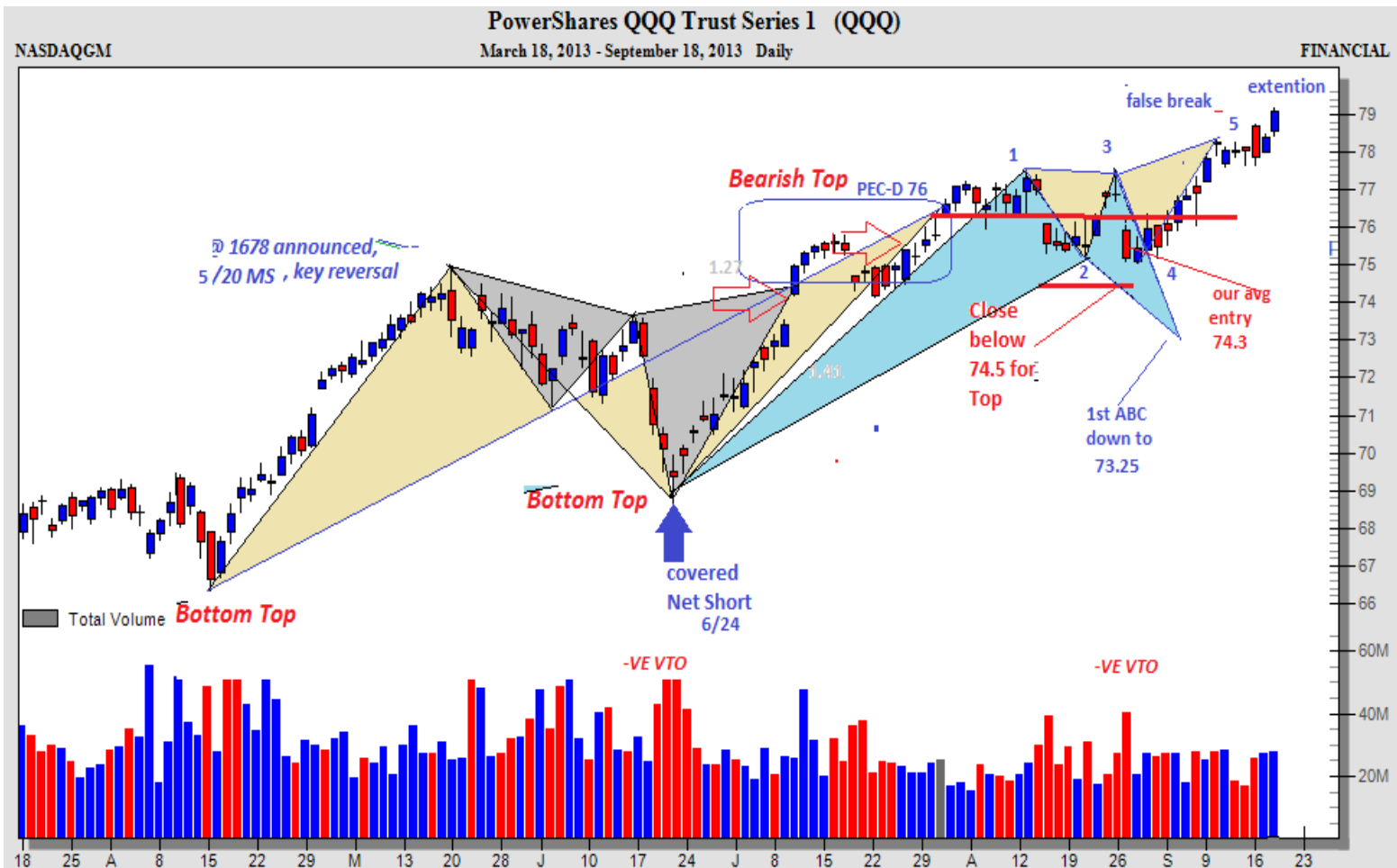
QQQ – (NASD 100) - CZ – PEC-D Analysis - **BEARISH**

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

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

We would not consider adding any additional Short position till Market fails.

Downside - 1st ABC down PEC-D @ 73.



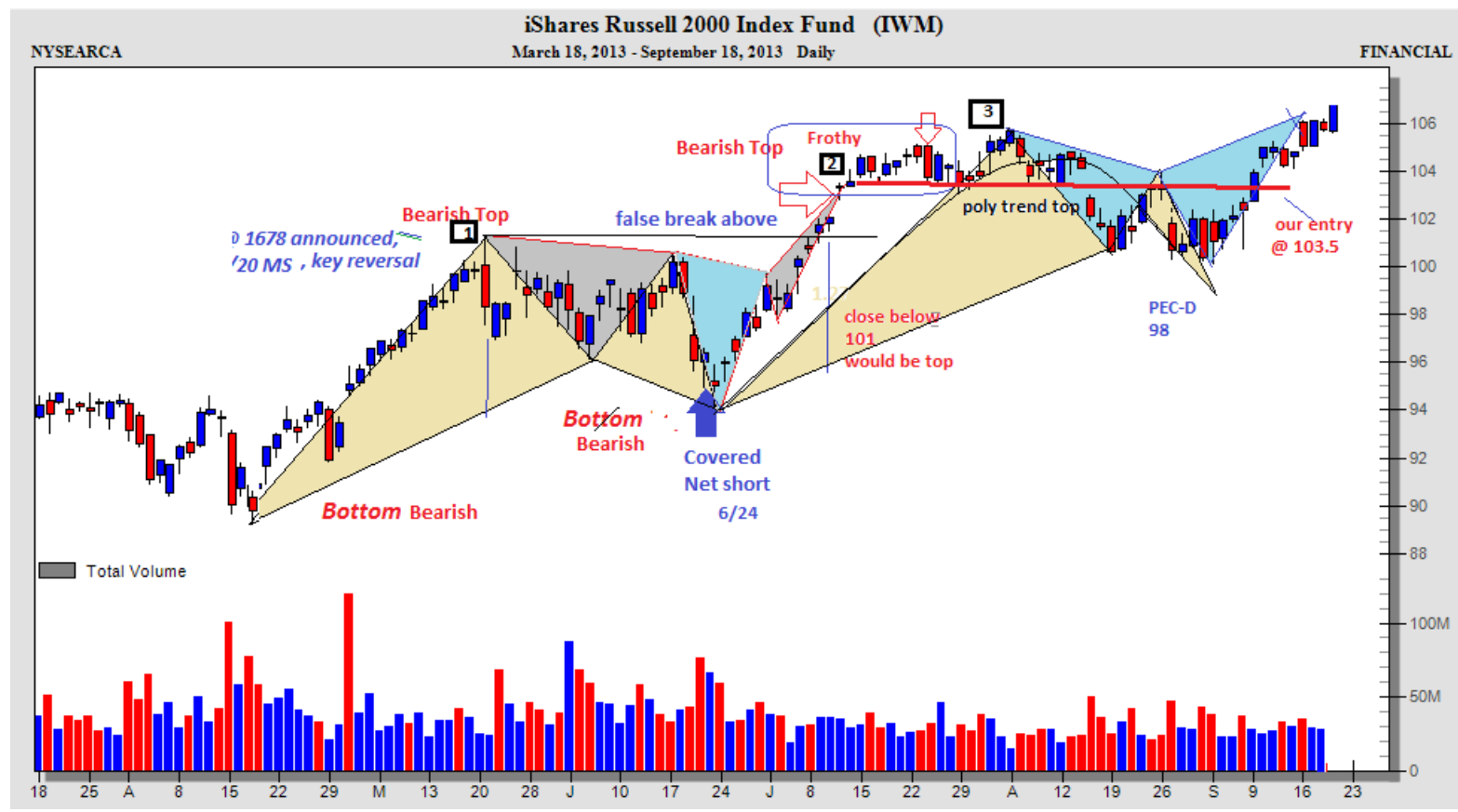
IWM – CZ – PEC-D Analysis - "BEARISH)

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

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

We would not consider adding any additional Short position till Market fails.

Downside - 1st 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**

- (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)

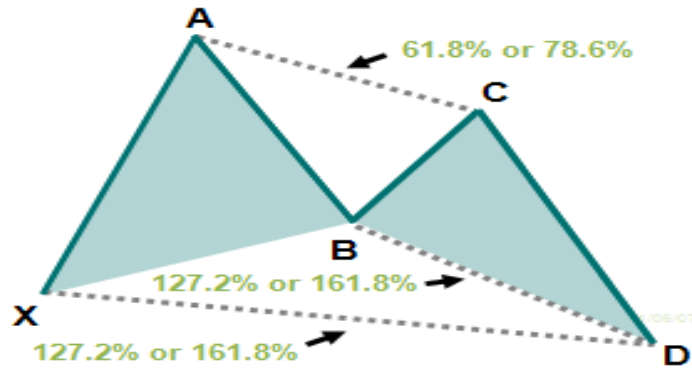
Pythagoras Expansion / Contraction – (PEC) Model

- **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**

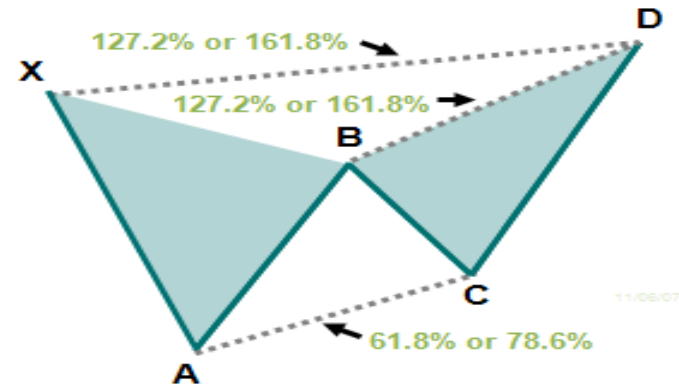
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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