SG Capital Research
Global Market Insights
Chart System

Date : 18th Jan 2014 (Saturday) **SPECIAL REPORT- GLOBAL - BSE**

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• Executive Summary

	Current Price	Triggered within CZ & date	Last Announcement- Update For ST Trend Reversal & RM	Progress Status	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
$BSE MUMBAI	21063	*Marked to Market start @ 21350*	@ 21400 3rd Weekly ABC up *completed EXACT & exhausted* On 11/3- BSE Report	Caution *Election can skew The progress With sudden temp gap ups*	Bounce to 21200- under Key reversal Should fail	Shooting star top to 21350 Met exact & failed Neutral Top	Pull back to CZ 20800-20600– Bearish Bottom	PEC-D 19.7 CZ 19850-19600- *previously Did not complete* Weekly Bullish Floor *Best Risk/ Reward to go long*	Refer to Price path below

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

BSE Overview - CAUTION @ 21400 on 11/3 Report

In our last Global BSE Report 12/20, BSE was trading @ 20075 " *We had indicated that the upside target for the rally to 21350 and should fail with re – testing of shooting star. BSE went to exact 21333 and the pullback initiated as per the price path indicated in the previous Report dated 12/20) .*

Next – . Since *CZ 20800-20600 pullback earlier was established* with Bearish Bottom and simultaneously, the Top @ 21400 has been on Neutral Top, it has build in –ve VTO. This suggests that the bounces should continue to fail at / under Triple primary top 21400. (our original cautionary point Alerted on 11/3) .

Ideally the secondary top at 21350 should have been tested with Bearish top, that would give a clear signal but instead it tested with Neutral Top. Such scenario gyrates longer in time . This is a rolling top.   Last week the volume picked on downside but there is possibility of one more test of lower highs to 21200 till the Neutral top turns to Bearish top. NEVER THE LESS , the Bounces generated from heavy bottoms (PEC-D 20.7) without full price projections (PEC-D 19.7) and without volume diffusions eventually tends to come back for retest of CZ which in this case is 1st ABC down.

Globally based on Market correlations SPX has failed at 1850 , its decline can trigger decline in BSE along with global markets . Our First ABC down is to PEC-D 20.5 and 2nd ABC down to PEC-D 19.7 for full price projection in next 2-3 months of 2014. On short term basis, BSE price path can get skewed due to internal political reasons but eventually the market goes in direction of volume. Price paths given are market guidance points , the actionable areas are defined by change of trend within CZ 's

We re – iterate - *On weekly Chart, the Bullish Bottom is at CZ 19850-19600 , 2nd ABC down is full price projection . The Bullish floor is very powerful and may not get easily broken on downside .*   **Best Risk / Reward " to enter LONGS based on volume diffusion process projecting prices.**

CHART 1-   BSE (Mumbai) – CZ/ PEC-D Top – Daily

Neutral Top   & Bearish bottom

UPSIDE -   A shooting start at double top 21350 was met , tested and failed with Neutral Top . There is possibility of one more test till it turns Neutral to Bearish top. Even if we get lower high on one more bounce with Bearish Top, it should do it.

DOWNSIDE - First Pull back to PEC-D 20600 to Heavy bottom – The   ABC down to PEC-D 19700- did not get completed earlier.

CHART 2- BSE (Mumbai) v/s SPX – ROC - Corr - Bigger picture- weekly

- **Texture – Neutral Top & Bullish Bottom .**

UPSIDE - . **The weekly** 3rd ABC up PEC-D 21400 final exhaustion got tested for Triple Top at the shooting star at 21350 & failed

DOWNSIDE - CZ 19850-19600 which would provide " **Best Risk / Reward** " to enter LONGS. .

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**

<u>**note –**</u> **This Analysis in BSE is <u>" STRICTLY</u> " with respect to SPX & POM . pinpoints the Tops and bottom. NOTE - POM 's of SPX are better actionable points. All other points CZ (noted) are moves within the move for Risk Management. Actionable point by this methodology is at SPX @ POM 14**

<u>Critical backdrop Notes –</u>
- Price path Analysis is running commentary of the Market's price behavior , Not a Trade Signal.
- Intermittent CZ's are Short time out / Risk management for overweight position / rebalancing spots. Unless your own Portfolio objective demands.
- POM's are Action points. Also at times Action points is at Main CZ's when specifically announced Triggers.
- Model does not encourage Buying in between unless its false break upside or false break downside soon after POM / Main CZ Trigger and is specifically announced . Model stays with Trend POM to POM Signal.

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