



Date : 14<sup>th</sup> April 2014 ( Monday)

**MS –SPX – POM - MARKET STRATEGY REPORT (SP)**

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**Executive Summary.**

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> - Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<u>NEW ACTION</u> ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	1810	POM 15 Triggered EMIAL Alert On 3/25 <u>Avg 1875</u>  CZ 1885-1865	NONE	BEARISH  <i>Short term bounce In making Around our ABC Down area</i>	Net Short For Bearish Port  Hedged for Bullish bias Portfolio	NONE	Bounce to cap within CZ 1860-1840 & fail	PEC-D 1885 Met exact & Declined massive to 1810	Pull back CZ1840-1825 Met with Heavy bottom	Target ABC down to 1788	<b>Weekly close Below 1845 Is change of trend</b>  <i>Our long position in Bullish top Instruments XLP, XLV, XLB. Closed SMH for 125 profit</i>
TLT (BONDS)	111.0	POM 13 – Re Run Marked to Market On 1/01 start <u>@102</u>	<u>Announced @ 108.28</u> on 2/3 to close ½ Net longs positions <u>due to</u> ST pull back	BULLISH	Net Long	NONE	First target PEC-D 108 Met with Bullish Top	Target to 2 <sup>nd</sup> ABC PEC-D 112 Approaching Bullish Top	pull back to 107, Triangulation Held & rallied	CZ105-106 retested rejected on low volume Bullishly	<b>@ 109.25 on 2/4, closed ½ Net long position for 7 pts profit 6.5%</b>

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<b>GOLD</b>	1325	POM 13 Re – Run Marked to Market on 1/01 start @1205	Announced pull back On 3/13 @ 1360 ABC completion	BULLISH	Net Long	NONE	CZ 1320-1330 Approaching CAP Neck area Of breakdown	2 <sup>nd</sup> ABC to 1345	Pull back to CZ 1300-1290  <b>Close above 1293 last week rejected lows as announced</b>	PEC-D 1260 Bullish floor On lighter volume	<b>Weekly 5 year</b> CZ 1190-1220 Is solid floor Bullish floor

## Portfolio – Overview & Update

**SPX-** Overall Portfolio is at “POM 15 exposure Triggered 3/25 - Initiated the Hedges within CZ 1885-1865. Closed SMH long position . NET LONG exposure - XLV for Obama-Care, XHB for Housing recovery and XLP is for Consumer staple. Bullish Top Instruments should continue to move higher +ve Spread. Net Short for Bearish bias Portfolios

**GOLD-** NET LONG exposure – Marked to Market @ 1204 – 1<sup>st</sup> Jan 2014 .

**BONDS -** NET LONG exposure – Marked to Market @ 102 – 1<sup>st</sup> Jan 2014 . Reduced ½ @ 109.25 – 2/4

Portfolio Holdings ... .NEUTRAL- Bullish BIAS EQUITY- NON LEVERAGED(1:1) .....Refer to Respective Reports for details

- LONG at POM 13 ..... Holding  
Non- Equity - GOLD , GDX, USD/JPY , CU , TLT, AUD, DXY, UNG , DBA  
Equity - XLV ,XHB , XLP, \_EWJ / NIKKE ,
- Hedges v/s Longs) / Triggered within CZ : .....Holding  
Equity –( Hedges) - SPY Hedges initiated in CZ 1865-1885
- NET SHORT -.....- Mid term Holding  
None

## Market Overview SPX

**Last week Report-** Monday 4/7 – **SPX @ 1870** – “ We said , The bounce to **1878** at the top of POM 15 CZ and should fail on Bearish VTO and decline would begin as suggested by Rydex Money flow reading , TRIN Reading & Bradley high indicated on last Report.

**POM 15 – Trigger @ 1775 worked out very well**

**This week** -, Friday futures traded as lows as **1805**. We are approaching our Heavy bottom ABC down target of **1785**.

On Short term basis , We should see some kind of bottom this week since we are around our target zone. On hourly chart, the TRIN at 2.4 and the ticks at -800 and suggest a short term bottom will form in the market this week. The option expiration this week has a bullish bias. Cycle wise , we have **15<sup>th</sup> April Lunar Cycle this week** may signify a turn within 2-3 days. Caution on bounce.

Since the testing process may not be completed at the bottom volume diffusion , the bounce rally could be capped into **CZ 1850-1840** going into Cycle date of **28<sup>th</sup> April- Solar eclipse** and then decline to begin to come back by 10<sup>th</sup> May to Retest the bottom on Bradley turn day.

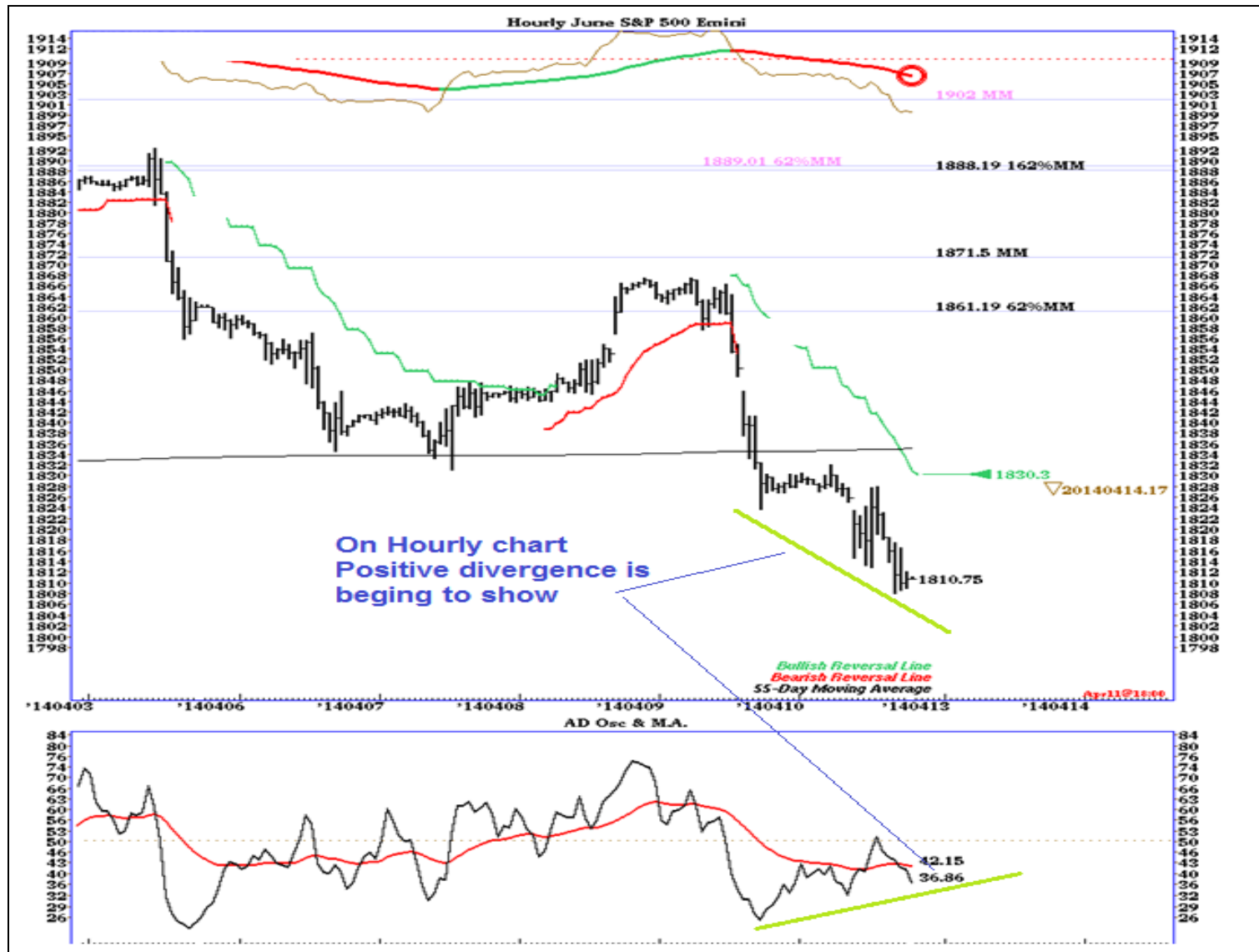
On mid term basis, the 4-year cycle low in July is reflected prominently in the full year forecast and then forecasting a big rally for the rest of the year- mid term election rally .

**BONDS-** have been under heavy accumulation by the smart money. Bonds soared last week . Approaching its Target **PEC-D 112**

**GOLD -** Approaching our ABC up target of **1325** after rejecting lows at **1290**

# SPX- Hourly Analysis – Short term

Notes within the charts.

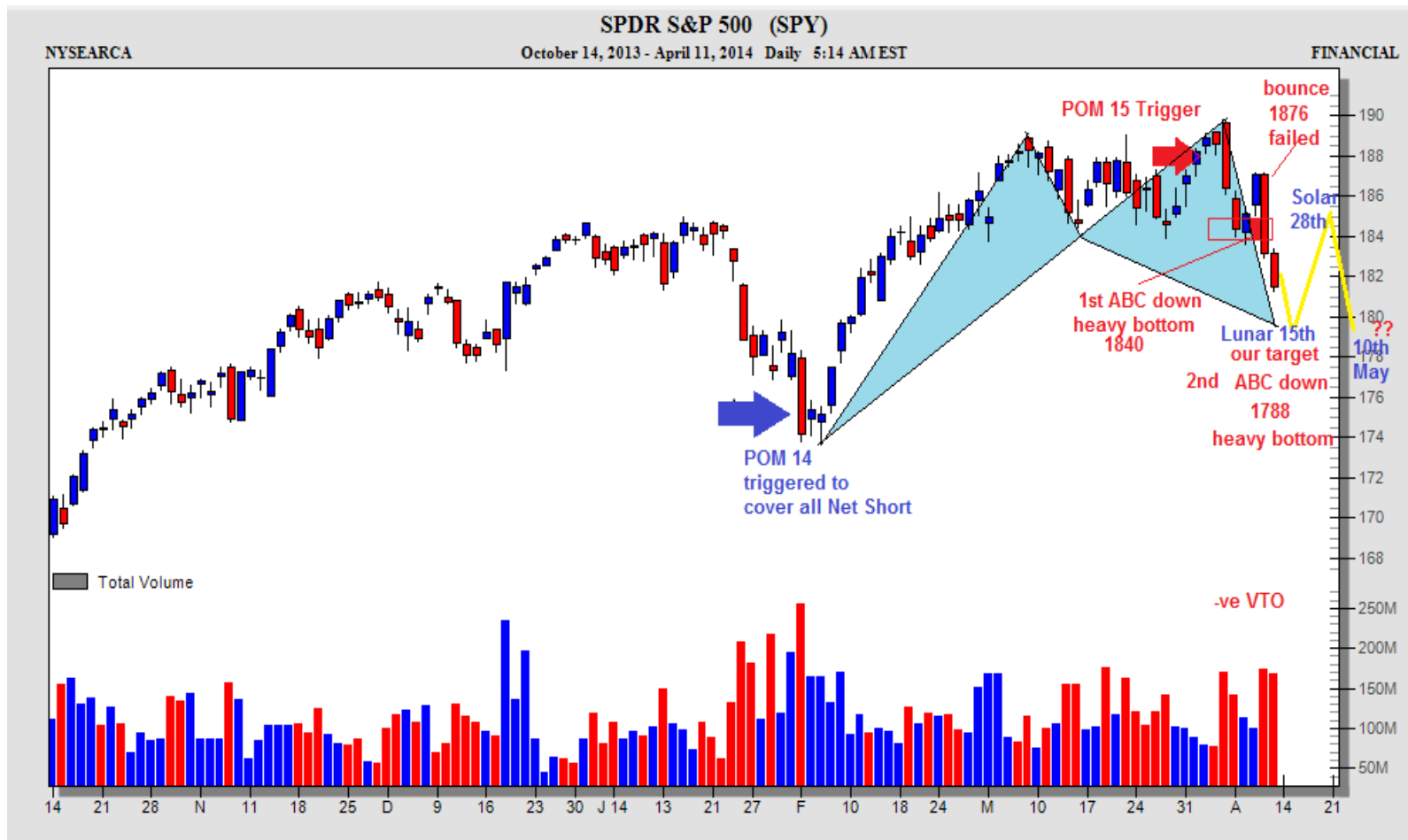


# SPX- PEC- D / CZ Analysis POM 15 - Daily chart – Short term

**Downside** — Our ABC down to PEC-D 1785 approaching . ( 15<sup>th</sup> April is Lunar ) & ( 28<sup>th</sup> April is solar )

1<sup>st</sup> ABC down to CZ 1850-1825 –met and got sliced with Heavy bottom. .

**UPSIDE**– Bounce into 1878 failed and decline re initiated . Our POM 15 Trigger PEC-D @ 1875. – Triple top tested and failed exact.

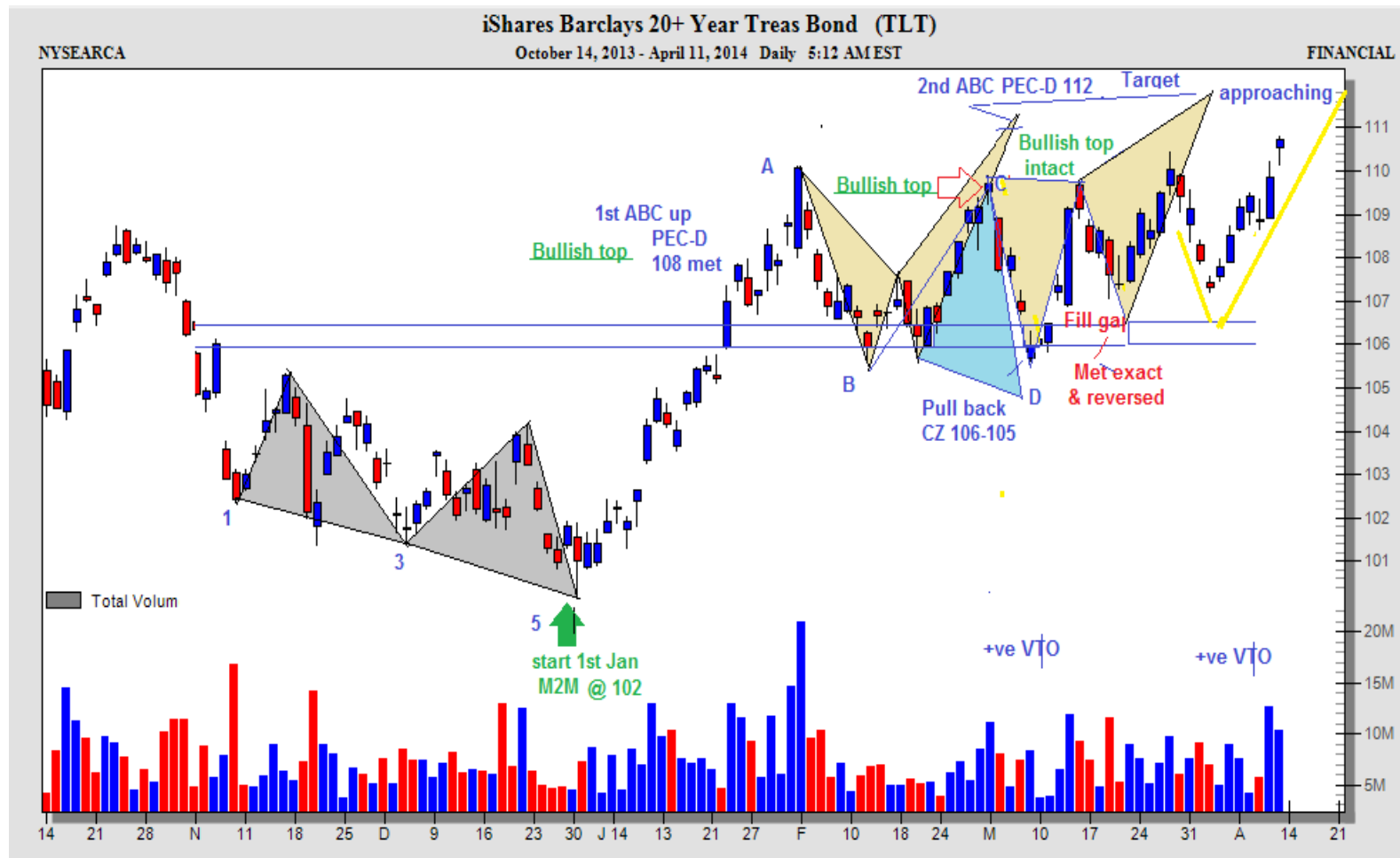


# TLT ( Bond ) – CZ- PEC- D Analysis – Daily - Bullish

**Upside -** Target to 2<sup>nd</sup> ABC up to PEC-D 112 is approaching .

Earlier PEC-D 108 - Met with Bullish Top suggests shallow pull back and then head higher.

**Downside –** Pull back to Triangulation point 107 met & then higher Rejected with low volume.

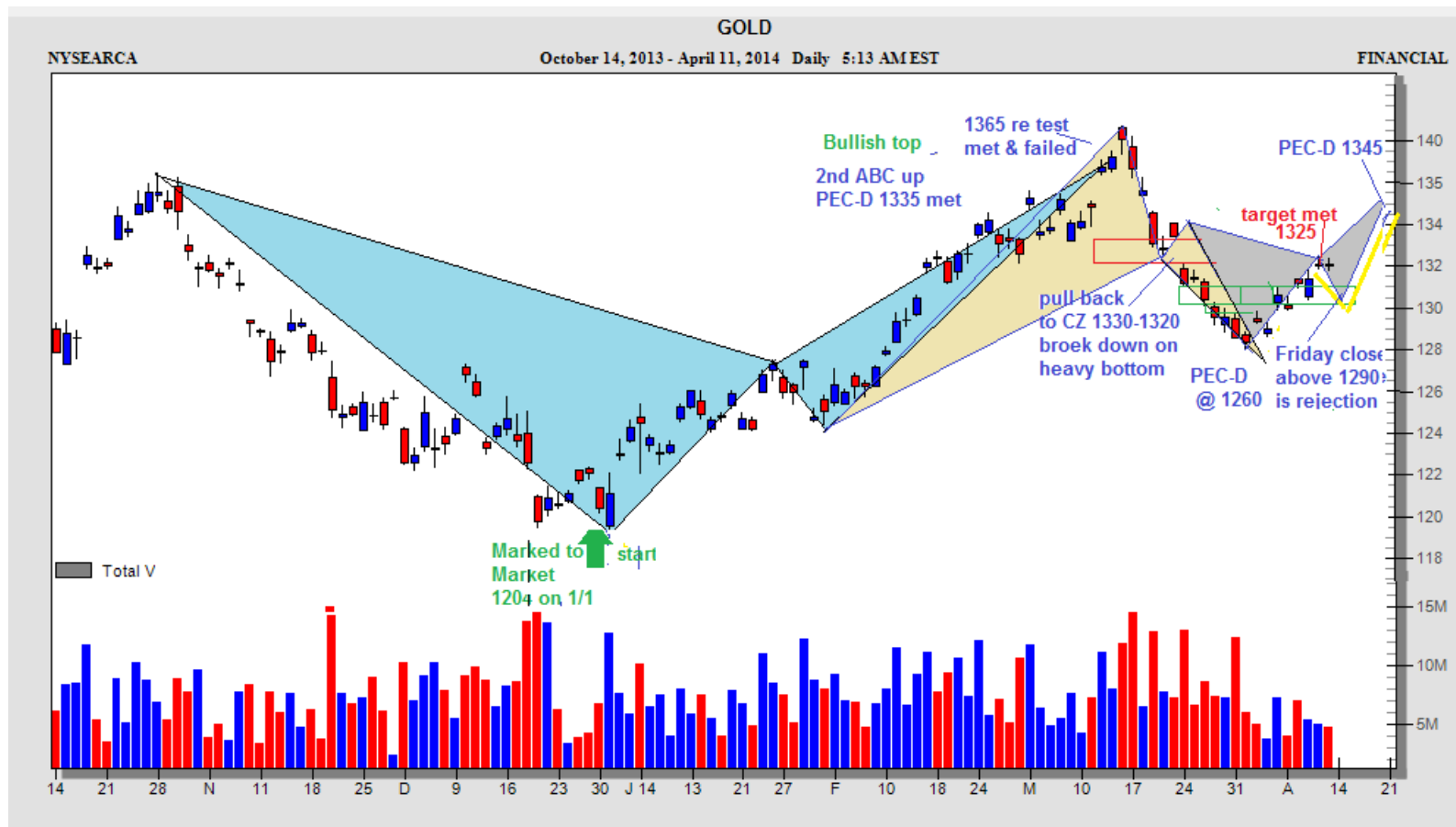


# GOLD – Daily – PEC –D / CZ Analysis – Bullish-

**Upside -** to CZ 1330-1320 cap target is approaching . 2<sup>nd</sup> ABC up to 1345.

**Downside -** Pull back to CZ 1310-1290 , Weekly close above 1293 is weekly rejection .  
ABC down to PEC-D 1260, came in pretty close to meet and rally began

**PEC-D 1220** – Rejected lows +ve VTO & Bullish Bottoming process . GOLD has seen a solid bottom on 5 year weekly chart within CZ 1190-1220.





## SPX – Cyclical Model

- SPX - Seasonality -

NONE -

- SPX - Election Model -

Statistically next year is the 2nd year of the Four-Year Presidential Cycle. Historically It tends to be negative I.E 2014 . When there is not a correction in the first year, the odds increase significantly for a correction in the second year. The second important point is a strong rally from whatever is the low in the second year

- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model topped on 6<sup>th</sup> April @ 1875

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – Neutral

## SPX – Internals Model

Neutral -, TICK / TRIN , AD Oscillator, Ratio's, -

# Appendix Content

- 2012 YTD – SPX - Position Summary
- 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

## Critical backdrop Notes –

- *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.*

## (42) - INSTRUEMNTS COVERAGE SUMMARY

Re - STRATEGY & PROP ANALYSIS with – POM, CZ, PEC-D, PQV

GR 1 (13+2) Coverage in MS	GR 2 ( 9 +4 ) Coverage in SECTORS	GR 3 (8+1) Coverage in COMMODITY	GR 4 (5) Coverage in CURRENCY
<p><a href="#">US BROADER IDX</a></p> <ul style="list-style-type: none"> <li>• SPY ( SPX 500)</li> <li>• DIA ( DOW 30)</li> <li>• QQQ ( NASD100)</li> <li>• IWM (Small Cap)</li> <li>• IYT ( Transports)</li> <li>• NYA (NYSE)</li> </ul> <p><a href="#">BOND IDX</a></p> <ul style="list-style-type: none"> <li>• TLT ( Bonds)</li> <li>• MUB ( Muni). (SP)</li> </ul> <p><a href="#">GLOBAL IDX</a></p> <ul style="list-style-type: none"> <li>• EEM (Emerg.)</li> <li>• EWJ (Japan)</li> <li>• FXI (China)</li> <li>• EWZ ( Brazil)</li> <li>• FTSE (Europe Proxy)</li> <li>• BSE (India)</li> <li>• EWA (Aust) SP</li> </ul> <p>SP - Special situation</p>	<p><a href="#">SECTORS IDX</a></p> <ul style="list-style-type: none"> <li>• XLF ( Financials)</li> <li>• XLV ( Health )</li> <li>• XLB ( Materials)</li> <li>• XLE (Energy)</li> <li>• XLK (Tech) / QQQ - Proxy</li> <li>• XLI ( Industrial) –</li> <li>• XLP ( Staples)</li> <li>• XLY ( Discretionary)</li> <li>• XHB ( Home Builders)</li> <li>• XLU ( Utility) SP</li> <li>• RTH ( Retail) - SP</li> <li>• SMH ( Sem.) SP</li> <li>• BBH ( Biotech) SP</li> </ul>	<p><a href="#">COMMODITY IDX</a></p> <ul style="list-style-type: none"> <li>• CRB /DBC</li> <li>• GLD (Gold)</li> <li>• SLV (Silver)</li> <li>• GDV (Miners)</li> <li>• OIL</li> <li>• Copper</li> <li>• DBA ( Agro)</li> <li>• UNG ( Natural Gas)</li> <li>• DBB ( Base M) SP</li> </ul>	<p><a href="#">CURRENCY</a></p> <ul style="list-style-type: none"> <li>• USD / DXY</li> <li>• EUR/USD</li> <li>• AUD/ USD</li> <li>• USD/JPY</li> <li>• GBP/ USD</li> </ul>

## 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)

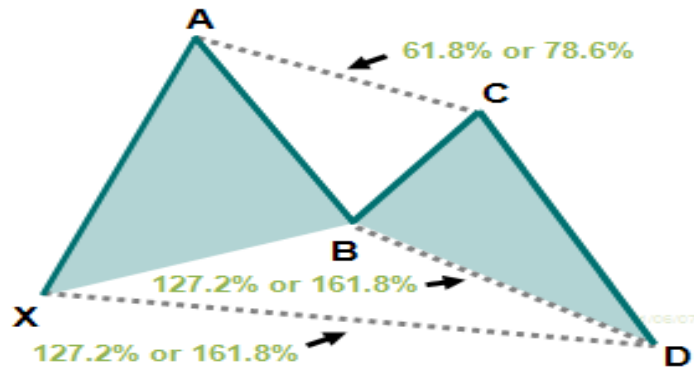
## Pythagoras Expansion / Contraction – (PEC) Model

- 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

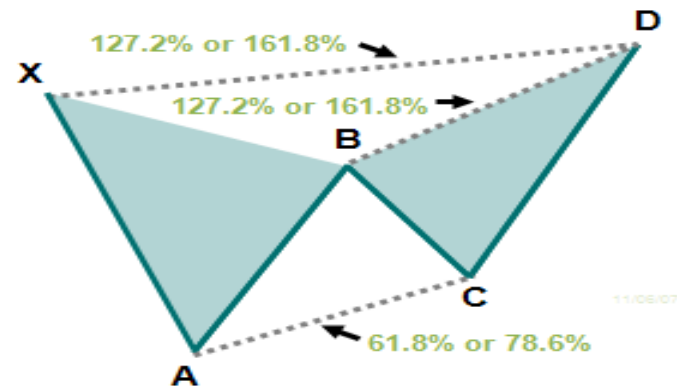
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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