



Date : 21st 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 Announcement - Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	1863	POM 15 Triggered EMIAL Alert On 3/25 Avg 1875 CZ 1885-1865	Cautioned Last week Report 4/14 @SPX 1810 for Short term bounce to 1850	BEARISH St bounce In progress	Net Short For Bearish bias Port Hedges for Neutral Bias Port	NONE	should fail into POM 15 CZ 1885-1865	PEC-D 1889 Triple Top possible	Sideways Movement Btn 1868-1840 Pull back to 1840 and rally back up to 1865	Target PEC-D 1788 Fell Short By 20 pts with Heavy bottom	Our long position in Bullish top Instruments XLP, XLV, XLB. for profit
TLT (BONDS)	110.05	POM 13 – Re Run Marked to Market On 1/01 start @102	Announced @ 108.28 on 2/3 to close ½ Net longs positions due to ST pull back	BULLISH	Net Long	NONE	First target PEC-D 108 Met with Bullish Top	Target to 2 nd ABC PEC-D 112 Approach Within 50 Cents Bullish Top	pull back to CZ 109-108 should hold & rally up	CZ105-106 retested rejected on low volume Bullishly	@ 109.25 on 2/4, closed ½ Net long position for 7 pts profit 6.5%

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GOLD	1289	POM 13 Re – Run Marked to Market on 1/01 start @1205	<u>Announced @ 1300</u> on 4/14 to close Net longs positions <u>For 95 points Profit</u>	NEUTRAL <u>Due for pull back</u>	NONE	NONE	Bounce to Gap down area 1310 should fail	2 nd ABC to 1345 Fell short by 8 points & declined Neutral Top	<u>Pull back to Target</u> PEC-D 1260 1250 Bullish floor		<u>Weekly 5 year CZ</u> 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 – 1st Jan 2014 .

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

Portfolio HoldingsNEUTRAL-- NON LEVERAGED(1:1)Refer to Respective Reports for details

- LONG at POM 13 Holding
Non- Equity - USD/JPY , CU , TLT, AUD, DXY, UNG , DBA
Equity - XLV ,XHB , XLP, NIKKE ,

GLD, GDX, AUD – EXITED ALL FOR PROFIT
- Hedges v/s Longs) / Triggered within CZ :Holding
Equity –(Hedges) - SPY Hedges initiated in CZ 1885-1865 AVG 1875
- NET SHORT -.....- Mid term Holding
None

Market Overview SPX

Last week Report- Monday 4/14 – **SPX @ 1810** – “ We said and indicated of ST Bottom @ around 1800 -1810 due to Bullish readings in TRIN, TICK , LUNAR CYCLE, Option expiration and charts of positive divergences for target of 1850”
.....This is exactly what happened in price path .

This week - Market should continue to test the highs of Sign of weakness around **1870 area** . It appears tired on bounce crawling into **1875 and should move sideways within CZ 1868-1844** till **28th April- Solar eclipse** for full testing and volume diffusion process. The large gap up on last Tuesday @ 1844 should hold pull back . The Month end rally up till May 10th appears Final failure as T – termination expires. . We may NOT get much price move beyond 1870 but certainly sideways back and forth to digest the bounce . The Thursday’s intraday tick readings near +1200 have lead to short term exhaustion moves in the SPY.

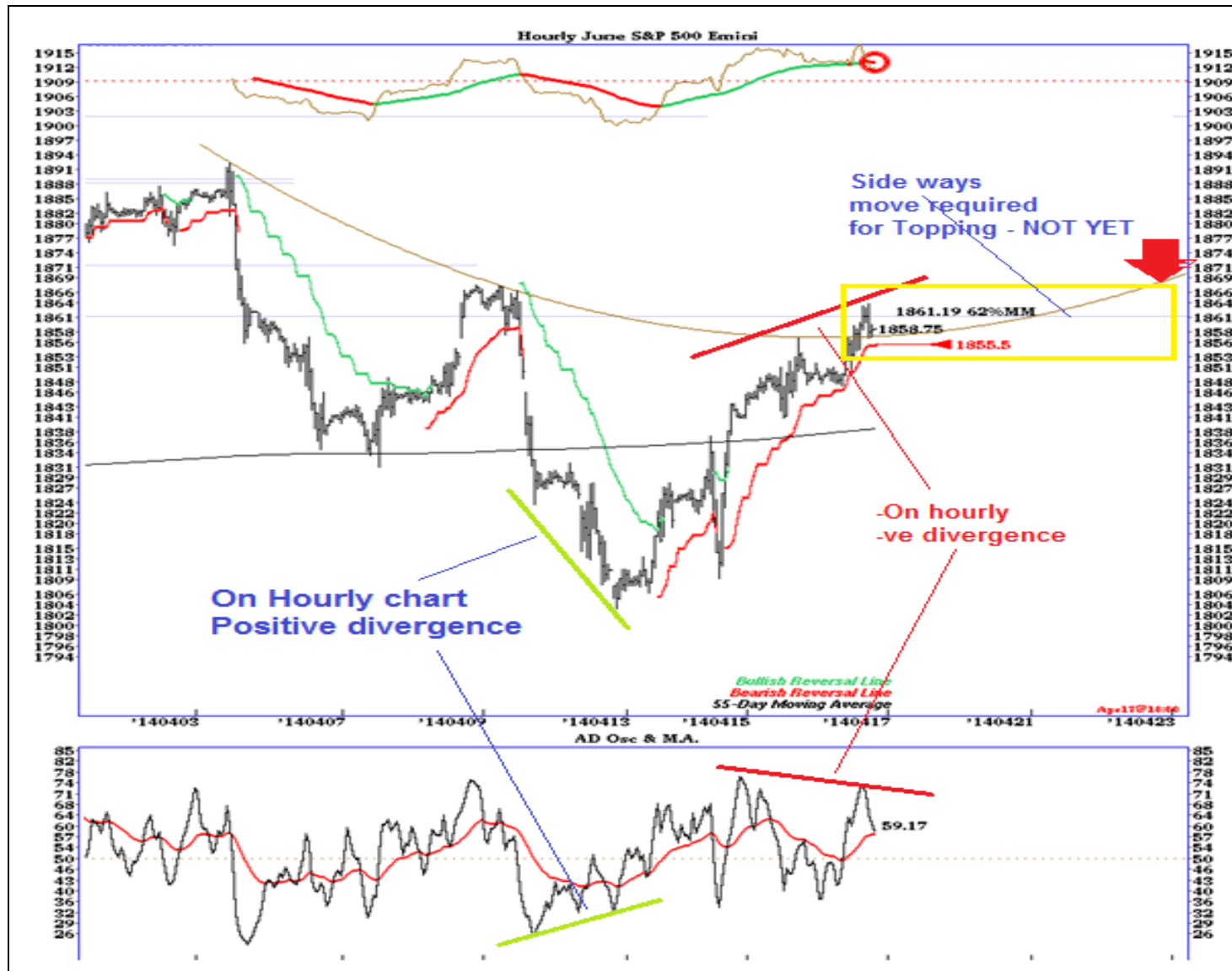
NASD & IWM are very weak and hasn’t bounce back last week . The latest sentiment from the AAIA shows more bears (34.3%) than bulls (27.2%), with the majority of investors looking for a correction (38.5% neutral). We may get to extreme sentiment reading by mid-May if market holds up.

BONDS- Pull back last week after approaching Target **PEC-D 112**. Bonds gave equities breathing room . A May Day Time Ratio Low is likely to be punctuation in a continuing uptrend in bonds

GOLD - ABC up target of **1325** failed and negated uptrend with Gap down to **1300** . We are Neutral but Cautious till full testing is completed at 1260 .

SPX- Hourly Analysis – Short term

Notes within the charts.

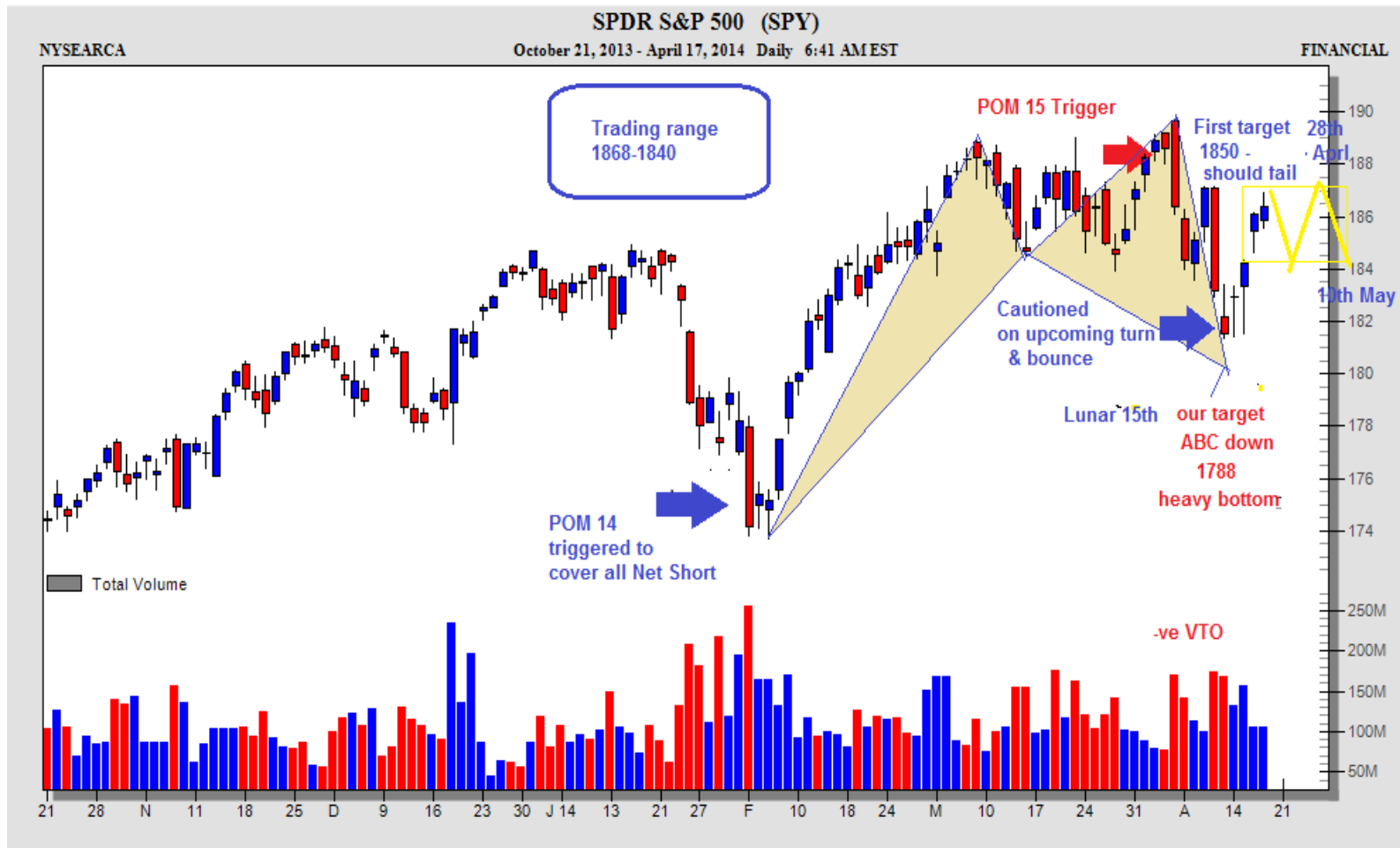


SPX- PEC- D / CZ Analysis POM 15 - Daily chart – Short term

UPSIDE – Bounce into Target 1850 Met and exceeded . Our POM 15 Trigger PEC-D @ 1875. – Triple top is failure point

Downside – Pull back into the Gap 1844 and upside Cap 1865 for consolidation . Sideways range bound move till 10th May

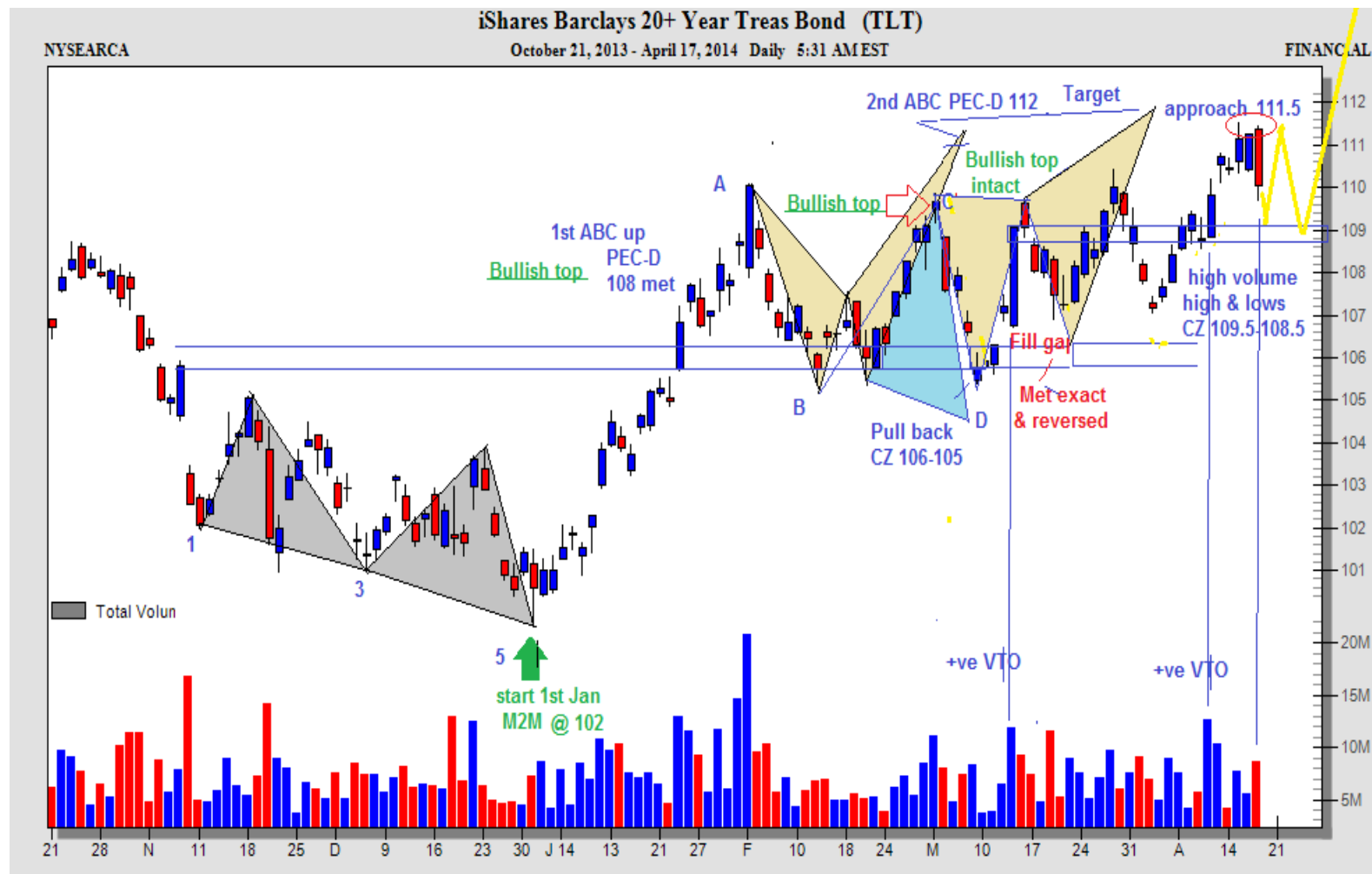
Earlier Our ABC down to PEC-D 1788 with heavy bottom fell short approaching



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

Upside - Target to 2nd ABC up to PEC-D 112 - met and TLT sold off last week. Bullish Top suggests shallow pull back and then head higher.

Downside – Pull back to CZ 109-108 should Reject with low volume.

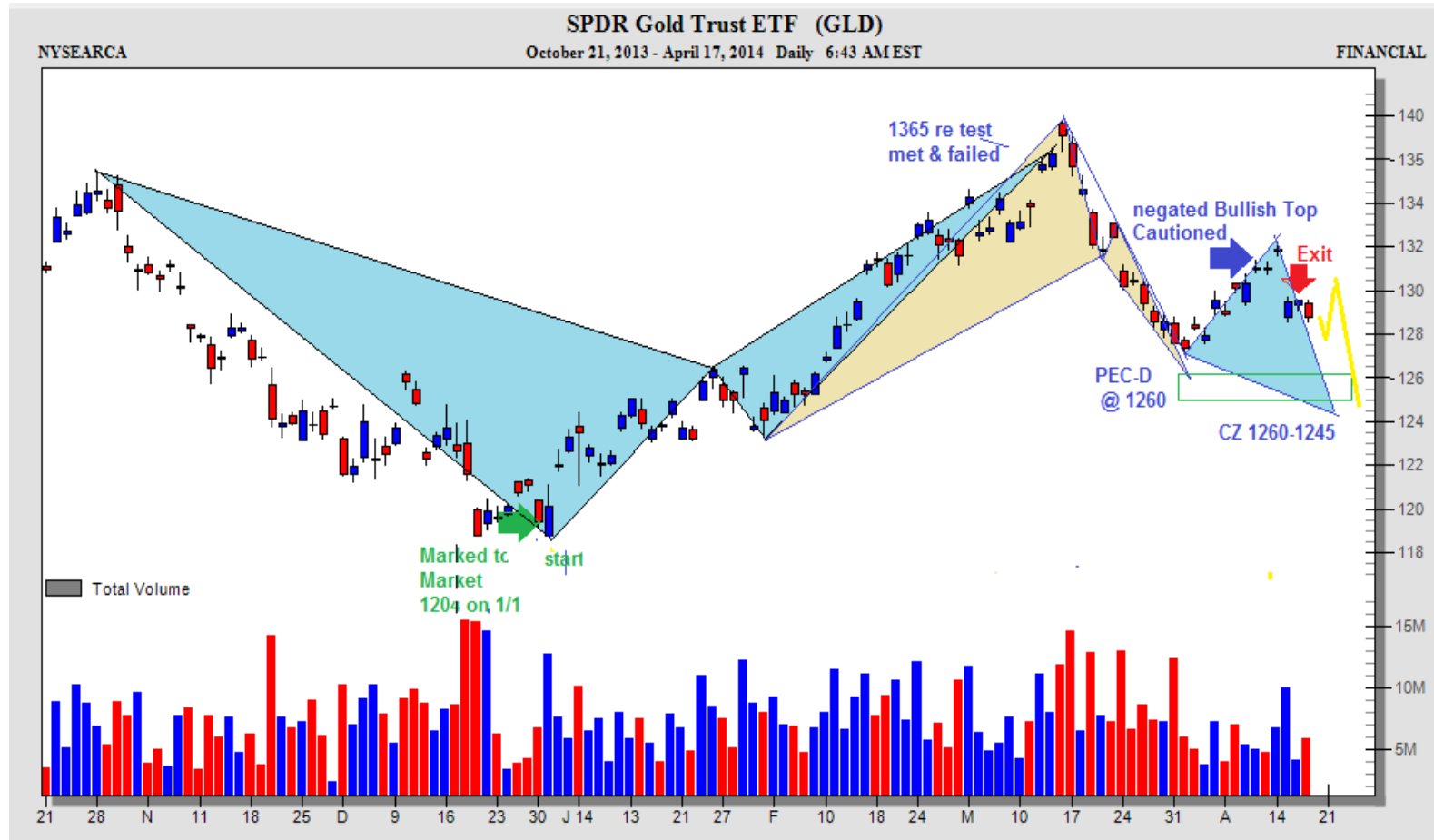


GOLD – Daily – PEC –D / CZ Analysis – NEUTRAL – Pull back in progress

Downside - ABC down to CZ 1260-1250 – We EXITED Position for 95 point profit

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.

Upside - Bounce into Gap down 1315 . The Gap down negated the Bullish top
2nd ABC up to 1345 missed by 9 points .



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 6th 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

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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
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US BROADER IDX

- SPY (SPX 500)
- DIA (DOW 30)
- QQQ (NASD100)
- IWM (Small Cap)
- IYT (Transport)
- NYA (NYSE)

BOND IDX

- TLT (Bonds)
- MUB (Muni). (SP)

GLOBAL IDX

- EEM (Emerg.)
- EWJ (Japan)
- FXI (China)
- EWZ (Brazil)
- FTSE (Europe Proxy)
- BSE (India)
- EWA (Aust) SP

SP - Special situation

SECTORS IDX

- XLF (Financials)
- XLV (Health)
- XLB (Materials)
- XLE (Energy)
- XLK (Tech) / QQQ - Proxy
- XLI (Industrial) –
- XLP (Staples)
- XLY (Discretionary)
- XHB (Home Builders)
- XLU (Utility) SP
- RTH (Retail) - SP)
- SMH (Sem.) SP
- BBH (Biotech) SP

COMMODITY IDX

- CRB /DBC
- GLD (Gold)
- SLV (Silver)
- GDV (Miners)
- OIL
- Copper
- DBA (Agro)
- UNG (Natural Gas)
- DBB (Base M) SP

CURRENCY

- USD / DXY
- EUR/USD
- AUD/ USD
- USD/JPY
- GBP/ USD

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)

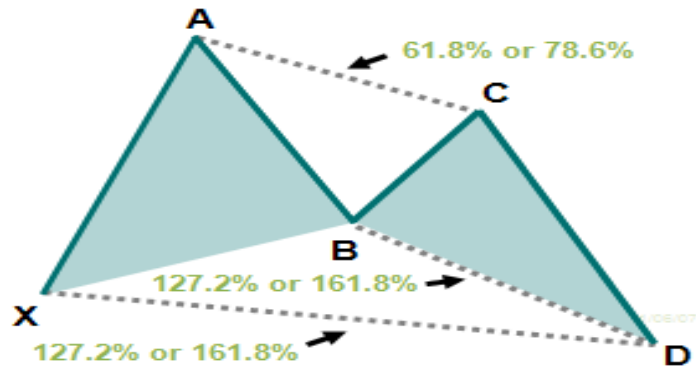
Pythagoras Expansion / Contraction – (PEC) Model

- 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

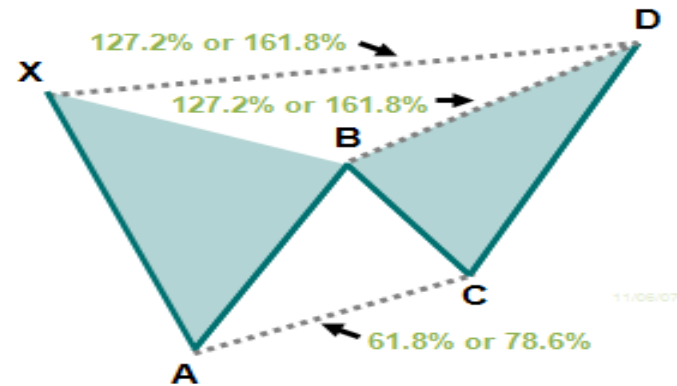
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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