



Date : 28th 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 4/14 @SPX 1810 for Short term bounce	BEARISH Bounce in progress	A .Net Short For Bearish Portfolio B. Fully Hedged for Bullish bias Portfolios	NONE	PEC-1875 should fail	PEC-D 1889 Triple Top	Pull back to 1840 and rally back up to 1860	Target PEC-D 1788 with Heavy bottom	Our long position in Bullish top Instruments XLP, XLV, XLB. for profit
TLT (BONDS)	111.5	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 ST pull back	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%

NOTE – Detail charts in TLT in Wednesday’s – US Broader Indices Report.

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GOLD	1305	POM 13 Re – Run Marked to Market on 1/01 start @1205	<u>Announced @ 1280</u> on 4/22 to Re enter Net longs Positions	BULLISH	Net Long	NONE	Target ABC up 1320	2 nd ABC to 1345 Bullish Top Weekly ABC up @ 1400	Pull back to PEC-D 1260 Rejected lows Bullish floor Triggered Re entry @ 1280	<u>Weekly 5 year</u> CZ 1190-1220 Is solid floor Bullish floor	<u>Temporarily Stepped aside 4/15 to 4/22 & re entered 20 points Lower than exit price</u>

NOTE – Detail charts in GOLD in Yesterday (Sunday's) Prec- Metal Report

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 – POM 13 - Marked to Market @ 1204 – 1st Jan 2014 . –Exited @ 1300 , 4/14 for 95 point Profit, Re entered at 1280 on 4/22**

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, – Added New
- **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 4/21 – **SPX @ 1863** “ We said and indicated the area around **1868 should fail** on the bounce that was initiated at **1810** “ on 4/14SPX is in that vicinity .

This week - We are in the Month end strength period and on **28th April- Solar eclipse** for full **Top** testing and volume diffusion process to **1875** . SPX should move within **CZ 1875-1844** . The May 10th for Final failure as T – termination expires. Thereafter “ Sell in May and go away “ program may kick in . NASD & IWM are very weak and hasn’t bounce back last week .

We also point to the cyclic forecast, It has been very accurate as far as the trend of the market is concerned. It's now calling for a continuation of bounce into mid-May and to be followed by a steeper decline. Cycles produce a projection, rather than a concurrent indication of the market's strength.

Our Ts are also projective. And, they have good track records in giving us an estimate of just how long uptrends in the market can last. They are looking for the uptrend which started in the middle of April to continue to push higher to 1875 into the middle of next month, so their projections are not only in agreement with the cyclic picture, they are also in tune with seasonal tendencies as well until “ Sell in May “

POM’s in GOLD, TLT and SPX have been absolutely correct on this market YTD . Especially it suggested a series of short term Ts would bring corrections and rallies. We have tried to alert to particular points to consider, but did not espouse either a permabear or permabull stance as the market has been trading without regard to fundamental undervaluation or overvaluation.

BONDS- approached Target **PEC-D 112** and then ST pull back would give chance for SPX to complete its positive bias in 1st week .

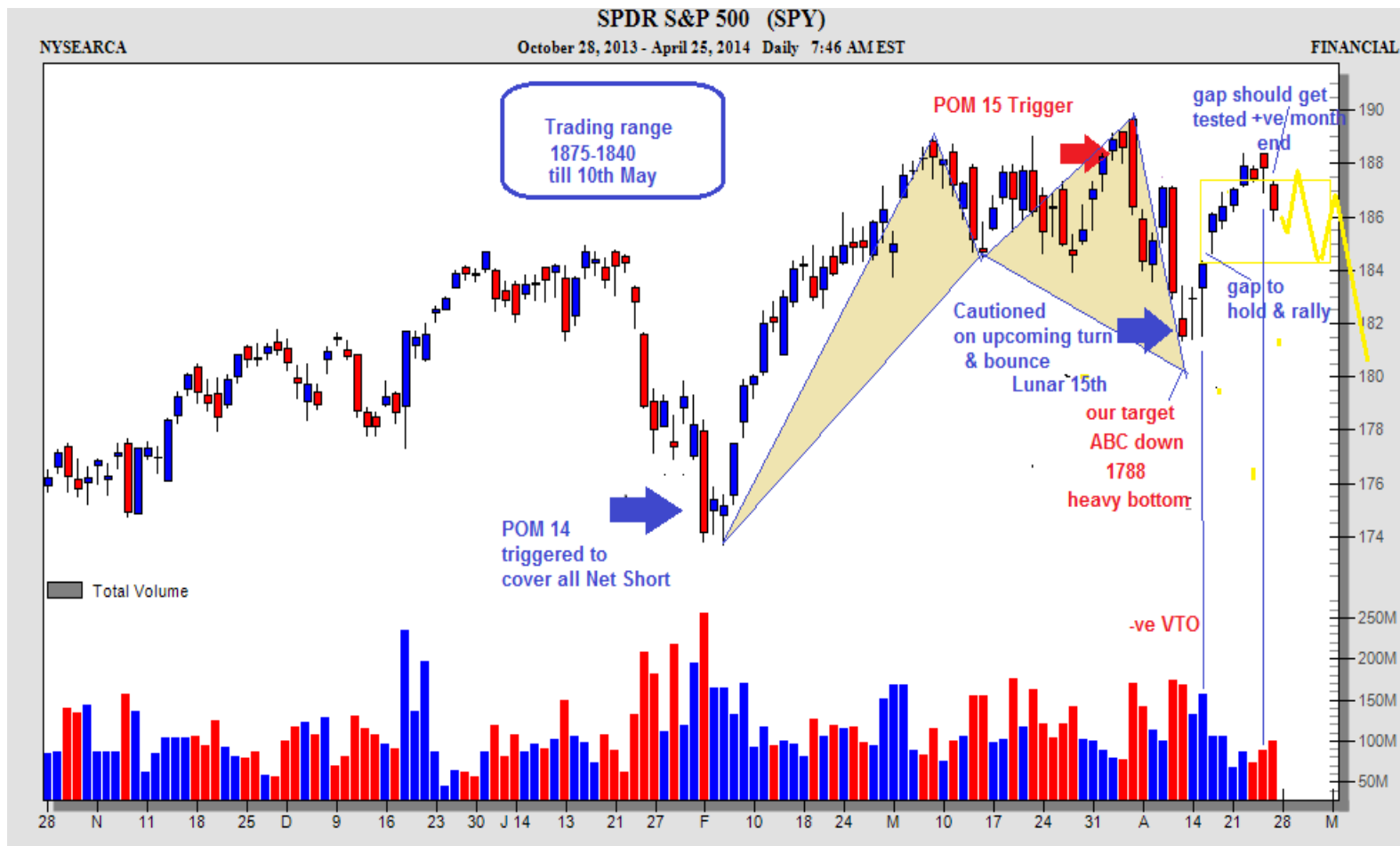
GOLD - On 4/22 sent email Alert to re instate the Net long position back at 1280 (for 20 points below exit price) . It Rejected 1280 Bullishly to trigger entry back in to continue its POM 13 @ 1204 on 1/1

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

Consolidation between 1875-1840

UPSIDE – Bounce into 1875 into the gap . Our POM 15 Trigger PEC-D @ 1875. – Triple top tested and failed

Downside – Pull back into the lower Gap 1840 should hold and upside Cap 1875 for consolidation . Sideways range bound move till 10th May . Our ABC down to PEC-D 1788 with heavy bottom



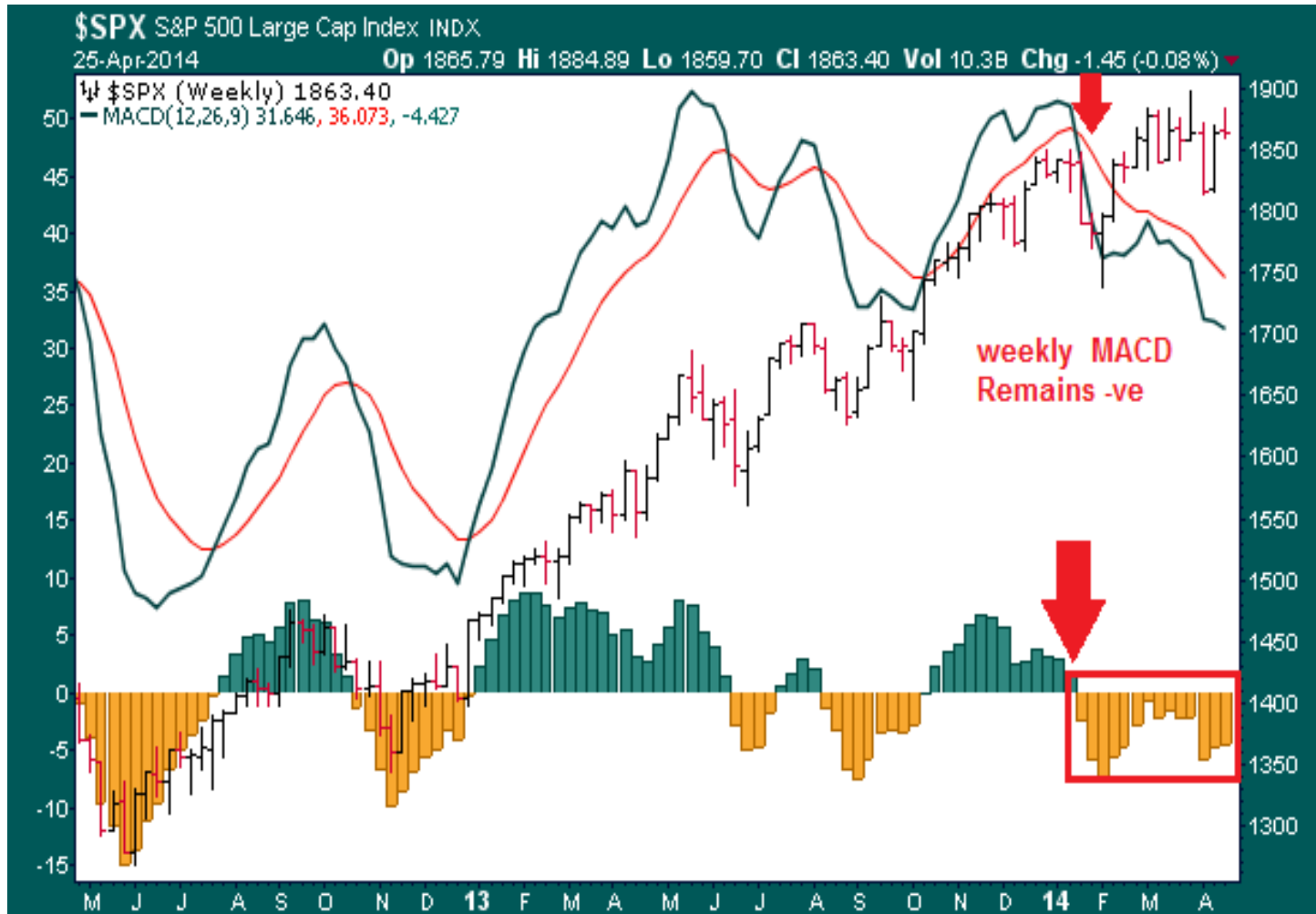
SPX v/s Put – Call ratio Analysis POM 15 - Daily chart – Short term

In the chart CBOE Equity Put/Call ratio (CPCE). Closing reading below .50 has been a bearish sign for the SPX in the short term. Previous times have identified those instances in red vertical. When there are a cluster of CPCE <.50 near the same price level on the SPX, it seems bearish sign, suggesting that area has resistance. The First pull back comes in near 1840 where a gap is located as well as the previous lows of March. If TRIN and Ticks expand near 1840 than that area could form a worthwhile low and if not a deeper retracement could follow.



SPX v/s MACD Analysis POM 15 - Weekly chart – Mid tem

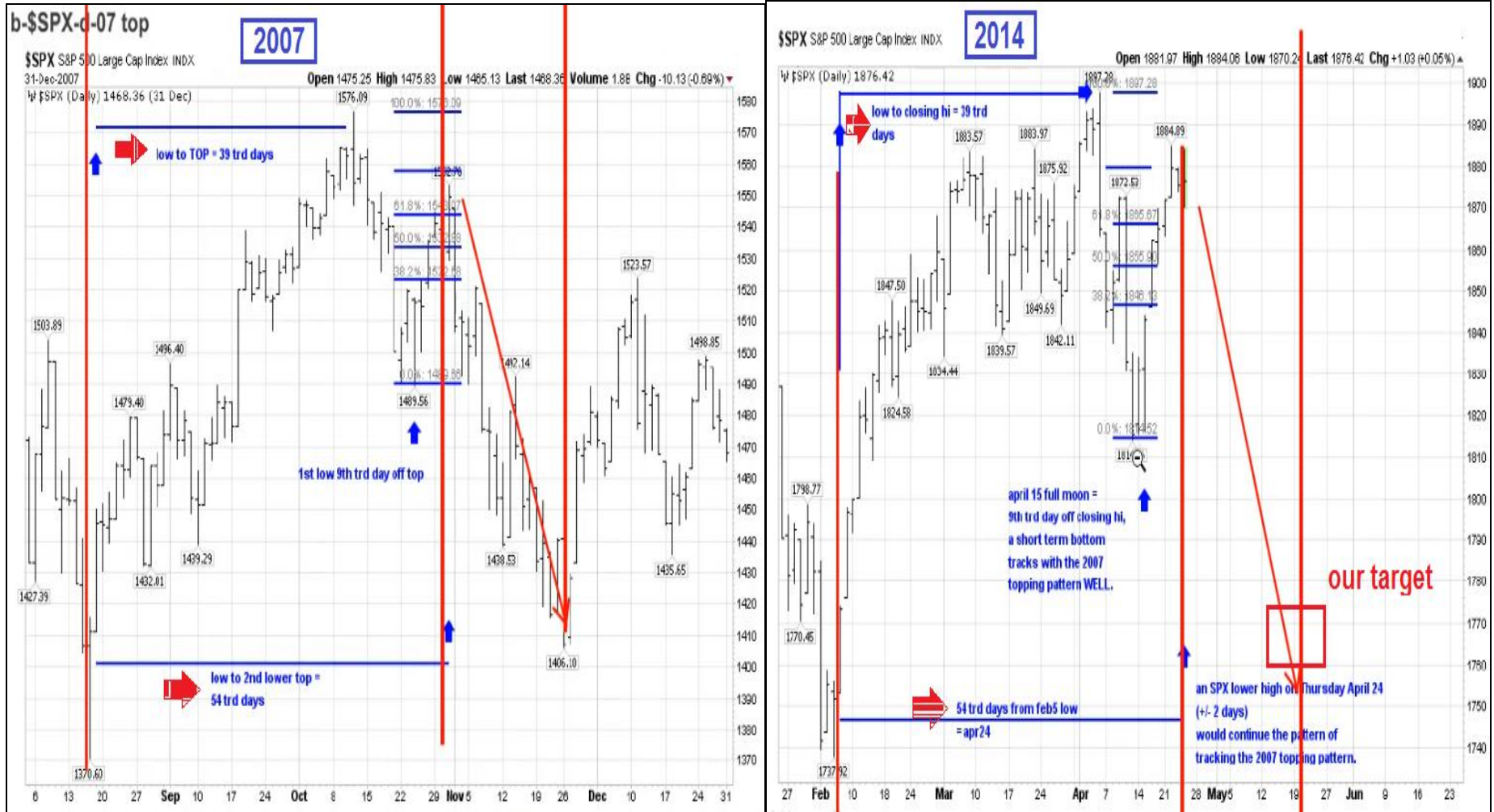
April marks the end of the "best six month" period. 2014 being a midterm election year (which is the most serious of the four-year presidential cycle) could make the "sell in May" strategy more relevant this year. According to the **Stock Traders Almanac**. The MACD indicator turned negative on weekly especially as we enter the more seasonally weak month of May to hedge or Trim back Net long position.



SPX 2007 v/s 2014 Analysis POM 15 - Weekly chart – Mid tem

Curtsey - Diallo chart below .

Our Target of 1788 is more reinforcing based on 2 similar charts below in Fib Ration or PEC-D ALONG with EXACT number of UP v/s DOWN Days to reach the projections (Refer notes within the charts)



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

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>US BROADER IDX</p> <ul style="list-style-type: none"> • SPY (SPX 500) • DIA (DOW 30) • QQQ (NASD100) • IWM (Small Cap) • IYT (Transports) • NYA (NYSE) <p>BOND IDX</p> <ul style="list-style-type: none"> • TLT (Bonds) • MUB (Muni). (SP) <p>GLOBAL IDX</p> <ul style="list-style-type: none"> • EEM (Emerg.) • EWJ (Japan) • FXI (China) • EWZ (Brazil) • FTSE (Europe Proxy) • BSE (India) • EWA (Aust) SP <p>SP - Special situation</p>	<p>SECTORS IDX</p> <ul style="list-style-type: none"> • 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 	<p>COMMODITY IDX</p> <ul style="list-style-type: none"> • CRB /DBC • GLD (Gold) • SLV (Silver) • GDV (Miners) • OIL • Copper • DBA (Agro) • UNG (Natural Gas) • DBB (Base M) SP 	<p>CURRENCY</p> <ul style="list-style-type: none"> • 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)

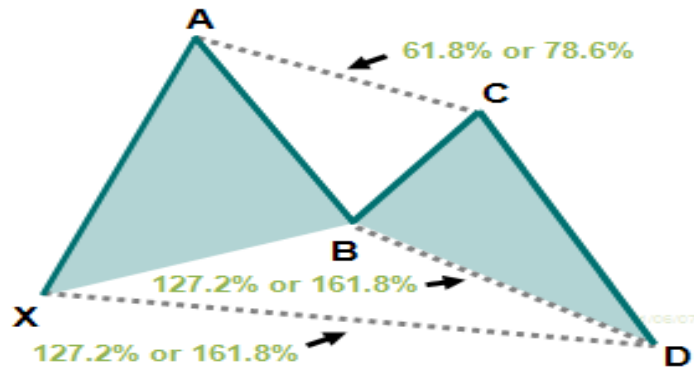
Pythagoras Expansion / Contraction – (PEC) Model

- 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

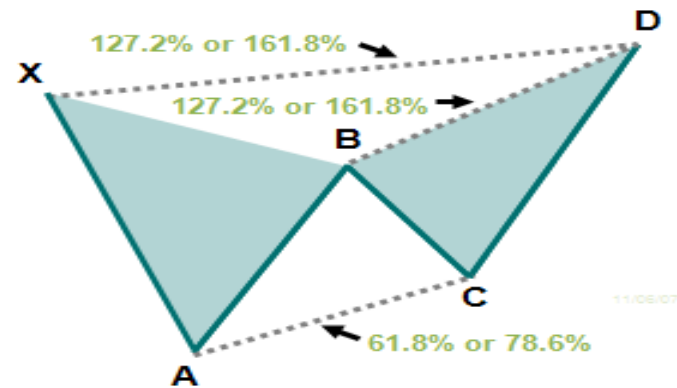
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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