



SG Capital Research

Global Market Insights

Chart System

Date : 23rd August 2014 (Saturday)

US BROADER INDICES REPORT(Strategy & Prop Tech)

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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
TLT (BONDS)	117.29	POM 13 – Re Run Marked to Market On 1/01 start @102	<u>Announced @ 115.5</u> on 7/21 to <u>exit ½ Net</u> longs Position entry @ 111	BULLISH ST pull back soon	5% Net Long	NONE	Target ABC PEC-D 116 <u>MET</u> Bullish Top	New ABC up To PEC-D 119 <u>Approaching</u> Bullish Top	Shallow Pull back to CZ 116-115 & rally back up	pull back to CZ 114-115 should Reject Bullish Bottom	Exited ½ position @ 115.5 4% profit

ACTIONABLE IDEAS - POM 13 is intact. (Refer Price paths in charts below)

For Bulls – Rally to ABC up 119_ Bullish Top Approaching . ST pullback soon

For Bears - Rally to 119 approaching but NOT failed with lighter volume Bearish top . (**NOT A CANDIDATE FOR SHORT SELL**)

Detail Charts on Monday's Report

	Current Price	POM Triggered within CZ & Date	Follow up Alert 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
QQQ (NASD)	99.05	POM 15 Re Run Triggered On 8/15 SPX CZ 1960-1975	NONE	Neutral <i>No failure Yet</i>	0%	NONE	Re testing the momentum top @ PEC-D 100 Neutral Top	Topped out	Pull back to PEC-D 96 and rally back up to 99.5 highs to fail	Target ABC down to 93.5 Neutral Top Close below 96 with high Volume Should target 93.5 Heavy bottom	No Position in QQQ

ACTIONABLE IDEAS QQQ –

For Bulls – Wait for pull back to **PEC-D 96** with Bullish bottom & Participate in next rally **to 100** and Beyond (provided 96 is not breached with volume)

For Bears - Wait for High volume fall to **PEC-D 96** Bearish Bottom & let QQQ bounce to **99.5** and fail with lighter volume Bearish top. ABC down to **PEC-D 93.5**

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IWM (SM CAP) Announcement	115.2	POM 15 Re Run Triggered On 8/15 SPX CZ 1960-1975	<i>Trigger In CZ 115-117</i>	BEARISH	3% Net Short (re enter the previous exited position @ 111	Initiate To scale in in CZ 115-117	Bounce to PEC-D 116.2 In CZ 115-117 Bearish Top Should fail	PEC-D -118 Failed on 1st trigger Bearish Top	PEC-D down to 113- Close below 113 Should target 109	<u>Target ABC</u> down to 110.2 Heavy bottom -	Earlier Profitable trade from 118 to 110.5 On POM 15 For 6.5% gains

ACTIONABLE IDEAS IWM –

For Bulls – Wait for pull back to **PEC-D 113** with Bullish bottom & Participate in next rally to **118** and Beyond (provided 113 is not breached with volume)

For Bears - Low Volume bounce to **PEC-D 116.25** in **CZ 115-117** with Bearish Top should fail. ABC down to **PEC-D 110.2** (NOT A CANDIDATE FOR LONG)

Broader Indices Overview -

SIGNALS. - [Price Projection CZ , Trading / Investment Conclusions below](#)

BONDS - NET LONG exposure – Marked to Market @ 102 – 1st Jan 2014 . Reduced ½ @ 115.5 – 7/21 for 4% profit

TLT Bond – TLT Net long has been better trade then trying to Short the SPX Market.

Since our last Report 7/25 , the bonds followed our Bullish price path correctly with continuation of rally. TLT is approaching our of 118.5 and would pull back soon. TLT has performed well since our POM1 3 Trigger . We are looking **to add** our position back in to re- entry after the pull back.

QQQ - We did not have any position in these however **QQQ . It has been in strong Momentum run.**

IWM – Primary failure at POM 15 @ 118.5 and secondary failure approaching soon on bounce for POM 15 Re Run .

IWM was our profitable Net Short candidate .

BULLISH - **TLT- ST pull back**

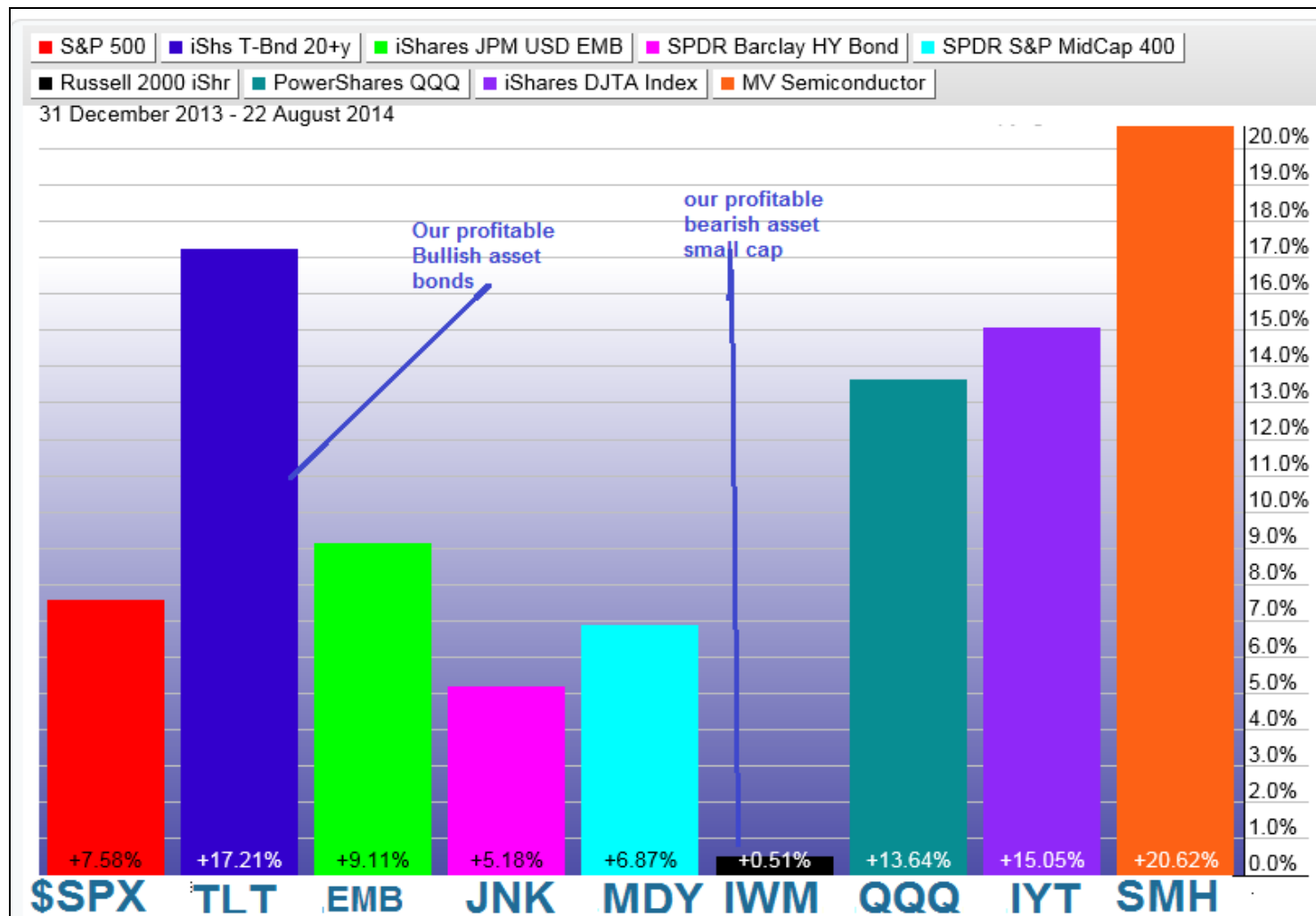
BEARISH - **IWM –**

NEUTRAL - **IYT, SMH , QQQ,**

YTD – Broader Indices performance v/s SPX

Weakest and strongest Indices for PAIR TRADES

2014 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX .

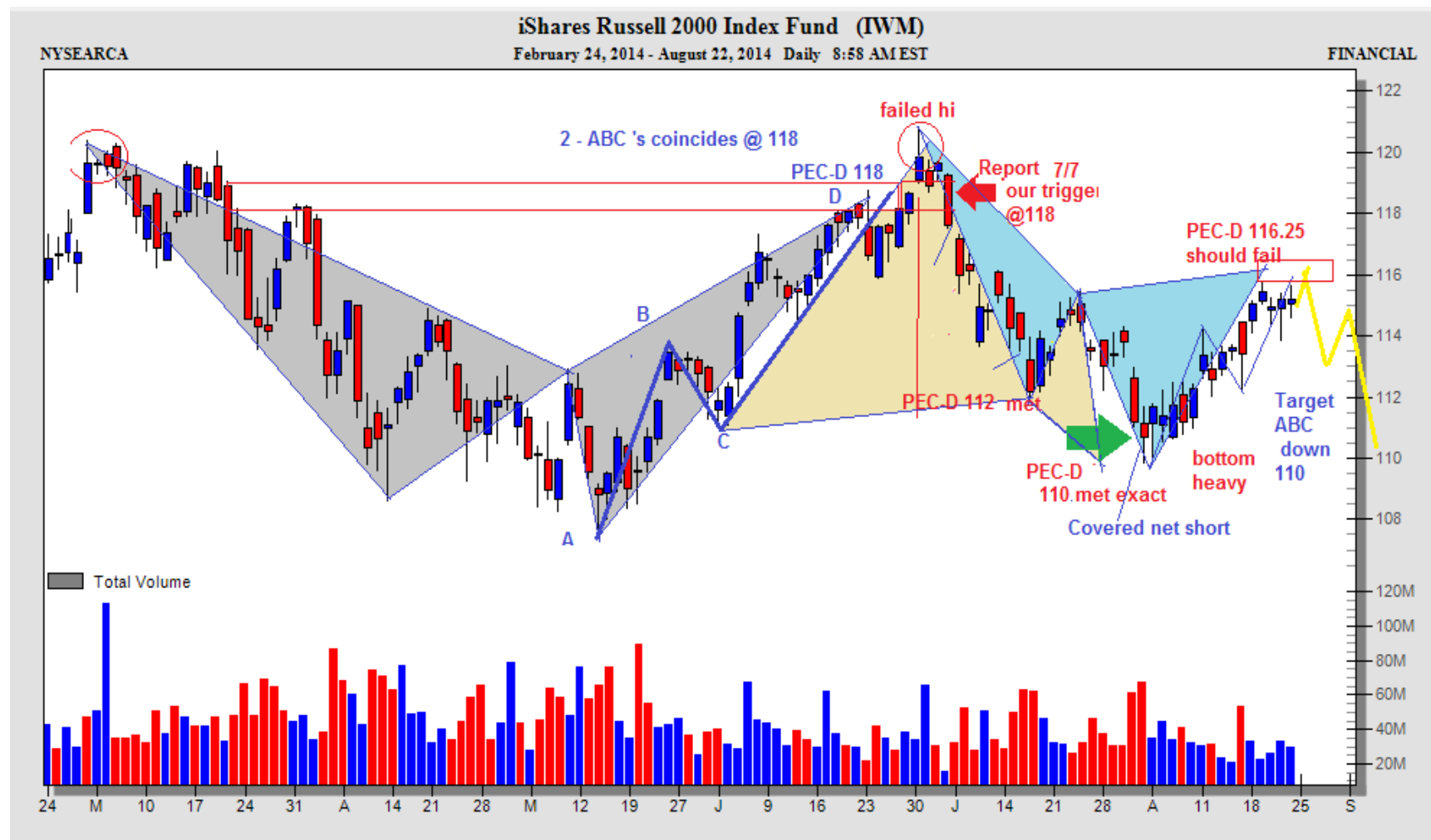


IWM – PEC-D Analysis - **Bearish**

Upside – PEC-D 116.25 Bearish Top should fail in CZ 115-117

PEC-D 118 Bearish Top – Met proved it merit

Downside - . ABC Down to 113. Target 2nd ABC down to 110.5 - Needs a test to sustain the market eventually.



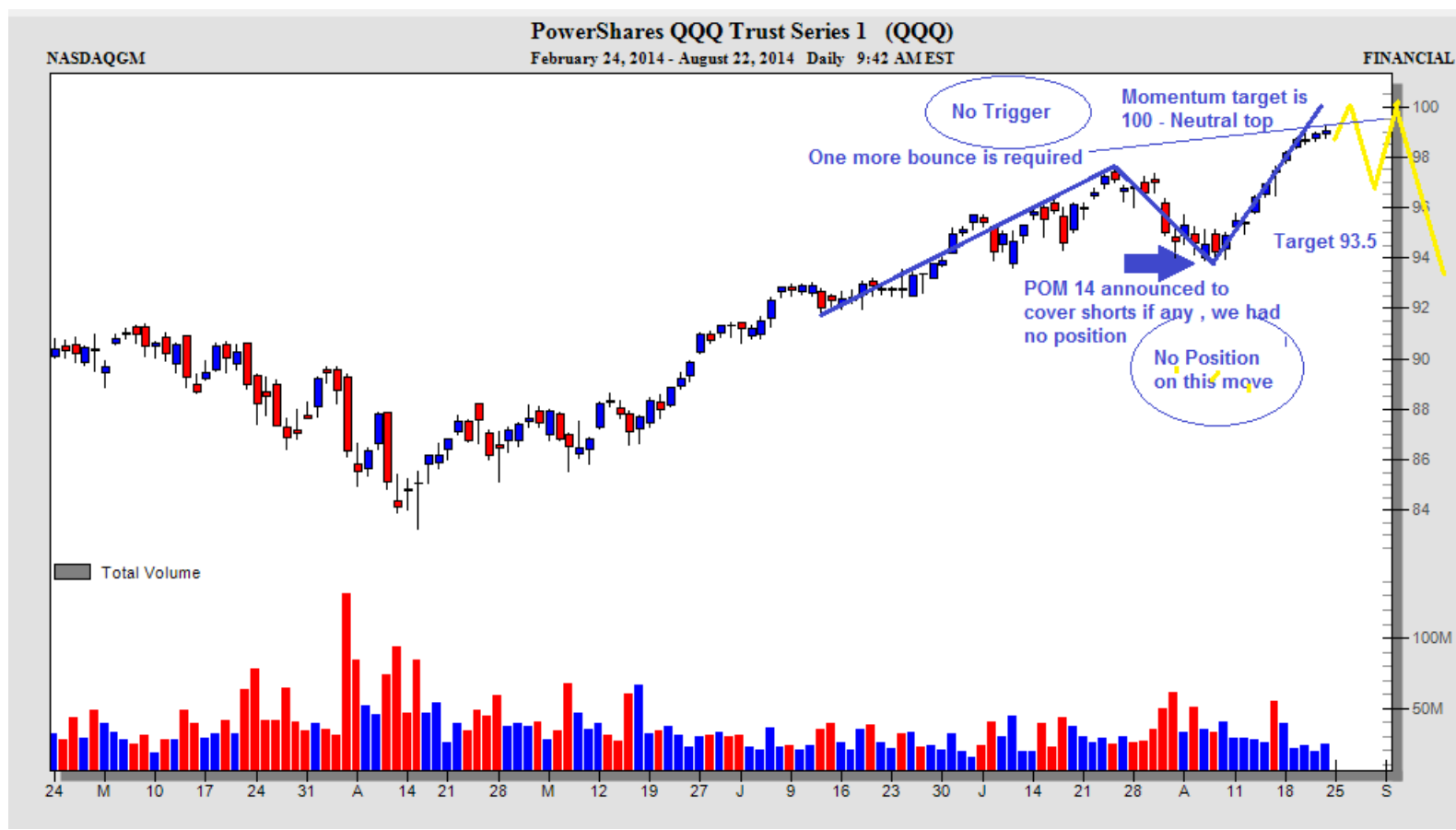
QQQ (NASD 100) - CZ – PEC-D Analysis - Neutral

No Signal / No Position

UPSIDE – Re testing the Momentum Top @ 100 on Neutral Top

Downside — Pull back into the PEC-D 96 & Rally back to 99.5 , one more rally may be required for residual strength to fail and fail .

ABC Down to 93.5 Neutral Bottom



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)

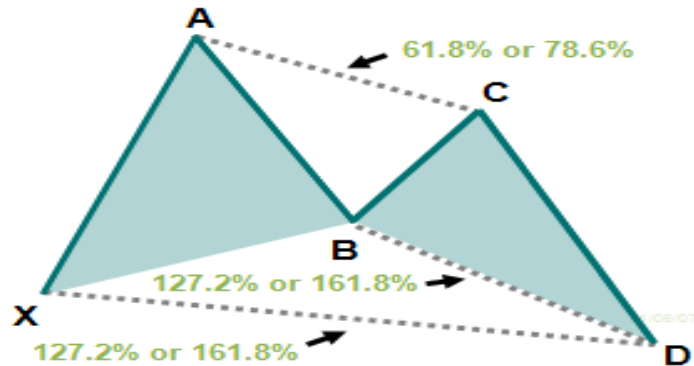
Pythagoras Expansion / Contraction – (PEC) Model

- 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

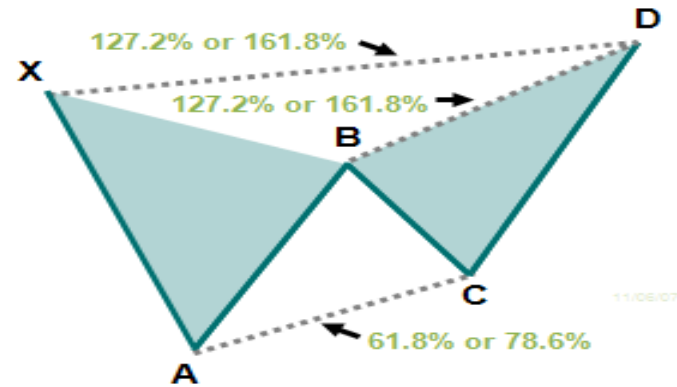
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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