



Date : 10th March 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	1878	POM 14 Triggered on 2/3	Announced @ SPX 1735 to close all Short positions due to Upcoming rally in progress	NEUTRAL Bullish Bias	Our Net long position in Bullish top Instruments XLP, XLV, XLB (No Net Short)	NONE SPX Should turn POM 15 on failure	ABC up To 1883 Met exact on Friday and sold off No failure	On hourly Chart, - 3 drives to the Top to 1893 Just a possibility	Pull back To Gap 1850 CZ1840-1825 Should hold & then rally up.	2 ND ABC down to 1785	@ 1735 , 2/3 closed all Net Short for 107 points profit 6%
TLT (BONDS)	105.89	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	Target – PEC-D 108 Met with Bullish Top	2 nd ABC PEC-D 112 Bullish Top	pull back to CZ105-106 in progress & then next rally Higher highs	CZ 102-104 retested rejected on low volume Bullishly	@ 109.25 on 2/4, closed ½ Net long position for 7 pts profit 6.5%

Pre-announcement - We Shall announced once POM 15 is trigger for any failure.

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GOLD	1332	POM 13 Re – Run Marked to Market on 1/01 start @1205	@ 1220 Re entry ½ <u>On 12/4</u> & <u>@ 1280</u> Re entry ½ <u>On 10/6</u>	BULLISH ST pull back	Net Long	NONE	2 nd ABC up CZ 1335-1325 Bullish Top Met & Exceeded No failure	Extended Top to 1355. 1355 point to get retested one more time and then pull back	Pull back to CZ 1320-1310 <i>Should hold & then begin leg up</i>	PEC-D 1220 Rejected lows On lighter volume	Weekly 5 year CZ 1190-1220 Is solid floor Bullish floor

Portfolio – Overview & Update

SPX- Overall Portfolio is at “POM 14 exposure - **Closed all the Net Shorts @ 1735 – 2/3.** **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.

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

- **LONG at POM 13** Holding
Non- Equity - GOLD , GDV, USD/JPY , CU , TLT, AUD, DXY, UNG , DBA
Equity - XLV ,XHB , XLP, EWJ / NIKKE ,
- **Hedges v/s Longs) / Triggered within CZ :**Holding
Equity –(Hedges) - None ,
- **NET SHORT -.....-** Mid term Holding
EUR/USD

Market Overview SPX

Last week - Since our last Report on Thursday 3/06 nothing has changed.

“ We Reported @ SPX 1783 “ *SPX having run up 100 points since our POM 14 – Trigger announced on 2/3 @ 1735 , should now very likely to represent the ideal point to be bearish again once it fails” To Trigger POM 15 . NO FAILURE YET , till such time move higher continues to our target 1883” . SPX met the extension Target of 1883 on Friday and sold off*

This week -

The current hourly T based on Friday's pull back on the SPX carries it higher into March 18th. Other cycle work especially M-Cycle were calling for a high occurring between Friday the 7th and Tuesday the 11th, with a drop, followed by a rally into the middle of April. This week is more likely to be up than down for seasonal reasons. Wednesday is *Weird Wally Wednesday* and a rally would imply a down expiration Friday on the 21st. It's also quarterly expiration this month and we'll be rolling the futures on Wednesday evening.

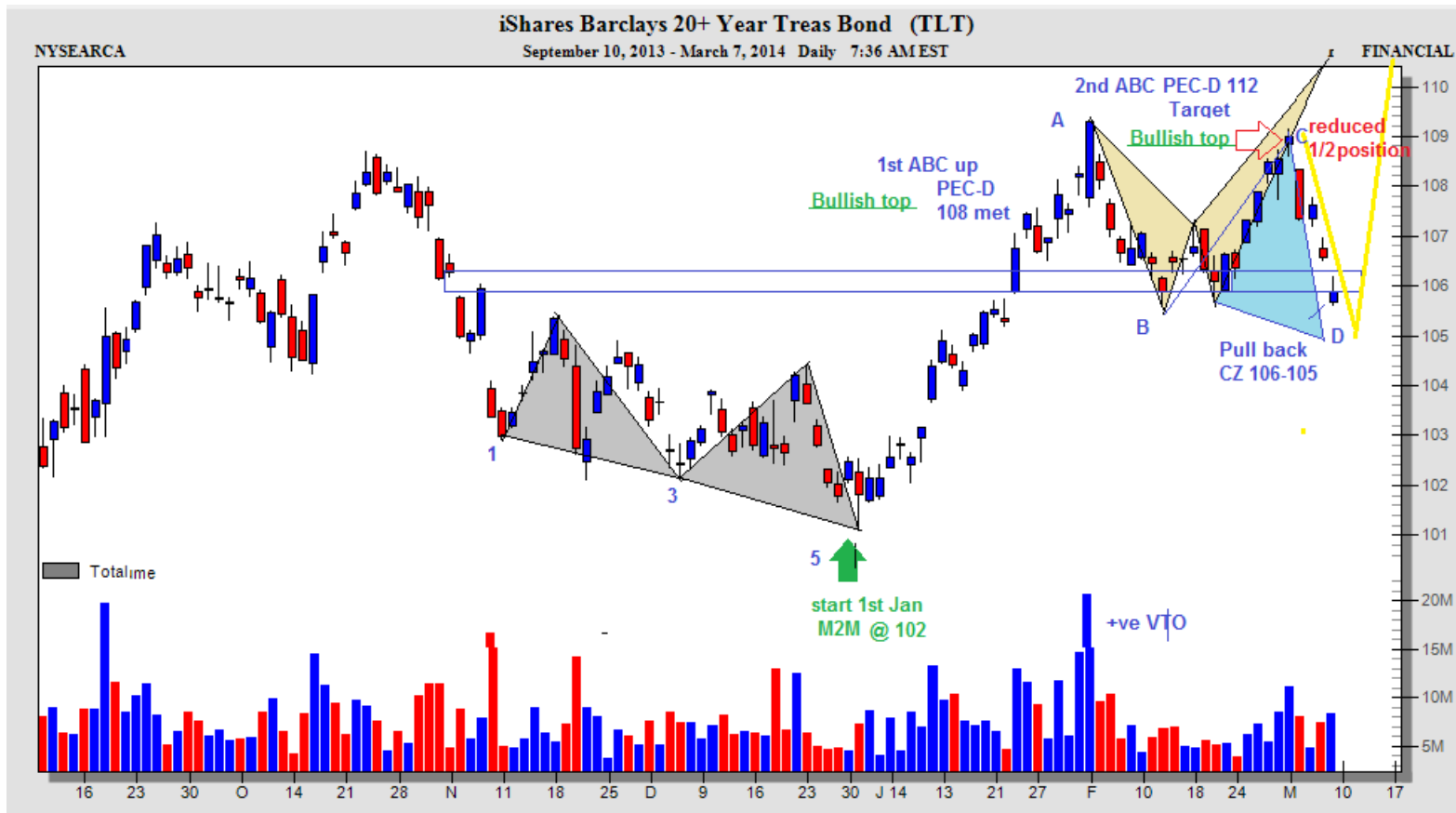
Mid term Bearish Indicators indicated on Thursdays message still prevails until meaningful pull back is completed similar to January correction . The Indicators demonstrated in chart on Thursday such as –ve money flow in last 30 SPX points up move. The CBOEC- Skew Index at 136 in mid term bearish territory. 50D MA – Equity ratio at 75% at lower highs on A/D oscillator diverging . **BUT No trigger for bears.** Hence our Neutral with Bullish bias continues from 2/3 @ SPX 1735

To get a failure either we should finish hourly 3 drives to the top with key reversal on lighter volume at the end of projection OR with Gap down on heavy volume to negate up move , then next counter trend bounce should be failure.

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

Downside – CZ 105-106- in progress with possible false break below & then higher . PEC-D 104 Rejected with low volume.

Upside - Target to PEC-D 108 - Met with Bullish Top suggests shallow pull back and then head higher to 2nd ABC up to PEC-D 112 in progress .



SPX- Hourly Analysis – Short term

3 DIVES TO THE TOP ON HOURLY CHART – Just a possibility on hourly

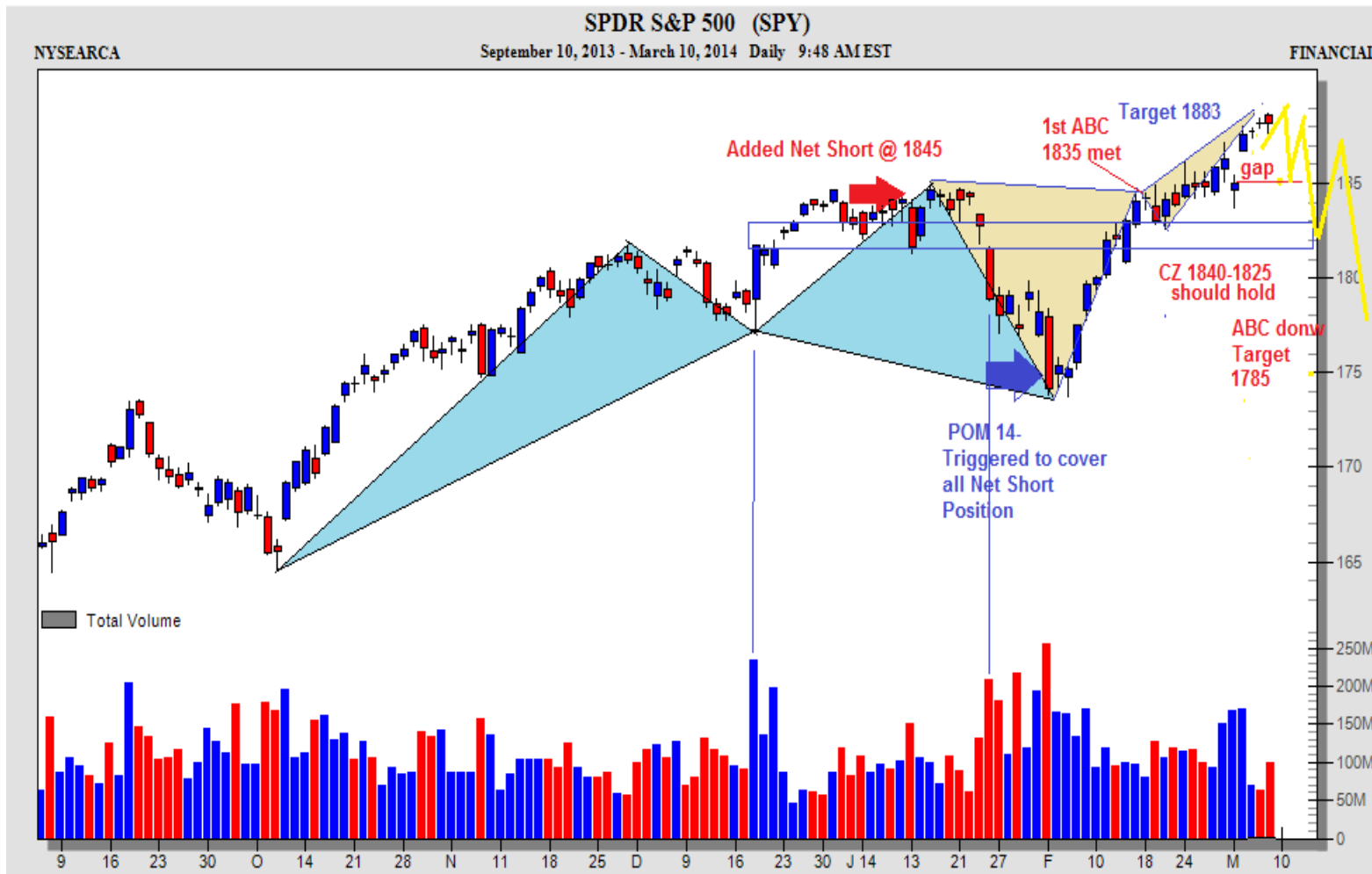


SPX- PEC- D / CZ Analysis POM 14 - Daily chart – Short term

UPSIDE – PEC-D @ 1883. – Met exact & sold off, **NO TRIGGER.** Bullish bias continues although topping out

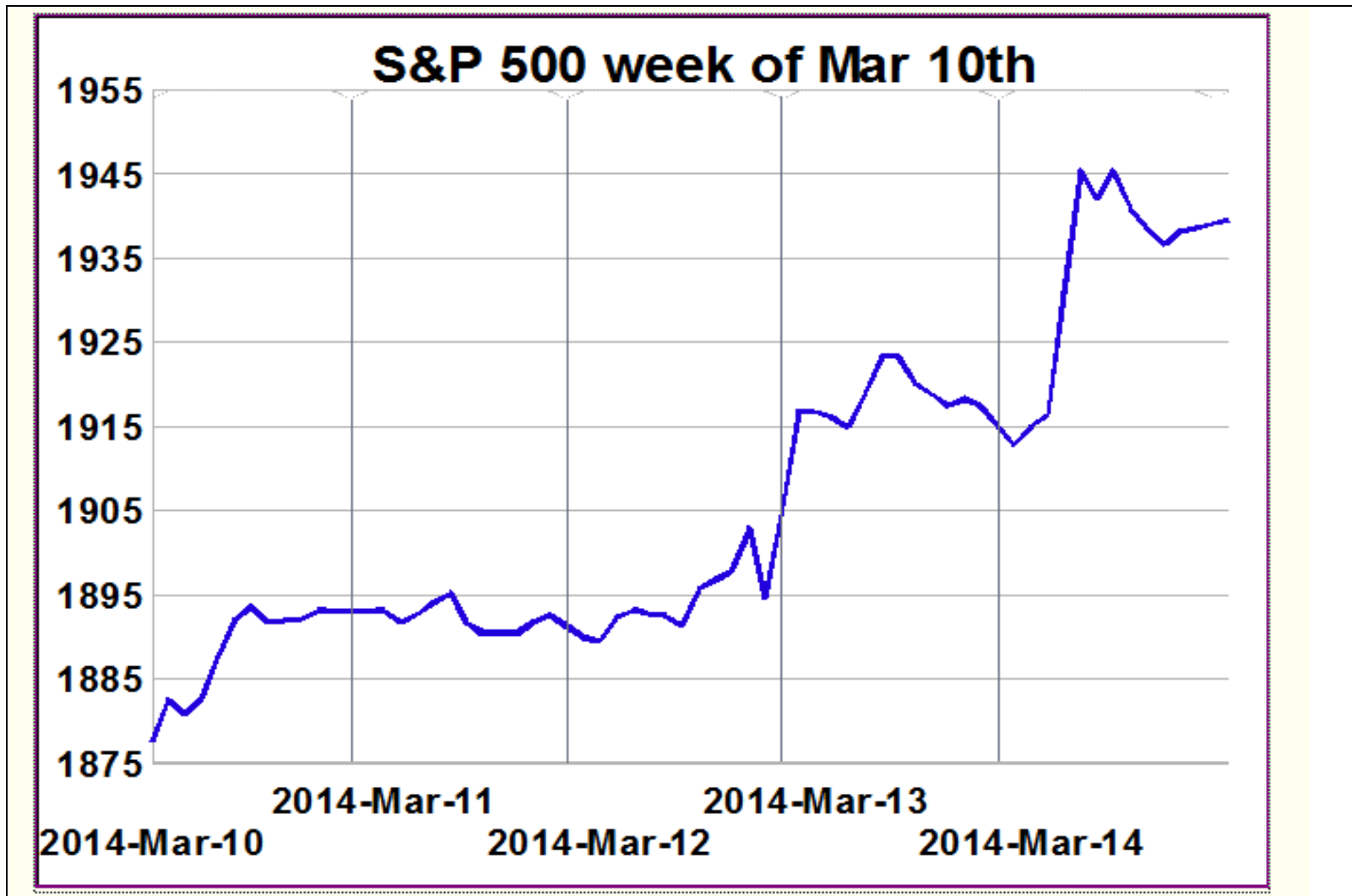
Downside – Short term pull back to gap 1850 and rally up .

Pull back – CZ 1840-1820 should hold and rally up to set ABC down to PEC-D 1785.



SPX – Cycle this week -

Appears positive bias guideline. We don't place much faith on this target price wise.

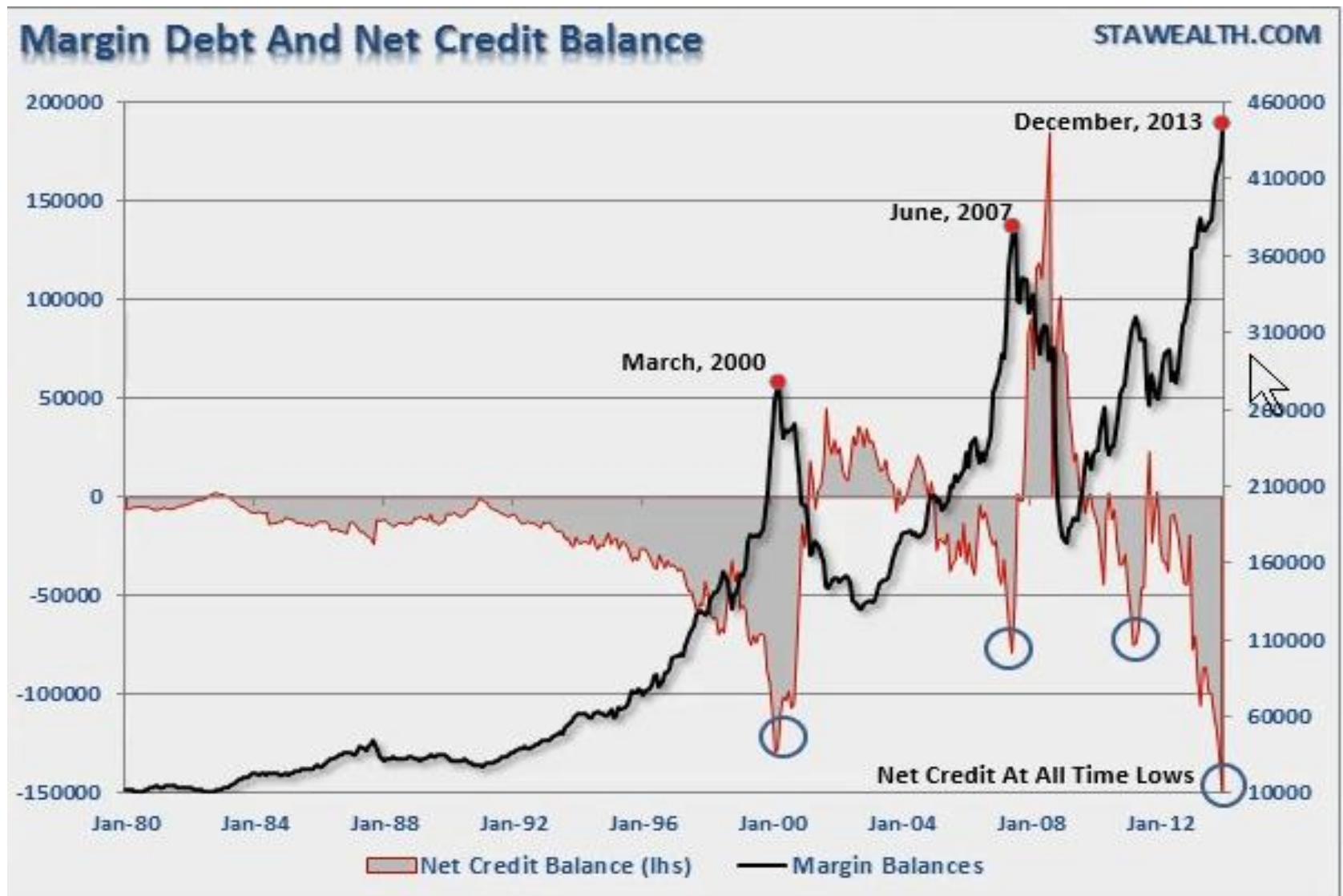


SPX- PEC- D / CZ Analysis POM 14 - Daily chart – Mid Term

SPX – Mid term WAVE – 1-3-5 Completed – Target 1883 – NO FAILURE.



Margin debt – Mid Term



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 18th Nov @ 1800

- 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)

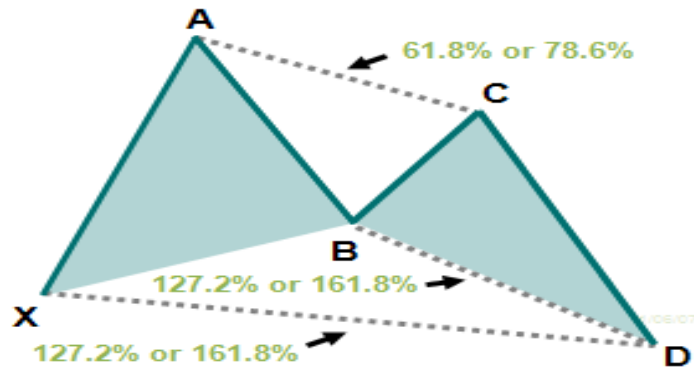
Pythagoras Expansion / Contraction – (PEC) Model

- 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

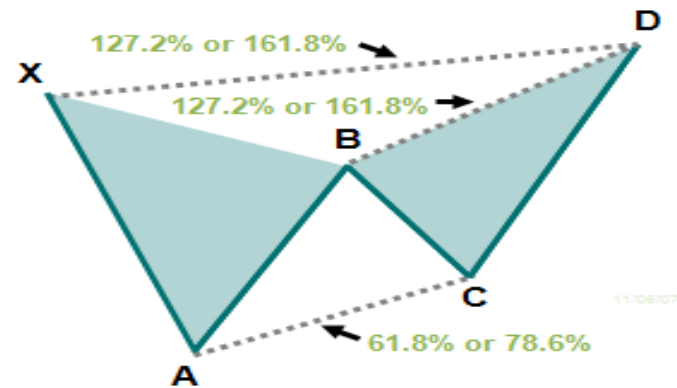
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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