



Date : 4th November 2014 (Tuesday)

SPX – BONDS - 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	2017	POM 14 Triggered @1933 CZ 1930-1920 on 10/2	NONE	NEUTRAL	0% Refer remark column	NONE	Target to PEC-D 1995 Met & exceeded Neutral Top 3 Gap Play No Signal to Sell yet	Next PEC-D 2040 Bearish Top	Pullback CZ 1965-1955 Bullish bottom	ABC down to CZ 1920-1910 1 st Gap Is negated	 Holding long position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here

ACTIONABLE IDEAS – POM 14 – Triggered on 10/2 @ 1933 (covered Net Short for Profit)

For Bears – Wait for full upside price projection . **No Signal to Net Short yet.**

Alternatively For Bulls – Wait for pull back to 3rd Gap and **PEC-D -1960** to add new net long positions. **October monthly close above 1965 is Bullish for continuation higher.**

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TLT (BONDS) Announcement	118.9	POM 14 Triggered On 10/17 @121.5	Triggered POM 13 On 11/04	NEUTRAL To Bullish	0% to 10% .	Initiate Net Long Position STOP 116	PEC-D 123 <i>Bullish Top Blow off</i>	PEC-D -127 <i>Bullish double top</i>	Pull back to CZ 118.5-117.5 <i>Met exact , now & rally back Bullish Bottom</i>	CZ 114 – 113 <i>rejected Bullish Bottom</i>	Closed Net long For 20% profit

ACTIONABLE IDEAS - Triggered POM 13- on 11/04 @ 118.9

For Bulls – Initiate Net entry for to reenter previously exited position back in within **CZ 118.5-117.5** for next rally ABC up to double top PEC-D 127.

Alternatively For Bears – PEC-D 121 did NOT fail with lighter volume Bearish top . (This is **NOT A CANDIDATE FOR SHORT SELL**)

Portfolio – Overview & Update

SPX- Overall Portfolio is at “POM 14 Triggered - closed Net Short @ 1933 on 10/2 .

NET LONG - XLV, XHB, FB, JNJ, Japan and XLP. Bullish Top Instruments remains in Bull Run. It should continue to move higher with +ve Spread relative to SPX .

GOLD- NET LONG – POM 13 - Marked to Market @ 1204 – 1st Jan 2014 . Reentry - Trigger announced 9/18 in CZ 1190-1220 .

BONDS - CASH – POM 13 Triggered - Net Long @ 118.7 on 11/04

Portfolio Holdings ...

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

- LONG at POM 13Total 55.5% Holding
Non- Equity (7%) - USD/JPY (2.5%) , EUR (2.5%), UNG (2%)
Equity (24.5%) - XLV (5%) ,XHB (5%), XLP(5%), JNJ (1%), FB (1%), NIKKE (7.5%),
Entry GLD – 12% , GDX-12%

- **NET SHORT** -..... (0)

Market Overview SPX

POM 14 Status – We closed our Net Short position on 10/2- Alert at 1933 for Profit. **No Net Short Signal YET**

Last week's Report (**SPX @ 1960**) , we announced that SPX was at mid-point move and was in process of Bullish 3rd Gap up to **1980** of 3 gap play and then retrace. 3rd Gap up resulted in continuation move higher to our **target of 1995** without any retracement. Bullish 3 gap play is a very powerful off the bottom.

SPX 1960 mid-point move had a target of 2040 eventually. Importantly at current levels TICK and TRIN Reading has not reached extremes, volume at the top is Neutral to call it a top, although a short term pull back is near, this combination suggests after the pullback SPX wants to go higher. The target of first pull back is at the 3rd gap , a point of maximum volume rebalancing at 1960. The point of 1st Gap **1920 is negated for time being.**

The run-up beyond our POM 14 – 1933 price point to 2017 needs a consolidation to reform a base and launch a higher high into late this week or early next week, according to the current simple price-T

Japanese center bankers and pension funds apparently surprised most on Friday by increasing their already aggressive bond purchases (QE) by a third. In addition, it will expand those purchases to include Global equities. This notion helped to achieve a huge boost to global stocks and **Nikkei 5%** move. The **Japanese yen** sold off to the lowest level in seven years.

We'll we have been Net Long Japan and Short Yen for a while now.

On Technical – Any pull back by November 22nd should be the lows before the Thanks Giving week and beyond that the trend remains strongly on the upside into year-end. This is the last rally before a huge plunge expected in early 2015. The bond market is showing sign of stability and holding well on pullback in spite of rally in SPX . Once equities tops, the bonds should head higher when SPX declines. We have triggered POM 13 once again on Bonds

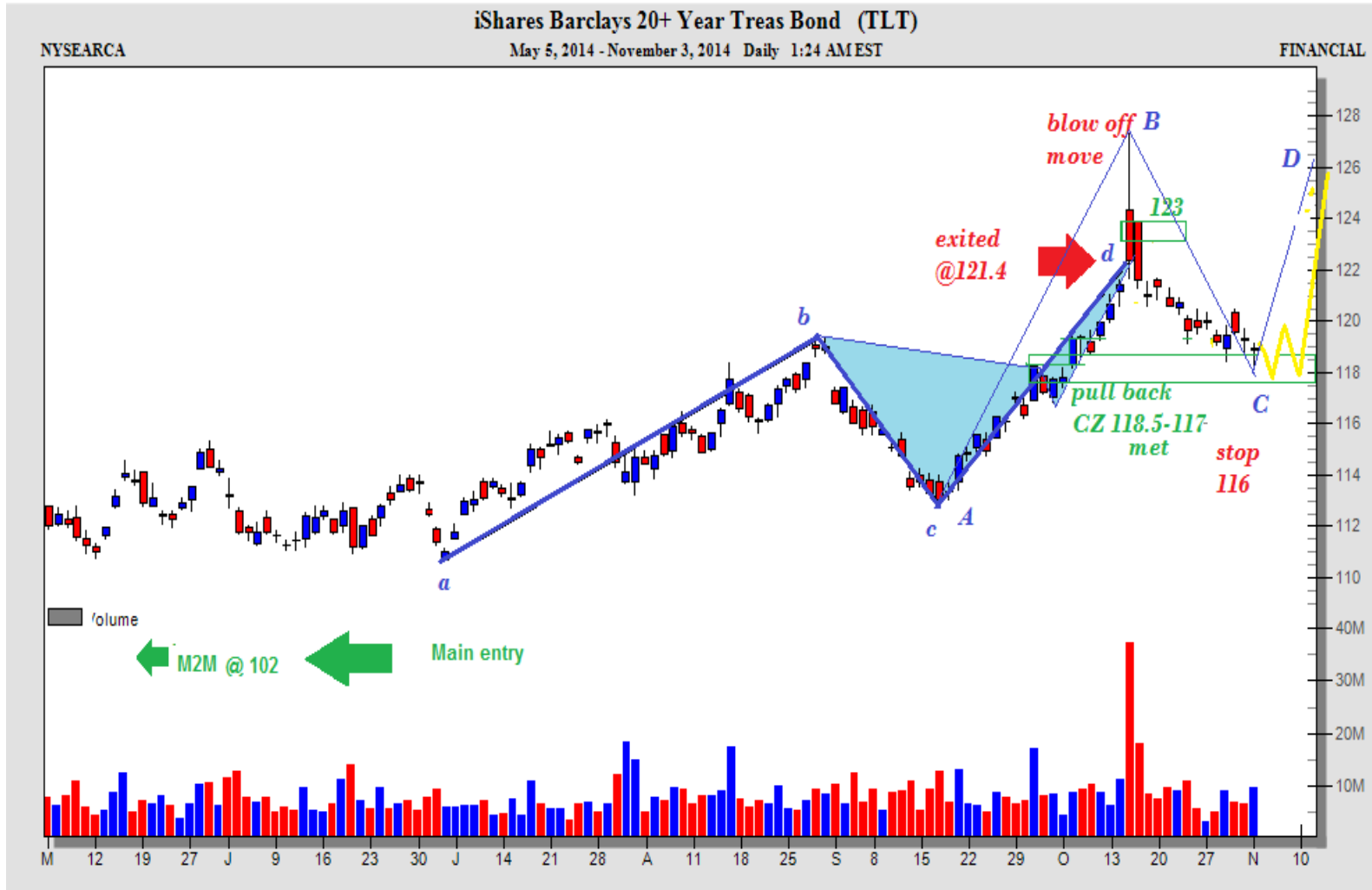
On Seasonality – The Seasonality low came in mid-October for yearend rally . Any pull back to be followed by continuation of rally higher into December 17th on a trend basis. This is a seasonally.

On Astro – Any pull back should put in lows between now and November 13, Mercury is still in retrograde.

TLT (Bond) – CZ- PEC- D Analysis – POM 14 - Daily - Bullish Chart 1

Downside – pull back to CZ 118.5-117, is rejecting for next leg up. TLT may have some tests of this CZ

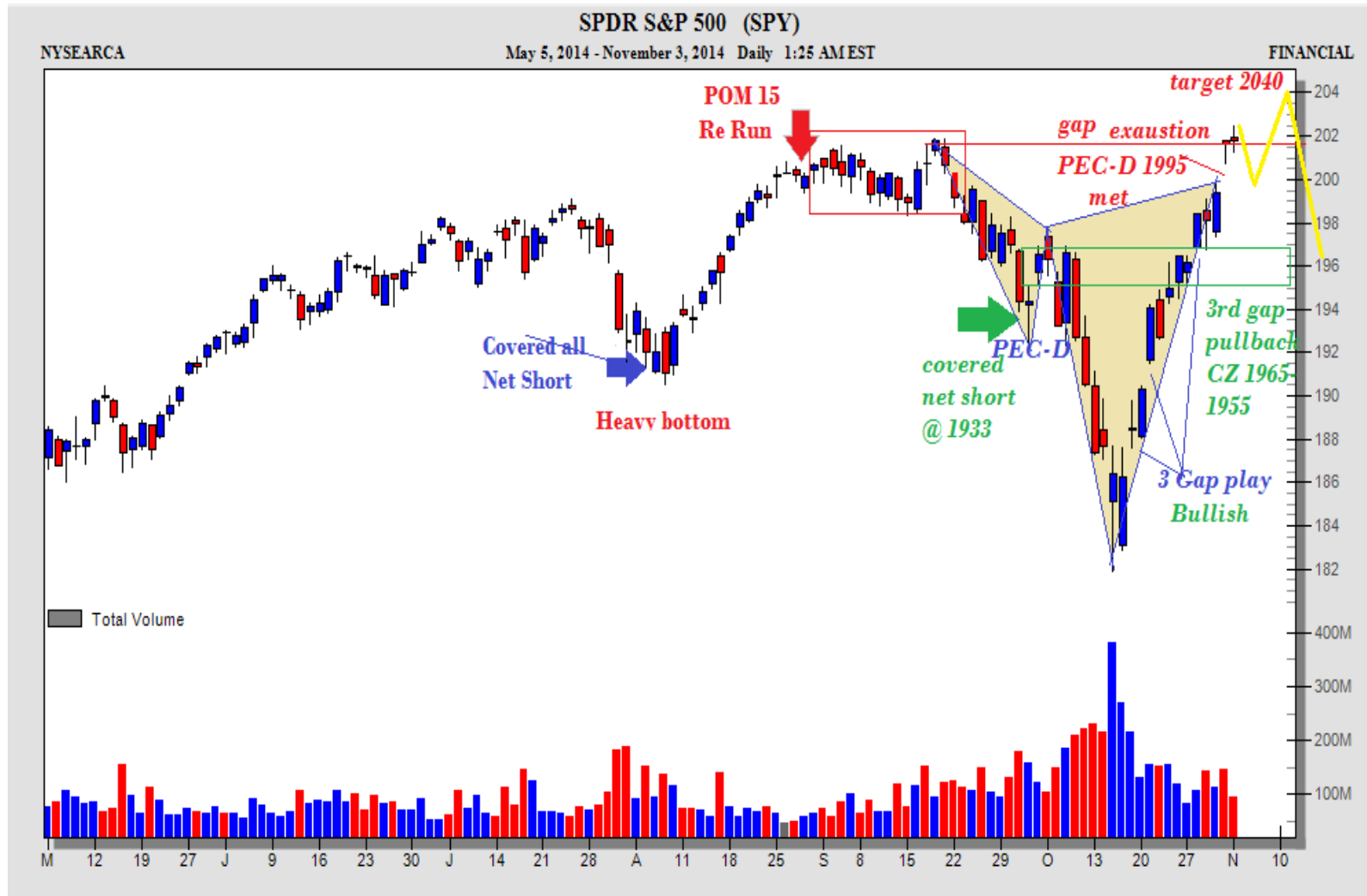
Upside - Target ABC up to PEC-D 123 Bullish top, and then to 127 double top testing .



SPX- PEC- D Analysis POM 14 - Neutral - Chart 2

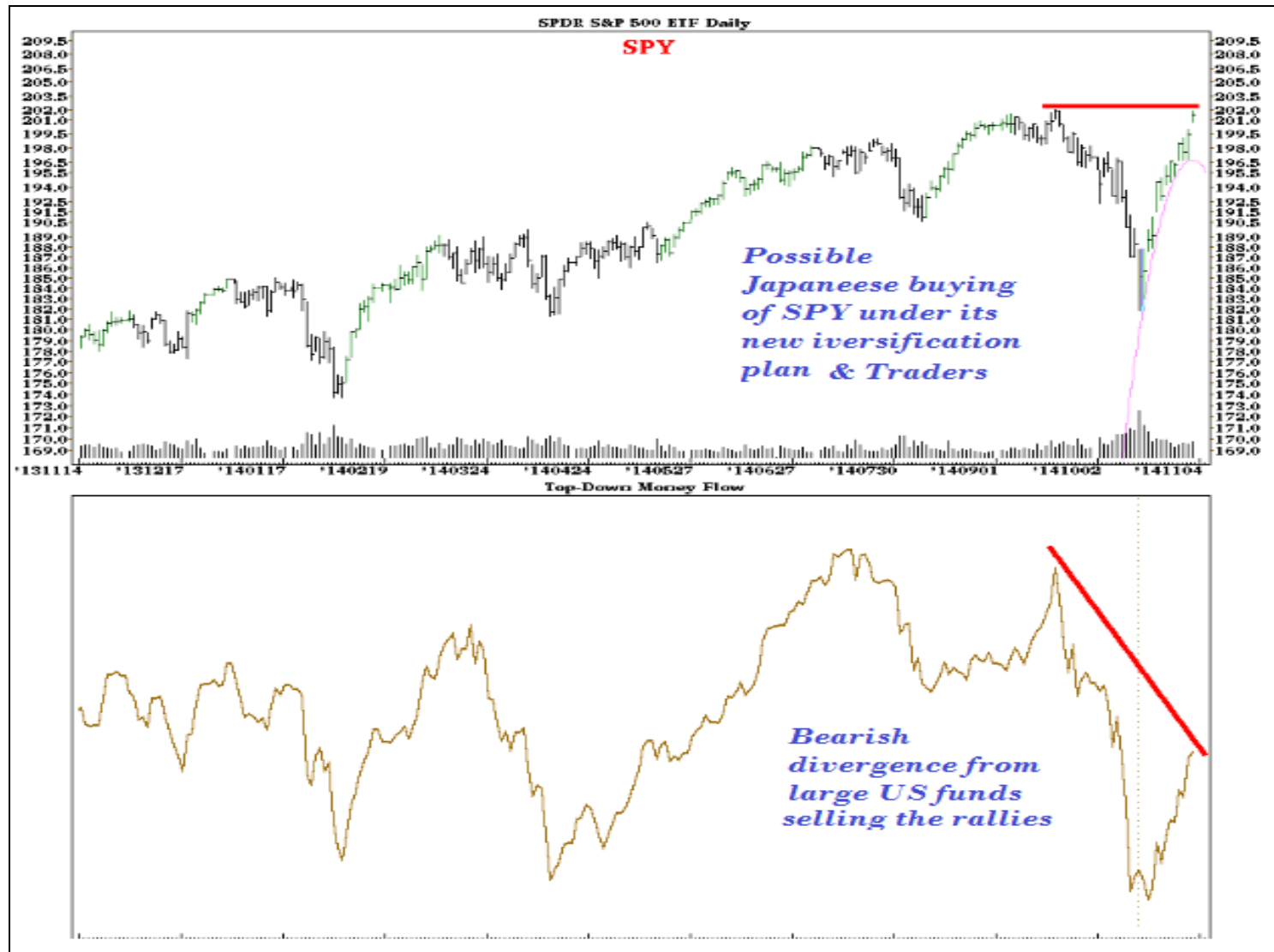
UPSIDE – Bullish - 3 Gap play MET the target of **PEC-D 1995** without pull back and ending in exhaustion gap. Next rally to **PEC-D 2040** by year end.

Downside – Pull back to 3rd Gap – **CZ 1965-1955** should hold and then rally up .



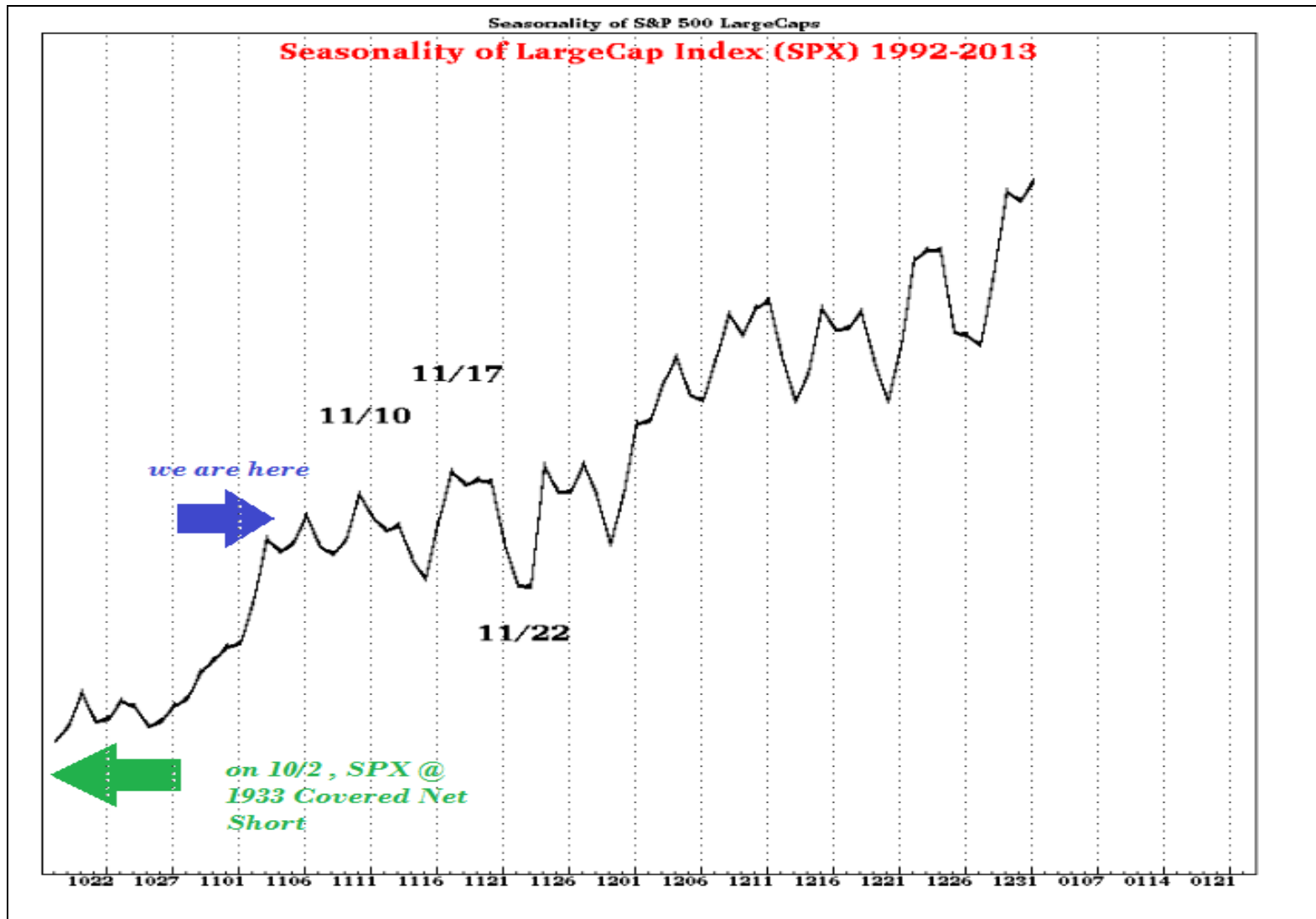
SPX- Money flow Analysis POM 14 - Neutral - Chart 3

Bearish divergence is beginning to show up (read notes within the charts)



SPX- Seasonality Analysis POM 14 - Neutral - Chart 4

Seasonality path is intact but % of gains or % pull back may be different.



SPX – Cyclical Model

- SPX - Seasonality -

OCTOBER – DECEMBER – POSITIVE

- SPX - Election Model -

Statistically this 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 half of 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 2ND Top - 15TH September.

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – NEUTRAL

SPX – Internals Model

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

SPX – Cyclical Model

- SPX - Seasonality -

MAY to SEPTEMBER , 4th July - Positive

- SPX - Election Model -

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- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model top 4th August

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – Neutral

SPX – Internals Model

Bearish -, 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><u>US BROADER IDX</u></p> <ul style="list-style-type: none"> • SPY (SPX 500) • DIA (DOW 30) • QQQ (NASD100) • IWM (Small Cap) • IYT (Transports) • NYA (NYSE) <p><u>BOND IDX</u></p> <ul style="list-style-type: none"> • TLT (Bonds) • MUB (Muni). (SP) <p><u>GLOBAL IDX</u></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><u>SECTORS IDX</u></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><u>COMMODITY IDX</u></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><u>CURRENCY</u></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)

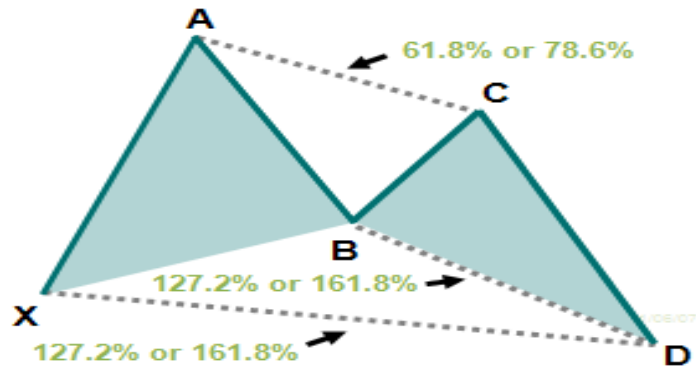
Pythagoras Expansion / Contraction – (PEC) Model

- 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

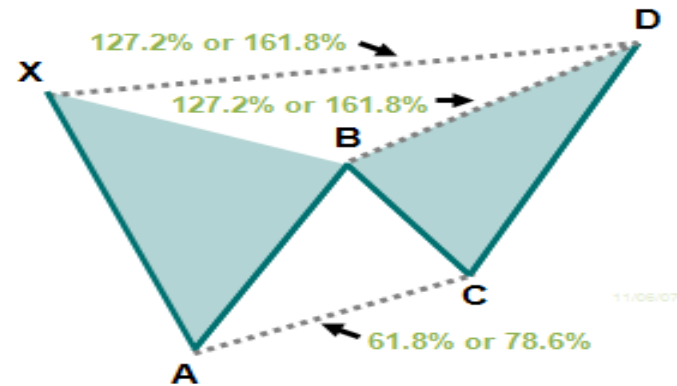
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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