



Date : 11th 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	2039	POM 14 Triggered @1933 CZ 1930-1920 on 10/2	NONE	NEUTRAL	0%	NONE	Target to PEC-D 2040 Met & exact 1st Bearish Top No Signal to Sell yet	Double top To 2040 To fail	Pullback CZ 2000-2010 Neutral Bottom	ABC down to CZ 1965-1955 Bullish bottom	 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 – Full upside price projection to **PEC-D 2040 Met BUT**. **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)	118.6	Triggered POM 13 On 11/04	NONE	BULLISH	10% Net long @118.75	NONE STOP 116	1 st ABC up PEC-D 123 <i>Bullish Top</i>	PEC-D -127 <i>Bullish double top</i>	Pull back to CZ 118.5-117.5 Met exact , now & rally back <i>Bullish Bottom</i>	CZ 114 – 113 rejected <i>Bullish Bottom</i>	Earlier Closed Net long For 20% profit

ACTIONABLE IDEAS - Entry POM 13- on 11/04 @ 118.75

For Bulls – Net long entry @ 118.75 for previously exited position 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 56.5% 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%), TLT(10%)
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**

The bond market is showing sign of strength on pullback in spite of rally in SPX. Once equities tops, the bonds should head higher when SPX declines. We have triggered POM 13 – rerun on Bonds

Last week's Report (SPX @ 2015) , we announced that SPX – upside target to 2040 . This has been met with Bearish Top . The market now loses the momentum as it crawls up during the run up from mid-October lows

At current levels @ SPX 2040, the first pull back can come this week. A catalyst may need to come along to tip the market over. It's stretched to the upside here, we think the uptrend has basically run out of gas and needs some reversion to the mean to re-energize itself. If we do get a dip, it would likely best be seen as preparing one last rally to double top (refer the price path in chart).

The Volume failure, TICK and TRIN Reading has not reached extremes. This combination suggests after the pullback SPX wants to double Top. The target of first pull back is at the Exhaustion gap, a point of maximum volume rebalancing at 2000. The point of 3rd Gap up CZ is at 1960. The pull back to 1st Gap at 1920 is negated for time being.

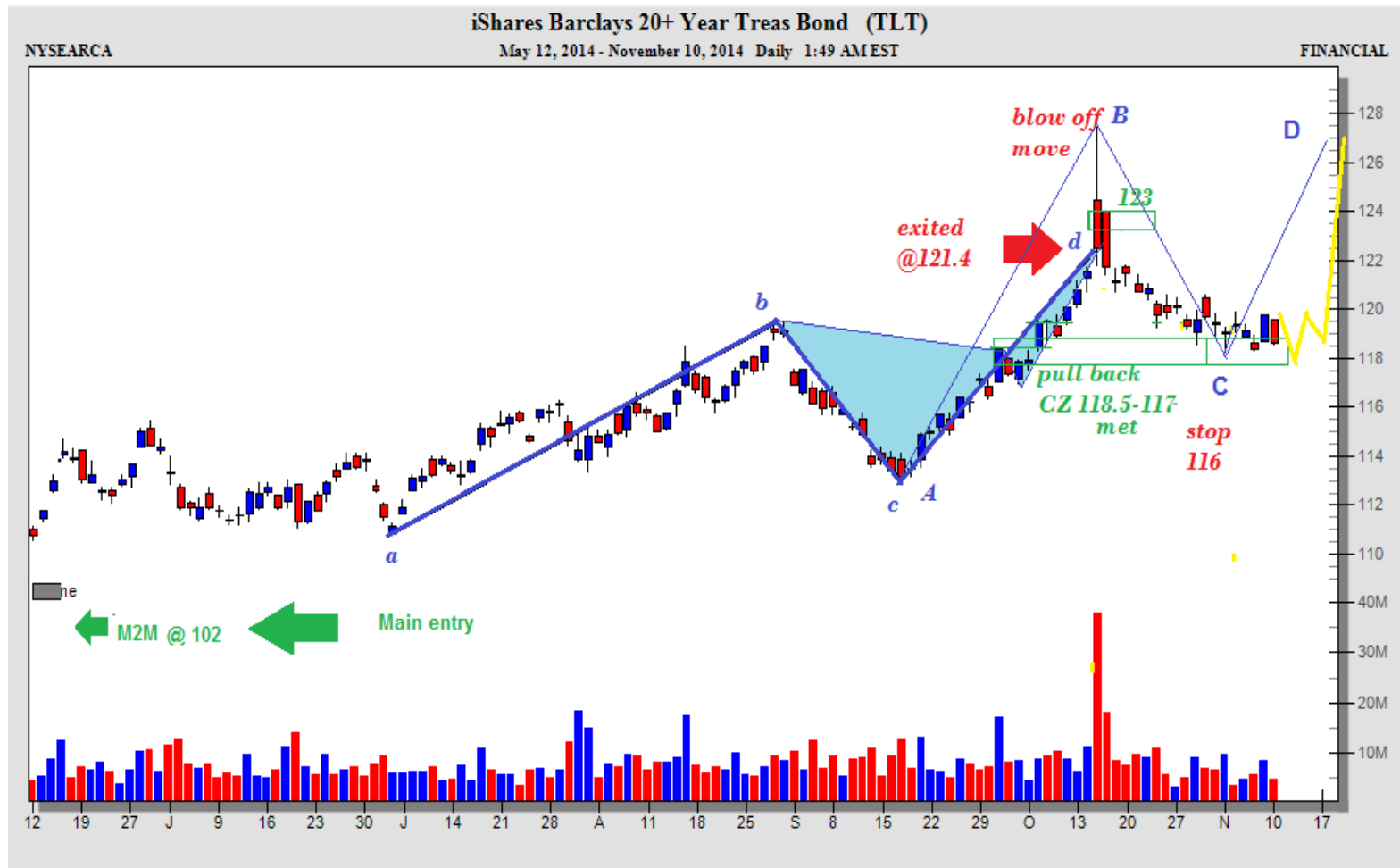
On Technical – The Time termination T- on A/D is on 13th November for Top, (November 13, Mercury is retrograde). Pull back by November 22nd should be the lows before the Thanks Giving week and beyond that the trend remains on the upside into December. This is the last rally before a huge plunge expected in early 2015.

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.

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

Downside – pull back to 118.7 Triggered Net long entry , rejecting in CZ for next leg up. TLT may have some tests within this CZ

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

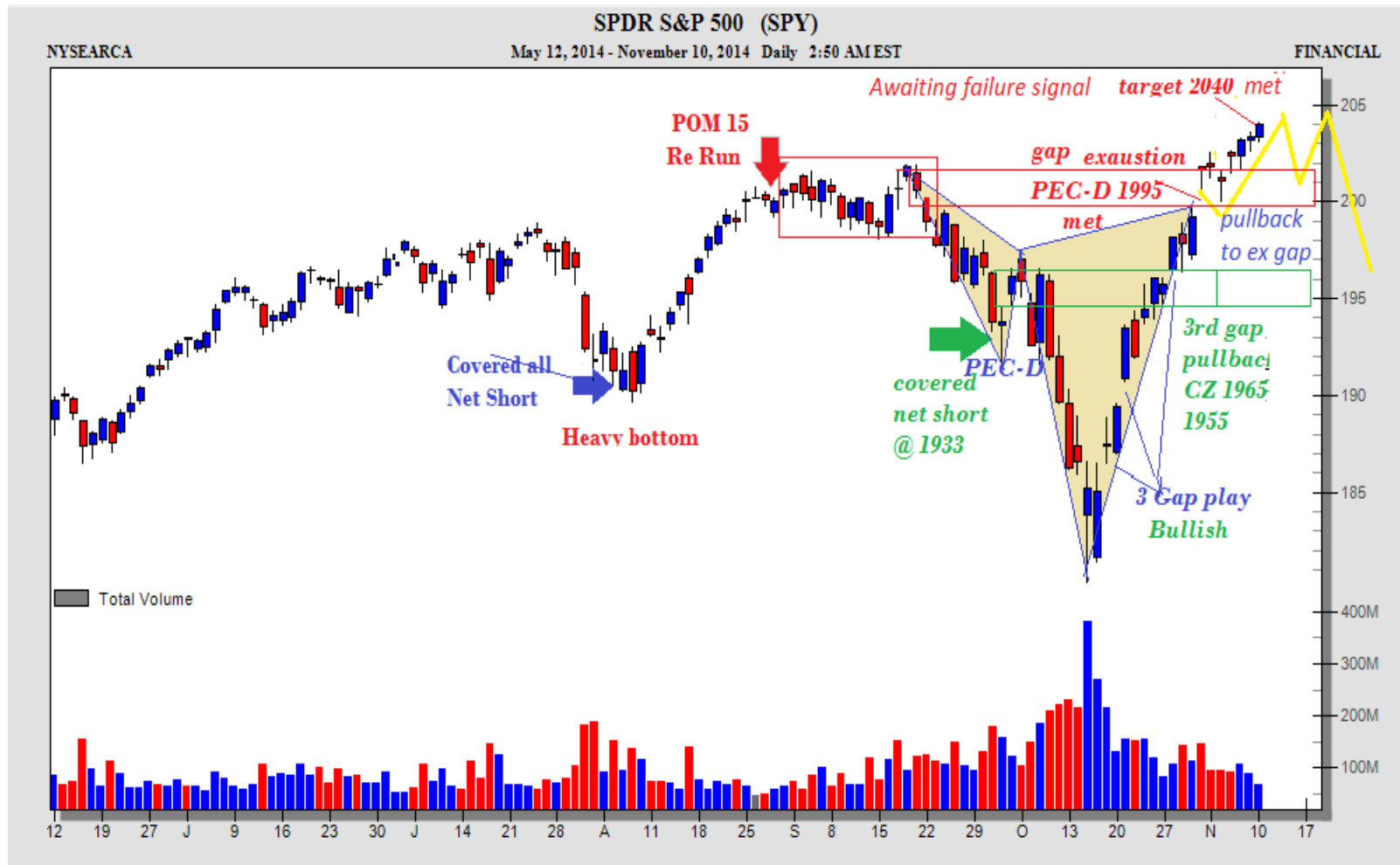


SPX- PEC- D Analysis POM 14 - Neutral - Chart 2

Upside – Rally to **PEC-D 2040** - Met - No Signal for Failure.

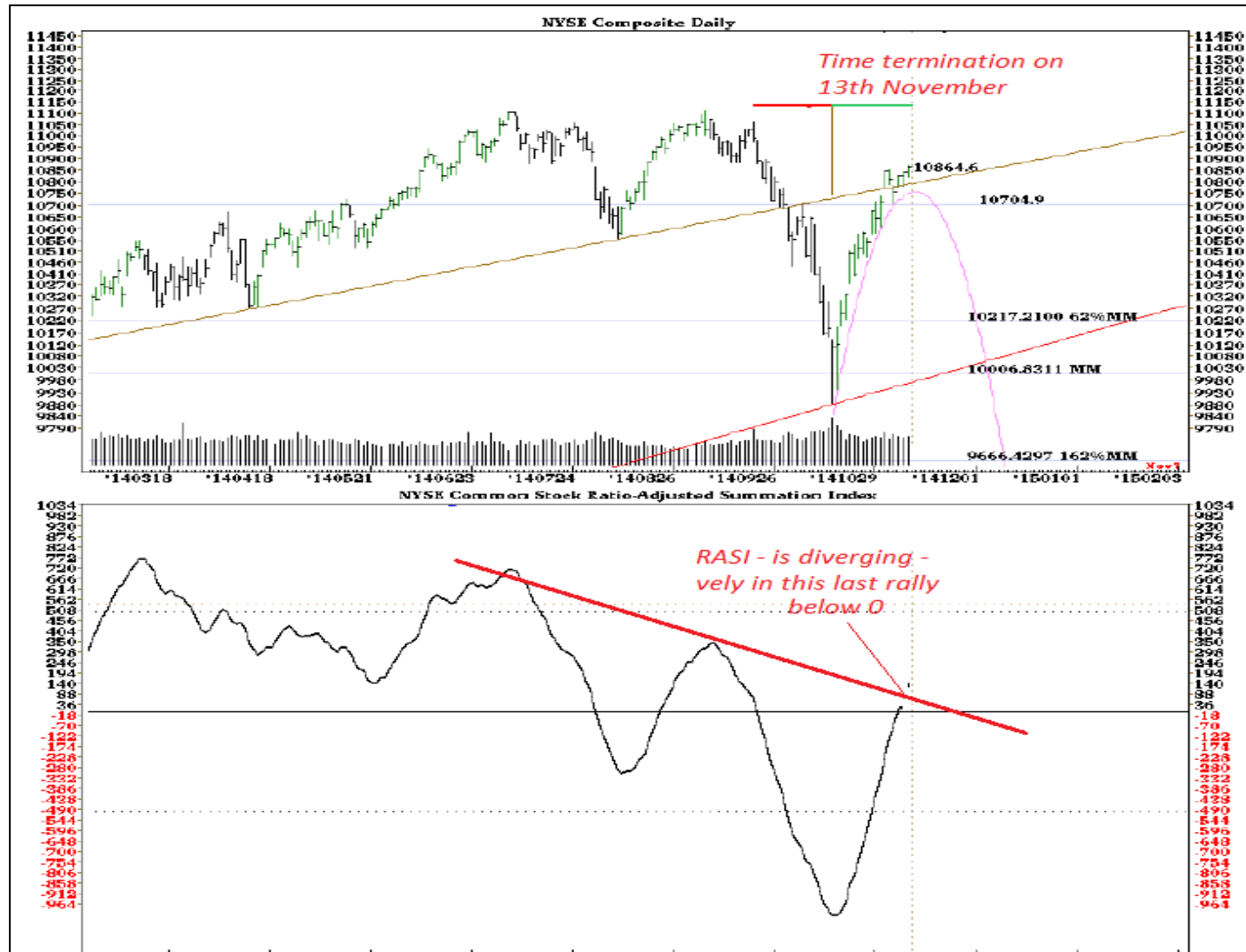
Downside – Pull back to Exhaustion Gap **CZ 2000-2010** and then rally up to double Top.

Next Pull back to 3rd Gap – **CZ 1965-1955.**



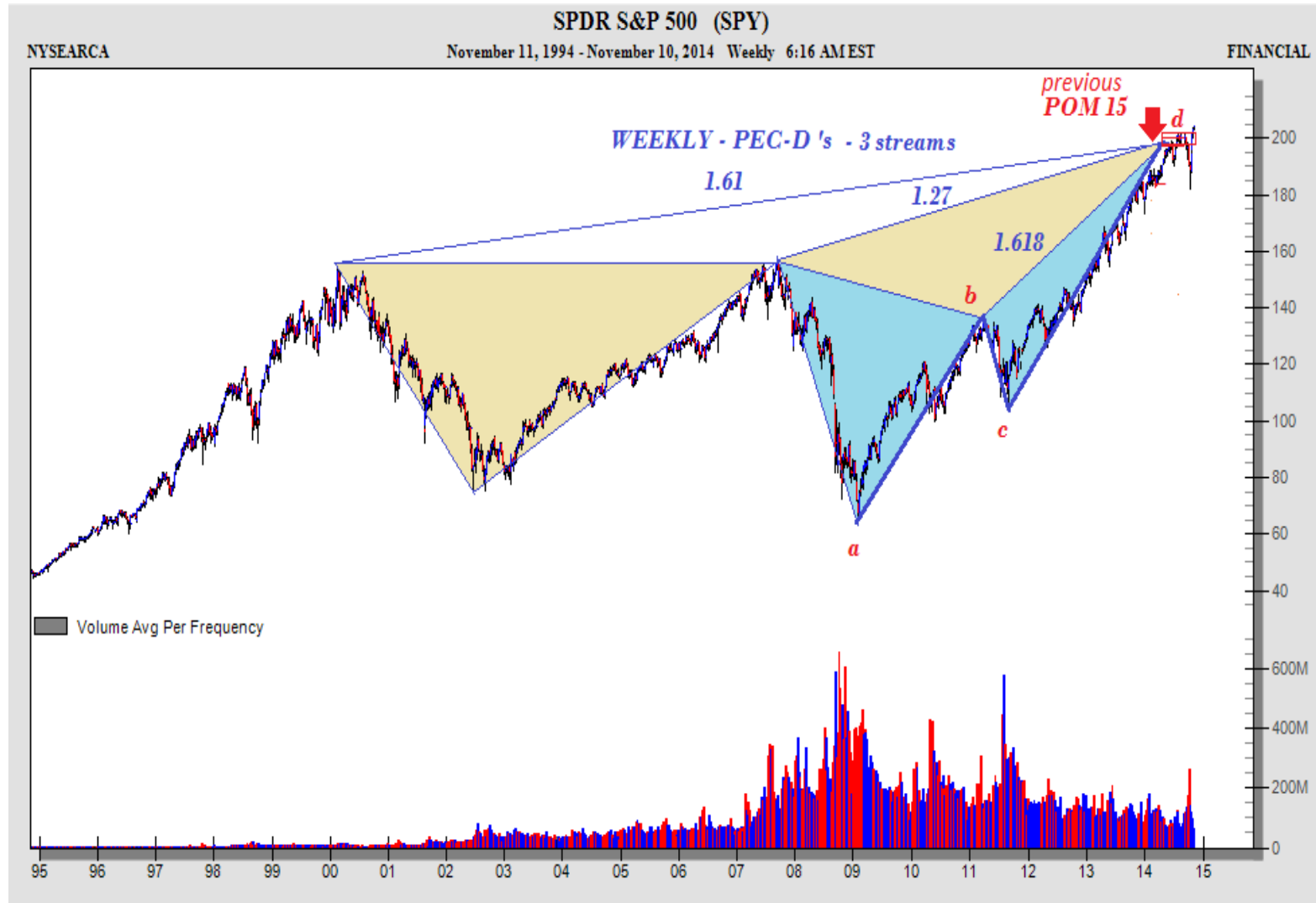
NYSE / RASI Analysis POM 14 - Neutral - Chart 3

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



SPX- PEC- D Analysis POM 14 Weekly chart –Chart 4

On bigger time frame – 3 – PEC-D Patterns have converged (Notes within the charts) . – No Signal of failure yet.



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)

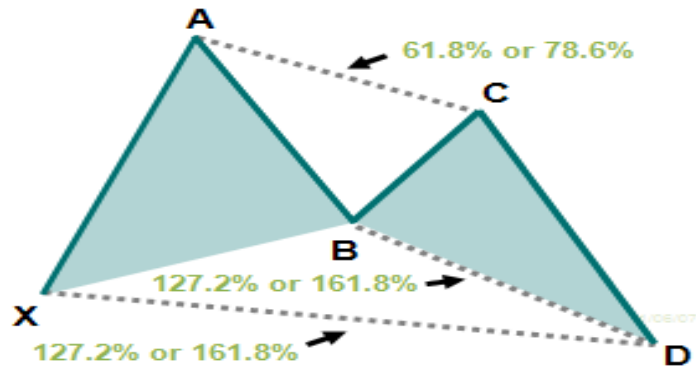
Pythagoras Expansion / Contraction – (PEC) Model

- 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

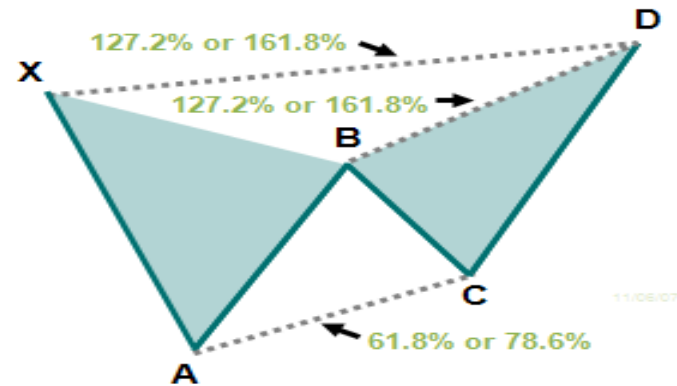
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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