



Date : 9<sup>TH</sup> April 2014 ( Wednesday)

**BROADER INDICES REPORT( Strategy & Prop Tech)**

By : Suneil R. Pavse, E : apavse@aol.com

**Executive Summary**

	Current Price	POM Triggered within CZ & Date	Follow up <b>Announcement- Update</b> For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<b>NEW ACTION</b> ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>TLT (BONDS)</b>	109.5	POM 13 – Re Run Marked to Market On 1/01 start <b>@102</b>	<b>Announced @ 108.28</b> on 2/3 to close ½ Net longs <b>due to ST pull back</b>	<b>BULLISH</b>	Net Long	<b>NONE</b>	PEC-D 108 Met with Bullish Top	Target to 2 <sup>nd</sup> ABC PEC-D 112 Bullish Top	pull back to 107, Triangulation & then rallied back	CZ105-106 retested rejected on low volume Bullishly	<b>@ 109.25</b> on 2/4, closed ½ <b>Net long</b> position for <b>7 pts profit 6.5%</b>
<b>IWM (SM CAP)</b>	113.61	POM 15 Triggered EMIAL Alert SPX On 3/25 <b>118.0</b>	<b>NONE</b>	<b>BEARISH</b>	Net Short <b>For Short bias portfolios</b> OR to Hedge longs for Bulls	<b>NONE</b>	<b>Bounce to</b> Cap into CZ 88-89 should fail	Target to PEC-D 121 Met exact & Declined massive	<b>1<sup>st</sup> ABC</b> down to 114 – met exact heavy bottom	<b>2<sup>nd</sup> ABC</b> down to 110 – heavy bottom	

	Current Price	POM Triggered within CZ & Date	Follow up <u>Alert</u> Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<b>NEW ACTION</b> (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>QQQ (NASD)</b>	86.34	POM 15 Triggered EMIAL Alert SPX On 3/25 88.51	NONE	BEARISH	Net Short For Short bias portfolios OR to Hedge longs for Bulls	NONE	Bounce to Cap into CZ 116.5-117.5 should fail	Target to PEC-D 91 Met exact & Declined massive	1 <sup>ST</sup> ABC down to 86 – met exact heavy bottom	2 <sup>ND</sup> ABC down to 83 heavy bottom	@ 84.29 , 2/3 closed all Net Short instated position at 88.255 for profit 4.5%
<b>SMH (SEMI)</b>	45.36	POM 15 ( SPX )	NONE	NEUTRAL	NONE No signal	NONE	Target TO SPX POM 15 – Triggered	NONE	NONE	Pull back To CZ 40.25-39.75	@ 45.2 , 3/25 closed Net Long for profit 12.5%
<b>IYT (TRANS)</b>	133.5	POM 15 ( SPX )	NONE	NEUTRAL	NONE No signal	NONE	Target TO SPX POM 15 – Triggered	TBA	TBA		

**Note** – QQQ, IWM – Topped out exactly at the PEC-D's and once POM 15 triggered declined exactly to our First ABC down.  
. SEMI's ( SMH) locked in 12.5% on long side at POM 15 Trigger

## Broader Indices Overview -

SIGNALS. - Price Projection CZ , Trading / Investment Conclusions below

Today is FOMC announcement , on short term market may be volatile .

Since last Report 3/21, In that Report – Pre - Announcement, Our call to close SMH at POM 15 generated 12% profit .

**QQQ and IWM** – SPX – Triggered POM 15 on 3/25.

**SMH & IYT** remains Neutral.

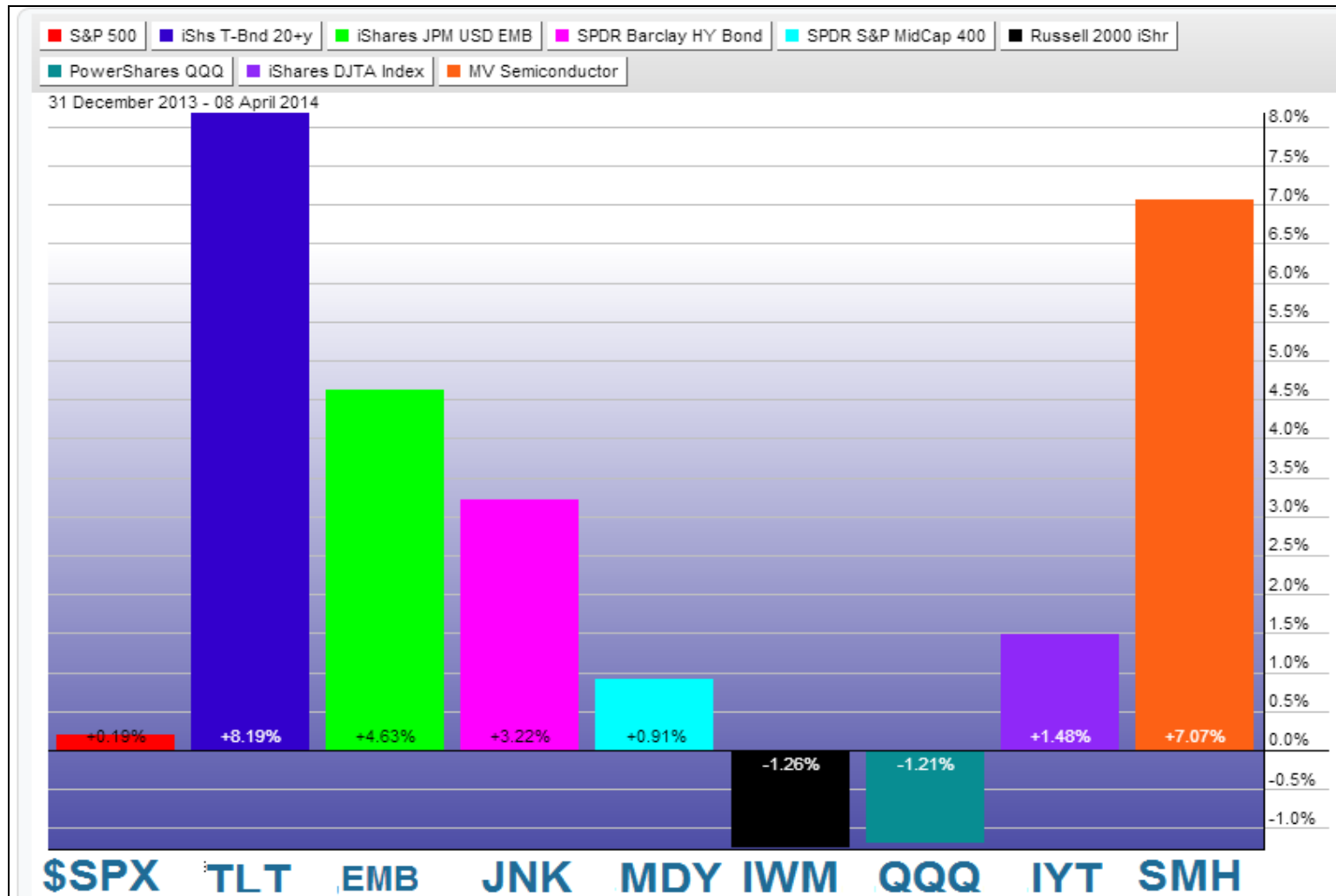
**TLT Bond** prices pulling back Bullishly from Short term Bullish Top. Rally in Bonds should coincide with Top in SPX .

- BULLISH - **TLT- ST pull back**
- BEARISH- **QQQ, IWM**
- NEUTRAL - **IYT, SMH**

# 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 .

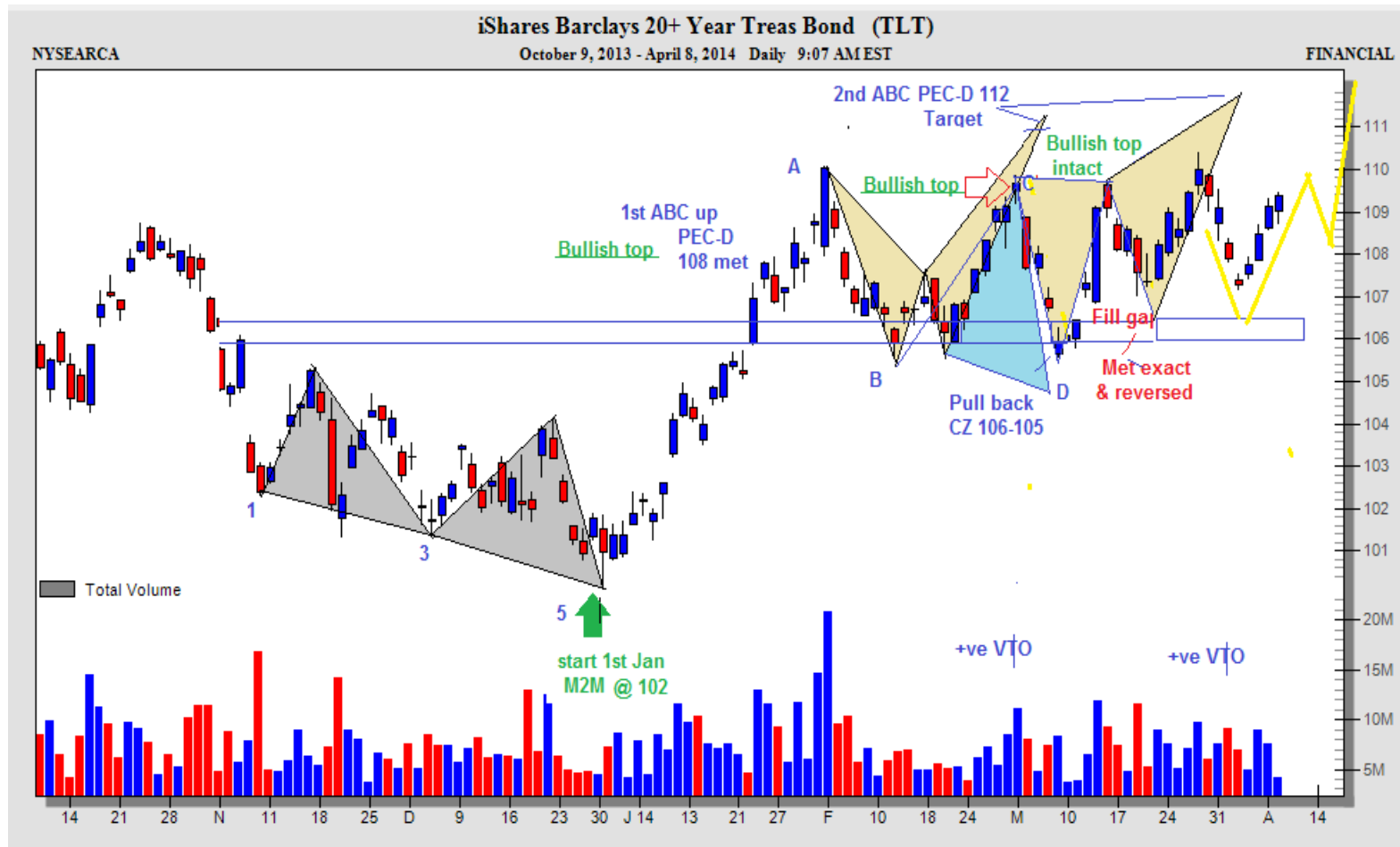


# TLT ( Bond ) – CZ- PEC- D Analysis – Daily - Bullish

**Upside -** Target to 2<sup>nd</sup> ABC up to PEC-D 112 .

Earlier PEC-D 108 - Met with Bullish Top suggests shallow pull back and then head higher.

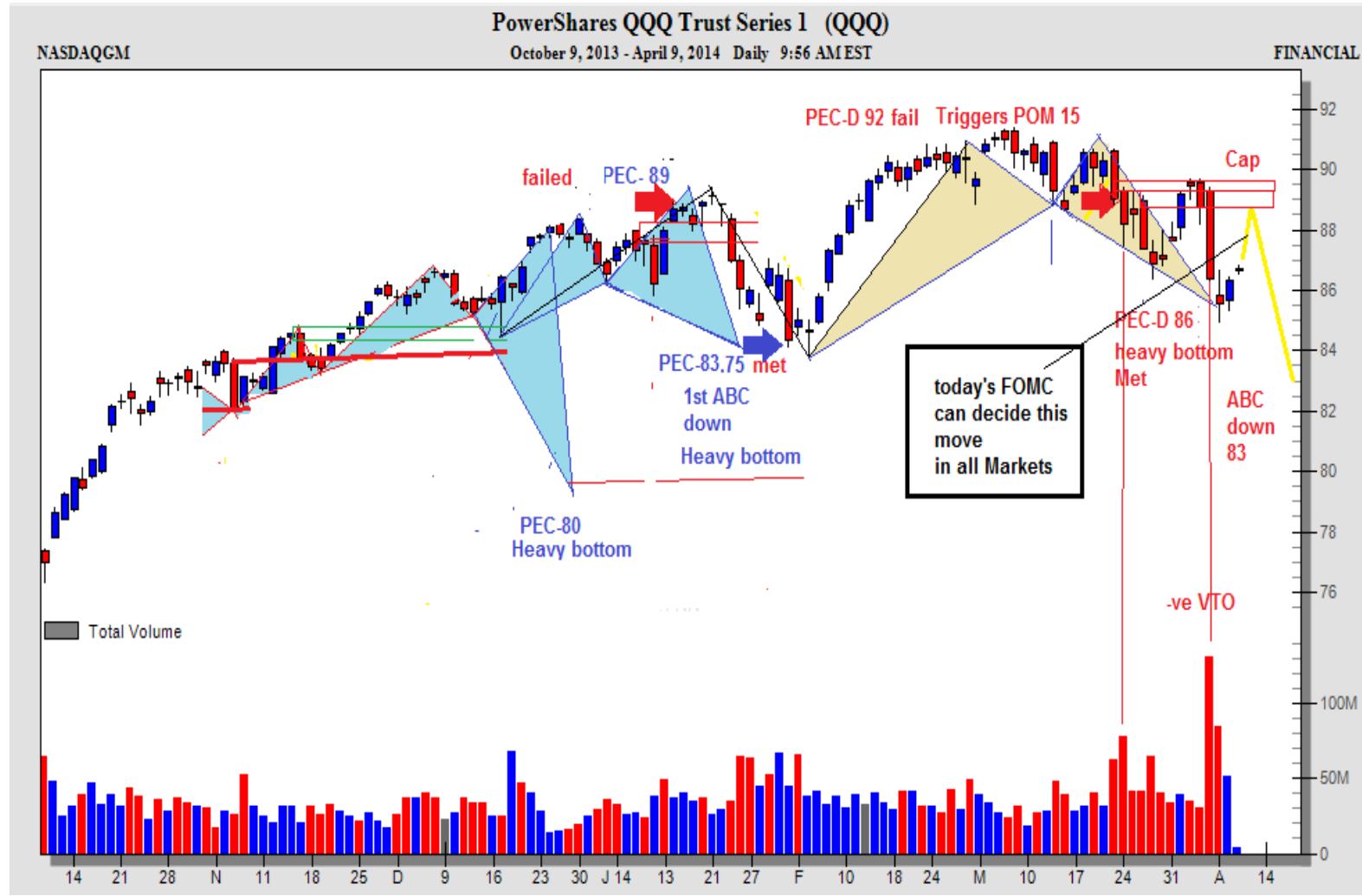
**Downside –** CZ 106-105- Met & then higher . Earlier Rejected with low volume in this CZ .



# QQQ (NASD 100) - CZ – PEC-D Analysis - **Bearish**

**Downside** - 1<sup>st</sup> ABC down to PEC-D 86- Heavy bottom, - **Met exact** .....2<sup>nd</sup> ABC down to 83

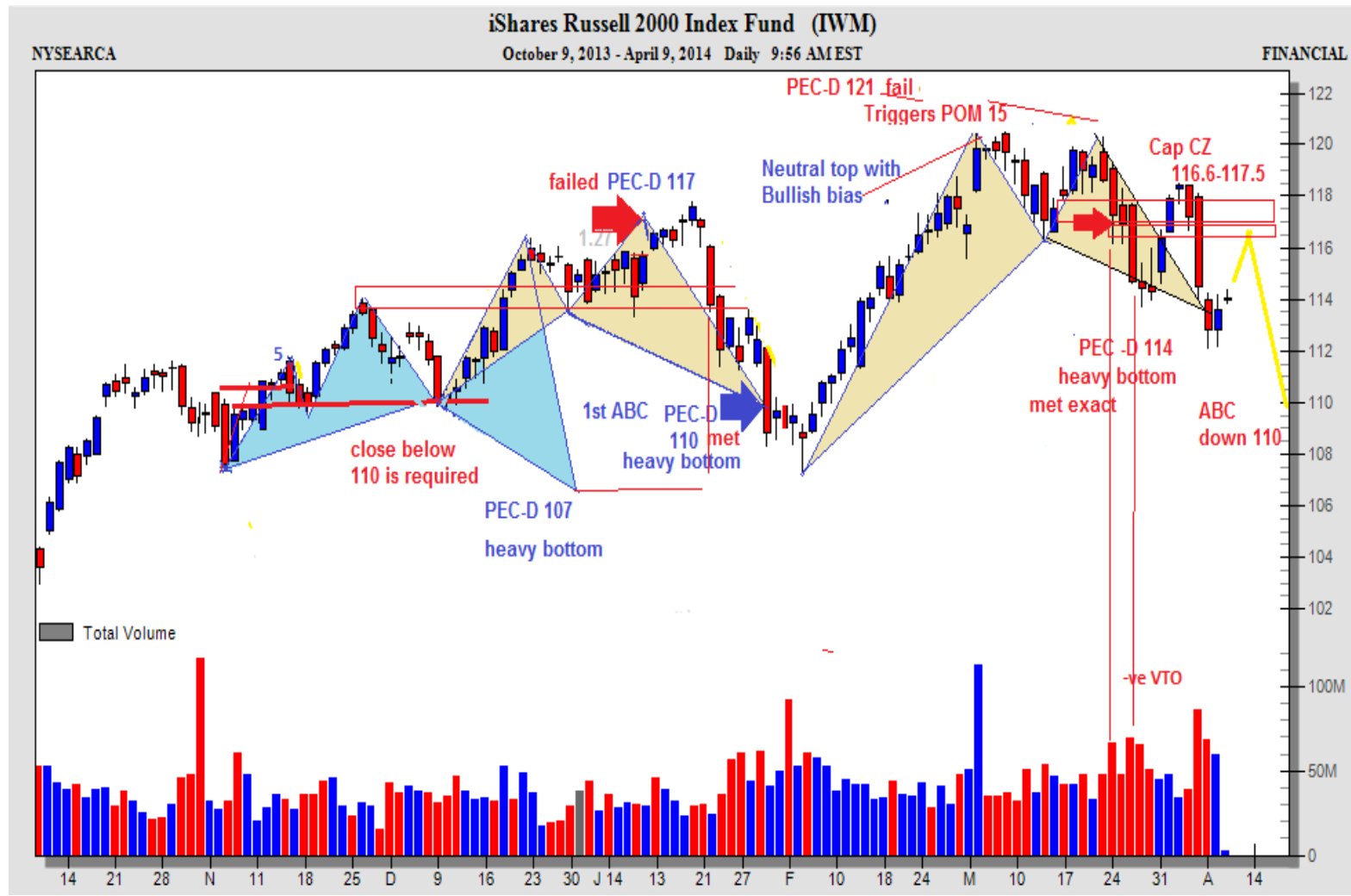
**Upside** - Bounce to cap into CZ 88-89 Bearish Top- PEC-D 91 failed on SPX – POM 15 Trigger



# IWM – CZ – PEC-D Analysis - Bearish

Downside - 1<sup>st</sup> ABC down to PEC-D 114- Heavy bottom, - Met exact .....2<sup>nd</sup> ABC down to PEC-D - 110

Upside - Bounce to cap into CZ 116.5-117.5. Bearish Top- PEC-D 121 failed on SPX – POM 15 Trigger



# 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

- ( 3<sup>rd</sup> 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)

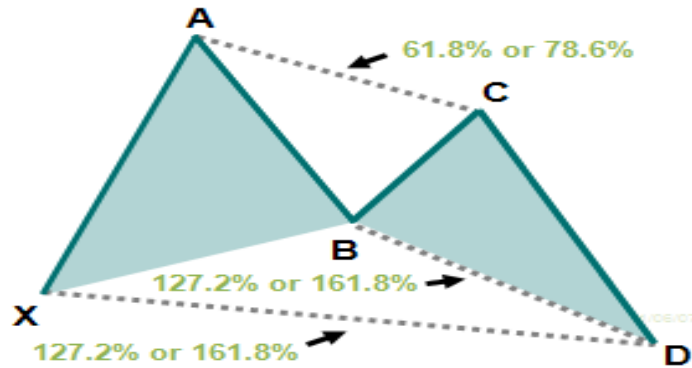
## Pythagoras Expansion / Contraction – (PEC) Model

- **PEC Model is a 2<sup>th</sup> 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**

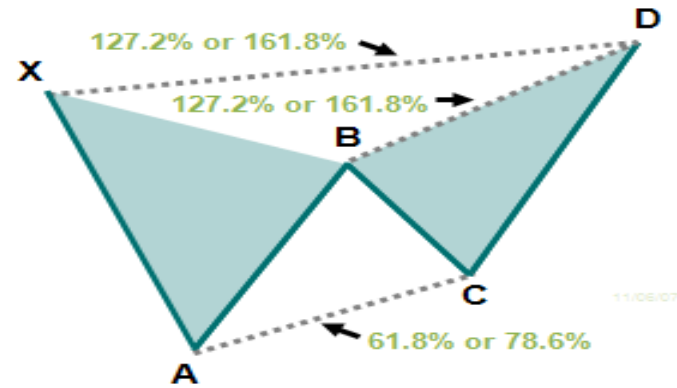
### **PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model**

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)



**Disclaimer :** The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.