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

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**Executive Summary**

	Current Price	POM Triggered within CZ & Date	Follow up <u>Annoucem ent-</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
<b>TLT (BONDS)</b>	108.16	POM 13 – Re Run Marked to Market On 1/01 start <u>@102</u>	<u>@ 108.28 on 2/3, close ½ Net long</u> position M2M on 1/1 at 102 for <u>7 pts profit 6.5%</u>	<b>BULLISH</b> ST pull back to begin soon	Reduced 1/2 Net Long	<b>NONE</b>	Target – PEC-D 108 Met with Bullish Top now ST pull back	2 <sup>nd</sup> ABC PEC-D 112 Bullish Top	Short term pull back to CZ105-106 & then next rally Higher highs	CZ 102-104 retested rejected on low volume Bullishly	<b>Best Risk / Reward to go long below 104 as announced</b>
<b>IWM (SM CAP)</b>	109.47	POM 14 on 2/3 Report Pre - announced @ SPX 1735	<u>@ 109.25 close Net Short -2/3 SPX</u> instated position at 115.5 for profit 5.5%	<b>NEUTRAL</b> Bearish bias ST bounce to begin soon	Reduced Net Short	<b>NONE</b>	Target Cap into CZ 115-113 should fail & back to re test the lows	Momentu m Thrust Target to 117 <i>Should fail</i>	1 <sup>st</sup> ABC down to 110 – Met heavy bottom	2 <sup>nd</sup> ABC down to 107, at later date heavy bottom	<b>False break abv</b> 106 with _3 drives to top On Mid term basis

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QQQ (NASD)	84.91	POM 14 on 2/3 Report Pre - announced @ SPX 1735	@ 84.29 close <u>Net Short -2/3</u> <u>SPX</u> instated position at 88.25 for profit 4.5%	NEUTRAL Bearish bias  ST bounce to begin soon	Reduced Net Short	NONE	Target Cap into CZ 89-88.5-1780 should fail & back to retest the lows	Momentum Thrust Target to 89 Should fail	1 <sup>st</sup> ABC down to 84- Met heavy bottom	2 <sup>nd</sup> ABC down to 80, at later date heavy bottom	False break <u>abv</u> 78 with 1-3-5 Pattern On Mid term basis
SMH (SEMI)  Announcement	40.31	POM 14 ( SPX )	NONE	NEUTRAL Bullish bias	Net Long	Initiate Scale in Net long Between CZ 40.25-39.75	ABC up to 42.5	TBA	Pull back To CZ 40.25-39.75	CZ 35-36	Good candidate to be long after this correction. Trading call RM STOP 39.0
MDY (MID CAP)	233.29	POM 14 ( SPX )	NONE	NEUTRAL Bearish bias	CASH  No signal	NONE	Till next POM 15 in SPX	TBA	TBA		
IYT (TRANS)	127.66	POM 14 ( SPX )	NONE	NEUTRAL	NONE  No signal	NONE	Till next POM 15 in SPX	TBA	TBA		

Continued.....

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<b>EMB ( EMG B.</b>	107.4	NONE	NONE	NEUTRAL Bearish bias	NONE	NONE <i>No signal</i>	Bounce to CZ 109.7 110.7- Should fail	Target to CZ 114.5-113.75 Negated	Pull back to CZ 108-107 Broke down with volume.	Target ABC down PEC-D 105.5,	CZ 103-101 Climax lows  <b><i>Best Risk Reward for Net long @ 102.5 PEC-D</i></b>

## **Broader Indices Overview -**

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

Since last Report 1/15 we witnessed exact top as expected and resulted in nasty correction past 2 weeks. SPX net Short @ 1842 has been covered / reduced @ 1775 & 1738 at average of 1755 for 87 points gains.

**QQQ and IWM** met 1<sup>st</sup> ABC down projection with Heavy bottom suggest the 2<sup>nd</sup> ABC down is in tact.

**SMH** has pull backed Bullishly with Bullish bottom and is good instrument to go long on this bounce for Bullish bias portfolios. Big upturn in money flow suggests SOX very bullish. It could mean SMH should lead on this bounce.

**MDY and IYT** remains Neutral with Bearish bias.

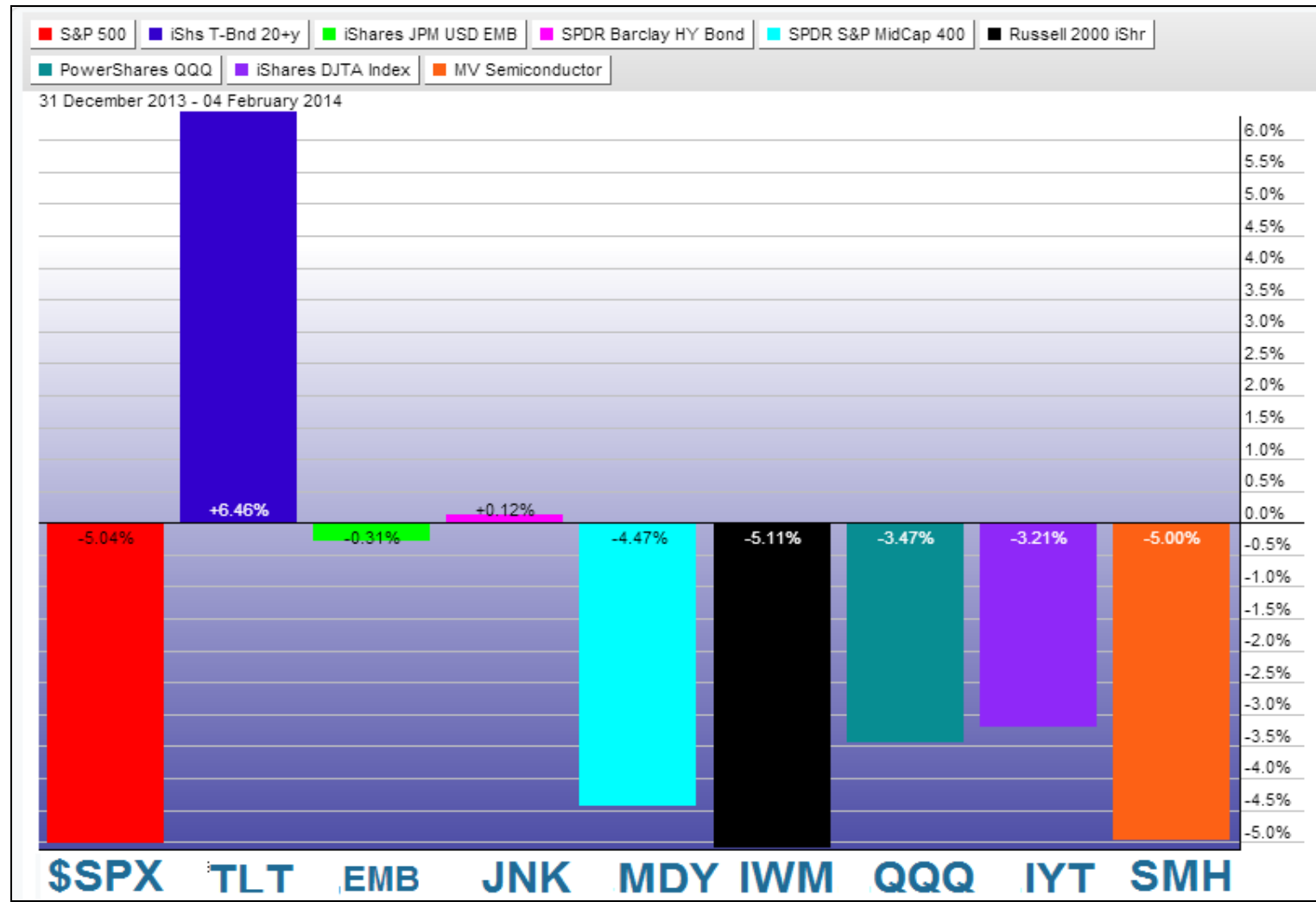
**TLT Bond** prices is finding Short term top with Bullish Top. TYX Yields continue to fall. TYX is oversold and is likely to be a reversal zone. A short term top in bond prices should coincide with short term bottom in stock prices. **EMB**, Neutral turned Bullish bias to Bearish bias with pick in down side volume.

- **BULLISH - SMH, TLT- ST pull back**
- **BEARISH- NONE**
- **NEUTRAL - IYT, ( QQQ, IWM, EMB, MDY) – Bearish bias**

# 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 – ST pull back

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

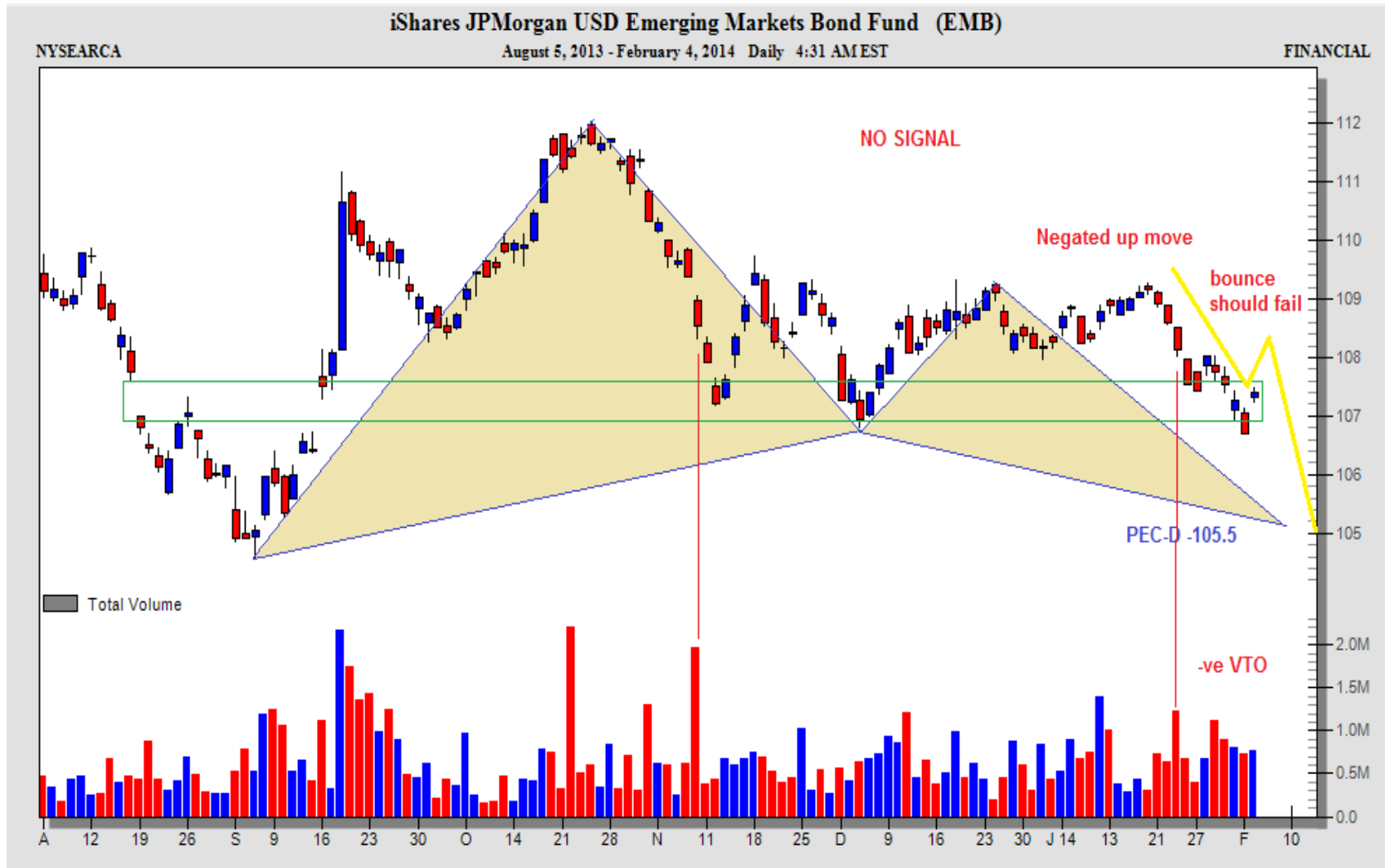
**Downside –** CZ 107-108 shallow re retracement & higher . PEC-D 104 Rejected with low volume.



# EMB (EMG Bonds) – CZ / PEC-D / Ratio Analysis – Daily – Neutral w/ Bearish bias

**DOWNSIDE** – Pull back to CZ 107-108 – Met & broke down with volume for ABC down to PEC-D 105.5. **NO SIGNAL**

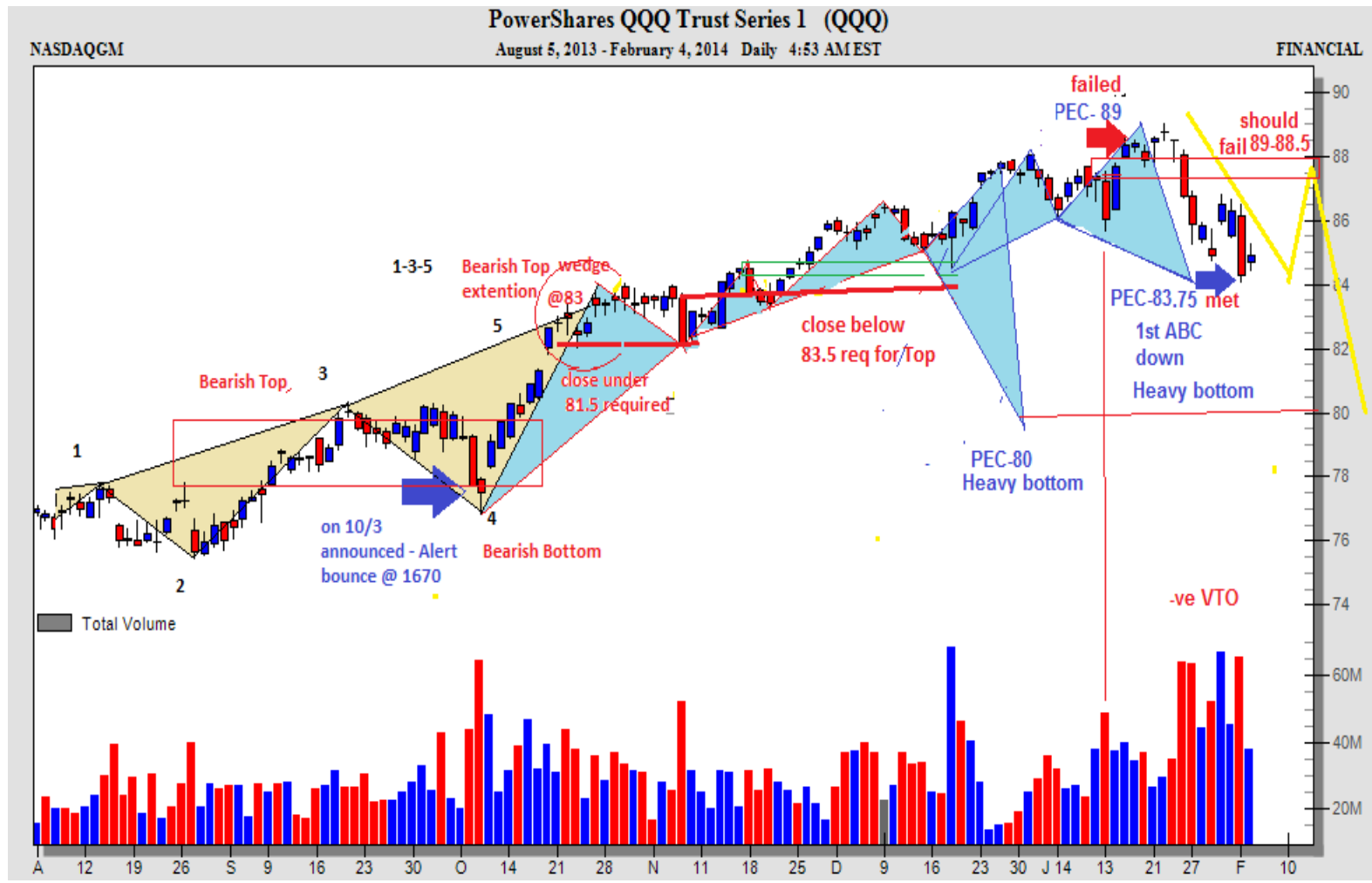
**UPSIDE** – CZ 114.5-113.75 – Negated



# QQQ (NASD 100) - CZ – PEC-D Analysis - Neutral w/ **Bearish bias**

**Downside** - Pull back to PEC-D 83.75 met with heavy volume and next **ABC down\_PEC-D @ 80 Heavy bottom**,

**Upside** - Bearish Top- CZ 88.5-89 should fail

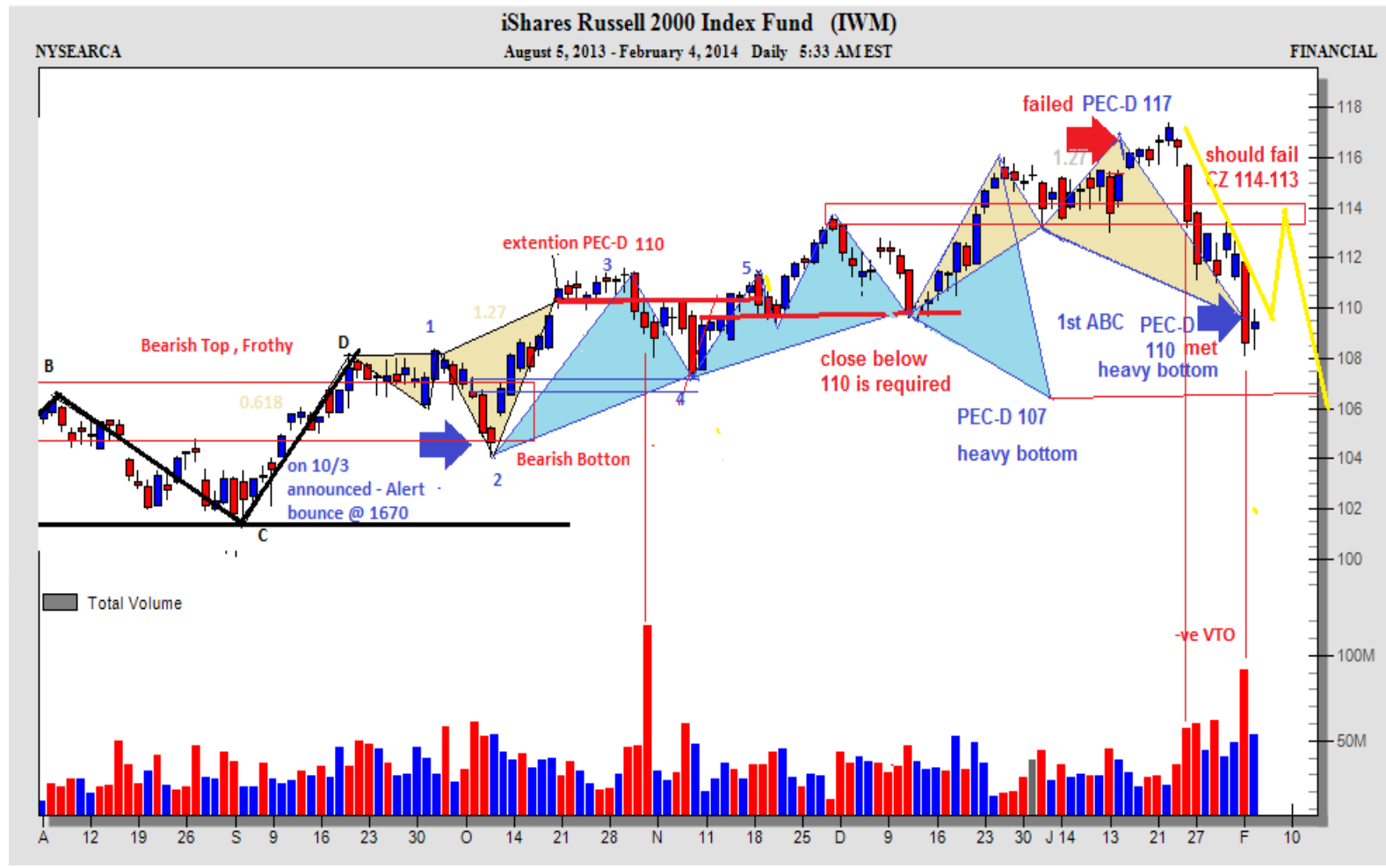




# IWM – CZ – PEC-D Analysis - Neutral w/ Bearish bias

Downside - Pull back to PEC-D 110 Met with heavy volume and next ABC down\_PEC-D @ 107 Heavy bottom,

Upside - Bearish Top- CZ 114-113 should fail



## SOX – PEC-D Analysis -

**SMH** has pull backed Bullishly with Bullish bottom and is good instrument to go long on this bounce for Bullish bias portfolios. Big upturn in money flow suggests SOX very bullish. It could mean SMH should lead on this bounce.



# 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)

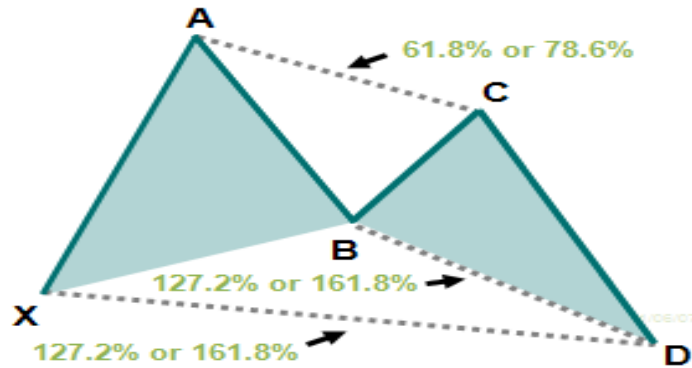
## Pythagoras Expansion / Contraction – (PEC) Model

- **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**

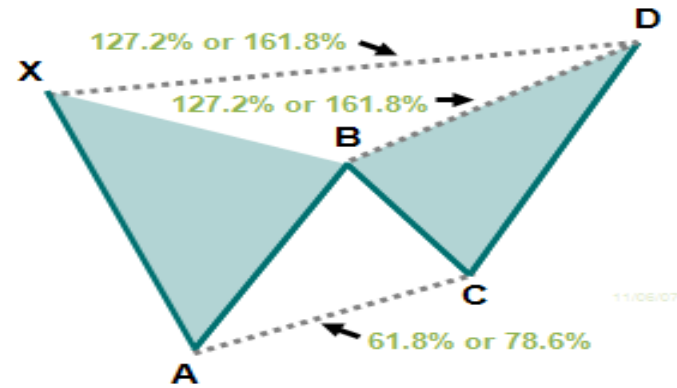
### **PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model**

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)



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