Date : 12th June 2014 (Thursday) **US BROADER INDICES REPORT(Strategy &Prop Tech)**

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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
TLT (BONDS) Announcement	111.30	POM 13 – Re Run *Marked to Market On 1/01 start* **@102**	*Announced @ 108.28 on 2/3 to close ½ Net longs positions*	BULLISH ST pull back	Net Long	Scale in exited ½ Position Back in CZ 111.5-109	Target PEC-D 112 *Met Exact Bullish Top*	ABC up PEC-D 116 *Bullish Top*	pull back to CZ 111-109 should hold & rally up	CZ105-106 retested rejected on low volume Bullishly	*@ 109.25 on 2/4, closed ½ Net long position for 7 pts profit 6.5%*

ACTIONABLE IDEAS - POM 13 is intact.

For Bulls – To add position EXITED Position –Scale in pull back to CZ 111.5-109 with Bullish bottom & Participate in next ABC up to 116

For Bears - Wait for rally to 116 and fail with lighter volume Bearish top . (**NOT A CANDIDATE FOR SHORT SELL)**

	Current Price	POM Triggered within CZ & Date	Follow up Alert 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
QQQ (NASD)	92.68	POM 14 Triggered On 5/23 SPX @ 1900	NONE	Neutral With BEARISH BIAS	0%	NONE	PEC-D -89 Met from 4/30 Report & Exceeded	Target ABC up to 93.5 & then pull back	Pull back to PEC-D 91 and rally back up to 93.5 & break the highs to fail	ABC down to 89.5 Close below 91 with high Volume Should target 87 Heavy bottom	We had No Position in QQQ since 4/30 Report

ACTIONABLE IDEAS QQQ - We shall announce next SPX – Trigger for both cases

For Bulls – Wait for pull back to PEC-D 90.5 with Bullish bottom & Participate in next rally to 93.5 and Beyond (provided 90.5 is not breached with volume)

For Bears - Wait for High volume fall to PEC-D 90.5 Bearish Bottom & let QQQ bounce to 93.5 and fail with lighter volume Bearish top OR completion of 3 Drive Pattern).

	Current Price	POM Triggered within CZ & Date	Follow up Alert 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
IWM (SM CAP)	115.8	POM 15 Triggered On 5/23 SPX @ 1900	NONE	Neutral With BEARISH BIAS	0%	NONE	PEC-D -116 Met Exact from 4/30 Report & Exceeded	Target ABC up to 118 & then pull back	Pull back to PEC-D 114 and rally back up to 118.5 & break the highs	ABC down to 112 Close below 114 with high Volume Should target 112 Heavy bottom	We had No Position in IWM since 4/30 Report

ACTIONABLE IDEAS IWM - We shall announce next SPX – Trigger for both cases

For Bulls – Wait for pull back to PEC-D 114 with Bullish bottom & Participate in next rally to 118 and Beyond (provided 115 is not breached with volume)

For Bears - Wait for High volume fall to PEC-D 114 Bearish Bottom & let IWM bounce to 118.5 and fail with lighter volume Bearish top OR completion of 3 Drive Pattern).

Broader Indices   Overview -

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

BONDS - NET LONG exposure – Marked to Market @ 102 – 1st Jan 2014 . Reduced ½ @ 109.25 – 2/4 for 7% profit

TLT Bond – Since our last Report 4/30 – TLT @ 111 , the bonds followed price path correctly with continuation of rally . Now Bonds pulling back Bullishly to CZ 111-109 from Short term Bullish Top @ 116 . Rally in Bonds should coincide with Top in SPX . TLT has performed well since our POM1 3 Trigger . We are looking to add position at CZ 111-109.

Past week, Rising bond yields have caused sudden sell off in Bonds leading them to sell and put some cash back into stocks. Once yields top out, that money should coming right out of stocks once again and rally in Bonds . The bottom line is that the bond market is still the leader and should help pull stocks back from their recent highs.

QQQ and IWM - Since last Report 4/30, We did not have any position in these however **QQQ and IWM**   hit its downside 2nd ABC down EXACT on the DOT   and subsequently rallied to our upside target went on Momentum ride.

IWM is better Net Short once fails, the real canary in the coal mine, which has been the weakest of the four eminis. A resumption of the downtrend would likely help pull the stronger sectors down with it.

Strength in the NASDAQ suggests this market may have a bit of strength left in it. But, given the timing in the bond market, that strength might only provide a better place to sell the market.

We are waiting for Trigger on SPX for next step.

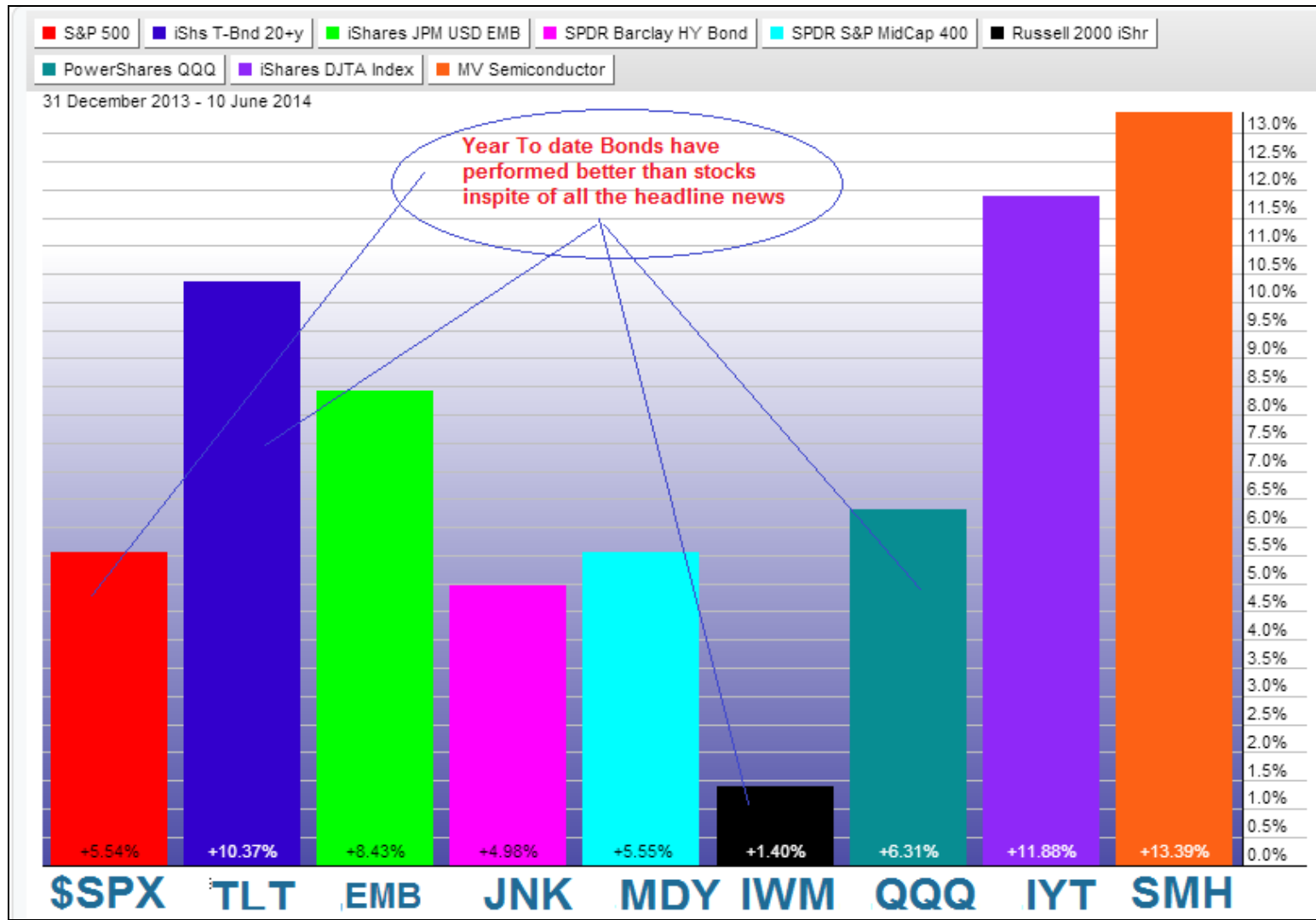 BULLISH   -   TLT- **ST pull back**

NEUTRAL -   QQQ, IWM – **Bearish bias,**

NEUTRAL -   **IYT, SMH ,**

YTD – Broader Indices performance v/s SPX

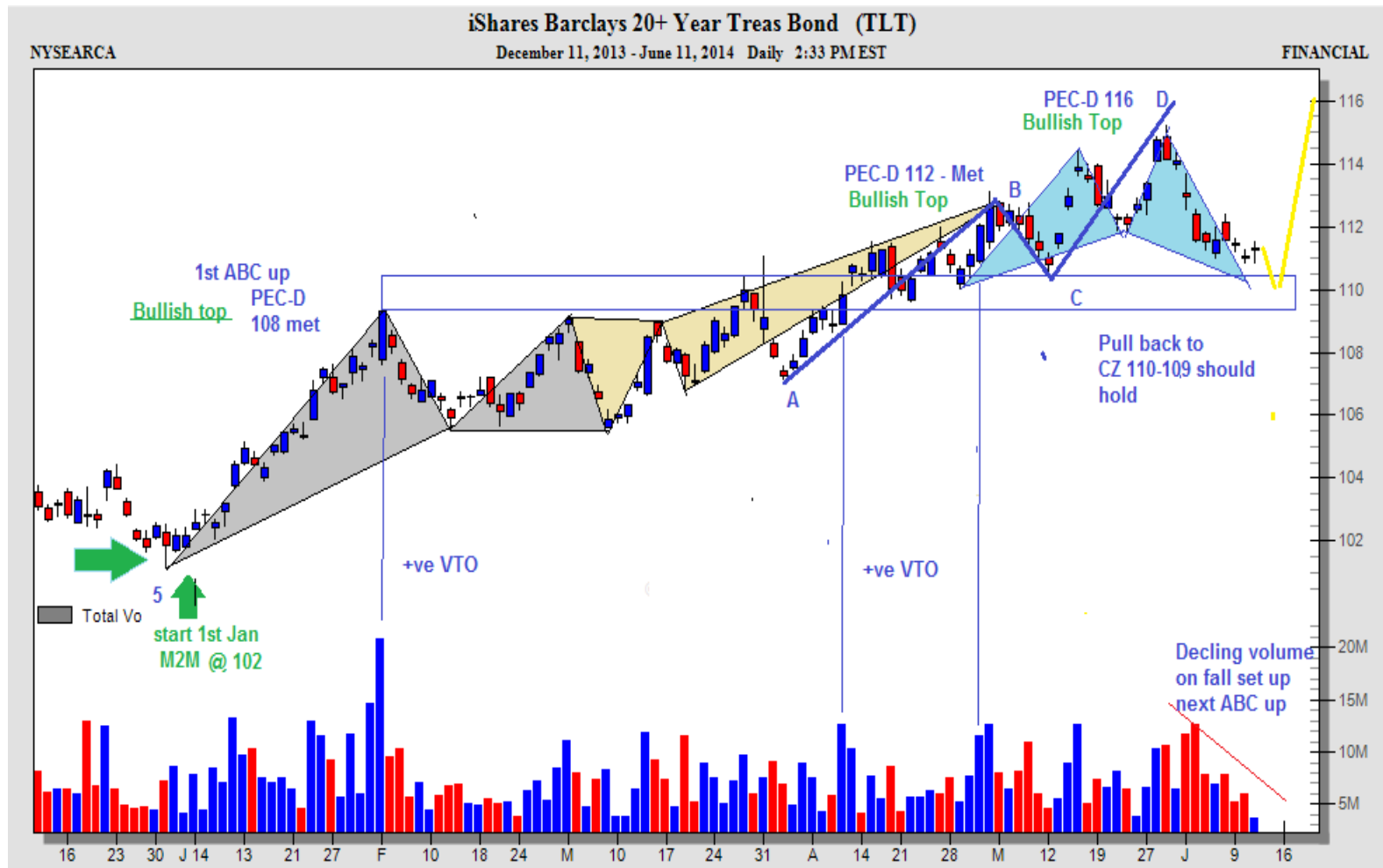**Weakest and strongest Indices for PAIR TRADES**

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 – ST Pull back

Downside – Pull back to CZ 111.5-109 in progress , should Reject with low volume.   (Scale in)

Upside - Target to ABC up to PEC-D 116. TLT has pulled back from Bullish Top, suggests shallow pull back and then head higher

iShares Barclays 20+ Year Treas Bond (TLT)
December 11, 2013 - June 11, 2014 Daily 2:33 PM EST

NYSEARCA   FINANCIAL

PEC-D 116 D,
Bullish Top

PEC-D 112 - Met
Bullish Top

1st ABC up
PEC-D
108 met

Bullish top

B

A

C

Pull back to
CZ 110-109 should
hold

+ve VTO

+ve VTO

5

Total Vo

start 1st Jan
M2M @ 102

Decling volume
on fall set up
next ABC up

16 23 30 J 14 13 21 27 F 10 18 24 M 10 17 24 31 A 14 21 28 M 12 19 27 J 9 16

TLT (Bond) – Hourly WAVE Analysis – Daily - Bullish – ST Pull back

The bond market declined in five waves—an impulsive movement which requires a reversal to the upside. This should draw some money back into bonds from the stock market
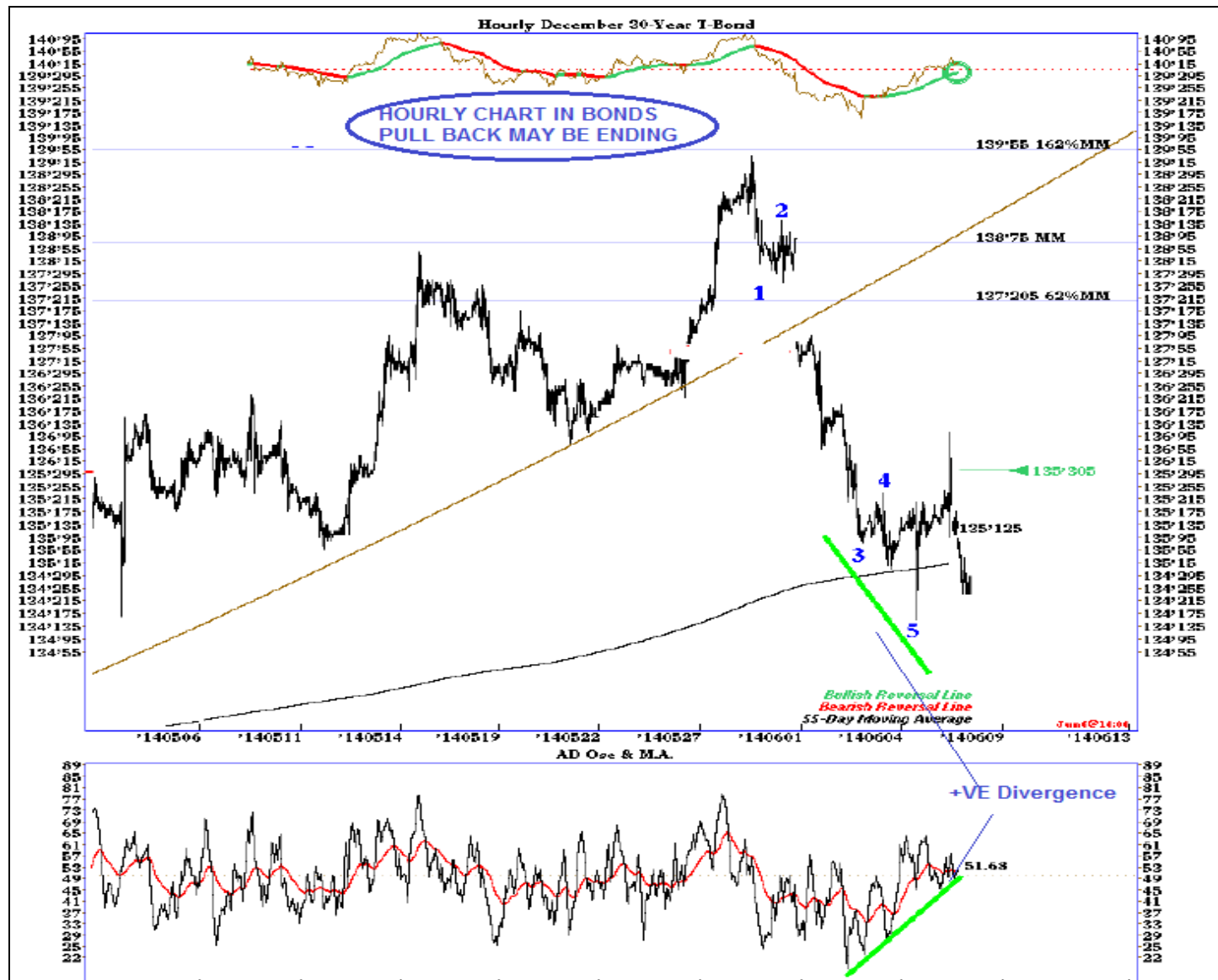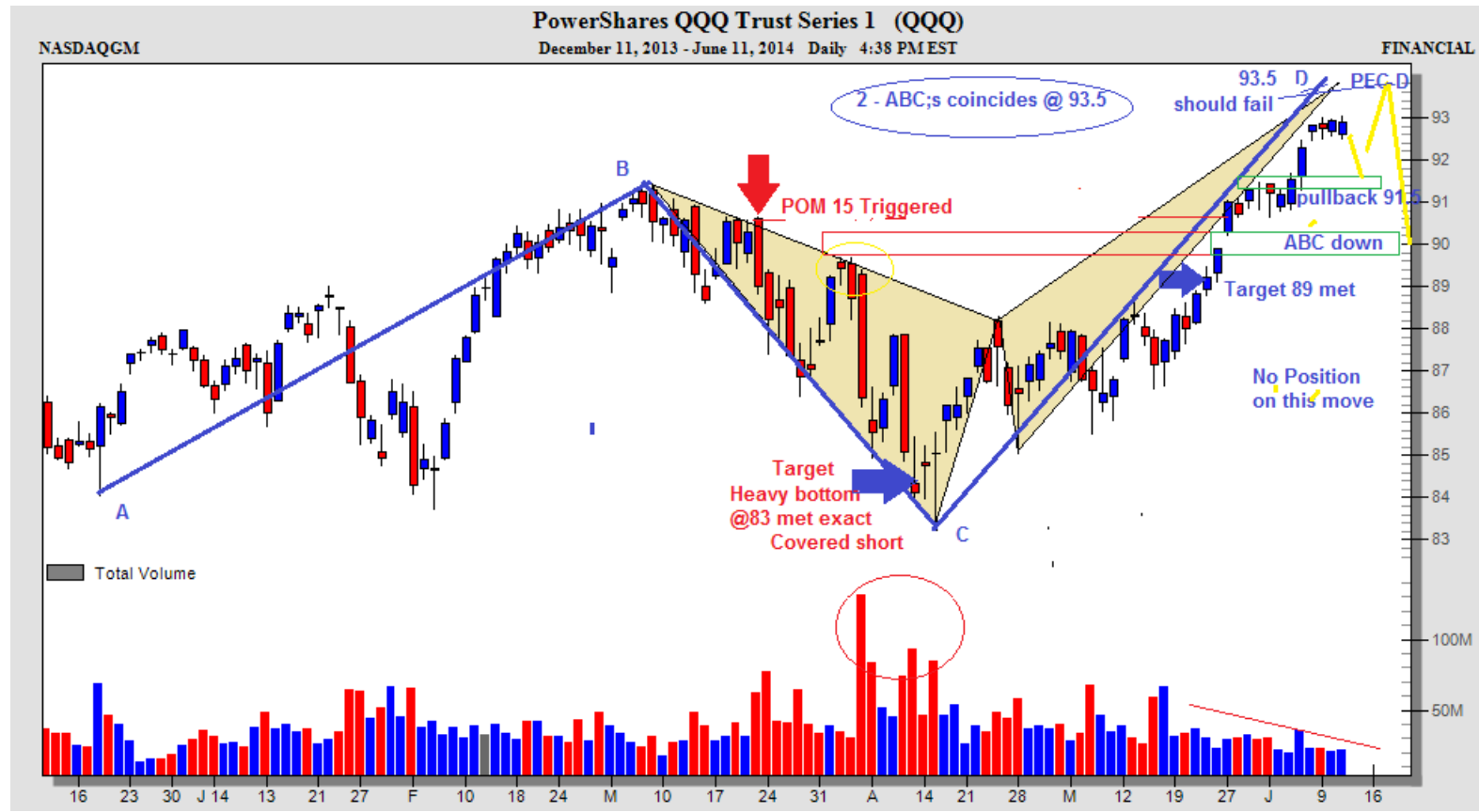
QQQ (NASD 100) - CZ – PEC-D Analysis - Neutral - Bearish bias

UPSIDE – ABC rally to PEC-D 93.5

Downside – Pull back into the PEC-D 91 & Rally back to 93.5 & higher and fail .

ABC Down to 89.5   Heavy bottom in price range 87 - Needs a test to sustain the market eventually.

Notes within the charts for current ABC's – For price expiation ratios based on Volume breaks & Potential Price path

IWM – PEC-D Analysis - Neutral - Bearish bias

UPSIDE – ABC rally to PEC-D 118

Downside -– Pull back into the PEC-D 114 & Rally back to 118 & higher and fail .(This is better failure than QQQ)

ABC Down to 112 .   Heavy bottom in price range 110 - Needs a test to sustain the market eventually.

Notes within the charts for current ABC's – For price expiation ratios based on Volume breaks & Potential Price path
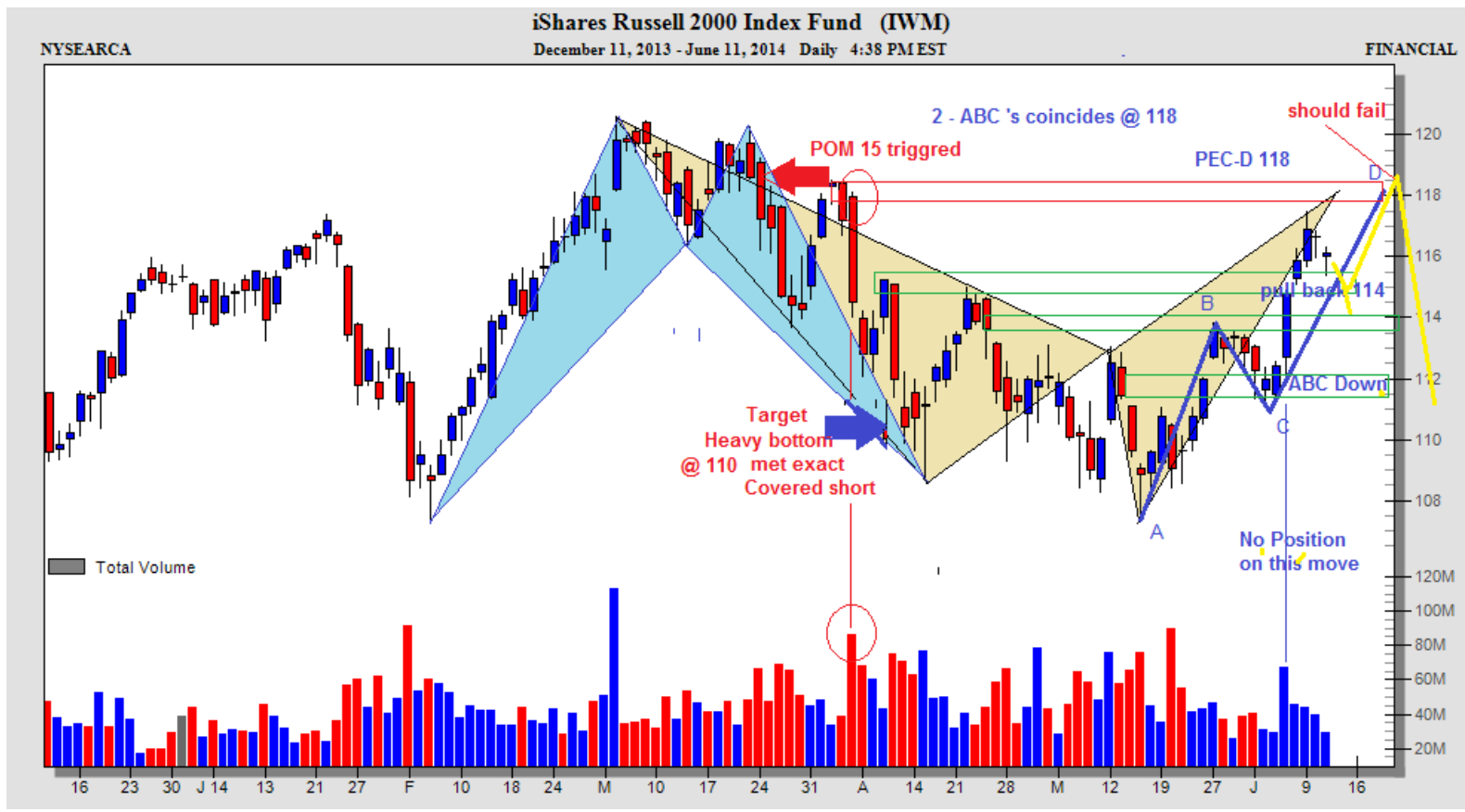
Appendix Content

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **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.*
    - *Exterme Indicator Analysis*

CORRELATION RATIO ANALYSIS

Inter market Analysis – <u>TNX (Yield) v/s SPX</u>

- ***Direct Correlation <u>continues</u> in Current Trend***

Inter market Analysis – <u>TLT v/s USD</u>

- ***Inverse Correlation <u>continues</u> in Current Trend***

- ## **<u>EXTREAME Sentiment Analysis</u>**
- **(3rd Party Data) -** <u>Courtesy : SENTIMENT TRADERS</u>

None @ <u>EXTREMES</u>

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 steams to achieve confluence point D coinciding with POM
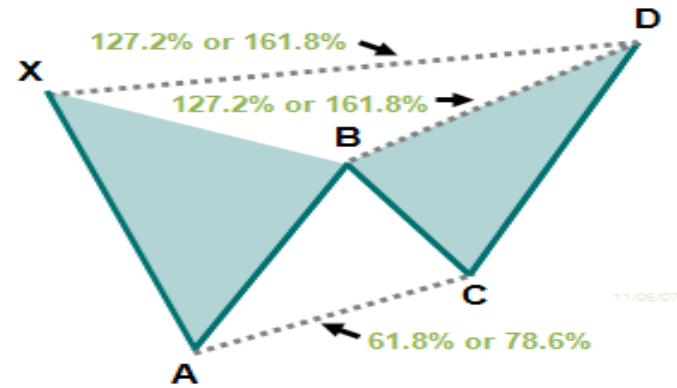
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)