



Date : 11<sup>th</sup> October 2014 ( Saturday)

## US BROADER INDICES REPORT( Strategy & Prop Tech)

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### Executive Summary

	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
IWM (SM CAP)	104.5	Re – Run POM 15 Triggered On 8/15	<b>Announced @1933 To close Net Short @ 107.7 Via email On 10/2</b>	Bearish to Neutral	0%  Locked in 7.2 % net short profit	NONE	No target on bounce yet  We shall announce it	PEC-D -118 Failed at POM 15 <b>Bearish Top</b>	Target ABC down to 107.7 <b>MET Heavy Bottom</b>	<b>New ABC</b> down to PEC-D 103  Close below 110 on heavy volume Confirmed it	

#### ACTIONABLE IDEAS IWM –

**For Bulls** – Wait for decline to **PEC-D -103** with Bullish bottom & Participate in next rally. ( **BUT WE THINK NOT A CANDIDATE FOR LONG** )

**For Bears** - Wait for **PEC-D 103** to meet and & let IWM Bounce to fail with lighter volume Bearish top. Then participate in next SPX Signal POM 15.

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<b>QQQ (NASD)</b>	94.44	Re – Run POM 15 Triggered On 8/15	<b>Announced @1933 POM 14 @ 96.5 Via email SPX On 10/2</b>	Bearish to Neutral	0%	<b>NONE</b>	No target on bounce yet	PEC-D 100 Failed at POM 15 Neutral Top	Target ABC down to 93.5 <b>Heavy Bottom Approaching</b>	<b>New ABC</b> down to PEC-D 92.2  Close below 96 on heavy volume Confirmed it	<b>No Position</b> in QQQ

#### ACTIONABLE IDEAS QQQ –

**For Bulls** – Wait for decline to **PEC-D 92** with Bullish bottom & Participate in next rally.

**For Bears** - Wait for **PEC-D 93.5 /PEC-D 92.2** to meet and & let QQQ bounce ail with lighter volume Bearish top. Then participate in next SPX Signal POM 15.

#### **Special Update on TLT**

**TLT Net long** has been doing extremely great in our Portfolio during this POM 13, **YTD up 20%**. Although we are holding our core position (1/2) , the balance ½ position we have traded several times profitably.

- **Jan signal** – Core position with **20% gains**. Still holding
- **3<sup>rd</sup> Feb Signal-** resulted in **5.63% gains**.
- **21<sup>st</sup> July Signal** - resulted in **3.32% gains**.

## Broader Indices Overview -

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

**IWM** – has been best candidate for Net Short position during POM 15 . We have successfully traded this several times profitably

**QQQ** - We did not have any position in these however **QQQ** . Although our PEC-D Target has been meeting , Texture of Bearish bottom or To is needed to confirm the trades. For the first time in while we see Bearish bottom forming , after several momentum tops. .

BULLISH - **TLT**-

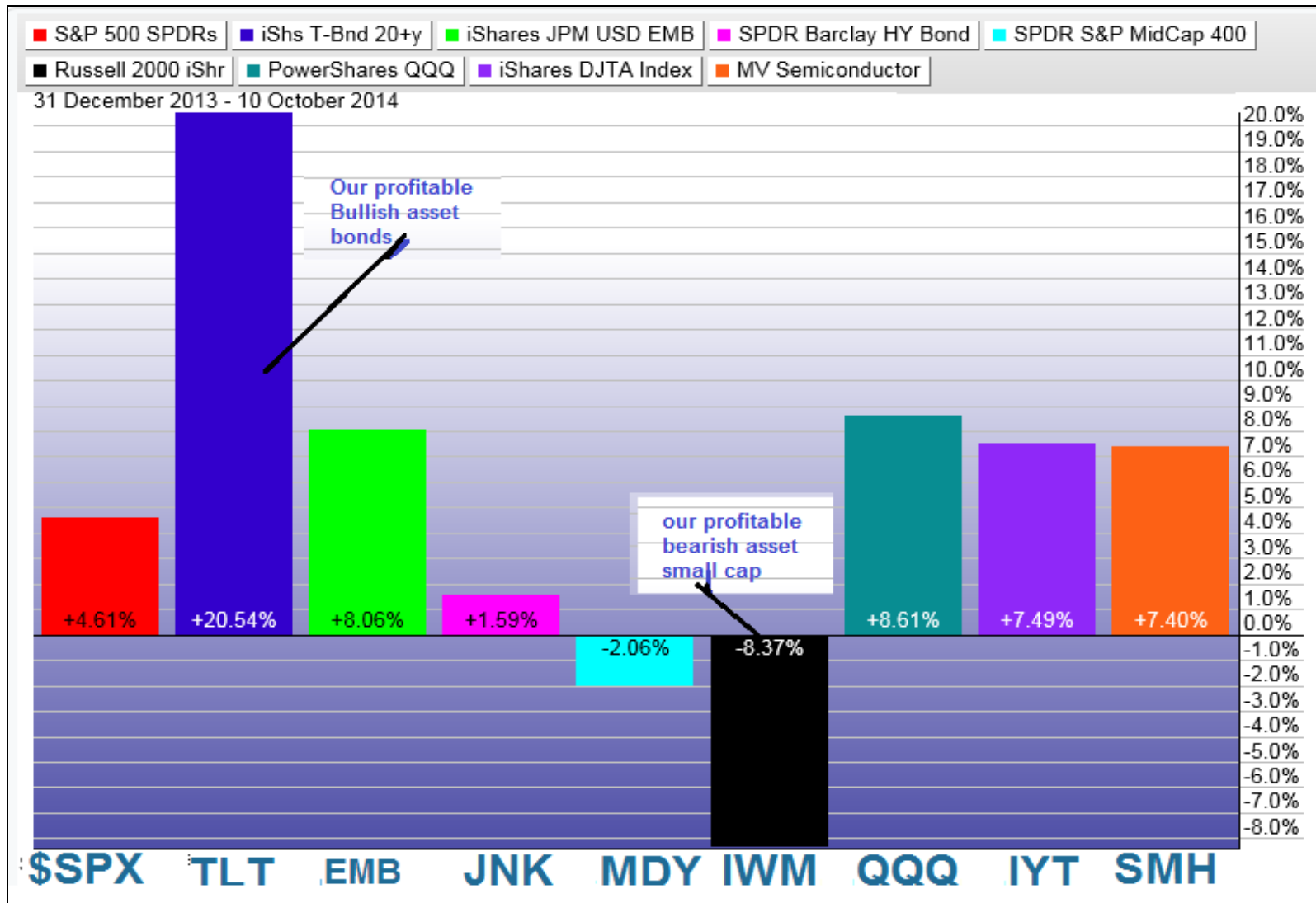
BEARISH - **IWM** –

NEUTRAL - **IYT, SMH , QQQ,**

# YTD – Broader Indices performance v/s SPX

## Weakest and strongest Indices for PAIR TRADES

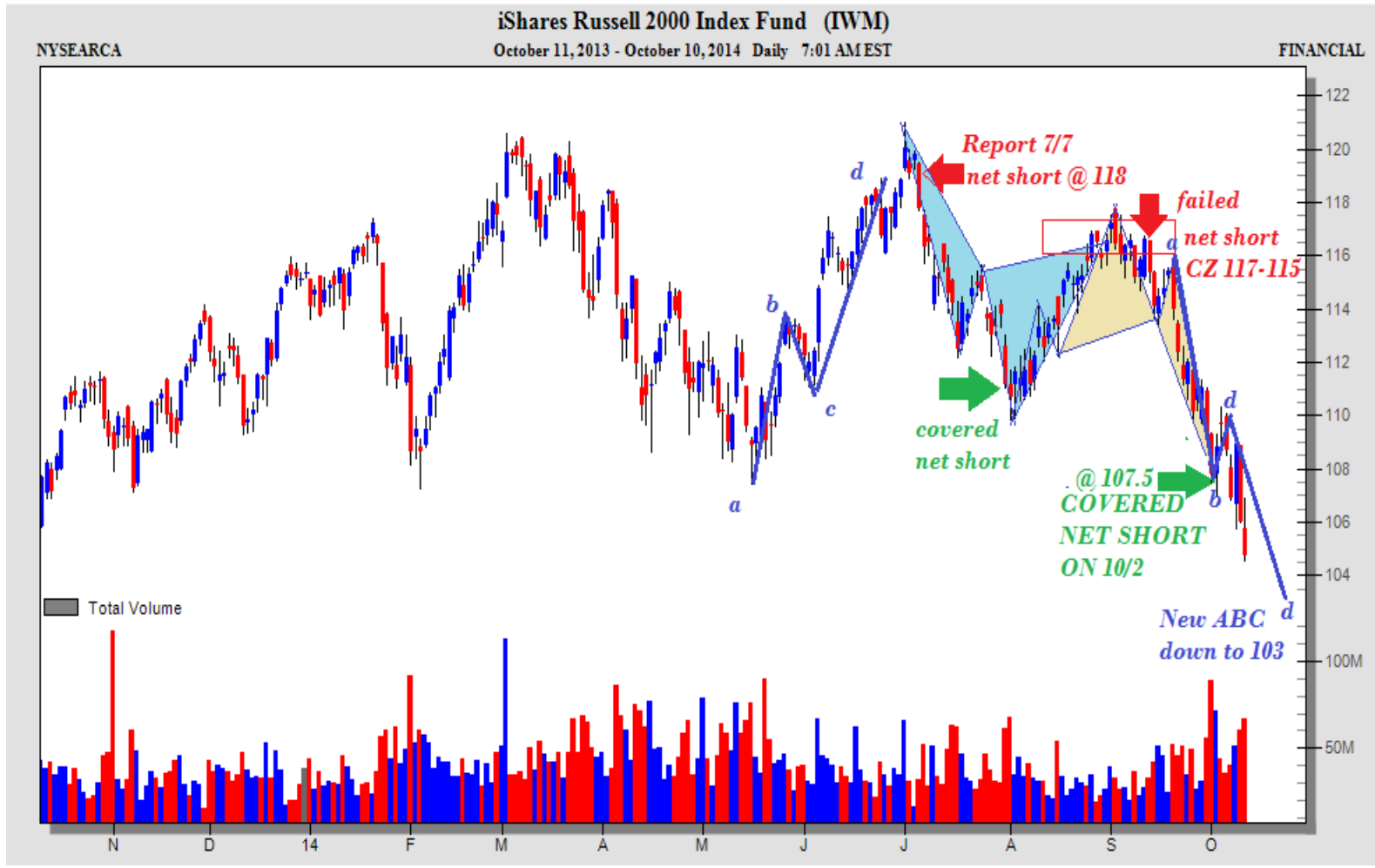
2014 - Strength / weakness in these market . Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX .



# IWM – PEC-D Analysis - [Neutral](#)

**Downside** - Target to PEC-D 107.5 met and began New ABC down to 103.

**Upside** – No Target on bounce. The main Bearish Top failed in CZ 117-115.

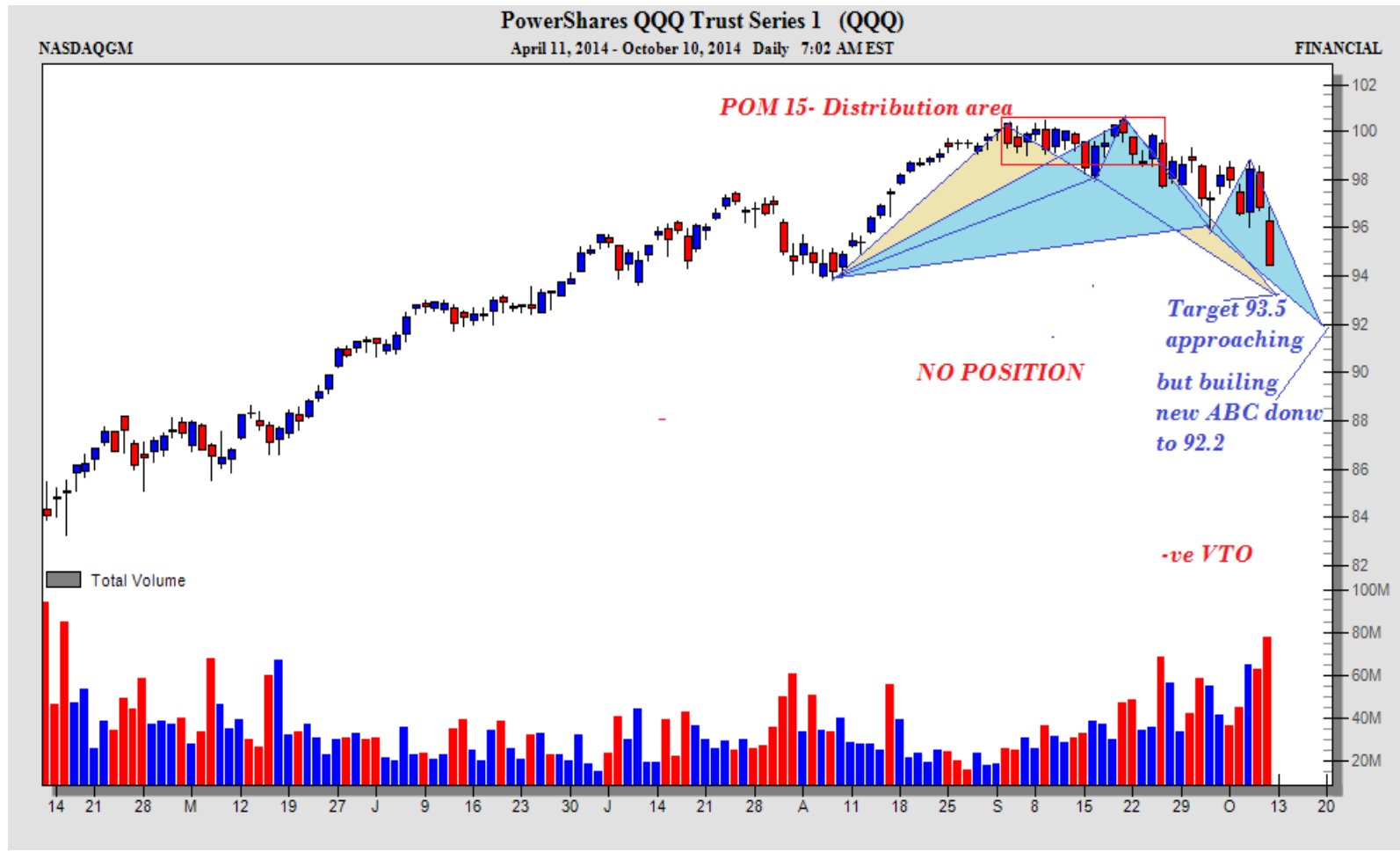


# QQQ (NASD 100) - CZ – PEC-D Analysis - Neutral

No Position

**Downside** - Target to PEC-D 93.5 approaching. The New ABC down to 92.2

**Upside** – No Target on bounce. The main Bearish Top failed at PEC-D 100.



# 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)

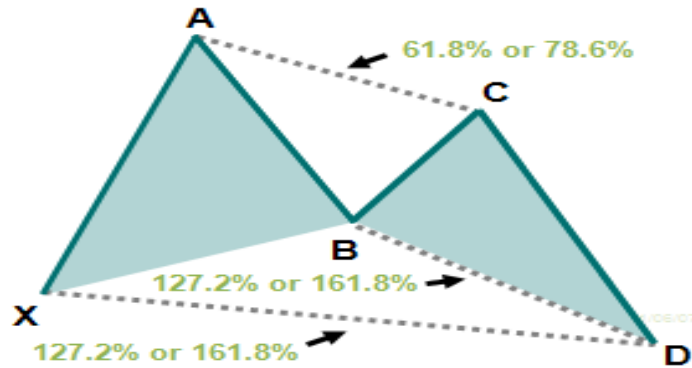
## Pythagoras Expansion / Contraction – (PEC) Model

- **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**

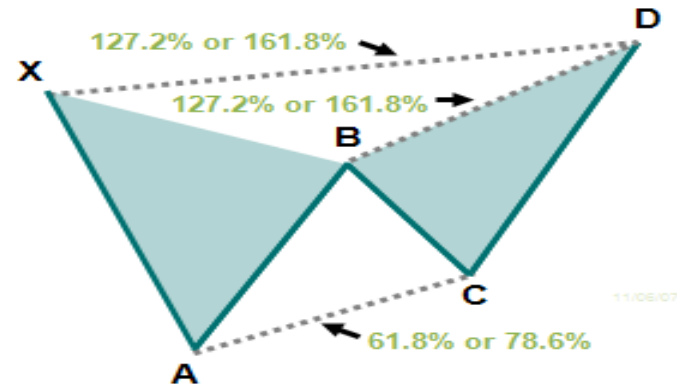
### **PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model**

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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