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SPX – BONDS - MARKET STRATEGY REPORT

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**Executive Summary.**

	Current Price	POM Triggered within CZ & Date	Follow up <b>Announcement</b> - 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
SPX- 500	2010	<b>POM 14 Triggered</b> Within CZ 1985-2020 ( Exit) Via Alert Email 9/16	NONE	NEUTRAL	0%	NONE	Rally target to CZ 1990-1975 <b>approached</b>	<b>Swing highs @ 2020 being tested</b>  High volume Shooting star	<b>Pull back to CZ 1955-1940</b>  <i>Quality of next pull back is Critical for new signal</i>	<b>CZ 1910-1885-</b> held and rallied from the zone	<b>Last Trade timely Exited 33% Net longs for 105 points (5.3%) Profit</b>

**ACTIONABLE IDEAS – Best Risk / Reward**

Triggered POM 14 @ in CZ 1985-2020. - We are flat with No position. We are waiting for next signal.

**Bears –** Bounce to CZ 1990-1975 has approached . Pull back this week **BUT** hasn't failed @ 2020 to **trigger Sell Short (POM 15)** .

**Bulls –** Wait for SPX to pull back to some meaningful pull back within CZ 1885-1910 / **Bullish bottom** by 19<sup>th</sup> Oct ( Cycle lows) to **trigger Net longs ( POM 13)**

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<b>TLT (BONDS)</b>	122.0	<b>POM 14</b> Triggered @ 125 ( Exit) Via Alert Email 8/21	NONE	NEUTRAL	0%	NONE	Target PEC-D 126 Bullish top MET EXACT & pulled back	PEC-D 128	Pull back to CZ 122—120 PEC-D 120 Should hold & rally up	PEC-D 118 Rejected Bullish bottom	<b><i>Last Trade Timely Exited full position for 4.5% profit</i></b>

### ACTIONABLE IDEAS - Best Risk / Reward

Triggered POM 14 @ 125 – Neutral. - We are flat with No position. **We are waiting for next signal.**

For Bulls – Wait for price / volume rejection within **CZ 122-120** / **Bullish Bottom.** to trigger Net longs ( POM 13)

For Bears – Wait for bounce to PEC-D **128** with **Bearish Top to fail** and Trigger Sell Short ( POM 15) .

## Portfolio – Overview & Update

SPX- “POM 14- NEUTRAL triggered within CZ 1985-2020 on 9/16. – [Announcement](#) –Exited our Net Longs.

GOLD- POM 12 – BULLISH triggered @ @ 1120 on 8/15 . - [Announcement](#) – for Net Longs.

BONDS – “POM 14- NEUTRAL triggered within CZ 125 -126 on 8/21. – [Announcement](#) –Exited our Net Longs.

**NOTE – We have featured AUD – Aussie \$\$ - This chart actually belongs to GOLD Report but it got missed out**

**AUD** as proxy for commodity

## Market Overview SPX- BONDS

**Back drop** - In our last Report SPX at 1950, we continued to re iterate .....” *the bounce that began from 1910 with shake out lows of 1885 on 26<sup>th</sup> September would rally up to CZ 2000-1985 by 8<sup>th</sup> October towards Apex of rising wedge pattern*” . ..... SPX appears to have done exactly that in our projected price path Analysis.

**Next** - Currently on short term basis, we think market is testing the highs of 2020 high volume shooting start with low volume. This should fail and a short term decline should begin this week. The 5 day average of the TICK is extended to +400 , the 5 day average of the TRIN reading is extended below 0.80, SPY/TRIN ratio is above 250. All in short term Bearish. SPY / VIX has turned down which is short term bearish. Refer charts below

If the pull back is a secondary reaction low with lighter volume and rejects the lows at around 1950 BY 19<sup>TH</sup> October which is a cycle low of 2011 price path, Although the quality of the pullback, volume is critical we think one more rally going to take place for another ABC up

Funds have been loading up on far out-of-the-money SPX puts to protect their portfolios. They fear a crash is coming. This sets up a wall below which the market has not been able to push higher. This can put in fire powers if Net Short decides to cover the position.

NASD is showing increase in Money flow which is Bullish for next rally whiles BKX – Bank Index is showing decline in Money flow from Wall Street Banksters. Refer charts below

Historical Sept / Oct volatility has proved its merit. Seasonality is pointing toward a rally in 4Q2015.

### BONDS –

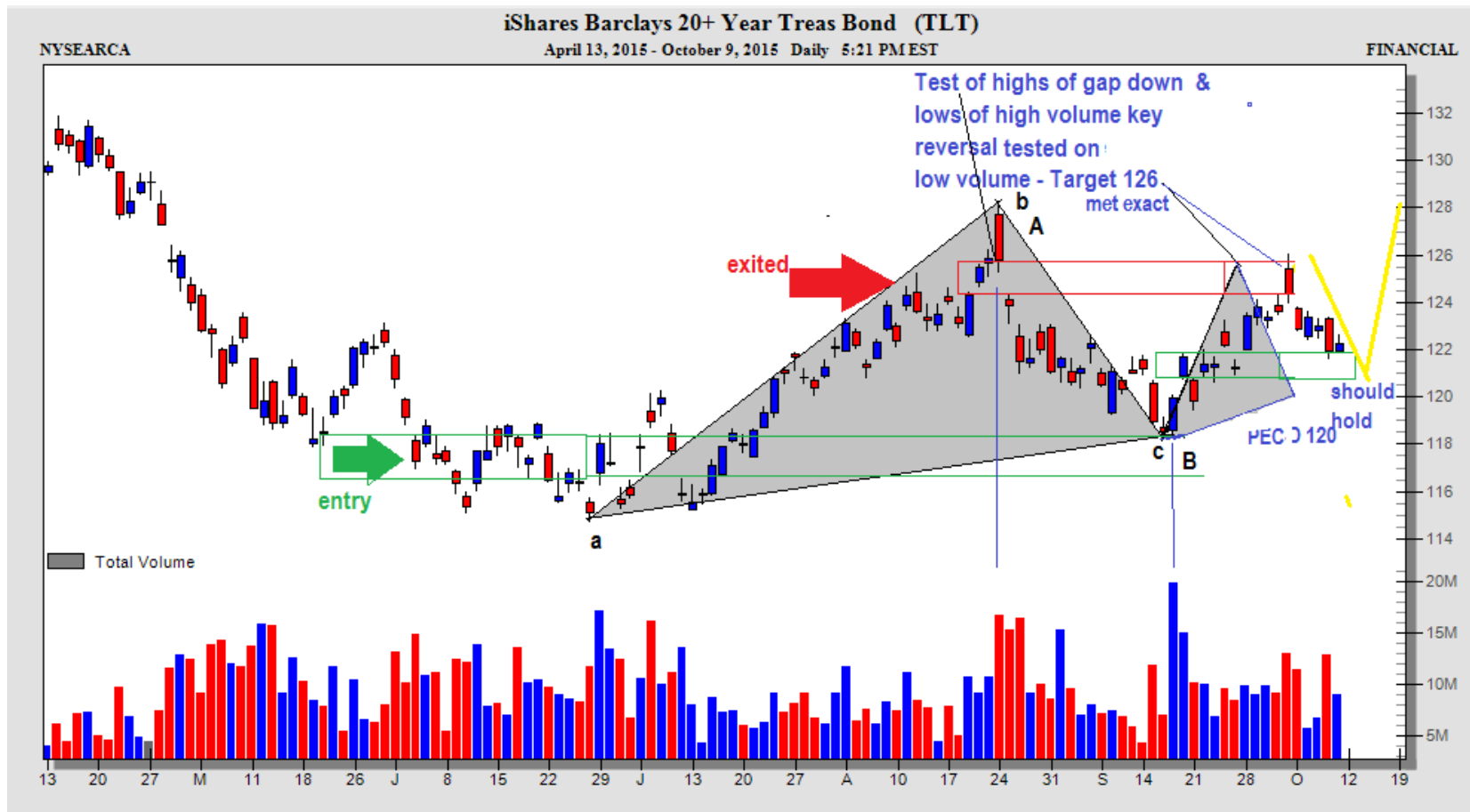
ABC up at 126 has been completed – MET exact with Bullish Top and pull back towards CZ 122-120 is approaching . Price path is on track

# TLT – CZ- PEC- D Analysis - Daily

## Notes within the chart –

**Upside –** PEC-D 126 – met Exact with Bullish Top and pull back began  
– TARGET PEC-D 128 .

**Downside –** PEC-D 120 within CZ 122-120 should hold with Bullish Bottom for another rally .



# SPX- TRIN / TICK Analysis - Daily

The top window is the 5 day average of the TICK, it is extended to +400. The bottom window is the 5 day average of the TRIN, it is extended below 0.75. Both are in short term Bearish and near the Top. The volume is failing at the top.

The Neckline of the Head and Shoulders top comes in near 2020 and a strong confluence zone area. A large gap formed on October 5 and could be a Mid-Point Gap (gap that forms at the half way point of the move at 1940 ) and would give a target to 2020. The SPX has approached 2020.



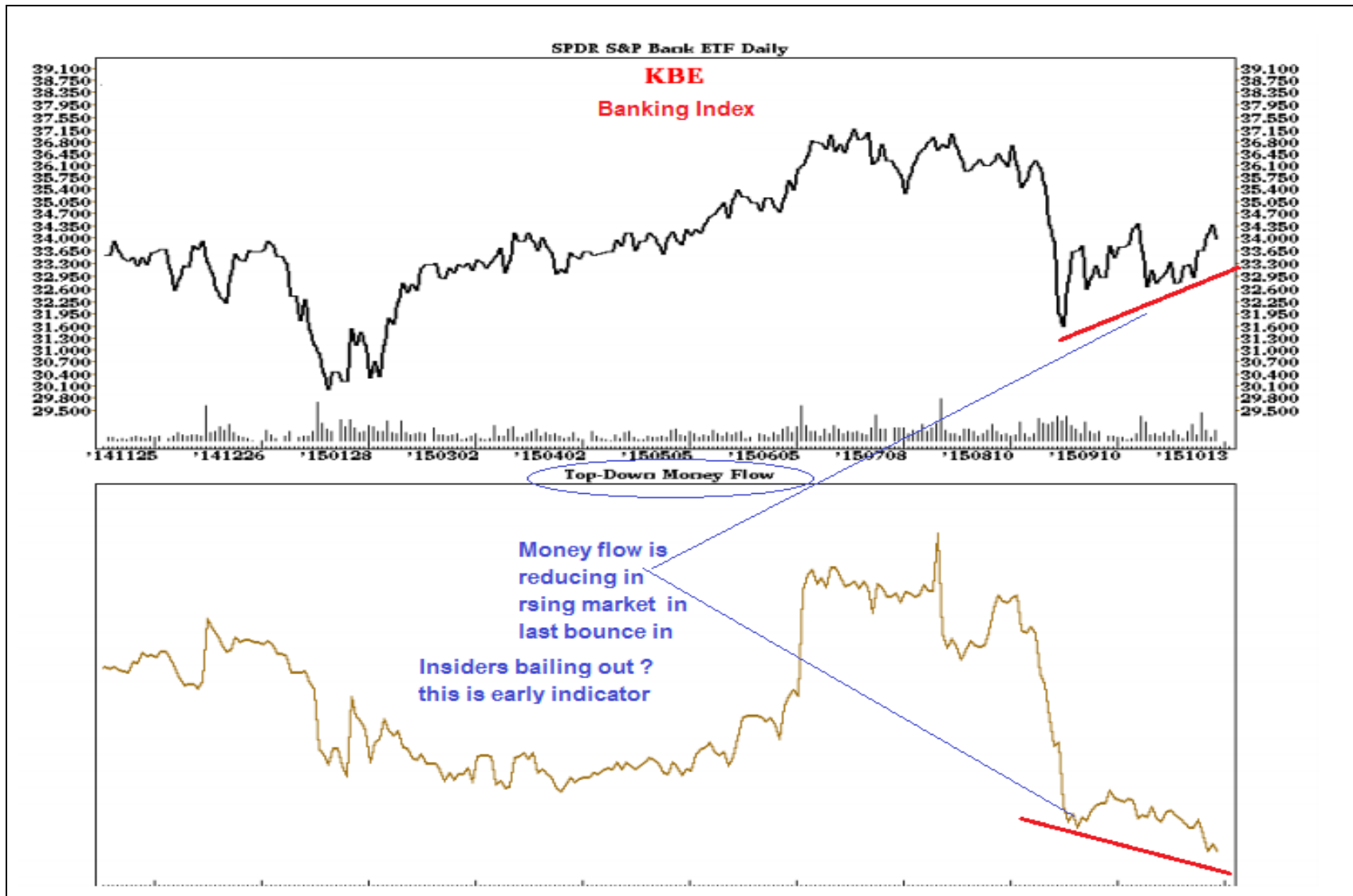
# SPX / VIX Analysis - Daily

The bottom window is the SPY/VIX ratio. When this ratio is trending up than market is in an uptrend and vice versa. Friday this ratio turned down and a short term bearish sign. Next window up is the SPY/TRIN ratio. When this ratio is above 250 the upper blue boundary line ( like now) than that condition suggests the market is extended to the upside and is due for a rest. Friday VIX made a lower low and the SPY made a higher high and a positive divergence short term.



# KBE – Money flow- Analysis

KBE / BKX – Banking Index is showing exit of Money flow from Wall Street Banksters.



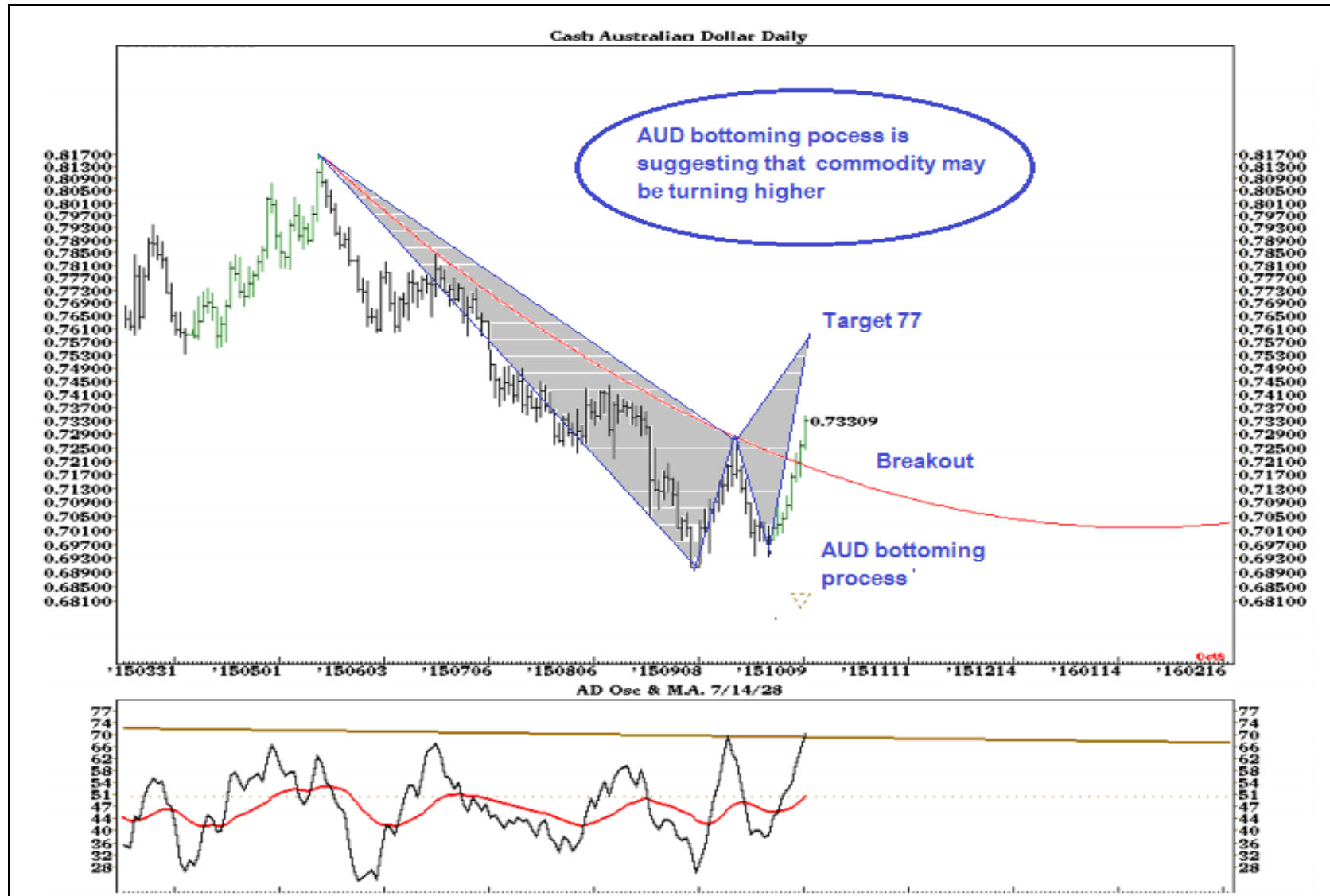


# NASD – Money flow Analysis

Notes within the chart –



# AUD – A/D OSC Analysis



# Appendix Content

- Objectives & POM /CZ / PEC –D Guidelines – 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.*

## 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)

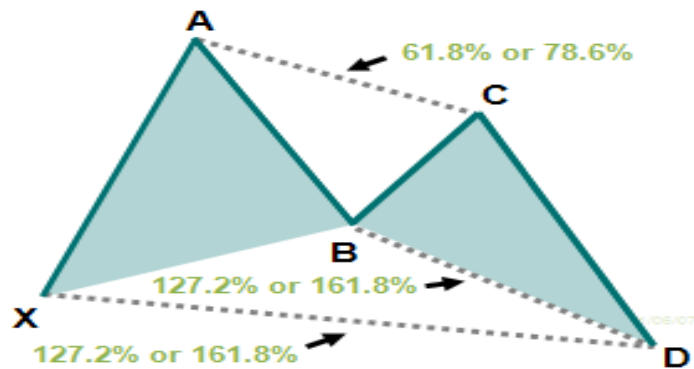
## Pythagoras Expansion / Contraction – (PEC) Model

- 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

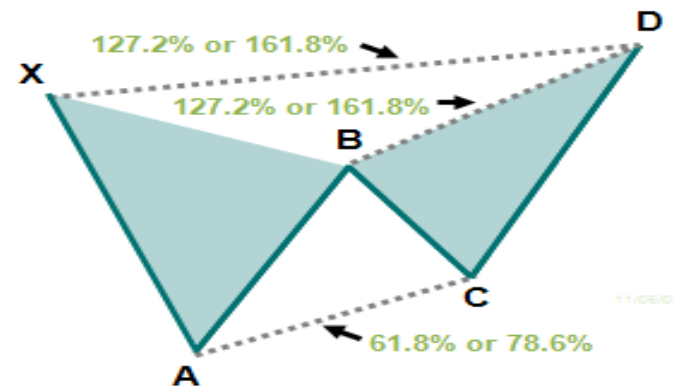
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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