



## Executive Summary.

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcem ent</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
SPX- 500	2075	<b>POM 14 Triggered 9/16</b>	<b>Exited</b> within CZ 2020-1985 Via Alert Email 9/16	NEUTRAL Turned BEARISH	0%	NONE	High Volume Shooting star @ 2020 tested	Extended To 2075 On low volume ( false break abv 2020)	Pull back to CZ 1955-1940 <i>Quality of next pull back is Critical for new signal</i>	CZ 1910-1885- held and rallied from the zone	<b><i>Last Trade timely Exited 33% Net longs for 105 points (5.3%) Profit</i></b>

### ACTIONABLE IDEAS – Best Risk / Reward

Triggered POM 14 within CZ 2020-1985. - **We are flat with No position, waiting for next signal and safer entry point.**

**Bears –** Test of 2020 Shooting star hasn't failed yet. Low volume **"Pop"** to 2075 in progress and **"Drop"** hasn't happened yet. We wait to **trigger Sell Short ( POM 15) .**

**Bulls –** Wait for SPX to pull back to some meaningful pull back within **CZ 1955-40** Bullish **bottom** to **trigger Net longs ( POM 13)**

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<b>TLT (BONDS)</b> <b>Pre announcement</b>	123.	<b>POM 14</b> <b>Triggered</b> <b>8/21</b>	<b>Entry into CZ 123-120 would trigger POM 13</b>	NEUTRAL Turned BULLISH	0% to 17% <b>Net long</b>  <b>Stop 119</b>	<b>Scale in ½ position within CZ 123-120</b>	PEC-D 126 Should be tested Bullish top	Target PEC-D 128.5	<b>Pull back to CZ 122—120</b> Held as expected & rallied up	PEC-D 118 Rejected Bullish bottom	<b><i>Last Trade</i></b> <b><i>Timely Exited</i></b> <b><i>full position</i></b> <b><i>for 4.5%</i></b> <b><i>profit</i></b>

### **ACTIONABLE IDEAS - Best Risk / Reward – Pre announcement**

For Bulls – Price / volume rejection within CZ 122-120 / Bullish Bottom.

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

## Market Overview SPX- BONDS

**SPX - YTD - since 1<sup>st</sup> Jan , SPX has been up only 25 points for gains of 0.8%** - During the same time frame POM has triggered **(3) Net long signals** for gains of 30, (-15), 105, and **(2) Net Short signals** for gains of 40 and 28. **Net total of 188 points or 9% gains v/s 0.8% on Buy and Hold basis.**

**TLT ( Bonds) – YTD - since 1<sup>st</sup> Jan TLT , has been down 2 points for loss of 0.1%** - During the same time frame POM has triggered **(2) Net long signals** for gains of 5, 5.5 . **Net total of 10.5 points or 8% gains v/s 0.1% on Buy / Hold basis**

**Objective of POM is not to chase every move in the market but participate in predictable low risk entries and exits.**  
**Hence outperform SPX and BONDS on annual basis. (Refer to our Portfolio for YTD performance).**

**Back drop** - In our last Report SPX at 2035, we iterated *.....” All the Bearish indicators continues to exists with a possibility of final blow off move which would be Wave 5 (Pop and Drop) above 2035 level . We also iterated the move above our target price of 2020 is the false break topside. “* ..... SPX continued to move higher beyond “POP and DROP” and did not fail spite of Bearish readings. There has been no reversal yet.

Last week has been a perfect short covering back to back move in SPX . Thursday and Friday triggered by “ Dragi’s ECB announcement of QE infinity in Europe with plunging Euro, followed by blow off earnings from 3 tech giant ALPHABET (GOOGLE), MSFT, AMZN . The upward move does not impact our portfolio as we have no Short position in Market. We the exception of long position in FB at 19 currently trading at 105.

**Next** - Currently, the weekly TICK, TRIN is more in Bearish than previous 2 weeks. SPY / VIX continue to move down. In spite of the top formation, the pullback failed to materialize. The sectors which really count NYSE, MID-CAP and RUSSEL market was unable to make higher highs past week even in Thursday / Friday rally . This is major divergence. This is not the sign of a healthy advance, but it's an advance nonetheless for headline Indices.  
The pullback here should be towards PEC-D 1950 target. The volume is critical to judge the quality of the pullback. The Major Cycle lows may come in a week before thanksgiving 11/20. The bond market, however, is giving us good clues about what might be coming. Bond prices move inversely to stock prices.

**BONDS** – Given the poor technical condition in the stock market, the best risk-reward situation appears to be coming in the Bonds, which should have a tailwind from stocks' potential correction next year.

Near term, we should be seeing bonds bottoming within a few days and turning up in a seasonal rally which could sap the strength we've seen in stocks.

A triangulation is forming in Bonds with high volume which is very Bullish. A low on the 29th could bring a change-in-trend to the upside. And, the relationship between stocks and bonds says that would bring a downturn in the stock market. Of course, not all triangles are well-behaved, but this gives us an idea of what to look for.

Previous ABC ups on TLT ended at 129 and 126 with Bullish top. **The current pull back to CZ 123-120 would trigger POM 13 – Net long .**

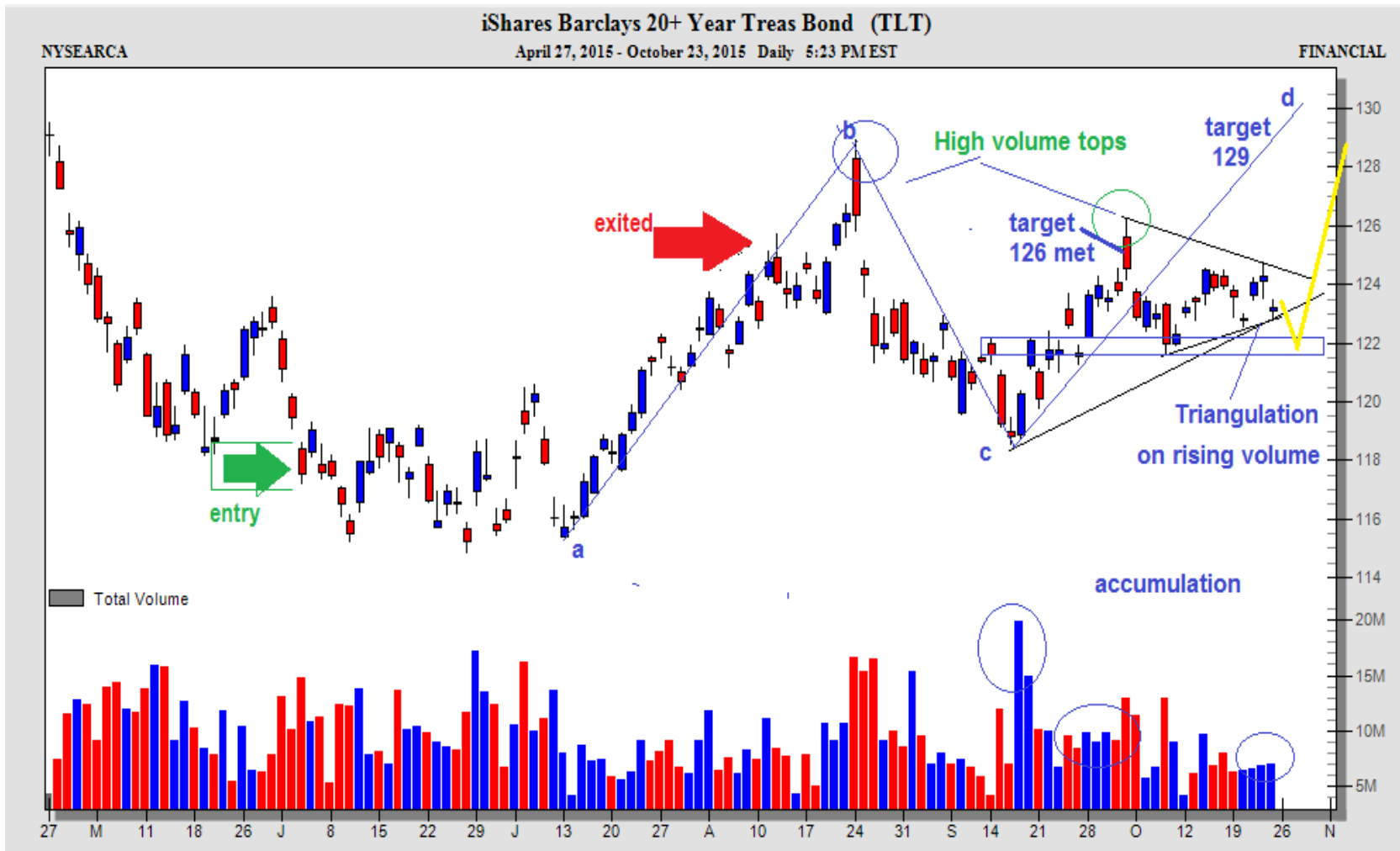
FOMC meeting is October 27 and 28 (Tuesday and Wednesday) and a lot of times going into those meetings the market will become quiet.

# TLT – CZ- PEC- D Analysis - Daily

## Notes within the chart –

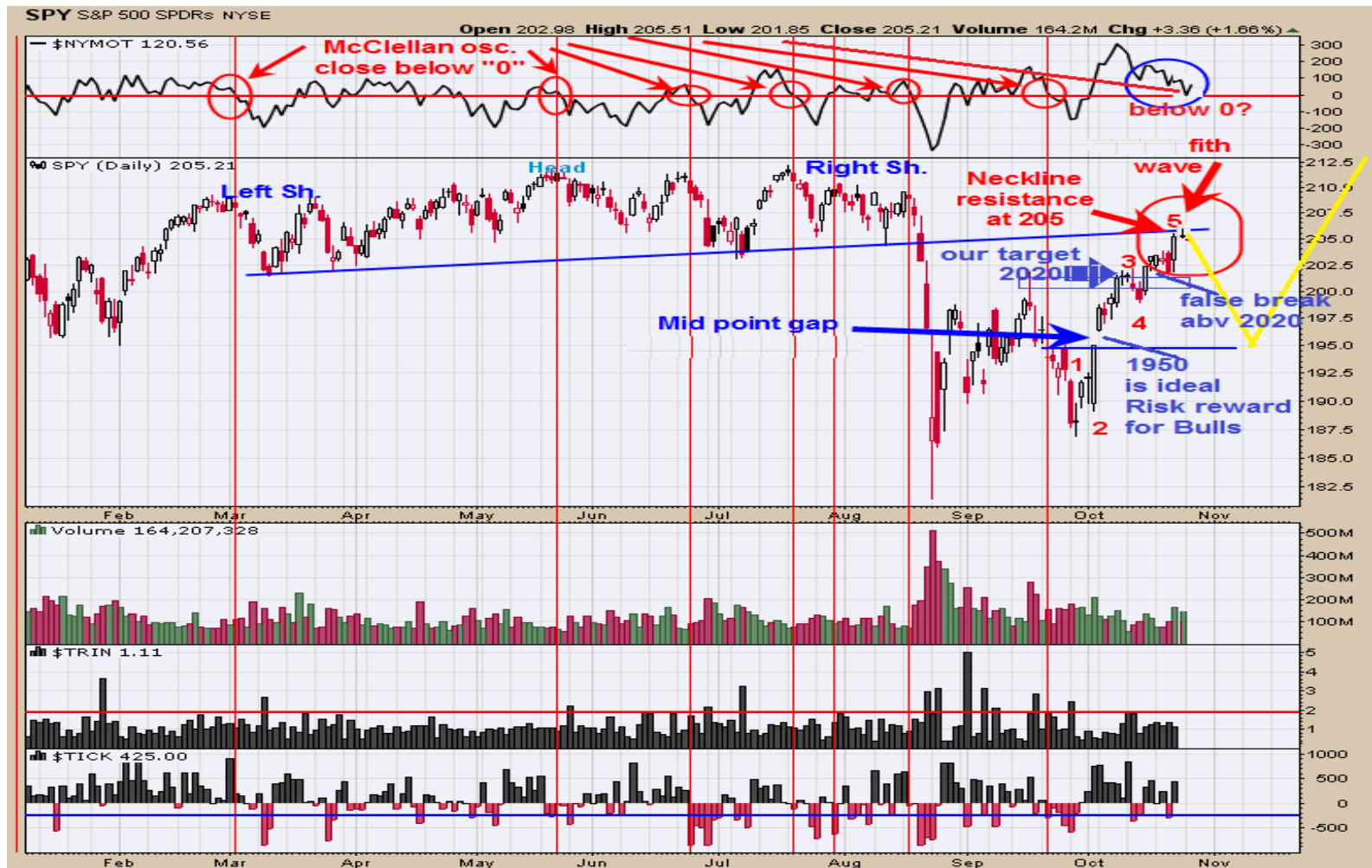
**Downside** – CZ 123-120 – should trigger Bullish Bottom for another rally.

**Upside** – PEC-D 126 – Bullish Top should be tested. TARGET PEC-D 128.5.



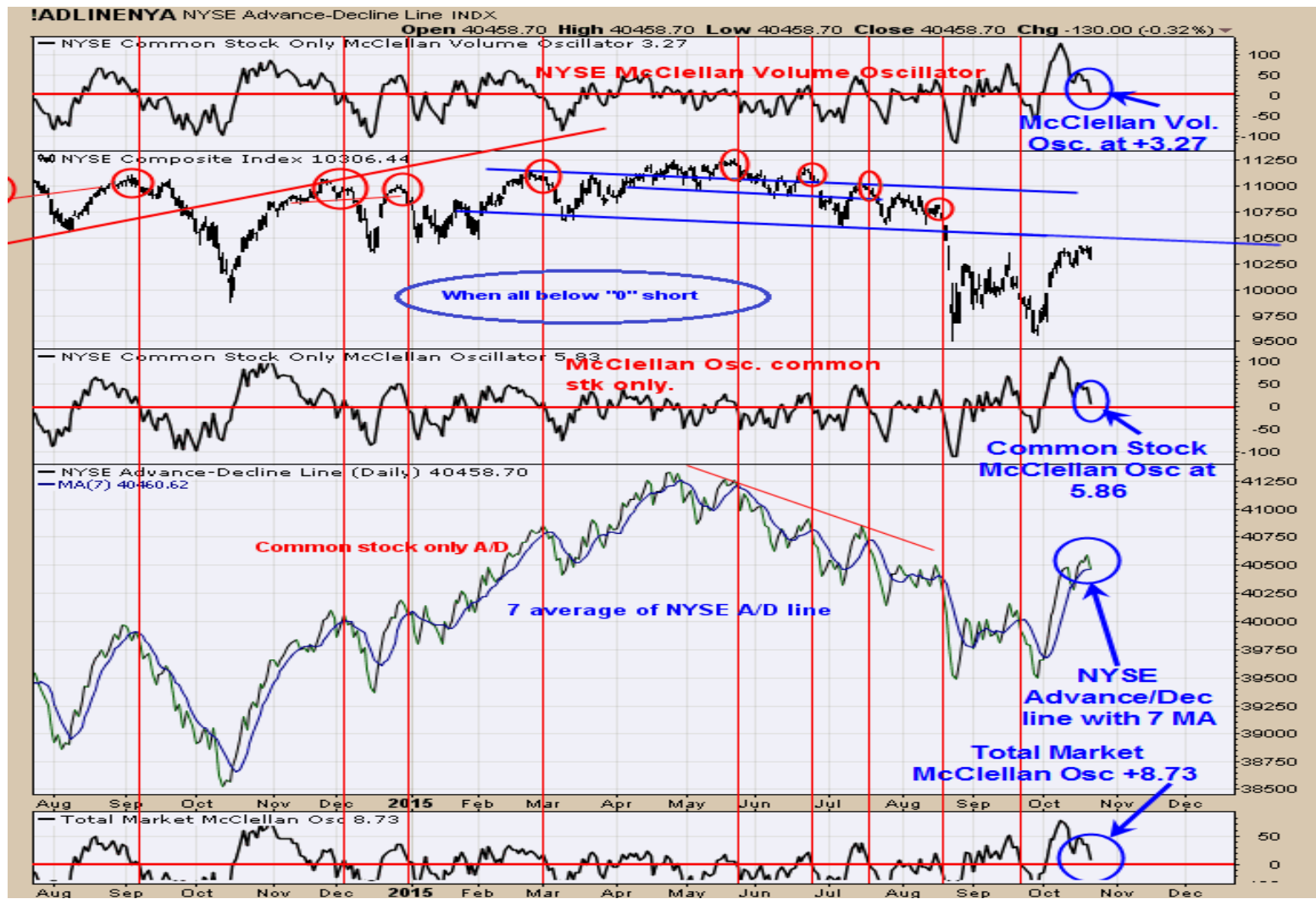
# SPX- Mc - Osc Analysis - Daily

The top window is the McClellan Oscillator. A break through the "0" line is a bearish sign for the market and the red vertical lines identify those times. Today's McClellan Oscillator closed at +3.2 . The Neckline of a Head and Shoulders top also comes in that area 2050 and suggests resistance. Wave count 5 from the late September low appears the last leg up is completing now. A break below "0" by some of the Oscillator reading could trigger a sell signal.



# NYSE/ AD/MC-Osc Analysis - Daily

We have been patiently waiting on the sidelines and one of the reasons why is the chart below. The red vertical lines on the chart above show when the majority of the indicators close below the "0" line or have a bearish crossover. Once it is complete it would trigger outright Sell or POM 15



## SPX – Cyclical Model

- SPX - Seasonality

EFFECT – , NOV – APRIL - POSITIVE .

- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model – Turn 8<sup>th</sup> October.

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – NEUTRAL

## SPX – Internals Model

Midterm - TICK / TRIN – Short term Bearish.  
AD Oscillator, Ratio's – Short term Bearish.



# 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)

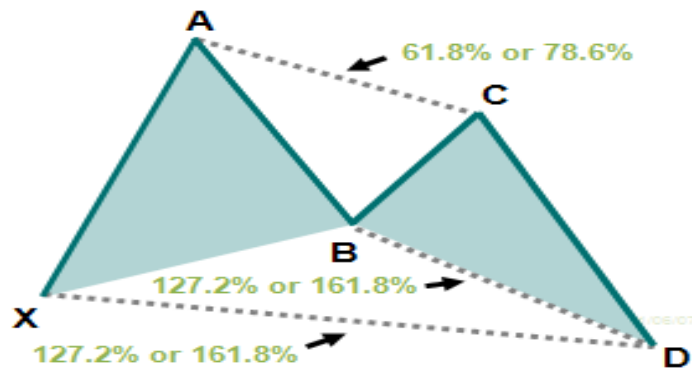
## Pythagoras Expansion / Contraction – (PEC) Model

- 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

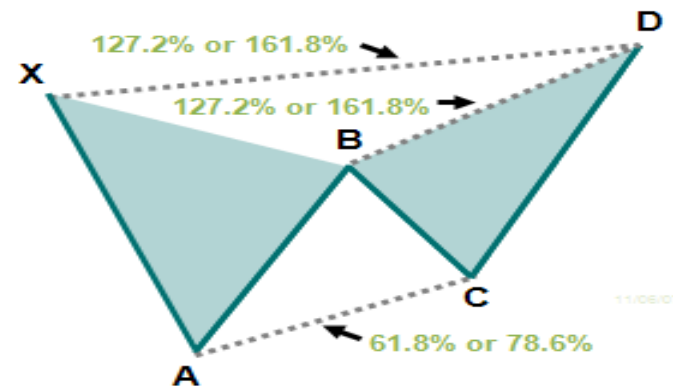
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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