SG Capital Research
Global Market Insights
Chart System

Date: 9th November 2015 (Monday) www.sgcr.us **SPX – BONDS – Institutional Report**

By: Suneil R. Pavse, CMT

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
SPX- 500	2100	POM 14 Triggered 9/16	Exited within CZ 2020-1985 Via Alert Email 9/16	BEARISH	0%	NONE	Re test of 2090 was met & failed on Bearish Top	Extension To 2100 On low volume is false break above 2020	Pull back to 2020 and then rally up.	ABC down to CZ 1955-1940	*Last Trade Exited 33% Net longs for 105 points (5.3%) Profit*

ACTIONABLE IDEAS – Best Risk / Reward -

Bears – SPX is under distribution pattern on low volume. No failure yet. We wait to trigger **Sell Short (POM 15) .**

Bulls – Wait for SPX to pull back to 2020 with Bullish bottom & **trigger Net longs (POM 13)**

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TLT (BONDS)	119.	**POM 13 Triggered 10/29**	NONE	BULLISH	**17% Net long Scaled in CZ 123-120**	NONE	PEC-D 126 Should be tested Bullish top	Target PEC-D 128.5	Pull back to CZ 120-122 Approached & should rally up.	PEC-D 118 Rejected Bullish bottom	***Last Trade Timely Exited full position for 4.5% profit***

ACTIONABLE IDEAS - Best Risk / Reward

For Bulls – **Triggered POM 13 "Net Long"** within CZ 120-122 Bullish Bottom.

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

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Market Overview SPX- BONDS

Back drop – Since the last Report, SPX closed up 20 points. It is now 70 points overextended above the target price of 2020. The extension has several –ve divergences. This is a low volume rally which will not last. The internal Bearish reading in TICK, TRIN, SPY/VIX Ratio continues to exist whiles broader indices NYSE, MID CAP, RUSSEL and FOREIGN Markets unable to make higher highs of past which is a major divergence. Internally market continues to struggle.

Next – Distribution process may take time. We think the initial pull back can happen from now to 22nd November. Thanksgiving week to 1st week of January has positive seasonality which may hold the market up from major selling. The Bearish Top formation takes slightly longer to form. NASDAQ- had been leading the charge to higher prices, but is now at a double top position. It had been strong up until October 28th (relative to the SPX), has been nearing a potential Parabolic Stop-And-Reverse sell signal similar to the one we got in late July which preceded the mini-crash in August.

We are setting up for decline in November. The 1st pullback here should be towards 2020. The Major Cycle lows may come in a week before thanksgiving 11/20 followed by another rally and then decline towards PEC-D 1950 target. If we do get a smash in equities into November, it would likely setup one more rally into December, at which time the prospect of a long term top becomes a likely event for 2016.

BONDS – FOMC's hawkish tone past week about the possibility of a December rate hike, pushed 10 yr TN rates higher. Shorter-term rates climbed even more. That caused selling in bond prices and rising U.S. yields pushed the dollar higher. Bonds are extremely oversold here and, after a consolidation of a day or two, we should see a rally just as we did back in September. You may recall we bought that low for substantial gains in bonds. We are certainly set to add to our current position in coming days.

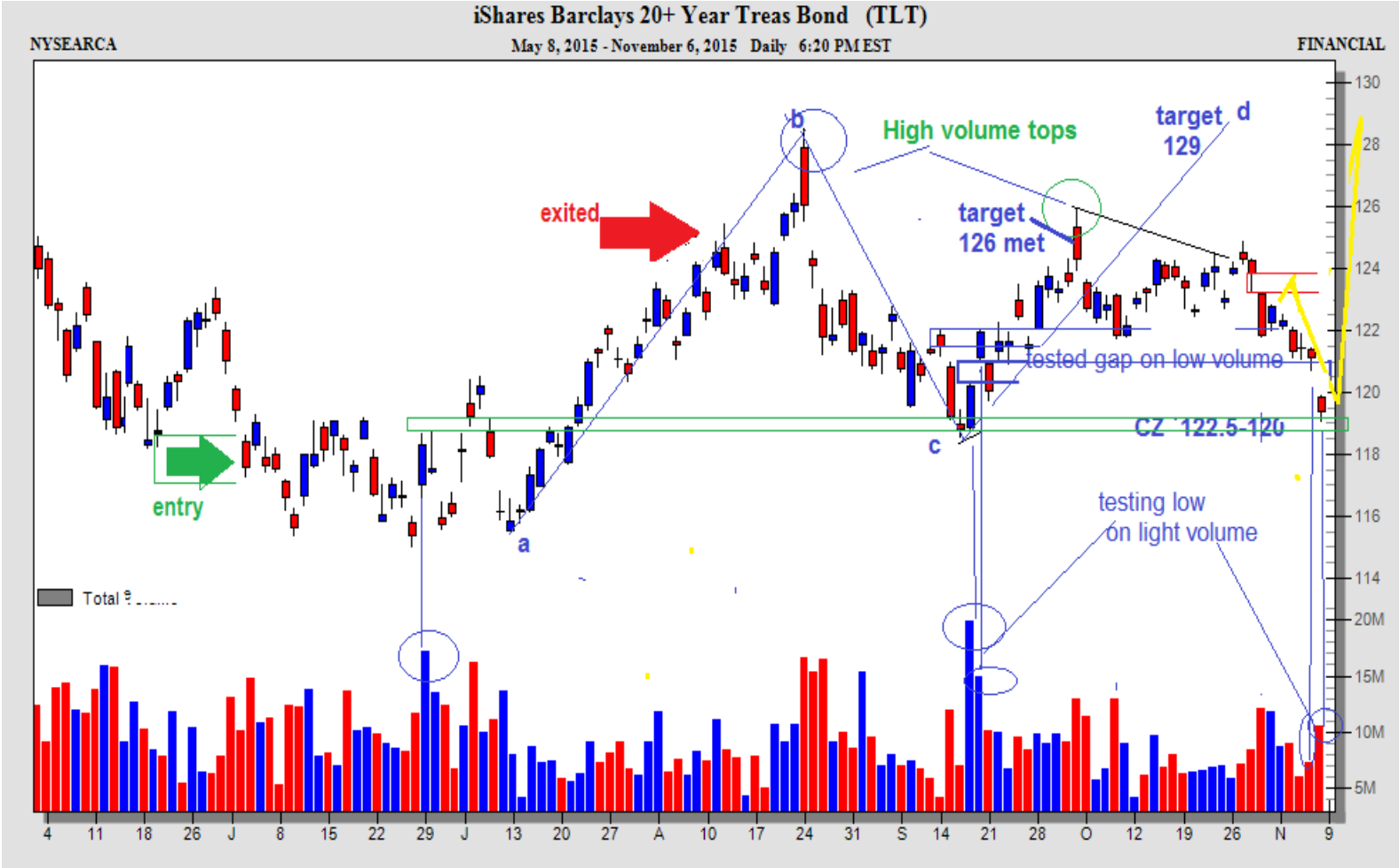
Given the likelihood that 30-year government bonds are coming into a significant Bullish Bottom, the best risk-reward seems to be gravitating away from stocks and into bonds. Given the poor technical condition in the stock market, the best risk-reward situation appears to be coming in the Bonds, which should have a tailwind from stocks' potential correction next year. Previous ABC ups on TLT ended at 129 and 126 with Bullish top. These levels should be tested at some point.

TLT – CZ- PEC- D Analysis - Daily

Notes within the chart –

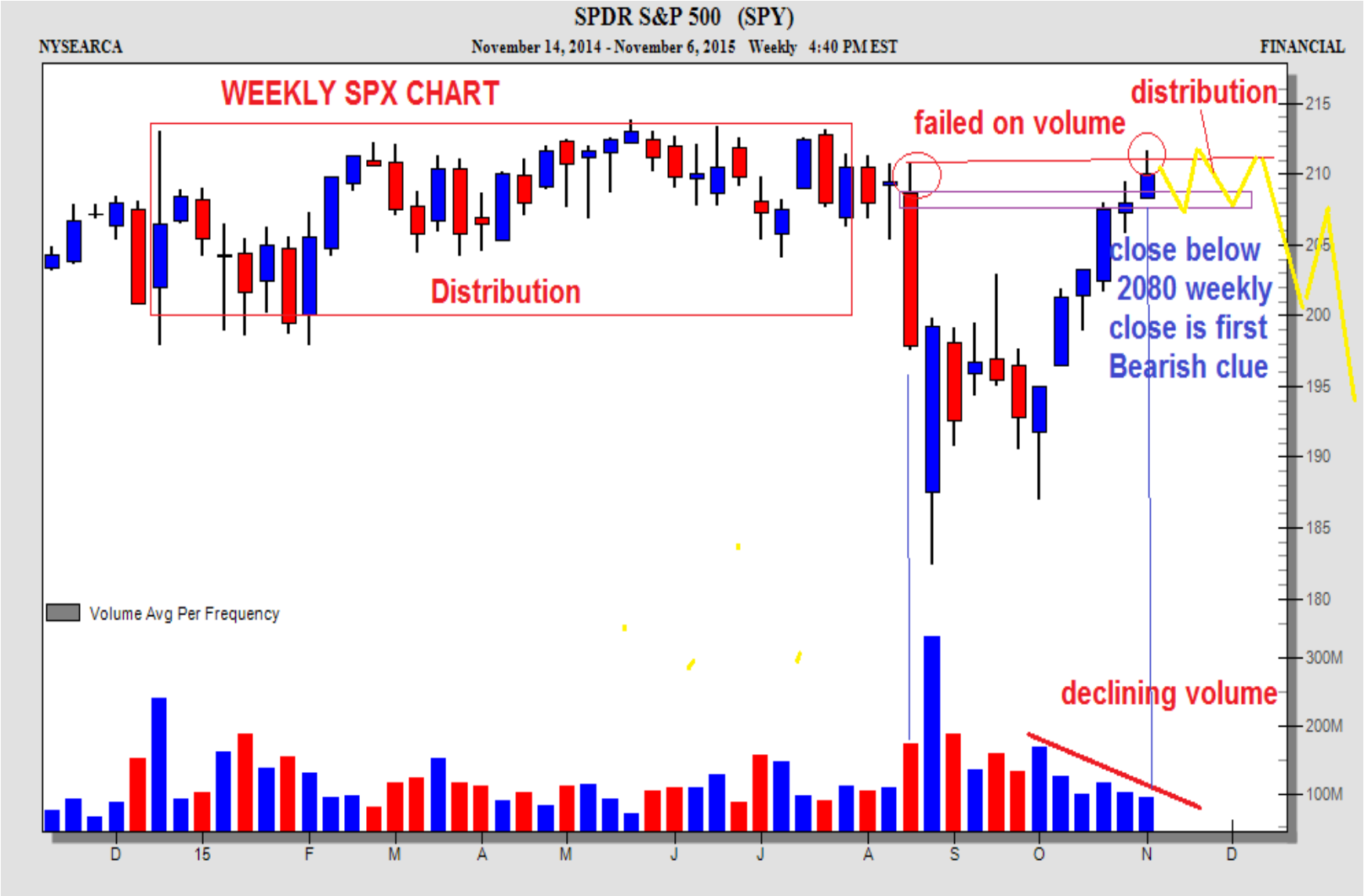
Downside –CZ 120-122 – has approached with r Bullish Bottom for another rally.

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



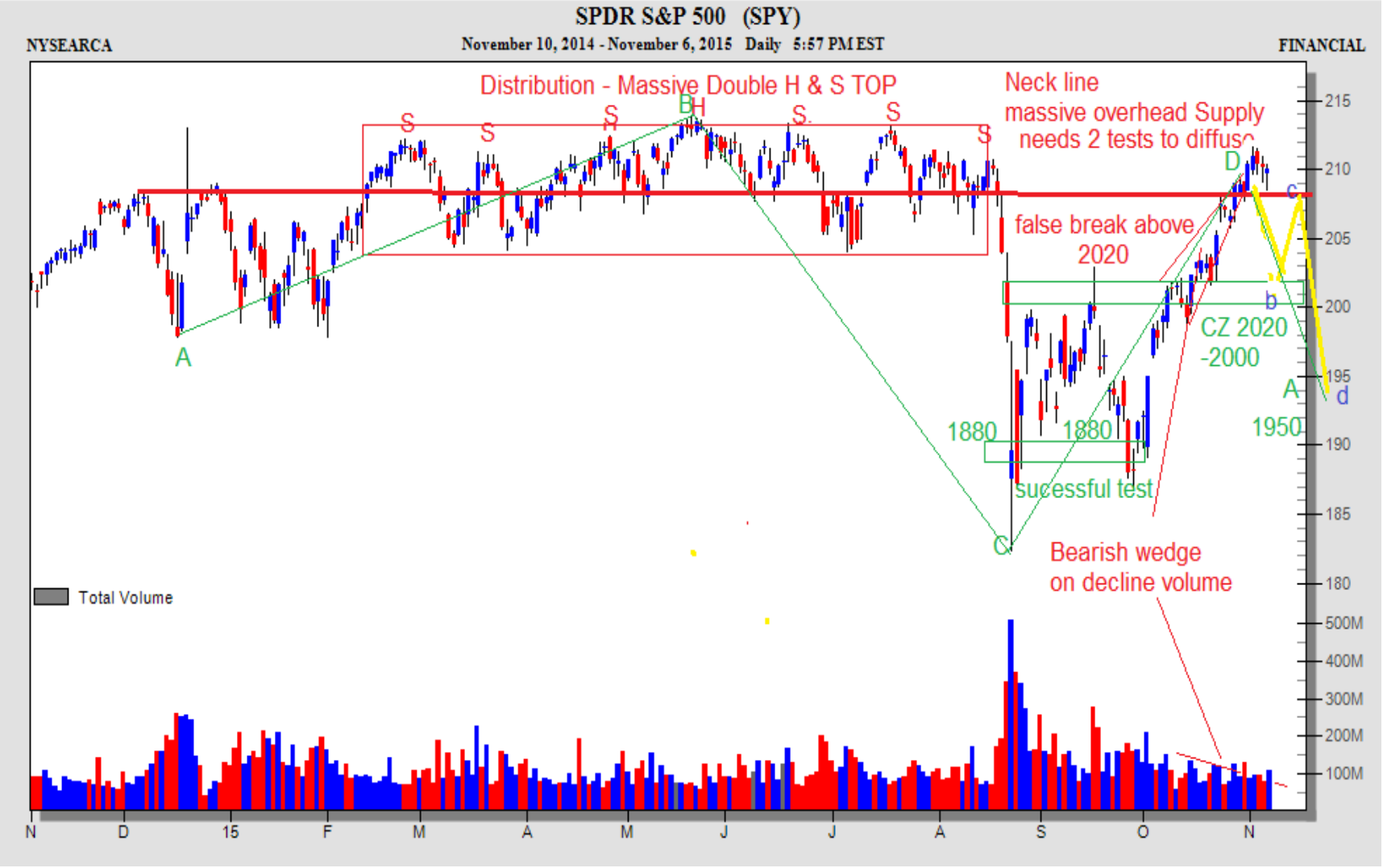
SPY - CZ- PEC- D Analysis – Weekly

Notes within the chart



SPY - CZ- PEC- D Analysis - Daily

Notes within the chart



NYSE - Mc – Oscillator Analysis – Daily (-ve Divergence)

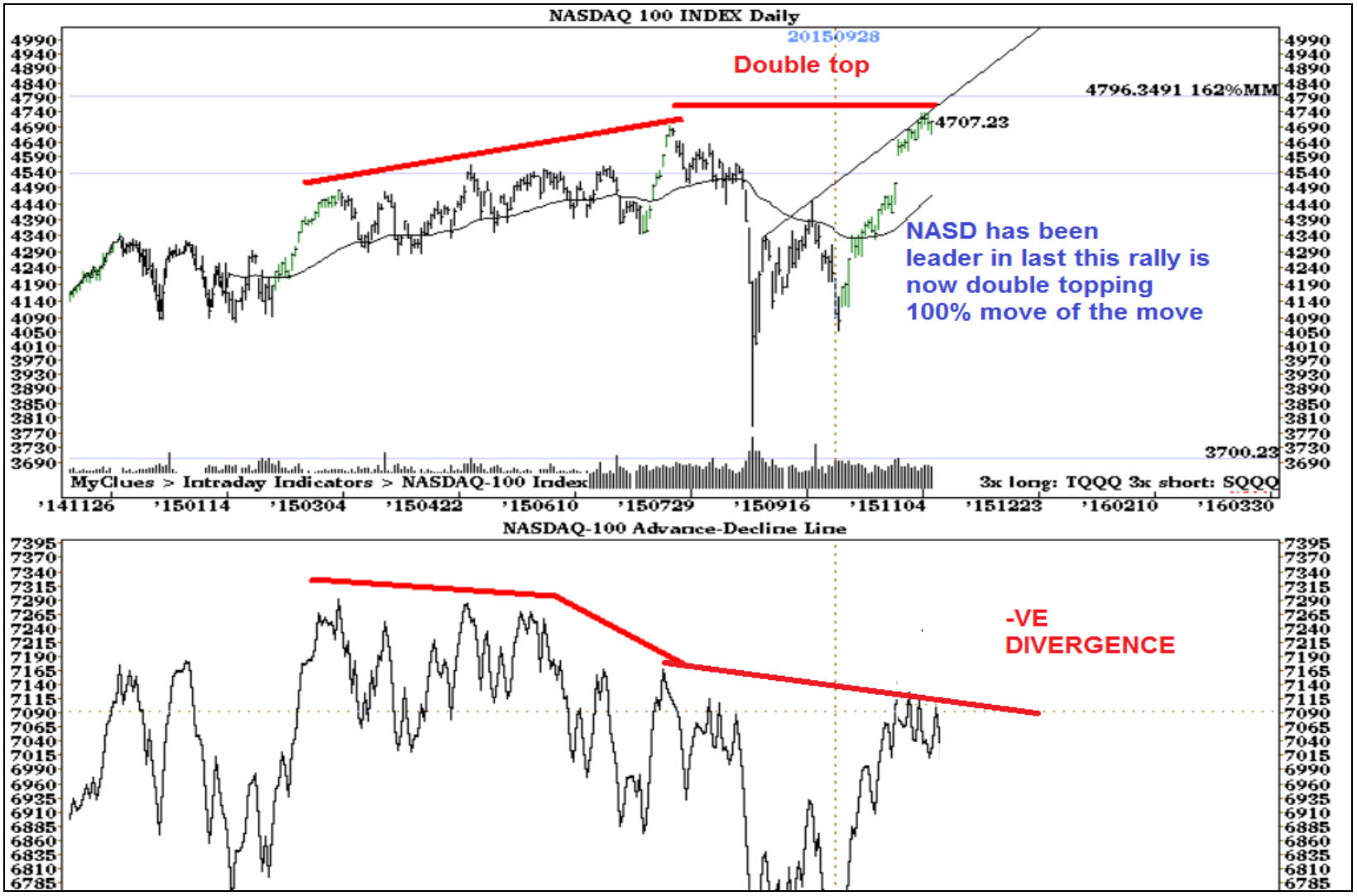
Notes within the chart

FOREIGN MARKET (EX – US) Analysis - Daily (-ve Divergence)

Foreign stock ETFs **Vanguard FTSE All World ex-US ETF (VEU)** The VEU includes foreign developed markets (including Canada) and has a 25% weight in emerging markets, Brazil and Russia. Although the VEU has underperformed U.S. stocks this year, the two are highly correlated. Any profit-taking overseas usually leads to profit-taking here with some time lag.

NASD- AD Line Analysis - Daily (-ve Divergence)

Notes within the chart



RUSSEL / AD Osc Analysis - Daily (-ve Divergence

Notes within the chart

SPX – Cyclical Model

- **SPX - Seasonality**

EFFECT – , NOV – APRIL - POSITIVE .

- **SPX - Geomagnetic / Lunar Cyclic Model**

Bradley Model – Turn 8th October.

- **SPX - Sentiments Model**

AAII 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

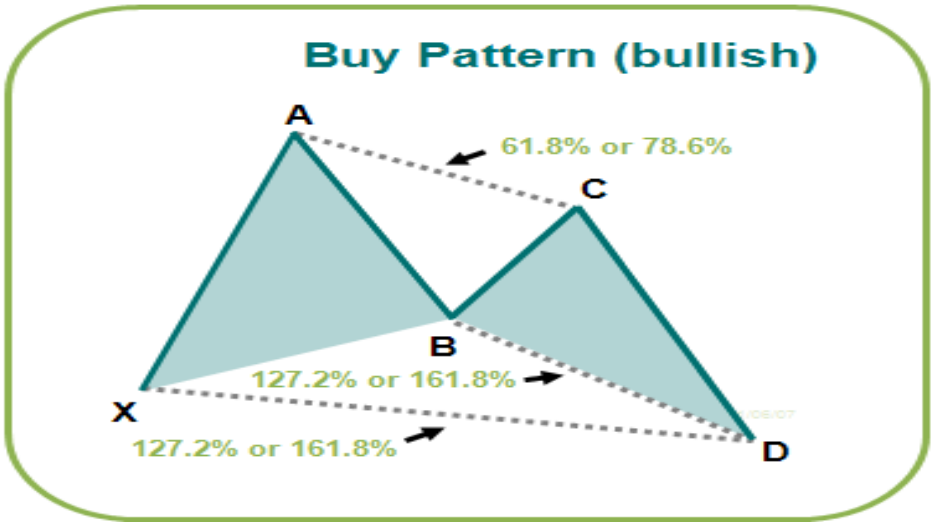
- ***POM is rated from 10 to 15***
- *POM 14 , 15 (is Sell Signal)* and *12 , 11 (is Buy Signal)* both are the Actionable Area whereas *POM 13* is A *Neutral Signal* for Risk management
- On way *UP* move, *POM 13* signifies to *STOP* executing additional 'New Buys" that was initiated at *POM 12 or POM 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)***

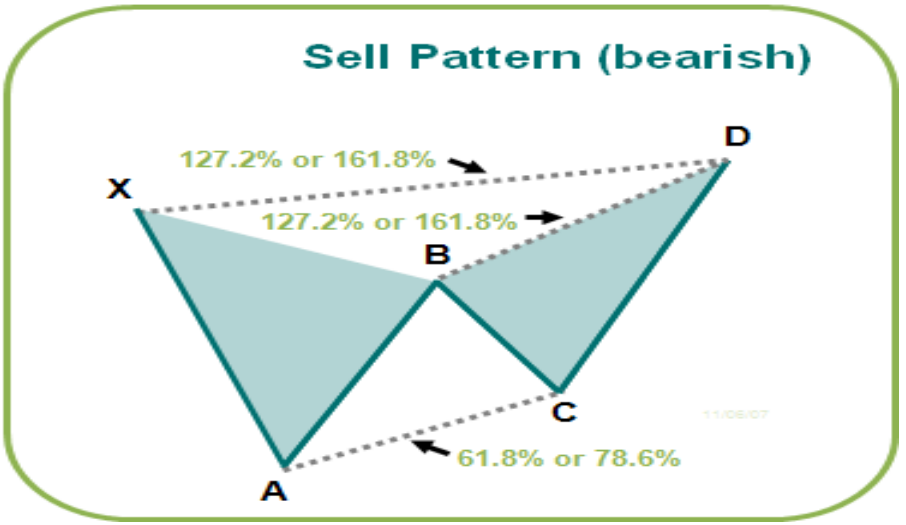
Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 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





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