



Executive Summary.

	Current Price	POM Triggered within CZ & Date	<u>Announcement</u> t- ST Trend reversal & Risk management	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	2017	POM 14 Triggered 9/16	Cautioned Top @ 2100 On 11/9 for decline to Target 2020	NEUTRAL	0%	NONE	Bounce to 2060	Top to 2100 – fell short 8 points & failed	Pull back To 2020- on heavy volume	Target ABC down to CZ 1955-1940	Momentum thrust target to 2150 negated

ACTIONABLE IDEAS – Best Risk / Reward -

Bears – For Investors, - Pull back to 2020 levels is on heavy volume suggests our price projection to 1950 should be Achieved. – Great place to go long. This is markdown phase. The distribution pattern on low volume under 2100 is complete.

Bulls – for Traders, SPX from 2020 or under levels (if rejected) should rally into year end and perhaps early part of Jan 2016 . The bounce should limit itself to 2100. – The momentum thrust to 2150 is negated

Note – If meaningful rejection of 2020 or lower, I will send out email Alert during the week

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> - 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)	123.8	POM 13 Triggered 10/29 @ 121	NONE	BULLISH	17% Net long	NONE	PEC-D 126 Should be tested Bullish top	Target PEC-D 128.5	Pull back to CZ 120-122 Held & rally up.	PEC-D 118 Rejected Bullish bottom	

ACTIONABLE IDEAS - Best Risk / Reward

For Bulls – Triggered POM 13 “Net Long” within CZ 120-121 Bullish Bottom.

For Bears – Wait for bounce to PEC-D 128 with Bearish Top to fail .

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Market Overview SPX- BONDS

Back drop – We are Neutral with 100% Cash in SPX portfolio. In our last Report 12/7 SPX @ 2100, For Bullish short term Traders, we had projected momentum Trust pattern to 2150 which was negated.

For Investors, 2100 was a distribution area due to various Bearish indicators in NASD, RUSS, NYA and Foreign market, resulting in pull back target to 2020 with final target to 1950 in current decline.

Next – Levels of 2020 has heavy volume. Monday is critical day either for another gap way in futures market or slight bounce early morning which will fade as day goes along. Possible turn around could be Tuesday or Wednesday after FOMC meet which may have been baked in the cake. . Either way bounce should be limited to 2050. In order for rally to initiate, SPX needs to reject the lows and close above 2025 to initiate rally instead of just a bounce.

For Investors the market in 2016 will follow the more bearish path. Here are the main reasons:

1 We have already met the major 8 year Bulls Market projections of 2100. We have already seen a MC – OSC failure on weekly basis of +500 for both the A-D and Volume RASIs, indicating that liquidity is weak. Volume is expanding on past 2 declines towards 2020.

2. The EURO dollar calls for down move to April 2016 to until October 2016.

3. Bond markets are forecasting that the Fed will raise short term rates this coming week and that that act will push the US equity market.

4. High-yield corporate bonds have been extremely weak, which leads to illiquidity.

BONDS – Friday morning, the short term trend in long term 30-year bond rates was for a rise in rates. After the release of economic data , the TYX Index dropped through that trendline and Treasury Bond futures soared in price. That indicates the bond market is forecasting a recession. Otherwise we would have seen interest rates on the long end going up due to rising demand for borrowing.

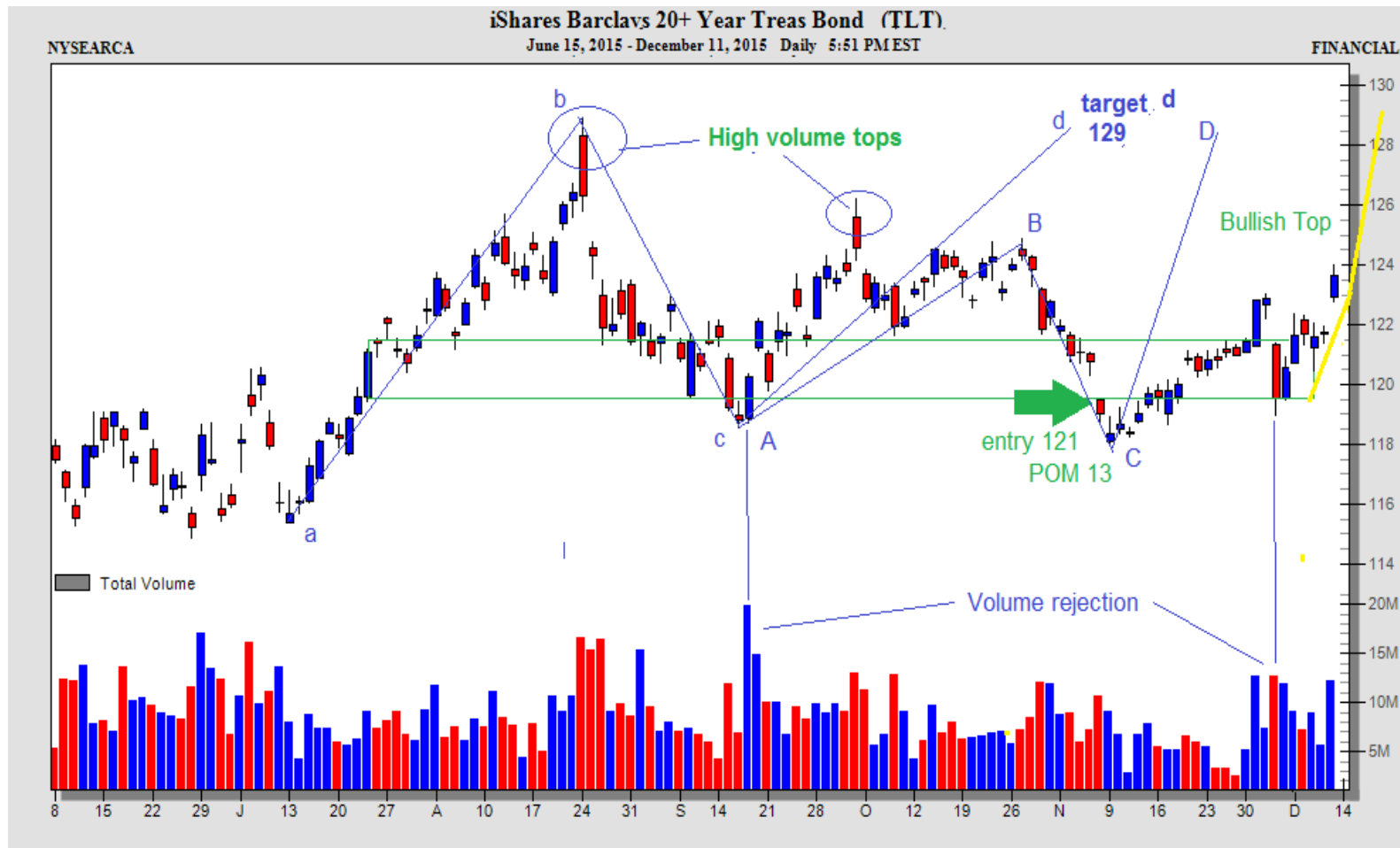
Bonds seem to continue to want to go to higher prices . Previous ABC ups on TLT ended at 129 and 126 with Bullish top. These levels should be tested at some point.

TLT – CZ- PEC- D Analysis - Daily

Notes within the chart –

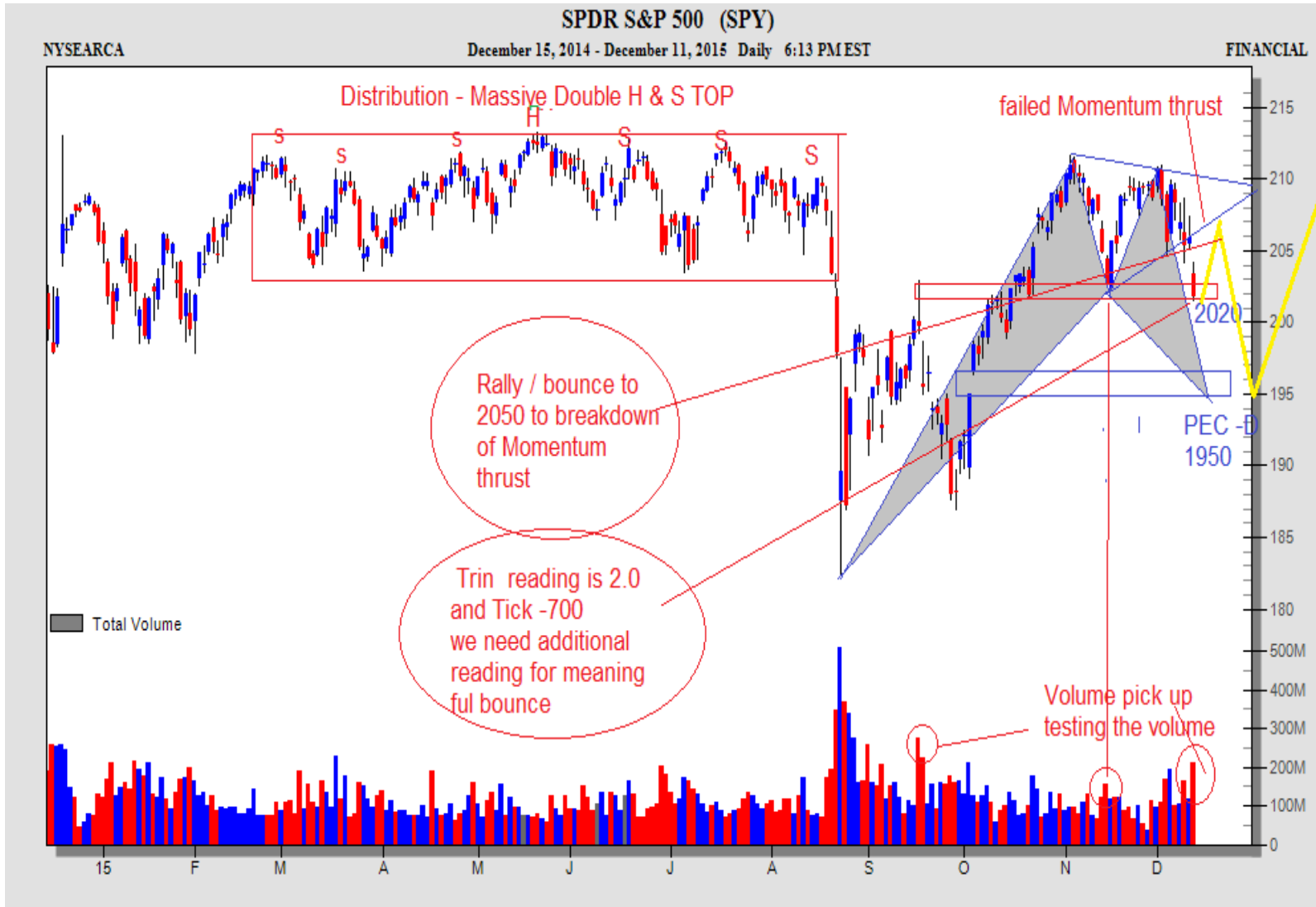
Upside – PEC-D 126 – Bullish Top should be tested. TARGET PEC-D 128.5.

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



SPY - CZ- PEC- D Analysis - Daily

Notes within the chart



NYSE – AD line via – stocks above 200DMA Analysis – Daily (mid term)

Notes within the chart – Mid term



SPX – Cyclical Model

- SPX - Seasonality

EFFECT – , NOV – APRIL - POSITIVE .

- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model – Turn 8th 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

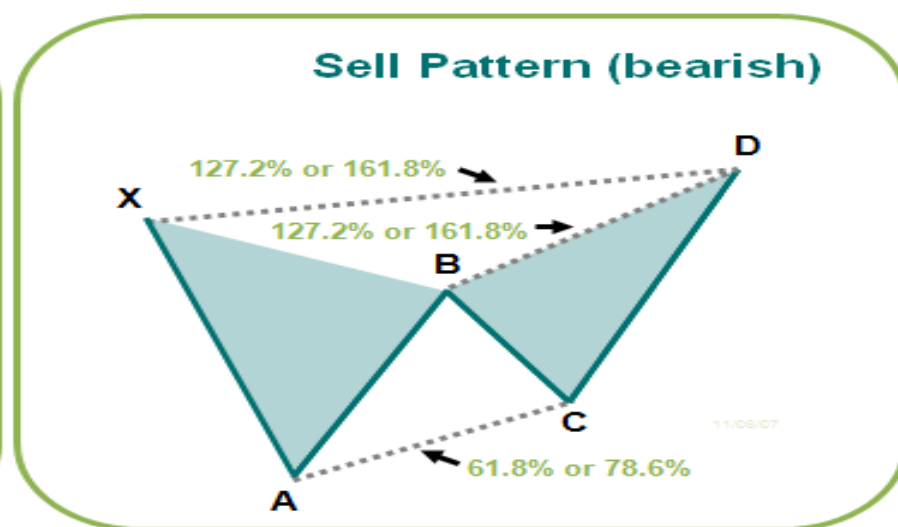
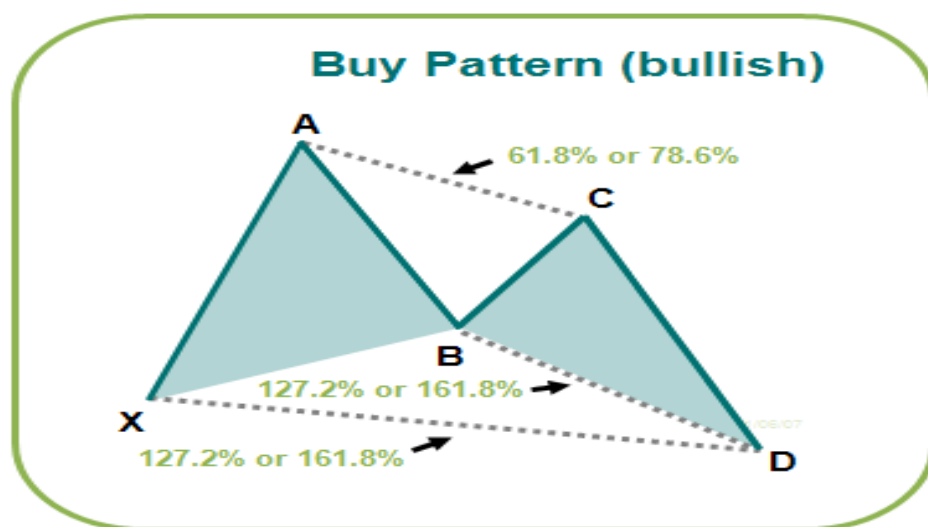
- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On way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