



Date: 21st April 2015 (Wednesday)

SPX – BONDS - MARKET STRATEGY REPORT (SP)

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Executive Summary.

	Current Price	POM Triggered within CZ & Date	Follow up Annoucem ent- 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	2097	Announced On 4/6 POM 13 Trigger @ 2062	Announced POM 14 @ 2090 4/20 via Alert email	NEUTRAL	0% Closed Net long, 28 points gains	NONE		Larger 1-3-5 Pattern @ 2110 – 2125- Met & Exhausted	Pull back to PEC-D 2065 Triple bottom to be tested	Target ABC down to 2020 Eventually 1990 has Heavy volume	<i> Holding long position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here</i>

ACTIONABLE IDEAS – Announcement Trigger POM 14 – Neutral on 4/20.

For Bulls – pull back Target 2065 triple bottom then rally to 2110-2125.

For Bears – Wait for rally to Trigger at POM 15 for Net short at / around CZ 2110-2125 for Bearish Top.

We shall take position only when we have a trigger.

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> - Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<u>NEW ACTION</u> (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
TLT (BONDS)	130.4	On 1/28 @ 135 Exited ½ & on 3/12 – POM 14, @126 Exited balance	NONE	NEUTRAL	0%	NONE	Target CZ 132-134 Failed	Target 135 to double top	pull back to CZ 127-128 in progress, should hold & rally back	CZ 123-125 Neutral Bottom	Consolidation between Trading range 133-124

ACTIONABLE IDEAS -

For Bulls –Pull back to CZ 127-128 and Rally up to PEC-D 135 Double top.

Alternatively For Bears – Await to wait the bounce to CZ 132-134 to fail with Bearish top.

We shall take position only when we have a trigger.

Portfolio – Overview & Update

SPX- Overall Portfolio is at “**POM 14- Neutral**” triggered @ 2090 on 4/20.

NET LONG - **XLV, XHB, FB, JNJ, Japan** and **XLP**. Bullish Top Instruments remains in Bull Run. It should continue to move higher with +ve Spread relative to SPX.

GOLD- NET LONG – **POM 12 @ 1165** entry announced on **3/19** for uptrend that is in progress.

BONDS – POM 14 - Neutral triggered @ 126 on 3/12

Portfolio Holdings ...

Bearish BIAS EQUITY- NON LEVERAGED(1:1)Refer to Respective Reports for details

- **LONG at POM 13**Total 58% Holding
Non- Equity (7.5%) - USD/JPY (2.5%) , UNG (2%), AUD (5%)
Equity (20.5%) - XLV (5%) ,XHB (5%), XLP(5%), JNJ (1%), FB (1%), NIKKE (3.5%)
GOLD(30.0%) – GOLD (15%), GDX(15%)
- **NET SHORT**Total 0% Holding

Market Overview SPX

SPX's - **POM 14- Neutral** on 4/20 at 2090.

SPX rallied to our upside target of 2110 with Bearish Island reversal and Gaped down with heavy volume. On bounce to 2090 filled up the upside gap on reflex short covering rally and triggered POM 14 to exit our Net long position for 28 points profit (trigger POM 13 at 2062 on 4/6).

The Trin and Tick reading are Neutral with Bearish bias. Volume on bounce is lightening up. The McClellan Oscillator readings below "0" suggests a weakness and today's reading came in near -9. NYSE advance/NYSE decline ratio is below 1.45 are bearish, suggests the pullback may continue.

T termination point coincides with a projected Time Ratio High on Friday. If this termination is correct for top, ideal cycle low date in mid-May. We projected a high at 2110 which we got last week. A bounce this week will result in further declines into the middle of May as cyclic model bottom projection. This will be followed by another rally up.

The final blow off is still lacking in this market with last gasp of the uptrend to confirm POM 15 – Net short. The final top in this bull market will not be known until we take out the lows of the week of March 11 with heavy volume.

Last Friday's "Selling Climax" lows will be tested on lighter volume and would create a bullish sign for the rally.

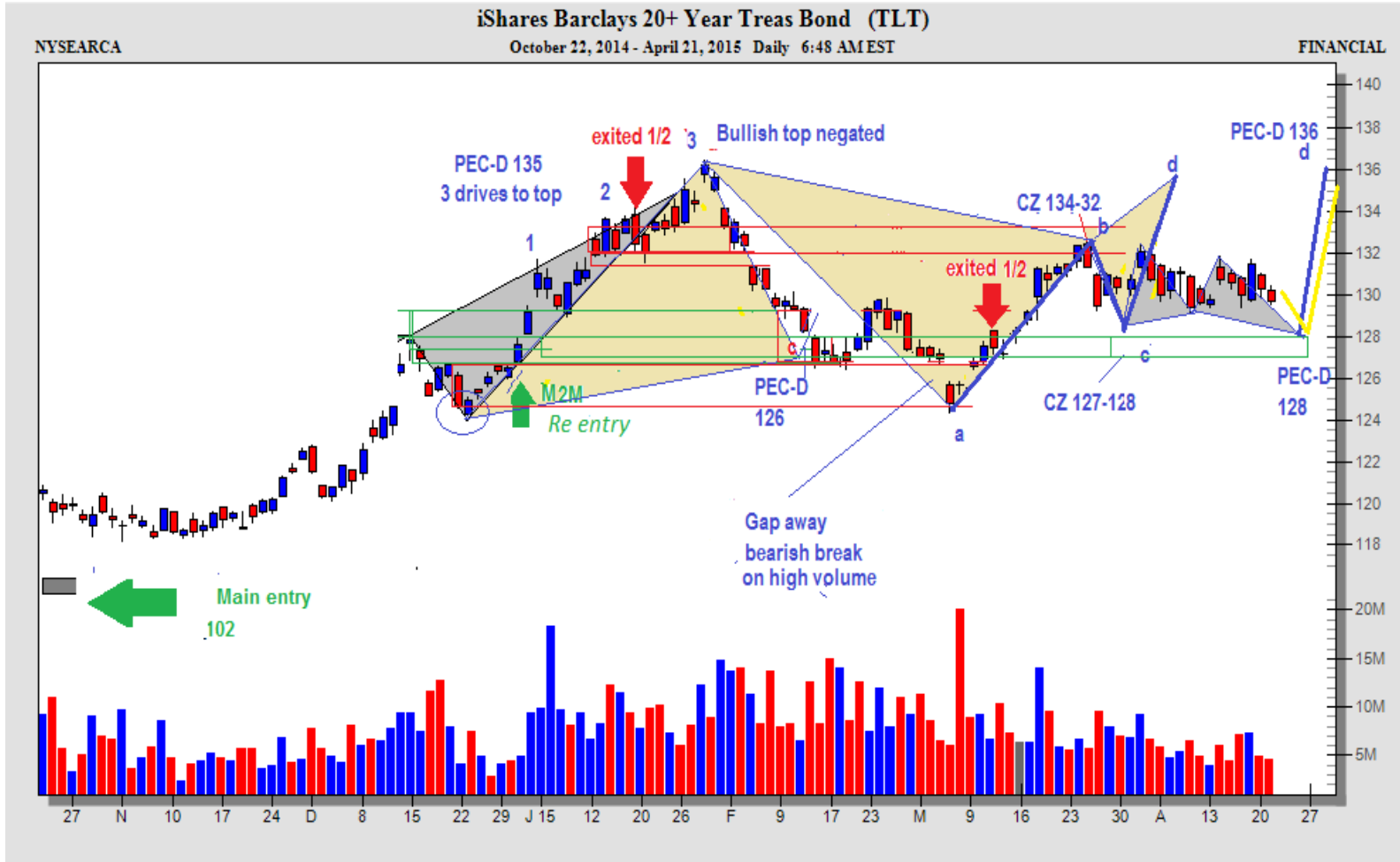
However we are rapidly approaching the strong seasonal pattern of sell in May and go away which is one of the better seasonal in the market.

Bonds TLT 's - **POM 14 Neutral status** on 3/12 at 126. Eventually TLT and SPX should be reverse correlation.

TLT (Bond) – CZ- PEC- D Analysis - Daily

Downside – Pull back CZ 127-128 in progress & rally up.

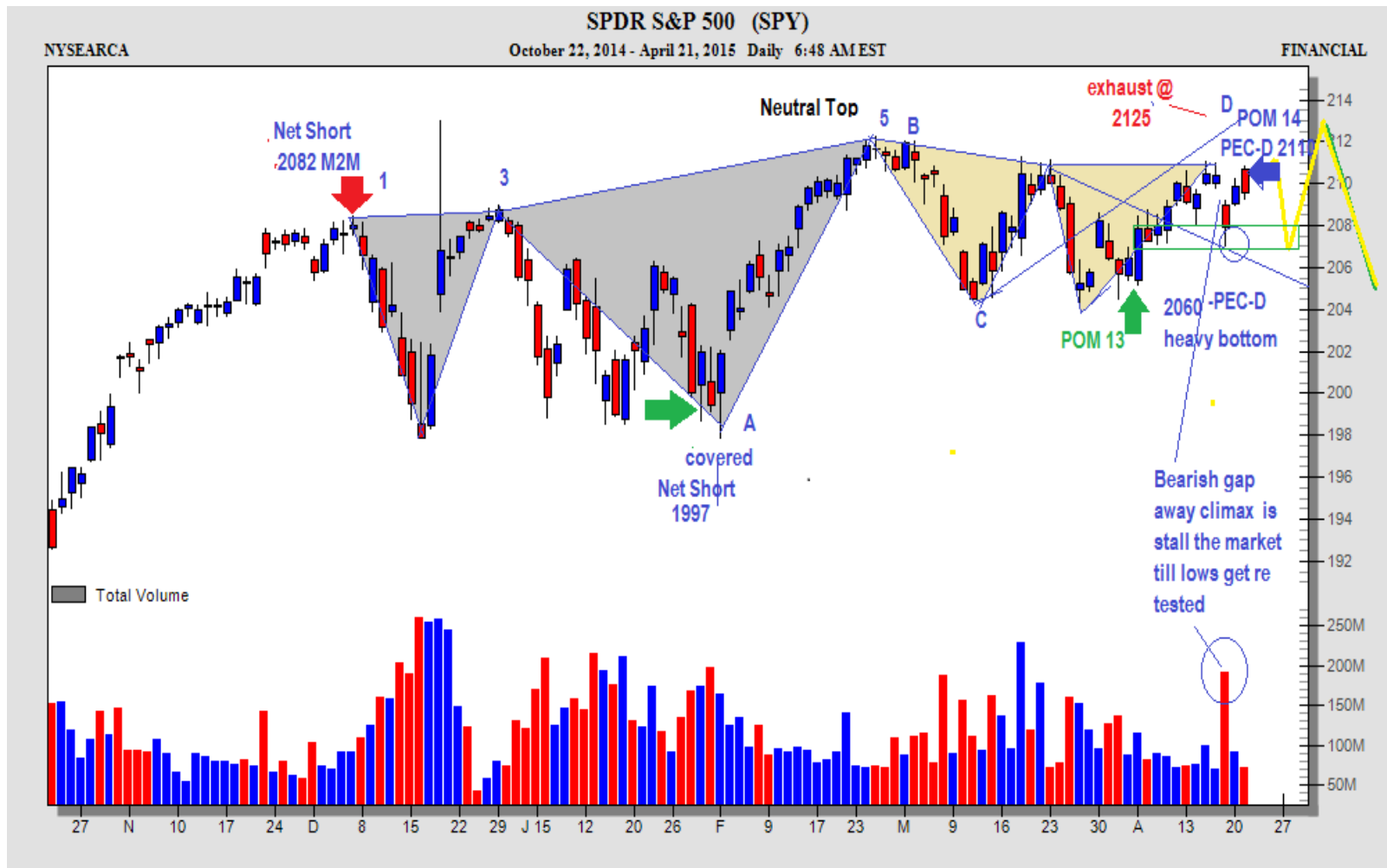
Upside – CZ 134-132 to fail but eventually Target 135 – Double top . .



SPX- PEC- D Analysis - **Daily**

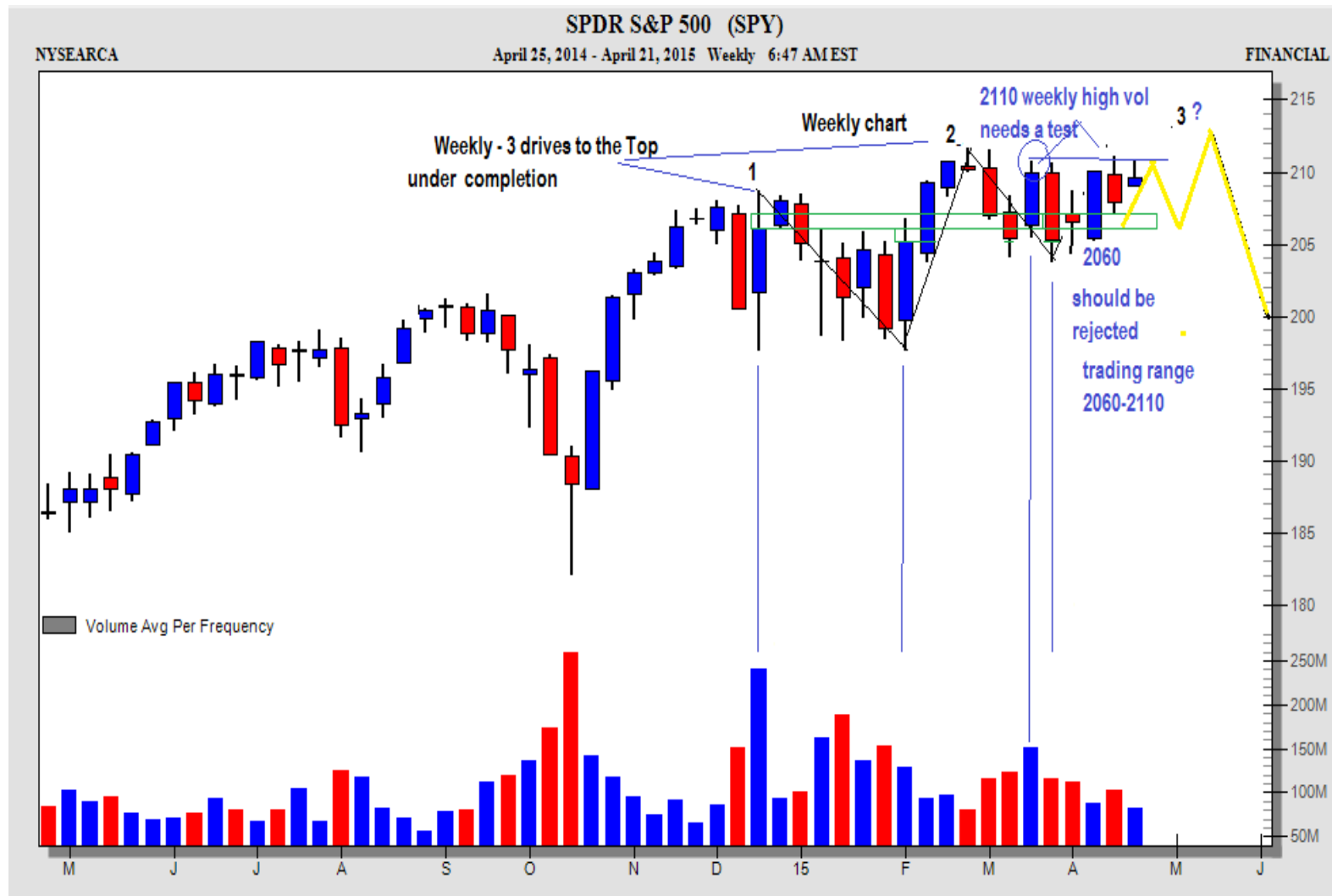
Downside – Pull back to CZ 2065 for successful test and rally

UPSIDE – Rally to target 2110 met but should be re tested again. .



SPX- PEC-D Analysis - Weekly

Notes in chart below –



SPX – Cyclical Model

- SPX - Seasonality -

MAY EFFECT – Negative .

- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model – Neutral

- SPX - Sentiments Model

AII Weekly Sentiment Survey – NEUTRAL

SPX – Internals Model

Midterm - TICK / TRIN – NEUTRAL

AD Oscillator, Ratio's – BEARISH

Appendix Content

- **2012 YTD – SPX - Position Summary**
- **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**

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.*

(42) - INSTRUEMNTS COVERAGE SUMMARY

Re - STRATEGY & PROP ANALYSIS with – POM, CZ, PEC-D, PQV

GR 1 (13+2) Coverage in MS	GR 2 (9 +4) Coverage in SECTORS	GR 3 (8+1) Coverage in COMMODITY	GR 4 (5) Coverage in CURRENCY
<p><u>US BROADER IDX</u></p> <ul style="list-style-type: none"> • SPY (SPX 500) • DIA (DOW 30) • QQQ (NASD100) • IWM (Small Cap) • IYT (Transports) • NYA (NYSE) <p><u>BOND IDX</u></p> <ul style="list-style-type: none"> • TLT (Bonds) • MUB (Muni). (SP) <p><u>GLOBAL IDX</u></p> <ul style="list-style-type: none"> • EEM (Emerg.) • EWJ (Japan) • FXI (China) • EWZ (Brazil) • FTSE (Europe Proxy) • BSE (India) • EWA (Aust) SP <p>SP - Special situation</p>	<p><u>SECTORS IDX</u></p> <ul style="list-style-type: none"> • XLF (Financials) • XLV (Health) • XLB (Materials) • XLE (Energy) • XLK (Tech) / QQQ - Proxy • XLI (Industrial) – • XLP (Staples) • XLY (Discretionary) • XHB (Home Builders) • XLU (Utility) SP • RTH (Retail) - SP) • SMH (Sem.) SP • BBH (Biotech) SP 	<p><u>COMMODITY IDX</u></p> <ul style="list-style-type: none"> • CRB /DBC • GLD (Gold) • SLV (Silver) • GDX (Miners) • OIL • Copper • DBA (Agro) • UNG (Natural Gas) • DBB (Base M) SP 	<p><u>CURRENCY</u></p> <ul style="list-style-type: none"> • USD / DXY • EUR/USD • AUD/ USD • USD/JPY • GBP/ USD

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)

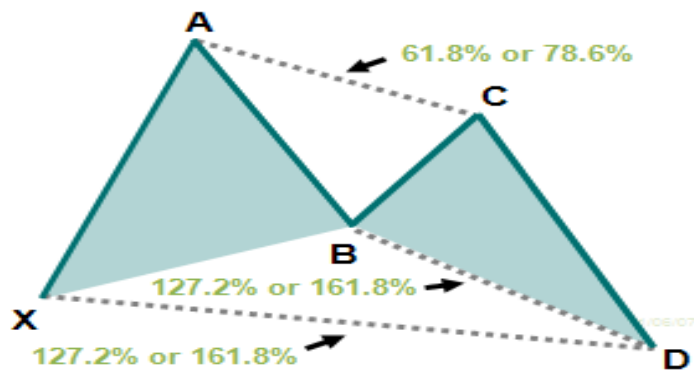
Pythagoras Expansion / Contraction – (PEC) Model

- **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**

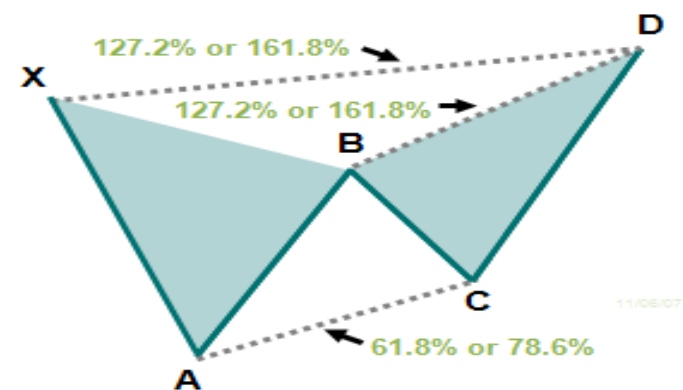
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

Buy Pattern (bullish)



Sell Pattern (bearish)



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