



Date: 5th May 2015 (Tuesday)

SPX – BONDS - MARKET STRATEGY REPORT (SP)

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Executive Summary.

	Current Price	POM Triggered within CZ & Date	Follow up <u>Annoucem ent</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
SPX- 500 Announcement	2115	<u>Announced</u> POM 15 @ 2100 5/1 via Alerted email	NONE	BEARISH	15%- Net Short	Scaling within CZ 2098-2115	Target to Re test 2125-2110 to	Larger 1-3-5 Pattern @ 2110 – 2125- Met & Exhausted	Pull back to PEC-D 2065 Bearish bottom Triple bottom to be tested	Target ABC down to 2020 Heavy volume	<u> Holding long</u> position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here

ACTIONABLE IDEAS –

For Bears – Triggered POM 15 for Net short at / around CZ 2100-2115 for Bearish Top.

For Bulls – Awaiting pull back Target 2065 triple bottom then rally.

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TLT (BONDS)	123	On 1/28 @ 135 Exited ½ & on 3/12 – POM 14, @126 Exited balance	NONE	NEUTRAL Bearish bias	0%	NONE	Target CZ 128-127 To fail Failed	CZ 132-134 Failed	pull back to CZ 127-128 Did not hold	CZ 123-125 Approaching Neutral Bottom	Consolidation between Trading range 133-123

ACTIONABLE IDEAS -

For Bulls – Pull back to **PEC-D 123** approaching, **No Signal for entry**. TLT broke down pull back **CZ 127-128**.

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 15- Bearish** triggered @ 2100 on 5/1.

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 15% Holding
 - Equity (15%) - SPX (15%)

Market Overview SPX

SPX's - **POM 15- Bearish** on 5/1 at 2100.

SPX rallied to triple top exhaustion point of **CZ 2115-2100**. The First downside target is to the Bearish bottom at 2060. This Gap down Selling Climax" lows will be tested.

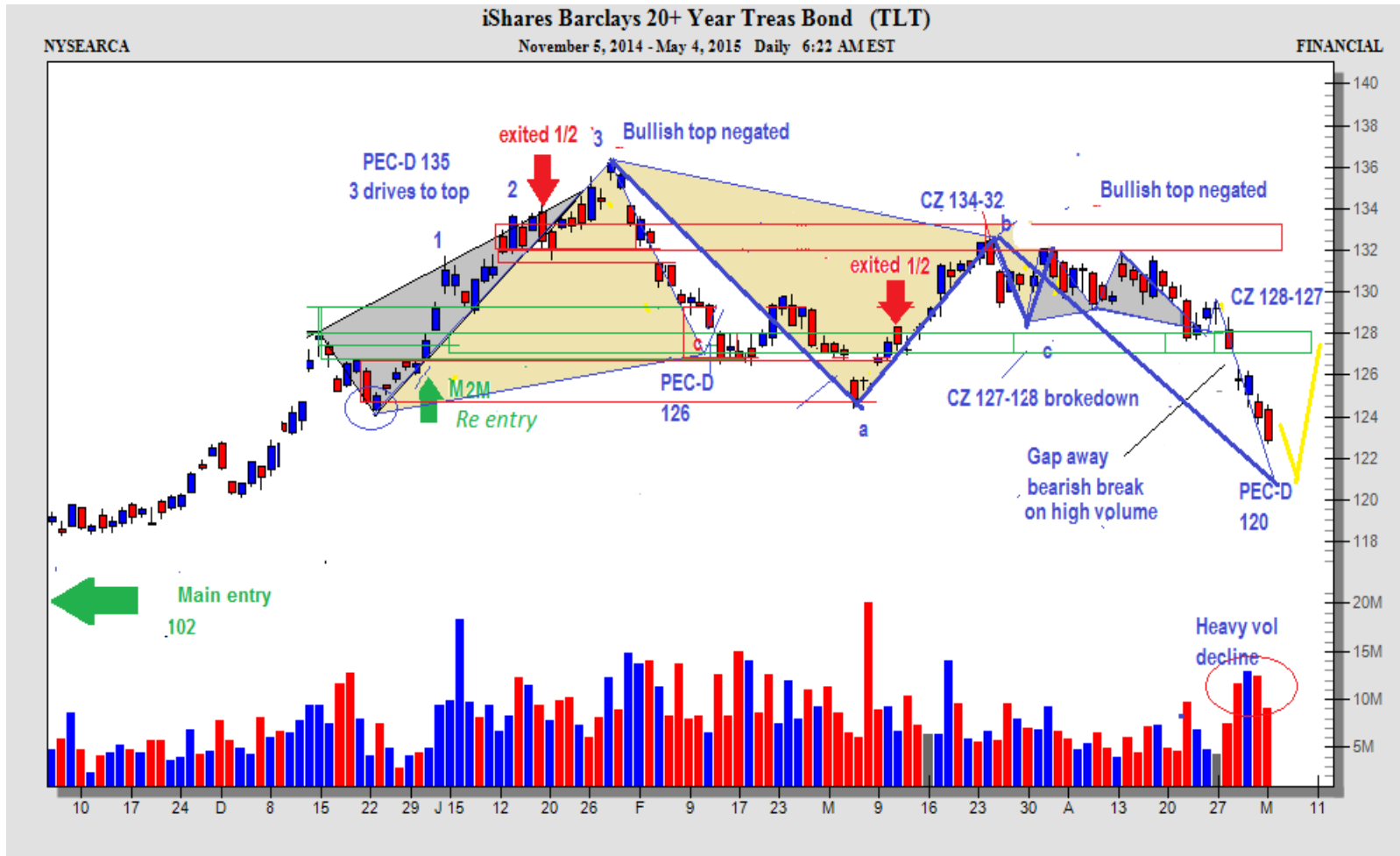
Over all 3 drives to top is complete 1-2-5. The Trin and Tick reading turned Bearish. Volume on bounce has lightened up and failing. The McClellan Oscillator readings below "0" suggest a weakness in trend. NYSE advance/NYSE decline ratio is bearish below 1.5. The 10D TRIN is < .95 and the SPY/TRIN ratio is above 220, both indicators are at extremes and suggests a top is here. Panic Cycle suggest it can go lower till June.

We should consider the possibility that the cycle low due in mid-May can be inverted. It can turn out to be a high in May instead. From the daily SPX Volume Oscillator, projective indicator, we have a T which expires right in that mid-May timeframe, along with a Time Ratio High projection. This scenario also fits the "Sell in May and go away" strategy. The market is clearly in a topping phase as the weakness in the broad market warns, this is huge red flag. Volatility is increasing and it is going to get more volatile.

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

Downside – Pull back to PEC-D 123 approaching. Pull back to CZ 127-128- **Did not hold.**

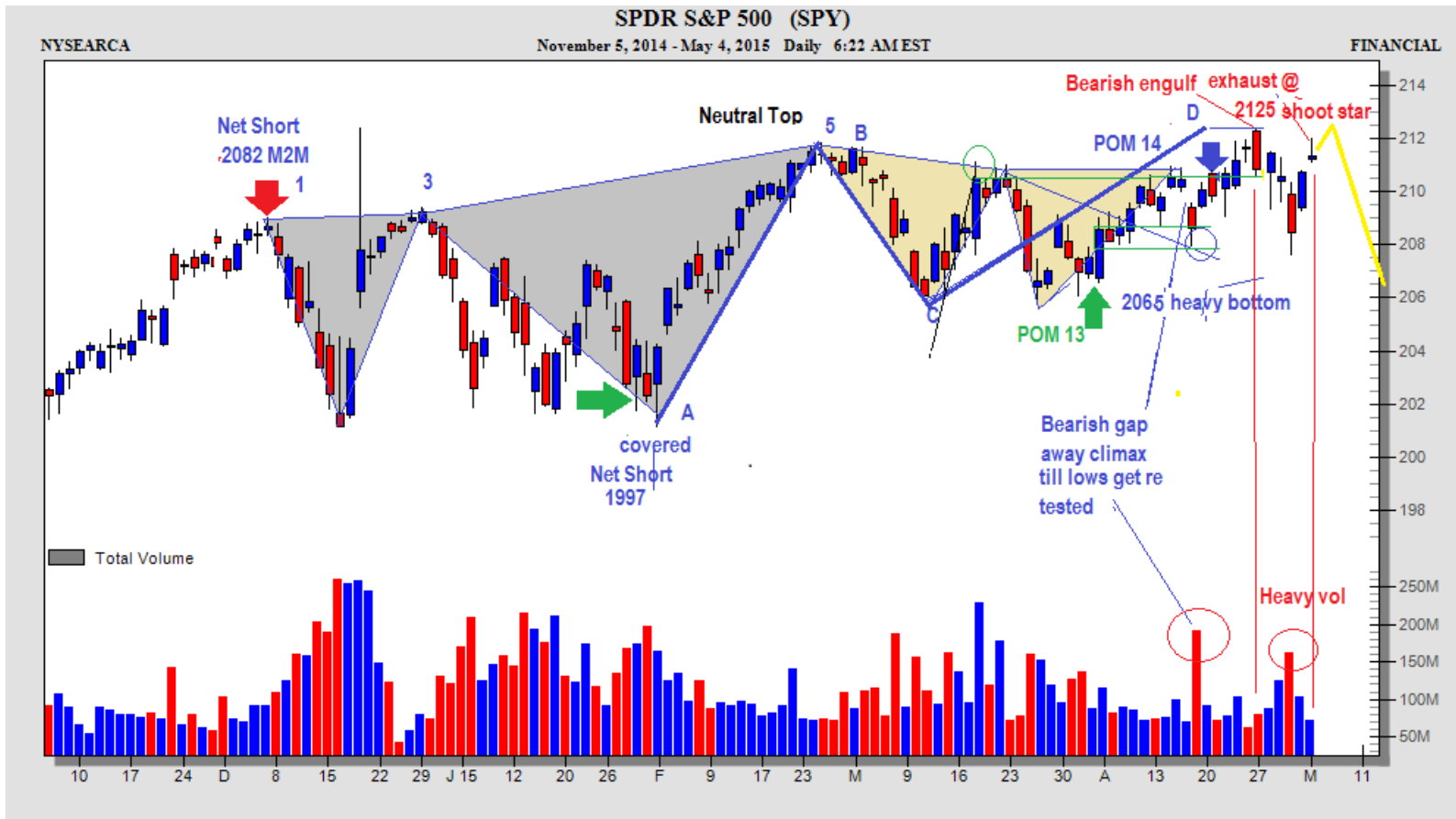
Upside – Rally to CZ 128-127 to fail. Negated the Bullish top at 132-134.



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

UPSIDE – Target to CZ 2115-2100 to fail at near Shooting star and Bearish engulf.

Downside – Pull back to CZ 2065 to heavy bottom



SPX- Trin Analysis - Daily

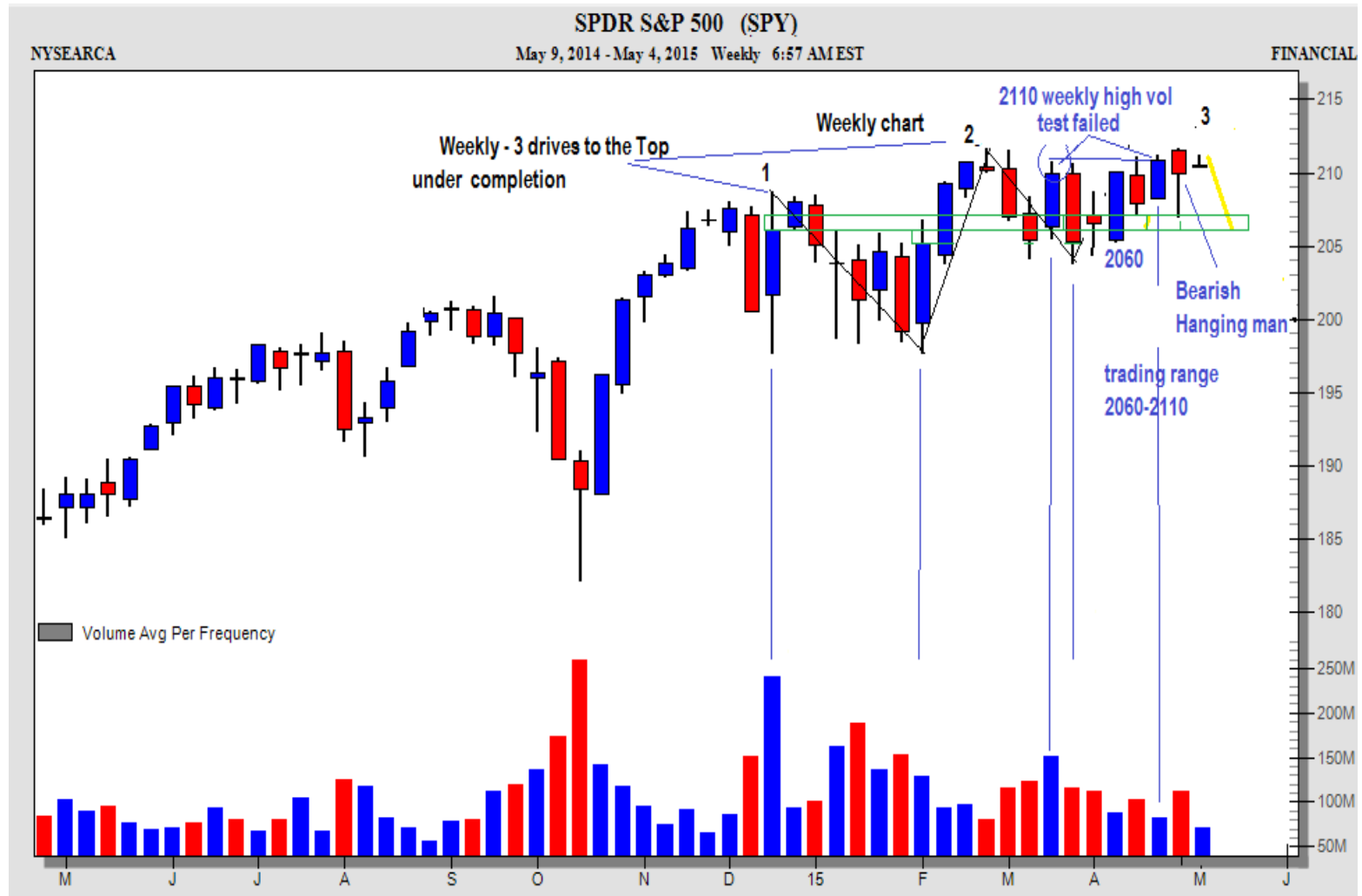
The 10D TRIN < .95 and the SPY/TRIN ratio is above 220, both indicators are at extremes and suggests a top is near.

The internals of the market are weakening. McClellan Oscillator is below "0" are considered bearish. NYSE advance/NYSE decline below 1.45 are bearish.



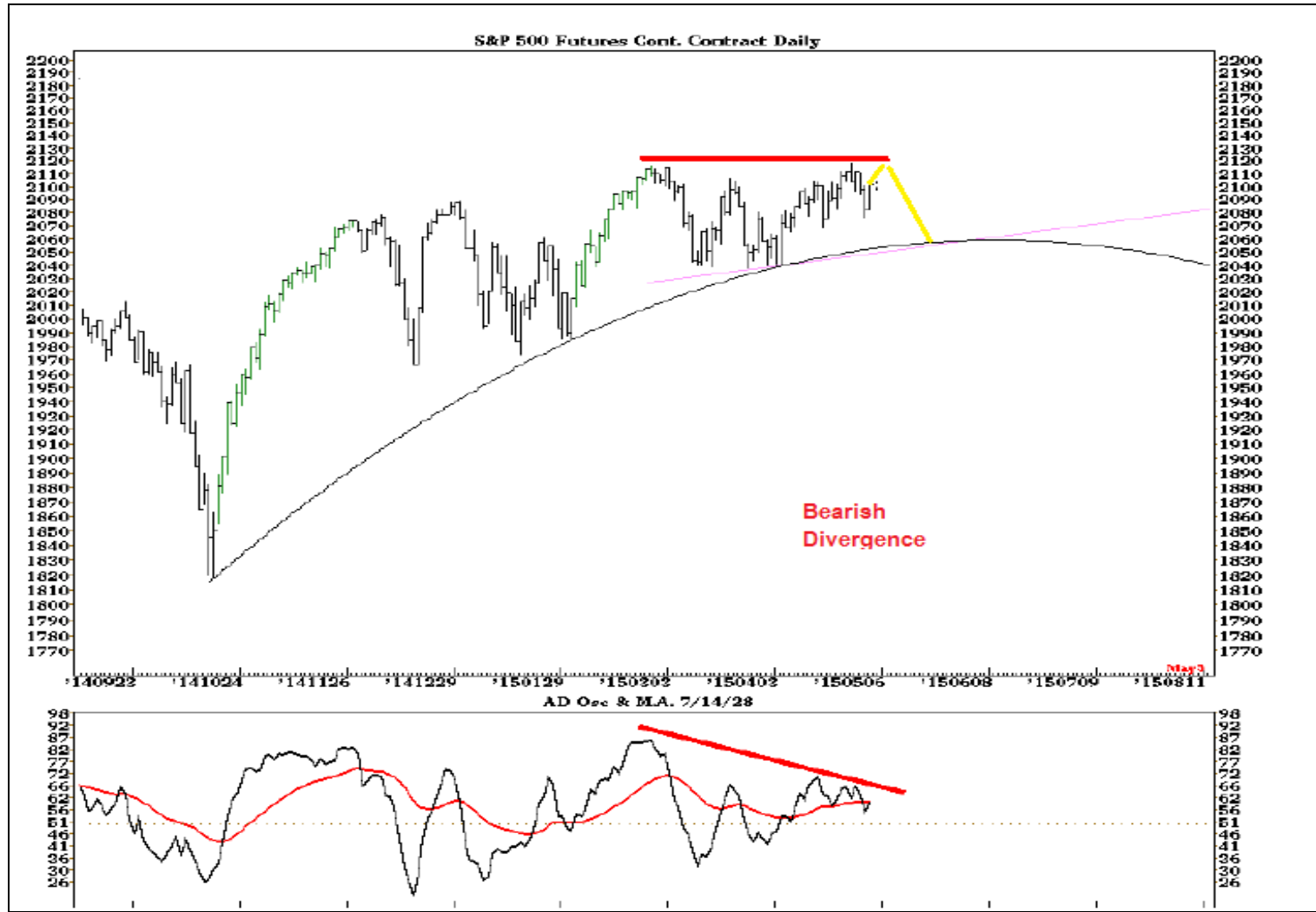
SPX- PEC-D Analysis - Weekly

Notes in chart below –



SPX- AD - Osc Analysis

The First downside target is to the Poly-trend top 2060



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)

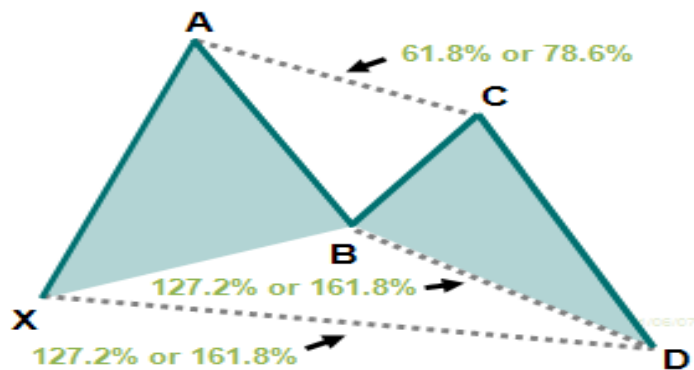
Pythagoras Expansion / Contraction – (PEC) Model

- 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

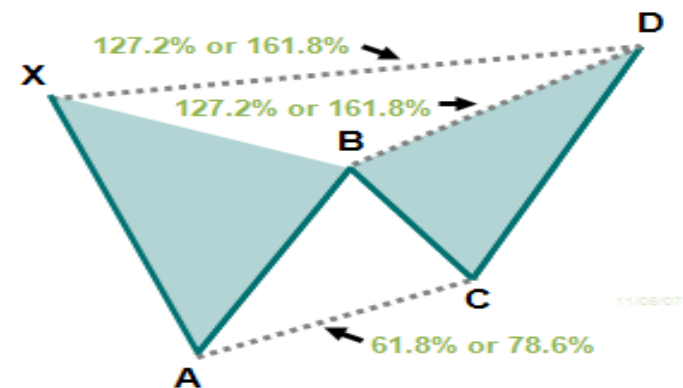
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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