



Date: 2nd June 2015 (Tuesday)

SPX – BONDS - MARKET STRATEGY REPORT (SP)

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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	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	2110	<u>Announced POM 15</u> @ 2100 -2115 5/1 via Alerted email	NONE	BEARISH	15% Net Short	NONE	Bounce to Fail in POM 15 CZ 2115-2110	Target to Re test 2130- failed Bearish Top Larger 1-3-5 Pattern 2125	Pull back to Gap 2100 Was filled, Now rally up Bearish bottom	Target ABC down to 2065 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 within **CZ 2115-2100** Bearish Top. Extension to **2130 failed**.

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

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TLT (BONDS)	119.5	On 1/28 @ 135 Exited ½ & on 3/12 – POM 14, @126 Exited balance	Triggered POM 13 Within CZ 120-118 On 5/17	BULLISH	15% Net long	NONE	Target CZ 128-127	CZ 132-134		Re test into CZ 120-118 & rally up previously Rejected Bullish Bottom	<i>Consolidation between Trading range 133-123</i>

ACTIONABLE IDEAS -

For Bulls – **Triggered POM 13- Net long within CZ 120-118 .**

Alternatively For Bears – Await to bounce to **CZ 127-128** to fail with Bearish top.

Portfolio – Overview & Update

SPX- Overall Portfolio is at “**POM 15- Bearish** triggered within **CZ 2115-2100 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** – **Bullish** triggered @ **1165** on **3/19** . .

BONDS – **POM 13** – **Bullish** triggered **POM 13 Net Long** in **CZ 120-118** on **5/18**

Portfolio Holdings ...

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

- **LONG at POM 13**Total 73% Holding
Non- Equity (7.5%) - TLT(15%), 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 25% Holding
Equity (15%) - SPX (15%), QQQ (5%), IWM (5%).

Market Overview SPX- BONDS

TLT 's - POM 13 Triggered- Bullish on 5/18 with CZ 120-118.

Bond market is completing ABC correction to the downside with resting last week's lows. When equities falls, the bond market would be soaring.

SPX's - POM 15 Triggered - Bearish on 5/1 with CZ 2115-2100.

SPX rallied above triple top exhaustion point of CZ 2115-2100. The move above to 2135 may a trap completing 1-3-5 pattern followed by sharp decline. The First downside target is 2060 which is ABC down at Selling Climax" lows (needs to be tested).

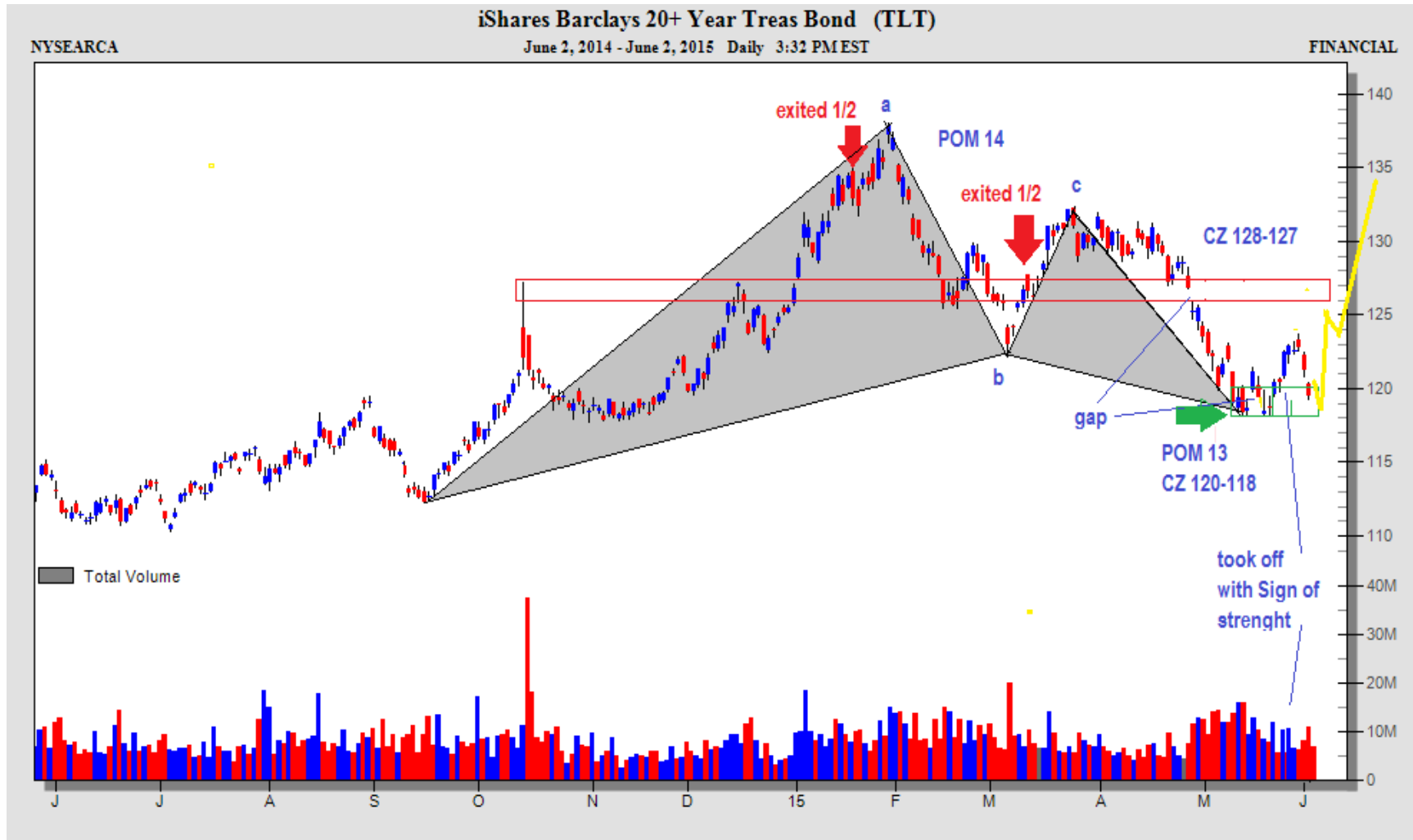
But one last T on the NYSE suggests the market could manage one last rally into the middle of June blow off , which would correspond to a pullback in the bond market.

All market Internals are negative. The Trin and Tick reading turned Bearish . Volume on bounce has failed & picked up on decline. The McClellan Oscillator readings below "0" suggest a weakness in trend. NYSE advance/NYSE decline ratio is bearish . TRIN and SPY/TRIN ratio are in bearish territory.

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

Downside –ABC down to CZ 120-118 is being retested in previously - rejected for POM 13

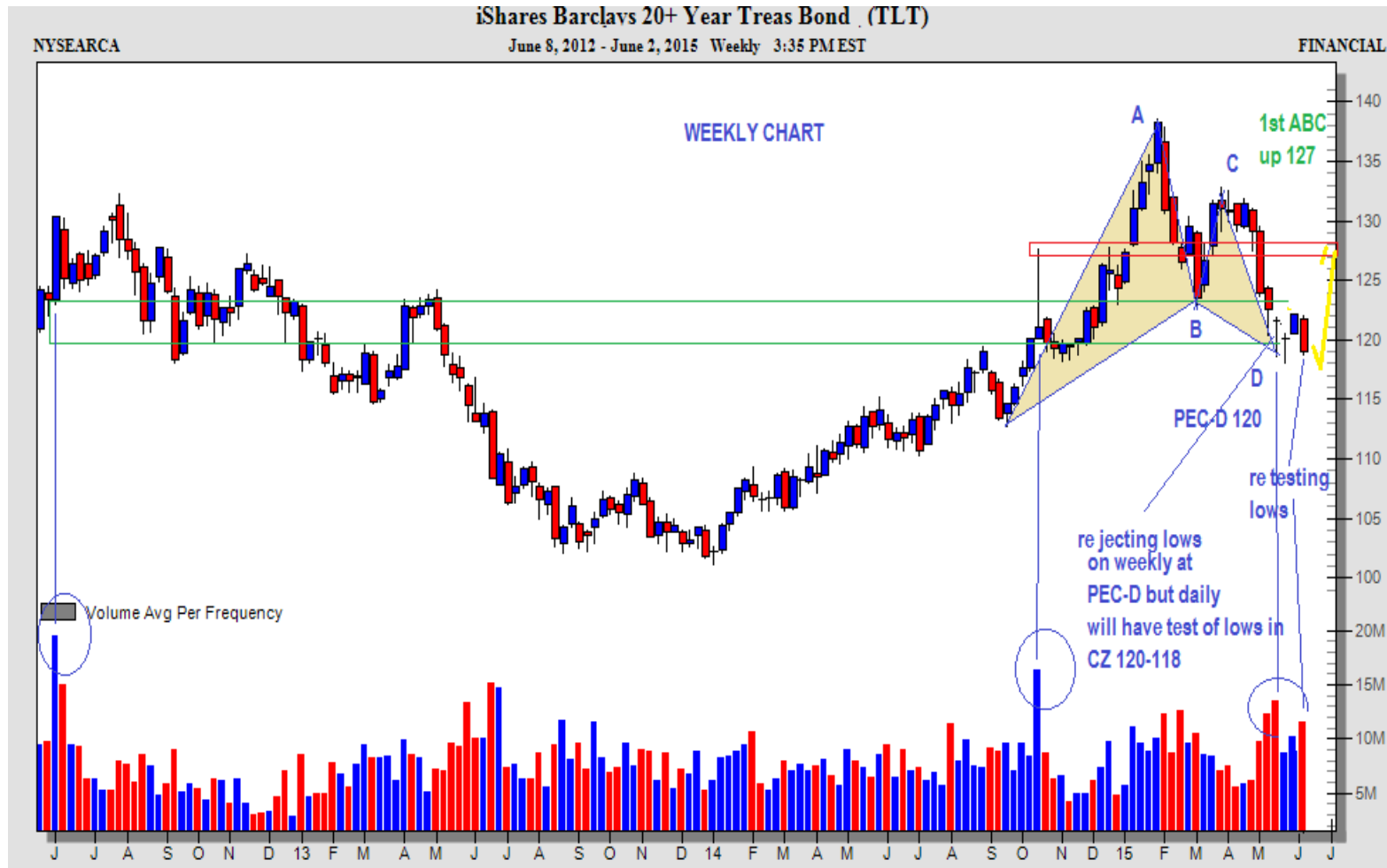
Upside – Rally to 1st Target CZ 128-127



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

Downside – ABC down to re test into CZ 120-118- rejected for POM 13

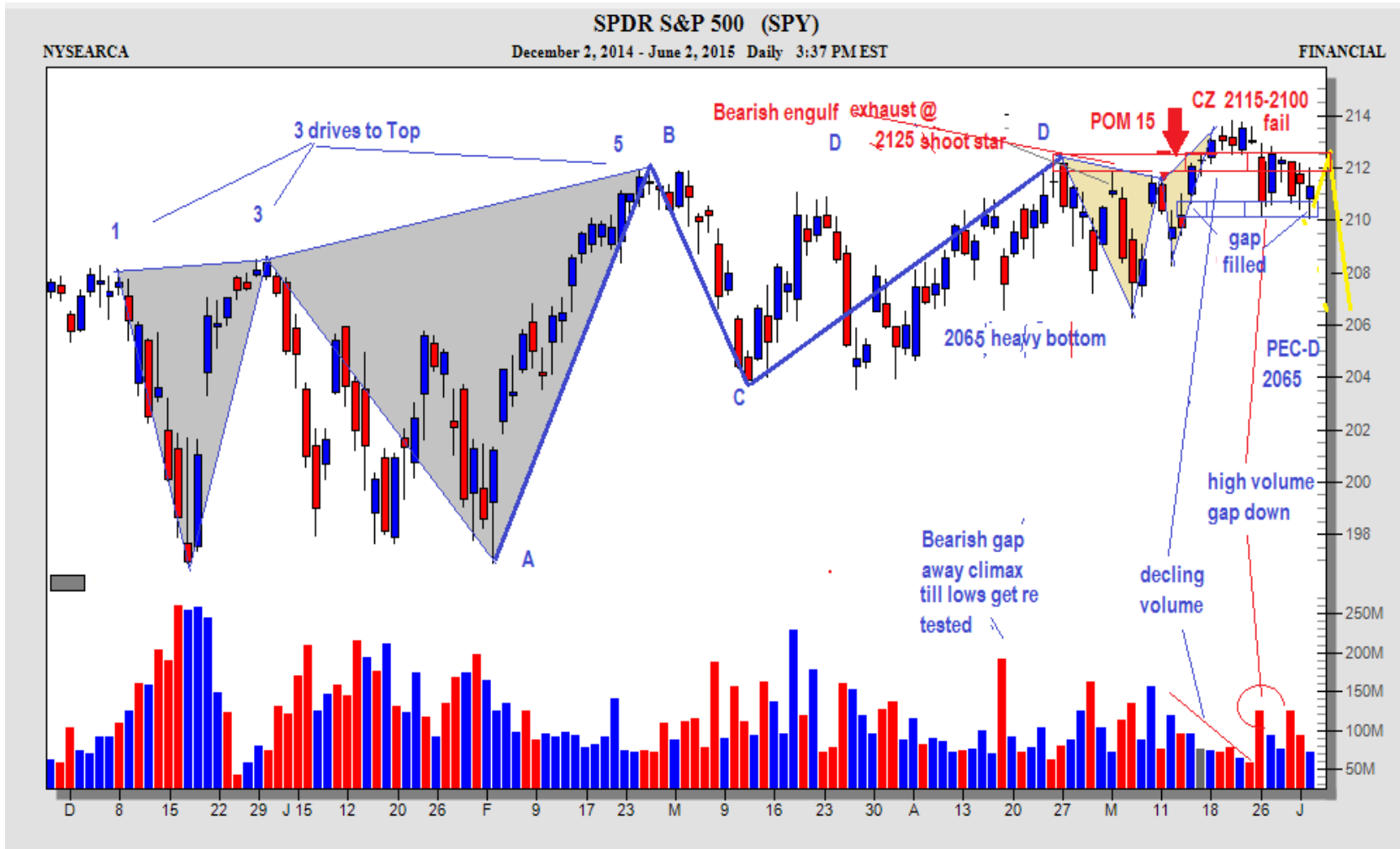
Upside – Rally to 1st Target CZ 128-127



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

Downside – First Downside target to 2100 gap is filled , rally up and then ABC down to PEC-D 2065 to heavy bottom

UPSIDE – Target to 2125, - 3 drives to the top - 1-3-5 pattern, but extension 2135 to fail due to lighter volume test of the Shooting star and Bearish engulf.

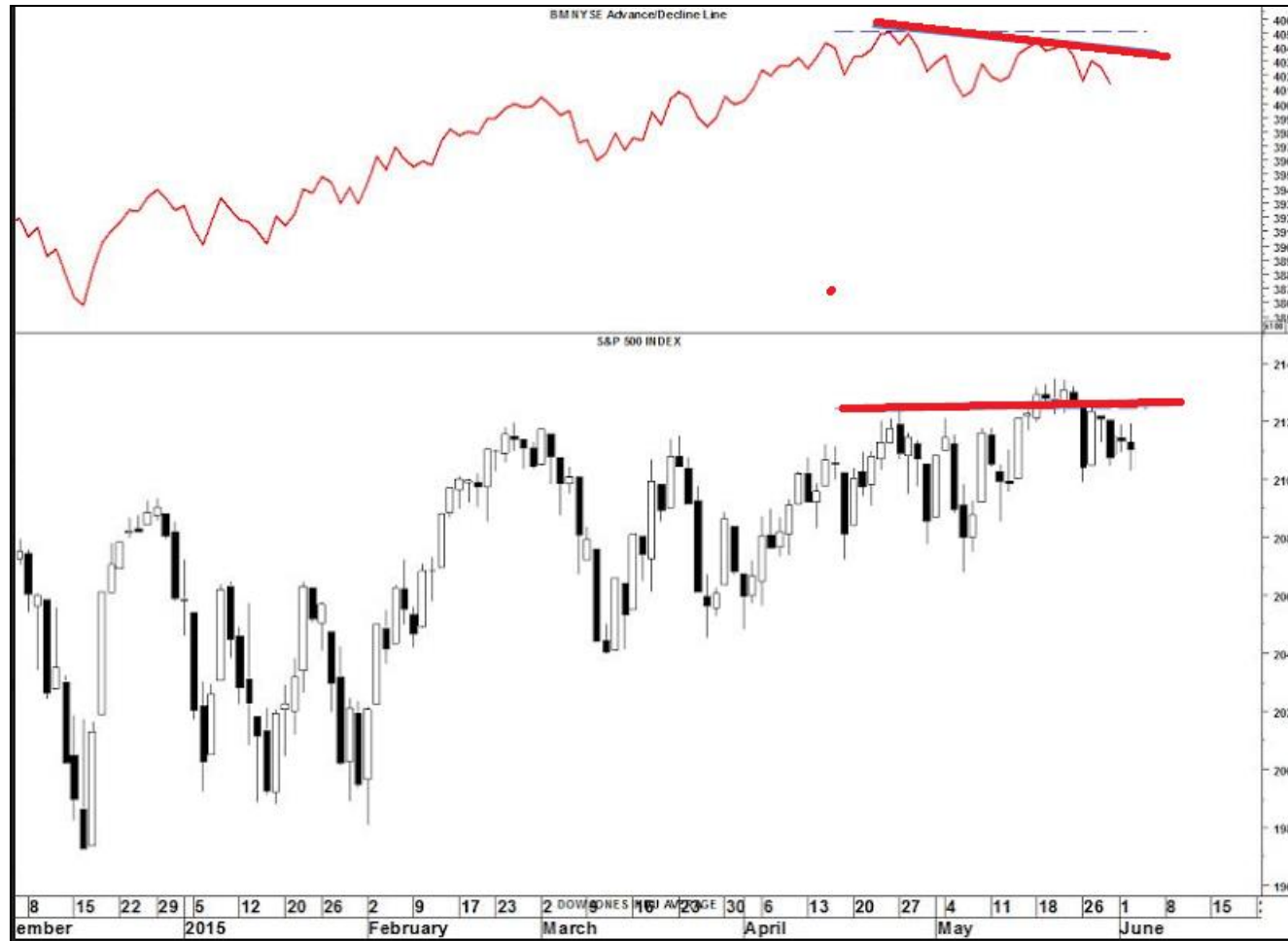


SPX- Trin Analysis - **Daily**

The cumulative tick has been showing a negative divergence starting in mid April but so far the market has held up but has made little head way. On the recent pull back the SPX made a higher low and the cumulative tick made a lower low and a short term negative divergence.



SPX- AD – line divergence Analysis - Daily



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)

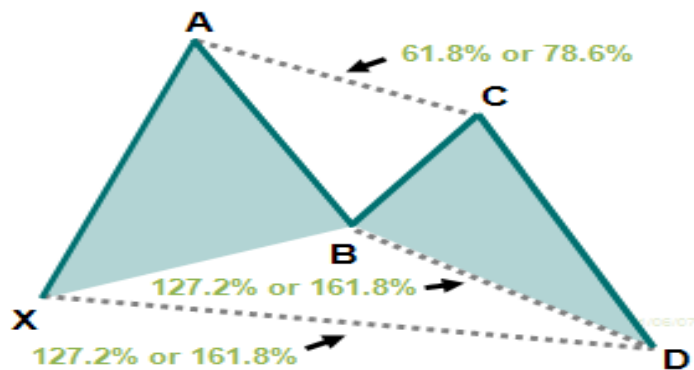
Pythagoras Expansion / Contraction – (PEC) Model

- 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 streams to achieve confluence point D coinciding with POM

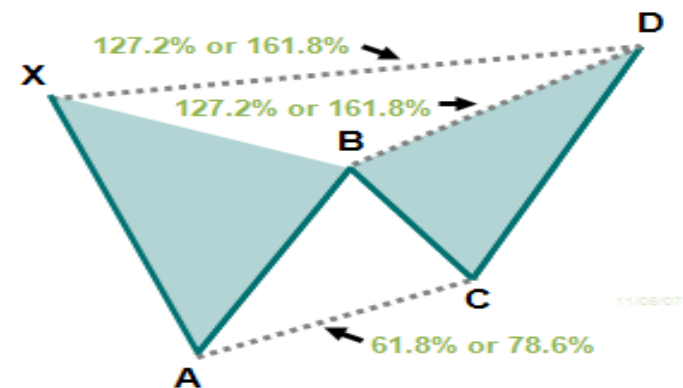
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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