



Date: 16th June 2015 (Tuesday)

SPX – BONDS - MARKET STRATEGY REPORT (SP)

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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	Announced POM 14 @ 2080-2065 6/9 via Alerted email	NONE	NEUTRAL	0% Closed Net short Position For 28 pts gains	NONE	Target Bounce to PEC-D 2115 Earlier Met exact & sold off Neutral Top	2130- failed Bearish Top Larger 1-3-5 Pattern 2125	Target ABC down to 2065 Hit lows of 2075 & rallied	2 nd ABC down to 2010 Neutral Bottom	<i>Holding long</i> position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here

ACTIONABLE IDEAS –

For Bears – Triggered POM 14 – Neutral - CZ 2065-80 to cover Net Short position – Neutral Bottom and wait for next bounce to Sell Short

For Bulls – CZ 2065-80– Re- test would be good place to go Net Long.

	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)	119.5	Triggered POM 13 Within CZ 118-120 On 5/17	NONE	BULLISH	15% Net long	NONE	Target CZ 128-127	CZ 132-134	Re test into CZ 118-120	PEC-D 118 extended To 116.5 On lighter volume previously Rejected Bullish Bottom	

ACTIONABLE IDEAS -

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

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

Portfolio – Overview & Update

SPX- Overall Portfolio is at “**POM 14- Neutral** triggered within **CZ 2065-80 on 6/9**.

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 118-120** 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 0% Holding

Market Overview SPX- BONDS

SPX's - POM 14 Triggered – Neutral on 6/9 within [CZ 2065-80](#).

SPX declined to rest our target 2065 . It hit lows of 2075 from our trigger POM 15 point 2108. One more rally is left to fail at the top. It would give another opportunity to Trigger POM 15.

We do not have positive divergence yet, it suggests that 2075 lows will be rested after a bounce but the current bottom is Neutral.

Additionally, the market bottoms tend to form when the TRIN and TICKS readings above 1.30 and below -300 respectively TRIN close is above 1.30. Market could bounce here but final low still lies ahead. The target would be to 2115

TLT 's - POM 13 Triggered- Bullish on 5/18 with [CZ 120-118](#).

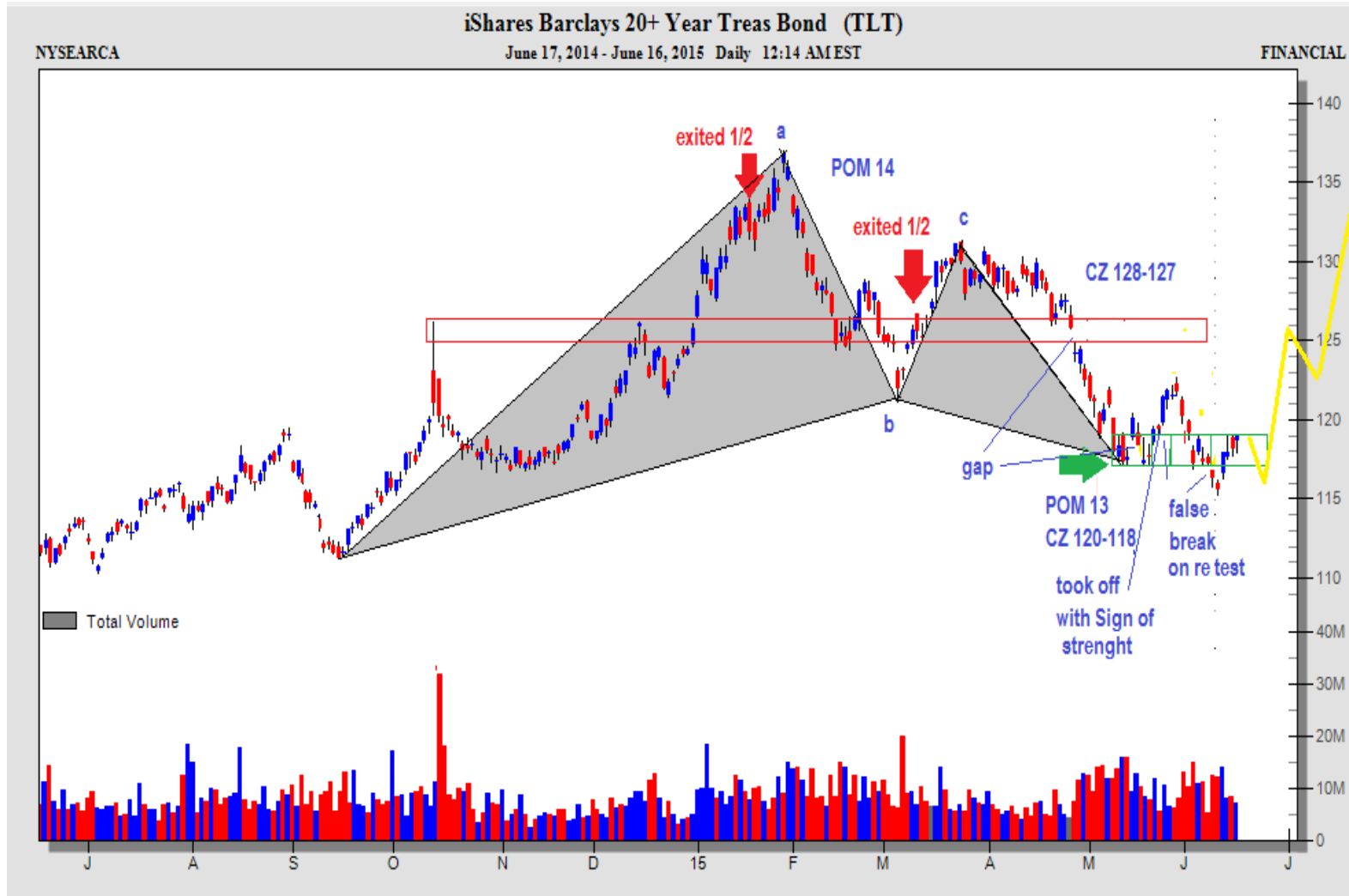
Bond market has come back in range after the extended ABC correction to the downside, at the same time the yield is nearing the completion of an upward ABC correction with negative divergence. (Refer chart below).

The re test of weekly CZ of POM 13 is on lighter volume. TLT should rally soon.

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

Downside – ABC down to CZ 118-120 is retested with false break below at 117 . It has come back in range

Upside – Rally to 1st Target CZ 128-127



Yield on Bonds

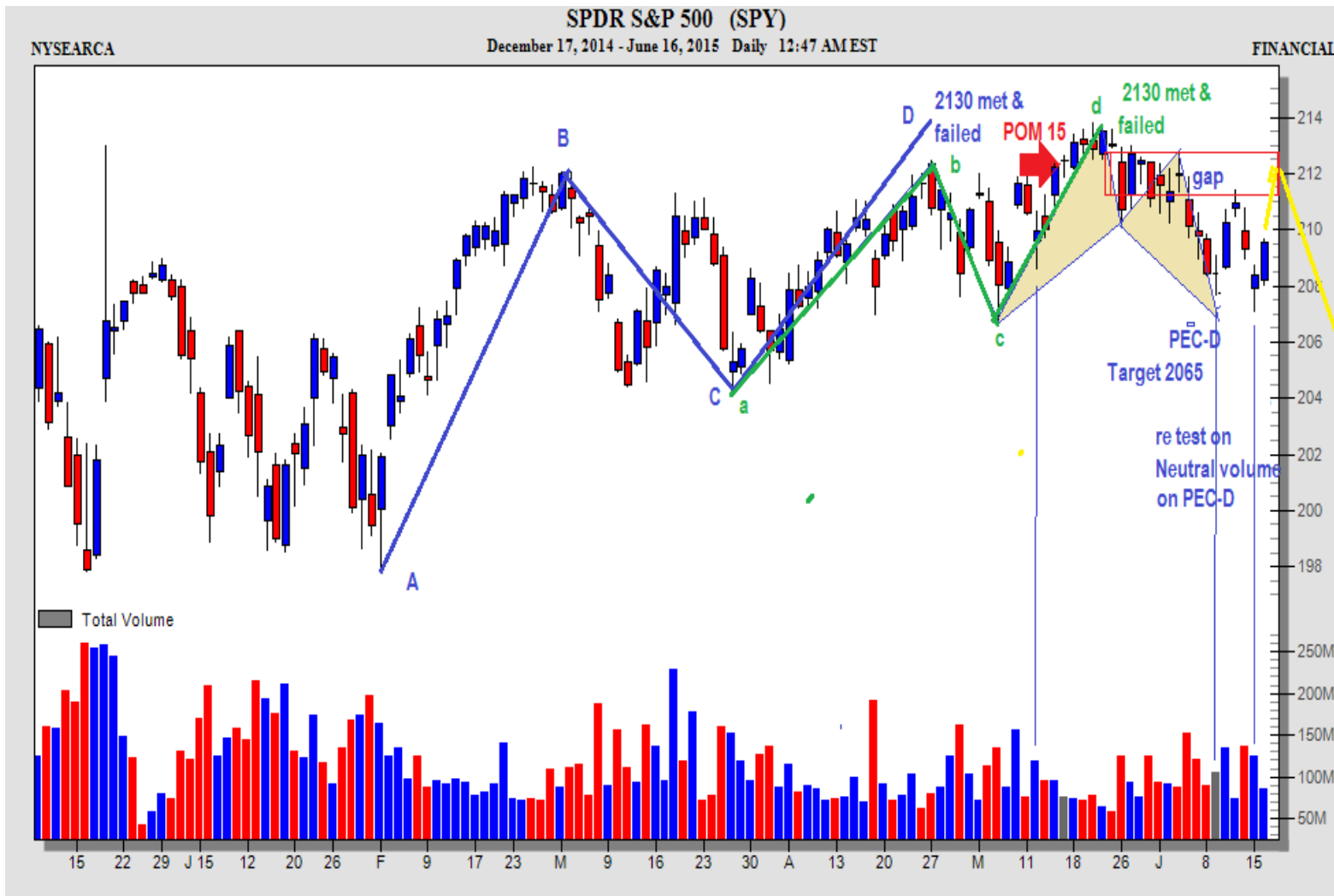
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SPX- PEC- D Analysis - Daily

Downside – Downside target to 2065- rested once again for another bounce – Bottom is Neutral bottom

UPSIDE – Bounce to Multiple gaps 2115-2120 to fail at upward PEC-D projection of 2115

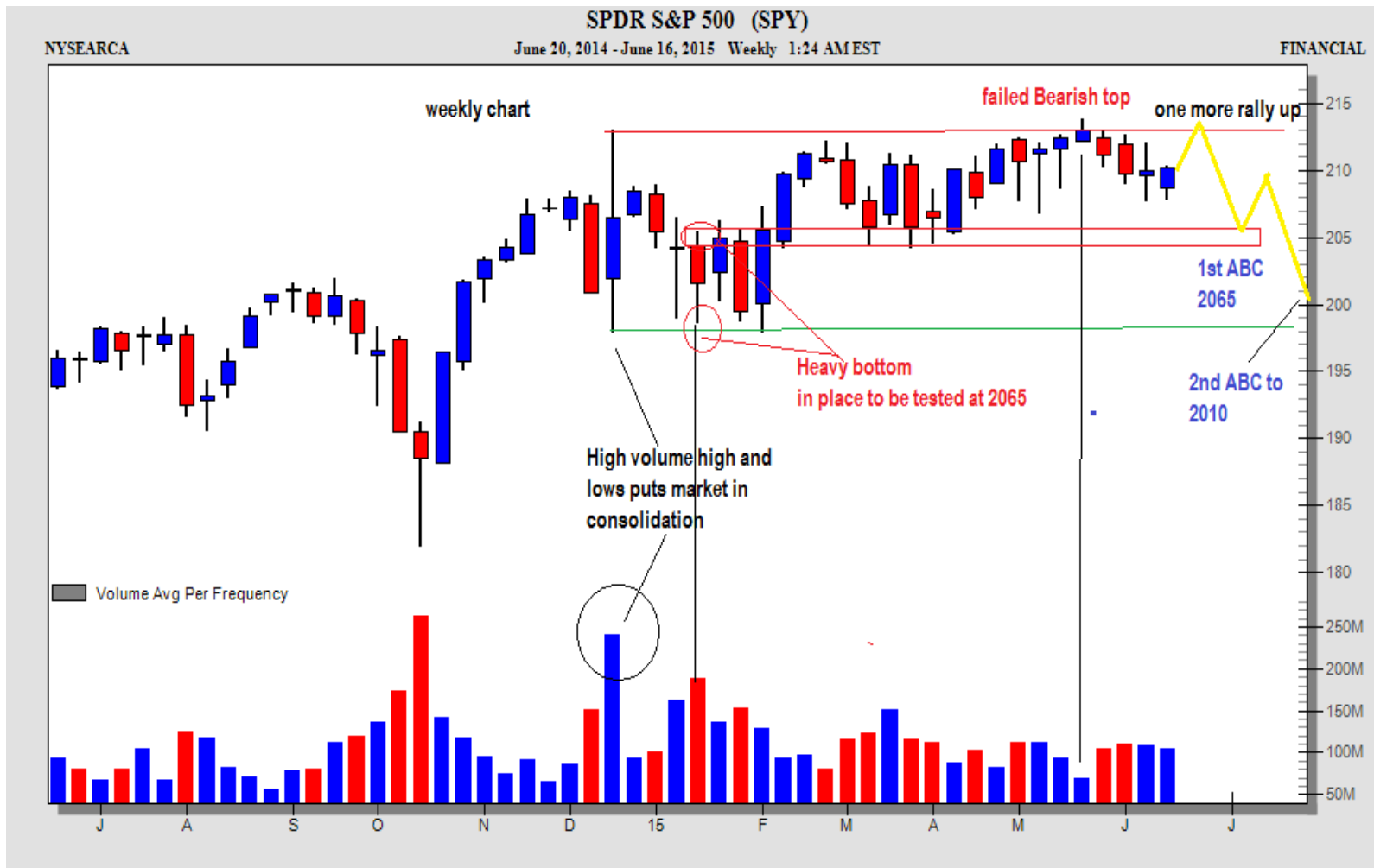


SPX- PEC- D Analysis - Weekly

Downside – Downside target to 2065- -1st ABC down rested once again for another bounce – Bottom is Neutral bottom.

2nd ABC down to 2010

UPSIDE – Bounce to Multiple gaps 2115-2120 to fail at upward PEC-D projection of 2115



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 – NEUTRAL

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)***

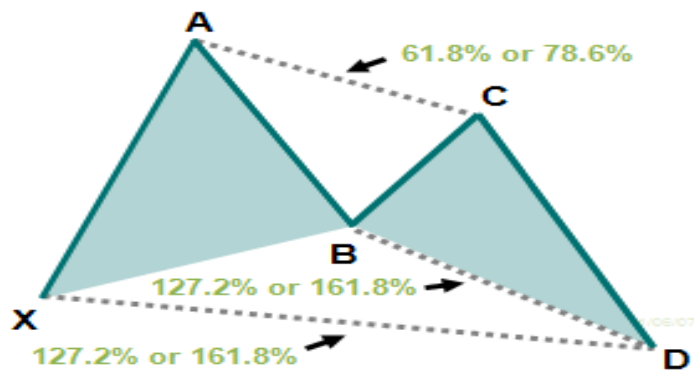
Pythagoras Expansion / Contraction – (PEC) Model

- 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

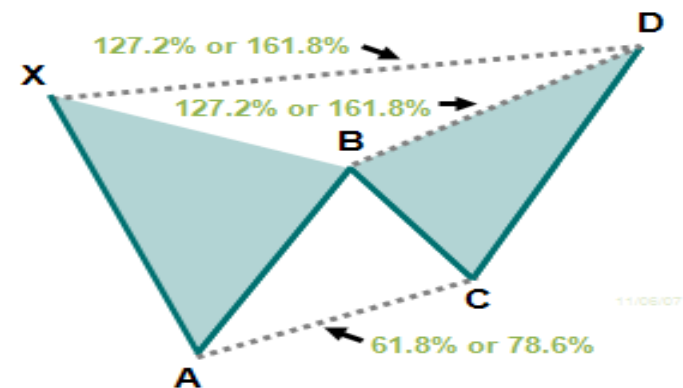
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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