



Date: 22nd June 2015 (Monday)

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	2108	<u>Announced POM 14</u> @ 2080-2065 6/9 via Alerted email	NONE	NEUTRAL	0%	NONE No Signal For Net Short	Target Bounce to PEC-D 2115 <u>Met exact Neutral Top</u>	2130- failed Bearish Top Larger 1-3-5 Pattern 2125	<u>Pull back to 2100-2095</u> Gap area and <u>Rally up to</u> next failure	1 st ABC down 2075-2065 <u>met & rallied Neutral Bottom</u> 2 nd ABC down to 2010	<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 – Awaiting to form Bearish Top at CZ 2115-2120 for next bounce to Sell Short

For Bulls – CZ 2065-80– Re- test met and rallied up . It was good place to go Net Long for Bulls as indicated in our last Report when we Triggered POM 14 to cover our Net Short positions.

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TLT (BONDS)	119.5	Triggered POM 13 Within CZ 118-120 On 5/17	NONE	BULLISH	15% Net long	NONE	Target CZ 128-126 PEC-D 126.5	CZ 132-134	Re test into CZ 118-120 Bullish bottom	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 Covered al Net Short

Although SPX bounced to our rally target of 2115 from 2075 as expected in previous report. No Trigger for POM 15 – Net Short.

We do not have –ve divergence yet, still a Neutral Top on Short term. Although the rally faltered on Friday as fears of bad news from Greece's exit from the Eurozone took command, causing traders to flatten positions going into the weekend. TRIN and TICKS readings are not at extreme Bearish territory, MC – OSC is inching above 0 . Suggests after the pull back to Gap area 2100-2095 one more rally up for the failure. (Refer chart below)

The cycle lows at 2080 is still in effect even though the 2115 target is approaching but need a Bearish top. **We shall announce it when fails**

The Major 2130 Bearish top still remains at completion of major 1-3-5 Pattern.

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

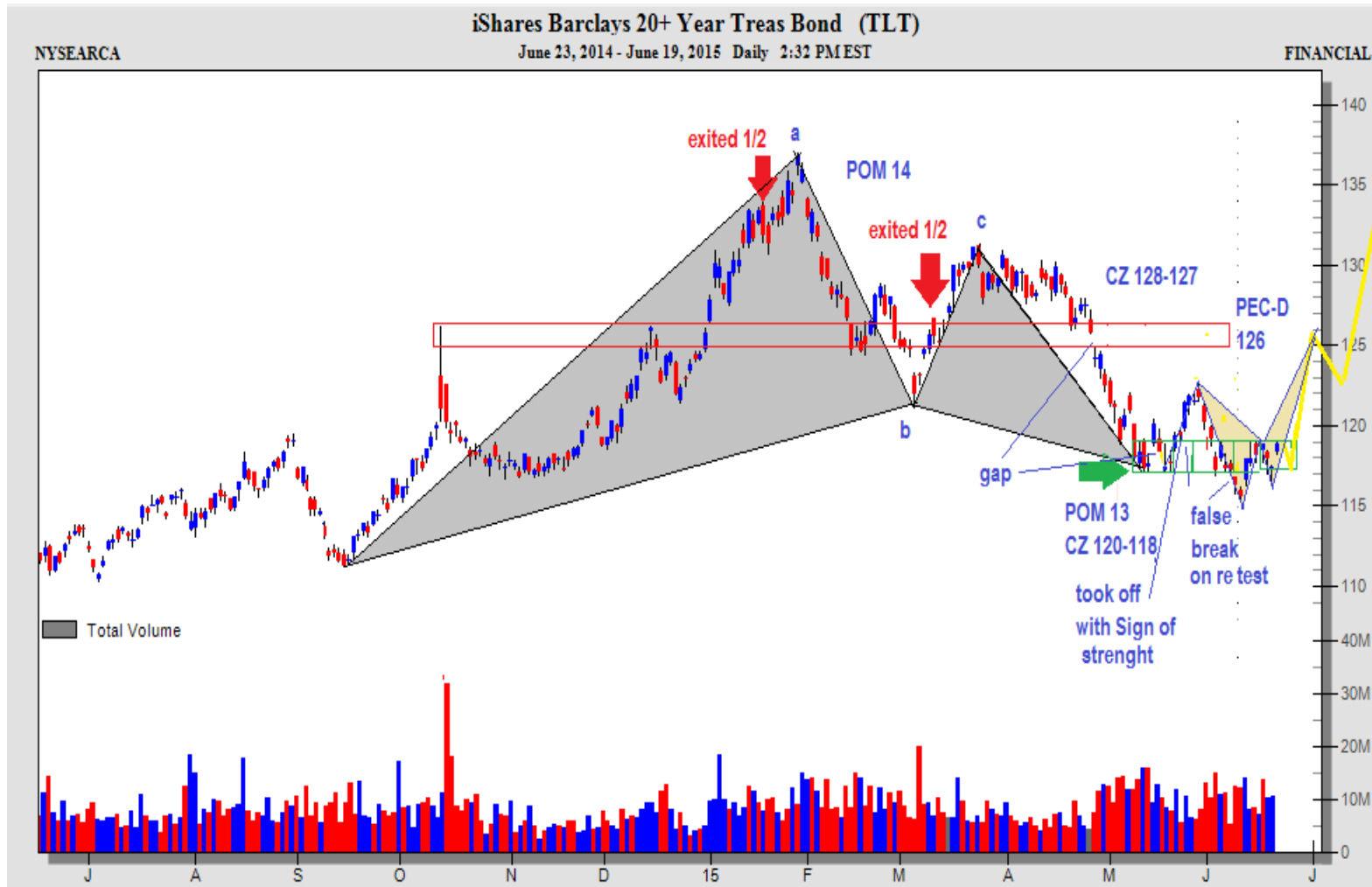
A major cycle low in bonds is due. And, we can see from the money flowing into the 20-year government bond fund **TLT** that the buyers are back and buying bonds. Refer chart below).

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

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

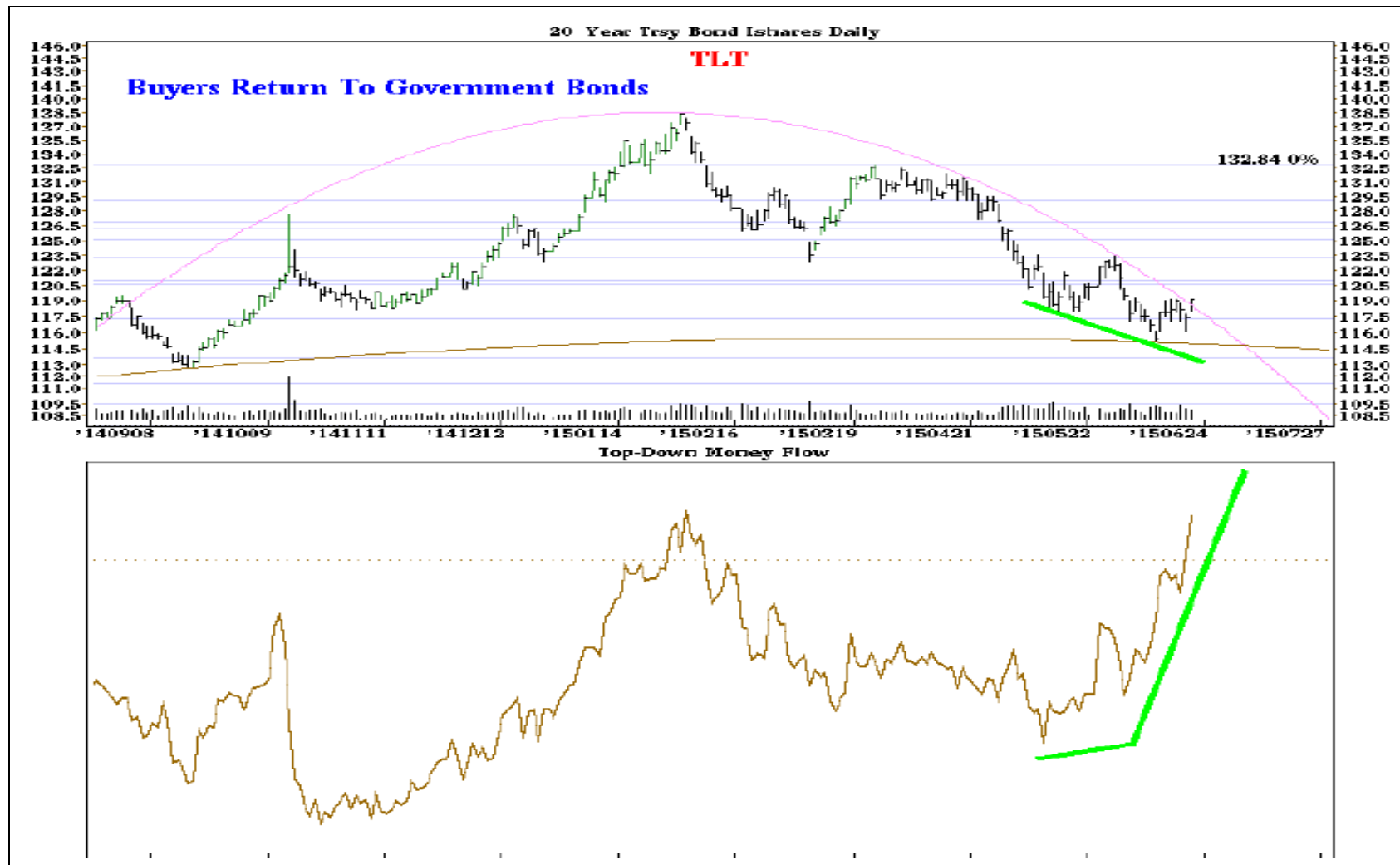
Downside –ABC down to CZ 118-120 is retested with false break below at 117 . It has come back in range

Upside – Rally to 1st Target CZ 128-127 –PEC-D 126.5



TLT – Money-flow Analysis.

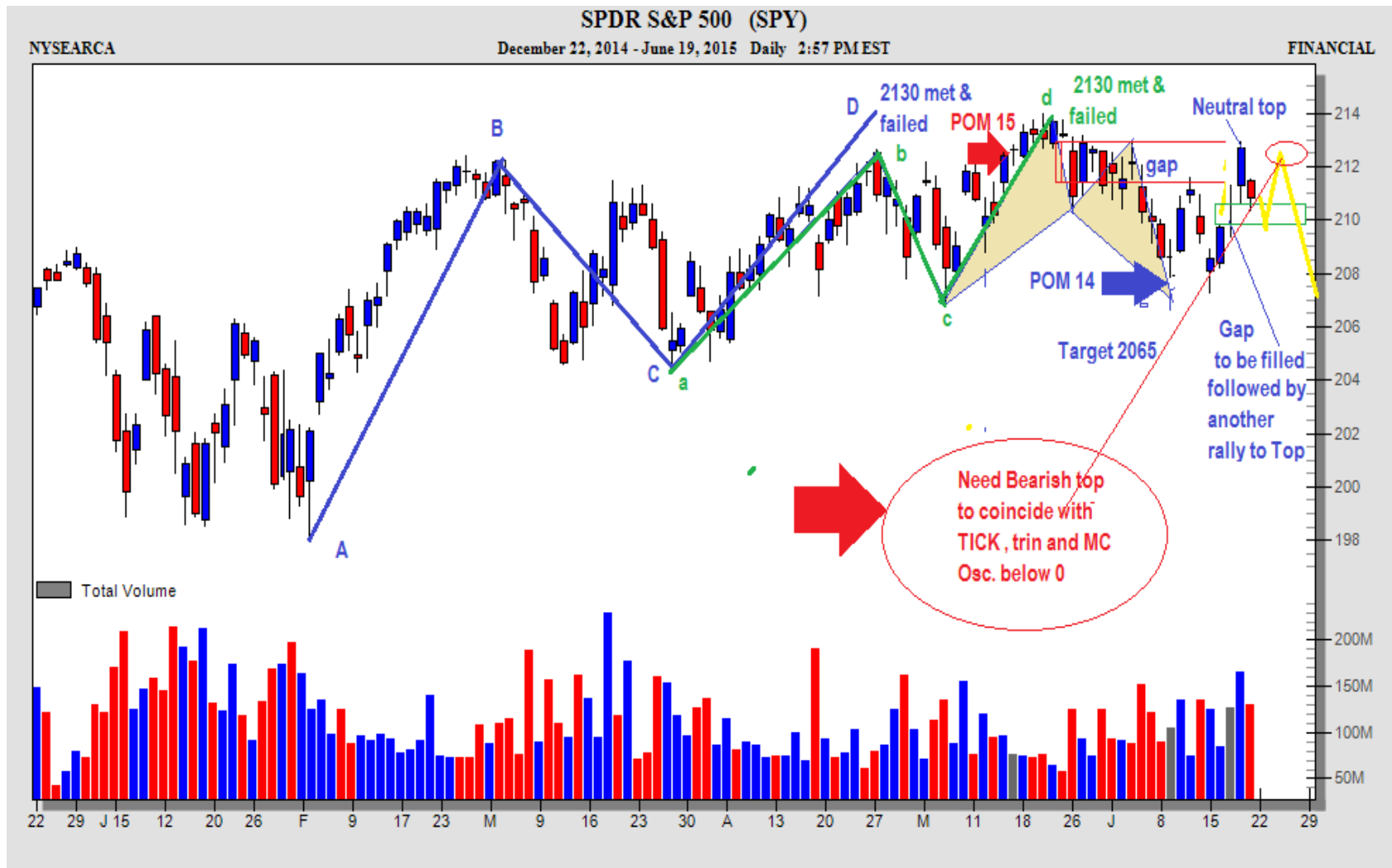
A major cycle low in bonds is due. And, we can see from the money flowing into the 20-year government bond fund TLT that the buyers are back and buying bonds. Refer chart below).



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

UPSIDE – Bounce to Target approached 2115-2120 But on Neutral Top . It needs to fail

Downside – Pull back to **Gaps 2100-2095** and again for another bounce – Bottom is Neutral.



SPX- MC- Oscillator. Analysis.

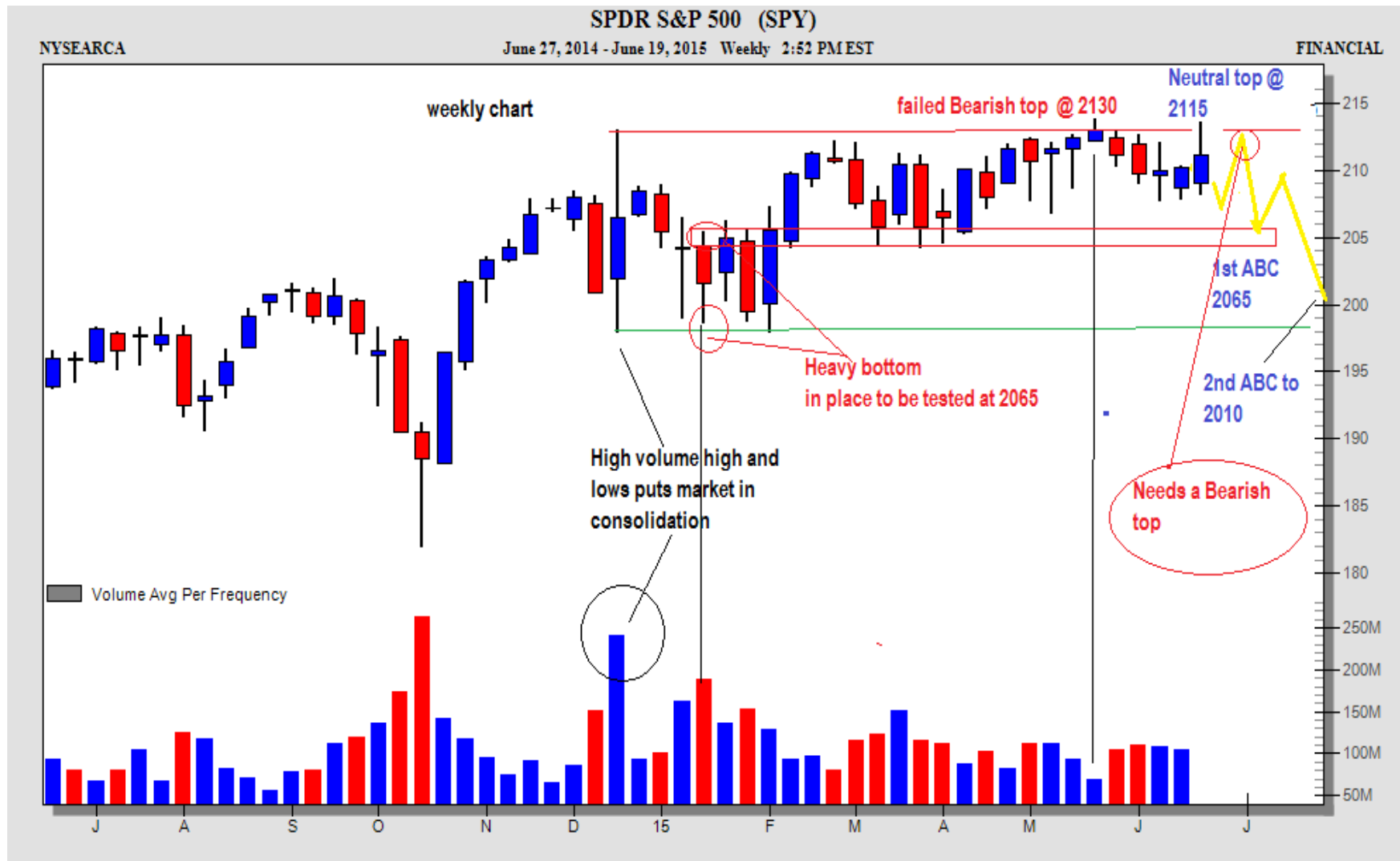
MC – OSC is inching above 0. It needs to be below 0 for Bears.



SPX- PEC- D Analysis - Weekly

Upside – One more bounce to 2115-2120 to fail at upward PEC-D projection of 2115

Downside – Downside target to 2075-65- -1st ABC down rested and rallied back. 2nd ABC down to 2010



SPX – Cyclical Model

- SPX - Seasonality -

MAY EFFECT – Negative .

- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model – Neutral -

- SPX - Sentiments Model

AAll 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)***

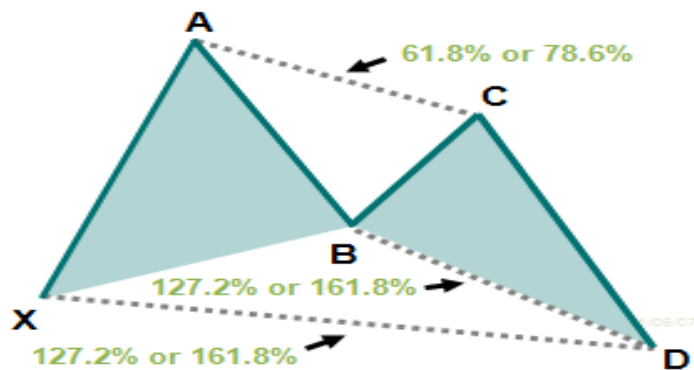
Pythagoras Expansion / Contraction – (PEC) Model

- 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

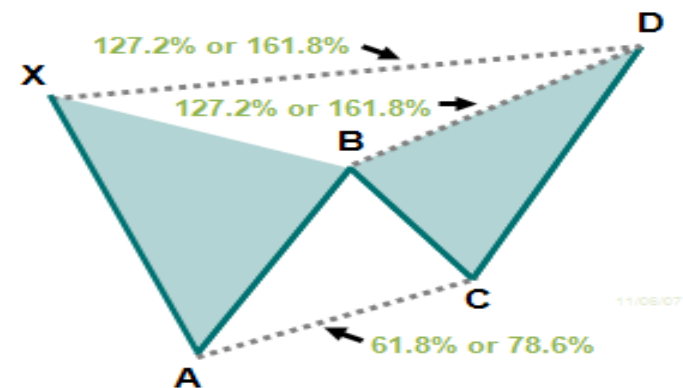
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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