SG Capital Research
Global Market Insights
Chart System

Date: 29TH June 2015 (Monday)

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	2098	Announced POM 15 @ 2115-2120 Trigger 6/23 via Alerted email	NONE	BEARISH	15% - Net short	NONE	Target to PEC-D 2120-15 Met exact & Triggered POM 15 Bearish Top	2130- failed Bearish Top Larger 1-3-5 Pattern 2125	Pull back to 2095 approached with Bearish bottom	1st ABC down 2065-75 2nd ABC down to 2010	*Holding long position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here*

ACTIONABLE IDEAS –

For Bears – **Bearish Top at CZ 2120-15 Trigged POM 15 on 6/23 via EMAIL ALERT (last Tuesday) to Sell Short** . Look for market to go lower

For Bulls – CZ 2065-80– target if achieved and rejected would be good place to go Net Long for Bulls.

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TLT (BONDS)	115.5	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	PEC-D 118 extended To 116.5 On lighter volume Bullish bottom	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 15- Bearish** triggered within **CZ 2115-2120 on 6/23.**

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 25% Holding
  Equity (25%) - SPY (15%) ,QQQ (5%), IWM (5%)

Market Overview SPX- BONDS

SPX's - **POM 15 Triggered – Bearish**   on 6/23 within CZ 2120-2115 Net Short

Our projection to upside target to PEC-D 2120-2115 met and Triggered POM 15 for Net Short. The Major 2130 Bearish top still remains at completion of major 1-3-5 Pattern.

MC – OSC is now trading below 0. TRIN and TICK reading exhausted on Tuesday when we triggered our Bearish top at the end of projection. Our first pull back to Gap area 2095 with heavy bottom.

We have 3rd party chart below with interesting top formation on long term 150 Years basis published by Bloomberg .

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

TLT has false break below with Bullish wedge. A major cycle low in bonds is due. We continue to see the money flowing into the 20-year government bond fund **TLT** .

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 PEC-D 118 is extended to 116.5 with false break.

Upside – Rally to 1st Target CZ 128-126 –PEC-D 126.5
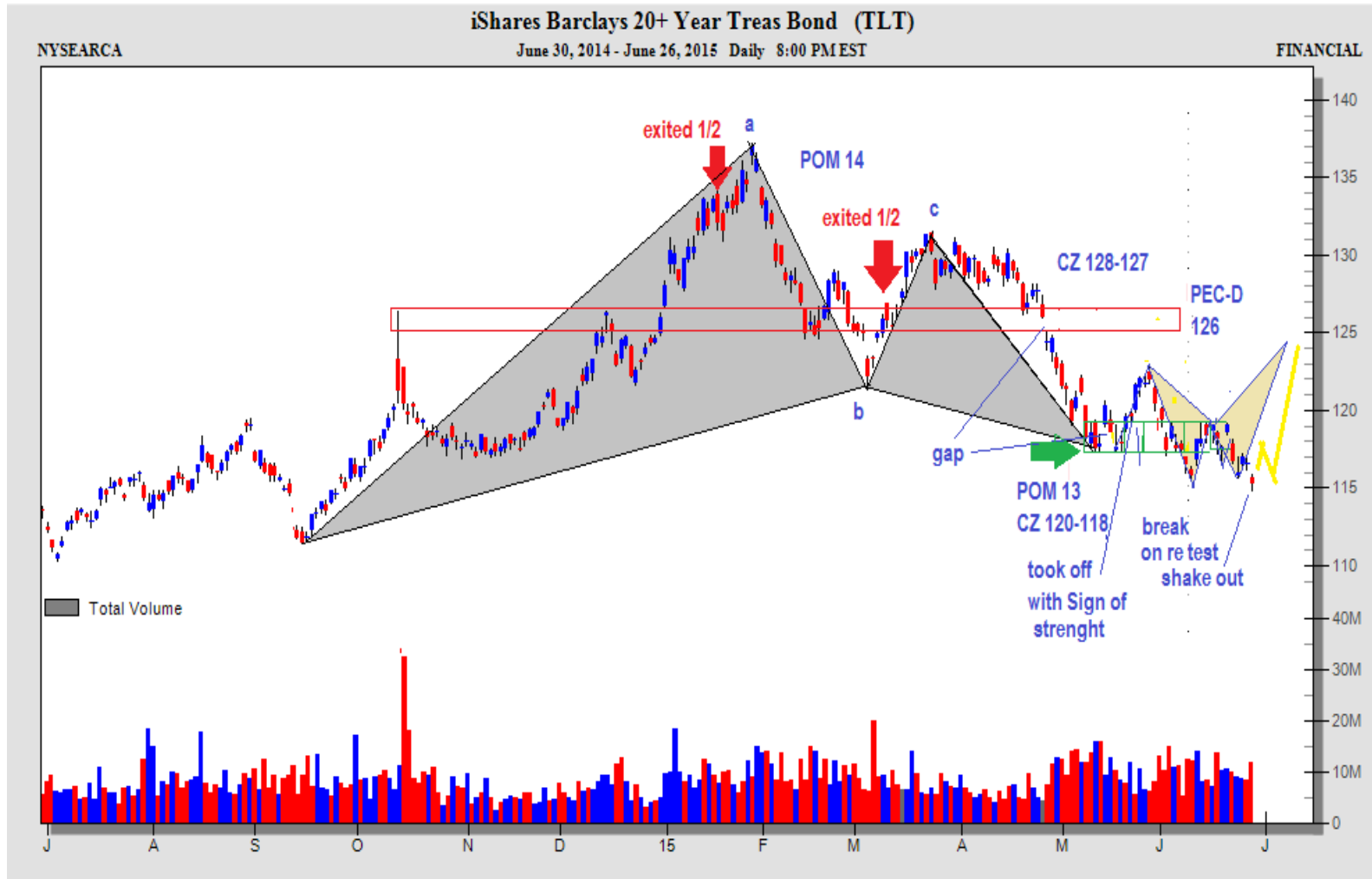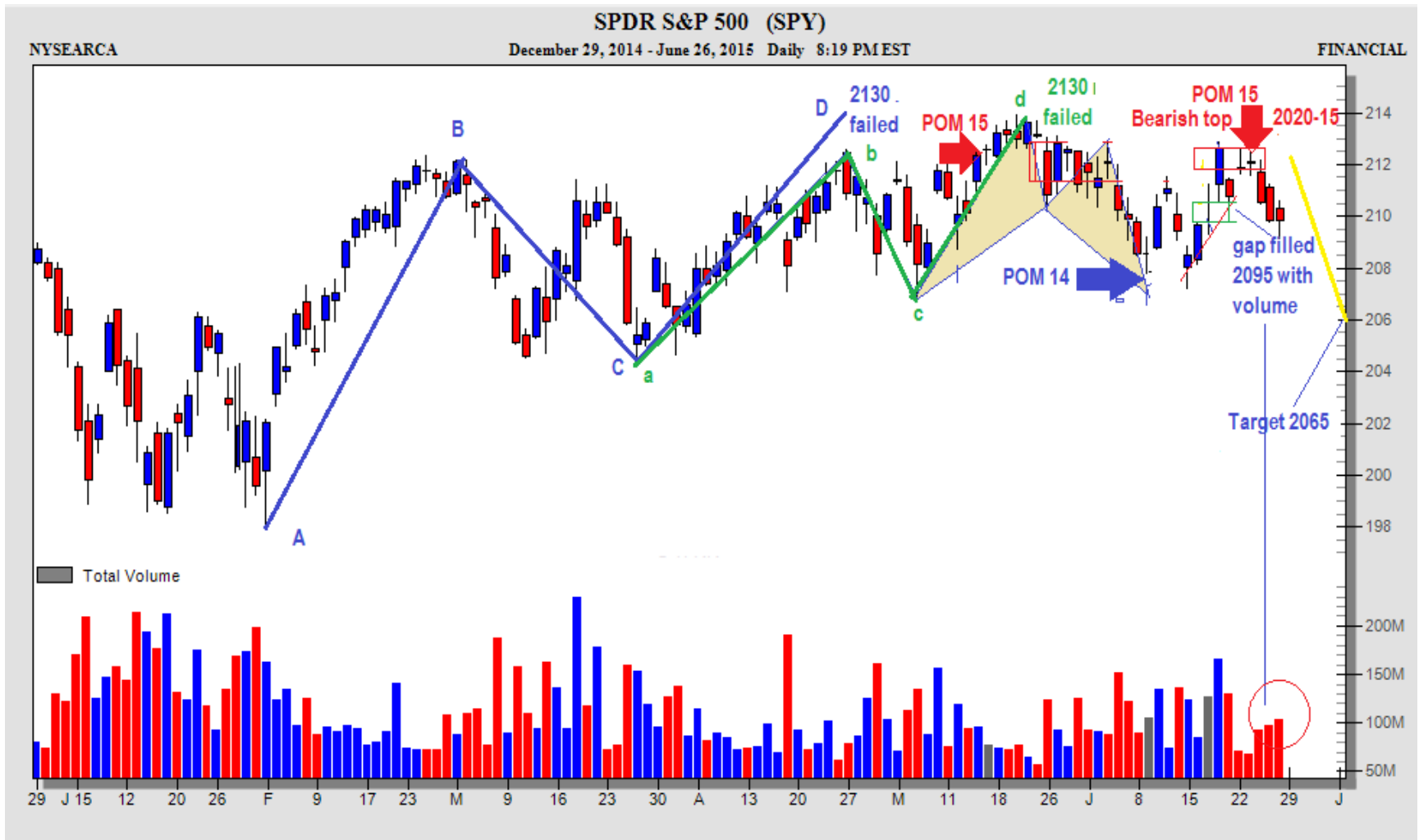
TLT – Money-flow Analysis.

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).

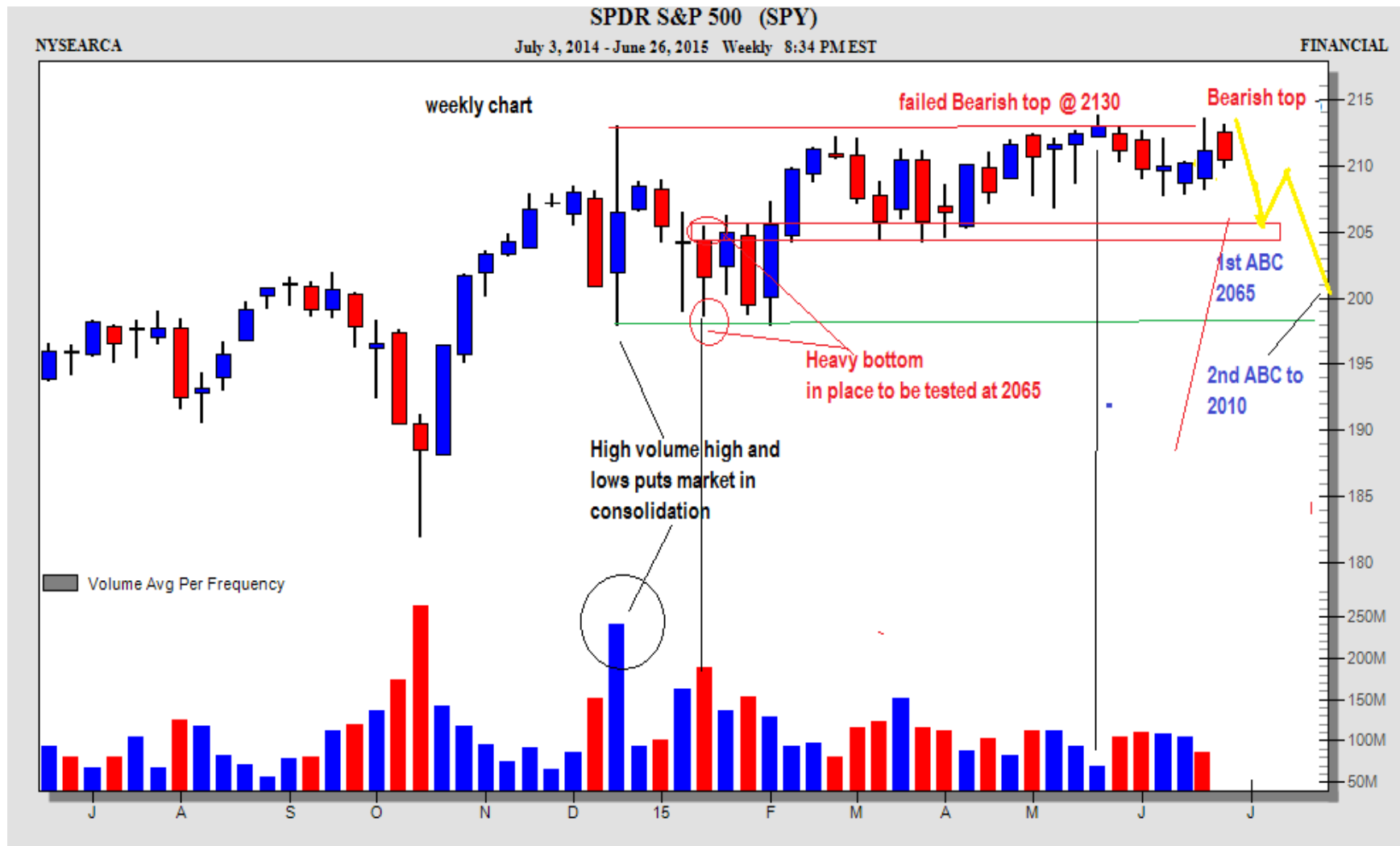# SPX- PEC- D Analysis - Daily

UPSIDE – Bounce to Target approaching 2120-15 failed on Bearish top

Downside – Pull back to Gap 2095 is approaching with Heavy bottom. ABC down to 2065.
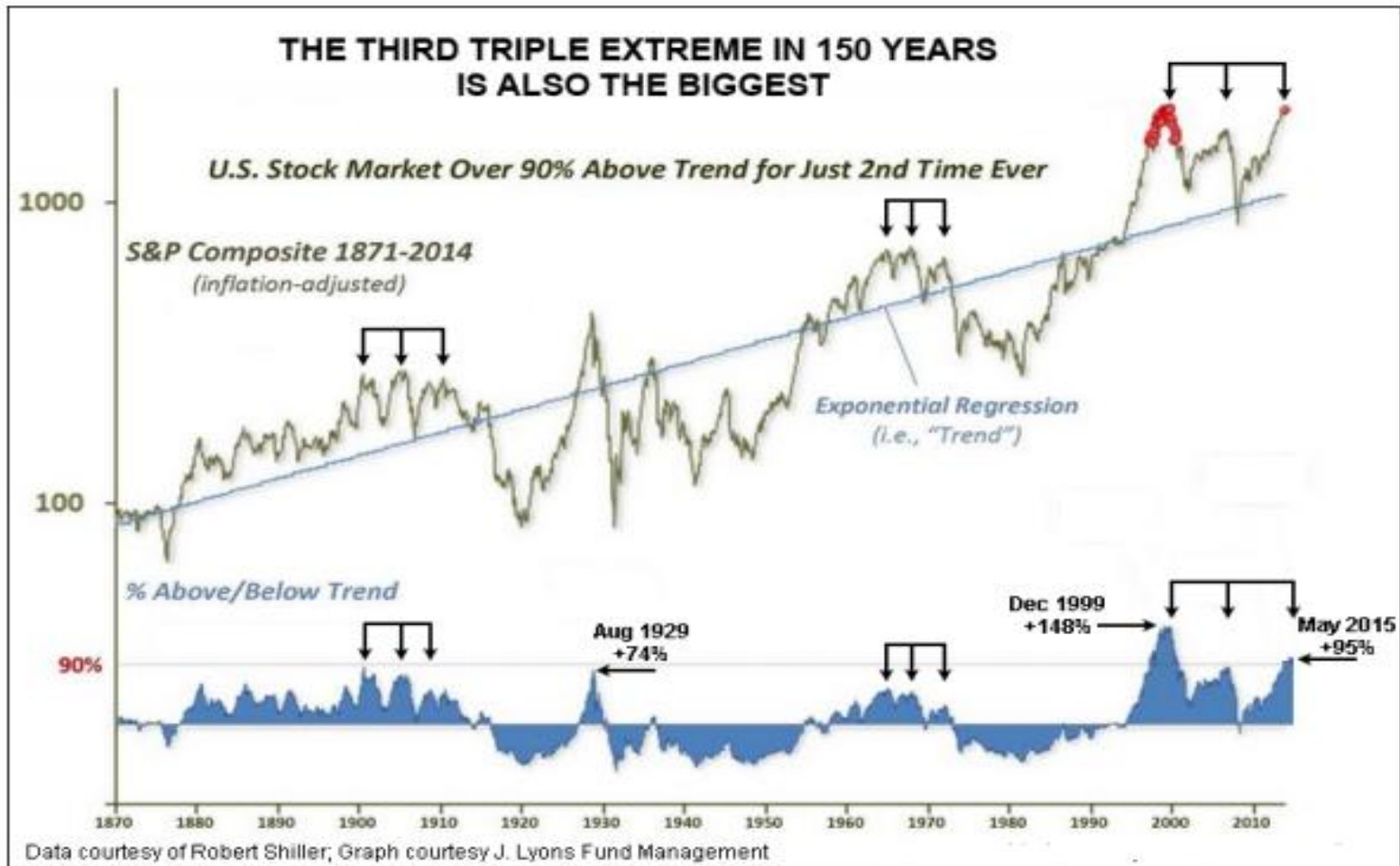
SPX- PEC- D Analysis - Weekly

UPSIDE – Target to 2120-15 failed.

Downside – Downside target to 2065-75 -1st ABC down rested and rallied back. 2nd ABC down to 2010

THE THIRD TRIPLE EXTREME IN 150 YEARS
IS ALSO THE BIGGEST

U.S. Stock Market Over 90% Above Trend for Just 2nd Time Ever

S&P Composite 1871-2014
(inflation-adjusted)

Exponential Regression
(i.e., "Trend")

% Above/Below Trend

Aug 1929
+74%

Dec 1999
+148%

May 2015
+95%

90%

Data courtesy of Robert Shiller; Graph courtesy J. Lyons Fund Management

SPX – Cyclical Model

- **SPX - Seasonality -**

MAY EFFECT – Negative .

- **SPX - Geomagnetic / Lunar Cyclic Model**

Bradley Model – Neutral   -

- **SPX - Sentiments Model**

AAII Weekly Sentiment Survey – NEUTRAL

SPX – Internals Model

Midterm - TICK / TRIN – BEARISH
AD Oscillator, Ratio's – BERARISH

Appendix Content

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

- **Objectives & POM /CZ / PEC –D Guidelines – <u>Refer to detail Annexure</u>**

- **Full Utilization of " SP" Report Guidelines & Limitations - <u>Refer to detail Annexure</u>**

- **POM – " Price Oscillation Model " Criteria**

- **PEC –D " Pythagoras – Expansion & Contraction Criteria**

- **CZ- Confluence Zone Criteria**

- **TEXTURES – Bullish , Bearish , Neutral**

<u>Critical backdrop Notes –</u>

- *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
US BROADER IDX • SPY (SPX 500) • DIA (DOW 30 • QQQ (NASD100) • IWM (Small Cap) • IYT (Transports) • NYA (NYSE) **BOND IDX** • TLT (Bonds) • MUB (Muni). (SP) **GLOBAL IDX** • EEM (Emerg.) • EWJ (Japan) • FXI (China) • EWZ (Brazil) • FTSE (Europe Proxy) • BSE (India) • EWA (Aust) SP **SP - Special situation**	**SECTORS IDX** • 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	**COMMODITY IDX** • CRB /DBC • GLD (Gold) • SLV (Silver) • GDX (Miners) • OIL • Copper • DBA (Agro) • UNG (Natural Gas) • DBB (Base M) SP	**CURRENCY** • 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

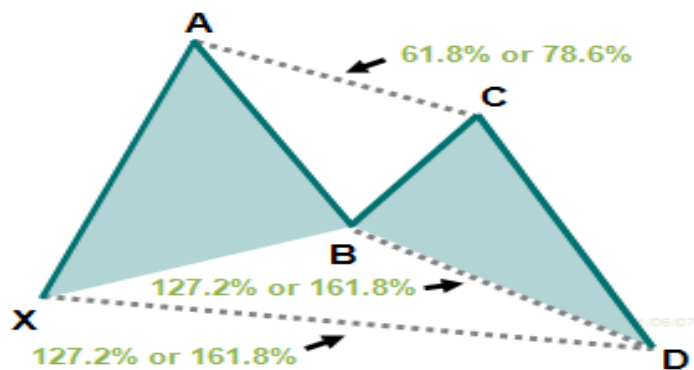- POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)

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
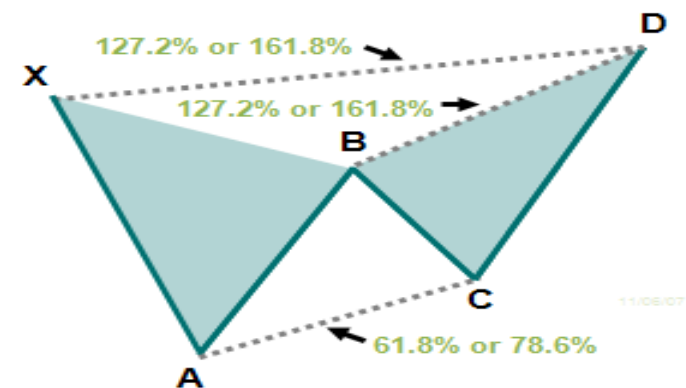
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

A
61.8% or 78.6%
C
B
127.2% or 161.8%
X
127.2% or 161.8%
D

Sell Pattern (bearish)

D
127.2% or 161.8%
X
127.2% or 161.8%
B
C
61.8% or 78.6%
A