



Date: 7<sup>TH</sup> July 2015 (Tuesday)

**SPX – BONDS - MARKET STRATEGY REPORT (SP)**

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**Executive Summary.**

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement- Update</u> For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<b>NEW ACTION</b> (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	2068	POM 15 @ 2115-2120 Trigger 6/23	<u>Announced</u> Via Alert Email 7/6 Triggered POM 14 @ 2061	Bearish to NEUTRAL	Reduced 5% to 0% <b>Closed all Net short For 55 points profit</b>	NONE	Rally to 2100	PEC-D 2120 Triggered POM 15 Bearish Top	ABC down to PEC-D 2065 Met & rested	2 <sup>nd</sup> ABC down to 2010 <b>Not currently</b>	<b><u>Holding long</u></b> position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here

**ACTIONABLE IDEAS –**

For Bears – Triggered POM 14 on 7/6 via **EMAIL ALERT** to cover all Net Short . Look for market to bounce.

For Bulls – Target PEC-D\_2065 MET & retested . Market should rally for Bulls.

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> - Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<b>NEW ACTION</b> (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>TLT (BONDS)</b>	118.5	Triggered POM 13 Within CZ 118-120 On 5/17	NONE	<b>BULLISH</b>	15% Net long	NONE	Target CZ 128-126 PEC-D 126.5	CZ 132-134	<b>PEC-D 118 extended To 116.5</b> On lighter volume  <b>Bullish bottom</b>	previously Rejected <b>Bullish Bottom</b>	

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 2060-2065 on 7/6**.”

**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%), GDV(15%)
- **NET SHORT** - .Total 0% Holding  
Equity (25%) - SPY (15%) ,QQQ (5%), IWM (5%) – **Closed all positions for 55 points SPX Profit**

## Market Overview SPX- BONDS

SPX's - POM 14 Triggered – NEUTRAL on 7/6 within CZ 2060-2065

After larger Gap down today with overnight Greek news, Our projection to downside target to **PEC-D 2060** met. Energy to downside got exhausted. **We Triggered POM 14 in Alert email today at 2062**

Refer chart below- TRIN Readings above 1.30 normally appear near short term bottoms in the SPY (denoted below). Worthwhile lows form in the SPY when this ratio is below the lower boundary line (denoted). The most reliable signals come when both the 10 day TRIN is above 1.30 and the SPY/TRIN ratio is below the lower boundary line, which is identified with red arrows.

This is very critical reading at the end of projection ABC down 2065. Which Triggered POM 14 and covered Net short.

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** .

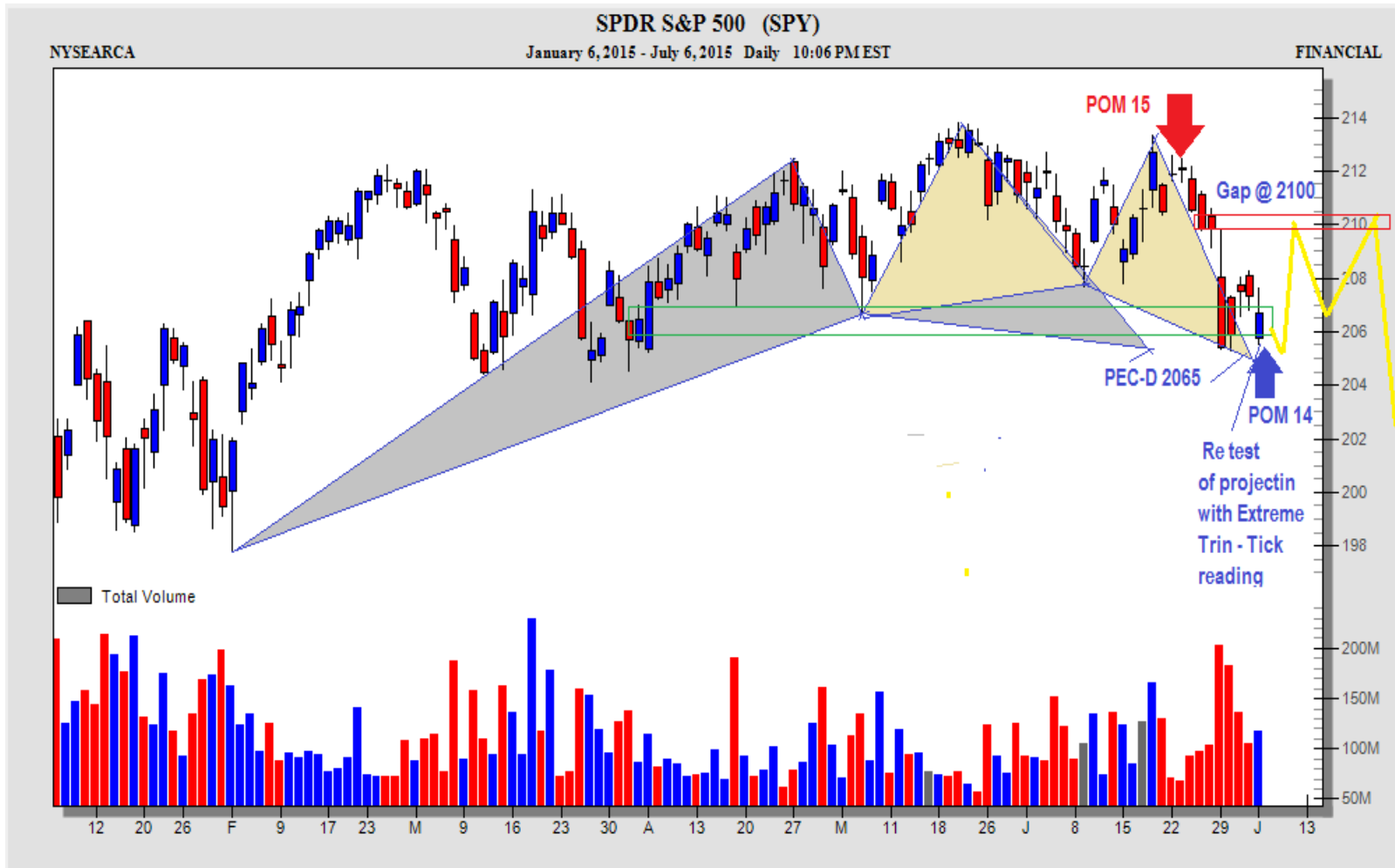
The re test of weekly **CZ of POM 13** is on lighter volume. TLT should rally soon.

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

**Downside** – Downside target to PEC-D met. It should rally up.

2<sup>nd</sup> ABC down to 2010 at later date.

**UPSIDE** – Another rally upside to 2100 to the gap.



## SPX- TRIN – TICK Analysis -

TRIN Readings above 1.30 normally appear near short term bottoms in the SPY (denoted below). Worthwhile lows form in the SPY when this ratio is below the lower boundary line (denoted). The most reliable signals come when both the 10 day TRIN is above 1.30 and the SPY/TRIN ratio is below the lower boundary line, which is identified with red arrows. This is very critical reading at the end of projection ABC down 2065. Which Triggered POM 14 and covered Net short.

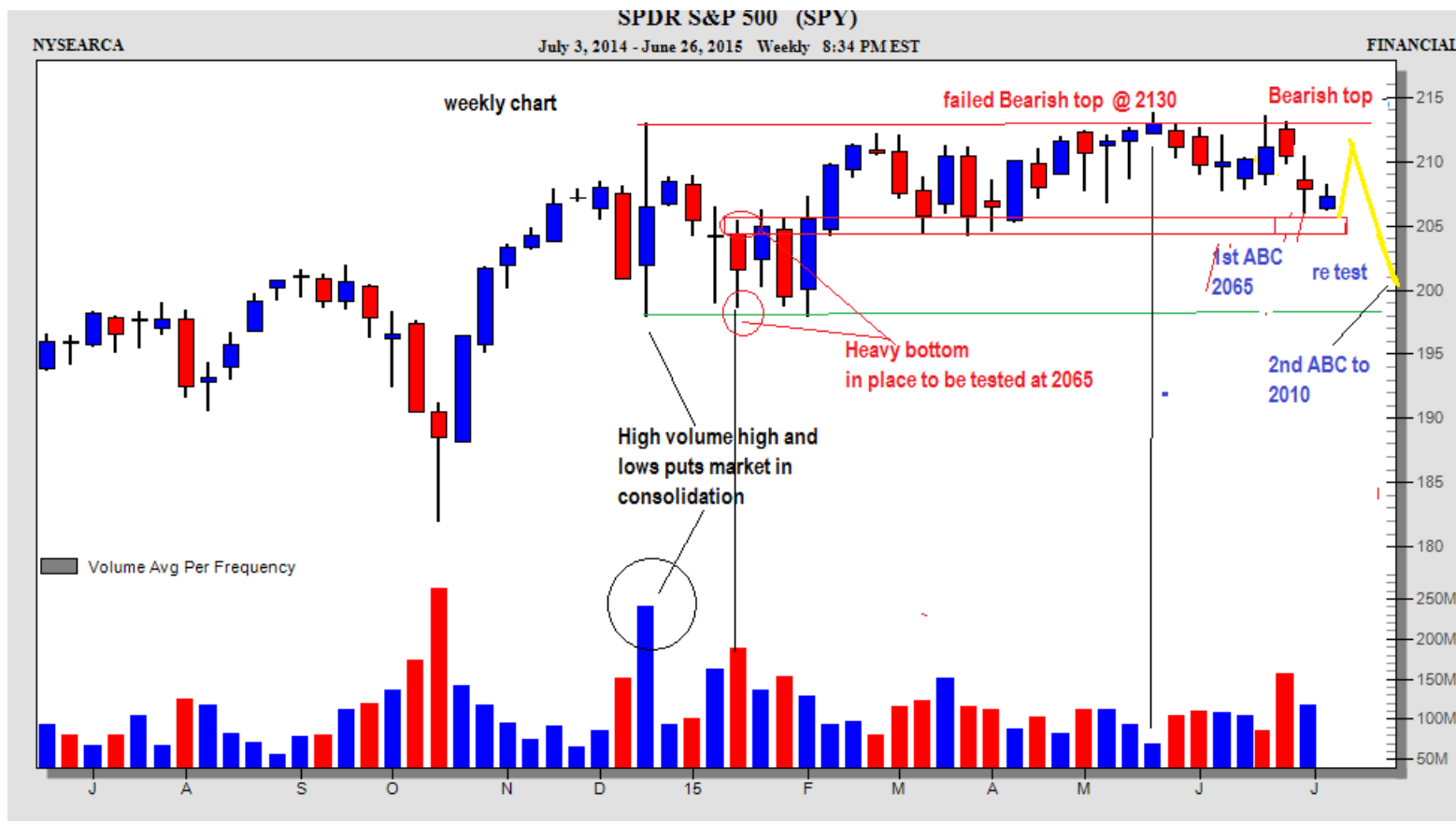


# SPX- PEC- D Analysis - Weekly

**Downside** – Downside target to PEC-D met. It should rally up.

2<sup>nd</sup> ABC down to 2010 at later date.

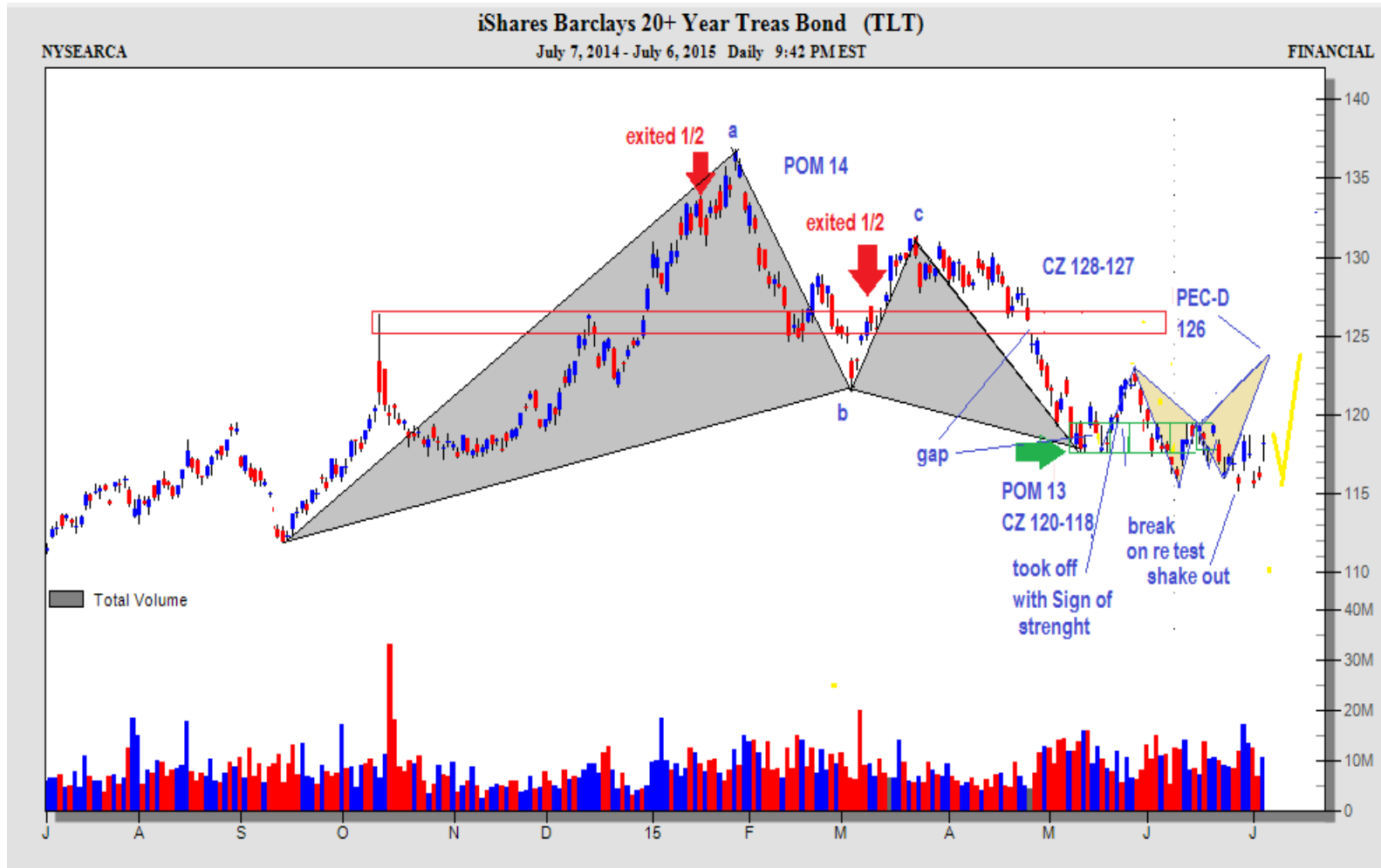
**UPSIDE** – Another rally upside to 2100



# 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 1<sup>st</sup> 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 – 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 – BEARISH

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

<p>GR 1 (13+2) Coverage in MS</p>	<p>GR 2 ( 9 +4 ) Coverage in SECTORS</p>	<p>GR 3 (8+1) Coverage in COMMODITY</p>	<p>GR 4 (5) Coverage in CURRENCY</p>
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### 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)
- GDV (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)

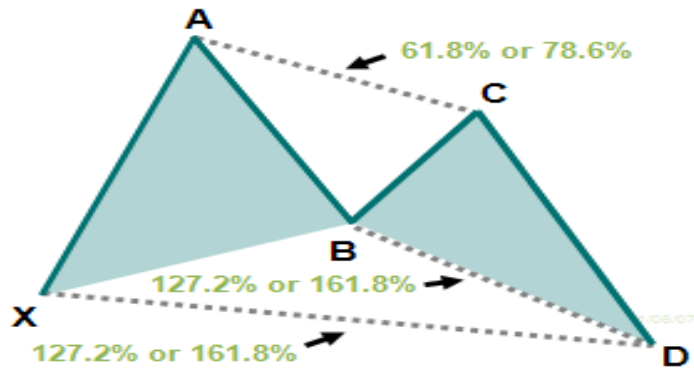
# Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2<sup>th</sup> 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

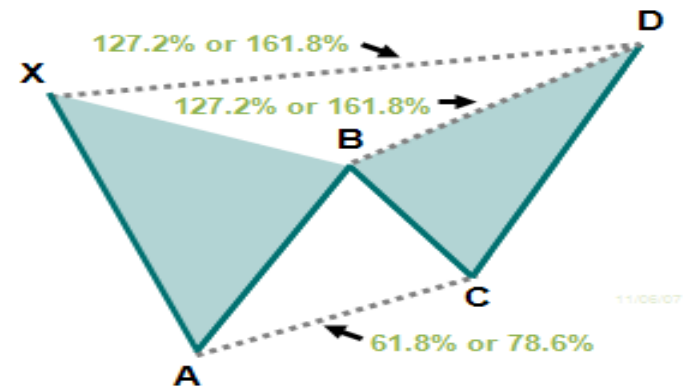
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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