



Date: 3rd August 2015 (Monday)

SPX – BONDS - MARKET STRATEGY REPORT (SP)

By: Suneil R. Pavse, E: apavse@aol.com

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 | POM 14 Triggered @ 2061 Via Alert Email 7/6 | Reversal at 2065 Indicated In last week Report | NEUTRAL | 0% | NONE | Rally to 2110 Neckline area Approaching | Target PEC-D 2135 | ABC down to PEC-D 2065 Met exact & rally began (possibility of re test) | 2 nd ABC down to 2035 Not currently | <i> Holding long position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here</i> |

ACTIONABLE IDEAS –

For Bears – Rally to 2110 approaching but No failure.

For Bulls – PEC-D_2065 met & reversed as expected 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 | NEW ACTION (Trigger to Watch) | Upside CZ Near Term | Upside CZ Mid term | Downside CZ Near term | Downside CZ Mid term | Remark |
|--------------------|---------------|--|---|-----------------|------------------------------|--------------------------------------|----------------------------------|--------------------|--|--|--------|
| TLT (BONDS) | 122.5 | 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 Rejected On lighter volume Bullish bottom | CZ 118-120 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 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** – triggered @ **1165** on **3/19** . – **Stopped out ½ position @ 1150**

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 (17.5%) - TLT(15%), USD/JPY (2.5%)
Equity (20.5%) - XLV (5%) ,XHB (5%), XLP(5%), JNJ (1%), FB (1%), NIKKE (3.5%)
GOLD(30.0%) – GOLD (7.5%), GDX(7.5%)
- **NET SHORT** - .Total 0% Holding

Market Overview SPX- BONDS

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

In our last Report we had downside target of 2065 on SPX which was met exact. We indicated the High / low ratio, AD Oscillator diverged positively and SMH giving heads up for bottoming this resulting in rally to 2110 to neckline as expected.

SPX Upon reaching **2110 should** pull back to higher lows with possibility of even resting the bottom but eventual upside target should be **PEC-D 2135**. This will be the final rally before the larger leg down begins to 2035.

There is potential Head and Shoulder bottom is in progress with upside target of 2135 as well.

Cycles suggest that further base-building could lead to larger gains once a bottom is complete. According to this indicator, a decline into about August 11th should be expected, followed by a strong rally into September. That would then see a seasonal decline into October.

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

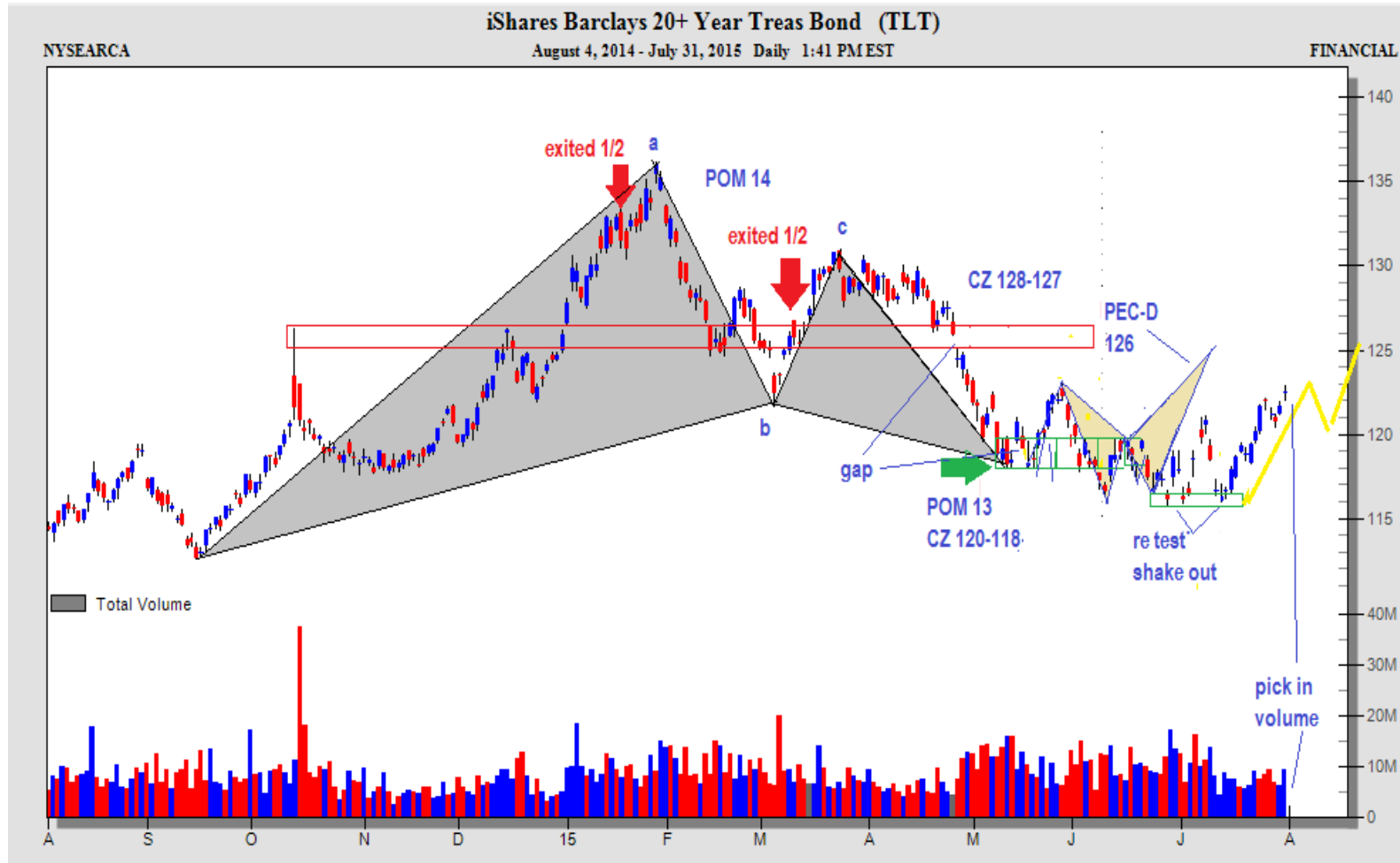
TLT began the rally as expected at Cycle lows . The money is flowing into the 20-year government bond fund **TLT**.

The re test of weekly **CZ of POM 13** is on lighter volume. **For those who don't sell stock indices short, we advised to buy government bonds in previous reports.**

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

Upside – Rally to 1st Target CZ 128-126 –PEC-D 126.5

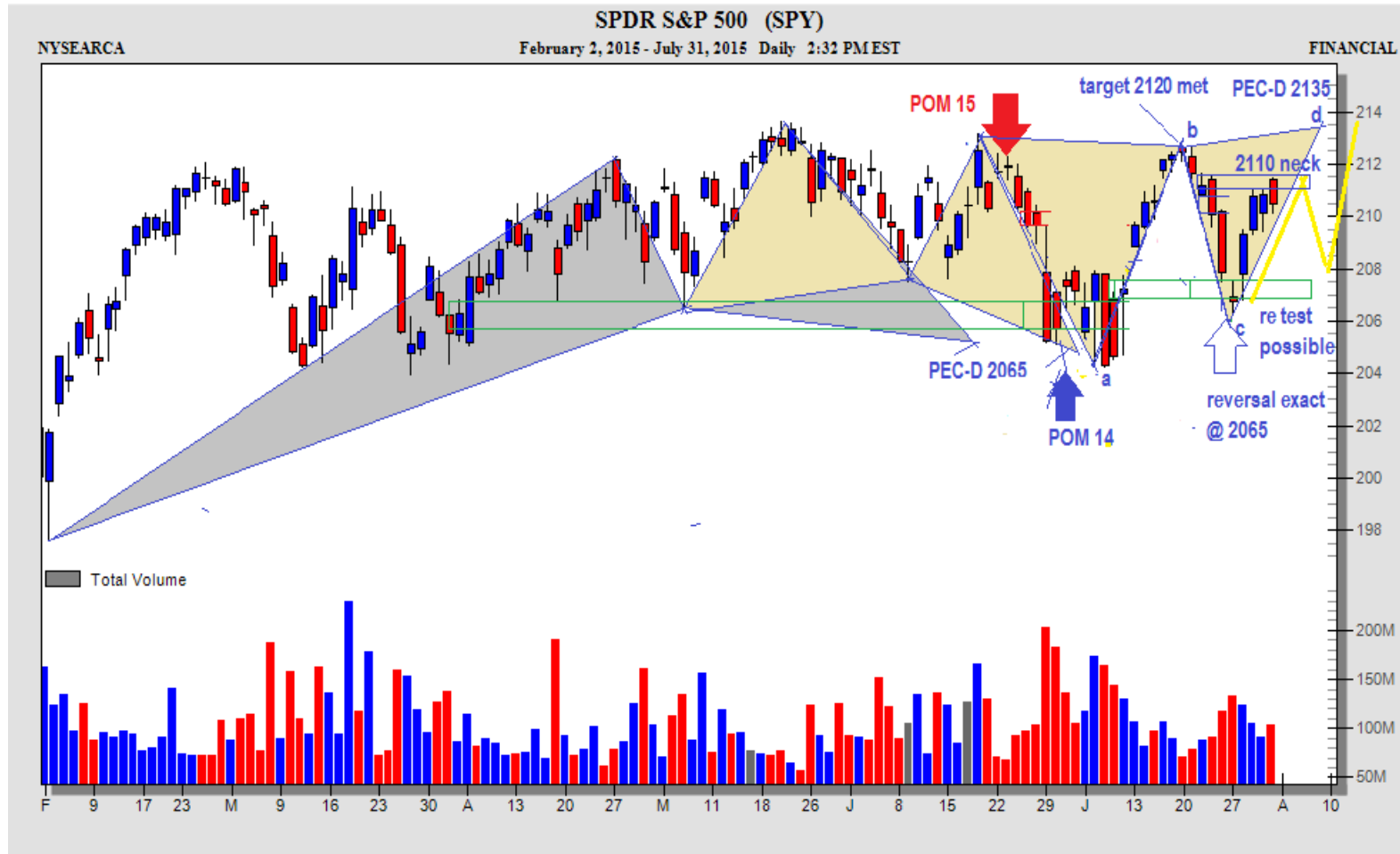
Downside – Bottom building process-ABC down to PEC-D 118 put in bottom.



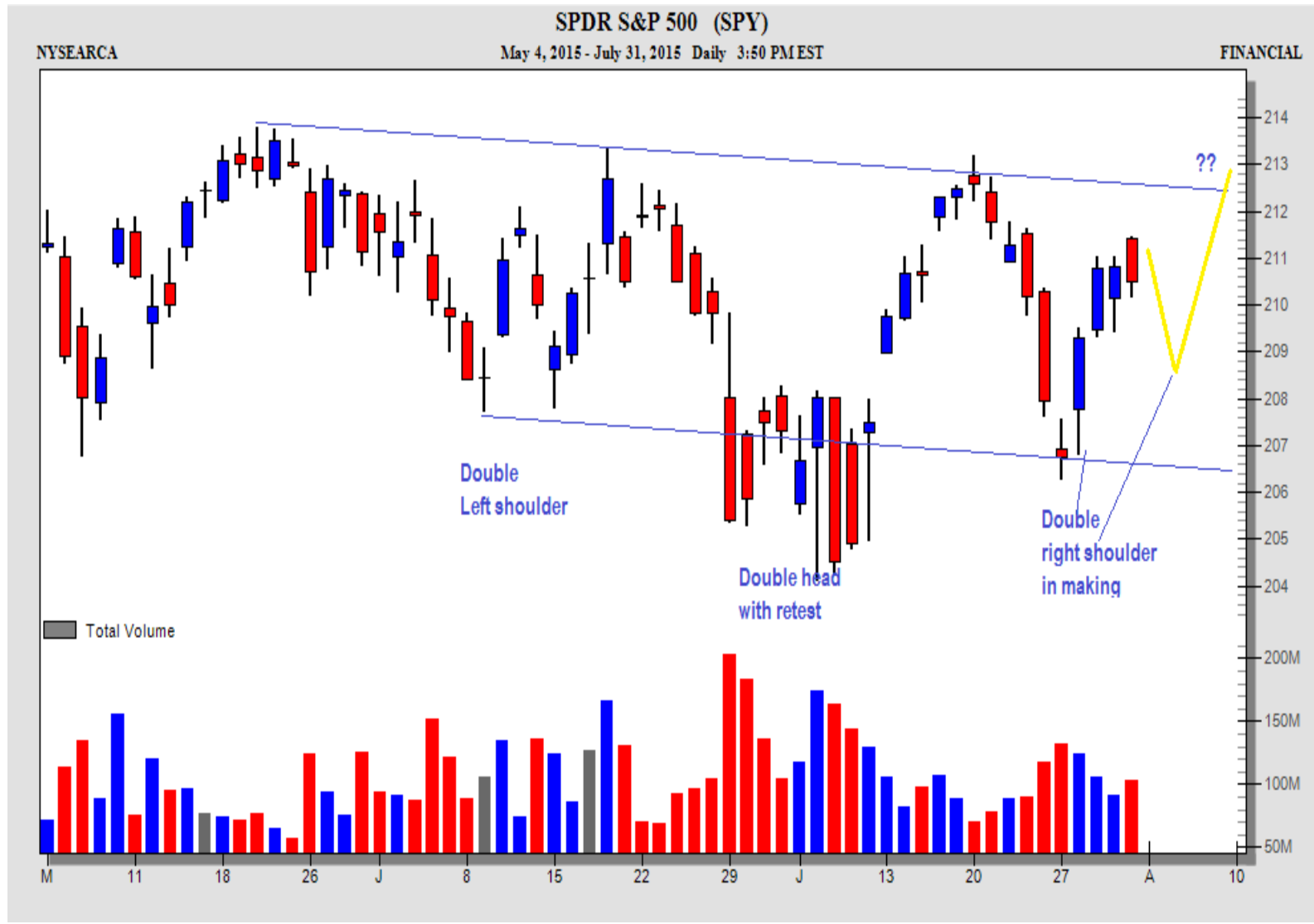
SPX- PEC- D Analysis - Daily

Downside – Downside target to PEC-D 2065 - met exact and rally began. Higher high and possibility of re test as bottoming process.

UPSIDE – Target to neckline 2110 is approaching but upside target is 2135 after the pull back.



SPX- H & S Bottom - **Daily**



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> |
|--|---|--|---|

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)

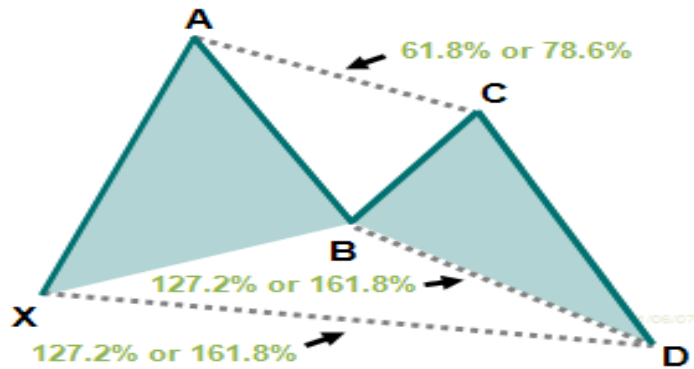
Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 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

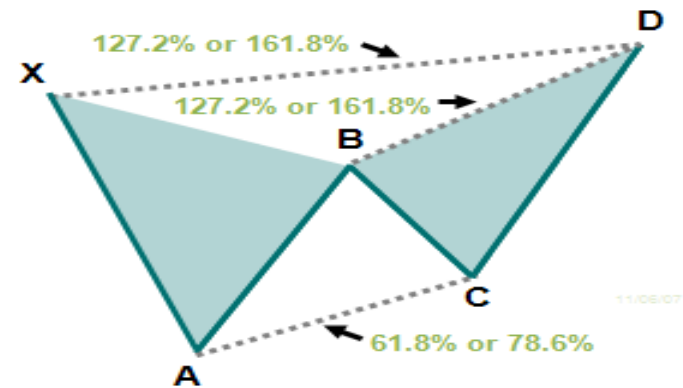
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



claimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private use only and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.