SG Capital Research
Global Market Insights
Chart System

Date: 17th August 2015 (Monday)   www.sgcr.us   **SPX – BONDS - MARKET STRATEGY REPORT**

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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	2095	POM 14 Triggered @ 2061 Via Alert Email 7/6	Announced Reversal at 2065 to upside Indicated In last week Report 3/8	NEUTRAL Bullish bias	0%	NONE	Rally to 2110 Neckline area	Target PEC-D 2135	ABC down to PEC-D 2065 Met exact retest & rally began	2nd ABC down to 2035 Not currently	*Holding long* position in Bullish top Instruments XLP, XLV, XLB. FB ,JNJ, Japan Remains for profit- Bull Market here

ACTIONABLE IDEAS –

For Bears –   Rally to 2110 but No failure to Sell Short.

For Bulls – PEC-D 2065 met exact re test & reversed as expected for Bulls for another rally .

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TLT (BONDS) Announcement	124	Triggered POM 13 Within CZ 118-120 On 5/17	Announcement 8/17, Trigger POM 14	BULLISH to Neutral	15% Net long Reduce to 0%	EXIT @124 For 4.2% profit	Target PEC-D 126 approaching	CZ 132-134	PEC-D 118 Rejected On lighter volume Bullish bottom	CZ 118-120 previously Rejected Bullish Bottom	

CTIONABLE IDEAS -

For Bulls –**Triggered POM 14 @ 124 – Neutral**

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 14- NEUTRAL triggered** within **CZ 124-125 on 8/6.**

Portfolio Holdings ...
Bearish BIAS EQUITY- NON LEVERAGED(1:1)   ....Refer to Respective Reports for details

- **LONG at POM 13** ....**Total 73% Holding**
  Non- Equity (2.5%) - TLT(15%) EXIT , 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 to be rested on SPX which was met exact. It coincided with seasonal lows. We indicated the High / low ratio, AD Oscillator diverged positively and SMH giving heads up for bottoming this should result in rally to 2110 to neckline.

This week is option expiration with positive bias. SPX Upon reaching 2110 should pull back 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. The diagonal pattern showing 1-3-5 pattern with wave 5 upside yet to come.

Cycles suggested lows by August 11 and base-building could lead to larger gains into September once a bottom is complete now. The rally would be followed by seasonal decline into Mid of October.   We think that this very regular September-October swoon is a by-product of mutual fund and hedge fund selling to close their fiscal year books by the end of September. The funds start selling in the period after US Labor Day (first Monday in September). And, this hedge fund selling is probably mostly done by the third week of September as the Triple-Witching options and futures expiration occurs on the third Friday of October.
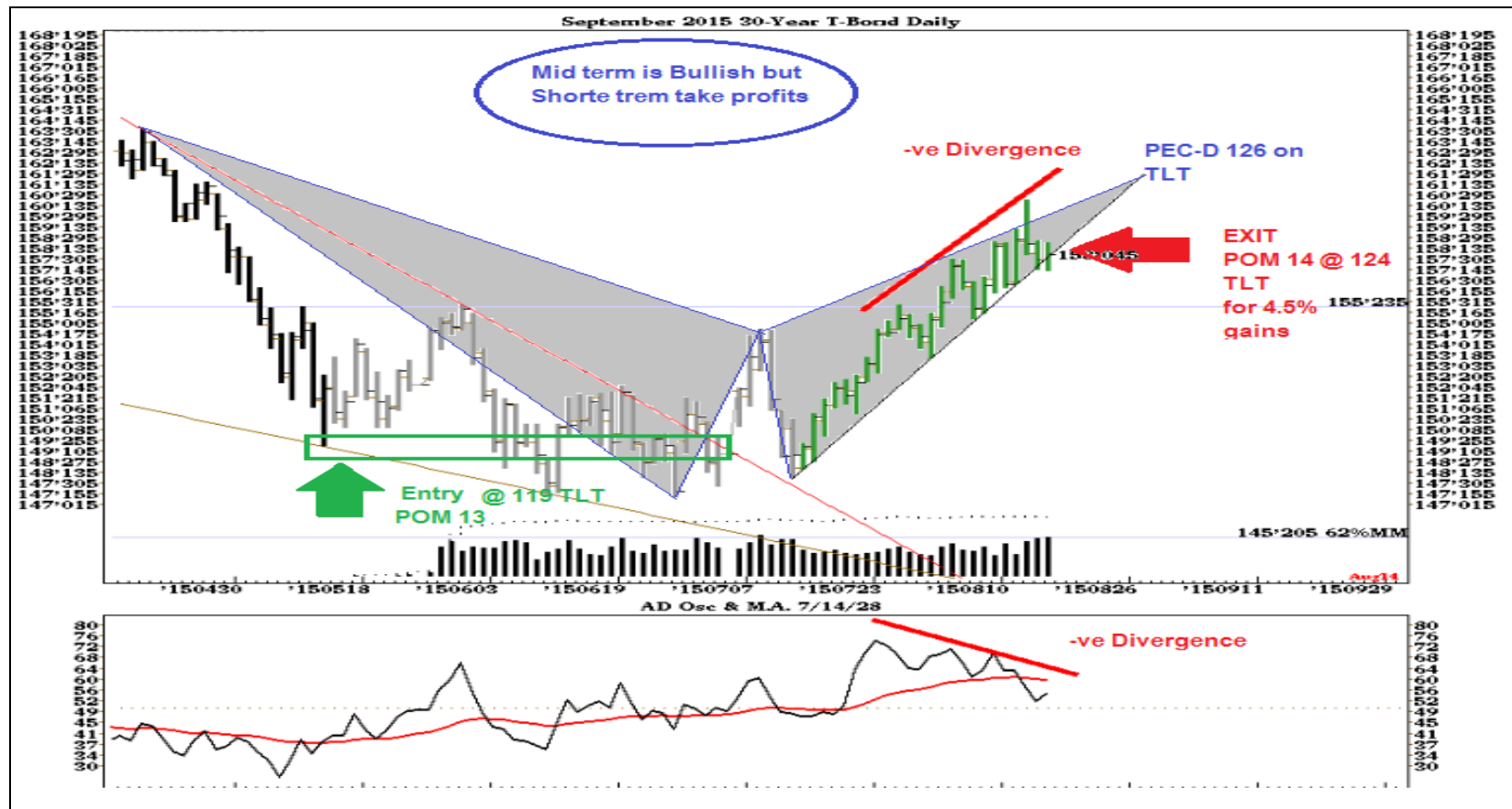
The Death Cross on the Dow continues to get attention from the media despite its abysmal record. Give a bad indicator a scary name. Another scary concept was promoted by Zero Hedge as they pointed to the decline in the High-Yield Bond market as ominously repeating the run up to the crash of 2008. However, in 2008, the decline in HYG was due to deterioration in the banking sector from the subprime mortgage crisis. The current decline in HYG is due to the decline in oil prices, causing junk bonds from debt-laden oil companies to plummet due to the oil price collapse. The Oil Stock Index tracks the HYG very closely

TLT 's -   POM 14 – Triggered Neutral on 8/6 - CZ 124-125.TLT began the rally as expected at Cycle lows @ 119 to target 125. Midterm is Bullish but on short term let the pullback pen out. Lock in 4.5% gains.   Currently showing –ve divergence and ready to pull back.

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

**Upside –** Rally to 1st Target PEC-D 126- approaching   - EXIT

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

September 2015 30-Year T-Bond Daily
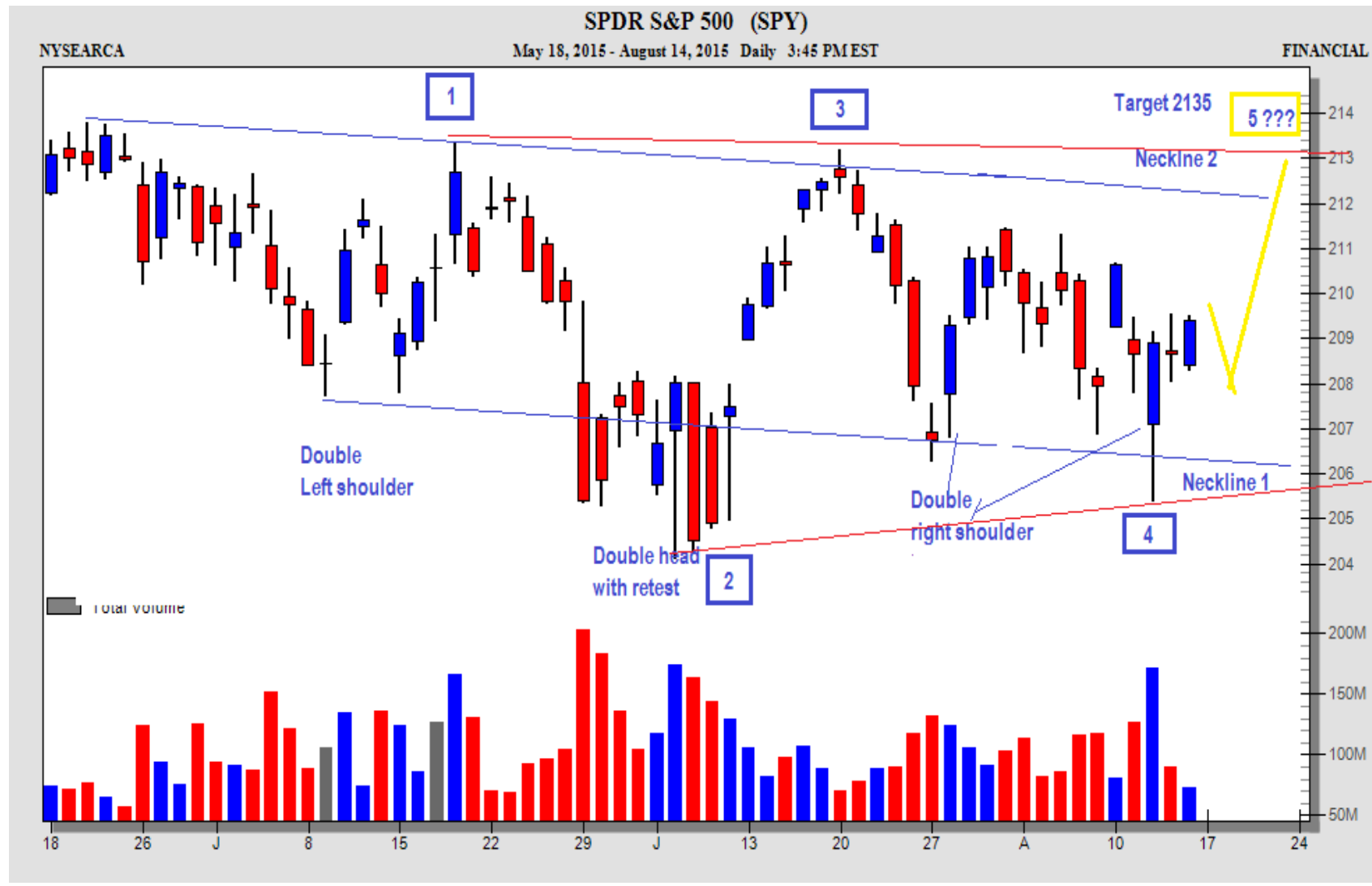
Mid term is Bullish but
Shorte trem take profits

-ve Divergence

PEC-D 126 on
TLT

EXIT
POM 14 @ 124
TLT
for 4.5%
gains

Entry @ 119 TLT
POM 13

145'205 62%MM

AD Osc & M.A. 7/14/28

-ve Divergence

SPX- PEC- D Analysis - Daily

Downside – Downside target to PEC-D 2065 - met exact and rally began.

UPSIDE – Target to neckline 2110 is approaching but upside target is 2135 after the pull back.
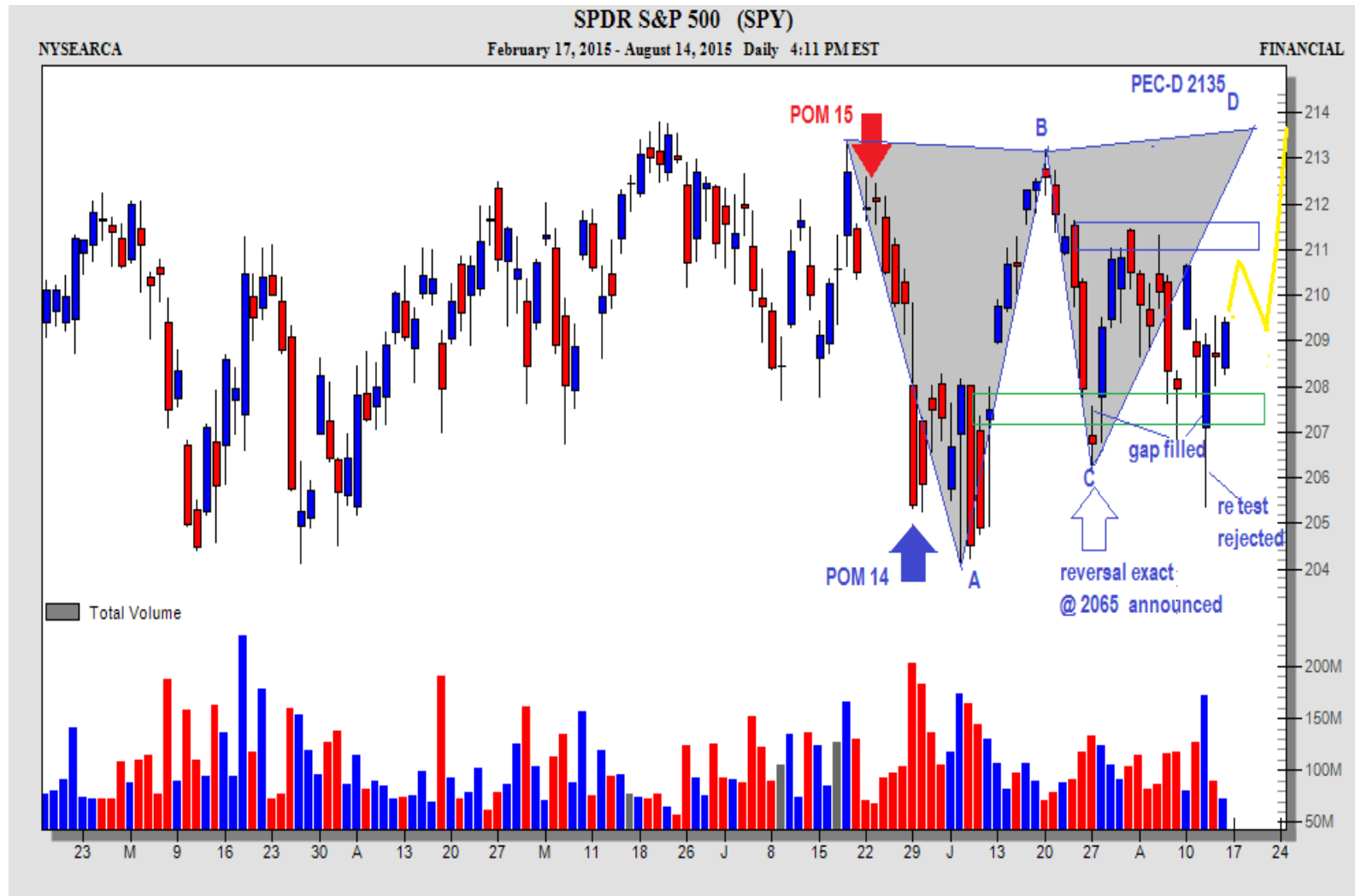
SPX- H & S Bottom - Daily

There are two patterns at play here 1-3-5 and Head and Shoulder bottom. Both target 2135.

SPDR S&P 500 (SPY)
May 18, 2015 - August 14, 2015 Daily 3:45 PM EST

NYSEARCA

FINANCIAL

Target 2135

5 ???

Neckline 2

Double
Left shoulder

Double
right shoulder

Neckline 1

Double head
with retest

Total volume

SPX – Cyclical Model

- **SPX - Seasonality -**

 EFFECT – Neutral , Negative Sept – Oct .

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

 Bradley Model – Neutral   -

- **SPX - Sentiments Model**

AAII Weekly Sentiment Survey – NEUTRAL

SPX – Internals Model

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

Appendix Content

- **Objectives & POM /CZ / PEC –D Guidelines – <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.*

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
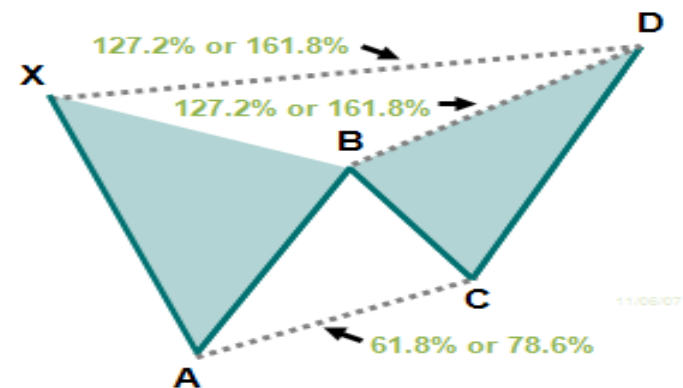
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

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