



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	1976	Announced POM 13 Triggered @ 1990 Via Alert Email 8/21	NONE	BULLISH	Increase from 0% to 100% (full position)	Scale in Net long position	Rally target to 2080. <i>Neckline of 3 Black crows</i>	PEC-D 2110 Met exact Previously & Market crashed	Target 2 nd ABC down to 2035 sliced through	Weekly 2 nd ABC down to 1965 approaching	

ACTIONABLE IDEAS –

For Bears – Cover the Net Short.

For Bulls – Triggered **POM 13 @ 1990 – BULLISH** . Weekly ABC down to **PEC-D_1965** is approaching_for Bulls for another rally .

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TLT (BONDS)	126	Announced POM 14 Triggered @ 125 Via Alert Email 8/21	NONE	NEUTRAL	Exited full 100% position for 4.5% profit	NONE	Target PEC-D 126 Met	CZ 18-127 <i>Possible but doubtful</i>	PEC-D 118 Bullish bottom	CZ 118-120 Bullish Bottom	

CTIONABLE IDEAS -

For Bulls – **Triggered POM 14 @ 125 – Neutral**

Alternatively For Bears – Await to bounce to **CZ 127-128** to fail with Bearish top.

Portfolio – Overview & Update

SPX- “POM 13- BULLISH Triggered @ 1990 on 8/21. – **Announcement – full Net Long**

GOLD- POM 12 – BULLISH triggered @ 1165, ½ position on 3/19 & – **Announcement to add 2nd ½ position on 8/15 .**

BONDS – “POM 14- NEUTRAL triggered @ 125 on 8/21. – **Announcement –Exit full Net Long**

Market Overview SPX- BONDS - SPX's - POM 13 Triggered – BULLISH on 8/21 @ 1990

In our last Report SPX was at 1980, we had upside target of 2110 which was met exact. We had expected minor pull back then but instead it resulted a MINI CRASH breaking down several patterns. ***SPX did not give good signal for Net Short (POM 15) at 2110 so we were sitting on sidelines with 100% CASH at POM 14 – Neutral for best risk reward*** . Now we can put the 100% CASH to work. If we miss the downside leg to play we shall play the upside with higher probability. In terms of Waves, the most likely long term count would point toward this being a correction within an ongoing uptrend

Meanwhile on this leg down, we played the Net Short Sell equivalent via profitable TLT Net long which exploded to upside during the market Mini Crash as flight to safety. Our GOLD position benefited quite significantly

After such 125 points Sell off market looks very attractive on long side for rally in SPX. The upside target is 2080 the neckline of 3 Black crows. This pattern is very powerful and had downside of 1990. The bottom in this market may come in at PEC-D 1965 which is weekly 2nd ABC down. It will not be easy ride upside, there be backfilling and re testing going on. The most devious move the market could make would be to go right to October 2014 lows 1825 before any significant rebound as we heard lots of folks calling bottom on Friday but it doesn't mean much to us as our goal is to follow indicators and manage risk not spinning our wheels with opinions or contra opinions. We have OUTPERFORMED SPX handsomely year to date. We think 1825 will be achieved but as a second leg down after another rally. We know smart money is covering short position now.

In fact we have several indicators suggesting Bullish case now.

1. Bullish (rate of change) on VIX reached extremes.
2. Head and shoulder top has measured downside target near @ 1975 which was hit Friday. Weekly 2ND ABC down 1965
3. Downtick hit -800 Friday's close and suggests bottom same day to next day.
4. Third Black Crow was see Friday of a "Three Black Crow Play" to the downside suggesting exhaustion @ 1990.
5. Volume surge appears climatic.
6. Panic in the TRIN was reached Friday.
7. McClellan Oscillator reaches oversold near -200.
8. Trin close 2.9; Tick close -700 suggest bottom as early as today to as late as two days later.

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

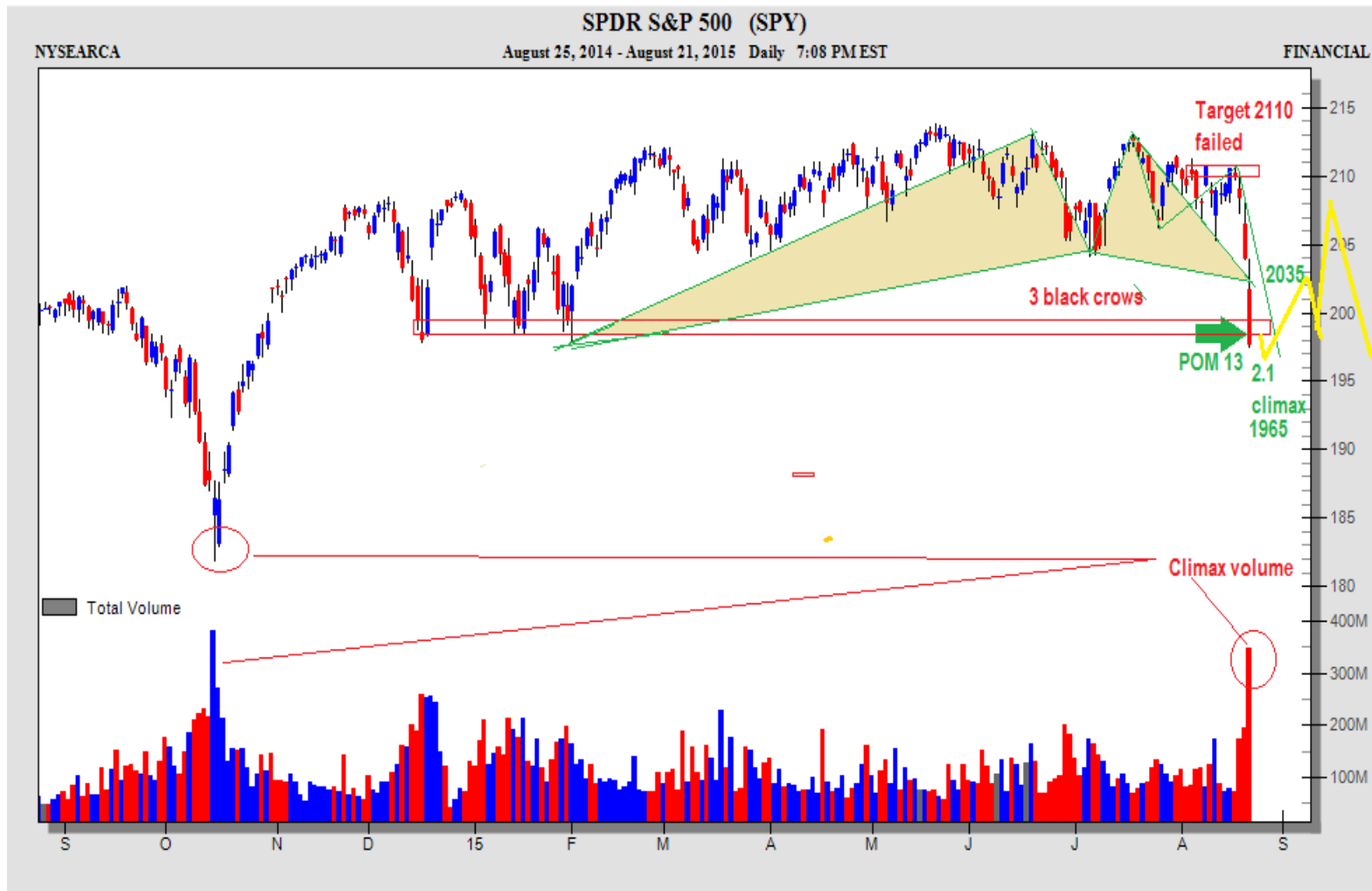
Upside – Rally to 1st Target PEC-D 126- met - **EXITED**



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

UPSIDE – Target to neckline 2080. (3 black crows)

Downside – Downside target to PEC-D 2065 - met & Melted to 2:1 climax lows to 1965 – 2nd weekly ABC down.



SPX- Internals - Daily

Friday SPX broke below the previous “Selling Climax” of several lows on 10% lighter volume and implies a false break to the downside. The Ticks close at -853 & -700 which is bullish and TRIN closed at 2.9 is ideal reading for a bottom. The VIX with a “Rate of Change” (ROC) indicator. When the VIX ROC jumps over 20% twice, the market is near a low and today the ROC for the VIX jumped near 42%. Market appears to be near short term low. (We took snap shot Mid market day on Friday)



SPX- Wave - Weekly

Wave analysis of the SPX. The 1-3-5 wave advance from its 2011 bottom peaked in May suggested that the market was due for a correction on the completion of a major upwave. The Rom I,ii,iii iv numerals, however, suggest that the May peak was the end of a three-wave advance that started at 2009 . Since major bull markets usually have five waves, that suggests that there may be another upwave once the wave iv of correction/consolidation is over. The market has entered a correction since then.



Appendix Content

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

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)

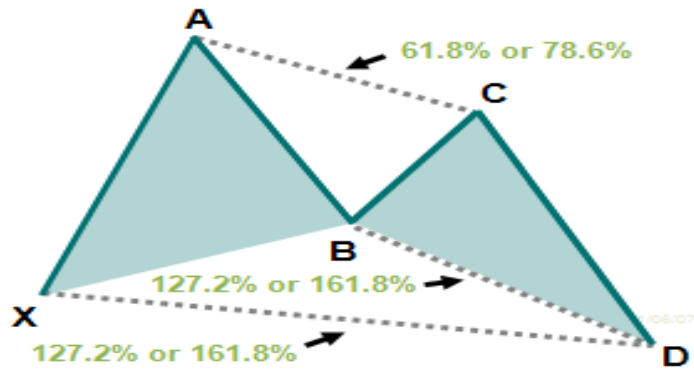
Pythagoras Expansion / Contraction – (PEC) Model

- 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

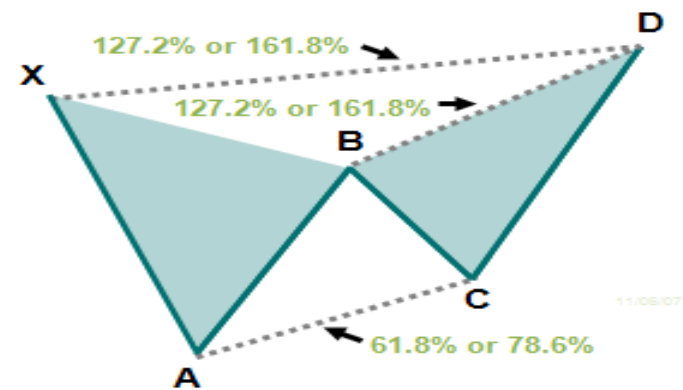
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



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