SG Capital Research
Global Market Insights
Chart System

:: 21ST September 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	1950	POM 12 Triggered @ 1880 Via Alert Email 8/24	Announced On 9/16 – AM Email to ***EXIT*** ***1880 –SPX Position @1985***	NEUTRAL Bearish bias	Reduced 33% to 0% Net long @ 1985 ***33% position Exited for 105 points Profit***	NONE	Bounce to 2020 / 2nd Gap of the black Crow **EXACTLY MET & SOLD OFF**	Rally target to 2050. Fell short by 23 points ***Neckline of 3 Black crows***	Pull back to 1910-1920 Is in progress.	Climax lows 1835 Should hold	***EXITED ALL POSITION***

ACTIONABLE IDEAS – **We are Flat with No position. We Locked in 105 points profit in SPX during this recent crash. ow awaiting for Next signal**

Bears – Had their chances between CZ 2020-2060 (our pre announced target as indicated in our previous Report) **to ell Short .**

Bulls – Had their chances between CZ 2020-2060 **to EXIT and lock in profits** for Net long positions bought at **POM 12 @ 1880 – during market Crash.**

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TLT (BONDS)	122.5	POM 14 Triggered @ 125 Via Alert Email 8/21	NONE	NEUTRAL Bullish bias	0%	NONE	Target PEC-D 126	CZ 128-127 ***Possible but doubtful***	PEC-D 118 Bullish bottom	CZ 118-120 Bullish Bottom	***Timely Exited full position for 4.5% profit***

CTIONABLE IDEAS -

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

Alternatively For Bears **–** Await to bounce to CZ 126-128 to fail with Bearish top.

Portfolio – Overview & Update

SPX- “**POM 13- NEUTRAL triggered @ 1985 on 9/16.** – **Announcement –Exited full Net Long** - No position

GOLD- POM 12 – BULLISH triggered @ 1165, ½ position on 3/19 & added 2nd ½ position @ 1120 on 8/15 .

BONDS – “**POM 14- NEUTRAL triggered @ 125 on 8/21.** – **Announcement –Exited full Net Long** - No position

Market Overview SPX- BONDS

Back drop - In our last Report SPX was at 1920. We had indicated that we would trim back our balance 33% of Net long position (bought at 1880) as our target for the rally approached at CZ 2020-2050 on FOMC announcement (EXACTLY at 2035) . On 9/16, the day before the FOMC announcement we send out an Alert **to EXIT** the position at 1985 for 105 points PROFIT as we Triggered POM 13. **Currently SPX is at 1950 with Bearish bias**

Last week's rally was a Rising Wedge typically forms during the 1st "reaction rally" following a significant downtrend. Because of that, since the volume failed to confirm the upward move along with Tick and Trin reading (refer chart below) suggesting exhaustion of upside. This could result in a downward break and a possible retest of August lows.

Friday's spike at the top of CZ 2020-2050 with key reversal after the Fed announcement turned out to be within the 2nd Gap of 3 black crows @ 2035.   OPEX pattern and MAX pain factor in options market was at 2020 where the market tends to rise to destroy puts. After OPEX, the market has the tendency to fall and to pump up the next month's put values. Thus, any rally here is highly suspect and should reverse course to the downside over the upcoming week till 9/28 (Refer chart below on T termination) .

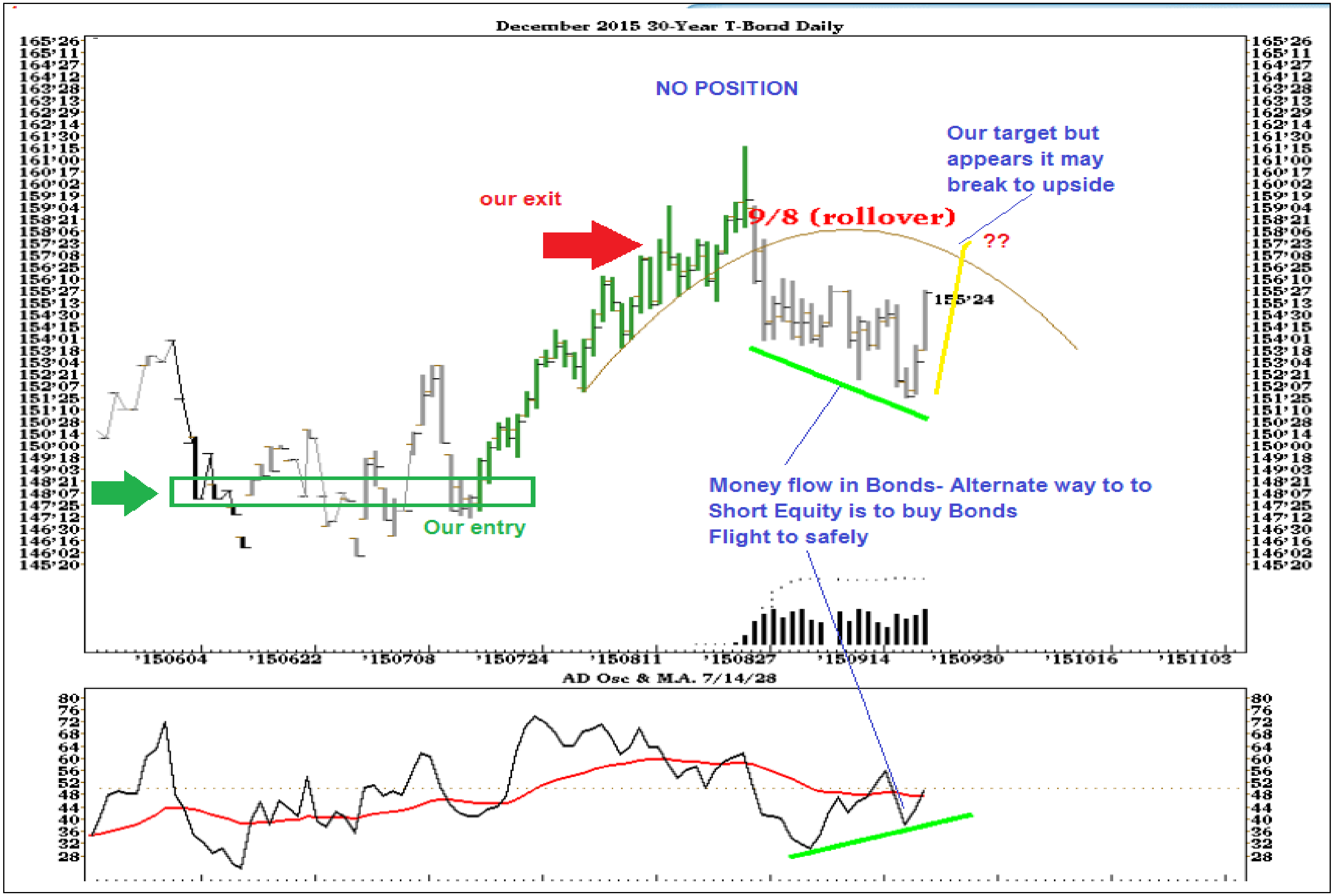
Currently on short term basis, money flow increased during the close on Friday, this suggests that bounce is possible early part next week with gap up but should fizzle as week goes by. The pullback of this current decline should be towards the PEC-D 1910 by 9/28 . This should hold and rally back one more time before the real low is put in 10/19. We have parallel here between 2011 and 2015. (Refer chart below)

A Time Ratio Low on 10/19 appears to be a likely change-in-trend. We think eventually there is another move higher is pending to at least to test the highs of 2110-2130. The seasonality pointing toward a rally in 4Q2015, we should expect the Fed to announce they're buying government bonds once again. A rate hike will depend upon incoming data—that data being the SPX Index rising or falling. Fed does not want this market to go down before the election.

BONDS - Bonds put in short term low in price for a bounce. A rally back to retest the broken support line would be a minimal expectation, but if prices go through the now-resistance line, it would project much higher prices in bonds. We will review the volume numbers at that point in time.

Bond) – CZ- PEC- D Analysis - Daily

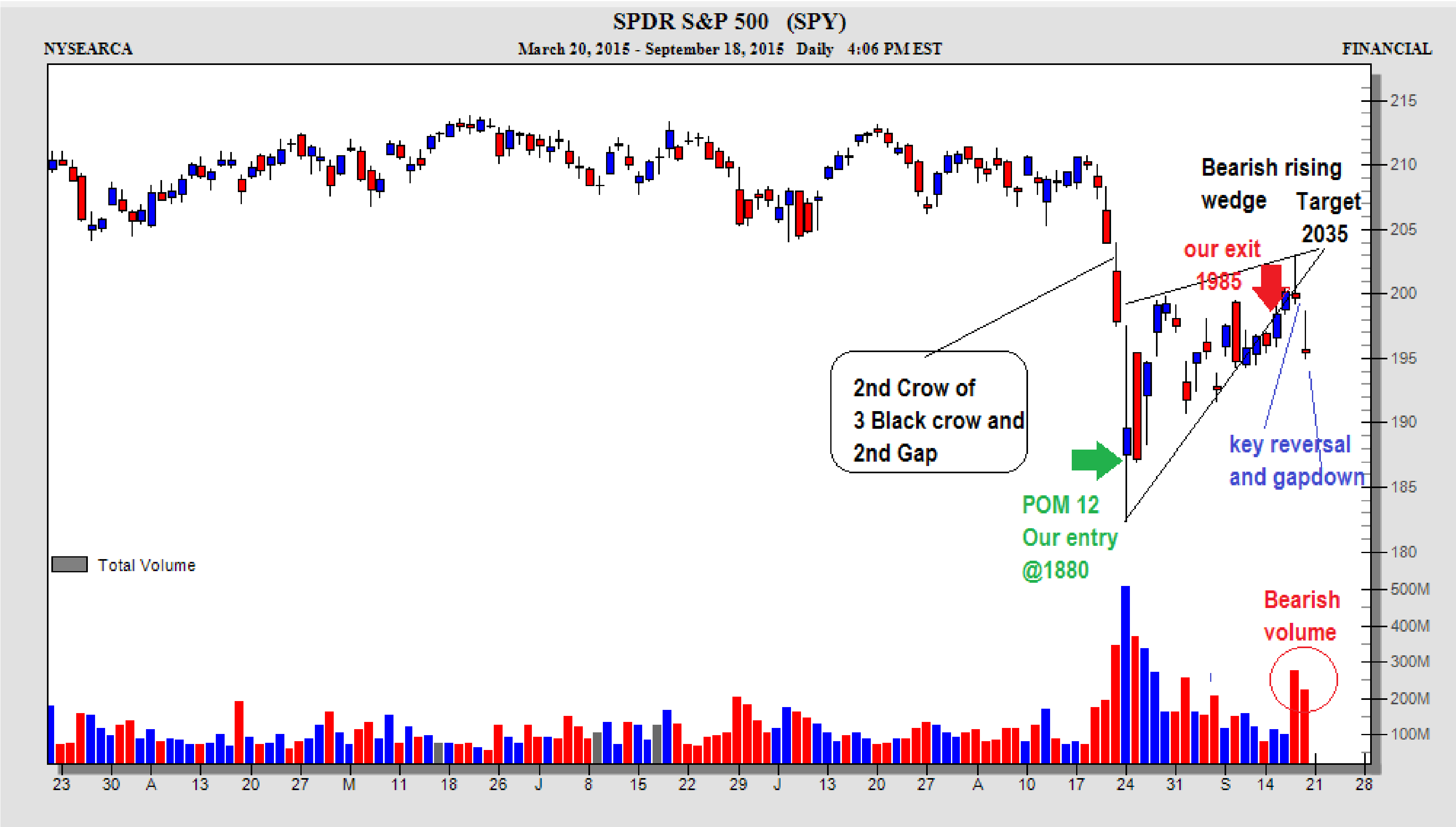
Upside – Rally to polytrend line (Equated to PEC-D 126 on TLT).



SPX- PEC- D Analysis - Daily

UPSIDE – Target to neckline CZ 2020-2050 – Met exact

All notes within the chart

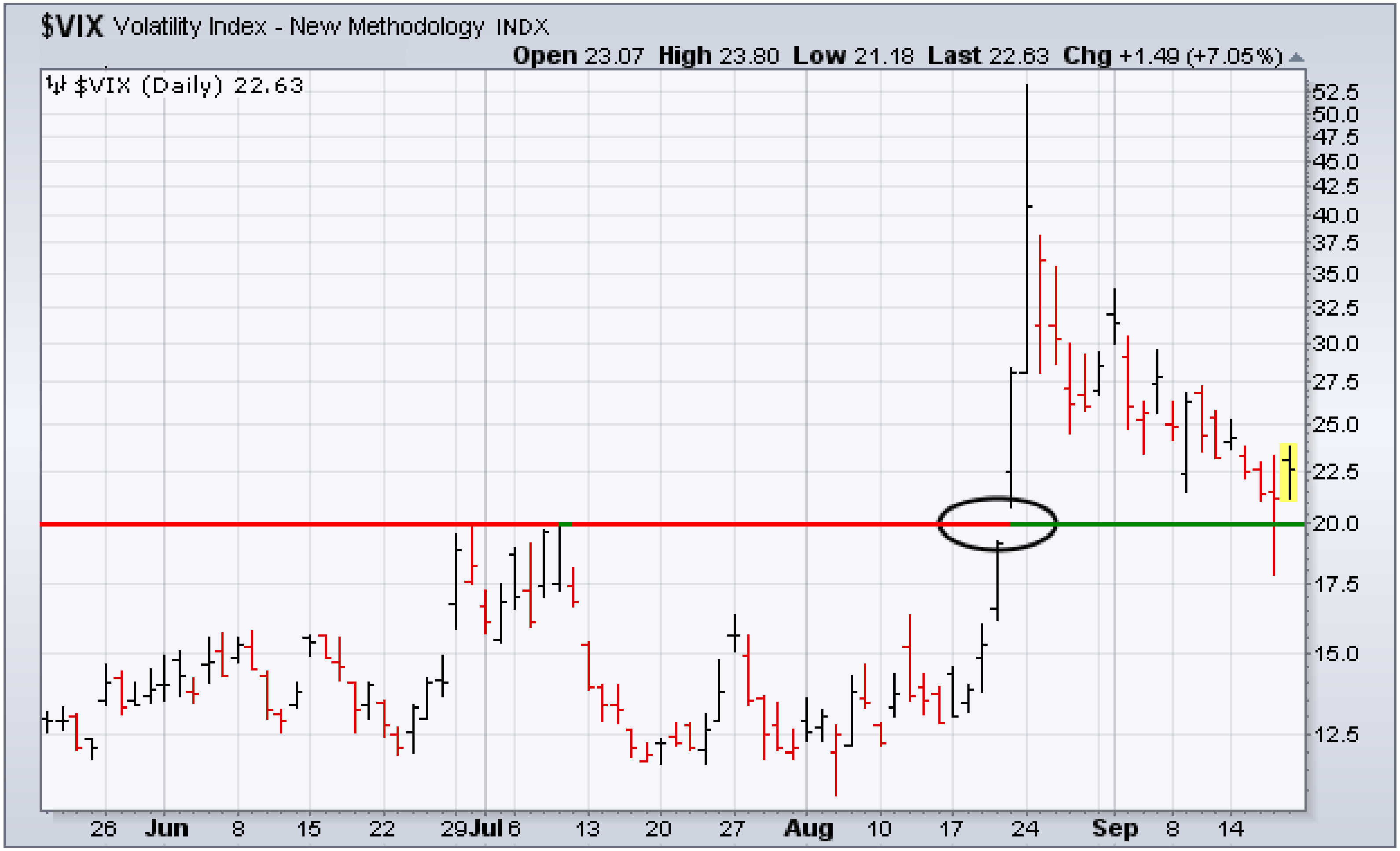


SPX- TRIN Analysis - Daily

After a rally of at least 3 days, if the TRIN closes above 1.65 and the Ticks close above 500 in positive territory, a short term top is predicted in the next couple of days. The red vertical lines in chart below show it.

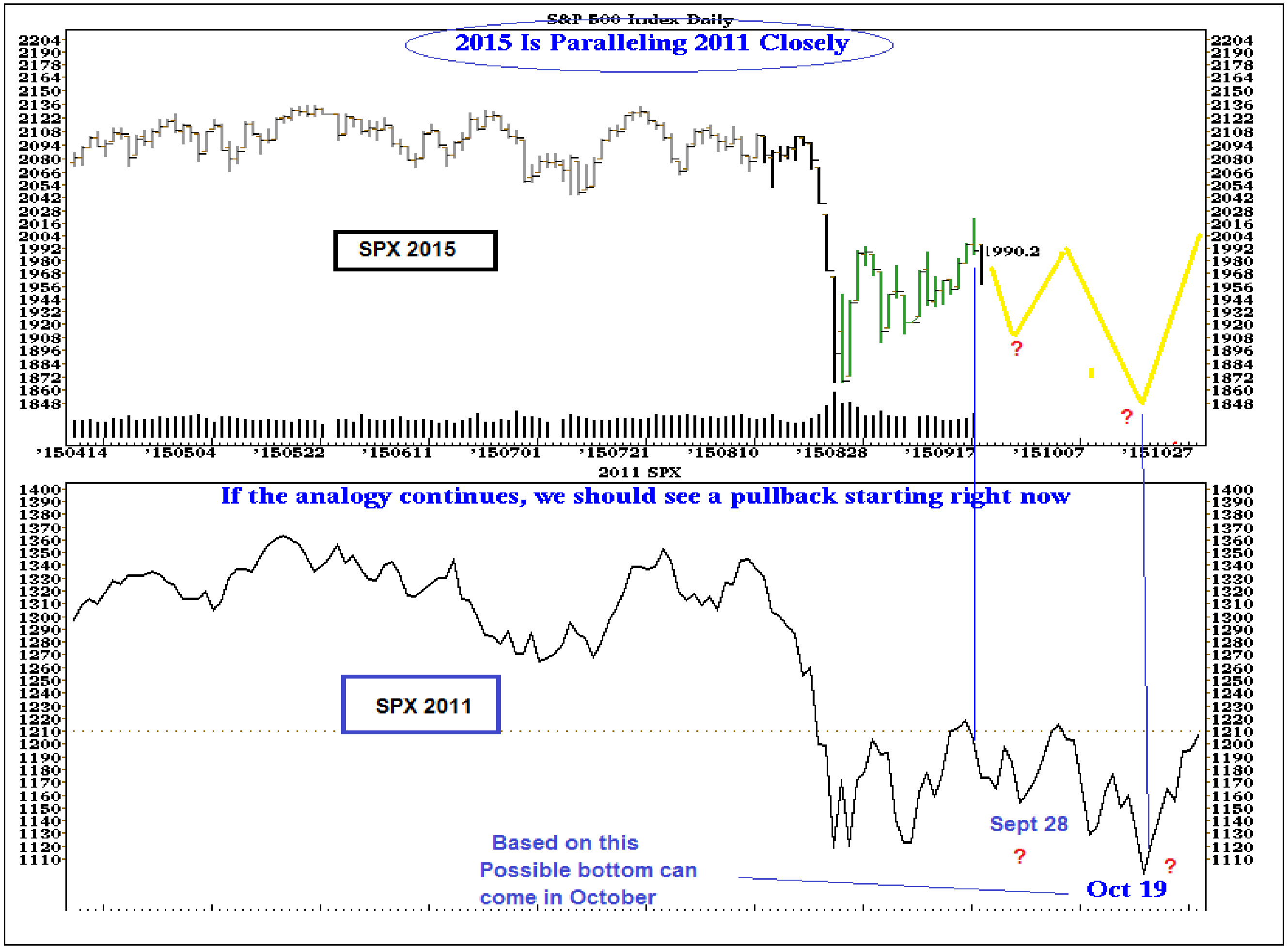
SPX- VIX Analysis - Daily

CBOE Volatility (VIX) Index nearing a test of potential breakout area near 20 which included its July peak and "gap support" formed a month ago (see circle). A prior resistance level usually provides support on subsequent pullbacks. After dipping below the 20 level briefly last week, the VIX has rebounded back above that level. We'll be watching to see if that 20 holds.



SPX- 2011 v/s 2015 Analogy.

September 28th date is a likely low and that's the next lower low on the above 2011 analogy. If that turns out to be the case, we should get a rally into October 2nd, then an A-B-C decline into October 19th. **Analogies don't always work out.** This analogy has a lot going for it, however, and it says that October 19th—the anniversary of the 1987 crash—would be the best buying opportunity for a strong resumption of the uptrend. Anniversaries have high probability of turn date.



SPX- Mid term picture on weekly chart

LONG-TERM UPTREND IS STILL INTACT... The steeper trendline starting in 2011 has been broken. That signalled that the four-year rally has ended. The current correction could retest last October's low at 1820 . The lower trendline drawn under the 2009/2011 lows, however, is still intact. A retest of that support line near 1700 would represent an SPX loss of -20%. That would qualify as a bear market, but with the longer-term upturn intact. It is encouraging for perm bulls that the 14-week RSI line is nearing oversold territory near 30 for the first time in four years.

SPX – Cyclical Model

- **SPX - Seasonality**

EFFECT – , Negative Sept – Oct .

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

Bradley Model – Neutral -

- **SPX - Sentiments Model**

AAII Weekly Sentiment Survey – BEARISH

SPX – Internals Model

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