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SPX – BONDS - MARKET STRATEGY REPORT

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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	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	1930	POM 14 Triggered Within CZ 1985-2020 Via Alert Email 9/16	NONE	NEUTRAL	0% Exited 33% Net longs for 105 points (5.3%) Profit	NONE	Bounce to 1975 which is , lows of high volume shooting star.	Rally target to CZ 1995-2020 should fail.	Pull back to 1910-1920 EXACTLY MET & BOUNCE BEGAN	Climax lows 1835 Should hold	

ACTIONABLE IDEAS – We are flat with No position. We locked in 105 points profit in SPX during this recent August crash. We are waiting for next signal. No new signal

Bears – Wait for SPX to fail on volume within CZ 1985-2020 / Bearish top by 4th-6th Oct (Cycle highs) to trigger Sell Short (POM 15) .

Bulls – Wait for SPX to reject on volume within CZ 1885-1910 / Bullish bottom by 19th Oct (Cycle lows) to trigger Net longs (POM 13/12)

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TLT (BONDS)	121.5	POM 14 Triggered @ 125 Via Alert Email 8/21	NONE	NEUTRAL	0%	NONE	Target PEC-D 126	CZ 128-127 <i>Possible but doubtful</i>	PEC-D 118 Bullish bottom	CZ 118-120 Bullish Bottom	<i>Timely Exited full position for 4.5% profit</i>

CTIONABLE IDEAS - **Triggered POM 14 @ 125 – Neutral**

For Bulls – Wait for price / volume rejection within CZ 118-120 / Bullish Bottom.

For Bears – Wait for bounce to **CZ 126-128** to fail with Bearish top.

Portfolio – Overview & Update

SPX- “POM 14- NEUTRAL triggered within CZ 1985-2020 on 9/16. – [Announcement](#) –[Exited our Net Longs](#).

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

BONDS – “POM 14- NEUTRAL triggered within CZ 125 -126 on 8/21. – [Announcement](#) –[Exited our Net Longs](#).

GOLD - continued to rally with bullish volume. It was safe haven due to combination of falling global stocks, lower interest rates, and a weaker dollar driving some nervous money to gold. Gold should test the highs of August and perhaps break it higher.

Market Overview SPX- BONDS

Back drop - In our last Report SPX was at 1955. We had indicated that decline that began from CZ 2020-1985 (An exit point of our profitable Net long position) would take SPX to its target of 1910 and reverse from there point. SPX appears to have exactly that.

Next - Currently on short term basis, cycle low came in between 25th -28th Sept at 1910 along with Total Lunar Eclipse over the weekend. The bounce could take SPX into 5th – 8th October cycle highs. Apparently 8th Oct is the apex of rising wedge pattern . Month end mutual fund money inflow could come in soon.

After the bounce, we think another decline could come in before the real low is put in around 10/19. We suspect that things are going to get more volatile as we continue through bottoming phase in equities in October. We still have parallel here between 2011 and 2015. (Refer chart below)

From 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.

Several charts below confirm some of the projections and turns based on TICK, TRIN and Volume test readings.

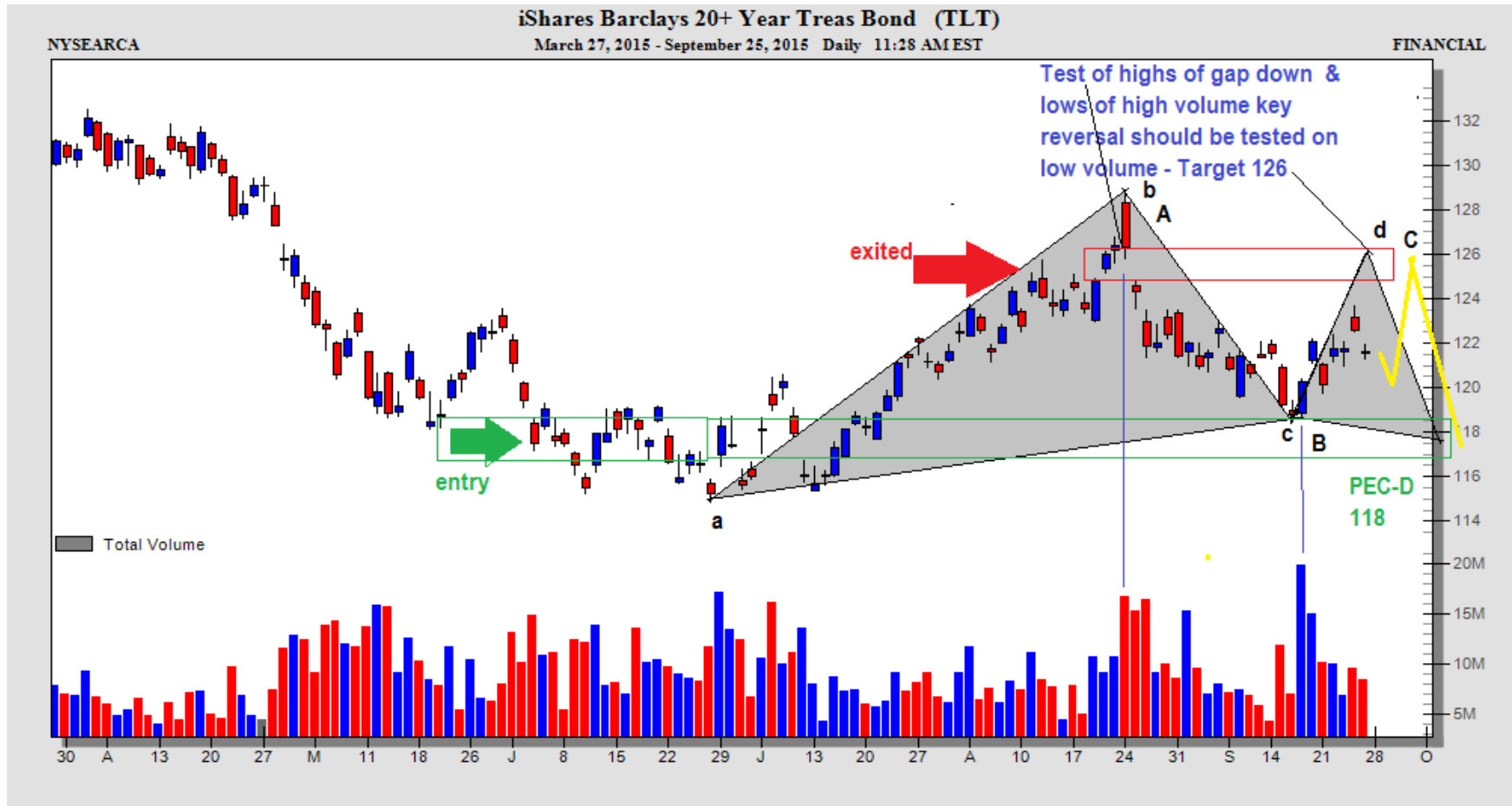
BONDS – No signal currently for the best risk / reward. TLT is trading between the range 118-126.

TLT – CZ- PEC- D Analysis - Daily

Notes within the chart –

Upside – PEC-D 126 within CZ 126-128 for Bearish Top.

Downside – PEC-D 118 within CZ 118-120 for Bullish Bottom.



SPX- TRIN Analysis - Daily

After the last decline from **2020 to 1908** , at SPX 1909 , the TRIN closed above 1.65 and the Ticks closed at -250 , a short term bottom . The red vertical lines in chart below show it.

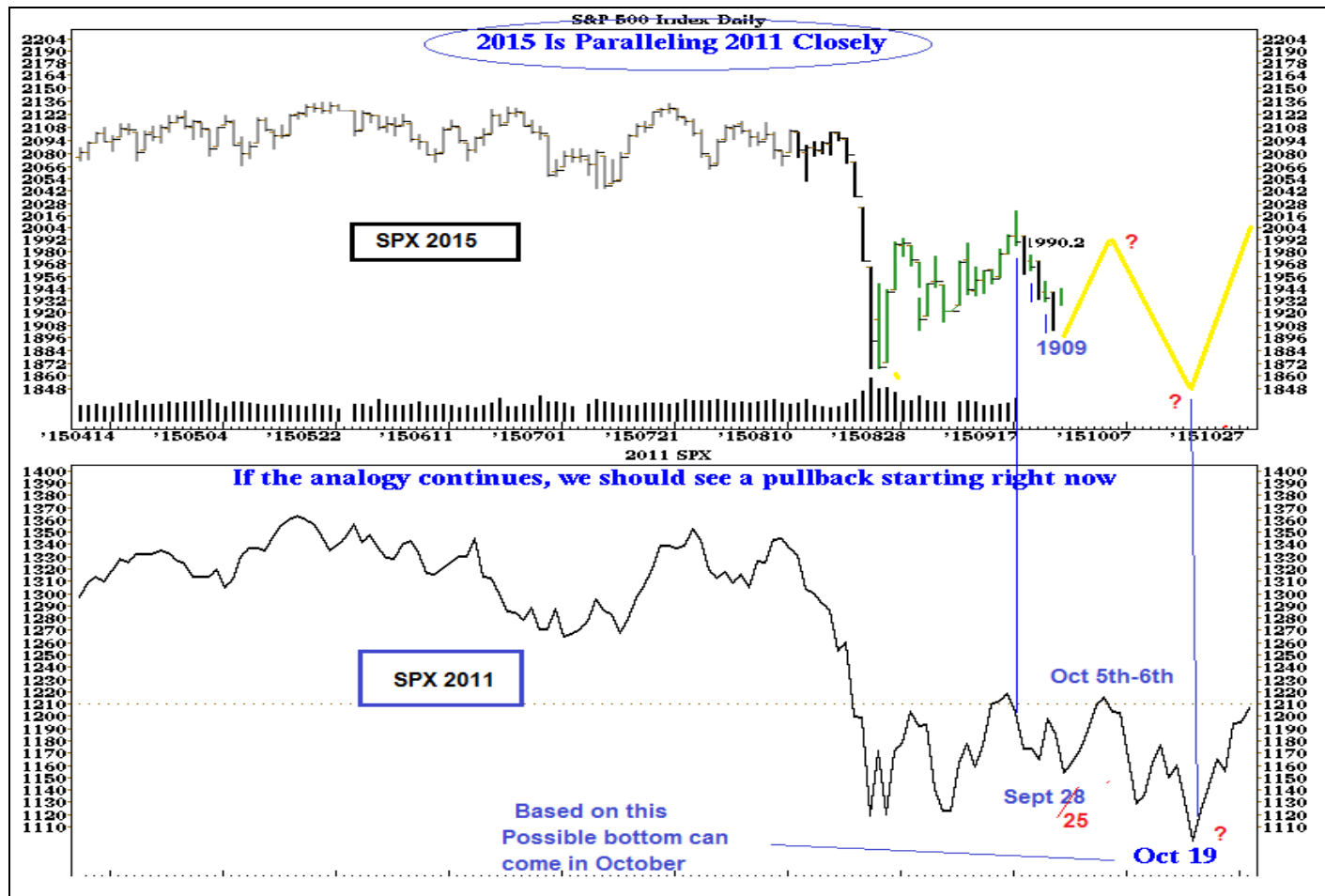
On last Thursday, SPX tested September 4th lows on lighter volume at 1910. The current bounce may take to 1975 at the lows of Sept 17th – highs volume shooting star before it fails the top side.



SPX- 2011 v/s 2015 Analogy. – Continues so far

September 25TH turned out to be cycle low instead of 28th Sept at our expected pull back target of 1910 . If this is likely short term low then based on 2011 analogy, we should get a rally into October 4th -6th , 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 lower trend line 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 the longer-term uptrend is intact.

The steeper trend line starting in 2011 has been broken. That signaled that the four-year rally has ended. The current correction could retest last October's low at **1885-1835**.



SPX – Cyclical Model

- SPX - Seasonality

EFFECT – , Negative Sept – Oct .

- SPX - Geomagnetic / Lunar Cyclic Model

Bradley Model – Neutral -

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – BEARISH

SPX – Internals Model

Midterm - TICK / TRIN – Short term Bullish.

AD Oscillator, Ratio's – Short term Bullish

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AD Oscillator, Ratio's – BEARISH

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