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SPX – BONDS – Institutional Report

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Executive Summary.

	Current Price	POM Triggered within CZ & Date	<u>Announcement</u> - ST Trend reversal & Risk management	Progress Status	Existing Position / Exposure	<u>NEW ACTION</u> (Trigger to Watch)	<u>Upside CZ Near Term</u>	<u>Upside CZ Mid term</u>	<u>Downside CZ Near term</u>	<u>Downside CZ Mid term</u>	Remark
SPX- 500	2049	POM 14 Trigger 3/6 @ 1995	NONE	NEUTRAL	0%	NONE	Gap @ 2050-30 is filled With low volume	Target PEC-2065- Met Required a rested.	Pull back To PEC-D 1995 & rally up	Projection to re test of lows CZ 1817-1805	Exited position For 4.8% Profit (90 Points gain)

For Bulls- Price move above 1995 is low volume false breakout. The momentum ride should target 2065 once again.

For Bears - Wait for SPX to Re test at 2065 and fail to Sell Short. (No Signal)

	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)	132	POM 14 Triggered 1/8 @ 123.8	NONE	NEUTRAL	0%	NONE	Target PEC-D 136 Bullish Top	.TBA	Pull back to CZ 128-127 & rally back	PEC-D 118 Rejected Bullish bottom	

ACTIONABLE IDEAS -

For Bulls – Pull back to CZ 128-127. Wait for Bullish Bottom to reject the lows & Play the next rally ABC up to 135.

For Bears – Wait to retest 135 and fail with Bearish Top.

Market Overview SPX- BONDS

Back drop: SPX Triggered Neutral Signal from Bullish at 1995 (POM 14), **We locked in 4.8% Profit in SPX (v/s YTD SPX gains are -ve)** . We are on the *sideline analyzing next move*. We do not have any Short Sell Signal (POM 15) OR Net long Signal in Bonds.

Last week's Email Report; SPX was Trading at 2069. Our expectation was pull back to 2035 by April 15. On Thursday 4/7 SPX hit the lows of 2032 as expected and rallied higher to current 2049.

SPX Short term – NEUTRAL

Next week, Oil once again will dictate the path of SPX. SPX still appears to continue the momentum ride to 2065 for another test. The Momentum 3 drives to the Top is in play (refer to chart below) . This is the week before option expiration week and a week where whipsaws are common. The light volume test is forming a rounded Topping process. The move above 1995 has been false breakout; such moves do not last beyond certain point.

Upon completion of right side pattern, short term indicators should turn Bearish and the decline should begin. We should see the first decline towards 1995 followed by another rally. **The real decline could begin in May into 2nd T- Termination.**
May tends to be the seasonal top.

XLE- Energy stocks during last week were the market's top sector. That was based on an 8% rise in the price of oil (\$WTIC) . The weekly bars testing its PEC-D projections. That's an important test for it and the rest of the market. The direction of energy stocks does have an influence on the direction of the stock market.

FTSE All World Stock Index is a good barometer of the Global Markets. Currently it is failing at highs. This is renewed selling in overseas markets. This Index includes Canada, Britain, France, Germany, and Japan. That lack of global "breadth" (and the fact that they've started to weaken this week), could cause the U.S. stock rally to stall as well in next couple of week till May.

SPX Midterm – Bearish –

Midterm Market internals are pointing toward Midterm Top. In Spite of rally in SPX and DOW, Broader Indices NASD, MID CAP AND RUSS are lagging way behind TICK/TRIN Ratio, MC Oscillator has turned down. (Refer chart below) Sentiment has Swung too rapidly with which investors have turned from bearish to bullish. If and when, the market fails decisively, we will consider adding Net Short position in SPX. This is a counter trend move.

Head and Shoulder top on the NYA. NYA is forming a right shoulder, once completed. Our downside target per the Head and Shoulders measured target is near the 7500 range. This would translate to SPX – 1710 target on 2nd leg down.

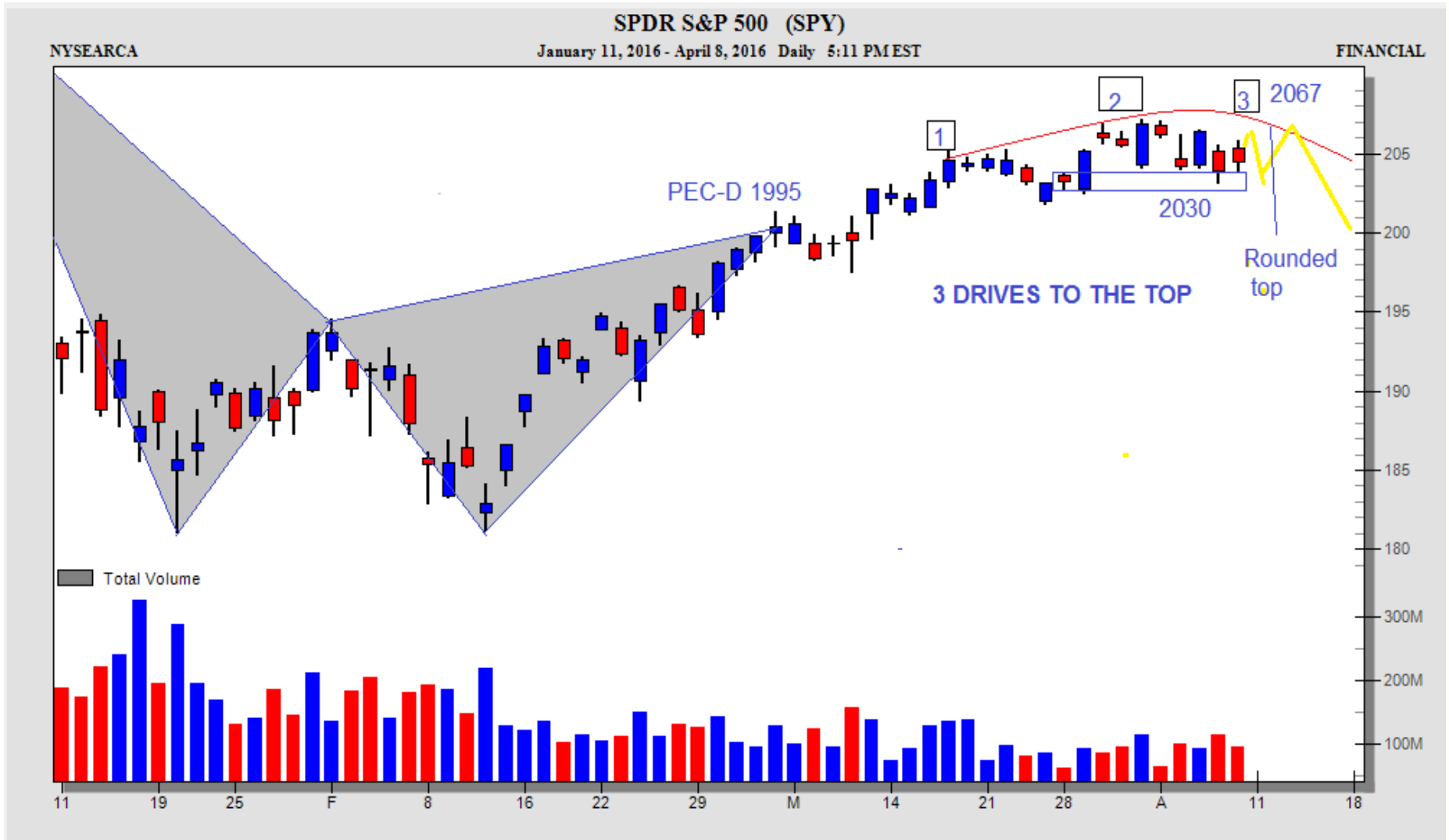
Bonds Short term – NEUTRAL

Another sign of investor caution is recent buying of traditional safe havens. **(TLT)** gaining ground along with **GOLD and Japanese yen**. All three are safe haven assets that investors buy when they're nervous about global stocks.

Bond Yield: Falling bond yields have not been supportive to financial stocks like banks which were among the market's weakest group. **KBW Bank Index is weak**, The BKX/SPX ratio fell to a new low. Financials are the biggest sector in the S&P 500, selling in that group is weighing on the market.

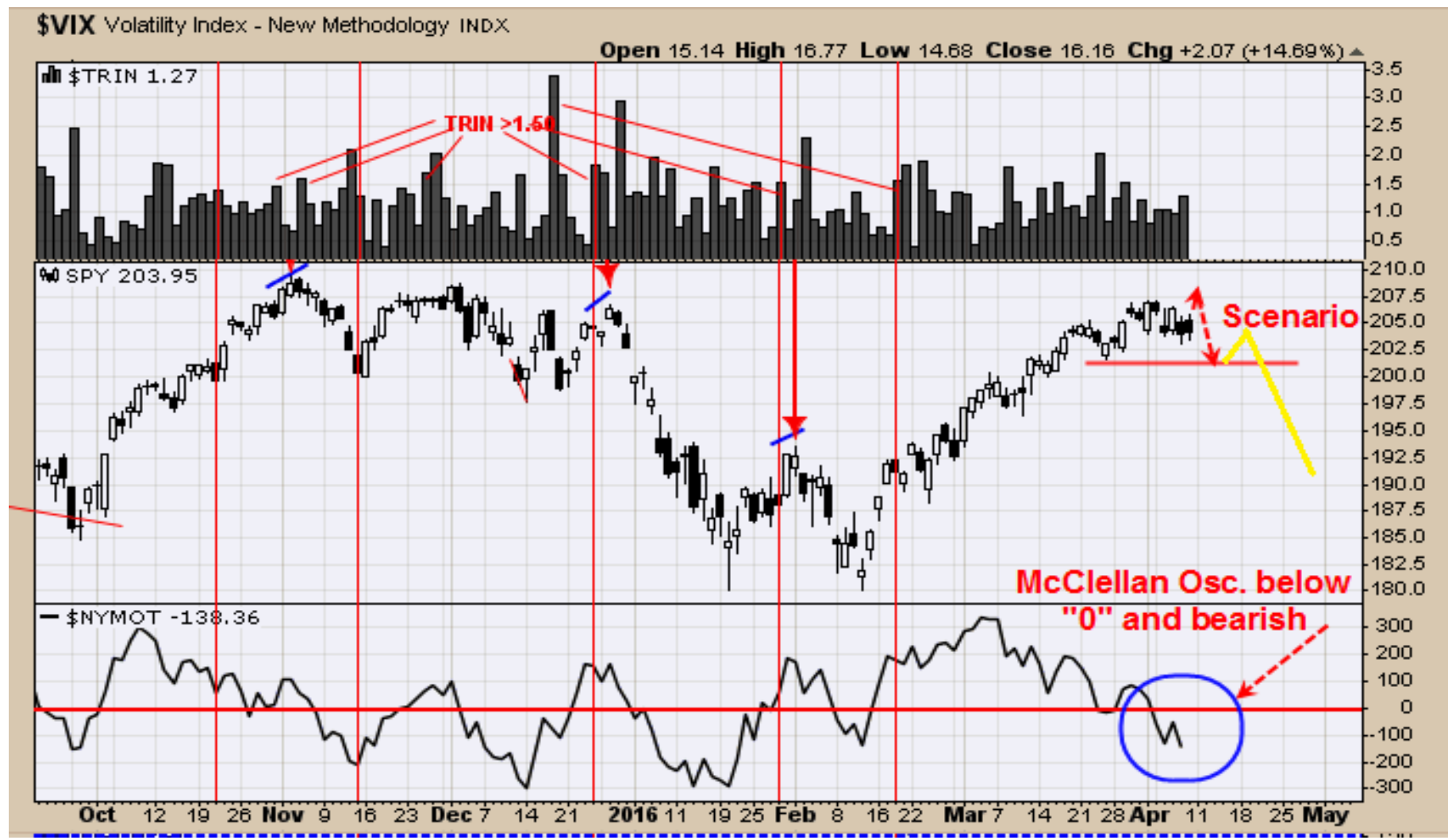
SPY - CZ- PEC- D Analysis – Daily (SHORT TERM) – NEUTRAL

We have 2065 target for prices. Refer notes within the charts.



SPY - CZ- PEC- D Analysis – Daily (Mid Term – **Bearish**)

The chart below indicates the McClellan Oscillator which closed below "0. This is Bearish. Also the up and down volume have a bearish crossover. This is Bearish. With the TRIN at 1.6 last week, a short term bounce is possible.



SPY - CZ- PEC- D Analysis – Daily (Mid Term – **Bearish**)

NYSE Volume Momentum Oscillator showing a bearish sign. The bottom window above is the 10 day average of the OEX put/call ratio. Readings above 1.90 on this ratio suggests a top is nearing. We are also noticing that “Three Top pattern” may be developing on the SPX which looks similar to the pattern that formed between Octobers to December 2015. Most likely April will be an up month but May period is a time to be alert



SPX – Cyclical Model

- SPX - Seasonality

EFFECT – , NOV – APRIL - POSITIVE .

- SPX - Geomagnetic / Lunar Cyclic Model

Planetary alignment – 28th January for lows .

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – Bullish

SPX – Internals Model

Midterm - TICK / TRIN - Short term Bearish Neutral

AD Oscillator, Ratio's – Short term Bearish I

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)

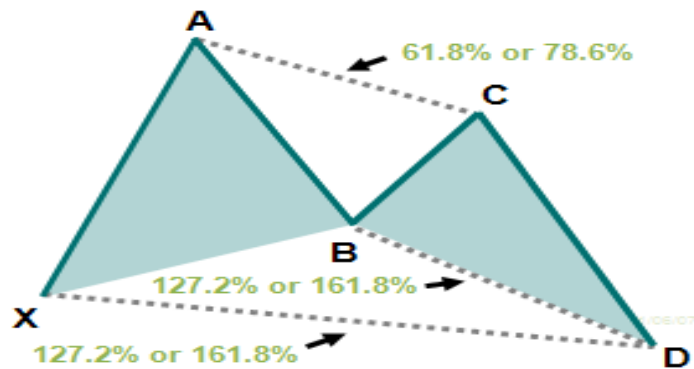
Pythagoras Expansion / Contraction – (PEC) Model

- 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

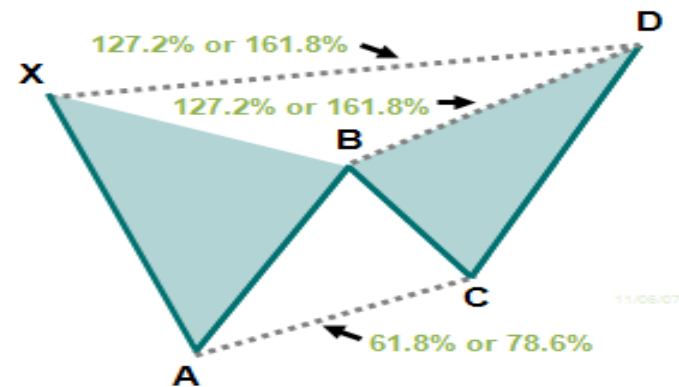
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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