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**SPX – BONDS – Institutional Report**

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**Executive Summary.**

	Current Price	POM Triggered within CZ & Date	<b>Announcement</b> - ST Trend reversal & Risk management	Progress Status	Existing Position / Exposure	<b>NEW ACTION</b> ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
<b>SPX- 500</b> <b>Announcement</b>	2077	<b>POM 14</b> Trigger 3/6 @ 1995	<b>POM 15</b> Triggered @ 2077	<b>NEUTRAL</b> Turned <b>BEARISH</b>	Net Short	Scale in 0% to 17% Within CZ 2075-85  <b>Stop 2105</b>	Target PEC- 2065- Met Required a rested	<b>At 2077</b> <b>Completed</b> 1-3-5- ( 3 Drives to the Top	Pull back To PEC-D 1995 & rally up	Projection to re test of lows CZ 1817-1805	<b>Hedge</b> <b>Existing Net</b> <b>Long GOLD</b> <b>Position</b>

**For Bears** - SPX to test at 2077 (Momentum Pattern- 3 Drives to the Top) Failed and Triggered POM 15.

**For Bulls**- Wait for the pull back to 1995 to add Net long position. (Price move above 1995 is low volume false breakout) .

**Announcement:** **SPX Triggered Bearish Signal from Neutral at 2077 (POM 15).** Monday, we are going to “Hedge 17% of our current Net Long GOLD position with 17% Net Short position in SPX”. Our Portfolio will be “**Delta Neutral**”

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> - Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	<u>NEW ACTION</u> (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

**Announcement:** SPX Triggered Bearish Signal from Neutral at 2077 (POM 15). Monday, we are going to “Hedge 17% of our current Net Long GOLD position with 17% Net Short position in SPX”. Our Portfolio will be “Delta Neutral” This is NOT naked short yet for the Portfolio. Adding Net Short to the Portfolio beyond current position to be announced

**Last week's Email Report** SPX was trading at 2048; our expectation was upside move to 2067 which completed the Momentum “3 Drives to the Top pattern” at 2067. TICK / TRIN Ratio of 1.6 put in energy on Thursday, during option expiration week as expected. Oil ( \$WTIC) continued to move in sync with SPX last week as expected.

### SPX Short term – BEARISH

Next week; Sunday’s Oil summit at Doha should move the Oil Market next week. Oil and SPX continues to move in Tandem. Although the Momentum “3 drives to the Top pattern” is completed, it tends to have a re test of the 3<sup>rd</sup> Drive as a part of rounded topping process. Pull back usually is where the pattern began at 1995 (Refer chart below)

Stocks Acting like They Want to Form a Top, breadth went red on Thursday, suggesting that the equity market is getting quite tired. We suggest the Fed is pulling back on liquidity injections as the money flow line made a dip down. The short term indicators have turned Bearish. We should see the first decline towards 1995 followed by another rally. Although the real decline can begin in May T- Termination. May tends to be the seasonal top.

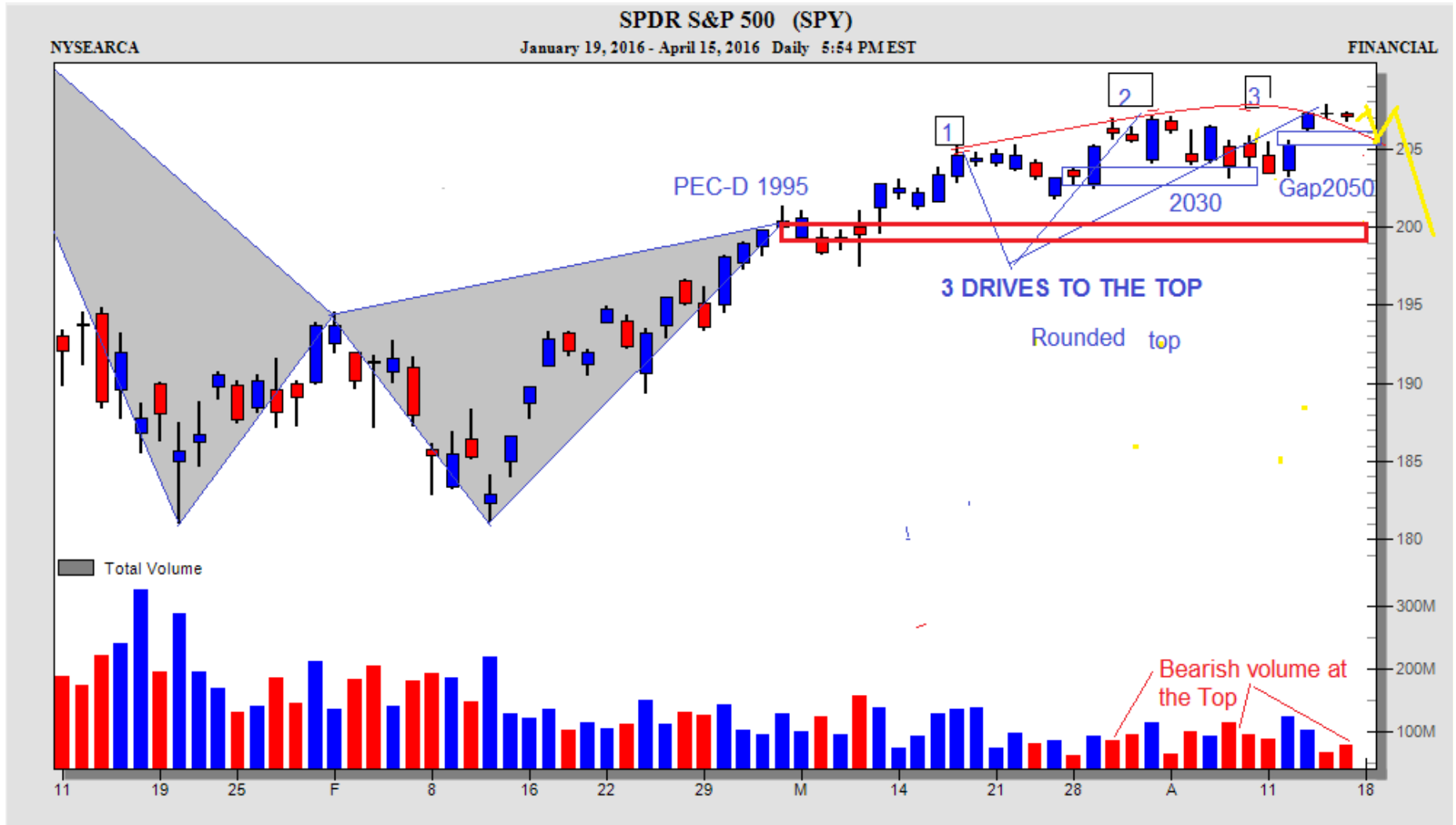
### SPX Midterm – BEARISH –

Midterm Market internals are pointing toward Midterm Top. VIX is diverging bearishly. The McClellan Oscillator which closed below “0. This is Bearish. Also the NYSE up and down volume has a bearish crossover. This is Bearish. Broader Indices NASD, MID CAP AND RUSS are lagging way behind TICK/TRIN Ratio, MC Oscillator has turned down. (Refer chart below).

**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 – 1810 target on 2<sup>nd</sup> leg down.

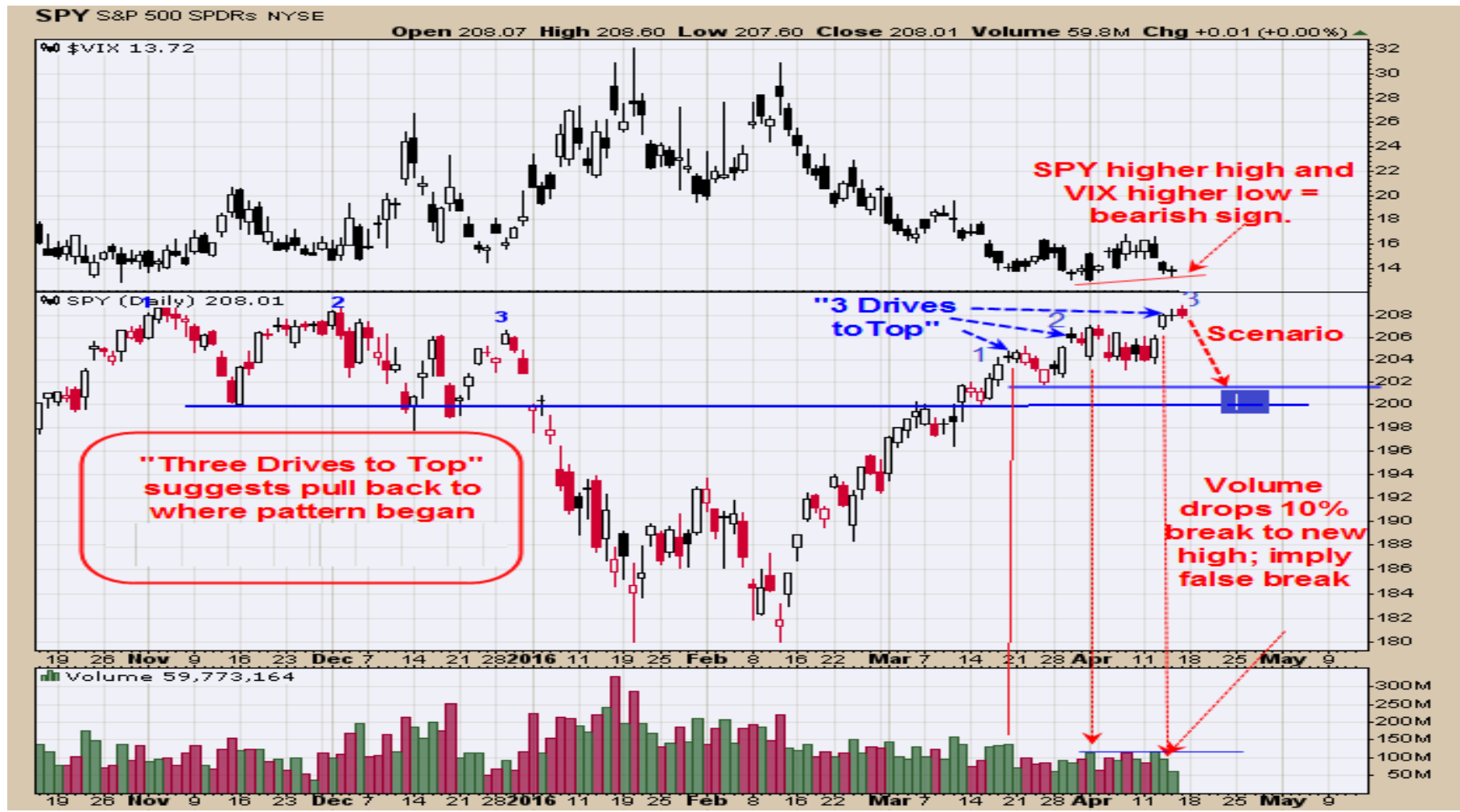
# SPY - CZ- PEC- D Analysis – Daily ( SHORT TERM) – BEARISH

The Momentum “3 drives to the Top pattern” is completed, it tends to have a re test of the 3<sup>rd</sup> Drive as a part of rounded topping process. Pull back usually is where the pattern began at 1995. The First pull back will be towards the GAP 2050.



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

On this rise to new short term high on the SPY, the VIX made a higher low which is a bearish sign. The rally to new short term highs produced a drop of 10% in volume. To confirm a breakout to new short term highs, volume should have expanded and suggests yesterday's breakout may fail. This is showing weakness in the market.



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

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.



## SPX – Cyclical Model

- SPX - Seasonality

EFFECT – , NOV – APRIL - POSITIVE .

- SPX - Geomagnetic / Lunar Cyclic Model

Planetary alignment – 28<sup>th</sup> January for lows .

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – Bullish

## SPX – Internals Model

Midterm - TICK / TRIN - Bearish

AD Oscillator, Ratio's – Bearish

# 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

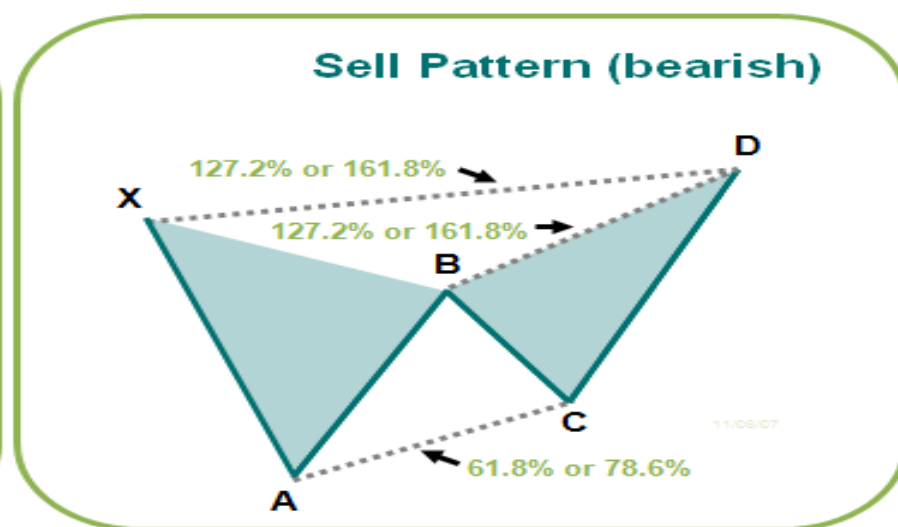
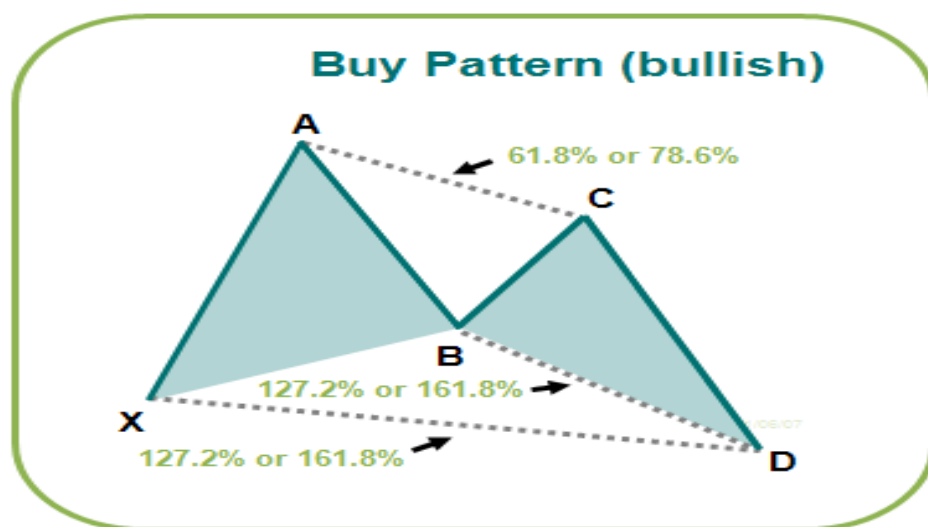
- POM is rated from 10 to 15
- POM 14 , 15 ( is Sell Signal) and 12 , 11 ( is Buy Signal ) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional ‘New Buys’ that was initiated at POM 12 or POM 11 levels
- On 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 2<sup>th</sup> 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



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