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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	<b>NEW ACTION</b> ( Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	2089	POM 15 Triggered CZ 2075-85 4/18	NONE	BEARISH	Net Short 17%	NONE	At 2077 Completed 1-3-5- ( 3 Drives to the Top	Re test Of CZ 2085-75 In progress	Pull back To PEC-D 1995 & rally up	Projection to re test of lows CZ 1817-1805	<b>Hedged Existing Net Long GOLD Position</b>

**For Bears** - SPX to tested momentum Pattern- 3 Drives to the Top and failed. Triggered POM 15 within CZ 2075-85.

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

	Current Price	POM Triggered within CZ & Date	Follow up <u>Announcement</u> - Update For ST Trend Reversal & RM	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>TLT (BONDS)</b>	128.3	<b>POM 14 Triggered 1/8 @ 123.8</b>	NONE	<b>NEUTRAL</b>	<b>0%</b>	<b>NONE</b>	Target PEC-D 136 Bullish Top	.TBA	Pull back to CZ 128-127 Approaching	PEC-D 118 Rejected Bullish bottom	

### **ACTIONABLE IDEAS -**

**For Bulls** – Pull back to CZ 128-127 approaching. 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

SPX Triggered Bearish Signal within CZ 2075-85 (POM 15). Within our Portfolio “Hedged 17% of our current Net Long GOLD position with 17% Net Short position in SPX”. Our Portfolio is “Delta Neutral” This is NOT naked short yet. Adding Net Short to the Portfolio beyond current position to be announced . **Consider Pair Trade IVE / IVW- Refer chart below**

### **SPX Short term – BEARISH**

The Momentum “3 drives to the Top pattern” is completed. Most indices are showing potential uptrend expirations via Matched Trend-Time Ts expiring in May.” Coming up in May we may have a significant selloff. Pull back usually is where the 3 drives to top pattern began at 1995 (Refer chart below)

Breath is getting negative. The short term indicators have turned Bearish. We should see the first decline towards 1995 followed by another rally. May tends to be the seasonal top. Seasonality wise, April is usually positive during a Presidential election year and May is usually a down month.

### **SPX Midterm – BEARISH –**

No Change in our view. 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.

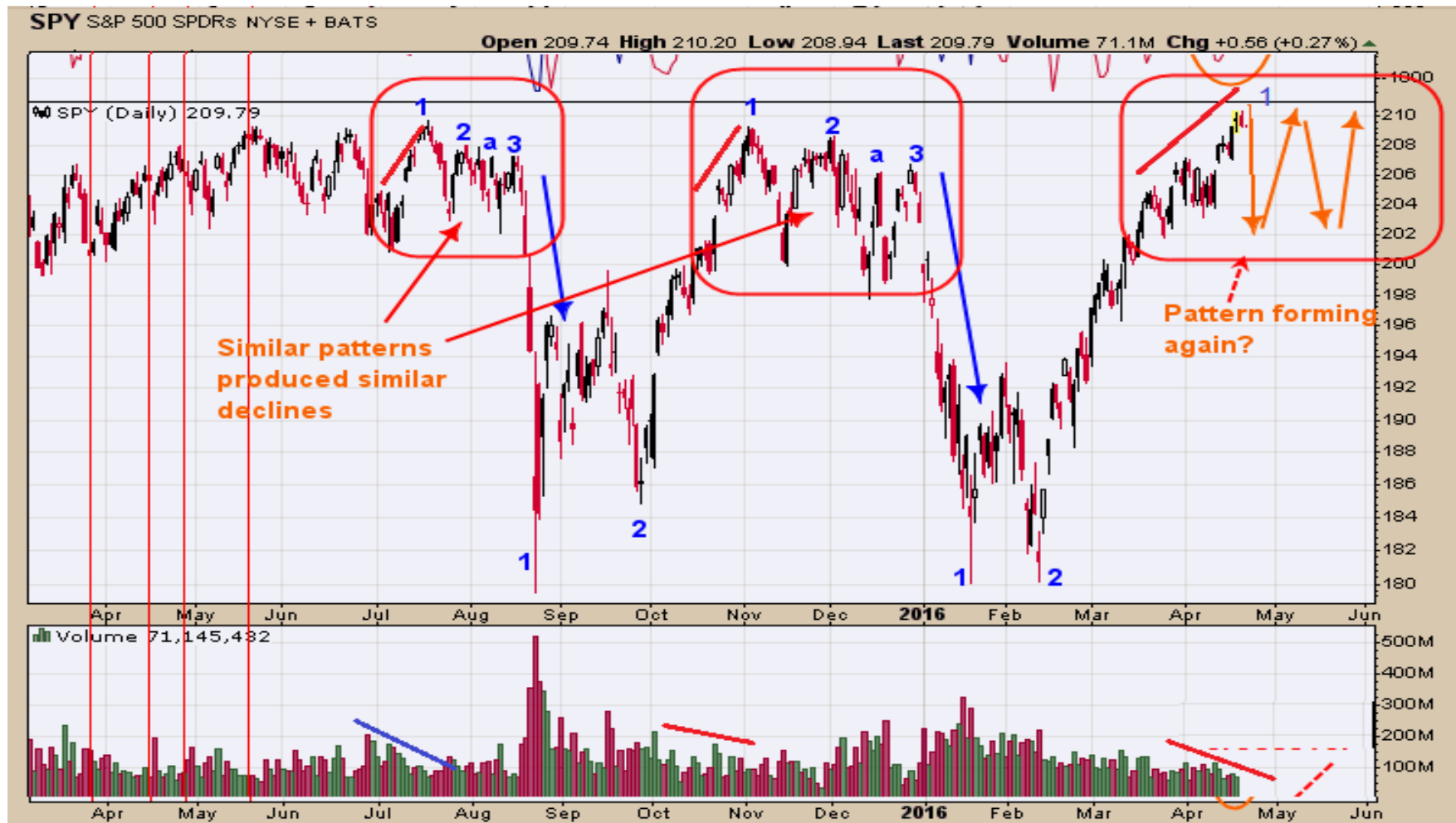
**Head and Shoulder top on the NYA.** NYA is forming a right shoulder, once completed. Our downside target per the Head and Shoulders measured target is near the 7500 range. This would translate to SPX – 1810 target on 2<sup>nd</sup> leg down.

### **Bonds Short Term – NEUTRAL**

Rising Commodity is hurting Bonds. CRB Index bottomed in Jan and rising. Historically, rising commodity prices have been bad for bond prices and inflation. CRB Index during January and April coinciding with weaker Treasury bond prices.

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

The pattern that formed back in mid July to mid August 2015 was very similar to the pattern that formed from November to December 2015 and both produced similar declines that produced a double bottom. Market usually forms patterns in three's . Our thinking is that the same pattern could form again. We do have measures suggesting a top is not far off.



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

Long term indicators which is the NYA/TRIN ratio. Back in January this indicator gave a bearish crossover and so far it remains on this bearish crossover even though market has rallied from the February low.



## Value v/s Growth

The "ratio" of the S&P 500 Value iShares (IVE) and S&P Growth iShares (IVW) over the last two years. The value/growth ratio bottomed in January and broke a falling two-year line. That's the biggest gain in value in two years. It suggests that it is swinging back to value stocks.



## 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)

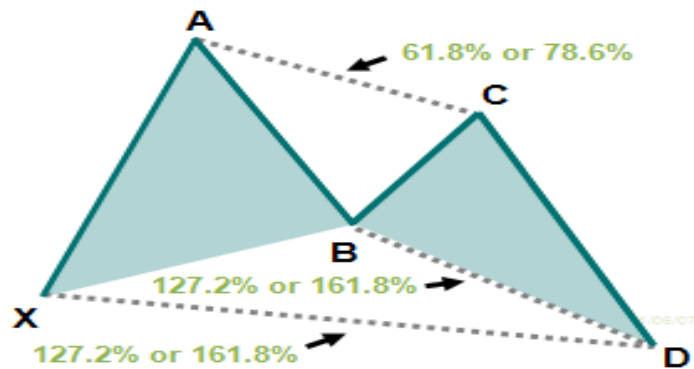
## Pythagoras Expansion / Contraction – (PEC) Model

- 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

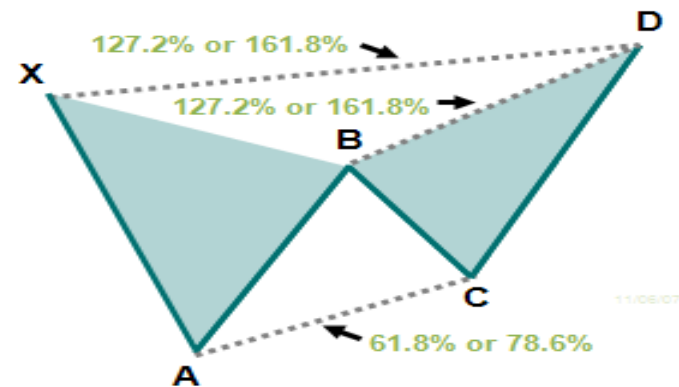
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

### Buy Pattern (bullish)



### Sell Pattern (bearish)



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