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SPX – BONDS – Institutional Report

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Executive Summary.

	Current Price	POM Triggered within CZ & Date	Announcement- ST Trend reversal & Risk management	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	2191	POM 13 Triggered @2035 On Election night @ 2035	None	BULLISH	Net Long 30%	None	Our rally target to 2200 met With Neutral top	Highs of 2220 Needs to be tested to signal Bearish Failure	Pull back to 2170 -60 & rally up	Target ABC down to 2120	ABC down to 2040-20 Met exact On election night

- Our Net Long entry point at 2045 (on election night) is trading at 2190; Gains of 145 points (7.0% profit).
- This SPX Net long Trade will end after the positive seasonality ends (Wait for the announcement)
- This SPX Net Long position is fully Hedged with Net long position in TLT / 20 yr Bonds to protect against sudden decline in SPX.

	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
TLT (BONDS)	119.85	POM 13 Triggered 11/20 CZ 121-118	None	BULLISH	Net Long 30%	Scale in @ 121 below	Rally to target 127	TBD	Building base Within CZ 118-121	ABC down to 118 Net exact Bullish Bottom	

- **TLT Net long position within CZ 118-121. Stop at 117.**
- **Election night we were stopped out of this trade with -3.7% loss**

TLT

Sentiments in US Treasury are extremely negative with 95% Bearish ness. This is great contrarian Indicator. There is very high probability, Bonds has another run to the upside before falling apart.

On Short term basis, Bond Market is completely oversold. Projection on downside **to PEC-D 118 met exactly**. The Open interest has declined with the fall in prices; this suggests a significant move to the upside towards 127 on counter trend.

On midterm basis, it appears the yield is going higher and Bond Market could be in significant leg down once market fully prices-in , the Trump Trade policies and USD begins to sell off.

Market Overview SPX- BONDS

SPX: Last week, SPX met our expected Trump rally target of 2200 (exactly) and exceeded a bit to 2220 during the 2nd power play. This rally was initiated at 2035; on the night of election. Our entry point for Net long is at 2045. The 2nd Power play did NOT disappoint us.

There is Rotation out of Growth Stocks (mostly NASD Technology) into Value Stocks such as Banks, Industrial and Oil stocks. This weekend, Italian referendum voting may initiate some volatility in Global and currency markets.

We plan to hold / ride our Net Long position till next week or perhaps year end. This is positive seasonality as a buffer on major pull back.

On very short term basis (1-2 weeks) , the market can pull back to 2170-60 and will go back up to test the highs of 2220 once again before signaling any kind of failure for Bears. We will take Net short position only when SPX fails with Bearish volume at the double top 2220. We do not want to fight the seasonality.

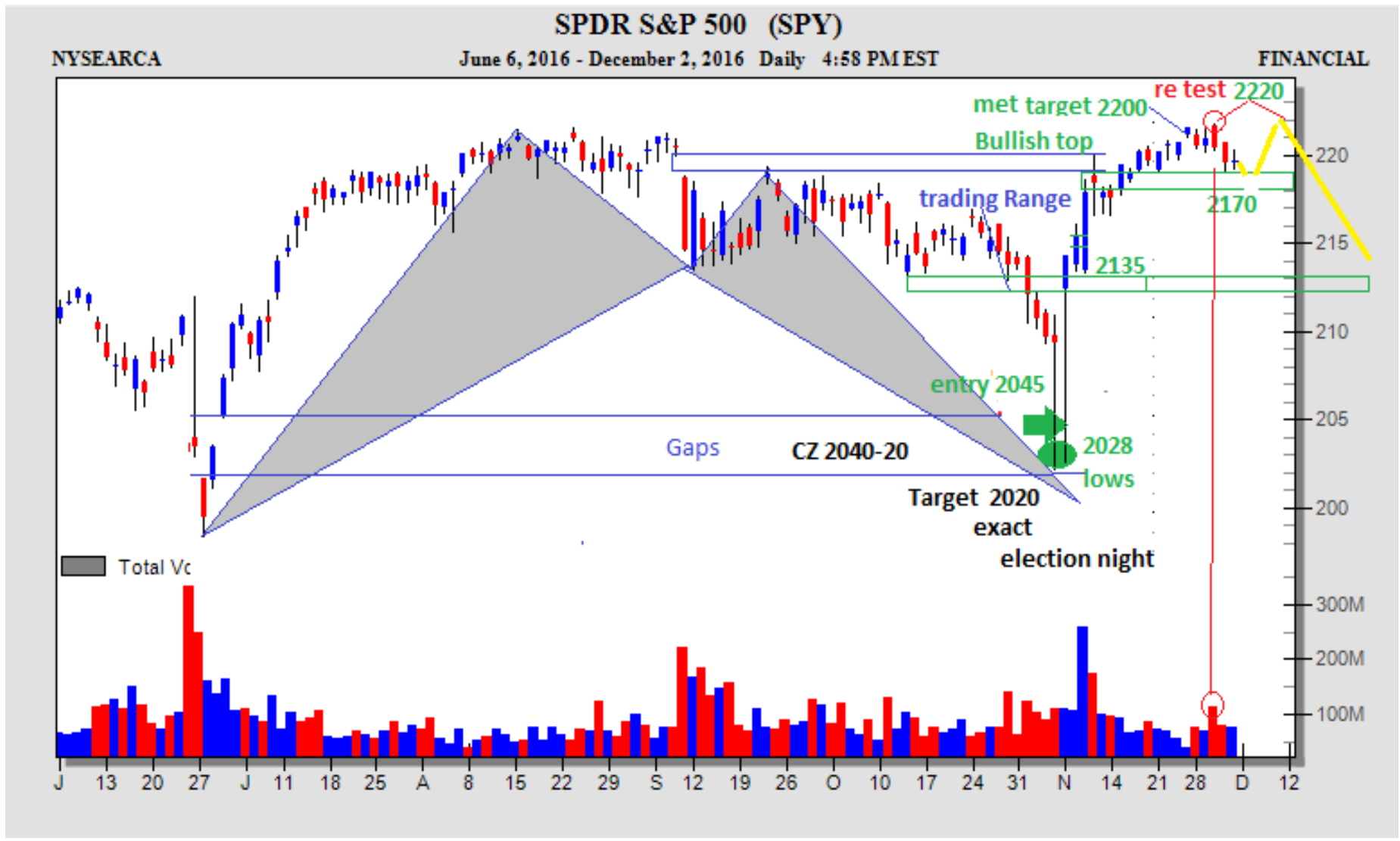
On slightly midterm basis (4-6 weeks), The real market should begin after the 1st of the year when it starts worrying about consequences of Trump plan. Indicators within Midterm, shows signs of Cracks in TICK and TRIN analysis (Refer chart below)

Post Jan 1st, the Market will undergo tremendous re adjustment in asset prices. Here are some of the headwinds it will face

- End of positive seasonality.
- Re adjustments in Global currencies due to Trade policies
- Rising Yield in 10 yr and 30 yrs and impact of Fed fund Rates hikes
- Impact of fiscal Trump spending on overall Debt.
- Deadline on US Debt ceiling: March 2017.

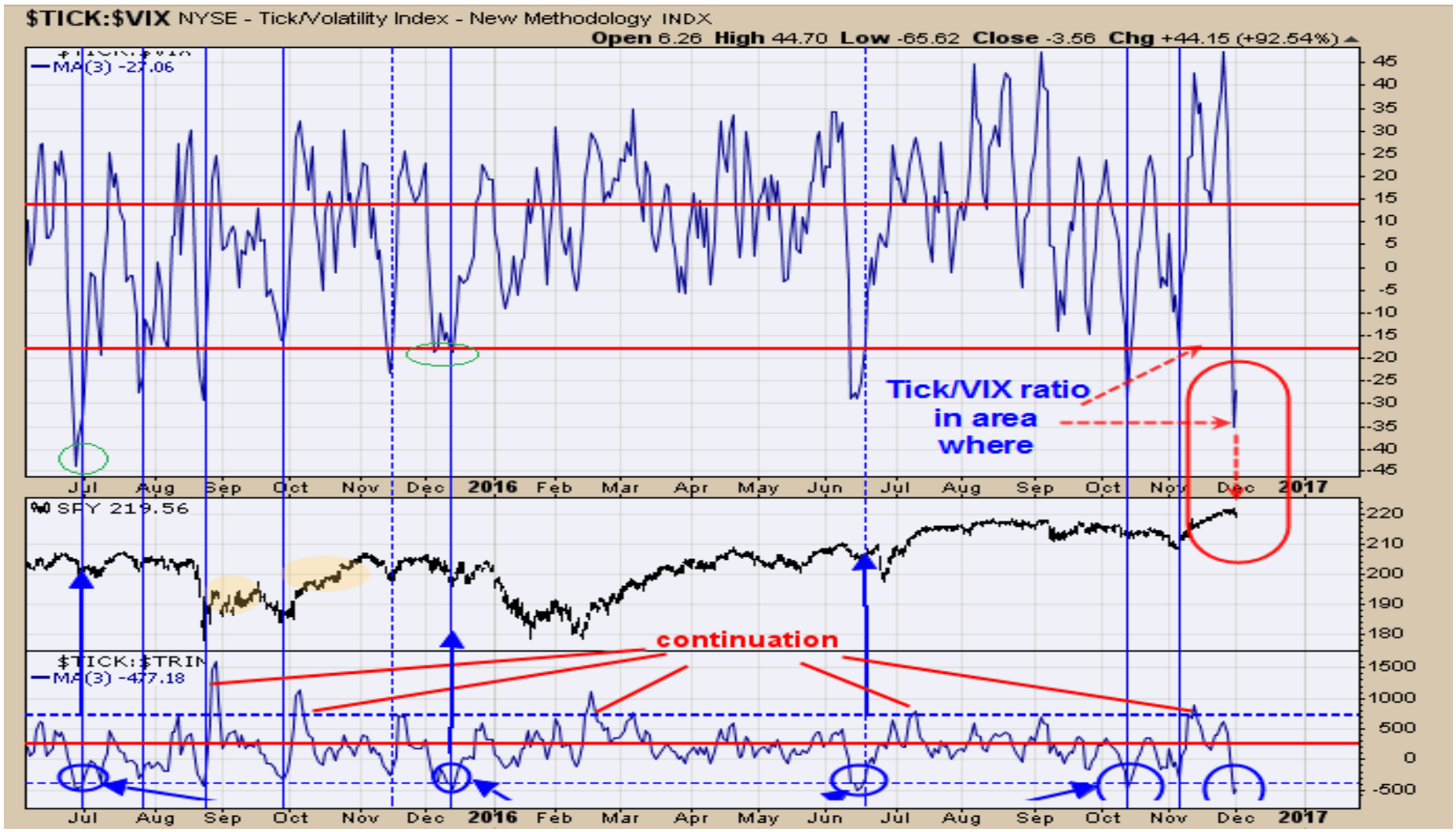
SPY / Volume Analysis – C Z- PEC- D Daily

Projected Target of 2200 met exactly and exceeded a bit to 2220. It will be rested. We remain Net long since 2045.



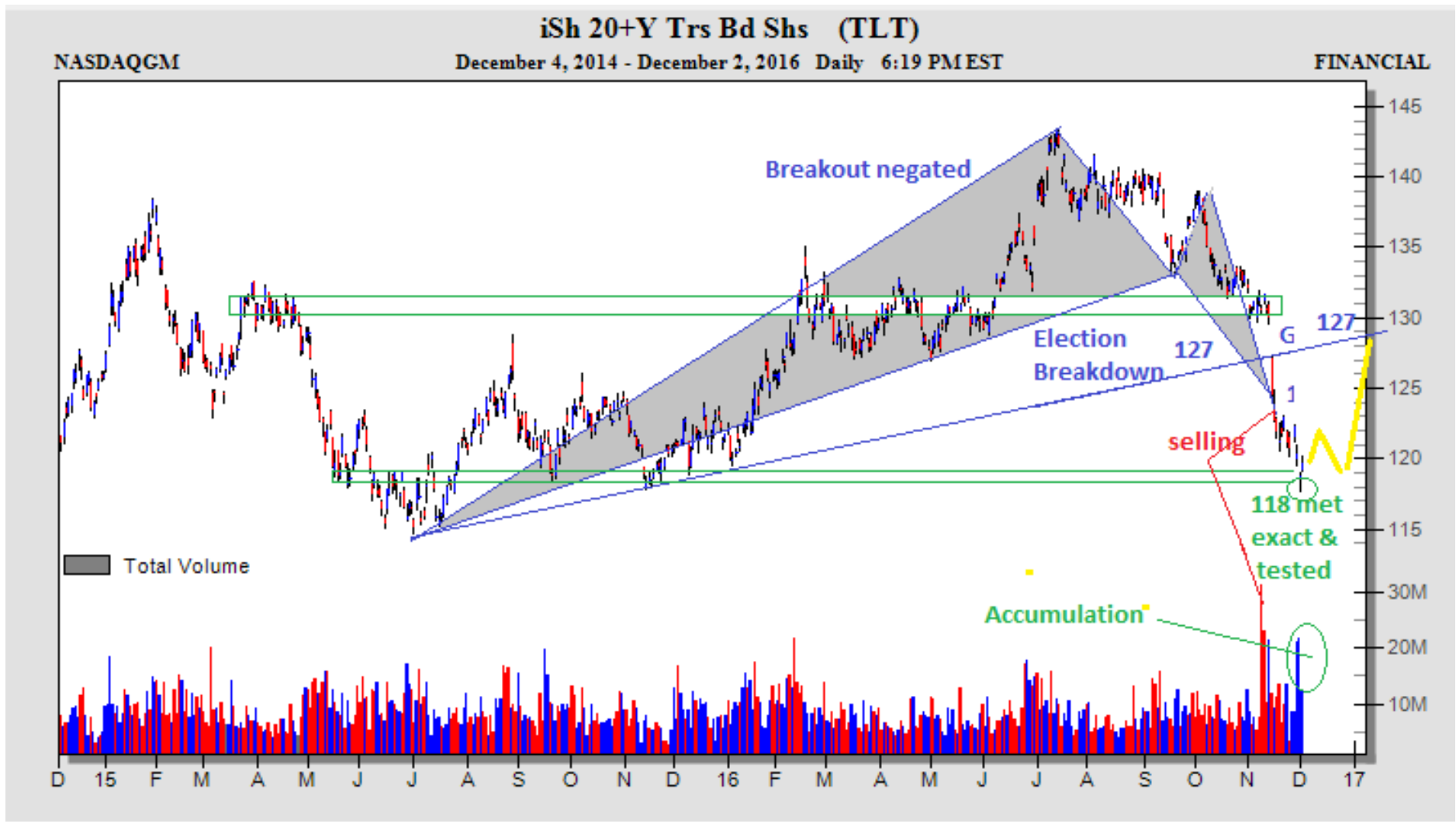
SPY / Put / Call Analysis – C Z- PEC- D Daily (Short Term) – (1-3 weeks) Bullish

TICK/TRIN ratio when reaches below -200 (Friday -400) the market has tendency to put in lows within 2-3 days and continuation higher for next 1- 2 weeks.



TLT / Volume Analysis – C Z- PEC- D Daily

Bond Market is completely oversold. Projection on downside to **PEC-D 118 met exactly**. TLT is rejecting the lows with volume picking up on upside, the next rally would target 127 at the breakdown area at the Gap.



SPX – Cyclical Model

- SPX - Seasonality

Fourth Quarter “Power Periods”

Power Period 1 (4 Days)

Last 2 trading days of October

First 2 trading days of November

Power Period 2 (9 Days)

Last 6 trading days of November

First 3 trading days of December

Power Period 3 (7 Days)

Last 7 trading days of December

Total Trading Days: 20

- SPX - Geomagnetic / Lunar Cyclic Model

None

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – Bullish

SPX – Internals Model

Midterm - TICK / TRIN - Bearish

AD Oscillator, Ratio's – Bullish

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)

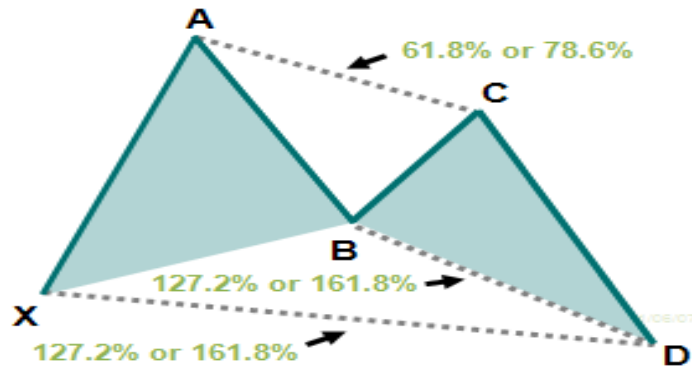
Pythagoras Expansion / Contraction – (PEC) Model

- 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 steams to achieve confluence point D coinciding with POM

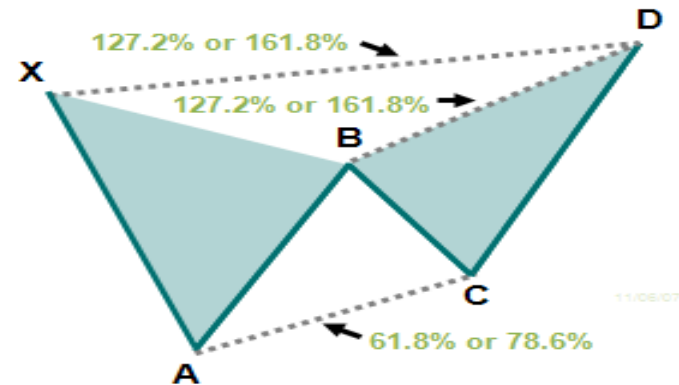
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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