SG Capital Research
Global Market Insights
Chart System

Date: July 05, 2016 (Tuesday) www.sgcr.us **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 Announcement	2090	POM 15 Re Run Triggered @2090 5/7	Initiated Net Short within CZ 2090-85	BEARISH	Net Short 0% to 20%	NONE	At 2077 Completed 1-3-5- (3 Drives to the Top Failed on volume	Target 2115 and failed On volume	1st ABC down to 2050 Bearish Gap 1	2nd ABC down t0 2020 -00 Bearish Gap 2	Projection to re test of lows CZ 1995-1985 Bearish Bottom

Announcement :

For Bears –Triggered Net Short: POM 15 Re Run with CZ 2085-2090, SPX failed on top side.

1st ABC down to 2050 towards Bearish Gap 1.

For Bulls- Wait for the ABC down to 2020 To Bearish Gap 2 to add Net long position if it is rejected on price & lighter volume.

	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)	141	POM 14 Triggered 1/8	NONE	NEUTRAL Bounce in Progress	0%	NONE	Target PEC-D 136 Bullish Top	Momentum to 144	Pull back to CZ 134-132 & rallied up	CZ 128-127 Rejected Bullish bottom	

Note :

Although our directional call on Bonds have been correct on the price projection, we never triggered signal entry at CZ 127-28 hence missing the Trade.

ACTIONABLE IDEAS -

For Bulls – Rally extended past our target 136 to 142 with Bullish Top. Wait for pull back to 136 for next signal .

For Bears – Wait for heavy volume decline to 136 and Sell Short the next bounce to 144 with Bearish top.

Market Overview SPX- BONDS

Announcement : SPX Triggered Bearish POM 15 Signal within CZ 2090-85. Initiated 20% Net Short position today 7/5

Last week, Our downside projection to SPX 1995 **was met exact as we locked in 85 points (4%) profit** and then the bounce began based on our positive seasonality call with Tick / Trin in oversold region. The quality of snap back rally to CZ 2090-85 failed again on Friday 7/1 to Trigger Net Short POM 15 Re Run .

SPX Short term –

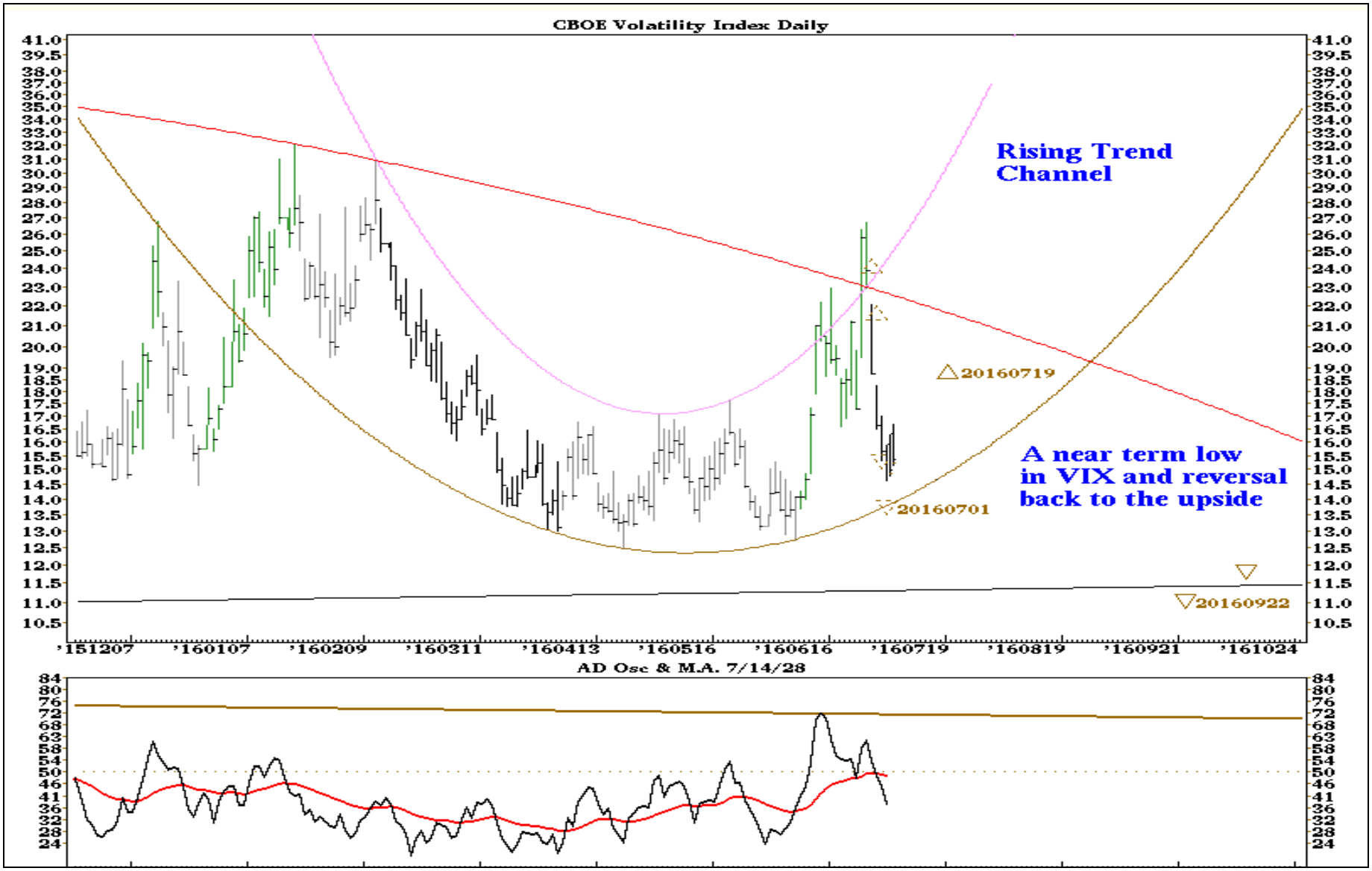
On this bounce in World market Index, NIKK, ITALY and DAX looks extremely bearish. Sectorial Financial XLF and Oil appears the most Bearish. In fact these Indices are closer to breaking last week's lows.

If VIX can find a bottom here, we could get another run up to the top of the channel which would slam equity prices down once again. July 19th Time Ratio High in VIX is still in play here. So, watch the VIX Index chart carefully as it could signal an important reversal in market trend this coming week.

SPX Midterm –

SPX/ TRIN has Bearish cross over and Sell Signal. 100 DMA on TRIN has higher highs and higher lows suggesting a Bearish turn. The intermediate trend in VIX has changed to the upside. That increases the risk factor for equity. The McClellan Oscillator is below "0" it suggest the bigger trend is still down. (Refer chart below)

SPY /VIX - CZ- PEC- D Analysis – Daily

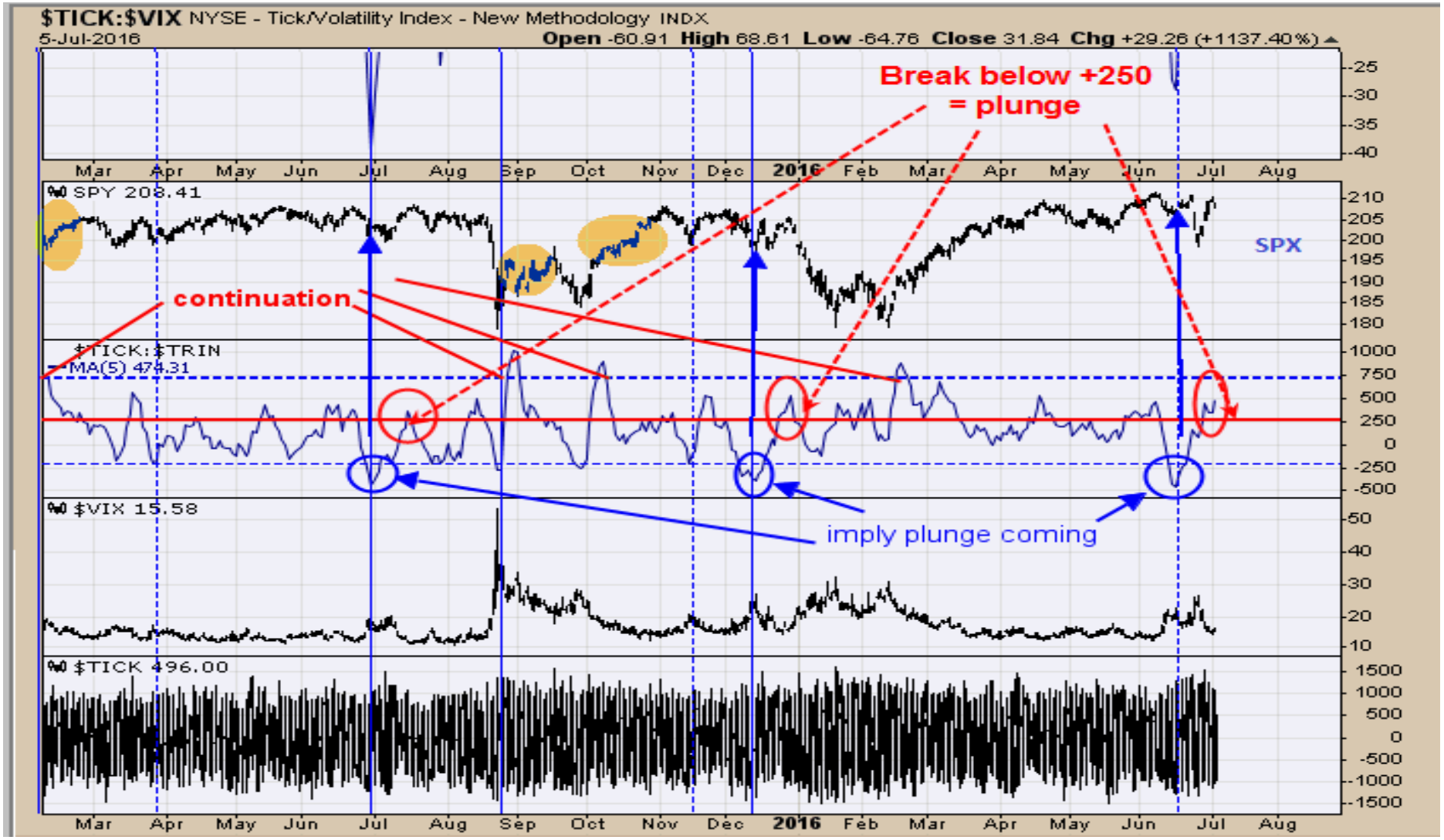


SPY /VIX - CZ- PEC- D Analysis – Daily

The pattern that appears to be forming is the same pattern that formed at the December 2015 which is an abcd pattern and “b” high may have completed last Friday or could test Friday’s high to complete. There is GAP 1 @ 2050 and GAP 2 @ 2020. Those GAPS will be tested and our downside target. If SPY is tested 2020-00 on lighter volume will suggests another bounce.

SPY /VIX - CZ- PEC- D Analysis – Daily

TICK/TRIN ratio brakes below -250 a plunge in the market is than forecasted. July and December last year the TICK/TRIN ratio broke below the -250 range suggesting a plunge in the market was coming. After the -250 reading on TICK/TRIN ratio it rallied back above +250. Another plunge is possible once the TICK/TRIN ratio falls below +250 again.



XLF - CZ- PEC- D Analysis – Daily

EFA – Foreign ETF Analysis

Foreign shares continue to fall and are pulling U.S. lower. EFA is extremely weak on bounce. The biggest losses are being seen in Europe and Japan..

SPX – Cyclical Model

- **SPX - Seasonality**

EFFECT – , MAY - OCT – NEGATIVE.

- **SPX - Geomagnetic / Lunar Cyclic Model**

Planetary alignment – 6/19- Neptune Retro gate and New Moon this week.

- **SPX - Sentiments Model**

AAII 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

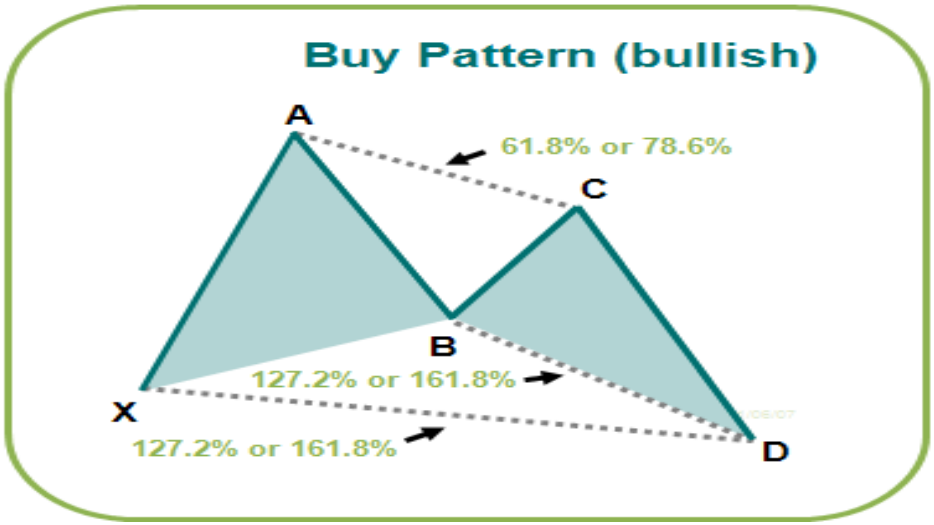
- ***POM is rated from 10 to 15***
- *POM 14 , 15 (is Sell Signal)* and *12 , 11 (is Buy Signal)* both are the Actionable Area whereas *POM 13* is A *Neutral Signal* for Risk management
- On way *UP* move, *POM 13* signifies to *STOP* executing additional 'New Buys" that was initiated at *POM 12 or POM 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)***

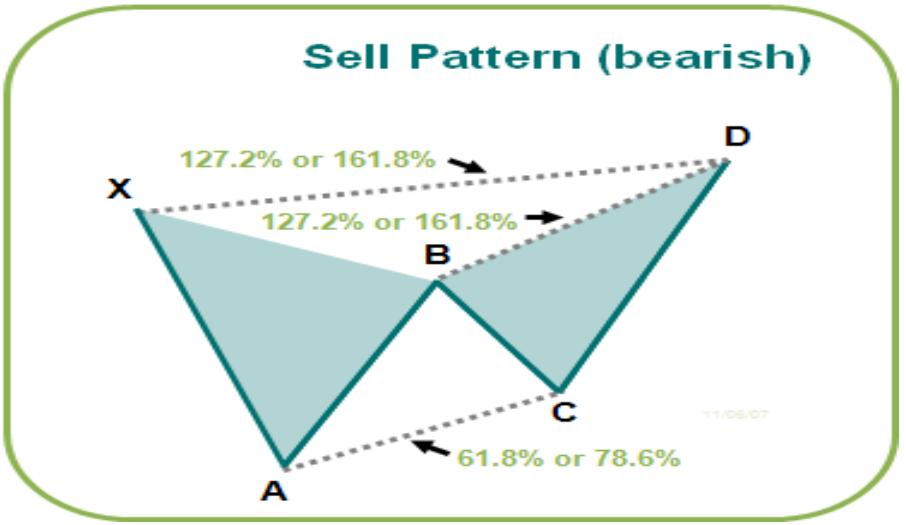
Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 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





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