Date: July 10, 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	2129	POM 15 Re Run Triggered @2090 5/7	Initiated Net Short within CZ 2090-85	BEARISH	Net Short 20%	NONE	Target 2115 and failed On volume	Extended to 2129 False break above	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

For Bears –Triggered Net Short: POM 15 Re Run with CZ 2090-85, Move above is false break . SPX failed on top side on low volume. 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)	143	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	

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

Last week : SPX Triggered Bearish POM 15- Re run Signal within CZ 2090-85 and moved past our target to 2129. .

Last week's move higher in SPX is NOT new ABC up. For valid break to occur, the volume needs to expand along with the price. There are times false break in price results in larger extension (Momentum 3 drives pattern) , however that tends to occur mostly in positive seasonality between Oct – March.

Regardless, every false break above PEC-D Target ends up reverting back to the breakout point. Recent illustration; SPX reverted back to SPX- 1995 from 2100 under similar pattern. It took 3 months to accomplish the task.

SPX Short term –

We're on watch for VIX to form a bottom and rally, which would imply a change in trend in equities to the downside. However seasonality wise (chart attached) ; Top should come in by 7/18.

Leading Indicators, NASD, IBB which were the leaders, are lagging big time. Financials are lagging. In world Market NIKK and DAX looks extremely bearish. In fact these Indices are closer to breaking last week's lows.

Defensive and low Beta Indices Utility and Staples are leading the market. This is not how the new leg up begins.
Dow may go up another 150 points or so to finish the move. Earnings season may put in some volatility this week.

Mid Term –

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 be completing . 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.
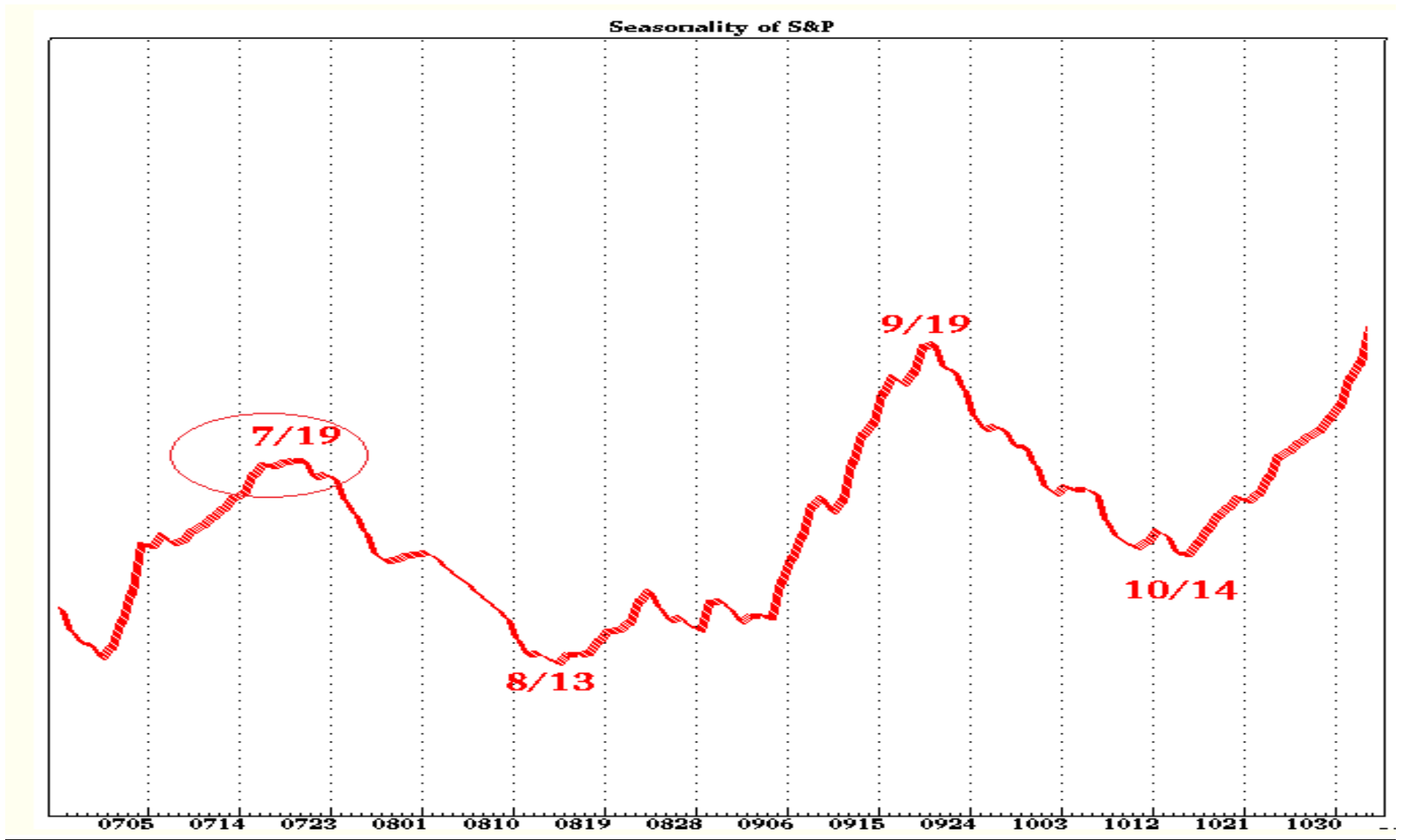
SPY – C Z- PEC- D Analysis – Weekly
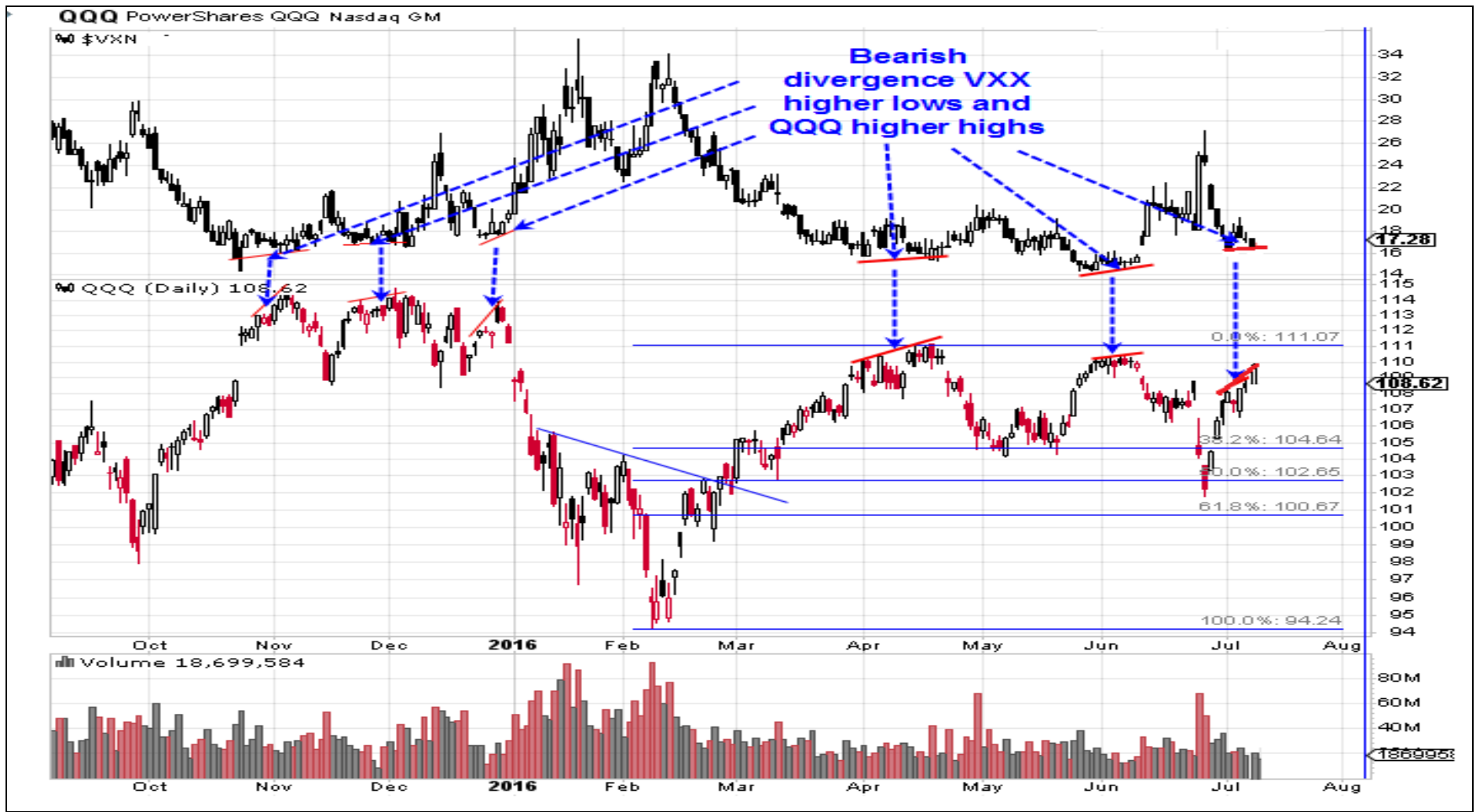
Notes within the chart.
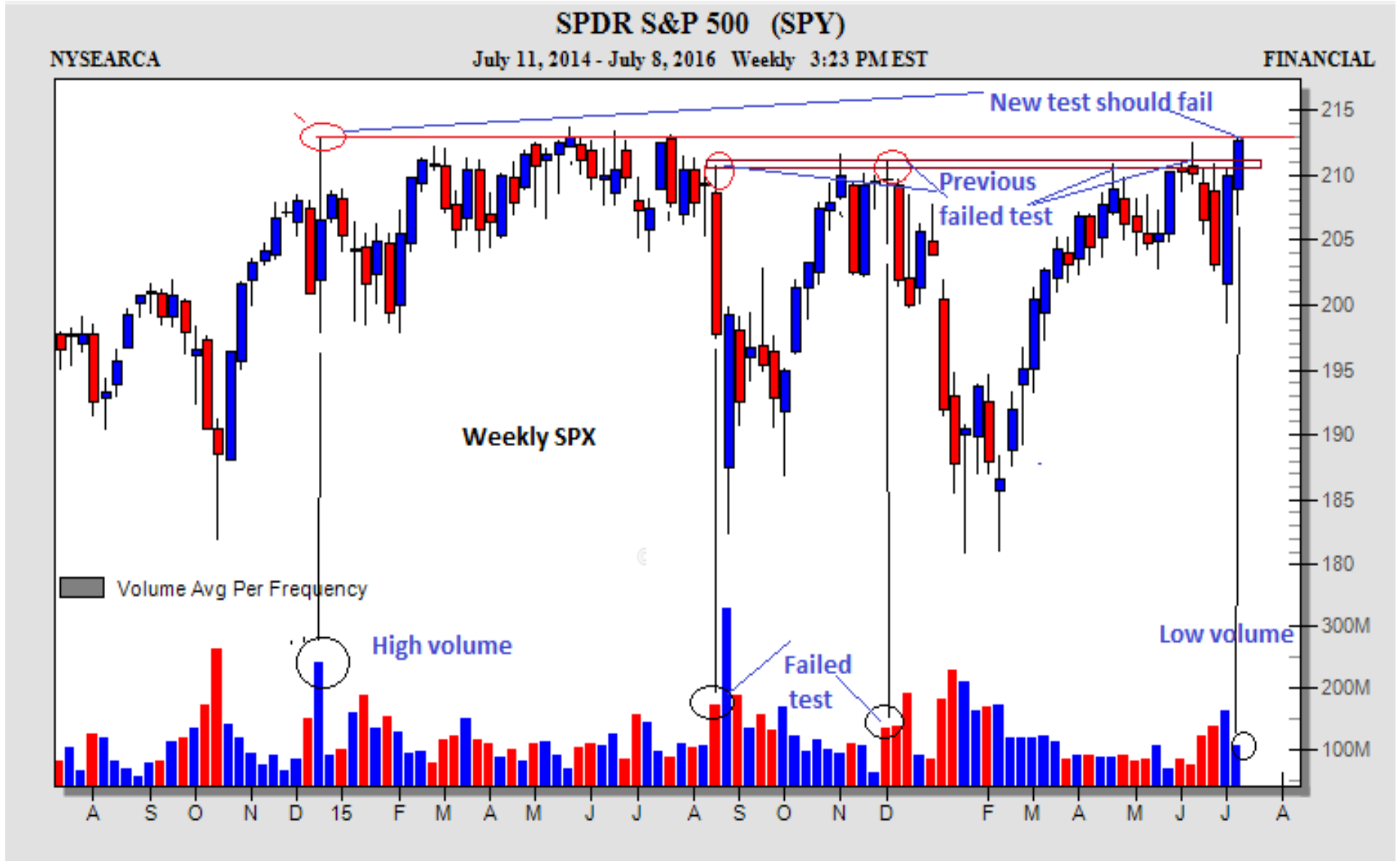
SPY – Seasonality

Seasonality wise (chart attached) ; Top should come in by 7/18.
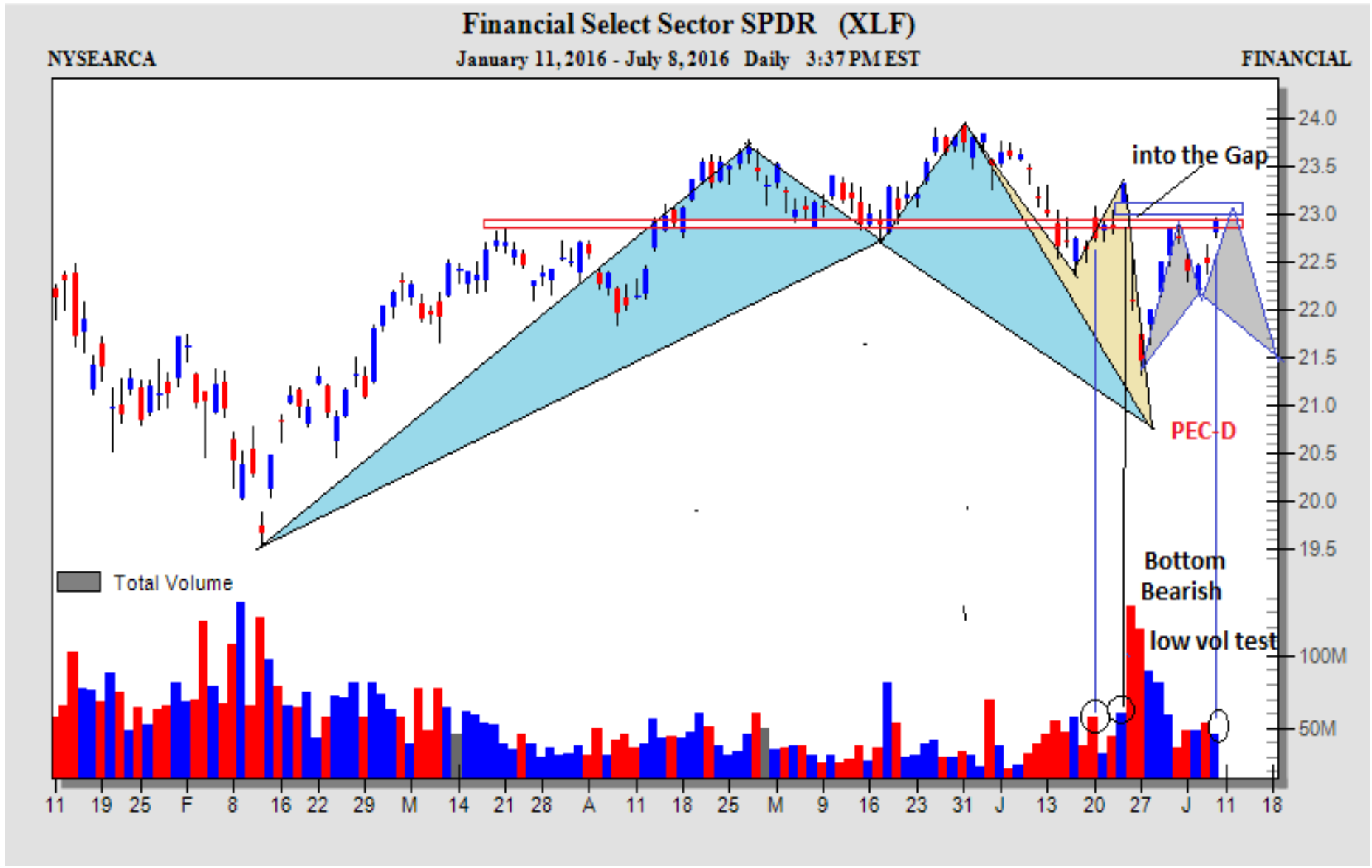

Seasonality of S&P

QQQ – C Z- PEC- D Analysis – Daily

QQQ with the VXN (the QQQ vix). It has been a bearish sign when the QQQ makes higher high and the VXN makes a higher low, which is pointed out in blue arrows. The VXN is showing a bearish divergence but some times the bearish divergence can be extended. GOOGLE is only 5% above its lows in spite of rally in QQQ. If GOOGLE breaks the lows , watch out below.
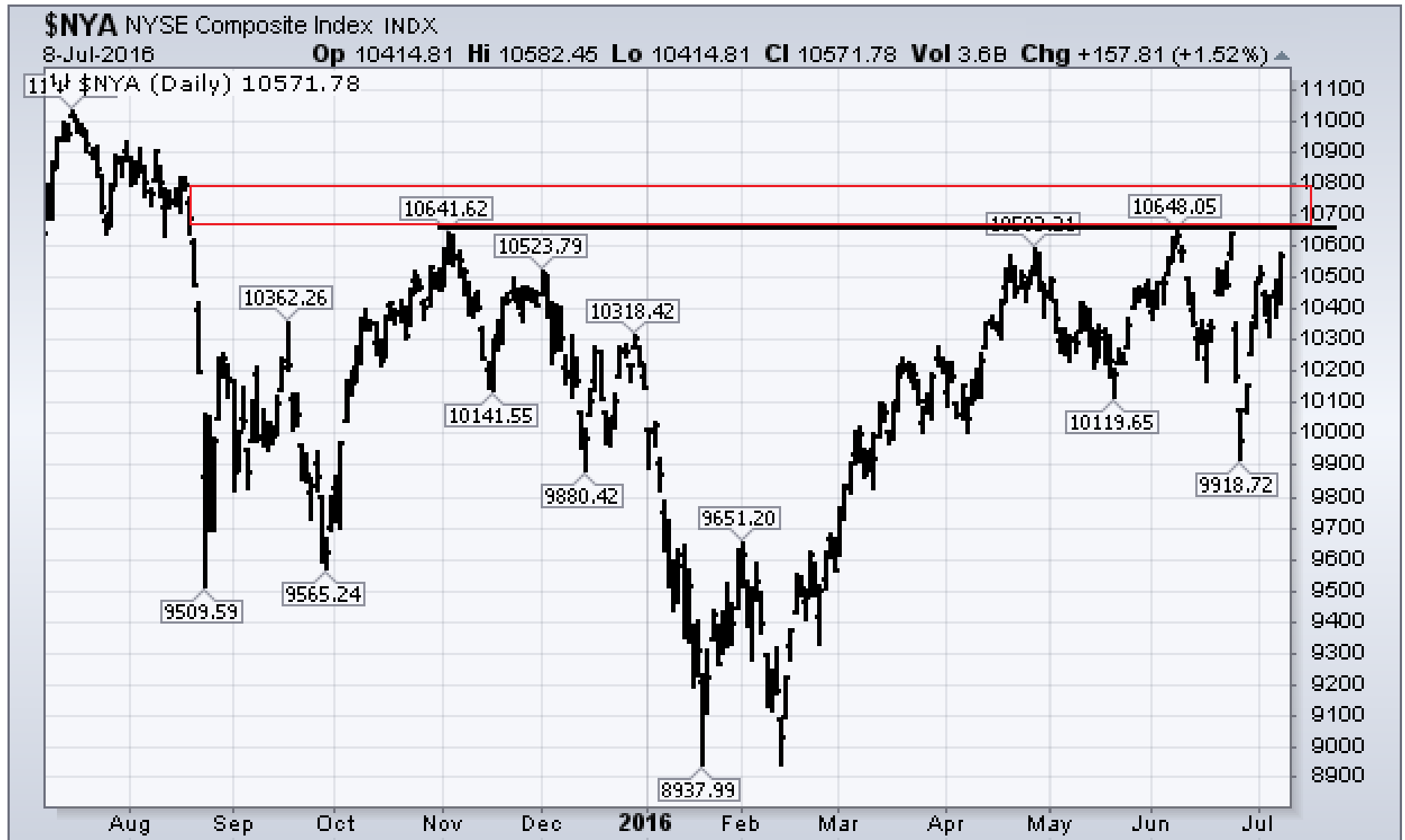
XLF - CZ- PEC- D Analysis – Daily

Notes within the chart.

NYSE - CZ- PEC- D Analysis – Daily

NYSE nearing an upside breakout from a bottoming pattern. It will needs great amount of force to get past it.

SPX – Cyclical Model

- **SPX - Seasonality**

EFFECT – , MAY - OCT – NEGATIVE.

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

None

- **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 – <u>Refer to detail Annexure</u>**

- **POM – " Price Oscillation Model " Criteria**

- **PEC –D " Pythagoras – Expansion & Contraction Criteria**

- **CZ- Confluence Zone Criteria**

- **TEXTURES – Bullish , Bearish , Neutral**

<u>Critical backdrop Notes –</u>

- *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)
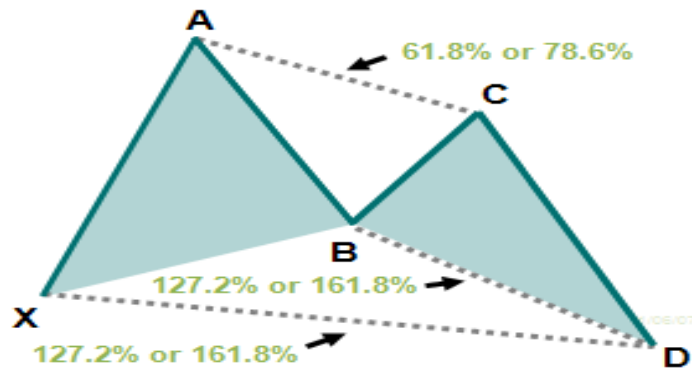
Pythagoras Expansion / Contraction – (PEC) Model

- 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
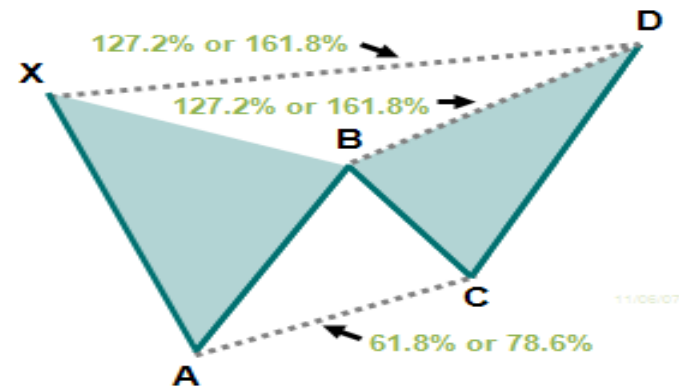
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

A
61.8% or 78.6%
C
B
127.2% or 161.8%
X
127.2% or 161.8%
D

Sell Pattern (bearish)

D
127.2% or 161.8%
X
127.2% or 161.8%
B
C
A
61.8% or 78.6%