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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	2185	POM 13 Triggered @2035 On Election night @ 2035	None	BULLISH	Net Long 30%	None	Our 1 <sup>st</sup> target to 2150 met With Bullish top	Rally to 2200 In progress	Pull back to 2135 & rally up	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 2185 with 140 points gains (6.8% profit).
- **Announcement:** Hedge 30% of SPX; Current net long with 30% Net long in TLT Bonds. (See below) . This should protect us from surprise decline in SPX whiles the Bonds will rally.

	Current Price	POM Triggered within CZ & Date	Follow up Announcement- 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>	120.85	Triggered POM 14 On Day after Election night @ 127	<b>POM 13 Triggered 11/20 @ 121</b>	<b>NEUTRAL To BULLISH</b>	Net Long 30%	Scale in @ 121 below	<b>Bounce to 127</b> should fail	TBD	TBD	ABC down to 118 Possible	

- **Announcement:** Net long Entry in TLT; 30% position. Triggered POM 13. This is great Hedge for our 30% SPX net long position. **Stop at 117.**
- Earlier during election night we were stopped out of this trade **with -3.7% loss**

## TLT

China and Saudi Arabia are Selling US Treasury since Trump election, US Bond Market has tanked pushing the Yield higher.

In Short term, Bond Market is completely oversold. Projection on downside is to **PEC-D 118**. However the 92% Bearishness prevails in sentiment indicator with everyone is on one side of this trade. The Open interest during past few days has declined with the prices; this combination suggests the rally on dead cat bounce would be significant move to 127 ( Gap down area ) ; enough for us to Hedge our SPX Net long position in case, SPX surprises us with a decline during positive seasonality period for next 2 weeks.

On midterm basis, it appears the yield is going higher and Bond Market could be in significant leg down once Trump Trade policies with China kicks in and Federal reserve tries to catch up with the market rates with Hawkish tone.

## Market Overview SPX- BONDS

**SPX:** Currently SPX is approaching our Target of 2200 with Trump rally pricing in its enthusiastic policies to “the perfection” . This rally was initiated out of “Trump Bearishness” on night of election at 2035. (Our Net long entry 2045)

We will hold / ride our Net Long position till next week and possibly till 5<sup>th</sup> December. Thanks Giving week tends to be Bullish. Historical 2<sup>ND</sup> power play begins on 23<sup>rd</sup> November and ends on 5<sup>th</sup> December. Since we already own Net long position in SPX, we do not need to add new position for 2<sup>nd</sup> Power play. We are battling between the seasonality and Market internals.

In very short term (1-2 weeks) , even if the market pulls back to 2135 it will go back up to test the highs again before signaling any kind of failure for Bears. We take Net short trades only upon failure.

In slightly midterm ( 5-6 weeks), We are seeing signs of Crack in TICK and CPCE put call analysis ( Refer chart below) . Seasonality may hold this market within trading range 2120-2165 for first 45 days to digest Trump Policies, by which time the year end seasonality will be completed. There after 1<sup>st</sup> of January, the real market to begin when it start worrying about consequences of Trump plan. Buy the Rumor and Sell the news!!! And perhaps act ahead of time.

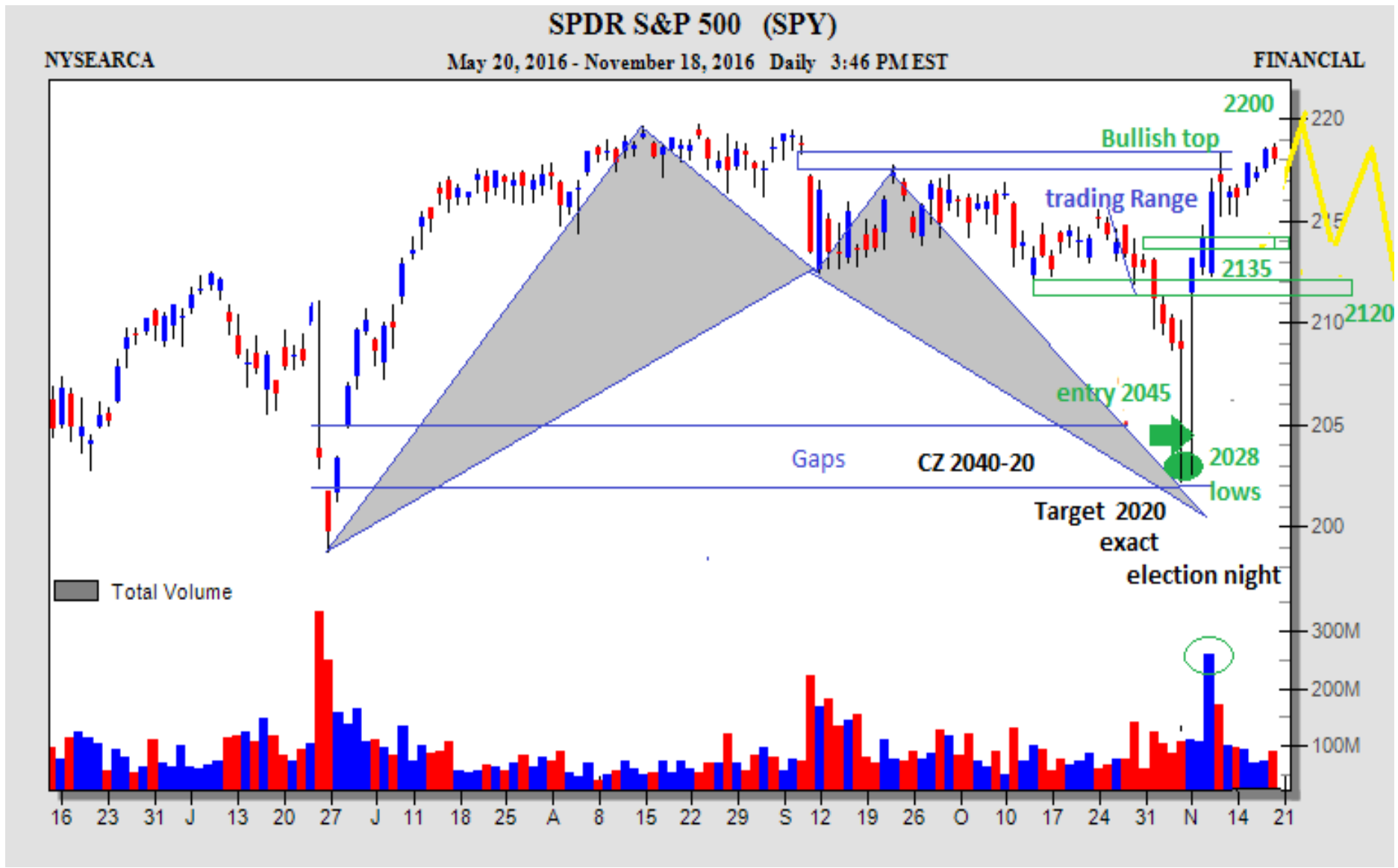
Market will undergo tremendous amount of re adjustment in asset prices. Here are some of the headwinds it will face

- Positive seasonality and Trump Honeymoon will be over within 45 days.
- Rising Yield in 10 yr and 30 yrs and impact of Fed fund Rates hikes
- Re adjustments in Global currencies due to Trade policies
- Impact of fiscal Trump spending on Debt.
- Debt issue to surface back in the with QE/ Balance sheet liability and high interest payment. End of QE infinity.
- 

At this anticipatory juncture, we need to Trigger / Exit our Net Long Position. For now enjoy the ride.

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

It appears 2200 may be hit in next ABC up. Year ends are Bullish. We remain Net long since 2045.



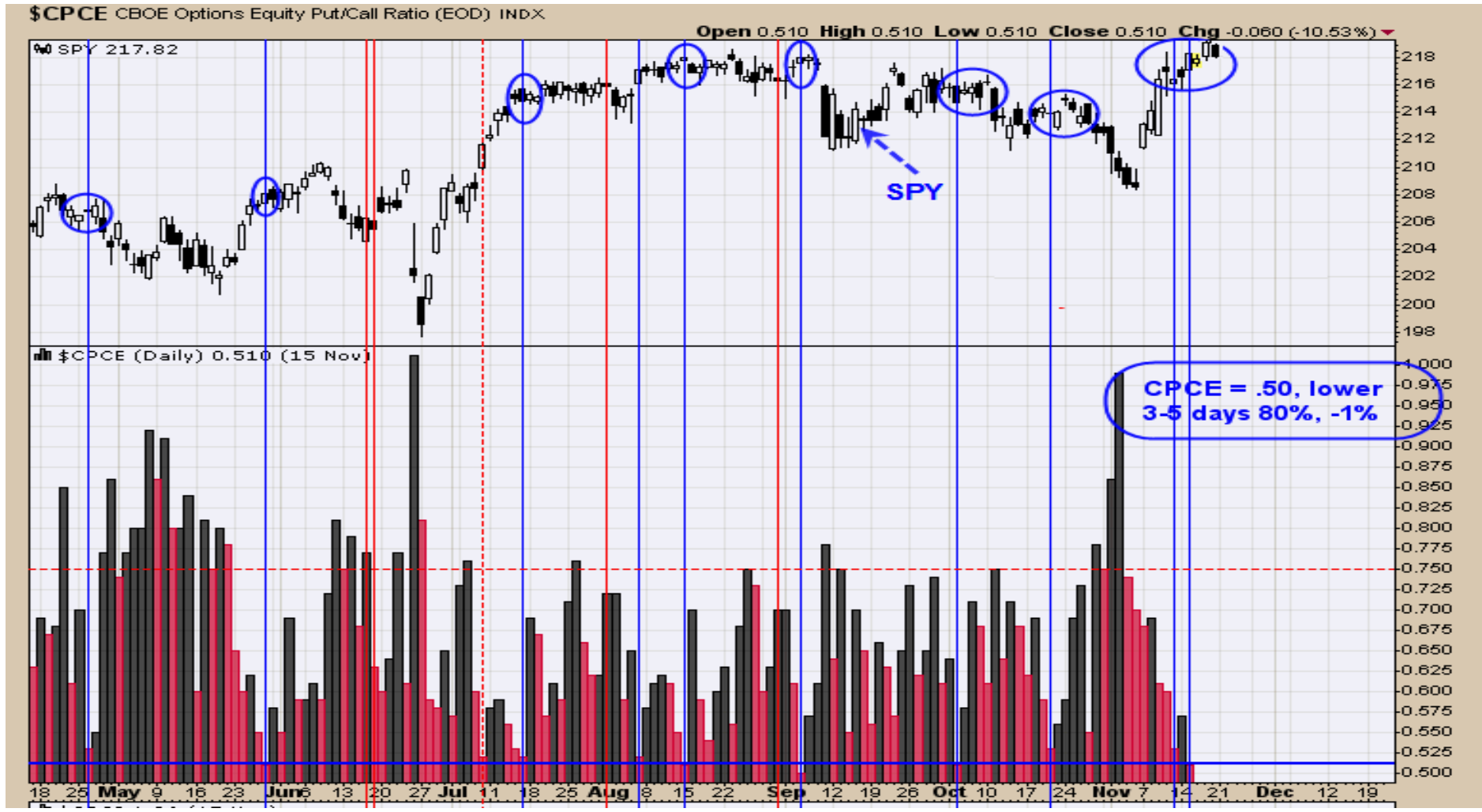
# SPY / TICK Analysis – C Z- PEC- D Daily

- TICK Closes above 800 shows Exhaustion.
- Buying Climax post Trump election has taken lot of energy out of the market. Target to 2200 is approaching



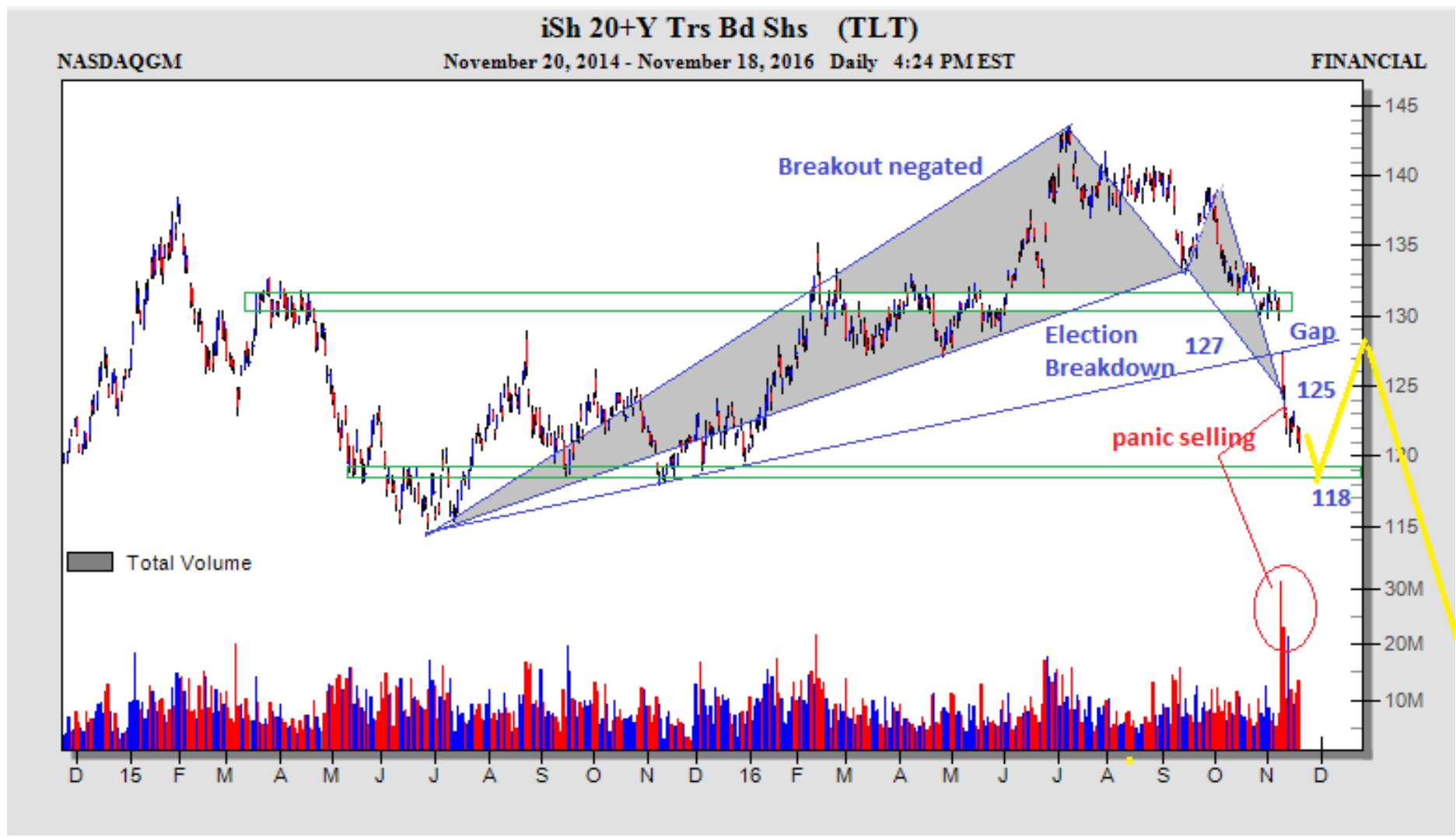
## SPY / Put / Call Analysis – C Z- PEC- D Daily

Market usually stalls within three or four days when the Equity put/call ratio reaches .53 or lower. The blue vertical lines show when this ratio reached .53 or less and is blue circled on the SPY chart above. For very short term expect at least a stalled market is expected and may be upside due to seasonality towards target 2200 and the pull back.

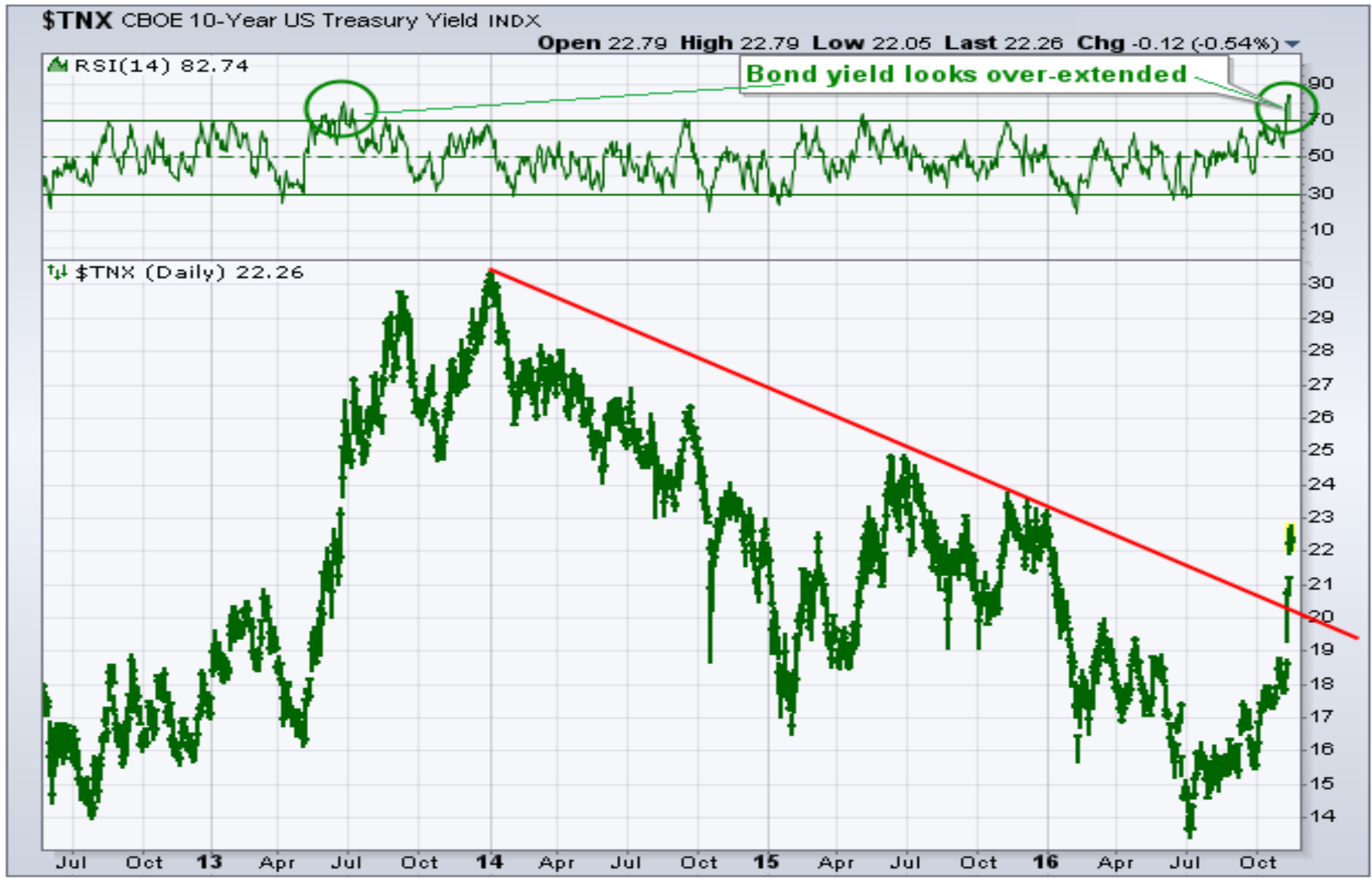


## TLT / Volume Analysis – C Z- PEC- D Daily

In Short term, Bond Market is completely oversold. Projection on downside is to **PEC-D 118**.  
The rally on dead cat bounce would be significant move to 127 ( Gap down area )



## TNX (Yield) Analysis – C Z- PEC- D Daily





## 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)

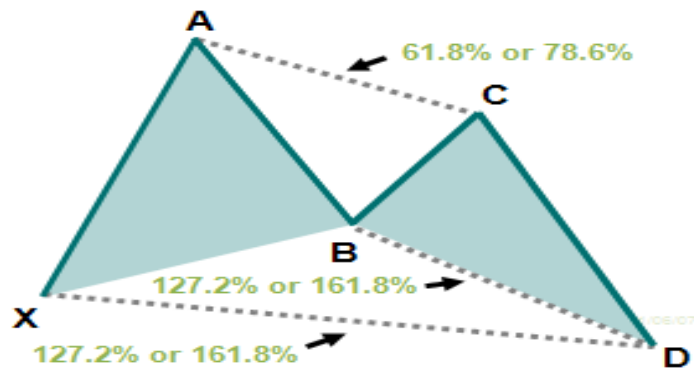
## Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 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 streams to achieve confluence point D coinciding with POM

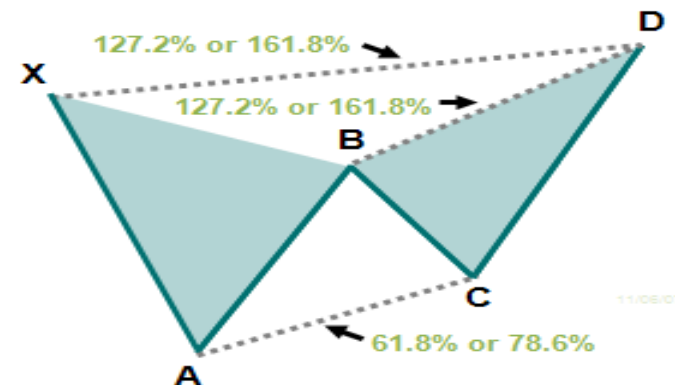
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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