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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 <u>Near Term</u>	Upside CZ <u>Mid term</u>	Downside CZ <u>Near term</u>	Downside CZ <u>Mid term</u>	Remark
SPX- 500	2130	POM 15 <b>Re Run</b> Triggered @2120	None	BEARISH	Net Short 30% Non Leveraged	NONE	Bounce to 2160 should Fail.	Momentum drive to 2185 failed	1 <sup>st</sup> ABC down to 2110 Met exact	2 <sup>nd</sup> ABC down to 2000 Bearish Gap 2	Projection to re test of lows CZ 1995-1985 Bearish Bottom

### For Bears

Our 1<sup>st</sup> ABC down target to 2110 met exactly last week and market bounced back immediately. Any further bounce towards 2160 should fail. 2<sup>nd</sup> ABC don to Target 2000.

	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>	131.5	<b>POM 14 Triggered 1/8</b>	NONE	<b>NEUTRAL</b>	0%	NONE	Bounce to 138 <b>failed</b>	Target Momentum to 145 Bullish Top	Retest of PEC-D 133 <b>Heavy volume</b>	<b>Target ABC down to 130</b>	CZ 128-127 Rejected Bullish bottom

**ACTIONABLE IDEAS -**

**For Bulls** –. Wait for pull back to 130 for next buy signal. Next Rally target to 145

**For Bears** – **Cover the** Sell Short position towards our target at 130. TLT Triggered Bearish Signal at 138.

## Market Overview SPX- BONDS

### SPX

Last week, our 1<sup>st</sup> ABC down target to 2110 met exactly and SPX bounced back immediately. Any further bounce towards 2160 should fail.

In Fridays Trading, the AM bounce faded by the end of the day and closed the day at its low. That keeps stocks in a short-term downside correction. It also leaves open the possibility that the September low still be retested.

SPX is forming Head and shoulder Top. The neckline is at 2110, once broken SPX should target 2000. The McClellan Oscillator remains below "0" in a bearish manner and NYSE new lows have been expanding. Rising bond yields continue to weigh as well. .

But on Weekly basis, there is another bounce left to 2160 before this market begins its serious decline to eventually brake into 2<sup>nd</sup> ABC down to 2000

### TLT

Bounce to 138 failed. The heavy bottom at 133 is being retested. TLT is set up towards new ABC down to 130.

Bond yields around the world continue to climb, led by U.S. Treasuries. While all sovereign government bonds have lost ground over the last three months, Treasuries have lost the most. That's mainly due to increased expectations for a Fed rate hike this December. Those expectations have now jumped to 70%. The various markets are already pricing that in. The combination of higher rates and a stronger dollar are weighing on domestic and foreign stocks especially emerging markets.

**SPX Caution:** Although PEC-D is projecting towards 2000, we will manage our Risk during 20 days of power play on **Net long to hedge our Short Position**.

### 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**

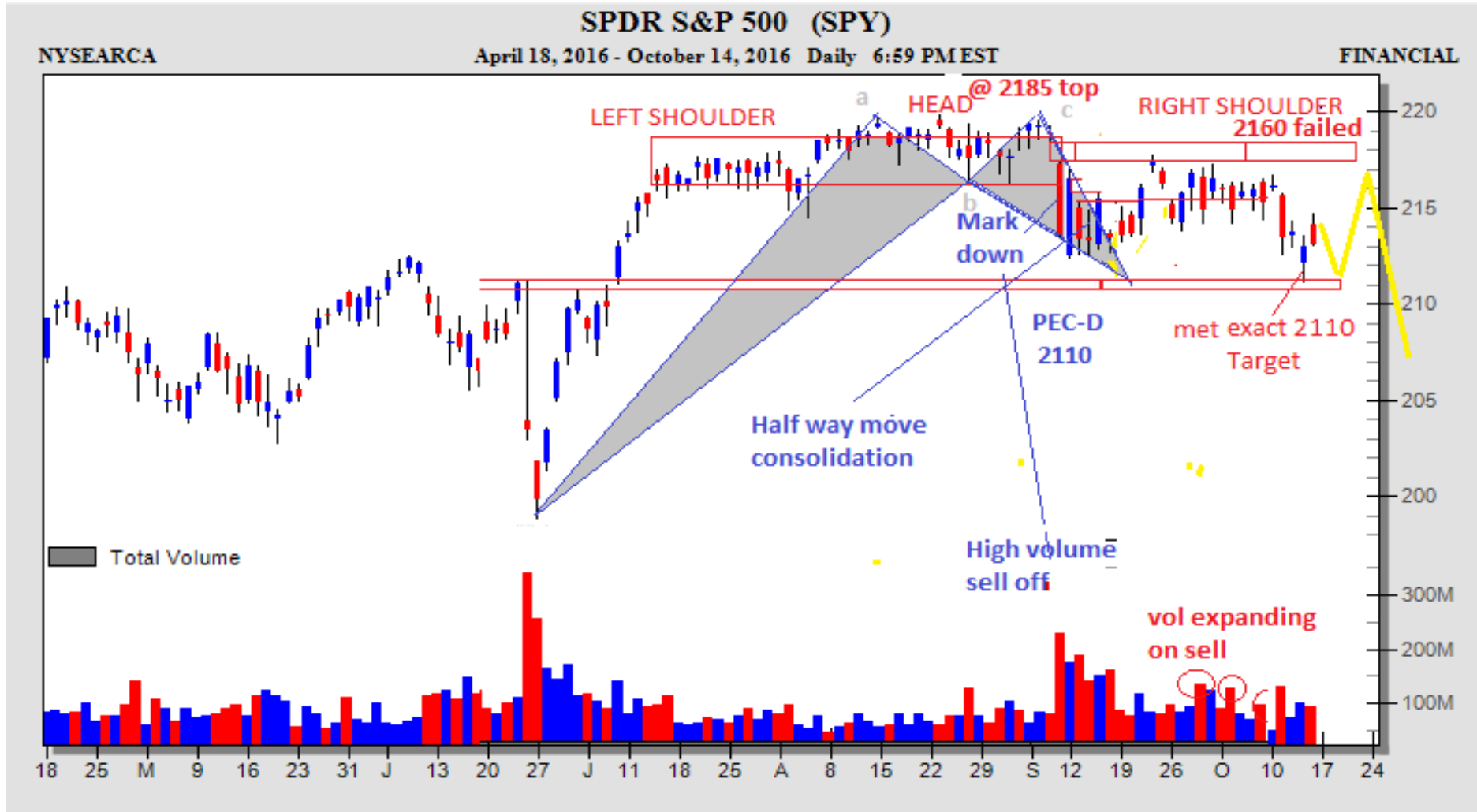
Power Periods have been one of the most consistent performing trading methods. That being said, the risk of loss accompanies. But historically, seasonal trends that have persisted over decades often has a consistent edge.

**Average Historical SPX gains during the power periods has been 4-5 %.**

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

SPX is forming **Head and shoulder Top**. The neckline 2110, once broken SPX should target 2000.

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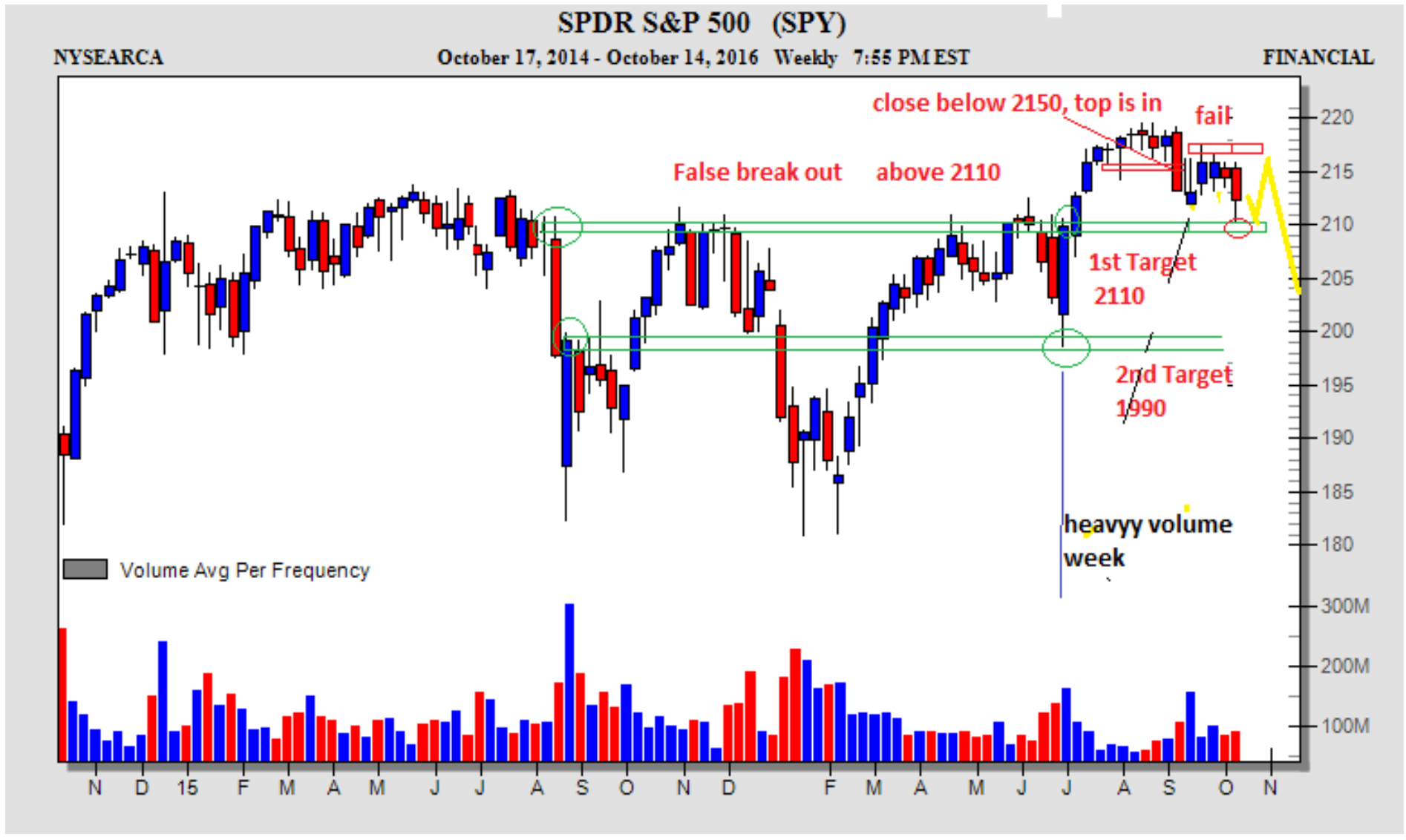
# VIX / Analysis – C Z- PEC- D Daily

Bullish take off in VIX met its 1<sup>st</sup> Target at 18. The final PEC-D Projection is at 22



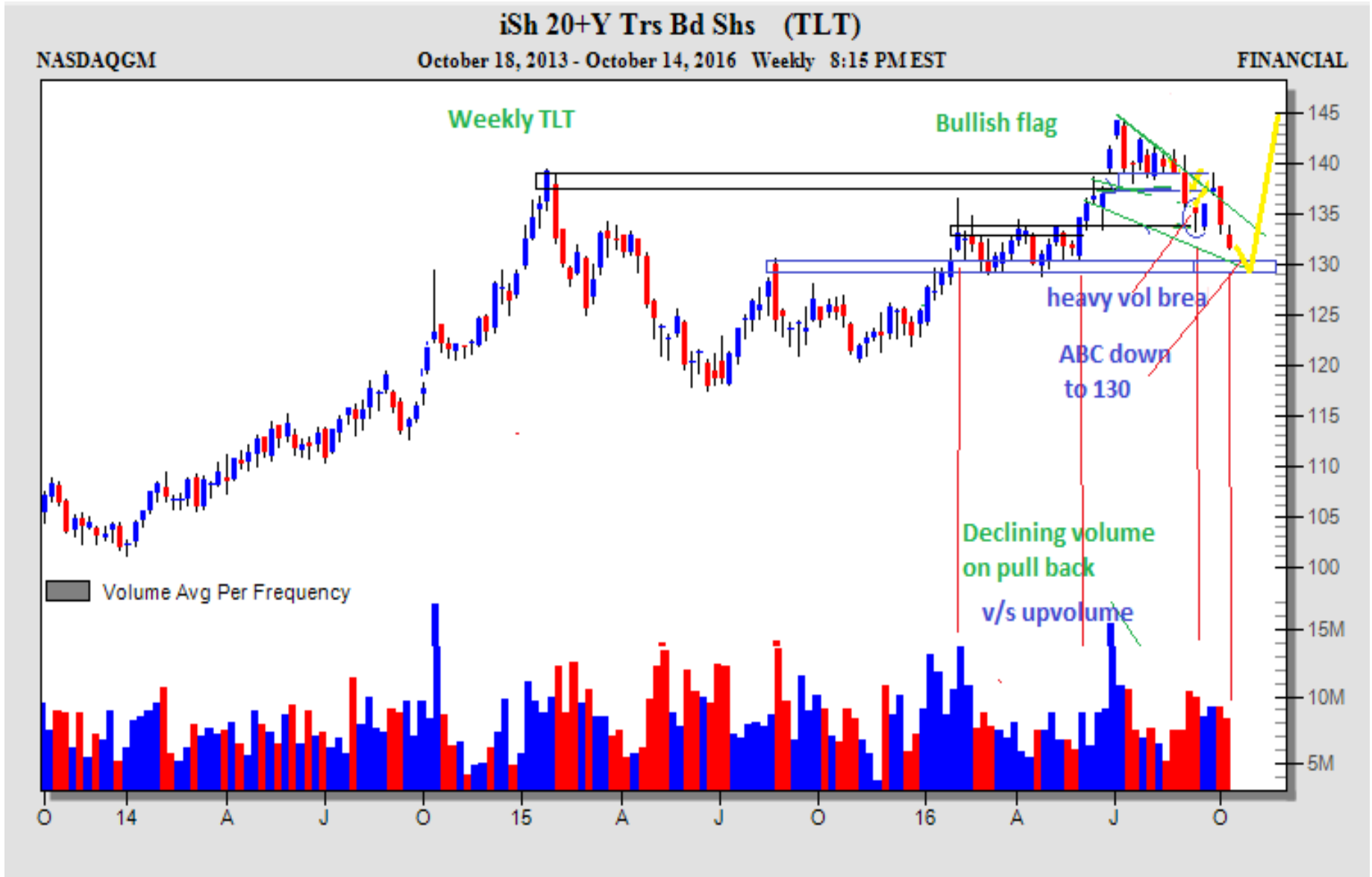
# SPY / Volume Analysis – C Z- PEC- D Weekly

Weekly charts suggest another bounce to 2160 and then ABC down to 1990.



# TLT – C Z- PEC- D Analysis – Weekly

pull back is in progress to 130 . Midterm ABC up to 146.





## SPX – Cyclical Model

- SPX - Seasonality

EFFECT – , MAY - OCT – NEGATIVE.

- 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 – 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)

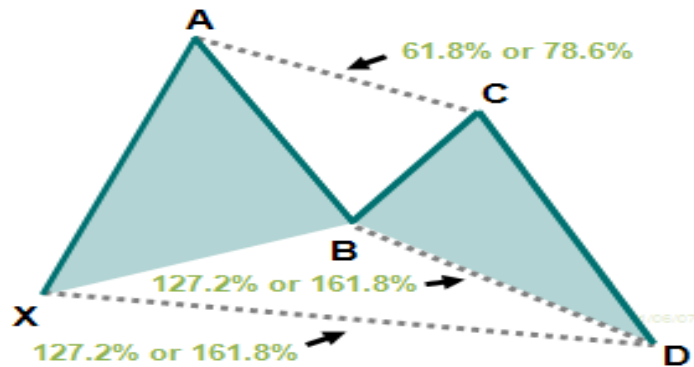
## Pythagoras Expansion / Contraction – (PEC) Model

- 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 streams to achieve confluence point D coinciding with POM

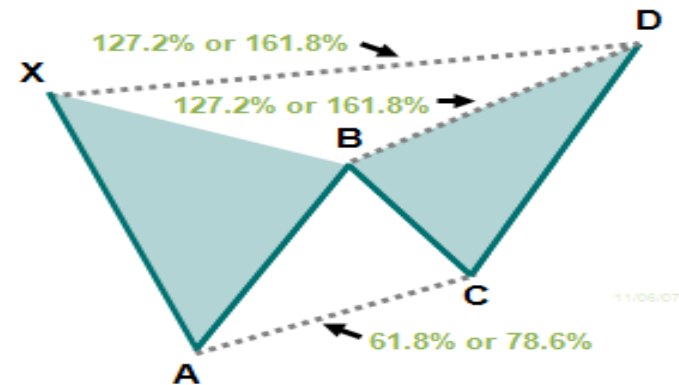
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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