SG Capital Research
Global Market Insights
Chart System

Date: October 23, 2016 (Monday)   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	2140	POM 15 **Re Run** Triggered @2120	None	BEARISH	Net Short 30% Non Leveraged	NONE	Bounce to 2150 should Fail.	Momentum drive to 2185 failed	1st ABC down to 2110	2nd ABC down t0 2000 Bearish Gap 2	Projection to re test of lows CZ 1995-1985 Bearish Bottom

For Bears –

Our 1st ABC down target to 2110. Any further bounce towards 2150 should fail. 2nd ABC don to Target 2000.

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	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)	133.0	POM 13 Triggered 10/22	Announcement- POM 13 Trigger Net long @ 133	BULLISH	Net Long 0% to 20%	Scale in Net long below 133 Stop loss 131	PEC-D 138	Target Momentum to 145 Bullish Top	Retest of PEC-D 133 Rejected lows Bullish Bottom		CZ 128-127 Rejected Bullish bottom

ACTIONABLE IDEAS -

For Bulls –. Announcement – Triggered Net long POM 13 @ 133 . Stop Loss at 131.

Market Overview SPX- BONDS

SPX

The bounces towards 2150 are failing. That keeps stocks in a short-term downside correction. It also leaves open the possibility that 2110 low still be retested.

Earnings season is in full flow. Next couple of weeks can be very volatile due to election results pricing in .

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.

Eventually brake into 2nd ABC down to 2000

Power play 20 days -   Hedge the Exiting Net Short Position (remain Delta Neutral) with long position during   20 days power play as per our Report 10/16. This is purely for Risk Management

TLT

Lows at PEC-D 133 was retested with Bullish bottom. Upside Target to PEC-D 138.
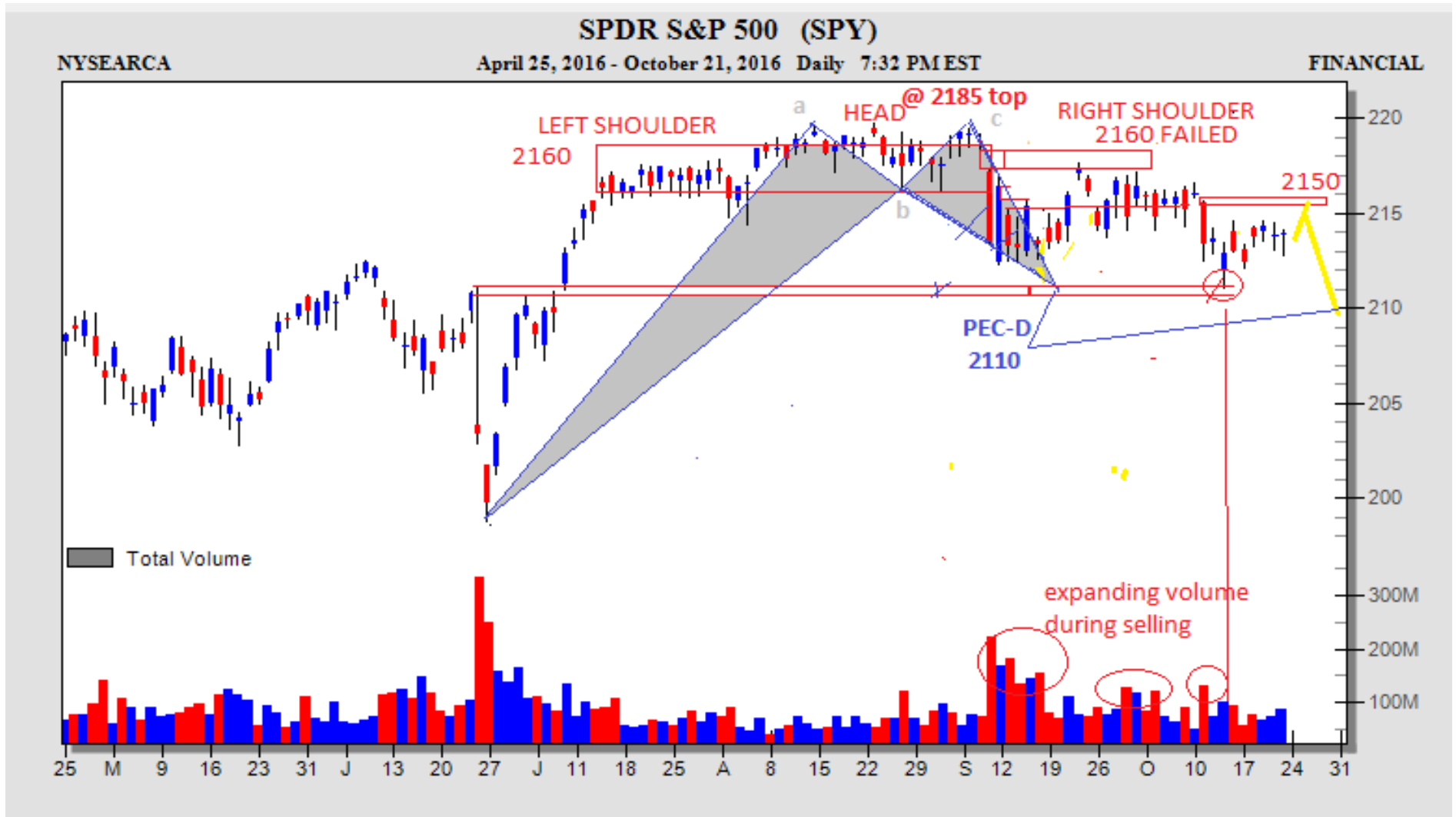
TLT – C Z- PEC- D Analysis – Weekly

1st ABC up to 138. 2ND Midterm ABC up to 146.
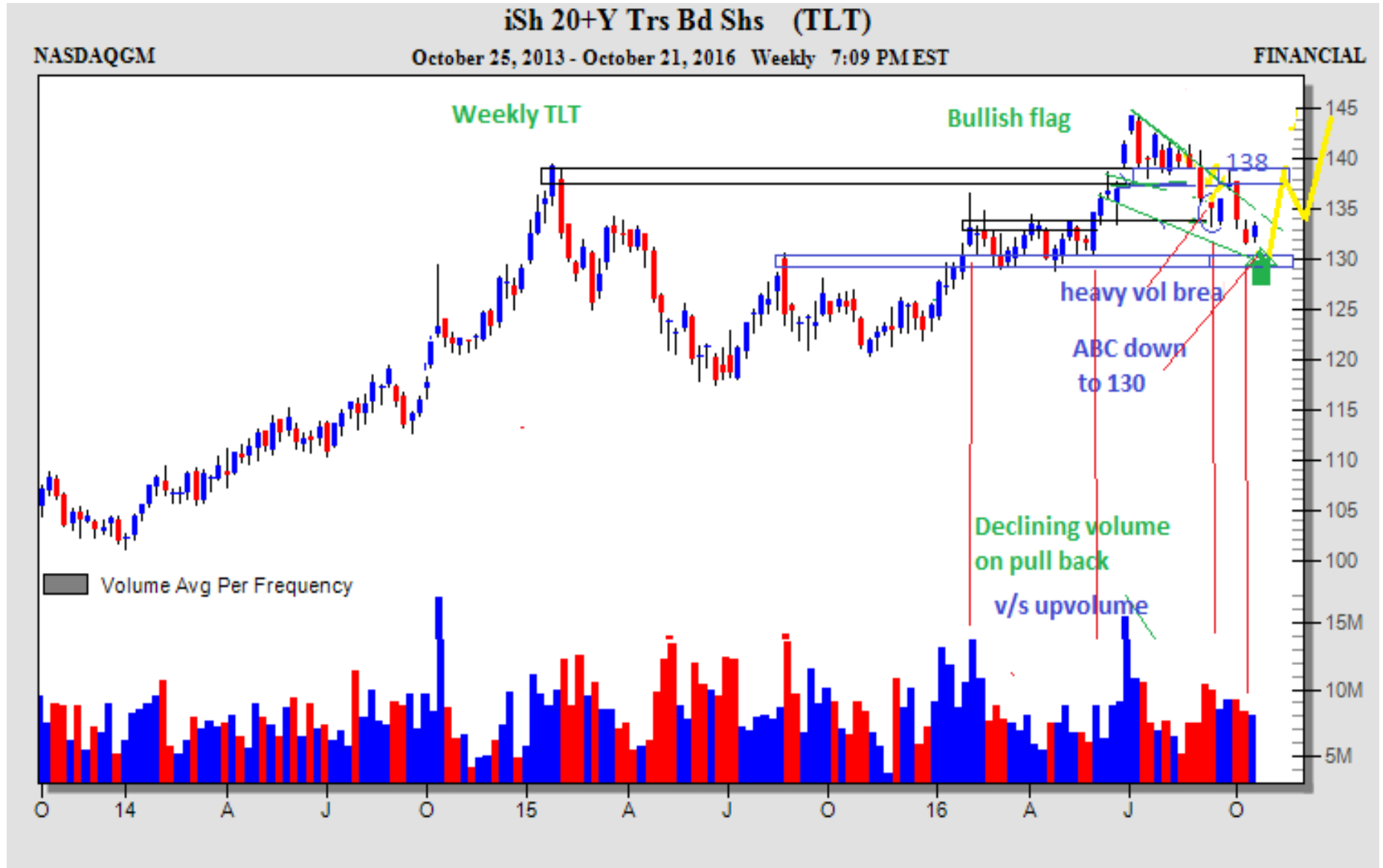
SPY / Volume Analysis – C Z- PEC- D Daily

SPX is forming Head and shoulder Top. The neckline 2110, once broken SPX should target 2000.
Any bounce towards 2150 should fail.

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

Both VIX and SPY have been moving in same direction. There is a gap near 2155 on the SPY which could be an upside target. The Gap should be tested on lighter volume. MC oscillator is below 0 which is Bearish.

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

Weekly charts suggest another bounce to 2155 and then ABC down to 1990.
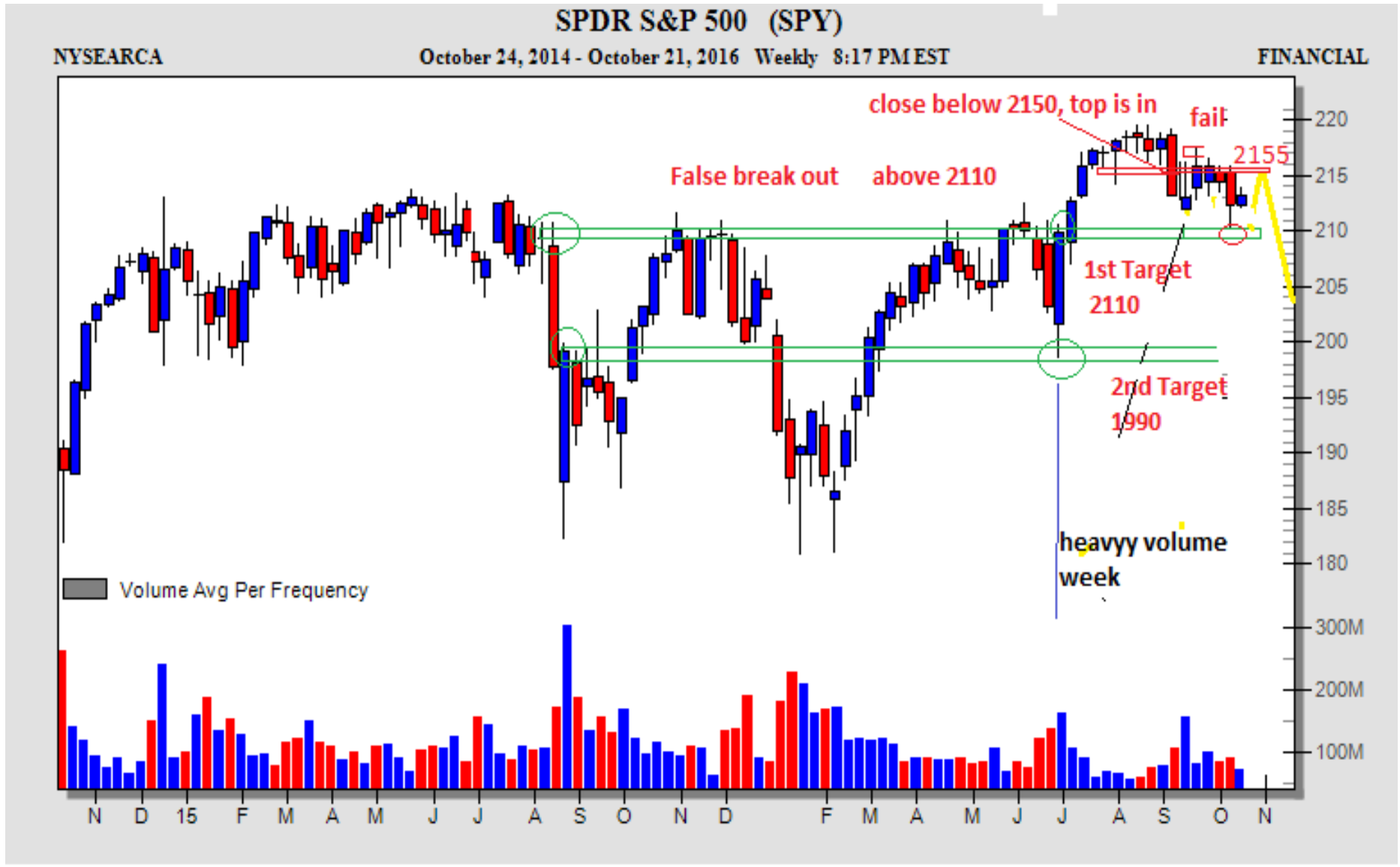
SPX – Cyclical Model

- **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**

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
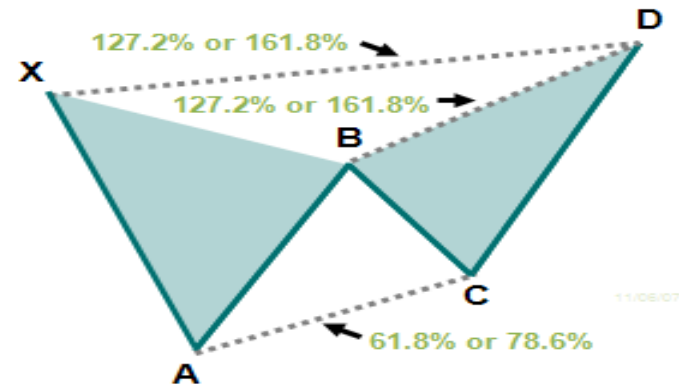
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)

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