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***Immediate Release*- 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	2297	POM 14 Triggered @2258 On January 1st 2017	None	NEUTRAL	0%	None	Double top to retest 2300-2310 .	Target to PEC-D 2310 Head and Shoulder Bottom target	Pull back to 2240-2230 & bounce	ABC down to 2200-2180 ***Best Risk/ Reward for new longs***	

- We stay on sidelines for now with Cash position. This is strictly "Cash Management" move.
- The best Risk Reward for new Net long equity purchases would come around CZ 2200-2180.
- Market has NOT proved itself for Net Short Signal yet. For Net Short Signal, market needs to be outright Bearish by secondary / tertiary failure on price / volume test.

	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)	119	POM 13 Triggered 11/20 CZ 121-118	Fully scaled in @ 119.2 Average price M2M @ 119 Jan 1st	BULLISH	Net Long 30%	NONE	Rally to Re test 123.5 With Bullish Top Hit once @ 123.5	Target to PEC-D / Gap area 127	Pull back to 120- Rejected Lows	ABC down to 118 Net exact Bullish Bottom	***Stop loss at 117***

- We scaled into TLT Net long POM 13 position ; avg price 119.2.
- On 1st Jan Marked to Market at 119 as cost basis
- Currently TLT is at 120. …..(almost at breakeven)

Keep stop losses based on risk appetite, volatility and asset allocations.

TLT:_ Triggered POM 13 - Net long at 119 on TLT.

TLT met the pull back to 120 levels and rejected lows. It is building a handle base on Bullish cup formation for fresh move higher towards the upside target of 123.5. Our final target is PEC-D 127.

Market Overview SPX- BONDS

SPX: Past week, volatility came in the market as expected**: SPX** down 25 points and up 25 points in one week. This is continuation of pattern previously highlighted; "Three drives to Top" at 61.8% completed at 2300 followed by failure of test on volume on Friday (1/27) at 2300. This resulted in shallow pull back to 2270 by Monday / Tuesday followed by secondary rally **back up to double top as expected to** 2300 by Friday (02/03).

We have been warning for some time against Net Short position which has been whip sawed / squeezed lately. Since our exit of Net long SPX position @ 2260 , Market has moved up only 28 points. For us, this is "No Fly Zone" purely on risk prospective.

On very short term there is some residual positive energy in the market as suggested by put / call ratio is still above 0.75 and NO expansion in downside volume. Additionally, there is mini Head and shoulder bottom that has target of 2310.

On Midterm basis- The volume contracted on upside during the price rise for past 2 weeks and Open Interest keeps dropping which is a weak Market. The presidential cycle suggests historically post-election February a down month.

Although the patterns and projections are being completed, there is no outright Net Short signal yet till secondary or tertiary failure on price / volume test is accomplished along with failure in Market internals such as TICK/ TRIN, MC – Oscillator to present the best Risk / Reward.

There is sizable cash on sidelines to add to the 1st pull back. For new equity purchases (Net long), the best risk / reward would come around **CZ 2200-2180** and always we wait patiently.

Meanwhile there is lot of money to be made elsewhere in Mining, Commodity Sector, Precious metals etc v/s being obsessed in SPX and getting head sliced on short side.

SPX Triggered POM 14- Neutral Signal. We are holding 30% Cash in the Portfolio from the proceeds sale & 10% Profit [Trump Election Rally Trade] . We exited on January 01, at SPX- 2260

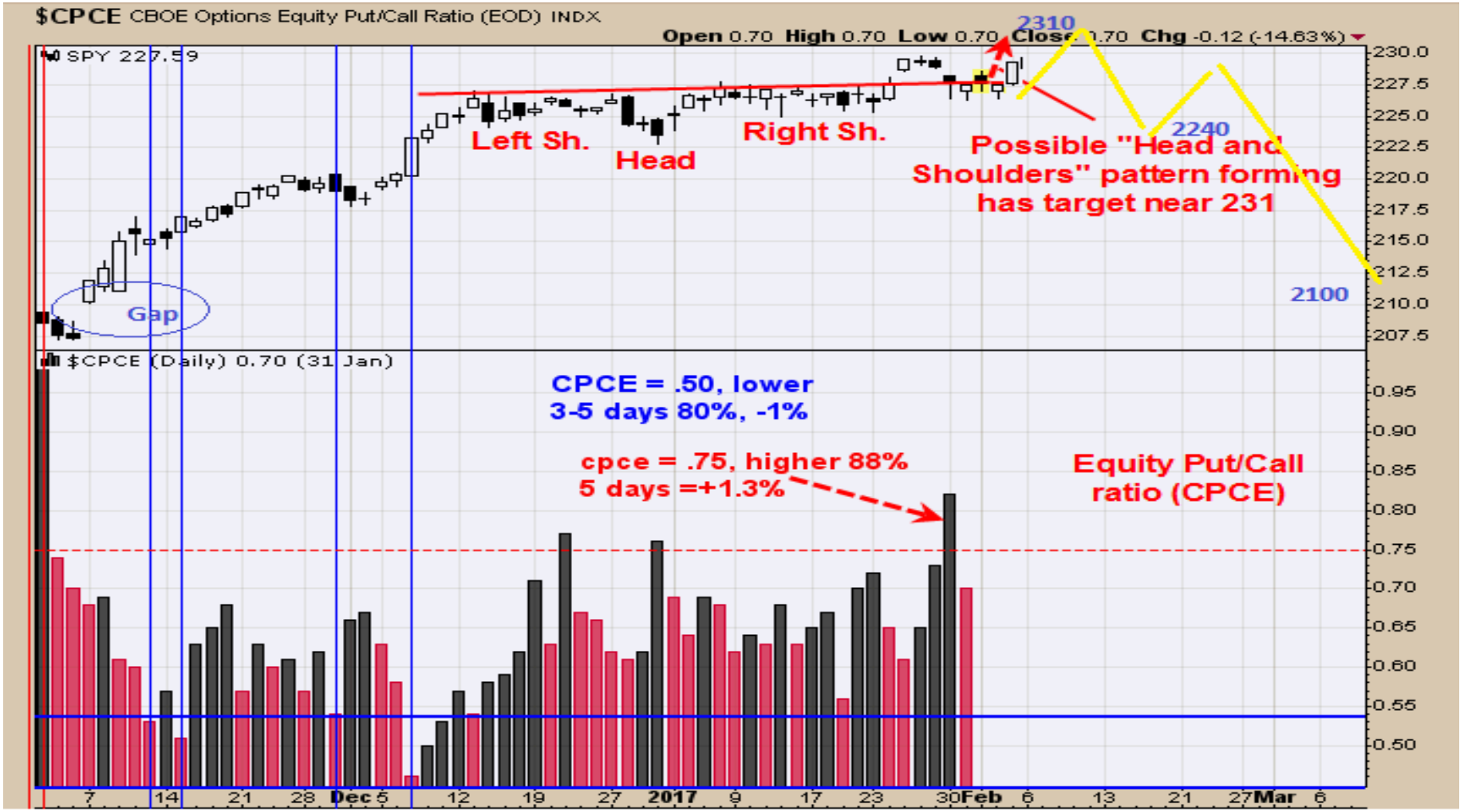
NYA / Volume Analysis – C Z- PEC- D Daily- Mid term

The NYA is running into the 2015 top. The pattern forming is “Three Drives to Top” pattern which has a downside target near 11K (not a big pull back target). A bounce is in progress to double top.

SPY / Volume Analysis – C Z- PEC- D Daily – Short Term

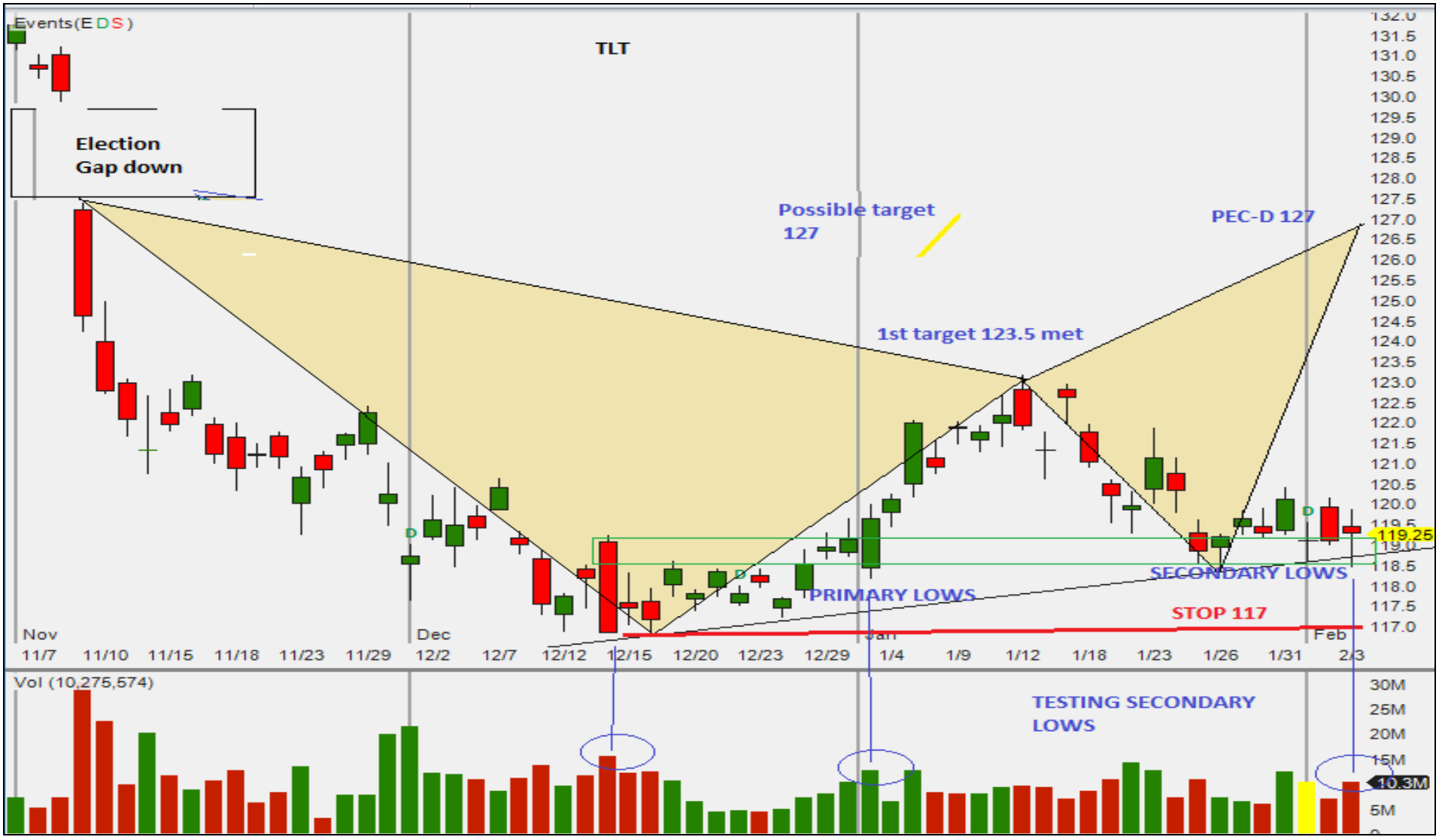
CBOE equity put/call ratio readings above .75 suggests short term higher prices. The Short term pattern that may be forming is a "Head and Shoulders bottom". This pattern has an upside target near 2310.

The best Risk Reward for new equity purchases (Net long) would come around CZ 2200-2170.



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

TLT met the pull back to 120 levels and rejected. This is secondary lows. It is building a handle base on Bullish cup formation. Now it should rally back towards upside target of 123.5 with Bullish top. Our final target is PEC-D 127.



SPX – Cyclical Model

- **SPX - Seasonality**

Negative- Post Presidential Cycle .

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

Negative

- **SPX - Sentiments Model**

AAII Weekly Sentiment Survey – Bullish

SPX – Internals Model

- Midterm - TICK / TRIN - Neutral
- AD Oscillator, Ratio's – Neutral

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

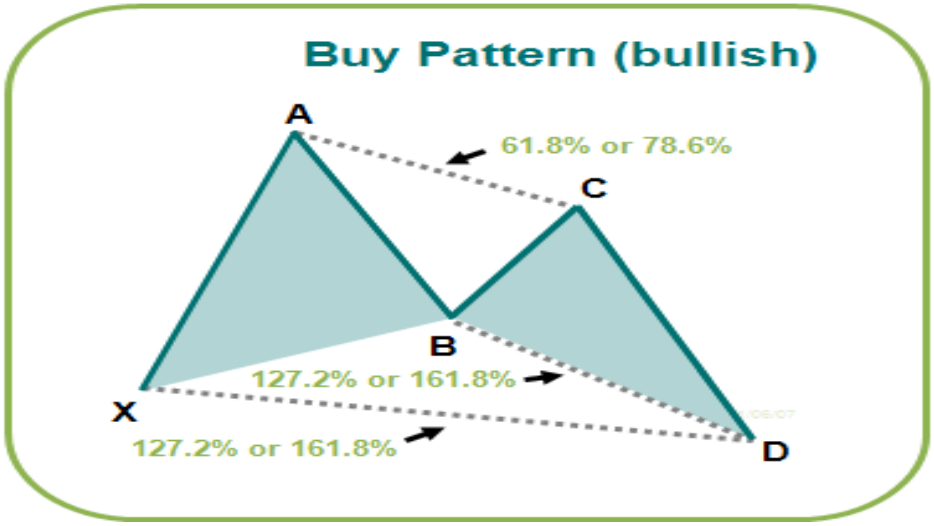
- ***POM is rated from 10 to 15***
- *POM 14 , 15 (is Sell Signal)* and *12 , 11 (is Buy Signal)* both are the Actionable Area whereas *POM 13* is A *Neutral Signal* for Risk management
- On way *UP* move, *POM 13* signifies to *STOP* executing additional 'New Buys" that was initiated at *POM 12 or POM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

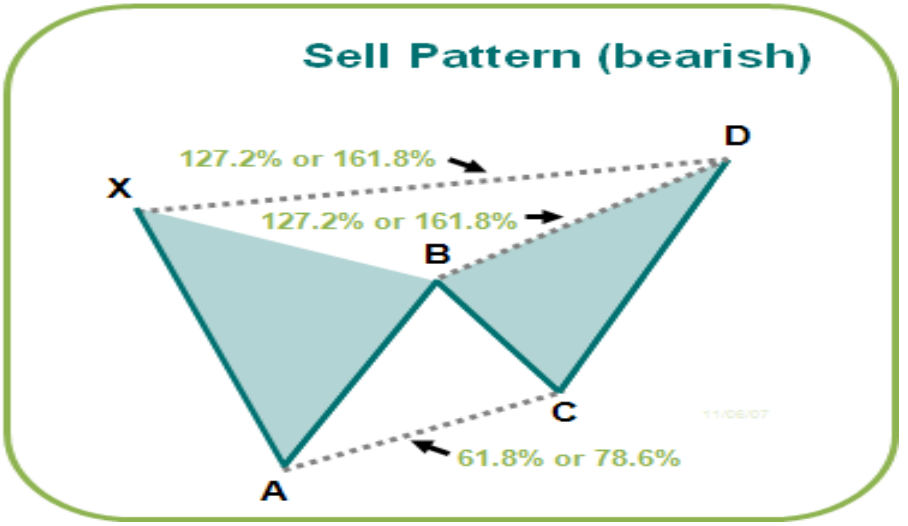
Pythagoras Expansion / Contraction – (PEC) Model

- 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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