



Date: February 12, 2017 (Sunday)

Immediate Release- SPX- BONDS – Institutional Report

By: Suneil R. Pavse, CMT

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	2315	POM 14 Triggered @2258 On January 1 st 2017	None	NEUTRAL	0%	None	Target to PEC-D 2310- MET EXACT	Possible 3 Gap play on upside. <i>3rd Gap up may be Next week.</i>	Pull back to 2240-2230 & bounce	ABC down to 2200-2180 <i>Best Risk/Reward for new longs</i>	

- Indicated in last Report, SPX @ 2285; Projected mini H & S Bottom target of 2310 (met Exact)
- POM 15 Net Short Signal has not yet triggered .
- 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.

	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)	120.76	POM 13 Triggered 11/20 CZ 121-118	Fully scaled in @ 119.2 Average price M2M @ 119 Jan 1 st	BULLISH	Net Long 30%	NONE	Rally to Retest 123.5 With Bullish Top Met 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.

Market Overview SPX- BONDS

SPX:

Portfolio prospective based on measured risk, SPX is in “No Fly Zone” beyond our exit point (2260) . To turn outright Bearish, SPX should fail on secondary / tertiary price / volume test and the “Internal market indicators should line up for failure”

This weekend has three powerful Astro cycle; 1st - *Lunar Cycle* , 2nd - *Full Moon*. 3rd - Jupiter Retrograde Earth. We may see some volatility next week.

FOMC Chair will appear in front of congress. Monetary policies are on hold till the full Fiscal policies and Corporate Taxes are rolled out to adjust the Monetary policies. Fed funds rate is on hold.

On very short term: SPX is forming a “3 Gap play pattern” – 3rd gap may be next week. Neither the Ticks nor the TRIN are giving clues for a top here. For decline to begin, volume needs to expand on downside.

On Midterm basis- Advance / Decline line crossed over bearishly last week. The volume has contracted on upside during the price rise for past 4 weeks and Open Interest keeps dropping which is a weak Market. The presidential cycle suggests historically post-election February a down month.

Although there are no guarantees in the market, one thing we know for sure, SPX will be lower than 2260 level (minimum by a Tick) sometimes during this year. SPX 2260 is the point we exited from the market and should give Bulls the opportunity to reenter if they desire to do so for continuation ride higher.

We plan to wait patiently to be Net long around **CZ 2200-2180 for** the best risk / reward.

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

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

Past week, TLT began its move higher with “Sign of strength and escalated bullish volume but pulled back to 120 levels to reject the lows. It is building a handle on Bullish cup formation for fresh move higher towards the upside target of 123.5. Our final target is PEC-D 127.

TLT Net long position may be a great way to have an equivalent exposure of Net Shor SPX position. Once the market begins its decline, Bonds may begin counter trend move higher.

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

Mini Head and Shoulders pattern had a measured target near 2310 which was reached last Friday. Neither the Ticks nor the TRIN are giving clues for a top here. It appears SPX is forming a “3 Gap play pattern” – 3rd gap may next week. Advance / Decline had Bearish cross over last week.

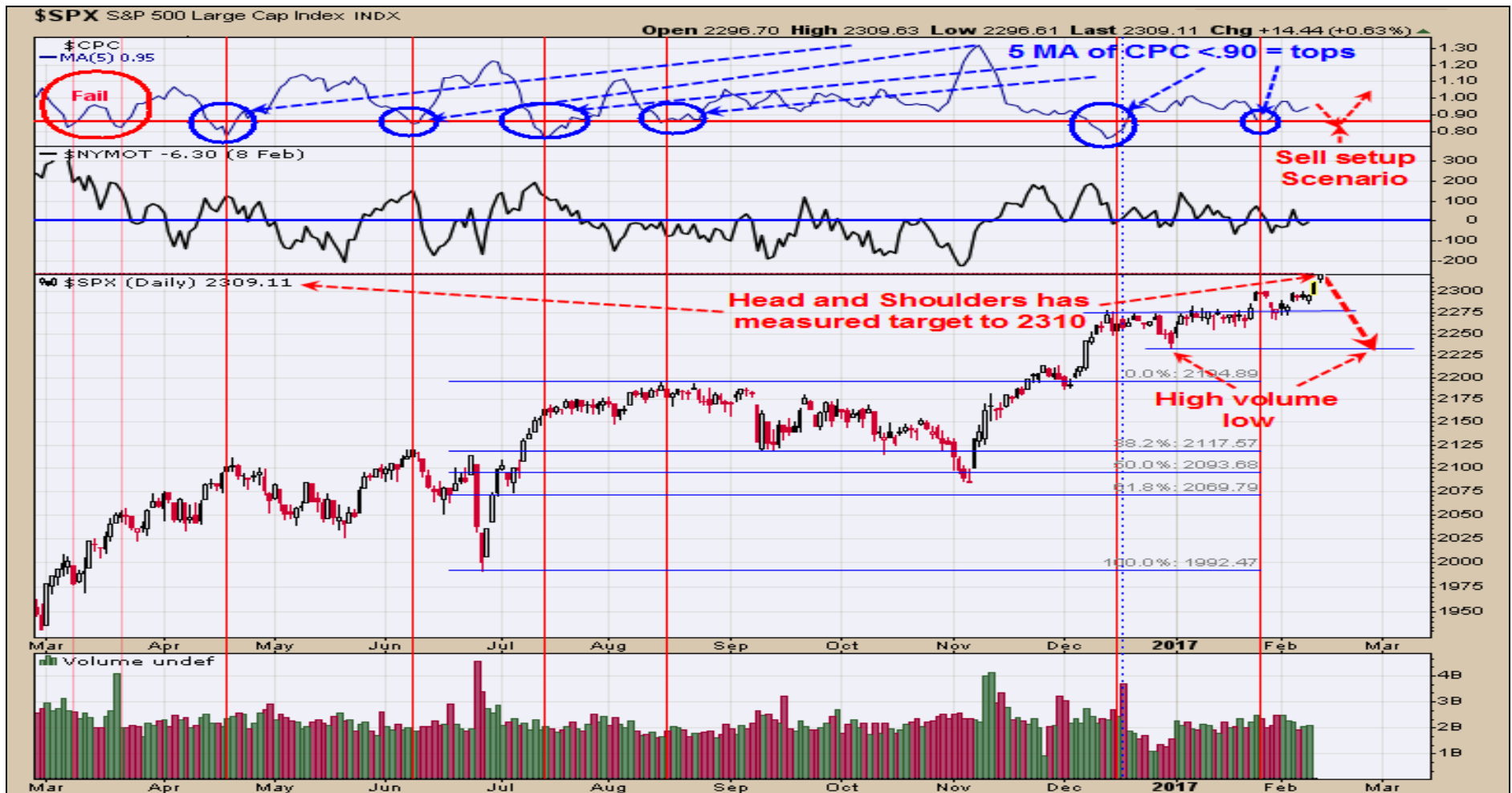
The best Risk Reward for new equity purchases (Net long) would come around CZ 2200-2170.



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

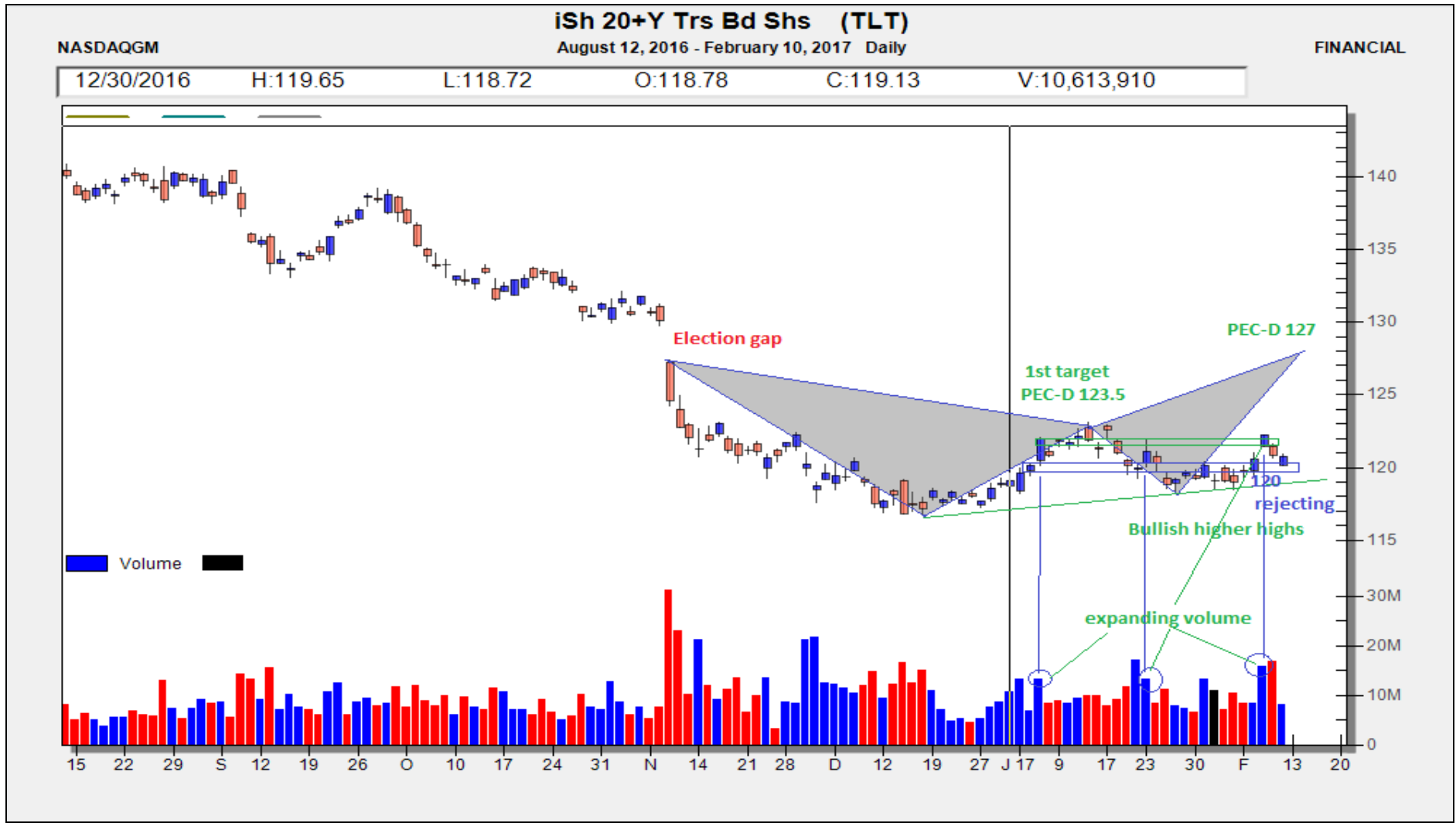
The five day put/call ratio below .90 lead to at least short term tops in the SPX (circled in blue). This ratio stands at .95. Once pulled back to 0.9, SPX may trigger another Bearish sign.

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 began its move higher with “Sign of strength and escalated bullish volume but pulled back to 120 levels to reject the lows. 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)

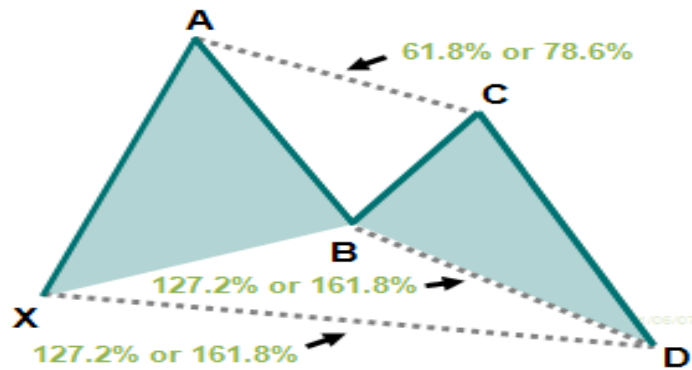
Pythagoras Expansion / Contraction – (PEC) Model

- 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

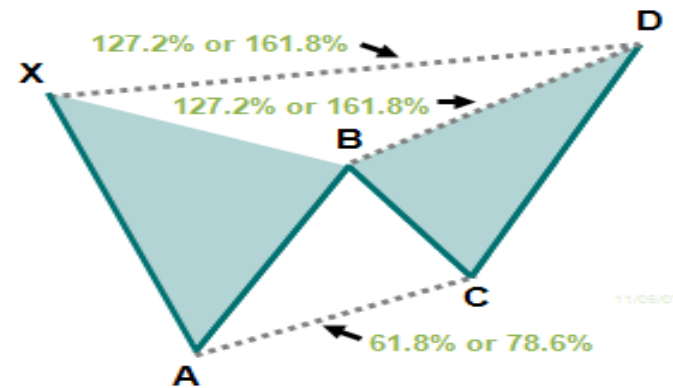
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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

Buy Pattern (bullish)



Sell Pattern (bearish)



Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.