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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	2270	POM 14 Triggered @2258 On January 1 st 2017	None	NEUTRAL	0%	None	Double top target to retest CZ 2280-2300 Should fail.	PEC-D target to 2300 Fell short by 13 points (hit highs 2283)	Pull back to 2240-2230 & bounce should fail	Target ABC down to 2200-2180 <i>Best Risk/Reward for new longs</i>	

- 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.
- As announced in our yearend Report; on January 01, we exited our Net Longs @ 2258 **for 10.1 % profit**. “[Election night Trump Trade]”.

	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	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 target 124 Met almost (to 123.5) With Bullish Top	PEC-D to target Gap area 127	Possible pull back to 120 & rally up	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

Portfolio: SPX is almost flat YTD; Our Primary portfolio is up almost 4.5% with our holdings in GOLD, GDX, TLT

SPX: Currently SPX has Triggered POM 14- Neutral Signal. We are holding 30% Cash in the Portfolio from the proceeds sale [Trump Rally Trade]; waiting for the market to rebalance itself towards SPX- 2200-2180.

We do not have Net Short Signal yet. For Net Short Signal, market needs to prove itself to be outright Bearish by secondary or tertiary failure on price / volume test. This should present better Risk / Reward.

Although the market is tired and stretched, Dow 20,000 level is still on cards. The previous high of 19999.63 is wide open for test.

Technically : Our price projection of 2300 fell short by 13 points. The pattern “3 drives to the top” in ratio 1.27, 1.41, 1.618 was completed on PEC-D Pattern. The volume contracted on upside failed and volume on downside expanded during the decline towards 2245. The 3 Drive pattern has double top to 2283 which it may be completing now.

TRIN / TICK is indicating Neutral reading. There is sizable cash on sidelines to add to the 1st pull back.

The best Risk Reward for new equity purchases (Net long) would come around CZ 2200-2180.

TLT: We are at POM 13 - Net long at 119 on TLT.

TLT met its first upside target of 124 (123.5) with Bullish top [as projected]. Currently pulling back to 120 levels, once completed, it should continue towards 124. Our final target is PEC-D 127.

DOW / Volume Analysis – CZ- PEC- D Daily

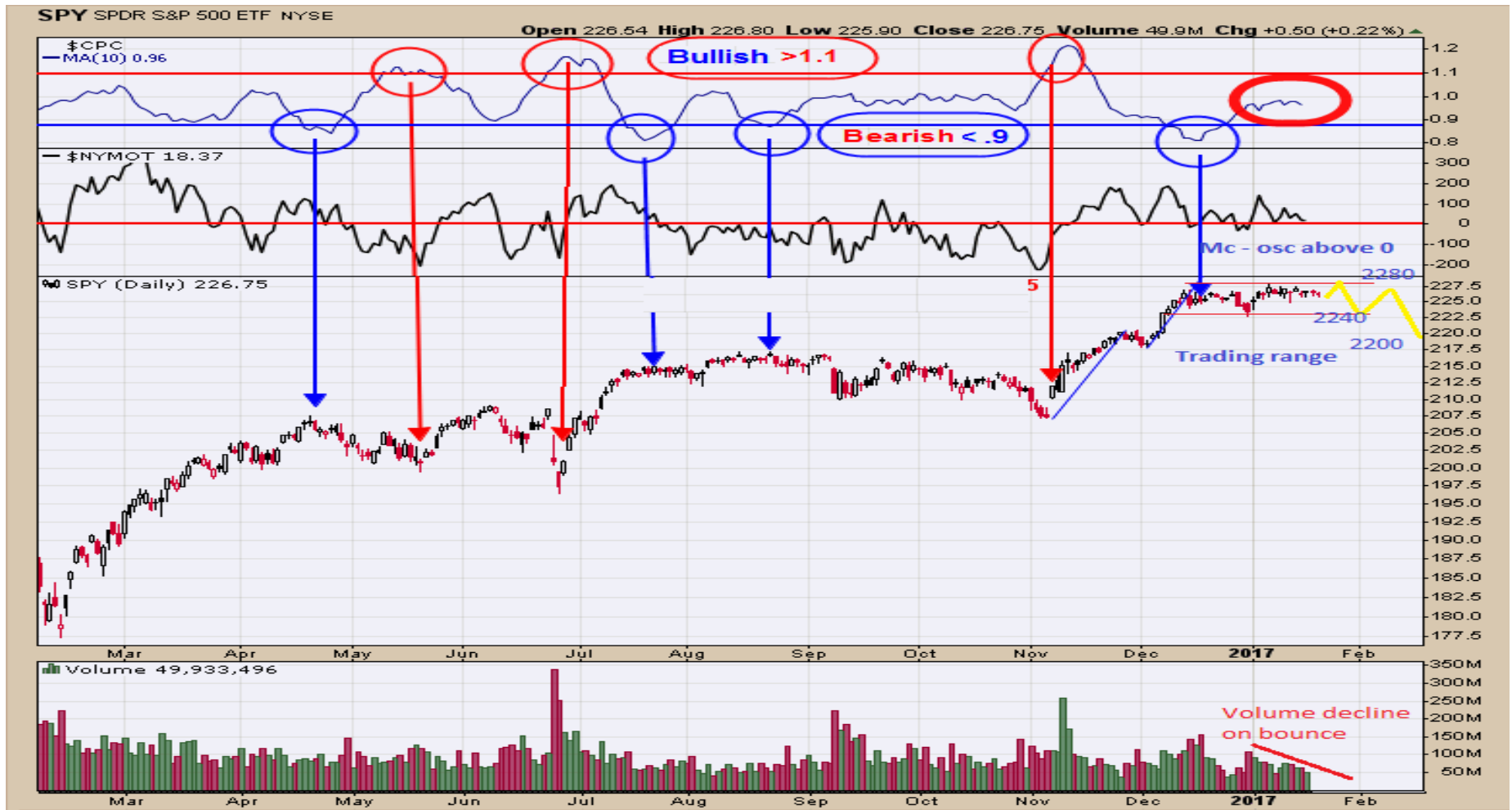
The Dow has been flirting with the 20,000 level for the last month. Usually when the market gets close to a round number it normally breaks above it and we expect that will happen here. The pattern forming on the Dow Jones is a possible “Three drives to Top”. The “Three Drives to Top” is identified by at least a 61.8% retracement off the second top on increased volume. Mc – Oscillator is still above 0. We remain neutral



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

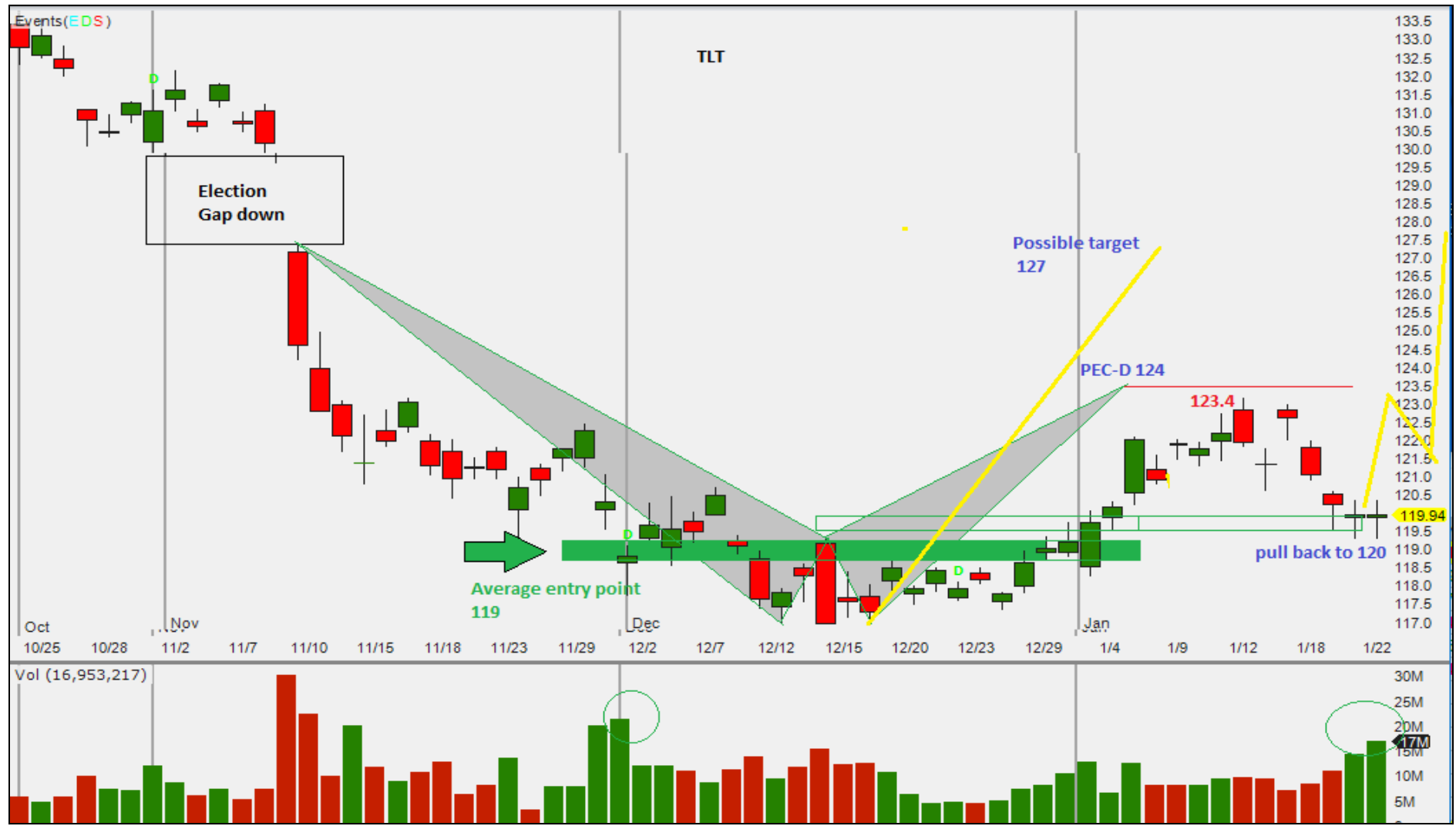
Put/Call ratios are not showing what direction. With the NYSE McClellan Oscillator holding above “0” the direction could be up but the TRIN and TICK readings are not giving a clear signal. We also noticed that volume dropped in the SPX.

Target of 2280-2300 is being tested with double top after completing 3 drives to the top. The first pull back is towards 2245. **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 its first upside target of 124 (123.5) with Bullish top [as projected]. Currently pulling back to 120 levels, once completed, it should continue towards 124. Our final target is PEC-D 127.



SPX – Cyclical Model

- SPX - Seasonality

Positive

- SPX - Geomagnetic / Lunar Cyclic Model

Negative

- SPX - Sentiments Model

AAll 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)

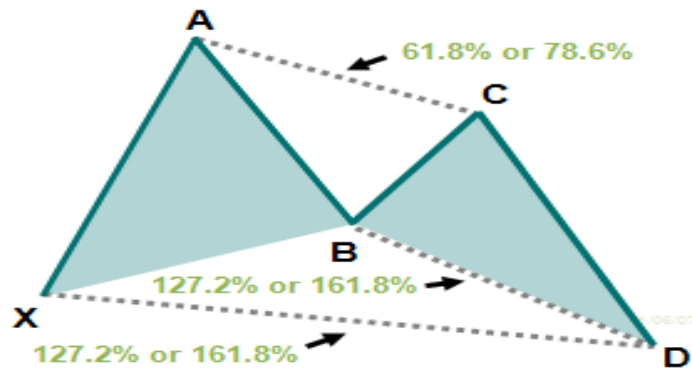
Pythagoras Expansion / Contraction – (PEC) Model

- 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

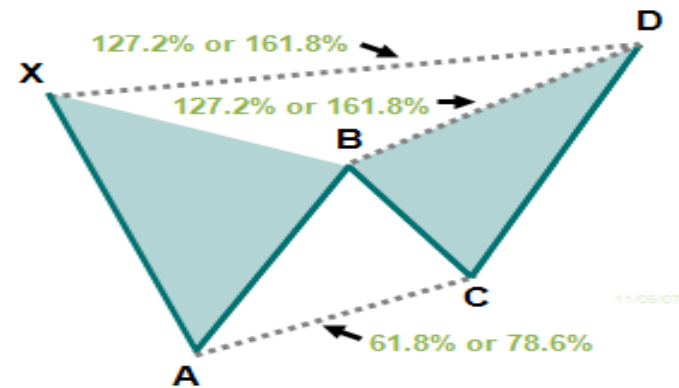
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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)



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