



Date: January 29, 2017 (Sunday)

Intermediate Release- SPX – BONDS – Institutional Report

By: Suneil R. Pavse, CMT,

MFTA

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	2295	POM 14 Triggered @2258 On January 1 st 2017	None	NEUTRAL	0%	None	Target to retest 2300- Should fail.	PEC-D target to 2300 Met exact	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.
- 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 and present the best risk/reward.

	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 Re test target 124 With Bullish Top Hit once @ 123.5	PEC-D to target 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

COMING SOON - "Make Volatility great again" – Volatility is Traders paradise. Quote from Doug Kass who we have admirable respect over the years. He is the legend. Tremendous market moves are upcoming this year – Stay tune.

SPX: On Inaugural day, in our Intermediate release, we enclosed chart on Historical market performances indicating 10 Bullish days following Inaugural day; it certainly proved its merit. Market has closely followed that price path.

Past week's Report, we demonstrated DOW Chart trading at 19800, with Projection towards 20,000 round numbers. Our expectation was that the pattern forming "Three drives to Top" at 61.8% would be completed at 20,000 level. Simultaneously SPX would complete 2300. Both the numbers were hit as expected.

The volume contracted on upside during the rise last week. Rising Markets and falling Open Interest is a weak Market. Past week SPX has been showing those characteristics.

We do not have **Net Short** Signal yet. For Net Short Signal, market needs to first complete the projection / pattern, and then prove it self to be outright Bearish by secondary or tertiary failure on price / volume test. Thirdly, Market internals such as TICK/ TRIN, MC – Oscillator should fail 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.

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.

TLT met the pull back to 120 levels and rejected. Now it should rally back towards upside target of 124 with Bullish top. Our final target is PEC-D 127.

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

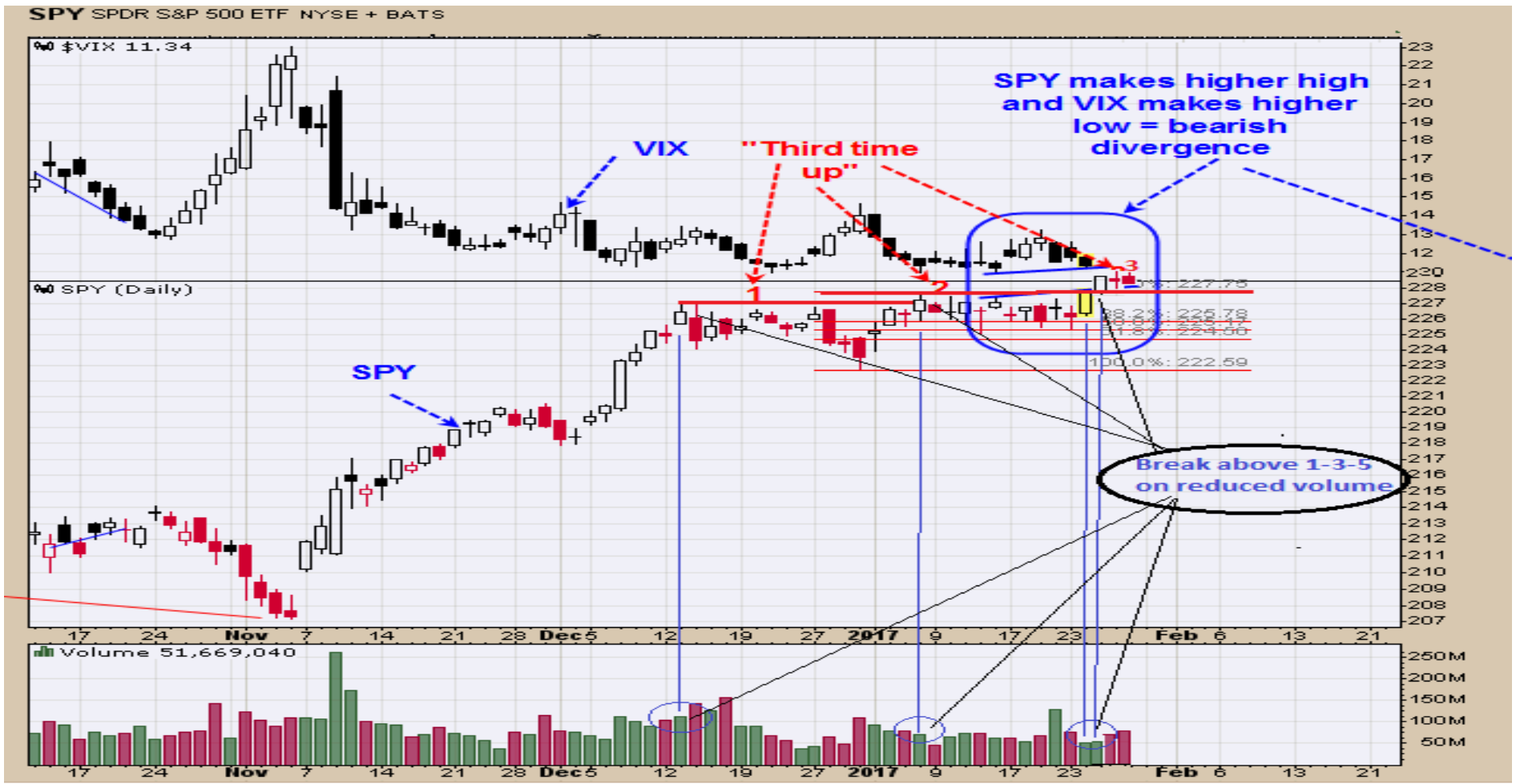
NYA completed the bearish pattern “Three Drives to Top” 9 refer chart below) . One of the triggers for a top is for the DJI to close above 20000 and SPX 2300 with lots of media attention, which we got. Past 2 days the VIX closed below 11. The last time the VIX closed below 11 was back in July 2014. The VIX closed below 11 three times in that time period, the first two where short term tops and the third time produced a decent decline. The McClellan Oscillator is above “0” and remains short term bullish (need to close below 0) . We are watching the TRIN and TICK readings closely for a setup



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

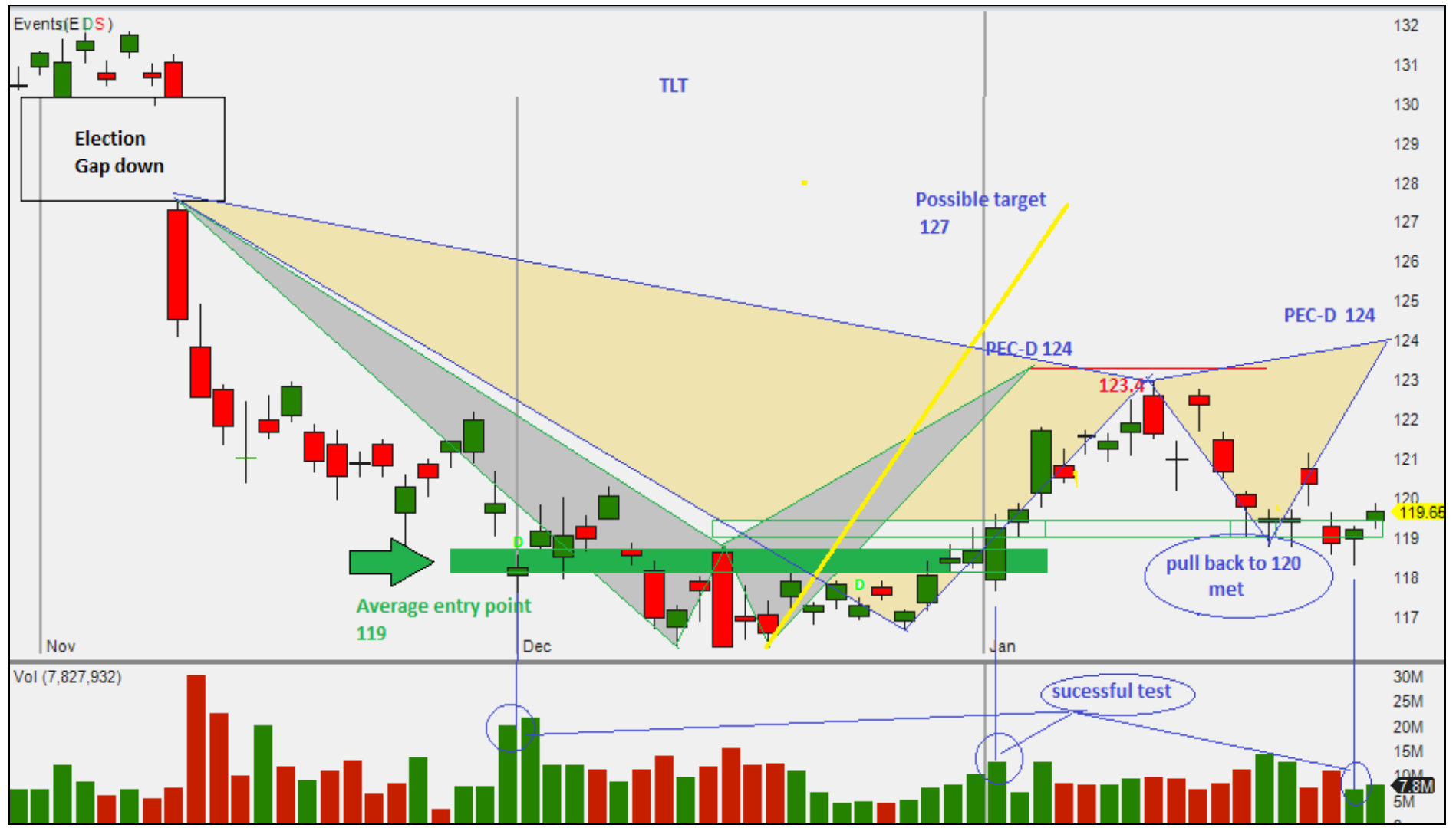
Target of 2300-2280 has been met completing 3 drives to the top. SPY pushed to a new short term high with lighter volume (refer chart below) and the VIX made a higher low, setting up a divergence. The first pull back is towards 2245 and rally up . But there after, the downside would be where the pattern began.

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. Now it should rally back towards upside target of 124 with Bullish top. 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)

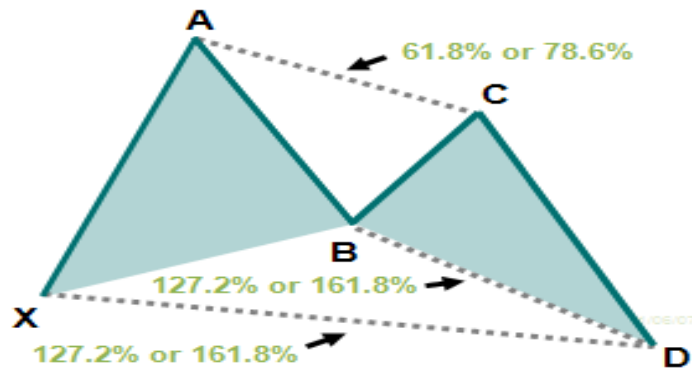
Pythagoras Expansion / Contraction – (PEC) Model

- 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

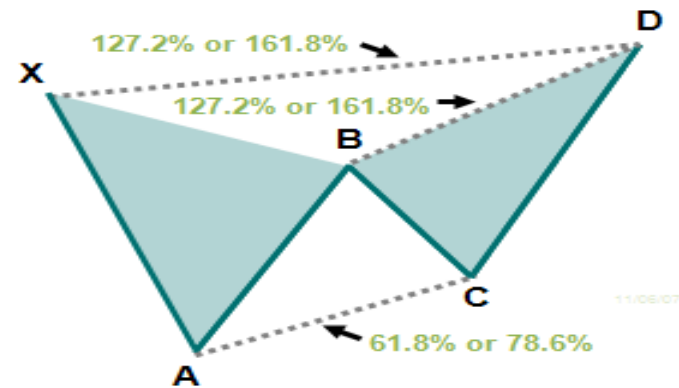
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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