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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	2472	POM 15 Triggered @2375 3/19	None	BEARISH	Net Short To Fully Hedged long positions FB. MSFT,JNJ	None	Our Target Rally into 2445 – Met Exceeded  Bearish top	Upside 2465 should fail  SPX needs to close below 2440 on weekly	Pull back To 2420 Gap Bearish Bottom	1 <sup>st</sup> ABC Target to 23790-60 and rally up	2 <sup>st</sup> ABC down -2280-2300

- Upside to 2475 should fail, Pull back to 2420 in Gap
- Weekly basis, SPX needs to close below 2440.
- 1<sup>ST</sup> ABC target to CZ 2390-60.
- 2<sup>ST</sup> ABC downside Target at CZ 2280-2300. (Next Net long opportunity for best Risk / Reward).
- **POM 15 – Net Short Signal Triggered at 2375 on 3/19 Announcement:** Hedge all Net Long positions (FB,MSFT,JNJ). SPX is higher by 100 points since our Bearish trigger.

	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)	125.9	POM 13 Triggered 3/13 @ 118.25 Within CZ 117-118	Announced Re-cycled entry ½ Position at 123 on 7/17	BULLISH	Net Long	None	Target PEC-D / 127 – Bullish Top	New ABC up Target To be Announced (TBA)	Pull back to CZ 122.5-123.5. Met exact. Rejected Bullishly	Lows of CZ 117-118 tested and Rejected Bullish Bottom	

- **Projected Target PEC-D 127**
- Pull back target to CZ 123.5-123 **Met- exact** and Reentered recycled position via announcement on 7/17.
- **POM 13 – Net Long Signal Triggered at 118 on 3/13 Announcement: 6.7% Profit**

## Market Overview SPX- BONDS

**SPX:** **POM 15 Triggered – Net Short @ 2375 on 3/19.** Our Net long positions in **FB, MSFT and JNJ** are fully hedged for protection against the downside decline. We remain bearish on SPX since 2375. Price move above 2380 is not a validated ABC up.

**Past week:** SPX moved above our projected target of 2445 and continued higher to 2475. Technology stocks continue to outperform SPX in big way. Bond continues to move higher as expected after bullishly rejecting our pullback zone.

**Next:** SPX volume to the downside picked up on Friday. The Equity Put/Call ratio (CPCE) closed at .53. CPCE readings .65 and less predict a lower market within 2-3 days. Upside 2445 crossed over at 50% lighter volume to 2475. It should fail. FOMC meeting on Tuesday / Wednesday could be a trigger. The downside is to 2425 Gap area. QQQ exceeded the previous high of volume day on much lighter volume and suggests a false break to the upside. QQQ high produced a lower high on the QQQ/VXN which is a bearish sign

**Cycle:** Wednesday , This week Mercury turns direct and Monday is New Moon. The previous Astro turn (couple weeks ago) , Bradley turn date and Full Moon, the Cycle was inverted. Market made a turn to the upside instead.

**Monitory:** FOMC's meeting next week. FOMC has been on Hawkish tone but Bond Market has been rallying with yields dropping. Reduction in \$ 4.5 T balance sheet, possibly starting in September will act like a rate hike. Removal of easy monitory policies is clearly not good for Equities. Feds is worried; its loose monitory policy and credit cycle has caused asset inflation, especially USD moving lower and GOLD moving higher. Commodities bottomed in Jan 2016, now showing signs of 2<sup>nd</sup> leg up. Past 12 rates hike sequences in 100 years has resulted in either Recession or slowing of economic cycles all 12 times.

**Seasonality:** July kept is historic promise of being positive. However, most powerful seasonality during the 1<sup>st</sup> year of presidential is in August especially year ending with "7". We think Equity markets will have its biggest challenge from Aug to Oct. **Mid Term Technical:** SPX on weekly basis has closed below 2440. The larger picture suggests an intermediate top is forming. **The downside target is projected at CZ 2360-90.**

# BONDS - TLT / Volume Analysis – C Z- PEC- D

Pull back target to CZ 123.5-123 Met exact and rejected. Our upside target to PEC-D 127 with Bullish top.



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

Notes within the chart.

Upside beyond 2475 should fail. On Friday downside volume picked up . The Pullback target to Gap 2420.



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

Friday the Equity Put/Call ratio (CPCE) closed at .53. CPCE readings .65 and less predict a lower market within 2-3 days.



# QQQ Analysis – C Z- PEC- D- Daily

QQQ is drawing a clearer picture than SPY. QQQ exceeded the previous high of volume day on much lighter volume and suggests a false break to the upside. QQQ high produced a lower high on the QQQ/VXN which is a bearish sign .



## 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 - Bearish
- AD Oscillator, Ratio's – Bearish



# 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)

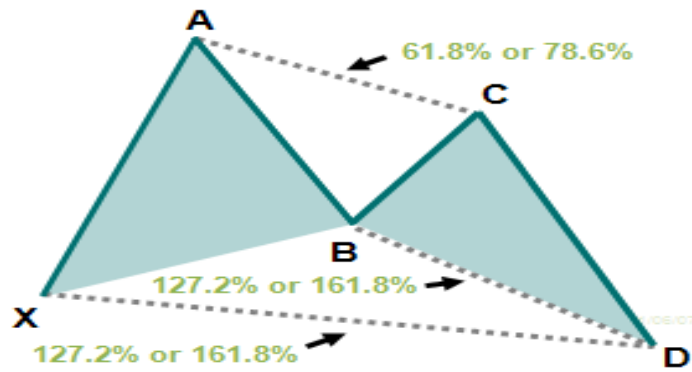
# Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2<sup>th</sup> 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

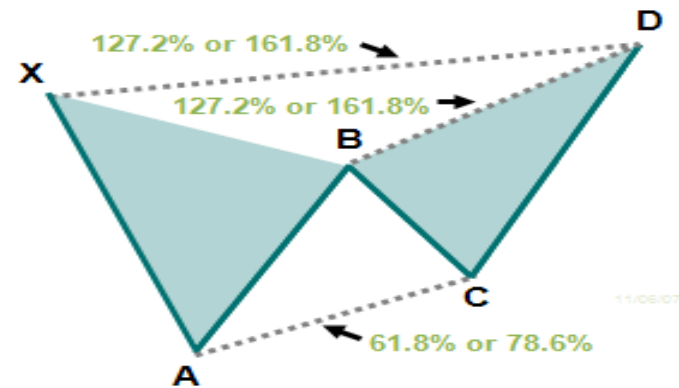
## PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

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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