



SG Capital Research

Global Market Insights

Research Note – Market Strategy – BROADER IDX GLOBAL (A# 2) – STRATEGY & PROP Analysis (SP)

MAEG- MARKET STRATEGY BROADER IDX GLOBAL CZ # SG 2011 # JULY_21

For Immediate Release – *Wednesday AM (EST) – Thursday (sp)*

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Market Strategy Global (A # 2) - (SP)-

We have picked up charts (below) that has some distinct characteristics from observation & Special Situation this week based on our assessment:

- **Coverage**
- **CZ – PQV, Trend line, Pattern & Oscillator Analysis (Qualified for > +/- 2 SD)**
 - **QQQ – NASD 100**
 - **IWM - RUSSELL 2000**
 - **EEM - EMRG - with SHANGHAI - Proxy**
 - **EZU - EUROPE with FTSE Proxy**
 - **EWA - AUST with AORD – Proxy**
 - **EWH – HK (Special situation)**
- **Appendix - History of past SPX - POM Signals & Key Criteria**

BROADER INDICES

• *Trading and Investment Conclusions.*

- The Major Indices within this A # 2 Report have been following Price path of Market turn with POM 12 on SPX .***
- ST Top was put in when SPX Triggered 1348 along with its own specific CZ as noted .***
- The pull back turn also was evident at SPX 1300 -1320 (Indicted in A # 2 – MS dt. 07/13***

IWM, QQQ, EEM, (CHINA), EZU, (FTSE), EWA, (ORD) - Insights

- Our objective (in charts below) is to check the PRICE PATH PROGRESS of other Indices with respect to POM's and Triggers of its own respective CZ's***
- This week we have abbreviated SP Release***

Special Situation – Coverage to Include EWH – HK - CZ - 19.0 – 20.50 Test volume 5.0 M.

Quick Summary of Turning points - "Price path Reported " from Previous Reports - UPDATE

QQQ Nasdaq GM

20-Jul-2011 **Close 58.80 Chg -0.25 (-0.42%) ▼**



IWM (Russell 2000 iShr) NYSE

20-Jul-2011 **Close 83.18 Chg -0.14 (-0.17%) ▼**



EEM (iShares MS...) NYSE

20-Jul-2011 **Close 46.93 Chg +0.14 (+0.30%) ▲**



EWA (Australia iShares) NYSE

20-Jul-2011 **Close 25.48 Chg +0.29 (+1.15%) ▲**



EZU (EMU Index iShares) NYSE

20-Jul-2011 **Close 36.31 Chg +0.60 (+1.68%) ▲**



SHANGHAI - MID TERM (Proxy for HK)

It appears that the Shanghai market wants to run up to test the resistance line before rolling over. This market should move within the Triangle building up , We would wait for Bearish CZ for target point



EWH – CZ Analysis (Special Situation)

Step back to 9th DEC 2010 Report - CZ was validated @ 19.5 -21 (Indicated in RED arrow), then resulted in good decline there after (as seen in chart below).

Currently its building cause for next move . Looking at the chart above on CHINA, it appears CHINA could complete the Triangulation process rally & HK might enter in its own CZ during same time proximity. If SPX triggers POM 14 at the same time , we get the best of all world for better Risk / Reward. Note – EWH is at mean SD levels currently in QT

CZ - 19.0 – 20.50 is indicated by green Arrow. (Partially imported from 2010 / 08) Test volume 5.0 M.

- ½ position – into LCZ -MCZ
- ½ position – touch of 20.5 and close under 20.0



APPENDIX -

Previous Signals

SELL SIDE - Triggered at Qualified CZ on “time & price”

- **IWM (83-85)....with 40 M or less test - qualified at CZ Sell – 31st March @ 84**
- **QQQ (56- 58) ... with 75 M or less test - qualified at CZ Sell – 21st April @ 58**
- **EEM (49.5 – 52.5)... with 55 M or less test - qualified at CZ Sell – 21st April @ 50.19**
- **EZUNo Validation**

BULLISH CZ - Triggers at Qualified CZ

- **Alert - SPX has reached our Bullish CZ 1315 - 1295 , this will be 4th counter trend rally in 2011 within the regime of POM 14 re runs, All the above broader indices will follow the same price path in different proportion based on its own Relative Strength (see details of ech below)**

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)

Daily SPX - “ Trend Adjusted Signal”

- 3x3 /9EMA – Break Indicator – On Buy Signal since SPX - 1115

The process utilizes the cumulative Algorithm of price trails 3x3 / 9EMA input signals for Trend formation. This signal tends to work well in Market extensions (i.e. Post POM 14).

This Methodology is implemented by Program Traders especially in Momentum extensions and diagonal triangle formation Trend-following system which bases its reversal signals on breaking a significant closing Break Indicator I to confirm the new trend. (it's important to use a stop if you act on a signal). The reversal price is generated on the close of a bar. (The drawback of strategy is that it can whip saw).

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