



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_27

For Immediate Release – *Wednesday AM (EST)*

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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**
 - **EWI – HK**
- **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 the Price path of Market turns since POM 12 on SPX . (still intact for mid term) – NET LONG**
- **On - ST basis the top in all the Major Indices (in A # 2) when SPX Triggered 1348 (POM 13) along with its each Index at CZ as noted . – RISK MANAGEMENT**
- **The pull back turning point was put in when SPX 1300 was achieved & Retested (Indicted in A # 2 – MS on 07/13 & Alert 7/18) – RECYCLING CAPITAL EXITED @ RISK MANGEMENT PRICES**

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

- *Our Price path remains the same as Reported in earlier Reports. We are experiencing a re test of Bullish CZ 1300 - 1320 for the 2nd time in SPX , Bulls could argue Building up of floor for next leg up*
- *Our Model do not take into account 50 /50 probability events of “Political Crack or Natural Calamity” . However with hugh Gap down of 200 -250 points and if market does not recover intraday then should be a Trigger & a warning for Risk Management*
- *For such reasons other cross measures of market evaluation can be very useful from other clues. Although we do make every effort to be accurate at all turning points with our indicators , like any other Method it cannot be right all the time..*

**“ Quick Summary of Turning points - “Price path Reported “ from Previous Reports -
UPDATE dt – 7/21 in Appendix below”**

QQQQ - CZ - Analysis- **Bullish overall but Risk management stop close below 56.50**

The ratio QQQ / SPY - breakout of 1st leg is testing the Down Trend line – that is Bullish (RED Box)

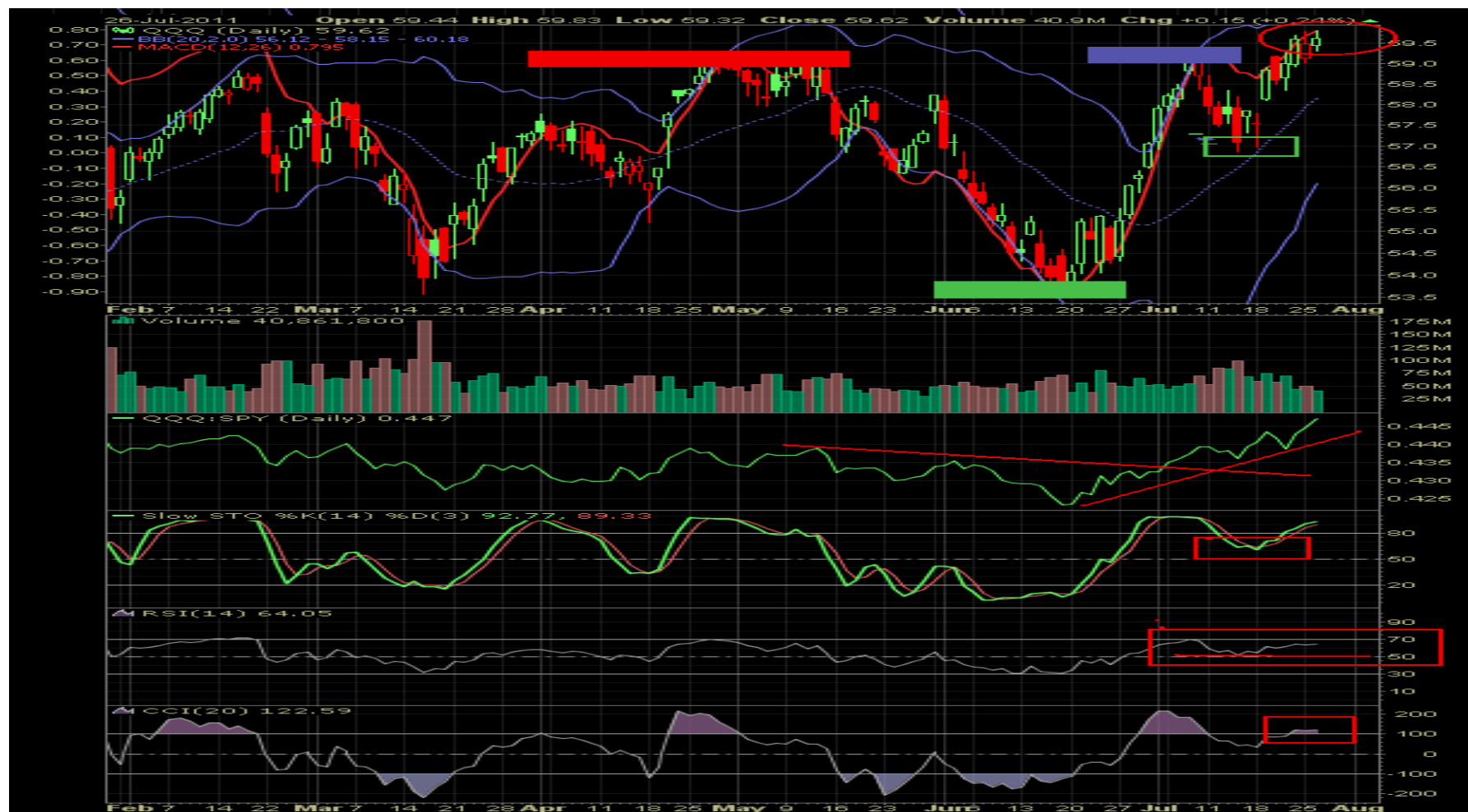
Slow STO triggered Buy cross over and holding above 50 along with RSI on rally – (Red Box)

MACD in (Red Circle) is Positive

CCI is not overbought in extension

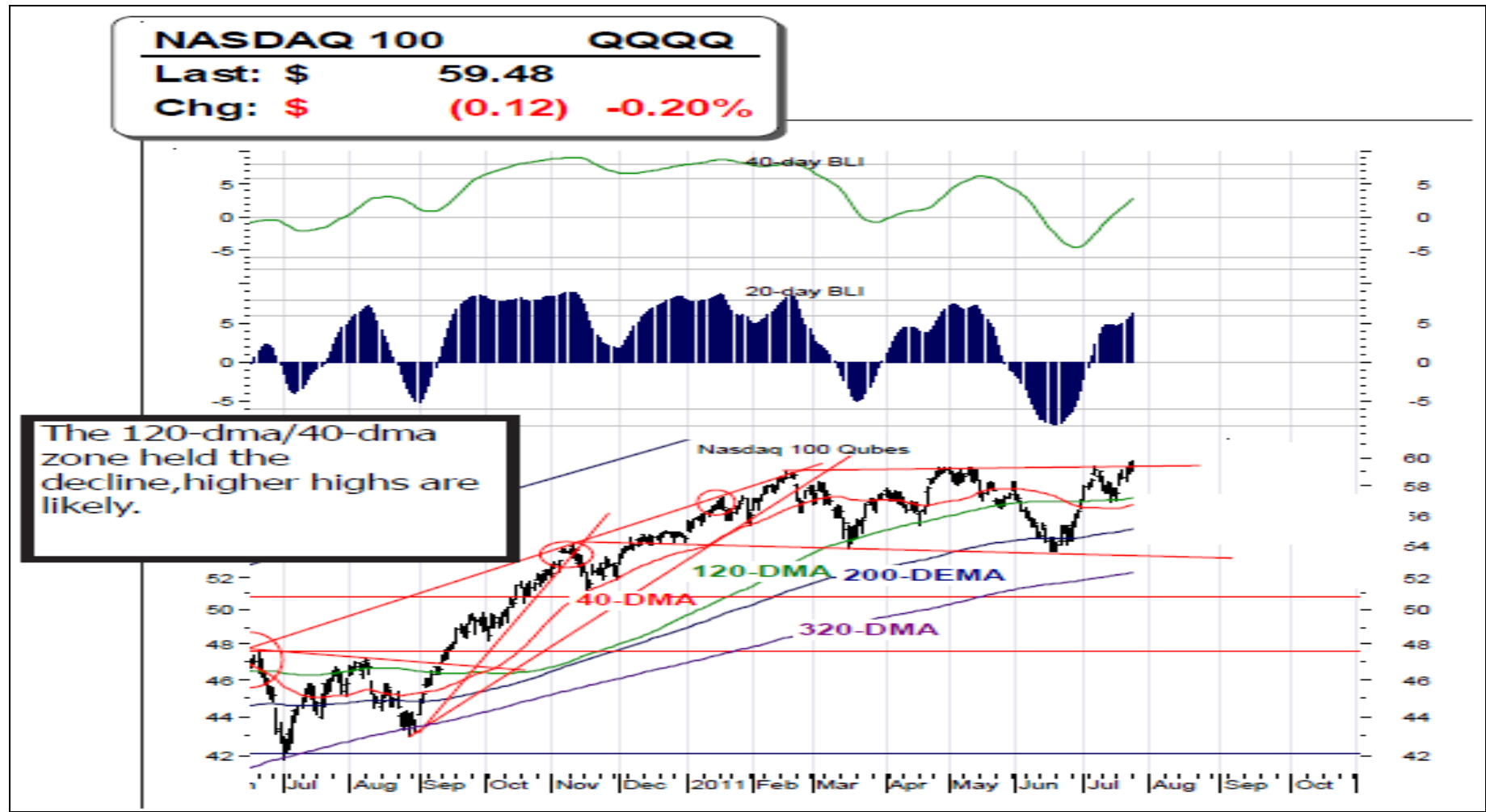
Earlier SHORT TERM - Bullish held (green box) whiles SPX triggered CZ 1300

6/23 POM 12 Triggered on SPX, for Net Long (indicated in green) @ 54 .



QQQQ – MA / Pattern and Oscillator Analysis

Intermediate term - , DMA's and Trend Analysis suggests, the pull back is holding up and energy left to upside after the pull back (Refer notes within the chart)



IWM – CZ Analysis – Neutral overall - Risk management stop close below 81

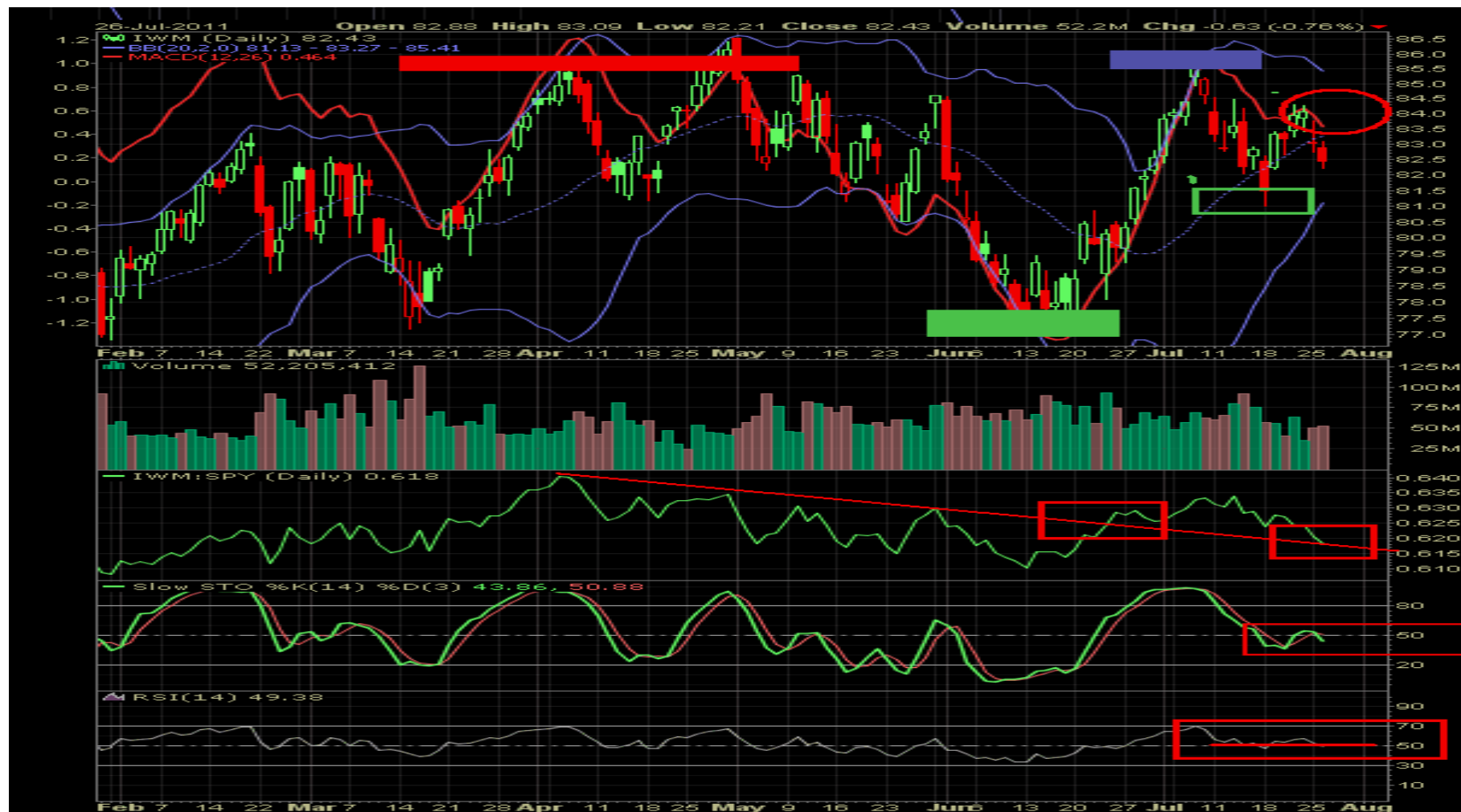
The ratio IWM / SPY - breakout of 1st leg is testing the Down Trend line – that is Bullish (RED Box)

Slow STO triggered Buy cross over and holding above 50 along with RSI on rally – (Red Box)

MACD in (Red Circle) is Neutral

Earlier SHORT TERM - Bullish held (green box) whiles SPX triggered CZ 1300

6/23 POM 12 Triggered on SPX, for Net Long (indicated in green) @ 78 .



IWM – MA / Pattern and Oscillator Analysis

Intermediate term - DMA's and Trend Analysis suggests, the pull back is holding up and **energy is Neutral after the pull back** (Refer notes within the chart)



EEM - CZ Analysis - Bullish overall but Risk management stop close below 45.50

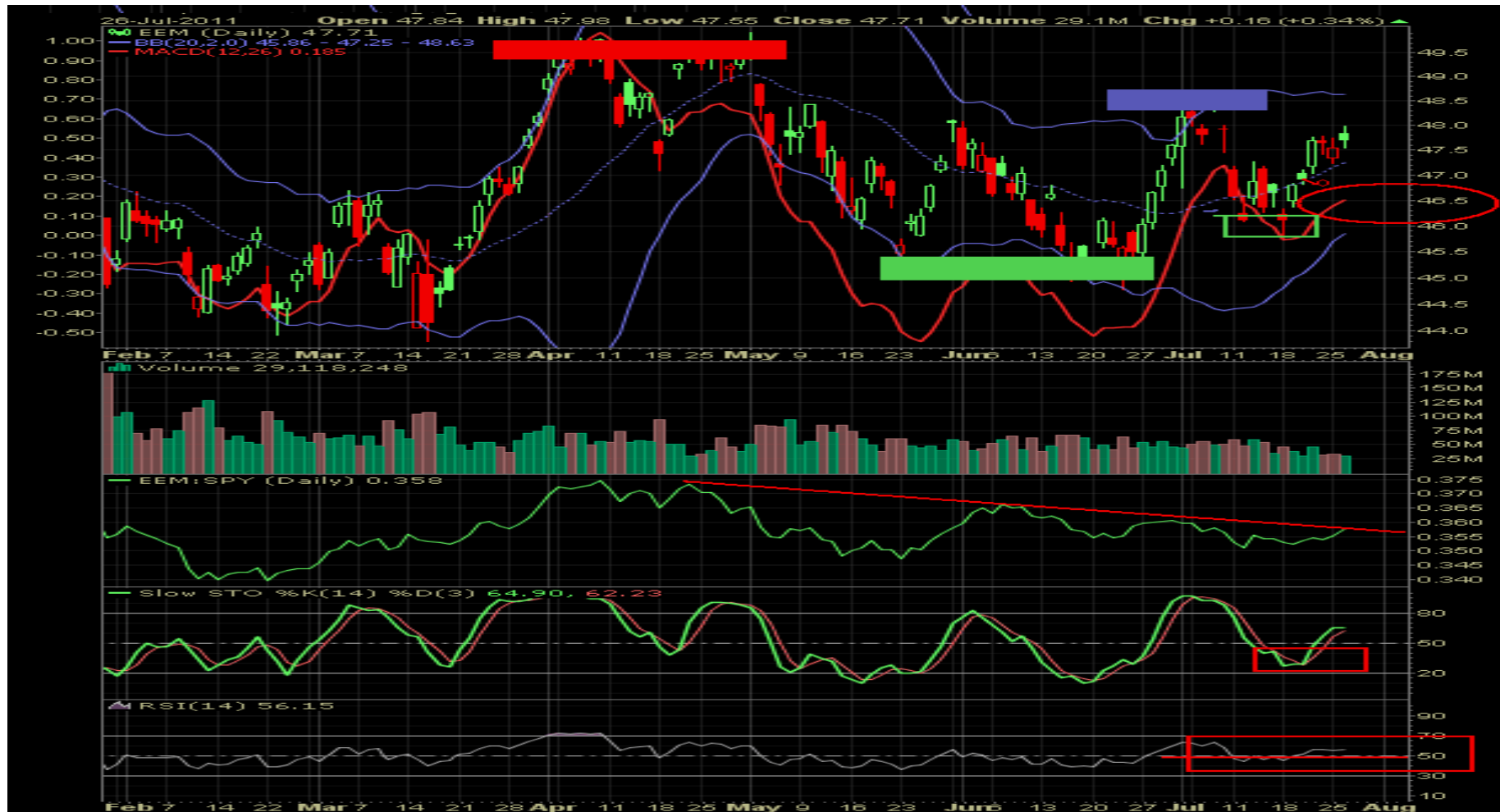
The ratio EEM / SPY - just had break out and dipped in – that is Neutral (RED Box)

Slow STO triggered Buy cross over and holding above 50 along with RSI on rally – (Red Box)

MACD in (Red Circle) is Positive

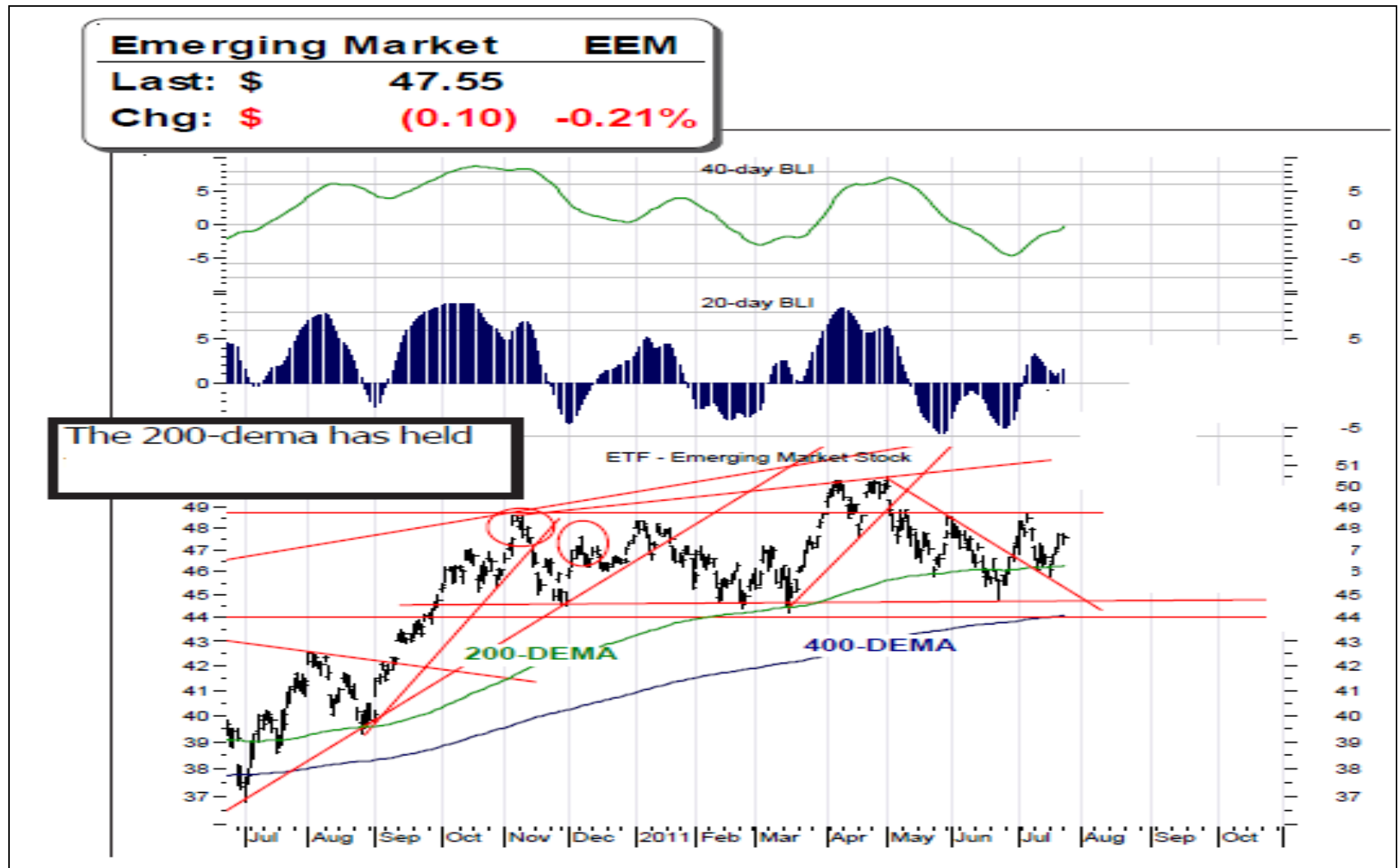
Earlier SHORT TERM - Bullish held (green box) whiles SPX triggered CZ 1300

6/23 POM 12 Triggered on SPX, for Net Long (indicated in green) @ 45 .



EEM – MA / Pattern and Oscillator Analysis

Intermediate term - DMA's and Trend Analysis suggests, the pull back is holding up and energy left to upside after the pull back (Refer notes within the chart)



SHANGHAI - MID TERM (Proxy for EMMERG)

Shanghai is idling right in the middle of the trading range. It appears that the Shanghai market wants to test the lower CZ. This market should move within the Triangle building up,



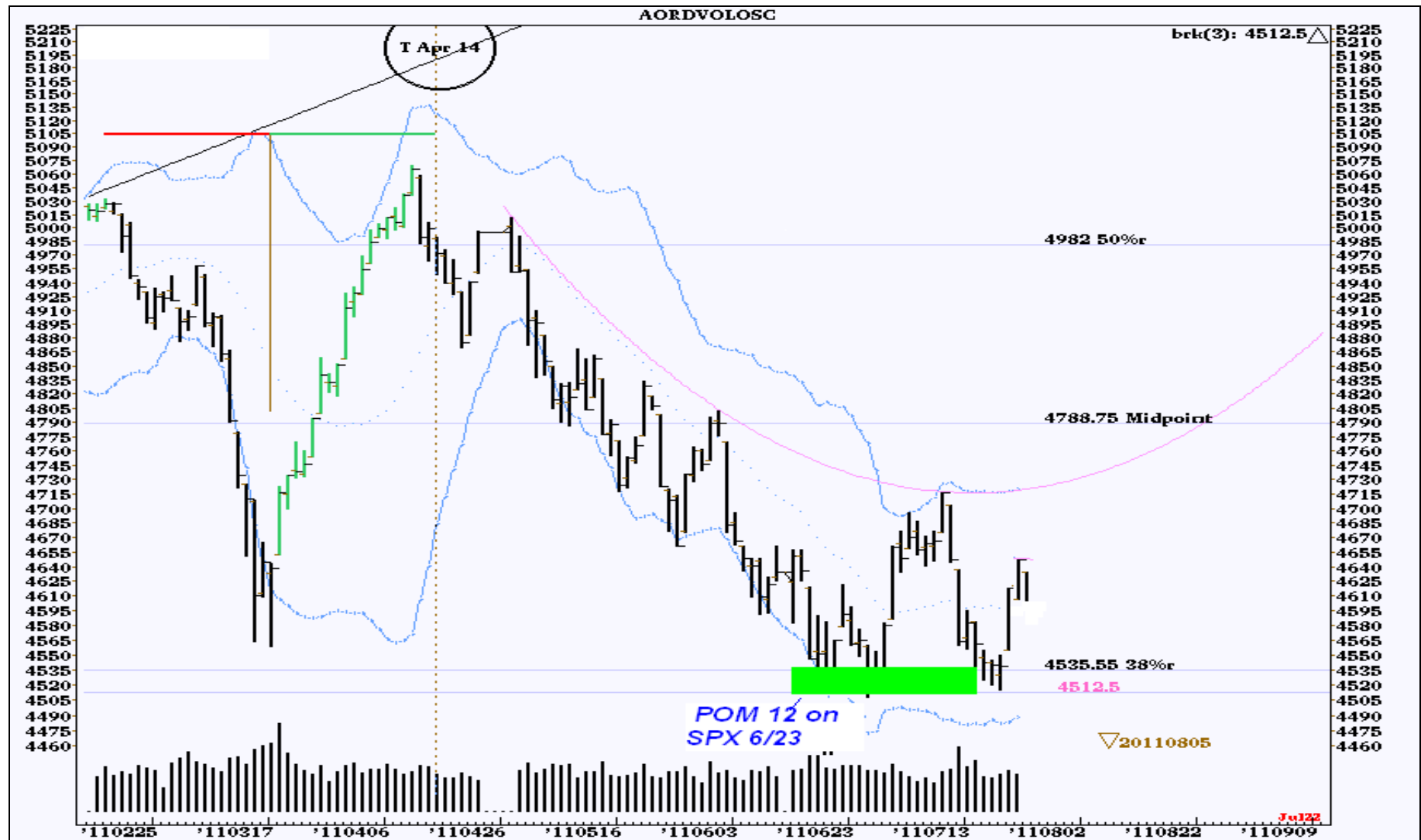
EWH - CZ Analysis - Neutral

The ratio EWH / SPY - has room to move to downtrend line - this is Neutral (RED Box)
Slow STO triggered Buy cross over and holding above 50 along with RSI on rally - (Red Box)
MACD in (Red Circle) is Positive



ORD - MID TERM

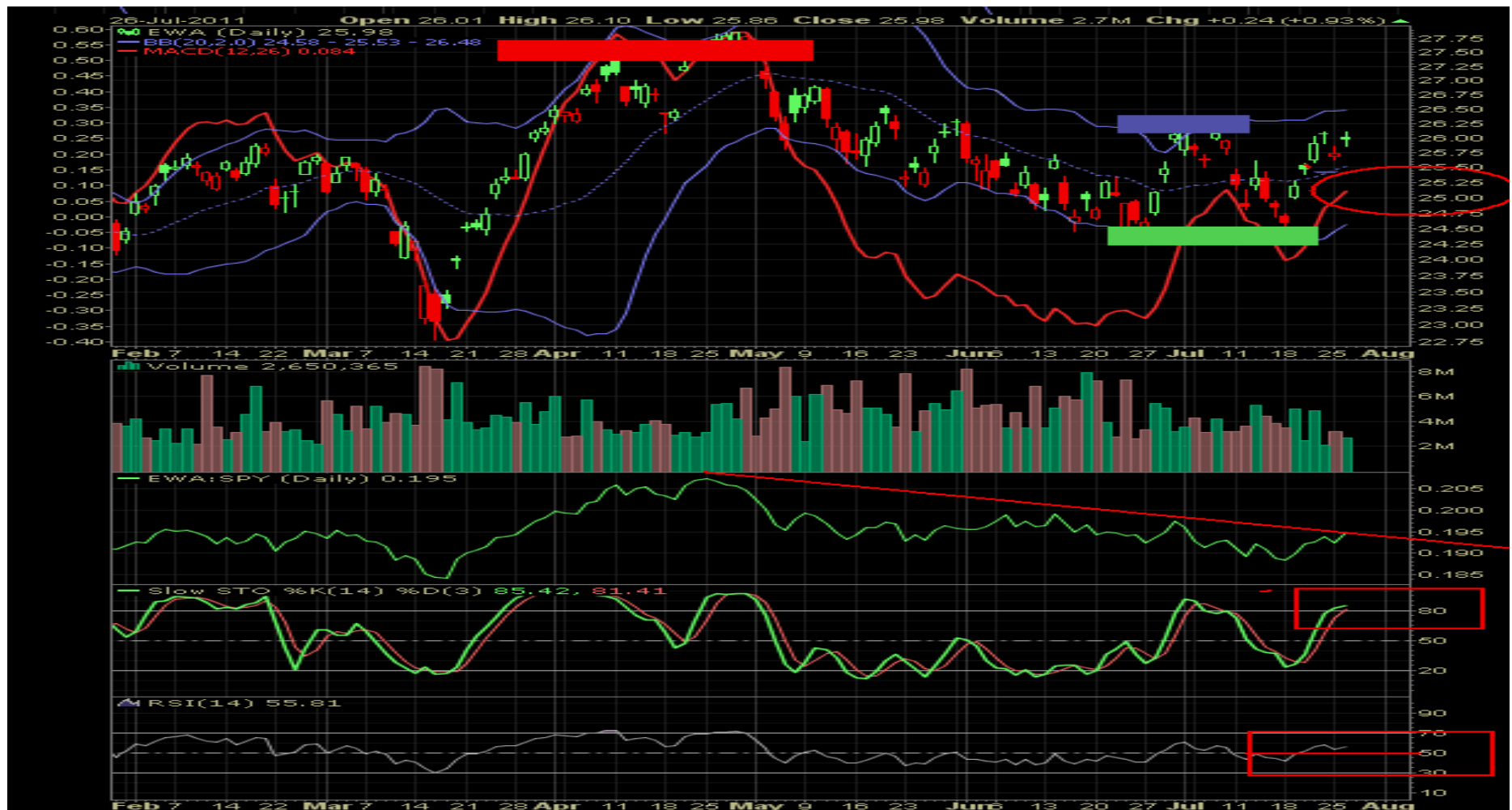
AORD - Strength in the Australian market & finally the volume oscillator breaks above the downtrend line. This low coincided with a poly trend line low, so it's right in line with the rally.



EWA – CZ Analysis - Bullish overall but Risk management stop close below 24 (@ POM 12 Price)

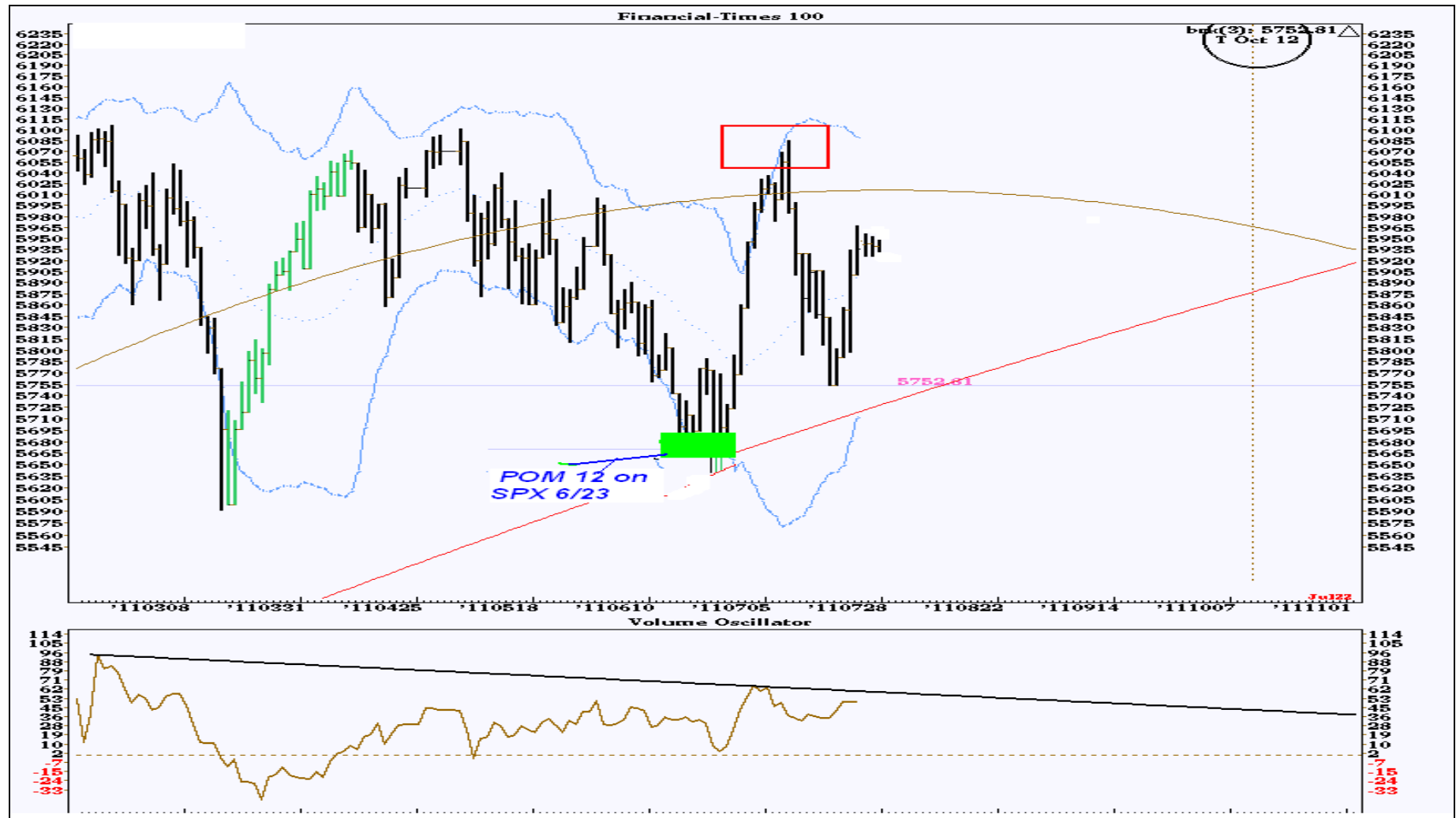
*The ratio EWA / SPY - just had break out and dipped in – that is Neutral (RED Box)
Slow STO triggered Buy cross over and holding above 50 along with RSI on rally – (Red Box)
MACD in (Red Circle) is Positive*

*Earlier SHORT TERM - Bullish held (green box) whiles SPX triggered CZ 1300
6/23 POM 12 Triggered on SPX, for Net Long (indicated in green) @ 24.5 .*



FTSE - MID TERM (Proxy for Europe)

The decline fell back into the Poly Trend & now rally back to it.



EZU - CZ Analysis - Neutral overall but Risk management stop close below 34.5
High possibility of Re test of 35 area

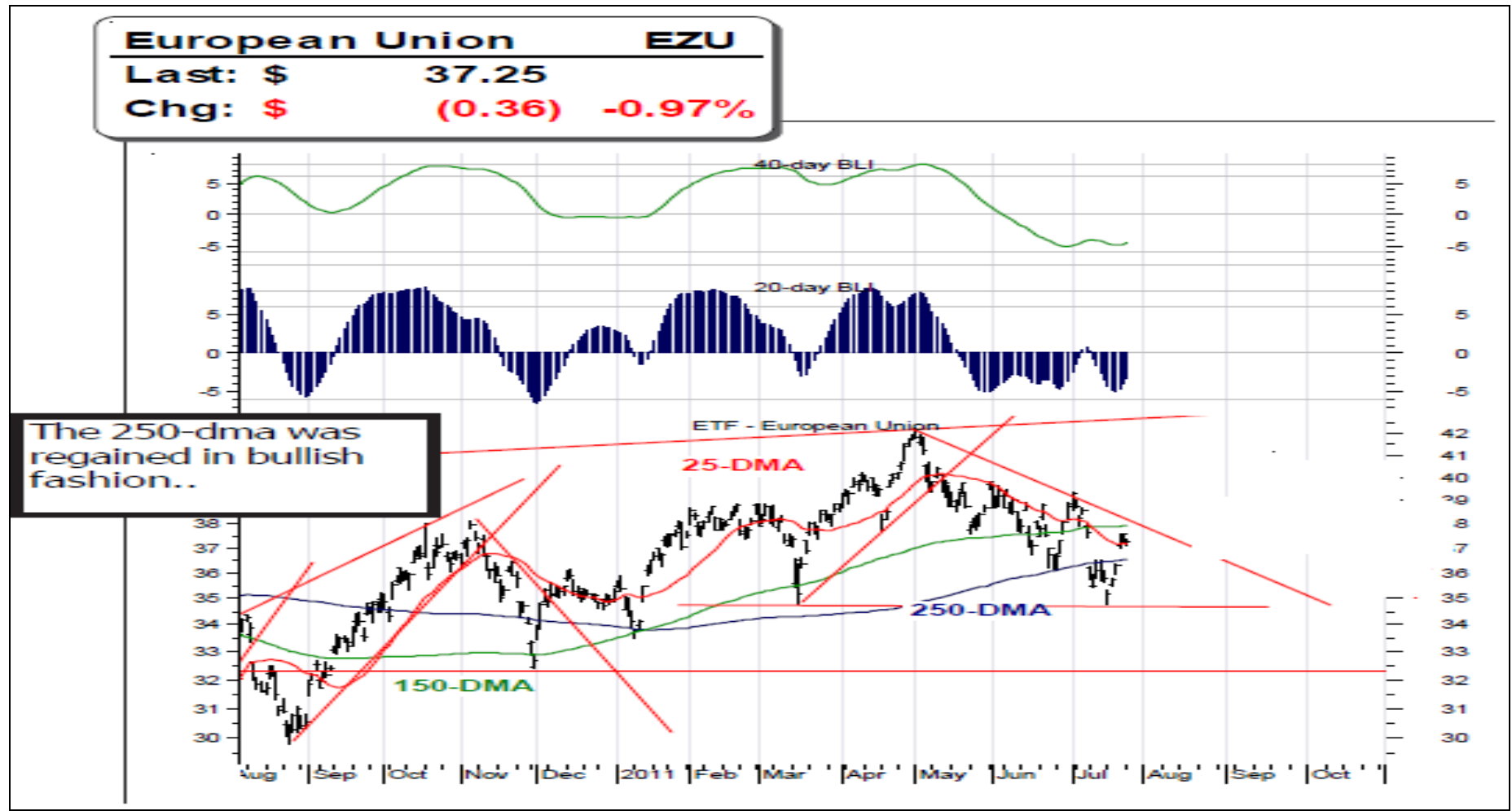
The ratio EZU / SPY - just had break out and dipped in – that is Neutral
Slow STO triggered Buy cross over and holding above 50 along with RSI on rally – (Red Box)
MACD in (Red Circle) is Positive

Earlier SHORT TERM - Bullish held (green box) whiles SPX triggered CZ 1300
6/23 POM 12 Triggered on SPX, for Net Long .



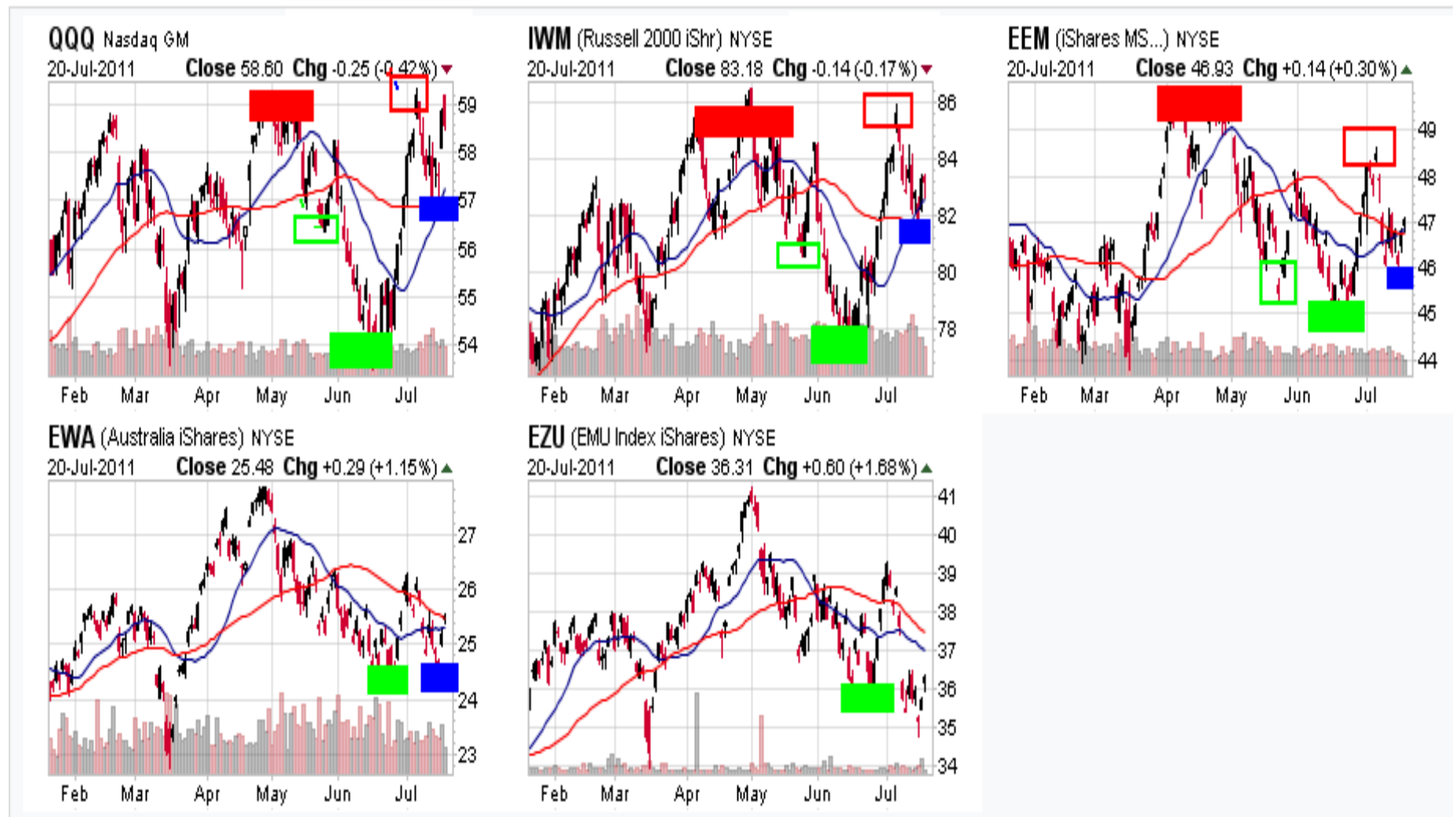
EZU – MA / Pattern and Oscillator Analysis –

Intermediate term - DMA's and Trend Analysis suggests, Oscillator oversold and high possibility of re test of lows 35



APPENDIX -

Quick Summary of Turning points - "Price path Reported " from Previous Reports - UPDATE dt - 7/21



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 each 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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