Research Note – Market Strategy – Bi – Weekly   Interim Update (A# 2)
 MAEG- MARKET STRATEGY INTERIM UPDATE # SG 2011 # MAR 17
For Immediate Release – Thursday AM (EST)
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Market Strategy Global (A # 2) - SPX – Closed @ 1256

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

● Coverage

- **9EMA / 3X3 Strategy – DOW & SPX**
- **SPX -**
- **TLT -**
- **IWM**
- **EEM**
- **EZU**
- **Appendix - History of past SPX - POM Signals & Key Criteria**

- ## Objective

Focus is on the Short & Intermediate term turning point of the SPX via POM's Price projections. POM is <u>Unidirectional Judgmental Model</u>, It utilizes multiple input signal via the Global Inter market Analysis (GIC), Price & Quality Volume (PQV), Pattern Recognition (PEC) , Cycles, Internal & External price equilibrium points to assists in output signals . POM is supplementary Analytics to add value to RA/ RI Framework for Risk Management.

- ## Trading & Investment Conclusions

<u>Our start point 2011 in SPX @ 1257 – Current Indicators</u>

- *<u>Long Side</u> –*

  - ➢ *POM 12 Call – None so far this year.*
  - ➢ *Trend Adjusted Signal – Flat at SPX 1324.*

- *<u>Hedge Longs / Risk Management for Downside Corrections</u> -*

  - ➢ *Post POM 14, We recommend <u>fully Hedge on long positions</u> via the SETUP – PQV Hedge <u>SHORT</u> Index, of (22) Stocks*

  - ➢ *Our SD # 2 –CZ – PQV Validated EQWT <u>SHORT</u> Index in <u>(10) Sectors -</u> PQV – CZ Validated*

- *<u>Net Short</u> –*

  - ➢ *POM 15 Calls – <u>None</u> so far Triggered this year*

- **Daily SPX - " Trend Adjusted Signal" (TAS) – Flat @ 1324**

   3x3 /9EMA – Momentum Break Indicator –   *Next   Signal – Buy SPX above 1307 close (NEW)*

- **SPX – POM Signals & Price Projections with Setup Index**


  - *UPSIDE   - ABCD Pattern of 10W price X 10W time in SPX with 2 yr March Anniversary @ 1345 proved its merit .*

  - *DOWNSIDE Target - SHORT TERM - SPX 1270 – 1280 was achieved, (6% DROP) . Market should give a bounce here. We will monitor how the bounce materialize.*

  - *EQUILIBRIUM Price - favorable Risk / Reward opportunity will come at POM 13/ 12. This area we would be interested for Fresh capital for Longs*

- ## <u>Market Insights</u>

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- - *Upside was defined by ABCD Pattern of 10W price X 10W time in SPX along with 2 yr March Anniversary, with T – Termination & Astro cycle change @ 1345 proved its merit*

- - *Our Initial Downside target of 1270 -1280 is now was achieved. (6% drop)*

- - *During this time - In Our CZ - PQV Validated Active SECTOR SHORT Index was up + 12.86% in this decline. And SECTOR LONG Index was down (-3.8%) during this drop*

- - *Our mentioned earlier, our study on Money flow, 3x3 Tick, 5X5 Arms and 9x9 Dollar based Put / Call suggested , the bounce should be coming as it reached our Price Targets*

- - *In such cases, when price targets gets achieved at CZ along with conformance to the mathematical study, then it gives good bounce, the Quality of the bounce should determine the next step.*

- - *However the Volume at the reversal lows at CZ was heavier then test volumes, hence No Trigger. This also suggests that after the bounce , a high possibility of lows being tested (We will monitor the price path accordingly as our focus is " Tuning Point" from CZ to CZ*

SPX – ST

Price path of SPX , The first red for Price X Time but he 2nd Red Box had all the TRIN, TICK , VTO lined up very well for decline to 1270 -1280 in Green.
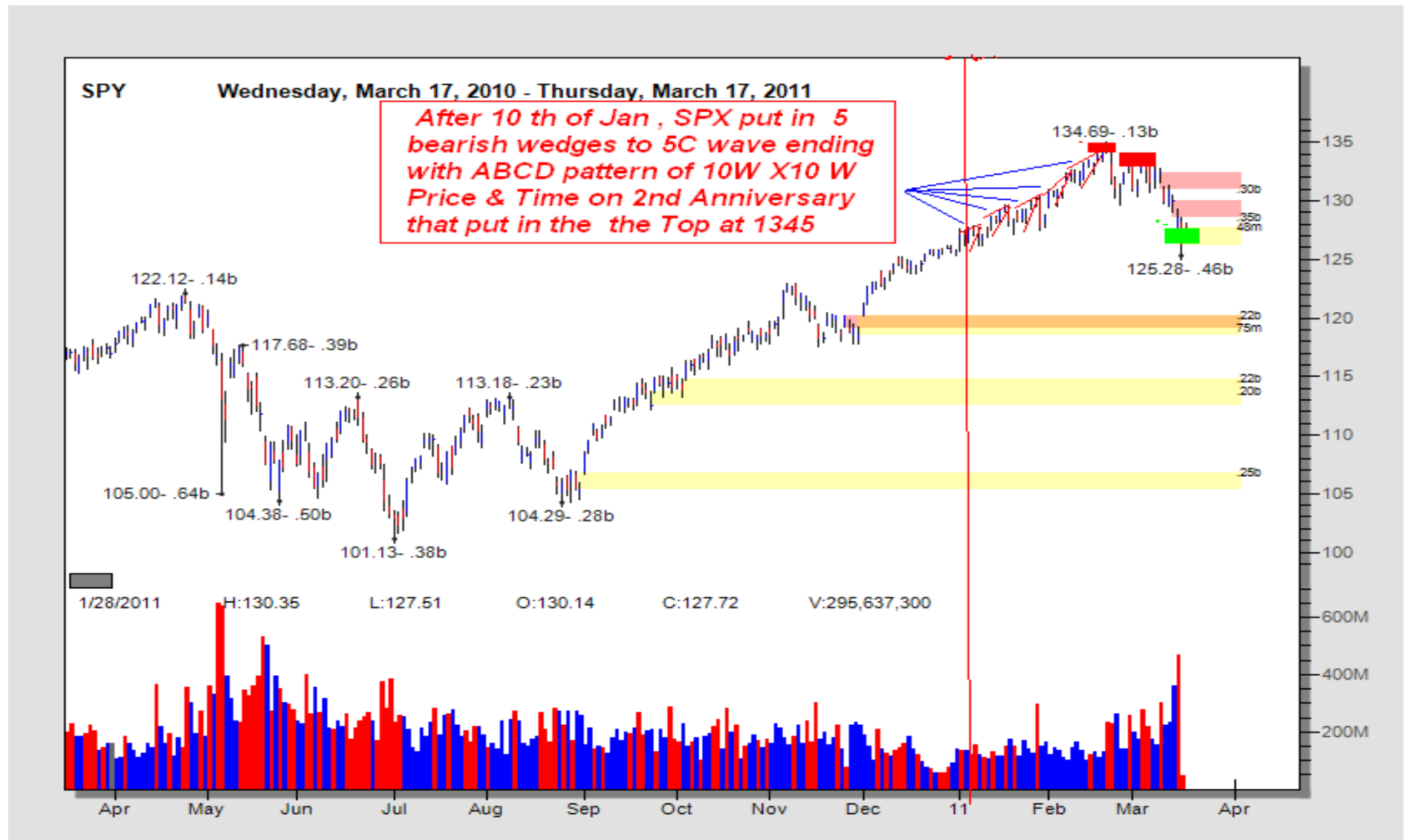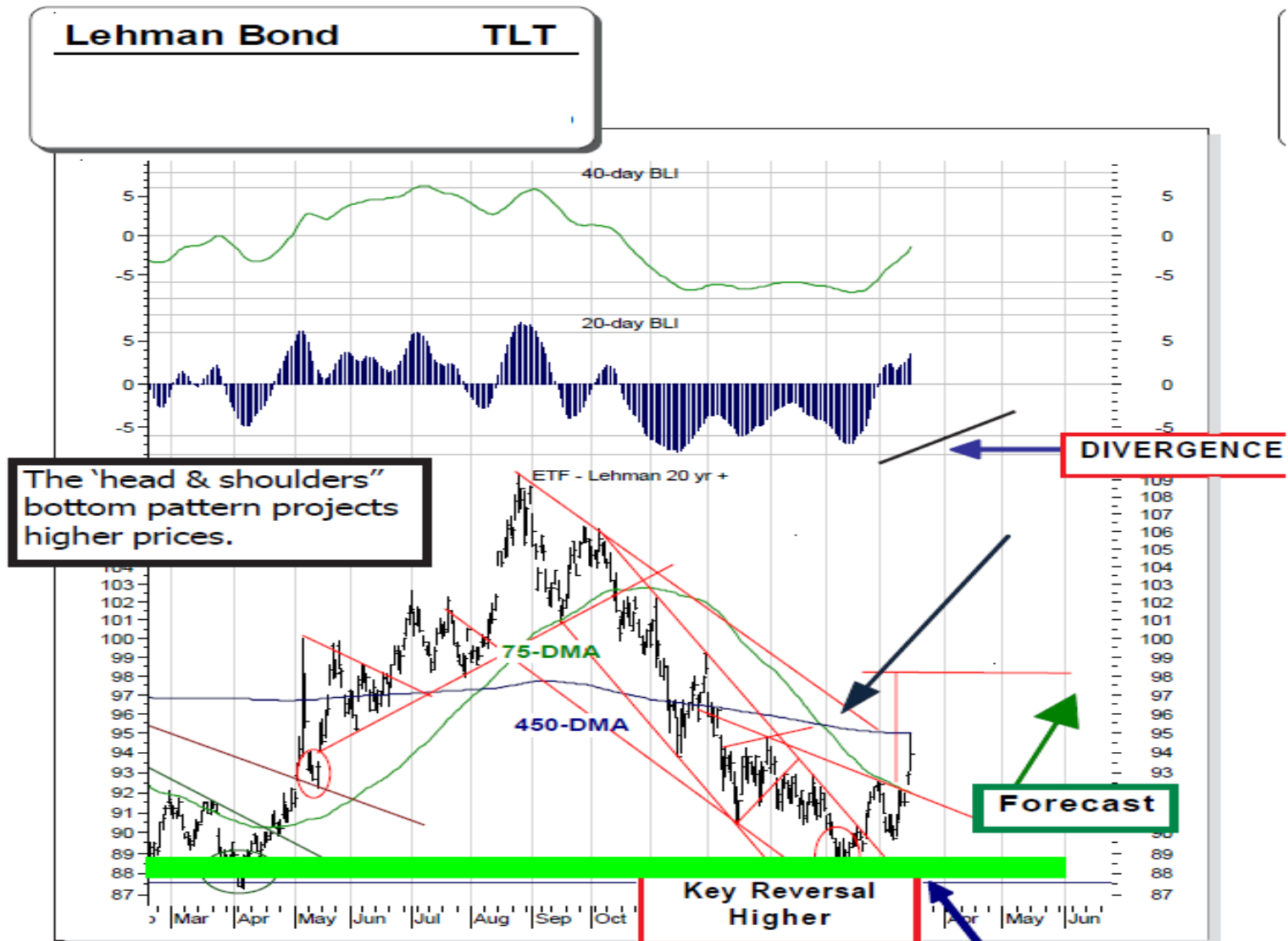
IWM – CZ
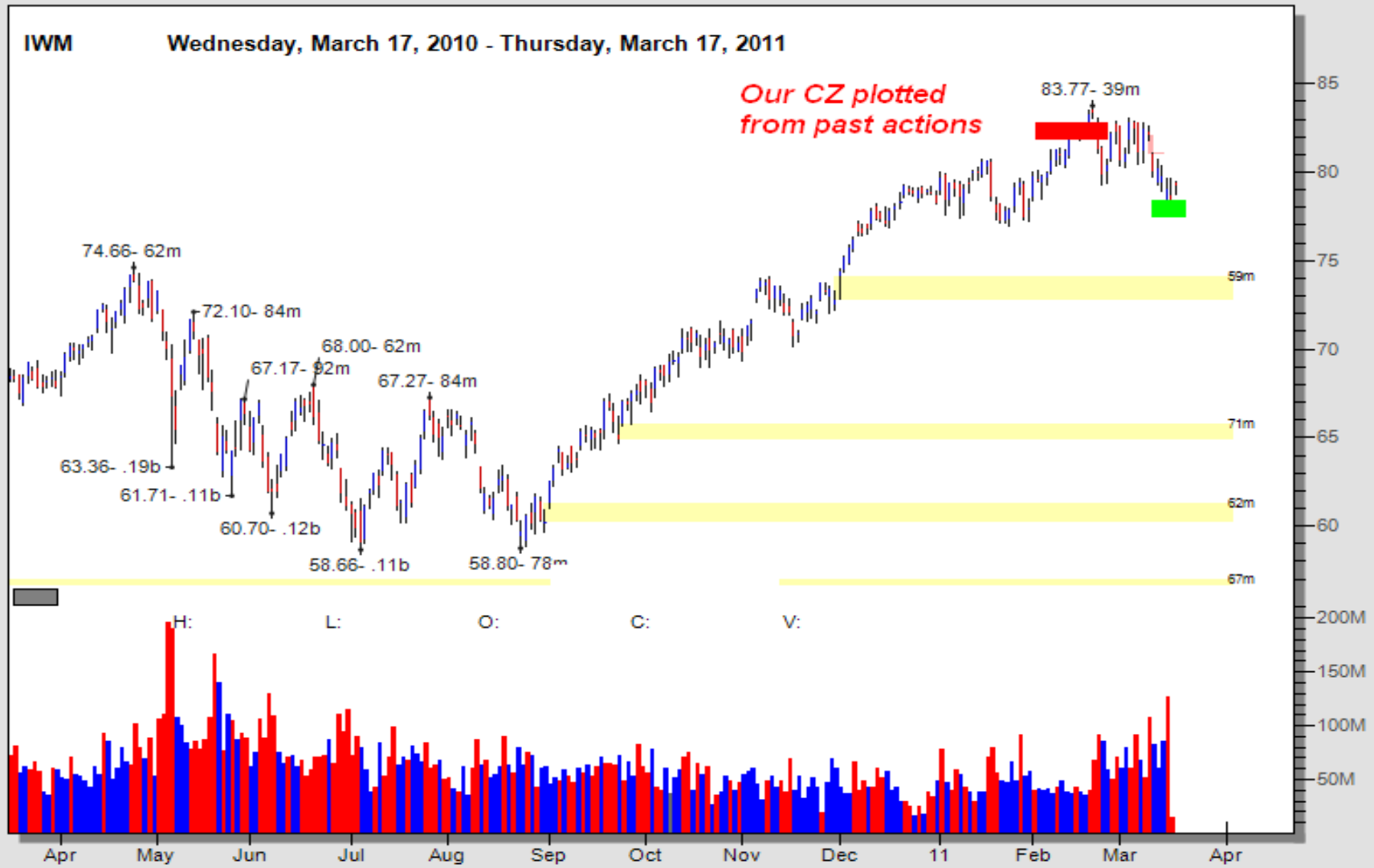
TLT - SMA / Trend line Analysis

Buy CZ indicated in Green @ POM 12 proved its merit . Rest is History. Now H & S Bottom is in place with (VTO) confirmed has projected price Target as indicated.


Lehman Bond   TLT

EEM - POM – LT - Price , Volume & Pattern Analysis -

Emerging Market   EEM

Last: $ 44.60

Chg: $ (0.93)   -2.09%

40-day BLI

80-day BLI

FF - Emerging Market Stock

Our First price target of 44 is reached. from 48 Triggred CZ

80-DMA

400-DEMA

| b | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2011 | Feb | Mar | Apr | May | Jun |

EZU – Technical & Pattern Analysis

We preview all the developed market (European components) for after math of earthquake.

European Union	EZU
Last: $	**35.14**
Chg: $	**(1.35) -3.84%**
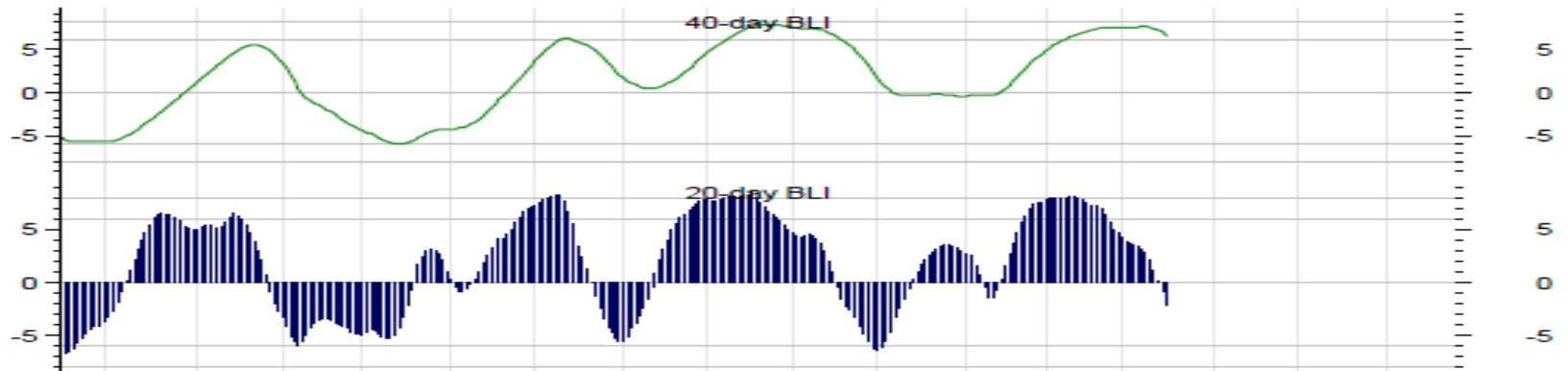
Multi month bearish wedge proved its merit , 85 DMA will hold

250-DMA

85-DMA

40-day BLI

20-day BLI

European Union
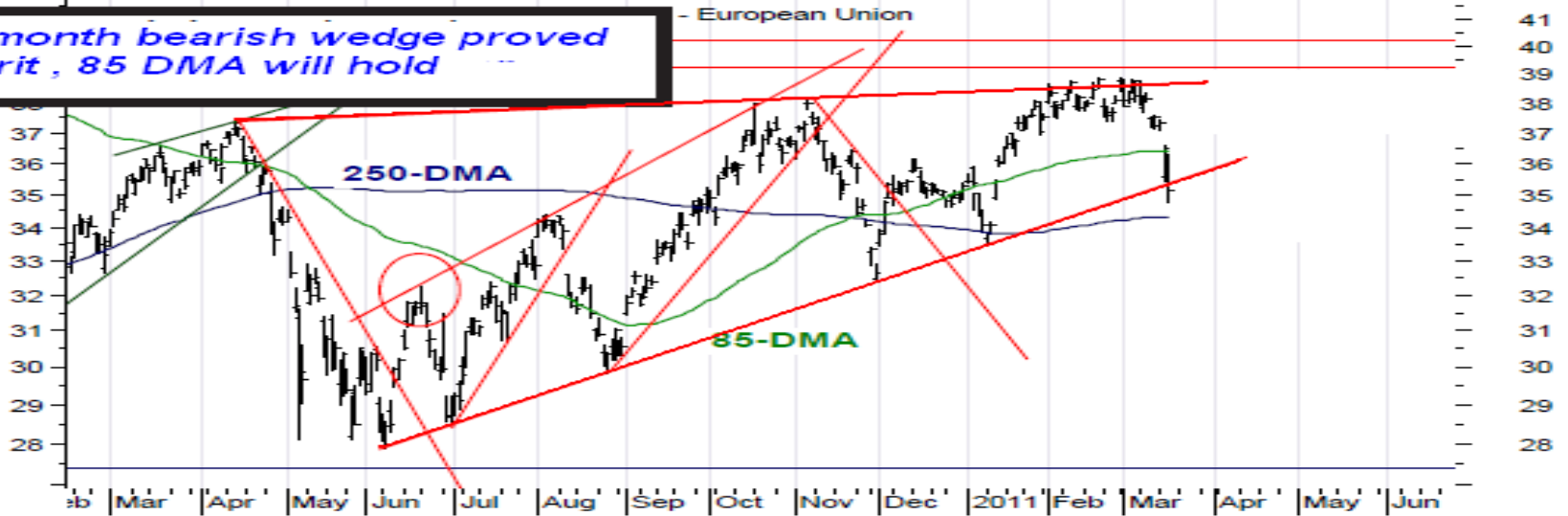
Appendix

On closure of 2010,

As we begin 2011, let us Summarize 2010 and put the year behind us. The Aggregate POM Signals for the Full year on absolute basis irrespective of the SPX market moves. Our review is to attempt to do better in the following year as best as we can within our limitations and capabilities.

- *Long Side – We had (4) clear POM 12 to POM 14 (7.5% FEB, 7.0% MAY, 10% JULY, 9.5% AUG) = Total of 34% up move*

- *Hedge Longs / Risk Management for Downside Corrections - We had (4) , POM 14 to POM 13/12 (9% JAN, 8% JUNE, 8% AUG & In the last Qtr extended move we had – 5% Drawdown) = Total of 20% Risk management move*

- *Net Short – We had (1) Clear POM 15 to POM 13 – April / May for decline of 9% = Total move of 9%*

- *In last 4Q , 2010 – We began tracking " Trend Adjusted Signal" 3X3 / 9EMA - on Long Side - post POM 14 (8% & 4%) = Total move of 12% .*
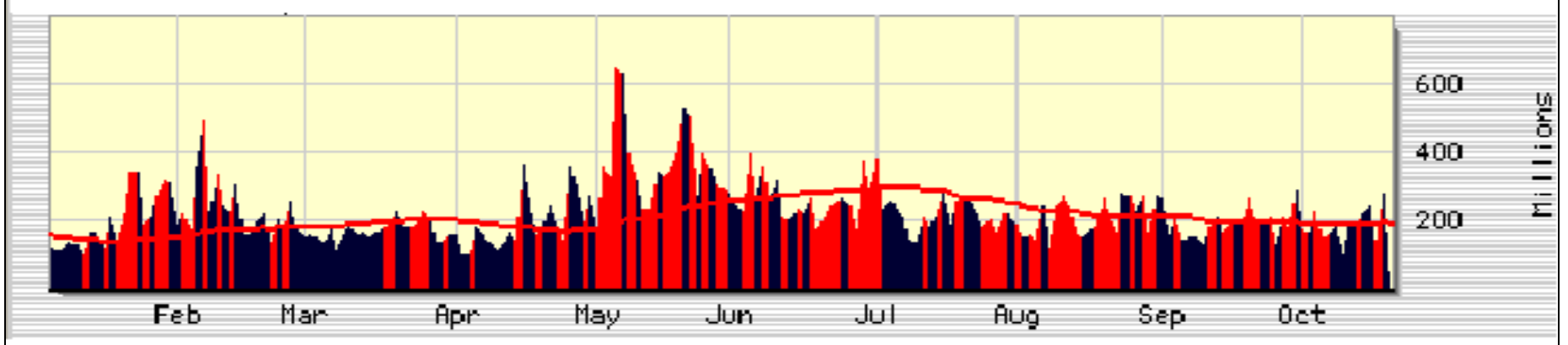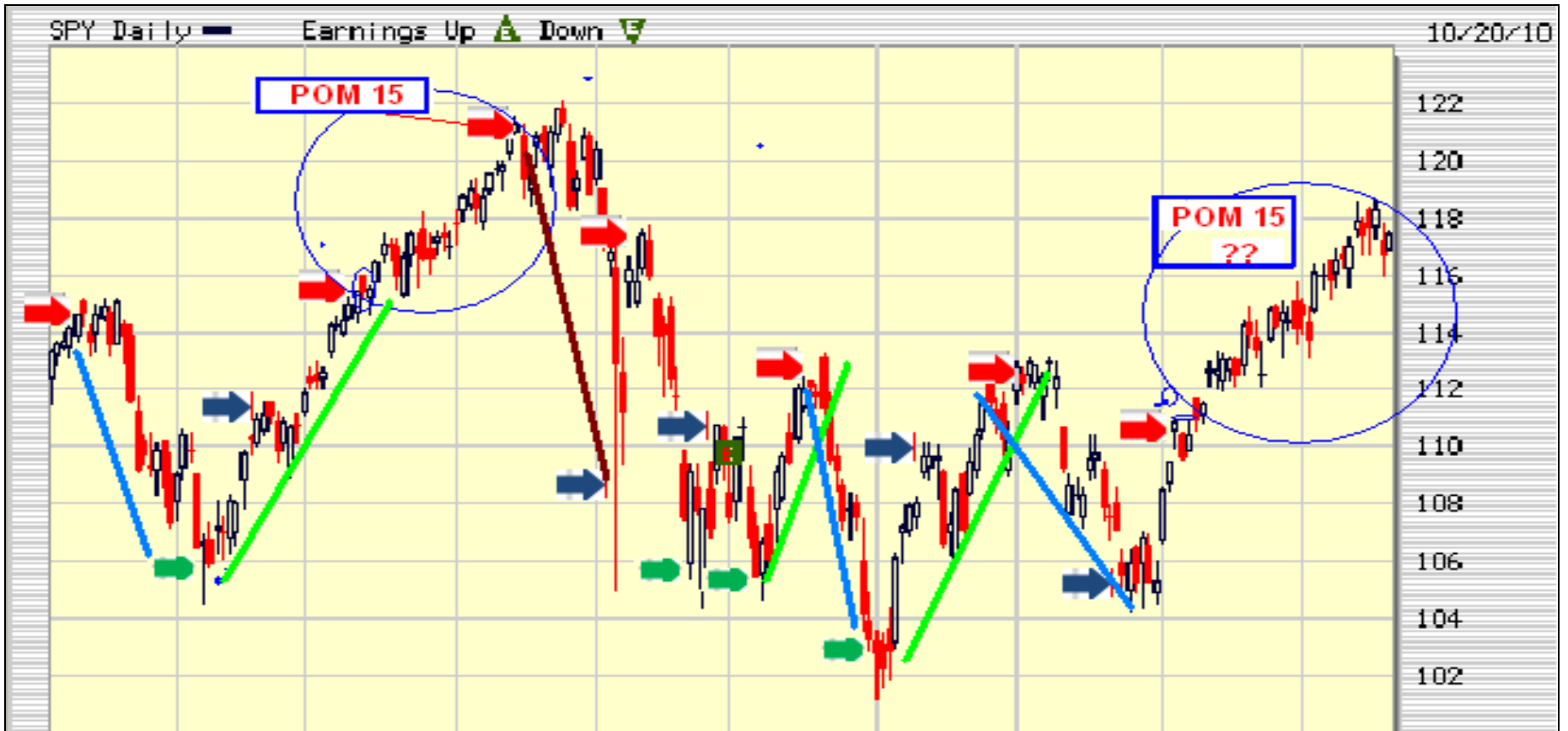
  - ## History - " SPX – POM Signals & Projections"

    - *2010 YTD – This year, we have had (3) clean TREND SIGNALS rise from " POM 12 to POM 14 " for LONG IDEAS*
    - *FEB - 7.5% ,*
    - *MAY - 7.0%*
    - *JULY - 10.0 %*

      And (1) POM 15 to POM 13 (drop of - 9% - April /May) for Net Short Ideas
      (3) Risk Managed POM 14 declines to POM 12 or 13
        - *JAN - (drop of - 9 %)*
        - *JUNE - (drop of - 8 %)*
        - *AUG - - (drop of - 8 %)*

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 l 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).