



SG Capital Research

Global Market Insights

Research Note – Sector – ETF Analysis (D) – QUANTATATIVE & BASE TECHNICALS

MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # JULY 01

For Immediate Release – *Bi Wkly Friday AM (EST)*

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Sector Analysis (D) -

- : Selected Sector may have Analytic Charts as Titled below
 1. SETUP charts Weekly – 3 Year with RSI, CCI, MACD (**11 W / 40 W**) **SMA**
 2. SETUP charts Daily – 3 Year with RSI, CCI, MACD (**11D / 55D**) **SMA**
 3. SD - RATIO CHARTS FOR EACH QUALIFIED SECTOR - Correlation Ratio Analysis with SPX or CRB (If applicable) by 365 days Basis or LT

- **Appendix - OBJECTIVE IN INDEX BELOW**

SECTORS - (40) – Highlighted below are this weeks SD # 2 (LT /ST) & CZ –PQV Qualified

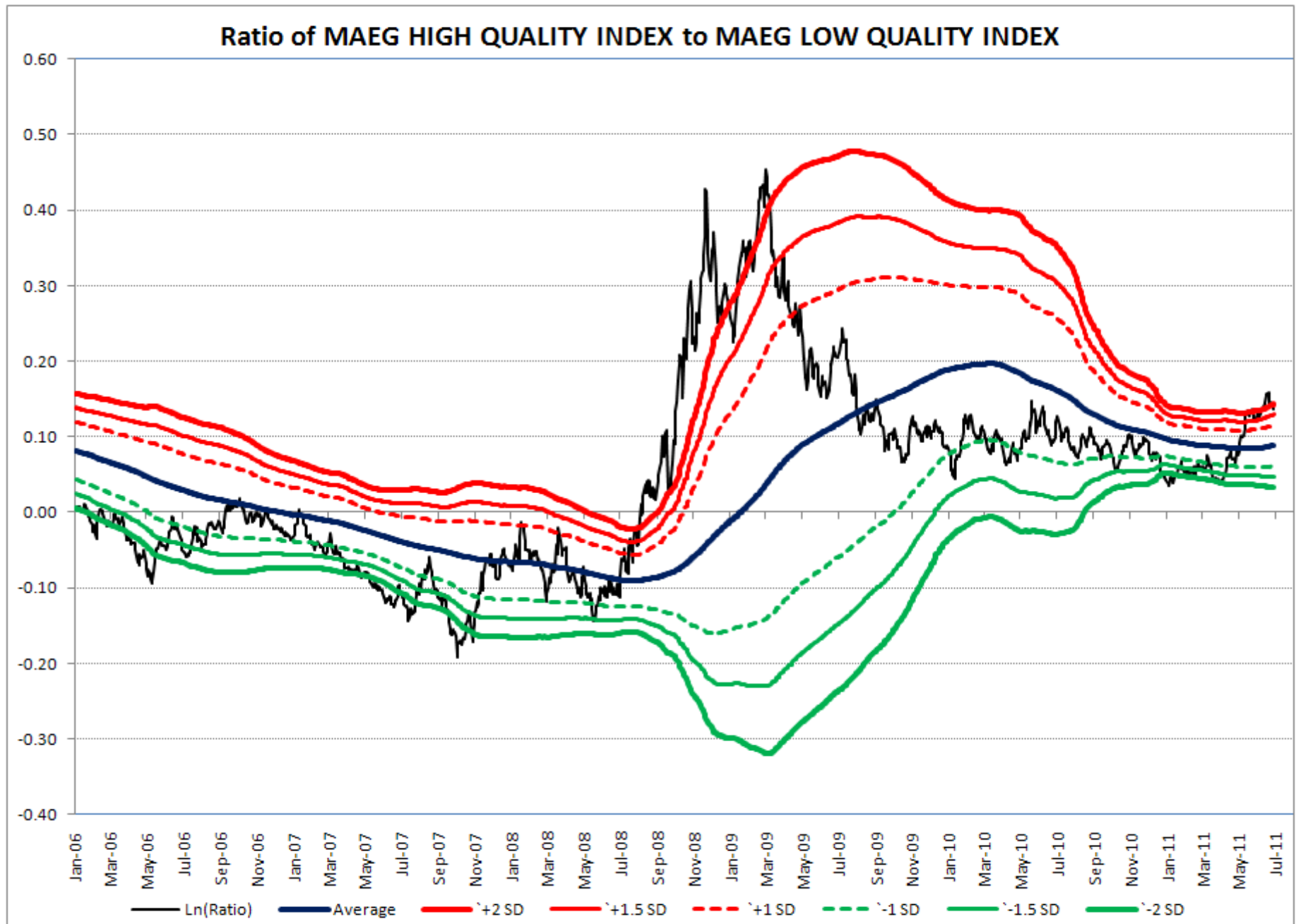
- Detail Coverage for sectors with extremes SD # + 2.0 or **Special situation (SP)** , highlighted in yellow
- For Commodity based ETF's the Extremes SD # 2.0 should be qualified v/s both CRB and SPX

GR1 (15)	GR2 (11)	GR3 (13)
<ul style="list-style-type: none"> • SPY • QQQ • IWM • TLT (Bonds)(SP) • MUB (Muni) • JNK (Junk) • EEM (Emerg) • EEA (Europe) • EWJ (Japan) • FXI (China) • RSX (Russia) • IFN (India) • EWP • EWH • EWA 	<ul style="list-style-type: none"> • XLF (Financials) • XRT (RTH) (Retail) • XLV (Health) • XLB (Materials) • XLE (Energy) • XLK / QQQQ (Tech) • XLI (Industrial) • XLU (Utility) • XLP (Staples) • XLY (Discretionary) • XHB (Home Builders) 	<ul style="list-style-type: none"> • SMH (Sem) • BBH (Biotech) • IYT (Transports) • IYR (Real Estate) • DBA (Agro) • DBB (Base metal) • DBC (Commodity) • GLD (Gold) • SLV (Sil) • GDX (Miners) • USO (Oil) • UNG (Natural Gas) • JJC (Cu) • SLX (Steel)

• SD – 2

- *Utilizing SD, POMs & SETUP INDEX within RA / RI framework with composition of ETF's with SD # 2 Overvalued and Undervalued characteristics.*

Ratio of HQ v/s LOW QLTY - 1 yr



- EQUITY SETUP INDEX : +14%, +50%, +49%, +35%, +52% (past 4 weeks)
- POM – 14 re run

(ETF's highlighted below are CZ – PQV Qualified Sector watch list with SD # 2 or just turned down)

<u>SETUP # 1</u> <u>(33 of 40)</u>	<u>% away from</u> <u>Gold .Cross</u>	<u>SETUP # 2</u> <u>(4 of 40)</u>	<u>% away from</u> <u>Dead. Cross</u>	<u>SETUP # 3</u> <u>(0 of 40)</u>	<u>% away from</u> <u>40wk</u>	<u>SETUP # 4</u> <u>(1 of 40)</u>	<u>% away from</u> <u>40wk</u>
SPY	17.90%	TLT	-2.84%				
QQQ	21.86%	EWJ	-7.17%				
IWM	25.17%	IFN	-2.47%				
EEM	16.67%	MUB	-0.60%				
FXI	4.89%						
RSX	20.70%						
EWP	7.68%						
EWA	17.69%						
XLF	4.08%						
XRT	36.80%						
XLV	16.94%						
XLB	21.04%						
XLE	33.33%						
XLK	14.27%						
XLI	23.56%						
XLU	11.26%						
XLP	14.78%						
XLY	26.43%						
XHB	12.99%						
SMH	23.24%						
BBH	11.47%						
IYT	25.75%						
IYR	84.44%						
DBA	29.90%						
DBB	15.14%						
DBC	27.21%						
GLD	75.53%						
GDX	20.02%						
USO	3.91%						
JJC	26.21%						
SLX	11.86%						
JNK	5.08%						

- **This Week's New - SD - Qualified " Sector Review" - For Short Sell & Longs**

On Long side – **XLF, EWJ**

& (TLT) – *special situation*

(Criteria - either SD # -2 or POM 13 Qualified or / CZ Validated)

➤ On Short Side – **NONE**

(Criteria either SD # 2 or POM 14 Qualified or / CZ Validated)

SECTOR SELECTION PROCESS - SD # 1.5 / 2.0 -

3X3/9EMA – Momentum break Prices indicated for each SD # 1.5 /2.0 Sector listed below

Sector	Indicator	Distance in SD	Target Exit & Reversion to mean	Last Price	3X3 / 9EMA	Comments
Gr 1						
SPY		-1.27	0.09	130.72	📈 127.26	
QQQ		0.47	0.04	56.30	📈 54.10	
IWM		1.31	0.06	82.20	📈 78.27	
TLT		-0.91	0.09	94.25	📉 96.75	
EWJ	Below - 2.0 SD (LT)	-1.39	0.01	10.35	📈 10.00	
FXI		-1.49	0.04	42.45	📈 41.94	
IFN		-1.32	0.03	29.96	📈 28.67	
EEM		-0.41	0.04	47.09	📈 45.83	
Gr 2						
XLV		0.64	0.03	35.42	📈 34.82	
RTH	Above -1.5SD	1.87	0.03	107.82	📉 109.96	
XLF	Below - 2.0 SD (ST)	-1.97	0.01	15.29	📈 14.83	
XLU		-0.33	0.03	33.41	📈 32.95	
XLE		1.15	0.05	74.25	📈 72.01	
XLI		0.95	0.03	36.66	📈 35.46	
XLK	Below -1.5SD	-1.71	0.02	25.38	📈 24.56	
Gr 3						
JJC		0.41	0.04	55.48	📈 53.58	
SLV		1.12	0.02	34.01	📉 34.80	
SMH		0.14	0.02	33.20	📈 32.54	
BBH		-0.21	0.09	107.38	📈 102.41	
DBA		0.57	0.02	32.54	📈 32.32	
DBC		1.00	0.02	29.27	📉 29.35	
DBB		-0.36	0.02	23.65	📈 23.10	
SLX		-0.99	0.06	68.31	📈 64.50	
IYT		1.26	0.07	96.83	📈 93.43	
GLD		0.92	0.11	147.18	📉 149.30	
Primary Index Net Exposure						

- From (40) Sector list , The green highlights are Newly added and the ETF's with SD # 2 is qualified for further review for extremes of over (Sell) / under (Buy) valuation v/s SPX & CRB (if applicable)– within our Expectancy Model

Ticker (Exited from Previous weeks)	Comments
NONE	

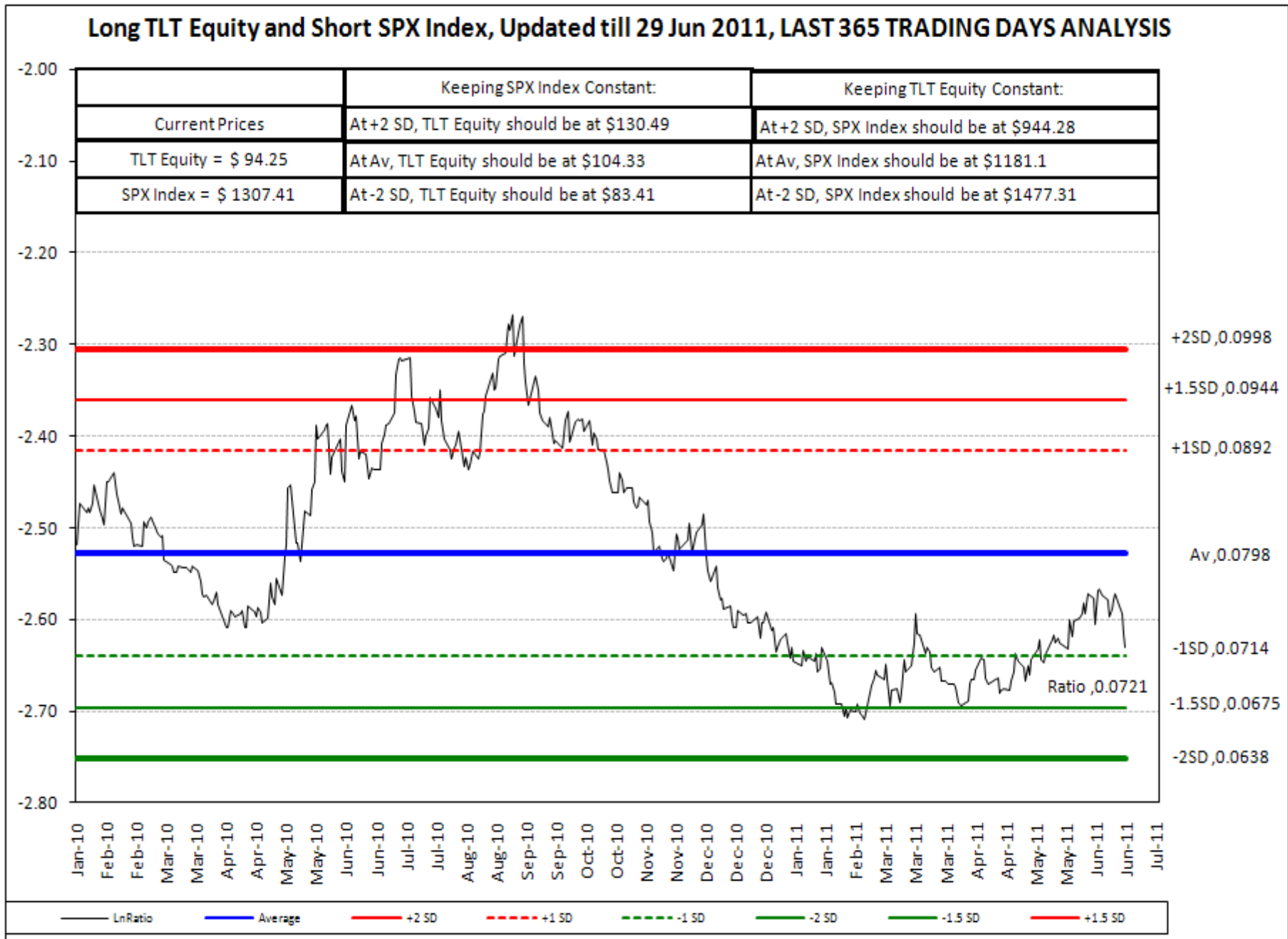
TLT- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



TLT - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

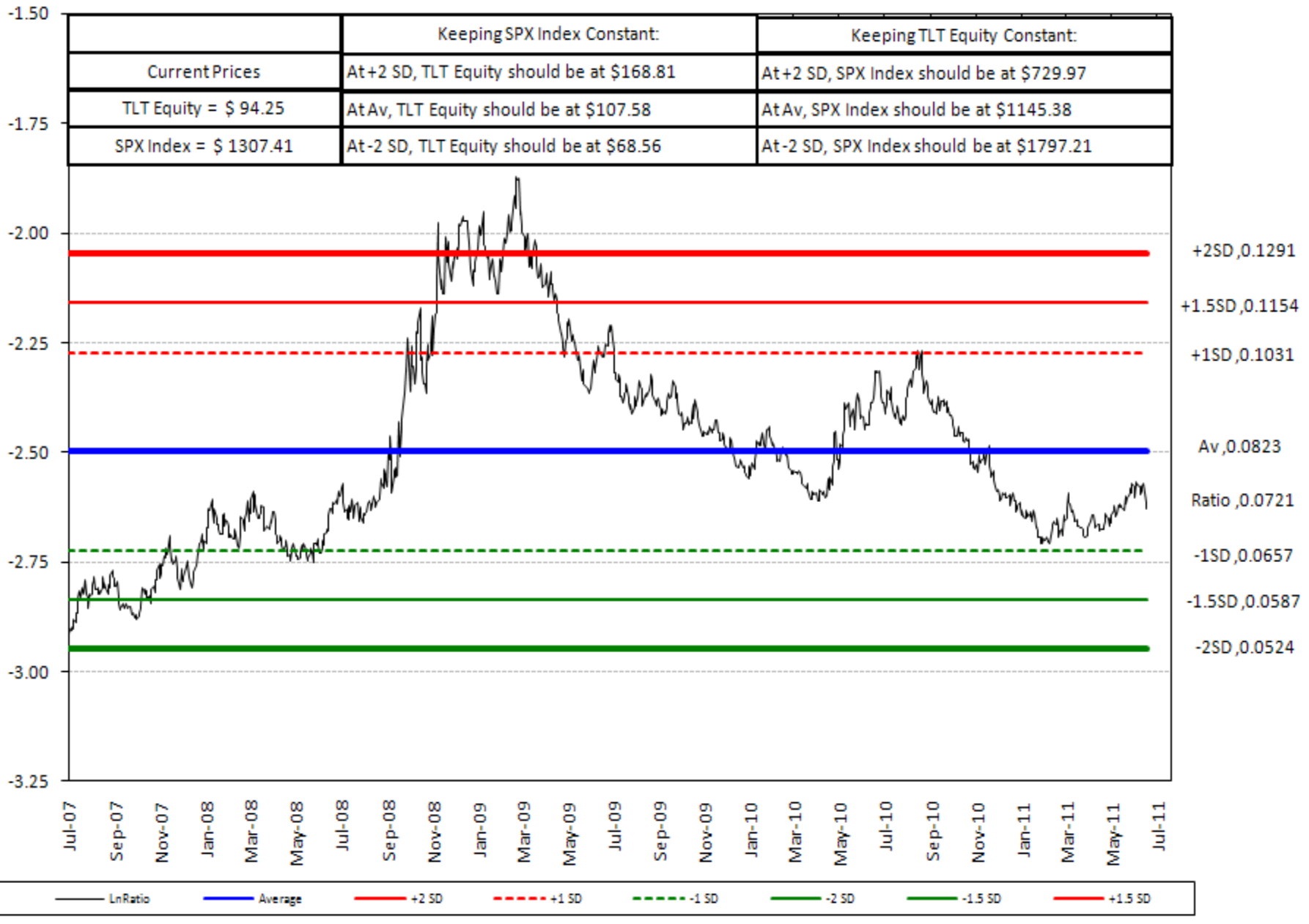


TLT Correlation Ratio Analysis with SPX – 365 days Time basis (**Special situation**)



TLT Correlation Ratio Analysis with SPX – Full Time basis

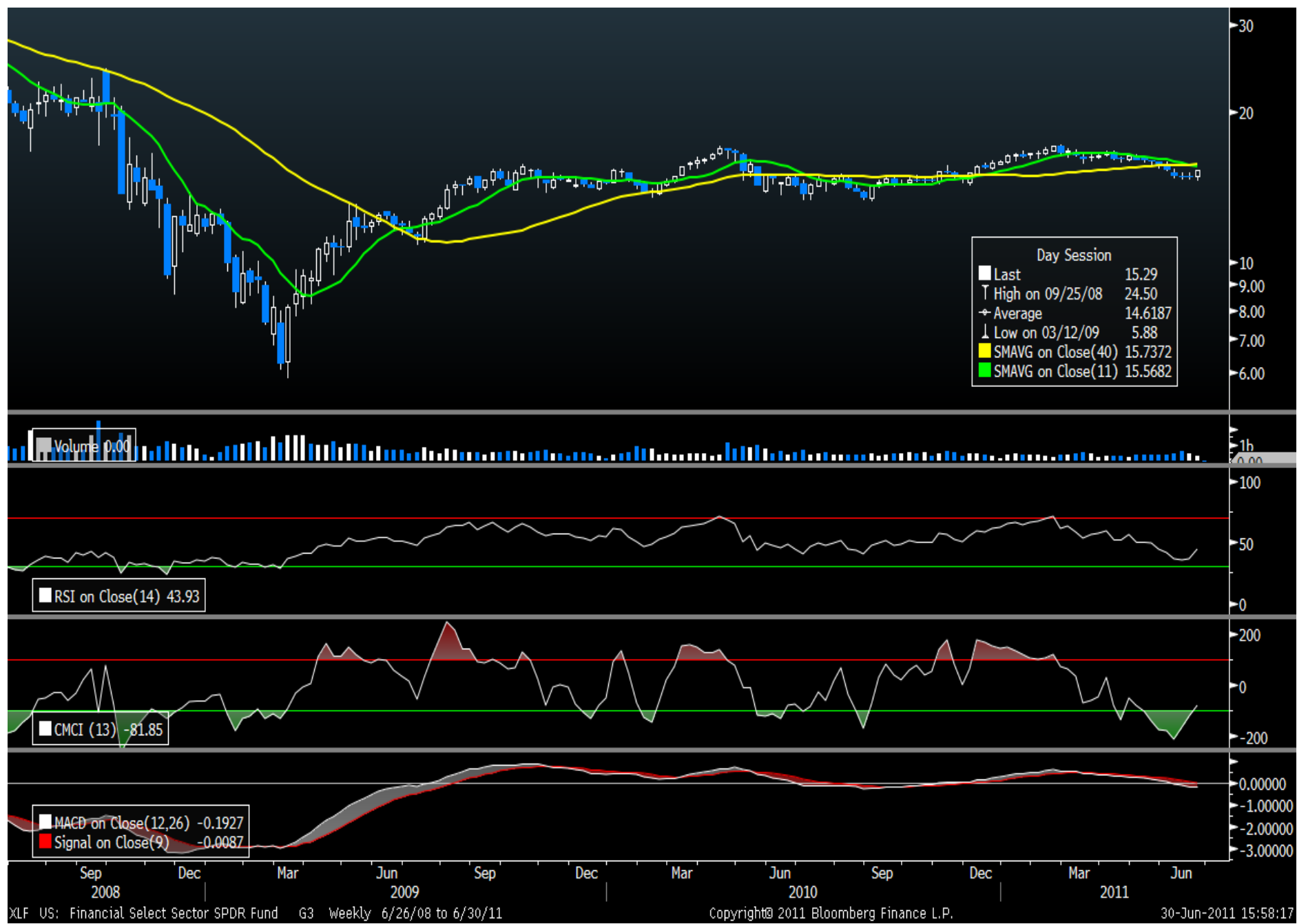
Long TLT Equity and Short SPX Index, Updated till 29 Jun 2011, LAST 4 Years(1000 TRADING DAYS)



ETF's Qualified this week for SD # - 2 - Undervalued

- *XLF (ST)*
- *EWJ (IT)*

XLF- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

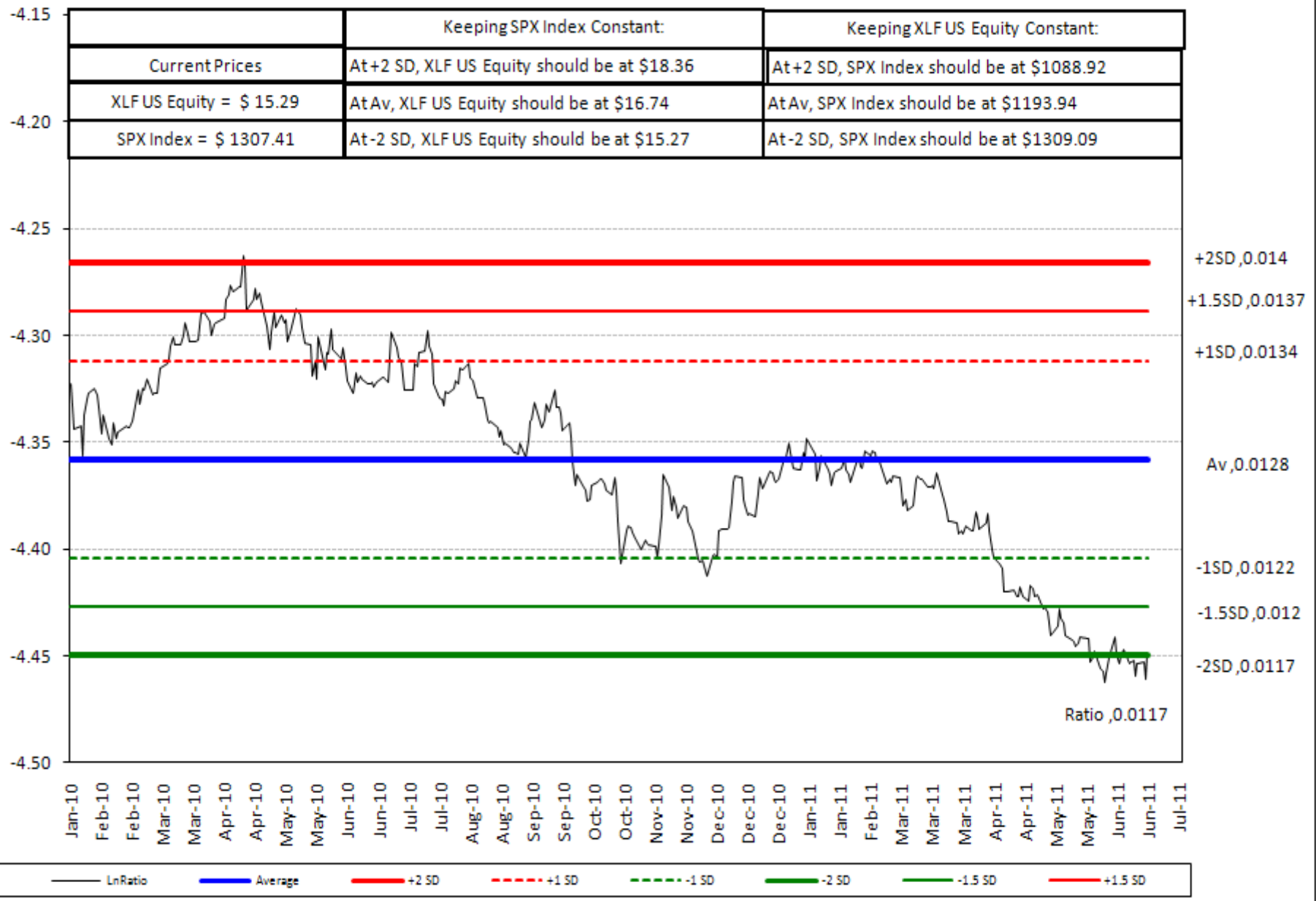


XLF - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

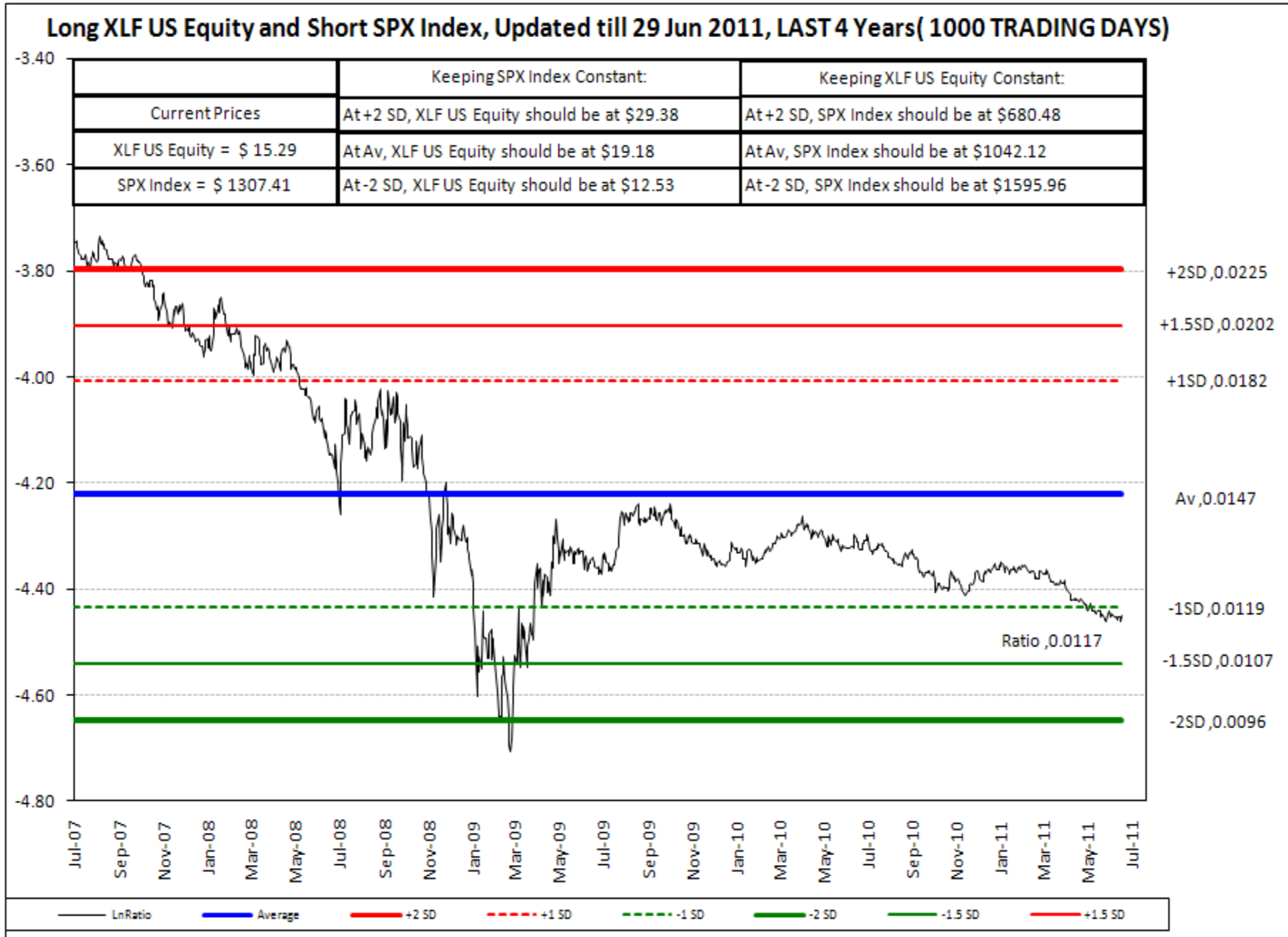


XLF Correlation Ratio Analysis with SPX – 365 days Time basis

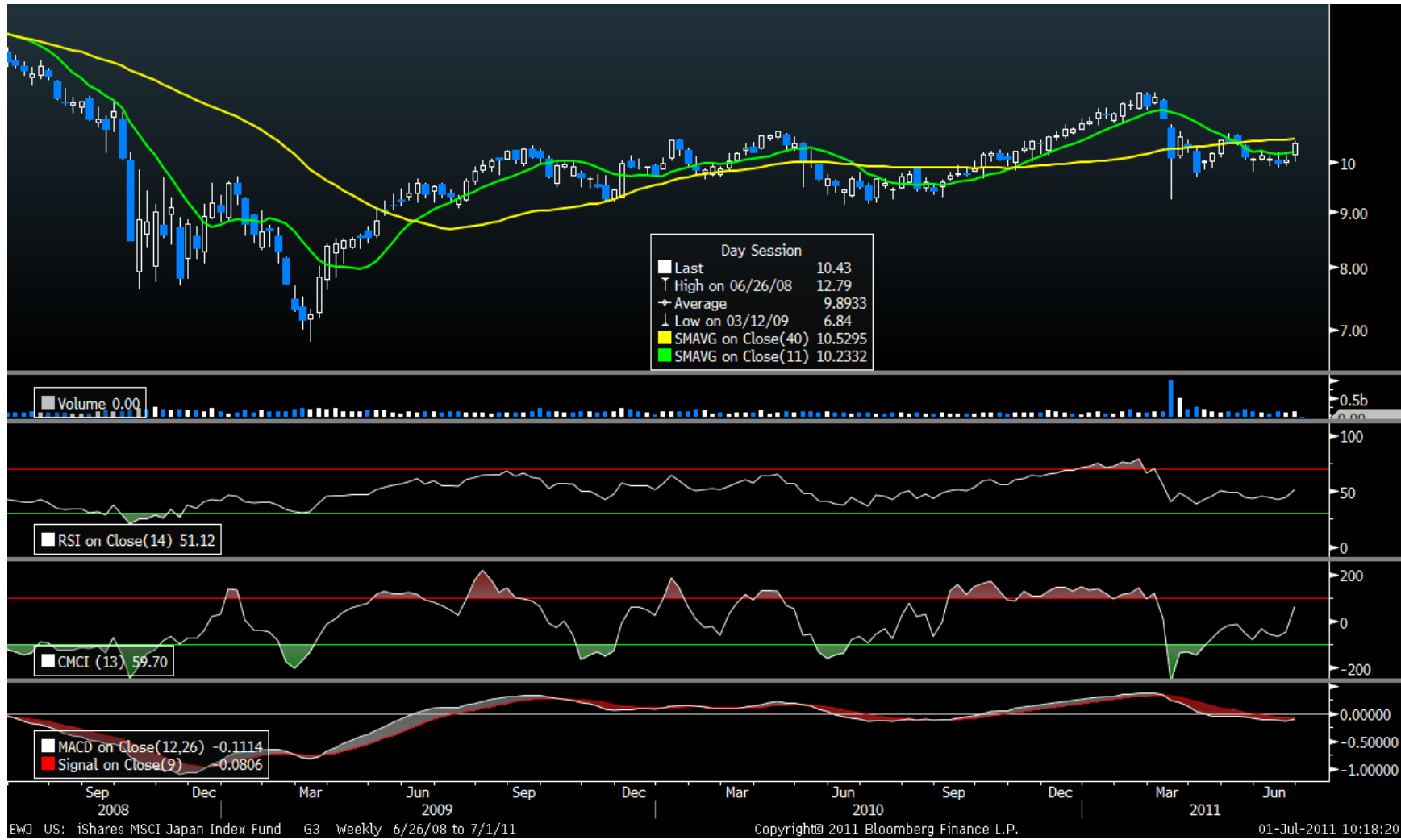
Long XLF US Equity and Short SPX Index, Updated till 29 Jun 2011, LAST 365 TRADING DAYS ANALYSIS



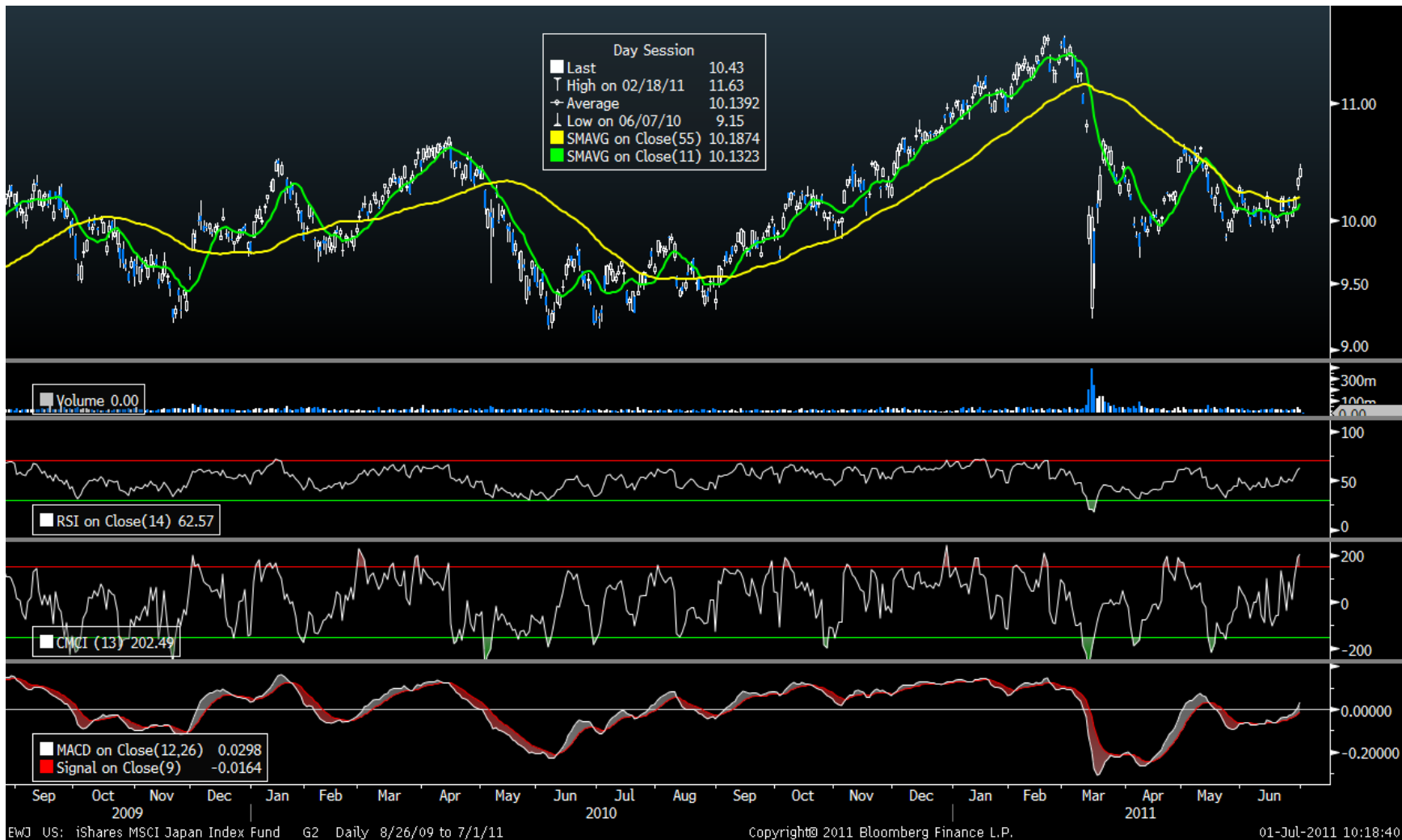
XLF Correlation Ratio Analysis with SPX – Full Time basis



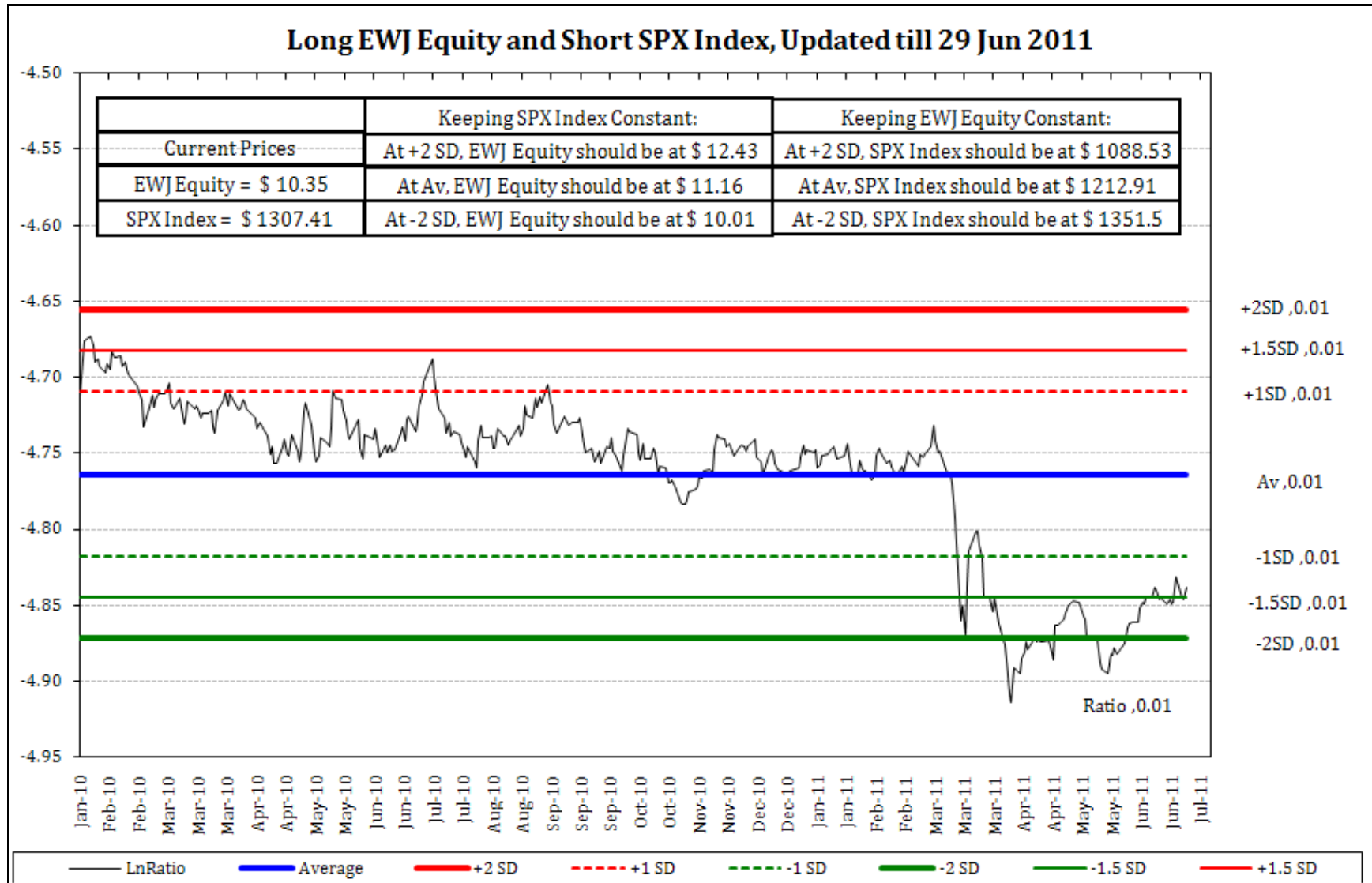
EWJ - Weekly- 3 Year with RSI, CCI, MACD - (11 W / 40 W SMA)



EWJ – Daily – 3 Year with RSI, CCI, MACD- (11D / 55D)



EWJ : SPX RATIO - Correlation Ratio Analysis with SPX – 365 days Time basis



EWJ Correlation Ratio Analysis with SPX – Full Time basis

Long EWJ Equity and Short SPX Index, Updated till 30 Jun 2011, FULL PERIOD ANALYSIS



ETF's Qualified this week for SD # 2 – Overvalued

- *NONE*

APPENDIX

- Objective

The Focus is to derive and compare the Relative performance of various Sector ETFs via using Standard Deviation (SD) Criteria, POM – SPX Methodology as a PIVOT point for start then use with SECTOR / SPX Ratio chart for their “Pattern Recognition and Technical Analysis” for OVERVALUATION AND UNDERVALUATION of Sectors.

Step 1 – *Qualify the Sector based on Correlation Ratio Analysis with SPX to determine Standard Deviation (SD# 2) @ extremes level to define “Overvaluation and Undervaluation” of the SECTOR*

Step 2 - *Overlay this Correlation input data on Sector’s Relative strengths based on the SPX –POM latest STATUS as Pivot point to measure Maximum and Minimum strength of the Sector. Validate those ideas via technical Patterns of absolute Charts & SPX Ratio charts of these Sectors for Bullish and Bearish SETUPS via Pattern Recognition, Technical Analysis via second derivative DMA’s & Derive CZ for PQV Validation test.*

Overlay Criteria

- *SD #/2 ANALYSIS EXTREMES by 365 D Correlation.*
- *SPX - POM FRAMEWORK as PIVOT by Trend Correlation*
- *TECHNICAL PATTERNS, 2nd Derivative DMA’s & VOLUMES” & Derive CZ for PQV Validation.*

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