



SG Capital Research

Global Market Insights

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

MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # JULY 14

For Immediate Release – *Bi Wkly Thursday 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

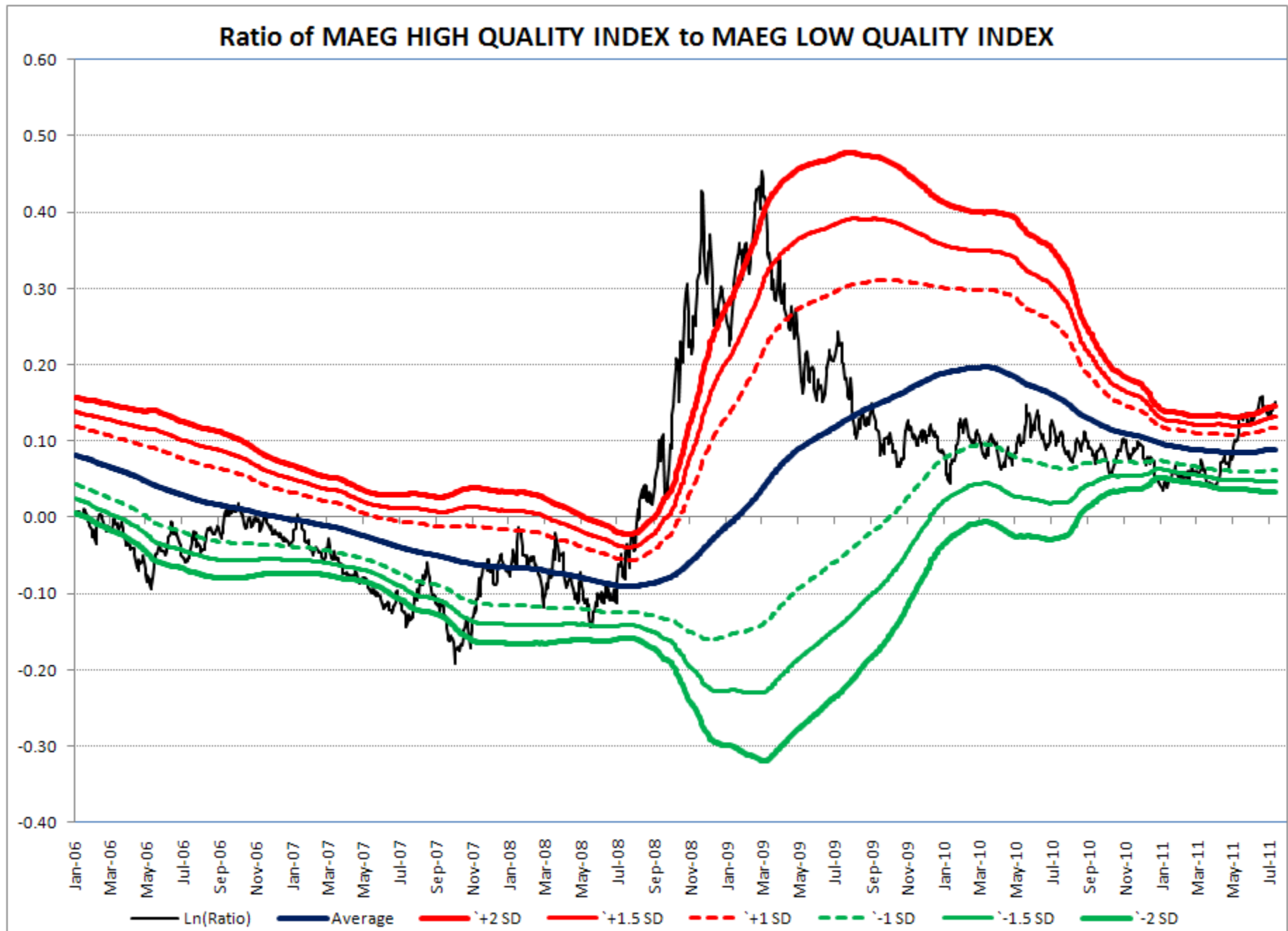
- Detail Coverage for sectors with extremes SD # + 2.0 or Special situation (SP) , highlighted in yellow
- For Commodity based ETF's the Extremes SD # 2.0 should be qualified v/s both CRB and SPX

GR1 (15)	GR2 (11)	GR3 (13)
<ul style="list-style-type: none"> • SPY • QQQ • IWM • TLT (Bonds)(SP) • MUB (Muni) • JNK (Junk) • EEM (Emerg) • EZU (Europe) • EWJ (Japan) • FXI (China) • RSX (Russia) • IFN (India) • EWH • EWA 	<ul style="list-style-type: none"> • RTH (Retail) • XLF (Financials) • 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) • GDV (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% (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>(34 of 40)</u>	<u>% away from</u> <u>Gold .Cross</u>	<u>SETUP # 2</u> <u>(3 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	18.91%	EWJ	-4.22%				
QQQ	25.02%	IFN	-2.70%				
TLT	0.41%	MUB	-0.10%				
IWM	27.29%						
EEM	16.13%						
FXI	2.55%						
EWA	17.00%						
XLF	2.04%						
RTH	40.88%						
XLV	16.97%						
XLB	23.25%						
XLE	35.30%						
XLK	16.43%						
XLI	24.40%						
XLU	11.42%						
XLP	16.33%						
XLY	28.62%						
XHB	11.86%						
SMH	22.05%						
BBH	9.96%						
IYT	26.97%						
IYR	87.47%						
DBA	32.93%						
DBB	17.62%						
DBC	32.16%						
GLD	83.83%						
GDX	30.84%						
USO	7.03%						
JJC	31.24%						
SLX	11.27%						
JNK	5.53%						
EZU							
RSX							

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

On Long side – XLF, EZU

(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)

Special Situation - TLT

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		-0.72		0.09	131.84	\$ 132.67	
QQQ		1.08		0.04	57.76	\$ 57.98	
IWM	Above +1.5SD	1.52		0.06	83.59	\$ 83.70	
TLT		-0.64		0.09	97.40	\$ 95.49	
EWJ	Below - 1.5 SD (LT)	-0.89		0.01	10.68	\$ 10.52	
FXI	Below -1.5SD	-1.90		0.04	41.50	\$ 41.80	
IFN		-1.33		0.03	29.89	\$ 29.86	
EEM		-0.72		0.04	46.87	\$ 47.09	
EZU	Below - 2.0 SD (ST)						
Gr 2							
XLV		0.53		0.03	35.43	\$ 35.50	
RTH		2.19		0.03	54.79	\$ 54.60	
XLF	Below - 2.0 SD (ST)	-2.36		0.01	14.99	\$ 15.22	
XLU		-0.42		0.03	33.46	\$ 33.52	
XLE		1.19		0.05	75.35	\$ 75.55	
XLI		0.88		0.03	36.91	\$ 37.31	
XLK	Below -1.5SD	-0.94		0.02	25.86	\$ 26.04	
Gr 3							
JJC		0.85		0.04	57.69	\$ 57.21	
SLV		1.41		0.02	37.23	\$ 34.74	
BBH		-0.60		0.09	105.92	\$ 106.50	
DBA		0.76		0.02	33.30	\$ 32.50	
DBC	Above +1.5SD	1.58		0.02	30.41	\$ 29.63	
DBB		-0.04		0.02	24.16	\$ 23.94	
SLX		-1.28		0.06	67.95	\$ 68.46	
IYT		1.28		0.07	97.77	\$ 98.75	
GLD		1.49		0.11	154.14	\$ 149.83	
Primary Index Net Exposure							

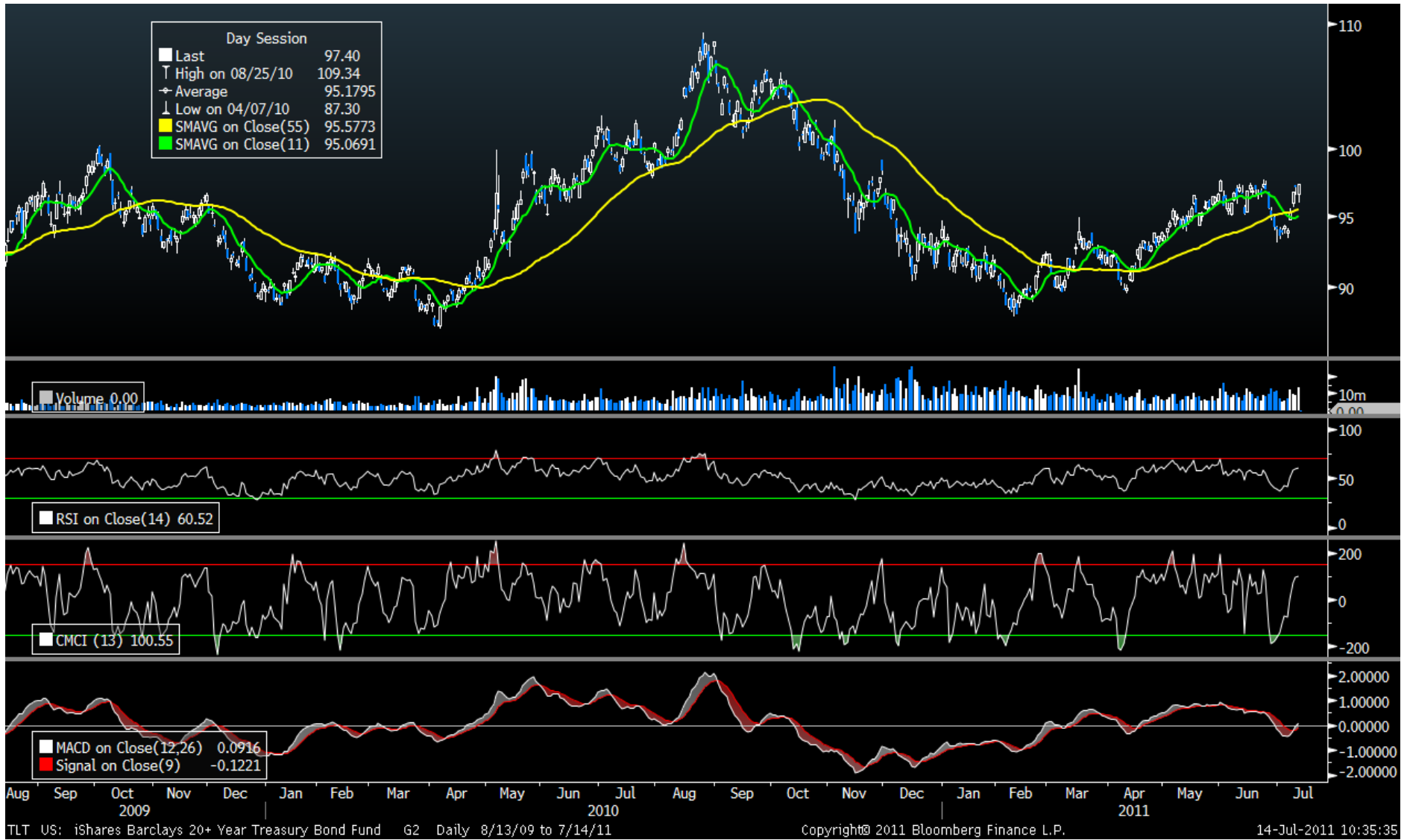
- From (40) Sector list , The green highlights are Newly added and the ETF's with SD # 2 is qualified for further review for extremes of over (Sell) / under (Buy) valuation v/s SPX & CRB (if applicable)– within our Expectancy Model

Ticker (Exited from Previous weeks)	Comments
SMH	Ratio Reverted to Mean

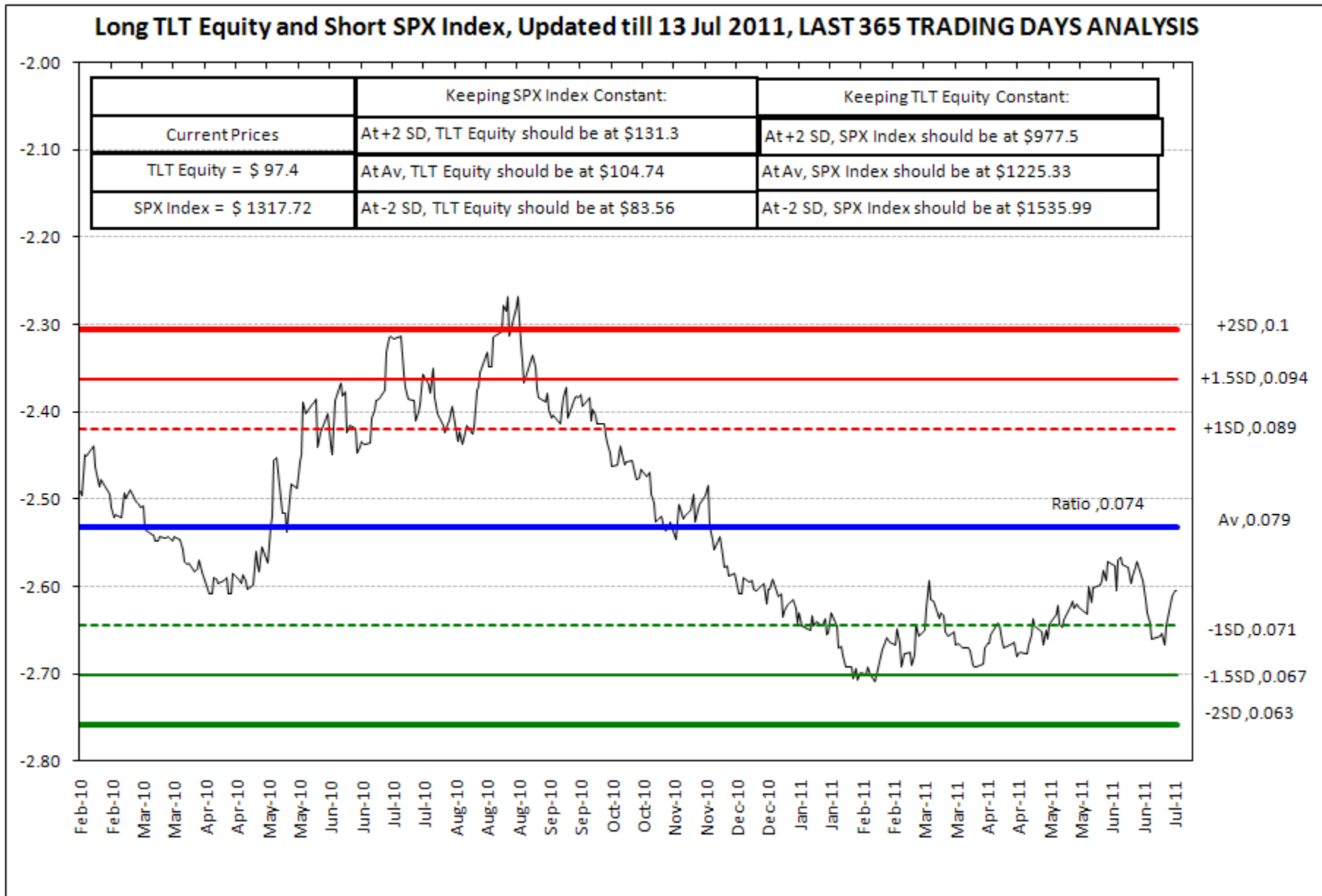
TLT- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



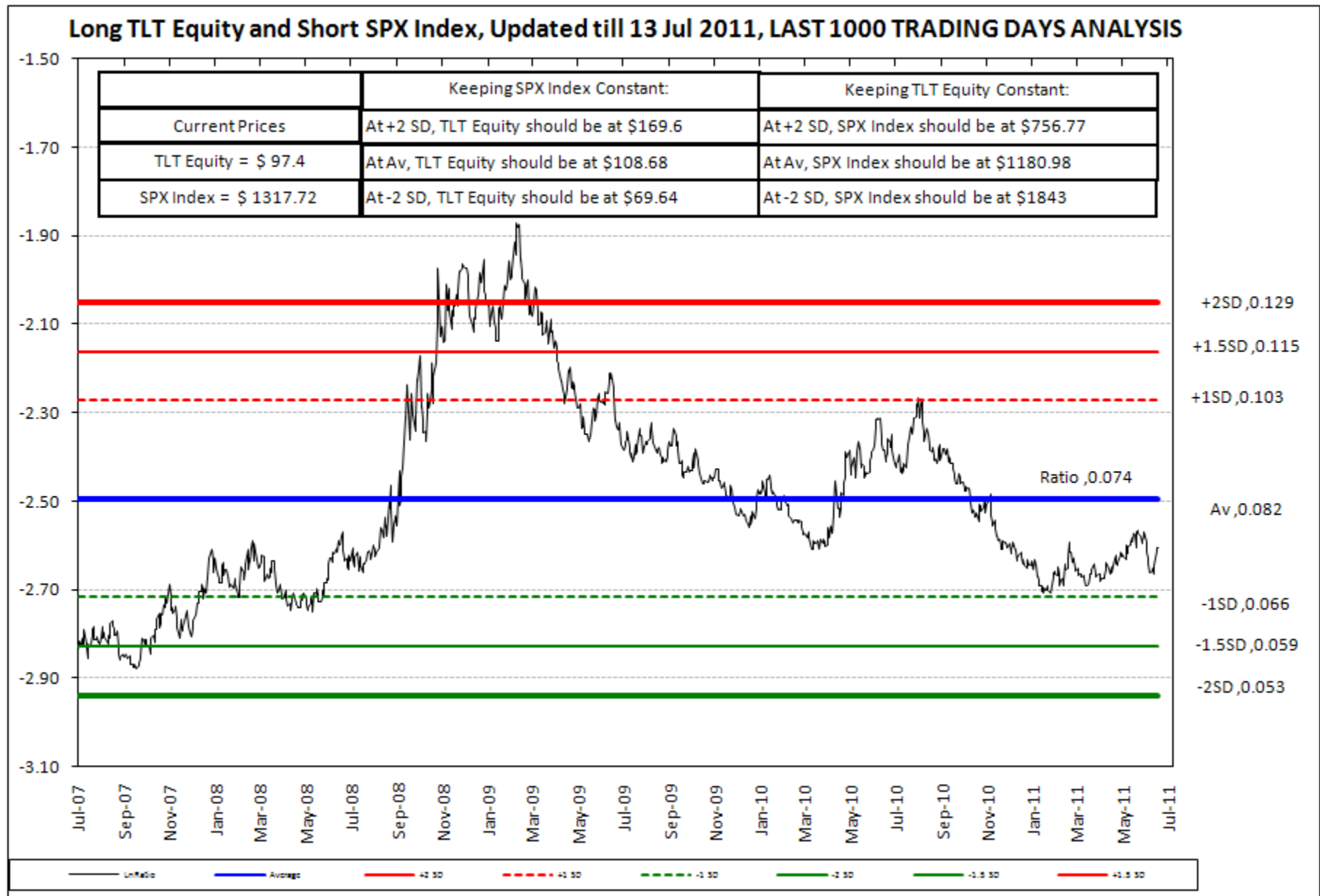
TLT - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



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



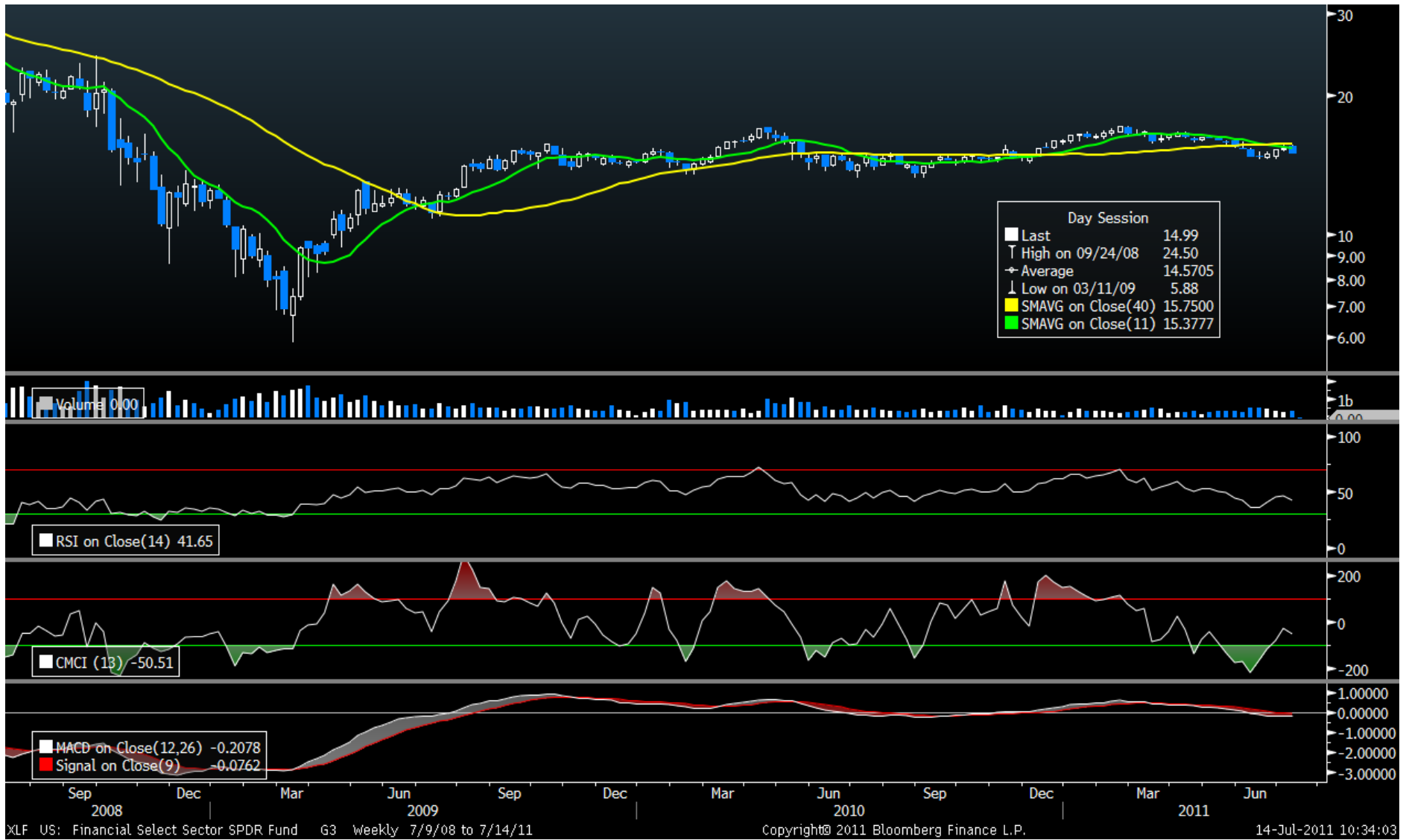
TLT Correlation Ratio Analysis with SPX – Full Time basis



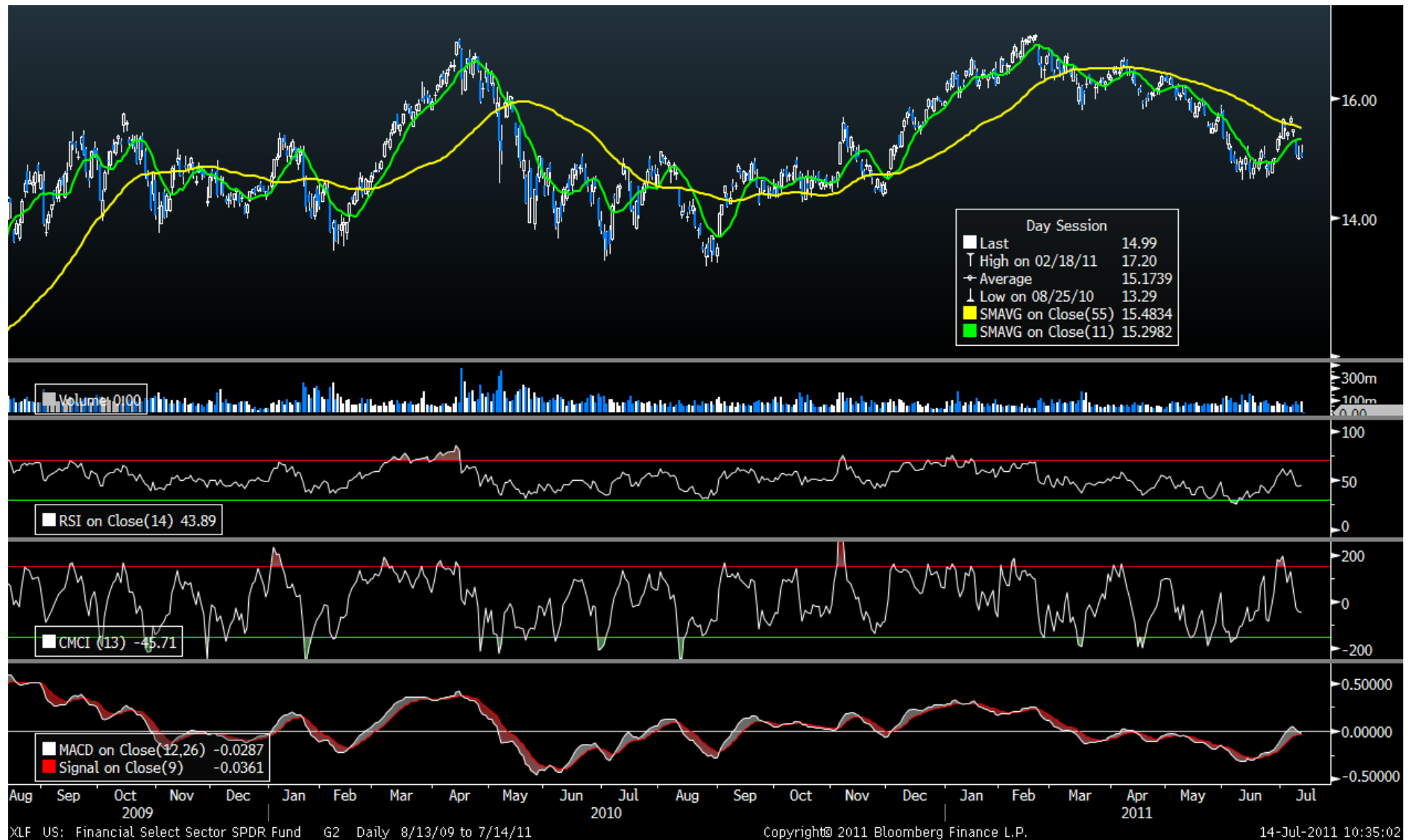
ETF's Qualified this week for SD # - 2 - Undervalued

- *XLF (ST -365D).*
- *EZU (ST – 365D)*

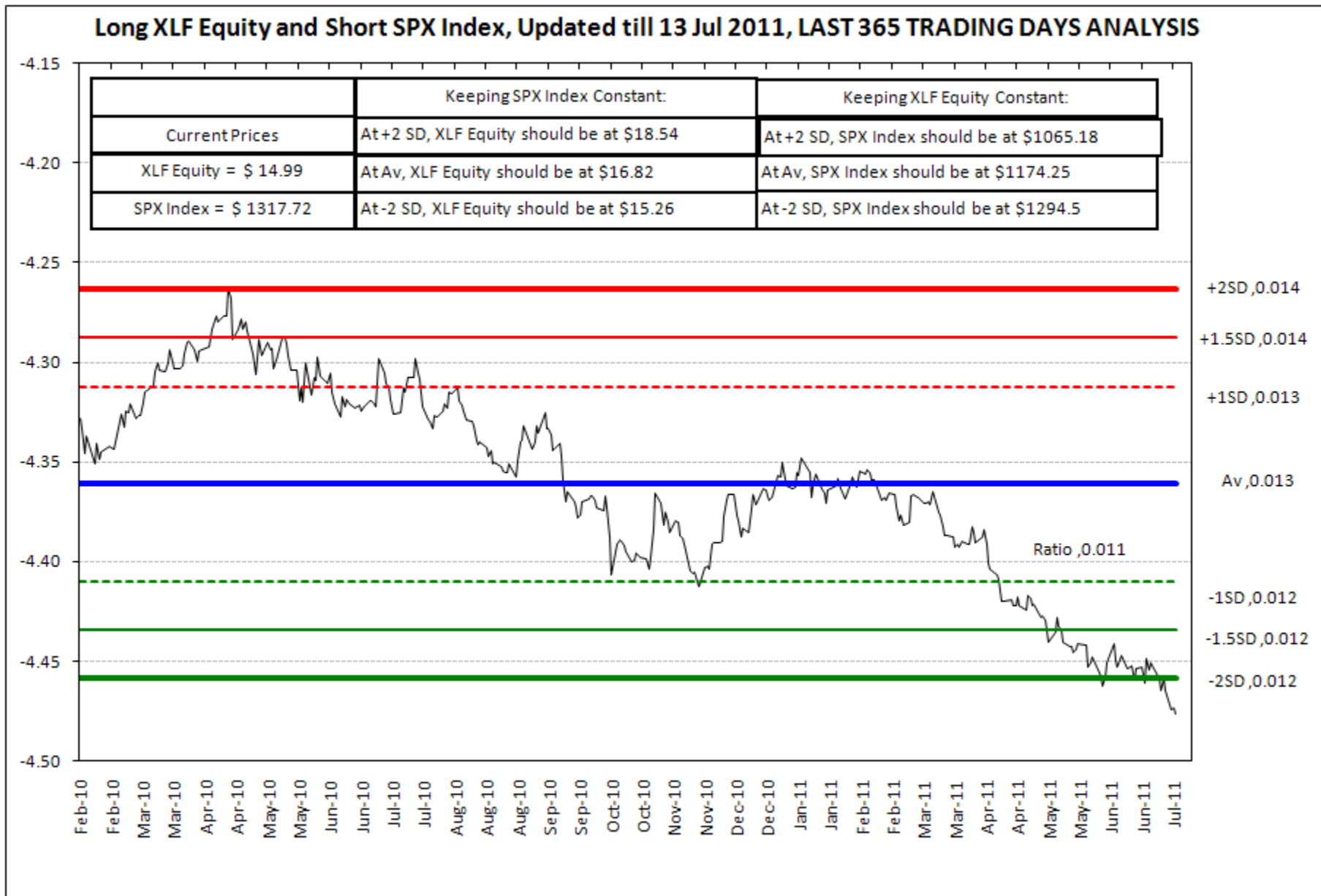
XLF- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



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



XLF Correlation Ratio Analysis with SPX – 365 days Time basis

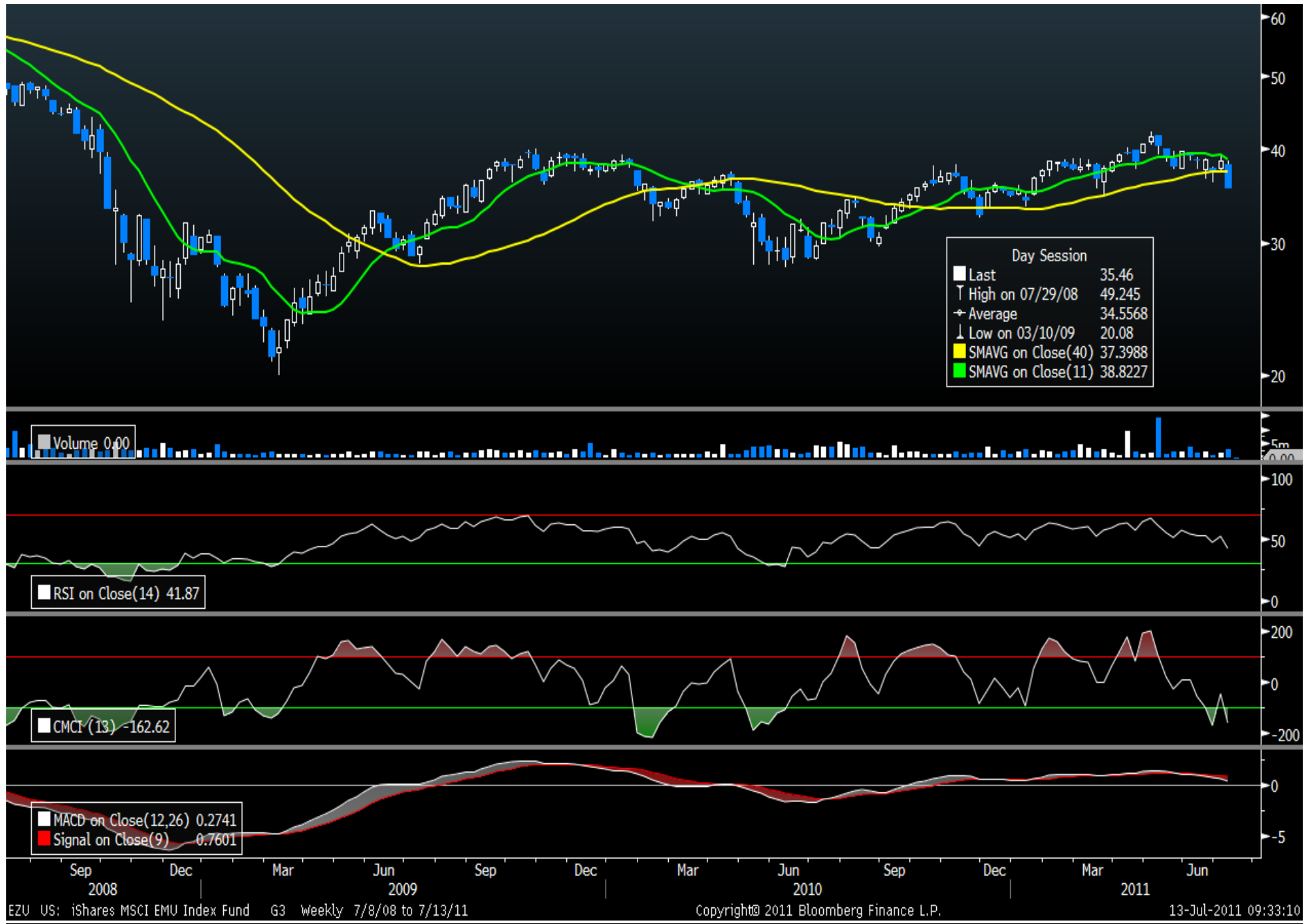


XLF Correlation Ratio Analysis with SPX – Full Time basis

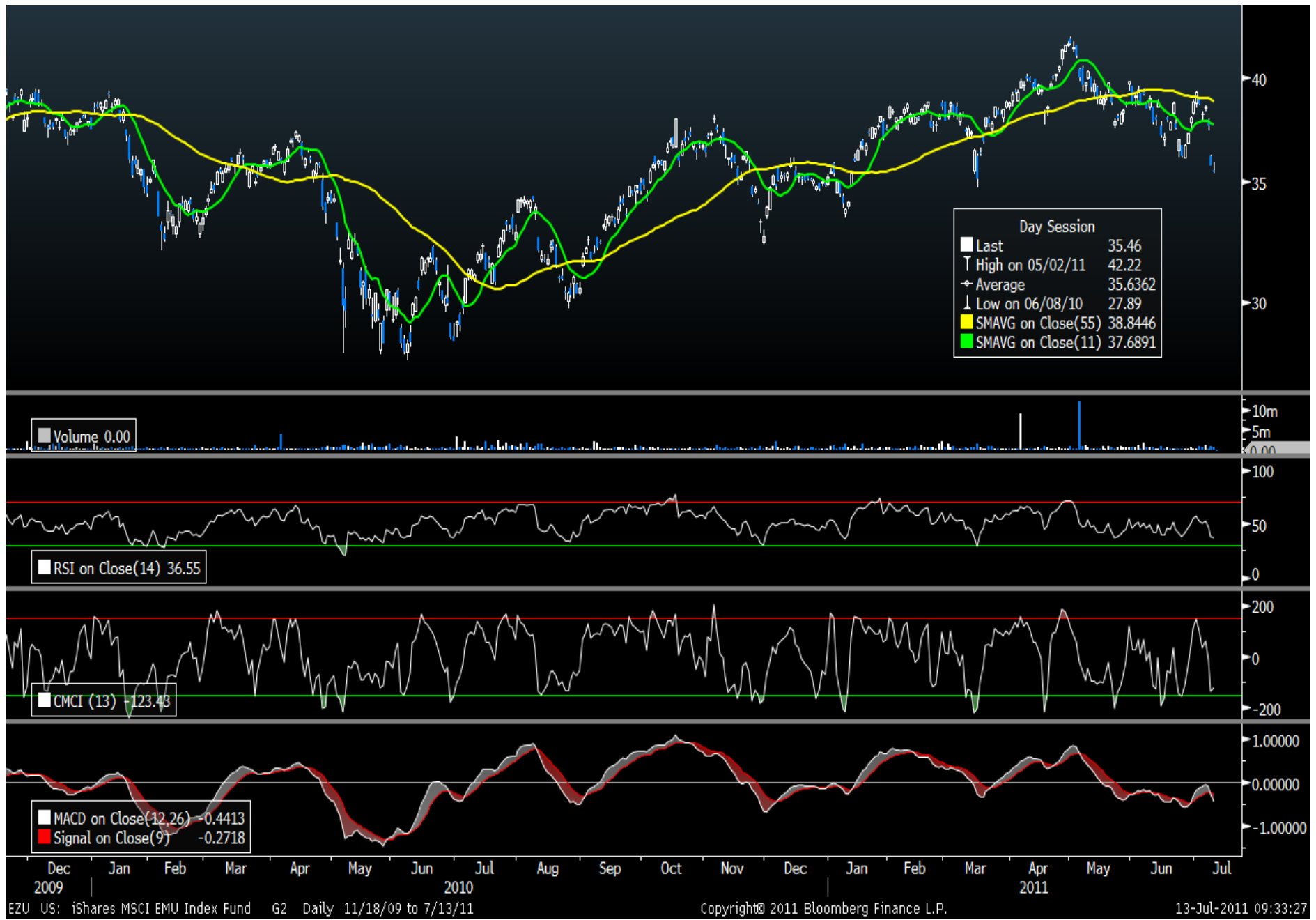
Long XLF Equity and Short SPX Index, Updated till 13 Jul 2011, LAST 1000 TRADING DAYS ANALYSIS



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

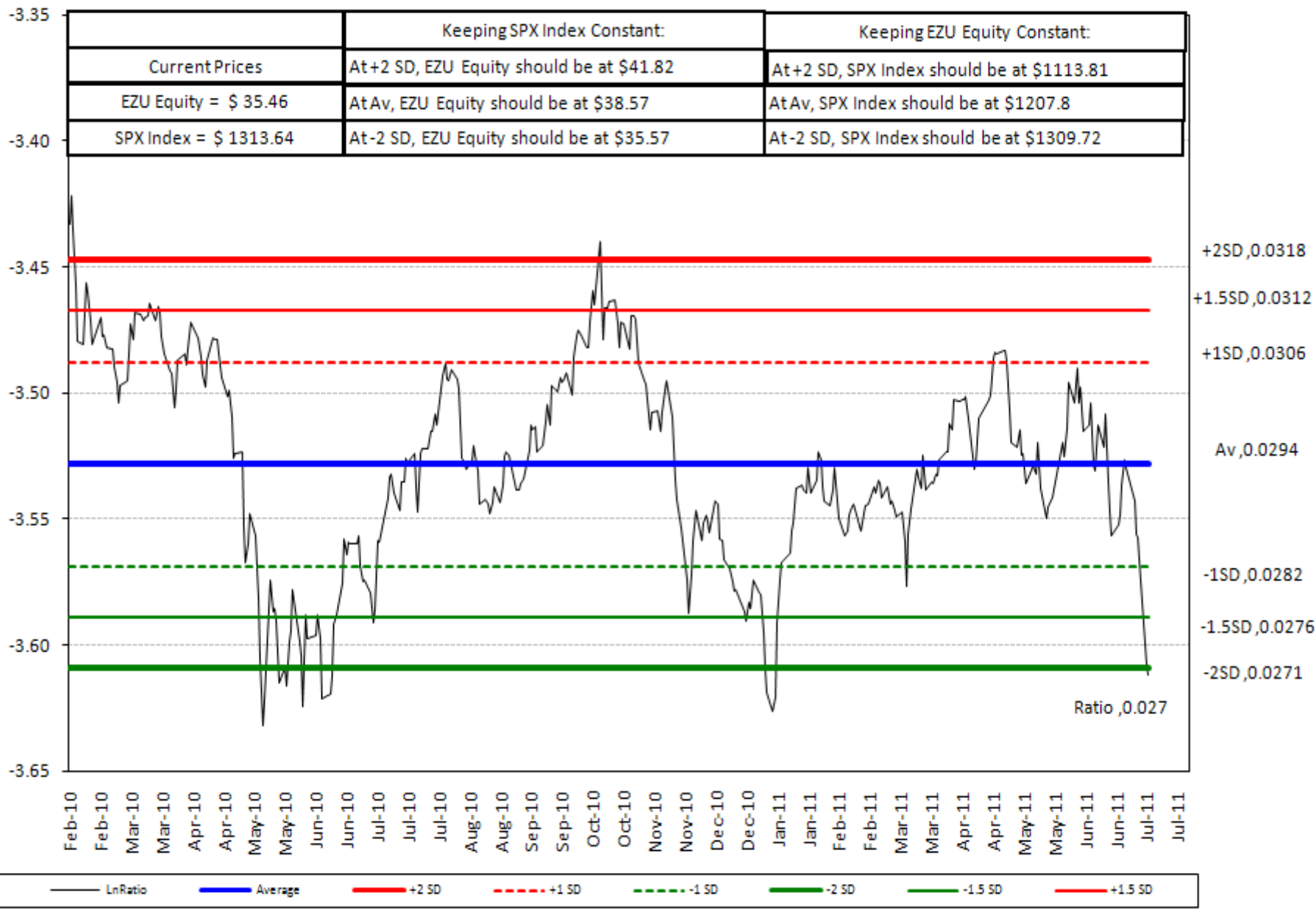


EZU – Daily – 3 Year with RSI, CCI, MACD- (11D / 55D)



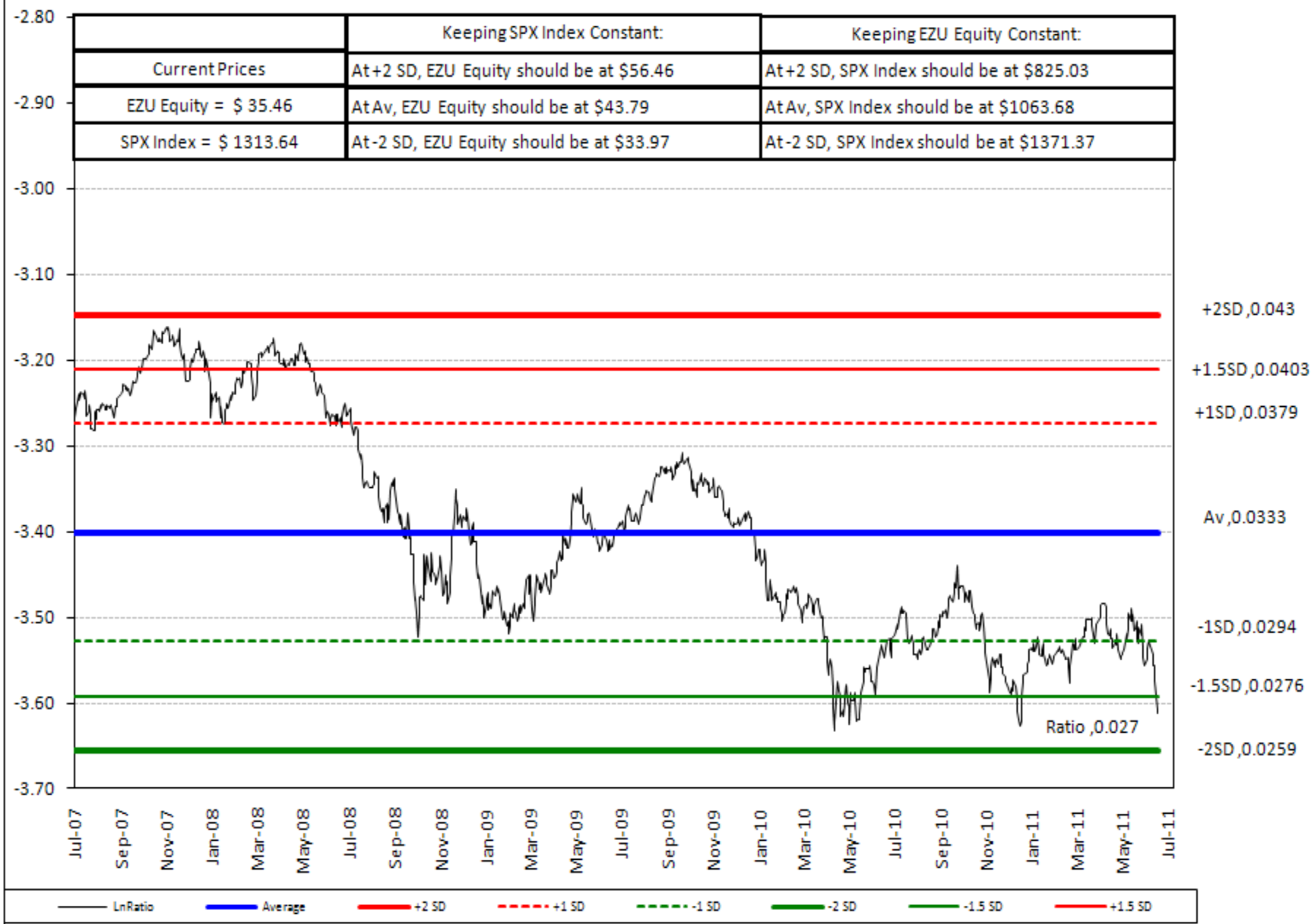
EZU : SPX RATIO - Correlation Ratio Analysis with SPX – 365 days Time basis

Long EZU Equity and Short SPX Index, Updated till 12 Jul 2011, LAST 365 TRADING DAYS ANALYSIS



EZU Correlation Ratio Analysis with SPX – Full Time basis

Long EZU Equity and Short SPX Index, Updated till 12 Jul 2011, LAST 4 Years(1000 TRADING DAYS)



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

. NONE

- **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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