



SG Capital Research

Global Market Insights

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

MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # JULY 30

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

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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
 - a. Trend & Channel Analysis
 2. SETUP charts Daily – 6 Month with RSI, CCI, MACD (11D / 55D) SMA
 - Trend & Channel Analysis
 - Fibonacci Retracement
 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

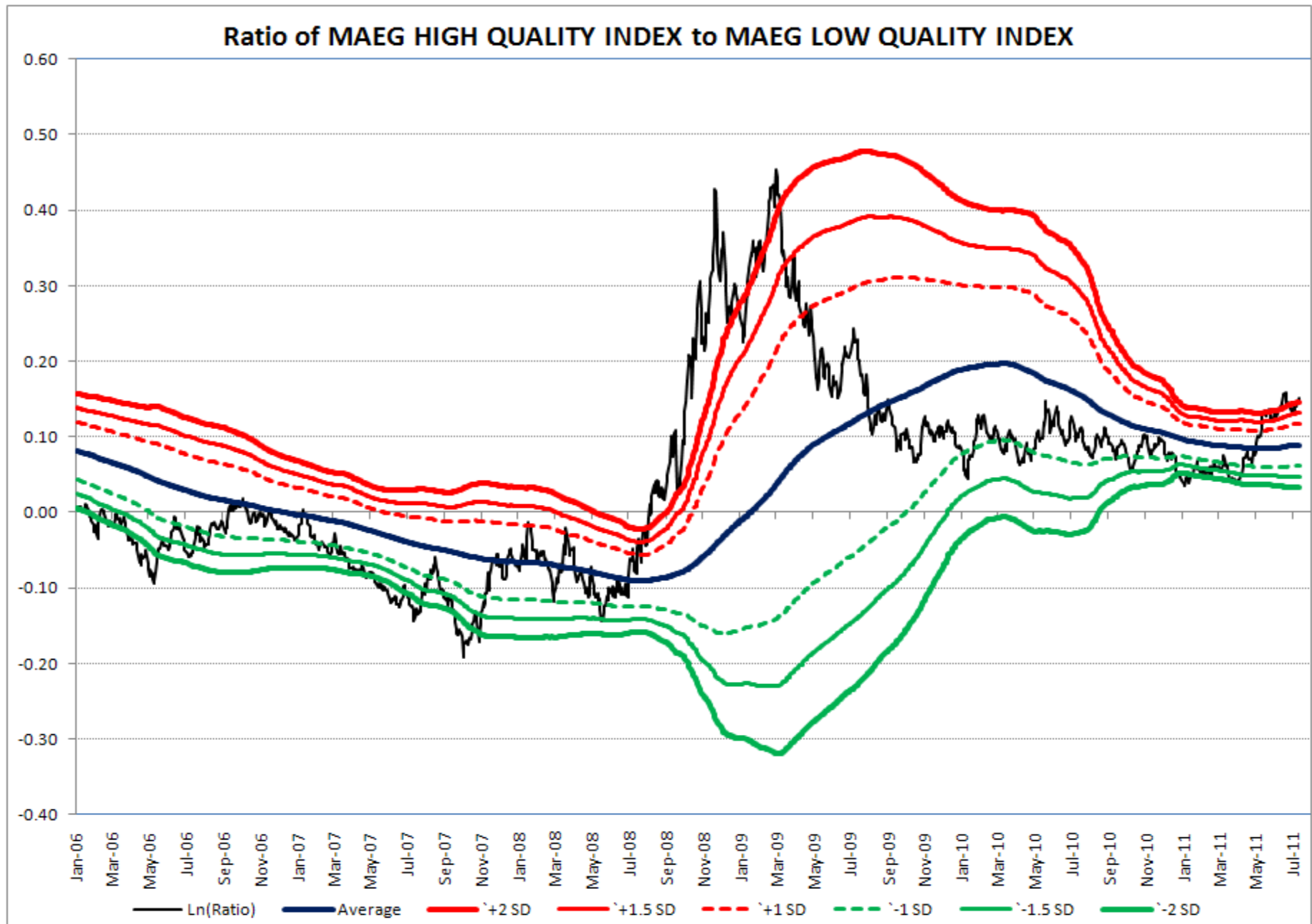
- Detail Coverage for sectors with extremes SD # + 2.0 or Special situation (SP) , highlighted in yellow
- For Commodity based ETF's the Extremes SD # 2.0 should be qualified v/s both CRB and SPX

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 : +11%, +11%, +17%, +16% (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>(0 of 40)</u>	<u>% away from</u> <u>40wk</u>
SPY	17.80%	TLT EWJ IFN MUB	-1.38% -4.22% -3.48% -0.16%				
QQQ	25.74%						
IWM	21.78%						
EEM	16.13%						
FXI	3.93%						
RSX	24.01%						
EWA	18.61%						
XLF	0.95%						
RTH	14.74%						
XLV	13.34%						
XLB	19.89%						
XLE	39.23%						
XLK	17.33%						
XLI	18.47%						
XLU	12.29%						
XLP	14.93%						
XLY	26.91%						
XHB	5.71%						
SMH	20.56%						
BBH	7.48%						
IYT	21.79%						
IYR	85.27%						
DBA	30.62%						
DBB	21.81%						
DBC	33.12%						
GLD	87.47%						
GDX	29.10%						
USO	5.97%						
JJC	32.44%						
SLX	7.97%						
JNK	5.55%						
EZU	8.33%						
RSX	3.58%						

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

On Long side – XLF

(Criteria - either SD # -2 or POM 12, 11 Qualified or / Bullish CZ Validated)

On Short Side – NONE-

(SLV v/s SPY Ratio is overvalued but SLV v/s CRB is not , the process requires confirmation by both)

Criteria - either SD # -2 or POM 14, 15 Qualified or / Bearish CZ Validated)

Reversion to Mean – RTH

(Criteria either SD # Mean or POM 13 Qualified or CZ at mean

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		-0.51	0.09	130.60	\$ 132.78	
QQQ (NEW)	Above +1.5 SD (ST)	1.61	0.04	58.09	\$ 58.82	
IWM		0.44	0.06	79.97	\$ 82.49	
TLT		-0.68	0.09	95.66	\$ 95.39	
EWJ		-0.65	0.01	10.68	\$ 10.77	
FXI		-1.39	0.04	42.06	\$ 42.04	
IFN		-1.25	0.03	29.65	\$ 30.05	
EEM		-0.47	0.04	46.87	\$ 47.18	
EZU		-1.25	0.03	36.29	\$ 36.79	
Gr 2						
XLV		0.05	0.03	34.33	\$ 35.10	
XLF (PREVIOUS)	Below - 2.0 SD (ST)	-2.15	0.01	14.83	\$ 15.05	
XLU		-0.04	0.03	33.72	\$ 33.62	
XLE	Above +1.5 SD (ST)	1.63	0.05	77.54	\$ 78.40	
XLI		-0.81	0.03	35.15	\$ 36.33	
Gr 3						
JJC		1.09	0.04	58.22	\$ 58.01	
SLV	Above + 2.0 SD (LT)	1.57	0.02	39.17	\$ 39.04	Not Qualified by CRB Ratio
BBH		-0.83	0.09	103.54	\$ 104.90	
DBA		0.64	0.02	32.72	\$ 32.56	
DBC (NEW)	Above +1.5 SD (ST)	1.83	0.02	30.63	\$ 30.54	
DBB		0.97	0.02	25.02	\$ 24.72	
SLX (NEW)	Below -1.5 SD (ST)	-1.71	0.06	65.94	\$ 67.76	
IYT		0.20	0.07	93.78	\$ 96.16	
GLD (NEW)	Above +1.5 SD (ST)	1.86	0.11	157.19	\$ 156.46	
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
RTH	Ratio Reverted to Mean

TLT - (Special situation)

TLT- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel

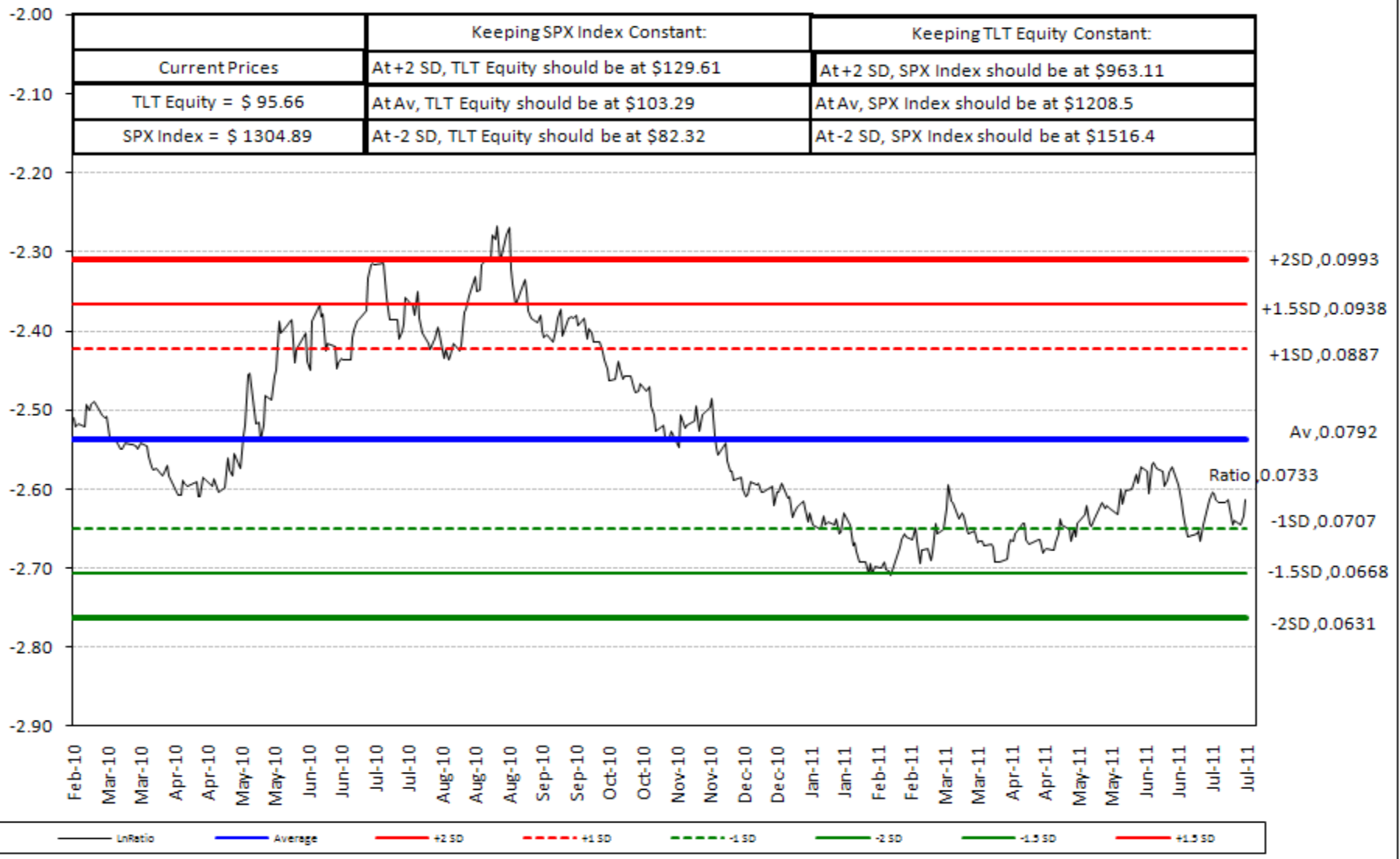


TLT - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series

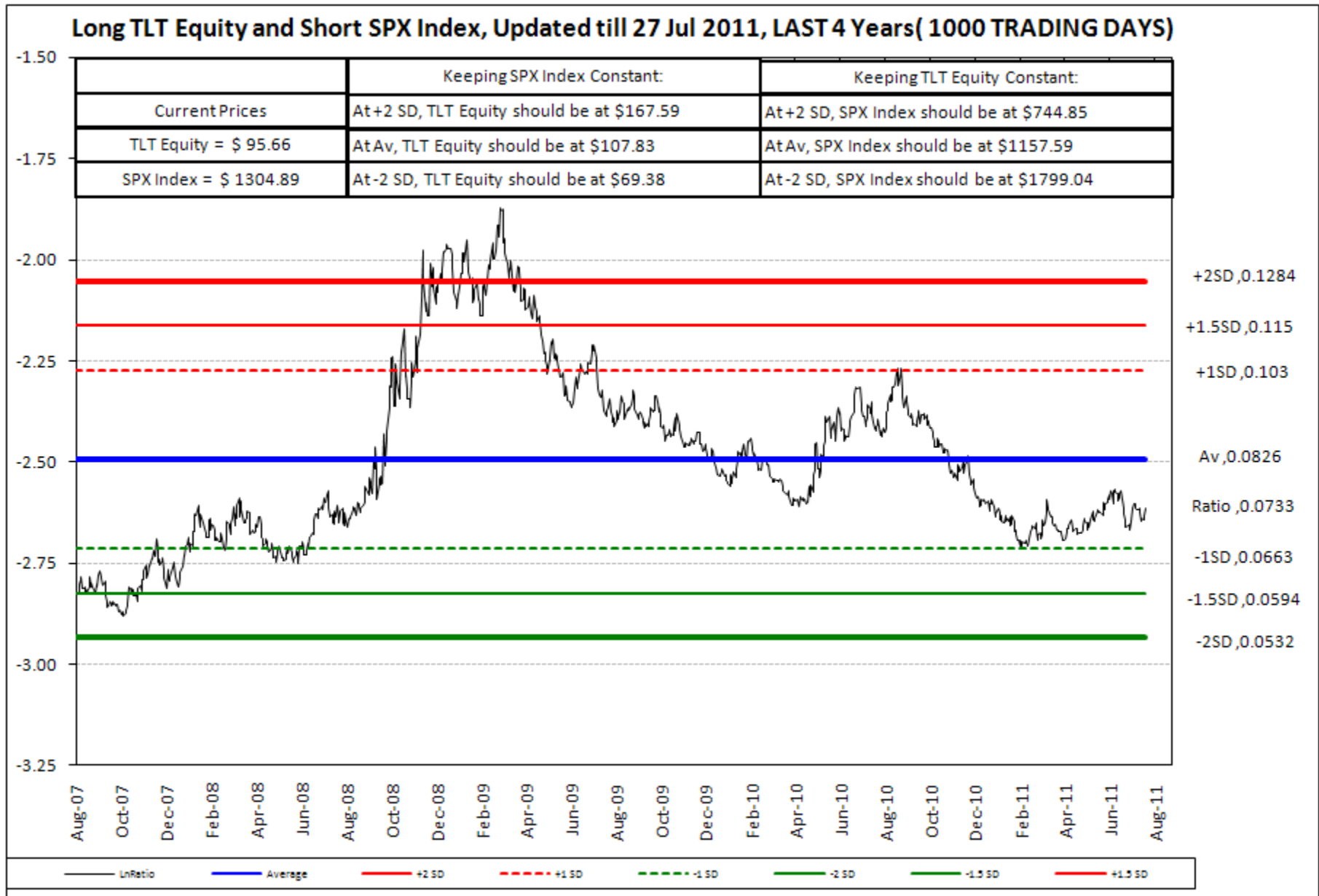


TLT Correlation Ratio Analysis with SPX – 365 days Time basis (**Special situation**)

Long TLT Equity and Short SPX Index, Updated till 27 Jul 2011, LAST 365 TRADING DAYS ANALYSIS



TLT Correlation Ratio Analysis with SPX – Full Time basis



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

- *XLF (ST -365D).*

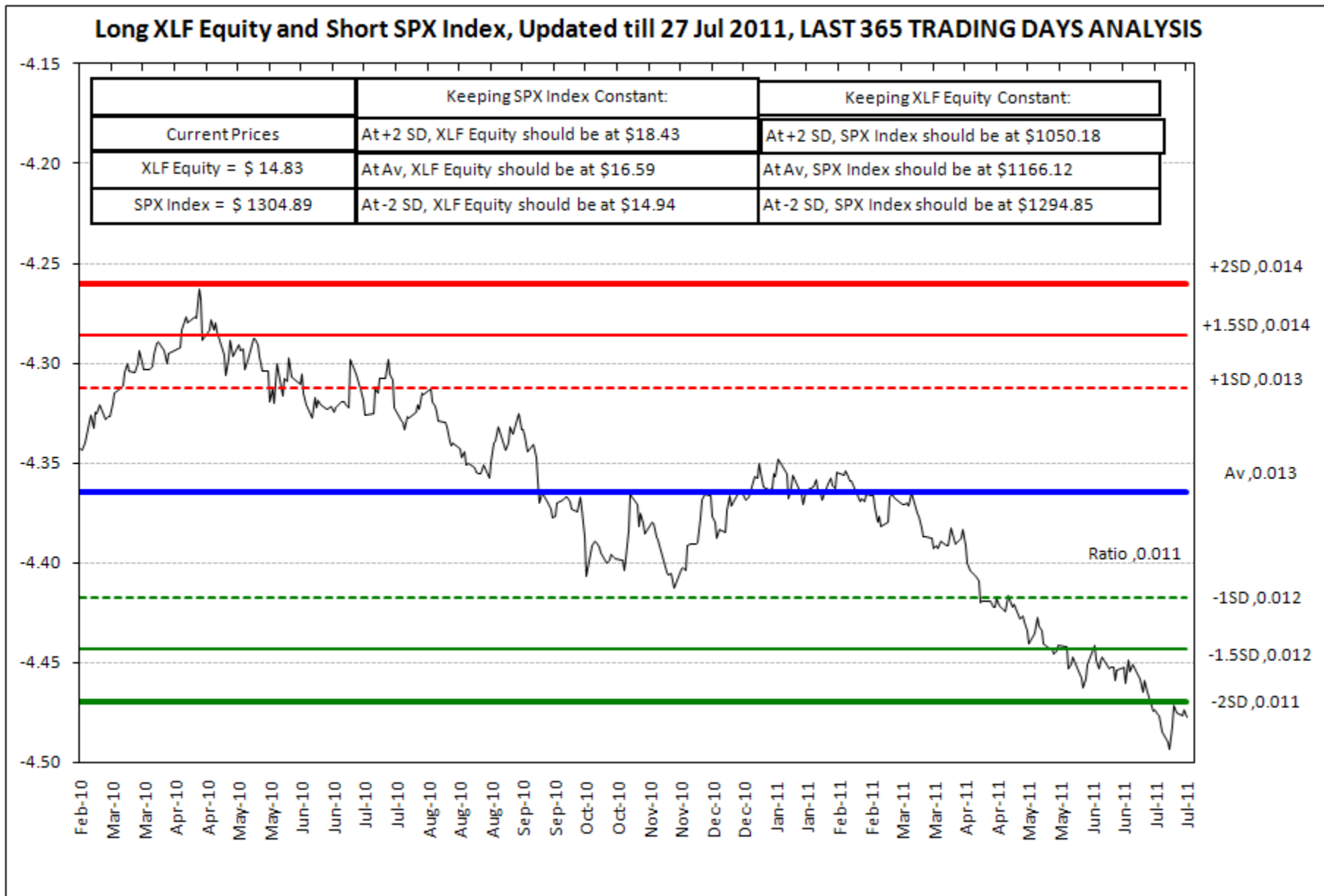
XLF- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel



XLF - Daily – 6 Month with 11 D / 55 D SMA with RSI, CCI, MACD, Trend line Channel & Fib-Series

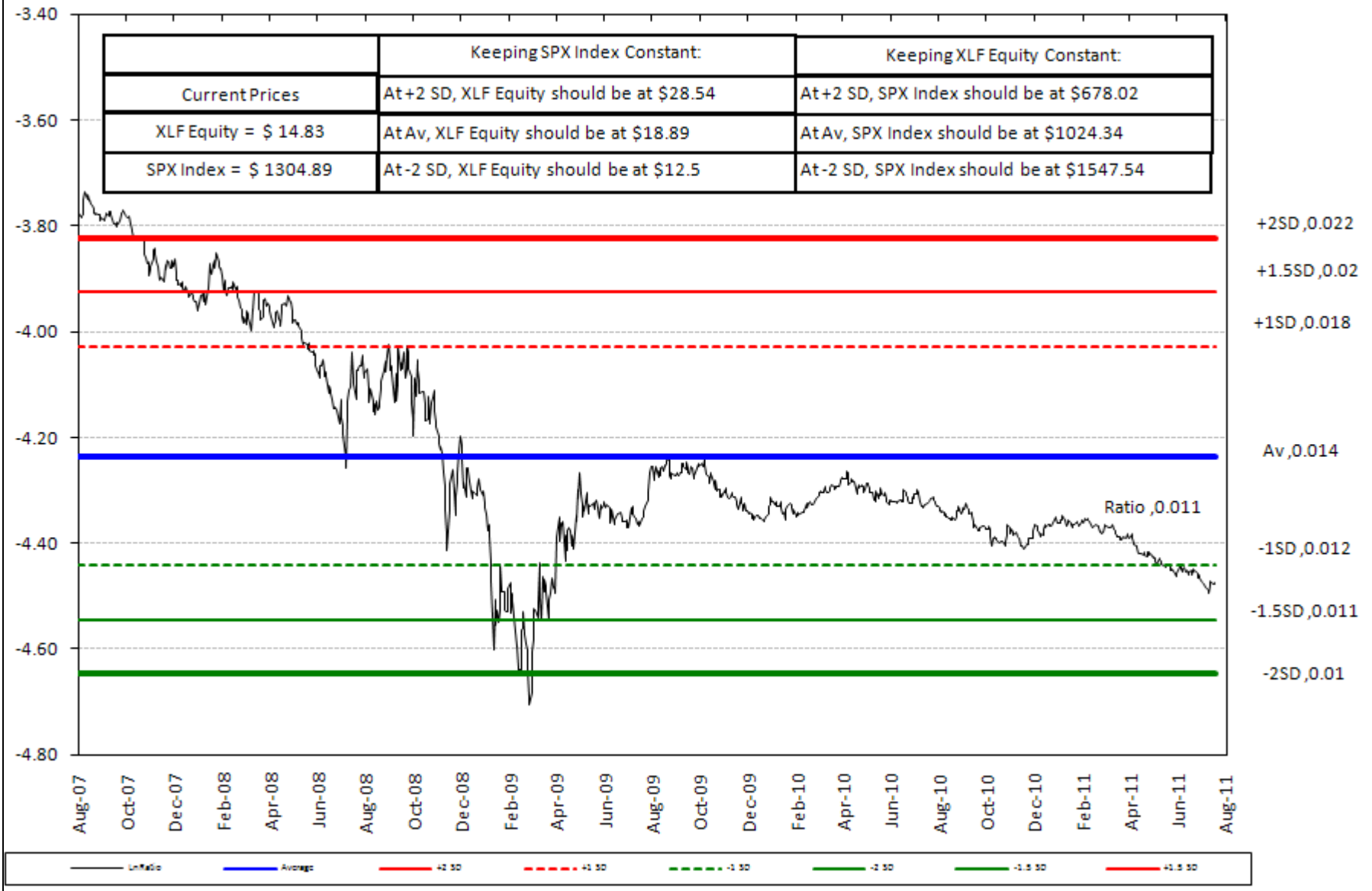


XLF Correlation Ratio Analysis with SPX – 365 days Time basis



XLF Correlation Ratio Analysis with SPX – Full Time basis

Long XLF Equity and Short SPX Index, Updated till 27 Jul 2011, LAST 1000 TRADING DAYS 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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