



SG Capital Research

Global Market Insights

Research Note – Sector – ETF Analysis (D)- STRATEGY & PROP Analysis

MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # JULY_14

For Immediate Release – Bi – Wkly Thursday AM (EST)

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Sector Analysis (D) -

- Attached, the Chart list & specific Charts (below). *We have selected charts that has some distinct characteristics:*
- Selected Currency have up to (3) Analytic Charts as Titled below
 1. MA / PATTERN/ OSCILLATOR Analysis
 2. Poly Trend Analysis (If Applicable)
 3. PEC Analysis. (If Applicable)
 4. Sentiments (if Extreme character)
- Appendix - **OBJECTIVE , HISTORY** of past Signals & **POM Key Criteria**

SECTORS - (40) – Highlighted below are SD # 2 & 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 • DOW • QQQQ • 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) • GDX (Miners) • USO (Oil) • UNG (Natural Gas) • JJC (Cu) • SLX (Steel)

- **SPX – “ POM Signals & SD – 2**
- **Trading & Investment Conclusions**

ACTIONABLE ZONE :

The Weekly Validated Sector selection to Setup “ Global Long / Short

- *Utilizing SD, POMs & SETUP INDEX within RA / RI framework with composition of ETF's with SD # 2 Overvalued and Undervalued characteristics.*
- *At POM 14 / Re – Run or Bearish CZ on SPX - Focus is on Sector with + 2.0 SD for CZ – PQV Validation for Exit / SS*
- *At POM 13 or Bullish CZ on SPX - Focus is on Sectors with -2.0 for CZ – PQV Validation & HQ Sectors for Entry*
- *At POM 12 on SPX – Focus on SPX – Focus is on All the Sectors for Entry*
- **Key Note**

On 7 / 08 - SPX – POM 13 Triggered @ 1348 - as first leg up was completed . Several IDX reached Mean Reversion & CZ Bearish zone as well for ST pull back to 1300- 1320 SPX – currently in process

On 6/23 - SPX – POM 12 Triggered @ 1276 (Still in tact) & Several Sectors / Market reached the CZ Turn points as well

- Trading and Investment conclusions

SHORT(LQ) ETF (CZ Validated @ POM 14 and SD +2)

- **NONEin New Analysis**

LONG ETF (CZ Validated @ POM 12 and SD - 2)

- *This Report summarizes all Instruments validated and qualified in D # Sector Report along with the Instruments Validated in other weekly Reports A # 2, C# , B # as well.) – All Charts with Price path are noted below*

PREVIOUS LONG (HQ) ETF (SD -2 or CZ Validated OR @ POM 13 /12 trigger on SPX) – CHARTS BELOW

- **XLF, XLV, XLU, BBH, IFN, IYT , DIA**

(CZ / SD -2 validation indicated Green on charts below) - Bullish Setup continues to remain in XLV, XLU, BBH . IFN, XLF . Confirmed by POM 12 & 13 Trigger 6/23 & 6/10 (Indicated in green)

- **TLT**

$\frac{1}{2}$ position from price of 89 to 95 was SOLD , (the balance $\frac{1}{2}$ holding). A close below 95 should exit – See chart below for details

- **GDX – CZ – 52 -54 Triggered Buy – Ref C# Commodity Report 5/11**
- **GLD - POM 13 Trigger @ 144 -145 (GOLD 1470 -1480) – Alert EMAIL 5/3 & Subsequent Retest announcement of POM 13 area on 6/28 – Ref - B- Currency Report**

Bullish Setup continues GDX / GOLD ration has been undervalued to SD -2 , along with GOLD on POM 13

- **OIL – CZ – 91 Triggered – Ref C# Commodity Report 6 /21**

PREVIOUS LONGS – YTD – “ Price path “ update

XLV (Health Care SPDR) NYSE
13-Jul-2011 **Close 35.43 Chg +0.14 (+0.40%) ▲**



XLU (Utilities SPDR) NYSE
13-Jul-2011 **Close 33.46 Chg -0.09 (-0.27%) ▼**



BBH (Biotech Holders) NYSE
13-Jul-2011 **CI 105.92 Chg +0.36 (+0.34%) ▲**



IFN (India Fund, Inc.) NYSE
13-Jul-2011 **Close 29.89 Chg +0.34 (+1.15%) ▲**



XLF (Financials SPDR) NYSE
13-Jul-2011 **Close 14.99 Chg +0.01 (+0.07%) ▲**



IYT (iShares DJIA) NYSE
13-Jul-2011 **Close 97.77 Chg +0.46 (+0.46%) ▲**



DIA (SPDR DJIA) NYSE
13-Jul-2011 **CI 124.80 Chg +0.47 (+0.38%) ▲**



TLT (iShs T-Bnd 20yr) NYSE
13-Jul-2011 **Close 97.40 Chg +0.27 (+0.28%) ▲**



POM 12

Triggered on DOW Transport Theory



Cont.....GDX, GLD, OIL . – “ Price path” update

GDX NYSE + BATS

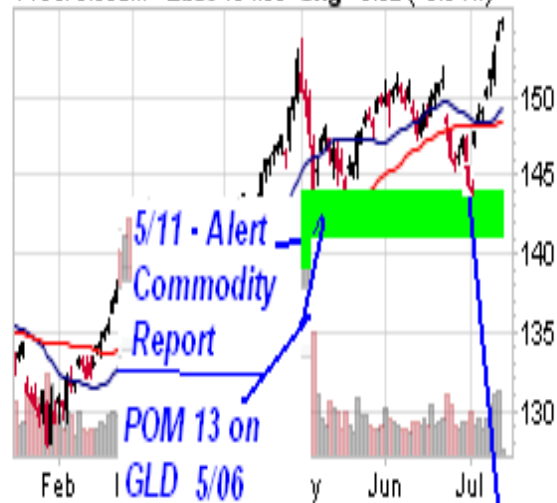
14-Jul 9:36am Last 59.73 Chg +0.46 (+0.78%)▲



5/11 - Alert
Commodity
Report
POM 13 on
GLD

GLD NYSE + BATS

14-Jul 9:36am Last 154.66 Chg +0.52 (+0.34%)▲



5/11 - Alert
Commodity
Report
POM 13 on
GLD 5/06

Retest of POM 13
announced on 6/26

\$WTIC (Oil (EOD)) INDX

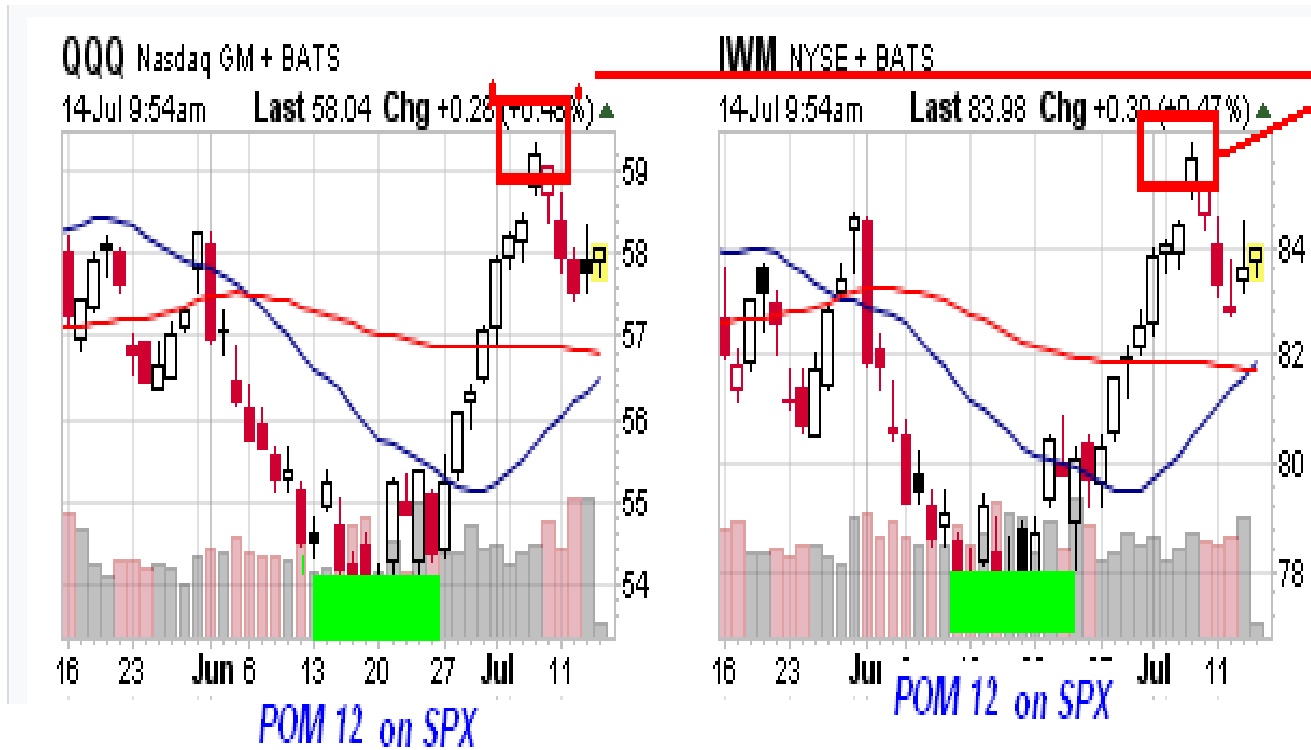
13-Jul-2011 Close 98.45 Chg +0.63 (+0.64%)▲



CZ - @ 91 -
Triggered
announced in C
Commdoity
Report 6/26

MEAN TO REVERSION – via SD Levels or POM 13 or CZ – First leg up Price target achieved , then a Pull back on Short term basis (in red box – charts below)

Risk management for Capital Recycling etc – Longer term Trend POM 12 still in tact



Short term Risk mangement zone announced for POM 13 on 7/08 & on A # 2 - MS - 7/06

TLT, OIL – (special situation) – UPDATE

TLT – MA / Pattern / Oscillator Analysis – Update

In spite of decline from 98 to 93 last Sector Report , Our expectation was Rally back to 96 which we achieved .

In chart below circled in blue , a break above the Trend line Analysis would be Bullish –but No clear picture However close below 95 would exit

Earlier at POM 13 (95) , exited ½ position & Holding ½ position



OIL – PEC –D Analysis - Update

- In our C # Commodity Report – 6/26 at 91 , PEC D Pattern was completed and CZ 91 was Triggered as well
- Currently PEC –D pattern projects the Price path higher



- **This Week's New - SD - Qualified "Sector Review"**
- **Short Longs & Shorts for CZ Validation**

- **Trading and Investment conclusions -**

On Long side - EZU – CZ 34- 35.5 with 260 k test volume

(Criteria - either SD # -2 or POM 13 / 12 Qualified or / CZ Validated)

➤ **On Short Side – NONE**

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

NEW - LONG ETF - Qualified this week for SD # - 2 - Undervalued

EZU – MA / Pattern and Oscillator Analysis –

CZ is 34 -35.5 with 260k volume for test – Touch of 34 and close at 34.75 would Trigger Buy (CZ highlighted in green)

Intermediate term - Oscillator still oversold , DMA's and Trend Analysis suggests, the pull back did not hold – but gapped away due to European issues –



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

- ***NONE***

APPENDIX -

Previous Trend – POM to Reversion to mean

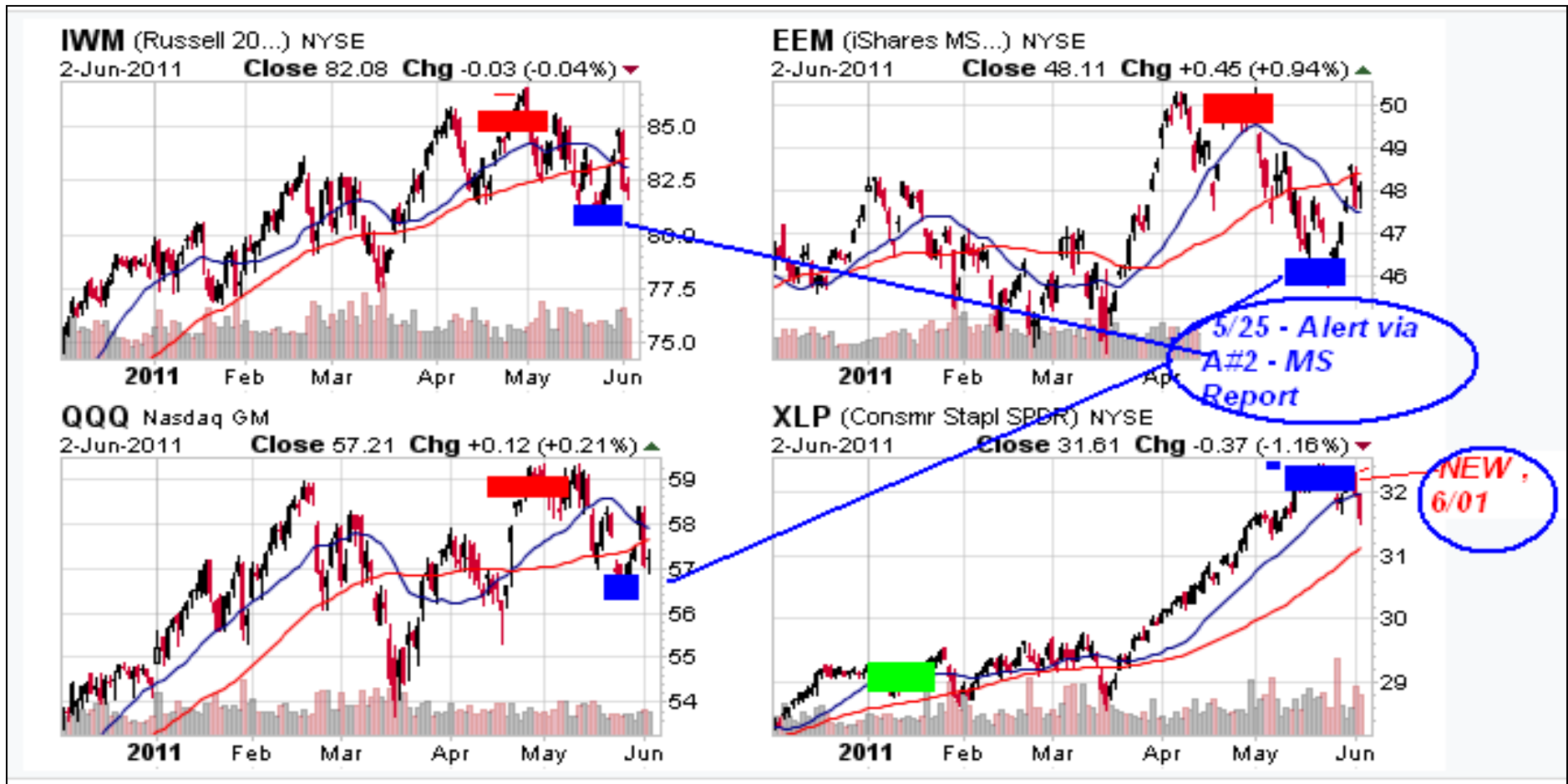
REVERSION TO MEAN - 6/10 - SPX – POM 13 @ 1270 via SD Levels or POM 13 or CZ –

- SMH, DBC, JJC, XLB - (CZ validation indicated Red on charts below)



MEAN TO REVERSION – via SD Levels or POM 13 or CZ – **First Price target achieved**

- **QQQ, IWM, EEM** – Refer A # 2 – MS Report , 5/25 - (Reversion to mean indicated Blue on charts, *We will now monitor the Quality of the rally for next move*)
- **XLP** – (Reversion to mean by SD, indicated Blue on charts)



CONT.....*Previous Trend*

- **GLD ,SLV – Refer C – Commodity Report , Alert 5/6 - (Reversion to mean indicated Blue, POM 13 on charts)**
- *Now looking for the counter Trend bounce – No confirmation yet*



- **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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