



SG Capital Research

Global Market Insights

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

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) -

- 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 & Broader Indices for Entry*
- Key Note

On 7 / 08 - SPX – POM 13 Triggered @ 1348 - as first leg up was completed from 1270 . Several IDX reached Mean Reversion & CZ Bearish zone as well at that time for ST pull back to Target 1300 SPX – currently in process (3rd Re – Test)

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

- Trading and Investment conclusions – Summary

SHORT 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 #*
- *All Charts with Price path are noted below*

PREVIOUS LONG 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

½ position from price of 89 to 95 was SOLD , (the balance ½ holding). A close below 95 should exit (we came very close to it on 7/25 but did not close below 95) – 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

(Alerted – Risk Management Signal Zone was Announced in C # Commodity Report dated 7/20 & Re- Announced 7/26 on B # Currency Report)

GDX – Bearish CZ @ 60-61 & GLD @ 1598 - 1515

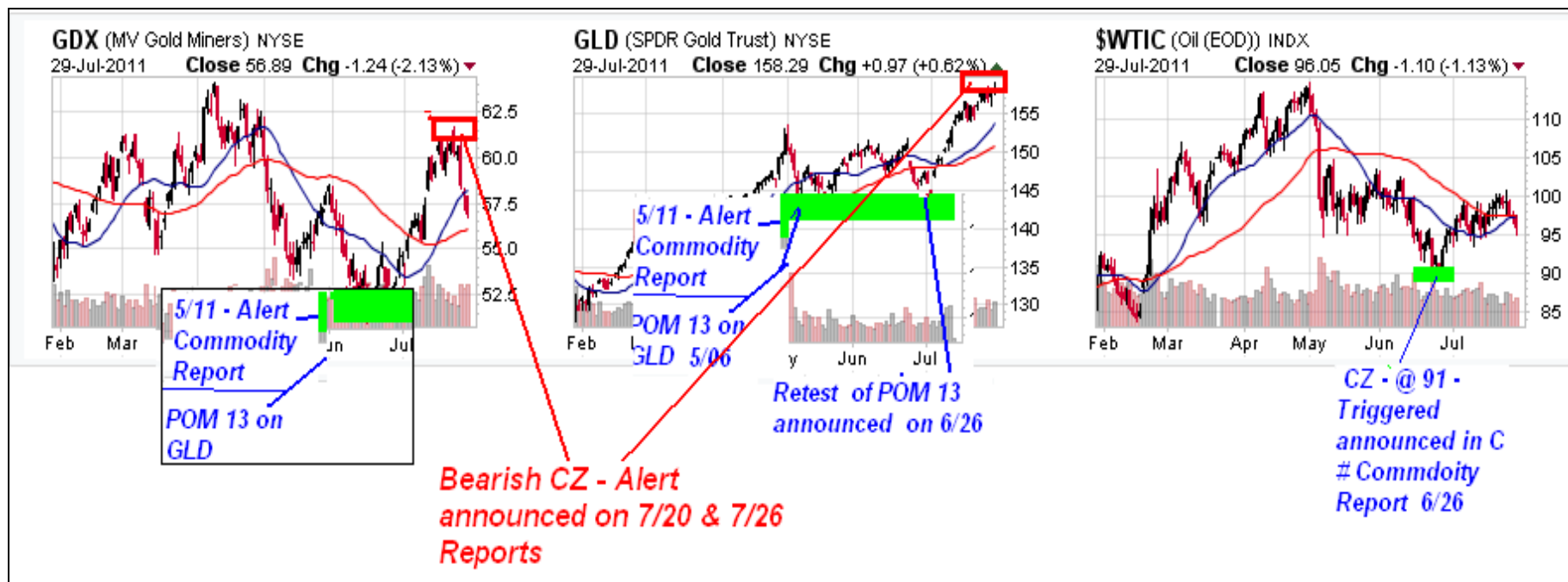
- OIL – CZ – 91 Triggered – Ref C# Commodity Report 6 /21

PREVIOUS LONGS – YTD – “ Price path “ update- From D- Sector Report

XLV, XLU, BBH, IFN, XLF, IYT, DIA, TLT

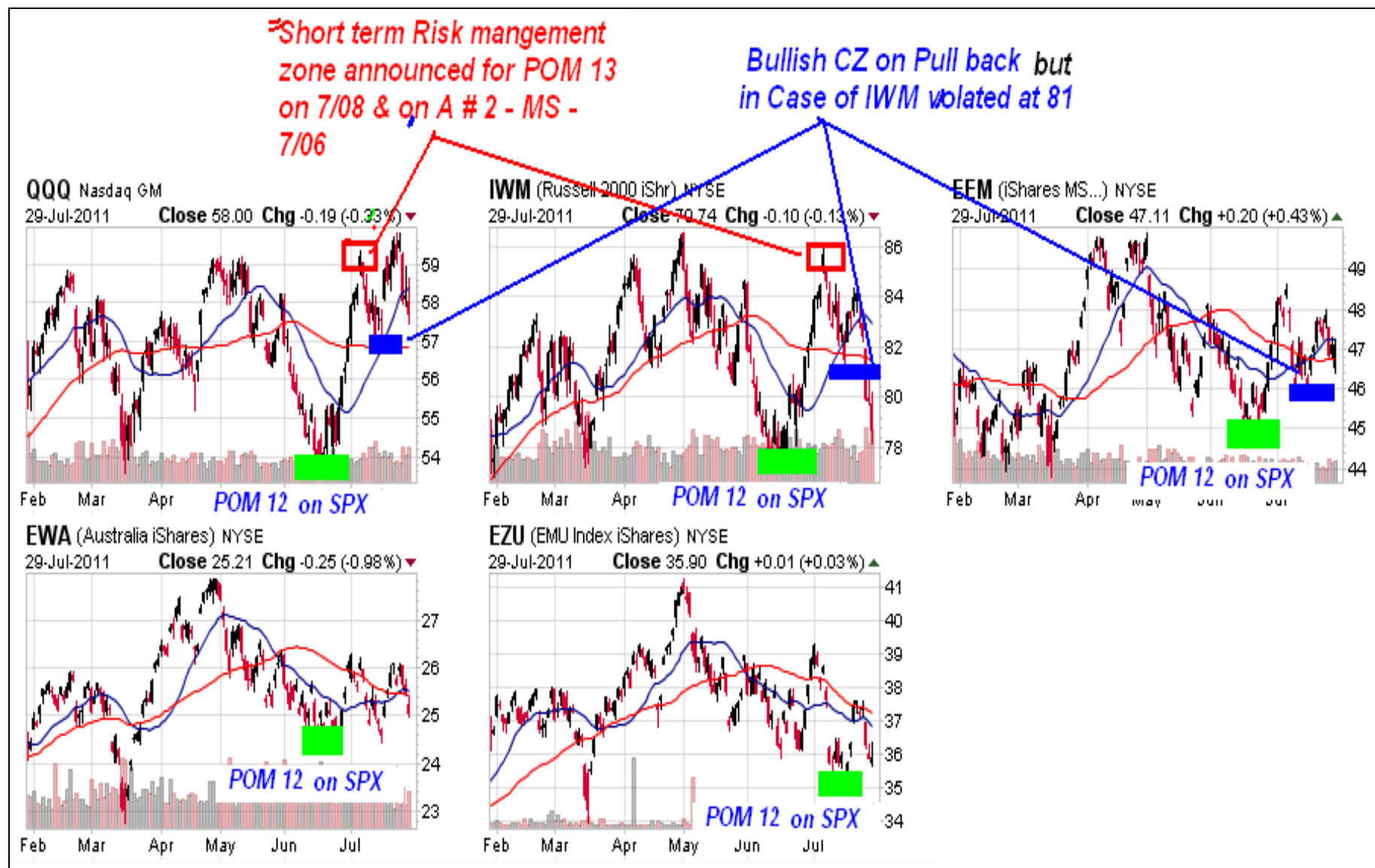


Cont.....GDX, GLD, OIL . – “ Price path” update - From C – Commodity Report



Note – GDX sold off since our Alert @ Bearish CZ 60-61 but GLD has been hanging in tight at 1598 -1615 , our Levels indicated

Cont.....QQQ, IWM, EEM, EWA, EZU, EWH “ Price path” **update - From A # 2 MS Global**



POTENTIAL SHORT - EWH “ Price path “ update- From A # 2 MS Report (special situation

PENDING VALIDATION TEST

CZ - 19.0 – 20.50 is indicated in red (partially imported from 2010 / 08) Test volume 5.0 M.

- $\frac{1}{2}$ position – into LCZ -MCZ
- $\frac{1}{2}$ position – touch of 20.5 and close under 20.0



MEAN TO REVERSION – via SD Levels or POM 13 or CZ –

RTH – Mean SD – Level

TLT – (special situation) – UPDATE

TLT – MA / Pattern / Oscillator Analysis –

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 (It came close on 7/25 but did not close below 95)

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



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

- **Trading and Investment conclusions -**

**On Long side - XLF – Earlier CZ @ 14.90 with test volume Triggered
On 6/17 & @ POM 12 on 6/26**

(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)

LONG – XLF - ETF - Qualified this week for SD # - 2 - (Previous) still Undervalued

On 17TH June Triggered 14.90 for BUY Signal . On weekly basis validation volume is lining up . STOPS on always on other side of CZ



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

- ***NONE***

APPENDIX -

Previous Trend – POM to Reversion to mean

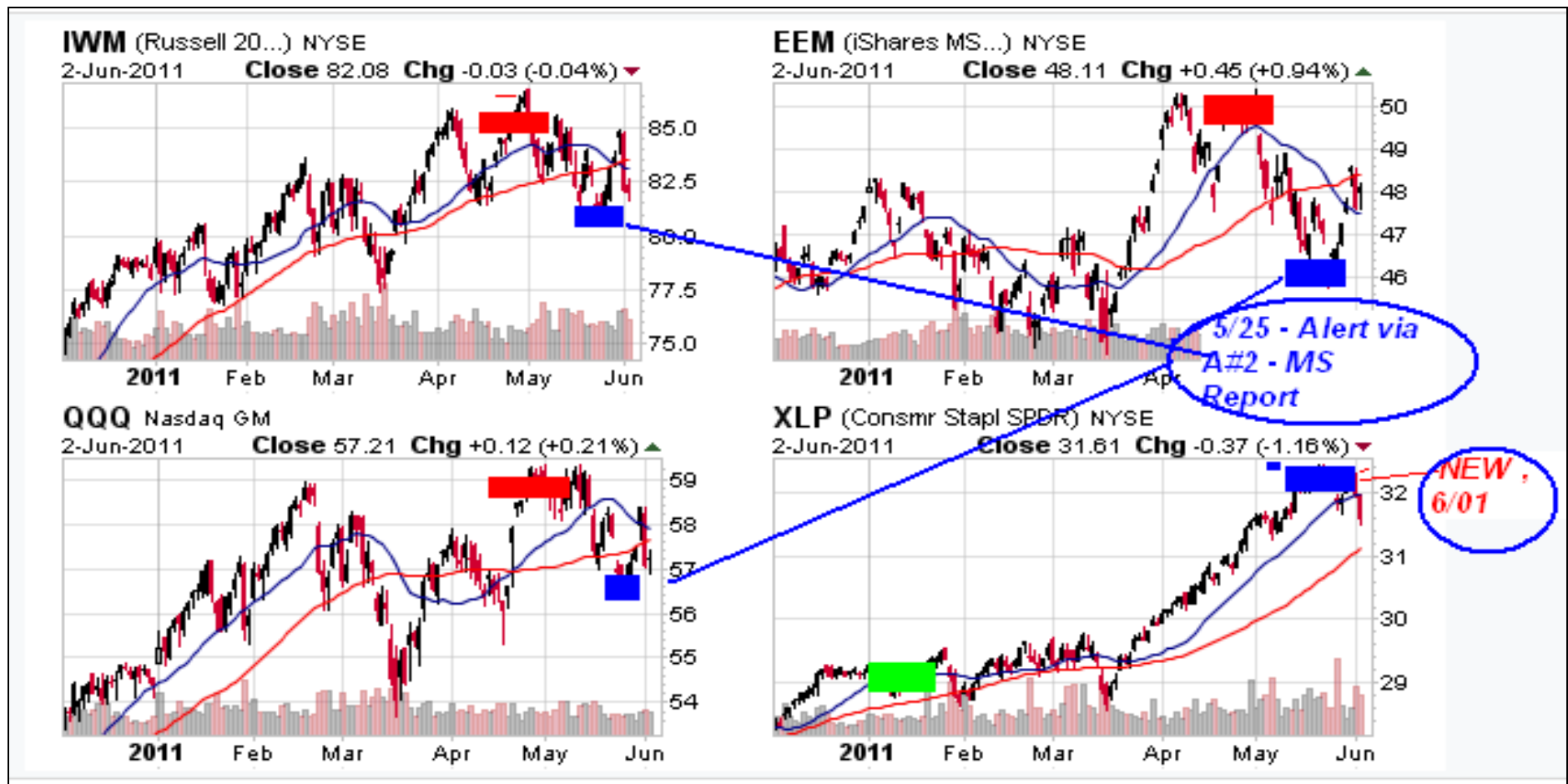
REVERSION TO MEAN - 6/10 - SPX – POM 13 @ 1270 via SD Levels or POM 13 or CZ –

- 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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