



SG Capital Research

Global Market Insights

**Research Note – Sector – ETF Analysis (D) – (QT) QUANTATATIVE & BASE TECHNICALS**  
**MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # SEPT 23**  
**For Immediate Release – *Bi Wkly Saturday 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
    - 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 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

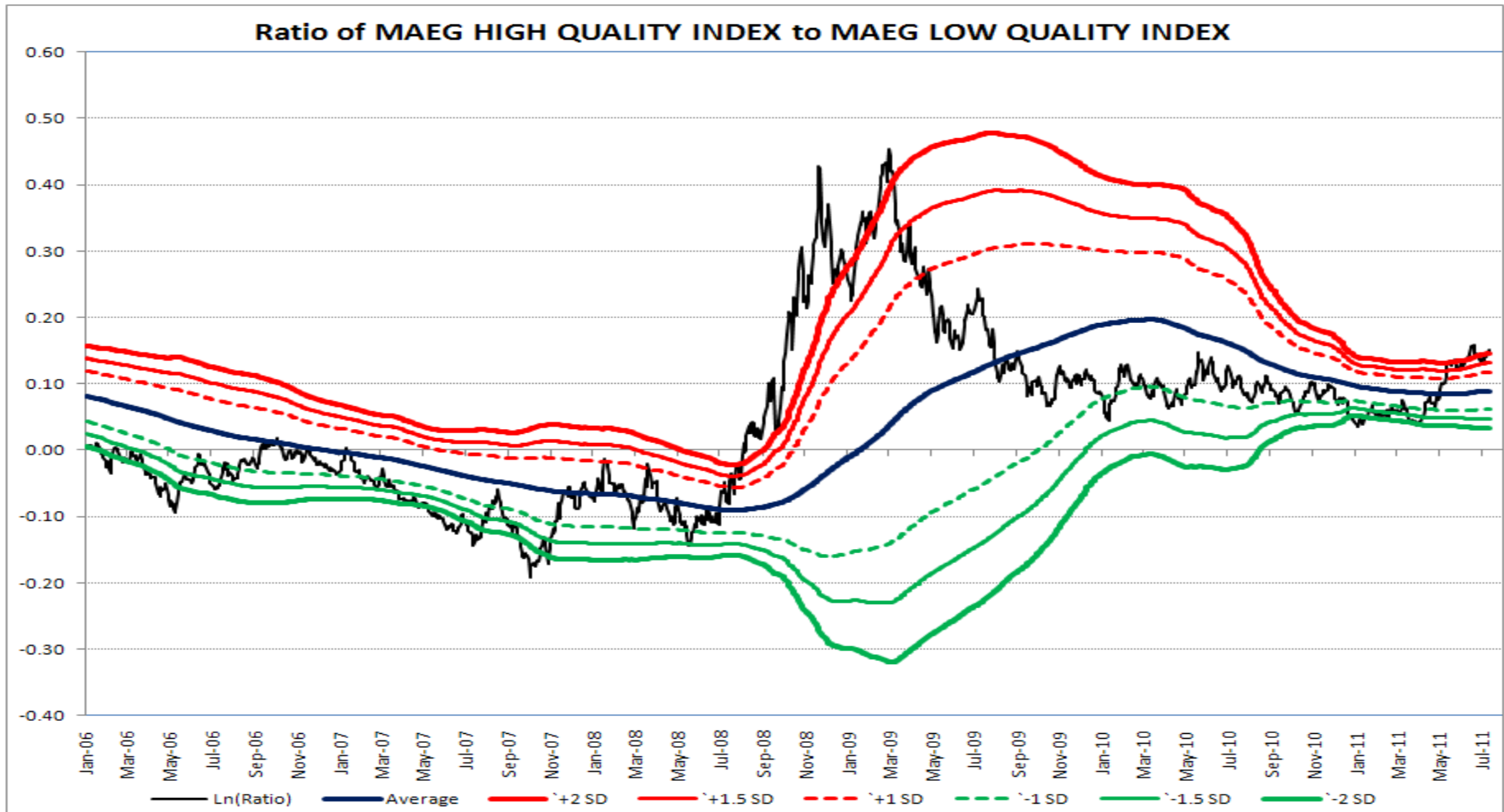
<p>GR1 (16) Coverage in A #1, A# 2 MS</p>	<p>GR2 ( 14) Coverage in D # SECTOR</p>	<p>GR3 (10) Coverage in C # COMMODITY</p>
<p><u><b>BROADER IDX</b></u></p> <ul style="list-style-type: none"> <li>• SPY</li> <li>• DOW</li> <li>• QQQQ</li> <li>• IWM (Small Cap)</li> <li>• IYT ( Transports)</li> </ul> <p><u><b>BOND IDX</b></u></p> <ul style="list-style-type: none"> <li>• TLT ( Bonds)</li> <li>• MUB ( Muni).</li> <li>• JNK ( Junk)</li> </ul> <p><u><b>COUNTRY IDX</b></u></p> <ul style="list-style-type: none"> <li>• EEM (Emerg.)</li> <li>• EZU (Europe)</li> <li>• EWH ( HK)</li> <li>• EWA (Aust)</li> <li>• EWJ (Japan)</li> <li>• FXI (China)</li> <li>• RSX ( Russia)</li> <li>• IFN (India)</li> </ul>	<p><u><b>SECTORS IDX</b></u></p> <ul style="list-style-type: none"> <li>• RTH ( Retail)</li> <li>• XLF ( Financials)</li> <li>• XLV ( Health )</li> <li>• XLB ( Materials)</li> <li>• XLE (Energy)</li> <li>• XLK (Tech)</li> <li>• XLI ( Industrial)</li> <li>• XLU ( Utility)</li> <li>• XLP ( Staples)</li> <li>• XLY ( Discretionary)</li> <li>• XHB ( Home Builders)</li> <li>• SMH ( Sem.)</li> <li>• BBH ( Biotech)</li> <li>• IYR (Real Estate)</li> </ul>	<p><u><b>COMMODITY IDX</b></u></p> <ul style="list-style-type: none"> <li>• DBC ( Commodity)</li> <li>• GLD (Gold)</li> <li>• SLV (Silver)</li> <li>• GDX (Miners)</li> <li>• USO (Oil)</li> <li>• JJC (Copper)</li> <li>• DBA ( Agro)</li> <li>• DBB ( Base metal)</li> <li>• UNG ( Natural Gas)</li> <li>• SLX ( Steel)</li> </ul>

Highlighted above are covered in Today's Report

- 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



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

<u>SETUP # 1</u> <u>(10 of 40)</u>	<u>% away from</u> <u>Gold .Cross</u>	<u>SETUP # 2</u> <u>(25 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>
TLT	24.91%	SPY	-9.59%				
XLV	6.04%	QQQ	-1.11%				
XLU	12.05%	IWM	-16.04%				
XLP	11.15%	EEM	-20.02%				
XLY	15.02%	EWJ	-9.13%				
BBH	3.83%	RSX	-23.74%				
IYR	61.59%	IFN	-19.84%				
DBC	21.77%	EWA	-17.78%				
GLD	107.02%	XLF	-24.11%				
GDX	10.83%	RTH	-1.48%				
		XLB	-16.19%				
		XLE	-13.67%				
		XLK	-4.89%				
		XLI	-16.28%				
		XHB	-21.53%				
		SMH	-11.09%				
		IYT	-16.90%				
		DBA	-5.15%				
		DBB	-25.43%				
		USO	-16.02%				
		JJC	-12.73%				
		SLX	-31.69%				
		JNK	-5.81%				
		EZU	-27.68%				
		RSX	-23.74%				

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

**On Long side SD -2**

**XLFX, EZU, XLI, XHB, FXI, EEM, RSX (ST)**

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

**On Short Side SD +2**

***XLK (ST)***

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

**Reversion to Mean – NONE**

**CRITERIA - Either SD # to Mean OR POM 13 Qualified OR CZ at mean**

# SECTOR SELECTION PROCESS - SD # 1.5 / 2.0 -

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

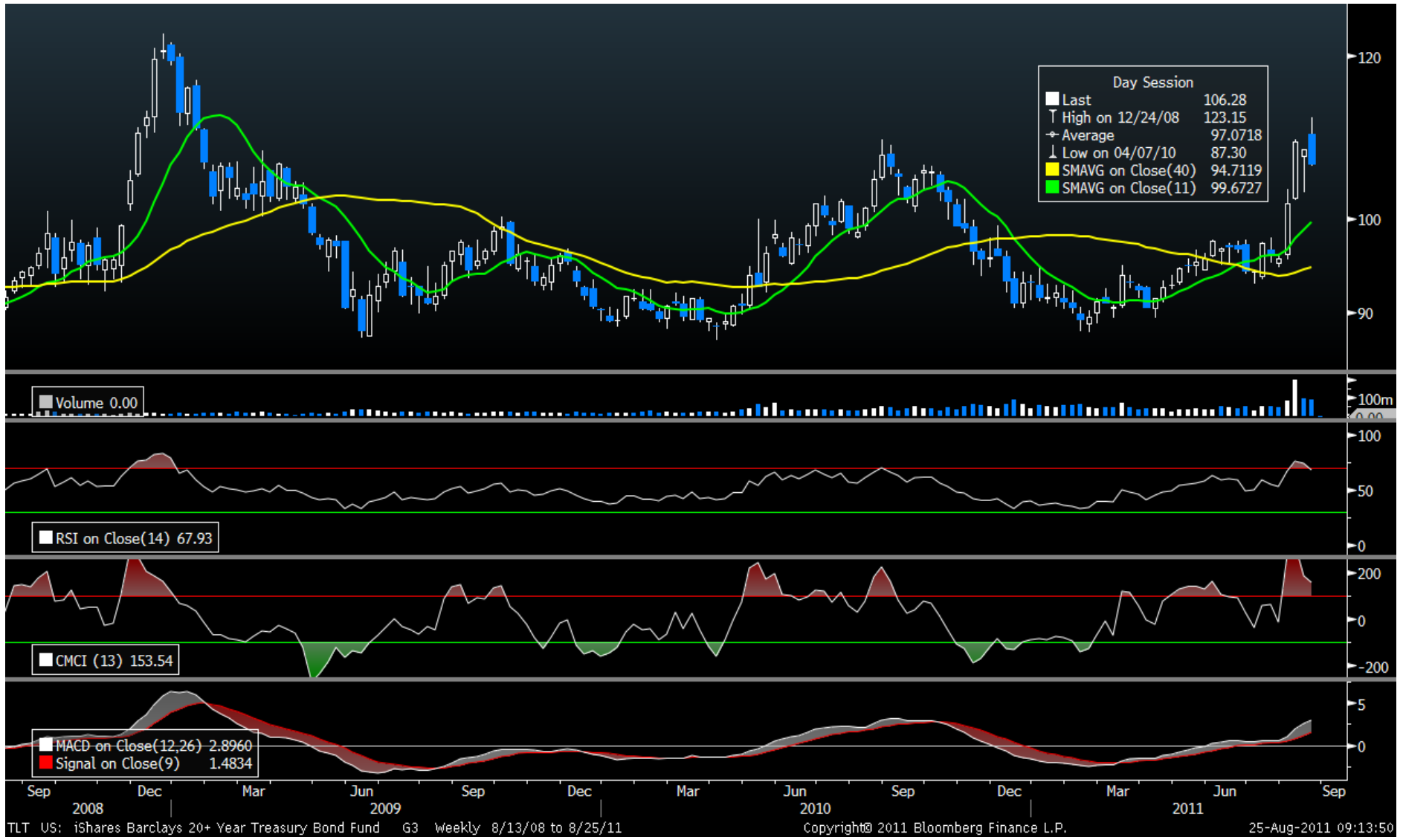
Sector	Indicator	Distance in SD	Target Exit & Reversion to mean	Last Price	3X3 / 9EMA	Comments
<b>Gr 1</b>						
SPY		-1.29	0.09	116.63	\$ 119.14	
QQQ (PREVIOUS)	Above +2 SD (ST)	3.33	0.04	55.38	\$ 55.61	
IWM	Below -1.5 SD (ST)	-1.94	0.06	66.59	\$ 69.42	
TLT	Above +1.5 SD (ST)	1.91	0.09	118.66	\$ 113.72	
EWJ		-0.68	0.01	9.46	\$ 9.52	
FXI (PREVIOUS)	Below -2.0 SD (ST)	-2.59	0.04	33.67	\$ 35.46	
IFN		-1.37	0.03	25.25	\$ 25.85	
EEM (New)	Below -2.0 SD (ST)	-2.93	0.04	37.59	\$ 39.42	New
EZU (PREVIOUS)	Below -2.0 SD (ST)	-3.66	0.03	27.12	\$ 27.74	
RSX (New)	Below -2.0 SD (ST)	-3.00	0.03	28.98	\$ 30.43	New
<b>Gr 2</b>						
XLV		1.48	0.03	32.12	\$ 32.55	
XLF (PREVIOUS)	Below - 2.0 SD (ST)	-2.93	0.01	11.90	\$ 12.50	
XLU	Above + 1.5 SD (ST)	1.84	0.03	33.65	\$ 33.63	
XLE		0.12	0.05	62.89	\$ 65.48	
XLI (PREVIOUS)	Below -2.0 SD (ST)	-2.58	0.03	30.14	\$ 31.17	
XLK (PREVIOUS)	Above +2.0 SD (ST)	3.20	0.02	24.49	\$ 24.54	
XLP	Above +1.5 SD (ST)	1.92	0.02	30.01	\$ 30.44	
XHB (PREVIOUS)	Below -2.0 SD (ST)	-2.35	0.01	13.81	\$ 14.27	
<b>Gr 3</b>						
JJC		-0.28	0.04	48.00	\$ 49.80	
SLV ( PREVIOUS)	Above + 2.0 SD (LT)	1.53	0.02	38.56	\$ 38.69	Not Qualified by CRB Ratio
BBH	Above +1.5 SD (ST)	1.58	0.09	100.02	\$ 100.06	
DBA		1.08	0.02	31.11	\$ 32.03	Not Qualified by CRB Ratio
DBC	Above +1.5 SD (ST)	1.51	0.02	28.02	\$ 28.66	Not Qualified by CRB Ratio
DBB		-0.58	0.02	20.88	\$ 21.58	
SLX (PREVIOUS)	Below -2.0 SD (ST)	-3.77	0.06	47.82	\$ 51.12	Not Qualified by CRB Ratio
IYT (PREVIOUS)	Below -2.0 SD (ST)	-3.35	0.07	77.33	\$ 81.46	
GLD (PREVIOUS)	Above +2.0 SD (ST)	2.71	0.11	173.59	\$ 174.26	Not Qualified by CRB Ratio
GDX (PREVIOUS)	Above +2.0 SD (ST)	2.32	0.05	64.28	\$ 63.57	Not Qualified by CRB Ratio

- 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	Ratio Reverted to Mean

# TLT - ( Special situation )

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

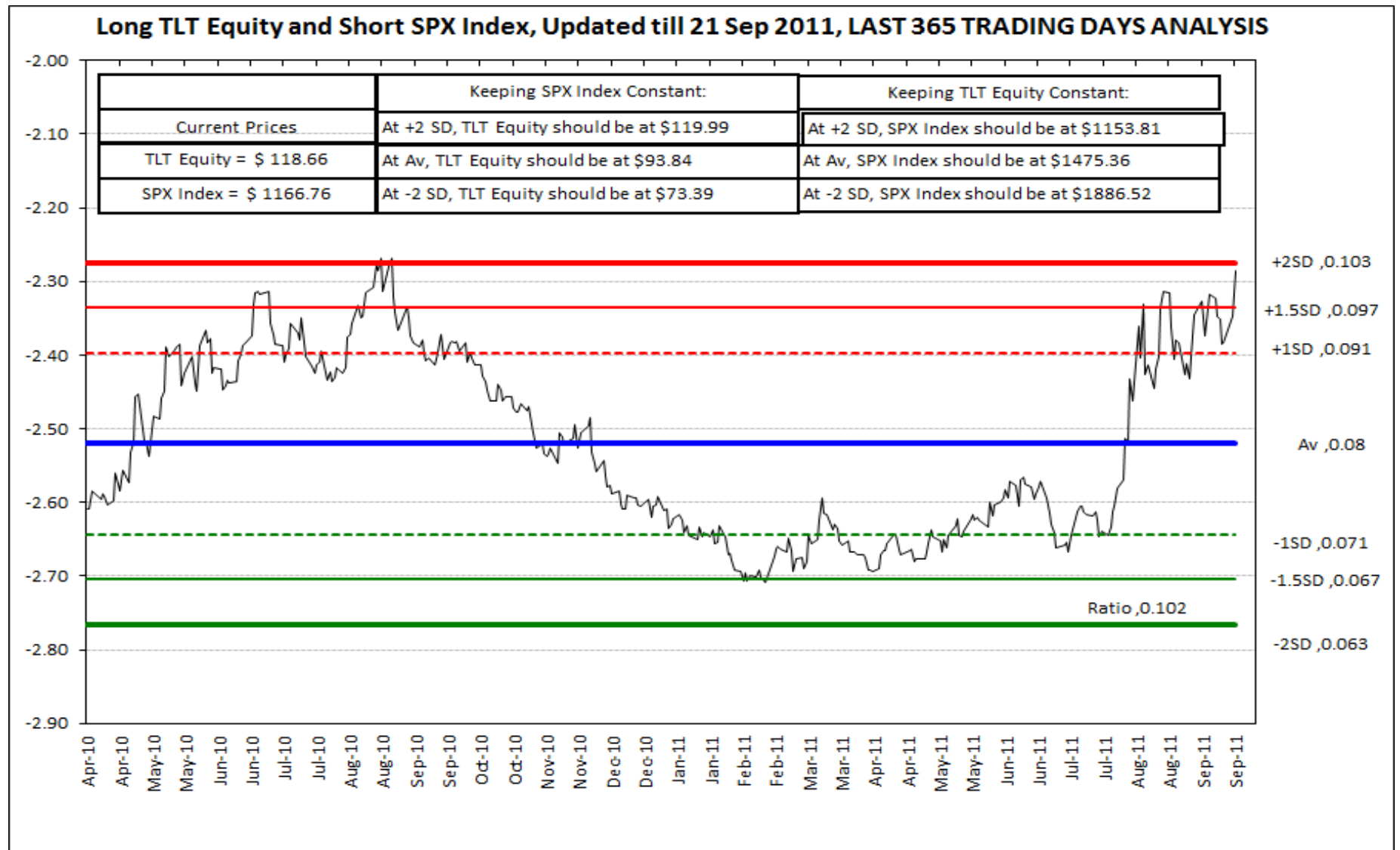


# TLT - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series





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



# TLT Correlation Ratio Analysis with SPX – Full Time basis



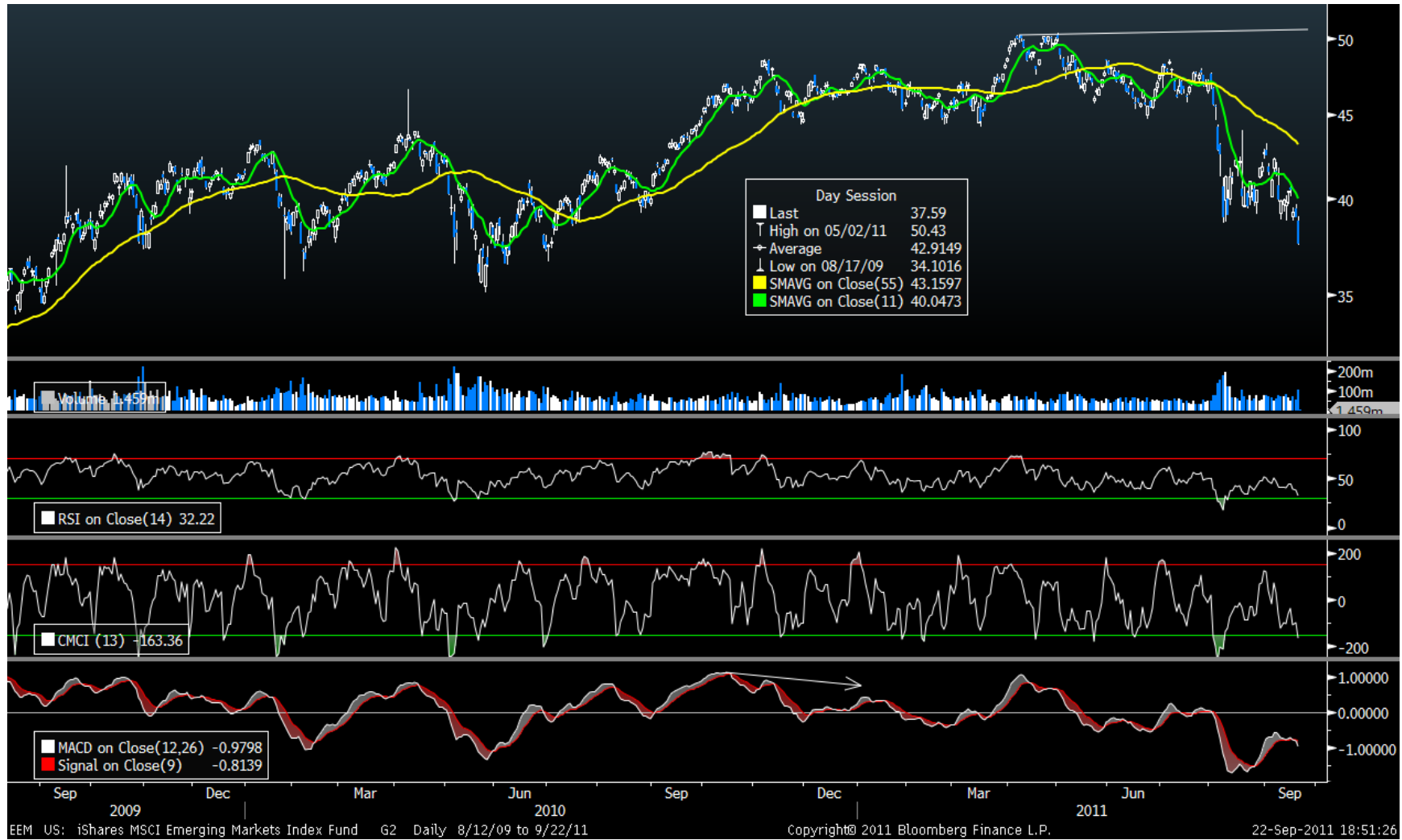
## ETF's Qualified this week for SD # - 2 - Undervalued

- *XLF (ST).*
- *EZU (ST, LT)*
- *XLI (ST)*
- *XHB(ST,LT)*
- *EEM(ST)*
- *RSX(ST)*
- *IYT*
- *FXI(ST, LT)*
-

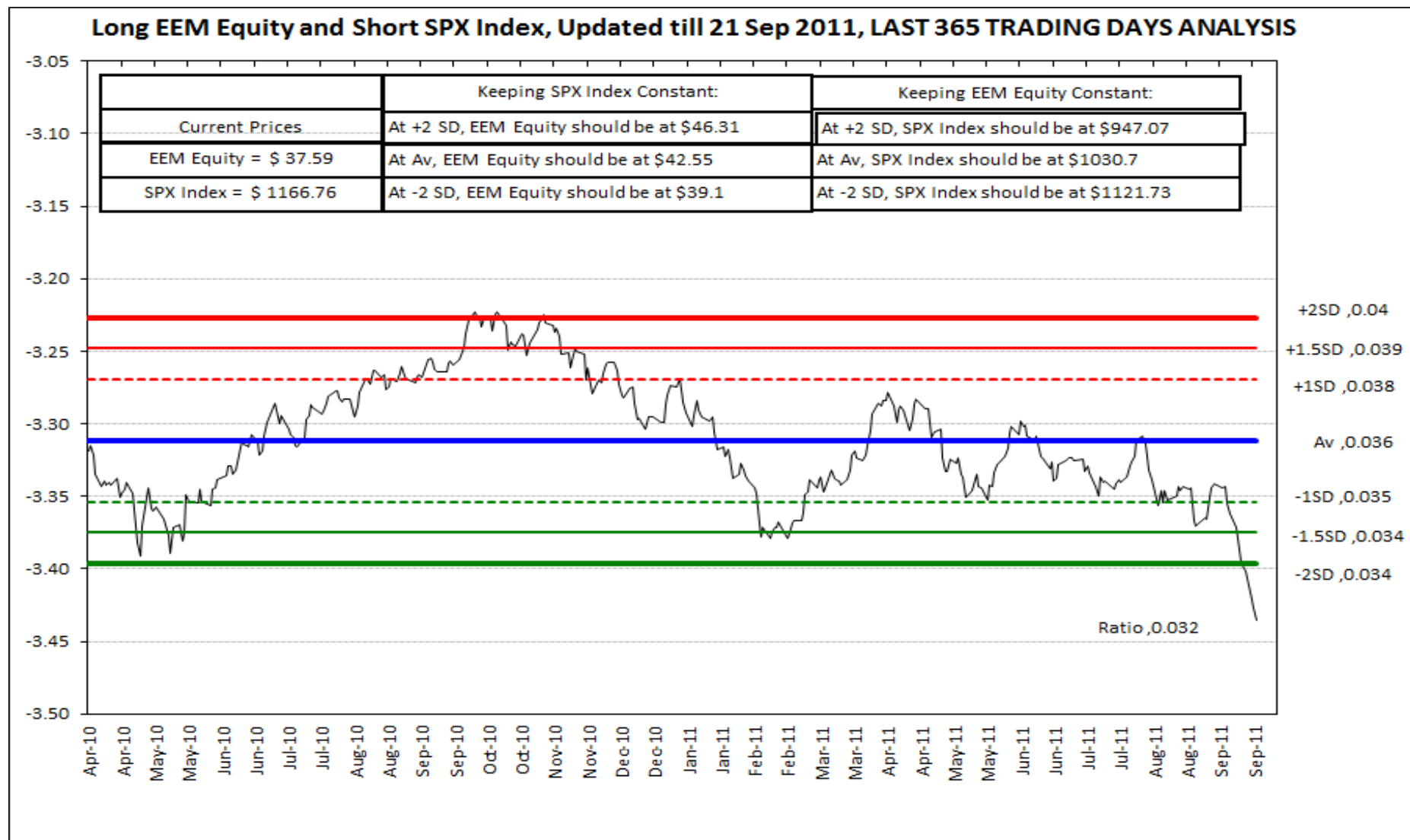
# EEM- Weekly- 3 Year with **11 W / 40 W SMA** with RSI, CCI, MACD & Trend line Channel



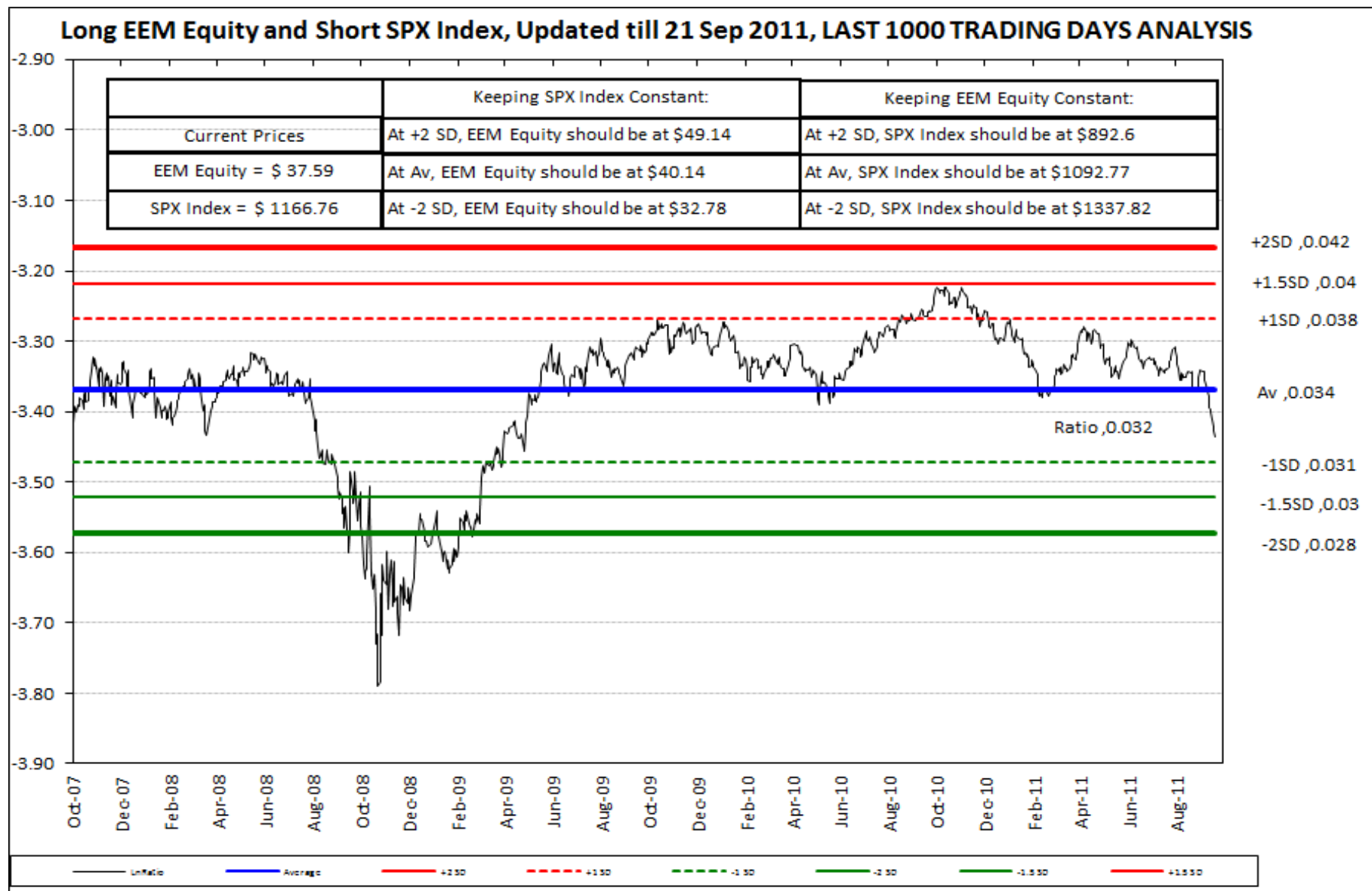
# EEM - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series



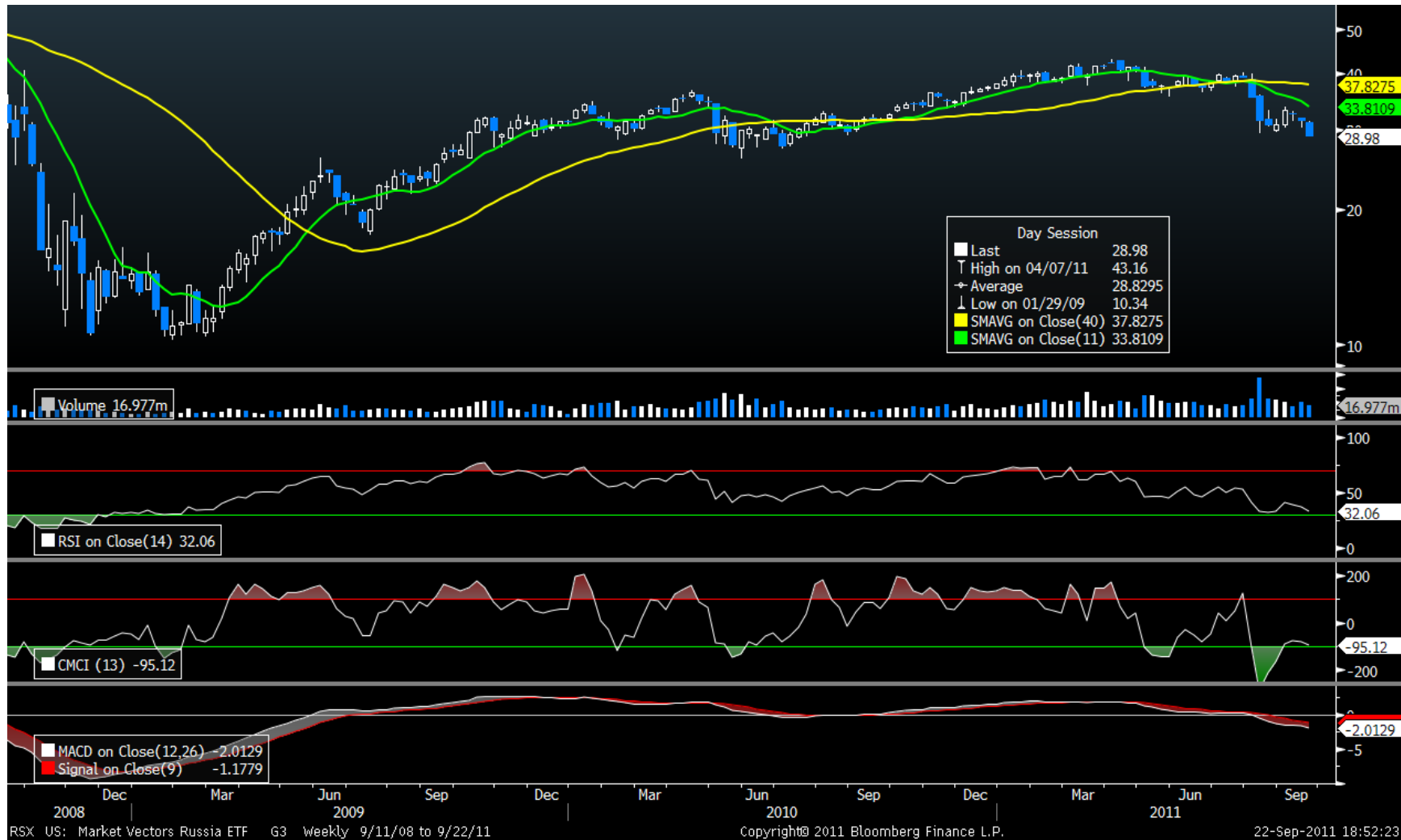
## EEM Correlation Ratio Analysis with SPX – 365 days Time basis



## EEM Correlation Ratio Analysis with SPX – Full Time basis

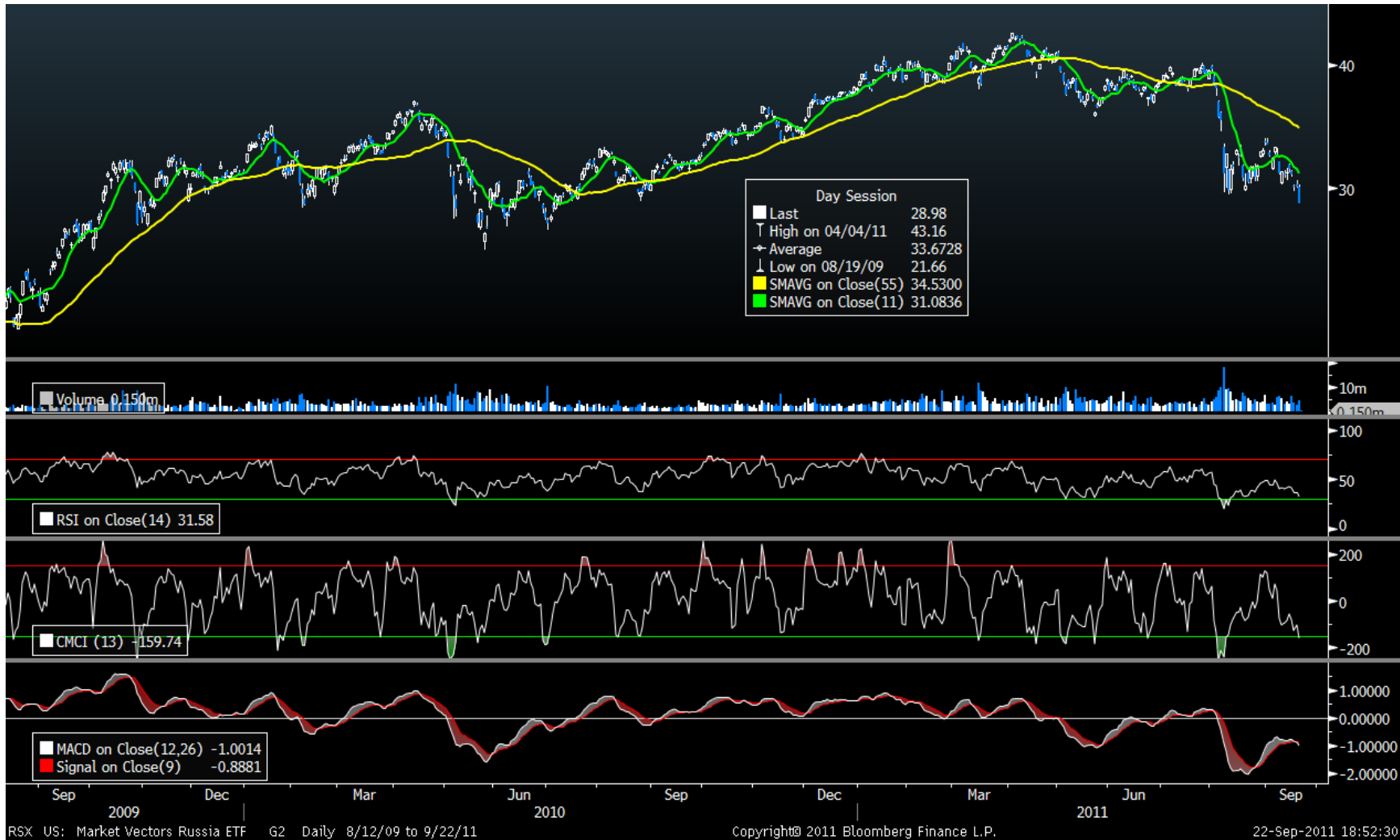


# RSX- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel

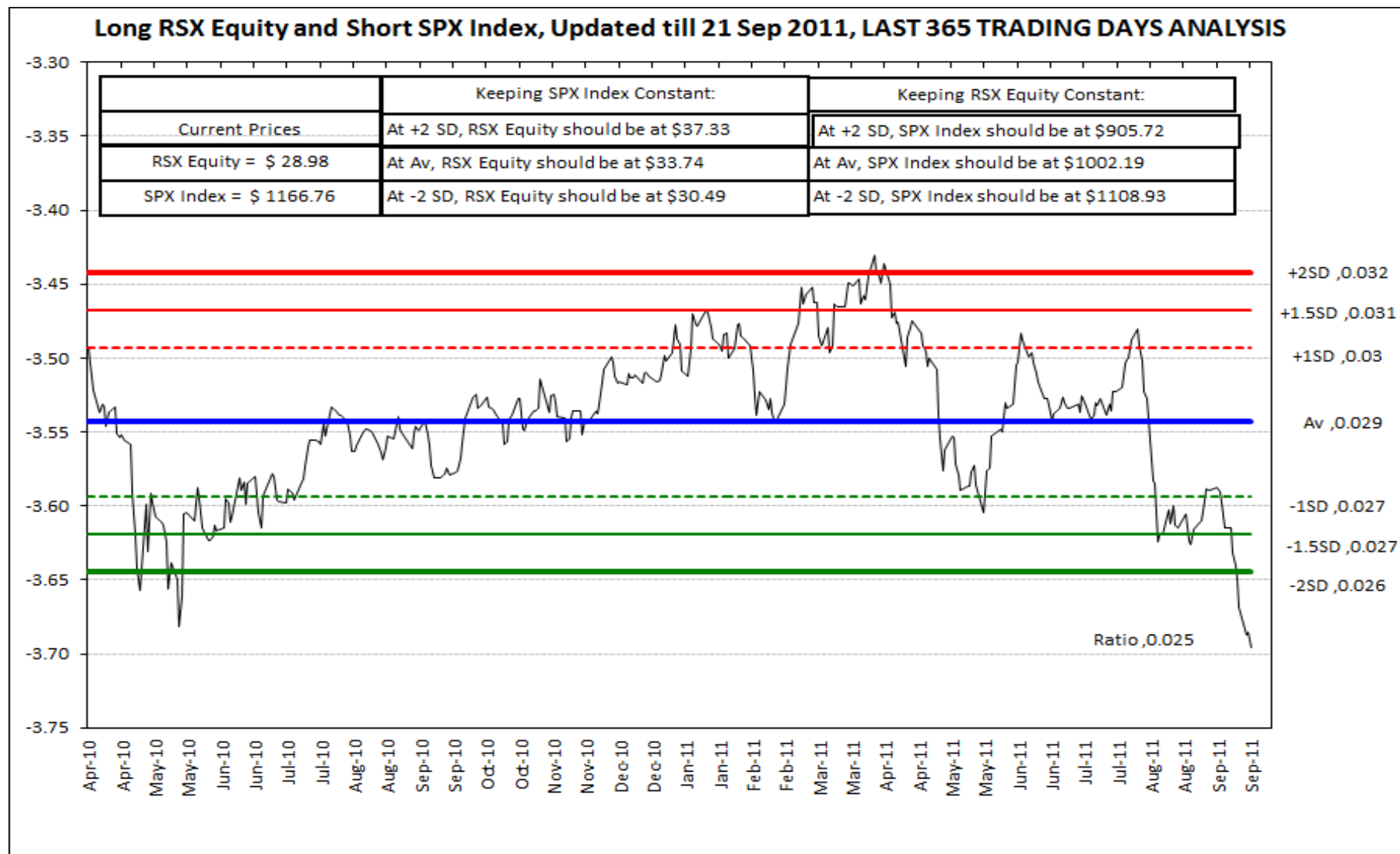




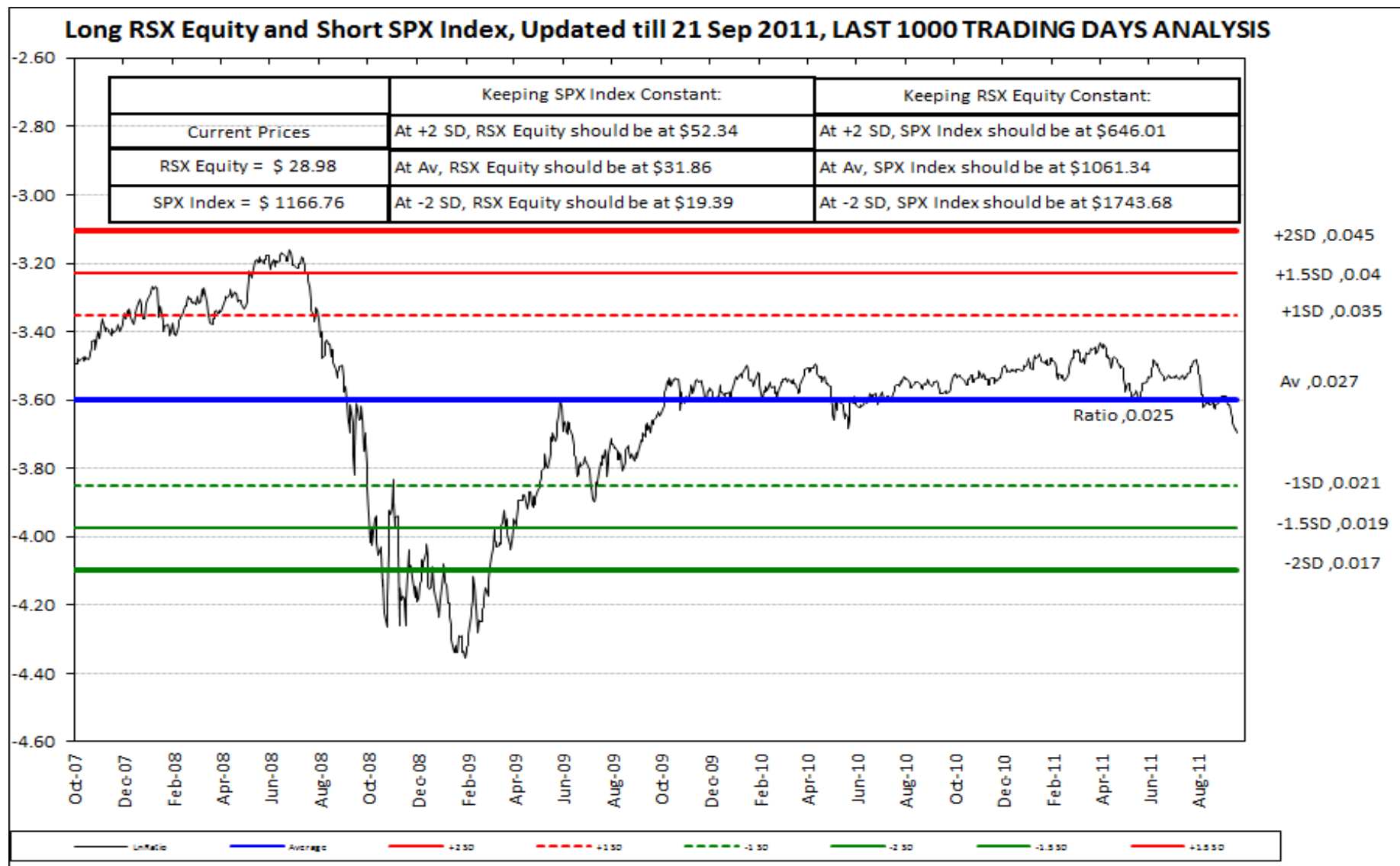
# RSX - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series



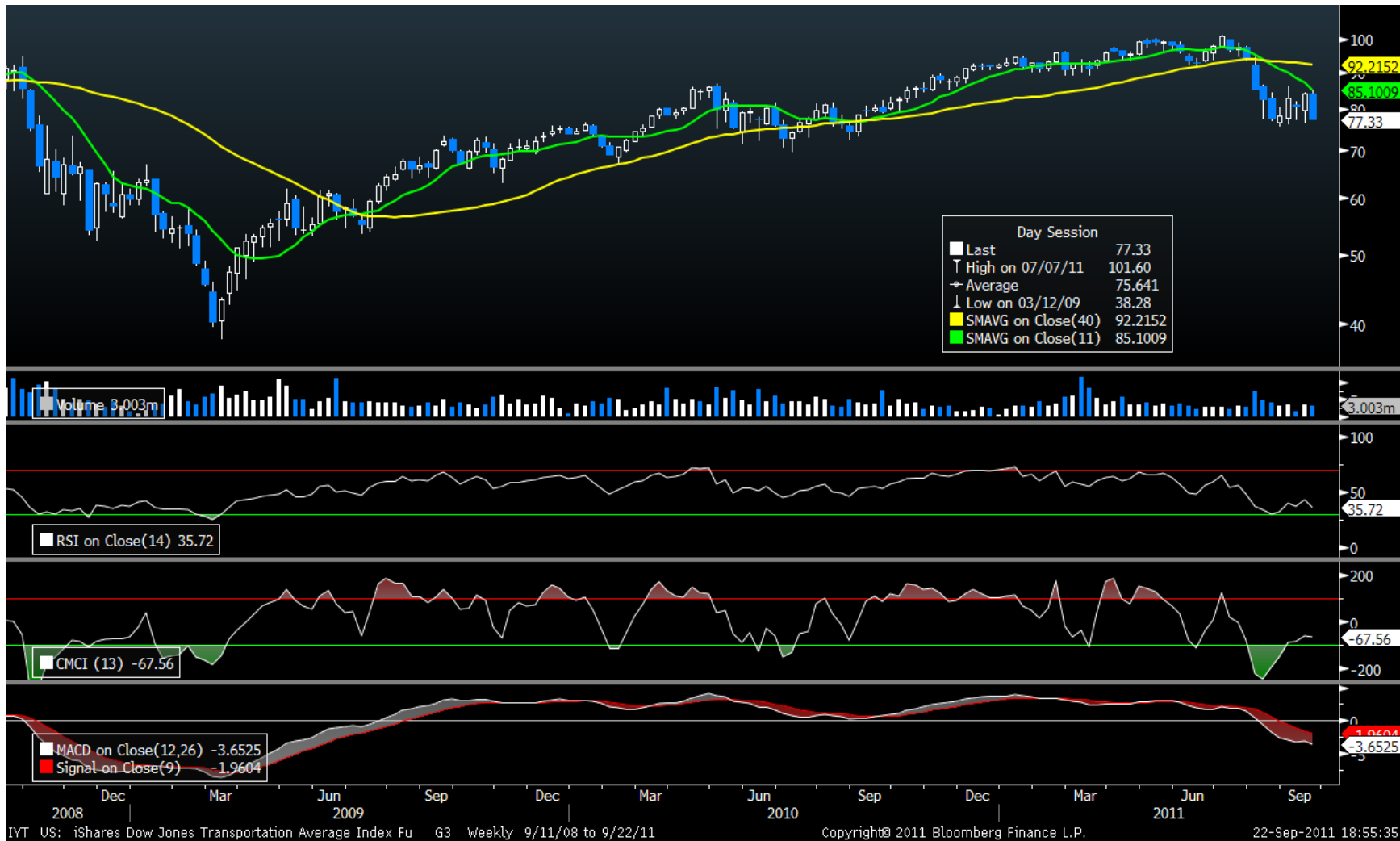
## RSX Correlation Ratio Analysis with SPX – 365 days Time basis



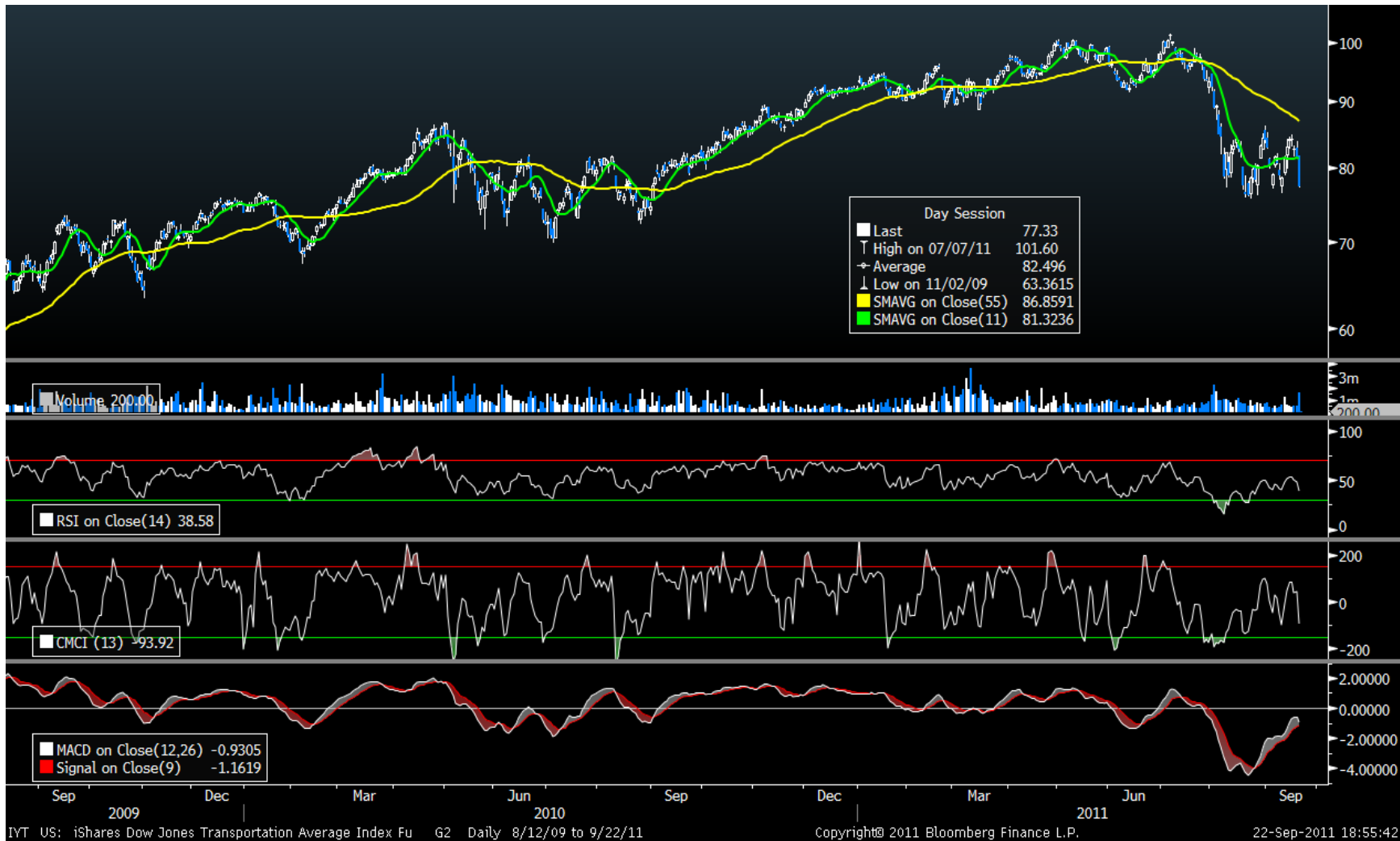
## RSX Correlation Ratio Analysis with SPX – Full Time basis



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

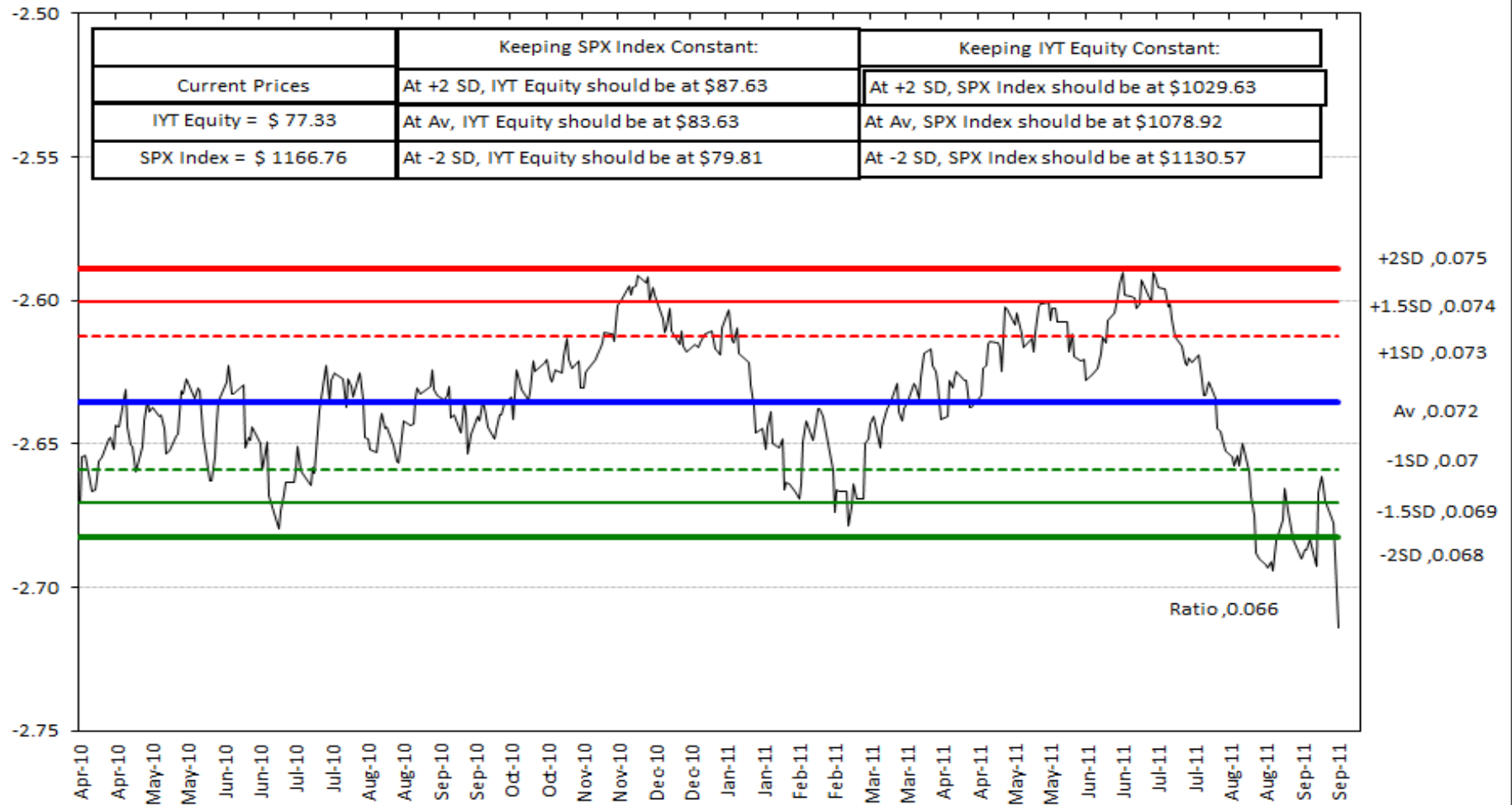


# IYT - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series

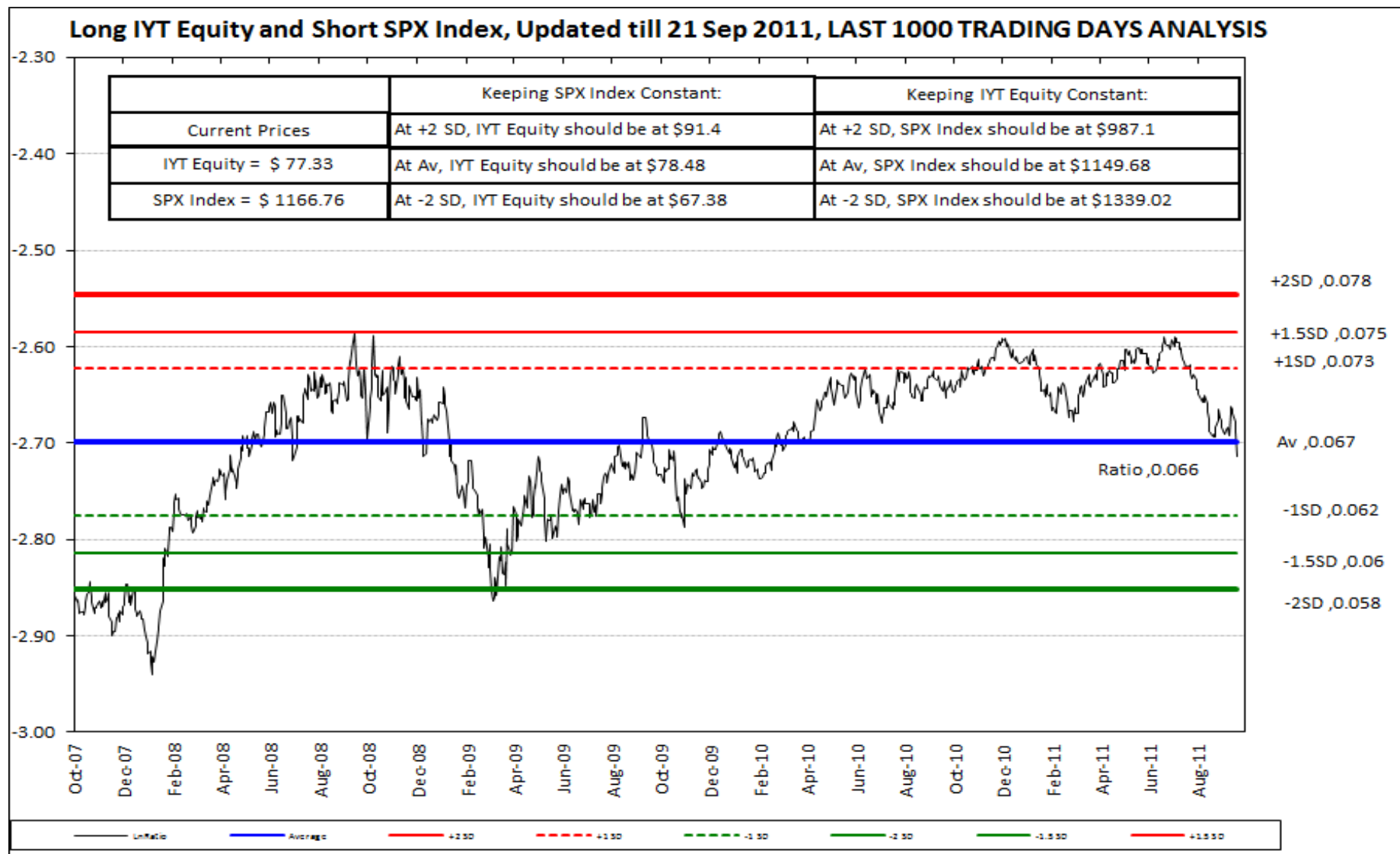


# IYT Correlation Ratio Analysis with SPX – 365 days Time basis

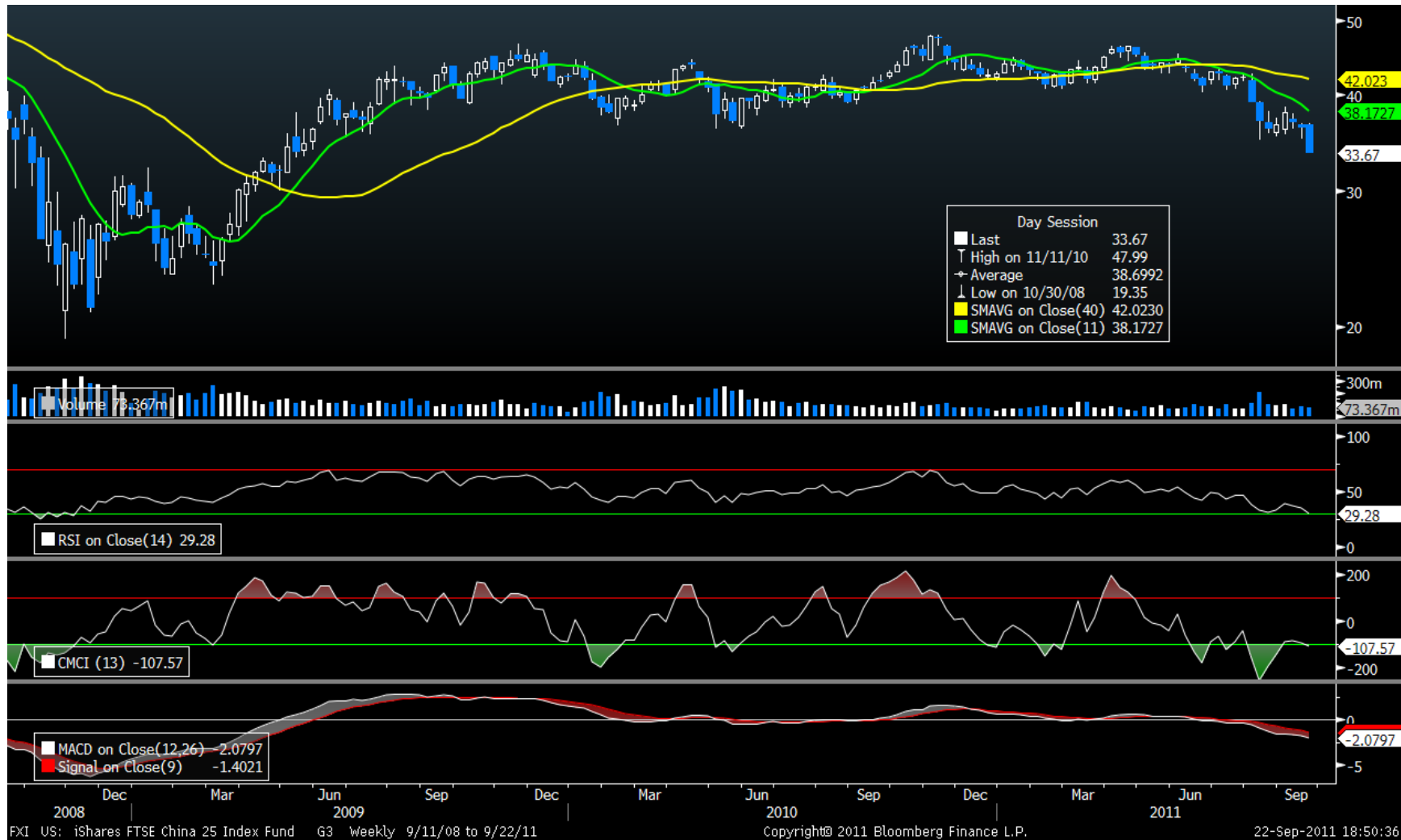
**Long IYT Equity and Short SPX Index, Updated till 21 Sep 2011, LAST 365 TRADING DAYS ANALYSIS**



## IYT Correlation Ratio Analysis with SPX – Full Time basis

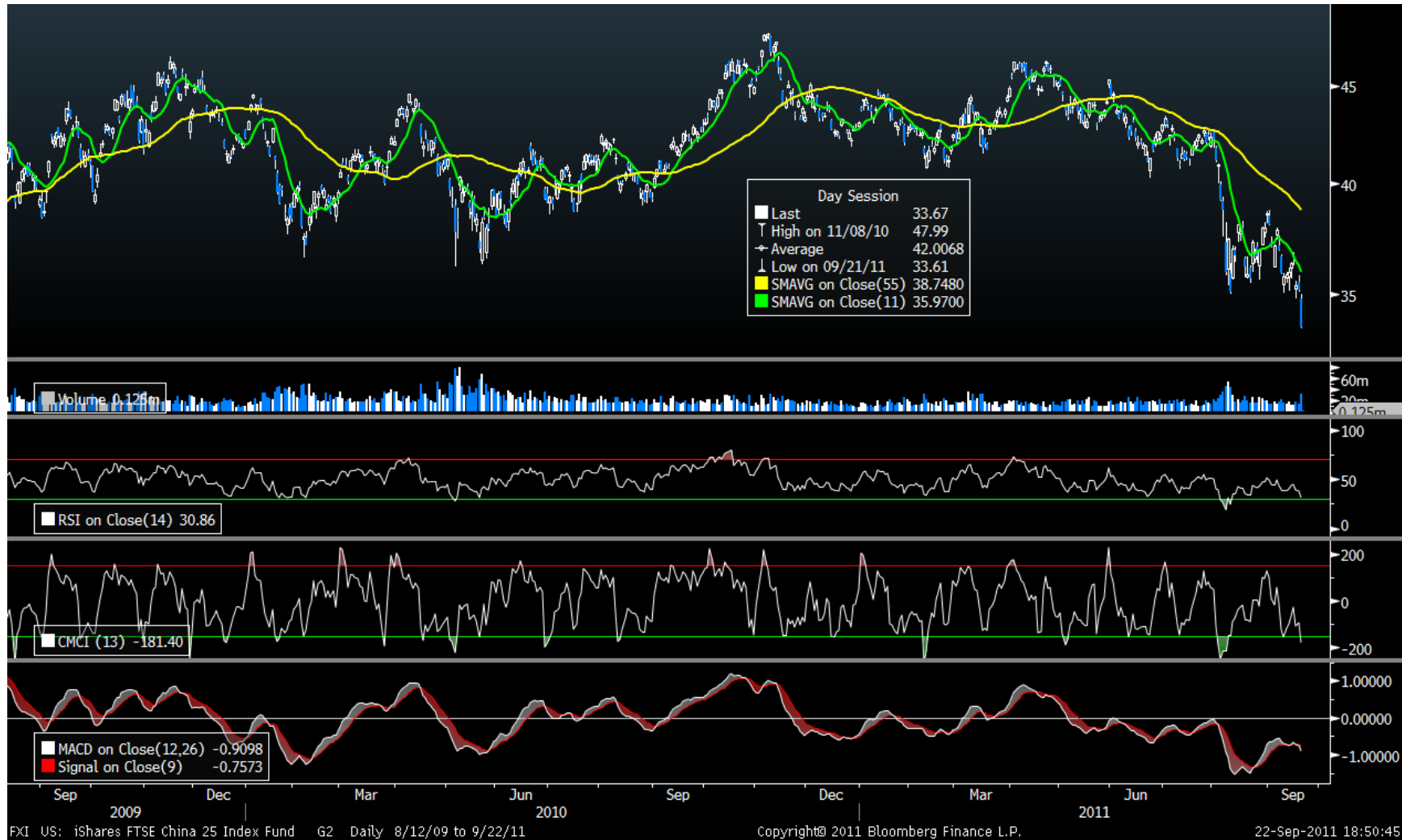


# FXI- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel

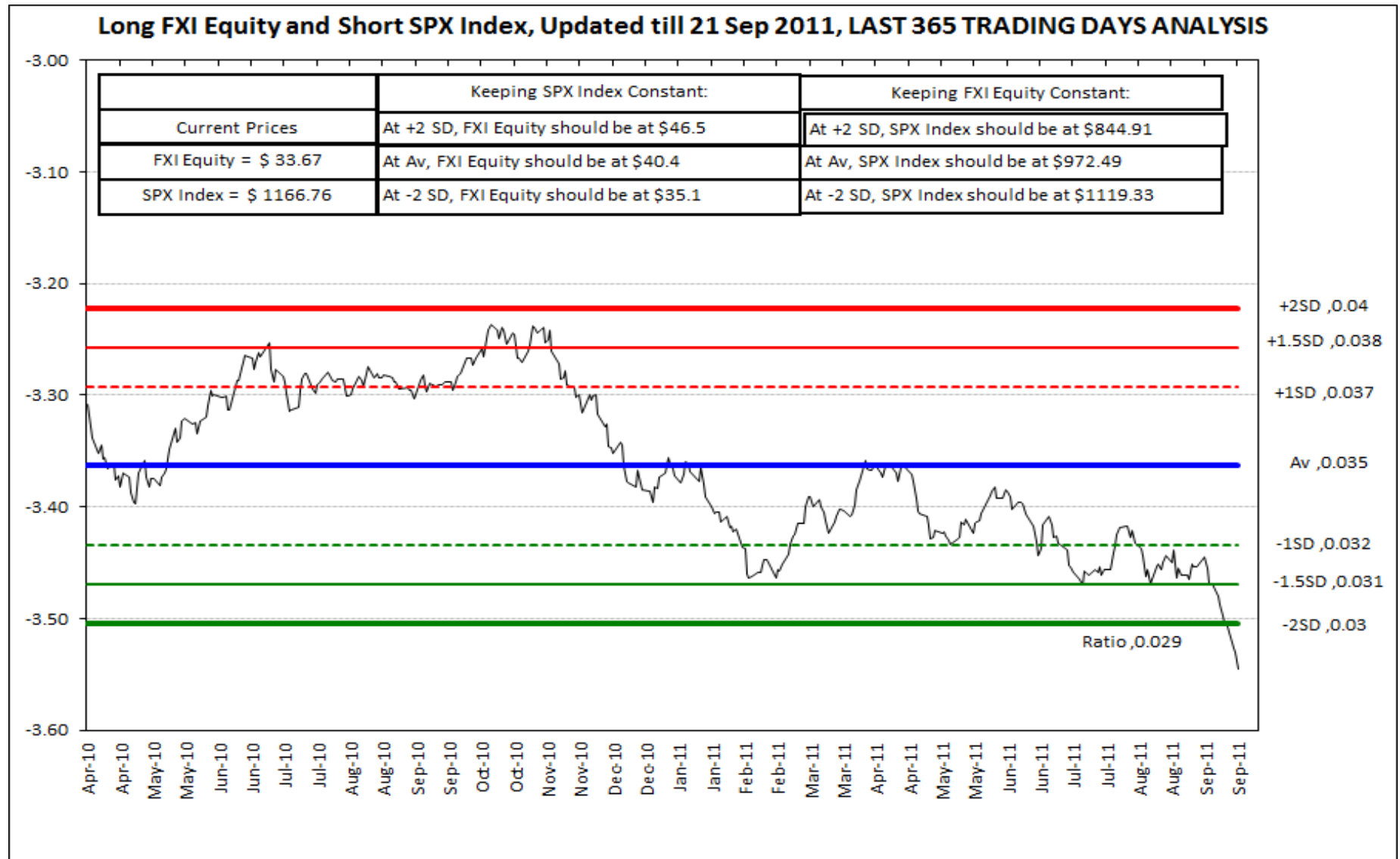




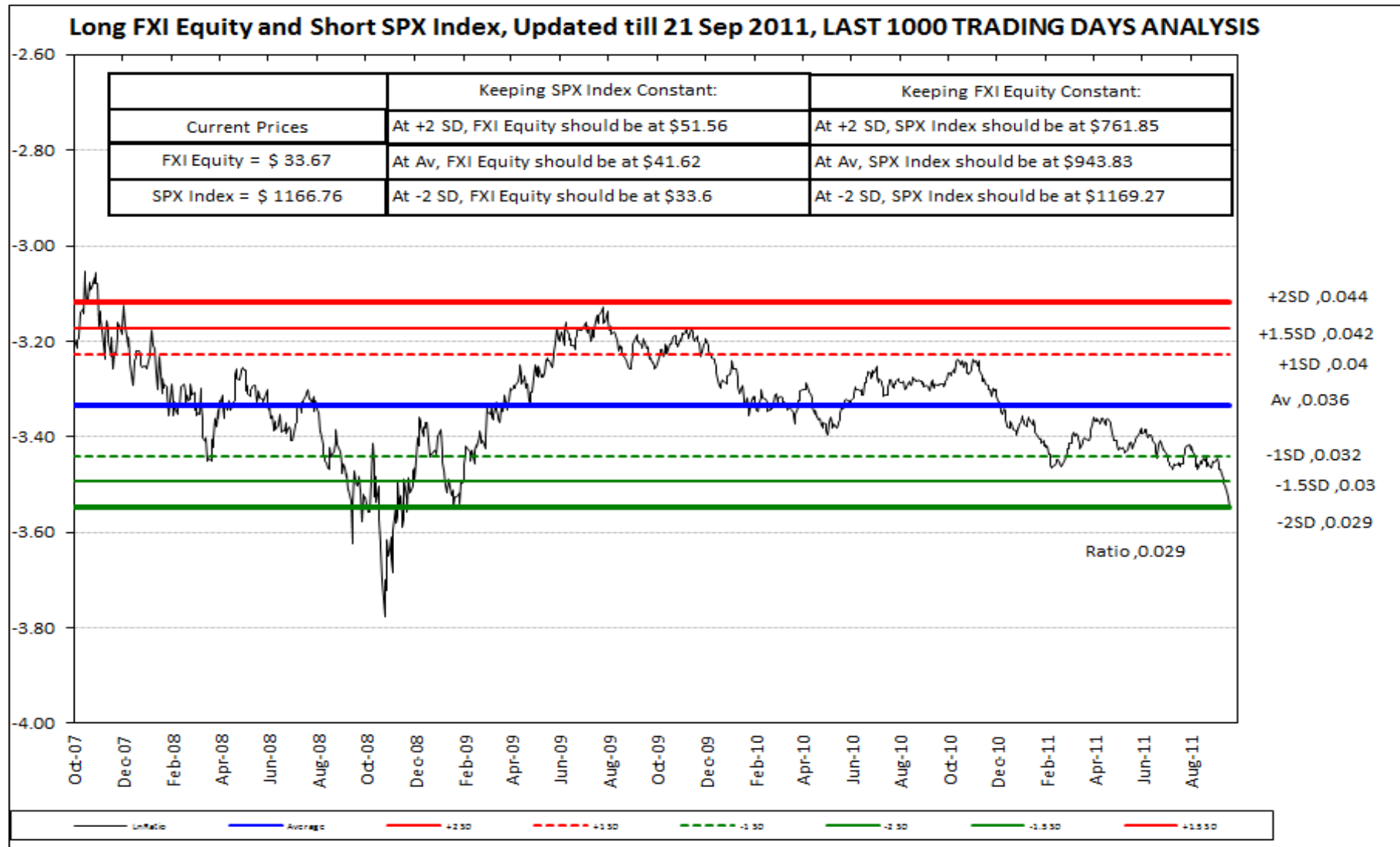
# FXI - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series



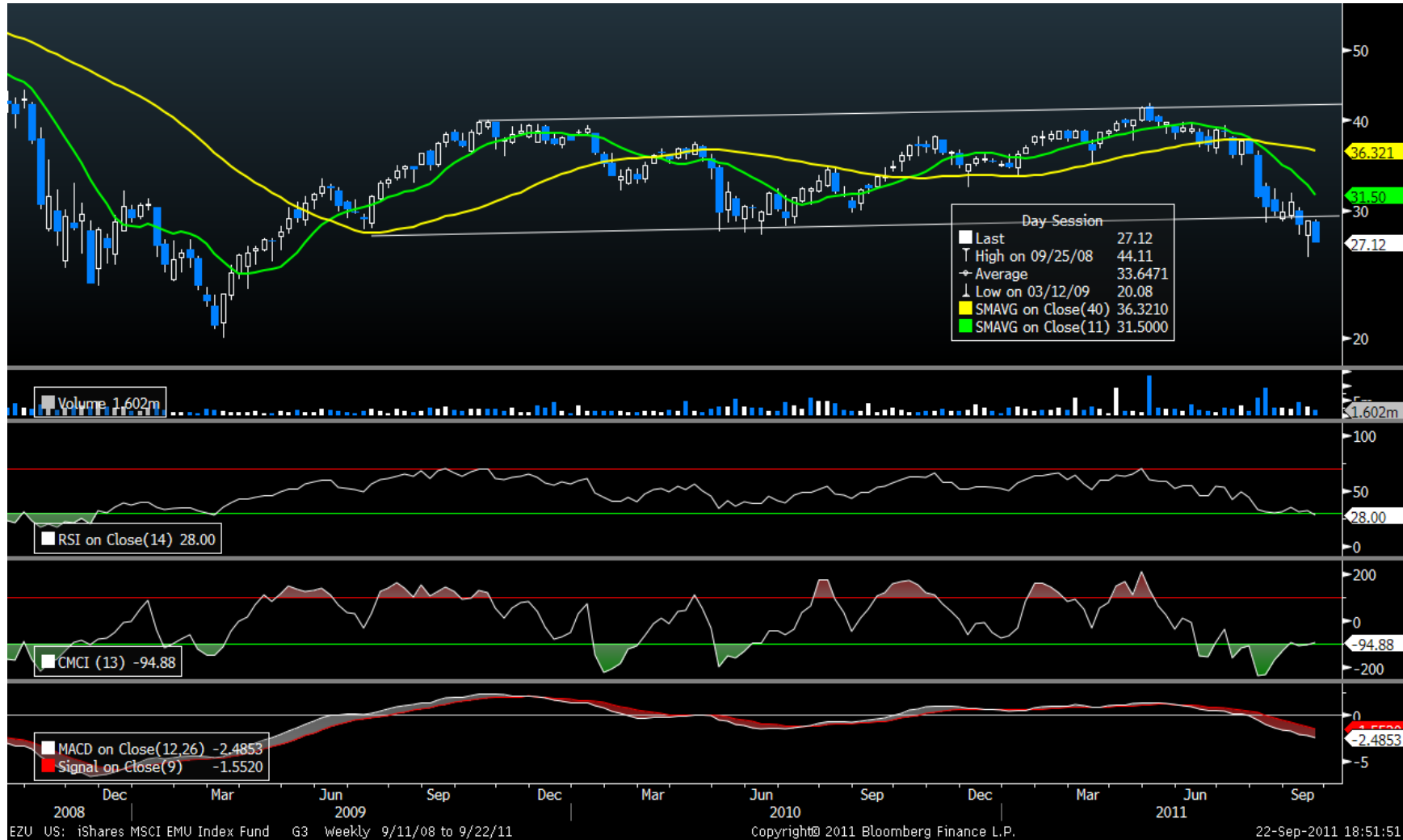
## FXI Correlation Ratio Analysis with SPX – 365 days Time basis



# FXI Correlation Ratio Analysis with SPX – Full Time basis



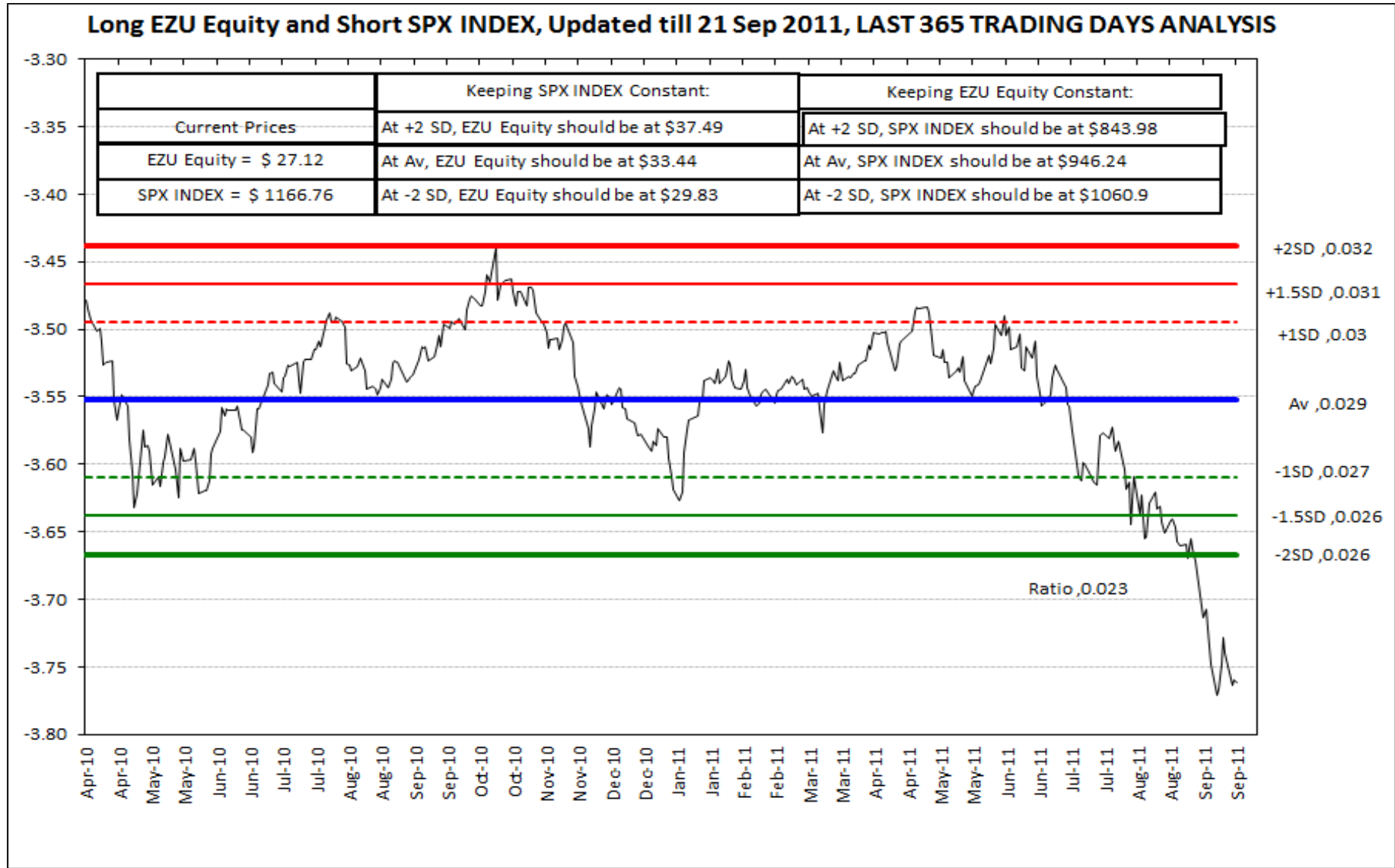
# EZU- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel



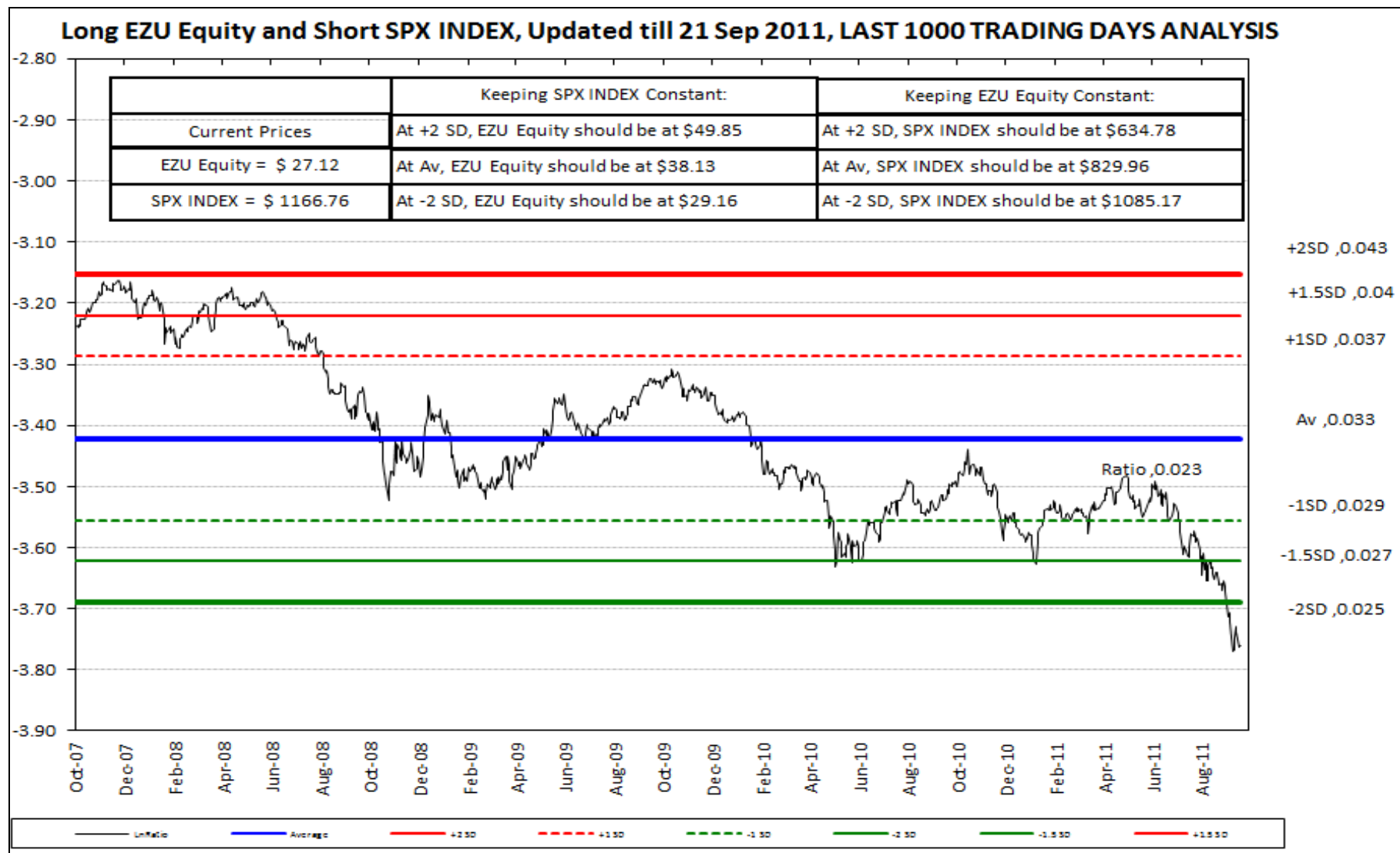
# EZU - Daily - 6 Month 11 D / 55 D SMA with RSI, CCI, MACD Trendline Channel & Fib-Series



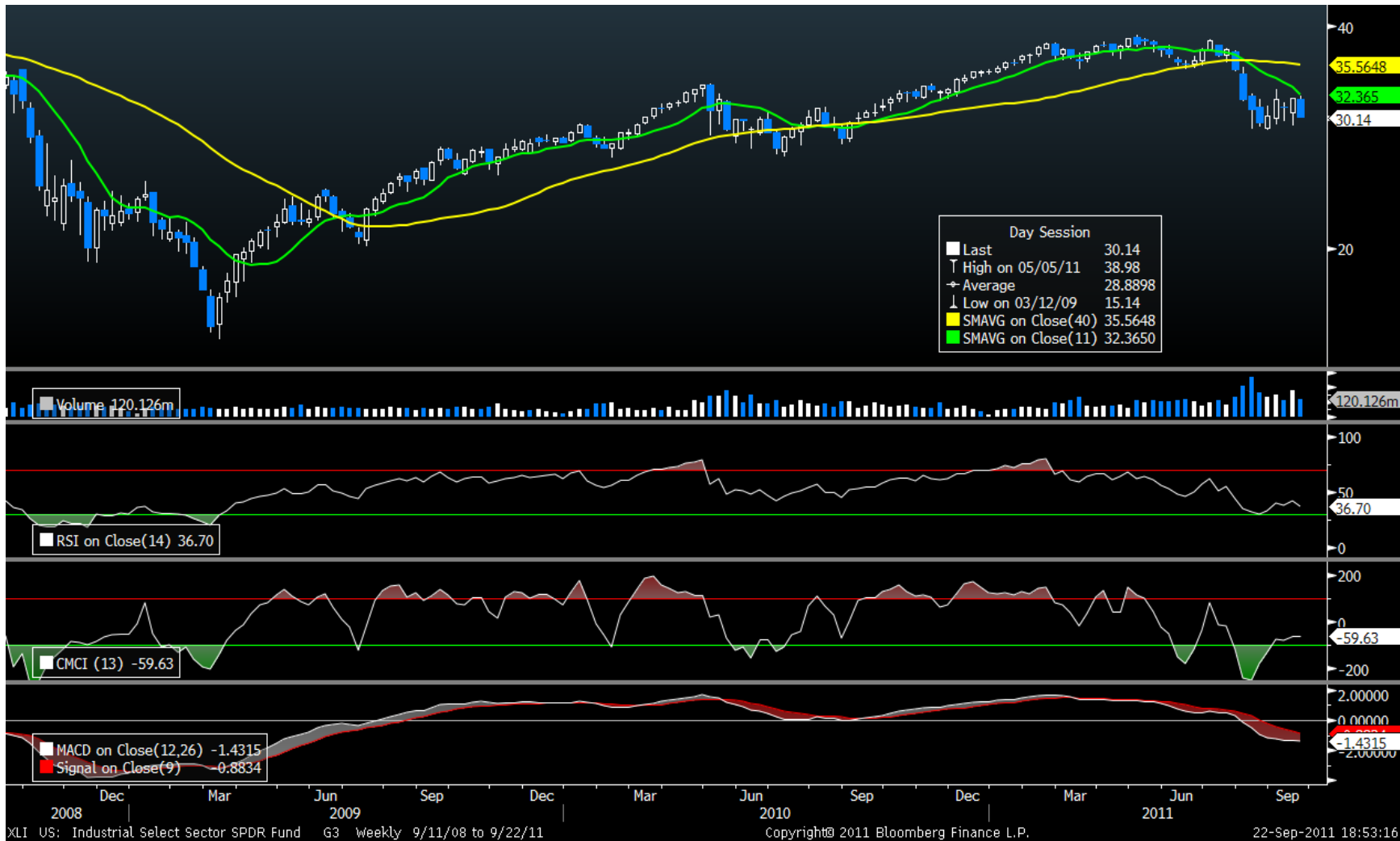
## EZU Correlation Ratio Analysis with SPX – 365 days Time basis



## EZU Correlation Ratio Analysis with SPX – Full Time basis

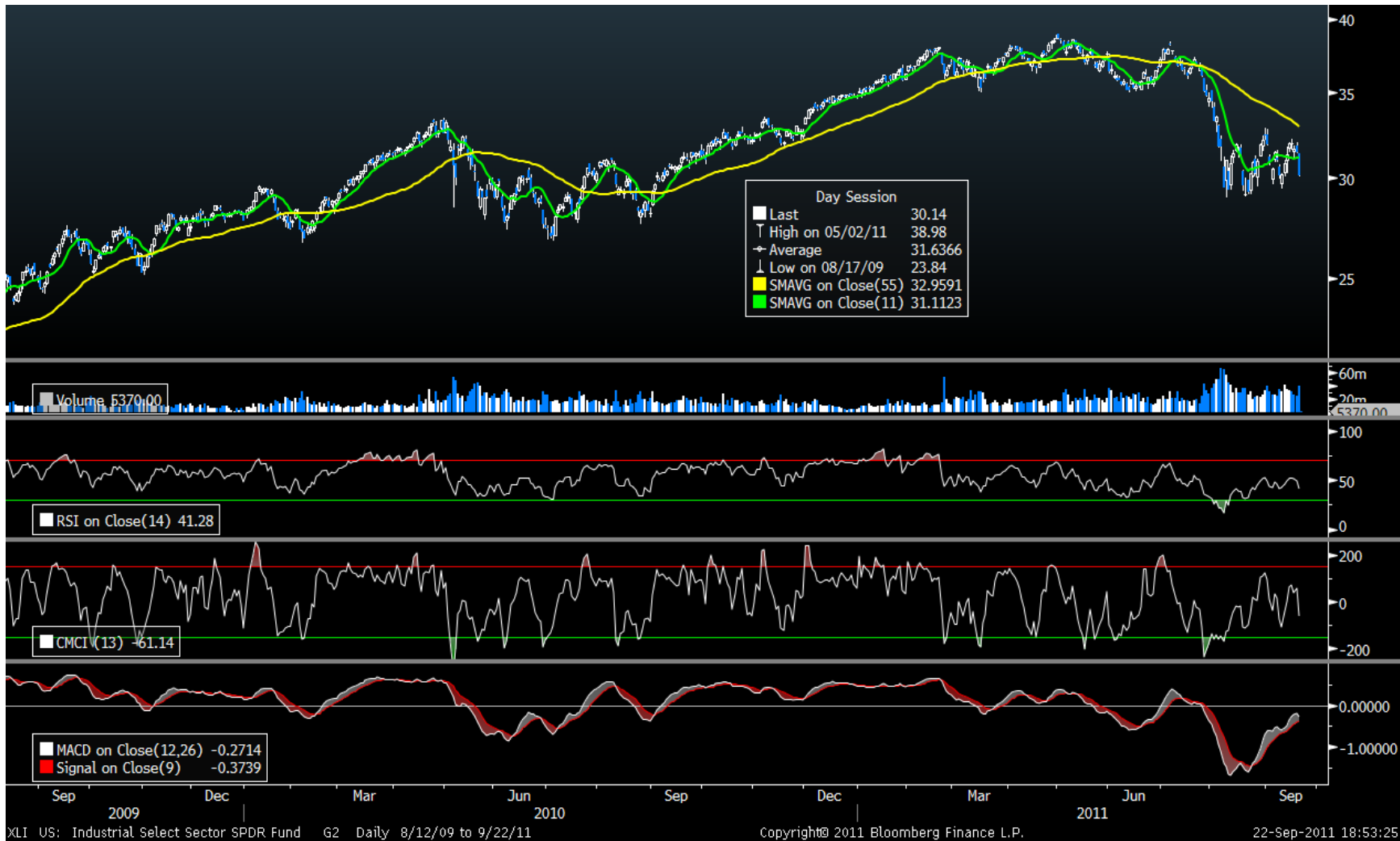


# XLI- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel

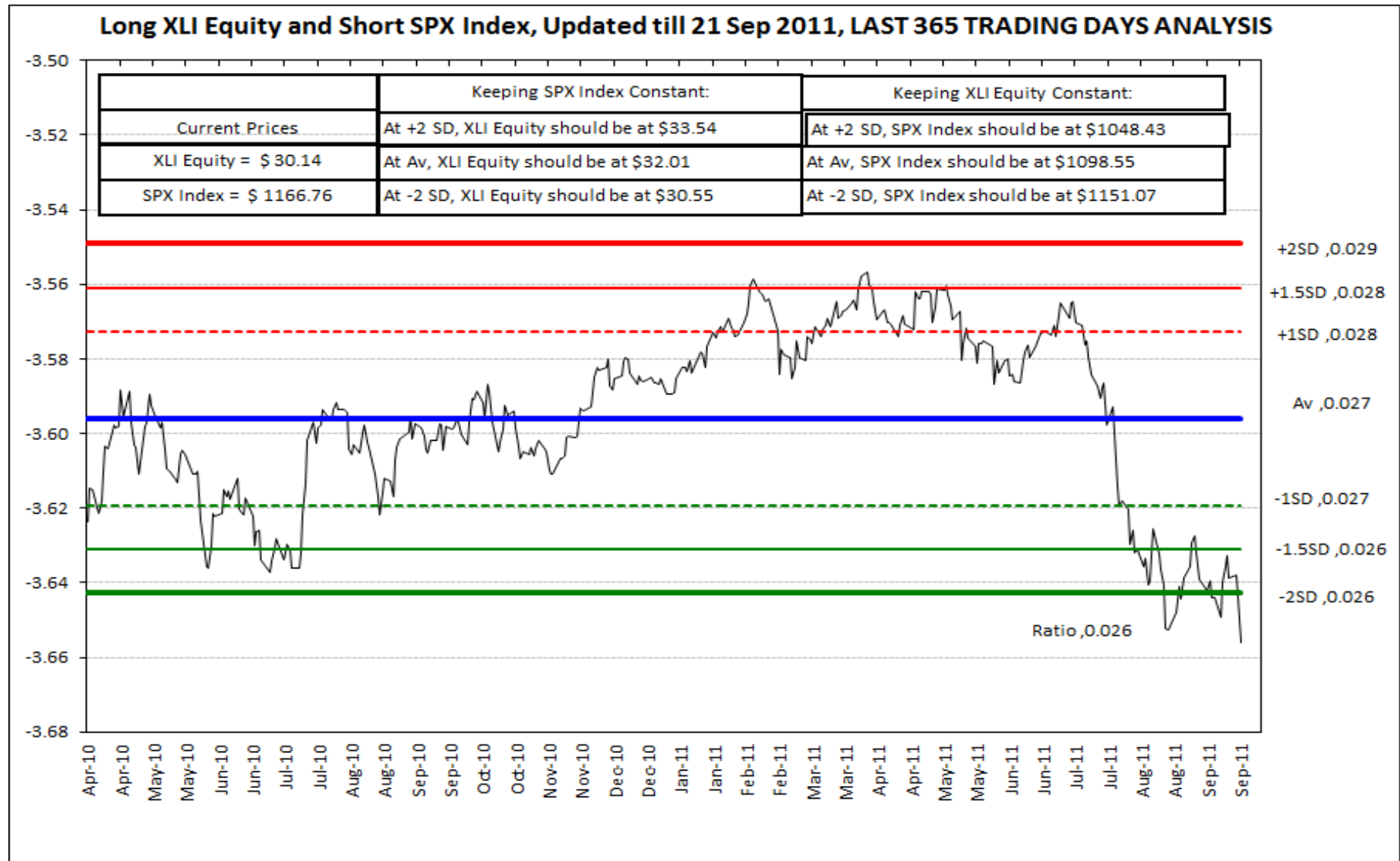




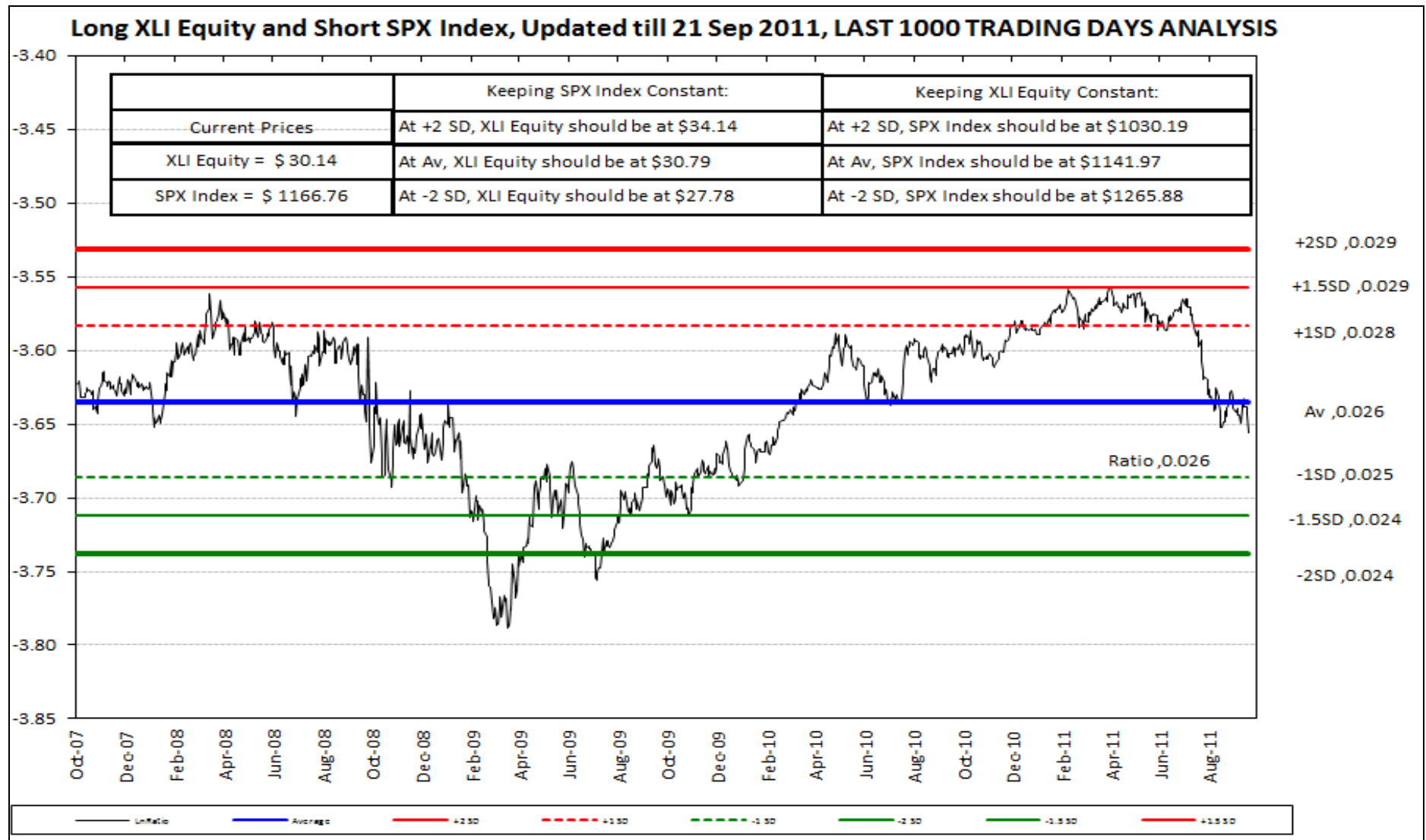
# XLI - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series



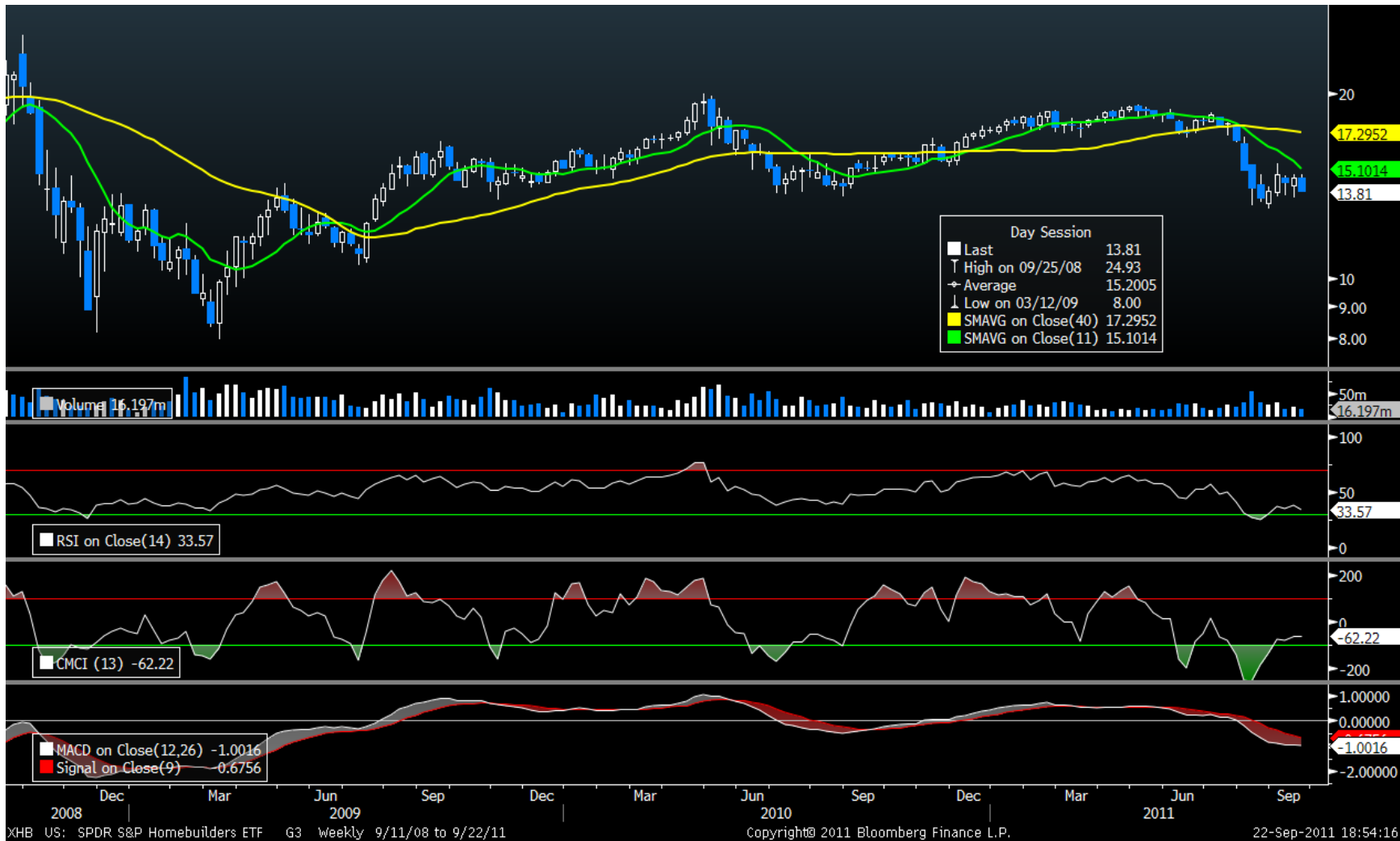
## XLI Correlation Ratio Analysis with SPX – 365 days Time basis



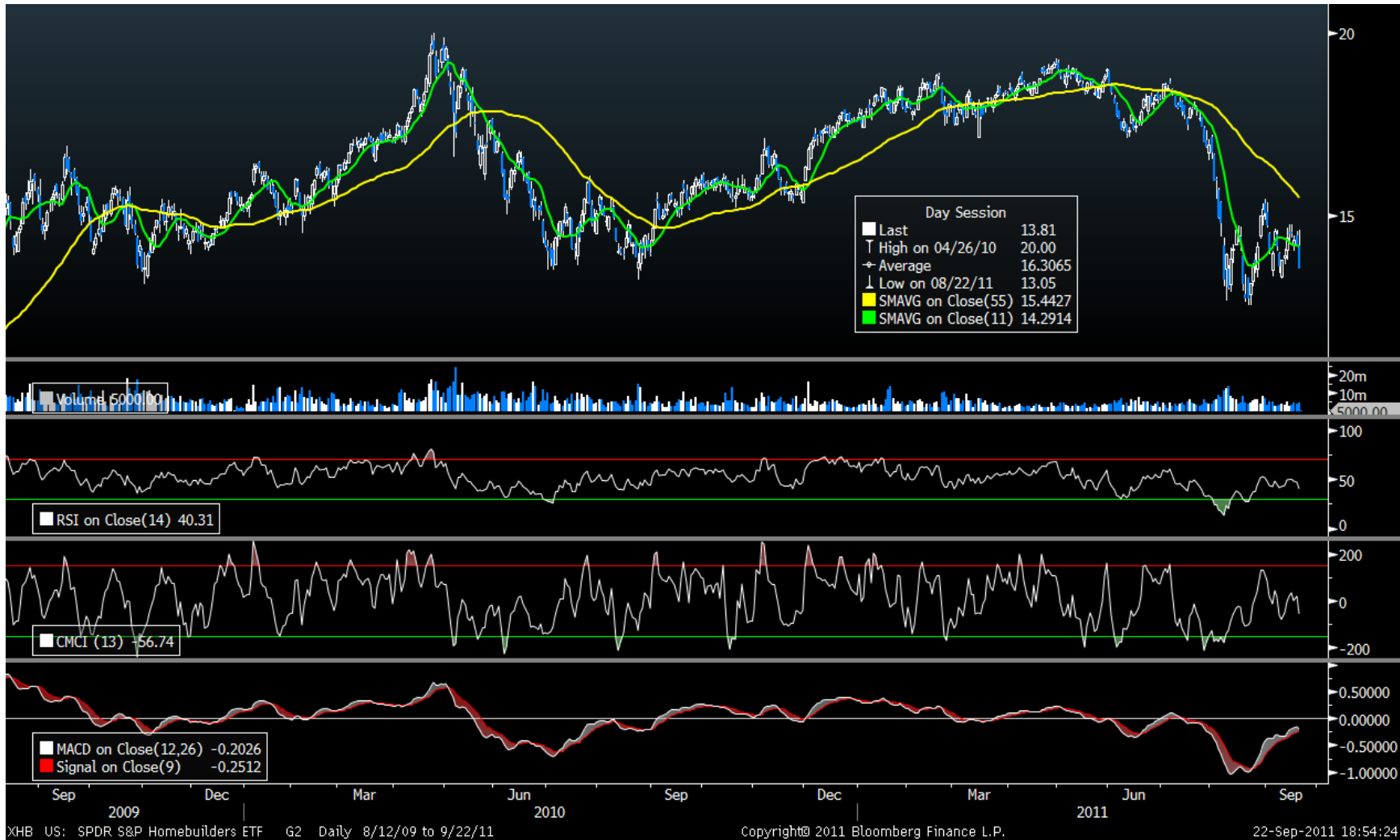
## XLI Correlation Ratio Analysis with SPX – Full Time basis



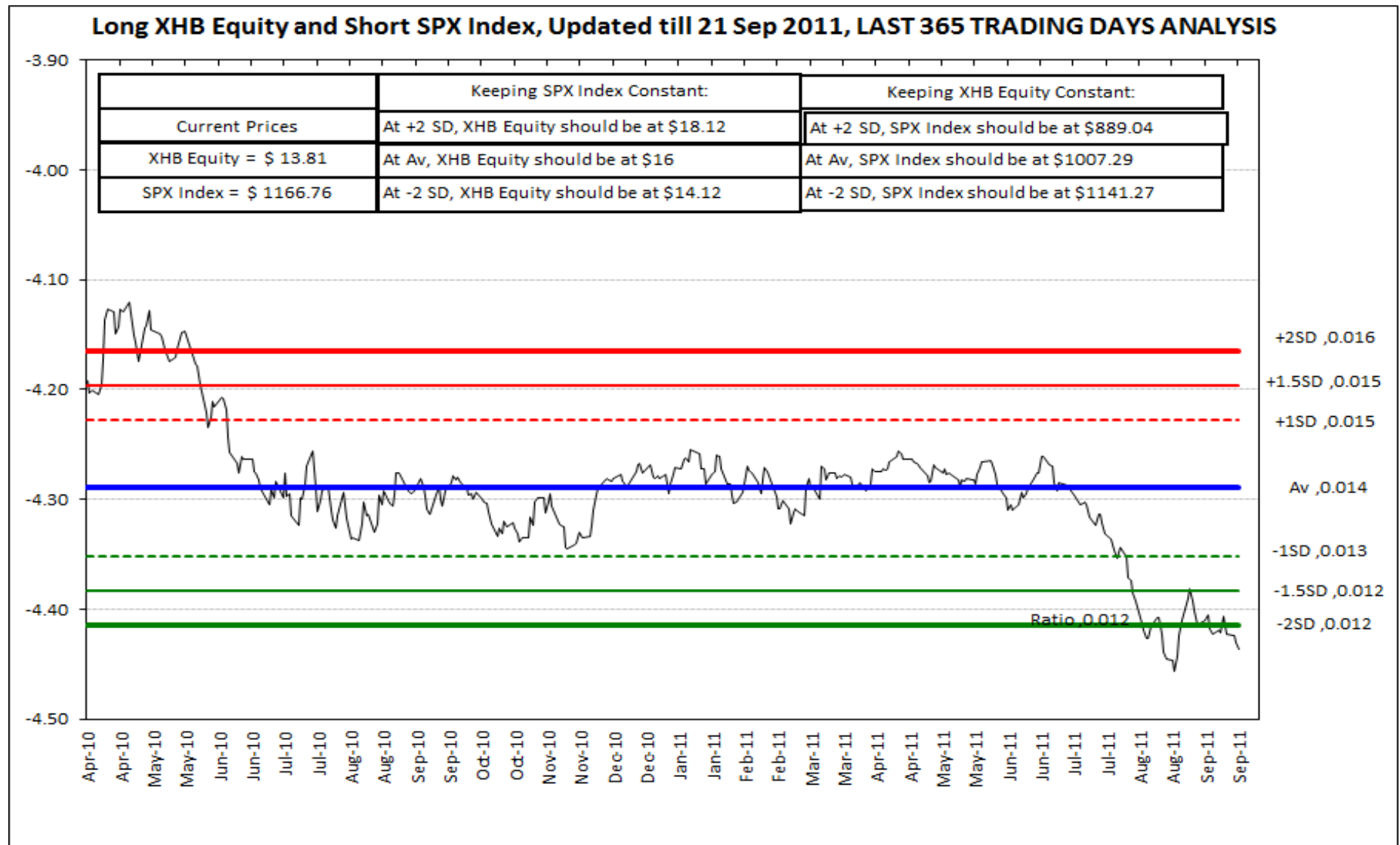
# XHB- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel



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

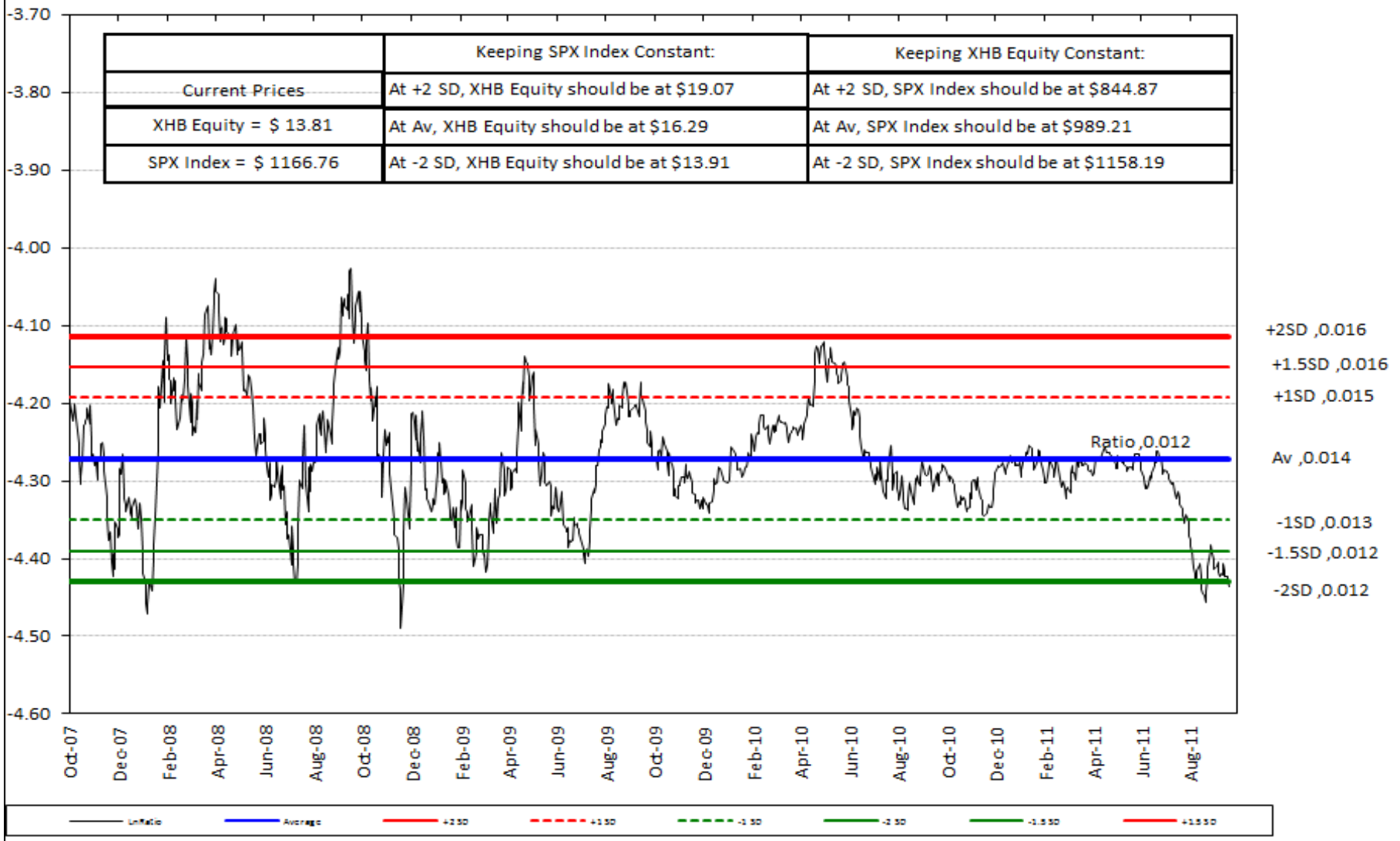


## XHB Correlation Ratio Analysis with SPX – 365 days Time basis

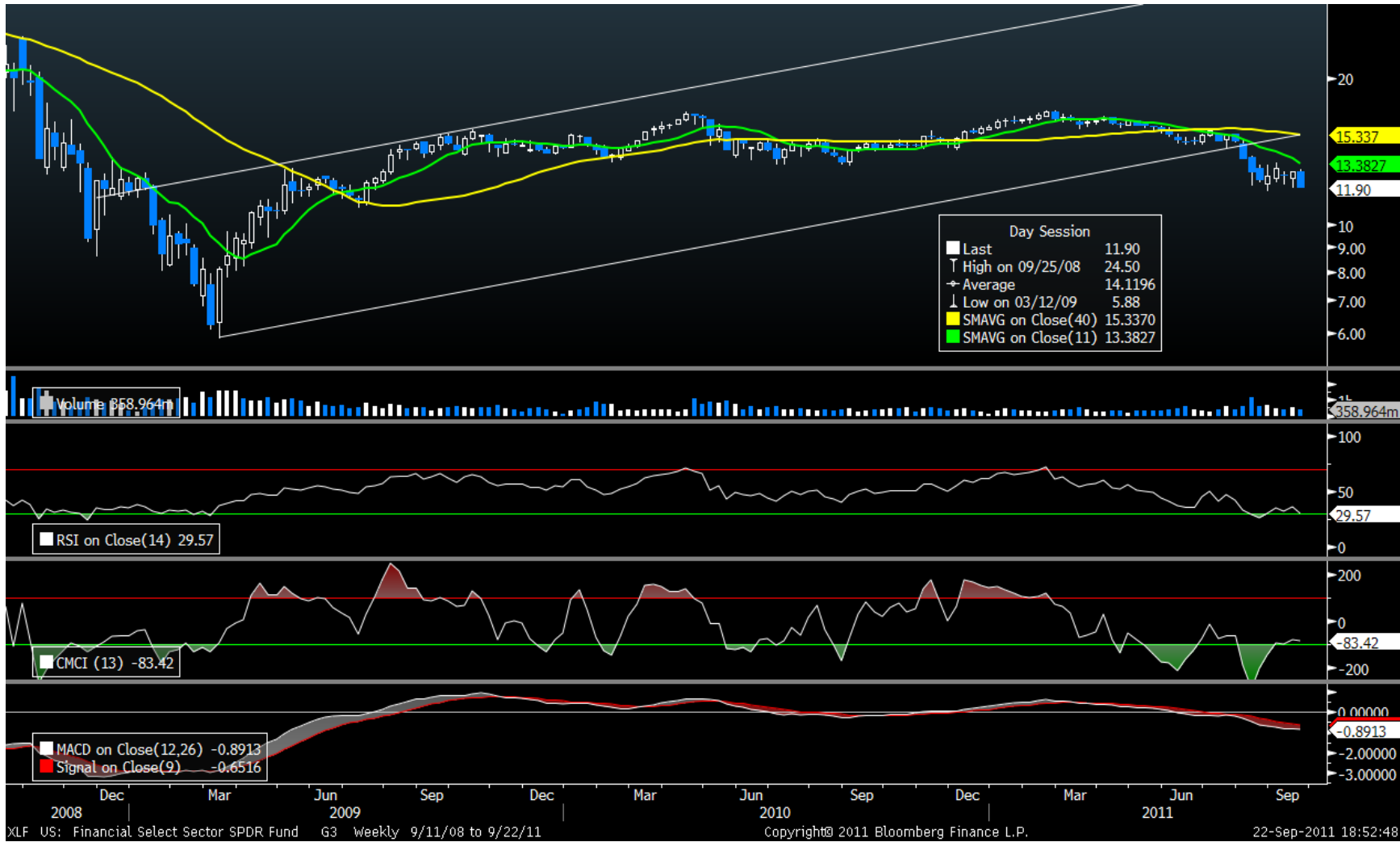


# XHB Correlation Ratio Analysis with SPX – Full Time basis

Long XHB Equity and Short SPX Index, Updated till 21 Sep 2011, LAST 1000 TRADING DAYS ANALYSIS

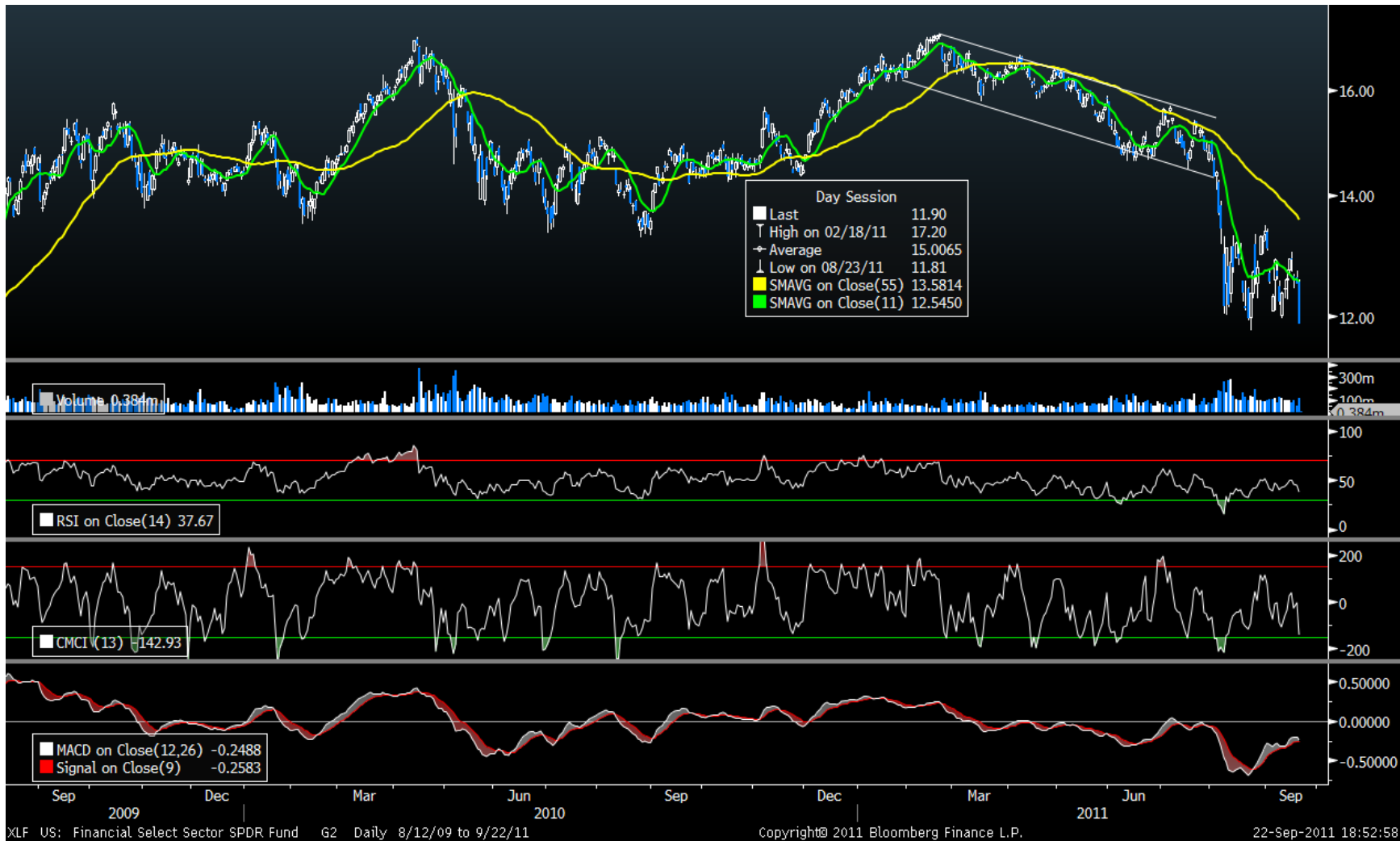


# XLF- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD & Trend line Channel



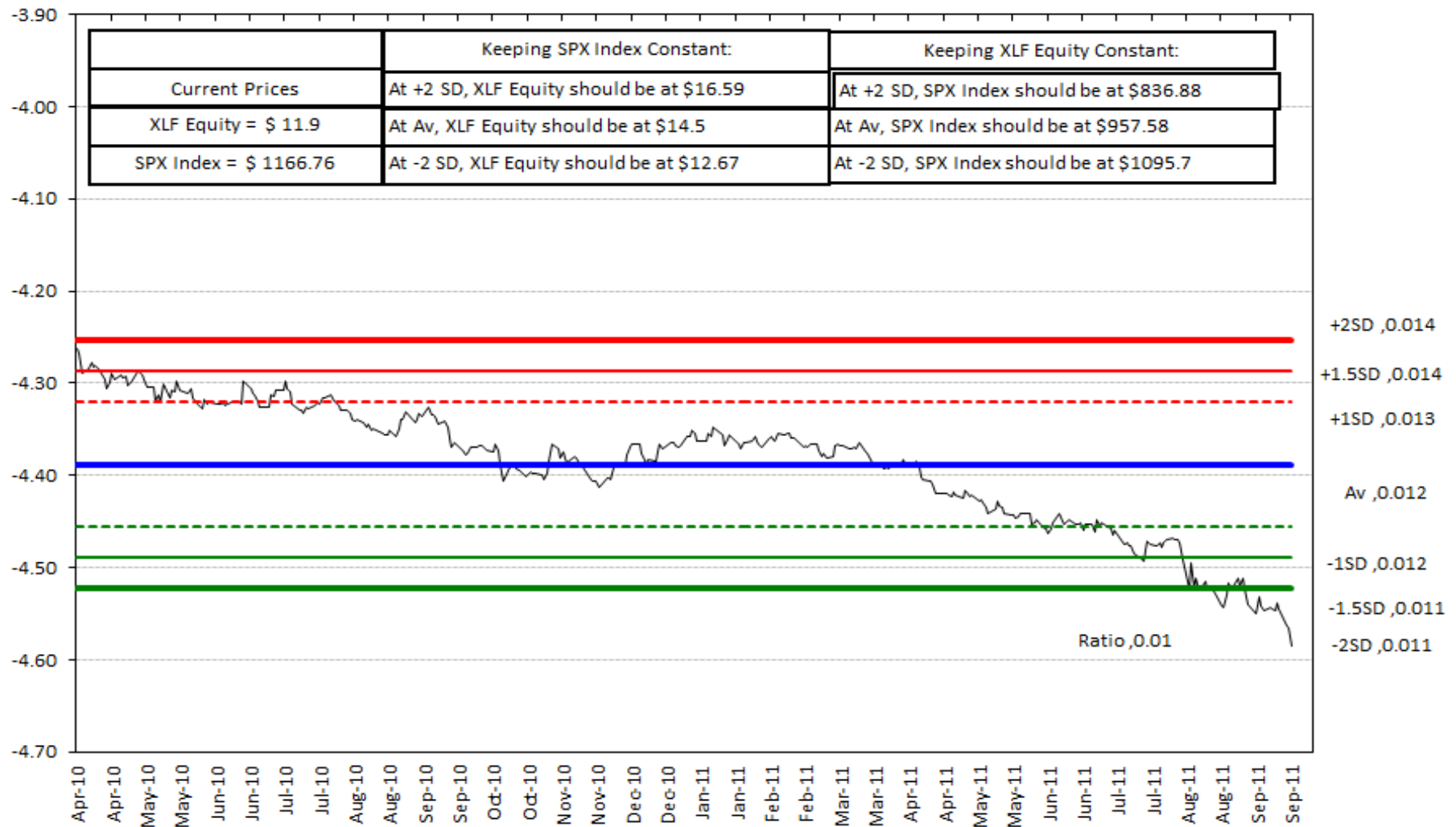


# XLF - Daily – 6 Month with 11 D / 55 D SMA with RSI, CCI, MACD, Trend line Channel & Fib-Series

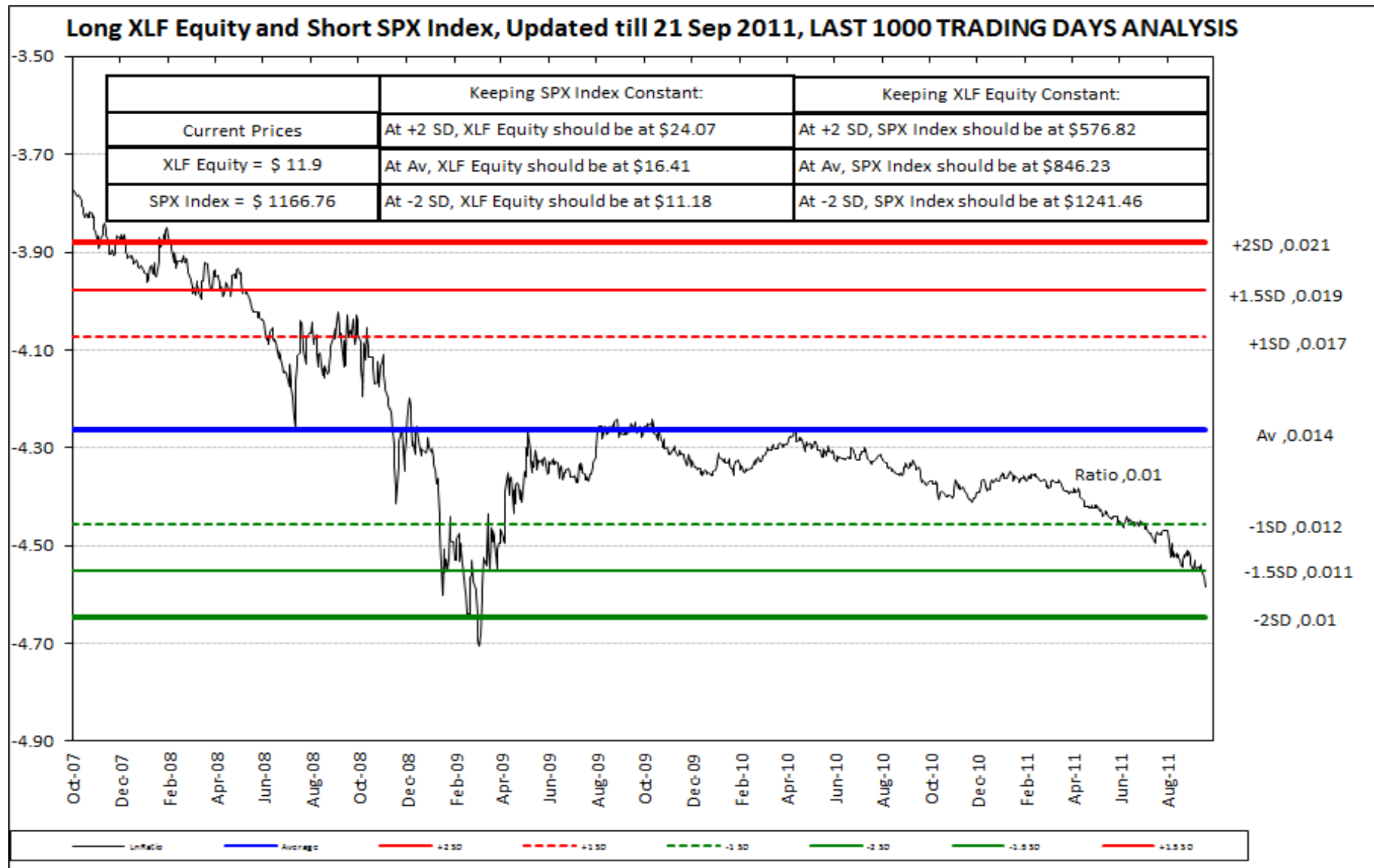


# XLF Correlation Ratio Analysis with SPX – 365 days Time basis

**Long XLF Equity and Short SPX Index, Updated till 21 Sep 2011, LAST 365 TRADING DAYS ANALYSIS**



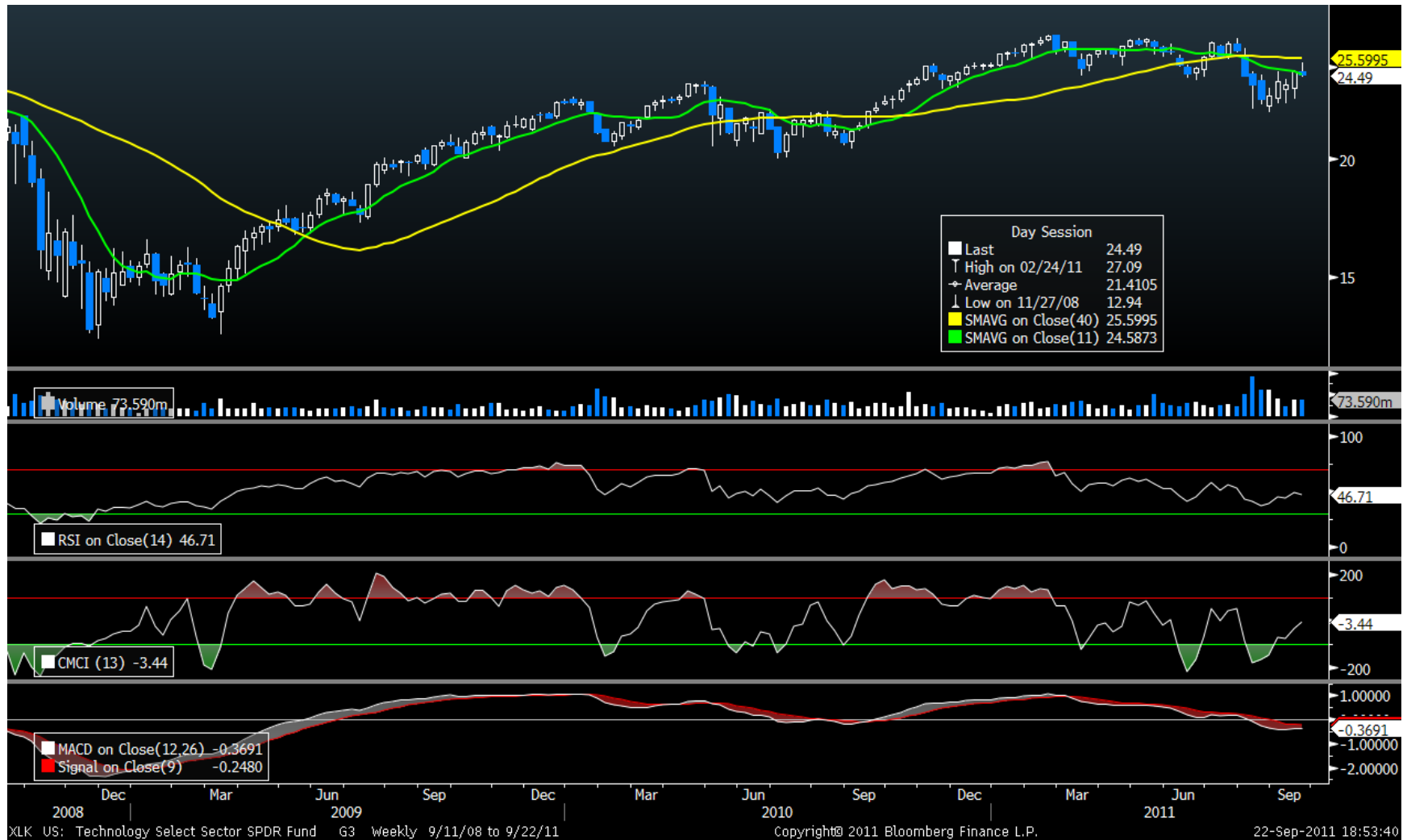
# XLF Correlation Ratio Analysis with SPX – Full Time basis



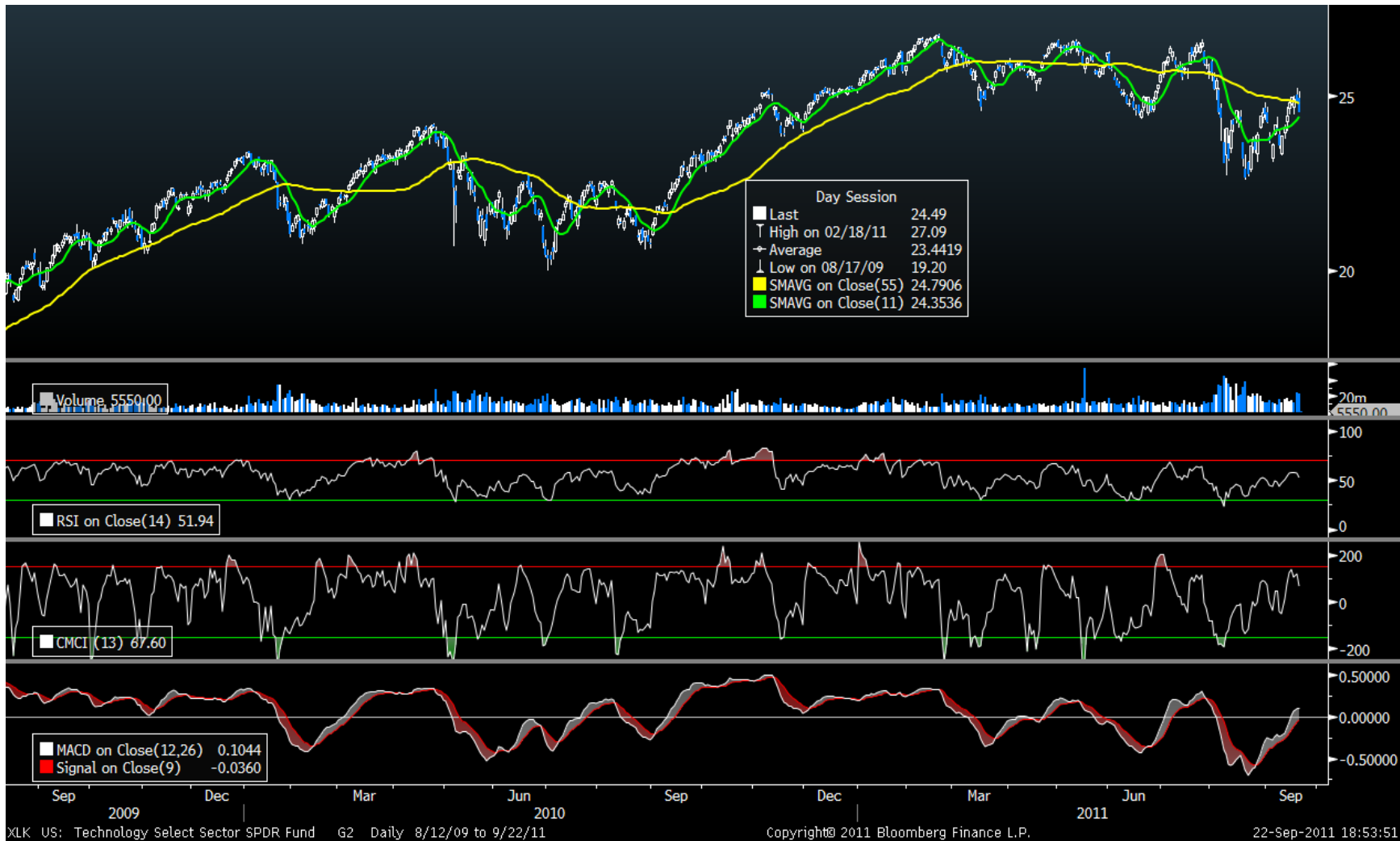
**ETF's Qualified this week for SD # 2 – Overvalued**

**. *XLK (ST)***

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

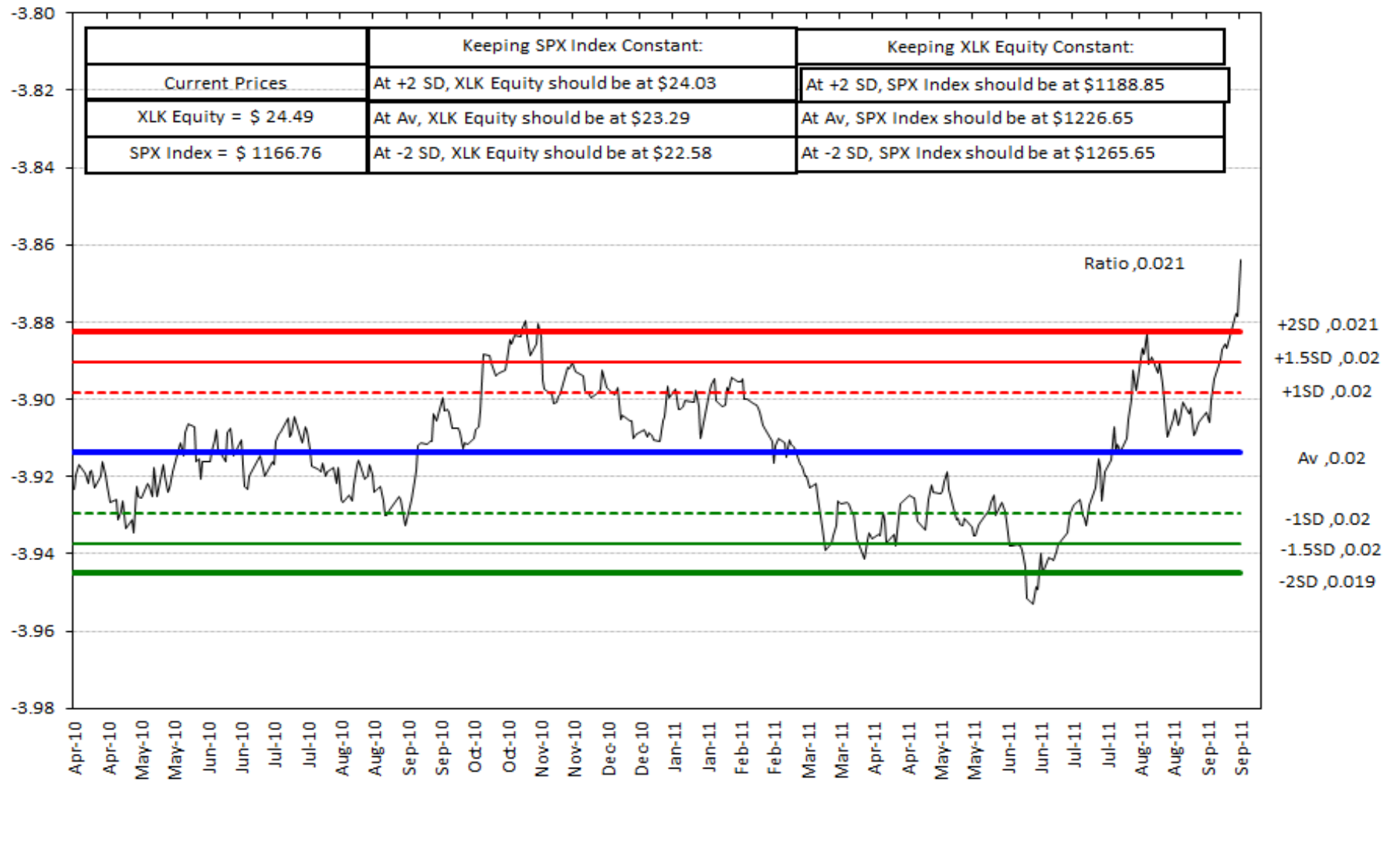


# XLK - Daily – 6 Month **11 D / 55 D SMA** with RSI, CCI, MACD Trendline Channel & Fib-Series



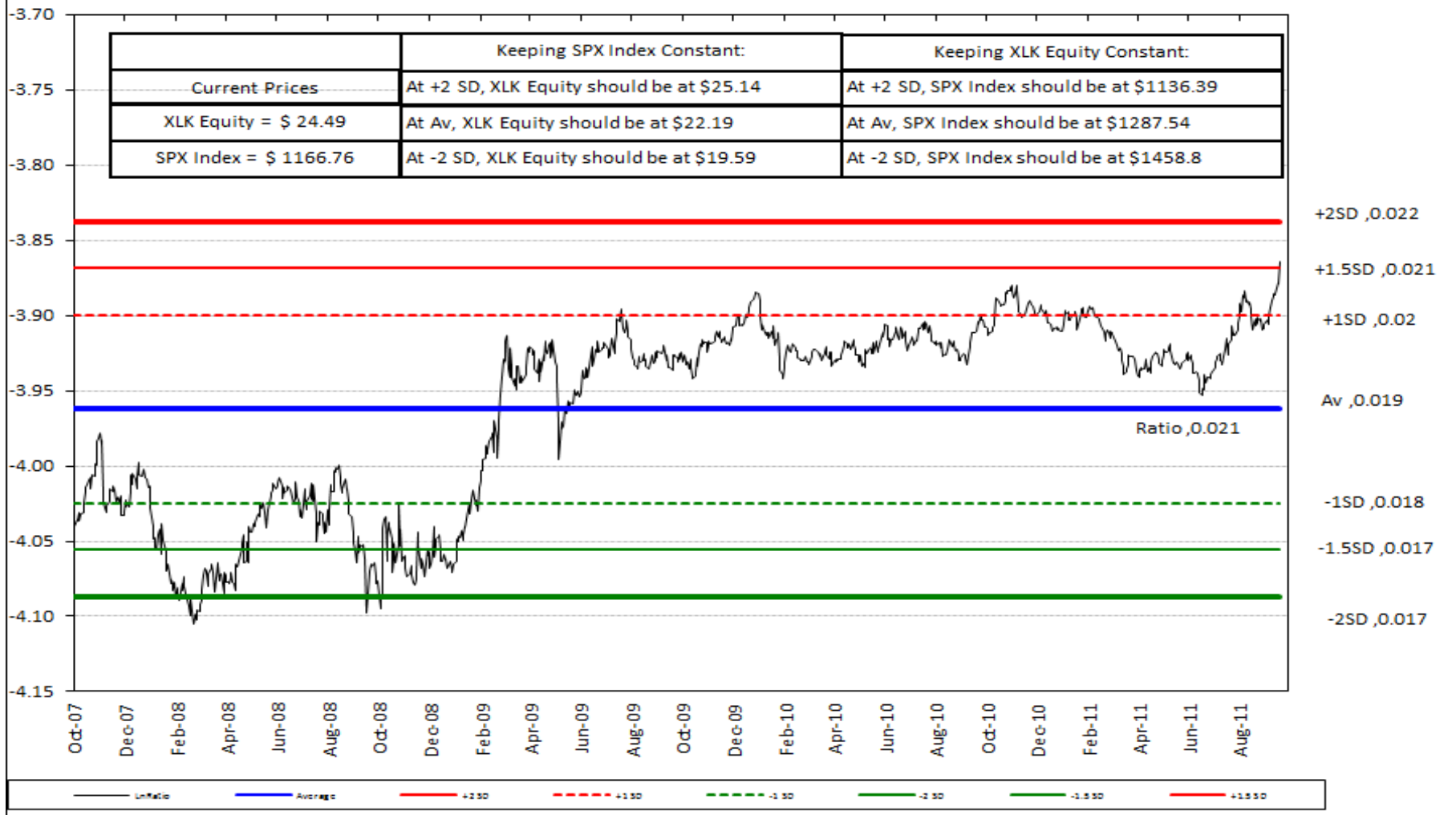
# XLK Correlation Ratio Analysis with SPX – 365 days Time basis

Long XLK Equity and Short SPX Index, Updated till 21 Sep 2011, LAST 365 TRADING DAYS ANALYSIS



# XLK Correlation Ratio Analysis with SPX – Full Time basis

**Long XLK Equity and Short SPX Index, Updated till 21 Sep 2011, LAST 1000 TRADING DAYS ANALYSIS**





# 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, 2<sup>nd</sup> Derivative DMA’s & VOLUMES” & Derive CZ for PQV Validation.*

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