



SG Capital Research

Global Market Insights

Research Note – Market Strategy – Interim Update (A# 3) – STRATEGY & PROP Analysis (SP)

MAEG- MARKET STRATEGY INTERIM UPDATE # SG 2011 # JULY_01

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Market Strategy Global (A # 3) - (SP)-

We have picked up charts (below) that has some distinct characteristics from observation & Special Situation this week based on our assessment:

- **Coverage**
- **SPX – Interim Update.**

SPX - Insights

This market is closely following our Price path script since Trigger at POM 12 . Our Analysis and indicators around the time of POM 12 / 13 were so closely re-coiled that the Potential energy build up & stored into the market via Tick, Arms & Put / Call was quite Hugh (with only 7% correction) that usually results in massive Kinetic energy conversion that we have been looking for . When that happens volume does not matter getting off the bottom . The VTO does matter . So far the move has been 60 points SPX from its POM 12 levelLet the Profits ride.

The Indicators and its ingredients are focused in spotting the turning points in the markets as best as we can . The actionable areas are POM's and / or CZ – PQV triggers for high probability.

SHORT TERM

Today's Price path Analysis is to highlight and be watchful on several lagging indicators that turns Bullish before the retracement. We see that happening soon . Retail will certainly chase this rally after the fact which will get the momentum indicators Triggered.

But for now , Today is the last day of the month and quarter so some window dressing is expected. Our First breather point on SPX is around current levels as we have mentioned in our earlier Reports. Given the tendency of Quick rise, we should see the short-term backing & filling. Perhaps give another opportunity on Pull back

There are few reasons for that possibility of breather . We are coming into the July 1st New moon which is also a solar eclipse. The last 4 lunar cycles have rallied into the new moon and dropped into the full moon. On Hrly basis SPX has reached its.. PEC- D pattern at 1320 (See the charts below)

The breadth indicators and neural net model has also turned neutral after being (mostly correct) from POM 12 bullish. A pull back from Tuesday into Thursday next week high probability. But on slightly longer term Rally in July and beginning of August is good possibility .

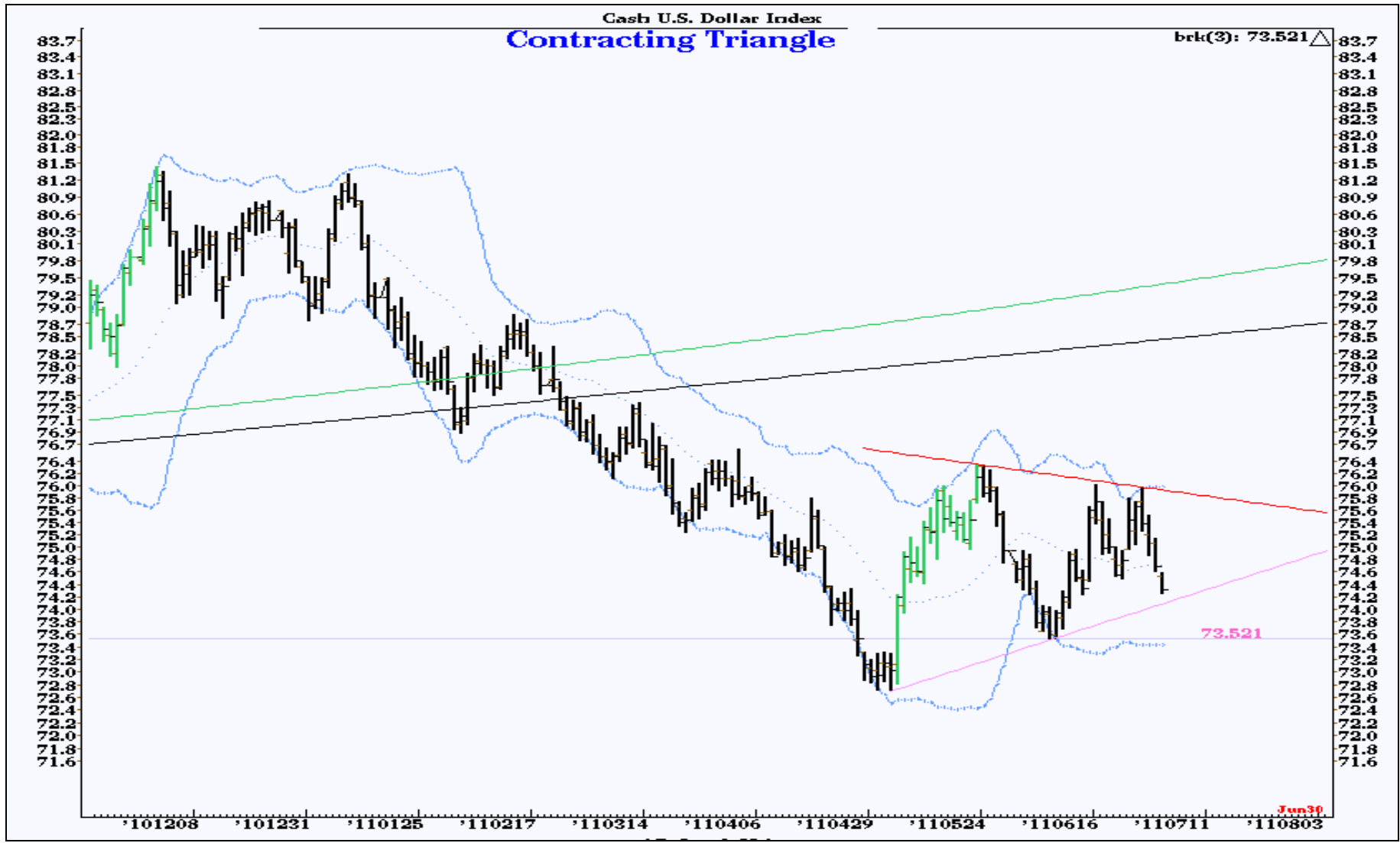
SPY - Analysis

The size of the pull back will be evident only upon First 2 days of decline when it begins



DX – Analysis

In the short run, if DX can find support on the line of contracting Triangle then rally back to Apex will trigger the pull back in SPX



APPENDIX -

POM criteria for Implementation on SPX

- **POM is rated from 10 to 15**
- *POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management*
- *On way UP move, POM 13 signifies to STOP executing additional “New Buys” that was initiated at POM 12 or POM 11 levels*
- *On way DOWN move, POM 13 signifies to STOP executing additional “ New Short Sells” that was initiated at POM 14 or POM 15 levels*
- **(Bear Markets) POM 15 is for - Net Short & POM 14 is for - Hedge Longs**
- **(Bull Markets) POM 15 is for -Hedge Longs & POM 14 is for - Partial Hedge**
- *POM 12 & 11 is for Net Long*
- ***POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)***

Daily SPX - “ Trend Adjusted Signal”

- 3x3 /9EMA – Break Indicator – On Buy Signal since SPX - 1115

The process utilizes the cumulative Algorithm of price trails 3x3 / 9EMA input signals for Trend formation. This signal tends to work well in Market extensions (i.e. Post POM 14).

This Methodology is implemented by Program Traders especially in Momentum extensions and diagonal triangle formation Trend-following system which bases its reversal signals on breaking a significant closing Break Indicator I to confirm the new trend. (it's important to use a stop if you act on a signal). The reversal price is generated on the close of a bar. (The drawback of strategy is that it can whip saw).

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