



SG Capital Research

Global Market Insights

Research Note – Market Strategy – Weekly *Interim Update* (A# 2) – STRATEGY & PROP Analysis

MAEG- MARKET STRATEGY INTERIM UPDATE # SG 2011 # MAY_03

For Immediate Release – Tuesday AM (EST)

By: Suneil R Pavse

Contact: apavse@aol.com

Market Strategy Global (A # 2) -

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

- **Coverage**

- CZ PQV, Trend line, Pattern Analysis (only If qualified > 2.0 SD)
- IWM
- QQQQ
- EEM with CHINA - Proxy
- EFA with FTSE - Proxy
- Appendix - History of past SPX - POM Signals & Key Criteria

BROADER INDICES

- *In our Report A # 1 – MS, we stated the Bearish CZ on SPX around 1370 -1380 While the SPY is on its counter Trend bounce @ POM 14 Re run*
- *Some Major Indices approaching at Topping CZ / PQV VALIDATION : We have previewed only those below (½ Position)*

(½ positions) – Triggered by CZ TRACKER – Stops above UCZ

- *IWM (83-85)....with 40 M or less test - qualified at CZ Sell*
- *QQQ (56- 58) ... with 75 M or less test - qualified at CZ Sell*
- *EEM (49.5 – 52.5)... with 55 M or less test - qualified at CZ Sell*
- *EZUNo Validation*

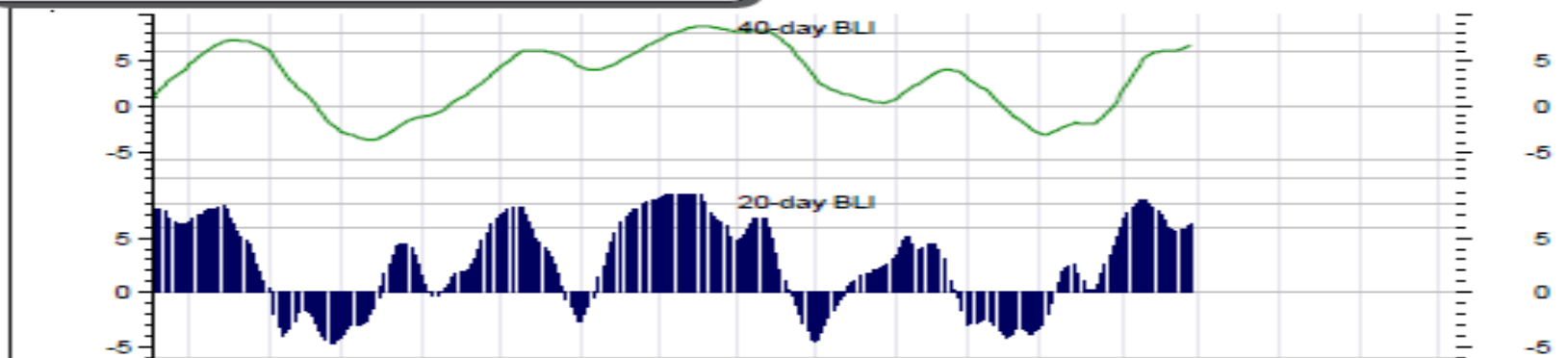
(½ positions)

- *IWM (touch of 86 and close under 84.5)with 35 M or less test - qualified at CZ Sell*
- *QQQ (touch of 59 and close under 58)with 59 M or less test - qualified at CZ Sell*
- *EEM (touch of 53 and close under 51)with 30 M or less test - qualified at CZ Sell*
- *EZUNo Validation*

EEM – SMA / Trend line Analysis

Index approached CZ . Possibility of another test to the Highs. but later likely candidate for MO exits fueling correction
Notes within the charts

Emerging Market		EEM
Last: \$	49.70	
Chg: \$	(0.41)	-0.82%



Although it appears like reverse H & S bottom, volume is non confirming



EEM - CZ

The CZ is imported from 2008-2009 , first half position is Triggered . For second ½ position Touch of 53 with test of 30 M and close below 52 should be Trigger. EEM weaker then SPX



CHINA - MID TERM (Proxy for Emerging)

A critical point at 3000 approached, CZ indicated in Red and failed. The triangle pattern is still intact m, we think this should break down soon at 3000 Level.

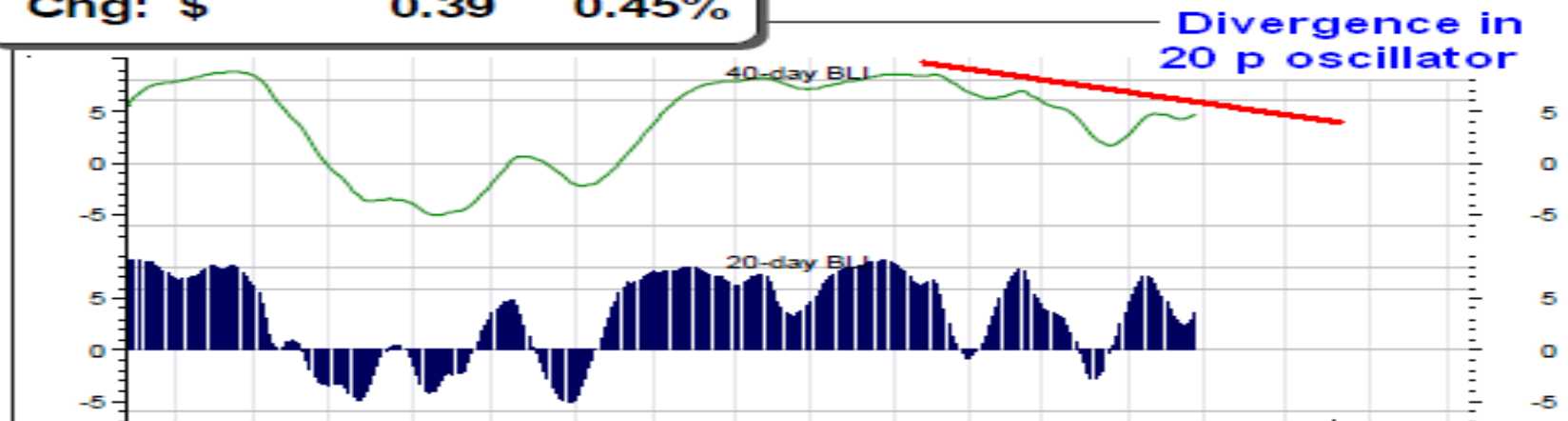
A proxy for world markets & EEM but tends to act ahead of time .



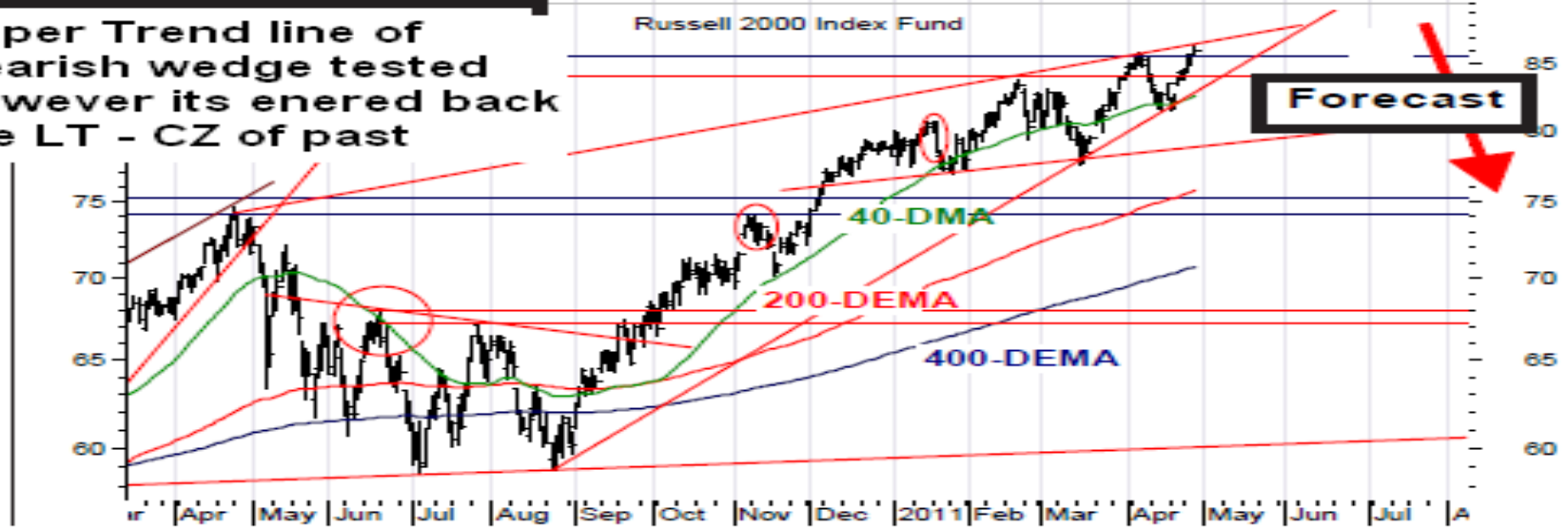
IWM - SMA / Trend line Analysis

This is among the Extended Index , approached CZ . Likely candidate for MO exits fueling correction

	Russell 2000	IWM
Last: \$	86.08	
Chg: \$	0.39	0.45%

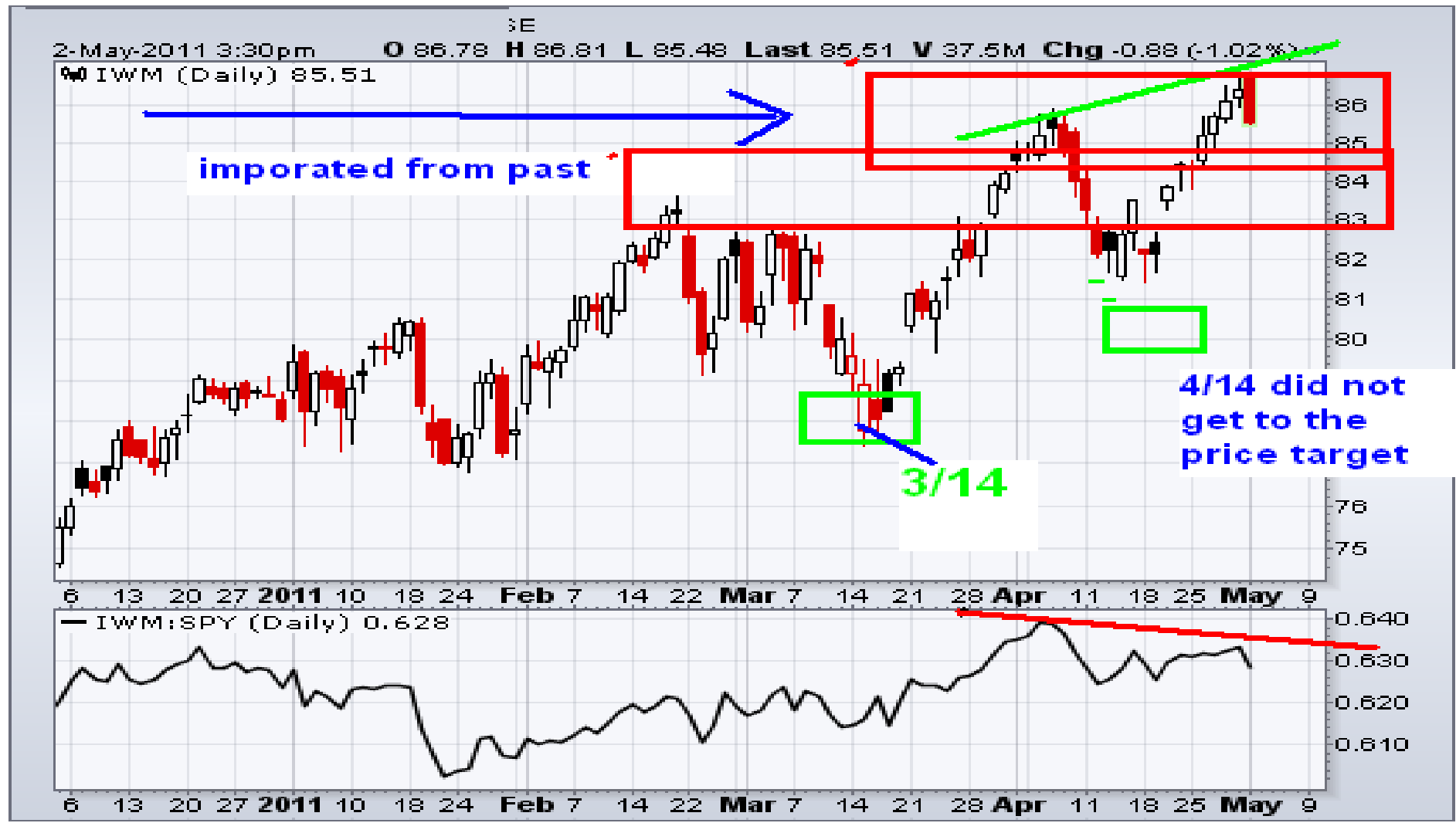


upper Trend line of Bearish wedge tested however its enered back the LT - CZ of past



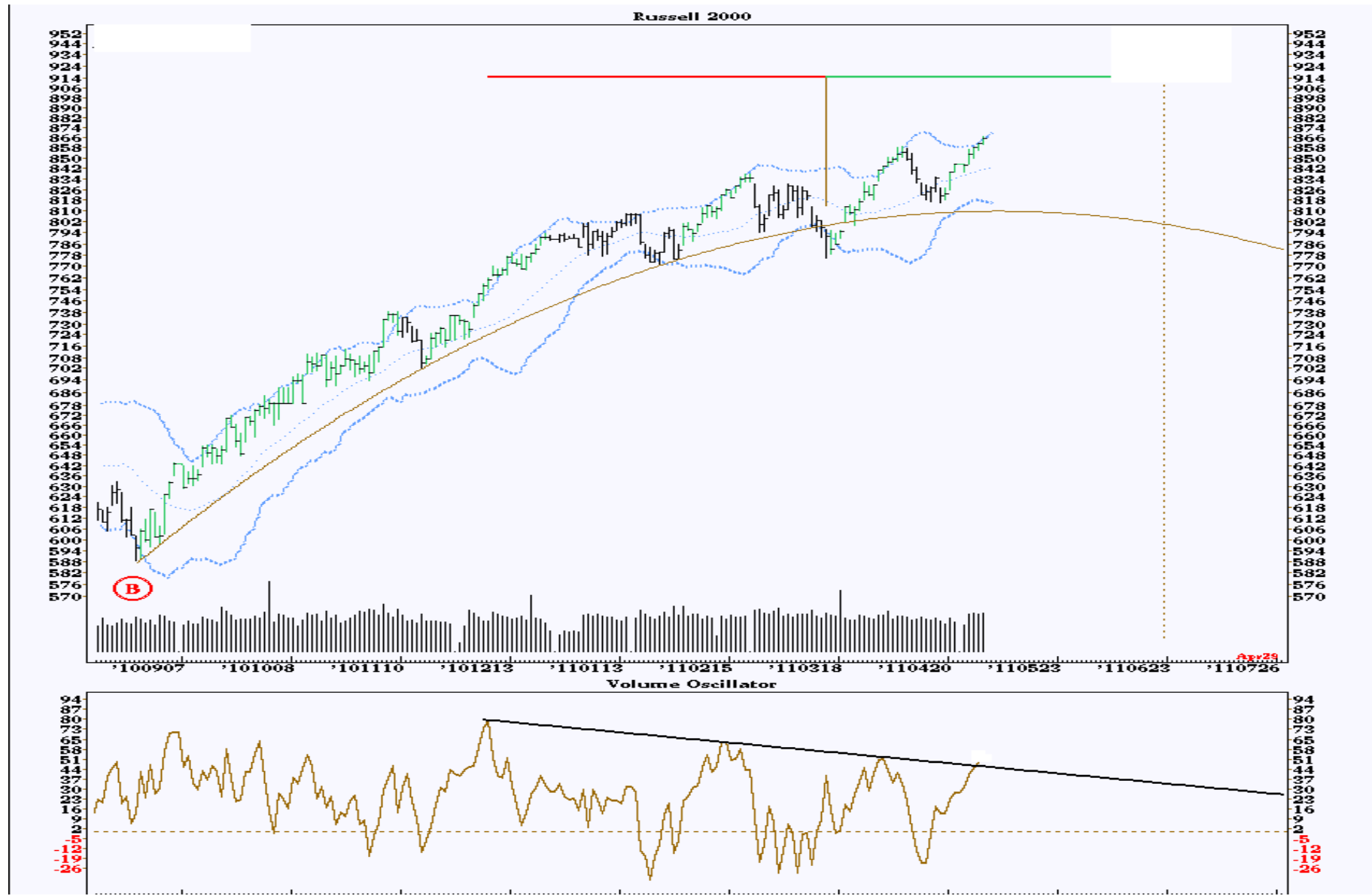
IWM - CZ

The CZ is imported from 2008-2009, first half position is Triggered. For second 1/2 position 84-85 Touch of 86 with test of 35M and close below 84.5 should be Trigger. IWM v/s SPY weaker



IWM – RUSS – Poly – Trend Analysis

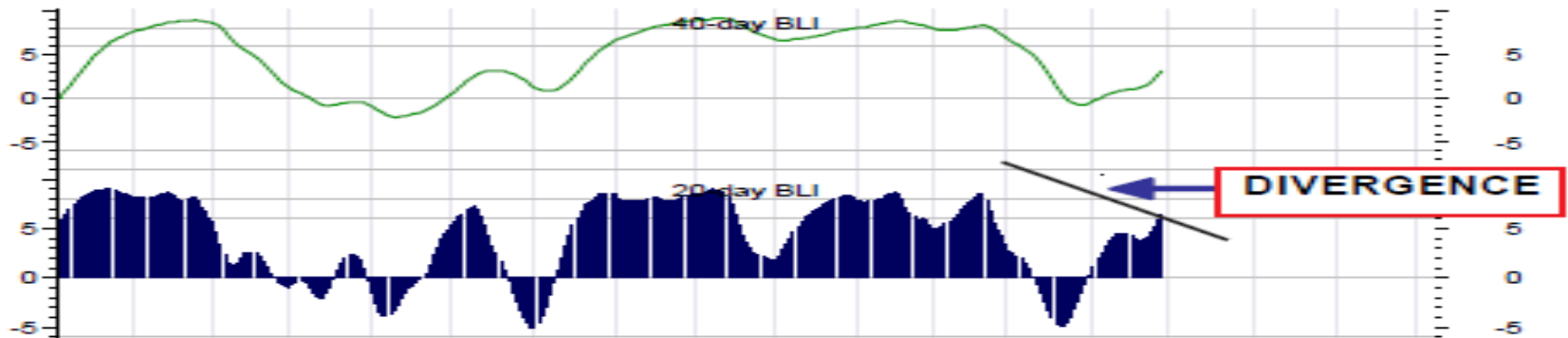
Extended above Poly Trend line but Oscillator not supporting , Time Termination suggest another rally after the pull back



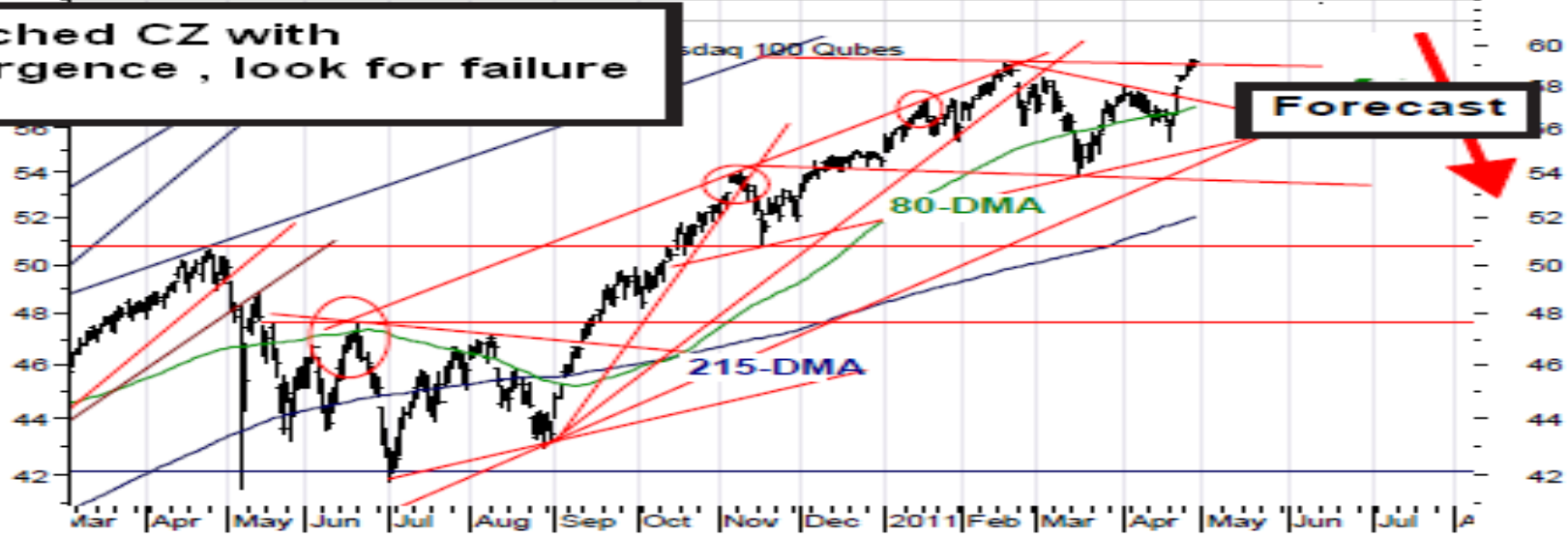
QQQQ -ST - SMA / Trend line Analysis

This is among the weaker ones and diverging. Approached CZ . See the notes on Top pattern process)

NASDAQ 100		QQQQ
Last: \$	59.13	
Chg: \$	(0.09)	-0.15%



Reached CZ with divergence , look for failure



QQQQ - Price & Volume -

The CZ is imported from 2008-2009 , first half position is Triggered . For second ½ position, Touch of 59 with test of 59 M and close below 58 should be Trigger with 59 M test. QQQ Weaker then SPX

This is among the weaker Index and rebalancing in Technology weight should have some impact



NASD - Poly – Trend Analysis

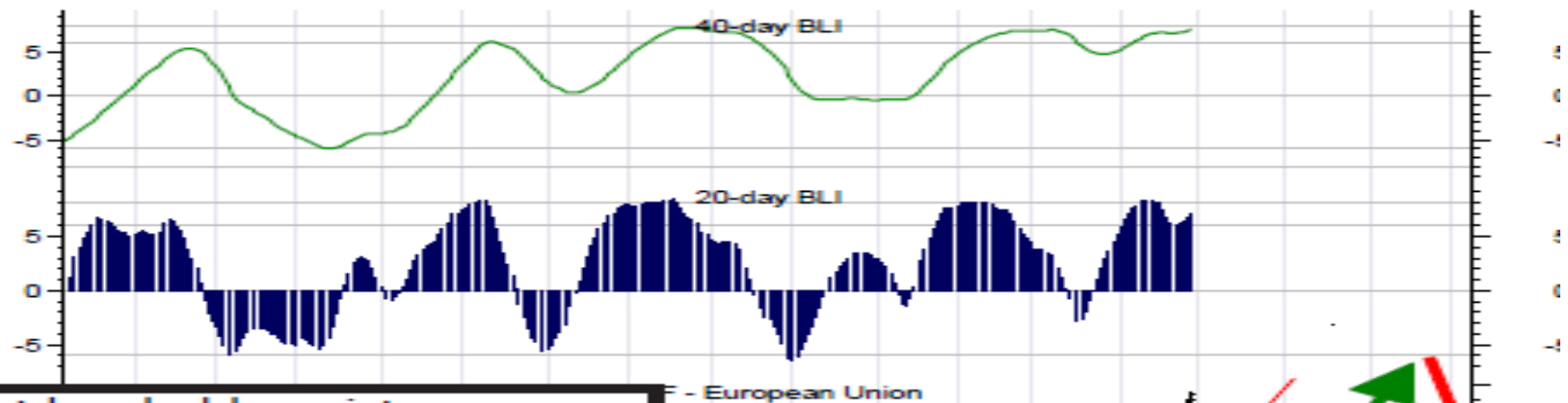
NASDAQ-100, our traditional "lead dog" , has been lagging the SPX for a very long time now. Having reached its move target last week, it stalled while the SPX continued higher. This is a classic case of bearish divergence, Especially on other side of CZ



EZU – SMA / Trend line Analysis

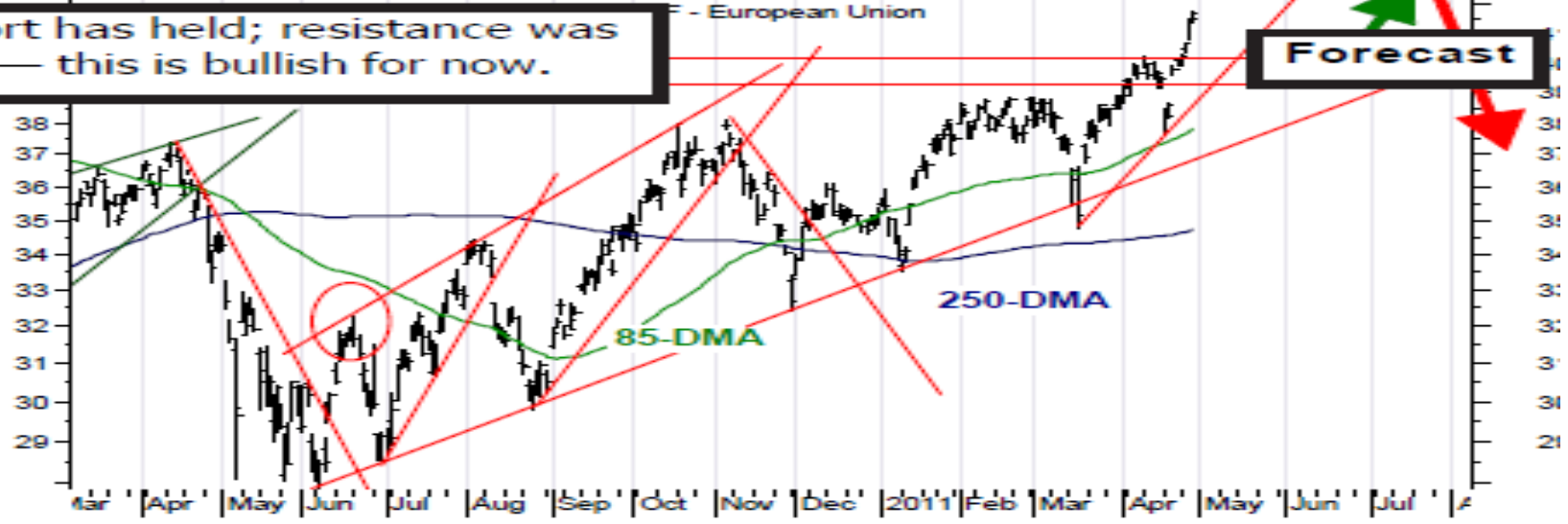
Look very strong requires initial failure . No CZ Validation .

European Union	EZU
Last: \$ 41.74	
Chg: \$ 0.24	0.57%



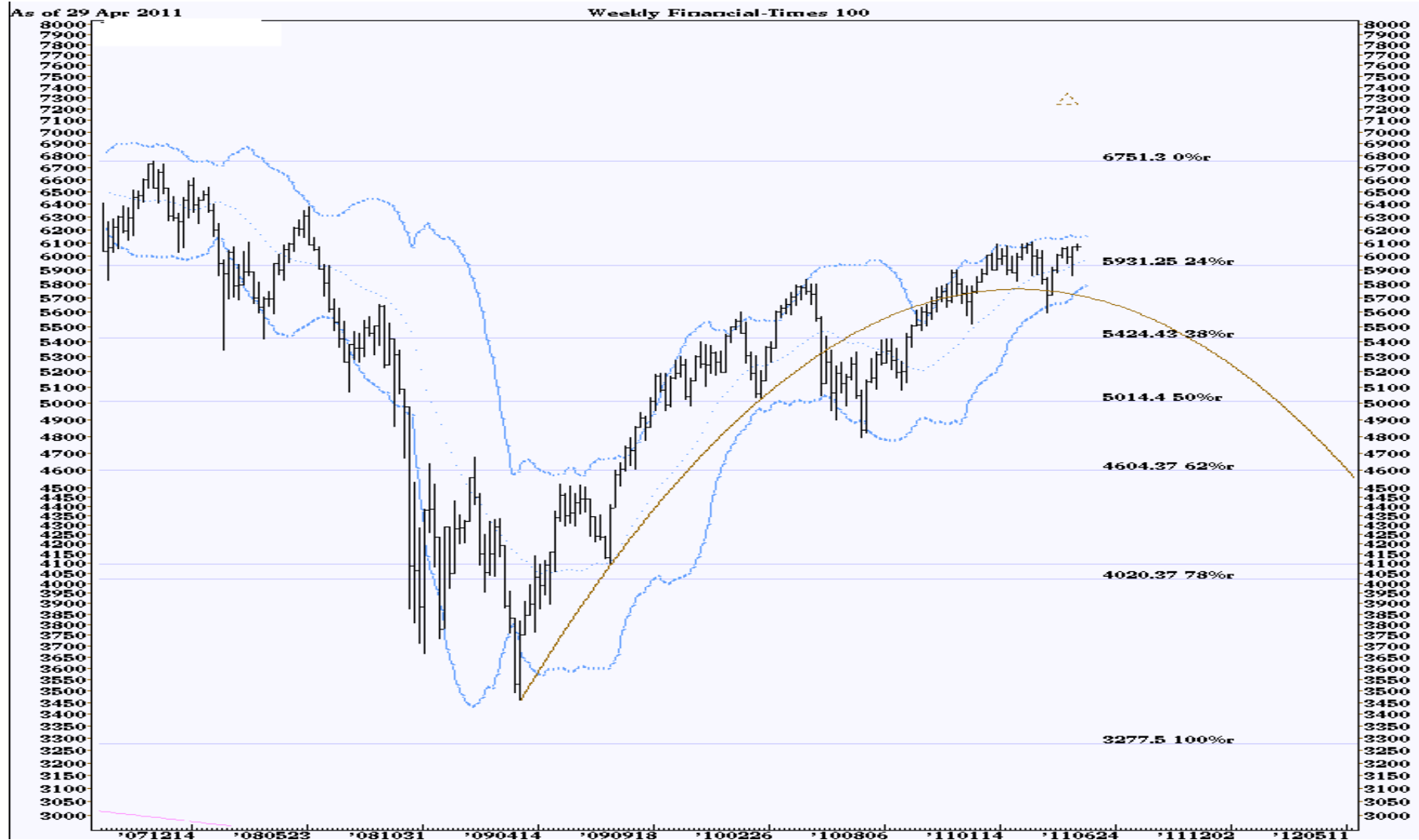
Support has held; resistance was given — this is bullish for now.

Forecast



FTSE - Poly – Trend Analysis - (Proxy for Europe)

This is topping but no clear sign . Should follow SPX closely mid-June.



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).

Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.