



SG Capital Research

Global Market Insights

Research Note – Weekly Market Strategy SPX - (A # 1) – STRATEGY & PROP ANALYSIS –(SP)

MAEG- MS – SPX – POM-SG 2011 # NOV_14

For Immediate Release – *Monday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

Market Strategy SPX (A # 1) – (SP) - SPX – Closed @ 1263 (Past Weekly change – 0.07%)

Analysis of Broad Market that includes – Jan 1st 2011 – SPX 1263 (YTD change – Flat)

- Primary Market SPX (or SPY) as main market driver and
- Secondary Markets NYSE, DOW (DIA) .

We have Selected charts (below) that has some distinct characteristics from last weeks observation based on our assessment:

• **Detail Coverage**

- Daily Trend Adjusted Strategy - 3x3 / 9EMA – DOW, SPX (if change of Signal)
- Primary Market Analysis – SPX, MID, ST , LT
- Time / Cycle Analysis- Bradley Cycle, 4 yr Cycle, Astro- Harmonic Cycle, Seasonality Cycle, Oil / CU / TNX Cycles
- Advance / Decline Internal market behavior – A/D – SPX, % BULLISH, NH/NL, VOLUME
- Sentiment Analysis with Extreme character – TICK , TRIN, ARMS, PUT / CALL, VIX , Money Flow,
- Secondary Market Analysis for SPX clues – NASD, RUSS, ((if required)
- Sector Analysis for SPX clues on Money Flows – BKX, SMH (if required)
- Appendix - History of past 52 Week - SPX –POM Signals & Key Criteria

COVERAGE

SHORT / MID TERM

- **SPX BULLS/BEARS**
- **SPX – Hrly Poly Trend & Wave Analysis**
- **SPX - Wave Projection Analysis**
- **SPX - DMA & Trend Analysis**
- **SPX – PEC-D**
- **SPX - Cycles**
- **SPX – TICK / VIX Ratio**
- **KBW – Poly Trend Analysis (Correlation Lead Indicator)**
- **SOX - Poly Trend Analysis (Correlation Lead Indicator)**
- **FTSE - Poly Trend Analysis (Correlation Lead Indicator)**
- **A/D Line - Oscillator NH / NL**
- **A/D Line - % BULLSISH 50D**
- **A/D Line – NH / NL Ratio**
- **SPX –Calendar Cycle**
- **SPX – Bradley Cycle**
- **Sentiments- Rydex Extremes**
- **Sentiments- Sector Extremes**

LONG TERM

- **SPX – LEHMAN CRASH AREA**

- **Objective**

Focus is on the Short & Intermediate term turning point of the SPX via POM's Price projections and / or CZ (Bullish & Bearish between the POM's) . POM is Unidirectional Judgmental Model, It utilizes multiple input signal via the Global Inter market Analysis (GIC), Price & Quality Volume (PQV), Pattern Recognition (PEC) , Cycles, Internal & External price equilibrium points to assists in output signals . POM is supplementary Analytics to add value to RA/ RI Framework for Risk Management.

- *SPX acts as Risk Benchmark for all the other Markets (Key US Indices & Key Global) , these Markets gets priced off SPX- Risk (in different Proportion) . Therefore within A # 1 – MS Report, our critical component being SPX and its internal ingredients for timely POM & Bullish CZ calls . Our A # 2 – MS Report focuses on Broader Indices and Global Indices.*
- *All the Broader Indices tends to follows the Price path of POM 11, 12, 13 of SPX (except @ POM14, 15), various Instruments will Top out at different time to Trigger CZ – Validation for NET SHORT.*
- *SPX is still following the Bear Market / Trading Market POM Regimes unlike GOLD market*
- *All CZ / PEC D / POM's – Marked on charts (in color) below has been Announced on Real time in our Previous Reports prior to Price shifts.*
- *Stops always on other side of CZ @ value based on Portfolio's Objectives and Risk tolerance*
- *POM Conclusions to be cross verified by other methods prior to final decision*
- *For Maximum utilization of POM / PEC –D Process for Risk Management. Refer to guidelines within the Appendix below*

- **SPX – POM Signals & Price Projections - UPDATE**
- **Trading & Investment Conclusions – Start point 1257 (1ST Jan) – YTD –Flat**

• **POM 15 - Net Short** -- **None Triggered in 2011 - (Total points gains = 0)**

• **POM 14 / Re - Fully Hedged** -- **(Total points gain = -88+ 85+ 97 = + 94 = +7.4%)**

Alert (Open Position) - SPX - POM 14 – Triggered (11/01) at 1226 into the CZ 1220 -1250 of POM 14 (Fully Hedge Position) with Warning - SPX rally towards 1252. & Alert note A# 3 – MS - QQQ Trigger was at 59 Monday (10/31)

• **POM 13 - Risk Management Hedges - (Total decline saved) = 71+140 = + 211= +19%**
(Proportion of Rebalancing Beta & Net Exposures to be based on individual Portfolio Objectives)

• **POM 12, POM 11 - Net Long** - - **(Total points gains = 75-20+79+123 = + 257 = +25%**

- **YTD – SPX is – Flat @ 1263) from 1257 levels since 1st Jan . The above page Breaks down YTD Opportunities on “ POM Investment Conclusions” on Real time . Summary as follows.**
- **+257 points gains on NET LONG (+25%) in 4 signals.**
- **+211 points save – Avoid Declines on Risk Management for hedging or recycling as Portfolio Objective (+19%) in 4 signals .**
- **+94 points gains on NET SHORT (+7.4%) in 3 Signals**
- **Like any other Model, it is not perfect but Risk Management is the First objective (Alpha @ 1/3 to .1/2 Market Risk).**
- **Previous Alerts - Summary & Breakdown listed in Appendix below**

• STRATEGY – Insights

• LATEST LAST SIGNAL -

- We reached our price objective of POM 14 – CZ 1220 – 1250 from 1080 – POM 12 (completing the Natural price Oscillation) . The artificial / forced price volatility around CZ should be evident as part and parcel of CZ .
- Via Alert -11/01 Triggered POM 14 @ 1226 with warning SPX to rally up to 1255 from Trigger point. (For FULLY HEDGE POSITION via scaled in within CZ 1226 -1255.
- This is the area to consider Rebalance Hedges & Position sizing on Net & Beta Exposures depending on the Portfolio Objectives & its Beta tolerances .
- Via Alert note A# 3 – MS Report - QQQ Trigger was at 59 Monday (10/31) Triggered First - showed all the weakness and Price projections and other follow one by one as per CZ's depicted in A # 2 – MS – Broader IDX reference .

Note –

- Positions taken @ POM 12 - Oscillation started @ 1080 , ended at POM 14 @ 1226 into the CZ 1226 -1252. This is the area where these positions can be re balanced based on Portfolios risks objective. Where we rest and so do us trying hard last 50 points.
- POM 14 is not a Pick a point areas , it is more managed within its range for scaling in position

• SPX – Insights

Last week the top came in as we expected with highs and then drop of almost 350 points (with extreme internals with very less force on downside) . Subsequently last 2 days of the week it bounced back (On light volume Holiday – VET DAY) . This ended the week FLAT in SPX .

If this bounce had initiated from (1200-1190) our previous CZ – POM 13 as floor then from middle of no where, we would put in some weightage to it even Trigger back POM 13 if things would line up) otherwise it is just a part of Rolling Top process.

While the DOW & SPX showed point size gains into Friday, the Russell showed weakness. And, it topped right when it should have topped, on Tuesday, with Friday's recovery in DOW / SPX not confirmed by a similar recovery in the small stocks.

This week again the Projective indicators are pointing to the Risk Markets to Highs & leading indices RUSS, NDX, SOX, KRW are giving early clues to the topping pattern as the week progresses.

We are at the Top end of CZ of POM 14. If it shows further strengthen , The Market could very well make another attempt towards the false breakout area to complete that Thrust Rally high . (See charts below)

Usually such counter trend moves within CZ area should have at least (4) ZIG / ZAGS pattern . Each ZAG tends to put in secondary and tertiary top . We are in Midst of that pattern

If the market starts firmly down the slippery slope then the downside break 1200 -1190 CZ (previous POM 13 area)is needed. This Trading range 1220-1260 might continue till that break .

Otherwise, Nothing much has changed within our Analysis . It is probably a good idea for us to stay with the POM signals & CZ for watch dog as they come rather than trying too hard to finesse them that might even get be self-defeating in such volatile markets which tends to traps in untenable positions in between the moves.

Bullish case Argument

- *Potential to analyze the Bullish enthusiasm – How far can it go “ Time & Price”*

This might be more relevant to Money Managers “ LONG ONLY” or AMC’s that has been left out from this Rally from 1080 (POM12) to POM 14 CZ – (1226-1252).

The underinvested money managers are hopping for the seasonal history to continue to provide gains. Especially after being left out of the market for 1st 140 points of gains in 3 weeks. Therefore BULLS / BEARS chasing the last 50 points in past 3 week and hoping for more. (see chart below)

Best Seasonality days in November – December – These historically produces 50% of the Seasonality gains

31st Oct – 4th Nov – Failed (Did not produce seasonality gains)

21st Nov – 23rd Nov – Next in line

To come Next – 29th Nov to 6th Dec , 21st Dec to 23rd , 28th Dec – 30th Dec (We will monitor these as they come)

- *The (2) Down days we witnessed from the Top of the CZ (each of 350 points, 10/31 & 11/09) has put in a dislocation over the market. The Action behind the subsequent rallies has been with (–ve VTO)*

If one of such rallies continues then it will tend to trigger a “ Temporary MOMENTUM PATTERN of False break. with Price path of - Wave 1-2-3-4-5 (Bearish Wedge) & pull back to 3 on to the nearest hrly CZ target around (3x3 – 9 EMA area) then back up again repeated X (3 Times) on negative divergence. CZ to CZ move till Finally fall apart . This will day Traders favorite pattern with Market Makers

2010 v/s 2011

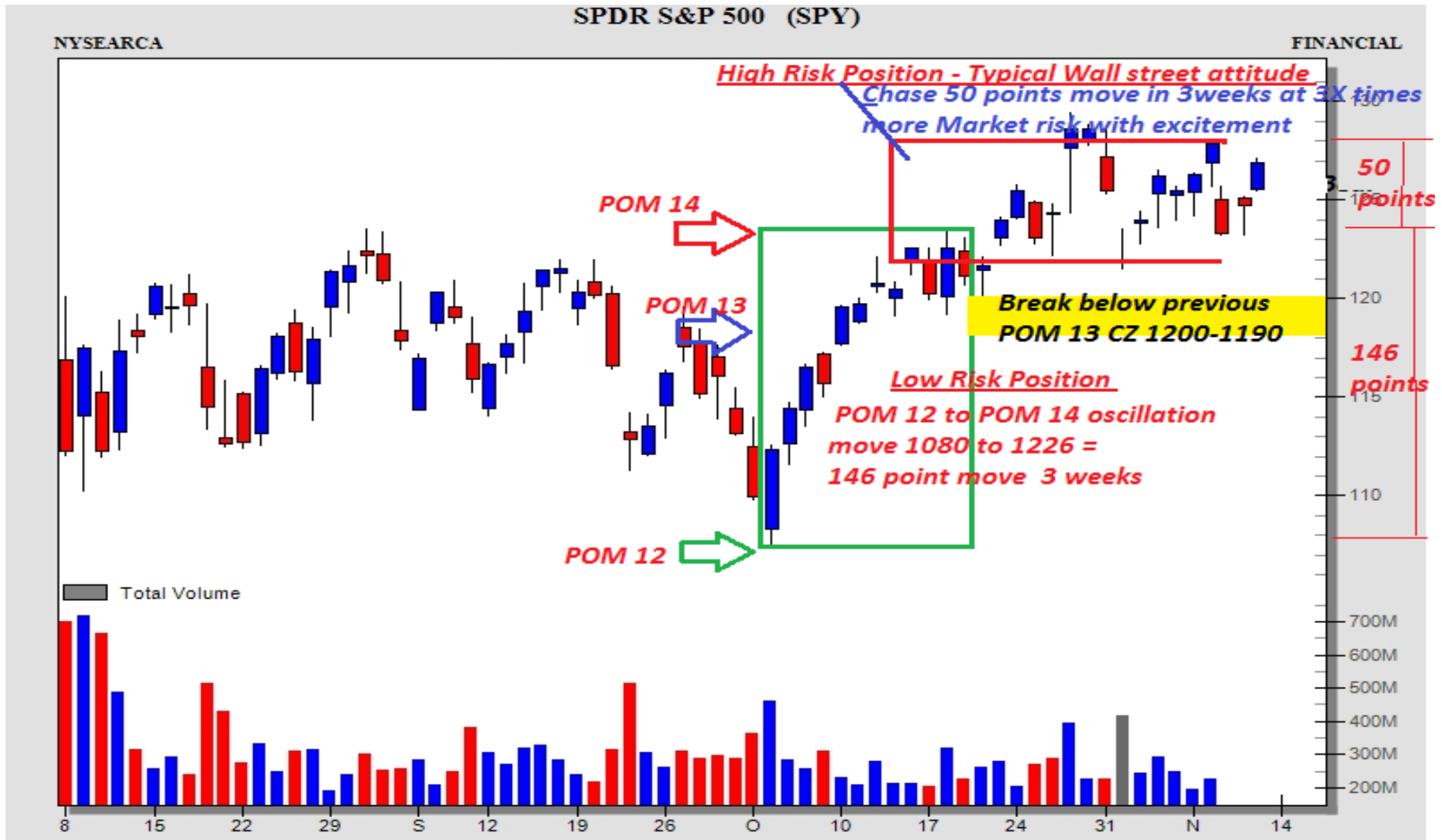
2010 - This Momentum Pattern had a cap of 1375 from base of 1135 in SPX = 240 points move. With QE-2 Fuel, the Momentum Pattern lasted X 5 Times. Then came Crashing down to 1080 below 1135 Levels

2011 - This Momentum Pattern has a cap of 1350 from base of 1260 in SPX = 90 points very doubtful move. With NO QE-2 Fuel, the Momentum Pattern X (3 Times). (2011 pattern is far weaker then 2010). By POM process the bulk of gains are under the best under RA/RI Framework

SPX – BULLS v/s BEARS - ZONE

In spite of last 2 days rally Thursday / Friday . We haven't made any progress , The struggle continues in Bull / Bear Zone till market runs out of energy .

If the market starts firmly down the slippery slope then the downside break 1200 -1190 CZ (previous POM 13 area)is needed.



Primary Market Analysis

SPX – Hrly - Poly trend Analysis

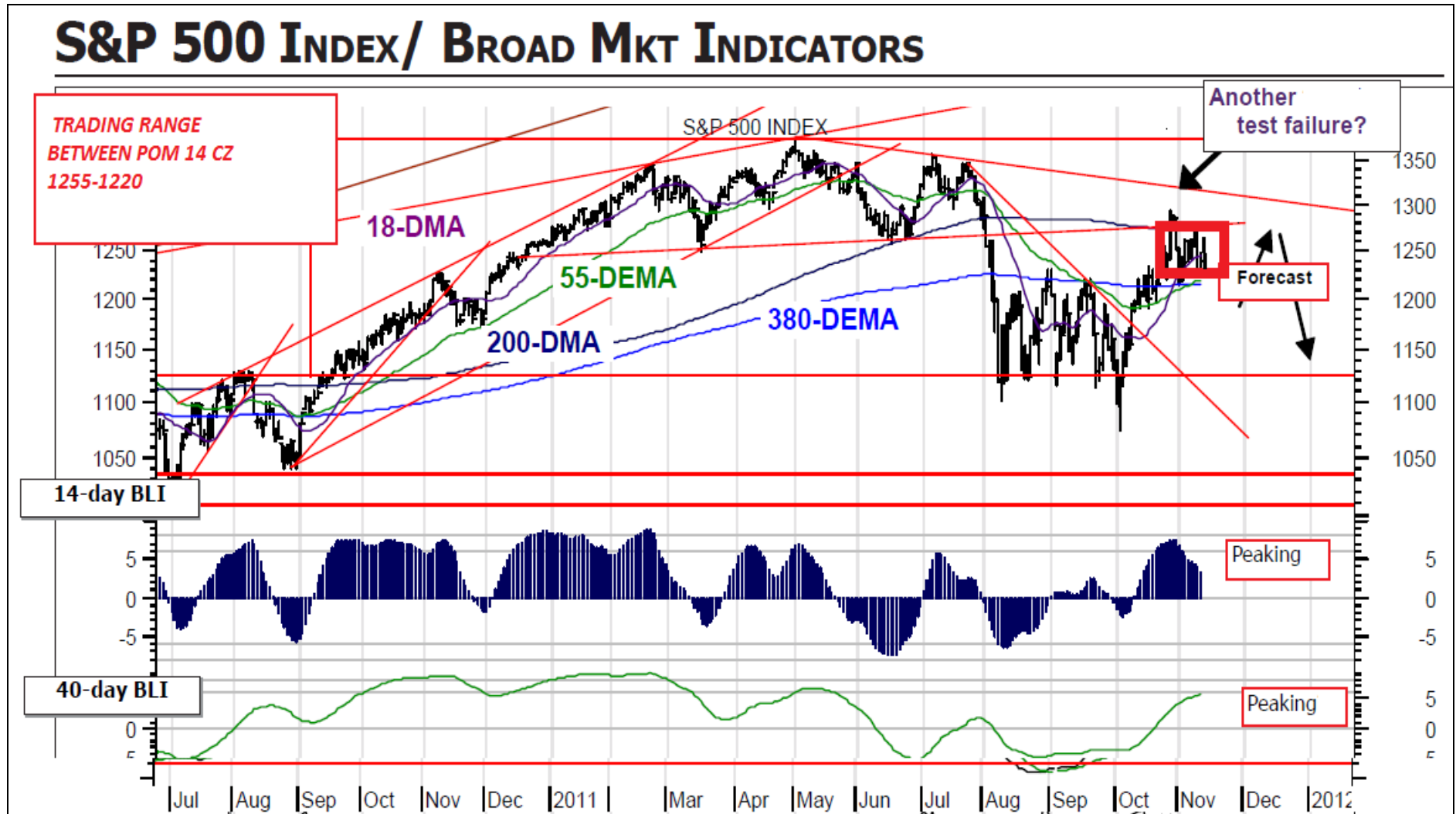
- At the time of POM 14 @ 1226 - The Warning rally was indicated towards 1252 that was reached along with Suggested price path of last Gasp to Double top towards the climax top . It went right into that zone
- POM 14 – CZ 1226 -1252 is good area to accumulate the Hedges – POM 14 is for Fully Hedge by SP - RA/RI for position accumulated at 1080
-



SPX - DMA & Trend Analysis

In our Triggered POM 14 @ 1226 with rally to 1252 (CZ 1220-1255) & By PEC-D Method we had projections (618 / 718) to 1250, & then jumped on false break outside with poor internals and came back in & rallied back

Bull line indicator is peaking - But if



SPX – Wave Projection Analysis

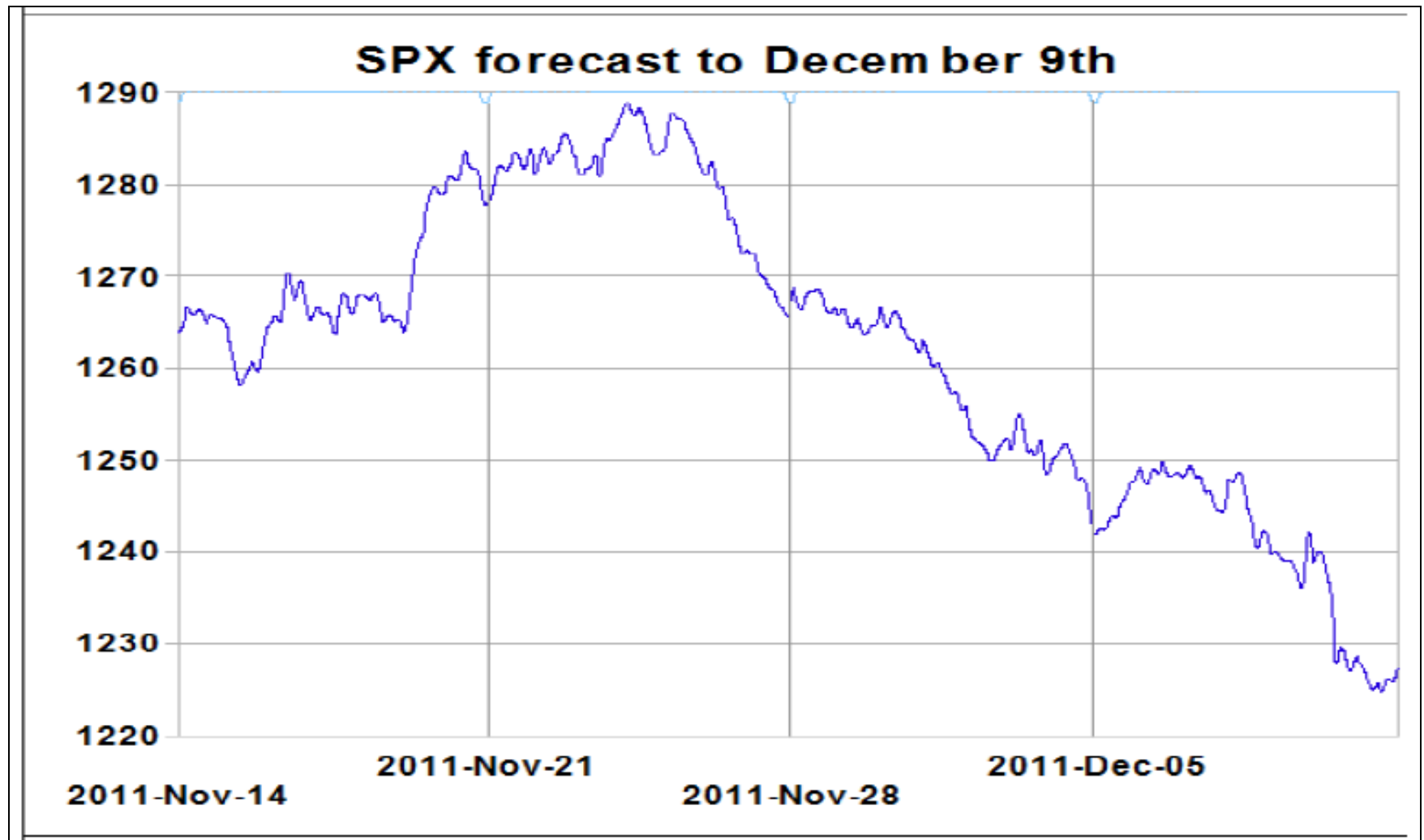
The PRICE projection is to C – This might be slightly below the Double Top. But if fails Prices are at the Top of Poly Trend Right side of the slope. (Notes within the charts). The October Rally was impressive if one could take advantage of it , but math suggests it was typical bear market rally with negative oscillator. **CLOSE BELOW B POINT will NEGATE the C Projections**



SPX – Cycle

*This just a Cyclical price path. It has more weightage **ONLY** when all other indicators line up within our POM / CZ Matrix .*

(One scenario is shown in the chart. The market does not have to follow that scenario) . The cyclic model points toward a downtrend into Thanksgiving, then another leg up.



SPX – PEC D- Analysis

Our Earlier messages suggested – By PEC –D Method, we had projections (618 / 718) to 1250, which was met and then just Jumped price levels outside of it but with poor internals & came back in

*Several other Indices also approached PEC – D Pattern especially QQQ Triggered at 59 at the Market Top (Alerted) .
 QQQ has been lead dog for the market is diverging .*



SPX – TICK – VIX Ratio

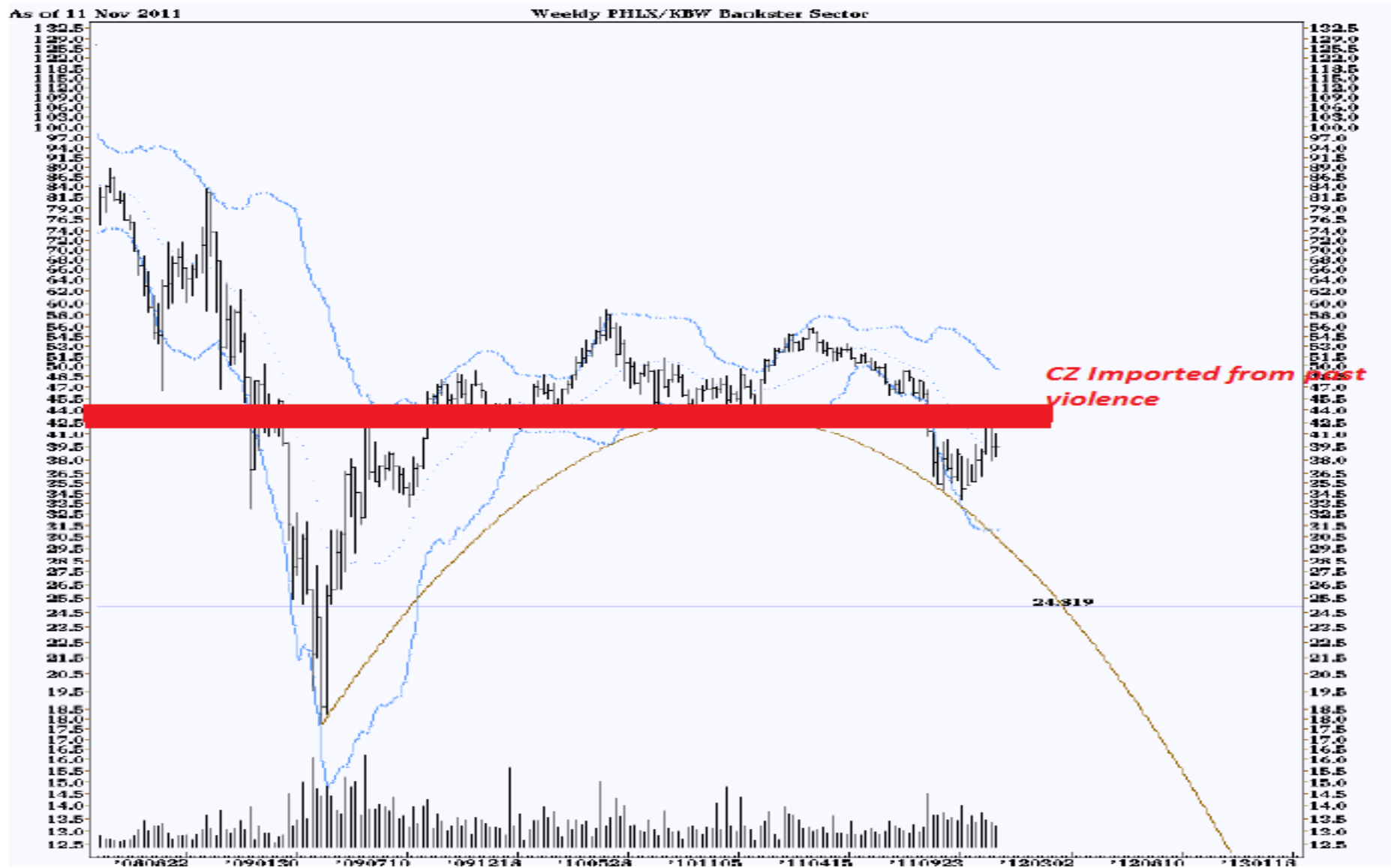
VIX/TICK ratio in HRLY Chart reaches above .5 or below, a high in the market is anticipated as indicated in red circled. This ratio entered the bearish level late last week just the time when SPX – Triggered POM 14. Over the last couple of days the VIX/TICK ratio has moved more into the bearish level & each time dropped 300 points 10/31, 11/09.

Although it is quite possible market may double top, (this is topping process)



KBW – Poly trend Analysis - Lead Indicator

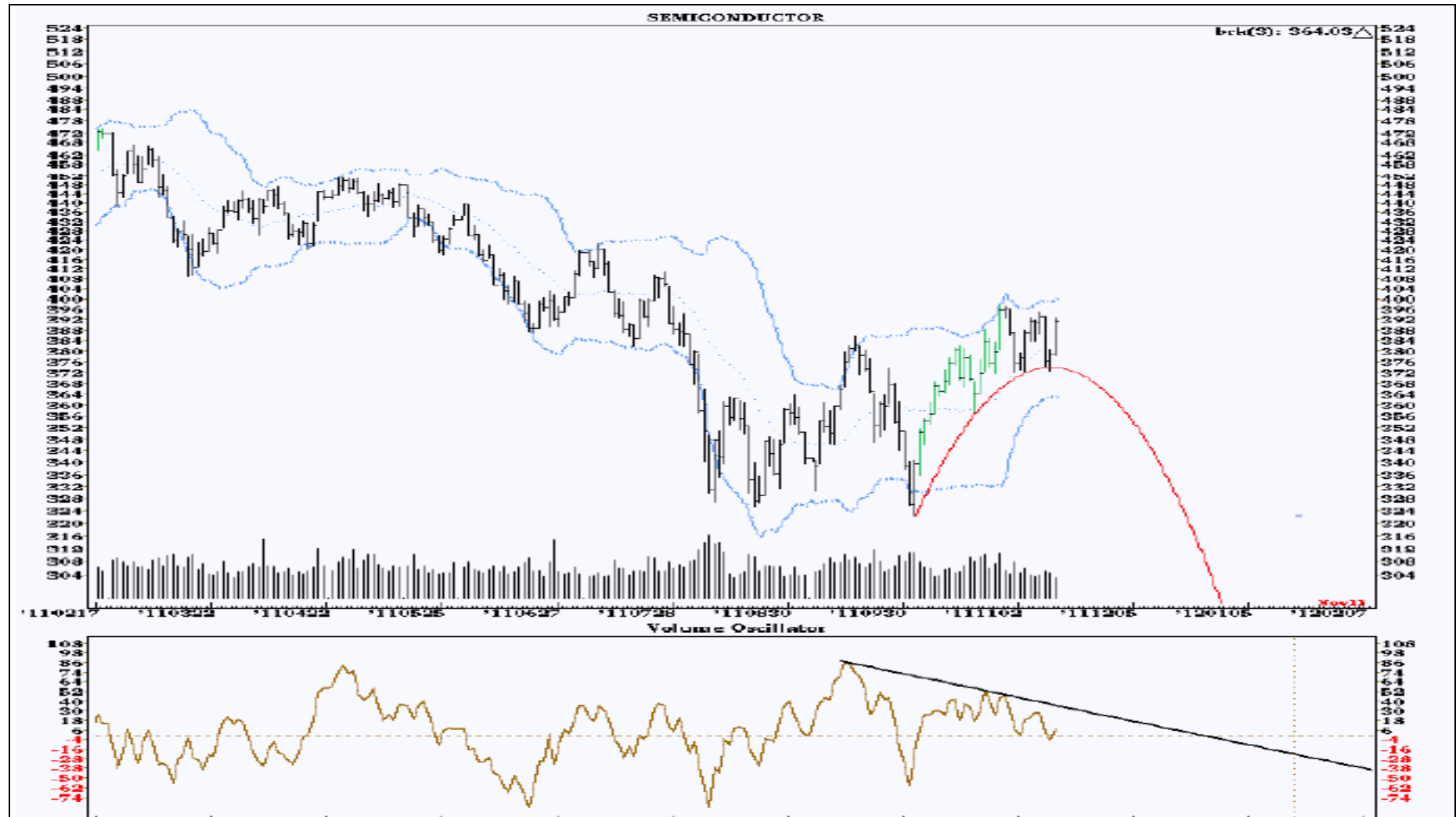
Banks – One of the larger component of SPX has no strength and on the wrong side of the slippery slope ready to roll to the downside.



SOX – Poly Trend Analysis – Lead Indicator

Within NASD , Sub component - the SOX should lead as well (if the SPX Move is real) . There is Bearish divergence on oscillator. It warns that this rally is almost at the end to turn the rest of the market. SOX is running out of "juice" to push up the hill — the falling tops pattern on the volume oscillator isn't bullish for an acceleration to the upside.

The polytrendline suggests we might have another Zig / Zag move till prices on Right side of Poly Trend.



FTSE – Poly Trend Analysis – **Lead Indicator on Upside**

On Upside move we have good correlation factor on FTSE v/s SPX . It is similar to DAX on downside correlation.

Currently FTSE 100, in spite of not being a part of Euro and additionally having a impedes of QE behind its back . The rally has faltered into our CZ .

We had a high due and it turned out to be lower than the previous high, which is not bullish. If the poly trend line the market has been vibrating around is still effective, it will continue pulling prices lower & SPX to follow.



- Advance / Decline - Analysis
- Put / Call Ratio - Analysis

NOTE : Various derivatives of A/D lines is required for full assessment

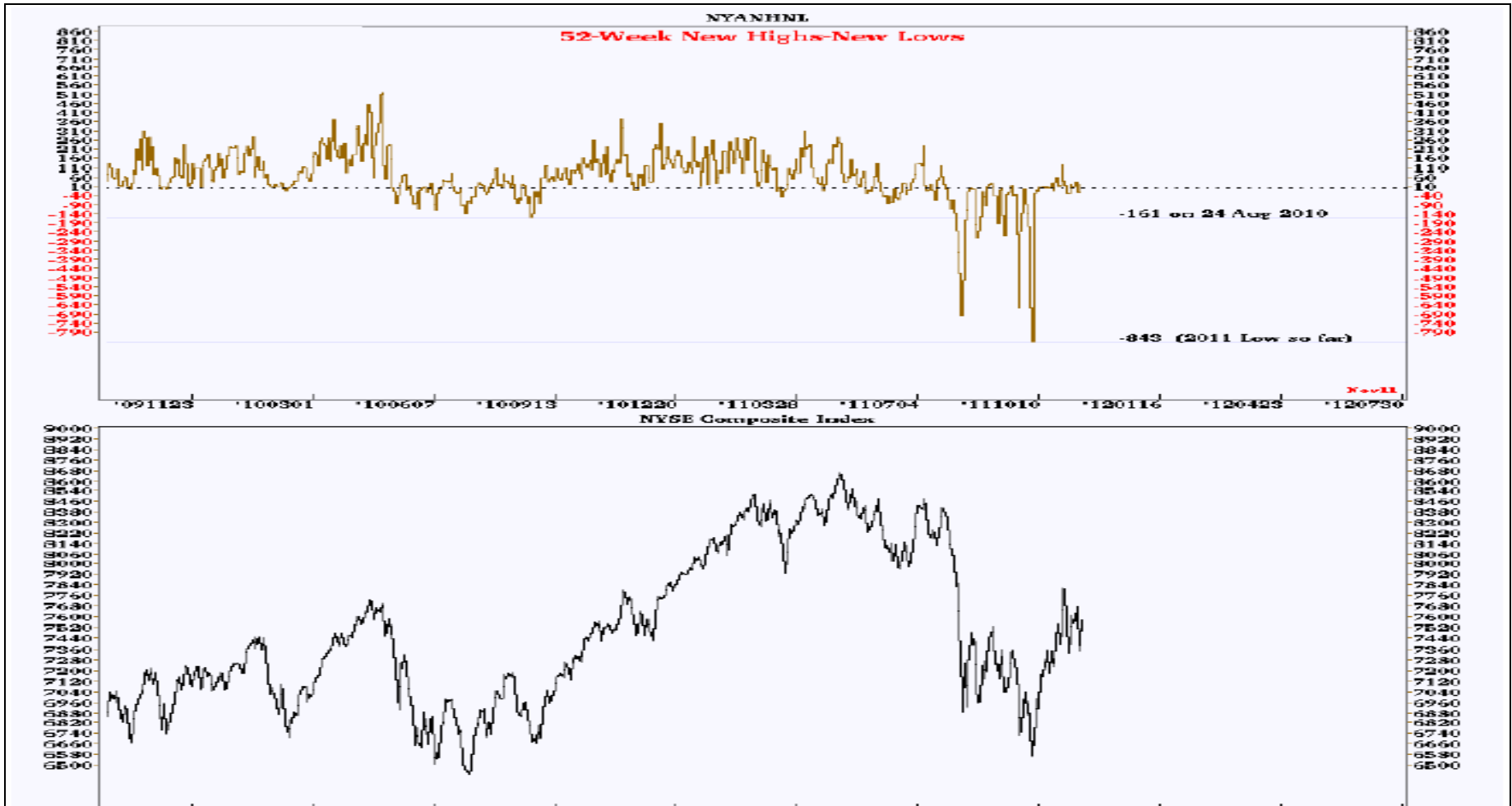
Our A/D Analysis is based on 3rd derivative complex A/D Oscillator instead of conventional A/D Line , secondly it needs to be conformed by the % of stocks above critical SMA's divergences. Based on current market condition our observation points out the following condition

- A/D Line NH / NL Ratio v/s NYSE on Equities only - MID TERM - (See below)
- A/D Oscillator Volume v/s NYSE on Equities only - MID TERM- (See below)
- A/D Line NH v/s NYSE on Equities only - MID TERM - **NON CONCLUSIVE**
- A/D line_% BULLISH Equity 50 D - in SPX BREADTH - MID TERM - (See below)
- SPX v/s CBOE – PUT / CALL RATIO on Multiple Derivatives MID TERM **NON CONCLUSIVE**
- *PUT / CALL on 3rd derivatives . Put / call Quantity based v/s \$\$ based Ratio on 5 DMA rotated every 3 weeks @ 0.75 of the month on “Weird Wally Wednesday” prior to Expiration . It tends to work well to identify bottoms but not for ST Top . At the tops we prefer the \$\$ weighted Put / Calls ONLY it gives better signal by different method we use- which is not extreme yet).*

SPX – A / D Oscillator – NH – NL

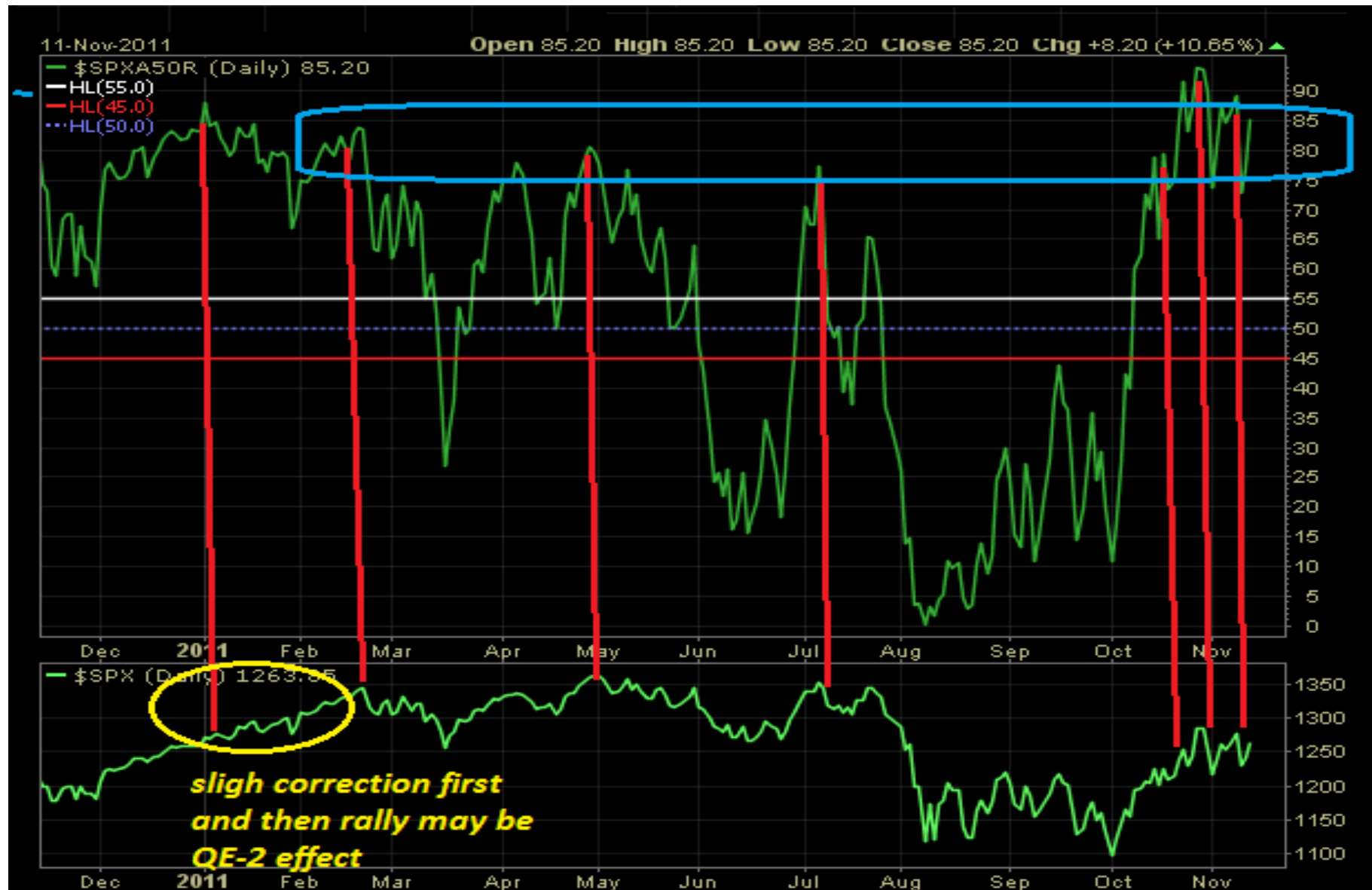
The October market rally was very poor quality . The New High - New Low Differential and its inability to significantly move the above the zero line.

The lack of leadership moving to new highs is indicative that no new leg up appears to have gotten started, but just a large oversold bounce instead. A rally to the top of the range.



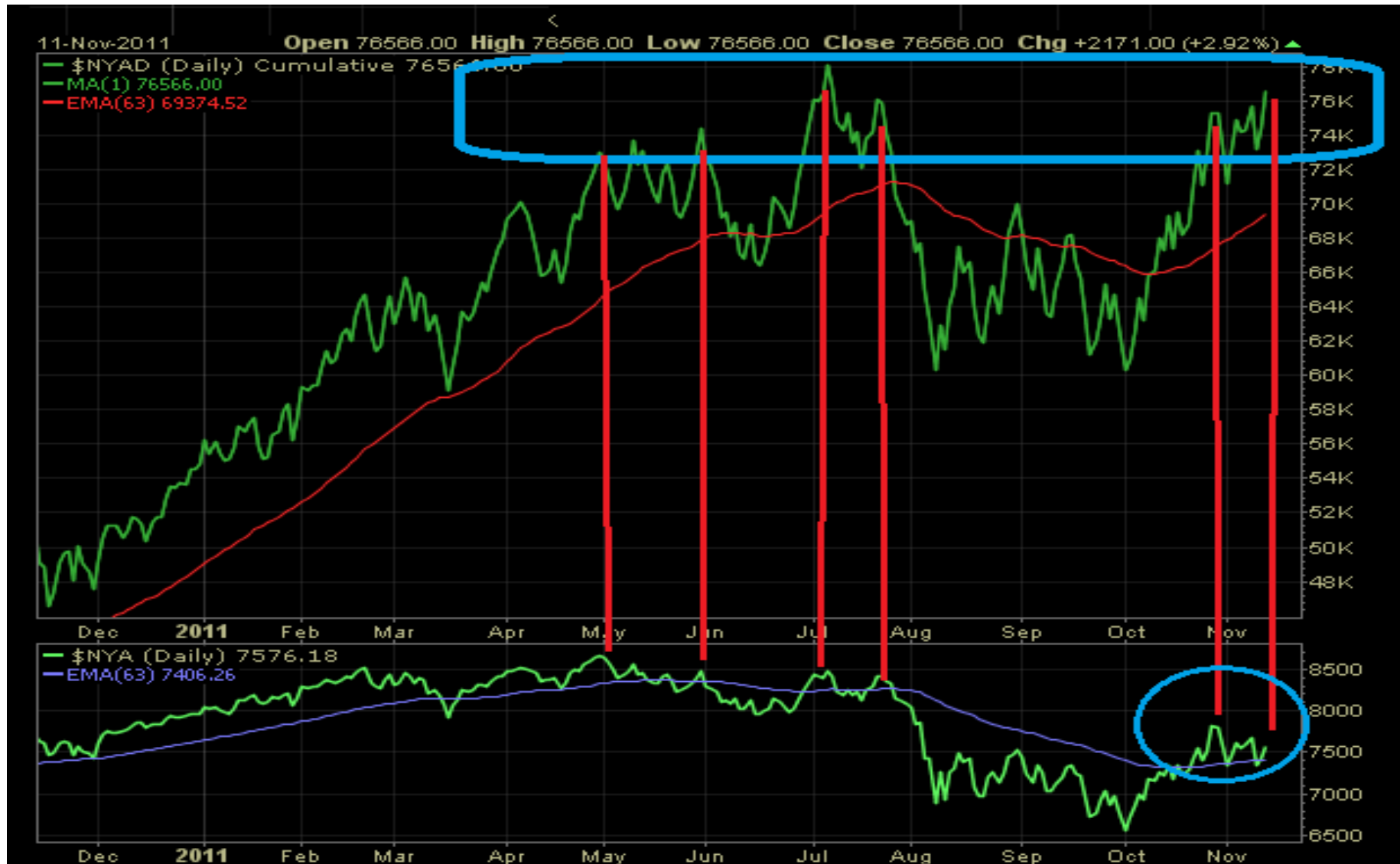
A/D line % BULLISH Equity 50 D - in SPX BREADTH - MID TERM

Circled in Blue indicates between 75 -85 Ratio SPX tend to top out , except it missed once (see the notes in chart below)



• A/D Line NH / NL Ratio v/s NYSE on Equities only - **MID TERM**

Circled in Blue indicates between 72 -75 Ratio , SPX tends to top out (see the notes within the chart)



- **SPX – LONGER TERM – CAUTION**

No Change from our Previous message

➤ ***Caution - we think the real decline would start initiated by 6 yr Cycle into 2014 based on the Charts and Indicators shown below.***

- ***SPX – Weekly EMA Cross with PPO***
- ***SPX - Monthly MACD Cross***
- ***SPX – LEHMAN CRASH AREA***

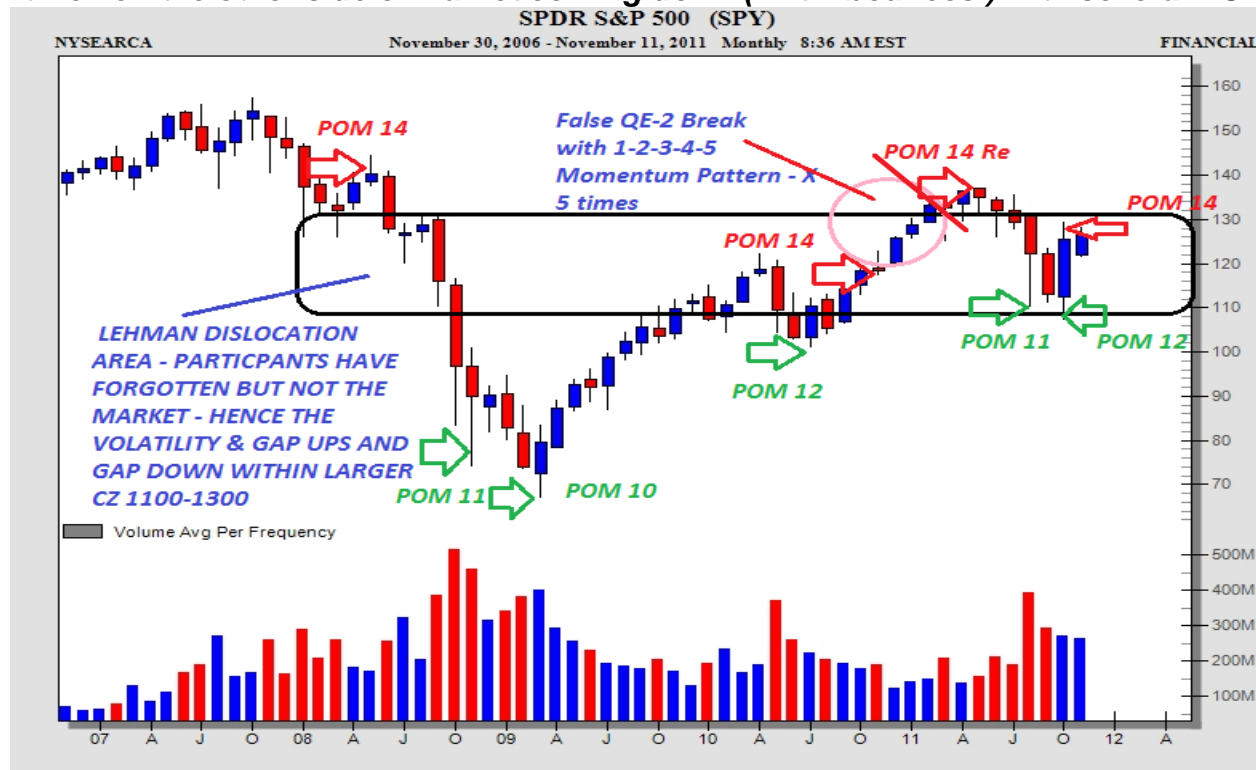
SPX – CZ – Analysis – Bigger picture

Chart below is the Monthly SPX from 2007-2008 - In Nov of 2010 , we had pointed the following issues (below) would occur. Here is the Graphic view).

POINT 1- LEHMAN CRASH AREA - Currently SPX is at 1260 and still struggling in LEHMAN CRASH Area of past(1100-1300) , past 18 Months SPX keeps oscillating back into that area with high volatility (Circled in black). This past dislocation is the cause for current market moves of 300 points up & down days with Gap ups and Gap down. It appears players have but market hasn't. We have seen several different markets over the years which under goes such behavior.

POINT 2 – FALSE BREAK ABOVE 1135 (POM 14) in Sept of 2010 – The natural Oscillation of the market ended at 1135 (Red arrow POM 14) which was extended due to QE 2 effect at that time and gave the market false break upside. Our Analysis t that time projected this would come back on round Trip. ... which it came back to 1080 Market Physics is more powerful then QE-2 on lows of oscillation

Although we did not like the LONG SIDE post 1135 up move (in QE-2 Blue Box) due to our Risk Reward Equation but we could make up for it well on the other side of Market coming down (with bounces) with several POM 12, 11 in between .

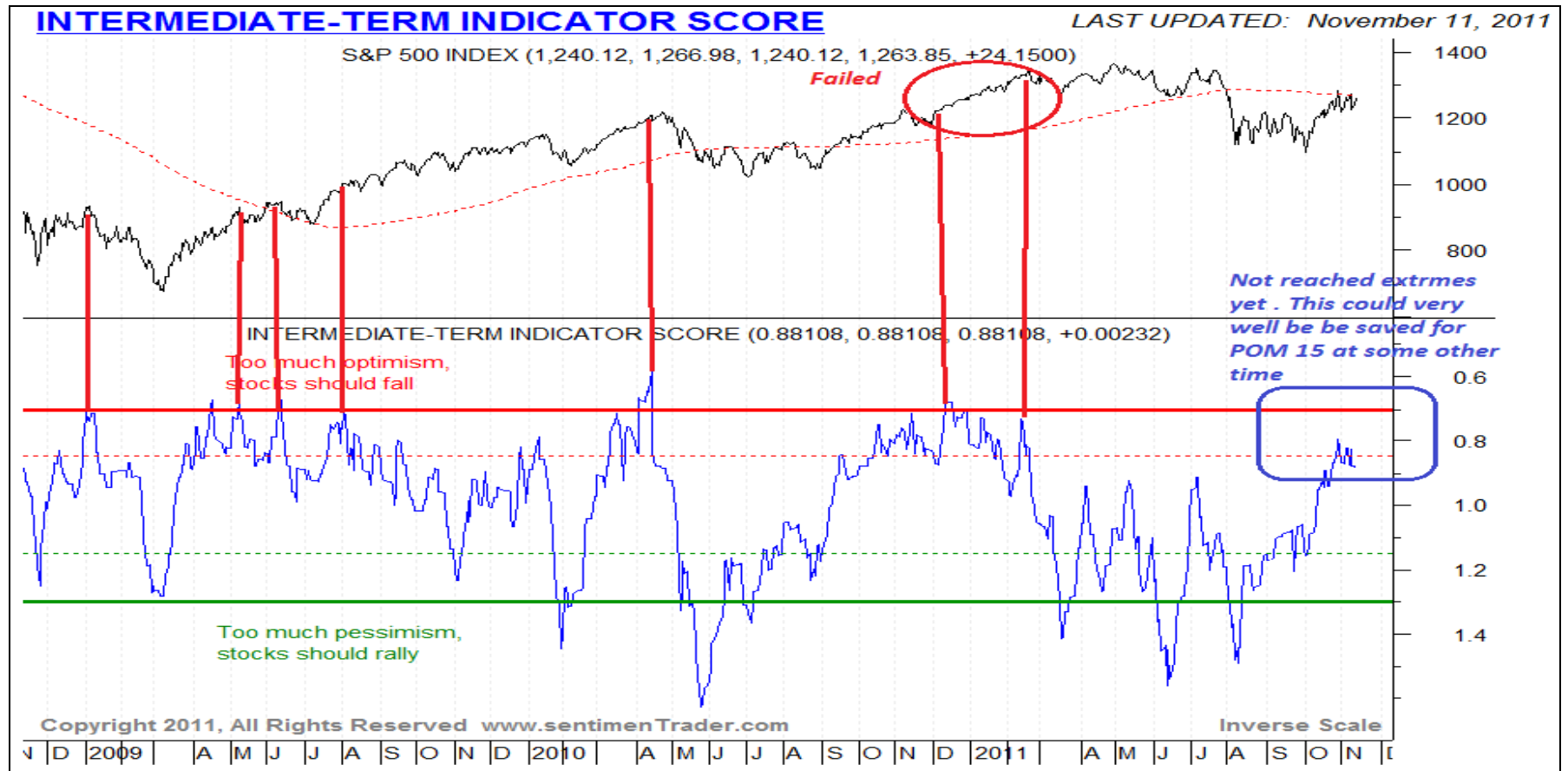


EXTREAME Sentiment Analysis (3rd Party Data) - Courtesy :

SENTIMENT TRADERS

● Cumulative Extreme Sentiment Indicators - Mid Term

- *Cumulative Indicator* derived from the following Survey Sentiment Indicators collectively at extremes We think this Indicator is at or below 0.2 - tends to work well for bottoms when overlapped with Math Indicators of market Internals. Indicators used for computation of extremes are as follows
- Sentiment Surveys - AAIL, Investors Intelligence, NAAIM Manager Sentiment, Market Vane, Options Sentiment, Mutual Funds Sentiments, Insiders Selling



EXTREAME Sentiment Analysis (3rd Party Data) - Courtesy :

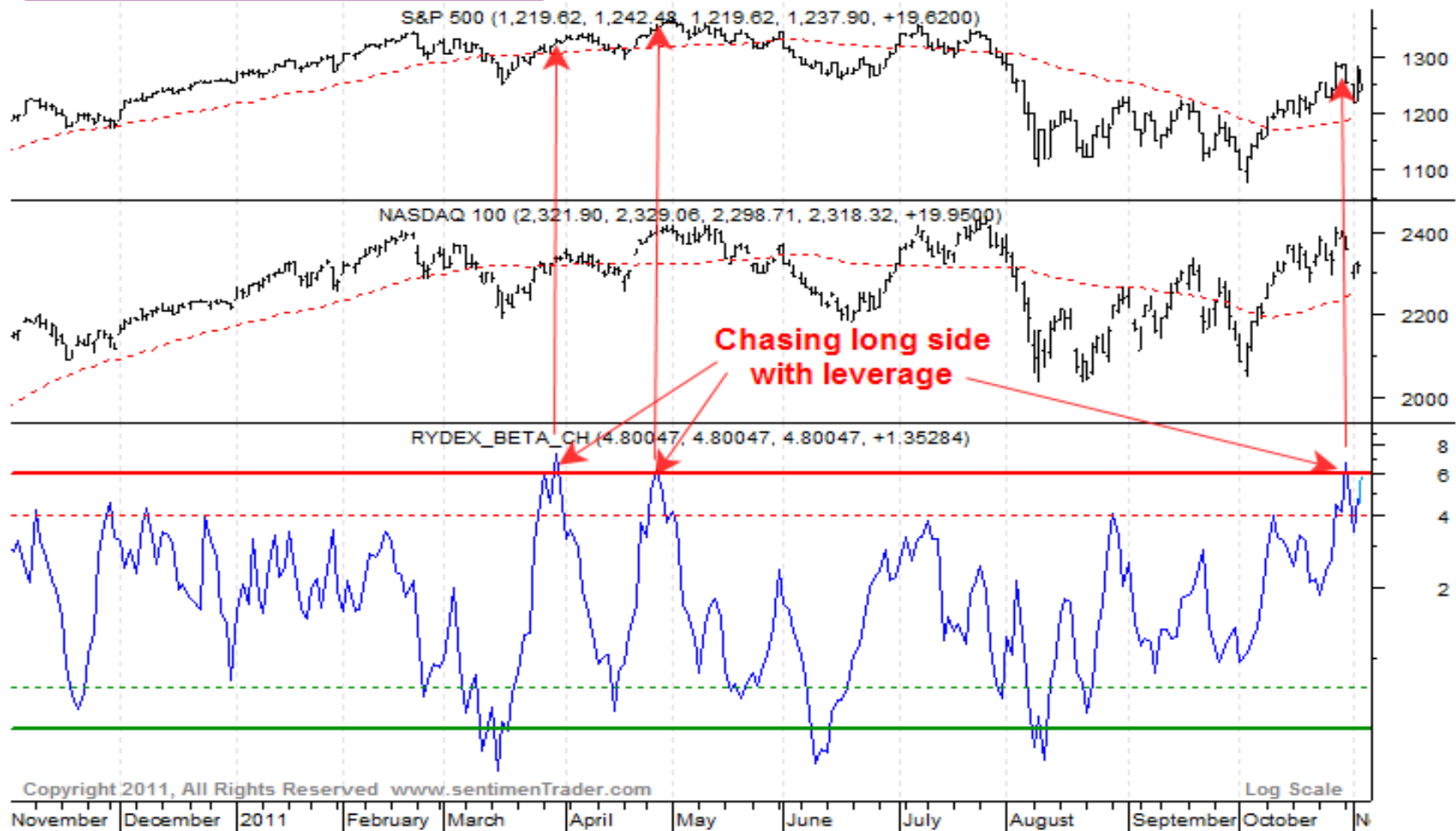
SENTIMENT TRADERS

- % Sector Extremes - (EXTREME - See chart below)
- Rydex Bull / Bear – Leveraged Ratio - (EXTREME - See chart below)
- Rydex / Money Ratio Indicator - NON CONCLUSIVE
- Smart / Dump Money Ratio Indicator - NON CONCLUSIVE
- Down Pressure on SPX Indicator - NON CONCLUSIVE
- ISE Sentiment Index – NON CONCLUSIVE
- Investors Intelligence Bull / Ratio - NON CONCLUSIVE

Rydex Bull / Bear – Leveraged Ratio

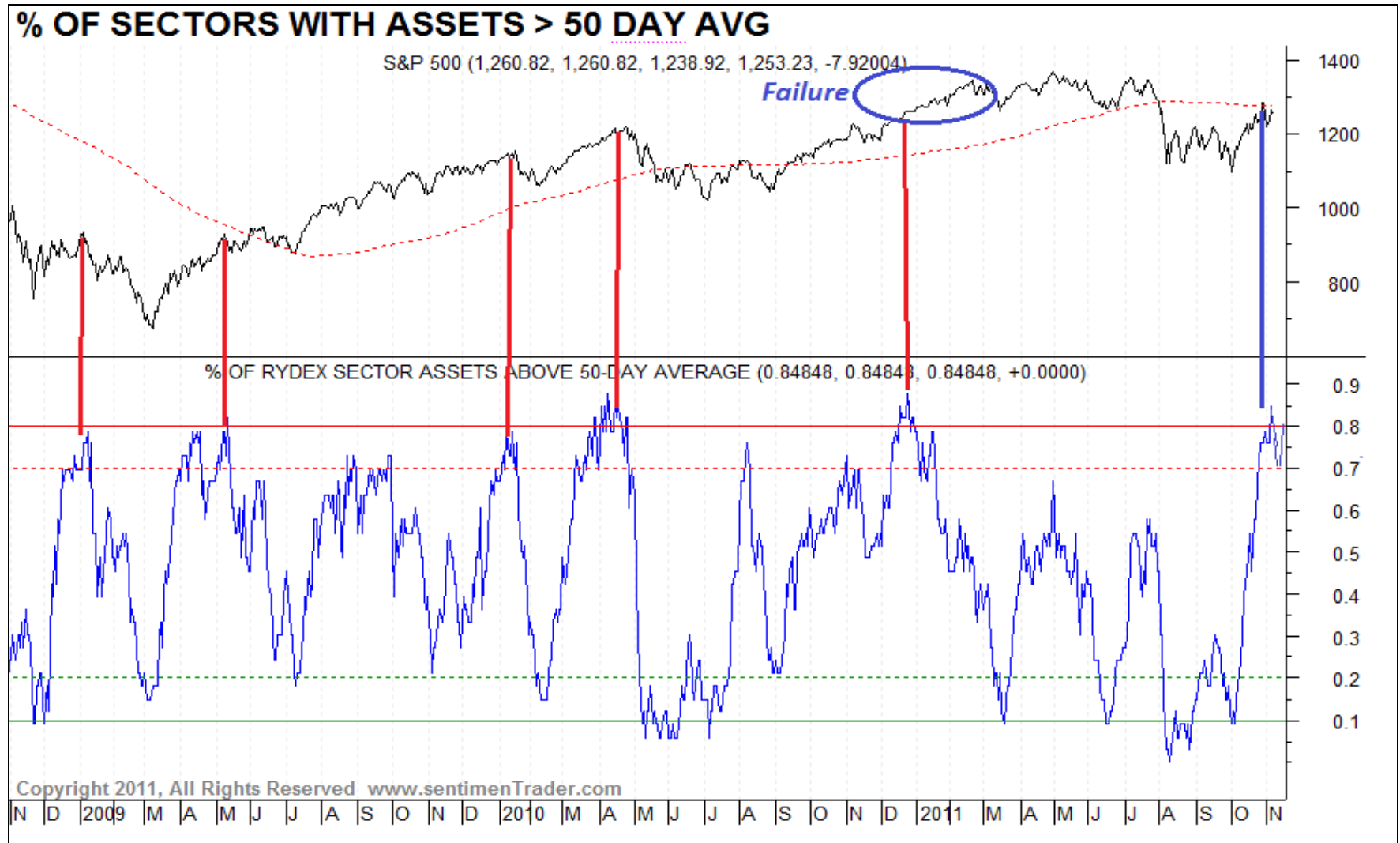
Traders Bullishness comes out of the leverage funds to capitalize on the expected move and in this case there are leveraged on the long side to the tune of a beta of 4.8% . Previous times they have been leveraged to this excess the market was near a pull back.

RYDEX BETA CHASE INDEX



% Sector Extremes

The Sector Extremes also reached the extremes levels This tends to coincide with Tops Except indicated in blue circle



• EXTREAME Sentiment Analysis (3rd Party Data)

Courtesy : SENTIMENT TRADERS

None of the Critical Indicators we track (below) are at Extremes

Our Sentiment Analysis has “Intermediate & Short term” composition. We evaluate (8- 9) Indicators for sentiments out of which some are working well for Short term and other for Intermediate terms These are either Numerical Indicators as the Investors sentiments is expressed through purchases of the market

Rydex flow, Insiders activity. The Emotional / Survey sentiments we track Investors Intelligence sentiment Advisors sentiments. etc. All these are Integral part of POM composition ,

Our Behavior Indicators Commercial Hedges , AAll etc Sentiment Indicators, Insiders activity, Speculation activity,

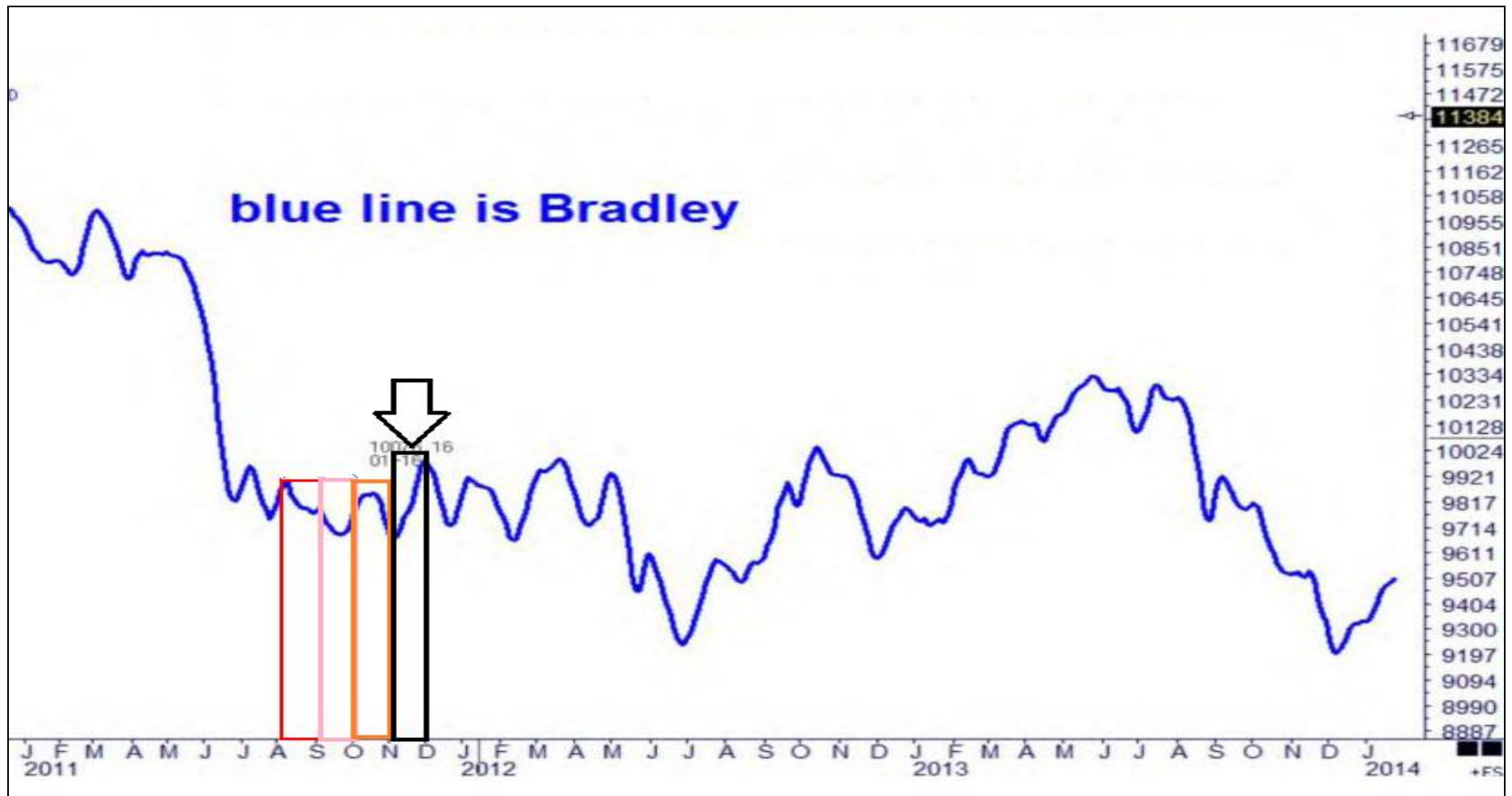
Based on current market condition and the probability of Indicators we point out the EXTERME INDICATOR ONLY as a observation points.

- **Time Cycle SPX**

Our Time - cycle Analysis is based Seasonality, Calendar events, Astros Harmonics, Geomagnetic (including Bradley Model) & T – Termination. Based on current market condition our observation points out the following condition

- **Bradleys - Cycle dates –**

November is expected to be up (wait and see)



- **Calendar Cycle - Cycle dates – Historically**

November is expected to be down (wait and see)

- EVENT 1 - 8th Jan also coincides with CITI Group study for Major market top 2011-2012
- EVENT 2 - 2011 is 3rd year of the presidential cycle and historically has positive returns
- Our own Study for January in (2003 – 2006) Uptrend & (2007 – 2010) Sideways Market.

From 2003 - 2006														
Bull Run														
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
	Average	-0.25%	0.36%	-0.40%	1.41%	1.55%	0.73%	0.57%	0.76%	0.72%	2.07%	2.43%	2.37%	13.00%
From 2007 - 2010														
Bear / Side ways Run														
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	Average	-4.24%	-3.45%	3.71%	4.99%	0.36%	-3.94%	2.53%	0.28%	1.71%	-3.44%	-1.60%	2.06%	0.32%
Average		-2.25%	-1.54%	1.65%	3.20%	0.95%	-1.60%	1.55%	0.52%	1.22%	-0.68%	0.42%	2.21%	6.66%

• Cycles - Inter market Analysis –

- **SPX v/s \$ COPPER - Coverage in C # Commodity Report**
- **SPX v/s OIL - Coverage in C # Commodity Report**
- **CHINA v/s \$ COPPER - Coverage in C # Commodity Report**
- **SPX v/s USD - Coverage in B # Currency Report**

Appendix

- SPX – POM Signals & Price Projections - UPDATE
- Trading & Investment Conclusions – Start point 1257 (1ST Jan) – YTD –Flat

• POM 15 - Net Short -- **None Triggered in 2011 - (Total points gains = 0)**

• POM 14 / Re - Fully Hedged -- **(Total points gain = -88+ 85+ 97 = + 94 = +7.4%)**

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- **Alert - 3rd May @ 1370 - POM 14 Re run to POM 12 – Alert 6/23 to 1273- POM 12 Trigger = 97 points gain**
- **During POM 14 regime - Recycle partial capital to Trade from Bullish CZ to CZ - while the bigger Trend Kicks in**
- **POM 14 Re Run @ 1335 on 3/01 to 1250 on 3/16 = 85 points gain (from 1250 dt. 3/16 to 1370 dt 3rd No Signal)**
- **1st Jan @ 1257 to 2/17 @ 1345 = (-88 loss) on stretch extension**

• POM 13 - Risk Management Hedges - (Total decline saved) = 71+140 = + 211 = +19%
(Proportion of Rebalancing Beta & Net Exposures to be based on individual Portfolio Objectives)

- **Alert – 09/ 01 - POM 13 (@ 1220 to Trigger on 10/4 Price Projection of 1080 (POM 12) avoided decline of 140 points –**
- **Earlier- Alert – Triggered on 7/08 - POM 13 (@ 1346 & avoided decline till CZ @ 1300- re-entry = 46 points & then (STOPPED OUT @ 1285) = (-20 points) & then avoided further decline to 1240 POM 12 Re Target = (45 points) = 46-20+45= 71 points**

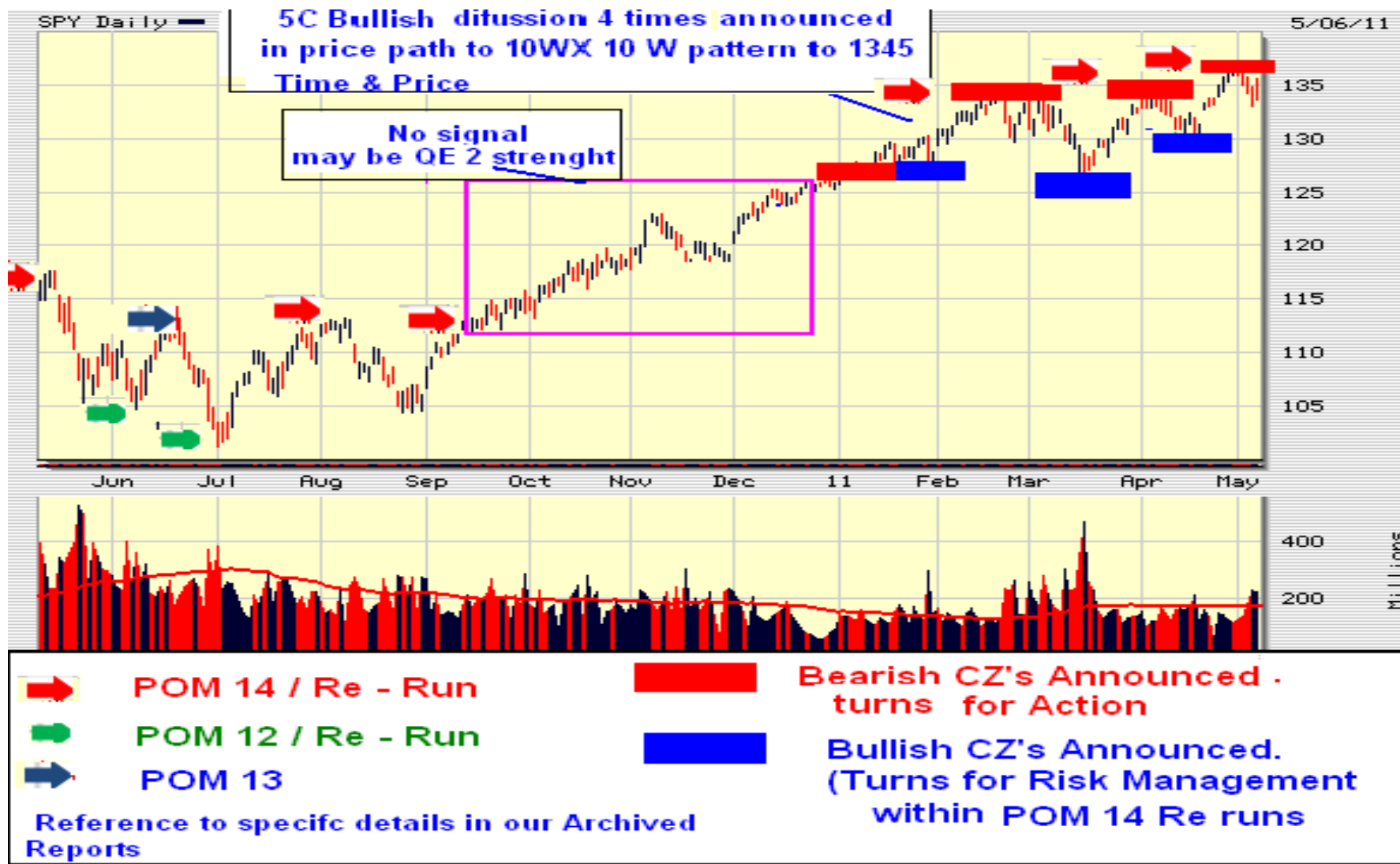
• POM 12, POM 11 - Net Long – - **(Total points gains = 75-20+79+123 = + 257 = +25%**

- **NET LONG 4 - Alert – Triggered on 10/04 - POM 12 (@ 1080) NET LONG- Closed on 10/11 @ SPX 1192 (up 10.3% or gains of 112 (2/3 position) & Balance 1/3 @ POM 14 @ 1226 on 11/01 = Avg 123 gains points**
- **NET LONG 3- Alert - on 8/09 - POM 11 @ 1117 – for NET LONG for target to 1196 (where it Nullified POM 11 liquidation Signal) for = +79 points gains - Alert announced 8/11 for reversal**
- **NET LONG 2 - Alert - on 8/03 POM 12 re run @ 1240 – to POM 13 – Triggered @ 1220 Alert - 09/01= (-20 points loss)**
- **NET LONG 1 - Alert – on 6/23 POM 12 @ 1273 – for NET LONG for target to 1348 POM 13 Trigger on 7/08 Alert = 75 points gain**

➤ Key Points for Full utilization of SP- Reports

- **Maximum Utilization of various POM's , CZ's & ABC's – for Risk Management & full enhancements on CZ pricing & CZ-PQV Timeliness**
- At Top down Level– Triggers around POM's -Mid term & CZ's - Short term– (CZ's happens in between the POM's) . Critical component for Clean execution is to maintain ongoing updated data base spreadsheet of CZ's Pre announced in SP releases prior to price shifts. These inputs when Computerized Daily Monitoring, Triggers, Timely PQV validations, Price projections Alerts on real time should warn in timely manner to take action. .
- Rebalancing Pre Planned procedure at Triggers– “ Rebalancing % of Overall Position Sizing” , Beta & , Net Exposures sizing depending on each Portfolio's Objective & Risks Tolerances for either Recycling of Capital or Fresh capital.
- Key points for Risk Management
- Hard Stops around CZ's
- STOP SELL- “ early warning Alerts” in fast moving markets, Over night Day / Night (IST) time delay Risks.
- Cross verification by Other Methods
Computerized Daily Monitoring, CZ Triggers, Timely PQV validations
- **2. CZ – Tracking**
- Programing - “Time/ Price Displacement, Supply / demand Activity Bar Analysis” –
 - At “Institutional Grade - Price , Volume with Time Integration
 - Supply / Demand Activity bar Analysis – Real time.
 - Candlestick – Price displacement Algo Programing experience at CZ Validation for Triggers

• Past 52 Week - POM / CZ - SPX Signal - updated 7th May 2011



- 2010 - POM - SPX Signal



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**

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).

INTERNALS OF 3X3- 9EMA – Break Indicator.

The line break indicator has captured the post POM 14 Moves on a mechanical basis. Although can't guarantee it will continue. But, even if it misses on occasion , it's still is the best indicator we've ever seen in Market for extensions.

Tight trading ranges tend to cause whipsaws and those are environments where trading multiple markets can help for diversification, in SPX & DOW. The reason is that we have a purely mechanical indicator, our line break indicator, that is much better to use. That indicator has proven extremely good over the past several months in many markets in many extensions.

As a reminder of how simple this indicator is, when the market closes above the "break" price level, the indicator is ""bullish"; when the market closes below the break price, the indicator is then "bearish". at the close

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