



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_21

For Immediate Release – *Monday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

Market Strategy SPX (A # 1) – (SP) - SPX – Closed @ 1215 (**Past Weekly change – 3.8%**)

Analysis of Broad Market that includes – Jan 1st 2011 – SPX 1257 (**YTD change – 3.3%**)

- 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 – **BKX, SMH (if required)**
- Sector Analysis for SPX clues – **CHINA, FTSE (if required)**
- Appendix - History of past 52 Week - SPX –POM Signals & Key Criteria

COVERAGE

SHORT TERM

- SPX – Hrly Poly Trend & Wave Analysis
- SPX - Wave Projection Analysis
- SPX - DMA & Trend Analysis
- SPX v/s LIBOR
- KBW – Poly Trend Analysis (**Correlation Lead Indicator**)
- XLF – CZ – Ratio Trend Analysis (**Correlation Lead Indicator**)
- JPM - (**Special Situation**)
- SOX - Poly Trend Analysis (**Correlation Lead Indicator**)
- QQQ – Pattern Analysis (**Correlation Lead Indicator**)
- DAX - Pattern Trend Analysis (**Correlation Lead Indicator**)

MID TERM

- SPX – TICK / TRIN Ratio
- SPX – TRIN Ratio
- 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 – 200D stocks cross over LEHMAN CRASH AREA
- SPX – Monthly & Weekly MACD
- SPX – EMA Cross

- **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
- SPX -Trading & Investment Real Time Conclusions
- Start point 1257 (1ST Jan) – YTD 1263 –Flat

Current Signal – POM 14 into CZ 1226-1255 ending Previous POM 12 @ 1080

- 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%)**

Latest last 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)

3 Signals YTD – Summary listed in Appendix below

- 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)

4 Signals YTD - Summary listed in Appendix below

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

4 Signals YTD - Summary listed in Appendix below

- Like any other Model, it is not perfect but Risk Management is the First objective (Generate Alpha @ 1/3 to .1/2 Market Risk from POM to POM – CZ 's).
- **Focus** - POM's are better actionable areas for us to produce Highest Reward for the Risk where the “ Back is against the Wall” then entering positions in between the moves of POM

• STRATEGY – Insights

- **LATEST LAST SIGNAL** -
- We reached our price objective of POM 14 – CZ 1226 – 1255 from 1080 – POM 12 (completing the Natural price Oscillation= 150 Points) .
- The artificial / forced price turning into anxiety around CZ volatility with fear of missing out last 50 points into BULL / BEAR Zone caused Wall street problems once again.
- 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 was 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 .

Our Risk Management still remains. Probably a good idea for us to stay with the POM signals & CZ (for watch dog) as they come, rather than trying in between the price moves in such volatile markets and trap us in unintended positions.

NEW ALERT - We have reached our POM 13 Target (No Trigger) but If today's bottom is heavy with poor internals and Market reverses up on price , The Rally will fizzle after Thanks giving / Month end seasonality rally .

Conversely if the rejection is solid around current area CZ 1205-1195 then we may have staying power for some time. WE'LL WAIT AND SEE to Trigger Signal . (We waited till 3.00 EST , now it calling off for the night) . Regardless of that we remain on POM 14 – CZ 1226-1252 & sitting tight

• SPX – Insights

SPX Futures is Gaping down this AM jumping over the price area of previous POM 13 – CZ 1295-1205 (acted like a Magnet) . At the time of our POM 14 - CZ 1226 -1252 announcement (SPX forming Rolling Top)we announced our first target as 1195-1205 decline which we called as downside slippery slope. .

Obvious reason for the Jump today is “ King Dollar “ & “Bond spreads” - “Market “outside the “ Market “ trying to head towards its Price projection moving upward “ NORTH”

Currently how SPX reacts this current price area of “gap way from CZ” with respect to internal ingredients of the inertia & King dollar continuation move up will convey to us the quality of the thanksgiving seasonality rally . **ALERT - If today's bottom is heavy with poor internals and Market reverses up on price , The Rally will fizzle after Thanks giving / Month end seasonality rally .**

Conversely if the rejection is solid around current area CZ 1205-1195 then we may have staying power for some time. WE'LL WAIT AND SEE to Trigger Signal . However regardless of that we remain on POM 14 – CZ 1226-1252 & sitting tight

The Cycle lows are towards 24th Nov , Price objective is reached into CZ 1205-1295 , Trigger will come provided we get good positive divergence, Volume oscillator & successful test . It is little early till we see the proof in the pudding

Our final price Target for this Oscillation that began at POM 14 has mathematical projection to 1125 (but not in straight line). If we close below 1190 today we will go down to 1175 where we could get bounce from (See the chart below). This is anticipated price path within the ABC down move

Earlier Our Oct 27th turn date announced in previous Reports with respect to Price Projection, T termination, Astrocycles , Market internal exhaustion was right on Target for TOP (Even after scaring Wall street a false break Thrust rally post 27th Nov)

Simultaneously at that time our Projective indicators pointed to the Risk Markets to Highs on at the same time frame into CZ – PQV in leading indices NDX, SOX, KRW which gave early clues to the topping pattern.

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

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

22st Nov – 2nd Dec – Next in line begins tomorrow

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

Primary Market Analysis

SPX – Hrly - Poly trend Analysis

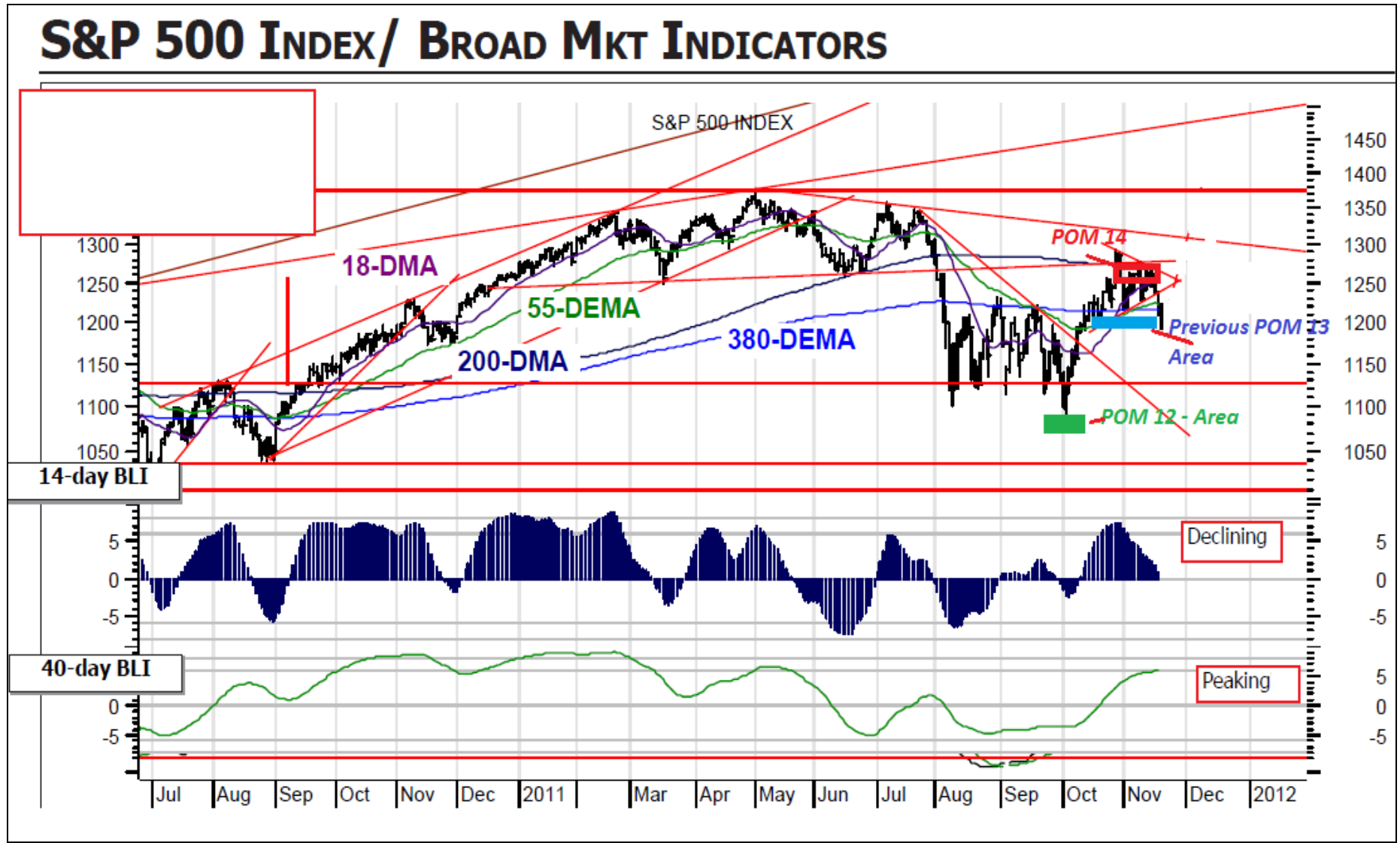
- We have jumped the bridge over our First target area of CZ 1205-1195 . If SPX does not reverse within the CZ – Via positive divergence we should take a breather around 1170, this should be WAVE 3 to set up B point for short bounce on way to our Final price target 1125
- POM 14 – CZ 1226 -1252 was a 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

As we stand now, the POM 13 area target CZ 1205-1195 is broken - BLI is peaking and declining

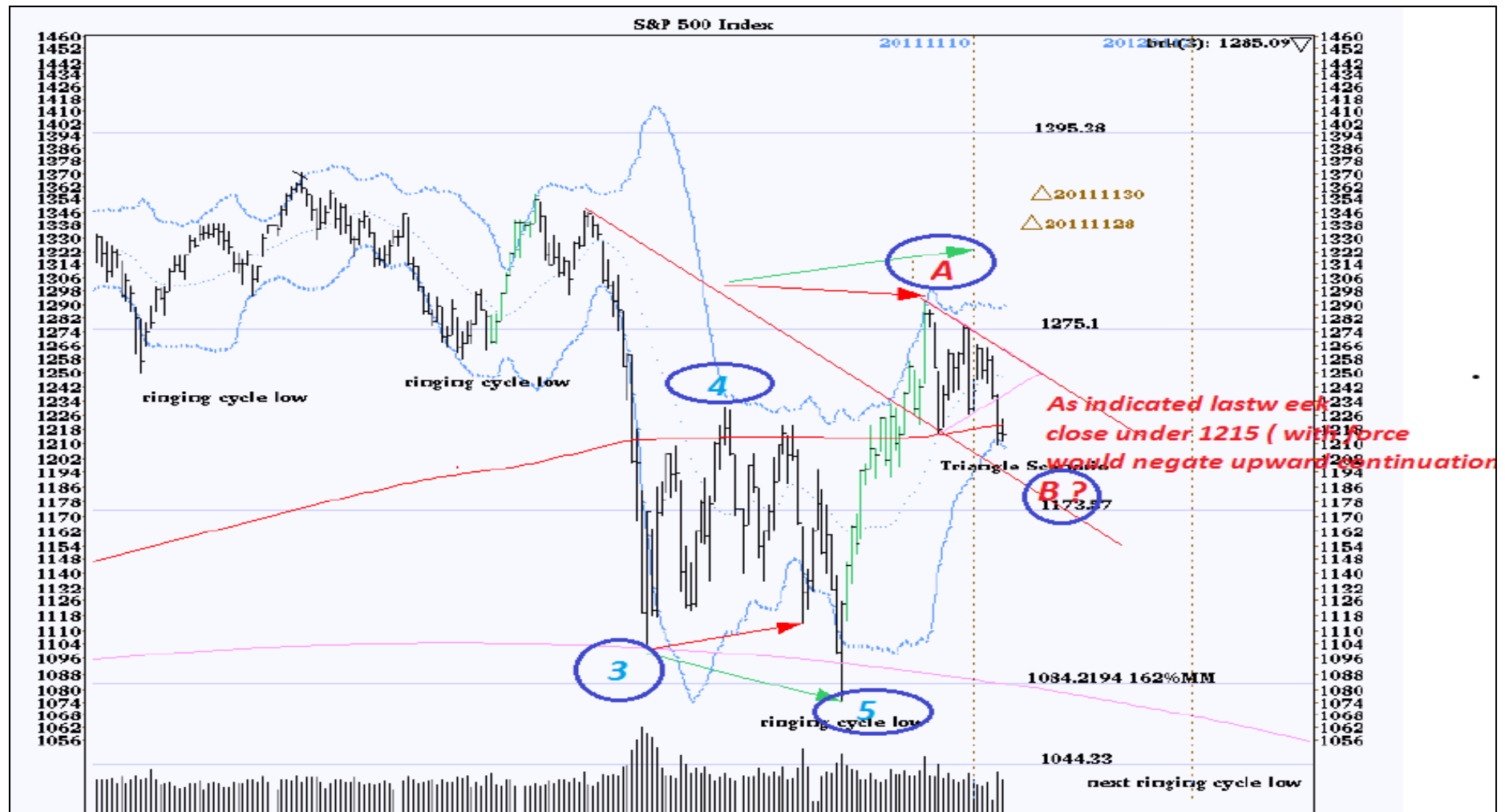
In our Triggered POM 14 @ 1226 with rally to 1252 (CZ 1220-1255) & By PEC-D Method we had projections (618 / 718) to 1250,



SPX – Wave Projection Analysis

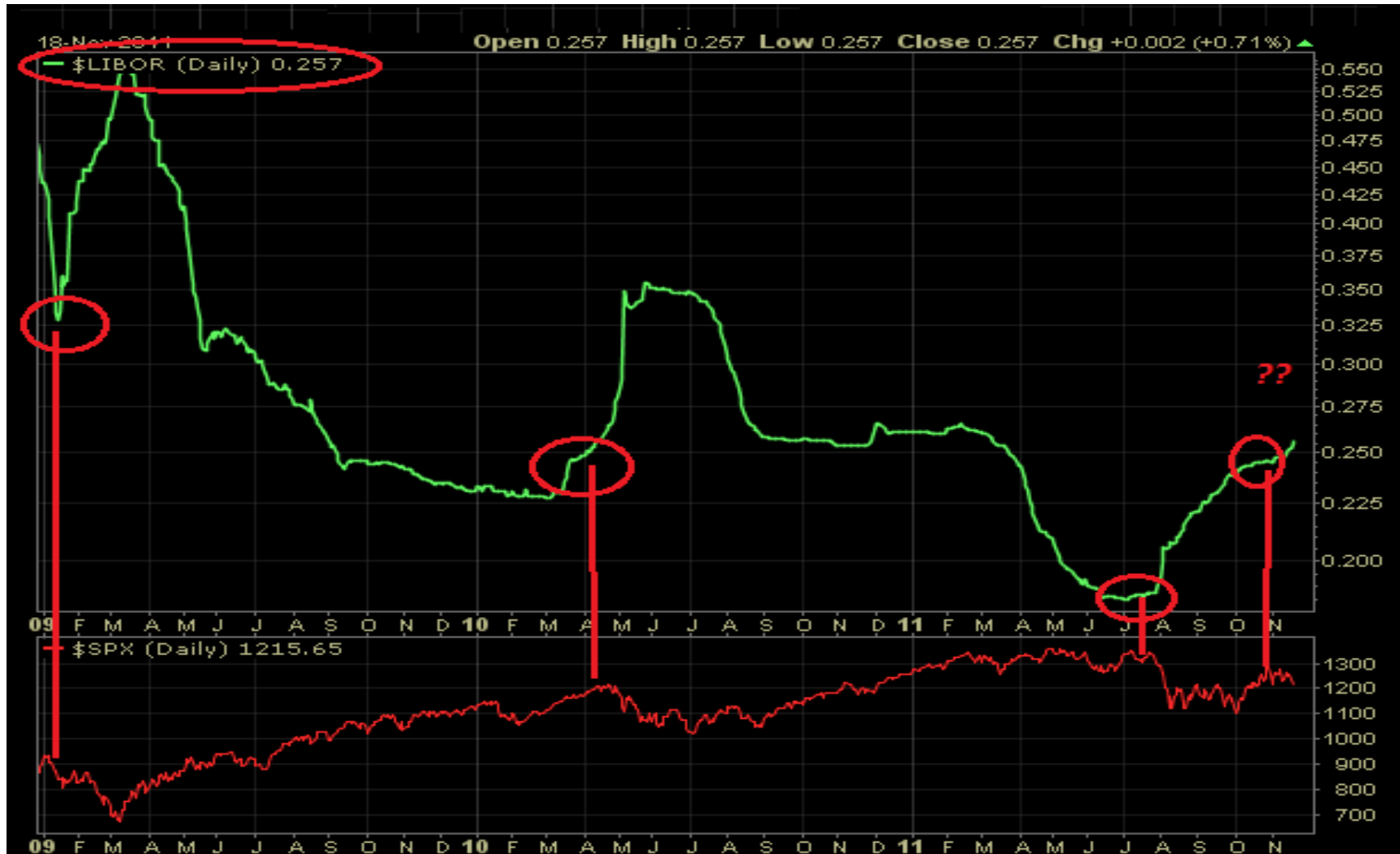
If TODAY'S JUMP over CZ 1205-1195 does not hold then we will set up B point (If we approach those levels with positive divergence then we should initiate a bounce.

Earlier we set A point (in straight line up) at highs on completion of 1-2-3-4-5 down



SPX v/s LIBOR Analysis

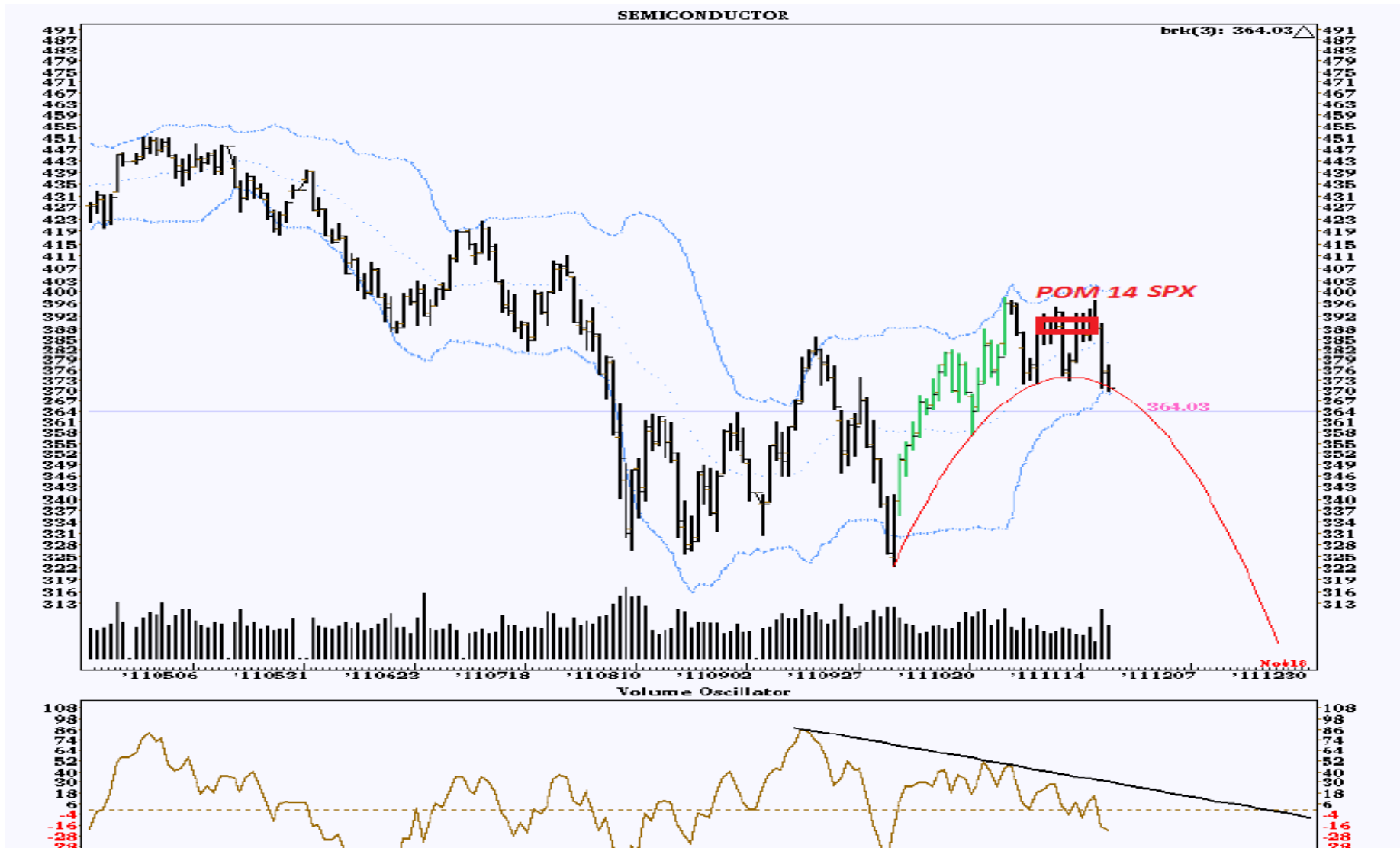
In addition to KING DOLLAR, The LIBOR is adding some fire power under SPX decline. This Justifies our POM 14 signal earlier on for Trigger.



SOX – Poly Trend Analysis – Lead Indicator

Within NASD , Sub component - the SOX certainly led us down . There is Bearish divergence on oscillator.

If the Seasonality bounce comes , SOX should lead us out fist . Currently at the Poly Trend line (but warning trading on right side of polytrendline)



NASD – Poly Trend – Pattern Analysis – Lead Indicator

NASD finished its 3 drives to the Top along with PECD- Pattern at QQQ 59 and Sold off



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 & has rolled to the downside.



XLF – CZ – Ratio Analysis - **Lead Indicator**

XLF topped out at the same time as SPX – POM 14 . It broke the previous POM 13 area 2 days prior to SPX .

XLF / SPY Ratios is in down trend and new uptrend is also broken.



JPM - CZ - Analysis (Special situation)

Refer notes within the charts.



DAX – CZ – Ratio Analysis – **Lead Indicator on Downside**

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

Currently DAX has set up bearish H & S Top coinciding with SPX –POM 14 area .

DAX / SPY Ratios is in down trend and new uptrend is also broken



• **SPX – MID TERM – Triggered @ POM 14- CZ 1226 - 1155**

- ***Currently SPX is at 1188 and has Price target of 1125***
- ***All the charts below are focused on Mid term based on above Price Oscillation***

SPX v/s TRIN – TICK Ratio

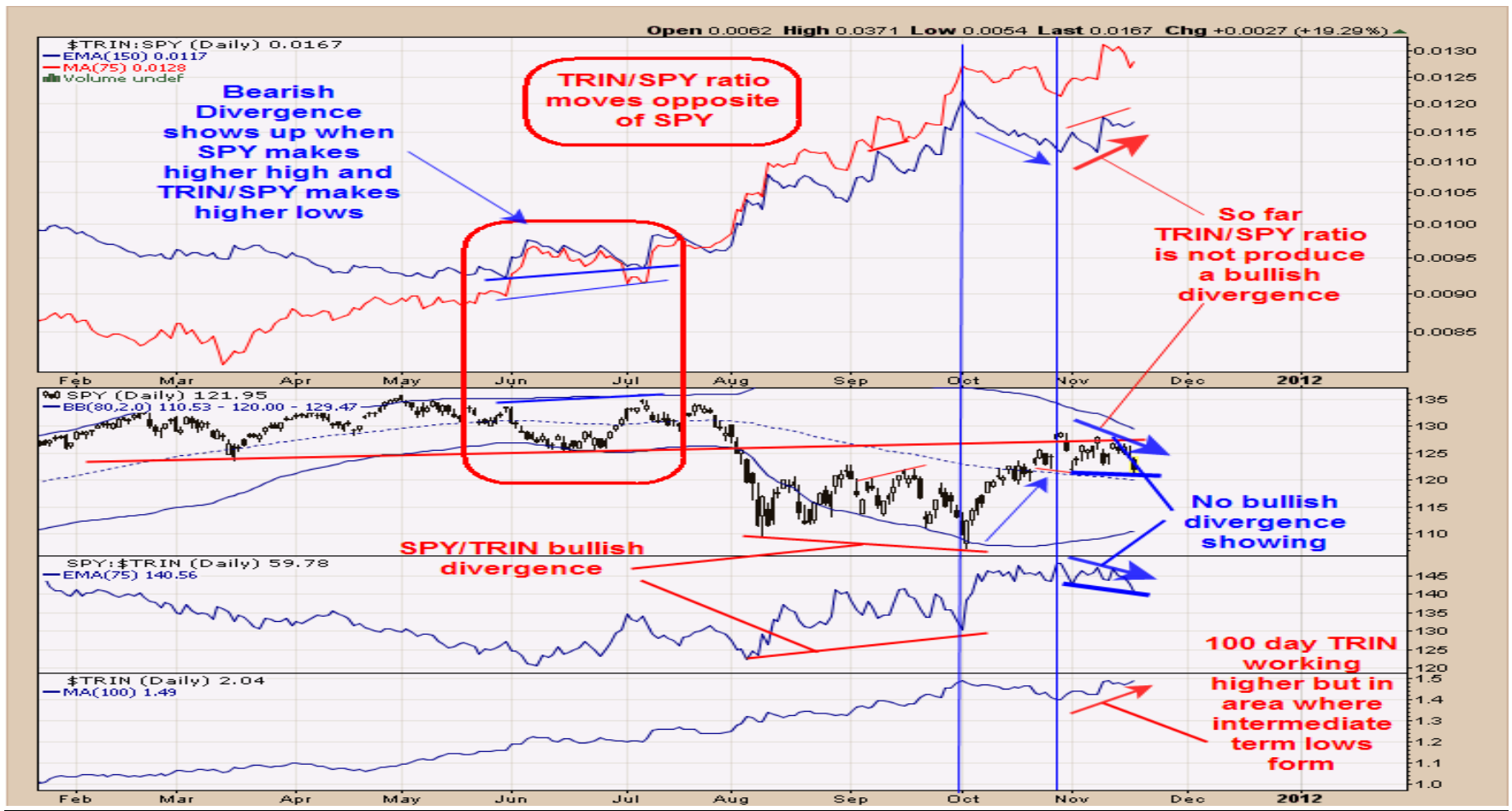
TRIN/TICK ratio dating back to 2005 and is an intermediate term view of the SPX . The TRIN/TICK ratio indicated bearish sign when the ratio falls to .01 (which it has now). Previous signals of this type have identified tops that where relative significant and therefore is keeping us alert.



SPX – TRIN Ratio

SPY/TRIN ratio helps to see divergence setting up at turning point. A negative divergence appeared on the TRIN/SPY ratio at the June July high. A positive divergence showed up at the October low. Currently suggesting the SPY on pull back. The SPY/TRIN ratio today broke to new recent low and suggests the pull back in SPY is not complete.

Also since the October 27 high the 100 MA of the TRIN is in bearish camp.



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

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

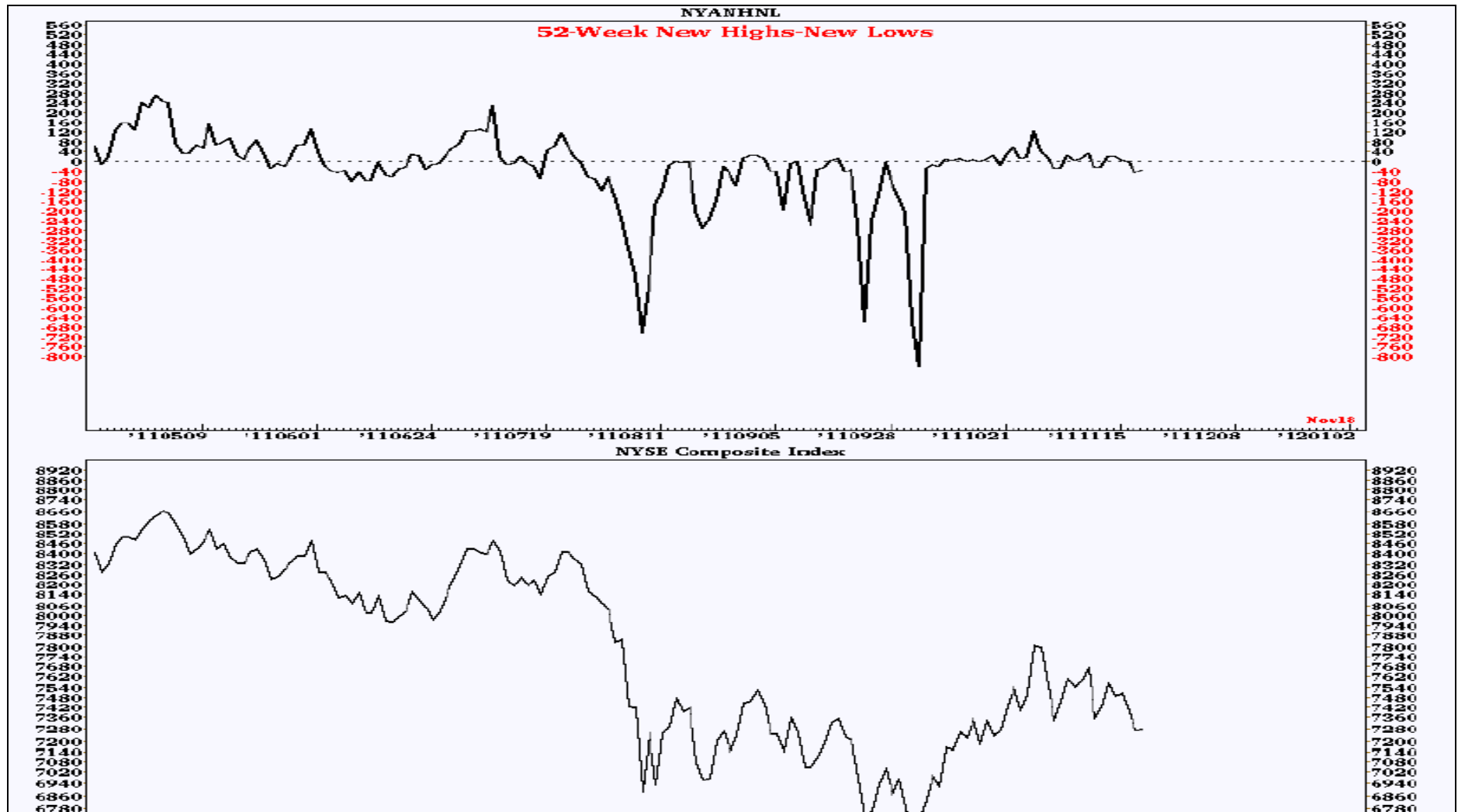
Our A/D Analysis is based on 3rd derivative complex A/D Oscillator instead of conventional A/D Line , secondly it needs to be conformed by the % of stocks above critical SMA's divergences. Based on current market condition our observation points out the following condition

- 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 – 200 D Stocks cross***
- ***SPX - Monthly MACD Cross***
- ***SPX- Weekly MACD Cross***
- ***SPX – EMA cross over***

SPX – % Bullish – 200 D Stocks cross

Circled indicates SPX tend to top out ,cross over 40% to downside (see the notes in chart below



SPX - Monthly MACD Cross

This is Monthly chart – Some bearish development. MACD is crossing over Bearishly , the market should be viewed very cautiously.

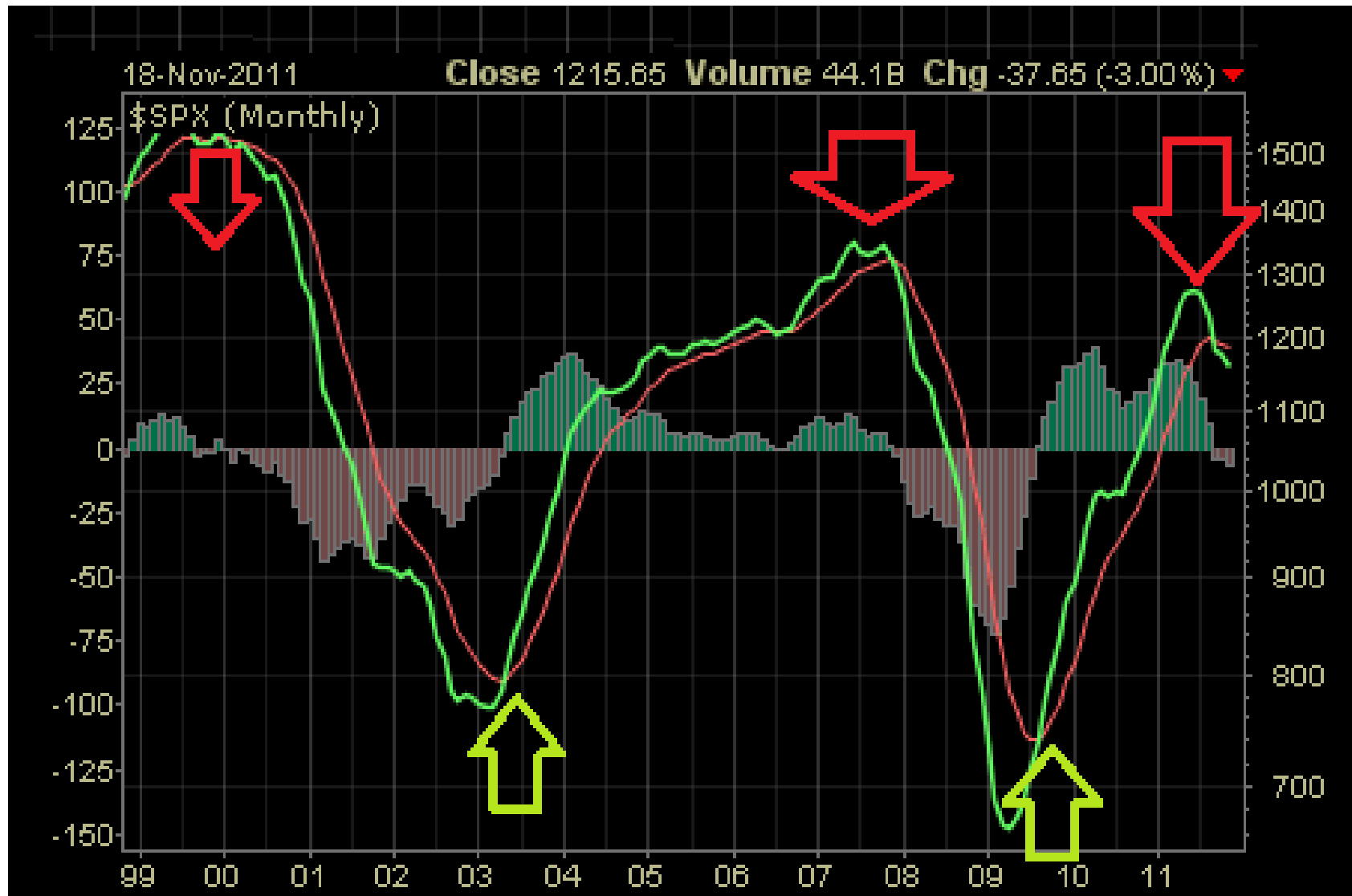


SPX- Weekly MACD Cross

This is Weekly chart – Some bearish development. MACD is crossing over Bearishly, the market should be viewed very cautiously.



SPX- Monthly – EMA Cross



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 - AAll, Investors Intelligence, NAAIM Manager Sentiment, Market Vane, Options Sentiment, Mutual Funds Sentiments, Insiders Selling*

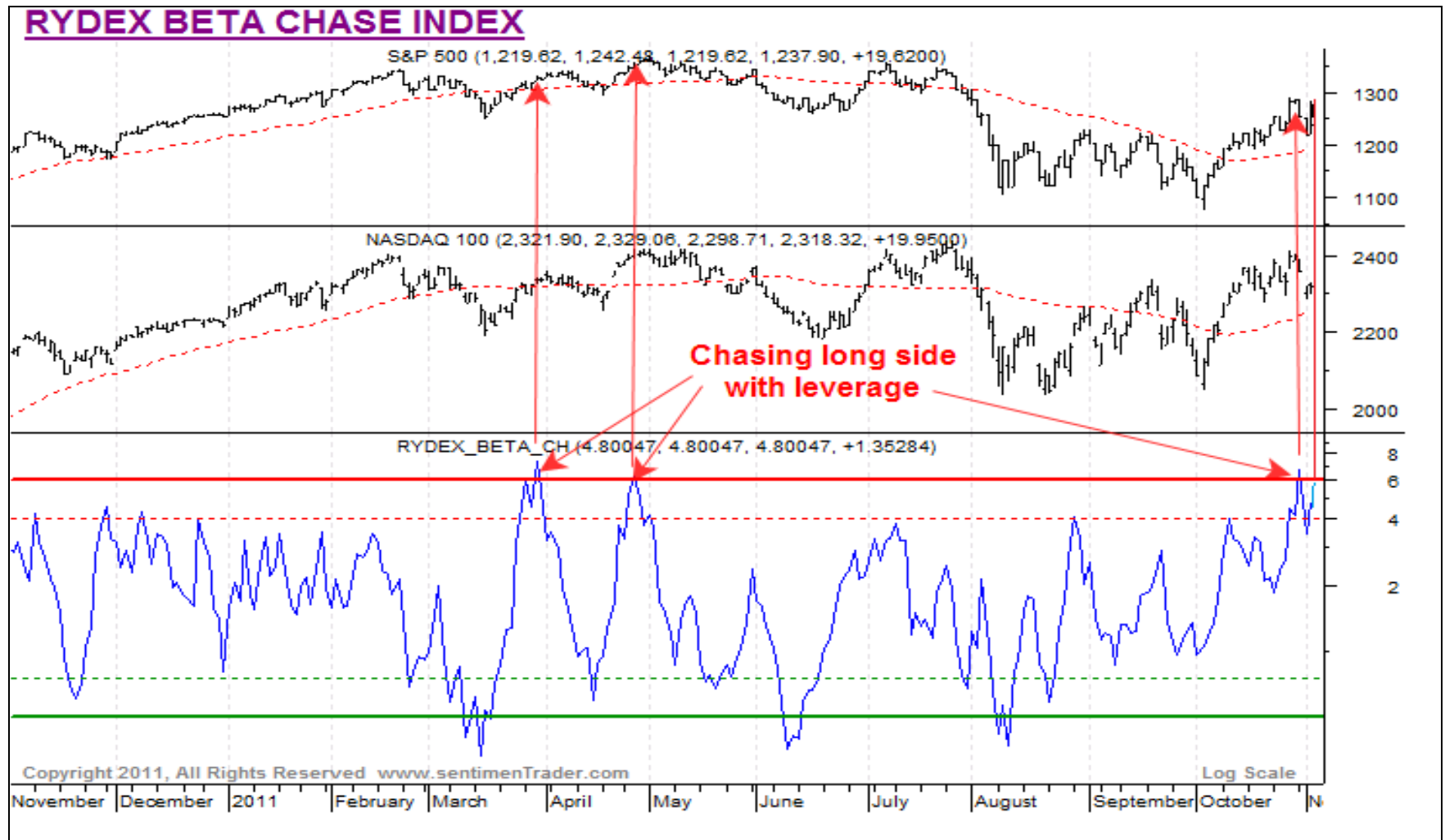
EXTREAME Sentiment Analysis (3rd Party Data) - Courtesy :

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

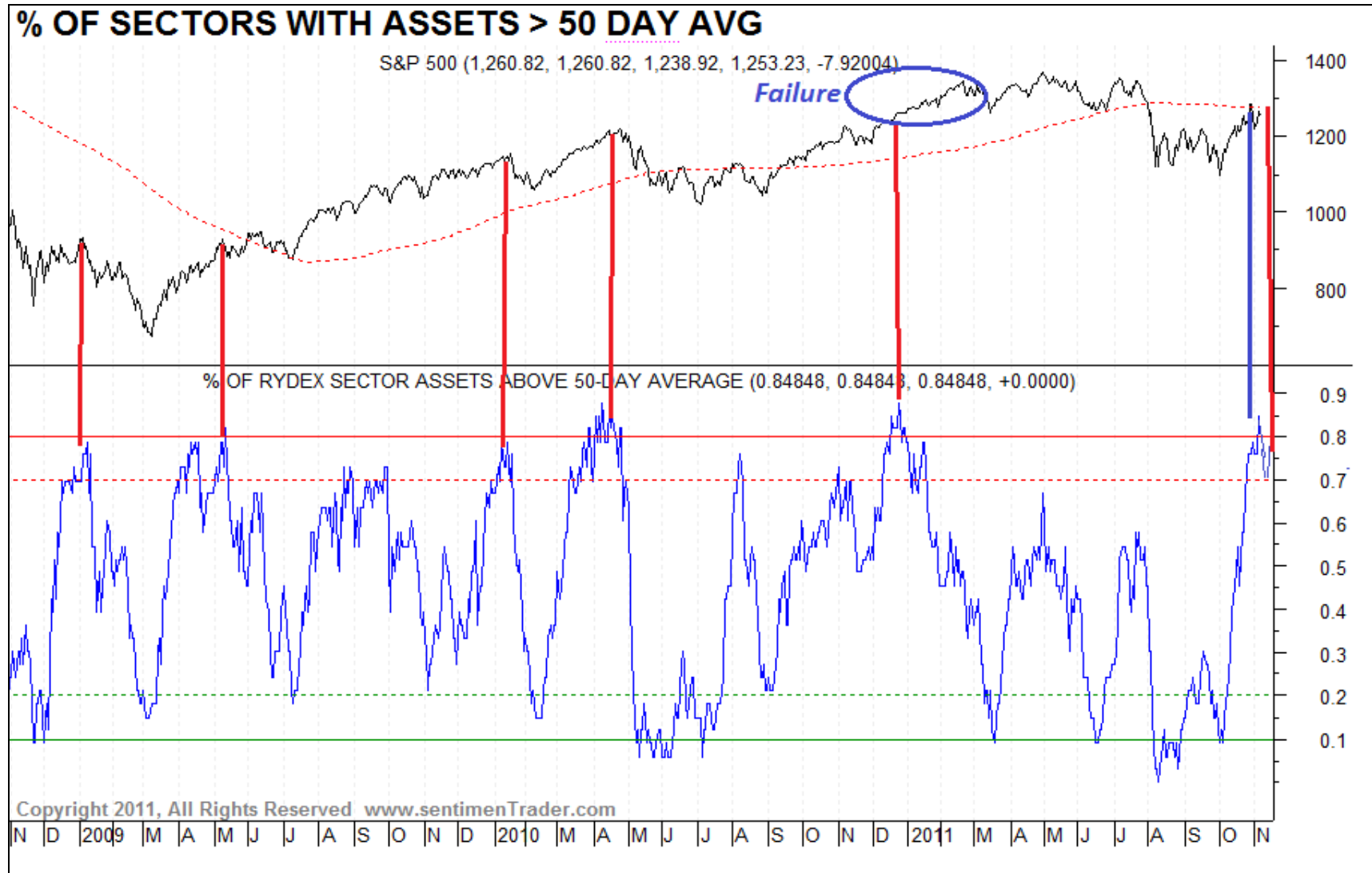
Rydex Bull / Bear – Leveraged Ratio

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.



% 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,

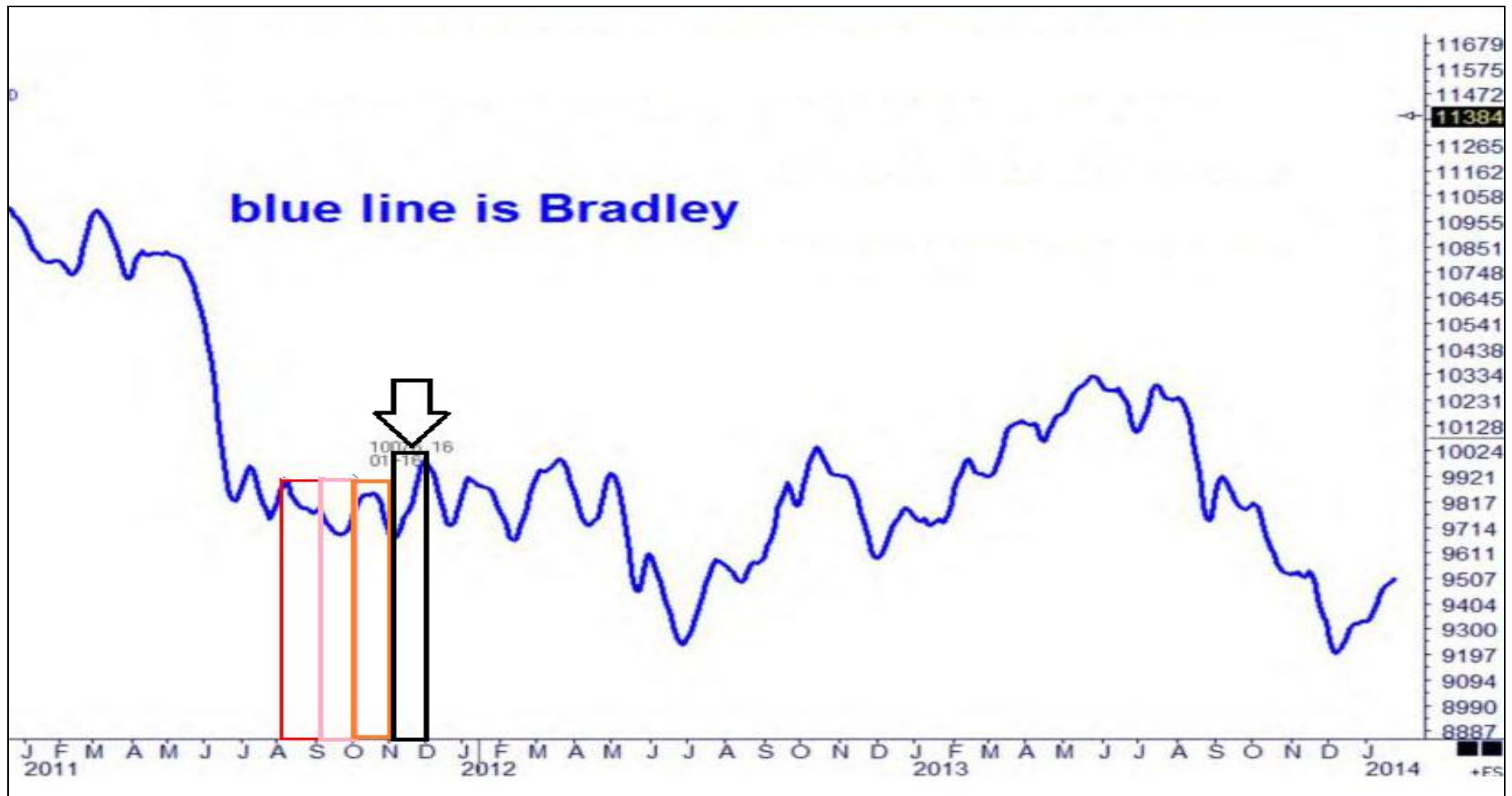
Based on current market condition and the probability of Indicators we point out the EXTERME INDICATOR ONLY as a observation points.

- **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%)**

Last 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)

- **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**

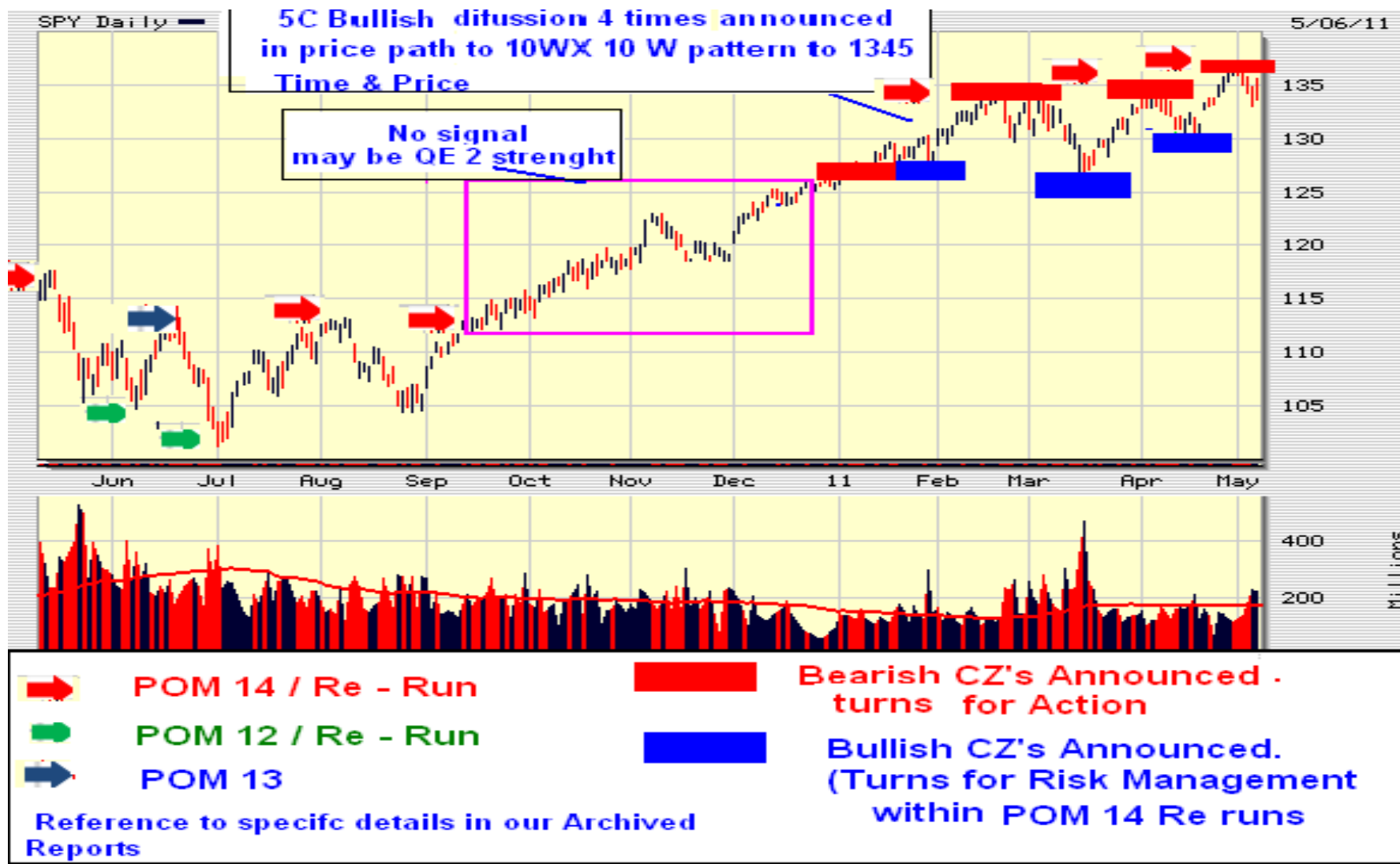
• POM 12, POM 11 - Net Long – - (Total points gains = 75-20+79+123 = + 257 = +25%

- **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

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.