



SG Capital Research

Global Market Insights

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

MAEG- MS – SPX – POM-SG 2011 # OCT_03

For Immediate Release – Monday AM (EST)

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Market Strategy Global (A # 1) – (SP) - SPX – Closed @ 1131 (Weekly change -0.3%)

Analysis of Broad Market that includes – Jan 1st 2011 – SPX 1257 (- 10.0 % YTD)

- 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
- 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, (Detail coverage in A # 2 MS)
- Sector Analysis for SPX clues on Money Flows – BKX, SMH (this week)
- Global Market Analysis for SPX clues – FTSE / EZU, CHINA / EEM ,EWH. AORD /EWA (Detail Coverage in A # 2 MS)
- Appendix - History of past 52 Week - SPX –POM Signals & Key Criteria

- **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 (in color) on charts below has been Announced Real time in our Previous Reports prior to Price shifts.*
- *Stops always on other side of CZ @ value based on Portfolio's Risk tolerance*

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

- **Net Short – POM 15 - *None* - (Total points gains = 0)**
 - POM 15 Calls – NONE Triggered this year

- **Fully Hedged – POM 14 Re - (Total points gain = -88+ 85+ 97 = + 94)**
 - 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

- **Risk Management Hedges for Reversal - POM 13 - (Total decline saved = +86)**
 (Proportion of Rebalancing Beta & Net Exposures to be based on individual Portfolio Objectives)
 - NEW - Alert – Triggered on 09/01 - POM 13 (@ 1220) (OPEN POSITION)
 - Earlier Alert – Triggered on 7/08 - POM 13 (@ 1346 (from POM 12 @ 1273 on 6/23 Alert) & avoided decline till CZ @ 1300 (STOPPED OUT @ 1285) = (-20 points) went to 1240 POM 12 Re Target = 106-20 = 86 points

- **Net Long – POM 12, POM 11- (Total points gains = 75-20+79 = + 134)**
 - Awaiting for test of lower Level to Trigger POM 12 – Re run (No Indication yet)
 - 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
 - Earlier Alert - on 8/03 POM 12 re run @ 1240 – to POM 13 – Triggered @ 1220 Alert - 09/01= (-20 points loss)
 - Earlier Alert – on 6/23 POM 12 @ 1273 – for NET LONG for target to 1348 POM 13 Trigger on 7/08 Alert = 75 points gain

• STRATEGY – Insights

PAST SEPT 2010 HISTORY & OUR ACTION

Last year around the same time frame, we were more closer to Sell side (POM 14) then currently closer to Buy side (POM 12)

- YTD – SPX is down -10% from 1257 levels on 1st Jan . The above page “ Investment Conclusions” summarizes the YTD opportunities POM’s offered on Real time .
- Point to Note – Last year until 15th Sept 2010 (First 3 QTRS) . We were happily positioned with similar Positive scores on Real Time basis having gains from two POM 15’s , and two POM 12 ‘s signals . but the 4Q, we triggered POM 14 (fully Hedged) & QE 2 effect cause extension. As a result, the LONG side opportunity was lost during 3 months till 31st Dec 2010. But we believe that the opportunity lost (being fully hedged POM 14) is not Capital lost. We did not wish to jeopardize our capital on Long side in that scenario where we don’t understand the market just to be safe for Risk Management .
- Come 1st Jan 2011 we were back on Track to Date (past 9 months) to get it all back and some more.

CURRENT SEPT 2010 & OUR ACTION

- Currently we are in similar position as last year with similar positive scores and 4Q remaining . This time we are closer to POM 12 v/s last year’s POM 14.
- ,As pointed out in our Previous A # 1 & A #2 – MS Report s that SPX topped out at POM 13 area (1220) CZ . with Bearish Pattern failures and weak internal. Since then the decline began down -7% .
- **POM 13 @ 1220 Trigger (1st Sept – AM - Email Alert) . Risk Management Announcement** This is the area to consider Rebalance Hedges & Position sizing on Net & Beta Exposures depending on the Portfolio Objectives & its Beta tolerances .
- **Based on Our Risk / Reward Analysis, We have been looking for POM 12 Re –Run, only upon successful test of CZ 1120-1100 set at POM 11 in August (No Indication yet). We will let the market prove itself first. The Re test towards the Bottom heavy unfinished business around 1100 - 1120 is Critical . This should be good floor footing created at Previous liquidation Area of POM 11**
- **A good Bottom would be to break the POM 11 – CZ 1100 -1180 (not clear if this will happen) and undercut the prices with positive divergence to prove the point on bottom formation. Or review the possibility of the beginning of another leg down . We let the indicators speak for Rejections.**

• SPX – Insights

- *After nasty August - September, October has good tendencies of decline further and then placing a lows for good rally (Provided it is closer to meaningful confirmed POM 12, 11)*
- *Current Market volatility within the range of 1220 to 1110 has been nothing more then rebalancing (by our Mathematical calculus) around “Lehman Crash” area of past. We had pointed out last year of such possible occurrence (the witnessing SPX chart for such behavior is indicated in our last A #2 MS Report)*
- *Another reason that is contributing towards SPX reverting back to 1130 area in spite of its rally towards 1230 is due to “CZ – Zone 1130 @ POM 14 from Sept 2010” . If one recollects , we had pointed out last Sept that the break above 1130 SPX area was false above POM 14 Trigger. (Argument could be QE 2 influx skewed it but at the end of the day such false breakouts never last in our opinion) .*
- *Combination of – (2 #) POM's / CZ's (1) from Sept 2010 (POM 14) from past and (2) Current from August 2011 (POM11). When such combination lines up back, it forms harder Brick wall. (Refer chart below)*
- *We do Monitor & review several Macro economic indicators (Although we have do not have “Text” coverage within our Strategy (SP) Report due to time limitation) . Such review is purely for our POM Trigger's (mostly 95% of it utilized as a contrary indicators to verify if the macro event is been Priced or Un priced in the market place*
- *Last week Monday / Tuesday , SPX hit a ST – Bullish CZ (1142) as pointed out in our A # 1 - Commentary based on 27th Sept Astro Cycle, Time Ratio and Cyclic Model but we warned that the advance would be short-covering episode. (without a retest of our POM 12 - CZ below , we can't trust this market unless suggested by any other cross verification Method) Breadth statistics were wobbly on that move . Sure enough SPX - TOPEd OUT 1190 mid week on huge bearish divergence and came back to 1131 on Friday.*

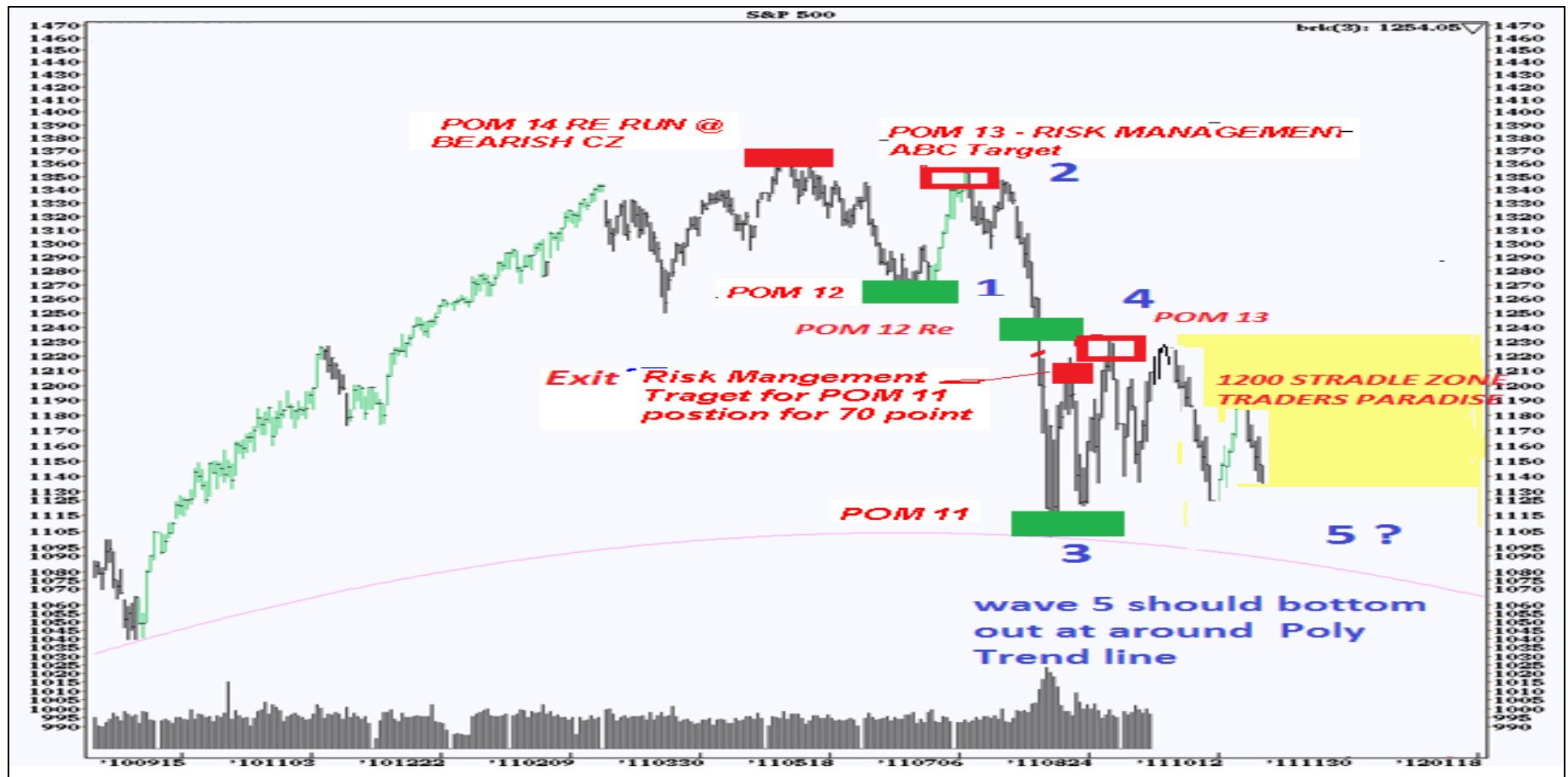
• Cont.....

- *This week, we would focus if another bounce or if the momentum of the wave to the downside can come in effect towards CZ – POM 12 for safer Trigger. If anything changes we will change with it quickly. What worries us short term is in spite of Oversold condition market cannot rally more then 3-4 days in row. Although several of Mid term indicators are turning Bullish. Our next significant Astro cycle is on 10th Oct.*
- *We will watch Copper very closely for any further breakdown when SPX test the lows.*
- *Also keep a watch on BOA , if the stock closes below \$ 5.50,. This has Hyperboilc Flag post like AIG, LEH, FNM etc. where the projection is 0 over time . Something to watch*
- *After POM 12 is Triggered , There may be one last surge left in Market before we hit the really big moves to the downside. It's still not healthy at all. This reflects the fact that the cyclical bear market ended earlier this year and we've returned to the secular bear market which started in 2000.*
- *The good news is that we've made it through 11 years and have only 3-5 years to go. The bad news is that the last few years could be much worse.*
- *We have began new month – Check Historical Seasonality & Bradley Comparison below*

Primary Market Analysis – SPX Waves

Last week SPX topped out slightly below Wave 4 price and decline to Wave 5 began towards healthy process of testing towards Poly Trend Top & POM11 – CZ Areas. We are likely to see that end to wave 5 (completing a larger five-wave move to the downside, ending the first larger- wave down from the all-time highs).

Since SPX 1100 lows in AUG , all the market rallies have been without proper testing process. These tends to have a tremendous headwinds towards its upper CZ (Earlier POM areas) . The bottom heavy imbalanced Market prices will gravitate towards lows like magnet sooner then later. We saw those events few times in these consolidation patterns



VIX - Waves, CZ Analysis

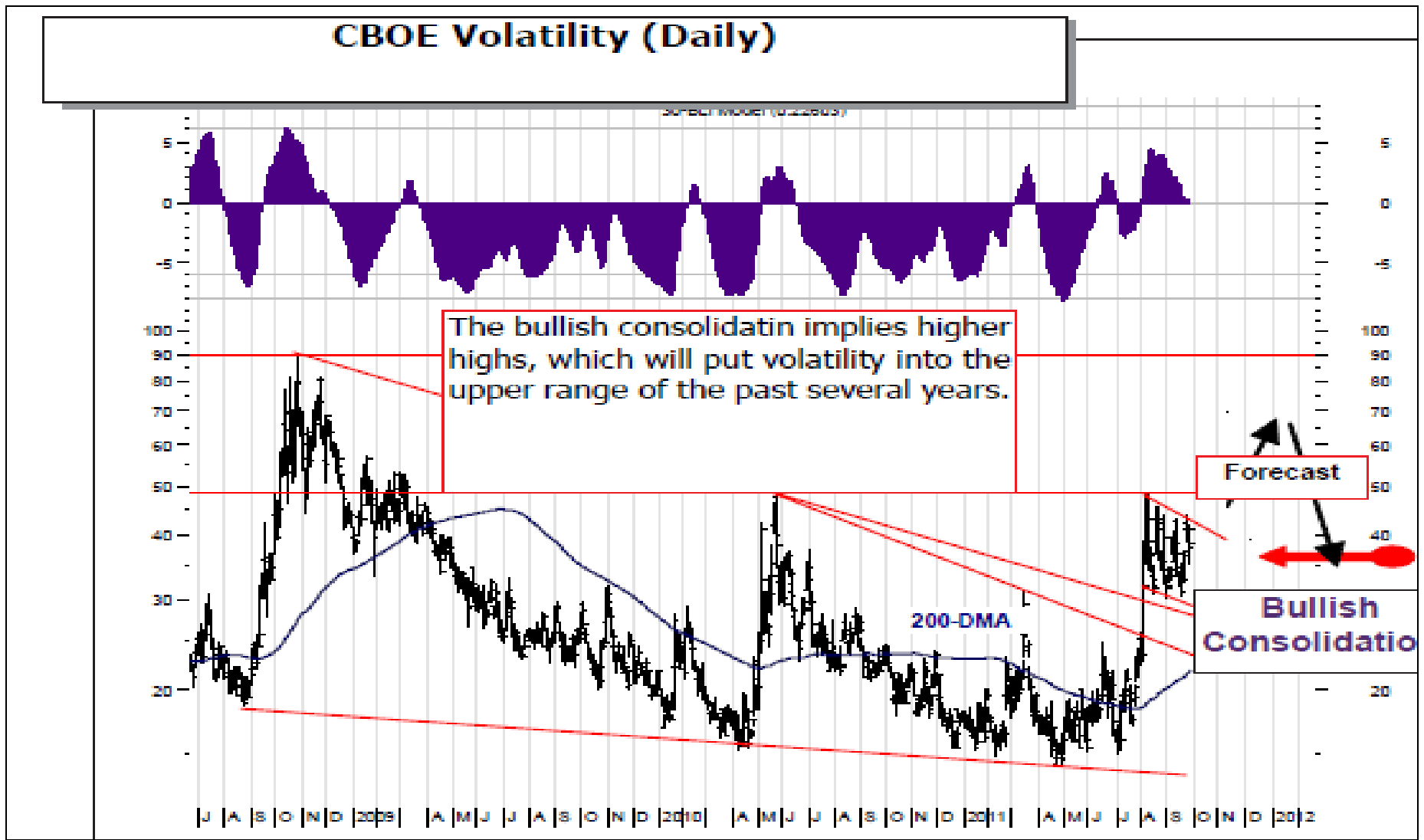
VIX successfully tested the CZ area in green & rally began (we had indicated in our earlier Reports). We use the PQV volume on couple of ETF's which has given good signals in past . Also VIX move is coinciding with WAVE Count as well. Currently started moving towards the wave 5 as expected . SPX & VIX has inverted Wave count . We completed our wave 4 and now wait for wave 5.

Earlier VIX tested the April 2010 Highs at 48 ,



VIX - SMA & Patterns Analysis

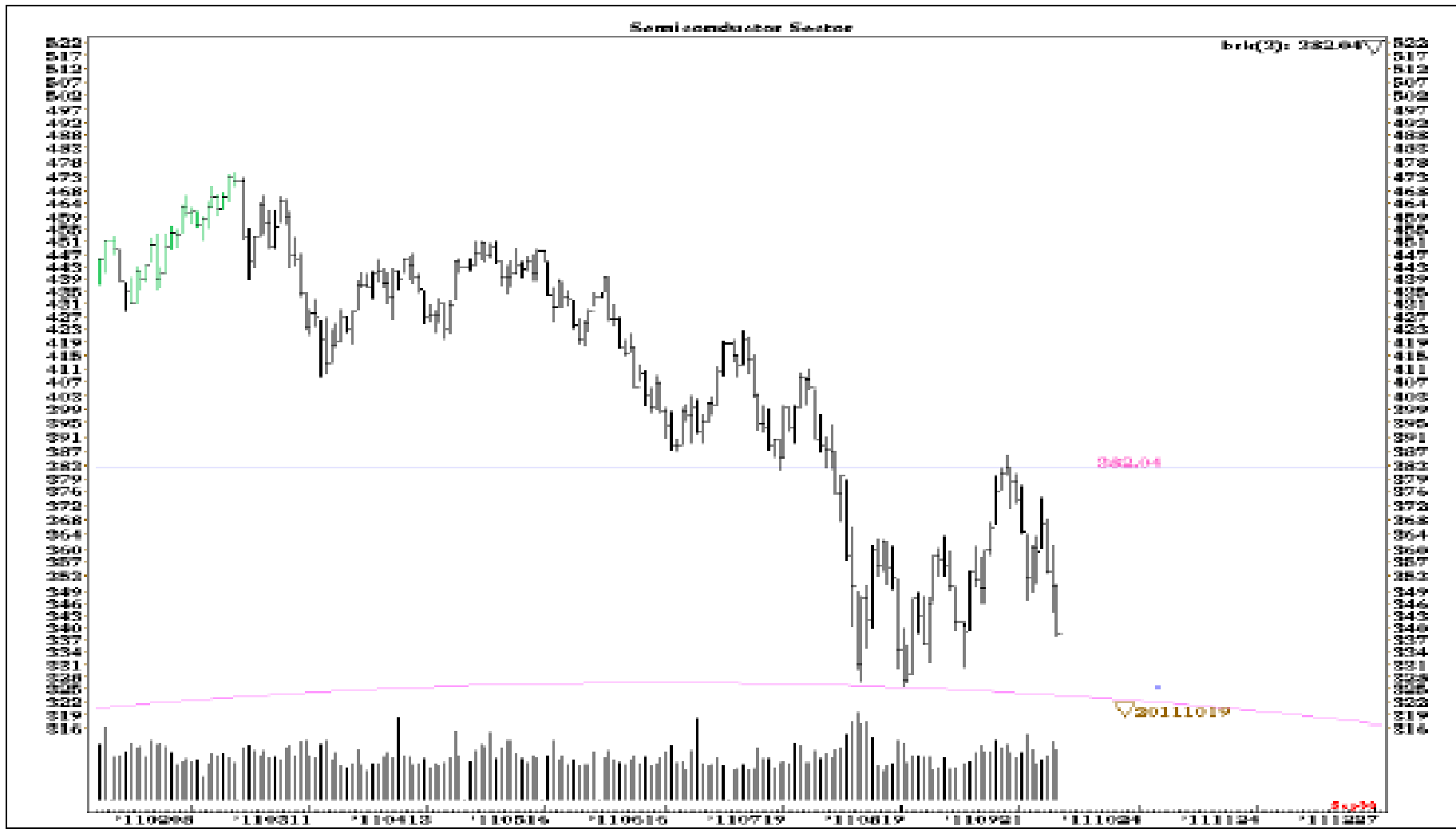
VIX is building cause with Bullish Pattern for another Run to the top. The wav study confirms the similar outcome.



SOX – Poly trend Analysis

Semiconductors remain weak. This leading sector almost always turns strong months before the broader market and there's no sign of that happening yet.

On simplistic basis we would rather have it enter the Top of the Poly Trend while SPX completes it POM 12 – CZ test.



SPX - DMA & Trend Analysis

Bearish Flag and consolidation from last several weeks was resolved to downside. Below are key critical DMA's that has served well in past. . It has become rather clear that the rally into overhead resistance at the 55-dema/380-dma was part of a bearish "flag" consolidation. Quite simply price action suggests an increasing probability of a breakdown of CZ lows.

S&P 500 INDEX/ BROAD MKT INDICATORS



TRIN v/s SPX

The SPX put in POM 11 @ 1100 range . This came with TICK & TICK Study of climax .lows into CZ. We are awaiting SPX to validate the PQV around these areas with positive divergence on market internals. The 100 DM - TRIN is in bullish territory suggest after the test rally should come in .



Dow Transport Theory – No signal

We follow Dow theory for Tacking purpose only – with 4 criteria for Buy Trigger / Sell Trigger (See Appendix below) .

IYT cross with DIA on price strength has **not given signal** (chart below) and the Ratio line ...IYT / DIA is not broken downtrend (see chart below 2nd window), Trigger Buy will come in Cross of down trend line (We will monitor and advise) – Dow Theory usually is late comer to the party

Earlier had Trigger Buy in Green and stopped out at Red both around the same price of 11900 (As Alerted in our Previous Reports)

Note - Based on conventional DOW THEORY(stated in Jeff Saut Report , Triggered **Buy 12800** since early May around the time of POM 14 re run



Dow Transport

The DOW Transport has reached & penetrated the Top of Long term Poly Trend suggest a bounce is coming . But the way it penetrated I suggest it will come back to that area . Earlier the rally was stopped underneath on right side of the curve of upper Poly Trend and then declined last week (Refer last week's message).

In our version of DOW TRANSPORT THEORY (with 4 point criteria) it has been on Sell Signal DOW 11900, currently DOW is at 10900 and has not given a Buy Signal. (Refer our regular A # 1 MS)

On the contrary the Dow Transports Average has been quite bearish broken the Aug lows. TRASPORT is a leading indicator for the market..



- ***SPX – MID TERM – Bullish – awaiting for final Trigger***

Alert - Once all the Short term projections (indicated in above charts) are satisfied and the Market completes a successful test of the previous POM 11 areas then we think another Rally is left in the market based on the Charts and Indicators shown below.

TRIN v/s CPCE Ratio – SPX

On Midterm basis , after proper testing of bottom, another rally could begin. Some indicators within chart below suggest the same . The 100DMA- TRIN , CPCE Ratio -15 DMA, CPE – 15 DMA appears to be near intermediate term low which are bullish for one last strong rally after the test and currently doesn't appear an extended down leg is beginning.. Still looking for a test of the CZ on SPX. (notes within the chart)



SPX – MID TERM – Downside CZ & Multiple Fib stream convergences

(Refer to notes within charts – for Volatility in LEHAMN Crash area, Brick wall created by 2 # CZ 's circled in orange

With the recent short-term bounces, SPX is building cause to get into CZ in green . Over MID TERM – Multiple Fib Streams & Main CZ Converge to 1100 -1085 (In green) , Market still hasn't broken down yet as seen in chart below (weekly appearances) . It appears more of pull back mode of larger move originated from March lows . Any bounces should Limit RSI to 50 & Pull back will have the RSI diverging positively



- Advance / Decline Internal behavior Analysis

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

- A/D Line NH / NL Ratio v/s NYSE on Equities only - MID TERM - **NON CONCLUSIVE**
- A/D Oscillator Volume v/s NYSE on Equities only - MID TERM - **NON CONCLUSIVE**
- A/D Line NH v/s NYSE on Equities only - MID TERM
- A/D line_% BULLISH Equity in SPX BREADTH - MID TERM -

A/D Line v/s NYSE on Equities only - MID TERM - positive

Rally off the POM 11 bottom – A/D line has been in sync (not lagging), this is positive. Additional positive is (GREEN Arrow). A/D line has been leading in the last rally as well . This suggest that on the test of Climax low CZ of August we should show +ve divergence towards POM 12 Re run correction area

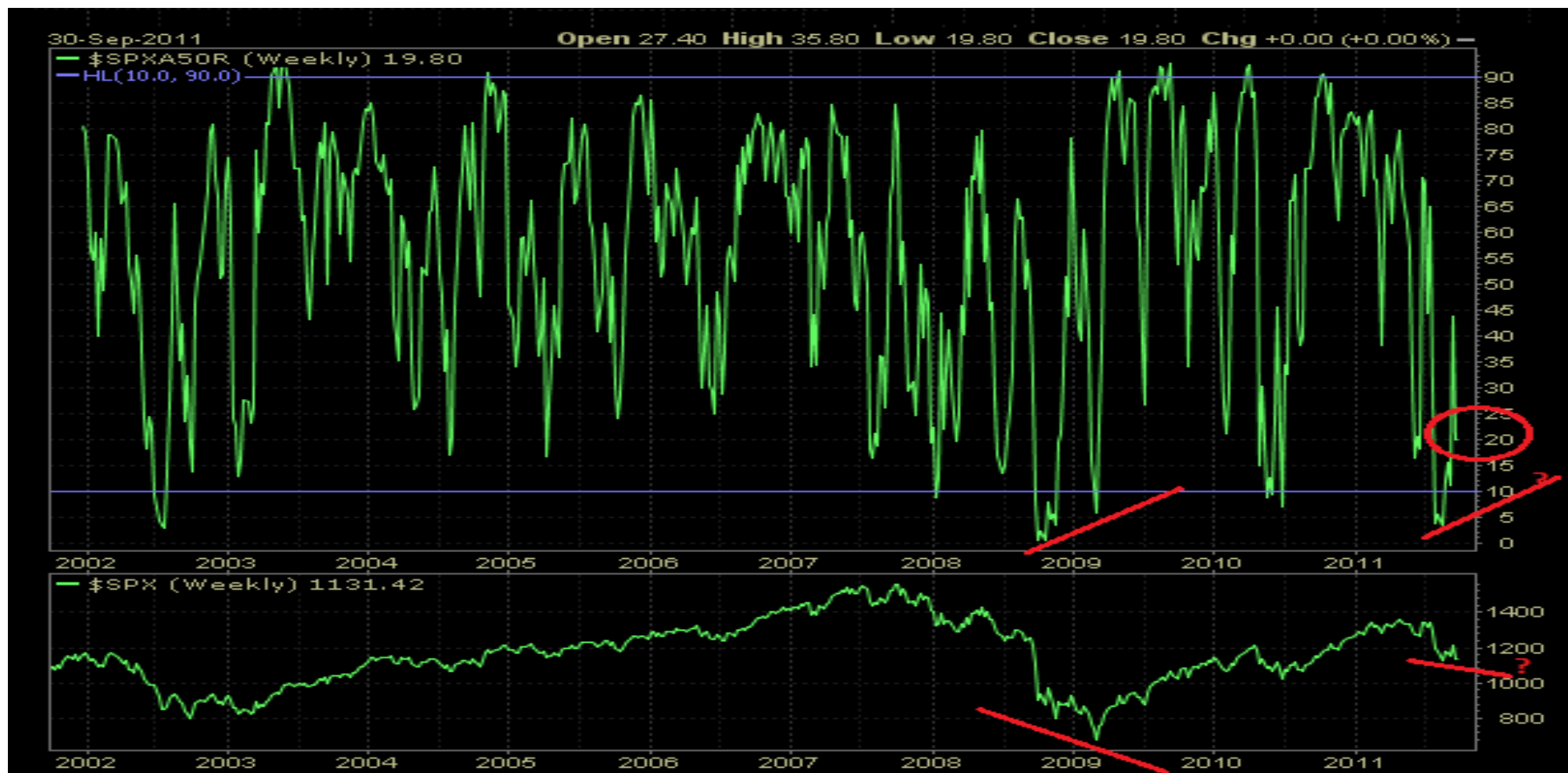


A / D - SPX – % BULLISH IN SPX BREADTH – 50 D NH / NL – MID TERM - Positive

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

Extremes below 5 – This has Long term history for sensible bottom , This will be Bullish once the rally begins on POM 12 Re test. – This is positive

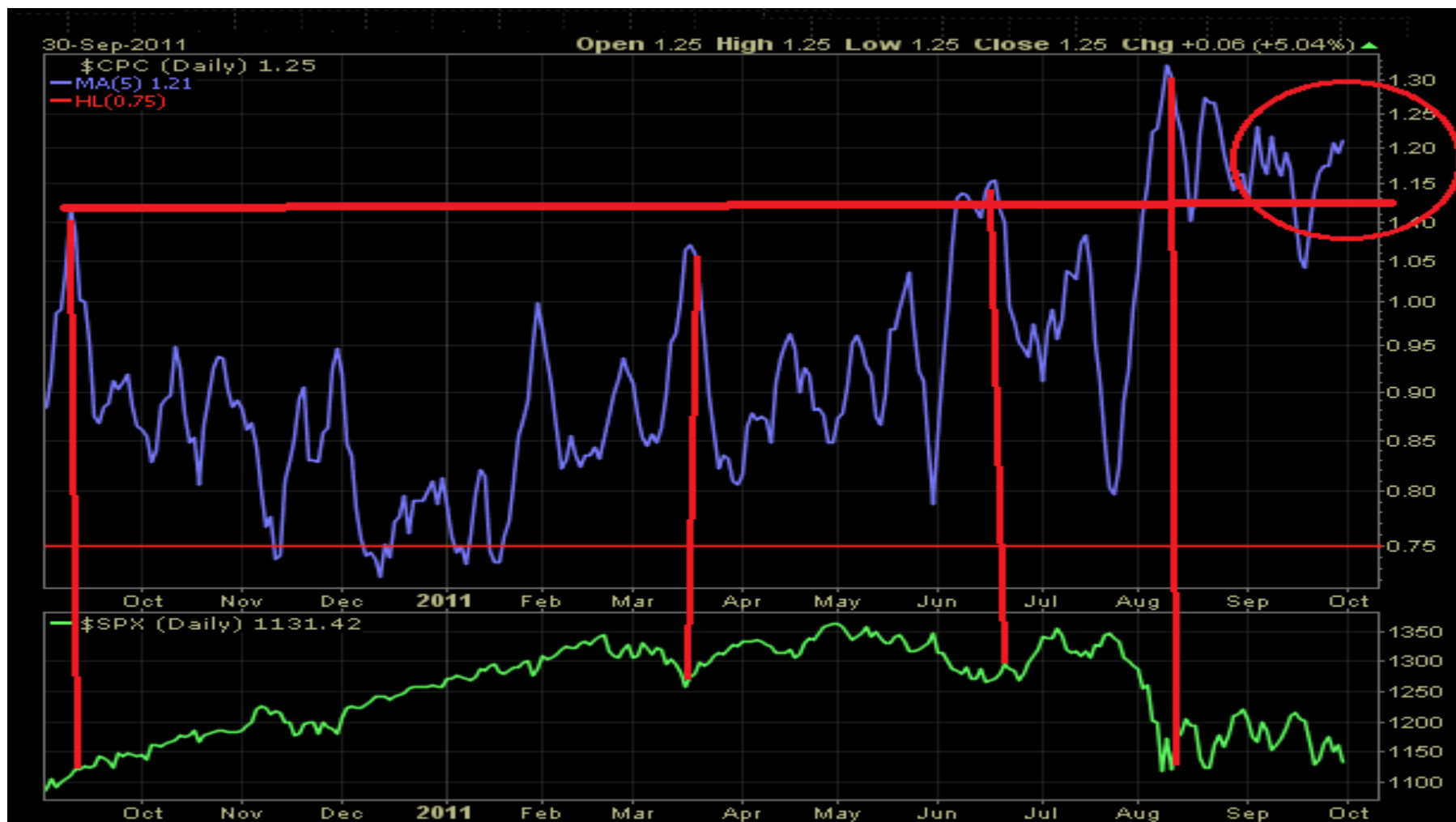
A/D line measured by (% of stocks above 50%) has reached conditions where the market has Bottomed out in past below reading (indicated below) . **We require another Higher high on HL & lower Lows on SPY for stable bottom (CIRCLED IN RED)**



SPX v/s CBOE – PUT / CALL RATIO on Multiple Derivatives **MID TERM - positive**

PUT / CALL on 3rd derivatives is approaching 1.15 where previous ST bottoms have occurred. Red line and Circled in Red Reached Extremes at 1.3, This should be positive for POM 12 Re Run .

(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).

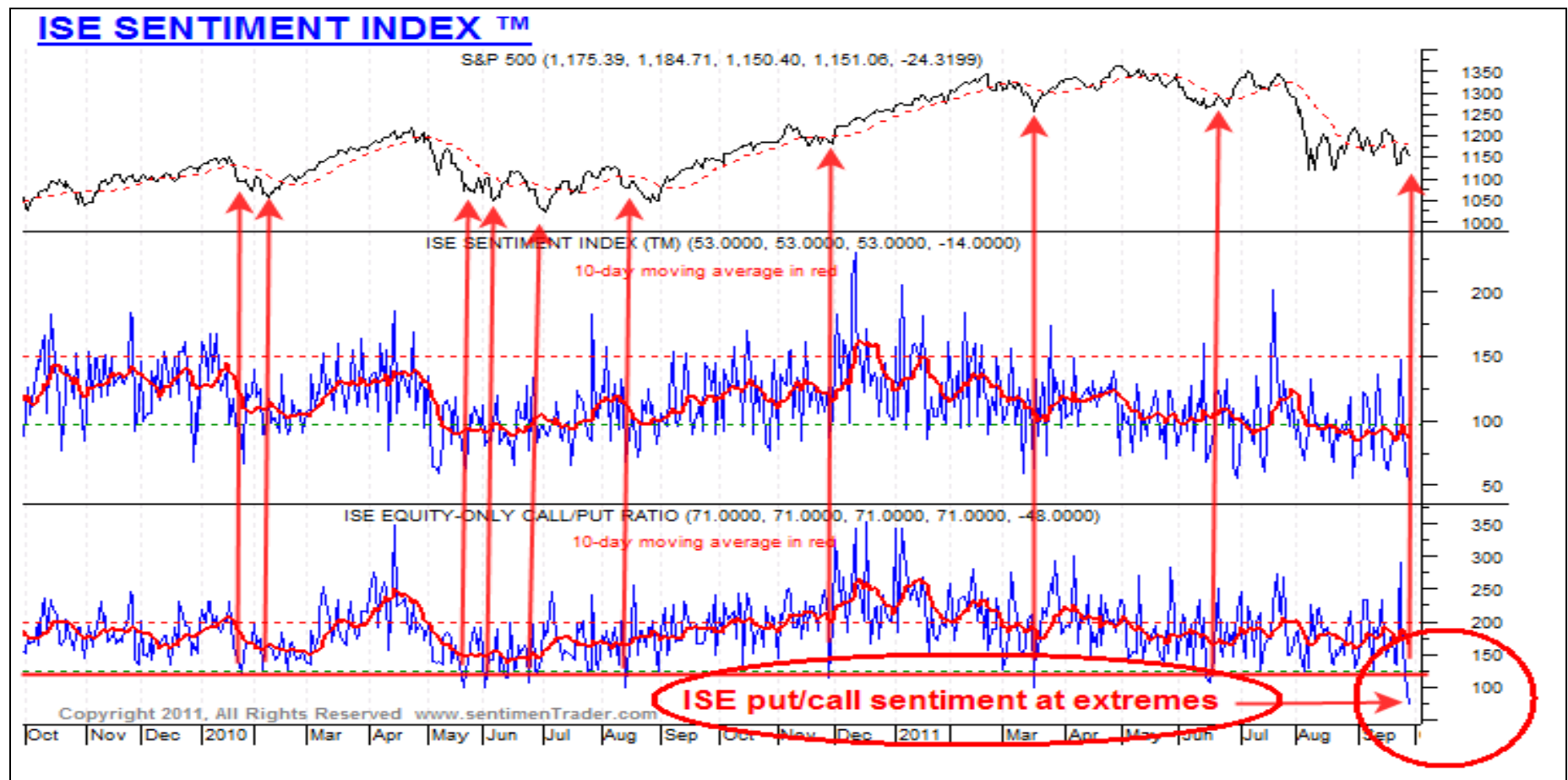


• EXTREAME Sentiment Analysis (3rd Party Data)

Courtesy : SENTIMENT TRADERS

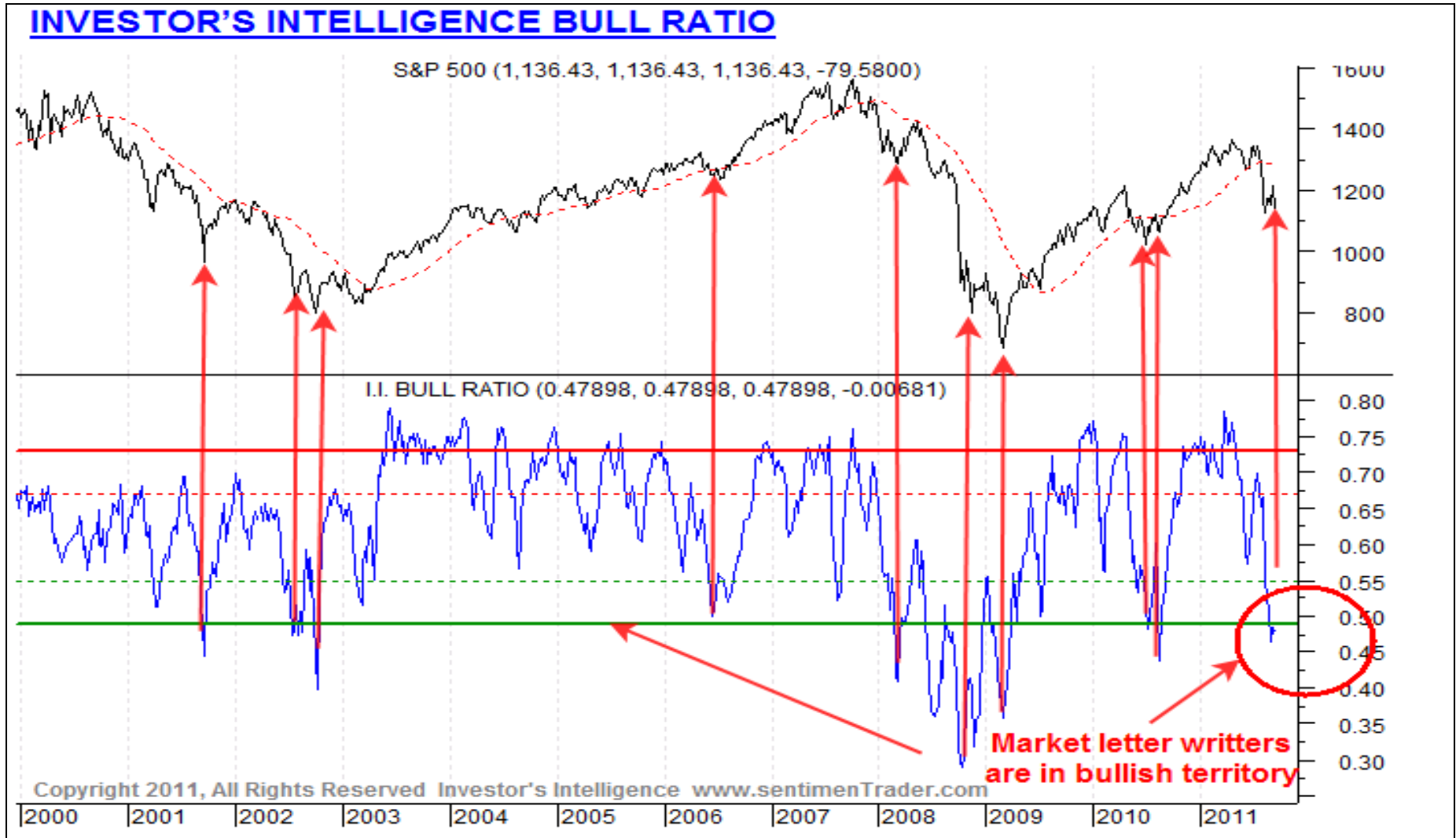
• ISE Sentiment Index - Positive

ISE sentiment index show that few call option are being bought by the small trader and shows that they are leaning hard to the bearish side (contrarian sign) and a new two year low

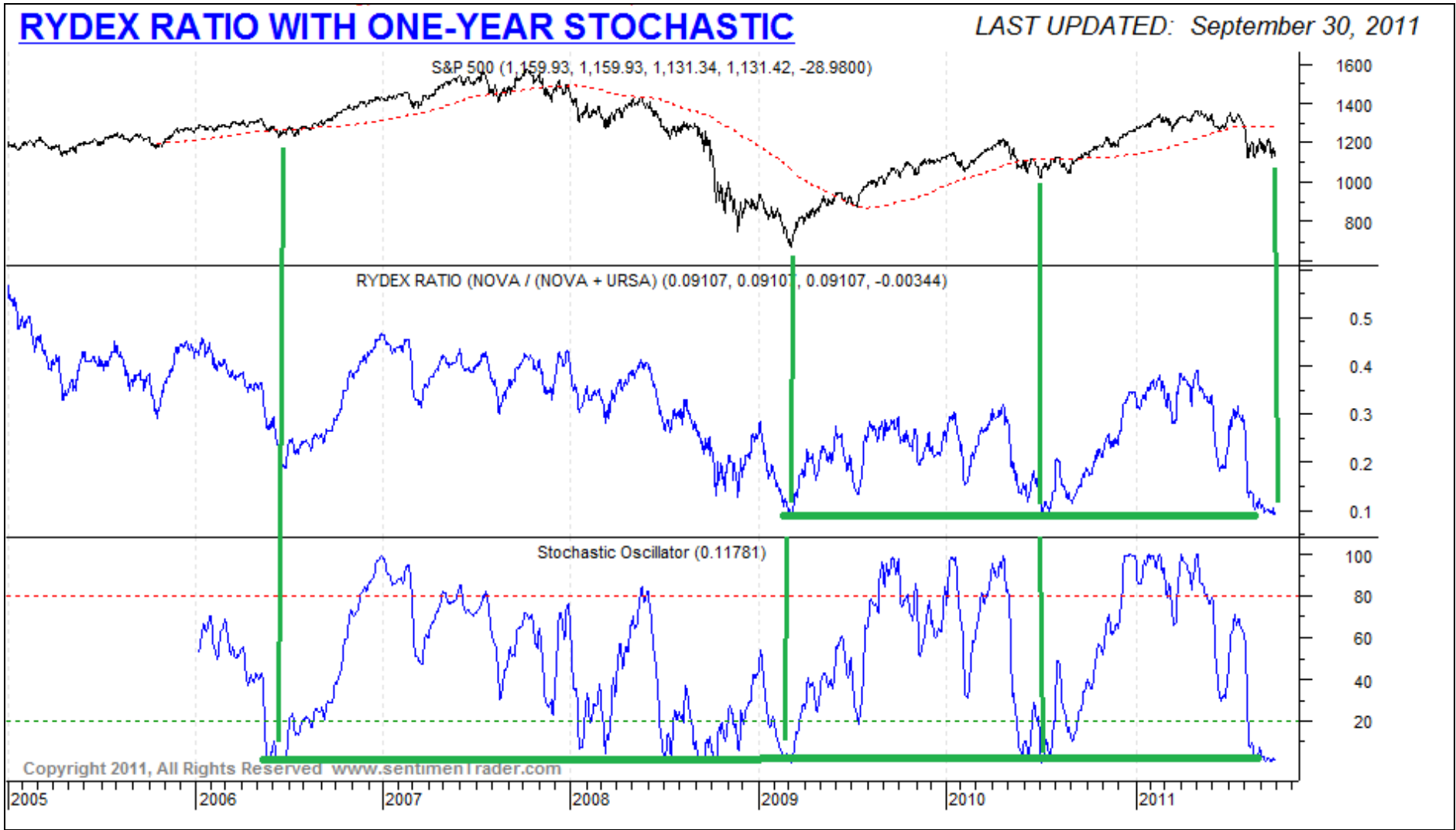


- **INVESTOR 'S INTELLIGENCE Bull Ratio - Positive**

The market letters writers are also leaning to the bearish side and suggest a low is not far off.



- RYDEX RATIO - Positive**



- **SPX – LONGER TERM – CAUTION**

Caution - *Once all the MID TERM projections (indicated in above charts) are satisfied on upside with final rally then we think the real decline would start initiated by 6 yr Cycle into 2014 based on the Charts and Indicators shown below.*

• SPX – PEC D - **Caution**

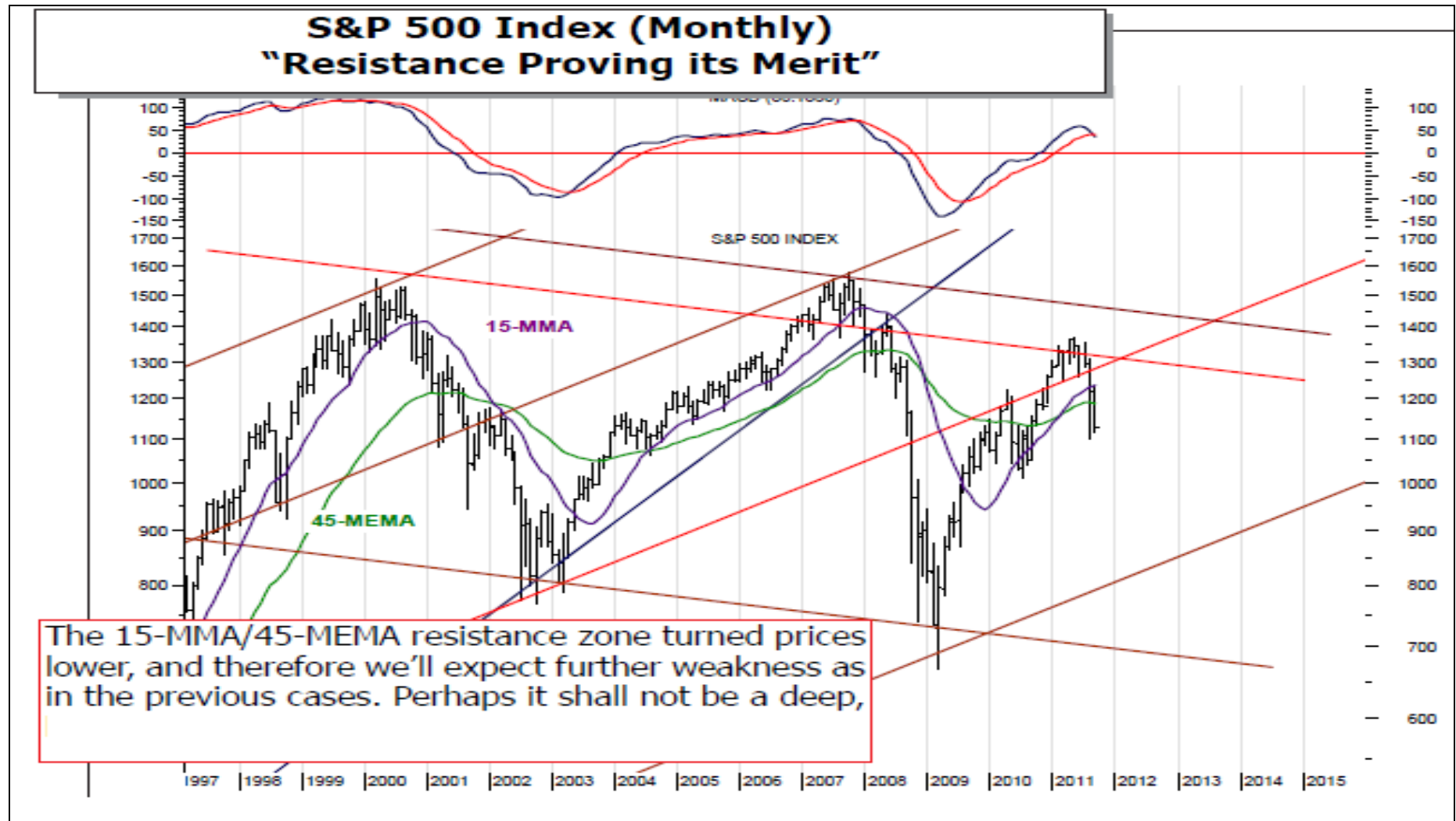
Although we have several Mid term indicators Turning Bullish which we would like to capitalize on it only after the test of POM 12 – CZ . We will not jump the gun till we see successful test.

Chart below is our PEC D Pattern , which has some resemblance to previous drop in 2008 for warning (Red arrow) . We will wait and see. Particularly keep eye on BOA and Copper for breakdown parameter given in opening commentary above.



SPX – WEEKLY – WMA & Trend Analysis – **Long Term- Caution**

In the chart below – it indicates valid intersections. We would like to verify if our POLY TREND ANALYSIS is in line with WMA Analysis of the similar price behavior. (notes within the chart)



SPX – WEEKLY – EMA - Cross – Long Term - Caution

We will keep eye on this chart below (Circled in red) – Long term 1990 to 2011 - One of the Indicator to check if Large decline in SPX has began . PPO is more critical during the EMA cross over , PPO has dropped below 0 level (2nd window)



SPX - MONTHLY – MACD CROSS – LONG TERM - Caution

This is Monthly chart – Some bearish development. RSI is breaking down below 50 for the First time . MACD is crossing over Bearishly & MACD (in yellow circle is begin to roll over below 0) . This concludes that after the final Rally, the market should be viewed very cautiously. .



• Time Cycle Analysis

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

The Bradley Model – (Indicated below)

AUG Month was – 7.20% as expected by Bradely Model
October expected down (wait and see)



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

**SEPT Month was – 7.3% v/s up + 1.22% per Historical Cycle -
October is expected 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 – None this week

- 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**

• 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,

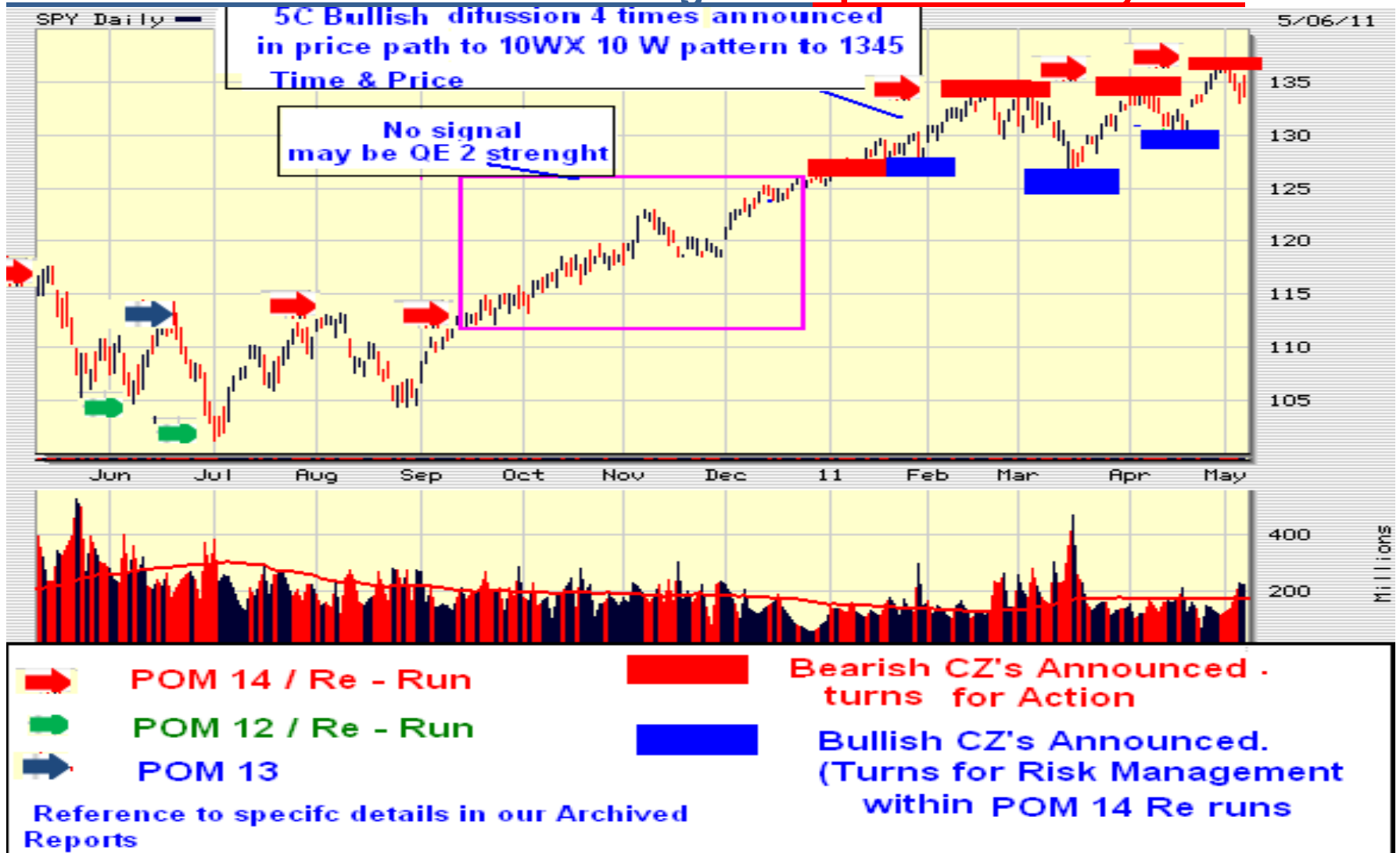
Based on current market condition and the probability of Indicators we point out the EXTERME INDICATOR ONLY as a observation points.

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

- **% Sectors Extremes**
- **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 - AAI, Investors Intelligence, NAAIM Manager Sentiment, Market Vane, Options Sentiment, Mutual Funds Sentiments, Insiders Selling*
- **Rydex Bull / Bear – Leveraged Ratio**
- **Rydex / Money Ratio Indicator**
- **Smart / Dump Money Ratio Indicator**
- **Down Pressure on SPX Indicator**

Appendix

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



- 2010 - POM - SPX Signal



• Past 52 Week DOW THEORY Signal - updated 20th April

In chart below – top most window - when IYT prices Trades above DIA prices (– green arrow) & , Confirmed by the break of blue line on IYT / DIA Ratio (window 2 below) Triggers a Buy Signal. As long as both remains in same trading overlap pattern.As soon as IYT breaks below (red arrow) confirmed by breakdown in ratio on IYT / DIA “ Sell is signal” is trigger till next time it repeats itself as indicated in Blue bar (which we are awaiting for Triggers) .

point – *In spite of Sell Signal by this DOW Theory end Jan (which we used as PRE – Qualification) The real sell by our Method came on 19th Feb) , by the time IYT moved up 7% towards the CZ – Validation to finally get Trigger in PQV and then fell apart (Refer sector Report, Feb Edition)*



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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