



SG Capital Research

Global Market Insights

**Research Note – Market Strategy – BROADER IDX GLOBAL (A# 2) – STRATEGY & PROP Analysis ( SP)**

**MAEG- MARKET STRATEGY BROADER IDX GLOBAL CZ # SG 2011 # AUG\_17**

**For Immediate Release – *Wednesday AM (EST)***

*By: Suneil R Pavse*

*Contact: apavse@aol.com*

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## **Market Strategy Global (A # 2) - (SP)-**

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 & Oscillator Analysis ( Qualified for > +/- 2 SD )**
  - **QQQ – NASD 100**
  - **IWM - RUSSELL 2000**
  - **EEM - EMRG - with SHANGHAI - Proxy**
  - **EZU - EUROPE with FTSE Proxy**
  - **EWA - AUST with AORD – Proxy**
  - **EWI – HK**
- **Appendix - History of past SPX - POM Signals & Key Criteria**

## **BROADER & GLOBAL INDICES**

### **IWM, QQQ, EEM, (CHINA), EZU, (FTSE), EWA, (ORD) , EWH**

- **Trading and Investment Conclusions.**

- *The Major Indices within this A # 2 Report has been following the Price path during Market turns*
- *POM 11 @ 1117 signaled the turn Globally along with SPX to the First Target to 1190 = 73 points rally Achieved - **Alert***
- *As always SPX Signal on Buy side applies to all the Broader IDX as well at the same time for the turn*
- *POM 12 re run ( 1240) (for mid term) continues . POM 12 ( @ 1270 finished round Trip to 1348 POM 13 and the Stopped out at 1285 ( below Bullish CZ) for recycling of Capital at lower prices.*
- **POINTS DOMINATED - AFTER MATH OF SUCH CORRECTIONS**
- ***POM 11 tends to work as great Recovery tool ( 73 points gains) from Bottom side recovery ( 1117 to 1190) to compensate against any early Signal of past, as well as CZ Stop loss from the Top side i.e ( 1240 -1190)= 50 points decline.***
- ***Market usually can offer gains from one way or the other . Now we wait for next signal ST rebalancing point .***

- **REVIEW THE AFTER MATH OF CRASH & Impact on A # 2 – Report –**

- **To keep the continuity of our Commentary from last A # 2 – MS – Broader and Global Indices dated 7/27 ( 27<sup>th</sup> July ) Prior to THE CRASH....., below are the extract of our conclusions defined as Price Path - Market Strategist and Risk Managers**

**EXTRACTS ..... from Commentary in the last A # 2 Report dated 27<sup>th</sup> July – “Pre – Crash” .....**

- **“ Our Price path remains the same as Reported in earlier Reports. We are experiencing a re test of Bullish CZ 1300 -1320 for the 2<sup>nd</sup> time in SPX , Bulls could argue Building up of floor for next leg up**
- **Our Model do not take into account 50 /50 probability events of “Political Crack or Natural Calamity” . However with hugh Gap down of 200 -250 points and if market does not recover intraday then should be a Trigger & a warning for Risk Management.**
- **Stops Always on other side of CZ**
- **For such reasons ..... other cross measures of market evaluation can be very useful from other clues. Although we do make every effort to be accurate at all turning points with our indicators , like any other Method it cannot be right all the time.. “**

## ANNOUNCED IN THAT REPORT DATED 7/27 - SUMMARY OF “ CZ STOPS”

**QQQQ – CZ – Analysis- Bullish but Risk management stop close below 56.50**

*6/23 POM 12 Triggered on SPX, for Net Long ( indicated in green) @ 54 .*

**IWM – CZ Analysis – Neutral but- Risk management stop close below 81**

*6/23 POM 12 Triggered on SPX, for Net Long ( indicated in green) @ 78 .*

**EEM – CZ Analysis - Bullish but Risk management stop close below 45.50**

*6/23 POM 12 Triggered on SPX, for Net Long ( indicated in green) @ 45 .*

**EWA – CZ Analysis - Bullish but Risk management stop close below 24**

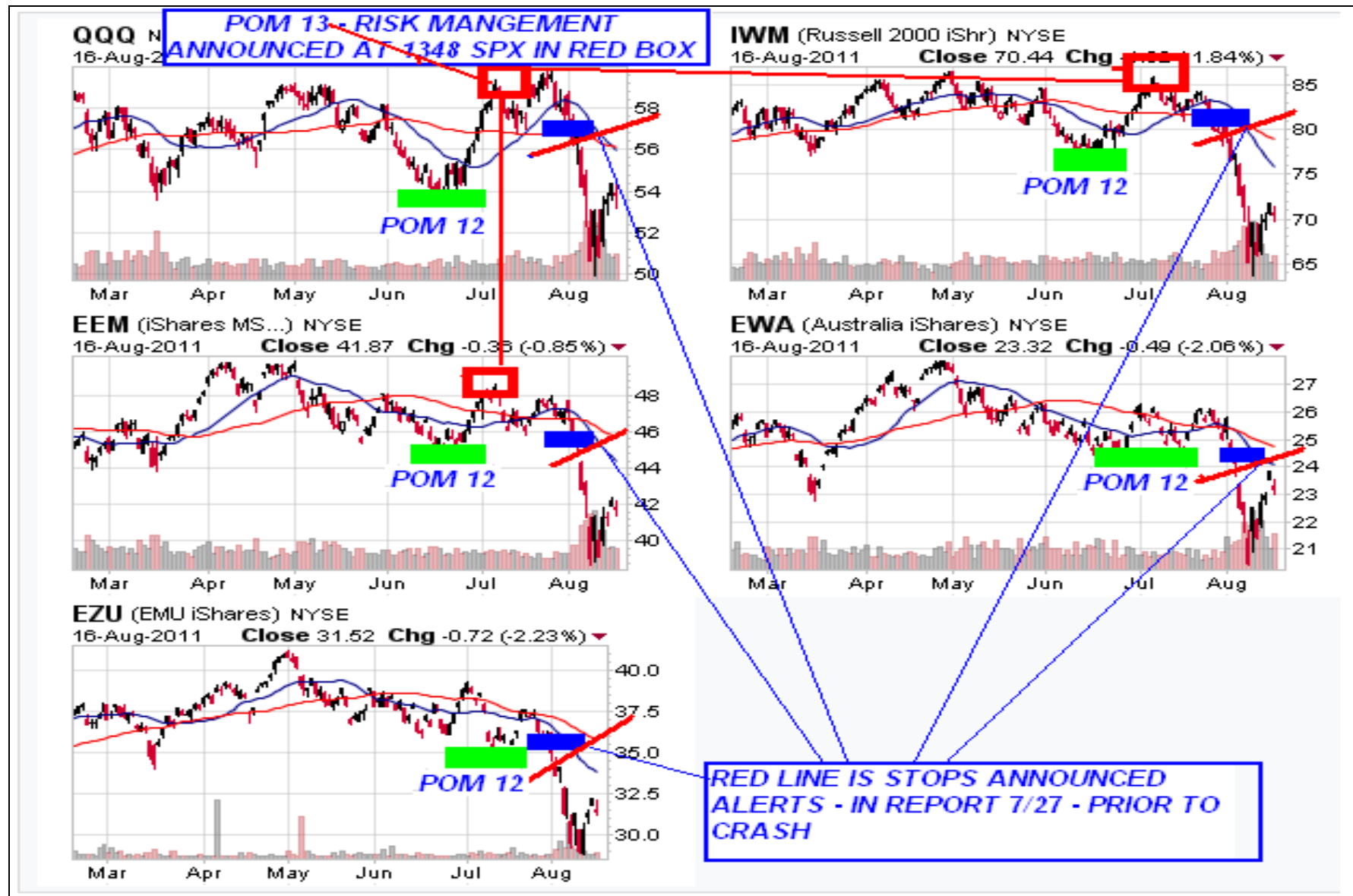
*6/23 POM 12 Triggered on SPX, for Net Long ( indicated in green) @ 24.5 .*

**EZU - CZ Analysis – Neutral but Risk management stop close below 34.5**

*6/23 POM 12 Triggered on SPX, @ 36.5*

# CHARTS FOR ABOVE IDX IN AREAS OF “ CZ STOPS” ANNOUNCED - REALTIME

Read notes within the chart . . . . .

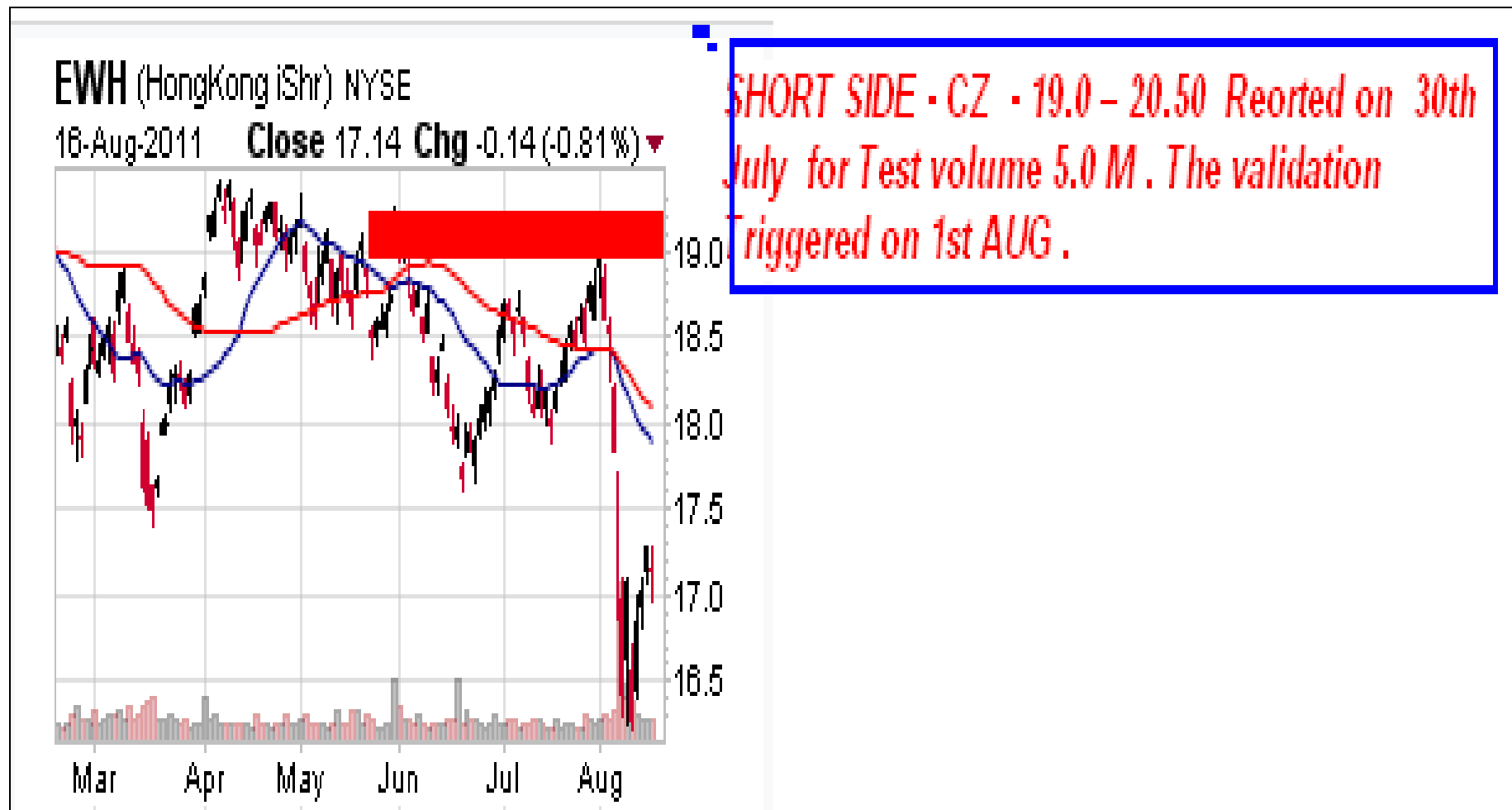


## CZ - SHORT SELL “ ANNOUNCED – D # Sector Report – 30<sup>th</sup> JULY

EWH – CZ Analysis – **Neutral** but

**SHORT SIDE - CZ - 19.0 – 20.50 is indicated in red ( partially imported from 2010 / 08) Test volume 5.0 M.**

- $\frac{1}{2}$  position – was Triggered on 8/01 - into LCZ -MCZ



## Conclusion from QT Report

### SD – PROCESS for – QQQ, IWM, EEM, EZU, EWA, EWH

**Under/Over** valuation criteria based on +/- 2 SD levels v/ s SPX.

1. Below -2 SD level on 365 D basis: Undervalued

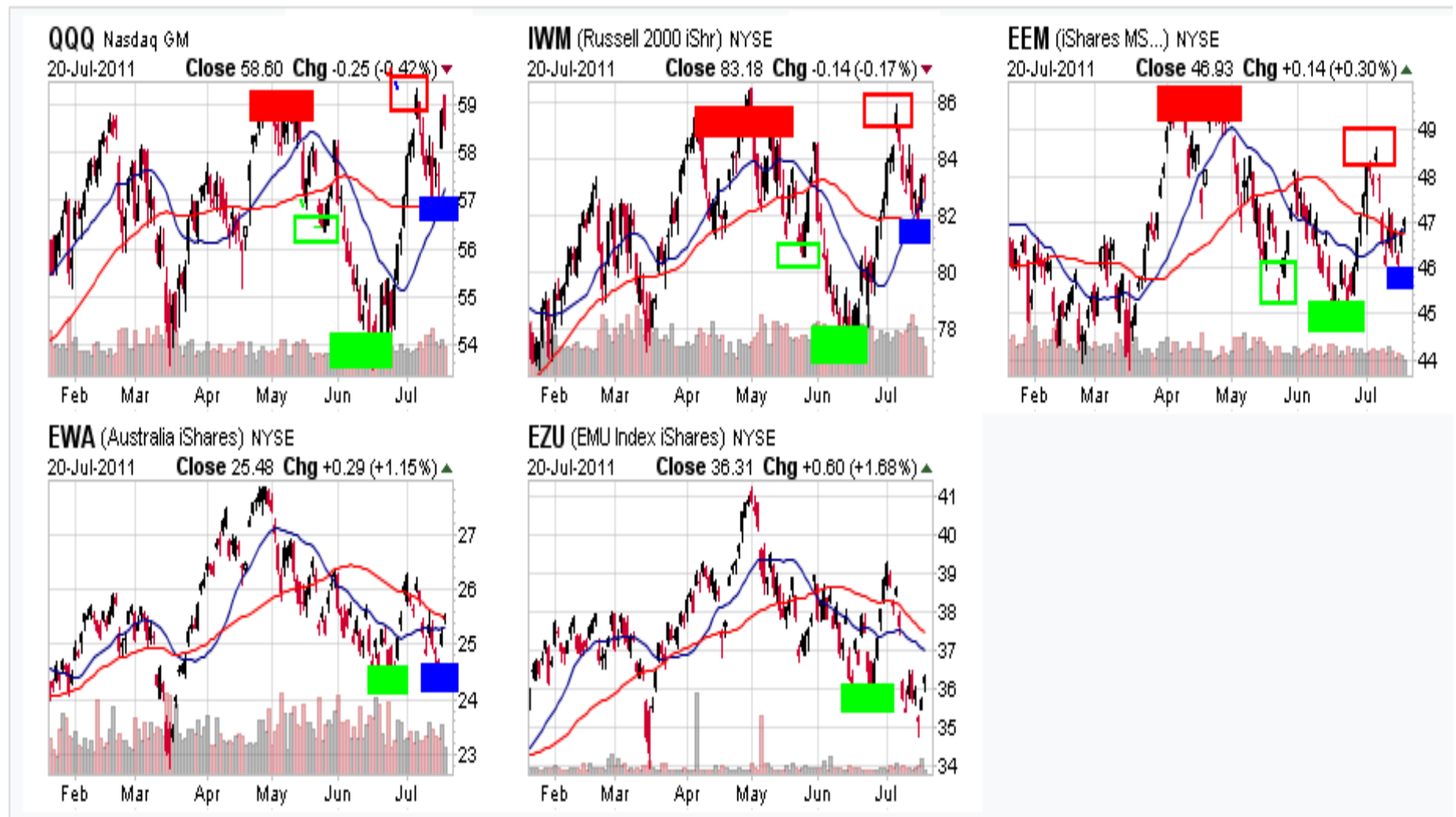
**EZU ( ST)**

2. Above +2 SD level on 365 D basis: Overvalued

**QQQ (ST)**

## APPENDIX -

### Quick Summary of Turning points - “Price path Reported “ from Previous Reports - UPDATE dt – 7/21





## Previous Signals

### **SELL SIDE - Triggered at Qualified CZ on "time & price"**

- **IWM ( 83-85 )....with 40 M or less test - qualified at CZ Sell – 31<sup>st</sup> March @ 84**
- **QQQ ( 56- 58) ... with 75 M or less test - qualified at CZ Sell – 21<sup>st</sup> April @ 58**
- **EEM ( 49.5 – 52.5 )... with 55 M or less test - qualified at CZ Sell – 21<sup>st</sup> April @ 50.19**
- **EZU ....No Validation**

### **BULLISH CZ - Triggers at Qualified CZ**

- **Alert - SPX has reached our Bullish CZ 1315 - 1295 , this will be 4<sup>th</sup> counter trend rally in 2011 within the regime of POM 14 re runs, All the above broader indices will follow the same price path in different proportion based on its own Relative Strength ( see details of each below)**

## POM criteria for Implementation on SPX

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

## Daily SPX - “ Trend Adjusted Signal”

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

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

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

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