



SG Capital Research

Global Market Insights

**Research Note – Sector – ETF Analysis (D )**

**MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # FEB 04**

**For Immediate Release – *Friday AM (EST) or Saturday***

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**• Daily SPX - “ Trend Adjusted Signal” – Long at 1307**

**3x3 /9EMA – Momentum Break Indicator –**

- For Bull case - Previous long exit was on 11/17 at 1193 from 1105 entry 09/05 for 8%
- For Bear case - SS from last Sell Signal at 1193 to 1225 = - 2.6%
- For Bull case – long position from 1228 to 1276 = 4.0 % & from reference point 2011 @ 1257 = 1.5%

**Currently “ Trend Adjusted Signal “ Triggered Long at 1307 - STOP 1276**

## • Sector Insights

- *For Hedging purposes, post POM 14 is to be focused with the Sectors with weakness and closer to the SD # - 2 qualified / CZ – PQV Validation to minimize the risk of added extension in general market. SPX is closer to POM 15 but no signal for Net Short sell. Its been all about patience for pattern Setup .*
- *( 10 ) Qualified Sectors within this strategy with either full entry or partial entry has a Drawdown of (-0.30%) in Equally weighted Index ( Stops on other side of CZ). And (10) more Sectors are in Watch list pending CZ PQV Validation. With Draw down minimization factor of 5.6%*
- *In our current Report – XLE - among previously SD #2 Qualified / CZ –PQV Validated has now a updated CZ*
- *On the This the first Friday of the month, BLS tends to be triple digit move. High probability of Market gaping up AM on Good news and then weakening there after.*

## Sector Analysis (D) -

- Detail Coverage for sectors with extremes SD # + 2.0 or **Special situation (SP)** , highlighted in yellow
- For Commodity based ETF's the Extremes SD # 2.0 should be qualified v/s both CRB and SPX

### **SECTORS - (39) – Highlighted below are this weeks SD # 2 & CZ –PQV Qualified this week**

- ✓ **PQV – CZ Validated Sectors**
- **In Watch list pending validation**

GR1 (15)	GR2 ( 11)	GR3 (13)
<ul style="list-style-type: none"> <li>• SPY</li> <li>• QQQQ</li> <li>➤ <b>TLT ( Bonds)</b></li> <li>✓ <b>MUB (Mun) (SP)</b></li> <li>✓ IWM</li> <li>✓ EEM (Emerg)</li> <li>• EEA (Europe)</li> <li>• EWJ (Japan)</li> <li>• <b>FXI (China)</b></li> <li>• RSX ( Russia)</li> <li>• <b>IFN (India)</b></li> <li>✓ EWP (SP)</li> <li>✓ EWH(<b>SP</b>)</li> <li>✓ JOF (<b>SP</b>)</li> <li>➤ EWA(<b>SP</b>)</li> </ul> <p><b><u>SP – Special Situation</u></b></p>	<ul style="list-style-type: none"> <li>• XLF ( Financials)</li> <li>• XRT (RTH) ( Retail)</li> <li>➤ <b>XLV ( Health )</b></li> <li>➤ XLB ( Materials)</li> <li>➤ <b>XLE (Energy)</b></li> <li>• XLK / QQQQ (Tech)</li> <li>• XLI ( Industrial)</li> <li>➤ XLU ( Utility)</li> <li>➤ <b>XLP ( Staples)</b></li> <li>• XLY ( Discretionary)</li> <li>• XHB ( Home Builders)</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>SMH ( Sem)</b></li> <li>• BBH ( Biotech)</li> <li>• <b>IYT ( Transports)( SP)</b></li> <li>• IYR (Real Estate)</li> <li>• DBA ( Agro)</li> <li>• DBB ( Base metal)</li> <li>• DBC ( Commodity)</li> <li>✓ GLD (Gold)</li> <li>✓ SLV (Sil)</li> <li>✓ GDX (Miners)</li> <li>• USO (Oil)</li> <li>➤ <b>JJC (Cu)</b></li> <li>• SLX ( Steel)</li> </ul>

***MUB, EWP, EWH , JOF ,EWA - Special Situation***

- **Objective**

*The Weekly Validated Sector selection is to Setup “ Global Long / Short – Market Neutral ETF Index” –( Equally Weighted) Utilizing SD, POMs & SETUP INDEX within RA / RI framework with composition of ETF’s with SD # 1.5 to 2 Overvalued and Undervalued characteristics. Additional direction bias is given via doubling on ETF’s with extremes SD # 2 & POM conditions.*

*The Focus is to derive and compare the Relative performance of various Sector ETFs via using Standard Deviation ( SD) Criteria, POM – SPX Methodology as a PIVOT point for start then use with SECTOR / SPX Ratio chart for their “Pattern Recognition and Technical Analysis” for OVERVALUATION AND UNDERVALUATION of Sectors.*

Step 1 – Qualify the Sector based on Correlation Ratio Analysis with SPX to determine Standard Deviation (SD # 1.5 to 2) @ extremes level to define “Overvaluation and Undervaluation” of the SECTOR

Step 2 - Overlay this Correlation input data on Sector’s Relative strengths based on the SPX –POM latest STATUS as Pivot point to measure Maximum and Minimum strength of the Sector. Validate those ideas via technical Patterns of absolute Charts & SPX Ratio charts of these Sectors for Bullish and Bearish SETUPS via Pattern Recognition, Technical Analysis via second derivative DMA’s

Overlay Criteria

- SD # 1.5 /2 ANALYSIS EXTREMES by 365 D Correlation.
- SPX - POM FRAMEWORK as PIVOT by Trend Correlation
- TECHNICAL PATTERNS, 2<sup>nd</sup> Derivative DMA’s & VOLUMES”
  
- Attached, the Chart list & specific Charts (below). We have selected the charts that has some distinct characteristics and values as the pattern gets completed based on our assessment:
- Selected Sector may have (1) up to (6) Analytic Charts as Titled below
  1. SETUP charts Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W ) SMA
  2. SETUP charts Daily – 3 Year with RSI, CCI, MACD ( 11D / 55D) SMA
  3. Correlation Ratio Analysis with SPX by 365 days Basis
  4. POM Analysis -Technical & Pattern & Price / SMA Analysis
  5. Trend Reversion Analysis – Long Trend Chart (if applicable if R2 is above 75%)
- Charts 4,5, (above) articulates special situation coverage for that specific SECTORS highlighted in the list below

- **SPX – “ POM Signal**

- *At POM 14 & 15, Focus is on +2.0 SD , Currently SPX is at POM 14*
- *At POM 13, Focus to be o -2.0 SD.*

- **Trading & Investment Conclusions**

**ACTIONABLE ZONE :**

**“ Global Long / Short – Market Neutral ETF Index”**( Equally Weighted)

- *With composition of ETF's with entry at SD # 2 - Overvalued and Undervalued characteristics &*
- *For Direction bias to capitalize on extremes via doubling on ETF's at SD # 2 & CZ- PQV validation at appropriate POM conditions.*

**NEW THIS WEEK**

**WEEKLY SD & TECH PATTERN VALIDATED CONCLUSIONS by – Processes 1,2 - for BEST IDEAS:**

- **Overvalued confirmed ( SHORT ) – XLE, JJC , SMH ( by CZ –PQV Validation test)**
- **Undervalued confirmed ( LONG ) – MUB, TLT, IFN, FXI, XLP, XLU,XLV ( by SD # 2)**

# SD # 1.5 / 2.0 - Tracker for Sectors

**3X3/9EMA** – Momentum break Prices indicated for each SD # 1.5 /2.0 Sector listed below

Sector	Indicator	Distance in SD	Target Exit & Reversion to mean	Last Price	3X3/9EMA	Net Exposure	Comments
<b>Gr 1</b>							
SPY		-0.77	0.09	130.78	↓ 128.95		
QQQQ		1.38	0.04	57.06	↓ 56.21		
IWM		1.16	0.06	79.73	↓ 78.18		
TLT	Below -2SD	-2.31	0.09	89.72	↓ 90.95		
EWJ		-0.61	0.01	11.35	↓ 11.05		
FXI	Below -2SD	-2.27	0.04	42.68	↓ 42.53		
IFN	Below -2SD	-2.54	0.03	30.33	↓ 29.82		
<b>Gr 2</b>							
XLV	Below -2SD	-2.23	0.03	32.18	↓ 31.86	100%	
RTH		0.70	0.03	47.45	↓ 46.53		
XLF		-0.96	0.01	16.62	↓ 16.42	43%	
XLK		1.25	0.02	26.52	↓ 26.07	100%	
XLU	Below -2SD	-2.08	0.03	32.00	↓ 31.82		
XLE	Above +2SD	2.92	0.05	74.32	↓ 71.76	-100%	
XLB	Above +1.5SD	1.54	0.03	39.57	↓ 38.40	-100%	
XLP	Below -2SD	-3.21	0.02	29.13	↓ 29.08	0%	
XLI		1.45	0.03	36.65	↓ 36.20	20%	
<b>Gr 3</b>							
JJC	Above +2SD	2.14	0.04	60.68	↓ 58.64		
SLV	Above +1.5SD	1.64	0.02	28.29	↓ 26.99		
SMH	Above +2SD	2.33	0.02	35.24	↓ 34.50		
MUB sp	Below -2SD	-2.59	0.09	98.74	↓ 98.89		special situation
USD	Below -1.5SD	-1.54	0.03	38.09	↓ 37.24		
BBH	Below -1.5SD	-1.75	0.09	102.13	↓ 101.62		
DBA	Above +1.5SD	1.84	0.02	34.37	↓ 34.00		
<b>Primary Index Net Exposure</b>						21%	
<b>PDM 14 Re Run 3</b>							

- From (34) Sector list , The green highlights are Newly added and the ETF's with SD # 2 is qualified for further review for extremes of over ( Sell) / under ( Buy) valuation v/s SPX & CRB ( if applicable)– within our Expectancy Model

Ticker ( Exited from Previous weeks )	Comments

# SHORT -- ETF Index - (with positions taken at SD # + 2.0 & CZ )

SD -TECH VALIDATED MARKET NEUTRAL ETF INDEX ( Directional Bias only at Extreme POM's)

Ticker	Entry date	Last Price	Validated Test price	P/L Since the Test	3X3 / 9EMA	Stoploss @ Close	Trigger either by SD2 or CZ1,CZ2	Comments
<b>SHORTS (SECTORS)</b>								
<b>SD 2 Triggers</b>								
IWM	25-Nov-10	79.73	73.73	-8.14% ↓	78.18	84.00	@SD2	
RTH	25-Nov-10	106.19	103.47	-2.63% ↓	105.95		@SD2	
XLK	25-Nov-10	26.52	24.49	-8.29% ↓	26.07		@SD2	
SMH	25-Nov-10	35.24	31.68	-11.24% ↓	34.50	37.80	@SD2	
JJC	10-Dec-10	60.68	54.08	-12.20% ↓	58.64	63.00	@SD2	
SLV	10-Nov-10	28.29	27.00	-4.76% ↓	26.99	28.35	@SD2	
XLE	31-Dec-10	74.32	68.15	-9.05% ↓	71.76		@SD2	
QQQQ	23-Dec-10	57.06	54.74	-4.23% ↓	56.21		@SD2	
XLB	31-Dec-10	39.57	38.44	-2.94% ↓	38.40	43.05	@SD2	
							<b>SD's</b>	<b>-7.05%</b>
<b>CZ Triggers</b>								
IWM	21-Jan-11	79.73	79.00	-0.92% ↓	78.18	84.00	@CZ1	
EWP		42.18	42.75	1.33% ↓	41.66	46.20	@CZ	
SMH	21-Jan-11	35.24	35.00	-0.69% ↓	34.50	37.80	@CZ1	
JJC	19-Jan-11	60.68	59.50	-1.98% ↓	58.64	63.00	@CZ1	
SLV		28.29	28.50	0.75% ↓	26.99	28.35	@CZ1	
EWI		19.49	19.50	0.05% ↓	19.30	20.74	@CZ	
XLB	21-Jan-11	39.57	39.50	-0.18% ↓	38.40	43.05	@CZ1	
EWA	21-Jan-11	25.63	25.44	-0.74% ↓	24.94	27.30	@CZ1	
<b>CLOSED SHORT POSITIONS</b>				<b>53.00%</b>				
							<b>CZ'S</b>	<b>-0.30%</b>
			<b>EQ WT SHORT P/L</b>	<b>-0.76%</b>				

## CLOSED **SHORT** POSITION – On Reversion to mean or POM 13

<u>CLOSED SHORTS POSITIONS</u>	Entry Date	Exit Date	Entry Price	Exit Price	P / L	Comments
DBB					3.16%	
GLD					2.60%	
SLV					4.60%	
GDX					4.90%	
IFN					14.94%	
GDX	15-Oct-10	14-Jan-11	57.41	54.88	4.41%	@SD2
GDX	25-Nov-10	14-Jan-11	59.67	54.88	8.03%	@CZ
EEM	12-Nov-10	21-Jan-11	47.56	46.97	1.24%	@SD2
EEM	12-Nov-10	21-Jan-11	47.56	46.97	1.24%	@CZ1
EEM		21-Jan-11	48	46.97	2.15%	@CZ2
GLD	15-Oct-10	21-Jan-11	133.68	131.2	1.86%	@SD2
GLD		21-Jan-11	136.5	131.2	3.88%	@CZ



## LONG -- ETF Index - (with positions taken at SD # - 2.0 & CZ)

<b>LONGS</b>									
<b>POM/Trend Adjusted</b>									
SPY ( POM Signal)		0.00	0.00	0.00%		0.00	None - Flat		
SPY ( Trend Adjusted )		130.70	130.70	0.00%		127.60	@ SPX 1307 /stop 1276		
PQV Validated Index	9-Sep-10			-2.00%		0.00			
<b>SECTORS</b>									
<b>SD2 Triggers</b>									
XLV	10-Dec-10	32.18	30.99	3.85%	↓	31.86	@SD2		
XLU	23-Dec-10	32.00	31.36	2.02%	↓	31.82	@SD2		
XLF	25-Nov-10	16.62	14.63	13.57%	↓	16.42	@SD2		
TLT	12-Nov-10	89.72	96.38	-6.91%	↓	90.95	84.55 @SD2		
MUB	19-Nov-10	98.74	100.98	-2.22%	↓	98.89	@SD2		
BBH	15-Oct-10	102.13	96.76	5.55%	↓	101.62	@SD2		
EWJ	15-Oct-10	11.35	10.22	11.06%	↓	11.05	@SD2		
USO	15-Oct-10	38.09	35.47	7.39%	↓	37.24	@SD2		
FXI	23-Dec-10	42.68	42.60	0.19%	↓	42.53	@SD2		
XLP	7-Jan-11	29.13	29.18	-0.17%	↓	29.08	@SD2		
IFN	27-Jan-11	30.33	30.5	-0.56%	↓	29.82	@SD2		
								<b>SD's</b>	<b>3.07%</b>
<b>CZ Triggers</b>									
JOF		9.38	8.47	10.74%	↓	9.01	7.98 @CZ		
TLT	21-Jan-11	89.72	89.50	0.25%	↓	90.95	84.55 @CZ1		
								<b>CZ'S</b>	<b>5.49%</b>
<b>CLOSED LONG POSITIONS</b>						28.78%			
				<b>EQWT LONG P/L</b>		<b>5.66%</b>			

## CLOSED LONG POSITION – On Reversion to mean or POM 13

<u>CLOSED LONGS POSITIONS</u>						
BBH					0.00%	@SD2
EWJ					-0.50%	@SD2
USO					6.68%	@SD2
BBH					0.26%	@SD2
EWJ					4.17%	@SD2
SPY ( Trend Adjusted Signal)		28-Jan-11	122.8	128.5	4.44%	SPX 1228 to 1285
SPY ( POM Signal )	6-Jul-10	9-Sep-10	102	110.5	7.69%	POM 12 - POM 14
SPY ( Trend Adjusted Signal)	9-Sep-11		110.5	117.6	6.04%	SPX 1105 to 1176

• **SECTOR SETUP INDEX +79%, 79%, +85%, +77% ( past 4 weeks)**

(Currently for monitoring purposes only, we will establish . correlation as we go forward with POM 13 )

• **EQUITY SETUP INDEX : +21%, 25%, +31%, 20% ( past 4 weeks)**

• **POM – 14 re run**

**(ETF's highlighted below are CZ – PQV Qualified Sector watch list with SD # 2 or just turned down)**

<b>SETUP # 1 (34 of 39)</b>	<b>% away from Gold .Cross</b>	<b>SETUP # 2 ( 3 of 39)</b>	<b>% away from Dead. Cross</b>	<b>SETUP # 3 ( 0 of 39)</b>	<b>% away from 40wk</b>	<b>SETUP # 4 ( 0 of 39)</b>	<b>% away from 40wk</b>
SPY	17.96%	TLT	-7.51%				
QQQQ	23.50%	MUB	-5.49%				
IWM	21.41%	IFN	-1.27%				
EEM	15.24%						
EWJ	14.76%						
FXI	5.46%						
RSX	26.24%						
EWP	11.00%						
EWH	28.06%						
EWA	18.38%						
XLF	13.10%						
XRT	22.01%						
XLV	6.25%						
XLB	23.16%						
XLE	33.45%						
XLK	19.41%						
XLI	23.53%						
XLU	6.54%						
XLP	7.89%						
XLY	20.29%						
XHB	10.93%						
SMH	30.81%						
BBH	6.02%						
IYT	18.34%						
IYR	78.84%						
DBA	37.21%						
DBB	21.47%						
DBC	25.29%						
GLD	57.66%						
SLV	125.02%						
GDX	24.77%						
USO	6.31%						
JJC	38.03%						
SLX	22.99%						

# CZ – PQV – Validation Tracker

Ticker	Trade Type	Last Price	Mean Confluence	LL confluence	UL confluence	Required Volume	Actual Volume MM on Pickup	Volume	% Away from Test price UL	40wk MA	% Away from 40 MA	Stoploss @3X3 / 9EMA	SETUP Quality Price	Drawdown minimisation	SD # 1.5
<b>TRIGGERED</b>															
EWP	Short	42.18	42.75	41.5	44	0.4	0.4	0.5	-4%	38.11	10.69%	46.20	41.66	40.1	-6.6% (0.86)
GLD (under 136.5)	Short	132.2	137	136	138	20	17.0	17.0	-4%	125.89	5.01%	144.90	129.65	134.7	-1.7% (0.26)
EEM (under \$47)	Short	46.51	47.5	47	48	50	45.0	45.0	-3%	43.15	7.79%	50.40	46.06	46.2	-2.8% (1.00)
EWH (under \$19.25)	Short	19.49	19.5	19.25	19.75	4.5	4.0	4.0	-1%	17.34	12.37%	20.74	19.30	19.1	-2.1% 0.37
GDX (under \$61.5) (New)	Short	56.52	63.5	62.25	64.75	11	10.2	10.2	-13%	54.37	3.96%	67.99	54.02	61.0	-4.1% (0.33)
SLV	Short	28.285	27	27	27	50	32.0	32.0	5%	21.99	28.61%	28.35	26.99	24.8	-8.9% 1.64
JOF (above \$8.55)	Long	9.38	8.475	8.4	8.55	0.06	0.06	0.1	10%	8.41	11.48%	7.98	9.01	8.5	-0.3% (0.06)
EEM (under \$48)	Short	46.51	49	48	50	40	40	40.0	-7%	43.15	7.79%	52.50	46.06	46.2	-6.1% (1.00)
SLV (under \$28)	Short	28.285	28.5	27	30	50	32.0		-6%	21.99	28.61%	31.50	26.99	25.0	-14.0% 1.64
SMH (under \$34)	Short	35.24	35	34	36	8	4.5		-2%	29.03	21.38%	37.80	34.50	32.0	-9.4% 2.33
EWA (under \$25.5)	Short	25.629	25.5	25	26	3.5	1.9		-1%	22.86	12.12%	27.30	24.94	25.0	-2.0% 0.58
XLB (under \$39)	Short	39.57	39.5	38	41	6	6.0	11.0	-3%	33.64	17.64%	43.05	38.40	38.4	-2.9% 1.54
IWM (under \$79.5) (half)	Short	79.728	79.75	79.5	80	35	29.0		0%	69.19	15.23%	84.00	78.18	73.0	-9.2% 1.16
JJC (under \$59) (half)	Short	60.68	59.5	59	60	0.14	0.1	0.3	1%	47.82	26.89%	63.00	58.64	54.0	-10.2% 2.14
TLT (half)	Long	89.72	89.5	89	90	40	42.0		0%	98.33	-8.76%	84.55	90.95	95.0	-5.8% (2.31)
<b>WATCHLIST</b>															
TLT (half)	Long	89.72	89.5	89	90	40	weekly		0%	98.33	-8.76%	84.55	90.95	95.0	-5.8% (2.31)
MUB (above \$98.5)	Long	98.74	97.5	97	98	0.30	0.47	0.5	1%	103.58	-4.68%	92.15	98.89	100.0	-2.5% (2.59)
EWH (under \$21.5)	Short	19.49	21.5	21	22	5			-11%	17.34	12.37%	23.10	19.30	19.1	-12.6% 0.37
IWM (under \$78) (half)	Short	79.728	79	78	80	175	weekly		0%	69.19	15.23%	84.00	78.18	73.0	-8.2% 1.16
QQQQ (under \$56)	Short	57.0575	55.75	55	56.5	250	weekly		1%	49.40	15.50%	59.33	56.21	53.0	-5.2% 1.38
QQQQ (under \$56)	Short	57.0575	57.25	57.25	57.25	50	59.0		0%	49.40	15.50%	60.11	56.21	53.0	-8.0% 1.38
EWA (under \$25.75)	Short	25.629	26.5	26	27	16	weekly		-5%	22.86	12.12%	28.35	24.94	25.0	-6.0% 0.58
XLV	Long	32.1825	30.75	30.5	31	3			4%	30.22	6.49%	28.71	31.86	31.5	-2.4% (2.23)
XLE (under \$68.5)	Short	74.32	69.5	68.5	70.5	4			5%	58.67	26.67%	74.03	71.76	68.5	-1.5% 2.92
JJC (under \$59) (half)	Short	60.68	59.75	59.5	60	0.14			1%	47.82	26.89%	63.00	58.64	54.0	-10.6% 2.14
XLU	Long	31.995	30.5	30.25	30.75	4.5			4%	30.76	4.03%	28.74	31.82	31.5	-3.2% (2.08)
XLP	Long	29.13	28.05	27.8	28.3	3.8			3%	27.81	4.76%	26.41	29.08	29.3	-4.1% (3.21)
													<b>PQV Drawdown Minimisation factor</b>		<b>-5.8%</b>
PQV Test validated within 5 to 7% of asking															
Criteria has temporarily exceeded															
volume still higher than the test volume no result															

**Ratio of HQ v/s LOW QLTY - 1 yr**

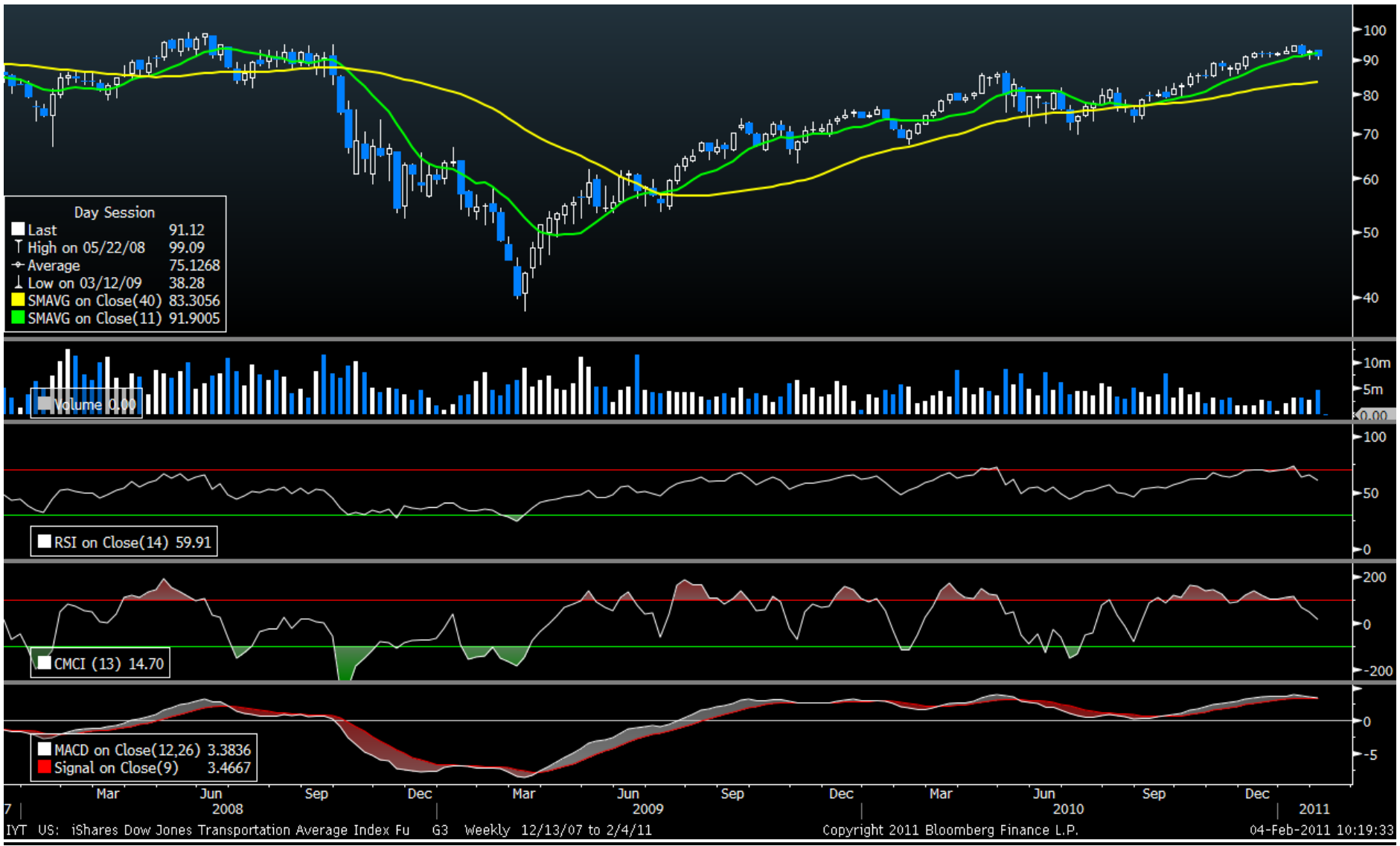


## IYT v/s DIA

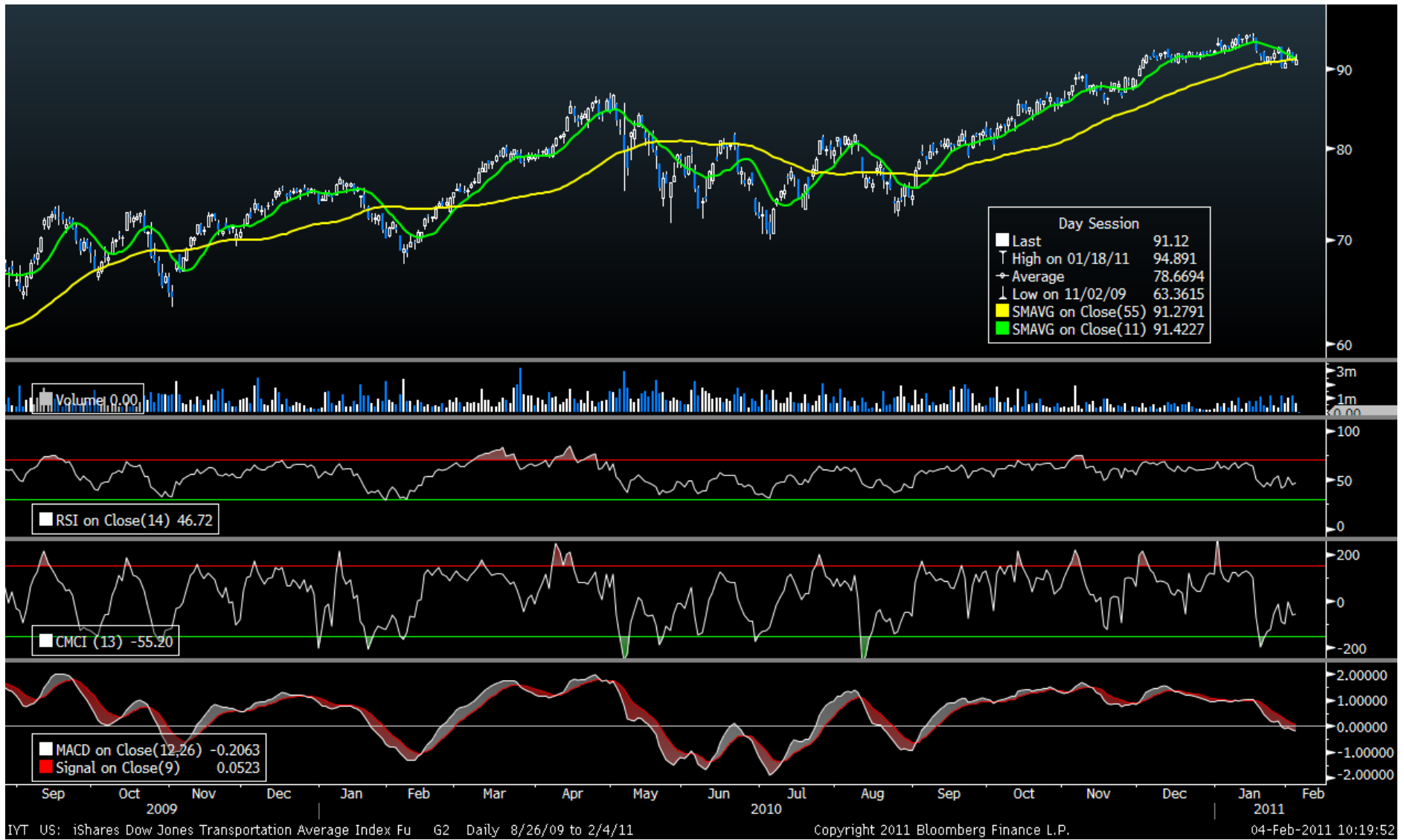
Past 2 weeks we have been indicating that IYT ( Transport) has been weak Index. Currently this supports the famous DOW THEORY for the first time in 12 months since Jan 2010, the transports have lagged Industrials . In chart below Circled in black shows . This is another Bearish Indicator for DOW on intermediate term basis.



IYT - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

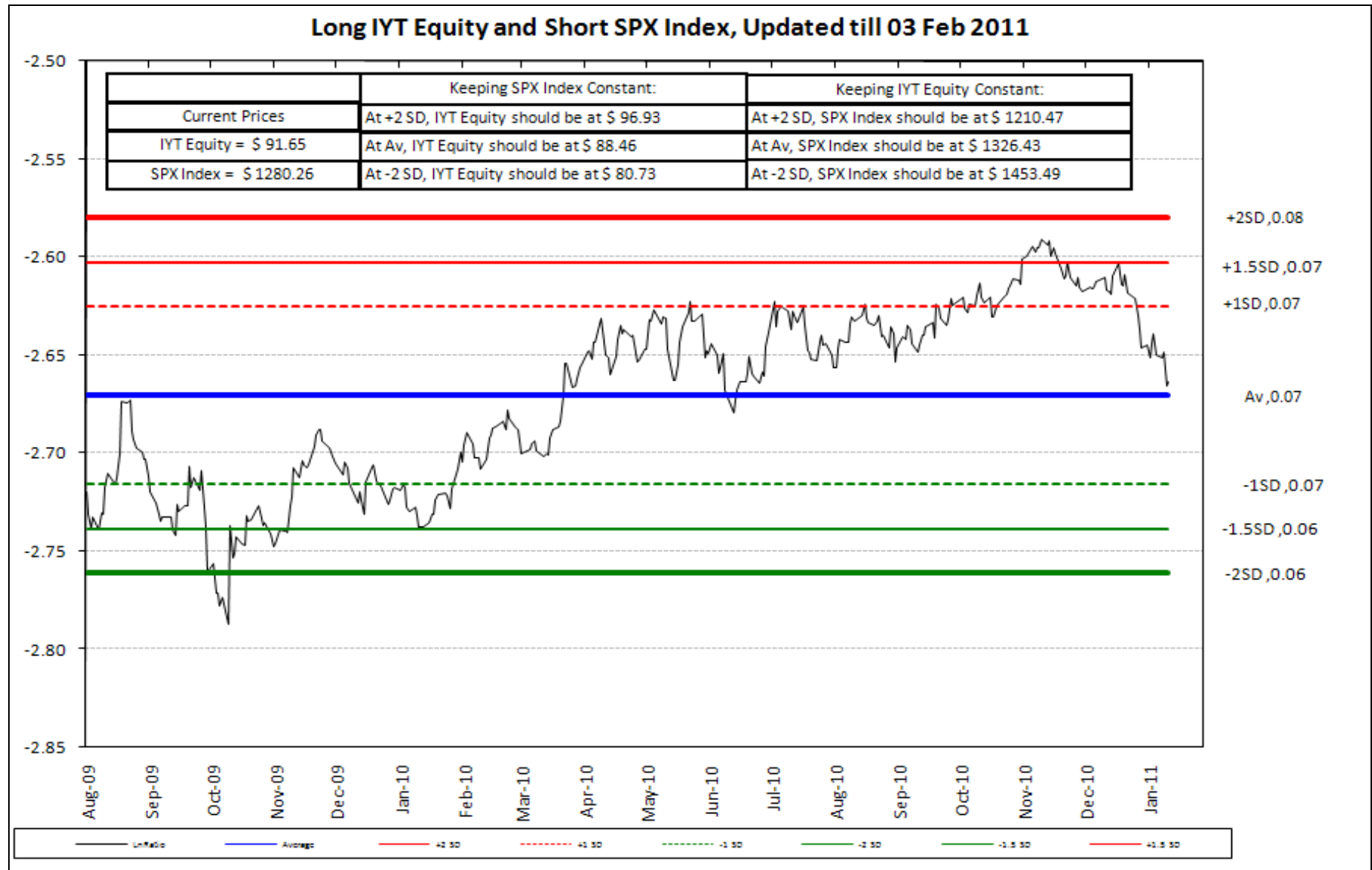


# IYT - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD





## IYT Correlation Ratio Analysis with SPX – 365 days Time basis



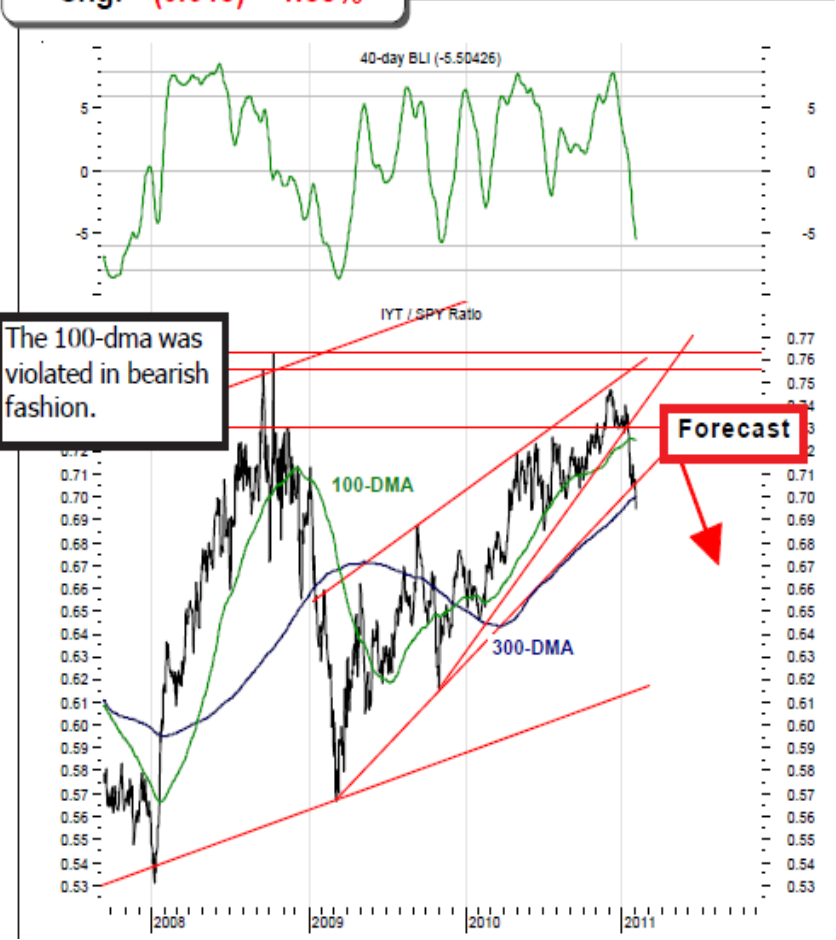
# IYT – Technical & Pattern Analysis

The IYT / SPX ratio chart looks bearish and should trend down in RH side chart below, confirms the relative fall (**hence overvalued**) by this matrix in Sync with SD Analysis

Transports	IYT
Last: \$	90.68
Chg \$	(1.86) -2.05%



RATIO: IYT / SPY
Last: 0.695
Chg: (0.013) -1.85%



The key reversal at the highs coupled with the 40-dma breakdown suggests lower prices.

The 100-dma was violated in bearish fashion.

Forecast

Forecast

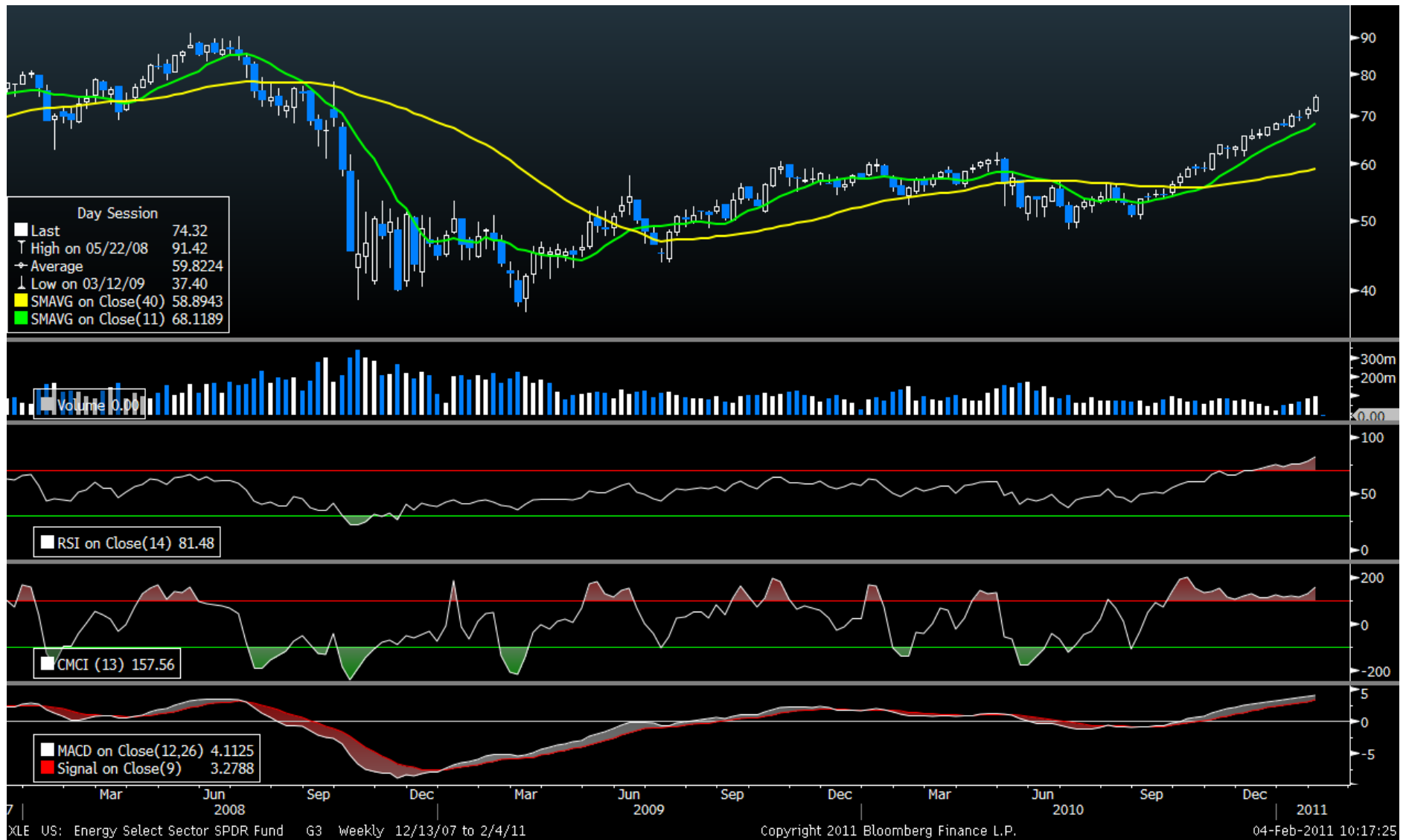
## IYT - PQV Analysis

*ITY failed on weekly chart at 94 to 96 CZ and on Daily chart we had our first chance at 93. Currently the CZ is at 92.5 to 94.5 and volume should come in at 650 K*



# ETF's Qualified for SD # 2 - Over / Under valuation by POM Methodology

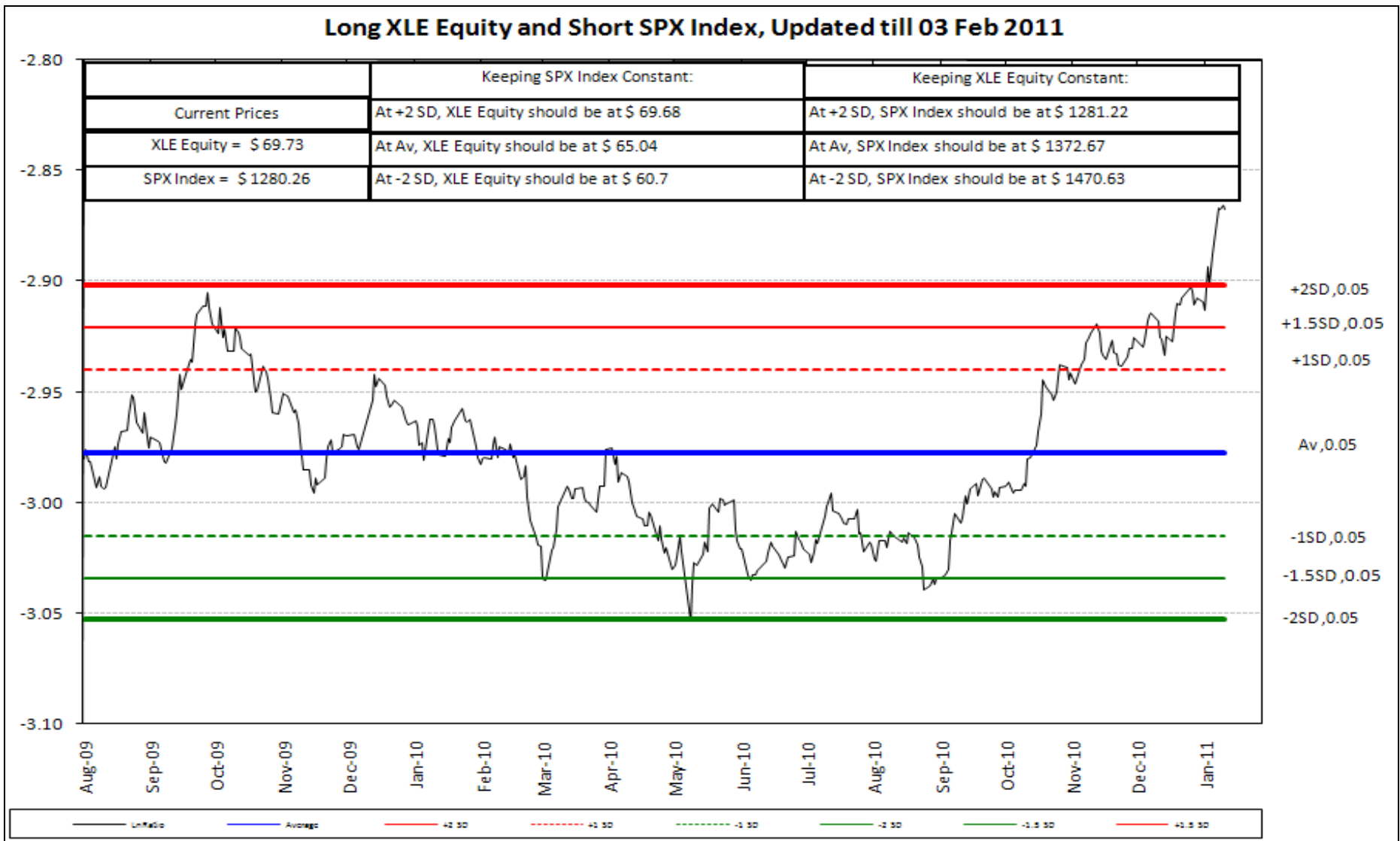
## XLE - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



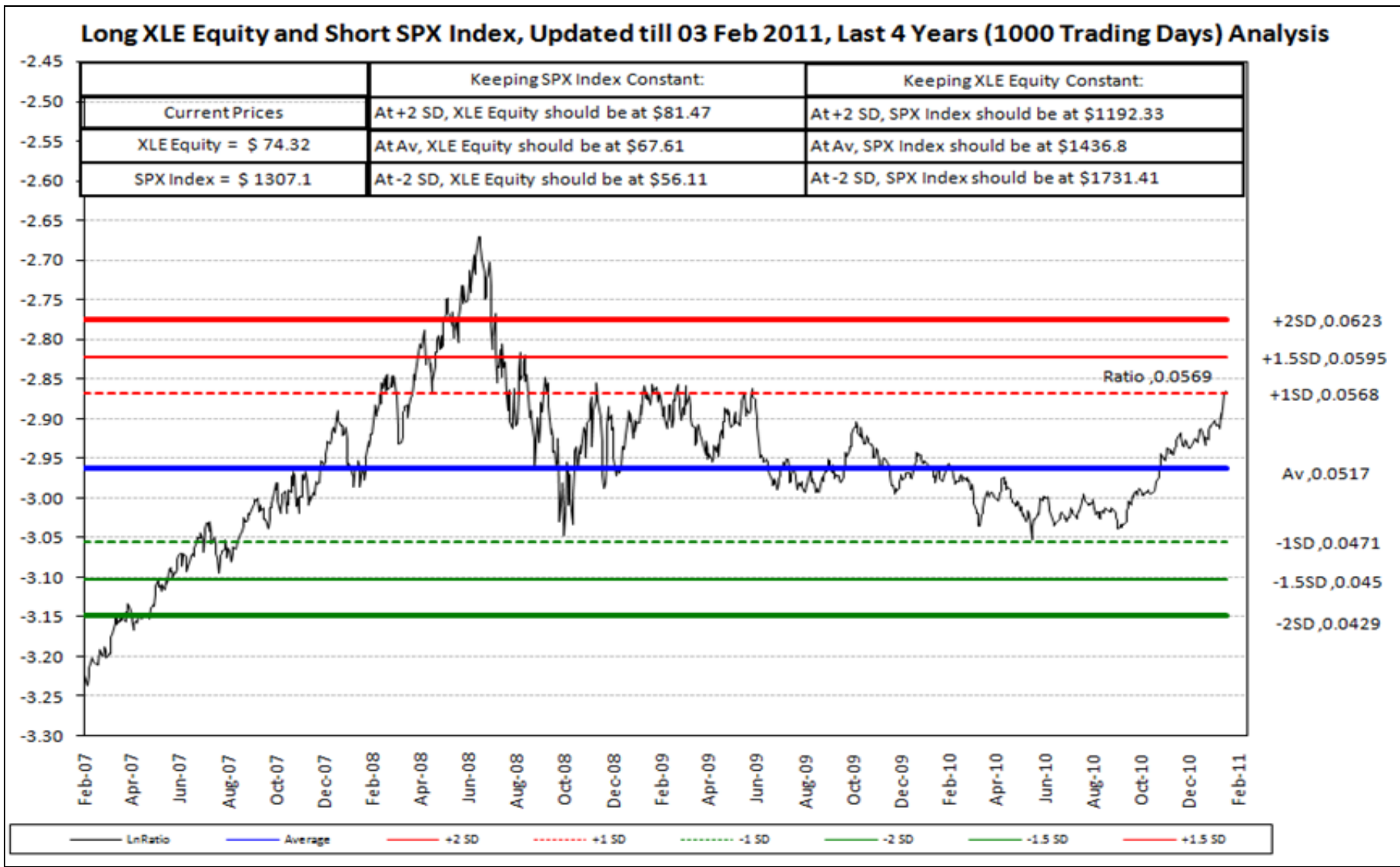
# XLE - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



## XLE Correlation Ratio Analysis with SPX – 365 days Time basis



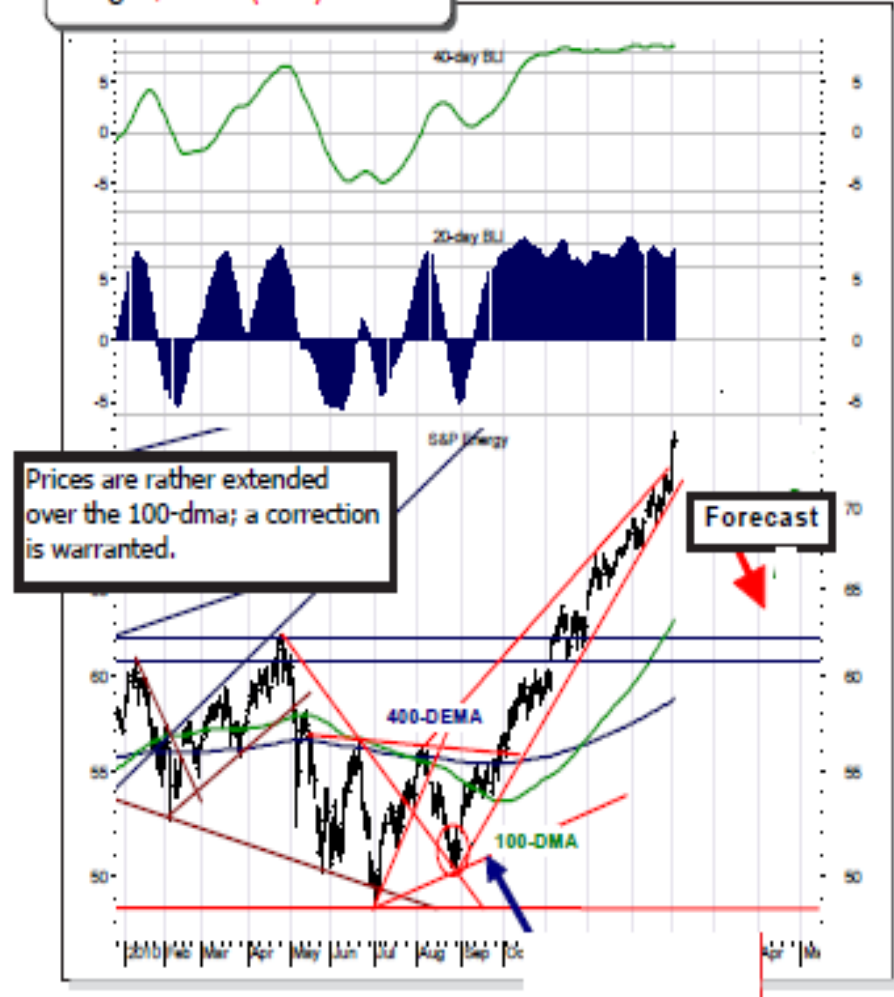
## XLE Correlation Ratio Analysis with SPX – Full Time basis



# XLE- Technical & Pattern Analysis

Prices are extended way beyond and correction is warranted. PQV has kept us from this harm's way for past 3 weeks.

S&P Energy	XLE
Last: \$ 74.28	
Chg: \$ (0.06)	-0.08%



RATIO: XLE / SPY
Last: 0.569
Chg: 0.001 0.11%

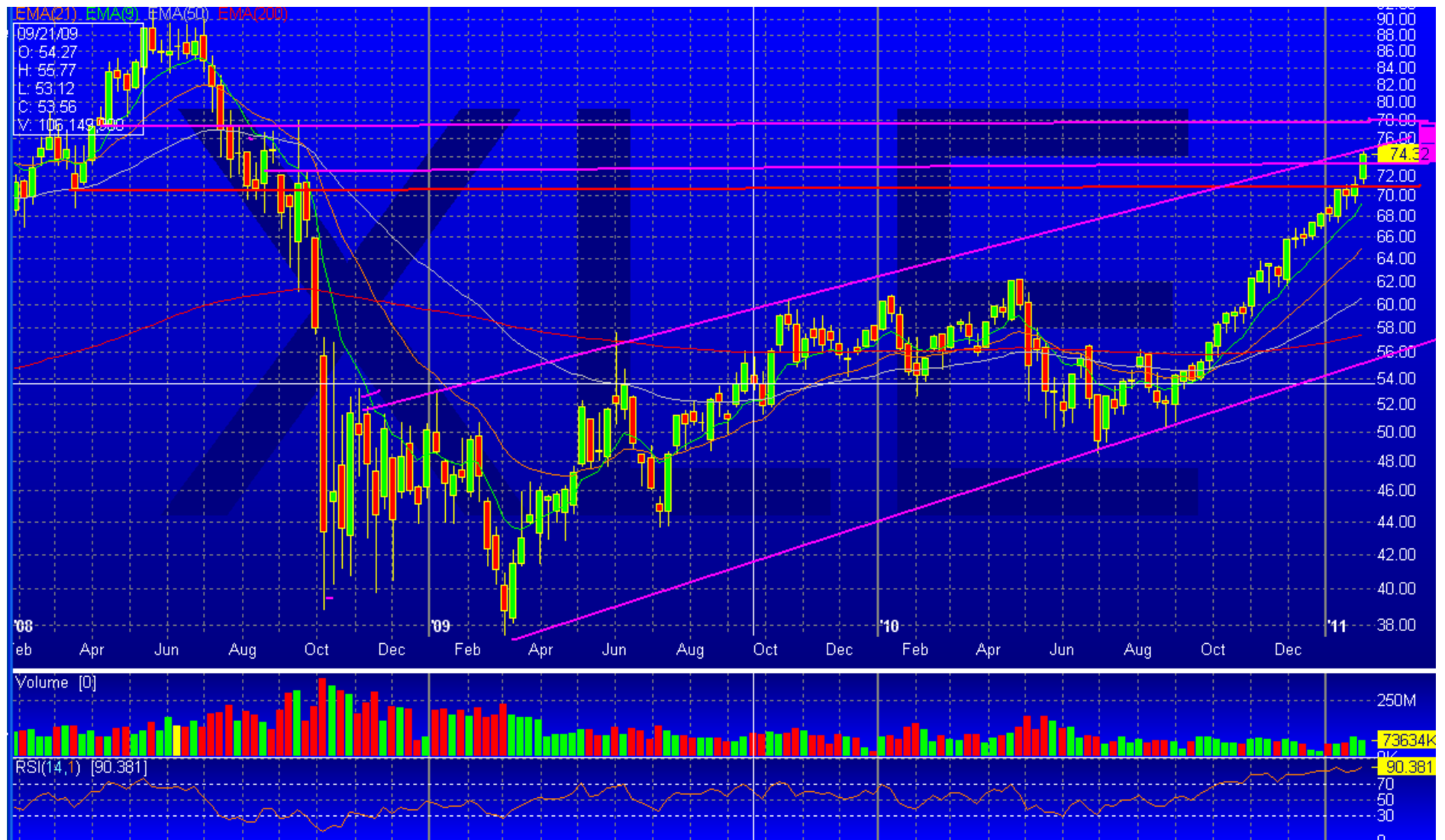




## - XLE - PQV Analysis

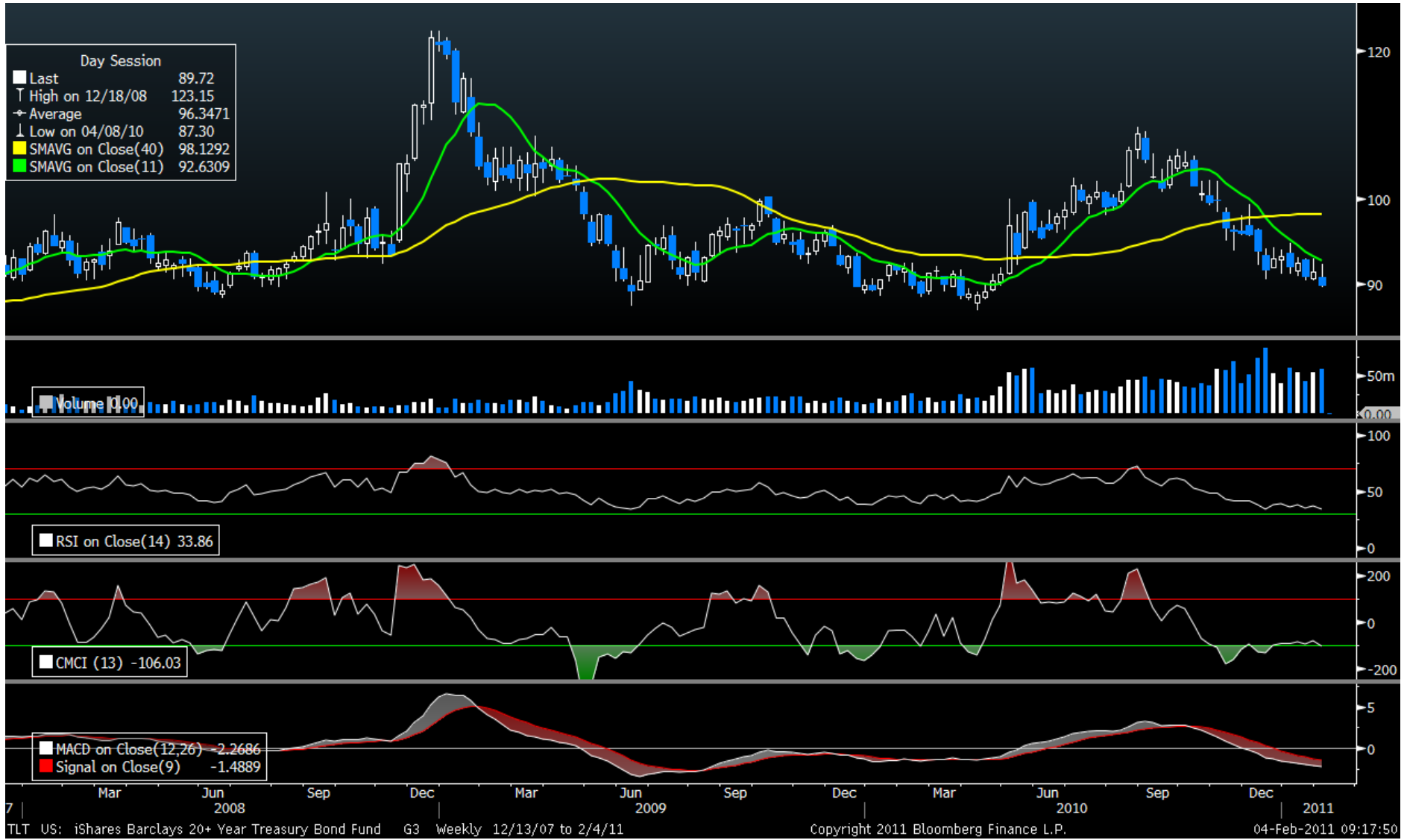
*XLE had a false break upside indicated by red line, but stock can still go higher no next level, Lat time around PQV kept us away from harm's way. Currently RSI on weekly is at 90 which is very rear to achieve.*

*Wkly CZ is from 75 to 78 but prices need to fail on volume, We rather see this go to 77 on 60 M shares weekly and close under 75*



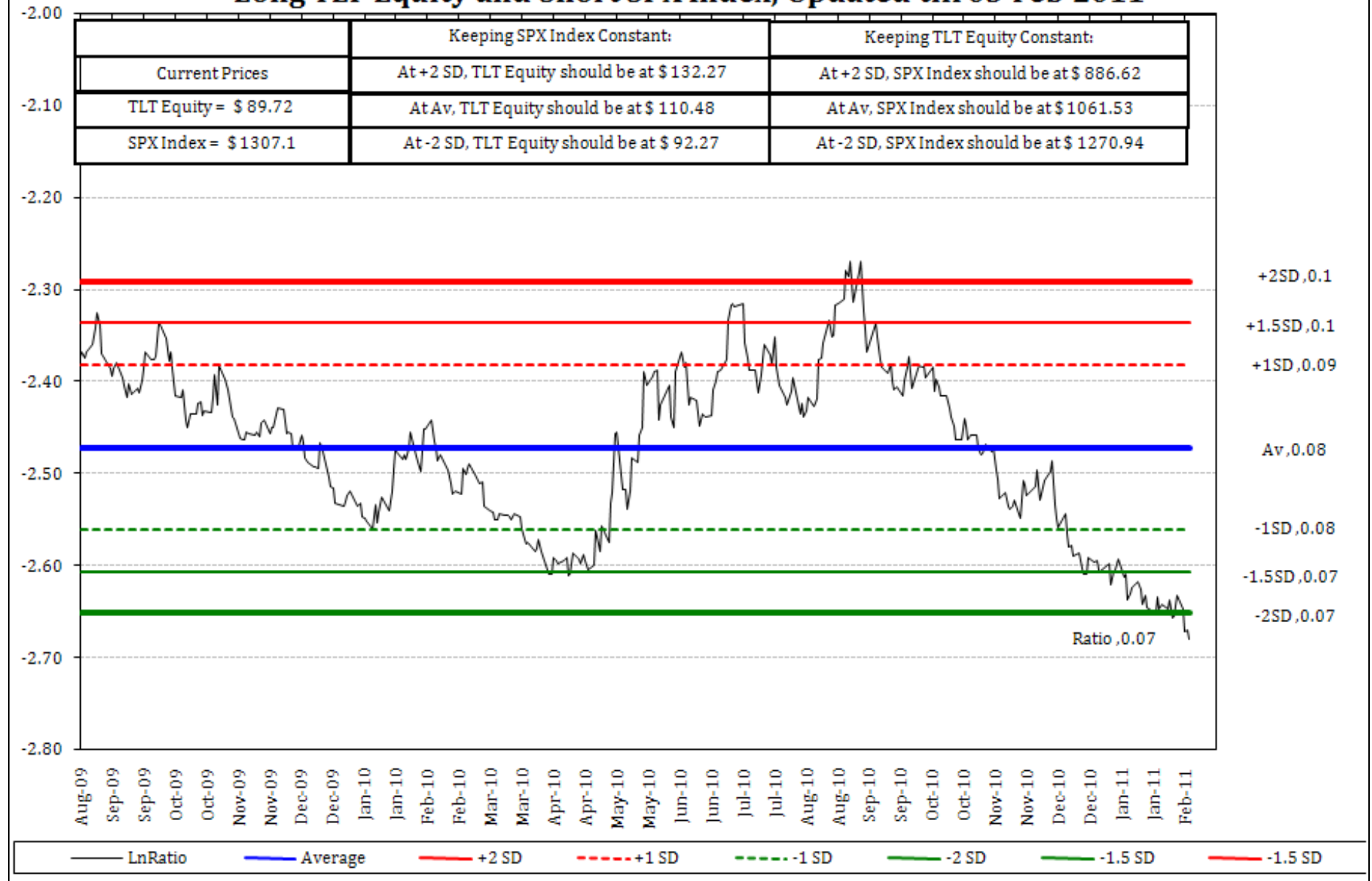
# TLT - VALIDATED IN CZ -PQV in Sector Report -)

## TLT - Weekly - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



# TLT Correlation Ratio Analysis with SPX – 365 days Time basis

## Long TLT Equity and Short SPX Index, Updated till 03 Feb 2011

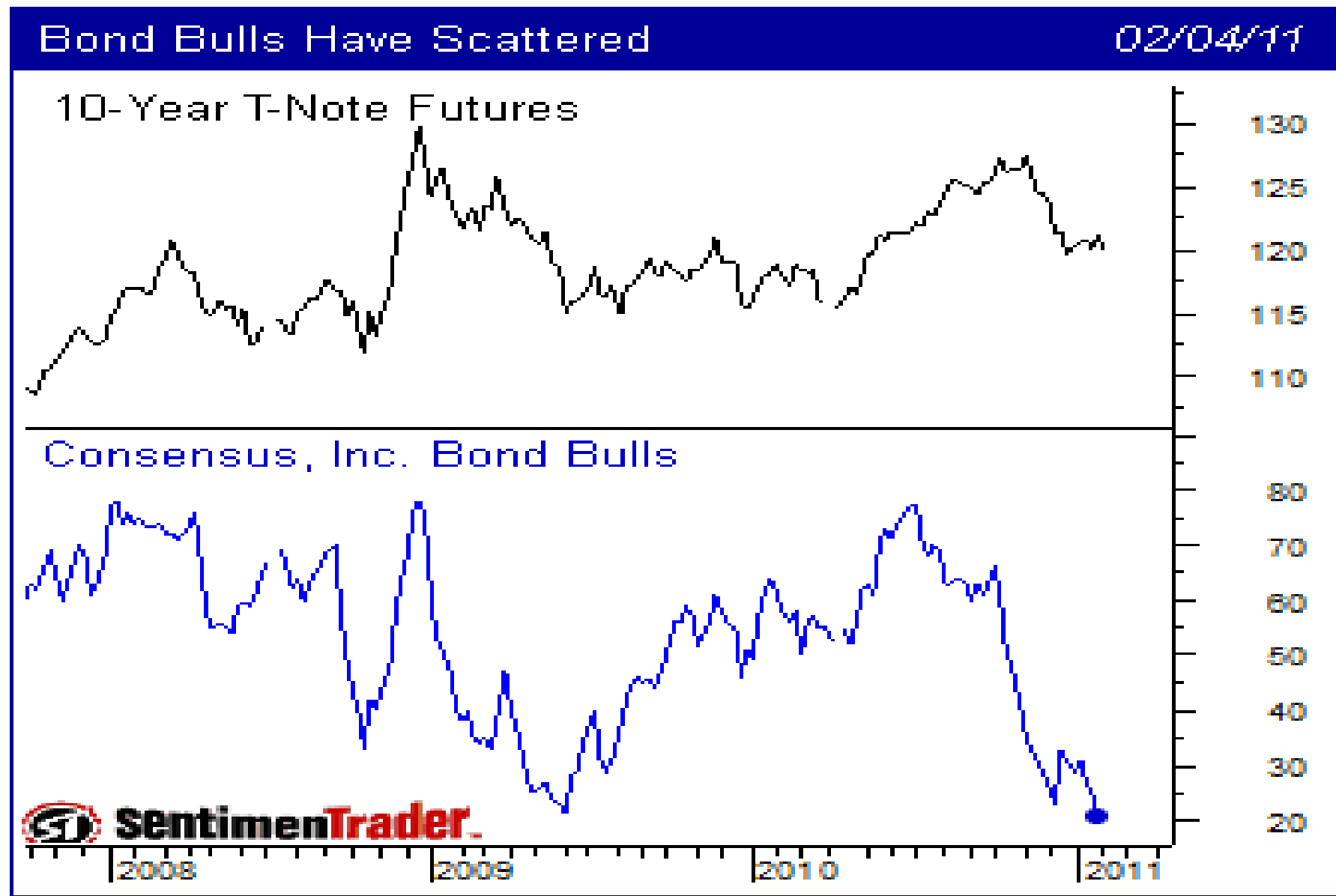


# TLT Correlation Ratio Analysis with SPX – Full Time basis

Long TLT Equity and Short SPX Index, Updated till 03 Feb 2011, Last 4 Years (1000 Trading Days) Analysis



**TLT- Bearish Sentiments at EXTERMES. ( Courtesy – Sentiment Traders)**



# TLT- Technical & Pattern Analysis – 5yr Monthly Chart

*TLT has reached some critical price points. This is a bigger picture*



## 2 – TLT- POM – ST - Price , Volume & Pattern Analysis

*Current situation considering the Bigger picture and our long term –time horizon could justify ½ position . The 2<sup>nd</sup> half upon re confirmation of Secondary test as indicated in CZ Tracker , once the bear trap gets completed.*

*TLT –Our price target of 89 – 91 and CZ by POM / PQV . PEC D at 91 has been reached. Weekly 40 M test was validated*



# T – Bonds

Reached 786 of last two moves at PEC –D point.



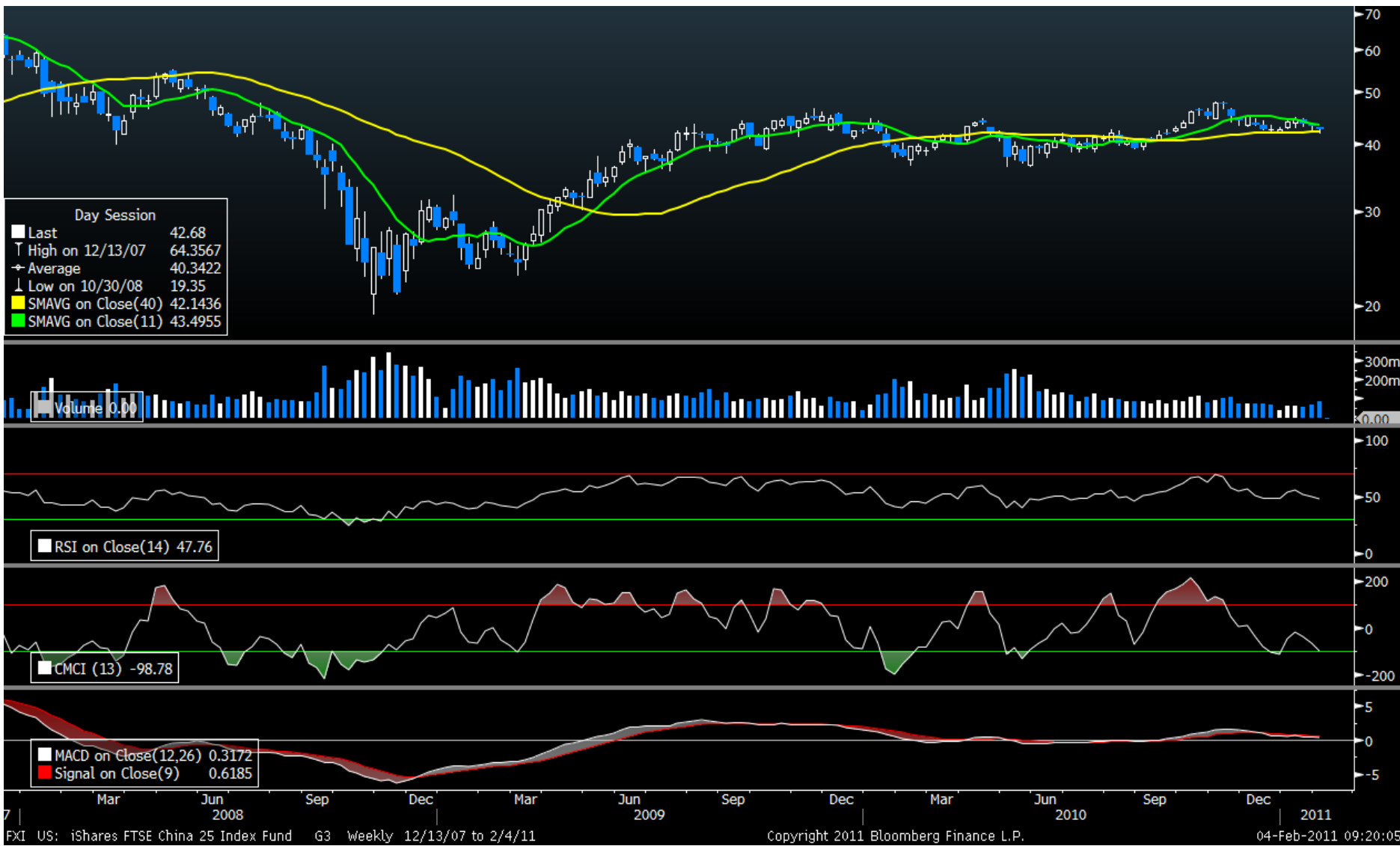


## TLT v/s SPY

*Inverse Correlation still exists at every inflection point .*



**FXI - Weekly - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD**



# FXI - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

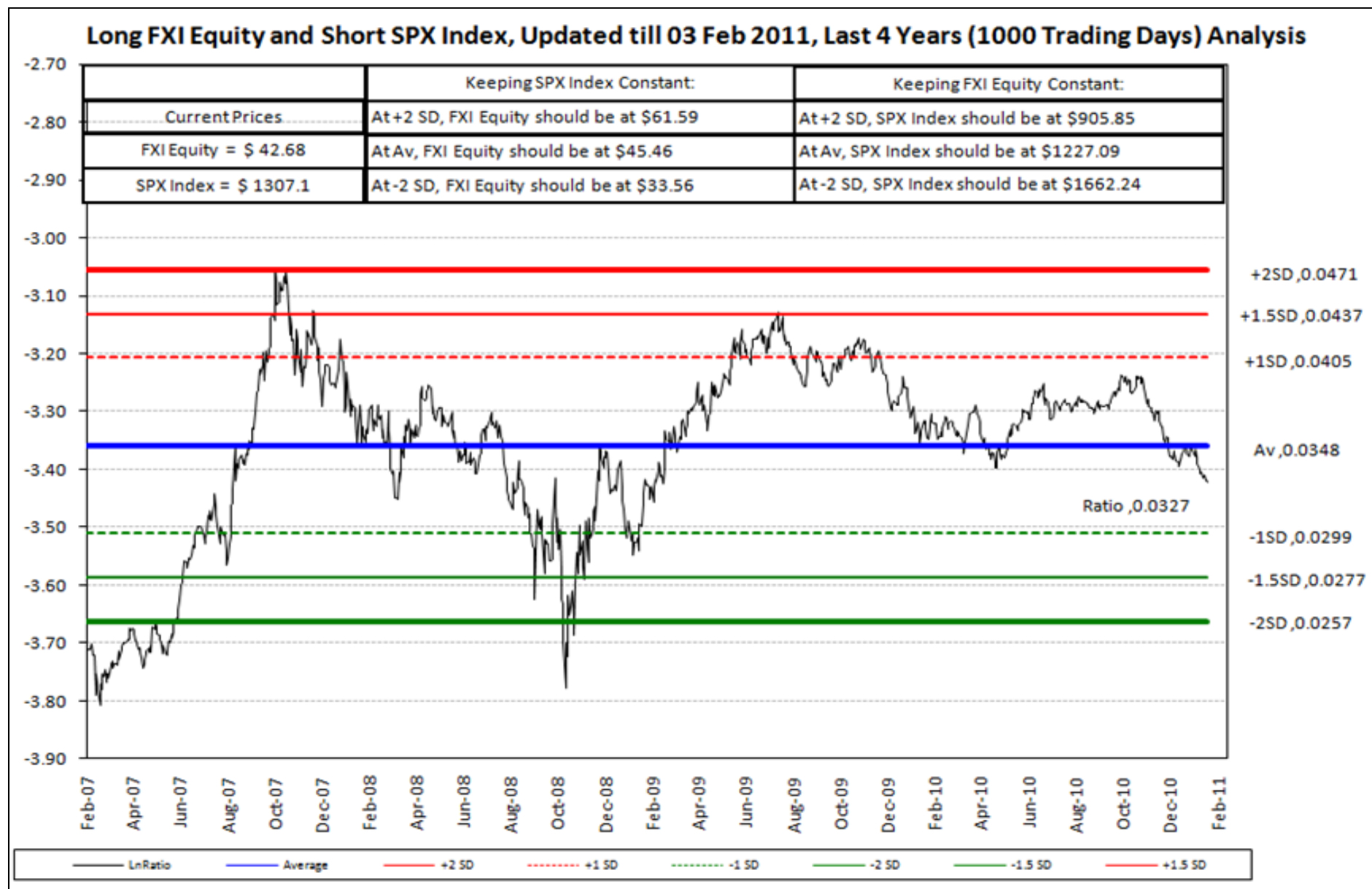


## FXI Correlation Ratio Analysis with SPX – 365 days Time basis

**Long FXI Equity and Short SPX Index, Updated till 03 Feb 2011**



## FXI Correlation Ratio Analysis with SPX – Full Time basis

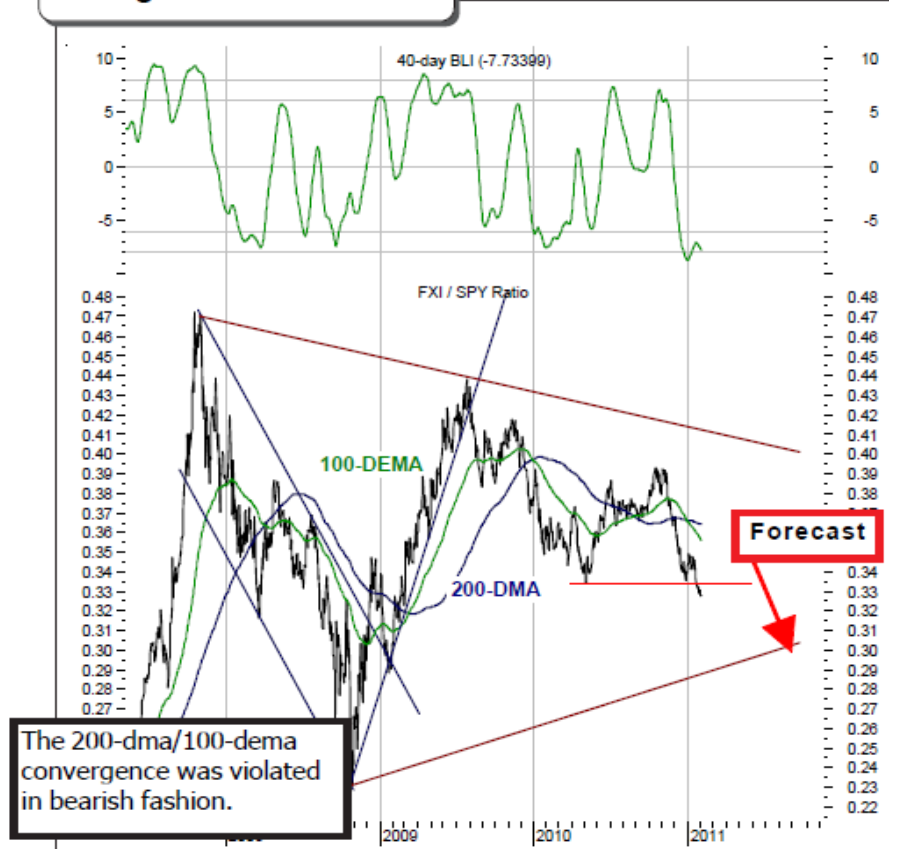
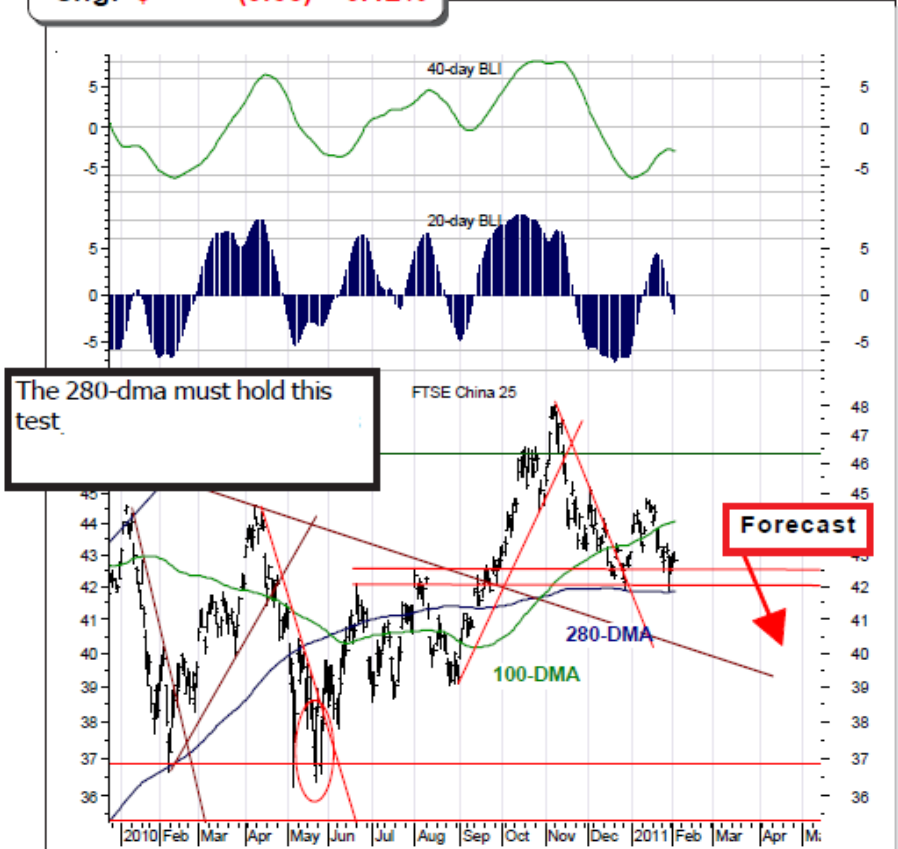


# FXI – Technical & Pattern Analysis

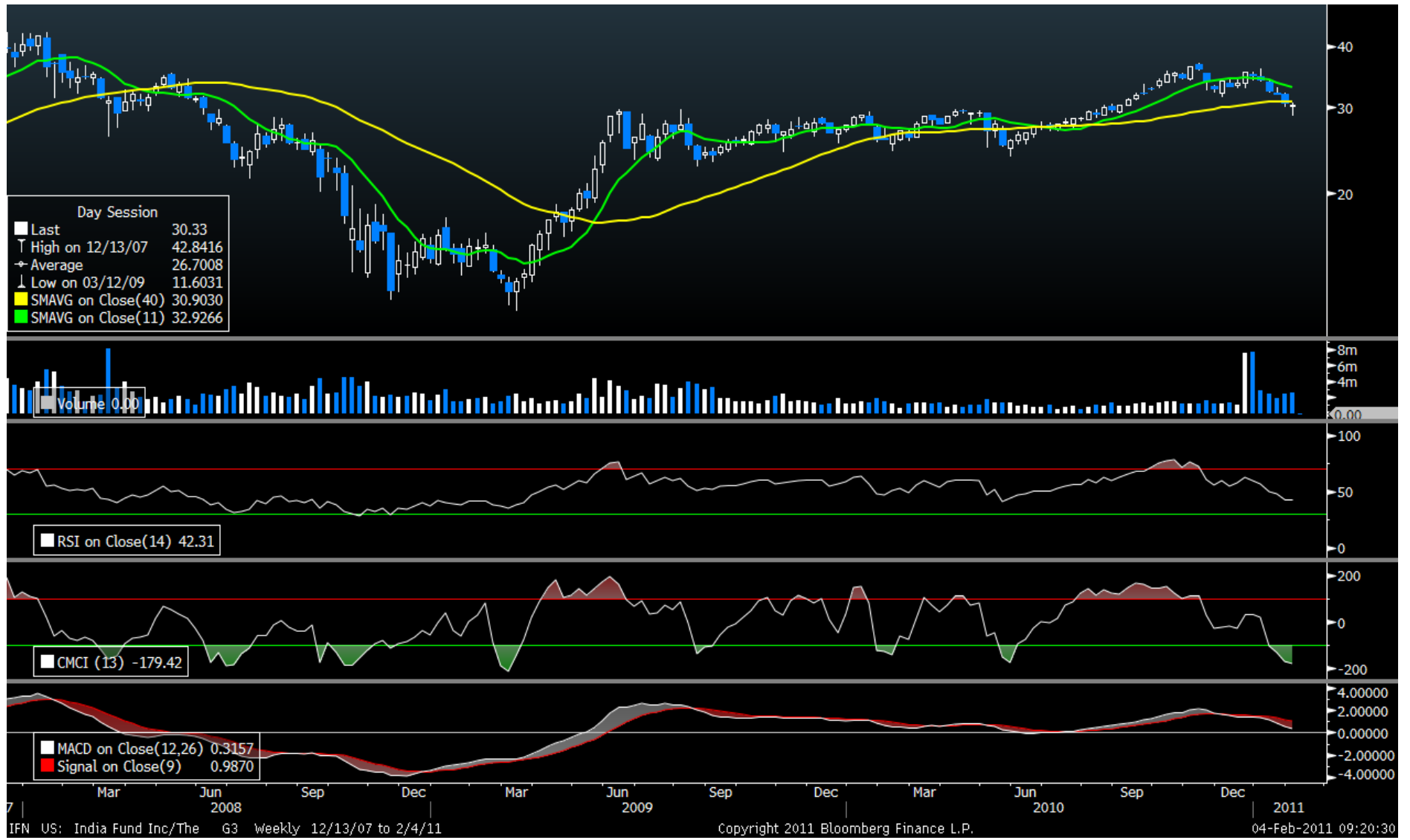
Although we are Mid term bearish on China , On SHORT TERM, Currently FXI is very oversold by various matrix that we track. It has arrived in our CZ with heavy volume . This call for good bounce from this CZ. Indicated in Chart below and these lows will be tested if not Broken ( Currently FXI is at SD #-2 ) Our Strategy for bounces are for Risk Management.

China ETF		FXI
Last: \$	42.79	
Chg: \$	(0.05)	-0.12%

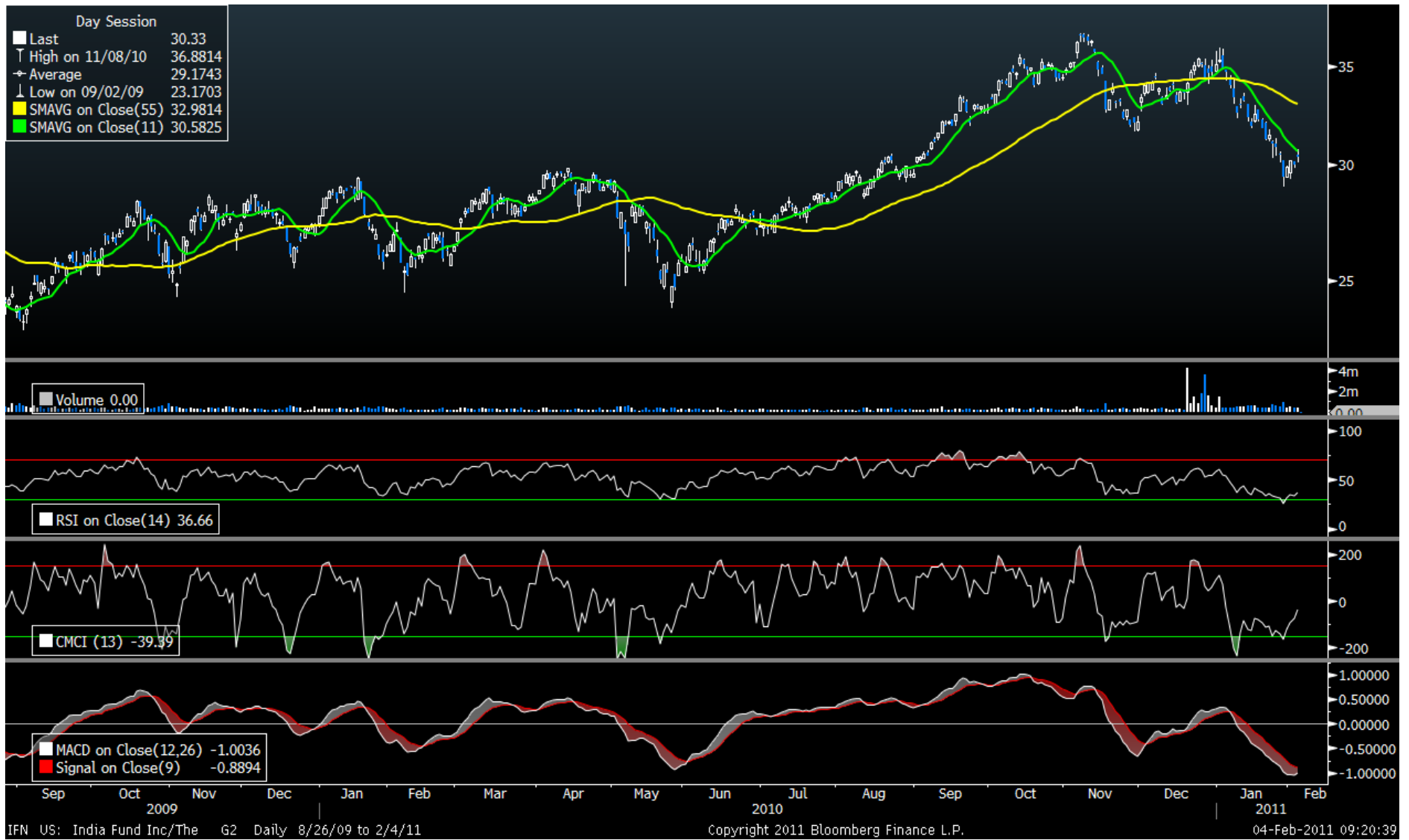
RATIO: FXI / SPY	
Last:	0.328
Chg:	0.000 0.08%



# IFN- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

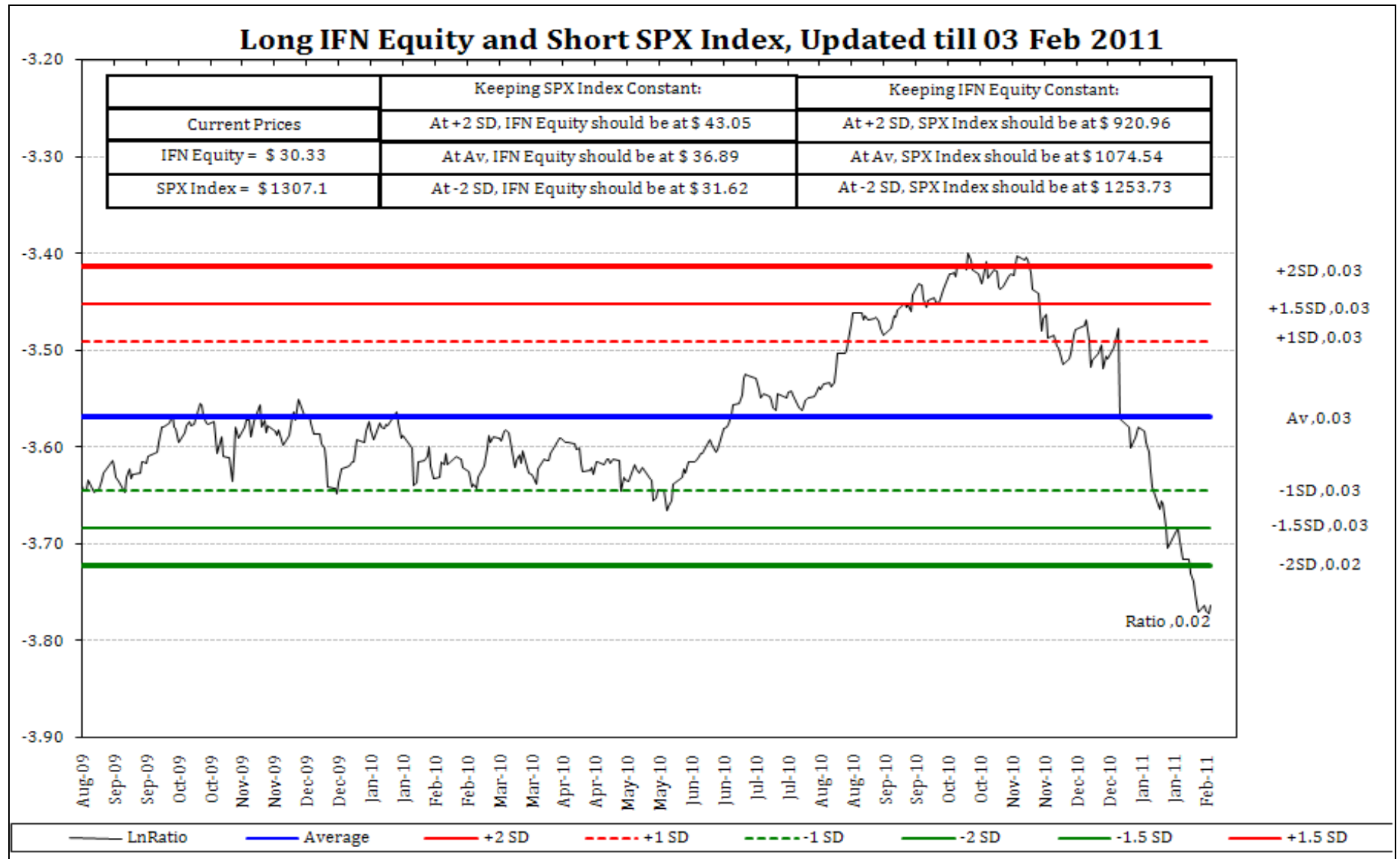


# IFN - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

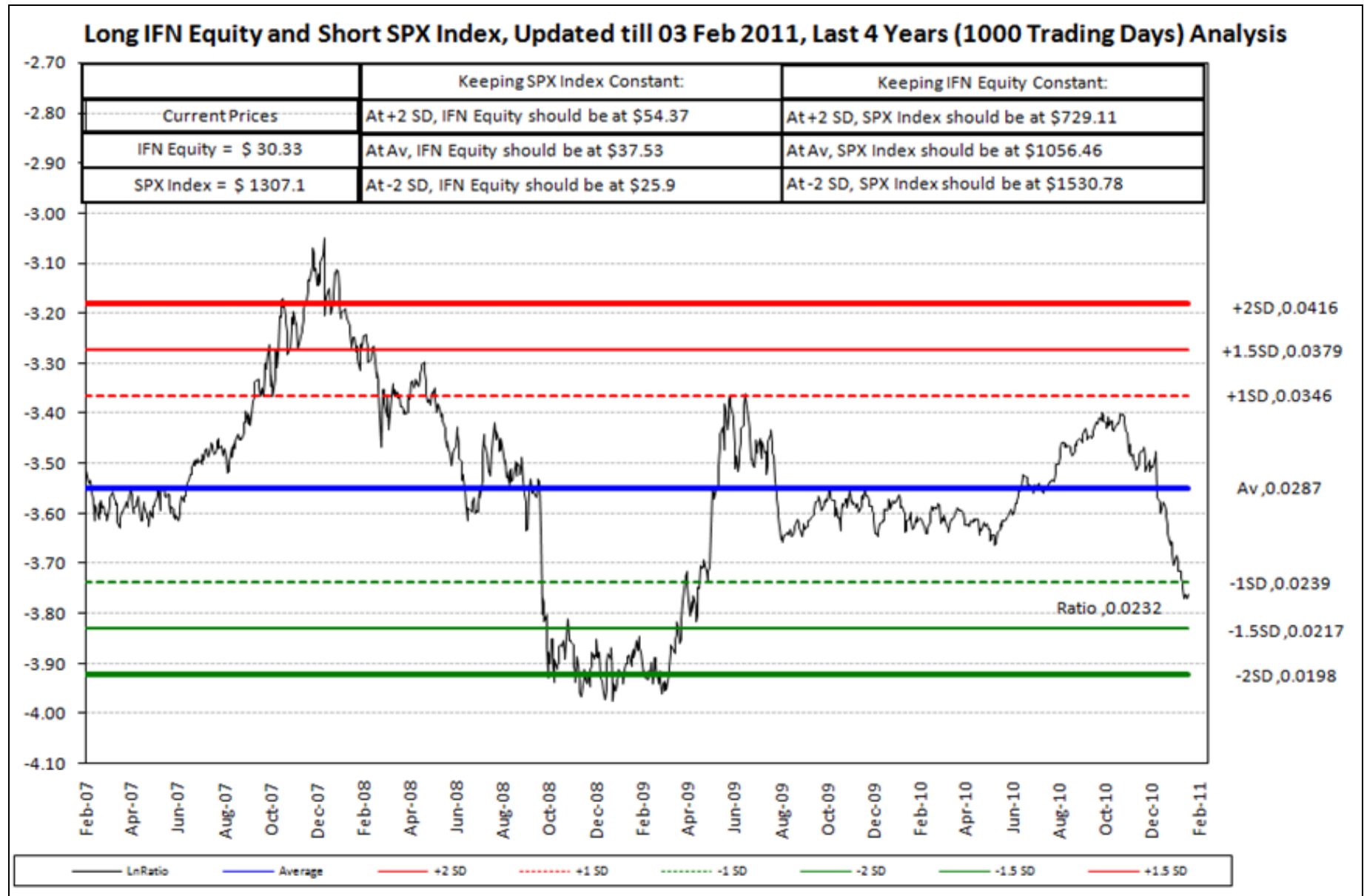




## IFN Correlation Ratio Analysis with SPX – 365 days Time basis



# IFN Correlation Ratio Analysis with SPX – Full Time basis

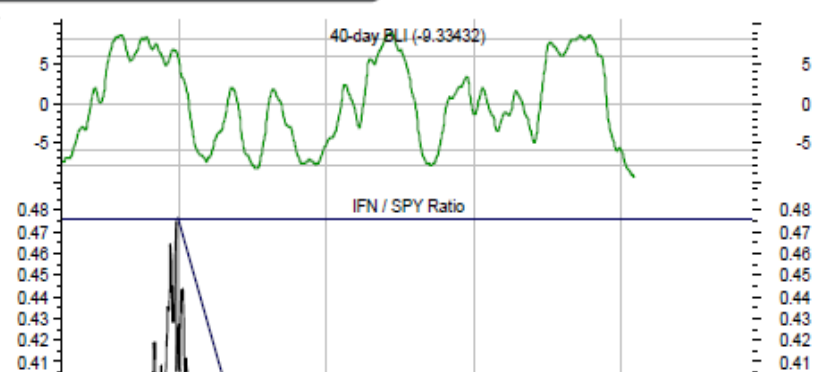
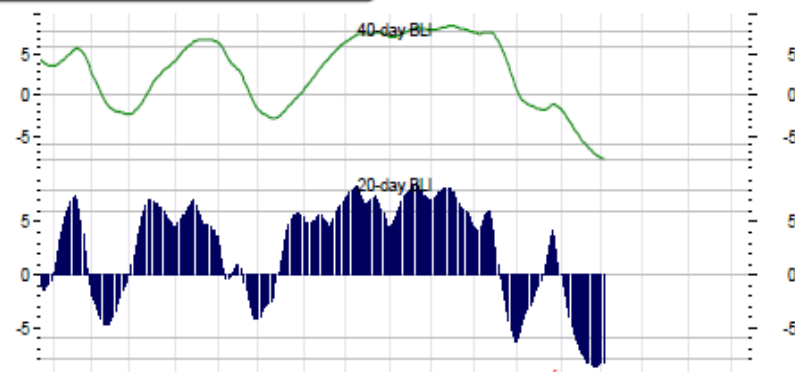


# IFN – Technical & Pattern Analysis

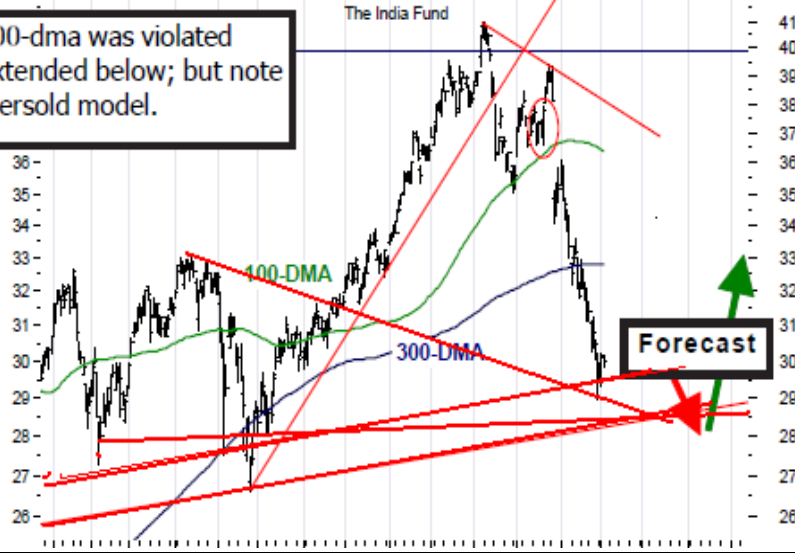
Although very oversold by various matrix that we track, ( Including SD #-2) . once they all line up the final decision point comes from CZ – PQV validation ( see chart below) . However IFN has declined far more than CORE SENSEX – The trigger point of 39 coincided with SENSEX 20200

India ETF	IFN
Last: \$ 30.00	
Chg: \$ (0.17) -0.57%	

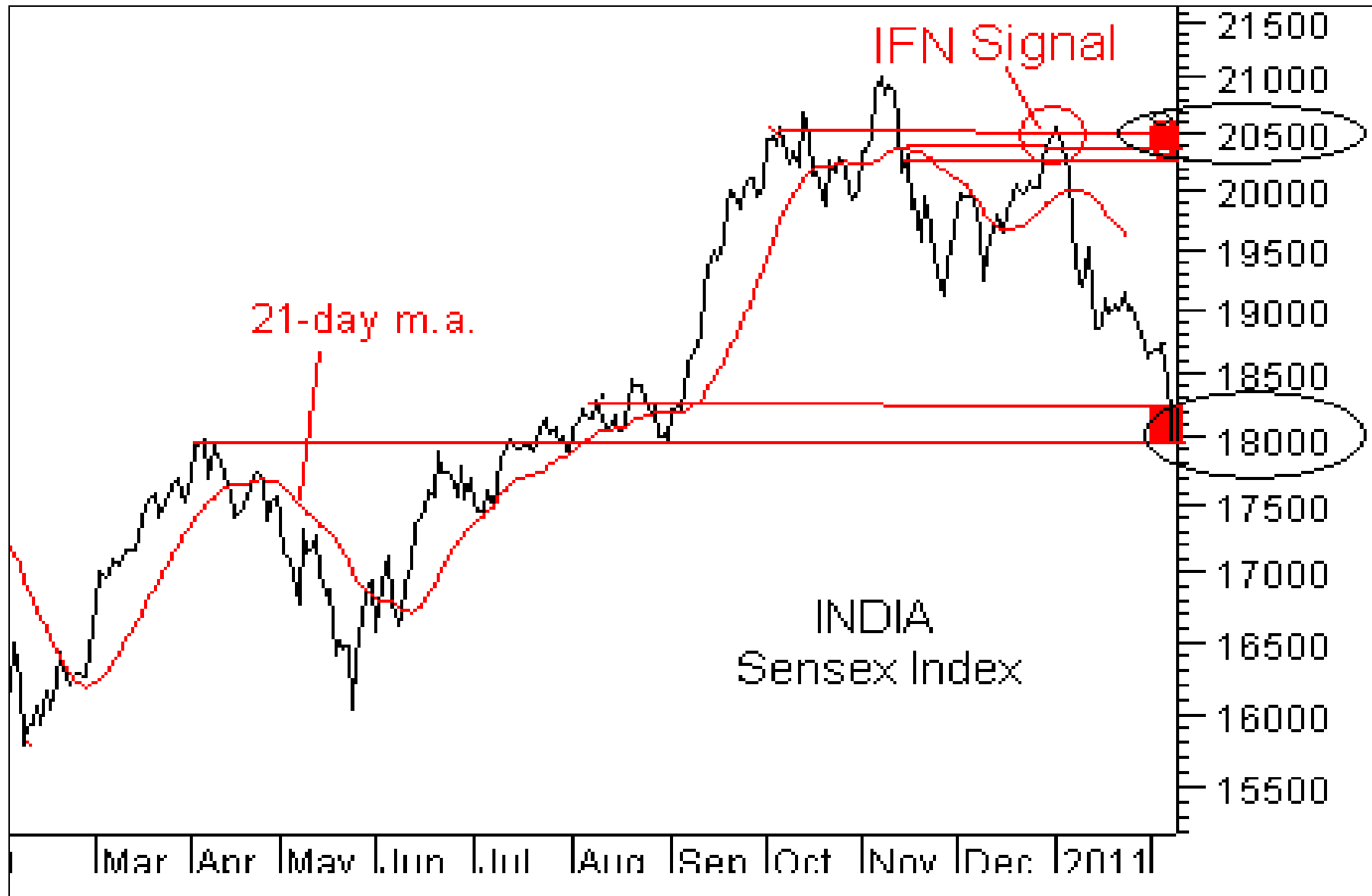
RATIO: IFN / SPY
Last: 0.230
Chg: (0.001) -0.37%



The 300-dma was violated and extended below; but note the oversold model.



## BSE – ST – Technical & Pattern Analysis



## BSE – LT - Technical & Pattern Analysis

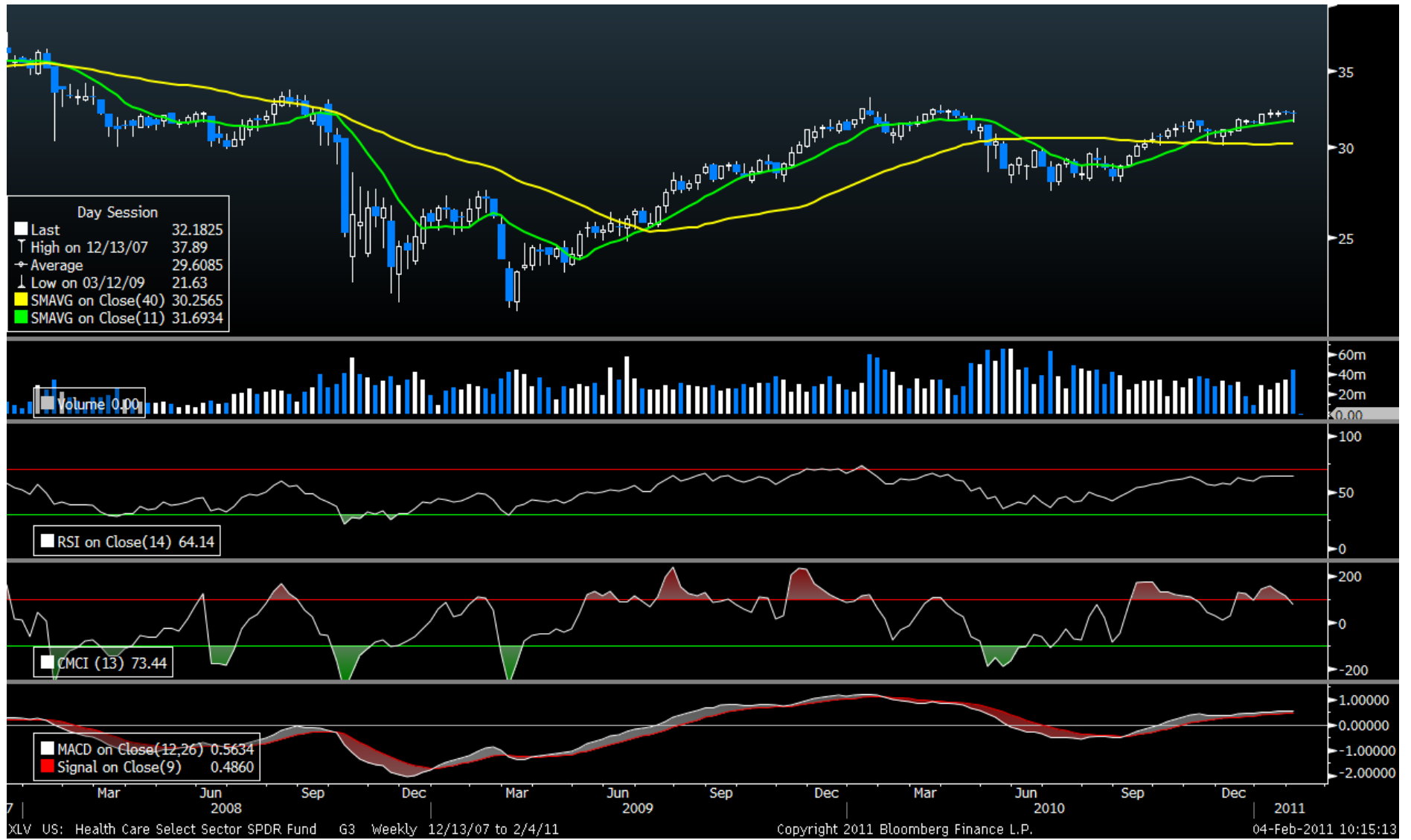
## India BSE 300 Monthly) There is Risk in the World Markets

Having reached the target of 18000, and volume picking up at CZ . this is area for good bounce however, 25 MMA has held on well on all longer term rally modes is currently at 17750. If we break this decisively on weekly, and monthly basis, it could very well be a threat to the world markets along with China

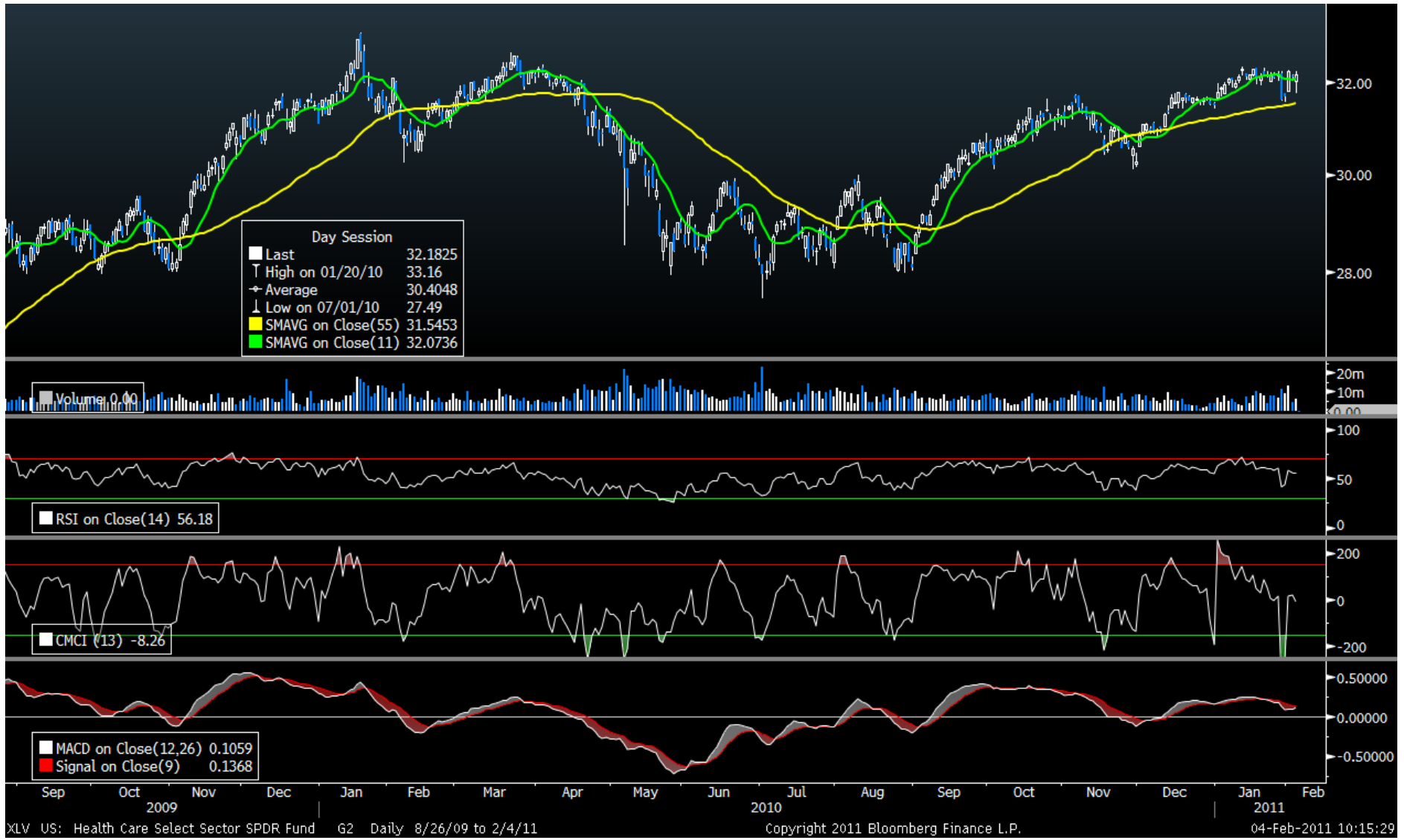


# MONITORING CZ -PQV in Sector Watch list Report )

## XLV - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

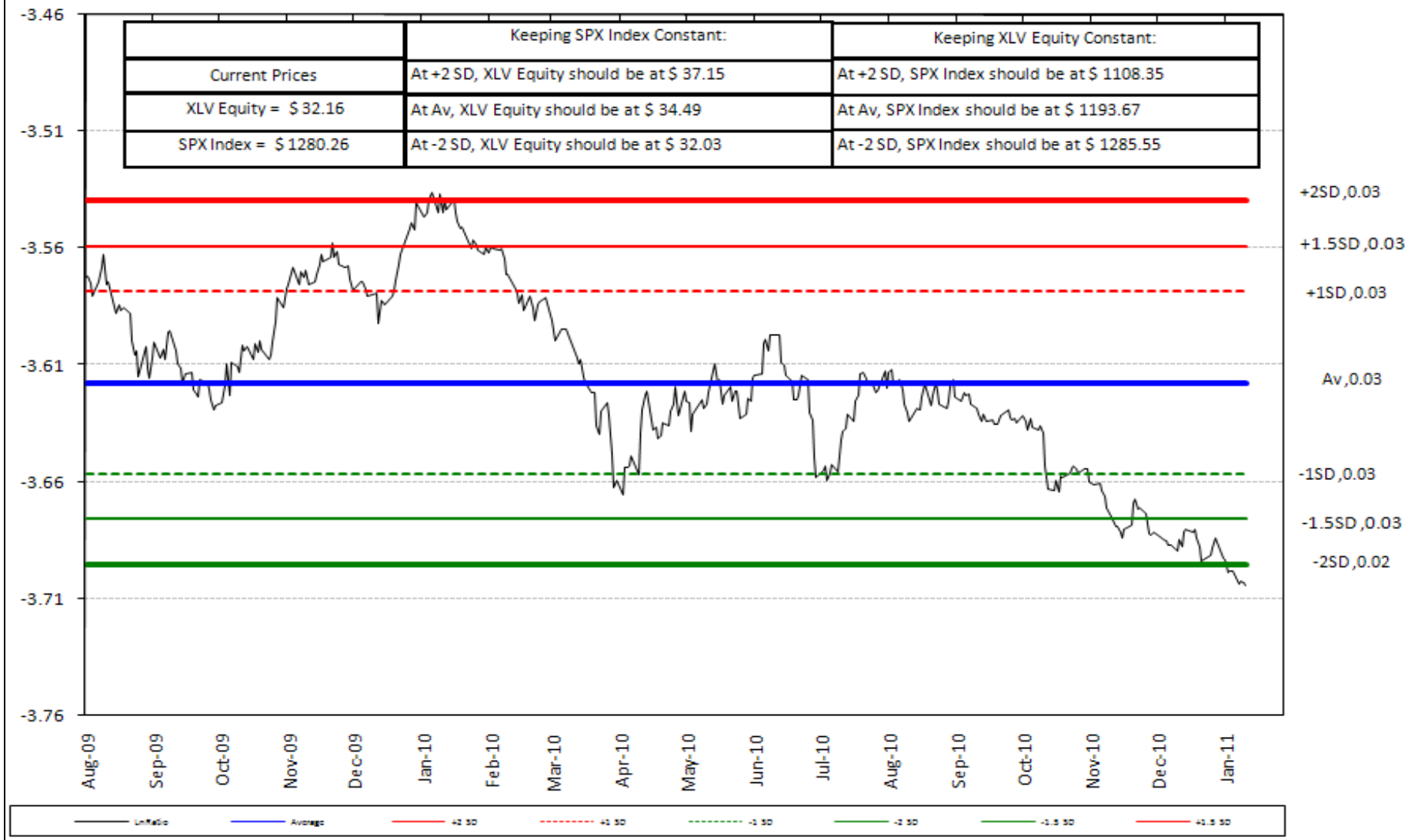


# XLV - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



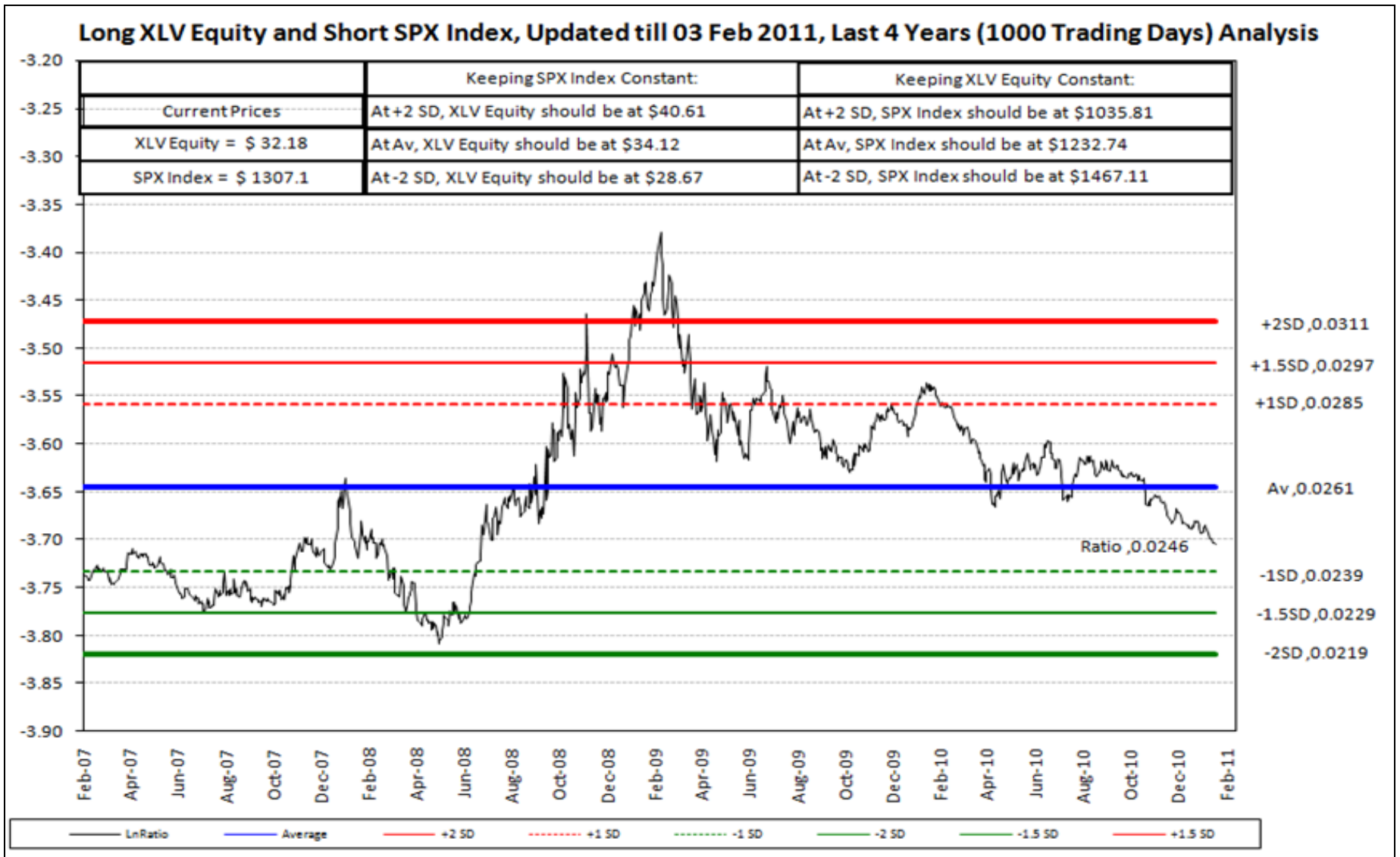
## XLV Correlation Ratio Analysis with SPX – 365 days Time basis

**Long XLV Equity and Short SPX Index, Updated till 03 Feb 2011**





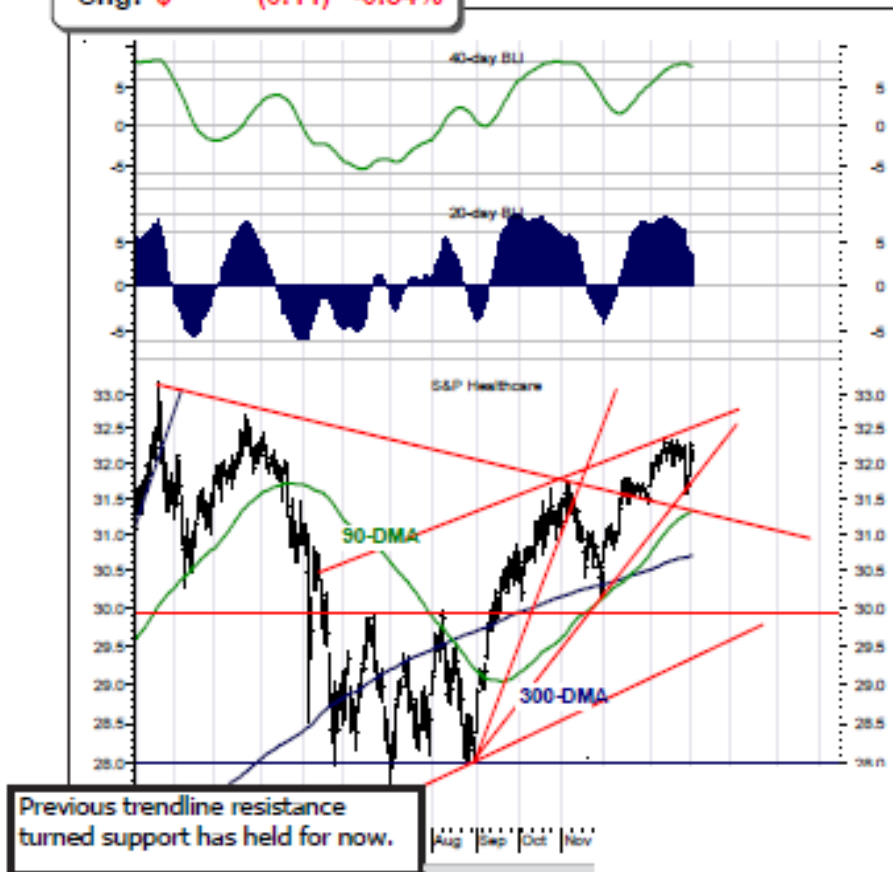
# XLV Correlation Ratio Analysis with SPX – Full Time basis



# XLV– Technical & Pattern Analysis **In the WACTHLIST with PQV /CZ Qualified – Pending validation Test**

The XLV / SPX ratio chart looks Bullish and should trend up in RH side chart below, confirms the relative rise (**hence undervalued**) by this matrix **in Sync with SD Analysis**

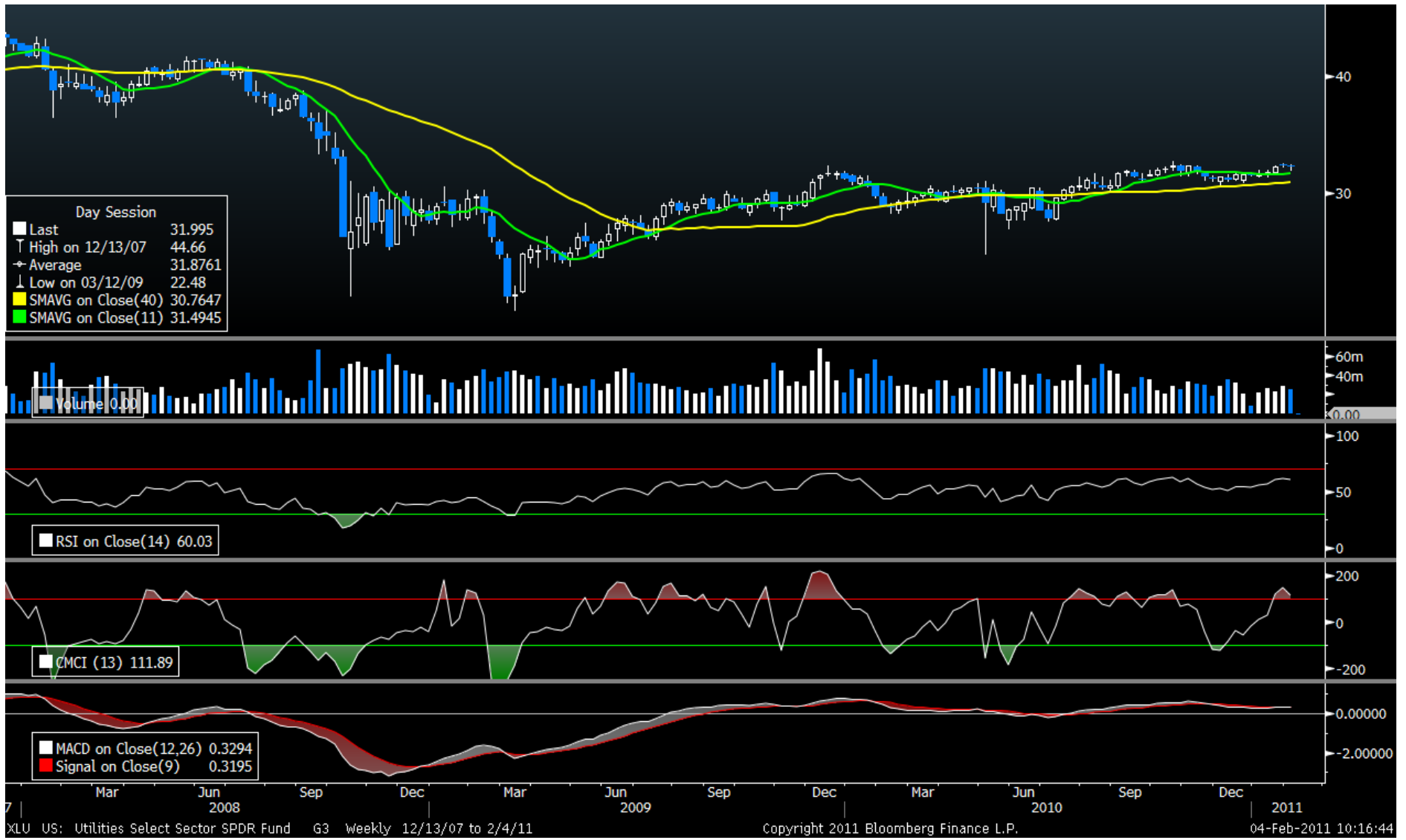
S&P Healthcare	XLV
Last: \$ 32.14	
Chg: \$ (0.11) -0.34%	



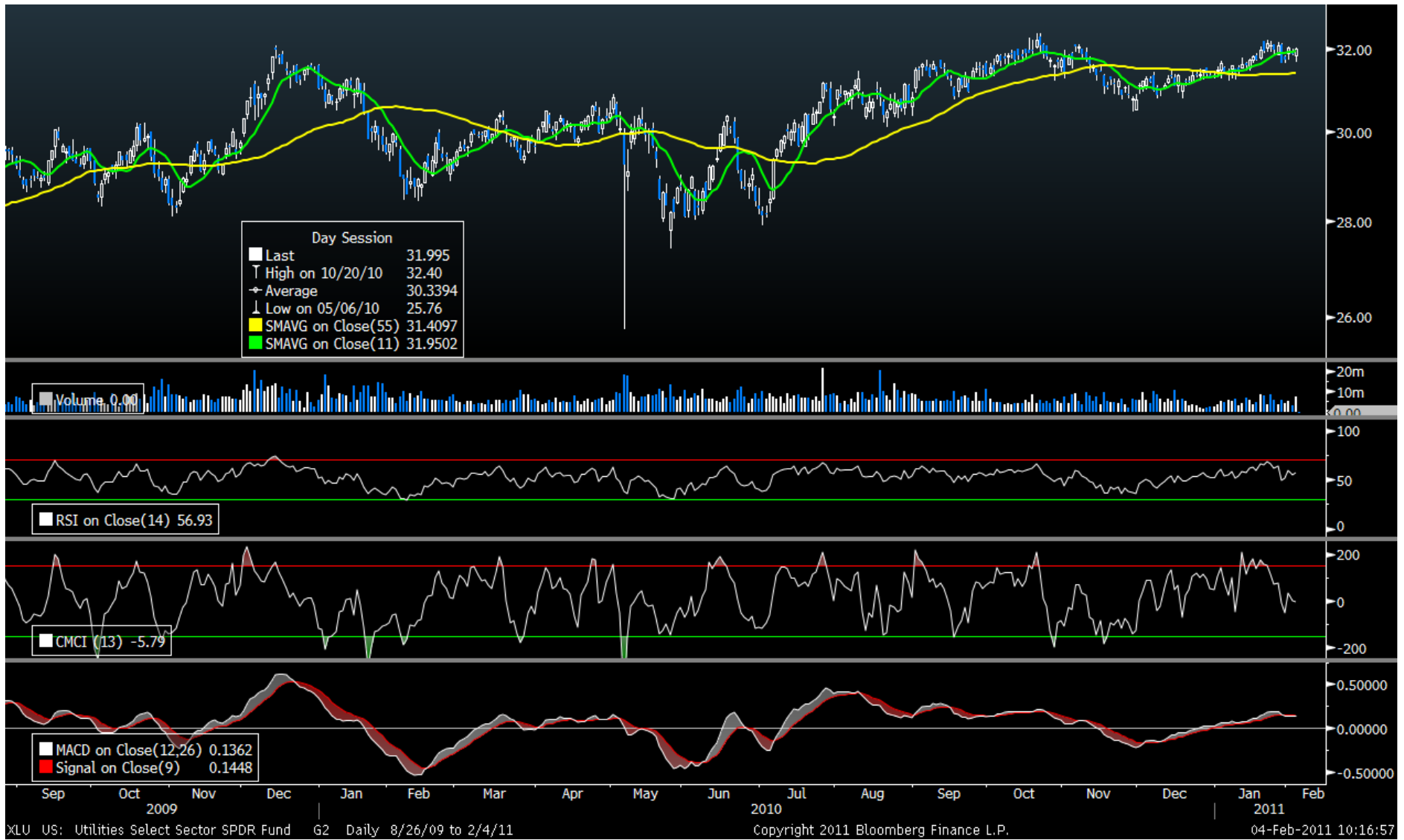
RATIO: XLV / SPY
Last: 0.246
Chg: (0.000) -0.15%



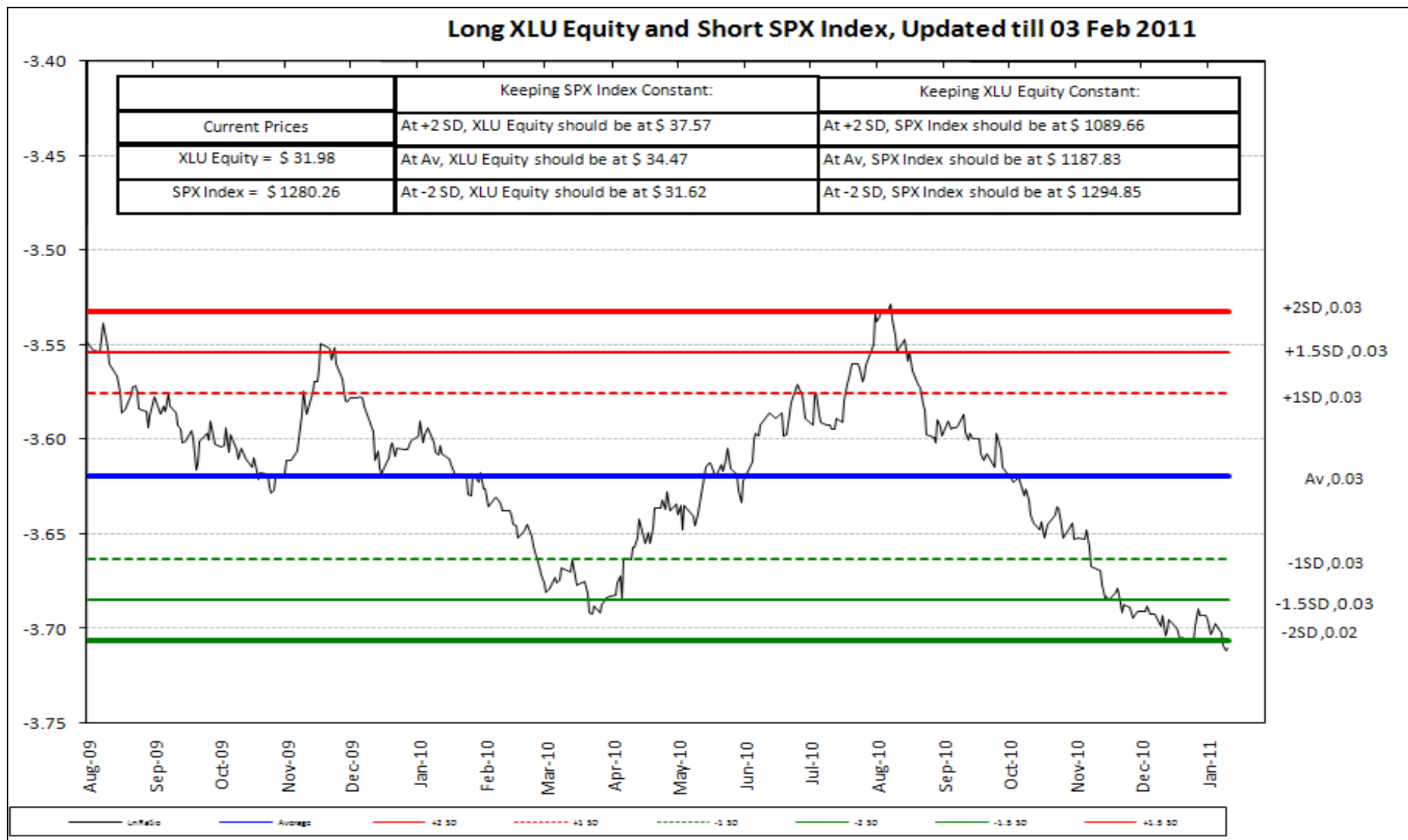
# XLU - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



# XLU - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



## XLU Correlation Ratio Analysis with SPX – 365 days Time basis



# XLU Correlation Ratio Analysis with SPX – Full Time basis



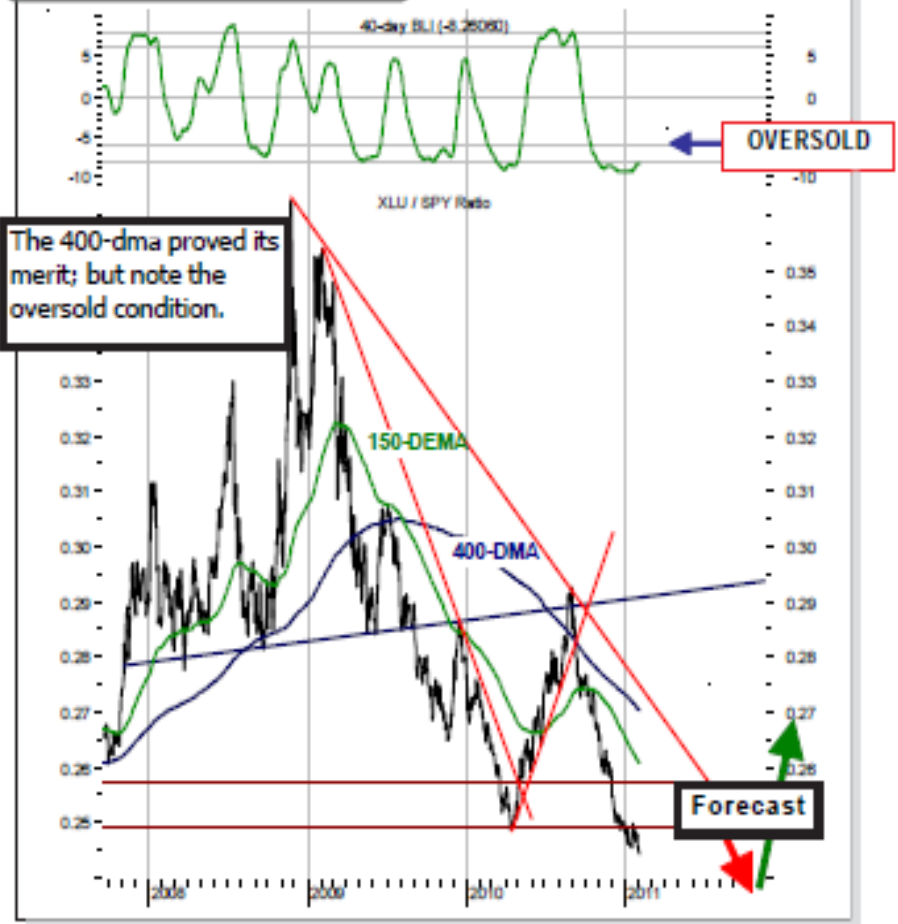
# XLU- Technical & Pattern Analysis

**In the WACTHLIST with PQV /CZ Qualified – Pending validation Test**

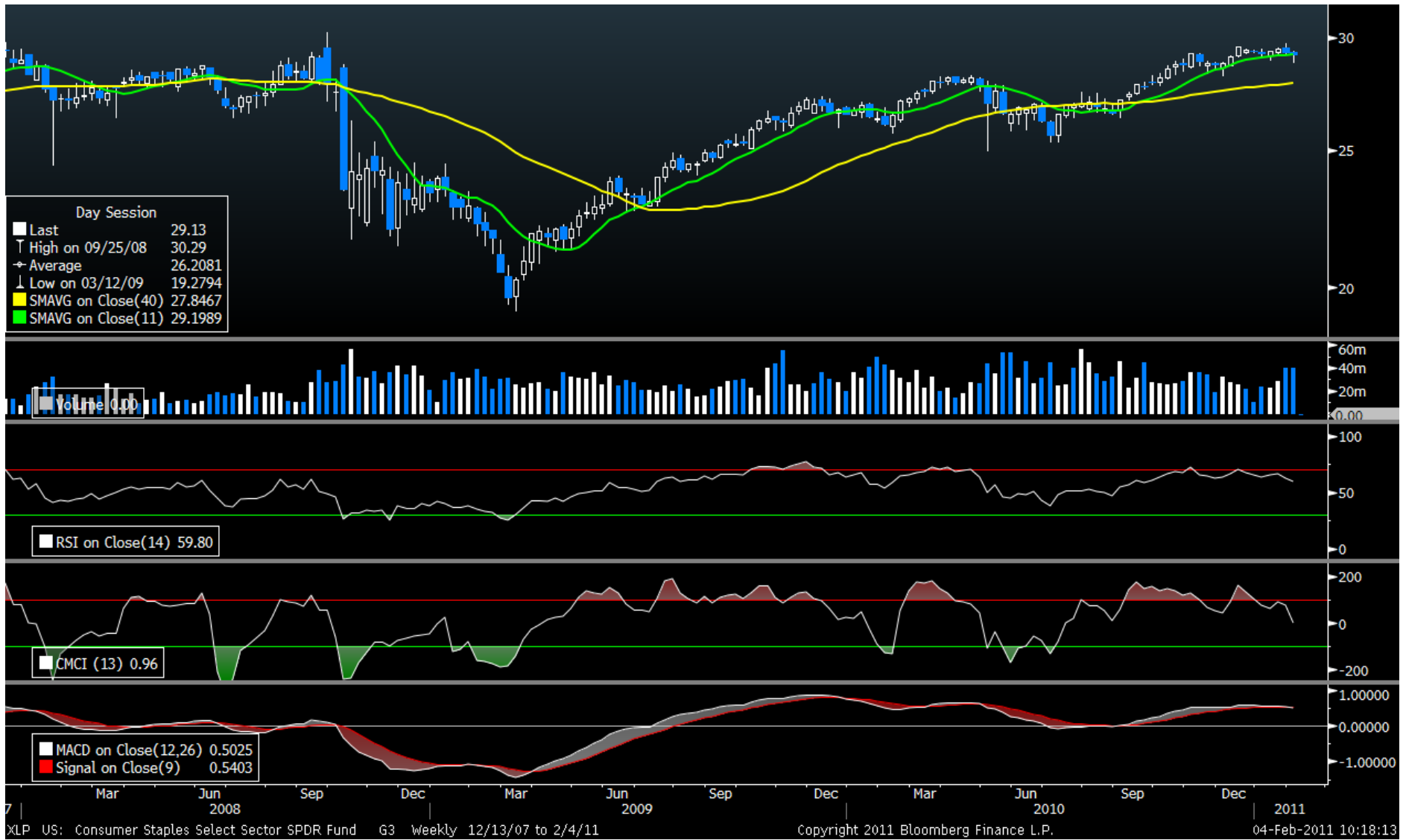
S&P Utilities	XLU
Last: \$	31.87
Chg: \$	(0.18) -0.55%



RATIO: XLU / SPY
Last: 0.244
Chg: (0.001) -0.35%

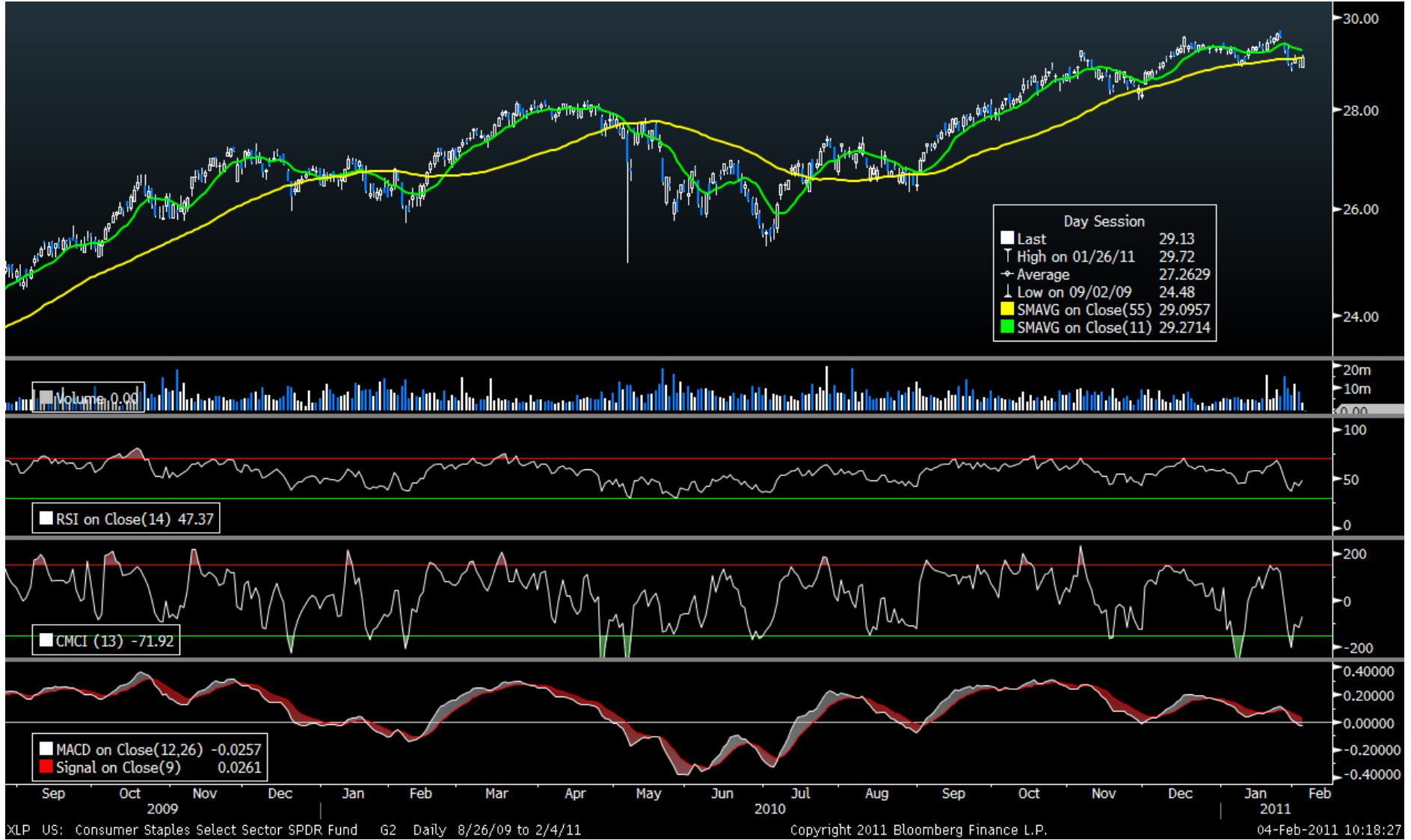


# XLP - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



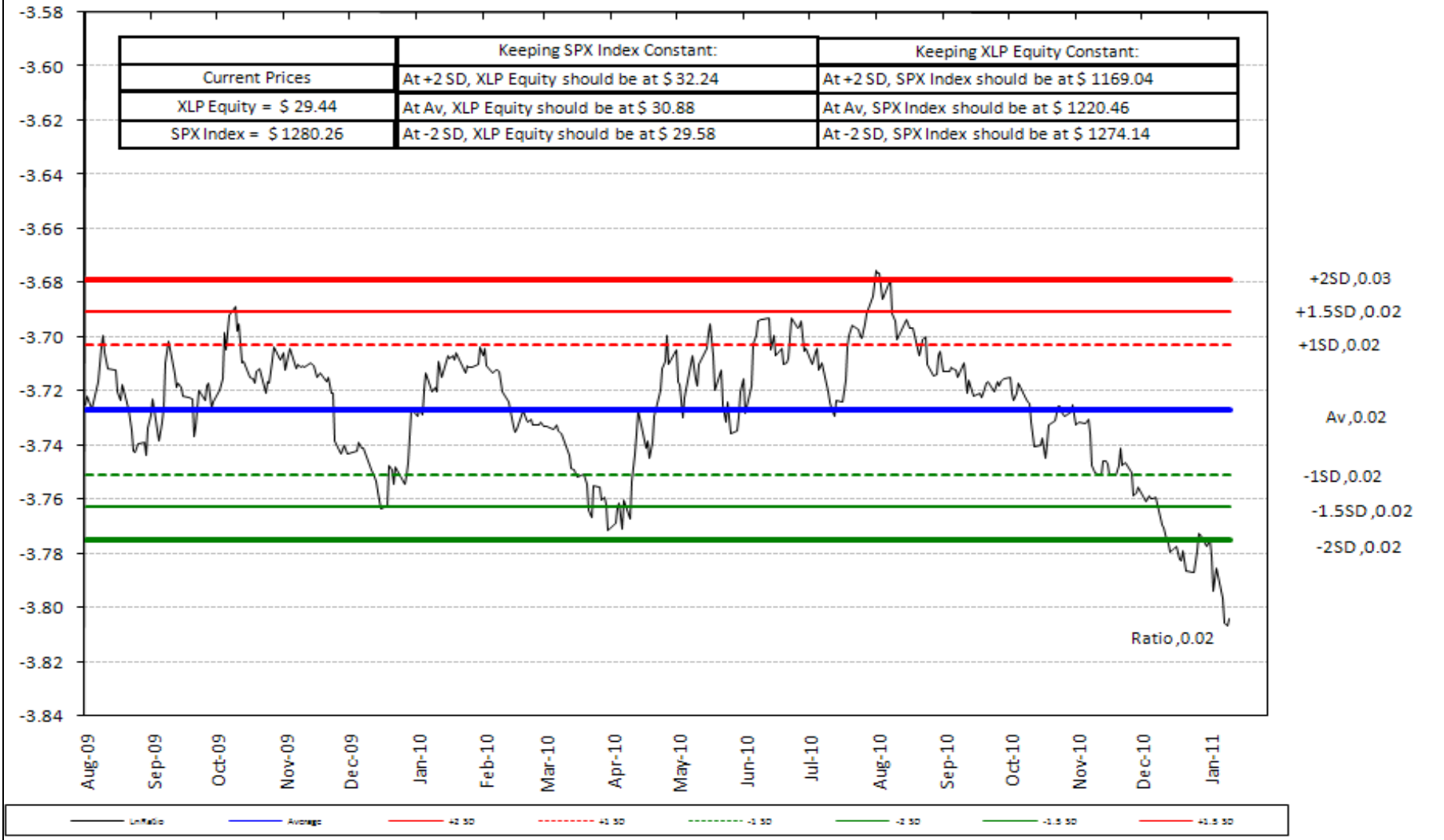


# XLP - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

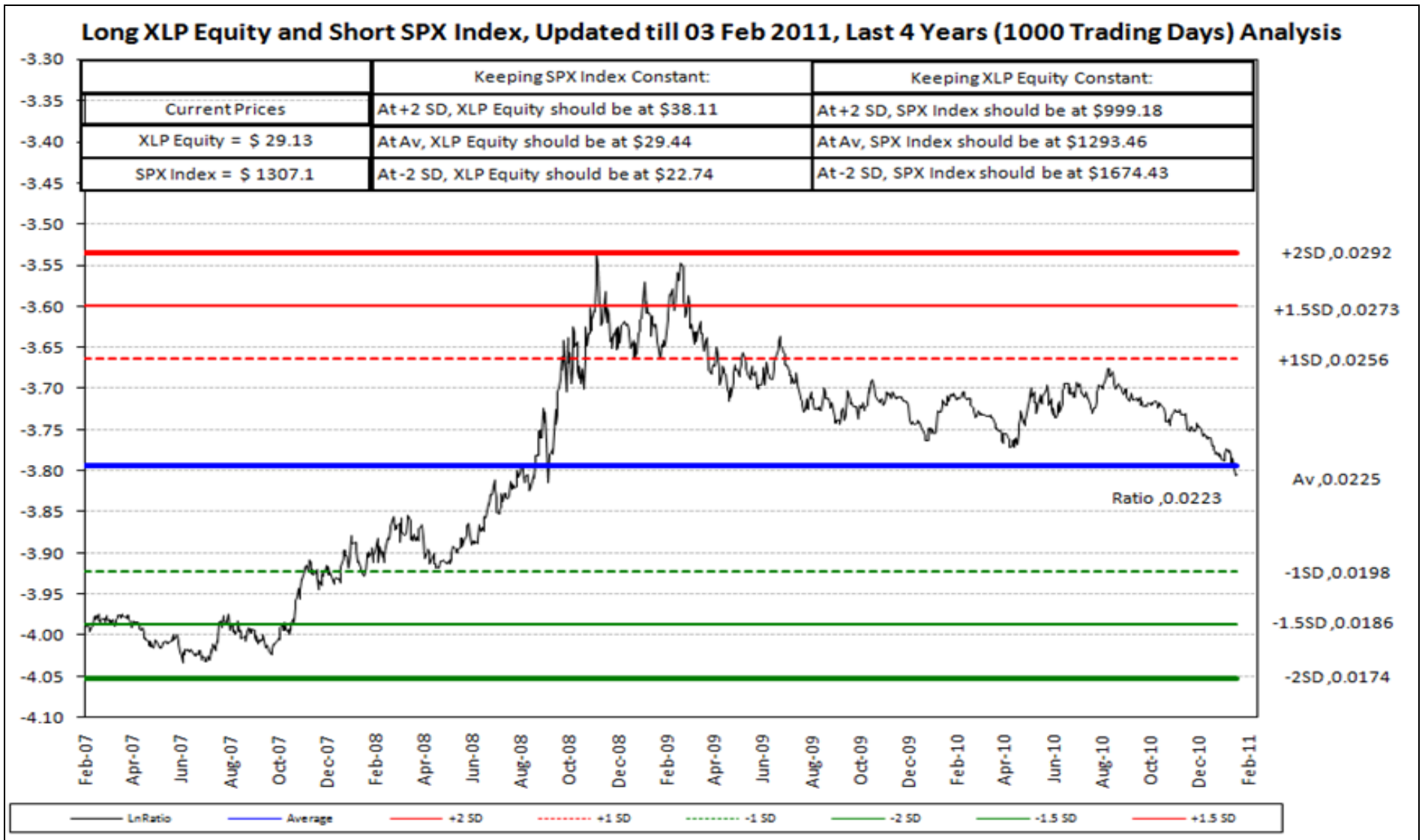


# XLP Correlation Ratio Analysis with SPX – 365 days Time basis

**Long XLP Equity and Short SPX Index, Updated till 03 Feb 2011**

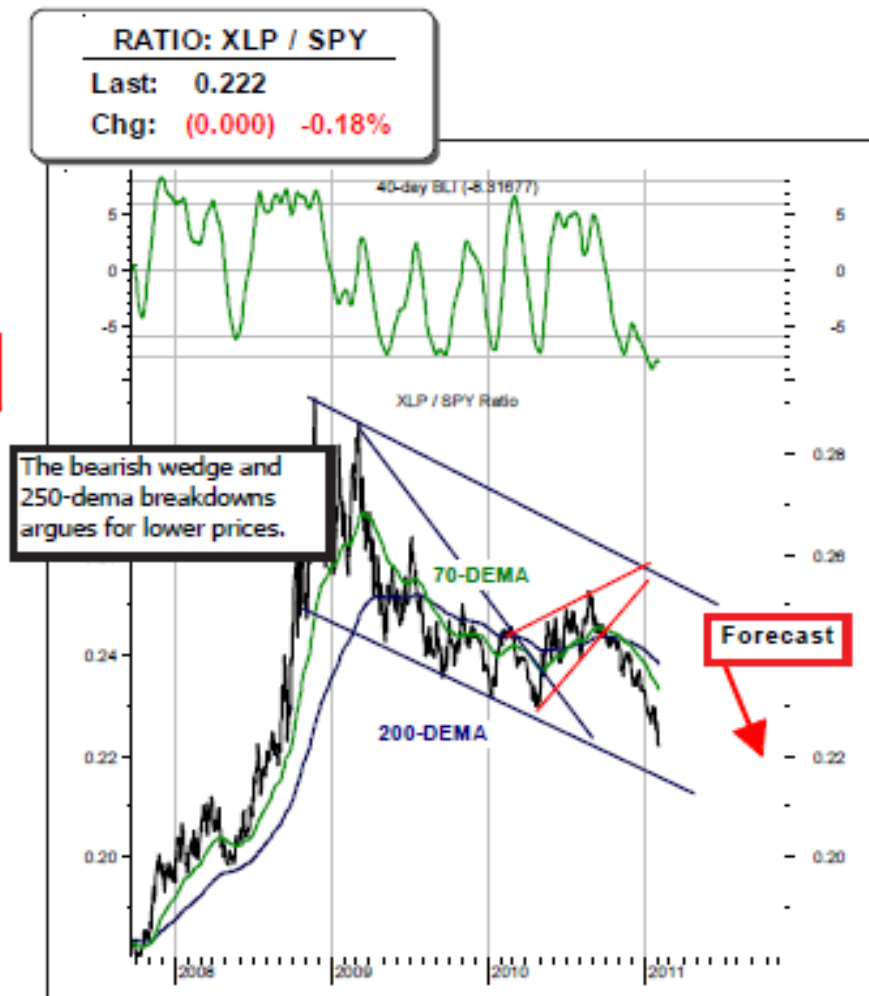
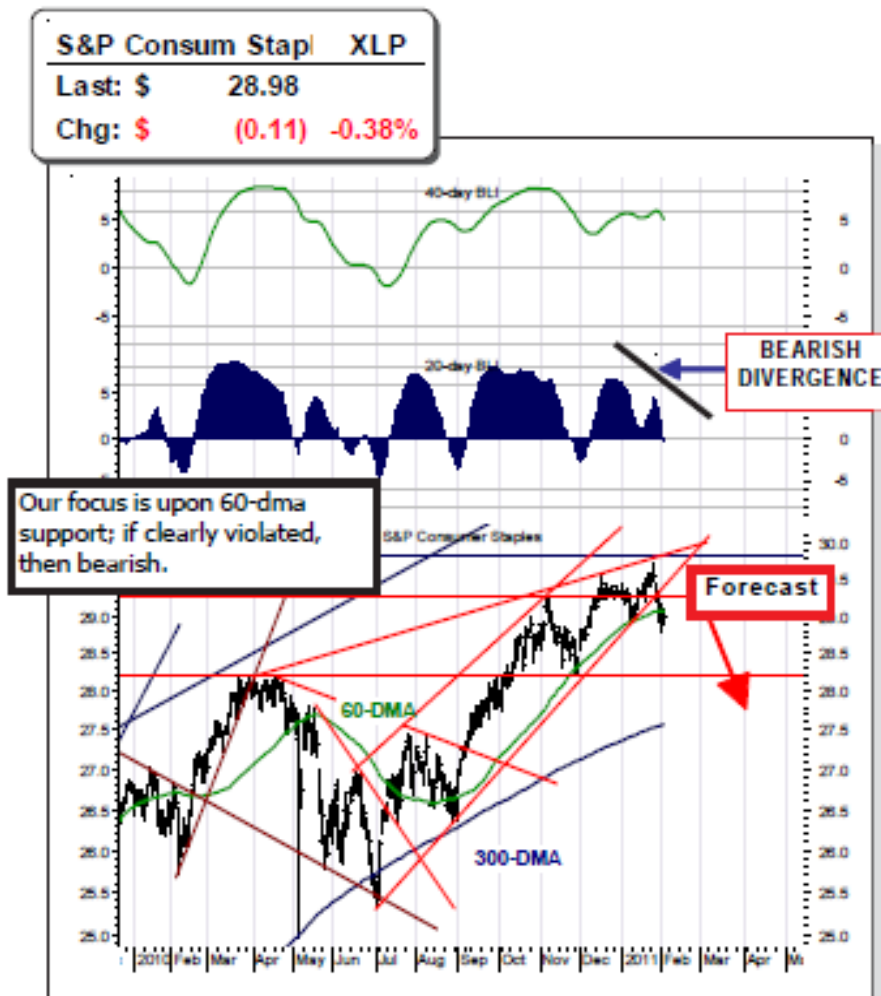


## XLP Correlation Ratio Analysis with SPX – Full Time basis



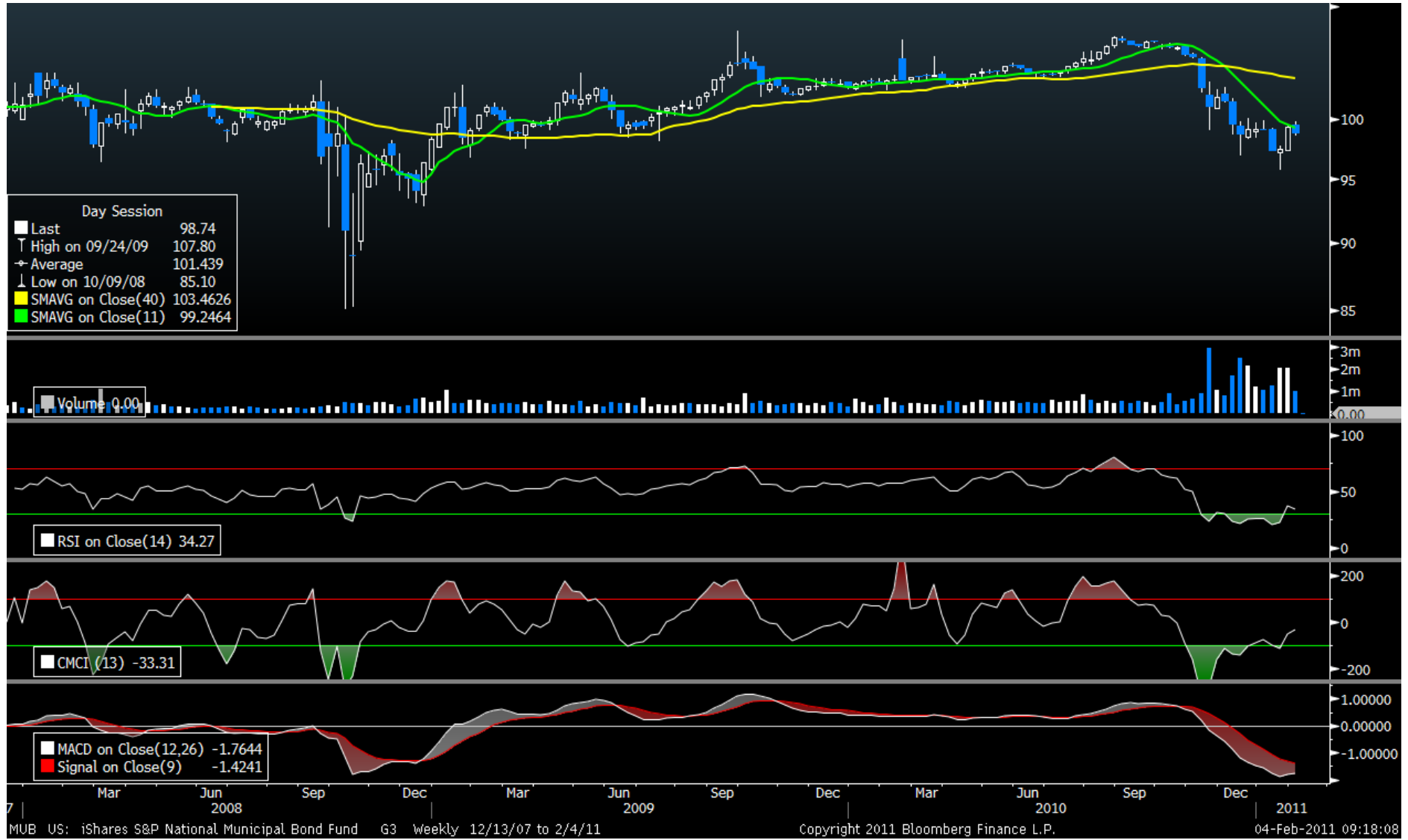
# XLP- Technical & Pattern Analysis

In the WACTHLIST with PQV /CZ Qualified – Pending validation Test

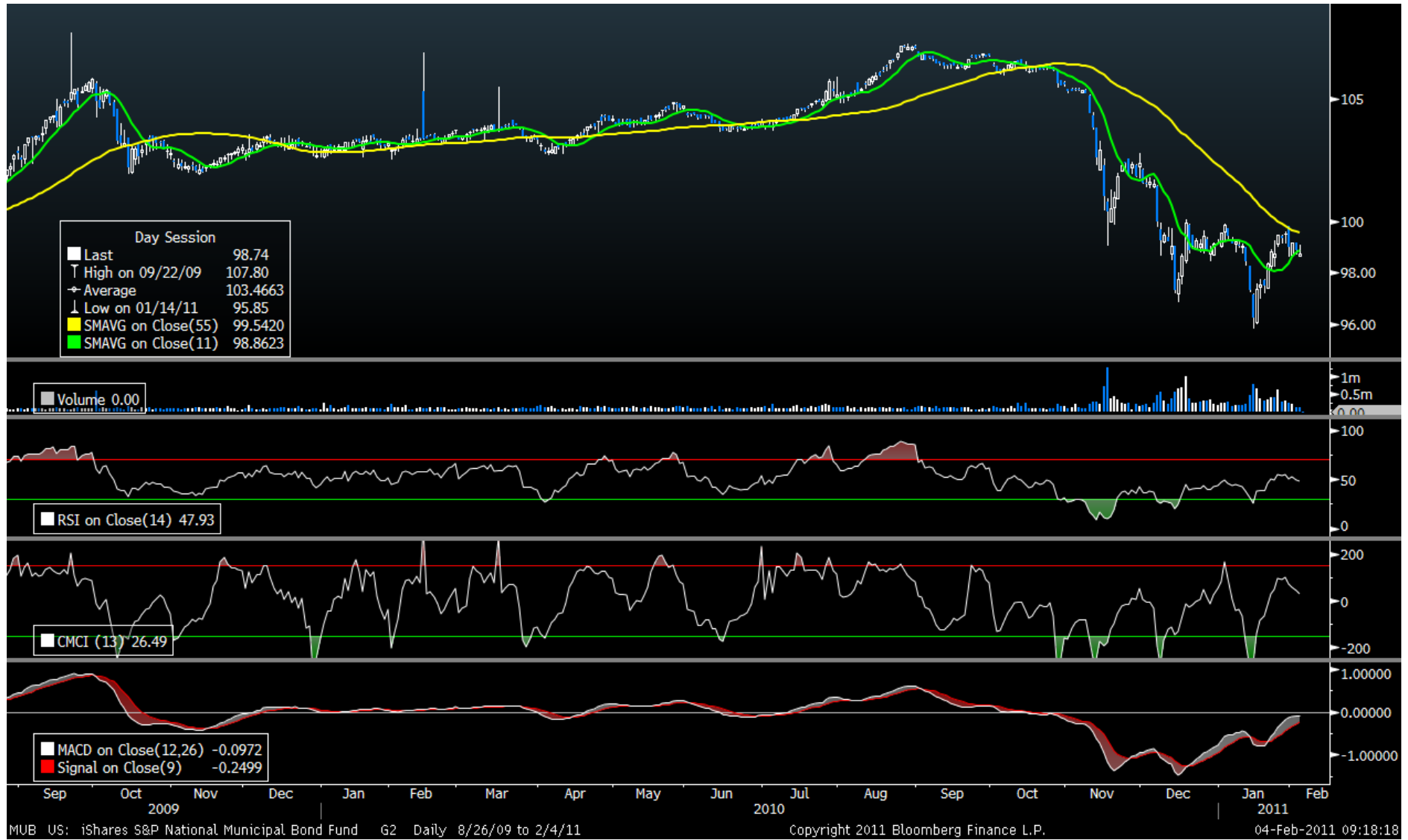


# MUB -

## MUB- Weekly- 3 Year with **11 W / 40 W SMA** with RSI, CCI, MACD

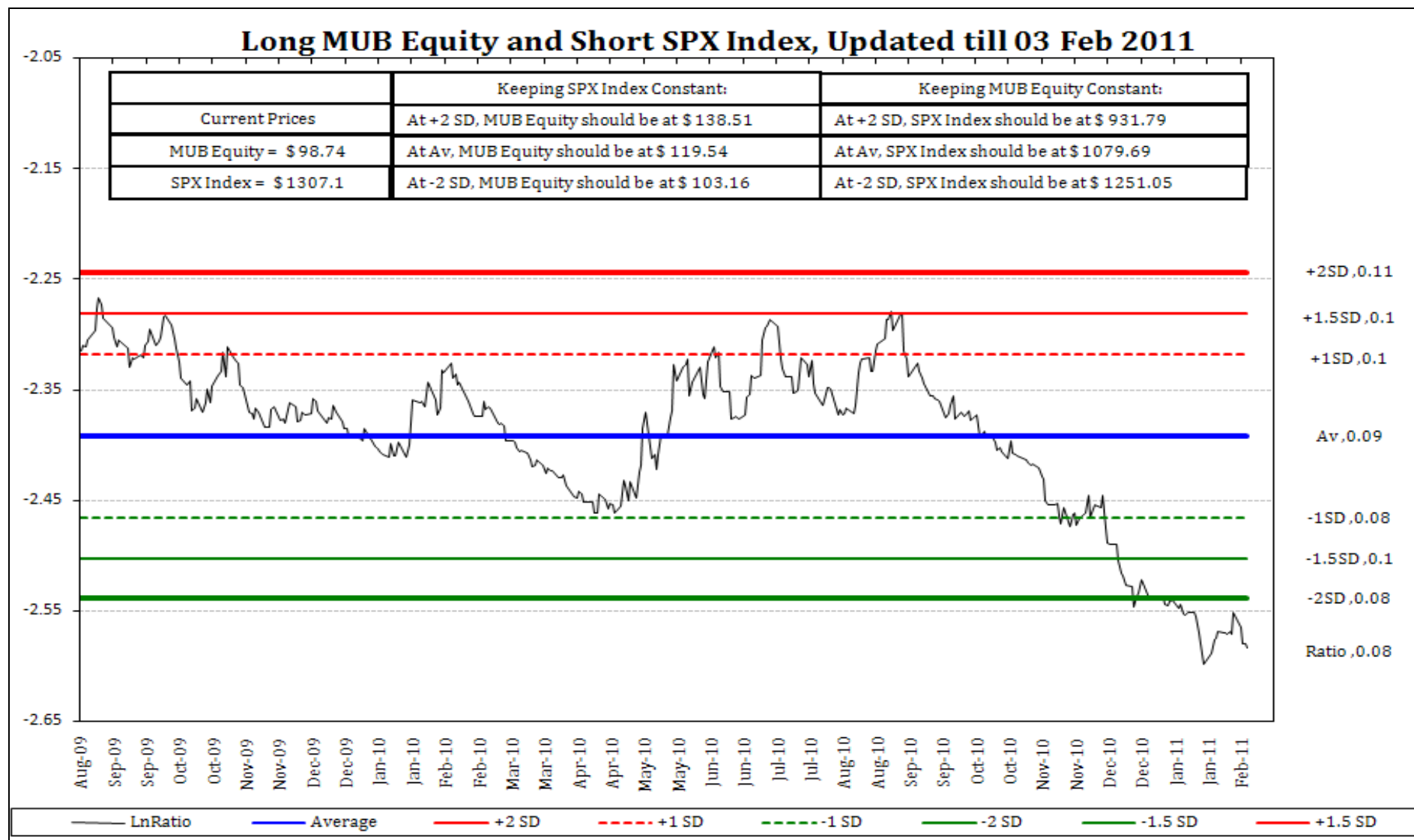


# MUB - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



## MUB Correlation Ratio Analysis with SPX – 365 days Time basis

**In the WACTHLIST with PQV /CZ Qualified – Pending validation Test**



# MUB Correlation Ratio Analysis with SPX – Full Time basis

Long MUB Equity and Short SPX Index, Updated till 03 Feb 2011, Last 4 Years (1000 Trading Days) Analysis

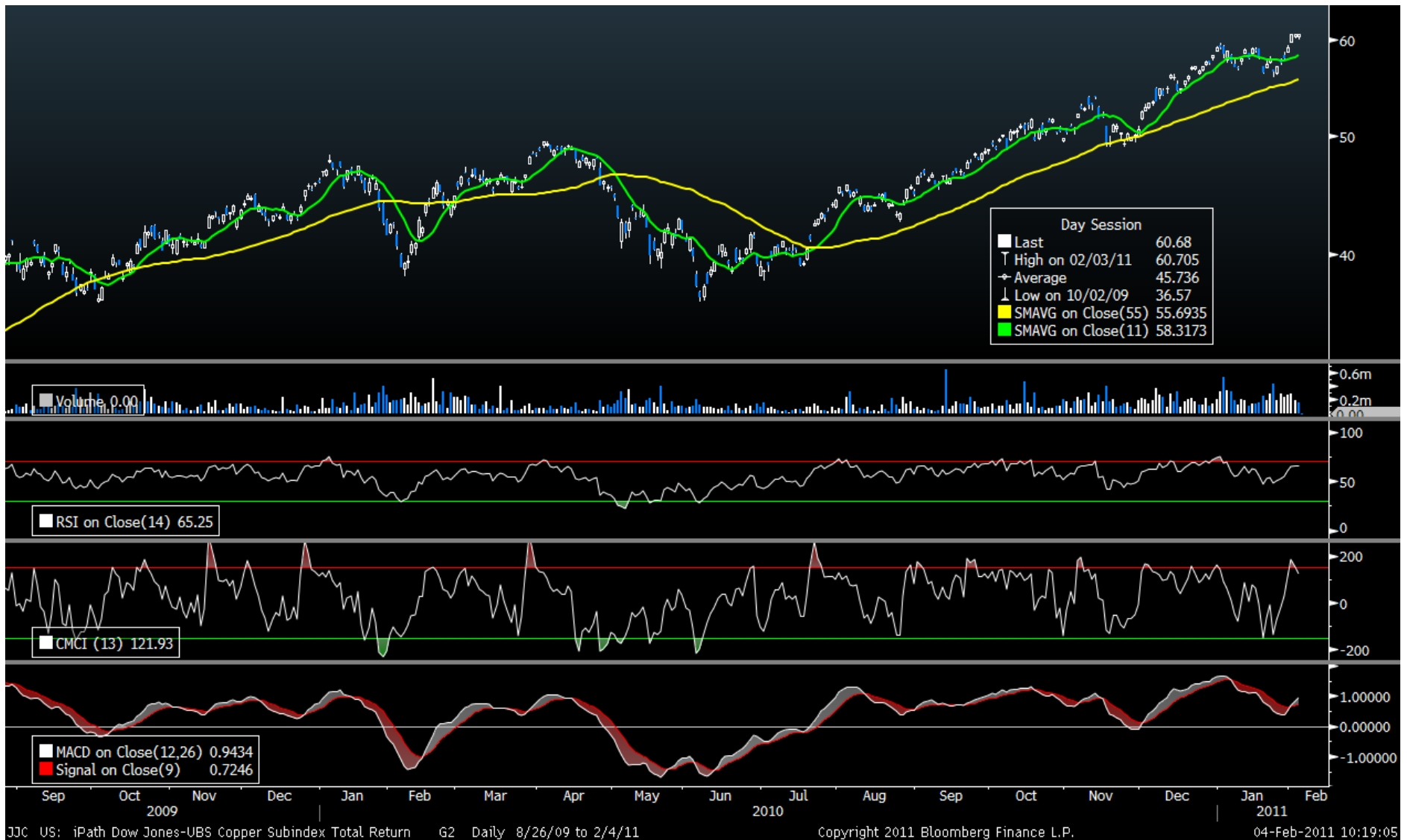




# JJC - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

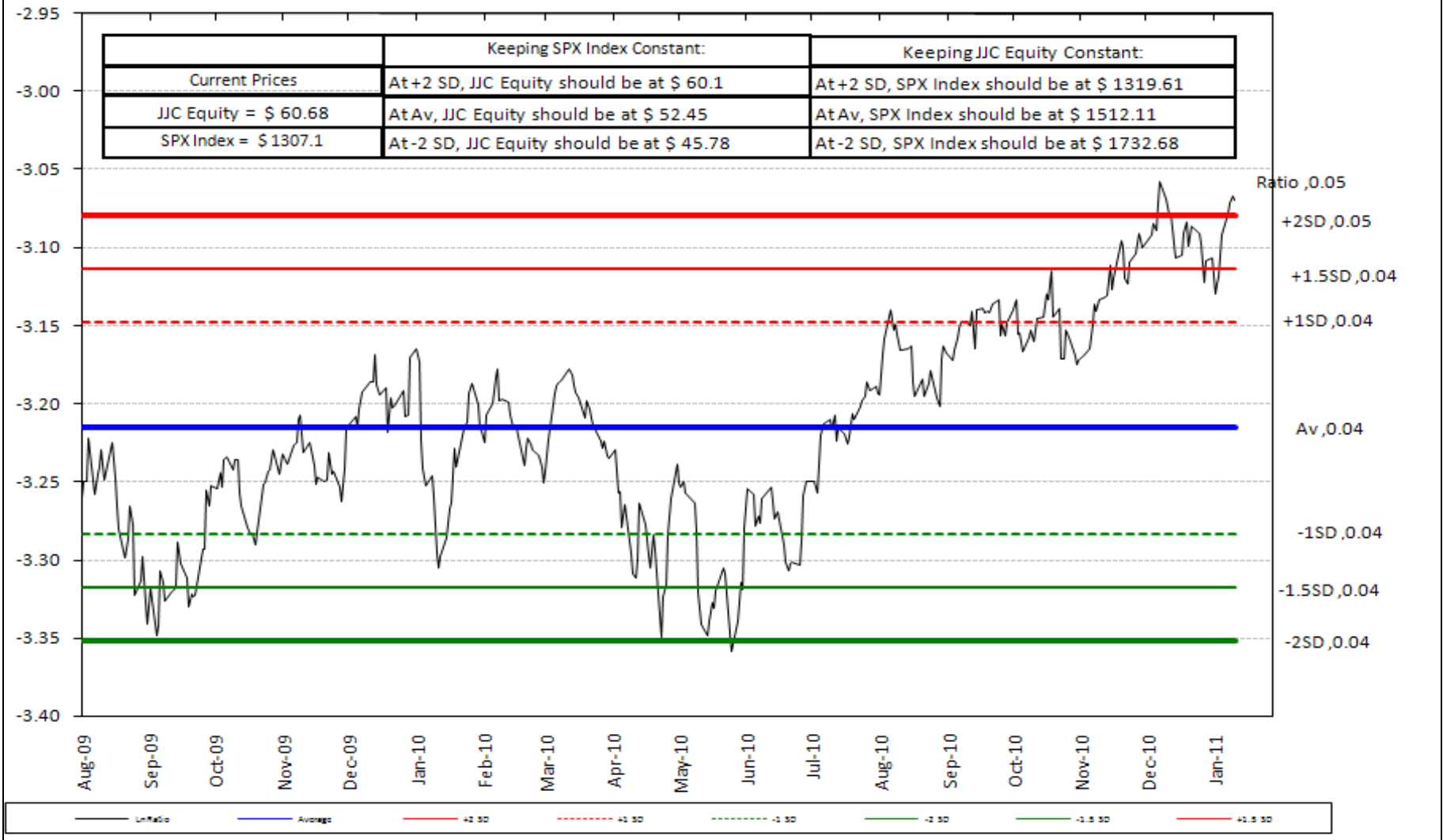


# JJC - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

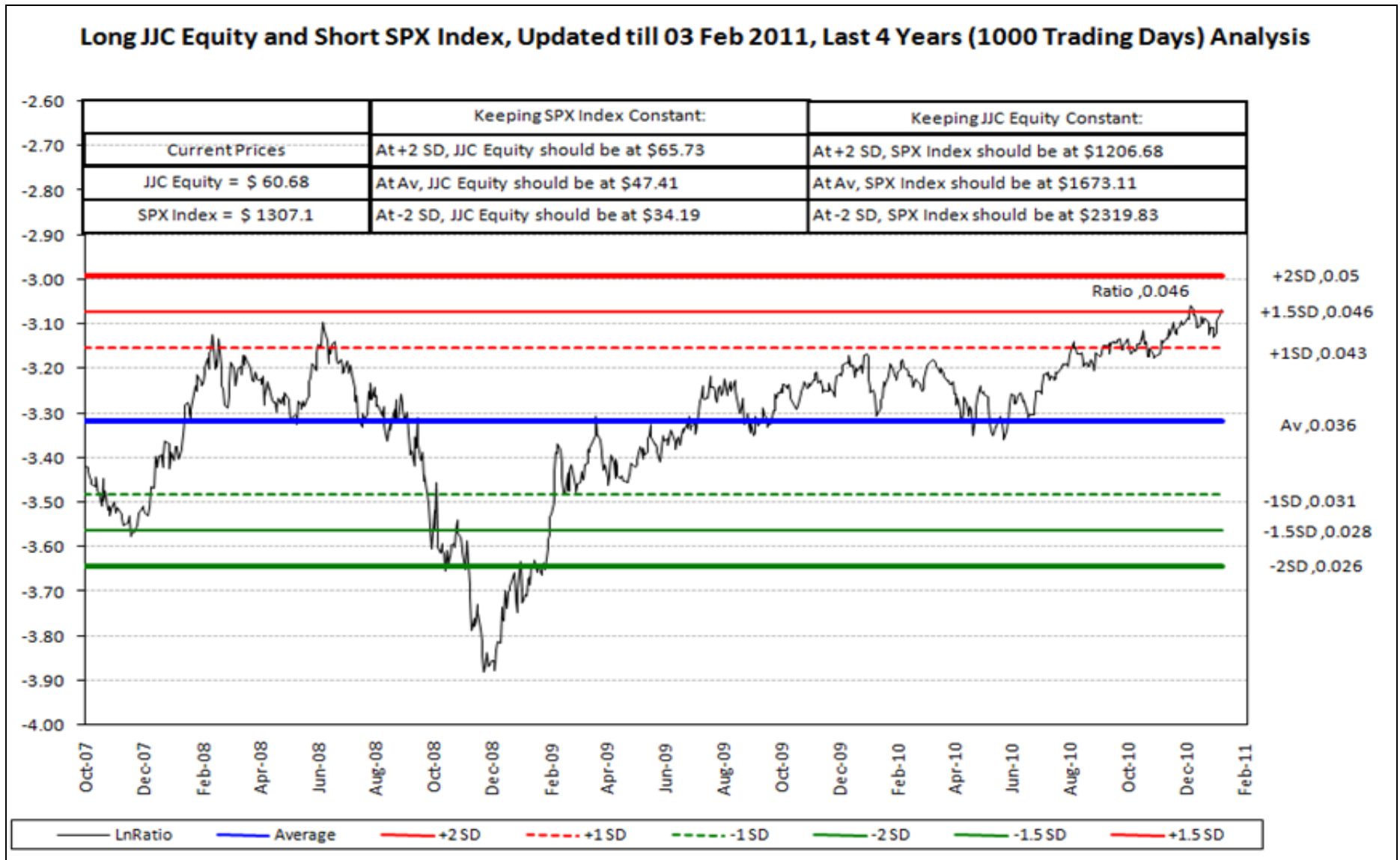


# JJC Correlation Ratio Analysis with SPX – 365 days Time basis

Long JJC Equity and Short SPX Index, Updated till 03 Feb 2011



## JJC Correlation Ratio Analysis with SPX – Full Time basis



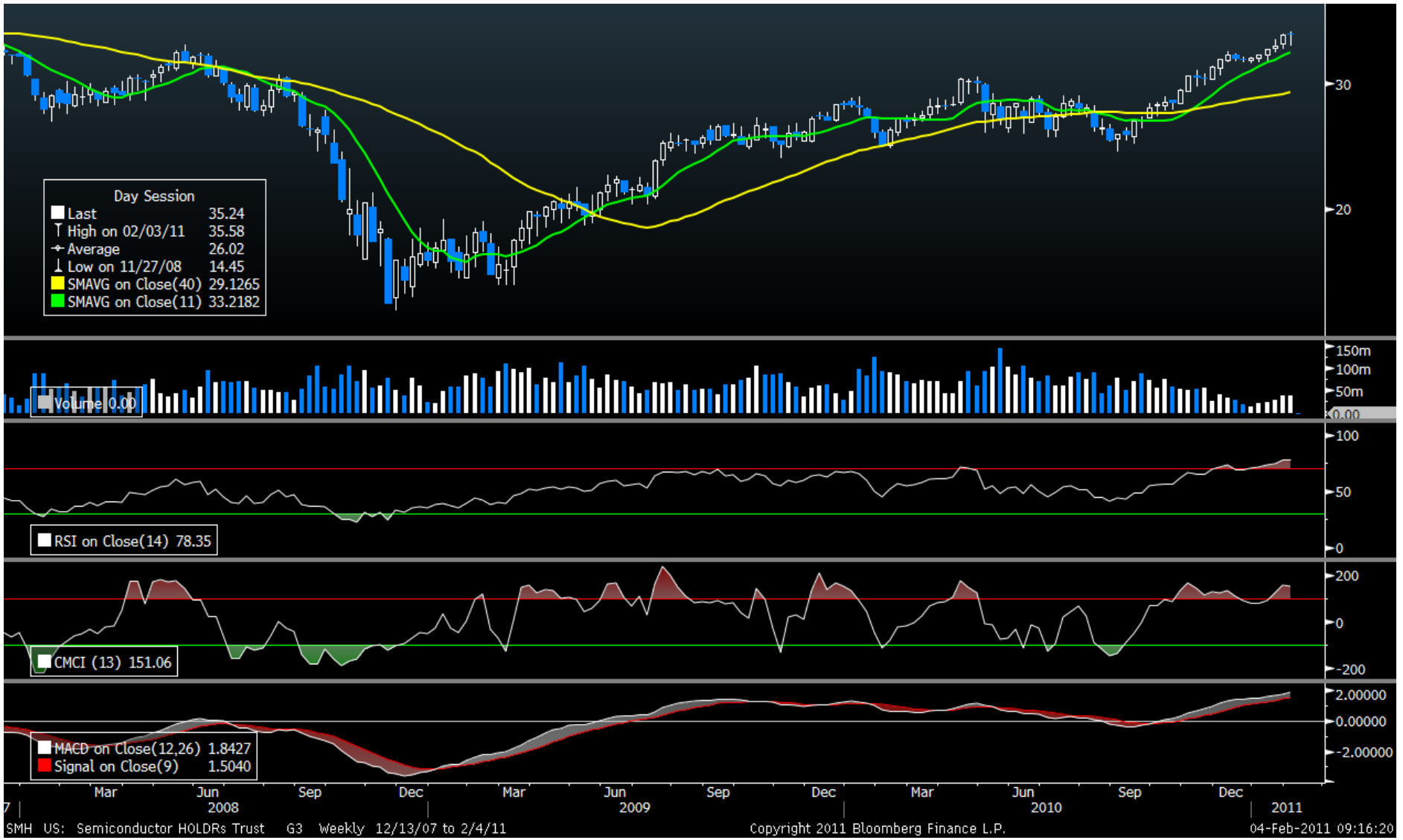
## JJC– Technical & Pattern Analysis

The JJC / SPX ratio chart looks bearish and should trend down in RH side chart below, confirms the relative fall ( **hence overvalued** ) by this matrix in Sync with SD Analysis

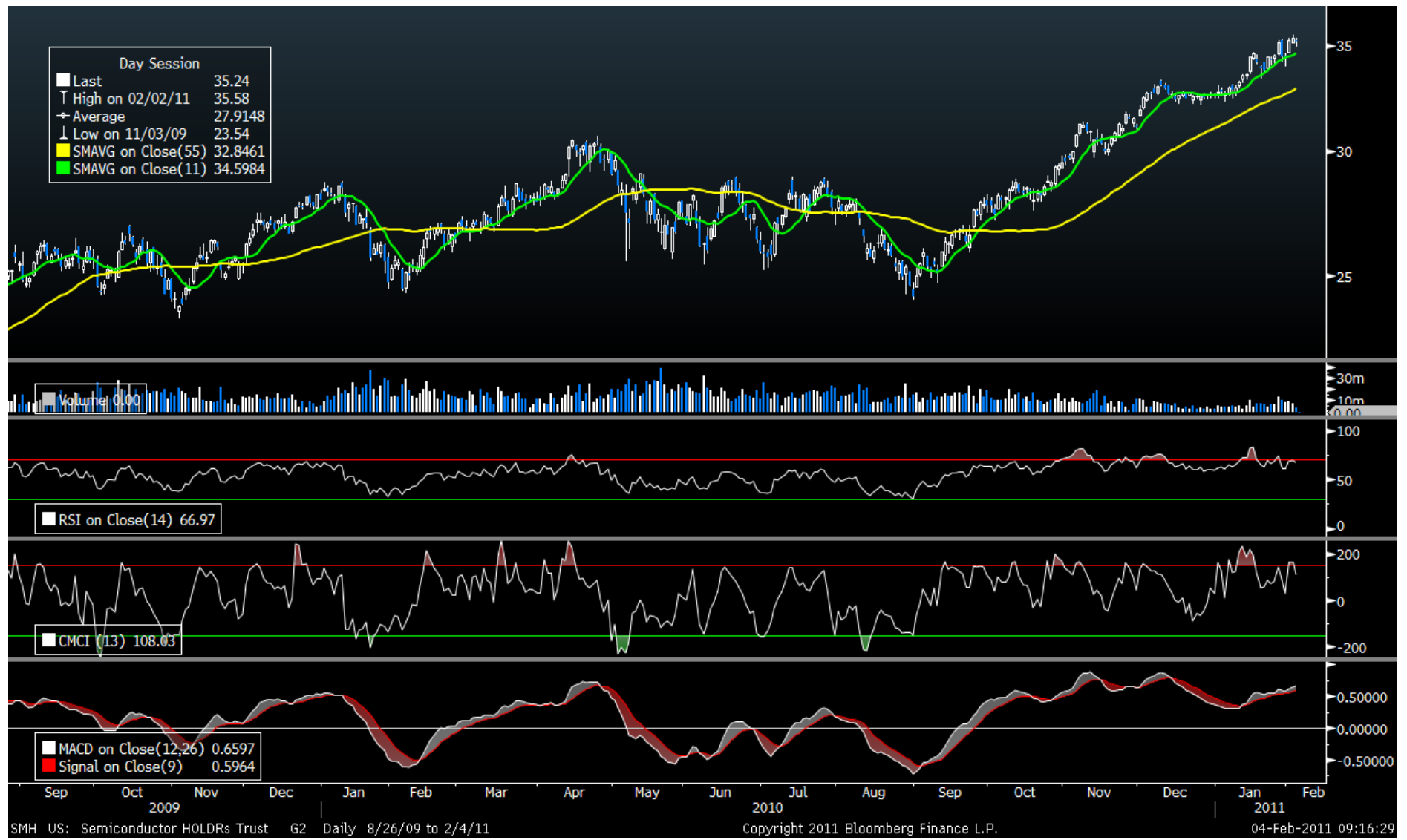
*This has entered the CZ , 2<sup>nd</sup> time and volume expanded at the swing high, We are not comfortable . We will monitor closely when the week ends.*



# SMH- Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

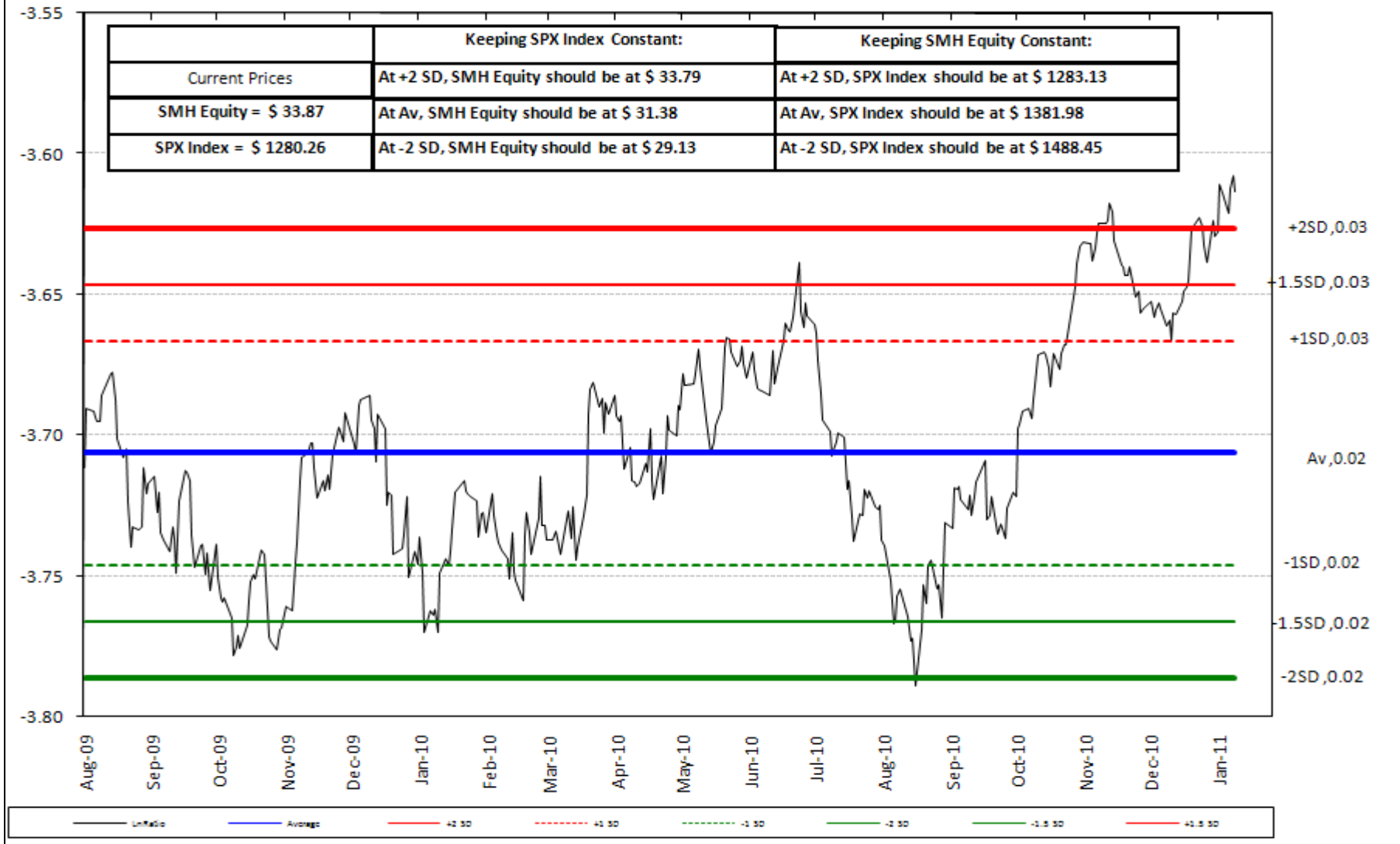


# SMH - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



# SMH Correlation Ratio Analysis with SPX – 365 days Time basis

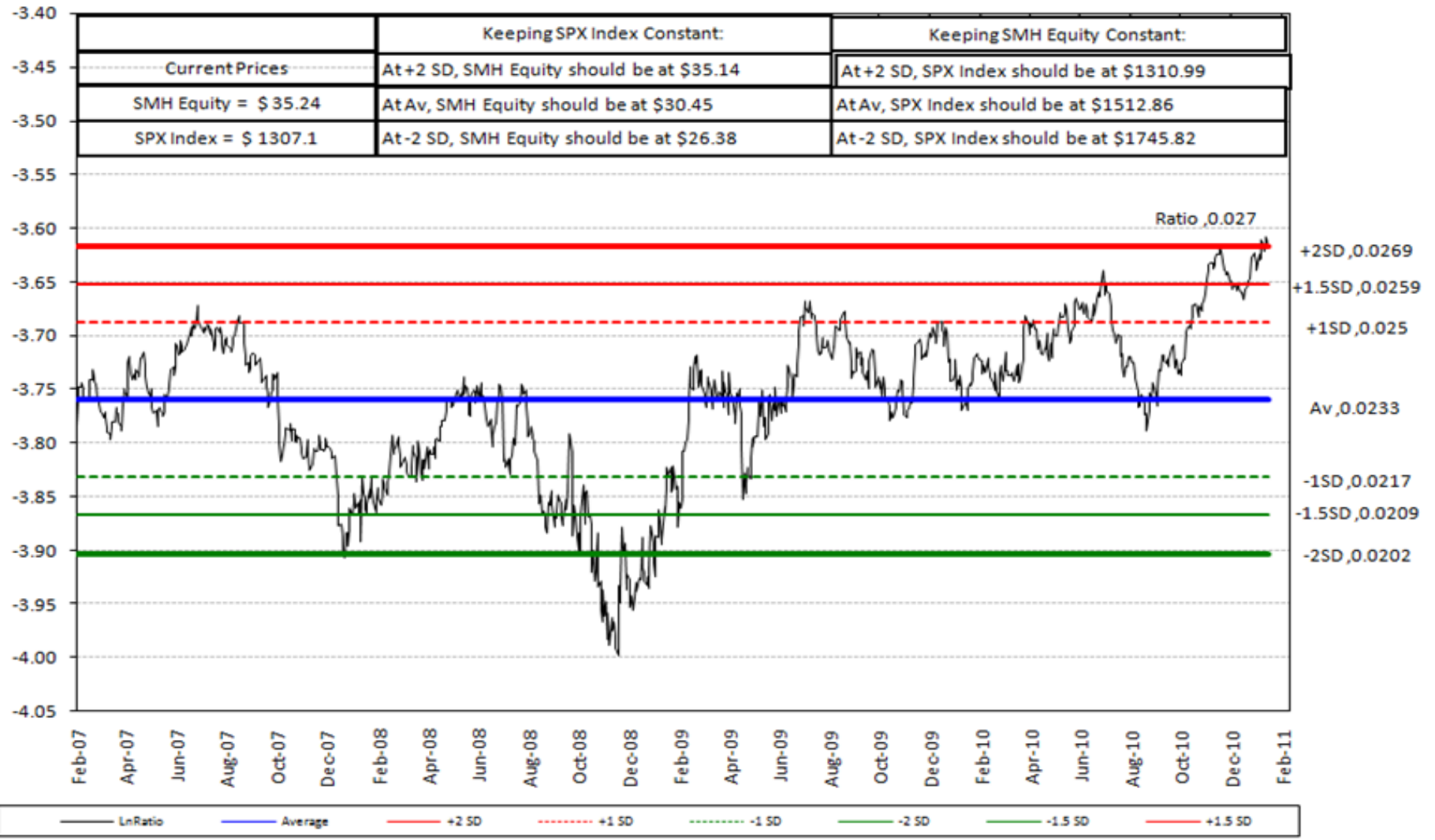
Long SMH Equity and Short SPX Index, Updated till 03 Feb 2011





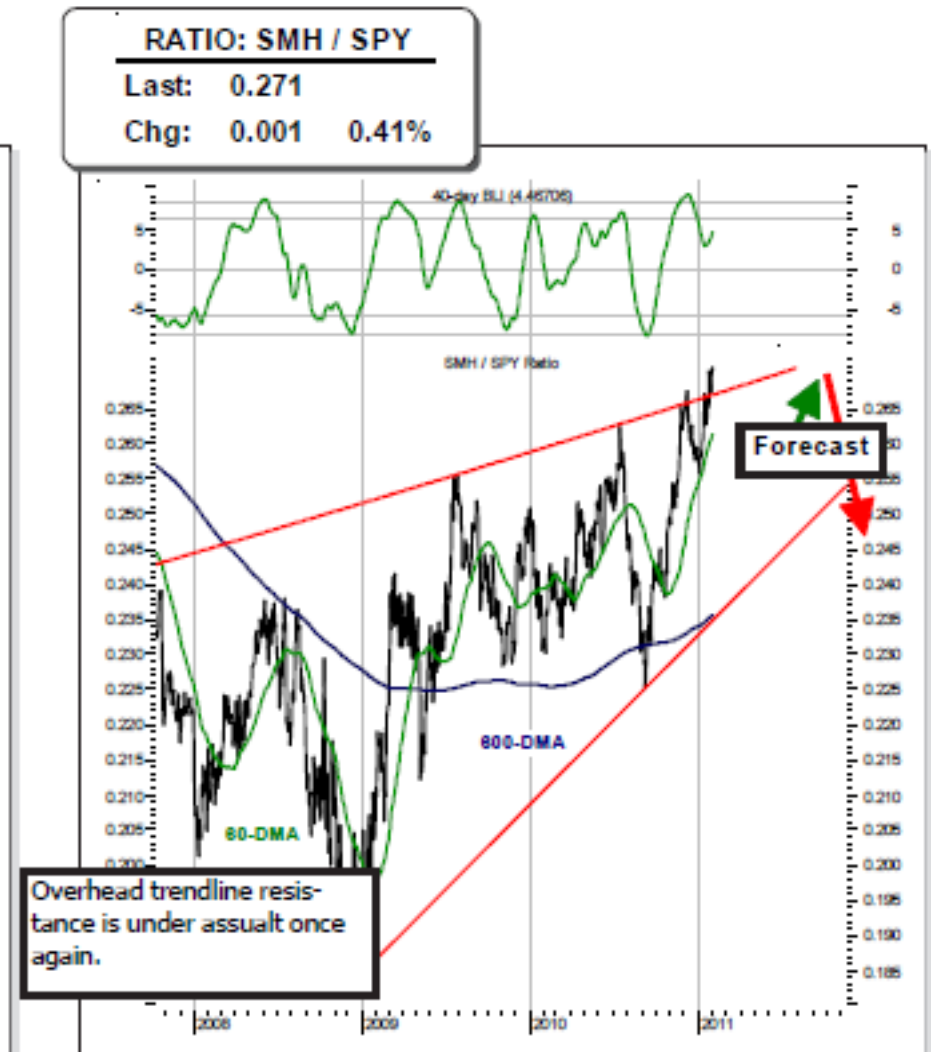
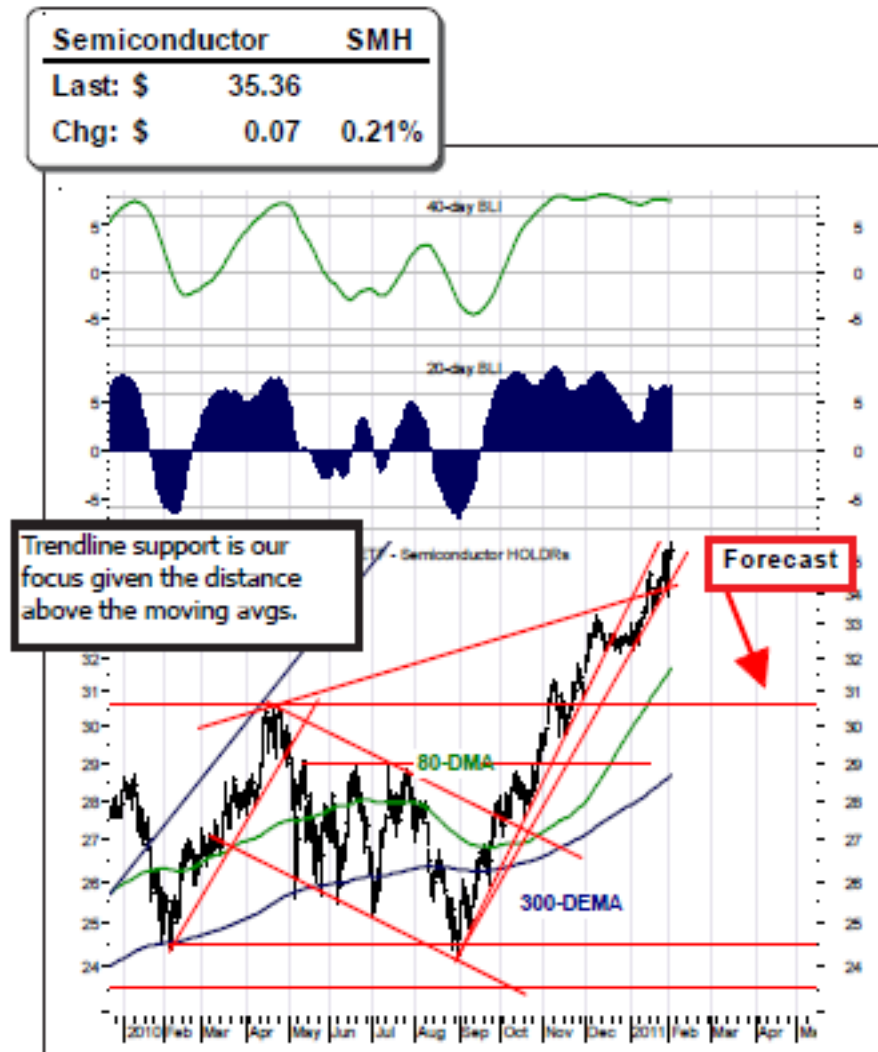
# SMH Correlation Ratio Analysis with SPX – Full Time basis

Long SMH Equity and Short SPX Index, Updated till 03 Feb 211, Last 4 Years (1000 Trading Days) Analysis



## SMH – Technical & Pattern Analysis

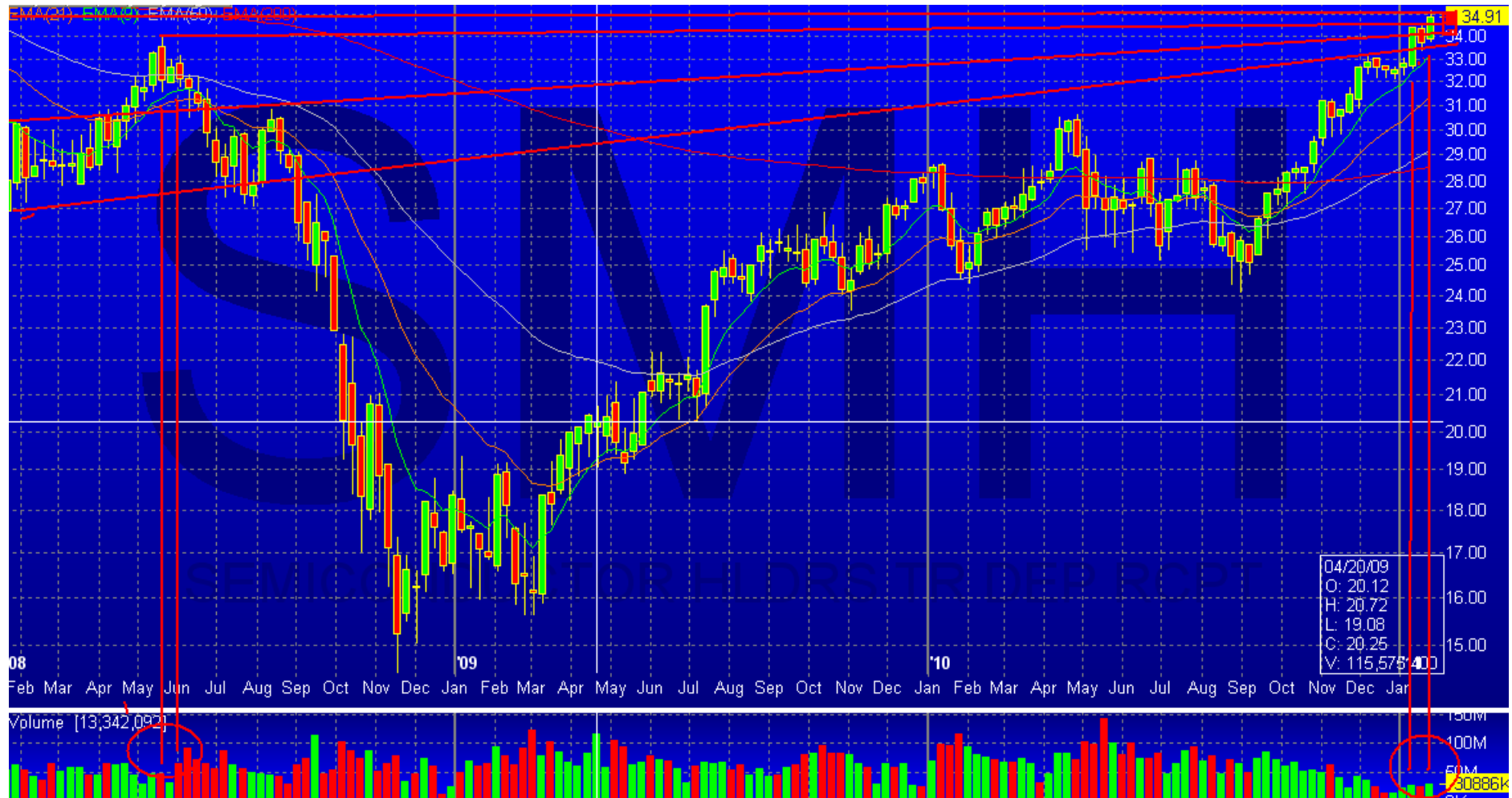
The SMH / SPX ratio chart looks bearish and should trend down in RH side chart below, confirms the relative fall in SMH / SPX ( hence overvalued ) by this matrix in Sync with SD Analysis.



## SMH – Price / Volume (No Change)

SMH came our test zone defined by May 084 and breakdown area of Jan 08 - CZ for SMH is 34 -36 and volume on test to be 8M, this was triggered. On risk reward as always the stop on other side of CZ.

On weekly ( This week), the Volume test should fail, If we close below 34 on week and month, It should be another good failure.



# REFERENCE MATERIAL – Part II ( Separate Attachment)

## PREVIOUS PLOTS

*CZ- PQV Validation list – ETF – Sectors (Previously Triggered SD #2)*

✓ *PQV – CZ validated Sectors*

### Short

- QQQQ
- ✓ IWM
- ✓ EEM
- ✓ EWP
- ✓ EWH
- ✓ SMH
- ✓ EWA
- ✓ XLB
- XLE
- ✓ SLV
- ✓ JJC
- ✓ GLD
- ✓ GDX

### Long

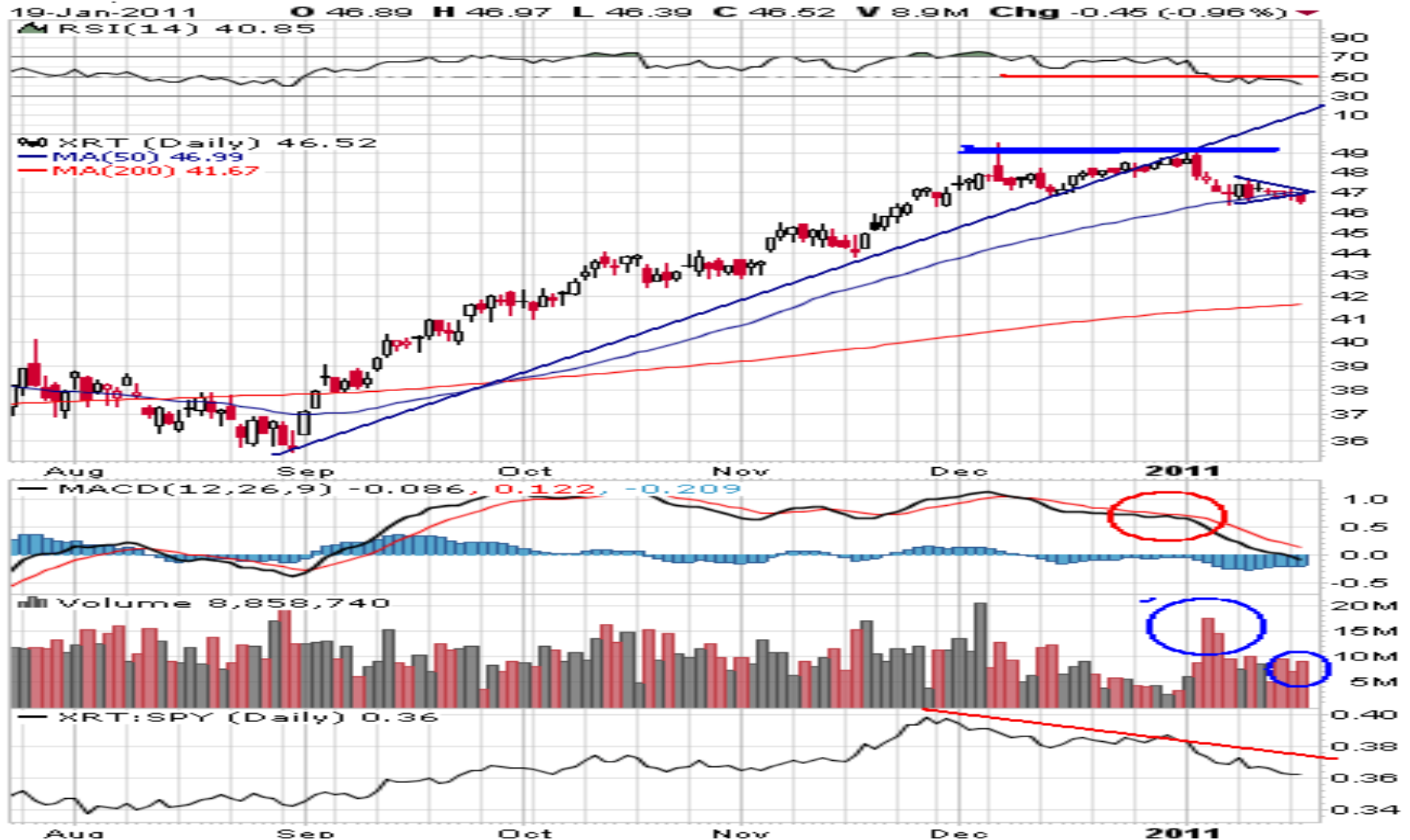
- ✓ JOF
- XLV
- ✓ TLT
- MUB
- XLU
- XLP

Short

# XRT – ( Special Situation) – Transfer this to D - Sector Report

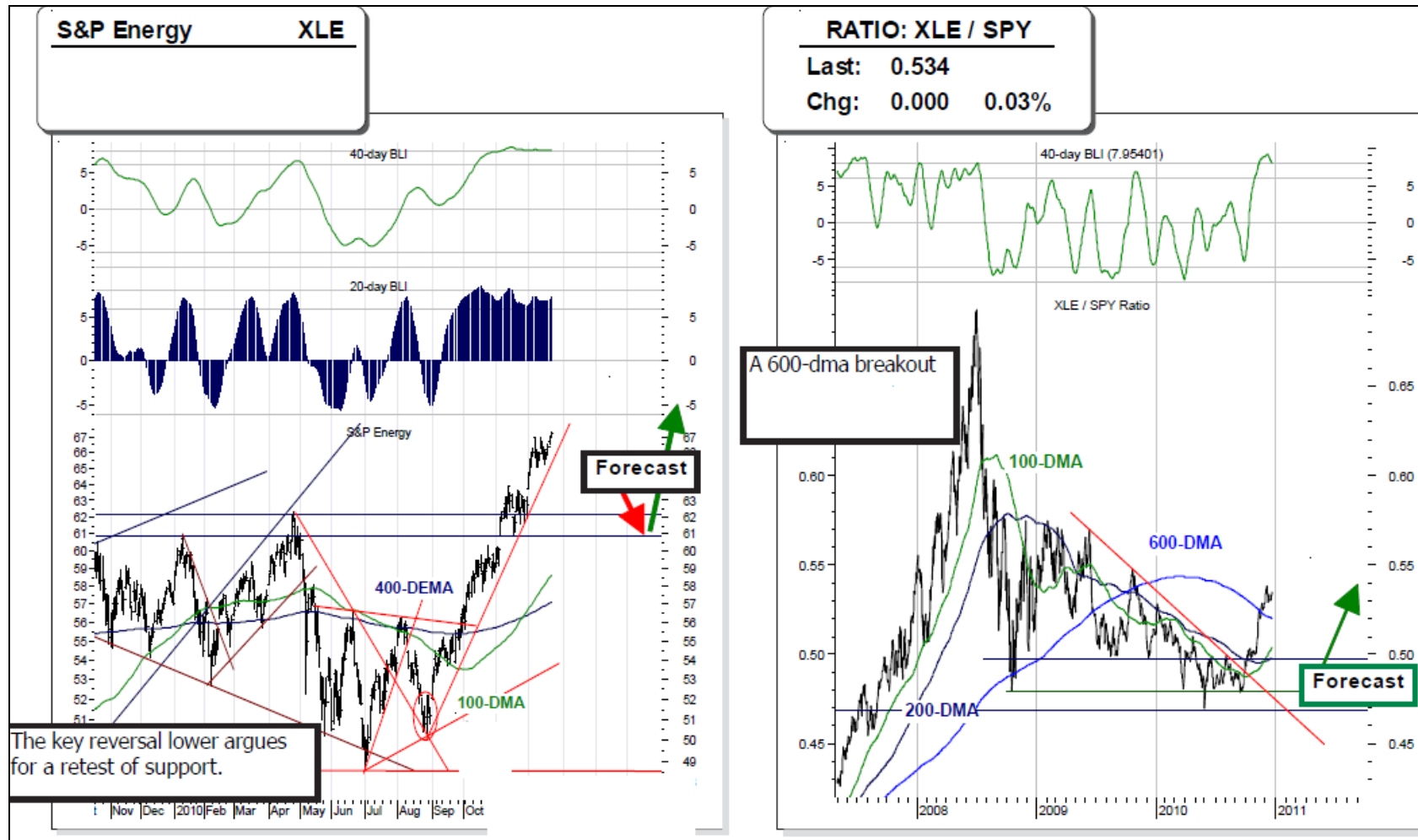
Weak broken down sector, RSI now below 50 on any bounces. Prices broke yesterday on Triangular pattern now 50D should be overhead on bounces. MACD turned down, Volume picked up on downside.

Earlier XRT double topped and broken Trend line in the CZ and PQV failed on test



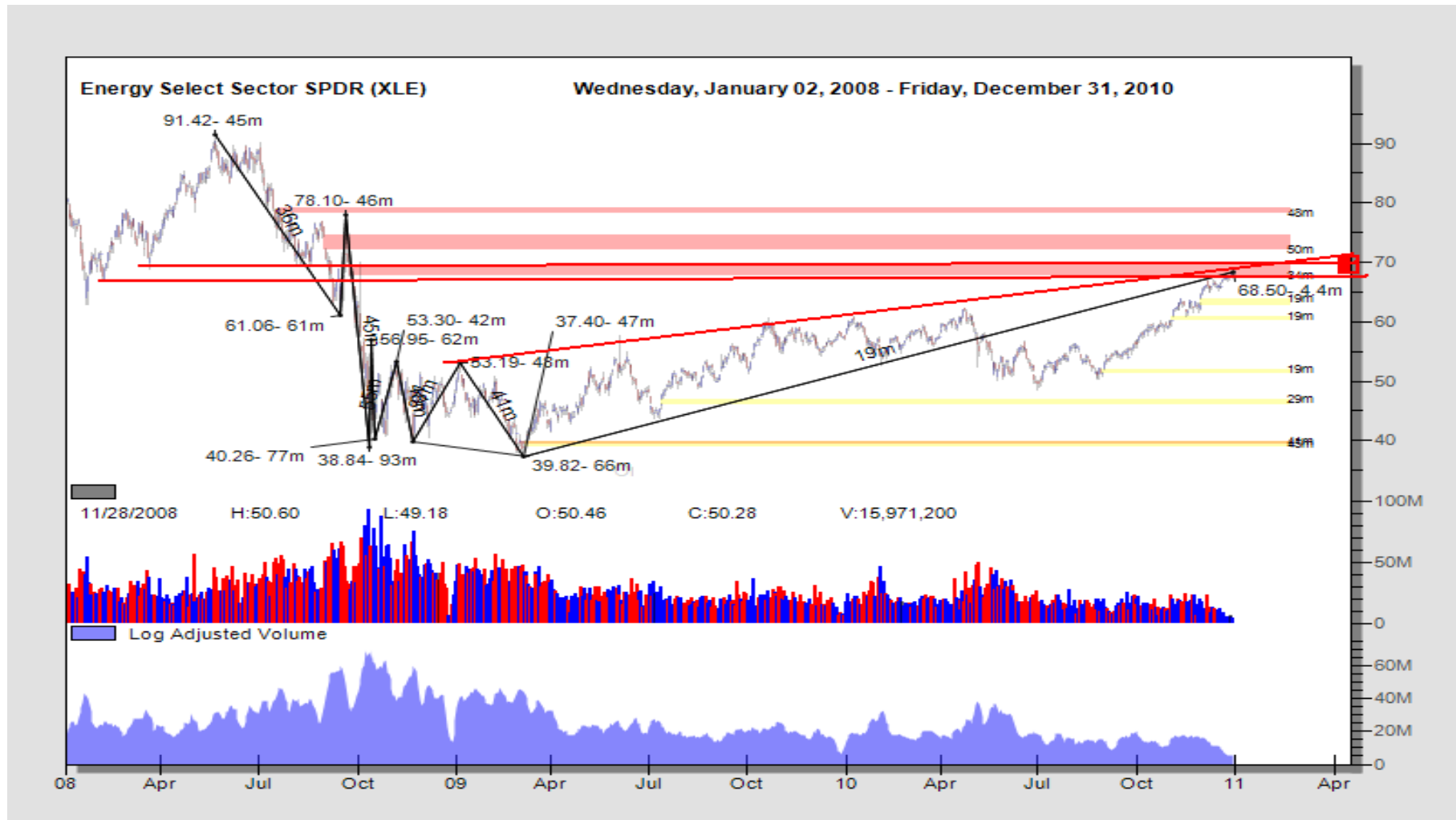
## XLE – Technical & Pattern Analysis & Price / Volume

*On absolute basis looks extended but the Pattern of XLE / SPY Ratio looks bullish , with breakout of 600 DMA , pull back on this ratio is possible to breakout area and XLE should decline to 62 on break of trend line*



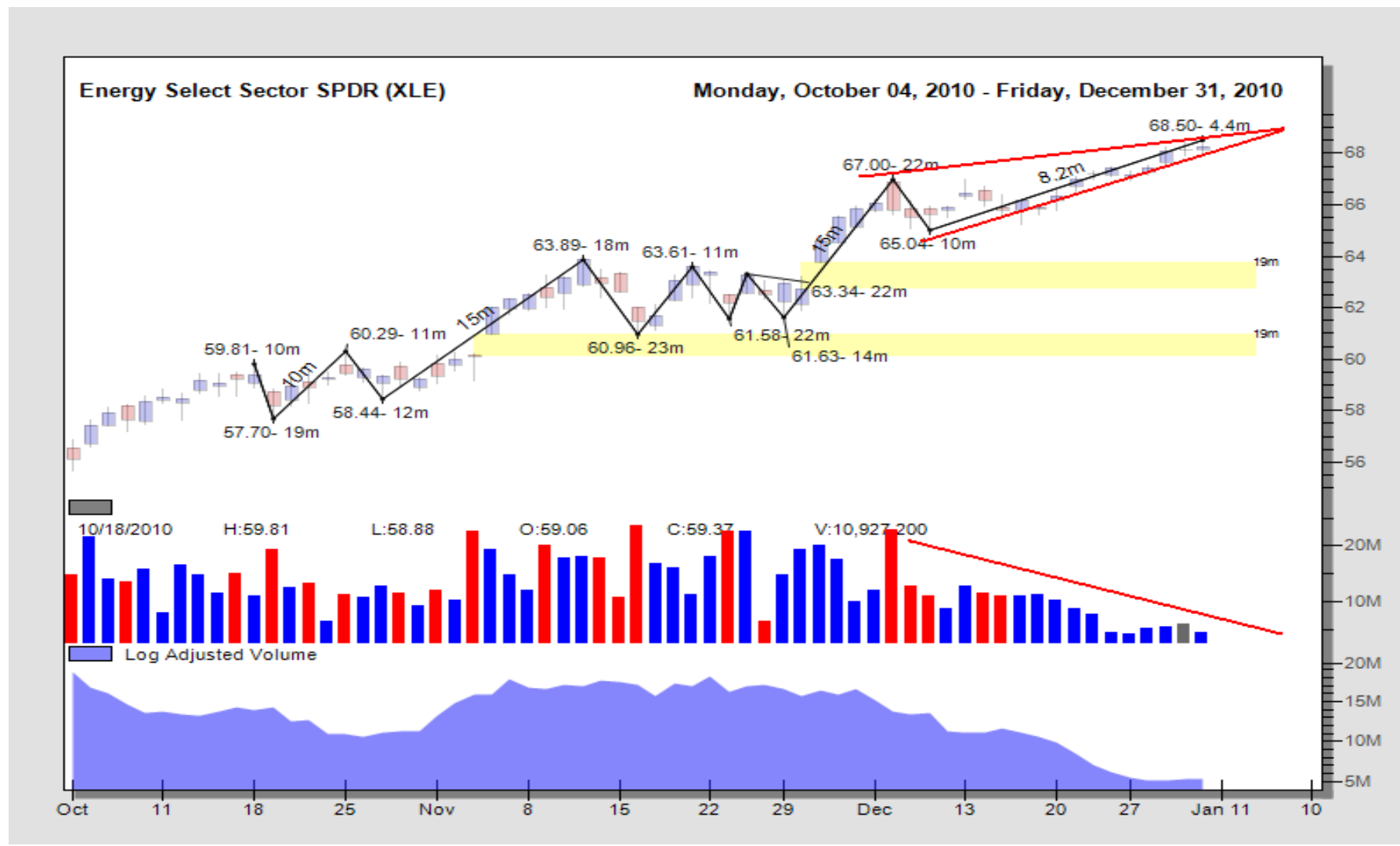
## - XLE - PQV Analysis

*This has entered the CZ on 3x3 on light volume , For better Risk reward , first a sign of pull back on heavy volume and at least 10-12 m and then test of 68.50 – 70.5 with 4 shares and close under 68.5 for failure. But no signal yet*



## XLE – PQV Analysis – SHORT TERM

*This Bearish Wedge should be diffused first to 65 price if volume picks up 10-12 M on the decline , then monitor the bounce into CZ as stated above*

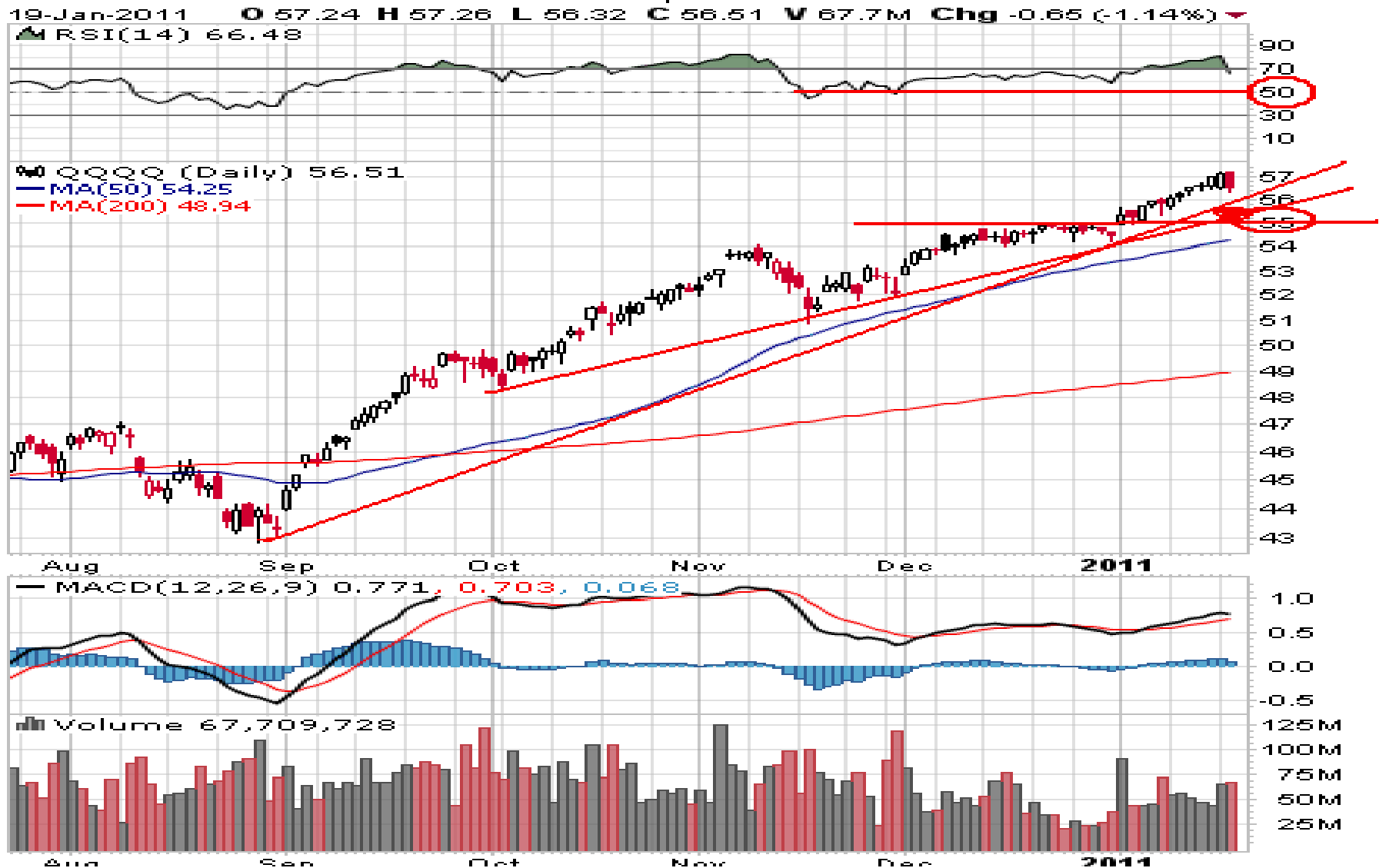




# QQQQQ - POM - LT - Price , Volume & Pattern Analysis - ( MONITORING CZ -PQV

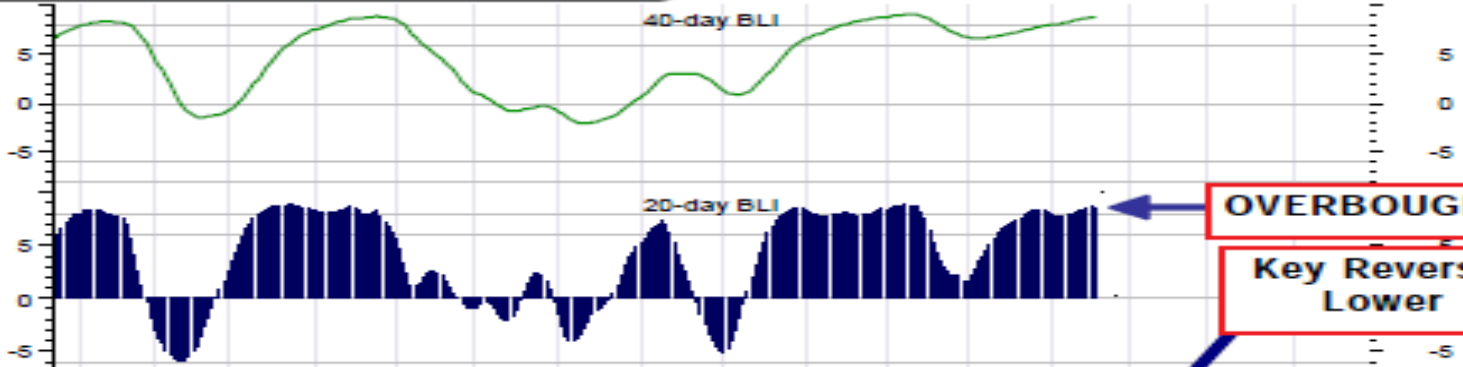
MACD has trigged, RSI in two time frames showing divergences . So we are watching closely in CZ - PQV in Sector Report

Yesterday's action was a Bull trap. Price above 55 was false break top side on lighter volume Currently slightly above CZ on lighter volume. A break below 55 on higher volume as Indicated should break the 2 trend lines and Breakout area, that action should constitute Bearishness.



# QQQQQ – SMA / Trend line Analysis

NASDAQ 100	QQQQ
Last: \$	56.51
Chg: \$	(0.65) -1.15%



**OVERBOUGHT**

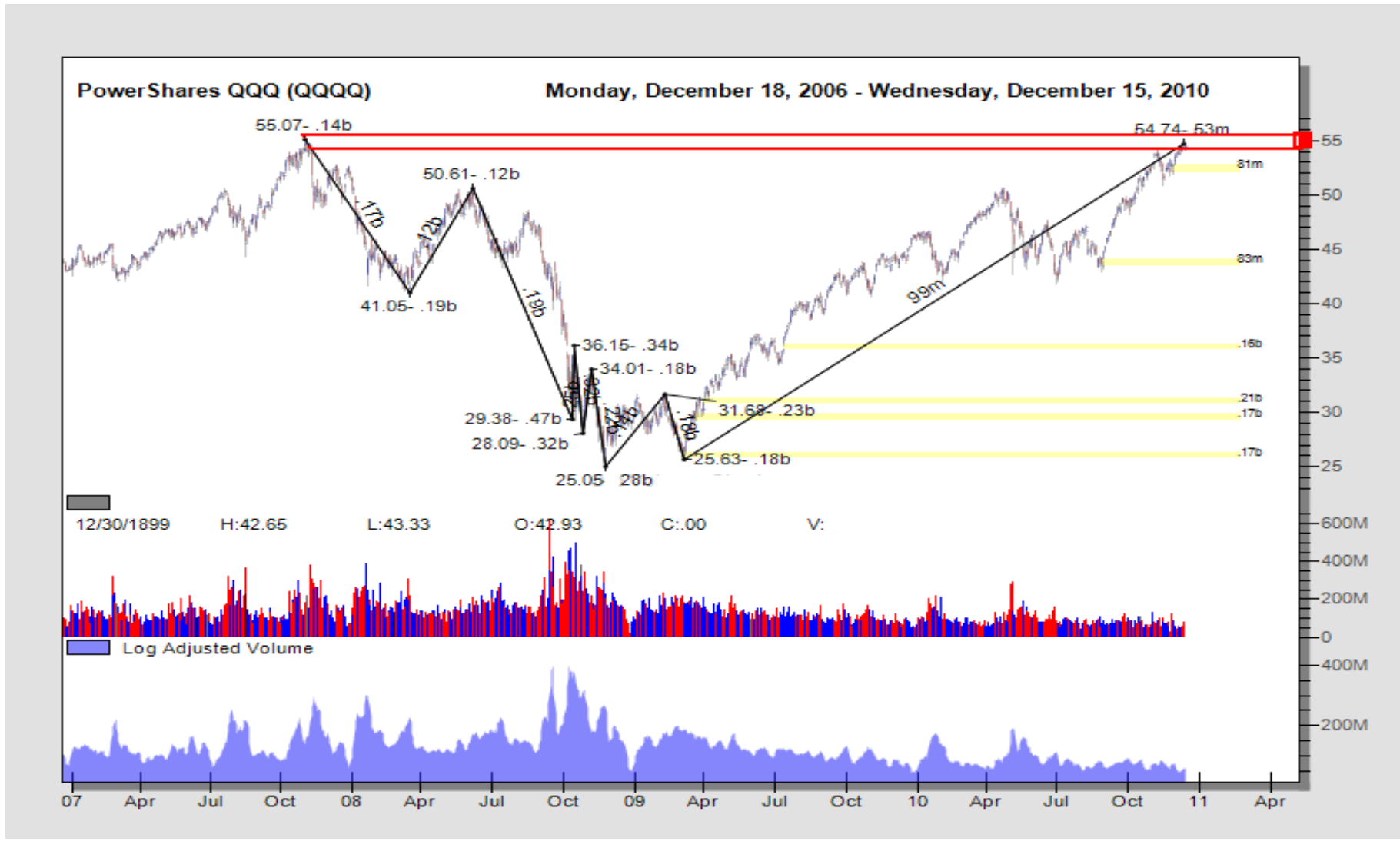
**Key Reversal Lower**

Monitor trendline support for a larger breakdown.



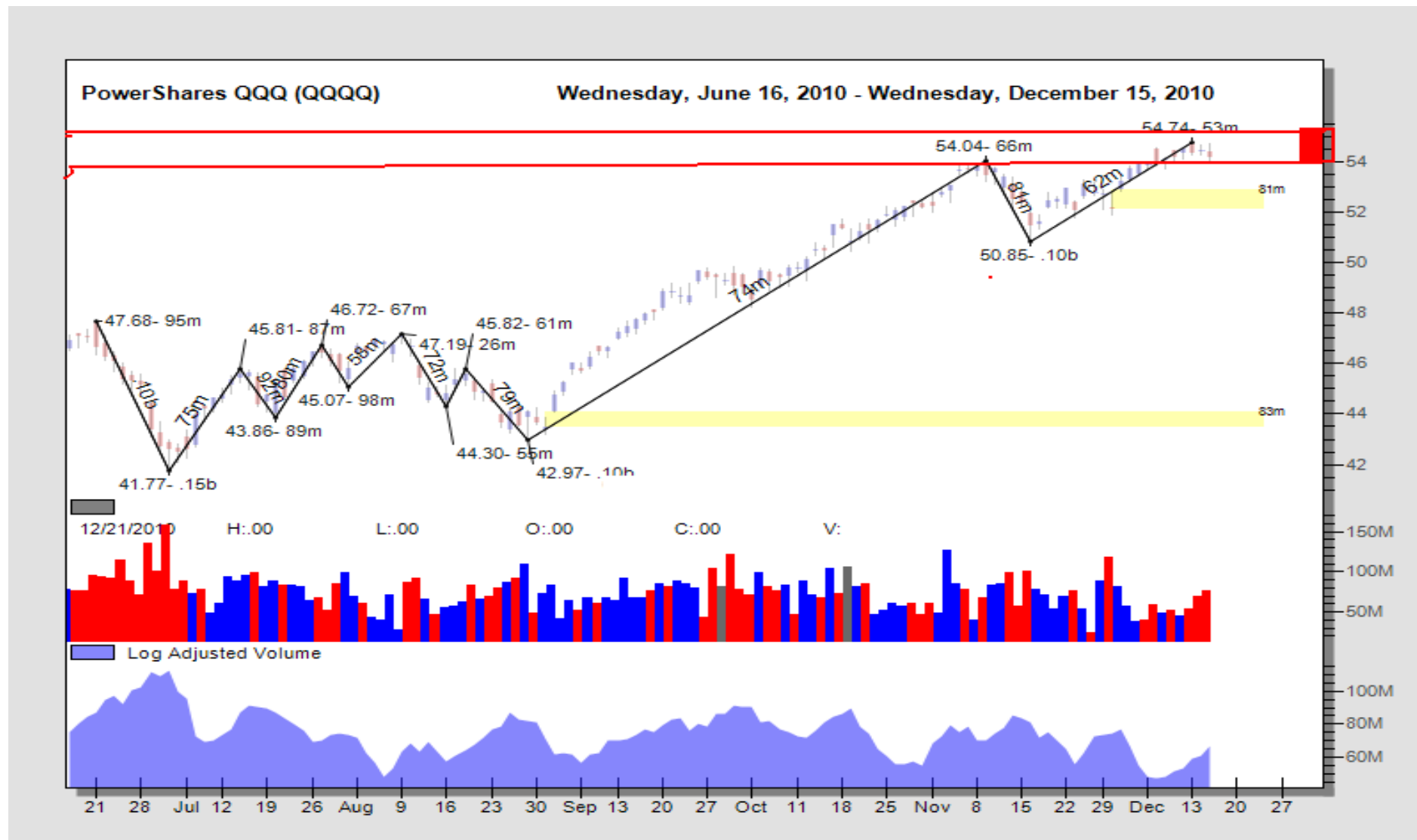
## QQQQ - POM – LT - Price , Volume & Pattern Analysis

QQQQ is testing Oct 08 highs of 55 , Previously it tested the breakdown area of Oct 08 of 54 with 65% lighter volume  
If the test of 55 with 100 M shares and close below 54 would be failure ( This is a better failure) , On risk reward as always  
the stop on other side of CZ.



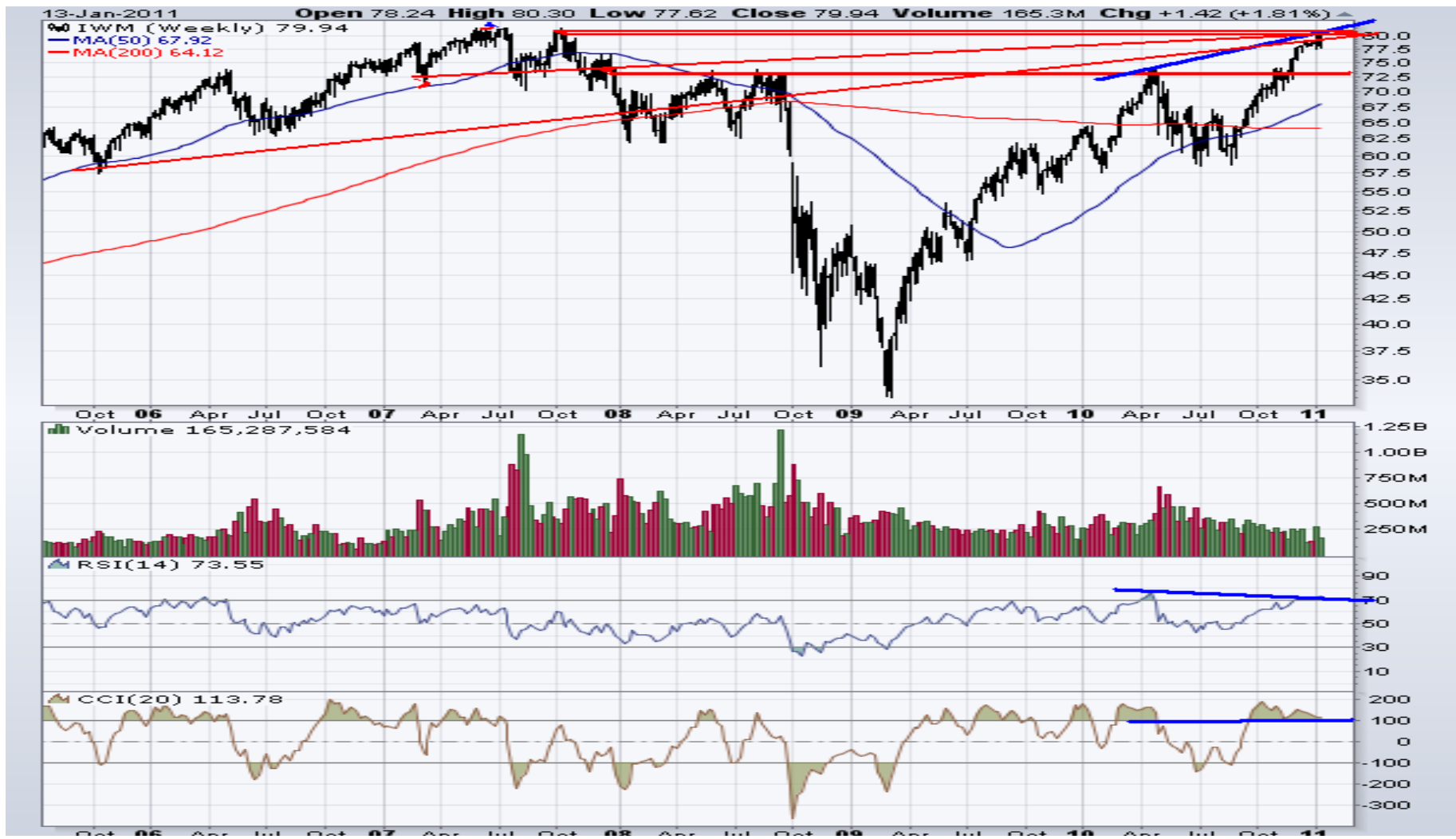
## QQQQ - POM - ST - Price , Volume & Pattern Analysis

On Shorter term, QQQQ tested 54 with 53 M v/s 53 required within CZ & 5-7% and now close below 54 would be failure , if SPX fails before NASD , then QQQQ may fail prematurely (without going higher then 55)



## IWM- POM – LT - Price , Volume & Pattern Analysis - ( MONITORING CZ –PQV )

Finally after so much patience , the day arrives for CZ – As required , currently it is testing 2008 Jan breakdown area & 2008 highs of Sept an its derived CZ - 1 of 77 – 80.00 ( currently it is in the zone ) and test with 175 M and weekly close under 77 should be a good test If SPX declines this will follow.



## IWM- POM – LT - Price , Volume & Pattern Analysis - ( **MONITORING CZ –PQV** )

IWM tested the bearish engulfing and extended and snapped right back . Right at the CZ of past. Also broke the trend line with MACD turned down, Volume picked up & RSI should very soon drop below 50.

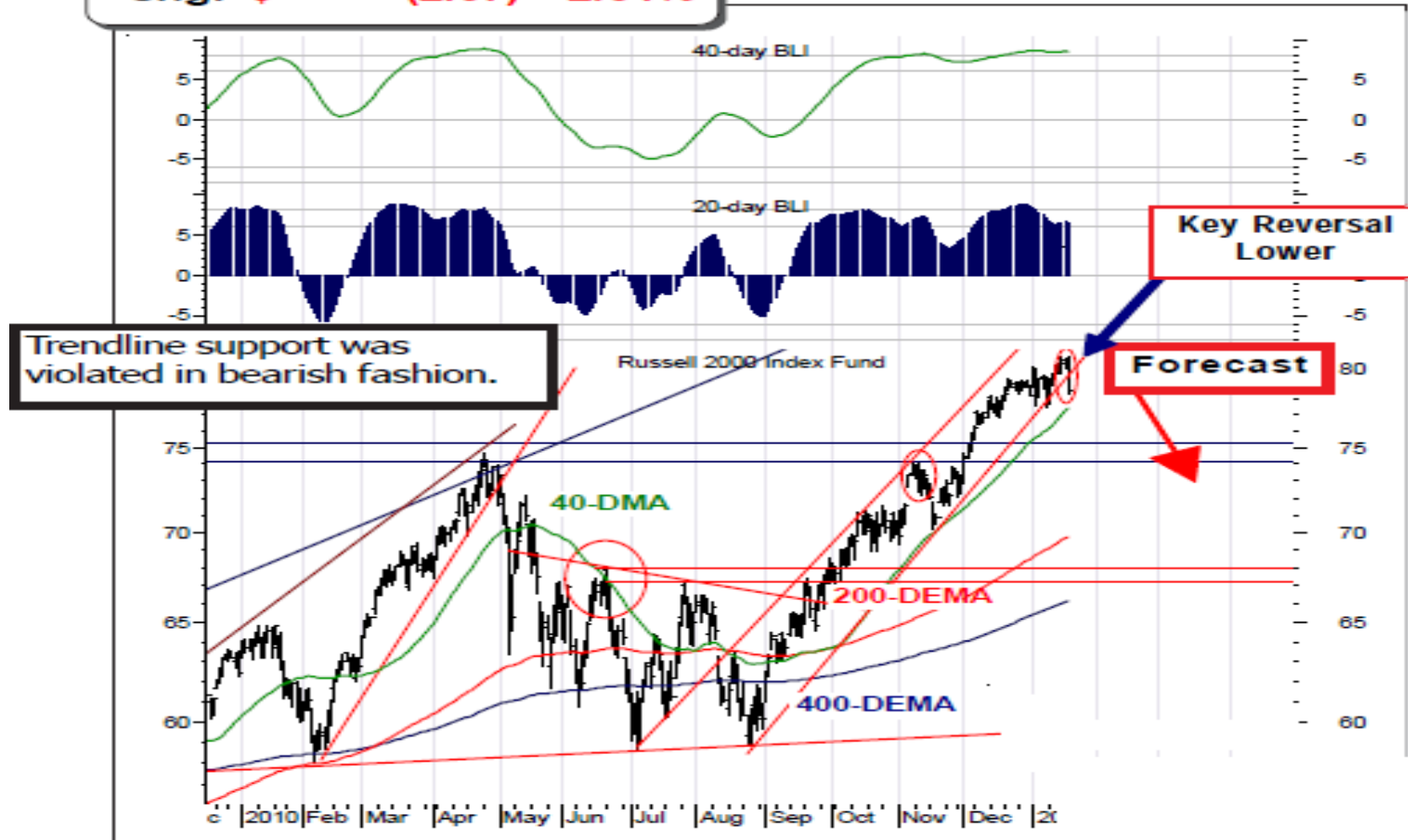
Currently it tested 2008 Jan breakdown area & 2008 highs of Sept an **its derived CZ of 77 – 80.00 ( currently it is in the zone )** and test with 175 M and weekly close **under 77** ) should be a good test If SPX declines this will follow.

On daily basis the CZ For ½ position is 79.50- 80 with price go above 80 and then close below 79 with 35 M shares for failure. **We finished that test with 29 -35 mm test.** We are watching closely in CZ – PQV in Sector Report



# IWM - SMA / Trend line Analysis

Russell 2000	IWM
Last: \$ 78.53	
Chg: \$ (2.07)	-2.64%



# XLB – Technical & Pattern Analysis & Price / Volume

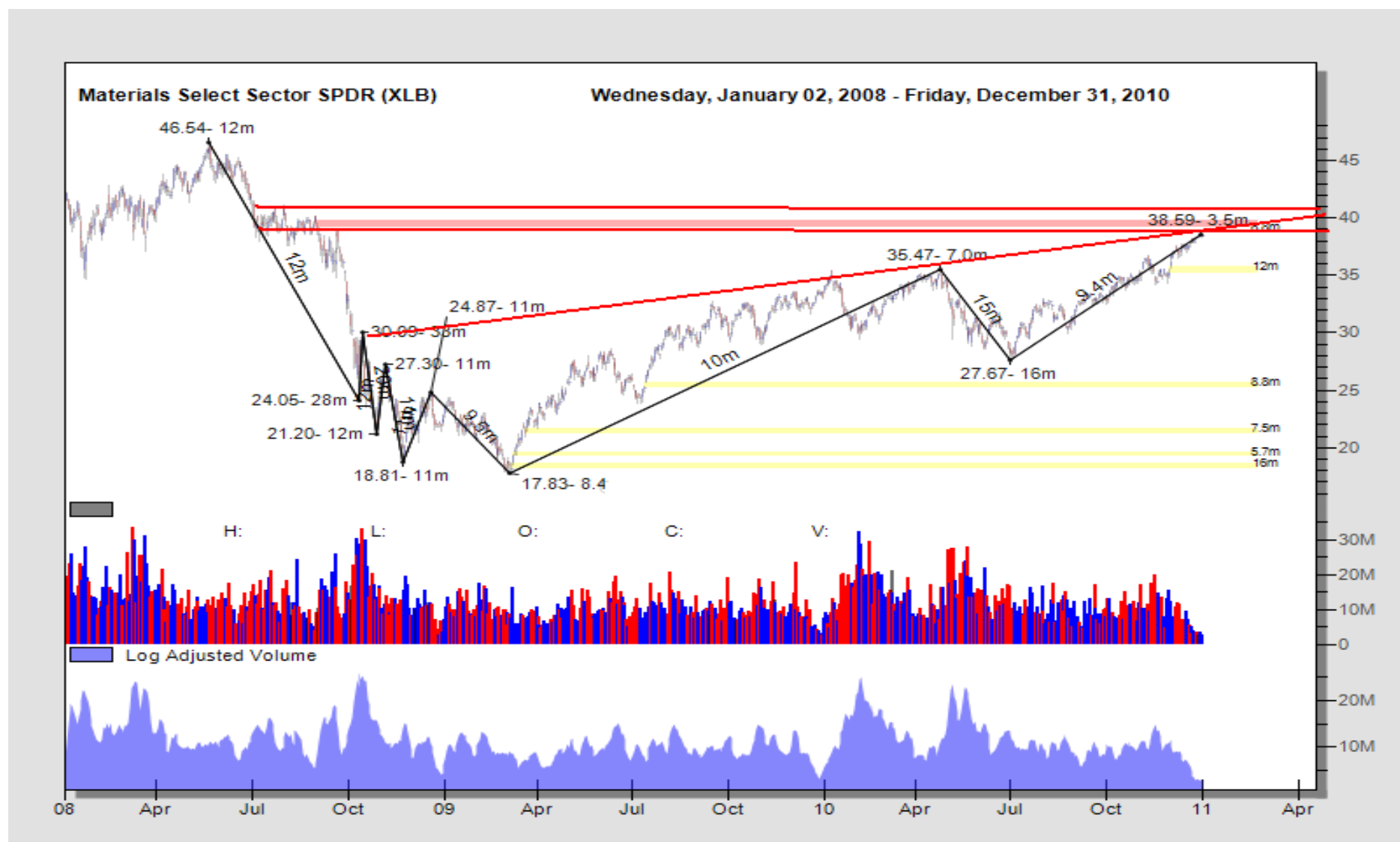
*Both on relative basis and absolute basis confirms over valuation, decline should begin toward 80 DMA & breakout area 35, by this Method*





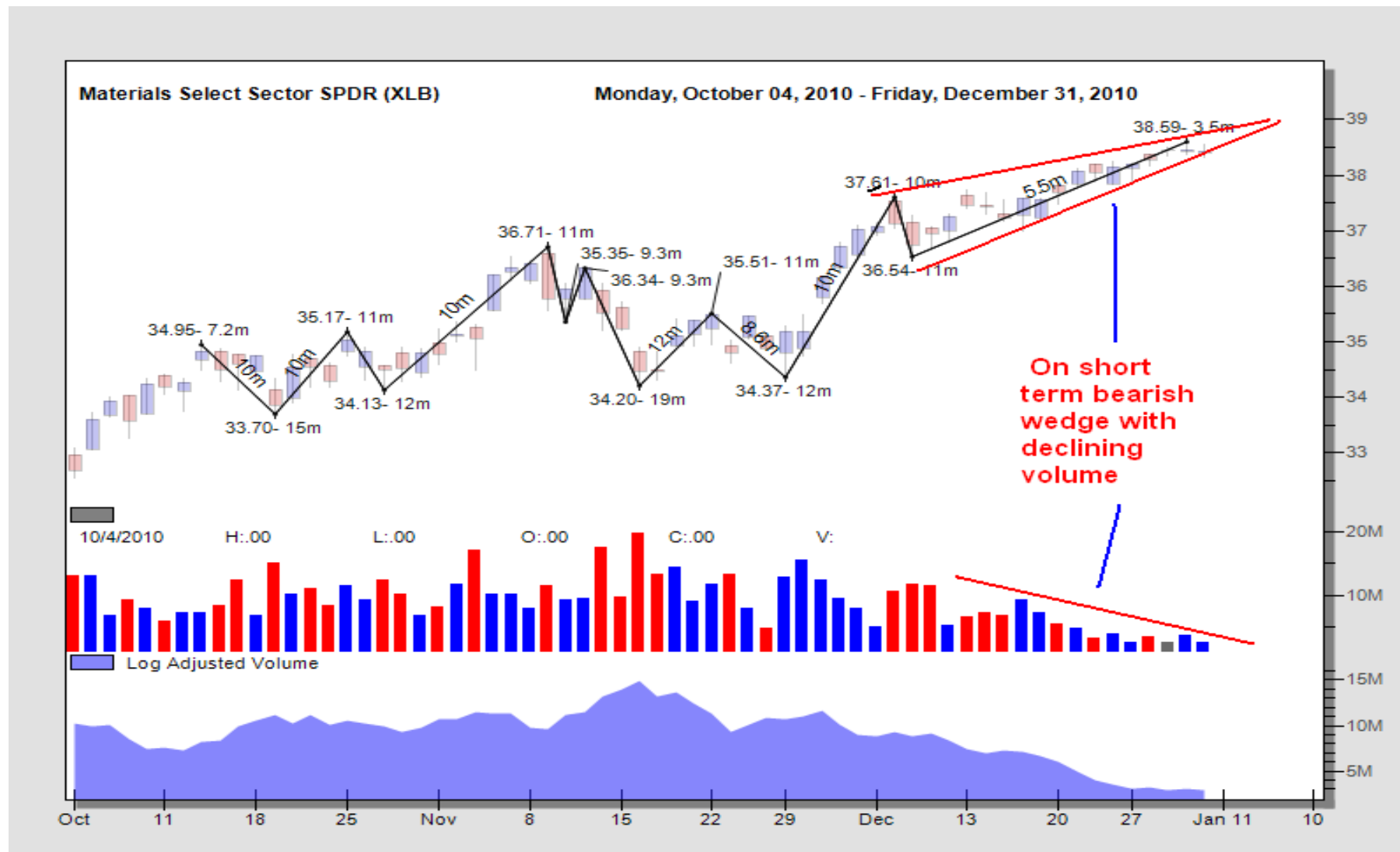
## XLB – PQV Analysis

*This has entered the CZ on 3x3 on light volume but after the pull back this area needs to be tested once again on lighter volume For better Risk reward , first a sign of pull back on heavy volume and at least 6 - 8 m and then test of 38 – 41 with 3 M Shares for failure. But no signal yet, This will follow SPX closely on decline*



## XLB – PQV Analysis – SHORT TERM

*This Bearish Wedge should be diffused first to 36 price if volume picks up 6-8 on the decline, then monitor the bounce into CZ as stated above*



## EEM- POM – LT / ST – Key points

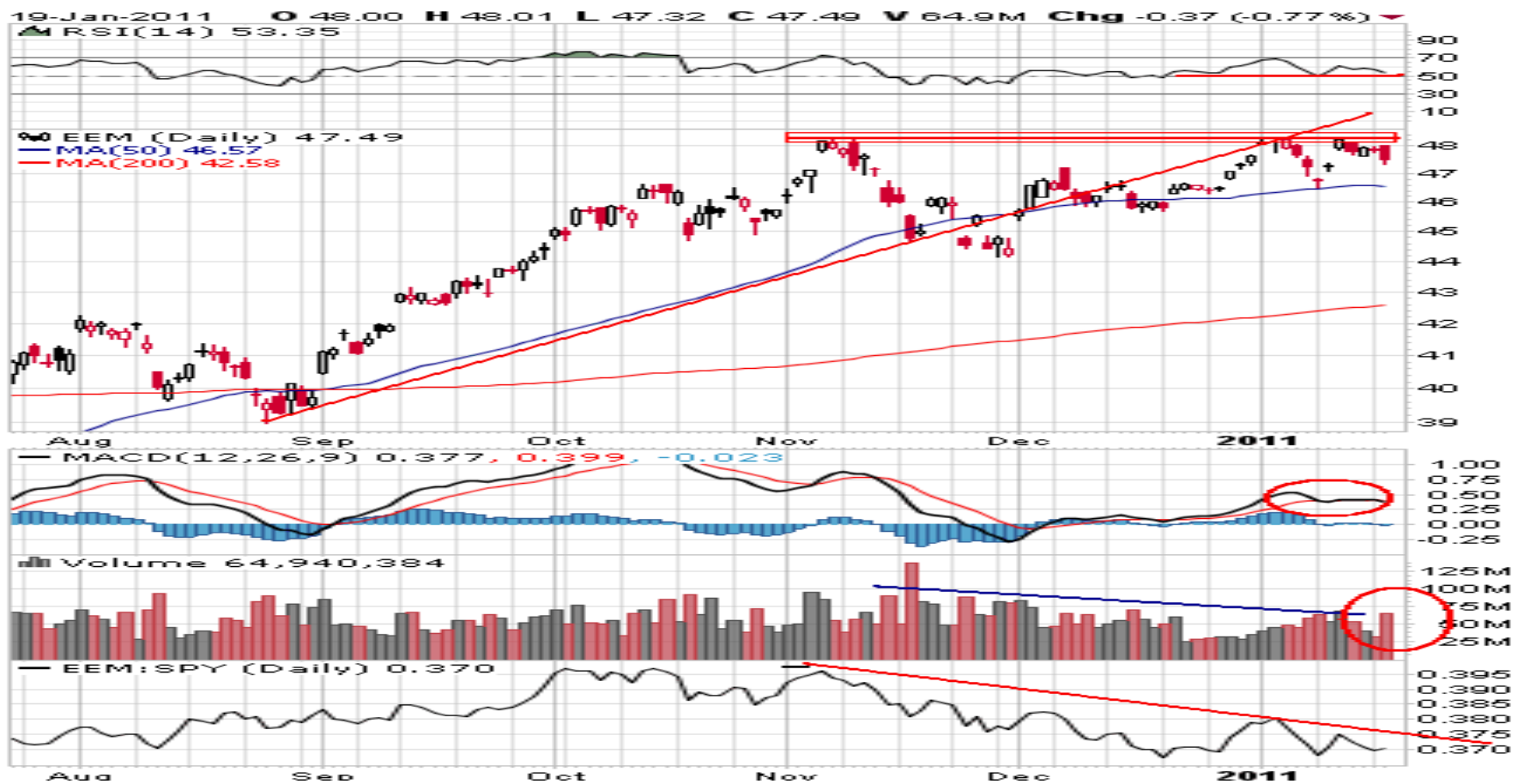
- **EEM is closely related with SPX on downside when SPX signal is at POM 15 , EEM acts with the texture of POM 14 . Conversely Our in-depth Analysis suggest that SPX 's POM – Buys POM 11,12 are closely related with the buys of EEM 's.**
- **SD # Levels are at + 1.0 SD and Neural Zone , but any bounce should take to Target Zone into +2.0 SD, we should monitor this**
- **Charts below gives different possibility in different time frame with volume study**

## EEM - POM - LT - Price , Volume & Pattern Analysis - (MONITORING CZ -PQV)

Showing weakness , EEM / SPY Ratio has weakened considerably ( See charts below) Indicating flight to safety . SPX will hold much better then EEM in next decline.

Currently RSI should trigger below 50. . Prices broke yesterday on Volume pick up on downside. MACD turned down

Earlier EEM double topped and Tested the broken Trend line in the CZ and PQV validated on test



## EEM – Trend line & SMA Analysis

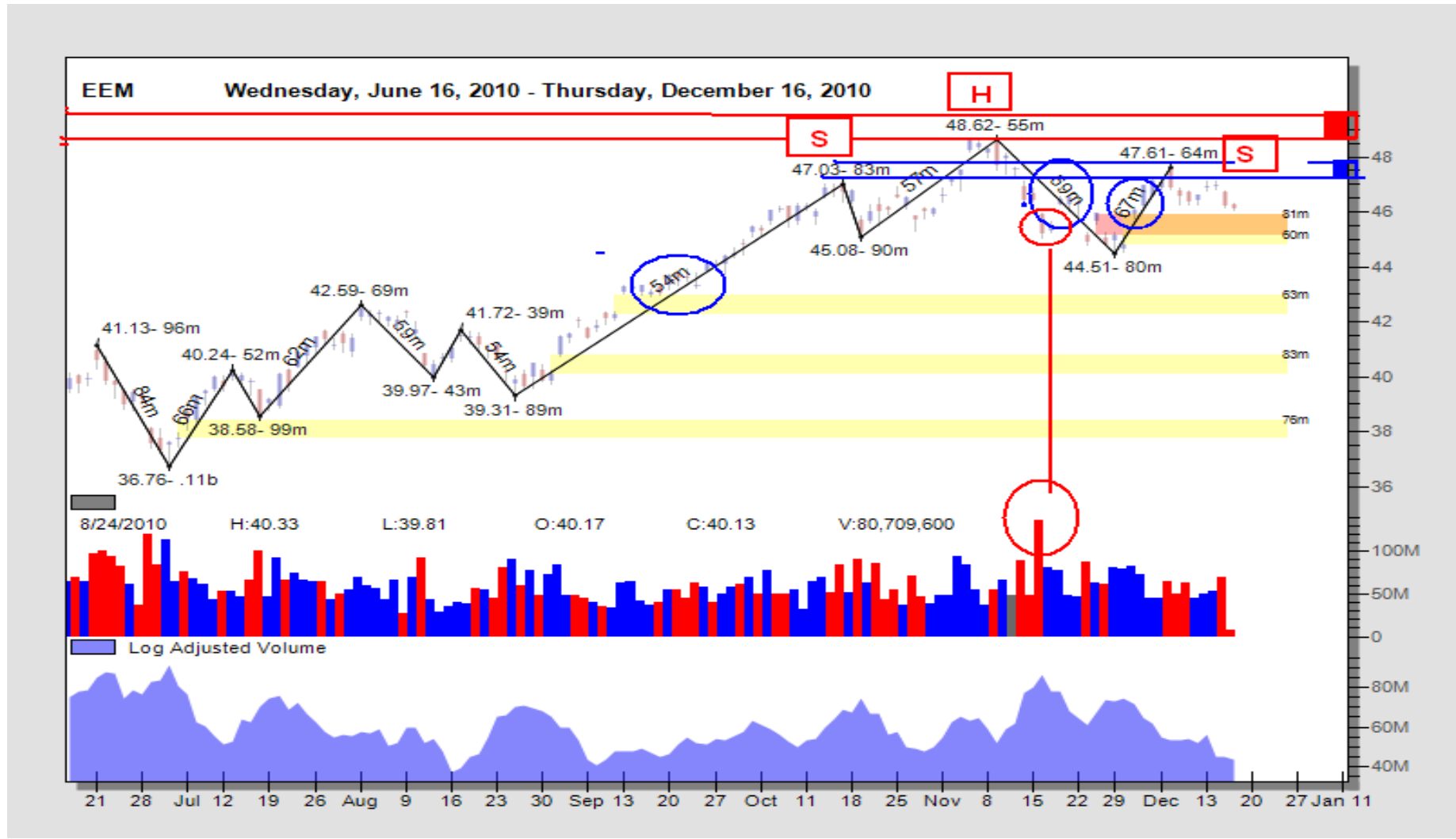
*By this method , this is a Bearish Setup, these reversal are good probability patterns.*

Emerging Market	EEM
Last: \$	46.96
Chg: \$	0.07 0.15%



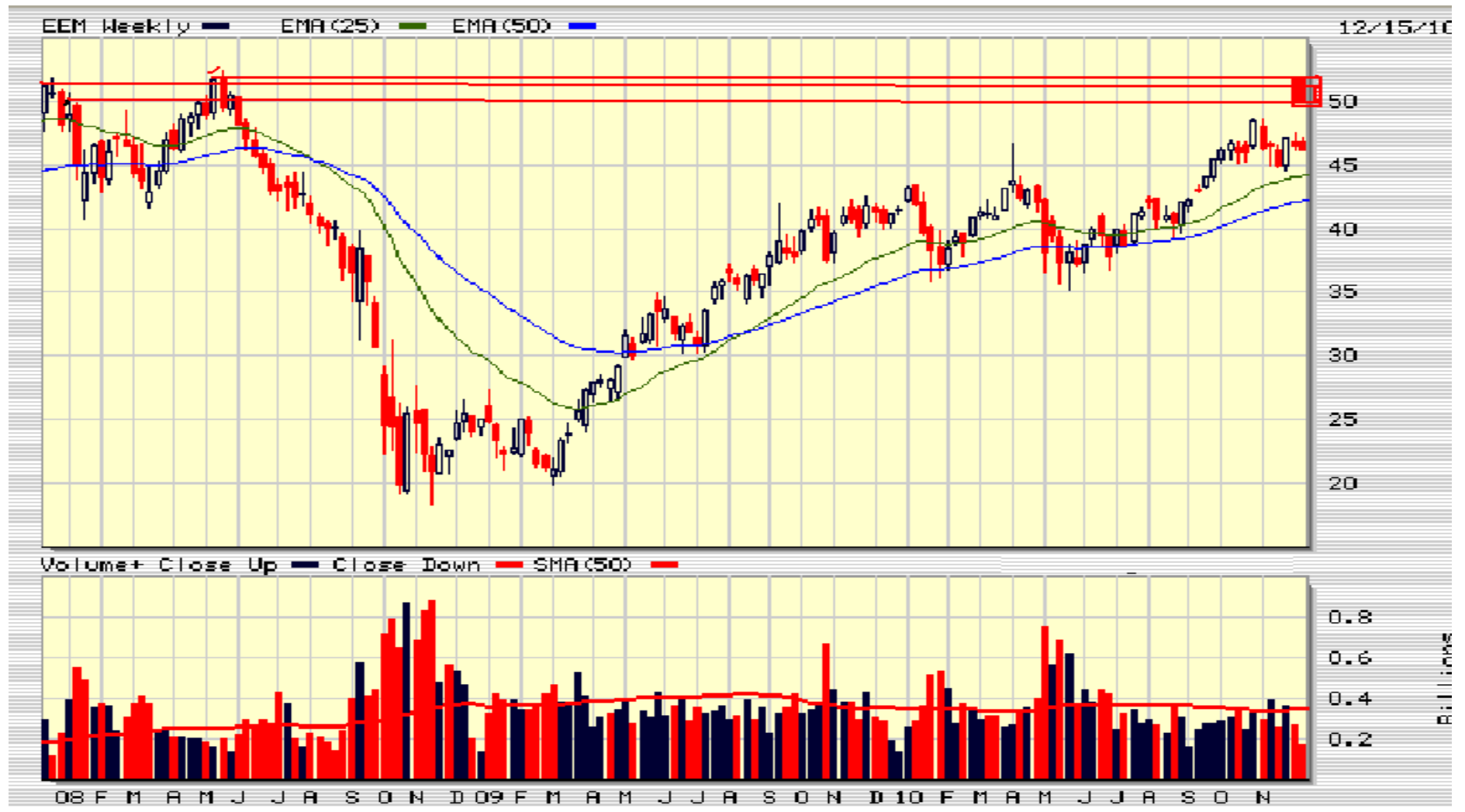
## EEM- POM – ST - Price , Volume & Pattern Analysis

Since our last update , Our CZ of Head and Shoulder passed successfully with close of 47 and volume tests as Indicated  
 If SPX fails, then we may not get to the CZ of 48 -50 ,. The needs to be 40 M & price close below 48 . That would Top , On  
 risk reward as always the stop on other side of CZ. ( If volume pick up more than 40M and we could certainly not pass the  
 test., that is what if ?? )



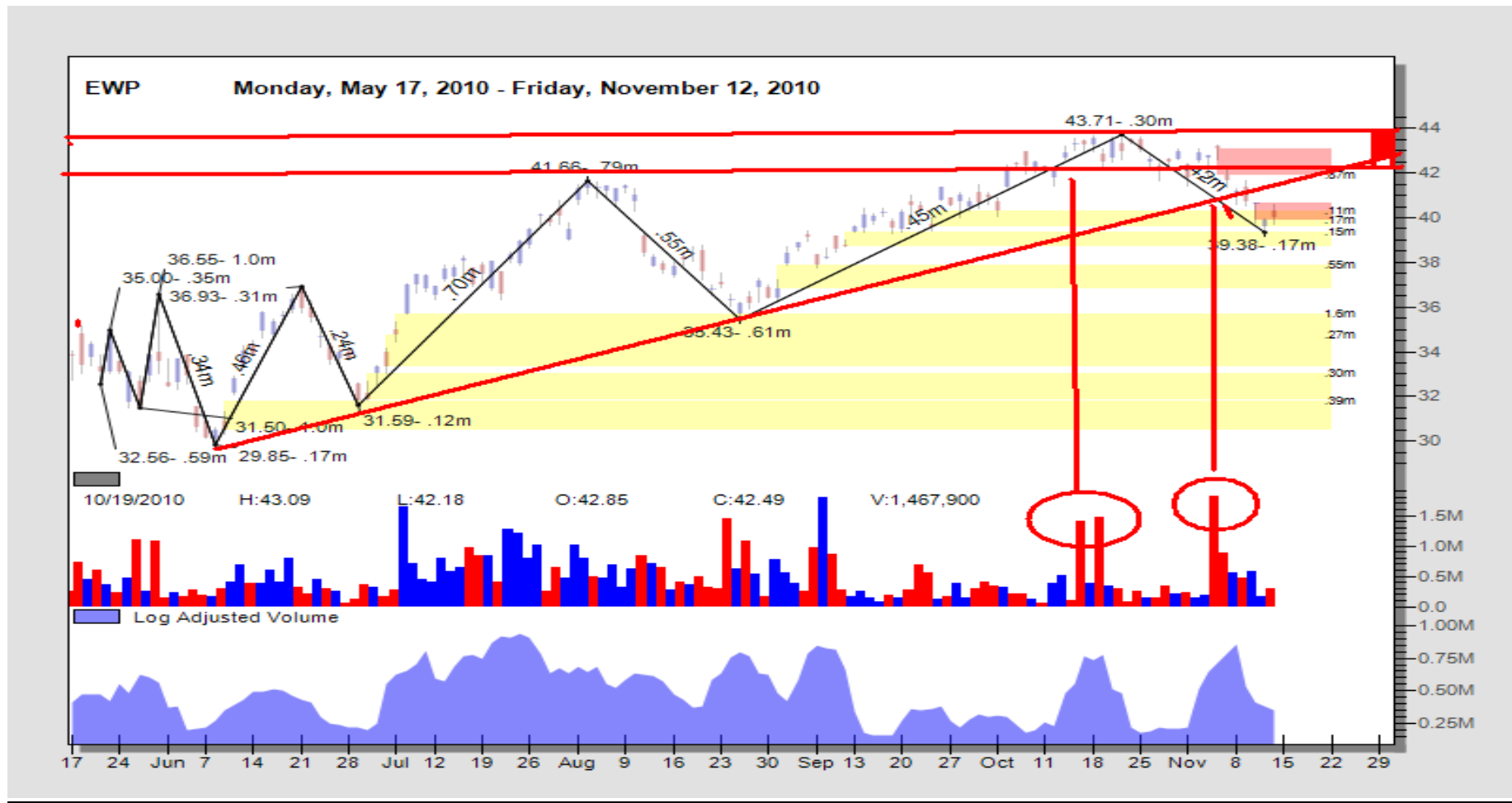
## EEM- POM – LT - Price , Volume & Pattern Analysis

**Heads up** - As a worst case scenario if volume exceeds 40 M then test the Previous swing highs of May 08 at 52 and breakdown area of Jan 08 of 49. is wide open similar to what happened to IWM. ( but we wait till it proves itself via volume study) We don't know yet it will get there or not in prices. We will do the volume study if it gets there along with SD # 2, levels for 2<sup>nd</sup> visit



## EWP – PRICE & VOLUME ACTION

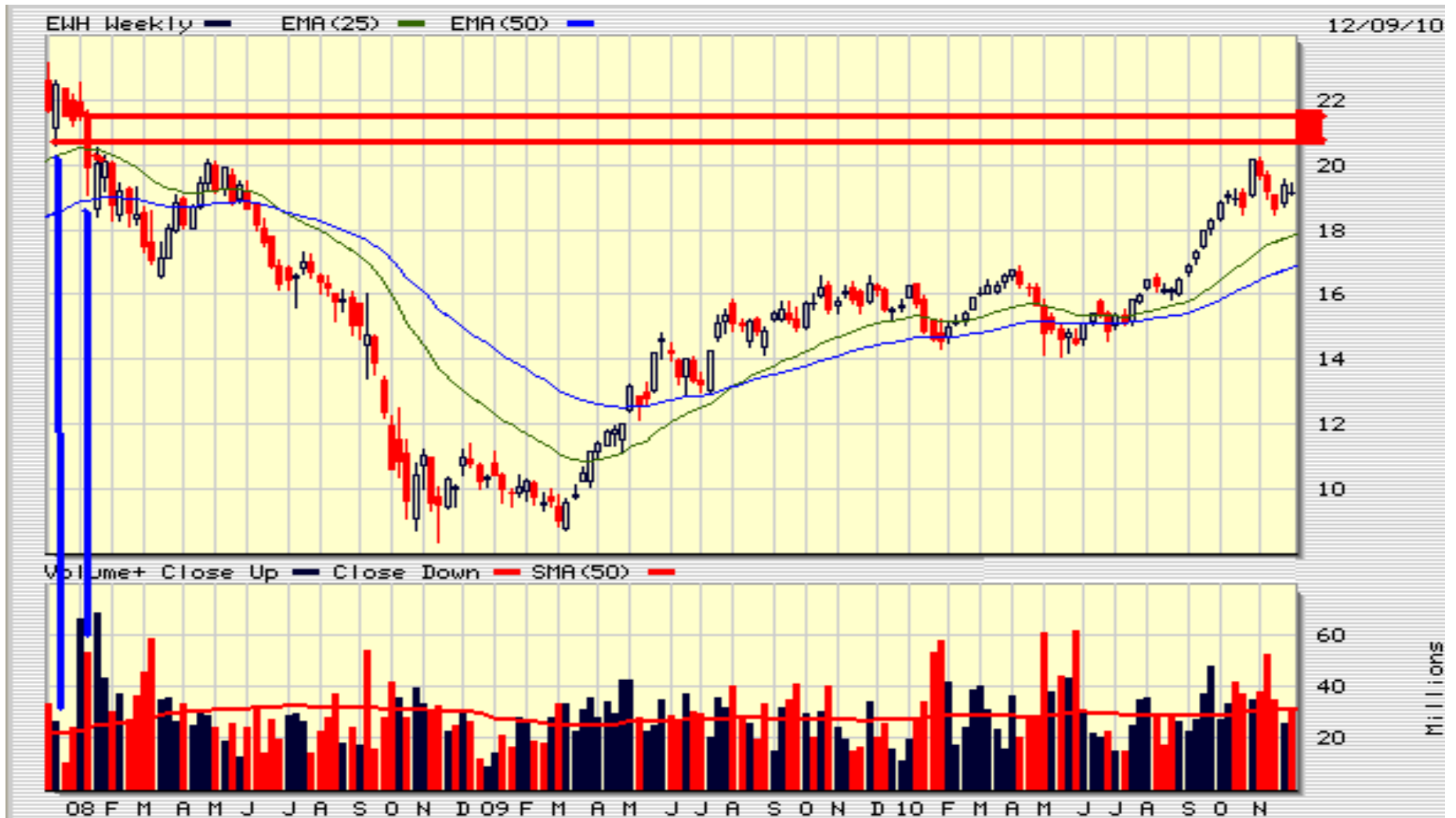
- **CONFLUENCE ZONE 41.5 - 44 , with 0.4 m volume test.** In the bigger picture , this market bounced back 50% from the bottom into the breakdown area with 35% lighter volume ,
- In the current decline volume in the down move has picked up as indicated ( Fundamental stated in our A # 1 report)
- In PQV INDEX – ½ position at 40.40 yesterday and other half at Confluence Zone





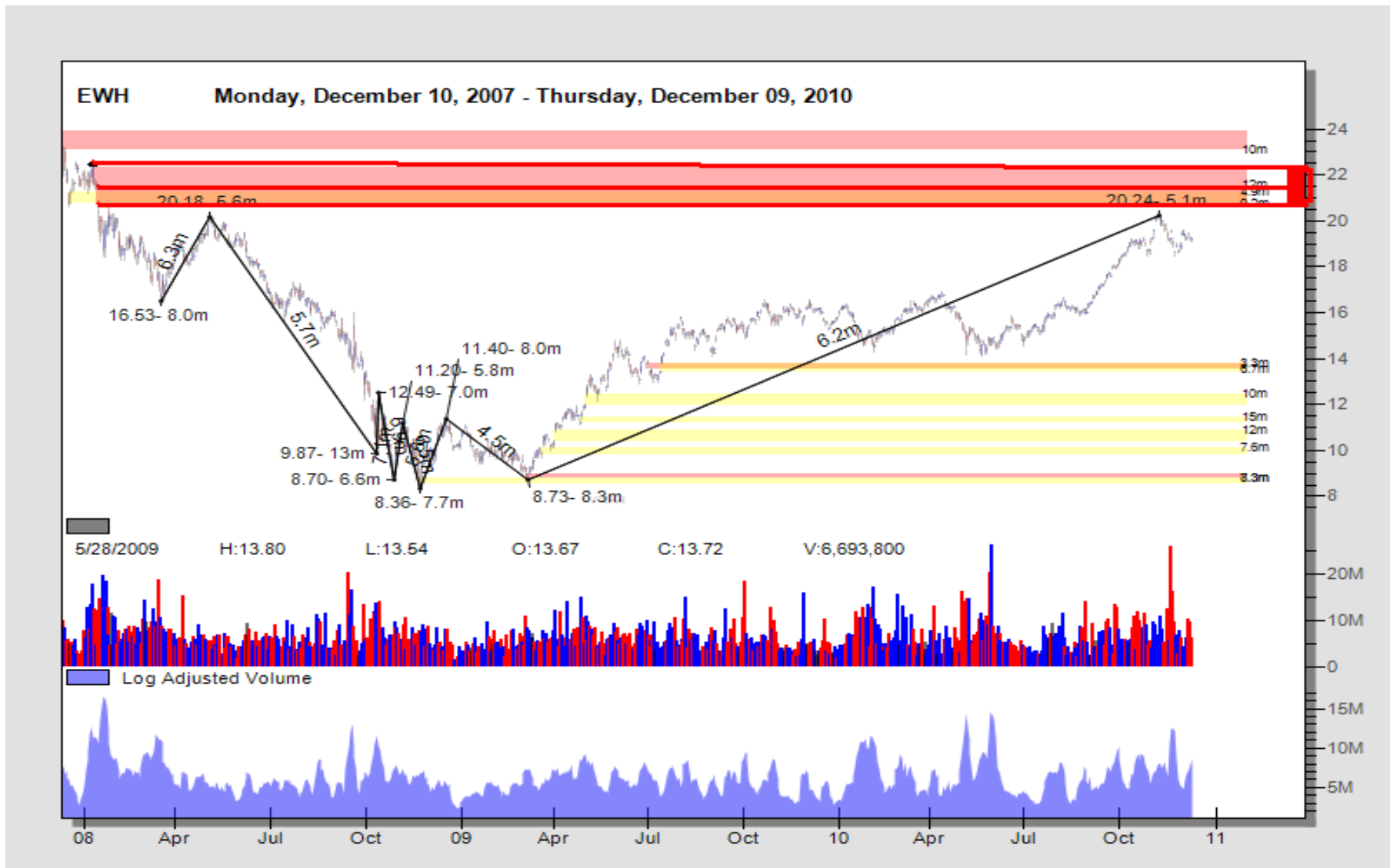
## EWH - POM - LT - Price , Volume & Pattern Analysis

**Backdrop** - as a worst case scenario EWH may test the Previous breakdown area of Dec 07 of 22 & Jan 08 at 21. We don't know yet it will get there or not in prices but ( This will be a better failure ), as this would depend on SPX failure. If EWH gets to these price point , we may as well get SD # 2 and above, currently SD is at # 1.25



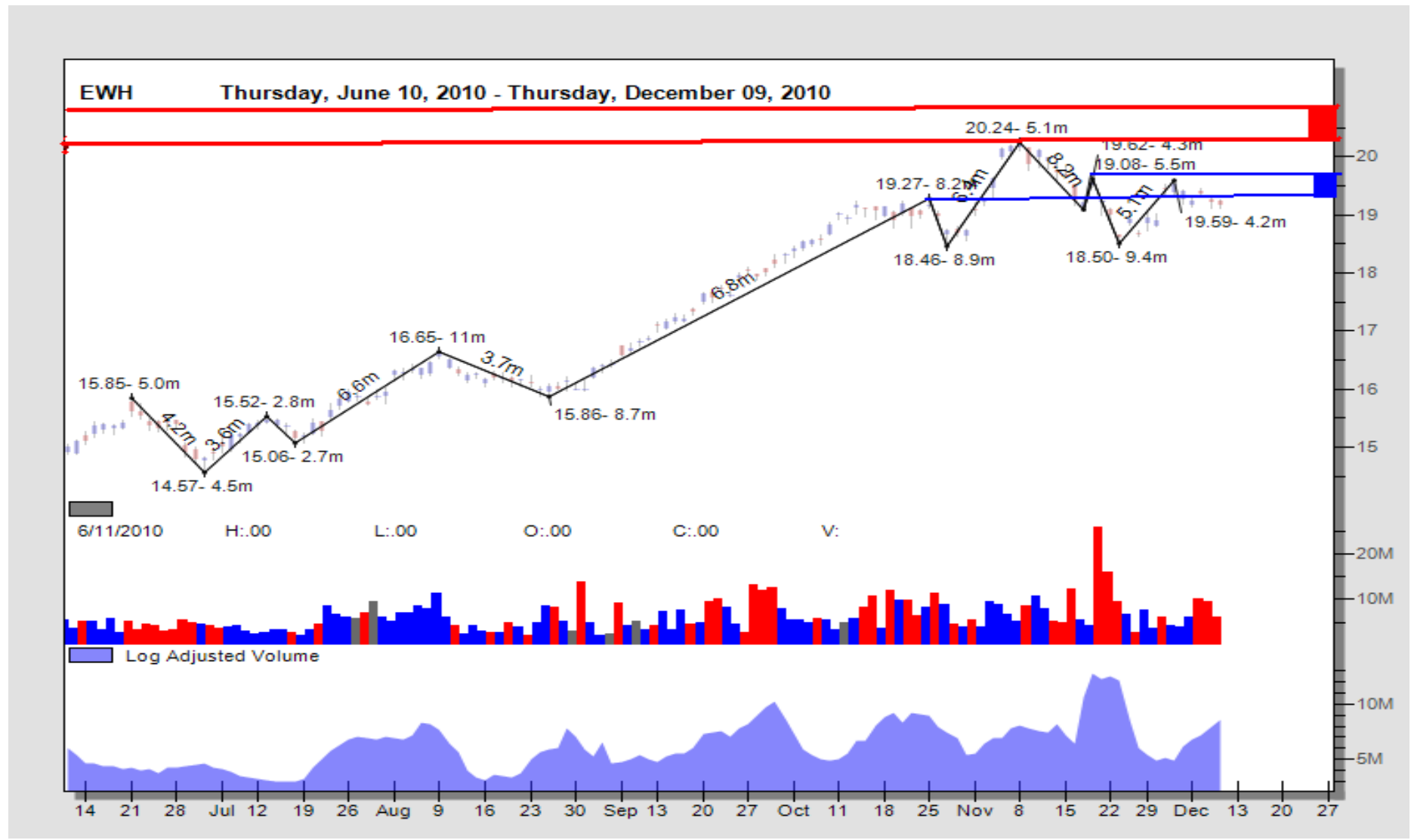
## EWH- POM – MT - Price , Volume & Pattern Analysis

The CZ is 21- 22 and needs 5 M for test and price close below 21.5 . That would Top , On risk reward as always the stop on other side of CZ. If there is one final seasonality rally



## EWH - POM - ST - Price , Volume & Pattern Analysis

There is a possibility, if SPX fails, then we look for EWH to enter in this area of H & S 's CZ of 19.25 to 19.75 to fail, the volume should come in at 4.5 M and close under 19.25 . On Shorter term, there is a H & S Top is in place .



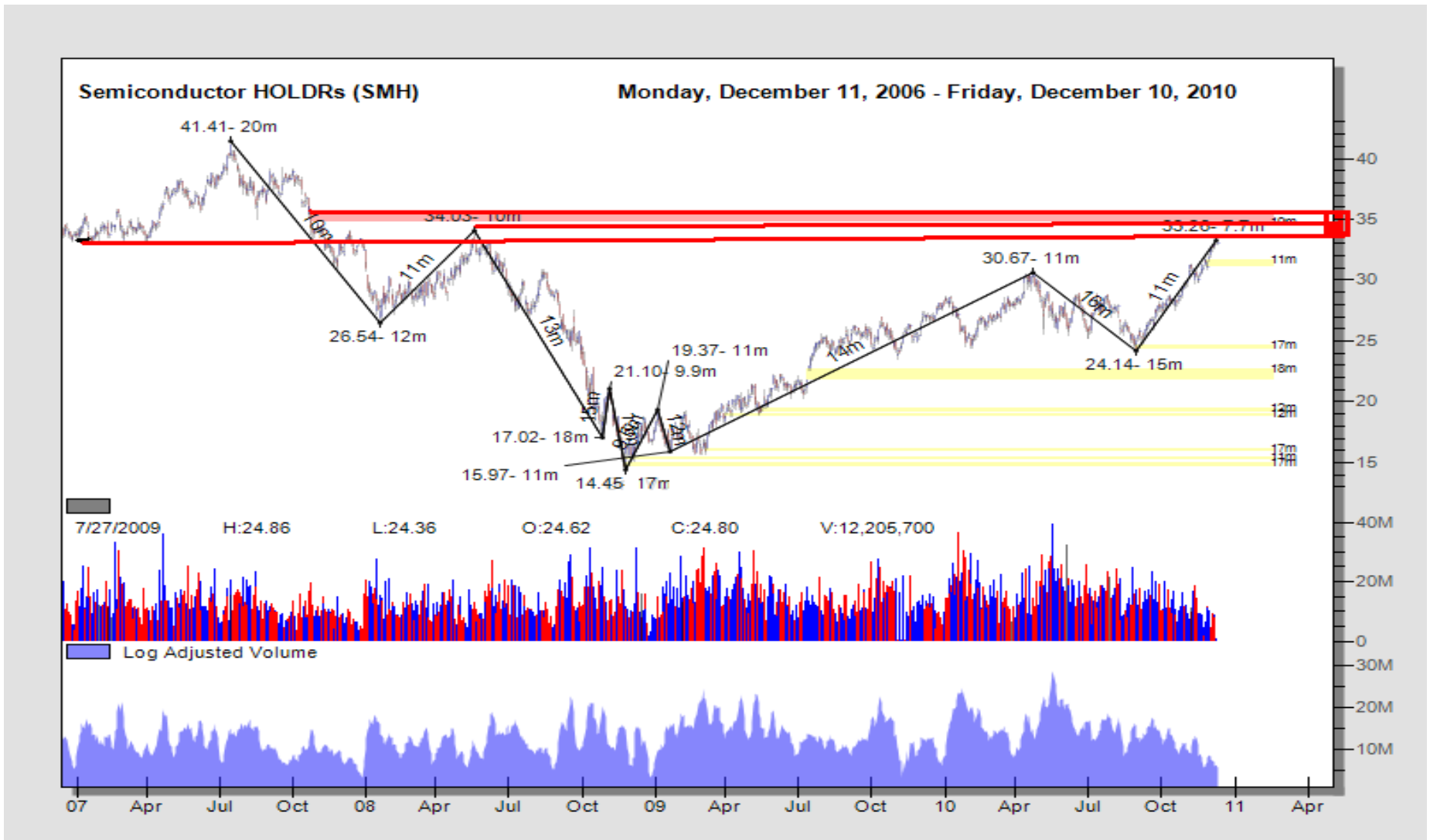
## EWH – Technical & Pattern Analysis & Price / Volume

On Daily charts , It is a Bearish Head and Shoulder pattern with volume confirming it as well on the secondary test . **RSI Diverging with at Head Level and has diverged at Shoulder level. Volume came out of this ETF on Sell side as circled in Red** . This a bearish Set up. If SPX put in a Top here, it might coincide with it this as well at Head & Shoulder CZ might prove its merit .



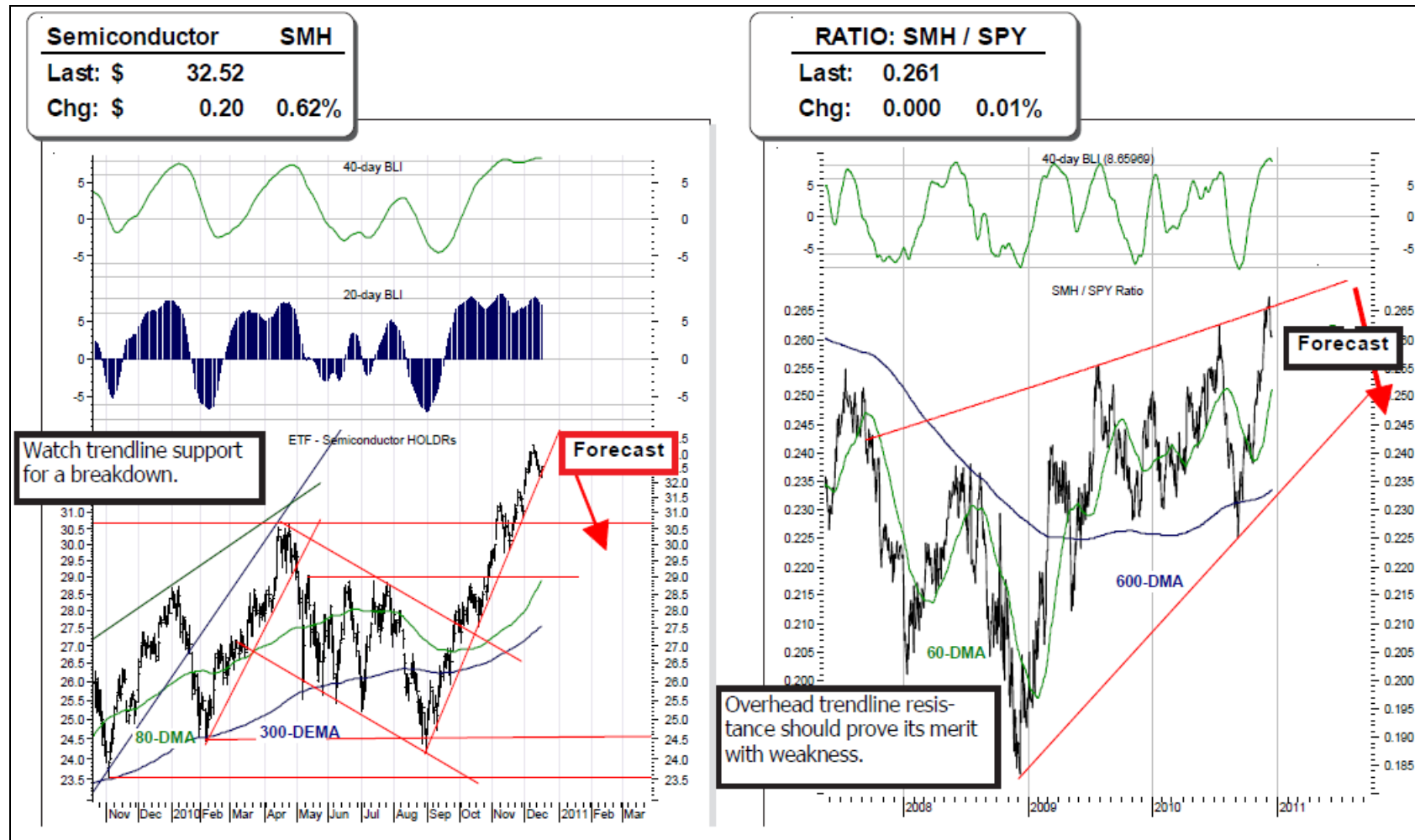
# 1- SMH – Technical & Pattern Analysis & Price / Volume ( **No Change – No test** )

SMH came very close to our test zone defined by May 08 at 34 and breakdown area of Jan 08 of 33 as this would depend on SPX failure. There is a possibility, if SPX fails, then we look for SHM to fail as well and CZ might not get tested. CZ for SMH is 34 -36 and volume on test to be 8M and close below 34. That would Top, On risk reward as always the stop on other side of CZ.



## SMH– Technical & Pattern Analysis –

The SMH / SPX ratio chart looks bearish and should trend down in RH side chart below, confirms the relative fall in SMH / SPX ( hence overvalued ) by this matrix in Sync with SD Analysis.

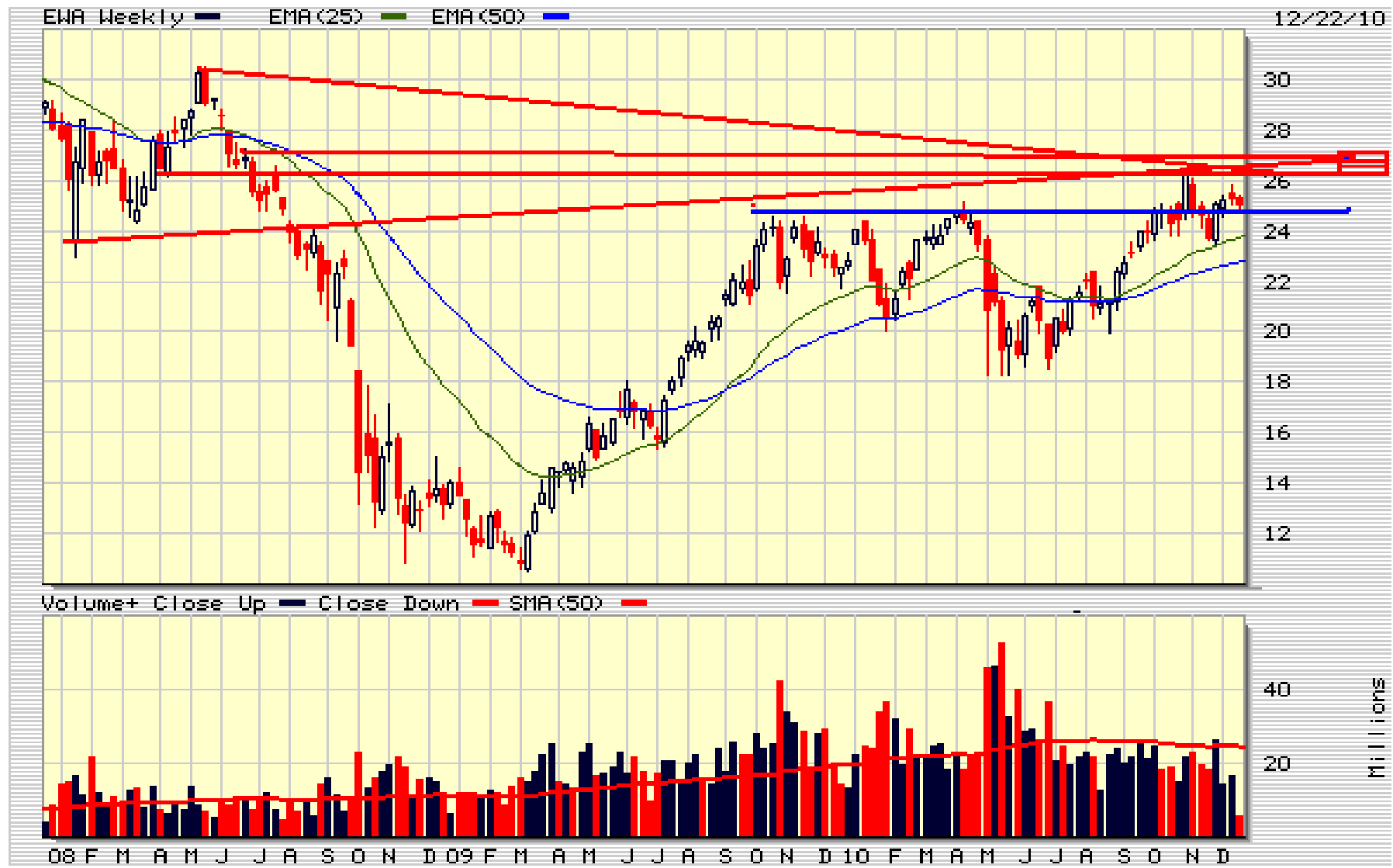


## EWA- POM – LT / ST – Key Points

- **SD # Levels are below +1.0 SD and Neural Zone ,**
- **EWA is closely related with Commodity Market which in turns tied up with USD , if DXY rally's ,SPX should decline and so as EWA follow on downside**
- **Currently SPX is at POM 14 and EWA belongs to AOM**

## EWA – Wkly - Technical & Pattern Analysis & Price / Volume

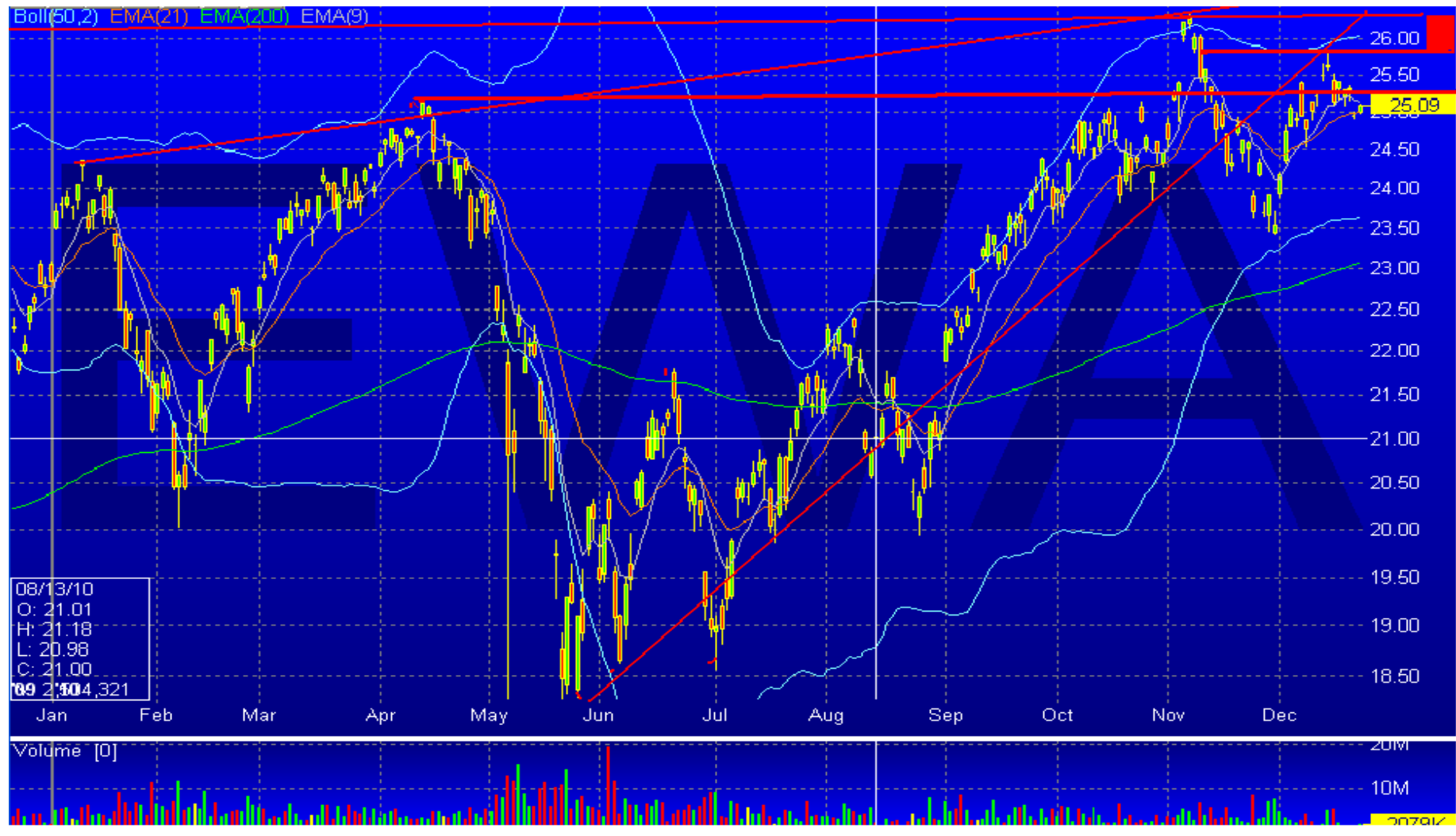
The best Risk / reward would come in the CZ test of 26 -27 and test with 16 M weekly & close under 25.75 (weekly) should be a good test. But if SPX declines this will follow.





## EWA – Short term - Technical & Pattern Analysis & Price / Volume

On premature basis , this area could very well be the top the CZ test of 26 – 26.5 and test with 3.5 M daily & close under 25.50 Daily should be a good test to initiate the position.

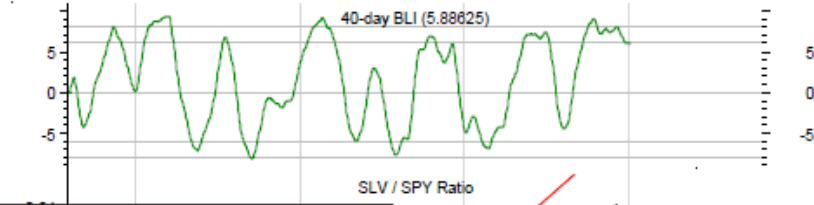
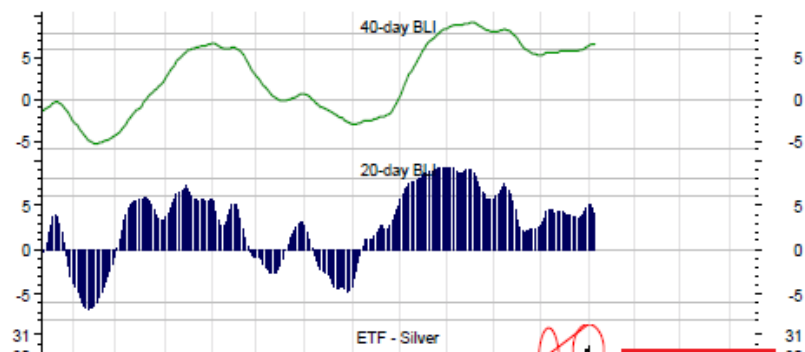


# SLV – Technical & Pattern Analysis

## SLV - ( CZ –PQV tested in Sector Watchlist Report & Commodity Report - C)

**Silver ETF**      **SLV**  
 Last: \$      28.42  
 Chg: \$      (0.19) -0.67%

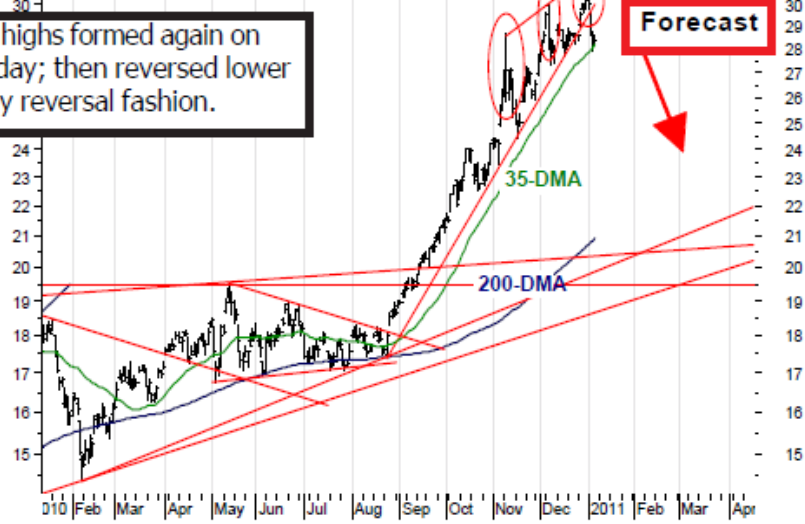
**RATIO: SLV / SPY**  
 Last: 0.223  
 Chg: (0.001) -0.47%



The parabolic move is showing signs of "stalling"; a 60-dma breakdown would be quite bearish.

New highs formed again on Monday; then reversed lower in key reversal fashion.

**Forecast**



## SLV – PQV

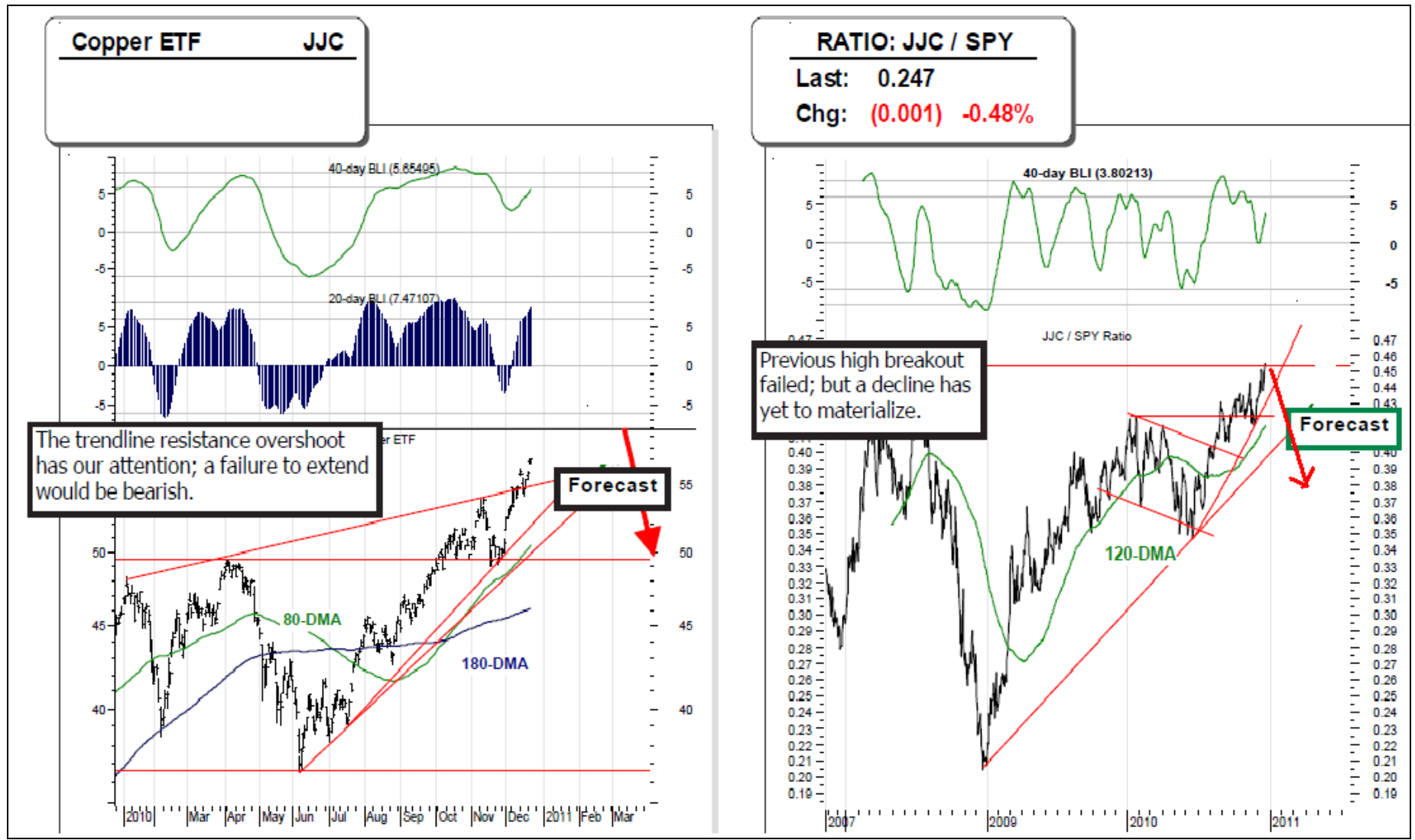
*GDJ has been great bench mark for P. Metals market , it is on way to our target of 54 from 61 with volumes navigating this down. Meanwhile SLV testing area around swing lows and 50DMA of 27.50 with volume picking up on down . MACD turned down, RSI is weakening , That shows loss of upside momentum, suggests the bounce could be anemic on counter Trend towards the 29.00 area as indicated .*

*On bigger scale, the price pattern is 3 drives to the top & Key reversal with heavy volume on downside suggested of the current down move that's in progress toward our target of 25 and eventually 22 after several Zig - Zags .*



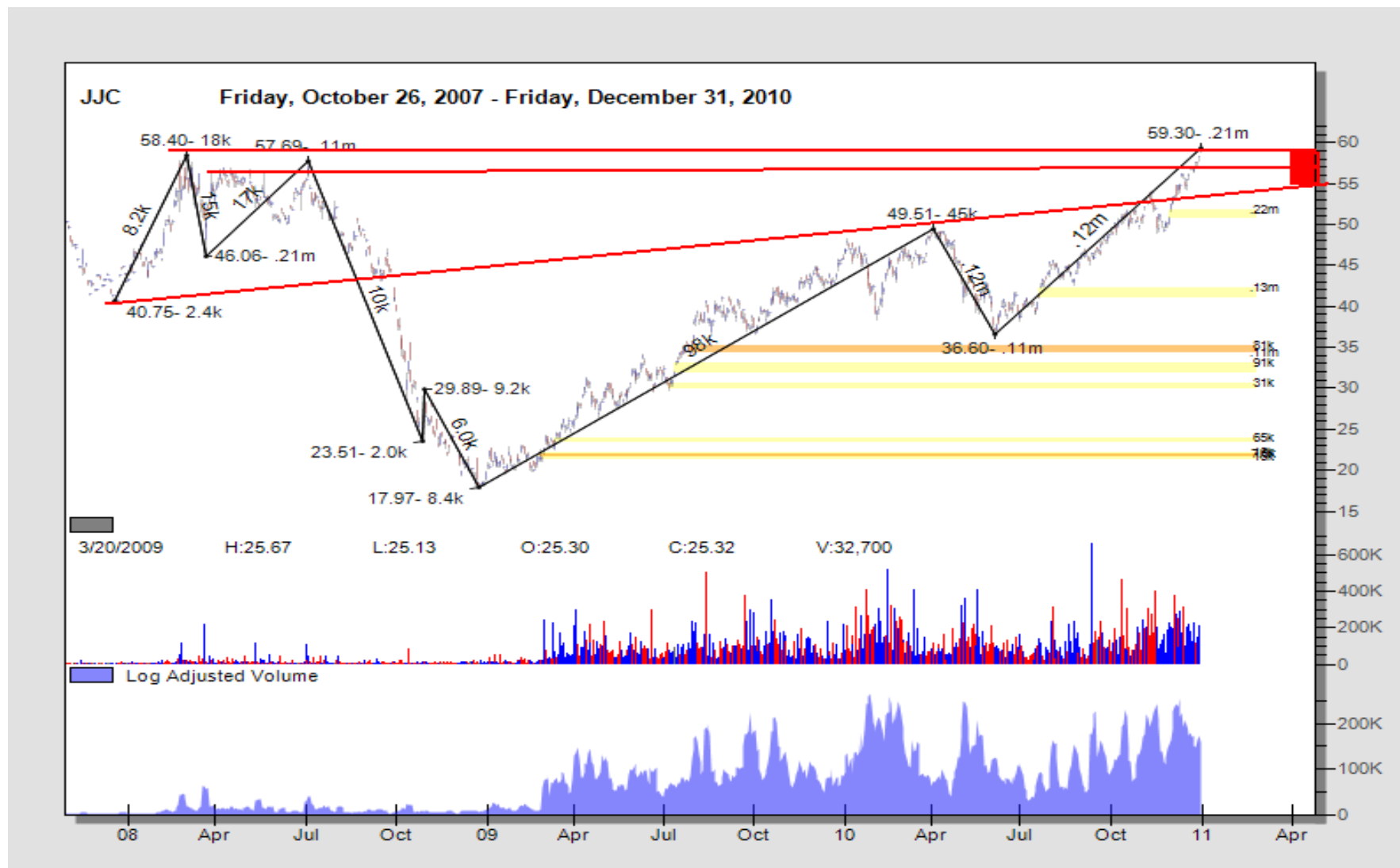
**JJC – Technical & Pattern Analysis & Price / Volume**

**Both on relative basis and absolute basis confirms over valuation, on break of trend lines , decline should begin toward 80DMA and breakout area 50. By this method without Volume Analysis**



**JJC – PQV Analysis**

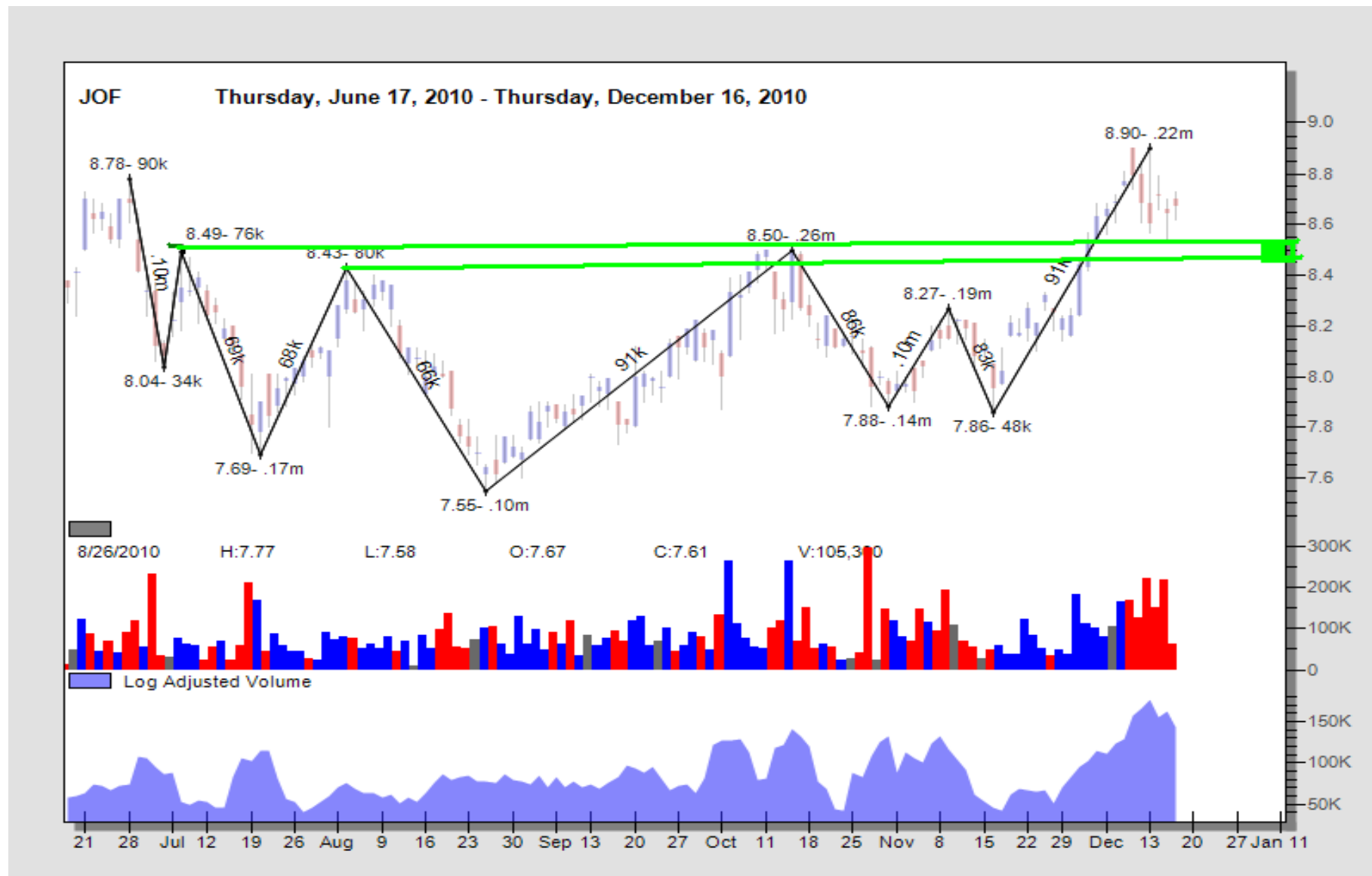
*This has entered the CZ on 3x3 on volume expanded at the swing high, For better Risk reward , first a sign of pull back on heavy volume and at least 18 -20 m and then test of 60 with 10 M shares and close under 59 for failure. But no signal yet*



**Long**

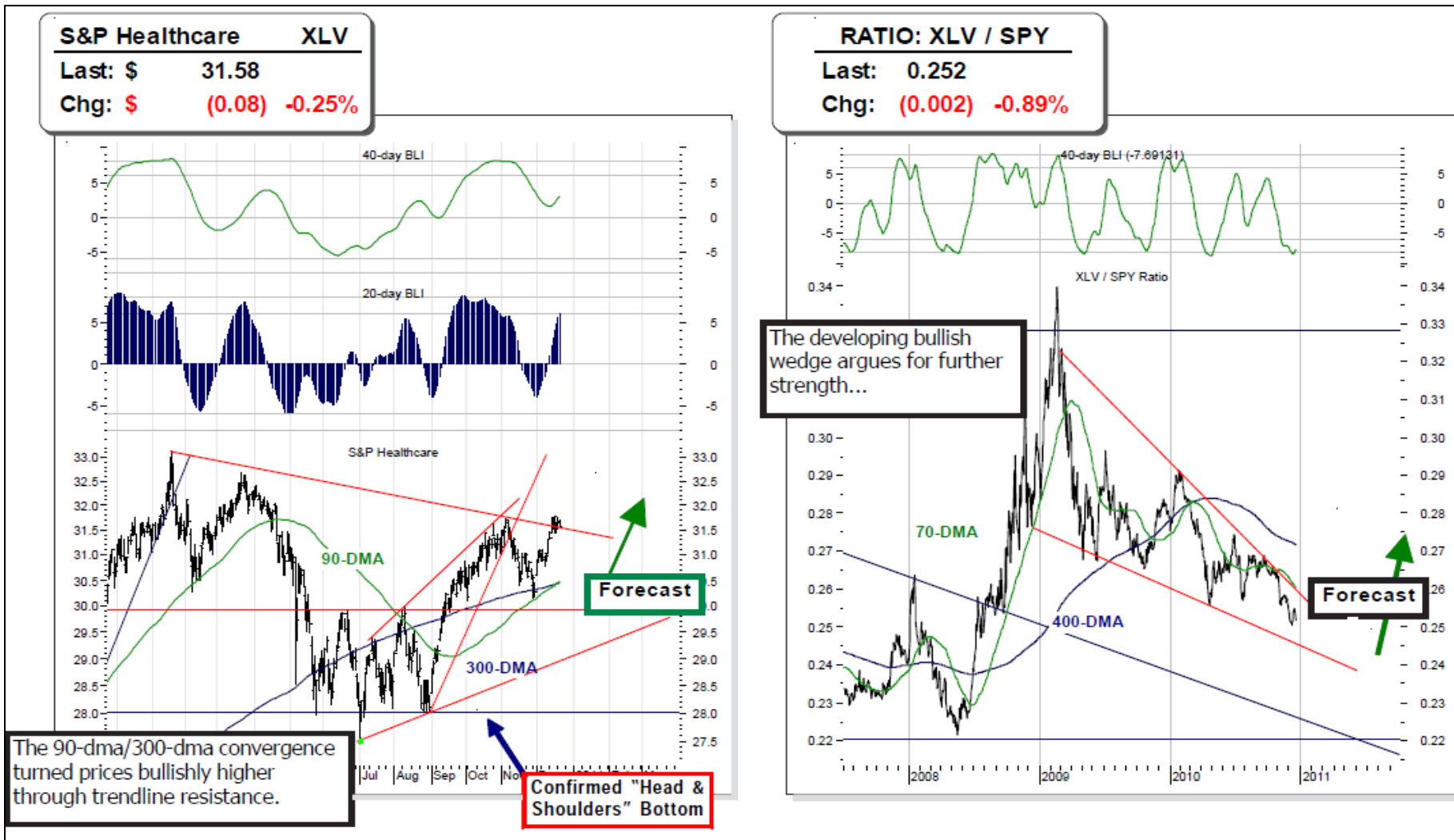
## JOF – Technical & Pattern Analysis –

Pull back into CZ 8.40 – 8.55 with 60K shares and close above 8.55 would be good signal to Buy . Stop as always on other side of CZ as SPX is on POM 14 .



# XLV – Technical & Pattern Analysis & Price / Volume

The XLV / SPX ratio chart looks bullish and should trend up in RH side chart below, confirms the relative rise in **XLV / SPX ( hence undervalued )** by this matrix **in Sync with SD Analysis**.



## XLV – Technical & Pattern Analysis & Price / Volume

*The larger H & S Bottom should hold on pull back along with Trend line , RSI should pull back to 50*





## XLV – Technical & Pattern Analysis & Price / Volume

**The CZ on bullish side 30.5 to 31 , the smaller head and shoulder within larger head and shoulder could stop the pull back, Volume on test should be 3.0 M to reject the test. Stops always on other side of CZ,**



## 2 – US BONDS- PEC Analysis

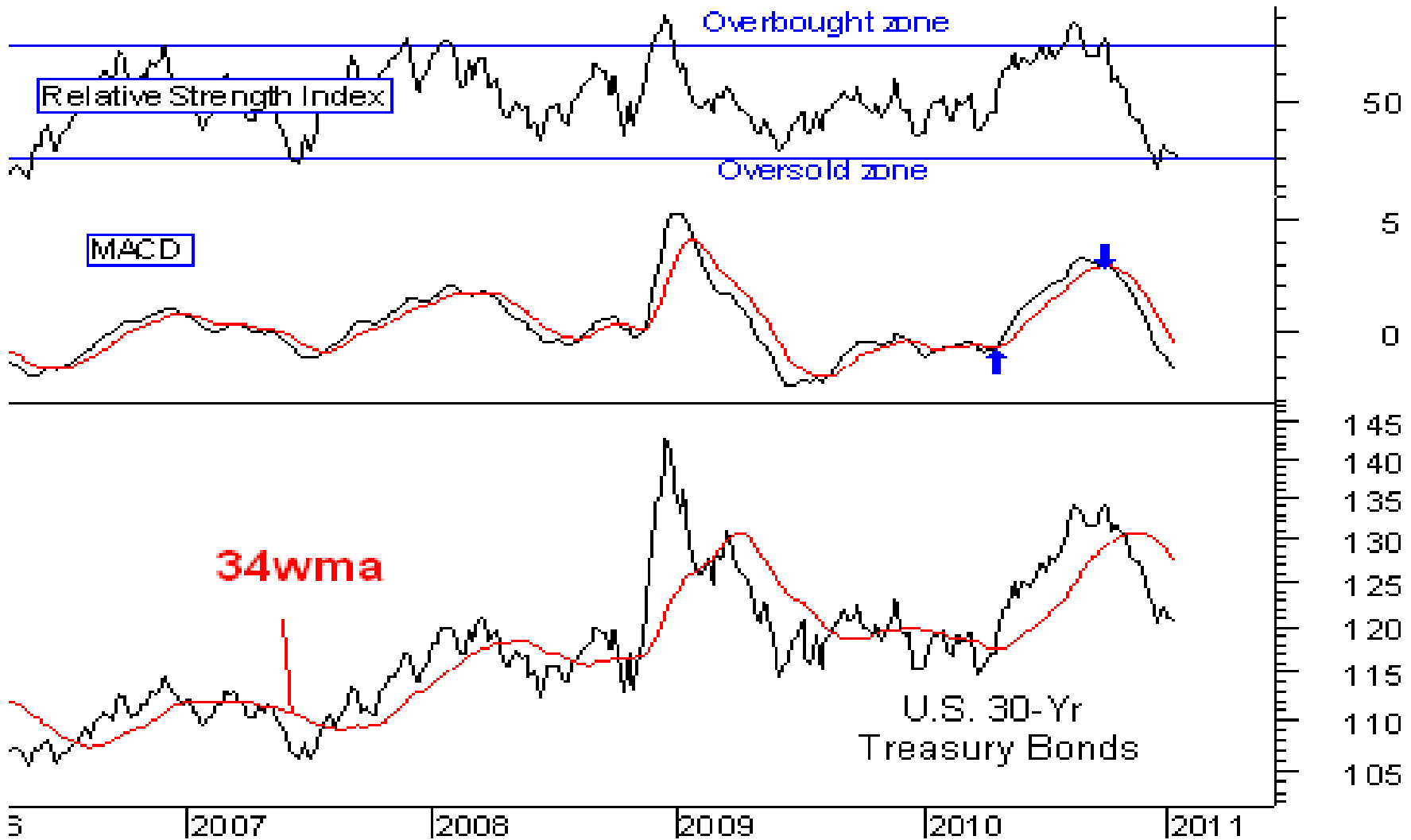
***PEC D – Target on TLT has reached 119 ( completing a 0.786 retracement) . Overall, bonds appear to be oversold and are due for a rally. if SD # 2 & POM 's lines up , We may re visit this market on buy side with TLT.***

**Our first PEC D point came in at 107 with Extreme “ Bullish Sentiment “ and that marked the Top with Triangular formation,**



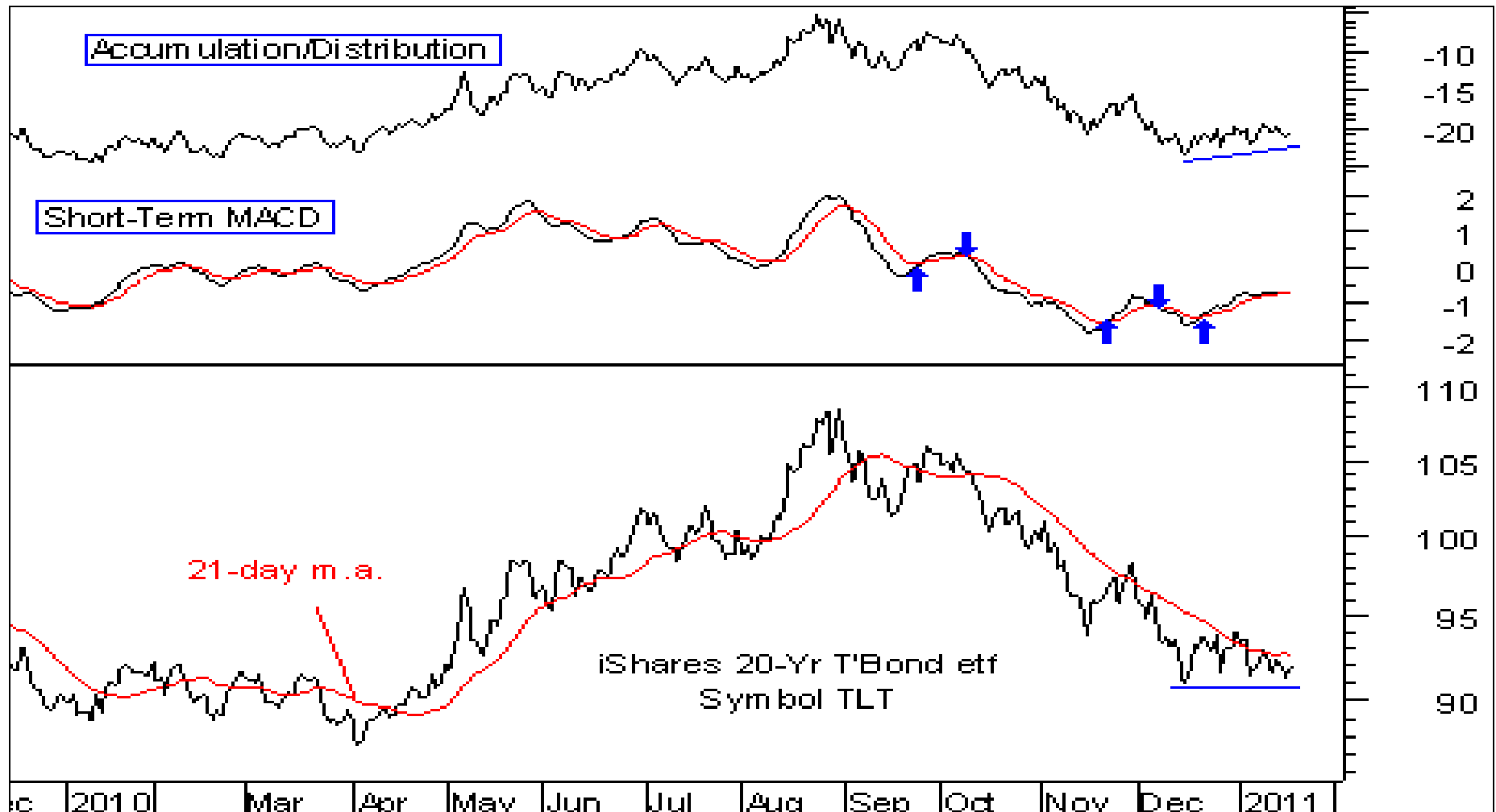
## 2 – US BONDS- POM – ST - Price , Volume & Pattern Analysis ( **MONITORING CZ – P Q V** )

*Bonds have become quite oversold beneath their 34-week m.a. and the Relative Strength Index on bonds has just about reached its oversold zone. So we are watching closely in CZ – P Q V*



## 2 – TLT - POM – ST - Price , Volume & Pattern Analysis ( MONITORING CZ – PQV )

TLT have become quite oversold beneath with bullish divergences see in Chart below , a close above 21 D should trigger new buying. So we are watching closely in CZ – PQV



## 2 – TLT- POM – ST - Price , Volume & Pattern Analysis ( MONITORING CZ –PQV )

*TLT –Our price target of 89 - 90 should be CZ by POM / PQV . If SD # 2 / PQV qualifies , might give a next good signal on POM. PEC D at 91 has been reached. Our price target of 89 - 90 should be CZ and test to be with 40 M shares weekly, but volume is expanding 96 m ) this suggest after the bounce the lows of 90.50 will be tested and market may go into consolidation)*



## MUB – Technical & Pattern Analysis –

On Daily , Rejected the lows in CZ on the nose SD is at - 2.0 undervalued. This is classic example of CZ test and rally began with SIGN of STRENGTH , Since the volume was heavy and did not qualify our PQV process , now it is testing 97-98 on lighter volume , if volume comes in 300k shares , this should be rejection to 98.5 on close , then we would get a bullish signal . RSI & MACD has diverged bullishly on the 2<sup>nd</sup> re test , this is bullish. ( Stop outside CZ in case decline spiral down in case of event risk but sometimes those risk get prices in at the tests)



## MUB – 3 Yrs - Technical & Pattern Analysis – ( MONITORING CZ –PQV )

It came into the CZ right on the nose 97- 98 but the volume is heavy, we should get the test of the lows again which might be the secondary test . ( Possibility we may not get to tick lows) however we had a climax volume at the first lows



**MUB – Technical & Pattern Analysis –**

On Daily , Rejected the lows in CZ on the nose SD is at - 2.0 undervalued. This is classic example of CZ test and Healthy rally began with SIGN of STRENGTH . this is Bullish. Possibility we get to 98.5 – 98.75 on pull back and if it comes in 300k shares , this should be rejection and give a bullish signal . RSI has diverged bullishly on the 2<sup>nd</sup> re test , this is bullish as well we will move this in our PQV report with CZ in the PQV Validated watch list , this is slow moving but may get some Yield with it ( Stop outside CZ)



**XLU– Technical & Pattern Analysis**



S&P Utilities	XLU	
Last: \$	31.47	
Chg: \$	0.03	0.10%

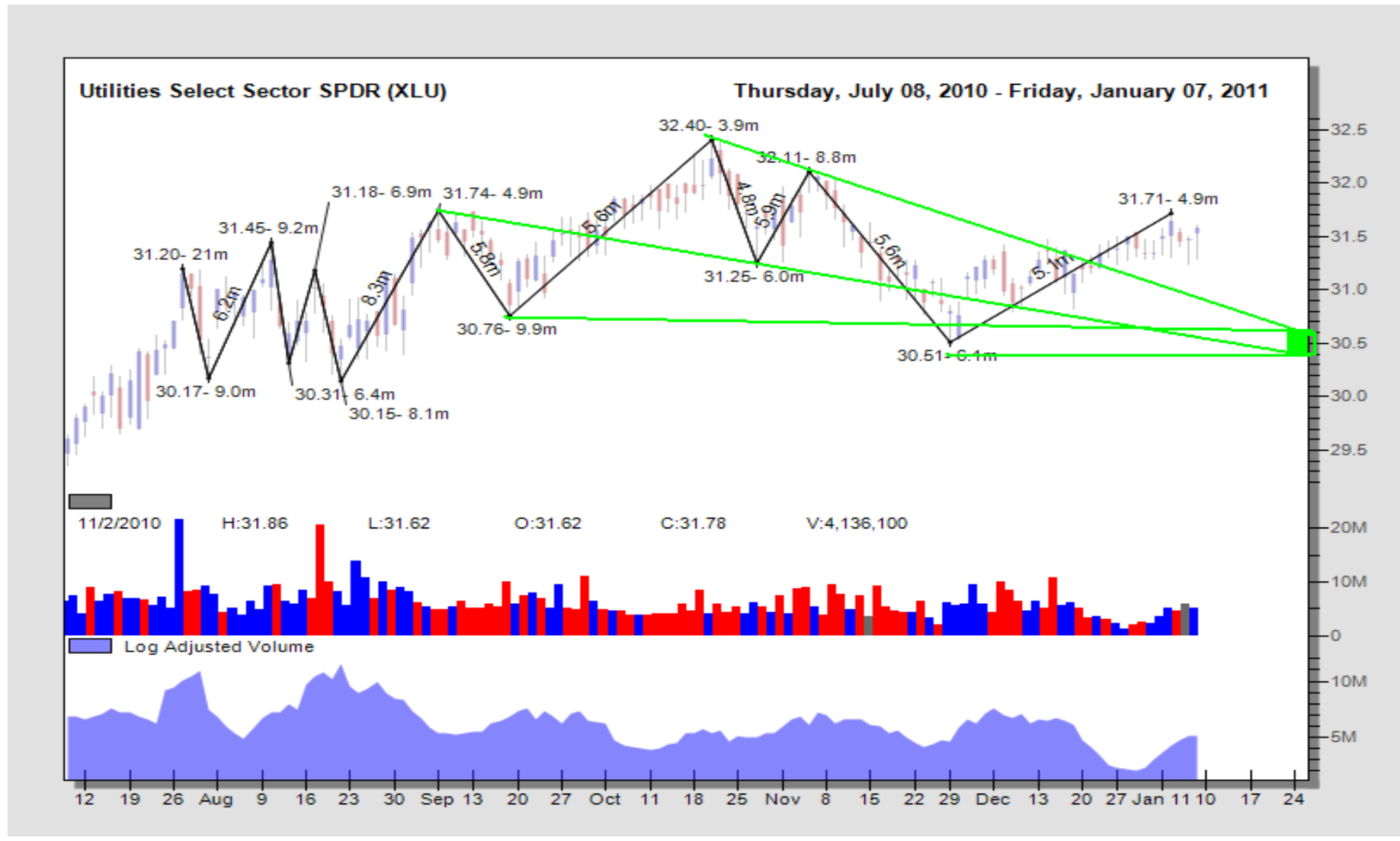


RATIO: XLU / SPY	
Last:	0.247
Chg:	0.001 0.29%



## XLU- Price / Volume

- **CONFLUENCE ZONE** as potential area for a pull back
- **Price between 30.25 – 30.75 and volume should come in below 4.5 M**



# XLP- Technical & Pattern Analysis

**S&P Consum Stap** | **XLP**

Last: \$ 29.18  
 Chg: \$ (0.10) -0.34%



**RATIO: XLP / SPY**

Last: 0.229  
 Chg: (0.000) -0.15%



## XLP- Price / Volume

- **CONFLUENCE ZONE** as potential area for a pull back
- Price between 27.80 – 28.30 and volume should come in below 3.8 M



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