



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 # JULY_13

For Immediate Release – *Wednesday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

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 – EZU**)
 - QQQ – NASD 100
 - IWM - RUSSELL 2000
 - EEM - EMRG - with SHANGHAI - Proxy
 - EZU - EUROPE with FTSE Proxy
 - EWA with AORD – Proxy
- Appendix - History of past SPX - POM Signals & Key Criteria

BROADER INDICES

- **Trading and Investment Conclusions.**

- **Market hit the lows yesterday at 1301 pre – open in SPX, Our Pull back Target we stated in our Reports was at 1300 to 1320 (Bullish CZ). Earlier the First Leg up price projection of 1355 was met - for Risk Management & recycling of Capital if required between CZ to CZ Levels .**
- **We continue to remain on NET LONG situation on Mid term basis since 6/23 – SPX Triggered .. POM 12 @ 1270-1277 - The SPX Mid term Price path is stated in A # 1- MS – Report**
- **The Major Indices within this A # 2 Report few Indices approached the areas of turns & CZ 's .**
- **For EEM, (SHANGHAI), EWA, (AORD) EZU, (FTSE) IWM, QQQ – See coverage below**

SPX – Insights

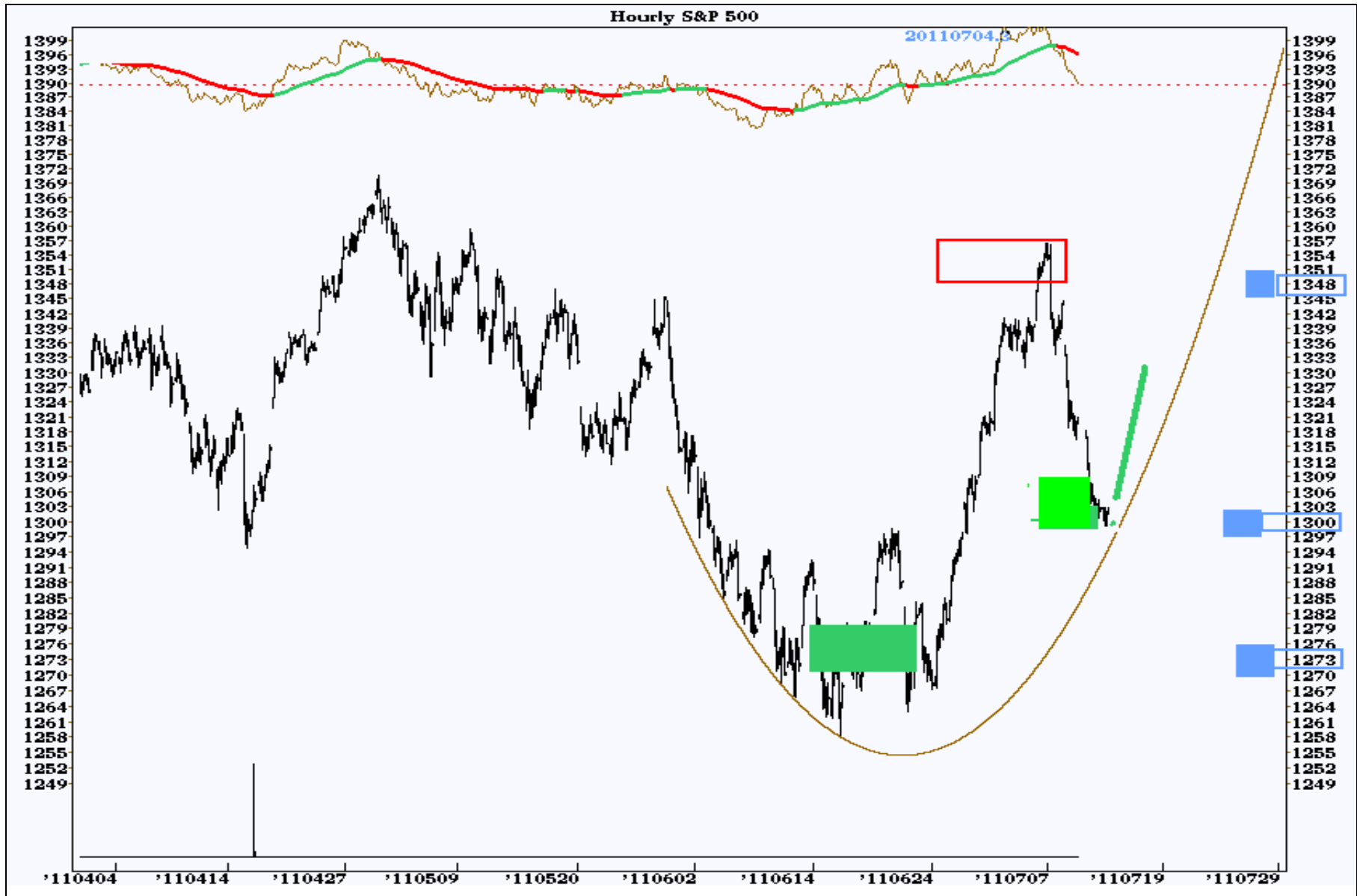
- *Our POM 12 for Longer Time frame is in tact.*
- *Cycles says we should setup an intermediate low, followed by some back filling into Mid July . We think 1300 – 1320 will be tested again*
- *At that point we could be in for another leg up into August / September. (We can certainly be wrong but we will try to follow the Indicators as best as we can)*
- *Our Focus remains on the announcement of Turing point conclusions & PRICE PATH ANALYSIS utilizing integrated Indicators*

IWM, QQQ, EEM, (CHINA), EZU, (FTSE), EWA, (ORD) - Insights

- *Currently only EZU is at Extreme SD – 2 Levels. But others are NOT. Our objective (in charts below) is to check the PRICE PATH PROGRESS of other Indices with respect to POM's and CZ's*
- *These broader Indices are following SPX in rallies & the pull backs . Charts below indicates the strength and weakness with indicator readings.*
- *European debt crises had effect on EZU – Selloff. Currently EZU is indicating SD -2 – Undervalued v/s SPX – Refer QT – Report attached*
- *Last week (Thursday 07/07) we pointed few Broader Indices approached the Bearish Short term CZ, We have noted those levels in their individual chart below in Red Box in Price path Analysis & the correction was set in.*

SPY - Hrly chart - CZ Analysis

Price path previously forecasted (see chart below) , **Note it appears 1300 - 1300 should be tested**



IWM - CZ Analysis

The ratio IWM / SPY - breakout on 1st leg up usually suggests strength for rally after the pull back . CCI holding up
The Area marked in Blue concided with SPX 1300 -1320 pull back Target & Reversal , The blue area should be tested

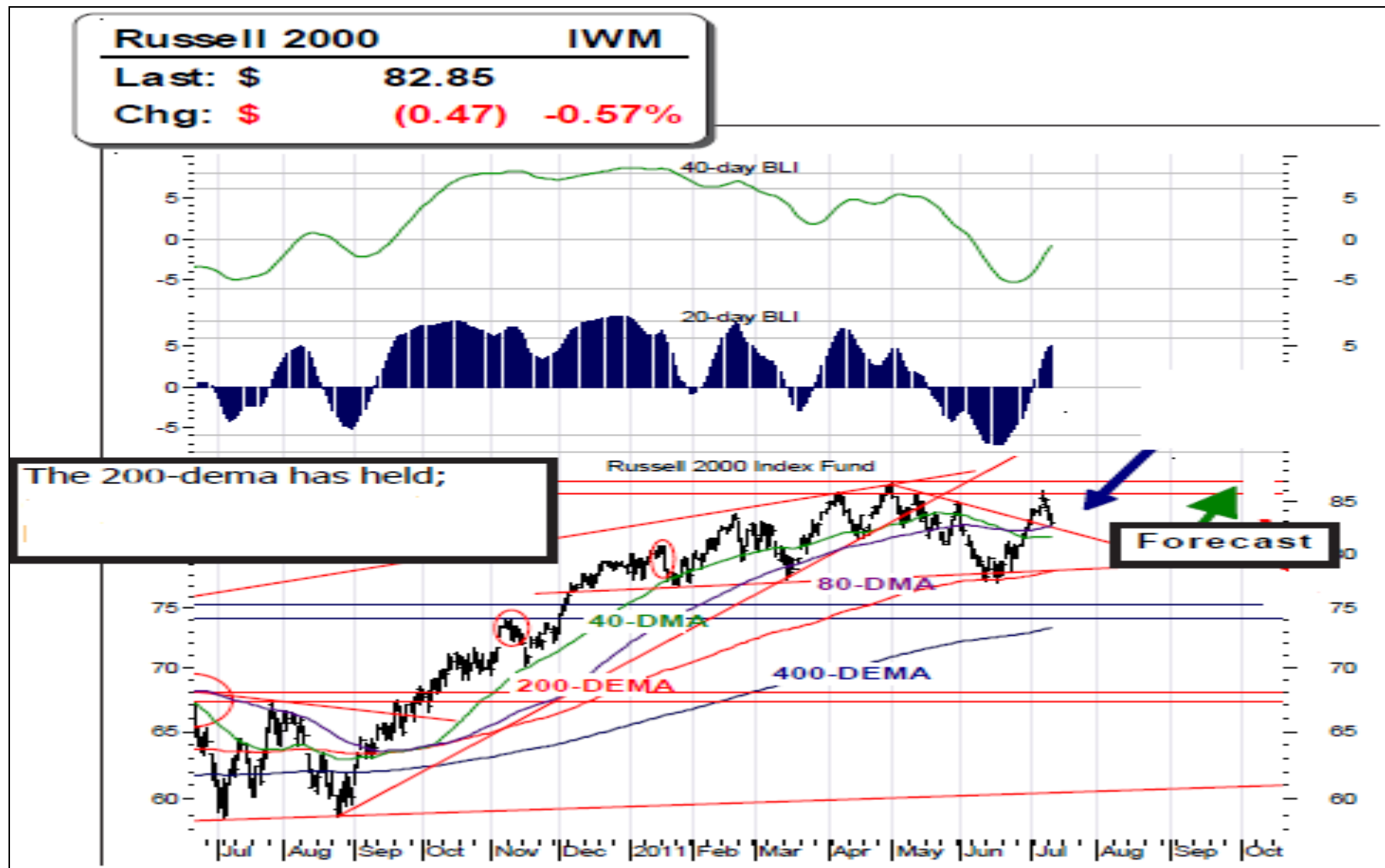
Earlier SHORT TERM - Bearish CZ was met 85.5 to 87 for Risk Management in red box

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



IWM – MA / Pattern and Oscillator Analysis

Intermediate term - Oscillator still oversold although ST overbought, DMA's and Trend Analysis suggests, the pull back is holding up and energy left to upside after the pull back (Refer notes within the chart)



QQQQ - CZ - Analysis

The ratio QQQ / SPY - breakout on 1st leg up usually suggests strength for rally after the pull back .

The Area marked in Blue concided with SPX 1300 -1320 pull back Target & Reversal. The blue area should be tested

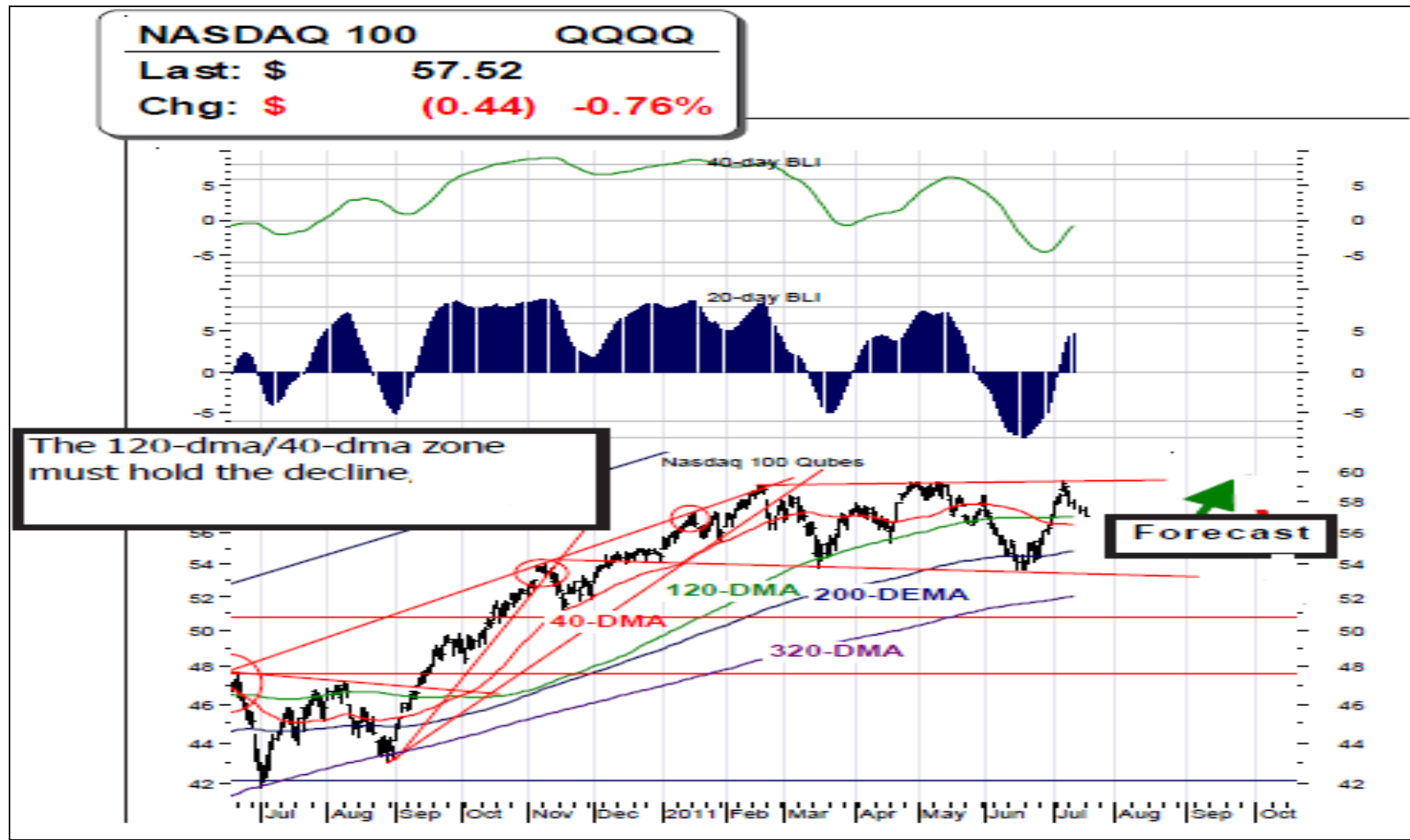
Earlier SHORT TERM - Bearish CZ was met 59 -60 for Risk Management in red box

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



QQQQ – MA / Pattern and Oscillator Analysis

Intermediate term - Oscillator still oversold although ST overbought , DMA's and Trend Analysis suggests, the pull back is holding up and energy left to upside after the pull back (Refer notes within the chart)



EEM - CZ Analysis

The ratio EEM / SPY - did not breakout on 1st leg up usually suggests weakness , CCI shows weakness .

The Area marked in Blue concided with SPX 1300 -1320 pull back Target & Reversal . The blue area should be tested

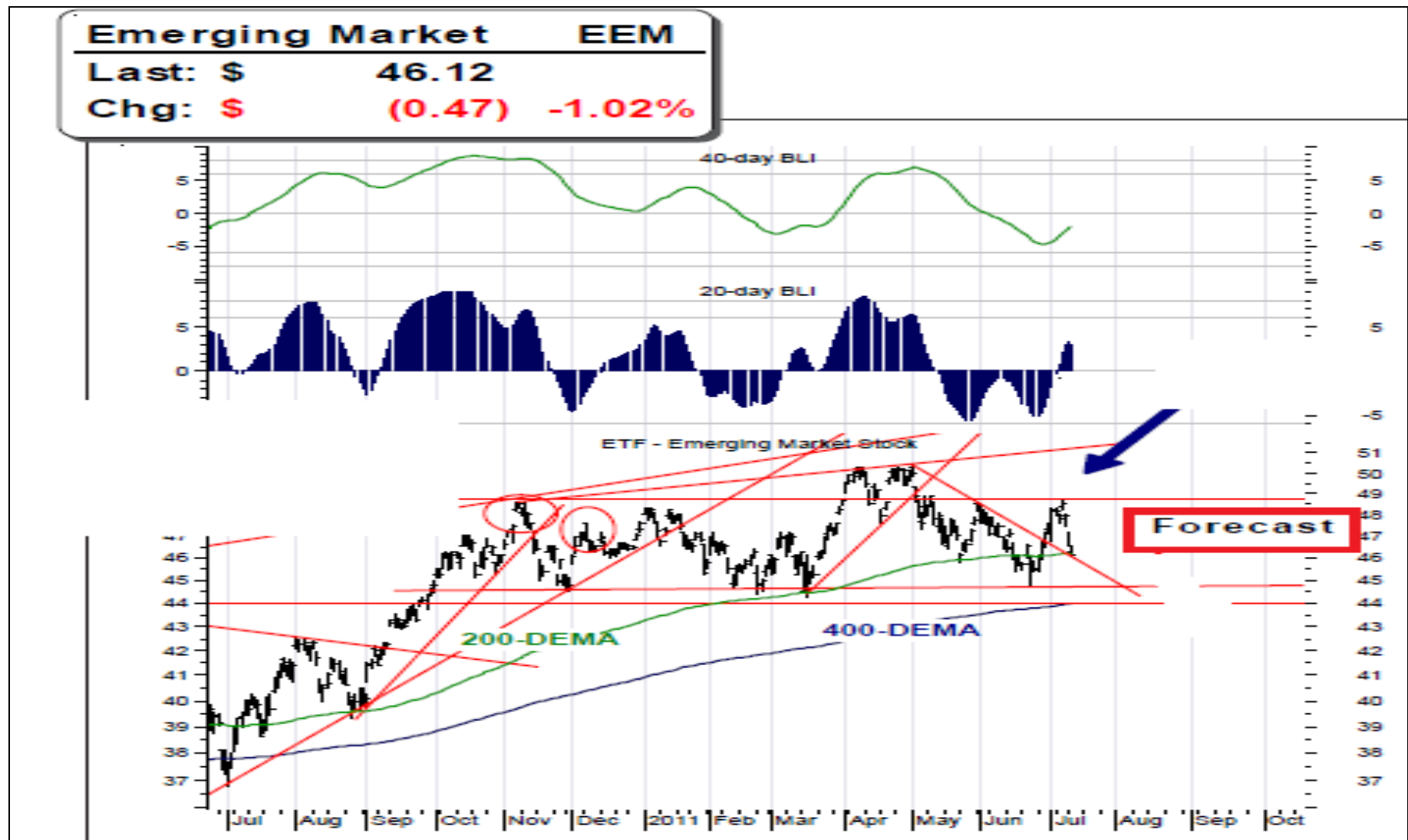
Earlier SHORT TERM - Bearish CZ - No Indication in red box circle

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



EEM – MA / Pattern and Oscillator Analysis

Intermediate term - Oscillator still oversold although ST overbought , DMA's and Trend Analysis suggests, the pull back is holding up and energy left to upside after the pull back (Refer notes within the chart)



SHANGHAI - MID TERM (Proxy for Emerging) – **NO CHANGE**

This market should move within the Triangle building up the cause , We would wait for Bearish CZ for target point



ORD - MID TERM

Last week did not act well in Pull back. AORD is a follower , not a leader. The volume oscillator still weak. No price Projections



EWA - CZ Analysis

The ratio EWA / SPY - did not breakout on 1st leg up usually suggests weakness , CCI shows weakness .

The Area marked in Blue concided with SPX 1300 -1320 pull back Target & Reversal. The blue area should be tested

Earlier SHORT TERM - Bearish CZ - No Indication in red box circle

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



FTSE - MID TERM (Proxy for Europe)

The breakout on the volume oscillator was very weak, so we're not convinced that a new uptrend has actually been established. Past week's Europeans debt issues put in added weakness . It may to consolidate for sometime.

The decline fell back into the Poly Trend , We will wait and see



EZU - CZ Analysis – SD -2 Qualified – Undervalued

The ratio EZU / SPY - did not breakout on 1st leg up usually suggests weakness , CCI shows weakness .

The Area marked in Green circle – was gap away on European issues - No Trigger on CZ

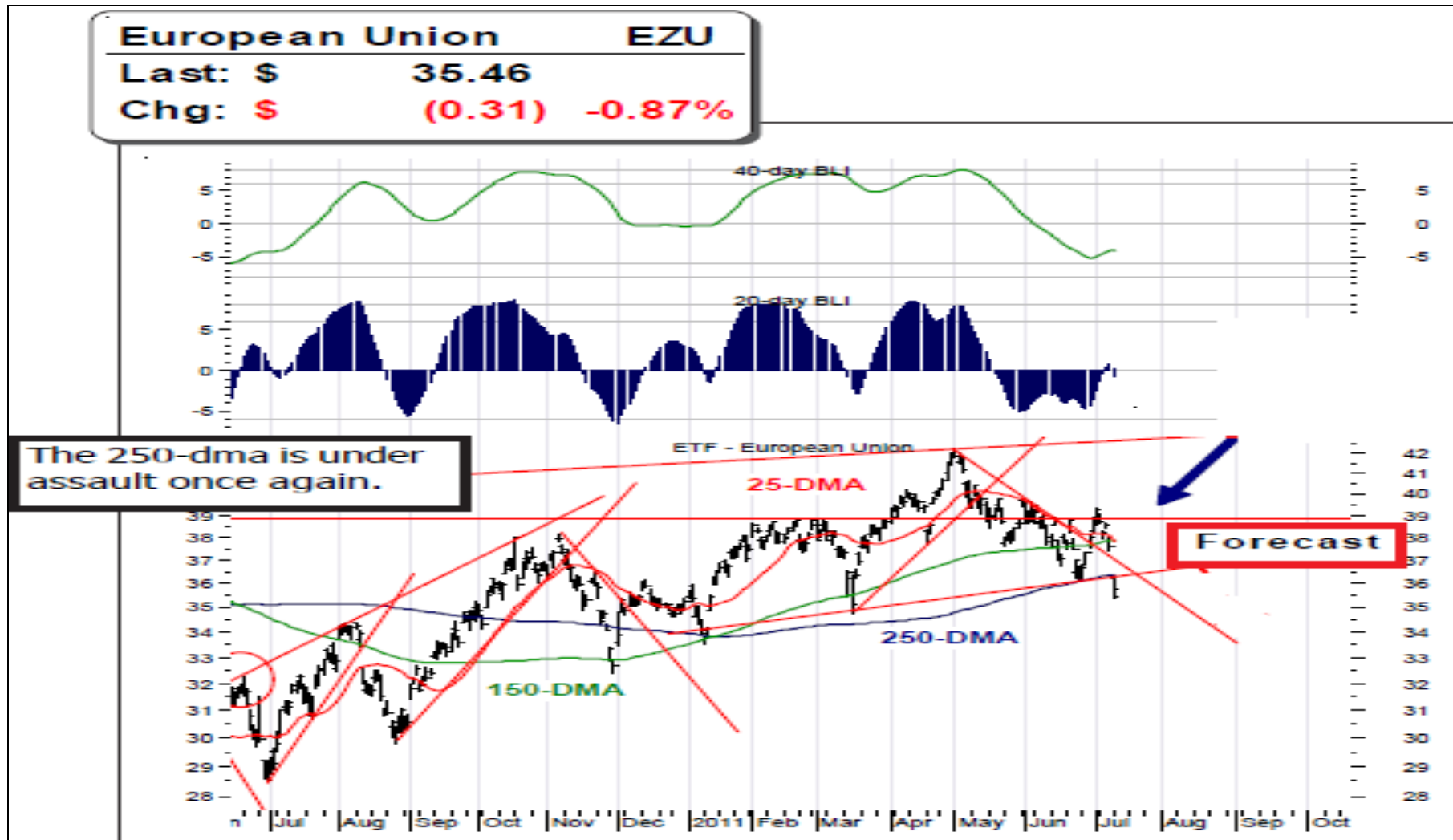
Earlier SHORT TERM - Bearish CZ - No Indication in red box circle

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



EZU – MA / Pattern and Oscillator Analysis - **SD -2 Qualified**

Intermediate term - Oscillator still oversold although ST overbought , DMA's and Trend Analysis suggests, the pull back did not hold – but gapped away due to European issues –



APPENDIX -

Previous Signals

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

- **IWM (83-85)....with 40 M or less test - qualified at CZ Sell – 31st March @ 84**
- **QQQ (56- 58) ... with 75 M or less test - qualified at CZ Sell – 21st April @ 58**
- **EEM (49.5 – 52.5)... with 55 M or less test - qualified at CZ Sell – 21st April @ 50.19**
- **EZUNo Validation**

BULLISH CZ - Triggers at Qualified CZ

- **Alert - SPX has reached our Bullish CZ 1315 - 1295 , this will be 4th 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).

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.