



SG Capital Research

Global Market Insights

Research Note – Sector – ETF Analysis (D)

MAEG – WKLY SECTOR ETF ANALYSIS SG 2011 # MAR 25

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

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- **Daily SPX - “ Trend Adjusted Signal” TAS - MO – Buy @ 1309 (Update)**

3x3 /9EMA – Momentum Break Indicator –

Today this AM SPX Triggered buy Signal on TAS in A # 1 – MS , therefore

- ***In Growth Stock Portfolio - Closing the Hedge from 1324 to 1309 for + 1.1% risk management P/L***

(We will cover on TAS validity in MS – A# 1 on Monday)

• Sector Insight

- ***On 16th March ,in L /S INDEX we closed all the SHORT positions as soon as it reached the downside CZ simultaneously SPX reached our Projected SPX 1270 – 1280 Target as well. (Refer to L/S Sector Index)***
- ***CURRENTLY – In the bounce those Sectors have bounced back high along with SPX bounce. We are monitoring closely SPX 1295 -1305 bounce level and its quality, On next Mondays MS – A # 1 We shall cover more Math on it to support our thesis.***
- ***Some sectors are back into the Sell CZ in this bounce for PQV Validation, we are looking the Recycle the capital back in***
- **Summary of “ Sector Review” - For Short Sell & Longs (UPDATE)**
- ***For this week, On Short Side – DBC, XLE, SLV - among previously SD #2 & / POM 14 Qualified for / CZ –PQV Validation.***
- ***For this week On Long side - (1) EWJ among previously SD # -2 / POM 13 Qualified but is now ready for Bounce .***

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

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

- **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 # 2 Overvalued and Undervalued characteristics. Additional direction bias is given via doubling on ETF’s with extremes SD # 2 & POM/ CZ PQV Validation 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# 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 & Derive CZ for PQV Validation test.

Overlay Criteria

- SD #/2 ANALYSIS EXTREMES by 365 D Correlation.
- SPX - POM FRAMEWORK as PIVOT by Trend Correlation
- TECHNICAL PATTERNS, 2nd Derivative DMA’s & VOLUMES” & Derive CZ for PQV Validation.
- 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.*

STEP 1 - SECTOR SELECTION PROCESS - SD # 1.5 / 2.0 -

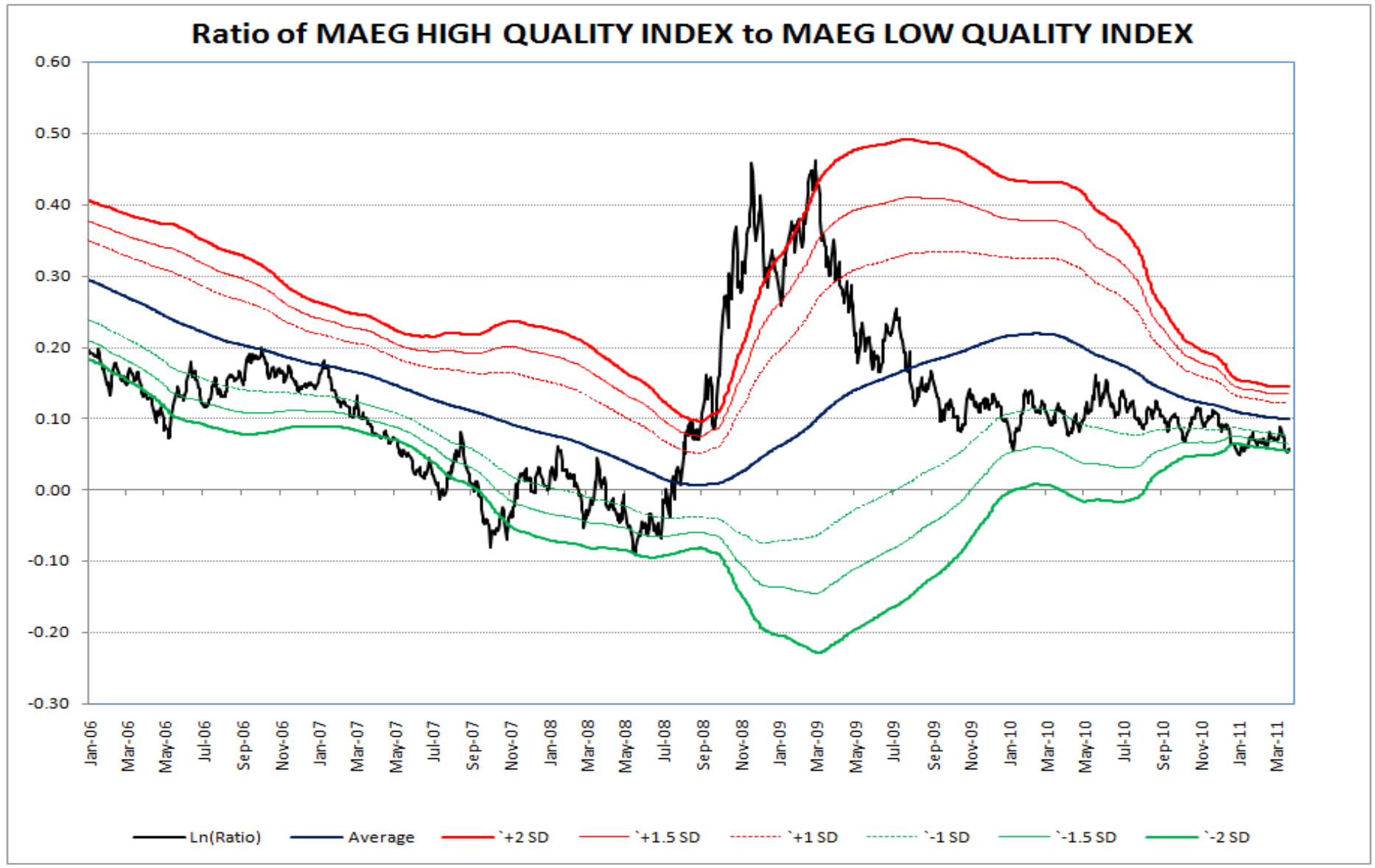
3X3/9EMA – Momentum break Prices indicated for each SD # 1.5 /2.0 Sector listed below

Sector	Indicator	Distance in SD		Target Exit & Reversion to mean	Last Price	3X3 / 9EMA	Net Exposure	Comments
Gr 1								
SPY		-1.39		0.09	130.90	\$ 128.82		
QQQ		0.93		0.04	55.40	\$ 55.11		
IWM		1.37		0.06	81.51	\$ 80.04		
TLT	Below -1.5SD	-1.52		0.09	92.40	\$ 92.83		
EWJ	Below -2SD	-2.37		0.01	10.59	\$ 10.34		
FXI		-1.39		0.04	43.63	\$ 42.53		
IFN	Below -1.5SD	-1.52		0.03	31.41	\$ 30.07		
EEM		-0.41		0.04	47.39	\$ 45.88		
Gr 2								
XLV		-1.50		0.03	32.58	\$ 32.14	100%	
RTH		1.15		0.03	49.46	\$ 48.36		
XLF		-1.43		0.01	16.30	\$ 16.23	100%	
XLU	Below -1.5SD	-1.98		0.03	31.40	\$ 31.15		
XLE	Above +2SD	2.67		0.05	77.99	\$ 76.36	0%	
XLP	Below -1.5SD	-1.72		0.02	29.69	\$ 29.23	64%	
XLI		1.39		0.03	36.97	\$ 36.29	50%	
Gr 3								
JJC		1.33		0.04	58.65	\$ 56.97		
SLV	Above +2SD	2.42		0.02	36.12	\$ 34.72		
SMH		1.33		0.02	34.54	\$ 33.38		
USD		-0.01		0.03	42.05	\$ 40.80		
BBH		-1.04		0.09	105.01	\$ 103.22		
DBA		1.32		0.02	33.93	\$ 33.35		
DBC	Above +2SD	2.16		0.02	30.24	\$ 29.56		
Primary Index Net Exposure							81%	
POM 14 Re Run 3								

- From (40) 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

Ratio of HQ v/s LOW QLTY - 1 yr



LONG (HQ or SD # -2) -- ETF Index - (with positions taken at SD # - 2.0 & CZ – PQV Validated)

LONGS									
SECTORS									
SD2 Triggers									
XLV	10-Dec-10	32.58	30.99	5.13%	↓	32.14		@SD2	
XLU	23-Dec-10	31.40	31.36	0.13%	↓	31.15		@SD2	
XLF	25-Nov-10	16.30	14.63	11.38%	↓	16.23		@SD2	
TLT	12-Nov-10	92.40	96.38	-4.13%	↓	92.83	84.55	@SD2	
MUB	19-Nov-10	99.86	100.98	-1.11%	↓	100.01		@SD2	
BBH	2-Nov-11	105.01	100.95	4.02%	↓	103.22		@SD2	
EWJ	15-Oct-10	10.59	10.22	3.57%	↓	10.34		@SD2	
USD	15-Oct-10	42.05	35.47	18.55%	↓	40.80		@SD2	
FXI	23-Dec-10	43.63	42.60	2.42%	↓	42.53		@SD2	
XLP	7-Jan-11	29.69	29.18	1.75%	↓	29.23		@SD2	
IFN	27-Jan-11	31.41	30.5	2.98%	↓	30.07		@SD2	
									10.61%
									SD's triggered P/L 5.03%
CZ Triggers									
JOF		9.20	8.47	8.62%	↓	8.79	7.98	@CZ	
TLT	21-Jan-11	92.40	89.50	3.24%	↓	92.83	84.55	@CZ1	
									4.17%
									CZ'S Triggered P/L 8.01%
CLOSED LONG POSITIONS									14.78%
									EQWT LONG P/L 5.10%
15th OCT 2010 INCEPTION									
SD - TECH SETUP EQUAL WEIGHTED LONG SHORT INDEX				EQWT AGG P/L Short					1st Jan 2011 INCEPT
INCEPTION @ SPX 1180 to Current 1309.66				SPX CHANGE					SD - TECH SETUP I
									INCEPTION @ SPX

Inception 1st Oct 2010- L/S - SECTOR

CLOSED (SHORT & LONG) POSITION – On Reversion to mean or POM 13

CLOSED SHORTS POSITIONS	Entry Date	Exit Date	Entry Price	Exit Price	P / L	Comments	
DBB					3.16%		
GLD					2.60%		
SLY					4.60%		
GDX					4.90%		
IFN					14.94%		
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%	@CZ1	
EEM		21-Jan-11	48	46.97	2.15%	@CZ2	
GLD		21-Jan-11	136.5	131.2	3.88%	@CZ	
SLY		27-Jan-11	28.5	26.00	8.77%	@CZ1	
EVP		24-Feb-11	42.75	41.02	4.05%	@CZ1	
IVM	21-Jan-11	16-Mar-11	79	78.42	0.73%	@CZ1	osed on 16th March 2011
SMH	21-Jan-11	16-Mar-11	35	32.98	5.77%	@CZ1	osed on 16th March 2011
JJC	19-Jan-11	16-Mar-11	59.5	57.94	2.62%	@CZ1	osed on 16th March 2011
EVH		16-Mar-11	19.5	17.74	9.03%	@CZ1	osed on 16th March 2011
XLB	21-Jan-11	16-Mar-11	39.5	37.67	4.63%	@CZ1	osed on 16th March 2011
EVA	21-Jan-11	16-Mar-11	25.44	23.74	6.68%	@CZ1	osed on 16th March 2011
IYT		16-Mar-11	93.5	91.07	2.60%	@CZ1	osed on 16th March 2011
GLD(Half Position)	10-Mar-11	16-Mar-11	139.5	136.97	1.81%	@CZ1	osed on 16th March 2011
GDX	10-Mar-11	16-Mar-11	59	55.72	5.56%	@CZ1	osed on 16th March 2011
						97.76%	
GDX	15-Oct-10	14-Jan-11	57.41	54.88	4.41%	@SD2	
EEM	12-Nov-10	21-Jan-11	47.56	46.97	1.24%	@SD2	
GLD	15-Oct-10	21-Jan-11	133.68	131.2	1.86%	@SD2	
XLK	25-Nov-10	24-Feb-11	24.49	26.42	-7.86%	@SD2	
XLB	31-Dec-10	10-Mar-11	38.44	37.77	1.74%	@SD2	
						1.39%	
				TOTAL	39.14%		
CLOSED LONGS POSITIONS							
BBH					0.00%	@SD2	
EVJ					-0.50%	@SD2	
USO					6.68%	@SD2	
BBH					0.26%	@SD2	
EVJ					4.17%	@SD2	
						10.61%	
GLD	27-Jan-11	11-Mar-11	129	137.77	4.17%	@CZ1	
						4.17%	
				TOTAL	14.78%		

ON 16TH March SPX Reached 1270 -1280 and CZ target in sector was met and closed

SECTOR SETUP INDEX **+89%, +78%, 79%,+79% (past 4 weeks)**

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

- **EQUITY SETUP INDEX : +81%, +67%, +70%,+59% (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)

SETUP # 1 (33 of 40)	% away from Gold .Cross	SETUP # 2 (3 of 40)	% away from Dead. Cross	SETUP # 3 (0 of 40)	% away from 40wk	SETUP # 4 (1 of 40)	% away from 40wk
SPY	18.07%	TLT	-4.74%			SLV	45.29%
QQQ	22.73%						
IWM	24.12%						
EEM	17.42%						
EWJ	7.03%						
FXI	7.81%						
RSX	31.06%						
IFN	2.25%						
EWP	13.17%						
JOF	11.58%						
EWA	18.52%						
XLF	10.93%						
XRT	27.18%						
XLV	7.56%						
XLB	21.44%						
XLE	40.04%						
XLK	16.24%						
XLI	24.60%						
XLU	4.56%						
XLP	9.96%						
XLY	22.82%						
XHB	13.74%						
SMH	28.21%						
BBH	9.01%						
IYT	21.65%						
IYR	78.35%						
DBA	35.45%						
DBB	21.08%						
DBC	31.42%						
GLD	66.03%						
GDX	32.43%						
USO	17.36%						
JJC	33.42%						
SLX	19.49%						

STEP 2 - CZ – PQV – Validation Tracker for Selected Sectors

Ticker	Trade Type	Last Price	Mean Confluen	LL confluen	UL conflue	Required Volume	Actual Volume	Volume Pickup	% Away from	40wk MA	% Away fom 40	Stoploss @	3X3 / 9EM	SETUP Quality	Drawdown	SD #	SI
TRIGGERED																	
GDJ (New)	Short	59.99	59	59	59	7.5	8.2	8.2	2%	55.73	7.65%	62.00	57.32	55.76	-0.1%	0.33	13.9%
IYT (New)	Short	93.67	93.5	92.5	94.5	0.65	0.6		-1%	85.44	9.63%	99.23	92.04	91.1	-1.6%	0.63	74.2%
TLT (half)	Long	92.4	89.5	89	90	40	42.0	42.0	3%	97.46	-5.19%	84.55	92.83	95.0	-5.8%	(1.52)	68.1%
GLD	Short	139.22	139	139	139	17	8.7	13.7	0%	129.04	7.89%	142.00	138.25	137.0	-1.2%	0.34	5.0%
WATCHLIST																	
SLV (No Trigger)	Short	36.12	35.5	35	36	25			0%	24.58	46.96%	37.80	34.72	95.0	62.6%	2.42	6.6%
EWH (under \$19.25)	Short	18.5225	19.5	19.25	19.75	4.5			-6%	17.98	3.00%	20.74	18.14	19.1	-2.1%	(0.78)	7.6%
EEM (under \$48)	Short	47.39	49	48	50	40			-5%	44.41	6.71%	52.50	45.88	46.2	-6.1%	(0.41)	9.3%
SMH (under \$34)	Short	34.54	35	34	36	8			-4%	30.35	13.81%	37.80	33.38	32.0	-9.4%	1.33	114.7%
EWA (under \$25.5)	Short	25.66	25.5	25	26	3.5	4.4		-1%	23.70	8.25%	27.30	24.64	25.0	-2.0%	0.05	2.8%
XLB (under \$39)	Short	39.02	39.5	38	41	6	11.6		-5%	35.02	11.43%	43.05	38.04	38.4	-2.9%	0.87	39.0%
IWM (under \$79.5) (half)	Short	81.51	79.75	79.5	80	35	53.0		2%	71.70	13.69%	84.00	80.04	73.0	-9.2%	1.37	107.7%
IWM (under \$79) (half)	Short	81.51	80.5	79.5	81.5	350	weekly		0%	71.70	13.69%	85.58	80.04	73.0	-10.3%	1.37	107.7%
JJC (under \$59) (half)	Short	58.65	59.5	59	60	0.14	0.2		-2%	50.89	15.25%	63.00	56.97	54.0	-10.2%	1.33	8.3%
TLT (half)	Long	92.4	89.5	89	90	40	weekly		3%	97.46	-5.19%	84.55	92.83	95.0	-5.8%	(1.52)	68.1%
QQQQ (under \$56, touch of \$57) (Hold)	Short	56.7	57.25	56.5	58	200	weekly		-2%	51.29	10.54%	60.90	55.11	53.0	-8.0%	0.93	22.8%
QQQQ (under \$57, touch of \$59)(Hold)	Short	56.7	57	57	57	40			-1%	51.29	10.54%	59.85	55.11	53.0	-7.5%	0.93	22.8%
EWA (under \$25.75)	Short	25.66	26.5	26	27	16	weekly		-5%	23.70	8.25%	28.35	24.64	25.0	-6.0%	0.05	2.8%
XLV	Long	32.58	30.75	30.5	31	3			5%	30.74	6.00%	28.98	32.14	31.5	-2.4%	(1.50)	31.7%
XLE (under \$75, touch of \$77) (Hold)	Short	77.99	76.5	75	78	60	weekly		0%	62.44	24.89%	81.90	76.36	68.5	-11.7%	2.67	26.2%
JJC (under \$59) (half)	Short	58.65	59.75	59.5	60	0.14			-2%	50.89	15.25%	63.00	56.97	54.0	-10.6%	1.33	8.3%
XLU	Long	31.4	30.5	30.25	30.75	4.5	15.0		2%	31.20	0.65%	28.74	31.15	31.5	-3.2%	(1.98)	15.0%
XLP	Long	29.69	28.05	27.8	28.3	3.8			5%	28.27	5.03%	26.41	29.23	29.3	-4.1%	(1.72)	16.1%

ETF's Qualified this week for SD # 2

CZ – PLOTTED FOR

- *SLV*
- *XLE*
- *DBC*

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

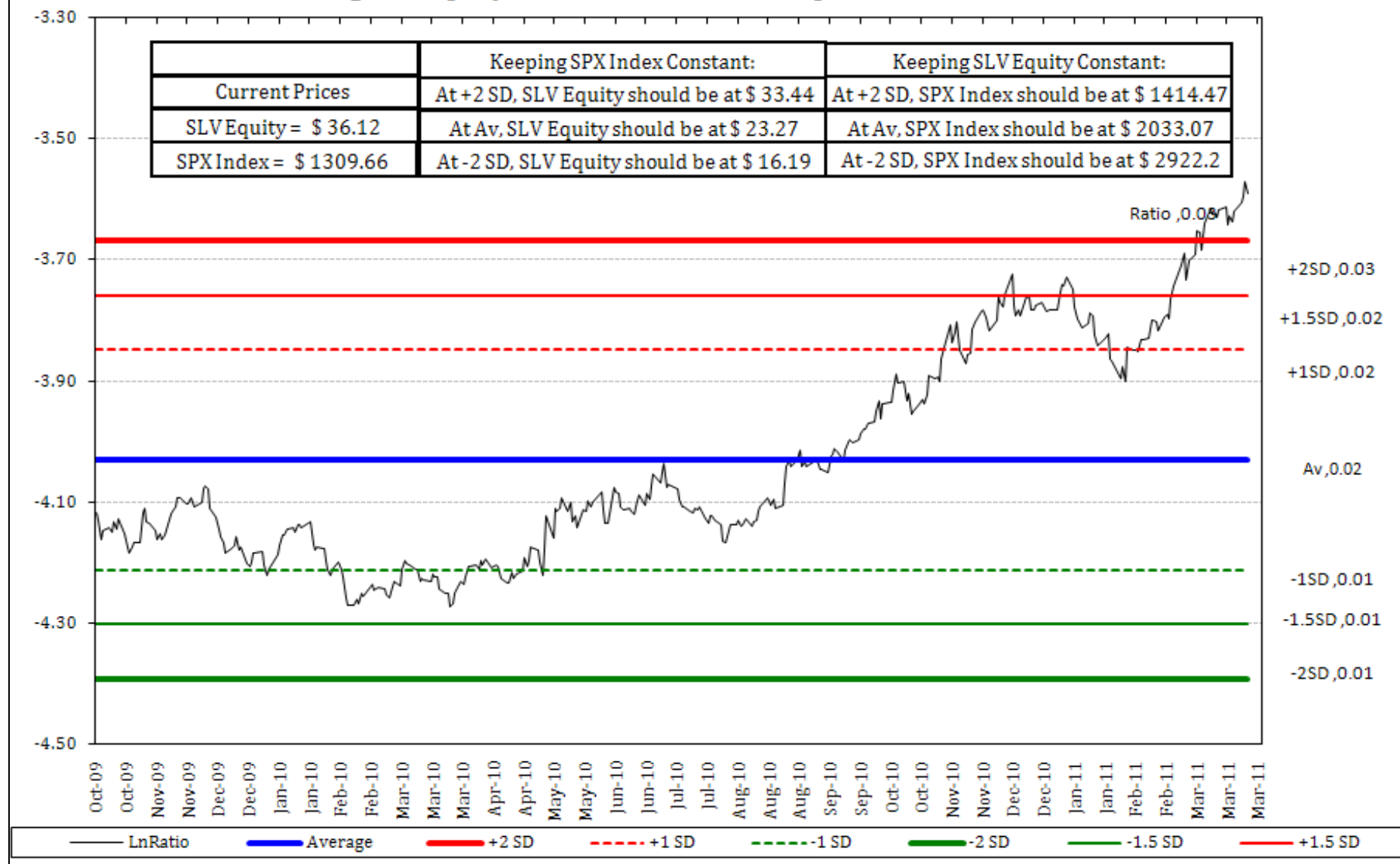


SLV - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



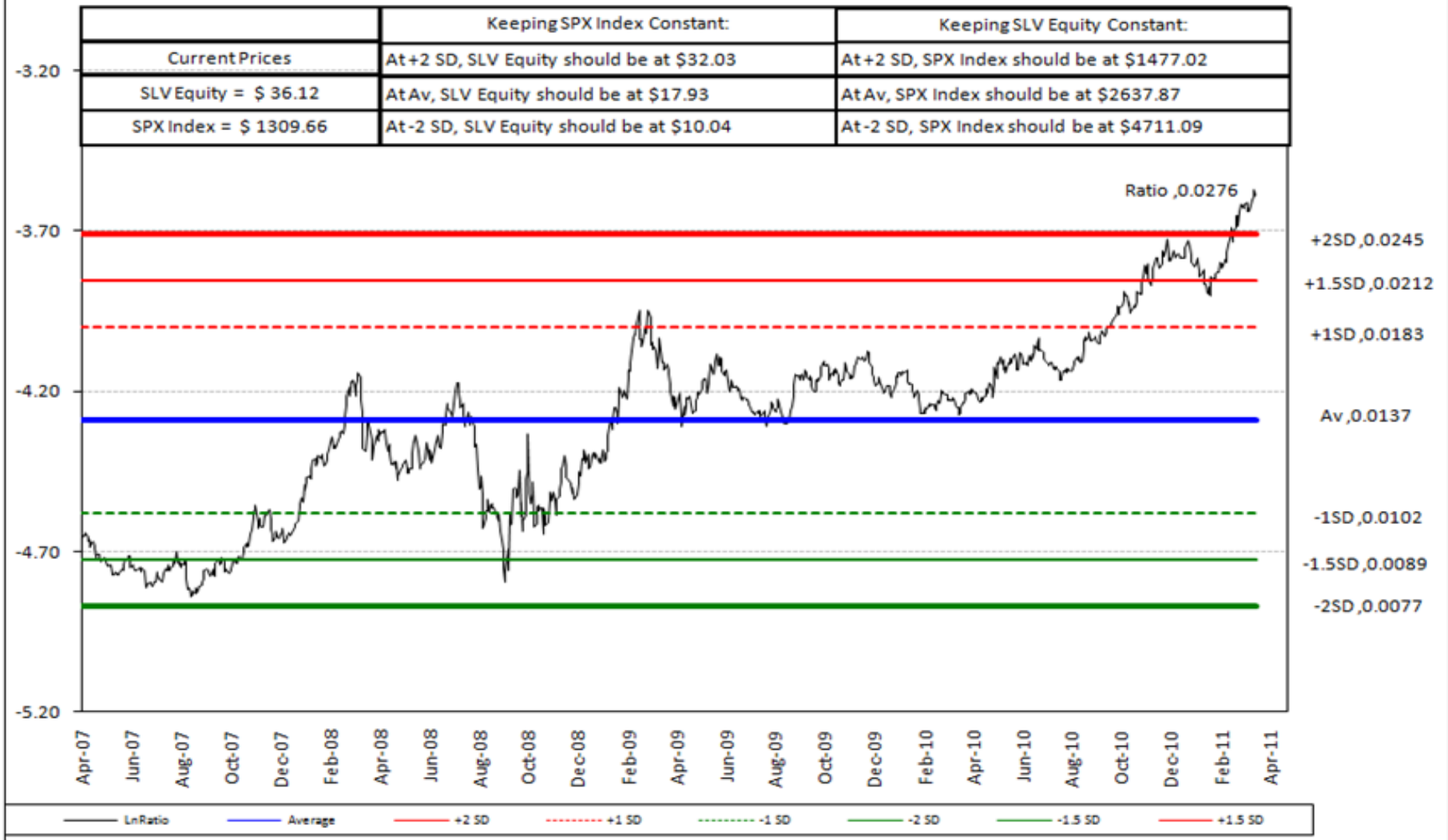
SLV Correlation Ratio Analysis with SPX – 365 days Time basis

Long SLV Equity and Short SPX Index, Updated till 24 Mar 2011



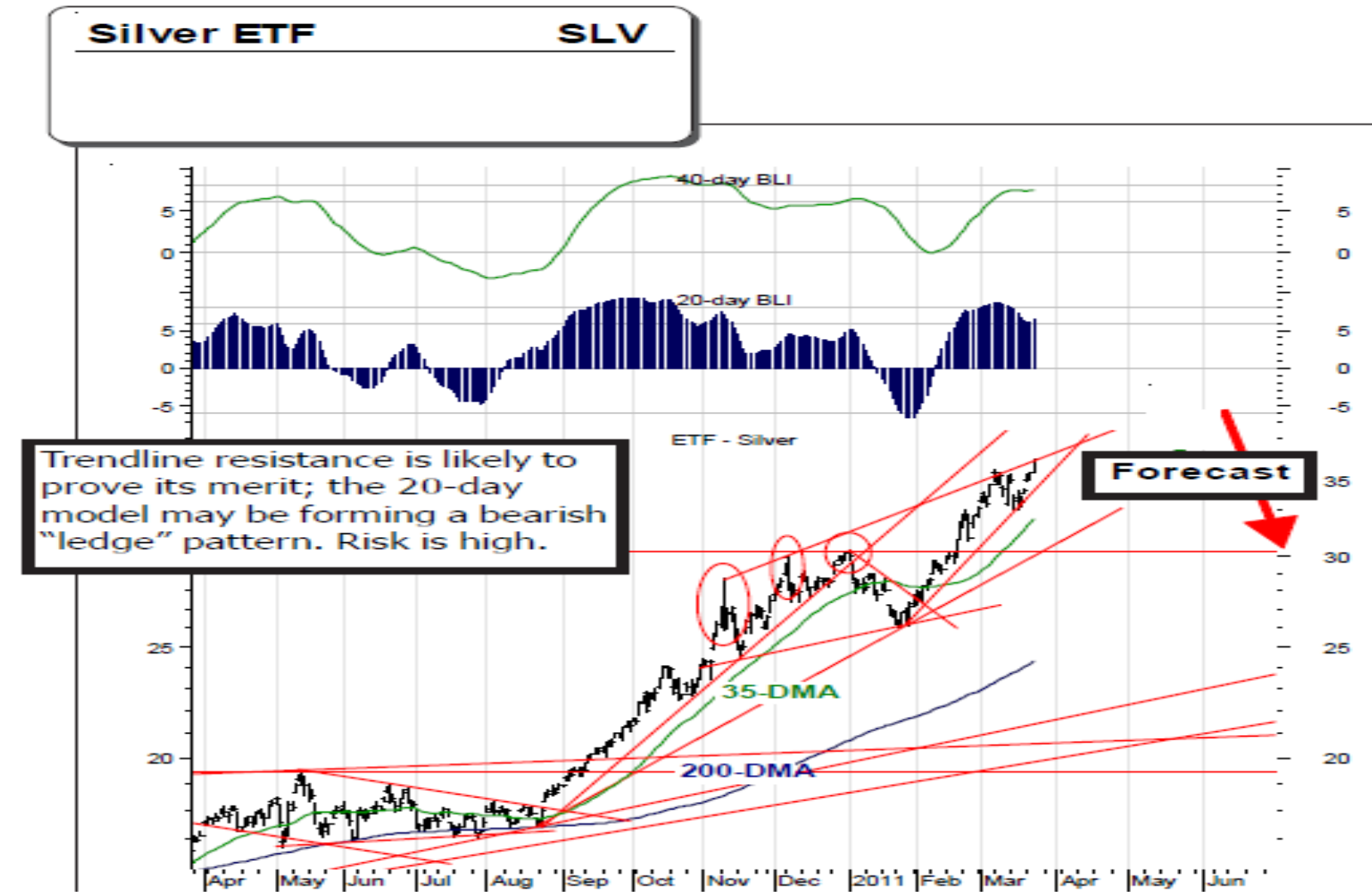
SLV Correlation Ratio Analysis with SPX – Full Time basis

Long SLV Equity and Short SPX Index, Updated till 24 Mar 2011, LAST 4 Years(1000 TRADING DAYS)



SLV – LT - Technical & Pattern Analysis

Topping process is best described in the Trend lines and MA Analysis (Refer notes within Chart)



SLV – Daily - Price / Volume-

We have triggered POM 14 Re run on Gold and GDX , But “No signal on SLV “. Possibility of Terminal pattern here . Since ABC up is complete at 34.5 +/- . and current expansion is 1.61 , Exhaustion if it does, happened at 2:1 with 3 gap play @ 60 degree . We are watching but currentlybut if GLD begins its decline SLV will follow , therefore Divergence

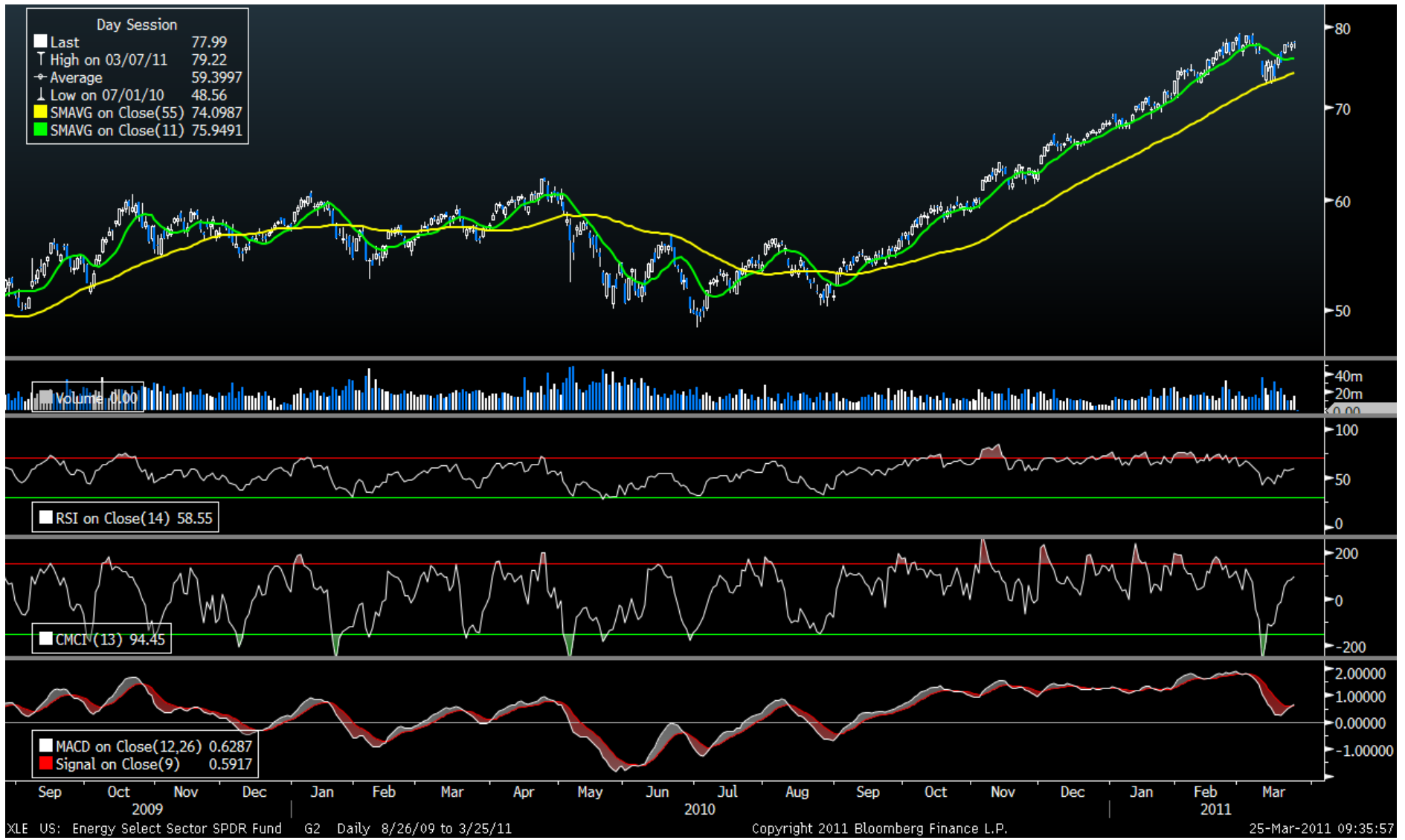
CZ for this terminal pattern is 35 -36 with 25 M shares. & volume is heavy , At least we need another test of Highs and reject . Stop above 37 .



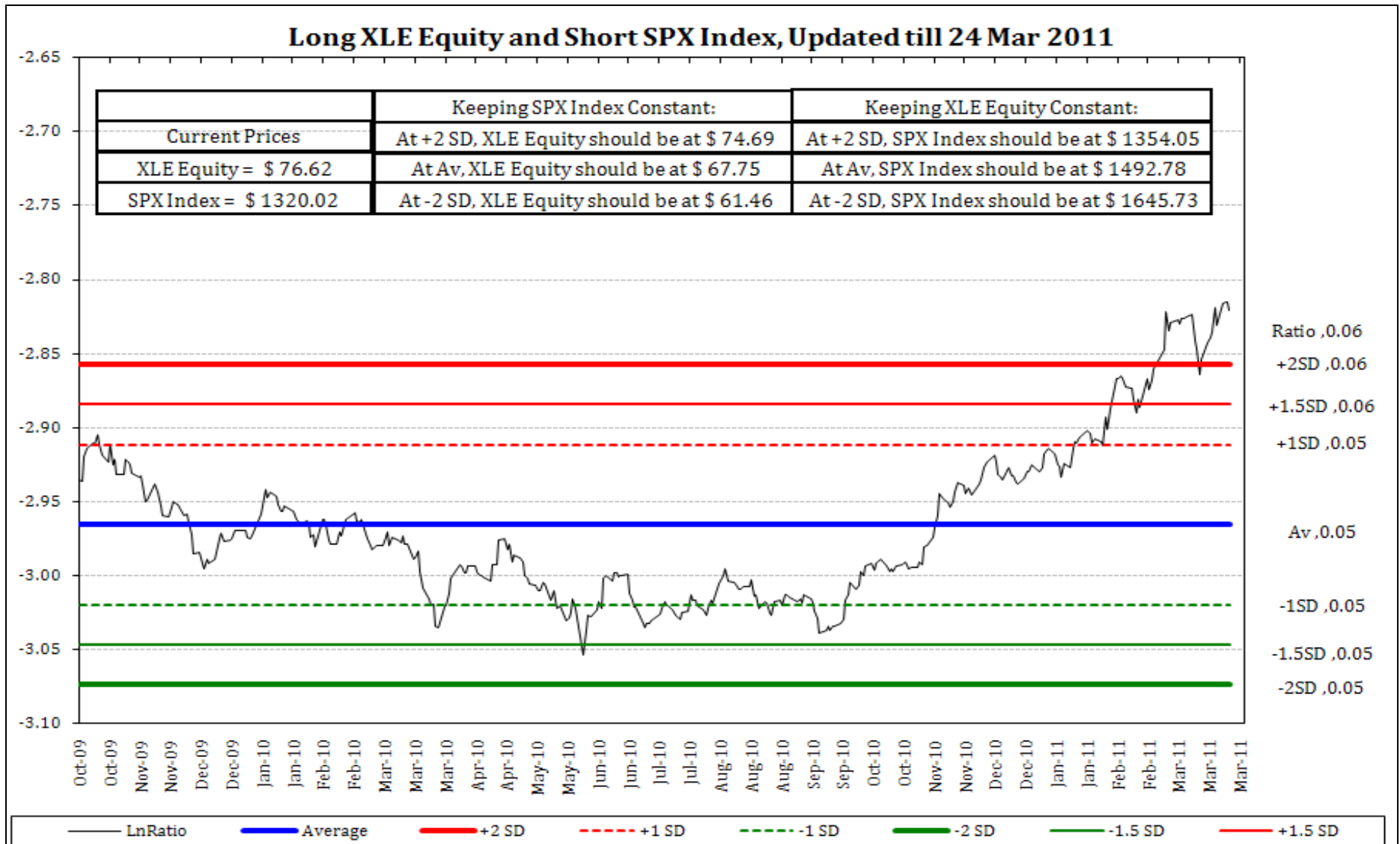
XLE - Weekly - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



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



XLE Correlation Ratio Analysis with SPX – 365 days Time basis

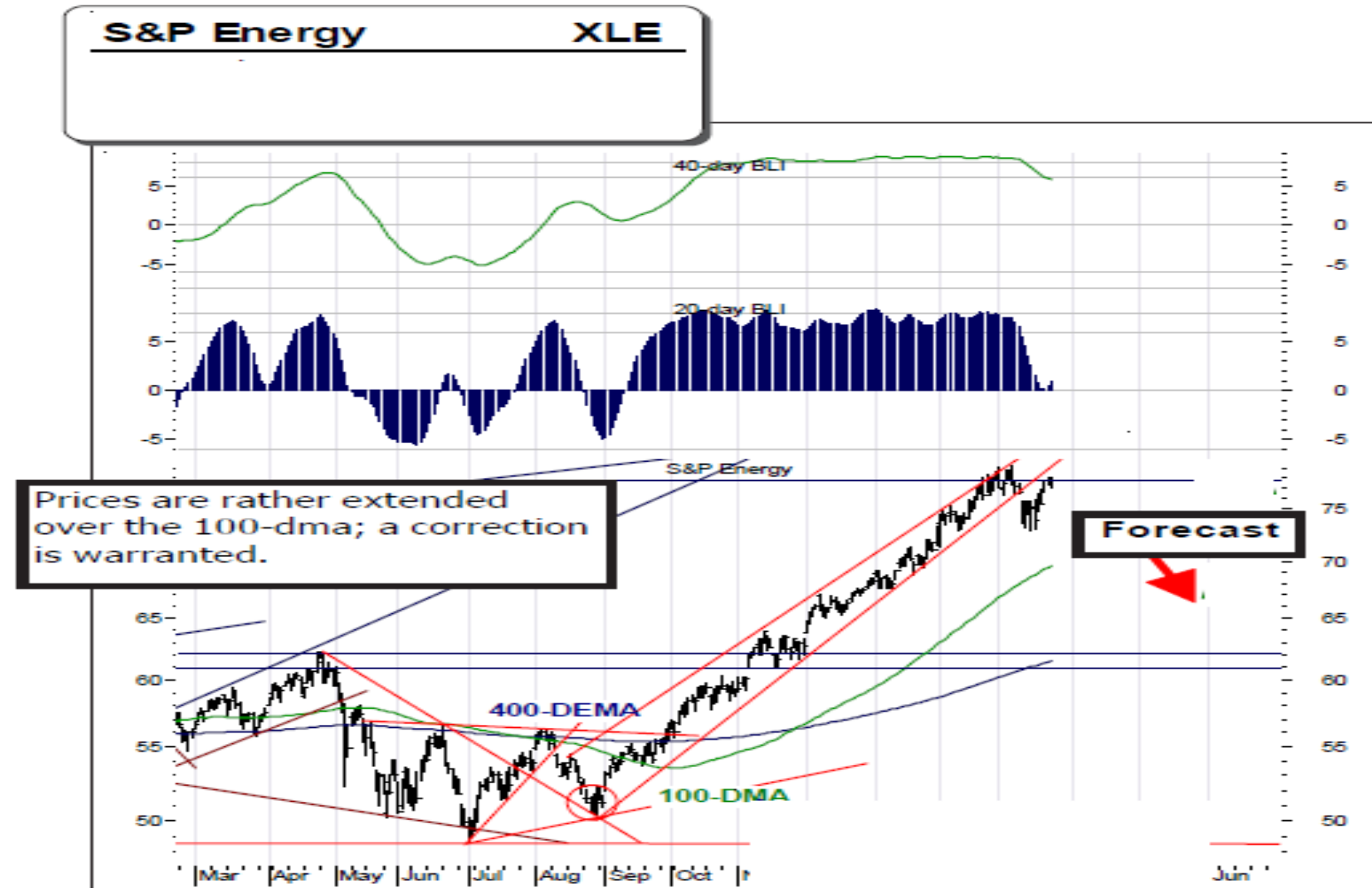


XLE Correlation Ratio Analysis with SPX – Full Time basis



XLE – LT - Technical & Pattern Analysis

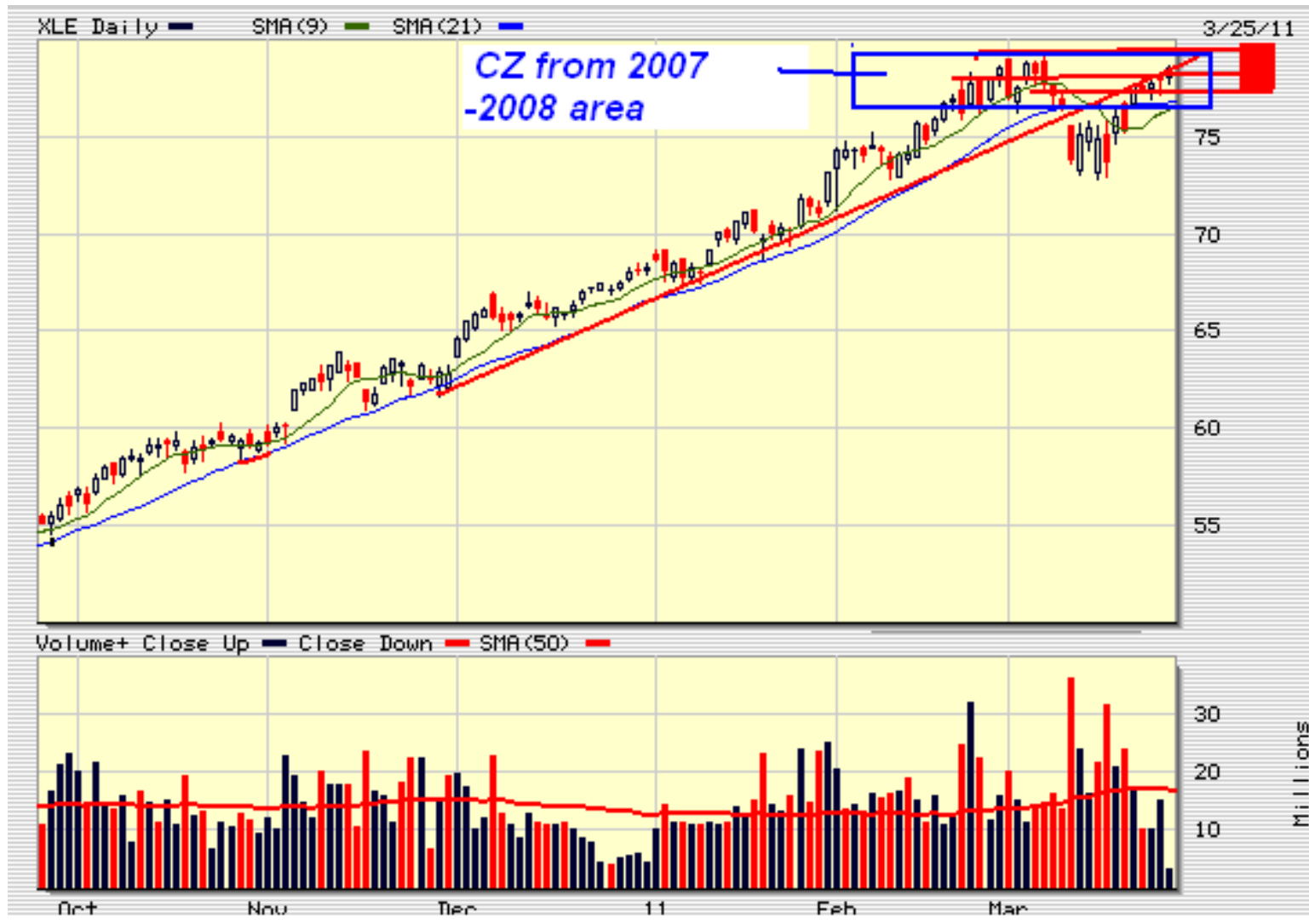
Topping process is best described in the Trend lines and MA Analysis (Refer notes within Chart)



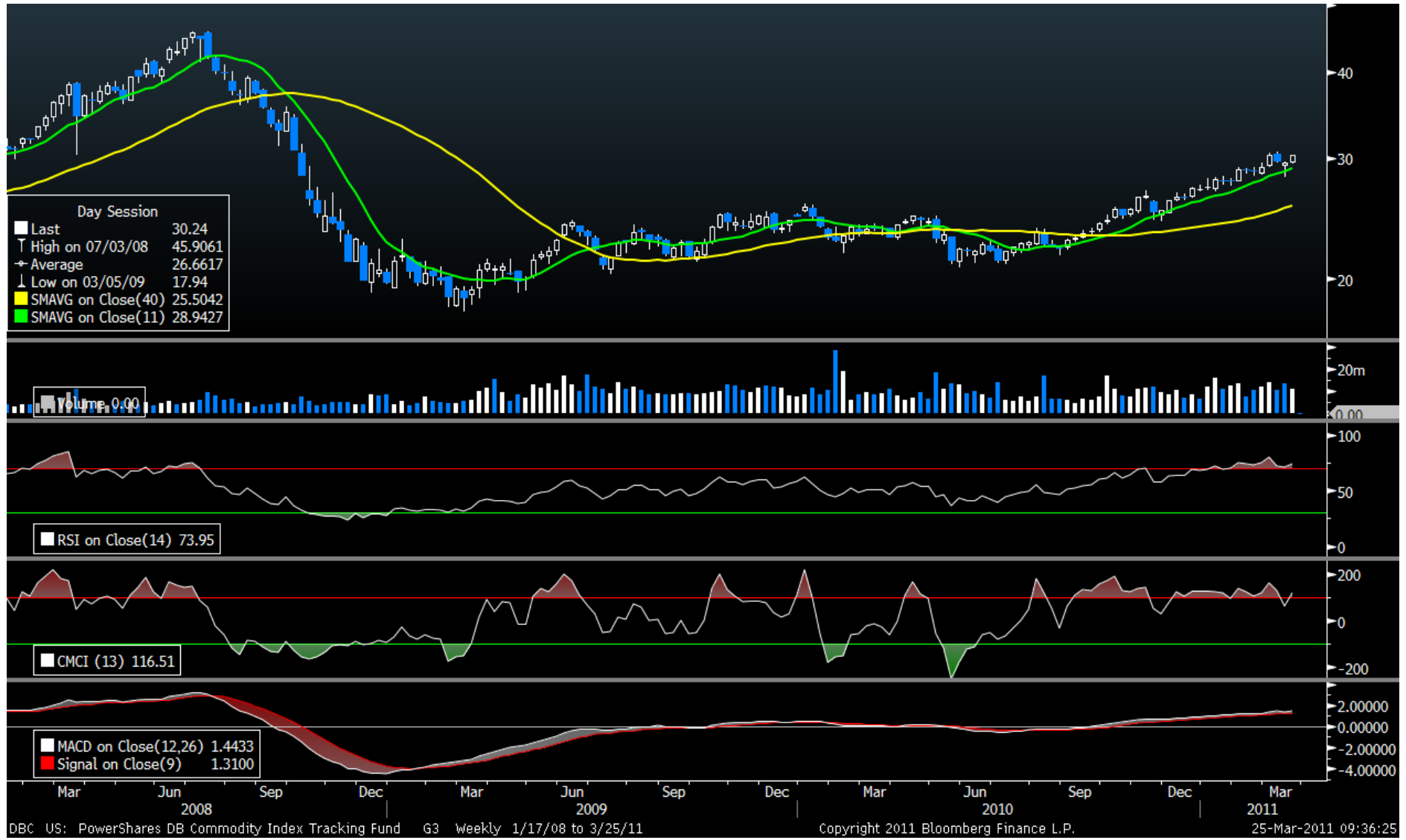
XLE - PQV Analysis

XLE – The CZ 76 – 78 , imported from way back 2008 dislocation proved its merit , On 4th March it failed again at 78 and immediately dropped to 73.

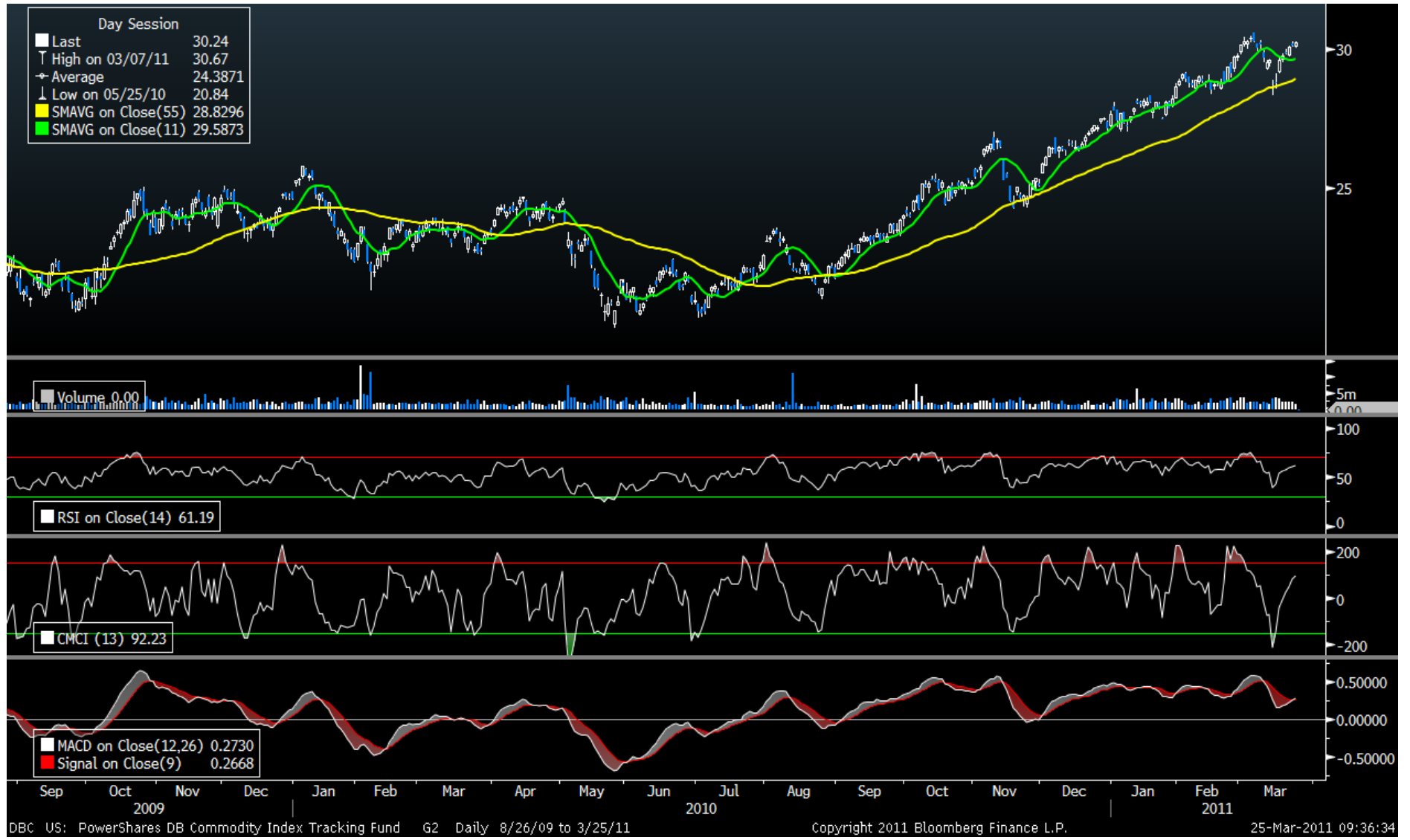
Our next decision point will be going back to 77 to 79 and test with 12 M shares and fail (½ position) and 2nd half when Traded above 79 and close under 78 with 14 M for Trigger



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

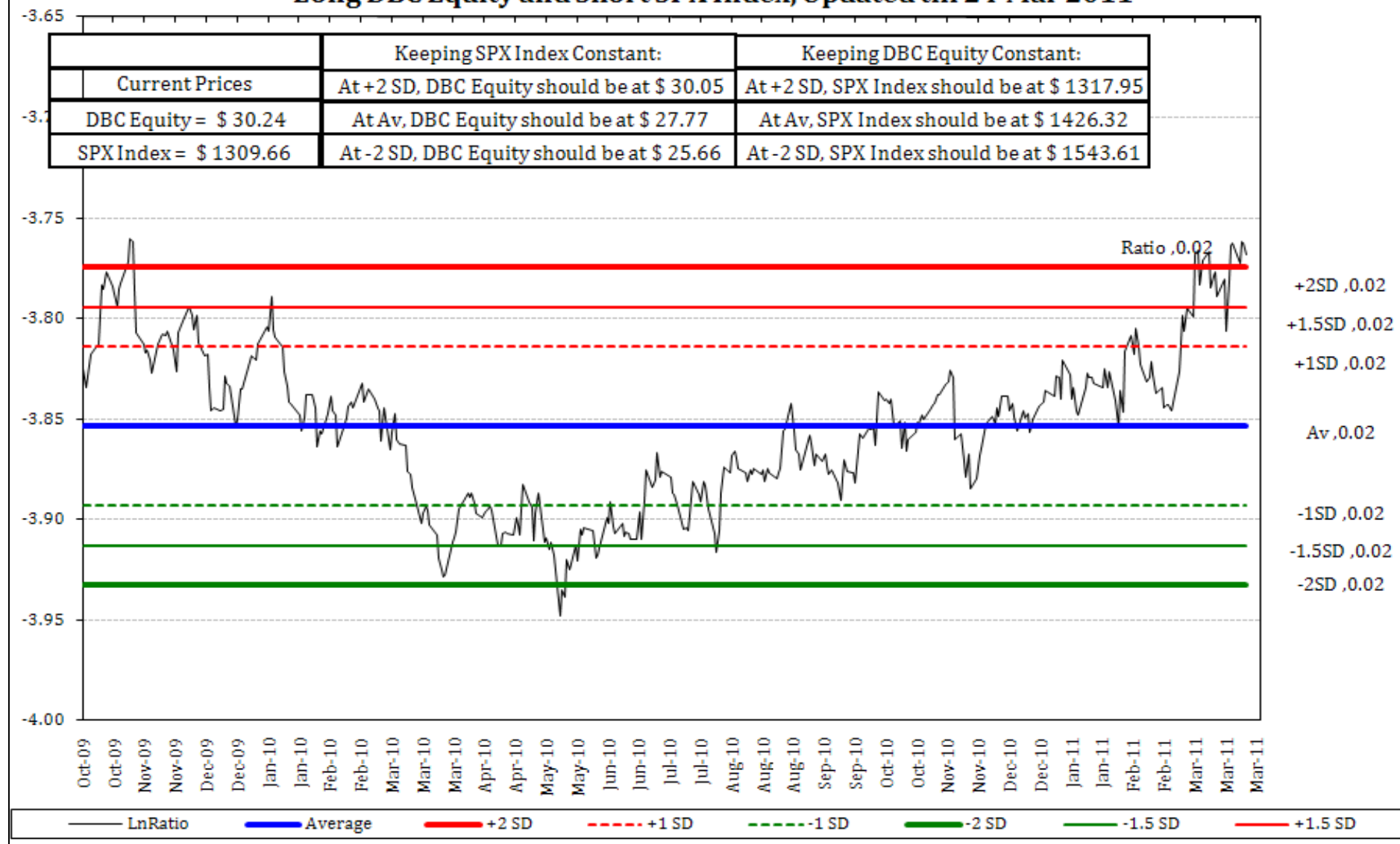


DBC - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

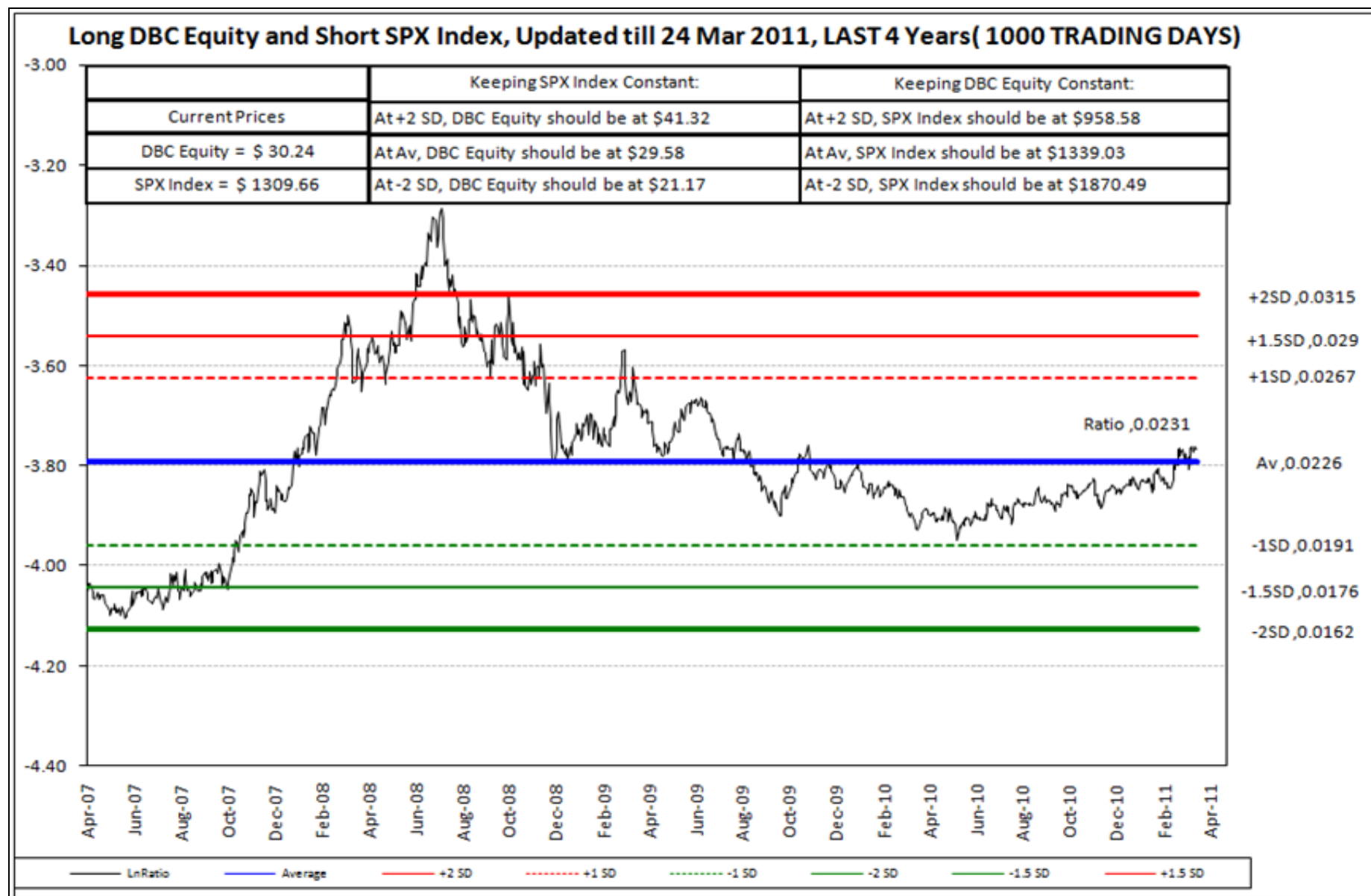


DBC Correlation Ratio Analysis with SPX – 365 days Time basis

Long DBC Equity and Short SPX Index, Updated till 24 Mar 2011

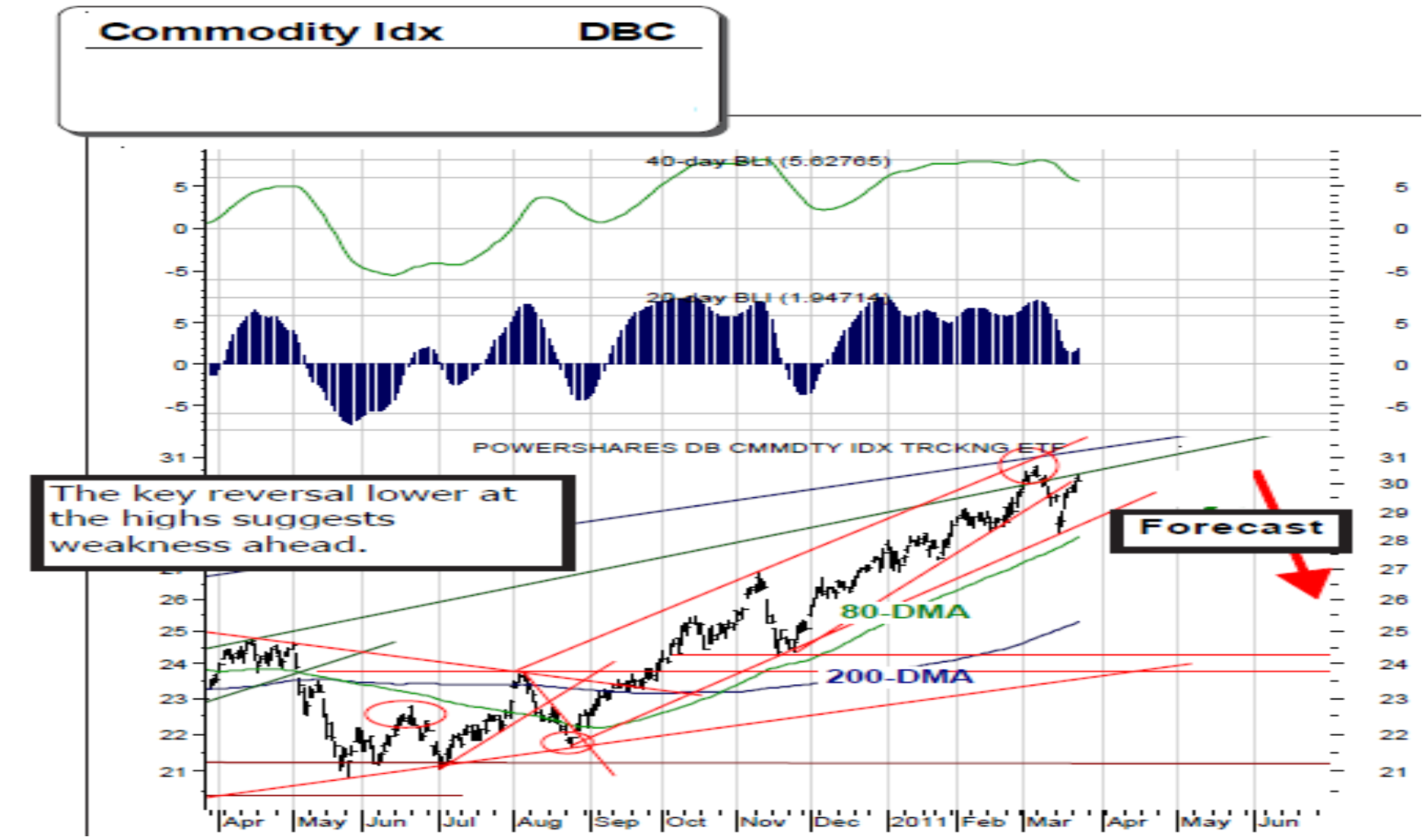


DBC Correlation Ratio Analysis with SPX – Full Time basis



DBC – LT - Technical & Pattern Analysis

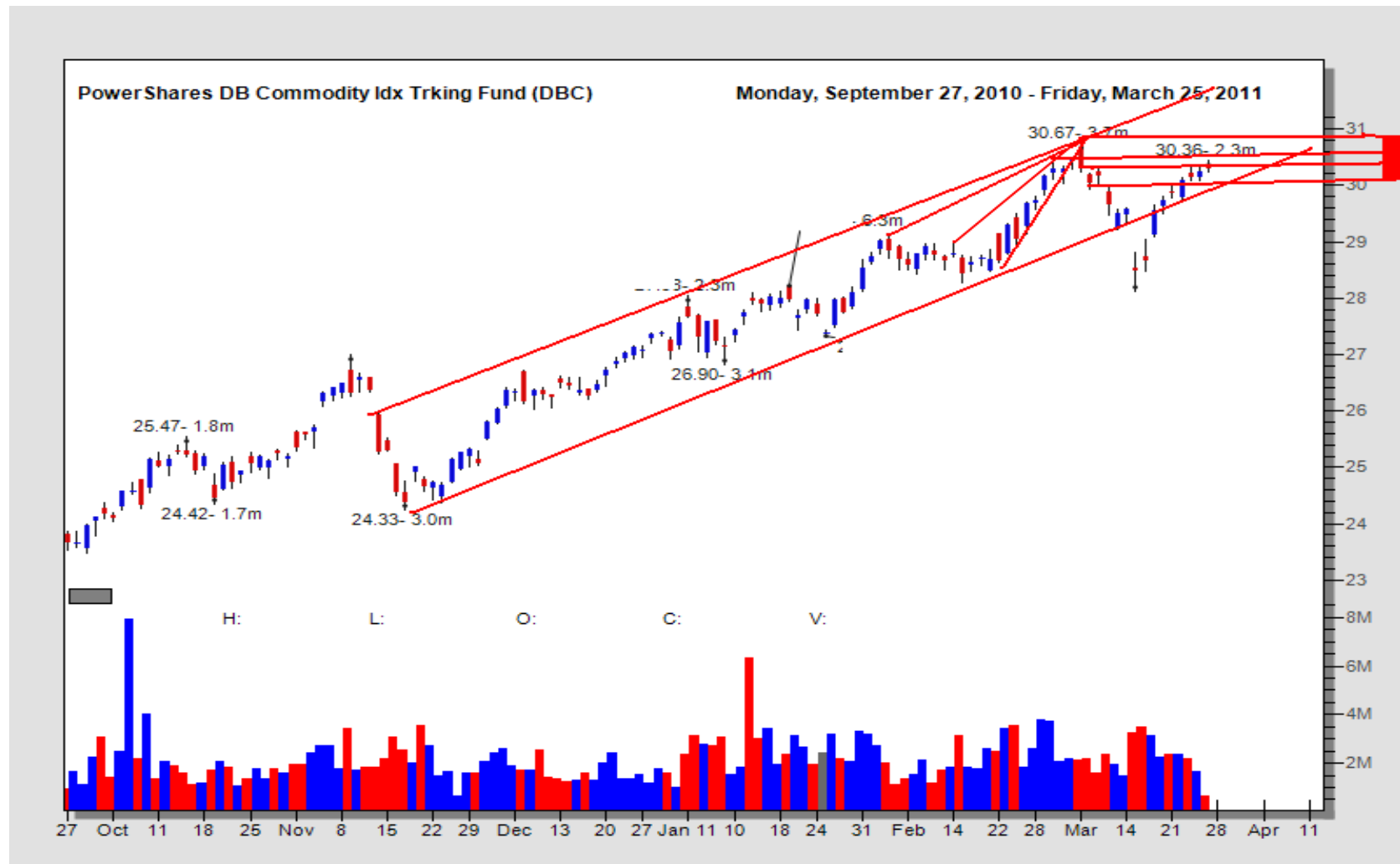
Topping process is best described in the Trend lines and MA Analysis (Refer notes within Chart)



DBC – PQV Analysis

On bigger picture, we have reached the CZ with multiple price streams. (Archived chart CZ from LT) peak on bigger time frame , which is quite meaningful.

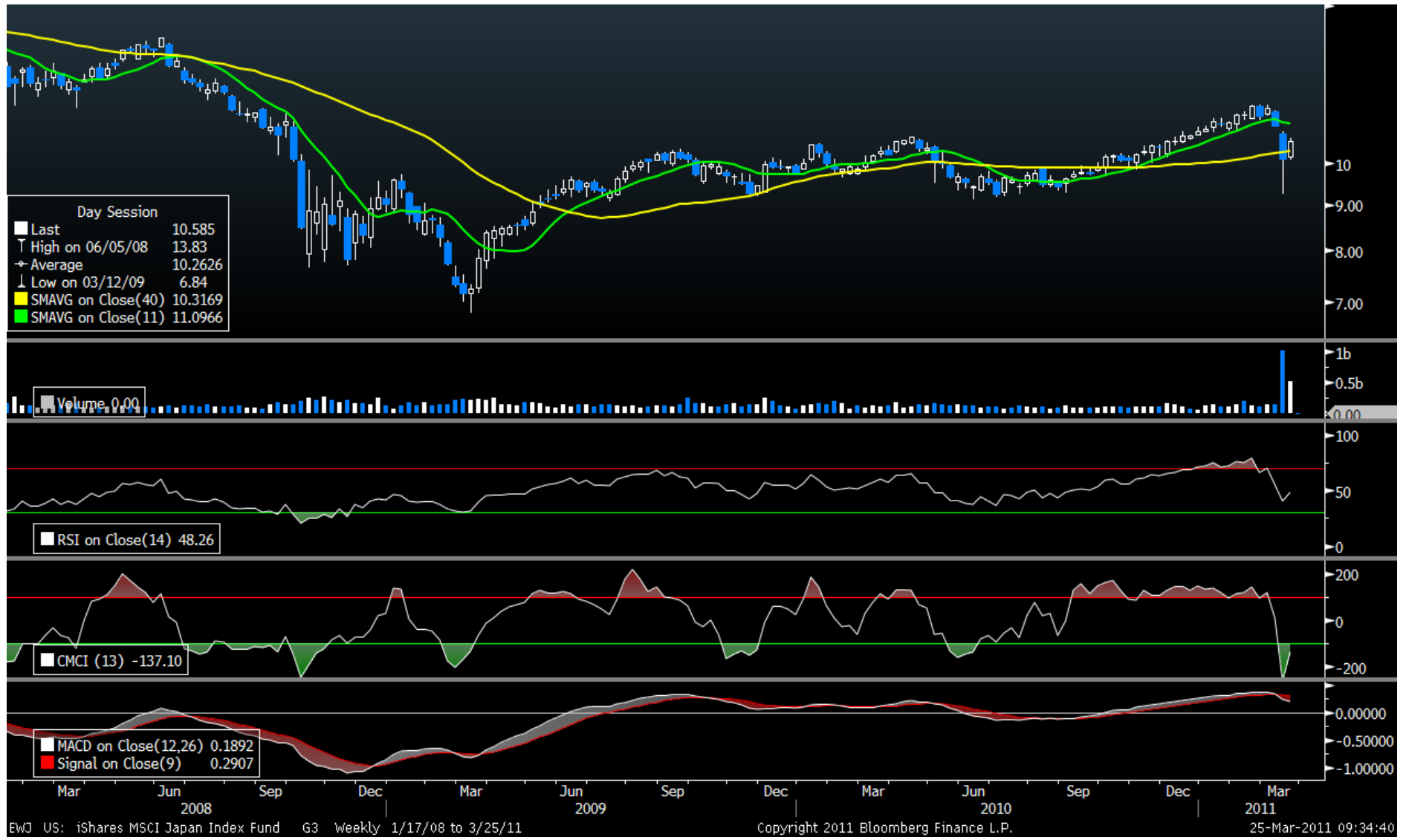
Our next decision point will be going back to 30 -31 and test with 2.3 M shares and fail (½ position) and 2nd half when Traded above 31 and close under 30 with 2.7 M for Trigger



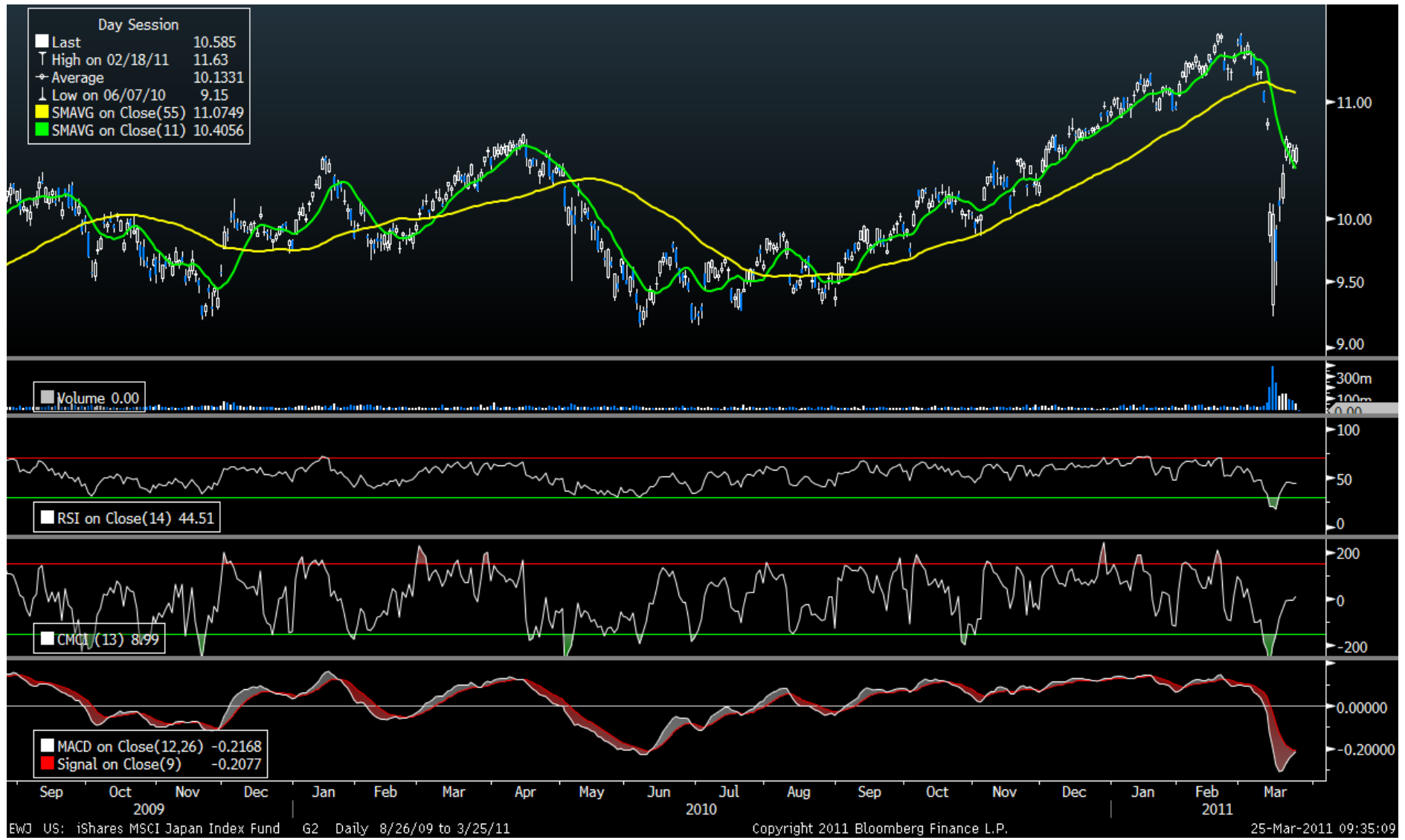
ETF's Qualified this week for SD # - 2

- *EWJ*

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

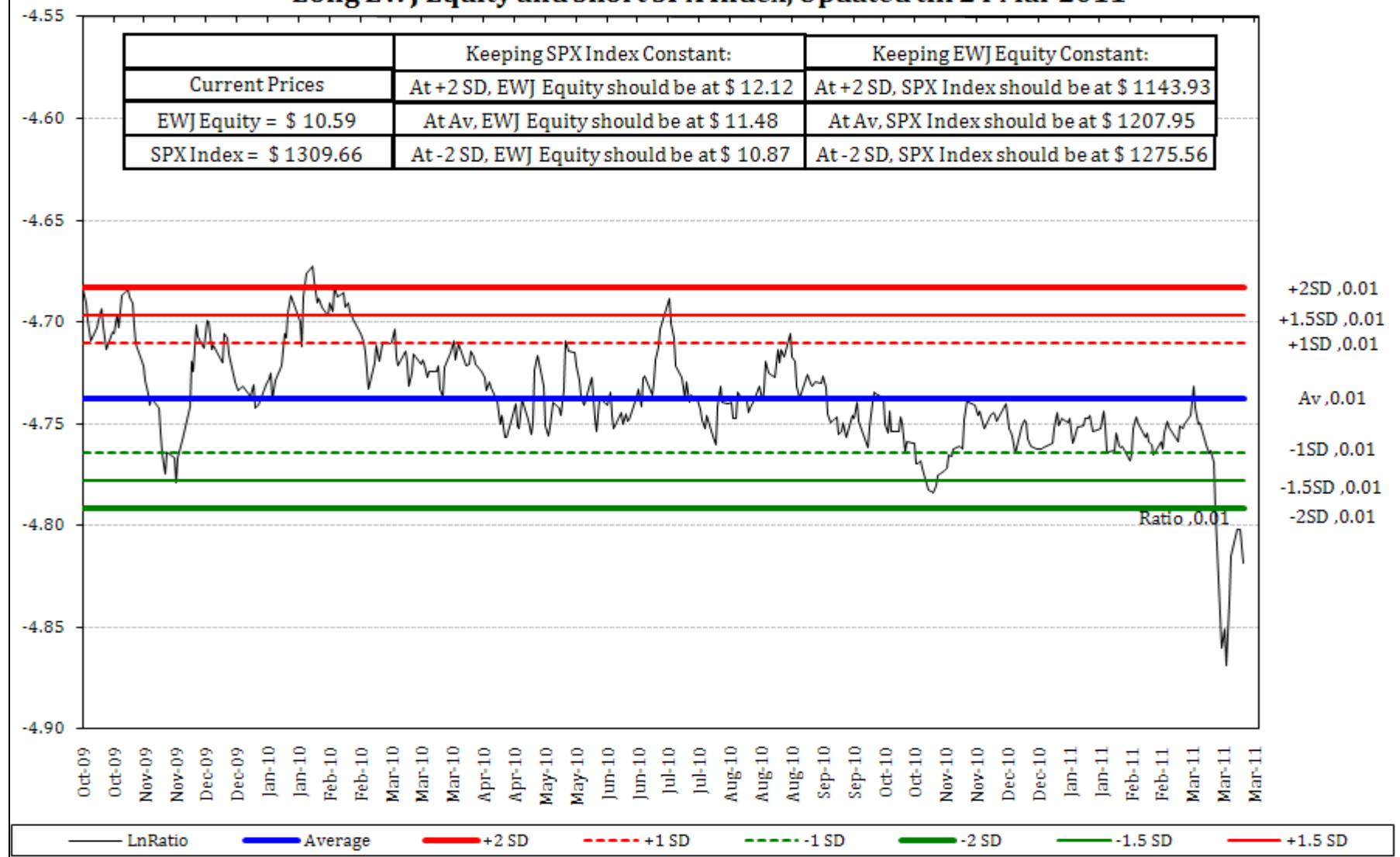


EWJ - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



EWJ Correlation Ratio Analysis with SPX – 365 days Time basis

Long EWJ Equity and Short SPX Index, Updated till 24 Mar 2011

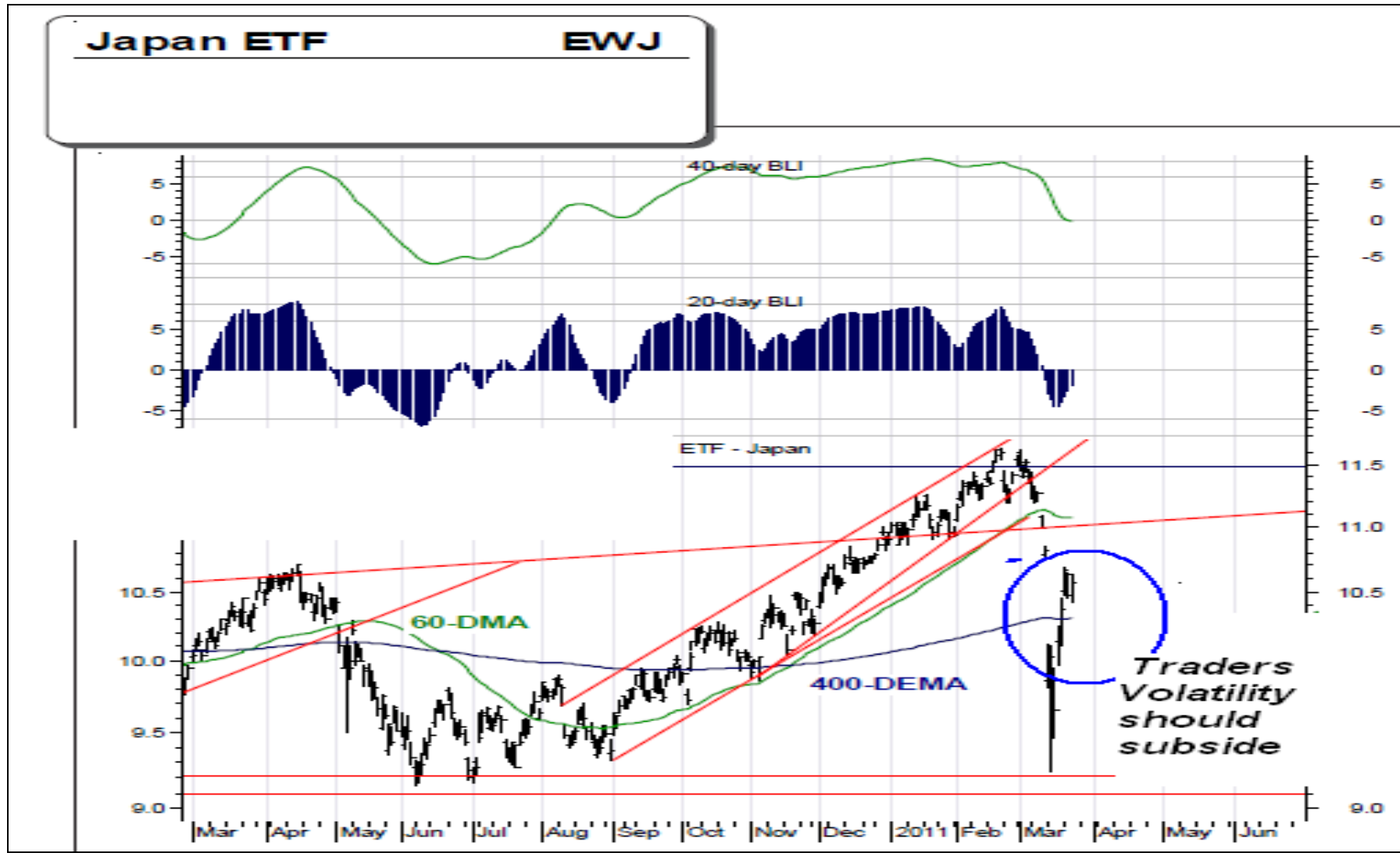


EWJ Correlation Ratio Analysis with SPX – Full Time basis



EWJ – MA / Trend line Analysis

Recent example of CRASH has been MUB – Once the Traders volatility is reduced then Testing of CZ should begin PQV Analysis with data points similar to MUB several weeks ago



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*
- ✓ *EWH*
- ✓ *SMH*
- ✓ *EWA*
- ✓ *XLB*
- *XLE*
- ✓ *SLV*
- ✓ *JJC*
- ✓ *IYT*
- ✓ *GLD*
- ✓ *GDX*
- ✓ *SLV*

Long

- ✓ *JOF*
- *XLV*
- ✓ *TLT*
- *XLU*
- *XLP*
- *BBH*

Short

DBC – LT - Technical & Pattern Analysis

On bigger picture, we have reached the CZ with multiple price streams indicated in Red, Blue, Green, & Yellow. We did not show any break areas as it got too crowded.

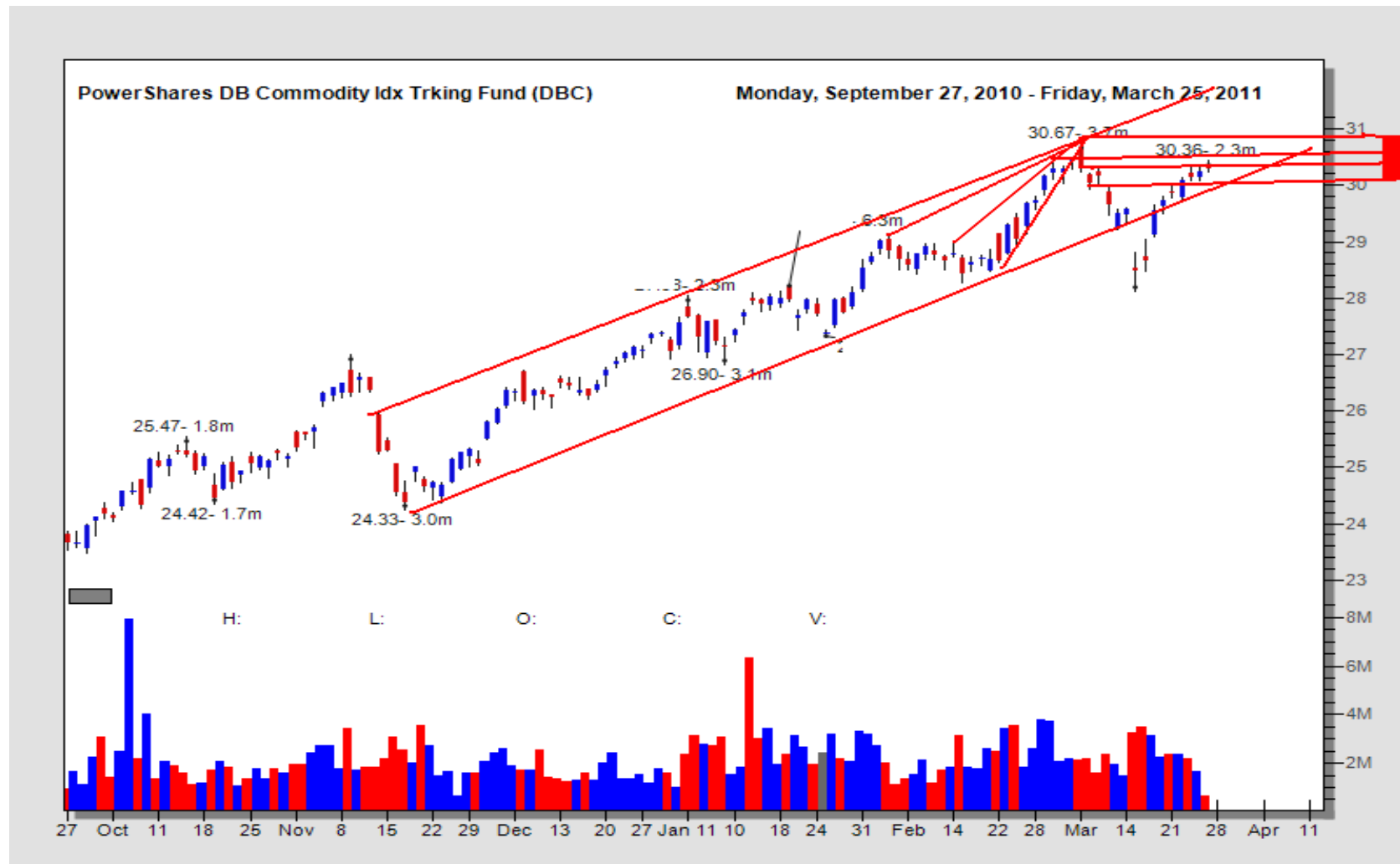
RSI has reached at the value of previous peak on bigger time frame , which is quite meaningful. Certainly this market can to a final parabolic move which will be a false break to upside if volume does not confirm but we will manage the risk with stops on CZ



DBC – PQV Analysis

On bigger picture, we have reached the CZ with multiple price streams. (Archived chart CZ from LT) peak on bigger time frame , which is quite meaningful.

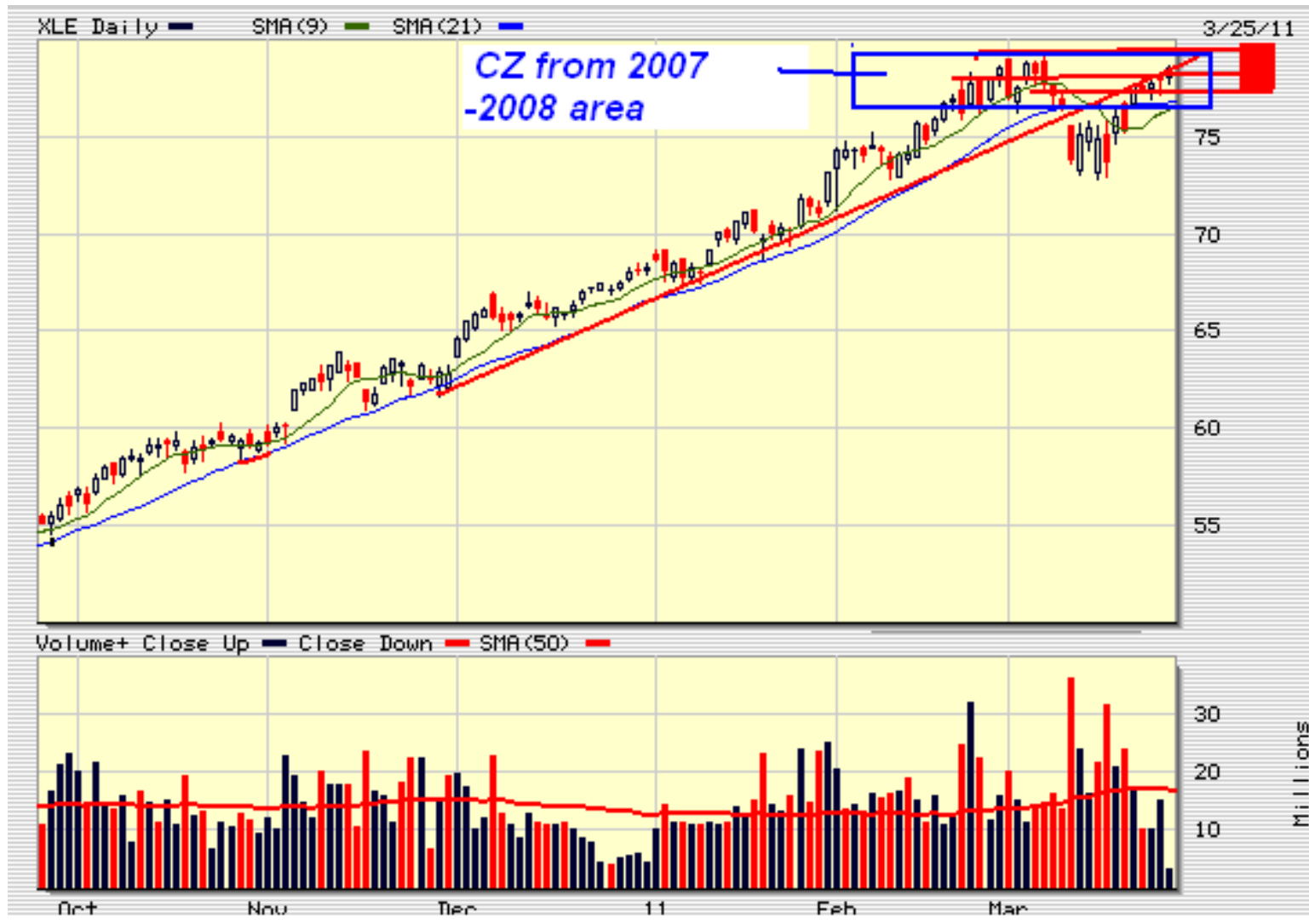
Our next decision point will be going back to 30 -31 and test with 2.3 M shares and fail (½ position) and 2nd half when Traded above 31 and close under 30 with 2.7 M for Trigger



XLE - PQV Analysis

XLE – The CZ 76 – 78 , imported from way back 2008 dislocation proved its merit , On 4th March it failed again at 78 and immediately dropped to 73.

Our next decision point will be going back to 77 to 79 and test with 12 M shares and fail (½ position) and 2nd half when Traded above 79 and close under 78 with 14 M for Trigger



IWM –

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

IWM met our bounce target of 83 one more time from last message and rejected, then the decline began .

*Weekly test for ½ position(CORE) – IWM should test with GREATER THAN 350 M (weekly volume) and close under 79) for e a good test. **But hasn't happened.** We wait for next signal . We have been watching closely in CZ – PQV in Sector Report*

But on daily basis we have taken - the CZ For ½ position within 79.5 – 81.5 with 45 M failure. Volume on decline picked up . This is good for intermediate term bearish Trade , our price target is 74

For Short term - Next Level should come in at price points 77.5 to 79 and volume should come in above 125 M to get continuation of bearish signal if not we would get a bounce . This will be short term Risk Management for excess capital We will wait and see.

IWM- Price & Volume -

Struggling in CZ in spite of false breakout. Divergence plotted, if RSI close below 50 should have tough time to regain momentum back . Target 74



QQQQQ - - (No Signal) - Price , Volume & Pattern Analysis - (MONITORING CZ -PQV

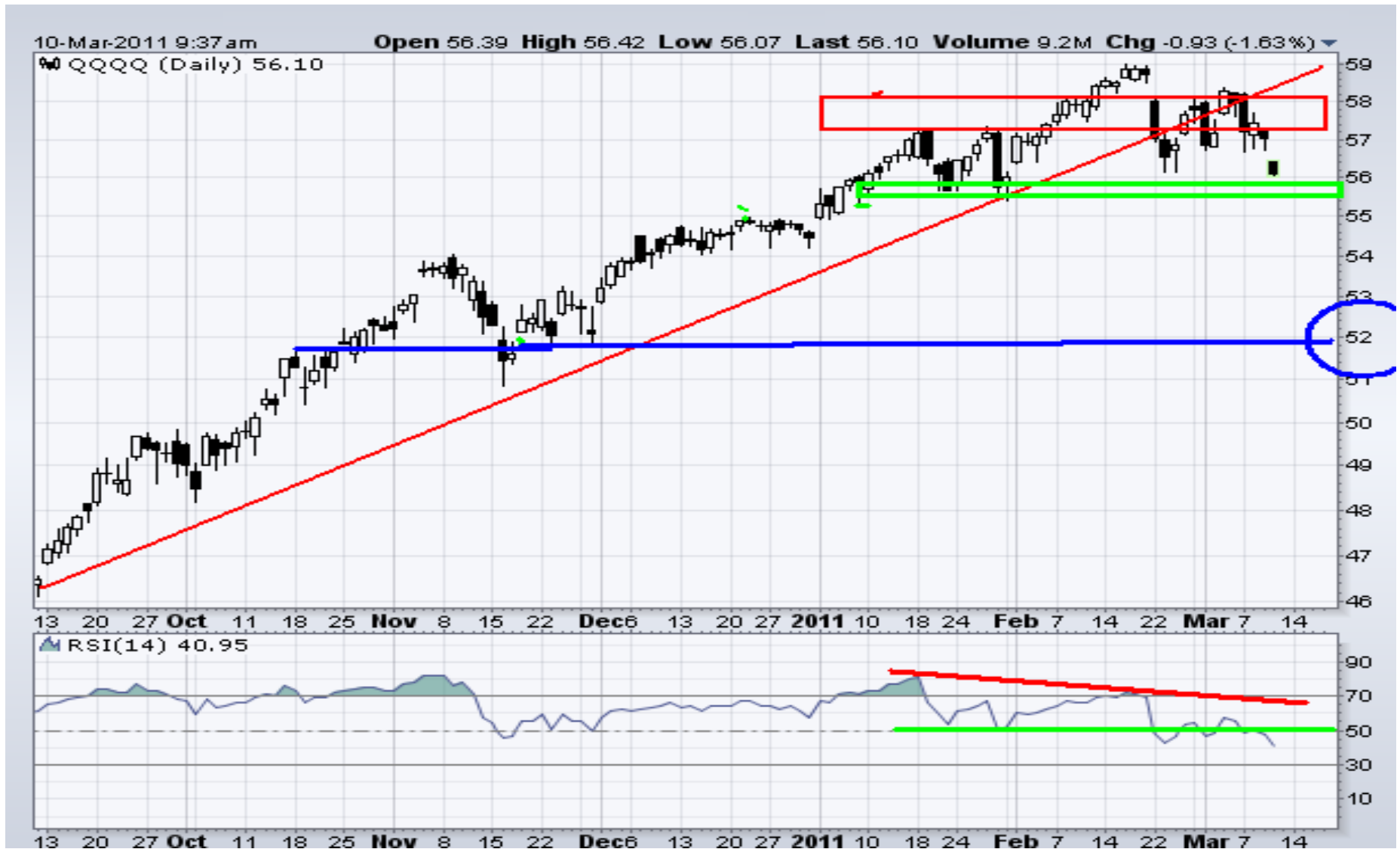
QQQQ - PQV has validated yet and refrained us from stepping in from 52 .

We had this in our CZ - 57 -58 & failed from way back 2008 Jan breakdown area & 2008 highs of Sept . and test 57.25 with 200 M (weekly volume) and close under 56, should be a good test. (voided)

On daily basis - Note - This actually failed at 58 on 3/rd March with 60 M shares v/s revised test of 100m , however due to our Offsite visit we did not get the chance to calibrate inflection point , otherwise we would have nailed this, We missed it but there is always another trade . Now we will wait for bounce for next decision point .

QQQQ - Price & Volume -

Struggled in CZ in spite of false breakout. Divergence plotted, if RSI close below 50 should have tough time to regain momentum back . Target 52



1- GLD – Price / Volume (Add \$ 30 to GLD for Continuous contract)

GLD - Currently we are awaiting for POM 14 – Re Run Trigger in 137 -140 Area (pink circled) . Having reached our bounce target. Currently it is at inflection point with some patience game

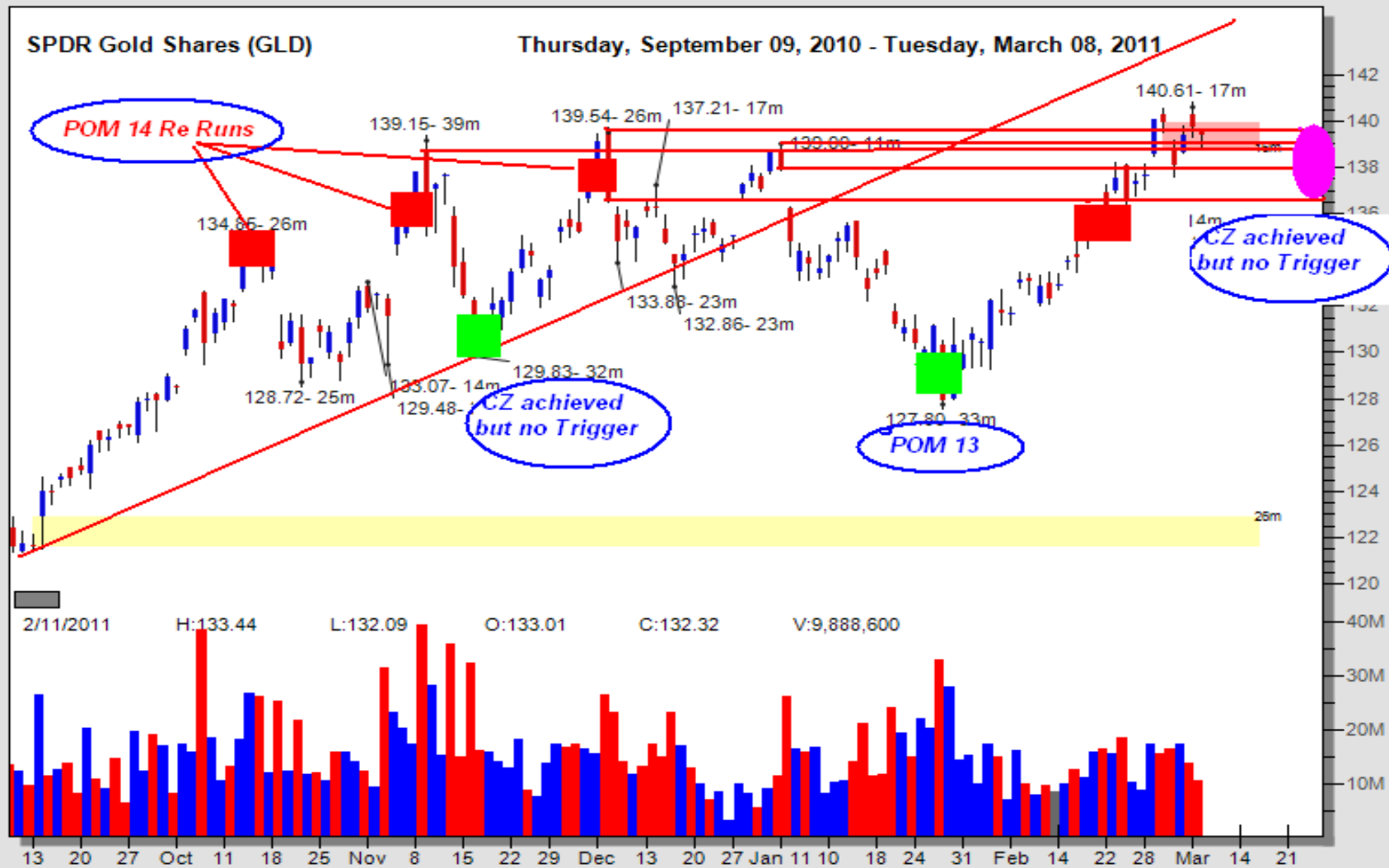
For Failure - Based on current configuration we are looking for 12 M on test on volume and for Price to go to 141 and close below 139 (pink zone)

For Fake out - Go above 141 with 12M and trigger all the stops and then die on its track in 2-3 days. At higher price. But confirmation will be delayed.

For Break out - This corresponds to on continuous contract ,GOLD - if the Volume picks up 300K towards and close above 1435 then would begin ABC up . currently the volume has been at 180 k . Where Gold goes SLV , GDX will follow. But usually GDX leads the metal higher . GDX is lagging quite a bit which is divergence. But we do not argue with Price & Volume on GLD

We advise risk management with STOPS on other side of CZ Stops, ,

GLD -CZ Mapping

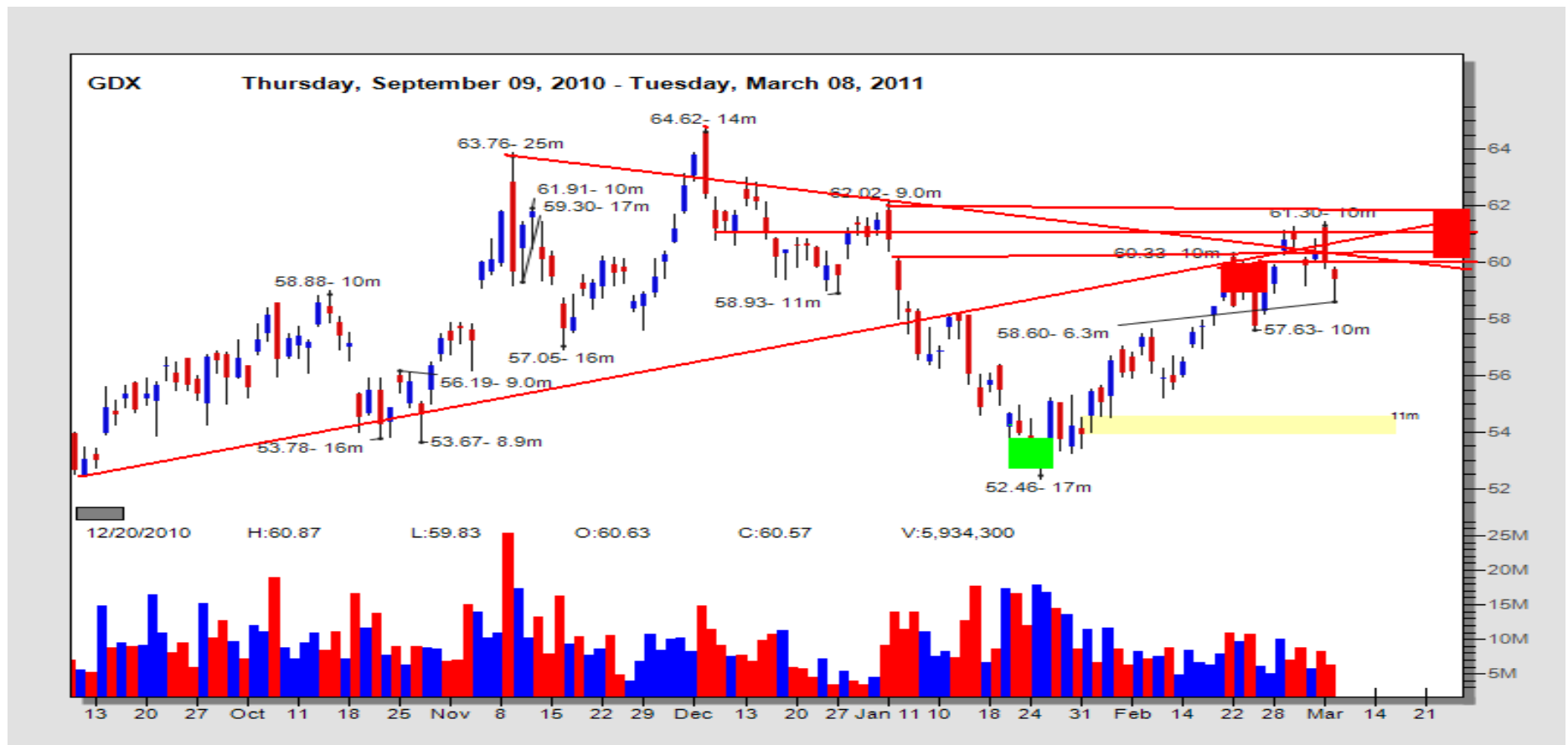


1- GDX – Price / Volume

GLD - Currently we are awaiting for POM 14 – Re Run Trigger in 60-62 Area (red marked above) . Having reached our bounce target (red marked below) . This index is Top heavy and weak compared to GLD, this is kind of divergence.

For Failure - Based on current configuration we are looking for 7.5 M on test on volume and for Price to go to 62 and close below 61

We advise risk management with STOPS on other side of CZ Stops ,



SLV – Daily - Price / Volume-

We have triggered POM 14 Re run on Gold and GDX , But “No signal on SLV “. Possibility of Terminal pattern here . Since ABC up is complete at 34.5 +/- . and current expansion is 1.61 , Exhaustion if it does, happened at 2:1 with 3 gap play @ 60 degree . We are watching but currentlybut if GLD begins its decline SLV will follow , therefore Divergence

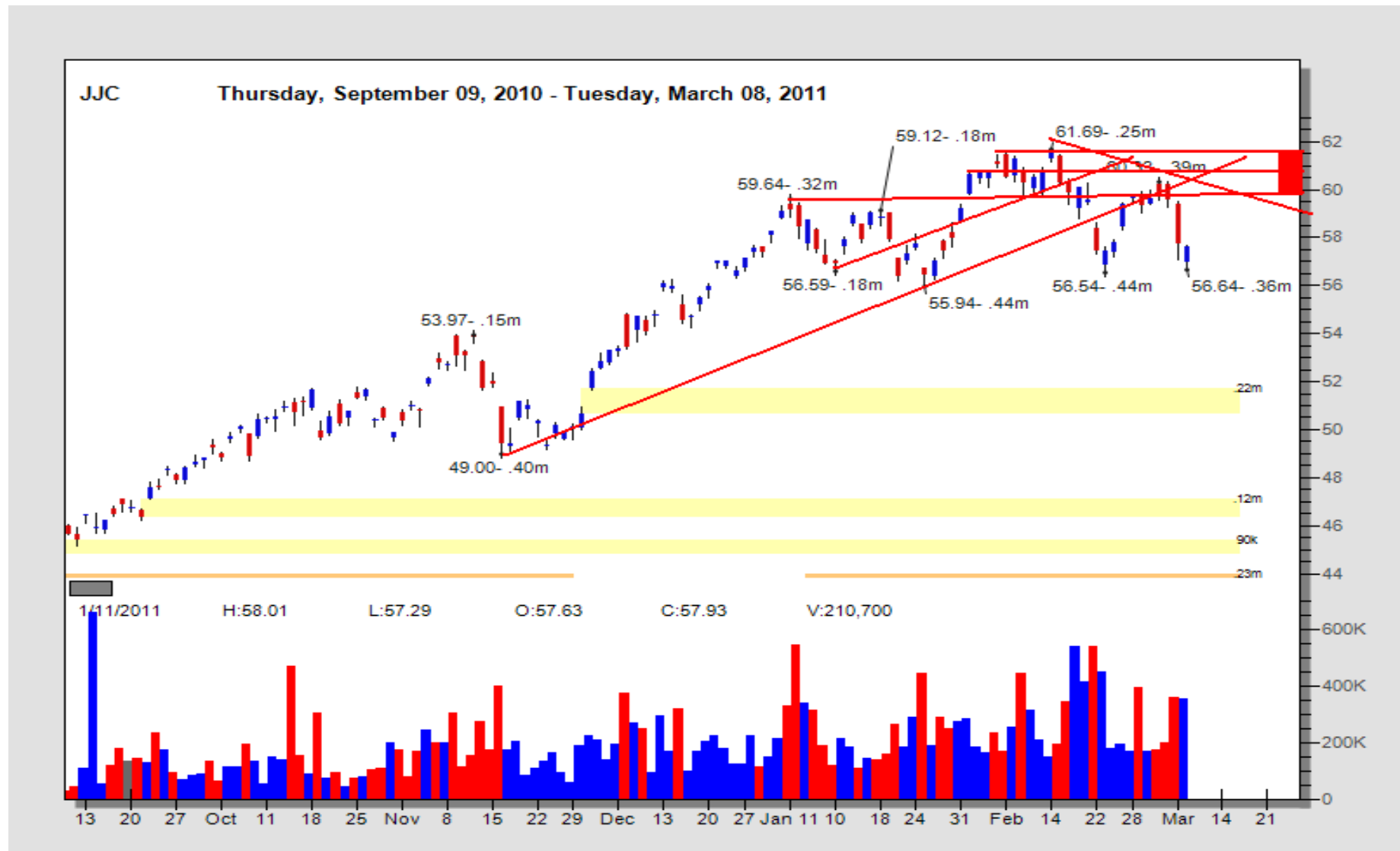
CZ for this terminal pattern is 35 -36 with 25 M shares. & volume is heavy , At least we need another test of Highs and reject . Stop above 37 .



Copper (JJC) – PQV Analysis

Our CZ 59-60 from 2008 cross current proved it merit and market stopped on its track.

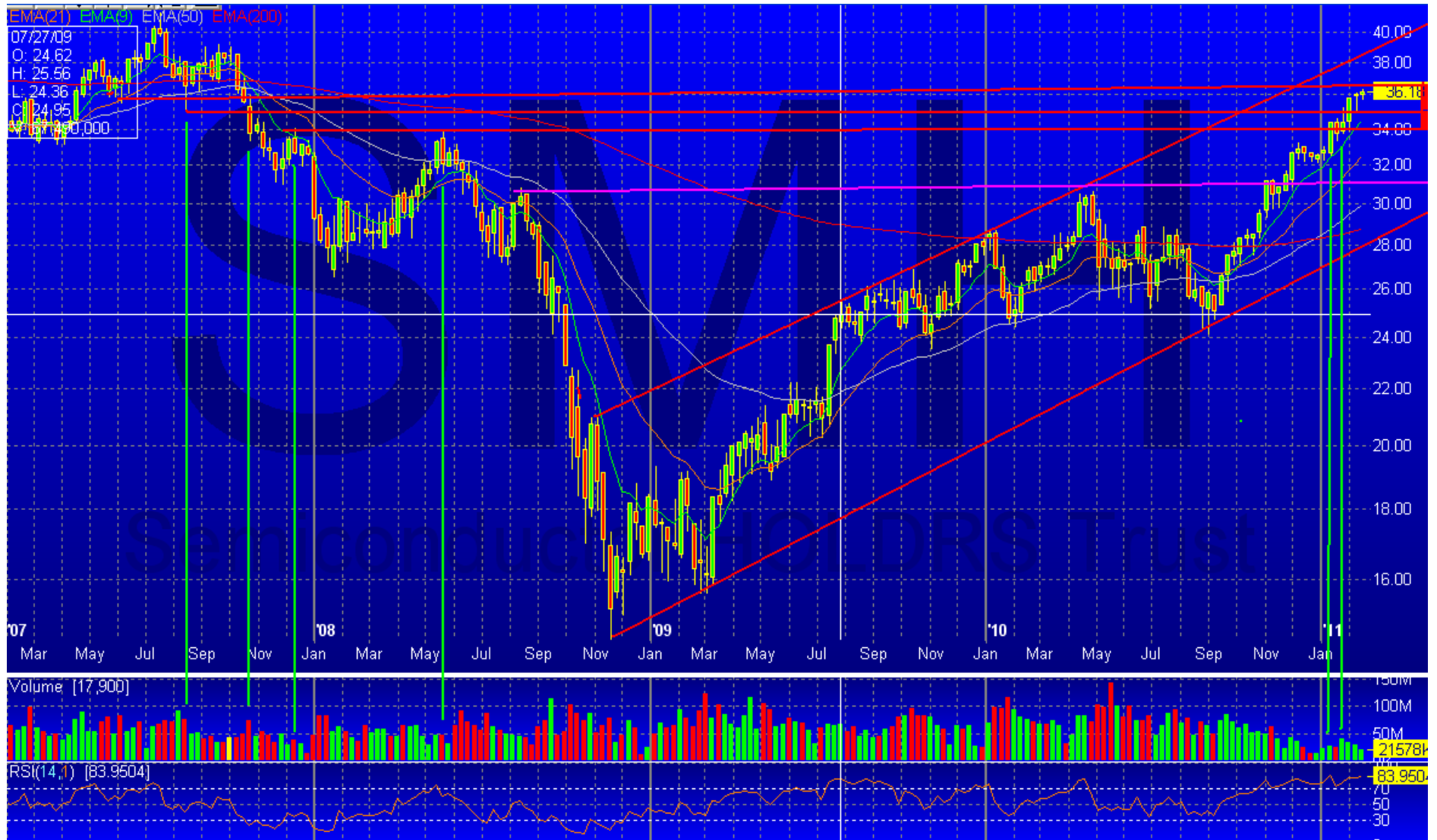
After this current breakdown, now we are dealing with CZ 60-61.5 , the test volume should be 180k on the bounce



SMH – Price / Volume (No Change)

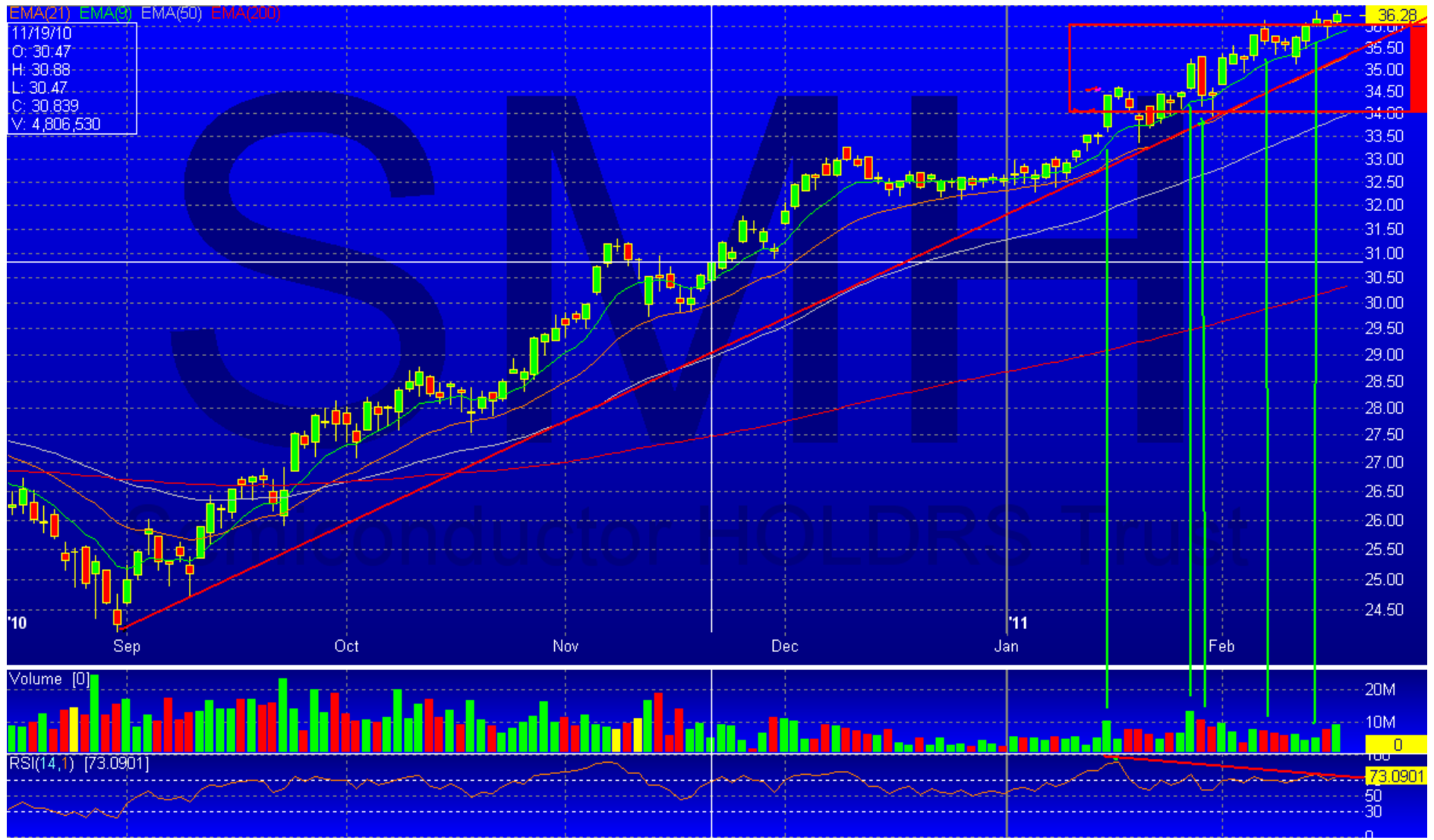
SMH came our test zone defined by May 08 and breakdown area of Jan 08 - CZ for SMH is 34 -36 and volume on test to be 8M, this was triggered. On risk reward as always the stop on other side of CZ.

On weekly (This week), the Volume test should fail, If we close below 34 on week and month, It should be another good failure. (wkly volume 27m)



SMH - PQV Analysis (Daily)

SMH on daily basis, Although RSI is diverging bearishly, Price wise it its in CZ currently CZ 34 -36 and volume is contracting, this might be a false break and need to come back to the range. Intermediate topping process.



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

EEM double topped in CZ Area, tested the broken Trend line and validated PQV test in 47.5 to 49.5. The CZ area is from way back from 2008 Jan breakdown area & 2008 highs of Sept.

Struggled in CZ . Divergence plotted, if RSI close below 50 should have tough time to regain momentum back .



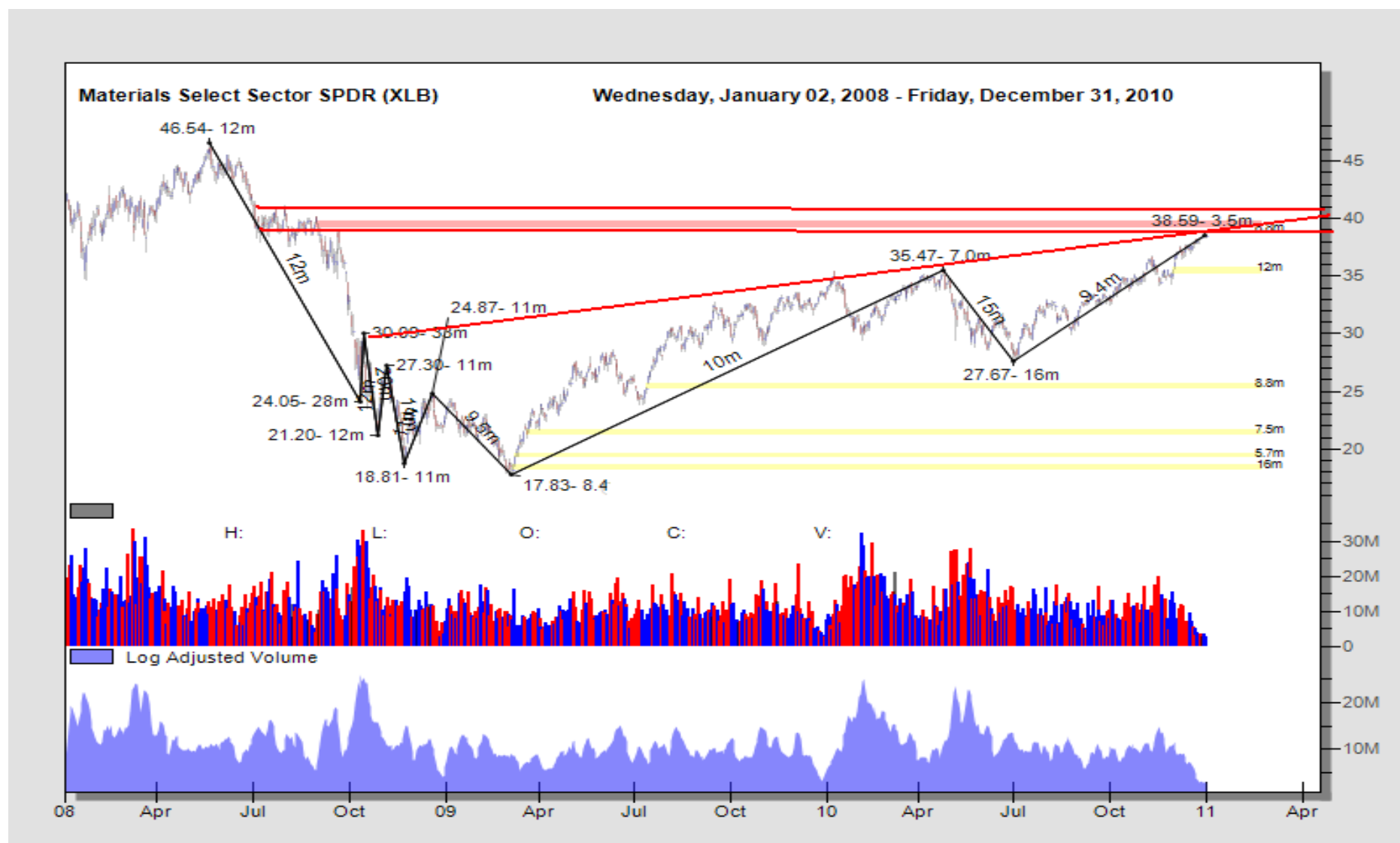
IYT - PQV Analysis

IYT failed in CZ 92.5 – 94.5, Struggled in CZ in spite of false breakout. Divergence plotted, if RSI close below 50 should have tough time to regain momentum back . Target 86



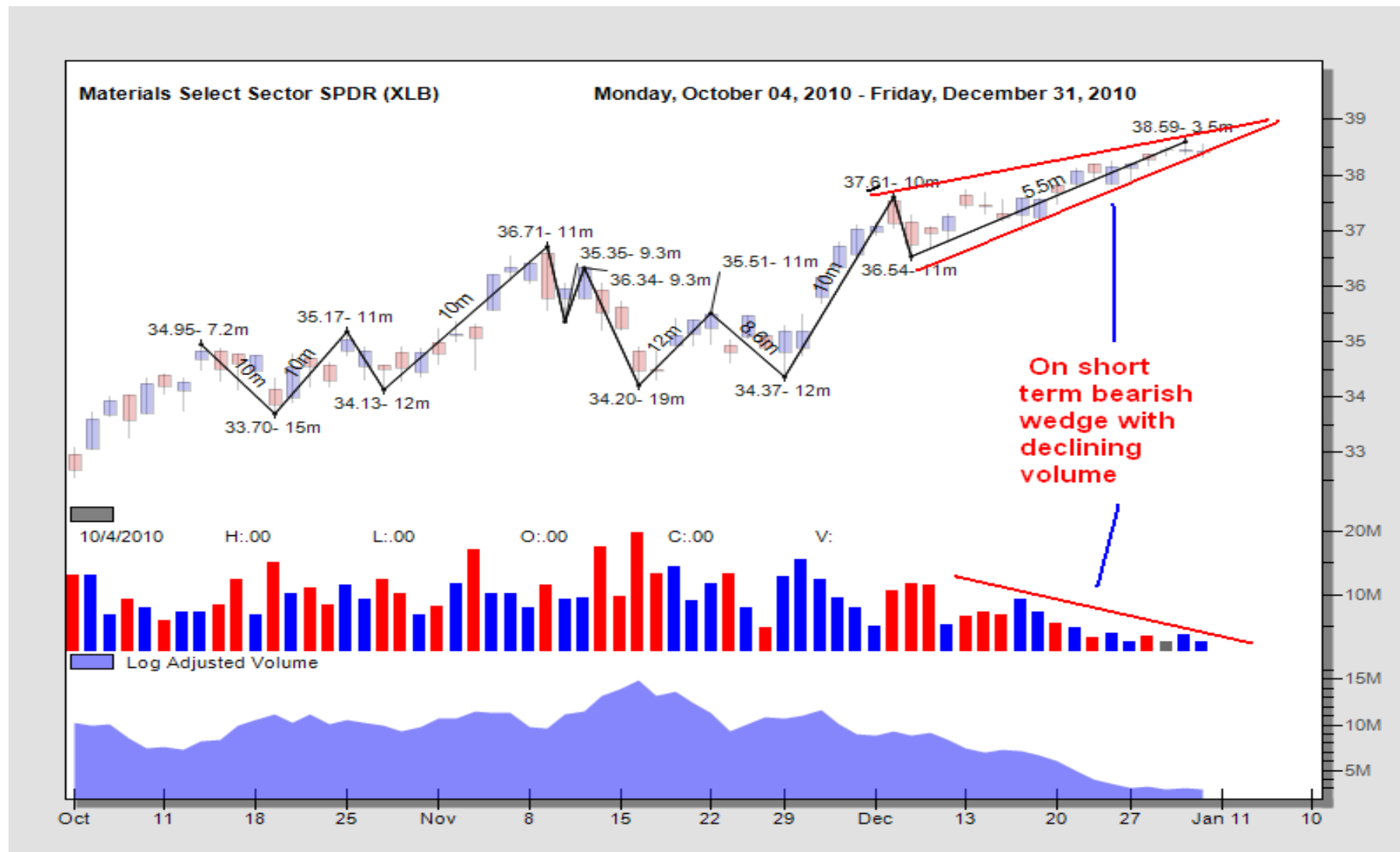
XLB – PQV Analysis

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



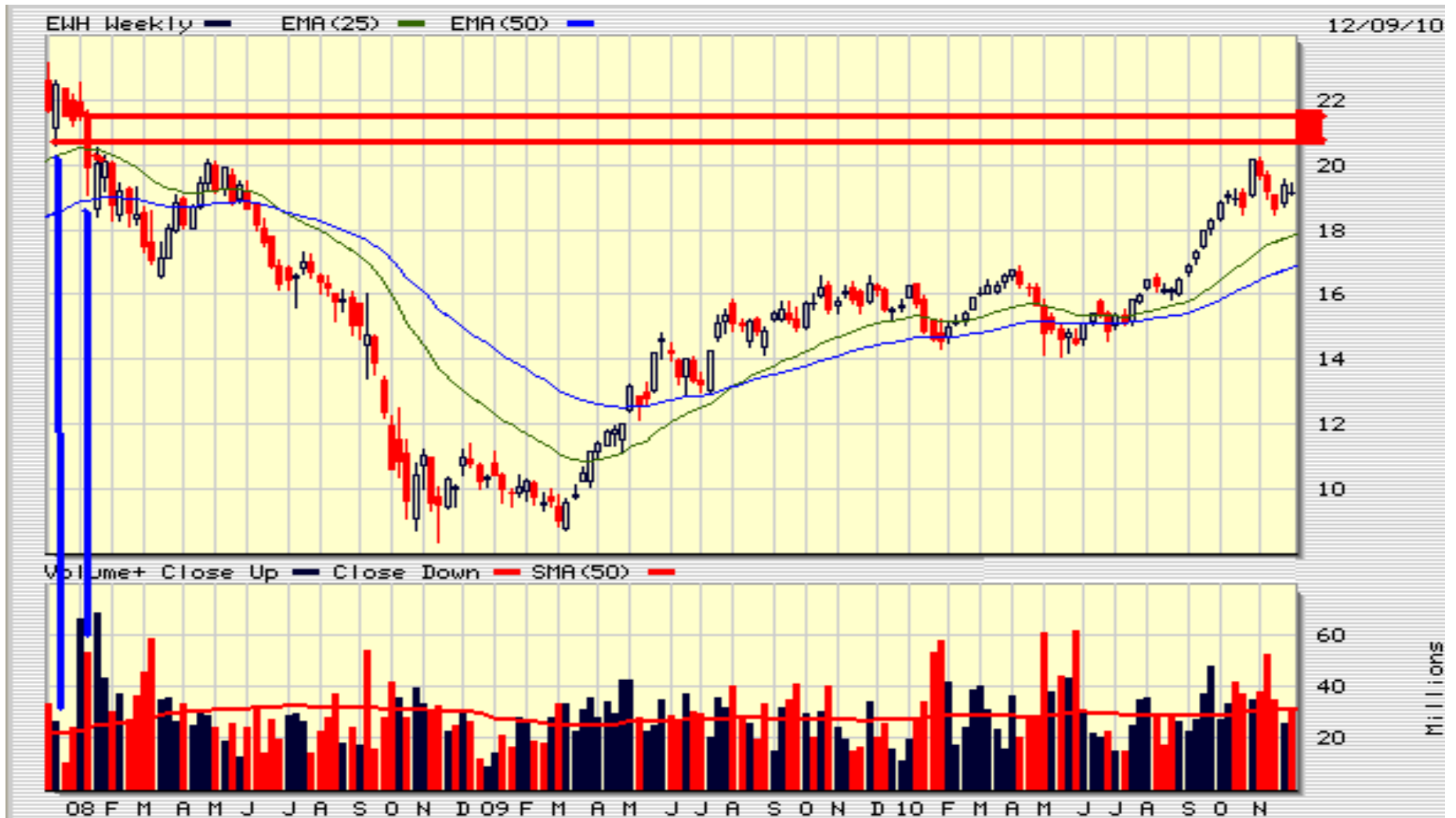
XLB – PQV Analysis – SHORT TERM

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



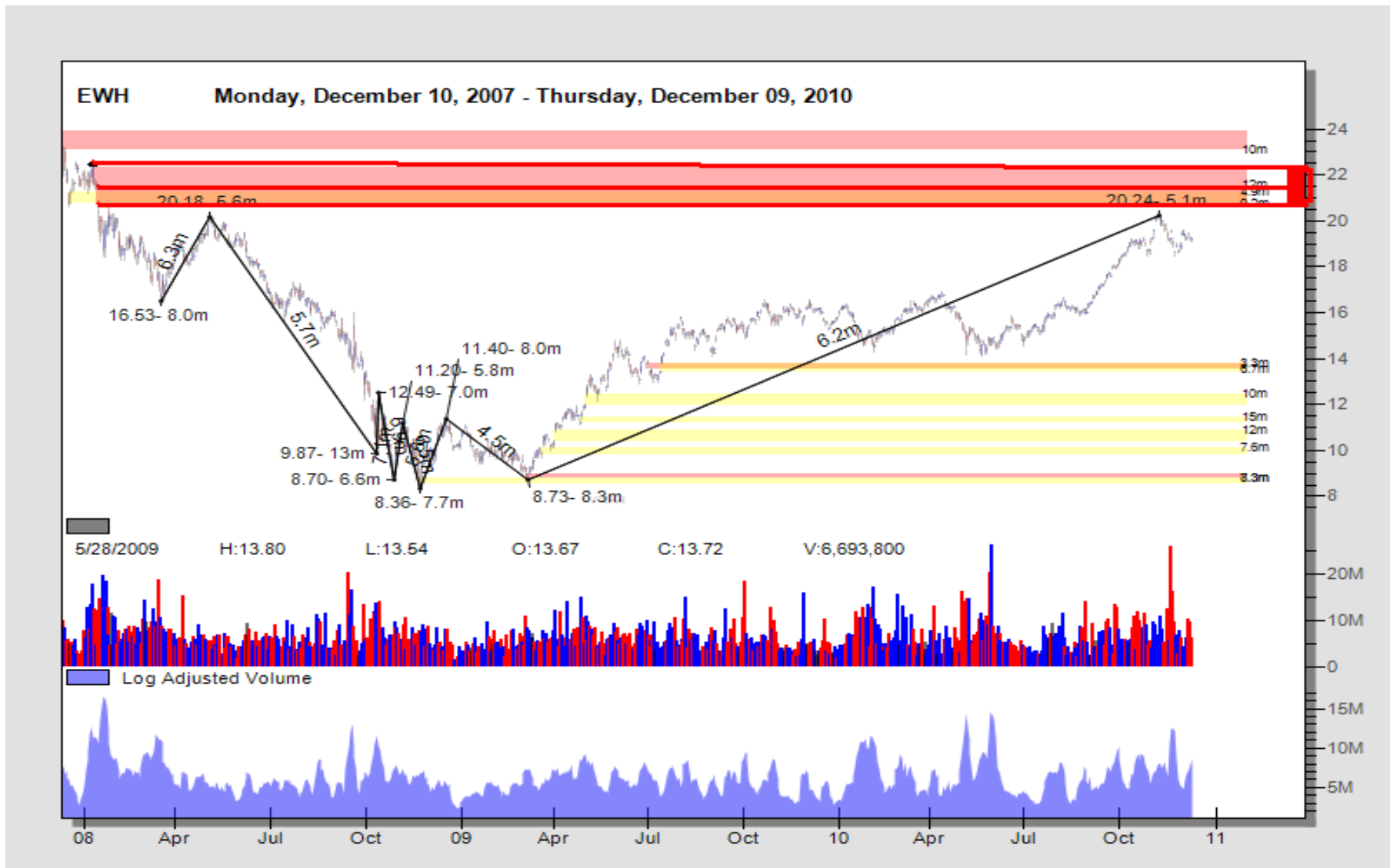
EWH - POM - LT - Price , Volume & Pattern Analysis

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



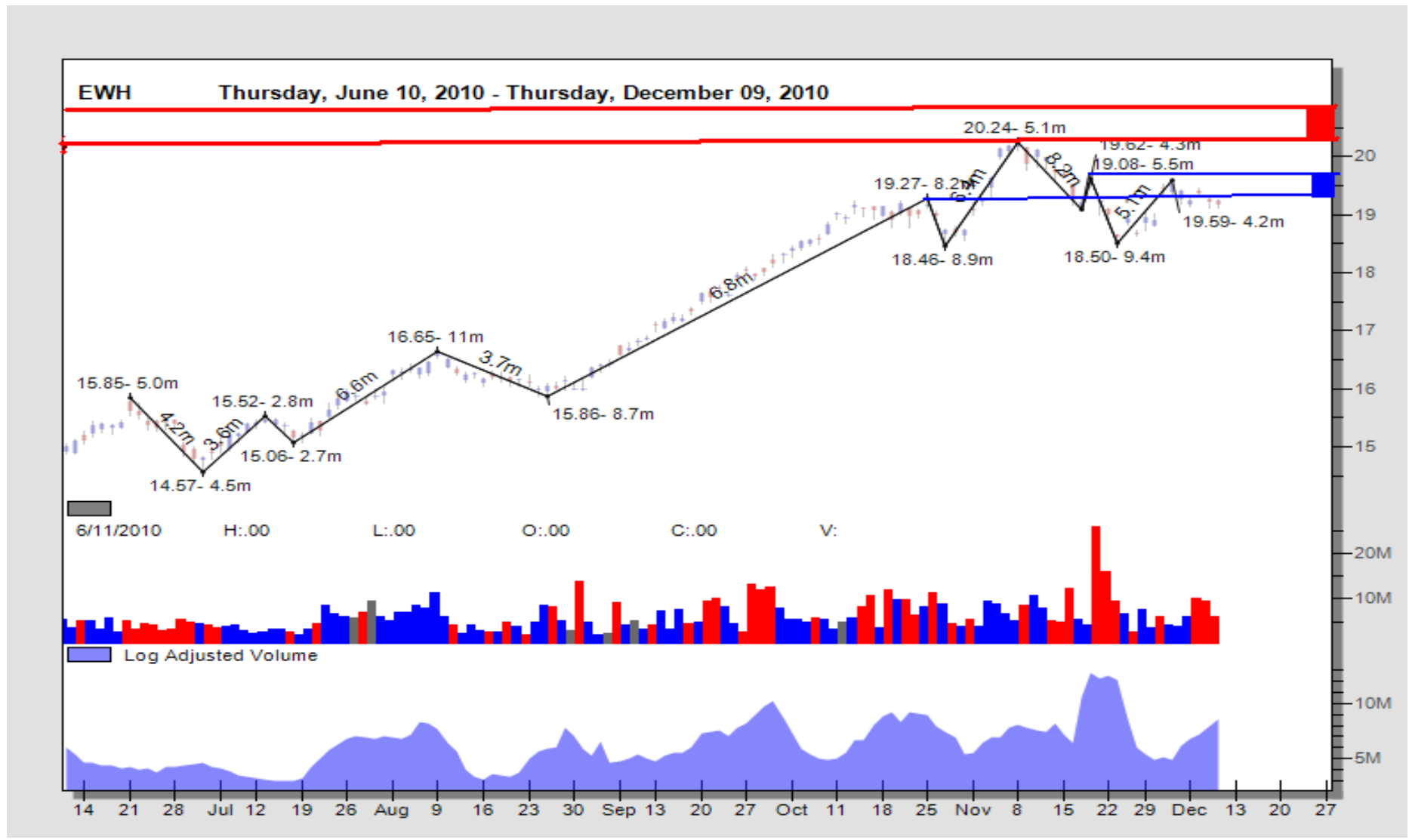
EWH- POM – MT - Price , Volume & Pattern Analysis

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 .



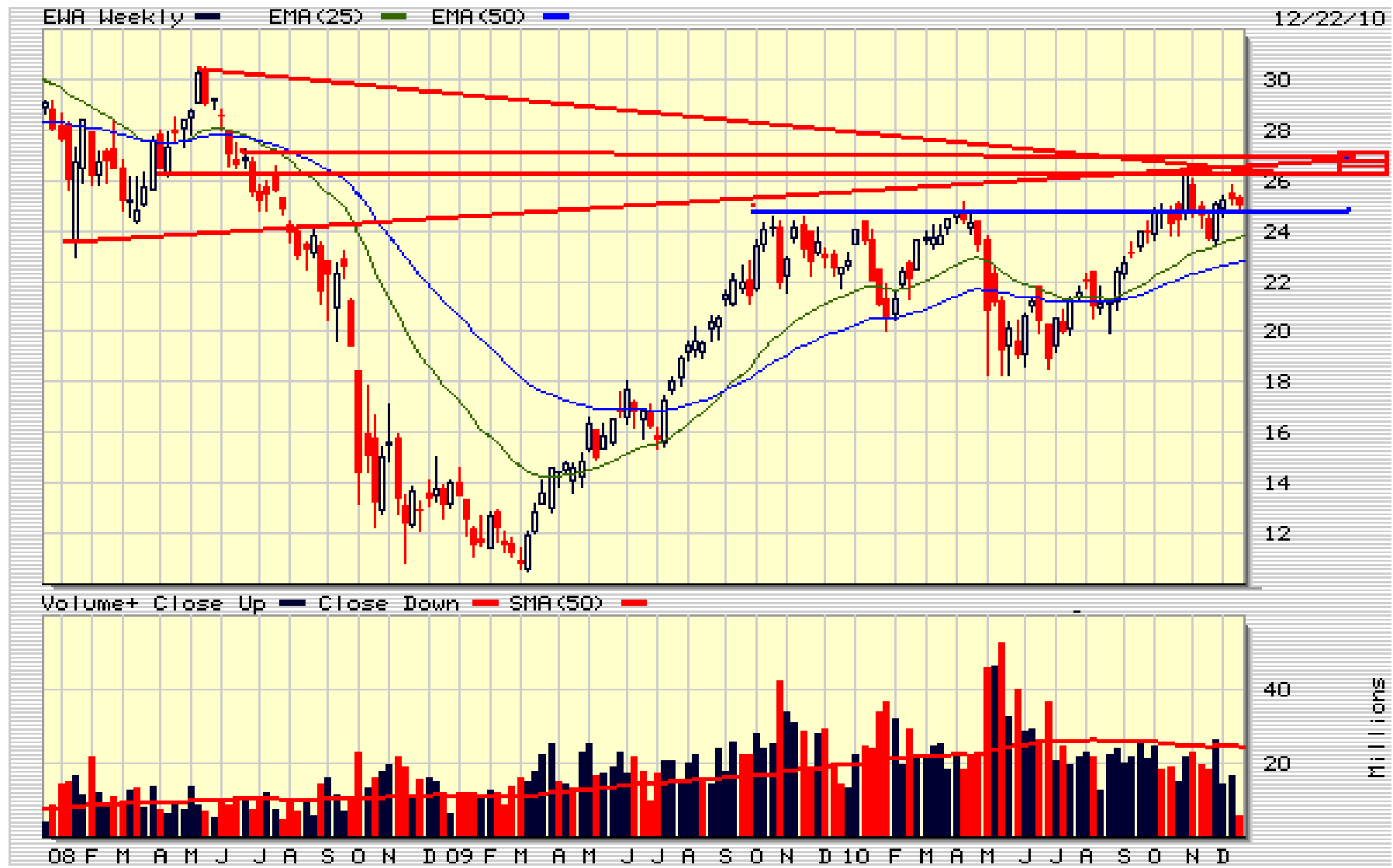
EWH – Technical & Pattern Analysis & Price / Volume

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 .



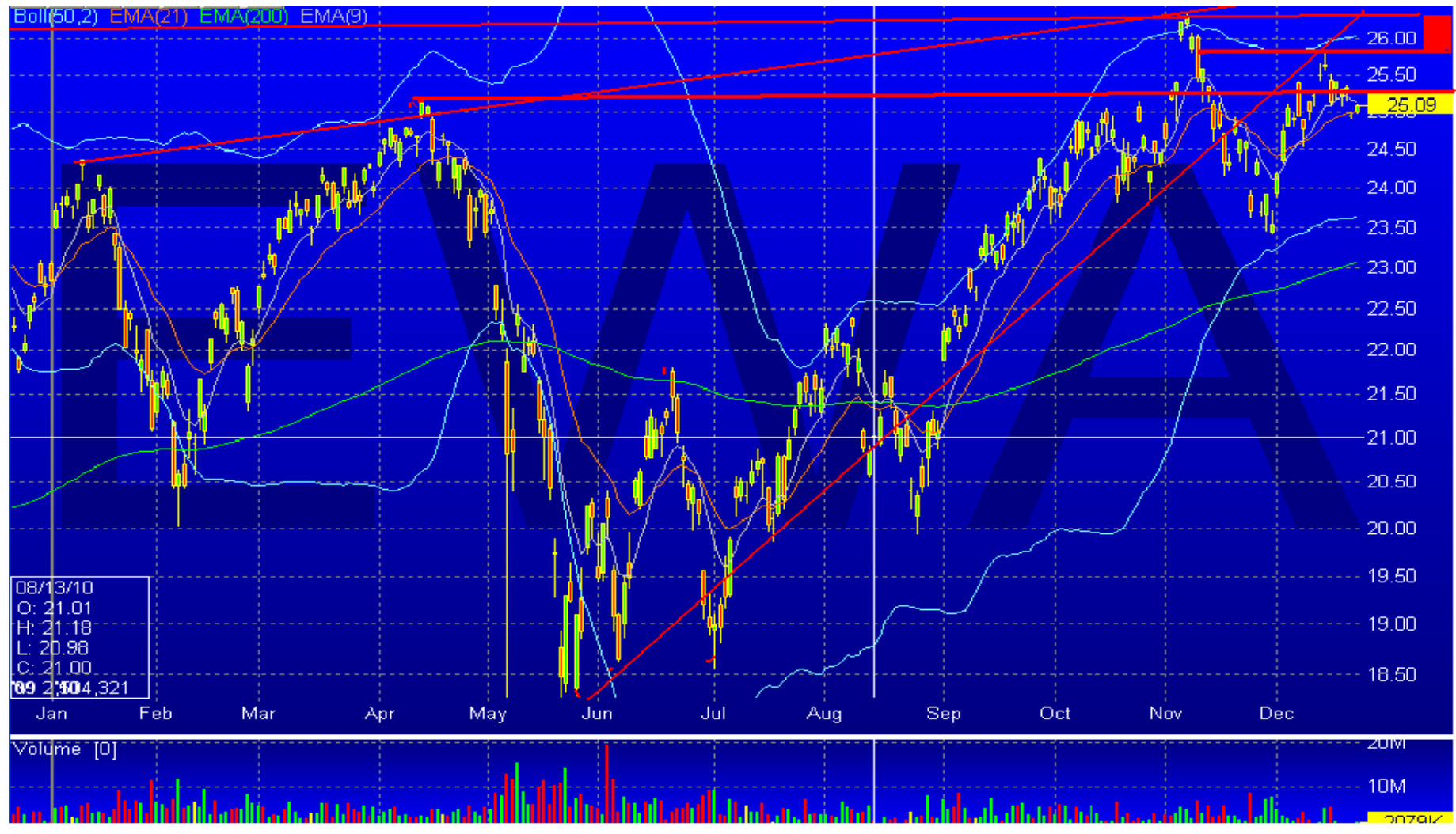
EWA – Wkly - Technical & Pattern Analysis & Price / Volume

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

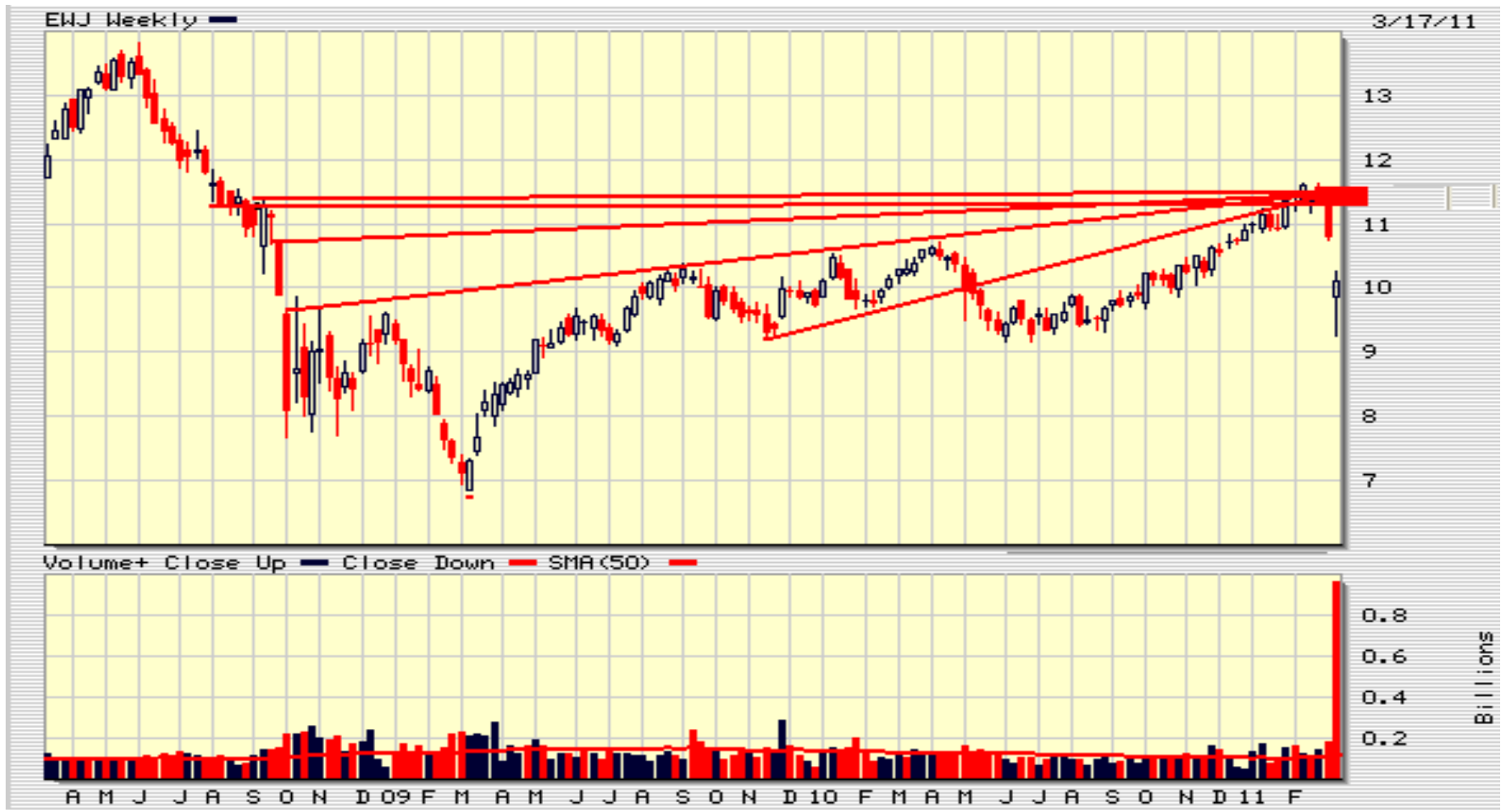
On premature basis , this area could very well be the top the CZ test of 26 – 26.5 and test with 3.5 M daily & close under 25.50 Daily should be a good test to initiate the position.



Long

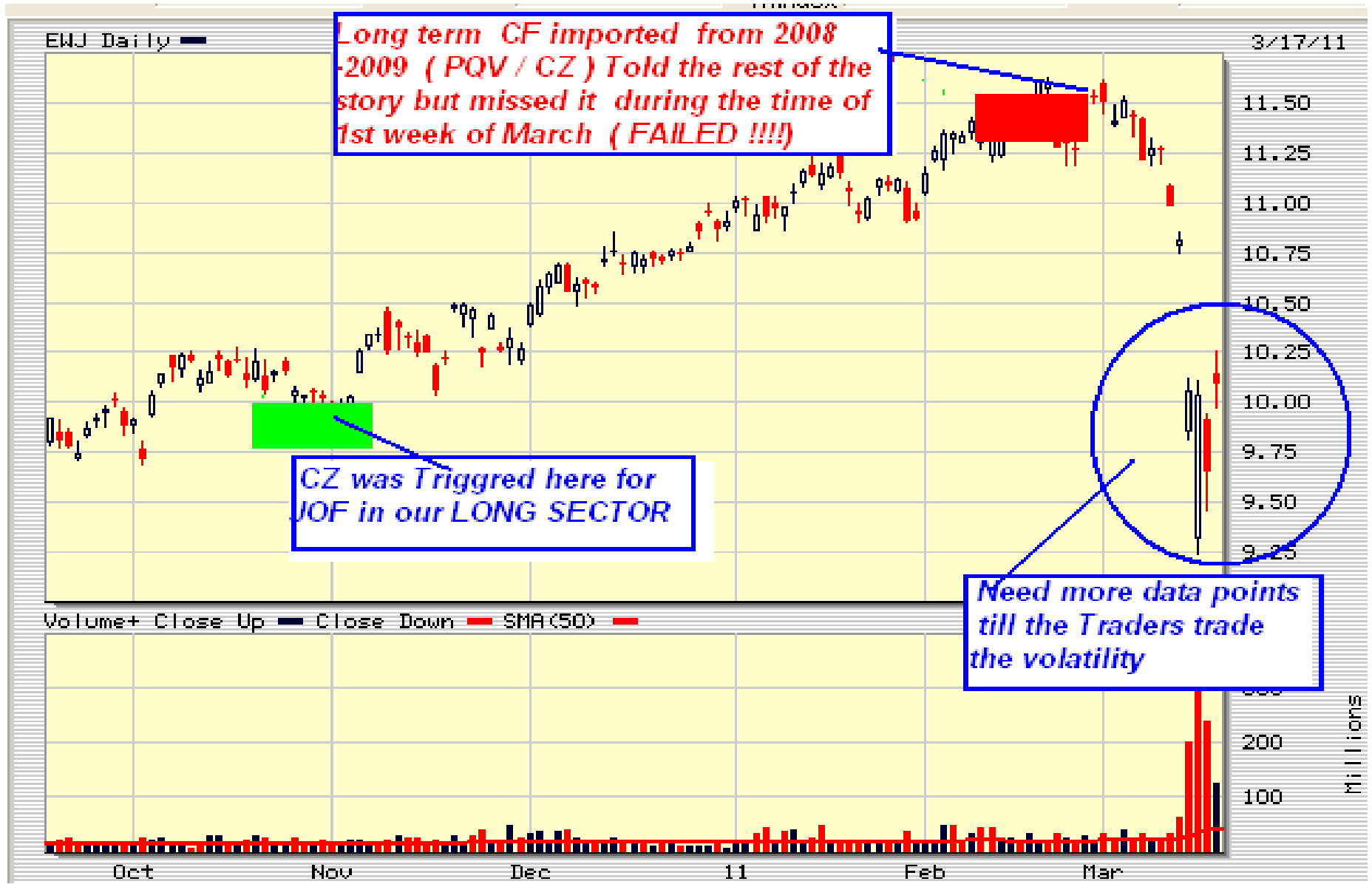
EWJ – PQV Analysis - Wkly

Although we hate to do backward looking indicators but here is a great academic example of EWJ at failed CZ / PQV test imported from 2008 -2009



EWJ – PQV Analysis - Daily

As they sayone has to be on Buy and Sell to make it work . (Refer notes within the charts) , No signals for Buy CZ – PQV yet . Currently Traders Trading in / out !!!



EWJ – Technical & Pattern Analysis (Bigger Picture)

NIKKEI 225 Index (Weekly)



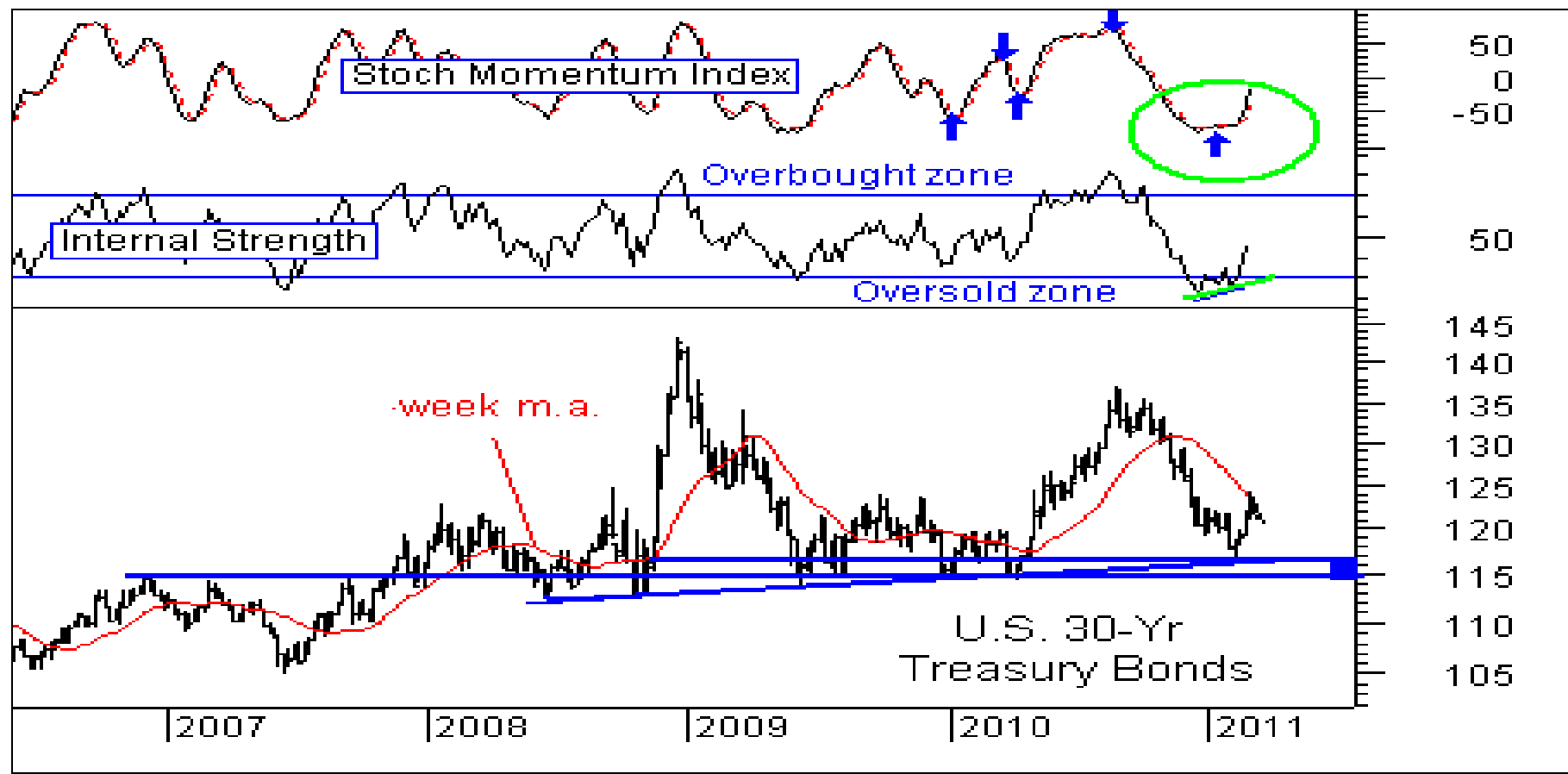
XLV – Technical & Pattern Analysis & Price / Volume

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,



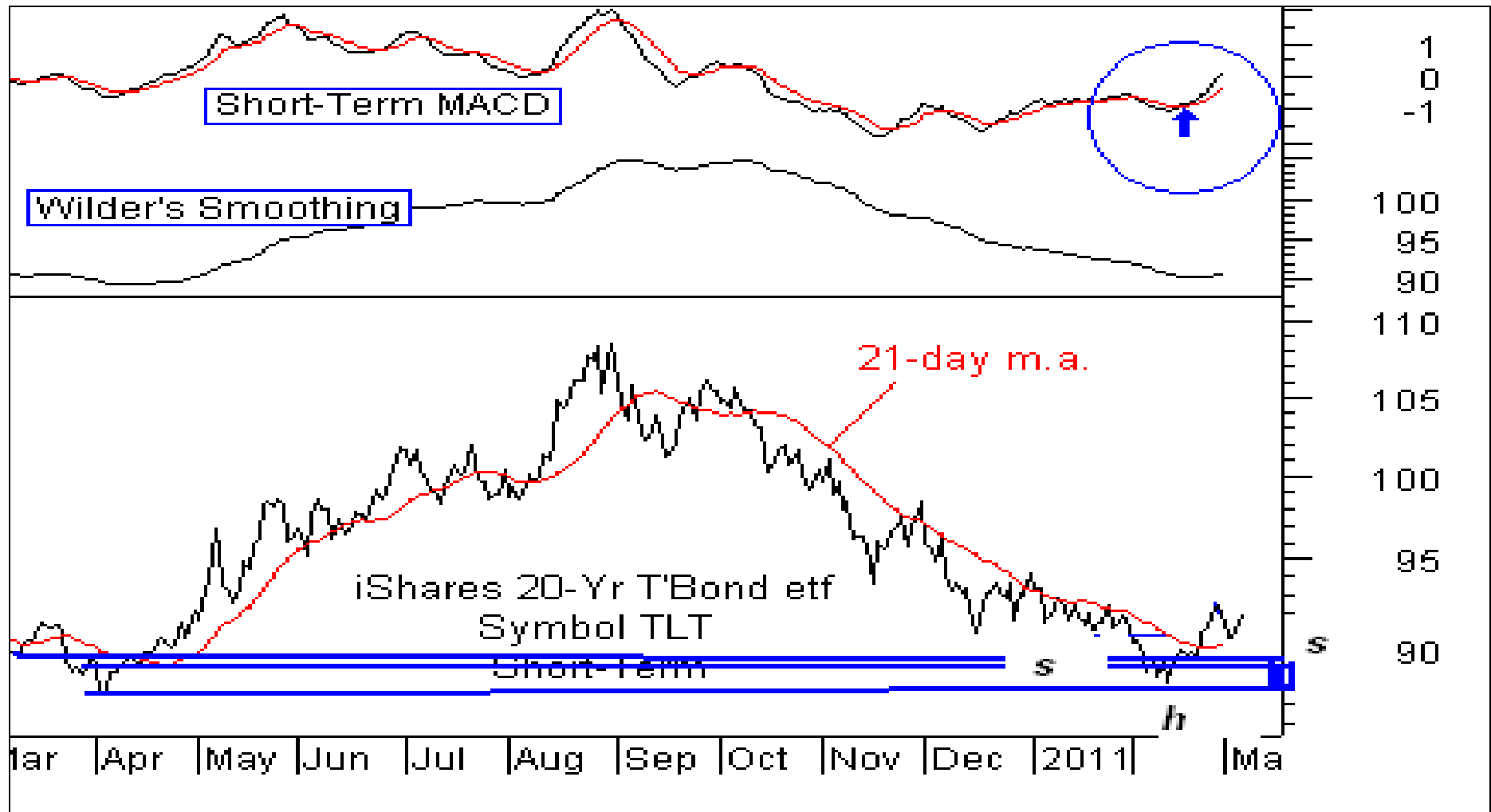
2 – 30 – YR BOND – Technical Analysis.

Money is flowing back into bonds to create an upside reversal in our momentum reversal indicators.



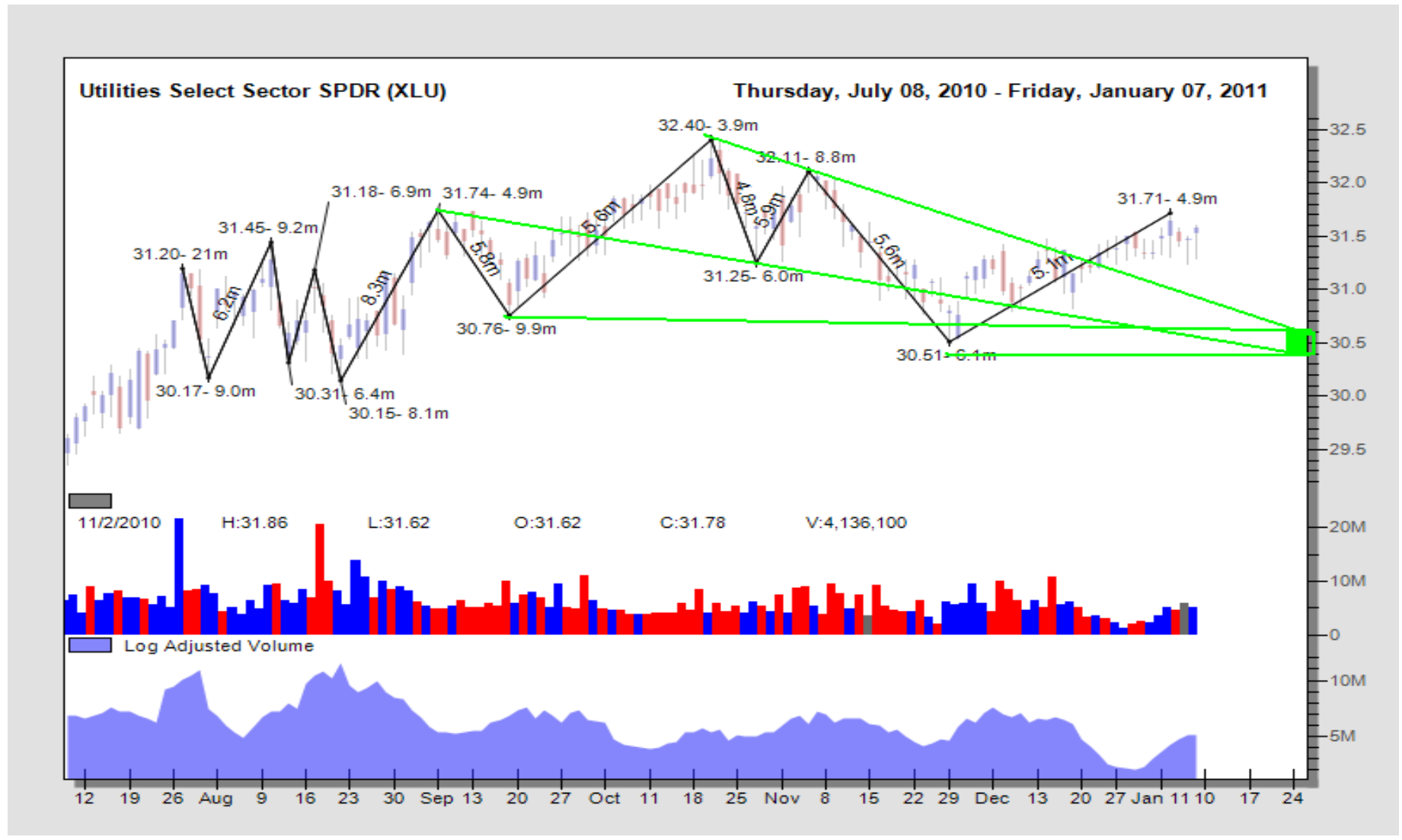
2 – TLT- POM – ST - Price , Volume & Pattern Analysis

There is clearly a bullish setup here , After being effectively validated on PQV /CZ /POM 12 – Now it has established ABC up with Inverse H& S bottom (confirmed by volume) all these criteria being accomplished above 21 D and MACD triggered on ST & MT basis.. Note – Inverse H & S has much higher probability if used in concert with CZ /PQV



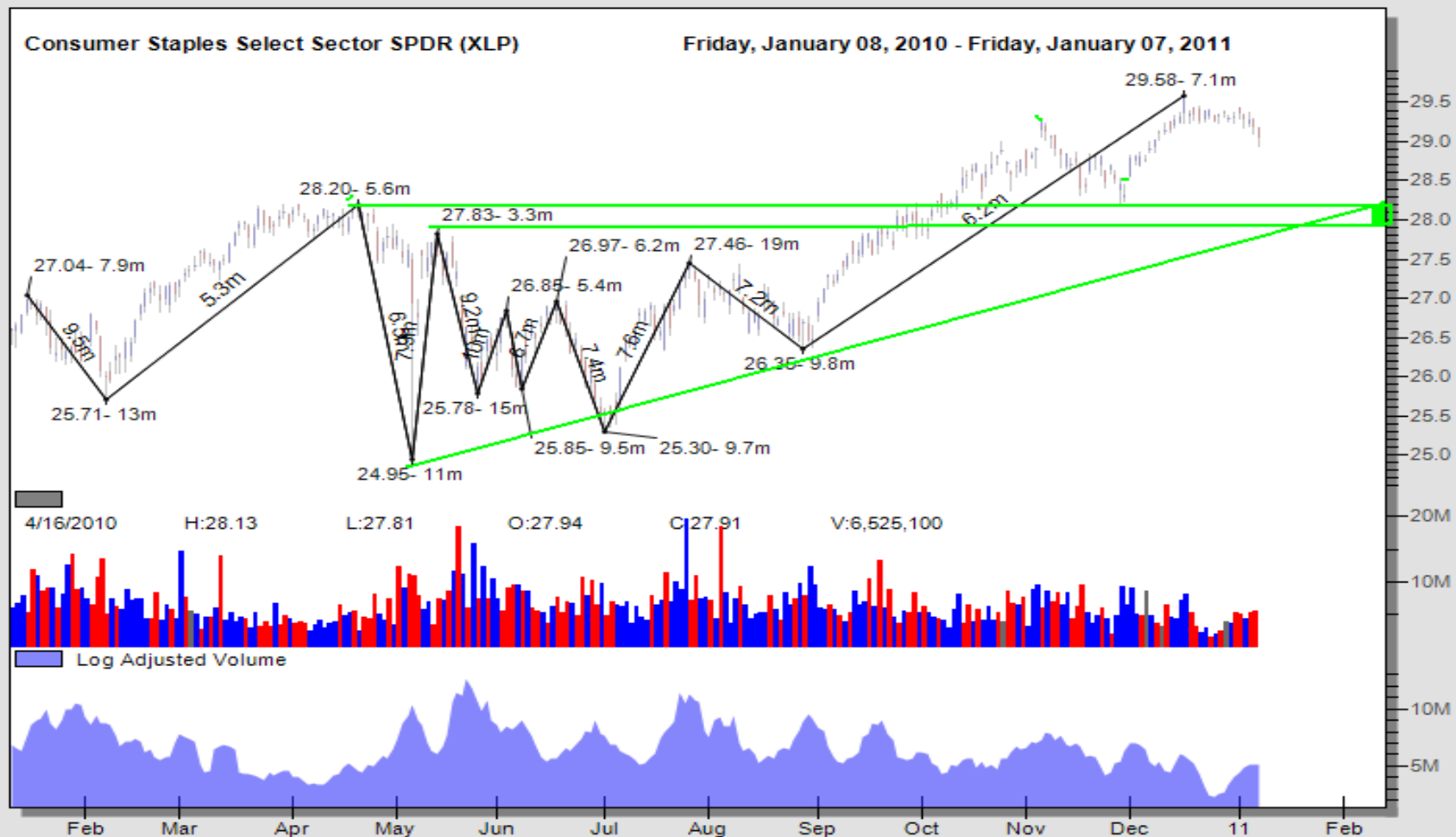
XLU- Price / Volume

- **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– 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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