



SG Capital Research

Global Market Insights

**Research Note – Market Strategy – MS Interim Update (A# 3) – STRATEGY & PROP Analysis ( SP)**

**MAEG- MARKET STRATEGY- MS Interim Update # SG 2012 # FEB\_06**

**For Immediate Release – Monday PM (EST)**

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## **Market Strategy – MS Interim Update (A # 3) - (SP)-**

**SPX – Closed @ 1344 (Weekly +2.1%)**

**SPX – Closed @ 1257 / 1344 (YTD change + 6.9%)**

### **Our Quote**

**“ Repetition is Mother of all Knowledge”**

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# ● 1. Executive Summary

## Current Signals

SPX – POM 14 – Re Run ( Fully Hedged Long Position) – “Trading Market “POM Rating

GOLD – POM 14 ( Partial Hedged Long Position ) – “Bull Market” POM Rating

BONDS – POM 13 (NET Long Position) – “Bull Market “ POM Rating

## SPX

**Alert email on Mid -Thursday 1/26 at SPX 1325** - Our Action point to put in ( Fully Hedge position back on all Long positions taken based on our A # 1 – MS at POM 12 @ 1080 4<sup>TH</sup> Oct and / or subsequently at POM 13 @ 1158 on 23<sup>d</sup> Nov ) Beta rebalancing based on Individual Portfolio Objectives .

We waited patiently for this Price point “blow off “ Target to complete **the 1325 projection** as graphically indicated in our previous chart messages. The move above 1290 extension has been under –ve divergence and PQV failure. SPX did not Trigger POM 15 for Net Short .

The terminal Topping process post POM 14 – last week price action had 2 Gaps of 3 gap play , there is possibility we can see another Gap & also Friday we had climax Buying ( short covering Stops) which has the tendency of re testing however If we Gap down , we could set up ISLAND Top. We will see which pattern gets completed first.

SPX remains at POM 14 Re Run, as the market bounced back into its original **CZ 1290-1270** . Each week , more indicators shows sign of Mid term Topping. (Refer charts below). This area still remains very critical Top heavy. Essentially the Traders are taking the stops out each time market takes the high off. POM 14 has history of re testing as a part of top process . Time is of essence before “mark down “ phase begins.

OUR POSITIONS- Current conditions of POM 14- re run ( ½ of the Hedge Position being our Core position, which we plan to hold till POM 12 is achieved 1125 –SPX & other ½ floating position has been rebalanced Thrice for Profits within the market’s swinging gyration from POM 14 to each POM 13 since Oct lows).

**Our First downside Price Target** on this current Trigger is **CZ 1260-1240**. Overall, The Price Oscillation SPX initiated at @ POM 14 in October 2011. still has the Final price target **around 1125**. This should complete the end of Oscillation to POM 12 area. ( certainly not in straight line) . we should see several POM 13 – Risk Management spots in between the decline .

- **PLAN B – ( Extended BEAR CASE w/ or w/o fuel from QE -3)**

**PLAN B – For Aggressive Positions, will highlight the best Risk / Reward Action plan for such situation ....**

- **If the Fake out extension continues from current levels which is a Lesser Probability events then practice STOP Close above 1340 on Daily's for ( ½ Hedge Position entered on Thursday 1/27 & Target back in later on breakdown)**
- **The move above SPX – 1340 we are looking for the Price path to Taper to Trigger POM 15 “ NET SHORT POSITION’ similar to our past processes of termination to Trigger.**

**“ OBSERVATION - FOR ANY VALID BREAKOUT” - to initiate New ABC up**

**NOT WITNESSED YET - Prices should pierce through current congestion with “ Sign of strength” (SOS) , heavy volume with VTO, PPO reversals. Simultaneously the internal Math readings should be re configured different from those indicated in our “ Table” indicated in A # 1 –MS. Below.**

- **For more Justification for our current Market Calls and Price Path Analysis , Refer the “ Detail Chart Section “ within this Report. POM's and CZ's has highest Risk / Rewards for Actionable ideas as compared to in between the moves**

# GOLD

Currently remains, at POM 14 ( Partial Hedged Long Positions ) – Bull Market POM Rating

- GOLD bounces back into CZ 1775-1750 as indicated & displayed charts in last week's A # 3 MS (DT. 1/30) & B # Currency (02/01) & **sold off 35 points from that zone last week immediately**

For Next decision point for ½ Floating Position

On Short term –

Our Pull back to CZ -1650-1620 , (Reaction at CZ 1650-1620 on FOMC day 1/25) . - We broke out from this CZ with “Sign of Strength and validated PQV. Now we would like to see the quality of the pull back to judge the next step.

**Bullish Case -** If the Pull back retracement from current level 1775-1750 and decline to 1650 to test the break out area on Lighter volume should hold which could set up a continued move higher for next ABC up . This should invalidate prices below 1600 as shake out move

**Bearish Case -** If Pull back from levels 1775-1750 and decline to 1650 is on Heavy volume then it will penetrate the break out CZ 1650 -1625 and continue to move lower, ABC down, back to test the 1560-1530 area.

Move after the Move is more important . We will wait and see to look for triggers at those prices to setup better Risk / Reward. .

OUR POSITIONS - ( ½ of the Core Long Position ) has been in tact from our last POM 12 @ 1250 which we plan to hold long term towards 1900 to test the BULLISH TOP target and to 2400 our 6<sup>th</sup> Wave LT Price Target .

The ½ floating position being rebalanced with either Hedges several times for Profits within the market's swinging gyration from POM 14 to POM 13) is looking for New entry till dust settles down.

**Detail coverage in our upcoming B # Commodity ( SP) Report on Wednesday 02/08.**

## **BONDS (TLT)**

**Currently TLT is at POM 13 – Long Position, since 10/27 (CZ – 110-112).**

**TLT has initiated ABC up towards 123 target . On very Short term it is consolidating. .**

**Earlier we had closed the POM 15 Signal position from 123 trigger to Target 115.**

**Detail coverage in our upcoming A # 2B – US Broader IDX ( SP) Report.**

# Price / CZ Projection Summary - POM Signals

A # 1 - MS Report FEB 06 -2012	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
<b>SPX</b>				
SHORT-TERM ( last) -POM 14 (1290-1270)	BEARISH	1325	1260-1240	leg down to begin soon
MID-TERM (last) - POM 13 (1180-1165)	BEARISH	1290-1270	1260-1240	leg down to begin soon
LONG-TERM ( last) POM 12 ( 1080)	BEARISH	1290-1270	1125	leg down to begin soon
<b>GOLD</b>				
SHORT-TERM (last) -POM 14 (1725)	BEARISH	1750-1775	1650-1625	Retracement in progress
MID-TERM (last) - POM 13 (1575-1550)	NEUTRAL	1725	1650-1625	Retracement in progress
LONG-TERM (last) POM 12 ( 1250-1225)	BULLISH		1900 -2000	Consolidation in larger range 1450-1825 Building up floor to test the Highs
<b>ILT</b>				
SHORT-TERM	NEUTRAL		123	Consolidation
MID-TERM (last) - POM 13 (110-112)	BULLISH		123	ABC up in Progress
LONG-TERM (last) - POM 12 (88-90)	BULLISH		123	ABC up in Progress
-				
-				
<b>LEGEND</b>				
POM 14	<b>Bull Market Signals</b>	<b>Trading Range Signals</b>		
POM 13	<b>GOLD BONDS</b>	SPX		
POM 12	Partially Hedge Status	Full Hedge Status		
	NET Long Status	REBALANCE BETA		
	FULL Long Status	NET Long Status		
Yellow color	Zone Triggered			
Red Color	Zone Bursted			
NEUTRAL	Trading Range			
TBA	To be Advised			
				<b>NOTE</b> For Detail Price Path Chart Analysis Indicators, Justification for our Conclusions, refer to the full Report for cross varification USE STOPS AROUND CZ's Risk Protection based on Objective

## • SPX – Market Commentary

*It's been a long time coming, but the market top seems to be close at hand now. Sentiment has been becoming more & more bullish as the market continues to rally . That's a contra sign that the smart investors are realizing & get ready for a decline. (as suggested by Math sentiment Indicators such as TICK, TRIN, PUT CALLS and The behavior AAll Sentiment past week) . Momentum has kicked win with Rydex Beta index of leveraged showing at peak levels.*

*Coming off the highs of bullish sentiment in a market which is rallying is a sure sign of an advanced top formation in the market as the smarter investors cash in and turn bearish.*

*Friday's Employment Report created the exuberance , this Report has 85% chances of being revised downwards Repeatedly but Market never seem to learn. It's also the case that the current year is starting off like last year, with bullish jobs figures which turned revised by 1Q. The employment series is prone to errors in the month of January due to the seasonal adjustment process.*

*The rally on Friday sent SPX the current rally was equal in price travel, that marks a 100% move of the move from July highs to Oct lows. 100% move of the move is a trend changer*

*It is note worthy to see witness , First Bullish chance was - POM 12(1080) to POM 14 ( 1290) price of 200 point move & Second Bullish chance ( re- balancing) - POM 13 ( 1170) to POM 14 extension ( to 1325) price move 150 . Both these are going un noticed but last 50 points are getting the most attention. This shows how sentiments gets so irrational. As a contra , we would like to capitalize on it without sitting on musical chair of past 3 weeks. “ No wonder participant says.....” Sell when they are Yelling” & Buy when they are crying” as we witnessed on 4<sup>th</sup> Oct ( 1080) & 11/22 @ 1170 lows*

*By our RA/RI process, SPX- POM 14 , simply means fully Hedge with Core position at POM -CZ & Floating position at trigger 1325 ( with one stopped out along the way) . In other words sacrifice the upside of 2.5% in extension on SPX handle . Out of which 2% move was last week alone.*

*However in terms of CZ – on US BROAEDR IDX ( A# 2B) , GLOBAL IDX ( A # 2G) , SECTORS ( D #) & EQUITY ( E # 3) , We emphasize, after the POM 14 is triggered on SPX, each Instrument / Security gradually arrives to its own individual Price Path destination CZ either in Bullish or Bearish Manner and tends to TOP out “ one at a time” in own price zone ( Please monitor those closely for best Risks / Reward)*



Overall, very seldom we witness so many patterns and extended projection being met at the same time. Last time it happened was in last 2- week of April & 1<sup>st</sup> week of May 2011 when market Topped out ( Refer to our A # 1- MS during that time)

In our last week's A # 1 – MS Report , we pretty much displayed the Bearish Topping charts with extremes. We will **NOT DISPLAY more of the same charts this week to avoid redundancy.** Our overall Chart Analysis and the message remains Bearish. It will change when POM changes. This is pretty much the story for some days after every POM 14

A/D lines measure by Oscillator of NH/NL, 200D & 50 D – NH/NL Ratio at extremes. SPX liquidity premium, OTC volume showing extremes, PQV invalidated

The Market move above **1290-1310** continues to be “fake out move” failed on PQV with 75% lesser on Monthly , weekly and daily . On Hrly , it is a **MOMENTUM PLAY** , a proves of re testing with 3 drives to the Top with a blow off phase where the bears are capitulating to the uptrend.

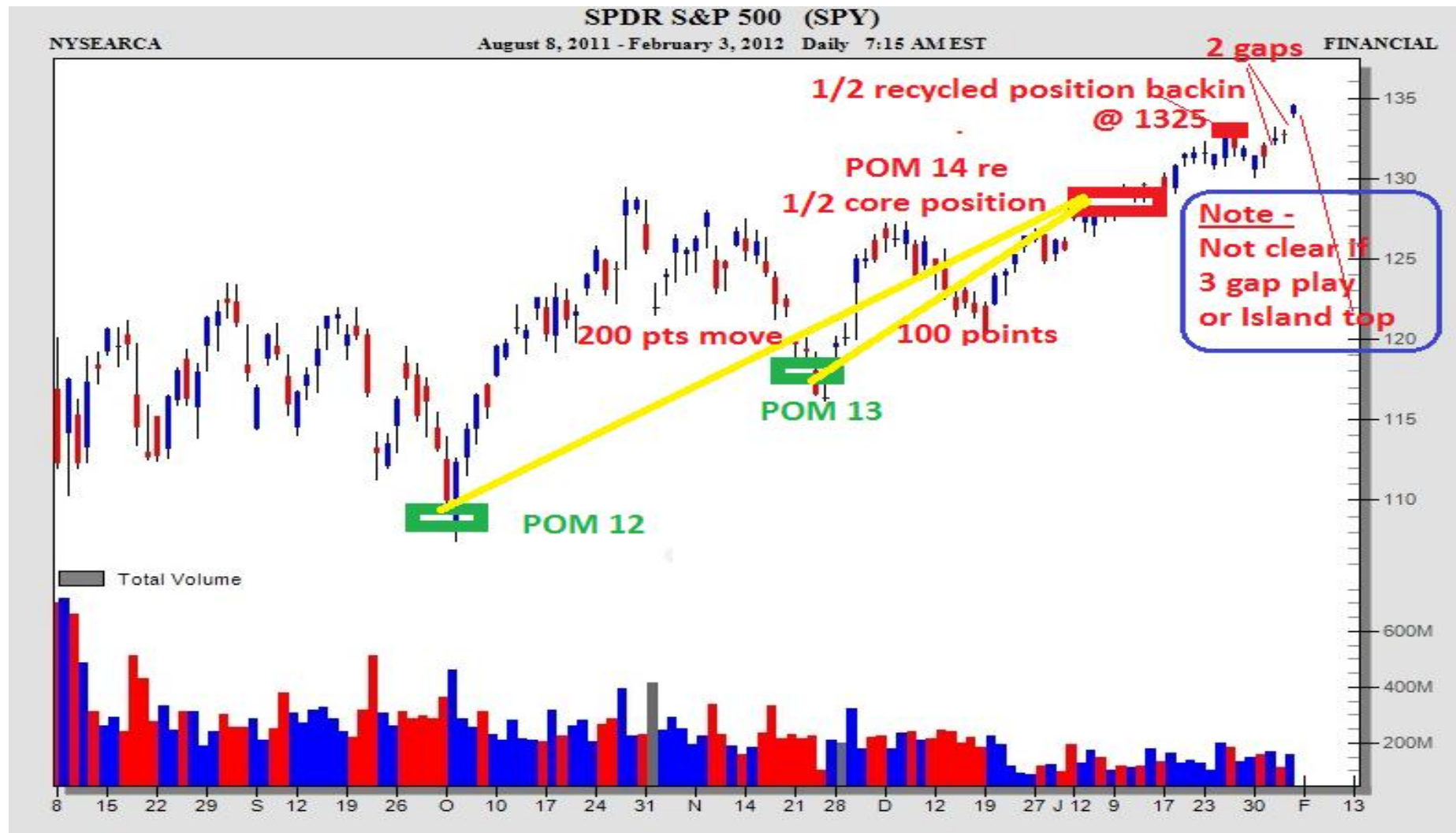
At this point, we have to repeat that the best quality is patience to wait for the major trend change to the downside that every indication now says is inevitable. The long side is simply too risky at this point. Waking up to find that the SPX has lost 20-25 points overnight is not a pleasant experience if you're long the SPX. Markets can take away 2 weeks of gains in 2 days once it gaps down. Patiently waiting for correction from current levels should offer opportunity to deploy **CASH** when good assets trade at very cheap prices. Higher it goes from false break, larger the decline.

**Cyclical Model** - Has inverted 2 Times in last 2 weeks , **Bradley's Model** turn on 30<sup>th</sup> Jan, Full Moon on 23<sup>rd</sup> Jan. This week we have Triple Combust ( Venus conjunct Sun) . We will wait and see. We use the Cycle in conjunction at the completion of Patterns with POM's, CZ's. and Price Projections.

**In our Report today since SPX internals are at “ No change “ from previous week** . We have covered DAX as lead / lag Indicator for SPX. Additionally our coverage today on SSEC ( China) as well was first to Fuel the January effect rally has reached its CZ as indicated in our A # 2G – MS Report 01/20 .

# SPX - Terminal Pattern Analysis - Post POM 14 to POM 15

The terminal Topping process post POM 14 prices – last week price action had 2 Gaps of 3 gap play , there is possibility we can see another Gap & also Friday we had climax Buying ( covering shorts) which has the tendency of re testing again however I we Gap down , we could set up ISLAND Top. We will see which pattern gets completed. The close below the Dark cloud of our 1325 Trigger with heavy volume should put in the TOP ( notes within the charts) – **No Trigger for POM 15 NET SHORT**



# SPX – Waves & Poly Trend Projection Analysis

On Daily Charts- We have Three Waves up terminating into WAVE - C ( appears complete at 1340) – with HRLY move Wave a,b,c,d,e – Projections ended at 1340 as well. . This move higher is happening with diverging Oscillator on Daily as we approach on right side of Poly Trend. This suggest move higher may be on slippery slope down.

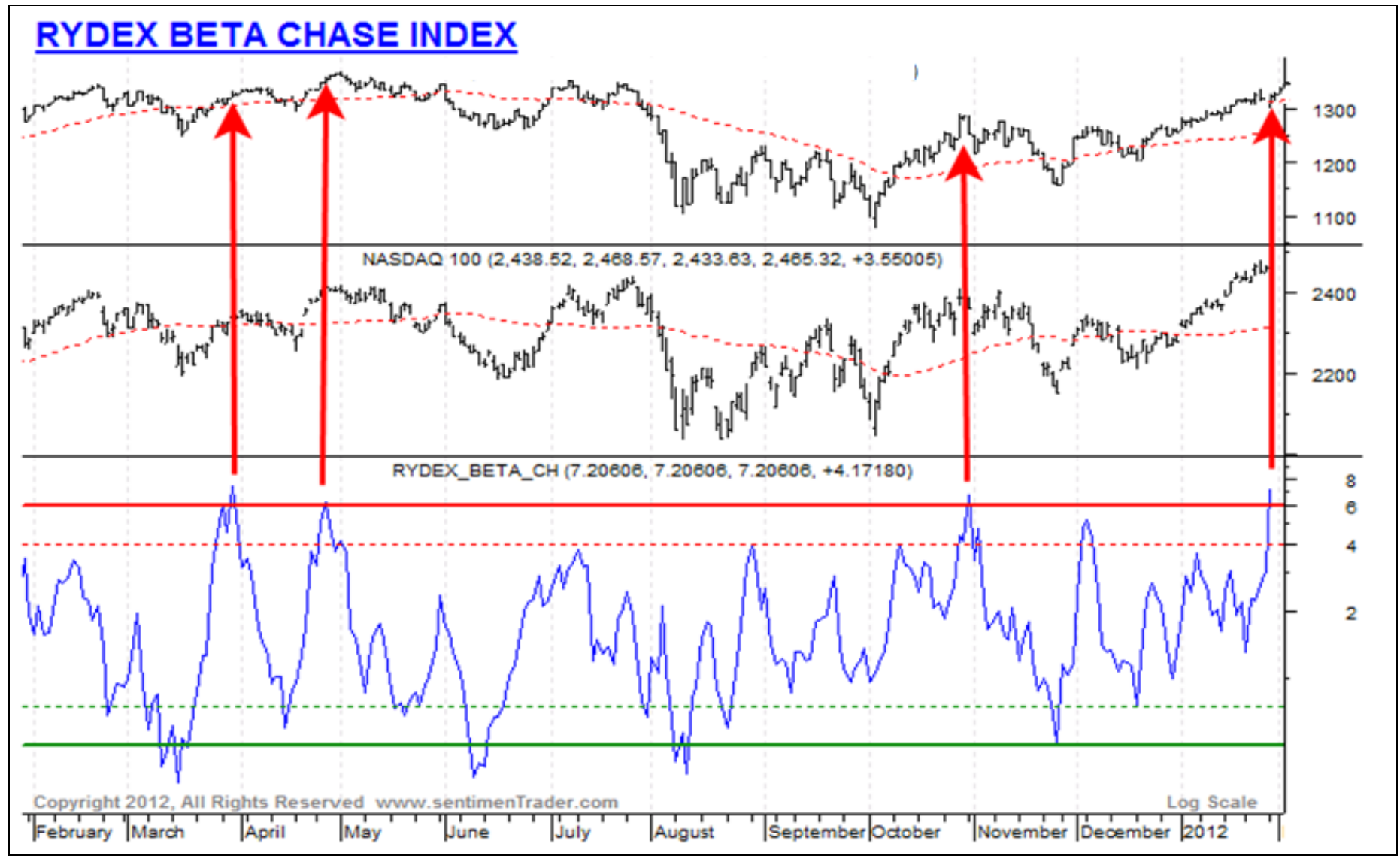
Time termination expiration 17<sup>th</sup> Jan - is extended ) . Break below 1310-1290 should accelerate downside. **Our First Price Target is 1250-1240**

Earlier - (1 to 5) wave down was completed / ABCD pattern .



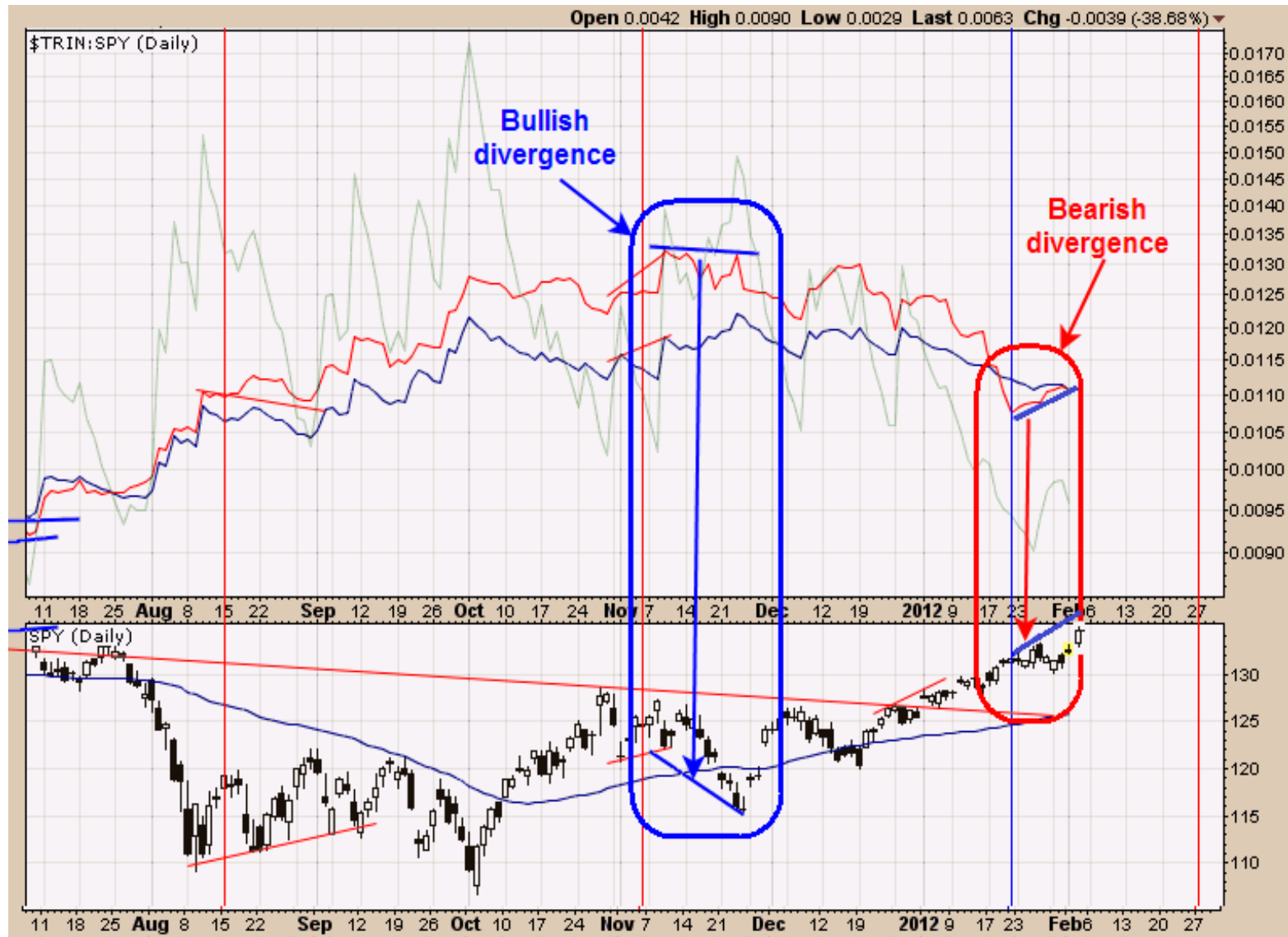
# SPX - RYDEX – BETA Index – 3<sup>rd</sup> Party Sentiment Traders - Curtsey

*Rydex Beta Index is above 6 suggest the Momentum is kicked in with leveraged assets .*



# SPX - TRIN / SPY Ratio Analysis

*TRIN/SPY ratio showing a bearish divergence. The TRIN/SPY ratio moves up when the SPY moves down and vice versa. Since January 23 the medium term (red line) of the TRIN/SPY ratio has been moving higher with the SPY moving higher and a warning sign. In November this Ratio also suggested bottom at POM 13, a rally was coming.*



# SPX - VIX / RSI Analysis

The VIX hits its lower Bollinger Band. We have labeled with blue arrows, when this matches with RSI over 75. The two indicators tends to form a Intermediate term Top . Adding that the SPY is running into the May highs. Our Next Chart below is on VIX – PEC – D Pattern completion past 2 weeks. .



# VIX – PEC D – Analysis

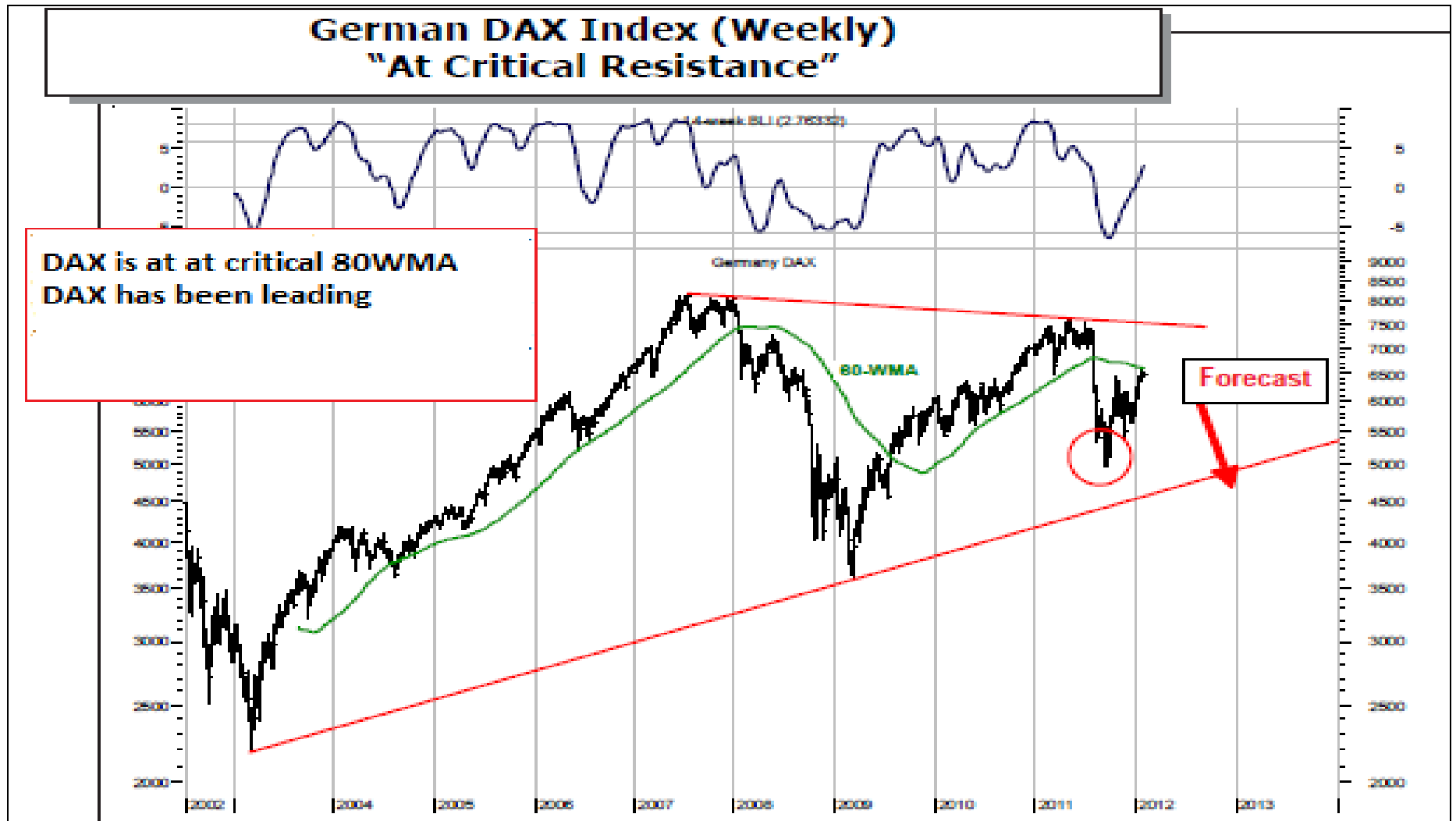
*Lack of fear can remain for a while but it tends to end up at completion of Pattern*

*The VIX – PEC D was completed on 23<sup>rd</sup> Jan and since then in spite of SPX rally VIX has held up. This is Bearish. It also confirms the SPX / VIX Analysis on chart above.*



## DAX – MA / Trend Pattern & Oscillator Analysis – LEAD / LAG

*DAX has led this market lately since our last POM 13 . We are looking for DAX to give the clue. On bigger time frame 80 WMA has been its favorite for intersection is at 6700 levels*





# DAX – Poly Trend & Oscillator Analysis - **LEAD / LAG**

DAX has been lead indicator on downside , without DAX , Europe can't rally .

Projected Target **CZ 6600-6400 Indicated on A # 2G – Report dated 1/20 was met with -ve divergence**



# FTSE - Poly trend Analysis (Proxy for Europe)

Projected Target **CZ 5800-5600 Indicated on A # 2G Report dated 1/20 was met with -ve divergence**

FTSE went into the Poly Trend, The decline came into underneath the Poly trend, Time termination is 10<sup>th</sup> Feb



# SSEC – Poly Trend & Oscillator Analysis - **LEAD / LAG**

Projected Target **CZ 2400-2300** Indicated on A # 2G dated 1/20 was met with –ve divergence

SSEC went into the Poly Trend, The decline came into underneath the Poly trend.

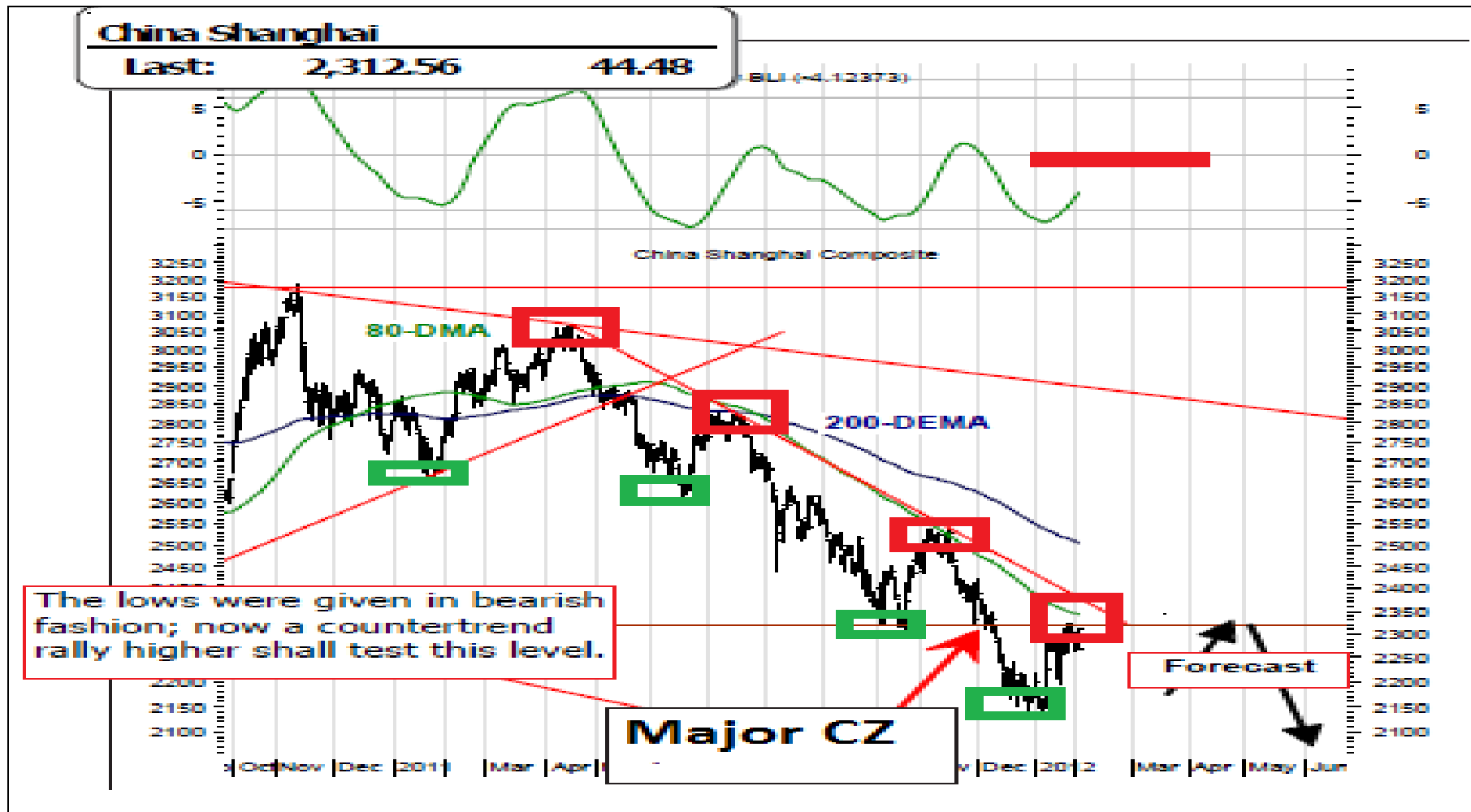
Towards the end of DECEMBER, SSEC had positive divergences at 2100 as indicated in our A # 2 G message in December. Had warned of 200 point rally



# SSEC (SHANGHAI) MA / Pattern and Oscillator Analysis (Proxy EMMERG)

The light volume rally that China is experiencing a rebound, another oversold bounce is ending back in CZ. We expect that the market will be heading down once CZ test is completed **CZ 2400 - 2300**. SPX should follow the same.

Chart below marked in Color with our Previous calls Shanghai indicated in previous commentary. Over long term, our Price script very well since Jan @ 3100 . . .



# Appendix Content

- **SPX – POM Signals History for 2011**
- **Trading & Investment Conclusion History 2011**
- **Objectives & POM /CZ Guidelines**
- **Guidelines for Full Utilization of “ SP” Report with Limitations**
- **SPX – 52 Weeks Chart with POM Signals**
- **SPX- POM – “ Price Oscillation Model “ Criteria**
- **SPX – TAS 3x3x3 / 9EMA - “ Trend Adjusted Signal “ Criteria**
- **Definitions of Extreme Sentiment Indicators**

- 2. -2012 - SPX – POM Signals & Price Projections
- SPX -Trading & Investment Real Time Conclusions

### Current Signal – POM 14- Re – ( CZ 1255-1270).

- POM 14 / Re - Fully Hedged – ( Total points gain = **OPEN POSITION** )

Alert ( Open Oscillation)

Alert Email - - SPX – 1325 Trigger Friday (01/27)- Re Entry for previous stopped out and For Fresh New Hedges

SPX - POM 14 re – Triggered ( CZ – 1255-1270, for Fully Hedge Position ) & Alert note A# 3 – MS - QQQ Trigger was at 59 Monday (10/31)

Our First downside Price Target on this current Trigger is CZ 1260-1250. Overall, The Price Oscillation SPX initiated at @ POM 14 in Oct. still has the Final price target around 1125. This should complete the end of Oscillation to POM 12 area.

- POM 15 - Net Short – **None** - ( Total points gains = **0** )
- POM 13 - Risk Management Hedges – **None**- (Total decline saved) = **0**  
( Proportion of Rebalancing Beta & Net Exposures to be based on individual Portfolio Objectives)
- POM 12, POM 11 - Net Long – **None** - ( Total points gains = **0** )

- **2011 - SPX – POM Signals & Price Projections History**
- **Trading & Investment Conclusions – Start point 1257 (1<sup>ST</sup> Jan) – YTD –Flat**

- **POM 15 - Net Short** -- **None Triggered in 2011 - ( Total points gains = 0 )**
- **POM 14 / Re - Fully Hedged** -- **( Total points gain = -88+ 85+ 97 = + 94 = +7.4**

**Last Alert ( Open Position) - SPX - POM 14 re– Triggered ( 12/02) at 1251 ( Fully Hedge Position ) & Alert note A# 3 – MS - QQQ Trigger was at 59 Monday (10/31)**

- **Alert - 3<sup>d</sup> May @ 1370 - POM 14 Re run to POM 12 – Alert 6/23 to 1273- POM 12 Trigger = 97 points gain**
- **During POM 14 regime - Recycle partial capital to Trade from Bullish CZ to CZ - whiles the bigger Trend kicks in**
- **POM 14 Re Run @ 1335 on 3/01 to 1250 on 3/16 = 85 points gain ( from 1250 dt. 3/16 to 1370 dt 3<sup>rd</sup> No Signal)**
- **1<sup>st</sup> Jan @ 1257 to 2/17 @ 1345 = (-88 loss) on stretch extension**

- **POM 13 - Risk Management Hedges - (Total decline saved) = 71+140 +70 = + 281**  
( Proportion of Rebalancing Beta & Net Exposures to be based on individual Portfolio Objectives)

- **Alert – 09/ 01 - POM 13 ( @ 1220 to Trigger on 10/4 Price Projection of 1080 ( POM 12) avoided decline of 140 points –**
- **Earlier- Alert – Triggered on 7/08 - POM 13 ( @ 1346 & avoided decline\_till CZ @ 1300- re-entry = 46 points & then ( STOPPED OUT @ 1285) = (-20 points) & then avoided further decline to 1240 POM 12 Re Target = ( 45 points) = 46-20+45= 71 points**
- **Risk Management Signal -SPX - POM 13 – Triggered ( 11/22) at 1188 . The following AM 11/23, the Market opened with Gap Down to 1178. Position Rebalanced at 1251 on 12/02 POM 14 re Run = 70 points**

- **POM 12, POM 11 - Net Long – - ( Total points gains = 75-20+79+123 = + 257**

- **NET LONG 4 - Alert – Triggered on 10/04 - POM 12 ( @ 1080) NET LONG- Closed on 10/11 @ SPX 1192 ( up 10.3% or gains of 112 (2/3 position) & Balance 1/3 @ POM 14 @ 1226 on 11/01 = Avg 123 gains points**
- **NET LONG 3- Alert - on 8/09 - POM 11 @ 1117 – for NET LONG for target to 1196 (where it Nullified POM 11 liquidation Signal ) for = +79 points gains - Alert announced 8/11 for reversal**
- **NET LONG 2 - Alert - on 8/03 POM 12 re run @ 1240 – to POM 13 – Triggered @ 1220 Alert - 09/01= (-20 points loss)**
- **NET LONG 1 - Alert – on 6/23 POM 12 @ 1273 – for NET LONG for target to 1348 POM 13 Trigger on 7/08 Alert = 75 points gain**

## • Objective & POM / CZ Guidelines

*Focus is on the Short & Intermediate term turning point of the SPX via POM's Price projections and / or CZ ( Bullish & Bearish between the POM's) . POM is Unidirectional Judgmental Model, It utilizes multiple input signal via the Global Inter market Analysis (GIC), Price & Quality Volume (PQV), Pattern Recognition ( PEC) , Cycles, Internal & External price equilibrium points to assists in output signals . POM is supplementary Analytics to add value to RA/ RI Framework for Risk Management.*

- *SPX acts as Risk Benchmark for all the other Markets ( Key US Indices & Key Global ) , these Markets gets priced off SPX- Risk ( in different Proportion) . Therefore within A # 1 – MS Report, our critical component being SPX and its internal ingredients for timely POM & Bullish CZ calls . Our A # 2 – MS Report focuses on Broader Indices and Global Indices.*
- *All the Broader Indices tends to follows the Price path of POM 11, 12, 13 of SPX (except @ POM14, 15), various Instruments will Top out at different time to Trigger CZ – Validation for NET SHORT.*
- *SPX is still following the Bear Market / Trading Market POM Regimes unlike GOLD market*
- *All CZ / PEC D / POM's – Marked on charts ( in color) below has been Announced on Real time in our Previous Reports prior to Price shifts.*
- *Stops always on other side of CZ @ value based on Portfolio's Objectives and Risk tolerance*
- *POM Conclusions to be cross verified by other methods prior to final decision*
- *For Maximum utilization of POM / PEC –D Process for Risk Management. Refer to guidelines within the Appendix below*



## ➤ Key Points for Full utilization of SP- Reports

- **Maximum Utilization of various POM's , CZ's & ABC's – for Risk Management & full enhancements on CZ pricing & CZ-PQV Timeliness**
- At Top down Level– Triggers around POM's -Mid term & CZ's - Short term – ( CZ's happens in between the POM's ) . Critical component for Clean execution is to maintain ongoing updated data base spreadsheet of CZ's Pre announced in SP releases prior to price shifts. These inputs when Computerized Daily Monitoring, Triggers, Timely PQV validations, Price projections Alerts on real time should warn in timely manner to take action. .
- Rebalancing Pre Planned procedure at Triggers – “ Rebalancing % of Overall Position Sizing” , Beta & , Net Exposures sizing depending on each Portfolio's Objective & Risks Tolerances for either Recycling of Capital or Fresh capital.
- Key points for Risk Management
- Hard Stops around CZ's
- STOP SELL- “ early warning Alerts” in fast moving markets, Over night Day / Night ( IST) time delay Risks.
- Cross verification by Other Methods  
**Computerized Daily Monitoring, CZ Triggers, Timely PQV validations**
- **2. CZ – Tracking**
- Programing - “Time/ Price Displacement, Supply / demand Activity Bar Analysis” –
  - At “Institutional Grade - Price , Volume with Time Integration
  - Supply / Demand Activity bar Analysis – Real time.
  - Candlestick – Price displacement Algo Programing experience at CZ Validation for Triggers

- 2011- POM / CZ - SPX Signal

## SPX- 2011 – TURNS REAL TIME – POM & CZ



SPX - YTD - (-10 points)	_____	<b>(-0.1%)</b>
POM 12 to 13- <u>Gains 257 Points</u> ( 4 Signals)	_____	<b>+ 25%</b>
POM 13 - Risk Mangement savings - <u>280 points</u> ( 5 Signals)	_____	<b>+ 28%</b>
POM 14 to 13 - Fully Hedged - <u>Gains 150 points</u> ( 4 Signals)	_____	<b>+12%</b>

## 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)

## • EXTREAME Sentiment Analysis ( 3<sup>rd</sup> Party Data )

Courtesy : SENTIMENT TRADERS

*Our Sentiment Analysis has “Intermediate & Short term” composition. We evaluate ( 8- 9) Indicators for sentiments out of which some are working well for Short term and other for Intermediate terms These are either Numerical Indicators as the Investors sentiments is expressed through purchases of the market*

*Rydex flow, Insiders activity. The Emotional / Survey sentiments we track Investors Intelligence sentiment Advisors sentiments. etc. All these are Integral part of POM composition ,*

*Our Behavior Indicators Commercial Hedges , AAll etc Sentiment Indicators, Insiders activity, Speculation activity,*

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

## • Daily SPX - “ Trend Adjusted Signal”

### • 3x3 /9EMA – Break Indicator

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

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

## **INTERNALS OF 3X3- 9EMA – Break Indicator.**

*The line break indicator has captured the post POM 14 Moves on a mechanical basis. Although can't guarantee it will continue. But, even if it misses on occasion , it's still is the best indicator we've ever seen in Market for extensions.*

*Tight trading ranges tend to cause whipsaws and those are environments where trading multiple markets can help for diversification, in SPX & DOW. The reason is that we have a purely mechanical indicator, our line break indicator, that is much better to use. That indicator has proven extremely good over the past several months in many markets in many extensions.*

*As a reminder of how simple this indicator is, when the market closes above the "break" price level, the indicator is ""bullish"; when the market closes below the break price, the indicator is then "bearish". at the close*

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