



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_13

For Immediate Release – Monday PM (EST)

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

SPX – Closed @ 1342 (Weekly + Flat)

SPX – Closed @ 1257 / 1342 (YTD change + 6.8%)

Today's Quote

“ Controllable Risk Happens during the Natural Price delivery in the market beyond which is the artificial Price that results in Uncontrollable Risk “

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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

POM 15 – Rating on SPX is for NET SHORT – We haven't reached that point yet. In order to achieve it , SPX needs to complete a “ Terminal Process” . We would like to give heads up below for such Price behavior to be complete . **ALERT**.- Target 1375. Although we have itchy fingers to do so, we rather have stops above 1360 to exhaust into 1375, for Short Squeeze, we would like to have this pattern complete to pull the bids out from under

Back Drop - Without being too technical, As we have earlier witnessed for number of Markets in past within our Timing Model (REAL TIME). Many of the market or the Equity fall apart at the end of the move in the form of price termination path stated in Case 1,2 below

CASE 1 - “ Major Triangular Top which has a Price move initiation GRADIENT point of 75% or greater resulting in Parabolic move followed by 3 Gap Play with blow off OR

CASE -2 - the second Type of Terminal Process has to be (3) – Drives to the Top (with 5 Wave within it) with Last drive being accompanied by 3– GAP play with exhaustion, a MINI triangular Top with G70 Gradient followed by Key reversal.

These Patterns should be completed at the end of the ABCD move, into the CZ Trap with PQV failure extension to fulfill the criteria. These complex patterns are created repeatedly due to Human behavior Trading ideas of momentum at the end of the trend resulting in similar Mathematical numerical Top after Top.

Currently – We are seeing the CASE 2- with 3 Gap Play of the “3^d Drive to the Top “ which has a Projection to 1375. Then the Key reversal would Trigger POM 15. Net SHORT

OUR POSITIONS-

We remain fully Hedged at POM 14 Re – Run (1/2 core @ mean price 1280 – CZ and 2nd (1/2) recycled – Floating position (rebalanced thrice in market gyration from POM 14 to each POM 13 since Oct lows). It had a Trigger @ 1325 - via – Alert 1/26 for average 1310 price. These positions , were entered at POM 12 @ 1080 & POM 13 @ 1165 , completed RA/ RI move.

The Price move beyond it , we are looking into Net Short opportunity , we have waited patiently since 26th January since for 40 points to do so (with DELTA NEUTRAL) . Net Short Signal to be considered at 1375 price Projection -POM 15 Trigger

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. Time is of essence before “mark down “ phase begins.

Our First downside Price Target on this current Trigger is CZ 1260-1240. Break below 1310- 1290 would accelerate the decline . Overall, The Price Oscillation SPX initiated at @ POM 14 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 – For Aggressive, New, Overweight Positions (Extended BEAR CASE w/ or w/o fuel from QE -3)

- The Fake out extension continues from current levels – For those positions, we have recommended - STOP_Close above 1340 on Daily's for (½ Hedge Position entered on Thursday 1/27 & Target back in later on breakdown of SPX OR at POM 15 Trigger)

“OBSERVATION - FOR ANY VALID BREAKOUT” - NOT WITNESSED YET to initiate New ABC up

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 to line up extremes.

GOLD

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

I.E remain partial long with (½) Core position from POM 12. The 2nd (½) floating hedge position timely exited for Profit at 1560 lows on 14th December prior to the bounce towards 1750-1775 .

BEARISH SIDE Gold keeps getting attracted to the CZ 1775 -1750 from under & fizzles our repeatedly. After first drop Market tends to go back into CZ on lighter volume to test the CZ once again & Gives up. On its failure in CZ it will Trigger a decline once again ..

DXY appears to be meeting our downside target and the rally in USD could Trigger this move in GOLD. Especially GOLD requires Heavy energy to break (2) back to back CZ's on Upside . First being on 1/25, CZ 1650-1625 and second being 1750-1775. Force seem to be drying as we approach these levels

However, If volume picks up in this CZ with Sign of Strength on PQV – valid breakout then might be different story , (we do not see it happening - Refer charts below) Either way it does not effect our current floating position as we are FLAT on this Timing Call. Move after the Move is more important to trigger setup on better Risk / Reward. Market tends to leave a better foot print on Price Path to prove itself. Therefore

BULLISH PULL BACK to CZ -1650-1620. - We broke out from this CZ with “Sign of Strength and validated PQV. on FOMC day 1/25)_ Now we would like to see the PQV quality on the pull back to set up Bullish entry for next ABC up . This should invalidate prices below 1600 as shake out move for all the Bears. **If PQV is invalidated at 1650 TEST then downside would continue to 1560. Next target**

OUR POSITIONS -

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 6th Wave LT Price Target .

The floating Hedge Position being rebalanced with Hedges several times_ for Profits within the market's swinging gyration from POM 14 to POM 13). Is looking for entry till dust settled down.

BONDS (TLT)

Currently TLT is at POM 13 – Long Position, since 10/27 (CZ – 110-112).- TARGET 123 .

ALERT – We advise Risk Management below our entry at 110 , if Triggers – Re evaluate

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.

- 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

POM Signals , Trading Conclusions - Price / CZ Projection Summary

A # 1 - MS Report				
FEB 13 -2012	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
SPX				
NEW - POM 15 (1375)	BEARISH	1375 ?		NO TRIGGER YET (NET SHORT)
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
GOLD				
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
ILT				
SHORT-TERM	NEUTRAL		123	Consolidation (Risk Management STOP below 110)
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
-				
-				
LEGEND				
	Bull Market Signals	Trading Range Signals		
	GOLD BONDS	SPX		
POM 15	Full Hedge Status	NET SHORT Status		
POM 14	Partially Hedge Status	Full Hedge Status		
POM 13	NET Long Status	REBALANCE BETA		
POM 12	FULL Long Status	NET Long Status		
Yellow color	Zone Triggered			
Red Color	Zone Bursted			
NEUTRAL	Trading Range			
TBA	To be Advised			
				NOTE 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

BARRON's has 15,000 on DOW , Past experience indicates that bold predictions on the front page of financial publications usually indicate a major shift in market direction in the opposite direction. This number may come to pass, but with so many patterns that are still showing signs of the market topping in the near term, it is difficult for us to believe this will happen before a major correction takes place.

While the momentum looks good for NET LONGS, it's always brightest before sunset. The technical condition of the market is that we are at or near Termination Process (i.e POM 15) on almost all equity markets. Larger patterns are being completed in many of the major indices with Price Projections , combined with number of timing indicators & PQV, leading to same conclusion. .

The battle between the News driven Greek austerity measures v/s Short Sellers constantly getting Stopped out of their position continues to create the Momentum game for speculators to go Long during the AM Trading to have the ready Seller in place into those Stops.

With DOW 15K Story and Headline on AAPL @ 500 plus on price should provide a ideal Bullish Sentiment for market to approach into our POM 15 Levels of 1375 – SPX for NET SHORT. AAPL certainly appears that the parabolic advance is main driving force which is keeping indices moving up. AAPL whose gradient is targeting 510 on parabola to initiate for peak into 14th to 17th February ,Time termination then create a inverse hyperbola, the beginning of a much stronger pullback in the market .

Math sentiment Indicators such as TICK, TRIN, PUT CALLS and The behavior AAll Sentiment past week) suggests the Momentum has kicked in with Rydex Beta index of leveraged showing at peak levels. A/D lines measure by Oscillator of NH/NL, 200D & 50 D – NH/NL Ratio at extremes. SPX liquidity premium, OTC volume showing extremes. The Market move above 1290-1310 continues to be “fake out move” failed on PQV with 75% lesser on Monthly , weekly and daily .

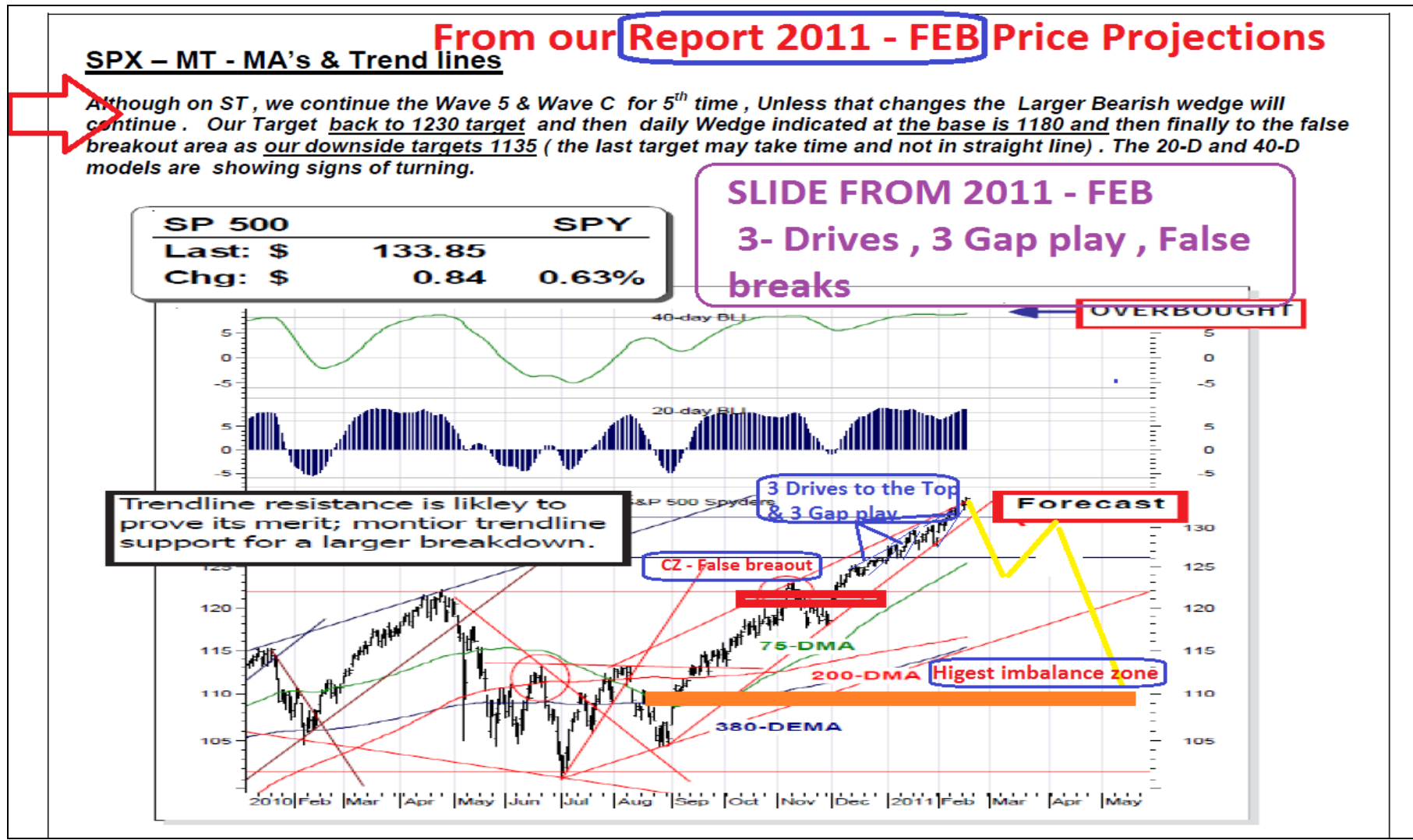
Charts below we continue to focus on “ Price Termination Process, VIX and several extreme charts.

In our Current – MS Report , We have not displayed more of the Market internal charts. Our overall Chart Analysis and the message remains Bearish. It will change when POM changes. This week' s upcoming A # 2B & A # 2G has – CZ coverage in US Broader IDX, and GLOBAL IDX in dept.

2011 – FEB SPX CHART -- (ARCHIVED FROM A # 1 REPORT)

TERMINAL PROCESS “REST WAS HISTORY”

This chart from last FEB 2011 is exactly same as current situation in Price & Patterns. Refer notes within the chart RED ARROW indicates our Predictions at that time. Rest is all History. –



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

On completion of Pattern and Trigger at 1325 , extension is towards our SHORT SELL POM 15 TARGET 1375 (Not Triggered) Refer notes within the chart



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

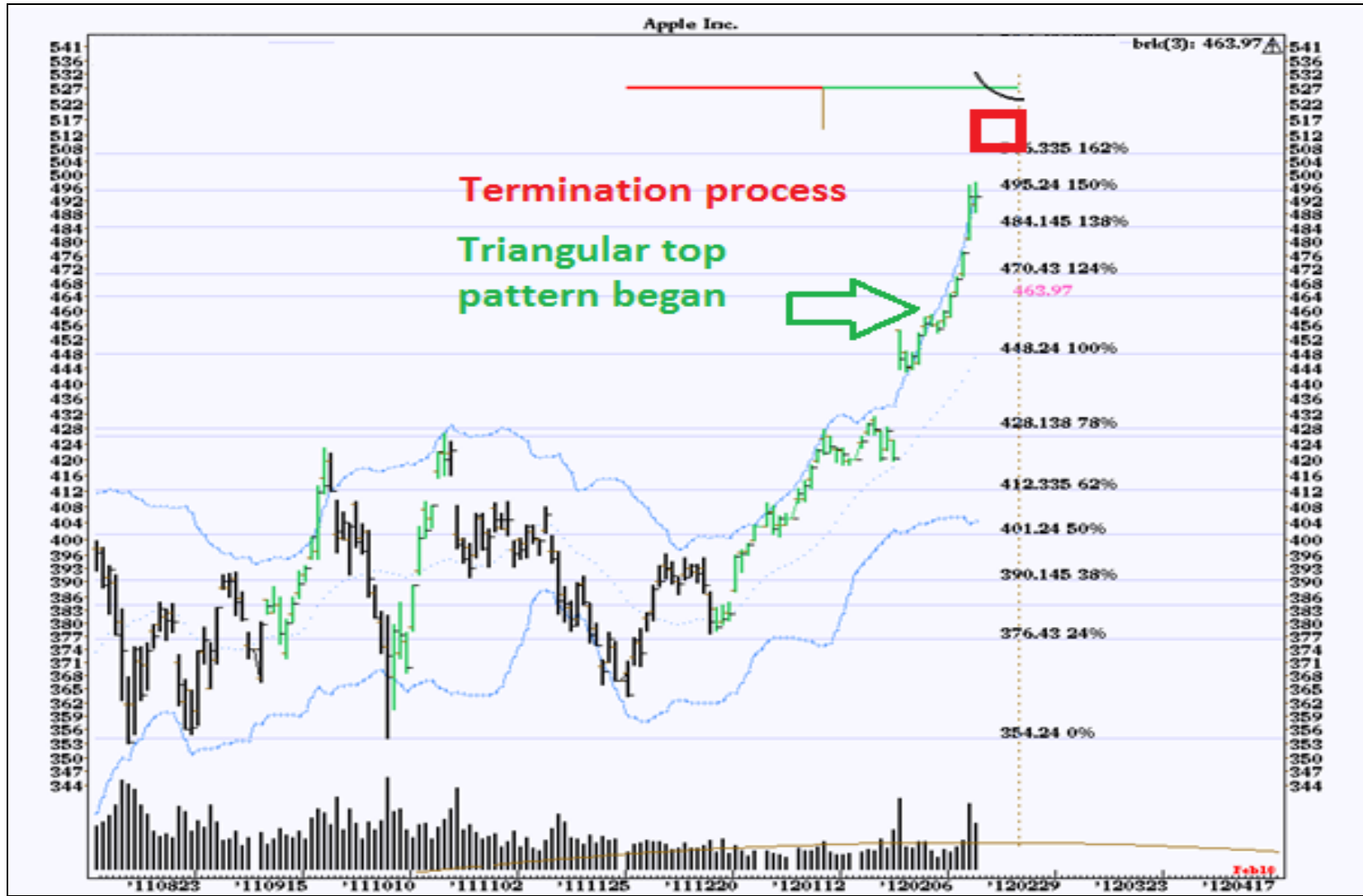
The terminal Pattern , Bearish PEC-D Pattern extended from 1325 with Bearish distribution pattern as Tristar , with 25% lighter PQV within Bearish Wedge on declining volume, (Notes within the charts)

Heavy SOW (Heavy volume Sign of weakness with 125% PQV) could negate this Pattern.



AAPL - Terminal Pattern

AAPL certainly appears that the parabolic advance is main driving force which is keeping indices moving up. AAPL whose gradient is targeting 510 on parabola to initiate for peak into 14th to 17th February, Time termination then create a inverse hyperbola, the beginning of a much stronger pullback in the market .



SPX – Rydex Net Flow

The Rydex published the total dollar amount of assets on a daily basis with Real Money. The calculation is the net cash flow of all bull and bear market funds. We see the negative number is bearish & rising daily.

(Millions)	By Day	By Week	Cumulative	
1/3/2012	15.4			
1/4/2012	(7.9)		7.5	
1/5/2012	1.6		9.1	
1/6/2012	79.4	88.5	88.5	
1/9/2012	(10.9)		77.6	
1/10/2012	2.6		80.2	
1/11/2012	17.5		97.7	
1/12/2012	23.3		121.0	
1/13/2012	(12.4)	20.1	108.6	
1/17/2012	(43.8)		64.8	
1/18/2012	(3.4)		61.4	
1/19/2012	(15.9)		45.5	
1/20/2012	(3.2)	(66.3)	42.3	
1/23/2012	(9.8)		32.5	
1/24/2012	(10.5)		22.0	
1/25/2012	(19.9)		2.1	
1/26/2012	(68.0)		(65.9)	1325
1/27/2012	(28.3)	(136.5)	(94.2)	Our Trigger for 1/2 Hedge
1/30/2012	5.4		(88.8)	
1/31/2012	11.8		(77.0)	
2/1/2012	(5.7)		(82.7)	
2/2/2012	(6.4)		(89.1)	
2/3/2012	(10.8)	(5.7)	(99.9)	
2/6/2012	26.3		(73.6)	
2/7/2012	(47.9)		(121.5)	
2/8/2012	(59.1)		(180.6)	
2/9/2012	5.0		(175.6)	since last Report
2/10/2012	38.5	(37.2)	(137.1)	

SPX – Cyclic Model

The week of 14th Feb – 19th Feb - Has major Planetary conjunction, Market tends to be Volatile in that Direction and results in reversal. The previous occasions as stated in table below resulted in meaningful correction.

21st is NEW MOON, previous 2 times this cycle has failed.

the Bradley model (failed and) was inverted on 27th Jan . Now has a very negative bias for the 2 Qtrs.

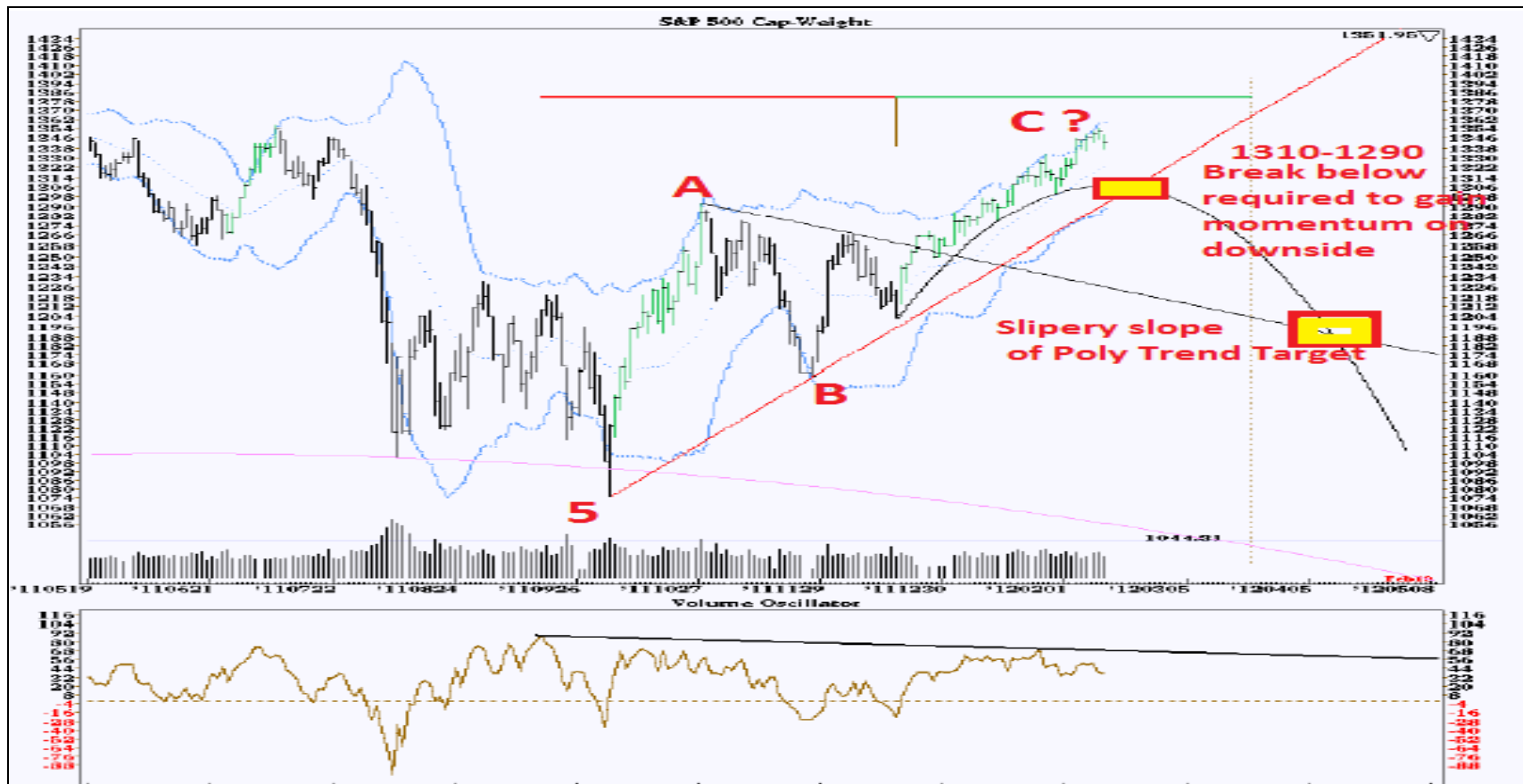
DATE	PLANET	ASPECT	PLANET	SPX	
2/17/2011	Sun	CONJUNCT	Neptune	1330 to 1350 HIGH	FEB 2011
2/19/2011	Sun	CONJUNCT	Chiron		
2/20/2011	Mercury	CONJUNCT	Mars		
2/21/2011	Mercury	CONJUNCT	Neptune		
2/21/2011	Mars	CONJUNCT	Neptune		
2/22/2011	Mercury	CONJUNCT	Chiron		
2/24/2011	Mars	CONJUNCT	Chiron		
2/25/2011	Sun	CONJUNCT	Mercury		
3/27/2011	Venus	CONJUNCT	Neptune	1350 to 1370 HIGH	APRIL 2011
3/29/2011	Venus	CONJUNCT	Ceres		
3/29/2011	Venus	CONJUNCT	Chiron		
3/30/2011	Ceres	CONJUNCT	Chiron		
4/3/2011	Mars	CONJUNCT	Uranus		
DATE	PLANET	ASPECT	PLANET	SPX	
2/14/2012	Mercury	CONJUNCT	Neptune	1350 to ??? HIGH	Current ??
2/16/2012	Mercury	CONJUNCT	Chiron		
2/16/2012	Venus	CONJUNCT	Ceres		
2/19/2012	Sun	CONJUNCT	Neptune		

SPX – Waves & Poly Trend Projection Analysis

Although the *TERMINAL PROCESS* is under way towards 1375, the Natural Price 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 17th 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 - VIX / RSI Analysis

The VIX hits its lower Bollinger Band. We have labeled with blue arrows, when this matches with RSI over 80. 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 – Poly Trend in the Breakout Area .

If we consider a Head and Shoulders bottom – Not confirmed by volume just on price only (see chart below), the target to 1350 was also the May 2011 top is now reached.



VIX – Poly Trend Analysis

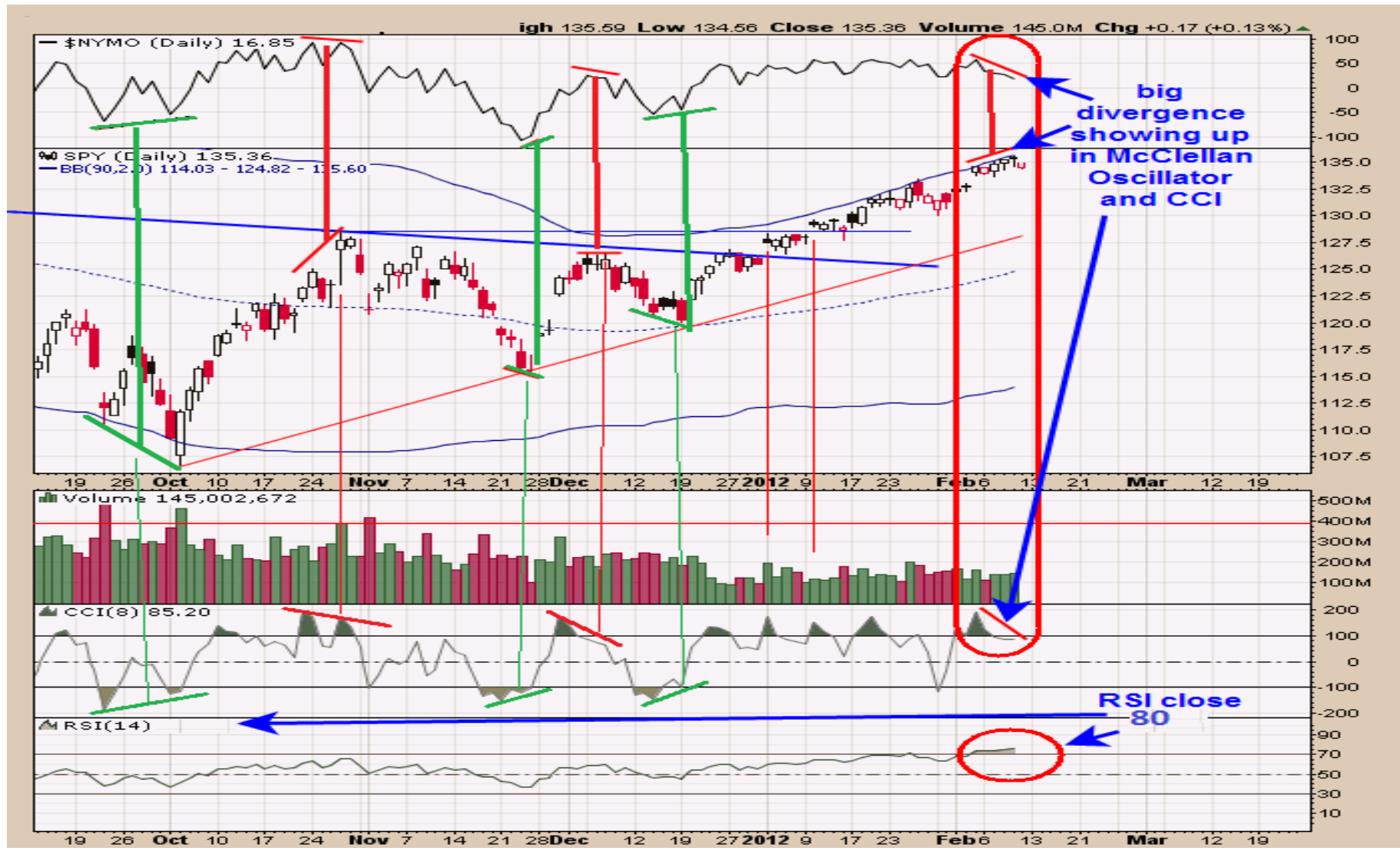
The VIX finally broke out of its bullish descending wedge pattern & Poly Trend after testing the previous CZ . A successful retest of the broken trendline (Secondary high) would confirm the significant of the breakout. Monday rally in Market , VIX should come back to retest that breakout.

The descending wedge has considerable amount of potential energy is being built-up for a rally.



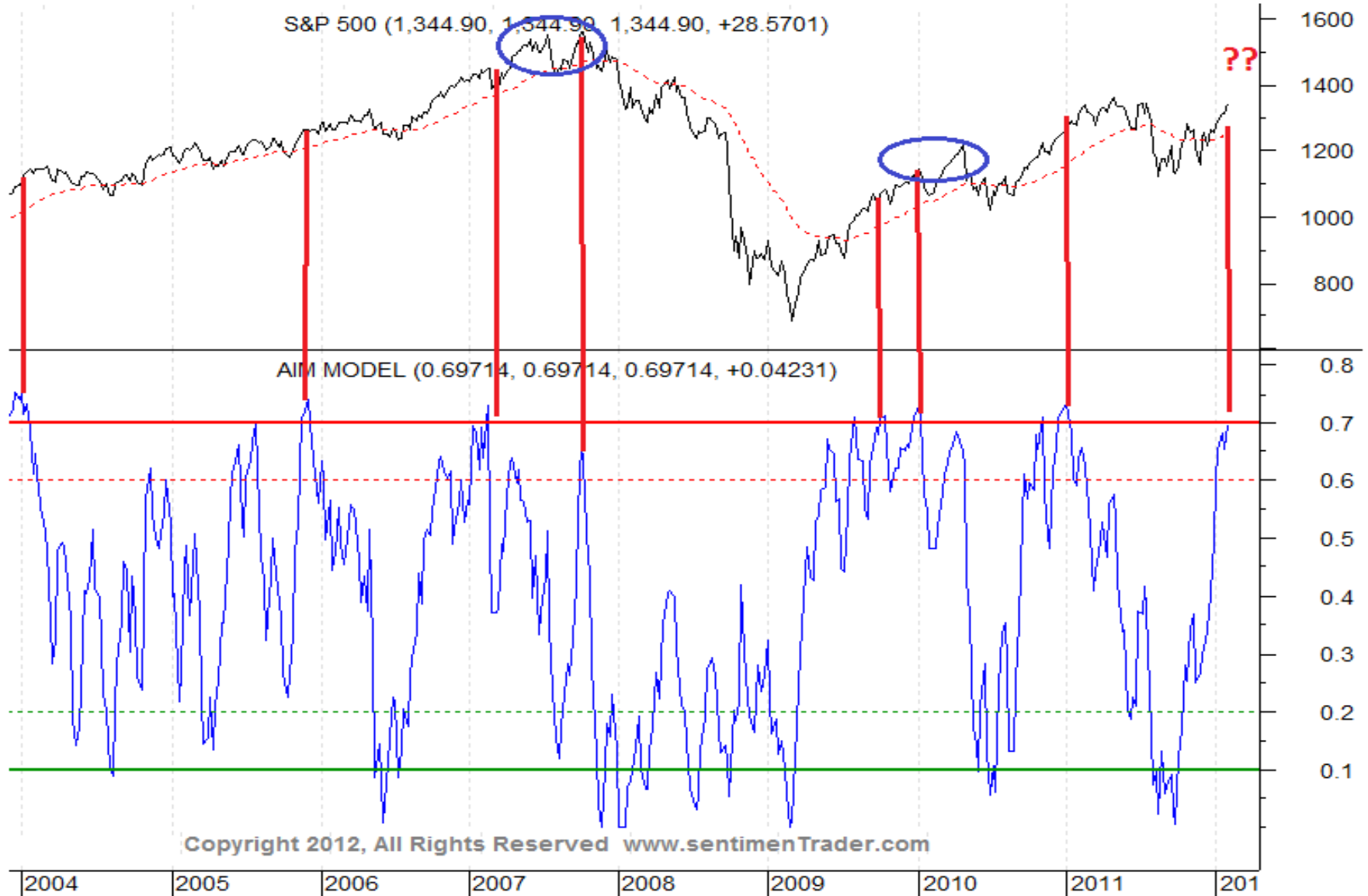
SPX - MC Clellan Oscillator Analysis

SPY is running into the May 2, 2011 high and the RSI closed at 80 (a negative sign) . Over the last week the SPY has moved higher and the McClellan Oscillator and the CCI have both been declining (divergence) Chart below is evidence of these price behavior of Tops & Bottoms. Momentum is up towards POM 15



SPX - AIA - Sentiment - 3rd Party Sentiment Traders - Curtsey

ADVISOR AND INVESTOR SENTIMENT MODEL LAST UPDATED: February 10, 2012



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 (1ST 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^d 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 - while 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 3rd No Signal)**
- **1st 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)	_____	(-0.1%)
POM 12 to 13- <u>Gains 257 Points</u> (4 Signals)	_____	+ 25%
POM 13 - Risk Mangement savings - <u>280 points</u> (5 Signals)	_____	+ 28%
POM 14 to 13 - Fully Hedged - <u>Gains 150 points</u> (4 Signals)	_____	+12%

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 (3rd 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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