



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_28

For Immediate Release – Tuesday PM (EST)

By: Suneil R Pavse

Contact: apavse@aol.com

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

- **Weekly - SPX – Closed @ 1365 (+ Flat)**
- **YTD - SPX – Closed @ 1257 / 1365 (change + 8.3%)**
- **Last Trigger Signal - SPX – @ 1325 / 1365 (change + 3.0%)**

Index

1. *Executive Summary – (SPX, GOLD, BONDS)*

2. *SPX – Market Commentary*

3. *SPX – POM Signals, CZ/ Price Projections & Conclusions*

4. *Chart Analysis*

- *SPX – Seasonality Analysis*
- *SPX – Cyclic – Bradley Analysis*
- *SPX – Terminal Pattern Analysis*
- *SPX- Wave , Poly Trend, Oscillator Analysis*
- *SPX – PEC-D – Mid term*
- *SPX – PEC D- Bigger picture*
- *AAPL – Terminal Pattern Analysis (Proxy)*
- *WMT – Breakdown Pattern Analysis(Proxy)*
- *SPX- MC- Clellan Oscillator Analysis*
- *SPX- VXZ / RSI – Bollinger Analysis*
- *VIX – Poly Trend, Oscillator Analysis*
- *VXO - SPX- Ratio Analysis*
- *IWM – PEC-D Analysis*
- *QQQ / IYT – Divergence Analysis*
- *QQQ / IWM - Divergence Analysis*

5 APPENDIX – *Objectives, POM Signal History, POM /CZ Guidelines & Limitation, Disclaimers*

• 1. Executive Summary

Current Signals

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

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

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

SPX

Exactly 4 weeks and grinding since our last Trigger 1/26 completed the fully Hedged position) . Since then SPX has moved from 1325 to 1365 . Not much progress, especially past week SPX has been flat.

We haven't reached the point of **NET SHORT - POM 15 – Rating on SPX** . In order to achieve it , SPX needs to complete a “ Terminal Process” towards Target 1375. (PRE – ALERTED-) - We have given heads up for such Price behavior to be completed in our previous Reports since 1/26. -

Market has not been backing off from 1375 in spite of any early sell off's – most of the internal Indicators and price Projection have achieved the objective of it own , therefore the focus remains on SPX Terminal Process which has been on “ 3rd Drive of “THREE Drives to the Top Pattern” (with 5 Wave within it) with Last drive being accompanied by 3 – GAP play with exhaustion in Bearish Wedge with G70 Gradient followed by Key reversal at 1375 resulting in Mini Triangular Top . Till this is complete “ No Signal”

This Pattern should be completed at the end of the ABCD move extension, into the CZ with PQV failure to fulfill the criteria and SHORT SQUEEZE above 1360 to exhaust into 1375 with BULL TRAP. & Monitor VIX/ VXO Analysis simultanioulsy .

Secondly, Unless AAPL gives up, this market will not. There is very little difference in our overall market outlook from our previous A # 1 - MS of last Monday. The market continues to show “cracks” – and we do believe that the rally is closer to a downside correction than at any other time in the past month once AAPL is done with its Bubble. .

OUR POSITIONS-

We remain fully Hedged at POM 14 Re – Run (1/2 core position @ mean price 1265 – CZ and 2nd (1/2) recycled – Floating position, Trigger @ 1325 - via – Alert 1/26 (rebalanced thrice in market gyration from POM 14 to each POM 13 since Oct lows). It had a (one stopped out in between) . The average 1290 price for these positions , that were entered at POM 12 @ 1080 & POM 13 @ 1165 , completed RA/ RI move for great Profit .

The Price move beyond it , we are looking into Net Short opportunity. We have waited patiently since 26th January (with DELTA NEUTRAL). SPX ‘s more indicators shows sign of Mid term Topping. (Refer charts below). This area still remains very critical Top heavy..

Our First downside Price Target on this current Trigger is CZ 1260-1240. If Breaks with PQV, below 1310- 1290 it would accelerate the decline . Overall, The Price Oscillation SPX initiated at @ POM 14 still has the Natural Oscillation price target around 1125. This should complete the end of Oscillation that began at POM 14 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

- The Fake out extension from 1325 levels towards 1375 – For those positions, we had recommended – STOP Close above 1340 on Daily’s for (½ Hedge Position entered on Thursday 1/26) are Stopped out & Target back in later on breakdown of SPX OR at POM 15 Trigger at 1375)

“OBSERVATION - FOR ANY VALID BREAKOUT” - NONE

NOT WITNESSED YET to initiate New ABC up - Prices should pierce through current congestion with “ Sign of strength” (SOS) , heavy volume with VTO, PPO positive reversals. Simultaneously the internal Math readings should be re configured to line up for such move higher .

POM Signals , Trading Conclusions - Price / CZ Projection Summary

A # 1 - MS Report FEB 21-2012	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 (1290-1310)	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	1250-1225	1900 -2000	Consolidation in larger range 1450-1825 Building up floor to test the Highs
TLT				
SHORT-TERM	NEUTRAL		123	Consolidation (RISK Management below 107)
MID-TERM (last) - POM 13 (110-112)	BULLISH	110	123	ABC up in Progress
LONG-TERM (last) - POM 12 (88-90)	BULLISH	89	123	3rd ABC up in Progress
-				
-				
LEGEND				
POM 15	Bull Market Signals	Trading Range Signals		
POM 14	GOLD BONDS	SPX		
POM 13	Full Hedge Status	NET SHORT Status		
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			
				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

In the Market, It is quite Bullish when either IWM or QQQ or both leads the broader market higher off the bottom as well as middle of the trend move but at the end of the Major trend , invariably one of the IDX will show froth building up and second IDX will lag SPX / DOW. This time QQQ is frothy and IWM is lagging. In May 2011 it was exactly reverse. These are warning signs from our checklist tool box.

We think there is distribution happening at the Market highs with low volume and flat price move . Past 2 weeks , Broader Market / Leading sectors (NYA, IYT, XLU, XLF) and their failure (i.e lower highs) to match the performance of the blue chip SPX and Dow (i.e higher highs) is a strong warning that the stock market top is maturing and a significant top in the market is under construction.

Post 1/26 , SPX 1325 Trigger , Our RA / RI Model does not validate price move (1325 to 1375) to take such Risk that should result in negative alpha once the decline starts . Historically, high probability returns will come once the Post POM 14 Momentum (with invalidated PQV) fades. Our Target Spot of 1375 with Terminal Price path is quite clear. Therefore our Objective remains to position for upcoming down move.

Usually under such circumstances , The decline starts from “ No News and from No Where ” A high-volume downdraft off the highs would indicate the top has finished construction. After the First pull back to double toping with secondary Top with another PQV failure should be part and parcel of Larger process of decline.

Charts below we continue to focus on “ Price Termination Process and importantly VIX / VXO Analysis . Overall, 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 .

*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 all change once POM rating changes.***

SPX - Seasonality Model

We're coming into the monthly seasonal which tends to see buyers snap up Equity with cash from payroll deductions. This tends to get started on the next-to-last trading day of the month (Today) and it continues into the third trading day of the month

However since 2007 Bear Market started Historical Avg in Jan and Feb returns been -ve months in contrast , in 2012 JAN was up 4.6% and FEB 3.6% .

As indicated below March and April are best Months historically . We shall see how SPX reacts having 2 back to back up months.

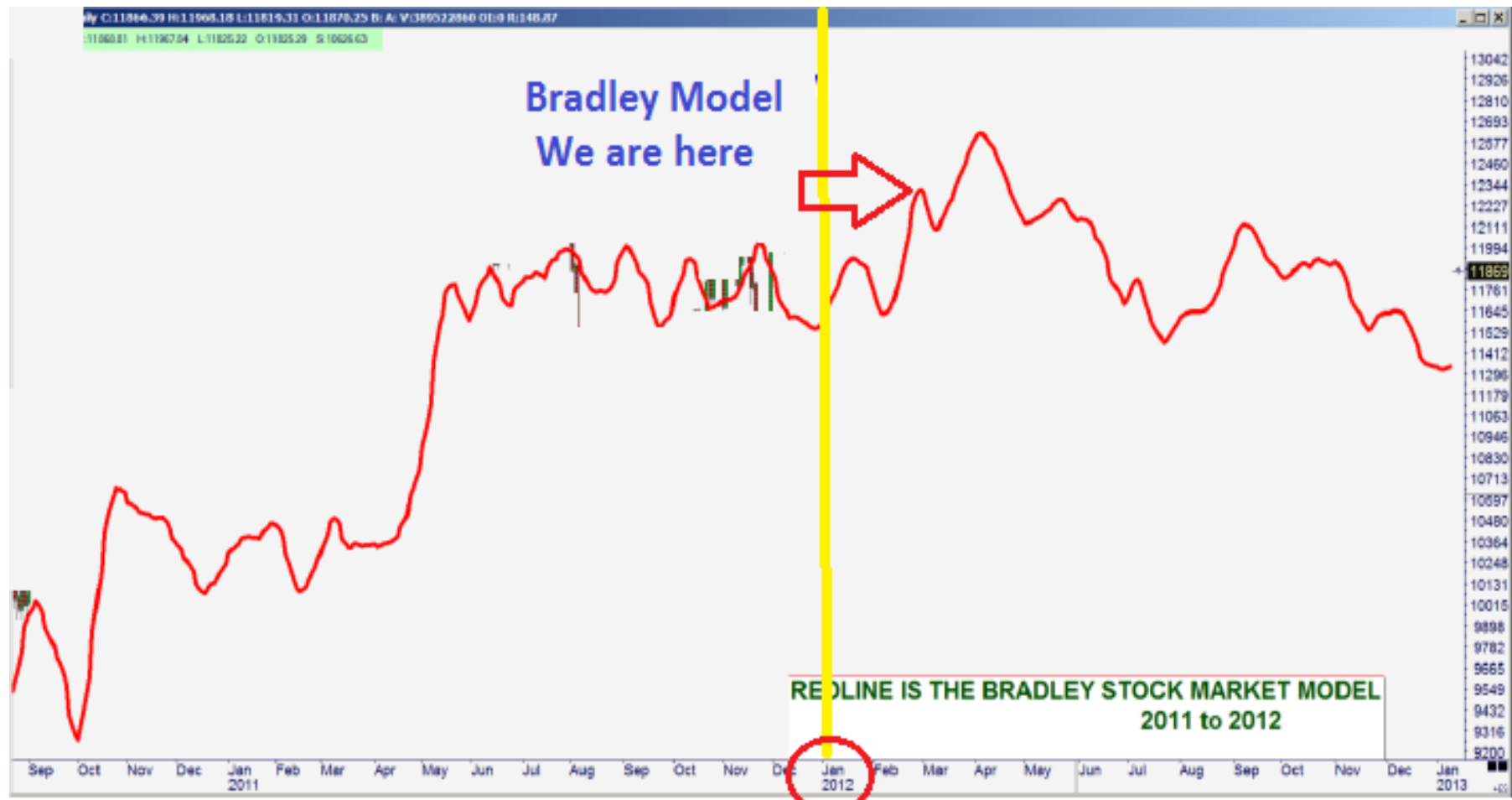
From 2003 - 2006					
Bull Run					
		Jan	Feb	Mar	Apr
	Average	-0.25%	0.36%	-0.40%	1.41%
From 2007 - 2011					
Bear / Side ways Run					
		Jan	Feb	Mar	Apr
	Average	-2.94%	-2.12%	2.94%	4.56%
Average		-1.60%	-0.88%	1.27%	2.98%

SPX - Cyclic Model - Bradley

Geomagnetic Model has great effect for Trend Changing, in past 4 weeks has failed 3 times in row. The NEW MOON, Planetary conjunction, Bradley & Apogee.

Last time such 3 powerful cycle failed in row was on 15th Aug 2007 and Market broke down decisively once prices reached there on reverse turn. (See LT Chart 5 below)

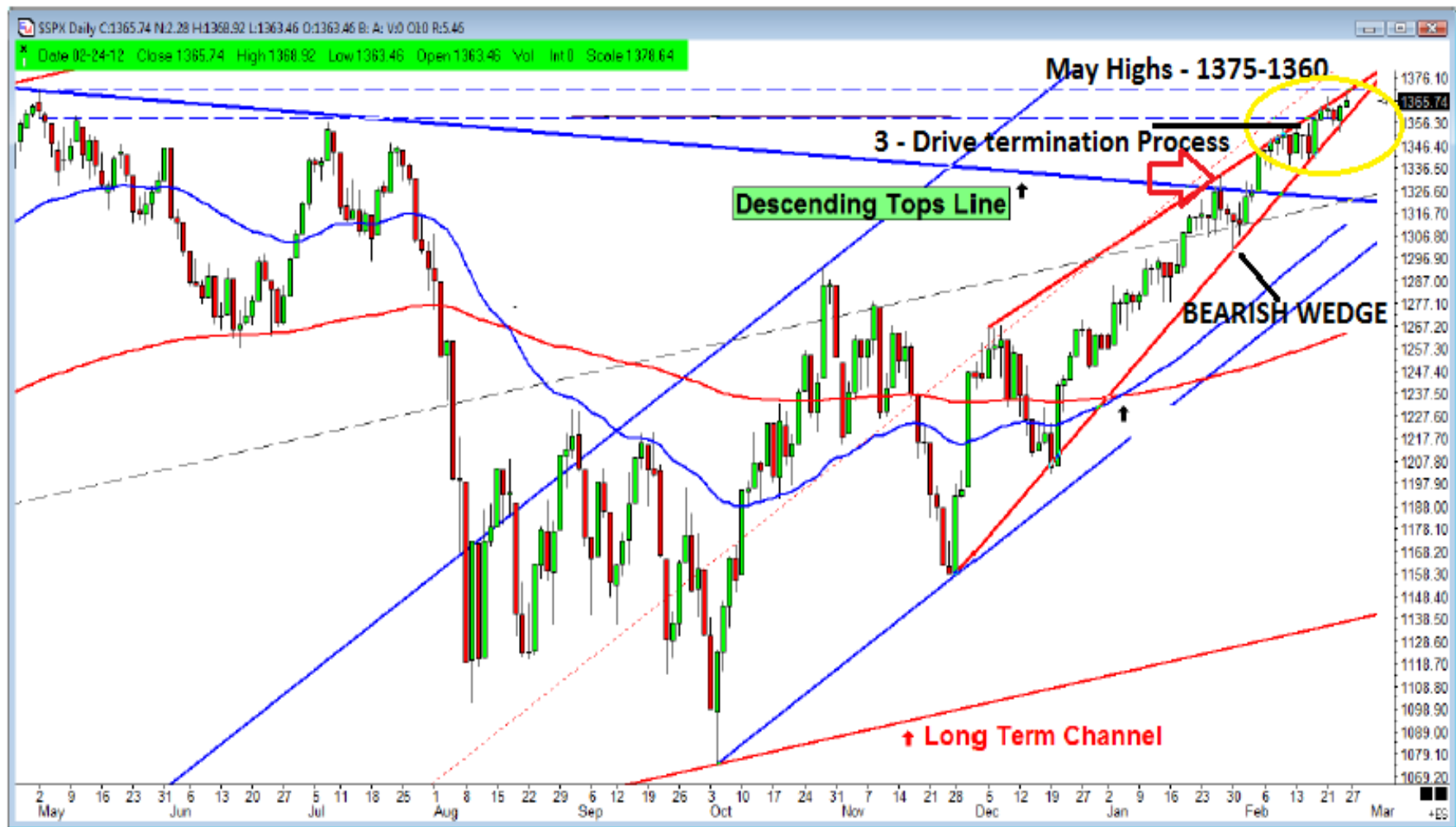
Point to be noted, The Bradley has a very negative bias for the 2 Qtrs.



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

SPX is now trading inside the May 2nd - 1360-1375 and staying inside/ outside the ascending wedge pattern. A close within the May 2nd swing point suggests a test of the high of May 2nd. Within this wedge pattern on 30% PQV invalidation, we have 2nd & 3rd Drive to the Top build in this wedge.

If we finish inside the wedge by the end of the trading session, perhaps even a break below the wedge which would set up a Bearish Engulfing, Heavy SOW (Heavy volume Sign of weakness with 125% PQV) could negate this up move.



SPX – Waves & Poly Trend Projection Analysis

Bearish divergence between new highs in SPX and lower highs on the oscillator warn that the uptrend is fading fast (most stocks have already topped, but only few stocks in the blue chip indices can keep them going higher , as they say — the troops retreat while the generals charge forward).

*We have exceeded the price where the current wave C (1340) advance equal the wave A advance that results in **TERMINAL PROCESS** target towards 1375 , the Natural Price on Daily Charts- This move higher is happening with diverging Oscillator on Daily as we approach on right side of Poly Trend on slippery slope down.*

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 – PEC –D Analysis (mid term)

On completion of Patterns including PEC-D Trigger at 1325 , extension is towards our SHORT SELL POM 15 TARGET 1375 (Not Triggered) via Terminal Pattern with Bearish distribution pattern ,



SPX – PEC –D Analysis (Bigger picture)

The extension of Mid term PEC-D is terminating into longer term PEC-D towards 1375 Target. Chart below suggests 1375 is quite significant . SPX is rallying into that neighborhood.

Key point – On 15th Aug 2007 , “ Several Geomagnetic cycles failed on way up but when crossed on way down it exaggerated the move (We had highlighted this in our Aug 2007 commentary at that time).
Secondly , prices have broken above the “ Lehman Breakdown” area with failed PQV . We have called both these areas as “ Scene of old Crime “ so to speak !!



AAPL - Terminal Pattern - (MAIN - PROXY)

AAPL bubble time. So far, we've seen a sharp correction from our termination target and a bounce off the trading T. The oscillator reached a level of overbought with that reached in the last big run-up. Oscillator is at the same spot suggests we may get another Run to the Top . This shall fuel QQQ and SPX to our Target 1375

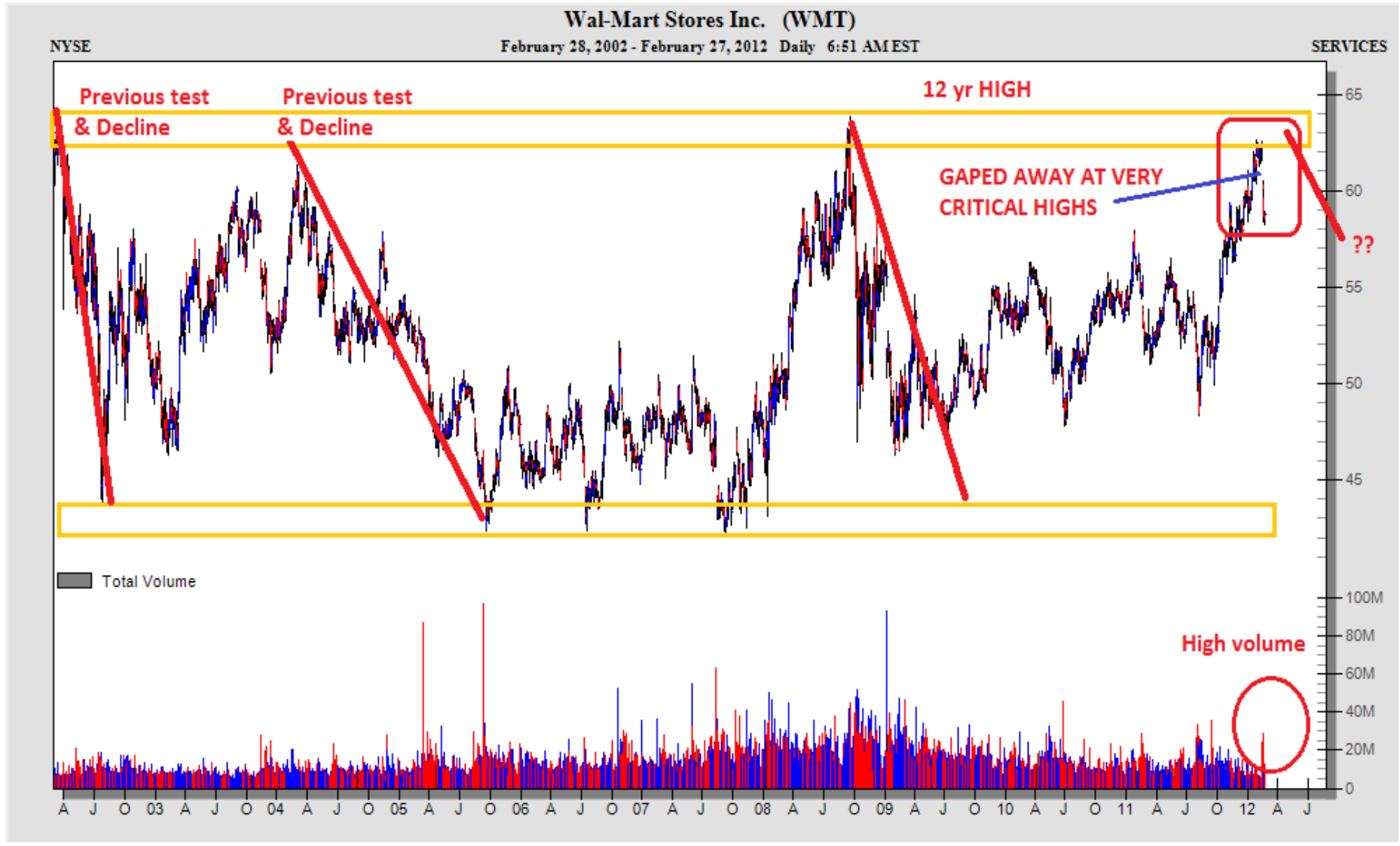
When AAPL finishes it Double testing process and give up , Market will top out .

AAPL is critical for QQQ Topping (17%) and SPX (8%)



WMT - Breakdown Pattern Analysis - (PROXY)

WMT went to 12 yr highs and failed with 2 huge Gap down last week with high volume while SPX was in topping. Past 3 times it reached these levels we reached the bottom of the Trend. (We do suggest it will happen this time) but we wonder WMT represents US – Economy and US Growth



SPX - VXZ / RSI Analysis (VIEW 1)

When SPX is at terminal Process , VXZ Analysis seem to work well . VXZ are option hedgers

VXZ Triggers Bearish signals by breaking downtrend line (see blue lines in the VXZ window). We have shown the previous signals dating back. Simultaneously The RSI should show divergence. (top window).

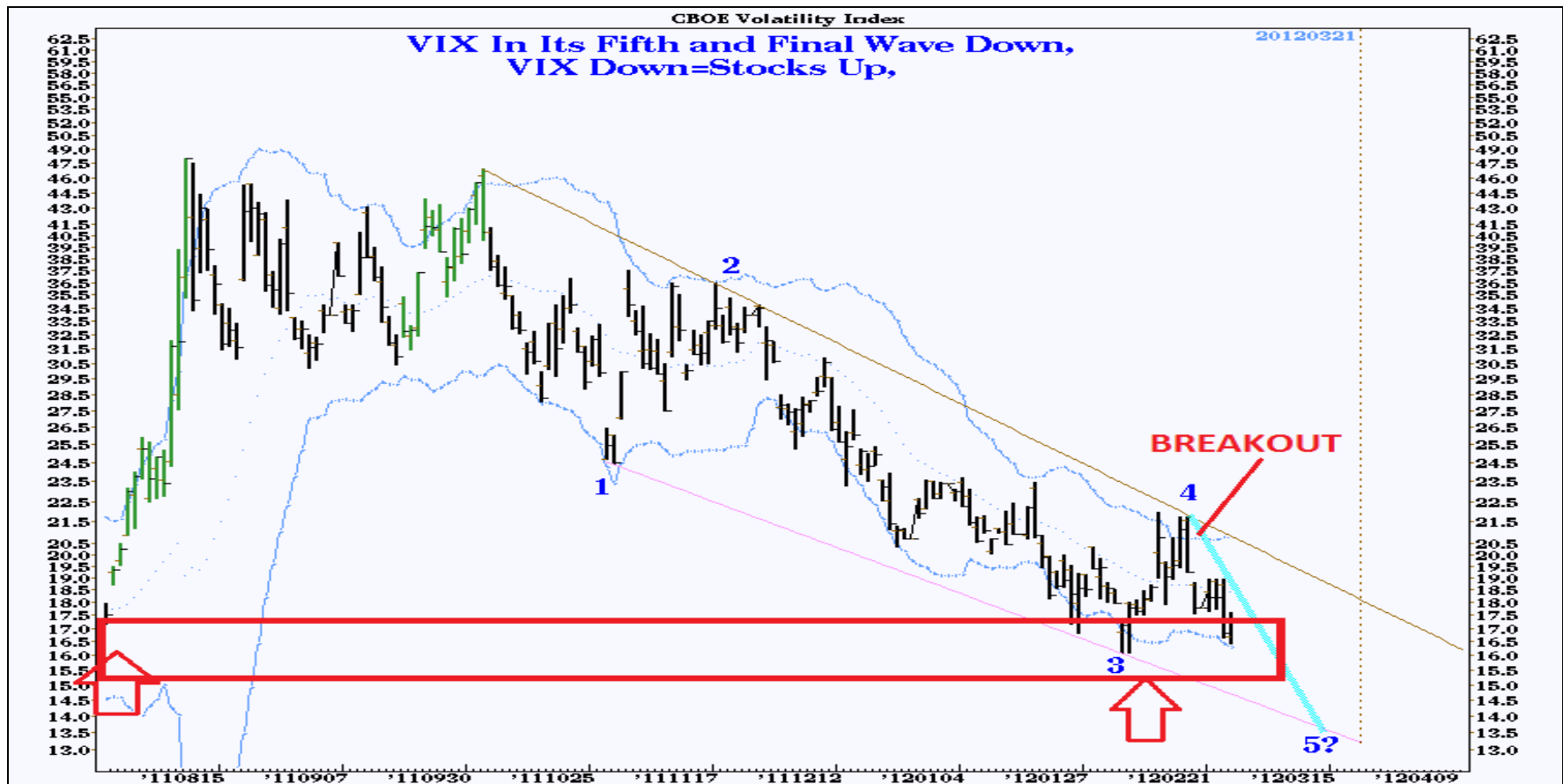


VIX – Poly Trend Analysis (VIEW 2)

VIX continues to unfold in a downward wedge, which is ultimately bearish for stocks. Right now, we're in the fifth and final wave down for VIX.

Earlier broke out of its bullish descending wedge pattern (WAVE 4) & Poly Trend after testing the previous CZ (@ WAVE 3) . A successful retest of the broken CZ & bit lower (WAVE 5) would confirm the significant of the breakout. The descending wedge has considerable amount of potential energy is being built-up for a rally.

At that point we should get a big reversal to the upside in the VIX, which would translate to a big reversal to the downside in SPX



VXO / SPY Ratio Analysis (VIEW 3)

The VXO is the original formula for the VIX. When VXO hit the lower Bollinger Band (blue arrow) SPY reversed, and the Red arrows showed when the VXO hit the lower band and had now no effect on the SPY. Today the VXO hit the lower Bollinger Band and suggests the breakout in VIX IN ABOVE CHART IS VALID. .



SPX - McClellan Oscillator Analysis

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



IWM – PEC –D Analysis

IWM has met PEC- D on 1/26 @ 79.80 on 786/ 618 on Mid term and 1.618 / 1.27 on larger Trend. Secondly IWM Triggered close under CZ on 1/17 . Since then its build flat distribution pattern. (refer chart below) On each down move volume is picking up but not broken hard enough from trading sideways.. It has several Bearish engulfing in flat base pattern. Ratio is –vely diverging.



QQQ v/s IYT – Analysis

QQQ is showing strength via IYT has been pulling back , SIGN OF TOPPING PROCESS. (chart below) – Divergence. & imbalanced market. For rally continuation higher both should rally



QQQ v/s IWM – Analysis

*QQQ is showing strength via IWM has been pulling back, SIGN OF TOPPING PROCESS. (chart below) – Divergence.
For rally continuation higher both should rally*



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 – Triggered 1/26 - @ 1325 and in 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 - 3rd 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- Gains 257 Points (4 Signals)	+ 25%
POM 13 - Risk Mangement savings - 280 points (5 Signals)	+ 28%
POM 14 to 13 - Fully Hedged - Gains 150 points (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

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.