



SG Capital Research

Global Market Insights

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

MAEG- MARKET STRATEGY- MS Update # SG 2012 # MAR_12

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

- **Weekly - SPX – Closed @ 1370 (+ Flat)**
- **YTD - SPX – Closed @ 1257 / 1370 (change + 8.9%)**
- **Last Trigger Signal - SPX – POM 15 – NET SHORT @ 1375 / 1370 (change + 0.3%)**

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● 1. Executive Summary

Current Signals

SPX – **POM 15** – (**NET SHORT** Position @ 1375 Trigger STOP 1400) - “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

On 2/29, - Last email Alert at 1375 – We reached the point of **NET SHORT - POM 15 – Rating** to “scale in” based on each Portfolio’s Objective and rebalancing criteria. After 4 weeks completion of Terminal Process” towards Target 1375. **(PRE – ALERTED)** detailed in Price Path Pattern.

Since our Previous Trigger 1/26 - 1325 –SPX , We completed the full & final Hedged position or raise Cash as case may be. We warned to refrain from NET SHORT till the Price Projection of 1375 was met .

We are closely Monitoring VIX/ VXO Analysis for sudden fear to set in. We had first sign come out of it . Market continues to show “cracks”. IWM, XLE, IYT, NYA has weakness coming out as indicated in last week’s Wednesday’s A # 2B MS Report) . SPX / DIA still remains very critical Top heavy. Within the Dow Cracks showing up in WMT, MCD. Etc. Under POM 15 Regime – Gaped away Momentum Equities should bounce back & fail to set up next ABC downs.

OUR POSITIONS-

On 2/29, We scaled in into POM 15 – NET SHORT @ 1375 with Stop 1400. We remain fully Hedged at POM 14 Re – Run (with DELTA NEUTRAL or raise Cash as case may be). (1/2 core position @ mean price 1290 – CZ and 2nd (1/2) recycled – Floating position Triggered @ 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 1310 price for Fully hedge or Cash as case may be in these positions , that were entered at POM 12 @ 1080 & POM 13 @ 1165 , completed RA/ RI move for great Profit .

Our First downside Price Target on this current Trigger is CZ 1310-1290 . If Breaks below with PQV, it would accelerate the decline to CZ 1260-1240 . Overall, The Price Oscillation SPX at @ POM 15 has the Natural Oscillation price target around 1125. (certainly not in straight line) . we should see several POM 14 & POM 13 – Risk Management spots in between the decline .

PLAN B – For Aggressive, New & Overweight Positions

- For Aggressive New / overweight POM 15 Positions at POM 15, STOP at 1400 – Risk Management).

“OBSERVATION – On 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 . The Fake out extension from 1325 levels towards 1375 remains intact

GOLD

Currently remains, at Bull Market POM Rating - POM 14 which is Partially Hedged Long Positions within CZ's of POM 14 areas provides best Risk Management opportunities during decline.

On 3/06, - Last email Alert GOLD at 1668 – On Floating position

Action 1) –, We had recommended in email to Cover Hedge Position Triggered at CZ 1775-1750. As expected, we witnessed Gold failed miserably in our CZ - 1775-1750, upon its entry into it , the reaction was losing 130 points decline to 1660.

Action 2) – In typical Bull Market move, Pull back tends to give fast Price destruction & does not stay down longer on Trigger, Therefore We had recommended in that Alert email to Add partial Long Position at 1668 turn , since then GOLD took off to 1715, a rally of 40 points . In run away Gold Market it may continue higher provided 1660 holds.

Aggressive Holdings entered 3/06- (ALERT STOP at 1668- Risk Management, (Gold being volatile Market). If triggered 1668 it can be volatile ST but once settles down it could give a second opportunity to target back in at CZ 1650-1625 upon a successful CZ re test) .

PULL BACK - CZ -1650-1620 is wide open target for secondary test, where we broke out with “Sign of Strength with validated PQV. on FOMC day 1/25)_ Now that area should hold the pull back with PQV quality towards 1650. With proper / methodical successful test. This would set up Bullish entry for next ABC up . It should simultaneously invalidate price drop below 1600 as shake out move for all the Bears. **But** If PQV is invalidates 1650 TEST then downside would continue to 1560 as Next target. We shall take one step at a time announce via Trigger points.

LONG TERM BULLS - remain Long with (½) Core position from POM 12. The 2nd (½) floating HEDGE position at POM 14 CZ to capitalize on Market gyrations.

On last Friday it was interesting to witness change in dynamics, GOLD was up and USD up at the same time after long time . If such correlation remains in between the moves , this would be welcome change for GOLD Bulls next 2 yrs.

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 GOLD's swinging gyration from POM 14 to POM 13 or when the Sell off target is reached).

TLT

On very Short term it is consolidating in Bullish Manner in tight range .

Currently TLT is at POM 13 – Long Position, since 10/27 (CZ – 110-112).- TARGET 123 . Risk Management at 107.

TLT has initiated ABC up towards 123 target . Earlier we had closed the POM 15 Signal position from 123 trigger to Target 115.

POM Signals , Trading Conclusions - Price / CZ Projection Summary

A # 1 - MS Report				
MAR 12-2012	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
SPX				
NEW - POM 15 (1375)	BEARISH	1375	1310-1290	TRIGGERED (NET SHORT) leg down to begin soon (Fully Hedge or Cash)
SHORT-TERM (last) -POM 14 (1290-1310)	BEARISH	1325	1310-1291	
MID-TERM (last) - POM 13 (1180-1165)	BEARISH	1290-1310	1260-1240	
LONG-TERM (last) POM 12 (1080)	BEARISH	1290-1310	1125	
GOLD				
SHORT-TERM (last) -POM 14	NEUTRAL	1668	TBA	Decline from 1775 to 1668 was met with 140 points decline
MID-TERM (last) - POM 13 (1575-1550)	BULLISH	1650-1625	TBA	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
ILI				
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

Critical Guidelines Review. – for CZ / PEC – D- (Special Situation)

In our Commentary and Reports, Our focus remains on giving head up on price Targets via Price Paths Analysis via Projective CZ (Confluence Zones)/ PEC (Pythagoras EC) Methodologies . These allows to pre – plan action prior to price shifts ahead of time.

In our CZ & PEC D indication, the conclusion zone defined on charts within Reports are derived via integration of various Proprietary Methodologies and calculations on PQV, ABC's , Market internals & Oscillators etc. developed in our Analysis process.

Although we try to be graphical on charts to reflect our thinking (sufficiently to indicate the technical conditions supporting our signals / triggers) , at times due to time & space limitation , we cannot show all the backup calculation work . Therefore we show only colorful final conclusion, less complicated sets of indicators to keep it simple to make a Price path decisions and not to force unnecessary more complex detail. I shall continue to provide coverage on these Analysis with one Methodology at a given time via Presentations and Workshop in step wise format for academic exercises.

STOP LOSS CALCULATOR – Around CZ – Outside the CZ, PQV validated STOP is recommended for Risk Management based on Portfolio Objectives. To avoid getting False stop outs, one recommendation would be to integrate Volatility and Momentum Oscillator within its calculations by taking Average Trading range of Highs and lows for 9 days X 1.618 and adjust the last traded price with that differential for the STOPS and Auto Trail it on daily basis once the position is “ in the Money”.

POM implementation - Bigger Picture - Ideal participation of New money still remains entry at POM 12, POM 11, which has Highest Probability of building ALPHA. & Sell (Fully Hedge at POM 14) . Weather one is a BULL or BEAR

We shall add these above Guideline note in the Appendix Sections and keep it for reference in our Future Report.

• SPX – Market Commentary

Upon POM 15 Trigger at (1375 - NET SHORT), SPX market immediately declined 30 points at its low point last week, then rallied back to recover most of the losses. During the decline it has damaged IWM, IYT, XLE, SMH and several key sub components. QQQ hasn't broken down due to AAPL phenomena. Since IWM is better lead indicator we have previewed RUSS in today's Report

As long as SPX does not violate 1380 on upside, ABC down setup last week still remains on downside confirmed by PQV numerical. In this kind of Market , the initial correction is a back-and-forth pattern early stages until the majority realizes another uptrend to begin and then a sharp decline.

This week is Triple witching Friday and volatility should increase on Wednesday with positive bias. It appears like patience game as we watch the paint dry. .

9th March was the 3rd Anniversary of 2009 bottom in SPX and 12th Anniversary of 2000 Bubble Top. Such dates in Markets have some significance in Time Termination Ratios on Fib Analysis.

On 13th March 2009 lows , we had the opportunity to call the Bottom in SPX at 700 for rally forecast of 30% . Attached is the link of that Interview on CNBC , http://www.sgcr.us/html/Media_calls.aspx#

On 13th Tuesday is 1-Day FOMC meeting , On 15th March we have results of Banking stress test in US. On 14th Wednesday is Trader's "WWW".

Monday 3/12 was flat, not that there was anything wrong, but it was simply a zero day with almost nothing moving. Apparently, the geomagnetic storms last week had drained traders' energy.

There are few months in year it is harder to generate returns , during such time we rather keep our focus on positioning for next move within the Probability of the Model and with Patience. As experienced before Gains will automatically come. As a Position Trader / Investor, such nothing much has happened for past 4 weeks in the market.

Summation Index on SPX has turned down , some program trades should initiate in direction of summation Index once decline begins. VIX/ TICK – Ratio has reached POM 15 levels. The market is sort of running out of gas. Equally weighed IDX in SPX (RSP) v/s SPX (Cap Wt) has shown clear divergence (see chart below)

McClellan Oscillator - SPY failed at May highs with termination pattern. Over the last week the SPY has moved higher and the McClellan Oscillator, RSI, CCI have both been declining . VIX/TICK ratio gets out of balance which is above .4 or below -.6 extremes. It has been in that range for 4 weeks

Our bearishness remains intact, and we are awaiting a suitable entrance into the expected reversal soon. We shall let the Market speak instead of forcing it so say something . Meanwhile 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

Historically since 2007 to 2011. Avg gains in March & April are very strong after down Jan & Feb. However in 2012, Jan 4.6% and Feb 3.6%. has been up months unlike historical, We shall see if March & April can beat the + VE seasonality of past. .

SPX - Geomagnetic / Cyclic Model

Last week 9th March Friday we experienced Solar Storm, On 8th March is Full Moon and Perigee. It did not impact the Market turn . Note that past - 4 powerful cycles, the Cyclic Model it has failed.

The Geomagnetic Model has great effect for Trend Changing. Last time such failed 3 times in row was on 15th Aug 2007 and Market broke down decisively once prices reached there on reverse turn.

Bradley Model with DIA - PEC-D Analysis - **Bearish**

The Bradley has a very negative bias for the 2 Qtrs. It is coinciding with **POM 15 Triggered at 13000 – Net Short**

By PEC-D Method projections - (618 / 1.27) to **12600 – ALERTED 1/17 indicated in red**, On 1/26 – **SPX – 1325 Trigger – DOW was at 12800.** (Fully hedge) – POM 12, POM 13



SPX – Trend line Analysis, RSI, MACD.

On trigger of POM 15 , Decline is SPX began, It jumped the Trend line with conviction & with Volume. On the bounce it is now testing the breakdown area with diverging RSI. MACD has turned down.

Possibility we could go toward POM 15 re- test . if it exceeds it make have another ST gyration with not much effective gains



SPX – PEC-D (HOURLY)

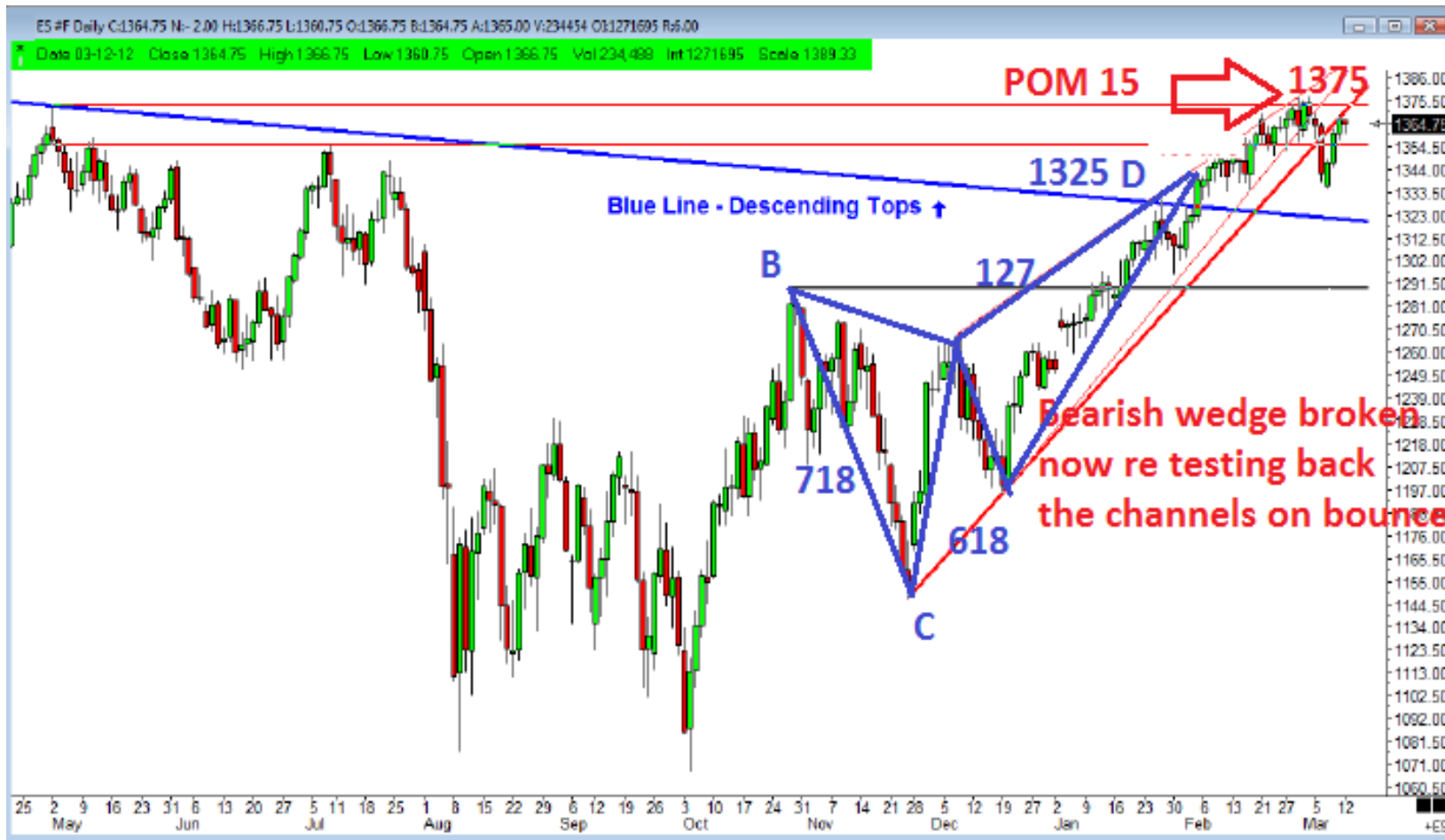
On hourly chart , After 2 days of decline , the bounce has completed PEC-D pattern at 1370 on miniature Hrly projections, although it can be much easily get extended in projection 1375 Triple top on hrly . But it gives some sense happening at floor level



SPX – PEC –D / Terminal Pattern Analysis (**POM 15**)

SPX is trading in CZ area of POM 15 – 1375 Trigger. CZ created by Terminal Top Pattern, set up by the bottom of the ascending tops from CZ in last May 2011 & Feb 2011. is likely to be tested once again. .

On completion of Patterns PEC-D Trigger at 1325 , extension is towards our SHORT SELL POM 15 TARGET 1375



SPX - Money FLOW Analysis - **Bearish**

Based on Money flow analysis , the POM 14 / 15 area is being tested with declining money flow , opposite of what we had pointed out at Oct lows (see notes within the charts)



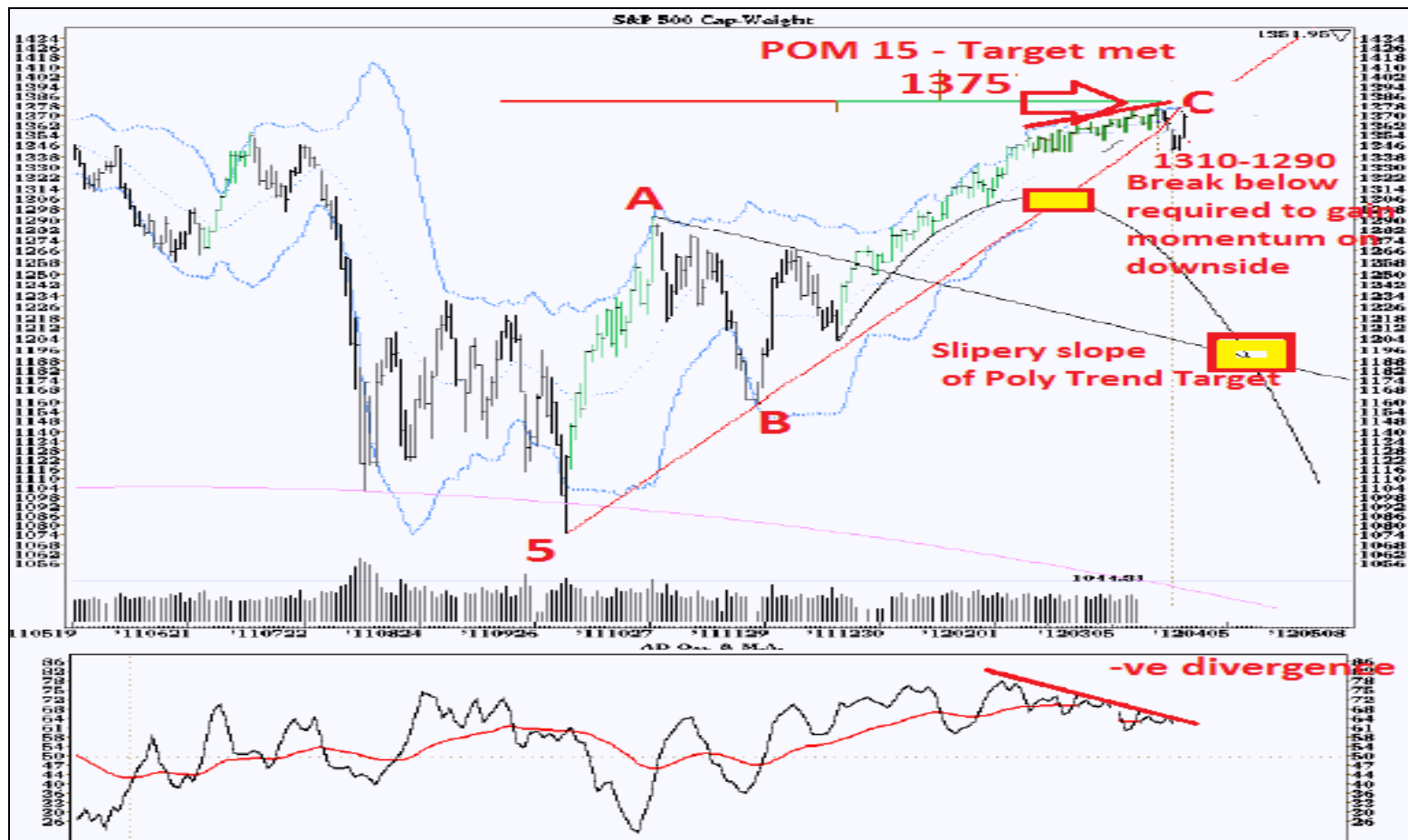
SPX – Waves & Poly Trend Projection Analysis

WAVE C was met with POM 15 Price 1375 on completion of TERMINAL PROCESS. This move has happened with diverging Oscillator on Daily as we approach on right side of Poly Trend on slippery slope down.

At C – Decline broke the trend line

Break below 1310-1290 should accelerate downside. Our First Price Target is 1260-1240

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



SPX v/s RSP- Divergence.

Chart below clearly suggests RSP which is Equal weighted is not in higher high mode of last rally . SPY has gone to higher high but this is due to large cap participants. This is A/D line itself within the 500 SPX Stocks. Lack of full market participation.



SPX – A / D - 50 D Bullish / Bearish Ratio – Equity Breath - **Bearish**

A/D Line of 50 D Equity ratio has reached 75 once again , after 1st snap back during 1st decline last week., now additionally AD- EMA has turned down as well. This is critical area of topping in SPX resulting in larger correction eventually . (See chart below)

Fewer and fewer stocks are hitting new highs with –ve volume. . The market is “fading” . This is exactly the kind of pattern seen at significant tops



VIX – Poly Trend Analysis

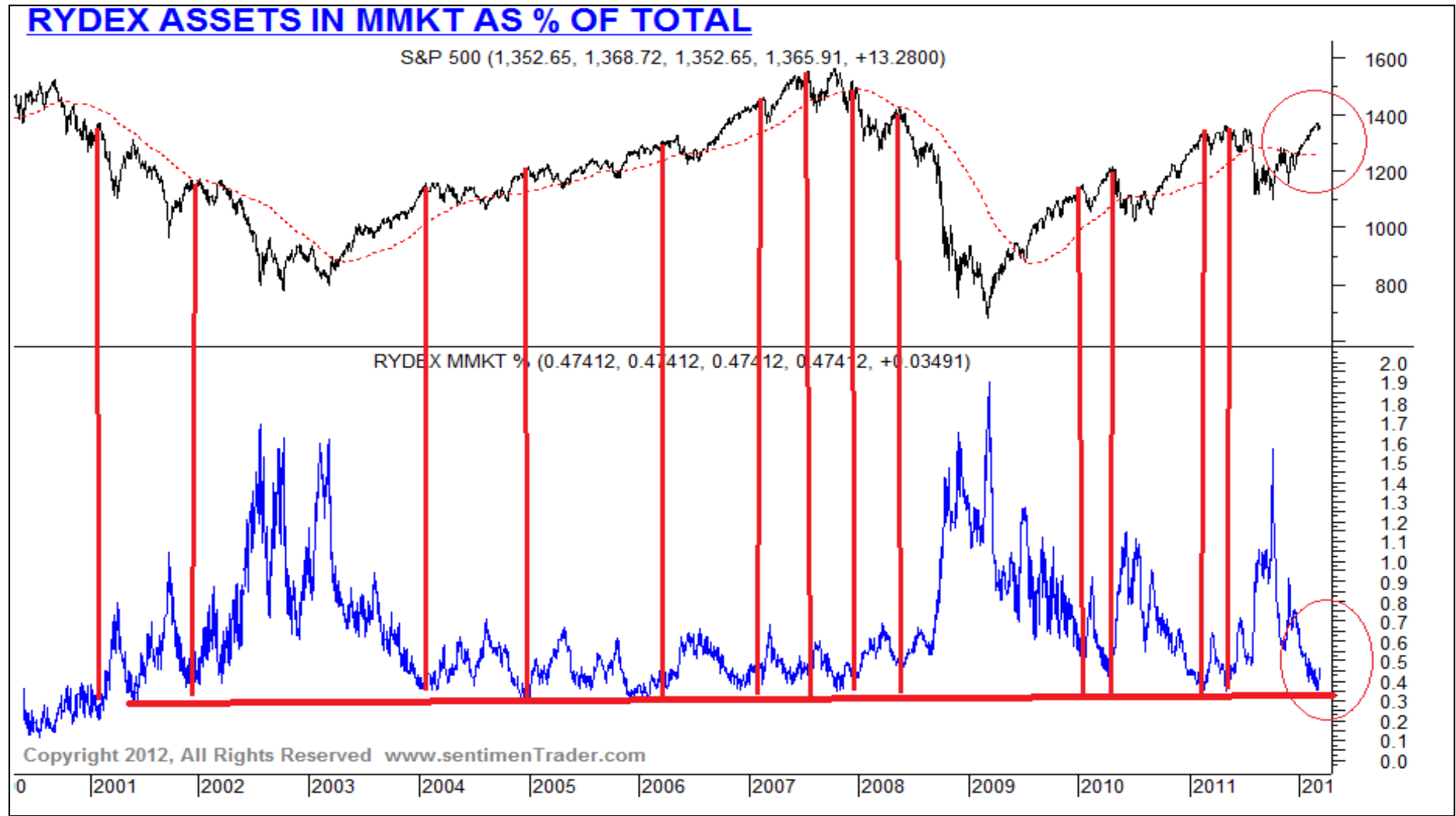
Last week we saw a massive rally in VIX , We think this will be one aggressive Trade when decline in SPX begins. It has completed several patterns with bullish divergence. We are testing lower low probably be a more bullish sign for an upturn in the indicator than the bullish divergence we saw on the last rally:

VIX continues to unfold in a long descending 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 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.



SPX – Rydex MMKT Analysis (3rd Party – Curtesey Sentiment Traders)

Rydex MMKT ratio has dropped to the % that suggests enough sideline money is drawn into the Market. Such Ratio has resulted Tops in the Market in past.



IWM - PEC -D Analysis

Two powerful Mid term patterns have been completed into PEC -D on IWM is completed 127/618 which equates to 77 - Alerted on 1/17. On the day 1/26 of 1325 SPX Trigger Alert - IWM was at 79.5 - PEC -D

IWM Broken down with Bearish engulfing and 3 back crows. Past 2 weeks Flat prices with distribution pattern. (refer chart below) On each down move volume is picking up in flat base distribution pattern. Ratio is -vely diverging.

The line marks the start of underperformance on February 3rd



Appendix Content

- Latest POM 12 to POM 15 Journey
- 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

SPX – POM 12 to POM 15 Journey

POM 15 – 1375 – SPX triggered on 2/29 - ALERT . This completes our Full oscillation, that began at 1080 – 4TH Oct – Trigger in our earlier Alerts and Reports. Due to Bullish Sentiment, We might not have much company now, but we dint have enough company at POM 12 and POM 13 as well when SPX put in Mid term and Trading bottom respectively.

Note – Pass area (No Man’s land area) clearly suggest when pressed the brakes car did not stop immediately (Just the Law of physics) .



- 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

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