



SG Capital Research

Global Market Insights

**Research Note – STRATEGY & PROP Analysis**

**Special Report**

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1. **Market Overview Commentary ( FYI) – *Observation update***

2. **CZ Analysis & Triggers**

**SPX**

**MID CAP**

## Market Overview Commentary

The market is moving to our pull back CZ 1425-1410, Selling continues Wednesday, but there are definitely signs that the long awaited Cyclical bottom is going to be arriving soon.

First, our prop internal indicators turned bullish Monday . These indicators are almost always early as we approach CZ and their bullish turn doesn't necessarily mean a trigger . But, it does mean that fewer Equities were declining with Volume v/s previous day , v/s previous week and v/s previous time the Market was at this price points. We have net positive ARMS / TRIN Ratio. In fact, the A/D Oscillator rose in the afternoon session even as the indices plunged.

Our intent is to Trigger POM 13 – Re run for NET LONG in CZ 1425-1410 upon PQV Validation for several cycle lows now close to expiration of T Termination. If we get the bottom tick, the timing error will eventually be over shadowed as the market trend turns up from these lows . The Pattern is Bullish Consolidation for higher Prices but make no mistake it will be the Momentum rally towards POM 15 with limited Participation from leaders (stated below) towards 1485-1500.

**LEADERS** - The first sign that we may be seeing the low is the behavior of the MidCaps v/s SPX . We can see , the strength of the downtrend is steadily weakening with Osc & Money flow, which means the MidCaps are being bought by smart money. Stronger SECTORS with Bullish Tops, GROWTH stocks and any other Instruments with +ve VTO and Bullish Top instruments should be leaders in next rally

**LAGGERS** - The other relative strength relationship we are watching is the SMH , IWM, IYT v/s SPX. Here, we can see a bit more time to turn up. It may do catch up later on. Some Weaker Sectors XLE, XLI, XLB are below the Bearish CZ ,

**Cycle / Time Models** t. As pointed above an important low within a week. Our time ratio measurements ( guidelines only) suggests that is a possibility to consider seriously. But, the 15<sup>th</sup> -17<sup>th</sup> appears to be a more likely target since that is Monday of next week and Tuesday are turn around Tuesdays. **Conclusion** - Past 4 weeks, the Market has gone no where. We are only 50 points above our POM 14 – Mean CZ price of 1390. If Volume picks up in the pull back CZ during PQV validation, we let our POM 14 Hedges ride without any action. .

# MID CAP – Oscillator Analysis – NEAR TERM



# MID CAP – MONEY FLOW - INTRADAY



# SPX- CZ / POM 15 Analysis – NEAR TERM



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