



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_21

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

SPX – Closed @ 1361 (Weekly + 1.4%)

SPX – Closed @ 1257 / 1361 (YTD change + 8.2%)

Index

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

2. SPX – Market Commentary

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

4. Chart Analysis

- **SPX – Terminal Pattern Analysis**
- **SPX – Hrly - Terminal Pattern Analysis**
- **AAPL – Terminal Pattern Analysis (Proxy)**
- **SPX – Rydex – Net Flow Analysis**
- **SPX- Wave , Poly Trend, Oscillator Analysis**
- **SPX- MC- Clellan Oscillator Analysis**
- **SPX- VIX/ RSI – Bollinger Analysis**
- **VIX – Poly Trend, Oscillator Analysis**
- **SPX- VIX Ratio Analysis**
- **SPX- A/D Line with Volume Oscillator Analysis**
- **SPX- A/D Line – 50 D Bullish Ratio Analysis**
- **SPX- A/D Line – 200 D Bullish Ratio 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

As of Fridays closing, we haven't reached the point of POM 15 – Rating for NET SHORT on SPX . In order to achieve it , SPX needs to complete a “ Terminal Process” towards Target 1375. PRE - ALERT - We have given heads up for such Price behavior to be completed in our previous Reports. -

This Terminal Process has been a “ THREE Drives to the Top Pattern” (with 5 Wave within it) with Last drive being accompanied by 3 – GAP play with exhaustion, a MINI triangular Top with G70 Gradient inclined followed by Key reversal at 1375.

This Pattern should be completed at the end of the ABCD move extension, into the CZ Trap with PQV failure to fulfill the criteria and SHORT SQUEEZE above 1360 to exhaust into 1375.

OUR POSITIONS-

We remain fully Hedged at POM 14 Re – Run (1/2 core position @ mean price 1300 – CZ (1290-1310) 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). For 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). The several Global IDX, Sectors, Commodity are in Bearish Setup except . We had Bullish Setups Summary during our Bearish SPX behavior as follows .

- In A # 2G- JAPAN – Since 16th Dec “ Buy Signal’ @ 8300 (EWJ – 9.00) is still in tact all the way through Jan Effect and current exuberance. There is always some market that suite the RA / RI appetite.
- In D # Specific Sectors – Bullish Tops - Health Care (XLV). Consumer Staples (XLP), Home Builders (XHB) ABC ups. Stock examples (HD , TOL) etc.
- In C # DBA (Agro) and Recently Natural Gas (UNG) , Stocks (DVN, CHK) showing Bullish key Reversals off the Bottom. (Now New entry on Pull back)
- In E # 2 – Top Growth Basket Equity is in total Momentum override But with SPX Hedge at POM’s – Risk Managed.

However wrt. SPX & Others, 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 (outside of RA / RI Framework)

- 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” -

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

Post 1/26 , SPX 1325 Trigger , the temporary opportunity created in general Market should be Short lived, Our RA / RI Model does not validate (1325 to 1375) to take such Risk that should result in negative alpha once the music stops although we have ways to play this for quick fingers with Pre planned exit strategy . 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 the same “ to capitalize on tomorrows Market move, we need to position Today”

With the news of the “Greek Deal” having been completed, I would have expected the futures market to have made this test (Exhaustion Gap) . This is not the case as you will see on the futures . As the addage goes, “sell the news”, and perhaps that is what is unfolding. We would to have Market test key point and Sell on Good News

FYI - Statistically Reported FT, past 33 yrs SPX has remained above its opening January level for the entire year only once in 1979. In 2012 the opening price 1257 – SPX .

The market is clearly struggling at the top of the trading range similar to our Indicators in Feb & May 2011, April 2010 (Refer our A # 1 MS). We are getting big breakdown from reliable warning signals of a top that's mature historically. Tops are Time driven process with light volume. (Currently 17 Days in time and Price move of 1325 to 1360 = 40 Point) . A high-volume downdraft off the highs would indicate the top has finished construction. After the First pull back double toping with secondary Top with another PQV failure should be part and parcel of Larger process.

The Fed is still flooding the market with printing money, but they are having less and less upside impact on the market, 35 points and counting.(M2 – Money supply is showing some cracks past 2 weeks – Refer chart below from Reuters)

As suggested in last week’s A # 1 – MS , the parabolic advance in shares of Apple Computer towards 520 was the main driving force which is keeping indices moving up. That parabolic advance is on track to peak with key Reversal and may represent the beginning of a much stronger pullback in the market than any we have seen

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 .

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.*

SPX – Cyclic Model

Usually has great effect for Trend Changing has been failure 2 times in row. On 21ST Jan is NEW MOON. The week of 14th Feb – 19th Feb major Planetary conjunction still has residual effect this week . The Bradley model (failed and) was inverted on 27th Jan . Now has a very negative bias for the 2 Qtrs.

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

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 (Refer notes within the chart) with Bearish distribution pattern , with 25% lighter PQV within Bearish Wedge on declining volume,

SPX is now trading inside the May 2nd swing point 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 , we have 2nd & 3rd Drive to the Top build in .

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 – Hrly - Terminal Process – View 2 -

On miniature hrly work, Terminal Pattern seem to be on Track , zoomed in Bearish wedge has the graphic price path view of the 3rd Drive). (Notes within the chart) to target 1375





SPX – Rydex Net Flow

17 days and counting 40 points on upside with NO GAS- Awaiting for POM 15 .

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.

Rydex Net Cash Flow in Millions			
(Millions)	By Day	By Week	Cumulative
1/6/2012	79.4	88.5	88.5
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)
1/27/2012	(28.3)	(136.5)	(94.2)
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)
2/10/2012	38.5	(37.2)	(137.1)
2/13/2012	(50.7)		(187.8)
2/14/2012	18.8		(169.0)
2/15/2012	(10.3)		(179.3)
2/16/2012	(4.6)		(183.9)
2/17/2012	9.3	(37.5)	(174.6)

1325
 Our Trigger
 for 1/2 Hedge

40 points move
 with NO GAS
 17 Trading days

1365

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) –. 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**

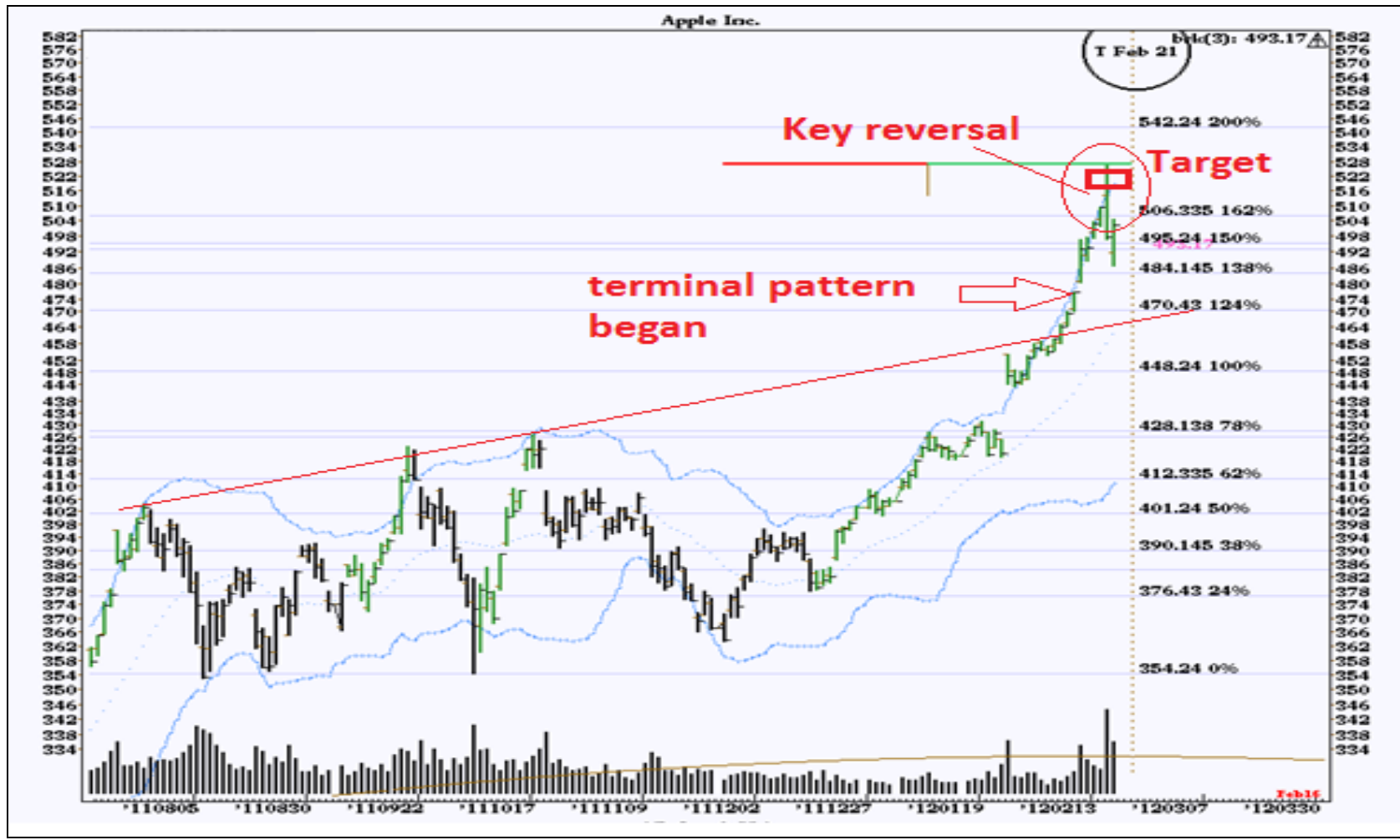
Earlier - (1 to 5) wave down was completed / ABCD pattern .



AAPL - Terminal Pattern - (PROXY)

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

AAPL Price path did what we had projected last week A # 1 MS , It Triggered the parabolic advance with gradient targeting to peak into 14th to 17th February Time termination then create a inverse hyperbola. A pullback and Secondary test would not be ruled out which could end in failure. (See chart below) .



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 BB & RSI when triggers together tends coincide with 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 .



VIX – Poly Trend Analysis

The VIX finally 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



VIX / SPY Ratio Analysis

VIX Chart below . The bottom window is the hourly SPY/VIX ratio falls below its 100 DMA (Marked in red) when coincides with VIX in lower half of Bollinger band . The bearish crossover signal Triggers (Red vertical line) This triggers decline in SPX.



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



SPX – A / D Line with Volume Oscillator – Equity Breath - **Bearish**

A/D Line with Volume Oscillator Ratio has reached 14 and way extended . This is critical area of topping in SPX resulting in larger correction . (See chart below)



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

A/D Line of 50 D Equity ratio has reached 75 – 80 & extended . This is critical area of topping in SPX resulting in larger correction . (See chart below)



SPX – A / D - 200 D Bullish / Bearish Ratio – Equity Breath - **Bearish**

A/D Line of 200 D Equity ratio has reached 80-85 . This is critical area of topping in SPX resulting in larger correction . (See chart below)



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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