



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_05

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

- **Weekly - SPX – Closed @ 1369 (+ Flat)**
- **YTD - SPX – Closed @ 1257 / 1369 (change + 8.9%)**
- **Last Trigger Signal - SPX – @ 1325 / 1369 (change + 3.3%)**

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• 1. Executive Summary

Current Signals

SPX – **POM 15** – (**NET SHORT** Position @ 1375 Trigger stop 1400) 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

On 2/29, - EMAIL Alert at 1375 – SPX, We reached the point of **NET SHORT - POM 15 – Rating** on SPX to “scale in” based on each Portfolio’s Objective and rebalancing criteria. . We completed the “Terminal Process” towards Target 1375. **(PRE – ALERTED-)**

Since our last Trigger 1/26 - 1325 –SPX , We completed the full & final Hedged position and warned to refrain from NET SHORT till the Price Projection of 1375 was met . Finally a completion of “Terminal Process” in our detail Price Path pattern“ **THREE Drives to the Top Pattern**” (5 Wave within it) with Last drive being accompanied by 3 – GAP play with Exhaustion in Bearish Wedge & G70 Gradient , forged by Bearish Key reversal at 1375 resulting in Mini Triangular Top .

It took 4 weeks to complete the Terminal Price Projections to 1375. Most of the internal Indicators and its own targets were achieved by 1/26. – 1325 on several Patterns completed at the end of the ABCD extension into the CZ & PQV failure with BULL TRAP.

Now closely Monitoring VIX/ VXO Analysis for sudden fear to set in , Topping of AAPL which is currently holding the market , The market continues to show “cracks”. IWM, XLE, IYT, NYA has weakness coming out . (More in Wednesday’s A # 2B MS Report) . SPX / DIA still remains very critical Top heavy..

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). (1/2 core position @ mean price 1295 – 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). The average around 1300 price for 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 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

- For these positions, STOPPED out at 1340, can be reentered **back in at POM 15 Trigger at 1375 stop at 1400**).

“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 / SLV

Currently remains, at Bull Market POM Rating - POM 14 (Partially Hedged Long Positions)

As expected Gold failed miserably in our projected CZ - 1775-1750,. On its entry, the reaction was losing 90 points . As pointed out in previous C # , B # Releases , it invalidated PQV – 4 times & gave up. We use Projective Methodology, our decision point is at the CZ prior to the price shifts.

PULL BACK - GOLD– Pull back tends to give fast Price destruction , this is a typical Bull Market move.. The decline should go to CZ -1650-1620. where we broke out with “Sign of Strength with validated PQV. on FOMC day 1/25)_ Now that area should hold the decline with PQV quality on the pull back towards 1650. With proper / methodical PQV successful test This would set up Bullish entry for next ABC up . This should invalidate price drop below 1600 as shake out move for all the Bears. **But** If PQV is invalidated 1650 TEST then downside would continue to 1560 as Next target

Once the decline begins it is hard to assess if the Pullback will continue to next decisive CZ target or the Bounce will occur first but we are prepared for both eventuality.

BOUNCE GOLD – The Wide ranging price bar on decline from yesterday should be respected, Any bounce attempt may give opportunity to re- align the risk on second chance. The bounce would go back into CZ -1775-1750 and upon failure of another PQV, next ABC down would begin But the extend of bounce is not clear. It needs 2-3 days of data to evaluate. However CZ 1775 -1750 should put in a stoppage point for rally

BOUNCE SLV– Just like GOLD , in SLV Any bounce attempt may give opportunity to re- align the risk on second chance. The bounce would go back into CZ -34.5-35.5 and upon failure of another PQV, next ABC down would begin But the extend of bounce is not clear it needs 2-3 days of data to evaluate. However CZ – 35-36 should put in a stoppage point for rally

PULL BACK - SLV– The decline should go to CZ -31-30. where we broke out with “Sign of Strength with validated PQV. on FOMC day 1/25)_ Now that area should hold the decline with PQV quality on the pull back with proper / methodical PQV successful test. This would set up Bullish entry for next ABC up . This should invalidate price drop below as shake out move for all the Bears. **But** If PQV is invalidated 30 TEST then downside would continue to Next target

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

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 last week 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 05-2012	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
SPX				
NEW - POM 15 (1375)	BEARISH	1375		TRIGGERED (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	1775-1750	1650-1625	Retracement in progress
MID-TERM (last) - POM 13 (1575-1550)			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
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				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
	Bull Market Signals	Trading Range Signals		
POM 15	GOLD/BONDS	SPX		
POM 14	Full Hedge Status	NET SHORT Status		
POM 13	Partially Hedge Status	Full Hedge Status		
POM 12	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			

• SPX – Market Commentary

It is very interesting that QE is now part of any and every conversation about why the markets shall move higher, and it has become a permanent change in the Fed policy. Rather than being a “extraordinary” response to market failures as in past it is now becoming engrained in analysts mind as a permanent policy tool that shall be used over and over, at every turn where weakness crops up.

However in our work, We'll keep it simple : Last week Triggered POM 15 @ 1375 on 2/29. The market's cracked on Wednesday, and tried to repair that Friday. But the SPX has finished the Terminal Process & forged a bearish key reversal to the downside, and with complacency at very high levels – the risk-reward is for lower prices given all of our shorter-term models are at extreme levels and signaling that the rally is being held up by fewer and fewer stocks. Therefore, a correction of - 5% to (CZ - 1310- 1290) to - 10% (CZ 1260-1240) correction is anticipated.

The Liquid blue chips, have been continuing to move higher, which may reflect the fact that NON blue chips are being sold and “Long only Managers” needs a safer place to “stash the cash” for now. Mutual Funds are paid to be invested in stocks, not in cash. So, even if they are actually bearish and expecting a correction, they would buy into stocks which are expected to hold up better than less liquid stocks. On other hand Hedge Funds are simply waiting for the last blue chips to stop going up, then they plan to jump in to SELL SHORT.

For now, we probably are watching the paint dry, except for those exciting openings ON / OFF news from Europe . Past 4 weeks has put the majority of investors to sleep, at the end such moves Market tends to die due to lack of interest

*Psychologically Large round numbers tends to come up at the Market Top prior to meaning corrections. **DOW 13000, NASD 3000, AAPL 600 Price, AAPL Market cap 500 B, Face book IPO 100B etc.** . All in convergence to Bullish sentiments. If we go back in history these numerical tend to have power of contra indicators after absorbing all sideline cash.*

The market is sort of running out of gas, or getting winded. There don't seem to be many big sellers in the market as yet but Distribution is in progress at the Market highs with low volume and flat price move . Past 4 weeks , Broader Market / Leading sectors (NYA, IWM, IYT, XLE, XLU,RTH) and their failure to match the performance of

the blue chip SPX and Dow is a strong warning that the stock market top is maturing and a significant top in the market is under construction.

Our RA / RI Model does not validate SPX 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 on downside the Post POM 15 Momentum (with invalidated PQV) fades.

As witnessed in GOLD market last week , The decline starts from “ No Where ” . Catching everyone by surprise . A high-volume downdraft off the highs would indicate the top has finished construction. After the First pull back then to double toping with secondary Top with another PQV failure should be part and parcel of Larger process of decline.

We have demonstrated “ McClellan's Eurodollar COT Forecast” Model in today’s Report. This Model has Topped decisively. Summation Index has turned down and VIX/ TICK – Ratio has reached POM 15 levels.

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 - Cyclic Model - Bradley

On 8th March is Full Moon and Perigee. We shall see how it impacts the market within +/- 2 days. That's within release time of the February Employment Report, so if we see the market selloff after that, the report will probably get the blame.

Note that past - 3 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.

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

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 – 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.

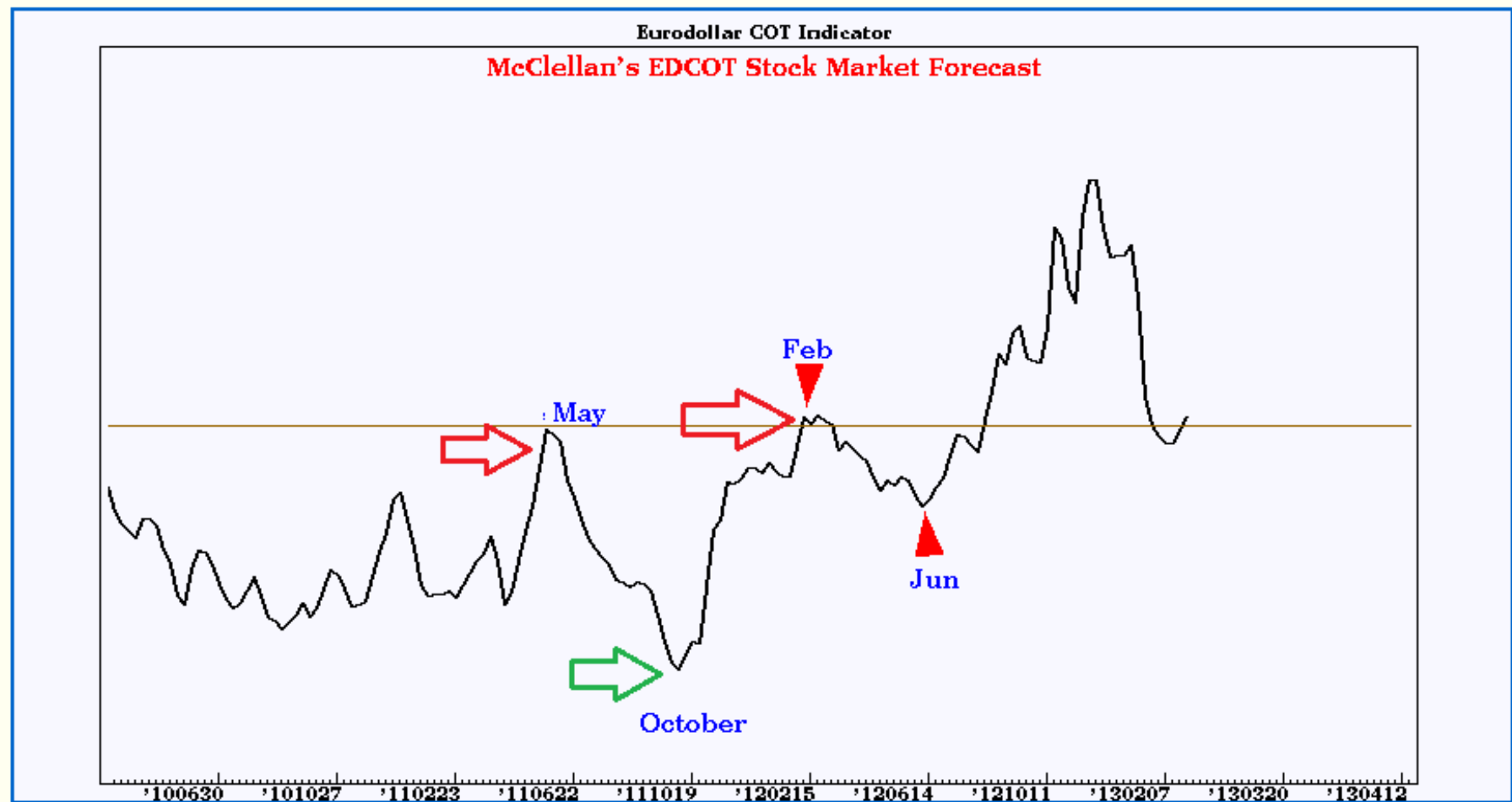
Note – Pass area (No Man’s land area) clearly suggest when pressed the brakes car did not stop immediately (Just the Law of physics) .



SPX – EURO – COT Indicator.

Chart below is actual EUTO – COT – Trading. By McClellan Forecast Model SPX tends to follow this closely. If this February end was turn in COT – EURO, we should see decline in SPX soon going into June and then rally. If we recollect in our April & Sept 2011 messages we had indicated this correlation in our Report. Those turns came in exact. (We tend to use such associate Model's only at POM's turns or CZ/ inflection point)

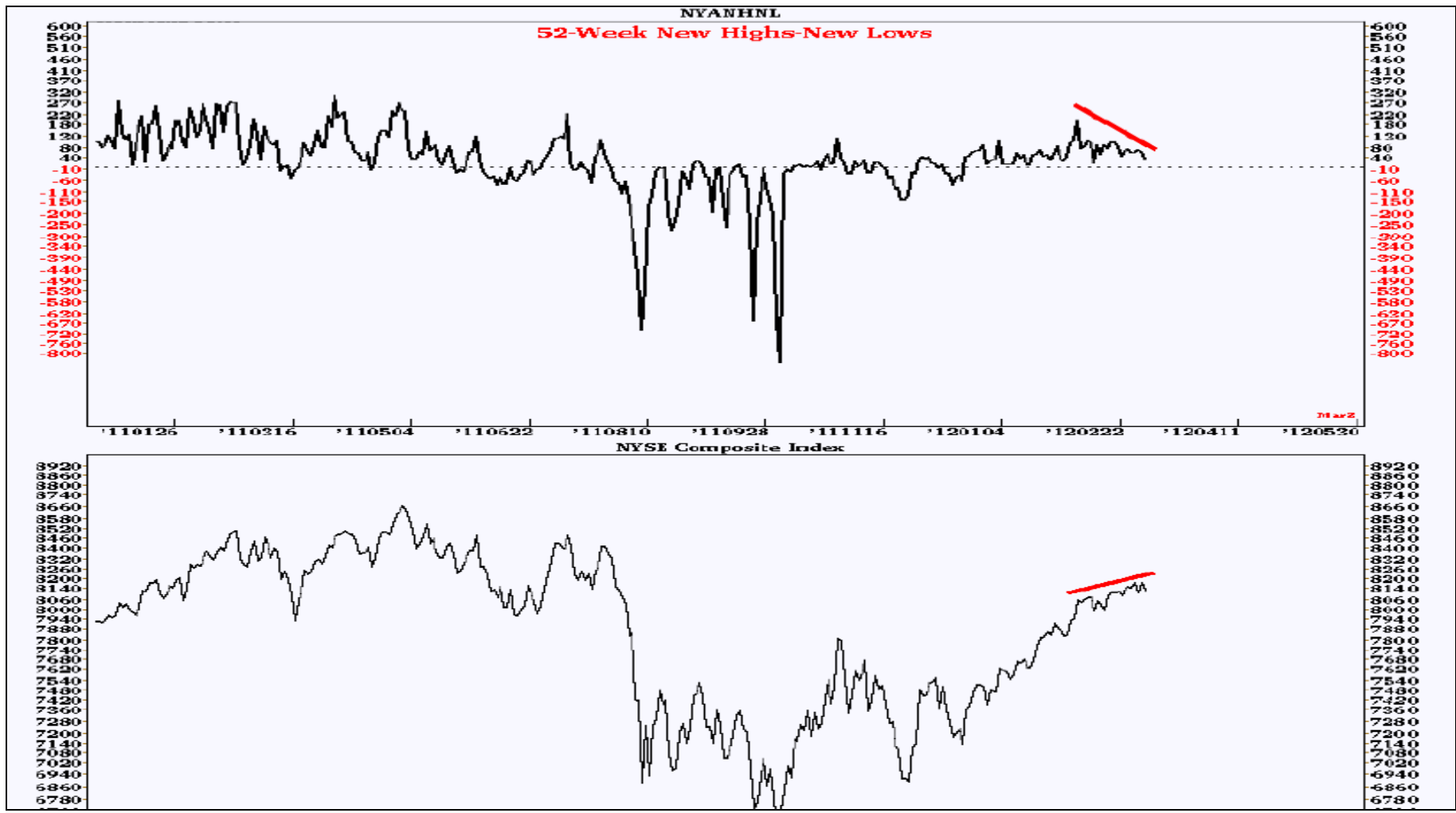
From June the markets higher into November to coincide with this year's Presidential Election rally. We shall monitor this.



SPX – A/D Oscillator

800 stocks on the NYSE advanced with diverging –ve up OBV while 1100 declined + ve down OBV . Mind you this is +ve Monthly seasonal where the broad market should be doing better than the blue chips.

Fewer and fewer stocks are hitting new highs with –ve volume. . The market is “fading” As they say the troops are retreating as the generals advance. This is exactly the kind of pattern seen at significant tops



SPX – Summation Index.

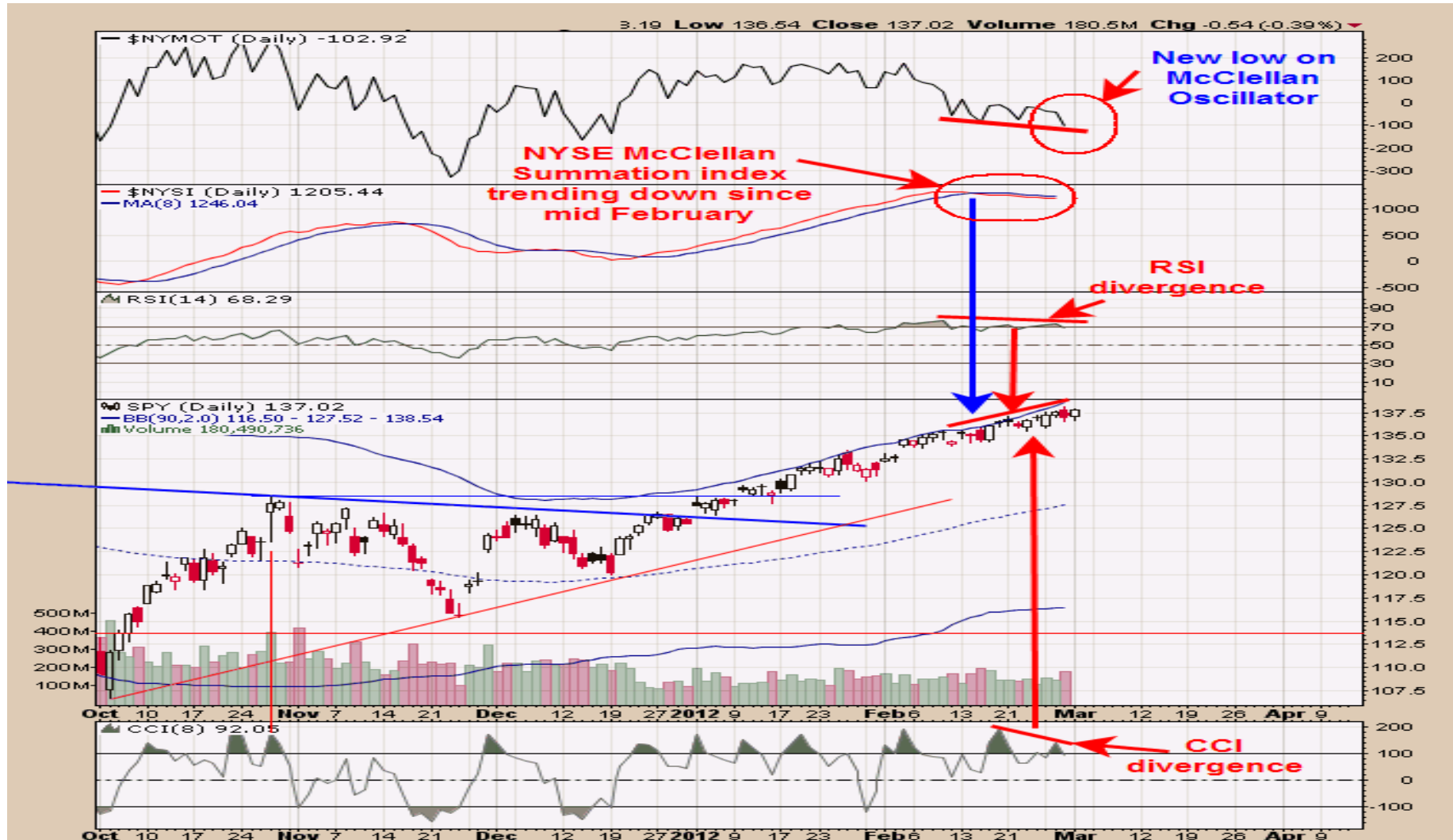
SUMMATION INDEX TURNS NEGATIVE AS NYSE/SPX ADVANCES... on Feb 10TH the Summation Indices moved lower. A correction in broader market has started . The breadth is not keeping pace with recent gains.

The McClellan Oscillator 19EMA of the Net Advances Ratio & 39-EMA of the Net Advances Ratio. Divided by total issues. Fluctuated below the zero line. The Summation Index declines when the oscillator is negative.



SPX - McClellan Oscillator Analysis

SPX – has triggered POM 15 . 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 (divergence) Chart below is evidence of these price behavior of Top.



RUT / OEX Ratio Analysis

PRICE RELATIVE CONTINUES WEAKEN RUSSELL – SMALL CAP - the performance of the RUT relative to SPX 100 – Ratio
This ratio falls when RUT underperforms. This is because IWM traded flat as the S&P 100 moved higher. The line marks the start of underperformance on February 3rd.



SPX v/s GASOLINE Analysis

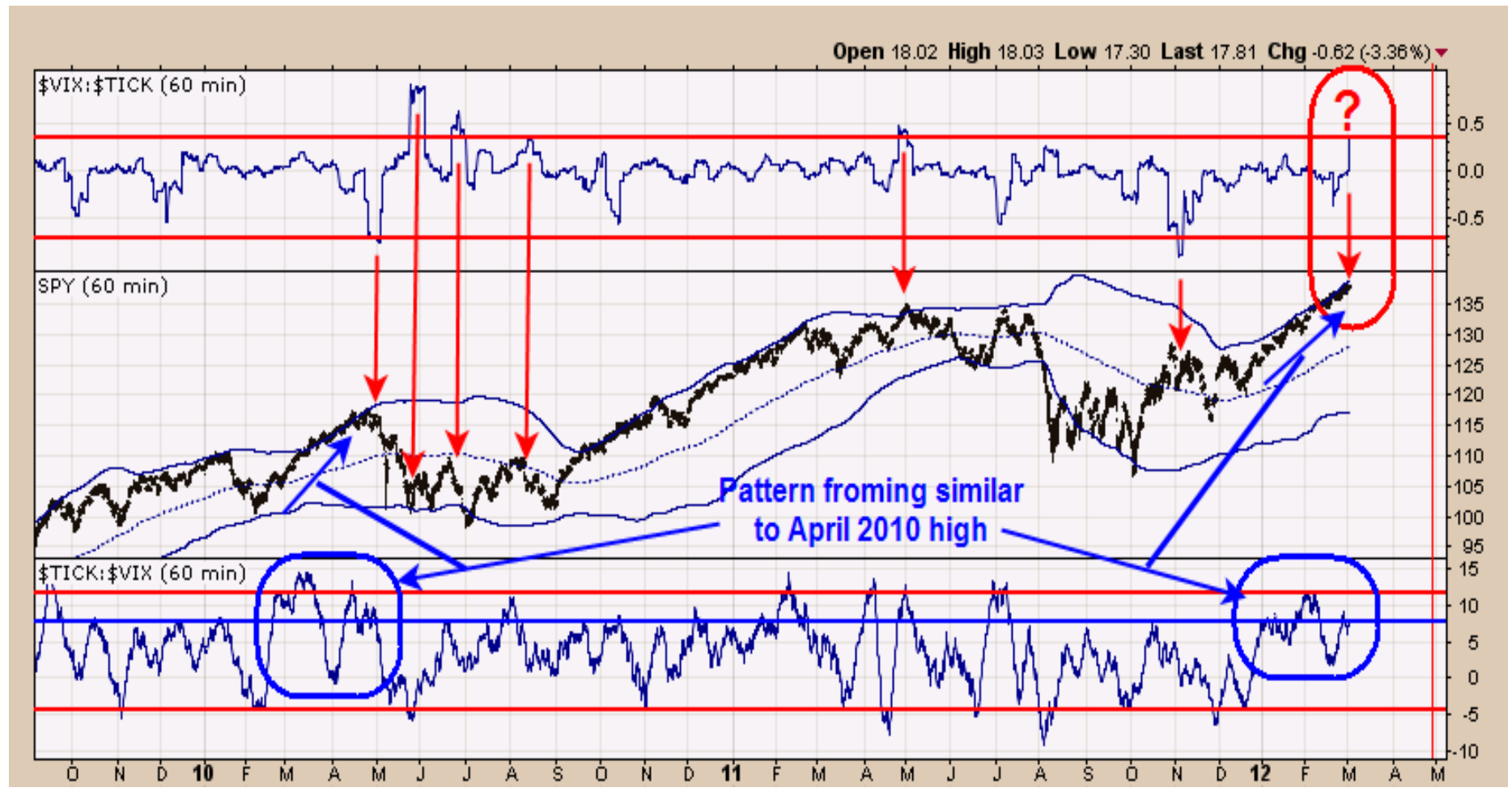
In Chart below, shows when GAS exceeded \$ 3.30 , economy get taxed and SPX tends to form a Top. We are in such delicate area currently as seen on previous tops.



VIX / TICK Ratio Analysis – POM 15 - important

FIRST - VIX/TICK ratio, doesn't produce signals often but when it does it has worked out well. When the VIX/TICK ratio gets out of balance which is above .4 or below -.6 a reversal in the market is not far off. Previous times the VIX/TICK ratio pushed through the upper limits before the market reversed.

SECOND - the pattern developing on the TICK/VIX ratio is similar to the pattern that formed going into the April 2010 high



SPX – PEC –D Analysis (mid term)

On completion of Patterns PEC-D Trigger at 1325 , extension is towards our SHORT SELL POM 15 TARGET 1375 (Triggered) via Terminal Pattern with Bearish distribution pattern ,



SPX – Waves & Poly Trend Projection Analysis

We have met POM 15 Price 1375 on WAVE C extension completion of **TERMINAL PROCESS**. 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 1260-1240

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



VIX – Poly Trend Analysis

We are going to see a massive rally in the VIX . So far, we are beginning to see bullish divergence appearing, although a lower low on the VIX would 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.

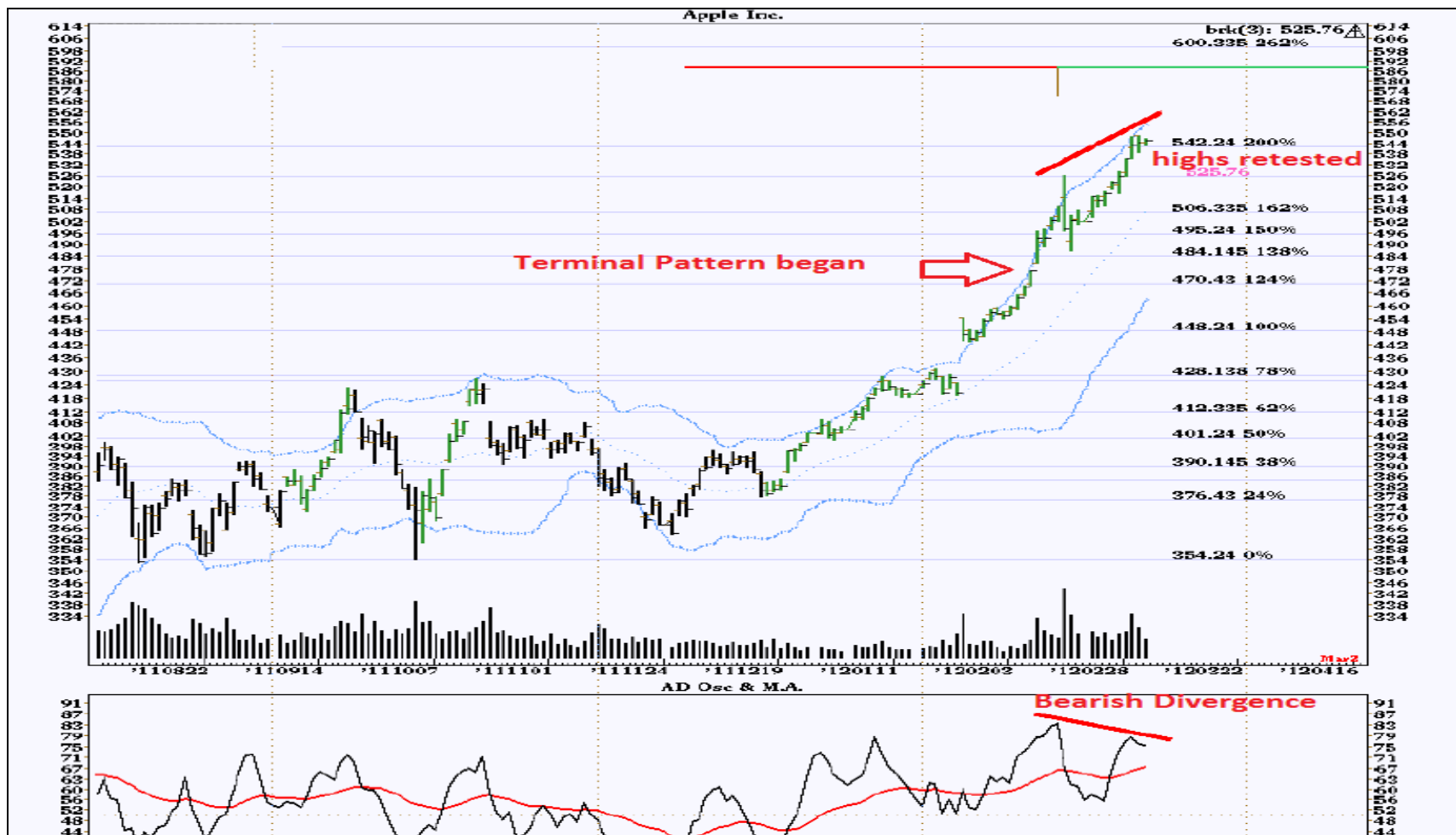


AAPL - Terminal Pattern - (MAIN - PROXY)

Apple has been the front-runner in the market. It is important to identify the front-runner stock and IDX for correlation purposes. Our move target at 540, exceed it very slightly, retest it from above to see if close above it . It can suddenly go higher in No man's land for blow off. no guarantees.

The bearish divergence evident on this chart is warning that we are in the final set and the top could be in place at any time. If we get the rest of the market turning down, Apple is very unlikely to maintain. .

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



SPX – PEC –D Analysis (Bigger picture) – IMPORTANT.

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 !!



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

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