



SG Capital Research

Global Market Insights

Research Note – Market Strategy – US BROADER IDX (A# 2B) – STRATEGY & PROP Analysis (SP)

MAEG- MARKET STRATEGY _US_ BROADER IDX # SG 2011 # APRIL_18

For Immediate Release – *Wednesday AM (EST)*

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Market Strategy US Broader IDX (A # 2 B) - (SP)-

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1. Executive Summary.

US BRODER IDX

The Market had its first leg down on heavy volume followed by the bounce which is testing back the breakdown area on low volume . Upon its termination the second leg down should begin. If not immediately then market will flip in consolidation to build a cause via sideways move to neutralize the down volume of 1st leg down.

During the Post POM 15 move, several US Broader IDX have declined in the leg down (sharply diverging bearishly on bounce) as indicated in earlier Reports. Spreading Positions across several weaker IDX to control the Risk Factors is critical.

At the Trigger of POM 15 in SPX @ 1375 “scale in” towards 1415, the secondary market was Qualified for Scaling into NET SHORT, Only if these instruments have crossed the CZ – Bearishly with lighter PQV & showing relative weakness such as IWM, IYT, NYA, SPXEW, QQEW (EW – Equally weighted) except QQQ. Risk Management STOPS to be maintained based on Portfolio Objectives.

NASD (QQQ) – is beginning to show first sign of crack but not as much as IWM . Among all the Broader IDX, NASD has extended extraordinary. QQQ has been very difficult to be involved for Bearish positions ever since AAPL broke out of \$ 475 parabolic base point which corresponded to 62 level breakout on QQQ.

Overall Backdrop on Primary Risk Market SPX – On 2/29 at 1375, ALERT - We triggered POM 15 – Net Short to scale into the Position as per guidelines on A # 1 – MS for Portfolio Rebalancing based on its Individual Objective. On 1/26, our 1325 Trigger, We completed a fully Hedge positions / Raise CASH , Locking in our Profits from POM 12 and POM 13 (within our RA/ RI process).

Earlier Post POM 14 on SPX - Each US Broader IWM, IYT, NYA, DOW have gradually approached its own Individual CZ's & Price Projections (indicated in our previous messages as price targets) completing its own validation via PQV's & PEC-D Pattern completion that began at POM 12 & POM 13 on SPX .

US BONDS (TLT)

TLT has continued its rally from past week. We could see some retracement on very short term but on Mid term basis, CZ at POM 13 lows showed the power of its successful test. On weekly close basis, this is Bullish on price rejections. We are currently at POM 13 (@ 111) with projection towards the test of previous POM 15 @ 124 Bullish Top highs that was set on 4th Oct 2011.

We raise our Stop to our POM 13 Price (111) and then subsequently raise STOP \$1 for every dollar move beyond 113 price point, Keeping \$2 differential on STOP. TLT should be in good shape for next leg up .

Bigger picture - US Bonds. *have been in 30 yr Bull Run, In general when any Bull Market Triggers POM 15 (which TLT did in Oct 2011) then it suggests the last stages of bull market . We have noticed such scenario in Bond Market. Now a typical Re test of previous POM 15 (Bullish Top) is part and parcel of Price Path.*

Once this POM 15 is re tested with secondary Bearish Top and invalidated with PQV, it would signal a beginning of Termination Process , Momentum, and the end of the Bull Market .

Our Position - *TLT is at **POM 13**, since 10/27 (CZ – 110-112). It has initiated ABC up towards 124, we are in midst of this move . If this move higher occurs it could very well put pressure on SPX due to its inverse correlation & flight to quality. **ALERT – Risk Management below 111 – Re adjust the Trail** (or STOPS based on Portfolio's Objectives).*

- *For Price Path and more Justification for the Market Calls, refer to conclusions and Detail Charts in the Trailing sections within the Report*
- *All the Broader Indices tends to follows the Price path of POM's in general but for POM14, 15 regime various Instruments IWM, IYT, QQQ, DIA, NYA might Top out at different time to Trigger CZ – Validation for SELL. We have CZ – PQV validation indicated in charts below (For Risk Management – STOPS always on other side of CZ based on Portfolio Objectives. For POM 12,11,13 , All broader market will move in concert with SPX*

2- Trading & Invest Conclusions - Price / CZ Projection Summary

A # 2B - US Broader IDX Report 18th April 2012	CURRENT STATUS	Target Reached CZ - Trigger Confluence Zone	Next Target	Comments
SPX				
POM 15 (1375)	BEARISH	1375 & 1415	1345-1355	TRIGGERED (NET SHORT) - Scale in position
SHORT-TERM -(1325) - Fully Hedge / Cash - Triggered (1/2P)		1325	1310-1290	leg down to begin soon
MID-TERM -POM 14 - 1280-1310 (1/2P)			1260-1241	
TLT				
SHORT-TERM	NEUTRAL		123 -124	Consolidation (RISK Management below 111)
MID-TERM (last) - POM 13 (110-112) - Triggered	BULLISH	111	124 -124	ABC up in Progress
LONG-TERM (last) - POM 12 (88-90) - Triggerd	BULLISH	89	125 -124	3rd ABC up in Progress
QQQ (NDX)				
POM 15	BEARISH	64.8		TRIGGERED (NET SHORT) - Partial Position
SHORT-TERM (Target Reached)		60.5	TBA	@ ALERT SPX - 1325 on 1/26 (Target Reached)
MID-TERM (10/31 & 01/17)		60-59		@ ALERTED - 1/17 (Target Reached)
IWM (Small Cap)				
POM 15	BEARISH	83.3		TRIGGERED (NET SHORT) - Partial Position
SHORT-TERM (Target Reached)		79.5	TBA	@ ALERT SPX - 1325 on 1/26 (Target Reached)
MID-TERM (01/17)		77		@ ALERTED - 1/17 (Target Reached)
DIA (DOW)				
POM 15	BEARISH	13100		TRIGGERED (NET SHORT) - Partial Position
SHORT-TERM (Target Reached)		12800	TBA	@ ALERT SPX - 1325 on 1/26 (Target Reached)
MID-TERM (01/17)		12600		@ ALERTED - 1/17 (Target Reached)
IYT (Transports)				
POM 15	BEARISH	94		TRIGGERED (NET SHORT) - Partial Position
SHORT-TERM (Target Reached)		94.5	TBA	@ ALERT SPX - 1325 on 1/26 (Target Reached)
MID-TERM (01/17)		91		@ ALERTED - 1/17 (Target Reached)
LEGEND	Bull Market Signals	Trading Range Signals		NOTE
	BONDS	SPX		For Detail Price Path Chart Analysis
				Indicators, Justification for our
				Conclusions, refer to the full Report
				for cross varification
POM 15	Full Hedge Status	NET SHORT Status		
POM 14	Partially Hedge Status	Full Hedge Status / Cash		
POM 13	NET SHORT Status	BEARISH / Cash		

CHART ANALYSIS – US Broader ID v/s SPX

- *YTD – Broader IDX Relative performance v/s SPX - Chart Analysis.*

US BOND – TLT - Chart Analysis

- *BOND -TLT - Trend & Oscillator Analysis*
- *BOND -TLT - RUSSEL -IWM - PEC –D Analysis*
- *BOND -TLT - CZ – Price & Volume Analysis*
- ***CORRELATION RATIO Analysis TLT** – with SPX*
- ***EXTREAME Sentiment Analysis** (3rd Party Data)*

NASD - QQQ – Chart Analysis

- *NASD - QQQ, Trend & Oscillator Analysis*
- *NASD –QQQ - PEC –D Analysis*
- *NASD –QQQ, Poly- Trend Analysis*
- *NASD – QQQ – CZ – Price & Volume Analysis*
- ***CORRELATION RATIO Analysis QQQ**– with SPX*

RUSSEL – IWM – Chart Analysis

- *RUSSEL -IWM, Trend & Oscillator Analysis*
- *RUSSEL -IWM - PEC –D Analysis*
- *RUSSEL -IWM Poly- Trend Analysis*
- *RUSSEL -IWM – CZ – Price & Volume Analysis*
- ***CORRELATION RATIO Analysis IWM** – with SPX*

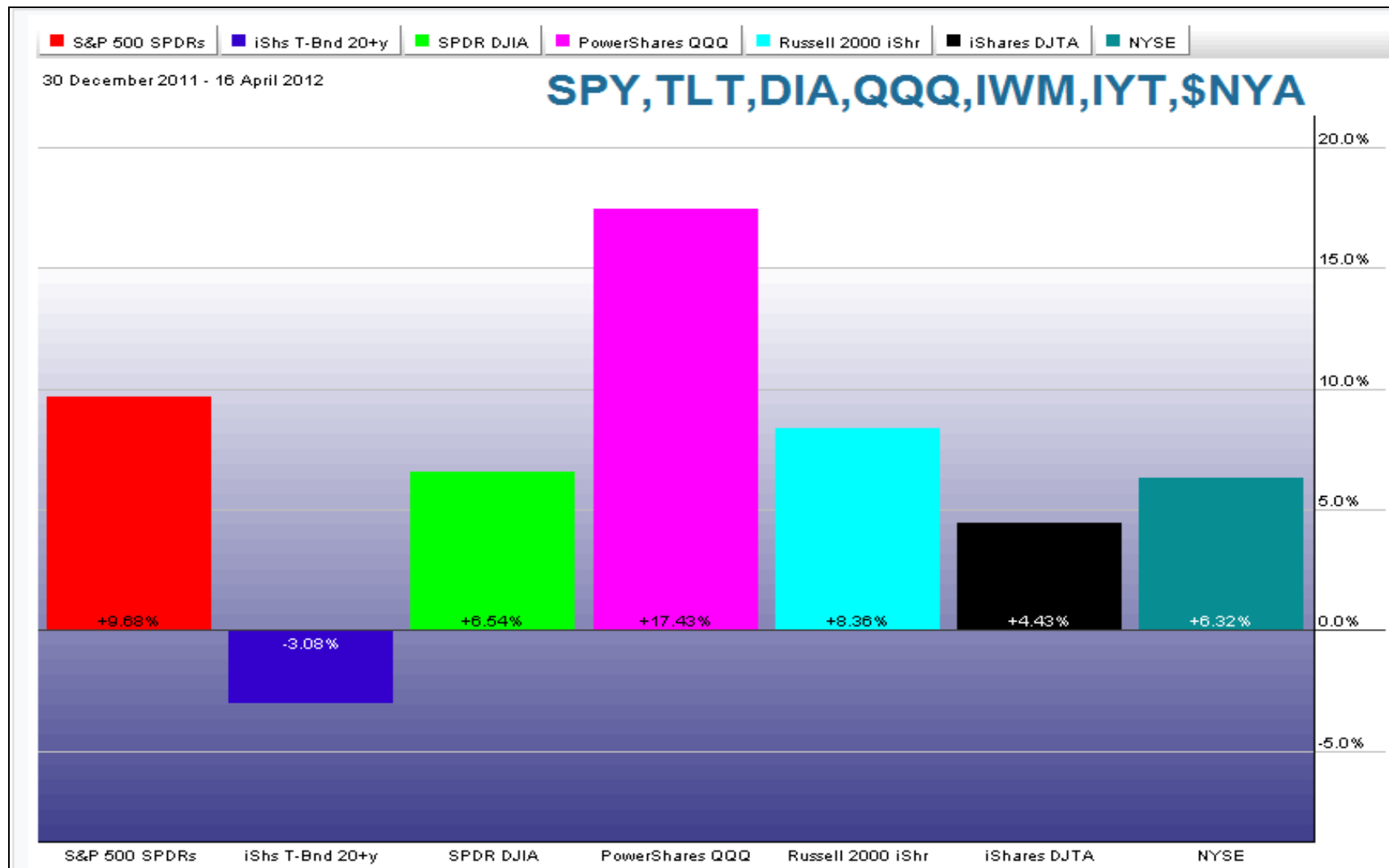
DOW, TRANSPORT, – Chart Analysis

- *DOW , TRANSPORT Theory Analysis*
- *DOW, Trend & Oscillator Analysis*
- *IYT – MA, Trend & Oscillator Analysis*
- *IYT – CZ – Price & Volume Analysis*
- ***CORRELATION RATIO Analysis IYT**– with SPX*

YTD – US Broader IDX performance v/s SPX

Weakest and strongest Indices for PAIR TRADES

Since is beginning of the year 2012 , it is very critical to keep close eye on this chart for Strength / weakness pick up in these market . (Chart below is our Inter market Analysis Model with Ratio Relative performance v/s SPX)



TLT – CZ / Ratio Analysis

As expected in previous Report, Price, Volume & Pattern action rejected low CZ in (of POM 13 at 111) and rally began with successful re test in classic text book way. Now the move higher began towards price target 124 from POM 13 initiation price of 111. (Refer notes within the chart) .

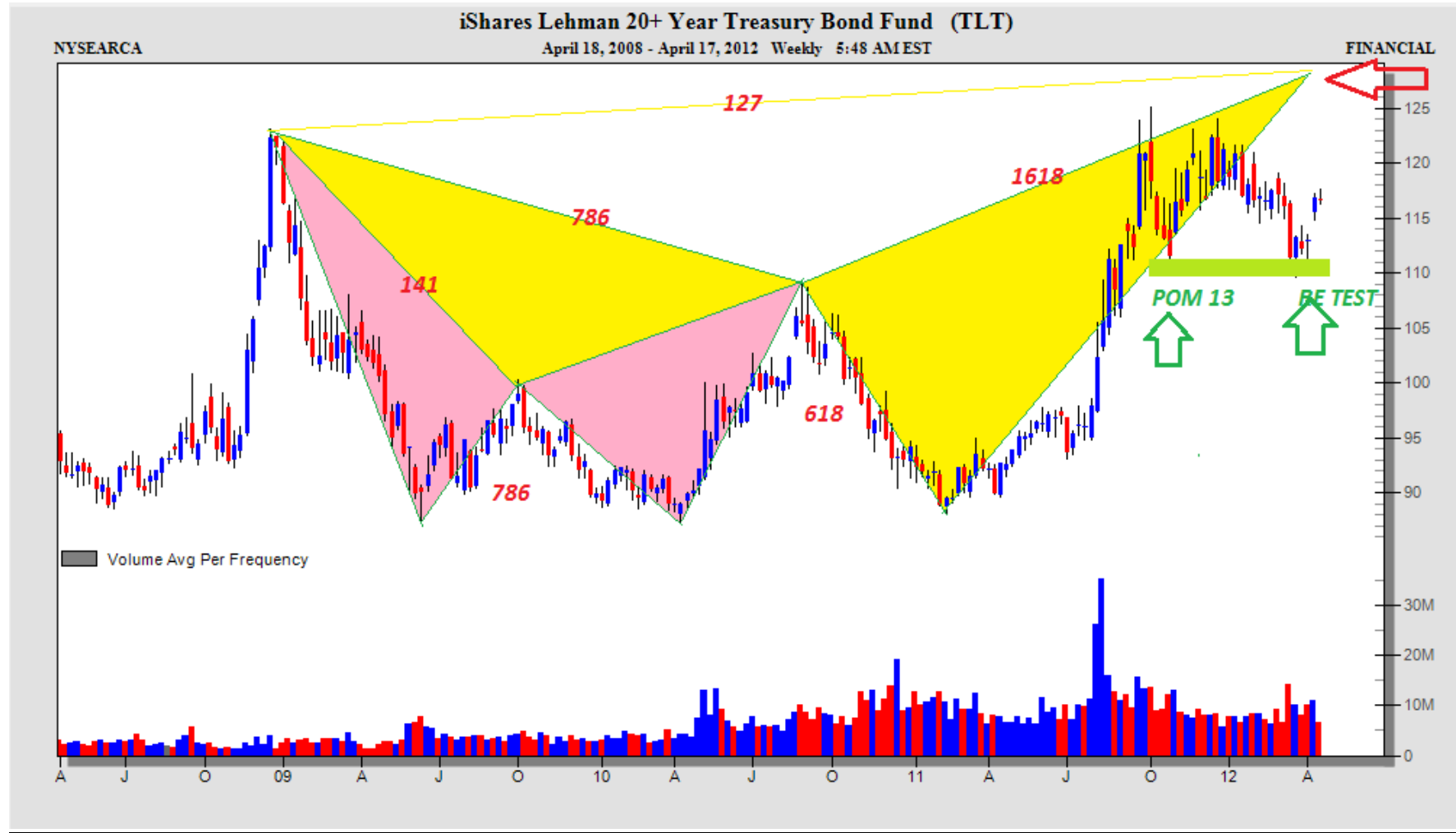
TLT/ SPY Ratio pattern acting very Bullish with +ve , Oscillators This is TLT 's Last leg up in BULL Market , It began @ 88 – POM 12 went all the way to POM 15 to 123 target



TLT - Bonds – PEC- D Analysis – Mid Term

By this cross verification on BOND - PEC-D projection to 126 .

TLT is heading towards the BULLISH TOP which is previous POM 15 area. At the end of the run, TLT can get volatile with “Terminal PRICE PATH Process” which may be final run in this Bull Market.



- **CORRELATION RATIO ANALYSIS**

- **TNX (Yield) v/s SPX -**

BOND YIELD DIVERGES FROM SPX. Inter market divergences are showing downturns in the bond yield suggests pull back in SPX should be coming soon. .

- **TLT v/s USD - Inter market Analysis**

_Inverse Correlation continues in Current Trend

- **EXTREAME Sentiment Analysis (3rd Party Data) - Courtesy :**
SENTIMENT TRADERS

None Indicators are at Extremes

IWM - CZ / Ratio Analysis - Price is below POM 15 levels

IWM price is below the levels of POM 15 Trigger @ 83.3 . The Ratio with SPX suggests - IWM weakness since Feb 3rd . (Refer notes within the charts). VTO has confirmed the initial decline with PQV validation. Weekly close **under 80.5 should suggest the top is in with H & S Top confirmed by VTO .**



IWM - PEC –D Analysis - Mid Term

At POM 15 in SPX trigger - IWM Broke down with Bearish engulfing and 3 back crows. Since then we had 2- Sell Off and bounces back on invalidated PQV . This is flat base distribution pattern.

Two powerful – PEC-D patterns within PEC-D on Mid term and Short term basis met Price Targets from POM 12, POM 13 .

By this Analysis , IWM - Bearish divergence on the McClellan Oscillator continues to remain. Ratio – IWM / SPY continues to show bearish pattern.

The natural pull back target 75 -74 indicated in yellow



NASD / BOND – Ratio Analysis

NASD/BOND RATIO IS TOPPING – Suggests NASD may be Topping Mid term. Since 2000, it has reached these levels 3 times. The ratio peaked in 2000 , 2007 , 2011 (circle) when stocks collapsed and bond prices took off.



QQQ - CZ / Ratio Analysis - still Neutral

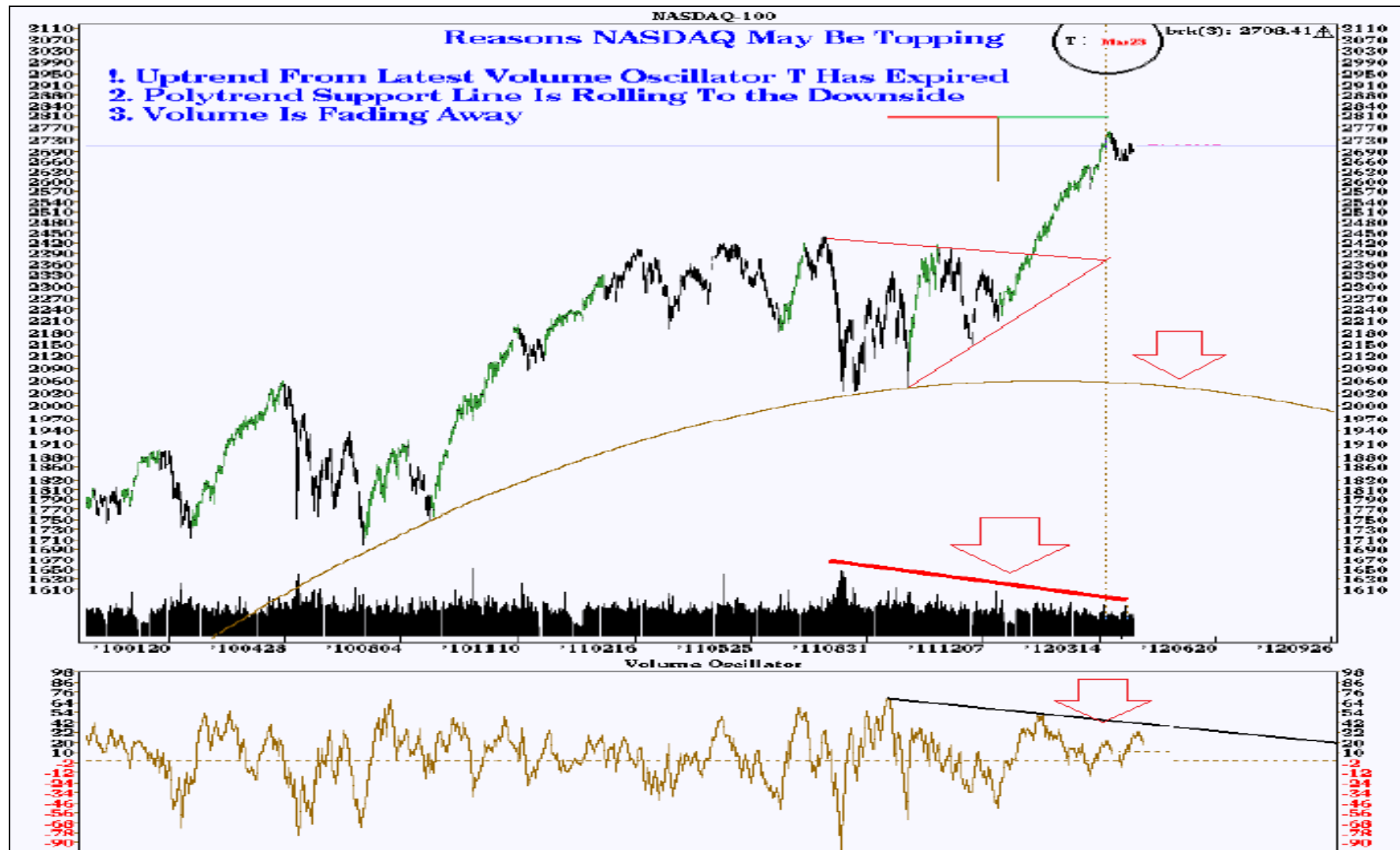
QQQ is beginning to show weakness at PQV levels and Ratio with SPX breakdown levels . But certainly not as weak as IWM. Close below 64.80 on weekly basis with heavy PQV should be a good Trigger.

Earlier At POM 15 in SPX trigger – QQQ @ 64.80, it Broke down with Bearish engulfing immediately & then rallied back on invalidated ABC down and extended to upside with no PQV validation. **Since APPL 485 trigger for parabolic move, QQQ has lost the identity of its price move and has not been good IDX for Bears**



NDX – Poly Trend Pattern and Oscillator Analysis -

By this Analysis , NASD is overly extended & Topping , sign of Selling volume just picked up . Bearish divergence on the McClellan Oscillator continues to remain. Ratio – QQQ / SPY continues to show bearish pattern. Time termination is 27th March proved its merit.



Dow Transport Theory – “ No Buy signal “- Still on SELL SIGNAL

Since our Trigger at SPX 1375 , IYT has lagged DOW considerably (see chart below)

More over IYT Price cross with DIA's price strength has not given signal. The Ratio lineIYT / DIA is has not broken downtrend . The Trigger Buy is announced when Ratio Cross the down trend line) . PQV has not validated therefor - NO SIGNAL



RULE - We follow Dow theory for Tracking purpose only – with 4 criteria for Buy Trigger / Sell Trigger (See Appendix below) . Dow Theory usually is late comer to the party & Gets Whipsawed in Trading Range Market . Conventional DOW THEORY BUY SIGNAL triggered @ POM 14 failed 4 times in 2011 – But Our Modified DOW THEORY did not Trigger Buy.

IYT – PEC –D Analysis - - Price is still at around POM 15 levels

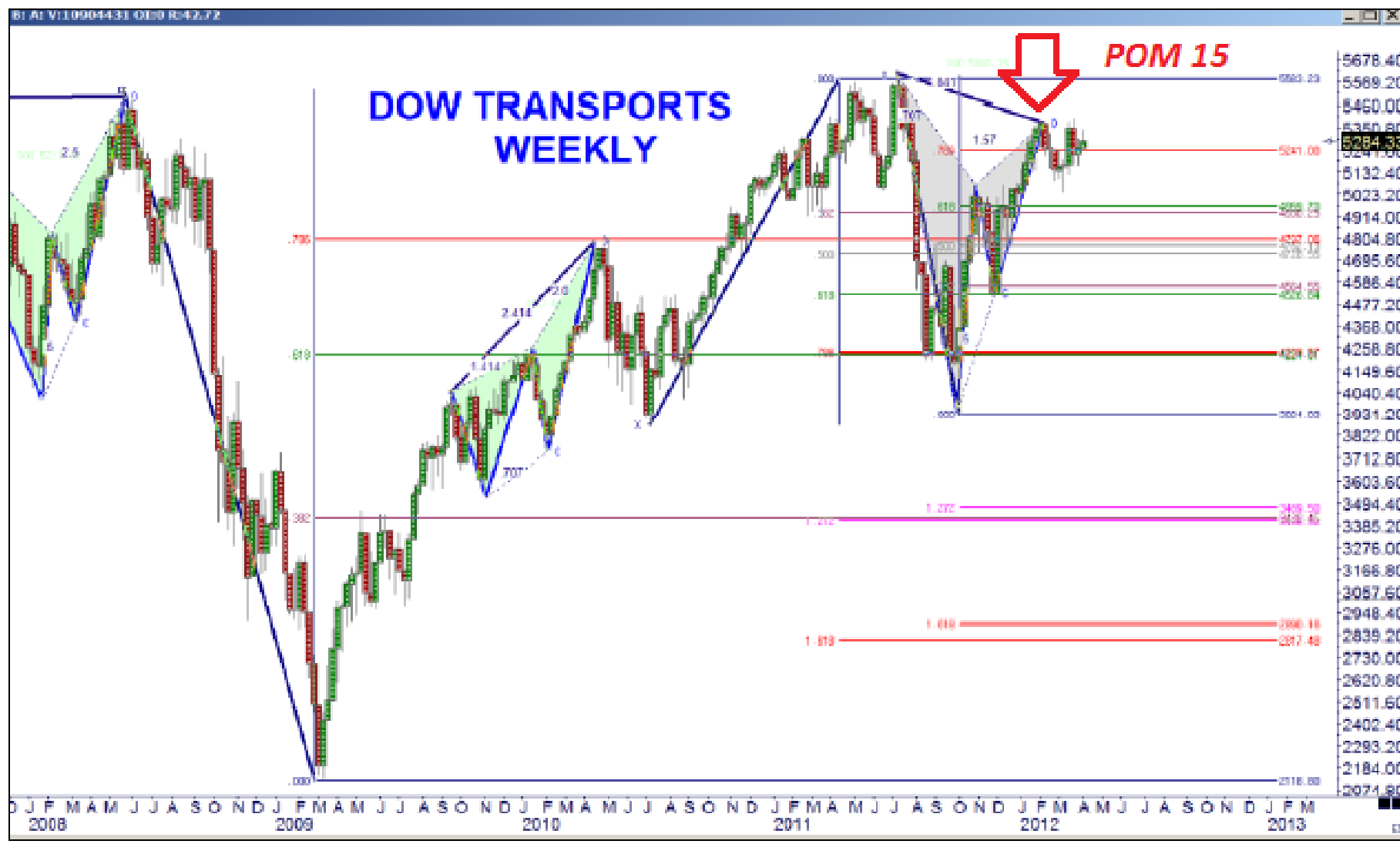
IYT price is around the levels of POM 15 Trigger @ 94 . The Ratio with SPY suggests - IYT weakness (Refer notes within the charts). VTO has confirmed the initial decline with PQV validation. **Weekly Close under 92 with volume pick up should suggest the top may be in .**

At POM 15 in SPX trigger – IYT Broke down with Bearish engulfing & rallied back on invalidated PQV . On each down move volume is picking up . Ratio is –vely diverging.



DOW TRANSPORTS - PEC –D Analysis - Mid Term

On the day 1/26 of 1325 SPX – IYT was at 94.75 longer term – PEC-D in DOW TRASPORT (corresponding to 5300) Chart below . This signaled – Price objective reached that began from POM 12 and POM 13



DIA – PEC –D Analysis - - Price is still around POM 15 levels

DIA price is below the levels of POM 15 Trigger @ 13100 . The Ratio with SPY suggests –DIA weakness (Refer notes within the charts). VTO has confirmed the initial decline . **Weekly Close under 12900 with volume pick up should suggest the top may be in**



DIA – PEC –D Analysis -

At POM 15 in SPX trigger – DIA (13100) Broke down with Bearish engulfing & rallied back on invalidated PQV .

Two powerful – PEC-D patterns within PEC-D on Mid term and Short term basis met Price Targets from POM 12, POM 13 .



SD - OVERVALUED v/s SPX ETF (SD +2)

- **QQQ**

SD - UNDERVALUED v/s SPX ETF (SD - 2)

- **NYSE**
- **IYT**

Appendix Content

- **Objectives & POM /CZ Guidelines**
- **Guidelines for Full Utilization of “ SP” Report with Limitations**
- **Trading & Investment CZ - Conclusion History 2011**
- **SPX- POM – “ Price Oscillation Model “ Criteria**
- **DOW TRASPORT THEORY – Criteria.**
- **PEC –D “ Pythagoras – Expansion & Contraction Criteria**
- **SPX – TAS 3x3x3 / 9EMA - “ Trend Adjusted Signal “ Criteria.**
- **Definitions of Extreme Sentiment Indicators**

- **2011 – TLT – POM Signals & Price Projections – Wrap Up**
- **Trading & Investment Concl – Start point 88 (1ST Jan) – 121 (31 Dec)**

TLT- US BONDS- 2011– TURNS **REAL TIME**–POM & CZ



- **TLT – POM Signals & Price Projections -**

- **TLT - Trading & Investment Conclusion**

- **Start point 94- 1ST Jan**

- **Net Short – POM 15 - (Total points gains = +6.5)**

TLT – Short position closed @ 115 from 123.5 via Trailing stop for 8 points gains

- Alert 4 - POM 15 –, TLT – Triggered Alert – 10/4 @ 123.25 closed @ 115 = (+ 8.5 Points gains)
- Alert 3 - POM 15 –, TLT – Triggered Alert – 9/30 @ 119.25 / closed @ 117.25 = (+2. Points gain)
- Alert 2 - POM 15 –, TLT – Triggered Alert – 9/26 @ 120 / Stopped @ 122 = (-2. Points loss)
- Alert 1 - POM 15 –, TLT – Triggered Alert – 9/6 @ 113.65 / Stopped @ 115.5 = (-2. Points loss)

- **Net Long – POM 12,13 (Total point gains = + 9) + Yield of 6 months**
(POM 12 for Full Fresh capital to go long)

- Alert – 8/35 - POM 14 Triggered @ 102 exit (1/2) – Earlier POM 12 Triggered 01/21 (1/2p) & 04/ (1/2) for average price @ 89.5 = +12.5 points gains
- Alert – 5/5 - POM 13 Triggered @ 95 exit (1/2) – Earlier POM 12 Triggered 01/21 (1/2p) & 04/08 (1/2) for average price @ 89.5 = +5.5 points gains

- **Hedge Longs / Risk Management for corrections - NONE**

- **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 # 2B,G – 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.*
- *POM's are more favorable Areas to act for better Reward / Risks.*
- *Stops always on other side of CZ @ value based on Portfolio's 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*

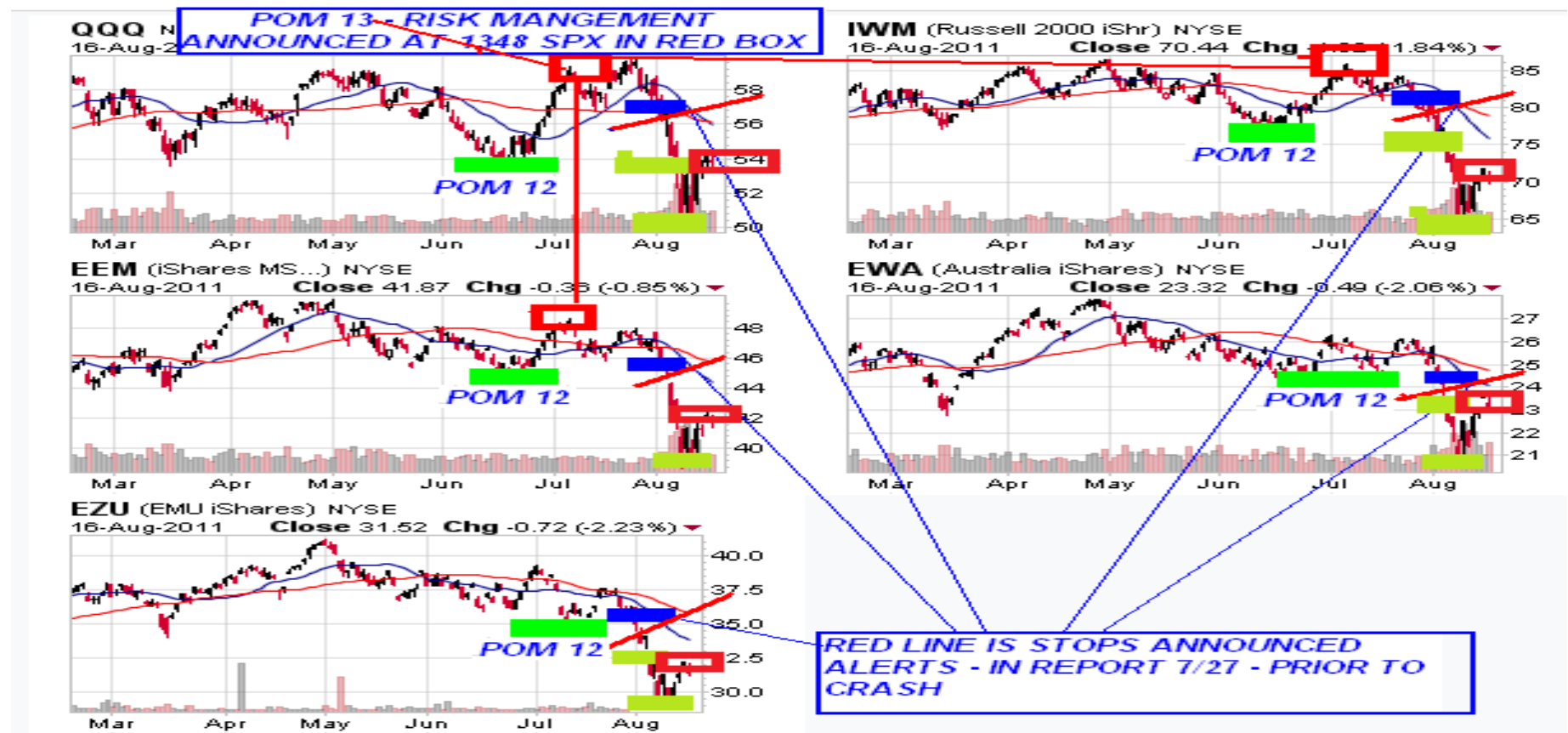
➤ Key Points for Full utilization of SP- Reports

- **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

Trading & Investment CZ - Conclusion History 2011

CHARTS UPDATED 16TH AUG - FOR ABOVE IDX IN AREAS OF “ CZ STOPS” ANNOUNCED - REALTIME

Read notes within the chart



Quick Summary of Turning points - “Price path Reported “ from Previous Reports - UPDATE dt – 7/21

QQQ Nasdaq GM

20-Jul-2011 **Close 58.80 Chg -0.25 (-0.42%) ▼**



IWM (Russell 2000 iShr) NYSE

20-Jul-2011 **Close 83.18 Chg -0.14 (-0.17%) ▼**



EEM (iShares MS...) NYSE

20-Jul-2011 **Close 46.93 Chg +0.14 (+0.30%) ▲**



EWA (Australia iShares) NYSE

20-Jul-2011 **Close 25.48 Chg +0.29 (+1.15%) ▲**



EZU (EMU Index iShares) NYSE

20-Jul-2011 **Close 36.31 Chg +0.60 (+1.68%) ▲**



Previous Signals

SELL SIDE - Triggered at Qualified CZ on “time & price”

- **IWM (83-85)....with 40 M or less test - qualified at CZ Sell – 31st March @ 84**
- **QQQ (56- 58) ... with 75 M or less test - qualified at CZ Sell – 21st April @ 58**
- **EEM (49.5 – 52.5)... with 55 M or less test - qualified at CZ Sell – 21st April @ 50.19**
- **EZUNo Validation**

BULLISH CZ - Triggers at Qualified CZ

- **Alert - SPX has reached our Bullish CZ 1315 - 1295 , this will be 4th counter trend rally in 2011 within the regime of POM 14 re runs, All the above broader indices will follow the same price path in different proportion based on its own Relative Strength (see details of ech below)**

Cont.....QQQ, IWM, EEM, EWA, EZU, EWH “ Price path” **update - From A # 2 MS Global**



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)

Past 52 Week DOW THEORY Signal - updated 20th April

In chart below – top most window - when IYT prices Trades above DIA prices (– green arrow) & , Confirmed by the break of blue line on IYT / DIA Ratio (window 2 below) Triggers a Buy Signal. As long as both remains in same trading overlap pattern.As soon as IYT breaks below (red arrow) confirmed by breakdown in ratio on IYT / DIA “ Sell is signal” is trigger till next time it repeats itself as indicated in Blue bar (which we are awaiting for Triggers) .

point – In spite of Sell Signal by this DOW Theory end Jan (which we used as PRE – Qualification) The real sell by our Method came on 19th Feb) , by the time IYT moved up 7% towards the CZ – Validation to finally get Trigger in PQV and then fell apart (Refer sector Report, Feb Edition)

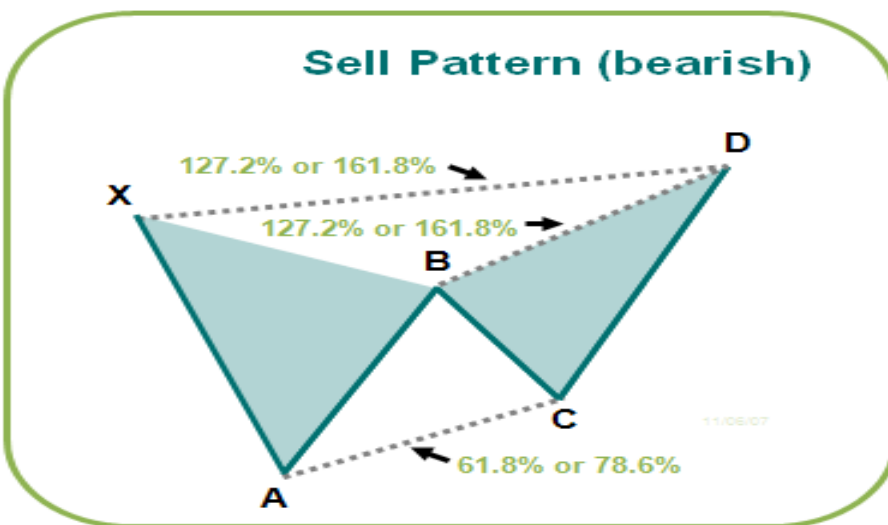
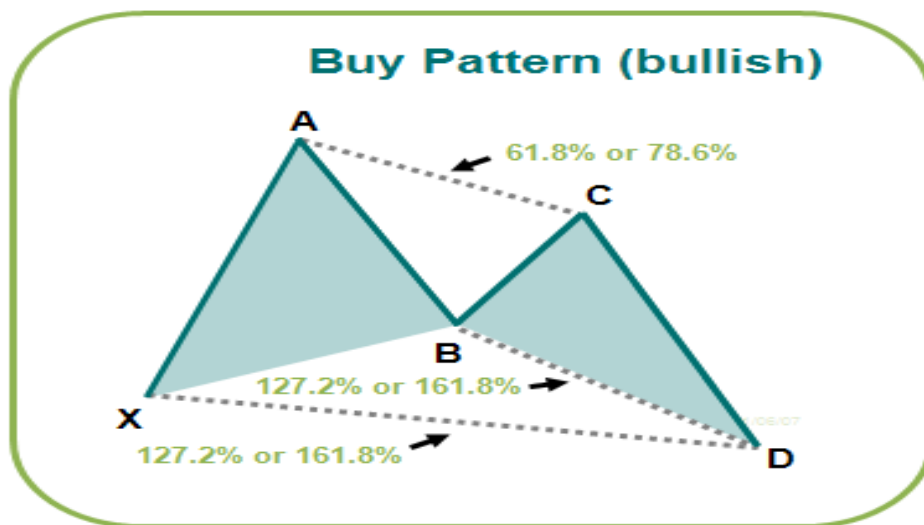


Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2th Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion and contraction (PEC) in concert with Price Oscillation (POM) . This has a high probability for greater accuracy on Price projections at confluence when Integrated together.
- Once our POM analysis is complete, it will overlay PEC. The input signals are from tracking rolling Arithmetic Numerical series of Regression utilizing Fibonacci to Identify Triangular patterns of Expansion / Contraction. Triangular pattern completes at the convergence of 2 separate Fibonacci extension levels and overlay Price Oscillation Model.
- Since the Currency has 2 dimensional pairs, PEC is critical to analyze with 2x2 Fibonacci streams to achieve confluence point D coinciding with POM

PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D



- 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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