



SG Capital Research

Global Market Insights

Research Note – Sector – ETF Analysis (D)

MAEG – WKLY SECTOR ETF ANALYSIS SG 2010 # SEPT 10

For Immediate Release – *Friday AM (EST)*

By: Suneil R Pavse

Contact: apavse@aol.com

Sector Analysis

Analysis includes “ Technical Pattern Recognition, Price & Volume Analysis, Correlation Analysis. We have picked up charts that has some distinct characteristics and values as the pattern gets completed based on our assessment:

- Attached is Chart list & Charts below

- Selected Sector may have (1) up to (6) Analytic Charts as Titled below
 1. SETUP charts Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W) SMA
 2. SETUP charts Daily – 3 Year with RSI, CCI, MACD (11D / 55D) SMA
 3. **Technical & Pattern Analysis & Price / volume Analysis**
 4. **Correlation Ratio Analysis with SPX by Trend time Basis**
 5. Correlation Ratio Analysis with SPX by 365 days Basis
 6. Trend Reversion Analysis – Long Trend Chart

The highlighted Charts above have special situation for the specific Sector highlighted in the list below

Sector List

- **TLT (Bonds - Special Situation)**
- **SPX (For Benchmark purposes only)**
- XLF
- XLY
- XRT
- XLE
- XLK
- XLI
- XLB
- XLU
- XLP
- XLV
- BTK
- SMH
- IYT
- EEM

SPX – “Our Current Signals & Projections”

- *On 26th Aug – POM 13 was triggered at 1045 SPX (we hit a low of 1039) and since then SPX rallied +5.2% during our signal. Now we are cautious.*
- *On 3rd Sept - Our Indicators conformed POM 14 – Re Run @ SPX 1100, (currently SPX at 1099)*
- *All price actions on upside should remain between confluence Zone of 1085 to 1110 (34 W MA underneath and Fibonacci @ 50% and several others cross current creek areas. (As per the charts Indicated in earlier Reports). This would be actionable area.*

Weekly Sector wise Net Exposures collectively

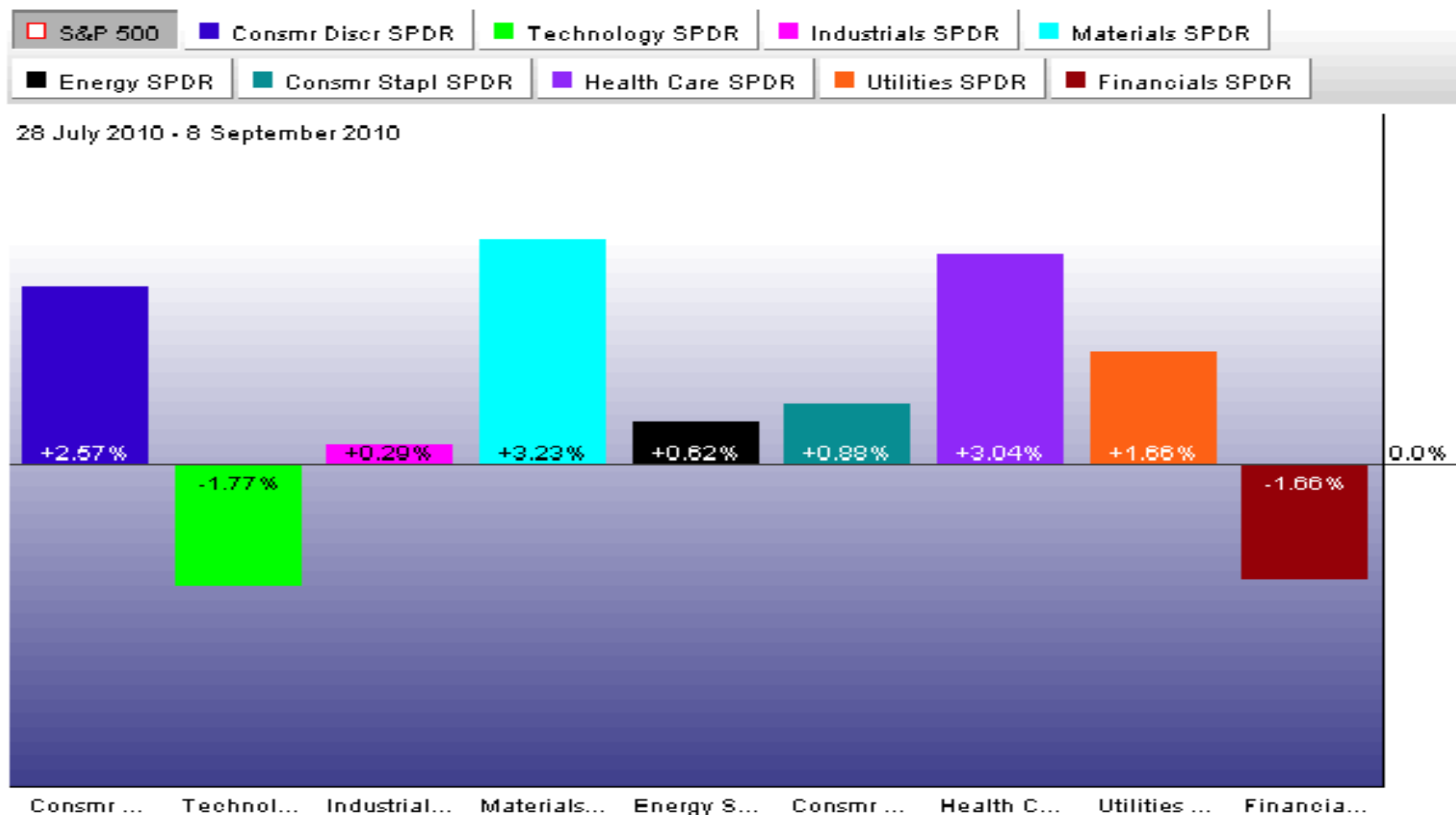
@ (-52)v/s (- 35) % of last week (SETUP # 2&4)

Sector	Net Exposures	Total no. of stocks
XLB	0%	0
XLE	-100%	2
XLF	-6%	17
XLI	-83%	12
XLK	-100%	4
XLP	0%	6
XLV	-100%	8
XLY	-78%	9
Primary Index Net Exposur	-52%	

Sector Analysis – for BEST & WORST - Sector Pairs -

Since 29th July highs to current, here is the Relative Strength of the sectors v/s SPX.

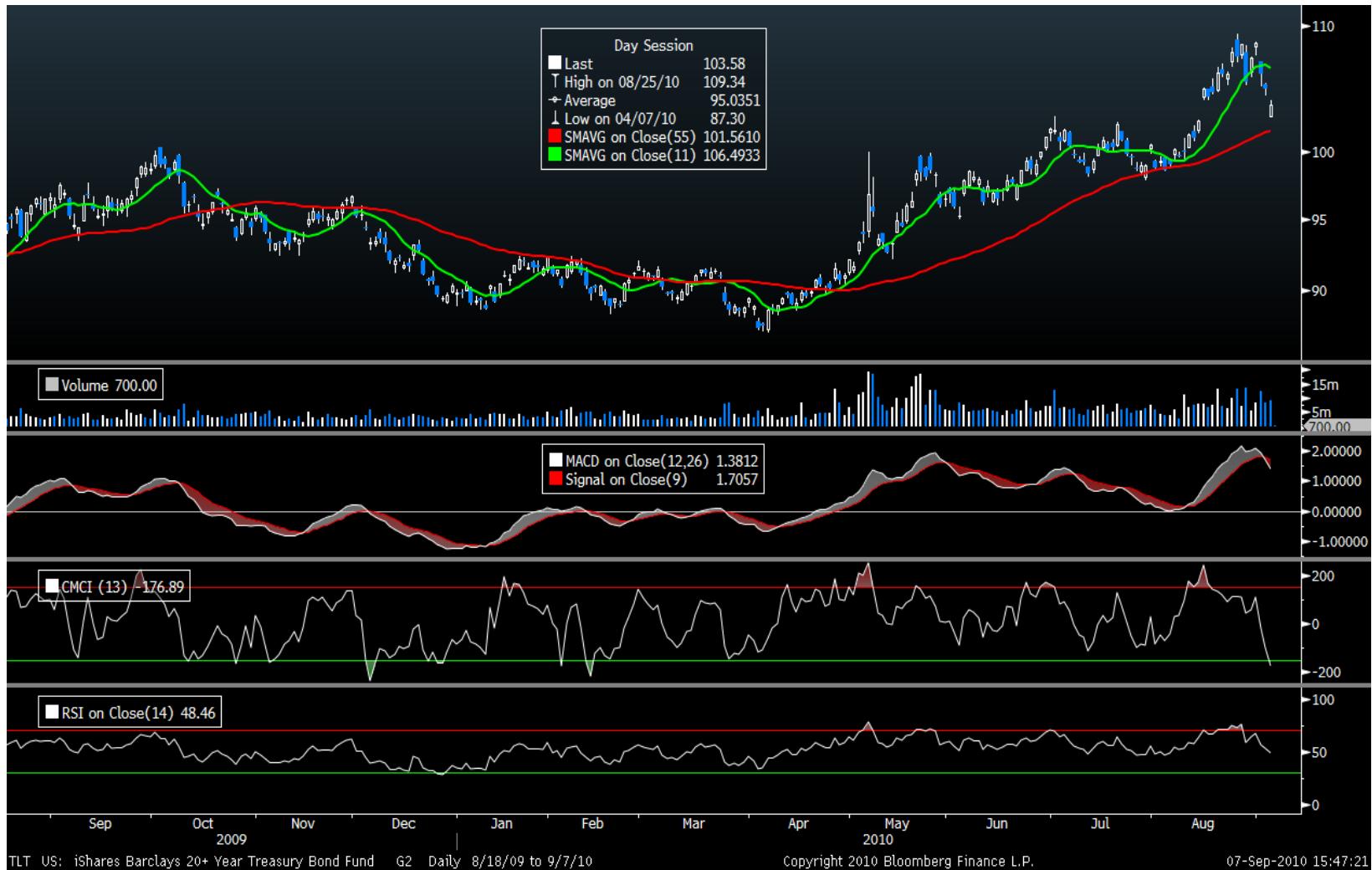
In our earlier Report we had highlighted the “Underperformed group for Setup 2 and Over performance for Hedges”. Chart below shows the nine sectors of SPX . Health care (XLV) , Utilities (XLU) and consumer staples (XLP) are holding up relatively well , although all are in Downtrend. The worst have been Financials (XLF) & Technology (XLK) may be due to Semi conductor being the large components both have been lead indicators for market moves.



1- TLT - Weekly & Daily – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)

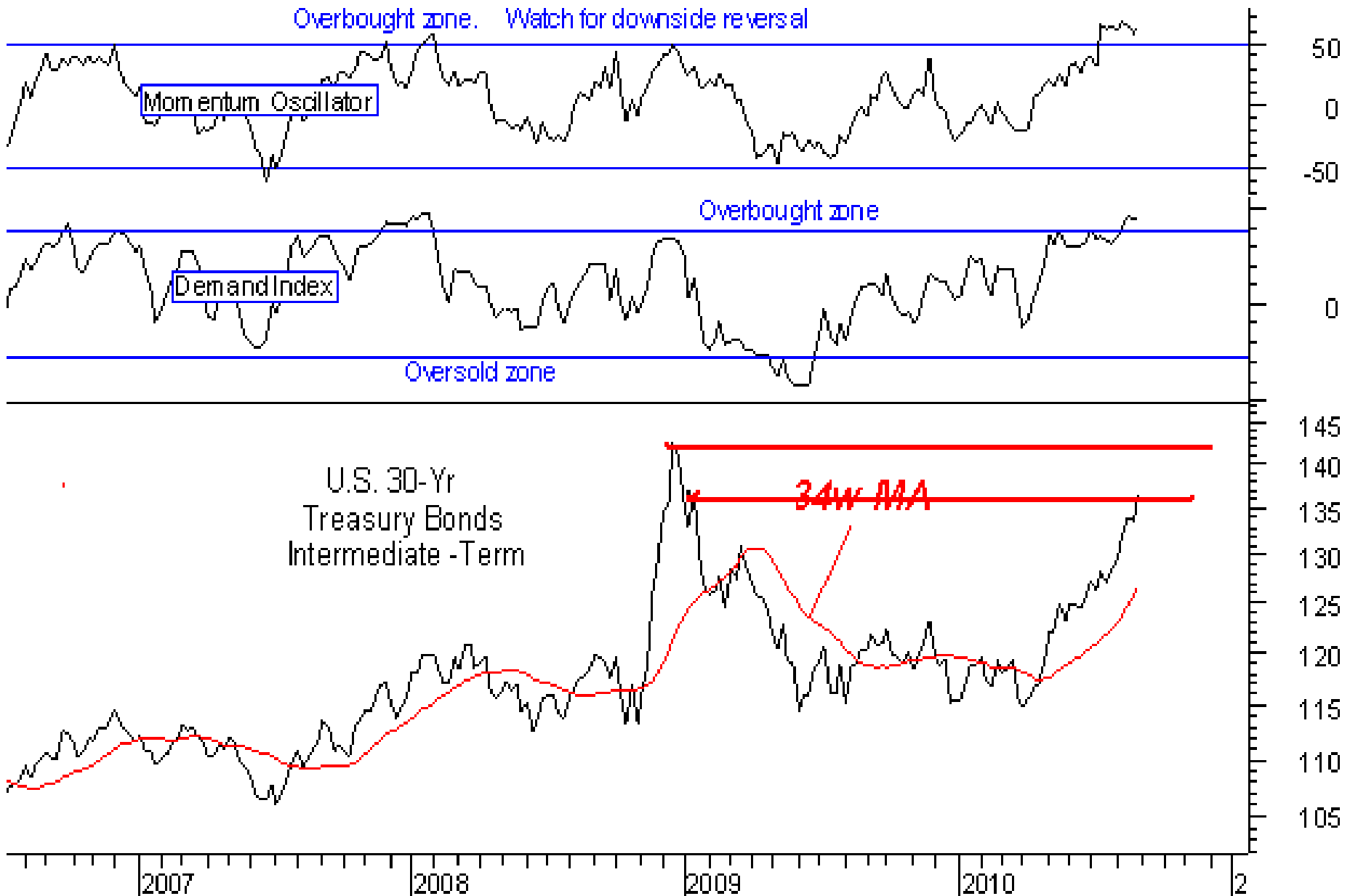


2- TLT - Weekly & Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



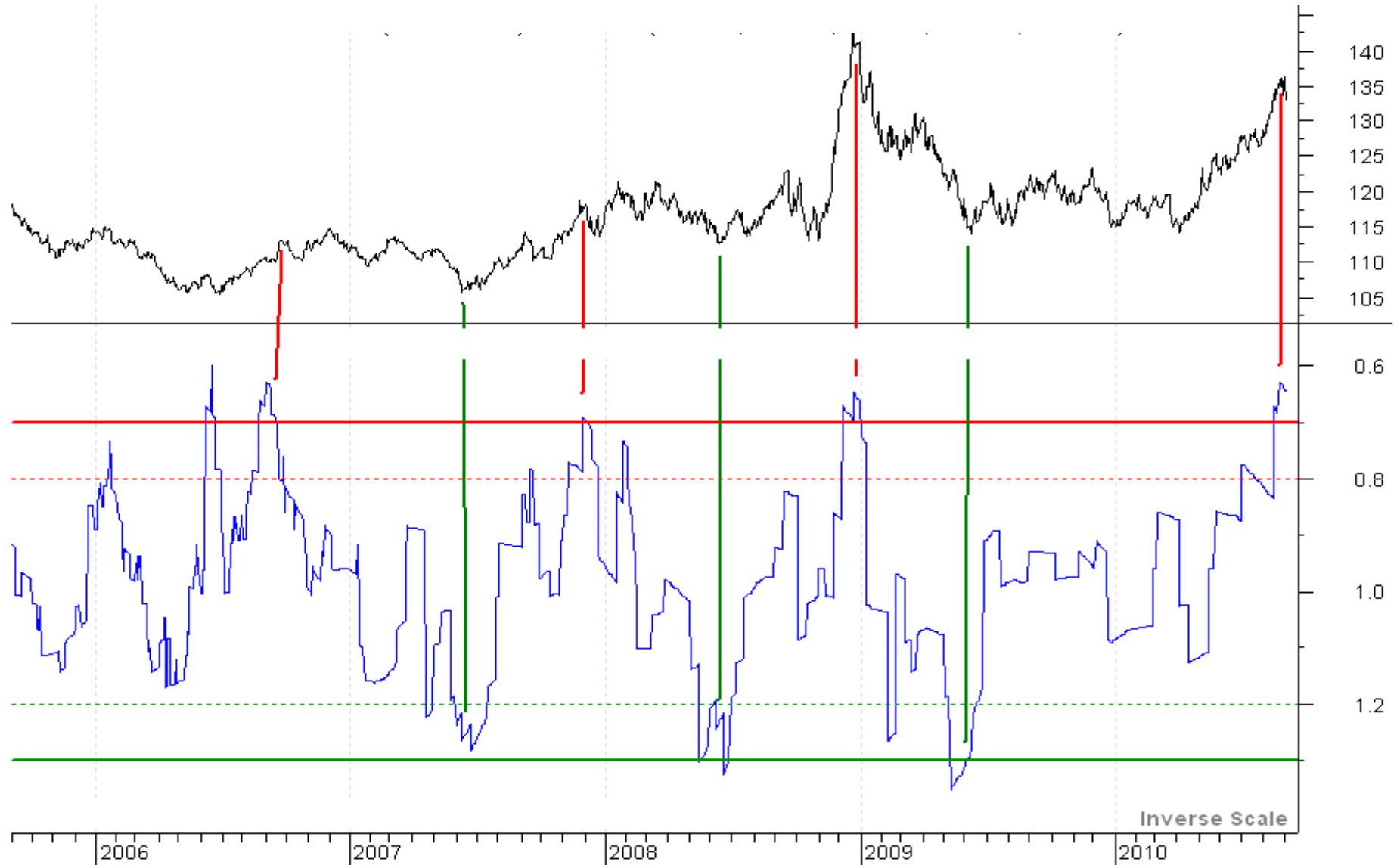
1- U.S. Treasury Bonds – Technical & Pattern Analysis & Price / Volume (LT)

The bonds remain very overbought above their 34 -week ma to a degree a bubble like look.



U.S. Treasury Bonds – Sentiment Indicator at extremes.

TREASURY BOND INDICATOR SCORE



Inverse Scale

1- TLT- Technical & Pattern Analysis & Price / Volume (ST)

TLT bounced off 21 D MA – on first pull back double top is in progress and its losing strength.



TLT- Technical & Pattern Analysis & Price / Volume (ST)

(TLT) moving sharply lower last week with a long red candlestick below 106. (We had warned you last week) held support at **102** The ETF was up around 25% from its April low to its August high and up 10% from low to high in August. Bonds were clearly overbought and ripe for a pullback.



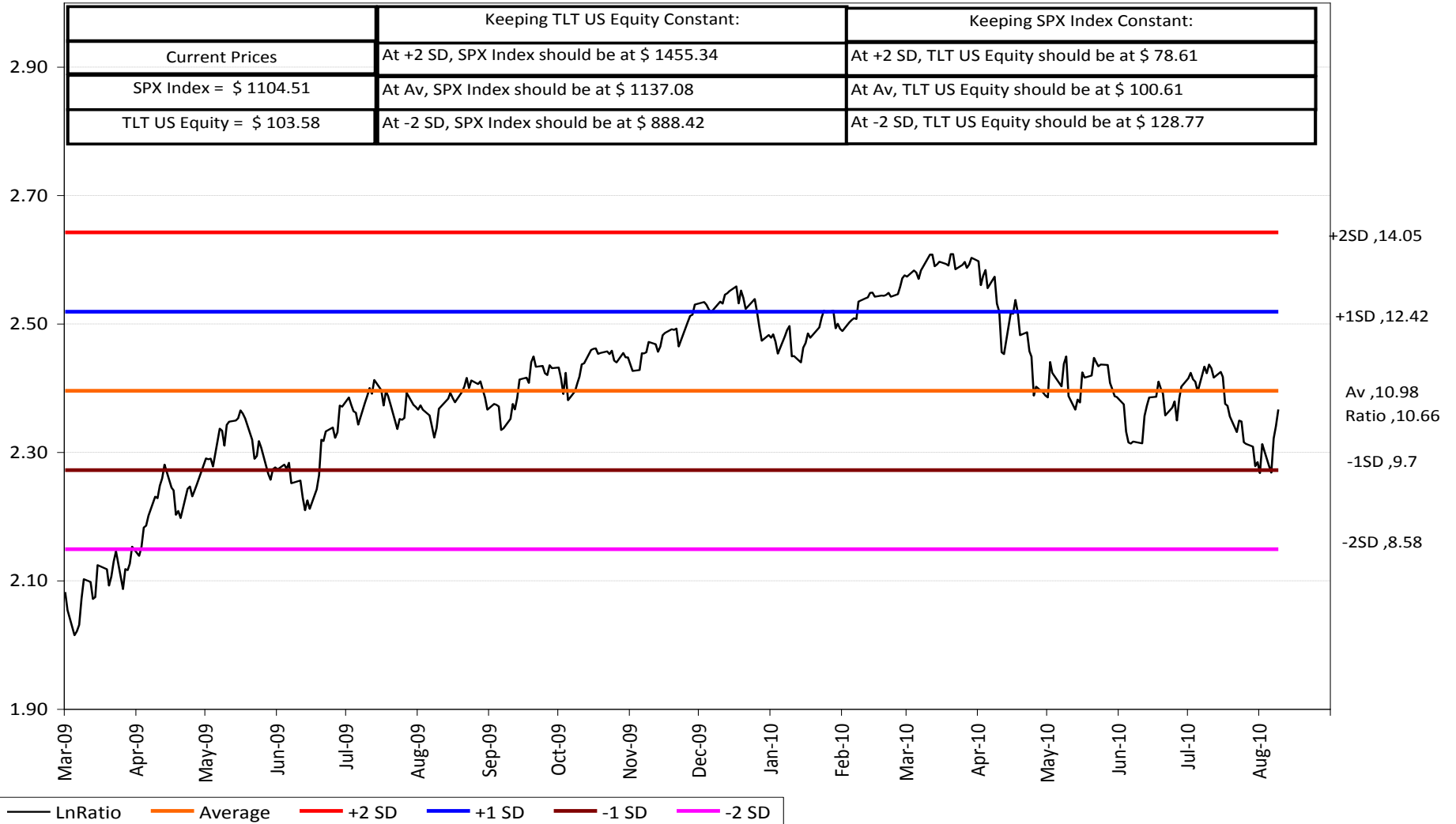
1- U.S. Treasury Bonds – Technical & Pattern Analysis & Price / Volume (LT)

We are looking for D point a, We had D point at 135 first pull back 129 neural zone and then rally back to top

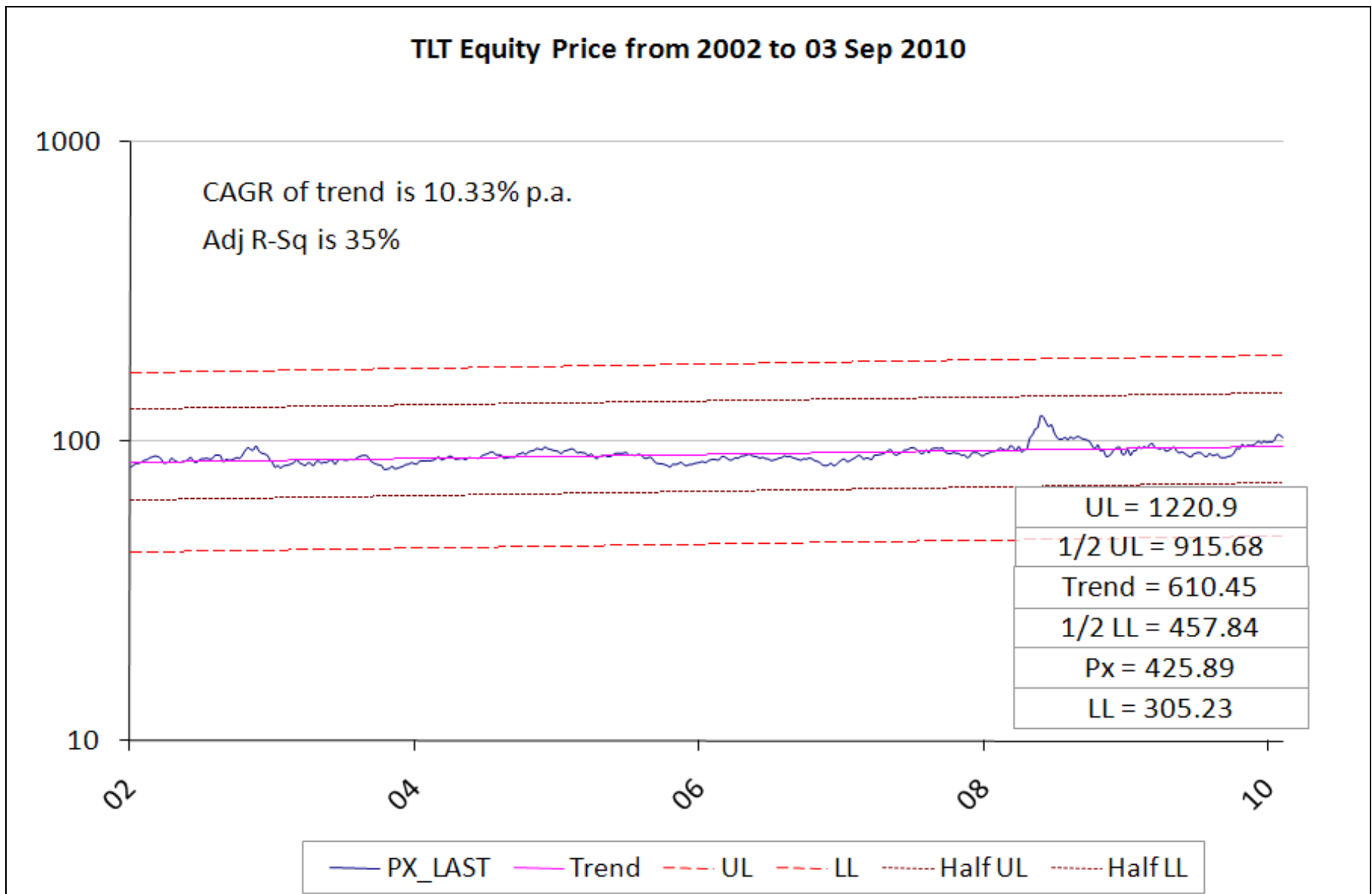


1- TLT – Correlation Ratio Analysis with SPX – 365 days Time basis

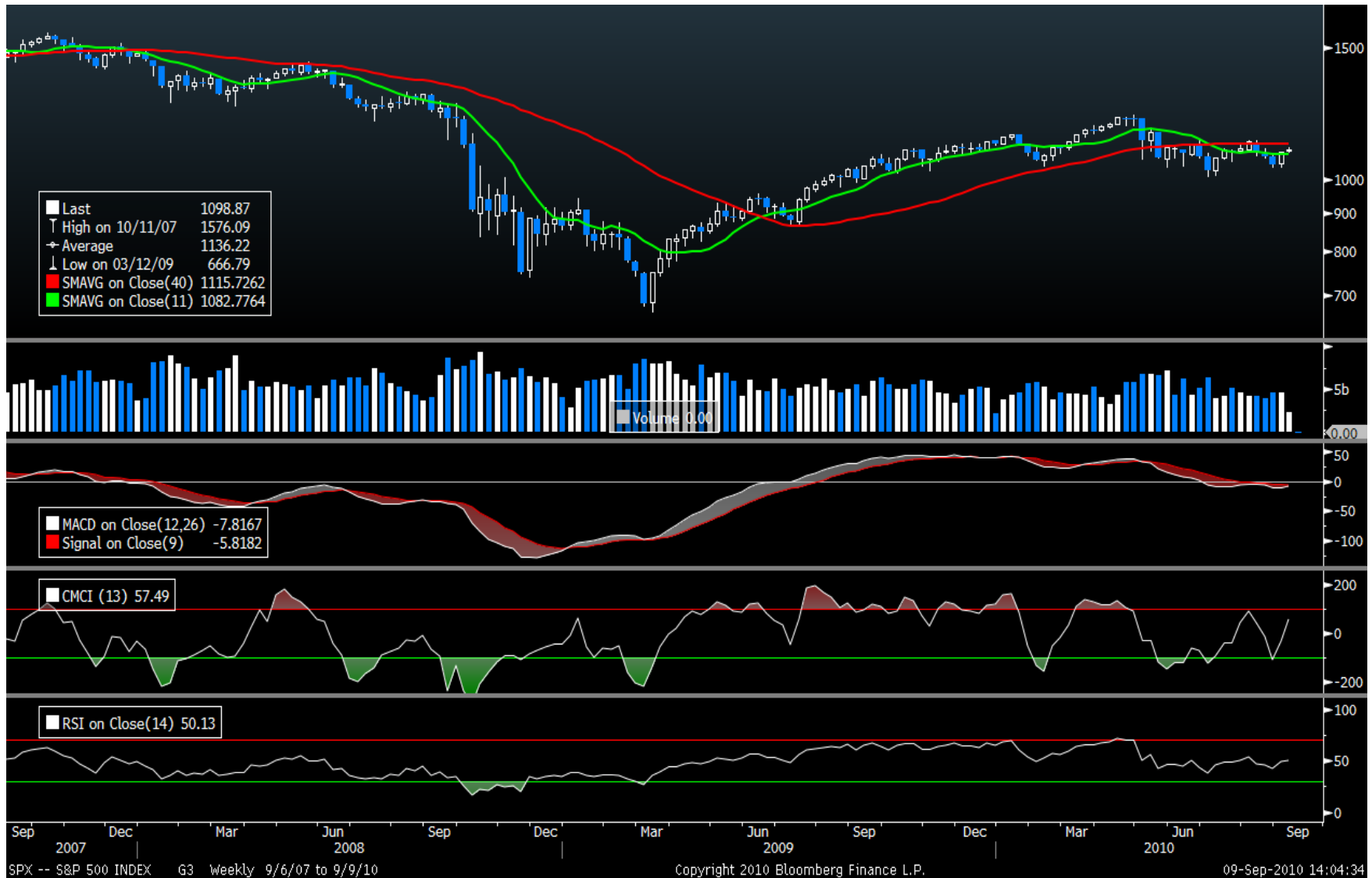
Long SPX Index and Short TLT US Equity, Updated till 03 Sep 2010



TLT – Trend Reversion Analysis – Long Term - Adj R –SQ is below our benchmark 70%



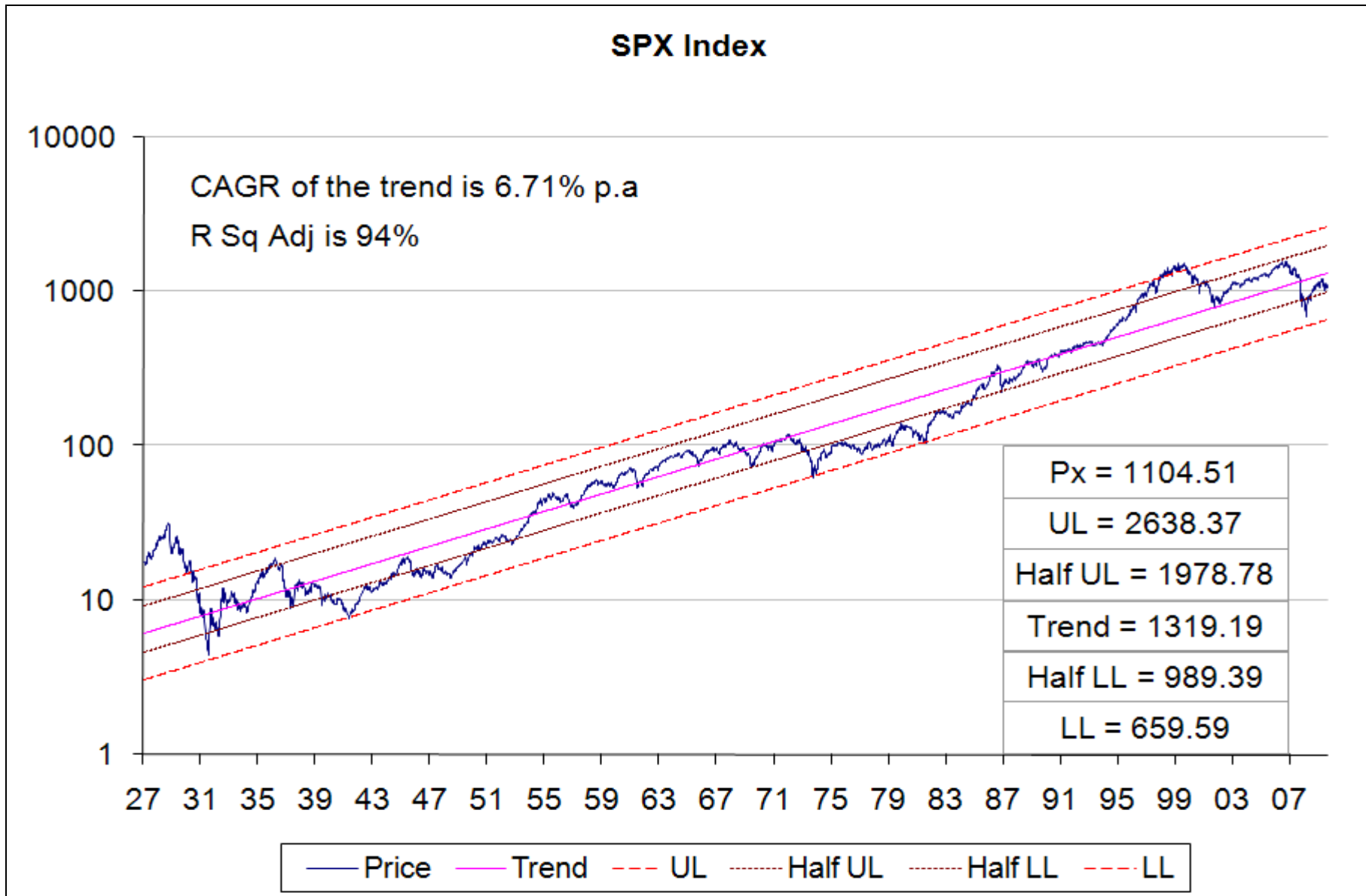
1- SPX - Weekly- 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



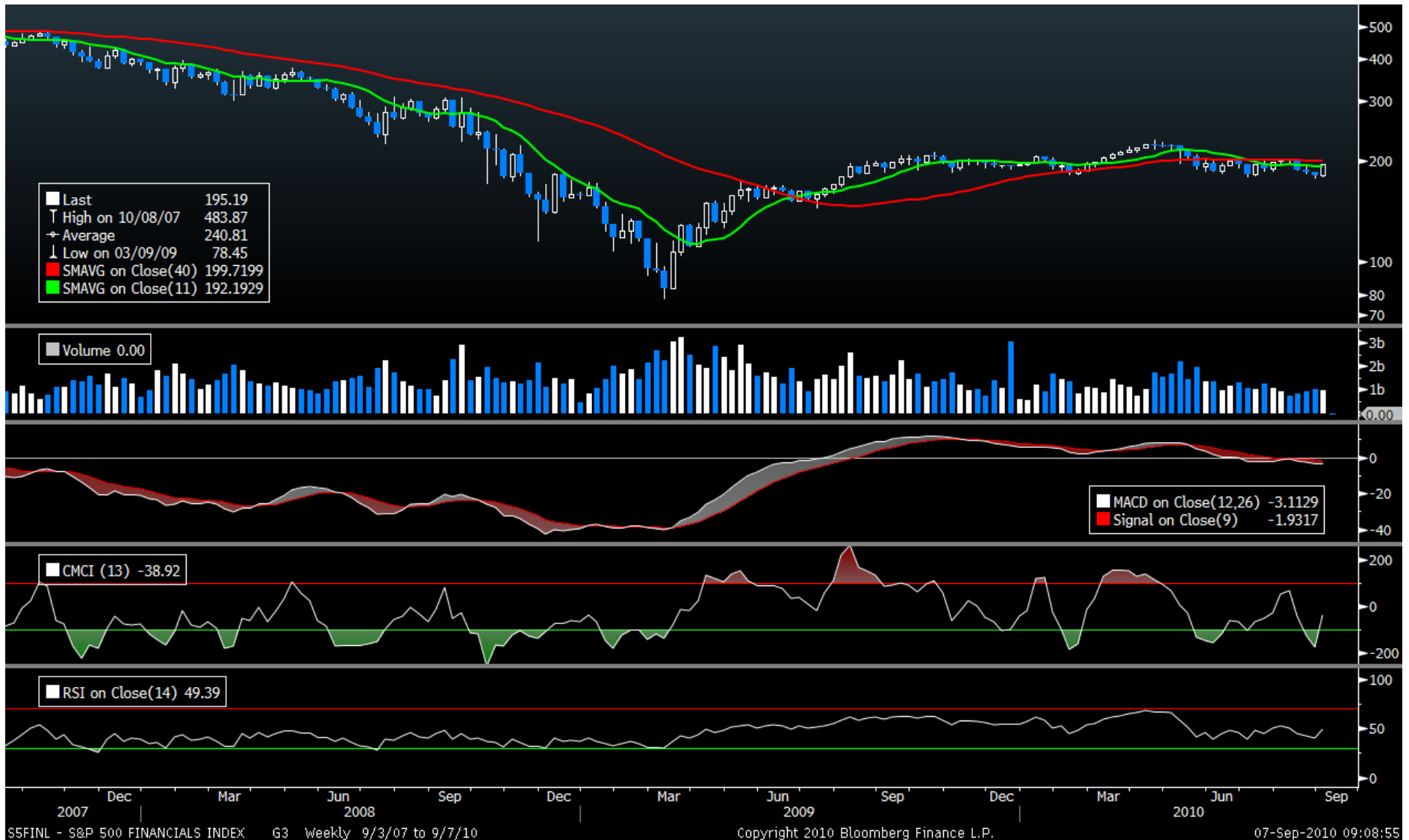
SPX - Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)



2 Trend Reversion Analysis – Long Trend Chart



1 - XLF- Weekly- 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



XLF Daily – 3 Year with RSI, CCI, MACD (11D / 55D SMA)

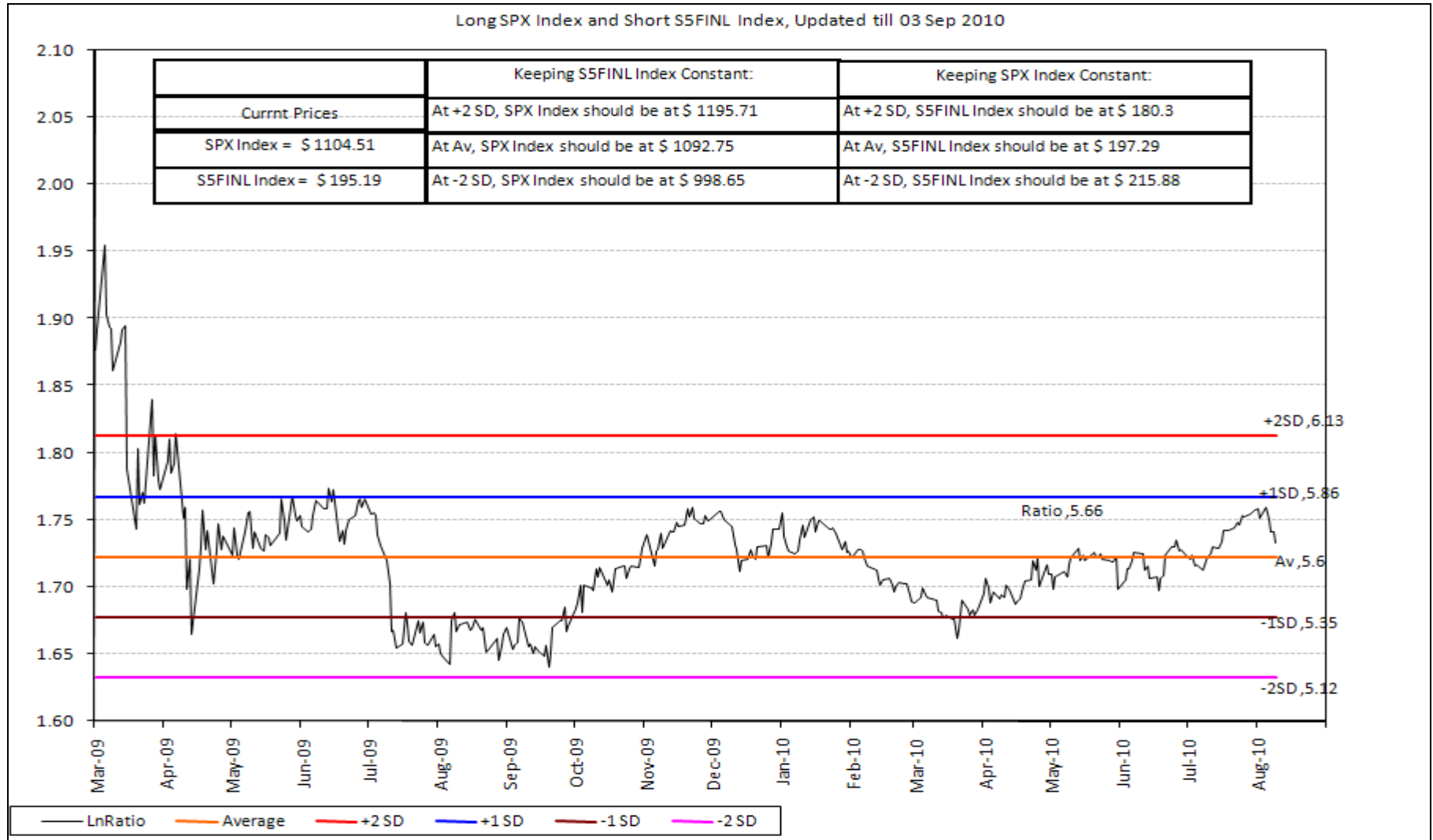


XLF – Technical & Pattern Analysis & Price / Volume

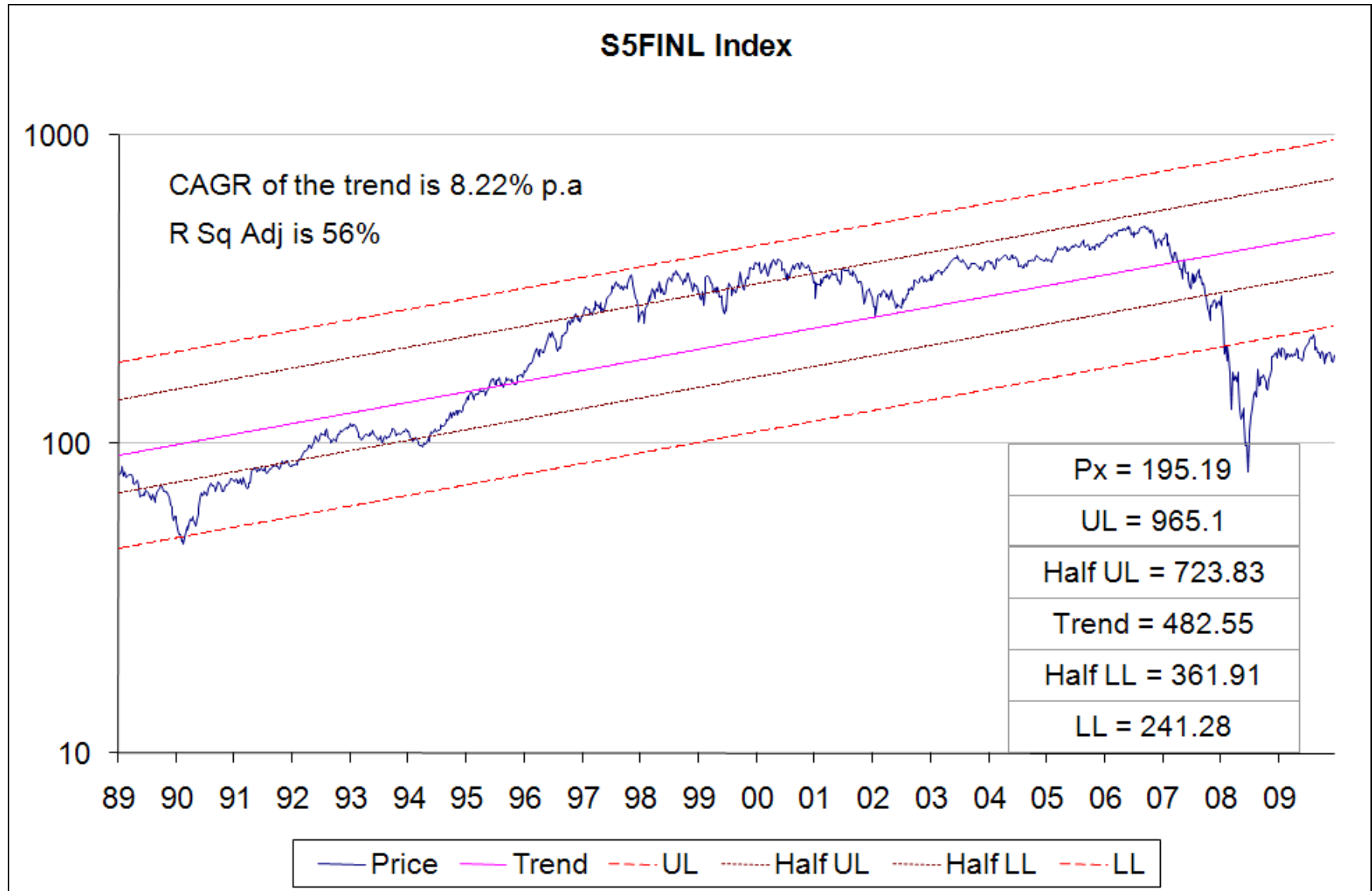
XLF did break its July low. Relative to the SPX, XLF remains an underperformer. The weekly mid Bollinger Band define the trend and this line is working lower and is starting to Pinch together. When the outer Bollinger Bands start to pinch together then that implies a breakout of this trading range is not far off. Since the weekly Mid Bollinger Band is trending down, it implies the breakout will be to the downside. In downtrend Market highs can be found when the weekly RSI reaches the lower 50 range. The current weekly RSI sets at 48. The mid Bollinger band has been acting as resistance and currently has been testing this level.



2- XLF – Correlation Ratio Analysis with SPX – 365 days Time basis

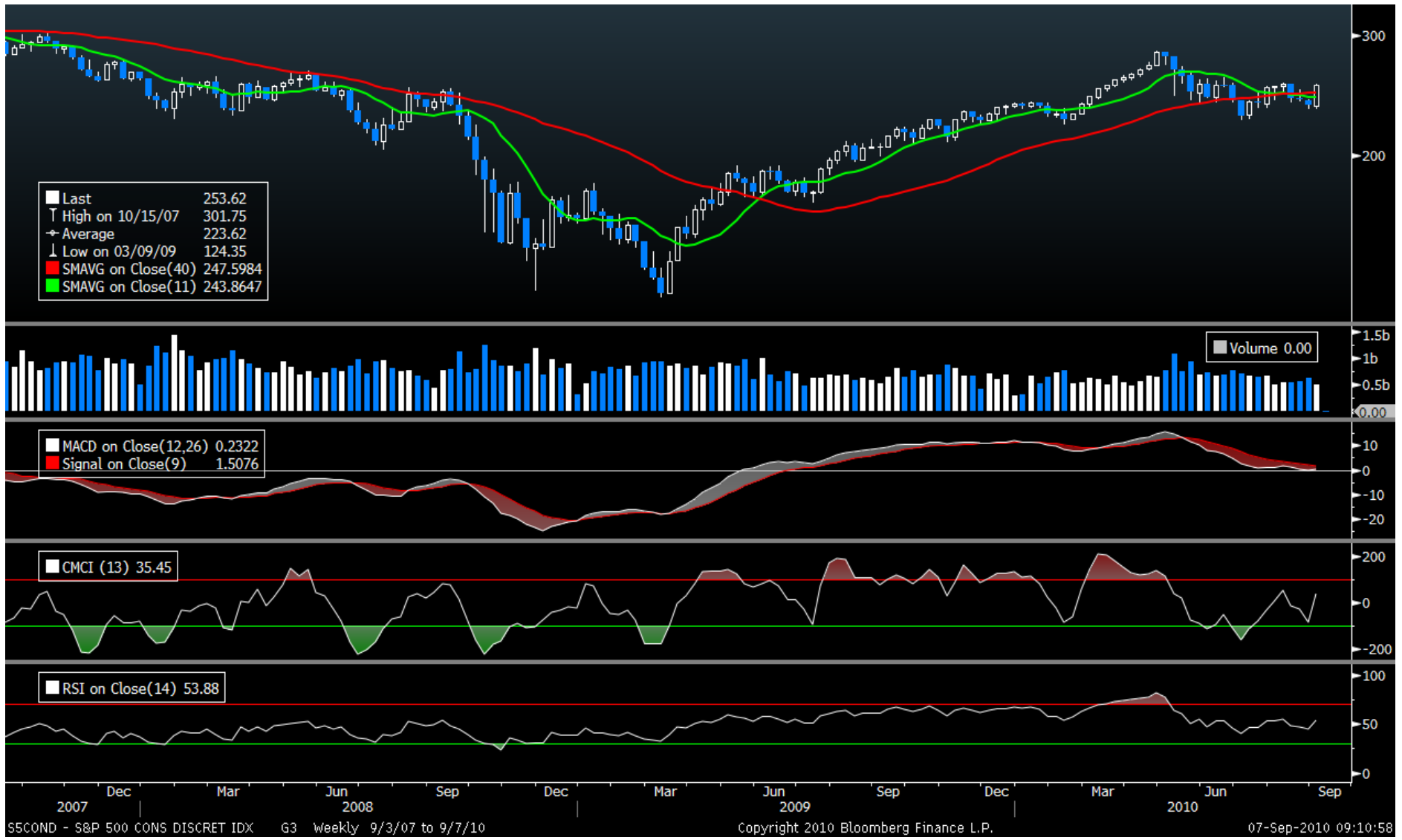


XLF – Trend Reversion Analysis – Long Term - Adj R –SQ is below our benchmark 70%

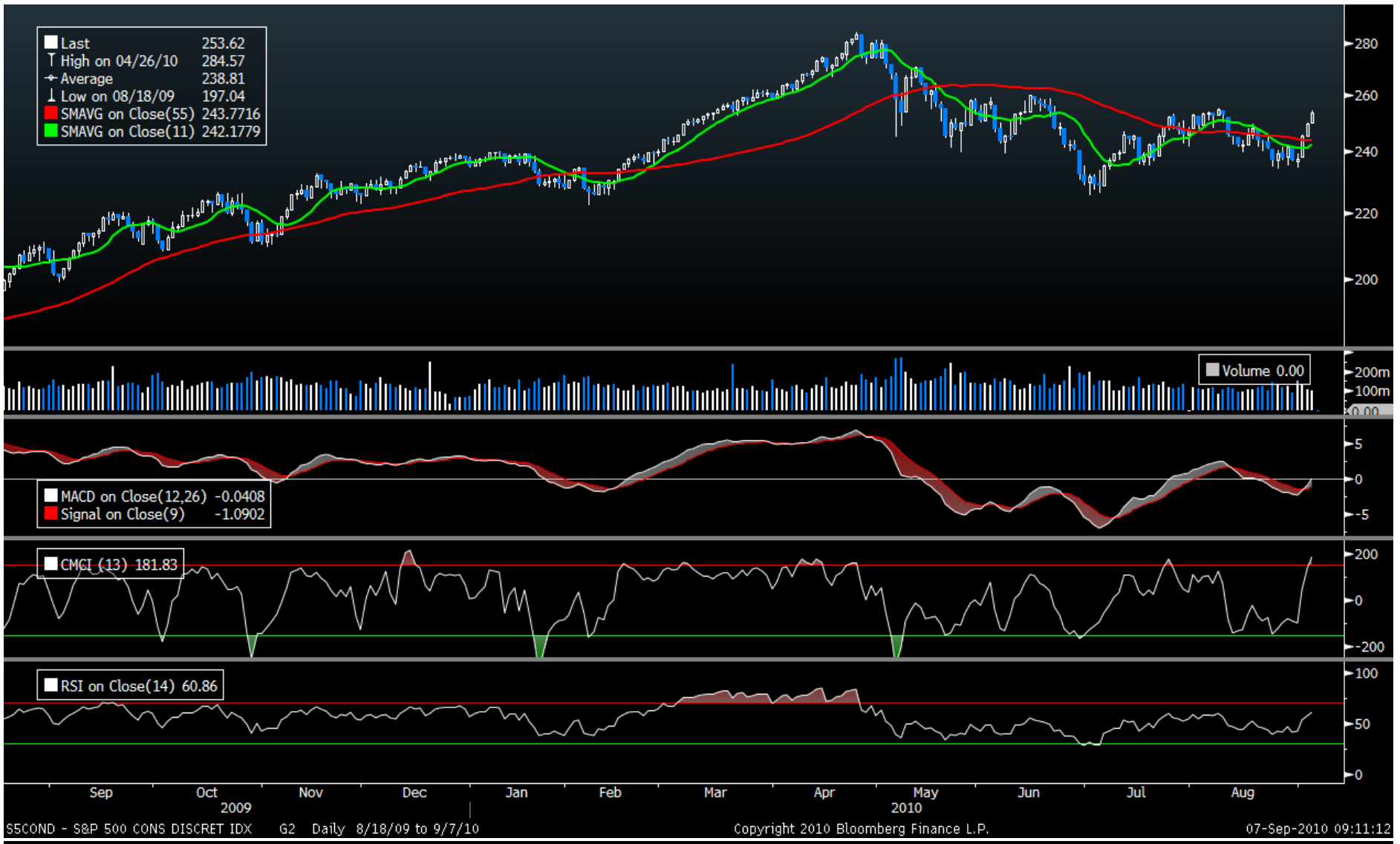


1-

1 - XLY Weekly – 3 Year with RSI, CCI, MACD
(11 W / 40 W SMA)



2 - XLY Daily – 3 Year with RSI, CCI, MACD (11D / 55D) SMA



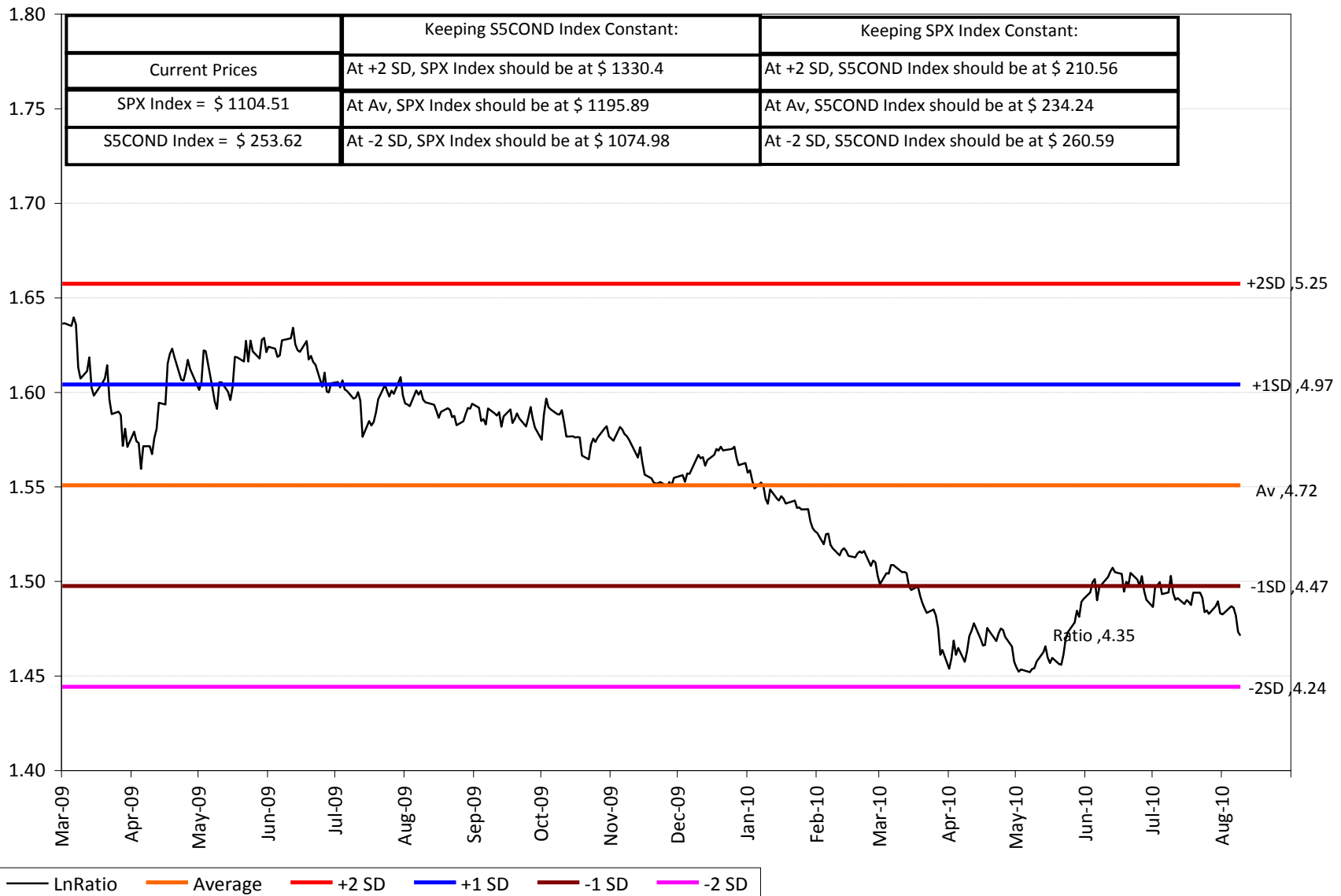
XLY – Technical & Pattern Analysis & Price / Volume

XLY ARE ALREADY CHALLENGING SUMMER HIGHS... last week showed you this as a stronger sector. Rallied quite a bit , Even though the breakout is bullish, XLY is already at resistance from the August highs and short-term overbought. . XLY / SPX Ratio is strong

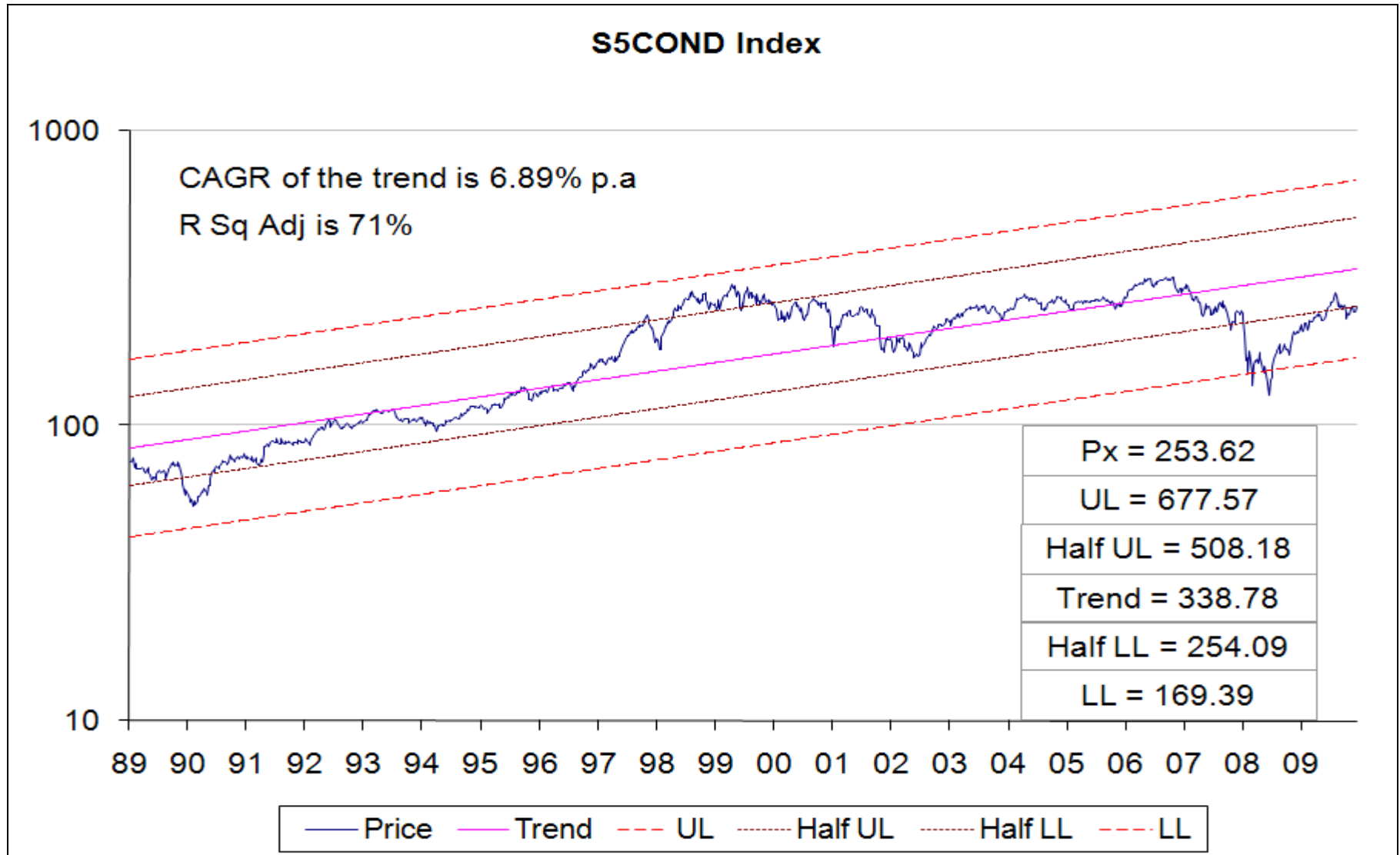


2- XLY – Correlation Ratio Analysis with SPX – 365 days Time basis

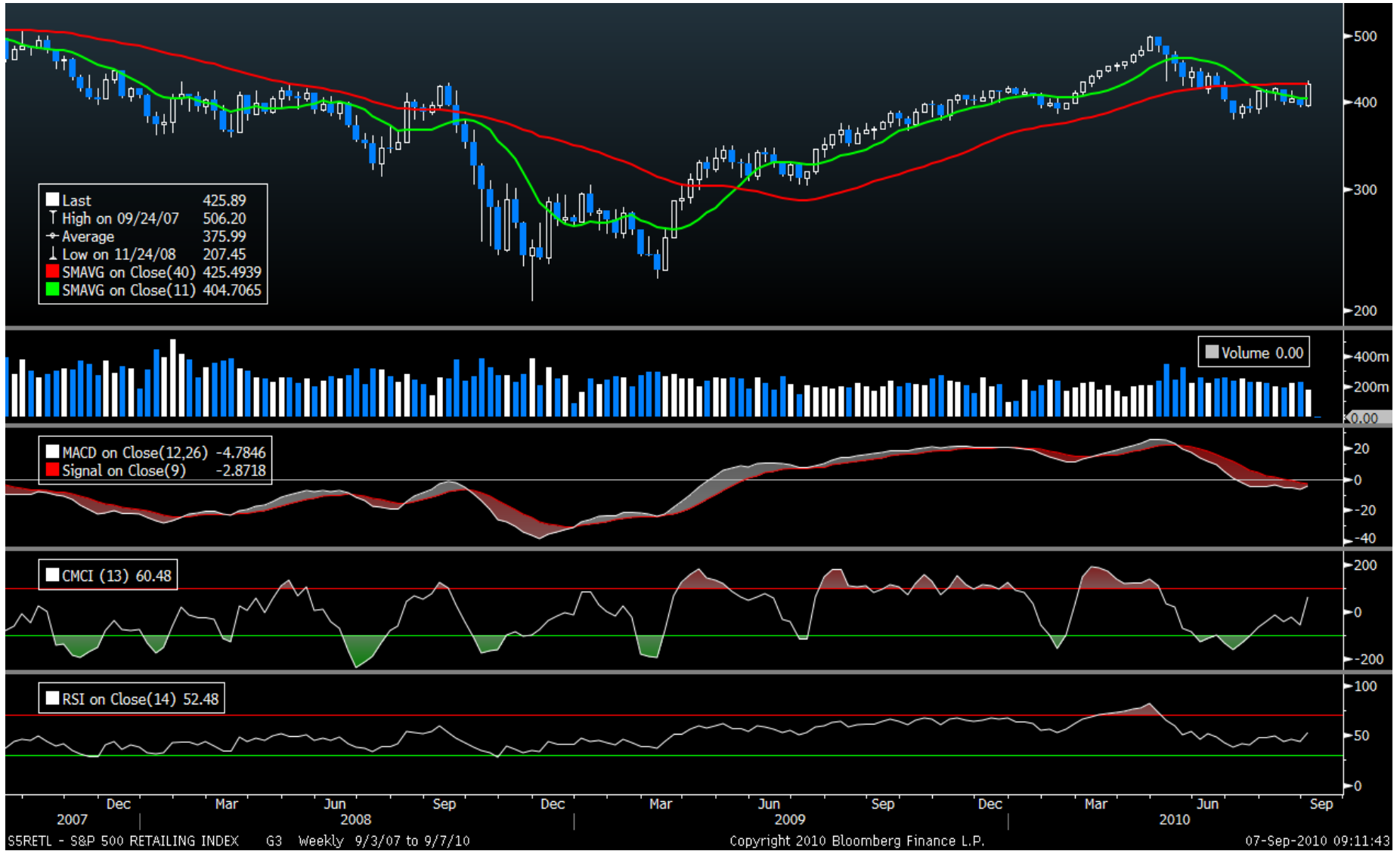
Long SPX Index and Short S5COND Index, Updated till 03 Sep 2010



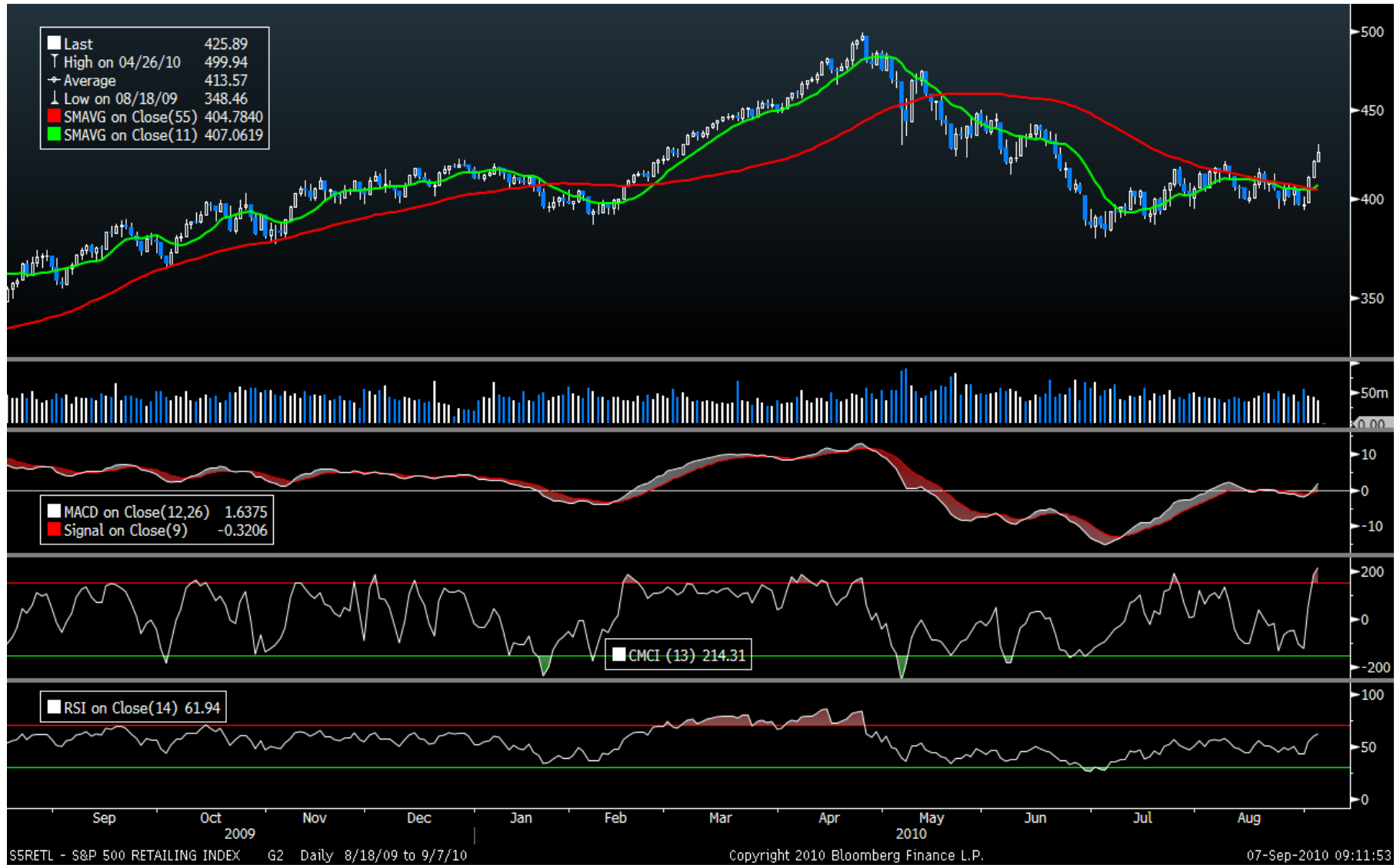
3- XLY – Trend Reversion Analysis – Long Term -



1 - XRT - Weekly- 3 Year with RSI, CCI, MACD
(11 W / 40 W SMA)



2 - XRT - Daily - 3 Year with RSI, CCI, MACD (11D / 55D)

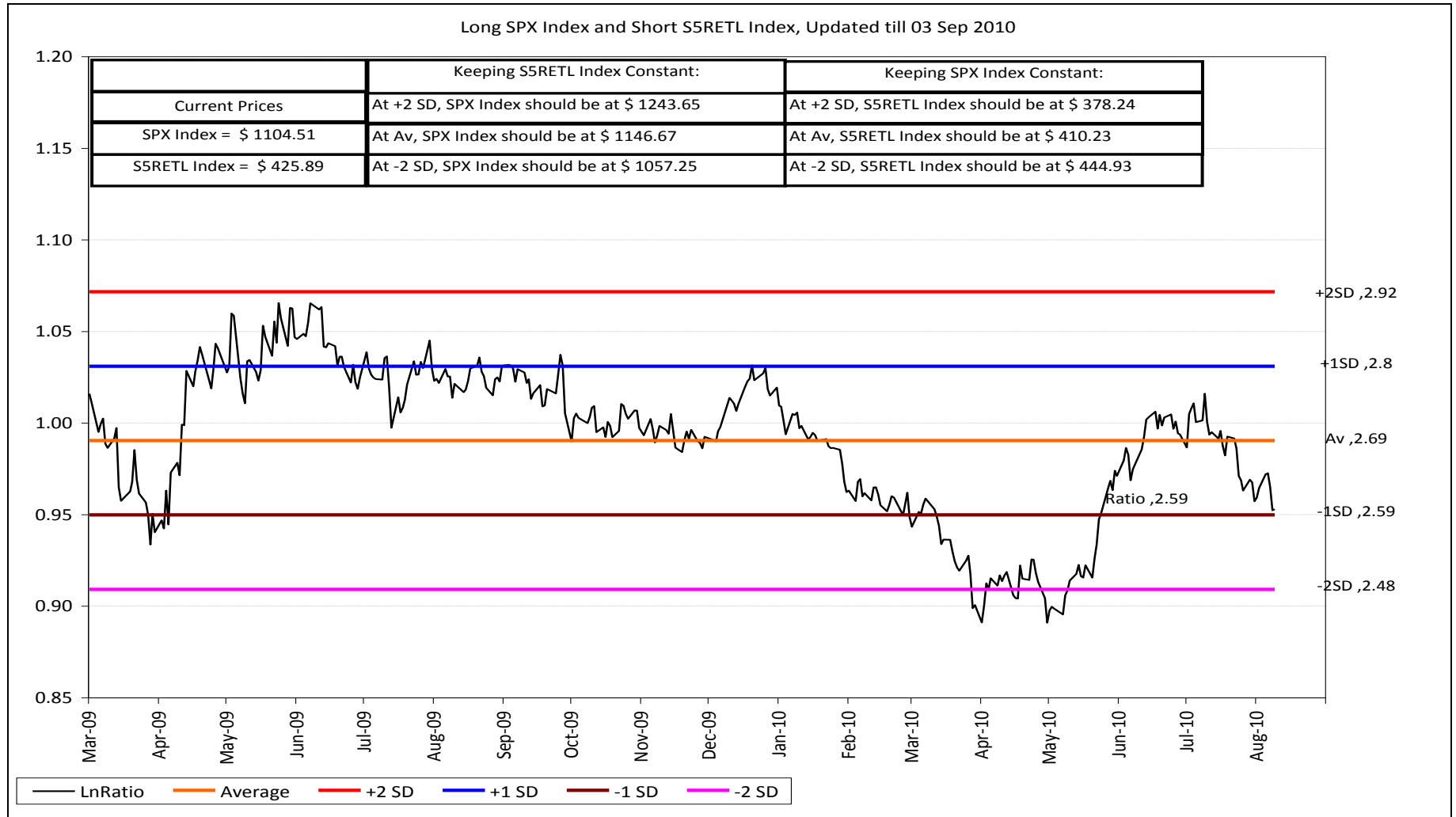


2 - XRT – Technical & Pattern Analysis & Price / Volume

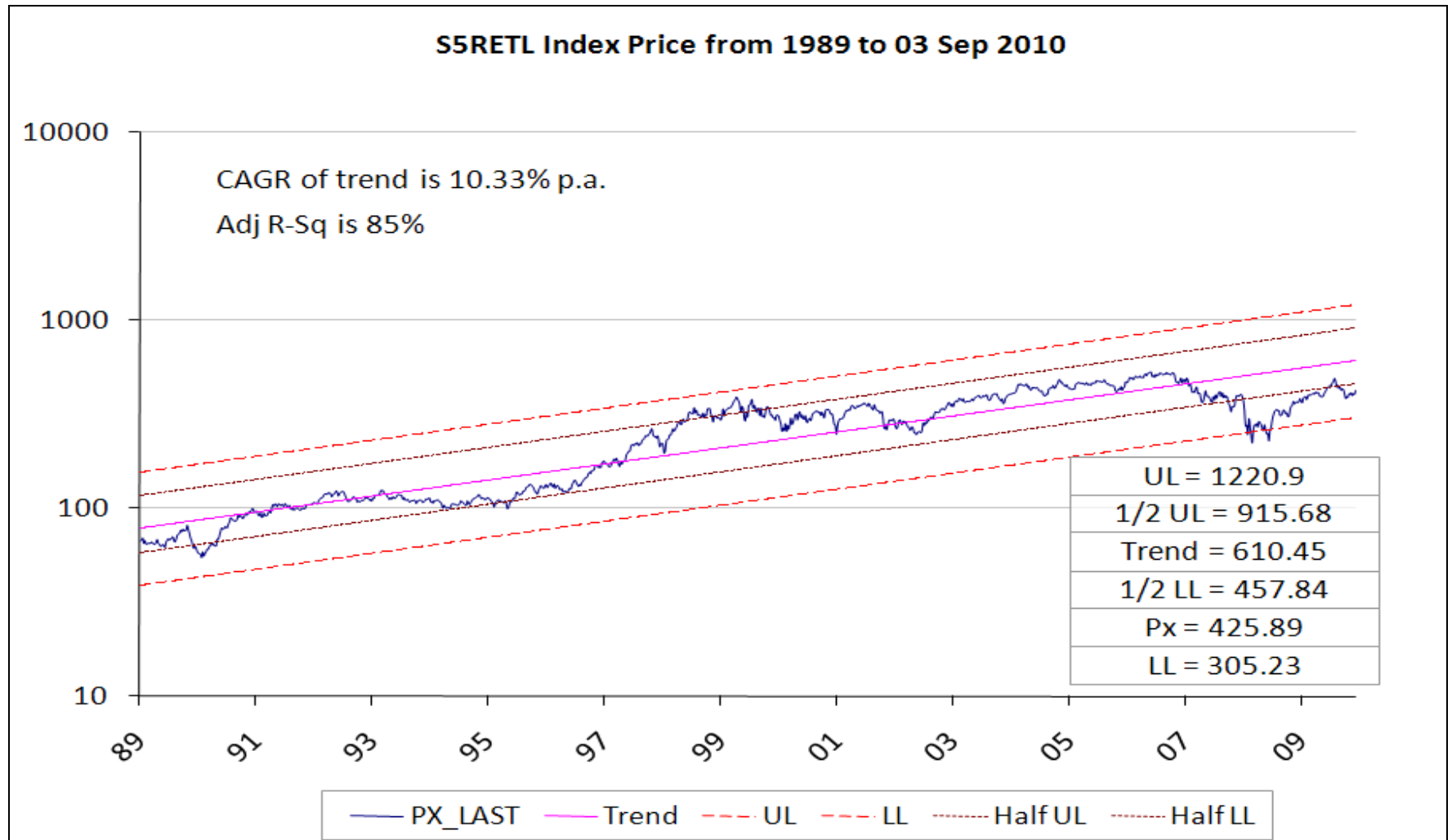
(XRT) climbing above its 50-day average. Its relative strength ratio (below chart) has been firming . The fact that the XRT held above its July low also has the look of a potential "double bottom" formation. (This may not pull back as much in next decline, on relative basis (wait and watch) . XRT / SPX Ratio is beginning to strengthen up



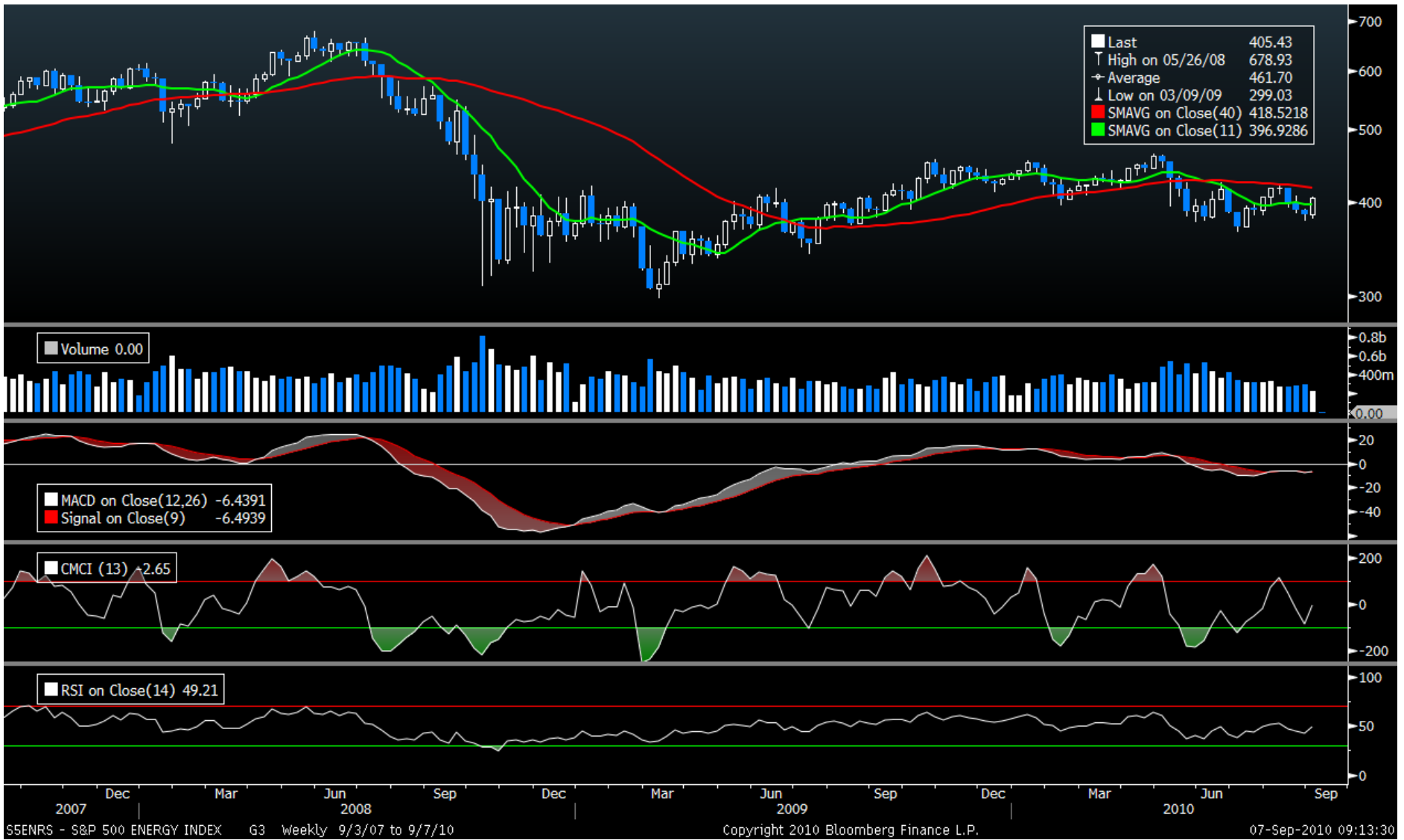
4- XRT – Correlation Ratio Analysis with SPX – 365 days Time basis



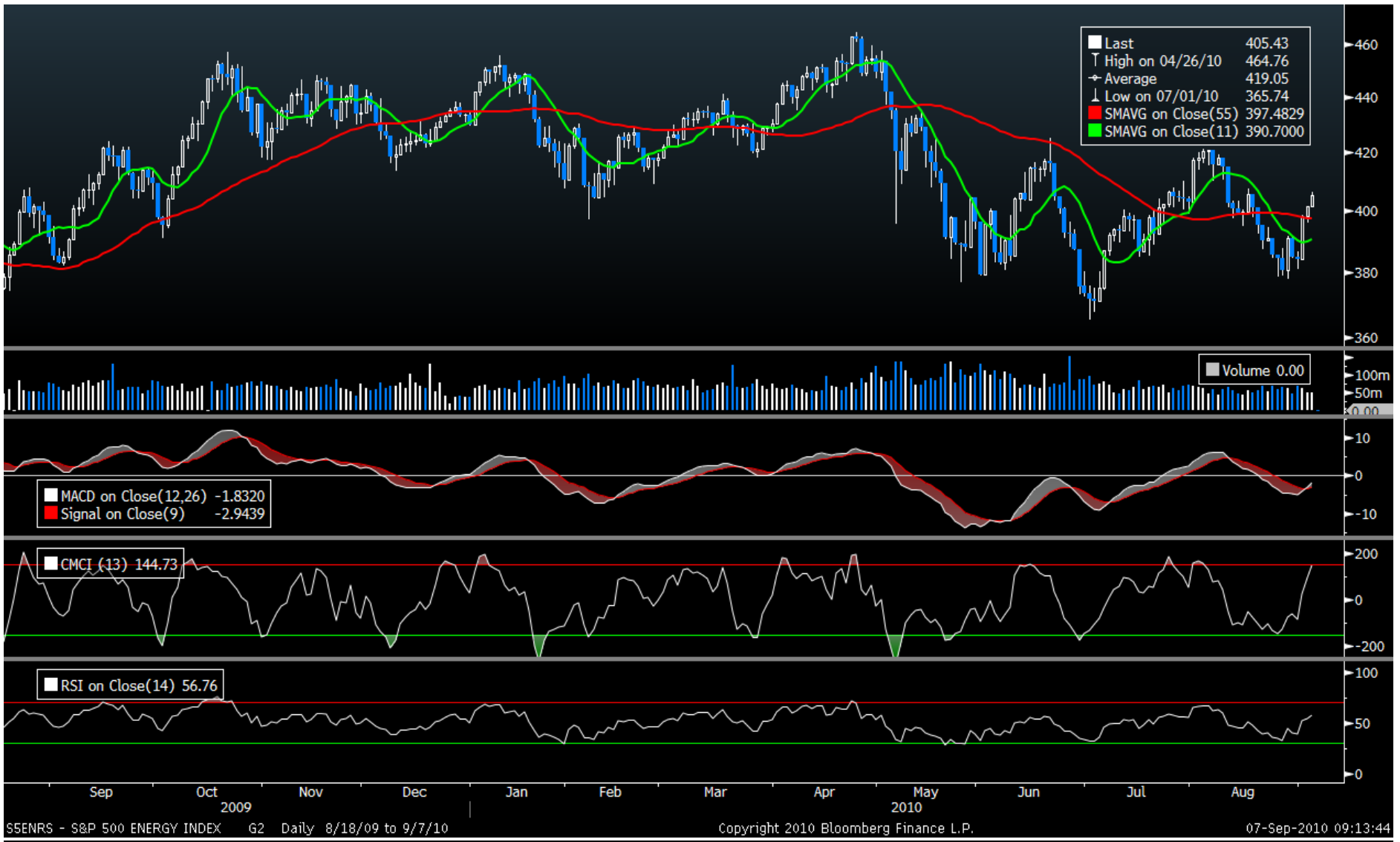
5- XRT – Trend Reversion Analysis – Long Term



1. XLE - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

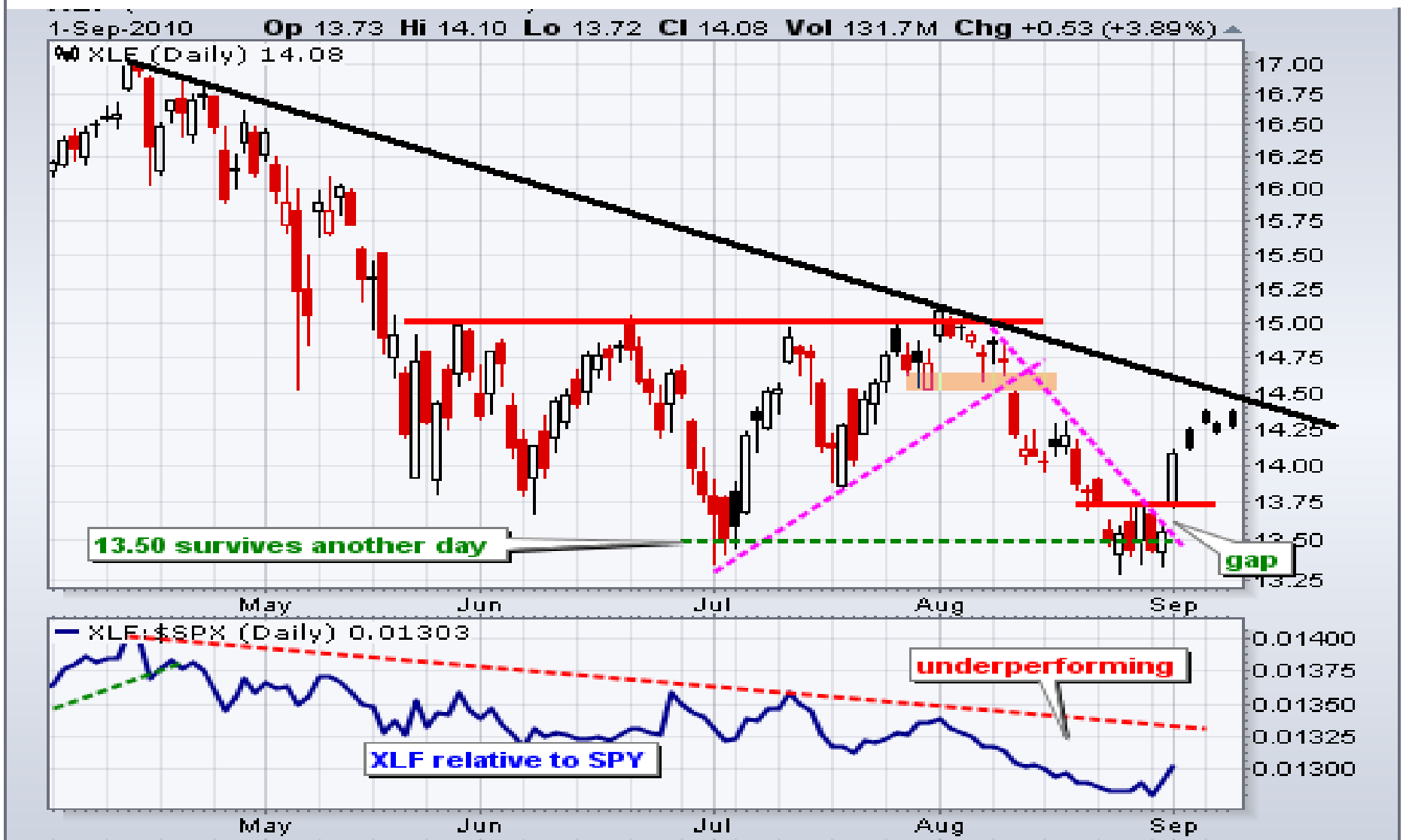


2. XLE - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



2 - XLE – Technical & Pattern Analysis & Price / Volume

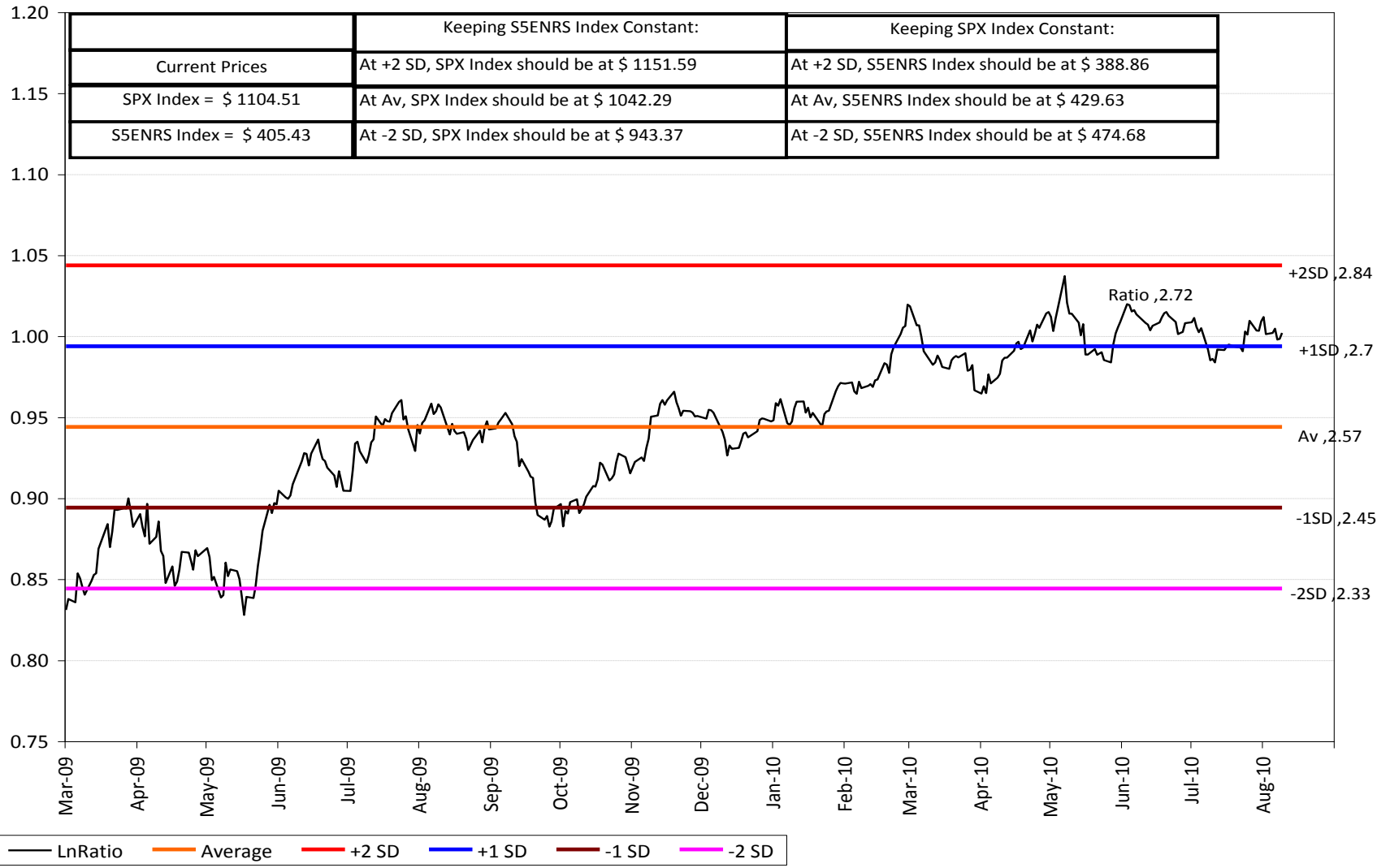
(XLE) still below the trend line . XLY / SPX Ratio is weak



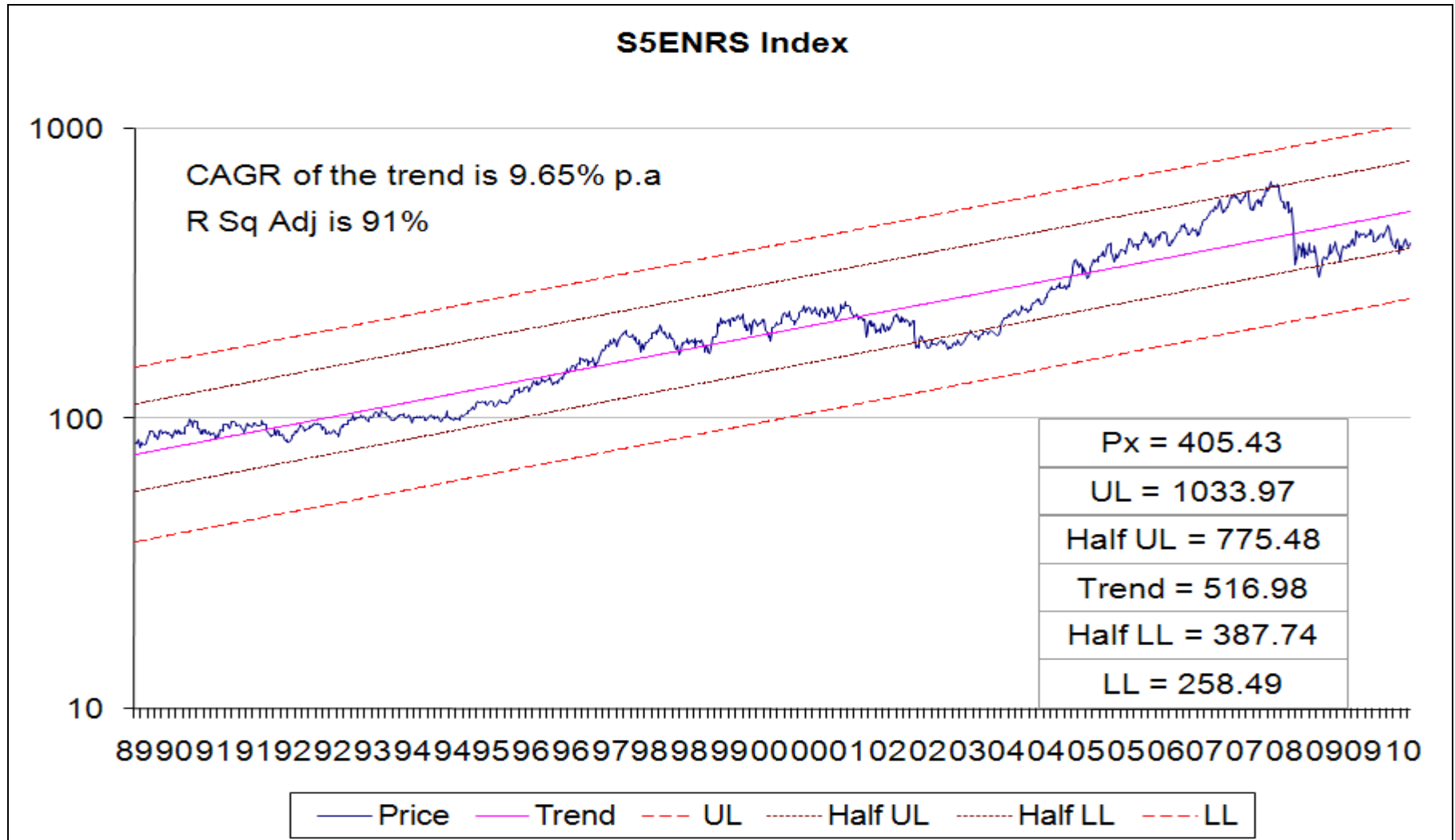
3- XLE – Correlation Ratio Analysis with SPX – 365 days Time basis

Long SPX Index and Short S5ENRS Index, Updated till 03 Sep 2010

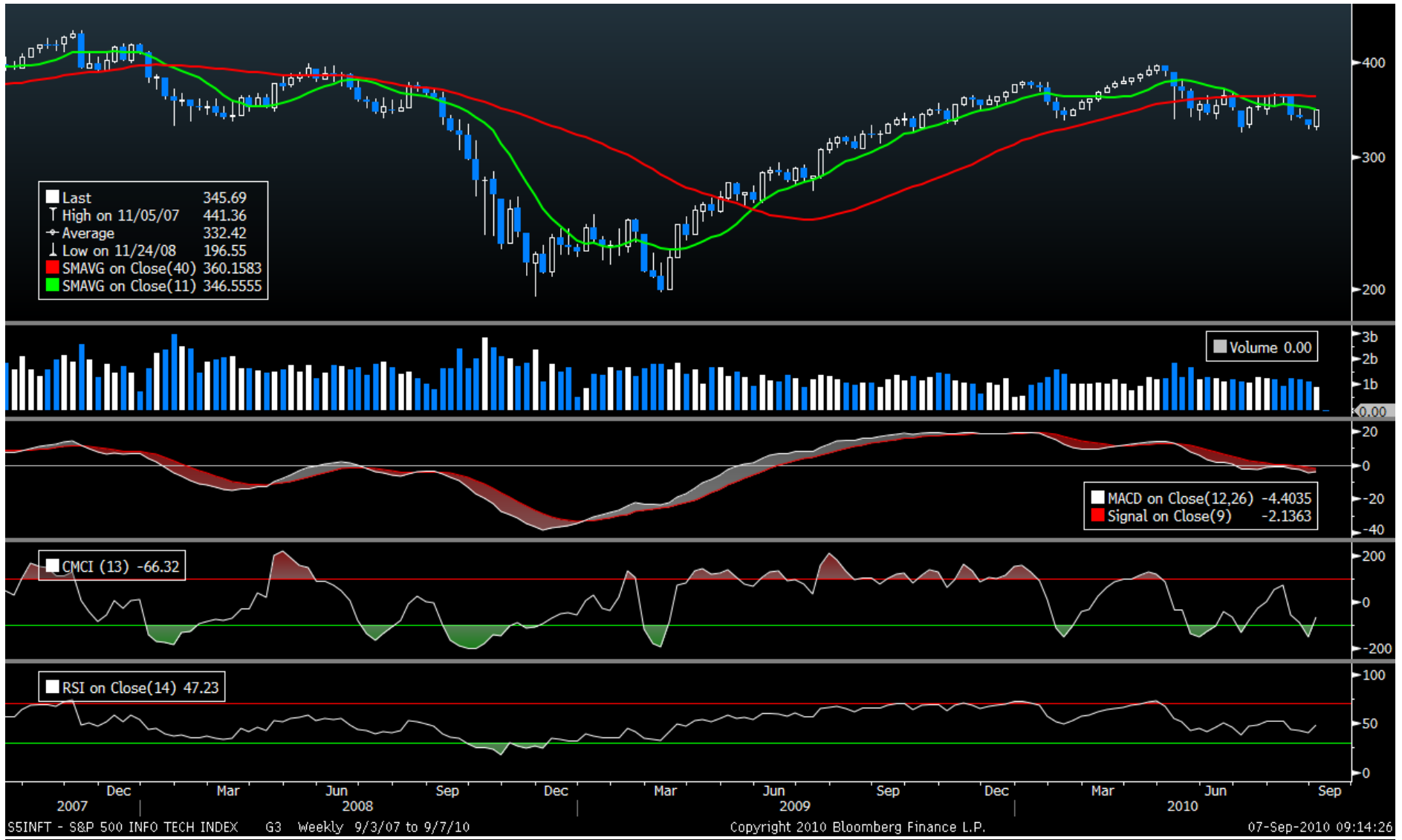
	Keeping S5ENRS Index Constant:	Keeping SPX Index Constant:
Current Prices	At +2 SD, SPX Index should be at \$ 1151.59	At +2 SD, S5ENRS Index should be at \$ 388.86
SPX Index = \$ 1104.51	At Av, SPX Index should be at \$ 1042.29	At Av, S5ENRS Index should be at \$ 429.63
S5ENRS Index = \$ 405.43	At -2 SD, SPX Index should be at \$ 943.37	At -2 SD, S5ENRS Index should be at \$ 474.68



4- XLE – Trend Reversion Analysis – Long Term



1- XLK - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



XLK - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

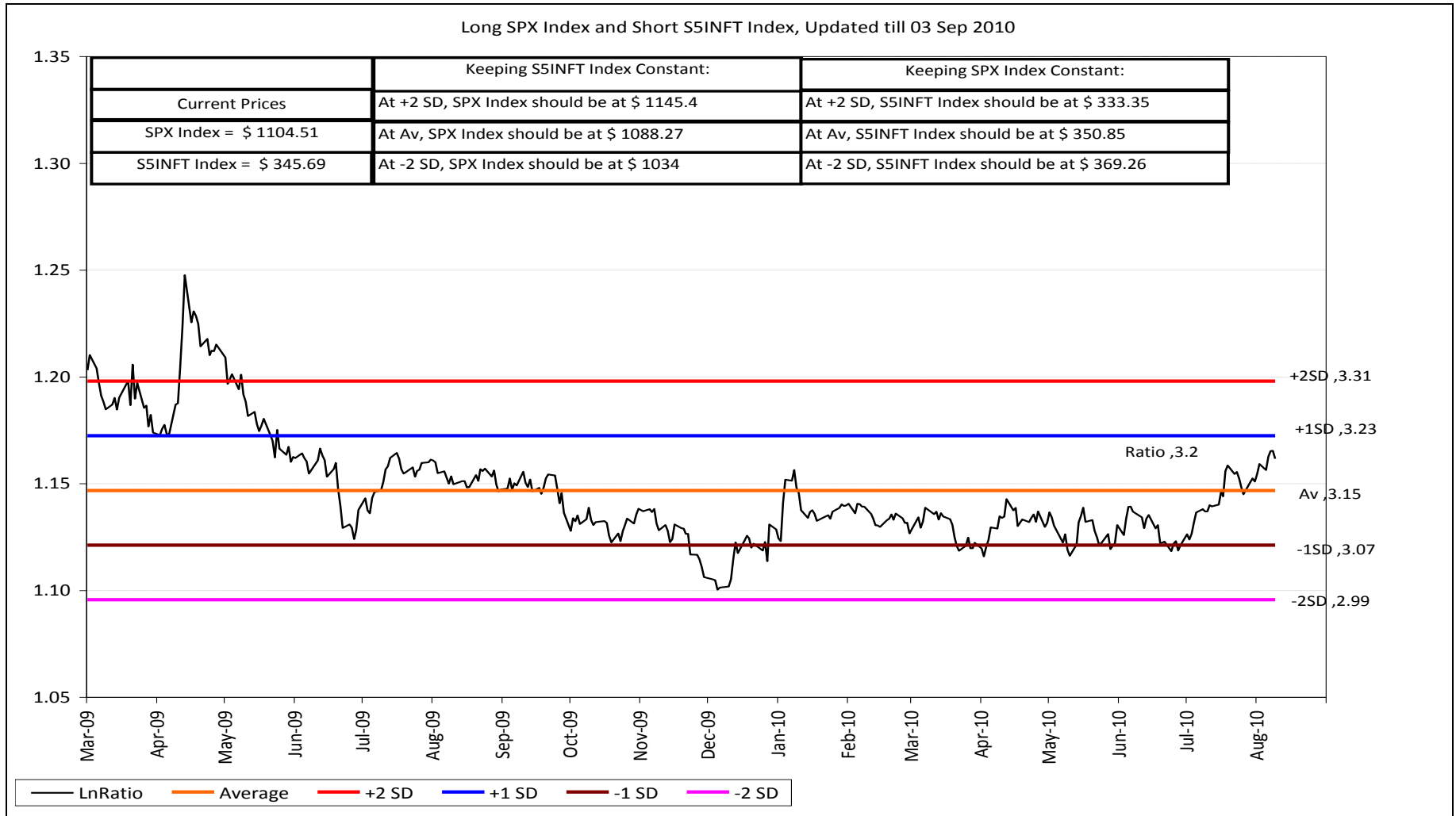


2 - XLK – Technical & Pattern Analysis & Price / Volume

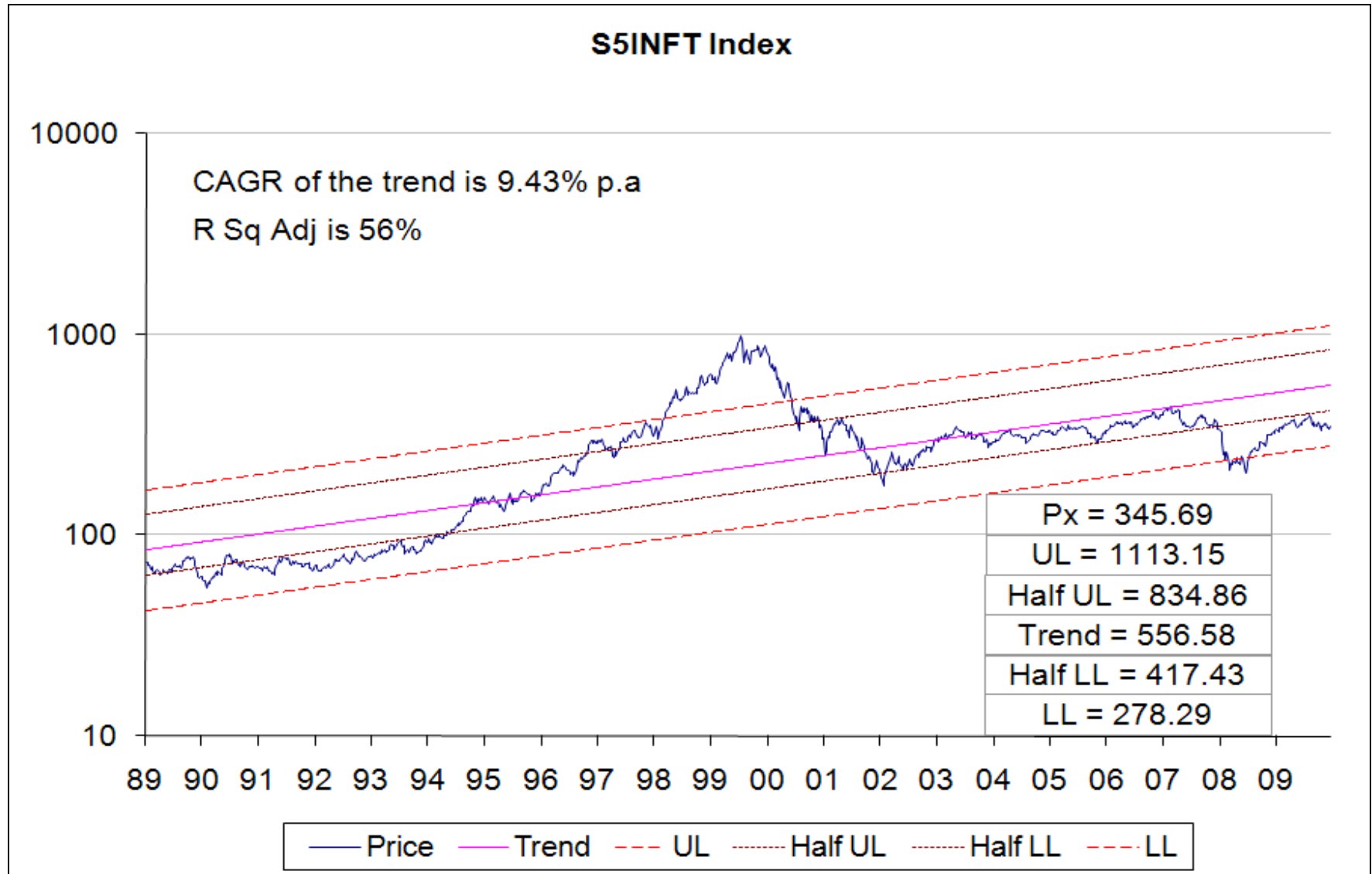
(**XLK**). holding above its July low and breaking above wedge resistance today. However, the price relative remains in a downtrend as **XLK underperforms**. Relative weakness in technology is not a good sign. XLK / SPX Ratio is weak



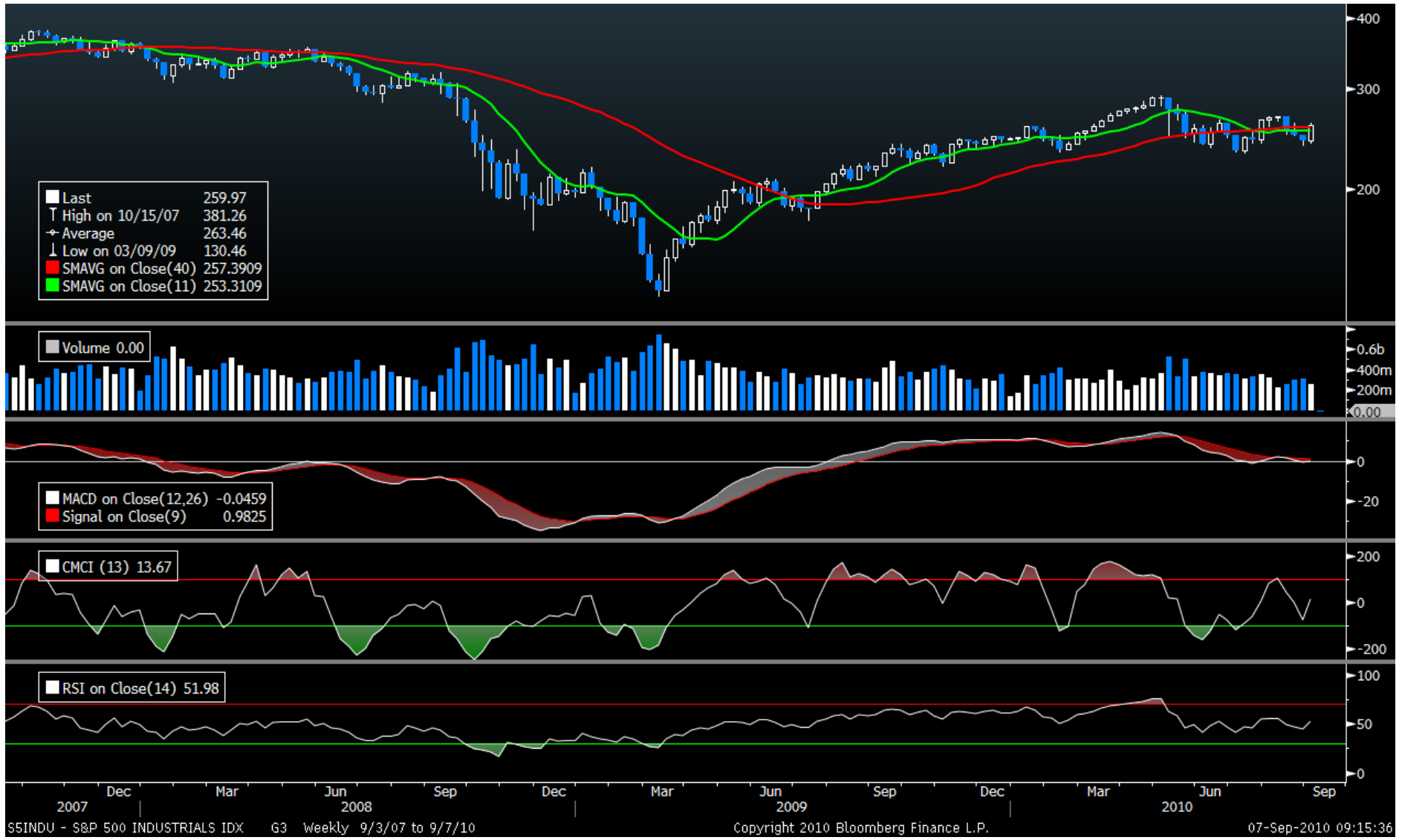
2- XLK – Correlation Ratio Analysis with SPX – 365 days Time basis



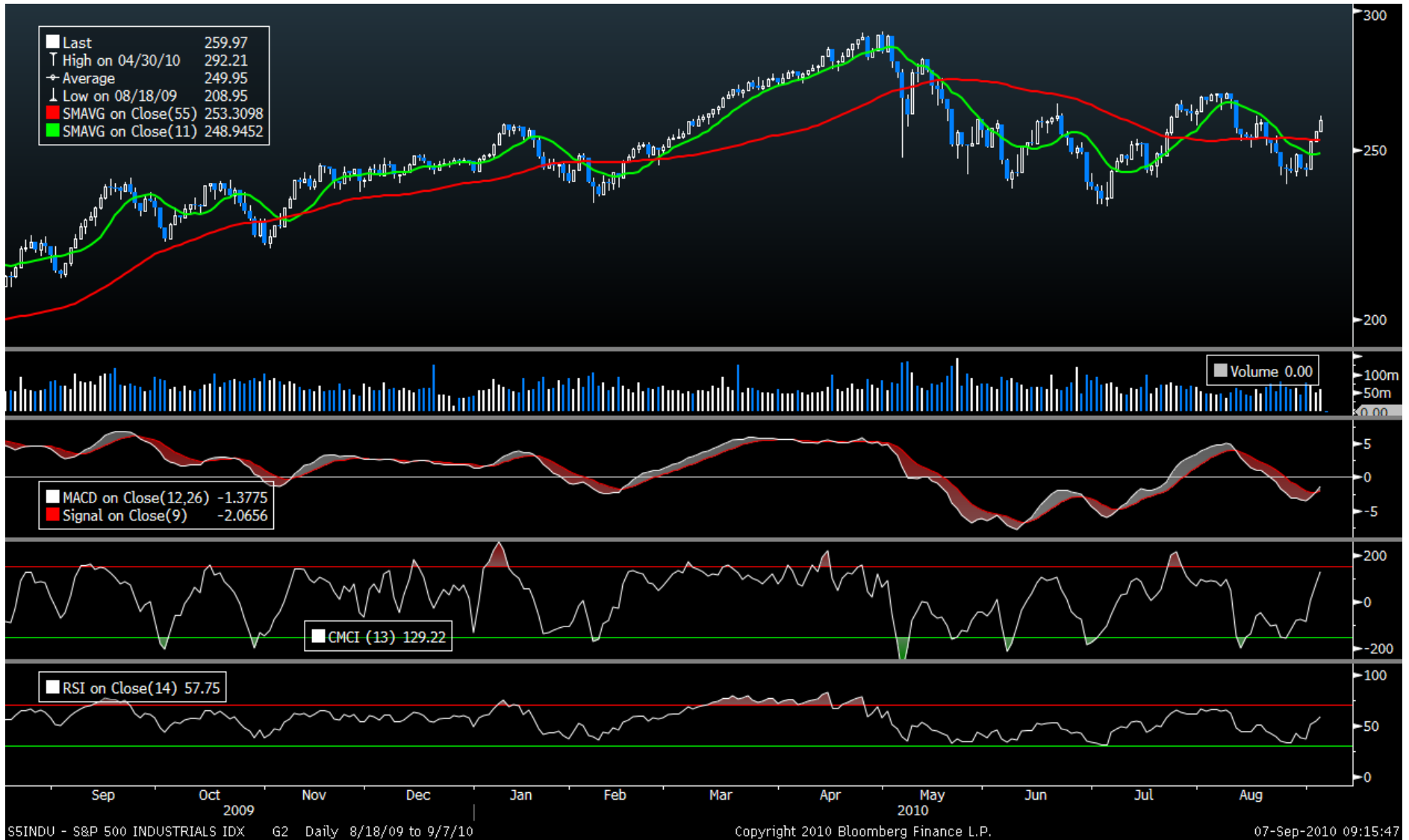
XLK – Trend Reversion Analysis – Long Term - Adj R –SQ is below our benchmark 70%



1. XLI - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

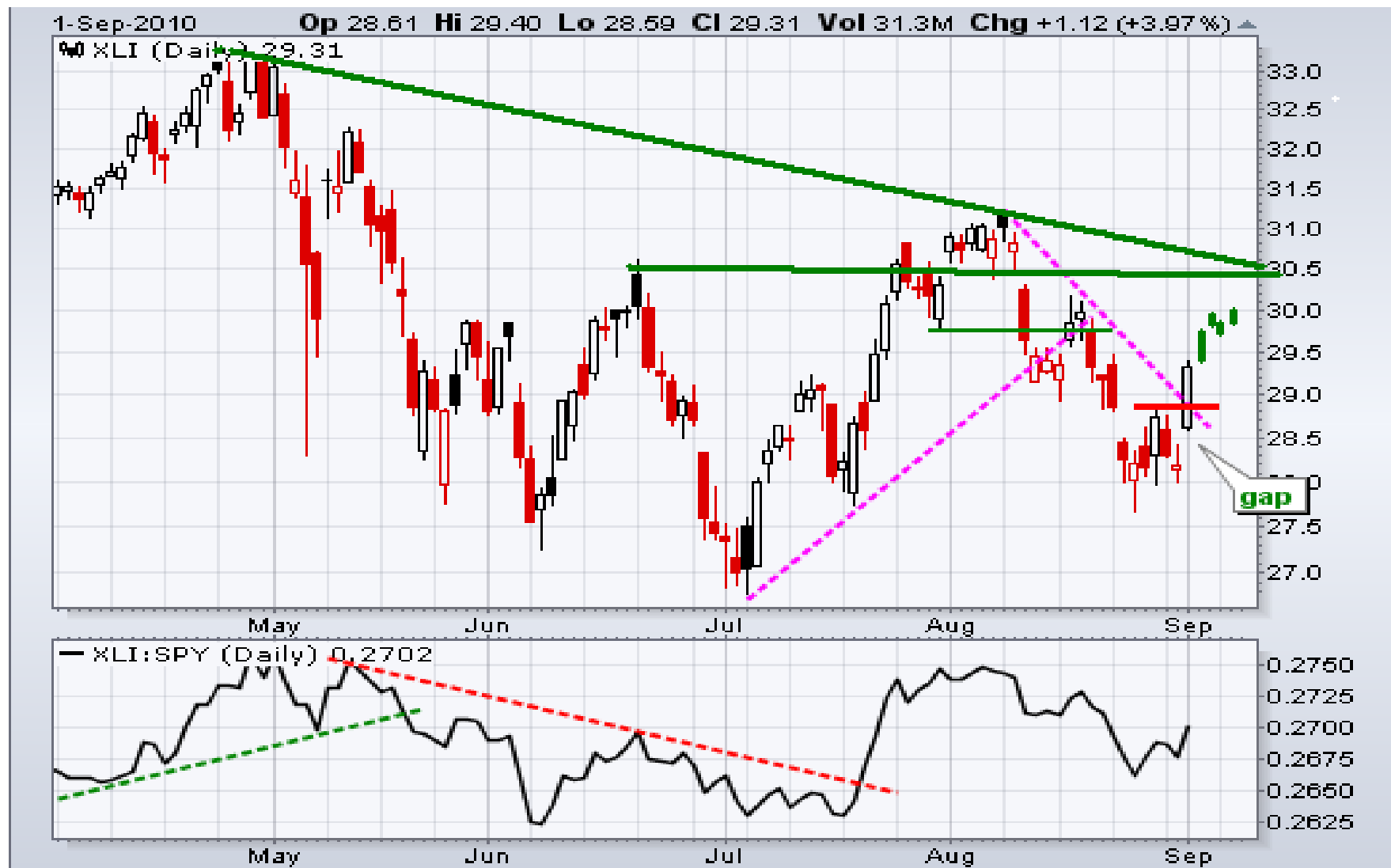


XLI - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

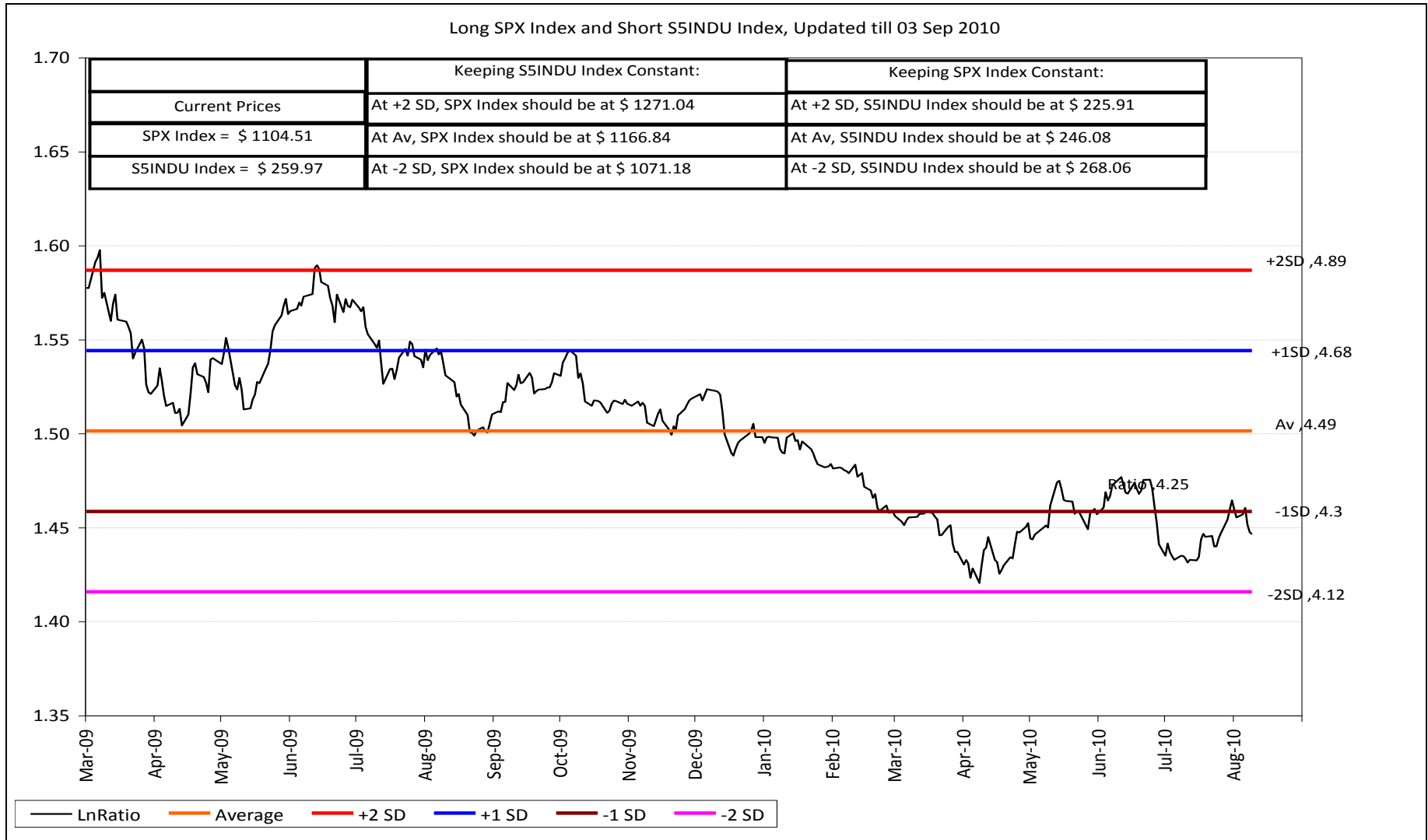


2 - XLK – Technical & Pattern Analysis & Price / Volume

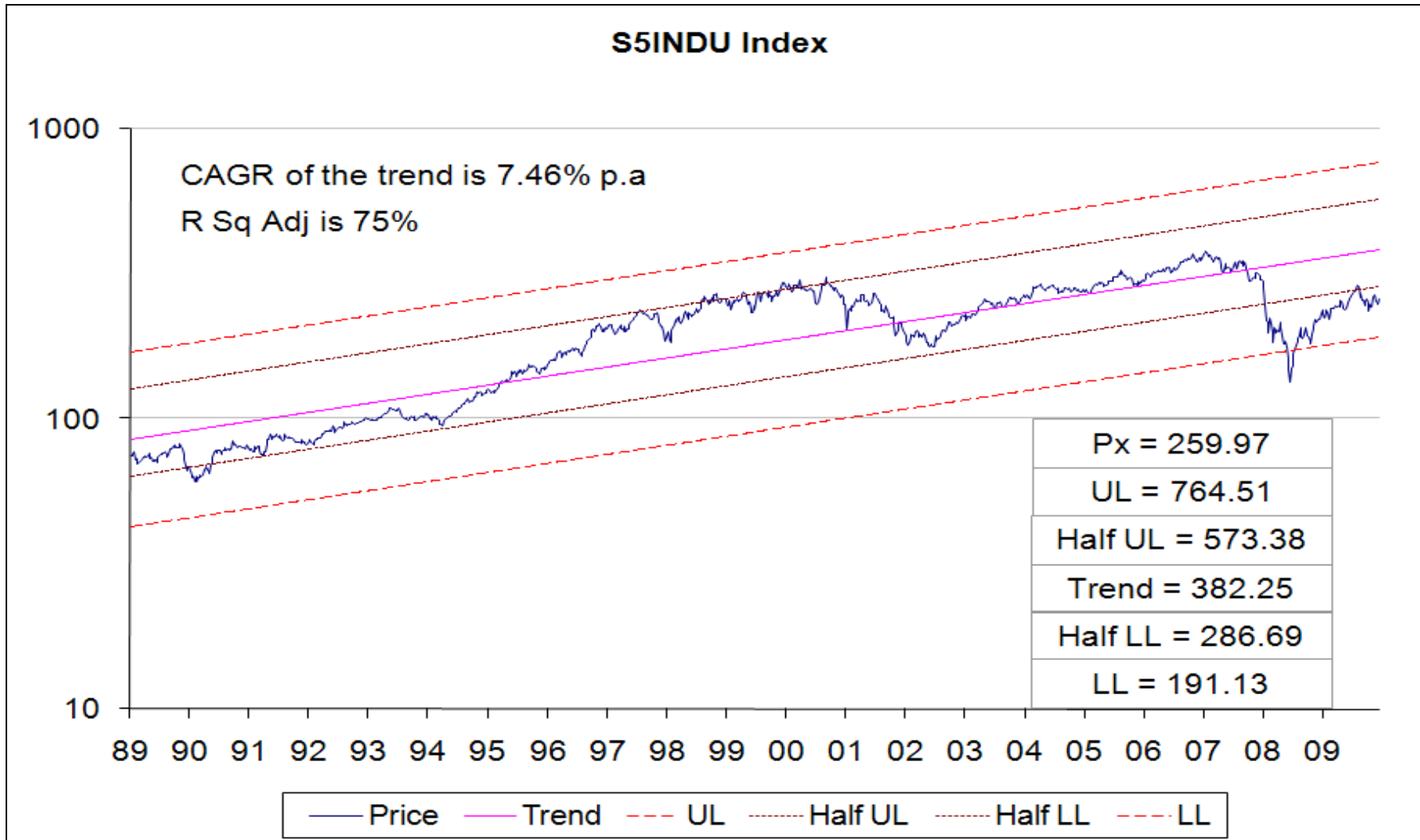
(XLI) breaking resistance. XLI / SPY is neutral has no signal but the prices are capped above the swing and downtrend lines.



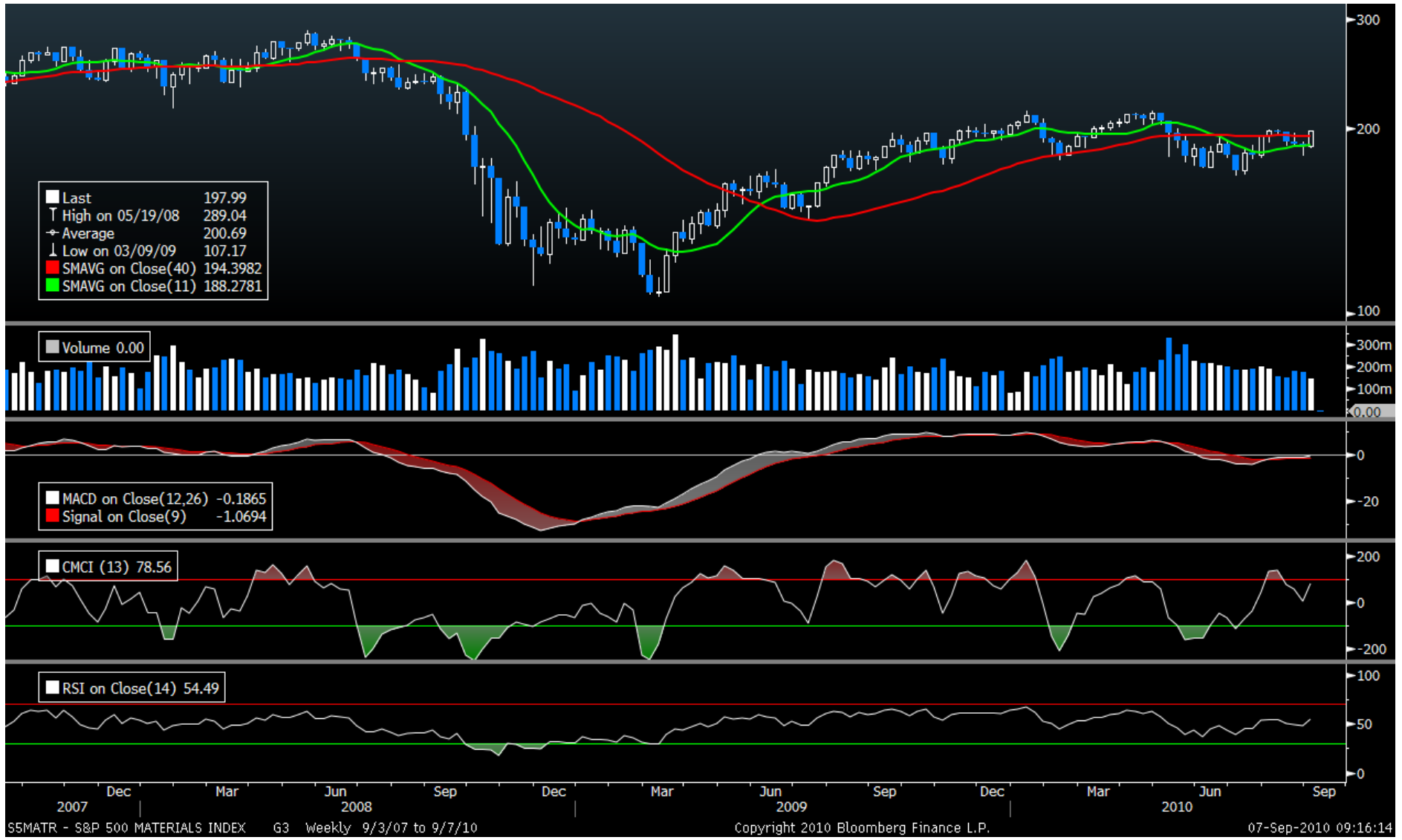
3- XLI – Correlation Ratio Analysis with SPX – 365 days Time basis



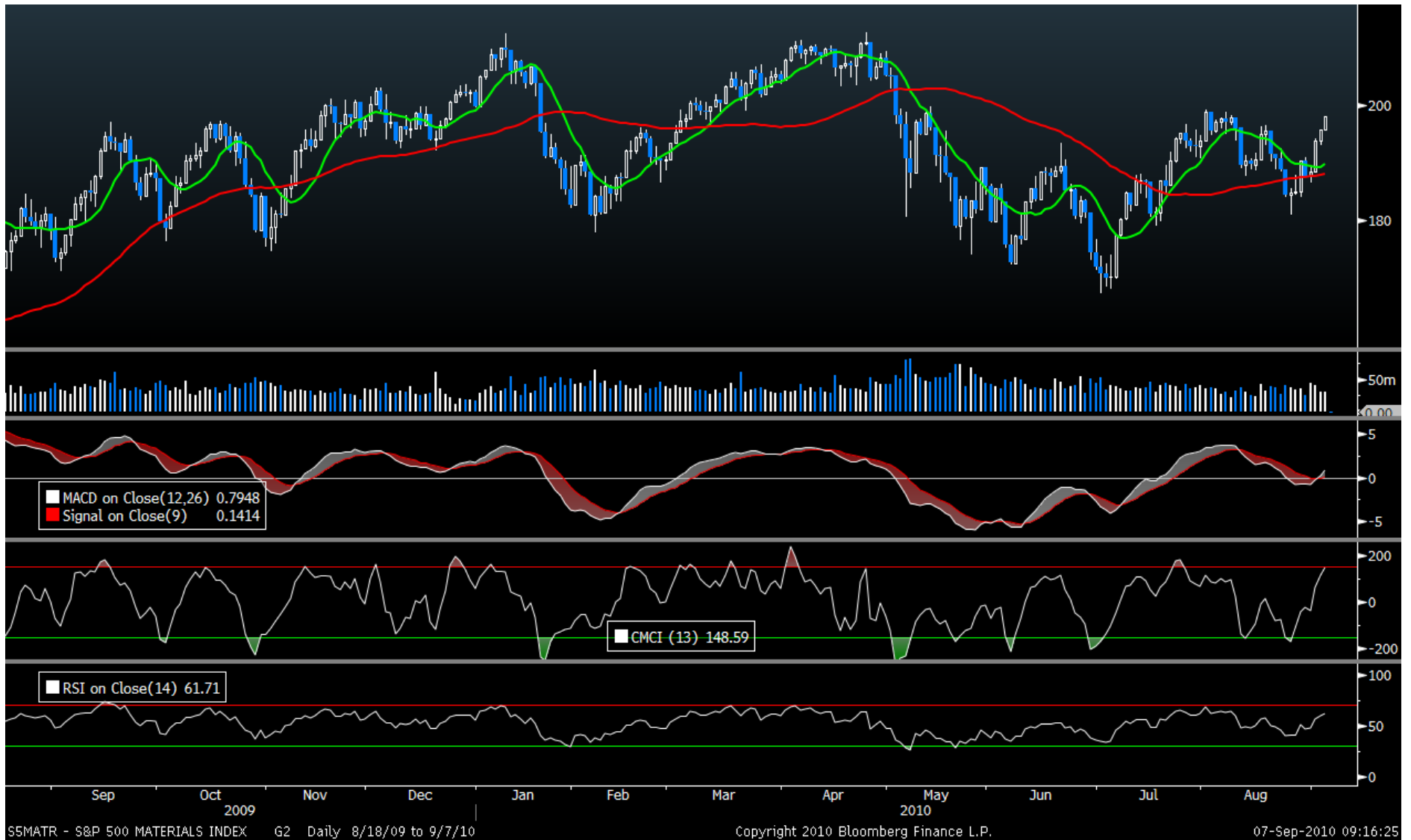
4- XLI – Trend Reversion Analysis – Long Term



1. XLB - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

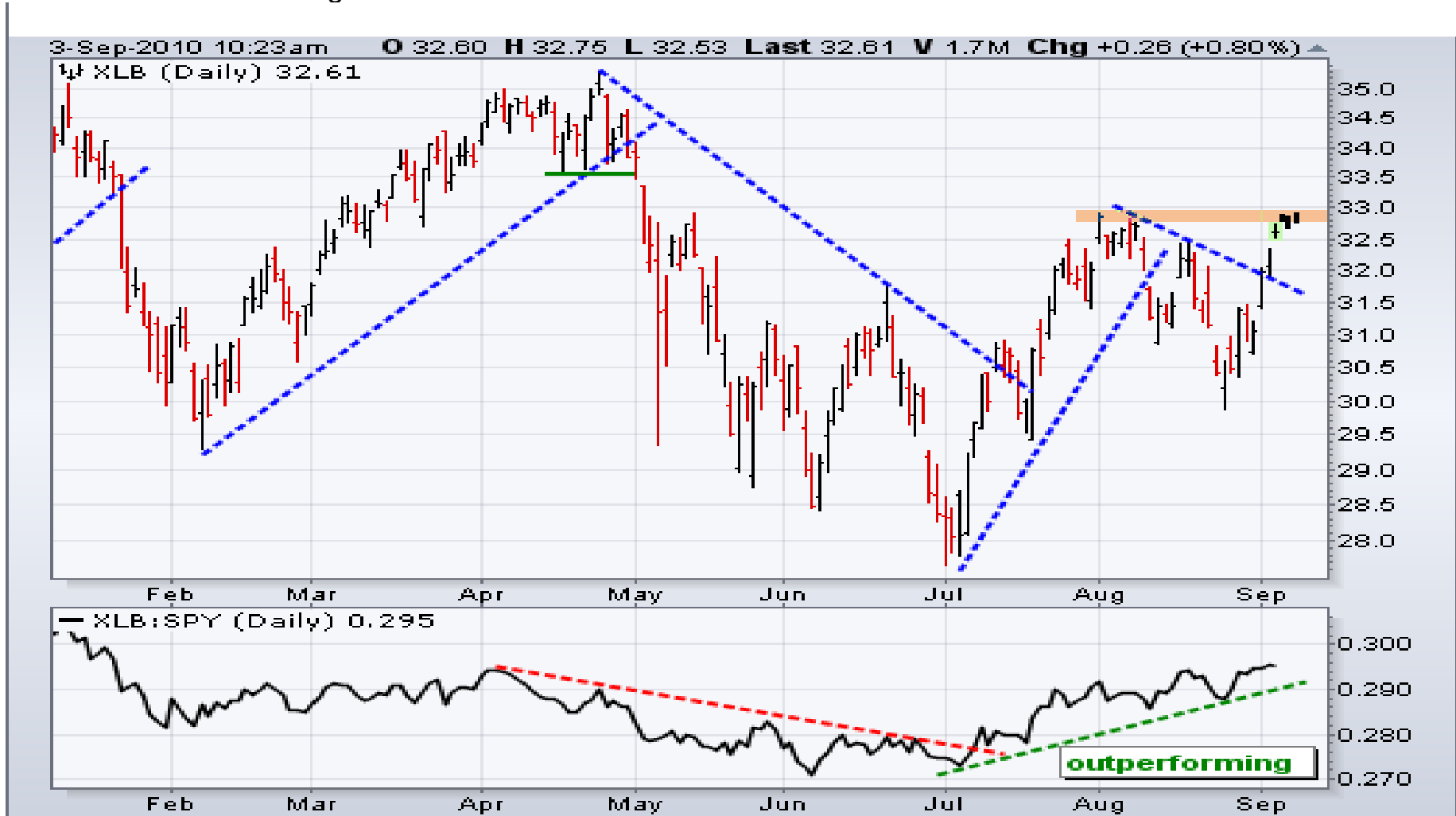


XLB - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



2 - XLB – Technical & Pattern Analysis & Price / Volume

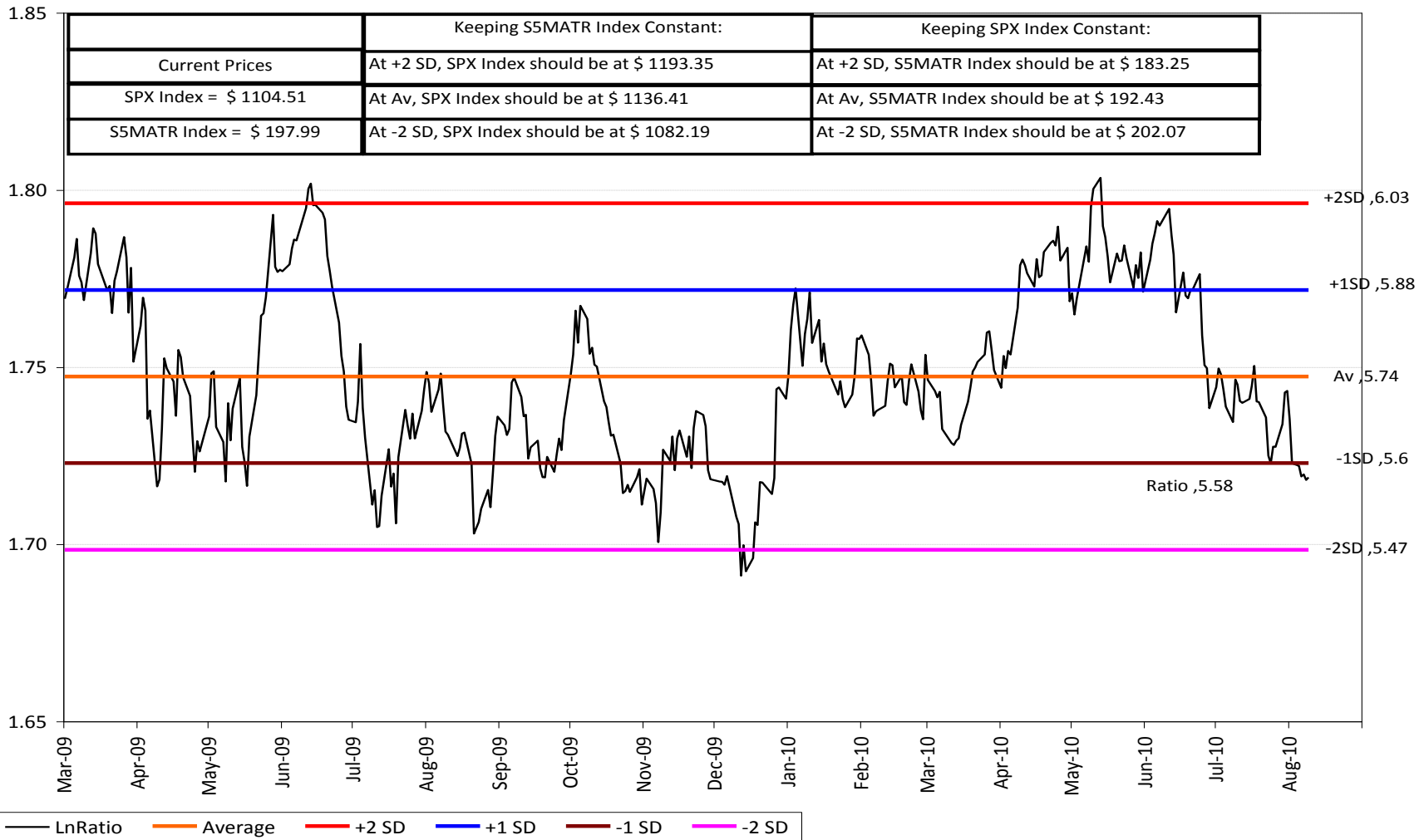
XLB the strongest sectors already challenging resistance from the August highs and **short-term overbought**.
XLB / SPY Ratio is strong.



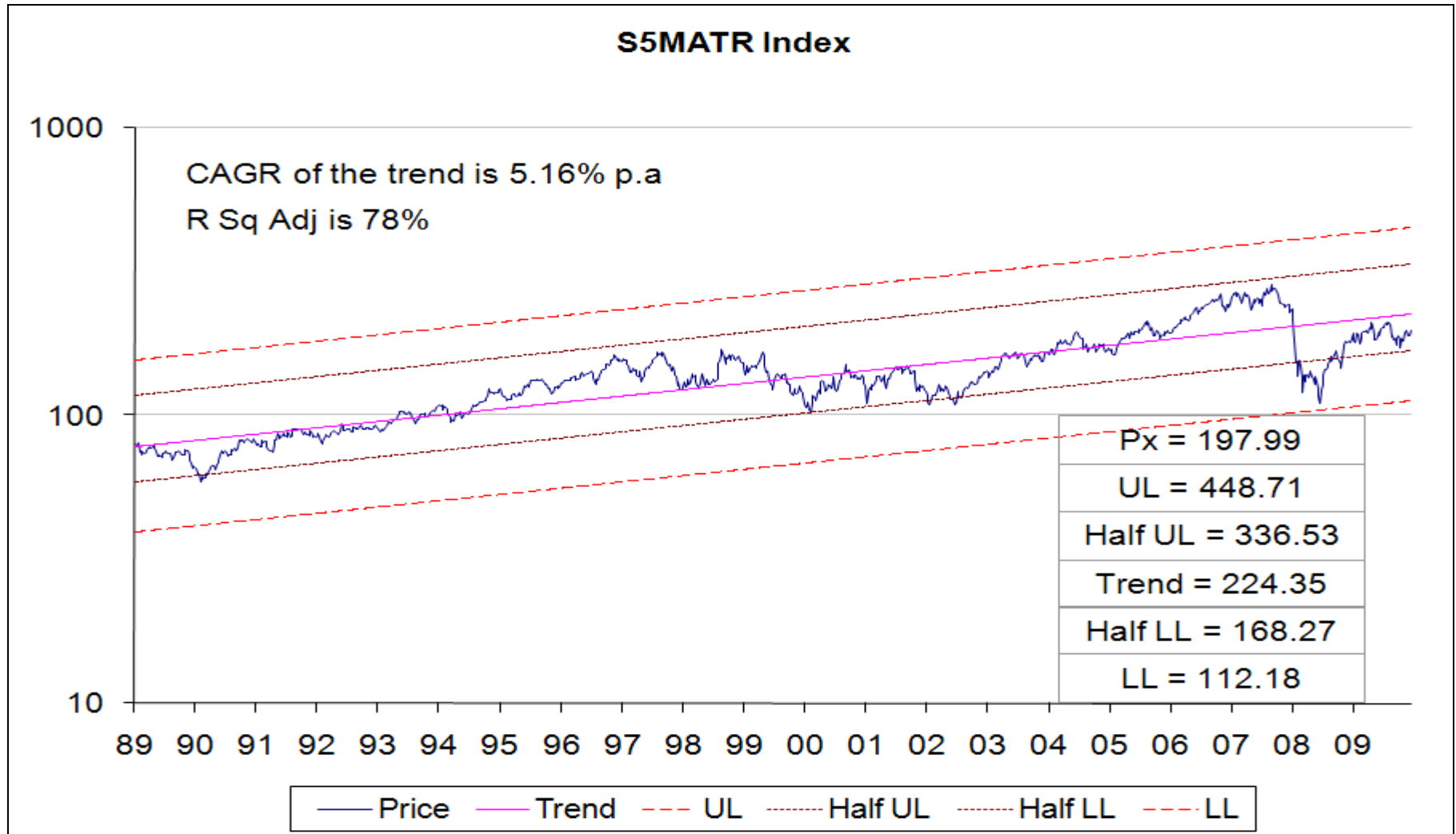
3- XLB – Correlation Ratio Analysis with SPX – 365 days Time basis

Long SPX Index and Short S5MATR Index, Updated till 03 Sep 2010

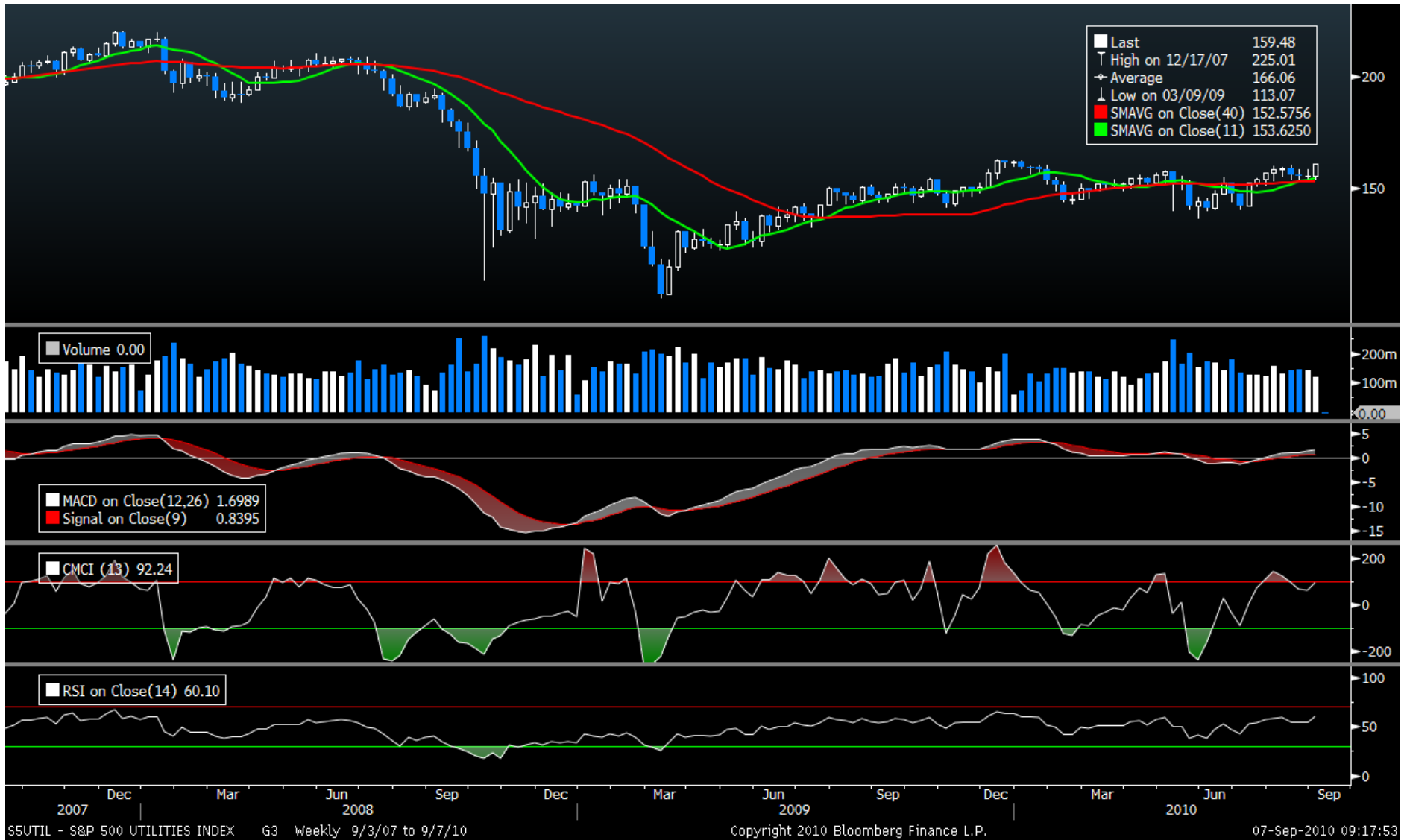
	Keeping S5MATR Index Constant:	Keeping SPX Index Constant:
Current Prices	At +2 SD, SPX Index should be at \$ 1193.35	At +2 SD, S5MATR Index should be at \$ 183.25
SPX Index = \$ 1104.51	At Av, SPX Index should be at \$ 1136.41	At Av, S5MATR Index should be at \$ 192.43
S5MATR Index = \$ 197.99	At -2 SD, SPX Index should be at \$ 1082.19	At -2 SD, S5MATR Index should be at \$ 202.07



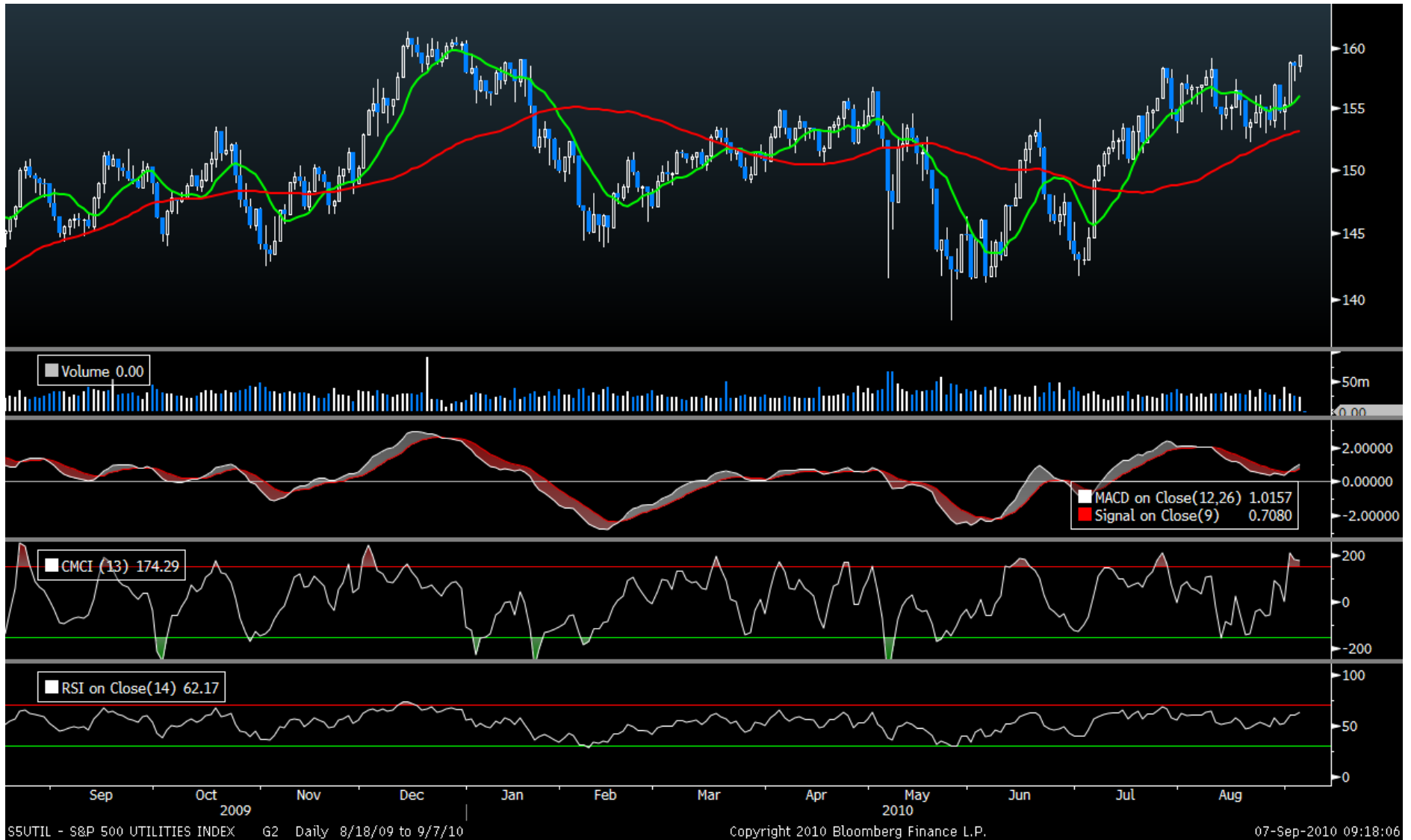
4- XLB – Trend Reversion Analysis – Long Term



1. XLU - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



XLU - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



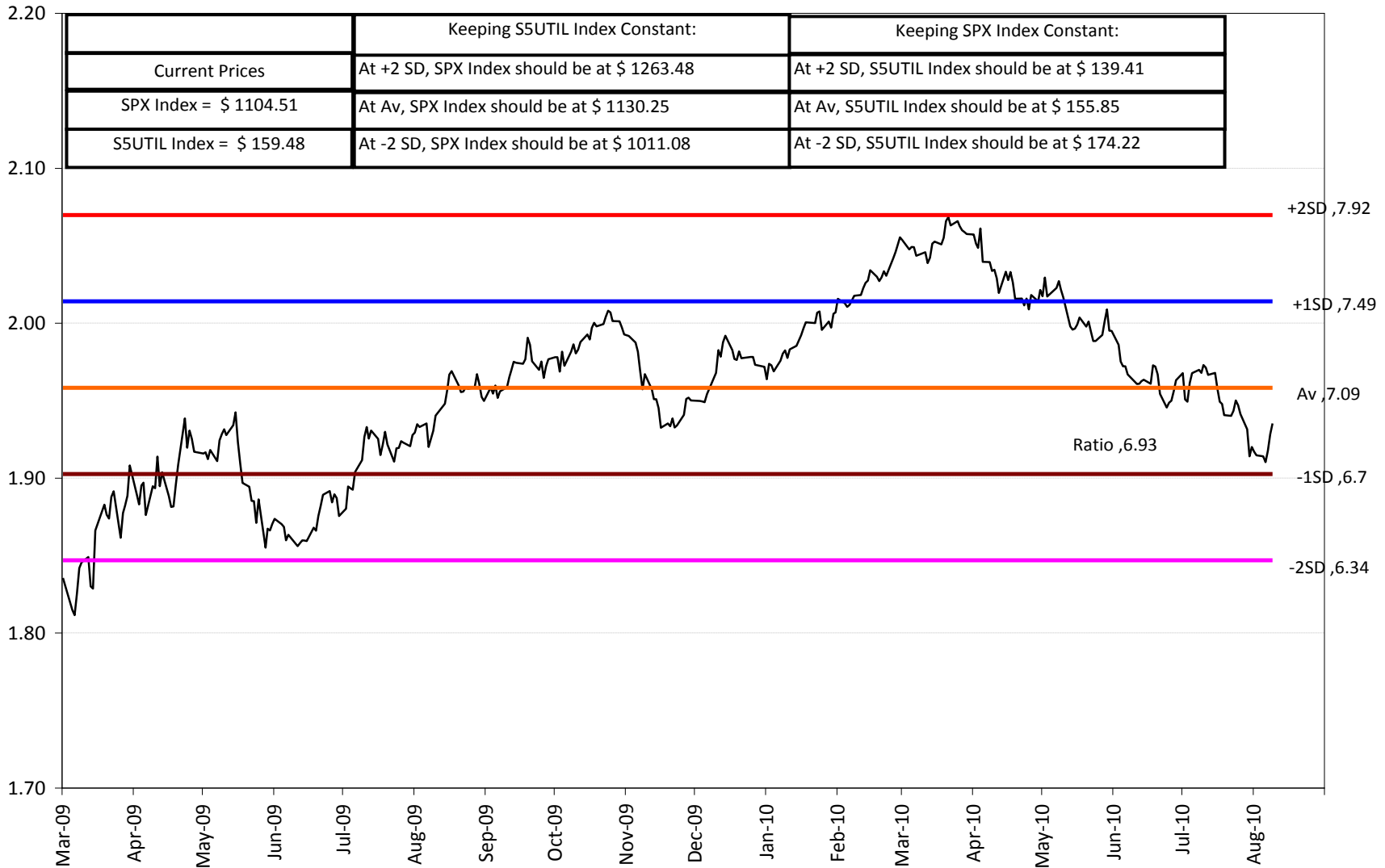
2 - XLB – Technical & Pattern Analysis & Price / Volume

XLB the strongest sector. XLU / SPY Ratio is strong. in a clear uptrend as XLU outperforms. Despite strength,



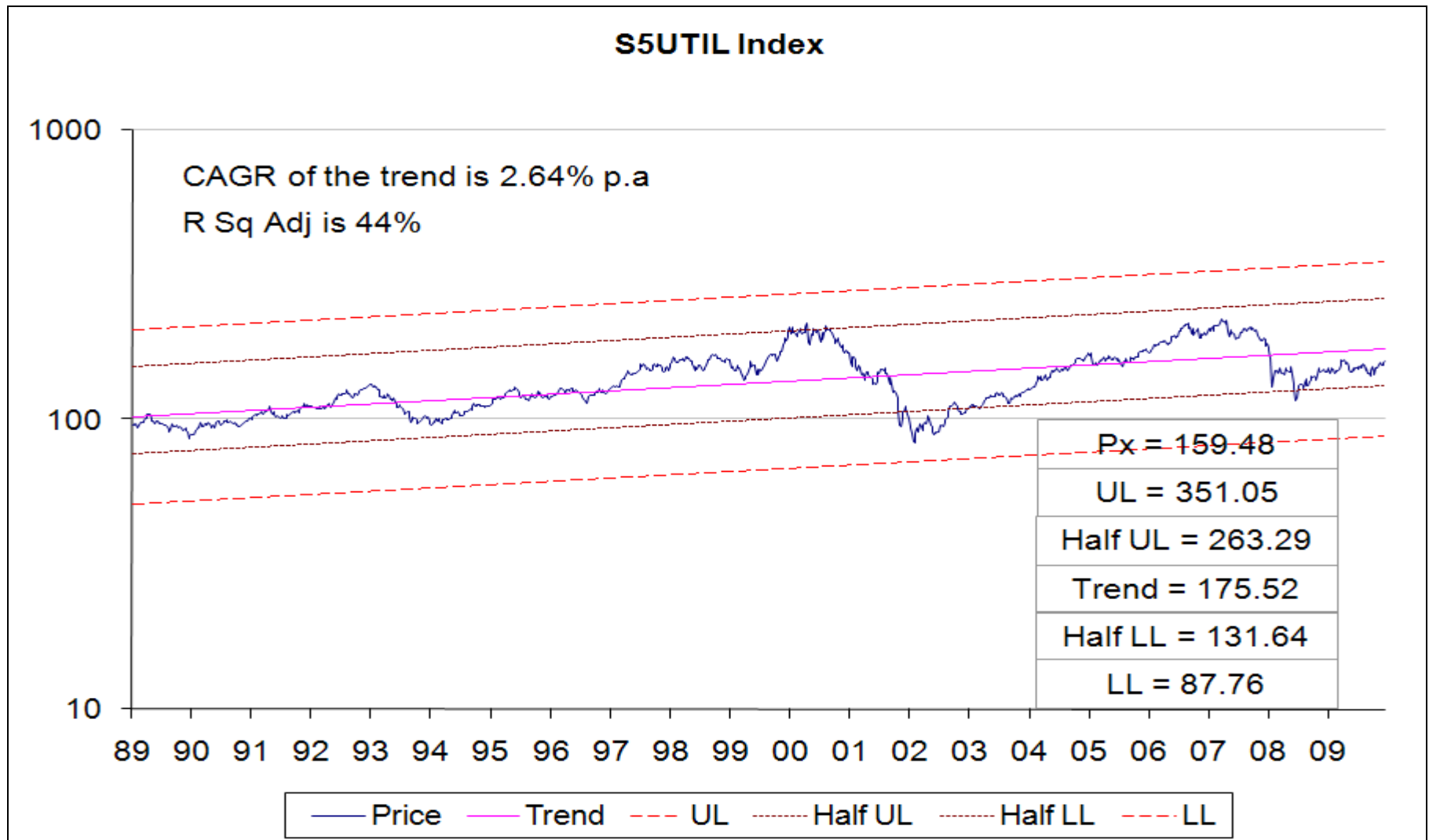
3- XLU – Correlation Ratio Analysis with SPX – 365 days Time basis

Long SPX Index and Short S5UTIL Index, Updated till 03 Sep 2010

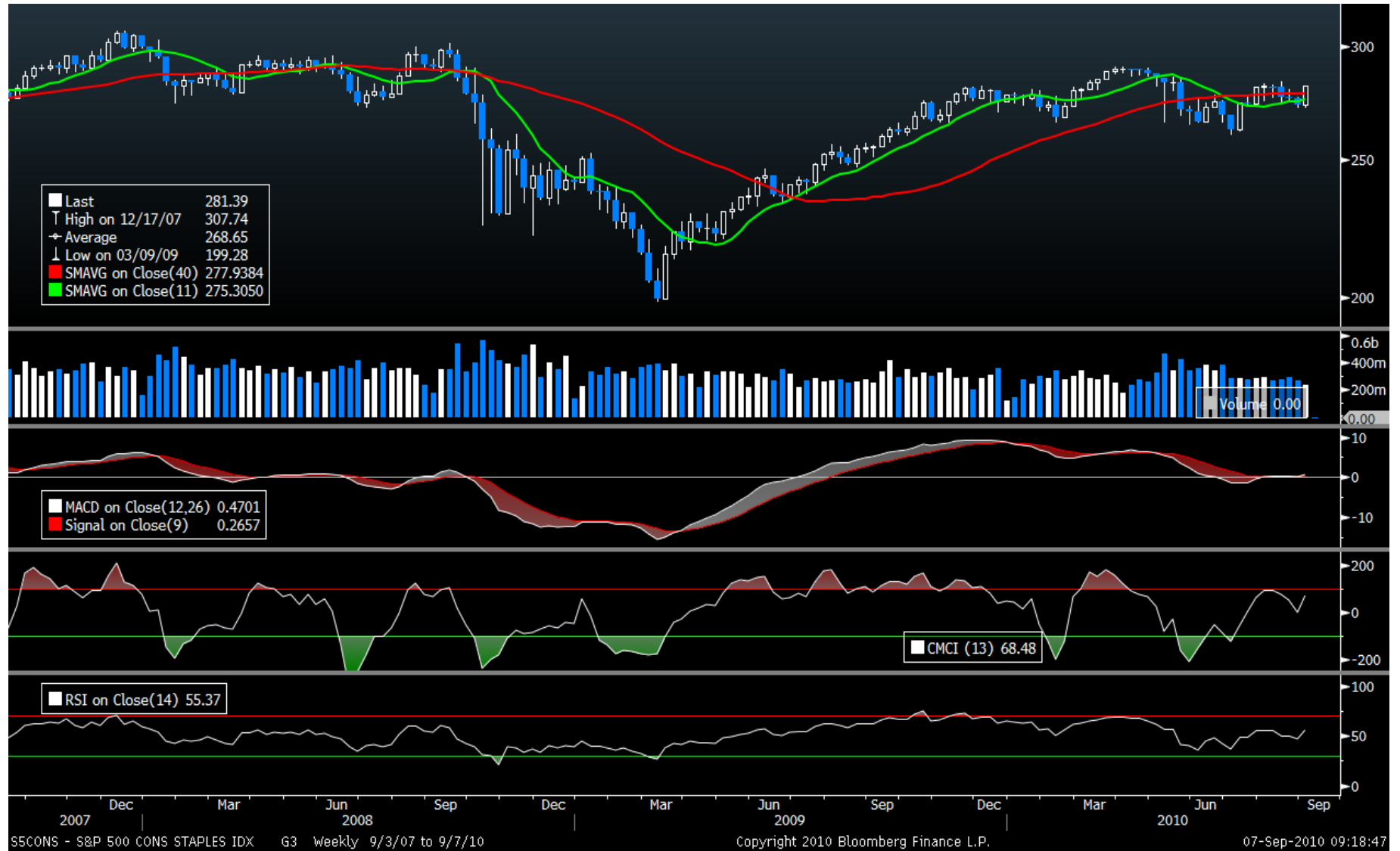


— LnRatio — Average — +2 SD — +1 SD — -1 SD — -2 SD

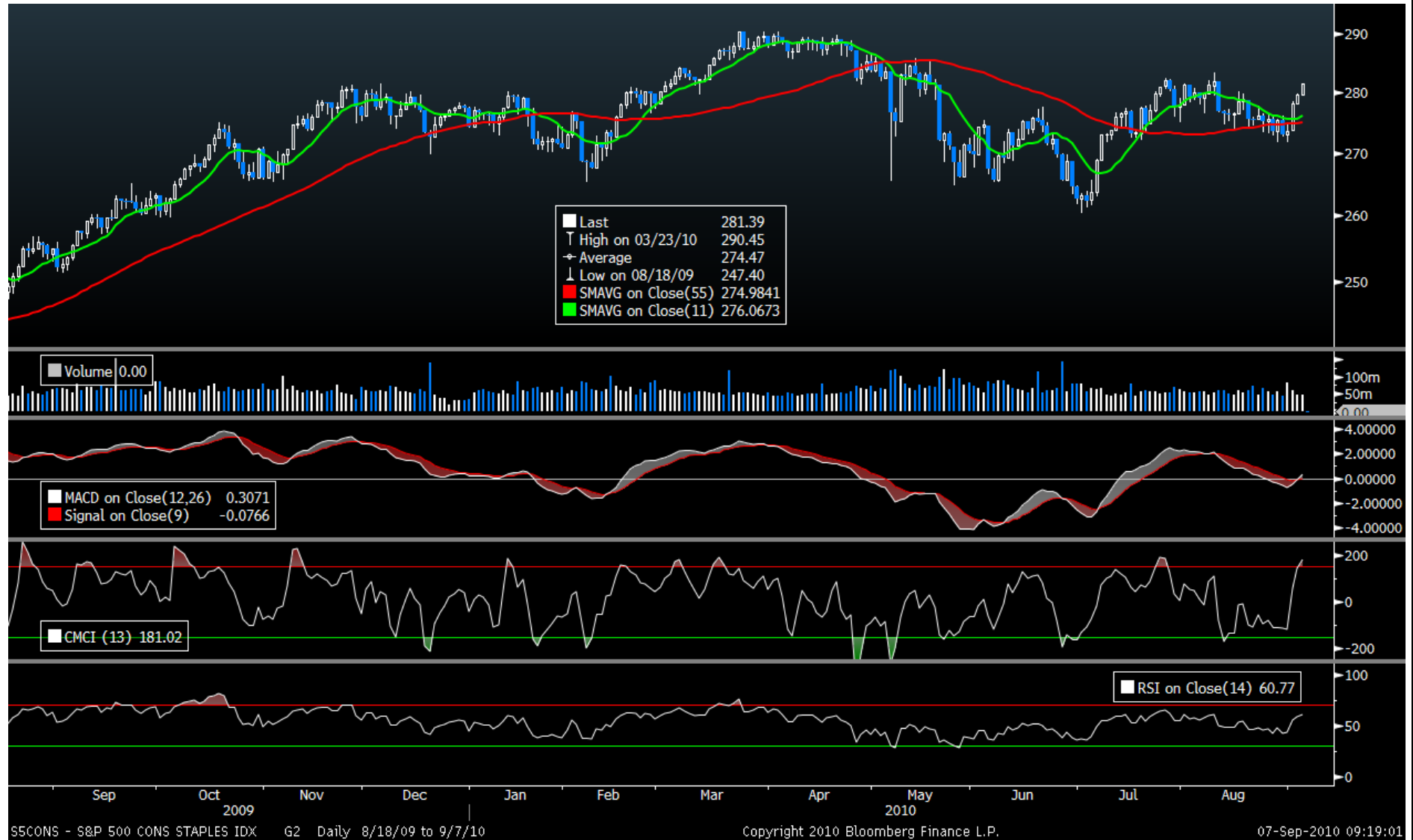
XLU – Trend Reversion Analysis – Long Term - Adj R –SQ is below our benchmark 70%



1. XLP - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

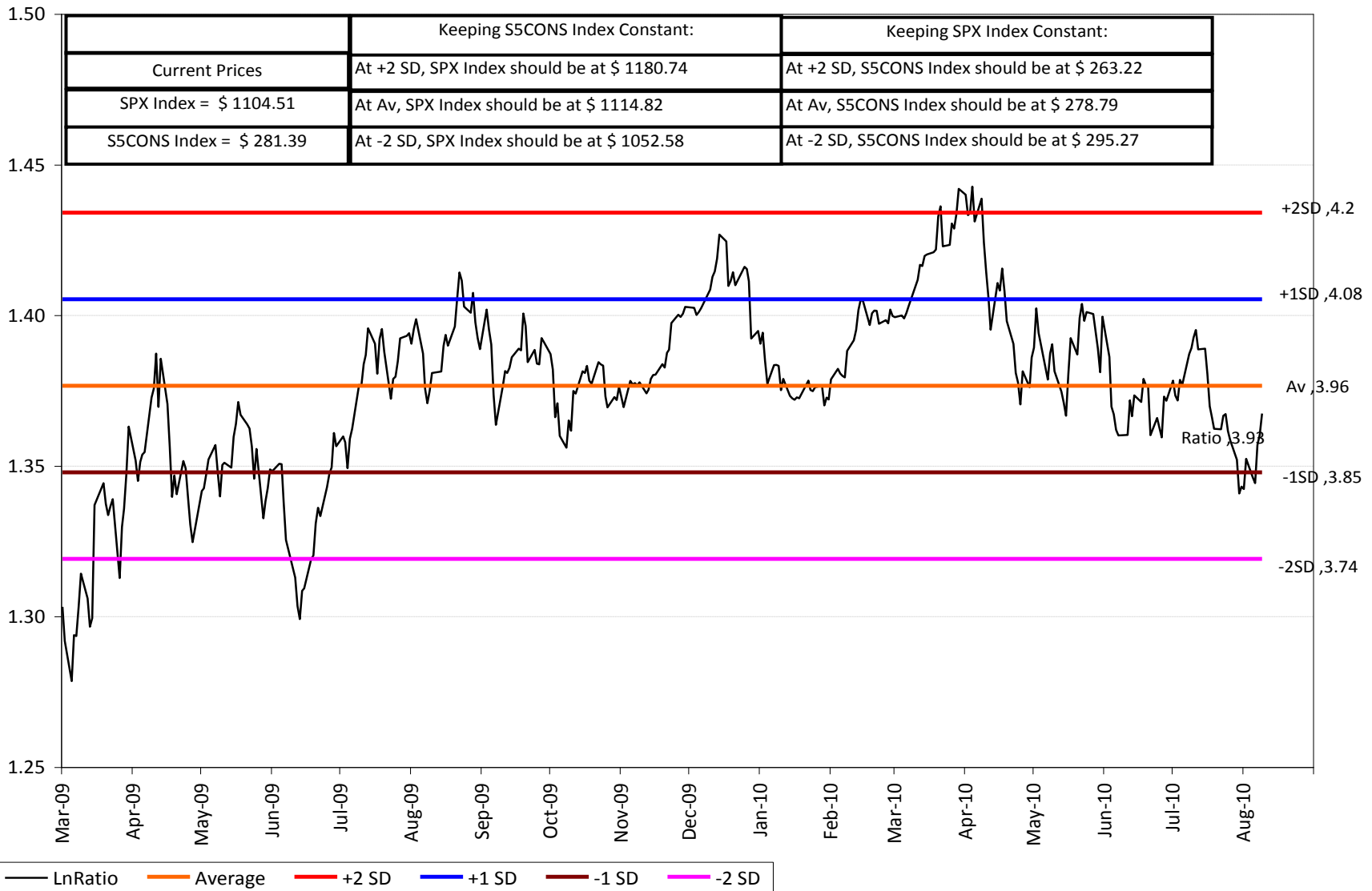


XLP - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

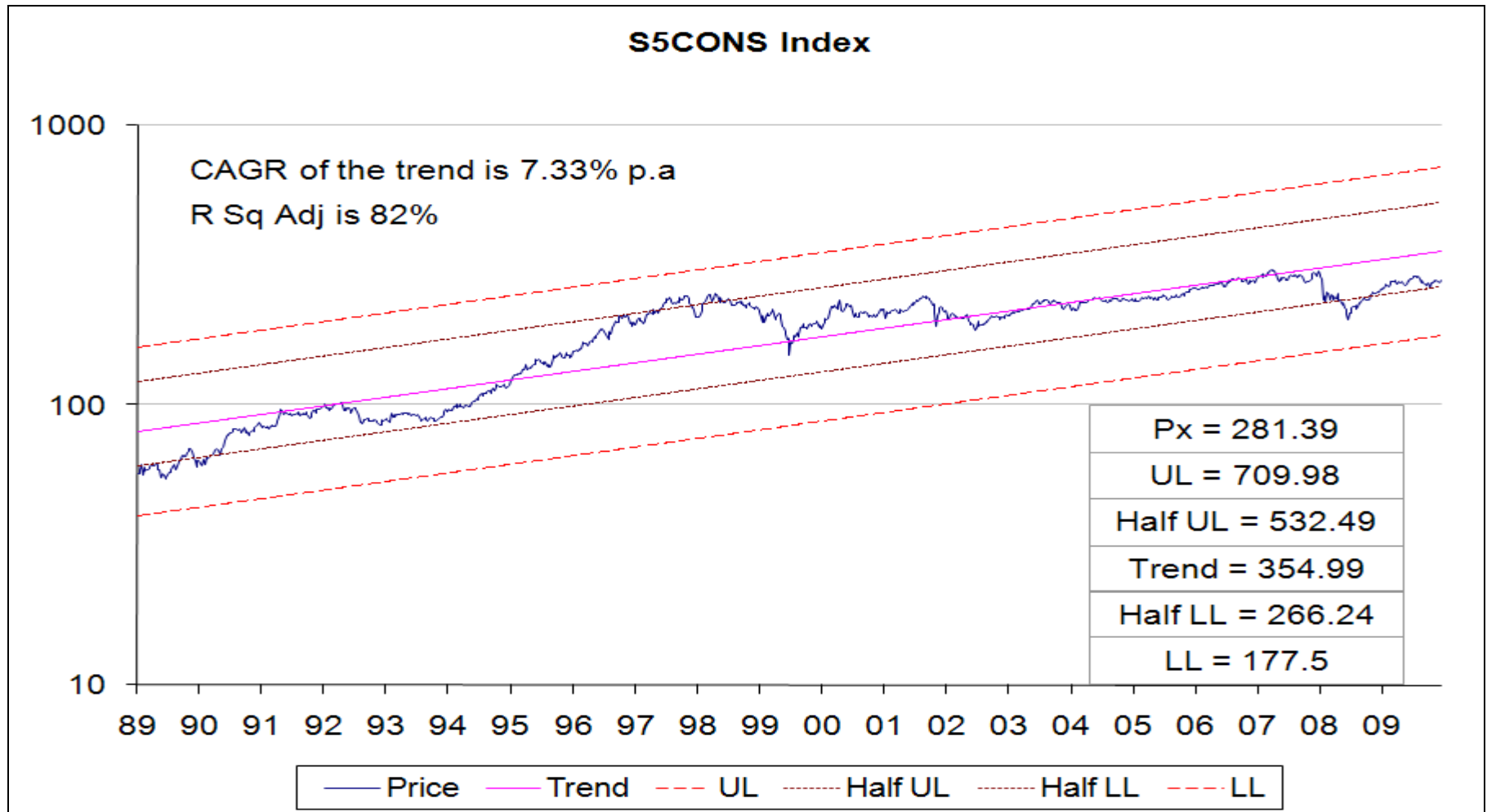


3- XLP – Correlation Ratio Analysis with SPX – 365 days Time basis

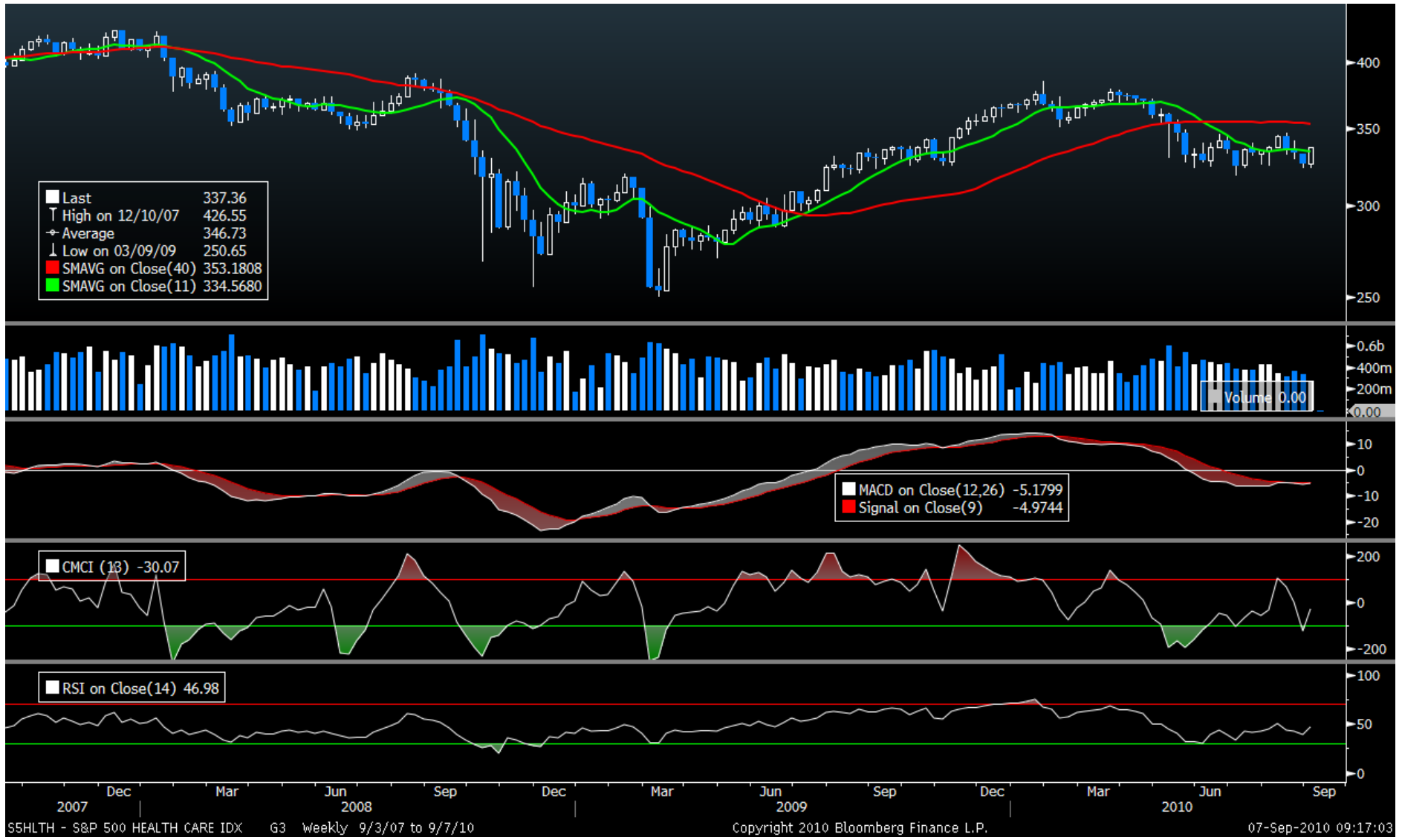
Long SPX Index and Short S5CONS Index, Updated till 03 Sep 2010



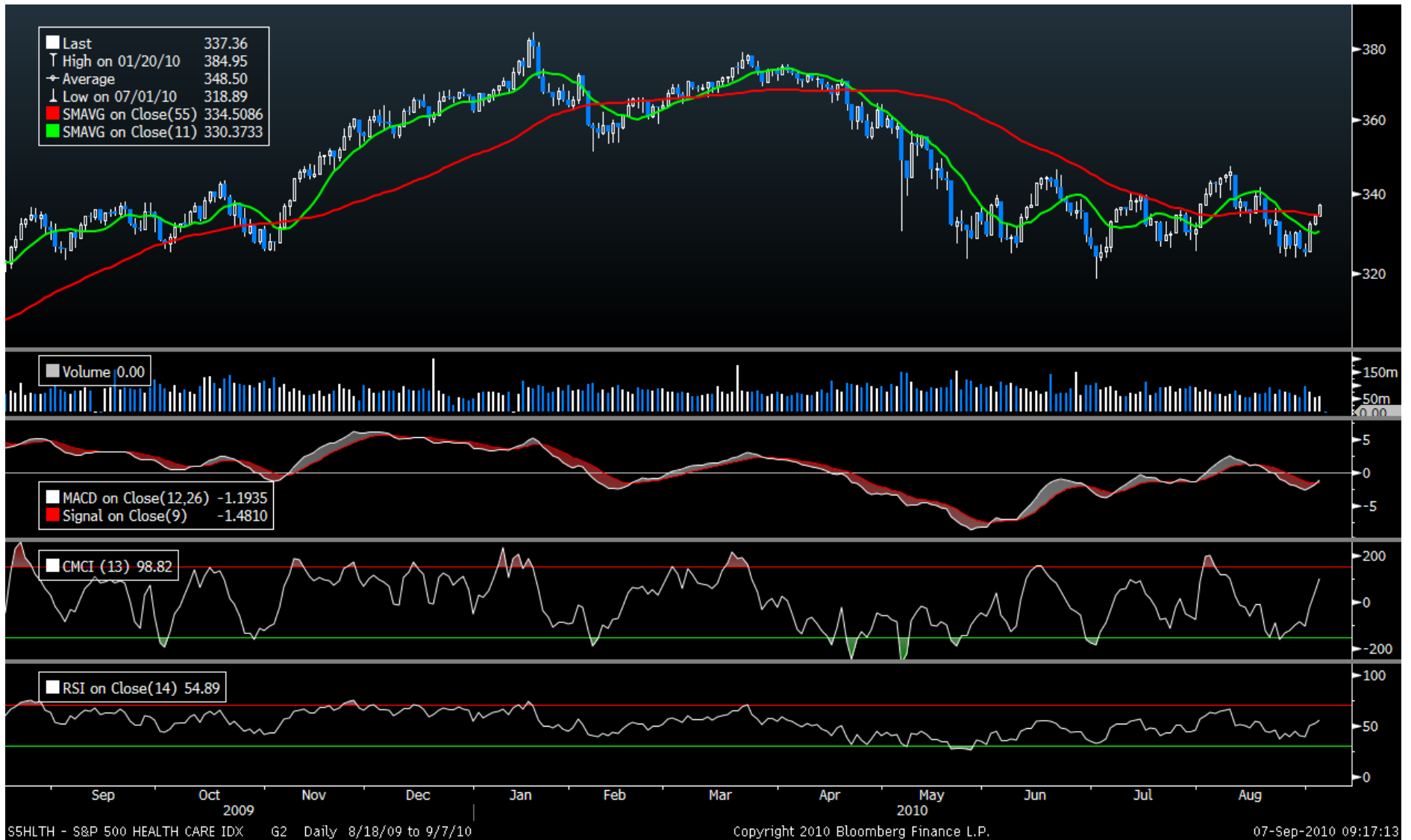
4- XLP – Trend Reversion Analysis – Long Term



2. XLV - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

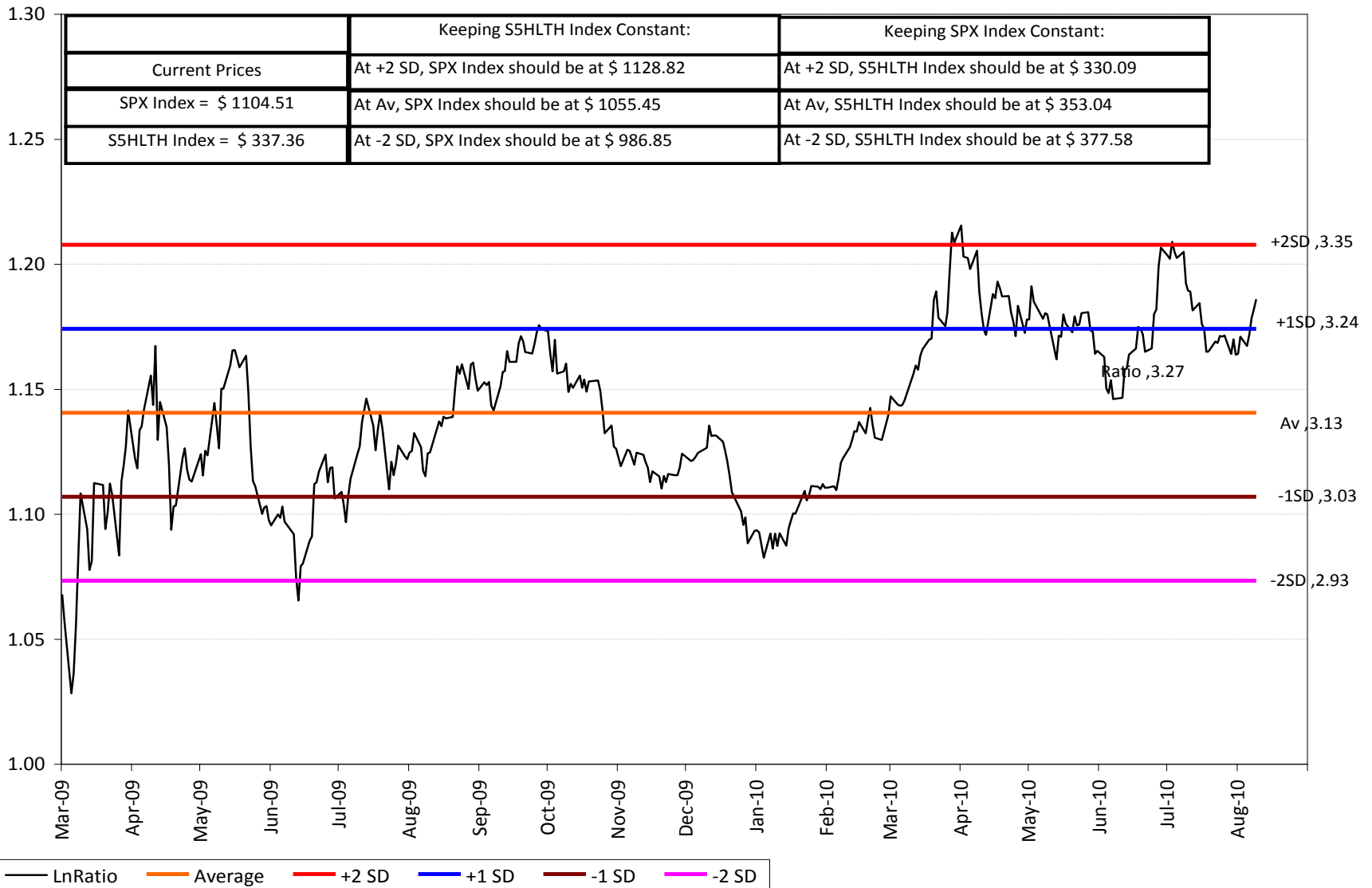


XLV - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD

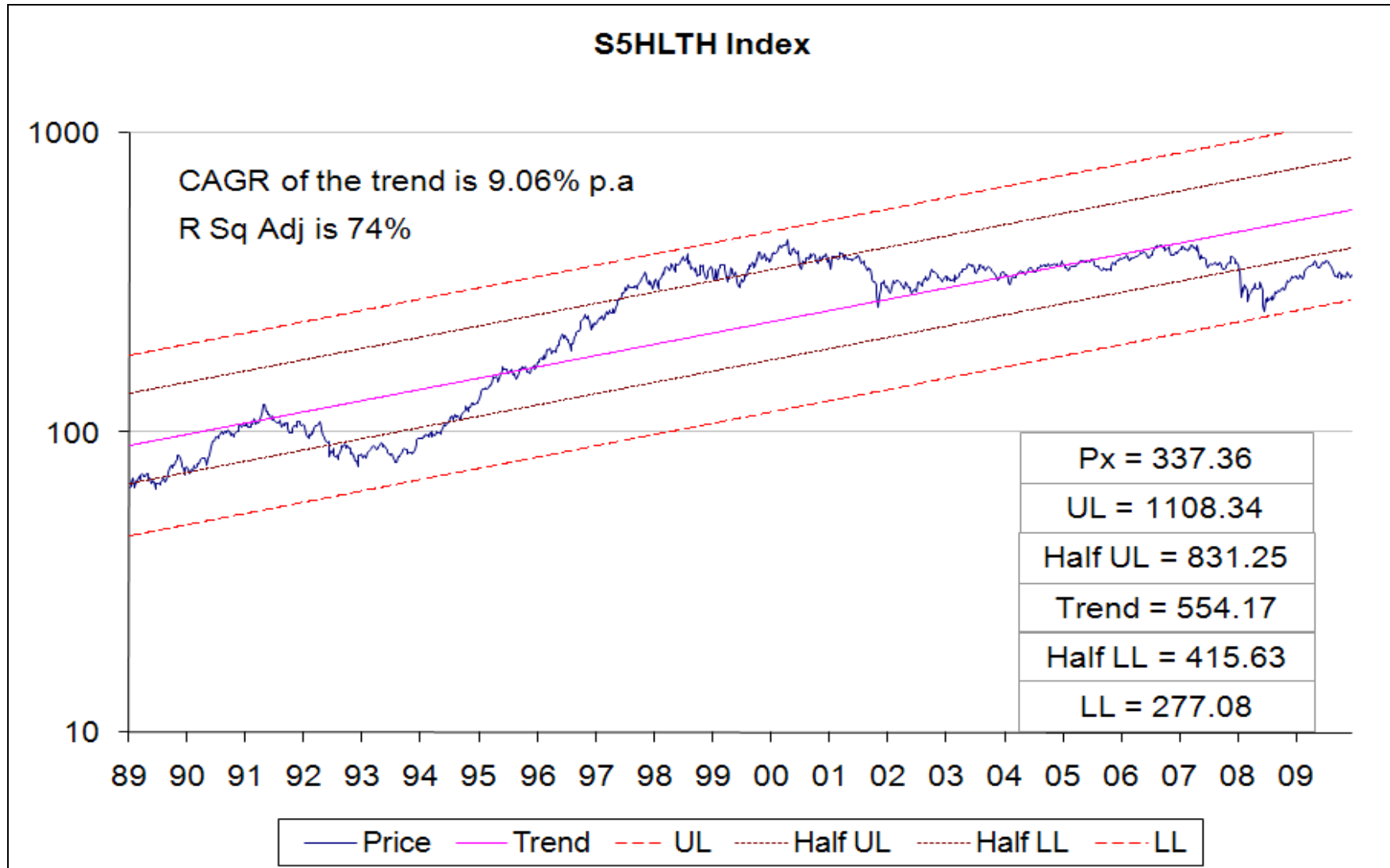


3- XLV – Correlation Ratio Analysis with SPX – 365 days Time basis

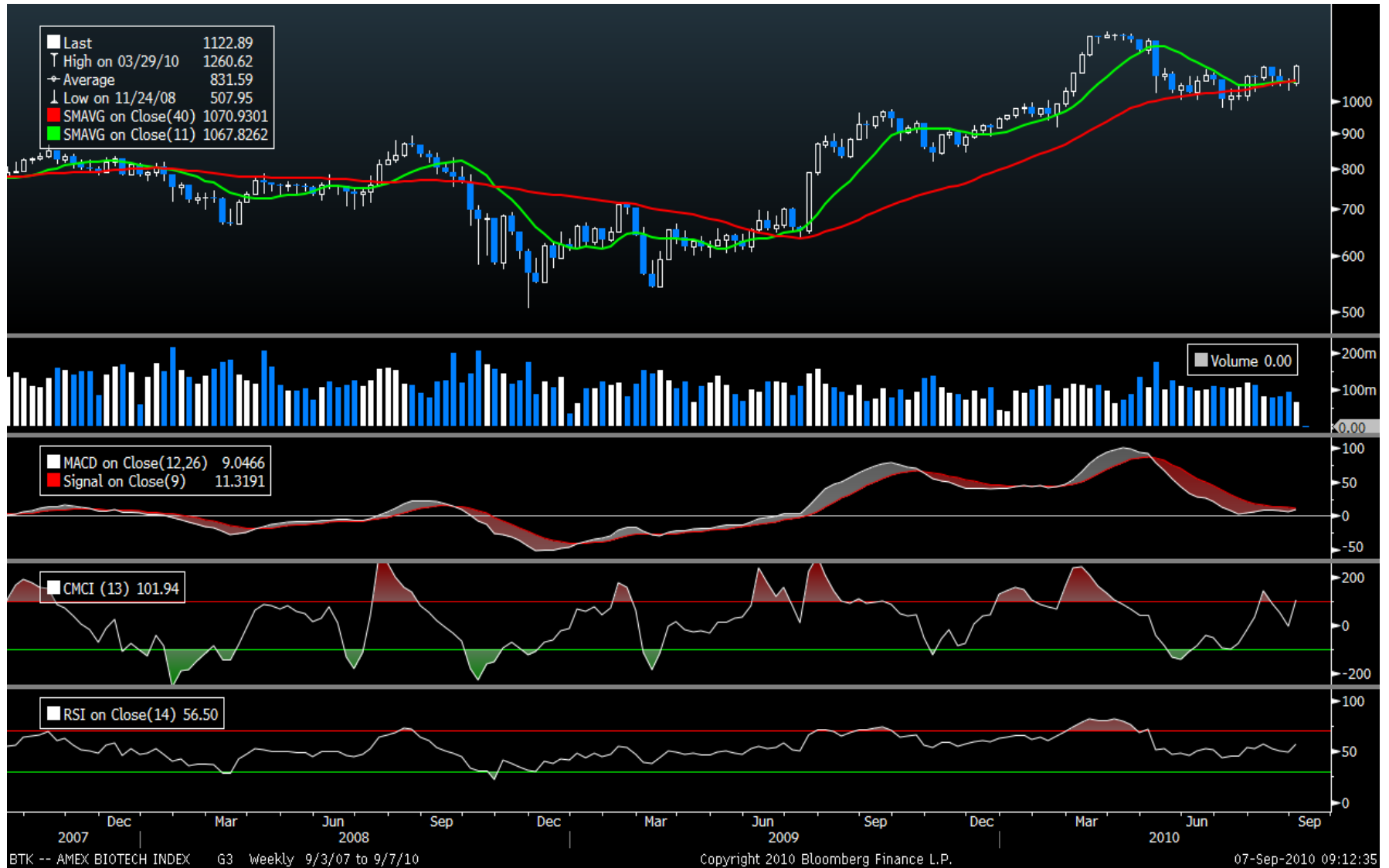
Long SPX Index and Short S5HLTH Index, Updated till 03 Sep 2010



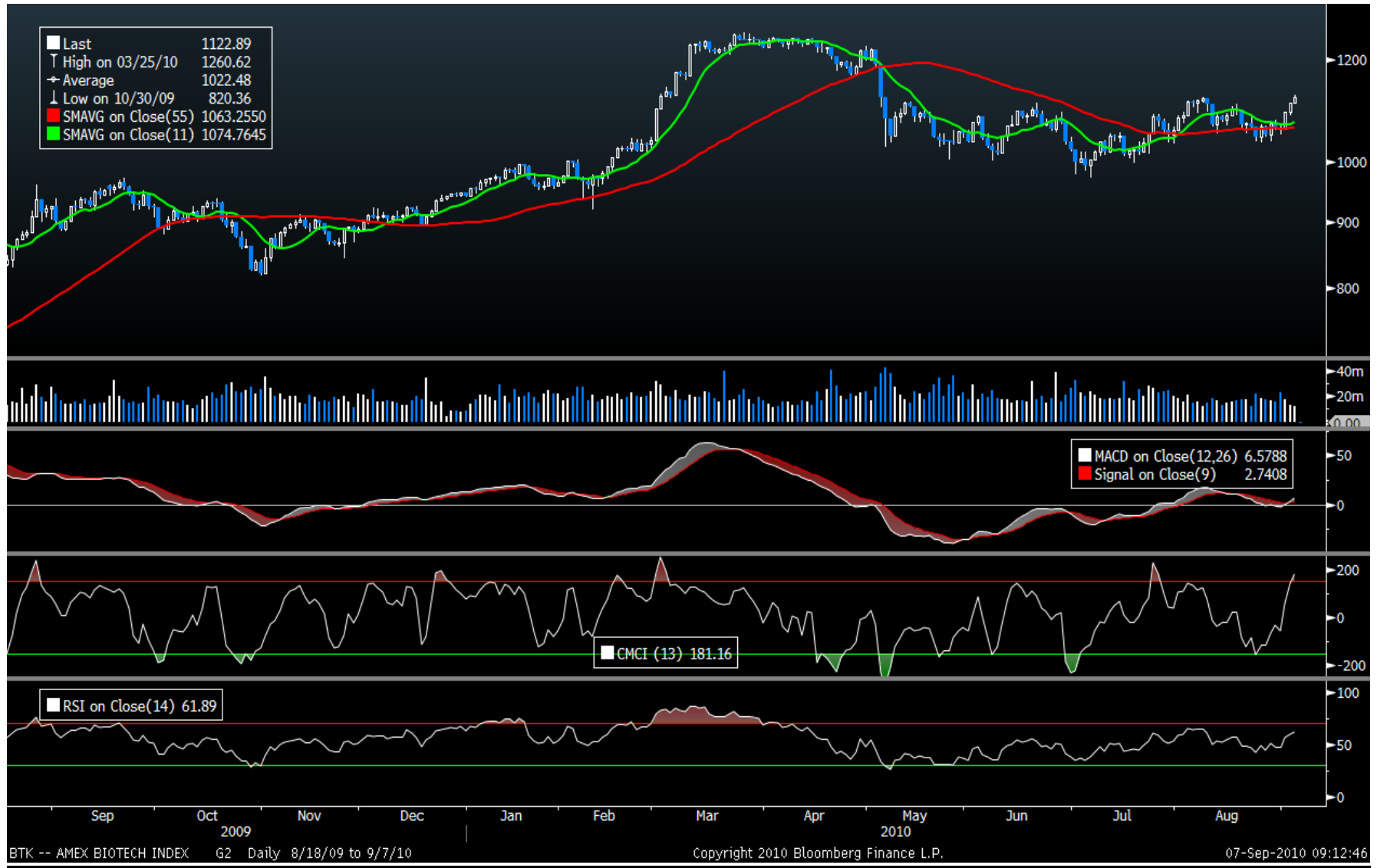
4- XLV – Trend Reversion Analysis – Long Term



1 - BTK Weekly- 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)

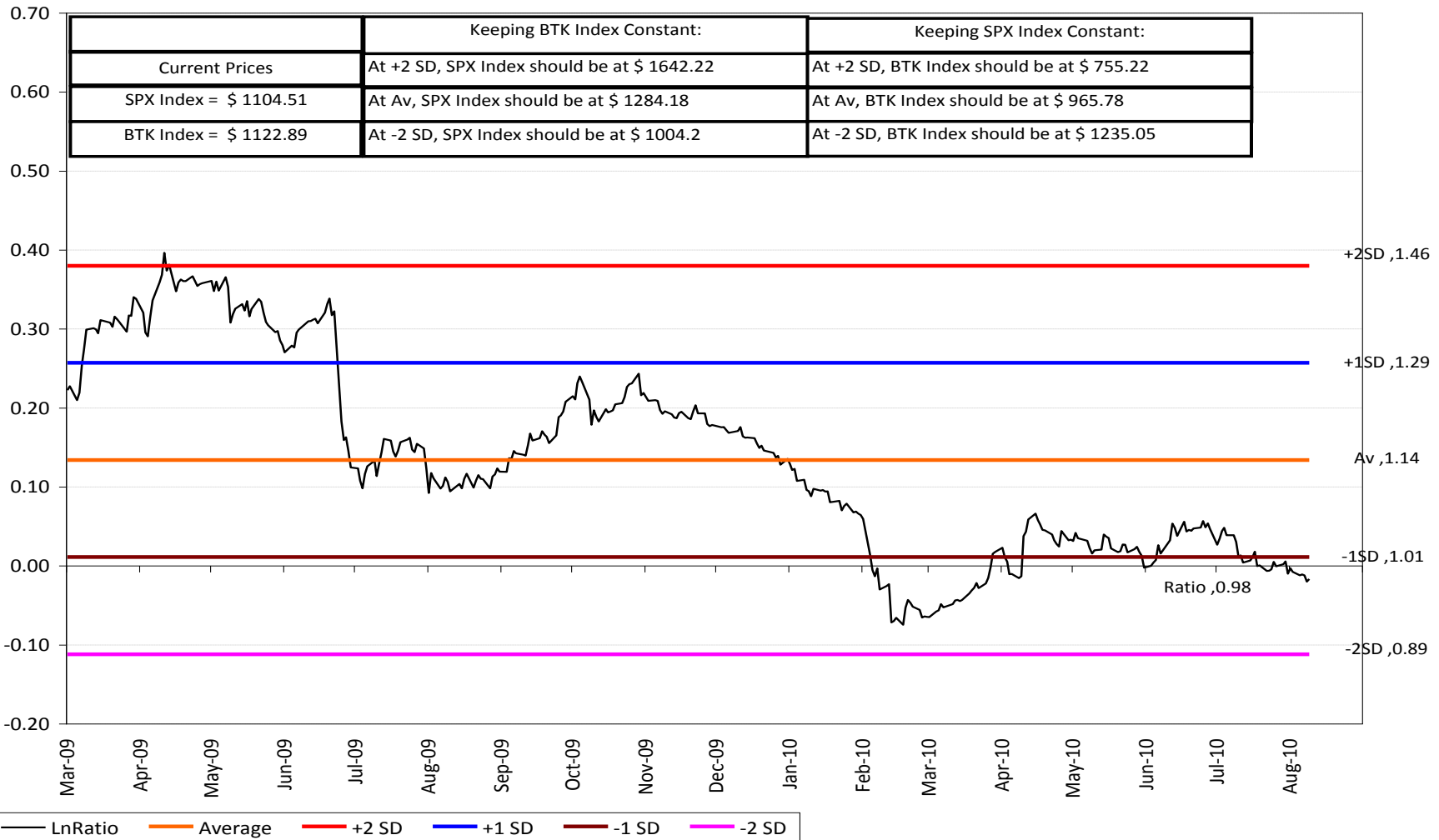


BTK Daily – 3 Year with RSI, CCI, MACD (11D / 55D)

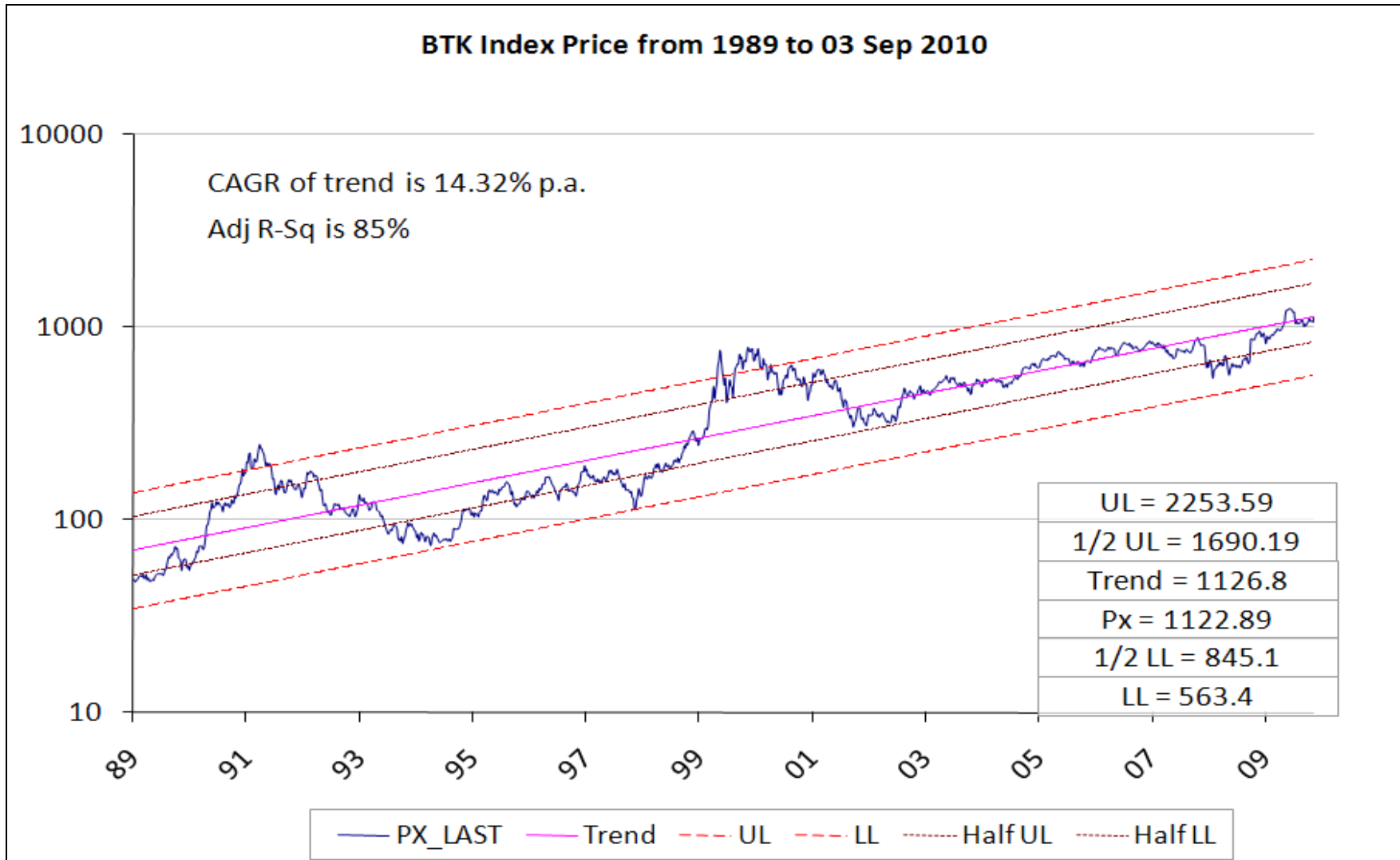


BTK – Correlation Ratio Analysis with SPX – 365 days Time basis

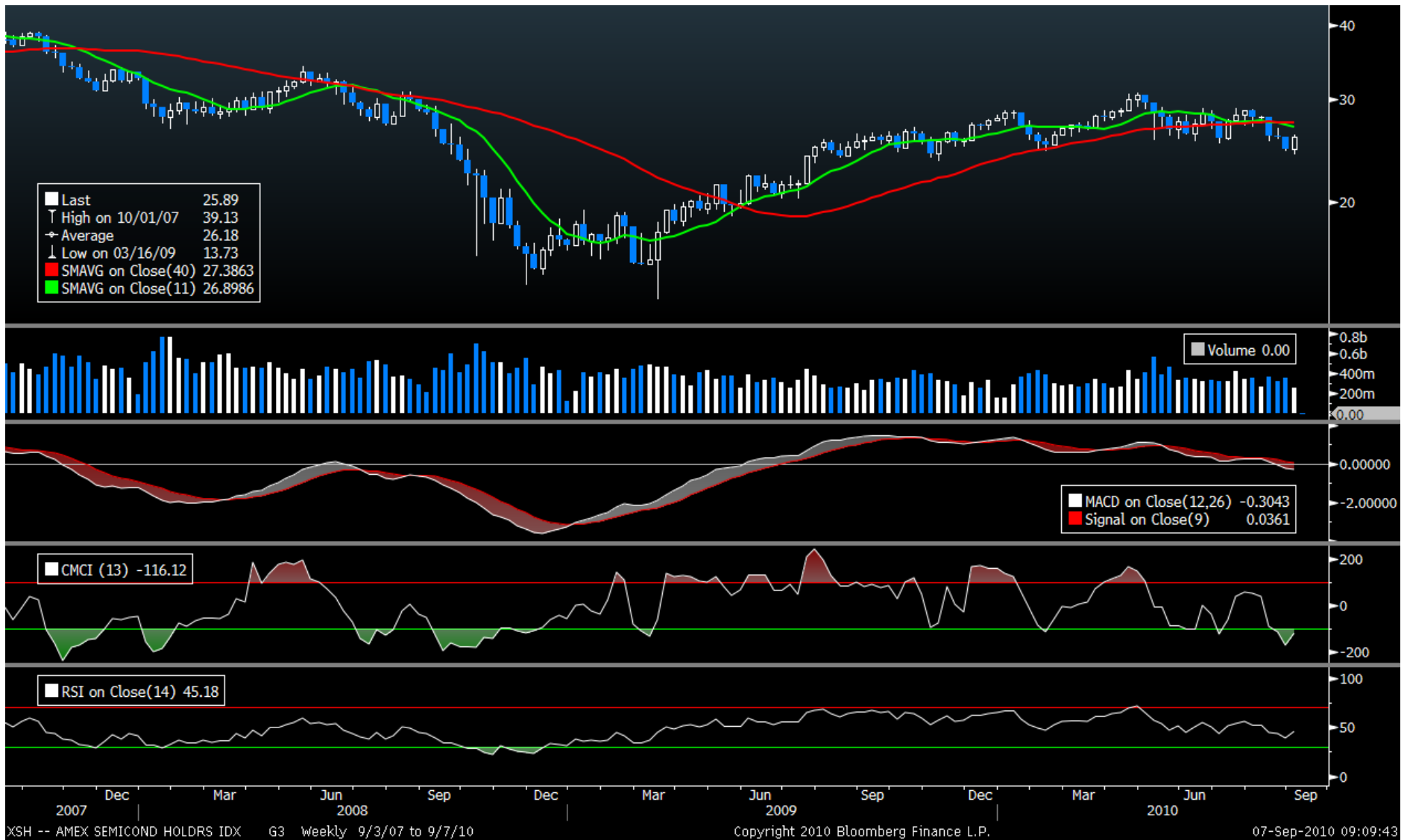
Long SPX Index and Short BTK Index, Updated till 03 Sep 2010



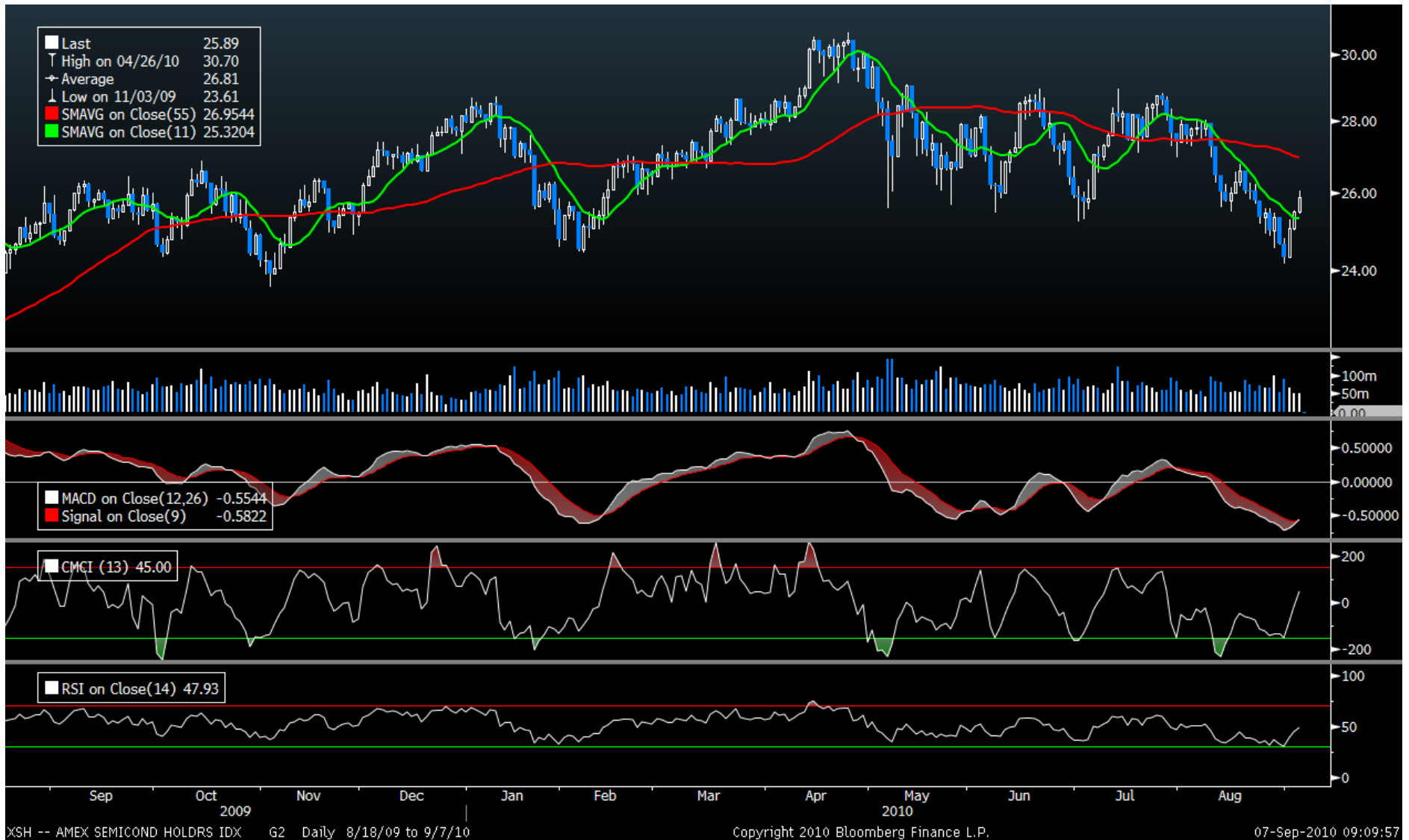
3- BTK – Trend Reversion Analysis – Long Term



1- SMH Weekly – 3 Year with RSI, CCI, MACD (11 W / 40 W SMA)



2- SMH Daily – 3 Year with RSI, CCI, MACD (11D / 55D)

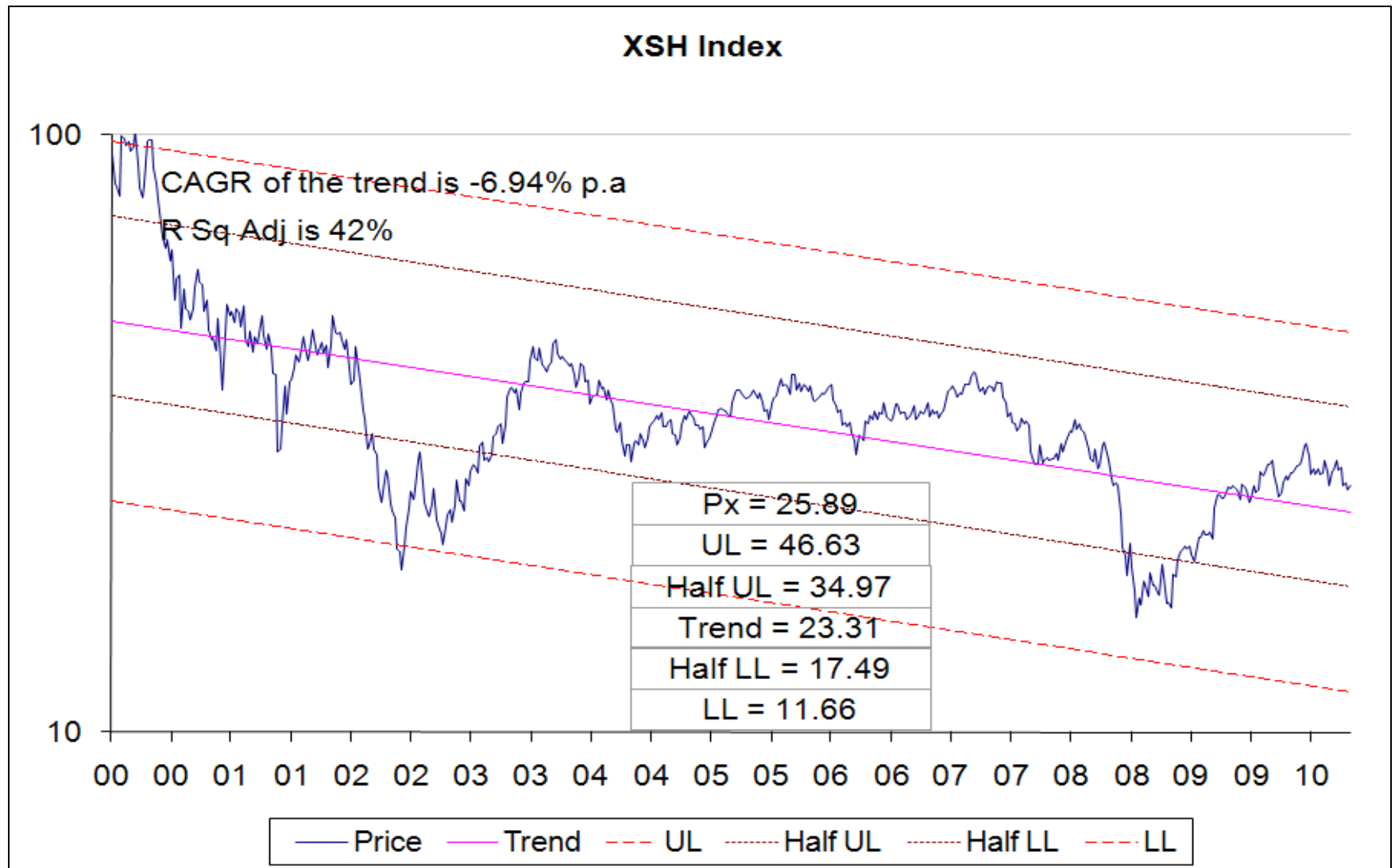


3- SMH – Correlation Ratio Analysis with SPX – 365 days Time basis

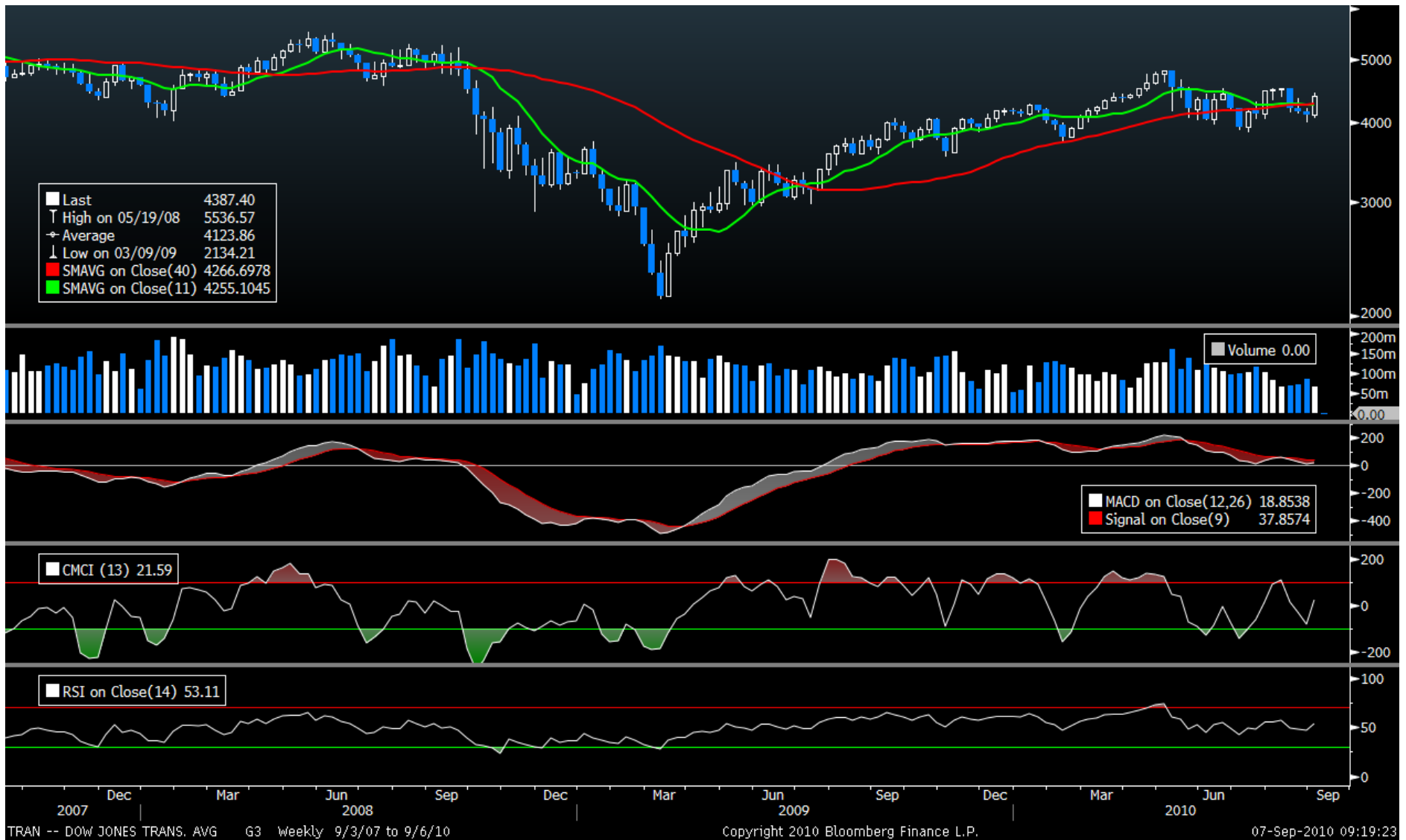
Long SPX Index and Short XSH Index, Updated till 03 Sep 2010



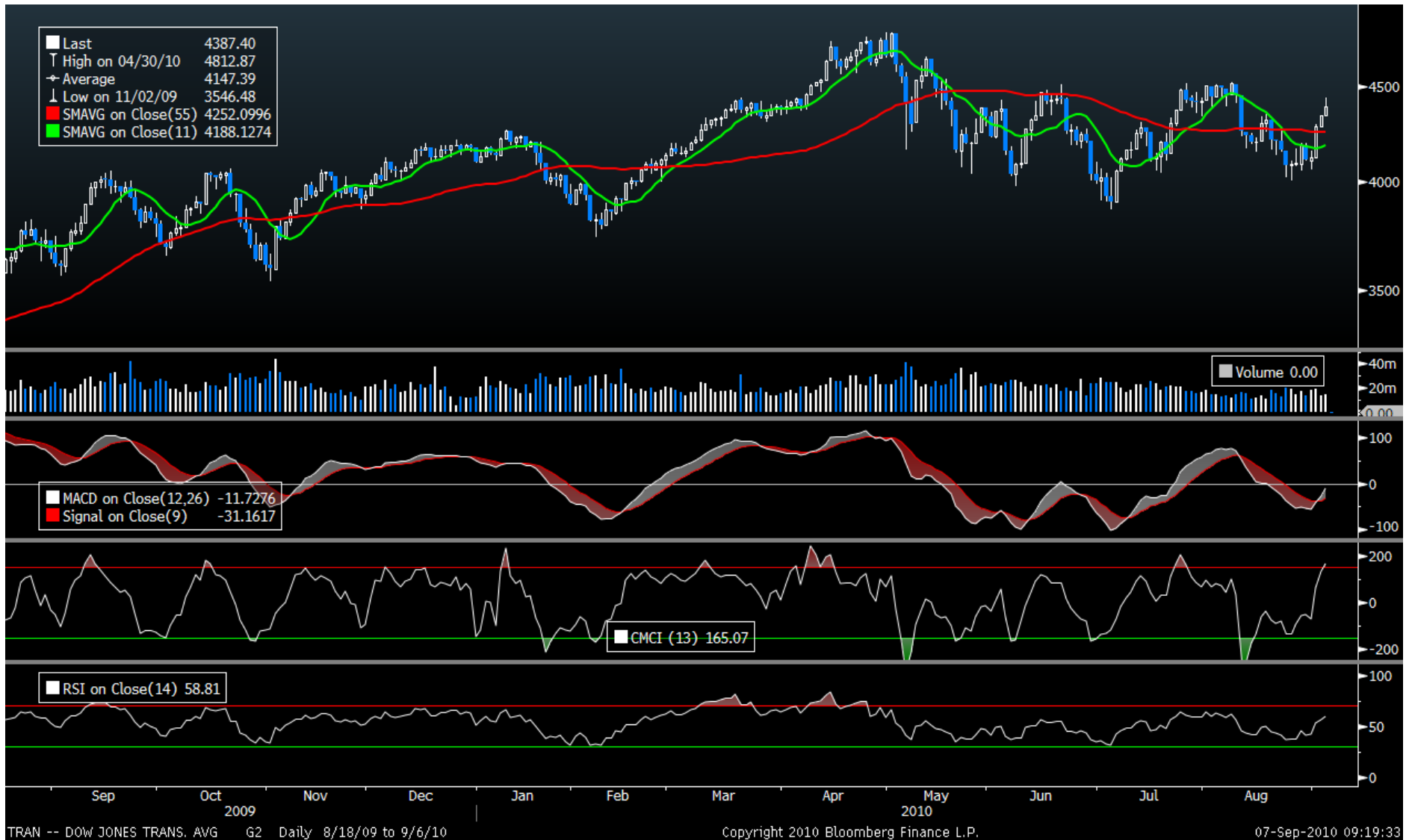
SMH – Trend Reversion Analysis – Long Term - Adj R –SQ is below our benchmark 70%



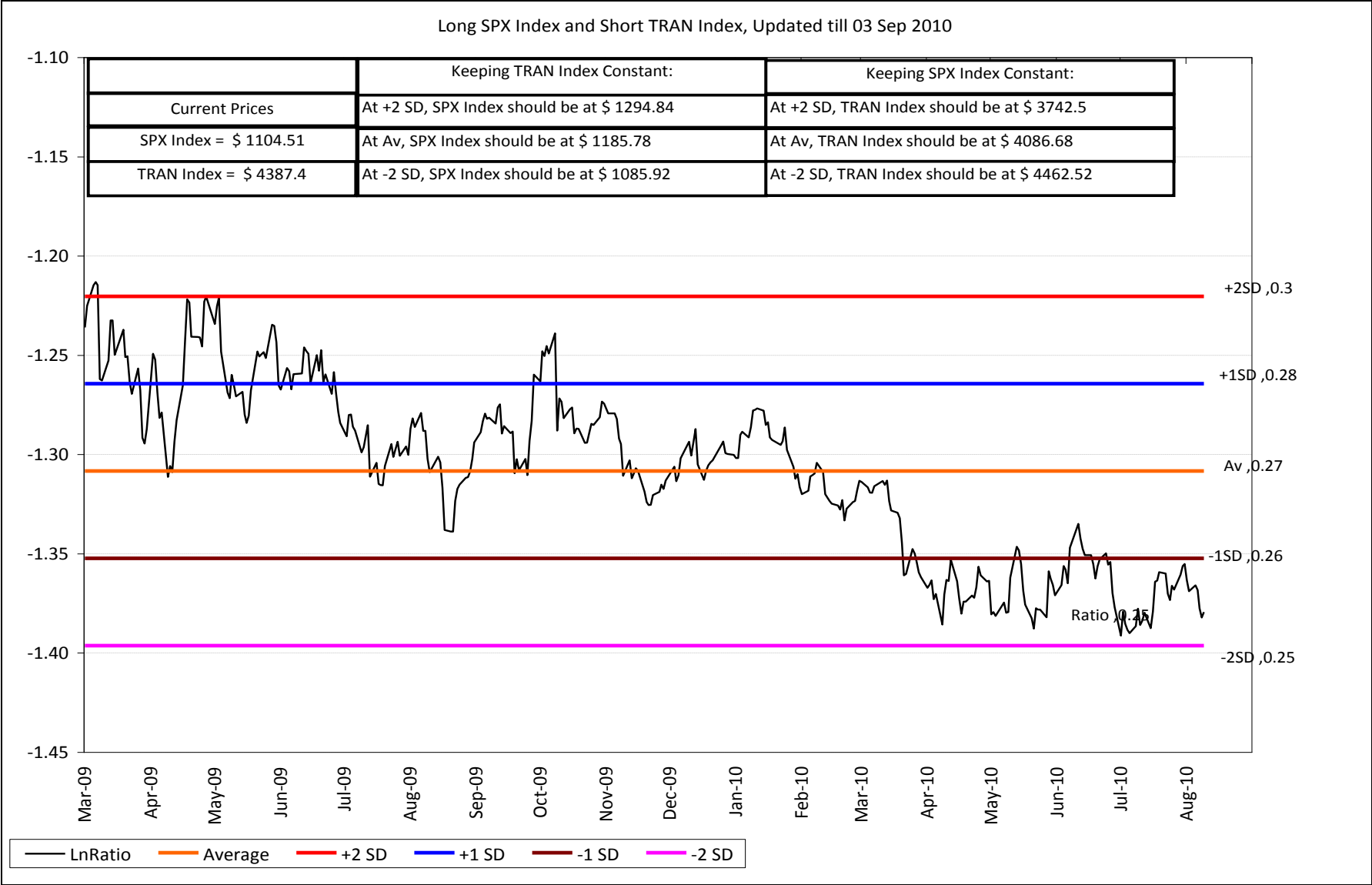
1. IYT - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



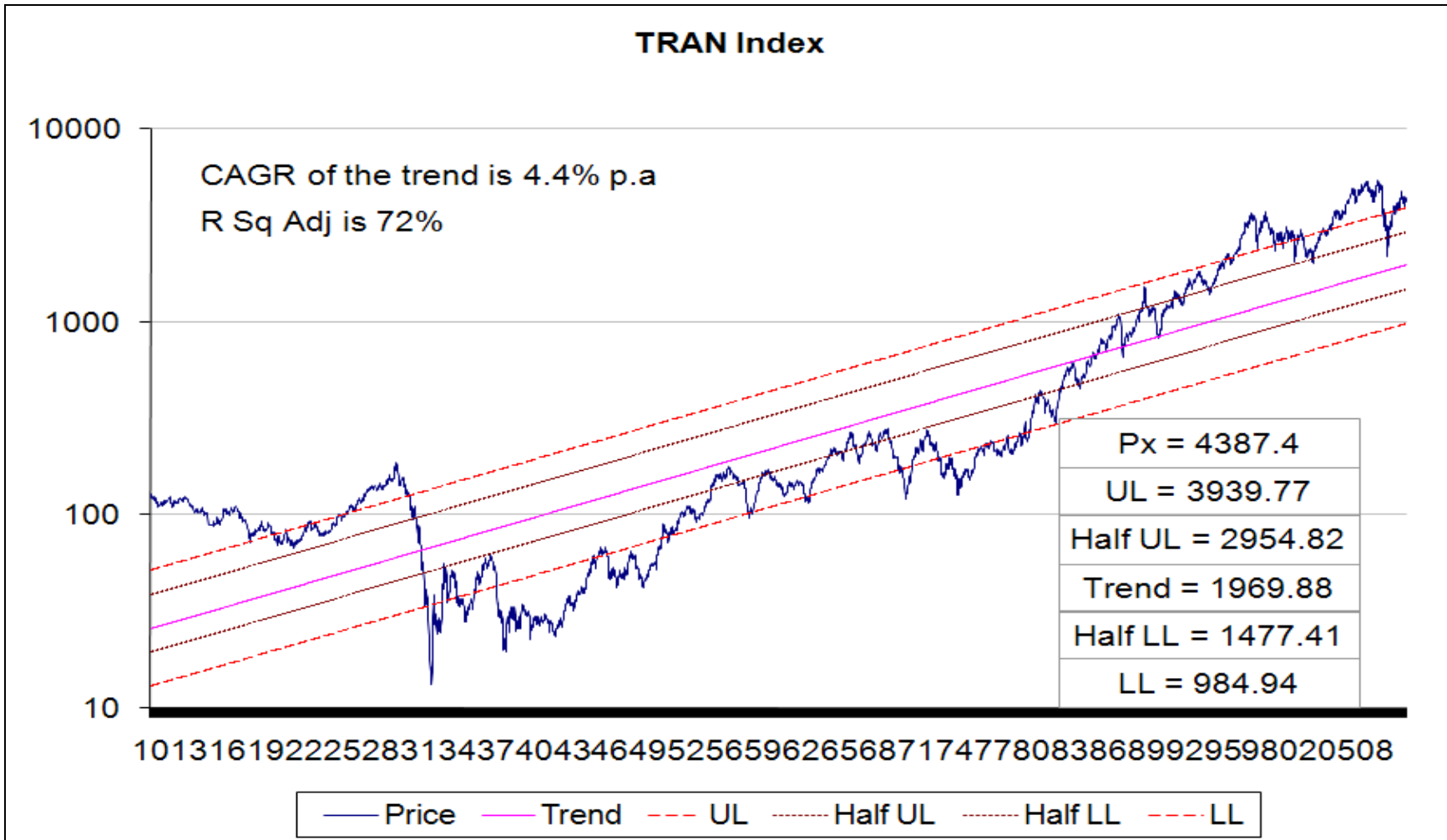
IYT - Daily - 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



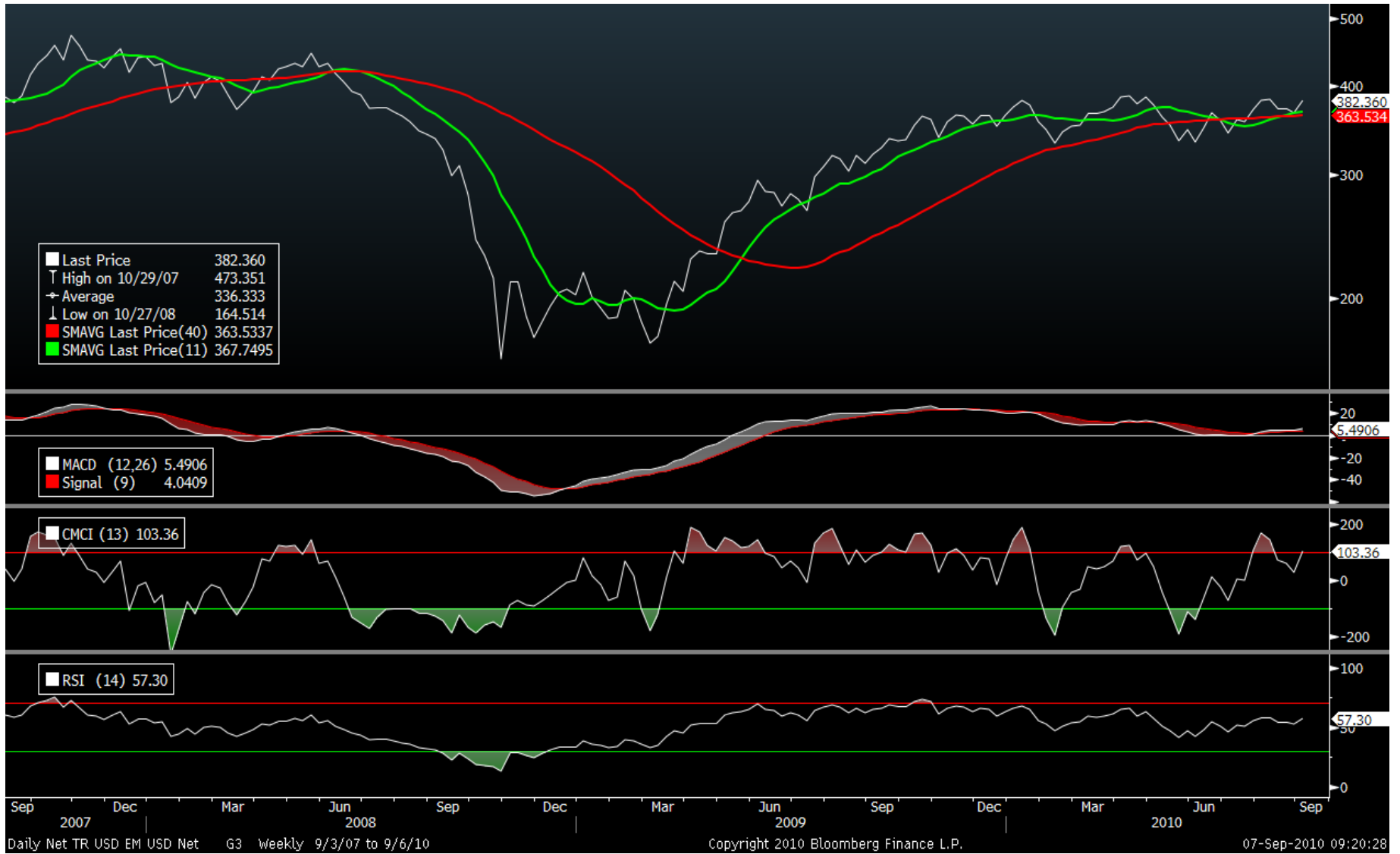
3- IYT – Correlation Ratio Analysis with SPX – 365 days Time basis



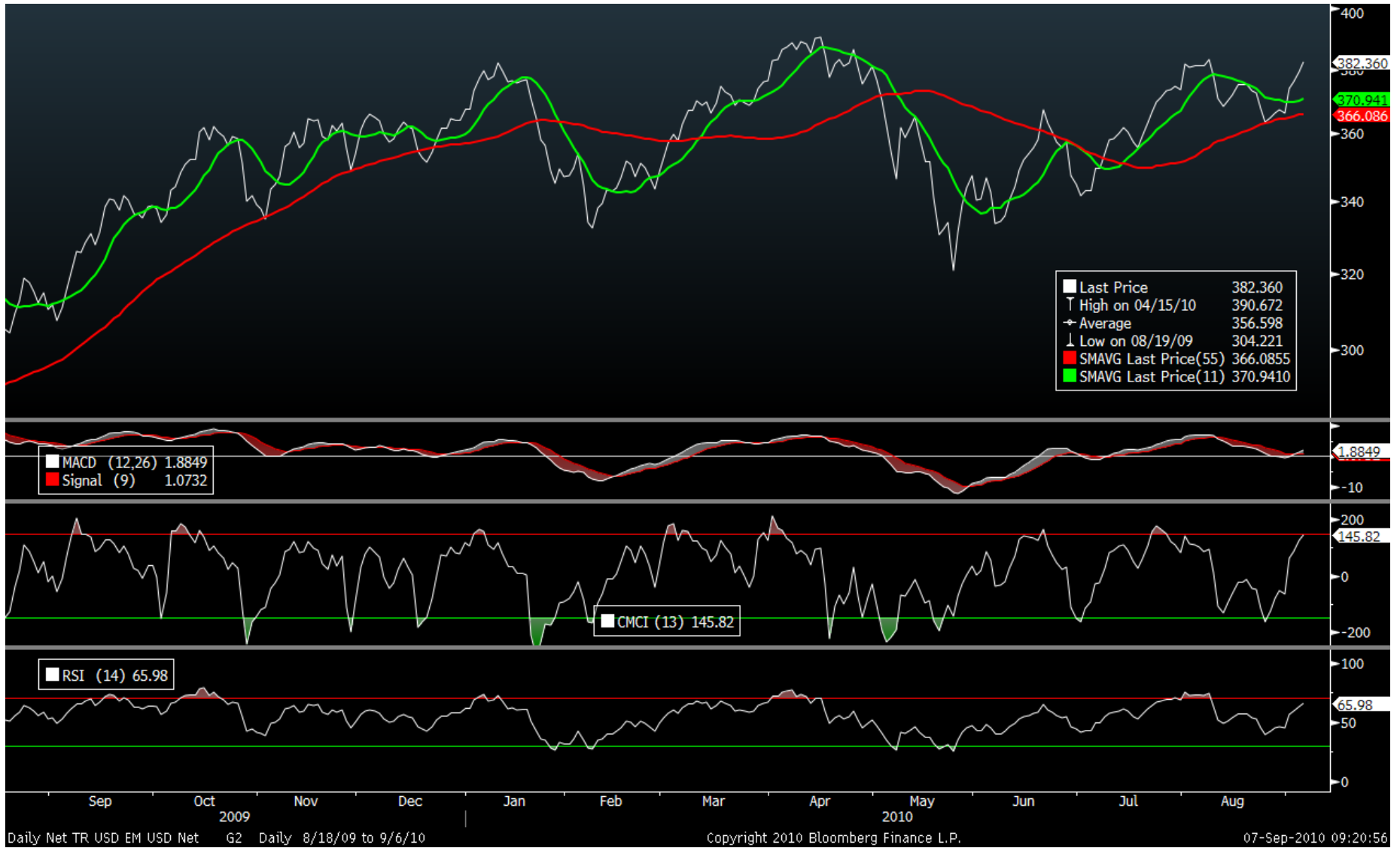
4- IYT – Trend Reversion Analysis – Long Term



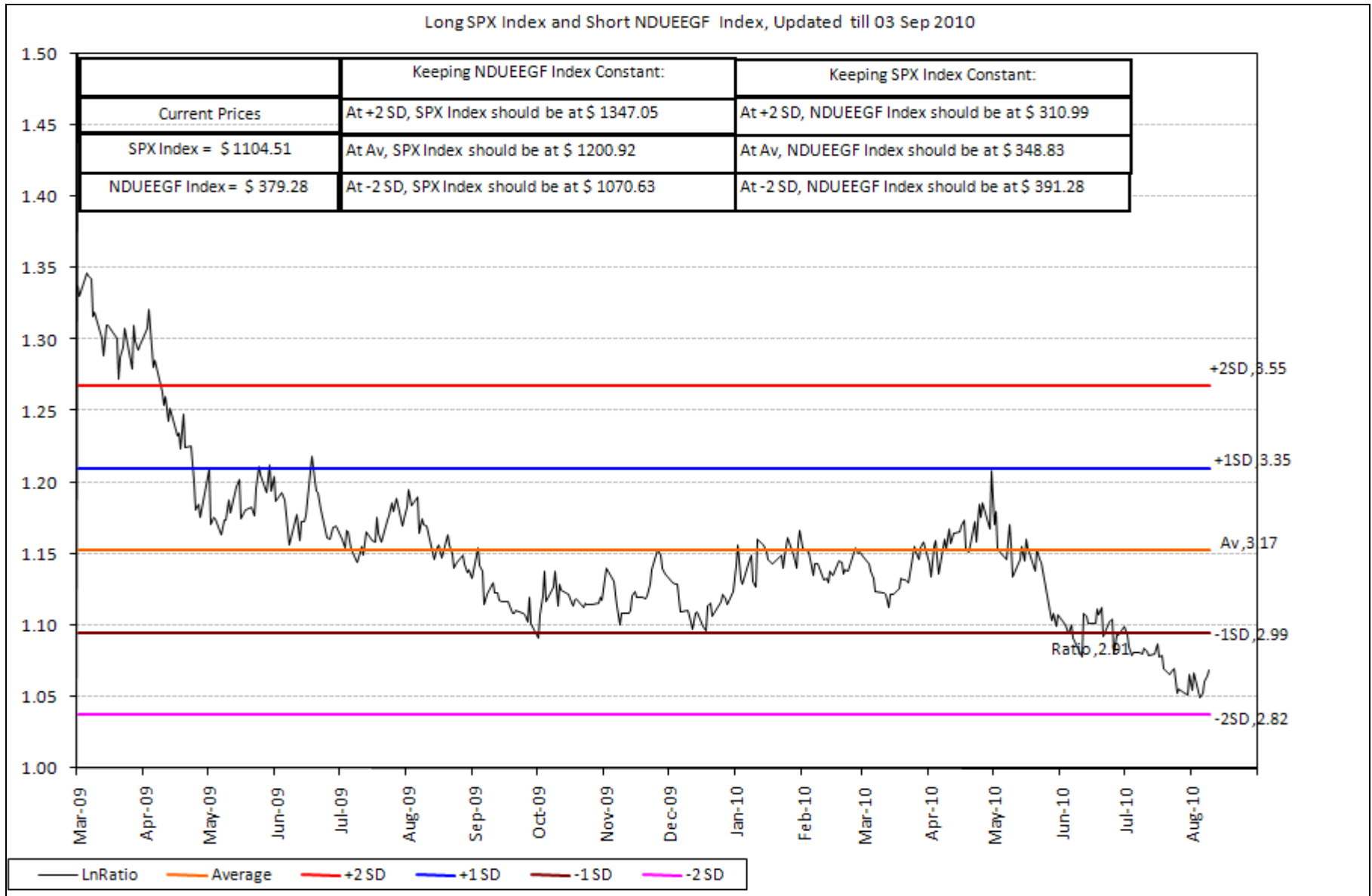
1- EEM - Weekly- 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



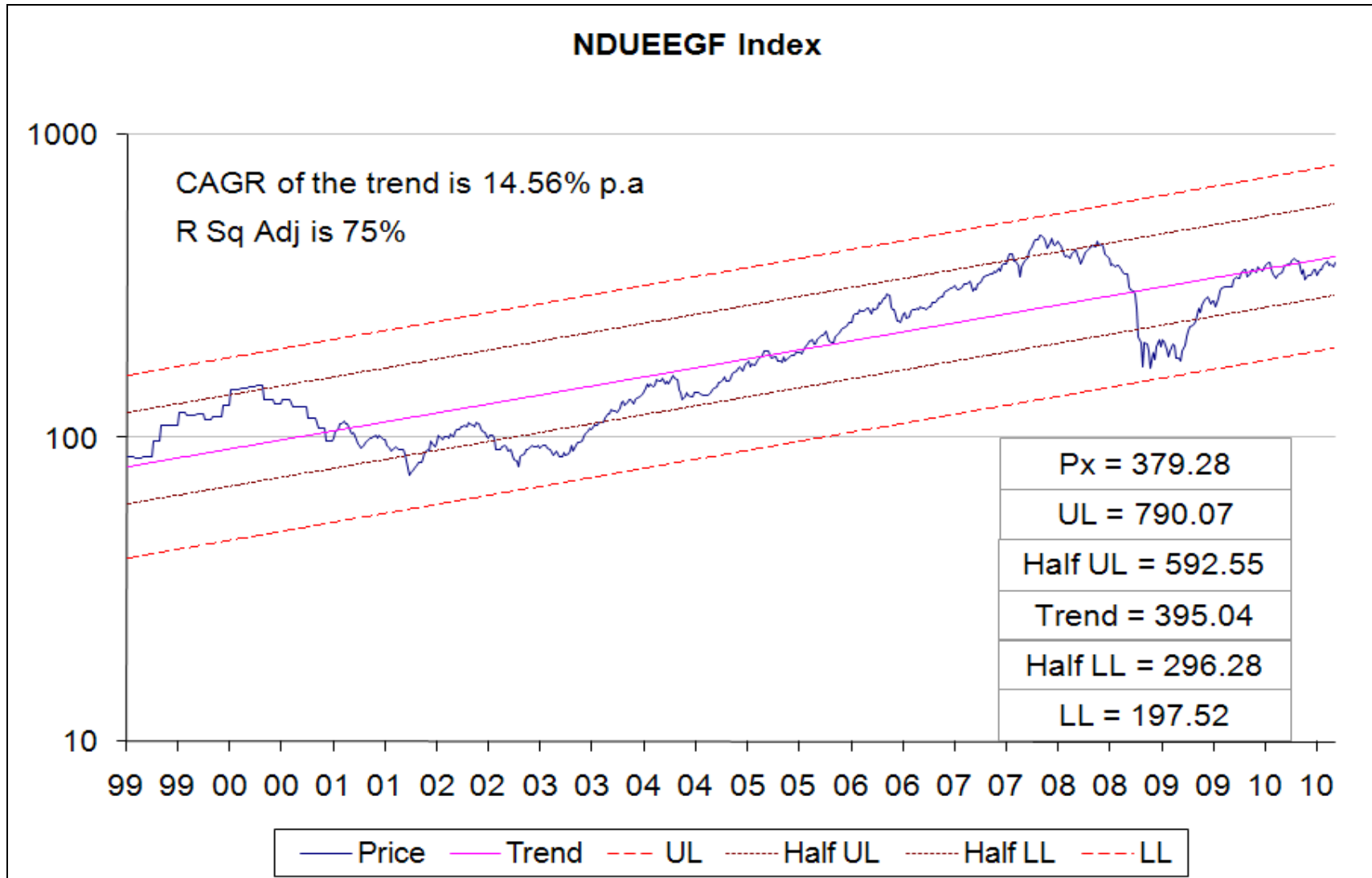
2- EEM - Daily – 3 Year with 11 W / 40 W SMA with RSI, CCI, MACD



3- EEM – Correlation Ratio Analysis with SPX – 365 days Time basis



4- EEM – Trend Reversion Analysis – Long Term



Disclaimer : The information in this report has been taken from sources believed to be reliable but SG Capital Research does not warrant its accuracy or completeness. Any opinions expressed herein reflect our judgment at this date and are subject to change. This document is for private circulation and for general information only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. SG Capital Research or its Author does not assume any liability for any loss which may result from the reliance by any person or persons upon any such information or opinions. These views are given without responsibility on the part of SG Capital Research or its officials. No part of this report may be reproduced in any manner as Author reserves the distribution rights. Under Copyright 2002 Act: It is a violation of federal copyright and imposes liability for such infringement.