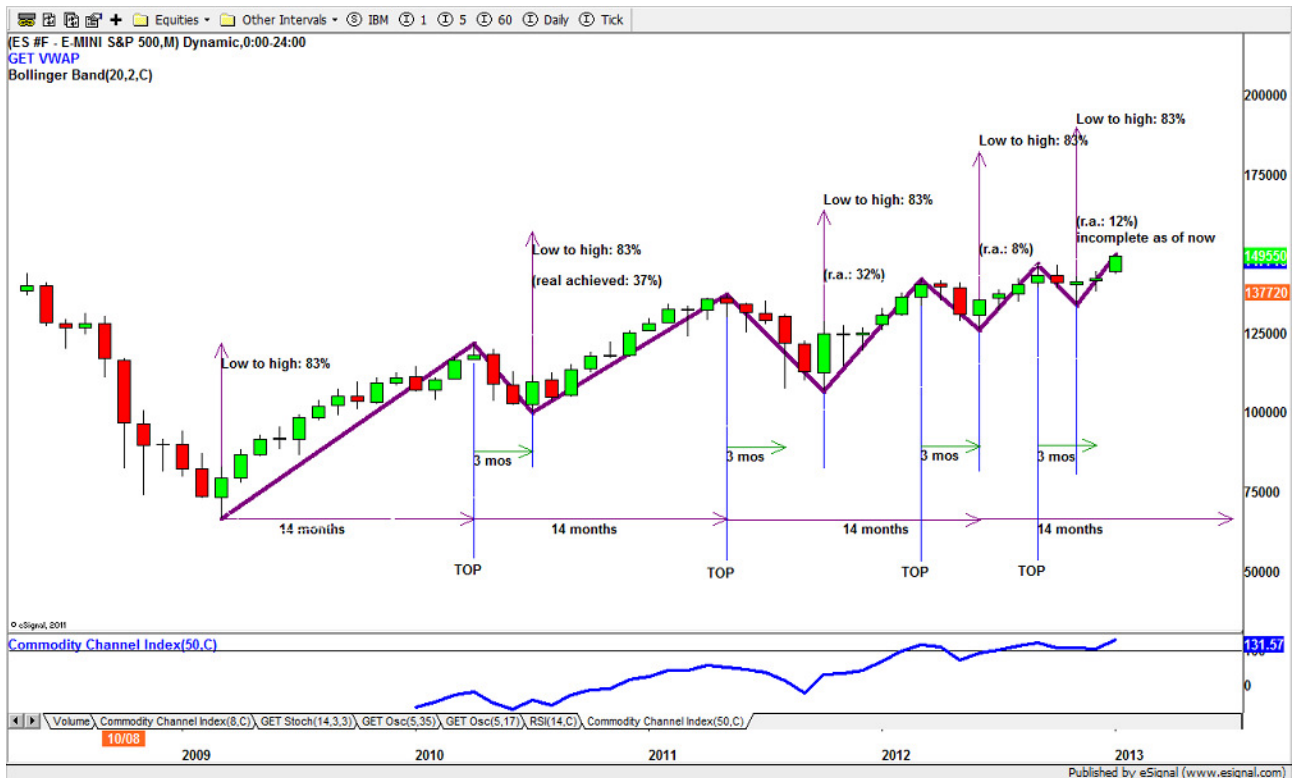
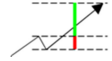


Flash report SP500

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“Quantitative approach for asymmetric results”



I would like to share with you some considerations on the Sp500 looking at its monthly chart, from March 2009 to today. Personally I value the findings present in this chart which I use together with the weekly charts, the latter you find in my standard reports.

Instead of focusing on the price, this time I'd like to look at the time on this market, and the fact that it seems to have specific (incremental) ratios.

Of course those are not perfect, but more often than not, very close.

1. distance between tops: interestingly the first two tops are perfectly distant 14 months (top to top), while the third one is 79% of 14 months (11), the fourth is 43% of 14 months (6) and if we count this month as a potential top, the ratio is down to 29% (4).

2. timecount of retracements: in this case, a possible recurrent number is 3 months even though in 2011 the retracement has been the deepest in time but also in price.

3. upside incremental: the first upleg in 2009 shifted the marked 83%, while each subsequent top has been a fraction of that, with the lowest increase in the second

part of 2012. I also show for each subsequent leg up, what would have been the level at which the Sp500 should have been arrived, would have it kept the same price increase ratio as the 2009-2010 movement (since I show the same for the time).

Conclusions:

what exactly do I want to share with you?

Well, I am not implying a new bear market, at least not with this study. What I receive from this chart is that the upward movement has been losing momentum continuously in the last four years (both in time and price) and more importantly, it gives some (potential) visibility for how long this market can currently go up, and the subsequent time span of a retracement.

The previous leg up lasted four months and it is probable that current leg up can see its end this month (lesser than the previous leg up, if the ratio is maintained) or at the maximum next month (less likely).

From then on it is possible to see between two to three months of consolidation/retracement before resuming another leg up.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

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