

Futures and ETFs

This document was written on November 20, 2009 by Pascal Willain as part of a training program on the use of the Effective Volume tools.

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Daily and weekly market updates are available on www.effectivevolume.eu

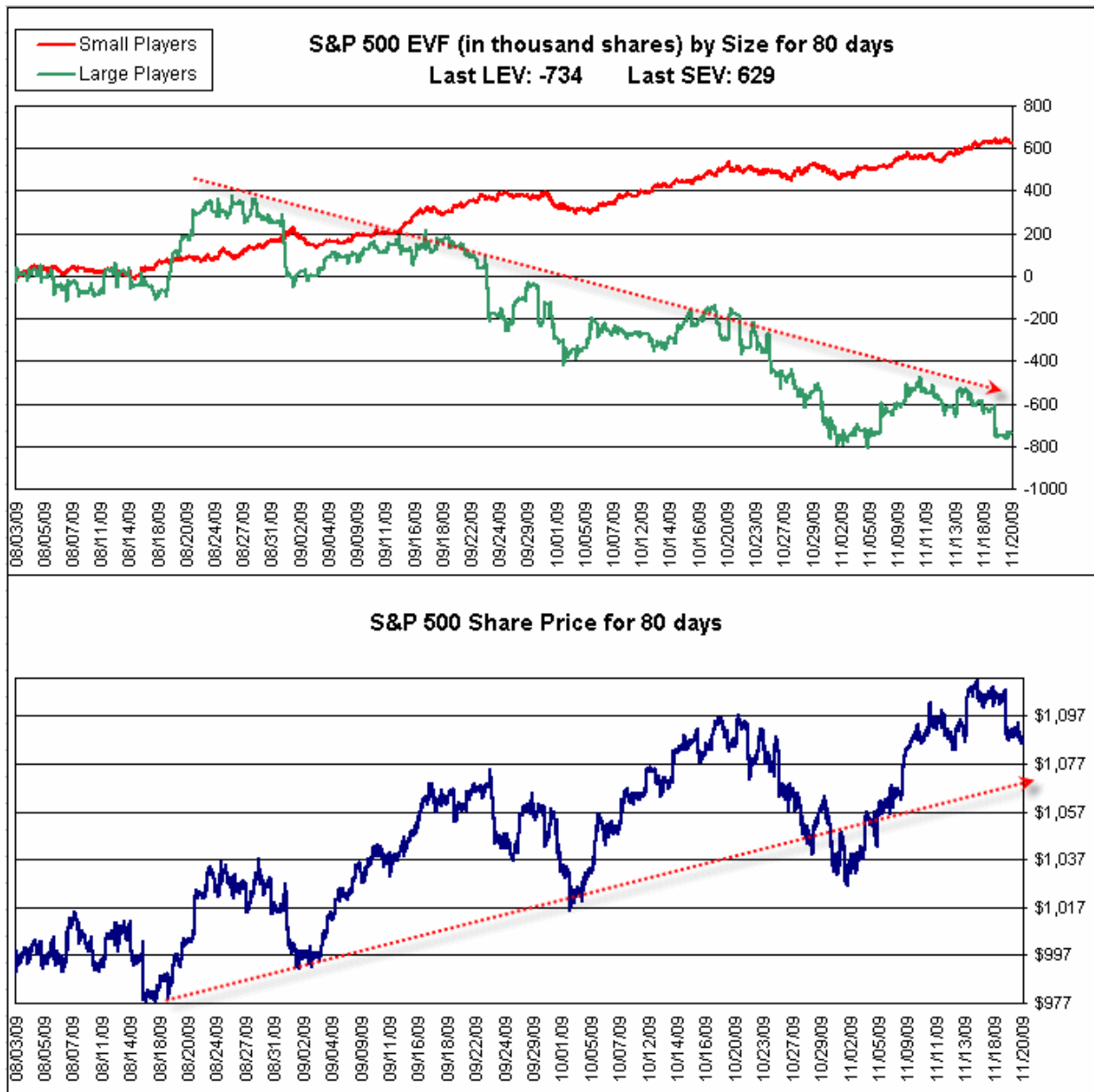
The author is French speaking.
This report has not been proof-read for the proper use of English language.

When looking at market internals, it is important to see how market players are acting in different instruments in order to detect if the move is specific or general (for example a downgrade in semiconductors might not attract sellers of other sectors).

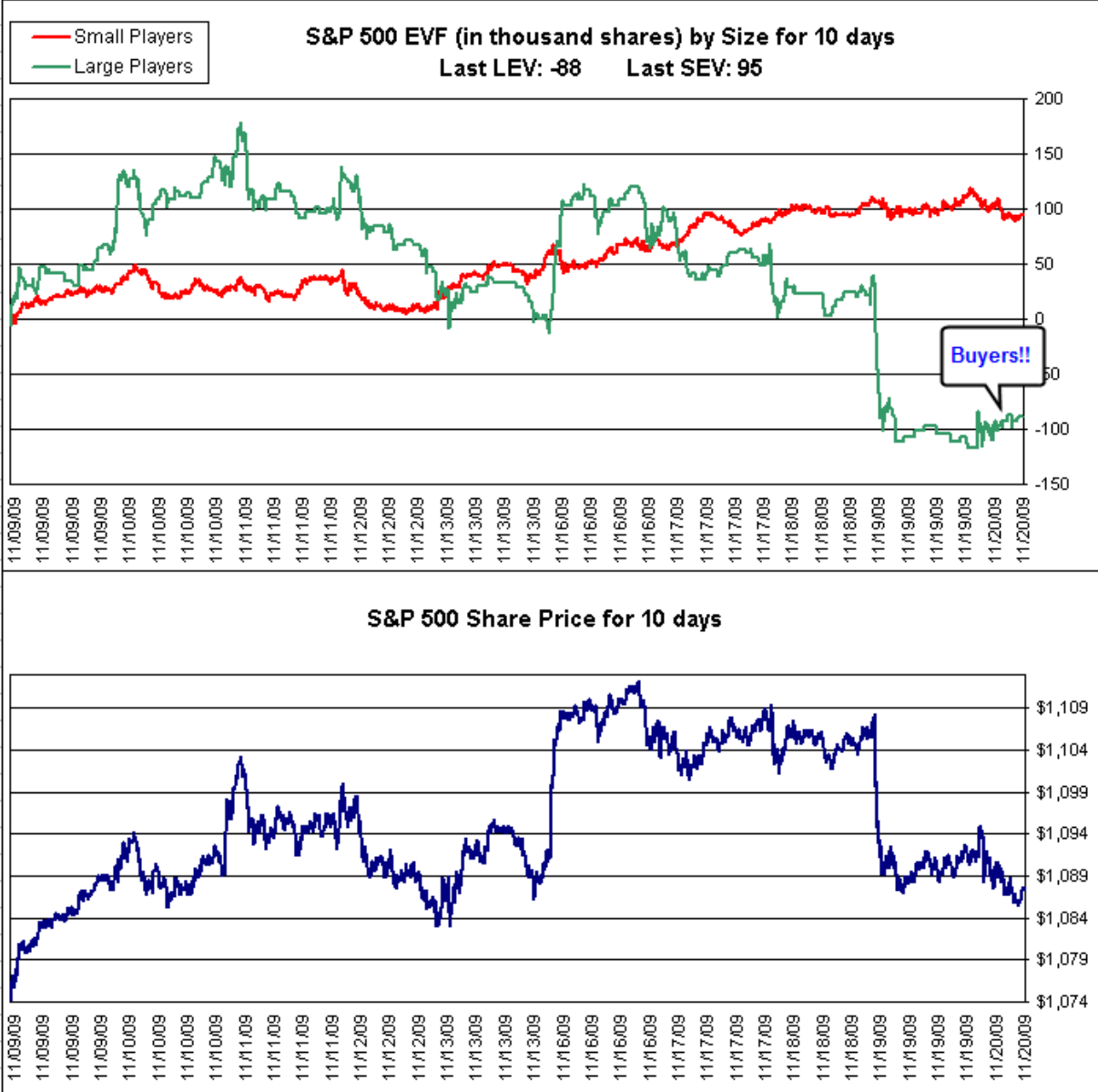
The first figure is the S&P 500 long term futures.

You can see that there is a massive negative divergence forming.

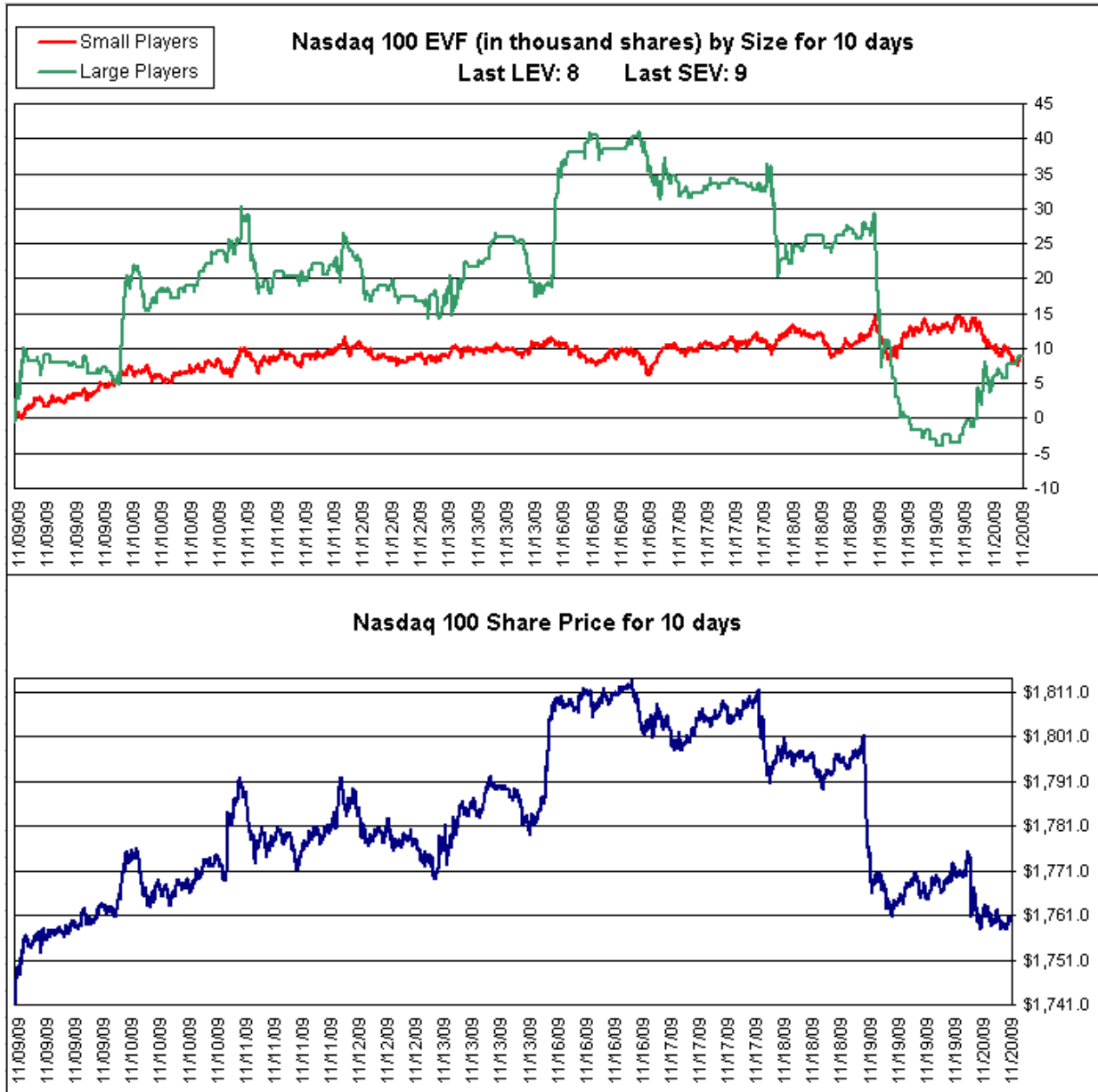
This indicates that we will be in trouble some time ahead. When? I do not know. Therefore, such a large divergence is difficult to trade. We need something sharper.



However, if you zoom at the last 10 days and you concentrate on today, you see a different picture: the market is bought!!

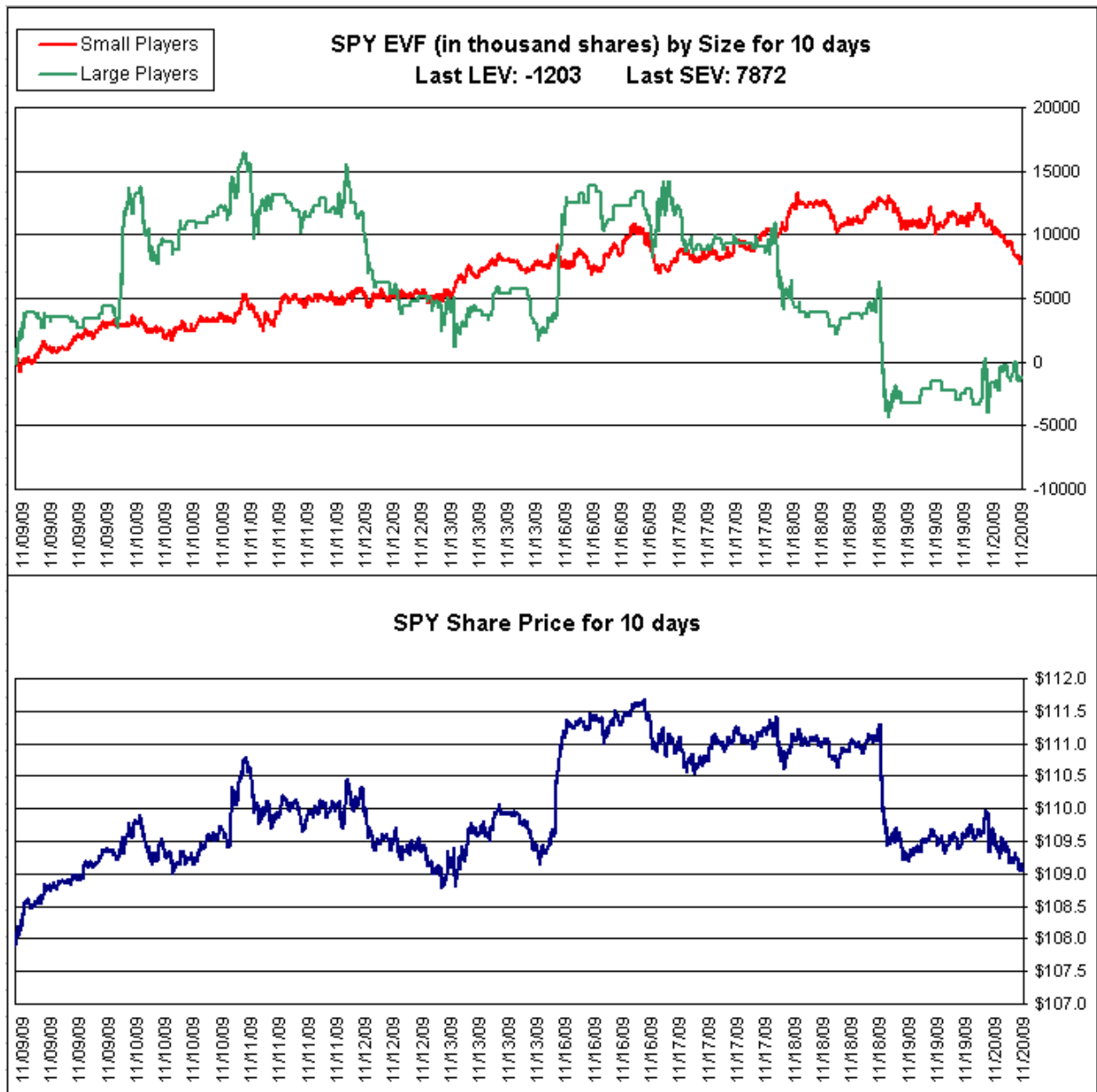


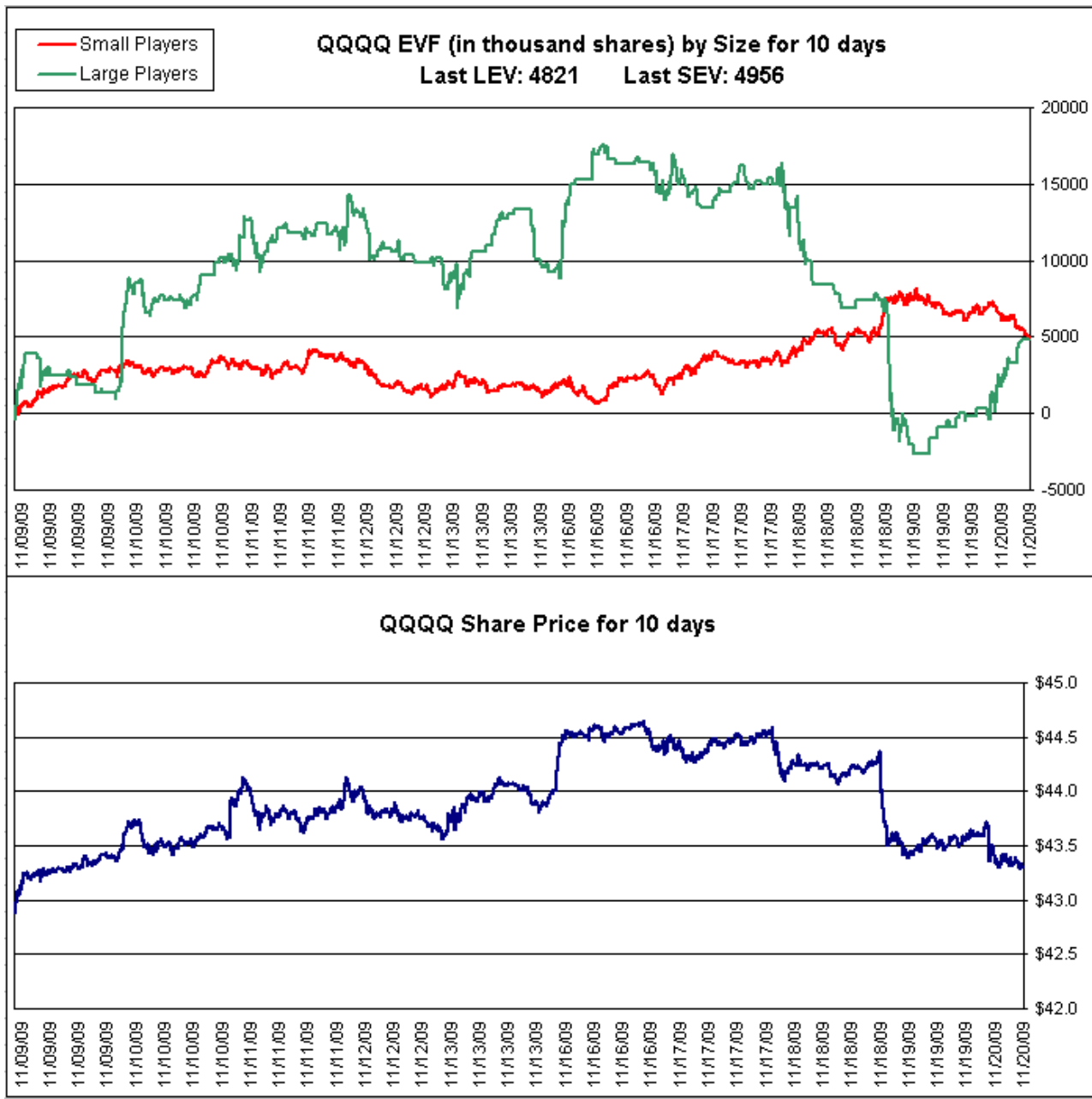
Of course, this is not very strong. But the same signal is on the NQ futures:

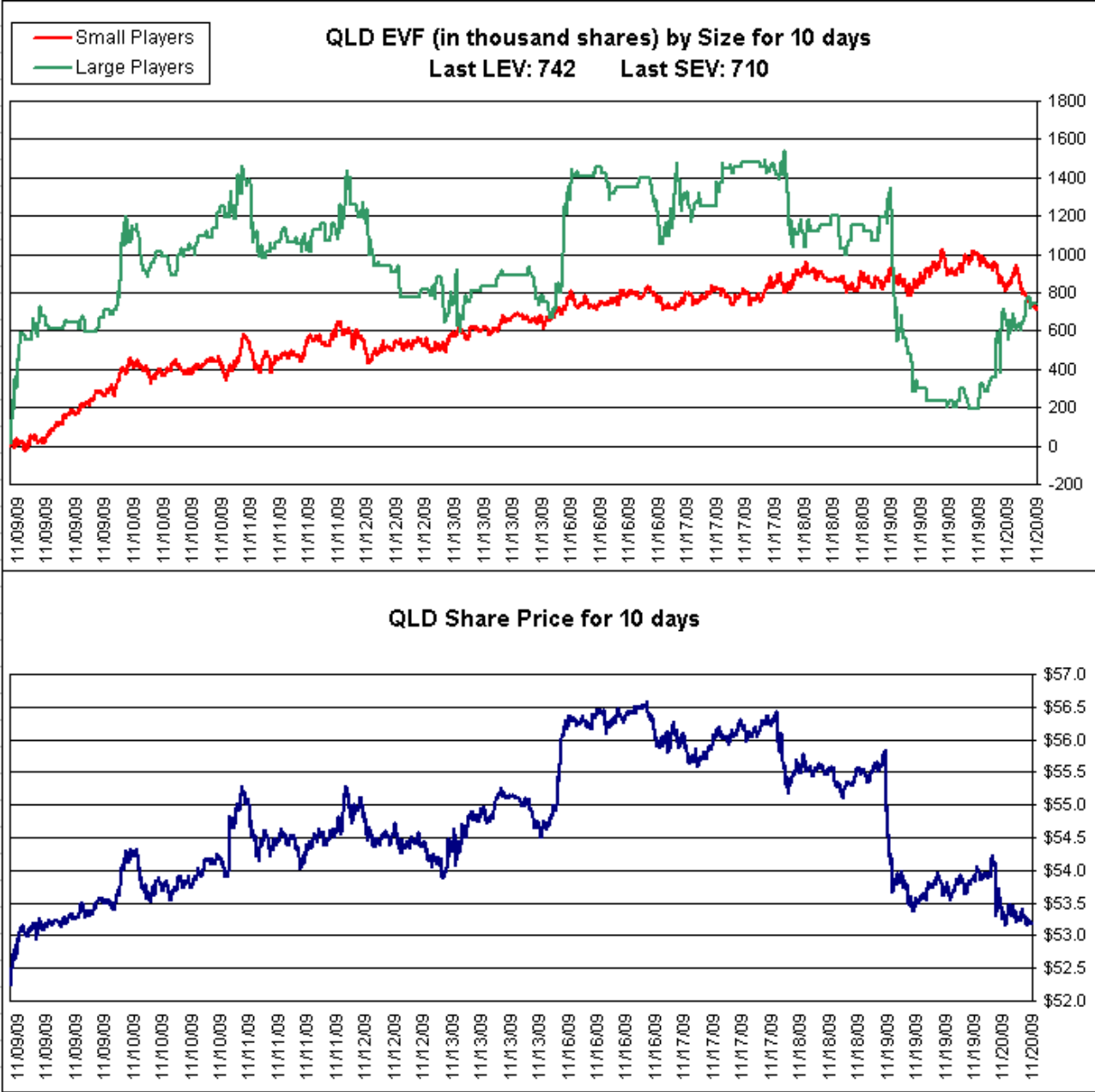


Signal is bigger there. Then, look also at the signal of the different ETFs below.

This tells us that the market is more likely to move higher than lower next week.

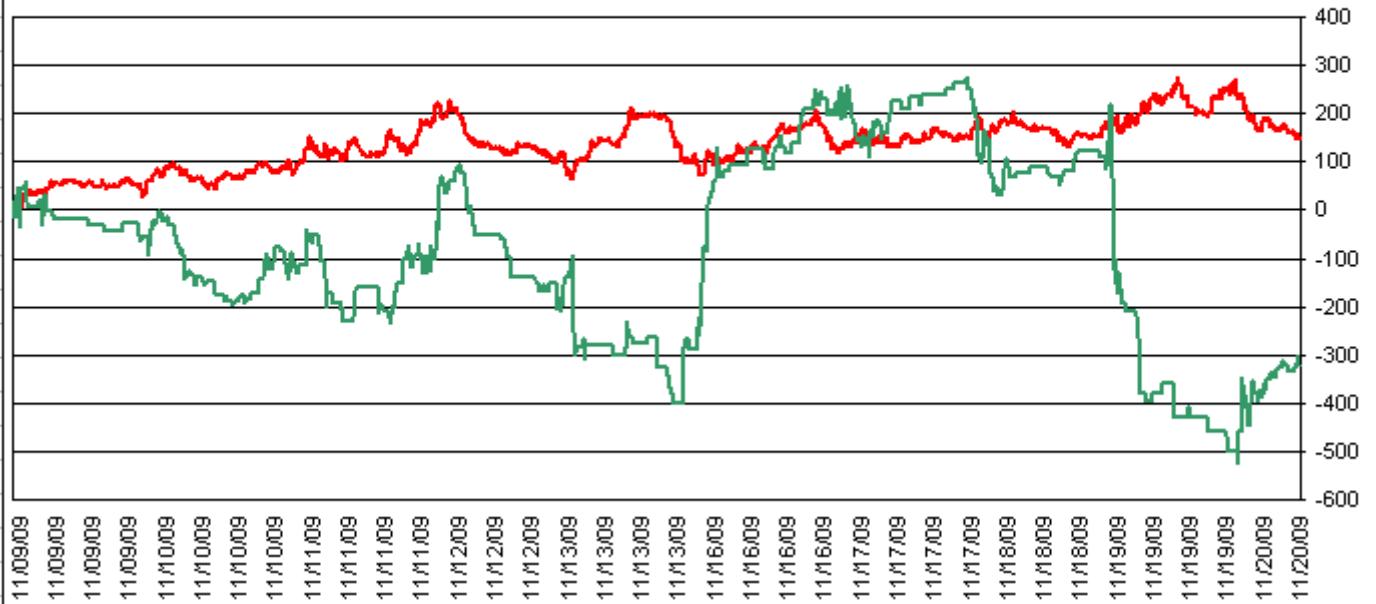




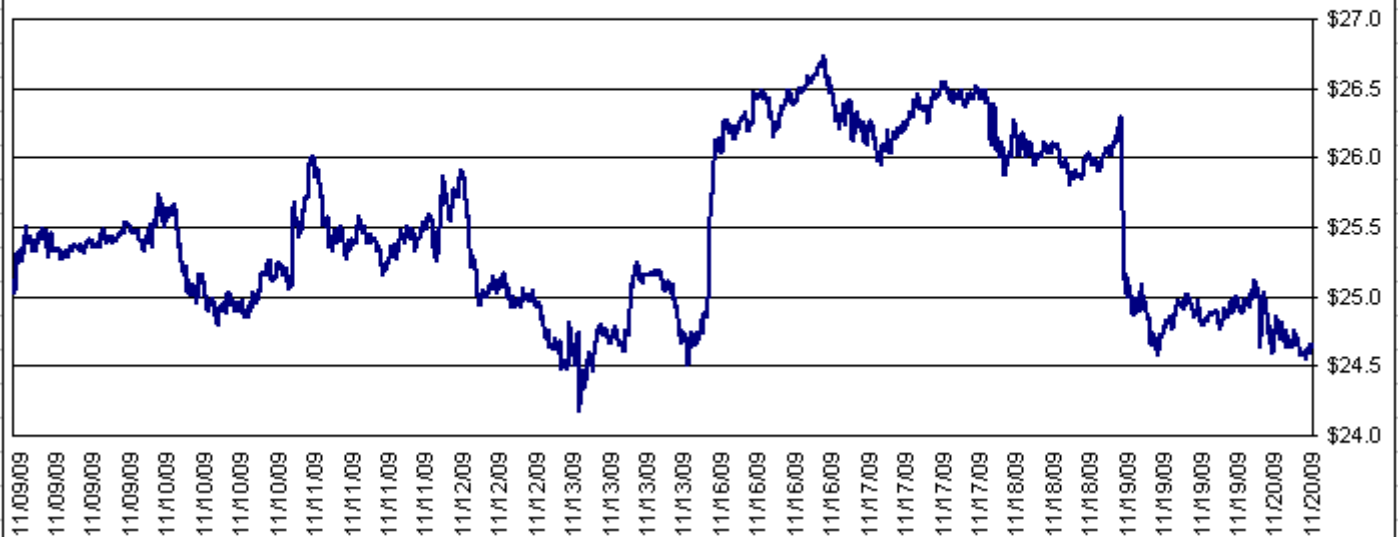


— Small Players
— Large Players

UWM EVF (in thousand shares) by Size for 10 days
Last LEV: -324 Last SEV: 148



UWM Share Price for 10 days



The above figures were taken on Friday November 20 at 12:00, hence two hours before the Tick detected the change at 13:49

