

The RQ Cross Box

By Rios Quantitative, LLC



Please read the following risk disclosure before you proceed.

The risk of loss in trading commodity futures contracts can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. You may sustain a total loss of the initial margin funds and any additional funds that you deposit with your broker to establish or maintain a position in the commodity futures market.

The RQ Cross Box – General Description

The RQ Cross Box is a quantitative analysis and ranking system utilizing multiple disciplines of evaluation including macro economics, sector rotation, fundamental and technical analysis. At the core of the system is our proprietary algorithm designed to interpret historical data in order to reveal predictive future metrics.

Traders, investors, and portfolio managers have found it to be instrumental for:

Cross market analysis

Identifying new trading and investment candidates

Assist in managing risk for active trading and portfolios

Notify of developing new trends and sector shifts

Position sizing tool for multi-asset traders

Asset allocation for investment portfolios

As an overlay to other trading and investment strategy

Our Quant universe is composed of over 25 actively traded market instruments which represent a broad range of asset class groups. Each instrument and its respective market is evaluated and assigned a rank rating from QR 10 (most bullish) to QR -10 (most bearish).

Quantitative analysis can be beneficial to various styles of investing and trading. Longer term investors seeking opportunities in under valued instruments and asset classes will find The RQ Cross Box a vital guiding tool. The shorter term and intraday trader will discover the analysis to be instrumental for identifying the optimal markets to trade.

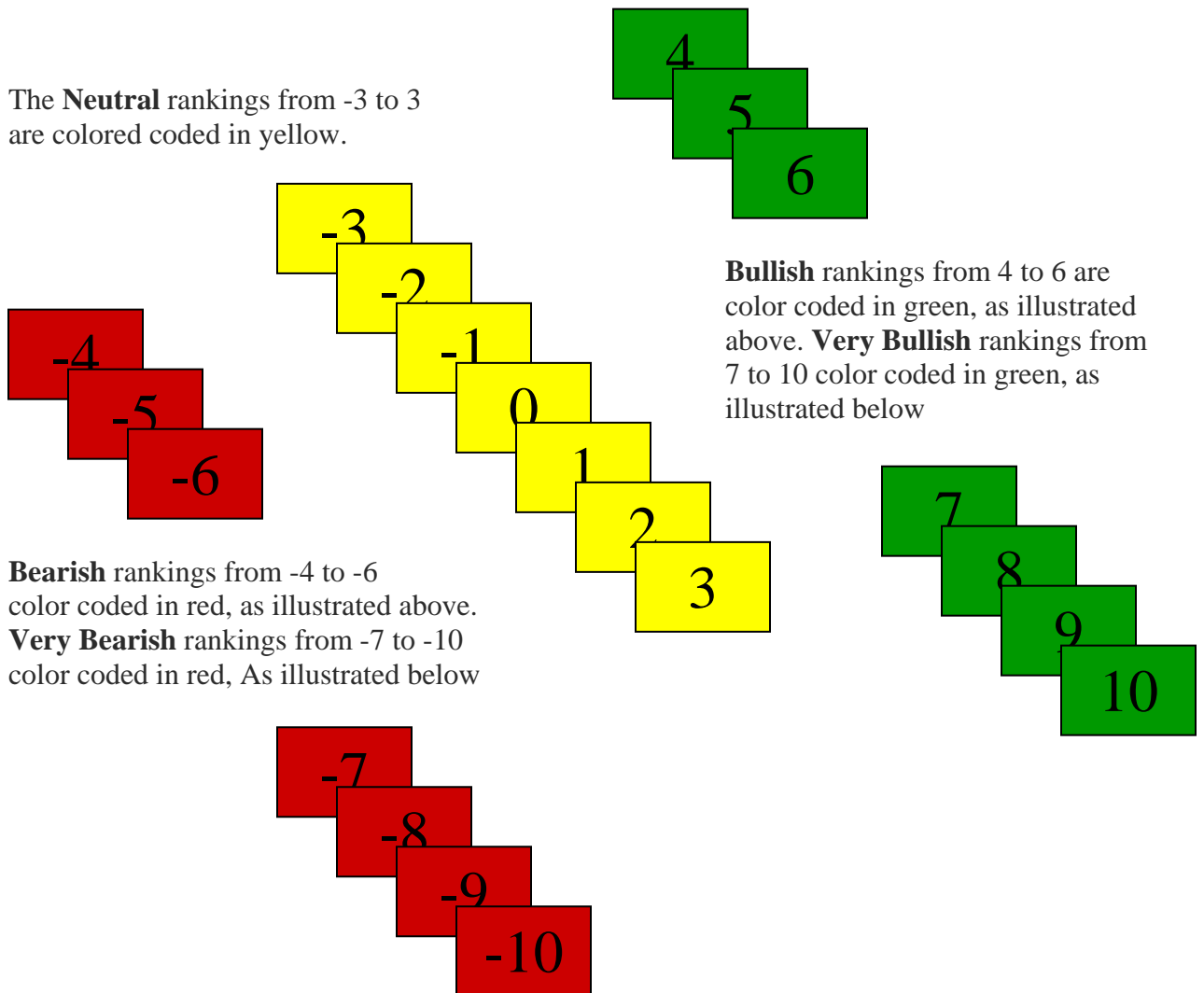
The RQ Cross Box currently tracks and ranks the following portfolio of markets:

- Financials – S&P 500, DJI, NASDAQ, Russell, Interest Rates
- Metals – Gold, Silver, Copper
- Energy – Crude Oil, Natural Gas
- Grains – Soy, Corn, Wheat
- Forex – usd/jpy,eur/usd,usd/chf,usd/cad,gbp/usd

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AND IS NOT SUITABLE FOR ALL INVESTORS.

Rank Ratings - Numeric and Color Coded

There are multiple applications for the quant rank ratings. A powerful yet overlooked function of rank ratings is its use for optimizing money management techniques. It is our belief that position sizing during equity draw-downs as well as profitable run-ups, can be vital not only to pure returns but also to overall portfolio performance. The market sentiment, including its level of strength, is categorized by a numeric system for five basic market conditions including: *Neutral, Bearish, Very Bearish, Bullish and Very Bullish*.



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The RQ Cross Box – Market Synthesis

RQ Cross Box											Rios Quantitative LLC
Financials Metals Energy Grains Forex											
Forex	Major Trend	Major OB/OS	Minor Trend	Minor OB/OS	Patterns	Pattern Descriptio	Trigger Price	Key Leve	Direction	QUANT RANK	
USDJPY	-2	0	-2	0	-1	Bearish Breakdo		-1	down	-8	
USDCAD	-2	0	-3	0	0	Bear-Breakdown		-1	down	-8	
USDCHF	-2	0	-2	0	0	Support		1	0	-3	
EURUSD	2	0	2	-1	1	Bull-Breakout		0	0	4	
GBPUSD	3	0	2	-1	1	Bull-Breakout		1	up	6	
AUDUSD	3	0	2	-1	1	Bull-Breakout	9085	1	up	6	

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1. The top left tabs list the various asset class markets covered in the RQ Cross Box.
 - Financials – *S&P 500, DJI, NASDAQ, 10 Year Notes*
 - Metals – *Gold, Silver,*
 - Energy – *Crude Oil, Natural Gas*
 - Grains – *Soy, Corn,*
 - Forex – *USD/JPY, EUR/USD, USD/CHF, USD/CAD, GBP/USD, AUD/USD*

2. The Major Trend column displays the strength of the major trend for each listed market. The purpose is to keep you abreast and aware of the longer term direction.

3. The third column titled Major OB/OS is meant to identify overbought and/or oversold conditions during the major or longer term trend direction.

4. The Minor Trend column displays the strength of the short tem trend for each listed market.

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5. The fifth column titled Minor OB/OS is meant to identify overbought and/or oversold conditions during the minor or shorter term trend direction.
6. Price pattern and formation recognition is crucial for technical traders. Column 6 illustrates a value for Patterns. This value provides traders a quantitative measure of the formations present in a market and sequentially gauges the strength or weakness affecting the final Quant Rank. Different values are assigned for different patterns based on the momentum by which they generally intensify price movements.
7. The next column identifies patterns and formations as well as the chart they are found in; a major, minor or both. The following patterns are the most commonly used in the Pattern Description section of the RQ Cross Box:

ST	Symmetric Triangle
AT	Ascending Triangle
DT	Descending Triangle
DB	Double Bottom
DT	Double Top
H&S	Head & Shoulders
Inv H&S	Inverted H&S
BO	Breakout
BD	Breakdown
BH	Bullish Hammer
HM	Hang Man
Eng	Engulfing
Inv H	Inverted Hammer
C&H	Cup & Handle
AC	Ascending Channel
DC	Descending Channel

8. The Trigger Price column displays important technical price levels. For the most part, these levels are points at which resistance or support has just been broken providing the market with additional momentum.

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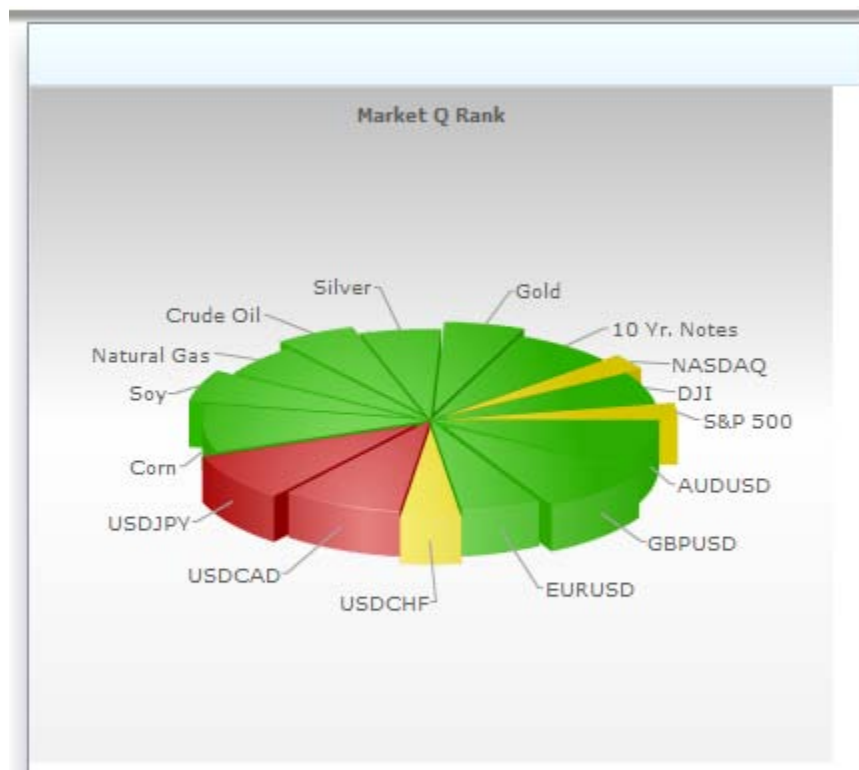
9. The Key Level column adds or deducts to a market's final ranking whenever prices are close to a main or "key" level which may also add strength to the market if broken.
10. The Direction column indicates the tendency of the specific market. It may indicate a neutral, up or down direction based on the major and minor trend direction.
11. The final column is called the Quant Rank. These values represent all the information gathered throughout The Quant Report and gives each market a ranking which aids traders with the application of their money management techniques.

NOTES:

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Charts – Market Q Rank

The Market Q Rank chart presents traders and investors with a visual of the Quant Rank for all the markets researched in The Quant Report. It provides users a quick glance at the tendencies in the various instruments which will help them when in need of a rapid assessment of the market for their trading decisions.

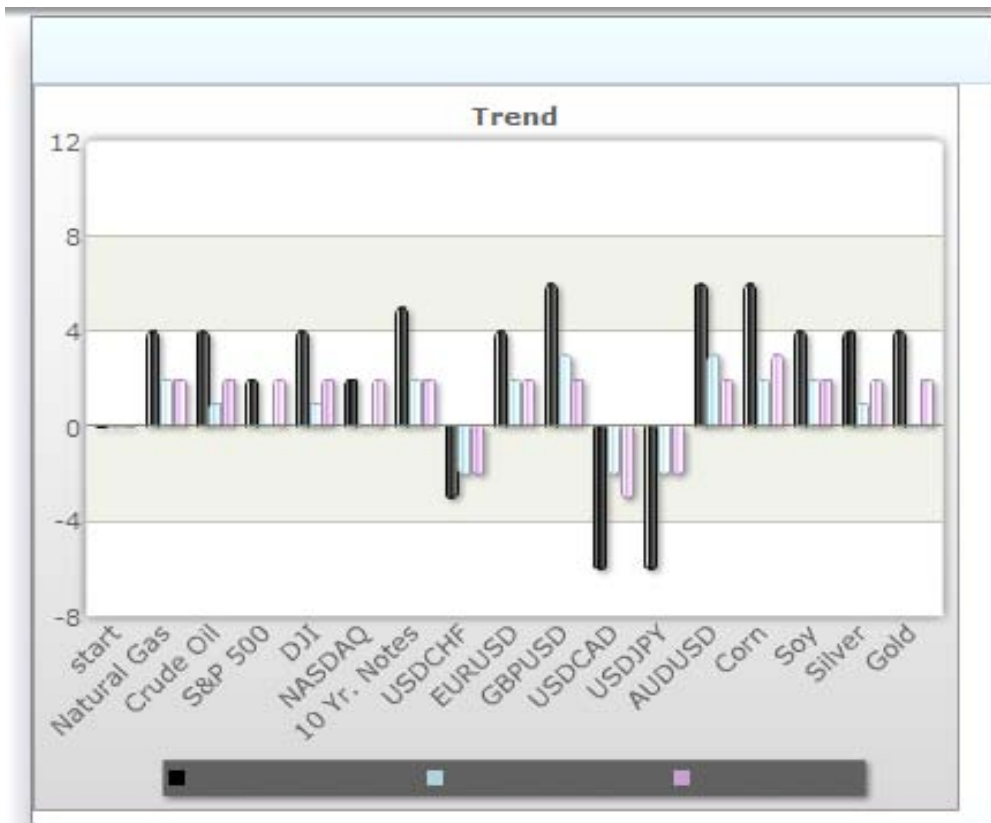


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Charts – RQ Trend

The RQ Cross Box's trend chart displays both the major and minor trends as well as the Quant Rank. It provides a quick comparison between the longer and shorter term trends in an effort to assist the trader with, among others decisions, the determination of the ideal trade duration or parameters. It also adds the Quant Rank which, as mentioned above, provides the trend's strength.

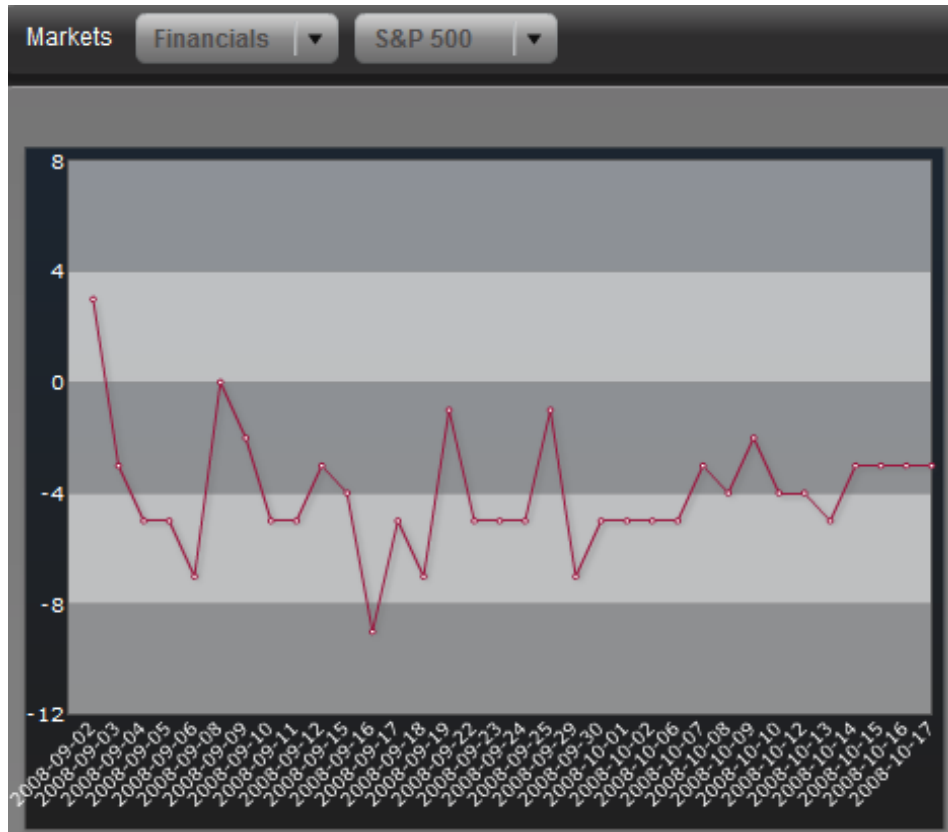
The graph provides ranking in colored bars with the total Q Rank displayed black, the Major Trend in light blue and the Minor Trend in light lavender. For example, in the chart below you will notice the USD/CAD, USD/JPY and USD/CHF ranked negative with both the major and minor trends pointing down reflecting the US Dollar's bearishness. You can also take notice of all the other asset classes in bullish trend direction. It's designed to give you a quick snap shot of the various asset classes and market's trend direction.



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Charts – Historical Q Rank

The Historical Q Rank Graph plots the Quant Rank of the selected market for the previous quarter providing traders and investors with a visual representation of how it has been ranked in the recent past. This data displays the tendency and the strength of the instrument which will aid with decision making. It also provides users with valuable information like the duration of the market's trend and the volatility in its price.



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The Quant Report

Quant Report : 2010-08-04

Updated 8:00 - EQUITIES - Asian markets closed mixed with the Nikkei down 2.11% and Shanghai up 0.44%. European bourses are trading down along with the US equity futures. COMMODITIES - Silver testing bullish resistance. Gold is breaking out of downward trend while Copper is lagging. Crude Oil trading in tight range after recent breakout. Other commodities - Natural Gas, Coffee, Corn, Soybeans and Wheat trading higher. FOREX - Beta currencies have paused from recent rally as US Dollar stabilized during Asian session. Japanese Yen has broken key levels as USD/JPY broke key bearish support level. AUD/USD extends its rally from bullish break out. ECONOMIC DATA - All eyes are on this mornings ADP Non-Farm Employment at 8:15 est and ISM Non-Manufacturing PMI at 10:00 est.

The Quant Report is intended to give traders and investors pertinent observations from both technical and news related events and their possible impact on the markets. For example, the comment as noted in the Commodities section reads: “Silver testing bullish resistance. Gold is breaking out of downward trend...” and in the Economic Data section “All eyes are on this mornings ADP Non-farm Employment ... and ISM Non-Manufacturing PMI at 10:00est.

Request Additional Information

For additional information on the RQ Cross Box and its various applications, please contact us at 1.305.447.1500.

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