



SG Capital Research

Global Market Insights

Research Note – SPX – MS SPECIAL REPORT

MAEG- SPX_MS_SPECIAL REPORT A#1 SG 2012 # AUG_30

For – Immediate Release – *Thursday*

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- **Content Coverage within– *Special Report***

- 1. Market Overview Commentary (FYI) – No Action needed***

- 2. Chart Analysis – 3 charts***

SPX – Market Overview Commentary

Today's Special message is to **update on SHORT TERM potential Price Path (FYI only)**.

Current Status - We remain at POM 14 (Advise Hedging) – “ NO Trigger for POM 15 to execute Net short position.

SPX made first attempt on Terminal process at POM 15 to Target 1425 but could not quite finish it for valid conclusion. In such instances when the “**Terminal process**” does not get completed , the Market makes 2nd attempt with pattern called “ **Tertiary Triangulation Test**” (defined in chart below) to accomplish POM 15 .

The pre- qualification for Tertiary Triangulation test is the VIX should bottom out first and then rally . PUT / CALL Ratio should rise simultaneously while the SPX & NYSE not giving off much in the way of directional reading, either way up or down. We witnessed all 3 scenario . **VIX had PEC-D** pattern complete at 13.5 and then rallied to 17(chart below). **PUT / CALL** Ratio moved from 0.75 to 1.03 while SPX remained **1405-1415** tight range.

Next two days the entire “World” is focusing on Friday's Bernanke's speech from Jackson Hole for some kind of Trigger. Lunar Cycle day for turn is on same day 31st Friday. We shall see how Market reacts to these events . We do have our strict Numerical criteria for valid breakout under Plan B (in Monday's A # 1 – MS) which is low probability event.

It appears conservative Models are waiting, while more risky Day Traders will probably find a way to capture some 15 point gains (short term) of “Tertiary Triangulation move” with meager risk/reward ratio. However most likely SPX won't get much juice to the downside until after the Full staff on Wall street returns back from long weekend. Monday is a holiday in the US, so the peak could come in some foreign market on Monday.

One good clue we have is DXY, it may be the real tell on this market. The DXY has entered our pull back **CZ 81.5-82.25** and Bullishly rejecting lows . One final smash down could very well finish the move allowing SPX to finish the Tertiary Triangulation up move. We could be nearing a next leg up in DXY which would be bullish for risk-off markets and bearish for risk-on ones (equities). Ultimately on this trend this shall rule. We shall see how it plays out.

SPX- (HRLY CHART) “ Tertiary Triangulation Pattern” Analysis

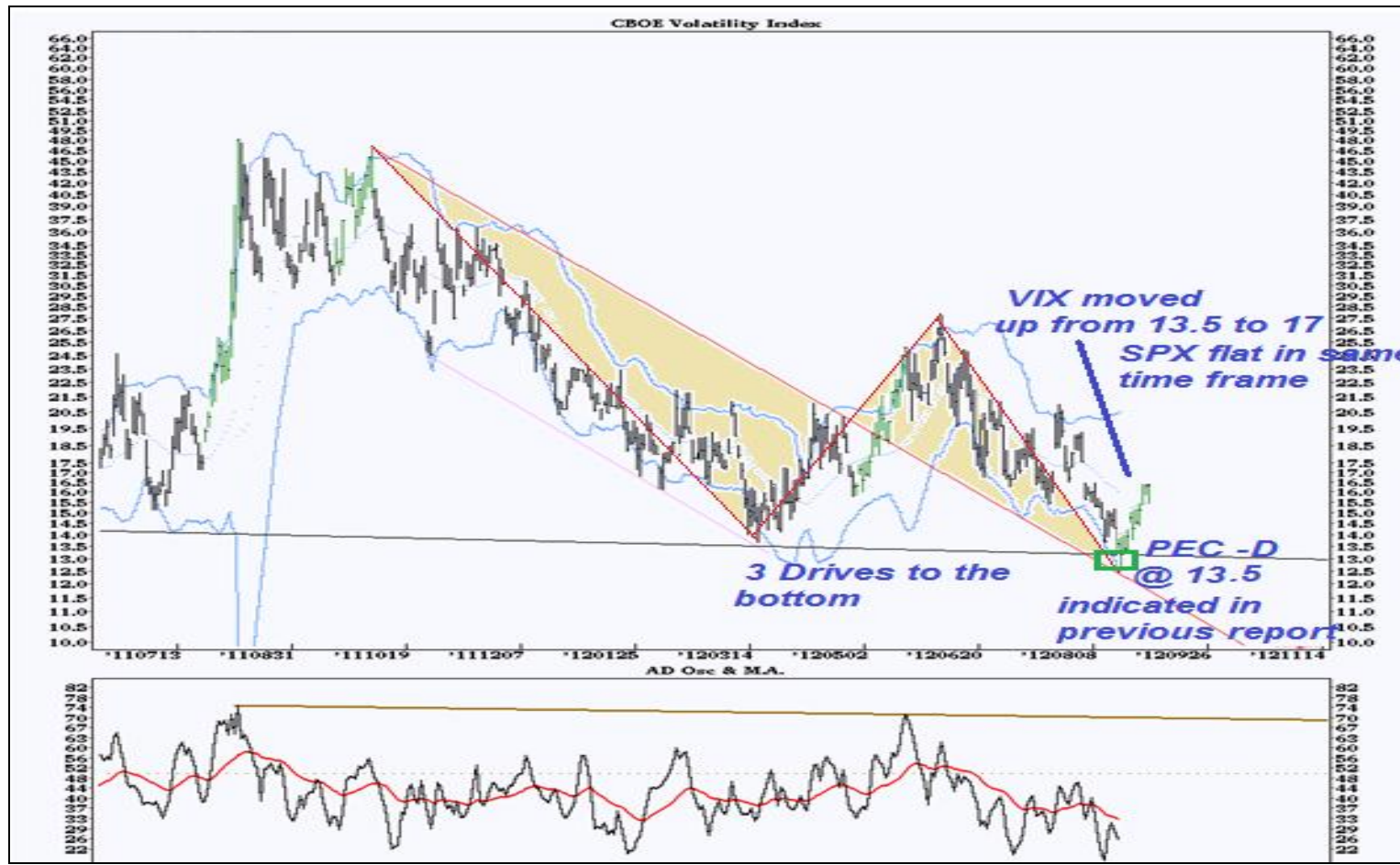
*Incomplete “Terminal process” resulting in “ Tertiary Triangulation Pattern” This is HOURLY CHART
If Tertiary Triangulation Pattern have to happen chart below is a probability of Price path.*



SPX- VIX Analysis

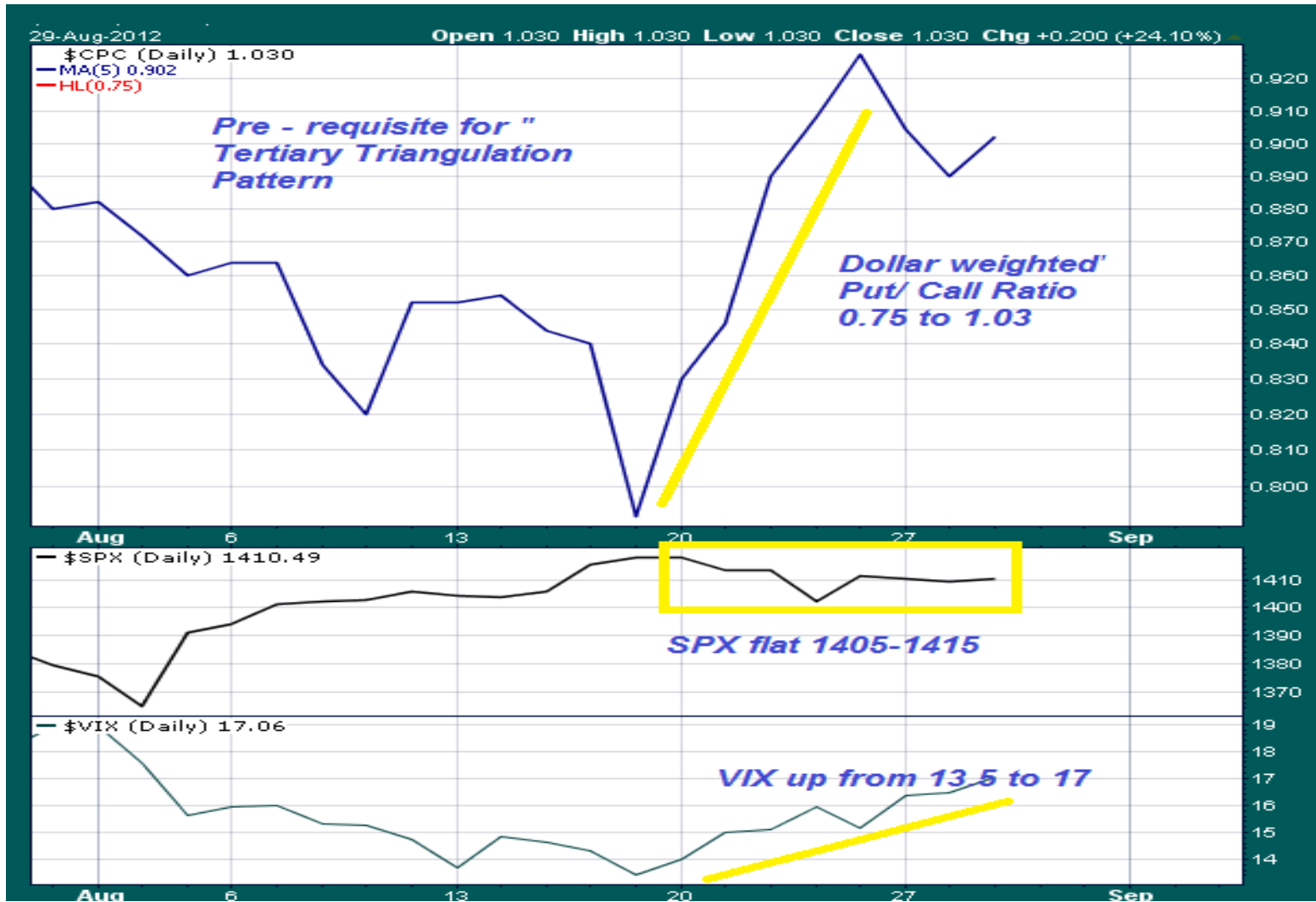
The CBOE – VIX – Moved from 13.5 to 17 while SPX remained Flat. 1405-1415 range (requirement of Triangulation pattern when Terminal process fails

PEC-D 13.5 from our earlier Report seem to prove its merit with 3 Drives to the Bottom. The storage of Kinetic energy getting recoiled to unlock into Potential Energy.



SPX- PUT / CALL Ratio Analysis

The CPC – Put call Ratio (Dollar weighted) – Moved from 0.75- 1.03 whiles SPX remained Flat. 1405-1415 range. (requirement of Triangulation pattern when Terminal process fails



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