



Note & Market Comments, APRIL 19, 2010

Reference – ASG Daily COMM 2010- APRIL 19

By: *Suneil R Pavse - Chief Investment Officer*

Contact: 978- 6623329 or apavse@aol.com

SPX – Closed @ 1197

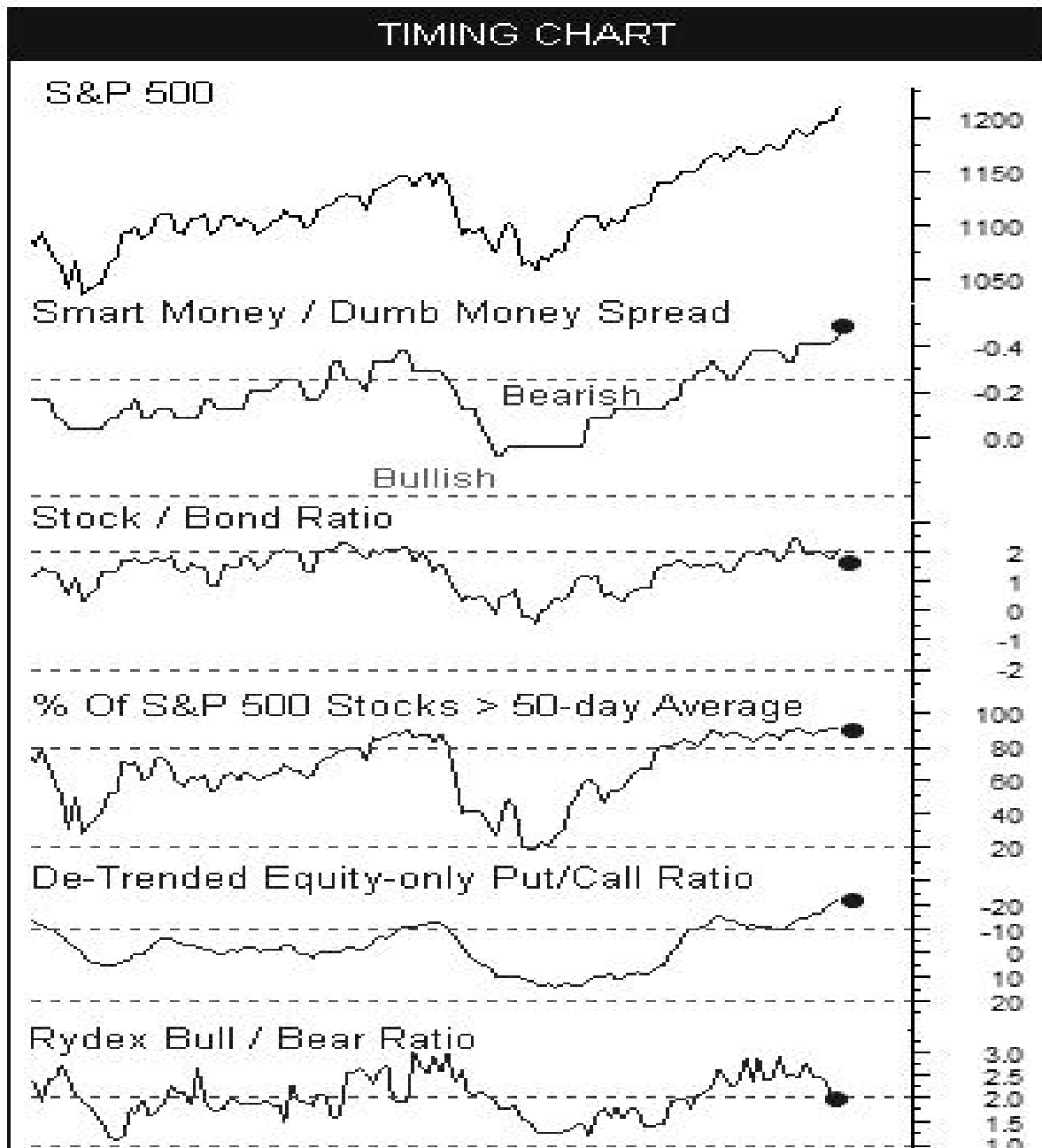
Market Sentiments

Investor sentiment is a contrary indicator.

Since it is extremely optimistic at market tops, and extremely pessimistic and bearish at market lows. At the present time there are several measurements of sentiment that are flashing warning signs just as the market reaches new rally highs, and the market's historical unfavorable season approaches. " Well published fact Sell in May and Go away, " I will cover the seasonality signals of past few years on this theme"

EXTREMES

- **Smart Money / Dumb Money spread**
- **Stock Bond Ratio fear**
- **% of Bullish stocks Traded above 50EMA**
- **Put / Call Ratio**
- **Rydex Money Flow**
- **AAll Sentiments**
- **TICK**
- **Highs / lows Ratio**
- **VIX Index**



AAII

The **AAII investor sentiment** poll is not as bullish as it usually gets at important tops, (They may be saving this for the May top, but its hard to wait for all the indicators to penout) There is plenty of room for a more serious correction on the charts if the indicators were to decline all the way from their overbought zones to their oversold zones, as often happens.

This week's poll of its members by the **American Association of Individual Investors**, showed bullishness has jumped to 49%. It is considered to be giving a warning when it reaches 50% to 55% bullish.

It has been in that range only three times since 2007. And three other times market or rally tops came with the AAll poll under 48% bullish.

The following charts show the dates when AAll bullishness was high,. Only once, in August of last year, marked with an X did AAll bullishness rise to 51% and there was no correction (bullishness plunged to 34% the next week).



As noted on the chart,

- Reached 54.6% bullish in October, 2007
- The exact top of the 2003-2007 bull market. It reached 53.3% bullish on May 1, 2008, two weeks before the top of the 2008 bear market rally, **and the highest level of the market in 2008.**
- It reached only 47% bullish on June 4, 2009 and a correction began a week later, on June 12.
- And it reached only 47.4% bullish on January 14 of this year, and the Jan/Feb correction began one week later, on Jan. 19.

So at its reading this week of 48.5% it is again in warning territory.

- **Consensus Sentiment Index**

It measures the sentiment of brokerage firm analysts and investment advisors, two groups that also are excessively bearish at market lows, and excessively bullish at rally and market tops. Its reading is now 75% bullish. The last time it reached that level was in October, 2007, near the top of the 2003-2007 bull market. It reached a high of 64% bullish in the first week of January this year, just prior to the beginning of the Jan/Feb correction.

- **Bullish / Bearish Fund Index**

It is now at 56% bullish, which is its highest bullish level since May, 2007 except for a spike up to 65% in January of this year, just prior to the Jan/Feb correction this year. **the groups that are usually wrong at market turning points, are at high levels of bullish activity:**

- **Corporate Insiders**

Corporate Insiders: TrimTabs Inc. reports that insider activity in March was decidedly on the sell side, with insider selling amounting to \$6.9 billion, while purchases amounted to only \$0.83 billion.

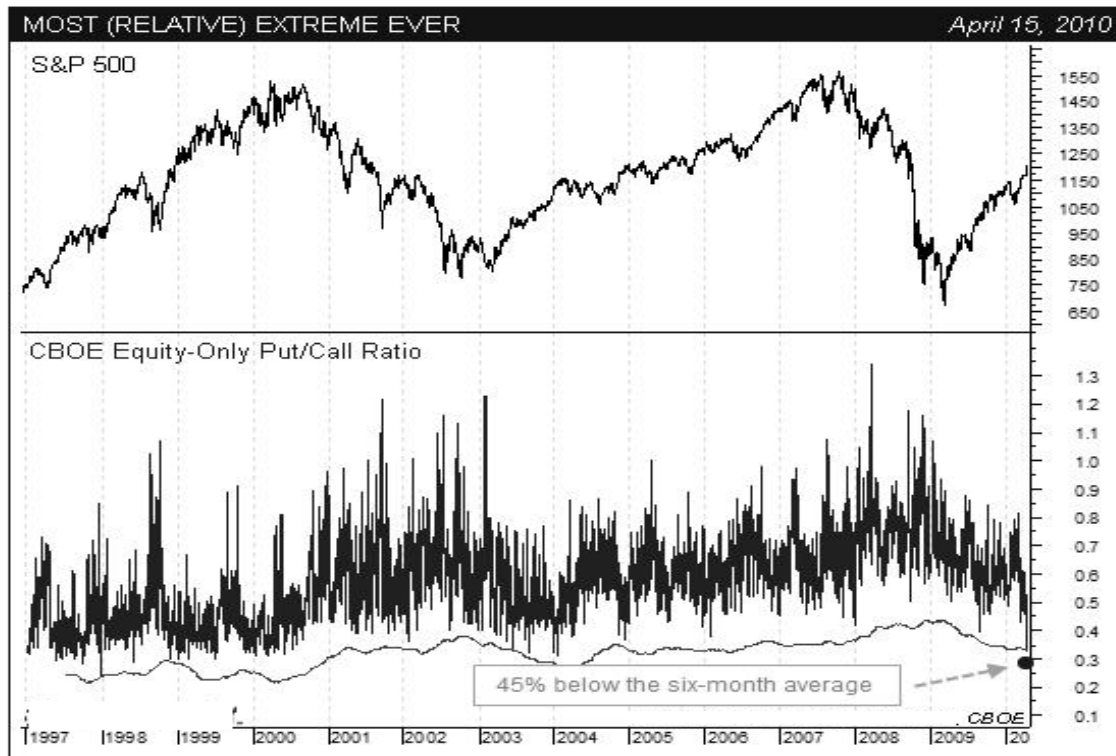
Cautionary condition

The major indexes are overbought above their intermediate-term 20-week moving averages, and their Internal Strength is also in its overbought zone, two conditions that accompany high bullish readings of investor sentiment and confidence at market tops.



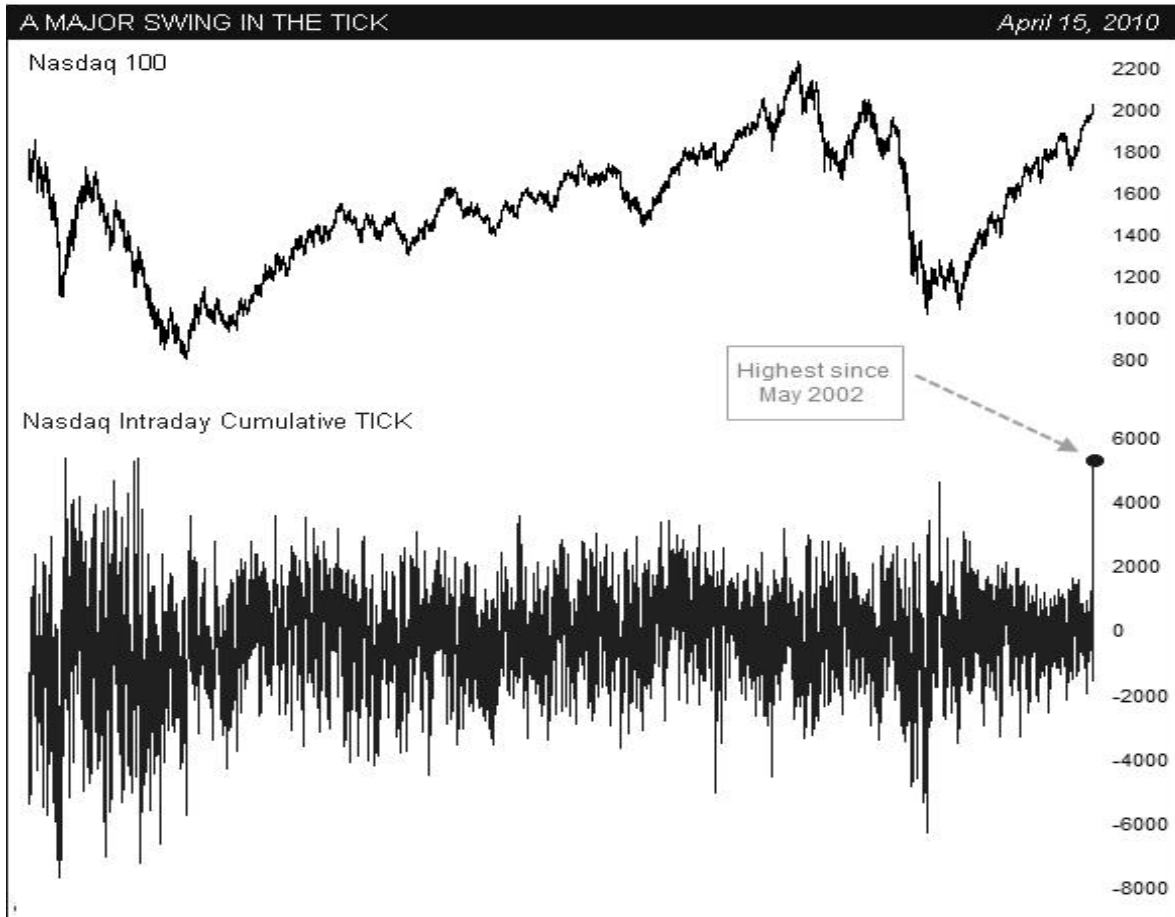
Put/Call ratios.

The 10-day equity only CBOE Put/Call ratio fell to 0.50 this week, twice as many calls as puts have been bought over the last two weeks.



Equity-Only Put/Call Ratio dropped to 0.32, the lowest reading since January 16, 2004. In relative terms, that is 45% below its six-month average. has never happened before (at least going back to 1997).

TICK

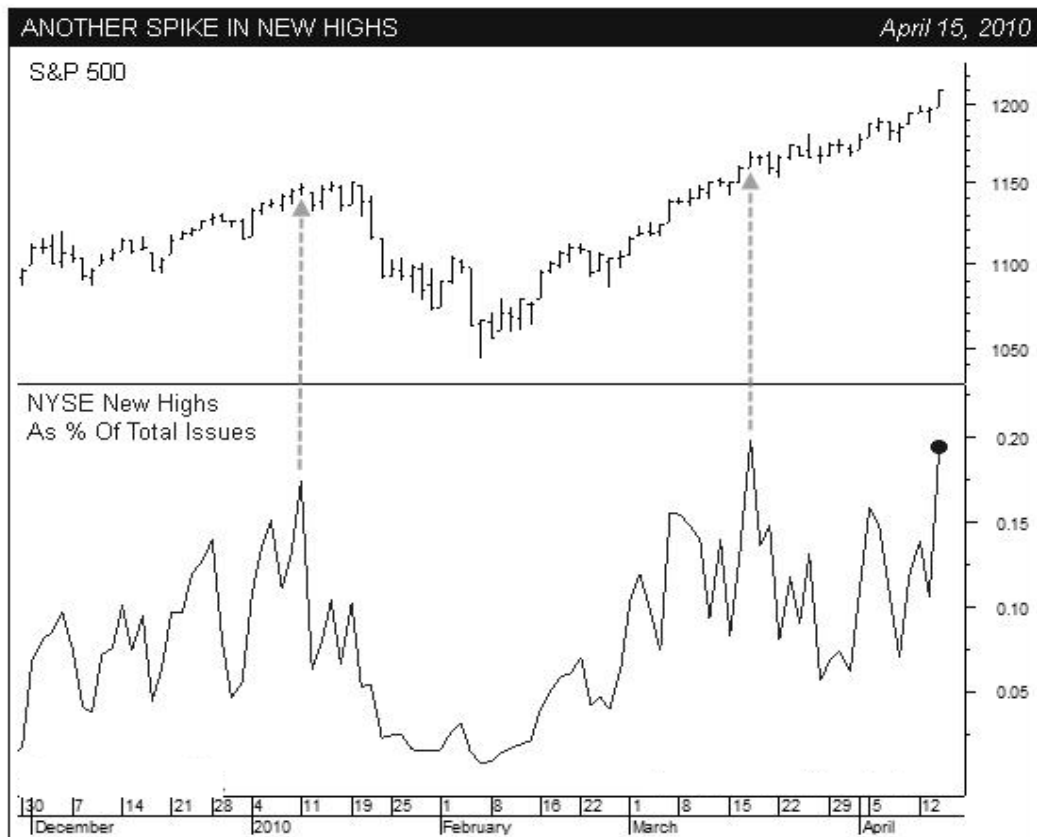


HIGH / LOW - Sentiment

NYSE New Highs

As a percentage of total issues traded, the number of securities on the NYSE that marked a new 52-week high yesterday surged to nearly 20%. Again.

That's the second-highest in 24 years, next to the surge we saw in mid-March.



The VIX Index – Only works at Extremes

The VIX Index, the Fear Index, has already been attracting attention for more than a month. It works only below 15 and above 35 much of the time (the Analysis below) . (offcourse when its put with other indicators) It's nothing new to you since we've been showing you the chart periodically. But it is part of the sentiment picture,

It is now at a low level of fear (high level of optimism) that has been seen only four times since 2007: October 9, 2007, at the top of the 2003-2007 bull market; December, 2007, the top of a mini-bear market rally; May 19, which was the market's exact high for 2008; and on January 19 this year, when the January-February correction began this year.

However, the VIX reached its current low levels in early March and although the pace of the market's rally has slowed, it has continued.





Should you have any questions regarding this Daily Trade Advisory, you can reach me by email at apavse@aol.com or at [978- 662 3329](tel:978-662-3329). We will continue to send our " Intraday Alerts" as needed

Best Regards,

**Suneil R Pavse
Chief Investment Officer**

e-mail message may contain confidential, proprietary or legally privileged information. It should not be used by anyone who is not the original intended recipient. If you have erroneously received this message, please delete it immediately and notify the sender. The recipient acknowledges that Aletheia SG Capital LP or / and associated companies are unable to exercise control or ensure or guarantee the integrity of/over the contents of the information contained in e-mail transmissions and further acknowledges that any views expressed in this message are those of the individual sender and no binding nature of the message shall be implied or assumed unless the sender does so expressly with due authority. Before opening any attachments please check them for viruses and defects."

Disclaimer None of the stock/market information presented herein constitutes a recommendation or a solicitation of any offer to buy, sell or hold any securities by Aletheia SG Capital LP or the Managers of the fund. Information presented is general information that does not take into account the investor's individual circumstances, financial situation, or needs, nor does it present a personalized recommendation to you. Although information has been obtained from and is based upon sources, Aletheia SG Capital LP or the Managers of the fund believes to be reliable. No guarantee is made of its accuracy and the information may be incomplete or condensed. All options, recommendations, estimates and actions of Aletheia SG Capital LP or The Managers of constitute the fund's judgment as of the date of the report and are subject to change without notice. You should not rely on this content as a source of investment information or decision. This report is for information purpose and is not intended as an offer or solicitation for the purchase or sale of a security. Invest at your own risk. Past performance is no indication of future result

Copyright 2002 : It is a violation of federal copyright law to reproduce or distribute all or part of this publication or its contents by any means. The Copyright Act imposes liability for such infringement, the Author reserves all the distribution rights.