For Immediate Release – Weekly Market Commentary, Research Note
Monday : Reference– ASG WEEKLY COMM 2010 # APRIL 20

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SPX – Closed @ 1197

Market Insights

- *On Short term the market is in a condition where it's almost inevitable that a very sharp decline will return to the bottom of the trading range to SPX 1150.*
- *On Intermediate term, the weekly and monthly close below 1150 should have price target of 1050, till such time the bearish rallied will be in progress.*
- *POM 14 @ 1110 with a stretch to 1210,(high end of POM 15) , so for average price of SPX 1160 is a good price to be Hedged or Net Short.*
- *The up and down swings Short term rallies does not change our Bearish picture here.*

On GS

let us say we aren't legal scholars and we understand everyone has an opinion on this. We'll simply note that Goldman exists because it has counter parties to its derivatives. The damages Goldman will have to pay due to this fraud are estimated to be in the $20 Billion range reported by Bloomberg. The other Wall Street firm which could be charged with similar fraudulent behavior. The scandal could reach into every large firm which patched together paper (derivatives, not mortgage paper itself) . This scandal is likely to only grow over time

We would keep a eye on (GS) price our key level there is close under 150.

Monday Oversold Bounce

The call option buyers *overly-bullish* behavior buying every dip but it's unlikely that any big rally can get started as long as the market stays overbought. On Friday, we had a big plunge which left the door open to relieve the very short term oversold condition and Monday's "dead cat bounce" has done that. We could very well test the breakdown area 1210 on upside

The advance/decline ratio was only 0.75 on the NYSE Monday, which is very poor compared to a Dow up over 70 points. And, it indicates we have lower lows directly ahead. NASDAQ declined in price and had an advance/decline ratio of only 0.59, confirming the negativity of breadth in an absolute sense on Monday. We should get another leg down in stocks.

Secondary Top

Looking toward the middle of May, we see additional confirmation of an important top forming here. This short term correction here should setup the next rally to that topping timeframe. The rally from February has 2 Time Termination that expired without pull back and the next one should top out about 90-99 days later, which points toward a top between May 6 and May 15, right in the topping timeframe pointed to by T-Theory and Time Ratios. His price target could be secondary high , but not clear yet if it could double top 1215 or lower high .It appears from now to May its more of Time move then price move.

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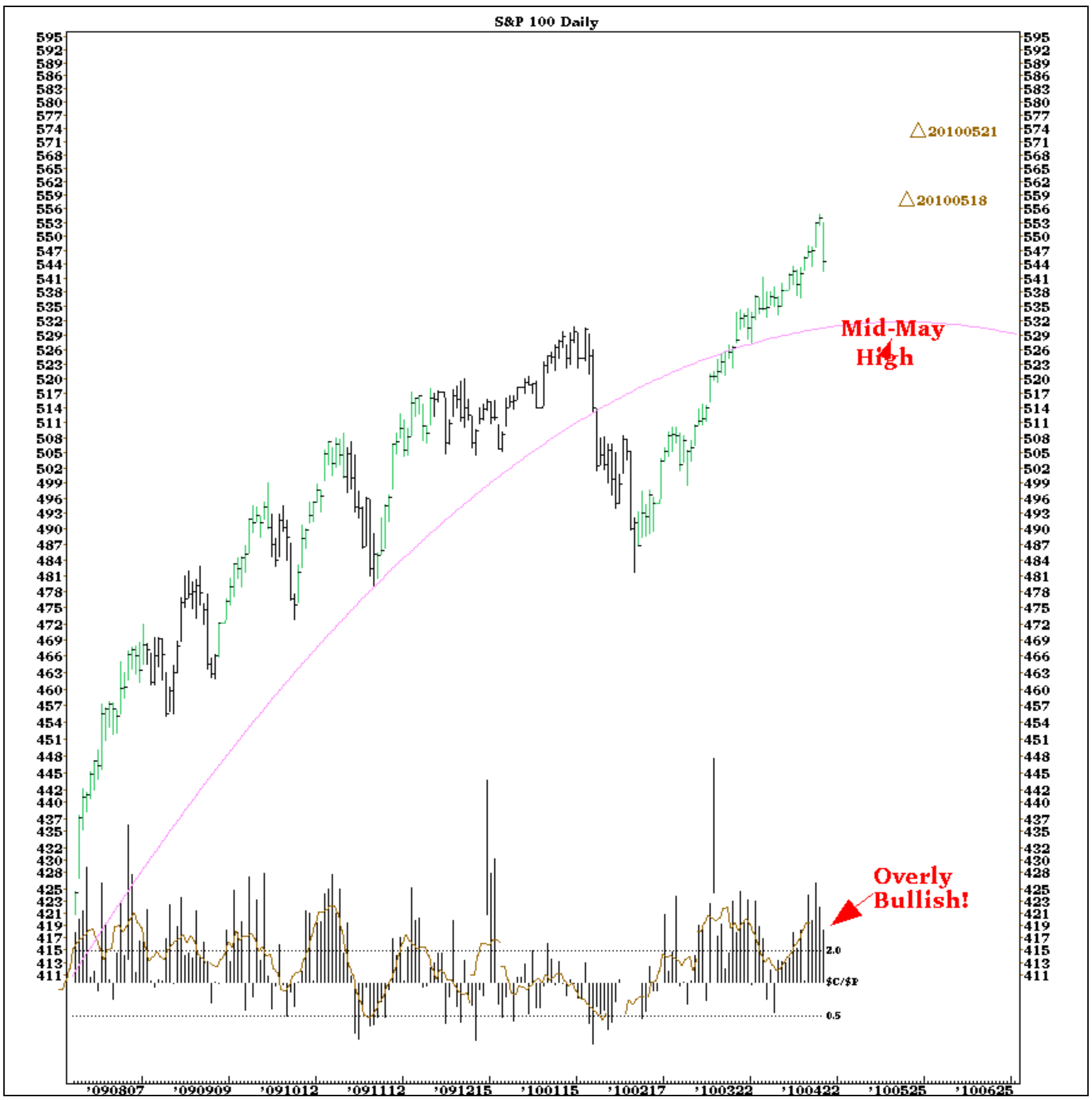
OEX

Our OEX option sentiment gauge has never seen such wildly bullish sentiment**. (See our special Sentiments report attached)** When the market dips, it's normal for option traders to buy puts. However, for the last week, traders have been rabidly buying calls instead, which are bets that the market will rise quickly

Our sentiment ratio over 2.0 is considered *overly-bullish*. Usually, a ratio near 2.0 (on a closing basis only) in a rising market will signal a correction within 2-3 trading days. But, this current manic rally has seen several of those signals fail and the rally continue. Presumably, the cash coming into the market, injected by the Fed into the market at zero interest rates, has been pushing stock buying even though traditional technical indicators have been solidly bearish.



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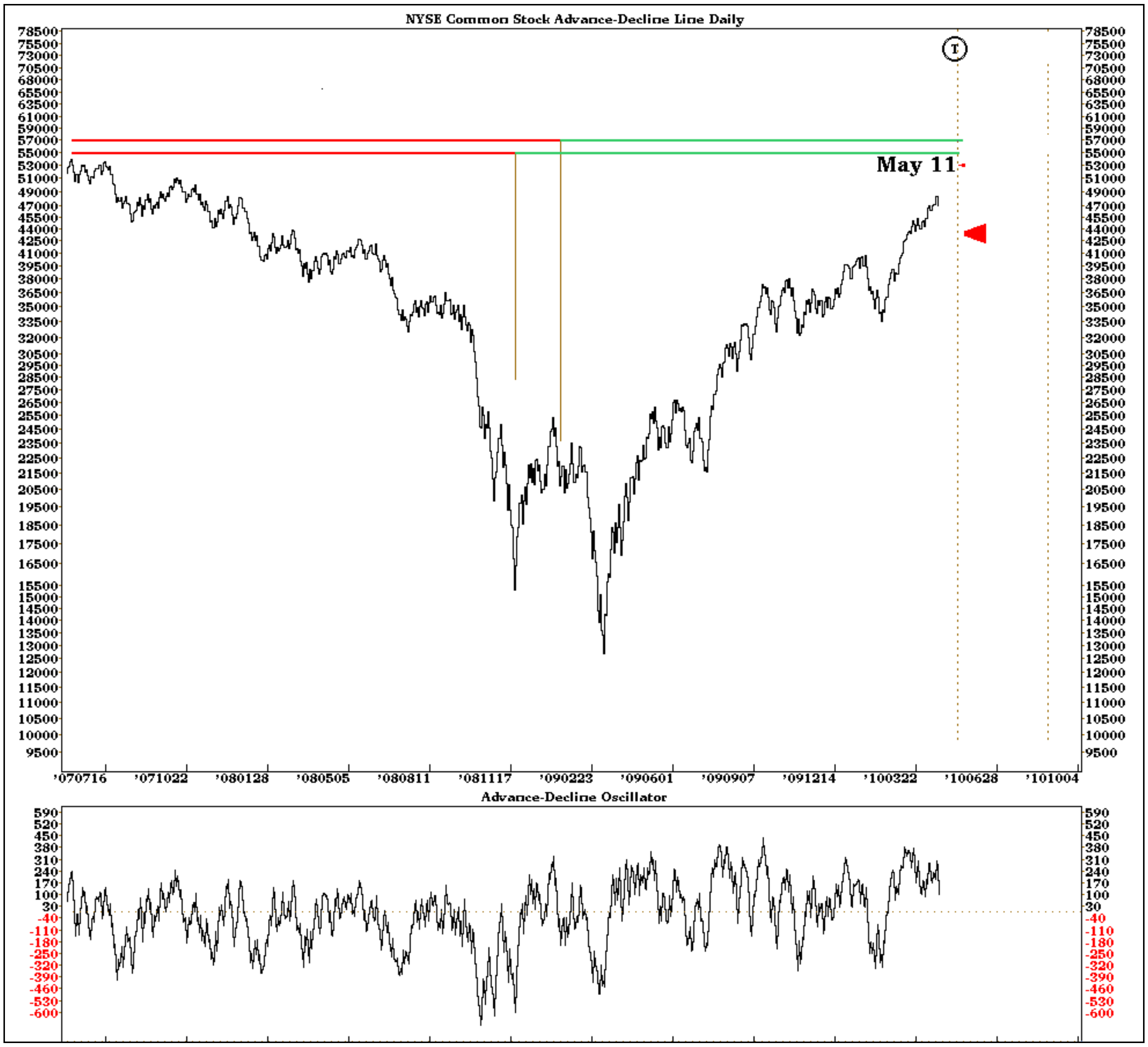
ADVANCE - DECLINE

We have two intermediate term T's formed on the Advance-Decline Line. The first T target, now and the second target mid-May second target. We had mentioned that we are seeing confirmation of the mid-May top from other timing indicators.

As you can see, we have a Time Ratio High May 11 (plus / minus) intermediate term T.



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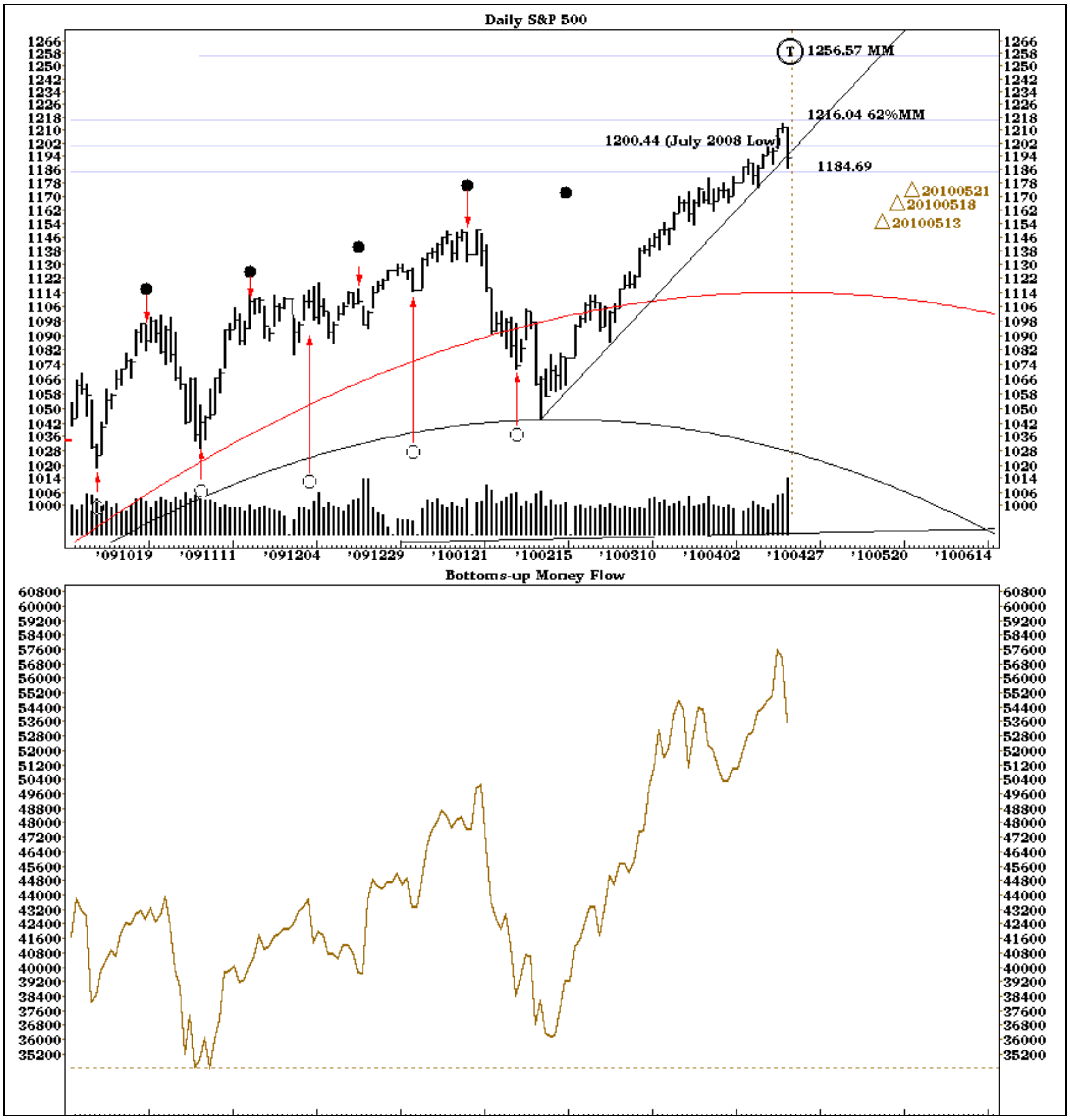
SPY

The manic uptrend ended with a sharp reversal day on Friday. This is the Shape of Things to Come and is just a sneak preview of a massive decline to come in about six months.



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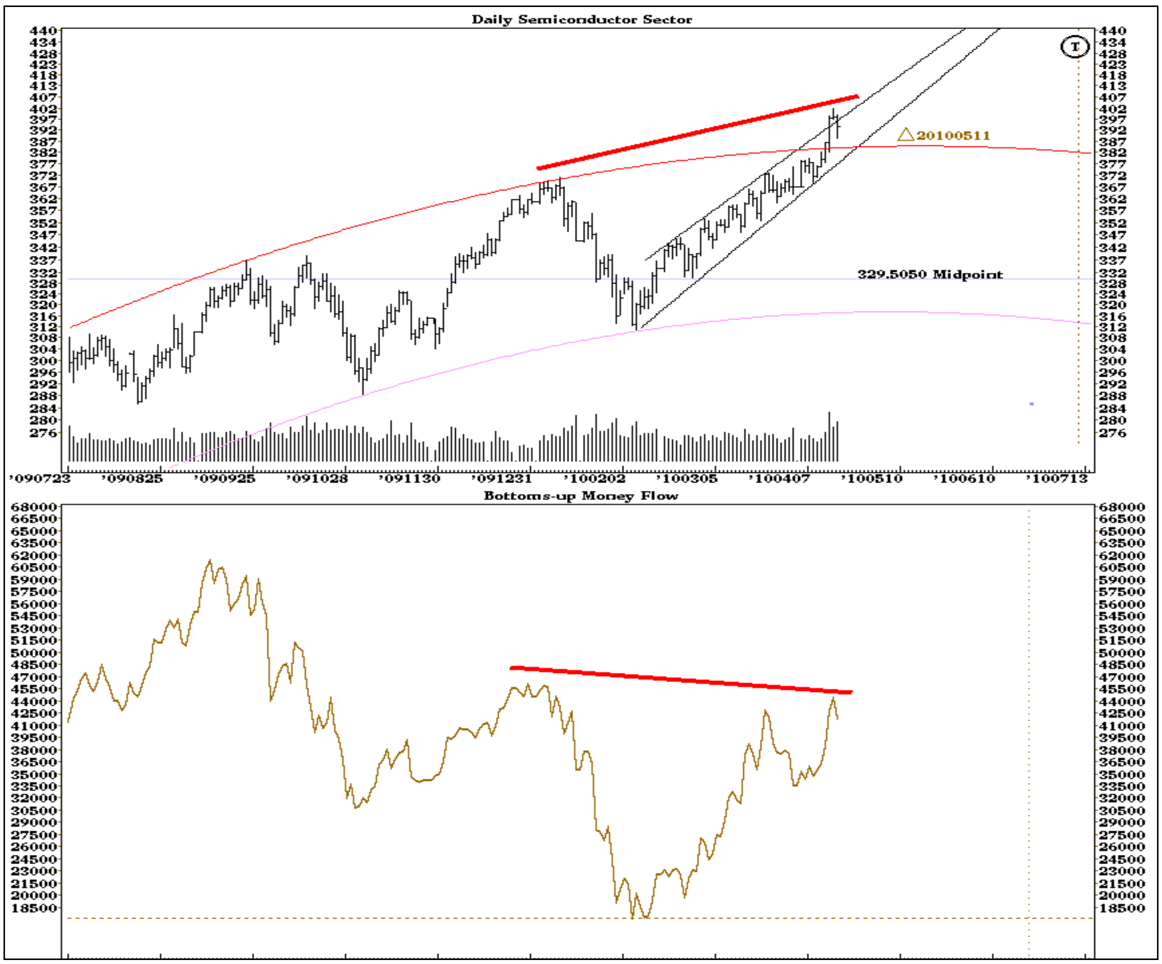
SOX

Tech stocks are due to top on May 21, T – Termination . Money flow remains strong despite Friday's dip.

The early topping indices are the Semiconductors, traditionally, followed by the broad market and then the blue chips (SPX and Dow Industrials). Interestingly, the Utilities tend to top 6 months before the rest of the market and, so far, the highest highs reached on that average occured in December 2009. In May that would be 5 months.

Massive bearish divergences identify the rally as a bear market affair. Time Ratio Highs last week came on Time. SOX tends to make highs before the rest of the market, making it a good leading indicator.

A close below the Trend and Poly Trend line should be very bearish.



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XLF

Above is the McClellan Oscillator and Summation index for the XLF sector. Since late March the Oscillator has been flirting with the "0" and Friday the Oscillator had a successful break of the "0" line closing at 63.26 which in turn turned down the Summation index and triggered a bearish signal by that method. We have pointed out on the chart the bearish divergences between XLF prices and the Oscillator. Since mid March XLF has made higher highs and the Oscillator has made lower highs. Also on the last three highs in XLF that the 5% and 10% index showed bearish divergences. The Oscillator showing divergences it would imply a decline of intermediate term could be starting. XLF has made only about 38% retracement of its bear market decline.

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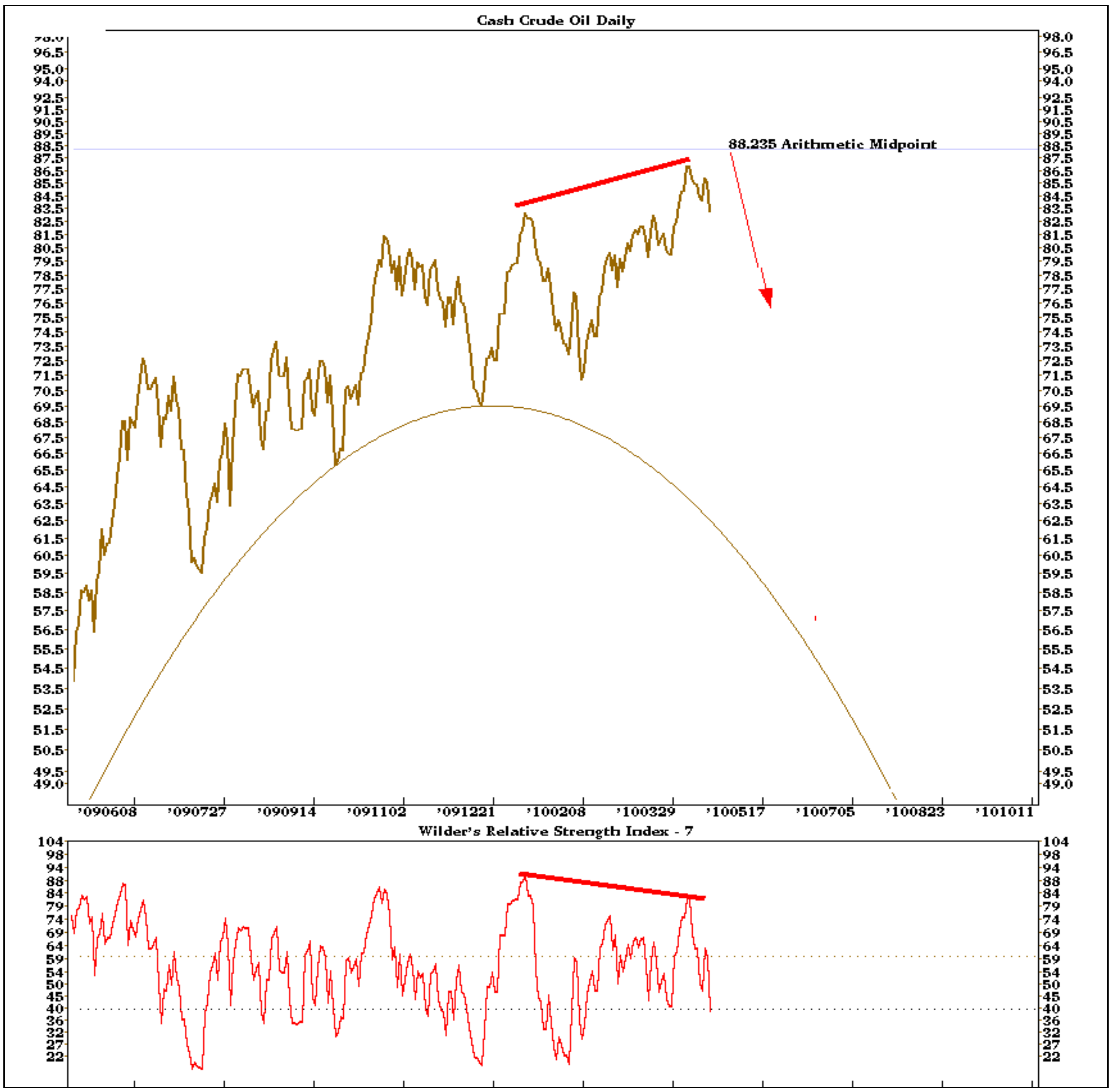
OIL

Oil is approaching its 50% retracement price and investor sentiment continues to look for oil to move much higher. 62% of survey respondents in the Sentiment Shifts survey expect oil prices to continue to rise. We think that's a great contra Indicator and that the increase will soon be over, although putting an exact top on oil prices in the near term is impossible. Eventually, a drop to the 75 price area seems inevitable.



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USD

The Dollar Index is on its way to 90. All dips are buying opportunities for longer term, irrespective of trading short term moves that are all *countertrend affairs*. Intermediate term buy at 73 still in effect

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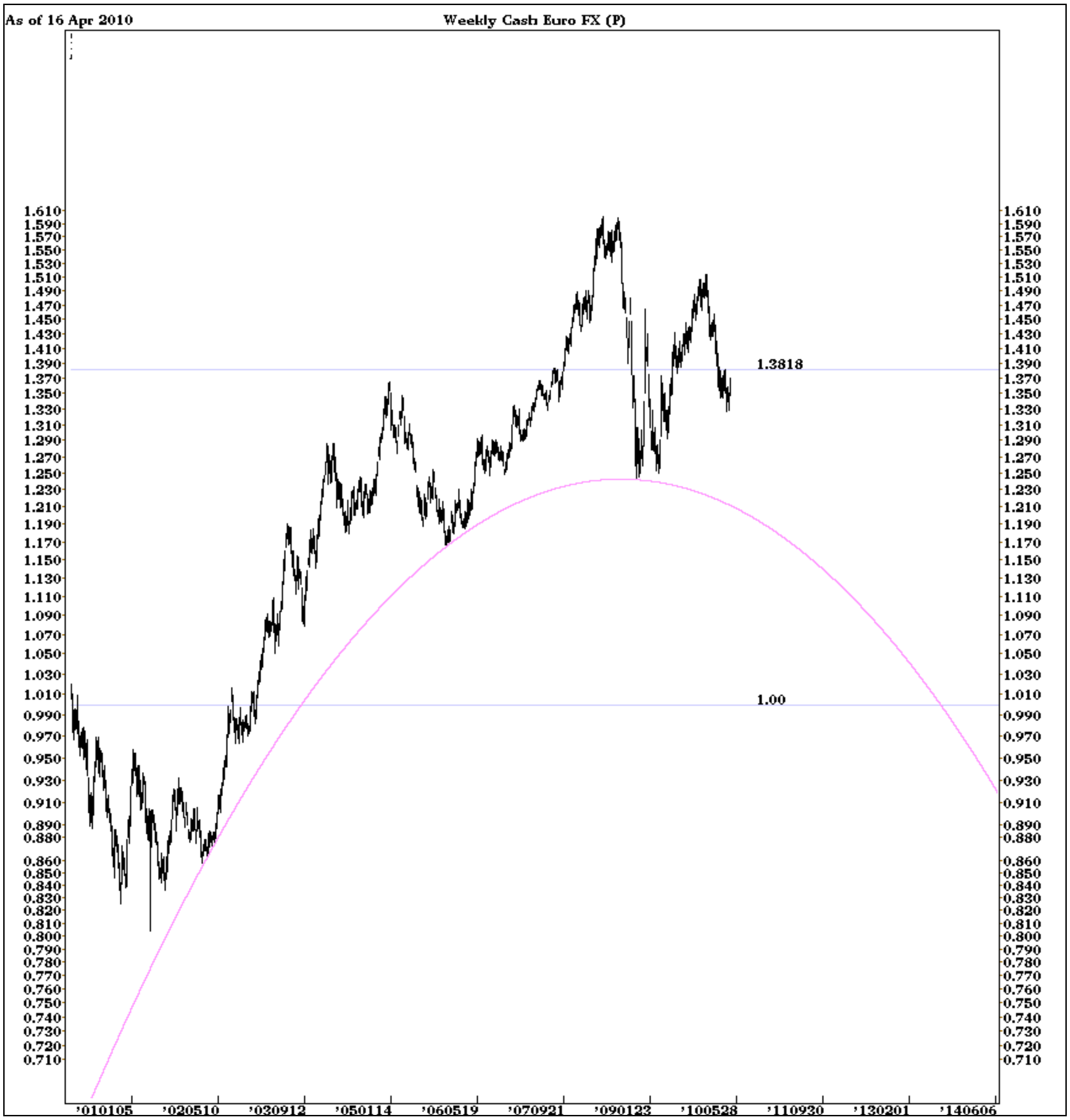
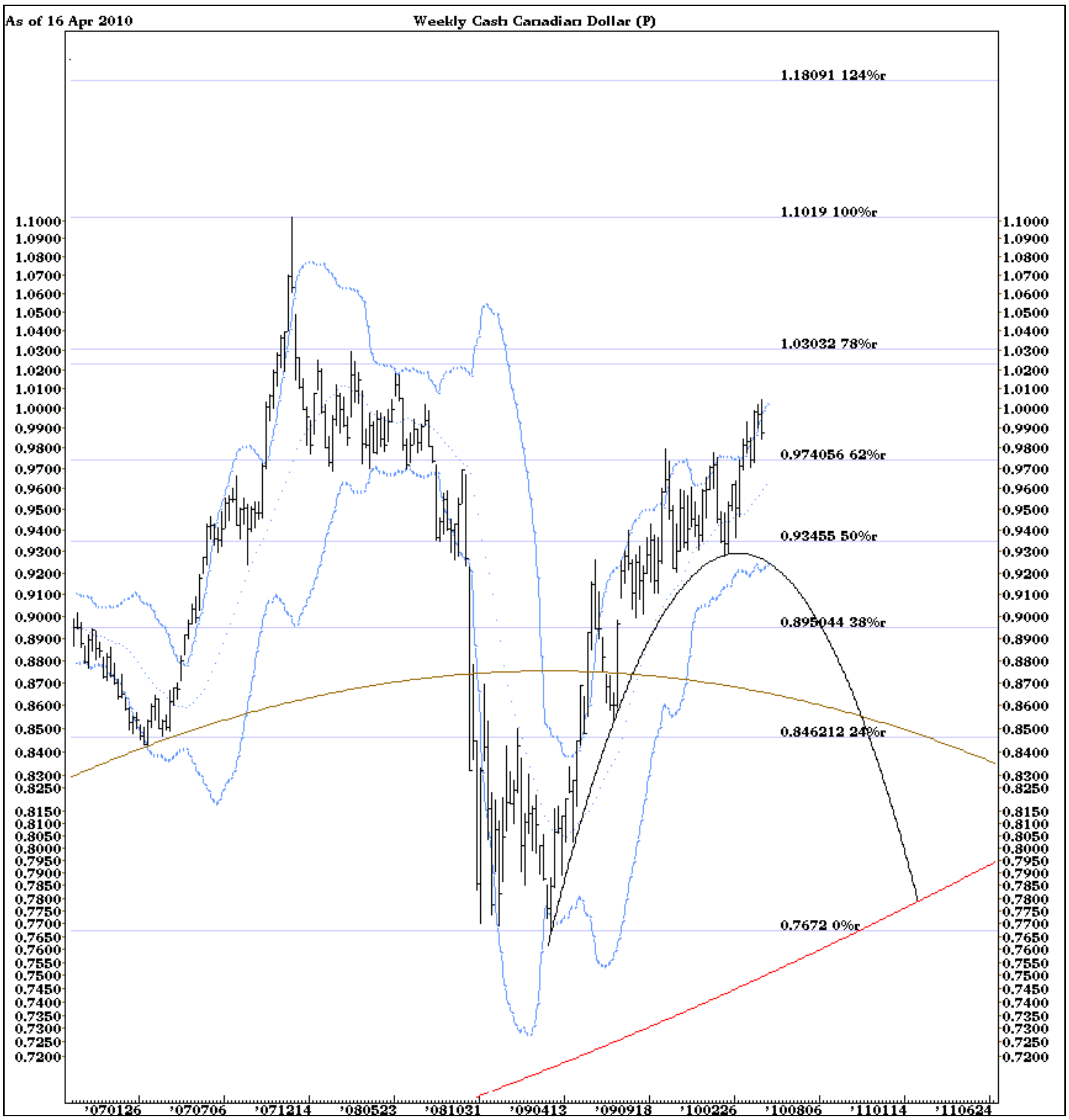
FXE

All rallied are selling opportunities for longer term, irrespective of trading short term moves that are all *countertrend affairs*. Intermediate term Sell at 1.50 still in effect, target 1.23



CND

Although strong it isn't likely to be strong in the second half of 2010. Its on venerable right side of Inverted U , First Target to 92



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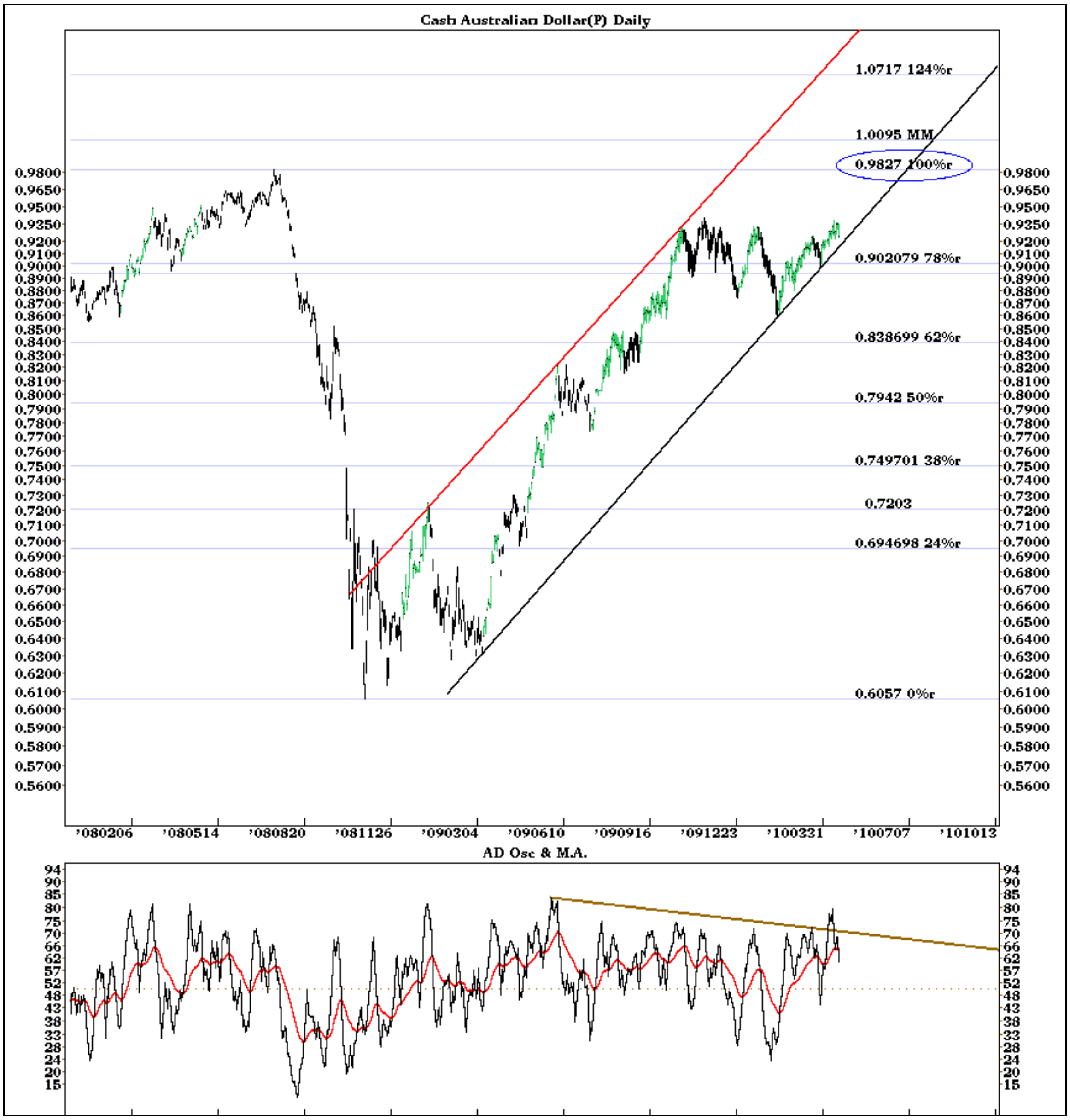
AUD

A break of the support line first would put a long term double top into the Aussie and a huge drop in its value. All rallies should be short lived even test of the old high at 0.98 is likely to fail



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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. We will continue to send our " Intraday Alerts" as needed

Best Regards,

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