

Note & Market Comments, APRIL 22, 2010

Reference – ASG Daily COMM 2010- APRIL 22

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SPX – Closed @ 1205

Market Sentiments

- *In our last Report, We suggested the SPX will test the breakdown area of 1210 and fail, yesterday it might have done so. We had a high of 1212*
- *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.*
- *SMH & CHINA still seem to be lead Indicators to the market*

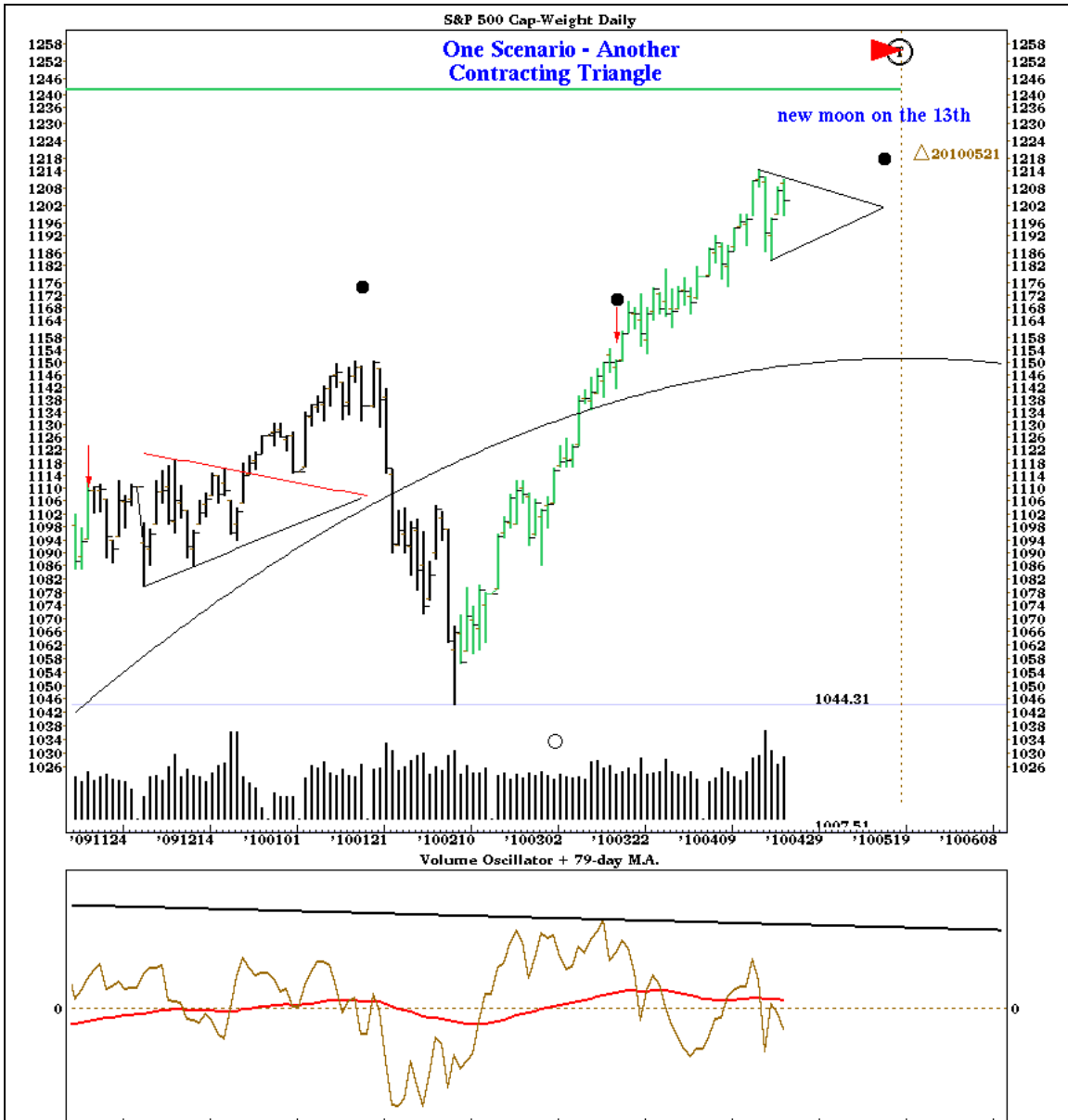
SMH

This was the first Index to give the early gains of yesterday, Opened strong and moved into negative. This is possible outside reversal or bearish engulfing. Chart shows, A pullback to broken resistance is quite possible. Also notice that the ETF consolidated in the 27.5-25.5 area to mark a possible support zone.

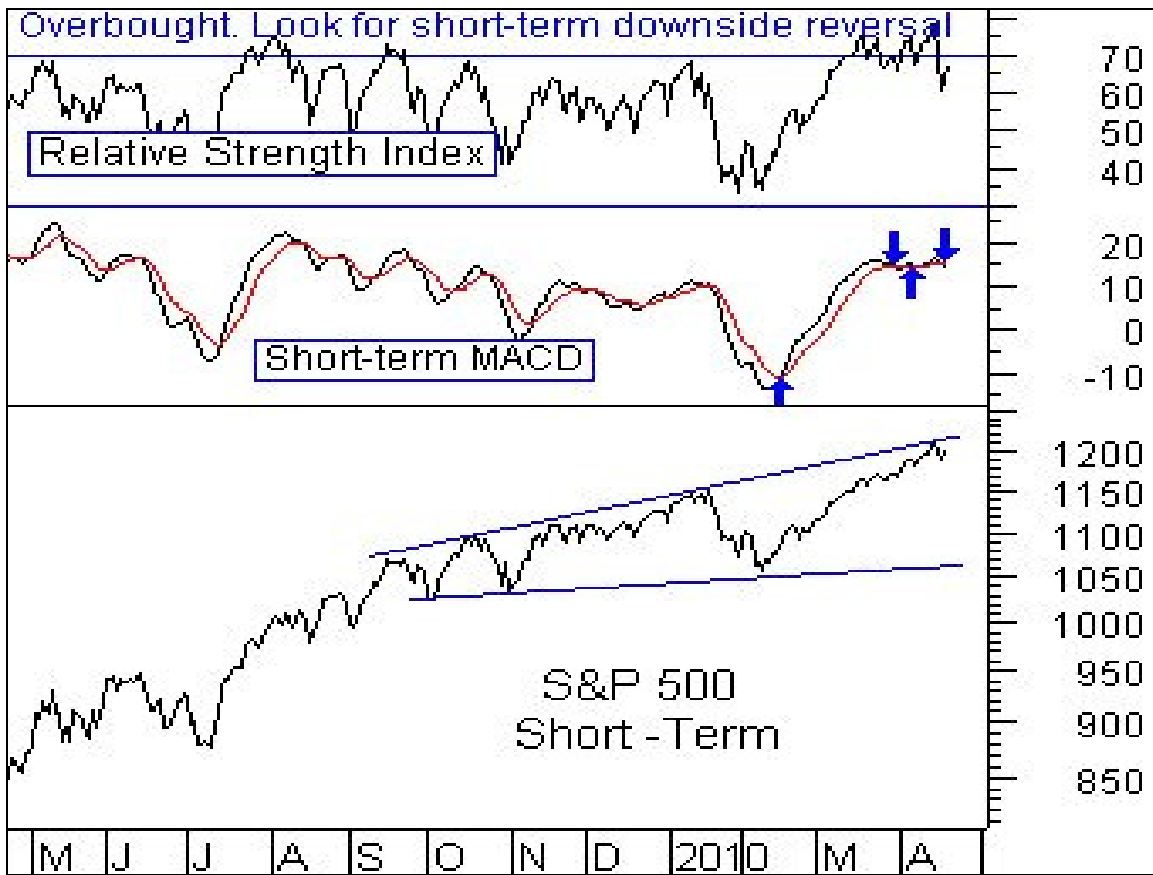


SPY

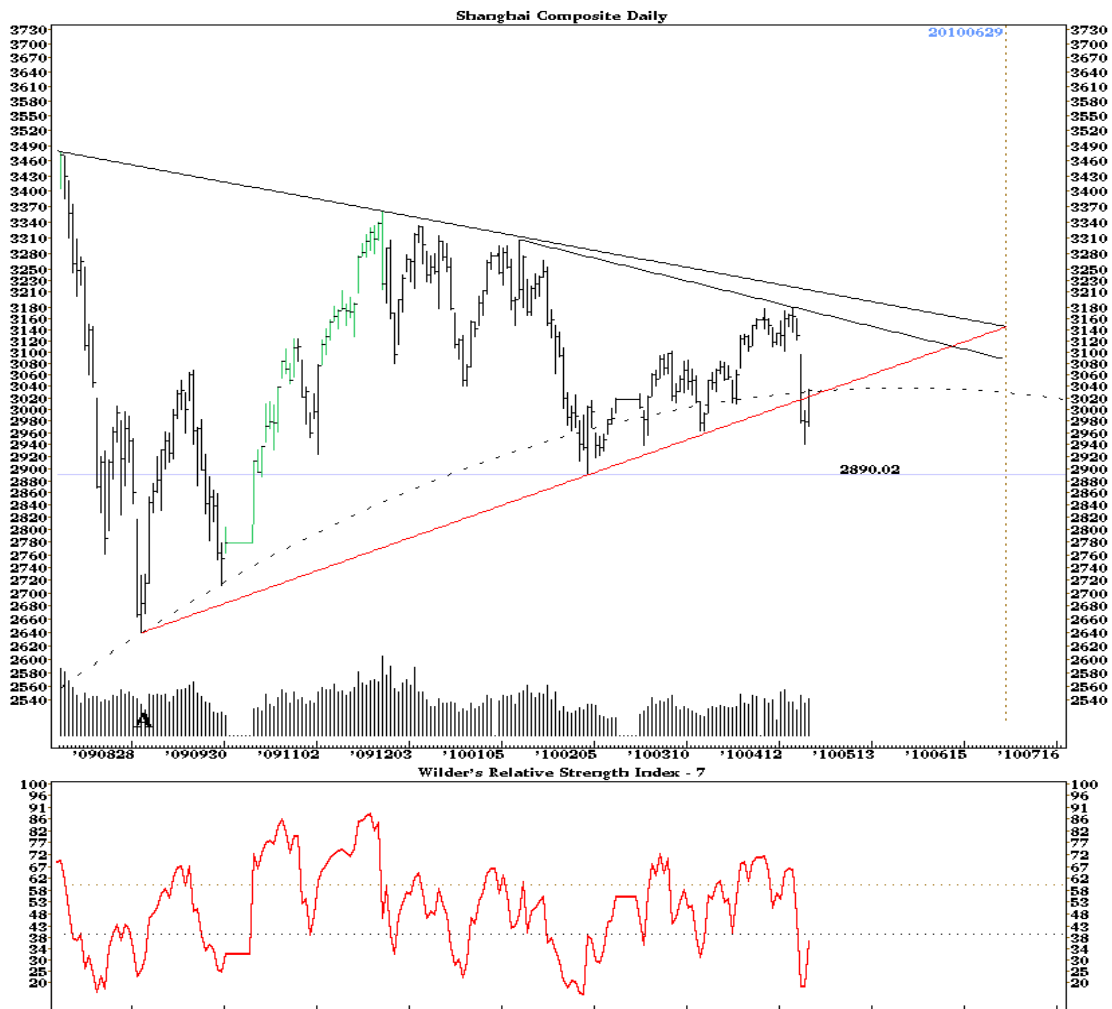
The pattern could be a contracting triangle, something that can only occur in the penultimate wave of a move thrust rally and finish the move (just one scenario which could play out, similar to the contracting triangle shown in the chart late last year) or an ABC corrective pattern. If so, it could possibly line up with a high on the New Moon in May on the 13th, this is more of the probability similar to China market chart below: (13TH May coincides with time Termination T)



SPX is at the upper end of the channel and the Indicators are fading & MACD is turned down after Fridays decline



The Shanghai market remains in breakdown in Triangular pattern , this has leg the SPX down with some time lag



The dotted polytrendline was support until it was violated, normally the US market will not react initially to a breakdown in the Chinese market. Things aren't especially normal right now.

SHANGHAI fell well short of its prior high and shows relative weakness. Chart shows the Shanghai hitting resistance near the 62% retracement the last two weeks and falling sharply. Remain **concerned with relative weakness in Chinese stocks**. A break below the support zone would be bearish and target a move below the September low and bearish for Global Markets.



Market Seasonality

Within the context of Technical Indicators we have tracked seasonality we track every end of April just to verify “ Sell in May and Go Away” (We will publish this in October when seasonality gets bullish again and MACD triggers Buy). This has been our favorite analysis.

Our Rules of Seasonal Timing Strategy (STS)

As you know the STS rules are that the earliest exit date is not May 1, as in the old Sell in May and Go Away maxim, but is April 20, but only if short-term MACD is on a sell signal when April 20 arrives. **If it is not, then the exit is not triggered until short-term MACD triggers its next short-term sell signal.** April 20 will be next Tuesday, MACD triggered a sell signal on the Dow from a very overbought level.

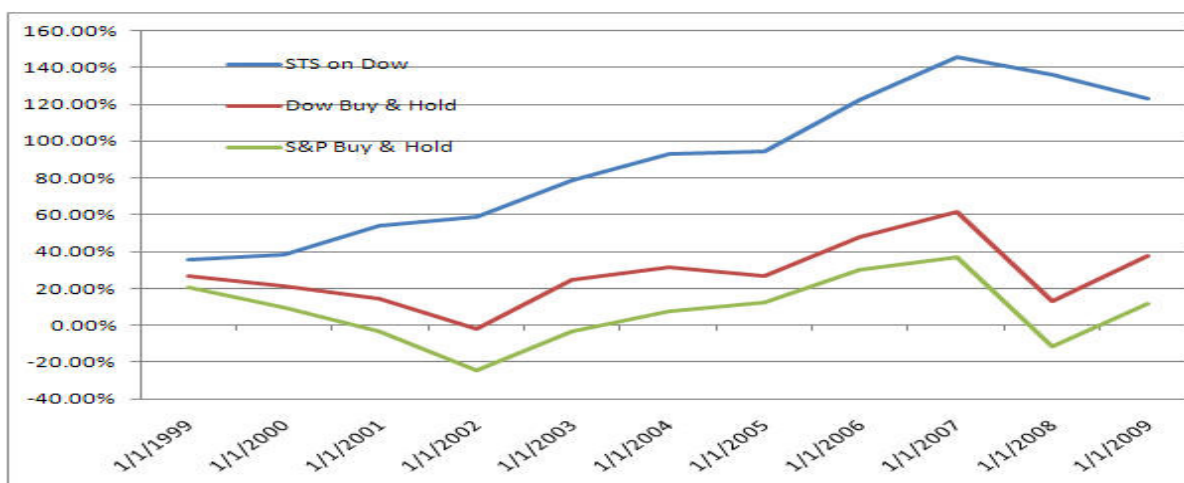
Table of STS performance in 11 years of real-time. (Below)



Aletheia SG Capital

YEAR	NASDAQ	S&P 500	DJIA	STS using DJIA Index Fund
1999 (Bull Market)	+ 85.6%	+ 20.1%	+ 26.8%	+ 35.1%
2000 (Bear Market)	- 39.3%	- 9.1%	- 4.6%	+ 2.1%
2001 (Bear Market)	- 21.1%	- 11.9%	- 5.3%	+ 11.1%
2002 (Bear Market)	- 31.5%	- 22.1%	- 14.7%	+ 3.1%
2003 (Bull Market)	+ 50.0%	+ 28.7%	+ 27.6%	+ 11.2%
2004 (Bull Market)	+ 8.6%	+ 10.9%	+ 5.5%	+ 8.1%
2005 (Bull Market)	+ 1.4%	+ 4.8%	+ 1.6%	+ 0.6%
2006 (Bull Market)	+ 9.5%	+ 15.4%	+ 18.5%	+ 14.2%
2007 (Bull Market)	+ 9.8%	+ 5.4%	+ 8.6%	+ 11.2%
2008 (Bear Market)	- 40.5%	- 36.1%	- 31.3%	- 3.6%
2009 (Bull Market)	+ 43.8%	+ 22.4%	+ 18.8%	- 4.2%
11 - Year Return				
	+ 3.5%	+ 6.6%	+ 40.8%	+ 124.1%
10 - Year Return				
	- 44.3%	- 11.2%	+ 11.0%	+ 65.9%
5 - Year Return				
	+ 4.3%	- 0.3%	+ 7.0%	+ 18.0%
3 - Year Return				
	- 6.1%	- 17.6%	- 11.1%	+ 2.7%
2 - Year Return				
	- 14.4%	- 21.8%	- 18.1%	- 7.6%
1 - Year Return				
	+ 43.8%	+ 2.4%	+ 18.8%	- 4.2%

And in chart form:





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).

Best Regards,

**Suneil R Pavse
Chief Investment Officer**

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