



SG Capital Research

Global Market Insights

Research Note – Weekly Market Strategy Global (A)

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For Immediate Release

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Market Strategy Global - SPX – Closed @ 1071

Analysis of Broad Market that includes Primary Market SPX & DOW as market driver and Secondary Markets NYSE, NASD, RUSS . We have picked up charts that has some distinct characteristics and values from last weeks observation at Inflection points based on our assessment:

- AD-Oscillator
- SPX, DOW, NDX, RUSS
- XLF, SMH,
- CHINA
- EURO.

SPX – “Our Current Signals & Projections”

- ***On 6th Aug – POM 14 – Re run was triggered at 1125 and we are still on that same signal***
- ***We have decisive weekly close below 1085 which is intermediate bearish conformation***
- ***On 16th Aug, we had price projection of +/- 1060 SPX for reversal (We hit 1069 and reversed but it is NOT POM 13 although and bounced back close to our target of 1110 (we hit 1100 @ max pain factor) and then went back to test the lows again of 1070***
- ***Now , We should get another bounce from here 1070 SPX but this is a consolidation. (See the charts below)***

Market Insights

Our bounce target to SPX 1110 was at 50% & 1005, a 21 D MA (Max pain for option expiration) was reached and market sold off real quick to 1070. We should get another bounce from here from 1070 SPX but this is a consolidation. This is more of time function till T Termination expires (See below) .

We remain intermediate term bearish but a bounce is in progress **(During the 1ST July bottom we had projected a price path on SPX from that point on for consolidation, here is an update (See chart below) .** All price actions on upside should remain between 1110 .- 34 W MA underneath. (See chart below) .

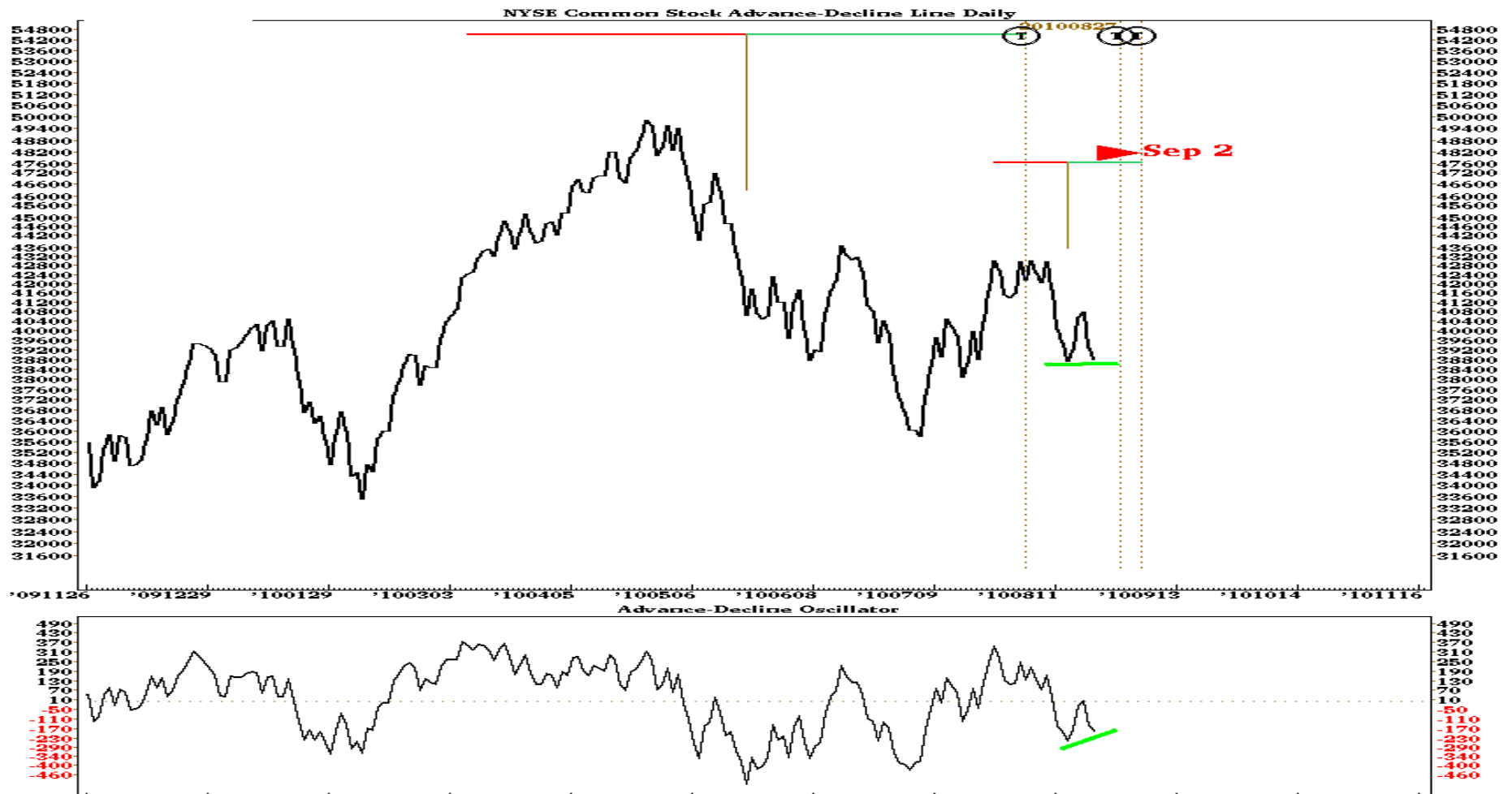
Geomagnetic Storm

Last weeks Geomagnetic storm came on time but sometimes it has delayed reaction by 2-3 days. We have next one on Thursday Lets see how it coincides with the T Termination . We suspect that the Study of Cycles projection, which showed a sideways to down trend into September, is going to be the operative forecast for the next month

A/D Oscillator

The short term T expired this month (on the 3rd, to be exact) and we've seen weakness in the market since then. **The second T**, in chronological order on the chart, expires this coming Friday, the 27th. (It's a 3-year long T from 2007 high in the Advance-Decline Line and has a centerpost in early 2009. **The third T projects** an end on September 2nd.

The conclusion is that we have about one more week, maybe a little more, of uptrend left in the stock market. After that we would be very cautious. But, this should be the final as all of the T's are scheduled to expire, leaving nothing but air underneath the stock market. Oscillator is showing a divergence as well.



DOW

The market formed a clear five-wave pattern on Friday and that ends a short term pull back . Money flow was positive and the market should enter another short term bounce. Market is very devious and want to suck in some more bread another time. **We will follow our Price path in SPX as Indicated in our Price path chart below.**



SPX – Short Term

. The two charts below showed an hourly bar with Fibonacci . as market bounced to 1100 @ 50% we expected . The daily Chart show the SPX also falling back below its 50-day average. In addition the 13-day EMA (blue line) about to cross back below the 34-day EMA (red line).

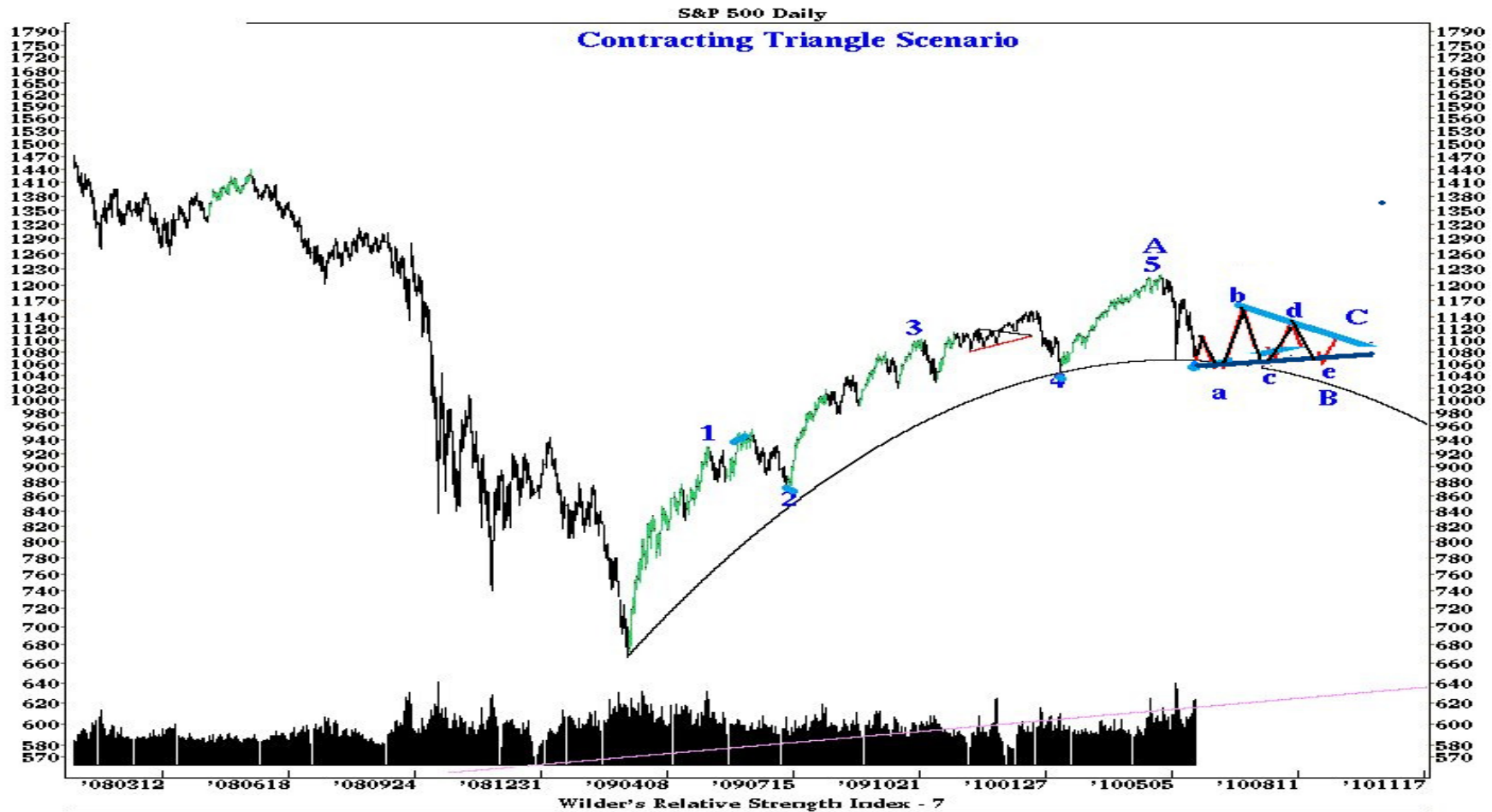


SPX – Intermediate term

The advance/decline line which in turned down the McClellan Summation index (bearish sign. The weekly SPY chart with the Bollinger bands. When the mid Bollinger band is trending down then that implies the intermediate term trend is down (current mid Bollinger Band is trending down). In a downtrend tops can be found when the weekly RSI reaches near the 50 range and that level was reached last week. There are cycles for a low due in September October timeframe and is where the next intermediate term low should be found. We remain bearish and next intermediate term low may form in September October timeframe for Presidential 4 year cycle lows.

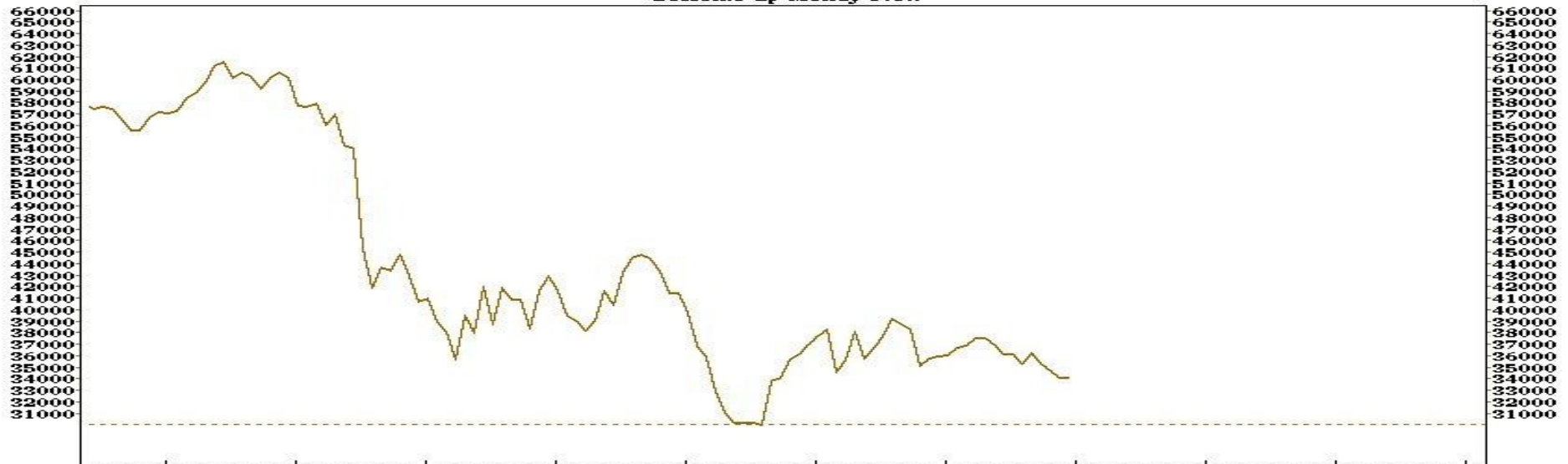


SPX – PRICE PATH - We could very well be at “ b “ to final “ c ” point? On right side of poly trend.



NDX – Intermediate term

The tech sector is dying, slowly, but a bounce to test the resistance line is the most likely possibility here.



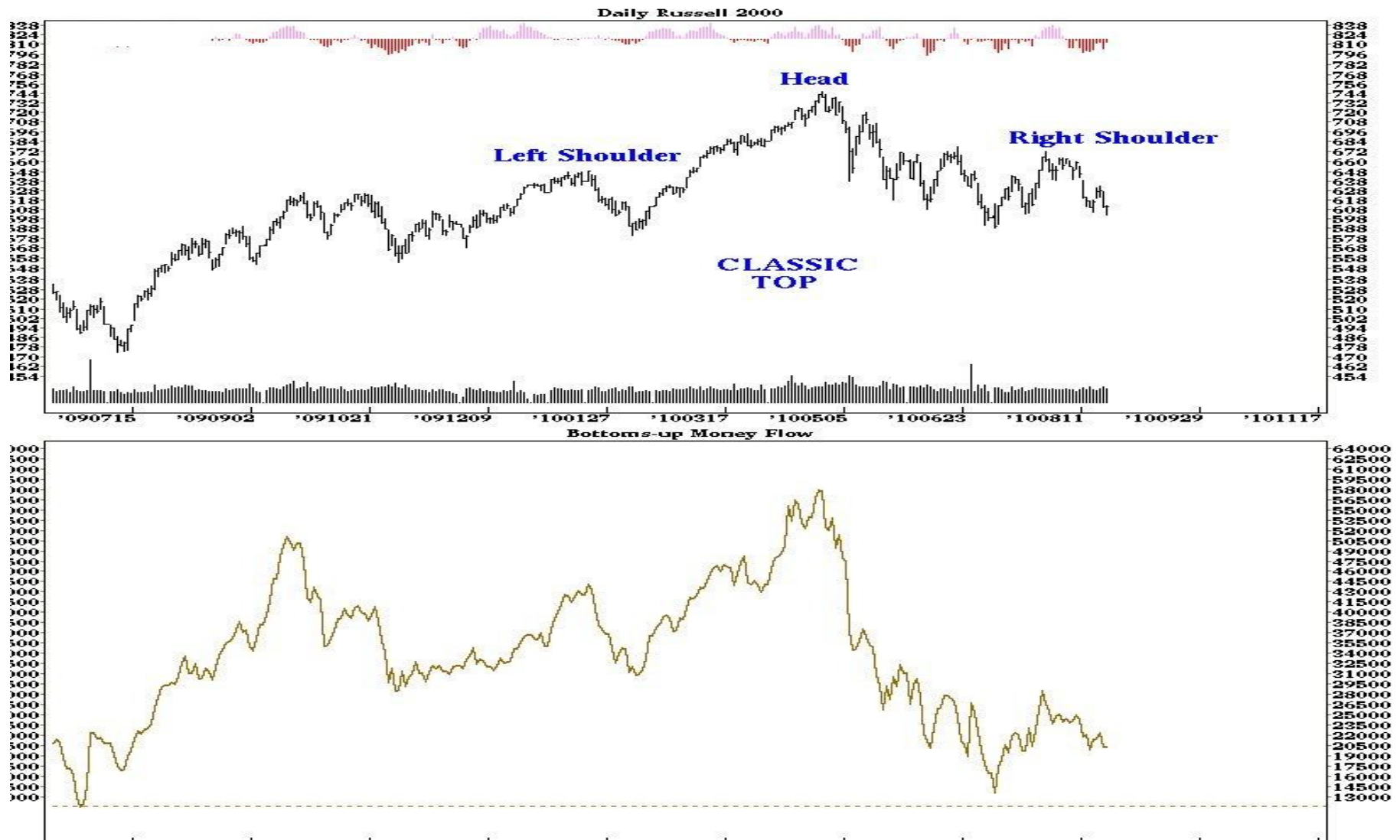
NDX & RUSS

The daily Chart show t falling back below its 50-day & 200 – day average. Quite a bearish sign below the cross and blow the trend Line indicated in above chart , This is the same case with **RUSS** below.



RUSS – Intermediate term

RUT is forming a classic Head and Shoulders Top here .



In our “Sector – ETF Analysis” (C) - we have additional Inter market analysis but this Analysis is to capture the Inter market analysis for SPX direction

XLF - weekly XLF chart , the Bollinger bands have rolled over and suggest the trend is down. The pattern that formed over the last several months has a measured downside target near 10.00 Which is also a 61.8% retracement of the rally from the July 09 low and is a possible target on this decline. The weekly MACD is trending down and the Bullish Percent index has been showing a negative divergence since last October. When the weekly RSI reaches near 30 or lower then XLF may not be far from a low. **see in our sector analysis report for weakness for setup 2**



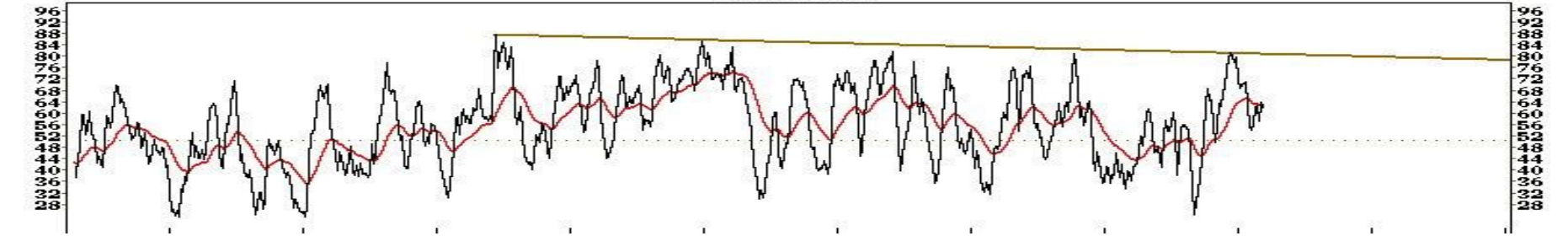
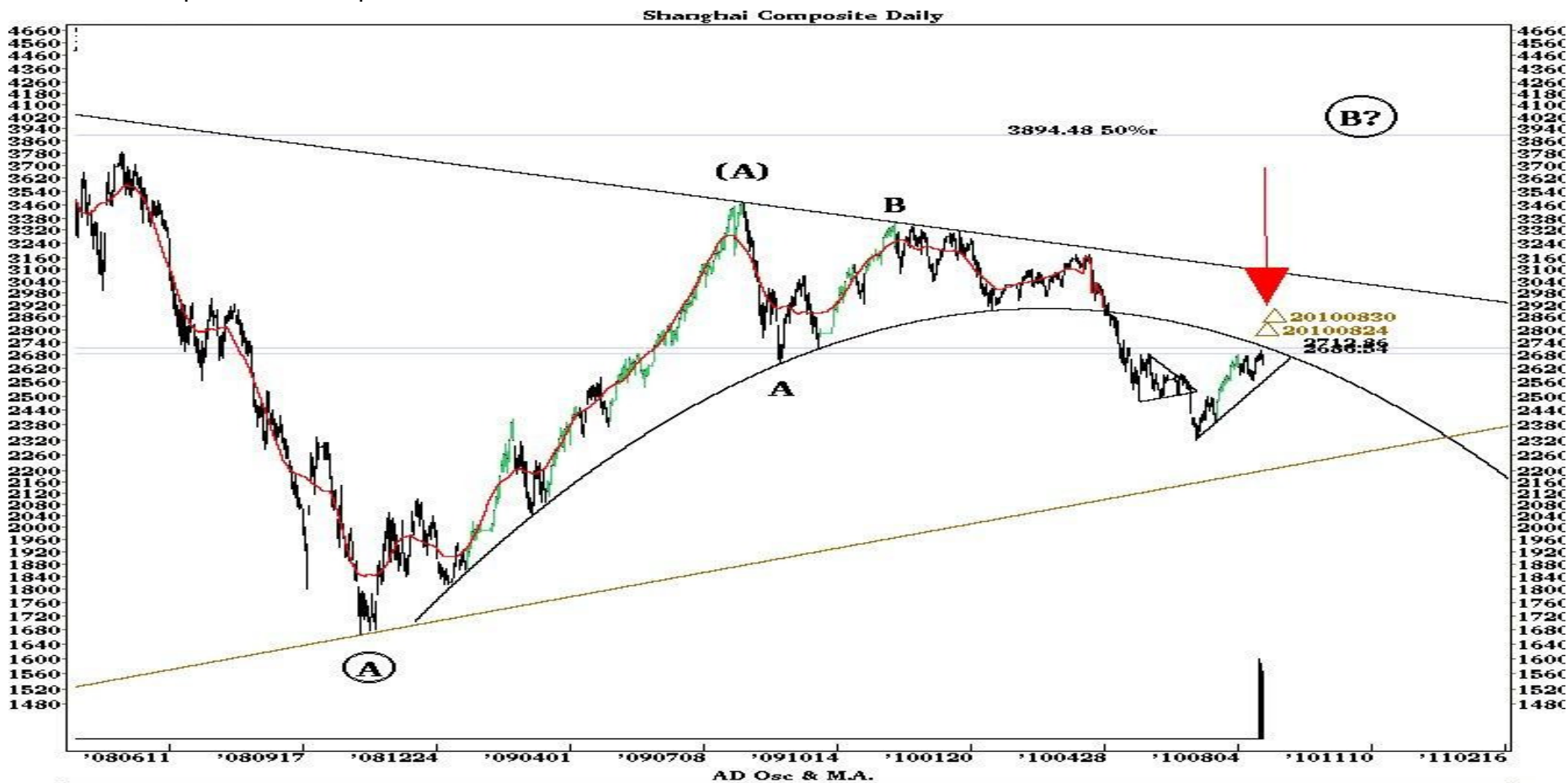
SMH

SEMI CONDUCTOR - RELATIVE WEAKNESS... It's usually a bad omen for the market when small caps and technology stocks (Most important is SEMI's) are underperforming -- as they're doing at present. Its falling Relative strength shown in 2nd window. The **Semiconductor (SOX) Index** having already broken its summer low. Notice the steep drop in its RS line since mid-August. Semiconductor weakness is usually bad for the Nasdaq which is bad for the rest of the market. **See in our sector analysis report for weakness for setup 2** , However, one last rally to distribute shares is likely.



CHINA

The final week of August may be the week when the major trend down in China reasserts itself, with effects on markets around the world. This is quite a bearish pattern.



COMMODITY ETF – DBB - The DBB also appears to have failed at its 200-day line., that coincides with the CHINA Chart Topping process . Now we relate to AUD - The **Australian Dollar** has also peaked and fallen back below its 200-day line (as indicated in our currency analysis . AUD is often closely tied to commodity prices. All three aspects jive.



In our "Currency Analysis" (D) - we have additional PEC but this Analysis is to capture the Inter market analysis for SPX direction

EURO

Complete correlation of EURO & SPX, so lets keep eye on EURO for it to top out to get clear signal on SPX top. We will have in Currency Analysis. :



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