



SG Capital Research

Global Market Insights

## **Research Note – Weekly Market Strategy Global (A)**

**MAEG WKLY MKTSTR- GL SG 2010 # Aug 30**

**For Immediate Release**

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### **Market Strategy Global** - SPX – Closed @ 1065

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:

- **Cycle Chart**
- **Bradley Chart**
- **SPX – LT / ST**
- **RUSS ST / LT**
- **CHINA**
- **EURO.**

### **SPX – “Our Current Signals & Projections”**

- ***On 6<sup>th</sup> Aug – POM 14 – Re run was triggered at 1125 SPX and since then its dropped ( -7.0%) with lows at 1039***
- ***On 26<sup>th</sup> Aug , Our Indicators conformed POM 13 @ SPX 1047 ( We send out intraday Alert).***
- ***We have decisive weekly close below 1085 which is intermediate bearish conformation***
- ***All price actions on upside should remain between confluence Zone of 1085 to 1110(- 34 W MA underneath and Fibonacci o @ 50%.***

## Market Insights

We had Hugh rally last week after conforming POM 13 as expected The Yen and Bond ( TLT)) both were good triggers as they were giving a blow out move .

We think the bounce should take us to under 1085 SPX ( We are keeping a close eye) . The price path it is tracking is **the contracting triangle - consolidation Price path from b to c point, that is still in effect. C point is 1085 ( but we could top before that level. ( We demonstrated a Chart in last week's Report)**

The conclusion of this analysis , there will be cause build to break the Apex of the contracting triangle and then the right side of Poly trend will act like magnet . **The ABC which has Confluence Zone of down to 1010 – 960 SPX for intermediate term basis .** From those level of 1010 -980 bigger bounce should happen if the sentiments get really bearish.

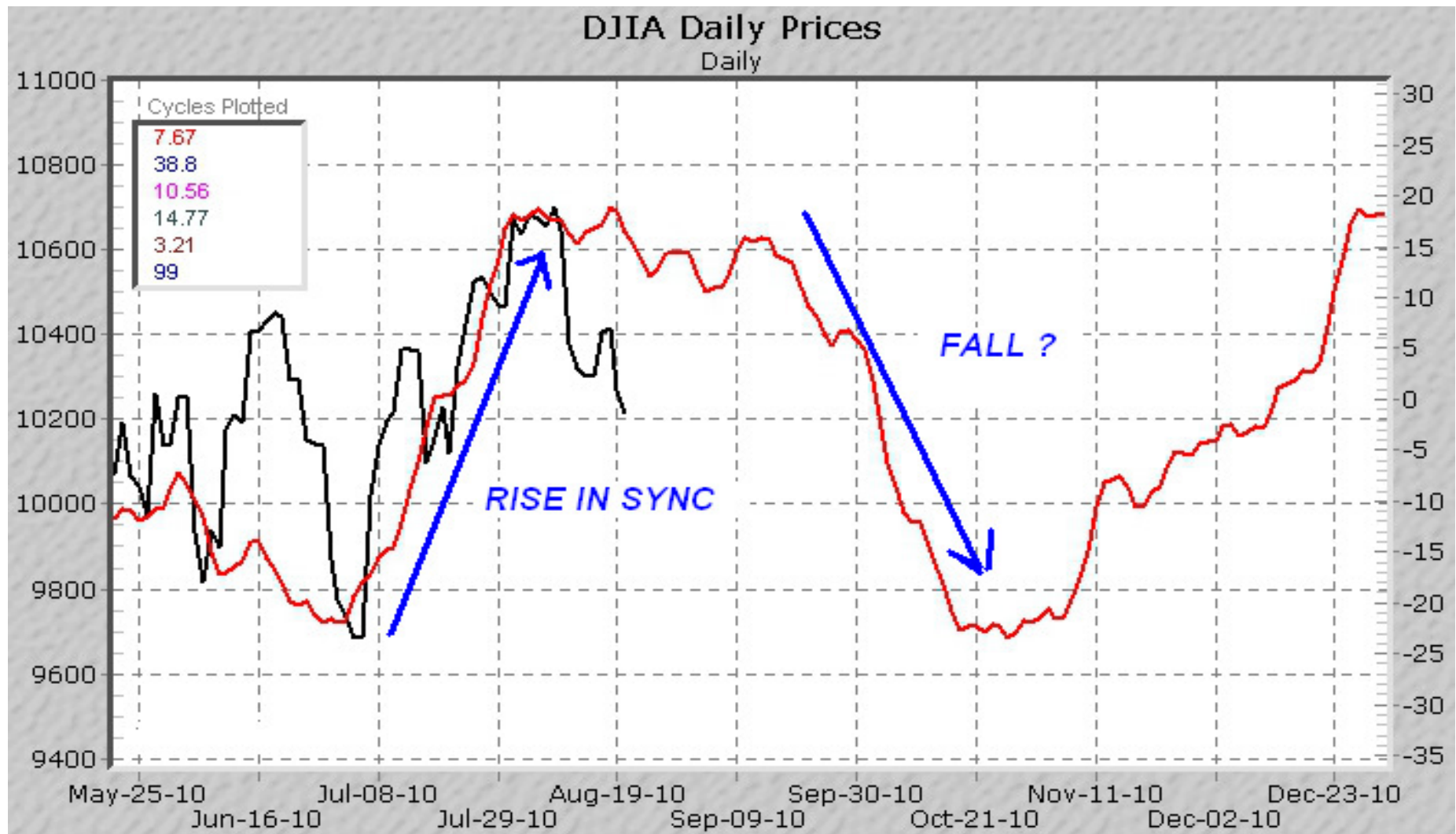
We have several charts to indicate those levels.

## Sentiment

Currently we see the month end supply come in and possibly a few days into September. On Friday we showed some Short term and Intermediate Sentiment Indicators: Our dollar-weighted call-put ratio for the OEX ended at **0.40** on Friday, which is a contrariwise bullish reading. Proving the point for POM 13

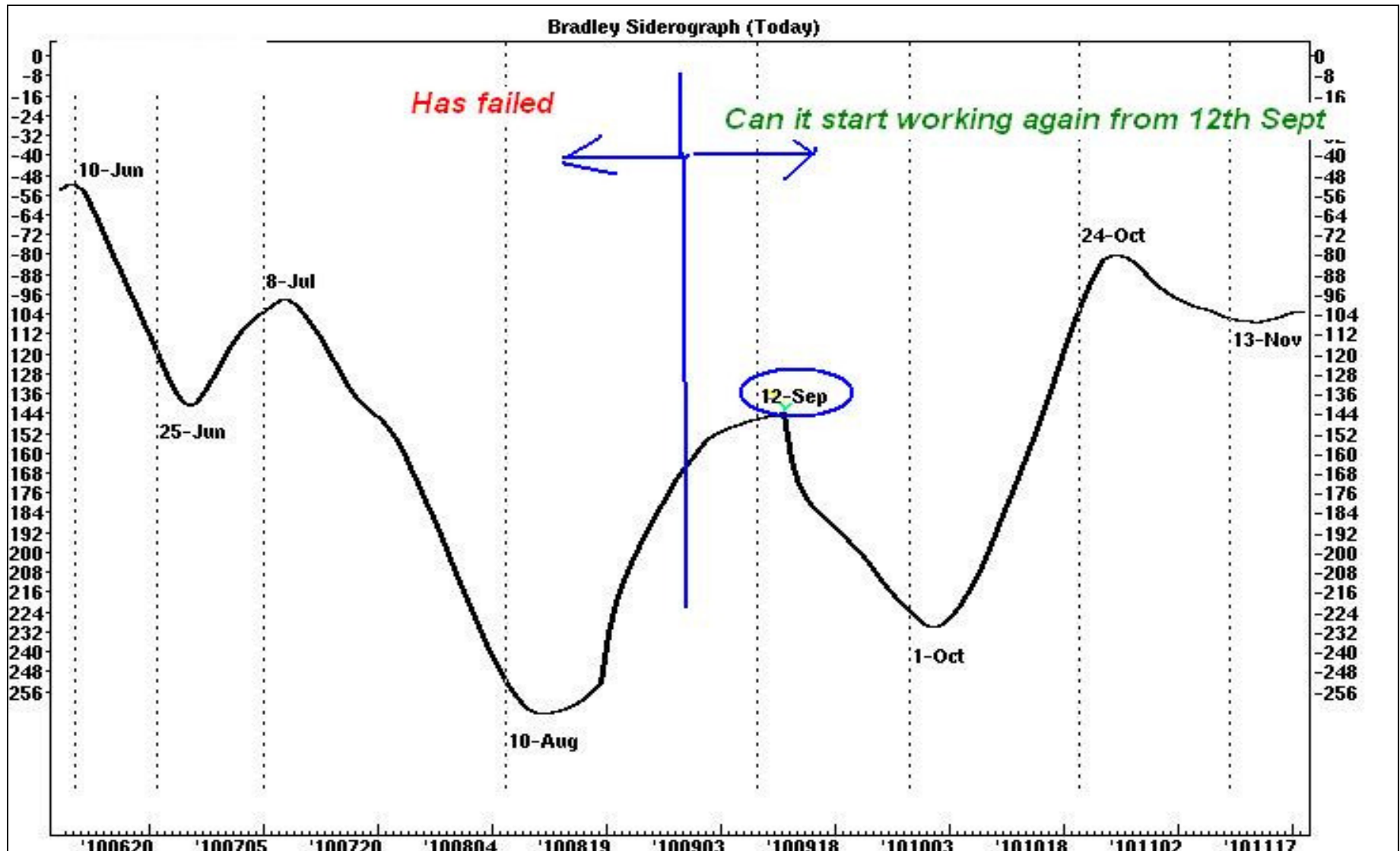
## CYCLE

**Cycles** chart below we showed you in July for rally was on track. Now for further projections suggest into the middle of September, then plunge sharply into a low in the October-November timeframe (the latest date for the Dow data is as of the 20<sup>th</sup> Oct): The rally thereafter may be because of presidential 4 yr cycle. The overall picture from cycles is for a continuing trading range into 2011.



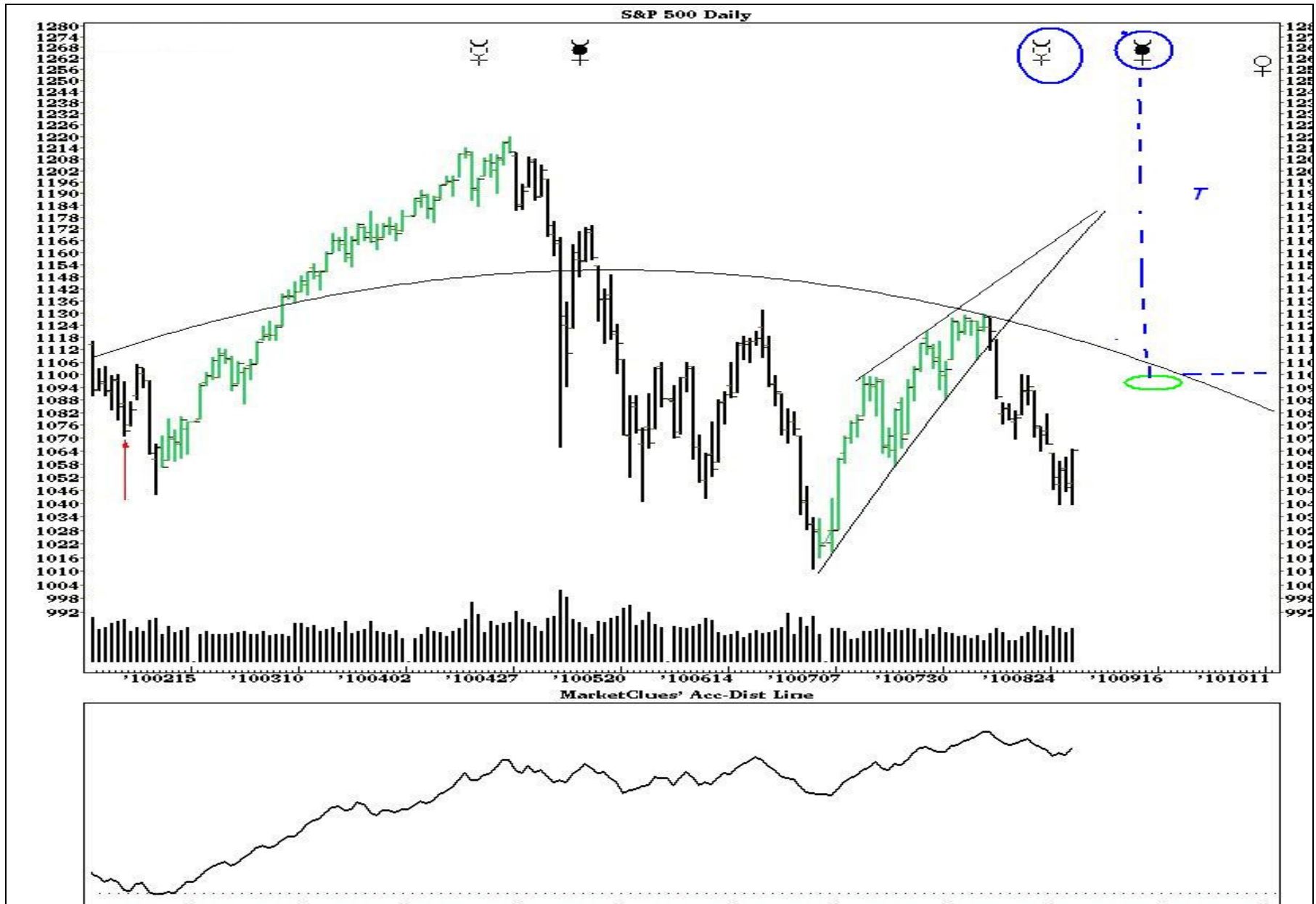
## BRADLEY

The turn lower in mid-September ( 12<sup>TH</sup> Sept ) but unlike cycle work Bradley has been wrong this year as indicated . We use this only in conformance with other Cycle and Harmonic work and it does match this time. Bradley shows lows on 1<sup>st</sup> Oct and then rally year end . .



## SPX – Short Term

SPX should test the overhead resistance line at Poly trend (SPX 1085), It could very well stop before that then reverse to the downside. ( We are watching carefully) Minor Eclipse, New moon which has given good signals in past is on 16<sup>th</sup> Sept +/- 2-3 days. This date almost coincide with Cycle and Bradley as well.



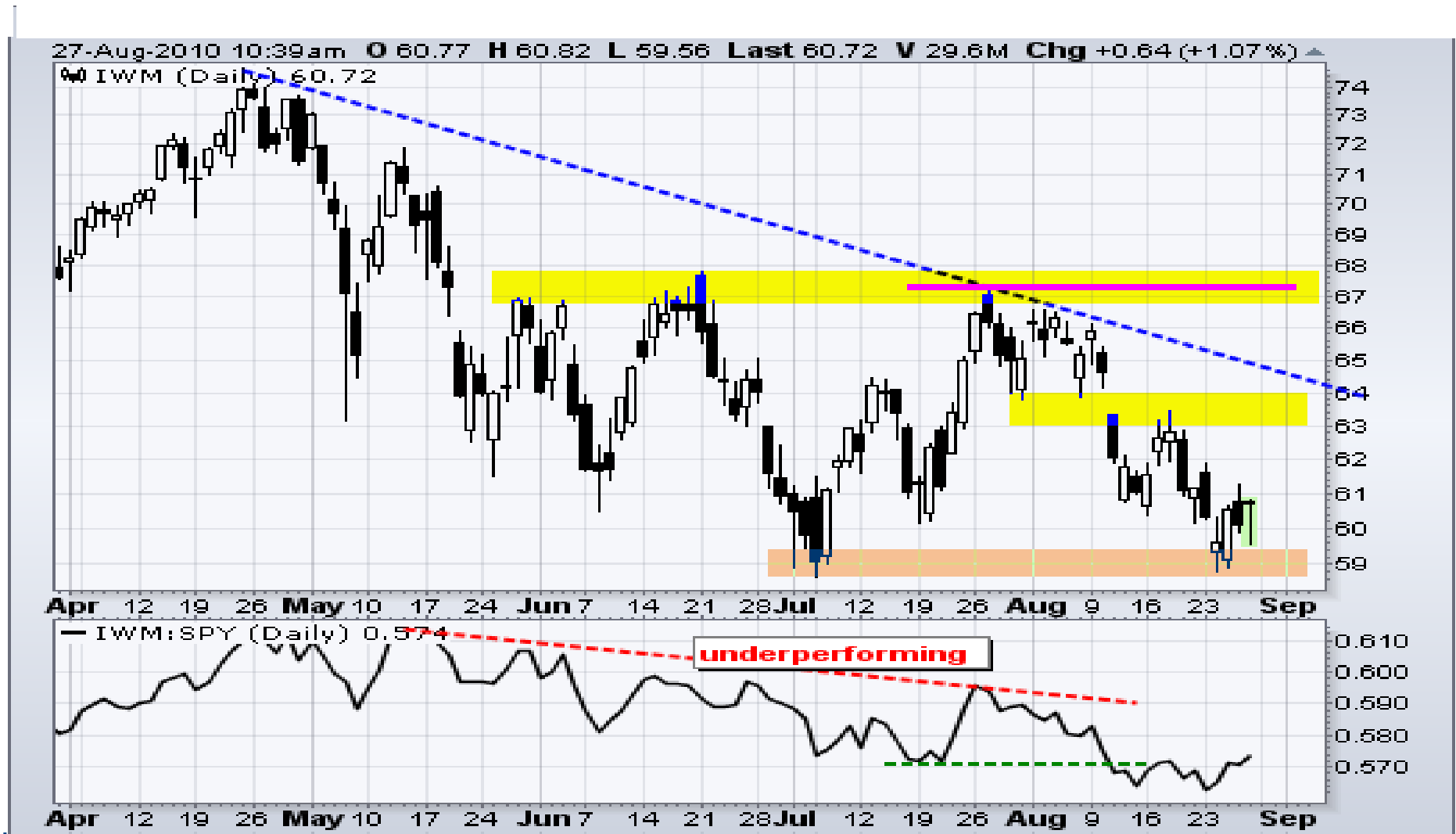
## RUSS – Short term

Short term RUT retested its prior low and did so with bullish divergence appearing on bottoms-up money flow, which is bullish. We should get some sort of rally here that's in progress . This gave a good signal for POM 13.



## IWM – Short term

(IWM) Tested the lows at 59 and on bounce there are two resistance levels to watch . First, the gap zone around 63-64 marks resistance. The second resistance level resides around 67-68 from the June-July-August highs. We think upside is at 64  
The under performance with SPX still remains as Indicated.



## IWM – Intermediate term

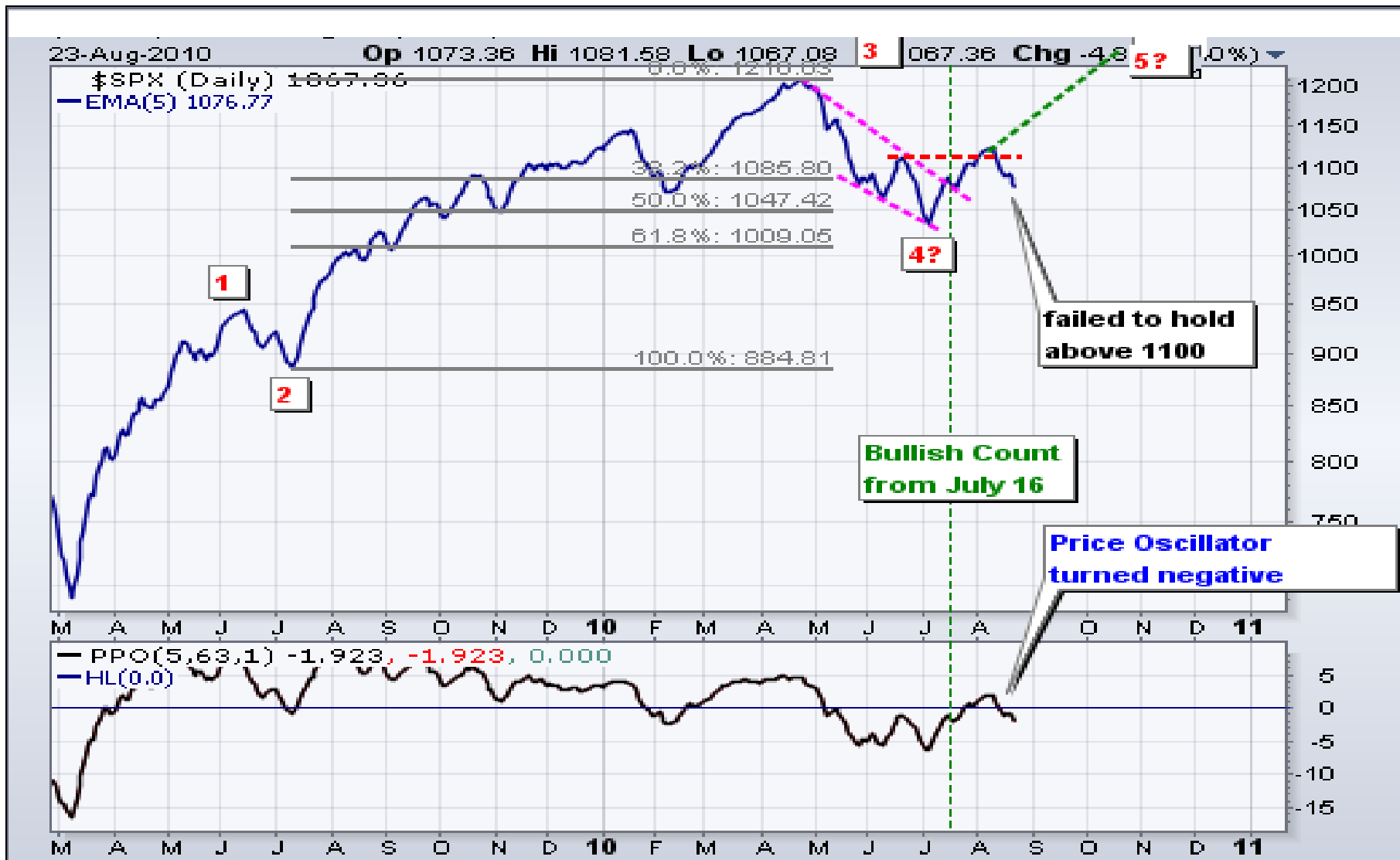
Currently CCI is also bouncing to the areas of 0 where the rally could end and next decline could begin . Our price target on next decline is s 55. This is a good area to coincide with SPX 1010-980





## SPX – Intermediate term

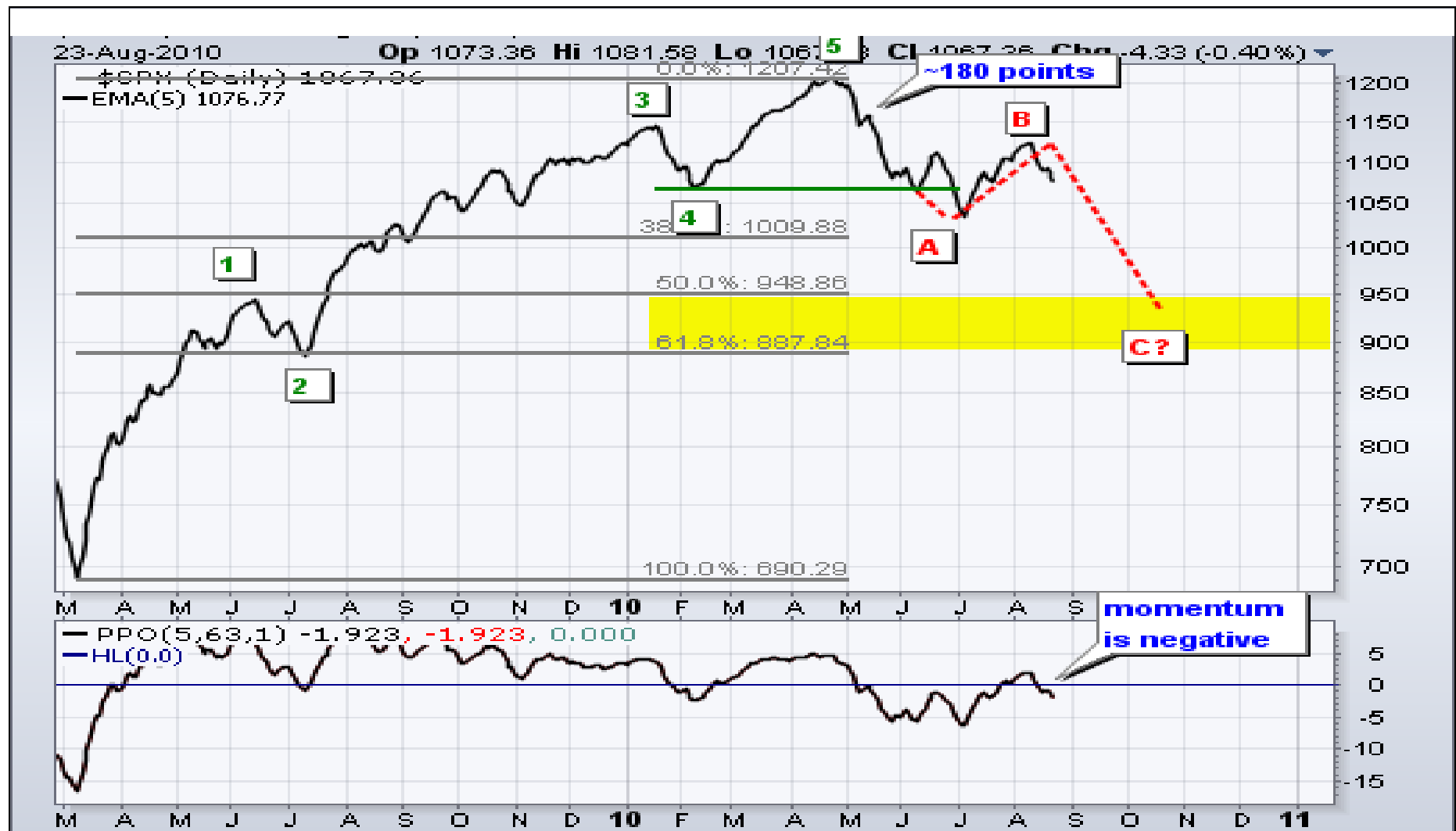
**A BEARISH ABC COUNT FOR SPX IN EFFECT-** failed to hold above 1100 and momentum turned bearish as the Percentage Price Oscillator (PPO) moved back into negative territory. This negated the bullish count "if there was one". We always like to think both sides of the trade just to be sure.



## SPX – Intermediate term

Then With the August decline ( the fifth wave in mid July) was completed followed by ABC correction with the decline. Now it looks like Wave C is underway ( but after this mini bounce ) with a downside target around 1010 - 960.

Two measurements point to this target zone. **First, a 38%% retracement of the entire advance. And second with ABC down projections. Just gives more conformation**



# CHINA

China has given good signal for SPX , with lead / lag . Now its setting up bearishly . Its could effect markets around the world. The short term support line would allow for a rally, but the falling overhead resistance line will try to prevent any rally from making much progress.



## In our "Sector – ETF Analysis" (C) - NONE-

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

### EURO

Euro continues to head toward a test of the overhead resistance line, which should represent a reversal back to the major trend to the downside. SPX could rally till that point. We keep a close eye on it . Lets see who climbs the mountain first SPX or EURO



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