



SG Capital Research

Global Market Insights

Research Note – Intermediate Update (B)

MAEG INTERMIDATE UPDATE SG 2010 # AUG 025

For Immediate Release

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Market Strategy Global (A) - SPX – Closed @ 1052

Analysis of Broad Market that includes

- Primary Market SPX & DOW as market driver and
- Secondary Markets NYSE, NASD, RUSS .

We have picked up charts below that has some distinct characteristics and values from last weeks observation at Inflection points based on our assessment:

- SPX
- NYSE
- VIX
- BONDS
- EURO

SPX – “Our Current Signals & Projections”

- **On 6th Aug – POM 14 – Re run was triggered at 1125**
- ***We have decisive weekly close below 1085 which is intermediate bearish conformation***
- **On 26th Aug (Today) we are conforming POM 13 AT 1045 SPX , this change is from POM 14 at 1125 (-6.5% drop in SPX**

Market Insights

We are Oversold, by quite a few measures (Its Drop of – 6.5% in SPX since our POM 14 Re Run at SPX 1125)

Some Market technical - Yesterday we gapped away and the volume increased. We did not reject any of the previous price lows We were holding above the previous price lows at close with increased volume, such situation results in another Gap way next day in futures market and most importantly what I call as “ Jumping the Creek” . (i..e Wake up in the morning with Futures trading below all the previous lows in Key Indices)

ROAD SIGNS

To get a Bullish signal here. First Market should reverse by 2.30 PM to Price point of 1070 SPX , Secondly The Volume should dry up today. Third Euro should start rally to put some fuel under the fire. (See notes and Chart in the related section below)

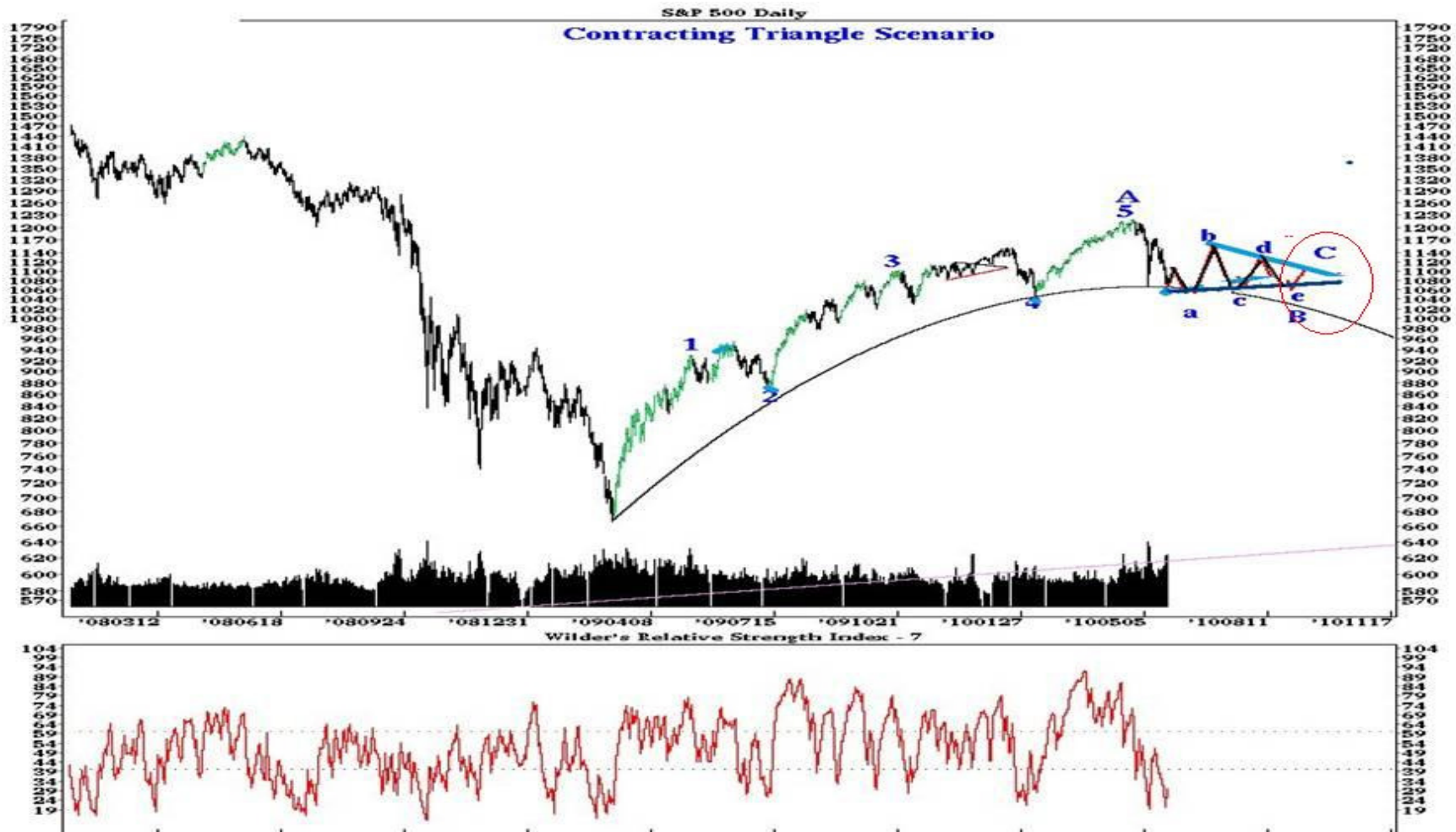
To get a further Bearish Signal , - If non of the above happens and market begins the New ABC which has Confluence Zone of down to 1010 – 1030 SPX , from here. A bigger bounce could materialize from those levels , if the sentiments get really bearish . I am working on several Matrix of sentiment study to put it in perspective prior to those price moves.

For road sign on this keep eye on IWM, SMH, XLF , EURO

If we get a bounce without a Bullish Signal today, the upside as measured by (3) – T – Terminations is on till 27th Aug (A/D Oscillator) , 29th Aug (Geomagnetic Storm) , 2nd Sept (NYSE T). The upside will be as limited as the contracting Triangle (See the chart below , that's the repeat chart from Weekly note of Monday) . The conclusion of this analysis , if this happens there will be cause build to break the Apex of the contracting triangle where the poly trend (right side) will act like magnet

This why this has been Critical point today !! If we get any Signal we will announce it .

SPX – PRICE PATH - “ b “ to final “ c” point, On right side of poly trend should be on the watch .



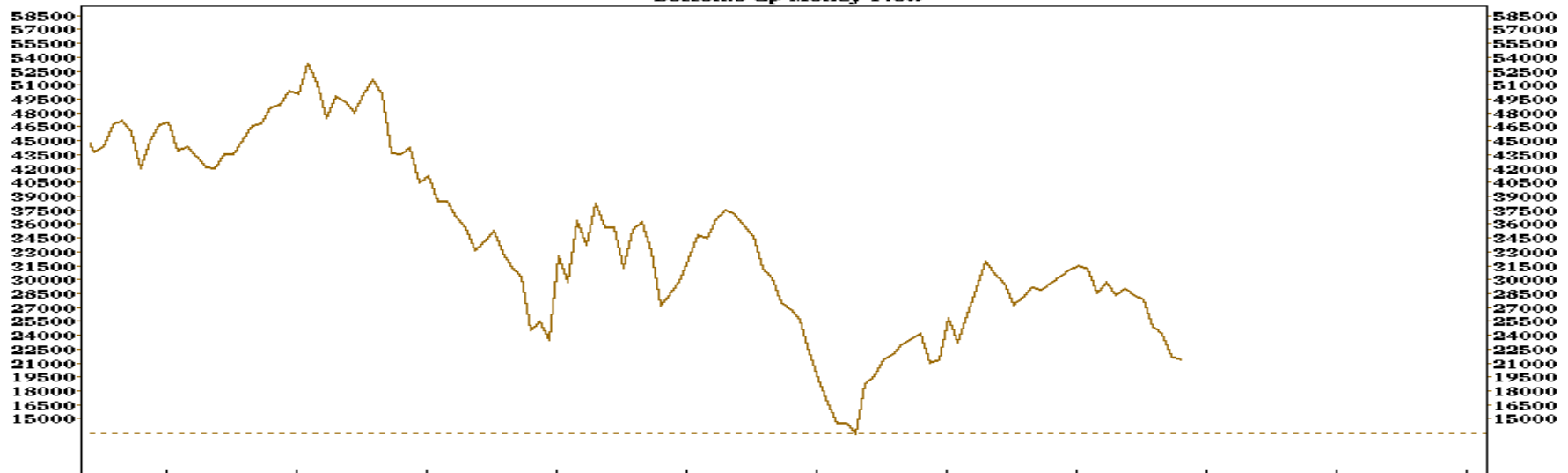
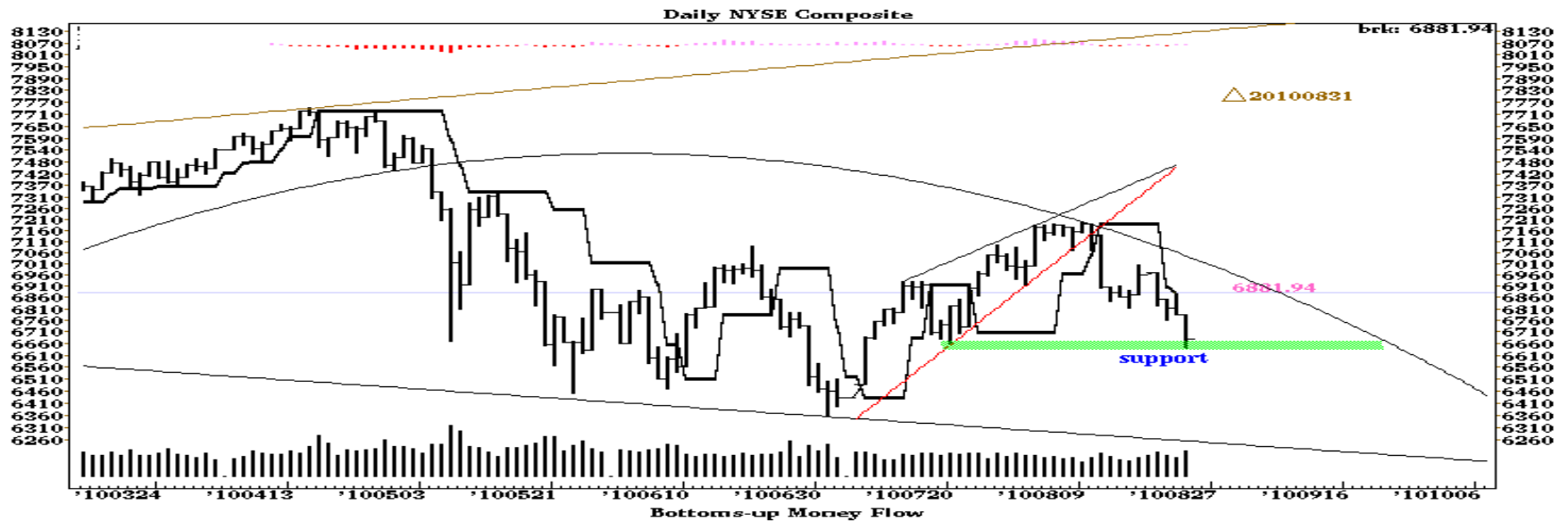
SPX - ST

Trading Below the lows of 1060 SPX , Look for C projection .



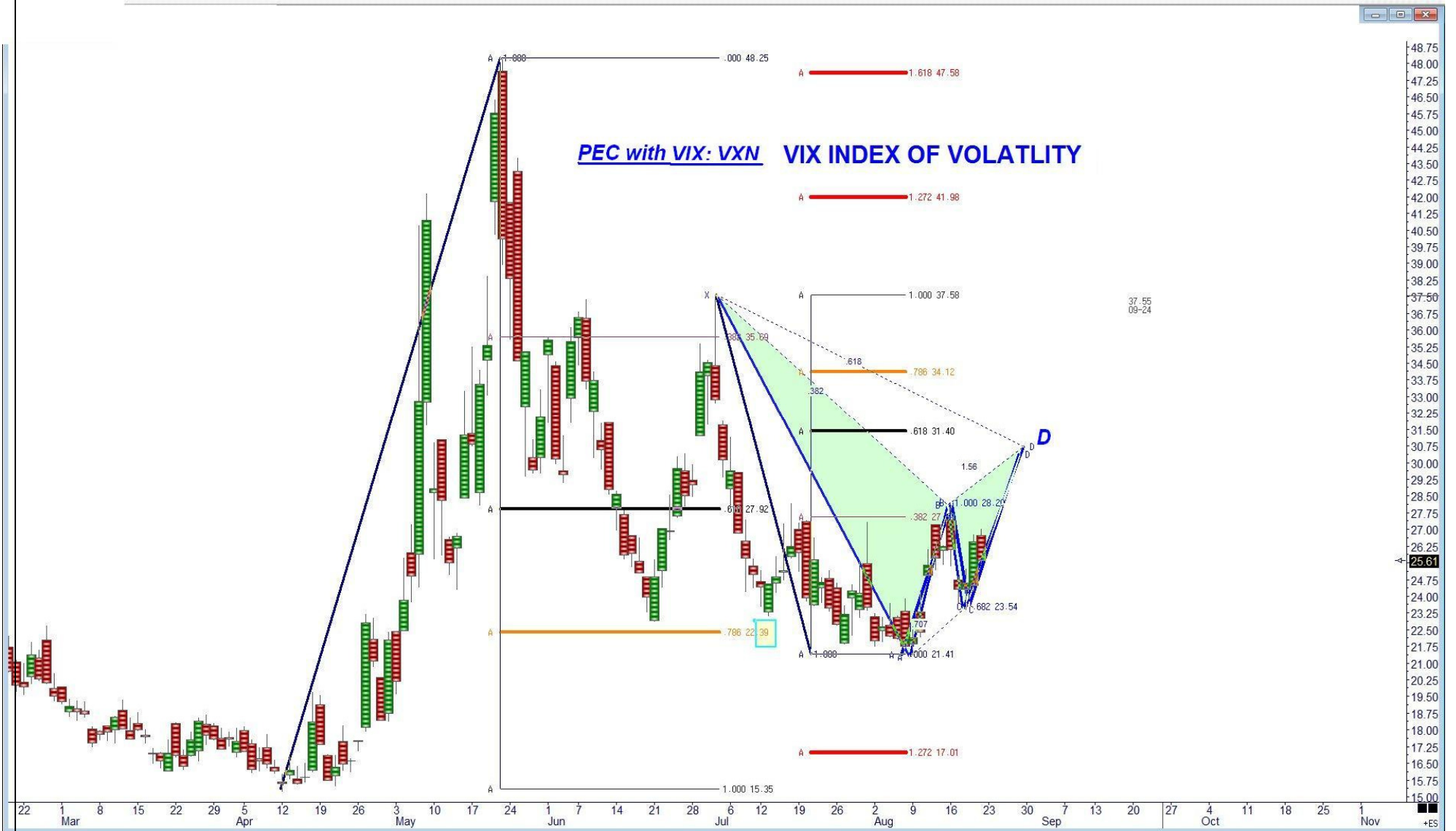
NYSE - ST

The NYSE is little different , it bounced off chart support today, **this is unique because it has Bond component in it** , but this may give you bullish signal also today along with EURO is. At this point, stocks are oversold. In fact, being extremely oversold is where larger point size declines comes Still, the odds favor a retracement back before the next big leg down gets going.



VIX Ratio -

The below chart PEC – D point calculated in very unusual way has price target of 31, we think that where this first decline may end .



Sector – ETF Analysis (C)

Treasury Bond

Treasury Bonds As the whole world continues to be bullish on bonds, and disregards the historic low yields, Treasury bonds themselves have been making a pattern. At or little above 135 level there is a possibility of POM 14 and PEC - D but may be little too early to call this a major turn but certainly a larger pull back . Lets see how it acts at potentially D point, If stocks bounce then it could reverse very easily



Currency Analysis (D)

EURO -

Markets hope - The euro may be the best read on the markets here. The distance below the poly trendline was equal to the distance above it at the last high. That doesn't guarantee that was the low, but it favors that explanation

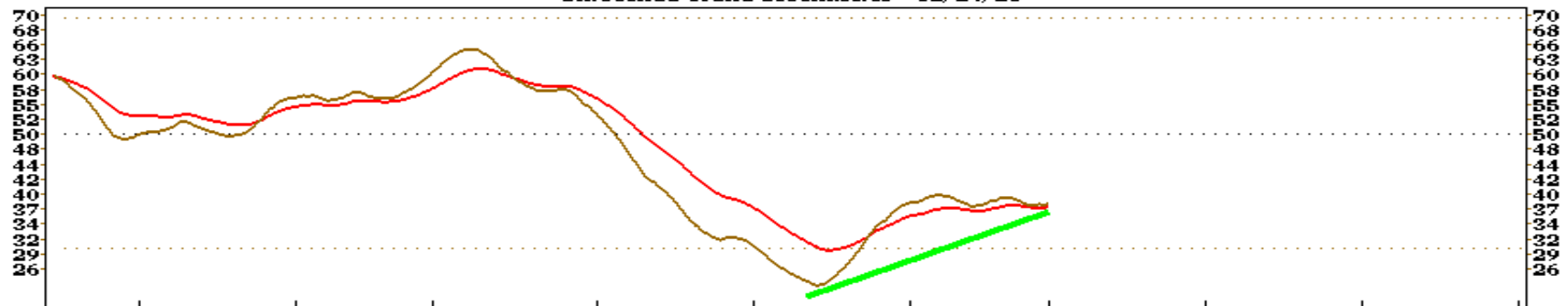
A rally back to the trendline (near 1.30) (no guarantee) correspond to a rally in the stock market temporarily . A retracement rally in the euro, either back to the congestion zone above at the 38% retracement level, or a more preferred retracement back to the broken trendline . The euro has been dropping impulsively and we will be looking for a corrective appearance to the rally to confirm it as such. But, make no mistake about it, the next leg down in the euro is likely to be something to be very cautious :

A high near the end of the first week of September would be ideal timing for both a euro top and a stock market top.

90-Minute Cash Euro FX (P)



Smoothed Trend Stochastics - 12/24/28



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