



Research Note – Intermediate Update

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We have picked up charts that has some distinct characteristics and values from today's observation: SPX, (SOX / SPY), (RUT / SPY), EURO. Especially at Inflection points

SPX – Closed @ 1126

SPX – “Our Current Signals & Projections”

- **On 19th July – POM 13 was triggered at 1060 (Neutral signal – Short Term bounce) –** *Although this signal was not announced prior to price shift (Due to our absentee during this time) , its reviewed on back testing for its positive validity*
- *We have the weekly close **below 1130**, and Intermediate term market should remain below this on any rally bounces. Any move higher should be computed for detailed Bearish analysis.*
- **Therefore , that has remains our price target for to get the Re – Run of POM 14 .** *We would like to see the test of 1131 fail or decisive close below 1090 on weekly would be another way to look at it.*
- *On completion of this bounce, we should get a next leg down. We do expect to see a return to that secular bearish trend at some point.*

Market Insights

The SPX Price levels remains at the end of Confluence Zone of Price Projections. Since last Monday, We have been projecting , a test of 1131 to be completed. There has been some kind of odd volume lot at SPX 1131 in futures market that needs to be diffused and market has been holding up here, but we have been approaching this price point with VTO level of 0.6, 0.5, 0.6 which is quite bearish. (Among other Indicator)

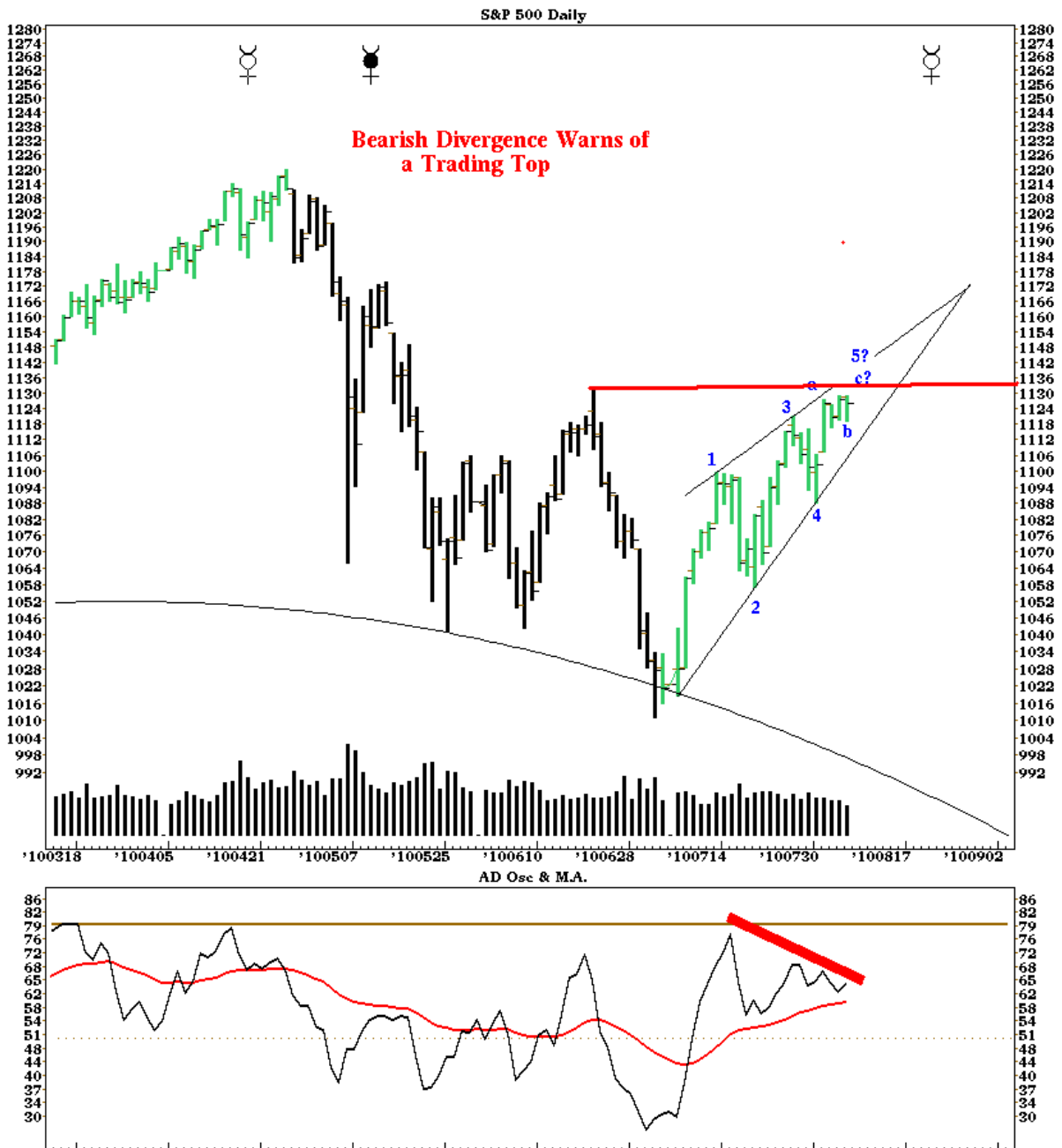
Today, Ideally we like the market to Gap up above these level on Bullish news (From BLS) and then Sell off, whiles the Short covering could give a good fake out and get both Bull and Bears trapped on intraday move. This pattern has The best conformation when the volatile Government market moving data on BLS Employment (Which has history of tripped digit moves) comes out at the end of the price confluences of projections. The market that moves on the news never lasts. For downside move it could surely be a catalyst.



SPX

We hit a high of 1128, 3 points shy of our 1131. Pretty close.

The 5, C mini wave has a history of exhaustion. Especially when Oscillator has diverged negatively and T termination at the completion on Friday / Monday



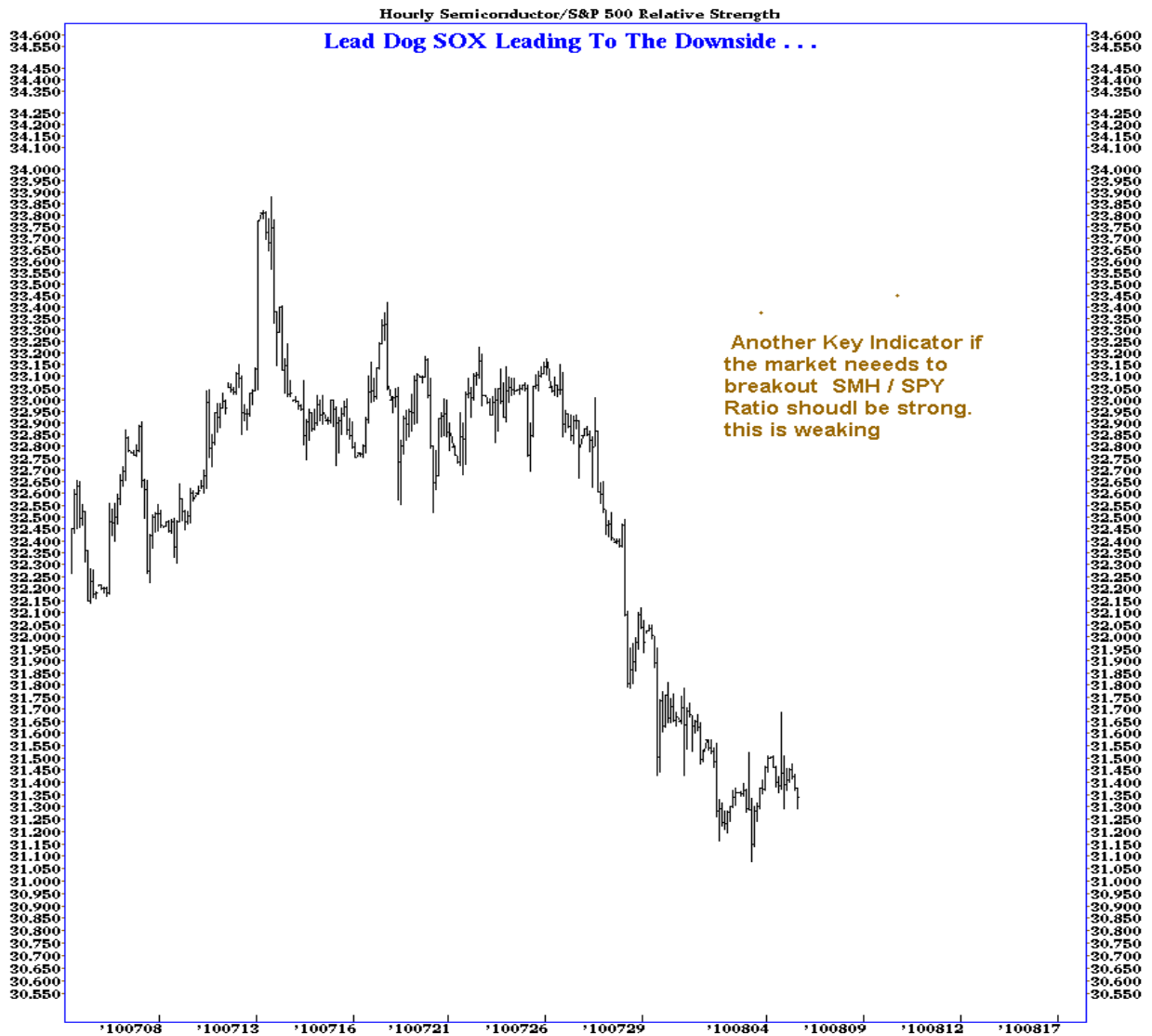


SECTOR Analysis

This should be Ideal to measure against the Setup 2 Index , during the weak sectors on market fall in next decline

SOX / SPY

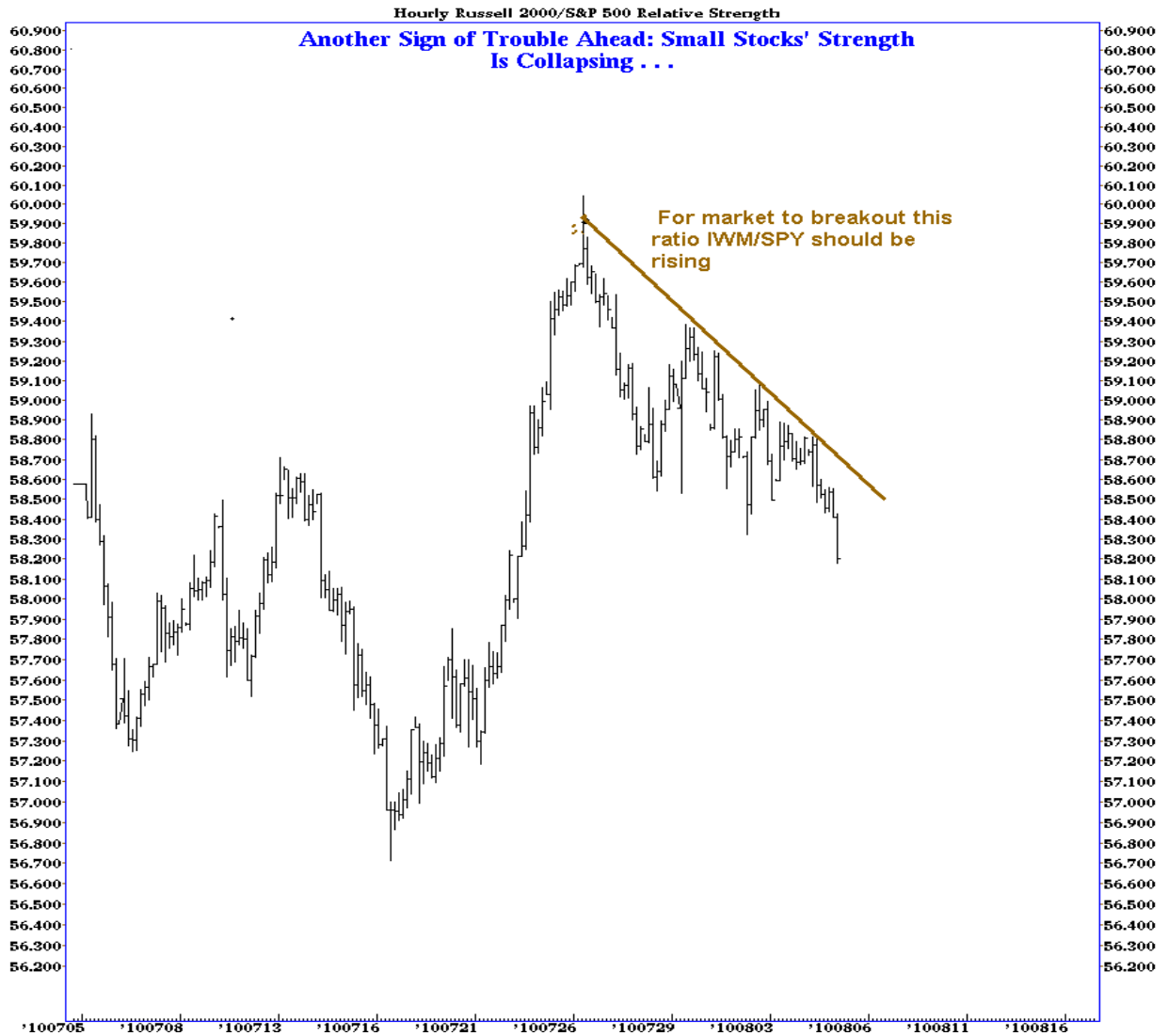
One of the first signs of a top has traditionally been a weakening in SOX and NDX indices. SOX is a great leading indicator, so we compute a relative strength ratio of it versus the SPX. When that line is falling, it means that SOX is weak compared to SPX. And, right now, that's definitely the case and a sign the market could be heading for a big fall:





RUT / SPX

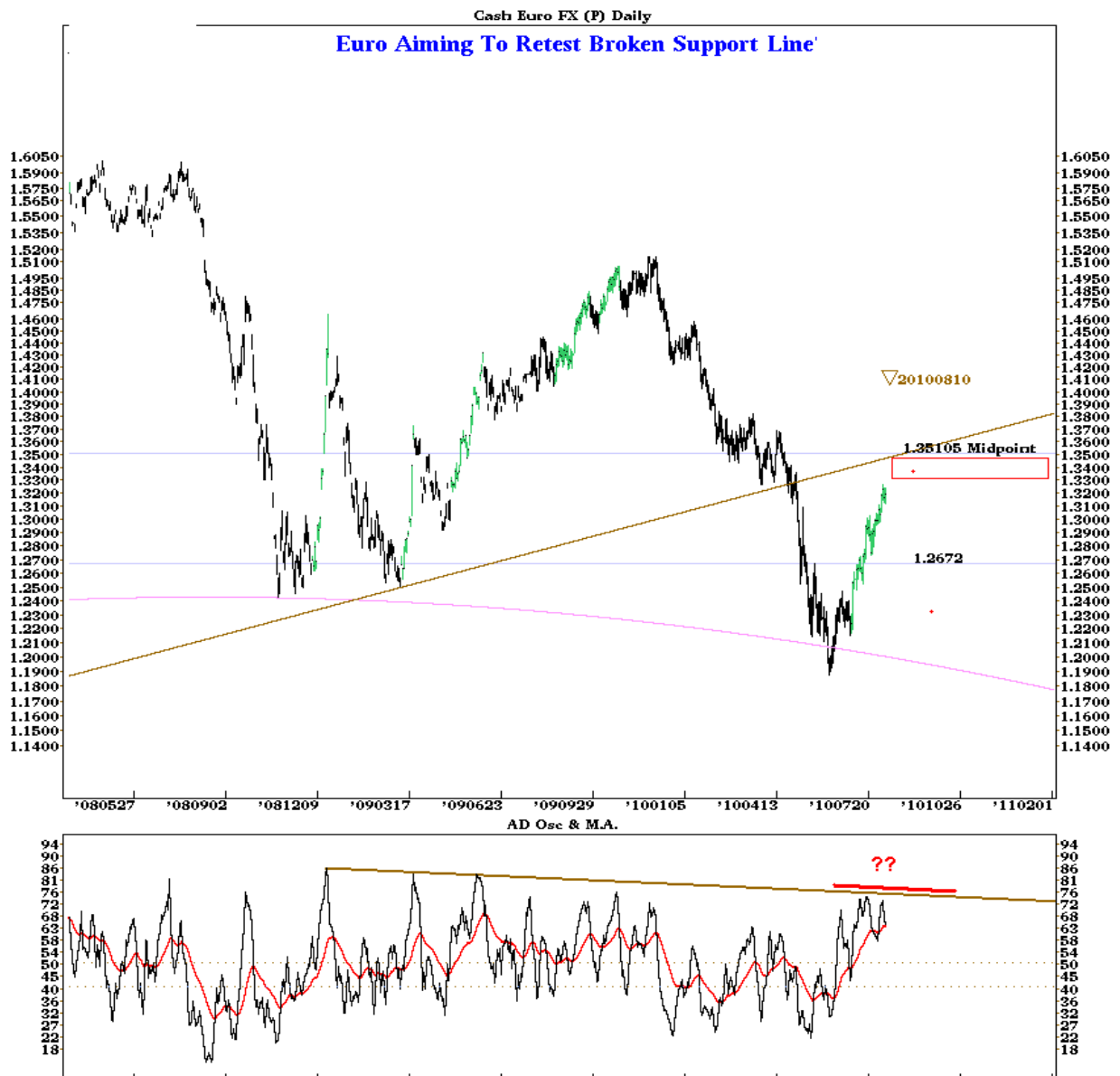
Similarly, weakness in the RUT will generally precede a major market top. That may have already begun if our relative strength gauge for RUT versus SPX indicator





EURO - Intermediate term

The euro has a long term support line from Jan 02 to March 09 which was broken decisively in June as the first wave of the European debt crisis appeared. Now appears to be set on retesting that long term support line. The support line that's broken becomes resistance when retested from underneath and this one just happens to hit the 50% retracement level of the last decline . Probably not a coincidence at all and if the euro is retesting that key resistance as it retests that line, it would make a great place to act decisively.





EURO - Short term

The euro is very overbought and due to retest the uptrend support line: That will come, ideally, mid of the month probably same time the stock market . This will coincide with the other side of Poly trend where it gets more venerable





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