



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, VIX, T- BONDS . Especially at Inflection points

SPX – Closed @ 1126

SPX – “Our Current Signals & Projections”

- **On 6th Aug – POM 14 – Re run was triggered at 1125.** We should see another test of 1131 again soon and fail or decisive close below 1090 on weekly would be another way to look at it.
- **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.
- 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

Technically nothings has changed for us since Monday **FOMC one-day meeting** and the post-meeting communiqué caused the triple digit move and yesterdays lows , the volume came out of the market to downside.

The SPX Price levels remains at the end of Confluence Zone of Price Projections. We have been projecting, a test of 1131 to be completed. We had a Primary test but on miniature hourly basis there was still volume at these levels that needs a secondary test as market refuses to turn. Even if we move slightly above 1131 to level 1135 (5, C ?) or 1144 (RS of HS) nothing changes for us. It will just be a false break to the topside. If the market is intent on fulfilling its time projection of a late August peak, this consolidation period could setup a last run to the upside, but risks are rising and None of this has to happen.

On the downside, the SPX printed 1107 and right into wedge trendline support. The SPX Price level a close below 1110 is the first conformation for first price target of 1090 there will a bounce. a decisive close below 1090 on weekly that will have bearish conformation.

Market is banging between **2 different Setup 2 's on 2 different time frame**. The bigger time frame is 11W & 34 W is under 1130 and 21 D & 50 D @ SPX 1085. This will continue as the diffusion will be completed.



SPX – Hourly

Few of the T – Terminations in various Indices have been expiring in 2nd half of the Month and Market tends to hang in sideways in such times especially if the Volume on the secondary highs need to be diffused.

If they are still on track, it explains why the stock market keeps finding support on each selloff: the bulls are simply buying each dip. If, on the other hand, we've seen the top already, we should be seeing the bears take control.

That makes this sideways pattern a likely fourth wave preceding the final top. The SPX looks to be finishing up a wave 4 contracting triangle soon, which would one last rally to force the early bears to cover their shorts before they hit the down hard. When all this said and done we could very well see 1130 as a pivot point of this trading range 1115 –1130 -1145 for day traders hot button.





SPX – Daily

The SPX was clearly ran into stiff resistance at the old support line, now resistance of 2009 which we have been showing you for while. This is a classic rising wedge pattern. If it continues to play out, the market will fall below the support line, attempt to rise above it and fail, then collapse to the downside. The target of a rising wedge is, at a minimum, the base of the wedge. This is similar to 2008 rally



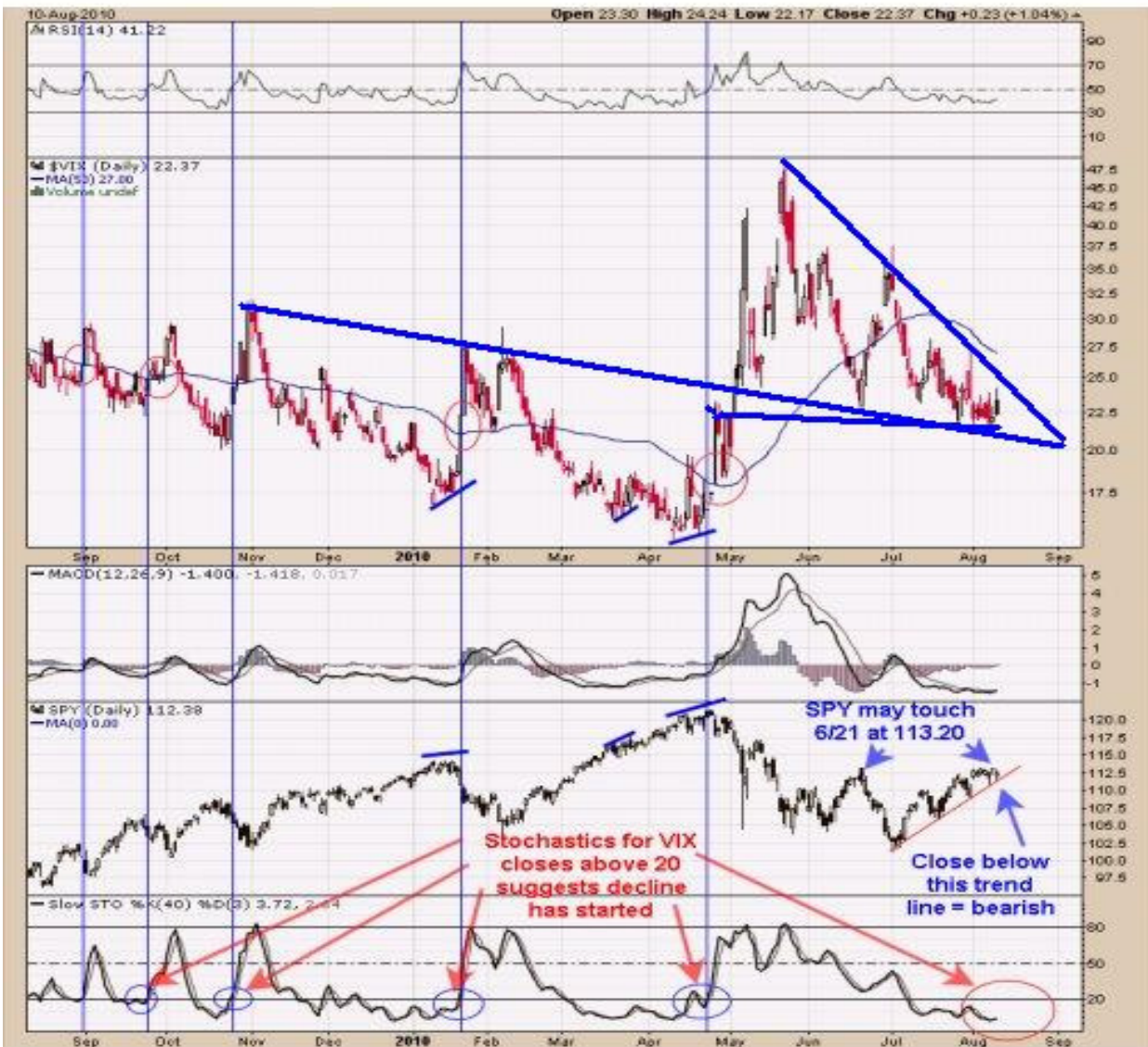


VIX

The middle window is the VIX (Volatility index). The bottom window is the Stochastics for the VIX. Right now the Stochastics is much oversold and at the bottom of the range. A close above 20 on stochastics will generate a sell signal for the SPY.

We have circle is blue on the Stochastics the previous sell signals and they did a fine job picking the highs in SPY. So far stochastics have not give a sell signal but any short term weakness in SPY may trigger a sell signal if the Stochastics closes above the 20 level.

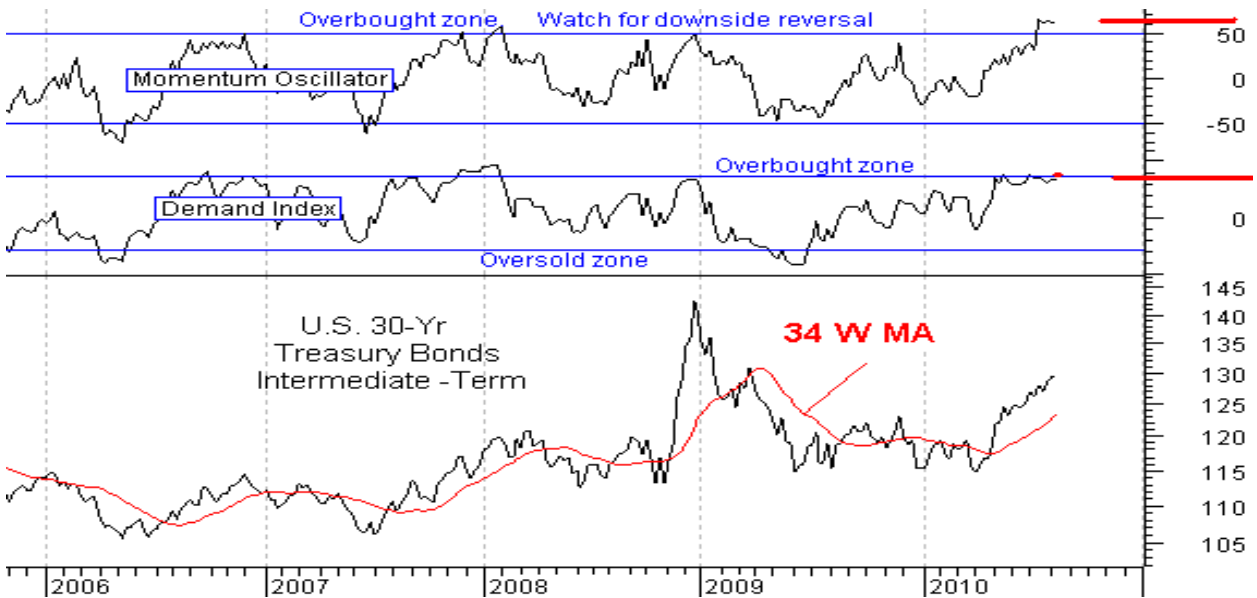
There is sloping downward wedge on VIA that is very Bullish for its move especially when it breaks the trendline, Currently its sitting





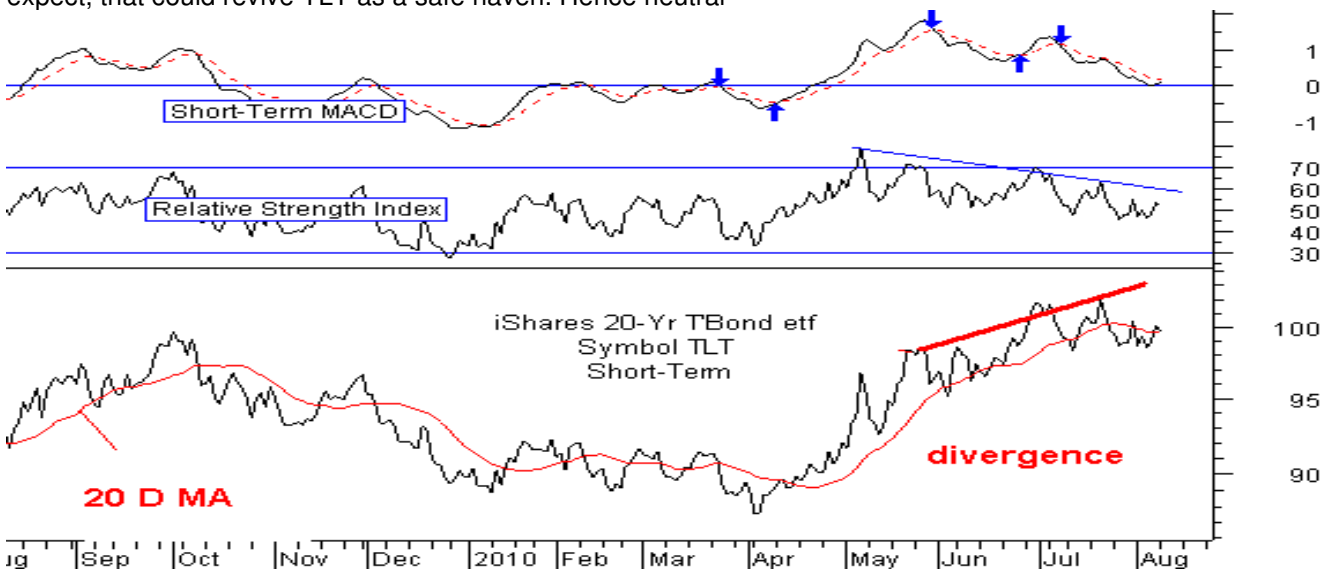
T – BONDS – 30yr

Treasury bonds are near the 130 level and almost ready on sell Side but there is a potential for a move to 134. From the technical side, remain so very overbought above their 34-week MA average, (The momentum oscillator are at the Area there decline back to 34 W MA. But our 135 target is simply because if stocks go in correction and could go flight to safely move on panic out of stocks. Therefore not ready yet



.TLT

TLT have been moving opposite to the SPX , attracting safe-haven buying . With the market rally in July, continuing last week into the first week of August, the TLT temporarily topped out and has been moving sideways to down. But if the stock market returns to the downside as we expect, that could revive TLT as a safe haven. Hence neutral





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Global Market Insights

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