

Research Note – Intermediate Update

SG INTERUPDATE 2010 # June 17

By: Suneil R Pavse - Chief Investment Officer

Contact: 978- 6623329 or apavse@aol.com

SPX – Closed @ 1114

Market Insights

SPX – “Our Model Signals & Projections”

- **On 8th June** SPX at 1050, we signaled the Re – Run of POM 12 for another bounce / Rally just few points from the lows. .
- **On 15th June** it Triggered POM 13, a 40 points move higher from our POM 12 that is the real gravy of the trend and then the first failure came it at 1105 .
- POM 13 is “reversion to mean”, “Neutral signal” and its risk management signal for any fresh buys from there at higher prices above 1105.
- Since overall, We have the weekly close below 1150, and market should remain below this on any rally bounces.(See the chart below on 20W)
- On completion of the bounce, we should get a next leg down and looking for 960 SPX target, We do expect to see a return to that secular bearish trend at some point.

The market exceeded our POM 13 target of SPX 1105 without pull back from POM 13 . Apparently the positive divergences we had highlighted in our weekly note yesterday with respect to RSI, and A/D line divergence, DXY pullback, 200 D volatility, Option expiration strength, ARMS/TRIN read etc etc that gave a indicating the continuation of life on thin ice towards our upside target of summer rally 1040 on upcoming Time – Termination T . Therefore it could be very well on way to POM 14 as per the “Price path” we indicated with respect to on the way to “Head and Shoulder top, Gaps and summer rally target of 1140.

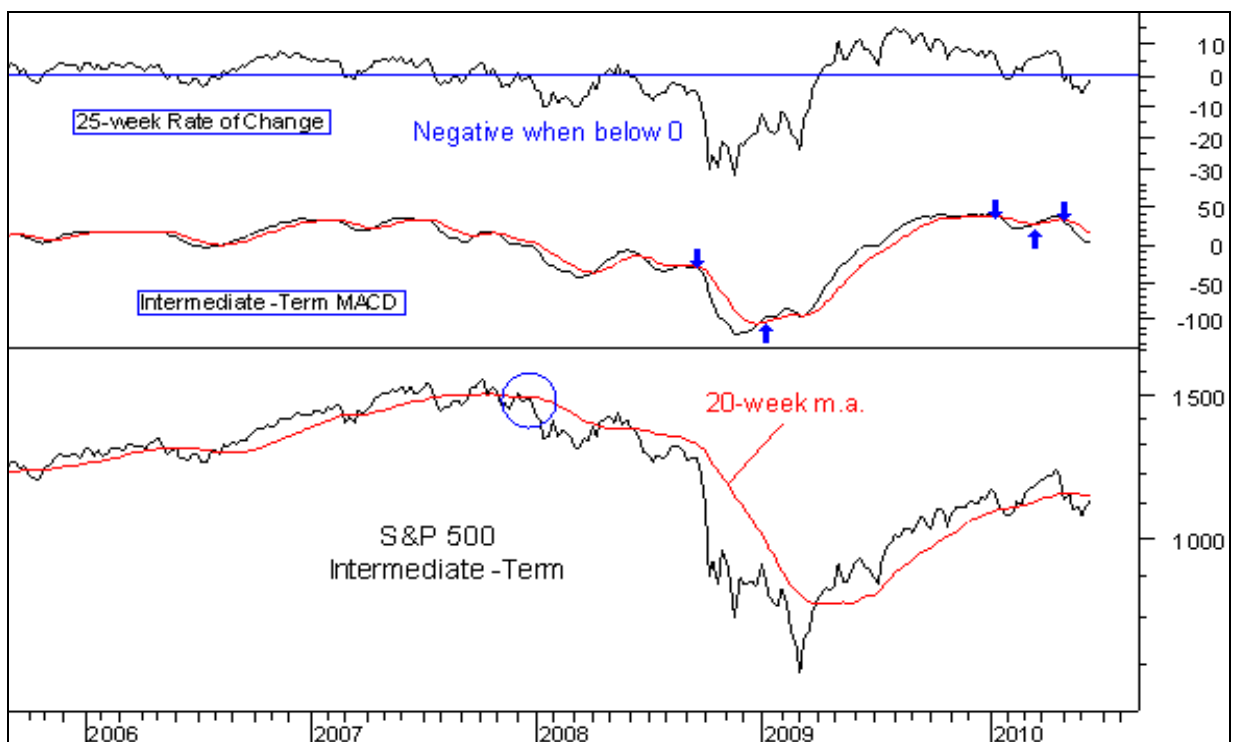
The most devious the market can do is stop little before the target and fool everyone, but our point is only to look for reversals via indicators for that turning point. Mainly being through the currencies DXY

POM 14, POM 15 are the points for next actionable points on SPX, if pull back to POM 12 doesn't happen soon. Bullish signs were given at 1050 SPX (POM 12) our indicators which resulted in 40 point rally. .

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SPX- Intermediate term 20W v/s 200 D

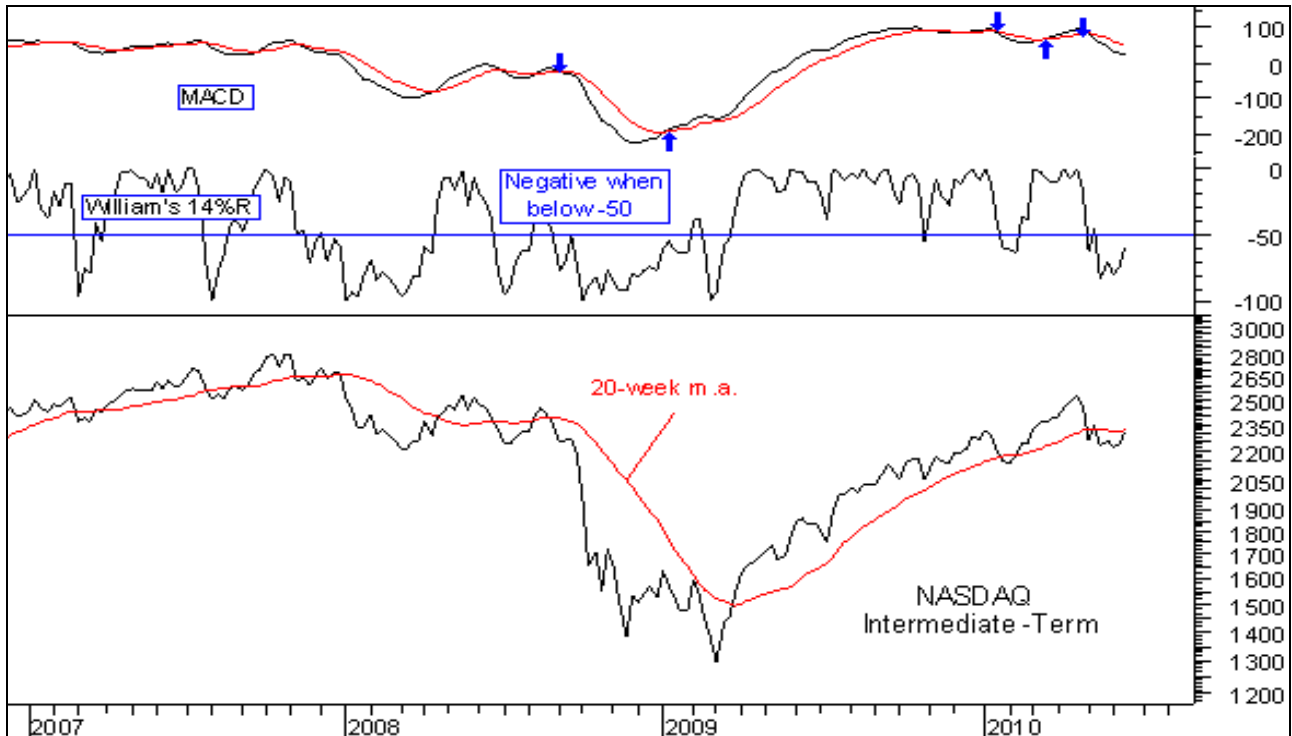
The major indexes broke below their intermediate-term 20-week moving averages several weeks ago and remain below that potential resistance of 1150 but Dow and S&P 500 broke out above their 200-day moving averages yesterday is being promoted in the financial media as a big positive. But, we have always shown you the 20-week m.a. seem to be more important than 200 day event which every ones cat and dog knows about. One rule in the market we know if everyone knows its it usually doesn't work well.



Another quick one is for NASD as well see below. Its similar story

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NASD



Should you have any questions regarding this Research note , you can reach me by email at apavse@aol.com or at [978- 662 3329](tel:978-662-3329).

Best Regards,

Suneil R Pavse
Chief Investment Officer

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SG Capital , 9 Bartlet Street # 254 , Andover, MA 01810-2845.
Phone: 978.6623329