

## **Research Note – Intermediate Update**

### **SG INTERUPDATE 2010 # June 29**

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## **SPX – Closed @ 1042**

### **Market Insights**

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

- **On 21<sup>st</sup> June** it Triggered POM 14, as it reached out Target of 1130, and we suggested Long positions from could be subject to pull back. Since then Market has pulled back to 1040, 70 points drop
- **Yesterday 30<sup>th</sup> June**, POM 13 Price target is achieved which is a Neutral point after it failed once to close above 1080
- The way SPX acted yesterdays it appears that we may get First POM 14 Re Run which has a bounce target of around SPX 1110 ( See the charts and Indicators below, why ! ) then POM 12 which has a Price target of SPX 1010.( See the charts below)
- **POM 14 , 15 and 12 , 11 are the actionable Area where as POM 13 is Risk management**

**Since the POM 13 price target is achieved due to Short term Indicators are oversold, Yesterdays action was clearly not a Rejection of 1040 but its an Area for bounce as we are looking for clues in charts below**

The chart above is the Shorter term hourly SPY chart. **This is Smaller Head and Shoulder top within the larger Head and shoulder pattern.** Unless the miniature version is complete the larger neckline will not be broken , matter of fact both neckline could be broken together. Therefore forming. The SPX closed near the Neckline yesterday. If the market has to begin the decline at this stage, the futures could have been down jumping the creek around 1040 but it has not done so yet.

if the market is going to start a bounce it should start near current levels. ARMS index close of >3.00 and closing tick reading < -600 have produce bottoms the next day in the SPY. The close on the market yesterday produced an ARMS index of 5.41 and a closing downtick reading of minus - 760. Also the 50 period ARMS index is at a high level where previous short term lows have formed. Yesterdays trading we need more volume to break the lows to slice through and may be wanted to build more cause

If the market bounces from here then a “Right Shoulder” may develop and should find resistance near 1110 range which is where the Left Shoulder topped out . Our expectation is that the market will form a low very soon and rally back over the Fourth of July weekend and roll back down from the July 9th change-in-trend date and then fall

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## SPX – Miniature hourly chart



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## SPX – Short term – SHORT TERM

I am expecting the bounce to carry into July before turning back down into the later in the year . The chart is that it tells us pretty quickly when something is going on, the SPX closed back below its January peak and its 200-day line. In last week message we had covered bearish 13W & 34 W –MA for bearish turn and here we see the effect. The bearish cross s at 1110 as well on the bounce



## SPX – Projections – INTERMIDATE

**Possible Downside Targets If the February Low is Broken**". those potential support lines to a weekly SPX Chart . First, The support lines were 1010 (a 38% retracement of the 2009-2010 rally), and second, 945 (50% retracement), refine those targets a little more. The January/June peak has the look of a "head and shoulders" top which would be confirmed by a break of the February lows (which appears likely). There are two ways to measure a potential downside target from a H&S top. target to 945 (which corresponds closely to the 50% line).

"A drop into that zone could provide a buying opportunity during the second half of the year (especially in the autumn) when the four-year presidential cycle bottom is schedule to appear".

**The intermediate term trend has started down from the April 26 top and is expected to last into the September October timeframe. From 1040 to 1110 then break the 1040 lows to target 1010 and then we are looking for a bottom in the September October timeframe near 960 or below**



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## XLY – Consumer discretionary



## RUT – Russell



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## NDX - NASD



## SOX - SEMI



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## TRAN - Transport



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

Best Regards,

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