Aletheia SG Capital

Note & Market Comments, MAY 13, 2010
Reference – ASG Daily COMM 2010- MAY 13

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SPX – Closed @ 1171

Market Insights

The Rally bounce

It was clear Wednesday that the poly trendline we highlighted is still strong resistance. The SPX rallied up to the trendline and attempted to break it. Now, that means there's still some upward trend left in the market, but it's certainly more of a weakling type and low volume. This bounce is large in the number of points, but it's hardly strong in money flow just like that correction of 3 months ago, what we do know is that this is a really weak rally if you take the money flow on each issue in the SPX, add it up and compare it to the price travel, as we do in the chart below:

This is more characteristic of a countertrend rally than a “kick-off” rally. Hence, we suspect a correction over the next several days or even weeks that could carry prices back towards the lows established last week. We'll use the SPX 1100 as our target for now to confirm Re run of POM 13.

We are watching the time termination- T between 11th May to 18th May, We still have some potential highs due in the current timeframe. The biggest cluster comes at the end of next week, which coincides with May options expiration.

Yesterday we hit 1173 as we are looking for 1180 to conform POM 15 or double top POM 15 . The bottom line is that even if we haven't seen the final highs (as a Bullish case) , the probability favors the market going back to last week's reaction natural low for a retest 1100 before much longer . We could spend a bit of time here in this price area trying to break above the old line. But, if the market can't do it soon, we'll have a strong indication that the top is in place already.

We have two Astro cycle dates come in first on Monday next week, Apparently 27th April came in correct. Overlap with technical Indicator for turn.

SPX – Poly trend

Chart above also Indicates , the market has been banging the trendline through the lows of April 19th and April 28th, (Redline) the market also hit it several times since, including yesterday . And, the SPX hit that line *at the same time it hit the polytrendline last afternoon and turned down*. That's very significant if the market has the strength to push above those trendlines. But, as long as both of those resistance lines hold, the probabilities grow that the April highs were the highs in the bear market rally from last year. (Lets see what happens and follow the indicator)

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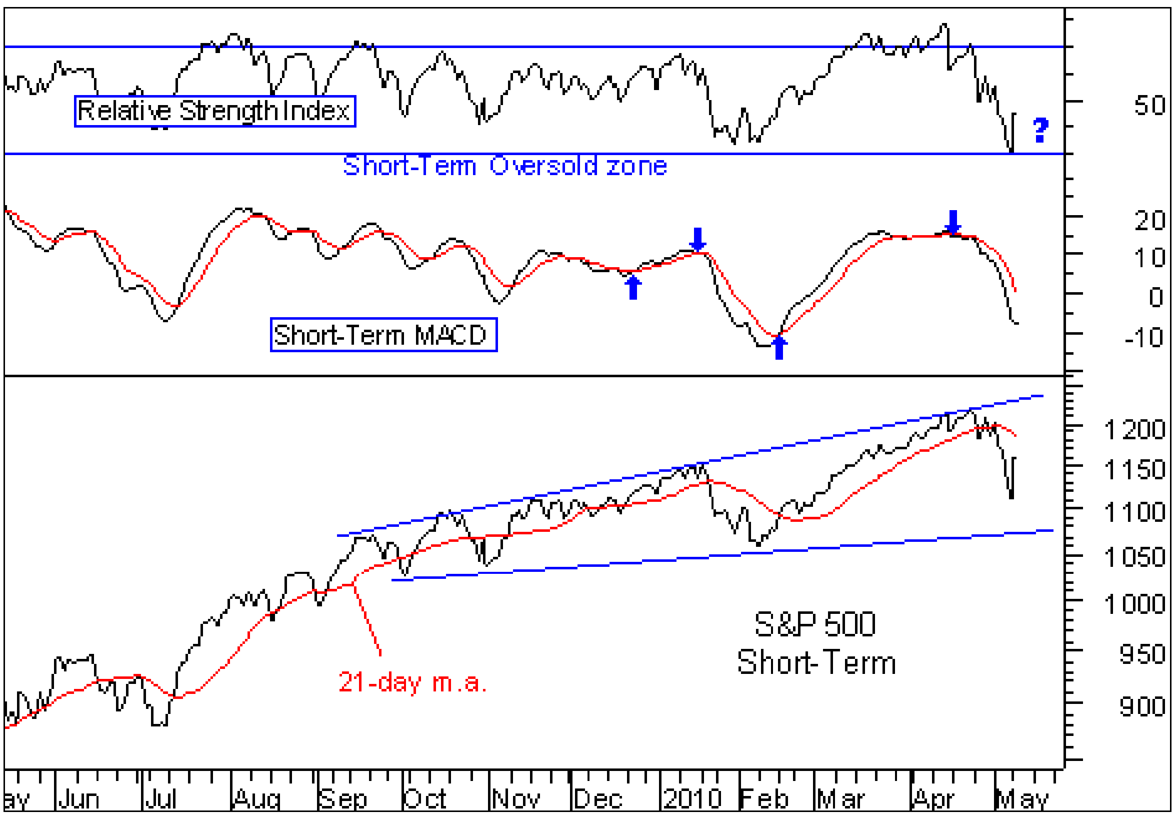
SPX – Channel & SMA

With the momentum in-dicators still on intermediate-term sell signals, and short-term charts and indicators showing the S&P 500, and other major indexes remain below the po-tential short-term resistance at their 21-day moving averages, and with short-term MACD not even yet triggering a short-term buy signal, it has not been enough. Under the 21 D SMA is price of 1180, which is also a coincident.

The bottom of the Channel is at 1100 which coisde with our Reaction Natural lows. The upper trend line on Channel had suggested the top as well when used with other Indicators in Late April commentary.



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EU Injection

Sounds familiar like TARP . In fact, we could be seeing a reenactment of 2008. The Lehman bankruptcy on September 2008 triggered crisis. A few weeks later, Congress passed a $700 billion bailout (TARP). The Chart below shows the **S&P 500** with these key dates. **These big announcements only increased volatility**. The effect of bail out was seen after the re test of lows **(Something to keep in mind).**

Should you have any questions regarding this Daily Trade Advisory, you can reach me by email at <u>apavse@aol.com</u> or at <u>978- 662 3329.</u>

Best Regards,

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