



For Immediate Release – Weekly Market Commentary, Research Note

Monday : Reference– ASG WEEKLY COMM 2010 # MAY 10

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SPX – Closed @ 1110

Market Insights

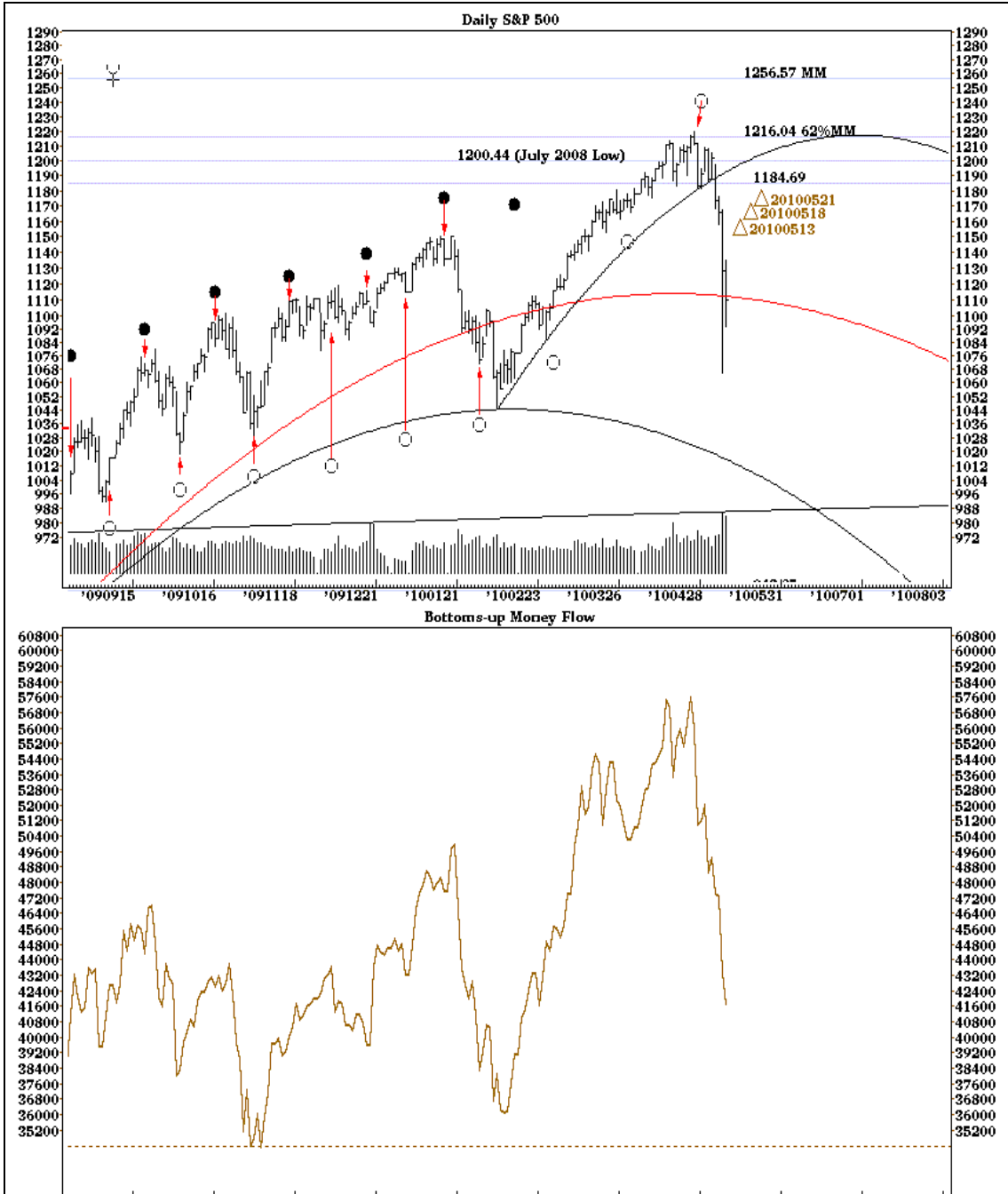
- *SPX completed our upside bounce target SPX 1210 we gave you (hit on the dot)*
- ***And decline began : POM 15 was Triggered at SPX 1205, we suggested, this is a good price to be Hedged or Net Short.***
- *On Short term our downside target with inevitable sharp decline was met at 1150 (hit 1158)*
- *On Intermediate term, the weekly and monthly close below 1150 should have price target to 1050, which is met (hit at 1062), no monthly yet.*
- *But the way it approached it not very satisfactory for us, therefore the possibility of 980 which we have been mentioning for while is still wide open, till such time the bearish rallied will be in progress*
- *We got the weekly close below 1150 and market should remain below this on any rally bounces. (We are evaluating the Target price on the bounce and announce)*
- *May seasonality and 11% decline in RUT was expressed seem to have materialized*

The volatile topping pattern confirms that this is a broadening top formation. The Big picture remains one of a developed top, with the likelihood of one or more short term peaks, most likely lower peaks. In any case, we have a cycle low due tomorrow and a technical bounce could happen very short term, similar to the other bottom-fishing bounces. Although we don't know what it was that triggered it Crash (We really don't care as we just follow the indicators which had signaled this price target 1050 from 1st April onwards). But the Mini – crashes to be followed by a basing period and a retracement rally from the current oversold condition. the Advance-Decline Oscillator is clearly oversold at the same levels is recorded at several short term lows in the past, so we should expect some kind of trading rally to carry us into options expiration this month

If we were counting Waves, the Thursday crash would be counted as the middle wave (three) of a five-wave down move. The consolidation which started at the low Thursday would be counted as a fourth wave. And, that would imply that the next big wave down would be the fifth and final wave down in the decline. After that fifth wave bottoms, we would expect a rally to get started which retraces some significant percentage of the decline from the April high.

SPY

SPX could run up to 1180, (we want to evaluate) the measured move objective coming off the last low. However, the polytrendline that's topping, which was once support, is now resistance. In terms of timing, the option expiration week is a likely high. The drop found support on the broadening top support line. The target we had in mind was 1050 and it hit 1062 in panic.



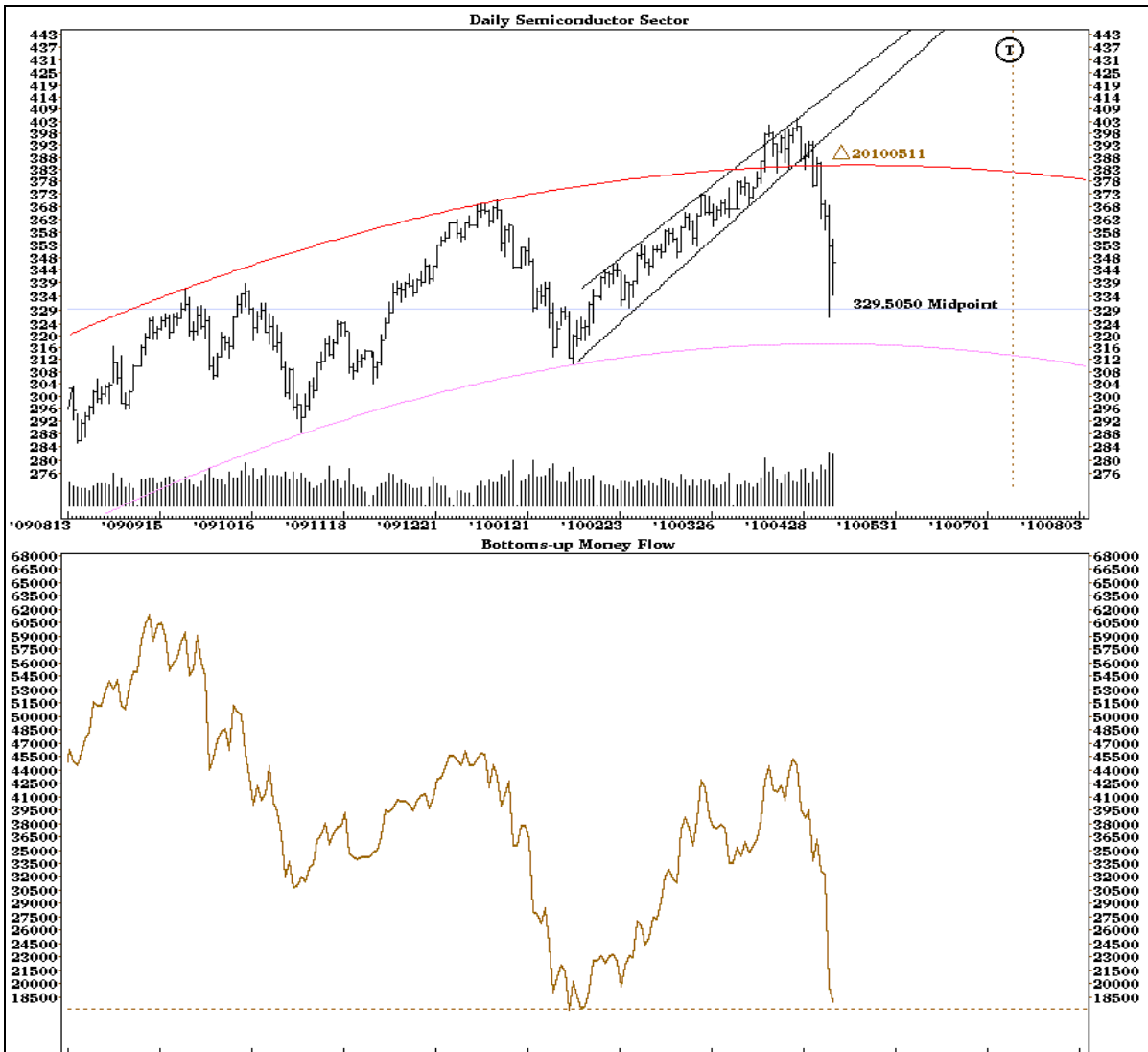
Put – Call – Sentiment

Turning back to sentiment, the **CBOE Put/Call Ratio** swinging from **excessive bullishness to excessive bearishness**. This indicator is another one of those “predictive” indicators that warns of a potential short term bounce but is not ideal for timing.



SOX

SOX is our best leading index after China, Signaled the top, Bearish wedge and the break of poly lets wait till signal the bounce target



CHINA

The Shanghai market our another lead indicator , Lets wait to see the quality of this bounce



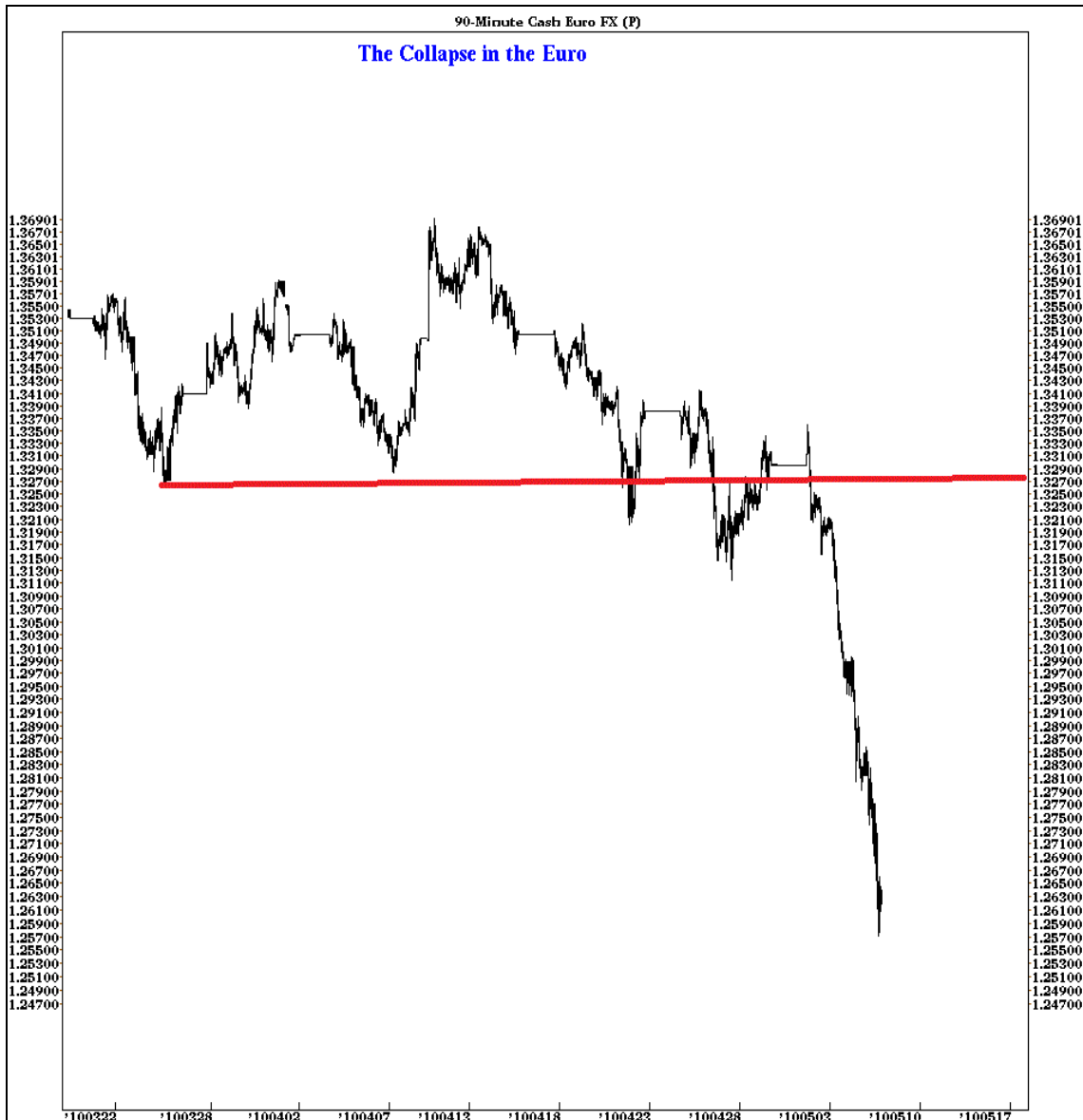
USD

The Dollar continues to soar as the Intermediate term trend remains up. We've been pounding the table about for several months of this specially on USD since 1st DEC @ 75, on way to 90 our price target



FXE

After the plunge in the euro, We should see some consolidation of the decline before the euro moves further to the downside. EURO break below 1.32 to waterfall drop, we got. It turned the lights off



AUD

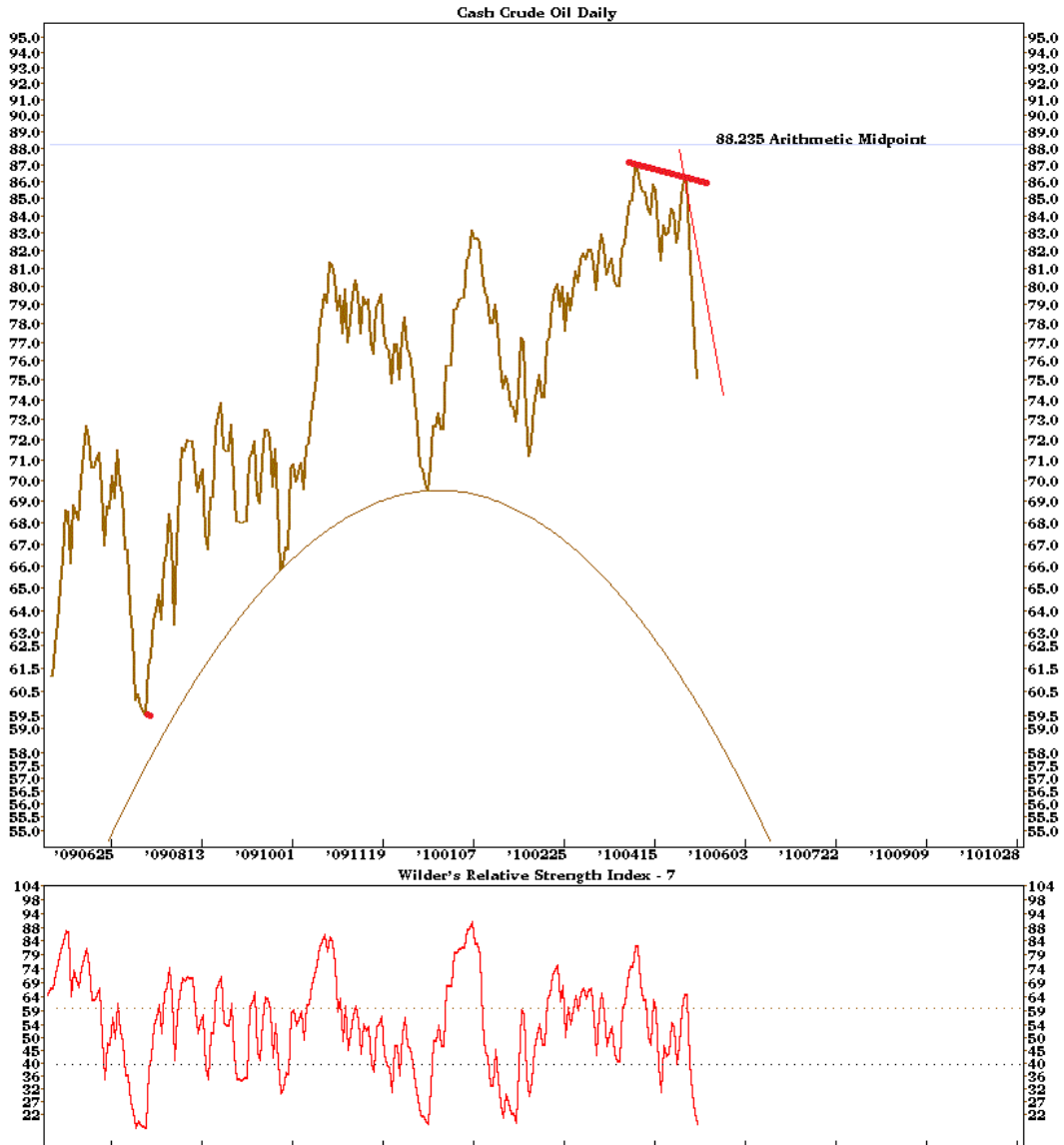
The aussie in our Previous commentary we had highlighted the 5th wave completion at 94 and coincide with the 50% retracement level in its long term bear market. Last week's selloff has not yet eliminated that possibility.

The broken polytrendline is now resistance. It is rolling over to head lower, but a rally back to it could provide world stock markets to breathe a sigh of relief just before the next leg down. This senerio hold true for Euro as well



OIL

Our previous messages indicated a double top at 88 with 50% retracement bounce and then price target of 75 , All met real quick.





Should you have any questions regarding this Daily Trade Advisory, you can reach me by email at apavse@aol.com or at 978- 662 3329. We will continue to send our " Intraday Alerts" as needed

Best Regards,

**Suneil R Pavse
Chief Investment Officer**

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