



For Immediate Release – Weekly Market Commentary, Research Note

Monday : Reference– ASG WEEKLY COMM 2010 # MAY 18

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SPX – Closed @ 1120

Market Insights

- **SPX** completed our upside bounce target SPX 1180 we gave you, (It hit 1174), and Re run of POM 15 began, First **POM 15 was Triggered at SPX 1205**, we had suggested, this is a good price to be Hedged or Net Short.
- Our downside target from SPX 1180 was to 1110 test and Reject, Yesterday we hit lows of 1114. (There could be a re- test here of 1114) where it could Trigger POM 13, good price to Hedge Short Position.
- We got the weekly close below 1175, there it put in secondary high in Mid May and market should remain below this on any rally bounces.
- Since POM 15, SPX has lost 90 points to POM 13, and Since POM 14, SPX has lost 5 points to POM 13.

- **GOLD** hit our First upside Target of First H & S Pattern and 61% Fib level 1250, trigger POM 14) from confirmed breakout of 1130 (12th May trigger POM 13),
- Second upside Target of Larger H & S Pattern at 1300 and Wave 5 count at 1265, could trigger POM 15 , may or may not happen. (This is usually exuberance)

SPY

This is option expiration week which normally has volatility in the direction of bias. Our price target of 1110 was hit (1114) for nearing POM 13, We need a trigger, but it is pretty close, we need to see how it rejects the lows, On first get go it might be hard to break 1065 till we build enough cause. From POM 15 to POM 13, market has lost 90 points, after such fall we are certainly not looking for last TICK on POM 13 trigger. Right along we have had target of 1110 for POM 13

If the snap back rally begins to the B point it would represent Wave 2 consolidation up of a larger Wave five count down. The market is going to start a bounce on Rejection of 1110. to complete Wave 2 up, then Wave three down will start which is usually a strong wave.

If we go and test 1065 and indicators line up we may even trigger POM 12, on successful double bottom and bounce might be much larger. Lets wait and see

Last Friday the ARMS index reached in area that pin pointed a short term low, usually the next 2/3 trading day. We may get another read like so. We have labeled other times in the last several months where the ARMS index closed near that level and in each instance the SPY made a low with in a couple of days and rallied higher. There is a Hugh poly trend resistance at 1175. The pattern forming on SPY could be a large ABC where the “B” leg down is finishing and will start a “C” leg up that should find resistance.

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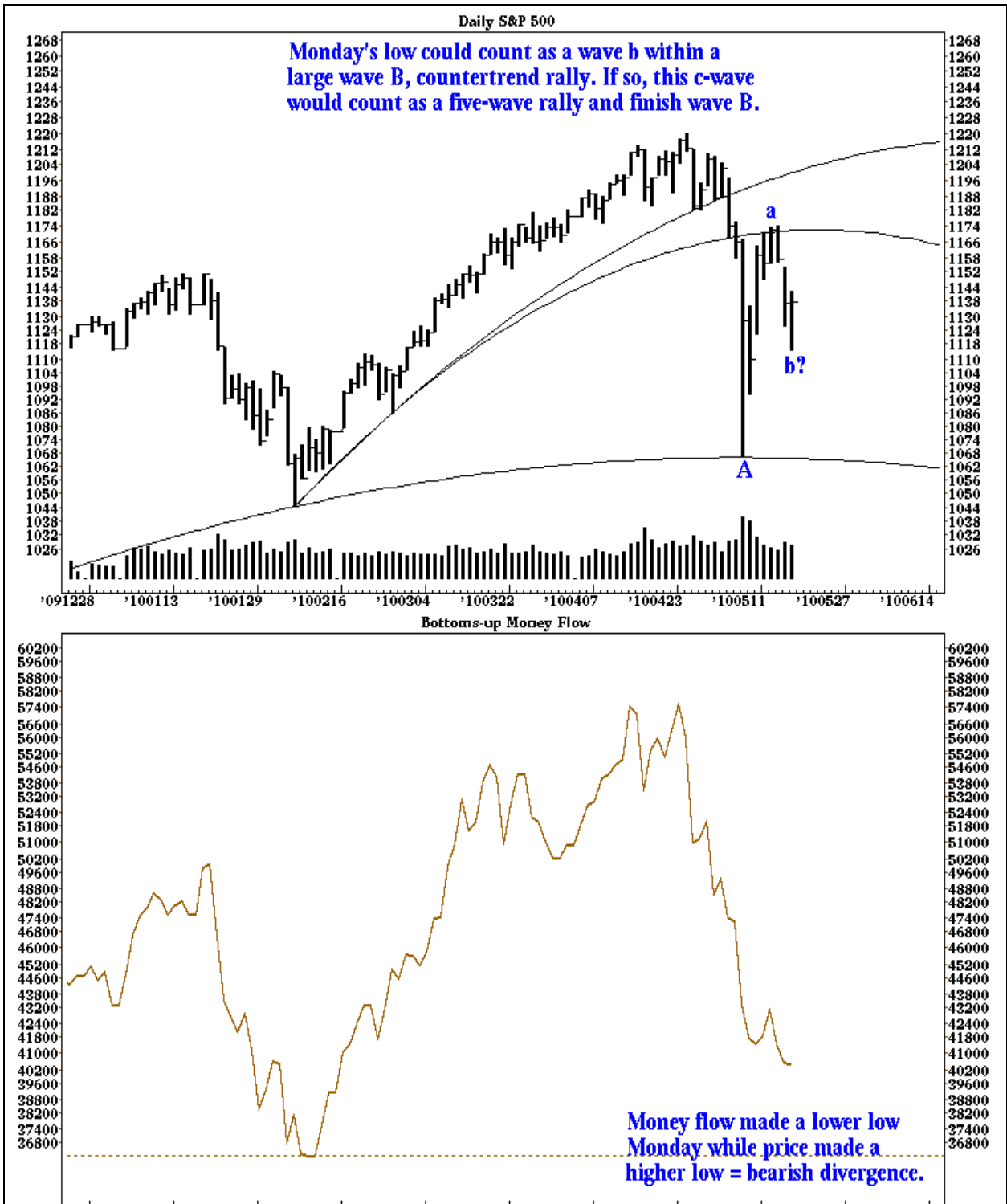
On Intermediate term , Our conclusion in the past has been, when the weekly MACD turns down the second time after a negative divergence then the top is in and that happen two Friday's ago. We expect the market to work lower into October of this year.

SPY – ST

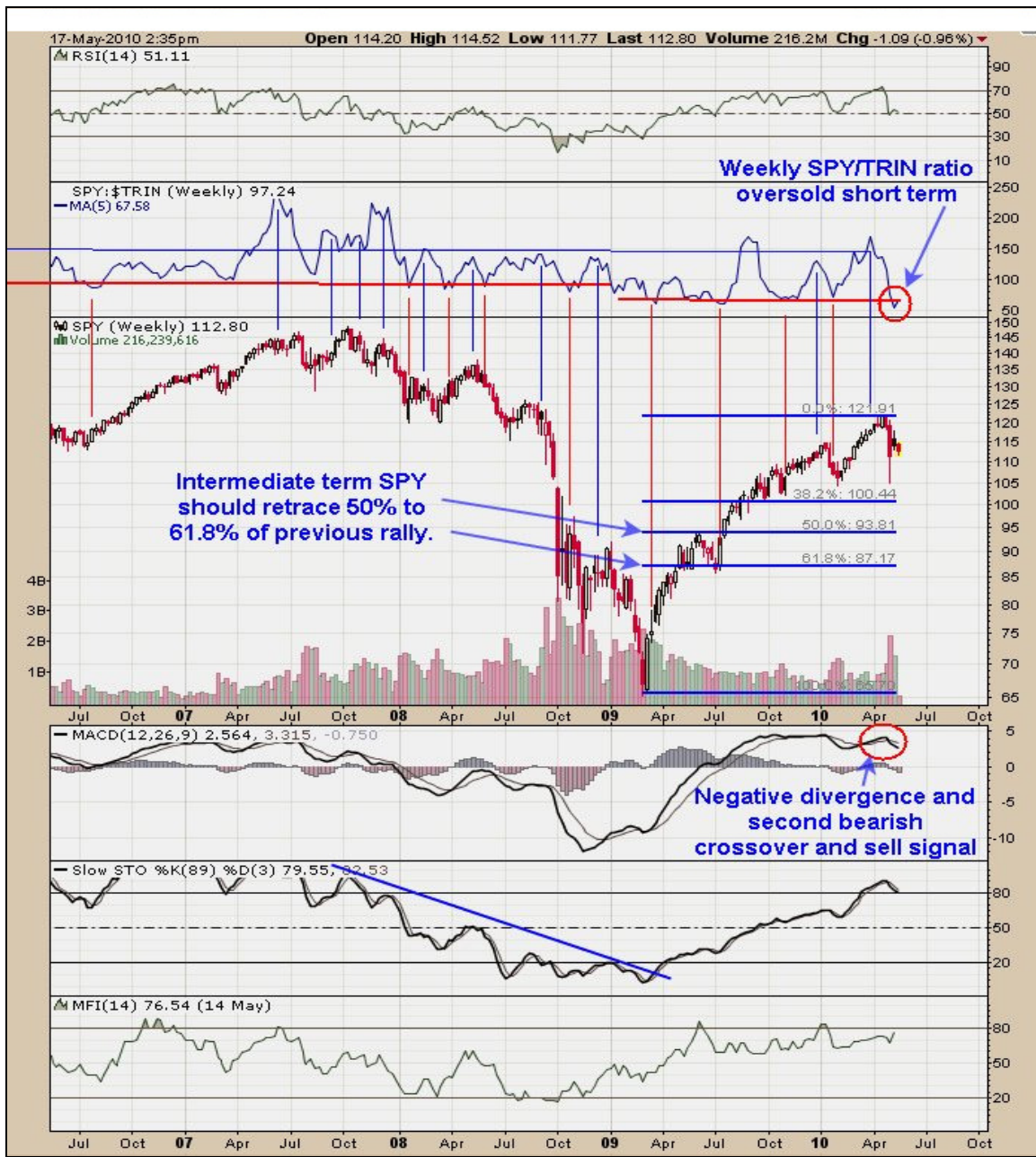




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SPY – IT



Above is our intermediate term view of the market. Above is the weekly chart of SPY. Notice that the weekly SPY/TRIN ratio is oversold and may produce a bounce in the market, the same analysis as the daily analysis. Once the potential bounce is completed we are expecting the decline to continue down to a 50% to 61.8% retracement that could take several months to get to. Notice the weekly MACD showed a negative divergence and has turned down a second time triggered an intermediate term sell signal. Targets on SPY are 1065 down to 980 due later this early fall.

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. Its been soaring on the basis of the collapse in the Euro. The Intermediate term trend remains strong in DXY and dips are buying opportunities.



FXE

The Euro on Short term basis is very oversold but continues the trend to the downside than a sign of an imminent change in trend. With no bullish divergence in the oscillator.

The low Tuesday was at 1.21, But, the poly trend line could provide a good support a bounce, Wave suggests we will see a consolidation, sideways to down-biased, then further decline later. A move back up to 1.30 is entirely possible





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
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