



SG Capital Research

Global Market Insights

Research Note – Intermediate Update (A# 1)

MAEG- INTERMIDATE UPDATE # 01 SG 2010 # SEPT 14

For Immediate Release – *Wednesday A # 1 & Friday A # 2*

By: Suneil R Pavse

Contact: *apavse@aol.com*

Market Strategy Global (A) - SPX – Closed @ 1121

Analysis of Broad Market that includes

- Primary Market SPX & DOW as main market driver and
- Secondary Markets NYSE, NASD, RUSS .

We have picked up charts (below) that has some distinct characteristics and values from last weeks observation at Inflection points based on our assessment:

- SPX
- QQQQ,
- EURO

SPX – “Our Current Signals & Projections”

- ***On 26th Aug – POM 13 was triggered at 1045 SPX (we hit a low of 1039) and since then SPX rallied +5.2% during our signal***
- ***On 3rd Sept, Our Indicators conformed POM 14 – Re Run @ SPX 1100,(currently SPX at 1104)***
- ***All price actions on upside should remain under the upper part of Confluence Zone around 1110 (i.e. 34 W MA underneath and Fibonacci @ 50% (wkly / daily)and several others cross current creek areas. (As per the charts Indicated in earlier Reports). This would be actionable area.***
- ***But the extension could very well happen to 1125 as market tends to extend in both directions***

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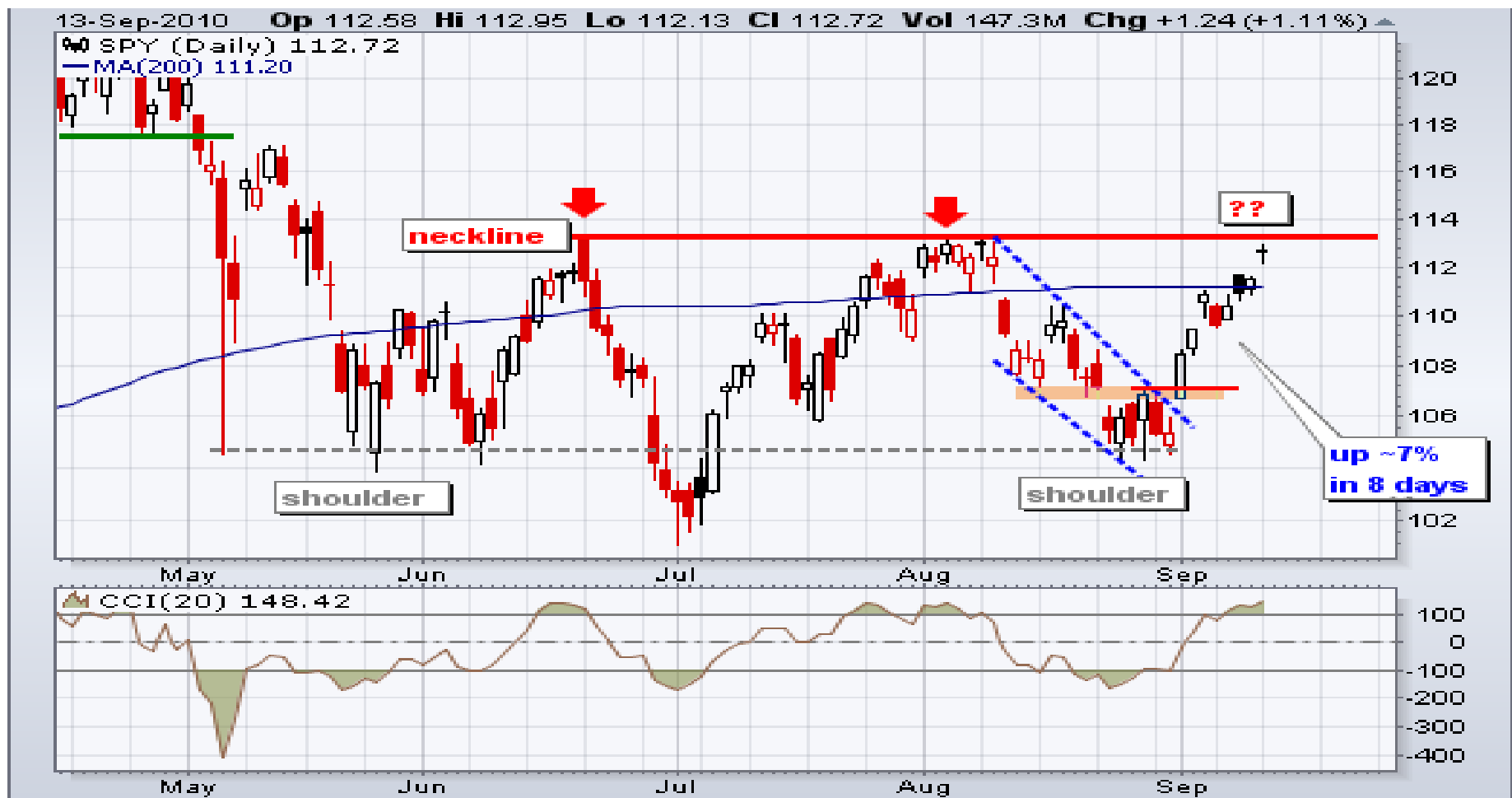
The market internals warns that a top is approaching. This week, cycles call for the market rally to top at midweek and start a decline. The initial stages of the decline should be moderate. **Sentiment (Short term) has reversed completely** from what it was from last week's bearish ratios to *overly-bullish*. Our OEX ratio closed today at **2.33**. A close near the value of **2.0**, which means that twice as many dollars are going into as opposed to puts, will often signal a top and a reversal within 2-3 trading days, which would target Wednesday or Thursday for a top. And, as you well know, we have a T expiring on Wednesday and cycle projections 7th to 16th. So, everything is pointing toward that top being in place sometime this week.

S&P has overhead 34 W MA resistance at 1120 level. This week, volatility is likely to increase due to conflicting cycles, Triple witching and Cross currents at the price confluence. **In straight line market moved up 7% up move in 8 days, this is a gift from Trading God. Our POM caught 5.2% of that**

- **Euro correlation** with SPX is still intact, we have been looking for EURO to touch the Poly trend line underneath (**See the important chart below**). We have been anticipating that it would retest and reverse to the downside.

SPX

SPY gapping above 112 on Monday and stalling with a doji. It moved back above its 200-day moving average but at 34 W, but is trading in a resistance zone marked by the June-August highs. This resistance line also forms the neckline of an inverse head-and-shoulders pattern. A solid break above resistance with expanding volume and strong breadth is needed for confirmation. (We made a bullish case along with some parameters to look for if that had to happen) just in any case . We have approached this area with Dogi & 25% lighter volume



QQQQ

QQQQ gapping higher and moving into a resistance zone from the June-August highs. The Commodity Channel Index (CCI) moved above +100 last week and remains above +100. This makes it **overbought and at resistance**. With 25% lighter volume



Currency Analysis (B) - Related Section –

EURO

The euro is a major indicator, when it moves down, it pulls the markets with it. As long as the euro is trending lower, stocks are in danger of lower over the next month. Since the larger trend is so strongly biased to the downside in the euro, it's better to play that trend than the one in the stock market.



Sector ETF Analysis (C) – Related Section - None

Commodity Analysis (D) – Related Section – None

PQV Equity Analysis (E) - Related Section – None

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