



SG Capital Research

Global Market Insights

Research Note – Intermediate Update (A# 2)

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For Immediate Release

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Market Strategy Global (A) - SPX – Closed @ 1081

Analysis of Broad Market that includes

- Primary Market SPX & DOW as 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 - ST, LT
- RUSS, NYSE
- EURO

SPX – “Our Current Signals & Projections”

- ***On 6th Aug – POM 14 – Re run was triggered at 1125 SPX and since then SPX dropped (-7.0%) during our signal***
- ***On 26th Aug, Our Indicators conformed POM 13 @ SPX 1045, (we hit lows of 1039) – This was Risk management area with a expectation of market bounce . Currently SPX is at 1081, a rally of (+3.5%) during our signal***
- ***All price actions on upside should remain between confluence Zone of 1085 to 1110 (- 34 W MA underneath and Fibonacci o @ 50%. (As per the charts Indicated in earlier Reports). This would be actionable area***
- ***We have decisive weekly close below 1085 which is intermediate bearish conformation***
- ***All the price action on downside should on Intermediate term basis should remain between confluence zone of 1010 – 980. (As per the charts indicated in earlier Reports) This should be actionable area***

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We had conformed POM 13 @ 1045 SPX as demonstrated in the short term indicators (Reported in our Releases) . this senerio had the texture of bounce. Additionally on Monday's report, we indicated "For very short term the daily ARMS index closed at 3.80" this can produce a bounce in the market in the next day or two. The expected bounce has materialized (See the charts below) . We don't think this potential bounce will go far, perhaps to our Confluence level of 1085 to 1110 (We are already at the lower end of it at 1085).

An exposition of ticks closed today at +1270 with an ARMS index close of .25 suggests this rally is a Short covering rally. These types of rallies normally last from one to three days. This could be the exhaustion rally and typical Bear market moves of wide price spreads, usually fast and furious but burn out quickly. We think plenty of premature bearish bets at POM 13 which for us is Risk management. The better place for those bets being POM 14 / 15

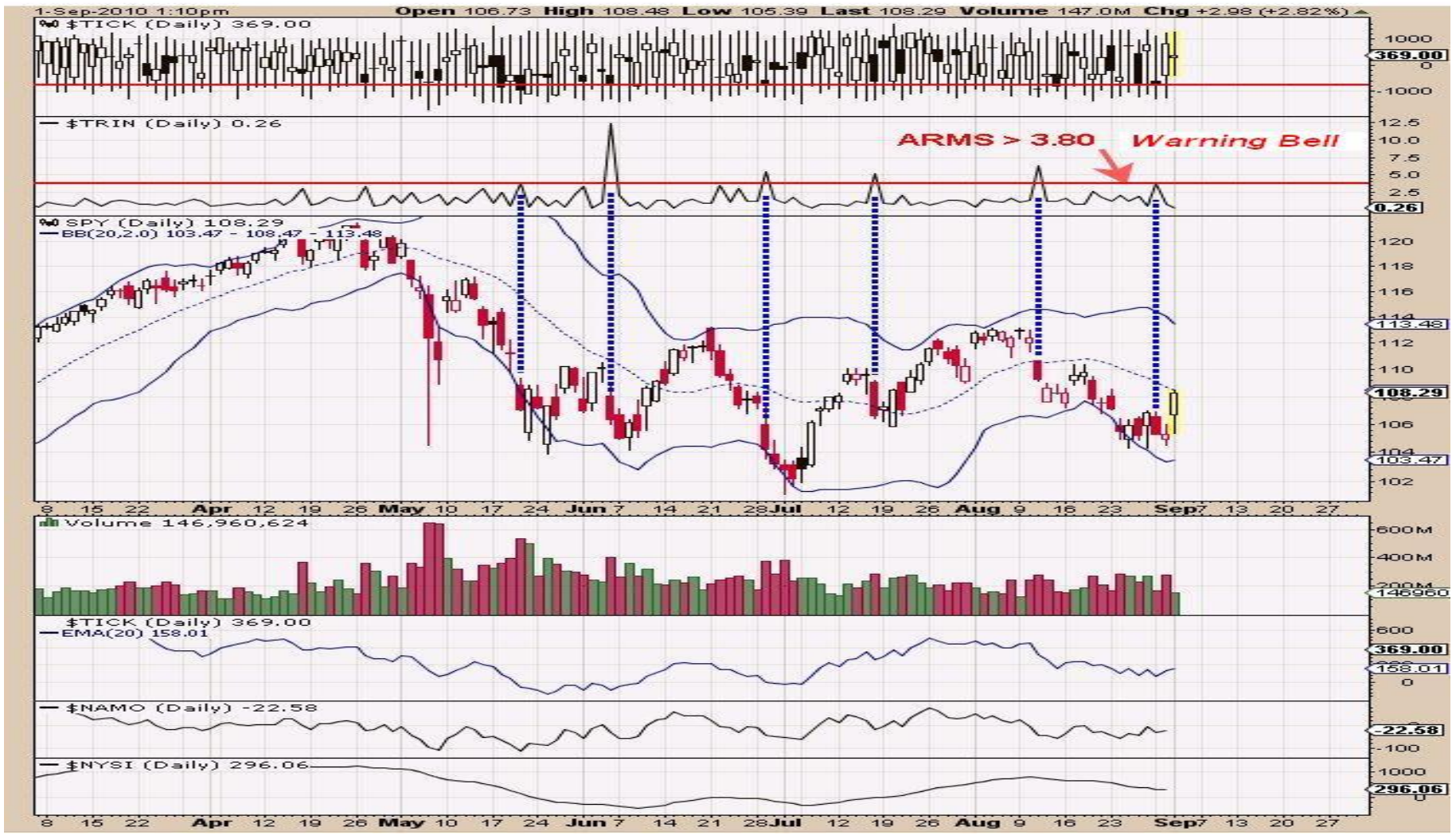
First , this is month end money spree and according to Seasonality charts the Friday before Labor Day weekend has the probability of being an up day is over 70%. Also the Friday before a long holiday weekend is usually a light volume day. Therefore if Friday's test of the Confluence Zone is on lighter volume, it could lead to the next high and the market may start its next mark down next week.

Currently we are @ 1081. However we need a reversal & actionable Area of **POM 14 Re –run.....** to set up a better risk reward on Sell side. **To prepare for this we can keep our watch list on potential SETUP 2's in Low Quality Equities at Higher valuation band**

We have detail analysis below of how things look short term, but POM 14 Re – Run should be the decision maker .

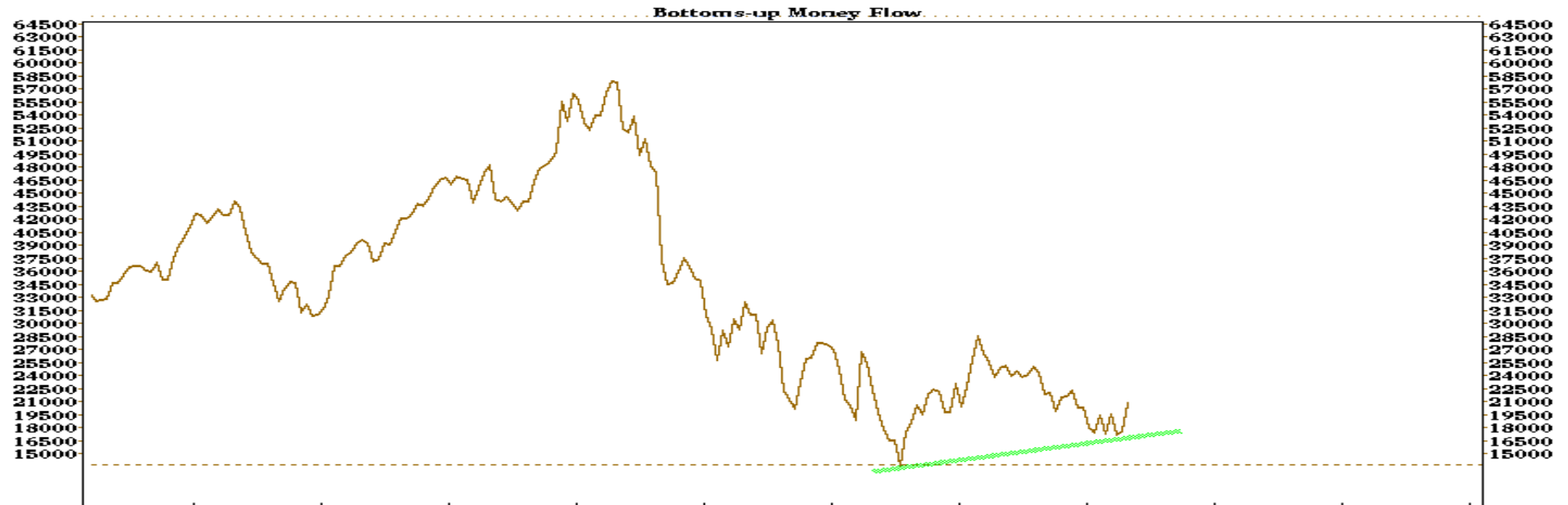
SPX - ST

Chart below suggest the Arms reading which caused the bounce . The weekly Bollinger Bands continue to find the trend when it rolled over in May and continues in a downtrend.”. The mid line of the daily Bollinger band comes in near 1085... Seasonality remains bearish into September October timeframe and may be where the next intermediate term low will be found. The weekly Charts remain bearish.



RUSS- ST

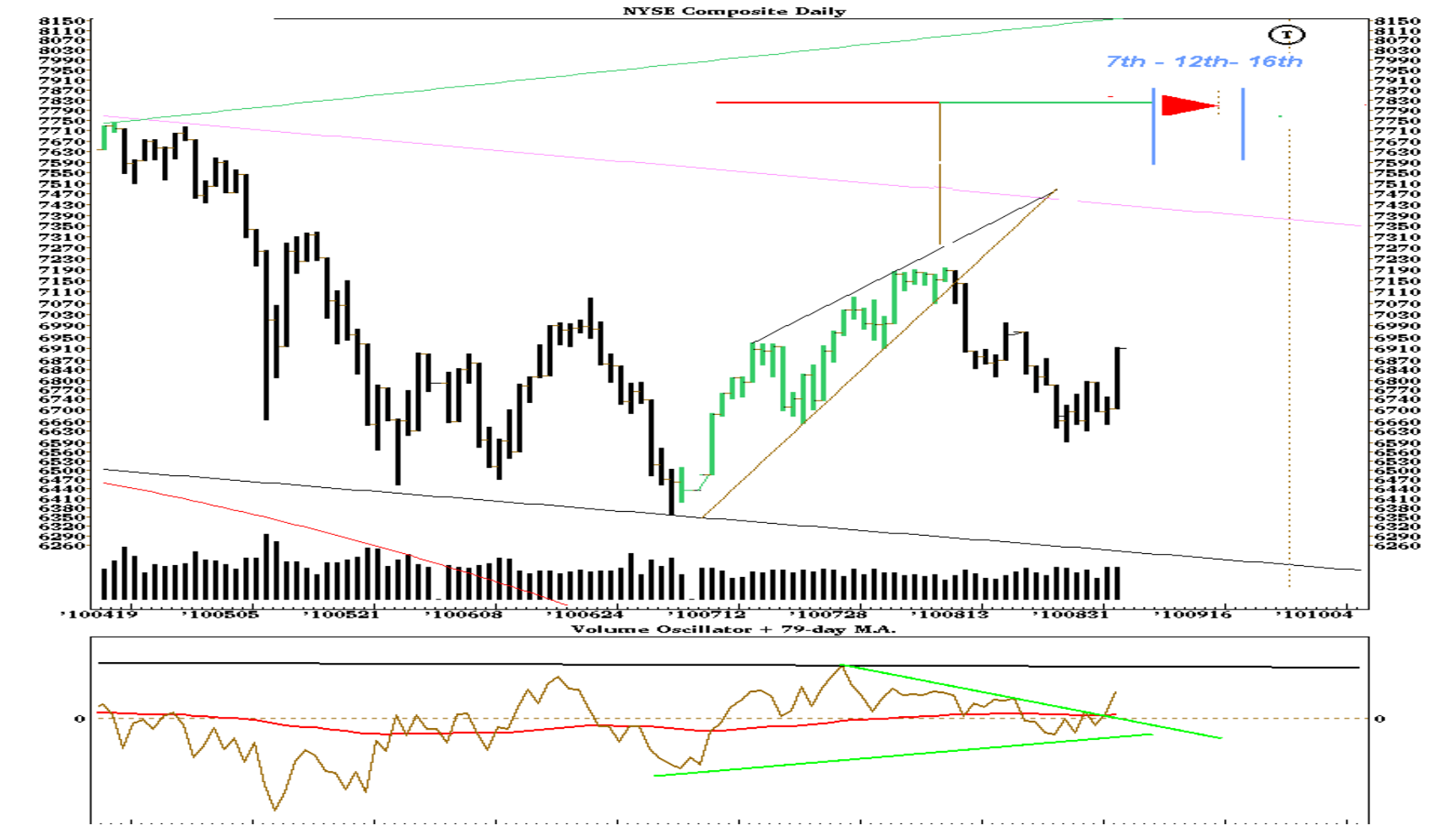
In the chart below , you can see the bullish divergence at POM 13 (we identified in the weekend update , This gave us the first warning of this upcoming bounce). On the Rally we have a poly trend line that comes in . We want to see how prices react there .



NYSE- ST

If the new T is placed, 7th to 16th Sept an estimate for when the uptrend will expire. However, that's not the primary way to determine when to sell or POM's . Tees are projective indicators and for actual signals coincident with other detail Indicators.

In this case the key point is along with T – Termination we have Cycle Time, Bradley , New Moon harmonic, 911 Anniversary of Imbalanced order flow all converge in the same T ZONE. These Times tends to cause reversals. .



SPX – Intermediate term – “Very Important chart”

We have pointed out the Intermediate signals on the chart. The 13 W MA crosses the 34 W MA and then overlapped with MACD (circle on the SPX chart). When the weekly MACD indicator closes below the “0” line then that is also an intermediate term sell signal which matches up with the 13 X 34 week MA’s crossing. When the 13 X 34 week MA’s crossed and the weekly MACD below “0” and the Full Stochastics is trending down then the probabilities are good that an intermediate term down market has started. We remain bearish and next intermediate term low may form in September October timeframe. This has been good Signal longer term.



Currency Analysis (B) - Related Section -

EURO – Important Indicator

The strength in EURO put some fire power under the market yesterday as we thought would be small ABC rally. Euro The upbeat tone in the markets Wednesday helped carry the euro higher: We are looking for a retest from underneath of the overhead resistance line to turn the short term trend back down in the direction of the long term trend. Watch for SPX @ EURO @ 1.29



Sector ETF Analysis (C) – Related Section – None

Commodity Analysis (D) – Related Section – None

PQV Equity Analysis (E) - Related Section – None

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