SG Capital Research

Global Market Insights

Research Note – Intermediate Update (A# 3) **(INTERIM ALERT)**

MAEG- INTERMIDATE UPDATE # 03 SG 2010 # SEPT 03

For Immediate Release

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Market Strategy Global (A) - SPX – Closed @ 1090

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:

- **SML**
- **SPX,NYSE**

SPX – "Our Current Signals & Projections"

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- ***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 1090, a rally of (+4.3%) 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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The expected bounce is in process and it has entered our CONFLUNECE PRICE ZONE of 1085 to 1110. We are at 1090 after confirming POM 13 @ 1045 SPX for a bounce of 4.5%. We are watching carefully.

If we fail at around / under upper end of confluence zone 1110 , the upside is 20 point away from current level then we could very well test the lows of 1040 and in this go around , we have build enough cause that could break the lows 1040 (that would be 70 SPX point and 100 point at 1010. This is the downside risk) .

Although its hard to pin point the exact top within 1090 to 1110 regions "price and time" the time confluence of 7th to 16th Sept, (Mentioned in our yesterdays chart and stated below) is good benchmark . Things could happen +/- . One of the days very well could be the trigger. We just doesn't know which one. Could it be when big boys come back from vacation, Turn around Tuesday or the Employment Report today.

Today 3rd Sept, Historically this tends to have an initial rally on relief that the number isn't a big disappointment but the street thinks a number better than that is cause for celebration. Past data suggests the initial reaction to the jobs report is wrong, so we could get the market to rally after the report, then sober up and start falling during the morning hours as traders drift off for a long weekend. Certainly this time could be different.

On scaled entry basis , we could prepare for this scenario in our watch list if confirmed by potential SETUP 2's in Low Quality Equities at Higher valuation band on risk reward basis.

Upper End of Confluence Zone

There are lots of cross current around 1110 SPX level and the volatility could increase either with false breaks taking the stops away with exhaustion moves. Especially Money flow has come off its recent lows in strong fashion. And, bullish divergence ahead of this latest surge warned bears to cover so certainly they will not the ring the bell at the top and make it easy for anyone..

But we are watching carefully the following , not that it will happen but they could give better read on the story.

- **2 days ago , we had a Tick reading of +1270 with an ARMS of .25 suggests this rally is a Short covering rally. We could very well have another read like so. It has the tendency to do so.**
- **The 2nd Benchmark is the Mini wave count of Small cap (They gave the best signal coming of the bottom at 1045), see the SML chart below.**
- **The strength in EURO has kept its own small ABC rally in tact, (We showed this in yesterdays chart) if EURO tops out a retest from underneath of the overhead resistance line @ 1.29 to turn the short term trend back down in the direction of the long term trend. Watch for SPX how it reacts.**

SML - ST

In the chart below , you can see the bullish divergence at POM 13 (This gave us the first) Looking at this wave count and trendline to give another signal for price projections.

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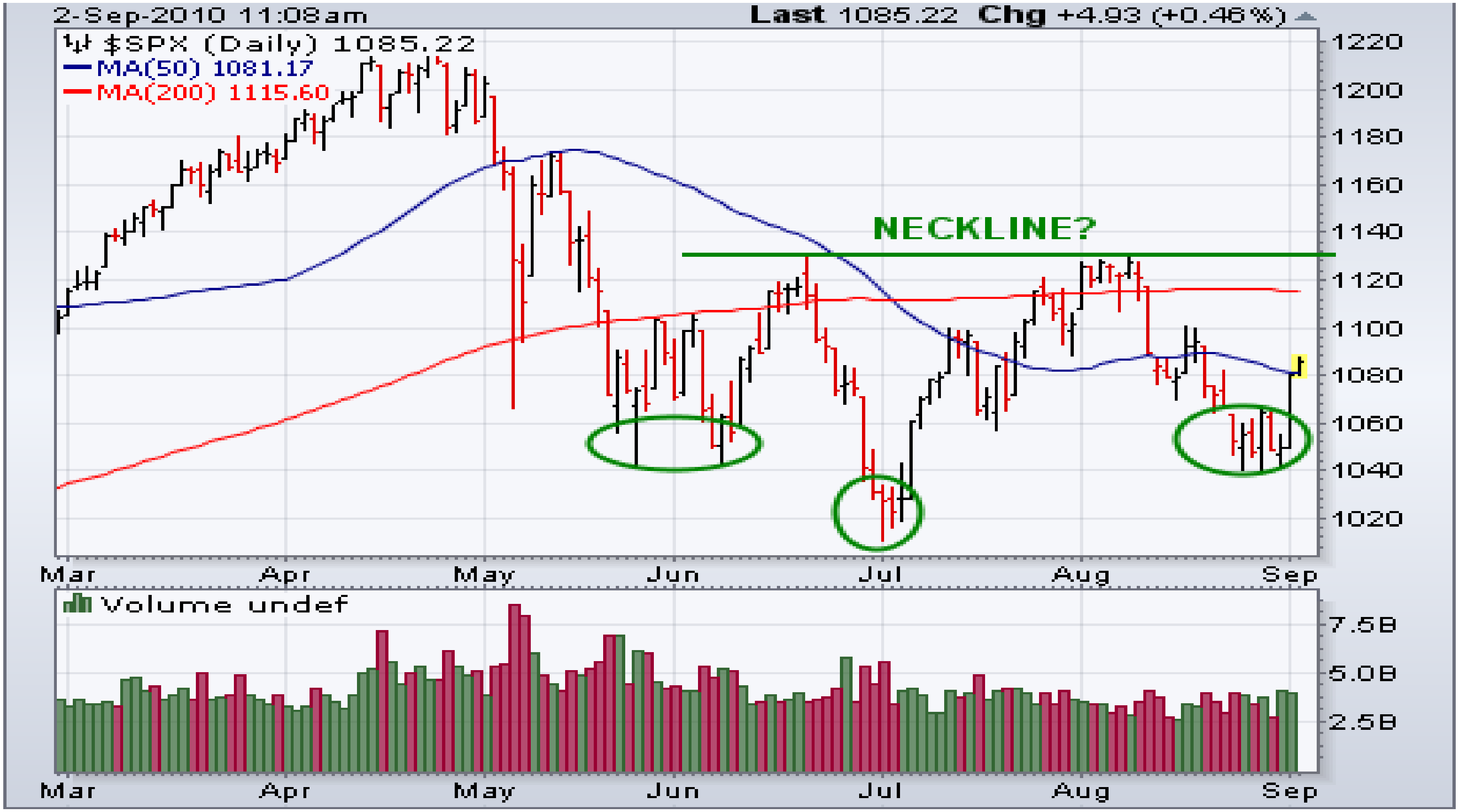
SPX – ST

We brought up this scenario out when we confirmed POM 13 at 1045. We think by next week Media will talk about it go get everyone excited but if we look under the hood, H & S should match with volumes for breakouts and this is not matching with our VTO reading. But the excitement mood certainly has tendencies to make false breaks and we are watching carefully.

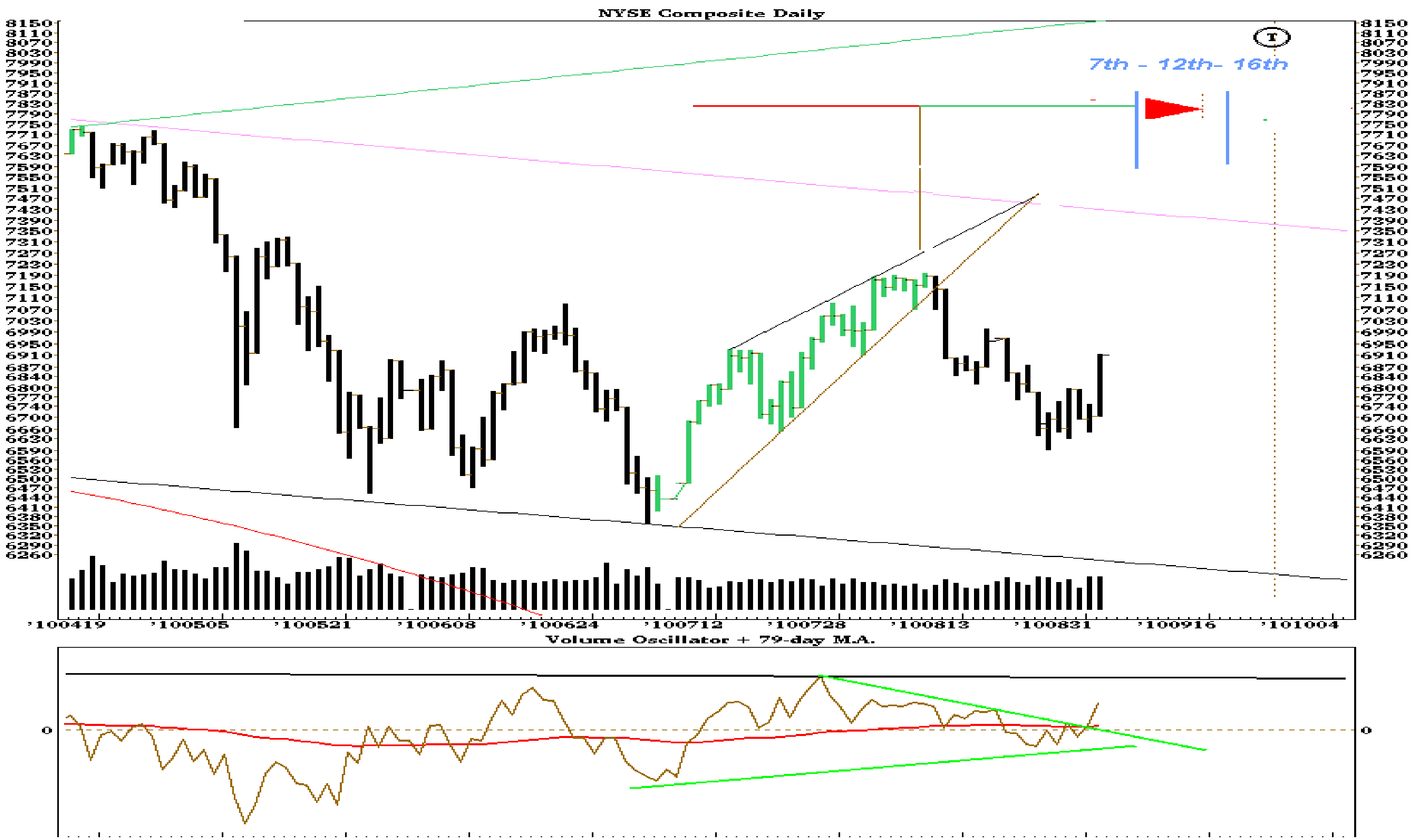
Additionally our Confluence Zone remains under the NECKLINE that makes it harder to break



NYSE- ST – " Repeat from yesterday"

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 works better for actual signals only if coincide 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. .



Currency Analysis (B) - Related Section - None

Sector _ETF Analysis (C) – Related Section – None

Commodity Analysis (D) – Related Section – None

PQV Equity Analysis (E) - Related Section – None