



Macro & Technical Research

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Weekly Market Update May 19, 2010

The position tracker can be found at the end of this report and summarizes all of our positions

SUMMARY

The market remains in correction mode. Extreme caution is warranted in the near-term.

Last week I wrote "There is a high risk that we retest the lows from last week (1065 in the S&P 500) or make marginal new lows in the coming weeks, but as long as we can stay above the Feb 5th intraday low of 1044 we expect new highs over the next few months before the start of the next bear cycle." That view has not changed.

The market internals in the U.S. continue to suggest that this is a correction, not a bearish reversal.

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