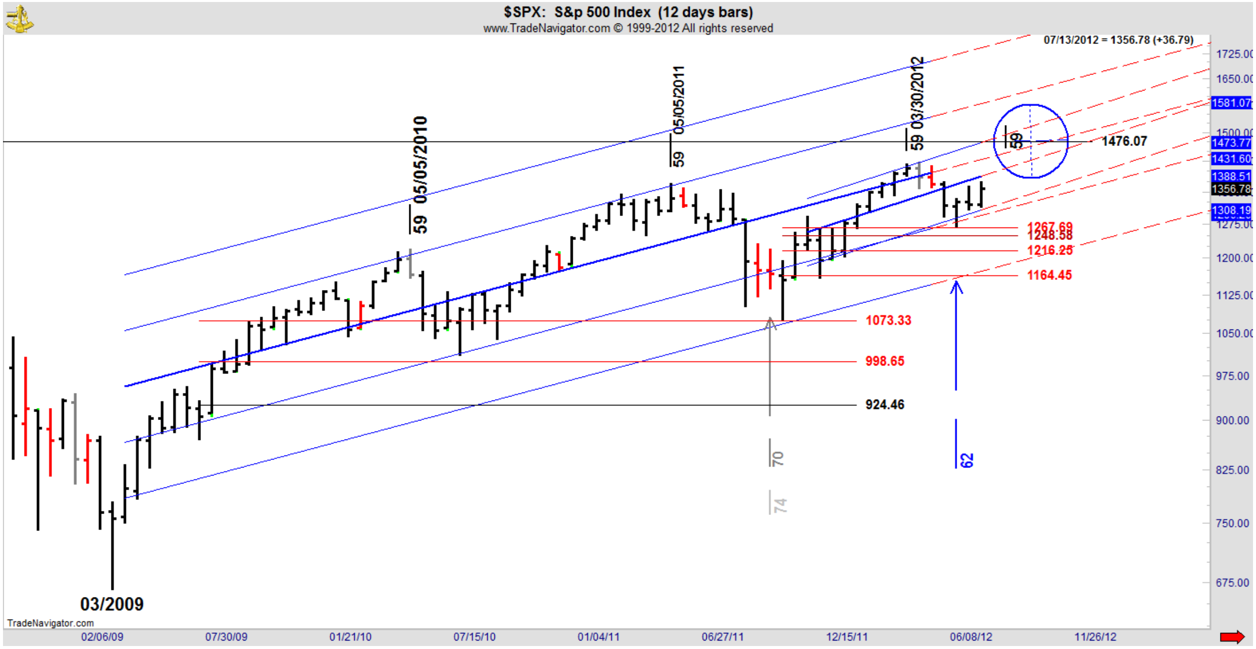
# 16 July 2012-Long Term Trend Charts

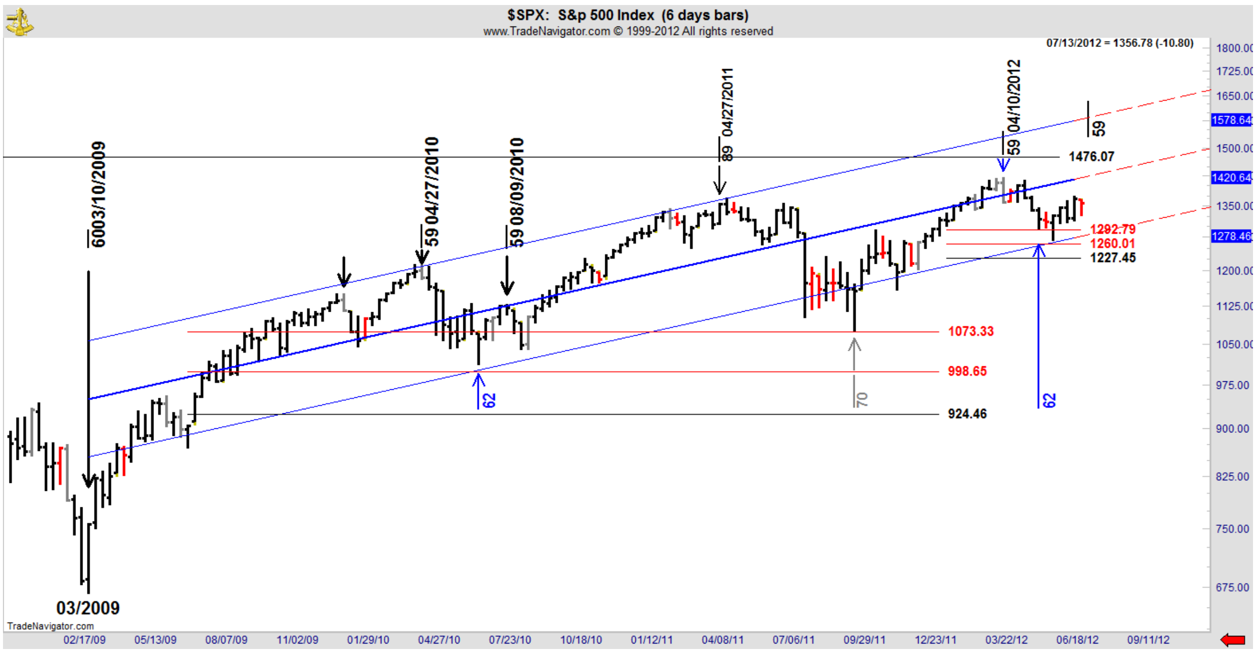
## S&P

On 6 Day Regression Channel, Trend is: DOWN
On 12 Day Regression Channel, Trend is: UP
On 24 Day Regression Channel, Trend is: UP




This is the 12 day chart which I have been posting here for the past 6 months or more. It's still on track for $SPX to hit 1476 in mid-September. A common failing amongst traders is to become preoccupied with the short term, which is quite understandable as trading the 1-8 day moves is our business, but it's useful to be aware of the major trends in all markets.

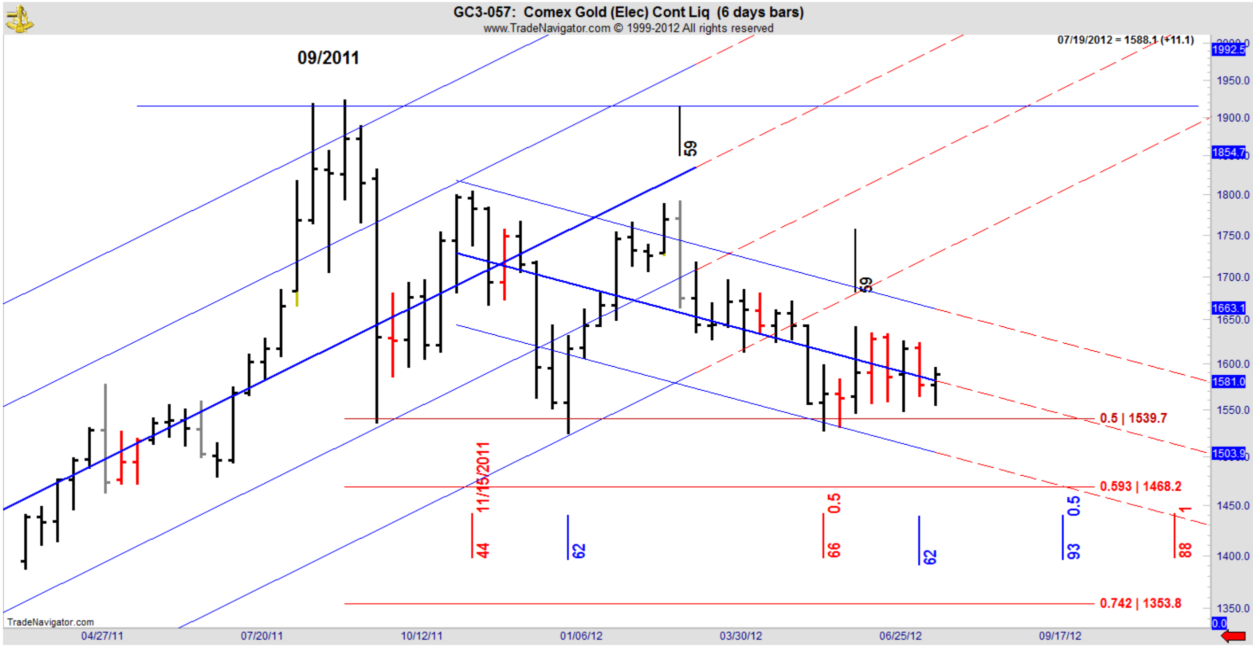
Below is the 6 Day chart of $SPX for which the trend is down, but there is nothing exciting for bears on this chart. For its last correction the market held at a known DC retracement for 2 weeks before making a false break to the next DC number.



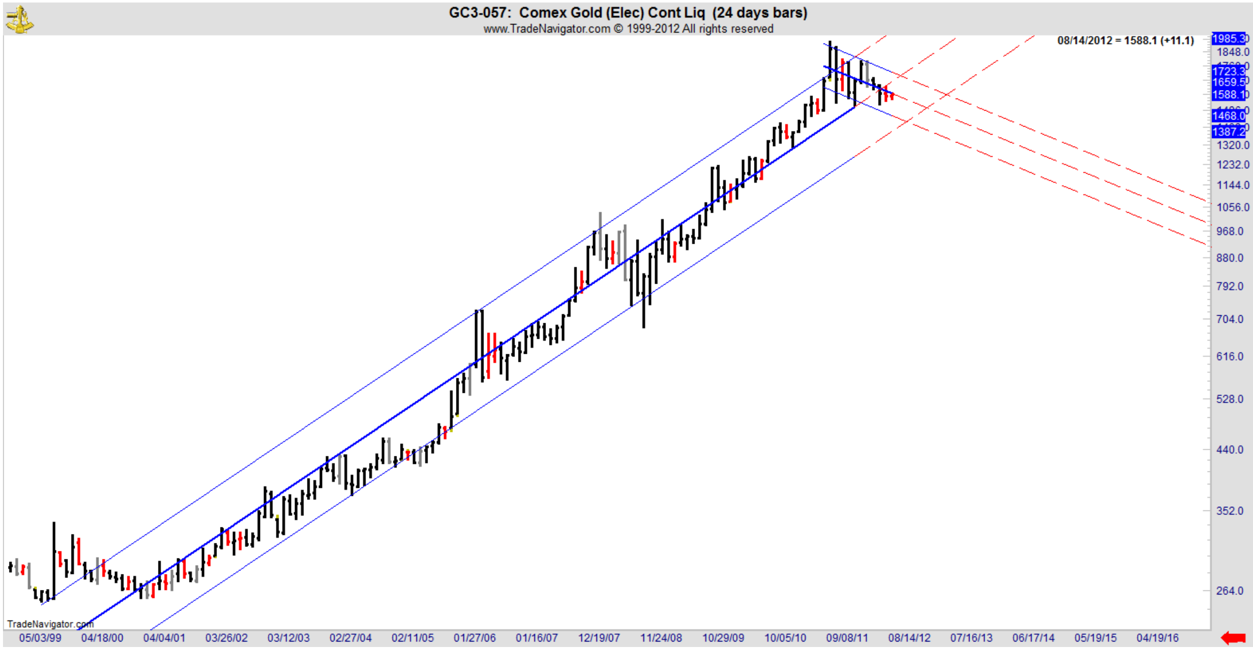
The false break for the week ending 06/08 failed to spark a fast move upwards which often accompanies these patterns, and we have a dominant 59 week cycle expiring in the next 6 days. We certainly have the setup for a fast move down, but so long at this market maintains its travel inside the primary DC trading channel, the bear capes remain in storage.

## GOLD

On 6 Day Regression Channel, Trend is: DOWN
On 12 Day Regression Channel, Trend is: DOWN
On 24 Day Regression Channel, Trend is: DOWN




The 50% retracement of the operating range has been tested and held 3 times, and that makes it important support. Trend speaks only to direction, not quantum and Gold is a great example of this as it tracks its now downward sloping trading channel. To give you a sense of this, the 24 day chart is below, running from the 1999 lows (semi log):



# DAX

On 6 Day Regression Channel, Trend is: DOWN
On 12 Day Regression Channel, Trend is: UP but with 2 conditional Sell signals
On 24 Day Regression Channel, Trend is: DOWN


DAX has fallen out of its DC trading channel from the September 2011 low and has shown weakness by failing to hold the 1SD channel. That of itself is not fatal to the rally, but any pretensions to strength in this market require a prompt return to the main trading channel.

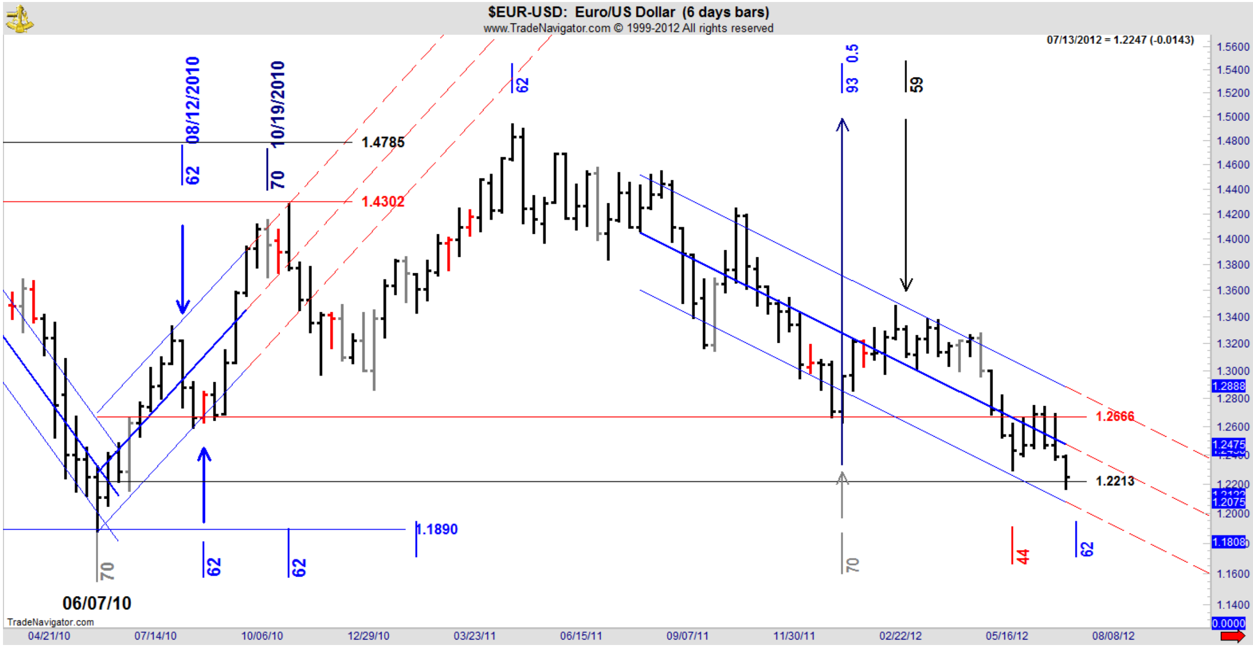
# EURO

On 6 Day Regression Channel, Trend is: DOWN
On 12 Day Regression Channel, Trend is: DOWN
On 24 Day Regression Channel, Trend is: DOWN

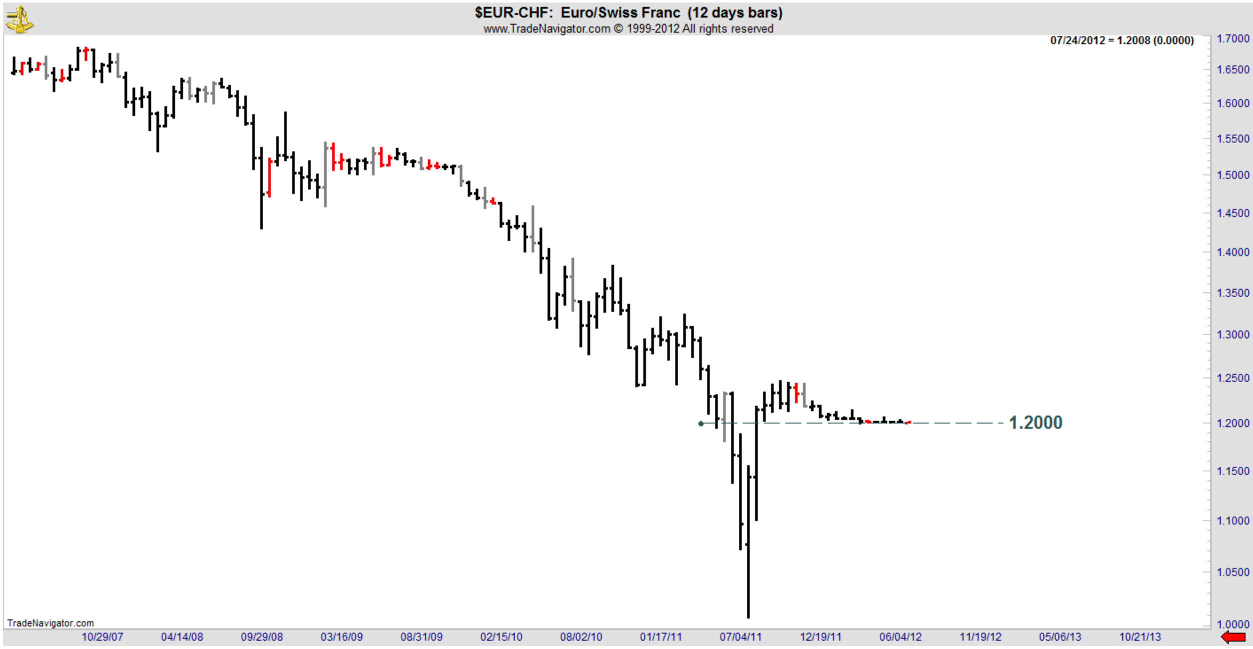
EURO is now down to critical support at the DC Black line at 1.2213 on its 6 day chart. There is much invested near this important number with the Swiss reserve bank (SNB) declaring that 1.20 (EUR-CHF) was the line in the sand that they were defending. This is another of those new age slogans from central banks that have aped Ben Bernanke who is always fond of declaring that the US Fed will do “whatever it takes”, and that never say die attitude has found great support with central bankers everywhere.

Of course the “whatever” is eventually a risk that unredeemed must fall on that countries’ citizens. So far, most of these gambits have worked to at least a degree. One day they won’t and that will be real fun!!

Euro has a supportive time cycle at hand so a sharp rally is likely.

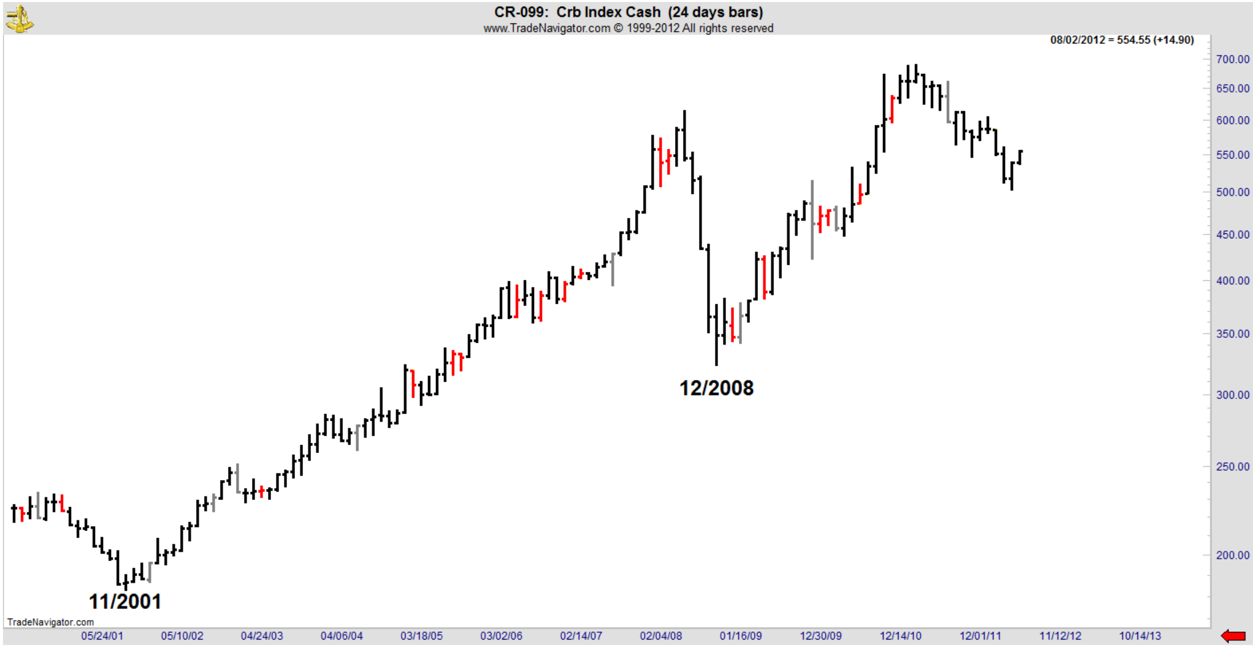



The chart below is the EURO-Swiss cross showing the SNB's 1.20 "whatever it takes" support line.

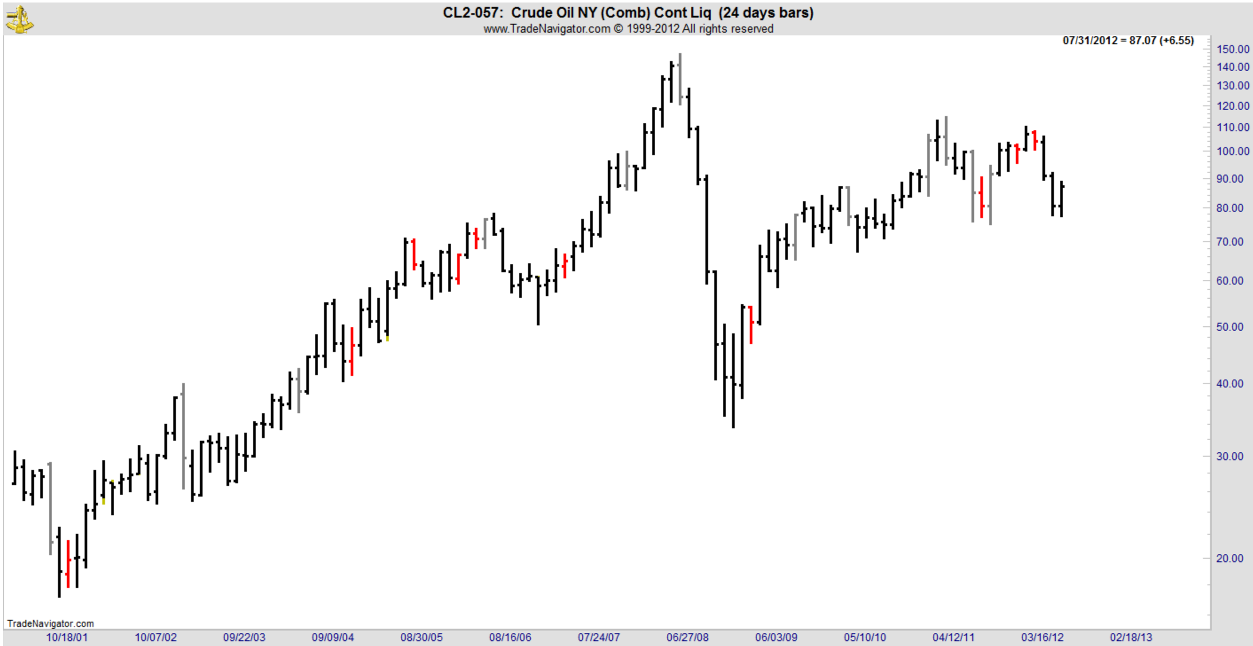



Contrary to popular belief, real markets are still very strong. Let's take a multi year look at the majors to get some sense of reality.

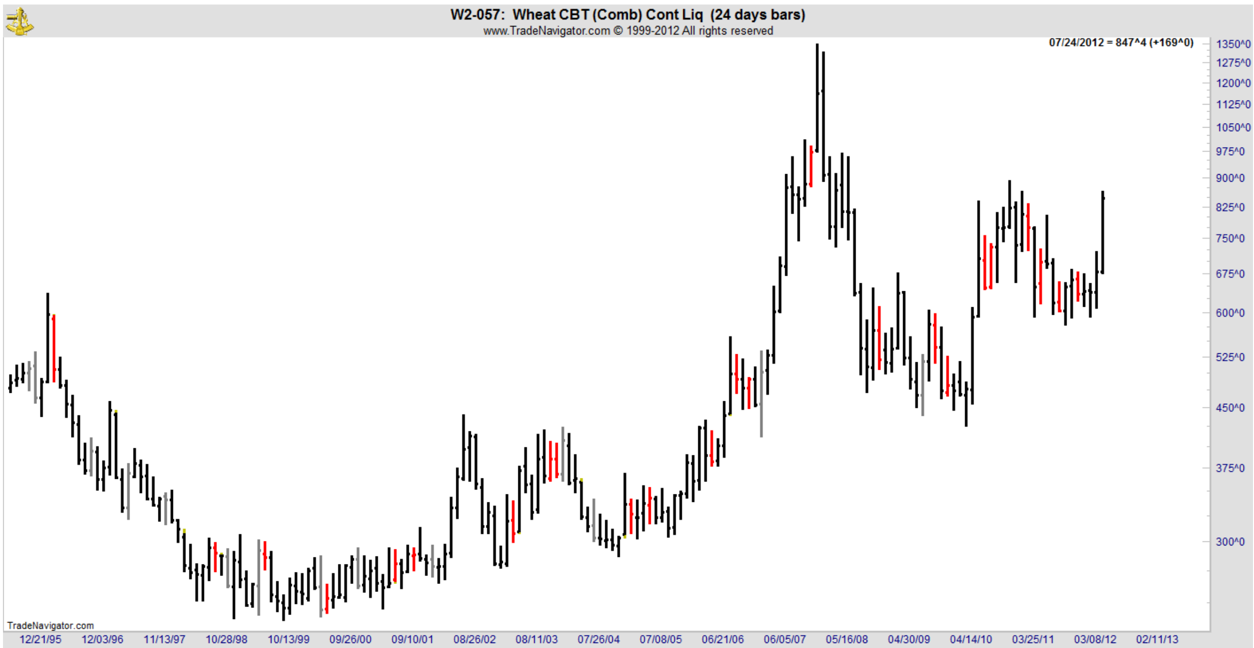
CRB the Commodity Index is not far off its all time highs. Coal and Iron Ore have softened marginally but from all time highs also. CRB chart is below:



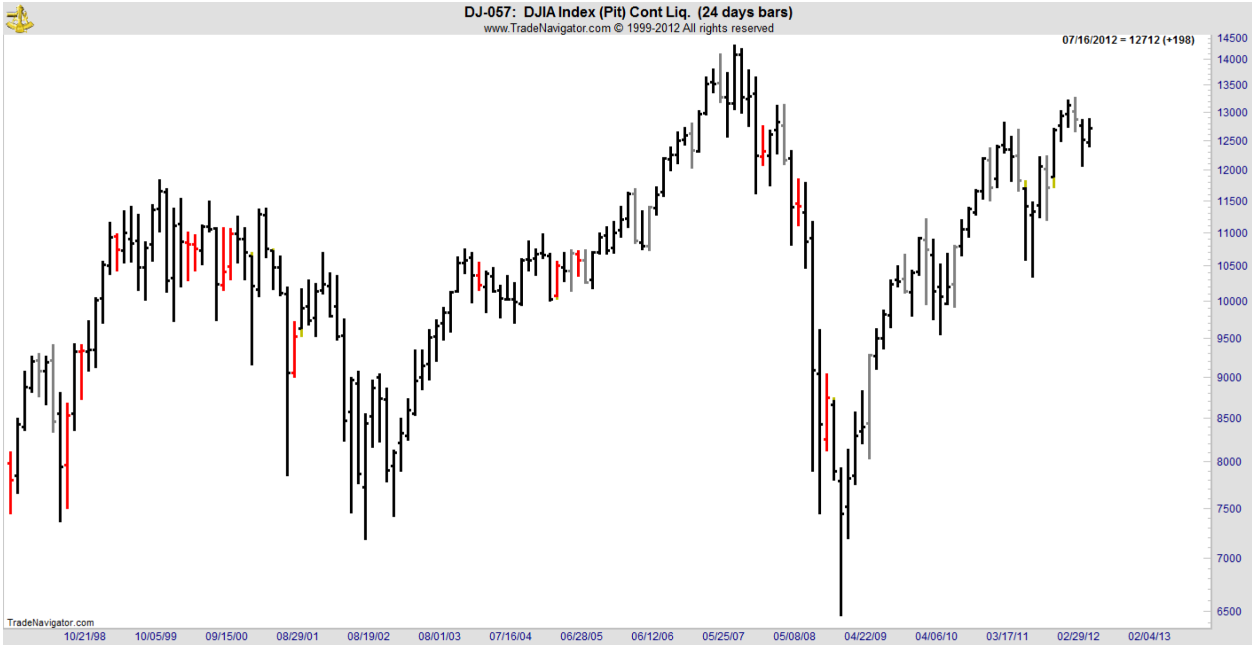

Gold we know is still right up there in price, as is Oil:



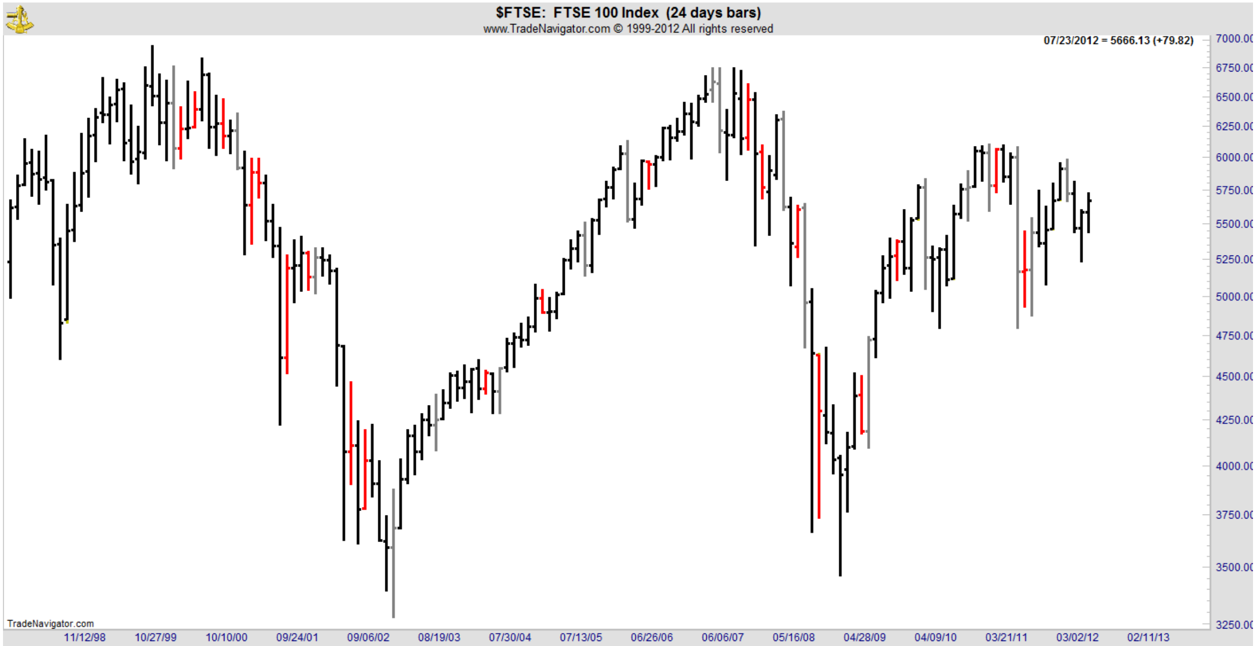

Grains are still strong:



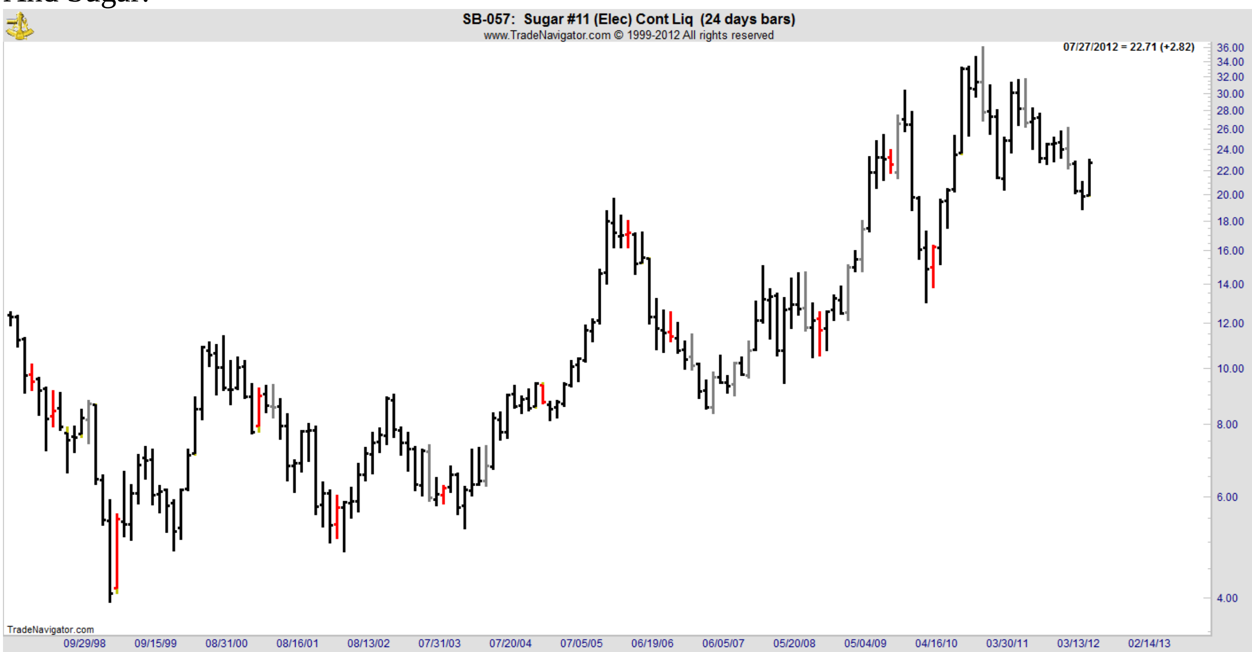
As is the Dow:



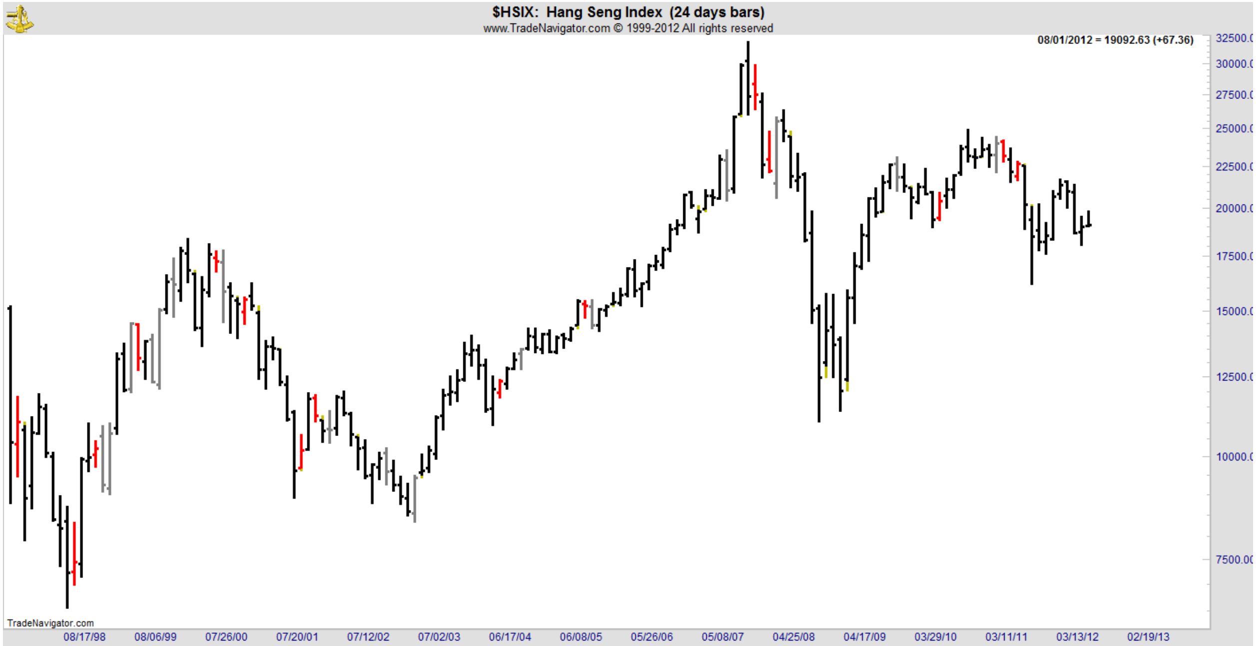

And London’s FTSE




And Sugar:



And the Hang Seng stock index from Hong Kong which is more meaningful than the Shanghai Composite which is somewhat skewed by its bubble:




But here's the Shanghai Index anyway.


So we surmise that almost all assets remain at elevated levels and there is nothing ominous on the horizon right now. As usual, I am the most sanguine of traders and I hope our quick trip down memory lane may help you retain the real perspective on important markets.

Of course it has taken massive, perhaps unlimited amounts of credit to levitate all of these markets, and that's why the problems are now being entombed in central bank balance sheets. Releasing that will be the next game but there is no appetite for that right now and won't be until it is unavoidable, and we know not when that might be.