

17 October 2010

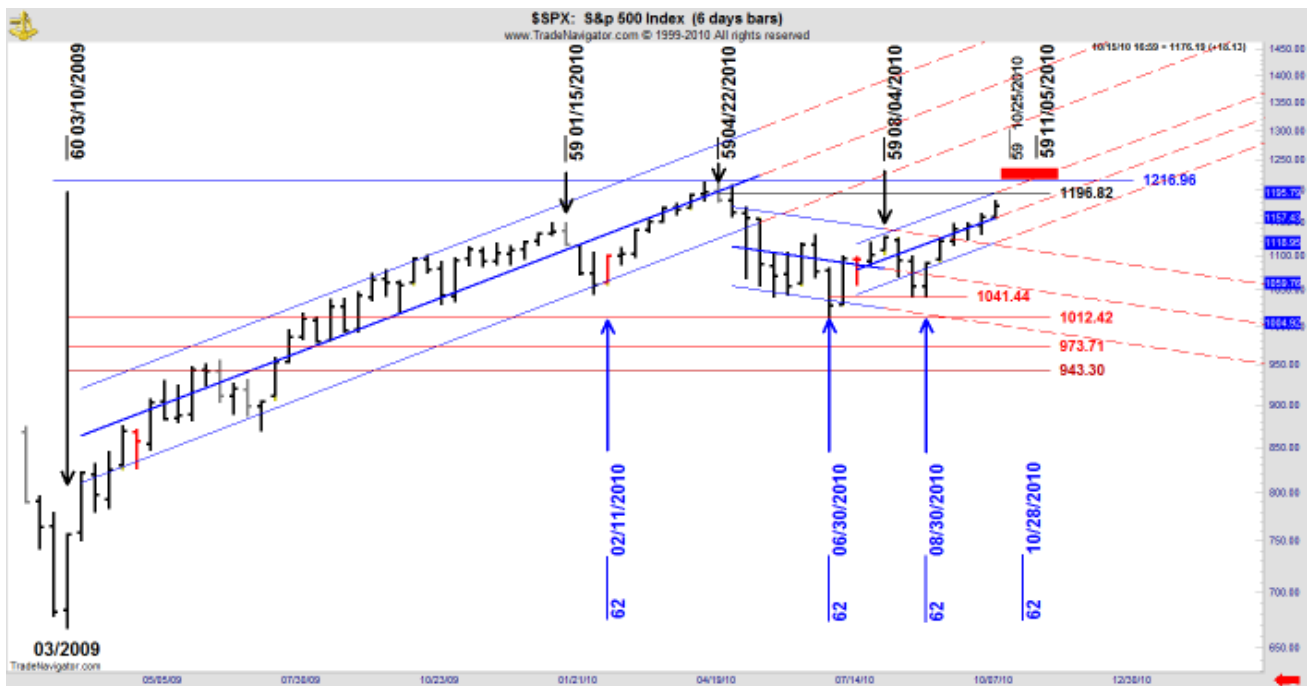
## Long Term Trend Charts-Major Markets-S&P, Gold, DX, Oil, US T Bonds & EUR-USD

### S&P

On 6 Day Regression Channel, trend is: UP

On 12 Day Regression Channel, Trend is: DOWN, but now with a conditional Buy signal

On 24 Day Regression Channel, Trend is: DOWN, but is close to creating a conditional Buy signal.



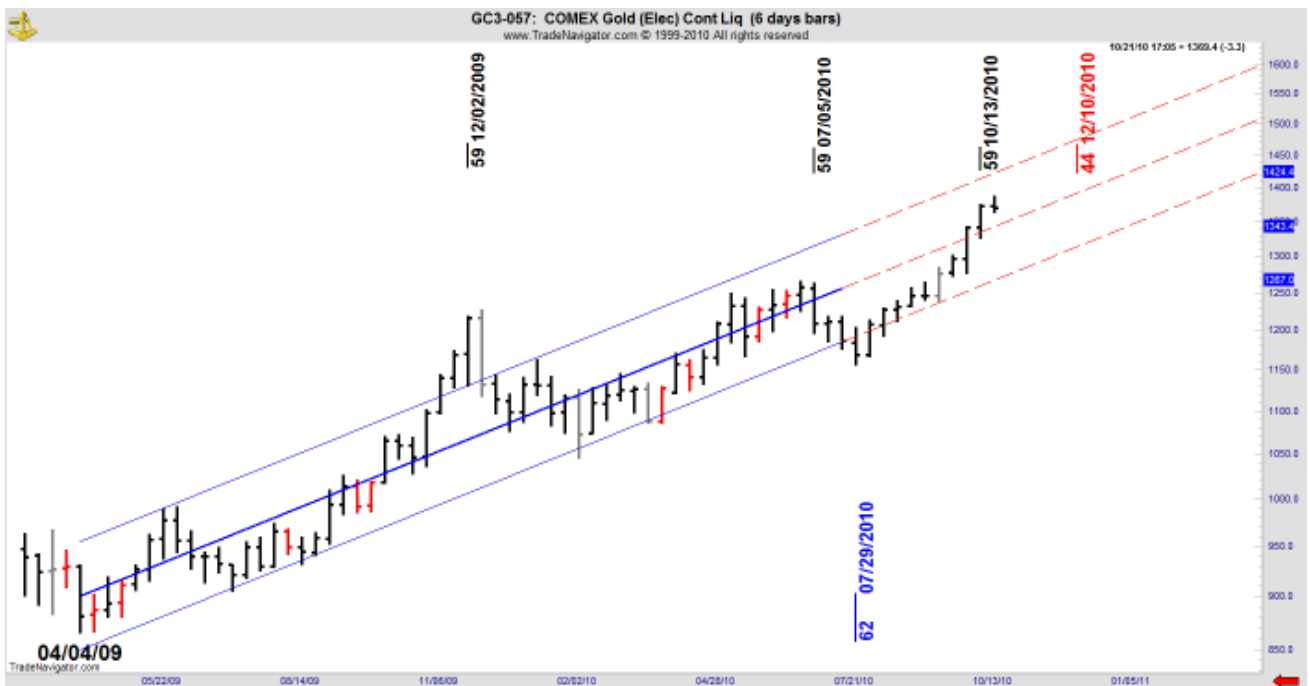
S&P marched through its 10/07 minor time cycle with evident distain, but faces another test to overcome shortly. Due to the way these charts are constructed, the originating signals for the Danielcode Time Cycles can be validly created from either a bar high/low or the highest/lowest close in that cycle, in the same way that DC price target recognition can be achieved. The next major DC Time Cycle expiring on 11/05 can, for this reason, occur as early as the week ending 10/25.

Whilst this is not a satisfactory solution for market timers, we always need to remain cognisant of the fact that all trend changes occur at a conjunction of time and price, and the next major target for S&P is at the famous DC Black line at 1197, although DC price target recognition could have already been complete at Wednesday's high which found a DC target precisely.

A close above 1173.57 on 10/25 will confirm the conditional Buy signal now sitting on the 12 day trend chart.

# Gold

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



The 10/13 time cycle expiration in Gold was followed by a DC Sell signal from the T.03 PLUS suite for Friday 10/15, which was duly elected. Possibilities at major time cycles range from a mere vibration to a complete change of trend. Only subsequent price action will determine those probabilities, but the continuing interaction of Gold with the DX 59 week time cycle rather than its own traditional vibration of 44 tells us everything about the driving force in this market.

And that makes the machinations of DC doubly important this week, which is why I have given it some extra coverage below.

## US Dollar Index (DX)

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 24 day chart finally flipped to its Sell signal which highlights that this indicator seems far too slow for practical purposes, but we shall see what transpires, as DX remains in its uptrend regression channel on this time series.

I have moved the last 59 cycle to the bottom of the chart to better reflect its purpose. Time cycles are merely vibrations in the horizontal frame and tell us nothing about whether they will be a high or low, although from other charts in this series we often see a preference for the 62 week cycle to act as support, and the other more dynamic cycles to be tops. But this is just a preference, and not set in concrete. Many important bottoms come at the 59 DC week cycle as occurred in the S&P at its 03/2009 low, and on today's 24 day Bond chart you will see this switch as well.

On previous charts the 59 week cycle was shown as expiring on 10/19. The present change to 10/14 is merely caused by a data set on the particular machine that I am using today.

All we can say about last week's price action is that we saw some abatement of the downward price action near the DC support at the Black line, and in conjunction with a major DC time cycle. More price action is required to allow us to draw a longer bow.

Of more interest is what is happening on the 12 day chart below, where the ubiquitous 70 week "Heathen" cycle first showed its hand at the 03/2009 top and is now making its "and an half" iteration with an expiring time cycle between 10/14 and 11/01.

Half cycles in the Danielcode timing lexicon are often associated with corrections to the penultimate swing rather than the operating swing. In the chart below the current move turned just 10 ticks from the penultimate DC retracement, and at the bottom band of the current, but incomplete regression channel. This is well outside the Bell curve of statistical probabilities and consigns us squarely to the domain of "Fat Tails", which for traders of a contrarian nature is a favoured place.

All markets have conflicting trends dependant on time frame, so if any of this commentary has confused you, I suggest that you parse the "Master Class" articles available under the Articles tab at [www.thedanielcode.com](http://www.thedanielcode.com).



Some weeks ago we saw the EUR-USD chart bottom at this 70 DC week cycle. It doesn't bite often, but when it does, it is a powerful precursor for trend change.

Interestingly, the DX is a usually conforming market and I viewed the previous appearance of the "Heathen" time cycle in this chart as an outlier, particularly as "Conforming" time cycles also accurately identified the 2009 top as I have written about previously.

Strange things are afoot, as Governments continue to interfere with forex and currencies as they attempt to meld them to their respective wills. But all markets are correlated to some degree, so this market's adoption of a primary time cycle from the Euro is not entirely unexpected.

What matters is that despite unparalleled manipulation from a motley grouping of Central Banks, all markets continue to be ruled by the Danielcode.

# OIL

On 6 Day Regression Channel, trend is: DOWN, but now with *two* conditional Buy signals.  
On 12 Day Regression Channel, Trend is: DOWN, but is close to voiding the Sell signal.  
On 24 Day Regression Channel, Trend is: UP



# US T Bonds

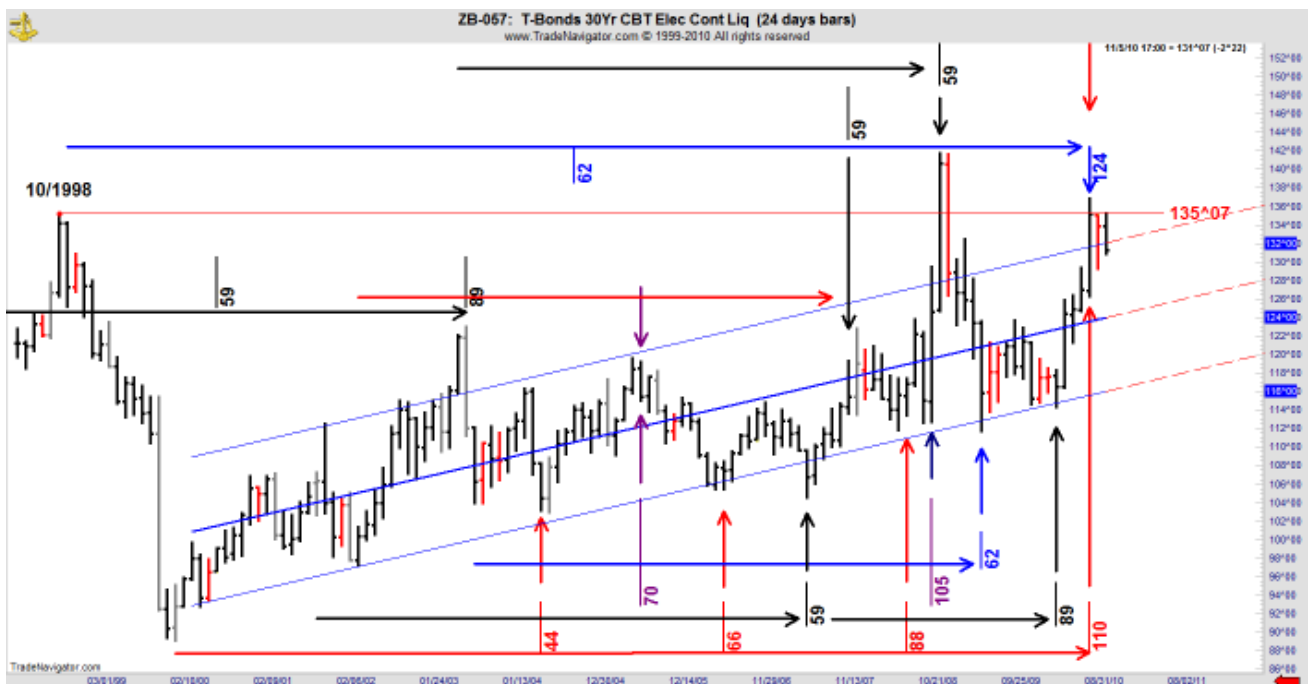
On 6 Day Regression Channel, trend is: UP  
 On 12 Day Regression Channel, Trend is: UP  
 On 24 Day Regression Channel, Trend is: UP



Bonds reacted vigorously last week from its encounter with the DC regression channel median. A conditional Sell signal on this time series could appear on Wednesday.

And that is not the Fed's expectation from looming QE II.

Below is an interesting long cycle chart showing the Fed's current price manoeuvres in relation to the 1998 high; the ability of time cycles to keep on running and the difficulty that markets have in sustaining closes outside the DC regression channel.



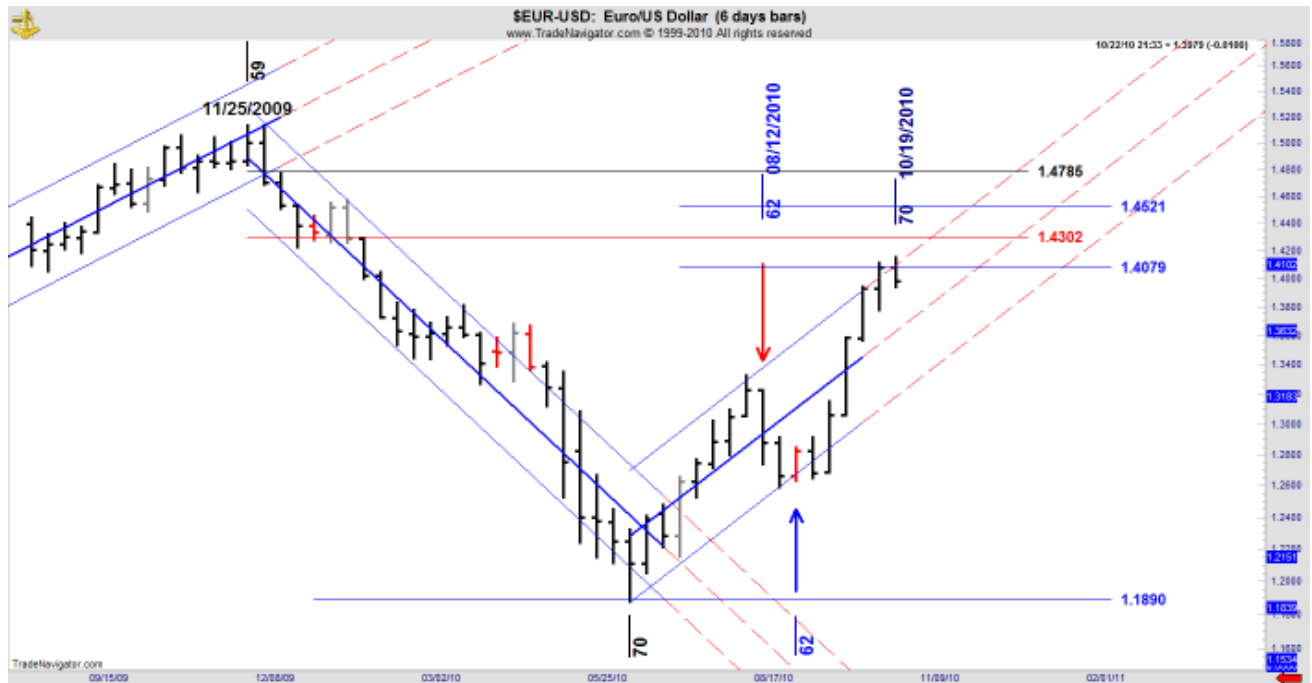
If you also noticed Gold's 44 DC cycle appearing prominently on this Bonds chart, you have gained a valuable market insight!!

# EUR-USD

On 6 Day Regression Channel, trend is: UP.

On 12 Day Regression Channel, Trend is: UP.

On 24 Day Regression Channel, Trend is: UP.



Nice snap back vibration to recognise the DC “Heathen” time cycle at 10/19 as the current incomplete bar shows. The last completed bar closed at 1.4079, exact target recognition of the DC Blue line.

Ecc 1:9 The thing that hath been, it is that which shall be; and that which is done is that which shall be done: and there is no new thing under the sun.

Ecc 1:10 Is there any thing whereof it may be said, See, this is new? it hath been already of old time, which was before us.