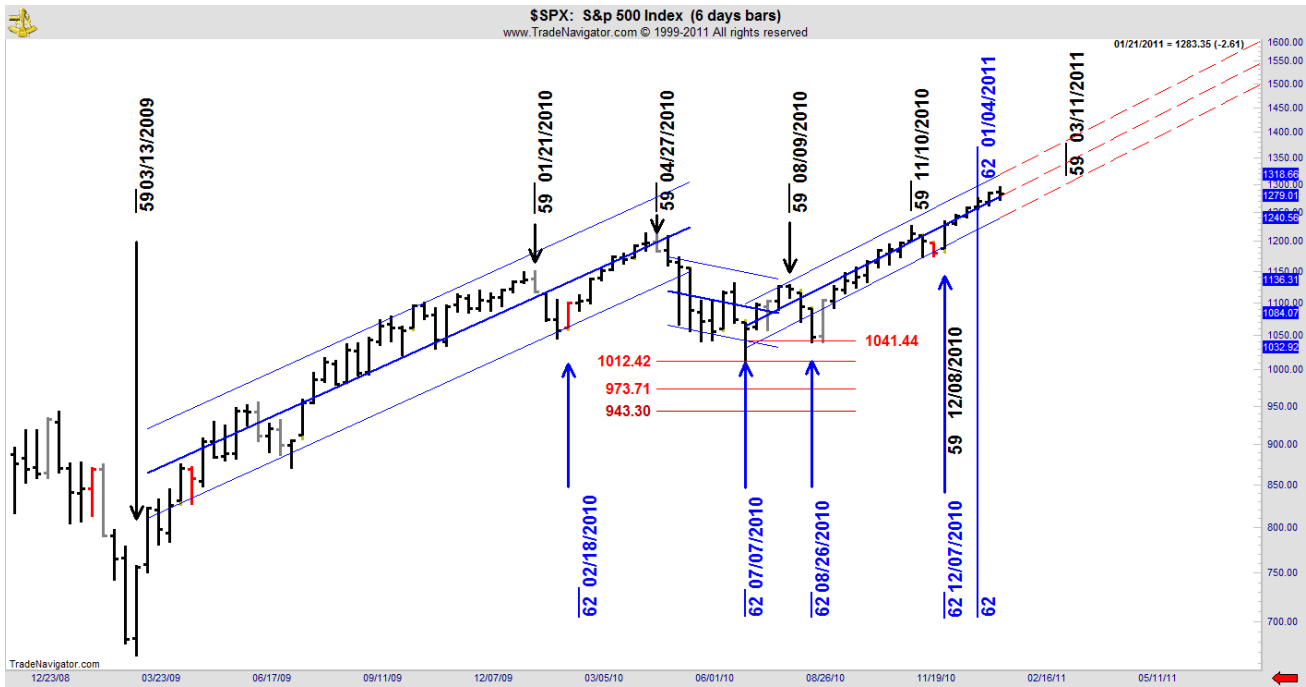


23 January 2011-Long Term Trend Charts-Major Markets

S&P

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



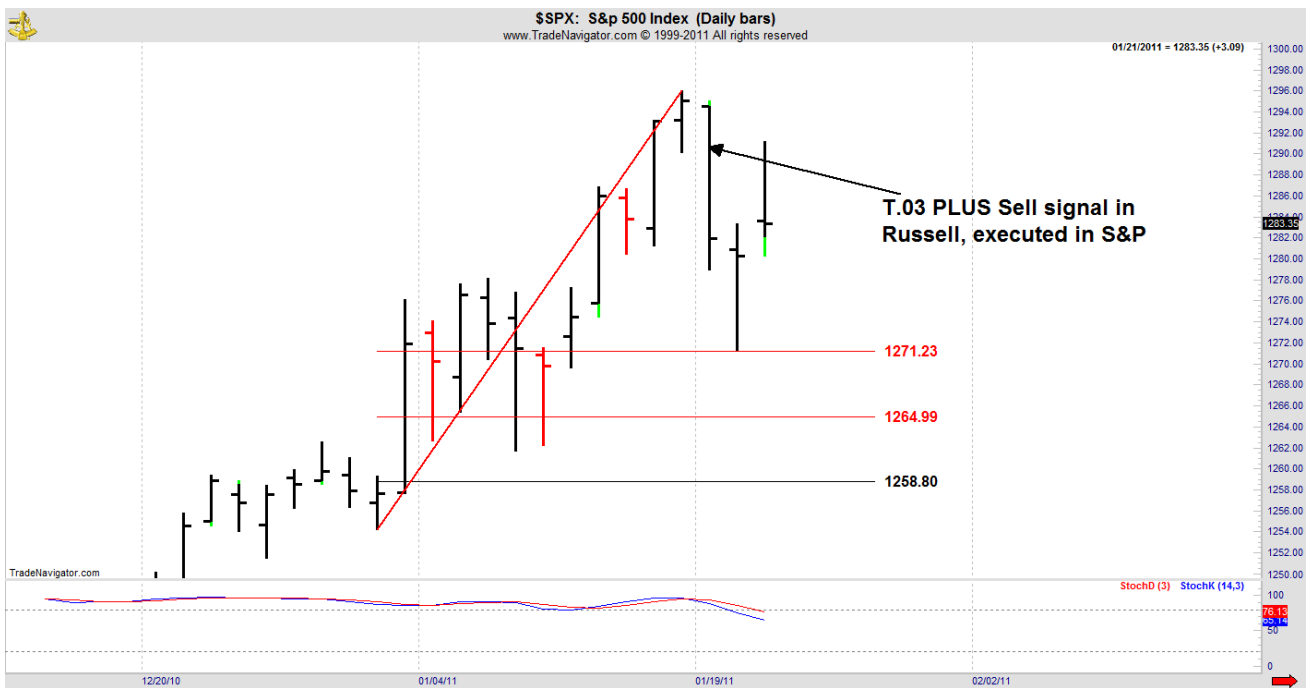
Last week we had a 62 DC week cycle expiring. In this market, the 59 week cycle has been resistance and given us intermediate tops since the 03/2009 low. But note from that low, we can get major lows as well as tops. The 62 week cycle has traditionally supported this market, and whilst a correction is well overdue, the probabilities favour a correction rather than an important market top.

This market continues to track the median, suggesting that there is little selling and continued support. Small bars reflect record lows in volatility.

More commentators are getting bearish, but to date the uptrend is intact. Next high probability for an important top is not before March. As usual the forward thoughts are meaningless and price action is paramount. Markets cannot have significant trend changes without giving the appropriate price signal.

Although any DC time cycles can provide highs and lows, the probabilities of a 62 DC week cycle terminating the rally from 08/10 are remote, so although this market is very overbought, probabilities favour a mere correction rather than an ending to the dominant trend. Further, our allowable variance for DC time turns is +/- 1 period, but cycles can be counted either from the bar high/low or the close. This week's close on the 6 day timing chart was marginally below the previous week's so probabilities of the 62 cycle giving us a temporary high are still open.

Because of the high correlation between US Equities (and the German DAX), DC Trade Signals in any of the Equities can be executed in any other, hence the daily chart below which shows Wednesday's Sell signal for the Russell being executed in S&P:



But it was very much better in the Russell:



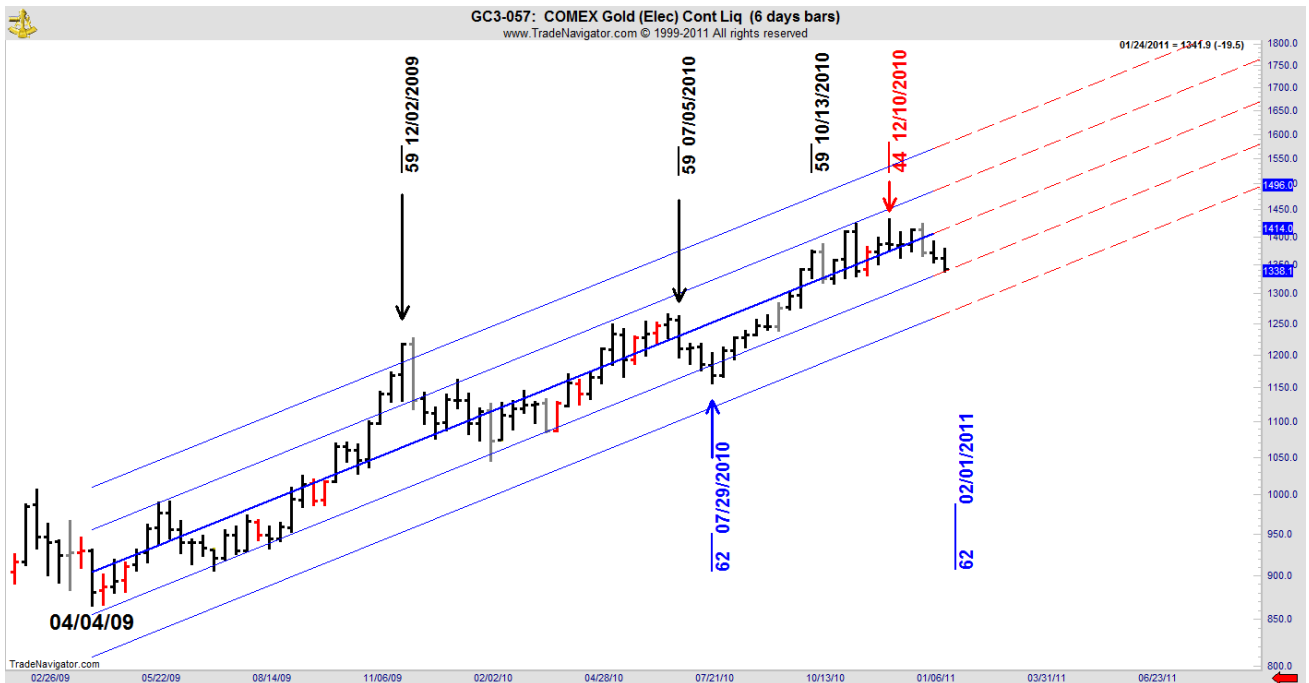
And almost non existent in the Dow, which infers that so far, only the small end of town is liquidating some longs.

Gold

On 6 Day Regression Channel, Trend is: DOWN

On 12 Day Regression Channel, Trend is: UP

On 24 Day Regression Channel, Trend is: UP



Gold's 44 DC week cycle on 12/01 forced the current correction. In the 01/26 webinar (register please) I will show you the difference between the November impulse high and the cycle high a month later. Identifying the different structures at each of those highs is crucial to making the right trading decisions.

This market is at channel support on this time series and almost at channel support on the 12 day chart. There is a usually supportive 62 cycle due before 02/01 and support really needs to hold right here, failing which the rally from 04/04/09 is at risk.

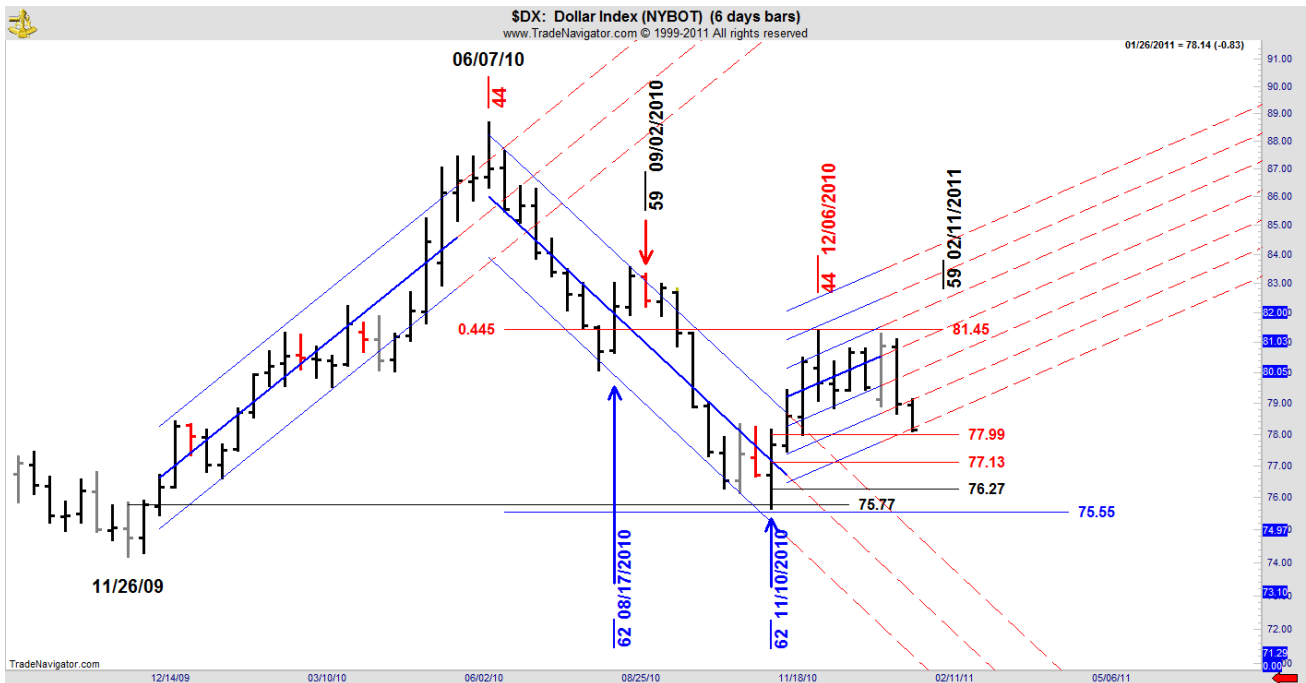
Next target if the trading channel breaks is around 1280 next week.

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

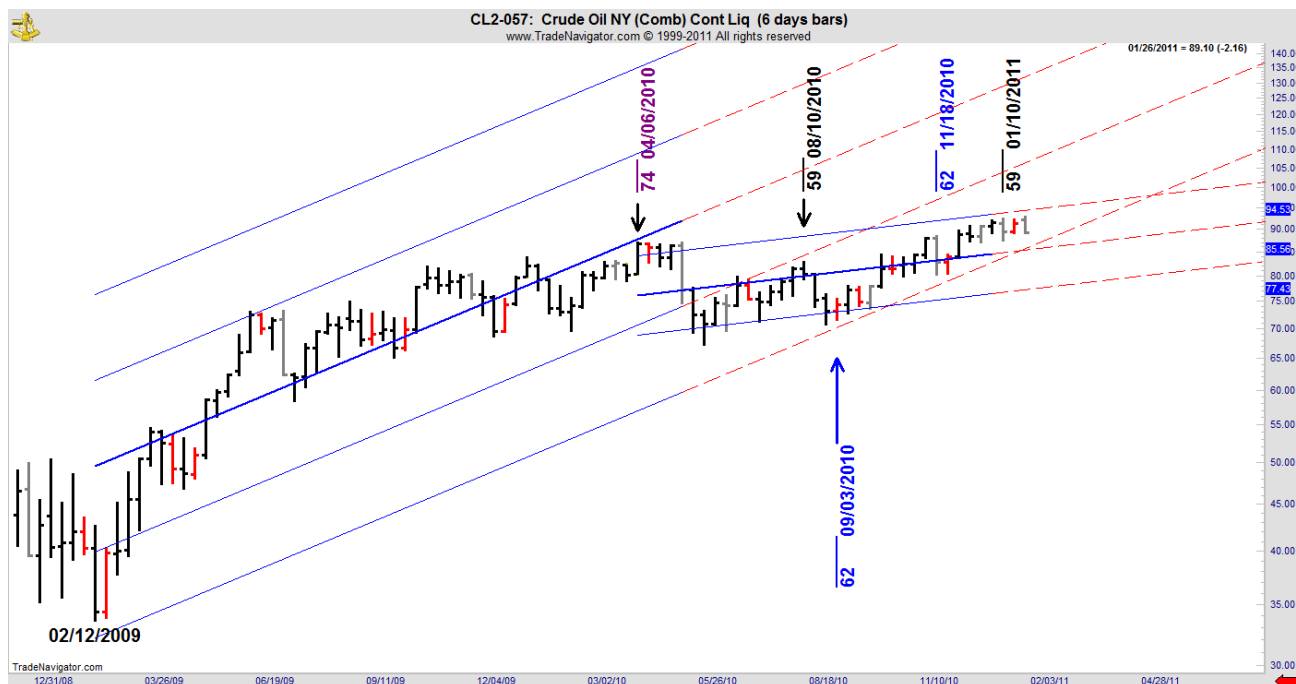


Price is now at the 2nd iteration of the 6 day chart channel. This is as far as this market can go without voiding any pretence of a sustained rally. Like Gold, this market is approaching perilous waters. DX and Gold are usually inversely correlated. The present linear correlation between these markets has happened before. Those who follow my articles will know that the linear correlation has never lasted more than 3 months and is always followed by a fast and large move in one of these markets.

The end of the linear correlation offers marvellous longer term trades, so watch the DC signals to get a jump on the rest.

OIL

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



Oil is making a long sideways consolidation within the DC regression channel. As you can see, it is using a range of DC time cycles to mark its inflexions. This is characteristic of consolidations or 'wandering' markets. There is no dominant force, ergo no dominant time cycles, but the DC regression channel continues to define this market. The latest 59 cycle has forced a correction but its genesis appears minor so we expect the reaction to also be minor. But price action will issue the definitive signals, as always.

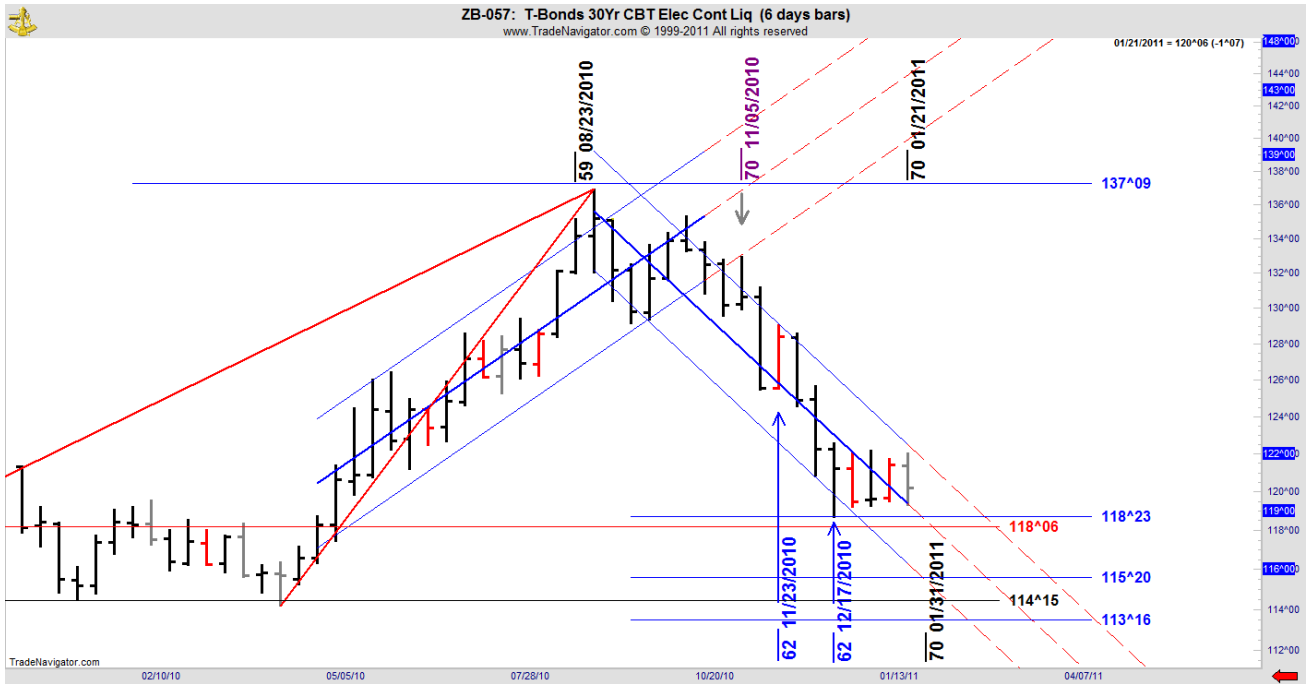
Despite the rhetoric, Oil is not breaking to new highs and continues to tamely follow its existing regression channel, albeit with a propensity to cruise in the upper quadrant.

US T Bonds

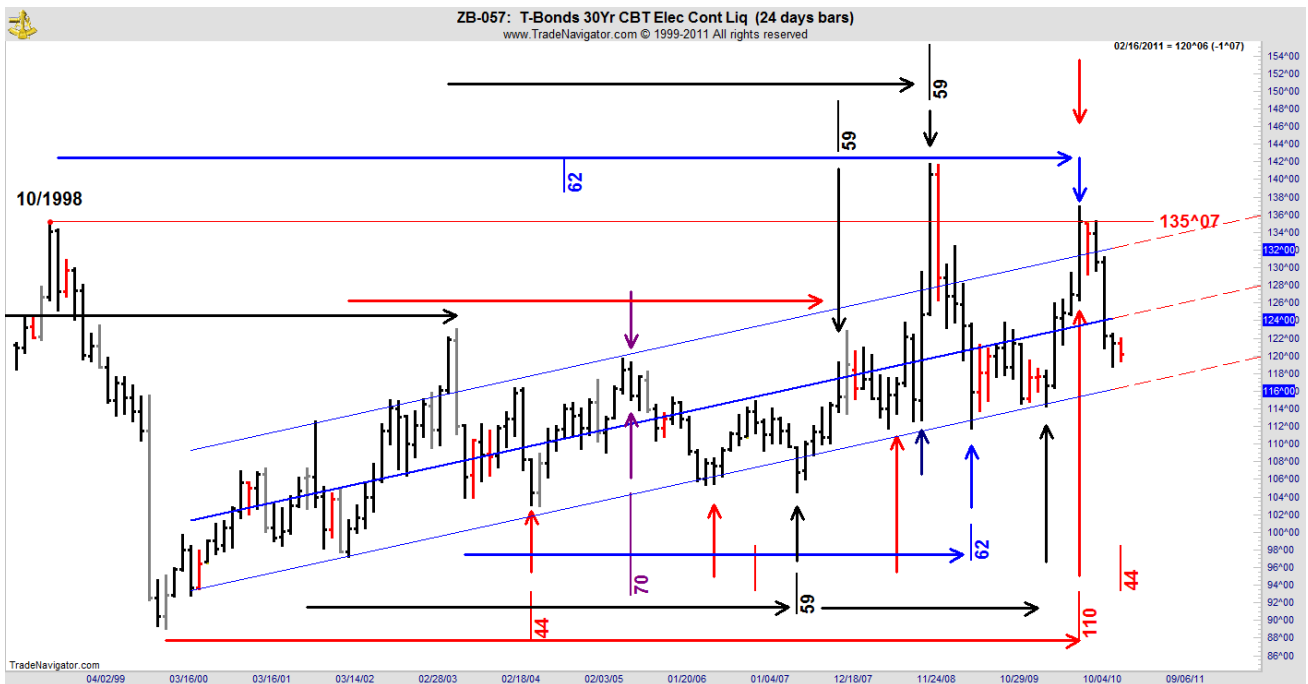
On 6 Day Regression Channel, Trend is: DOWN

On 12 Day Regression Channel, Trend is: DOWN

On 24 Day Regression Channel, Trend is: UP, but now with a conditional Sell signal



The two 70 cycle notes on this chart are from the same structure. The 24 day chart is below:



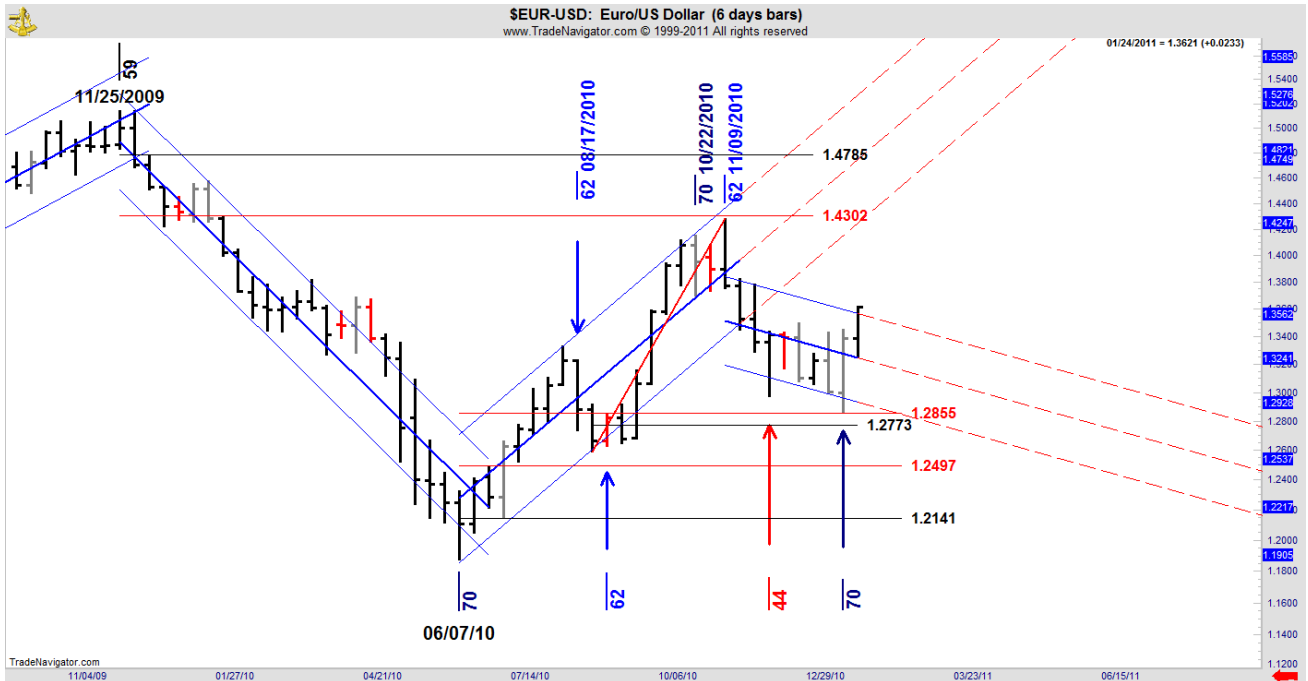
Major support is at 116^15

EUR-USD

On 6 Day Regression Channel, Trend is: DOWN, but now with a conditional Buy signal.

On 12 Day Regression Channel, Trend is: DOWN, but close to issuing a conditional Buy signal.

On 24 Day Regression Channel, Trend is: DOWN



Here's the really long term chart, part of which is a construct from the Deutschmark. As you can see, reports of its imminent demise are much exaggerated!!

