

This time chart too is at Black line resistance and a 4th Degree line, both of which require considerable momentum to be overcome. A close above the DC Black line on this chart implies that

the 2007 high will be taken out and swings the odds even further in favour of Obama for the next Presidency of USA.

Regardless of whether you take an interest in US politics, we can say at the least that we have kept you on the right side of the market and you have hopefully avoided the doom sayers.

Our 24 day long term chart has the market exactly at its 4th Degree line and at the median of its DC trading channel, both of which are resistance.

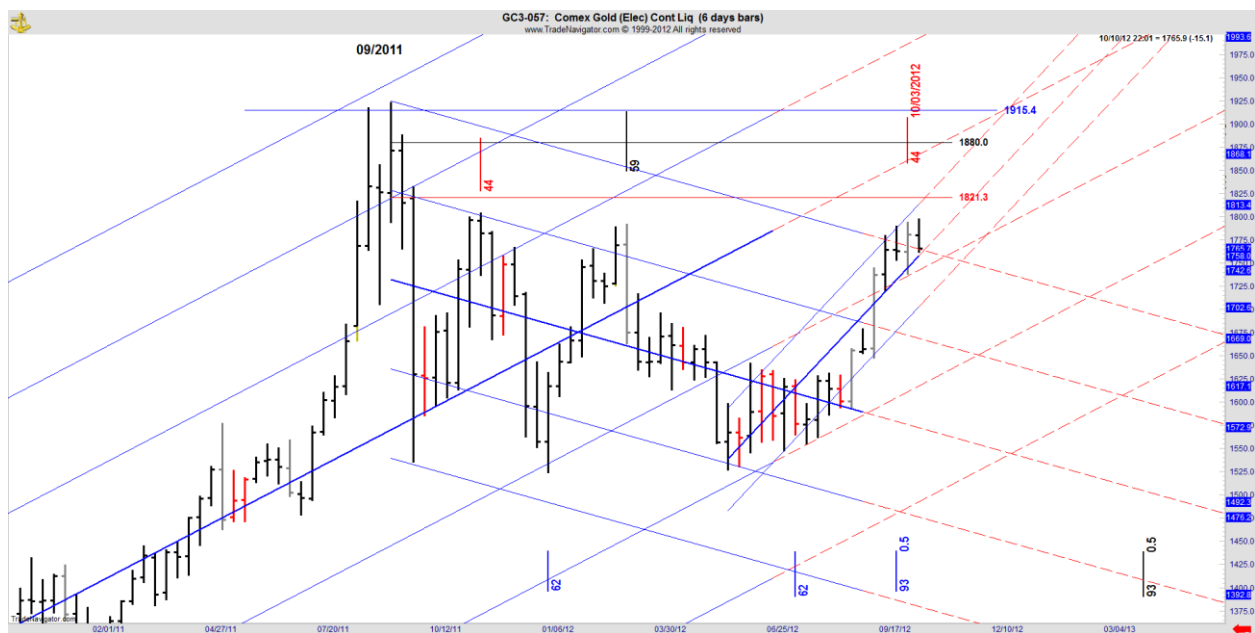
Our rationale is that signs of a better economy are favourable for Obama but there are two points of note. Firstly, this market soared to its DC Black line number with high momentum, but stopped dramatically just shy of that number and is now staging a mild correction as it ponders the outcome of the US Presidential election. Despite contrary views, Obama has been a great friend to the big part of town with rescue packages and a more than acquiescent Fed always ready to step in and goose the markets with innovative easing. Secondly it is conceptually hard to see why Romney would be any less helpful to the big banks and mega businesses, so perhaps this approach which worked so well predicting the 2008 result is now as relaxed about this important time and price point as we are, but Romney is on record as disavowing eternal QE, likely an important driver of US markets.

GOLD

On the 6 day chart the trend is UP

On the 12 day chart the trend is UP

On the 24 day chart the trend is DOWN



Gold has broken out of its downward sloping DC trading channel, and has been bullish enough to push past its previous 44 cycle but the new 10/03 cycle is forcing the current mild correction. Note that last week Gold closed outside the 2nd SD channel which markets find it hard to do.

EUR-USD

On the 6 day chart the trend is UP

On the 12 day chart the trend is DOWN but now with 2 conditional Buy signals

On the 24 day chart the trend is DOWN

This market too showed strength to close outside the 2nd SD of its downward sloping DC trade channel.



DX-US Dollar Index

On the 6 day chart the trend is DOWN

On the 12 day chart the trend is UP but now with 1 conditional Sell signal

On the 24 day chart the trend is UP



This market scared itself by closing below the 2nd SD 3 weeks ago and has been fighting like a fiend to cling precariously to that rising support. Last low came a period early, often a sign of strength. If this rally takes hold, minimum target is around 84+. Another down leg will target 74. Watch the DC Members weekly charts.

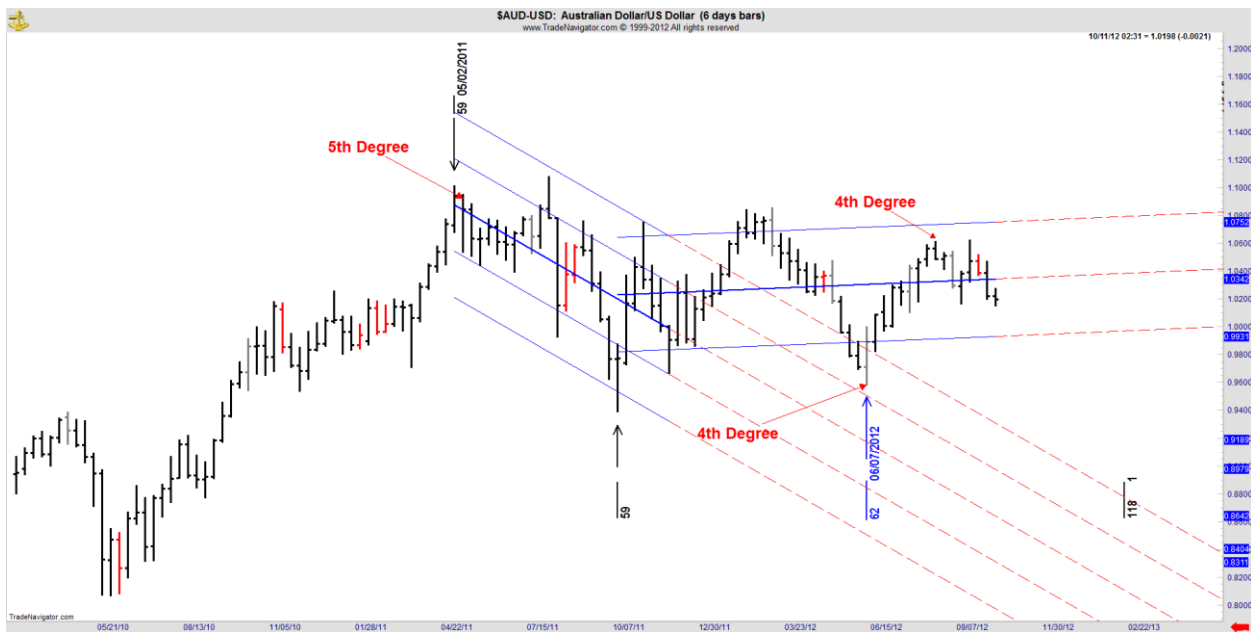
AUD-USD

On the 6 day chart the trend is DOWN

On the 12 day chart the trend is UP but now with 4 conditional Buy signals

On the 24 day chart the trend is DOWN

This carry trade favourite is consolidating sideways as the chart below shows. If the Aussie mining boom is over as averred by many, then this market doesn't know that as the chart mirrors the mixed signals above. The jury is out!!

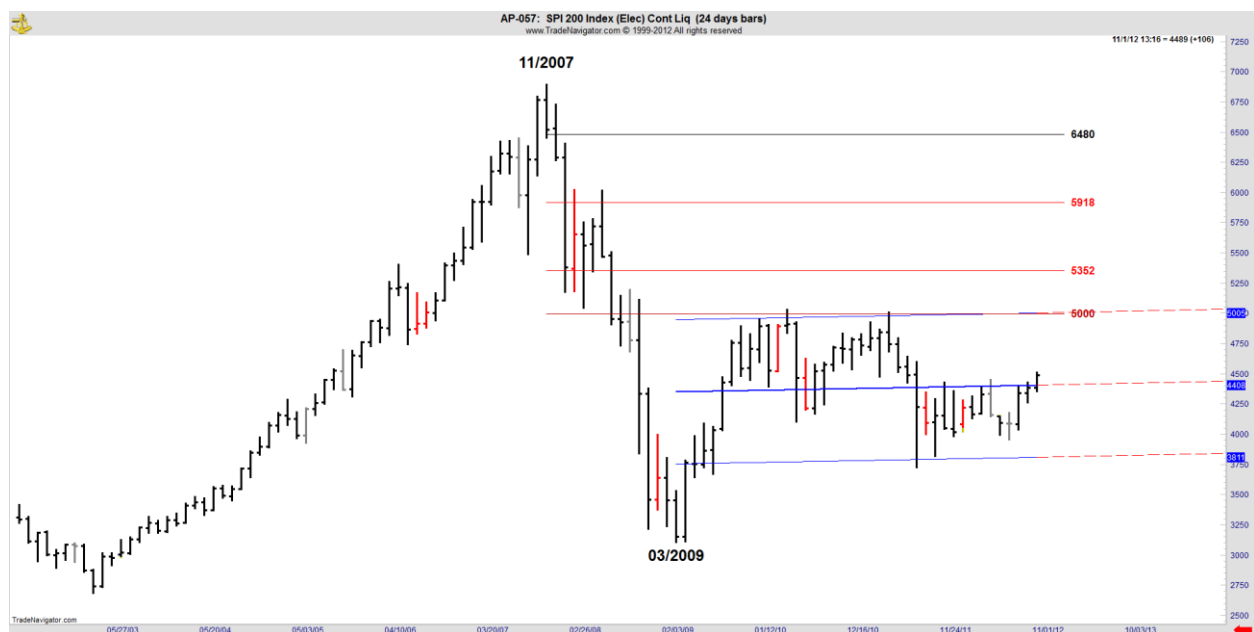


AP-Australian SPI 200 Equity Futures

On the 6 day chart the trend is UP

On the 12 day chart the trend is UP

On the 24 day chart the trend is DOWN but with 2 conditional Buy signals



This is the Aussie equivalent of the S&P, a broad based market index. With Australia constantly hailed as the Lucky Country, the tepid performance of the stock market is disappointing. It just managed to retrace 50% after the 2009 crash and significantly under performs US markets where S&P has retraced 89% of its 2009 swoon, the Dow a bit more and ND is at all time highs. Economically Oz is highly dependant on its massive Iron Ore and Coal exports to China and Japan, neither of which have much joie de vivre about their Equity charts. Below is China's Shanghai Composite:

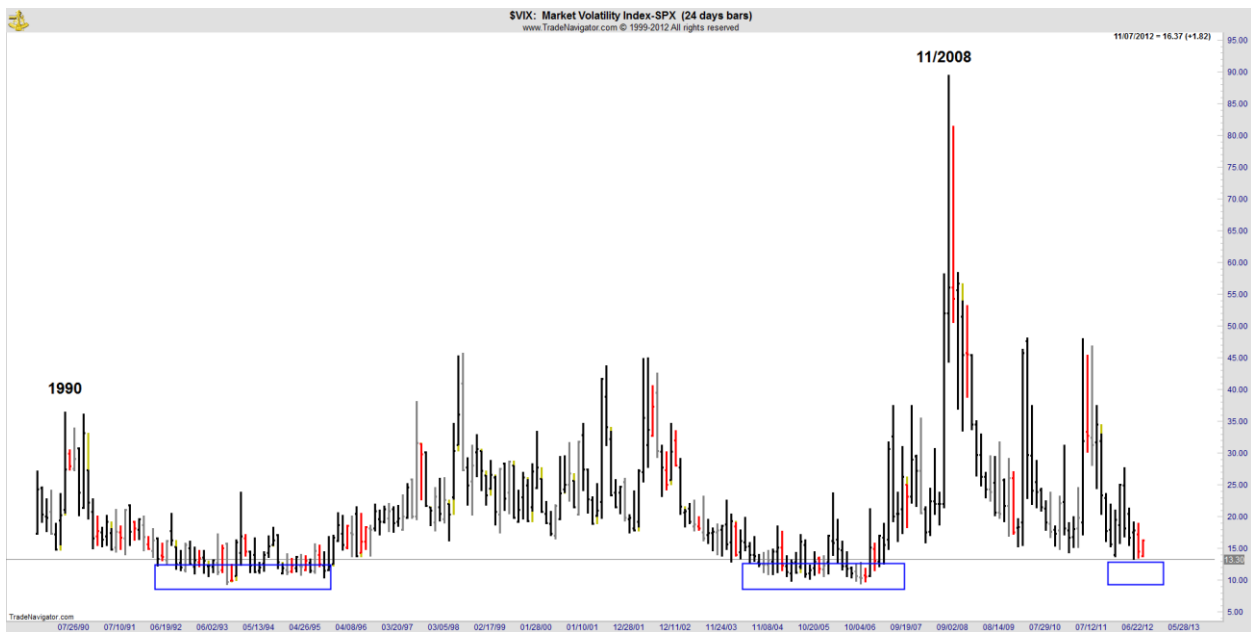


And Japan's Nikkei, now below its 1984 lows:

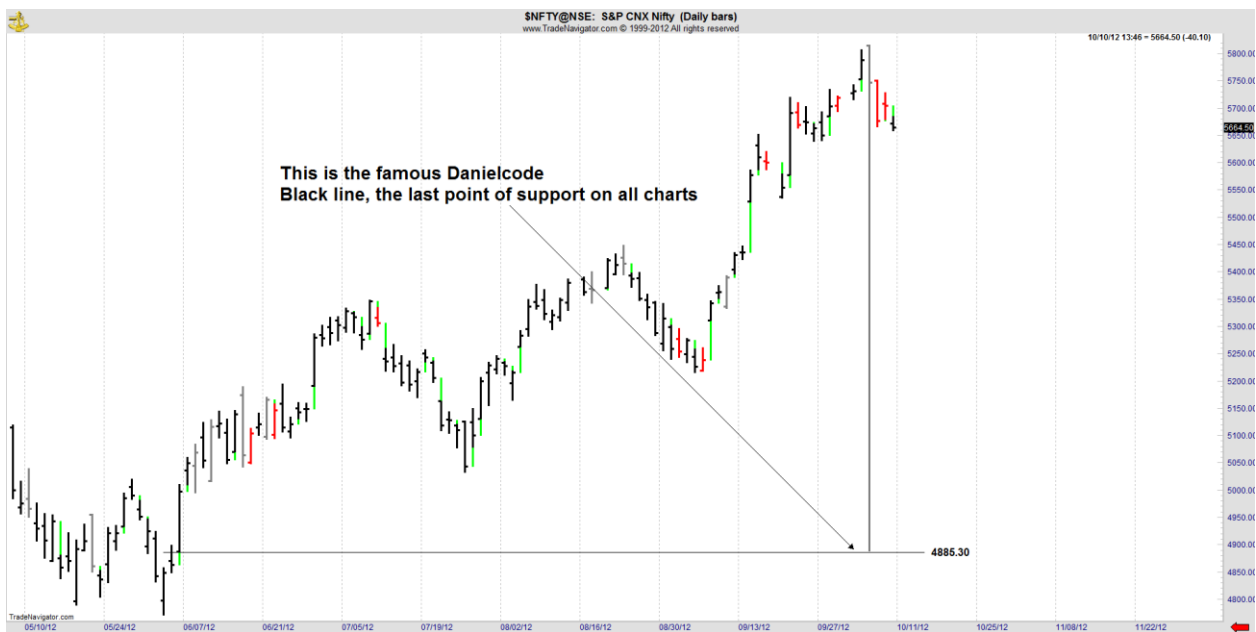


I am constantly amazed at the passivity of US, UK and European punters. There is not a shred of evidence that QE is more than a short term sugar burst for markets and a great steroid for the banks and seriously big business who can access the Fed's teat. Other than keeping mortgage rates artificially low (what would they be if real risks were properly appraised?) it has hamstrung savings and pension plans, ruined a generation of savers the most virtuous sector of society and encouraged more of the same loose credit that blew off the 2007 top. Nothing of this is surprising. I wrote 4 years ago that the US Fed, and now many others were locked into a one way bet on a strong recovery. Instead, as those prospects look more remote. central banks and the profligate governments (what other kinds of government are there) that sponsor them are pinning their hopes on QE becoming a permanently revolving facility.

Finally a look at the \$VIX Index the so called "Fear" index for US Equity markets. With all time record debt levels, an unresolved Fiscal Cliff as the ghosts of procrastination from the last raising of the debt limit are now not far away, and real unemployment near 15%, US Equities are calm and composed as VIX hovers near all time lows. In this Index down is good and up is fear, so to be at a level comparable to the 1992-1996 and 2004-2007 lows is quite a feat. Both of these periods of great sanguinity were followed by a bit of fun:



Finally, as if you needed reminding, here is last week's flash crash in Mumbai, India's NIFTY Equity Index and long time DC Member Akshay's comments. Akshay is Senior Trader-Global Markets Group at a leading bank, responsible for prop trading in fixed income bonds, swaps and currencies so he is a seasoned and sharp eyed player:



And here are his comments on Members Forum:

John, saw your comments on the NIFTY charts regarding the flash crash on Friday. The first thing I noticed was the use of the DC black line at 4888 and thought of you. This is truly amazing and amongst all the confusion and drama your famous words were running through my head "All markets are ruled by the Danielcode." This had previously happened if memory serves me right on the May 6th DJIA crash and now this.

Great fun in Mumbai where the unexpected is always a chance. Got to love that.

Ecc 3:15 That which hath been is now; and that which is to be hath already been; and God requireth that which is past.