

Intra-Week ALERT for Tuesday – August 18, 2015

**“Where... When... & How” [EXCERPT ONLY]**

By now, it should be of no surprise to readers that I expected a vulnerable (and overall bearish) period in Stock Indices - between **late-April & late-Sept. 2015**. [For details on that, please refer to previous publications.]

That would be considered the ‘when’ of stock market analysis for **2015**.

The ‘how’ has also been described numerous times. Simply put, the action of **2015** was expected to look & act similar to mid-2000--mid-2001, when equities traded in a wide sideways pattern - failing to follow-through on quick *rallies* or *declines*... as they slowly but steadily traced out a multi-year peak... *frustrating most traders in the process*.

That is a vivid reminder that the markets rarely go straight up or straight down. And often, the greatest magnitude of a given trend occurs in a very small window (10-20%) of time. In those cases, the rest of that ‘trend’ (80-90%) is consolidation.

3Q 2001 was an example of that... as was 3Q 2002. The biggest thrusts to the downside - in that overall bear market - occurred in a matter of weeks, not months. All of the intervening action was - for all intents & purposes - sideways (‘white noise’).

The bear market in Gold & Silver - from Major cycle highs in 3Q 2011 into Major cycle lows in ~**July 2015** - is another textbook illustration, when the biggest declines occurred in brief periods of time.

Then there’s the ‘where’. Stock Indices have a few ‘wheres’, including:

- 1 - January 2015 lows.
- 2 - Level of ~20% decline.

3 - 2015 *Projected Support* levels (*SPS*).

They have been the key downside targets and/or support levels. And, there are others. There were also key ‘where’ levels in Gold & Silver, as they approached **July 2015**. These included multi-year support at **1071--1087/GC & 14.540--14.650/SI**.

Simply put, the ‘when’ represents timing & cycles. The ‘where’ represents price targets & support or resistance. And, the ‘how’ represents price action and price patterns - that help clarify relative strength or weakness as the ‘when’ & ‘where’ are reached.

This trio of analytical tools apply to every period of time in the markets - from intraday to multi-year trends & turning points. They work together to hone, clarify, reinforce and sometimes negate each other in a very synergistic manner. A very recent example unfolded - and is still unfolding - in Stock Indices...

**Stock Indices** were focused on two key cycles in **3Q 2015**. One was on **July 16--20<sup>th</sup>**, when the next phase of an overall decline was expected to take hold. The other is on **Sept. 16--23<sup>rd</sup>**, when that decline is expected to reach fruition.

In between, there were a couple key dates, including **August 7<sup>th</sup>** - when an initial 2--3 week decline was expected to bottom - and **Aug. 17--20<sup>th</sup>**, the mid-point of the **July--Sept.** cycle.

The ideal (more bearish) scenario, was to see another drop into **Aug. 17--20<sup>th</sup>** - at which time a 1--2 week low would have been likely. At the very least, this was expected to be another 650--700 point drop, mimicking the preceding three declines in the DJIA...

(continued on page 2)

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During the week of **Aug. 10--14<sup>th</sup>**, the DJIA was expected to drop to ~**17,160** and set an intra-week low there... That also showed that the daily cycles - converging around **Aug. 18--20<sup>th</sup>** in the DJIA & ESU - were setting up the potential to time rebound *highs*, not *lows*. That (potential) scenario was elaborated in the following Aug. 15<sup>th</sup> *Weekly Re-Lay* analysis:

*“In the near-term, the DJIA was expected to set this past week’s low at ~17,160 - as part of an ongoing decline. The DJIA accomplished that as it completed the 4<sup>th</sup> consecutive decline of 650--700 points, since its peak.*

*At the same time, the DJTA (the leader since Nov. '14) perpetuated a 12--14 trading day high-high-low-low-low-(low) Cycle Progression while testing daily extreme support and monthly support - and maintaining its daily uptrend. That was expected to prompt a rebound into **Aug. 17<sup>th</sup>...**”*

As a result of last week’s drop, the DJIA has now experienced 4 consecutive declines of 650--700 points, since its peak... and set three important lows around **17,100/DJIA**. If/when it ultimately breaks below that level (**Sept. ?**), there is an even greater potential for follow-through acceleration lower.

...the DJIA would not even neutralize its daily downtrend until a daily close above **17,593**. So, it remains negative.

From a cycle perspective, an intervening high in this period (**Aug. 18--20<sup>th</sup>**) would reinforce the cycles that come into play on **Sept. 16--23<sup>rd</sup>** with a ~30-degree high-high-(low) Cycle Progression (**July 20--Aug. 18-20--Sept. 16-22**).

So, consolidation - with an overall downward bias - remains intact and an intervening high is likely

in the coming days (if it didn’t already take hold today). And, the overall outlook remains for a continued decline into **late-Sept./early-Oct.**

1--3 & 3--6 month traders should be on the short side of Stock Indices - from when the DJIA was trading at **17,950** up to **18,288/DJIA**. Hold these until xxxx...

The **Dollar Index** sold off sharply after fulfilling projections for a rally into **early-August**. It re-entered its weekly downtrend while turning its intra-month trend down & dropping to monthly support last week.

...it increases the potential for a decline into **mid-Sept.** - that would perpetuate a 13-week/90-degree low-high-low-(low) Cycle Sequence. Ideally, the Dollar Index will not close back above **97.24/DXU**.

The **Euro** is the opposite and should not close back below **1.1002/ECU** if it is to remain positive on an intra-month basis.

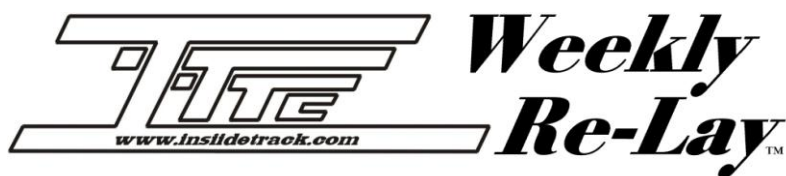
The **Yen** spiked down to new lows, fulfilling the 10-week & 5-week Cycle Progressions that projected an intermediate low for **August 10--14<sup>th</sup>**. It gave an outside-day/2 Close Reversal higher but needs a daily close above **.8081/JYU** to confirm.

1--4 week traders should have bought Sept. Euro xxxx...

1--4 week traders should have sold Sept. Dollar Index futures at 97.81 up to 97.97 and xxxx...

1--4 week traders can buy Sept. Japanese Yen xxxx... **[All trading strategies specifics reserved for current subscribers only.]**

(continued on page 3)



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**Gold & Silver** are mixed with Gold maintaining recent strength while Silver dove back toward its lows. It has twice neutralized its daily uptrend but would not turn that trend down until a daily close below **14.680/SIU**. Since it is also testing daily **21 MAC** support, and just tested/hold its month-opening range (leaving it in an intra-month uptrend), Silver is now at a decisive juncture when/where a ‘2’ wave low could take hold.

Meanwhile, Gold remains resilient and is poised to enter the next phase of a rally that could last into **mid-September** and perpetuate a ~4-month/17--18 week high-high-(high) **Cycle Progression** - much like the cycle spanning their *lows* of the past year.

A daily close above **1131.5/GCZ** would be the next validation to that scenario.

1--4 week traders should have bought xxxx...

1-2 year+ traders & investors should have been entering partial long (cash) positions in late-July/early-August and should xxxx....”

**[August 18<sup>th</sup> ushers in decisive period when Stock Indices should turn back down and accelerate lower, even as the Dollar is poised for its next sharp decline.**

**Gold, Silver, the Euro & Yen are all giving bullish signs and should resume/begin surges on August 19/20<sup>th</sup>!**

**Refer to complete August 18, 2015 Weekly Re-Lay Alert for details and related trading strategies.]**

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