Stockmarket Cycles Online Report for the Week Ending 9-09-11

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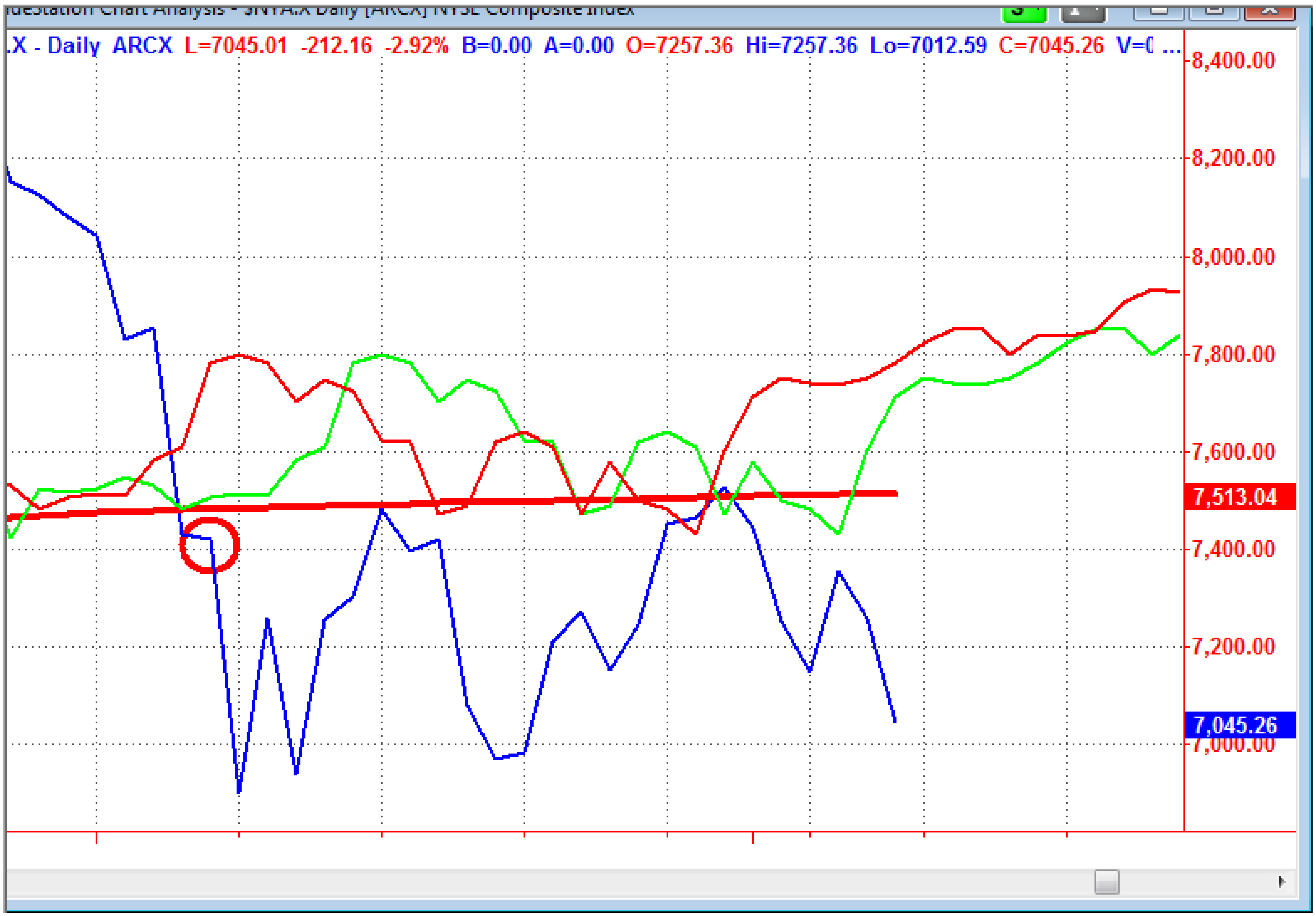
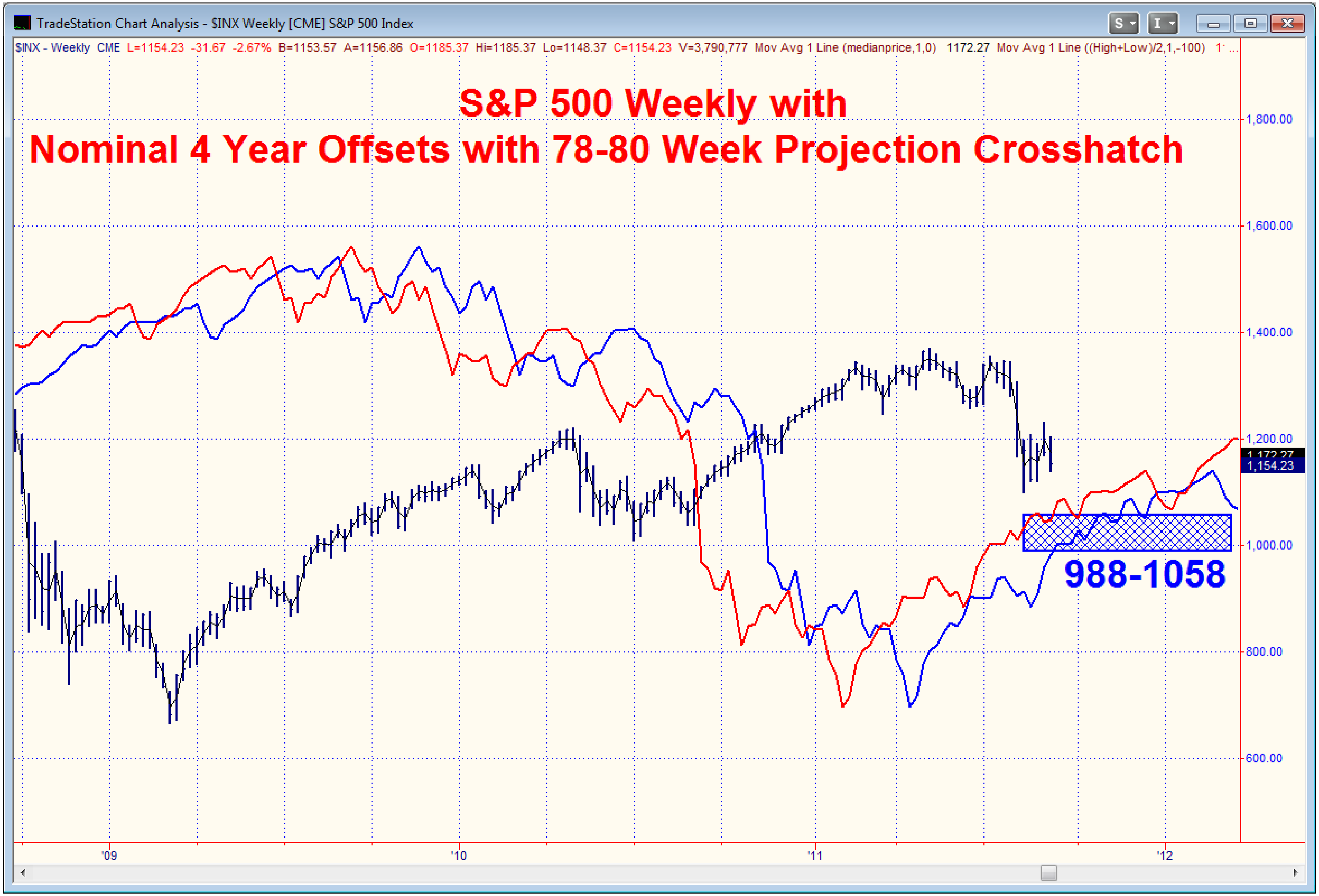
On our last update published on August 5, 2011, we showed you a chart of the New York Composite Index accompanied by two offset lines used to generate nominal 78 – 80 week projections.

At that time, the New York Composite Index had just broken below those offset lines and generated a projection to between 6294-6524. We made the chart large enough so that you could follow the price movement on a day – to – day basis. The next chart uses slightly different colors for the lines but shows you what has occurred over the past five weeks. Notice that, with the exception of a couple of days, namely August 30 – 31, the closing price of the index remained below those lines. Over the past month there was a real possibility to see the downside projection invalidated with a rally of just a few percent. Now, however, the projection is well-established and it would take a rally of greater than 10% to move back above the offset lines and invalidate the projection. That significantly increases the confidence level that those downside projections will remain in effect and will not be invalidated.



What makes the current price structure so interesting is that equivalent nominal 78 – 80 week projections have been generated for the S&P 500 and for the Dow Jones Industrial Average. If those projections are met over the next several weeks, there is a real chance that the nominal four-year upside projections, projections which have remained outstanding now for almost a year, will be invalidated. We are going to show you the charts for the S&P 500 and the DJIA. Both of these charts are will weekly bar charts with the offsets we use to generate nominal four-year projections. The first offset is 100 weeks and the second is 110 weeks. If we see prices move below both of those offset lines, the upside projections will be invalidated and, concurrently, new downside projections will be generated. To give you a better picture of how that possibility could unfold, we have placed a crosshatched box on both of the charts showing you the current nominal 78 – 80 week projections in relation to the offset lines for the nominal four-year projections. The final chart will show you a close-up of this same S&P chart so that you can follow the progress of the market in relation to both the outstanding nominal 78 – 80 week projections and the offset lines for the nominal four-year projections. If prices should enter the crosshatched area over the next several weeks, then you will know that downside projections are being satisfied. If they should continue on to the lower side of the crosshatched box and begin to cross below those lines, then you would know that all upside projections had been invalidated and new downside nominal four-year projections were being established. In order to follow the market action on a week to week basis, simply register the high and low price for the S&P 500 Composite Index at the end of each week and draw a vertical line to approximate those high low prices. Equally as important will be the line joining the weekly prices. That line is determined by simply taking the median price (in this case simply the average of the high and low for the week) for the week, and joining those median prices from week to week. It is that median price at the end of the week which determines whether the nominal four-year offset lines have been broken to the downside.

In this way, you will be able to follow both the nominal 78 – 80 week projection and the nominal four-year projection in relation to contemporary price action. We will be away from mid-September through mid-October and our next online report will most likely be published between mid-October and the end of that month.



TradeStation Chart Analysis - $INX Weekly [CME] S&P 500 Index
$INX - Weekly CME L=1154.23 -31.67 -2.67% B=1153.57 A=1156.86 O=1185.37 Hi=1185.37 Lo=1148.37 C=1154.23 V=3,790,777 Mov Avg 1 Line (medianprice,1,0) 1172.27 Mov Avg 1 Line ((High+Low)/2,1,-100) 1' ...
S&P 500 Weekly with
Nominal 4 Year Offsets with 78-80 Week Projection Crosshatch
988-1058
1,800.00
1,600.00
1,400.00
1,200.00
1,172.27
1,154.23
1,000.00
800.00
600.00
'09
'10
'11
'12

TradeStation Chart Analysis - $INDU Weekly [US] Dow Jones Industrial Average
$INDU - Weekly US L=10992.13 -303.68 -2.69% B=0.00 A=0.00 O=11294.60 Hi=11294.83 Lo=10935.64 C=10992.13 V=1,266,601 Mov Avg 1 Line (medianprice,1,0) 11204.92 Mov Avg 1 Line ((High+Low)/2,1,-100)
DJIA with Nominal 4 Year Offsets
and Nominal 78-80 Week Projection
9279-9933
17,000.00
16,000.00
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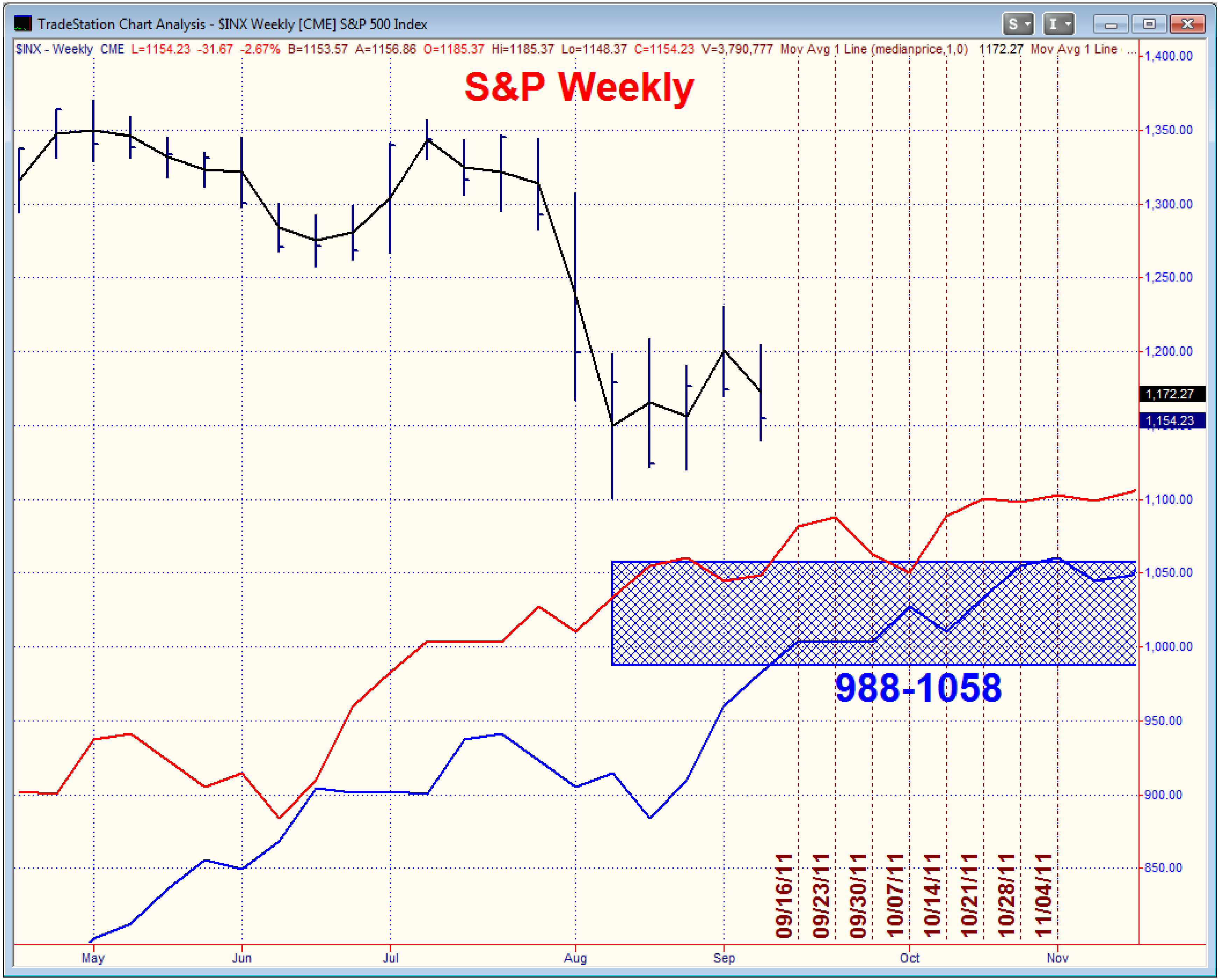
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$INX - Weekly CME L=1154.23 -31.67 -2.67% B=1153.57 A=1156.86 O=1185.37 Hi=1185.37 Lo=1148.37 C=1154.23 V=3,790,777 Mov Avg 1 Line (medianprice,1,0) 1172.27 Mov Avg 1 Line
S&P Weekly
988-1058
09/16/11
09/23/11
09/30/11
10/07/11
10/14/11
10/21/11
10/28/11
11/04/11
1,400.00
1,350.00
1,300.00
1,250.00
1,200.00
1,172.27
1,154.23
1,100.00
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May
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Nov