



Edited by  
**Glenn Neely**  
President, NWi

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**GOLD** (CBOT symbol ZG)

**Mon, Dec 4, 2006**

**Notes:**

### Hourly Trades (for Futures / Options)

As wave-d continues to push higher, the critical missing element (that would allow us to go Short) is a sign of weakness. Under NEoWave theory, that can occur several ways, but one of the most common is a swift, but completely retraced, rally. Until weakness appears, we should stand aside.

**STOP:**  
**PROFIT Target:**

### Daily Trades (for Futures markets)

Based on current evidence, a break of \$638.70 Feb. is the first event needed to suggest Gold is weakening and wave-d is over or ending. If we see that this week or next, I'll plan to Short on a small rally. Once wave-d is over, the Feb. contract should drop below \$610 in just a couple of weeks!

**STOP:**  
**PROFIT Target:**

### Weekly Trades (for Futures / Indices)

The next, multi-week decline will confirm whether a Contracting Triangle began with the rally into 2006's high or with the decline off 2006's high. If the former, Gold is in for its largest, fastest decline of the decade. If the latter, a multi-week decline will be followed by an upside explosion into 2007!

**STOP:**  
**PROFIT Target:**

## NEoWave CASH Structure - DAILY (Short-term)



**NEoWave, Inc.**  
65 Enterprise, Aliso Viejo  
California 92656 (USA)

Office (800) NEoWave (636-9283)  
Local (949) 480-7401  
Fax (949) 606-0306

### M.O.A.T. Legend

The dashed line above identifies Daily support and resistance while the orange line identifies Weekly support and resistance. If either is touched by the black price line, a reaction is due. When both are touched simultaneously, a major reversal is forecast.

### Current GOLD Positions:

**Hourly -**

**Daily -**

**Weekly -**

### NEoWave Directional Analysis:

- **Hourly Trend - BULLISH**  
*Conditions May Change at \$645.00 Dec.*
- **Daily Trend - BULLISH**  
*Conditions May Change at \$638.60 Dec.*
- **Weekly Trend - BEARISH**  
*Conditions May Change at \$673.00 Dec.*

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**S&P 500** (symbol ES or SP)

**Mon, Dec 4, 2006**

**Notes:**

### Hourly Trades (for Futures / Options)

Our 50% Short position, taken late last week, was stopped out today at 1409.00 Dec. Wave structure and volatility continue to suggest the S&P is topping, but we can't safely reenter the Short side for a couple of days. A drop to 1387 Dec. will tell us wave-c is underway. A move to 1412 tells us wave-A is still forming.

**STOP:**  
**PROFIT Target:**

### Daily Trades (for Futures markets)

On Friday we went 50% Short at 1400.00 with a stop at 1411.50 Dec. The stop was closely approached today, but not reached, so we are still Short as I write this. It's not clear if this trade will work, but with today's rally above last week's high, the odds are no longer in our favor.

**STOP: 1411.50 Dec.**  
**PROFIT Target:**

### Weekly Trades (for Futures / Indices)

Time momentum has been deteriorating the last few weeks; but, this is the first week since July that price momentum has weakened. If this week's low is broken next week, a multi-month, B-wave decline is underway. Starting Sunday night, enter 50% Short at 1378.25 Dec. - stop, 1411.50 Dec.

*\* No Change since last update \**

**STOP:**  
**PROFIT Target:**

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### Current S&P 500 Positions:

- Hourly -
- Daily - 50% Short @ 1400.00 Dec.
- Weekly - PENDING

### NEoWave Directional Analysis:

- Hourly Trend - BULLISH  
*Conditions May Change at 1387.25 Dec.*
- Daily Trend - BEARISH  
*Conditions May Change at 1411.50 Dec.*
- Weekly Trend - NEUTRAL  
*Conditions May Change at 1378.25 Dec.*

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**EURO** (symbol EC or E6)

**Mon, Dec 4, 2006**

**Notes:**

### Hourly Trades (for Futures / Options)

From a wave-labeling perspective, the size and speed of last week's advance concerns me. It is almost too fast and large, which leaves the Euro extremely vulnerable to a sizeable reaction. Due to NEoWave complexity requirements, I'm almost certain wave-c is not over, but is getting close. Stay out.

**STOP:**  
**PROFIT Target:**

### Daily Trades (for Futures markets)

The "stretched" appearance of the Euro's rally suggests recent, bullish fundamental news is to blame. If wave-c ends soon, then wave-(3) will probably form a NEoWave Diametric, Symmetrical or Neutral Triangle. Most important to us is that risk is too high to go Long - stay out until the next update.

**STOP:**  
**PROFIT Target:**

### Weekly Trades (for Futures / Indices)

Earlier this morning, I issued an Emergency Update that recommended an across-the-board liquidation of all Long positions (for hourly, daily and weekly traders). Weekly traders locked in over \$8000 per contract! The risk of being Long is now great and trading safety is low, so stay out for now.

*\* No Change since last update \**

**STOP:**  
**PROFIT Target:**

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### Current EURO Positions:

Hourly -

Daily -

Weekly -

### NEoWave Directional Analysis:

• **Hourly Trend - BULLISH**  
*Conditions May Change at 1.3285 Mar.*

• **Daily Trend - BULLISH**  
*Conditions May Change at 1.3224 Mar.*

• **Weekly Trend - BULLISH**  
*Conditions May Change at 1.2851 Mar.*

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## T-NOTES (symbol TY or ZN)

Mon, Dec 4, 2006

## Notes:

### Hourly Trades (for Futures / Options)

The size of last week's advance, along with the speed of the advance off October's low, has forced an adjustment to structure. I remain uncomfortable with this scenario, despite the fact my forecasts have worked out well (mostly due to guidance from Neely River theory). Let's stay out until the next update.

**STOP:**  
**PROFIT Target:**

### Daily Trades (for Futures markets)

Wave theory is not providing any idea of what Notes will do next. Neely River theory, on the other hand (a concept I've been developing for years that relates the flow of money in a market to that of water in a river), tells me Notes remain in an upside acceleration phase. Stay Long with a 109^00 stop.

**STOP: 109^00 Mar.**  
**PROFIT Target: 110^15 Mar. on the rest**

### Weekly Trades (for Futures / Indices)

Last week's strong rally reaffirms the Terminal C-wave scenario depicted below. In such patterns it would be typical for wave-3 to be just beyond 61.8% the length of wave-1. If wave-3 gets close to 100% of wave-1, we must assume wave-3 will become the extended wave of this Terminal.

**STOP:**  
**PROFIT Target:**

## NEoWave CASH Structure - DAILY (Short-term)



### Current T-NOTE Positions:

- Hourly -
- Daily - 25% Long @ 107^28.5 Mar.
- Weekly -

### NEoWave Directional Analysis:

- Hourly Trend - BULLISH  
Conditions May Change at 108^18 Mar.
- Daily Trend - BULLISH  
Conditions May Change at 108^08 Mar.
- Weekly Trend - BULLISH  
Conditions May Change at 107^09 Mar.

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