

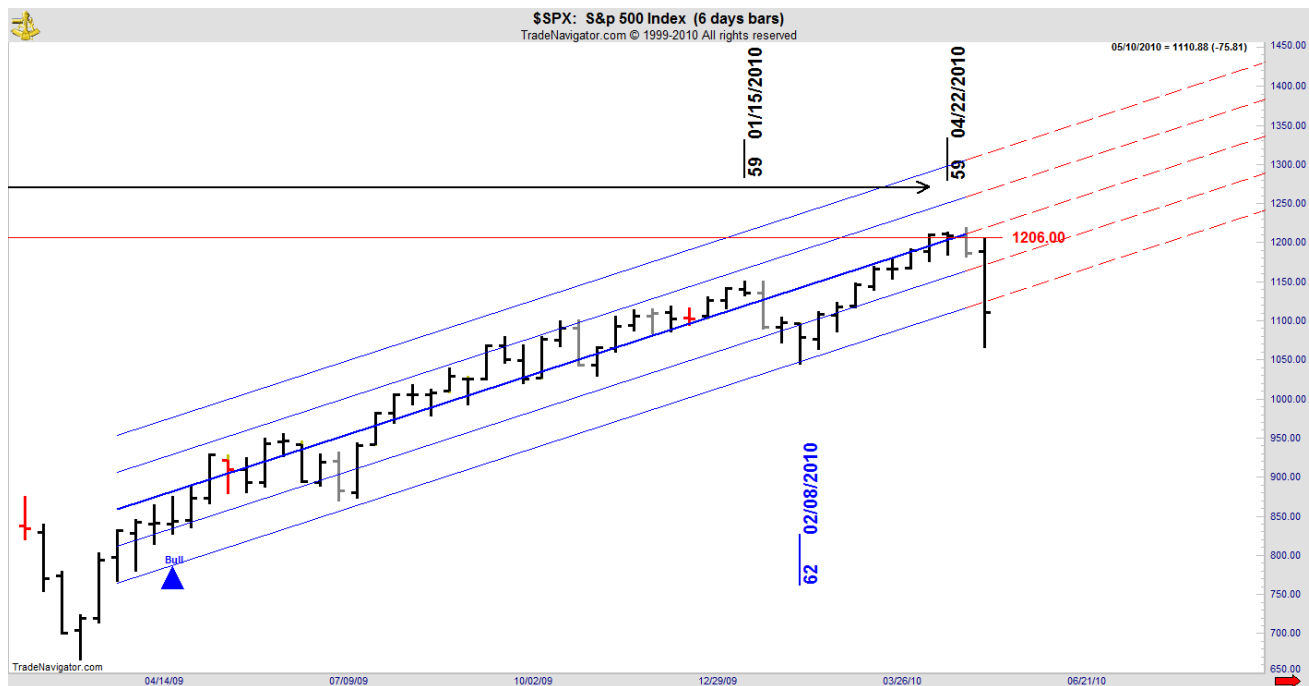
09 May 2010-Special expanded coverage to explain this week's events.

Long Term Trend Charts-Major Markets-S&P, Gold, DX and Oil and US T Bonds.

S&P

On 6 Day Regression Channel, trend is: UP, with an obvious conditional Sell signal apparent
 On 12 Day Regression Channel, Trend is: UP
 On 24 Day Regression Channel, Trend is: UP

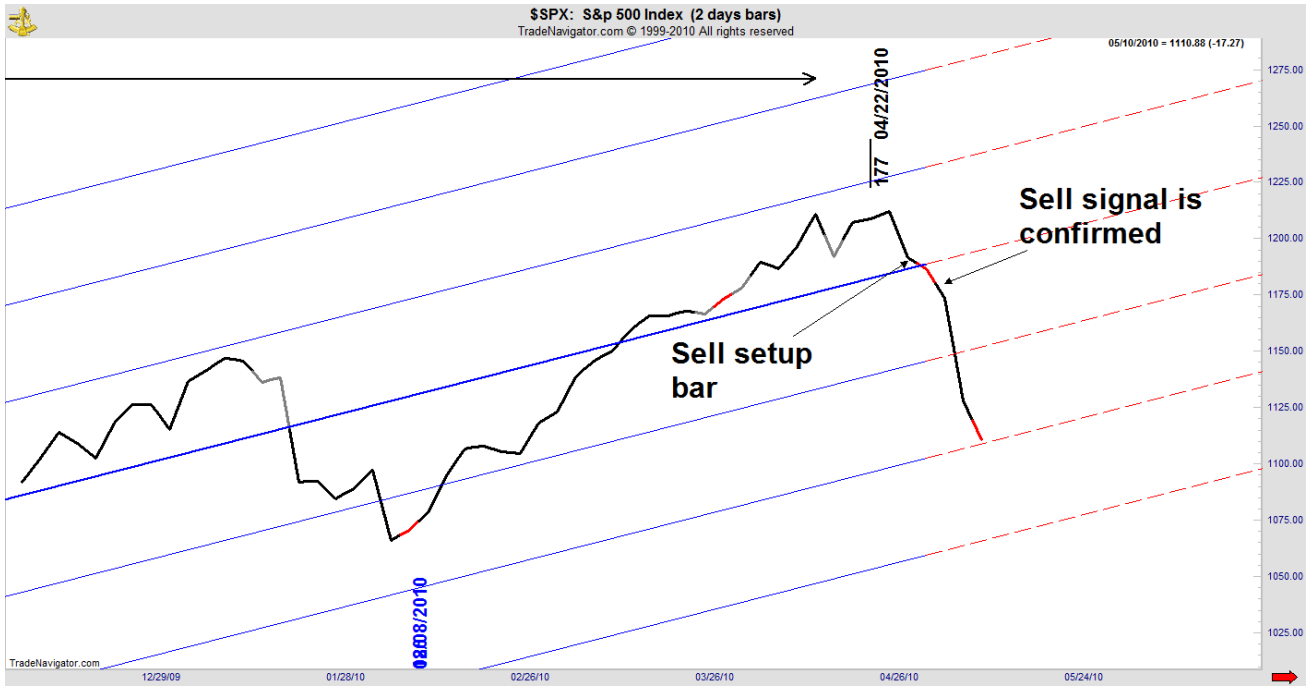
The DC 59 week time cycle expiring 04/22 has certainly struck with a vengeance this week. That date has been on these charts, published free for all, since the 04/16 post, so you had plenty of warning of a likely market turn. The closing high from the daily chart came on 04/23. Not bad for a longer term chart. Our protocols call for a sell signal which we have right now, to be confirmed by a close below the low in order to confirm the signal, so it will be a while before the trend change verdict is in on this chart.



I want to take you through the shorter term charts that were signalling Thursday's sell off (but not the quantum) so that you can see that far from being a surprise, this market has been signalling a pullback for quite a long period.

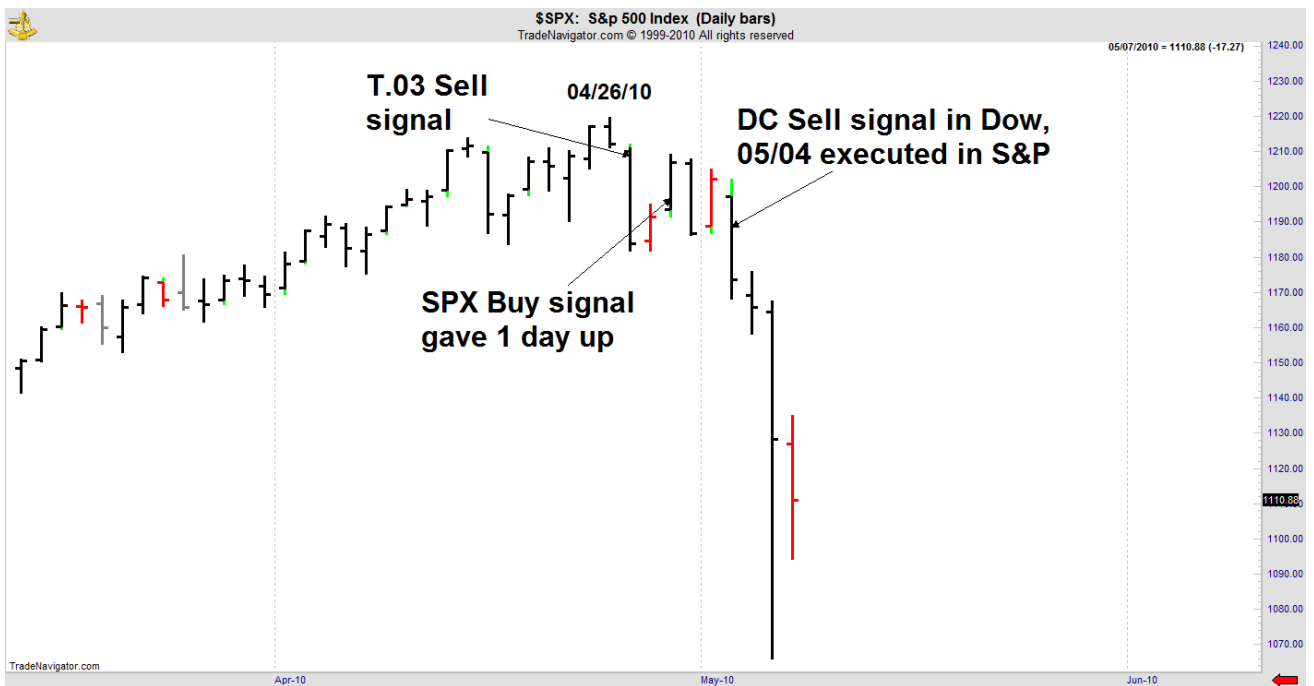
The next chart is the 2 day chart which as a subset of our base DC "weekly" chart of 6 trading days, gives us an earlier insight into likely market moves. Note that Thursday's "flash crash" went exactly to the 3rd channel of our standard deviation model. What shocked the market was that the selloff didn't even acknowledge the 2nd channel as it usually does. But it did later in the day by closing above that number on Thursday and holding it on Friday. Note that the RG channel changes subtly as the bar methodology changes. Both are valid and the close only chart often offers insights not afforded by our bar high/low charts.

This is the "close only" version of the 2 day DC Channel chart:



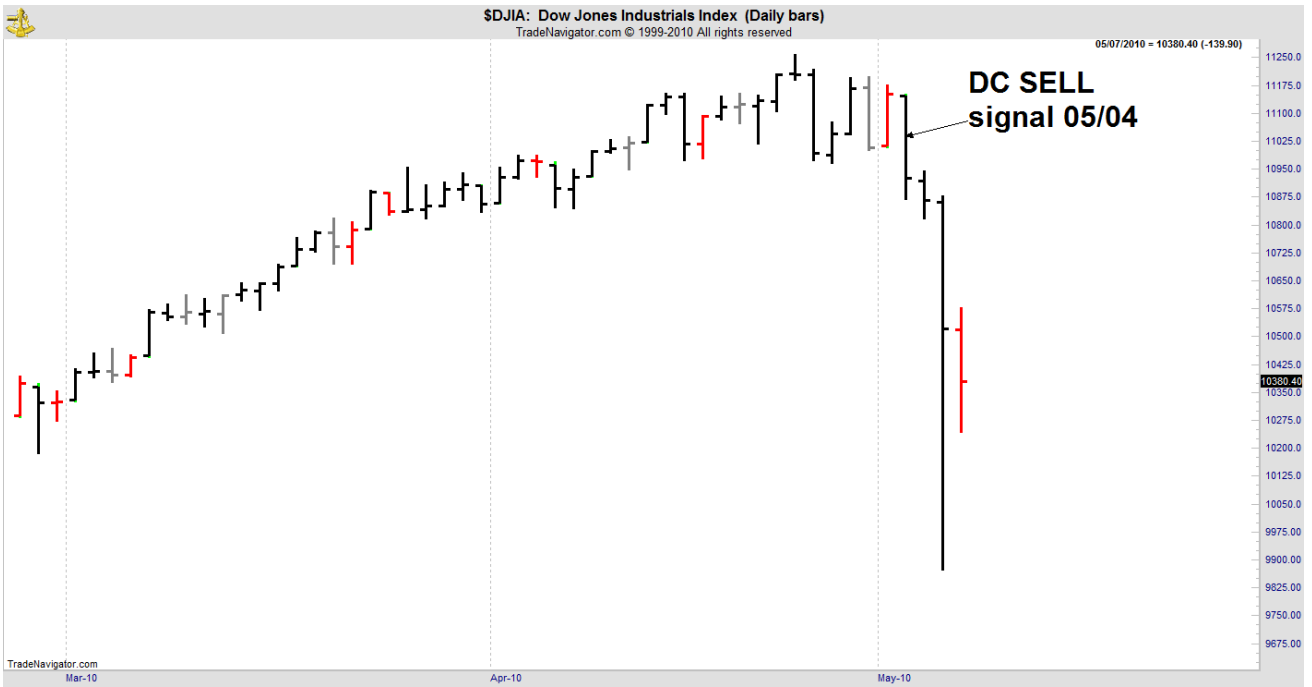
Our next chart takes us down to the daily chart of the S&P index and highlights the sequence of DC Trade Signals posted every day to members that led to Thursday's bonanza for Danielcode traders.

You can see that the first Sell signal came the day after the top; the small counter trend rally was signalled and the reversion to the Sell signal came on just the perfect day. If you followed these signals or merely observed the DC 59 week time cycle expiring on 04/22, you may have been surprised by the quantum of Thursday's move, as most of us were. BUT not the direction. Shorter term traders who were long going into 05/04 and after, simply don't know how to read market signals. Danielcode members profited handsomely.

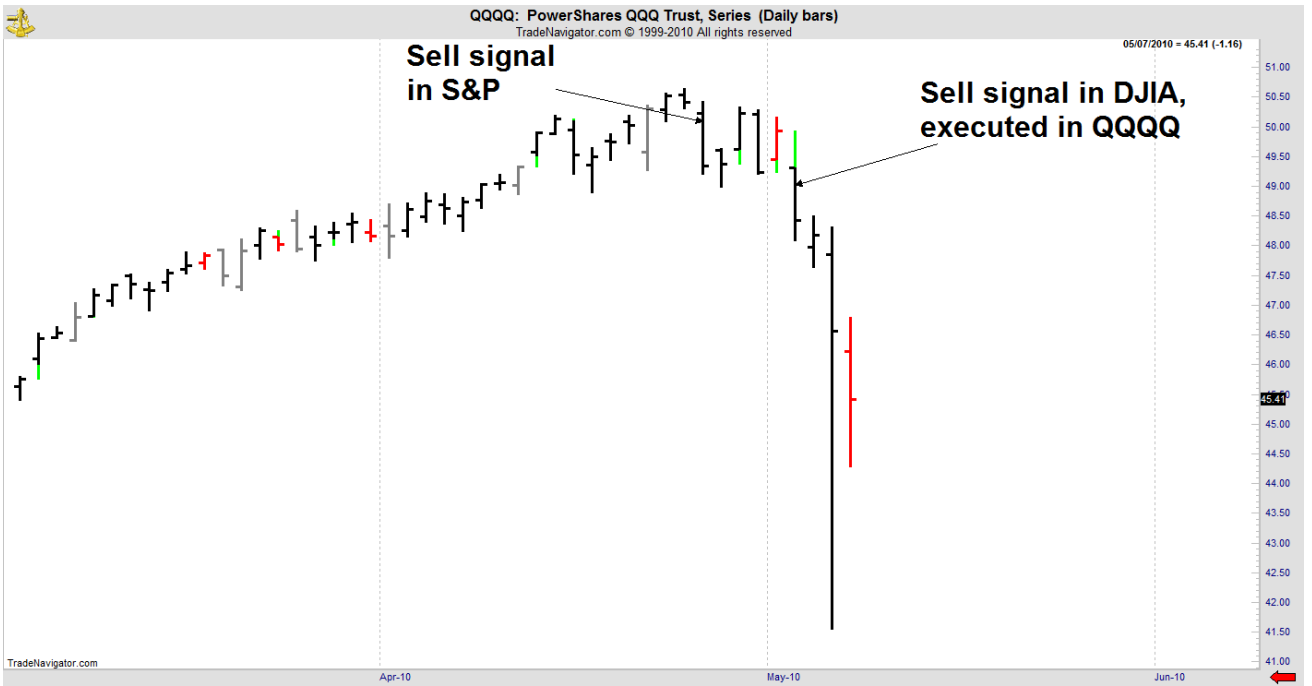


For those not familiar with DC trade protocols, the highly correlated nature of US Equity markets and Germany's DAX, means that DC Trade signals in any of these Equity markets can be executed in any other of them. Other correlated markets are shown below.

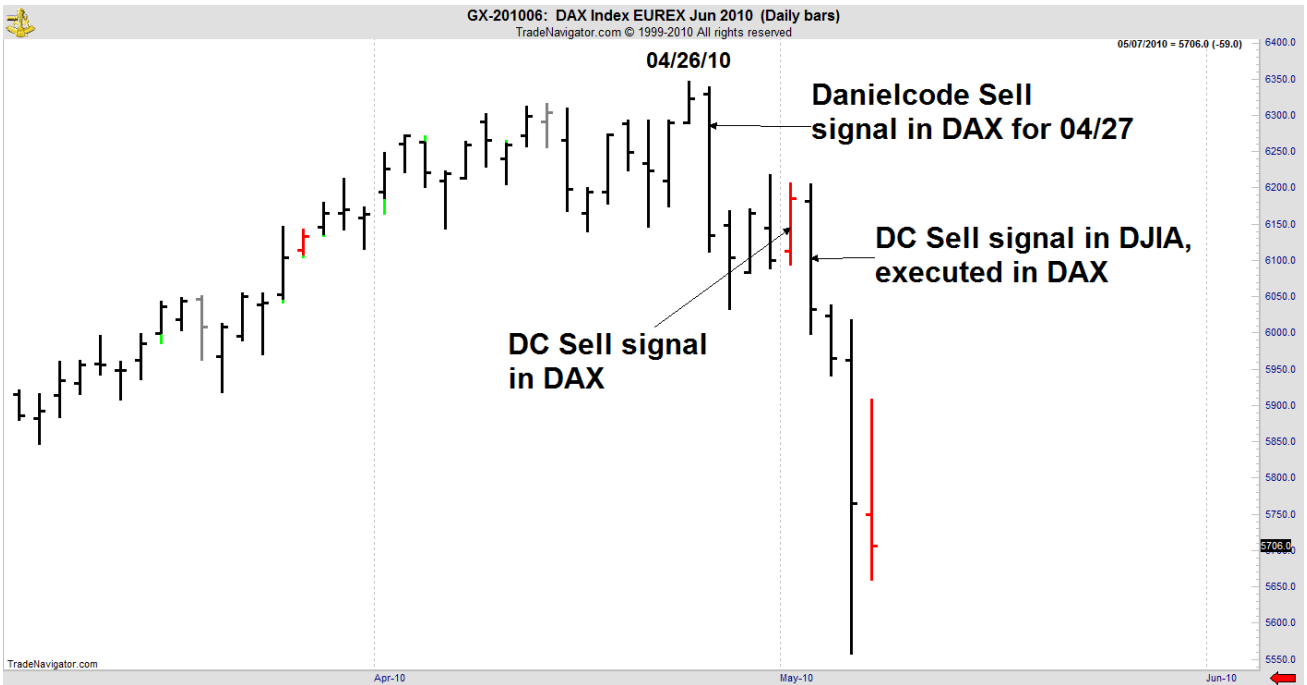
First the Dow:



Then the NASDAQ tracking stock the QQQQ:

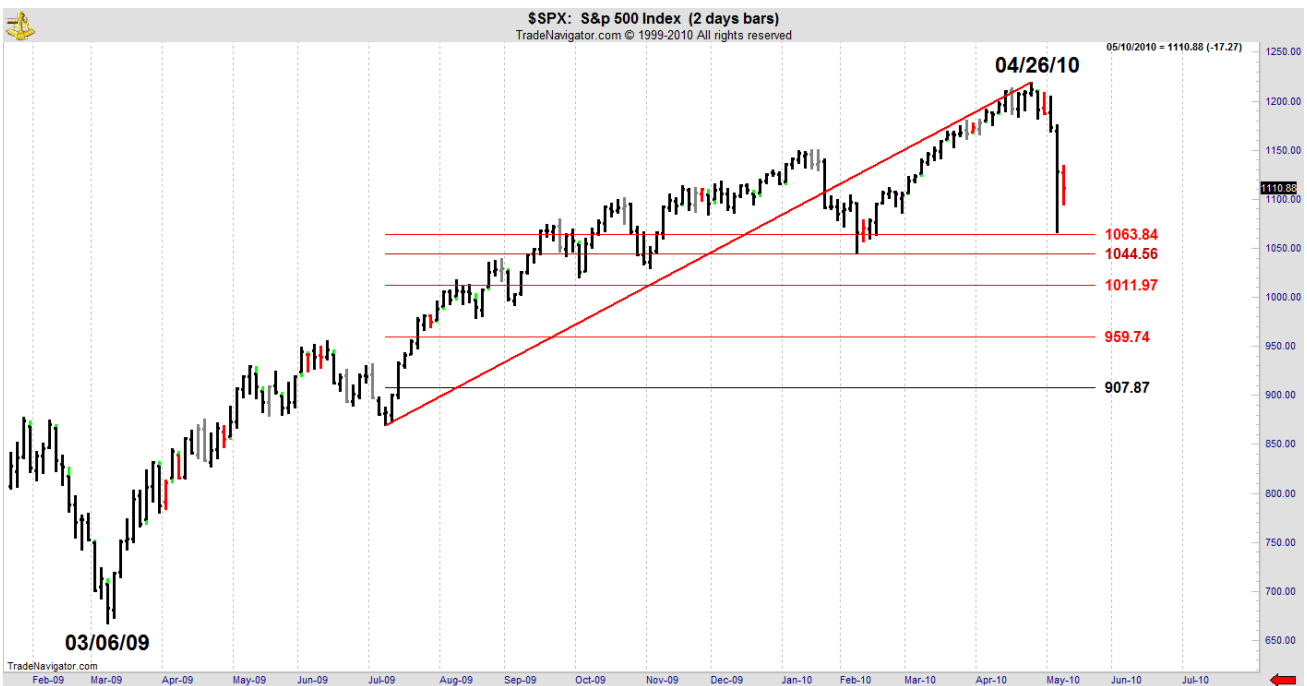


And Germany's DAX index. This is the futures contract:



So what we can say with a degree of certainty is that short term traders still long these markets on 05/04 and after, got what they deserved; made the trade for those on the right side, and need to learn what markets are saying. The Danielcode knew.

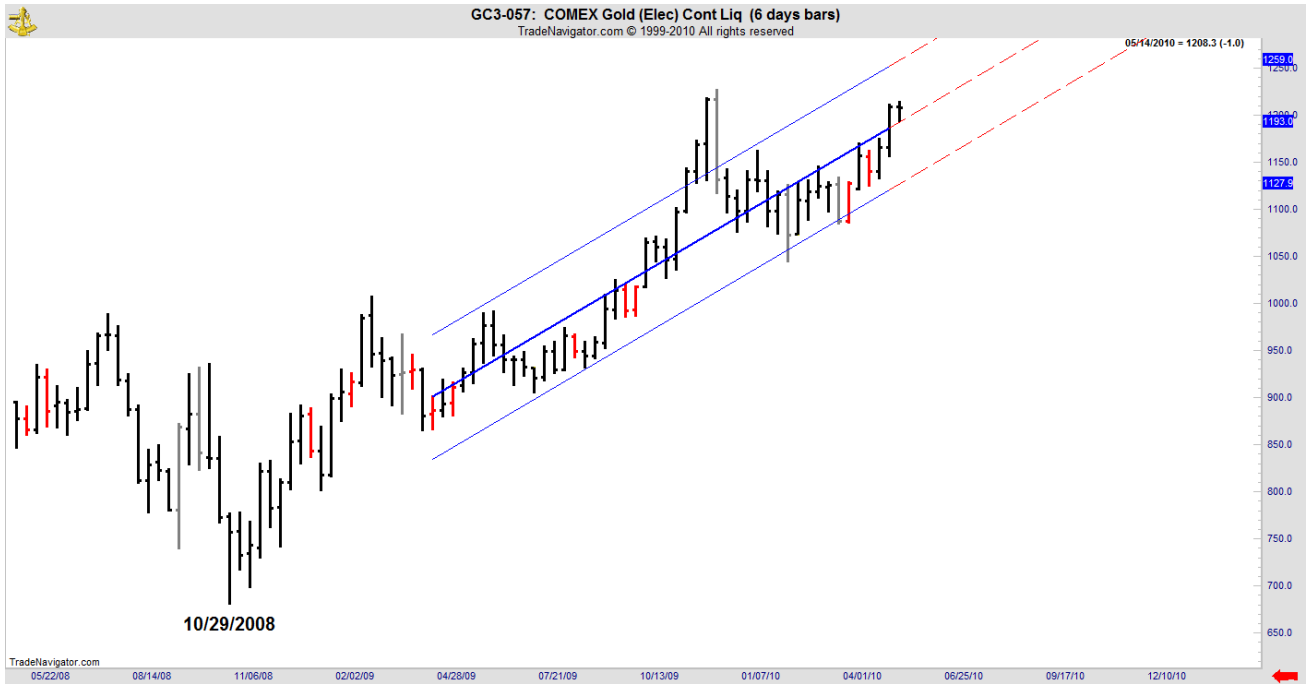
Now, to put this fast move into perspective, let's take a step back and look at a longer term view:



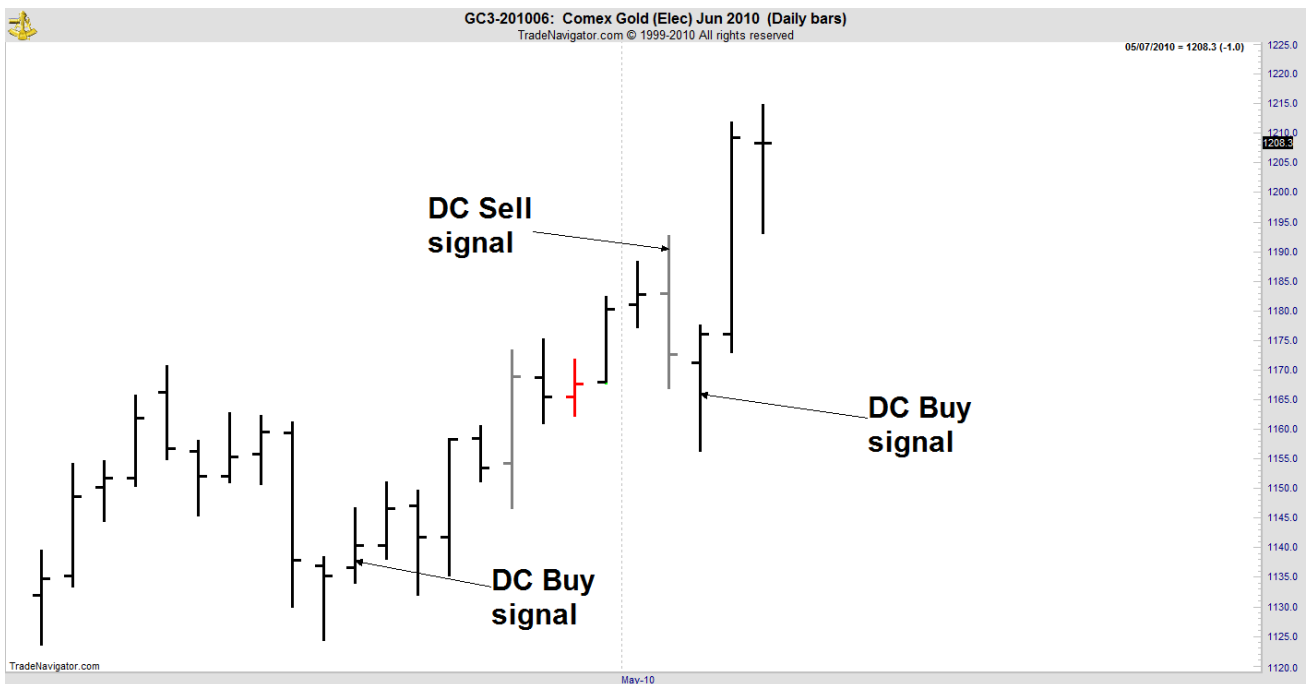
S&P has pulled back to the 3rd iteration of the Danielcode retracements, that is 44% of the penultimate swing, and has not even started to correct the major swing so far. That keeps this market in a strong position, but only price action, and future DC trade signals will show us the path going forward.

Gold

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



Here's the Daily chart for those who like to trade both ways:

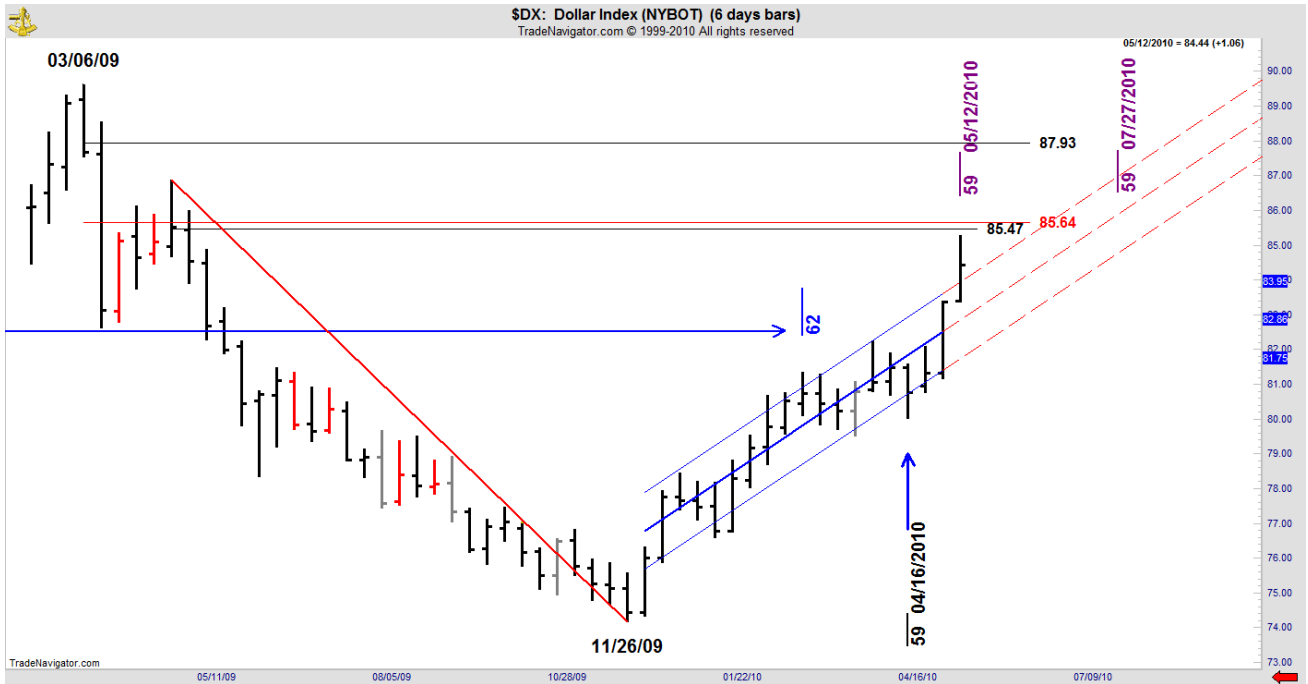


US Dollar Index (DX)

On 6 Day Regression Channel, trend is: UP.

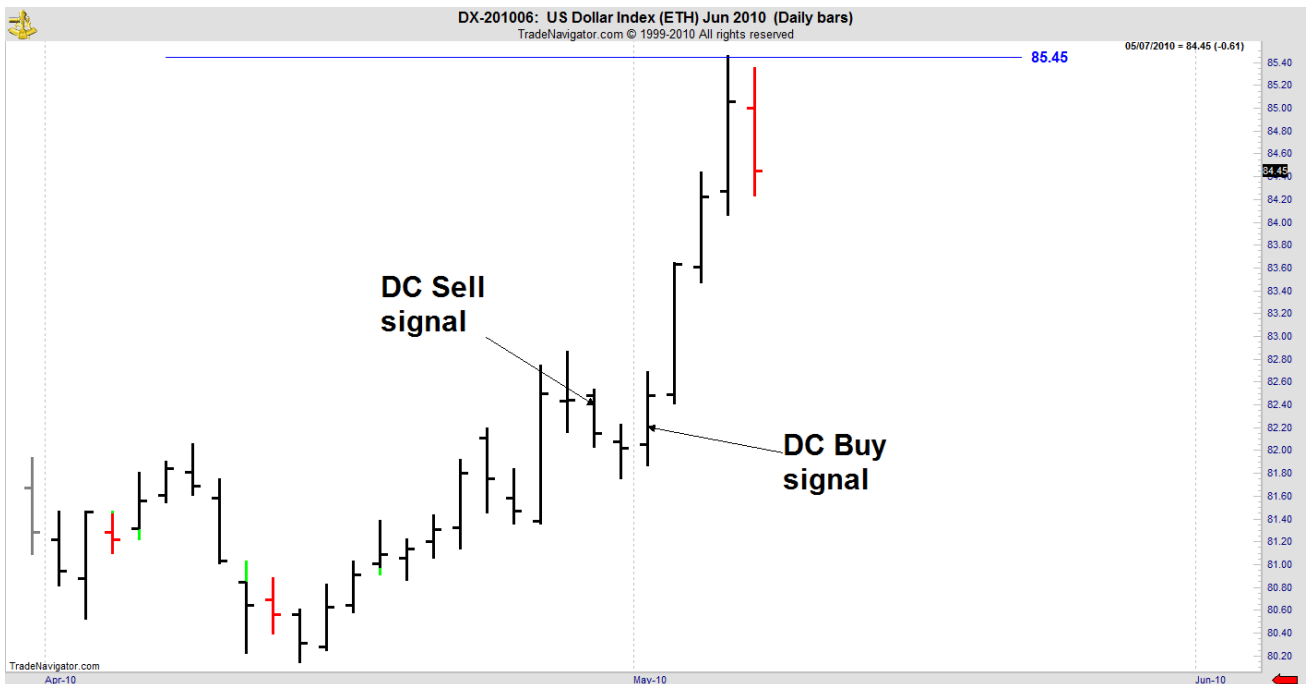
On 12 Day Regression Channel, Trend is: UP

On 24 Day Regression Channel, Trend is: DOWN.



DX is trading above its regression channel; is at a DC time cycle and has been challenging the DC Black line number for the penultimate swing (marked in red). All of these factors provide resistance.

Here's the latest DC T.03 Trade Signals from the Daily chart, including DX stopping on Thursday just 1 tick from the DC Blue line target.



Oil

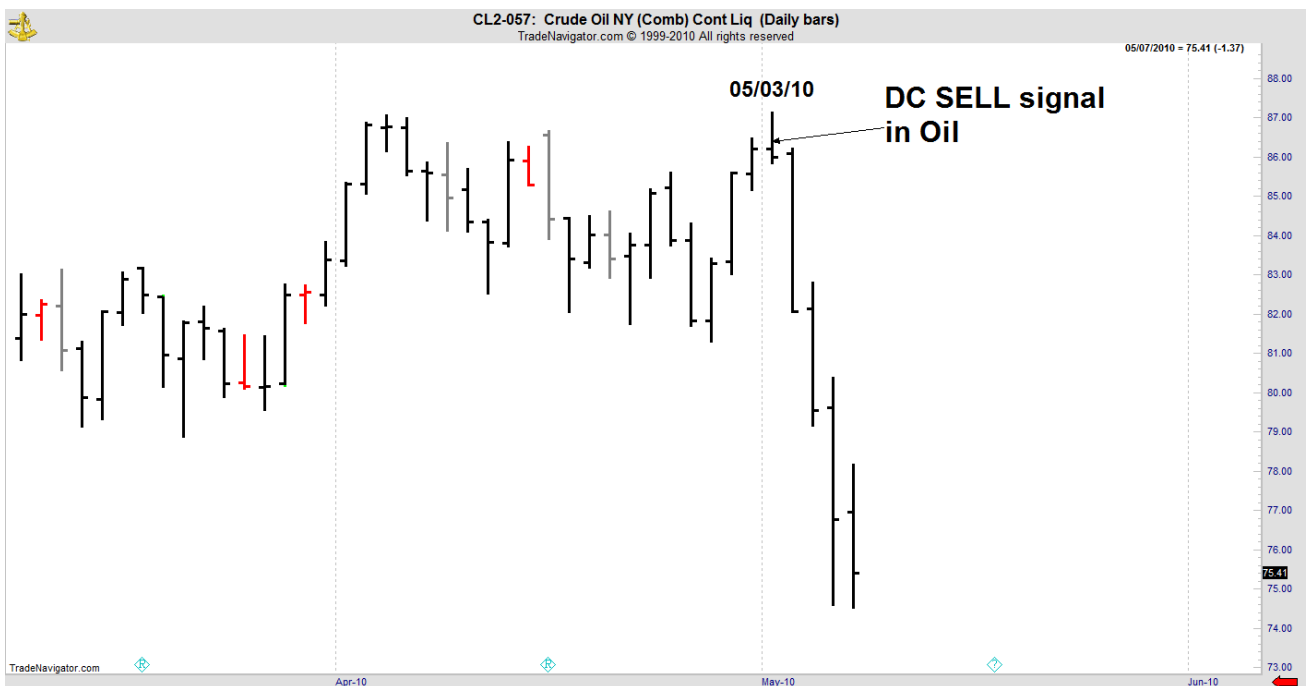
On 6 Day Regression Channel, trend is: UP, but will set up a conditional Sell signal on Monday.
From last week's LTTC update: "The 6 day chart is at overhead resistance from the median of the Regression Channel."

On 12 Day Regression Channel, Trend is: UP.

On 24 Day Regression Channel, Trend is: UP



Oil started selling off on Monday in response to the DC Sell signal posted for members on Sunday night before the open on 05/03. This is the daily chart:



US T Bonds

On 6 Day Regression Channel, trend is: UP

On 12 Day Regression Channel, Trend is: DOWN. The 12 day chart has created a conditional BUY signal. A close on 05/21 above 121^14 will confirm.

On 24 Day Regression Channel, Trend is: DOWN

