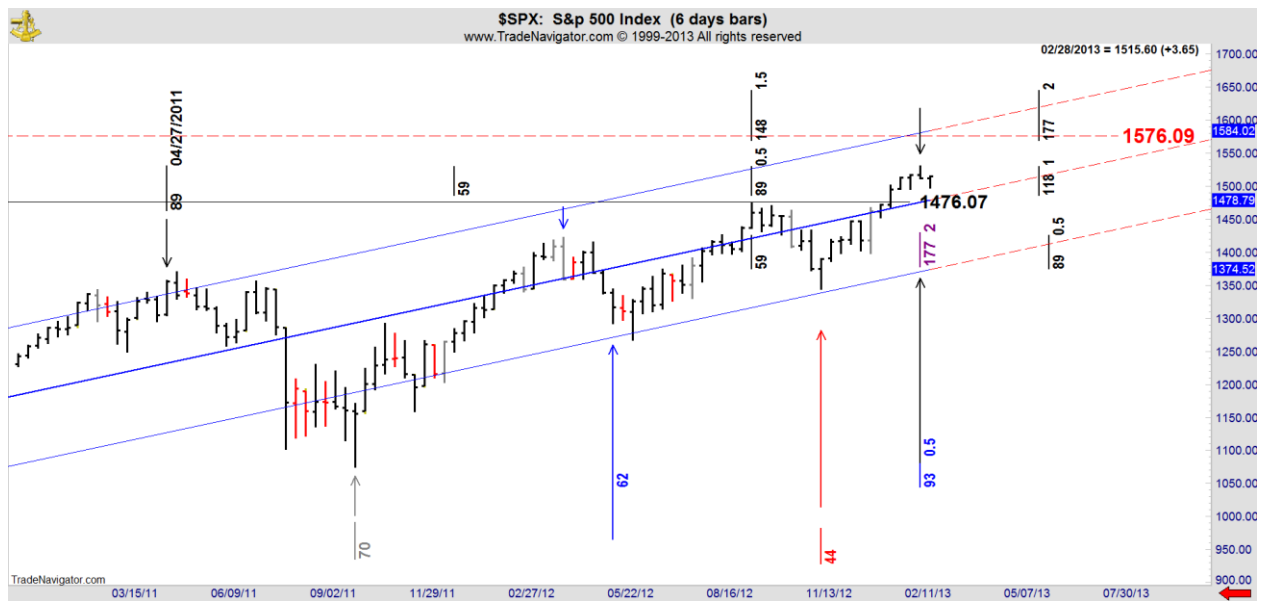


26 February 2013

**S&P**

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 UP

The top for the week ending 02/20 came on the 2<sup>nd</sup> iteration of a 59 cycle which coincided with the “an half” imperative of our blue 62 cycle. So far the pullback is nothing more than a couple of days down, but it is in the right time zone as predicted by The 4<sup>th</sup> Seal. Remember that whilst these DC time cycles are powerful terminators, nothing in them goes to quantum so we now need to see whether we get a minor correction or something more.



Dennis Gartman a prominent hedge fund adviser has declared the bull market over on the strength of this pullback and has stated that he is rushing to the sidelines. That evidence is not apparent in our timing charts, although the 12 day chart could still rule the roost as these charts by their nature are accurate to +/- 1 period, so there is still time for the 59 Black cycle on the 12 day chart to bite.



Let's hone in on the daily chart to see what is happening. The rally from the start of the year has been persistent and uniform as it was tied to the median of its DC trading channel. This in itself is unusual behaviour as strong bull markets invariably test the upper boundaries of their trading channels and this one hasn't. The break on 02/20 was mathematically precise. 02/19 closed just a few ticks from a 4<sup>th</sup> Degree number (see The 4<sup>th</sup> Seal tab at right for more detail); 02/20 opened at the number and declined exactly 1 standard deviation. 02/21 made its way to the 2<sup>nd</sup> standard deviation. This trading channel has been running since November 2012 so it is well established and powerful.

A break to the 2<sup>nd</sup> SD does not destroy the upward trend, but it is a warning and the most common market behaviour if the bull trend is over would be for a test of the lower line of the DC channel and a failure there. And that's right where the market closed on Friday, so we will have deeper insights shortly.

This market has been constantly seeking the old highs at 1576. A failure now seems an improbable outcome to me. I have written in previous editions of this missive that time seemed to be against a straight shot at this logical target and hence I expected considerable sideways action to run down the clock before the assault on the old highs is made. That is still my view today, but all that can change soon enough.



Those of you following our 4<sup>th</sup> Degree analysis under the 4<sup>th</sup> Seal tab at this website will have seen that marvel forecasting at least an intermediate top last week. It arrived on target and on time. Fabulous!!

Getting the overview right is easiest with the 24 day chart below. Here you can see the dominant DC trading channel that has controlled this market since the 2009 lows. The next important time cycle in this time series is in May which if this market moves above trend is a likely date to take out the old highs. If the market follows the established trend line, that milestone will be achieved in October, again inferring quite a lot of corrective action.



## GOLD

On the 6 day chart the trend is DOWN  
 On the 12 day chart the trend is DOWN  
 On the 24 day chart the trend is DOWN

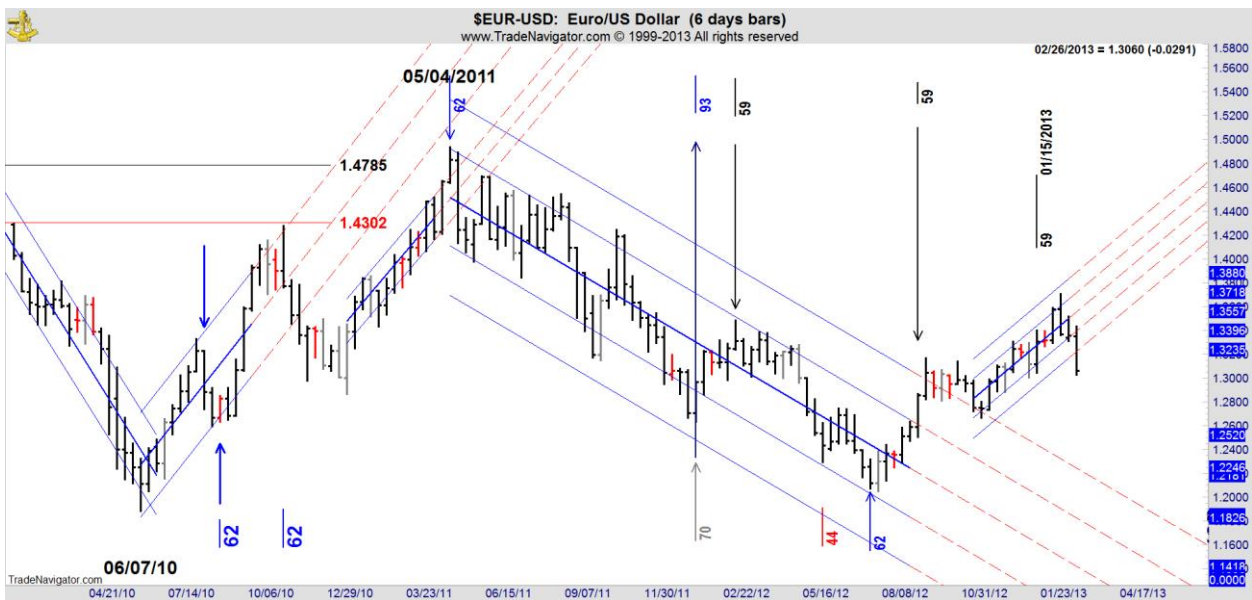


This market has been consolidating in the same DC trading channel since 09/11. It has been a prodigious feat to hold this range. Our in depth analysis of the 4<sup>th</sup> Seal for \$HUI, the unhedged Gold miners' Index in 3 different time frames suggests something big is near for Gold which is highly correlated with HUI. See the 4<sup>th</sup> Seal tab above to get the latest insights.

## EUR-USD

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 UP

This market is rapidly falling out from its DC trading channel, a sure sign of an imminent change of trend.

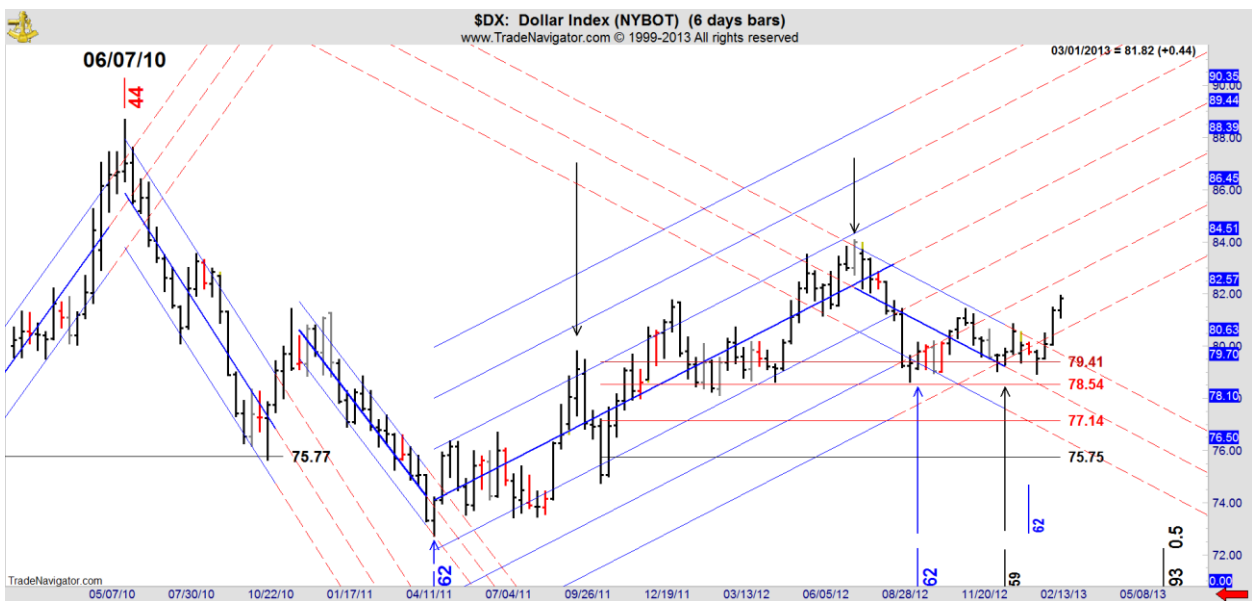


## DX-US Dollar Index

On the 6 day chart the trend is DOWN but now with a conditional Buy signal likely to be completed on Friday

On the 12 day chart the trend is DOWN

On the 24 day chart the trend is UP but now with 2 conditional Sell signals.



DX has broken out of its downward sloping DC trading channel. This is a change of trend and suggests that it will now try to find one of the old up slope channels to guide its future movements.

Next week we will take a look at the Grains and Natural gas. And here's the nice 4<sup>th</sup> Degree study that accurately forecast our present trade in Oil. Perfectly precise. On target and on time. And it's never been available before. Contact Terry at Support for your free trial of this latest marvel from Daniel's Code.

