

And The All New Market Analysis

The Ord Oracle

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For 30 to 90 days horizons: Short SPX on 5/13/09 at 883.92.

Monitoring purposes GOLD: Gold ETF - Long GLD at 110.24 on 12-14-09

Long Term Trend monitor purposes: Flat

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There are several intermediate term signs that suggest an intermediate term decline is being. The intermediate term "Rising Wedge" form the March lows suggests at some point the March low will be seen again. Our Percent Volume indicator is showing a major negative divergence similar but opposite just like at the March low (positive divergence) which now is forecasting a major decline. The NYSE McClellan Summation index has drawn a Bearish "Triple Top" which foretells an intermediate term decline is beginning. The Bullish Percent index has had

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a bearish crossover. Also the Volume increase on the current decline suggests energy has switched to pushing down. Over the next couple of weeks or so a the short term a bounce is likely. At the beginning of February the McClellan Oscillator was hovering near the oversold level near -80 along with the Money Flow at over sold near 20 and suggests a bounce may be beginning. The Oscillator has bounce some but the Money Flow is still in oversold levels and suggests the bounce is not over. A 50% retracement could take the SPY back near 111.50 range. The potential bounce should show decreasing volume compared the decline that got us to the current low and should also draw a consolidation ABC up. Time for the next top may come in 2/19 (Option expiration Friday and that week usually has a bullish bias) or the week after. Once the bounce is completed the next leg down should pick up energy. We remain bearish.



On January 28 report we covered the bearish chart of JP Morgan which is 12.28% of XLF. The chart above is Goldman Sachs (GS) which is 6.5% of XLF. We covered this chart on Monday and are back today for a current update. GS appears to have drawn a Head and Shoulders top and the Neckline near 165 was been broken with a “Sign of Weakness” and confirms the breakdown and the Head and Shoulders top. Now 165 range on GS should be resistance. The Head and Shoulder top for GS took about 5 ½ months to complete and in general the decline should last around 5 ½ months and take in mid July for the next bottoming period. Also notice that the Bullish Percent index for the financials (chart below volume chart) has had a bearish crossover. The bottom window is the MACD and notice that there is no bullish divergence but is turning up which we imply that GS may get back to the Neckline near 165. We are looking for a modest bounce in the SPX over the next couple of weeks and GS could bounce also near the 165 range resistance. The Head and Shoulders top in GS have a minimum measuring

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downside target near 125. If JPM and GS topped out which is about 20% of XLF then XLF may also may be pulled down. We are short XLF at 14.30.



The bullish combination of RSI near 30; Chaikin Oscillator near -10m and Money Flow near 20 suggested a bottom is in the process of being completed and in the last couple of days On Balance volume Plugged to a low and adds support for a bottom here on GDX. Resistance lies at the previous high near 51 on GDX which equates to around 29 on GDXJ. Last week we showed the Cash Flow on the Rydex Precious Metals funds reaching a level where lows have formed in the past on GDX and checking today that we find there are still at the bullish levels. We are long GDXJ (gold junior index) instead of GDS because junior should outperform the seniors. The next rally in GDXJ will be telling in that if it finds resistance at 29 then a more complex consolidation could be forming. In general Seasonality for gold doesn't turn bullish until July and the market could form a trading range until then. We will watch the 29 level on GDXJ closely. Gold has strong support near 1050 range which equates to 103 on GLD. **Long GDXJ at 24.08 on 1/22/10.** We will hold GLD as our core position as well as NXG, CDE and KGC because in the longer term view these issues will head much higher. Long GLD on 12/14/09 at 110.24. Holding CDE (average long at 27.7. Long KRY at 1.82 on 2/5/08. We doubled our positions in KGC on (7/30/04) at 5.26 and we now have average price at 6.07. Long NXG average of 2.26. For examples in how "Ord-Volume" works, visit www.ord-oracle.com.



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