

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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Intermediate term trend is bearish. Near term market has rallied to our gap target at 111.50 and tested the 1/21-1/22 gap on much lower volume and shows this area has resistance. The Chaikin Oscillator is at a level where previous pullbacks for the market have occurred and suggest the upside is very limited. The pull back is to be

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watched closely. If volume picks up on pull back then that would be bearish. If volume is light on the pull back then another rally may be coming. Our thinking is that the market may consolidate up into March 6 (Anniversary of last year low) and then turn down from there. The decline from the January high came on increased volume and the bounce to current levels came on decreasing volume and shows there is more energy pushing down and a bearish sign. The Aroon indicator is on a sell signal. The % Volume indicator is showing major negative divergence and a bearish intermediate term sign. The ARMS index closed yesterday at 3.01 the day after a top was hit and normally in this condition market will trade sideways for a few days and could trade sideways into March 6 timeframe. We remain bearish.



Above is the daily Financial Sector (XLF). The weekly charts on XLF suggests that XLF may have topped back in 10/09 at 15.76 and the weekly Fibonacci retracements of only 35% of the previous decline suggests at some point XLF could test if not break the March 09 low near 6. We were looking for XLF to have resistance at the gap level near 14.30 but market has rallied higher and has tested the previous highs of early February at 14.60. This test of the previous highs came in much lighter volume and a bearish sign. The On Balance Volume indicator has surged on the current bounce and surges in OBV recently have had bearish implication. Also the Chaikin Oscillator has reached the 100m level and previous times over the last 6 months when this has happen the market pulled back. XLF is stretched short term with declining volume and suggested pull back is coming. We are short XLF at 14.30.

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Above are the weekly charts for Gold and GDX. Both indexes drew bullish Head and Shoulders bottoms and both broke their Necklines with a “Sign of Strength” and have confirmed the “Head and Shoulder bullish patterns. It is normal for markets to pull back and test the Necklines before heading higher and that may be happen here both on GDX and Gold. The Neckline on GDX is near 39 and for gold is near 1000. The weekly momentum indicator, the MACD is trending lower and suggests both markets are in a consolidation phase. Also the XAU/Gold ratio is trending down and shows Gold is outperforming XAU and is also a bearish sign. When XAU starts to outperform gold then this ratio will turn higher and a bullish sign for both markets. Both GDX and Gold could consolidate into March. Our stop on GDXJ was hit at 24.08 for a breakeven. We will wait for the current consolidation to be completed. **We are putting stop on GDXJ at 24.08. 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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