

“...Let us run with patience the race that is set before us.” Hebrews 12:1

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EXCERPT ONLY

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STOCK INDICES

03/31/09 - Outlook 2009 (1-9 mos.):

Stock indices remain in a multi-year bear market. This is expected to continue into 2010... and could stretch beyond that time frame (depending on market action leading into and out of crucial cycles in 2009).

However, the DJIA reached BOTH its 1-3 year downside objective - at **6,948** - **7,197/DJIA** - and a

web of intermediate (3-6 month) downside wave targets - at **6,421** - **6,524/DJIA** - during its latest cycle low, on February 23 - March 6, 2009.

So, there is very little (additional) downside potential for the next 3-6 months. As a result, the March 6th bottom could hold through the rest of 2009.

If this is going to be the case, the weekly trends must turn up during the current rebound (expected to last into late-April/early-May).

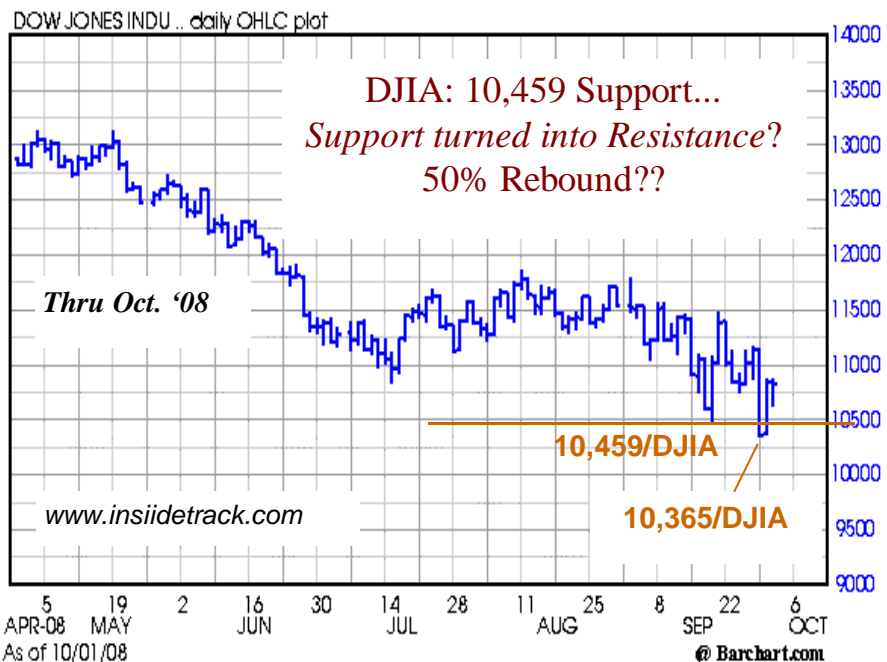
This has already taken place in the Nasdaq 100, but the DJIA & S+P 500 cannot do the same until at least April 10th.

(Continued on page 2)

The Marathon
(Big Picture)

(Overview for longer-term investors.)

03-31-09 - STOCK INDICES - Stock indices are validating major support and the February 23 - March 6th cycle low and could be setting a 3-6 month (or longer) bottom.



Honing the focus to the next 4-6 weeks, Stock Indices are expected to rally to at least 9,000/DJIA, the intra-year high of 2009. Actually, the entire opening range - **8,576 - 9,088/DJIA** - should be viewed as important resistance. This overlaps the monthly LHR - for April - near **8,830/DJIA**.

However, the most noteworthy level for the rest of the year is the one I described on the way down (before it existed, so to speak)...

Throughout early-2008, I described how I believed that the *midpoint* of the overall decline would come in the proximity of the previous support - at 10,573/DJIA.

On repeated occasions, I explained how the Stock Indices would probably spike into this support and then rebound BUT that the low created by that spike would only hold temporarily and trigger acceleration lower when it was violated.

Equally important, I speculated that that low would later represent a 50% rebound from the ultimate bottom (*support turned into resistance*)... and be a key level *on the way back up*. So, what transpired?

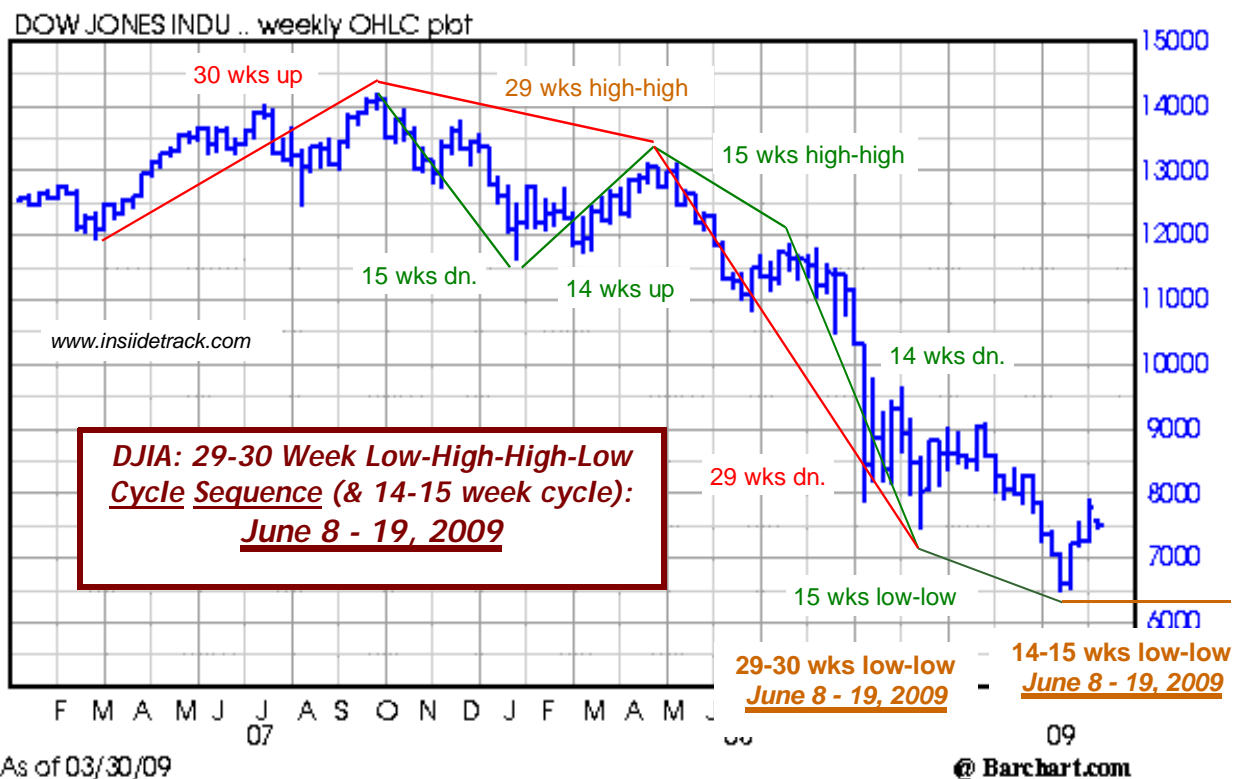
Well, the DJIA finally spiked into this support on September 18, 2008 - setting a low at **10,459/DJIA** - and then experienced its sharpest, 2-day advance in years (see 2008 chart above).

On September 29, 2008, the DJIA closed below this level and ushered in the accelerated portion of its decline.

After briefly bouncing into October 1st, the DJIA then fell farther in the ensuing *10 days* than it had in the preceding *10 months*.

It would not surprise me to see the DJIA retest this level - at **10,459** - before it ushers in any future waves down (to new lows).

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This is reinforced by a 50% retracement/rebound of the 2007 - 2009 decline.

Taking the distance between the DJIA's highest close (14,164) and its lowest close (6,627), a 50% rebound targets **10,395.5/DJIA** as a key objective.

That is very close to the **10,459/DJIA** 'support turned into resistance', creating a range of resistance at **10,395 - 10,459/DJIA**.

In addition, **10,365/DJIA** was the low of Sept. '08 and the low of 3Q '08.

As a result, it will be the quarterly 3 Low MARC in 2Q '09. This range should be viewed as the upside objective AND major resistance for any rallies in 2009.

Longer-term traders & investors (3-5 year or longer) should have exited the majority of equity holdings in late-2007 and remaining holdings in 2008, with an avg. exit price around 12,450/DJIA.

3-6 month AND 6-12 month traders should have averaged back into equities - on March 2 - 6, 2009 - buying at 7,058 down to 6,469/DJIA... or an average entry of about 6,763/DJIA.

Risk a weekly close below 6,469/DJIA. Take profits on 1/2 of this position if/when 8,550/DJIA is hit. **IT** www.insiidetrack.com

INSIIDE Track & Weekly Re-Lay publications will continue to monitor this analysis for a 3-6 month advance - in Stock Indices - and an ultimate rally to **10,459/DJIA** (possibly as high as **10,573/DJIA**) in 2009.

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