

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

by Eric S. Hadik

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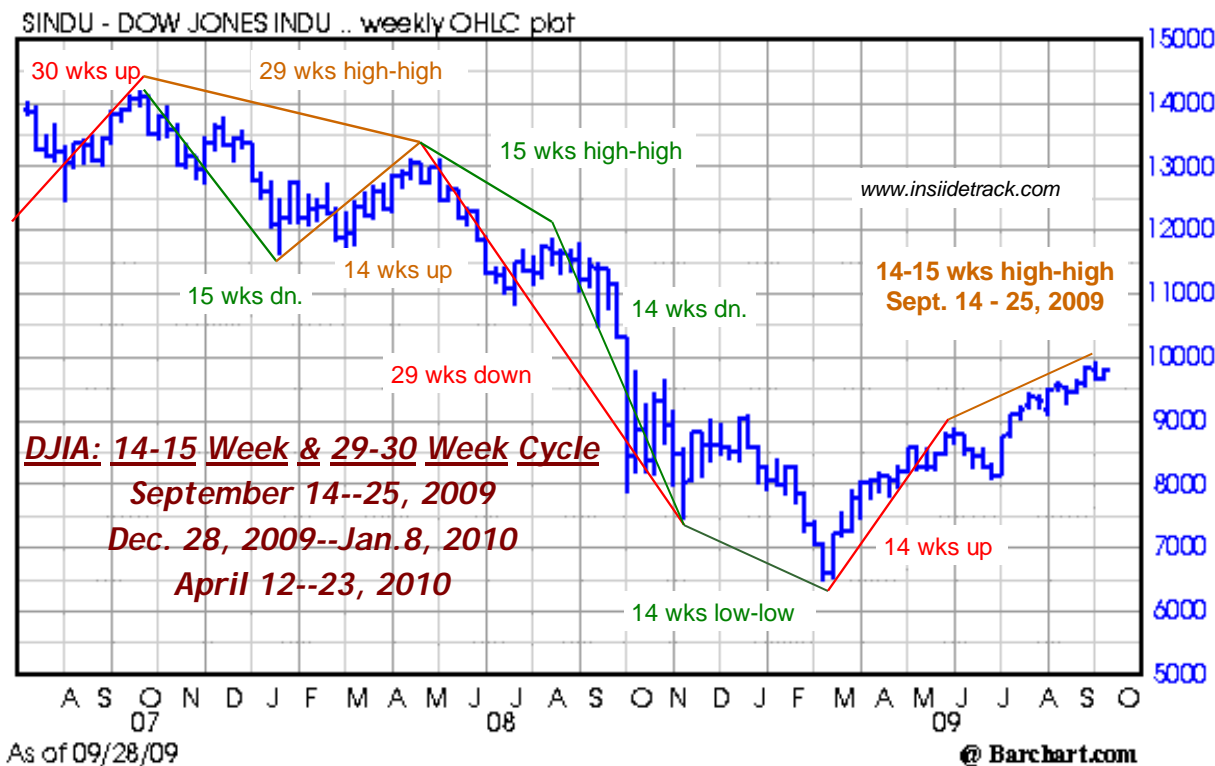
## STOCK INDICES

### 09/30/09 - (1-3 & 6-12 month outlook):

Stock indices reached their next upside objective (as part of overall expectations for an advance to 10,300 - 10,600/DJIA), by spiking above 9,700 (while the SP attacked 1085 and the NQ spiked above 1730, their respective, corresponding upside targets).

On a near-term basis, the Indices did pull back into September 2/3rd - without turning their intra-month trends or daily trends down - and validated the potential for a final rally into mid-September. As reiterated last month, two of the most consistent cycles of the past 3

(Continued on page 2)



years were still governing equities:

*“One of the strongest reasons for a rally into mid-month comes from the 14-15 week cycle that has governed Stock Indices since October 2007... and which pinpointed the March 6th bottom.*

*Since October 2007, the DJIA has seen a 15-week decline followed by a 14-week rebound. This gave way to a 15-week high-high cycle and then a 14-week decline... followed by a 15-week low-low (into March 2-6, 2009). Stock Indices then rallied for 14 weeks - into June 8-12, 2009 - and could produce a subsequent 14-week high-high cycle if they set a peak on **September 14 - 18, 2009.***

*This is particularly intriguing since the 14-week cycle would then project another top near-year end and a subsequent top in **late-March/early-April 2010.** At the same time, the 9 & 18-week (as well as 36-week) cycle could also project a top in **March 2010.**”*

September 2009 INSIIDE Track

The ideal scenario was described in this manner:

*“Stock Indices would bottom on September 2/3rd (2nd is the ideal date since it is also mid-week) and then rally into September 11th, testing and holding their weekly LHR levels in the process. Currently, these levels are setting up around 9,650/DJIA, 1045/SPU & 1688/NQU...”*

*This would then give way to a spike high - on **Sept. 14/15th** - and then a weekly reversal (ideally, a weekly 2 Close Reversal) lower on Sept. 18th.”*

September 2009 INSIIDE Track

The Indices did bottom on Sept. 2/3rd and did surge into Sept. 11th, testing and holding their respective weekly LHRs in the process. This pattern projects an intermediate peak in the ensuing 1-3 weeks, which is also what took place.

The expected pattern for a final top was updated on Sept. 16th, even as the Indices were rallying:

*“**Stock Indices** have fulfilled most of their upside expectations - in time and price - leaving*

*them poised to enter an intermediate correction. This has NOT yet been signaled - nor has any reversal lower - so the uptrends remain intact and could prompt additional upside...this advance could extend into next week. The reason is the 14-15 week cycle & 29-30 week cycle that have been in play since March 2007...”*

*A peak during the weeks of **September 14--18<sup>th</sup>** OR the week of **September 21--25<sup>th</sup>** would complete:*

*-- A 29-30 week rally from the March 6<sup>th</sup> Major cycle low.*

*-- A 14-15 week high-low-high-high-low-high-high Cycle Sequence.*

*-- An equal-duration rally to the longest rally of the past 2 years (March 2007--October 2007 rally was 30 weeks long).*

*-- A pattern of 29-32 week advances, dating back to 2005. In the past 4 years, the DJIA has seen 4 advances that exceeded 4 months in duration. All 4 of them have lasted between 29--32 weeks, including the current, 4<sup>th</sup> one.*

*From a price perspective, the DJIA has finally spiked above 9,700 - fulfilling its primary upside price objective for this 6-month period. However, the ultimate upside target - for the 12 months following March 6<sup>th</sup> - has remained at 10,300--10,600/DJIA.*

*...the NQZ is nearing 1730, the level that showed great synergy for a potential top. It also turned out to be the upper end of monthly resistance and the weekly HHR for the current week. So, the markets appear to be in the vicinity of a potential 1-2 week top (and likely a 1-2 month top).”*

September 16, 2009 **Weekly Re-Lay Alert**

And then, the final ‘tweak’ set the stage perfectly for a daily and weekly top:

*“Stock Indices tested and held their weekly LHR levels on September 8--11<sup>th</sup>, projecting an intermediate peak within the ensuing 1-3 weeks. They finally reached their upside price targets (the DJIA rallied above 9,700 while the NQ hit 1730; the SP still has the potential to test 1085) on September 14--18<sup>th</sup>, although they have not yet reversed*

lower.

...The Indices could test their intra-week PLLR levels in the next day or two (9,915 is this level in the DJIA), before peaking. The first sign that a reversal lower is taking place would be daily closes below 9,679/DJIA, 1044.5/SPZ & 1693/NQZ... OR if they give a spike high and daily 2 Close Reversals lower.

3--5 week traders can sell the Dec. e-mini Nasdaq 100 futures at current levels and average in up to 1780/NQZ. Place buy stops at 1811/NQZ."

9/22/09 INSIIDE Track Intra-month Update

...I have included a copy of the original, **14-15 Week & 29-30 Week Cycle** chart that was published on Feb. 27, 2009... and showed the cycle argument for a 6-12 month bottom by March 6th.

On page 6, I printed an update of this chart that includes the latest phase of these cycles (Sept. 14 - 25, 2009) and the next two phases. As long as the Indices do not give weekly closes above the intra-week highs of Sept. 21 - 25th, these cycles will remain in force and would project another important high at year-end. A sharp correction is expected in the interim.

There is an overlapping cycle - that has governed these markets for a decade - that should also be monitored. It is the 71-73 week cycle - and its factors of 36 weeks & 18 weeks. This cycle next comes into play during the week of **November 9-13, 2009** and is expected to create an intermediate bottom. Price action during the second half of October should help pinpoint the most likely (price) level for a bottom.

...As long as the Indices do not turn their intra-year trends down - between now and **Nov. 9-13th**, the 6-12 month outlook will remain unchanged... and would still look for another advance into **March 2010** (possibly, extending into **April 2010**). **IT**  
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INSIIDE Track will continue to examine analysis for a 6-12 month surge - from March 6, 2009 into **March 2010**. The next important bottom is expected in **early-November** and should give way to a surge into year-end and up to **10,300 - 10,600/DJIA**. An initial peak is likely in **early-January 2010**. **IT**

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