



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

by Eric S. Hadik

December 2009

Vol. XXVII Number 1
EXCERPT ONLY

CONTENTS

- Stock Indices Analysis.....1
- DJTA Cycle Chart.....1

STOCK INDICES

12/04/09 - (1-3 & 6-12 month outlook):

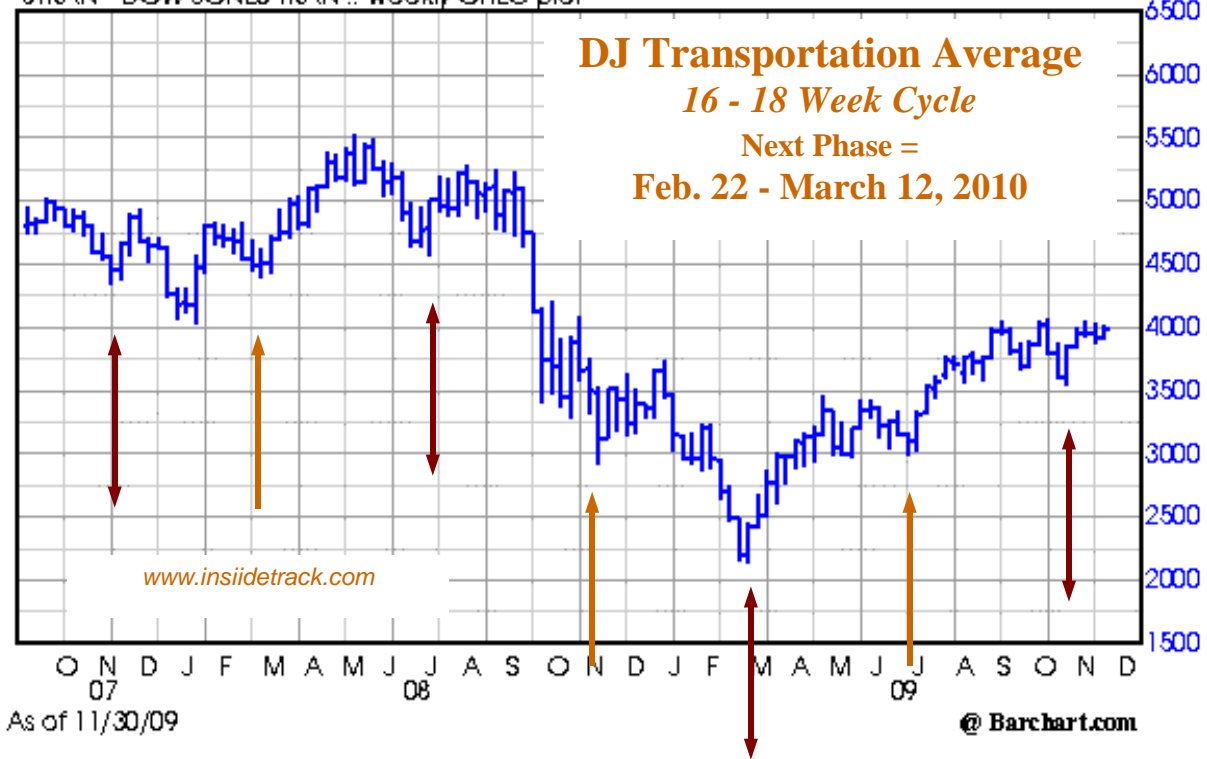
Stock indices remain on course for an overall advance into March 2010, but have reached their primary, 6-12 month upside objective (10,300 - 10,600/ DJIA).

This particular target also had a *time* constraint - it was/is the ‘*upside objective for all of 2009*’.

As a result, the DJIA could surge above it - without violating this analysis - on January 2nd or later. However, there is a corresponding resistance level - from 10,573 up to 10,698/DJIA - that is

(Continued on page 2)

STRAN - DOW JONES TRAN .. weekly OHLC plot



purely price resistance and which has been discussed for over two years. It is best described in the following Nov. 21, 2009 *Weekly Re-Lay* excerpt:

'Stock Indices are trading in the range that represents the primary upside objective for all of 2009 - **10,300--10,600/DJIA**.

Since late-March - within weeks of the 6,469/DJIA bottom - this has been the target for what was projected to be a 6-12 month advance.

The greatest synergy of resistance and upside targets comes into play at **10,365--10,459/DJIA**. The DJIA has made it to **10,438**.

Actually, this upside target came into being before the market ever broke below it.

Throughout 2008, this level (at the time, the most important price was **10,573/DJIA**) was described as the projected midpoint for the developing decline and a future, upside target once Stock Indices had made it down to 6,948--7,100/DJIA.

In other words, this has been a 'balance' or 'equilibrium' point for the DJIA for a few years.

There are several previous lows (support turned into resistance) at **10,661--10,698/DJIA** that corroborate this analysis and which should act as a potential ceiling... at least for this initial advance.

From a longer-term wave perspective, this area has been key resistance & support all decade.

In 2002, the DJIA rebounded to **10,673** before its final decline - to 7,197. This made **10,673/DJIA** a type of 4th wave of lesser degree on the way down... and initial resistance on the way back up.

In 2006, the DJIA pulled back to **10,663** before its final, and most dynamic, advance

- to 14,198.

This made **10,663/DJIA** a type of 4th wave of lesser degree on the way up... and initial support on the way back down.

There are many other reasons why this range - mostly between **10,300 & 10,600/DJIA** - is a critical level for Stock Indices... and why an intermediate top is likely in this range.

This price target, however, does not dictate timing. The Indices could test this range multiple times before a significant correction is signaled."

This level is not constrained by time and could be tested at any time. It would not surprise me to see a spike up to this range in December.

From a cycle perspective, Stock Indices have been back in an up cycle - since early-November - and could stretch the current rally into **early-January**.

This is due to the 14-15 week cycle that pinpointed the March 6th bottom, the early-June peak and the mid-September peak. The next phase is between **December 28, 2009 - January 8, 2010**.

Looking out a little farther, **early-March 2010** remains the most synergistic cycle of the next 6 months. Stock Indices are still expected to rally into this period.

A peak in **early-January** - creating a 60-degree low-high-high Cycle Progression - could reinforce this.

As discussed many times over the past decade, the DJ Transports often give a little clearer picture of evolving trends and/or cycles.

They perfectly adhered to the late-September cycle peak and corrected into the early-November cycle low. They - along with all the Indices - have entered a new wave higher since the early-November cycle low.

One of the interesting things about the DJ Transports is how they have adhered to the 16 - 18 week cycle, while the DJ Industrial Average has vacillated between a 14-15 week and an 18-week cycle (these are not that different but leave enough room for ambiguity at key turning points).

The chart on page 9 illustrates this **16-18 Week Cycle**, which next comes into play - right on schedule - in **early-March 2010**.

In fact, the November 2 - 6, 2009 bottom was a perfect fulfillment of both a 17-week and a 34-week low-low-low Cycle Progression in the DJTA (the 34-week Cycle Progression - which actually is a low-low-low-low - is shown in **burgundy** and with the double arrowhead).

The bottom line is the same as it has been since March 2009... The Indices remain on track for an overall advance into **March 2010**. *IT* www.insiidetrack.com

Stock Indices continue to reinforce the overall outlook for a 6-12 month surge - from March 6, 2009 into **March 2010**. The **early-November** cycle low added another level of validation to this outlook and ushered in the next phase when Stock Indices are expected to surge up to - and ultimately above - **10,300 - 10,600/DJIA**.

A rally into **early-January 2010** is still projected and would set the stage for an initial peak and subsequent pullback. There are additional cycles that - if confirmed - could extend this advance into **April 2010**.

INSIIDE Track & the **Weekly Re-Lay** will elaborate on this - and much more - analysis in the coming weeks and months. *IT*

Information is from sources believed to be reliable, but its accuracy cannot be guaranteed. Due to futures' volatility, recommendations are subject to change without notice. Readers using this information are solely responsible for their actions and invest at their own risk. Past performance is no guarantee of future results. Principles, employees & associates of *INSIIDE Track Trading Corporation* may have positions in recommended futures or options. No part of this publication may be reproduced or re-transmitted without the editor's written consent. All **Tech Tips** ? (underlined and italicized) -- as well as the term **Tech Tips** ? -- are trademarks of *INSIIDE Track Trading Corporation* and all unauthorized reproduction is strictly prohibited.

Copyright 2009 *INSIIDE Track Trading Corporation*

*INSIIDE Track*TM newsletter is published monthly with periodic (2-3/year) Special Reports. *Eric S. Hadik* -- Editor

SUBSCRIPTION RATES:

- | | |
|---|--|
| Monthly newsletter with periodic Special Reports: | • \$179 per yr. (12 issues) |
| Monthly newsletter plus intra-month Updates package *: | • \$199 for 6 mos. (6 issues & 6 months) |
| Monthly newsletter plus intra-month Updates package *: | • \$297 per yr. (12 issues & 12 months) |
- **Eric Hadik's Tech Tip Reference Library* is available for \$249 (included as a FREE bonus with either 'package' subscription)

Make checks payable to *INSIIDE Track Trading*. Credit Card payments can be made via www.PayPal.com (to '*INSIIDE@aol.com*')
PO Box 2252 • Naperville IL 60567 • 630-637-0967 (vc) • 630-637-0971 (fx) • *INSIIDE@aol.com* • www.insiidetrack.com

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY A PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE MANY OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF A SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS -- ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.