



Thursday, 28 June 2012

While US newsletter writers are in a fairly optimistic mindset right now, the investing public is much less so. The latest AAI data shows lots of bears – 44.4% – compared to just 28.7% bulls. A negative spread like this is, of course, somewhat positive for the outlook for stocks. But I would caution that there is potential for investors to become much more bearish before a more lasting low is reached. That was certainly the pattern during the last two summers.

I must confess I am not hurrying to establish new positions in the US indices at this point. The price action is messy and confused, while the latest Eurozone summit could easily spring a surprise on the markets.

Dominic Picarda CFA, CMT

S&P 500



IG Index chart

Outlook, Wednesday 27 June: *"I do not see the index progressing much beyond its 55-DAY EMA (1334.6)." The S&P's rally did not even get as high at that line yesterday and has reversed sharply overnight. Such buying as there was yesterday was accompanied by even lower volumes than on the day before. A return to **1300** is my near-term objective.*

I'd be interested in shorting reversals around the 55-tenminute EMA (1328.23).

SUPPORT	RESISTANCE
1321.33	1356.80
1309.24	1350.45
1296.06	1341.79
1291.98	1331.38

DOW JONES



IG Index chart

Although the Dow peeped above its 55-EMA on its fourhourly chart, it failed to make meaningful progress beyond there. And since its gains of recent sessions have been so quickly reversed, I see no reason to change my bearish bias for now. A dip back below **12400** is the first objective. I may hold off getting seriously involved again until after the Euro summit is out of the way.

As with the S&P, I'd consider shorting the Dow on a drop back through its 55-tenminute EMA.

SUPPORT	RESISTANCE
12533.1	12924.8
12460.5	12840.7
12395.7	12686.9
12310.8	12615.2

NASDAQ 100



IG index chart

I remain uninspired by the Nasdaq's action. My suspicion is that the summer shakeout has farther to go. However, I would sooner be shorting a strong downtrend or at an overbought extreme. Right now, neither applies. My near-term objective is still below **2500**. But I am not hurrying to trade.

I'd sooner be shorting elsewhere for now.

SUPPORT	RESISTANCE
2549.25	2633.21
2527.12	2619.64
2514.04	2597.19
2493.80	2574.01



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