

Monday, 09 July 2012

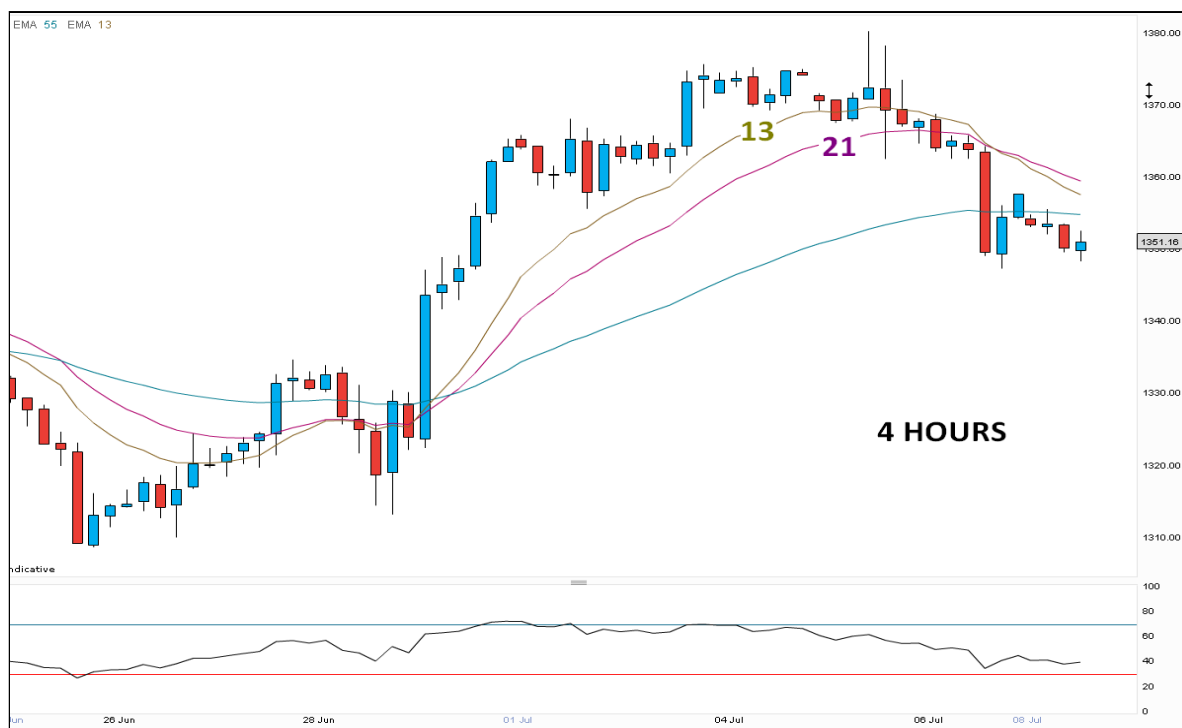
While I went into Friday bullish and looking to buy Wall Street again, I made a point of holding off until after non-farm payrolls were announced. My record of trading on NFP day is shocking. And had I gone long in advance of them on Friday, it would have become even more shocking still. I am glad that I hung back, although the big move lower certainly presents a challenge to my overall positive view of where the US indices are headed.

The accompanying chart shows the S&P's action since December on a 4-hourly horizon. Compare the major rally that kicked off at the end of 2011 with that which back in June. The previous move up was smooth and steady, while today's has been jolting and jagged. While I am keeping faith with the bulls for now, I do not like the shape of the action, I must admit.



Dominic Picarda CFA, CMT

S&P 500



IG Index chart

One bullish crumb of comfort here is that the selling of the last two sessions was not accompanied by much in the way of volume. Despite the latest decline, I am still minded to stay positive here for now. The index remains a bit above its 55-day EMA (1342.07), while the Dow-theory is still in a primary uptrend.

A powerful rally through the 21-fourhourly EMA (1359.66) would signal a return to the uptrend for me.

SUPPORT	RESISTANCE
1350.45	1387.34
1336.22	1372.57
1325.92	1363.53
1313.42	1356.80

DOW JONES



IG Index chart

Friday's sell-off drove the Dow right back down to its 55-day EMA, a line which it bounced off in order to achieve a rather higher close. The lurch lower has created a very jagged-looking chart, which is not a customary feature of a genuine rally. However, I am still focused on the scope for gains to **13031** and **13173**. However, I need to see firm evidence of a revival before acting.

A big move through the 21-fourhourly EMA would likely get me long again.

SUPPORT	RESISTANCE
12686.9	13031.0
12608.9	12924.8
12530.7	12899.5
12450.7	12840.7

NASDAQ 100



IG index chart

The tech index took a battering on Friday and has travelled much lower than I would like to see given my bullish outlook. Still, it has already experienced two big shakeouts in June, both of which led to further gains. So, the latest reversal is not the end of the world. I continue to seek a move to **2683**.

A determined push through the 21-fourhourly EMA (2622.9) would signal a resumption of the uptrend.

SUPPORT	RESISTANCE
2597.19	2661.10
2574.01	2649.11
2554.94	2633.21
2527.00	2619.64

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