

# SHANGHAI COMPOSITE: LOOK OUT BELOW



January 10, 2010

## **CHINA**

Due to political "difficulties", the true Asian problem by far is China. At the lows ("anything below 2,000"), I forecast a countertrend rally to the 3,000 – 4,000 area.

Page 4 illustrates the 2-year daily and 10-year weekly charts, respectively. We see that the Shanghai index bottomed ahead of the other world indices in the 4<sup>th</sup> quarter of 2008 and began its countertrend (a-b-c) rally then.

Please note that 2009's rally is all a wave-c, and its form is similar to the other key Asian indices. As regards the conclusion of wave-c, a dénouement that presents multiple money-making opportunities, last month's conclusion wrote...

## Strategy

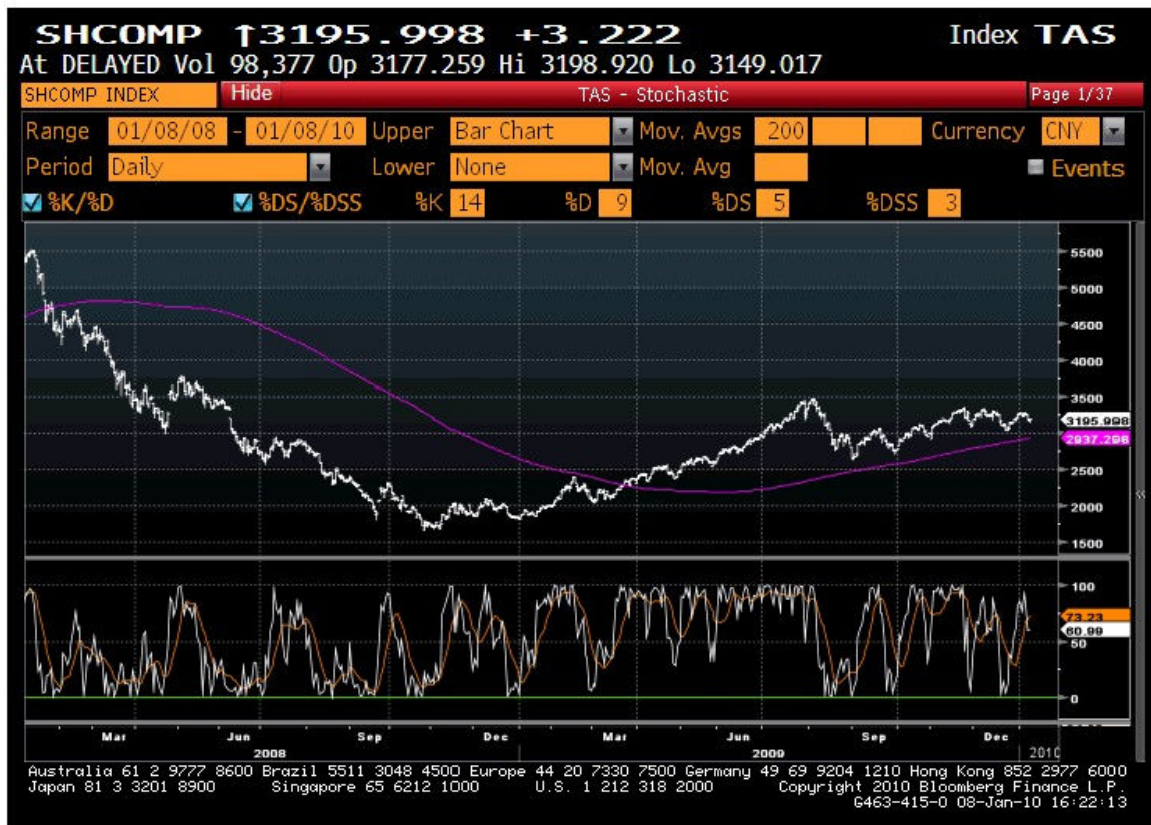
"...this index is points away from its top. The timing of the peak may be when the tracker indices come onto line with it, but that's just an educated guess. Breaks of the moving averages could open up the gates to the downside. And what will Asian bourses do then?"

Indeed, this badly weakening index is just points from 3,500 and the end of

wave c of c. Yes, it is THAT close to its demise.

To exemplify the effects on the other bourses and the similarities of their intermediate term (6 month) patterns, today we look at an additional market on page 5: Korea.

Again, the graphs on page 5 are 2-year daily and 10-year weekly charts, respectively.





## Sid Klein

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