

“UNDER DOW 9000”



September 29, 2008

Today's Dow break of 6%, along with the unanticipated acceleration in the VIX reconfirms previous and oft-reiterated forecasts, which I summarize here:

The Dow will fall to below 9000 with speed, when it finally occurs. The Dow will rally for 6 months, before collapsing to below 9000 by yearend.

Another, and key forecast (made in the 4th quarter of last year): When the market knows that it is going somewhere (lower), everyone tries to beat each other to it and contributes to its spiral. I also discussed that this is so largely because of the fact that we came unto a period (since quite a while), where the fundamentals are known BEFORE the price action, which used to DISCOUNT news.

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Anyway, I was off about the VIX this time, but, as I warned, when a negative acceleration occurs in the stock market, the short-to-intermediate term indicators fail, and give way to a tide that turns bull to bear. With that, the new parameters for the indicators are now in place for the foreseeable future. Okay, that was for the technicians.

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So, if we have a low by Wednesday night (1st day of new month) for a month, or not, the big picture remains to "below 9000 in 2008". Do not breathe a sigh of relief with the market next month.

November and December are going to be hell.

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