

# ***Dow Jones: Debacle Resumes***



**February 4, 2008**

**Dow:**

**From the January 24, 2008 report:**

**"Anyway, the first stop forecast was for 11,200, en route to 8,800. We got to 11,500. Close enough. In any event, the Dow should pull back after this 1000 point spike up, before rallying to still higher levels as I warned the panicked at the beginning of the week. Thereafter, hell."**

**As you can see from the chart immediately below, the panicked had the Dow reverse 1000 points on them and then, as forecast, pull back, before a rally toward 13,000, also as forecast. The last aspect of the reprinted forecast above would be the ensuing "hell."**

**So, yes, that hell may have begun or may recommence at absolutely any moment.**



Simply note the following 1-year chart. The Dow has rallied into **neckline resistance and has approached the 200-day moving average**, which means that that the resumption of the debacle could occur at any time.

Quarter-end and April will have been the hell unfolding, and we'll see just how much of the Dow 8,800 target is indeed realized sooner, rather than later.

**Strategy:**

Suppose you want to **cut your risk in half and double your leverage too**, and further suppose that you don't mind profiting only little from a bigger collapse that occurs sooner, as you prefer to err on the side of caution, risk aversion and capital preservation, then an April – March Dow put spread is appropriate. It's a matter of choosing the correct strike price...and the leverage is huge!



**Good fortune to all,**

## Sid Klein

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