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**Dow Jones 12000**  
**Nikkei 8300**  
**Shanghai 2300**  
**SLV Pause:**  
**Adaptation is Survival**



June 4, 2012

**NEW YORK**

Notwithstanding the worst case scenario that allows for 11,000 on the Dow Jones, for clarity, I must reiterate what had been my stated worst case scenario, during the period when I felt that the Dow would decline to 12,300: an intra-day hit only below 12,000.

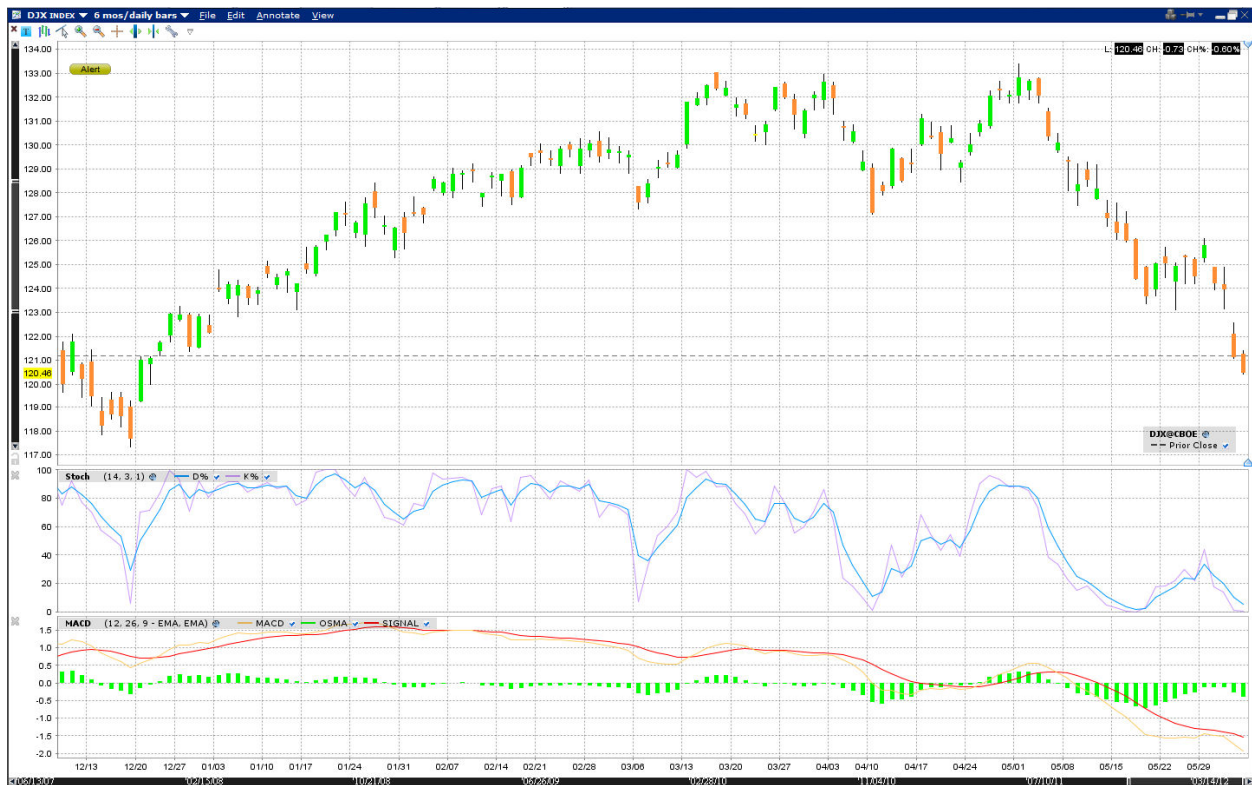
At this time, there are large positive divergences on the Dow, as well as big negative ones on the countertrend VIX.

For now, this is all I see on the downside (today's 12000), with a real chance that this is a starting point for a sizeable countertrend summer rally. Therefore, traders may wish to adjust positions for this week. (This is the week when much will be clarified.)

For both the Dow and VIX charts below, please note the above-referenced stochastic beneath the respective price charts. Only the Dow chart includes the MACD.

On other charting services, the divergences are somewhat greater and more obvious.

### 6-month Dow Jones



### VIX

#### 6-month VIX

Please scroll to p.3.

