

IT'S URANUS vs. SATURN! (PART 2)



April 27, 2010

Over the past 20 years, online, and as SKDF before that, an initial failed forecast has often been followed by PRECISE timing. We examine today's market in that light.

Regarding the failed initial short, I advised shorting in the Dow 10,200 area, and only advised caution against new highs, if that 10,200 – 10,300 area were worked through on the bounce back up off the lows under 10,000.

Okay, that's what "initial stabs" are for. Once the 10,300 level was plainly breached, I advised standing aside through March and quarter-end, to allow time premiums and volatility to flush out.

I have repeatedly warned that 11,200 or so is the level at which investors are "in" the market. Also, the 200-week moving average at that same level was a perfect stopping point. So, based on that,

From the April 21, 2010 interim report (last week):

"I'm now on record as having identified another major market peak. We have achieved "1931!" PERIOD."

I have cautioned that this peak marks the end of the insider stock distribution period – to form our “1931” - which, interestingly, is consistent with last week’s notation of the April 26, 2010 date, in astrological terms.

Yesterday’s date was the clash between **Saturn and Uranus**. So, many looked for fireworks. If I’ve learned anything about forecasters of any type, there is always an alternative interpretation which works.

Before expressing any cynicism about the science and art of astrology, allow me to be a good sport and supply the alternative scenario for those forecasters, who perhaps couldn’t mix their knowledge with a capacity to translate that it into market terms.

Saturn refers to the old guard, while Uranus represents new ideas and revolt against the status quo and convention. It is an easy translation, in fact:

Market manipulation is the ultimate example of (old) order, poetically too since it represents the old guard’s completion of their stock distribution.

A former colleague, who was a history major, once told me that the longer authorities manipulate a market, the worse is their ultimate loss of control. To mirror that apparent loss of control, the VIX will erupt. Why?

April 26 was indeed a major event: The old and unshaken force/trend peaked on that day, as the effects of Saturn have yielded to Uranus, going forward.

I don’t know if this flies astrologically, but the peak truly seems in.

April 21, 2010

“Well, look at the charts. Are the subdivisions complete? Perhaps a tick or two are left, but there is no further advance in the cards.”

“Okay, I’ve been informed that Saturn and Uranus are in opposition on the 26th of this month.....and that this means upheaval!”

“I have forecast and identified another peak from which volatility will spike (again), and the forecast has again been achieved, as in the past, in several letters.....again.”

For the precise entry point and strategy:

From the April 14, 2010 interim report:

“Following-up on recent discussion of whether the perfect Dow peak would end around the 200-week moving average, and discussion of the fact that the public is generally invested around Dow 11,200 (the “I’ll-get-out-when-I-break-even” attitude), please note that today’s close nearly represented a precise .618 retracement of the Dow’s 2008 collapse, along with an almost precise kiss of the 200-week MA. (.618 represents a key Fibonacci retracement level.)

“The Dow’s 200-week MA is at **11,133**, which, for all intents and purposes is where we closed today (see 10-year weekly Dow chart immediately below).

“On shorter term charts, it appears that the Dow’s 5th-wave is breaking down into a 5th-wave extension subdivision. Futures traders may try to catch a spear or, as I prefer, simply use premium flush-outs to purchase long term puts (leveraged but defined risk).

“You’re not a bear if you’re not fully short now!”

In support of the foregoing, we consider the following charts:

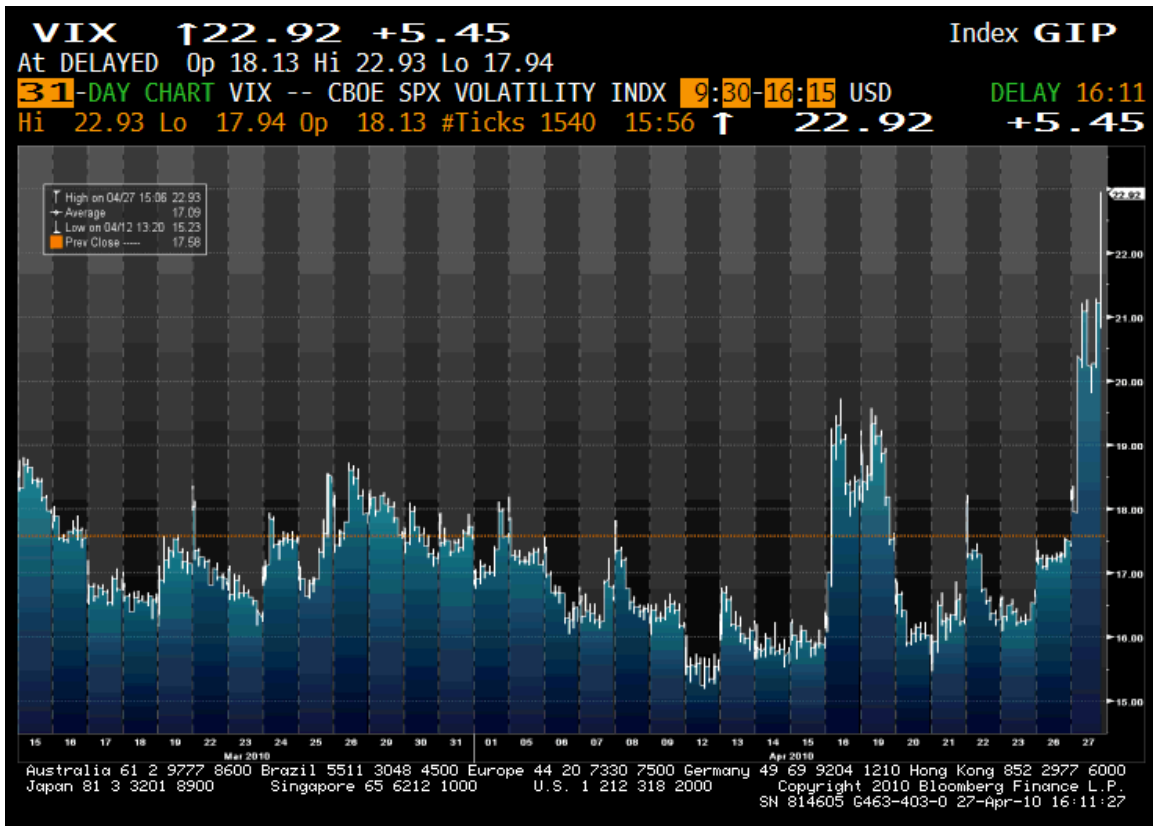
VIX

VIX 31-day

This chart reflects a left shoulder in early April, with a head at mid-month and a right shoulder very recently completed (as part of a bullish reverse shoulder-head-shoulder pattern), before today’s 5-point spike upward.

After a negligible loss, we are again 100% long, on board for major gains.

Please scroll to page 4.



GOLD

Gold has eclipsed its January peak. A natural stopping zone would be the gap area below \$1,200. **November's closing level** could closely approximate where gold stops its countertrend bounce, within this short term correction toward \$1,000.

I had considered the possibility of this level in prior letters, since I expect gold to hold at relatively high levels through any (mostly sideways) correction. Declining from a higher level would be consistent with the scenario of holding \$1,000.

However, will the XAU be temporarily dragged over its (own) January peak, creating a near term spike? We'll very soon see.

Gold 3-month



DOW JONES

The 6-month Dow and S&P charts which follow clearly illustrate a 5-wave advance that I warned would be the last move, if it were to materialize.

To ensure that readers and investors not lose sight of this enormous and absolutely crucial top, interim reports have remained frequent; the design of a play-by-play has been to heighten alertness for immediate action and lend confidence in being able to act convincingly.

These follow-reports have analyzed what I was referring to as the subdivision's final subdivision....and in the title.

In lay terms, the 6-month charts illustrate the larger 5-wave sequence, while the 3-month chart facilitates greater focus on the final subdivision's subdivision.

As per the title of the April 14, 2010 letter, "**THE VEXING VIX & THE DOW BLOW-OFF'S BLOW-OFF,**" The blue portion obviously refers to the final subdivision's subdivision. As for the VIX, it vexes no more.

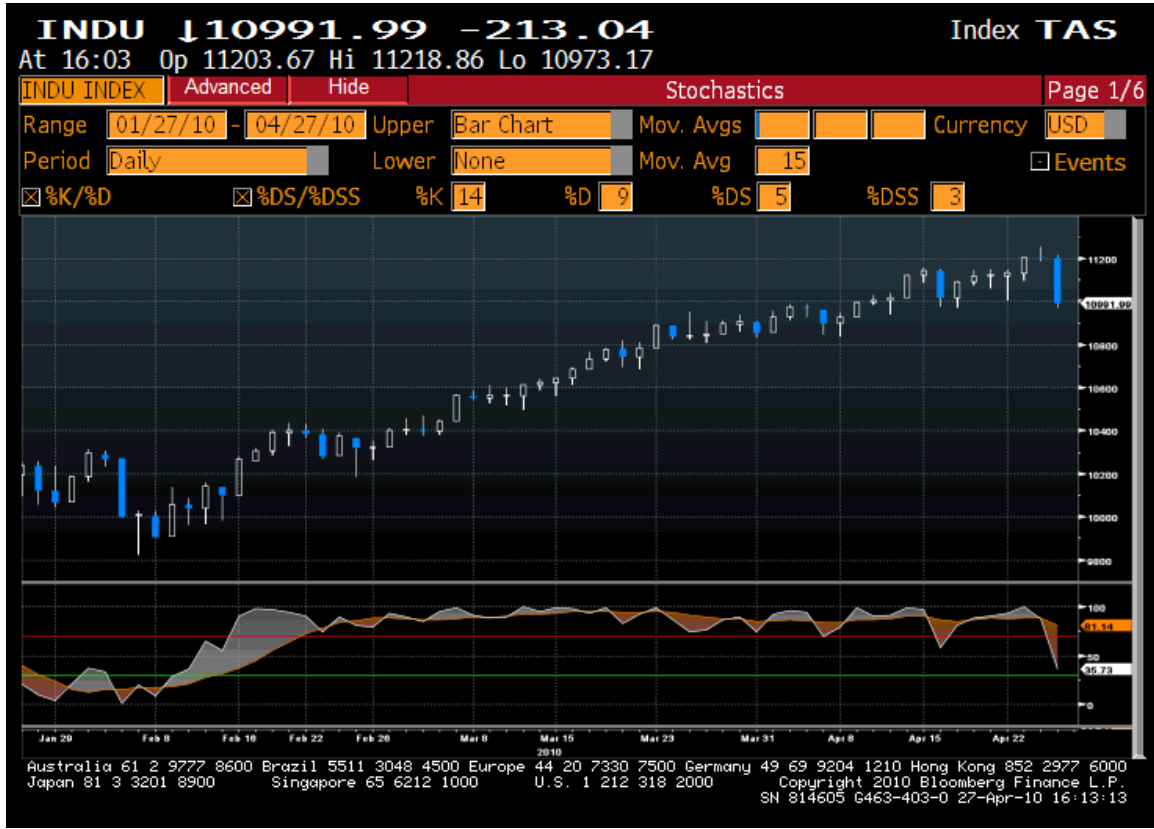
(The Dow is more manipulated and, therefore, the S&P easier to read S&P.)



S&P 6-month



Dow 3-month



S&P 3-month



CONCLUSION:

We have seen the top tick, as "1931" has been completed....at last.

NB: Critical time periods such as these, replete with trend changes, can have regularly scheduled reports replaced by a series of timely interim reports. That being said, the next interim report should focus on the currencies.

Sid Klein

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