

Dow Jones Update



June 10, 2008

NEW YORK

From the June 1, 2008 report:

"If the Dow makes a new short term low, I suspect that it will hold over 12,300, anyway.

"The message, simply put, is that the market seems ready to accelerate upward within this countertrend period. The key message remains, 'that the Dow will trade between 12,000 – 13,500 for 6 months.' This is a period to bash premiums, and plan, including how to plan incorporating those forecasted lower premiums."

From the same report nine days ago:

"At this quarter's lows, I wrote of a whipsawing 6-month countertrend period, which is actually deteriorating foreign investor wealth. The Dollar decline may resume now, but a 1,000-point Dow rally may lie ahead, as well."

While the 12,300 level on the Dow was broken by 100 points (see chart on page 2), nothing has changed.

For near-term speculators there is no change, nor is there a change in the view that a massive bear market has begun in all equity markets, except Japan.

Within it, though, a wild and whipsawing effect could result within a wide trading range, as countervailing forces exhaust themselves, before the bear resumes with little resistance.

Yes, the Dow could even trade outside the 12,000 – 13,500 range cited previously, and above. I wrote 10 days ago (see page 1) that the worst-case scenario for now should be 12,300.

Despite the 100-point break, I maintain this view and add that short-term trading is always perilous. Intermediate-term and long-term trends are ALWAYS my focus. The short-term helps.

Right now, if we're right about planning according to a 6-month trading range, and its ensuing collapse, of course, well, therein lies the prize.

What follows this midyear period will make history.



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