

Typical Pattern, but What?



August 1, 2011

DOW UPSHOT

Technically, the Dow's chart pattern is setting up an "outside day", which is what is was called before adopting Japanese terminology. Simply, today's action has already hit lower lows and higher highs than the preceding day.

The Dow is behaving similarly to the June 23 low, with, importantly, a typical news backdrop for a bottom (i.e. bad news on multiple fronts that were/are getting progressively worse but where a brief rally ensues that, at this point, for as little as 3 days.

Since this service is not intended for short term trading, I wish to stress that a sharp rally from the low, wherever it is exactly will be used to resume aggressive short positions, while partial profits may be taken by those traders.

The news focus will become the European banks being soothed by something positive on the US debt debate (a "two-fer" as it is called).

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