Sid Klein Global Strategy
1001 BOUL. DE MAISONNEUVE O., BUREAU 950, MONTREAL, CANADA H3A 3C8
TEL: (514) 939-2221 FAX: (309) 417-0942
e-mail: sidklein@sidklein.com
www.sidklein.com

25%?

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I have written of the 75% probability that the US stock market would peak at yearend, with a customary "wrong-way-fade" in the first week of January, before reversing to the downside, the primary trend for 2010.

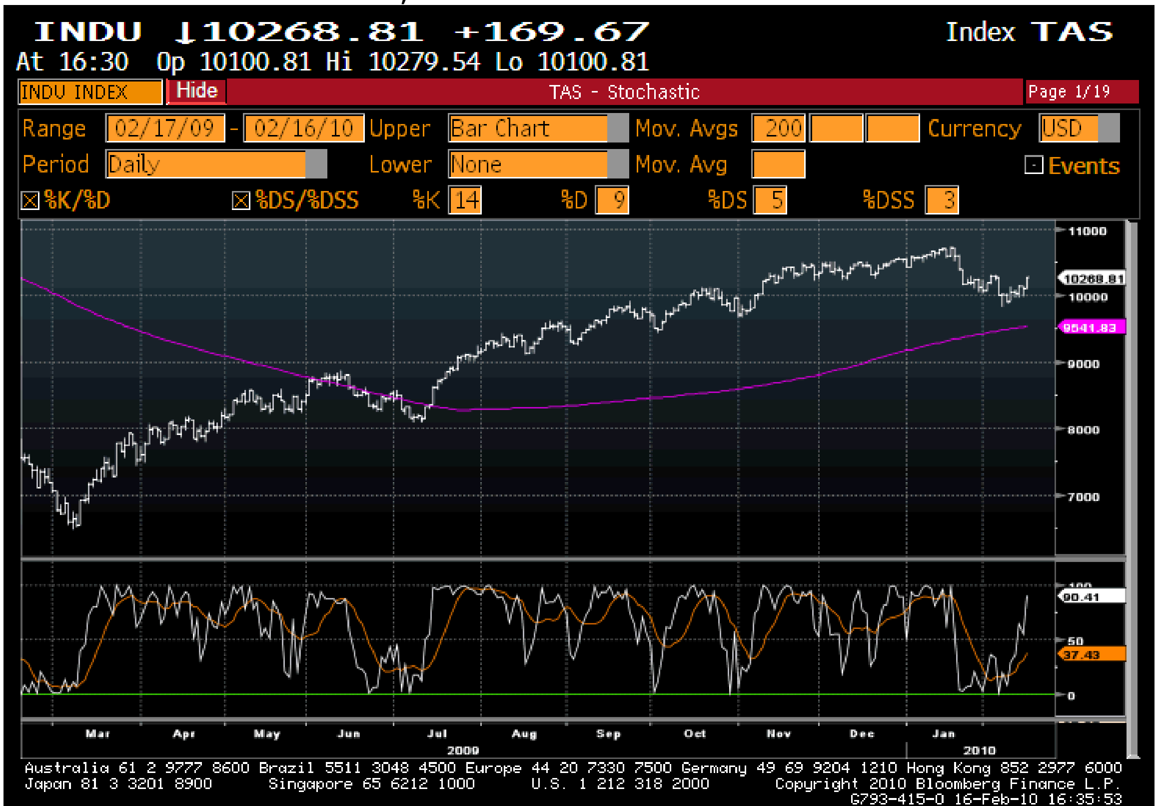
I added that there was a 25% chance, therefore, that the market would make a final and marginal new high in February (by 1%?).

Consistent with this, I have recently commented that any rebound from the recent bottom below 10,000 would be a bounce that would get stuck around 10,200, or make a slight new high, since the decline of 600 points was too shallow to allow for a rally that approaches the highs, without breaking them.

After all, why not run the stops and screw the majority over, as the markets are supposed to do, and indeed do, the majority of the time?

What follows on page 2 are 1-year daily **Dow** and **Kospi-200** (Korea) charts, respectively. The latter is included to provide a look at the type of pattern that I am talking about, once this 10,200 – 10,300 area would be broken to the upside.

Separately, **gold** should get stuck around $1,140 - $1,160, which would be consistent with an **XAU** pullback and resumed decline for now, from the forecasted 165 – 170 area (outer edge of that range already), since the latter has been tracking the Dow, and with a high beta, at that. This has been a very uncomfortable factor for me, as recent letters have underscored.



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