

JbG Technical Analysis

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Markets do not turn on fundamentals.. they turn on changes in trader's sentiment

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FINANCIALS



Prices broke the regressions channel on the downside. The attempt to redeem itself seems pretty anemic. I do not believe prices will reenter the channel successfully and move higher. Instead I expect that a long overdue correction will take prices lower. I expect prices to dilly dally in the 1,000 level then break to the downside. My guess is to the 950 area. Currently, I expect the top of the Gann square at 1118 to be resistance and will limit any rally over the next months.

NASDAQ



After giving a warning, this index broke and close below the regression channel. The first stop should be the MOB bar and the second the critical Gann line at 3085 (3985 was a typo).

December 10 yr Notes

Too volatile. No positions.

CURRENCIES

Weekly Cash US Dollar Index

It could be that the US index put in a significant bottom but not the mother of all bottoms.



(unch) Despite the fact that this index reacted out of the target I designated on the chart, it is too early to break out the champagne.. I have been alluding to the fact that whichever label on the chart one chooses, a rally from current levels is called for. If we choose to go with the red label then it implies that the five wave down move is complete so this index should rally off an important bottom. On the other hand if one chooses to go with the blue label then prices have met the wave three target area and should launch a wave four rally to the 79.50 to 80.00 area for a wave four then a drop to new lows. My bet goes to the red label because a triangle can only be a wave 4 and an oscillator used to identify a wave four has confirmed it. I hate to throw cold water on a celebration but.. five waves cannot make up an entire correction but rather rather one leg of it. In this case it may be the A of a huge ABC. If I am wrong on both counts, then I will go back to the drawing boards. We can make an educated guess if and when prices move decisively above 80.00.

December Euro



I prefer to wait it out. Therefore no positions at this time.

December J Yen

No position.

December B Pound

No position..

December Canadian Dlr:

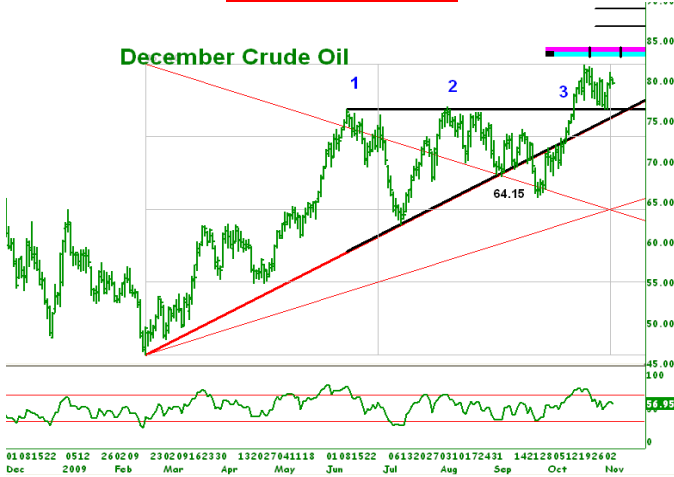
No position.

December Australian Dlr

No position.

ENERGY

December Crude Oil



(unch) I believe we have seen the extent of this rally for the time being. Although prices came to rest at the level of the previous two tops, I do not think this contract is ready to do battle with the MOB. A test of 73.15 is next in line with the critical Gann line at 64.15 being groomed as a downside candidate. Resistance should still remain at the top of the Gann square at about 82.20.

January Crude Oil



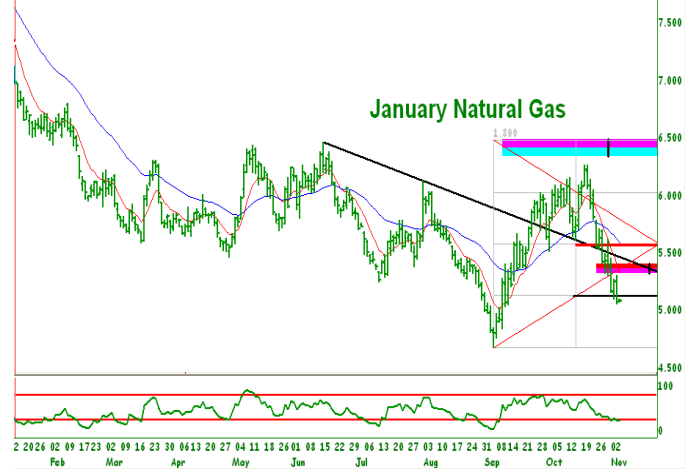
(unch) It appears that the top of the Gann square housed enough sellers to repel prices about down about \$5.00. From an Elliott approach, I would expect prices will hold at about 77.00 then work up to new highs. Should prices break out the top of the Gann square at 83.25, it would technically justify a move up to about 90.00.

December Natural Gas



Prices crashed below the critical Gann line as if it did not exist. The same happened to the MOB bar. The Gann line at 4.80 is being tested but is not doing a good job of containing prices. A test of the September low at 4.50 is next on the agenda. I do not expect any near term rally to extend very high. So long as nothing happens to excite the bulls, prices could eventually extend as low as 3.35 over the intermediate to longer term.

January Natural Gas



The MOB did not exist as far as this contract was concerned. Prices sliced through it easily. They are currently testing the next lower Gann line at 5.14 but that does not mean they will not sink even lower. It could be a safe bet to bet on at least a test of the September low at 4.68. then possibly lower

Metals

December Gold:

No position.

December Silver

No positions.

December Copper:

(unch) Protect long positions against a close below 286.00.

Agriculturals

December Corn:

Stopped out of the short probe.

November Soybeans:

No position.. Go short on a close below 9.65.

December Wheat:

Go long this contract risking a close below 4.93

Meats

January Feeders:

Stopped out of long positions.

February L Cattle

Add to long positions on a close above 87.75 risking a close below 86.45.

Softs

December Cocoa

No positions..

December Coffee:

Go long this contract on a close above 143.00.

March Sugar*

No positions.

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