

Market Technical Analysis REPORT

using *Integrated Pitchfork Analysis*



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MORNING of **May 21st – 2007**

The traders must progressively monitor the conditions of the market movements that validate or invalidate the recommended forecasts. The market forecasts of this study have a very high probability, but they might not be exact. An astute trader, always trades the market behaviour, not only the forecasts. *Go with the market, let it be your guide and never impose anything on its behaviour.*

Our research strongly suggests a “top-down” market analysis rather than other procedure. In our opinion, the performed studies with *Cash Index* data are more illustrative than those with *Futures Index* data. However, due to our *Futures* trading preferences, we will use every time, the most adequate data, for that specific traded vehicle.

1. Dow Jones Industrial Average Cash Index – DJIA



Monthly Chart – As the traders always say “*the Dow is the maker of the World Markets*”, I couldn’t more agree with it, due to indice’s ubiquitous influence. The market flow is continuing its strong up-sloping trend. The last bar, *the third green one in a row*, is strongly approaching the upper 25% slant line, a Gann ratio. The fast trespassing of the **ML** and **u-mml**, highly suggest the up-move continuation. The market flow is approaching the three decisive confluence points formed by some of the median lines of both pitchforks and the horizontal Fibonacci ratio lines at the probable W5 termination, the **13788** and **14026** levels.

Weekly Chart – W. D. Gann always said that the *weekly chart*, especially the *2-week swing chart*, is the *best indicator of the trend*. With the straight 7 green bars, in a row, the market flow confirms its strength. The *Fibonacci ratio momentum bar count* forecasts a probable trend reversal when the total number of trending bars is one of the Fibonacci numbers: 5, 8, 13, 21, 34, etc. It is highly probable that this may happen by the end of this week, when the market flow could reach the decisive confluence points at **13711** and **13805** levels.



Daily Chart – The up-sloping market flow tested and then re-tested the upper-median line of the major pitchfork (U-MLH). This represents a very strong signal of the up-move continuation. The minor pitchfork has the merit to perfectly describe the local market flow. It assists the trader to identify one of the possible confluence zones, which will pinpoint a reversal, or on the contrary, an acceleration of the trend. The set of the three steep slope **emas** (C) efficiently reveals the up-sloping trend.

If you did not take the opportunity of getting long at the re-test of the U-MLH **13475** level, it would be wise to wait, either to go long at the next pullback or to take a short trade at the first sign of reversal. Watch carefully the next confluence opportunity, around 13650-60 level zone, when the market price will intersect the warning line of the minor pitchfork (**wl-01**) and the upper Bollinger band. An eventual short trade signal will be emphasized if the day's bar will pierce de upper Bollinger band and then will rapidly retrace, closing under its 50% level. All this being said, the bounce on the TL-01 trend line of the CCI strongly suggests a long trade, as soon as the signal is confirmed!

240min Chart – The ascending channel has already guided the market to exceed the classic value of wave 3 ($W3=1.618*W1$) at **13351** level and is now short of only 10 points of reaching the **13568** level where $W3=2.00*W1$. It is very probable that the market flow will break this level, thus forcing the wave 3 to reach farther extended targets such as **13652** or **13920** levels, respectively 2.146 and 2.618 Fibonacci ratios. The up sloping continuation of the market flow will lead the RSI to perform the following *behavioural steps*: the cruising along the ascending narrow channel across the *under-overnbought zone (60%-80%)*, the breakout of TL-02, and finally the trespassing into the overbought territory (*above 80% level*). Every step of this development can be associated with an **Add-On** procedure (*scale-in*) coupled with an adequate stop loss.



120min Chart – The **Elliott waves** channels efficiently show the up-sloping pathways of the contextual market flow. We can observe that the **1.125** Fibonacci ratio slant trend line has been tested many times since the beginning of May 2007. Its breakout will certainly signal a very strong momentum move, that will carry the market flow to the next probable $W3$ *immediate* target, the **13602** level where $W3=2.382*W1$. If this level is exceeded, the trader should expect that the $W3$ extensions might jump progressively to **13669** or **13736** levels, corresponding to the 2.50 and 2.618 Fibonacci ratio levels (*the latter is not shown on the chart*).

3. Russell 2000 e-mini Futures

Daily Chart – The up-sloping trend mimics the tendency of the other US markets. The market flow is on its way, again, to the upper-median line. However, attaining or breaking this level it means dealing with the confluence zone at **830** level where the resistance of the February 2007 old high will intersect the median line. The jump of the market price above **21-ema** and also above **50-ema** certainly reveals that the *short-term* and *intermediate-term trends* are up-trending and that probably the trend will break, not only the **830** level but also the **837** highest high level.



120min Chart – The recent down-sloping channelling of the local market flow seems to be reversing due to its bounce on the **trigger line** of the up-sloping pitchfork. Its penetration followed by its testing, reveals to the trader an excellent long trade opportunity at **813** level governed by the Hagopian rule (*refer to Integrated Pitchfork Analysis, volume I, page 90*).

4. Euro/Usd Futures - Major Currency

Daily Chart – The market flow seems to have already finished W3 correction at 38.2% retracement level. It is very probable that the impact of the two mirror bars at 1.34820 level, re-tested by the last bar, will catapult the market flow to complete the W5. The first *Futures* price-target will probably be at 1.37150 level. The strong up-sloping momentum could bring the Eur/Usd currency to 1.3672 level.



5. FTSE 100 Cash Index



120min Chart – The market flow performed a higher low at 6451.90 and started the sub-wave 3 (*wave iii*) of the primary wave 5. As long as the 100% extension of *wave i* wasn't yet reached at 6672.50 level, the market flow can be in either a corrective pattern ($C=1.00 \cdot A$) or impulsive pattern ($wave\ iii=1.618 \cdot wave\ i$ at 6808.83 level). On the *FTSE 100 Futures* chart, the first target would be 6723, followed by 6903 level.

6. German Dax 30 Futures Index

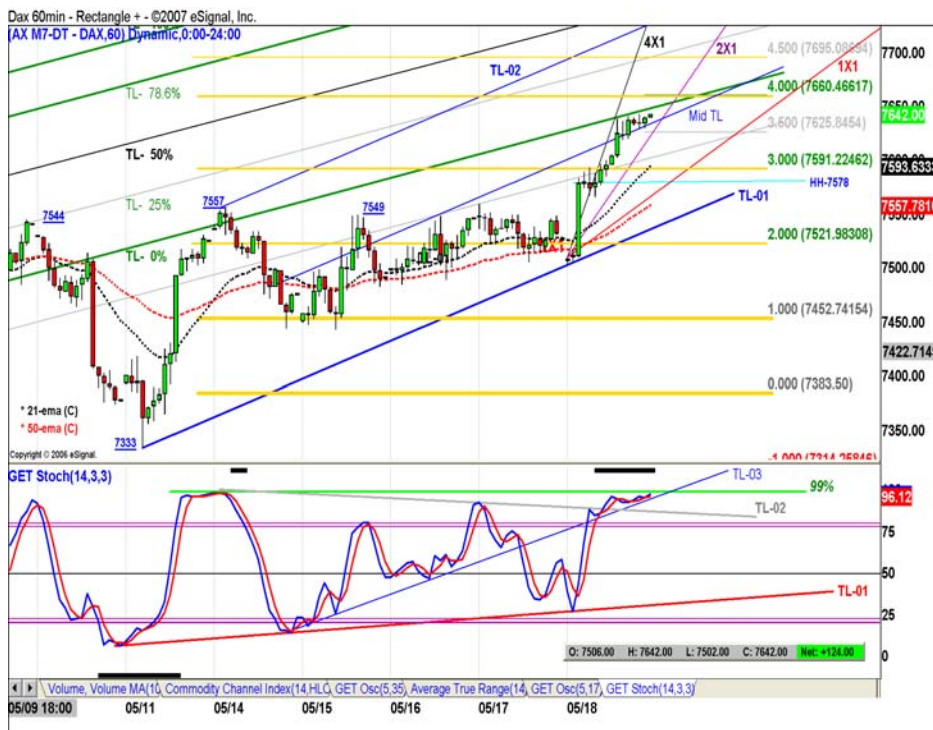
Weekly Chart – The up-sloping market flow exceeded the 7577 level where C=A. The classic size of a wave C within a zigzag pattern is usually equal to 2.618 of wave A at 8253 level.

The most probable immediate target would be the 7667 level (*wave C=1.5 of wave B*). Then, if the market will conserve its strong momentum, it could reach the first Fibonacci ratio level at 7736 level where wave C is equal to 1.146 of wave A. We can't certify the size of the future market momentum, but the fact that the close of last week's bar is identical with its high, it certainly corroborates the up-sloping scenario.



Daily Chart – This daily chart efficiently illustrates the intricacy of the major and minor pitchforks in their process of optimally describing the contextual and also the local market flows. The high steam momentum breakout of the un-orthodox trend line (TL) broke-out the old high at 7559.5 level, but was halted by the upper 116.66% Gann ratio trend line at 7642 level, performing an unusual trading range of 124 points for a daily ATR(14) of only 100 points.

120min Chart – The market flow broke-up the last high at 7578 level, with the help of a high-steamed gap. The ongoing six green bars culminated to 7642 level. As the lower median line (L-MLH) was upwards penetrated we could expect a continuation of the up-move towards the median line of the pitchfork. The immediate target would be **7683** level. The ascending RSI channel certainly corroborates this scenario in spite of its temporary halt by the upper border of the ascending channel.



60min Chart – The beauty of trading *rectangles* is obvious on the above chart. After the 7333 level reversal of 05/11/07, the market price stumbled almost on every level of the pattern 0%, 50%, 150% and 200%. The TL-0% trend line which was tested and re-tested several times, promptly halted the up-sloping swing. But the ascending RSI, is still cruising in the overbought zone (> 80% level) above the TL-03 trend line, signalling that there is more to come...

DAX Floor Pivots - Use prior bar level values

	DAILY	Weekly	MONTHLY
High	7 642	7 642	7 475
Low	7 502	7 442	6 944
Close	7 642	7 642	7 452

R5	7 969	8 109	8 700
Mid R4/R5	7 922	8 042	8 526
R4	7 875	7 975	8 353
Mid R3/R4	7 852	7 942	8 261
R3	7 829	7 909	8 168
Mid R2/R3	7 782	7 842	7 995
R2	7 735	7 775	7 822
Mid R1/R2	7 712	7 742	7 729
R1	7 689	7 709	7 637
Mid P/R1	7 642	7 642	7 463
Main Piv	7 595	7 575	7 290
Mid P/S1	7 572	7 542	7 198
S1	7 549	7 509	7 105
Mid S1/S2	7 502	7 442	6 932
S2	7 455	7 375	6 759
Mid S2/S3	7 432	7 342	6 666
S3	7 409	7 309	6 574
Mid S3/S4	7 362	7 242	6 400
S4	7 315	7 175	6 227
Mid S4/S5	7 292	7 142	6 135
S5	7 269	7 109	6 042

Day's Range: R2 to R5 (7 735 to 7 969)

Close - 7642

*** *** Main Piv 7 595

Multiple Time Frame Floor Pivots TABLE - These key levels are calculated ahead of the market opening, and they really place the trader farther away from the crowd. It not only illustrates the key levels but also the probable trading range for the incoming day, which usually fluctuates between the **S2** and **R2**.

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