

# Market Technical Analysis REPORT

using *Integrated Pitchfork Analysis*



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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 procedures. 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 some traders would say, “*the Dow is the maker of the World Markets*”, I couldn’t more agree with them, due to indice’s ubiquitous influence. The market flow is continuing its strong up-sloping trend. The last bar, *the first after an one bar pullback*, is strongly approaching the first confluence (*out of three*) at 13673 key level, where the upper 25% line of the major pitchfork, intersects the upper 150% line of the minor pitchfork and also the 61.8% Fibonacci ratio line where  $W5=0.618*W1-3$ . The double top of the local market, the only one bar pullback, and the nearness of the highest high ( $HH=13692$ ), highly suggest the importance of this key level. In the absence of the heavy weight of the reversal evidence, we firmly believe, as of now, in the up-sloping continuation. The market flow is approaching the other two decisive confluence points formed by the median lines of both pitchforks and the horizontal Fibonacci ratio lines at the probable W5 termination zone, between the 13788 and 14026 levels. The latter represents the  $W5=1.500*W4$  key level and the former is the  $W5=0.618*W1-3$ .

**Weekly Chart** – W. D. Gann always said that the *weekly chart*, especially the *2-week swing chart*, is the *best indicator of the trend*. The last bar, after the spinning candlestick, has a consistent size, with the close in its upper 5% zone, thus constituting a strong argument in favour of the up-trend continuation. The market flow is approaching again the 13680-confluence point, which belongs to the quadruple top, thus making a high at 13692 level. The second confluence point at **13805** level is within reach, only 13 points away. The next up-sloping target will be around **13852-64**, another confluence zone, not shown here. However, we must be cautious and *expect the unexpected*... any signal of trend's weakness, like for instance, the breaking down of the previous low at **13297** level. Be cautious... keep an eye on these 3 levels: **13805**, **13852-64** and the lower low at **13297**.



**Daily Chart** – The up-sloping market is evolving on the upper portion of the one-month-old trading range, flirting with its upper border at **13692** key level. The major pitchfork has the merit to perfectly describe the contextual market flow. It assists the trader to identify the possible confluence zones, which might pinpoint to *either* market acceleration or, on the contrary, a reversal (*refer to the multiple halts of the market price, right on the median lines of the major and minor pitchforks*). The set of the three steep slope **emas** (C) efficiently reveals the up-sloping trend. The **price-emas distance** (C) is a faithful strength indicator of the trend: the most distant price reveals the strongest trend. Thus, we can easily observe that the market is above all three **emas**.

**240min Chart** – The *Elliott waves* oriented channel trend lines have efficiently guided the market not only to exceed the classic value of the wave 3 ( $W3=1.618*W1$ ), but also to almost reach the **13735** key level, a classic extension value, where  $W3=2.618*W1$ . At only 43 points away, it is very probable that the market flow will reach and maybe break this level, thus forcing the wave 3 or wave 5 to reach farther extended targets such as **13852-64** level. The high 90 value of the PTI, the price's upper rectangle location close to the highest high, associated with RSI's bounce on the 50% horizontal trend line, above the TL-01 trend line, strongly corroborate the trend's continuation.



**120min Chart** – The *Elliott waves* channels efficiently show the up-sloping pathways of the contextual market flow. We can observe that the **1.50** Gann ratio slant trend line has been tested many times since June 26<sup>th</sup> - 2007. In spite of market flow's mild slope up-trend progression along it, its breakout would have certainly signalled a much stronger momentum move. As we can observe, the market flow respectfully followed the rectangle's extensions, being halted, for the moment, only 3.5 points away above the rectangle's 2.5-extension ratio at 13607.53 level. The **13686** key level is only half a rectangle's extension ratio away, right under the rectangle's 300% extension's upper-border. If the market will attain this key level, for the third time, there is a very big probability for an energized reversal potential. So far, there are no signs of any weaknesses, meaning that the market flow will probably continue its *triumphant up-sloping forced march* under the influence of the strong and consistent restored momentum.

## 2. S&P 500 Cash Index

**Weekly Chart** – The strong up-sloping movement is strictly guided by the 60° slope price-channel, formed by the un-orthodox trend line-01 and -02. The Fibonacci and Gann ratio slant trend line technique show, step-by-step, the strong up-sloping development of wave 5. The 88.6% correction level of the prior trend being already exceeded, we can probably expect the immediate attainment of the confluence zone where 233% TL intersects the un-orthodox trend line (TL-02) at **1544.50** level, followed by the 100% threshold at **1552.87** level. For the moment, market's last big green bar closed at **1530.44** level, in its upper 5% bar portion.

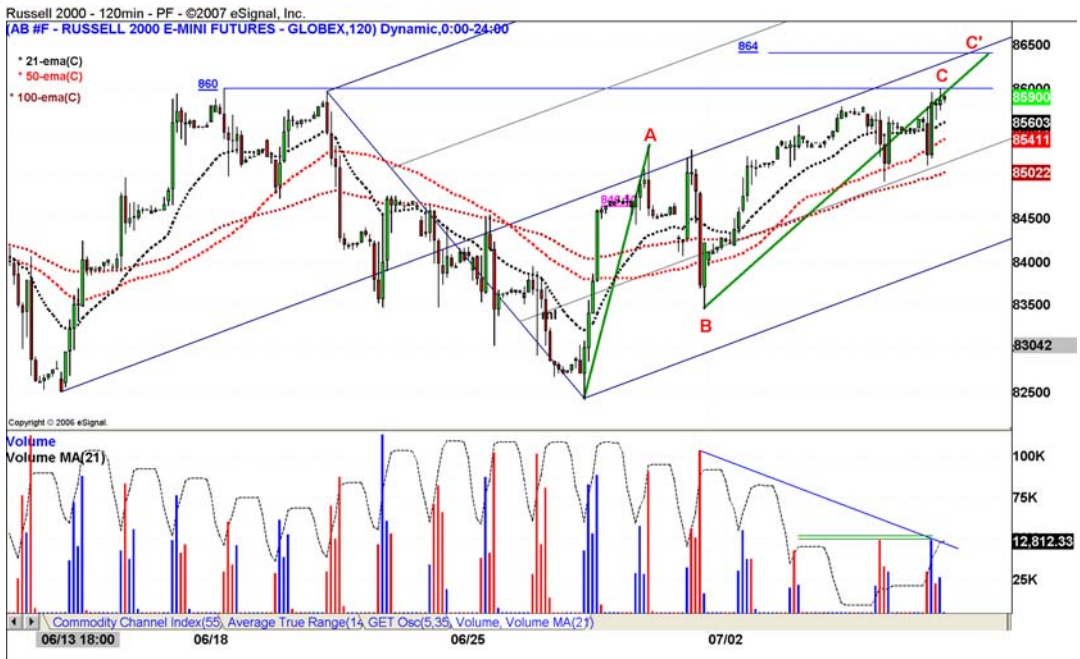


**Daily Chart** – One of the most appreciated tools, which we really enjoy using is the *rectangle*. Even if the rectangle n°0, *the birthing pattern*, was formed during the last days of 2006, it still has a primordial role in establishing the limits of nowadays local market flow, almost six months later. Its 550% extension has clearly stated the *highest high* around **1553** level. As some traders would say **“The final indicator is a tried and tested trend line”**. We add by saying that we strongly believe in efficiency of the upper/lower rectangle's borders (*horizontal trend lines*), as reliable targets, mostly up to *seven times* the *original rectangle*. The classic value of W3, which is equal to 1.618\*W1, has already been reached at **1528.40** level, rectangle's 5<sup>th</sup> extension. The market flow was halted right on the 450% slant trend lines at **1530.44** level. The 40% trend line bounce and the break-up of 55% level on the RSI chart, strongly suggest a further W5 development towards higher levels: **1540.31** (500% extension), **1552.87** (*the all-time highest high & the 550% extension*), **1567.51** (*the 600% extension*) and finally **1577** key level (*not seen here*).

### 3. Russell 2000 e-mini Futures

**Daily Chart** – The up-sloping trend mimics the tendency of the other US markets. The market flow, tested and re-tested, the mid-line of the ascending channel, being now bluntly halted in **854-62** level zone, where  $W5=0.618*W1-3$ . The consistent up-sloping steadiness reflected by the jumping and remaining of the market price above the **21-, 50- and 100-ema** (C) certainly reveals that the *short-term* and *intermediate-term trends* are still up-sloping, in spite of the OSC (5,35) bearish divergence.

*Not every divergence signals a reversal, nor any reversal is accompanied by a divergence.*



**120min Chart** – The last few days up-sloping swing reflected the construction of the wave C of the ABC corrective pattern. Today, the market just reached the old high **860** level, without completing the classic formula  $C=1.00*A$ . This will be accomplished, as soon as possible the wave C will reach the **864** level. Taking into consideration, the high-steaming momentum of the general market, it is very probable that the market flow will gather enough momentum to reach the classic wave C size. Keep an open eye, on the volume, which will signal if the *soon-to-be 860 level break-up* is real or not. A high volume will confirm an efficient breakout, mostly without the risk of a pullback or throwback.

#### 4. Euro/Usd Futures - Major Currency

**Daily Chart** – The market flow seems to vigorously attempt to break out the highest high of **1.37150** key level. The steep up-sloping mini-channel is certainly an efficient way of performing this task. The market is probable oriented, not only to break the highest high but also to touch, or even pierce the mid-channel trend line of the major ascending channel, around **1.38000** level.

We will have a better understanding of the up-sloping process, when the market flow will successively exceed the **1.36870** (an old high), **1.36900** (last high), **1.37150** (highest high) and finally the **1.38000** level zone, near the mid-channel line of the major ascending channel.

The first *Futures* down targets will probably be at **1.35630** followed by **1.33060** level. The former represents an old high and the latter the last important low, where the mini-ascending channel has its origin.

The up-sloping momentum could bring the Eur/Usd currency to **1.3866**. In case of a short trade, the entry might be at **1.3550** for a down-target at **1.3430** levels.



As long as the CCI remains above the *zero line* level, we may retain the up-sloping scenario. If the CCI's pitchfork will breach the median line, it will be the first signal to warn us that the market flow might intend to reverse its direction.

## 5. FTSE 100 Cash Index



**120min Chart** – The market flow is probably terminating the *wave D* of the ending diagonal triangle. In case of a *wave E* construction, the **6533** price zone will be probably targeted. However we expect the market to terminate the *wave E*, around the mid-line of the wedge at **6605** level.

In case of a *failed* ending diagonal triangle, the market will shoot upwards and break the **6751** level. Thus a running triangle pattern will be constructed. Its virulent thrust will probably lift the market flow, all the way to **6897** key level.

The *over / under-throw* movements is very hard to detect. However, the astute trader has several ways of preparing for the *wave E* termination. One of the solutions would be to associate price with its corresponding volume development. Another solution would be to perform a detailed study of the same past movements and then extract and analyse the valuable parameters. As some of the W. D. Gann adepts would say ... *the past would indubitably repeat* ... over and over again!

## 6. German Dax 30 Futures Index

**Weekly Chart** – The up-sloping market flow reached again the **8188** level, being less than 30 points away from the highest high located at the **8217** key level.

The most probable immediate up-target will be the highest high, due to Dax's desire to test it, especially when it is in its neighbourhood. We can't certify the direction or the size of the future market momentum, but the fact that the *close* of the last week's bar is in its upper 33%; it will certainly corroborate the up-sloping scenario. The breakout of the *TL-01 trend line*, with a bar's *close* beneath it will certainly incite us to consider a trend reversal.



**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 propelled the market flow, all the way up, in direct touch with the lower median line (**l-mlh**) of the minor pitchfork. It performed an above the average trading range of 109 points for a daily ATR (14) of only 100 points. The strong **21-ema** (C) support and the bar's up-sloping momentum's enhancement tell us, that there is more to come. As a next up-target we can define **8362-66** key level, in the 50% W5 extension zone, where W5 could be equal to  $0.50 \times W1-3$ . Watch the warning line WL-02 that already stopped the market flow, and could reiterate the same market manoeuvre.

**120min Chart** – The market flow seems to have been temporarily stopped just above the *21-ema* (C). The immediate up-target would be the *trigger line*, which already proved, several times its halting power. The trader should be prepared that this line could act as a Hagopian trend line, thus strongly reversing the market.



**60min Chart** – The climbing of the market flow of the warning line WL-08 between the two trend lines of the up-sloping channel, confirms the beauty of trading *pitchforks & Action & Reaction lines set-ups*, which are obvious on the above chart. After the *8187* level reversal, which terminated the wave B, the market flow continued the downward construction of the ABC corrective pattern. Thus, the wave C is progressing towards the *7795* level where  $C=1.00 \cdot A$ .

**DAX Floor Pivots** - Use prior bar level values

	DAILY	Weekly	MONTHLY
<b>High</b>	8 120	8 189	8 217
<b>Low</b>	8 011	7 985	7 585
<b>Close</b>	8 108	8 108	8 079

<b>R5</b>	<b>8 366</b>	<b>8 610</b>	<b>9 599</b>
Mid R4/R5	8 332	8 555	9 412
<b>R4</b>	<b>8 298</b>	<b>8 501</b>	<b>9 224</b>
Mid R3/R4	8 278	8 454	9 096
<b>R3</b>	<b>8 257</b>	<b>8 406</b>	<b>8 967</b>
Mid R2/R3	8 223	8 352	8 780
<b>R2</b>	<b>8 189</b>	<b>8 297</b>	<b>8 592</b>
Mid R1/R2	8 169	8 250	8 464
<b>R1</b>	<b>8 148</b>	<b>8 203</b>	<b>8 335</b>
Mid P/R1	8 114	8 148	8 148
<b>Main Piv</b>	<b>8 080</b>	<b>8 094</b>	<b>7 960</b>
Mid P/S1	8 060	8 047	7 832
<b>S1</b>	<b>8 039</b>	<b>7 999</b>	<b>7 703</b>
Mid S1/S2	8 005	7 945	7 516
<b>S2</b>	<b>7 971</b>	<b>7 890</b>	<b>7 328</b>
Mid S2/S3	7 951	7 843	7 200
<b>S3</b>	<b>7 930</b>	<b>7 796</b>	<b>7 071</b>
Mid S3/S4	7 896	7 741	6 884
<b>S4</b>	<b>7 862</b>	<b>7 687</b>	<b>6 696</b>
Mid S4/S5	7 842	7 640	6 568
<b>S5</b>	<b>7 821</b>	<b>7 592</b>	<b>6 439</b>

Day's Range: **R2** to **R5** (highlighted in green)

Close - 8108

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**Multiple Time Frame Floor Pivots TABLE** - These levels are calculated ahead of the market opening, and they really place the trader far away off the crowd. They not only illustrate the hidden key levels but also they reveal the most probable trading range for the incoming day, which usually fluctuates between the **S2** and **R2** daily floor pivots.

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