

AFRAID to TRADE

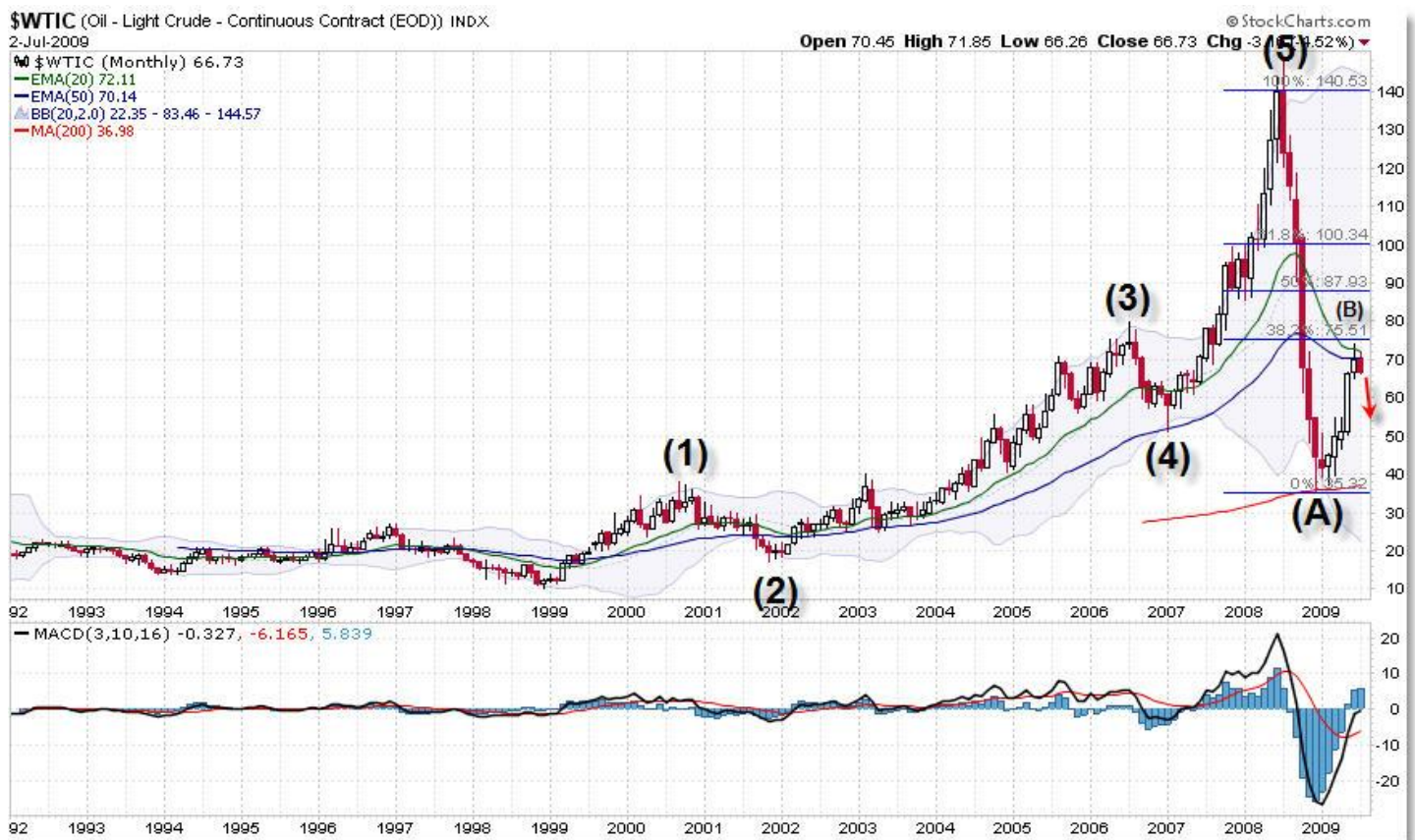
overcoming stock market fears with Corey Rosenbloom



Weekly Inter-market Technical Report

WTI Crude Oil (\$WTIC) (part 2)

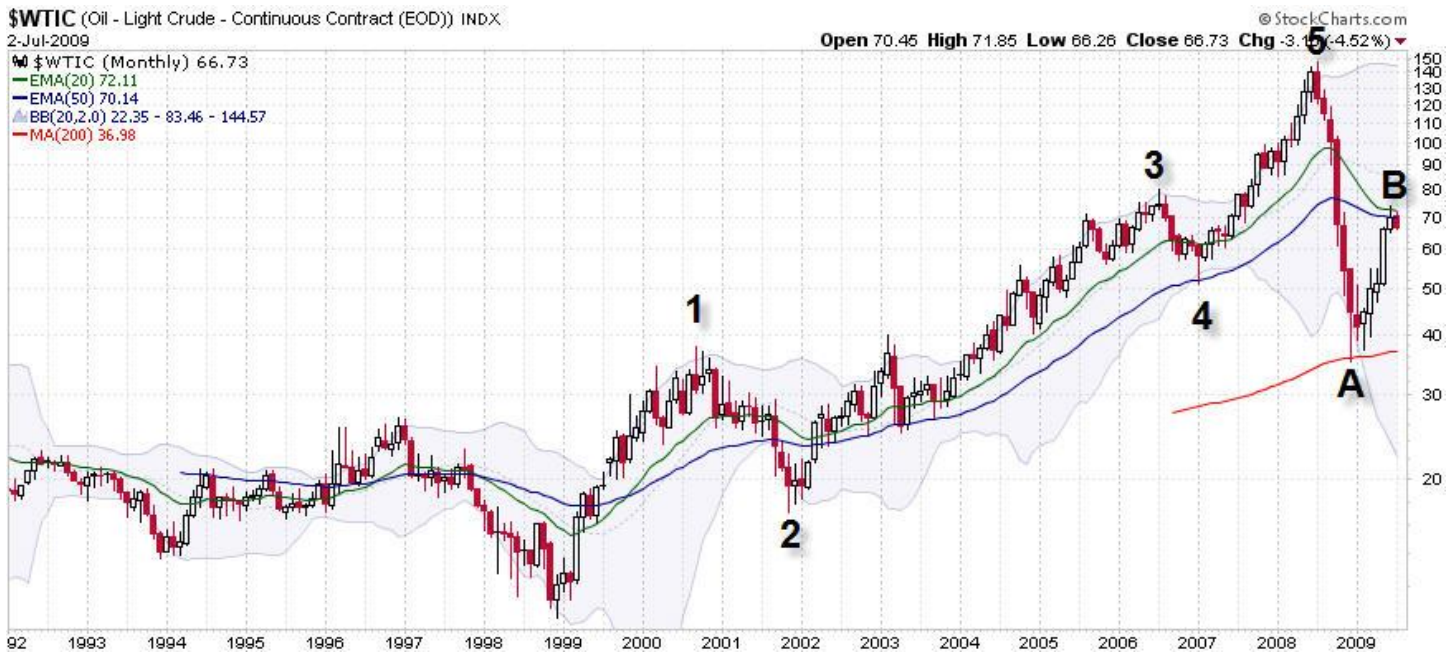
Monthly



I'm showing the same long-term Elliott Count I always show when discussing monthly crude oil - the count has not changed.

We are either in, or are now completing a "B" wave counter-rally into resistance via the 38.2% Fibonacci retracement and the convergence of the 20 and 50 EMA - a long-term target I have been mentioning since January this year as price inflected off the 200 month SMA with a significant positive divergence on the lower timeframes. We have met that target and now appear to be getting ready for a new move down in Crude Oil.

Should price close above \$80 anytime soon, this view will be invalidated.



I'm showing a Logarithmic scale of Crude Oil (per reader request) with the same Elliott Count.

Weekly



On the weekly frame, Crude is coming into key resistance just shy of the 38.2% retracement but it is hitting against the 200 week SMA at \$75 (again, a confluence target I've been describing). Price has inflected down off this level for three weeks now and is currently at a possible support level (short-term) at the \$66.90 level of the flat 50 week EMA.

If this level is broken, watch for \$61 to be the next 'stopping point' on the way down.

Daily



For a wonderful educational example of a "Rounded Reversal" and multi-swing positive divergence, look here to early 2009 in Crude.

As anticipated, Crude has moved up off these levels to the confluence resistance about the \$70/\$75 level.

It would now appear - if this count is correct - that price is getting ready to head lower perhaps in a Wave C (at the worst) and a Wave 2 (at best) move down. If we are about to see Wave C, then price will likely eventually test the lows near \$35. If we are about to enter Wave 2 down (hinting that Crude is in a new bull market and that the corrective move is finished), then we would expect at least a move to \$60.

For now, it's most important to understand that next move in Crude is most likely a down-one at least to the \$60 area if not lower, and this view would be invalidated with a close back above \$75 and especially \$80.

US Dollar Index (\$USD)

Monthly



Just like Gold, the Dollar is trapped in-between key support and resistance.

Price tagged the 38.2% Fibonacci resistance of the high to the low (which is a bearish continuation sign).

The technical structure is still down, as the longer-timeframe move is down and price is beneath all EMAs (currently - but that would be invalidated with a move up).

In terms of inter-market, if the Stock Market and Crude Oil prices fell (and gold rose), then we would expect the Dollar Index to surge higher, breaking this resistance.

If this resistance holds and the dollar moves lower, it would invalidate our other thoughts above and would imply Crude would continue rising along with the stock market (and that bonds would fall/yields would rise).

Weekly



The weekly technical structure could be interpreted as bullish, though that would be a slight stretch.

Price recently inflected upwards with a powerful bullish engulfing candle off the 61.8% Fibonacci retracement, though price formed dojis after this and basically failed to follow-through.

It could be that we had an "ABC" move down (off the March 2009 highs, complete with an extended bear flag) or that we're fractaling out a 5-wave decline, meaning that we could be finishing out the final 5th wave fractal.

For now, let's note that the EMAs are converging about the \$82 level overhead and that key support appears to be just above \$78. For now, those are the levels to watch in the Dollar Index.

Daily



I'm fractalizing a possible Elliott Wave count, which defines us as being in a larger corrective move which could be coming to an end (perhaps ending the pullback for large Wave 2, hinting that a 3rd wave higher is upon us). That's difficult to take - and hard for me to believe as well (given the government intervention and predicted inflation ahead), but I take a technical purist approach in these reports and let price speak for itself.

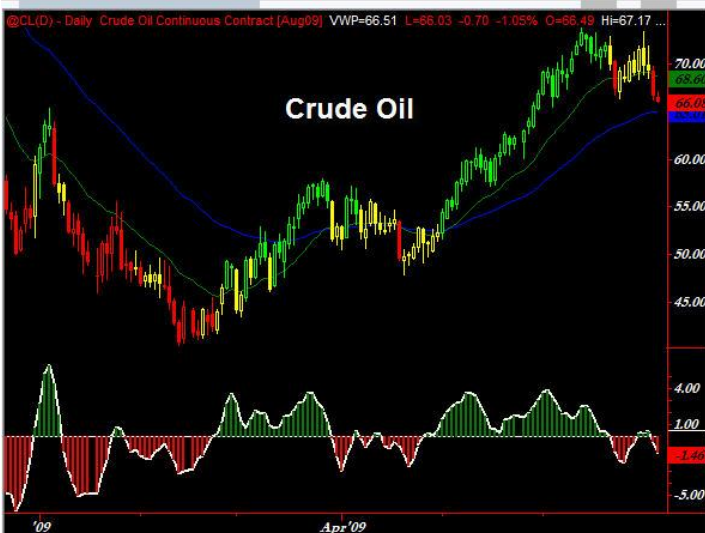
What's more popular is to interpret the dollar in a long-term down-trend and that lower prices are all but a certainty - this would be a valid view as well and certainly supported with price action.

Technically, price is beneath all key daily EMAs, and they are in the most bearish orientation possible as well.

Thursday shows us a bullish day for the Dollar Index, but we came back to the 20 EMA - price is 'hugging' this price level very closely. A close above \$80 at the 20 EMA would set-up a 'magnet trade' to challenge the 50 EMA at \$81.40, and if price can break above \$81.50, then odds would sharply shift to higher prices for the Dollar.

A push beneath \$78 would be ultra-bearish, and could take us quickly to \$76 or lower in the coming weeks/months.

DAILY MULTI-MARKET COLOR SWING VIEW



WEEKLY MULTI-MARKET COLOR SWING VIEW



Summary of Key Markets

Ten-Year Notes: Initially bullish for the 'next likely swing,' but watch the \$114.50 confluence price level closely for any signs of failure there. If support holds, a push to a minimum of \$119 seems likely.

S&P 500: Bearish sell signal on the monthly, weekly, and daily charts (doji, Fibonacci, 50 week EMA, and head and shoulders). These would be invalidated with a close above 950, though watch 875 closely. A break below 875 would almost certainly push price down to 800 if now lower which could lead to an eventual test of the 666 low again.

Gold: In neutral 'holding period' consolidation - best to wait to play the price expansion. Multi-timeframes show uptrend, so a down-break would surprise many people. A move up to \$1,000 seems the most accepted/logical play, particularly if the stock market moves lower though a break below \$900 would call gold bullishness into question.

Crude Oil: Appears to be completing a "B" wave up into confluence resistance (a prior target). A close above \$80 invalidates this view, and a minimum downside target comes in at \$60, with a maximum target possibly as low as \$35 - a retest.

US Dollar Index: At a rather difficult and perplexing technical level. Seems to want to push lower, but - like gold - is very choppy and in a tight range - about to break. Higher timeframes are all bearish and sentiment is bearish, so an upward move would shock a lot of people and could lead to higher prices, at least to the \$82 confluence zone.

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