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The Wall Street Sun and Storm Report™

Your daily warning system whether markets turn UP or DOWN!

Market Update as of 07-07-10: Teetering No More - For Now

Yesterday we said:

The market is poised on a fulcrum and is just slightly weighted to the downside. This means that it's not a great selling point and we need confirmation to buy. If you bought the rally intraday, thinking it was the real deal, it wasn't. If you wait for a closing price to buy, you can be a bit behind

And also:

The easiest path for us to interpret would be a continued decline down to the 50% retracement point from the March 2009 lows. That would likely be a spot that could produce a tradable bottom. It still would have to prove itself of course! But we don't always get what we want from the market to keep things simple. The market loves fooling large numbers of investors and traders.

Finally:

If you intend to re-enter moves on closes back above the recent areas of resistance (Feb.-May-June lows in many indices), you may want to consider exiting again should the bounces fail. It is not be the time to add positions for a longer term holding period in my opinion.

So there was a bounce in the markets after all. We sniffed it out and you may have entered intraday based on my "Twits." You had several chances to buy given the repeated pullbacks of the SPYs below the breakout area. The S&P 500 only pulled back a couple of times below the 1040.78 number and then ascended. The ramp at the end of the day was easy to see and call. The shorts ran scared.

Now given the more than 3% up day, tomorrow morning can bring a pullback, but we should really not test below the breakouts at this point. So there is a natural get out point, at least on a close if you want to hang in there and not be booted out of the trade. If you like, use intraday exit points to preserve profits. That should be easy because our entry point today was well below the close. It's likely that any pullback will be buyable tomorrow. But just so we don't get too complacent about this rally, go back and review what happened in July 2008. There was a rally followed by a long consolidation and then a huge decline going into the fall, followed by the Nov. beating, a false breakout, and finally the beating leading to the March 2009 low. So realize we could be in the rally phase of

that sequence to be followed by an autumn rout. If you bought and held after the 2008 rally, you may have felt disappointed by March 2009.

If the market changes direction suddenly, it's better to take action than insist on sticking to your plan-gone-wrong. Being wrong is not an issue. We all make mistakes as part of life itself. It's whether we learn or not that defines our success. You cannot always discover tungsten without trying hundreds of other filaments first. Eventually you'll end up with a light bulb if you learn from your mistakes. But if you try the same filaments over and over even though they failed the first time, well, you are just in your own way at that point. **Rather than making the same mistakes over and over, we can consciously make novel choices as investors and/or traders.**

Be careful about chasing indices that have already had a big pop off of support levels. We faced this in the last rally. Some of the indices labeled BUY-C would be poor reward: risk prospects if you do not use fairly tight stops. Look at the charts before buying them and notice how close the resistance is to where we are now. In some indices we are already half way up to resistance. For that reason, I would NOT tend to default to the last lows for stops, because then the reward: risk set-up is not as good.

You must assume that many indices could fail at first overhead resistance, which for the S&P 500 will likely be at about 1080. This is a number that is a big target out there so they may fade it below there. The June high could be a spot several indices such as the XO1 could move up to prior to turning down again. Others such as the Wilshire 5000 might go back to the down trend line formed by the April and June highs.

Now having said all that, realize too that if this is in fact the end of a significant A-B-C correction in a Bull market that is intending to continue up from here, this could be a major buying opportunity. We only see these opportunities in the rear view mirror, unless as we did in this case, we buy intraday (see today's Twits) on the breakout and are prepared to ditch the positions if and when they fail. Only then can you take advantage of these potential opportunities with relatively low risk. **If all we do is climb back to S&P 500 of 1070 and fail, you will wonder why all the fuss over 30 S&P points? Well, those 30 could become a revisit of the April high or a 17% return from 1040.78.** Actually resistance looks to be a bit higher starting at 1095.

If we see the whole thing fail at early resistance, we can most likely get out with a profit with no harm done. Sure, that is not the best possible outcome, but it's better to make and keep a profit than to hold on while the market careens down to the 50% off point we've been talking about the past few days.

Treasuries did not sell off as much as one would expect if this were a fresh Bull trend taking shape.

The VIX has at least two days in it to drop to underlying support. Then the game begins again to see if we break to lower lows on the VIX and sustain a greater move up in stocks. The VIX was very helpful in the last rally. It just continued slowly dropping from Feb. to

April and as soon as it spiked, the rally was basically over. The first spike was on the 16th and the second on the 27th.

Interestingly, commodities have had the same % correction from the high as the S&P 500. It's been a standard 38.2% Fibonacci correction so far and the next target would be down 50% from the top to the March 2009 highs.

The dollar? It has a place it can rally from now, but if this rally is going to continue, I would like to see the dollar fail to hold the up trend line (see MTT). The dollar CAN go up with the market, but that takes proper fiscal management that has not been seen since President Bill Clinton. Don't expect that correlation to kick in too fast. Taxes will have to go up first and spending will have to come down as the economy recovers, even if that takes several more years. President Clinton had the trend on his side of course as there was a technology boom going on. The tech bubble was a side effect of the real tech boom, which has continued since by the way. President Obama is now being advised to impose Clinton-like tax increases on the "rich." We'll avoid the political discussion here but I believe he will win this one. He's keeping the dividend tax cuts intact at 20% as a bone for the Republicans Treasury Secretary Geithner told the press today You notice I use the titles of our leaders. You can agree or disagree on policy, but I say we need to respect each other.

So until the fiscal plan is in better shape, expect the dollar to run counter to stocks as they have been doing. The rule has been that if the dollar moves sideways or down, stocks can rally.

All the best!

David

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See the Market Trend Table (MTT) below for further details.

A reminder of the Four Signs of Strength:

1st sign: Off of bottom formation

2nd sign: Closing over entire range of Feb. closes (if relevant to the market being considered, i.e. those that have fallen to or below the Feb. lows.).

3rd sign: Close above down trend line (of daily highs coming down from April)

4th sign: Closing above intraday highs of late May and early June highs (which is 1105.67 for the S&P 500 for example).

MARKET TREND TABLE

Eight Stage Market Ranking System	4 Stages each BULL-BEAR	B/S/H	COMMENTS
MAJOR INDICES			R = Resistance S= Support
Dow Jones Industrials	Bull 1 from Bear 4	BUY-C	<p>7-7: Risk is that it's already up far from support. R @ 10341 and 10594, the June high. 7-2: If reverses 9758 on a close, it goes to a hold. Day 2 will be a buy. If you buy early, be prepared to exit. 7-1: Bottom failed yesterday. 6-29: Quadruple bottom may fail, but could also retrace part of the steep decline today and then head down again. Sell new low. 6-25: Not much to trade on, but has lost about 50% of the rally up from the June lows. SAID: Lost one notch of strength to 3rd level. Sell here or at new low below June low. Perfect place to turn down. SAID: The Dow went up to R and failed. This could be the place to sell. We would sell move intraday through 10315 and ask questions later. That is the top of the Level 4 area. You could wait for close below the 200 day mav, now at about 10335. SAID: Officially it's a BUY-C, but realize the risk, because we're far from the low we started at. Just use a reasonable stop and plan to exit intraday if necessary. R @ 10507, 10620, and 10914.</p>
S&P 500	Bull 1 from Bear 4	BUY-C	<p>7-7: R 2 1095 to 1105. 7-6: Will be SELL until it closes back above 1040.78. 7-1: Reached a Fibonacci support level today of 38.2% from top. The 50% level is the next target. 6-30: We could bounce still but it's going lower in the end anyway. Cannot recommend playing a bounce from below support! 6-29: We could bounce and we'll know tomorrow by mid day, but the close below the closing lows of Feb. is a sign of considerable weakness. 6-28: Now oversold condition is lessened. Could start falling again. 6-25: Could bounce to around 1126. SAID: Has deteriorated to fall into the range of the Feb. lows. Bounce could occur from here. But if there is a hard sell-off tomorrow that takes us close to the June lows, there is an even higher likelihood of a bounce. SAID: SELL (now) and buy close over 1139. Lost 4th sign of strength. SAID: Failed at R. Sell close below 1102.83. Stalled. SAID: Made it over June 3rd high. R @ 1127, 1143, 1152, and 1173. The tidiest thing to do would be to go up to form a shoulder and fail. Volume up slightly today. SAID: S&P target is now 965 or so.</p>
NASDAQ 100	NDX	Bull 2 from Bear 3	BUY-C
			<p>7-7: R @ 1870. 7-1: Survived the Feb. low on it's 9th down day in a row. Could now rally back about half of the fall. 6-30: Headed to test Feb. low now. Sell again on close below 1712.89. 6-29: Possible support at May lows, but it's a triple bottom and it may not hold for that reason. Likely will go to Feb. low at least. 6-25: In consolidation. 6-25: Increase in volume on Friday could indicate a temporary capitulation low. SAID: Sell close below 1888. Signs of strength were more important during this period and still are. Would be sell for failing to hold above 4th sign of strength, but it's a bit too close</p>

				(only 3 pts), so it could be a retest. Danger of failing however.
NASDAQ		Bull 1 from Bear 4	BUY-C	7-7: R @ 2276. 7-6: Could see whether a rally back above the Feb. low occurs tomorrow, but it's in danger of falling further now. Will be relabeled SELL when closes below 2061.14. 6-30-10 Testing Feb. low right now. 6-29: Sell again on close below Feb. low of 2100.17. SAID: Sell close below 2288. Should have been designated Bear 2 from 6-15 close. Signs of strength were more important during this period and still are. NASDAQ is weaker than the NDX and turned to a Bear 3 today. SAID: Interestingly, the NASDAQ is trailing big cap tech (NDX or otherwise known as QQQQ).
S&P Midcap 400		Bull 2 from Bear 3	BUY-C	7-7: R @ 757-764. 7-2: Is below the June low but close to Feb. Support. Hold if you have not sold yet. 6-30: Sell again on close below June low. At June low. 6-29: Right at support so could bounce, although it's a triple bottom raising the odds of failure. Feb. low would be next. At a bit of support here: means some chance bounce. Sold. SAID: Sell close below 768.17. Back below 4 th level of strength. SAID: Made it but stalled. SAID: Made it! But risk now is R @ 790 and 820. SAID: Failed to make it over May 27 th high.
Russell 2000		Bull 2 from Bear 3	HOLD	7-7: Buy move through or close above 613.31. 7-1: Tested close to Feb. low and survived thus far. 6-30: Near June low. Could break to Feb. low. 6-29: Likely to hit June or Feb. low at least. SELL point may not be optimal due to potential for bounce from either of those targets, so SELL-C. 6-25: Could bounce from here. Sell close below 632.87. Finding a bit of support today at the 200 day moving average. SAID: Back to May or June lows. SAID: May fail right here. Sell at least on close below 659.36. Stalled for 4 th day. SAID: 3 rd day below the 4 th sign of strength. SAID: SAID: Up today above down trend line and still below the late May high.
Russell 2000 Growth	IWO	Bull 2 from Bear 3	HOLD	7-7: Buy move or close above 67.03. R @ about 70.50. 7-2: Has already tested the "area" of the Feb. low. It may still test the June low more completely. Since we are close to there only it is a hold. Sell close back below Feb. low. Not worth selling though until a close below the 7-1: Saved at June low. Could bounce. 6-30: Testing June low. Headed to Feb. low. 6-29: Testing May-June lows. Likely will get to Feb. lows at least. SECOND sell on close below 65.93. 6-25: May pause here before going to June low. SAID: Will likely go back to June lows. SAID: Sell close below 71.55. Not positive action. SAID: Still not showing 4 signs of strength. SAID: Up today above down trend line and still below the late May high. SELL close below 68.29 or on breach of downtrend line.

Russell 2000 Value	IWN	Bull 2 from Bear 3	HOLD	7-7: Buy close over 57.15. R @ about 61. 7-1: Tested near the Feb. low today, so could bounce now. 6-30: Testing June low. Headed to Feb. low. 6-29: Testing June low. Will likely at least test Feb low. 6-25: May pause here before going to June low. SAID: Will likely go to June lows at least. SAID: Sell close below 61.89. SAID: Still not showing 4 signs of strength. Below May 27 th high.
BONDS				
10 year Treas. Note		Bull 4	BUY	7-2: SELL on close above 3.098% yield. 6-28: Broke to new highs over R. 30 year is lagging and should follow if this breakout is real. SAID: Approaching resistance. Watch for close below 3.098% yield. That would be a breakout. SAID: May continue back to last high and break through. SAID: Rallied while the markets rallied. Not positive for stock markets.
30 year Treas. Bond		Bull 4	BUY	7-2: SELL on close above 3.984% yield. 6-29: Some R at 3.925% yield. SAID: Approaching resistance. Watch for close below 3.888% yield. That would be a breakout. SAID: May form another shoulder or go all the way back to the recent highs. SAID: Rallied while the markets rallied. Not positive for stock markets. SAID: Triple top so may sell off from here
Corporate Bonds	LQD	Bull 4	BUY	SAID: Energizer bunny. New high again. Made another new high today. SAID: Sell close back below 104.93 but be willing to rebuy. Is some support just below that, so you can use a wider stop if you prefer.
Junk Bonds	HYG	Bull 4	BUY-C	7-7: Hit target. 7-6: Buy close over 85.94 which is the dividend corrected value of the June 21 high. 7-1: Will bounce with stock market when it does. SAID: If you are trading this, SELL now and buy new high over 87.14. SAID: R @ prior high of 87.14 (CORRECTED FOR DIVIDENDS).
Check premium/discount of ETFs before buying				
SECTORS				
Amex Biotech	BTK	Bear 3	HOLD	7-7: Just below May-June lows. Behind rest of market. 7-6: Weaker today. However, it could hold and if you prefer, you could sell on close below 981.04. 7-2: Back a point above our stop, so the 7-1 action may have been a test below support. Cannot exclude a bounce still. At this point wait for confirmation. 7-1: Below May-June lows. 6-30: Near 1005 support. Sell below there. 6-25: Bouncing a bit from support. SAID: If you have not sold, sell close below 1005. At a bit of support now, so you could see if it holds or not. SAID: Would guess it will retest the recent lows at least. SAID: We don't know for sure how low this correction will take us. Turned down at R at 1115.

Amex Pharma	DRG	Bull 2 from Bear 4	HOLD	<p>7-7: Bull 2 because it has formed a head and shoulders bottom. R @ 285.51, 288, and 298. 7-6: Could be forming head and shoulders bottom. Sell close or move below 272.17. 6-30: Has now broken the early June closing high. SAID: Has not yet broken the early June closing high on the close. There is a bit of support at the breakout of 278.61. Should have reclassified last night with others. Because it's already fallen below the early June closing high, it's likely to head to the May or June low. SAID: Buy only on close above Feb. low. SAID: Turning down a bit from R. SAID: R @ Feb. low, 301, and 307. SAID: The terminology is not precise here, because it's still BELOW the Feb. low. But above the June highs, so we should probably consider it a 4 -1 = 3. Over the June 3rd high by a hair. May fail if general market does.</p>
Amex Gold Bugs	HUI	Bear 2	HOLD	<p>7-7: Cannot recommend mining stocks with gold in correction still, even though the HUI held up at support yesterday and today. 7-6: Now testing the up trend line. Could hold. Follow prior sell advice → 7-2: Sell close below 438. 7-1: Check trend line first though formed by Feb-May lows. Close below there will result in more damage. 200 day mav may also provide support. 6-30: Risk of further correction if market goes lower on immediate basis. 6-28 Failed to make new high. Could correct further even as low as 460. 6-25: Back up testing same top. SAID: Double top forming. Only with continued ramp up of gold prices will GDX do better than stock market. Gold becomes vulnerable the lower stocks go in general if the selling gets worse. Why? Because everything has relative value vs. everything else. SAID: Sell close below 449. SAID: Remember it will trade with the market if the market moves down dramatically. DO NOT ignore weakness in gold if it arises though should things stabilize even more in Europe etc.</p>
Amex Oil	XOI	Bull 1 from Bear 4	BUY-C	<p>7-7: Note risk if you are going to buy now. Far from support with overhead resistance. R @ 972 to 991. 7-6: Closed back up above June low. That is positive for now. 7-1: Could be test below June low. Wait for confirmation to buy because it could fall straight down. 7-1: New low below June low. 6-30: A bit risky due to fact that it could collapse through the low. Could buy after first bounce. 6-29: Testing low. Could attempt play of bounce from there. Sell close below 881. Would see where it opens and then play the bounce IF it occurs; otherwise stand clear. Oil stocks have had a huge correction of the rally already. SAID: Headed back to June low at least. SAID: Nasty reversal back below the Feb. low and break of up trend line. SAID: Stopped at the May high. Sell if closes below Feb. intraday low.</p>
Natural Gas	XNG	Bull 1 from Bear 4	BUY-C	<p>7-7: R @ 518 and 553. 7-6: Holding above May low so</p>

				far. 7-1: Might be a high risk trade, but the extent of violation of the May low was a bit excessive. When we see that, it has the stench of the "flash crash" type of low - a low that tells you where the market is going again, not where it survived. Survived the May low today. Our guess is that eventually lower lows will prevail because of the downward pressure of lower oil prices. 6-29: There is a bit of S here, so bounce not precluded. 6-28: Reclassified as Bear 4 with S below. Headed to May or June low.
Oil Service (Philly)	OSX	Bull 1 from Bear 4	BUY-C	7-7: R @ 181 and 186. 7-1: It did test just above the June low today and survived thus far. Could bounce. 6-29: Should revisit June low. 6-28: Reclassified as Bear 4 with S below. SAID: Could not get through either the Feb. low or LATE May high. SAID: Stopped JUST under the Feb. intraday low. SAID: R @ Feb. low and 194. SAID: Sell close back below 171.
DJ Transports	DJT	Bull 2 from Bear 3	BUY-C	7-7: R @ 4333. 6-29: Testing June low but will likely test Feb. low at least before this move is over. Sell close below June low of 3983. 6-25: Came up to and stopped at R. SAID: Sell close < 4037.98. SAID: STILL. SAID: Still pausing at R. SAID: Risk increased because it closed below the June 3 rd high. This could be a retest of the breakout though.
Utility Index (Philly)	UTY	Bull 2 from Bear 4	HOLD	7-7: First R @ 401. Buy close over 402. It's risky due to R @ 408, so use a close stop. 7-6: Held the May-June and Feb. lows SO FAR. Could be a bounce point. It has been oscillating in this range for an entire year as prev. said. 7-1: Tested the area of the May-June lows today and survived so far. 6-29: Headed to May-June lows at least. 6-26: Reclassified as Bear 4 with S below. Look at the chart! Sideways for a year! If you are holding utilities for income, you don't necessarily want to sell them, but we track the trade here. Today was a big reversal of strength. SAID: Buy close over 409.84. At some resistance. Sell close below 396.
BANKING/REAL ESTATE				
BKX (KBW Banking)	BKX	Bull 2 from Bear 3	HOLD	7-7: R @ 49.50. Buy close over 51.13. 7-2: Likely target is 41.71 at least to downside. 38 would be a 50% correction of rally. 7-1: Now closed below June low. 6-29: Sell close below 46.04. 6-28: Changed to hold based on fundamentals, namely financial reg. reform bill in some degree of jeopardy. 6-25: BKX responded to financial reg. reform passing. R @ 51.68. SAID: Sell close below June low of 46.04. SAID: Lagging for sure. SAID: Banks may lag until financial reform is killed by the banks.

MSCI US REIT		Bull 2 from Bear 3	BUY-C	7-7: Higher risk buy due to 5% ramp up today. Could buy close over 690.12 instead. 7-2: Broke June low. 7-1: Held so far at June low. Remarkable considering backdrop of rest of market in shambles. Will it follow down or lead up? Sell close below 618.88. 6-29: Bordering on Bear 3. 6-25: Buy close above 692.09. SAID: Sell here and be willing to rebuy or sell close below 626. SAID: Stalling a bit. Stalling increases the risk of a failure so have a stop in mind. SAID: Likely to challenge April high. A bit late to chase unless you bought the June low that formed a double bottom with the May low.
US Housing (Philly)	HGX	Bear 4 from Bear 3	HOLD	7-7: Hold only due to condition of rest of market. 7-6: On verge of Bear 4 signal. 6-30: Has already corrected more than 1/2 of rally. SAID: Should now correct at least 50% of rally. SAID: Sell close below 93.75. Survived June low and could bounce a bit more so it's not a SELL right now. SAID: Retesting June low. SAID: Broke down below the up trend line, unlike many other indices. Sell now; ask questions later.

FOREIGN MARKETS				
Australia	AORD	Bear 4	HOLD	7-7: Buy close above 4312.40. R @ 4501. 7-6: Held up at May low so far. Check overnight. 7-1: Check overnight results. 6-30: Headed to May low. 6-28: Reclassified to Bear 4 with S below @ May and June lows. 6-25: Why is it selling off so hard with mining improving its prospects? SAID: Stopped at some R. Could fall. Sell close below 4528. SAID: Caution may be deserved due to general market weakness, but so far AORD is not failing. At R where it could fail now.
Canada	TSX	Bull 2 from Bear 3	BUY-C	7-7: R @ 11738. 7-6: Could sell close below Feb. low if you want a wider stop than the May low. 7-1: Sell close below May low. 6-29: Went farther and is testing May low. Headed back to at least 11500. SAID: Looks suspect for pullback. Sell close below 11864. SAID: Stalling out a bit where it failed last time (5-13). R @ two highs just above here.
China	FXI	Bull 2 from Bear 3	HOLD	7-7: Buy close over 41.08, but use tight stop. 7-6: Sell close back below 39.44. Could fail at 40.91. 7-2: Cannot legitimately call a HOLD. 7-1: Stronger than many indices today. Could bounce if the market decides to retrace some of the recent drop. 6-30: Should go to May low. 6-29: May lows in sight. 6-25: Bordering on Bear 2. Buy close over 42.07. SAID: Waffling and don't have SELL yet. SAID: SELL here IF the Shanghai index closes at new recent lows. You can find it on CNBC.com under world markets. We'll report it tomorrow. Buy new high close over 42.07. SAID:

				Watch for the break in the Shanghai market. SAID: Shanghai index is back at the prior lows, so the FXI is not tracking China at the moment. Not well. Check the overnight. If China breaks below the prior lows that is a distinct negative for US markets. SAID: China down and US up? China may be turning and leading again – down.
Europe	VGK	Bull 2 from Bear 4	BUY-C	7-7: R @ 43.95 to 44.64. 7-6: Failed at first R today but is up for day. Buy close over 44.66 only. 6-30: There are far better markets to play in if you must. Europe has increased risk for major surprises. 6-29: We saw this one coming. May-June lows are next.
Hang Seng	HSI	Bear 4	SELL	7-7: Check overnight. 6-29: Likely to head back to May low at least. 6-28: Lack of breakout is making it less likely by the day. SAID: Could go still higher, but could roll over at any time. SELL close below 20337. Big rally on yuan announcement by Chinese. R @ 21006. SAID: R @ 20412 and 21022. SAID: Above June 3 rd high. SAID: Buy close over 19910.06. SAID: Sell closing low below 19423.
India	PIN	Bull 3	HOLD	7-7: Buy close over 22.90. 7-6: Appears to be struggling. It has not corrected nearly as much as most other markets. 7-2: Bull 3 with overhead resistance. 6-29: Buy new high only. 6-28: Reclassified as BULL 3 with R above. Sell move through 21.75 intraday if you like or on close if you prefer. SAID: About to downshift to Bull 2 from Bull 3. SAID: Stalled now. SAID: Trading buy only. Risk is extent to which it's already moved up. Use stop. SAID: Failed to make it through resistance. Could sell here or sell close below 21.60. SAID: Above down trend line for 2 days now. SAID: Higher risk due to distance from low. Has recovered with China and did not fall as far. Reward: Risk is issue but could use tight stop.
Nikkei 225	Nikkei	Bull 1 from Bear 4	BUY-C	7-7: Buy close over 9396. Check overnight. 7-6: Conditional BUY in yen terms not USD terms (see EWJ comment) due to successful test of Nov 2009 low. Sell immediately if makes new low. BUY EWJ only on close over 9.81. Had a big run today and could fail. 7-1: Near significant support level at 11-09 low and could bounce. 6-30: Headed to Nov. low. 6-29: Headed back to May-June lows. 6-28: Reclassified to Bear 4 with S below @ May and June lows. Sell close below 10109. SAID: Stalled out a bit. Retested breakout to 4 th sign level of strength. SAID: 4 of 4 signs. Buy close above 9962.42.
Emerging Markets	VWO	Bull 2 from Bear 4	BUY-C	7-2: R @ 40.31 and 41.31 so risk is present! You could wait and buy close over 41.31. 7-1: Stronger than many indices today. Up 0.61%. 6-29: Headed back to May low at least. 6-28: Reclassified as Bear 3 with S below. Sell close below 39.90. Very volatile, so you

				<p>may want to sell intraday if needed. SAID: Other emerging markets going to benefit from yuan float? SAID: Stalled. Close above 40.61 would be very positive. SAID: Stopped at R. Could turn down. SAID: Made it over 4th sign. R @ 40.31 – 40.58. SAID: Failed breakout through 4th sign. May still trade up to around 40.35. Not much left to upside possibly so could argue to sell here and maintain profits. Or sell close below 38.08.</p>
US DOLLAR INDEX		Bear 2	HOLD	<p>7-7: Should fall to around 82. Trend line at 83.64 could hold the dollar however. 7-6: 83.62 looks like trend line support now. Changing to a hold pending failure below trend line. Then is a SELL again. 7-2: Attempted rally back failed. Confirms direction. 7-1: Trading SELL to about 83.66 and then we see. 82 or so comes into play below there. 6-30: Reward level would be to June high or thereabouts. 6-29: Working so far. 6-25: This is a good place to take a shot at the US Dollar. It could go a bit lower though, so there is some risk. Use a fairly tight stop. It is at some support and could rally significantly from here. SAID: Now it looks more like it will droop a bit more. SAID: May be gaining some upward tone now. Could be correction is over. Buy into the rally w/ strength. SAID: So far a blip up in the minor down trend, which is itself occurring in an overall up trend. There are 2 trends unfolding. SAID: Drooping lower. Not broken yet.</p>
COMMODITIES				
Except GLD based on near month futures prices				
CRB Index		Bull 1 from Bear 4	HOLD	<p>7-7: Buy close over or through 260.59. 6-26: Will likely hit May-June lows. 6-25: close to buy. Same buy stop. SAID: Sell if you will reverse and rebuy higher. Buy close over 267.02. SAID: Still stuck at R. Could fall with stock market. SAID: Could fail here as we have the same story: STILL being repelled at same R point. Must move past here or will fail in a significant way, i.e. bounce down.</p>
Gold	GLD	Bear 2	SELL	<p>7-7: Not impressed by move today. Buy close above 119.16 with tight stop. 7-6: GLD is on way to 113ish support. Could move even to 110.45ish and survive correction. 7-2: We've sold trading positions. 7-1: 114.51 is next support. Then around 113. See StockTwits from today on our website. 6-29: GLD is holding up above up trend line ("easier one"). Will likely retest that line again at least. Breach of that line intraday is of concern, because it has not done that before. Would favor that it will fall to 118.35 or so. Dollar strength hurts gold denominated in USD. 6-28:</p>

				<p>Could fall tomorrow to around 120.45 and find support on 60 min chart. It's also about where the more "generous" up trend line is. SAID: Still above what we've called the more generous up trend line. See Twits on website for intraday comments. Could pull back a bit to the 120.13ish area before making upside progress again. SAID: Have filled the gaps now. But gold is leaning down a bit and is a sell under 118.83, which would be a break of the trend line. You may want to give it a bit more wiggle room and use a stop a bit below there if you are using an intraday stop, just because the market makers/traders may try to run your stops with others having the same thoughts and then bring the market back up. They start the selling just above a critical level and then buy back their shares lower and collect the difference. We are talking about using a stop for gold shares you are trading, not holding as portfolio insurance against currency debasement. Of course, it's up to you! It's your money. Buy only on new high now. SAID: Broke out with gaps. Not the most positive way to do that due to risk of filling gaps by declining a bit and then risking more of a correction. But it's a new high and it's worth adding some. Average in.</p>
Light Sweet Crude Oil		Bull 1 from Bear 4	HOLD	<p>7-7: Buy close over 79.94. Sell close below 71.09. 7-2: headed for retest of prior lows at least. Sell close below 68.59. And rebuy close back above there is necessary. 7-1: Sold. Locked in a trading range for over a year. 6-29: Sell close below 75.17. 6-28: Reclassified as Bull 3 with overhead R. 6-25: Buy close over 79.94. SAID: Sell here and buy new high only or later in the correction. SAID: Buy new high at this point over 79.94. SAID: Stopped for now at 77.89 today right at R. May not fail, but could do so right here. SAID: R @ about 78. It's a tricky trade with R this close, but it could move up and rechallenge some of the higher highs of oil even in the mid 80's. Irony? Oil companies could make MORE money due to the disaster; all but BP.</p>

Check premium/discount of ETFs before buying

R = Resistance S= Support

BUY-C = Conditional BUY. Check comments for correct set-up for BUY.

SELL-C = Conditional SELL. Check comments for correct set-up for SELL.

Low or high: refer to intraday low or intraday high, respectively, unless otherwise specified.

Waffle: Price moving back and forth between two signals at least once.

NOTE:

It's important to always check the premium/discount of a fund from net asset value prior to buying. Some funds may be priced as much as 60% above their value. It would greatly increase your risk to buy at such a premium as the fund could return to the value of its assets over a period of time. Remember that just because a market is listed as a BUY, SELL, or HOLD does not mean that you should take that action. Your plan may be to buy on the way down for example despite of the trend. Please make your own decisions. Also realize that signals may reverse 1 or 2 days following their occurrence. Breakouts and apparent breakdowns may reverse course even after 3 days above/below the break point, so remain alert! Consider

scaling in and out of markets rather than selling or buying an entire position on one day. Realize that ETFs that are supposed to mimic the indices may sometimes anticipate a market move ahead of the index, so you may want to check to see if the ETF is over the same resistance or has closed below the same support on the chart as the index itself before buying or selling, respectively. The “flash crash” lows of May 6, 2010 showed how far an ETF can deviate from an index over a short period of time.

Standard Disclaimer: It's your money and your decision as to how to invest it. The contents of the website, the newsletter (including all reports and emails sent pre-market, intraday, and those following the close) and the Market Trend Table are our opinion only and should not be taken as investment advice. Given your personal investment plan, it may be better for you to buy when others are selling or sell when others are buying. The information we provide should not be construed as telling you what to do or what to believe. You are invited to make up your own mind. The ETFs discussed in the newsletter text and noted in the MTT are just used to follow a given index and are not the vehicles that you should necessarily use to trade or invest in the given market. They are used simply to track a given market's behavior, so pick the best ETF or mutual fund yourself as your chosen vehicle or consult an advisor. We may buy or sell an index based on the previous recommendations in the Market Trend Table comments or newsletter text before the market closes, or we may act based on an intraday email prior to a close, the latter being far less common, in compliance with government rules. We do not recommend ETFs with low trading volume to avoid movement of the market from the recommendations of this newsletter, but we cannot guarantee this won't happen if a major investor reads this newsletter, so never chase an ETF as you may sustain rapid losses in share value on a pullback after the buying is exhausted. The same is true of sudden high selling volume in any ETF. When the selling is exhausted, the ETF may rebound strongly. The data may not be accurate, although it is our intention to be accurate. We may send intraday emails to alert you of certain market information when possible, but this is a daily newsletter, so do not expect comments before the market close as a rule, as we may not be able to provide alerts on a pre-market or intra-market day basis. We may have overlooked important issues in our analysis, although we would not plan on doing so, and you and/or your investment advisor should check all facts, numbers, symbols, and strategies prior to investing. In the end, we all must take responsibility for our investment decisions regardless of how helpful an outside source may be. This newsletter may help give you an independent view to test against your own opinions about how to invest, but cannot guarantee any particular results. Past results do not guarantee future results. We are not certified financial advisers, planners, or brokers, so you should consult one if you feel you need to prior to making any investments, and in any case take 100% responsibility for your investment decisions. By agreeing to receive this e-newsletter, emails, and/or by using the website SunandStormInvesting.com, you are in full acceptance of this disclaimer in its entirety. If you no longer wish to receive this newsletter, please notify us by email. Your receipt of this newsletter does not imply any right to receive it in the future. We reserve the right to cancel this newsletter without notice or cause with a prorated refund of any remaining paid subscription value. We also reserve the right to raise the price of the subscription or change the terms with prior notification of you, although this is not anticipated. If we miss updates due to technical or other matters beyond our control, we will update you as soon as possible and give you a prorated credit against your next billing period if two or more days are missed, for the second and successive days issues that are missed. This policy is based on what appears to be the industry standard. We wish you the best with all of your investments! Thank you.

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