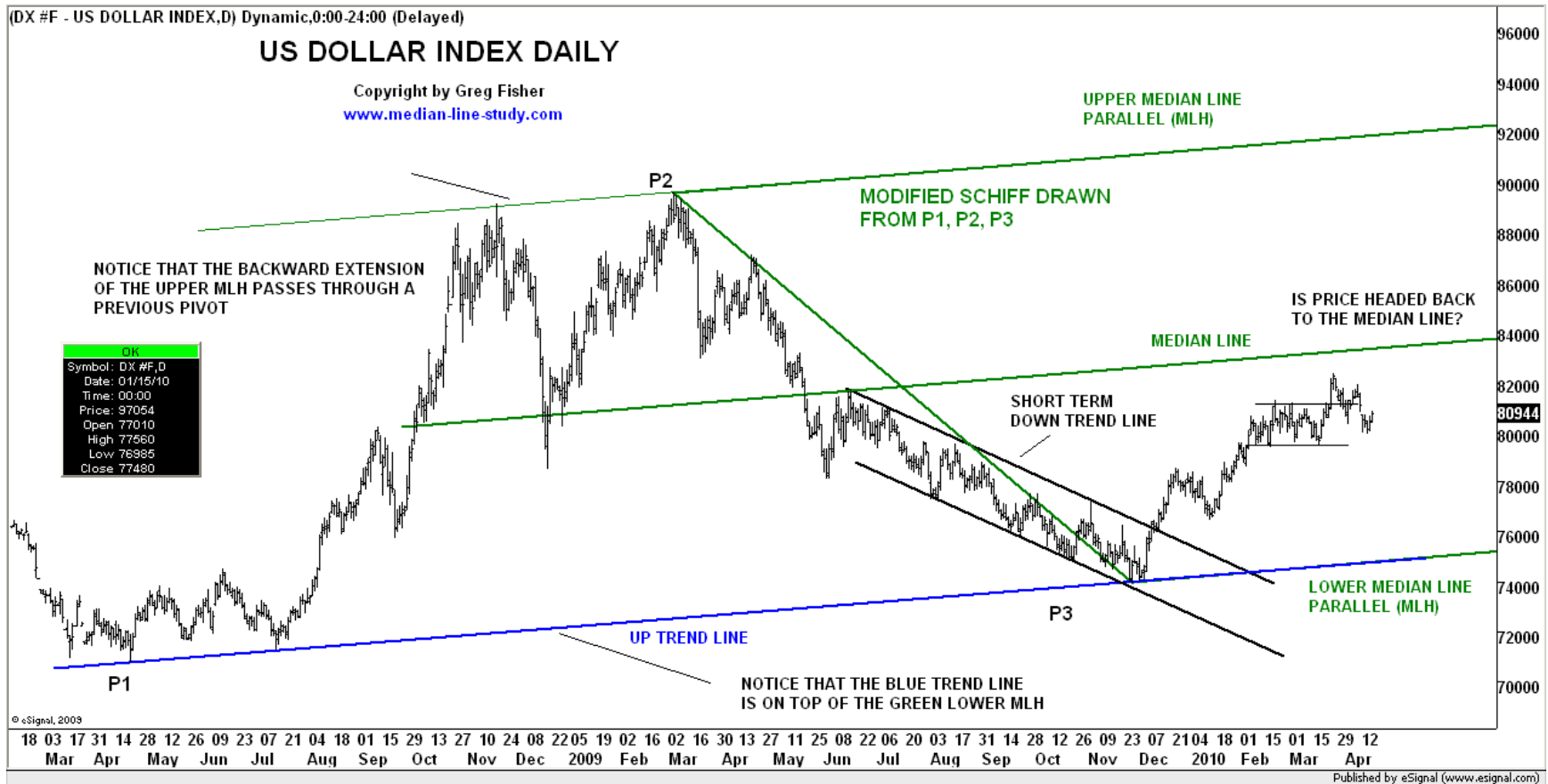


Weekly Futures Report – 04/18/10 By Greg Fisher

US DOLLAR



The Big Picture

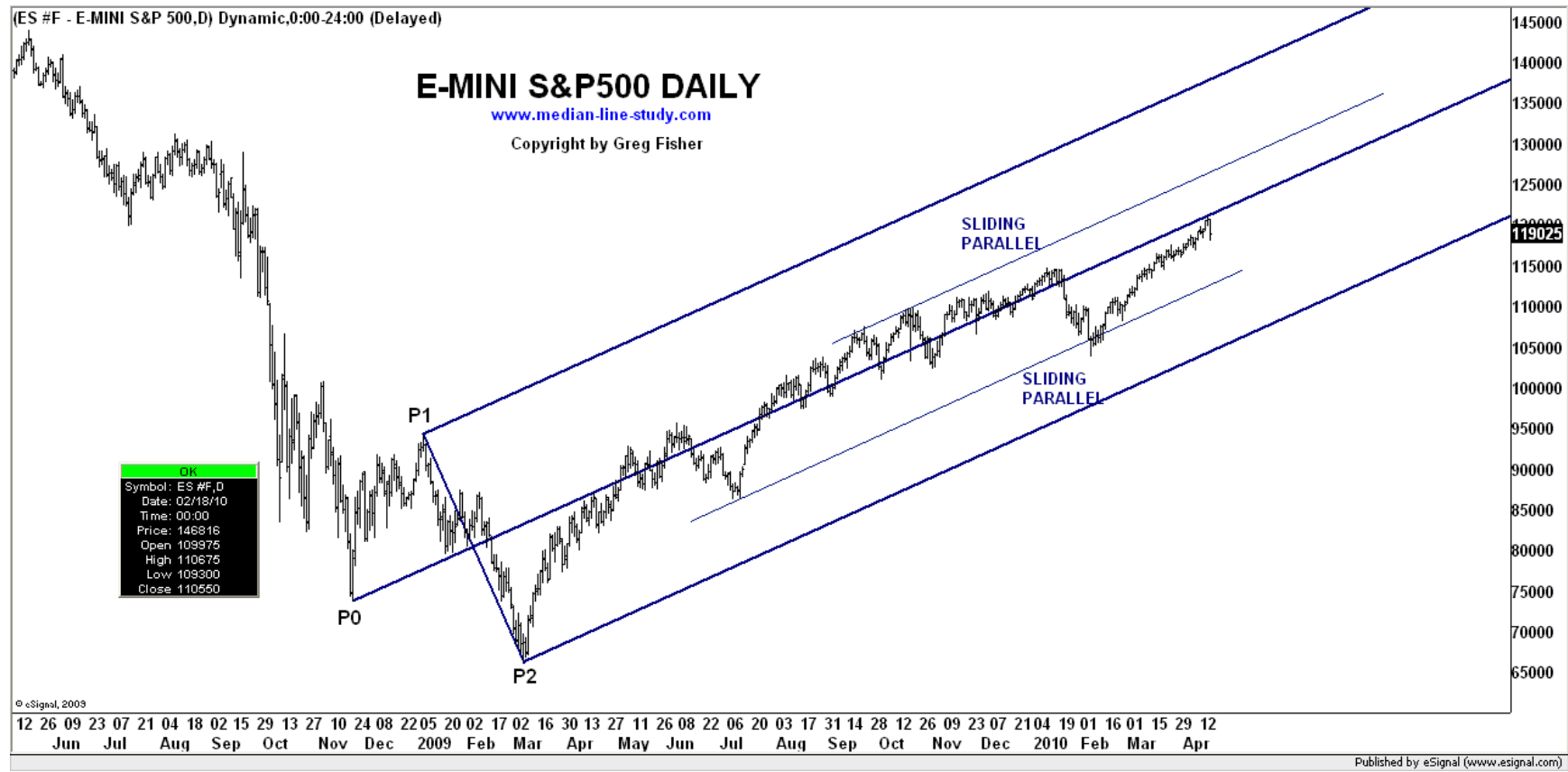


The longer term Median Line set drawn with P2 at the March 2009 lows has projected a fairly accurate path for price. A sliding parallel drawn above the Median Line has caught the lows, while the upper MLH has caught the highs for the past several months.

This chart illustrates the value in the slope of the lines created by Median Line sets. This Median Line could have been drawn after it was clear a rally from P2 had ensued. Even if you hadn't drawn this ML set in until last summer, it still provide value as price would soon begin finding support and resistance on the upper MLH and sliding parallel.

Price has returned to the upper MLH and bounced briefly lower. That doesn't mean an immediate reverse is going to happen immediately. Notice the number of times price bounced of the upper MLH in the fall of 2009 before a bigger correction.

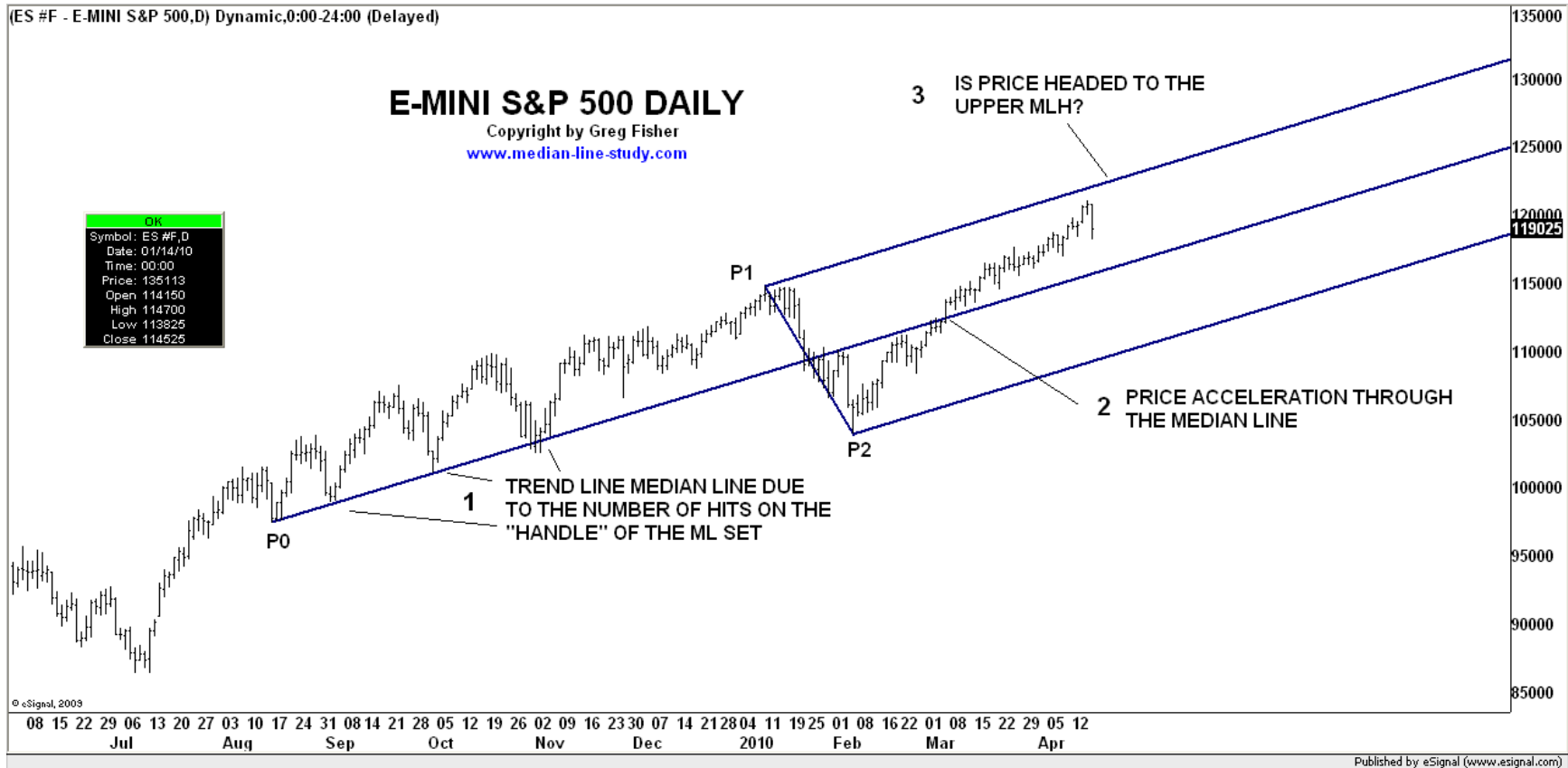
The Big Picture



The most interesting thing about this chart is when you compare it to the mini-Dow chart. The same pivots are chosen, with P2 at the low reached in March of 2009. As with the mini-Dow chart, the slope of the lines set by the P0, P1, and P2 pivots has done an excellent job of becoming support/resistance.

However, notice that price reached the upper MLH on the mini-Dow chart, where price barely reached above the Median Line in this chart. Regardless, both of the Median Line sets projected the proper slope at which price would find support/resistance.

Price has returned to the Median Line and moved slightly lower. This again does not mean an immediate correction is in order as price can often bounce up against a line several times before a larger correction occurs.



There are times when a longer term chart paints a clearer picture. The Median Line drawn is a trend line Median Line because of the fact if you were to draw a trend line from P0 through the next several swing lows, you would have a trend line. As price progressed and it was clear P2 has formed, you could have drawn the blue Median Line set in. The "handle" of the Median Line set would have been drawn directly over the trend line. Because price interacted several times with the Median Line prior to becoming a Median Line, there is a greater chance price will interact with the line and its parallels in the future.

Median Line theory suggests that if price accelerates through the Median Line, it often revisits the line before reaching the next probable line (the upper MLH in this case). Dr. Andrews estimated this would occur about 80% of the time.



Technical analysis is about looking at the past to project the future. At times price will react very similarly to price action in the recent past. I have been watching this pattern develop in gold over the last several months. Look at the similarities in pivot structure compared to 2008. Price made a major high then fell swiftly to form a lower low, P1. Price then rallied to a lower high, P2. Price then fell and formed a lower low, P3. Price rallied once again to form a lower high, P4. Price fell again, not to a lower high, but a higher high, P5. Price then took off upward to form a major high, P6, that was lower than major high, P0.

The time frame from major high P0 to P6 was a little shy of 90 trading days in 2008. If you project about 90 trading days from the 12/02/09 major high, the time is right around now, the first of April.

Will the same pattern repeat in 2010?

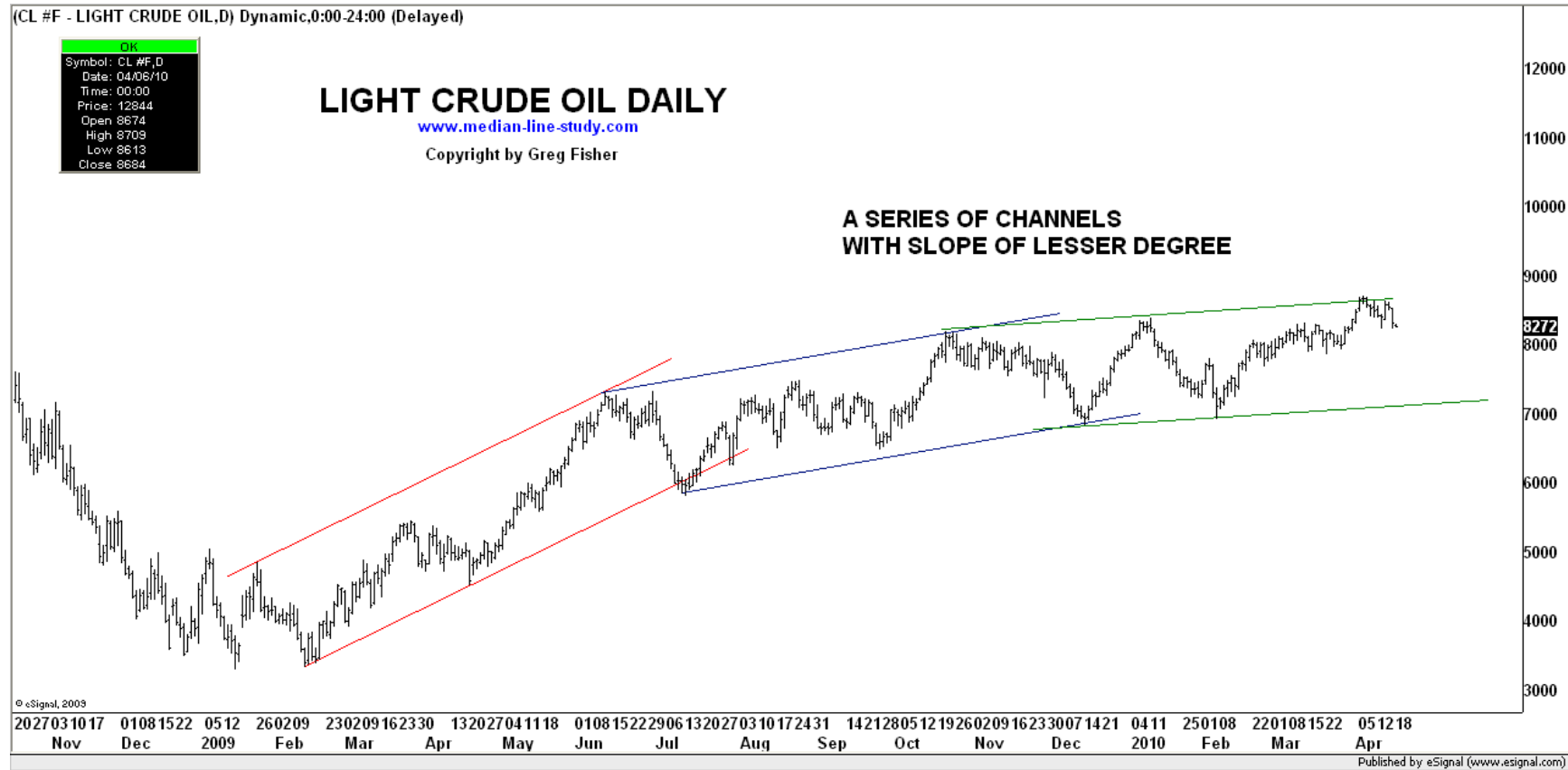


Last week I was watching to see if price reversed off the Median Line once again as it did in March. Sure enough, price bounced off the Median Line and fell rather quickly.

If the short term look is in agreement with the longer term comparison from 2008, a larger downward correction could be on the way.

Draw in the down sloping Median Line from P1, P2, P3 for a look at the downside potential.

The Big Picture



Have you heard the saying, “The market appears to be rolling over”? Notice the channels that have progressed from the lows in early 2009. The first red channel is fairly steep as price jumped out of its lows. Last summer price began moving higher, but at a slower pace defined by the lesser slope of the blue channel lines. Since the end of last year price has moved higher, but at an even slower pace defined by the “closer to horizontal” green channel lines.

Notice that price has just reached the top of the upper green channel line and is at a decision point. If it falls lower, the green lower channel line would be the next line of support. If price breaks below previous swing highs, a move lower is likely.



Price failed to make a higher high this week and return to the high-to-high line. Price is just about to break below the previous swing low. I drew in the longer term red Median Line set and noticed that price has already hit the upper Median Line parallel. If price breaks below the previous swing lows and stays below the red upper MLH, the red Median Line set will likely guide price lower.

I also drew in the blue lower channel line, which is parallel the high-to-high line as potential support if price continues lower. If price breaks below the lower channel line, we can use the action/reaction line technique to project a lower target.

The long term and short term analysis suggest lower prices for oil.

SILVER

The Big Picture



Silver has been in an uptrend since October of 2008. The sliding parallel has been support for price several times. On the way up, price has made a series of higher highs (HH), and higher lows (HL). The next pivot is critical in determining the longer term direction of price. There is a strong horizontal resistance line with two “hits” just above. If price fails to reach the horizontal resistance line and falls below the last higher low swing, a new lower high (LH) will be formed, suggesting a down trend underway. If price stops and the horizontal line and reverses it may be the beginning of a down trend. If price rises above the horizontal resistance line, the uptrend is intact.



Last week price was right at the Median Line and I asked the question, “Will price reverse at the Median Line, or will it accelerate through the line?”

Price made a powerful move lower at the end of the week. If price continues lower and confirms the lower high at the Median Line, it will continue to confirm the short term down trend in silver. A down sloping Median Line can be drawn from P1, P2, and P3. For a less aggressive look at the potential downward path of price, draw a modified Schiff Median Line from the same pivots.

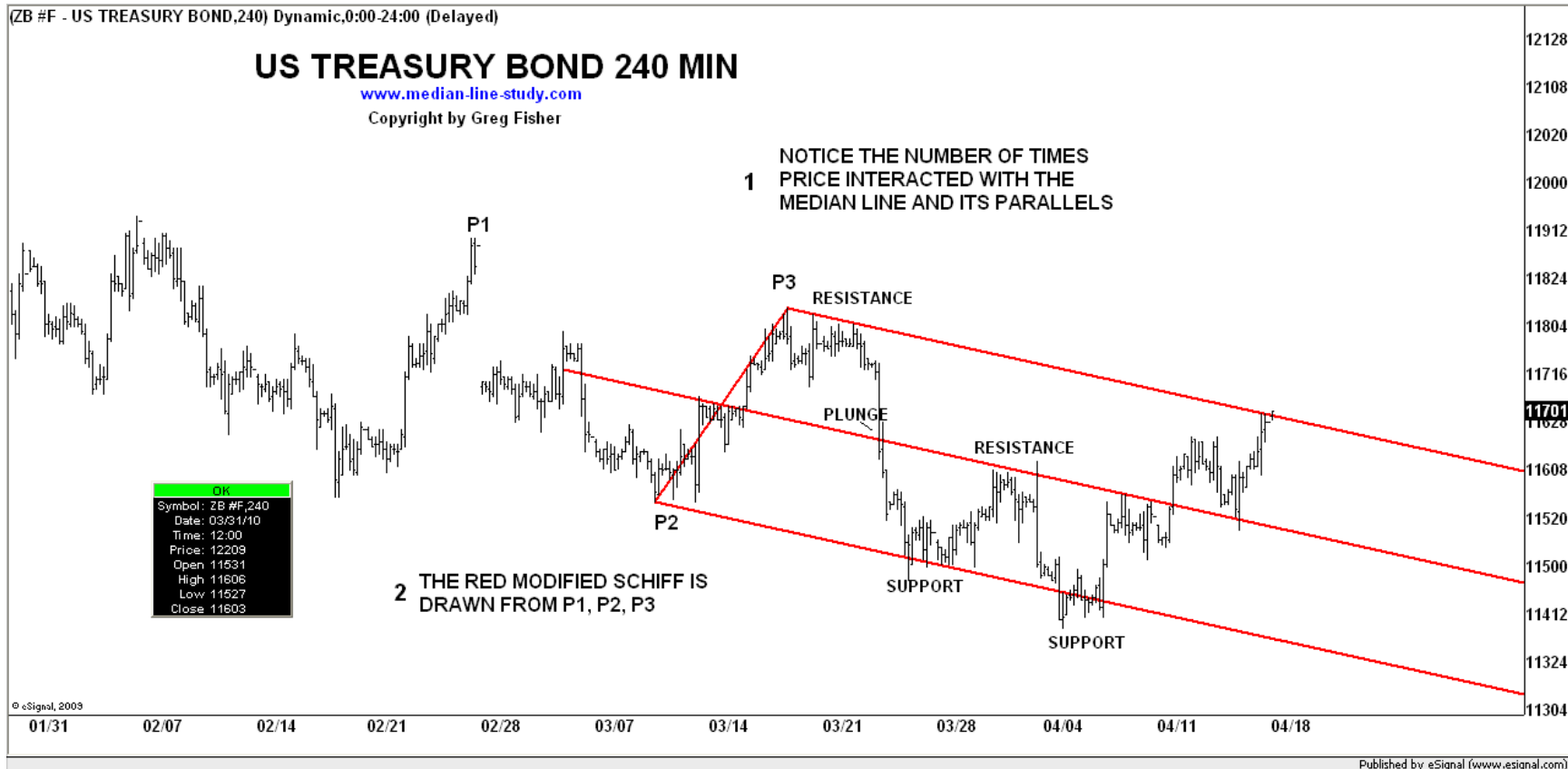
US TREASURY BOND

The Big Picture



Price has been confined in a range ever since the beginning of 2008, except for the burst higher at the end of 2008/beginning of 2009. A move out of this trading range would be a sign of a longer term change in trend.

There is not a whole lot else to say about this chart. It has been fairly uneventful since the major acceleration to highs at the end of 2008.



Price has been guided downward by the red down sloping modified Schiff Median Line set. In a down sloping Median Line set, if price plunges through the Median Line, it often revisits the line and then falls to the next most likely line – the lower MLH in this case. The lower MLH is a place to look for a reversal or another plunge. Price reversed in this case and rallied back to the Median Line and found resistance once again. Price then fell to the lower MLH where it reversed again. Price has rallied back to the Median Line and after a brief period of resistance, price broke above the Median Line. Notice the number of times price has interacted with this simple modified Schiff Median Line. Now the question is, “Will the upper MLH hold?”

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