Market Turns advisory
Short-term Turning Points for the DJIA, SPX, and NASDAQ 100 Indexes

Intermediate Outlook | July 13 - 20, 2009 | Jim Curry, Publisher

CURRENT MID-TERM CYCLIC MODEL STATUS			
CYCLE	STATUS	# DAYS ALONG	COMMENTS
45 D	BULLISH	7	BOTTOMED
120 D	BULLISH	7	CAUTIOUS
360 D	BULLISH	92	STILL UP
1080 D	BEARISH	780	DOWN

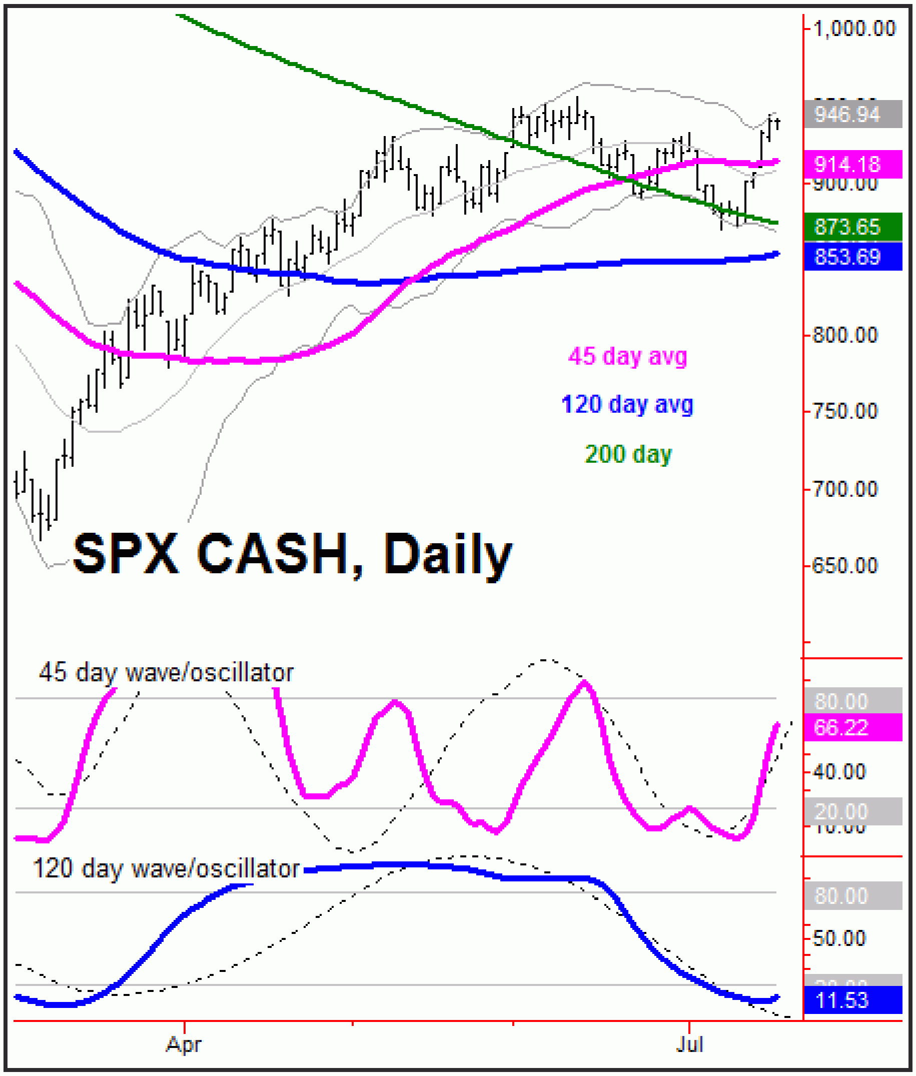
S&P 500 CASH

S&P 500 Cash Index - 07/17/09 Close - 940.38

SPX CASH*:* 5-Day Projected Support and Resistance levels: High - 976; Low - 908
SEPT SP*:* 5-Day Projected Support and Resistance levels: High - 973; Low - 905
SPX CASH: Monthly Projected Support and Resistance levels: High - 937; Low - 870
SPX CASH: 2009 Yearly Projected Support and Resistance levels: High - 1188; Low - 452

From last week: *"As per the notes from last weekend, the bottom that was seen on 6/23/09 was favored to be the last low for the 45-day cycle; however, taking out this figure forces a rephasing with this component back to the 4/21/09 bottom of 826.83. Currently with this 45-day component, the recent breach of the 878.94 figure is suggesting a move back to test the next support level, which is the 38-50% retracement region for the SPX - around the 811-846 level. Having mentioned that, I should add that there is also a new dividing line between the up and down phase of this 45-day cycle. That is, intersecting the 6/11/09 high to the recent 931.92 swing high gives us a VTL line that goes over top of the current action. Any daily close above this line at any point going forward, if seen, would be our best indication that the downward phase of this 45-day component is complete."*

Current analysis: Last week's trading saw the SPX forming the bullish pattern of an early-week low, here hitting a bottom of 875.32 - made in Monday's trading session. From that low,



strength was seen into later in the week, with the index running all the way up to a high of 943.86 - made in Thursday's trading session; Friday was then spent in consolidation mode. For the week, the index ended higher by 61.25 points - a net gain of 6.9% from the prior week.

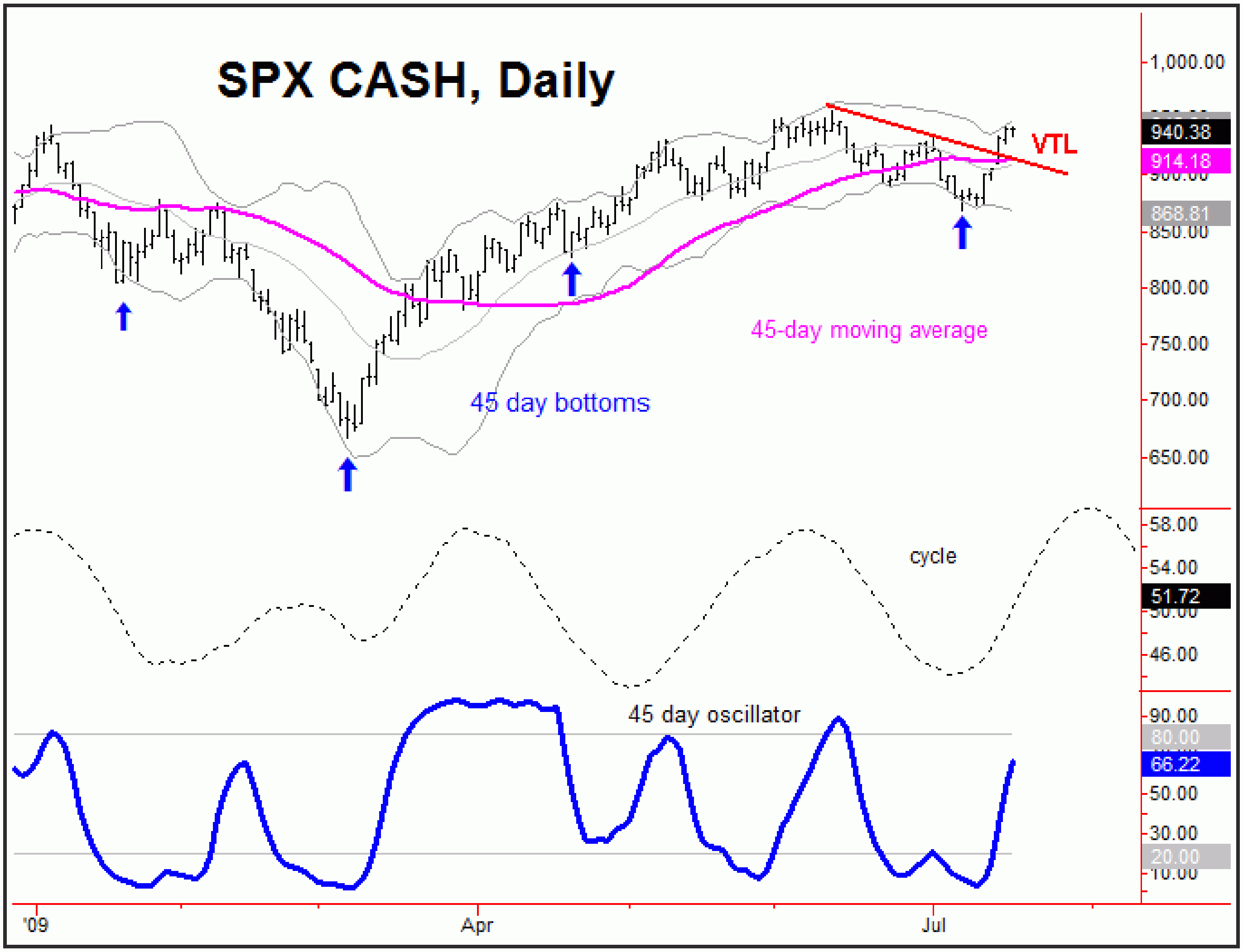
The Time Cycles

From the cyclic table on page 1, the 45-day cycle is now seen as 7 days along is back to being regarded as bullish. The larger 90/120-day cycle is seen as 7 days along and is also back to being labeled as bullish, while the 360-day cycle is currently 92 days along and is still labeled as bullish. The 4-year (1080 day) cycle is seen as 780 days along but is currently labeled as bearish into the late-2010 or mid-2011 timeframe, which is where the next long-term bottom is favored to materialize with this cycle - along with the larger 36 year component.

As per the notes from last weekend, the 45-day downward phase was still deemed to be in force; however, closing above VTL resistance - if seen - would be the best confirmation that this cycle had bottomed - and thus had turned back to the upside. The close above VTL resistance was seen in Wednesday's trading session, thus being the top indication that both the 45 and 90/120-day cycles have bottomed and have turned upward for what could be several more months. However, this won't be without various corrections along the way, the first of which is favored to appear at some point in the new trading week.

The 45 Day (10 week) Cycle

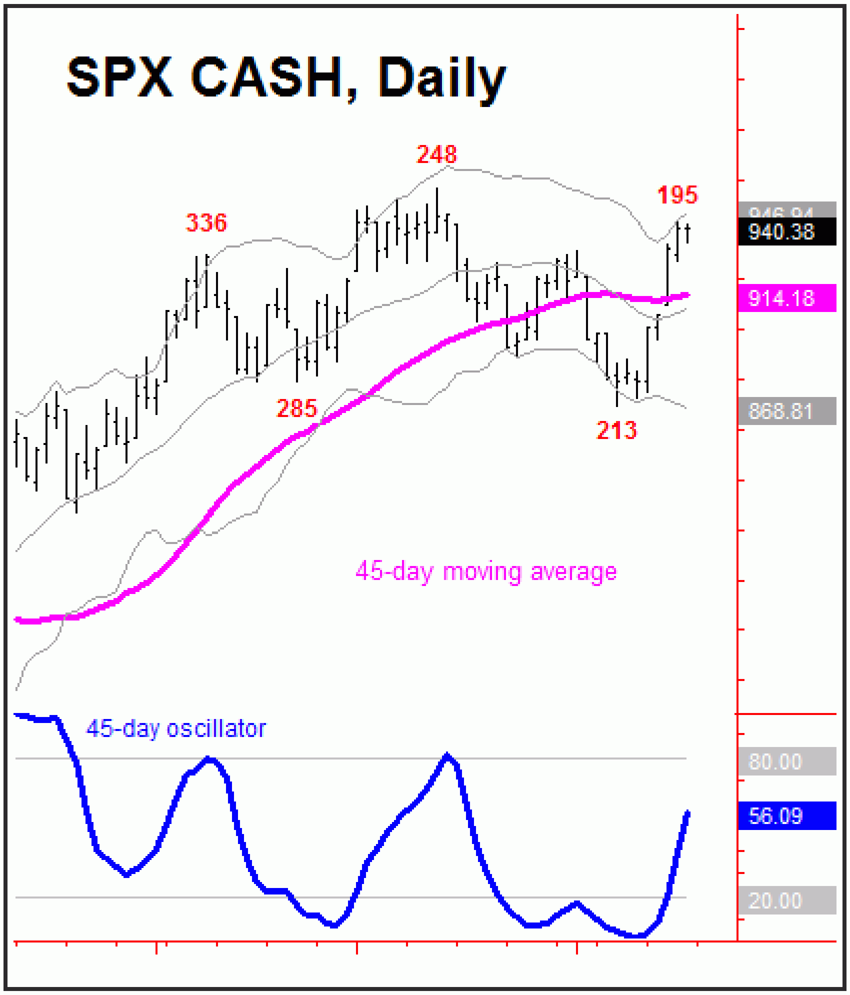
As noted above, the 45-day cycle's last bottom is now regarded as the 7/8/09 low of 869.32 SPX CASH, which puts it at only 7 days along on what should be a brand new upward phase.



The current rally phase of this cycle should ideally see new highs above 956.23 in the days/weeks ahead, with near-term support now moving to the 900-916 region.

From last weekend: *"if the 45-day downward phase were going to give way to higher highs again on the next upward phase of the same, then about 95% of these had not went beyond the 19 day mark before bottoming; 19 trading days from the 6/11/09 swing high equates to 7/9/09. So far the lowest low seen was made in Wednesday's session (7/8/09), and thus the inference - at least from the statistics - is that any new low in price below 869.32 would infer lower-odds for the next 45-day rally phase to take out the 956.23 level. In other words, for the next 45-day upward phase to have decent odds of making new highs for the larger swing, then it would have had to have bottomed at Wednesday's swing low. Whether this would end up as the case remains to be seen, though I am favoring at least a short-term rally this week, due to the position of the smaller 10-day cycle."*

Current analysis: From the comments made in recent weeks in regards to the above, the only way that the recent 45-day downward phase could give way to new highs on the following

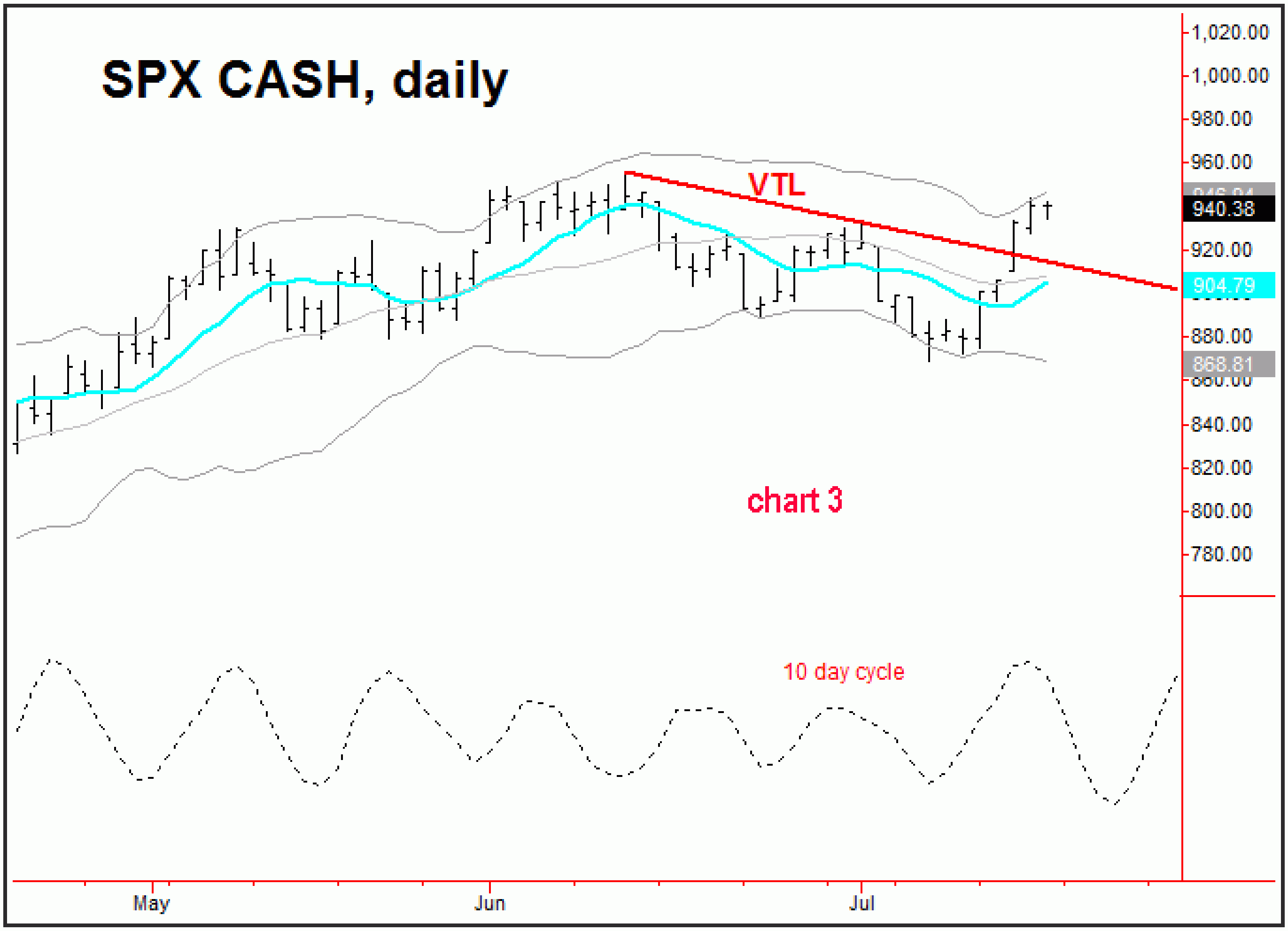


upward phase of the same would be for the 7/8/09 swing low of 869.32 to end up as the bottom for this particular component. Though this was not actually favored, it *was* what happened - and thus the fact that the last downward phase was able to bottom out before the 19 day mark gives good odds that the current 45-day rally will take out the prior peak for this cycle (the 6/11/09 top of 956.23).

Adding to the above is a simple pattern analysis of the 45-day component, which shows that when it is able to hold above the prior bottom for the same (in this case the 826.43 swing low of 04/21/09), then the probabilities are better-than-average (about 80%) that it will go on to register higher highs again on the next upward phase that follows. All said then, in terms of price, the odds are above-average for the June high of 956.23 to be exceeded at some point in the days/weeks ahead.

In looking at the time statistics regarding this same 45-day cycle, of note is that the average rally when coming off the pattern of a 'higher-low' has been approximately 25 days off the bottom before the following 45-day peak was put in place. However, if the 45-day bottom was *also* a low for the larger 90/120-day cycle, then the rallies tended to last slightly longer - to the tune of approximately 29 days before re-peaking. In other words, *if the 869.32 swing bottom was in fact the last low for this component, then the probabilities are good that it won't see it's next peak forming prior to the second or third week of August.* Support will now become plus or minus 8 points of the 908 level, which is the new weekly projected support low for this index - key to note as we move forward.

Technically speaking, the last low did come on a good internal contraction from both the prior swing high and the prior swing low. On the chart above, you can now see that the new rally is coming on an internal contraction (195 vs. 213) - which means that the rally is running on shakier legs; this will need to improve going forward. The best 'guess' - considering the

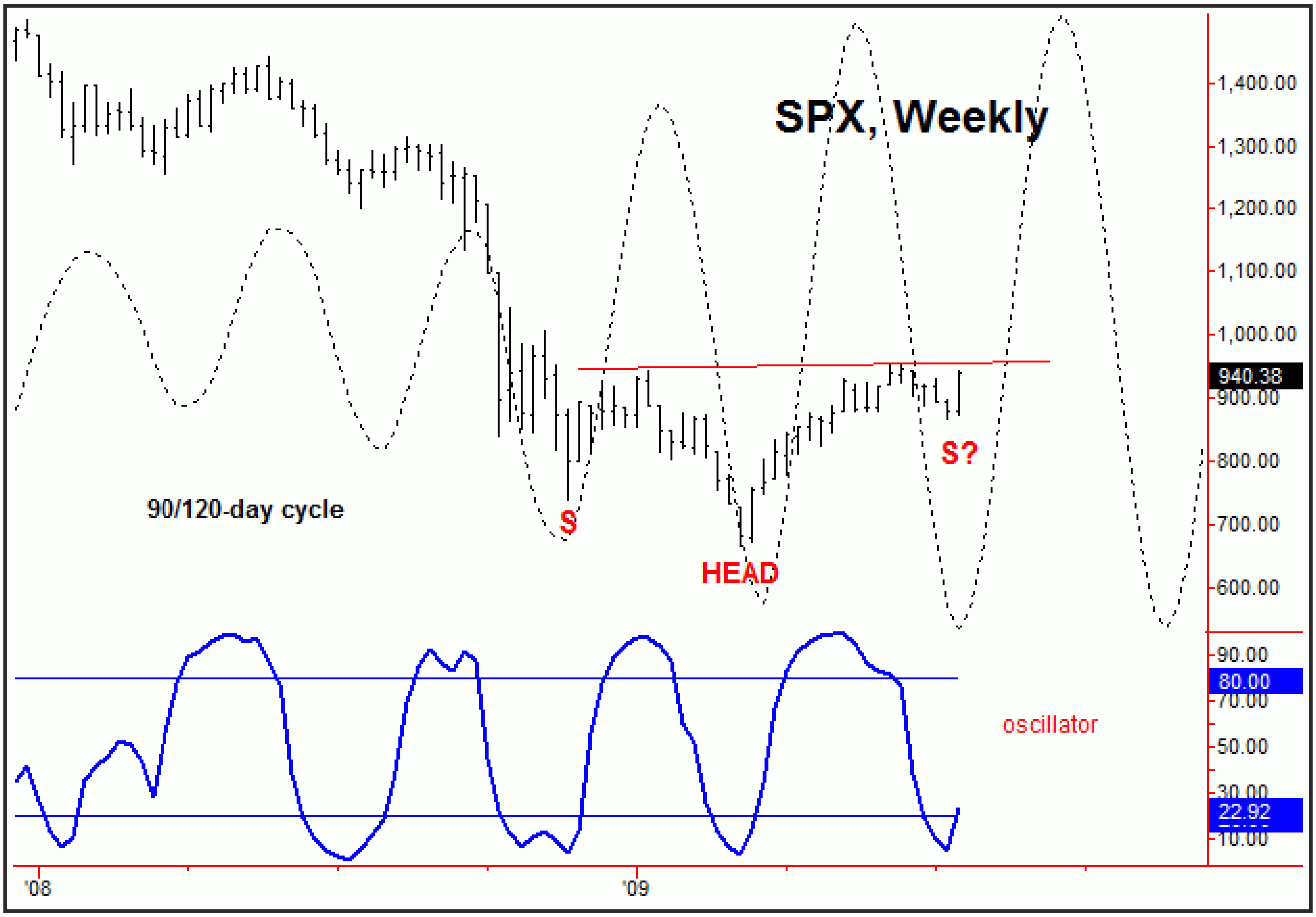


position of the smaller daily cycles (such as the 10-day component, shown above) is that we will see a correction in the new trading week, but with the assumption that this correction should hold at or above the prior low for the swing - then to give way to higher highs again on the next short-term upswing that follows into late-July and into the month of August.

The 90/120-day Cycle

With the recent action, the 90/120-day cycle (chart, next page) is also now seen as 7 days along and is back to being regarded as bullish at this time. This cycle is next due to peak around the mid-to-late September timeframe, plus or minus; it is then due to low-out again around the late-November timeframe - also plus or minus.

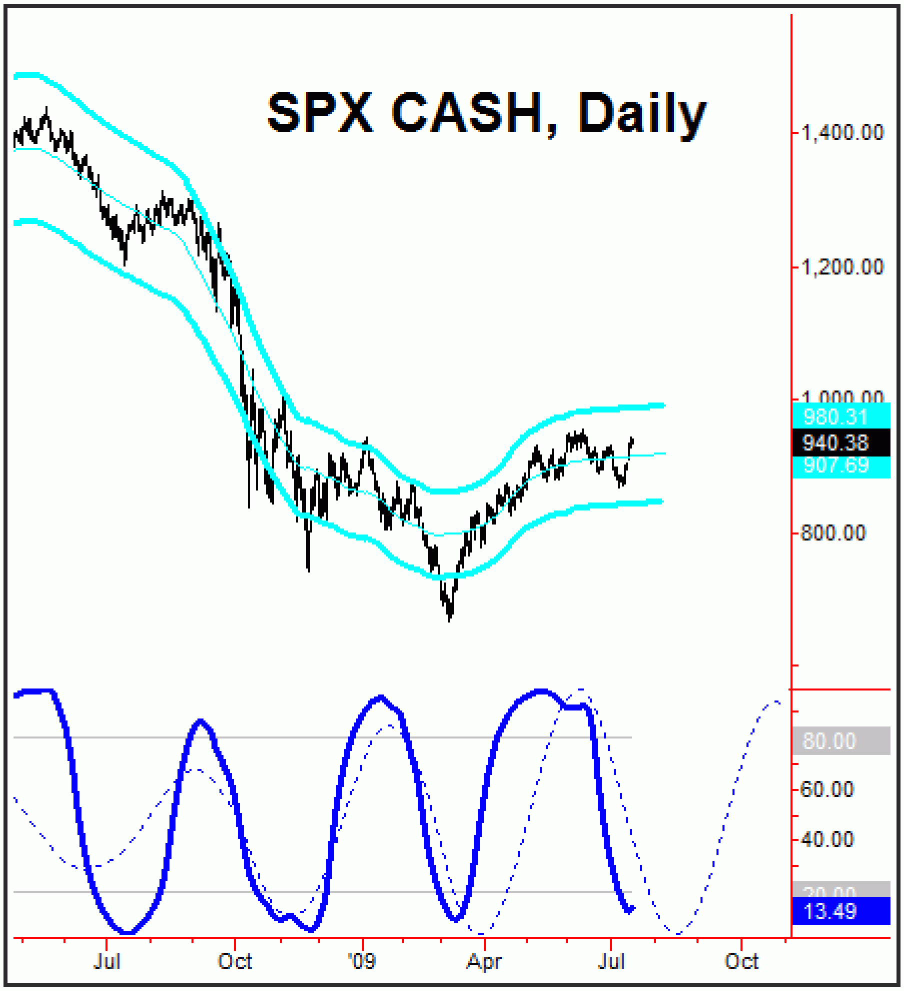
From last weekend: *"Throwing in the normal plus or minus variance here would put the ideal bottom for the same anywhere in the 80-120 day mark, of which we are again 87 days along at Friday's close. As noted in the 45-day section, it looks like a test of the 811-846 range is going to be seen before all is said and done here, and thus the current assumption is that the index will try and remain below the 920's on a*



closing basis, then to move into this lower retracement zone 811-846 SPX CASH) in the days/weeks ahead. Interestingly, about 80% of the 120-day down phases have seen the SPX/VIX bottoming signal occurring at some point before the bottom for the cycle was reached; since that pattern has yet to materialize, the expectation is that it will be made at some point in the days/weeks ahead."

Current analysis: Last weekend I noted that our 120-day cycle had shrunk to what is now an average duration that is closer to 99 trading days in length, and the breach of the 878 level then had confirmed the downward phase of the same to be in force. With that, the assumption was for a drop into the 38-50% retracement zone (811-846 SPX CASH) - provided, of course, that daily VTL trendline resistance was not closed above. Thus, with the latter occurring at Wednesday's close, the assumption has to be that the 869.32 swing low was not only a 45-day low - but a bottom for this larger 90/120 day component as well.

Having said and noted the above, there were some obvious caution signs here. That is, as noted above, the recent decline would have had the best 'look' had a drop into the 38-50% retracement zone been seen; it was not. As well, the SPX/VIX bottoming pattern has been seen in about 80% of the 90/120 day downward phases - it did not occur with the recent selloff,



which raises another caution flag. On the flip side, one could argue that the shallow correction is very bullish for the bigger picture, with the potential for another inverted 'head & shoulder' pattern being confirmed on a weekly close above the 960 level on the SPX. If triggered, this pattern could target a potential move to as high as the mid-1100's for this index. Whether that would occur here remains to be seen, but the best analysis from both the 45 and 90/120-day cycles is that we have to be at least cautiously bullish against the 869.32 swing low, which was in fact a 3-wave correction to the downside.

In looking at a statistical analysis of this 90/120-day component, when it has registered the pattern of a 'higher-low' the average rally into the next cycle top lasted 55 trading days before peaking (about 11 weeks); if seen on the current rotation, that would suggest the SPX to be headed upward into 9/23/09 or later. However, the greater-majority of these (80%) have seen time rallies of 35 trading days off the bottom, which would equate to 8/26/09. In other words, *if the 869.32 low was the bottom for this 90/120-day component, then the statistical inference is that the odds are very good that the cycle would not re-peak prior to late-August - but with decent odds that it could stretch out into the mid-to-late September timeframe.*

Adding to the above, in terms of price, the average rally coming off a 90/120-day bottom (where it had formed the pattern of a 'higher-low') has been in the neighborhood of 14% or greater off the bottom. Thus, if this proves true for the current rotation, then the SPX would appear to have a shot at the 990 level or better between now and the month of September.

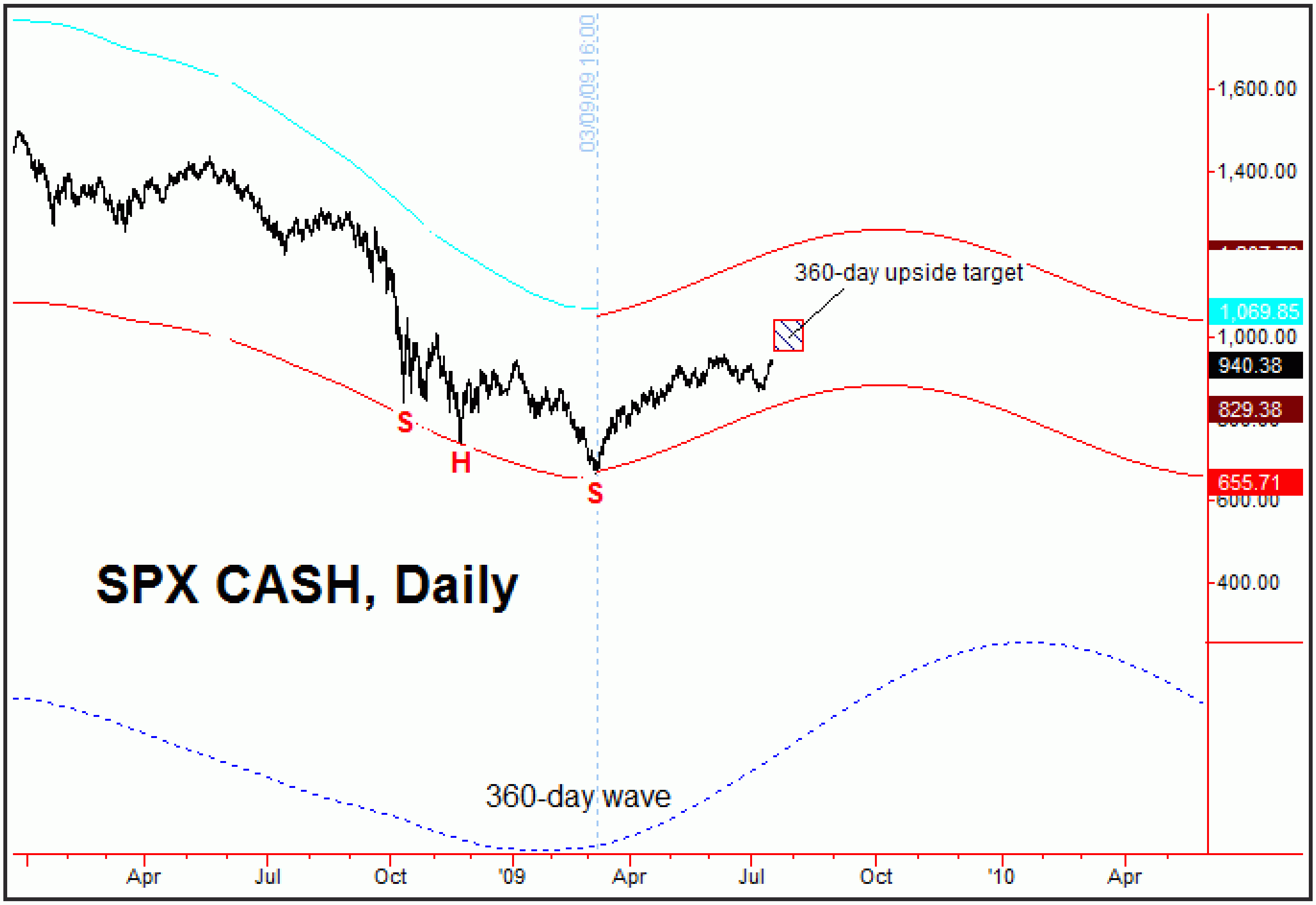
From last weekend: *"assuming whatever low that is registered with the 120-day component ends up holding at or above the March low of 666.79 (which the probabilities favor), then another run to or above*

the highs again would be seen into late-2009 or into the Spring of 2010, where a more important countertrend peak would form. With that, the suggestion here seems to be that an Elliott 'A' wave completed at the 956.23 level - with a 'B' wave correction now in force. Provided that correction holds above the March lows, then we ideally should be set for a final 'C' wave rally into the latter part of 2009 or into the Spring of 2010."

Current analysis: As noted in recent weeks, if the 90/120-day downward phase was able to hold above the 666.79 swing low from March (the prior bottom for this component), then the probabilities were good for the 956.23 swing high to be taken out on the next upward phase of the same. The suggestion with this was that whatever correction that played out with this cycle could be a 'B' wave - which would then be followed by a final 'C' wave higher into the Autumn of this year - even though some caution is still advised, due to the action into the recent bottom.

The 360-day Cycle

The larger 360-day cycle (chart, above) is now viewed as 92 days along and is still regarded as bullish off the 03/06/09 swing bottom of 666.79. As noted in recent months, this 360-day



component will be looking for it's next peak around the latter part of 2009 or into the Spring of 2010, with it's next bottom projected to occur in the Autumn of 2010 (plus or minus). The next 360-day low looks like it will also have the highest odds of bottoming the larger 4 and 36 year time cycles around this same (Autumn 2010/June 2011) time period.

In terms of time, as point out in recent months, the statistical observations with this 360-day cycle have shown that the average rally in coming off the pattern of a 'lower-low' has been about 47% off the bottom. If seen at some point on the current upward phase of this cycle, this would tend to favor an eventual move to or above the 980 level for the SPX; in addition, there is the still-outstanding upside projection from this cycle to the 965.93 - 1032.41 region. With all of the above, the current assumption remains that a move to the 965 level or higher will be seen before the current upward phase of this 360-day cycle is finished - which again look like it could ideally complete itself with a 'C' wave rally later this year.

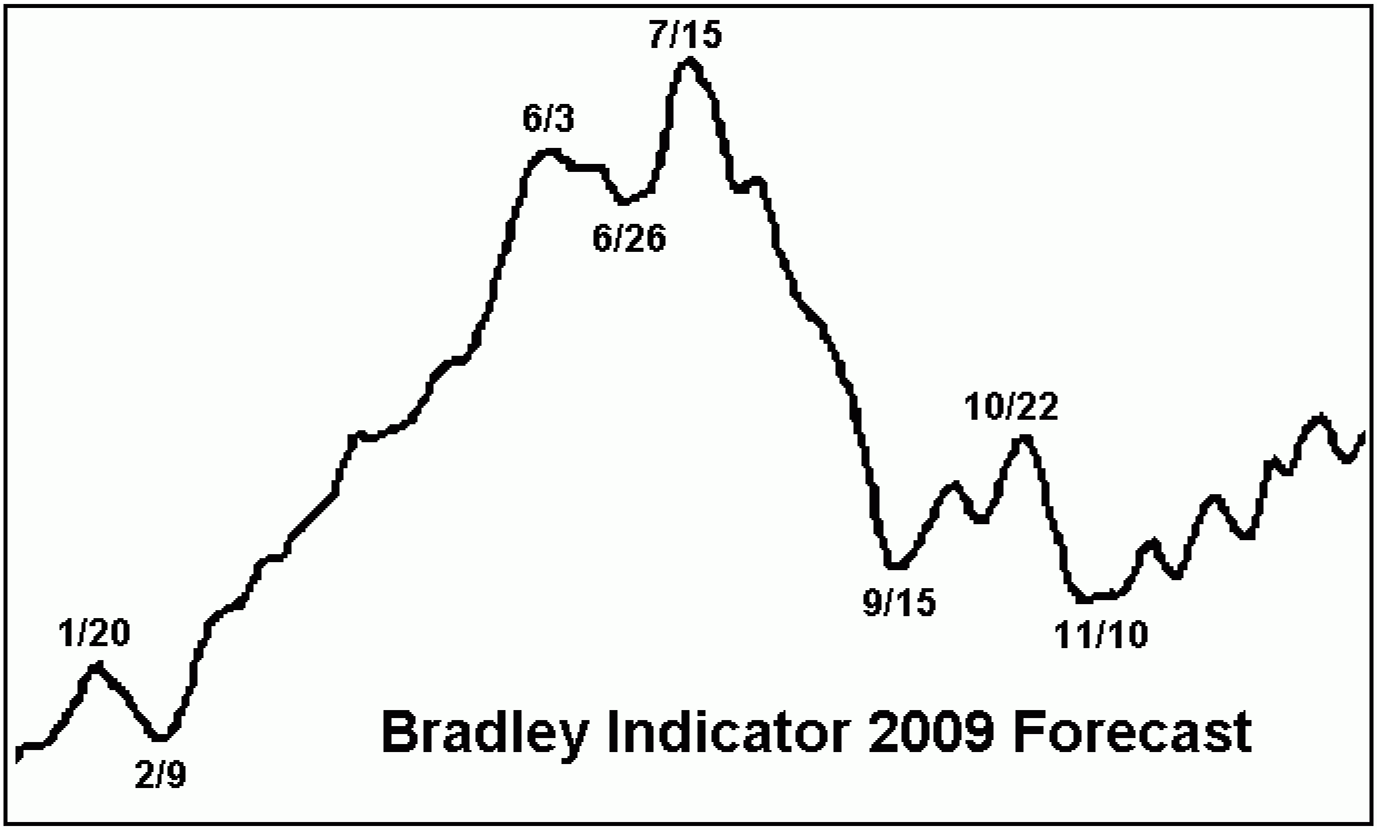
In terms of time statistics with the 360-day cycle, about the minimum rally in coming off the pattern of a 'lower-low' has taken 78 trading days or more before it's next peak was in place. From the comments made in recent months, the indications favor that this cycle has a higher

high still out there - as the 6/11/09 high was only 67 trading days from the March bottom. We'll obviously see how all of this plays out in the weeks and months ahead.

The 4 and 36 year Cycles

The four-year cycle is now seen as 780 days along and - along with the larger 36 year component (chart, above) - is regarded as bearish into the late-2010 or into the mid-2011 time period. As pointed out in recent months, the latter part of 2010 is when the next 360-day (18-month) low is projected to occur, as well as when the next four-year bottom is favored to materialize; it is also when the next 'Presidential cycle' bottom is due. In addition, June of 2011 is when the next major turning point low with Armstrong's '8.6 year Global Business Cycle' is projected to occur. Adding to all of the above, the 'decennial pattern' with the stock market has the 10th year as the weakest year of the pattern/decade - which also tends to line up with an important low for the latter part of 2010.

With the above then said and noted, the current assumption with the 4 year cycle remains unchanged - and thus favors that whatever rally plays out with the 360-day component will end up failing later this year or into the Spring of 2010, then to give way to new lows (below



666.79) into late-2010 or into the Summer of 2011. In terms of price, the combination of these cycles will still be looking for an eventual decline to or below the 570-620 region (long-term 'swing support') before these downward phases are finished. After the next 4 year bottom is in place, a new bull market phase should emerge, one that will take the indexes upwards in the neighborhood of 200-300% or better off of whatever lows that up forming on the current rotation.

The Bradley 'Psychological' Indicator

Lastly this weekend, we need to take note of the Bradley indicator once again (chart, above) - particularly in light of the recent market action. The most major turn for the year 2009 has been the turn that was projected for the 7/15/09 timeframe - which we are obviously at or into right now. Is the Bradley suggesting an important high or secondary high for the current period? Or, was the low seen on 7/8/09 an important bottom (also within the plus or minus for a Bradley turn)? Right now this is all speculation - and such it will be with the Bradley. Even said, what this means to me is that you would have to be cautious at the present time, and at least a bit skeptical of the rally seen last week - even though the assumption still has to be that both the 45 and 90/120-day cycles have bottomed and have turned to the upside. We'll obviously know more on the above as the action continues to unfold in the days/weeks ahead.

NASDAQ 100 INDEX

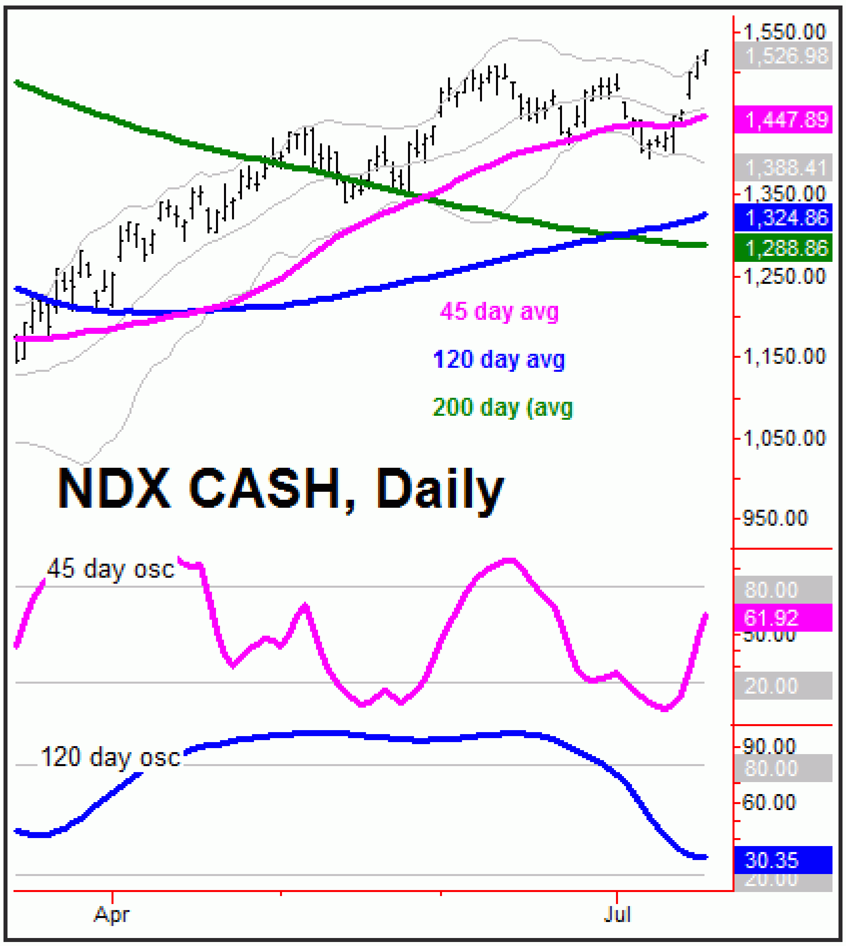
NDX CASH Index - 07/17/09 Close - 1527.26

5-Day Projected Support and Resistance levels: High - 1589; Low - 1464

Monthly Projected Support and Resistance levels: High - 1544; Low - 1445

2009 Yearly Projected Support and Resistance levels: High - 1653; Low, 576

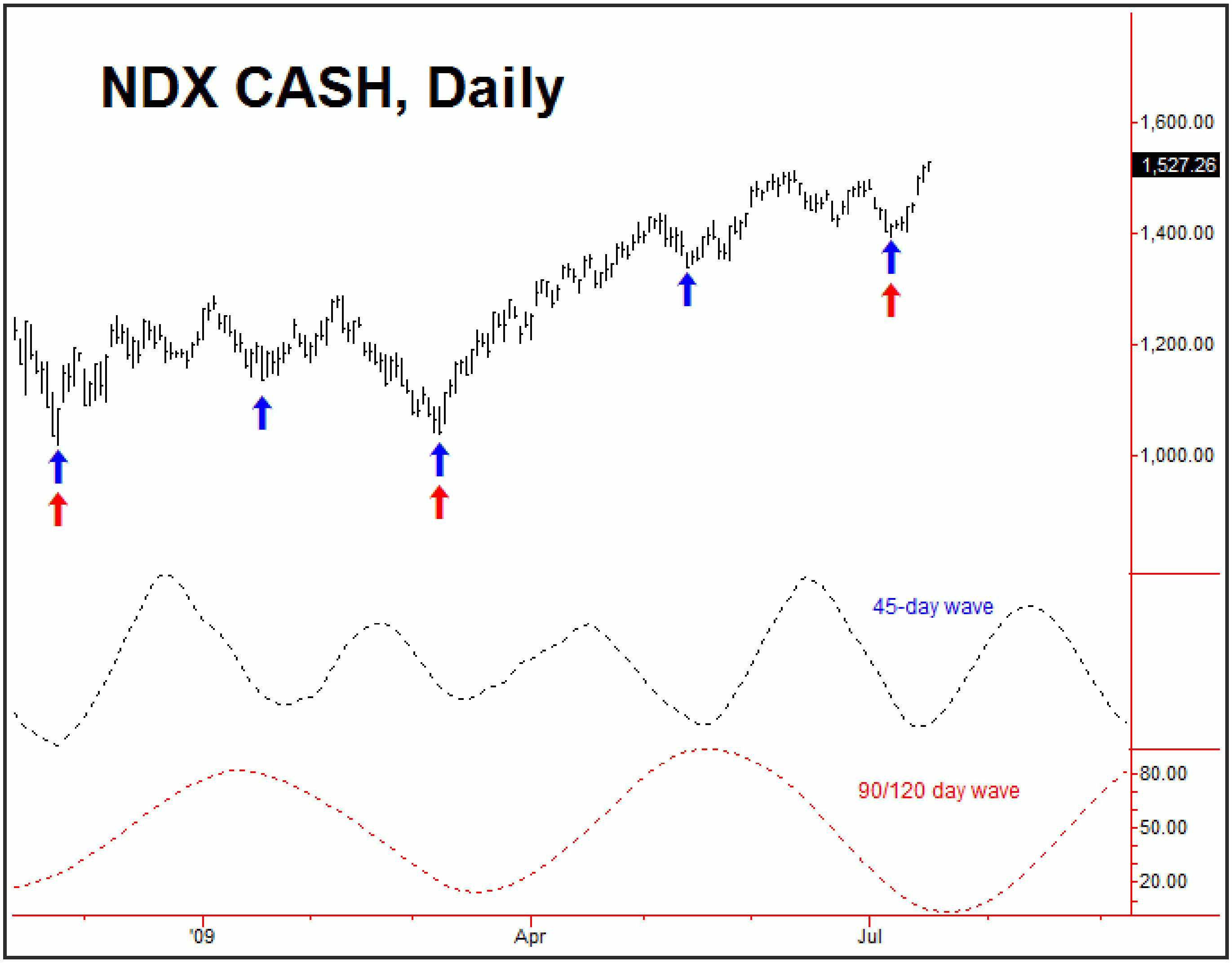
From last weekend: *"the 'hook' to the downside with the 45-day oscillator was a hint that the recent tag of the 1497.71 level was a 'B' wave high - and that a 'C' wave decline to new lows for the swing (below 1413.54) was the next move; this was obviously seen with the recent action. If the above is correct, then the next 45 and 120-day combo low will come from the bottoming of the C wave in the days/weeks ahead - though from what price level is currently an unknown."*



Current analysis: Like the SPX, the NDX also registered the more bullish pattern of an early-week low, here hitting a bottom of 1402.19 in Monday's trading session. From that low, strength was seen into late-week, with the index pushing all the way up to a high of 1527.26 - made right at Friday's close on this index. For the week, the index ended higher by 107.42 points - a solid net gain of approximately 7.5% from the prior week.

As noted in recent weeks, the decline off the 1497.71 swing high looked to be a 'C' wave to the downside - though it was not known precisely where the bottom for the same would be made. However, the action in the earlier part of last week ended up confirming a 45-day bottom in place - and thus a rally to new highs for the larger swing to be registered. In addition, the action is also suggesting a larger 90/120-day bottom was also made at the 1394.87 level.

From last weekend: *"the favored path is for the 120-day down phase to form the pattern of a 'higher-low' - meaning that it should hold at or well above the March bottom. When this has been seen in the past,*



the average down phase tends to last 30 trading days before bottoming - though with wide variance in either direction. However, if it is going to also register a 'higher high' on the next upward phase that follows, the greater-majority (85%) of the 120-day down cycle phases have seen their bottoms made on or before the 50-day mark. Fifty trading days from the 6/11/09 swing high equates to 8/21/09 - and thus the current assumption is that the larger selling wave will try and terminate between now and the third week of August."

Current analysis: From the comments made last weekend in regards to the above, the assumption was that the recently-viewed 90-120 day downward phase would bottom out before the third week of August - and would then be followed by higher highs again on the following swing up with this component. The correction down to the 1394 low was able to hold well above the prior 45-day bottom, and the correction with the 90/120 day cycle was able to hold above the March lows - both indicating that higher highs were going to be seen.

Even with the above, we are probably going to see a correction with the smaller daily cycles (tracked in the short-term outlooks), ideally materializing at some point in the new trading week. Near-term resistance for the NDX looks to be at or near the 1530-1544 region - which we are not that far away from at Friday's close. In other words, the ideal path here would be for a firm short-term correction to be seen at some point in the new week - which would then give way to higher highs again into late-month and into the month of August.

Statistically speaking, the time inferences are virtually identical to that of the SPX, in that the probabilities will favor the larger 90/120-day rally phase continuing into the mid-to-late September timeframe. If this is indeed seen, then we would have to be looking for indications of a larger peak forming with both the 120 and 360-day cycles - which looks to be setting up for the Autumn of this year. More on all of the above as we continue to move forward in the cyclic configuration.

Jim Curry
Market Turns Advisory
Email: jcurry@cycle-wave.com