

## EWP on the DOW & S&P 500 - Update

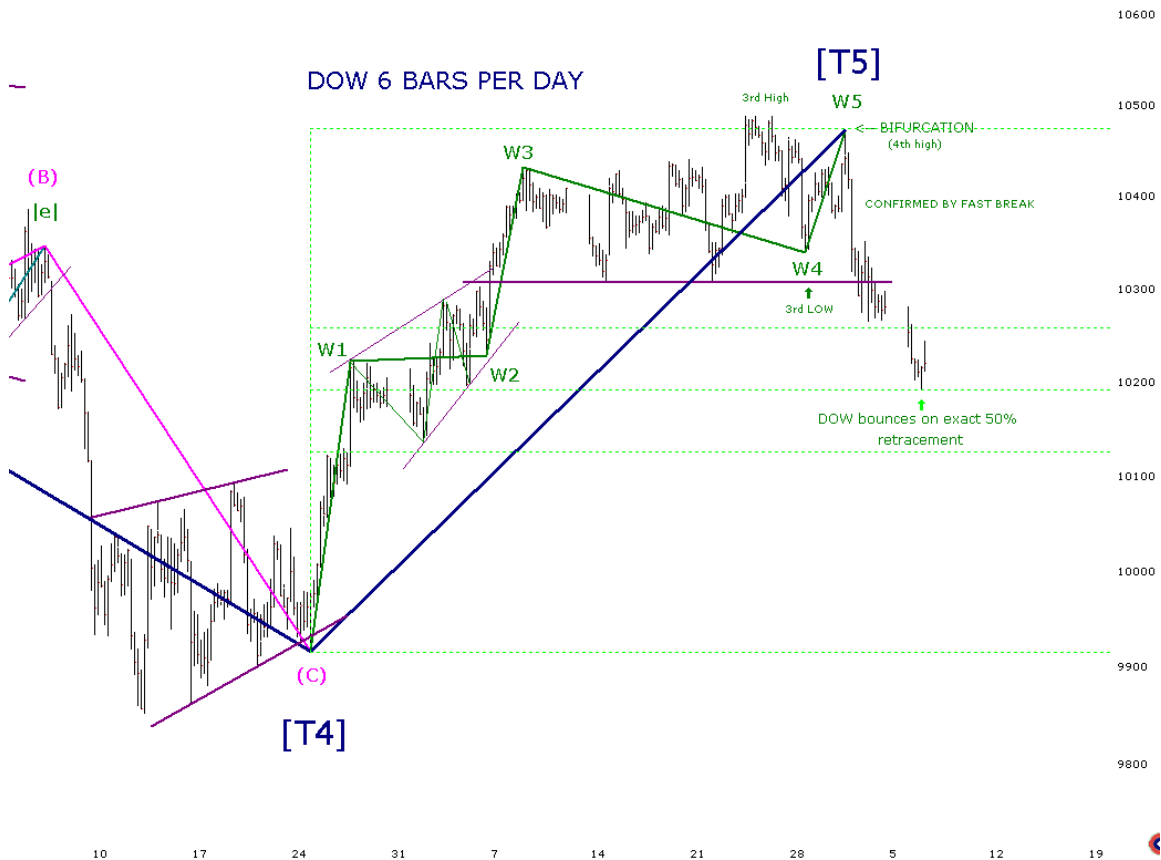


Attached is a chart of the S&P showing initial FLAG TARGET at 1105 and the RED ZIGZAG at 1105 also. First it needs to get through the RED BOUNCE CIRCLE - a possibility, though the TARGETS indicate that the BOUNCE CIRCLE will fail even in its oversold position.

The TERMINAL is TEXTBOOK STUFF with the relationships being exact NOT approximations in PHI/phi relationships. See definition for "WAVE ONE EXTENSION TERMINAL" in "Mastering Elliott Wave" page 11-6 The TERMINAL within [T5] MIRRORS the larger TERMINAL from March last year. Mirroring is a fairly common phenomenon in market behavior.

The TERMINAL TARGET usually a reliable pattern suggests that the recent May lows will be reached. Generally it takes about half of the time that the pattern took to form or less.

This also completes the fifth wave [T5] from the March low last year. That pattern is also a TERMINAL in the DOW and marginally misses being a TERMINAL in the S&P.



The DOW has completed a 5 wave movement which completes a larger [T5] To confirm that a TOP is in a fast breaking move is required from its completion point.

This has occurred with the DOW taking the lows out in about a 20 day trading range in just three days. Yesterday, as can be seen the DOW has bounce on exactly 50% of range (exact again). Obviously after such a fast move the DOW will be in a oversold position with many traders looking to trade the bounce upwards.

However, the DOW does complete a larger pattern with considerable more to the downside. The S&P suggests that there is more to the downside in this position in spite of being oversold with two near targets at 1105.

If the lows of yesterday are taken out the down move could accelerate as the "would be bounce traders" find themselves on the wrong side of the fence.

Zoran Gayer

This update does not suggests nor recommend that any trading position to be taken. This is NOT financial trading advice. If you trade, and need assistance or advice, it is suggested that you seek a qualified financial advisor in accordance to the rules and regulations in your country.