

RE-VIEWING THE PREVIOUS WEEK & **LAY-**ING THE GROUNDWORK FOR THE WEEK AHEAD

FOR THE PERIOD OF: **January 18--22, 2016**

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01/16/16 OVERALL OUTLOOK & SYSTEM TRADE(S) UPDATE: Stock Indices continue to validate ongoing analysis - since late-2014 - for a sharp decline immediately after **mid-Dec. 2015**. That is when the greatest synergy of cycles were turning down at the same time. 3--6 month & 6--12 month traders should have sold Indices at their **early-Nov.** highs & be holding these short positions w/gains. Bonds & Notes are showing renewed

strength but could be nearing a peak. The Dollar & Euro remain in congestion - poised for new trends - as the Yen surges toward **.8600/JYH**. Gold & Silver are poised for a new rally, after perpetuating a ~2-week cycle...

SEE COMPLETE Jan. 16, 2016 Weekly Re-Lay for recap of all other outstanding trades and strategies. January 19--22nd Poised for Blow-off Tops & Bottoms in Many Markets!

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STOCK INDICES

	<u>Mar e-mini SP (ESH)</u>	<u>DJIA (Cash)</u>	<u>Mar Mini Nd-100 (NQH)</u>
Mo Resistance:	2092.7--2104.5	17,817--17,901	4720.0--4734.0
Mo Support:	1953.7--1978.2	16,974--17,033	4422.0--4455.0
Weekly Trend:	Down	Down	Down
Wk Resistance:	1910.0--1923.5	16,314--16,363	4255.0--4286.0
Wk Support:	1819.2--1826.5	15,370--15,613	3975.0--3995.0
Daily Trend:	Down	Down	Down

01/16/16 – 1-4 WEEK OUTLOOK:

Stock Indices have sold off sharply, fulfilling expectations for a sharp decline to begin right after **mid-Dec...** the time when 'real trouble' was forecast to hit the markets and usher in a more bearish phase of *Crash Cycles* leading into **2016**. The DJIA turned down on **Dec. 17th** (exactly when daily cycles in the DJTA projected a final high before a steep sell-off) & suffering its 'worst year-opening start on record'.

This past week, the Indices dropped to extreme support on Monday and then rebounded into **Jan. 13th**, reaching daily LHR levels and triggering expectations for another sharp decline - into **Jan. 15th** or **18th (19th)**. They gave convincing reversals lower and plummeted into **Jan. 15th**, with the following events warranting close scrutiny:

-- Russell 2K just matched its initial (June--Aug. '15) decline & attacked its monthly HLS as it perpetuates a 14--15 week Cycle Progression.

-- DJTA is attacking the 2015 HLS (6,610) while coming close to matching the magnitude of its Nov. '14--Aug. '15 decline (at 6,500/DJTA) as

it also nears January's HLS at 6,364/DJTA. DJ Comp is attacking its monthly HLS (5,458).

-- NQH poised to match its July/August price decline (4045/NQH) as it retraces 50% of its intervening rally (14 week rally; 7-week drop).

-- All Indices enter the 21st week from the late-Aug. meltdown (impacting weekly 2I MARCS) AND 3rd week of the new year (first 3 weeks comprise overall opening range of **2016**)...

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SEE COMPLETE Jan. 16, 2016 Weekly Re-Lay for additional details on the potential for a violent spike low on January 19--22nd.

3--6 month & 6--12 month traders/investors should have re-entered the short side of the Indices (except NQ) on **Oct. 29/30--Nov. 6th** (at ~17,780--17,977/DJIA, ~2076--2102.75/ESH, ~10,538--10,641/NYSE) and should now risk a weekly close above the **Jan. 4--8th** highs (17,405/DJIA, 2043.5/ESH & 10,039/NYSE).

INTEREST RATES

	<u>Mar Bonds (USH)</u>	<u>Jun Euro\$ (EDM)</u>	<u>Mar 10-Yr Note (TYH)</u>
Mo Resistance:	156-26--157-17	99.18--99.24	126-29--127-10
Mo Support:	150-03--150-22	98.98--99.02	124-18--124-29
Weekly Trend:	Up	Dn/Neut (2)	Up
Wk Resistance:	160-26--161-16	99.31--99.34	129-05--129-19
Wkly. Support:	156-12--156-24	99.18--99.21	127-13--127-15
Daily Trend:	Up	Up	Up

01/16/16 – 1-4 WEEK OUTLOOK:

Bonds & Notes have surged & confirmed the **late-Dec.** daily cycle low (and the daily trend pattern in Notes) and are reigniting the potential for a rally back to the highs... in **January**.

They perpetuated a 17--18 trading day high-low-low-(low) Cycle Progression - that signaled an intermediate bottom on **Dec. 30th or 31st** - and immediately surged. Both turned their intra-month trends up - projecting continued upside into (at least) mid-month, where they now find themselves.

In doing so, they have completed a 23 trading-day low-high-(high) Cycle Progression since the early-Nov. low. As discussed in the Jan. 2016 INSIIDE Track, this rally could create a multi-month peak in **Jan. 2016** - 360 degrees from the Jan. 2015 highs that perpetuates a 12-month/360-degree low (Jan. '14)--high (Jan. '15)--high (**Jan. '16**) Cycle Progression.

That high could arrive as early as the coming week, when a 16-week low-high-(high) Cycle Progression comes into play in Notes. As discussed this past week, this potential for a culminating rally in Bonds & Notes fit nicely with

the potential for Stock Indices to plummet in **early-2016**, triggering a flight-to-quality.

As also explained, that could be a double-edged sword. All it would take is a **slowing** of the equity meltdown to drain most or all of that panic premium out of Bonds & Notes. If Stock Indices are nearing an extreme (at least on a near-term basis) on multiple levels, Bonds & Notes could reverse lower very quickly.

Eurodollars are fulfilling the outlook for another intermediate high in **mid-Jan.** - the next phase of a ~90-degree cycle that timed peaks in mid-Jan., mid-April & **mid-Oct. 2015**. That also fits with the potential for a market extreme in the coming week. The weekly trend pattern concurs.

SHORT-TERM (1-5 DAY) OUTLOOK:

Bonds & Notes surged from their **Dec. 30th** cycle low - a cycle that recurs on **Jan. 25--27th**...

1--4 week traders can... **XXXXXX**
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INFLATION MARKETS

	<u>Feb Gold (GCG)</u>	<u>Mar Silver (SIH)</u>	<u>Mar Sybns (SH)</u>	<u>Feb Crude (CLG)</u>
Mo. Resistance:	1081.7--1088.3	14.315--14.640	893.0--908.5	41.11--41.61
Mo. Support:	1033.0--1038.7	13.085--13.290	828.5--836.0	32.97--33.68
Weekly Trend:	Dn/Neut (2+)	Down	Dn/Neut (2+)	Down
Wk. Resistance:	1109.3--1113.1	14.135--14.205	892.5 / 917.0	31.45--32.10
Wk. Support:	1071.1--1072.1	13.530--13.655	857.2--865.5	27.39--28.01
Daily Trend:	Down	Down	Up	Down

01/16/16 – GC/SI: 1-4 WEEK OUTLOOK:

Gold & Silver continue to validate the potential for a new advance to begin **2016**. This comes after Gold twice tested its primary downside target for the year of **2015** (and its 2nd downside objective for the entire 2011--2015 decline) in **Dec.** - at **1033--1045.0/GC**.

Gold was expected to rally from its **Dec. 18th** low into **mid-to-late-Jan.** Gold is doing just that and is capable of surging to **1125.0/GCG** (or higher) - the monthly **LHR** - in **January**. As it builds more of a base, Gold is increasing the potential for a surge *above* that level.

In the coming week, the weekly **21 High AMAC** is at **1124.3/GCG** while a 'rally = rally' objective is around **1127.5/GCG**. However, these are *minimum* upside objectives that should be exceeded - either on the initial test or after a brief pullback (from an initial test).

The weekly trend pattern is also coming into play. It would now only take a weekly close above **1113.1/GCG** to reverse Gold's weekly trend to up and confirm that a multi-month (possibly multi-quarter) bottom is taking hold. If that happens in

the coming week, it could spur some carry-over buying into **Jan. 25--29th** before an initial peak.

Silver needs a daily close above **14.400/SIH** to confirm an intermediate bottom and trigger an accelerated rally in the second half of **January**. A daily close above **14.640/SIH** would be even more convincing.

3--6 month & 6--12 month traders and investors should have entered long positions in Gold & Silver near the lows and should hold them until a weekly close below the lows. (If using futures levels as trigger points, that would mean weekly closes below 1045.4/GCG & 13.635/SIH.)

The **XAU** remains weak, burdened by the weakness in equities. Until a daily close above **50.00**, the intermediate trend is down.

It is perpetuating a ~30-degree high (Sept. 18th--high (Oct. 15/16th)--low (Nov. 17/18th)--low (**Dec. 17th**)--low (**Jan. 15/19th**) *Cycle Progression* while completing a ~90-degree decline from its Oct. 15/16th peak. That could trigger a bottom near current levels...

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INFLATION MARKETS (con't from pg. 5):
SHORT-TERM (1-5 DAY) OUTLOOK:

Gold & Silver just set secondary lows, perpetuating the 14--15 day cycle that helped pinpoint the **Dec. 31st** low. As stated on Dec. 30th:

"While Gold was creating the spike low in early-Dec., it began what is now a 14--15 day low-low-low Cycle Progression (Nov. 18--Dec. 3--Dec. 17) that comes back into play on Dec. 31st...If Gold is forming a bottom and poised to rally into late-January (the preferred scenario), it should set a higher low at that time... and

then quickly surge to new 3--5 week highs in the ensuing days."

Gold did that, rallying to new 8-week highs in the opening days of **January**, and pulled back to a secondary low on **January 14th** - the ensuing phase of that same 14--15 day cycle. This should help spur a 14--15 day rally into **Jan. 28/29th**.

1--4 week traders... **xxxxxx RESERVED FOR SUBSCRIBERS ONLY.**

GRAINS:

Soybeans, **Corn** & **Wheat** are slowly validating longer-term cycles & analysis portending a **late-2015** bottom. Soybeans turned their intra-month trend up and then their daily trend up before pulling back. That sets the stage for a sharper advance in the coming weeks - a possibility that is strengthened by the weekly 21 MAC, poised to turn up in the coming week.

Ultimately, Soybeans need a weekly close above **908.5/SH** to turn their weekly trend up and signal a multi-month bottom. If they can do that in the coming week, it would combine with the weekly LHR pattern & a ~7-week (~51 day) low-

high-high-(high) Cycle Progression to project a high for **Jan. 25th** (--27th).

Looking out a little farther, Soybeans have a very consistent 13-week/~90-degree high-low-low-low-(low) Cycle Progression - that began in late-Feb. 2015 and portends a secondary low in **late-Feb. 2016**. If they peak around **Jan. 25th**, **late-Feb.** would also be a 50% retracement in time.

Corn & Wheat languished after Tuesday's reversal but are showing signs of a new advance.

1--4 week traders should have... **xxxxxx RESERVED FOR SUBSCRIBERS ONLY.**

ENERGY:

Crude Oil, **Unleaded Gas** & **Heating Oil** are fulfilling cycle expectations for an overall 12--18 month decline (from mid-2014) into **January 2016**. Crude has broken below its 2009 lows and is within striking distance of 10--15 year support at **25.50--26.70/CL**.

All trends are down until, at the very minimum, a daily close above **32.21/CLG**.

Heating Oil has a corroborating 3.75--4.00 year high (4Q 1996)--high (4Q 2000)--high (4Q 2004)--high (3Q 2008)--high (2Q 2012) Cycle Progression that recurs in **1Q/2Q 2016** - when a major *bottom* is most likely.

It has reached & spiked below Major support - and its primary downside objective - at **.9665--.9980/HO**. Unleaded Gas has comparable support & downside targets at **.9669--1.0231/RB**.

(continued on page 7)

Natural Gas has pulled back after surging from 3--5 year support at **1.7600--1.9100/NG**.

The weekly trend would need to reverse to up in order to signal a multi-month bottom. It would take a weekly close above **2.495/NGG** to accomplish that. If that fails to occur, Natural Gas could retest its low.

SPECIAL SITUATION MARKETS:

Cotton remains on track for an overall drop (after failing to confirm bullish potential) into the next phase of the ~30 & ~60-degree low-low Cycle Progressions targeted for **Jan. 22nd/25th**.

The weekly trend - which cannot turn down until **Jan. 22nd** at the earliest - corroborates that.

Coffee spiked to new contract lows - fulfilling its weekly trend pattern - but remains

above the continuous-contract low of **November**. Major support remains around **1.1000/KC**.

Sugar remains in a multi-week period of consolidation but needs a daily close below **13.93/SBH** to escalate that. It tested that support and rebounded, twice neutralizing its daily downtrend in the process. It would not turn that trend up until a daily close above **15.12/SBH...**

1--4 week traders could have sold ... **xxxxxx**
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