

INDEXES - World Charting Report

using *Integrated Pitchfork Analysis*

(Please firstly read the Disclaimer at last page, and then the Report)



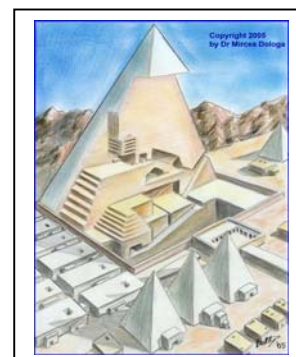
www.pitchforktrader.com

by Dr Mircea Dologa, MD, CTA

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Go with the market, let it be your guide.
Never impose anything on its behaviour.

January 22 – 2010



SPECIAL REPORT

– *TOP of January 19, 2010* –

We have warned, in December 2009, in our *TRADERS' magazine Interview*, about the high probability of a Top, during the month of January 2010.

- On the below *cash S&P 500 weekly chart* (refer to Figure 1), the first thing to notice - a real “eye opener” - is the Gann’s “Time meets Price” reversal rule!

Price-wise, the size of wave (B) correction is almost 50% of wave (A), at 1121, for a Top at 1150, meaning a 2.5% minimal error.

Time-wise, we observe that the time of wave (B) is 1.618 times the time-value of wave (A). There are’t any errors; the intersection is right on the dot...!

So we can say that the intersection of the *Price* with *Time* is at the Cartesian coordinates (0.5; 1.618), in Gann’s ethereal space, thus forming the Top of 01/19/2010.

- The *Inter-Market Analysis* strongly points towards a “just made Top” witnessed by: financial indexes having a very bad week, Dow Jones Averages confirming the Top for already a couple of days, gold and silver plunging and U.S Dollar leaping. Crude oil has just made a Top by itself and the Metals & Mining Index of ASX 300, is in its way to breakup the ascending trend line.
- If we switch now and go into our area of predilection - *Integrated Pitchfork Analysis* – we find here a great efficiency of showing the Top (refer to Figure 1):

The Top at 1150 key-level of January 19, 2010, was formed by the blocking power of the Warning line (WL-1) of the descending pitchfork – *on the cash S&P 500 Index weekly chart* - right above the median line (ml) of the ascending pitchfork. It seems that this *median line (ml)* has bluntly halted the first volatile down-bar at 1091 level.

The TOP will be confirmed only if the market will close, on Monday (January 25, 2010) below this median line.

Once the Top confirmed, the concomitant indicator – **ADX (11)** - will certainly be in sync with it... In order to enhance the role of **ADX**, I created “a special trading tool” – you can call it, **MD's ADX Rectangle** or **Dr Dologa's ADX Rectangle**, which will help the trader to precisely pinpoint the future development of the market flow.

In order to draw this rectangle we need the last **ADX High**, the line support of the last **ADX Low** and the **rectangle's diagonal line** tangentially drawn to the **Highs of ADX** – within rectangle (refer **Figure 1**). The confluence of this diagonal with the **ADX support**, here at **19.69**, will represent the terminal corner of the rectangle... Now, we will expect:

- First, a breakup of rectangle's support line at **19.69**, by the **-DMI**,
 - A cross-over of the **-DMI** above **+DMI**, which will certainly be the last phase of the **TOP** confirmation.
3. We shouldn't neglect the importance of next **Gann down-levels**, through which the market will roll (see below in **Figure 2, the Square of Nine Table**):
- First Cycle at **180° - 1083**
 - First Cycle at **270° - 1050**
 - First Cycle at **360° - 1018**
4. Nevertheless, whatever the kind of analysis is done, we shouldn't forget **Charles Dow Theory**. Any top /bottom, must be confirmed by the **Averages** (see four **LINE** charts below):
- a. **Dow Industrial Cash Index versus Dow Transportation Cash Index**: as you can observe **DOW Ind.** is slightly ahead of the **Dow Transp.**, in the process of **Top** confirmation,
 - b. **Dow Industrial Cash Index versus Dow Utility Cash Index**: are both in *unison* - thus confirming the **Top**,
 - c. **Dow Transportation Cash Index versus FEDEX and Baltic Index**: as you can observe, all three are in *unison* - in the process of **Top** confirmation,
 - d. **AND..** in order to close this analysis, we compared also the **Chinese Index – XINHUA** with **Dow Jones Industrial**. The results are in *unison*. Both confirm the **Top**!

Figure 1.



Figure 2.

GANN Square of Nine - Multiple Cycle Levels*

Weekly chart

January 22 - 2010

*Fill in Only the yellow cells

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S&P 500 Cash Index

Down Trend STUDY

Fill in ONLY the Yellow Cell +++

Importance	Highest High		2nd Down Cycle		3rd Down Cycle		4th Down Cycle	
+++	0°	1 150,0	0°	1 018,4	0°	894,7	0°	779,1
+	45°	1 133,1	45°	1 002,5	45°	879,8	45°	765,2
+++	90°	1 116,3	90°	986,7	90°	865,0	90°	751,4
++	120°	1 105,3	120°	945,3	120°	826,3	120°	715,3
+	135°	1 099,7	135°	971,0	135°	850,4	135°	737,8
+++	180°	1 083,2	180°	955,5	180°	835,9	180°	724,2
+	225°	1 066,8	225°	940,1	225°	821,5	225°	710,8
++	240°	1 061,4	240°	935,1	240°	816,7	240°	706,4
+++	270°	1 050,5	270°	924,9	270°	807,2	270°	697,6
+	315°	1 034,4	315°	909,7	315°	793,1	315°	684,4
+++	360°	1 018,4	360°	894,7	360°	779,1	360°	671,4
5th Down Cycle								
+++	0°	671,4	0°	571,8	0°	480,1	0°	396,5
+	45°	658,5	45°	559,9	45°	469,2	45°	386,6
+++	90°	645,8	90°	548,1	90°	458,5	90°	376,8
++	120°	637,3	120°	540,4	120°	451,4	120°	370,4
+	135°	633,1	135°	536,5	135°	447,8	135°	367,2
+++	180°	620,6	180°	524,9	180°	437,3	180°	357,7
+	225°	608,2	225°	513,6	225°	426,9	225°	348,3
++	240°	604,1	240°	509,8	240°	423,5	240°	345,2
+++	270°	595,9	270°	502,3	270°	416,6	270°	339,0
+	315°	583,8	315°	491,1	315°	406,5	315°	329,8
+++	360°	571,8	360°	480,1	360°	396,5	360°	320,8

This Excel table can be obtained at:
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04 - Dow versus TRANS - daily +++ - ©2010 eSignal, Inc.

(C,\$INDU - DOW JONES INDUSTRIAL AVERAGE,D) Dynamic,0:00-24:00
(C,\$TRAN - DOW JONES TRANSPORTATION AVERAGE)



04 - Dow versus UTIL - daily +++ - ©2010 eSignal, Inc.

(C,\$INDU - DOW JONES INDUSTRIAL AVERAGE,D) Dynamic,0:00-24:00
(C,\$UTIL - DJ UTILITY)



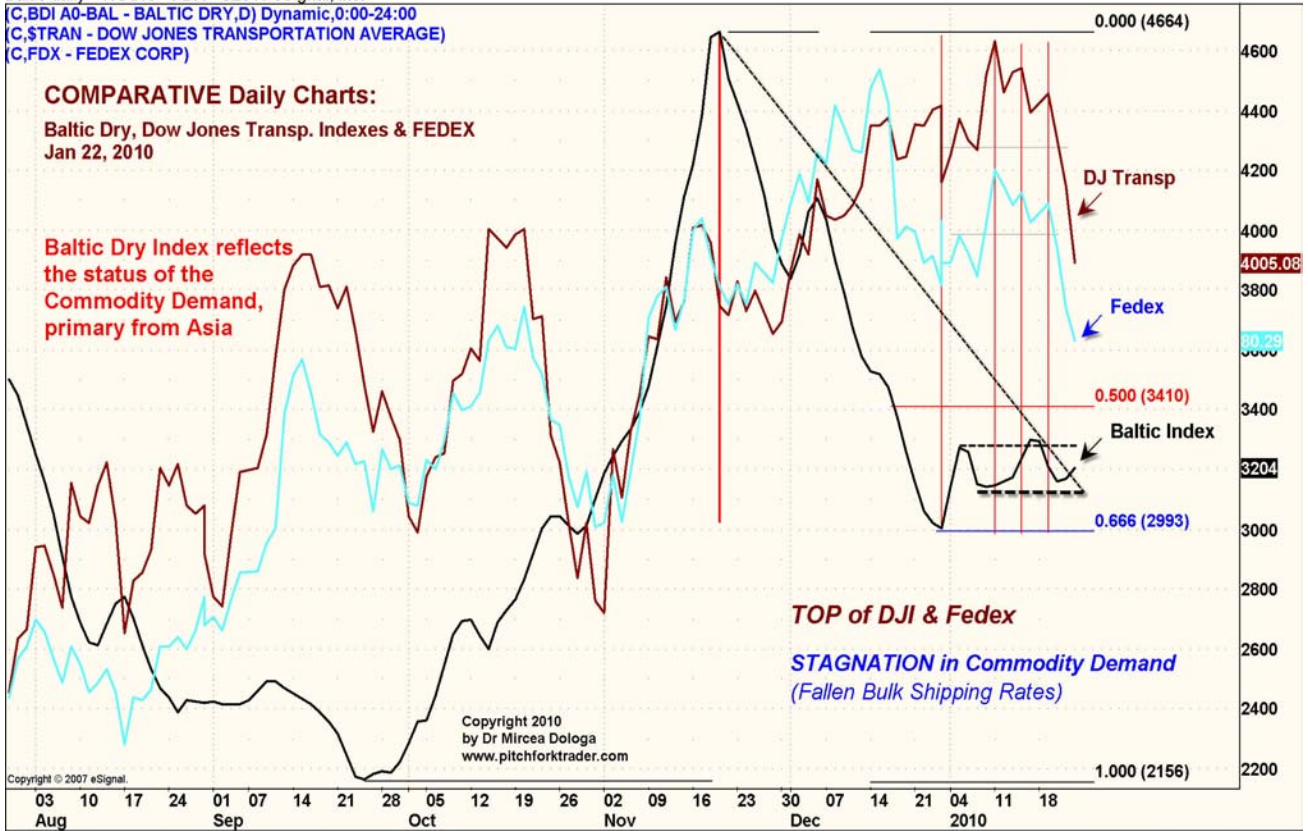
Baltic daily - TRANS - FDX - ©2010 eSignal, Inc.

[C,BDI A0-BAL - BAL TIC DRY,D] Dynamic,0:00-24:00
 [C,\$TRAN - DOW JONES TRANSPORTATION AVERAGE]
 [C,FDX - FEDEX CORP]

COMPARATIVE Daily Charts:

Baltic Dry, Dow Jones Transp. Indexes & FEDEX
 Jan 22, 2010

Baltic Dry Index reflects the status of the Commodity Demand, primary from Asia



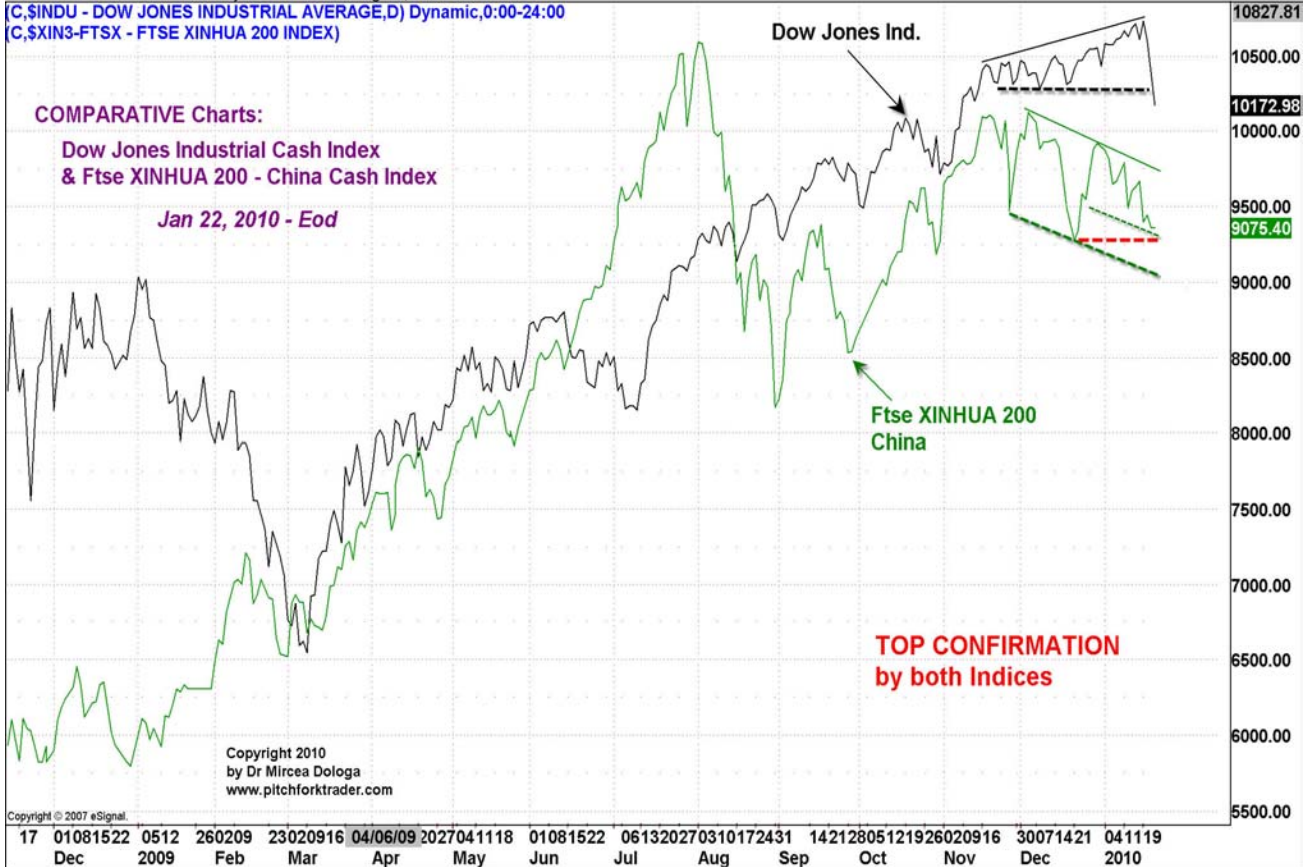
04 - Dow versus XINHUA - daily +++ - ©2010 eSignal, Inc.

[C,\$INDU - DOW JONES INDUSTRIAL AVERAGE,D] Dynamic,0:00-24:00
 [C,\$XIN3-FTSX - FTSE XINHUA 200 INDEX]

COMPARATIVE Charts:

Dow Jones Industrial Cash Index & Ftse XINHUA 200 - China Cash Index

Jan 22, 2010 - Eod



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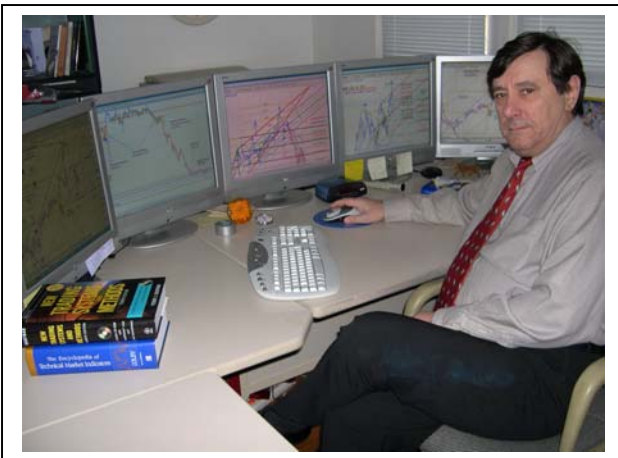
Dr Mircea Dologa began his investment and trading career in 1987, in pharmaceutical and real estate industries. Once he passed the Series 7 and Series 3 exams, he obtained the two indispensable trading licences controlled by United States Government: the *Registered Commodity Trading Adviser (CTA) Licence* and *Registered General Securities Representative - Investment Adviser Licence*. During the training periods, he realized the scarcity in financial literature and trading seminars, of the true 'know how' practical tools. After reading hundreds of books and attending numerous seminars, the same question kept popping up: *Where is the meat?* Most of the time, besides the classics... it wasn't there!

As a registered Commodity Trading Advisor (CTA) with National Futures Association of U.S.A., he founded a *new teaching concept*, based on practical aspects of trading, for both newcomers and experienced traders.

He published more than 50 articles and he is an international contributor to trading magazines in the USA ('*Technical Analysis of Stocks & Commodities*', '*Futures*' and '*eSignal.com Education Section*'); the United Kingdom ('*The Technical Analyst*'); Germany ('*Traders*' – English- and German-language editions); Australia ('*Your Trading Edge*') and Asia ('*The Trader's Journal*'). He is also the founder and the president of www.pitchforktrader.com – a specialized trading website.

Dr Mircea Dologa has written three books, over 1224 pages, 1560 charts and 44 Excel files, in his quest to efficiently teach the trading art from the beginner's level to the highest nowadays standards – the professional level. The author's main thought during the three years of planning, conceiving and writing these professional trading books, was how to optimally reveal the practical aspects.

Dr Mircea Dologa attended New York University and Cooper Union School of Engineering and Science in New York and graduated from the latter with a B.S. in Theoretical Physics. He obtained his Doctorate in Medicine from the School of Medicine in Paris. He also took MBA courses in finance and business management at the University of South Carolina in Columbia and at the French School of Business and Finance (HEC Paris France). After holding the positions of Medical Director and later of General Manager, in 1992 he decided to focus exclusively on his investments and since then he has devoted his activity to financial markets. He lives with his wife and two daughters in Paris, France.



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