

Stock Market Newsletter

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The stock market keeps chugging along.

Two weeks ago, I mentioned that if the market is to continue a rally, then the stocks that make up the Dow Jones Average would out perform the Nasdaq 100 stocks. So far, that's exactly what's happening.

'Well, if you think we have a rally in store, then look to buy the stocks that make up the Dow Jones instead of the tech heavy Nasdaq 100 stocks.'



The Dow Jones tacked on another 432 points this last week and looks like it will continue up.

Using the daily charts, we can anticipate where this rally might terminate.

There are two pieces of price action that give us a price target.

The first is the "Matching Move". Measuring the rally from the July low (A) to the late July high (B) and adding that to the August low (C) targets **9261** (D).

$$A = 7532 \quad B = 8762 \quad C = 8031$$

$$D = (B - A) + C = (8762 - 7532) + 8031 = 9261$$

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The second is the retracement levels from the May high (10353) to the July low (7532). The 62% retracement level occurs at **9275**, right near the target for the matching move.

(Go ahead and use the fibonacci calculator to get the exact retracement levels ... <http://www.woodingtrading.com/fibonacci.html> using 7532 for the low and 10353 for the high)



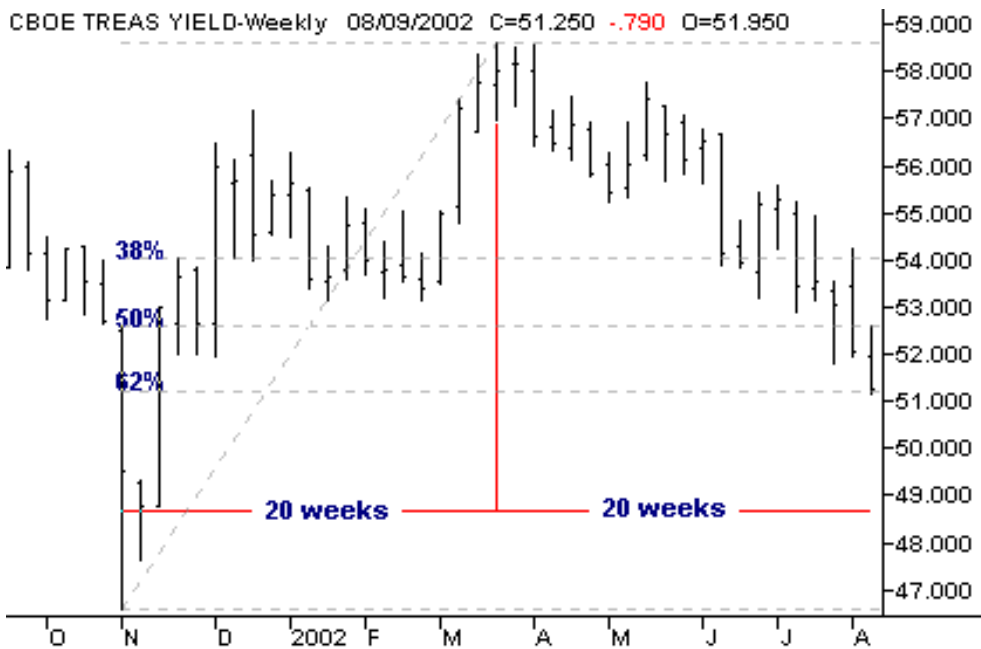
Occasionally, I take a look at the 30 year interest rates. Some interesting observations to make this week.

Notice that the rates are at the 62% retracement level from the November 2001 low (4.661%) to the March 2002 high (5.859%).

Also of interest is the amount of time the rally and recent decline took ... each took 20 weeks.

If you are in the process of financing, or refinancing, you might consider this an ideal time!

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Trade well!!

Dave

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