



Market Charts *advisory*

Daily Support/Resistance, Elliott-Wave Analysis, and Technical Charting



Our Weekly Outlook

March 22 – March 26, 2010

Publisher, Larry Tomlinson

Market Outlook- Down bias into March/April with 1190 possible first,

The Long Term Model (LTM) Long term strategy money markets for low risk since Nov 2007. Continue flat this week. November 2009 the monthly LTM values are advancing indicating the move up from 666 has advanced enough to turn the longer term trend up. What we almost always see now is a test of the monthly values. They hold we go aggressive long for the first time since our exit longs in November 2007 when the SnP was in the 1400's.

Quarterly trend is **UP**, Monthly Trend is **UP**, Weekly Trend is **UP**, Daily trend is **UP**

	S&P 500 Cash index Model Trend values	S&P Friday close	1159.90 + 9.91
Daily Trend values	Down Trend below 1123	UP Trend above	1133 advancing
Weekly Trend values	Down Trend below 1092	UP Trend above	1107 advancing
Monthly Trend values	Down Trend below 946	UP Trend above	987 advancing

CAUTION: RISK to capital loss is very high unless the SP remains above Daily UP trend 1133. Support at 1151- 1144 this week with second lower support 1112

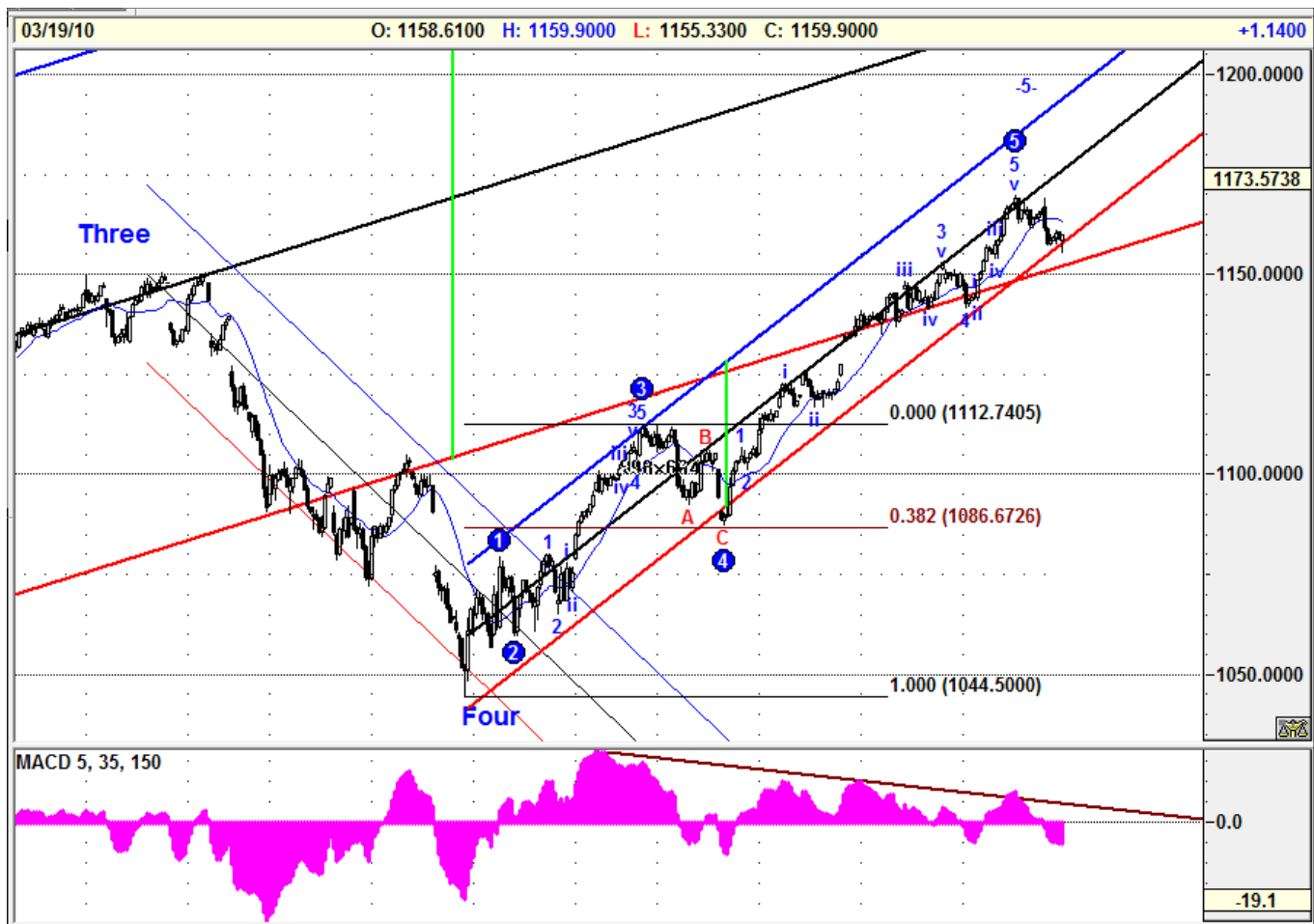
The monthly projections for March are: **UP**_cycle high 1141, low 1073. Down cycle high 1107, low 1039. First Quarter projections: Up cycle high 1192 low 1123; down cycle high 1054, low 984. Year 2010 projections, UP cycle high 1355 low 891, Down cycle high 1123 low 658.

New month and quarter projections: First quarter indicator levels are 1112 and 1066. Above 1112 opens up more bullish patterns with 1192 the max up for the quarter. Below 1066 opens up more bearish patterns with 984 the low. For the month indicator levels are 1102 and 1078. Above 1102 opens up more bullish patterns toward 1141 and below 1078 opens up more bearish patterns toward 1039.

Last week comments: "The first wave up off the 1044 low on a daily chart displays a 1:1 ratio three wave up at 1155 which would favor a sideways trading range this year instead of the normal 38% drop we always get in the middle of a parabolic blow off wave. On the 60-minute chart there is a possible five waves up with the fifth wave an extended wave".

Last week opened to a low at 1141, found solid support and continued the extension to 1170 negating the 1:1 ratio topping at 1155 pattern. Friday opened sharply higher to 1169 the first four minutes and found serious selling that dropped it to a low at 1155. That was an extremely abnormal open for quad options expiration. The more normal open would have achieved 1174-1180 then get whacked with selling. That gets us decent odds the extension from 1120 completed and a fast drop back to 1120 happens Monday. There remains one outstanding target at the 1180-1213 area so we may see a sharp drop toward 1120 then a move back to the higher high target in May. There is a cycle low from the four month series due the first week of April that may be a long position scalp play if the 45 day moving average is not closed below by April 7th. This week should get us some decent clues to where this market is going.

From the here the best I can see is drop toward 1120 before April 7th, stay above the 45 day ma then trade up into the 1180-1213 zone for the four year cycle turn 18 high due on average in July. The worst would be turn 18 high is early at 1170 and we drop 38% from 1170. By April 7th we should know which path is the truth. Looking at interest rate patterns rates are about to increase rapidly toward 5.4% for the 30 year bond. That should send the stocks lower during that increase in rates.

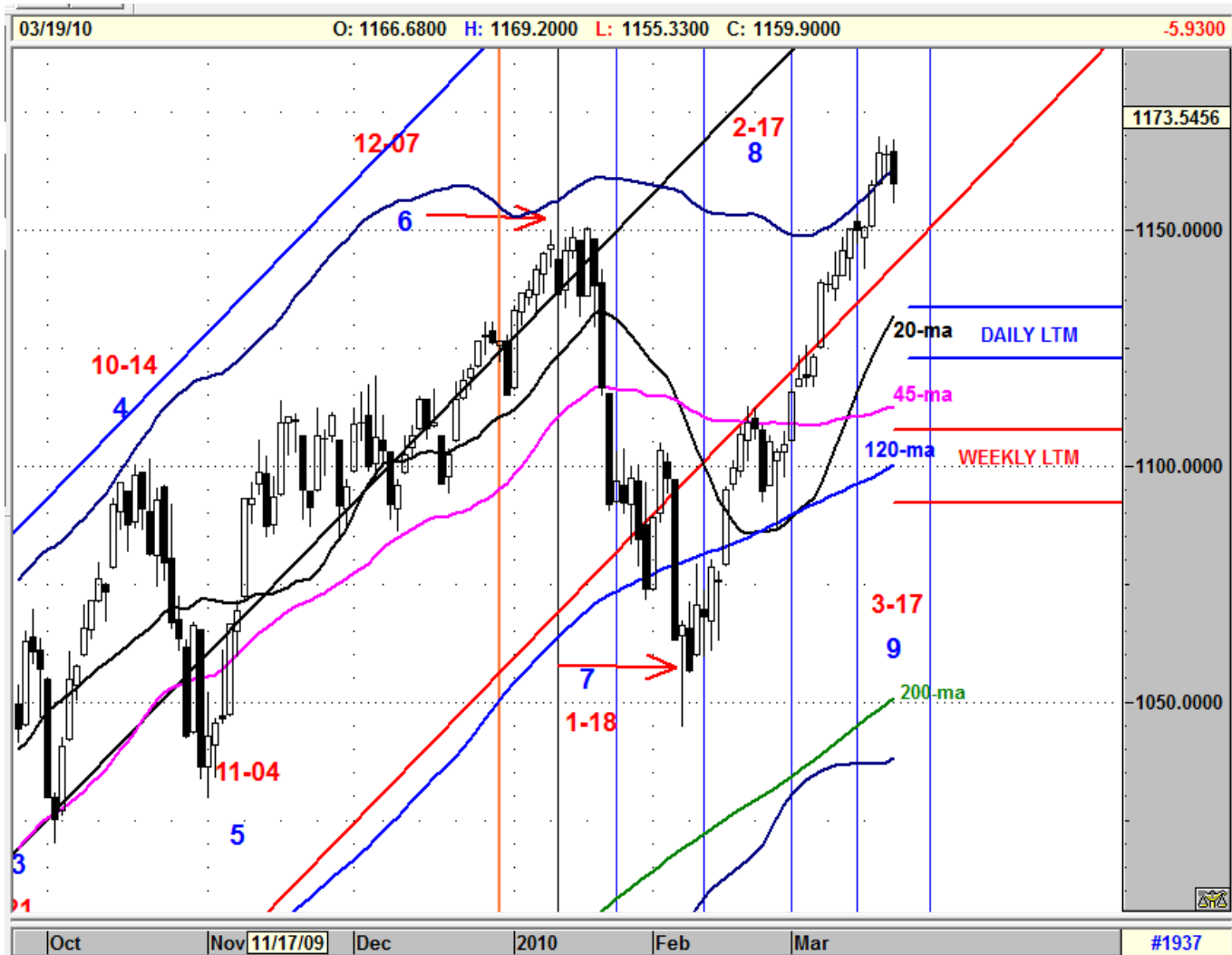


SP-500 60-MINUTE CHART

3-22-10; if you look at the 60-minute chart wave up from 1044 to 1170 you can see a micro fractal of what the parabolic wave is going to look like. Replace the 60 minute candles with weekly candles and that is what the blow off wave in progress will look like. Note the 38% retrace from 1112 to 1086 then the explosive extension up from 1086 to 1170. Odds are we will get the 38% retrace off the 666 low WAVE UP this fall then explode up for a year and a half.

Odds are decent the high at the open 5 minutes Friday terminated the extension from the 1086 low. That would get us decent odds a **45 day cycle high is in at 1170**. The SnP should quickly drop to the 1120 area which is where the extension started and where the 45 day ma area is at. Notice the low Friday dropped below the regression line using data from the 1044 to 1086 low and popped back inside? Also note the channel from 1044 to 1086 is now merged with the lower channel from 666 to 1044? **If price closes the week below 1150** we get decent odds the wave up from 666 has topped. We still have a wave target zone of 1181 to 1213 so until we are trading below 1150 that can still happen. A drop to 1120 could see a run back up toward the 1180-1213 area for the summer high then correct into fall for the 38% correction.

BOTTOM LINE; After seven months of extreme overbought we still do not have a low risk trade set up in either direction. Odds are the next low risk shot at a long position does not happen until we get a 38% correction with this fall the best odds time for that correction. For now the market is extreme overbought with one more higher high possible before we get the selling into a normal oversold condition. From Monday until April 7th how the market trades should provide us with the information we need for our next move.

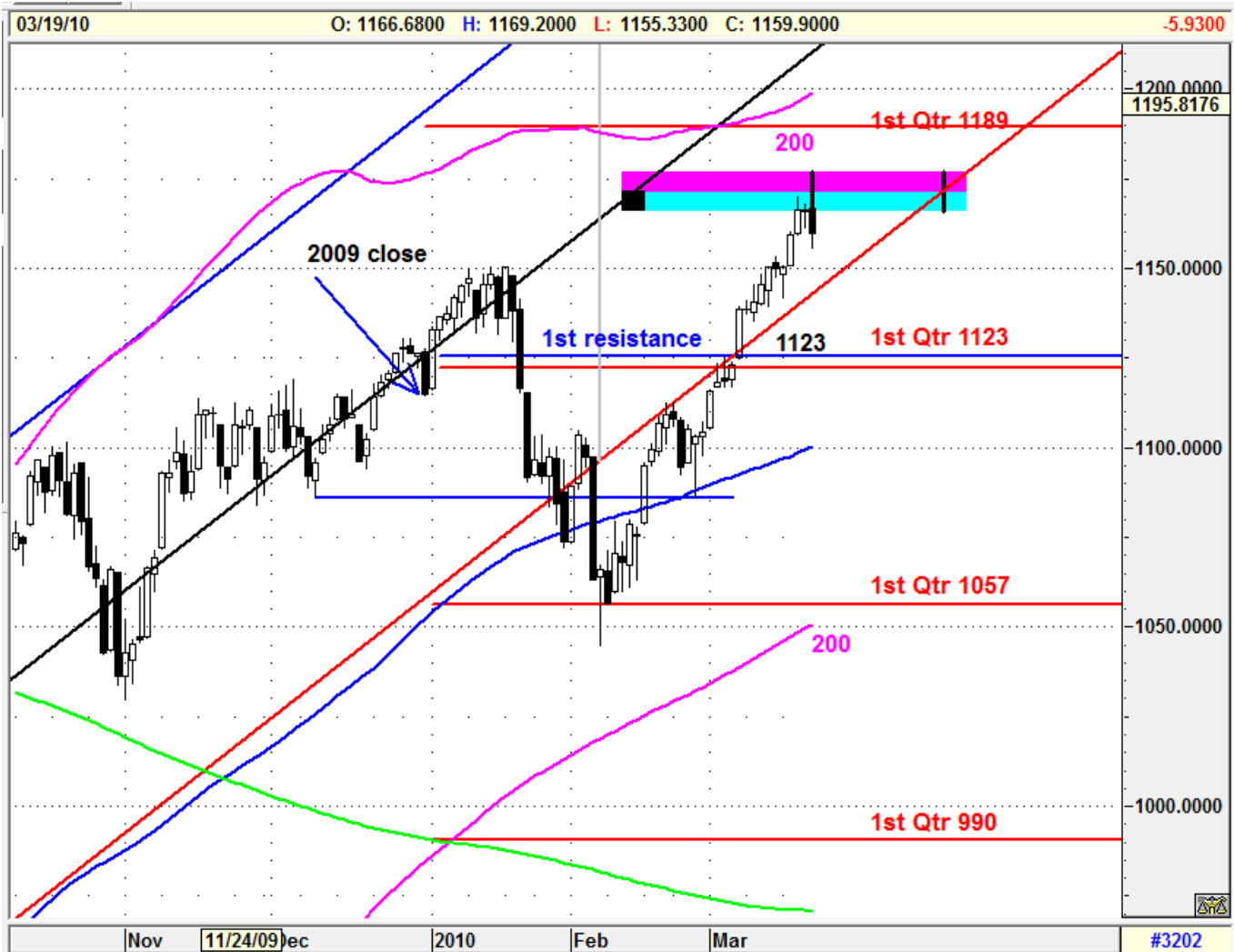


ANNUAL CYCLE TURNS

3-08-10, evidence is rapidly increasing the market is in the early stage of **a parabolic blow** off like the Japanese and NASDAQ markets experienced in the 1990s. Note annual turns 6, 7 and now 8 have extended past the 60 year average week for the turn? Solid evidence we are in a move not seen in at least 60 years. Since the 666 low one year ago we have only experienced a 23% retrace from the 1151 high to 1044 low. The NASDAQ experienced a parabolic blow off from 1994 to 2000 and it was four years before any decline more than 23% was seen. If we do not see a normal drop to a normal oversold condition with the monthly LTM zone the target then **I must go with a parabolic blow is in progress**. The bad news is a parabolic always drops back to where it started in a lot less time than required to do the advance.

3-15-10, last week continued to trade in parabolic blow off pattern as annual turns continue to extend past the 60 year average. This week is the 60 year average week for the annual turn nine low. It would require at least 23% RETRACE of the 1044 to 1153 range this week to put turn nine on time. The 1133 weekly projected low would be the minimum **expectation** with 50% at 1100 favored for options expiration.

3-22-10, the week of 3-19-10 is the 60 year average week for the annual turn # 9 to occur. Since the average is plus or minus a week with the standard deviation greater than the average a low near 1120 next week to first week of April would be within the plus deviation range. That would get us a high later in May for annual # 10. From here the major unknown will be is the May high above 1170 in the 1180-1213 or a lower bounce high below 1170?



2010 PRICE PROJECTIONS

3-15-10, if you look at the pattern off the 1044 low you can see a three wave move with the two up legs equal in distance traveled. It is possible there is a hidden wave 1, 2 from 1044 to 1060 low the first few days off the low. From here we just have to see how much of the wave from 1044 to 1153 is retraced for clues this week.

3-22-10, price has rallied to the make or break bar off the January 2010 1150 high. This is where a wave five dies and it could be the 1170 high was the termination of the wave up from 666 and we get a 38% correction to 980 area by fall. If we do have one more slightly higher high ahead of us then the 1120s will not be traded below so that is our line in the sand into the April 7th cycle low.

SP- 500 CASH INDEX PRICE PROJECTION MODEL

2010			Monthly		
	High	Low	Mar	High	Low
Up Cyc	1355	891	Up Cyc	1141	1073
Dn Cyc	1123	658	Dn Cyc	1107	1039

Weekly			Daily		
3/22/2010	High	Low	3/21/2010	High	Low
Up Cyc	1179	1151	Closed at	1171	1158
Dn Cyc	1165	1136	1159.69	1164	1151

Resistance			1st Qtr	1192	1123
Support				1054	984

Jim is the creator of the price projection model and Larry the support and resistance model. The key to understanding the projection model is where price is at relative to the up cycle low and the down cycle high? Start with 2010; if price is above the **down cycle high 1123** the 2009 path is bullish toward the up cycle high 1355. Using 2010 high values 1355 and 658 the .618 values are 1088 and 924. That makes **1088 the bull bear dividing line for 2010**. Below 1088 we short rallies and above 1088 we buy dips.

This week 1136 support and 1165 resistance are the key levels

NDX-100 CASH INDEX PRICE PROJECTION MODEL

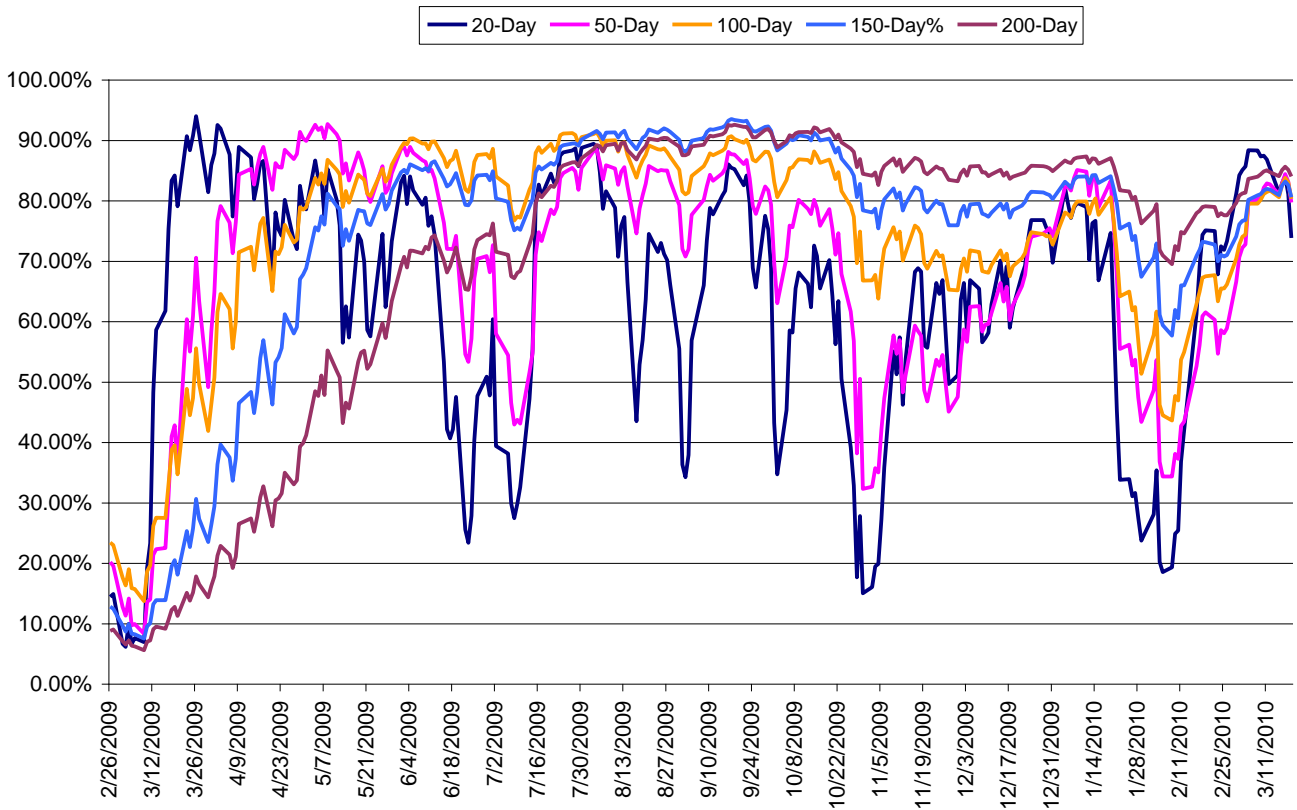
2010			Monthly		
	High	Low	Mar	High	Low
Up Cyc	2293	1450	Up Cyc	1871	1753
Dn Cyc	1871	1029	Dn Cyc	1812	1695

Weekly			Daily		
3/22/2010	High	Low	3/21/2010	High	Low
Up Cyc	1962	1919	Closed at	1953	1929
Dn Cyc	1941	1898	1932.43	1941	1916

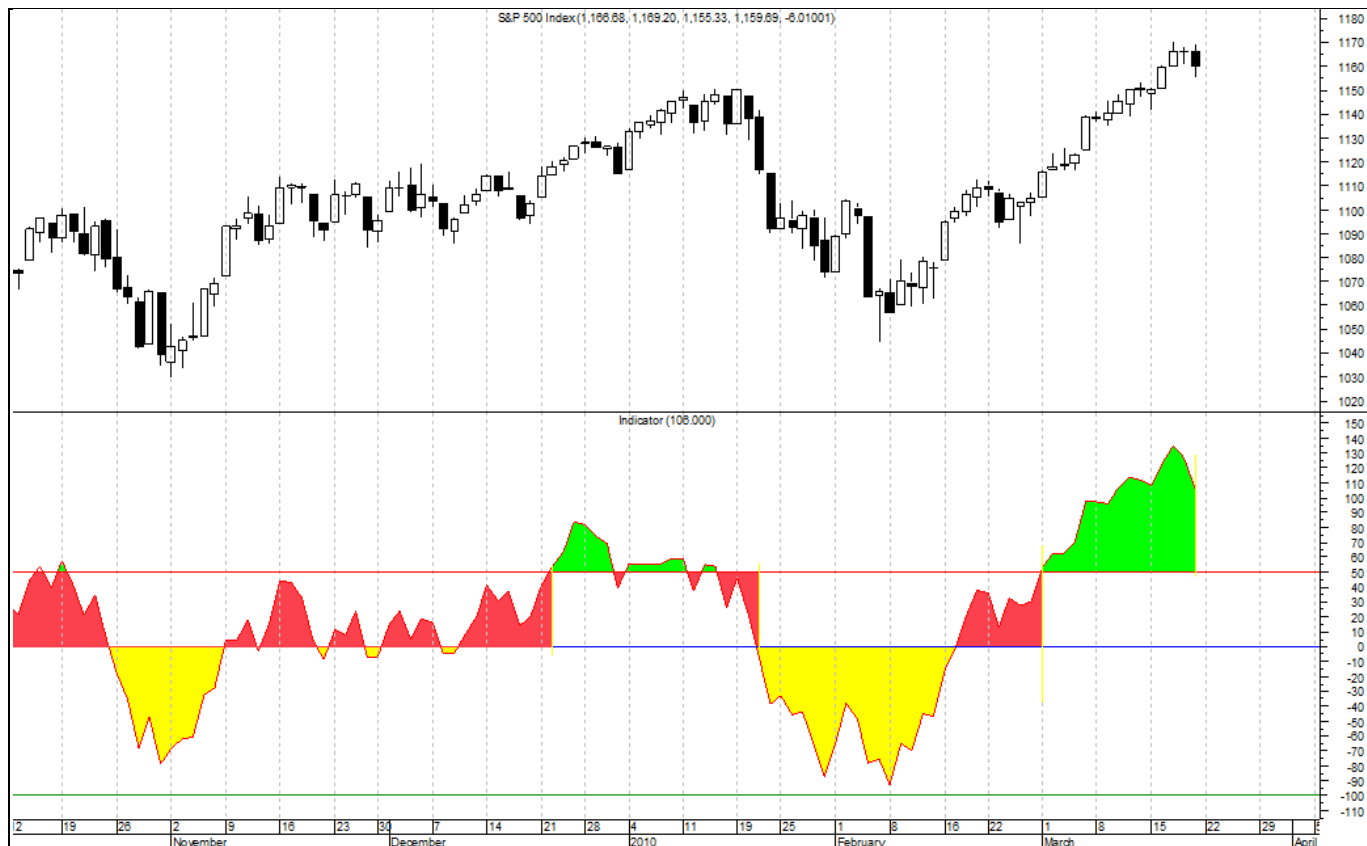
Resistance			1st Qtr	1917	1557
Support				1737	1377

3-22-10, resistance this week 1941 with support at 1898/1870

Above Moving Avg



Stocks percentage above moving averages; 3-22-10 update. Stocks above moving averages are at the fifth tight cluster above 80%. Friday turned the averages lower with the 20 day dropping sharply after a divergence with last weeks new high. A selloff to a cluster below 30% is due by fall with below 1000 favored.



SP-500 BREADTH MODEL

3-01-10, + 30 Friday. February saw the model drop near -100 and a bounce to +50 area resistance.

3-08-10, + 98 Friday, from -100 to + 100 in four weeks. Market is now at serious risk for longs and low risk for shorts.

3-15-10, + 112 Friday, + 114 for the week, market is at all time historic overbought

3-22-10, + 106 Friday after topping at 135 Wednesday, note the deep oversold in yellow has been balanced by extreme overbought in Green? A drop to near zero and bounce is expected.

\$NASI (Nasdaq Summation Index (Ratio Adjusted) (EOD)) IND.X

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Open: **584.48** Ask: P/E:
 High: **584.48** Ask Size: EPS:
 Low: **584.48** Bid: Last:
 Prev Close: **582.00** Bid Size: VWAP:

Friday 19-Mar-2010

▲ **+0.43%**

Chg: **+2.48**

Last: **584.48**

Volume: **0**



3-22-10, triple overbought, no oversold for a year

This chart displays the number of stocks in the SP-500 that are above their 50 day moving average.

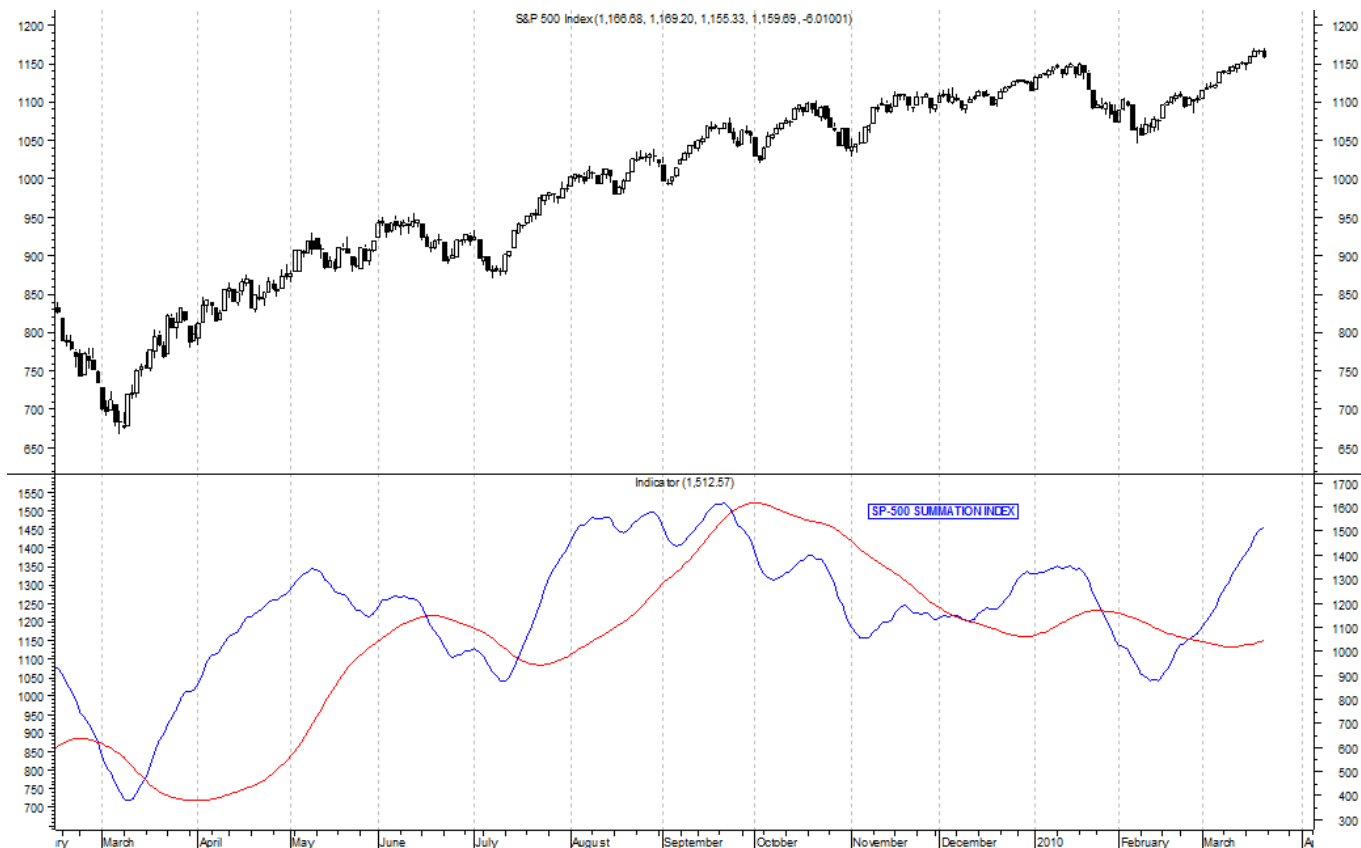


3-22-10, back to fourth severe overbought with no oversold for a year.

Same chart looking at the stocks above the 200 day ma, overbought near 420 and When the 50 day is at **100 and the 200 day is at 220** a tradable low will be in place



3-22-10, 9 months of overbought continues



3-22-2010, SP-500 Summation trend heading for a negative divergence new high

Multi month turns for 2010 table.

Year 2010 has only three turns, two lows and one high in the summer.

Jan-10		
	Jan-10	365
17	Mar-10	61
18	Jul-10	183
1	Oct-10	274

1044 #17 low in at 1044

1170 #18 high in progress toward a July +/- high

Last weeks comments: Odds are not very high the 1044 low was the low for the four year cycle turn 17 low. Turn 16 high due last December "COULD" be coming late as a higher high than 1151 then turn 17 low is a 38% retrace from 1190 areas. Since odds have rapidly increased last week of a parabolic blow off in progress it is also possible no 38% correction occurs until after four year cycle turn 18 high, the last in the series occurs this summer. Nothing like this has happened since the 1920s blow off and 1930s depression. From here we can buy any 23% correction for speculators and go all in once we get a 38% correction.

3-22-10 update, the continued extension to 1170 now favors the 1044 low was the #17 low.

LONG TERM INVESTORS, IRA 401K MODEL NEXT TWO PAGES

LTM Model current situation is really very simple.

If the SP-500 is closing the month above uptrend 987 the four year cycle is up, below 946 down trend.

If the SP-500 is closing weekly above uptrend 1107 the intermediate trend is also up and below 1092 the trend is down. If the SP-500 is closing daily above 1133 the trend is up, below 1123 down. The market Closed Friday 3-19-2010 at 1160 which is solidly above all Long Term Model values. CAUTION; until the monthly values are tested risk for a long position remains extremely high.

The SP-500 Daily **LTM values** calculated off 1170 and 1086

PLAN OF ATTACK ST long scalps: no suggestions

SHORT: no suggestions

3/22/2010	Resistance		Projected high	Low	Support
Annual		UP	1355	1123	1090
Monthly	1023	UP	1141	1073	1081
		DN	1107	1039	1065
Weekly		DN	1165	1136	1151

Week of 3-22-2010 to 3-26-2010, 3-19-2010 Close 1160

Continuing with the weekly projections the high for an **UP week** is 1179 and the low is 1151. For a **DOWN week** the high is projected at 1165, the low at **1136 giving us a range of 1179 to 1136 for the week.** Therefore we know any trading that holds above 1151 this week is bullish to 1179. **Alternately stalling below 1165 is bearish for 1136.**

Here is a guide to assist you in tracking the LTM
Market Charts Long Term Trend Model (LTM)

BEGIN A NEW TOPPING CYCLE PHASE ONE

	UP	DN	BEGIN SELL	50%	100%
DAILY	1133	1123		Below DN	
WEEKLY	1097	1083		Above UP	Below DN
MONTHLY	987	946		Above UP	Above UP

First clue to a topping phase is closing below daily down (DN) 1102. Next the daily values begin dropping as price drops toward the weekly zone. Below weekly DN 1083 confirms a top is in.

CONFIRMED UP CYCLE IN PROGRESS

	UP	DN	MONEY M.	BEGIN BUY	50%	100%
DAILY	1133	1123	Below DN	Above UP	Above UP	Above UP
WEEKLY	1097		Below DN	Below DN	Above DN	Above UP
MONTHLY	987		Below DN	Below DN	Below DN	Above UP

The Long Term Model MONTHLY values are advancing a third month for the first time since January 2008. The monthly trend has been on a SELL signal since the November 2007 daily close below 1458. Odds are high this winter/spring the market will test the monthly zone and if all the ducks line up that is our low risk longer term buy zone.

The weekly LTM values are now working off the 1170 high and the 1029 low. Any weekly trading below 1029 will start dropping the LTM reversal values and any trading above 1170 will raise the values. Friday closed at 1160.

3-22-2010; Continue 401K deductions remain in money markets for low risk investors if your employer is still matching contributions.

We are now on alert to take on some long position risk as this first leg up off the 666 low tops and retraces toward the 930 to 870 areas in March to as late as May. **The 1020 level is now the key to dropping the markets into a low risk buy position.**

RISK OF RECESSION WITHIN FOUR QUARTERS INTEREST RATE MODEL (Do not expect to see rate hikes until mid 2010). When the 90 day average of 10 year Treasuries yield minus 3 month T-Bill yield average is negative risk of recession increases. If the 30 day Federal Funds rate is then modeled into the equation we get a projected probability of recession

As for the stock market, it's important to keep in mind that if you look at the 6-month periods before and after the start of a recession, you'll observe that the S&P 500 has almost invariably dropped by about 20% from the high within 6 months before a recession starts to its low within 6 months after the recession starts. The eventual market decline is often far worse, but it's very typical to observe a 20% plunge within that 6-month band around a recession's start-date.

Conversely, the strongest portion of a new bull market often occurs while the economy is still in late-recession. Severe market declines don't neatly overlap recessions - rather, they start before a recession starts and end before a recession ends. For that reason if you measure only between the official start and end dates of a recession, the market's performance is actually fairly flat, on average

NOTE: IRA/401K long term investors can stop here if you like, the remainder of this commentary is for technically orientated members.

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S/R TABLE		
SPC-QUARTER - 1		
UPEX-PVT	1313	
U-MAX	1244	
U-PIVOT	1191	
U-TEST	1159	
LONG	1142	
CVR SHORT	1125	
PRV CLOSE	1116	
CVR LONG	1107	
SHORT	1090	
DN-TEST	1073	
DN-PIVOT	1041	
DN-MAX	988	
DN-EXPVT	919	
Projected values	Up-Cyc	Dn-Cyc
High	1192	1123
Low	1054	985

First Quarter 2010 comments: Our first look at the new quarter is the **LONG 1142** and **SHORT 1090** levels. Can first of the month and quarter new money take the index above 1142? Does 1090 support any selling the first month of the quarter?

3-01-2010, last week traded between 1107 and 1073

3-08-2010, last week broke out above 1125 resistance toward 1142.

3-15-2010, market closed between 1159 and 1142

3-22-2010, last week dropped to first quarter long 1142 and bounced to 1170 closing at 1160 up-test

SUPPORT RESISTANCE TABLE (TABLE ON LAST PAGE) monthly resistance March 1123/1139 support at 1080/1065 **Resistance this week is at 1169/1175** support at 1151/1144

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Larry Tomlinson Market Charts, Jim Curry Market Turns, Bob Nicholas Breadth Analysis

SP-500 SUPPORT AND RESISTANCE TABLE

SP10M Futures (JUN)		SP-500 Daily		SP-500 Weekly		SP-500	
Daily	3/22		3/22		3/22	Monthly	Mar
Spread	27	Spread	26	Spread	53	Spread	126
EXTREME	1177	EXTREME	1179	EXTREME	1200	EXTREME	1199
MAXIMUM	1170	MAXIMUM	1173	MAXIMUM	1186	MAXIMUM	1165
PIVOT	1164	PIVOT	1167	PIVOT	1175	PIVOT	1139
Test	1161	Test	1164	Test	1169	Test	1123
Long	1159	Long	1162	Long	1165	Long	1115
Exit Short/Go Long	1157	Exit Short/Go Long	1161	Exit Short/Go Long	1162	Exit Short/Go Long	1107
Prev Close	1156	Prev Close	1160	Prev Close	1160	Prev Close	1102
Exit Long/Go Short	1155	Exit Long/Go Short	1159	Exit Long/Go Short	1158	Exit Long/Go Short	1098
Short	1154	Short	1157	Short	1154	Short	1089
Test	1152	Test	1155	Test	1151	Test	1081
PIVOT	1148	PIVOT	1152	PIVOT	1144	PIVOT	1065
MAXIMUM	1143	MAXIMUM	1147	MAXIMUM	1134	MAXIMUM	1039
EXTREME	1136	EXTREME	1140	EXTREME	1119	EXTREME	1005
Alternate	Trend	Alternate	Trend	Alternate	Trend	Alternate	Trend
1168	1161	1171	1164	1165	1179	1107	1141
1153	1146	1158	1151	1136	1151	1039	1073

NAZ-100 CASH		NAZ-100 CASH		NAZ-100 CASH		SP-500	
Daily	3/22	Weekly	3/22	Monthly	Mar	Yearly 2010	1-Qtr
EXTREME	1967	EXTREME	1994	EXTREME	1961	1778	1313
MAXIMUM	1955	MAXIMUM	1972	MAXIMUM	1903	1546	1243
PIVOT	1946	PIVOT	1956	PIVOT	1858	1368	1191
Test	1940	Test	1946	Test	1830	1259	1158
Long	1937	Long	1941	Long	1816	1204	1142
Exit Short/Go Long	1934	Exit Short/Go Long	1935	Exit Short/Go Long	1802	1146	1124
Prev Close	1932	Prev Close	1932	Prev Close	1794	1115	1115
Exit Long/Go Short	1931	Exit Long/Go Short	1930	Exit Long/Go Short	1786	1084	1106
Short	1928	Short	1924	Short	1771	1026	1089
Test	1919	Test	1919	Test	1757	971	1072
PIVOT	1910	PIVOT	1919	PIVOT	1713	862	1040
MAXIMUM	1898	MAXIMUM	1892	MAXIMUM	1685	685	987
EXTREME		EXTREME	1871	EXTREME	1626	453	918
Alternate	Trend	Alternate	Trend	Alternate	Trend	Trend	Trend
1953	1941	1941	1962	1812	1871	1355	1192
1929	1916	1898	1919	1695	1753	891	1123