

Market Timing Report



by

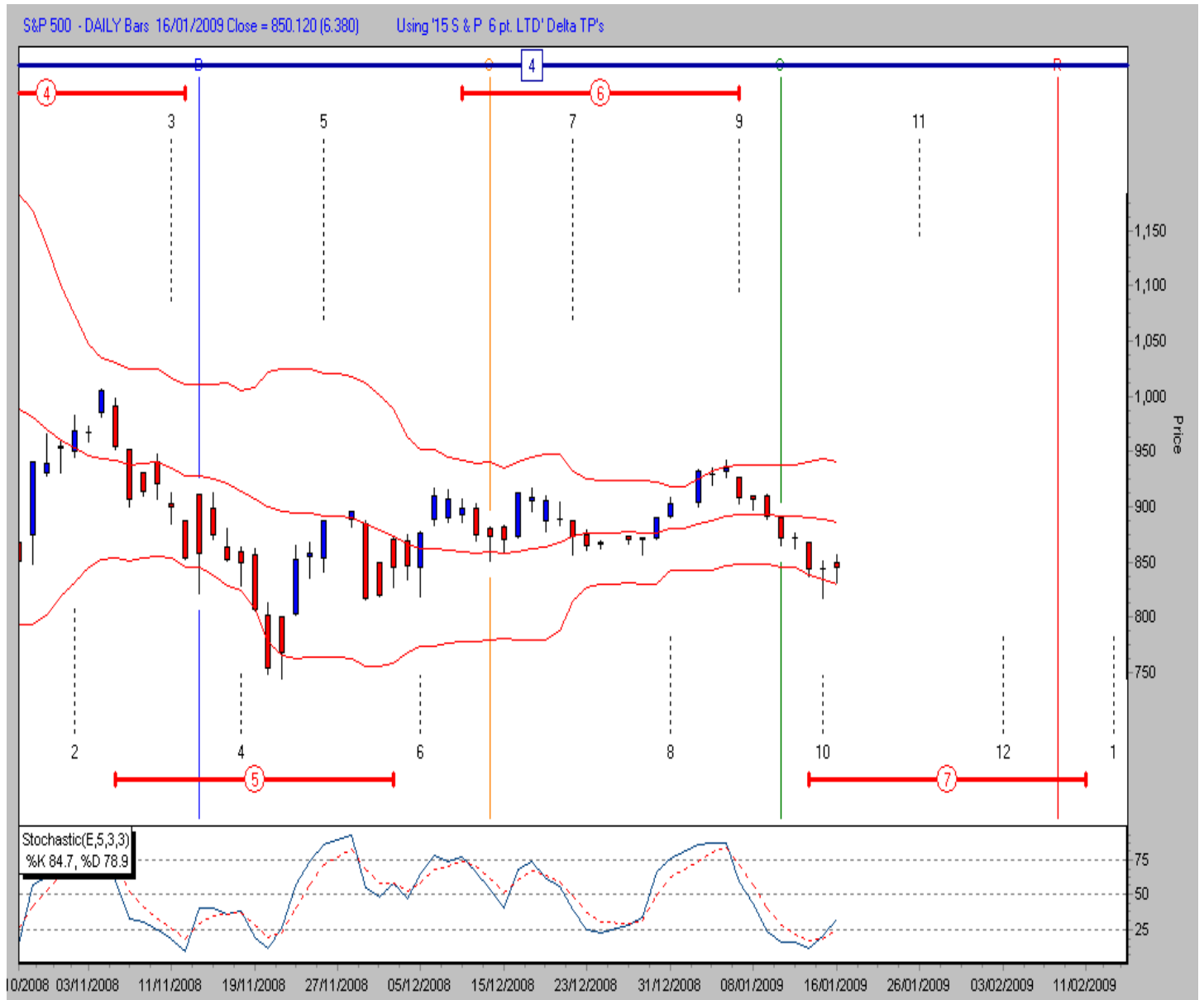
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Just a Fibonacci 8 days ago I was the only commentator calling for a top in the S&P when everyone else was looking for at least a run up to the Presidential Inauguration. So why was I different to everyone else? If you look at my 7th January Report that followed my Sunday posting you will see that there are two things that I do differently. Firstly, I measure TIME and look for links to prior highs and lows and the thing that convinced me was that 7th January was 161 Trading Days from the Wave 2 high on May 19th 2008 and 8th January was 1.618 in TIME of Wave 2 of 3 of C which lasted from 15th July to 11th August 2008.

Just after the market opened on 15th July I wrote to you all with the following warning, "With regard to the S&P, right now we are in the 5th wave of 1 of 5 of 3 of C and its scary out there. We should bottom in the next 24 hours and rise in Wave 2." An hour and a half later the market bottomed at 817.09 for a fall of 126.76 points. So what am I looking for? I am using a huge range of technical indicators and software to measure TIME and PRICE for likely turn dates and price projections. The first chart I will use is DELTA which lays out a road map in a clear and concise manner. The chart on the next page is the DELTA Daily chart which had been projecting the low to come in at ITD 10 on 15th January and it was bang on time. Other clues that we had from this chart were the fact that the candle on the 14th was

pushing the lower Bollinger Band and the Stochastic had just reached bottom. The low was confirmed by a Dragonfly Doji candle.



So, hopefully, you have all closed your SHORT positions and are positioned LONG or waiting on the sidelines to ride the next wave down.

So lets now look at my Dynamic Trader chart to see what other indicators were telling me that we were due a bounce on the 15th January. Firstly, I measured TIME of the last down wave from 17th December to 29th December and its was 7 trading days and fell by

6.72% as indicated at the bottom of the chart, then I projected that off the high on 6th January and saw that we were at 100% in TIME and 200% in PRICE of the last fall, i.e. we had fallen for 7 trading days and fallen 13.43%. The symmetry looked good.



Also the 34-day DT Oscillator was oversold and we had just hit the 61.8% retracement of the 21st November low to the January 6th high.

So, Wave 1 of 5 of 3 of C is now complete, what TIME and PRICE targets can we expect for Wave 2? Wave 2 has a minimum TIME target of 4 days which takes us to the 22nd January with the next

date being Monday 26th, which is when DELTA tells us to expect the end of Wave 2 with ITD 11. If we look at the chart below we can see that despite a fall of 126 points, the Moving Average Oscillator has only just rolled over, implying that there is plenty more downside.



With a Wave 2 we can expect a 50% to 78.6% correction, as indicated on the chart. My preference is for the lower end target of around 880 (yes, just 30 points above where we are now) and for it to

arrive early. If you are long already, move your STOPS up at least to the previous day's low. Be very alert. If you are contemplating going long, Friday closed with the 60 minute chart looking very overbought, so you may be able to enter lower first thing on Tuesday. The Weekly chart seems to concur with my bearish wave count as if you look at



the 21-week DT Oscillator, it has only twice had a reading this high in the last 18 months, once at the top of the market in October 2007 and once at the top of Major Wave 2 in May 2008. The MACD, Stochastic and RSI are also all bearish on the Weekly chart.

As usual, I will keep you informed of any significant events.