

The All New Market Analysis

The Ord Oracle

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For 30 to 90 days horizons SPX: Flat

Monitoring purposes GOLD: Gold ETF GLD long at 147.14 on 6/29/11; stop hit at 170 = gain 15.5%.

Long Term Trend monitor purposes: Flat

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The weekly RSI of the SPX came in near 30 at last week low and suggested the market was near at least a short term low. A bearish market setup will occur when the weekly RSI reaches back near the 50 range and will suggest the market is near the next high. Also there is resistance at the April 2010 high near 1220 range and may be where the market is heading. This sell signal setup occurred back mid 2008 (see in blue arrows on chart

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above). As far as timing goes, a lot of reversals come around the holiday period and the next holiday is Labor Day which is on Monday September 5. If the market can bounce into this holiday and the weekly RSI reaches near 50 and near the resistance level near 1220 level than a potential sell signal could develop. The weekly mid Bollinger bands have been a good trend finder for the SPX and right now the mid Bollinger band is heading lower and is why we are looking only the short side of the market for now. For now we will remain flat the SPX.



Yesterday we pointed out that a pull back in GDX should find support at the trend line which was jumped the previous day which came in near 61. Today, GDX fell through that trend and created a potential “Upthrust”. In general an “Upthrust” is a false break above a trend line. A close below the trend line suggests “if a market can’t hold the breakout it will attempt to take out the previous low”. In the current case the previous low comes at the August low near 54. That is why we put a stop on our GDX positions at 57.50 (long at 57.01). This potential pull back does not change the longer term bullish picture. The Slow Stochastics is in overbought position as well as the Chaikin Oscillator. We will look to get long again if our stop is touched, possibly near the 54 range. The bigger picture still suggests that the GDX will double or more over the next 12 months.

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The top window is the monthly XAU/GLD ratio dating back to 1991 with the monthly XAU chart second window from the bottom. In bullish environment gold stocks will outperform gold and the XAU/GLD ratio will rise and in bearish environments GLD will out perform XAU and the ratio will fall. The speed of the rise and fall of this ratio give important clues to tops and bottoms in the XAU and is why the RSI of this ratio is important. The monthly charts carry more importance than the weekly and the weekly charts carry more importance than the daily charts. We are dealing with the monthly charts and therefore the most important chart for defining the trend. When the monthly RSI of the XAU/GLD ratio falls below 35 (current reading is 32.59) than decline is unsustainable and near a low. This occurrence has happen five times since 1991 (counting current reading) and proved to be accurate finding lows in XAU (see red arrows on RSI chart). This monthly RSI reading below 35 sets up the signal. The second part of the signal and the triggered is when the Slow Stochastics of the XAU/GLD ratio trades below 20 and than closes above 20 for buy signal. Since this method is on a monthly chart the soonest a buy signal will be triggered is September 1. The past signals of this type had duration of months and some have lasted over a year and we are expecting the current bullish setup once triggered, will last just as long. Gold stocks area historically cheap right now. Long BRD at 1.67 on 8/3/11. Long YNGFF .44 on 7/6/11. Sold on 8/8/11 SLV at 38.32 for gain of 11.4%-Long SLV at 34.39 on 7/5/11. Long EGI at 2.16, on 6/30/11. Long GDX at 57.01(stop at 57.50). Long GLD at 147.14 on 6/29/11; stop 170 hit = gain 15.5% . Long KBX at 1.13 on 11/9/10. Long LODE at 2.85 on 1/21/11. Long UEXCF at 2.07 on 1/5/11. We will hold as our core position in NXG, CDE and KGC because in the longer term view these issues will head much higher. Holding CDE (average long at 27.7. Long cryxf at 1.82 on 2/5/08. KGC long at 6.07. Long NXG average of 2.26. For examples in how "Ord-Volume" works, visit www.ord-oracle.com. **New Book release "The Secret Science of Price and Volume" by Timothy Ord, buy on www.Amazon.com**



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