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Weekend Market Newsletter

A Publication of Main Line Investors, Inc.

P.O. Box 1026
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Issue No. 971
Friday, December 5th, 2008

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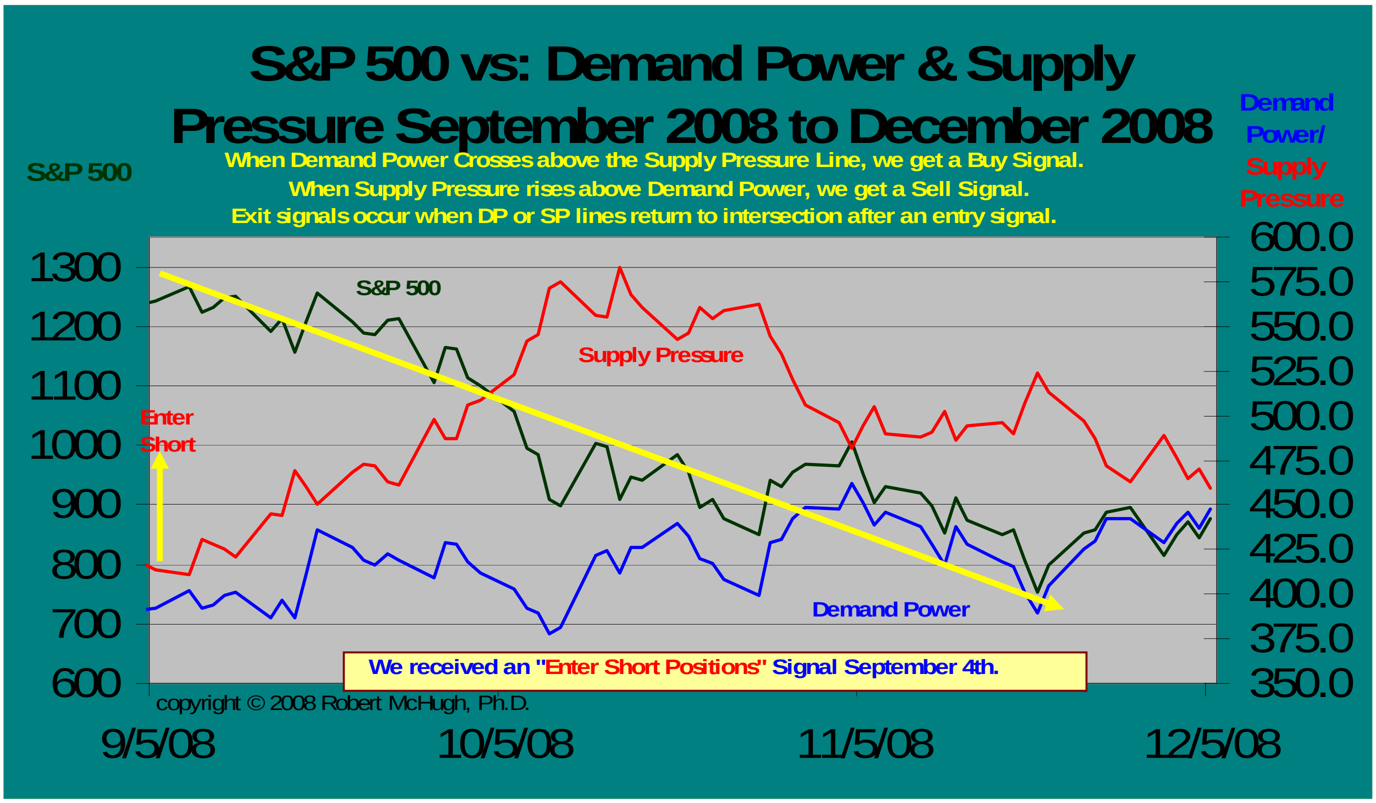
SUMMARY OF INDEX DAILY CLOSINGS FOR FRIDAY, DECEMBER 5th, 2008

Date	DJIA	Transports	S&P	NASDAQ COMPQ	NASDAQ 100	Russell 2000	30 Yr Treas Bonds
Nov 28	8829.04	3512.20	896.24	1535.57	1185.75	473.14	127^15
Dec 1	8149.09	3196.83	816.21	1398.07	1091.16	417.07	130^20
Dec 2	8419.09	3315.86	848.81	1449.80	1130.00	441.82	131^07
Dec 3	8591.69	3400.76	870.74	1492.38	1166.20	453.76	131^30
Dec 4	8376.24	3368.33	845.22	1445.56	1127.75	439.53	133^28
Dec 5	8635.42	3433.33	876.07	1509.31	1177.87	461.09	133^13



Status of Demand Power/Supply Pressure Key Trend-finder Indicator

Index	Term	* Signal	First Date of Signal	Current Demand Pr.	Current Supply Pr.	Fullest Extent of Index Move Since Signal
S&P 500/DJIA	Short	Enter Short	9/4/2008	448	459	SPX Fell 491 Points (39.9 %)
NDX	Short	Enter Short	8/25/2008	426	434	NDX Fell 870 Points (46.1 %)

* We consider a new entry point for a signal the day when one measure crosses more than 10 points above the other. We like to exit when (or before if conservative) the two measures return to an intersection.

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Summary of McHugh's Proprietary Index Key Trend-finder Buy/Sell Signals

	Index	Term	Signal	Date Current Signal	Fullest Extent of Index Move Since Signal
Purchasing Power Indicator	DJIA/S&P	Short	Buy	Dec 2nd, 2008	DJIA Rose 267 Points (3.2 %)
DJIA 14 Day Stochastic	DJIA	Short	Buy	Dec 3rd, 2008	DJIA Rose 40 Points (0.5 %)
DJIA 30 Day Stochastic	DJIA	Short	Sell	Dec 1st, 2008	DJIA Fell 6 Points (0.1 %)
DJIA Primary Trend Indicator	DJIA	**Long**	Sell	Sept 30th, 2008	DJIA Fell 3401 Points (31.3 %)
Secondary Trend Indicator	DJIA/S&P	Short	Sell	Oct 2nd, 2008	DJIA Fell 3033 Points (28.9 %)
NDX Purchase Power Indic	NASDAQ 100	Short	Buy	Dec 5th, 2008	**New Buy Signal**
NDX 14 Day Stochastic	NASDAQ 100	Short	Buy	Dec 3rd, 2008	NDX Rose 13 Points (1.2 %)
RUT Purchase Power Indic	RUT	Short	Buy	Dec 2nd, 2008	RUT Rose 20 Points (4.6 %)
HUI Purchasing Power Indic	HUI	Short	Sell	Dec 1st, 2008	HUI Fell 3 Points (1.7 %)
HUI 30 Day Stochastic	HUI	Short	Buy	Nov 21st, 2008	HUI Rose 35 Points (16.5 %)

We continue to get Bullish confirmation from our indicators, as more and more generate buy signals. A pattern of higher highs would complete confirmation that wave ***(B)*** up is underway. ***Friday delivered new buy signals in our Call/Put ratio and in our Plunge Protection Team (PPT) Indicator.*** These signals join buys in the Monthly and Weekly Full Stochastics for the Industrials and the S&P 500, which have generated from levels where multi-week rallies start. ***We are in a Grand Supercycle Bear Market decline, wave {IV}, that started in October 2007. This is why we see so many huge 5 percent daily moves up or down, why we see so many 15 percent multi-week moves. It is correcting a Grand Supercycle wave {III} that started in 1718, three centuries ago.*** We believe the decline from October 2007 to November 20th, 2008, our last ***phi*** mate turn date, was wave ***(A)*** down, of Supercycle degree. It represents the first of three phases to this Grand Supercycle Bear market.

This Grand Supercycle Bear Market will consist of a wave ***(A)*** decline, a wave ***(B)*** up pause — either a rally or sideways triangle move, and wave ***(C)*** down, which will be a catastrophic plunge that could change the world as we know it. ***Grand Supercycle degree waves change governments and nations. This degree of trend is larger than the Great Depression.*** That is how serious this Bear market is. That is the big picture.

Shorter term, wave (B) up started at our last phi mate turn date, and confirmation continues to roll in. This should take shape as an ***A***-up, ***B***-down, ***C***-up Cycle degree move, a zigzag or flat, or as a five wave triangle that effectively will be a trading range. ***We believe we are inside the middle of wave A-up.*** That middle wave is primary degree wave ***(B)*** and is taking shape as a triangle sideways pattern in some indices, and as a flat in others. Once complete, wave ***(C)*** up of ***A*** up should rally prices through Christmas into our next ***phi*** mate turn date, which we cover in detail this weekend. Pictures are easier than narrative when analyzing Elliott waves and patterns, and we show these labelings this weekend in charts on pages 15 and 17. If the degree of waves is one less than we show, it means this Bear Market could last into 2012. Our hope is it will end in 2010.

We believe we have started an economic Depression, not a Recession. This means that holding cash will be critical. It is why the Dollar has risen and Treasuries are yielding next to nothing. This wave ***(B)*** eye of the storm we sit in should last a few months, and presents the best chance to raise cash we will see in years. ***Raising cash over the next few months will be critical for survival. It doesn't look like the bailout plans now or coming will put much cash into the hands of households. If we were calling the shots, we would rebate three years of income taxes to get cash into households.***

While there is a ton of negative sentiment out there, ***many of the indicators we follow are suggesting a lengthy (multi-month) period of pause (sideways triangle) or rally (zigzag) has started.*** Tonight we add to that body of evidence. On page 19 we show ***a nearly completed Bullish Head & Shoulders bottom in the S&P 500 and Industrials.*** Upside targets are 20 percent above Friday's close.

Friday's rally was expected and consistent with the sideways triangle pattern annotated as a strong possibility all week. The ***Dow Industrials rose 259.18*** points, or 3.09 percent, Friday, closing at 8,635.42. Stocks shook off some terrible news on the jobs front Friday, and after falling 250 points, rebounded 500 points intraday. Strong rallies in the face of bad news are indications of bullish phases. ***NYSE volume was up at 98*** percent of its 10 day average. Upside volume led at 86 percent, with advancing issues at 70 percent, with upside points at 97 percent. ***S&P 500 Demand Power rose 11 points to 448, while Supply Pressure fell 11 points to 459,*** telling us the advance was powerful and solid. We continue to watch for a crossover of DP above SP. They are converging rapidly and another day like Friday early next week could produce a new "buy" signal, the first buy signal in several months.

Wave **(B)** is correcting only a portion of the decline from October 2007, and could form one large degree sideways triangle, a zigzag, or a flat. We will identify it as soon as possible. The greatest retrace would come from a zigzag. Since the decline was 6,800 points in the Industrials, ***we could see prices retrace at least 38.2 percent, taking the Industrials up 2,500 points to 10,000ish, which happens to also be the upside targets for the Head & Shoulders patterns we show this weekend.***

It is important to keep in perspective that this wave (B) rally, that should last into early to mid-2009, is merely a technical bounce to relieve a deep oversold condition in the market and is not the start of a new period of economic prosperity. It is a gift. A chance to raise cash, and to prepare for terrifying times coming in wave (C) down.

The economic news Friday was horrid. ***The unemployment rate rose to 6.7 percent***, the worst level in 15 years. We expect unemployment to top 10 percent in 2009. Non-farm payrolls fell 533,000 in November, the worst monthly loss of jobs in 34 years. The Mortgage Bankers Association reported that ***one in ten households are either a month delinquent on their mortgages or in foreclosure*** as of the end of September. This will get a lot worse as the effect of new job losses hit homes.

A lot has happened during this start of the Grand Supercycle Bear Market Economic Depression that is not only hard to fathom, but maybe hasn't been widely known as possible before. This news fits in this category: The California State Finance Director, Mike Genest, has said that ***California is so broke, so busted, sitting with an $11.2 billion deficit, that this state, which has the 8th largest economy in the world, if it was a sovereign nation, will have to issue IOUs to keep itself running***, unable to pay for services and products with U.S. Dollar denominated cash. These IOUs would take the form of registered warrants, promises to pay with interest. If a financial solution to their crisis is not forthcoming, the IOUs will start in March 2009. But get this: Brown-Foreman, maker of Jack Daniels, is enjoying earnings growth of 13 percent. This note comes on the 75th anniversary of the repeal of prohibition. There you have it.

The Demand Power/Supply Pressure indicators generated an enter short position signal September 4th, and remains there Friday. ***Friday's McClellan Oscillator improved to positive + 202.46. The Summation Index improved to negative –2,407.98***. ***NYSE New Highs fell to 4***, with ***New Lows rising to 175 Friday***.

The percent of DJIA stocks above their 30 day moving average rose to 43.33 from 30.00. The percent above 10 day rose to 70.00 from 56.67. ***The percent above 5 day rose to 80.00 from 33.33.*** The ***NYSE 10 day average Advance/Decline Line Indicator improved to positive + 773.9, remaining on a buy signal from December 3rd, when it rose above the positive + 120.00 threshold necessary for a new "buy."***

Our three Blue Chip key trend-finder indicators (other than the Demand Power/Supply Pressure Indicator) remain on a "buy" signal Friday. The ***DJIA 30 day Stochastic*** Fast rose to 43.33 above the Slow at 35.33, ***remaining on a "sell" signal from December 1st.*** The ***DJIA 14 day Stochastic*** rose to 83.33, above the Slow at 67.78, ***remaining on a "buy" signal from December 3rd.*** The Fast has to cross *more than* 10 points above the Slow for a new "buy." The ***S&P 500 Purchasing Power Indicator- rose 7 points to negative –109.81, remaining on a "buy" signal from December 2nd,*** needing to fall below –115.81 for a new sell.

The ***Plunge Protection Team Risk Indicator*** fell to ***negative –16.02 Friday, triggering a new "buy" signal, as we mentioned in Thursday's newsletter was probable. A rise above positive + 20.0 or a drop below –16.0 triggers a new "buy" signal. After it generated a buy signal on July 31st, the Industrials rose 489 points.*** When the reading rises above positive + 20.00, or falls below negative –16.00, we usually see multi-week rallies. ***On the other hand, declines can (don't have to) occur when this reading falls within the range of negative –16.00 to positive + 20.00.*** The PPT Indicator was in the range where declines typically occur, between negative –16.00 and positive + 20.00 for most of the late December/January decline, which saw the DJIA drop over 1,100 points. It then rose above + 20.00 January 14th. Rallies usually start about a week or two after this measure exceeds positive +20.00. When this indicator last went below negative –16.00, triggering a new "buy" signal, on February 7th, 2008, the Industrials closed at 12,247. After that the Industrials rose 509 points. After they rose above negative –16.00 on March 3rd, the DJIA dropped over 500 points. ***From May to July 2008 we saw a significant decline within this range, 1,650 points. After this indicator generated a sell signal October 1st, the Industrials declined 2,948 points. After this indicator generated a sell signal November 17th, the Industrials fell 824 points, or 10 percent.***

The DJIA Call/Put Ratio rose to 1.12 Friday, generating a new "buy" signal, the first change in this indicator since it went on a "neutral" signal May 27th (moving below 1.00 and above 1.40 is neutral, while rising decisively above 1.00 ***(above 1.10)*** triggers a new "buy"). ***On Friday, the Secondary Trend Indicator rose 4 points to negative –12, remaining on a sell signal.*** Above zero is Bullish. Below zero is Bearish. The closer it moves toward zero, the greater the risk of a coming trend turn, thus caution with open positions would be recommended. ***After it turned Bearish on December 31st, 2007, the Industrials fell 1,630 Points, or 12.3 percent. After it generated a sell, on June 17th, the Industrials fell 1,200 points. After it triggered a sell signal on October 2nd, the Industrials fell 2,600 points.*** This indicator correlates well with price trends.

Shorting should only be done with funds that are speculative and the investor is willing to accept a substantial loss on. That is because the PPT is very active at this time.

SUMMARY PAST WEEK'S DEMAND POWER/SUPPLY PRESSURE STATISTICS

Blue Chips S&P 500/DJIA

Date	Demand Power	Supply Pressure	Purchasing Power Indicator	Secondary Trend Indicator
Nov 28	Flat 0 at 442	Down 9 to 463	Up 1 to –102	Up 2 to –16
Dec 1	Down 13 to 429	Up 26 to 489	Down 22 to -124	Down 8 to –24
Dec 2	Up 11 to 440	Down 13 to 476	Up 8 to –116	Up 8 to –16
Dec 3	Up 6 to 446	Down 11 to 465	Up 5 to –111	Up 6 to –10
Dec 4	Down 9 to 437	Up 5 to 470	Down 5 to –116	Down 6 to –16
Dec 5	Up 11 to 448	Down 11 to 459	Up 6 to –110	Up 4 to –12

NASDAQ 100

Date	Demand Power	Supply Pressure	Purchasing Power Indicator	PPT Risk Indicator (Above +18% Means High Risk of a Short-covering Rally)
Nov 28	Down 4 to 419	Down 4 to 442	Down 1 to –84	+ 4.07
Dec 1	Down 7 to 412	Up 11 to 453	Down 25 to –109	+ 4.03
Dec 2	Up 6 to 418	Down 8 to 445	Up 8 to –101	+ 3.05
Dec 3	Up 6 to 424	Down 7 to 438	Up 1 to –100	- 0.40
Dec 4	Down 5 to 419	Up 4 to 442	Down 7 to –107	- 7.44
Dec 5	Up 7 to 426	Down 8 to 434	Up 19 to –88	- **16.02**

10 Day Average Short-term Advance/Decline Signals

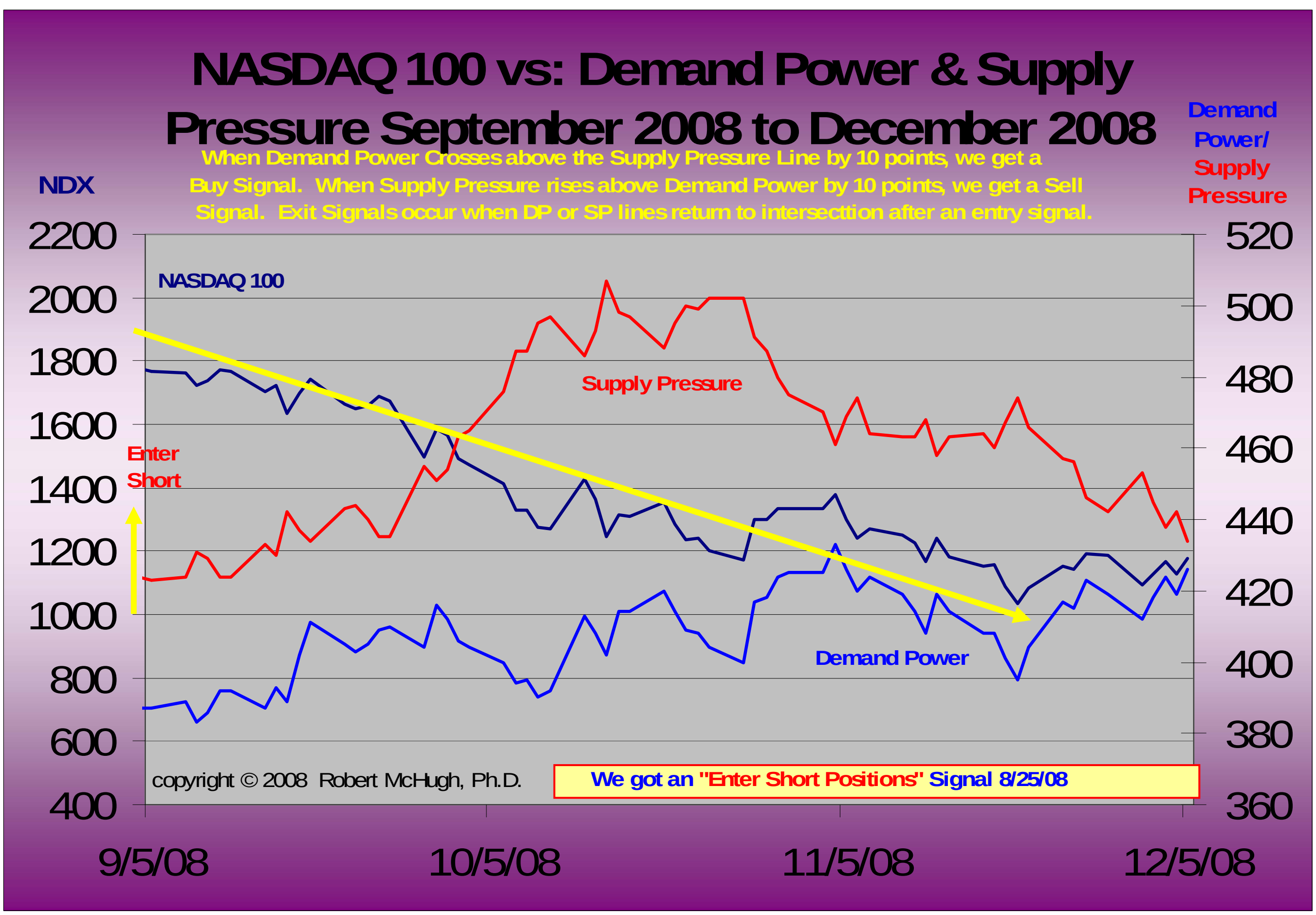
Index	Dec 5th A/D Indicator	Signal	Date of Signal	Fullest Extent of Index Move Since Signal
NYSE/S&P 500	+ 773.9	Buy	Dec 3rd, 2008	SPX Rose 8 Points (1.1 %)
NASDAQ 100	+ 30.3	Buy	Dec 3rd, 2008	NDX Rose 13 Points (1.2 %)
Russell 2000	+ 595.8	Buy	Dec 3rd, 2008	RUT Rose 8 Points (1.8 %)

Gold's Daily Full Stochastics are on a sell signal, suggesting a short-term decline is likely. However, the Weekly Full Stochastics are on a buy, and the Monthly are approaching a bottom, suggesting that once this short-term decline completes, a huge multi-week, maybe multi-month rally leg is coming.

The HUI's Daily Full Stochastics are on a sell signal, suggesting a short-term decline is likely. However, the Weekly Full Stochastics are on a buy, and the Monthly are approaching a bottom, a buy signal is imminent, suggesting that once this short-term decline completes, a huge multi-week, maybe multi-month rally leg is coming.

The ***NASDAQ 100 rose 50.12 points Friday, closing at 1,177.87.*** Volume was up at 102 percent of its 10 day average. ***Upside volume led at 91 percent. Advancing issues led at 94 percent, with upside points at 99 percent. NDX Demand Power rose 7 points to 426, with Supply Pressure falling 8 points to 434,*** telling us the advance was strong and solid.

Our key trend-finder indicators moved to a new "buy" signal Friday. The ***NDX 14 day Stochastic*** Fast rose to 73.00, above the Slow at 45.60, ***remaining on a "buy" signal from December 3rd.*** The ***NDX Purchasing Power Indicator rose 19 points to negative –88.22, triggering a new "buy" signal December 5th***. The ***NDX 10 day average Advance/Decline Line Indicator*** rose to positive +30.3, ***remaining on a "buy" signal from December 3rd***, when it rose above the positive + 5.0 threshold for a new "buy" signal. The ***Demand Power/Supply Pressure Indicator generated an enter short positions signal Monday August 25th***, when the SP indicator rose more than 10 points above the DP indicator, and remains there Friday, December 4th, ***but both lines are approaching intersection.***

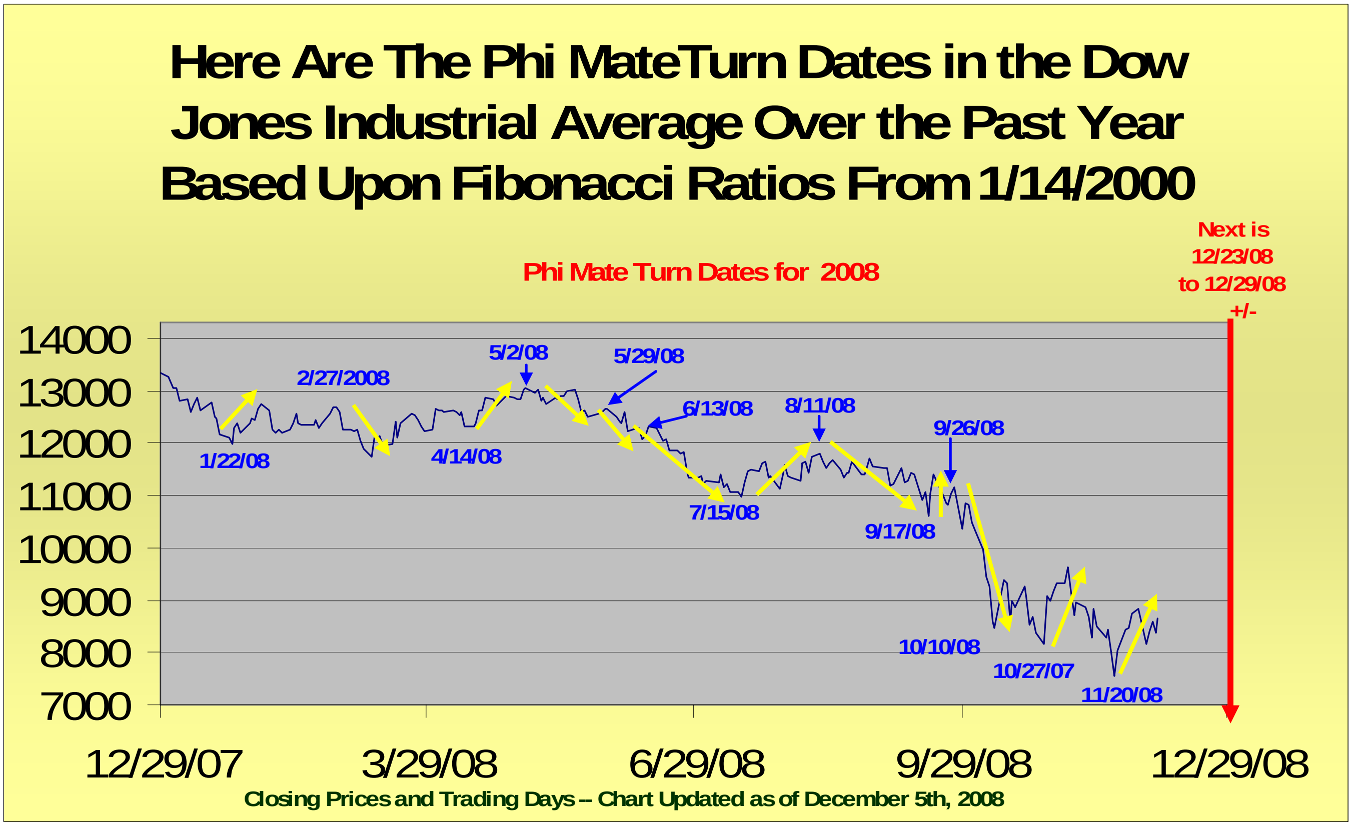


The ***Russell 2000 rose 21.56*** points Friday, closing at 461.09. Volume was up at 104 percent of its 10 day average, with upside volume leading at 78 percent, with advancing issues leading at 86 percent. ***The RUT Purchasing Power Indicator*** rose to negative –8.21, ***remaining on a buy signal from December 2nd***. The ***RUT 10 day average Advance/Decline Line Indicator*** improved to positive + 595.8, ***remaining on a "buy" signal from December 3rd***, rising above the positive +180.00 threshold for a new "buy" signal.

The ***HUI Amex Gold Bugs Index rose 1.62 points Friday, closing at 212.61. Volume was up at 102 percent of its 10 day average.*** Downside volume was 74 percent, with advancing issues at 55 percent, and upside points at 52 percent in mixed trading. ***Our key trend-finder indicators remain on a "sideways" signal Friday, December 5th.*** The ***HUI 30 day Stochastic*** Fast rose to 60.00, below the Slow at 72.22, but not decisively below, ***remaining on a "buy" signal from November 21st.*** The Fast had to rise more than 20 points above the Slow to trigger a new "buy." The ***HUI Purchasing Power Indicator rose to 196.69, remaining on a sell signal from December 1st.*** December ***Gold*** was down at 756.1. ***Silver was lower at 9.41***, while ***Oil was down at 41.65.*** The ***Dollar*** rose 0.39 to 86.95. ***Bonds fell half a point to 133^13, still high.*** The PPT has to buy the long end to keep Bonds headed in the right direction, to support the housing market, especially now that AMBAC and MBIA are no longer rated AAA, Fannie Mae and Freddie Mac — who hold half of all mortgages - have collapsed, and credit markets have frozen, requiring lower interest rates, and Master Planner interest rate (bond) intervention. Bernanke finally suggested they will. The powerful rally in Bonds confirms they are monetizing Treasury debt. The ***VIX fell 3.71 to 59.93.***

The ***Australia SPASX200 fell 42.50 points, or 1.20 percent Friday***. Click on the Weekend Australia Report, ***which includes EW charts of the FTSE and DAX, for the latest analysis***.

Bottom Line: ***The Fed has to continue hyperinflating to bail out this sick economy, feeding a major trend up in precious metals. Households, not just Wall Street, must be bailed out. If this doesn't happen we are headed for an economic depression***.



Our Fibonacci phi mate analysis is suggesting another turn is due later this month, around December 23rd through December 29th, 2008 +/-: This is the fourteenth and last phi mate turn date we have scheduled for 2008. It is looking like it could be a top. Wave **(A)-**down started a year ago, in October 2007, and it sure looks like it bottomed precisely on our last *phi* mate turn date, November 20th, 2008. Wave **(B)-**up started from the intraday low the next day. Wave **(B)** up should be a three wave rally or a five wave sideways triangle. It could last 3 to 4 months. It could be that the *phi* mate turn date scheduled for the end of December will mark the end of the first subwave of **(B)** up. That argues for a top later this month. It would make sense as the holiday season is often bullish, as the "Santa" rally often unfolds.

There are actually two phi mate turn dates scheduled for the last week of the year, however they are so close together (only three trading days) that we believe one turn will result, and this will be more of a turn window than a turn date. The math for these coming phi mate turn dates: December 23rd, 2008 is 2,249 trading days from the January 14th, 2000 top. Its phi mate is the June 17th, 2003 top, which was 859 trading days from 1/14/00. 859 / 2,249 = .382, or the value 1.00 minus phi. The December 29th, 2008 phi mate turn date is 2,252 trading days from 1/14/00. Its phi mate is the July 28th, 2005's high, which was 1,392 trading days from 1/14/00. The relationship between these two dates, is 1,392 / 2,252 = .618, or *phi*.

Here's the math for the recent November 20th +/- turn: November 20th, 2008 was 2,227 trading days from the Dow Jones Industrial's top back on January 14th, 2000, eight years ago. ***Its phi mate*** is July 6th, 2005's low, which was 1,376 trading days from 1/14/00. The relationship between these two dates, is 1,376 / 2,227 = .618, *phi*. In fact, the Industrials had a closing bottom, "the" closing bottom for the decline from October 2007 ***precisely on this scheduled phi mate date. Since this phi mate turn date bottomed at 7,552.29 on November 20th, the Industrials have risen 1,279.06, or 16.93 percent.***

What the *phi* mate analysis has demonstrated consistently since January 2000, is that whatever trend is going into the turn will reverse, nearly every single time, into a tradable trend. ***The value here is that aggressive traders don't care which way a trend goes, as long as they know when it is coming,*** to be alert to trade it. While *phi* analysis will not find every significant trend, it finds most of them, and when it does identify the probability of one coming, we have always gotten it since January 2000. These trends are not subject to intraday reversals. They are not for day-traders. They are multi-week trends.

Prior to our recent phi mate turn date of November 20th, we had a phi mate turn date on Monday, October 27th, 2008, which was a closing bottom (phi mate analysis uses dates where closing prices are tops or bottoms) that came 2 trading days after the ideal mathematical scheduled date of Thursday, October 23rd. The Industrials closed at 8,175.77 on October 27th, then ***the Industrials rallied 1,449.51 points, or 17.72 percent through Tuesday, November 4th's Election Day top of 9,625.28.*** October 27th, 2008 was 2,209 trading days from the Dow Jones Industrial's top back on January 14th, 2000, eight years ago. ***Its phi mate*** is June 17th, 2005's high, which was 1,364 trading days from 1/14/00. The relationship between these two dates, is 1,364 / 2,209 = .618, or *phi*.

Prior to that, we had a phi mate turn on October 10th, 2008, a closing bottom (phi mate analysis uses dates where closing prices are tops or bottoms) that came 1 trading day early from the ideal mathematical scheduled date of October 13th. The Industrials closed at 8,451.19 on October 10th, then ***the Industrials rallied 936.42 points, or 11.08 percent Monday, October 13th, the largest one day rally ever.*** October 10th, 2008 was 2,198 trading days from the Dow Jones Industrial's top back on January 14th, 2000, eight years ago. ***Its phi mate*** was May 20th, 2003's high, which was 840 trading days from 1/14/00. The relationship between these two dates, is 840 / 2,198 = .382, or 1 minus *phi* (.618).

Prior to that we had a phi mate turn date on September 26th, 2008. It was a top, the Industrials closing at 11,143.13. The Industrials then crashed ***3,260.62 points, or 29.26 percent through October 10th, 2008's intraday low of 7,882.51***. Its *phi* mate was the June 2nd, 2005 high, which came 1,353 trading days from January 14th, 2000's top. September 26th, 2008 was 2,188 trading days from the January 2000 top. 1,353 / 2,188 = .618, precisely *phi*.

Prior to that, we had a phi mate turn date on September 17th, 2008. It was a bottom, the Industrials closing at 10,609.66. It came 2 trading days early from the ideal mathematical scheduled date of September 19th. The Industrials the ***rose 558 points*** through September 26th's intraday high of 11,168.06. Its *phi* mate was the May 12th, 2003 high, which came 834 trading days from January 14th, 2000's top. September 17th, 2008 was 2,181 trading days from the January 2000 top. 834 / 2,181 = .382, precisely the value 1 minus *phi*, .618.

Prior to that, we had a phi mate turn date on August 11th, 2008, when the Industrials closed at 11,782.35, a top, ***then plunged 1,322 points*** through September 18th's intraday low of 10,459.44. Its phi mate was the May 9th, 2005 high, which came 1,336 trading days from January 14th, 2000's top. August 11th, 2008, was 2,155 trading days from the January 2000 top. 1,336 / 2,155 = .6199, or approximately phi, .618.

Prior to that, we had a phi mate turn on July 15th, 2008, a bottom that came 5 trading days early from the ideal mathematical scheduled date of July 22nd. The Industrials closed at 10,962 on July 15th, and ***rallied 904.57 points*** through August 11th's intraday high of 11,867.11. Its *phi* mate was the April 20th, 2005 bottom, which came 1,323 trading days from January 14th, 2000's top. July 15th, 2008 was 2,136 trading days from the January 2000 top. 1,323 / 2,136 = .619, or approximately *phi*.

Prior to that we had a *phi* mate turn date ideally scheduled for June 20th, and it was a very small top on June 13th, five trading days early, the Industrials closing at 12,307.35. Its *phi* mate, the April 1st, 2005 low, was 1,310 trading days from 1/14/00. June 13th, 2008 was 2,115 TD's from 1/14/00. 1,310 / 2,115 = .619, or approximately *phi*. ***Since then the Industrials*** ***declined 1,345 points*** ***to July 15th's 10,962 closing low***.

Prior to that *phi* mate turn date, there were minor tops on May 2nd, and May 29th that led to strong declines (see chart above). Prior to them the April *phi* mate turn had two mates, and was ideally scheduled for April 10th or 11th. One mate preferred the 10th, the other the 11th. We saw a closing bottom in the Industrials on April 14th, one trading day from the 11th's ideal date, and only two from the 10th. The closing low was 12,302.06. ***The Industrials rallied 830 points*** after that bottom.

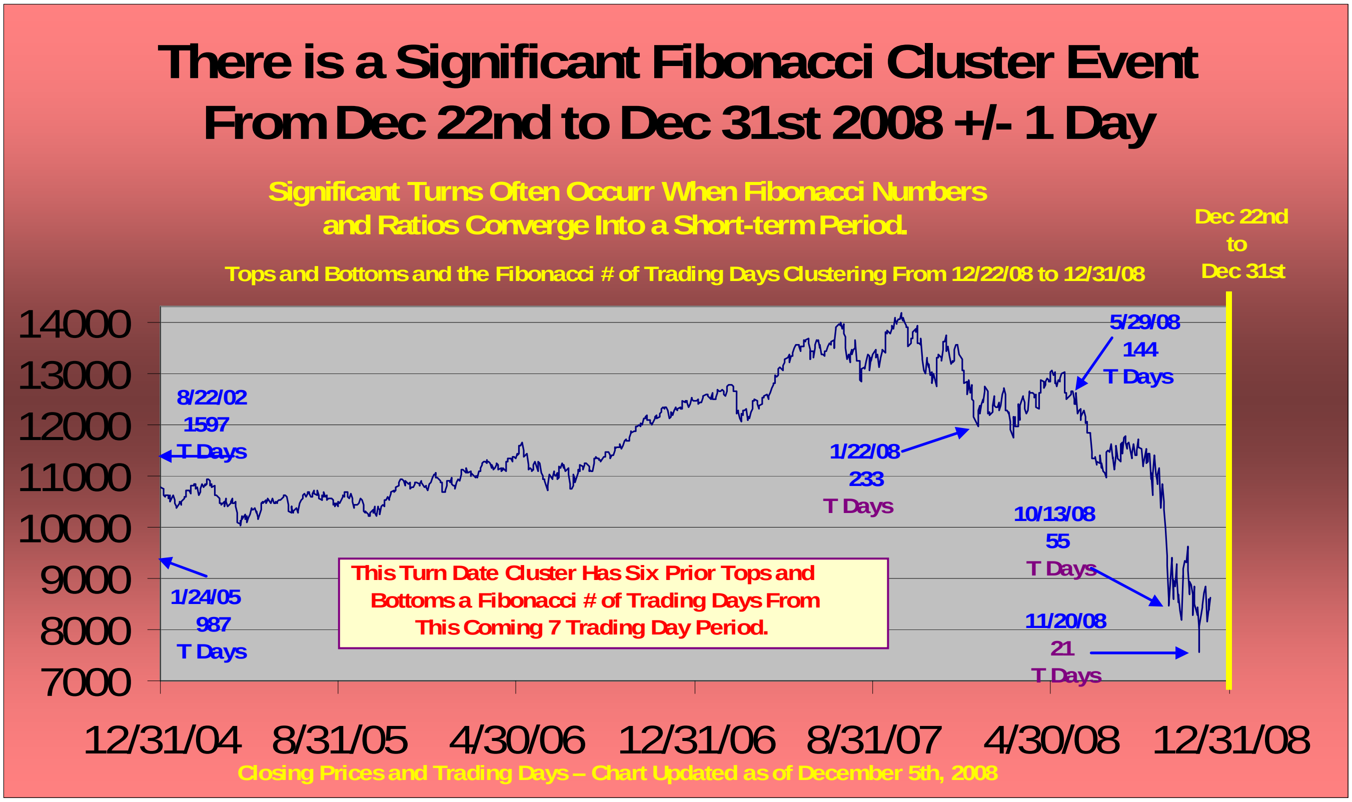
Prior to that *phi* turn date, we had one that was ideally scheduled for March 3rd, 2008. However, it came three trading days early, on ***February 27th, 2008***, which was a top at 12,694.28. ***Prices then fell almost 1,000 points, 962.68 points*** ***over the next two weeks to March 10th, 2008's intraday low of 11,731.60***. February 27th, 2008 was 2,041 trading days from January 14th, 2000's top. Its *phi* mate, January 24th, 2005's low, was 1,263 trading days from 1/14/00. 1,263 / 2,041 = .618, or *phi*.

Another cycle turn tool we like is the Fibonacci Cluster turn window. Here, we identify periods of a week or two where there were prior tops and bottoms that are a Fibonacci number of trading days from that coming week. We identified high potential for a major stock move later in September through early October in our September 12th Weekend newsletter. We wrote, "***There is a Fibonacci turn window set up for the end of September into early October, around the two phi mate turn dates shown for September. It is a window of 10 days, and has six prior tops or bottoms a Fibonacci number of trading days from this ten day period:*** May 17th, 2002's top is 1,597 trading days from 9/22/08. October 25th, 2004's bottom is 987 trading days from 9/26/08. February 27th, 2008's top is 144 trading days from 9/23/08. May 29th, 2008's top is 89 trading days from 10/3/08. July 15th, 2008's low is 55 trading days from 10/1/08, and August 11th, 2008's top is 34 trading days from 9/29/08. This Cluster points to some strong trend action later this month."

Of course that proved prescient. Focusing on the future, ***we have a large Fibonacci Cluster window coming from December 22nd, through December 31st, 2008. It is a window of 7 trading days, and has nine prior tops or bottoms a Fibonacci number of trading days from this two week period:***

December 26th, 2008 is a Fibonacci 1,597 Trading Days from August 22nd, 2002's Top.
December 24th, 2008 is a Fibonacci 987 Trading Days from January 24th, 2005's Low.
December 23rd, 2008 is a Fibonacci 233 Trading Days from January 22nd, 2008's Low.
December 22nd, 2008 is a Fibonacci 144 Trading Days from May 29th, 2008's Top.
December 31st, 2008 is a Fibonacci 55 Trading Days from October 13th, 2008's Low.
December 22nd, 2008 is a Fibonacci 21 Trading Days from November 20th, 2008's Low.

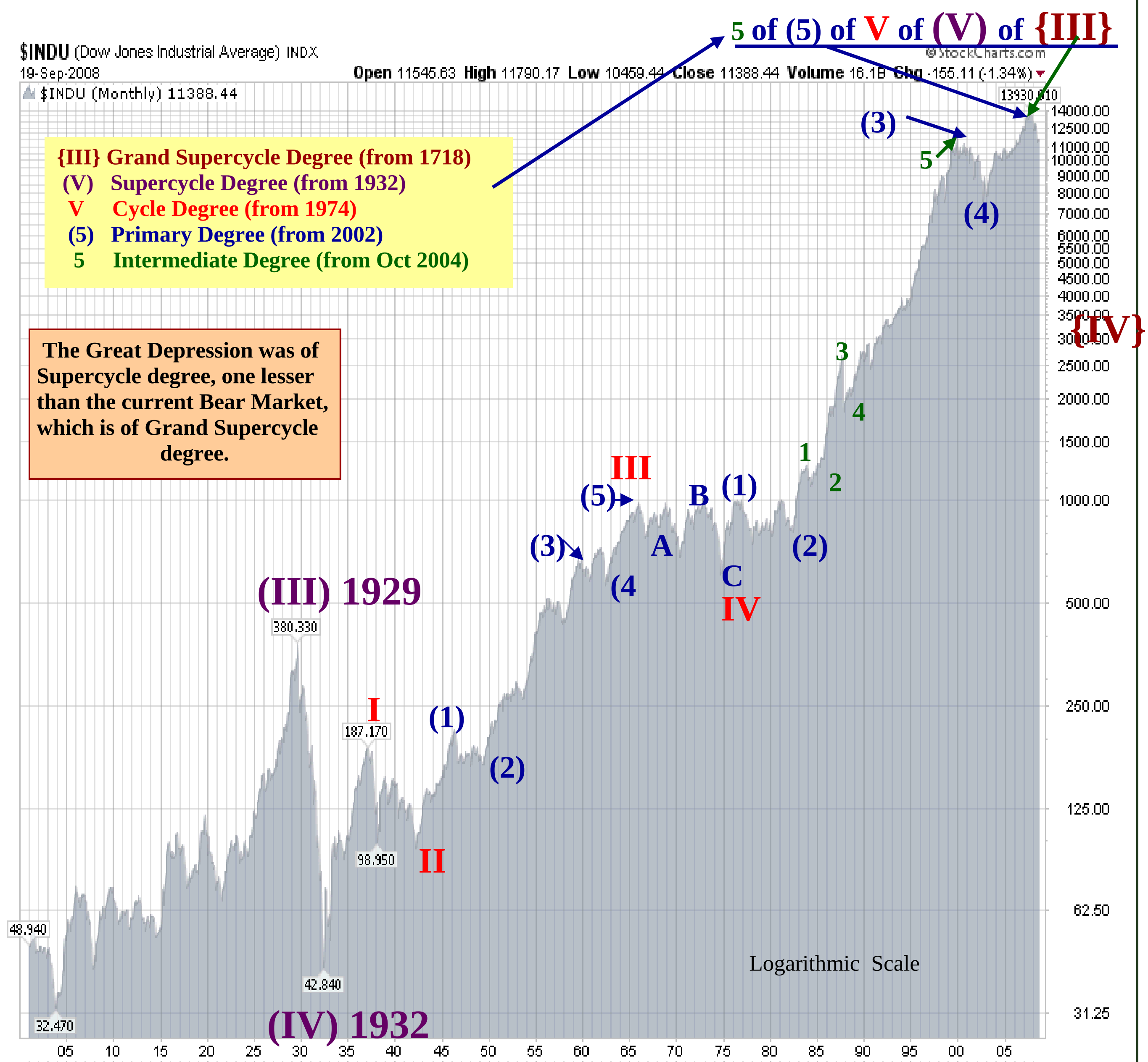
Six tops or bottoms a Fibonacci number of trading days from a two week window is significant, and comes encompasses the phi maet turn dates December 23rd and December 29th, so this combination of Fibonacci analysis, two seperate methods, coming to the same turn window conclusion, makes us believe a strong turn will arrive around then. Whatever direction prices head into this time period will likely be reversed.



Phi Mate Turn Date Theory: Since the dramatic date of January 14th, 2000, ***almost all market tops or bottoms of measurable significance have occurred precisely a Fibonacci .618 to .382 ratio of trading days from either that starting date 1/14/00, or another top or bottom that has occurred since 1/14/2000, based upon closing balances.*** There were a few in the past few years that approximated .382 or .618 by hitting a Fib 3/8ths (.375) or Fib 5/8ths (.615). This is astonishing! ***<u>A mathematical formula has been nearly 100 percent correct in predicting market tops or bottoms in the Dow Industrials since a Bear Market began on January 14th, 2000, eight and one-half years ago!</u>*** And the trend continues. What is so special about January 14th, 2000? The Dow Jones Industrial Average topped then in ***real dollar terms.*** It remains the all-time top adjusted for inflation.

While Fibonacci numbers and ratios have existed since Creation, a 12th century mathematician, ***Leonardo Fibonacci***, is largely credited with identifying the unique sequence and ratios, and their prevalence throughout nature. ***The sequence goes like this:*** It starts with the number 1 and then adds that number to itself to get the next number. It then takes those two numbers and adds them together to get the next number in sequence. Each number next in sequence is the sum of the prior two numbers in the sequence, ad infinitum. Thus the sequence looks like this: 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, etc… ***The ratios between these numbers are unique in that each addend is either .382 or .618 of the sum.*** For example, 13 plus 21 equals 34. 21 is .618 of 34. 13 is .382 of 34. .618 plus .382 equals a complete 1.00. This holds true for all pairs. These pairs are known as *phi* mates. ***The world around us is filled with these ratios and relationships, in art, architecture, nature, the human body, etc...*** For more theory on *phi* mate analysis, go to the glossary at www.technicalindicatorindex.com or the archives, issue no. 496.

The Big Picture Elliott Wave Long-term Count in the Dow Industrials 1900 to 2008



__Here is a Big Picture Historical Elliott Wave Labeling for the Dow Industrials__. It now appears that Armageddon is right around the corner, which would suggest the above labeling, placing us deep inside a developing Grand Supercycle Wave **{IV}** down, that Grand Supercycle wave **{III}** up is over, at the October 2007 top. Because the S&P 500 broke below the October 2002 lows, we believe the worst case wave **{IV}** scenario is occurring. If in fact Grand Supercycle **{IV}** is occurring, we believe it will change the United States' political landscape like never before, to some form of totalitarian regime. Grand Supercycle waves change nations and governments. ***The Great Depression was of Supercycle degree, wave (IV) down, and was not of Grand Supercycle degree, like the current Bear Market is, which means this Bear Market will be worse.***

The above chart is a closer look at the big picture. We originally hoped that the decline we are seeing now would be the bottom of wave **2**, however ***with the recent reconfirmation of the Dow Theory Signal, and a new "Sell" signal in our long-term PTI signal, clearly there is more substantial downside coming*** after this wave **(B)** rally. This fits with November 20th's development where the S&P 500 fell decisively below their 2002 lows, confirming we are in Grand Supercycle wave **{IV}** down.

A multi-week bottom, perhaps multi-month bottom, occurred on November 20th. The Monthly and Weekly Full Stochastics are oversold, and the Daily has generated a new buy signal. This suggests the first leg of the Bear Market is complete, wave **(A)** down within an **(A)**-down, **(B)**-up, **(C)**-down Grand Supercycle Wave **{IV}** down. The start of wave **(B)** up is underway. This rally should be dramatic, should consist of three waves, **A**-up, **B**-down, **C**-up within wave **(B)**-up. There is a possibility this coming wave **(B)** forms a triangle pattern. If so, it will consist of five violent swings, each successive wave smaller than its preceding wave. We will identify which pattern is developing as soon as evident.

The bad news is, that once this wave **(B)** rally finishes, maybe early to mid 2009, a nasty decline will follow, the third leg of the Bear Market, wave **(C)** down. That bottom suggests something along the lines of Armageddon is transpiring, in its early stages, which no doubt will lead to change in our political structure, installing either fascism or socialism to a degree never before imagined. What we are saying is, this should be worse than the 1930's, which led to World War II. That political environment is where holding actual gold coins would be beneficial.

A decisive decline below 10,800 confirmed this Very Bearish pattern, giving a downside crash target of 7,500ish.

That target was precisely hit Thursday, November 20th, 2008, our recent scheduled phi mate turn date.

Here is a multi-year "M" pattern in formation for the S&P 500, also known as a Double Top pattern. If this is occurring, we could see a complete meltdown all the way to 500, Or lower.

This pattern's downside target will likely be hit once wave (C) down takes over. The Monthly Full Stochastics Suggest wave (B) up is about to start Or has started.


$INDU (Dow Jones Industrial Average) INDX
© StockCharts.com
5-Dec-2008 Close 8635.42 Volume 6.6B Chg -193.62 (-2.19%)
MACD(12,26,9) -939.235, -820.561, -118.675
e of 5 of (5) of V (V) {III}
$INDU (Weekly) 8635.42
Volume 6.65B, EMA(60) 4.54B
(B)
(D)
(A)
(C)
B
(E), A
C, (A)
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
Full STO %K(14,3) %D(3) 24.29, 21.79
Weekly Full Stochastic are on a New Buy Signal.
{V}
(B)
C, (C), {IV}


$SPX (S&P 500 Large Cap Index) INDX
© StockCharts.com
5-Dec-2008 Close 876.07 Volume 24.2B Chg -20.17 (-2.25%)
MACD(12,26,9) -123.509, -103.750, -19.759
e of 5 of (5) of V (V) {III}
$SPX (Weekly) 876.07
Volume 24.19B, EMA(60) 19.81B
(B)
(D)
(A)
(C)
B
(E), A
C, (A)
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
Full STO %K(14,3) %D(3) 20.72, 16.90
Weekly Full Stochastic are on a New Buy Signal.
{V}
(B)
C, (C), {IV}

A breakout above the upper boundary of this declining parallel trend-channel would confirm wave **(B)** up started on November 21st.

A breakout above the upper boundary of this declining parallel trend-channel would confirm wave **(B)** up started on November 21st.


$SPX (S&P 500 Large Cap Index) INDX
©StockCharts.com
5-Dec-2008 Close 876.07 Volume 5.0B Chg +30.85 (+3.65%)
MACD(12,26,9) 2.076, -2.369, 4.445
$SPX (30 min) 876.07
Volume undef
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
The Degrees of Trend Seem Too High as Labeled Time-wise, but Price-wise they make sense.
Full STO %K(14,3) %D(3) 91.64, 77.38
Prices Could Decline Monday.
Wave (B) up Started Friday, November 21st. The day after our phi mate turn date
C, (B)
(C), A
B
(D)
(E), A
(E), C, (A)
C, (A)
(B)
(C)
(D)
(A)


$INDU (Dow Jones Industrial Average) INDX
©StockCharts.com
5-Dec-2008 Close 8635.42 Volume 1.3B Chg +259.18 (+3.09%)
MACD(12,26,9) 15.228, -25.779, 41.007
$INDU (30 min) 8635.42
Volume undef
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
The Degrees of Trend Seem Too High as Labeled Time-wise, but Price-wise they make sense.
Full STO %K(14,3) %D(3) 90.07, 74.66
Prices Could Decline Monday.
Wave (B) up may have Started Friday, November 21st. The day after our phi mate turn date
C, (B)
(C), A
B
(E), A
(E), C, (A)
C, (A)
(B)
(C)
(D)
(A)


$SPX (S&P 500 Large Cap Index) INDX
5-Dec-2008 Close 876.07 Volume 5.0B Chg +30.85 (+3.65%)
MACD(12,26,9) 7.604, 2.616, 4.989
$SPX (15 min) 876.07
Full STO %K(14,3) %D(3) 92.63, 91.10
B
(B)
C, (D)
C, (C)
(A)
C, (E), C, (A)
(C), A
C, (B)
B
(B)
Prices Could fall Monday.


$INDU (Dow Jones Industrial Average) INDX
5-Dec-2008 Close 8635.42 Volume 1.3B Chg +259.18 (+3.09%)
MACD(12,26,9) 68.567, 22.090, 46.477
$INDU (15 min) 8635.42
Full STO %K(14,3) %D(3) 91.85, 90.54
B
(B)
C, (D)
C, (C)
(A)
C, (E), C, (A)
C, (B)
(C), A
C, (B)
B
Prices Could fall Monday.

A Bullish Head & Shoulders Bottom has formed over the past month, and is nearly complete. Confirmation of the upside target will come with a rise above 890. Upside target will be 1,000ish in the S&P 500.

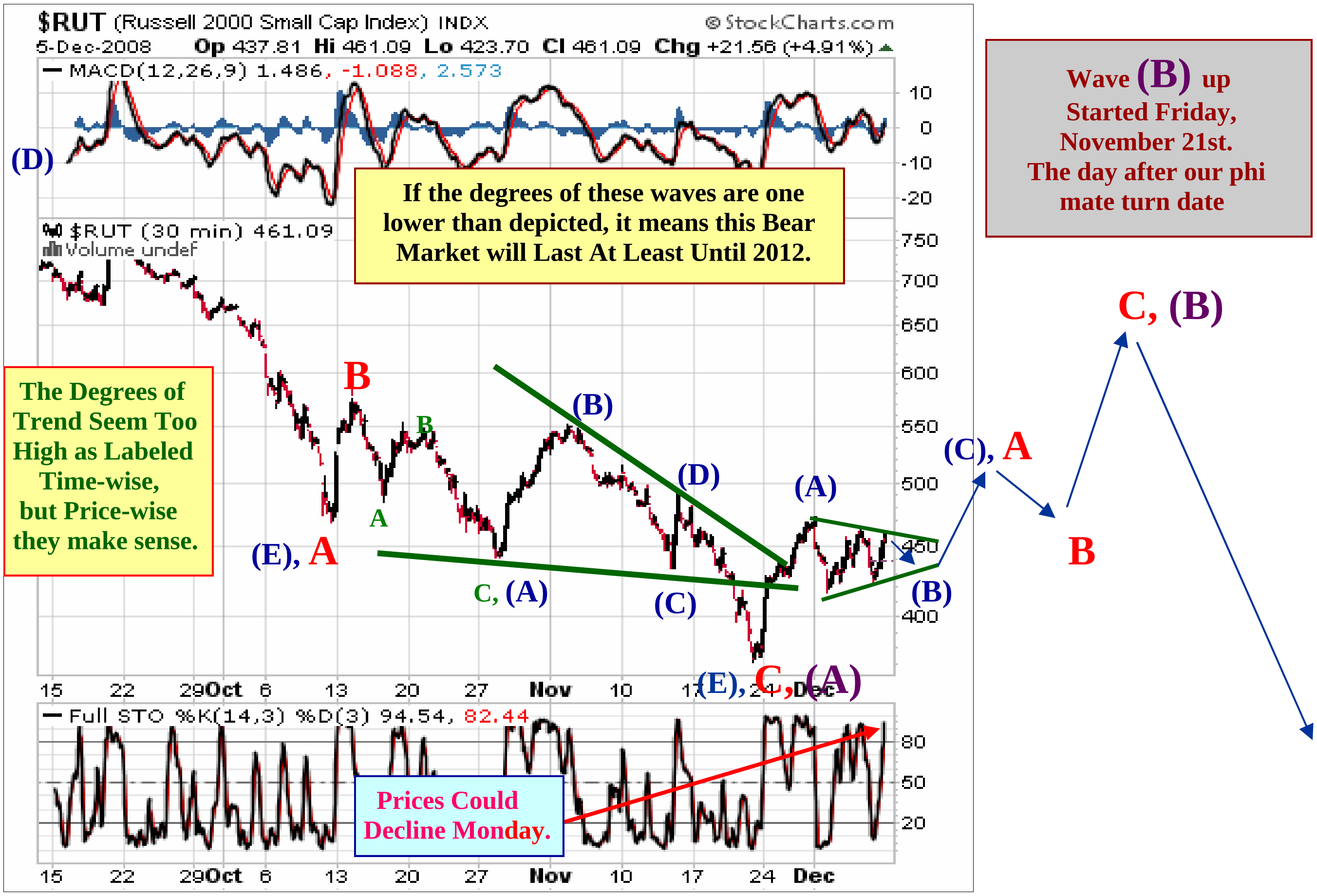
A Bullish Head & Shoulders Bottom has formed over the past month, and is nearly complete. Confirmation of the upside target will come with a rise above 890. Upside target will be 10,000ish in the DJIA


$TRAN (Dow Jones Transportation Average) INDX
©StockCharts.com
5-Dec-2008 Close 3433.33 Volume 414.7M Chg -78.87 (-2.25%)
MACD(12,26,9) -417.932, -309.727, -108.205
e of 5 of (5) of V (V) {III}
$TRAN (Weekly) 3433.33
Volume 414.67M, EMA(60) 414.24M
5, 3
b
a
c, 4
B
A
C, (A)
(4)
The Weekly Full Stochastics on a buy signal, and nearing a bottom.
Full STO %K(14,3) %D(3) 19.01, 15.66
{V}
(B)
C, (C), {IV}


$TRAN (Dow Jones Transportation Average) INDX
©StockCharts.com
5-Dec-2008 Close 3433.33 Volume 93.1M Chg +65.00 (+1.93%)
MACD(12,26,9) -108.612, -141.332, 32.720
Daily MACD on a buy signal.
$TRAN (Daily) 3433.33
Volume 93.08M, EMA(60) 96.68M
B
(2)
(1)
A
(4)
(3)
(5), C, (A)
(B)
Full STO %K(14,3) %D(3) 68.51, 58.72
The Daily Full Stochastics On a buy signal.

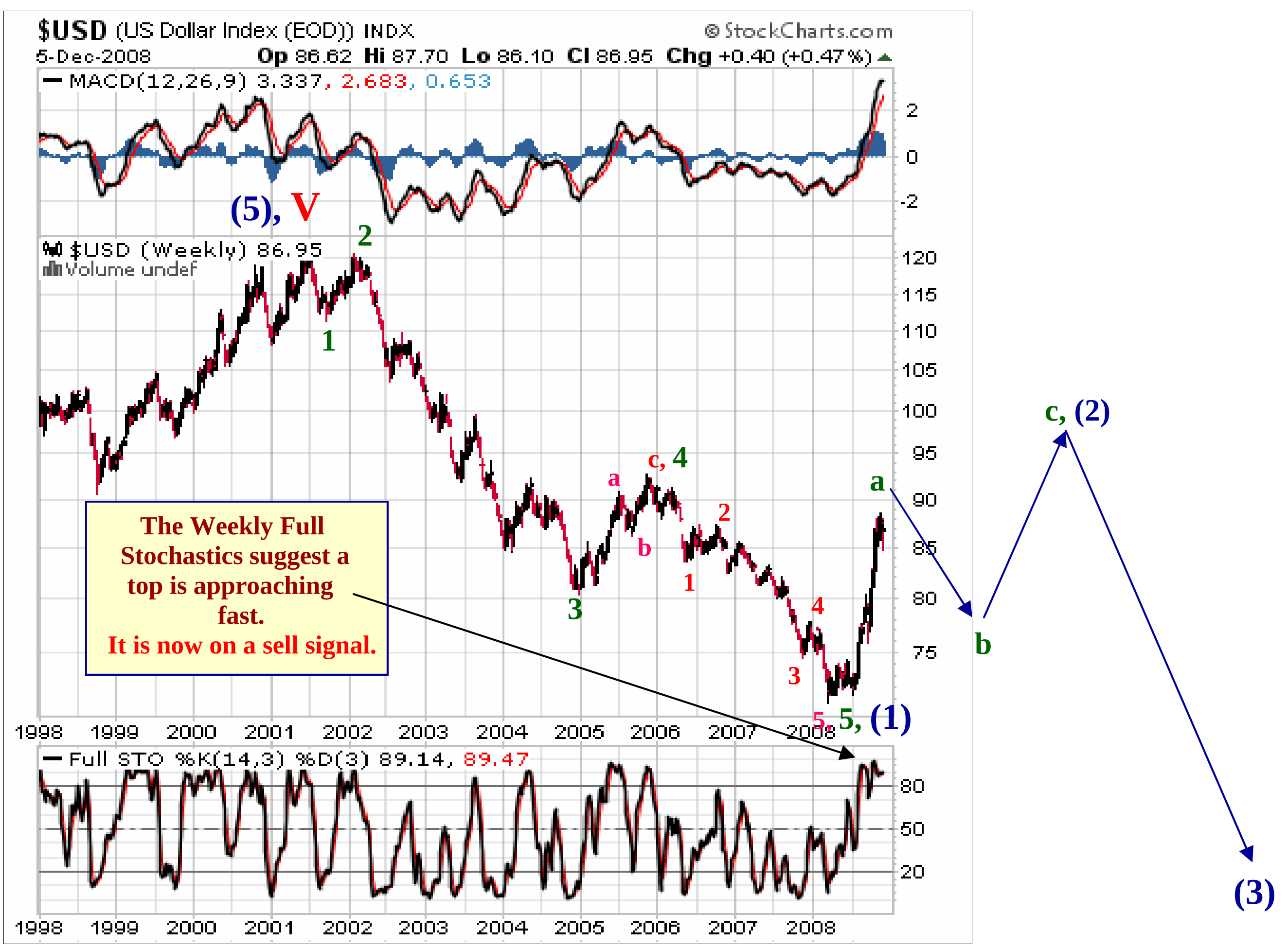
The NASDAQ 100 Is Completing the first wave of a five wave Declining Wedge, for wave **(C)** down. B up is next, and may have started.

Wave **B** up may have Started Friday, November 21st. The day after our phi mate turn date


$RUT (Russell 2000 Small Cap Index) INDX
© StockCharts.com
5-Dec-2008 Op 437.81 Hi 461.09 Lo 423.70 Cl 461.09 Chg +21.56 (+4.91%)
MACD(12,26,9) 1.486, -1.088, 2.573
$RUT (30 min) 461.09
Volume undef
Full STO %K(14,3) %D(3) 94.54, 82.44
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
The Degrees of Trend Seem Too High as Labeled Time-wise, but Price-wise they make sense.
Wave (B) up Started Friday, November 21st. The day after our phi mate turn date
Prices Could Decline Monday.
(D)
(E), A
B
A
B
C, (A)
(B)
(C)
(D)
(E), C, (A)
(A)
(B)
(C), A
B
C, (B)


$RUT (Russell 2000 Small Cap Index) INDX
© StockCharts.com
5-Dec-2008 Op 466.53 Hi 466.54 Lo 415.99 Cl 461.09 Chg -12.05 (-2.55%)
MACD(12,26,9) -71.346, -52.810, -18.536
$RUT (Weekly) 461.09
Volume undef
Full STO %K(14,3) %D(3) 19.37, 15.12
The Weekly Full Stochastics suggest a multi-month bottom is approaching.


$USD (US Dollar Index (EOD)) INDX
©StockCharts.com
5-Dec-2008 Op 86.62 Hi 87.70 Lo 86.10 Cl 86.95 Chg +0.40 (+0.47%)
MACD(12,26,9) 3.337, 2.683, 0.653
We had a decisive break below 80.00 giving us a minimum downside target for the U.S. Dollar of 40.00, another 50 % devaluation of the Dollar.
Head
A Massive Devaluation of the Dollar is Coming Due to this Current Financial Crisis
$USD (Weekly) 86.95
Volume undef
Weekly
Left Shoulder
Right Shoulder
Neckline at 80.00
The final devaluation point could take years, but the trend would be down for a long time. The cause is the Master Planners will have to Hyperinflate us out of the Economic Crisis — sooner or later.


$USD (US Dollar Index (EOD)) INDX
©StockCharts.com
5-Dec-2008 Op 86.62 Hi 87.70 Lo 86.10 Cl 86.95 Chg +0.40 (+0.47%)
MACD(12,26,9) 3.337, 2.683, 0.653
(5), V
$USD (Weekly) 86.95
Volume undef
The Weekly Full Stochastics suggest a top is approaching fast.
It is now on a sell signal.
5, (1)
c, (2)
(3)
Full STO %K(14,3) %D(3) 89.14, 89.47

The Monthly Full Stochastics are on a buy, but the Fast is approaching the level where tops occur, And is rolling over. This rally is corrective.

The Daily Full Stochastics are on a Buy Signal.

Short-term, the Dollar completed a wave a up. The Dollar is now about to descend into its wave ***b***-down leg, which should be well underway in early 2009. Technically, ***the Daily, Weekly, and Monthly Full Stochastics suggest a top for the Dollar is imminent.***

Fundamentally, the ***Dollar*** has been in high demand during this crisis, as over 10 trillion dollars of wealth have been destroyed in the stock market and the housing market. That is an entire year's GDP. That creates a shortage of Dollars. A credit market freeze has also caused increasing demand for dollars. As lines of credit were cut, and credit card companies will cut $2 trillion more of lines soon, as the ability to borrow is being cut off, it means that cash is in demand, helping dollars increase in value. Further, given the international scope of this crisis, a flight to quality, to U.S. Dollars as well as U.S. Treasuries has been occurring, increasing demand for Dollars. ***Under these conditions, the Dollar should have rallied to 100. It did not, only rising from the high 70's to the mid 80's. Technically, this confirms that the Dollar's rally is corrective in an ongoing long-term Bear market.*** Our forecast remains the same, that the Dollar will fall sharply, long-term into the 40's. This means hyperinflation or competition from another currency that backs itself with gold is coming. Or it means economic collapse will require repudiation of Dollar denominated debts and a new currency is coming. A major devaluation of the dollar is coming.

As for ***Oil***, the depth of the decline is arguing that this is a primary degree correction going on, which means we should expect an **A**-down, **B**-up, **C**-down for wave **(2)** down. ***A bottom of significance is approaching.*** The Daily and Weekly Full Stochastics are at a bottom level, suggesting hyperinflation, or supply limitations, or a combination of both are about to drive Oil prices higher. The Monthly Full Stochastics are approaching a bottom, but allow for a bit more decline.

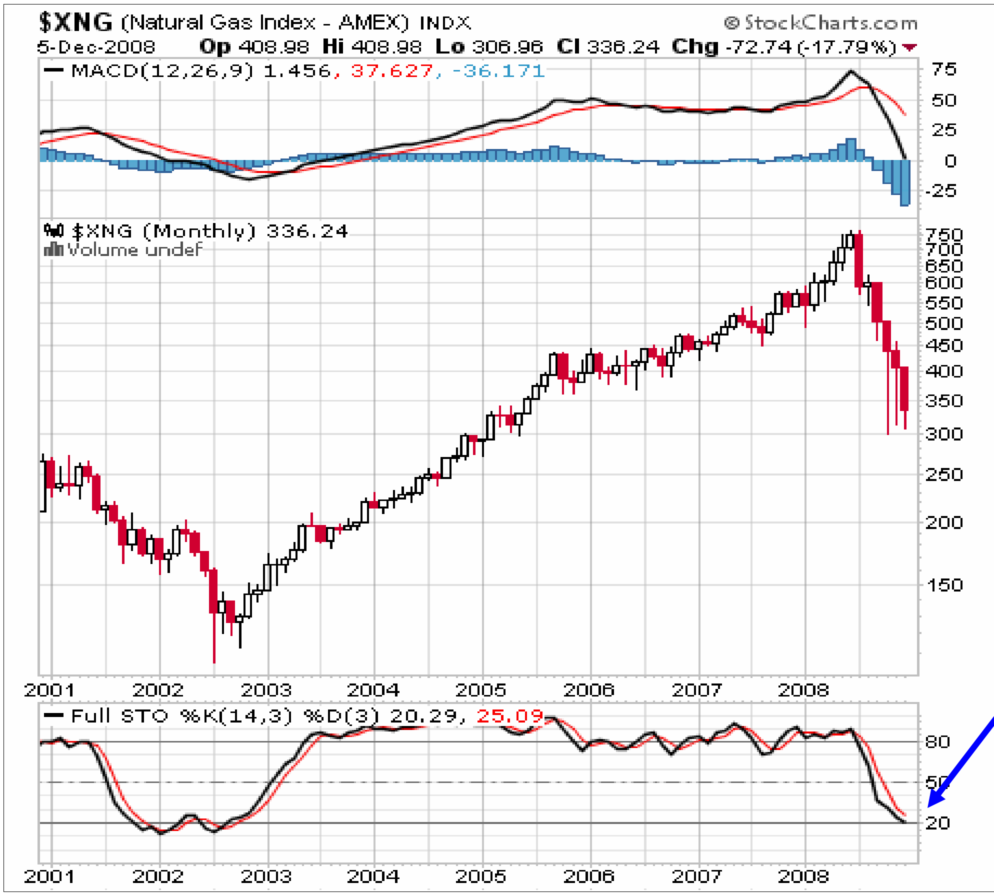
Gold has held up relatively well during this worldwide financial crisis, its intrinsic monetary nature providing a floor for its value during deflationary times. The ***HUI***, which is gold below ground, does not hold gold in the form of money, so it behaved more like a stock and experienced a similar crash to the general stock market. However, ***the HUI rallied hard recently, as the Daily Full Stochastics suggested it would. Daily Full Stochastics are now nearing a top, suggesting a short-term decline is coming***. Wave two declines can retrace a substantial percentage of wave one moves, and the HUI has seen this. However, it is a wave **II** decline that is wrapping up, with wave **III** up next, as shown on page 30, which could be dramatic. The Weekly Full Stochastics suggest a bottom is approaching, as do the Monthly Full Stochastics. If you study the Monthly chart, it is clear that rallies starting from monthly bottoms tend to be impressive.

Gold could be approaching a significant bottom according to the Daily, Weekly, and Monthly Full Stochastics. The same applies to Silver. This implies huge hyperinflation injections into worldwide economies by central banks.

Bonds have rallied dramatically as we have been calling for weeks and months. The Daily and Weekly Full Stochastics allow for a short-term decline in U.S. Bonds, wave **{iv}** down, however ***the Monthly Full Stochastics suggest that once that correction lower finishes, Bonds should continue to rally. Short-term Treasuries are near zero percent. Longer-term Treasuries could also get there once wave (C) down hits.***


$XNG (Natural Gas Index - AMEX) INDX
© StockCharts.com
5-Dec-2008 Op 408.98 Hi 408.98 Lo 306.96 Cl 336.24 Chg -72.74 (-17.79%)
MACD(12,26,9) -67.688, -56.052, -11.636
Natural Gas Stocks Should Rise
Natural Gas Stocks Correct in Wave (2) down.
$XNG (Weekly) 336.24
Volume undef
Weekly
5, 5, (1)
5, 3
B
C, (2)
A
Full STO %K(14,3) %D(3) 20.96, 25.39
Natural Gas Stocks Weekly Full Stochastics are on a sell signal.
2001 2002 2003 2004 2005 2006 2007 2008

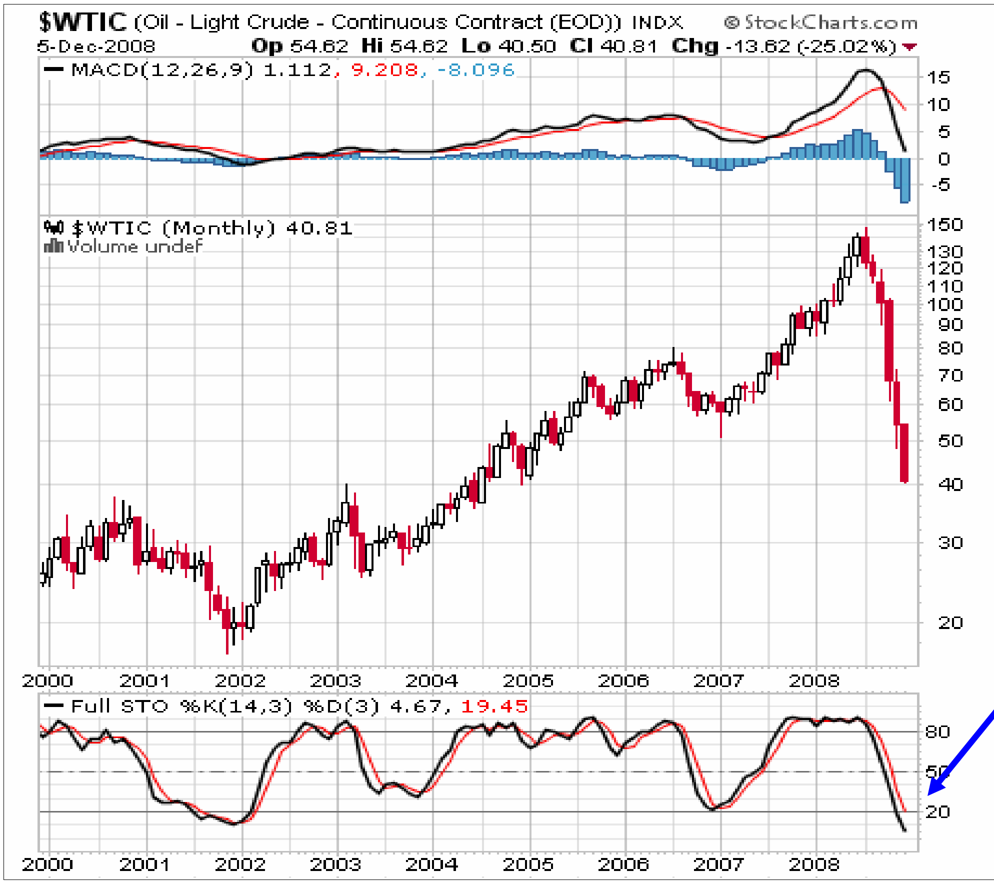

$XNG (Natural Gas Index - AMEX) INDX
© StockCharts.com
5-Dec-2008 Op 336.83 Hi 336.95 Lo 306.96 Cl 336.24 Chg -0.59 (-0.18%)
MACD(12,26,9) -16.580, -13.286, -3.294
5, 5, (1)
$XNG (Daily) 336.24
Volume undef
c, B
c, A
Natural Gas Stocks Daily Full Stochastics are on a sell signal.
C, (2)
Full STO %K(14,3) %D(3) 35.25, 43.54



The Monthly Full Stochastics are on a sell, but approaching the level where bottoms occur. This decline is Corrective

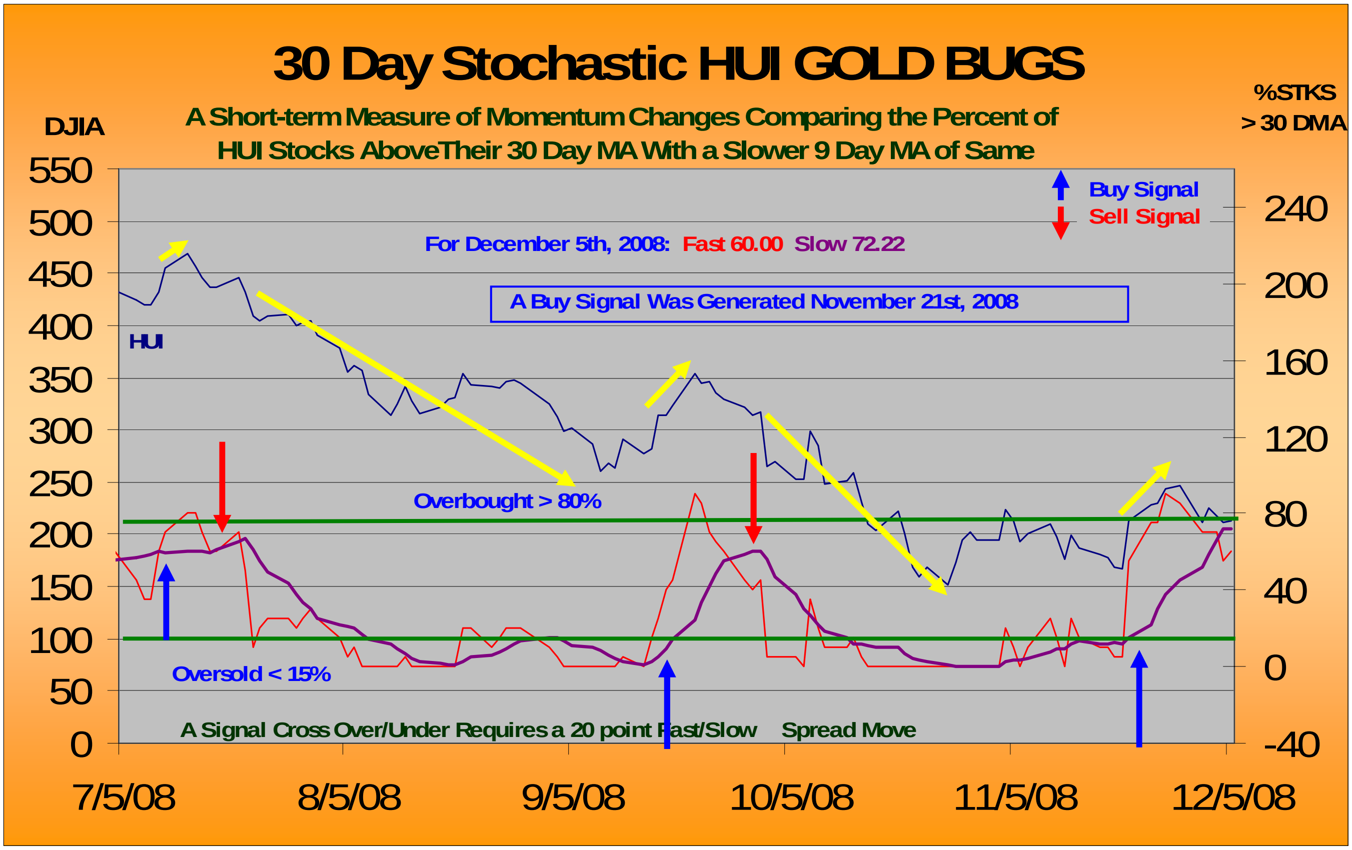
The MACD is on Sell signal. On a short-term basis, the Daily Full Stochastics is on a sell signal, ***But at levels where short-term Rallies start.***

C, (2)

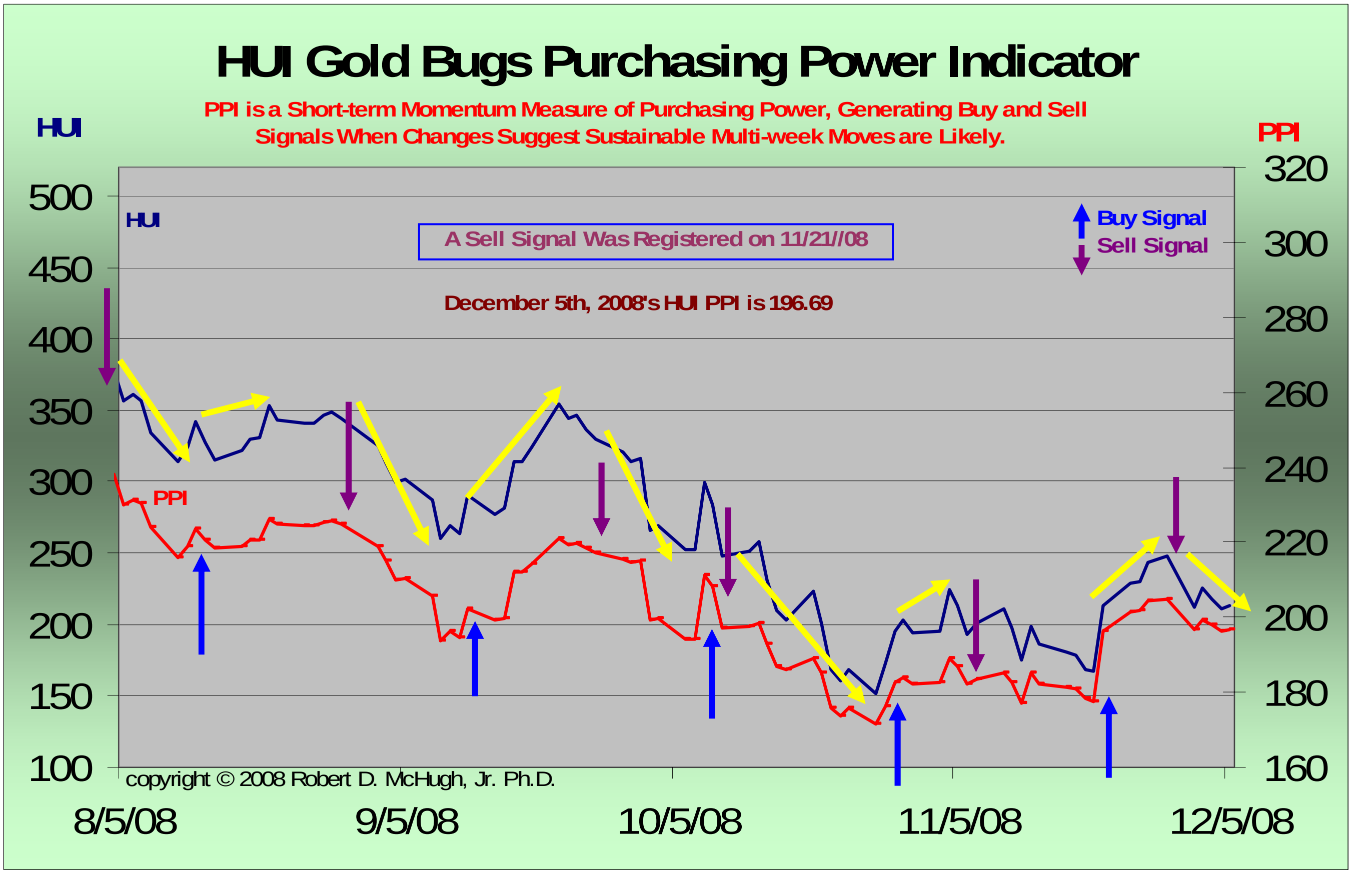


The Monthly Full Stochastics are on a sell, but approaching the level where bottoms occur. This decline is Corrective

The Weekly Full Stochastics are on a Buy, and at the level Where bottoms occur. This decline is Corrective And about over.


30 Day Stochastic HUI GOLD BUGS
A Short-term Measure of Momentum Changes Comparing the Percent of HUI Stocks Above Their 30 Day MA With a Slower 9 Day MA of Same
DJIA
%STKS > 30 DMA
Buy Signal
Sell Signal
For December 5th, 2008: Fast 60.00 Slow 72.22
A Buy Signal Was Generated November 21st, 2008
HUI
Overbought > 80%
Oversold < 15%
A Signal Cross Over/Under Requires a 20 point Fast/Slow Spread Move
7/5/08
8/5/08
9/5/08
10/5/08
11/5/08
12/5/08


$HUI (Gold Bugs Index - AMEX) INDX
© StockCharts.com
5-Dec-2008 Op 247.40 Hi 247.40 Lo 191.63 Cl 212.61 Chg -34.79 (-14.06%)
MACD(12,26,9) -51.626, -50.136, -1.491
$HUI (Weekly) 212.61
Volume undef
(3)
(4)
(5) I
II
Alt. (A) (B) (C) II
Full STO %K(14,3) %D(3) 35.33, 29.71
Apr Jul Oct 07 Apr Jul Oct 08 Apr Jul Oct



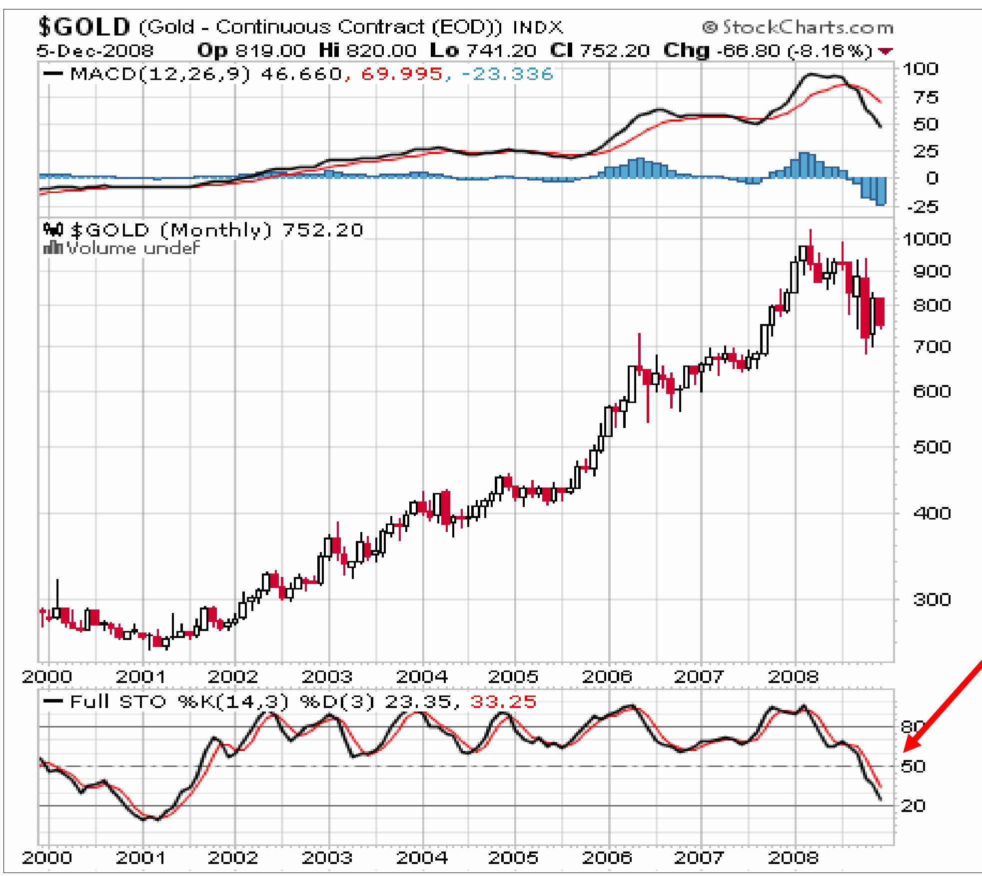
HUI Gold Bugs Purchasing Power Indicator
PPI is a Short-term Momentum Measure of Purchasing Power, Generating Buy and Sell Signals When Changes Suggest Sustainable Multi-week Moves are Likely.
HUI
PPI
A Sell Signal Was Registered on 11/21//08
December 5th, 2008's HUI PPI is 196.69
Buy Signal
Sell Signal
copyright © 2008 Robert D. McHugh, Jr. Ph.D.
500 450 400 350 300 250 200 150 100
320 300 280 260 240 220 200 180 160
8/5/08 9/5/08 10/5/08 11/5/08 12/5/08

$HUI (Gold Bugs Index - AMEX) INDX
© StockCharts.com
5-Dec-2008 Op 247.40 Hi 247.40 Lo 191.63 Cl 212.61 Chg -34.79 (-14.06%)
MACD(12,26,9) -51.626, -50.136, -1.491
The HUI Big Picture
$HUI (Weekly) 212.61
Volume undef
Weekly
5, (1)
b
a
3
4
1
2
c, (2)
(3)
(4)
(5) I
II
Primary Degree
Intermediate Degree
Alt. (A) (B) (C) II
2000 2001 2002 2003 2004 2005 2006 2007 2008
Full STO %K(14,3) %D(3) 35.33, 29.71
The Weekly Full Stochastics Are on a Buy signal, at the level where Intermediate-term Rallies Occur.

The MACD triggers Are on a Buy signal. The Full Stochastics Are on a Sell signal, At the level where short-term tops arrive.

The Weekly Full Stochastics trigger a buy signal, at the level where bottoms arrive. Once the short-term decline ends, we should see a huge rally.

The Monthly Full Stochastics are on a sell signal. However, the Monthly Full Stochastics are at The level where bottoms arrive.



Gold's Monthly Full Stochastics allow for more decline, however by dropping to the 50 level, they have fallen further than at any time since 2001. That suggests either a deep decline is underway, or a bottom is imminent.


$GOLD (Gold - Continuous Contract (EOD)) INDX
©StockCharts.com
5-Dec-2008 Op 819.00 Hi 820.00 Lo 741.20 Cl 752.20 Chg -66.80 (-8.16%)
MACD(12,26,9) -31.111, -27.930, -3.181
$GOLD (Weekly) 752.20
Volume undef
3 $730 5/12/2006
Weekly
3 of (1), III
Alt. a b c 2
Weekly Full STO Suggests Gold is bottoming.
Full STO %K(14,3) %D(3) 41.78, 37.25
(C) II
$253
8/25/1999


$GOLD (Gold - Continuous Contract (EOD)) INDX
©StockCharts.com
5-Dec-2008 Op 819.00 Hi 820.00 Lo 741.20 Cl 752.20 Chg -66.80 (-8.16%)
MACD(12,26,9) -31.111, -27.930, -3.181
$GOLD (Weekly) 752.20
Volume undef
v, 5, 1
c, 2
Full STO %K(14,3) %D(3) 41.78, 37.25

Daily MACD On a buy signal.

Daily Full STO on a sell signal.

The MACD is On a Sell Signal.

The Weekly Full Stochastics Are on a Buy Signal, at the level where significant rallies start.

The Daily Full Stochastics are on a Buy Signal But at the level where short-term tops arrive.

3 of 5

Weekly Full Stochastics on a buy signal, at the levels suggesting *an explosion higher is approaching.*

This is a close-up of a concluding long-term Intermediate wave 4 Triangle, which is a hybrid between a Symmetrical and an Ascending, which in either case is Bullish, as the trend going into the triangle will be the trend coming out — up.

The Weekly Full Stochastics on a buy, But topping.

The Daily Full Stochastics on a sell, But at the level where short-term declines start.

Key Economic Statistics

Date	**VIX**	**U.S. $**	**Euro**	**CRB**	**Gold**	**Silver**	**Crude Oil**	**1 Week Avg. M-3**
11/21/08	72.67	87.80	125.89	231.58	791.8	9.48	49.93	**Hidden**
11/28/08	55.84	86.54	126.94	241.68	816.2	10.19	54.43	**Hidden**
12/05/08	59.93	86.95	127.19	208.60	756.1	9.41	41.65	**Hidden**

Note: VIX and Dollar rise; inflation assets fall.

Conservative Balanced Portfolio Recent Transactions As of Friday December 5th, 2008

* On 8/25/08 we increased the Market Timing segment allocation of our conservative portfolio from 5 percent to 10 percent, by moving $50,000 of cash to this segment.

* On 8/25/08, we sold 50 shares of IYT, an ETF that mirrors the Trannies, at $89.17 per share. We also sold 100 shares of QQQQ, the ETF that mirrors the NDX, at $46.50 per share.

* On 8/25/08, we purchased 50 shares of SLV, at $136.89 per share, an ETF that mirrors Silver. We also purchased 300 shares of GDX, at $36.91 per share, an ETF that mirrors the HUI Amex Gold bugs Index. We also purchased 100 shares of GLD, at $80.95 per share, an ETF that mirrors the price of Gold. These purchases were made within the Market Timing Segment of our Conservative portfolio.

* On 8/25/08, we purchased 12 ounces of actual Gold at $820 an ounce, in the Gold segment of our portfolio.

Note: Our Conservative Portfolio Model substantially outperformed the S&P 500 in the first quarter, 2008. Check it out! Click on the Conservative Portfolio button at the left side of the home page.

We posted an updated Balances/Market Value Portfolio as of March 31st, 2008, available in the Conservative Portfolio section.

"Jesus said to them, "I am the bread of life; he who comes to Me shall not hunger, and he who believes in Me shall never thirst.
For I have come down from heaven,
For this is the will of My Father, that everyone who beholds the Son and believes in Him, may have eternal life;
and I Myself will raise him up on the last day."

John 6: 35, 38, 40

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Here are the symbols for Exchange Traded Funds for the Major Indices:

DIA	*Dow Industrials*	*IYT*	*Trannies*
SPY	*S&P 500*	*GDX*	*HUI Amex Gold Bugs**
QQQQ	*NASDAQ 100*	*GLD*	*Gold*
IWM	*Russell 2000*	*SLV*	*Silver*
EWA	*Australia*		

***** Note: The GDX actually tracks the GDM, a grouping of 45 mining stocks, but the GDX has very high correlation to the HUI so we mention that as a suitable ETF for the HUI.***