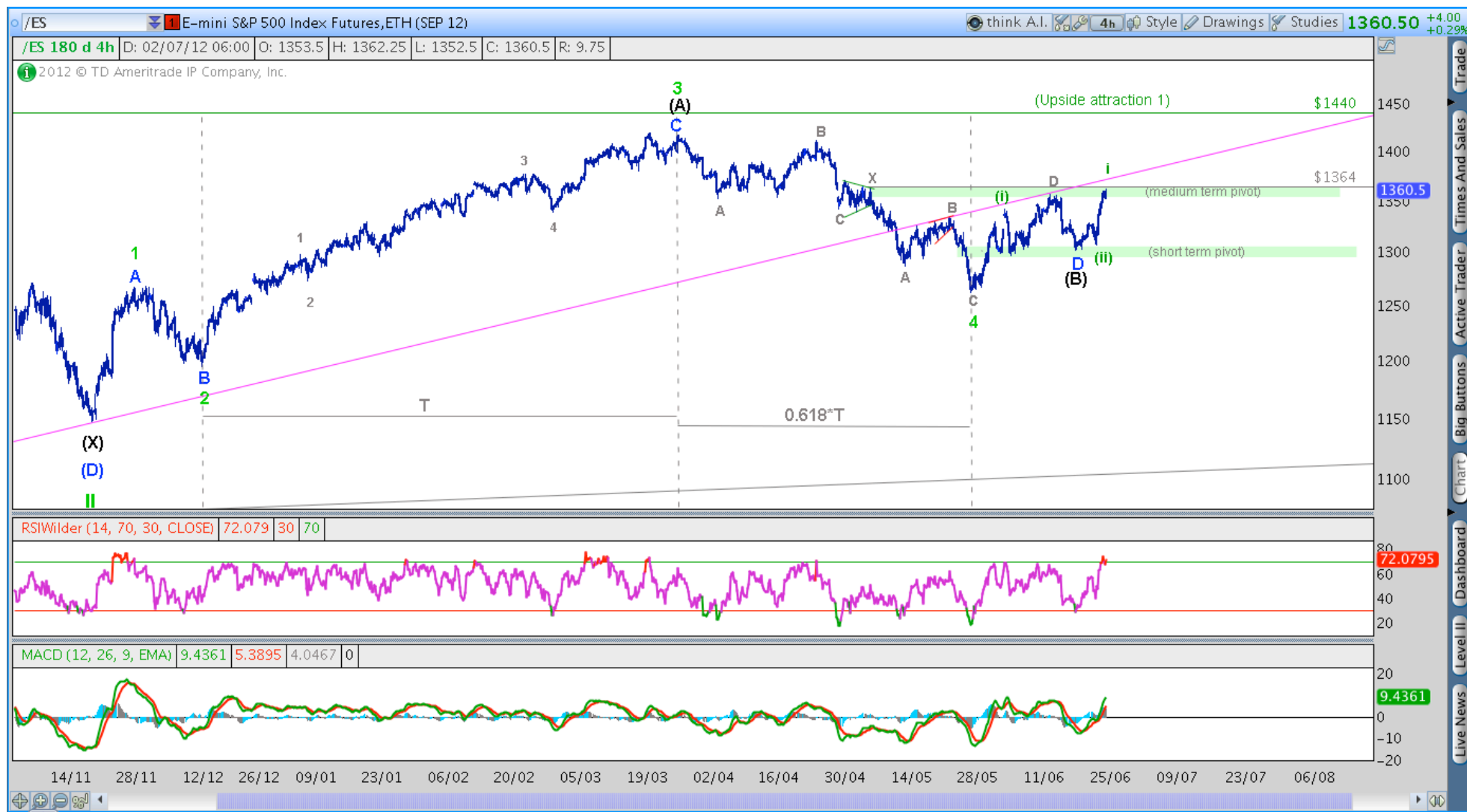


SPX (August Future @ 1360.5 on Mon, 2 July 2012 1000 GMT)

Last week 4 out of 5 days saw gap openings. This made day-to-day forecasting difficult. Now we are at the top of the trading range (1300-64), challenging the **medium term pivot** at 1364. Sustaining above here is crucial for the nascent uptrend as this is the most likely point-of failure. The advance from 1268 is not clearly impulsive so waves **D** and **(B)** have been moved up to the 1303 low.

We count a Double Combination **ABCXABC** down from this year's high. It took 61.8% of the time taken by the Dec'11-Mar'12 rally. SPX did not trade below the suspected **wave 1** high at 1266.73 so it is technically possible that the decline was **wave 4**. Alternate medium-term counts are maintained in Black (D) and Blue - (B). All are bullish in the short term.



US10YR (Sept Future @ 133'120 on Mon, 2 July 2012 1010 GMT)

Notes remain range-bound without a clear wave structure. Now awaiting pattern definition – no firm convictions here. Trading above 134'055 or below 132'185 will signal a clear breakout. My bias remains that this market will (eventually) break lower.



Crude Oil (*August Futures @ 83.54 on Mon, 2 June 2012 1025 GMT*)

Friday's rally finally broke out of the 2-month old declining channel in a spectacular "out-of-the-blue" fashion. A modified count for the decline from \$111.4 is shown. A correction should follow in 3 waves. Over the next few weeks this advance should have enough to carry it to \$92.52, which remains a medium-term pivot. The alternate count in Grey is low probability.



EUR/USD (1.2643 on Mon, 2 July 2012 1045 GMT)

Unchanged. The rally coming out of the EU summit has completely broken the momentum of what appeared to be an impulsive decline. Now it appears that the decline was in fact a 3-wave (corrective) structure. This means that the Euro will continue sideways (possibly in a Triangle?) for the next couple of weeks.



Medium term: After the Euro traded below 1.26, a decline has been underway in wave e of E towards 1.18/1.20.

USD/JPY (79.45 on Mon, 2 July 1145 GMT)

Neutral. The long-standing pivot at **80.54/\$** rejected the recent USD/JPY advance. If the **abc-x-abcde** count from December 2011 high is correct, the bulls may soon attempt another rally from a higher low. Now at trend-lines that may offer some support. Breaking below these will likely lead to a sharp move back down to **78.27/\$**.



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