

SPX (*Sept Future @ 1349 on Mon, 16 July 2012 1120 GMT*)

The correction that began with a reaction from the **rising pink trend-line** at **1375** broke over its **descending trend-line** on Friday. So far we see 3 waves up from the lows. If this move evolves into a 5-wave impulse it might worth going long on a 3 wave corrective pullback. Trading below 1330 favors a further decline towards the **1300-10** attraction. **So far we have higher highs and higher lows from the 1260** yearly low. Shown below is a corrective **ABC-X-ABC** count that allows for another wave higher in **C**. However, as long as we remain under the recent high at **1372**, it is also a candidate for a top. Trading below **1290-1300** will favor the latter possibility.

Medium Term: We counted a Double Combination **ABC-X-ABC** down from this year's high down to 1260. 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* (see alternate count in chart). Medium-term counts maintained in Black and Blue are bullish in the short term (as long as we trade above 1290-1300).



US10YR (Sept Future @ 134'220 on Mon, 16 July 2012 1125 GMT)

Unchanged Notes have retraced more than 78.6% of their decline from **134'305**. A complete retracement of the initial decline suggests that the correction from **134'305** is EITHER in the form of an **ABC FLAT**; OR is complete and that we are on our way to make new highs.

The **ABC FLAT** count has been modified with wave **B** now shown as complete. If this count is correct, we should see a rapid decline soon.

The latter "new highs" view would be suspect if the August Future trades below **\$134'080** (see BLACK wave-count on the chart below).



Gold (*August Future @ 1585.6 on Mon, 16 Jul 2012 1130 GMT*)

Gold rallied from the “multi-month support” zone that has supported prices several times in the past 2 months. Now it is halfway towards the descending Green “resistance” trend-line has contained Gold rallies all year. The direction of the next big move depends on whether support or resistance prevails. Key levels to watch are **\$1547.6 & \$1535** for a bearish breakdown, and **\$1625.7 & \$1643** for a bullish breakout. Trading below **\$1576.5** will leave Friday’s sharp advance as a 3 wave move, putting us on alert for further declines.



Crude Oil (*August Futures @ 86.77 on Mon, 16 June 2012 1135 GMT*)

Correction underway, but price action is looking strong. Now above \$86.5, so I am ambivalent about the depth of the correction. Although I favor another leg lower I doubt it will be very deep. This is illustrated on on the chart below.

The recent rally broke out of the **2-month old declining trend-line** in a spectacular “out-of-the-blue” fashion. A shallow Fibonacci 38.2% correction followed (wave 2). Crude Oil prices then continued to advance impulsively. Over the next couple of weeks (as long as we stay above the support shelf near **\$80**) this advance should be able to challenge **\$92.52**, which remains a medium-term pivot.



EUR/USD (1.2186 on Mon, 16 July 2012 1140 GMT)

The 5 wave decline continues in what appears to be the final stages of wave 5. It can extend lower towards **1.21/1.2125**. From here a correction/reversal targets 1.24/1.25. The structure nature of the advance will suggest whether it is a counter-trend move or a reversal.

Medium term: A decline is underway in wave e of E towards 1.18/1.20 (larger count not visible here)



USD/JPY (78.97 on Mon, 16 July 1140 GMT)

The pink trend-lines that offered support for the past few weeks have finally been breached. Breaking below the trend-lines has created the possibility of a correction towards **78.27/\$**. Price found minor support at around **79/\$** but now looks ready to move lower.

Medium Term: If the **abc-x-abcde** count from December 2011 high is correct, the bulls may soon attempt another rally from a higher low.



CONTACT

For all enquiries please email arvind@damarlaconsulting.com or call Arvind Damarla at +44 79 6049 2060

DISCLAIMER

No information published constitutes a solicitation or offer, or recommendation, or advice, to buy or sell any investment instrument, to effect any transactions, or to conclude any legal act of any kind whatsoever.

The information published and opinions expressed are provided by DAMARLA CONSULTING for informational purposes only and are subject to change without notice. DAMARLA CONSULTING makes no representations (either expressed or implied) that the information and opinions expressed are accurate, complete or up to date. In particular, nothing contained constitutes financial, legal, tax or other advice, nor should any investment or any other decisions be made solely based on the content. You should obtain advice from a qualified expert before making any investment decision.

All opinion is based upon sources that DAMARLA CONSULTING believes to be reliable but they have no guarantees that this is the case. Therefore, whilst every effort is made to ensure that the content is accurate and complete, DAMARLA CONSULTING makes no such claim.

Limitation of Liability

DAMARLA CONSULTING disclaims, without limitation, all liability for any loss or damage of any kind, including any direct, indirect or consequential damages.

Material Interests

DAMARLA CONSULTING and/or its board of directors, executive management and employees may have or have had interests or positions on, relevant securities.

Copyright

All material produced is copyright to DAMARLA CONSULTING and may not be copied, e-mailed, faxed or distributed without the express permission of DAMARLA CONSULTING.