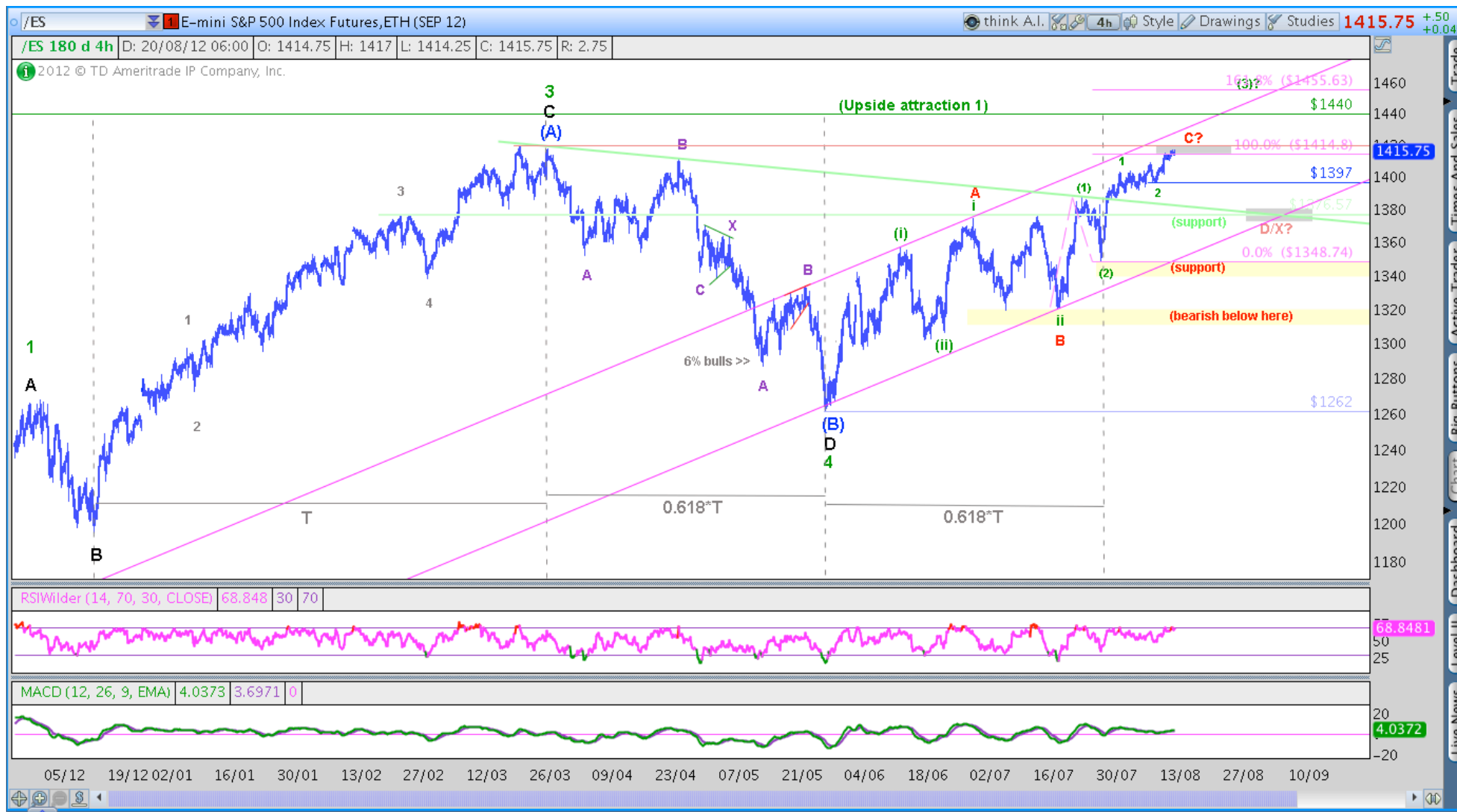


SPX (Sept Future @ 1415.75 on Mon, 20 Aug 2012 0910 GMT)

Trend: Up

Last week we met the projected target of **1415-1420** from **1248.74**. While we stay above **1397** this wave can continue higher (no signs of exhaustion yet). **Trend support is at 1375**. Possible counts from the lows (in red and green) are shown in the chart below. Watch for the 2012 high to cap wave **C**. If the market blows through that level then the **green** (impulsive) count is more likely.

Medium Term: We counted a Double Combination **ABC-X-ABC** down from this year's high down to **1262**. It took 61.8% of the time taken by the Dec'11-Mar'12 rally. **SPX (cash) did not trade below the suspected wave 1 high at 1266.73** so it is technically possible that the decline was **wave 4**. Medium-term counts maintained in **Black: 1262 = wave D**; and **Blue: 1262 = wave (B)**. Both are bullish for now, as long as we trade above 1300-1320 support.

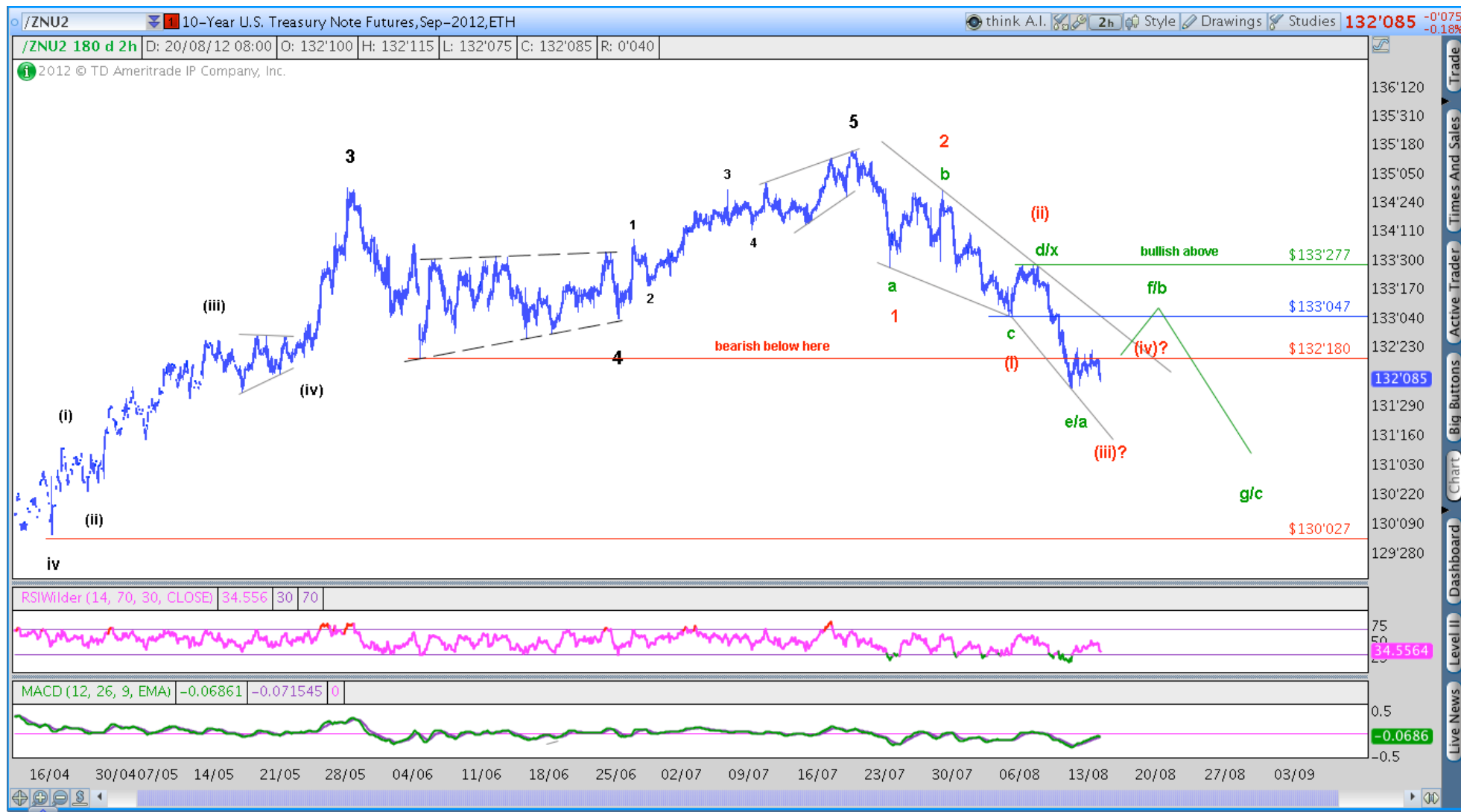


US10YR (Sept Future @ 132'085 on Mon, 20 Aug 2012 0920 GMT)

Trend: Down

A drop below **\$132'180** confirms a very important wave **5** top. The market is working off a short-term oversold condition. The Sept Future should not trade above **\$133'277** from here. An **impulsive decline** can be counted a **1-2-(i)-(ii)-(iii)** to the downside (unlikely above **\$133'047**). Equally likely, a **corrective decline** is either counted as a **Diametric (abcdefg)** or **Double zig-zag (abc-x-abc)**. Reassess above **\$133'277**.

Medium Term: Notes have most likely completed their advance from **\$127'210**, along with the larger pattern that began in April 2010. There was negative divergence on the Daily RSI, as it failed to make a higher high with price. A bearish daily reversal is confirmed below **\$132'180**.



Gold (December Future @ 1620.4 on Mon, 20 Aug 2012 0930 GMT)

Trend: Range-bound

If Gold Future trades between \$1635 and \$1646, the wave C label will have to be moved forward, dragging the contracting Triangle (shown in Red) out even further in time. Support is at \$1570-80. A deep wave 2 of c is possible, but not favored.

Medium Term: Gold is trading in a narrowing range and the direction of the next big move depends on whether support or resistance prevails. Key levels are \$1552 & \$1535 for a bearish decline; and trading above \$1646.4 and \$1675-80 for a bullish breakout.



Crude Oil (Sept Futures @ 96.19 on Mon, 20 Aug 2012 0935 GMT)

Trend: Up

Short term: Sept Future has clearly broken out in an **“Inverted Head & Shoulders”** pattern, targeting **\$105-\$110**.

Medium term: The recent rally broke out of the **2-month declining trend-line** in an **“out-of-the-blue”** fashion. The advance from the **\$77.7** June lows can be counted as a **bullish 1-2-(i)-(ii)** or **A-B-C-X-A** (with B & C to follow). Only trading below **\$85-\$87** will reverse this advance.



EUR/USD (1.2351 on Mon, 20 Aug 2012 0940 GMT)

Trend: Down (correcting upwards)

The advance towards **1.245/1.28** continues in a choppy uptrend. Wave structure is unclear. Structural support is at **1.2240** and **1.2133**, where wave 'c' may find support. Below that is bearish in wave '3'. The current mini-uptrend is correcting/reversing the 5-wave decline from **1.2693** to **1.204**.

*Medium term: A decline is underway in wave e of E towards 1.18/1.20, or even lower (larger count not visible here). Whether this decline completed at **1.204** remains to be seen.*



USD/JPY (79.50 on Mon, 20 Aug 0950 GMT)

Trend: Down

The rally from the higher low at **\$77.9** (wave 'c') looks like a correction. An Expanding/Contracting Terminal remains in play while below **\$80.09**. A continued impulsive rise above **\$80.09** followed by a corrective pullback will call for a reassessment. Until then, the preferred scenario remains a decline targeting new lows below the wave (a) extreme **\$77.5**.

Medium Term: Bulls may soon attempt after the current Terminal structure is complete at or below **\$77.5**. Trading above **\$80.54** is bullish.



CONTACT

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

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