

# Market Rhythm Weekly

A WEEKLY NEWSLETTER COMBINING  
TECHNICAL ANALYSIS & FINANCIAL ASTROLOGY

November 03rd 2008

## Jesse Livermore through the eyes of Financial Astrology Principles:

“Nowhere does history indulge in repetitions so often or so uniformly as in Wall Street . When you read contemporary accounts of booms or panics the one thing that strikes you most forcibly is how little either stock speculation or stock speculators to-day differ from yesterday. The game does not change and neither does human nature . “ Jesse Livermore

“The price pattern reminds you that every movement of importance is but a repetition of similar price movements, that just as soon as you can familiarize yourself with the actions of the past, you will be able to anticipate and act correctly and profitably upon forthcoming movements.” Jesse Livermore

### Inside this issue:

Week Ahead Summary 1-3

Astro Calendar 4

Stock Indices 5

Energy , Bonds , Currency 6

Financial , Utilities & Precious Metals 7

Charts 8-14

Current Portfolio & recently Closed Positions 15-16

Market Rhythm Info 17

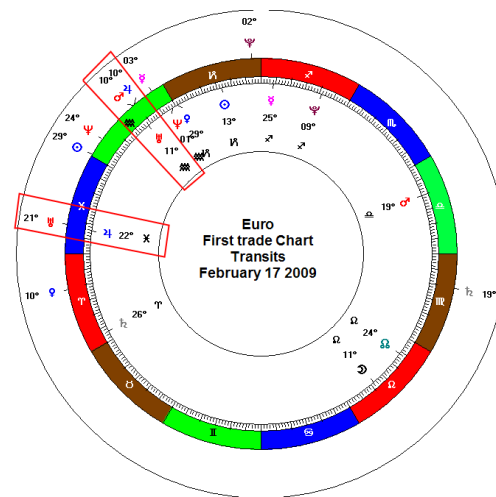
## Week Ahead Summary

I was looking at quite a few charts over the weekend , in terms of their astrology and one thing that became a common theme was the fact that many of the precious metals stocks will see a dramatic reduction in pressures currently hitting their charts . This means that the planets that are impacting them with their restrictive energies will move away from the natal planets currently afflicted . Allowing them to breath again .

So I had a look at the Euro chart to see if there was anything in it that would also confirm a change in sentiment towards the Euro around this same time that could shed some light . The Euro has also taken a beating over the last few months , falling from over 1.60 against the US Dollar down near 1.23 in October .

The Weekly chart is shown at the top of page 2 . Time wise the current decline is still much less than the 2004 –2005 period as shown in the green boxes .In order for time to equal the 2004-2005 decline , we would need to see the Euro decline into March 2009 . This would still allow the up trends to far exceed the down trends , and declines would not exceed each other in time . The first thing we watch for major changes is : has the recent decline in time exceeded the prior decline ? Has the period of time measuring the decline in number of days , weeks or months exceeded the number of days , weeks or Months of the rising trend .

In the case of the Euro , the answer is “ no “ to both questions . In fact price is now approaching the 1by3 Gann line in Orange , which is a trend indicator line and as long as price trades above it , the long term trend is still up . Also the High/low price range which is derived from the squaring of prior high and lows comes in between 1.16 & 1.22 which is also where the Orange line crosses over the coming months . The Astro chart on the right is the Euro first trade chart set for mid February 2009 .



**Disclaimer :** All information provided in this report is provided with reliable intent however no claims of future accuracy are being made , nor can projections be guaranteed . Reliance of information in this report is at the sole risk of the reader .

## Week Ahead Summary Continued from page 1

At this time , transiting Uranus will move over the Euro's natal Jupiter and at the same time , transiting Mars/Jupiter will move over it's natal Uranus . This is an energizer , it is excitement , it is optimism . What this chart tells me is that within a few months , the Euro will no longer be perceived negatively as it is now , that instead traders will revere it once again which will help push up it's price .

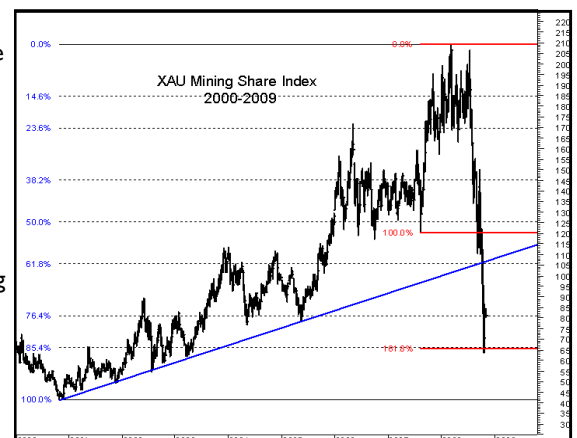
If we expect a stronger Euro , then we can say that we should see a weaker Dollar then as well . Which would have a positive impact on commodity prices , which in turn would be good for the miners , and hence clarify what is shown in the astro picture in many Precious Metals stocks I was looking at this weekend .



On the right is the Dow from 1982 to 1989 . The long term stock market cycle turned up when Saturn and Pluto were conjunct in 1982 and that cycle remained until Saturn Opposed Pluto in 2001. In early 1988 , Saturn and Uranus were conjunct and helped form the cycle crest in and Crash in 1987 as these are slow moving planets . The last aspect between the pair was not until November 1988 , and if you look at the chart to the right , the last bottom in the congestion following the crash was in November 1988 and following that price moved up rapidly to new highs in 1989 . The thing about the Dow in 1987 is the Crash did not break the rising trend line from 1982 , nor did price exceed the 61.8% of the low to high range from 1982—1987 . The technical picture remained strong even after such a devastating decline .



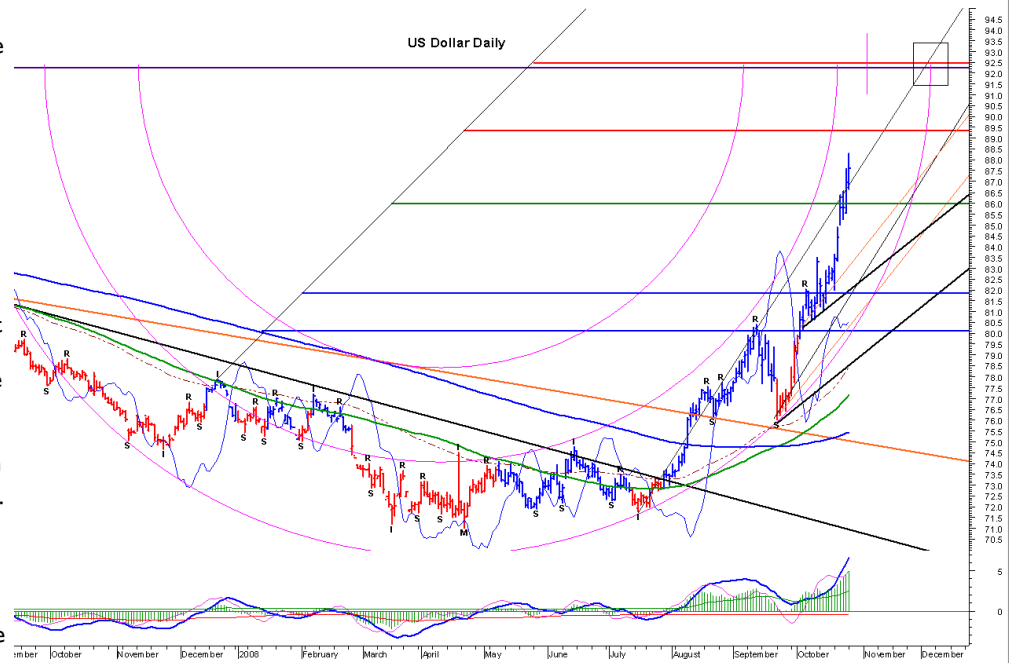
Contrast that to the current crash wave in the XAU shown below to the right . From a high above \$209 in March to the lows in the low \$63 area in October the XAU declines 85.4% of it's 2001 to 2008 range . We've mentioned before that we are now in the longer term up cycle for commodities since Saturn Opposed Pluto in 2001 which is expected to last into 2015 if not 2020 . Within this large cycle , a 1987 type commodity Crash has now occurred . This time it took a Fibonacci 85.4% of the XAU value and broke the prior rising trend line with it . Also the decline equaled 1.618 of the range from the prior low to the peak . If the mining stocks were as important as the Dow to the public and Government we would have seen the PPT come in and defend it above \$109 , or put another way , had the PPT not come in to rescue the Dow in 1987 , it likely would have fallen down closer to the 85.4% level near 1000 , but that's another story for another day



What these charts show is that the current pessimism and panic in the mining shares will be switching themes in the new year along with the Euro and given that the mining share index has formed a low at Fibonacci ratios with panic in sentiment we should look at this as a low that is not to be repeated for a long time . It may take time for the index to recover the broken support levels , but the long term astro cycles are pointing up , just as they were

## Week Ahead Summary Continued from page 2

in 1987 for the stock market when the Dow crashed, and we would be looking for full recovery of the losses once Saturn and Uranus are no longer in opposition which comes late 2010, less than 2 years from now. In the mean time, we will spend time building cause, absorbing shares and rising in a way that makes ownership of shares difficult to do, because it will always seem like the index is set to crash again. This is one sector where doing dollar cost averaging, adding a bit every 30 days, would work out well with a 3-4 year time frame of return.



Above is the chart for the US Dollar, and it too is showing us that it is in some parabolic move from the July lows and has the

potential to high 89-92 by mid December. If so, then the risk would be for a quick drive back to the 76-80 zone, due to the fact that parabolic moves, in whatever time frame you watch tend to fall back to the next largest corrective zone, and that would be the September 2008 lows as first target.

Looking at the Dow, S&P 500 and Nasdaq, they all show sideways corrections which would normally be labeled 4th waves in Elliot wave terms. Each appear to be forming triangles and these tend to push prices in the same direction they came in once they break. November 11-13th is the next time frame that we are watching, and I did not want to add to long positions until we were nearer to this date. It may be that this will form the end of the triangles and that a decline into early December forms the 5th wave bottom, but I want to see how this next week goes. This should tell me if we break upwards, or have to wait a few more weeks before dipping our toes into some DIA and SPY longs.

Bonds continue to be under pressure and have broken below the first levels of support I have been tracking. I remain short for now as the indications are that this pressure on prices will continue, should prices continue to fall lower in the next week then we will be adding to our positions. Unless prices stage a dramatic rally in the next 5 days (unlikely) we will maintain status quo with our position.

As for everything else, Tuesday is the US Elections and unless there is a dramatic turn of events, we will see Obama elected as the next President of the United States. Maybe the November 11-13th astro are lining up this way to indicate to us that the market will use the days following to absorb the new realities and comprehend its impact on the future. In terms of astro indications the markets appear to be leaning to the more positive side of the ledger. A sideways congestion that grinds higher and in fact may see a dose of speculative buying frenzy enter the market November 10-13th.

If I were to speculate on what this means, the current 4th wave patterns that everyone appears to be seeing in the Dow, S&P and Nasdaq may not break down hard, but instead may break upwards out of the pattern without a lower low, or forms a slight lower low which is quickly recovered. That is what the astro indications look like over the coming week and the reason we were no longer looking at shorting this market a few weeks back.

**Next report will be posted Monday November 10th 2008**

## Market Rhythm Astro Calendar

### Astro Commentary for week ahead

It would appear based on the astros over the next few weeks that the worst is behind us for a few months .

Technically , the charts of various sectors made their lows by October 24th , the first of three dates we had marked on our calendars as important .

The next date is November 3rd which of course is just prior to the election and the final is November 11-13th .

Unfortunately we will have to wait until the latter date to confirm our theory that the lows are in for 2008 . In fact we may not have official confirmation until we get past December 5th which is the next date in this series .

Over the next week the astro indications are about wall of worry type trading which usually results in a slow upward grind .

This is followed by a good dose of speculative fever , which is usually geared towards technology and mining stocks .

With the Sun moving into the more optimistic sign of Sagittarius on the 21st , we will tend to see things lighten up in terms of energy .

Mars will have moved into Sagittarius on November 17th from the depths of Scorpio , which should change the topics of discussion away from financials and debt towards foreign policy matters .

Mars in Scorpio was brutal this year , you only have to listen to a few attack ads of prominent republicans to hear the cut

throat tone and nastiness of it all. True Mars in Scorpio type ads .

We finally get to raise the bars in November and into December and shoot for higher moral grounds .

**The current Astro period being reviewed in this weeks report is November 4th to 17th 2008.**

### Schedule of Events

- Nov 10 Sun sextile Jupiter—harmonious aspect—generally a positive for a few days .
- Nov 10 Sun trine Uranus—Normally a surprise that is not negative—good for tech
- Nov 11 Sun sextile Saturn—A blend of caution and nerve. Can be ideal wall of worry .
- Nov 12 Venus conjunct Pluto—hedge fund activity rampant , wanting what someone else has
- Nov 13 Jupiter Sextile Uranus—Speculation but not without reasoning—good for metals and tech stocks .
- □= periods to watch for reversal in trends (highs or lows)
- Δ ▼= periods to watch for acceleration of trend , Momentum increase likely direction indicated by arrow.

# November 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11Δ	12Δ	13Δ ○	14	15
16	17	18	19	20	21	22
23	24	25	26	27 ●	28	29
30						

## A look at the major Stock Market Indices and related ETF's

The **Dow Jones** (chart posted page 8) . The Dow collapsed on Friday October 10th down to 7883 intraday and recovered back above 8500 by days end . The next key date came near October 24th and we expected this to be a retest of the recent lows . (which it did !)

However the cycle we are in can extend out to November 11-13th before the lows are confirmed and set up a rally for 2-3 months into February 2009. We could still see another low over the short term prior to the rally beginning but it must occur before November 13th .

As long as we continue to trade below 10000 this week the trend is still down . If the Dow can trade above 9500 before November 12th then it confirms the lows , however it would appear that a drift back towards 8500 is likely .

We are sidelined waiting for confirmation and looking to go long the next buy signal .

**Strategy:** We are now looking for an entry point signal before November 13th but not yet . We remain sidelined for now .

The **S&P 500 Cash Index** chart posted page 8 . The S&P 500 collapsed to \$839.80 on Friday October 10th which is within the nearest support zone between \$780 and \$840 mentioned. There is still risk of further downside until November 13th which may result in a new lower low before a rally into February begins.

The overall down trend continues as long as price remains below 1100 this week but support from below is now rising and continues to sit at 860 for the week ahead .

We are sidelined for now waiting for a sign that the lows are in and then looking to go long into early 2009 .

Unless we can get above 1000 there is still pressure and could still see another attempt at the 900 over the next week . The rally that follows once the lows are confirmed is expected to see the S&P back above 1100 .

**Strategy :** We are now looking for an entry point signal before November

13th but still a little early. We remain sidelined for now .

The **Nasdaq** : (Shown below) The Nasdaq collapsed down to the \$1493 area on Friday October 24th and there is still the risk that it could fall to the next lower target closer to \$1450 before November 13th .

For now the trend remains down as long as price trades below 1800 this week .

For now we wait for the next confirming signal which is not expected this week .

**Strategy:** We still expect positive year end results in the Nasdaq and just waiting for confirmation that a low is in . Watching and waiting .

The **QQQ ETF** (Chart page 9) The QQQ crashed to \$28.09 on October 24th but we still have risk until November 13th which could still see the QQQ form another new low within this short time frame .

We've already taken an initial position and would be looking to add another equal sized position by November 13th if the cycles begin to turn up as expected . This would take us up into early February.

The trend is down as long as we continue to trade below \$34 this week . For now we sit and wait for the next confirmed signal .

**Strategy :** We still expect positive year end trend off the lows for the QQQ's and we are just waiting for confirmation that this low

will hold or whether a new lower low forms prior to November 13th to add more .

**We are long QQQQ See portfolio age for details**

The **SMH ETF** (Chart page 9) The SMH collapsed and made new lows on October 24th down to \$17.02 .

The overall trend remains down but now that the Semis have hit the lower price range of the \$17-18 band which was a measured move target we need to start looking at opportunities to add to our position .

We will wait until November 13th before adding just to see if it may go even lower first as this period is still a risk window.

The trend remains down as long as we trade below \$21.50 this week .

**Strategy :** We still expect a positive trend into year end once the lows have formed which is expected before November 13th. For now we are just watching and waiting for confirmation .

**We are long SMH See portfolio age for details**



## A look at Oil and Energy Index

The Daily chart for **Oil** can be found on page 13. The price of Oil has held above the lower trading band mentioned in prior reports of \$56 to \$59.

Sentiment has now turned around 180 degrees in only 3 months. A few months ago, calls of \$200 and \$300 oil were being made, now with oil below \$70 the predictions have changed to \$10 and \$30.

We added another equal sized unit long to our position last week on the panic and would consider another unit should price make one more lower low near the 13th when Sun will square Neptune. Outlook in 2009 is for price to rise with first target near 86-\$90.

**Strategy:** added to our long position last week, cycle low expected by 13th of November. We are long **USO** See portfolio age for details

### folio age for details

**Natural Gas** Natural Gas -We continue to expect to see a severe cold winter ahead which will push up demand for Natural gas earlier than usual in the season and extend late in the season making this a longer winter than has been seen in a several years. The use of the term global warming will vanish and replaced Global cooling over the next years. Were already starting to see some of the effects taking place. Watch near November 3rd for cycle to turn up again.

**Strategy:** Still expect an upward price reaction to begin shortly and take a deep into the winter months.

The **XLE Oil stocks ETF** chart can be found on Page 13. October 10th the XLE collapsed just below \$39 which was a level

which we are expecting to hold for several months. So far the XLE has held above the rising trend line support which now sits at \$41.50 this week and expected the XLE to trade back above \$50-55 by early 2009s but has already recovered to this zone much earlier. The \$62-64 dollar range is not out of the question by March-April 2009. For now we believe the lowest low if this decline is in but confirmation will require us to wait until November 13th. We remain long the XLE

**Strategy:** Price expected to turn up into year end and into early 2009. We are long and are waiting for confirmation that lows are in which is expected to be confirmed before November 13th.

We are long **XLE** See portfolio age for details

## A look at Bonds

The Daily Chart for **30 Year Bond** is on page 10. The 30 Year continues to be in an intermediate down trend as long as price trades below \$119 this week with eventual target down towards the 111 to 108 area.

This will turn into a full blown bear should price break \$106 with a first leg target towards \$90.

We had speculated that October 24th could be associated with a corrective high and it was. We have now moved back below \$114 which was our trigger to look for more weakness and areas to add. I would be looking to sell more should the 30 year

trade below 112 as there are no guarantees that this can stop at 111-108 area. Momentum may take it right through this level. For now I would remain a seller.

**Strategy:** Intermediate term trend has turned bearish and will remain bearish below \$119. First Target \$111-\$108

The **TLT bond ETF**. The TLT failed to break above the down sloping Gann trend line which sat at \$99 a few weeks ago. Price has since sold off and were expecting it to move back below \$94 which it now has. (low Nov 3 of \$92.38).

We expect a move towards \$89 now and possibly all the way back to \$80-83. There is a target near \$91 that could find support near Nov 25th -Dec 1, but if that too breaks then no reason that it cannot continue back below 85 in 2009. We will look to add on next swing.

**Strategy:** We continue to be short from just below \$100 and a break below \$93 should see a push towards \$89, and quite possibly 80-83.

We are Short **TLT** See portfolio age for details

## A look at Currencies

The **Us Dollar Daily UUP/UUD ETF** chart is shown on Page 10. The Dollar is still trading within the large arc I've drawn on the chart and still points towards a potential high above 89 and closer to 92 by as early as December 4th which is where the Arc meets the measured target move. Price held the 3x1 Gann line during last week's sell off below 84 and would require a move below 83 this week to reverse the trend. Unlikely and Still sidelined

**Strategy:** We are sidelined waiting for next signal.

**The Euro FXE:ETF**, The Euro's could still make a move to the \$1.20 level into November 2-4th prior to any meaningful bounce

will be seen. We are still long our initial position but waiting to add once the markets stabilize and the US Dollar peaks. Euro will be more favorably viewed by February 2009

**Strategy:** Support looks good near 1.20 and astro's for Euro much improved by February 2009, would look to add during periods of weakness. We are long **FXE** See portfolio age for details

**The Canadian Dollar FXC:ETF** The Canadian dollar traded below 78 and we were looking to add the FXC ETF to our long position last week. The support band was 77-78 which was hit but there is still the potential drop to 74 which we would

add more should it occur. Astro's improve a lot in 2009 which should get us back to 87-90 at minimum.

**Strategy:** We went long the **Cnd Loonie** last week on the panic. We are long **FXE** See portfolio age for details

**The YEN FXY:ETF** the Yen made an extreme move on October 27th just ahead of our next key time frame near November 3rd. Should see a move back towards 98-99 over the coming weeks.

**Strategy:** - sidelined waiting for next signal.

## A look at Biotech

The Daily chart for the **Biotech ETF** can be found on page 11 . The BBH fell to \$143.61 on Friday October 10th which finally closed the Open gap that been there since 2005 . However did so on an intraday basis only which suggests that we may still see a move back to this level on a close-

ing basis in 2009 , if not in the coming weeks .

If on the other hand price can move above \$185 then we would generate a new buy signal ..

For now we remain sidelined waiting .

Likelihood to see \$160 again before \$185 .

**Strategy:** Sidelined the BBH for now, waiting for new signal .

## A look at Financials & Utilities

The **XLF Financial ETF** Daily chart on page 14) . The chart for the XLF financial ETF dropped to \$12.79 on Friday October 10 and has now completed all measured move targets . We can probably start to nibble on the long side here now that we are past October 24th but I would suggest waiting until we get closer to November 13th for safer entry.

Short term as long as price trades above \$13.79 the trend is up but resistance is at \$18.00 this week . A move below \$12 would signal a move below \$10 is coming so

for now are sidelined and waiting for confirmation.

**Strategy :** Low should be in for 2008 but for now we are still sidelined and waiting for confirmation . We are no longer looking to short this sector for the next several months .

**XLU :AMEX Utilities ETF** (Daily Chart on Page 14). The XLU collapsed to near \$23 on Friday October 10th from \$42 in June . The move completes the measured move target levels and would now be looking to go long on a retest of

the lows over the coming weeks , likely by November 13th or early December .

As long as price trades above \$25 over the short term the trend remains up . Would like to see price come back down towards \$25-26 over the next 2-3 weeks before looking at entering on the long side . For now we will remain sidelined .

**Strategy :** no position at this time but looking for a pull back to last week's low to enter long for a few months .

## A look at Gold, Silver & Precious Metals Index (XAU)

**Gold's** Daily chart is found on Page 11 .

Gold's very long term cycles are still pointing up and a move above 1100 is coming in 2009 . Our reversal up for the balance of 2008 has not materialized yet , we have managed to bounce off the lower trend line from the February and April lows which comes to \$680 in October , which is also a trading band support area on the charts . October 30-th marks the end of the Mercury shadow zone . As well November 2-4 is another astro cycle that marks the peak in energy of the Saturn /Uranus opposition for this leg which is related to commodities .

The Monthly support Arc has support between \$550 this month and rises to \$650 in early 2009 , if Gold moves lower It can be bought within this range as an oversold move . For now we continue to trade above long term trend lines and the trend is still up

**Strategy:** .We still expect to see a decent rally start before November 13th . We added on weakness last week **We are Long GLD See portfolio age for details**

**Silver's** Daily chart is found on page 12.

Silver's made a new lower low on October 28th down \$8.40 below . There is still room for more weakness into November 13th once we get past that date we should be good for a move up into 2009 .

We remain long and added on weakness last week .

**Strategy :** A low cannot be confirmed until we get past November 11-13th We added on weakness last week . .

**We are Long SLV See portfolio age for details**

The **XAU Mining Index** daily chart can be found on page 12 . The XAU crashed to new lows of 63.52 , losing 69% of it's value since July 15th , about 15 weeks ago . The very long term outlook should not change for the XAU with a target over \$300 even if it seems so impossible given the recent rout in the index . We may have to wait a few more months into 2009 to see the index move back towards 115 now that we have dropped below the 80 level.

An Arc is drawn on the chart (page 12)

which suggests that this leg down will be over by the 4th , which is also when the Saturn /Uranus aspect will peak in energy . The next lower trading band comes in between 51 and 59 should \$63 not hold (Low probability event) .

The arc is at the peak of the angle , price is very near the \$51-59 trading band and a major astro event occurs Nov 2-4th .

We have never seen a panic like this but the underlying themes have not changed , the companies are not going out of business and this offers us a rare opportunity to purchase stocks at prices not seen in 6-7 years . We added more to our positions last week and remain long

**Strategy :**The panic of 2008 will be remembered for a very long time , however this is also an opportunity as the panic will right itself . We added to our positions last week .

**Long PAAS, SLW, GG, SSRI, KGC , ABX , NEM See portfolio age for details**

**MARKET RHYTHM**

Business Address  
629 Mackechnie Cr  
Cobourg Ontario  
Canada  
K9A 4Y1

Phone: 905-373-4288  
E-mail:  
dany.graham@sympatico.ca

**We're on the web**  
**www.marketrhythm.com**

---

The **Market Rhythm Monthly Report** is available for download each week by Monday evening . We cover the short term outlooks (usually 3-10 weeks) for a variety of market sectors, Major US Indices, Bonds, Oil, Gold & Silver and several ETF's using both technical Analysis and Stock Market Astrology to determine key time frames to expect cycle turns .

The Focus of this report is to uncover key turning points in the weeks and months ahead coinciding with a technical setup given within the sector in focus

Special situation alerts are sent by email from time to time when warranted by market conditions .

The **Market Rhythm Weekly Report** costs **\$389 Us /per Year**  
**or \$199 Us/ for 6 Months**  
**or \$134 paid every 4 months .**

<http://www.marketrhythm.com/subscribe.htm>

**Disclaimer : All information provided in this report is provided with reliable intent however no claims of future accuracy are being made , nor can projections be guaranteed . Reliance of information in this report is at the sole risk of the reader .**