

The FRED Report – Mid Week Update

Update of Market View

Special points of interest:

- The SPY has advanced towards the 113 area resistance and today traded at a slight new high for this move.
- We anticipate a bit of choppy trading today but enough strength by the end of the week to get us through this resistance.
- Traders can start to add positions slowly here and look for a move to the 130 area on the GLD if the 124 area holds closing basis.

So far this week, stocks have acted as we would like to see. **The SPY (SPDR S&P 500 Trust) has advanced towards the 113 area resistance and today traded at a slight new high for this move.** The NYA (New York Composite Index) has also begun to fully test the resistance and has also traded at marginal new highs for the move. In the Weekly, we noted that the NASDAQ 100 Powershares **QQQ ETF (QQQQ) was likely to lead, and so far it is leading. It has hit not only new intraday highs but also has made a new closing high for the move.** The Transports, as measured by the IYT (iShares Dow Jones Transportation Index) is trading well enough but lagging slightly on this move.

This is somewhat of a make or break time for the stock market. **We anticipate a bit of choppy trading today but enough strength by the end of the week to get us through this resistance.** In order to confirm penetration of the resistance we would like to see the SPY trade, and close, around 114 on Friday. We think that the market will in fact break out here, but caution subscribers: it has not broken out until it in fact breaks out – so be ready to play defense. Honor stops and risk management techniques. In other words, be patient.

Virtually no other writers are expecting a strong move up here. We could see upside acceleration and short covering if this occurs. We will watch carefully and should we see anything of note we will advise via a FRED Alert. This week's Thursday's conference call has the potential to be a bit more interesting than usual!



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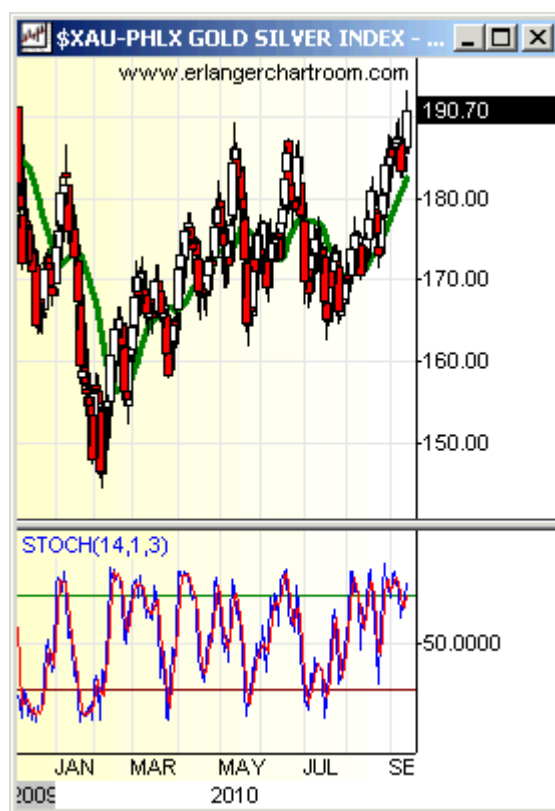
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Other Points of Interest

It looks as if we have been wrong on the extent of the pull back in the metals, as the GLD has moved sharply up to new highs. This is in line with our longer-term projections but sooner than we thought it would occur. **Traders can start to add positions slowly here and look for a move to the 130 area on the GLD if the 124 area holds closing basis.**

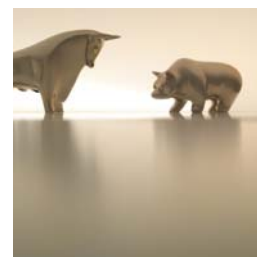
We note that this rise in gold may signal a change in the currency markets and reiterate that the Japanese Yen looks ready to pull back.

We show charts of the GLD (SPDR Gold Trust ETF), and also the XAU (PHLX Gold/Silver Sector Index), a good way to look at gold stocks. Both of these look strong short-term as long as they hold recent breakouts, and look strong longer-term regardless.



About Our Organization

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