

The FRED Report –

Mid Week Update

Update of Market View

Special points of interest:

- We still believe our 500 to 480-support area on SPY should hold, especially on a closing basis.
- The Put/Call number improved to 1.23, getting close to what we want to see, and suggesting some panic.
- A move below 274 on GLD would confirm a trend change.

Stocks had a sharp rally that faded. Big sharp rallies such as today's often fail, however. According to Phil Erlanger's work, there is record short interest (note – updated short interest is release after today's close). Tuesday's move looked a good bit like short covering until it did not. According to Geoff Garbacz, the reality is both Short Squeezes and Shorts Correct fell. We still believe our 500 to 480-support area on **SPY (SPDR® S&P 500 Trust)** should hold, especially on a closing basis. In our previous notes we indicated the likelihood of violent up and down moves as we are seeing.

Wednesday should be more of the same. Obviously, it is difficult to project exactly what is going to happen here, but so far things are going about as expected. The Put/Call number improved to 1.23, getting close to what we want to see, and suggesting some panic. There is more to this environment than sentiment but this is one of the key ingredients we want to see for a tradable bottom.

TLT (iShare®Barclays 20 Year Treasury Bond) has weakened on rumors of heavy sales by China. In fact, all it has done is filled a gap on a daily stochastic sell. This is normal trading in many respects – it could also bounce around and rally again, traders should look to buy a daily recycle.



THE FRED REPORT

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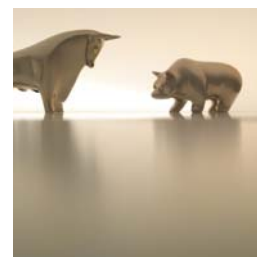
Other Points of Interest

GLD (SPDR® Gold Trust) is interesting, as it had an inside day, with a lower high and a higher low, than the previous day. This is often a sign of a trend change. We have been nervous about this market and expect the trend change will be down. A move below 274 on GLD would confirm this. Gold traders should be ready to protect profits.



About Our Organization

The FRED Report was started to provide Financial Advisors across firms and platforms access to unbiased market research. The President of The Fred Report, Fred Meissner, CMT has been practicing Technical Market Analysis since 1983 and has worked in the research departments of Merrill Lynch and Robinson – Humphrey /Smith Barney. In addition, he has served the public as a portfolio manager and financial advisor. We know the problems advisors face and have devoted our career to helping advisors find the best possible investments in all environments. We want to help you help your clients and grow your business.



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