



# Technical Update

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## Market Comment

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I am out of the office on vacation today through July 30. The next Update will be Monday August 2.

**I Think I Can.** The market action is anything but clear and obvious as each rally attempt seems to be met with agreeable selling that is the stuff of which resistance is made. On the other hand, the selling pressure also seems to be losing momentum and becoming less serious on each dip. It could be the summer, or it could be a bottom, but it does not look anywhere near as bearish as some market writers have been suggesting. Here are the current mixed indicator trends:

<b>US Dollar</b>	The dollar topped out near the old high levels of 88-90 and has now pulled back to the support near 82 where it will likely stabilize. Expect a tighter range over the next several months.
<b>DJIA &amp; S&amp;P</b>	The major indices continue to trade in their correcting ranges, but the recent action suggests a breakout to the upside will be developing soon. The breakout levels are 11100 on the S&P and 10,400 for the DJIA, with “rock-bottom” support at 1010 and 9600.
<b>Gold</b>	The support zone on gold is 1180-1200, and the long-term trend continues to be bullish. The target is to go over 1300 in 6-12 months, but it also must hold the recent low of 1180 on any further dips.
<b>Oil</b>	Neutral in a range of mostly 70-80 for the past several months but appears to be building for an eventual breakout to the upside, leading to stocks that are generally good holds.
<b>10 Year Note (TNX)</b>	New recent lows in the 10-year yield project further downside pressure in yields to the next support target of 2.60%. There’s no sign of a clear bottom to the drop in rates yet. Resistance is 3.2%.
<b>VIX</b>	Volatility is still relatively high but still on the way down from the recent correction peaks. A possible bull signal was given when the indicator fell under 30, and now it sits at 24.
<b>Advance-Decline Line</b>	Tracking the market fairly closely, which implies that a major long-term move in either direction may not be seen for many months. Short-term volatility is still quite likely.
<b>Transports</b>	The transports continue to move in a similar pattern to the industrials, signaling no unusual trends developing in either direction. They need to break out above 4300 on the DJT to be bullish again.
<b>Utilities</b>	The utilities are generally in improving trends that suggest continued low rates and a better stock market in the months ahead. We rate the index itself as a “Buy and Hold.”
<b>Investor Sentiment</b>	The sentiment is barely budging from the negative opinions that were common at lower levels, which means it would likely take much higher prices to encourage the bulls.

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