

SP 500 and Gold still have a good bit of downside to come?

Back on June 30th, I updated my subscribers that I was looking for an interim bounce in the SP 500 from the 1007 Fibonacci Pivot point to about 1071-1074, followed by much further downside. The chart is included here from June 30th for reference:



So far the market hit the 1010 area on the SP 500 and has bounced exactly to 1071, the 50% retracement of the most recent downleg from 1130-1110. This market has been acting in clear Elliott Wave patterns since my Mid-April prediction of a 5 wave 13 month top being in place. My theory was we would then correct in a Zig Zag fashion over about 3-5 months to as low as 920-970 on the SP 500 from 1220. Right now the market could climb a few percent higher, but is likely to rollover and break the 1010 lows, and drop to the 940 area before the completion of this Bull market correction comes to an end. Crowds move in very reliable behavioral patterns and I use those patterns to work around major pivot tops and bottoms to help with my investing plans. In Mid April the advice was for mutual fund and index investors to move to the sidelines based on the Wave patterns at the time, and that is still the case in my opinion.

Recently on Kitco.com and elsewhere, I also predicted a top in Gold after a 21 month rally covering nearly \$600 an ounce. We dropped about \$50 an ounce within 48 hours of my Elliott Wave analysis, and although Gold could bounce to \$1225 near term, the likelihood is a multi-month correction that could take it below \$ 1000 an ounce. Although I have been Gold Bull as it were since late 2001, it does appear that have 8 years and a recent 21 month rally that the Bull

will need to rest and recover strength. This means an A B C correction is more likely than not, and it will take 6-8 months to work off the recent 21 month rally up.

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