



## THE MERRIMAN MARKET ANALYST

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### MMA WEEKLY COMMENTS AND TRADE RECOMMENDATIONS FOR STOCK INDICES, WEEK OF JANUARY 13, 2014

**Comments:** Please take a moment to view my weekly geocosmic comments on the stock market, at <http://www.mmacycles.com/artweek.htm>. Or, you can go to [www.mmacycles.com](http://www.mmacycles.com), and then choose Weekly Preview. For other web sites in English: [English2](#) or [English3](#).

We are also pleased to announce that these weekly geocosmic comments are now available in [Chinese](#) – [German](#) – [Dutch](#) - [French](#) - [Italiano](#) – [Japanese](#) – [Polish](#) – [Russian](#) – [Serbian1](#) or [Serbian2](#) – [Español 1](#) or [Español 2](#). Our newest link for the free weekly report can now be read at [www.michaellutin.com](http://www.michaellutin.com).

**Happy New Year! We are back.**

**Note on Weekly Reports:** The weekly reports are now issued 48 times per year, 12 times per quarter, usually on late Saturday afternoon Eastern Time when in the USA, or perhaps on Sunday when in other countries, for the week to come. For the first quarter of 2014, the anticipated weeks off will be for the weeks beginning March 24 and June 2. These are subject to change.

#### **Geocosmic Critical Reversal Dates:**

These dates affect all markets. They are the midpoint of geocosmic clusters, and have a range of three days either side. Sometimes they expand to as much as 5 days. The idea is to see a new two-week or greater high or low, and then a reversal. It is especially effective when major, half-primary, or primary cycle troughs are due. These are more important than the solar-lunar reversal dates. The more stars next to the date, the greater the historical correlation with a cycle end and reversal. For more information, please read Volume 3 of the Stock Market Timing series. Below is the date of the midpoint and in parentheses the length of time containing the geocosmic signatures (known as a “cluster”). If the cluster is long (more than 15 days), there may be other possible reversals, based on tighter geocosmic clusters, within the greater cluster.

**January 16\***

**February 7\*\***

**These periods are usually more important than the solar-lunar reversal zones, but not necessarily any more accurate. It is just that when they do hit, they usually correspond with primary cycles, whereas lunar reversals need only correspond to 2.5% reversals.**

**DJIA Cash:** The all-time high at 16,588 on December 31 has held. Last week’s low was below weekly support, the high was in weekly resistance, and the close was between the two, which is mixed. The close was also above the weekly trend indicator point (TIP) for the 12<sup>th</sup> time in 13 weeks, which means it remains in a trend run up.

This week's trend indicator point is 16,454. It will be downgraded to neutral if this week's close is above there.

Weekly support is 16,345-16,356. A weekly close below this range is bearish. A trade below here, followed by a close back above this range, is a bullish trigger.

Weekly resistance is 16,528-16,540. A close above this range is bullish. A trade above here, followed by a close back below this range, is a bearish trigger.

Bullish crossover zones remain in effect at 15,944-15,957, 15,029-15,149, 13,717-13,760, 13,070-13,163, 12,799-12,802, 11,513-11,572, and 8266-8433.

Primary and Trading Cycles: January 13 starts the 14<sup>th</sup> week of the 13-21 week primary cycle off the October 9 low of 14,719. It is now in the time band for a "normal" primary cycle trough. Once the high is in, the primary bottom is due 2-5 weeks later. If the primary cycle crest was December 31, then this is the second week down, which means the low could form anytime in the next three weeks.

This also starts the 5<sup>th</sup> week of the second 8-11 week half-primary cycle off the low of 15,703 on December 12. This suggests the primary bottom is still another 3-6 weeks from now. Perhaps it happens within 10 trading days of Venus turning direct on January 31, which is the most important geocosmic reversal signature coming up. As stated last week, *"The price target for the crest of this second half-primary cycle (and the entire primary cycle) is 16,541 +/- 215, or 17,159 +/- 288. The Dec 31 all-time high of 16,588 was within the first price target range. A close below the newest bullish crossover zone at 15,957-15,974 would suggest the primary cycle crest is in. Anything below 14,791 turns the longer-term cycle bearish."*

The 15-day slow stochastics continue to turn down from overbought territory. They are now testing the critical 80% area. If they fall below 71%, it suggests a top of importance is in (primary?). The 14-day moving average is now at 16,437, which is where the DJIA closed. A close below here is the first sign the primary top may be in. The 42-day moving average is now at 16,111 and rising. A trade to this MA or below will confirm the primary top is in, and a decline to a normal correction of 15,654 +/- 221 is underway for the primary cycle trough, due in the next 7 weeks, and ideally about three weeks. A better set up for a move down would be for one more rally with lower stochastics than was present Dec 31, for a case of oscillator divergence. The "perfect" sell set up would be if at the same time, a case of intermarket bearish divergence would occur to either ESH or NQH, where one makes a new all-time or yearly high and the other does not, and then a close follows in the lower third of a day's range.

Geocosmics: This week finds Venus square Mars on January 16 and a full moon the evening of January 15. If prices rally to a high then with a case of intermarket or oscillator bearish divergence, it would denote a sell signal from which prices could fall. On the other hand, a low here could be followed by another rally into January 31-February 14 for the primary cycle crest, and then a 2-5 week decline...

As stated last week, *"Further ahead, we look to the Jupiter-Pluto opposition and Venus turning direct on January 31 as signatures of a big reversal, probably within with 10 trading days. Cycles-wise, that would be a good time for a primary cycle trough, followed by another big rally, as large (record) amounts of IRA (retirement) funds start pouring into the market."*

My view is that declines will be limited until after early March, due to so much money coming into the market from IRA contributions. Declines may be sharp but brief until March or

even April, maybe even until Mars turns direct May 20. After that, I see a more substantial decline starting.

For the week ahead, my observational analysis of the lunar cycle suggests a high Monday, then down into Thursday-Friday, with a possible rally by late Friday into January 21-23.

Lunar cycles for this week are as follows: Anything above 120 means there is a higher than expected probability of a reversal from an isolated high or low. The more \*, the more likely a reversal. The more #, the less likely a reversal:

Jan 13	76.2#
Jan 14-15	106.2
Jan 16-17	75.5#
Jan 20	84.0
Jan 21-23	138.6*
Jan 24	103.0

**Strategy:** Position traders are long after taking profits on half of the positions the prior week. Traders may cover and go short if the DJIA, NQH, or SPH make a new all-time or yearly high (but not all), with a stop-loss on a day in which all three make new yearly highs and close in the upper third of the day's range.

Aggressive traders are short with a stop-loss on a close above 16,600 if the SPH (ESH) also makes a new all-time high when the DJIA closes above 16,600. You may cover 1/3 of these shorts on a decline to 15,950-16,090. I still like the possibility that a primary cycle crest occurred on Dec 31.

**ESH (Mar S&P e-mini):** Last week's high was above weekly resistance, and the close was back below, which is a bearish trigger. And the close was above the weekly trend indicator point (TIP) for the 10<sup>th</sup> time in 11 weeks, which means it remains in a trend run up.

This week's trend indicator point is 1831.50. It will be downgraded back to neutral if this week's close is below there. We expect that to happen in the next week.

Weekly support is 1822.50-1825.25. A weekly close below this range is bearish. A trade below followed by a close back above is a bullish trigger.

Weekly resistance is 1847.75-1850.25. A weekly close above this range is bullish. A trade above followed by a close back below is a bearish trigger.

Bullish crossover zones remain in effect at 1661.25-1663, 1405.50-1418, 1381.75-1382.75, 1263-1263.25, 1184.25-1196.75, 889.55-902.40, and 791.10-791.25.

This will start the 14<sup>th</sup> week of the 15-23 week primary cycle, following the low of 1640 on October 9. It also starts the 5<sup>th</sup> week of the second 8-11 week half-primary cycle trough. Last week's report stated, "The price target for a primary cycle crest is now 1860.50 +/- 27.00. Last week's all-time high was 1846.50, which is in the lower part of this range. There is considerable support at 1800-1810. A close below will start to look bearish. A close below the 45-day MA (1796.75) will confirm the primary cycle has topped out and a normal corrective decline to the primary cycle trough is underway, with a price target of 1740 +/- 25.

**Strategy:** Position traders are long after locking in profits on half of these positions the prior week. You may cover and go short this week if there is a case of intermarket divergence with the DJIA or NQH, with a stop-loss based on a time when both DJIA and ESH make new all-time highs and close in the upper third of that day's range.

Aggressive traders are short with a stop-loss based on a day when both the DJIA and ESH make new all-time highs and also close in the upper third of that day's range. Cover all and go long if prices fall to 1800-1810 with a stop-loss on a close below 1770 or 1785, depending on your risk allowance.

**NQH (Mar e-mini NASDAQ):** Last week's low was into weekly support, the high was above weekly resistance and the close was between the two, which is mixed. And the close was above the weekly trend indicator point (TIP) for the 18<sup>th</sup> consecutive week, which means it remains in a trend run up. It is getting exhausted (anything more than 18 weeks is rare and exhausted, and due for a change anytime in the next 5 weeks)

This week's trend indicator point is 3555.50. It will be downgraded back to neutral if this week's close is below there.

Weekly support is 3519-3526. A weekly close below this range is bearish. A trade below followed by a close back above is a bullish trigger.

Weekly resistance is 3590-3597. A weekly close above this range is bullish. A trade above followed by a close back below is a bearish trigger.

A bullish crossover zone remains in effect at 3444-3450.

This begins the 14<sup>th</sup> week of the 15-23 week primary cycle here too. It also starts the 4<sup>th</sup> week of the second 8-11 week half-primary cycle. As stated last issue, *"The upside price target is 3671 +/- 67. A break below 3415 would mean the top is in."* The high Dec 31 was 3594.75, which is still a little shy of this price target. The stochastics were overbought and falling at the Dec 31 high, for a case of bearish oscillator divergence, which means the high could be in.

**Strategy:** Position traders were still long with a stop-loss on a close now below 3415 after taking profits on 2/3 recently. Last week's report advised, *"Let's exit the remainder at 3550 +/- 5 and go short with a stop-loss based on a close above 3600."* We got that, so we had a great profit on the longs and are now short with the stop-loss on a close above 3600. Cover 1/3 of these shorts at 3500-3510 if offered.

Aggressive traders are short with a stop-loss on a close above 3600 or break even, depending on your risk allowance. You may cover 1/3 of these new shorts for profit if prices drop to 3500 +/- 10.

Using this information properly: Support may represent favorable risk/reward places to buy if the trend is up. If prices trade below support, then have a close back above it, it is considered a bullish "trigger", and oftentimes represents a good buy signal. Resistance may represent favorable risk/reward places to go short if the trend is down. If prices trade above it, then have a weekly close back below, it is considered a bearish "trigger", and oftentimes a good sell signal.

MMA comments and trade recommendations are primarily for traders of commodity and futures contracts. They are provided mainly with "speculators" in mind. By its very nature, "speculation" means "willing to take risk of loss." Speculators must be willing to accept the fact that they are going to have several losses, many more than say "investors". That is why they are "speculators." Speculators are typically right about 50% of the time, +/- 10%. The way "speculators" become profitable is not so much by high percentage of winning trades, but by controlling amount of loss on any given trade, so the average trade on winners is considerably more than the average trade on losing trades. MMA's comments can be of value to both speculators and investors. MMA's trade recommendations will be of potential value only to speculators. Those who take these trades need to be willing to adjust stop-losses, and even the trade itself, as the week unfolds, and dependent upon technical factors that will arise with each day's trading. There is no guarantee as to future accuracy or profitability. Each trader and reader trades at his or her own risk, and neither the author nor publisher assume any responsibility whatsoever for anyone's financial or commodity markets decisions. Futures or options trading are considered high risk.