

The **Dow Jones Industrial Avg (Djia)** is chopping from its recent high at 13132 and up from the Jan low at 11635. Note too the 3 wave fall from the Oct high at 14267 (A-B-C, see numbering on daily chart below) suggests that the **market is within an extended period of wide ranging (see longer term below) and raises potential for further nearer term gains back toward the 14267 high within this wider period of consolidating.** There is also a number of other near term positives including significantly lower interest rates from the Fed, the Government's stimulus plan which is starting to hit now, continued bearishness or least lack of belief in the last few months of gains (contrary indicator), and money managers who are starting to be forced into the market for fear of falling too far behind the returns for the S&P 500 (benchmark for most). However, would expect this move to occur via fewer and fewer stocks (versus a broad based upmove) and would also expect to see lots of divergences if/when the market approaches the 140000 area (poor advance/decline, other indices not confirming, etc.). For now given the potential for some upside ahead (maybe 10%), would be long here (currently at 12850). Initially stop below the key 12675/25 support area (bullish trendline since Feb and the previously broken bearish trendline since Oct), a good risk/reward. Nearby resistance is seen at the recent 13132 high.

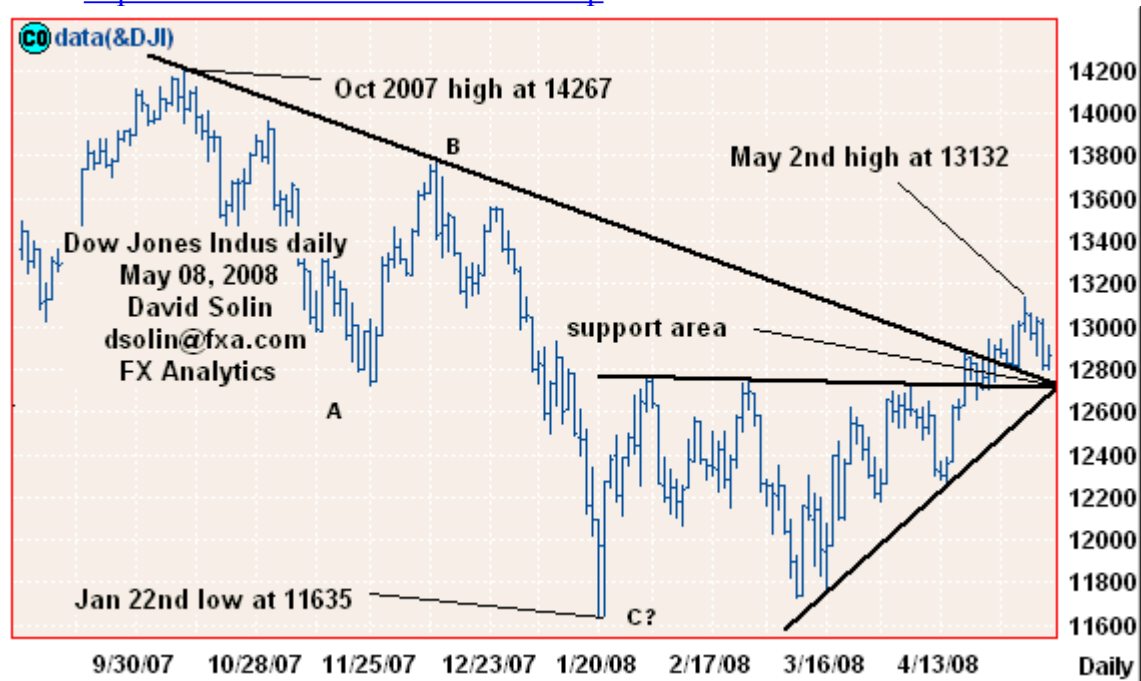
**Longer term**, no change since last Oct when warned that the whole rally from the Oct 2002 low at 7197 was likely "complete", with at least a 2500 decline after and minimum 12-18 months of wide ranging. The market reached a low at 11635 in Jan (almost exactly the 2500 pts) before bouncing. As mentioned above, there is **potential for gains back toward the 14198 high in Oct.** However, it would not be seen as the start of a major new upleg but an extended period of wide ranging (see "ideal" scenario in red on weekly chart/2<sup>nd</sup> chart below). For now, would be best to trade the shorter term view (above) or look to fade the extremes of the longer term range as this extended period of wide chopping continues to unfold.

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