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## Weekend Report for Monday, July 10

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## **Bottom Line:**

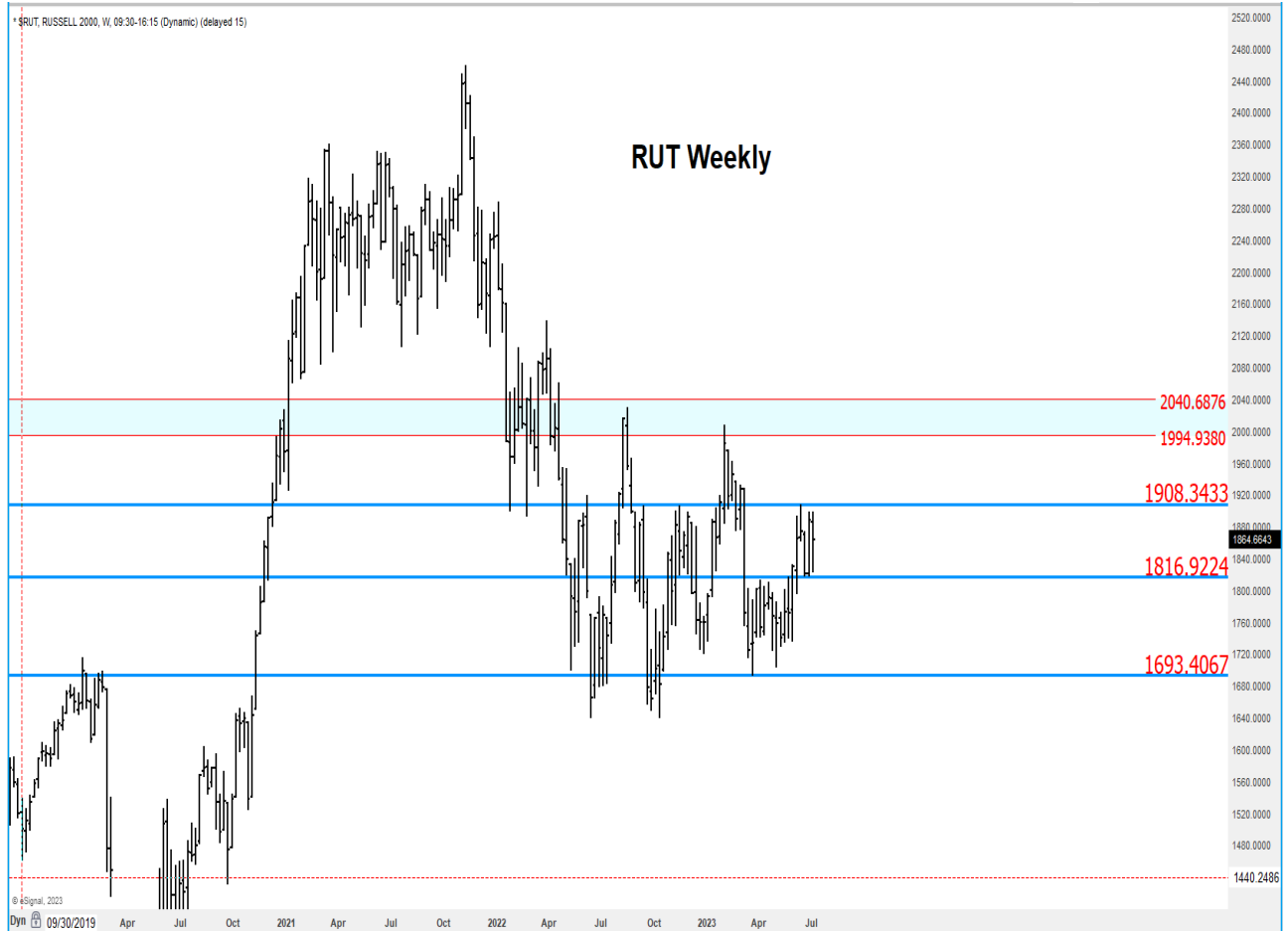
I could almost cut and paste comments from last week into this section. As expected it was a low volume week. Volume should increase but we are still in the middle of summer when volume is generally lighter than normal.

Last week's highs are particularly important to the bullish case, and in particular the high of the Russell 2000.



# RUT

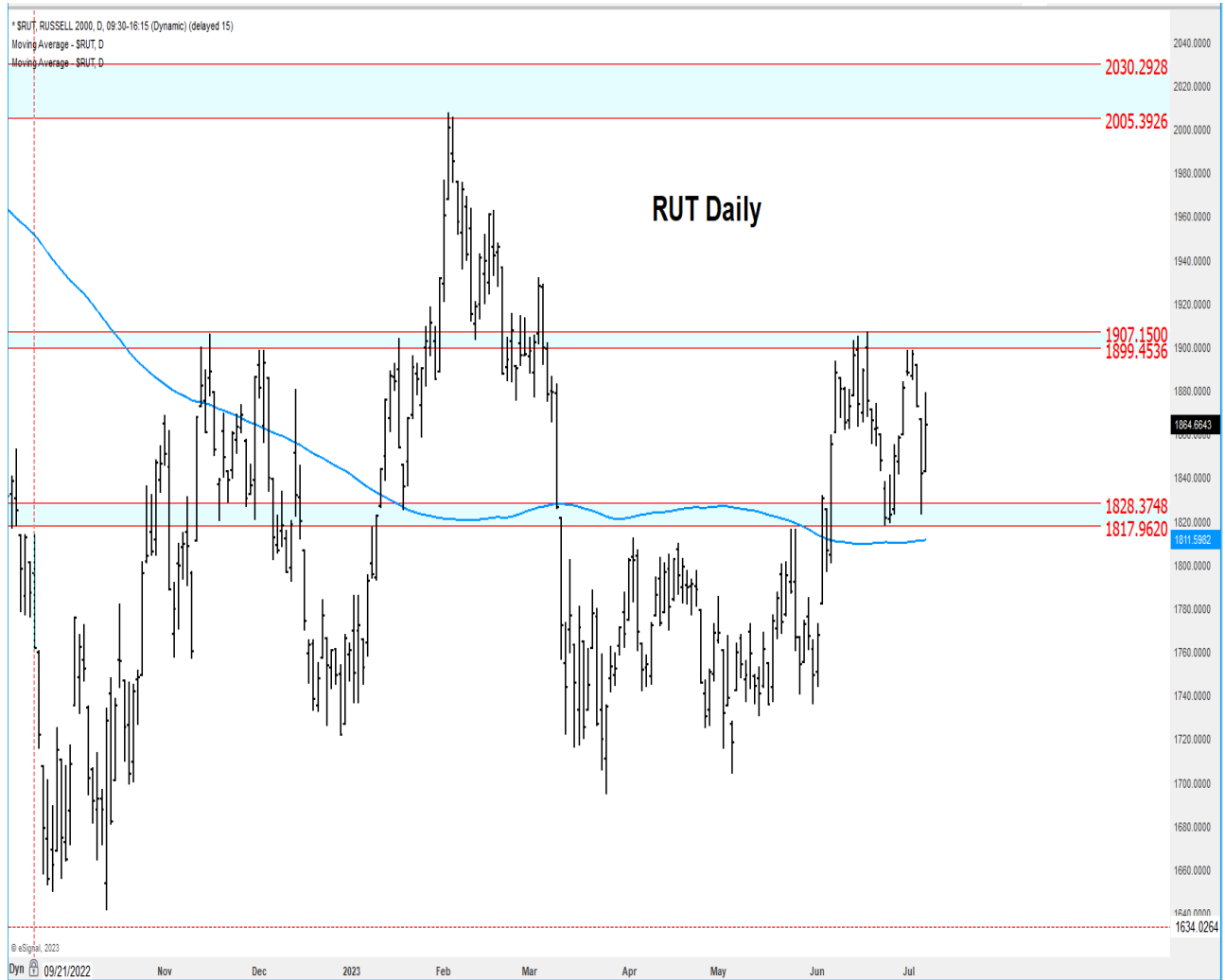
## Weekly



# Daily

Upper KRAs: 1899-1907; 2005-2030

Lower KRA: 1828-1817



# NDX

## Weekly



# Daily

Upper KRA: 15289

Lower KRA: 14685



# SPX

## Weekly



# Daily

Upper KRAs: 4459; 4590-4640

Lower KRAs: 4328; 4300-4260





# DOW

## Weekly

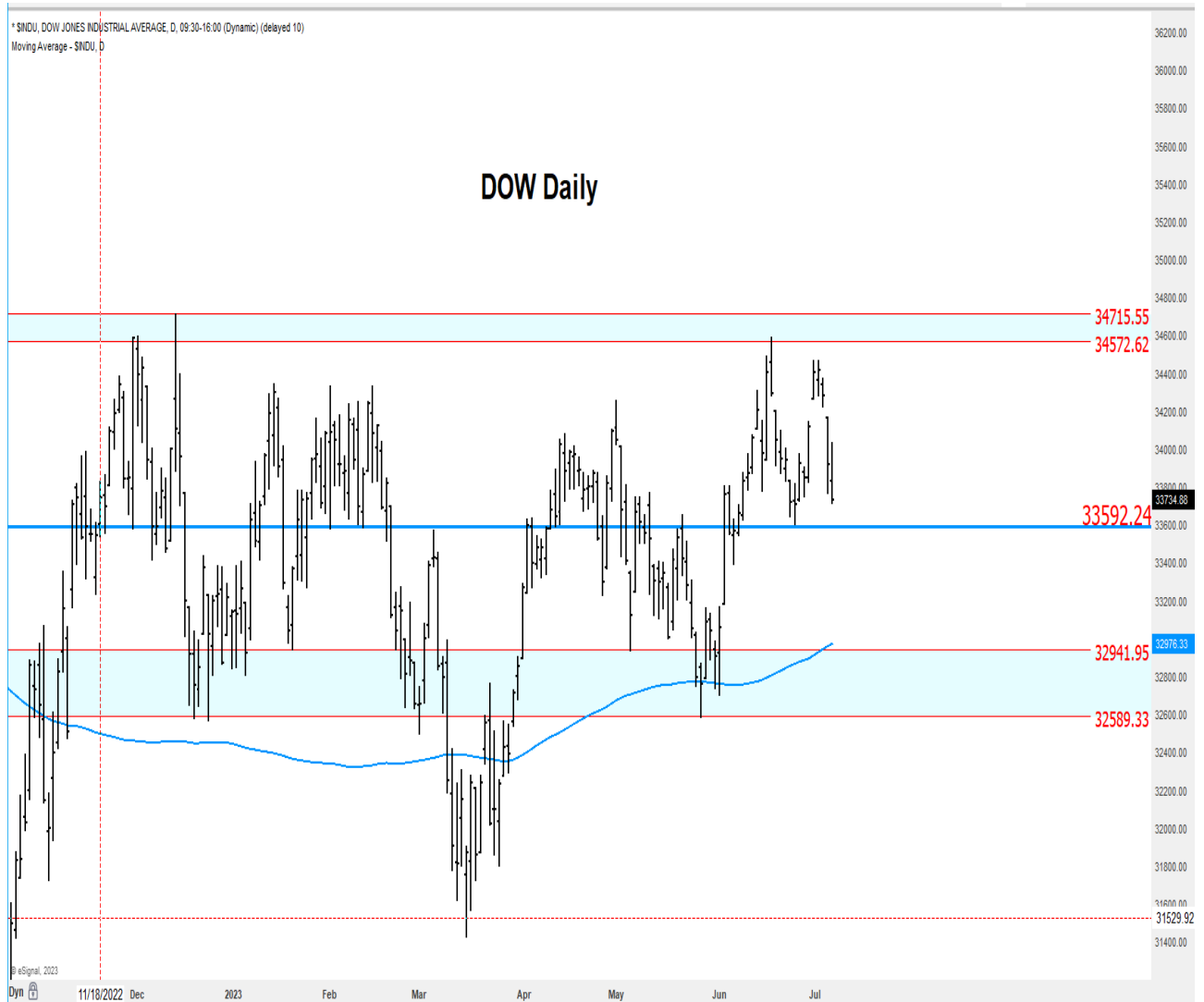
The DOW is in a well-defined 4-week Balance Area.



# Daily

Upper KRA: 34572-34715

Lower KRA: 33592; 32941-32589



## Potential Paths of Development - SPX

From last Weekend's Report:

*Market Profile cannot be used as a trading system. Properly used it can be a wonderful general template to help determine the probable path of a market and at times, the pace of development.*

The last few weeks have proven to be an ideal case study in the proper use and benefit of Market Profile. The three phase development process of an Auction Market remains consistent in spite of the other changes we have seen in market dynamics over the past couple of years. Three weeks ago I pointed out two likely structural paths for the SPX. Through Friday's trade the SPX continues to follow that template.





# Internals

The relationship between price and market internals is not currently giving any clear “tell”.



## SPX / Breadth 30m

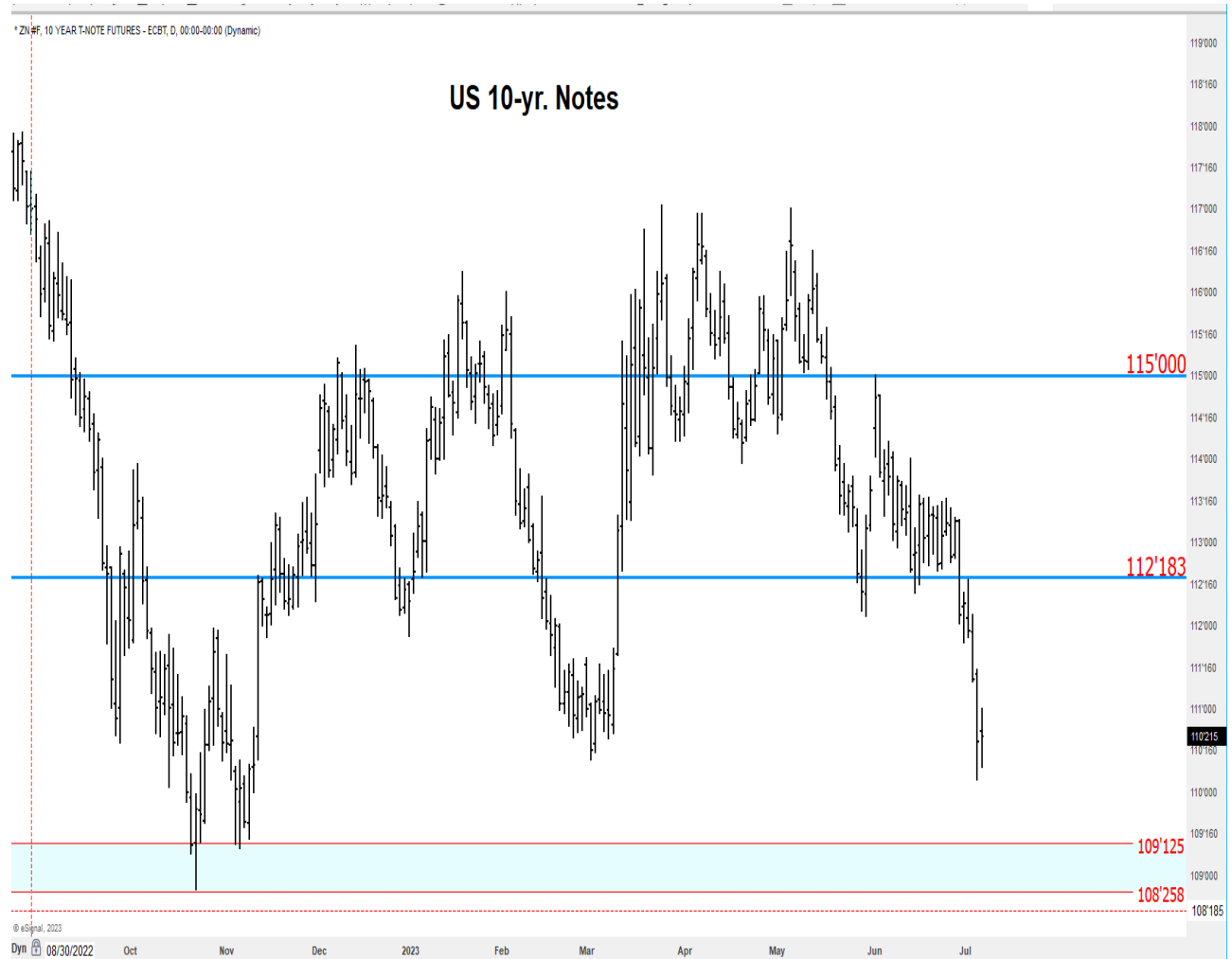
This chart perfectly captures Friday's absolutely bizarre trade. Breadth expanded persistently and price (especially the RUT) traded strongly higher, and then abruptly at 1:00 PM, EST the market turned on a dime and trade sharply lower in the close. However, breadth held up very strongly considering the sharp break in price.

Something will give - we are going to see a major contraction in breadth and continued decline or a sharp rally that likely tests Friday's highs.



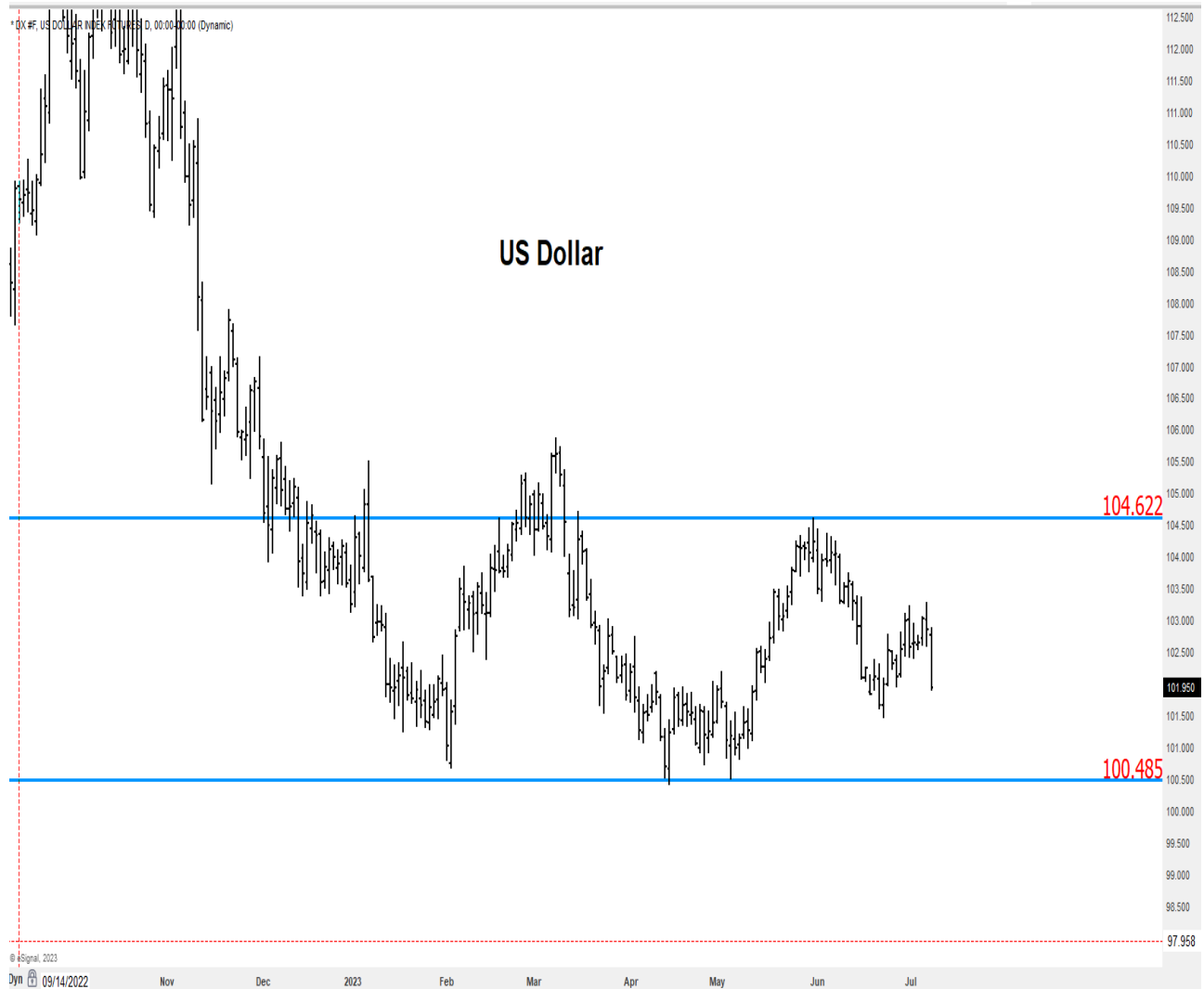
# US 10-yr Notes

Notes appear headed to 109'12-108'26.



# US Dollar

Consider shorts against Friday's high.





# Gold

Gold stopped its decline near 1899, sort of in the middle of nowhere. That is now the important downside level.



# Crude

Crude has reached an upper KRA. Friday's low is now critical to a bullish case.

