www.AlexanderTrading.com

Weekend Report for Monday, August 12

U.S. Government Required Disclaimer (Required by the Commodity Futures Trading Commission)
Futures and options trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This website and the products, services and other information contained herein is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website. The past performance of any trading system or methodology is not necessarily indicative of future results.
Trading Involves Risk
Use of any of this information is entirely at your own risk, for which Alexander Trading will not be liable. Neither we nor any third parties provide any warranty or guarantee as to the accuracy, timeliness, performance, completeness or suitability of the information and content found or offered in the material for any particular purpose. You acknowledge that such information and materials may contain inaccuracies or errors and we expressly exclude liability for any such inaccuracies or errors to the fullest extent permitted by law. All information exists for no other than entertainment and general educational purposes.
CFTC RULE 4.41.(b)(1)(i)
Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under-or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to these being shown.

Bottom Line:

From last weekend's report:

The bull market / bear market debate is legitimately in play. IF we are in a bull market the downside from current levels should be fairly limited. Even if we are now in a bear market we will soon see a ferocious rally.

Last Monday turned out to be a huge, climactic down day and from Monday's print low to Friday's print high the SPX rallied 4.68%. The NDX rallied 6.5%.

From a price structure perspective the US indices are all pretty much in synch; the primary US indices all had a climactic Monday low and then rallied strongly into Friday's high.

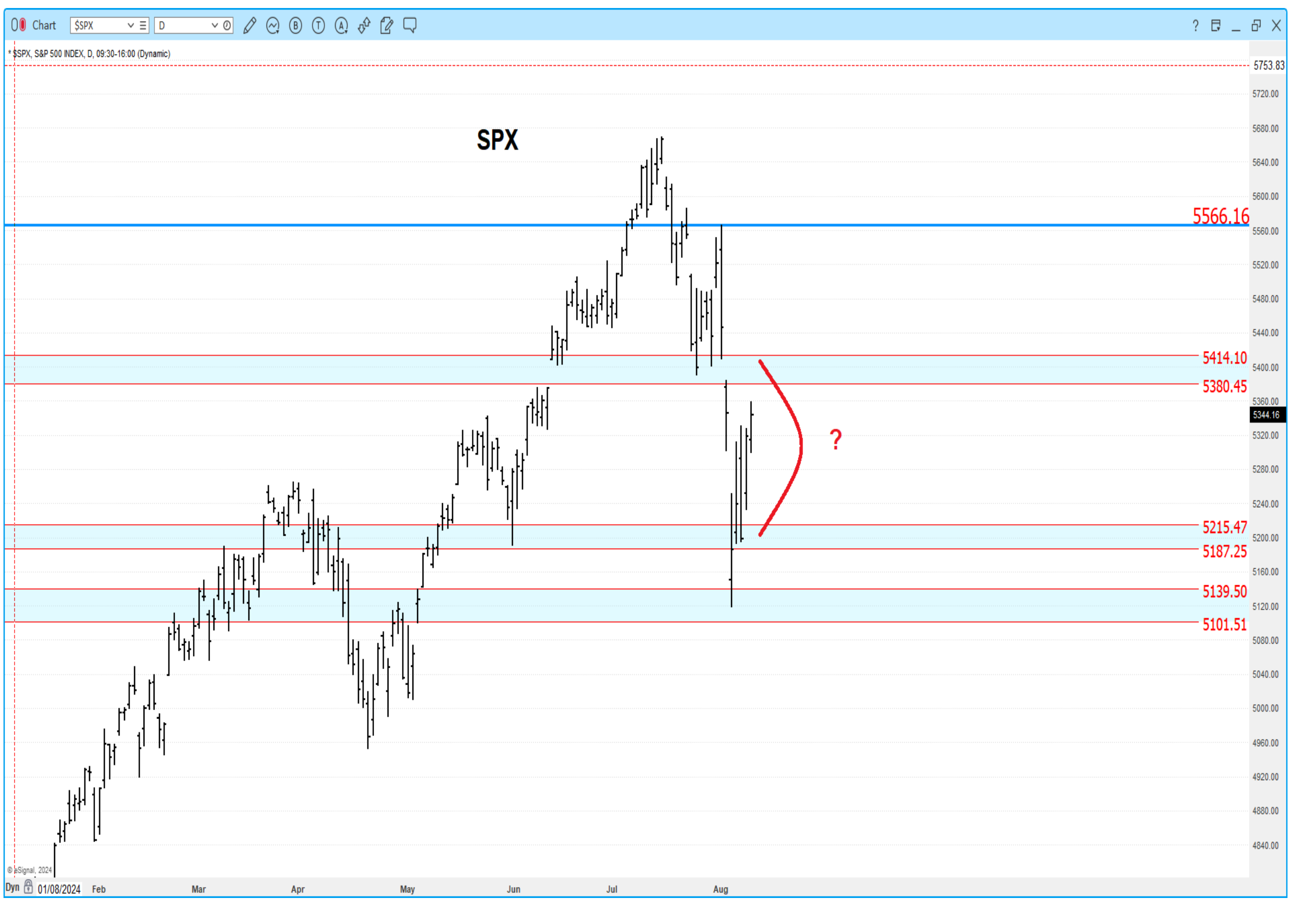
Putting aside a discussion of whether or not the US stock market is bull or bear, Monday's lows in the respective indices are definitively important.

The potential paths of the indices at the moment are numerous regardless of bull or bear. And, as I have pointed out many times, *if* we are now in a bear market there will be great trading opportunities due to increased range and volatility in both directions.

SPX

Upper KRAs: 5380-5414; 5566
Lower KRAs: 5215-5187; 5139-5101

I don't think we simply trade vertically straight back up from here. The 5380-5414 KRA is a good candidate to maybe see the current rally stall and balance a bit. Ideally any retracement will hold 5215-5187.



NDX

Upper KRA: 18629-18777
Lower KRAs: 17983-17842; 17526-17322

DOW

Upper KRAs: 39735; 40074-40345
Lower KRA: 38769-38492

RUT

Upper KRAs: 2095-2110; 2171
Lower KRAs: 2040-2026; 2002-1984

New York Composite

This is an index of every stock listed on the NYSE, so it is a broad composite view.

Upper KRAs: 18492; 18847
Lower KRAs: 17878-17817; 17618-17523

Internals - VIX

VIX spiked to 65 on Monday and closed at 38.65. It has collapsed since.

The Monday spike could be marking an important low in the larger bull trend in the US indices. However, I would be surprised if we see VIX dip into the low teens (or lower) again anytime soon.

It will be important to watch the trend of VIX next week.

US 10-yr. Notes

If Notes are going to test <u>116’16-117’03</u> they should not decline much more from current levels.

US Dollar

Lower lows and highs. Favor shorts.

Gold

Gold is stair-stepping higher in two-sided trade. It is increasingly likely to move sharply out of this multi-month Balance Area. It is making higher highs and lows, so I would give the upside the benefit of the doubt. However, if it begins taking out downside levels I would not stand in front of it.

Crude

Crude is in a wide range and very whippy within that range. I don't have a high confidence view of Crude at this time.