

Profit Machine Update

Well, these markets never cease to amaze me and amaze balls is what they are right now!

Who would have though, that with the growing unrest in Europe and the U.S. growing at a slower pace than what is really needed to get ahead of the game we could be rallying like we are.

Well, ladies and gentleman let me introduce to you the heavyweight champion of the world, weighing in at an impressive 256lbs' ailing from 20th Street and Constitution Avenue N.W. Washington, D.C. 20551 I present the Federal Reserve... and it's board of crony governors.

Oh yes, these guys are helping the markets hold their guns and trust me when I say that we will NOT see Greece default just yet, give it 5 or 6 months for that to play out.

I am neither long nor short the markets now (buying or selling), as the market is at the top of its short term cycle and ready to let off a little bit of steam.



Check the Dow here and notice how the 12800 zone is proving tough resistance recently.

It may hold for some weeks before tested yet again.

The likelihood is that we will range between the lower support line at 12400 and the higher resistance of 12800 for the next week or so at least.

The flood of fiat cash (Google it) is making the market look very sexy right now, but like many ladies of the night, if you take away the make-up and beneath the surface is pure evil staring back; the thought of a continued relationship with that person makes you want to preserve your hard earned cash – oh yes it does!

Sentiment has cooled off overall (it had to) with the gap between bulls and bears easing back from a

high of 48.5% last week to just below 44%% this week.

Now, something similar happened around February last year, with sentiment readings retreating from a level to a much less stretched one.

However, having said that the equity markets still continued to rally after a breather.



Next up for me is the £/\$ where I am edging very close here to selling my long (buy) position. We have come very far (due to weakness of \$) over the last 1-2 weeks, but a solid indicator of mine (38 day-cycle) is telling me that the Yankee buck is due for some short term strength.

If the market struggles to close above 1.58 over the coming sessions, then I will take this as a major hint to that sentiment. I will still hold on for the time being 'hoping' (bad thing to do at times like this) that we will hold. However, I will always follow the trend as I am not one to hold onto the 'hope rope' for too long.

Last but not least is the yellow metal that will soon be outpaced by the 'silver' lining – yes more on that over the coming weeks.

However, for now I will continue to buy dips (market retracement) as I expect this market to reach \$2,000 by spring time.

We will not bounce there immediately, but will take incremental steps, so it will not disrupt the flow of cash elsewhere and keep inflation at bay.

We will never see an immediate spike in precious metals; only if things turn real ugly.

We are set for commodities to fly off the charts and you can quote me on that all day long, I do not care if I turn out to be wrong. However, the movement will be progressive in tune with the flaws of the broader market.

I will also sell this market (as I do intraday, selling forex pairs when I am long medium term) for small terms such as 1-3 day periods.

Of course, this market can go down and maybe even stretch as low as \$1,000 before it gets to \$2,000.

I highly doubt that to be the case, but we could easily see lower support levels such as \$1680, \$1600 and even \$1500 come into play soon, as we see a new transition of cash piles enter this market which will thus ride the metal to fresh highs.



An important crossover of the green 20-day Ma and the blue 50-day MA has been seen at the level of \$1660; so that could be important to watch moving forward.

I will be in touch next week...

If you would like to get in touch – please email and I will be happy to help.

Just email me to say 'Hi'; I love hearing from new layman's members.

Very Best

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P.s. When do you think the Euro will go belly up? Give me your thoughts!