

# “Taking It Up The Khyber”

*“The only randomness is the natural law which we do not yet understand...”*

*Albert Einstein*

Forty five reasons, all in a line...

Maybe twenty two and one-half reasons, or for that matter--- fifteen reasons.

But TIME is upon us once again. And it is time for Bullwinkle to take it up the ole Khyber. It's been a good run for you Bullwinkle's, seventeen weeks and two thousand points worth, but it is TIME.

We have here coming upon us one, two, three, four, FIVE major cycles all hitting within the same coming week. Add in to that Crazy Al and his fed-speak, a ton of econ data, a change of season and we have a perfect recipe for a long overdue visit from the reaper.

Three of the five cycles I refer to can only be called megacycles. They have hit the DOW in 1914, 1929, 1932, 1942, 1949, 1966, 1974, 1987, 1994, 2000 and... dare I say it? **2003**.

If you are already a doubting Thomas because the periodicity appears not to be exact, that is due to the fact that cycles are elliptical in nature, not perfect circles. But that is a discussion for it's own hideous screed, not this one.

I don't know about where you live, but where I live it has rained thirty-nine out of the past fifty-two days. A harbinger perhaps, of the megacycle that is going to start beating on this market like a rented mule.

Because these are such large cycles, they have very large windows of when they will hit. I see the windows opening on June 24<sup>th</sup> and June 25<sup>th</sup>. Whether or not it will show it's affect on those given days remains to be seen. But I expect to see it within that week.

I spent the last week studying these cycles, and in particular I spent this weekend concentrating on fourteen waves, or phase shifts if you will, that were a result of these cycles hitting us on January 14<sup>th</sup> 2000. The day the five white guys who run Wall Street sprung open the trap door. Due to the size of the cycles that are hitting, I suspect they effects are going to last anywhere from three and one half weeks to as long as September 19<sup>th</sup>.

Does that mean the CIT will trade itself out in a straight line in either direction? No of course not. But I expect we revisit some of the drama we saw last year, only this time I expect it to get nasty. MUHAHAHAHAHAHAHAHA.....

Alright, lest I start rabbiting on a bit... lets open up a portal to the space-time continuum here and take a gander at what may or may not be in store for us.

## DOW Monthly Basis:



1. This is fifty percent of the trading range from the January 2000 all time high, to the October 2002 “right up the ole Khyber” lows. Over 4000 lovely, lovely, trading points. Gann felt 50% of range was the

most important level to be conscious of. Translation: 9500 on the Dow is going to be very difficult resistance.

2. If the Dow could get through 9500, and I am here to tell you it won't, the next Gann angle resistance is up there at that fabulous Dow 10k!
3. The main Gann 1 x 1 angle will provide initial support down right below 8600 area.
4. Volume is picking up this June, but I would like to see it up near those July 02 and October 02 levels.
5. KingCambo's MACD buy signal doesn't seem to be faltering just yet, on the monthly charts.

## DOW Weekly Basis:



1. On a weekly basis the Dow was actually able to bust through the upper Gann 1 x 2 resistance angle, albeit barely. If it can muster any more strength as discussed above, the 9500 is brutal resistance. The other comment I want to make about the two most recent weekly candles – they are both doji candles and a heads up that the train is running out of gas.
2. First good support for the Dow weekly basis is the 8782 area.
3. If the trading gods get angry and the five white guys who run wall street end their distribution campaign – this is going to be first meaningful support on a weekly basis. We would catch the 1 x 1 angle around Dow 7500 (again).
4. Weekly volume picking up but not quite there yet.
5. MACD on a weekly basis is showing first signs of fatigue.

## DOW Daily Basis:



1. Color me bearish but the daily charts have already rolled over in my every humblest of opinions. That Rickshaw Man (??) doji on Tuesday June 17<sup>th</sup> has put in a nice MSH now, and this past Friday's limp candle is just adding to the overall picture. First support from our current levels comes from the Gann 1 x 1 angle right beneath Dow 9200. Lets see how long it holds.
2. Fifty percent of range on a daily basis would put next real support at Dow 8453.
3. The 1 x 2 support angle would seem to agree with the 8400 area.
4. Volume this quadruple witch Friday was actually pretty good. It may be the start of the move that's a coming.
5. The daily basis MACD is showing the first signs of the Bear Cross rollover.

## ES September E-Mini Daily Basis:



1. Friday's closing candle has actually failed the Gann 1 x 1 support angle.
2. Fifty percent of range would put first hard support down at ES 915 area.
3. 1 x 2 angle lends additional support at this same level.
4. I see 3 days of SELL volume here
5. MACD Bear cross has begun.

## NQ September E-Mini Daily Basis:



1. Like the S&P mini Friday's close has lost 1 x 1 angle support. That angle may now act as resistance.
2. Fifty percent of range would call for NQ daily support near 1145 or so.
3. 1 x 2 angle support is a bit lower then that down around NQ 1113.
4. Pretty high volume on Friday and it was SELL volume.
5. MACD seems to be telling us here that it is time to GET SHORT ROMEMAN...

## **Great Scott! 1.6 Jigawatts!**

So then, where is it these megacycles are taking us? Well! Not that I have ever been wrong, even once, about anything...

(except for the occasional stock market prediction and some character judgments...)

My vote is hell in a hand-basket, faster and farther then we have ever seen to date. Let me layout the apocalyptic outlook which I have projected in solving for the space-time continuum:

- Best case scenario: Dow 7844 in 13 trading sessions
- More likely scenario: Dow 7178 in 38.5 trading sessions
- Worst case scenario: Dow 5839 in 78 trading sessions
- GACK!

## **Right! But what if that KingCambo bloke has his head up the Khyber?**

As stated above, if I am wrong, not to say that I could be wrong, but just in case the possibility could develop that I might be wrong...let me give you Bullwinkle's something to drool over:

- Most likely scenario: Dow 10,556 in 13 trading sessions. Yeah...as if
- Dream case scenario: Dow 11,222 in 38.5 trading sessions. Don't Bogart that joint, my friend.
- Lottery Scratch Ticket Scenario: Dow 12,561.00 in 78 trading sessions
- Maria Buttafuco will love THAT scenario. Ava Maria, gee its good to see ya, doing the Vatican rag, yeah!

I have no confidence at all in any of the Bullwinkle scenarios.

## So then, what's the skinny?

- Bottom line Dow: Center Of Gravity = 9318
- Bottom line ES U3: Center Of Gravity = 975
- Bottom line NQ U3: Center Of Gravity = 1178

My strategy on this is a simple one. Until I see a solid move off of those centers of gravity I am just a humble daytrader working on my trading plan and concentrating on getting my 6 points per day.

Once I see the first cabana boy go over the pool deck, I will be putting some September strikes in my long term account. I am going with September because this cycle might take 78 "trading sessions" to exhaust itself. And I will be going with ITM's for safety.

Those of you who are low rent degenerate gambling piker types will likely want those nickel slot July way OTM's, but don't expect the meat of the move to all come at once.

Try not to be the first person to jump in a position, wait for a solid signal and more importantly wait for your signals to CONFIRM. Other than that, RAH-TAH Bullwinkle!

Those of you who are left scratching your loaf's and pondering what are these references to "Khyber" - are probably not up to speed on your Cockney. Let me leave you with a hint for now: What rhymes with Khyber Pass?

Happy Trading!  
KingCambo

