

No change in the view on the \$ index as trade from the June 3<sup>rd</sup> low at 78.35 is seen as a correction, and with an **eventual resumption of the longer term declines** after. May be forming a pennant/triangle, generally seen as a “continuation” pattern and adding weight to the view eventual new lows. Nearer term however, these patterns break down into 5 legs, leaving open **scope for more ranging within the pattern first** (see “ideal” scenario in red on daily chart below). So for now, would wait for bounce toward 80.80/90 (just before the ceiling), or a break below the base (currently at 79.75/85) to rebuild shorts. Note, would sell on an intraday break (versus waiting for a close) as these patterns often resolve sharply, and don’t want to be selling at significantly lower levels by waiting for the close (if that does indeed occur). Initially stop on a close above the June 8<sup>th</sup> high at 81.45/55, with the ceiling currently just before there at 81.30. Note that a close above would abort the view of a large pennant, but would not necessarily change the bigger picture view of eventual new lows (so would not immediately reverse to the long side).

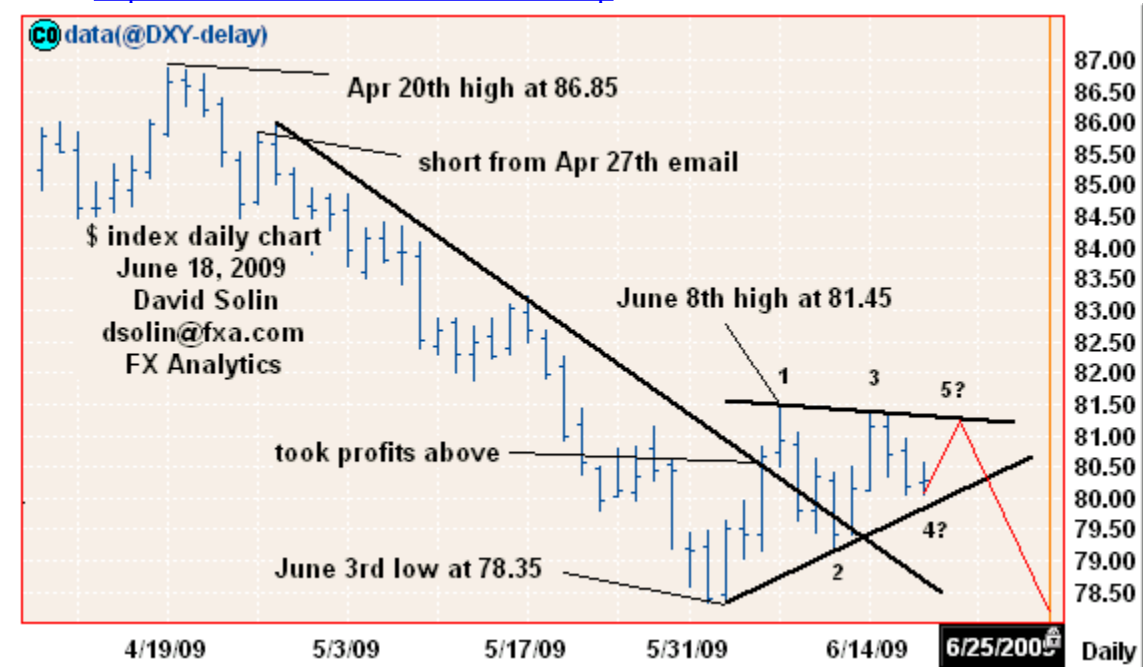
**Longer term**, also no change as the view of an extended period of wide (but tradable) ranging since late last year remains in place. As mentioned above, trade from the early June low at 78.35 is seen as a correction and with eventual new lows after. Note however, that **another downleg below 78.35 would be seen as the final decline in the whole fall from the March 4<sup>th</sup> high at 89.60** (wave 5, see numbering on weekly chart/2<sup>nd</sup> chart below), with some risk that those new lows (if they do indeed occur) may be limited. So for now, would maintain the longer term bearish bias that has been in place since the early March “false break” above the Nov high at 88.45, but will be watching closely for a more important low on a break below the 78.35 low.

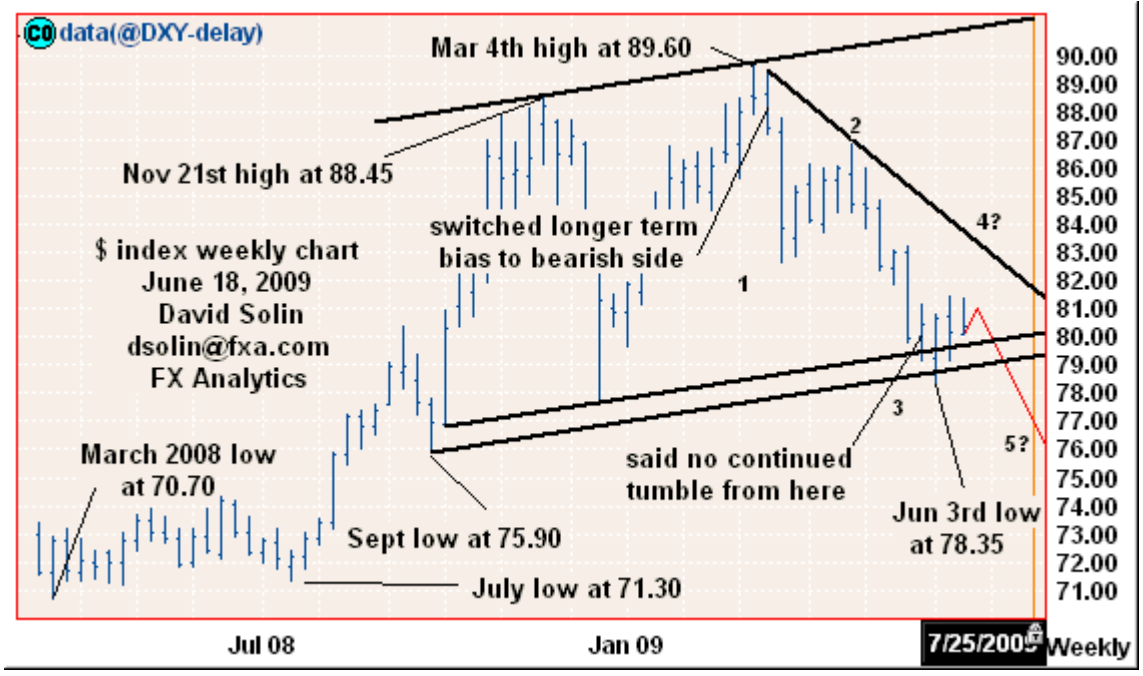
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