

DOW UPTREND INTACT

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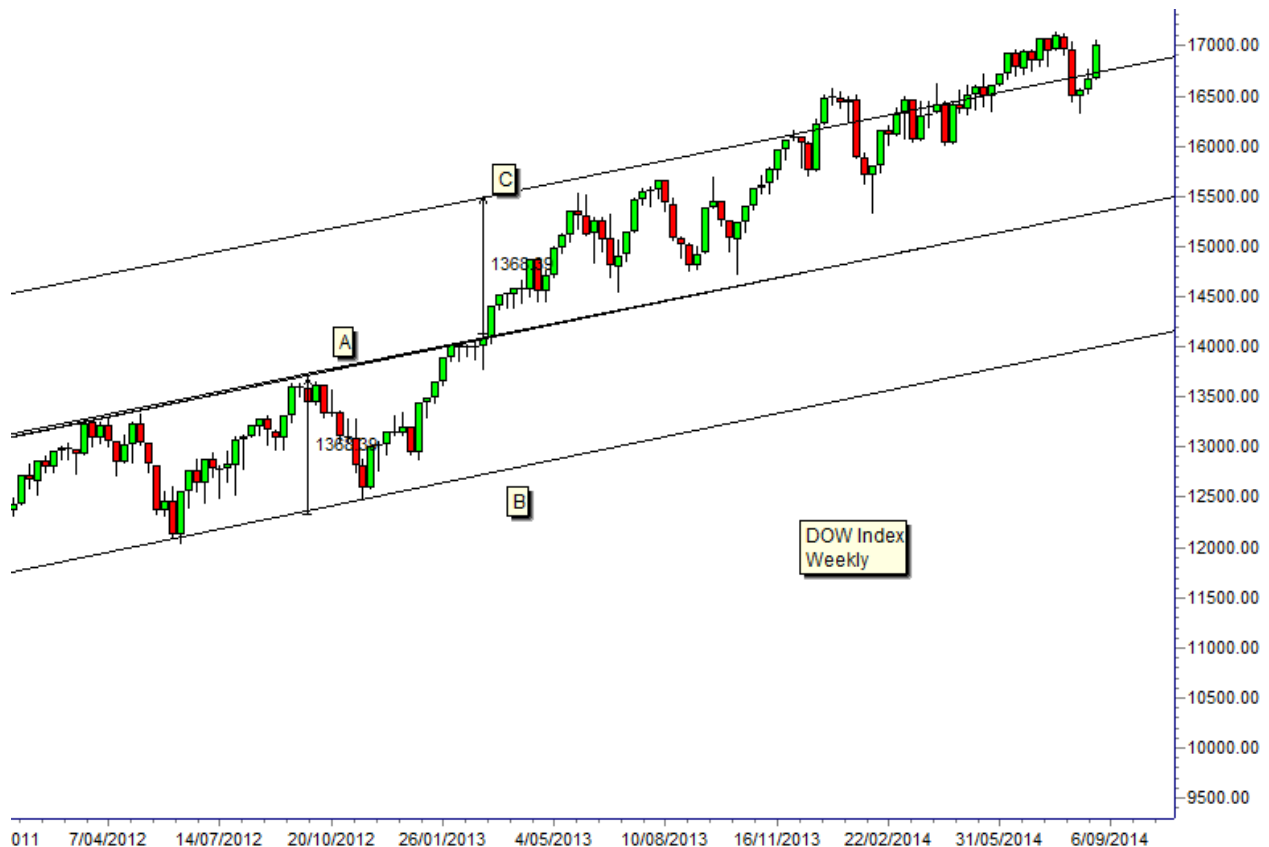
The Dow index fall from 17,151 to 16,333 was a fall of 4.8%. A technical correction in the market is a fall of more than 10%. The fall of 4.8% was just a minor retreat in the DOW and it is part of the trend consolidation pattern along the upper edge of a long term trading channel.

The upwards momentum has slowed a little and consolidation is developing around the value of the uptrend line.

There are two significant trend features on the DOW chart.

The strategic trend and the significant feature of the Dow is the up sloping trading channel defined by three trend lines. The upper trend line is trend line C and this provided support for the DOW as it retreated from 17,151. The DOW did not move far below this trend line and this suggests that this upper trend line is a very significant feature of the DOW uptrend strength.

Trend line A forms the middle core of the pattern. It is also the most well defined trend line. This trend line starts in February 2011. This acted as a resistance level in July 2011, and again in April and September 2012. The DOW broke out above this resistance level in February 2013.



Starting February 2013 trend line A has acted as a support level. The general market environment has been bullish with the DOW staying above trend line A. The breakout above trend line C in January 2014 was an unsustainable rally.

The lower edge of the trading band is shown with trend line B. This trend line was confirmed in June and November 2012. The width of this trading band was used to calculate the potential height of the resistance breakout in February 2013 and the position of trend line C. Trend line C defines the upper limits of the trading channel. The breakout above trend line C was bullish but it was unsustainable. The DOW retreat to trend line C as a support level was not a surprise. There is a high probability the DOW will continue to cluster around the value of trend line C. This confirms a continued bullish outlook for the DOW.

This series of trend lines sets the analysis framework for the up trend continuation. The longer term DOW upside targets are defined by the resistance level created by trend line C. This has a projected value of between 17,000 and 17,500 in 2014 December. This includes the upper and lower sections of the consolidation clustering activity around the value of trend line C. Clustering behavior includes dips below the line as occurred in 2014 February, April and August. Clustering includes limited moves above the line as occurred in 2014 May, June and July.