

Dow Jones testing resistance...

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Having cleared +134 points in last weeks trading sessions, the Dow Jones Index is back at our cited resistance level of 13340.

This level has been tested five times now and is certainly proving to be a both a barrier and a decision point which will provide us with a resolution soon. 13494 is the September 4th high which we need to watch closely in terms of an upside break. If this level is cleared then it is possible that we may head up towards the Fibonacci 0.786% level of 13686.

Depending on how traders perceive the Federal Reserve announcements this week, I am sure the bears will want to test the downside on any negative views. If this scenario takes place, then 13280 is a level we need to break below to see the downtrend resume again.

The intermediate term picture is a little messy right now.

We seem to be in a congestion zone and the first week of September provided a signal for traders to be positioned for the upside. However, my view is that since we know that September is a weak month, I am inclined to trade with statistics and therefore awaiting and positioning myself for signs of weakness.

If we at anytime head lower and break below the "intermediate term" pivot of 13011, then the doors could open to take the index to 13385.

Traders are feeling nervous right now and as prices of Gold and Crude Oil march higher, this may also have a negative correlation against the index.

Once the index decides on its chosen direction, I think we are likely to experience sharp moves again.

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