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DOW	+60.77	NASDAQ	-7.66	S&P 500	+1.46
12,158.60	+0.50%	2,648.08	-0.29%	1,258.54	+0.12%



JOHN NYARDI

High noon for Europe

France and Germany lead the "do or die" European summit meeting. Global markets are clearly losing their patience.



The Technical Indicator

Dec. 6, 2011, 11:19 a.m. EST

Market recovery meets technical resistance

Focus: Transports, IYT, ANSS, ALK, CAT, VRSK, SUN, IMAX

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By Michael Ashbaugh, MarketWatch

Editor's Note: This is a free edition of The Technical Indicator, a daily MarketWatch subscriber newsletter. To get this column, including 100 technical stock picks every month, click here .

CINCINNATI (MarketWatch) — While the market backdrop remains volatile, it's also distinctly technical.

Consider that each benchmark is vacillating near major resistance, and the response to these areas should set the near-term technical tone.



The S&P 500's hourly chart details the past three weeks.

As illustrated, the S&P is retesting resistance at its 200-day moving average, currently 1,264.

On further strength, next resistance holds at the November peak of 1,277, while its first notable support rests around 1,240.

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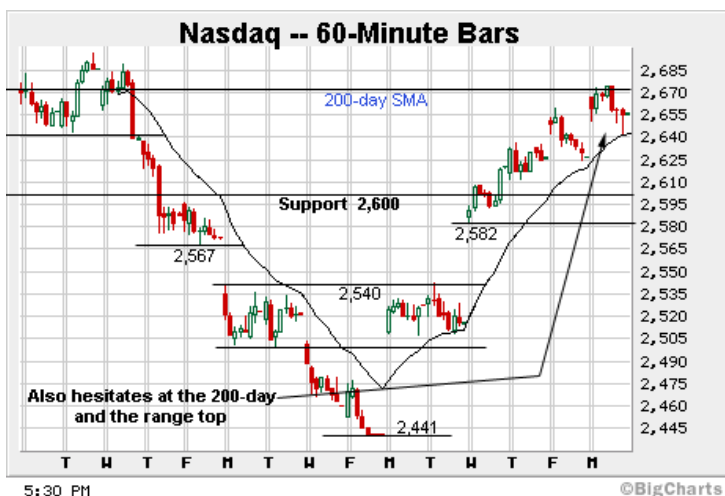
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Meanwhile, the Dow industrials' near-term backdrop is similar.

In its case, the index topped Monday at 12,186.5, matching the November peak.

This area remains first resistance, and is followed by significant overhead at its four-month high of 12,284.



And the Nasdaq Composite has also risen to major resistance.

Namely, its 200-day moving average, currently 2,672.

On further strength, additional overhead holds at the mid-November peak of 2,695.



Widening the view to six months adds perspective.

As illustrated, the Nasdaq has extended its break from a bullish island reversal.

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Its sustained rally attempt is constructive, and again, the 200-day moving average, currently 2,672, marks the next technical test.



Moving to the Dow, its six-month backdrop is stronger.

Consider that the blue-chip benchmark has sustained a slight break atop its 200-day moving average which currently holds at 11,944.

On further strength, significant resistance holds at 12,284, matching its four-month high.



And the S&P 500 has also rallied to significant overhead.

Namely, it's undertaking the third test of its 200-day moving average, and major resistance is typically cleared on the third or fourth approach.

The bigger picture

While the market backdrop remains volatile, it's also distinctly technical.

Consider that each benchmark has closely observed significant resistance as follows:

- S&P resistance at its 200-day moving average, currently 1,264. The S&P topped Monday at 1,266.
- Dow resistance at the November peak of 12,187. The Dow topped Monday at 12,186.5.
- Nasdaq resistance at its 200-day moving average, currently 2,672. The Nasdaq topped Monday at 2,674.

So more plainly, each benchmark has topped this week within two points of obvious

resistance.

And technically, the response to these areas should be a useful bull/bear gauge.

To the extent that the major benchmarks hold tightly to resistance, the chances of an eventual break higher improve. Conversely, a sharp sell-off from these areas keeps the bull/bear debate alive.



Against this backdrop, consider two additional points.

To start, the SPDR Trust S&P 500's [SPY +0.10%](#) major moving averages — its 50-day, and 200-day moving averages — are converging, as detailed last week. (See Dec. 1 column.)

As they converge, the bull or bear case “should” strengthen. A posture higher signaling a positive bias and vice versa.

And within this band, the S&P's third test of its 200-day moving average is currently underway.

Major resistance is typically cleared on the third or fourth approach, and this is widely-tracked technical territory.

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Mowz 1 hour ago

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My feeling is that this is a good time to keep your powder dry. As Benny Franklin said years ago, "A penny saved is a penny earned." With inflation, that penny is now worth ~\$4575.



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chalannnnn 41 minutes ago

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In my last post I commented that the daily charts of the markets and long ETFs were in a downtrend BUT the weekly chart were in control of this bounce in the markets and ETFs will try to retest the last peak due to short covering rally as the bears were clearly trapped, one only had to look at the weekly charts of the SPY and IWM to notice that, along with the Santa rally and IMO the same comment still applies once the move gets digested..



Repost:

Indeed the daily charts look like a dead cat bounce but the weekly charts of the SPY and IWM are in a sideways trend with a bias for the next leg higher IMO. The shorts are trapped on gap from yesterday judging by the red candle being traded over on their weekly charts.

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