



INSIDE THIS ISSUE

- 1 Market Commentary**
- 1 Market Stats**
- 2 Advance Decline**
- 3 Volatility**
- 4 STL Timing**
- 5 Weekly Outlook**

Market Commentary

By Rob Miraglia

Look it's a new format for SwingTradinglab!

To my member at Yahoo! Group -

<http://groups.yahoo.com/group/SwingTradingLab>.

I'd to welcome you to the new fresh look to our newsletter.

Swingtradinglab now has over 150 members and growing strong, shortly I'll be launching the website www.SwingTradingLab.com and it will some great stuff on it and for existing members I will add some extra value. Love to here your feedback.

SwingTradingLab@yahoogroups.com customer@swingtradinglab.com.

Major markets were mostly down last week except of course the commodities. The Dow dipped in the red every day last week, and ended up falling back below 12,000 on Friday. Throughout the week, fears about a potential slowdown weighed on investors' minds. On Tuesday, it was reported that consumer confidence dipped in October, while on Wednesday there were weak results from the housing and manufacturing sectors.

Last weeks newsletter I pointed out that it was likely that a dip occur this week and my studies in seasonal patterns and highlighting the "inverted" seasonal was bang on time!(More of that in my monthly report).

The SP was down nearly 1% and the DOW 0.73%. The NDX was down 0.69% while the DJT - Transports was hit hard falling 2.62%. Gold was a standout winner gaining \$27.15 on the spot price to \$626.50 now above the \$600 mark. Oil spot dipped slightly 22 cents but the XAU and the OIX gained 4.21% and 1.51% respectively. The 10 year yield gained 0.06 points to take it to 4.72.

Last week I also pointed out that volatility was very low relative to past months and to expect more to come. It all seems to be falling into place but we can't rule out that there doesn't seem to be any real bad news around the corner...as yet.. to force the market lower. There are signs of some bullish sentiment and the pace isn't lightning but it's just nice and steady just the way the Fed likes it.

Keep a careful watch make sure you have your stop on the indicies are approaching support levels. My indicators below will help us guide the week to 4 weeks. Please read on.

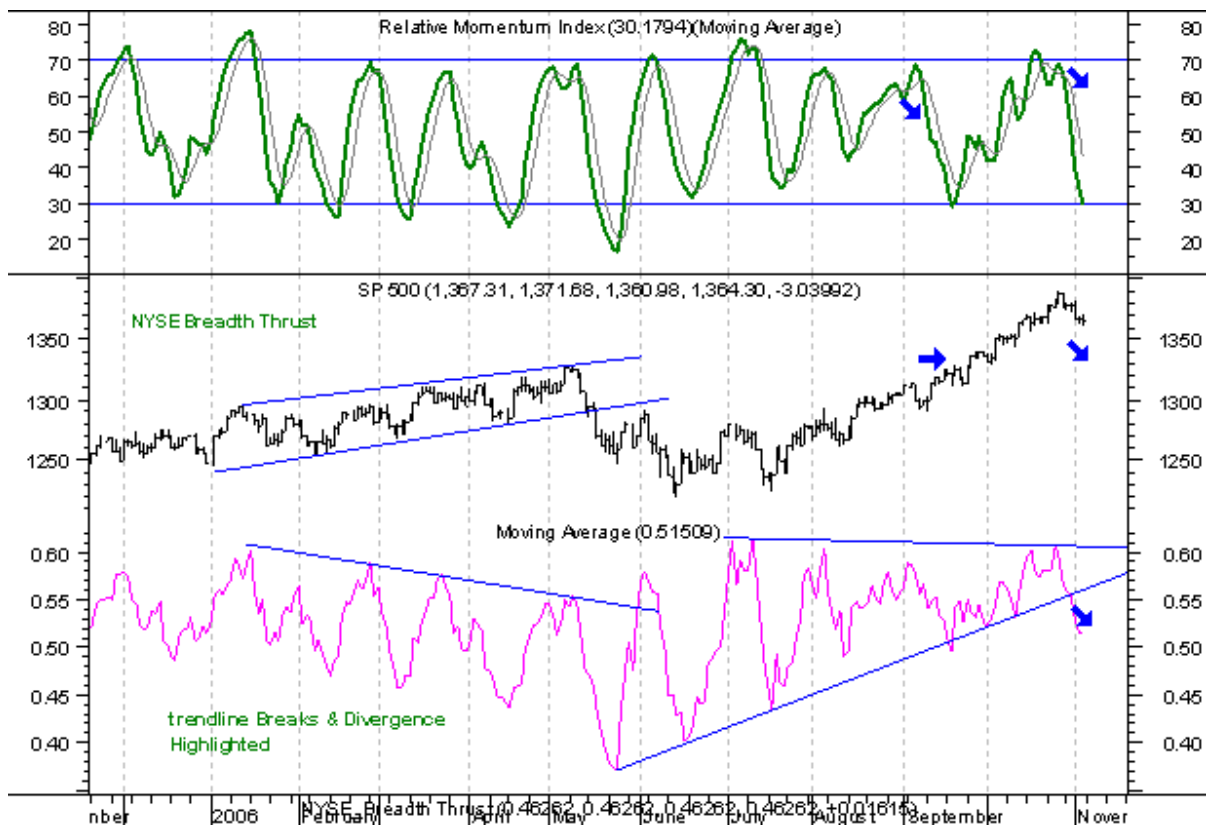
Market Stats

Date		3-Nov-06		
Major indexes	This Week Close	This Week Open	Change	% Change
SP 500	1364.3	1377.3	-13	-0.94%
Dow Industrial Average	11986.04	12074.01	-87.97	-0.73%
Nasdaq 100	1703.98	1715.79	-11.81	-0.69%
DJT - Dow Jones Transport	4612.66	4736.74	-124.08	-2.62%
DJU - Dow Jones Utility	445.76	447.63	-1.87	-0.42%
DJC - Dow Jones Commodity Index	169.75	168.69	1.06	0.63%
XAU - Phl Gold & Silver Index	139.35	133.72	5.63	4.21%
OIX - CBOE Oil Index	618.88	609.67	9.21	1.51%
TNX - 10 Year Yield	4.72	4.66	0.06	1.29%
Gold Spot	626.5	599.35	27.15	4.53%
Oil Spot	59.15	59.37	-0.22	-0.37%

Advance-Decline

NYSE - Breadth Thrust Indicator

I like the Breadth Thrust indicator it is a short-term indicator of Advancing stocks over Declining stocks with a 10ma. I use an oscillator like the (RMI) Relative Momentum Index to show turning points. It's been quite accurate of late. A top formation has occurred this as we pointed out last week but this might be to support levels so a continuation of the trend is likely if the index makes new highs otherwise we see some channel formations occur. Take a note that the moving average formed a triangle and the this weeks break below will need to be confirmed with further decliners. We also need to keep in mind that the trend has been strong from early August and the September dip in the Breadth Thrust didn't halt the forward march. The trend is strong so it will take some significant news to switch the flow.

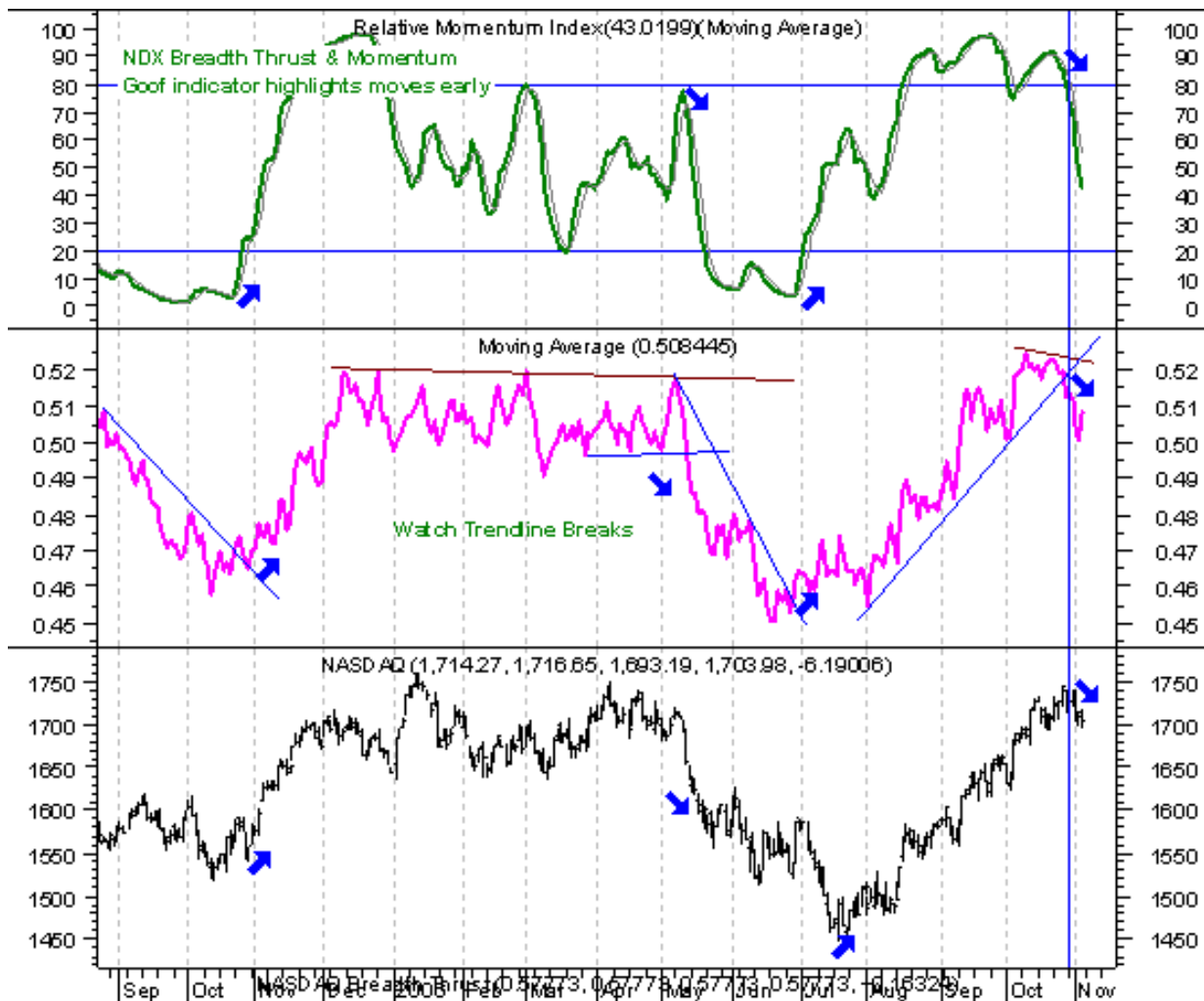


NASDAQ - Breadth Thrust Indicator

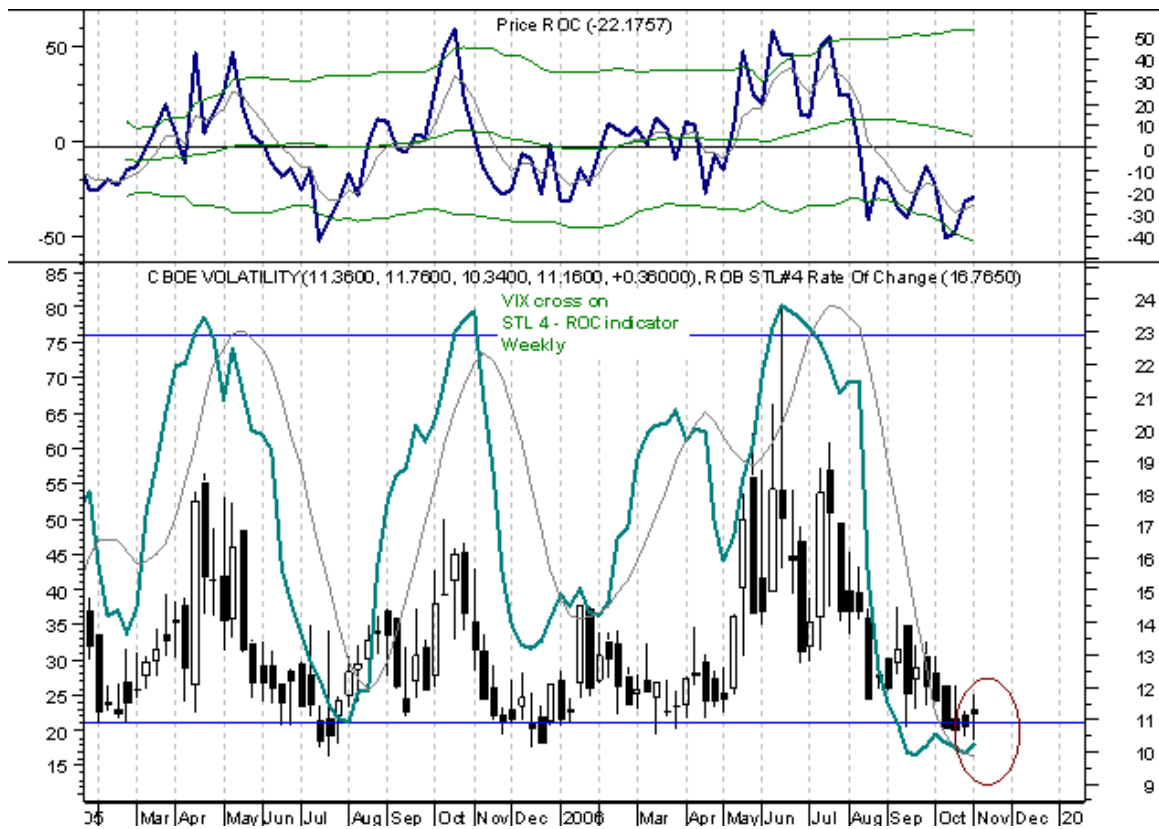
Nasdaq Breadth Thrust has really been quite accurate over the year as you can see I have highlighted the arrows on the indicators and the index itself showing the peaks and troughs formed. The indicator has recently broken to the downside as the index reaches the 52 week highs.

The Nasdaq Breadth Thrust is similar to the NYSE but the top formation is looking a little more mature and the relative momentum indicator has now turned down.

We might expect more downside potential the only caveat is the strength of the earnings reports and more take-over targets as the bigger companies start look to expand and consolidate.



Volatility



Volatility VIX - I have placed a weekly chart of the VIX with my STL #4 Rate of Change indicator. Notice that the indication is now at a 2 year low on the weekly chart showing that's its at extreme low levels and the likelihood of higher volatility is pressing more than ever.

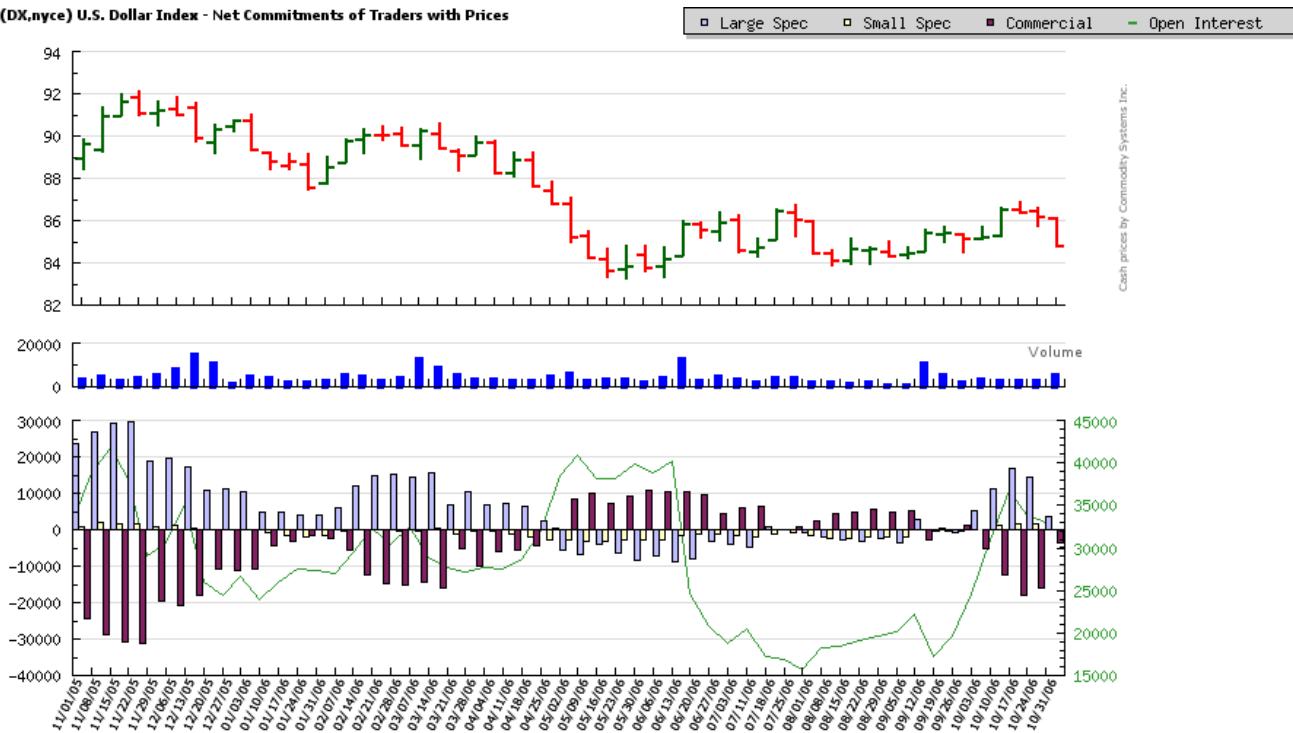
Commitment of Traders - COT

COT - Dollar Index

The DX has been rangebound from May of this year between 84-87 with low levels of Open Interest. This time it seems to a little different where Commercial Traders have over the last 3 weeks been accumulating Short positions in this market. OI is now at a relatively high level and this is showing signs of a short sell set up.

The DX had a little dip last week and looks to the support levels again. Careful watch at supports and breaks below the 84 mark are significant. Also keep an eye on the other spot pairs eg. USD/Yen as that will indicate if the market is moving against the USD or is just profit taking.

(DX.nyce) U.S. Dollar Index - Net Commitments of Traders with Prices

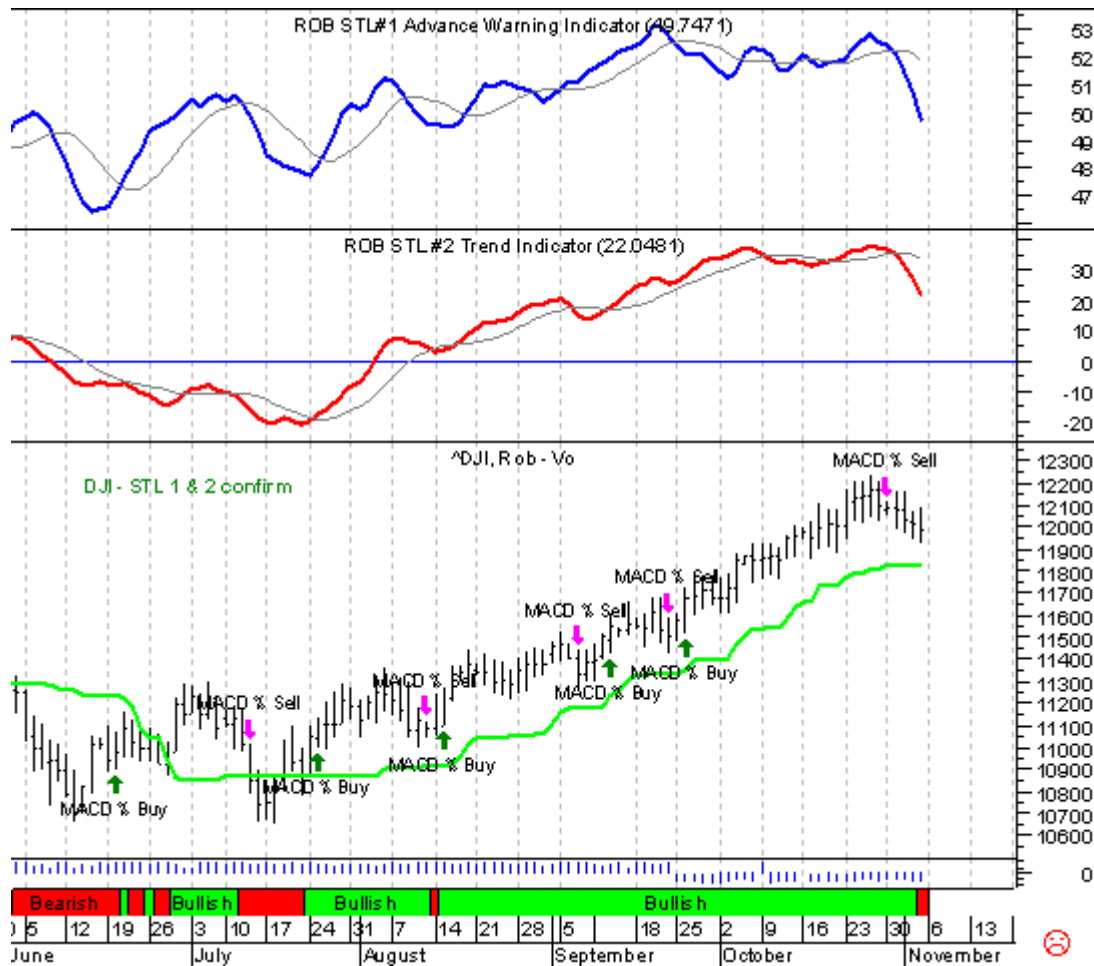


----- Weekly Price -----				--- Large Speculators ---			----- Commercial -----				-- Small Speculators --		Open			
Open	High	Low	Close	#	Long	Short	Bullish	#	Long	Short	Bullish	Long	Short	Bullish	Intrest	
85.25	85.70	85.07	85.26	10/03/06	55	13,482	8,270	62%	15	5,596	10,808	34%	2,342	2,342	50%	24,522
85.34	86.65	85.25	86.57	10/10/06	64	19,053	7,823	71%	15	5,704	17,939	24%	3,240	2,235	59%	30,911
86.53	86.87	86.33	86.42	10/17/06	63	24,649	8,001	75%	16	6,282	24,467	20%	3,399	1,862	65%	36,745
86.48	86.64	85.70	86.18	10/24/06	57	21,741	7,513	74%	15	5,855	21,682	21%	3,652	2,053	64%	33,789
86.17	86.17	84.73	84.83	10/31/06	45	11,910	8,172	59%	15	15,248	18,825	45%	2,832	2,993	49%	32,961

copyright 2006
software North LLC

Timing Indicators

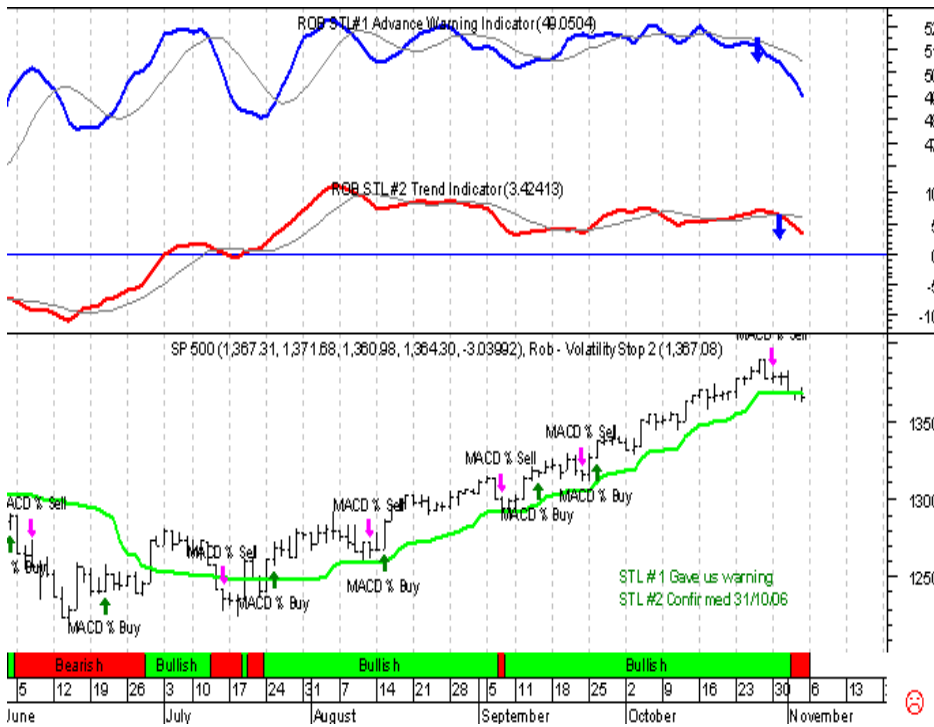
DJIA - Dow Jones Industrial Average



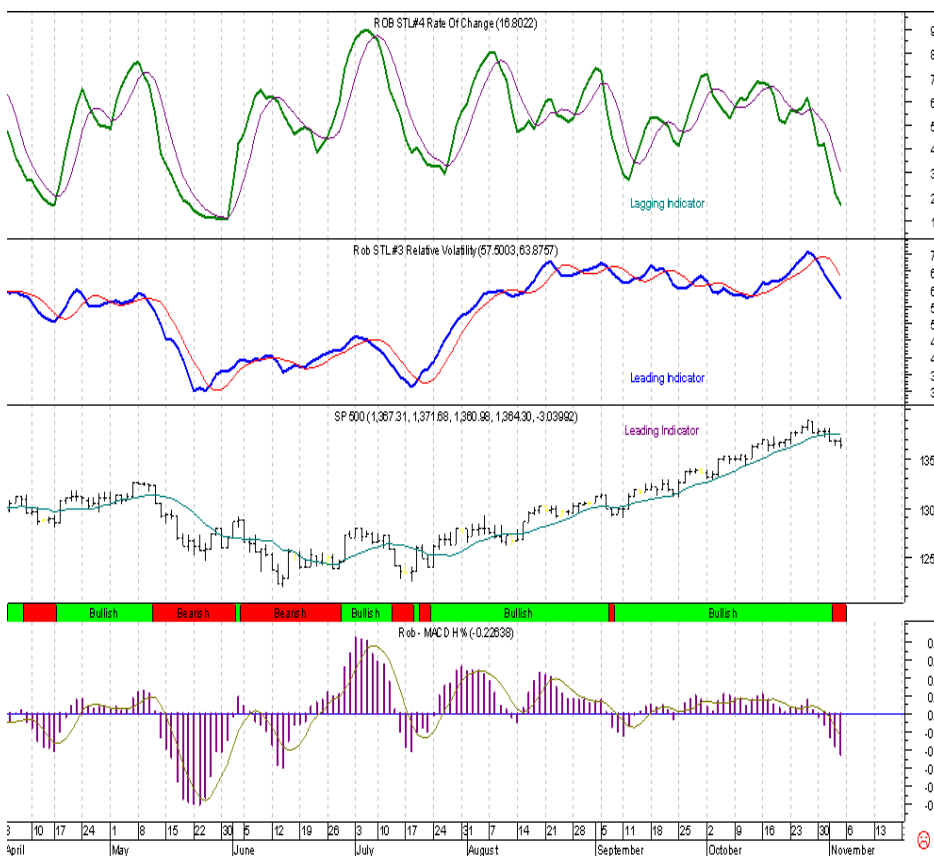
Well last week I said the DJIA was still strong and it still looks it but my STL #1 & 2 both turned against the DJIA. The last bastion is the green volatility stop line that forms the support line. You can see as the DJIA dipped below the green line last July then moved up as both my indicators turned upward the trend was set.

I'm thinking that there is more top and bottom action going to occur next week, ie. Channeling to resistance then supports.

SP 500

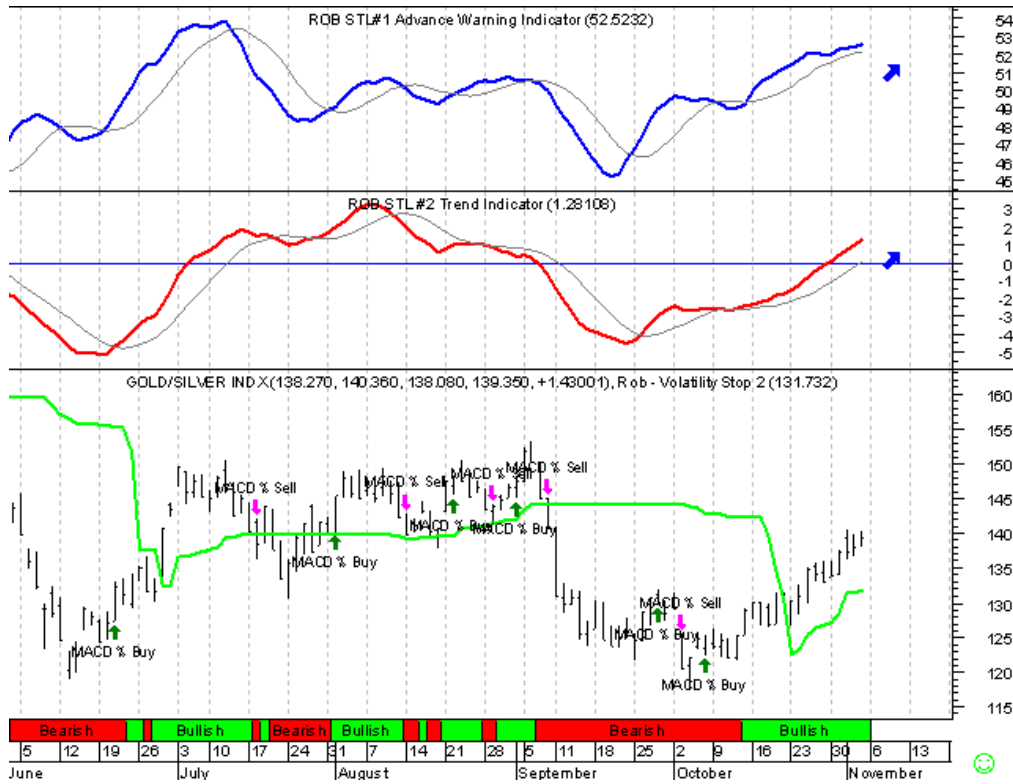


SP 500 - ohh this is really looking interesting. Both my STL 1 & 2 have turned down and the index is touch and go on the green volatility line. A clear break below the green line will mean a retracement to major support levels .



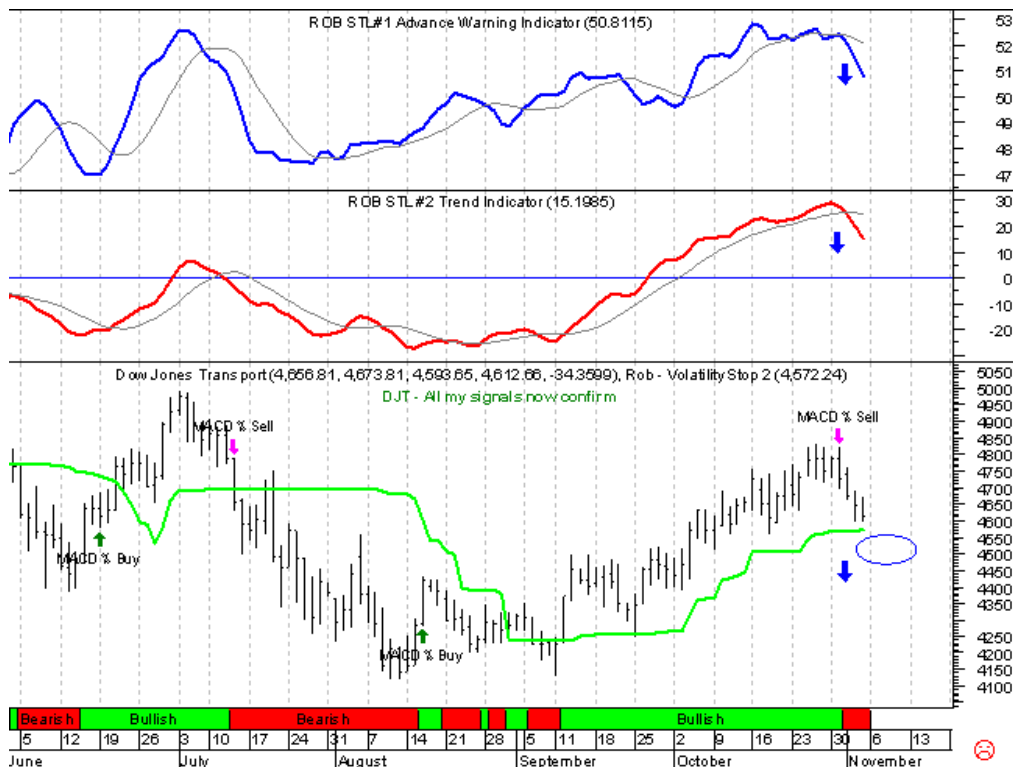
I'm looking at my STL # 3 Smoothed Relative Volatility and the STL # 4 ROC indicators with a MACD below. The STL #4 has really moved south quickly.

XAU - Gold/Silver Index



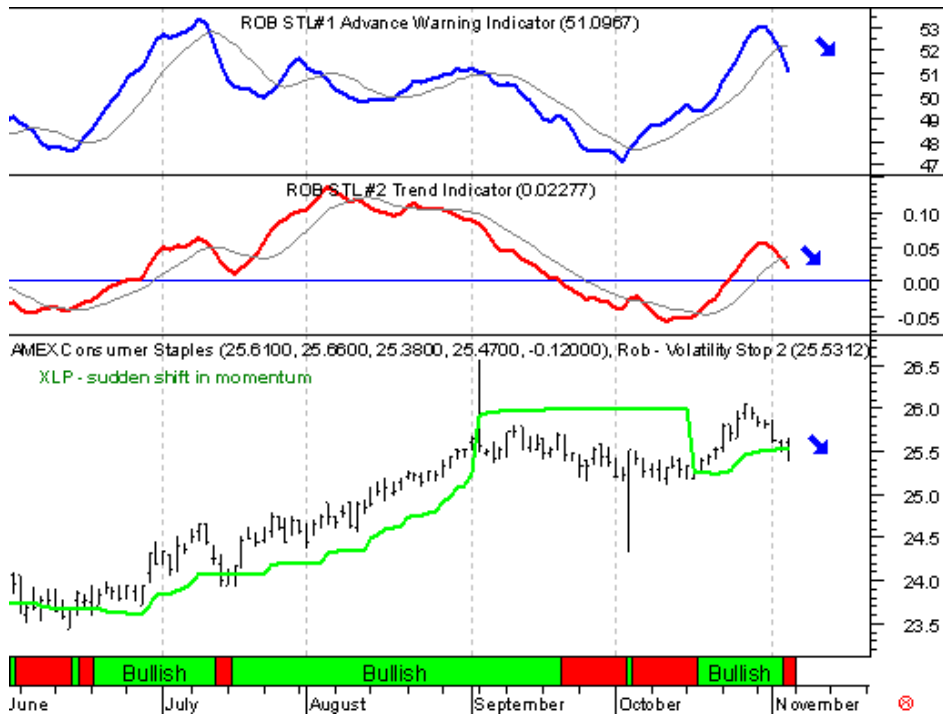
STL indicators are strongly positive. 140 remains a resistance area. A break above then goes to 145 and 150 area. Supports are 134 to 135 area.

DJU - Dow Jones Utilities

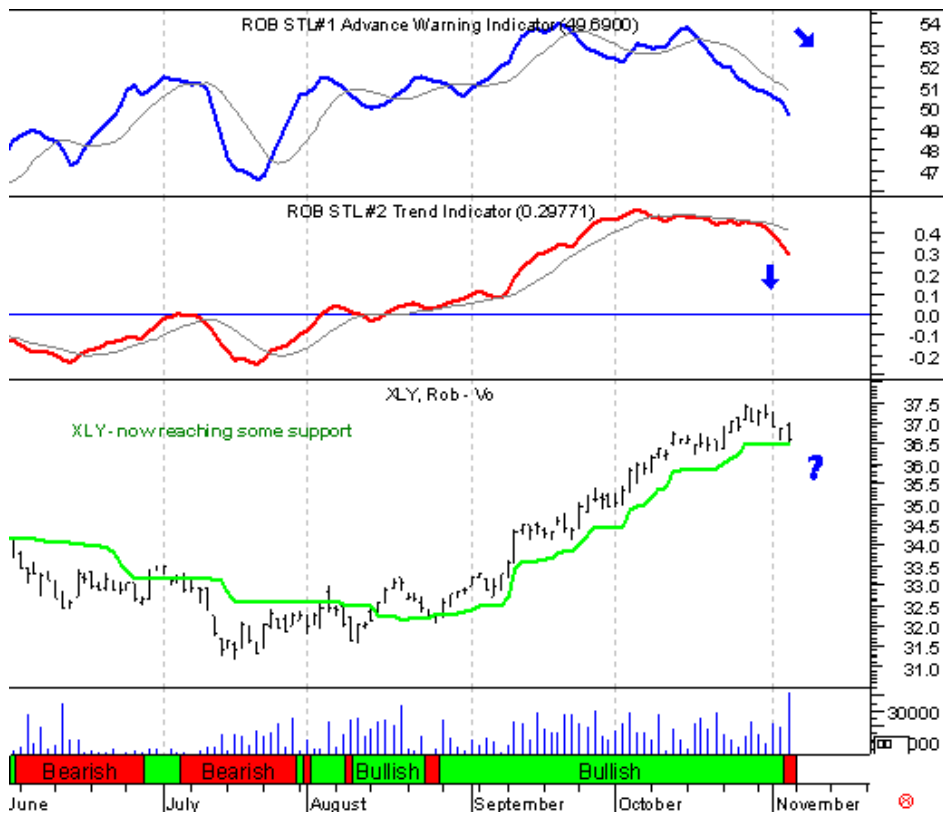


DJU - both STL #1 & 2 are now below the indicator line and the DJU will stay above the green line to remain in the trend.

XLP - AMEX Consumer Staples

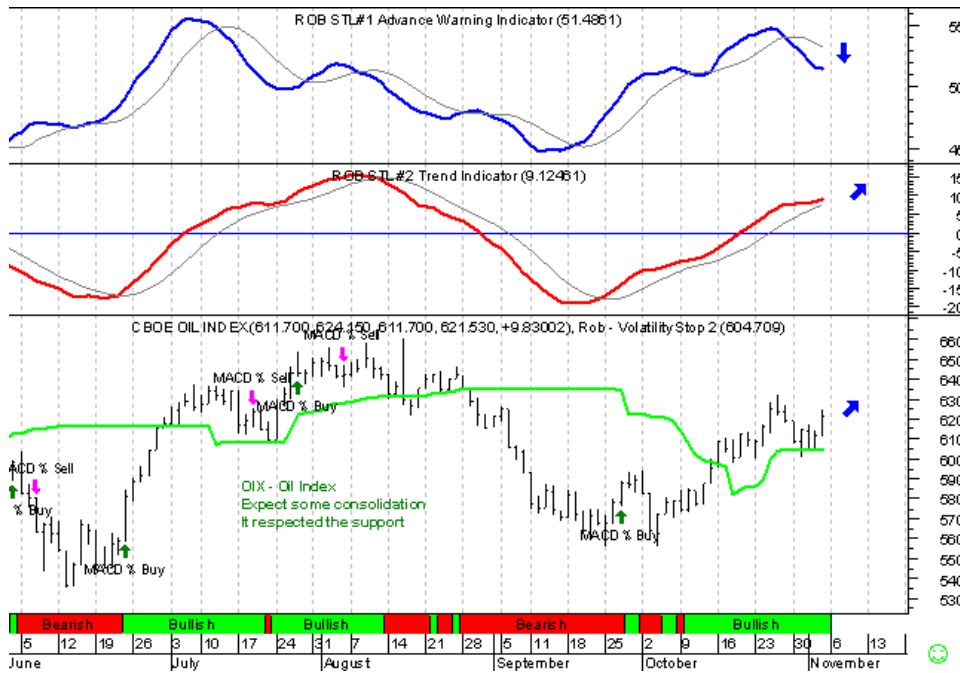


XLP - AMEX Consumer Staples has turned sharply and although its just broken the green support line it will need to be confirmed with a further 2 closes below before we start looking at the next support level.



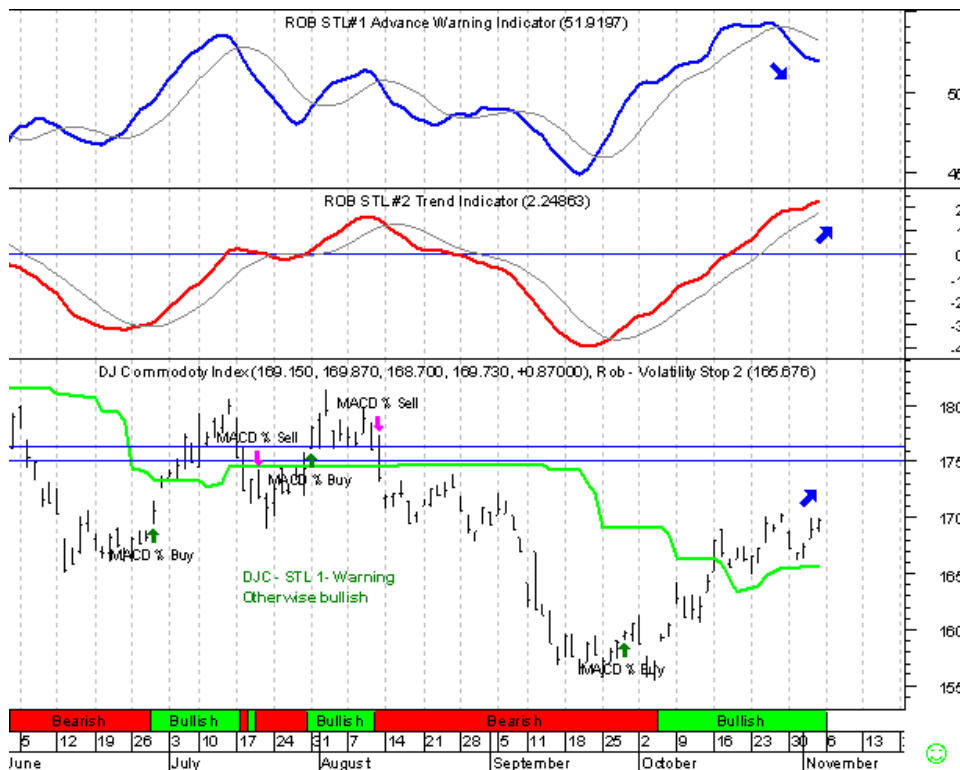
XLY - Consumer Discretionary has been the standout of late but my indicators have been be warning for the last few weeks, we are now at a decider. Next week will tell us if the XLY will break or continue north.

OIX - CBOE Oil Index



OIX - CBOE Oil Index. Last week I pointed out a 3 tick pattern that has occurred again dipping to a support level this time. Current signs are still premature and my STL #1 Advance Warning is turning but not confirmed as the STL # 2 is still positive and the price remains above the green volatility stop.

DJC - Dow Jones Commodity Index



DJC - is very similar to the OIX as oil is the big influence on this market as too gold.

Gold has been the stand out winner this week and oil fairly steady. Commodities in general look to make another run to resistance levels.

Outlook for the Week

A section from last weeks outlook: *"The major indices are still trending up and despite the overbought status particularly the NDX you would think a retracement to support levels is now due. Friday's sell off may well be the start."*

In fact last Friday's dip was the start of a small sell off and consolidation in the stocks particularly the SP 500 which is looking and balance point. A break below support levels will see further lows. All the major indexes are looking the same although the DOW is the strongest of the bunch.

Over 80% of the S&P 500 has now reported, and the aggregate operating earnings gain should come in near 21%. That is up from an expected 18% just a week ago. It was unquestionably a fantastic quarter.

The focus is now on just how much economic growth is slowing. The third quarter GDP number released October 27 set the tone, when it came in it at a 1.6% real annual growth rate. On Monday, Wal-Mart reported a meager 0.5% October same store sales gain. That raised concerns that consumer spending was slowing significantly. As more reports were released it was

showing a mixed bag but there were some fears that the "soft landing" the Fed is trying to achieve might be accelerating to harder than expected landing and the indexes steered the way.

The NDX and the SP are at the "make-or-break" area and if further economic reports come out showing more negative data then expect further dips and some possible breaks below major support levels. My indicators have turned negative but we have to bear in mind that the past 4 months the trend has been so strong and to expect a sudden downturn is a little out of reach. In short if news is positive then watch for a run to resistance levels.

The XAU is the strongest of the lot with a strong drive now to the next resistance area of 150 likely and if the DX falls further then gold is expected to run. The other sectors are I'm more undecided and would prefer to wait it out.

Good Luck.

Rob Miraglia