

## >: This Candlestick "Evening Star" Pattern is a Bearer of Bad Tidings

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It was surely negative news on June 15, 2009 when the Dow Industrials price bar made an "outside-down" day and, in so doing, bearishly engulfed the Candlestick "real bodies" of the nine preceding days. I do not recall ever having seen such a bearish pattern, anywhere.

That was the "left shoe." We've been waiting to see whether it was just a fluke, or whether a pattern might emerge that we might call the "right shoe." After trading concluded last Friday, we found what we were looking for: it is an "Evening Star" pattern in the Weekly chart of the Dow.

This particular Candlestick pattern is considered bearish. It is composed of three price bars. The first is a tall white candle, signifying a rise in prices during the time period. The second bar shows a small candle near or above the top of the price range of the first candle. The third bar will be a tall black candle, denoting a clear change of trend to the downside. That is exactly what we see in the Dow for the three-week period which ended last Friday.

The proof of the pudding began to come about yesterday when the Dow fell 200 points, which does not make for an auspicious start for the week.

If prices continue to fall, where might they be headed? Natural retracements of the rise since March 10 lie at the .382, .50, .618, and .786 levels "approximately 7930, 7650, 7375, and 6975, respectively. Of course, if the rise since March 10 is a correction of an underlying bear market rather than a return of the bull market, then the rise will eventually be fully retraced, and then some. On the other hand, we have not seen a degree of optimism or euphoria during the Rally which would suggest that it has run its upward course.

Interesting days lie just ahead.

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