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Hello everyone and Happy New Years.

2006 was a solid year in the market with regards to offering us many trading opportunities, and we expect 2007 to be equally good.

In today's ChartSpeak, we do a summary of the Dow, Nasdaq, S&P 500, and Russell 2000 monthly, weekly, daily, and 60-min charts.

The market is closed Tuesday in honor of former Pres. Ford, but we'll send out a report summarizing the charts of oil, gold, silver, the dollar, bonds and others.

On Wednesday, we'll send out a report talking about why the market should continue to rally strongly, and then on Thursday we'll offer a few warning signs and reasons to be cautious.

Let's get to it.

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The Dow monthly, weekly, daily, and 60-min charts...



The Dow Monthly broke out to new highs in 2006 and closed the year at the highest monthly close ever. The index has moved 73% off its 2002 low.

\$INDU (Dow Jones Industrial Average) INDX

© StockCharts.com

29-Dec-2006 **Open** 12341.94 **High** 12529.88 **Low** 12337.05 **Close** 12463.15 **Volume** 1.0B **Chg** +119.93 (+0.97%) ▲

📉 \$INDU (Weekly) 12463.15



Higher highs and higher lows characterize the Dow weekly chart the last 4 years, and the index closed this past week at its highest weekly close ever.

\$INDU (Dow Jones Industrial Average) INDX

© StockCharts.com

29-Dec-2006 **Open** 12500.48 **High** 12526.03 **Low** 12451.13 **Close** 12463.15 **Volume** 306.7M **Chg** -38.37 (-0.31%) ▼

📉 \$INDU (Daily) 12463.15



The Dow daily chopped around the first half of 2006 and then steadily rallied the last 6 months. The index made a new all-time high just two days ago.

\$INDU (Dow Jones Industrial Average) INDEX

© StockCharts.com

29-Dec-2006

Open 12500.48 **High** 12526.03 **Low** 12451.13 **Close** 12463.15 **Volume** 306.7M **Chg** -38.37 (-0.31%) ▼



The shorter term trend shown here with the 60-min chart is steadily moving up.

The Nasdaq monthly, weekly, daily, and 60-min charts...

\$COMPQ (Nasdaq Composite) INDEX

© StockCharts.com

4-Dec-2006

Open 2430.73 **High** 2455.67 **Low** 2392.95 **Close** 2448.39 **Volume** 3.9B **Chg** +16.62 (+0.68%) ▲

Ⓜ \$COMPQ (Monthly) 2448.39

— MA(12) 2281.75



The Nasdaq is well of its own all-time highs, but its move off the 2002 low is bigger than that of either the Dow or S&P. We like the Nas to lead, and that's what it's done the last 4 years. It's 118% off its 2002 low.

\$COMPQ (Nasdaq Composite) INDX

© StockCharts.com

29-Dec-2006

Open 2397.76 **High** 2437.38 **Low** 2397.68 **Close** 2415.29 **Volume** 4.8B **Chg** +14.11 (+0.59%) ▲

📊 \$COMPQ (Weekly) 2415.29



Higher highs and higher lows characterize the Nas weekly, and the question now is whether the top trendline drawn, which has identified areas the index has run out of energy, will hold or whether the little consolidation pattern shown in blue will resolve to the upside and launch the next leg up.

\$COMPQ (Nasdaq Composite) INDX

© StockCharts.com

29-Dec-2006

Open 2422.27 **High** 2437.38 **Low** 2413.43 **Close** 2415.29 **Volume** 1.4B **Chg** -10.28 (-0.42%) ▼

📊 \$COMPQ (Daily) 2415.29



The daily Nas chart shows a better shot of the recent consolidation.

\$COMPQ (Nasdaq Composite) INDX

© StockCharts.com

29-Dec-2006

Open 2422.27 High 2437.38 Low 2413.43 Close 2415.29 Volume 1.4B Chg -10.28 (-0.42%) ▼

— \$COMPQ (60 min) 2415.29



The Nas 60-min chart magnifies the consolidation period. The trend is up, so we expect the pattern to resolve up.

The S&P 500 monthly, weekly, daily, and 60-min charts...

\$SPX (S&P 500 Large Cap Index) INDX

© StockCharts.com

4-Dec-2006

Open 1400.63 High 1411.23 Low 1385.93 Close 1409.12 Volume 4.9B Chg +8.49 (+0.61%) ▲

📊 \$SPX (Monthly) 1409.12

— MA(12) 1317.54



The S&P monthly closed at its highest monthly level ever and is trying to invalidate the top trendline which is drawn at the same slope as the bottom line. If successful, the index could go parabolic and make a run at the all-time highs. The S&P has rallied 84% off its 2002 low.

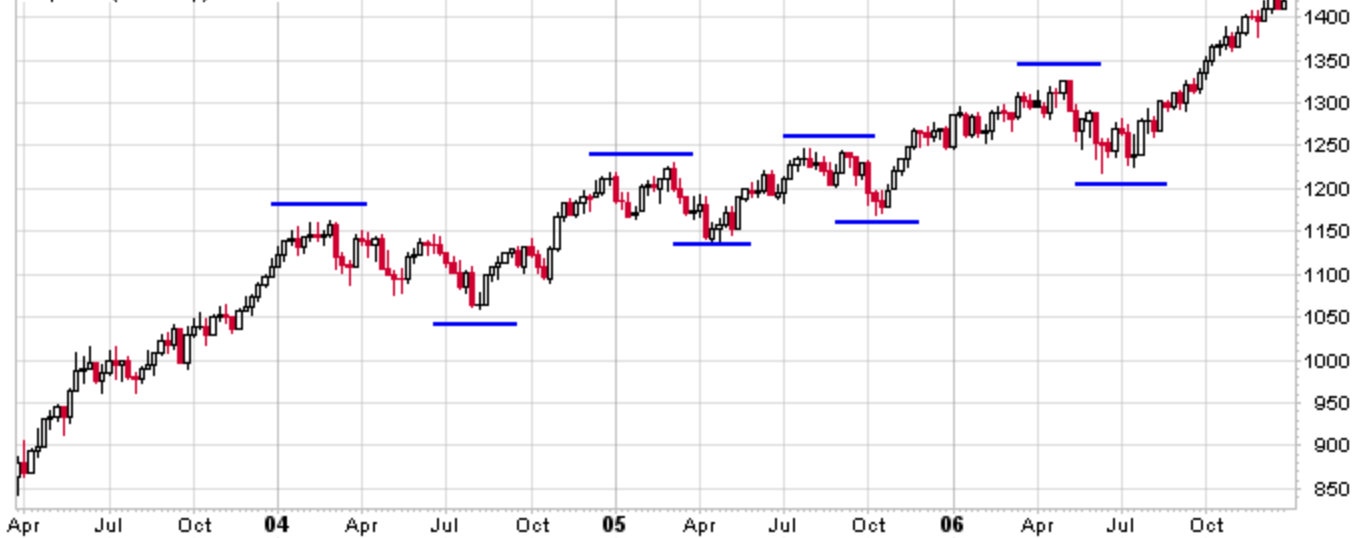
\$SPX (S&P 500 Large Cap Index) INDX

© StockCharts.com

29-Dec-2006

Open 1410.75 **High** 1427.72 **Low** 1410.45 **Close** 1418.30 **Volume** 5.1B **Chg** +7.54 (+0.53%) ▲

📉 \$SPX (Weekly) 1418.30



Higher highs and higher lows characterize the S&P weekly action the last 4 years. Visual inspection reveals the possible need to pull back 50-100 points, but when too many expect the same thing, it never happens.

\$SPX (S&P 500 Large Cap Index) INDX

© StockCharts.com

29-Dec-2006

Open 1424.71 **High** 1427.00 **Low** 1416.72 **Close** 1418.30 **Volume** 1.4B **Chg** -6.43 (-0.45%) ▼

📉 \$SPX (Daily) 1418.30



Like the other indexes, the S&P chopped around the first half of 2006 and then steadily moved up the last 6 months.

\$SPX (S&P 500 Large Cap Index) INDX

© StockCharts.com

29-Dec-2006

Open 1424.71 High 1427.00 Low 1416.72 Close 1418.30 Volume 1.48 Chg -6.43 (-0.45%)

— \$SPX (60 min) 1418.30



Perhaps the S&P 60-min chart is at support, but there are so many layers of support below the current level, I would not be too concerned if the index penetrated the trendline. The trend is solidly up.

The Russell 2000 monthly, weekly, daily, and 60-min charts...

\$RUT (Russell 2000 Small Cap Index) INDX

© StockCharts.com

4-Dec-2006

Open 785.71 High 796.56 Low 773.06 Close 795.85 Chg +9.73 (+1.24%)

📊 \$RUT (Monthly) 795.85

— MA(12) 744.56



The Russell monthly closed at its highest level ever and is a whopping 142% off its 2002 low.

\$RUT (Russell 2000 Small Cap Index) INDX
29-Dec-2006

© StockCharts.com
Open 780.29 High 798.53 Low 779.80 Close 787.66 Chg +6.84 (+0.88%) ▲



Higher highs and higher lows characterize the Russell's weekly action the last 4 years. The index prematurely broke out from a large symmetrical triangle pattern and is now regaining its spent energy in a little consolidation pattern.

\$RUT (Russell 2000 Small Cap Index) INDX
29-Dec-2006

© StockCharts.com
Open 794.44 High 795.96 Low 786.84 Close 787.66 Chg -6.82 (-0.86%) ▼



The Russell daily shows a shot of the current consolidation relative the recent move. Although the index is near its highs, it's not much higher than it was last spring.

\$RUT (Russell 2000 Small Cap Index) INDX

© StockCharts.com

29-Dec-2006

Open 794.44 High 795.96 Low 786.84 Close 787.66 Chg -6.82 (-0.86%)



The Russell 60-min looks like the Nas...it's been moving sideways the last 6 weeks. Higher lows and lower highs - pressure is building.

Charts Summary...

The monthly charts are in solid uptrends. The Dow and Russell are at all-time highs while the S&P and Nasdaq are at 6-year highs.

The weekly charts are characterized by higher highs and higher lows the last couple years. The Dow and S&P are steadily moving up; the Nas and Russell have been consolidating the last 6 weeks.

The daily charts are near their highs and highlight the consolidating periods mentioned above.

Ditto for the 60-min charts.

The Bottom Line...

The bottom line is pretty simple...the trend is solidly up, so we should continue focusing our efforts on the long side.

Don't fight the trend. Don't make trading harder than it already is.

Trade only the good ones. You only need 1 or 2 good plays each week to make solid profits, so ask yourself before each entry: "is this one of those good ones?"

Good luck in 2007.

Have a safe and happy New Years.

Jason Leavitt

Leavitt Brothers

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