

Good morning everyone. Welcome to Tuesday morning..

It's Stephen Whiteside here from Theuptrend.com. In the pre market.

this morning stock index futures are currently down below fair value..

Down future is currently down 190 points..

The market was fairly quiet and trading.

right around fair value for most of the morning..

So the sell off we're seeing right now has started recently..

Of course it could change but from where I'm sitting right now it looks like we're.

going to see some selling at the open on Tuesday morning..

Well the biggest story in the investment world yesterday was the continued decline.

of the Chinese market which gapped lower once again..

So here we are seeing.

this is what Panic Selling is and of course you do not want to consider.

shorting the Chinese market at the moment even though it could go lower..

This would be the highest risk time to do that..

This of course is the time and place..

If you're interested in the Chinese market.

and interested in Chinese stocks, you should be doing your homework right.

now and looking for which stocks you want to buy on the way back up..

But across the board Chinese stocks got hit hard yesterday..

Whether you're looking at Baidu or Ten Cent, they both gap lower..

All the Chinese stocks gap lower and a lot of North American stocks that have large.

Chinese exposure also got hit hard yesterday..

So Las Vegas Sands, Starbucks are two examples..

One example that didn't really get hit hard yesterday is Nike..

Nike comes up in just about every.

conversation about the Chinese market and Chinese exposure..

But the Nike shares were down just a little over half a percent yesterday..

If Nike starts running to the downside of course that could hurt the Dow then.

Nike is a Dow 30 stock and right now all the excitement in the market is focused.

around the Dow and the Dow 30 which made a new high for this move yesterday..

So confidence in my mind I'm not very confident in what's going on..

I would much rather see more of a risk on trade right now..

I'd rather see technology stocks lead.

the market higher and I'd rather see chip stocks lead the technology stocks higher..

And then of course you can look and see what Microcaps are doing..

There's the Ishares, Microcap ETF..

There's the Venture exchange in Canada..

In both situations we're not really trending anywhere at the moment and so.

this is still a risk on situation and people are flooding into those big Dow.

30 stocks but not the rest of the market just yet..

Next up, let's take a look at the VIX..

And what I've noticed about the VIX of course is there's no early warning.

signals up here as there were back at previous peaks..

We seem to be stuck in a range right now..

If you can see that we need to head down.

towards the \$20 level if we're going to get a Christmas rally,.

but right now we're stuck in a range we've been in for a few weeks now..

And so 34.38 at the highs and 28.13..

We traded down just above the 28.13 level.

a few times and are finding support down there..

So we're looking for a breakout of this.

range to tell us which way we're going to go next..

You can see we're still above the Flypaper Channel..

You can see we are in a short term sell signal, which is bullish for stocks..

That would change this week if the VIX were to close above 32.13..

And if we can get above 30 213, then I would expect we're going to take.

out the recent highs and head towards the \$40 area..

Next up, let's take a look at those megatrends..

And the US dollar index is officially back on a shortterm sell signal..

Again. We're range bound here..

We put in a recent high and a recent low..

We're still trading within that range, so that doesn't tell us much just yet..

The Euro is back on a buy signal and again.

we'd get more excited if we took out the high from early October..

And the Canadian dollar is back on a buy signal, pulled back into the channel.

yesterday, so back on a buy signal as of Friday's close..

And the British pound has been treading water over the past few days..

Not much movement yesterday,.

given that the next temporary prime minister was named yesterday..

So the market has stabilized a bit,.

but certainly we're not making higher highs for the British pound..

Now, the price of gold had a wild day.

yesterday, traded up to the upper channel line, ended the day lower..

So we are still on a sell signal here..

The price of silver is back on a buy signal as a Friday's close..

Now, silver is traditionally a lot more volatile than the price of gold..

The average true range for silver right now is 3.93%. Compare that to the average.

true range of gold, which is currently 1.65%..

So you expect to see a lot more volatility.

in the price of silver than you would in the price of gold..

That is the normal activity..

If those reverse for some particular.

reason, then you know that hell is about to freeze over..

Looking at bonds, bonds made a new low yesterday..

Bond yields made a new high..

So that story has not changed..

Then we've got the energy sector..

We've got crude oil trading lower yesterday..

We're still on a cell signal here.

that would change on Tuesday with a close above 86.92..

Natural gas..

Are we putting in the bottom here?.

Well, we'll just have to wait and see..

We need to close above 6.84 on Tuesday to give us a buy signal for natural gas..

Okay, folks, that is all for this morning's presentation..

Not expecting a lot out of the market on Tuesday..

We are getting a little overbought on A.

Short Term basis but haven't got There yet..

You can see that it's really the Dow.

that is pushing the market higher, not the rest of the major indices..

And that is something to be concerned about..

Enjoy the rest of your day..

Next time you'll hear my voice is.

on Wednesday morning music you..