

Has hunting season come?

Traders should catch consistent patterns in a market chaos around us. People who trade do it according to their beliefs about it and according to their psychological portraits, after all. Human psychology is organized in such a way that having been constructed once became very reluctant and almost impossible to change. That means market events are subject to repeat.

Every repeated market situation makes me prick up my ears and sniff careful like a good hound that is feeling a nearness of a hidden fowl. In case I feel and see the same situation is going to happen then I stand still, stretch like a string and waiting for a signal to grab a fowl. It happens sometimes no fowl or it is flying wrong way but it mostly happens to be in the place there smell came from.

Observing the diagram of changing jobless claims in USA which are published every Thursday it is easy to notice interesting fact that happens cyclic. We can see that starting up from 1995 quantity of jobless claims didn't go under 250 000 pcs. and starting up from 2001 it didn't go under 280 000 that was in 2006. Now its level is 297 000 and labour-market is in its historical maximum. Unemployment is low and it has no possibility to grow lower.

Besides there is clear-visible common correlation between unemployment rates and condition of equity market on the chart with the example of S&P 500 index. American indexes are at their historical tops and it is no wonder if you remember series of quantity easings and other fertilizing measures which were made by Federal Reserve System of USA. Moreover, during last a year and a half there were not any notable correlations more than 10% from current quotations of the index.

Everything is listed here as well as growing up of international tension which is caused by enforced suspiciousness, mutual economical sanctions and unavoidable war expenses let us expect inflation growth, increasing of gold and fossil prices, worsening of middle-class prosperity in both side of Atlantic Ocean in the nearest future. These processes will rather be accompanied by loud bankruptcies and falling down of stock markets capitalization both in USA and EU.

Fundamentals are confirmed by technical analysis. The rise of quotations last week ended by indexes went to negative territory that painted beautiful double divergence on week indicators. Usually it is a proved trend-end indication. It is also visible on the chart that five-six-years period of growth is coming to its end and afterwards two-three-years period of falling is coming. There are no celebrations for cats all time long, there is a day without meet (as old russian proverb says). It have already been twice for last 15 years, why history wouldn't repeat?

That's why, Ladies and Gentlemen, I'll be as a Bear in nearest 2 years and you won't see me among Bulls soon.



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