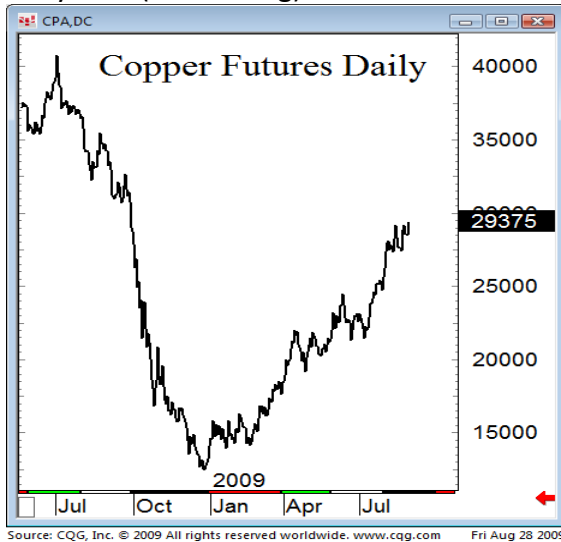




## Key News

- [Copper advanced in London](#), heading for its longest winning streak in more than two years. (Bloomberg)



- [Business and consumer confidence in the 16-nation euro zone increased again](#) in August. (AP)
- [Japan's unemployment rate rose to a record](#) 5.7 percent in July and deflation worsened. (Bloomberg)
- [Britain's economy shrank less than previously estimated](#) during the second quarter of the year. (AP)
- [Poland's economy grew](#) by 1.1 percent in the second quarter. (AP)

## Quotable

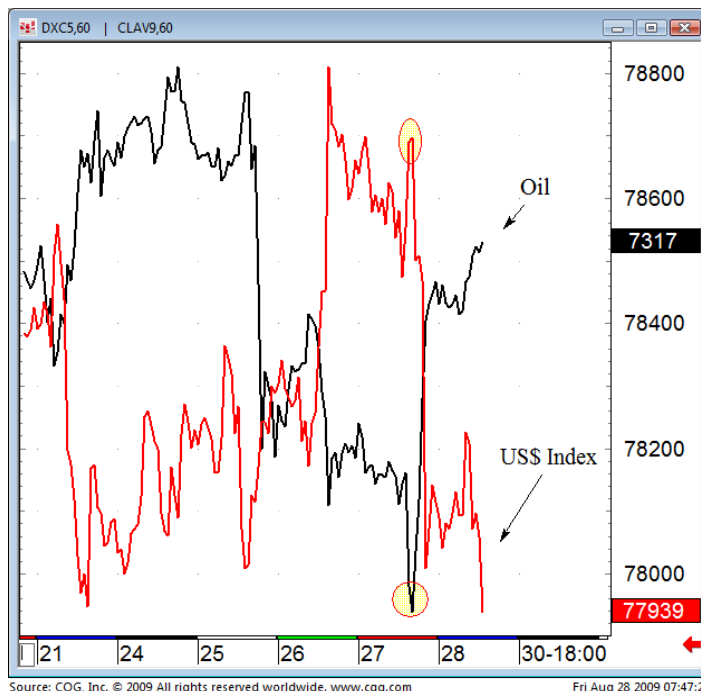
"The evil that men do lives after them; The good is oft interred with their bones."

Shakespeare

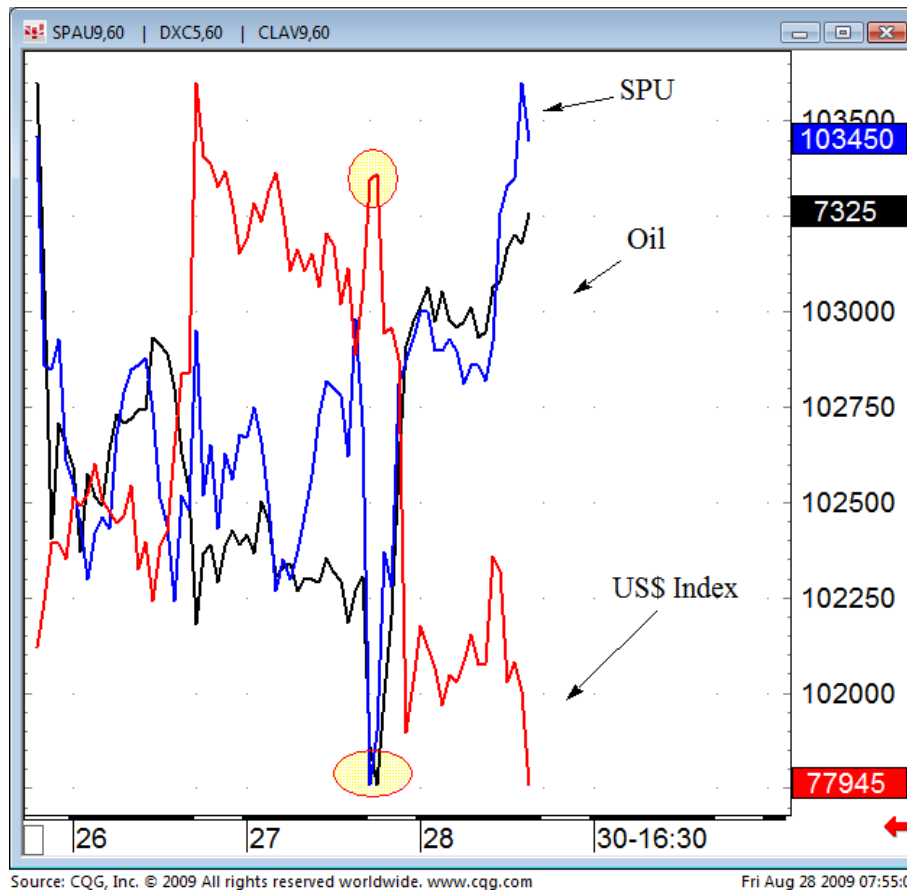
## FX Trading – Who leads ...

Somebody flipped the switch at 10:00 EST a.m. yesterday, as oil surged and the buck sank sharply:

Oil vs. US\$ Index 60-min chart:



Same chart, we added S&P 500 Futures to the mix to show how incredibly tight this correlation was yesterday.



Risk appetite on display!

It's a simple trade it seems: buy everything else and sell the dollar, as friend of mine pointed out yesterday. Only problem is we still aren't always good at predicting the direction of everything else. It is nice to look at these charts in retrospect, and sound smart, but it is never easy in real time.

The move yesterday is not good for the dollar bull cause, not that you would even know there was a dollar bull cause. Which goes to the point: dollar sentiment is quite bearish. One would say bottoming type of bearishness. But Mr. Market is climbing the proverbial Wall of Worry; a powerful climb indeed.

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We saw a technical analyst on TV yesterday making a good point: He said everyone is expecting a correction in the stock market, but it doesn't have to correct yet when you consider how much it fell. He said there isn't much resistance between here and 100 points higher on the S&P. You can see that in the chart below.

And incidentally a 100 point higher move would put the S&P just at a 50% retracement level from its October high to its March low—not unusual to see stocks retrace that much and still be considered a bounce in an ongoing bear market.



Source: CQG, Inc. © 2009 All rights reserved worldwide. [www.cqg.com](http://www.cqg.com)

Fri Aug 28 2009 08:19:40

Thus, a blow-off rally in stocks could mean a test of the old lows for Mr. Greenie. Then, we would know dollar sentiment will be at bottoming levels for sure.

We are all stock traders now.

Jack Crooks  
Black Swan Capital LLC  
[www.blackswantrading.com](http://www.blackswantrading.com)

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