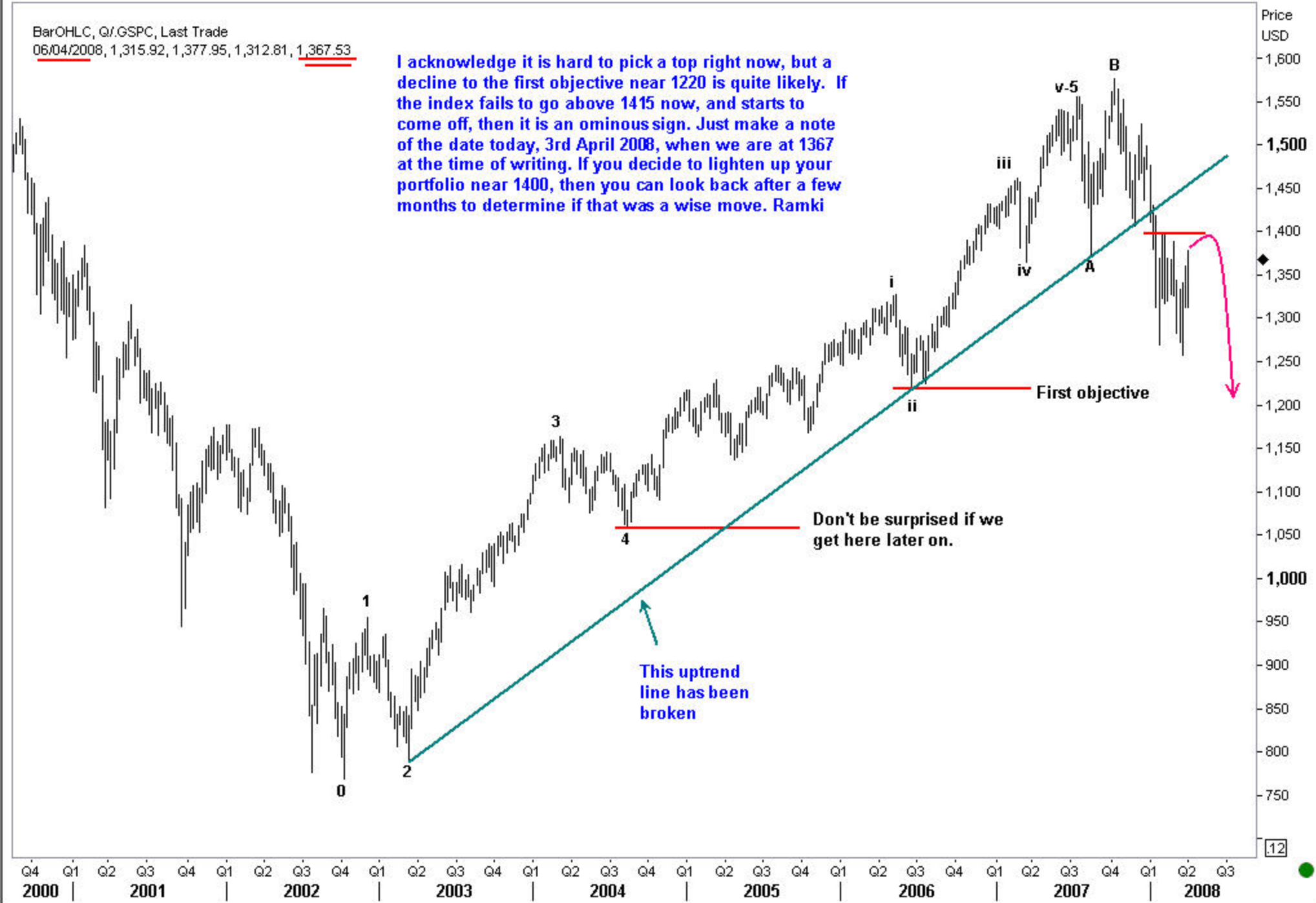


BarOHLC, QI.GSPC, Last Trade  
06/04/2008, 1,315.92, 1,377.95, 1,312.81, 1,367.53

I acknowledge it is hard to pick a top right now, but a decline to the first objective near 1220 is quite likely. If the index fails to go above 1415 now, and starts to come off, then it is an ominous sign. Just make a note of the date today, 3rd April 2008, when we are at 1367 at the time of writing. If you decide to lighten up your portfolio near 1400, then you can look back after a few months to determine if that was a wise move. Ramki

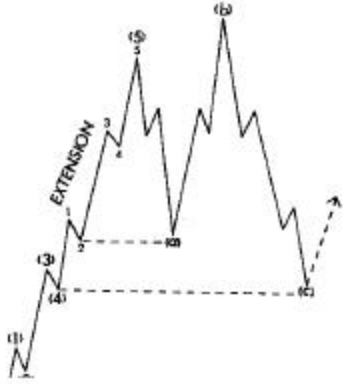


Don't be surprised if we get here later on.

This uptrend line has been broken

First objective

Having cumulatively observed the hourly changes in the DJIA for over twenty years, the authors are convinced that Elliott imprecisely stated some of his findings with respect to both the occurrence of extensions and the market action following an extension. The most important empirically derived rule that can be distilled from our observations of market behavior is that when the fifth wave of an advance is an extension, wave A of the ensuing correction will be sharp and retrace to the level of the low of wave two of the extension, as shown in Figure 7. Although a limited number of real life examples exist, the precision with which "A" waves have reversed at the level of wave two of the preceding fifth wave extension is remarkable. An example involving the



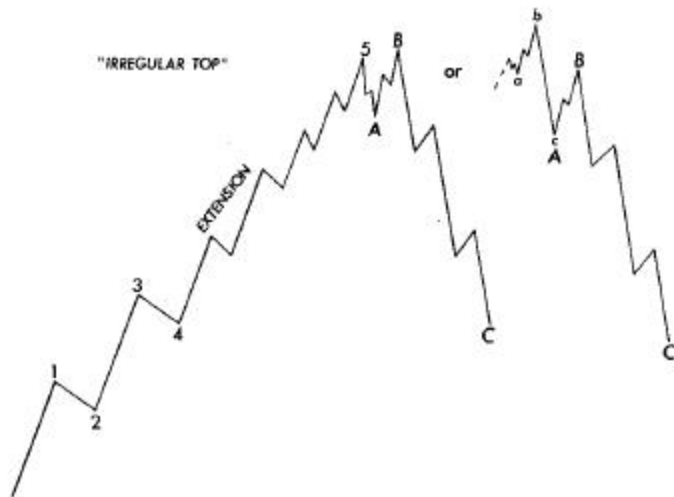


Figure 46

**The illustration above is almost identical to what we have seen in the S&P - Ramki**

Elliott contended that every fifth wave extension is "doubly retraced," i.e., followed by a "first retracement" to near the level of its beginning and a "second retracement" to above the level at which it began. This happens naturally due to the guideline that corrections usually bottom in the area of the previous fourth wave; the "second retracement" is the next impulse wave. The term does apply acceptably well to waves