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[January 2008 update.](#)

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Stock markets have sold off in the first weeks of the year.

Some readers have mailed privately to ask if we are not changing our Nasdaq prediction for 2008.

The answer is : no.

This is the kind of sell off we were expecting into November last year, but it seems to have come 6 weeks late.

Probably because of the government interventions with regards to the mortgage crisis, which has delayed the inevitable.

If they had allowed things to correct naturally, then we would have seen this decline a few months ago already.

That's not rarely what happens with government "solutions": at best they postpone the inevitable, and usually these "solutions" create more and new problems for the longer term..

Now we got this market panic, the situation is actually a lot clearer.

The market is sitting right on very long term support, as you can see in [our long term Nasdaq prediction chart](#)
Very important is for the 2100-2200 level to hold on a weekly basis.

This sets up a very good possibility for a steadily rising stock market throughout the rest of the year.

Now is the time for a long term buy and hold strategy.

Earth element should bring some much needed stability, when the Earth Rat year starts next February 4th.
This will calm the markets, volatility will become less, and the market will gradually climb the proverbial wall of worries.

If the Nasdaq drops below 2000, then we will know we are in a once in a hundred years economic crisis, and then all bets will be off.

Happy trading.

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