

Long term Nasdaq prediction chart

(updated 1 October 2008)

Earlier versions of this long term prediction chart have been quite accurate, and are still available at our site:

Nov 2000: <http://www.fourpillars.net/finance/nas25year.php>

Feb 2002: <http://www.fourpillars.net/finance/naslong02.php>

Jan 2005: <http://www.fourpillars.net/finance/pdf/naslong05.pdf>

Jan 2006: <http://www.fourpillars.net/finance/pdf/naslong06.pdf>

Aug 2007: <http://www.fourpillars.net/finance/pdf/naslong07.pdf>

Here is our new updated long term prediction chart for Nasdaq Index
(Zoom out if it doesn't show very clear on your screen, or print it):



As you can see in the chart, we are at a major crossroads for the Nasdaq stock market.

While we are right at end of a 7 years “lean” period (see also: <http://www.fourpillars.net/finance/pdf/naslong06.pdf>), which would normally mean we are set to rise back to the upper band of the long term uptrend (green line), the recent drop below the lower red support of the channel now calls the entire uptrend into question.

This means the depression scenario, first mentioned in our 2005 version of this chart, is now firmly back on the table.

We have 3 possible scenarios going forward from here.
They are marked in the chart as A, B and C.

Scenario A:

If we can climb back into the long term trend channel, which requires a move above 2300 for the Nasdaq Composite, then it confirms a false breakdown and the normal pattern might resume.

This needs to be happen pretty soon, would require the government bank bailout plans to work, and would probably come

with an extended period of high inflation and a lower US dollar.

This scenario would gain strong credibility if the market climbs above the downtrendline that connects the year 2000 and 2007 tops. That means we need to climb above 2500 by summer next year.

This scenario would become more unlikely if we fall below the panic low made on September 29, 2008

That low was 1983 points on the Nasdaq Composite.

If we break that level, then scenario B or C come into play.

Scenario B:

If we break below 1983, then look for the market to continue to slide down and the economy to have a serious recession. A likely target becomes a double bottom with the 2002 lows, which was near 1100 for Nasdaq Index.

We could see that bear market end by year 2010 or 2011, which will be Metal years and a probable bottom period.

Scenario C:

If we go into deflationary depression, then look for a more severe decline with a bottom target of Nasdaq 600 by early next decade, 2010-2012.

We will keep an eye on this long term chart, and let you know in our free newsletter how these scenarios evolve.

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