

# Intelligent Investing, Daily Update June 8, 2017

Today the S&P500 provided us with a false breakout: it rallied over SPX2336 to SPX2439 only to drop back to that pesky SPX2428 level and inside the noise zone. This tells us we most likely have a flat-correction under way, which is rather typical for a 4<sup>th</sup> wave. In a regular flat SPX2425 +/- 2p will be revisited before the next rally higher, whereas in an irregular, aka expanded, flat we'll see SPX2414 +/- 2p first. The third alternative is a failed flat at today's low. This will be the case with a rally back over SPX2436 without making any new lows first. Will the UK elections hold the cards? With futures currently down ~7p at writing; that may very well be the case.

**Figure 1. SPX 1 min chart: micro-4 morphing into a flat correction?**

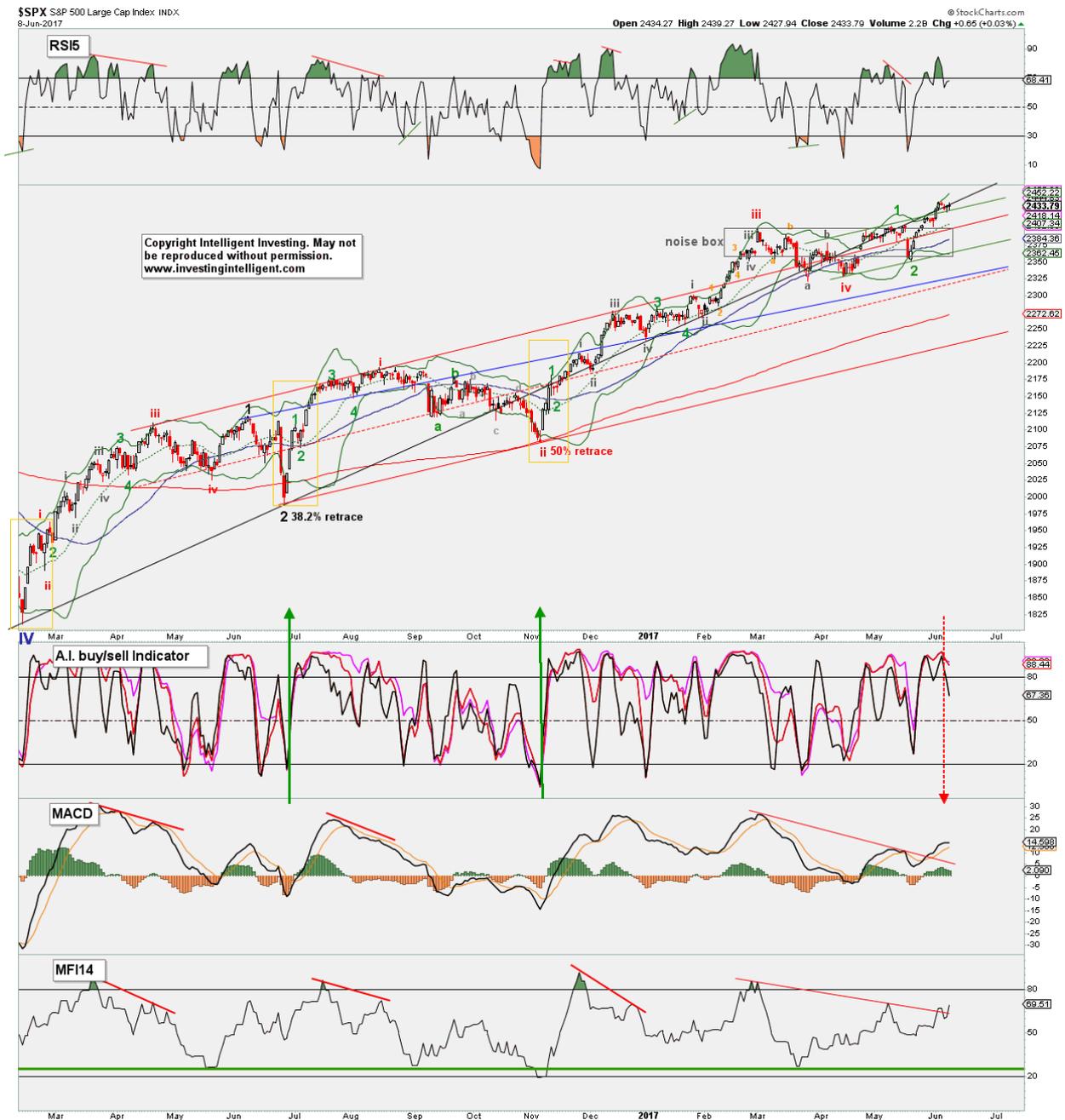


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Price on the daily S&P500 is still above all SMAs (5-day to 200-day), which is indicative of an uptrend and bullish. Price is right the upper black trend-line, but above the green and red trendlines. Also this is bullish and indicative of a continued up trend. The A.I. is on a non-ideal sell signal, whereas the RSI15, MACD and MF14 continue to point up. Thus the current chart tells us the overall picture is to continue to look up until the chart tells differently.

There's a Bradley Turn Date for tomorrow June 9, and this could indicate a low. We won't know for certain with turn dates until after the fact. So don't hang your hat on it.

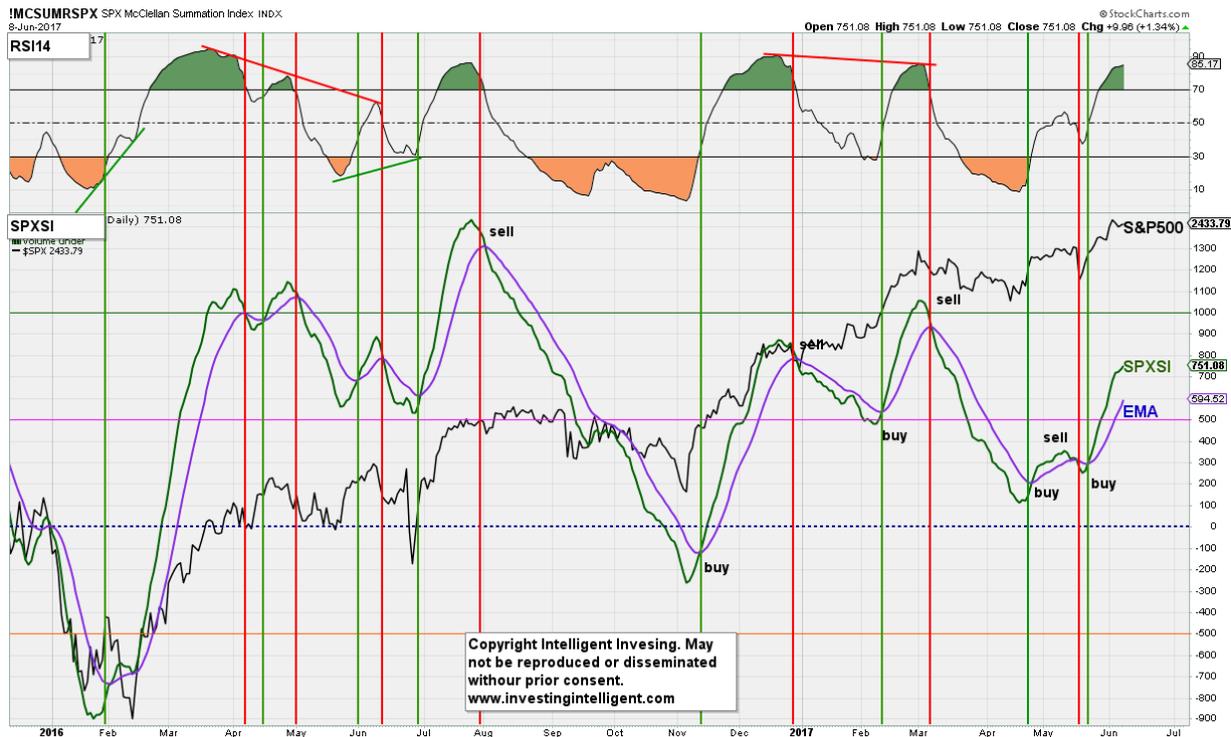
**Figure 2:** SPX daily chart has predominantly Bullish indications: price above SMAs and trend lines, most TIs point up.



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The McClellan Oscillator based Summation Index for the S&P500 (SPX-SI) continues to gain as market breadth remains positive on the S&P500. It therefore remains on a buy/long signal. Bullish: simple. As long as the SI remains on a buy/long signal, buy/long it is until it isn't. The CPCE (equities put/call ratio) ended at 0.55 today and is thus close to a top imminent level. However, traders may start to prepare for more upside after several days of muted downside/sideways action; though a washout to get most wrong footed again would be ideal.

Figure 3. SPXSI continues to be on a buy.



In conclusion: Price did a fake breakout today and micro-4 is most likely turning into a flat correction targeting either SPX2425 or SPX2415. As long as price remains over SPX2405 we need to look higher. The daily chart remains predominantly as price continues to be above all important SMAs (5d to 200d) as well as above important uptrend trend lines and most TIs are still pointing up. Also market breadth continues with a buy/long signal. The UK elections will likely hold the card on how this 4<sup>th</sup> wave correction plays out. Please note that below SPX2405 the bull count will be in serious jeopardy.

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