

# Intelligent Investing, Daily Update June 13, 2017

Since yesterday was a flat, overlapping, inside day the next direction was hard to forecast and an update was not necessary. Today's price action on the other hand cleared things up and an update is warranted. Namely, price on the S&P500 broke above Friday's intra-day bounce high of SPX2432, and also moved back above the "noise box": see Figure 1. In addition, the DOW JONES and NYA already made new ATHs: sector rotation is in full effect. Tech is, after Friday's sell-off, of course and therefore clearly lagging. Our next target zone of SPX2455-2475 is now in sight and remains. This can then be either counted as all of minor 3 (SPX 1min chart) or possible all of minor 5 (SPX 60 min chart). We continue to prefer the former until proven otherwise.

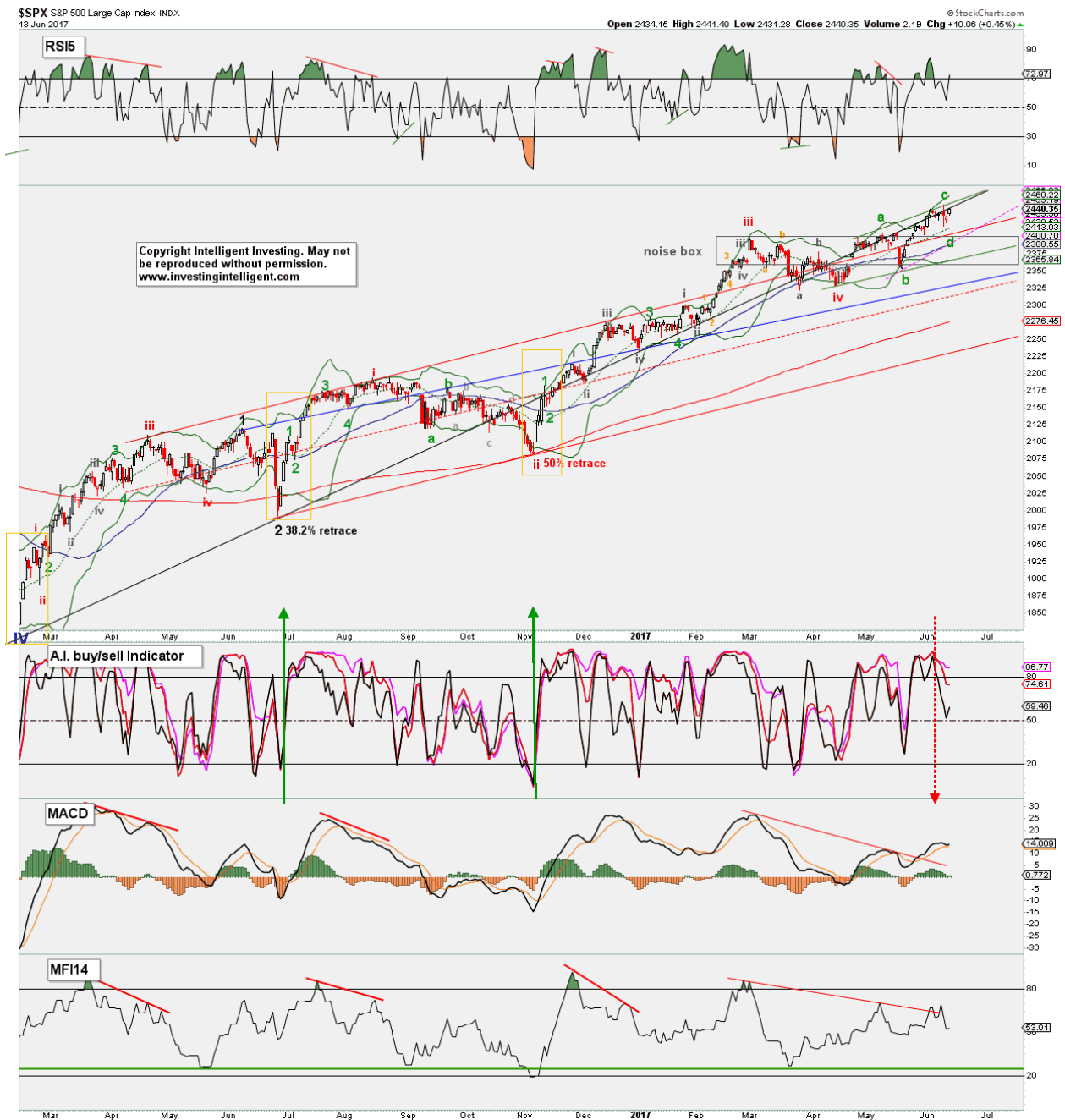
**Figure 1.** SPX 1 min chart: minute-v underway. SPX 60 min chart: minor 5 underway?



# Intelligent Investing, Daily Update June 13, 2017

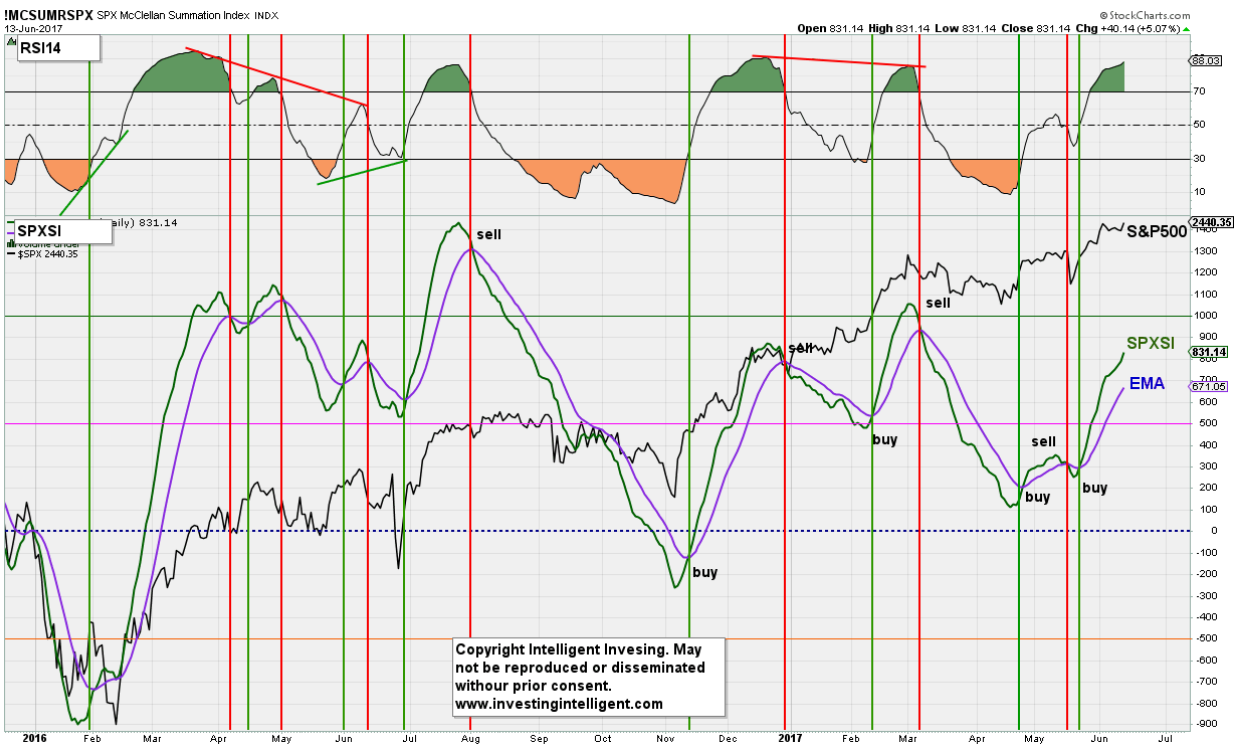
Price on the daily S&P500 is still above all SMAs (5-day to 200-day), which is indicative of an uptrend and bullish. Price is right back at the upper black trend-line, and above the red trendline. Also this is bullish and indicative of a continued up trend. The A.I. is still on a non-ideal sell signal, whereas the RSI5, MACD continue to point up. The Money Flow Index continues to diverge negatively. Thus, the current chart tells us the overall picture is still overall bullish albeit not flaming hot. We'll therefore have to for higher prices until the chart tells differently. The possible Ending Diagonal Count (EDT) remains as a 2<sup>nd</sup> alternate count (low odds). When price hits our preferred target zones we can then take it off the table entirely.

**Figure 2: SPX daily chart: price remains above all important SMAs and trend lines, most TIs continue to point up.**



The McClellan Oscillator based Summation Index for the S&P500 (SPX-SI) continues to gain as market breadth remains positive on the S&P500 and continues to improve over the past week. It therefore remains on a buy/long signal. Same story as last week: **This is 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) peaked at 0.72 on Friday and has since dropped back to 0.64. Currently, the CPCE is in the noise zone and not extreme. 0.72 wasn't either, but apparently these days it already means most traders were too bearish and get punished.

**Figure 3. SPXSI continues to be on a buy.**



**In conclusion: Price on the DOW JONES and NYA are making new ATHs, whereas tech is lagging and therefore the hybrid S&P500 as well. However, the latter index will most likely be “dragged” upwards to our next price target zone of SPX2455-2475, as the S&P500 cleared the SPX2432 level as well as the upper “noise box” level of SPX2436. When the target zone is reached, the market can then decide if that’s all for minor-3 (preferred count) or all for major-3 (alternate count). The daily chart remains predominantly Bullish 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 to improve and continues to have buy/long signals.**

**ALOHA**

Soul, Ph.D.

©2017, Intelligent Investing. This copyrighted daily periodical is published on most stock market trading days by Intelligent Investing, and is intended solely for use by designated recipients. No reproduction, retransmission, or other use of the information or images is authorized. Legitimate news media may quote representative passages, in context and with full attribution, for the purpose of reporting on our opinions.

Analysis is derived from data believed to be accurate, but such accuracy or completeness cannot be guaranteed. It should not be assumed that such analysis, past or future, will be profitable or will equal past performance or guarantee future performance or trends. All trading and investment decisions are the sole responsibility of the reader. Inclusion of our information for trading and investing are the sole responsibility of the reader and cannot be construed as any type of recommendation, nor solicitation.