

# Intelligent Investing, Daily Update June 20, 2017

Yesterday I expected micro-3 of minute-v to reach “around SPX2356, then a ~10p drop for micro-4 to SPX2346, to be followed by micro-5 to SPX2361 or ideally SPX2374.” Well, SPX2354 was all she wrote. Close enough 😊. But we got a 17p drop and price now needs to hold above SPX2434 or minor-3 topped at SPX2454; 2.44p short of the ideal target (see Table 1: 1.382x Fib-extension). Alternatively, price is forming an EDT triangle for minor-3 and may still try to reach SPX2361-2365. Given the late-stage of the current Bull, we’ll have to take this market day-by-day. Guarantees are getting slim, especially now that the possible counts become more than 3 and knowing which the predominant one is getting trickier to say the least. Not to mention that the market can switch count at a moment’s notice...

**Figure 1.** SPX 1 min chart: Micro-4 bottomed at SPX2437? Or Minor-3 at SPX2454, or EDT to SPX2461-2464. Time will have to tell as this is getting rather messy.



With price topping so far only 2.44p below the 1.382x extensions (SPX2356.26) we need to seriously consider minor-3 is in. In that case I expect price to target SPX2428 for minor-4 possible even SPX2410 (1.000x and 0.764x fib-extensions: see Table 1). Then minor-5 with a 5=1 relationship can target SPX2485-2503. Overlap with SPX2406 before making new ATHs means the top is in.

**Table 1.** Ideal wave tracker table: Minor-3 at 1.382x extensions? Ultimate SPX2485-2405 target remains until SPX2406 is broken.

Minor wave FOR UP WAVES +/- 2p	wave 1	wave 2	minute-iii targets				Minor 3 targets			minor 4 targets		Minor 5 target	
			deal wave i, iii, iv target				ideal wave 3 targets			ideal wave 4 targets		ideal wave 5 targets	
			i	iv	3 of iii	iii	3	3	3	iv/4	4	5	5
start	2328.95	2403.87	0.618x 1	0.764x 1	1.000x 1	1.236x 1	1.382x 1	1.500x1	1.618x 1	0.764x 1	1.00x 1	1.764x 1	2.000x 1
end	2403.87	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72	2352.72
length/actual price	74.92	51.15			2427.64	2445.32	2456.26	2465.10	2473.94	2409.96	2427.64	2484.88	2502.56
Difference					2426.94	2446.20	2453.82			2415.70			
					0.70	-0.88	2.44			5.74			

A few more items: today’s our Fib-based trading interval, and a Bradley Turn date is tomorrow. This can help explain the current whipsawing price action. In addition, the CPCE (equities only put/call ratio ended at 0.72 and is racing for a “bottom imminent” level again.

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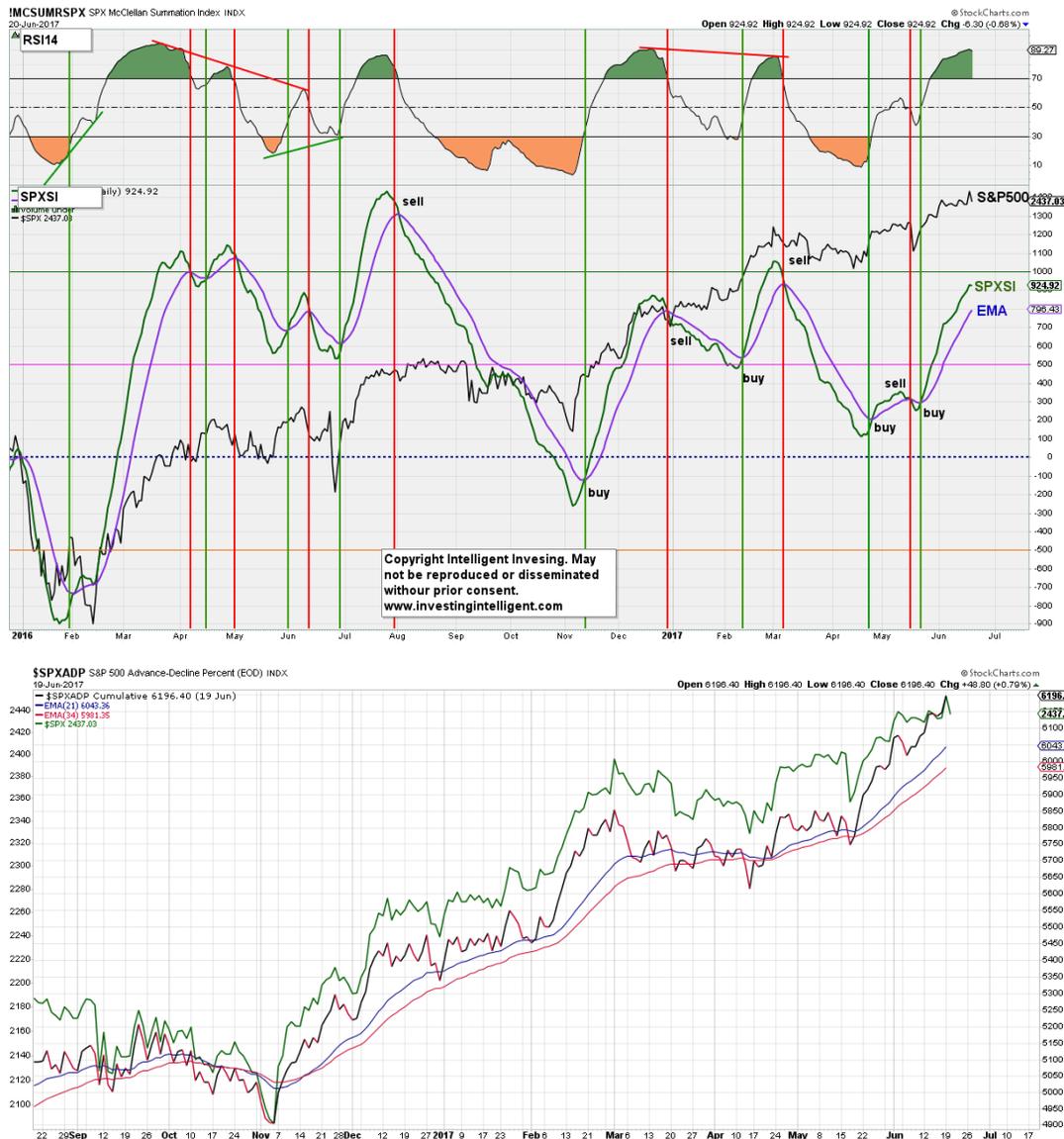
Let's take a look at the DOW JONES as it has been leading the current rally. We can see price reached the upper green dotted trendline and very close to the 1.236x Fib-extension. The green box is the 1.382-1.618x Fib-extension. Minor-3 can indeed be in, or we can see gapfill of yesterday's gap up, and then a final micro-wave to the green box for all of minor-3. The latter would fit-better from a micro-wave perspective, but beggers can't be choosers... Well take what the market gives us. Irregardless, the DOW chart doesn't tell us the major-3 top has been struck. We would need to see price drop below \$21,100 without making new highs before we can be confident about that. But the chart and count still suggest we should see higher prices first.

**Figure 2.** DOW daily chart: price remains above all important SMAs and trend lines, Minor-3 in, or one more micro-4, 5 to ideal green target zone!?



Today breadth turned south and ended down at -6p. Hence, the McClellan Oscillator based Summation Index for the S&P500 (SPX-SI) turned down, but is still on a buy. However, now things are "on alert": forewarned is forearmed. The Advancing/Declining issue for the S&P500 (SPX-AD) shows no divergence and price and A/D track well, this suggest a small correction only.

**Figure 3.** SPXSI remains on buy/long, but breadth ended the day negative. SPX-A/D not diverging yet



**In conclusion:** At SPX2354 the SPX came within 2p off the 1.382x extension and minor-3 may have topped. Alternatively price will advance to SPX2461-2465 in an EDT (overlap with SPX2434 and then rally) on the SPX, while the DOW JONES will likely keep impulsing higher. The latter could also already be in minor-4, though one more micro-4, 5 wave up would fit better. But, beggars can't be choosers. As long as price remains above SPX2406 we'll look higher. A break of that level (\$21,100 on the DOW) without making new highs first, strongly suggest the top is in. Given how close price is to the end of major-3 we'll now have to take the price action day-by-day.

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