

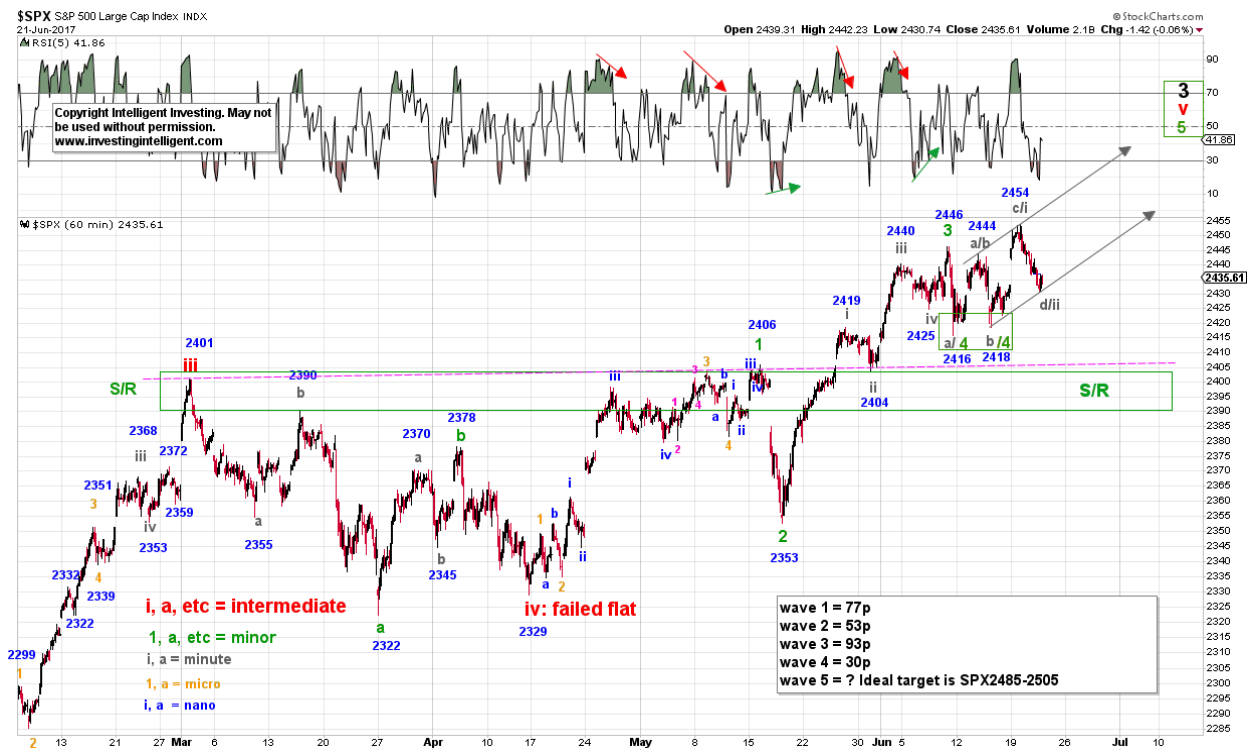
Intelligent Investing, Daily Update June 21, 2017

Yesterday I mentioned "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...". The only Bearish count I can see is that major 3 topped at SPX2354 on Monday, all other 3 counts are still Bullish, and simple target the ideal target zone differently. I therefore treat the "major-3 is in possibility" as low.

Yesterday, I showed the short term EWT count, which has now minor-3 at SPX2354: the 1.382x extension of minor-1; a common 3rd wave Fib-extension with Minor-4 now underway to ideally SPX2428, but it may already have bottomed at SPX2331 today.

In this update I will show the OEW count and I'll also continue to sport the larger Ending Diagonal Triangle (EDT) sported on the daily chart. Why do I show/track all counts? Not to confuse you, but because all counts are valid and it's good to be aware of them. In the end, trading wise, its price that matters, but keeping the possibilities in mind prevents most surprises and allows more for a "aha, this is what the market is doing" instead of "whaaaat?????" moment. Figure 1 shows the OEW count, which either has minor-5 develop as an EDT, or simple as a minute-i, ii set up. The latter targets SPX2495-2503; right in the ideal target zone for all of major-3. The former targets SPX2465-2485. Close enough 😊.

Figure 1. SPX 60min chart: OEW count shown: either EDT (SPX2465-85) or simple subdividing minor-5 (SPX2495-2503)



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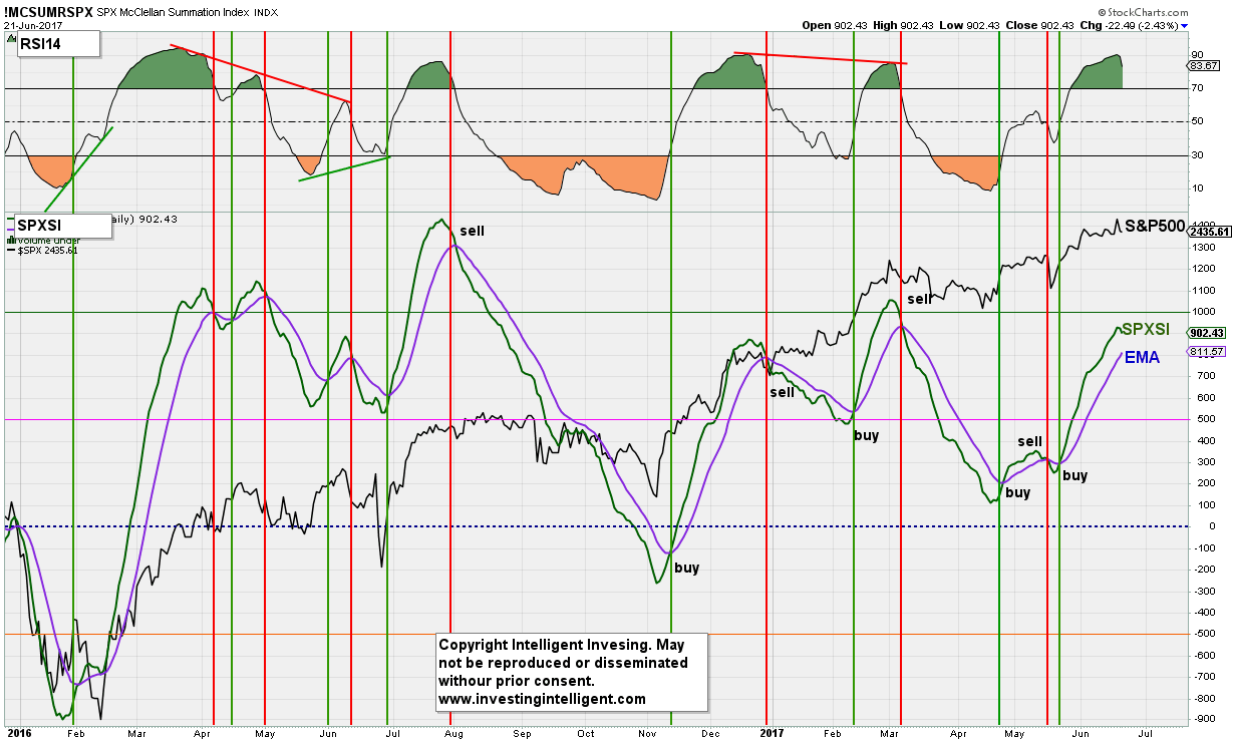
Back to the daily S&P500 chart. We can observe the possible EDT forming, especially since price adhered well to the lower dotted blue trend line. This means wave-e is now underway targeting ideally SPX2475ish. A break over SPX2475 targets SPX2500. However, the TIs are starting to turn south and price does need to hold the trendline and 20d SMA or SPX2416 is next again, putting the bull count into jeopardy. Price closed Monday's gap up, and can thus advance, but needs to clear the long term dotted orange trend line to target the ascending black and green trendlines at SPX2465ish.

Figure 2. S&P500 daily chart: price remains above all important SMAs and trend lines, but TIs are turning south.



Today, breadth turned further south and ended down at -22p. Hence, the McClellan Oscillator based Summation Index for the S&P500 (SPX-SI) is now pointing down, but is still on a buy. Thus long term traders have to remain "on alert": forewarned is forearmed. Ideally I'd now be looking for negative divergence on the RS15 like during the summer of 2016 and early-spring of 2017. Together with such possible similar divergence on the SPXA/D (not shown) the anticipated major-3 top should announce itself beforehand well.

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



In conclusion: There are several counts possible and as long as SPX2406 and SPX2416 hold the trend remains up. The EWT count has minor-3 at SPX2454; the 1.382x extension of minor-1, and minor-4 (close to) complete. The OEW count has minor-5 underway as either and EDT or regular impulse. Upside targets are SPX2465-2485 (SPX2475 ideal), and SPX2495-2503; respectively. The only bearish count is that major-3 already topped. But then SPX2416 and SPX2406 have to break first before higher highs are made to confirm. Breadth is turning negative and the Bulls have their work cut out.

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