

With today's non-follow through price action I want to show the "most" bearish case I am tracking "wave-e of major-4 underway" in some more detail. Although it's lowest odds (30%) it doesn't mean it can't happen, and if the Bears keep pushing then low odds become reality. This means that minor-a of intermediate-e bottomed at SPX2677 on Tuesday and minor-b is now complete at yesterday's SPX2729 high or still underway and unfolding (dotted grey arrows); with more whipsaws coming first before price drops into the SPX2600 zone for intermediate-e (all of major-4). Although of course the Bullish setup is not off the table, we need to see price move and close over SPX2742 soon to ascertain minor-1 of intermediate-iii of major-5 is underway. A direct drop below SPX2677 means minor-c of intermediate-e is most likely already underway.

Tomorrow's reaction to the job's report will give me hopefully and likely a much better idea of what's transpiring.

Figure 1. SPX 1-min charts. *Possible path for continued major-4*



The reason I want to bring forward the “major-4 triangle still unfolding” option is because there’s simple not been any buying follow through since the first SPX2742 high was struck. All four green candles since then have been met with red candles the next day. This has now let to a MACD and MFI that lost support and sell signals. Hence, the Bulls really must push price over and close above SPX2742 to get things going.

Figure 2. SPX daily chart. *Today’s non-follow through yet again leaves a lot to be desired and this up-down, up-down pattern over the past 12 trading days is deteriorating the charts.*



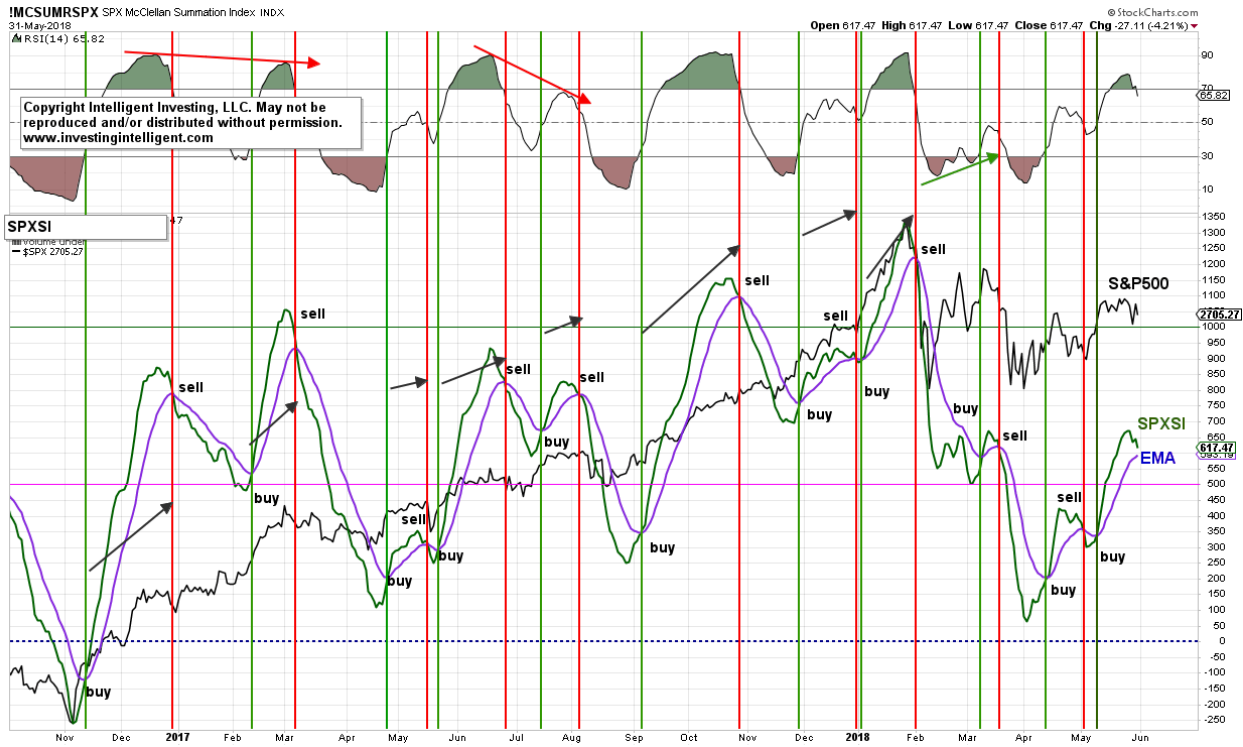
Below is the bigger picture perspective of the major-4 triangle. Again, I am not saying it will happen, but just to bring it back to the foreground as the daily candles are -as said- not showing buy follow through and the systems are turning to sell. Tomorrow's reaction to the jobs report should set a better stage in nailing down what's transpiring.

Figure 3. SPX daily chart: *Major-4 triangle pattern underway.*



The S&P500's McClellan Oscillator (MO) ended at -27 today, down 37p compared to yesterday, and therewith the flip-flopping continues. Pretty much paste Tuesday's update here... Frustrating, but it is what it is. The number of advancing stocks is now thus back to being less compared to those declining: That's Bearish. The SPX-SI ([Cumulative] Summation Index of the MO) remains on a buy but is pointing back down (Fig 4). The Bears got their negative breadth again as most MO's turned south again. CPCE (equities only put/call ratio) data was not available at this point. The VIX is back above \$15 and its 20d. The 1-min TICK registered one >+1000 and two <-800 peaks today. Hence, breadth is back in favor of the Bears as it keeps flip-flopping.

Figure 4. SPX-SI remains on a buy but pointing down again as most other SIs. DJIA-SI on sell.



INDEX (change from prior day)	SPX	NAS	NDX	DJIA	NYA
McClellan Oscillator (MO)	-27 (-37)	+7 (-16)	-135 (-28)	-61 (-45)	+5 (-19)
Summation Index (SI)	Buy	Buy	Buy	Sell	Buy

In conclusion: Yesterday the Bulls didn't wait long and rally price all the way back to SPX2730 but lost the ball again today. The frustrating flip-flopping / directionless market continues. Hence, all counts remain on the table, but I am adjusting the odds a bit due to this lack of follow through **A**) Intermediate-iii of major-5 now underway (35%); **B**) Minor-5 of LD underway (35%); **C**) Intermediate-e to SPX2600 of Major-4 underway (30%). Price needs to break and close above SPX2742 to signal count (A), a break below SPX2677 will favor count (C). Hence, for now the market has left all options pretty much wide open as 12 days of sideways price action with back to back up, down, up down etc doesn't tell us much if anything at all.

How to trade this? Short-term traders should be cautious as today's price action turned indicators down again. Longs stops can be set at SPX2700. Longer-term investors should still be long and continue to have stops on a close below the 200d SMA.

ALOHA

Arnout aka Soul, Ph.D.

©2018, Intelligent Investing, LLC. This copyrighted daily periodical is published on most stock market trading days by Intelligent Investing, LLC, 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.