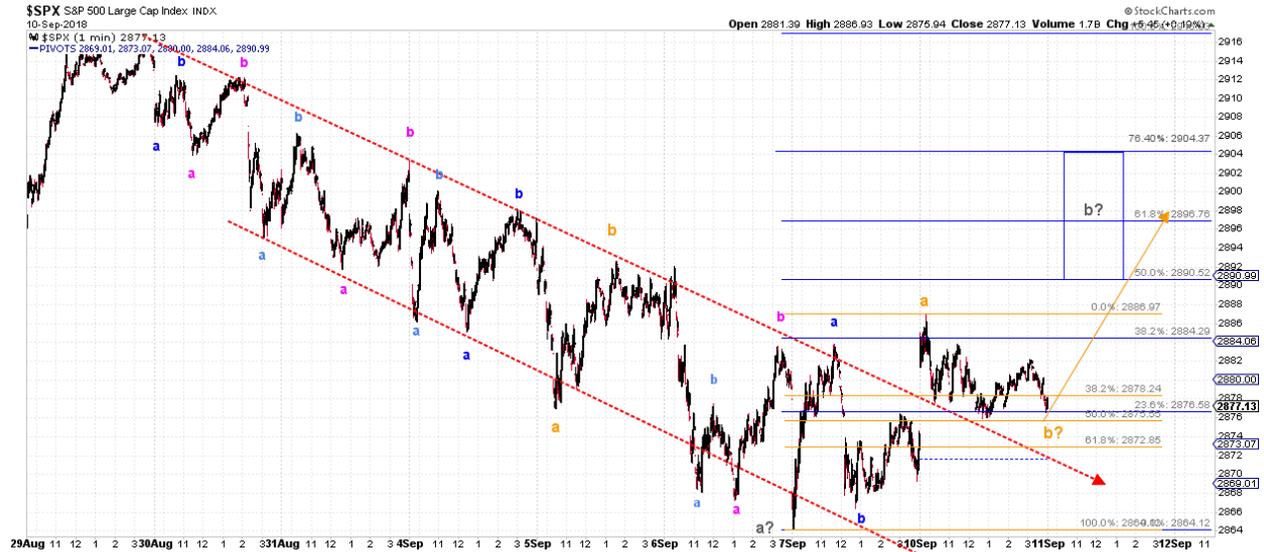


The overlapping price action continues, which makes the forecast of the markets next likely move rather complicated. My best guess is that due to the breakout from the downtrend channel in place since the SPX2917 high was struck, we could see a bounce to SPX2890-2905 for a c-wave. For now I've not seen price action telling me a new impulse off the SPX2864 has started. A break below SPX2870 is the first serious sign we'll see SPX2850

Figure 1. SPX 1-min chart: A) WARNING this Elliot-wave count has a low confidence forecast due to overlapping nature of the price action.



The Bulls were able to move price above the SPX2872-2852 support zone and the S&P500 therefore also remains above its 20d SMA (2870). Hence, from a pure technical/price perspective the uptrend remains in tact as price > 20d > 50d > 200d. Pure, plain and simple. But, all the TIs remain on a sell, wanting to see lower prices. Neither the MACD nor A.I. confirmed today's pop.

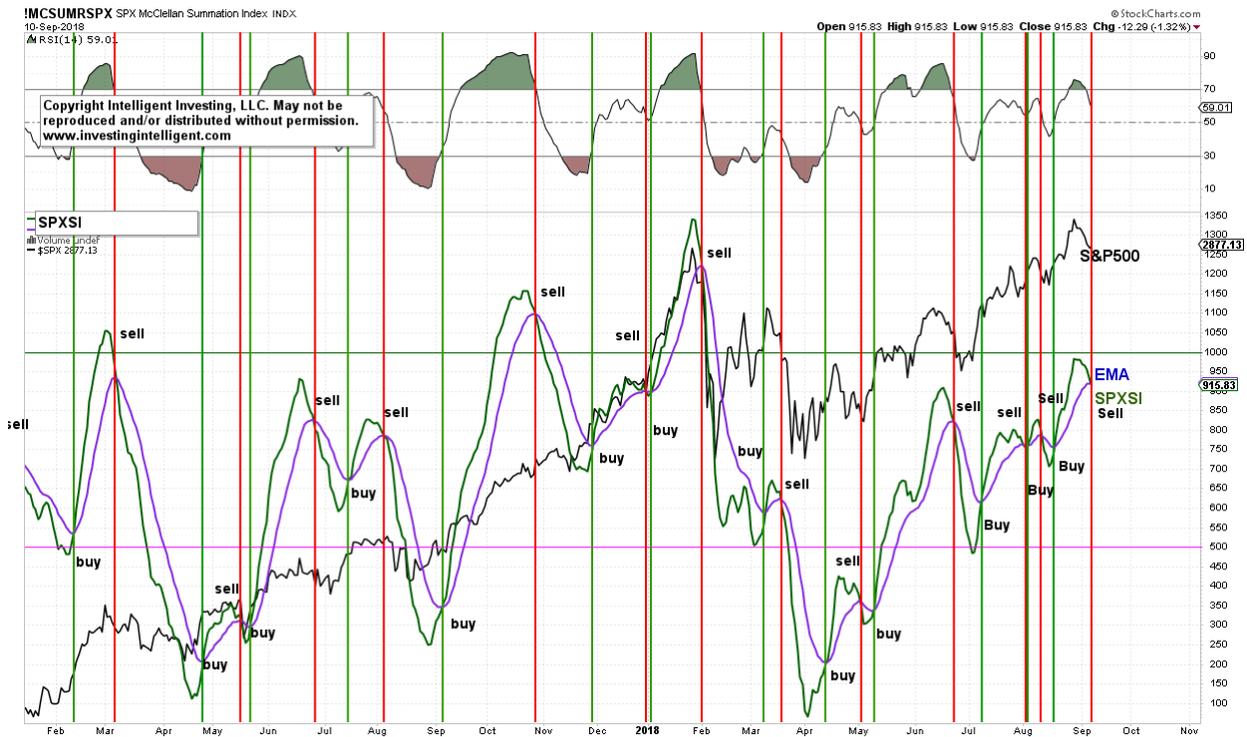
Figure 2. SPX daily chart. Price closed higher and back above support. Prior support at 2892-2900 is now resistance



The McClellan Oscillator (MO, a market breadth indicator) for the S&P500 ended at -12 today, up 16p compared to Friday. All other indices' MOs ended higher today as well, but all are still negative (see table 1, next page). As such, the SPX-SI (Summation Index of the S&P500's MO) gave a sell signal today, joining the NYSI and DIA-SI's sell crosses from last week. The NDX-SI is only a few pennies away from a sell-cross as well. Hence, although today was a step in the right direction for the Bulls, the Bears remain in charge as breath continues to be negative. The 1-min \$TICK reading (internal market-strength/weakness) improved today compared to last week, as there was no registered peak <-800, but one registered peak >+800 (highest reading +1196, lowest -794). However, we need to see repeated peaks >+800/1000 to tell us a more sustained advance is underway.

The CPCE (equities only put/call ratio) closed at 0.62 today: neutral. The VIX closed today at \$14.2 and is well above its 20d and 50d but closed below its 200d SMAs. A break above \$15 unlocks \$18.

Figure 5. SPXSI: Gave a sell signal today. Now 3 out of 5 SI's are on a sell. NDX likely to follow tomorrow as well.



In conclusion: Today price broke out of the downtrend channel it was in since the SPX2917 high. A feather in the Bulls' hat. Other than that, the short-term price action remains overlapping. A move to SPX2890-2904 cannot be excluded. Breadth improved a bit today, but still ended negative on all indices. This caused the SPX-SI to give a sell-signal as well; joining the NYSI and DIA-SI from last week. The NDX-SI is mere pennies away from a sell signal. Hence, although today was a step in the right direction for the Bulls, breadth is still in the Bears' camp and price must close over SPX2905 before we can be more certain a last rally to SPX2975-3010 is underway. A break below SPX2870 will likely target SPX2850.

How to trade this?!

Price-based (S&P500): Aggressive investors should only long a move and close over SPX2900; while a break below SPX2870 can be shorted targeting SPX2850. Longer-term investors are long since April 4 and should still be long and continue to have stops on a close of the S&P below its 200d SMA. STD-SPY-Performance = ~12.8%

Summation Index based: Table 1. Buy/Sell Signals based on Summation Indices.

INDEX (change from prior day)	SPX	NAS	NDX	DJIA	NYA
McClellan Oscillator (MO)	-12 (+16)	-18 (+5)	-22 (+15)	-28 (+7)	-30 (+16)
Summation Index (SI)	Sell	close to a sell	close to a sell	Sell	Sell
Performance (SPY, QQQ, DIA)*	0.64%	0.18%	-0.93%		buyable bottom zone
Signal date (dd/mm/yr) or remark when on sell	10-Sep	23-Aug	24-Aug	5-Sep	6-Sep

*since buy and sell signals are generated after market close, buy and sell levels are based on the next day's opening price of the respective ETFs

Intelligent Investing's Mechanical System: Table 2. Buy/Sell for the Exchanged Traded Funds (ETFs) SPY & SH and performance (intermediate- and long-term only. [Short-term and intermediate-term is now available on my private twitter feed.](#)

S&P500 ¹	Intermediate-term	Long-term
Signal ^{2,3,4}	Sell / Short	Buy/Long
Signal Date (m/d/yr)	9/5/2018	6/28/2016
Performance TD (%) ⁵	5.89%	46.19%
SPY TD (%) ⁵	6.31%	

1) Signals and performances differ between indices and ETFs
 2) Signals are based on the ETFs "SPY" and "SH"
 3) Signals vary between Buy/Long (SPY) and Sell/Short (SH)
 4) Green = Buy/Long, Orange = Neutral/hold, Red = Sell/Short
 5) Cumulative starting June 1, 2018 for Intermediate-term; and June 28, 2016 for long-term

ALOHA

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