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Weekend Report for Monday, June 26

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Bottom Line:

Next week is the end of the second quarter. Quarterly endings are always accompanied by a reshuffling of the deck by large institutions, much of which is mandated by their respective legal charter. There is no way to know the bullish/bearish result, but it is something all traders should be aware of.

Panic buying in the indices ended (temporarily?) quite abruptly last Monday. Even if the market is only in a shallow, short-term correction I do not think we will see the same rate of change to the upside that we experienced from the May 24 low.

The unprecedented divergence between the NDX and RUT continues, which is a reflection of the continued dominance of 7-8 stocks over the other entire universe of stocks. I have been waiting for a resolution of this for months, but that inevitable resolution has yet to occur. It will.

In the meantime we “simply” must follow market structure and realize we are best served by following and respecting the market structure of each individual index separately (huge note to self). At some point the indices will “synch up”,



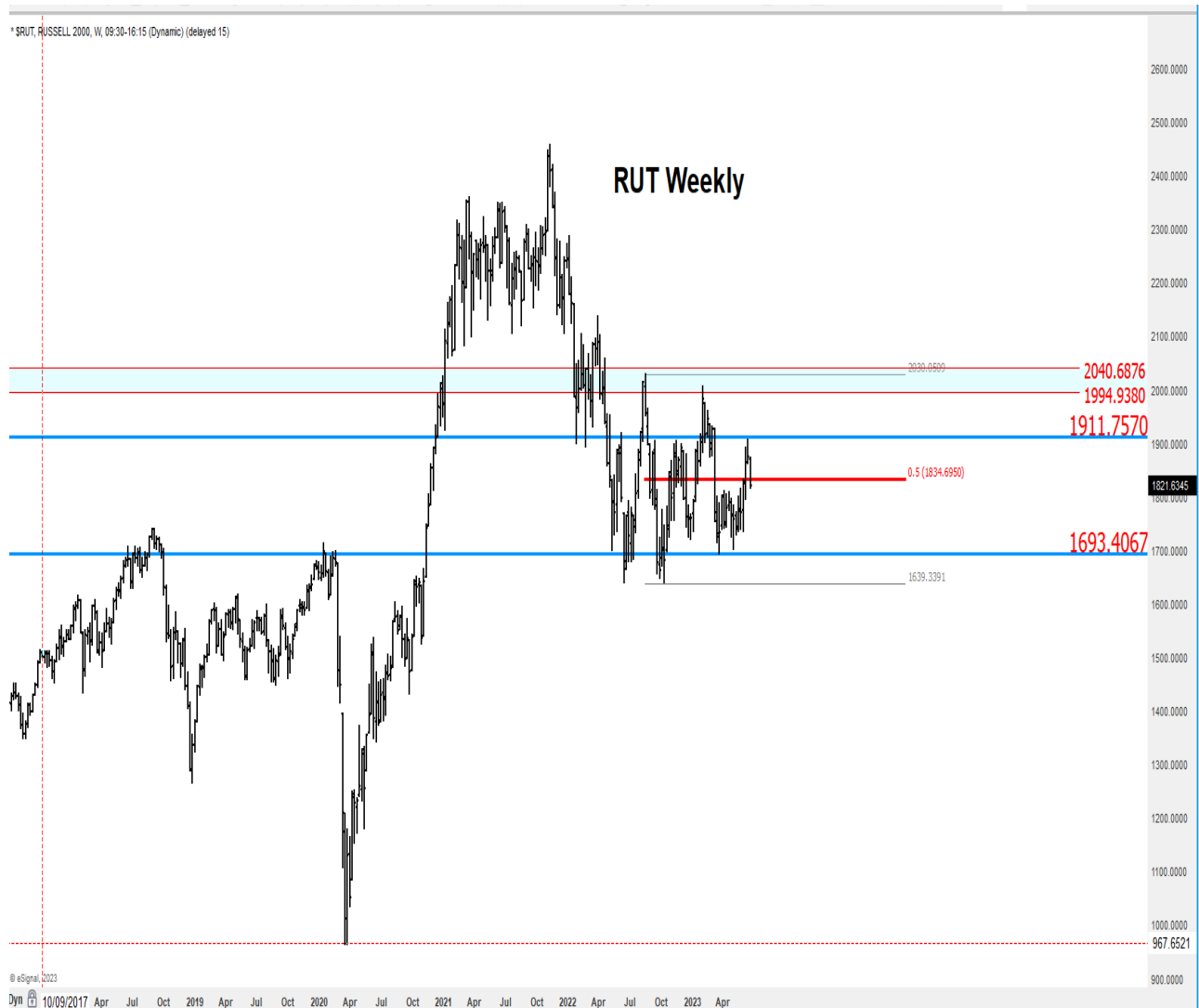
but we can stay out of trouble in the meantime (and profitably trade) by honoring the individual levels of each index. Will start with the weekly perspective and work down in timeframe.

RUT

Weekly

I'm starting with the Russell 2000 because I do not believe you can have a multi-year bull market without the Russell 2000 participating. The Russell 2000 is off its June/October 2022 double bottom but has not shown anything close to bull market behavior. It continues to fail at important upper KRAs (Key Reference Areas).





Daily

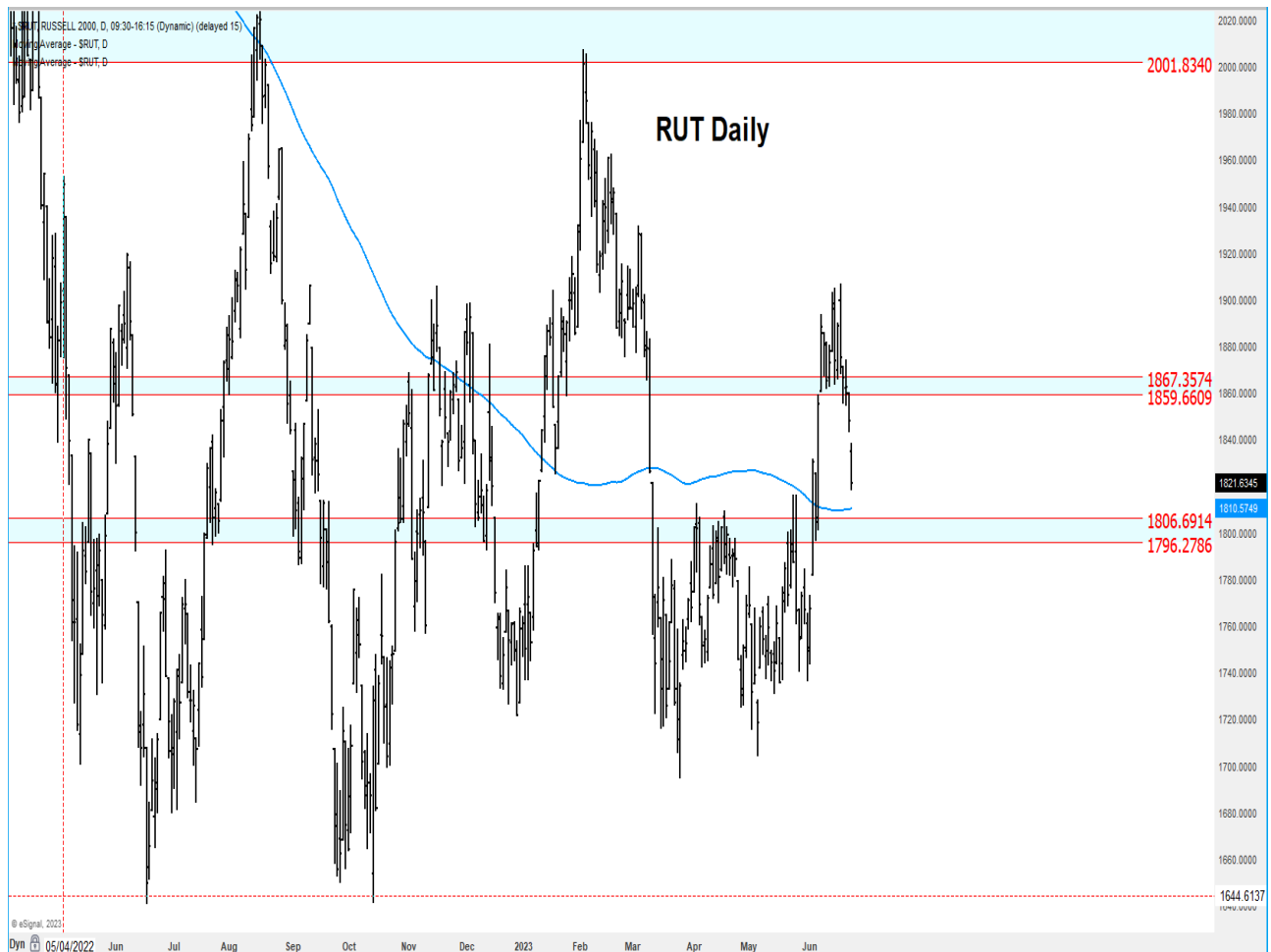
The RUT broke initiatively up from a multi-month Balance Area on June 2. The rally followed the classic three-step process of Auction Market Development - Trend/Stopping Price/Development (Balance). It was the latest opportunity



for the RUT to confirm a bull market, but instead of breaking up following several days of Balance it broke very sharply lower and is now testing the breakout of the multi-month consolidation.

Upper KRA: 1867-1859

Lower KRA: 1806-1796



NDX

Weekly

The NDX is polar opposite of the Russell 2000. I don't see how anyone can suggest at this point it isn't in a bull market, in spite of the fact that only a handful of stocks is responsible for the overwhelming majority of its gains. However, it is highly unlikely to continue the rate of change to the upside we have seen since the April 25 low.

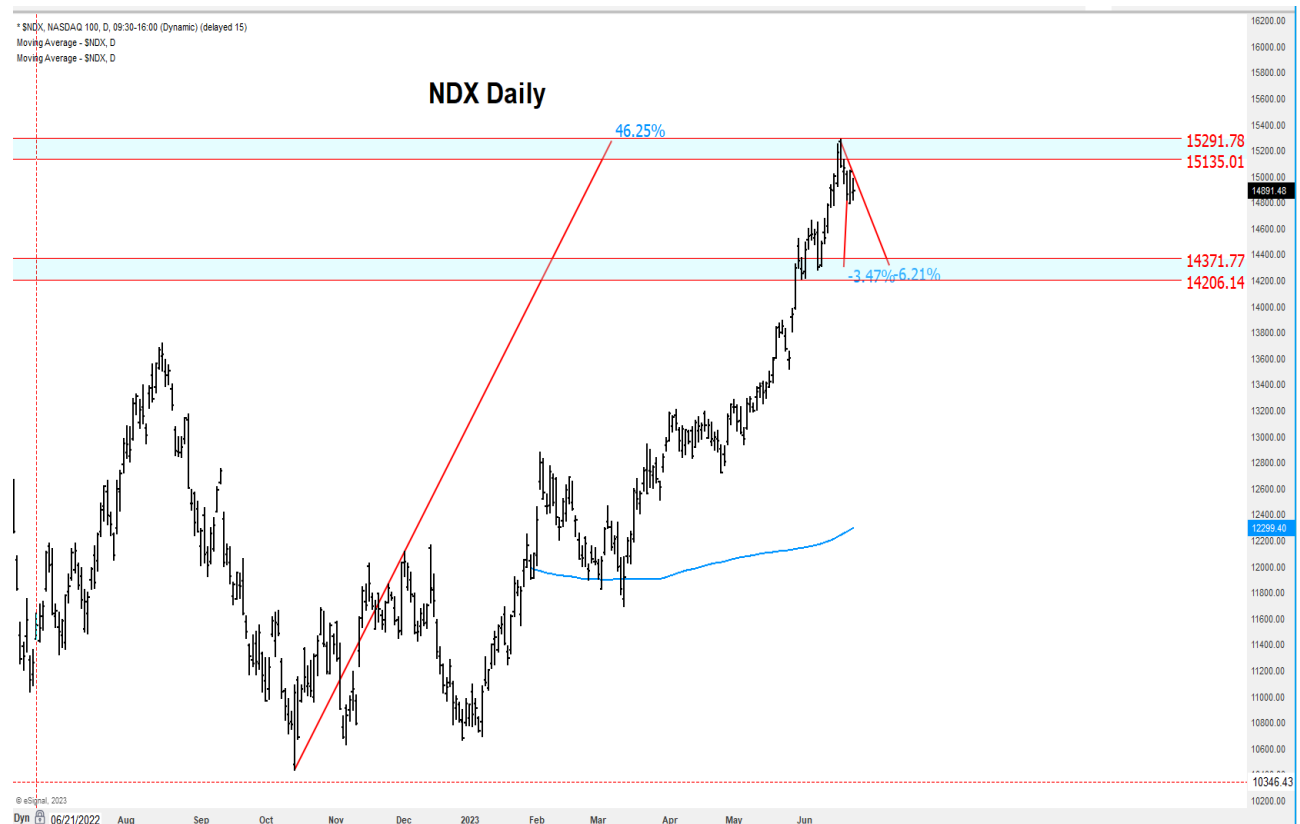


Daily

There are several equally weighted paths of development over the next week or so. IF we see further selling, 14371-14205 is the immediate important downside KRA. It is also quite possible we bottom near current levels and form Balance between near last week's lows and the most recent high.

Upper KRA: 15135-15291

Lower KRA: 14371-14206



SPX

Weekly

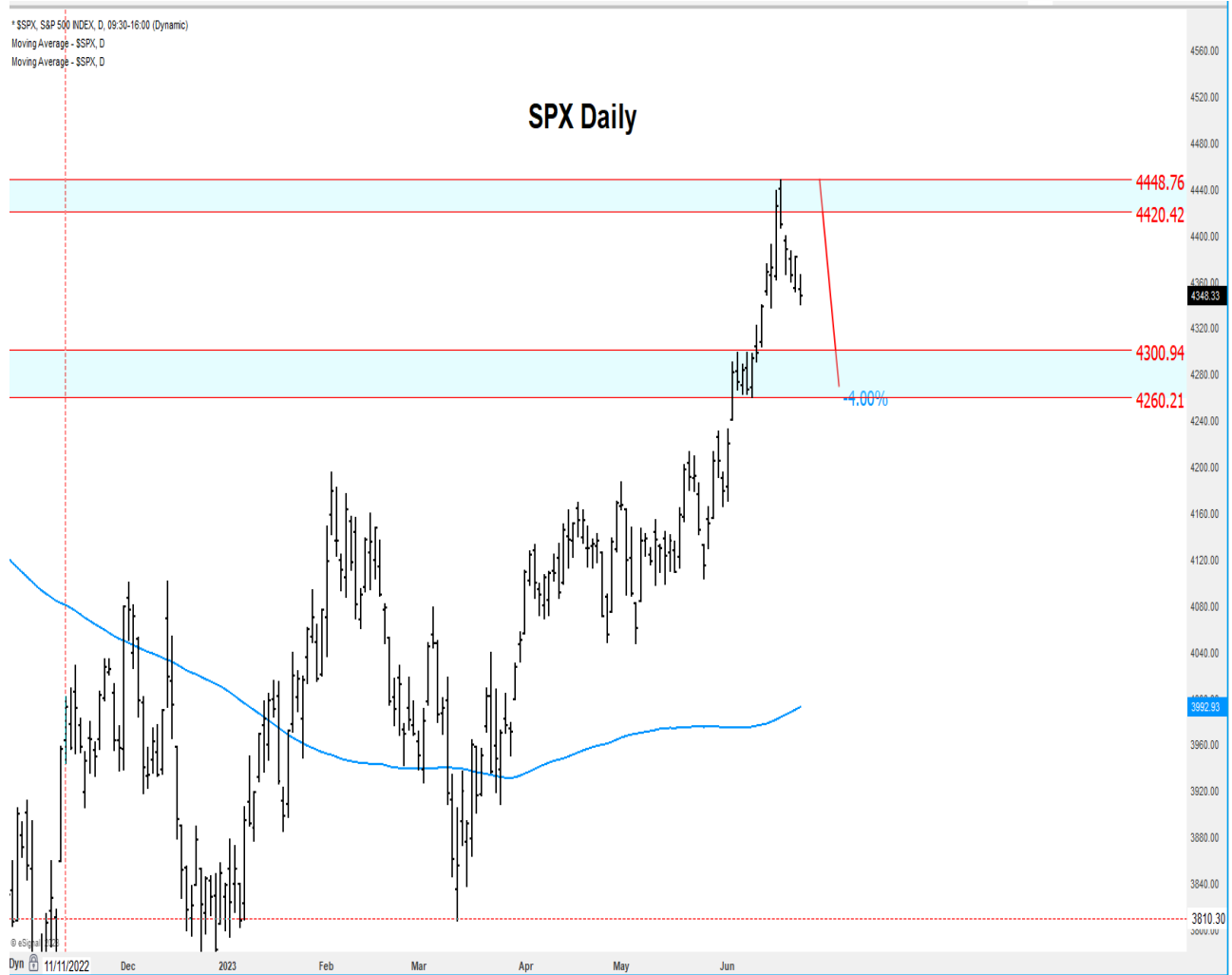
Same comments apply to the SPX as for the NDX.



Daily

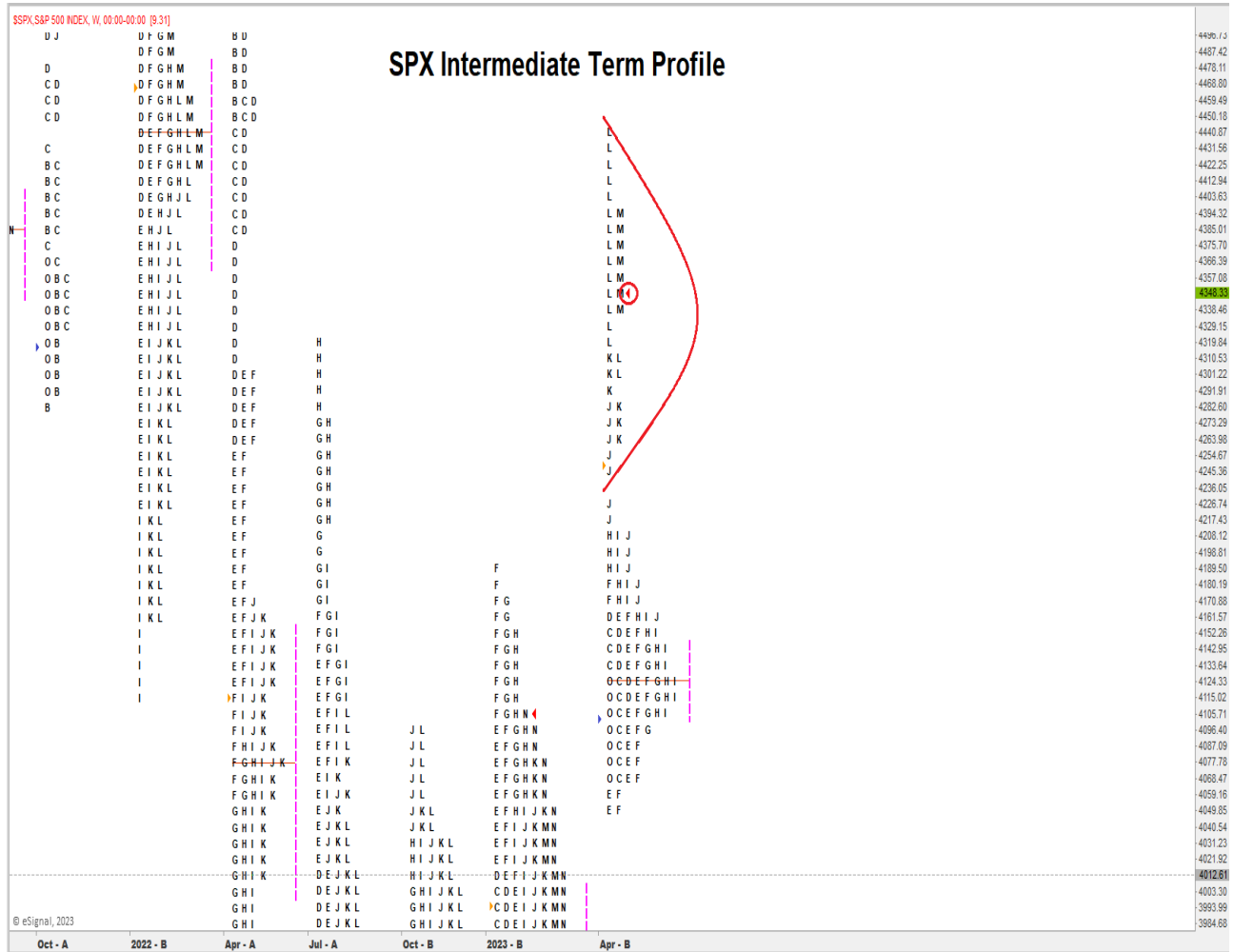
Upper KRA: 4420-4449

Lower KRA: 4300-4260



Potential Paths of Development - SPX

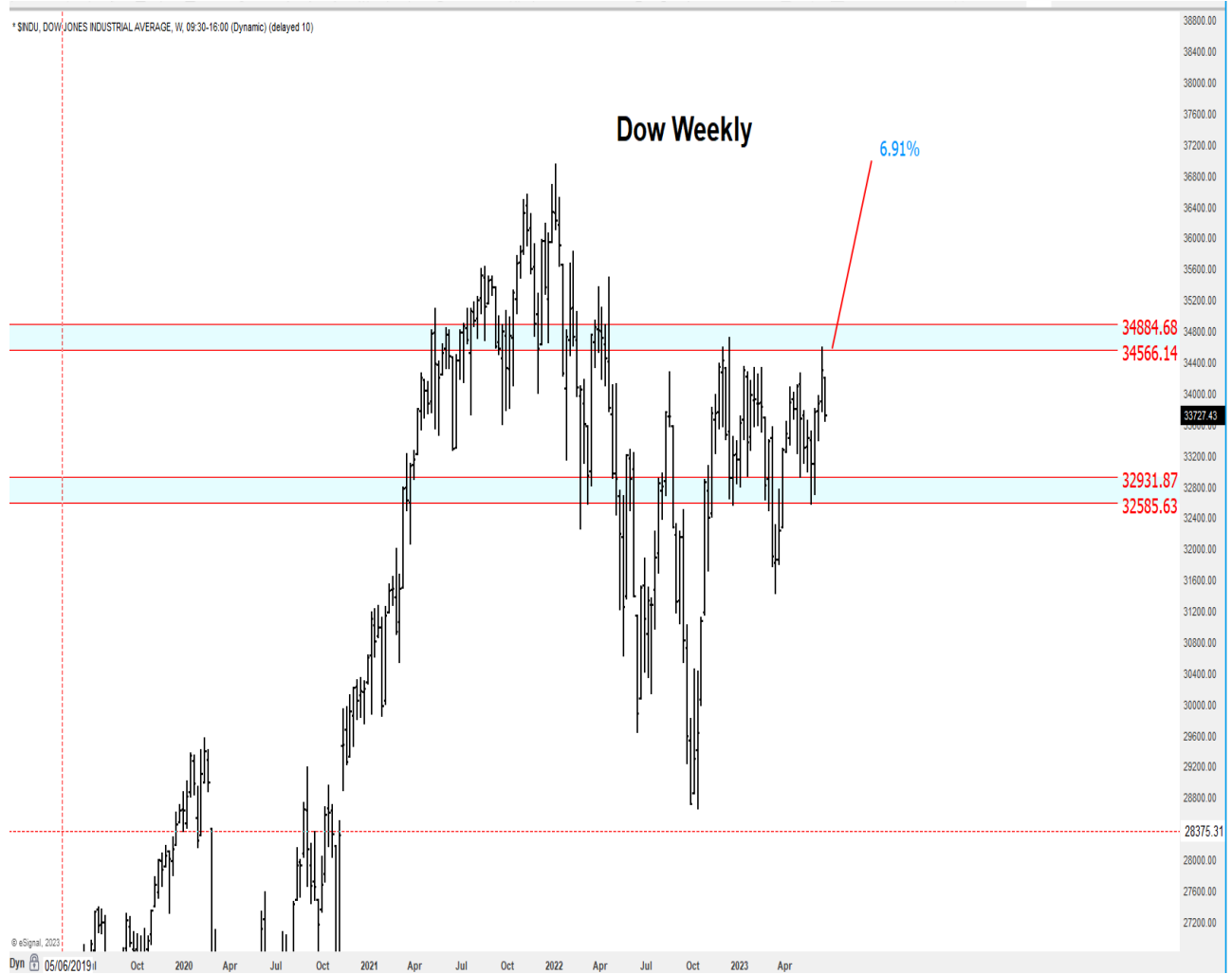
Please review last weekend's Report. So far, development is almost exactly mirroring what was posited in that Report.



DOW

Weekly

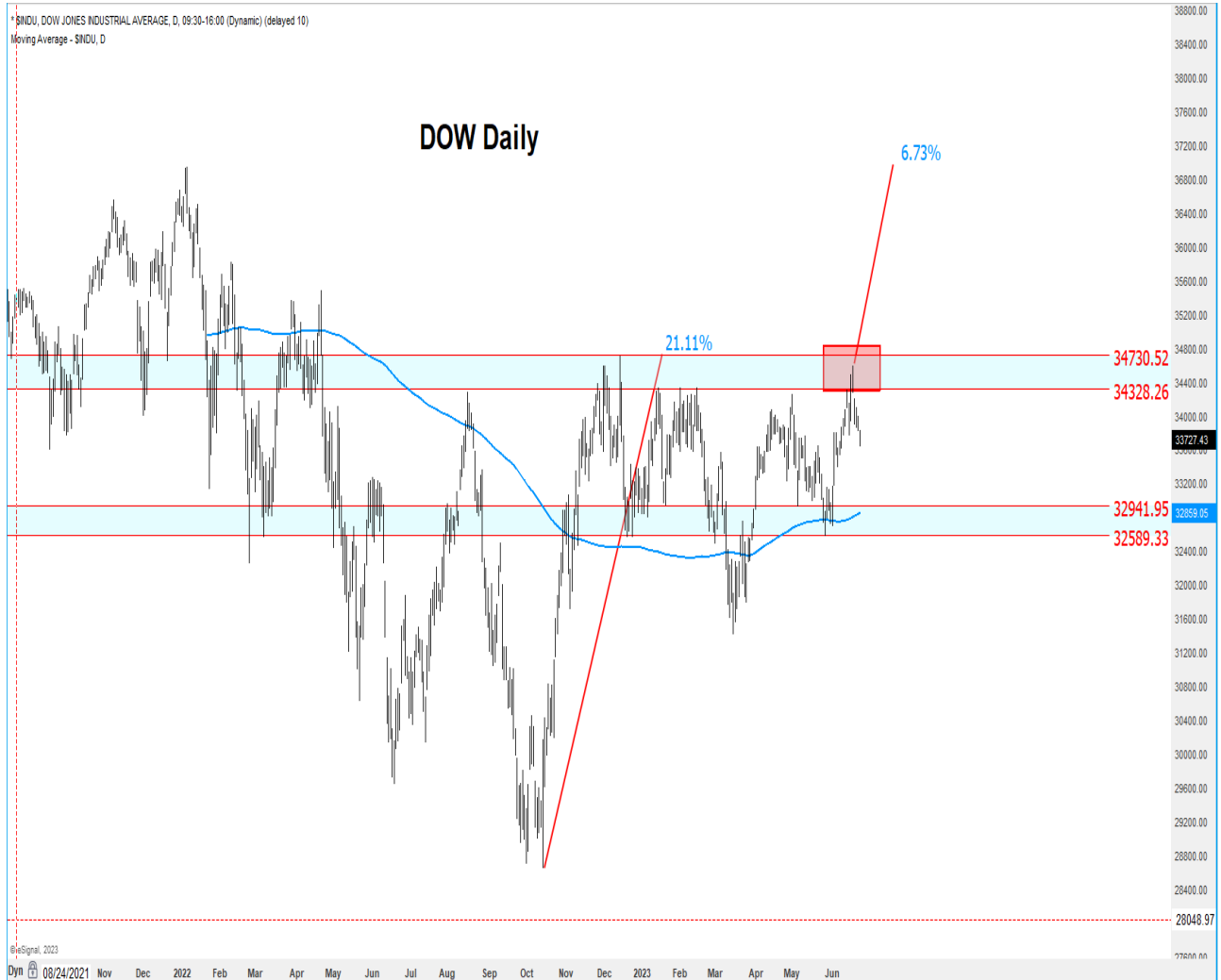
Choppy and whippy.



Daily

Upper KRA: 34328-34730

Lower KRA: 32942-32589



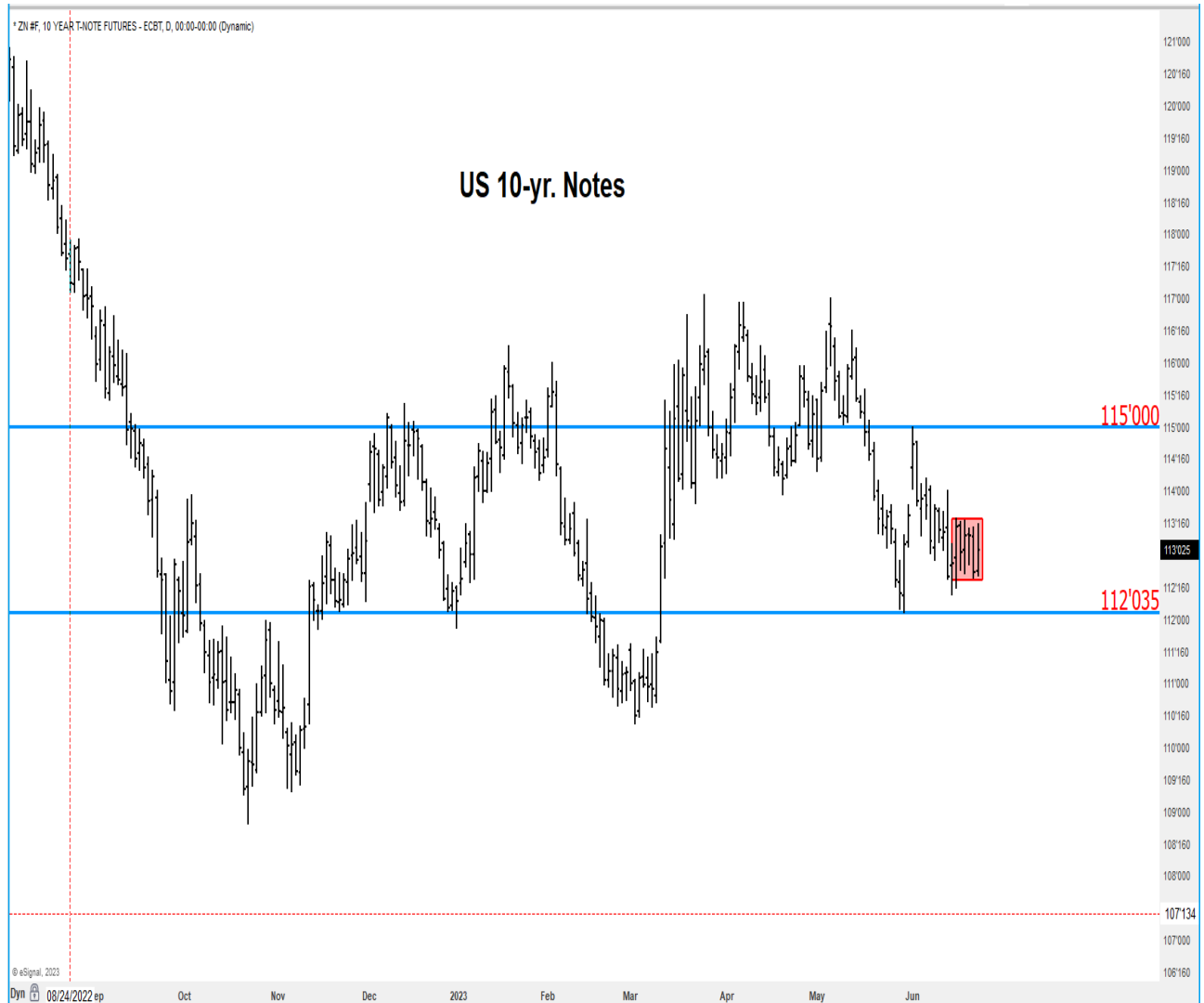
Internals

This chart is getting interesting. The 10-day and 5-day MAs of NYSE advancing issues are getting into downside levels not seen for a while. We will monitor this closely.



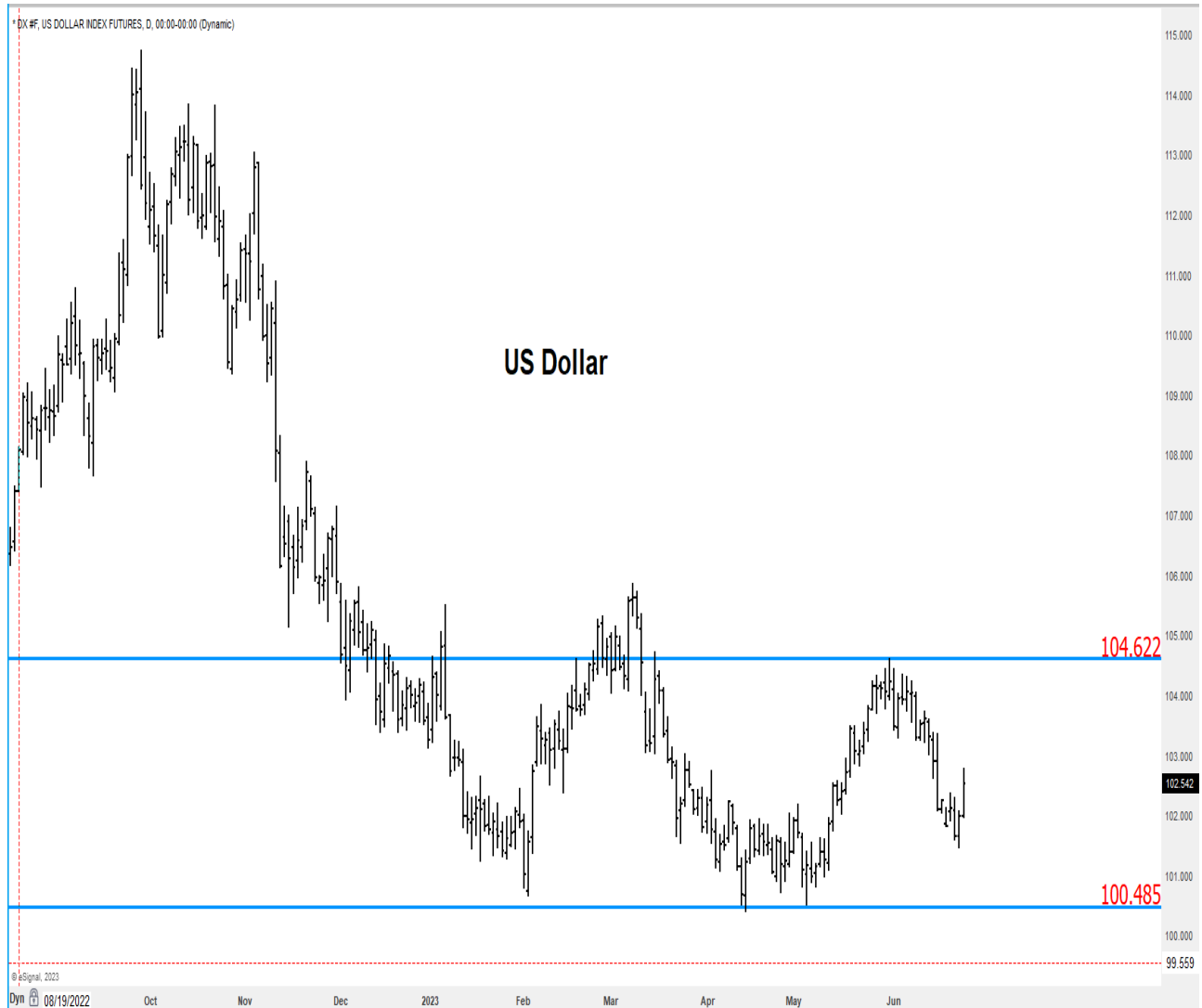
US 10-yr Notes

Notes are in an increasingly mature Balance Area.



US Dollar

The US Dollar is between critical levels.



Gold

Gold is making lower lows and highs and has closed below an important level.



Crude

Total chopfest. Consider favoring shorts below Friday's low.

