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Weekend Report for Monday, December 4

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Bottom Line:

The bull leg in the indices that began off the late October lows continued in the first day of December similar to how it left the last trading day of November - strongly up.

I have expressed the thought for a couple of weeks now that one or more of the primary US stock indices may trade to a new all-time high before the beginning of 2024. That looks increasingly likely as the DOW is less than 2% away, basically the same percentage gain it had last Thursday and Friday.

Momentum remains strong and it is likely that any retracement is bought through the end of this month. I still believe we are going to see retracement greater than we have seen to this point along the way, but that's a fairly low bar.

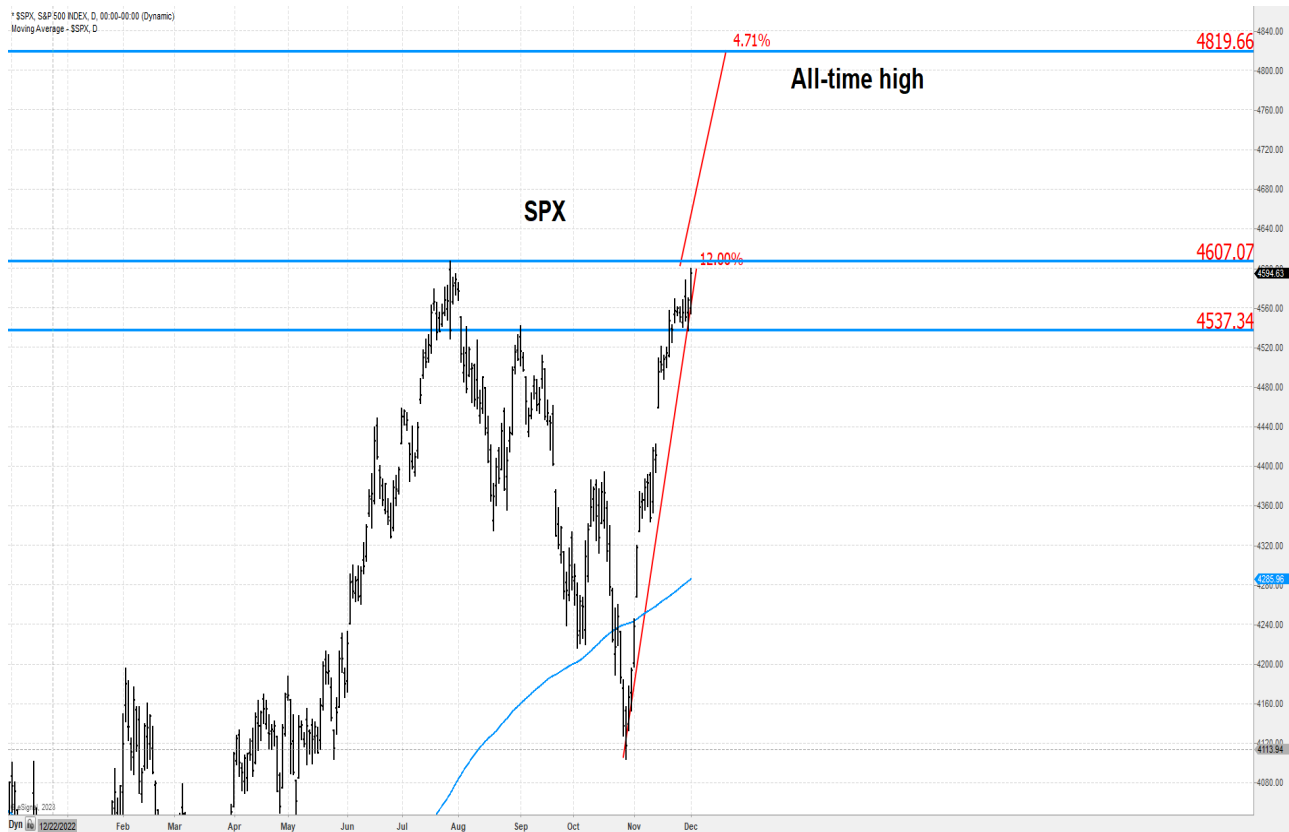


SPX

4607 is a level we've been watching for a couple of weeks, and it remains an important upside level. Typically, trading will get whippy around previous intermediate term highs or lows, particularly one as watched as is this one.

Upper KRA: 4607

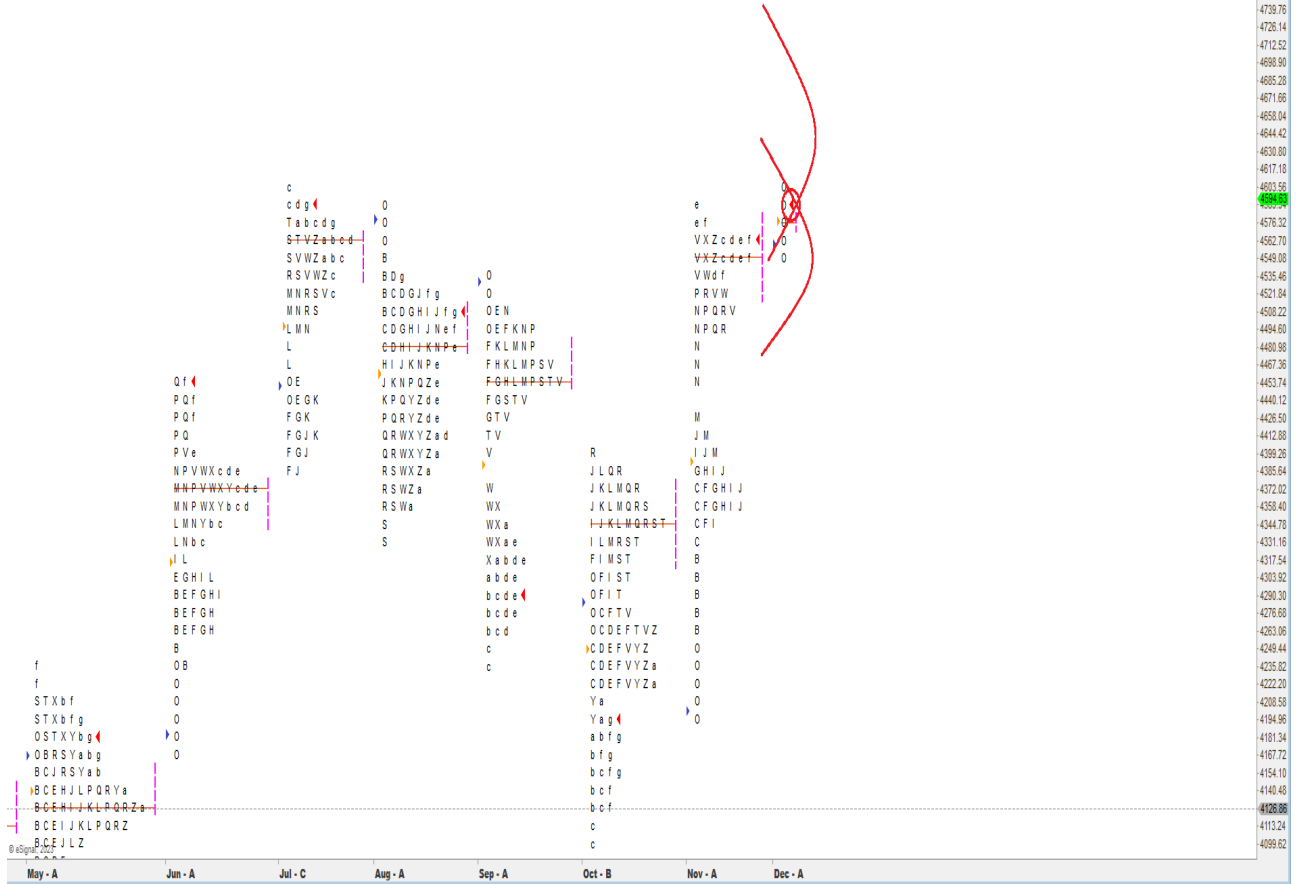
Lower KRA: 4537



SPX - Intermediate-term Auction

SPX,S&P 500 INDEX, D, 00:00-00:00 [13.62]

SPX Monthly Auctions

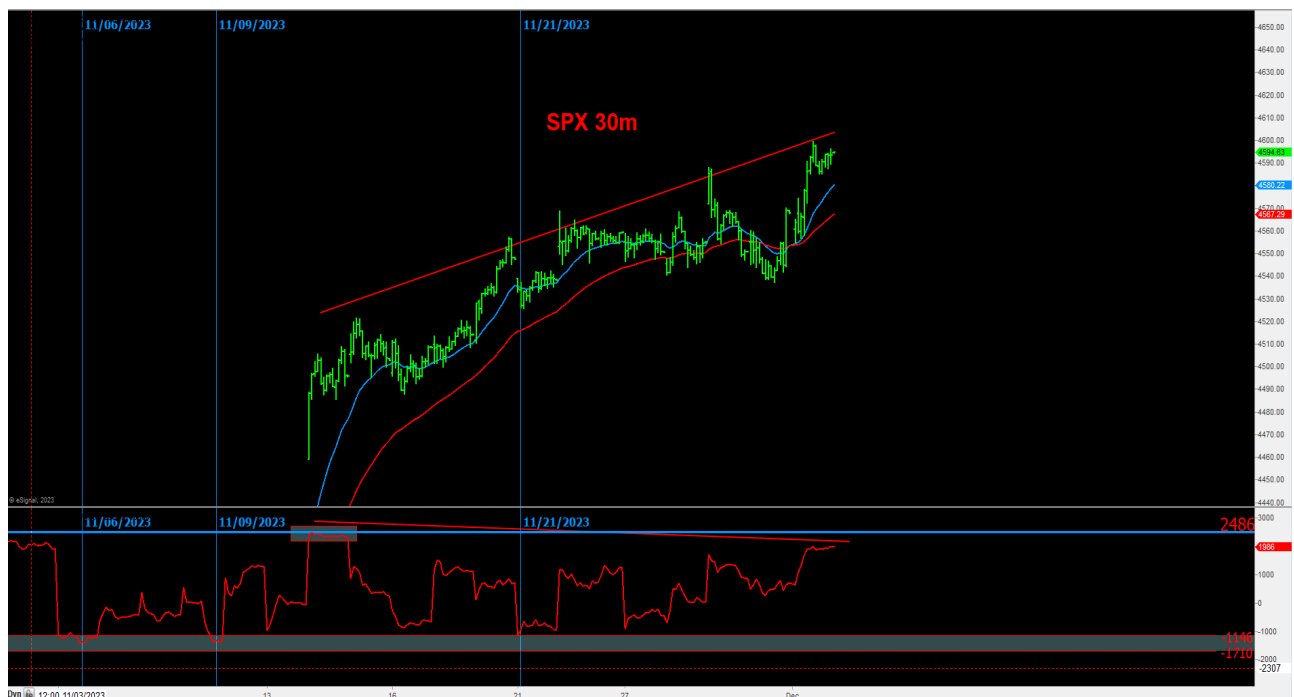


SPX 30m

A breadth contraction to the lower band in this chart is increasingly overdue. Be aware that *price* does not necessarily sell off hard during these bull leg breadth contractions.

What will be important to watch is how price behaves when breadth does contract again, and what immediately follows.

The initial signal a top of relative significance is in place occurs when price takes out a previous higher low to the downside.



NDX

The NDX had a large relative drop on Thursday, but it had also led the others up into that top.

Upper KRA: 16759

Lower KRA: 15918.02

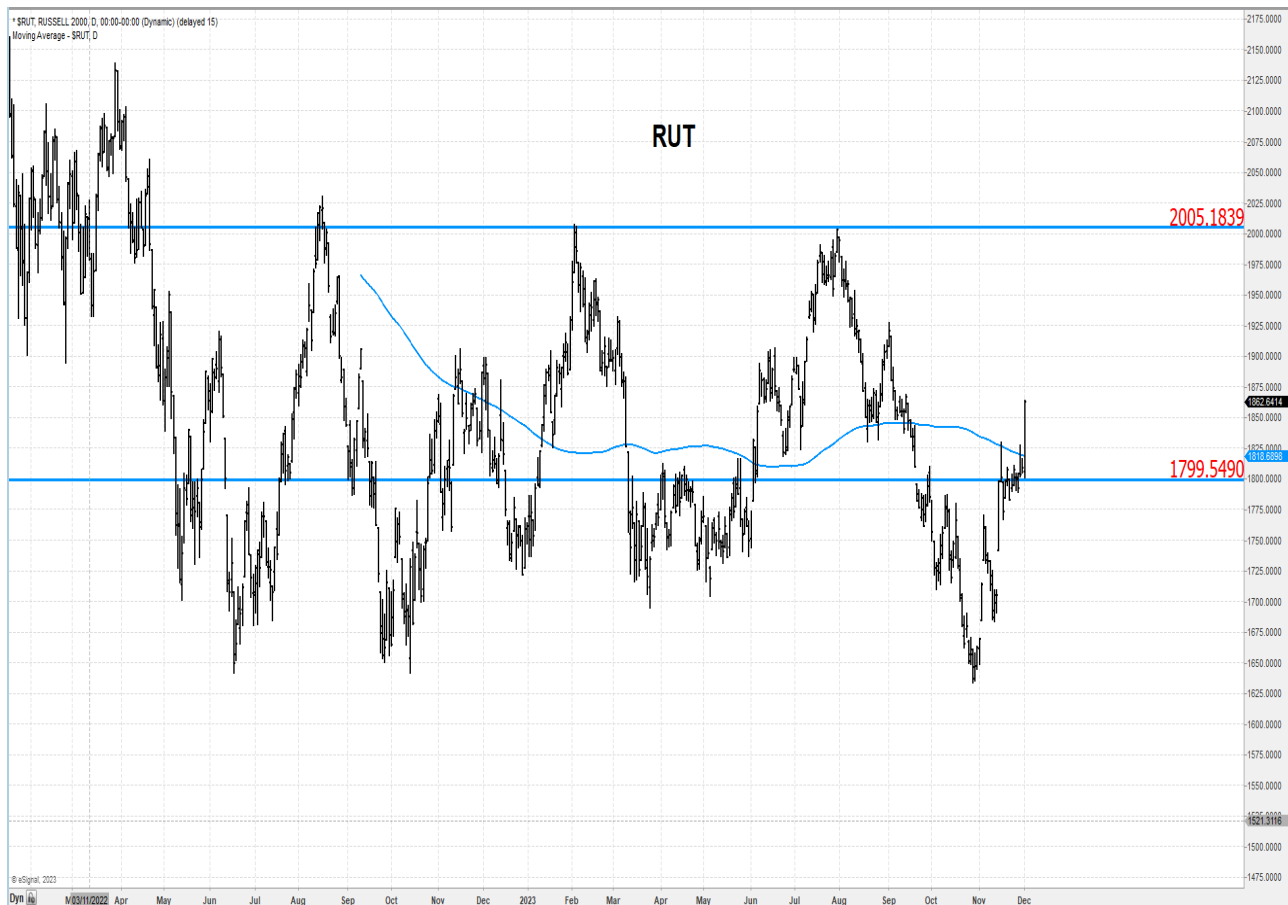


RUT

The strength in the RUT is potentially quite bullish, but it is still lagging way behind the other indices in YTD performance.

Upper KRA: 1770

Lower KRA: 1685-1670

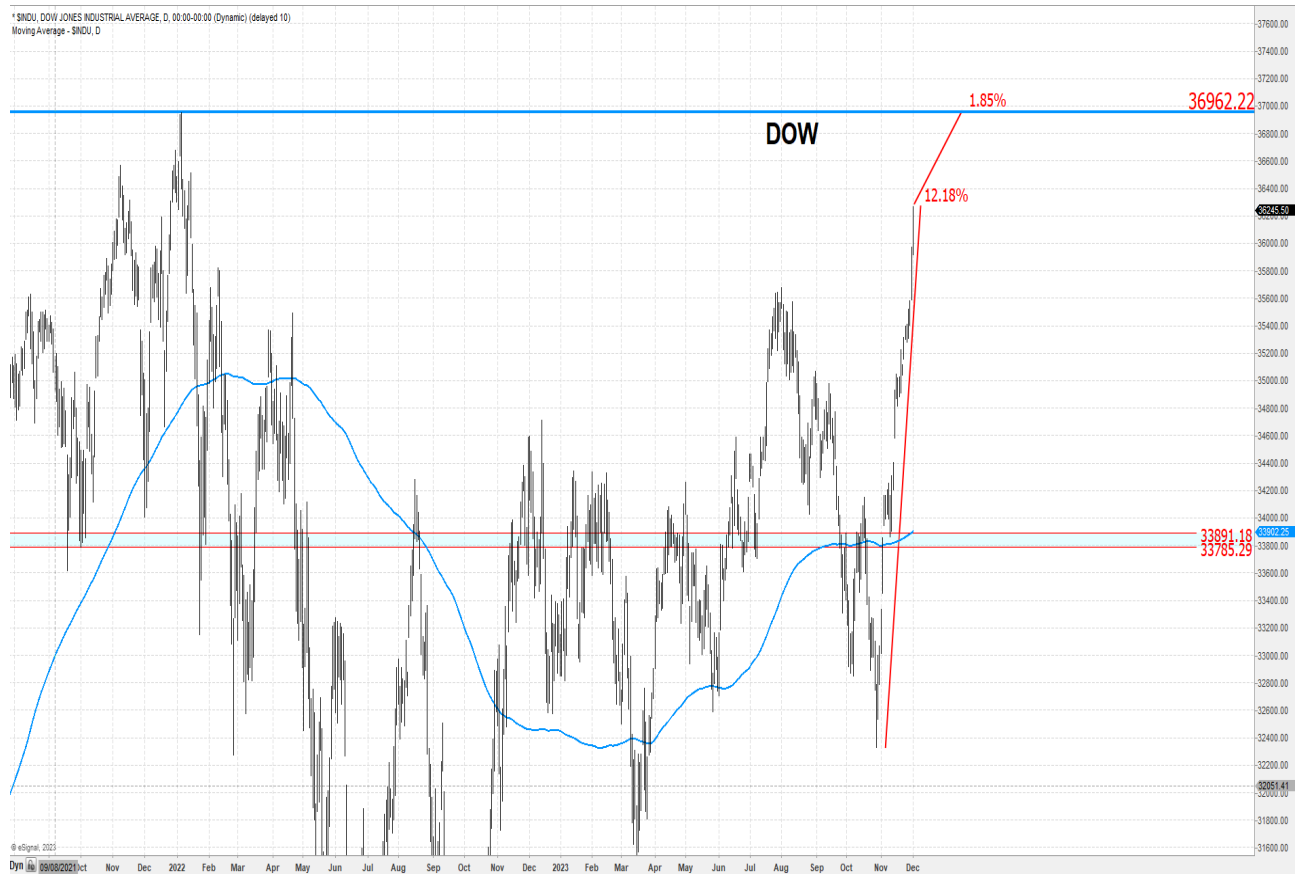


DOW

The DOW is only 2.5% from a new all-time high. Two more days like Thursday and Friday and it will be there by Wednesday.

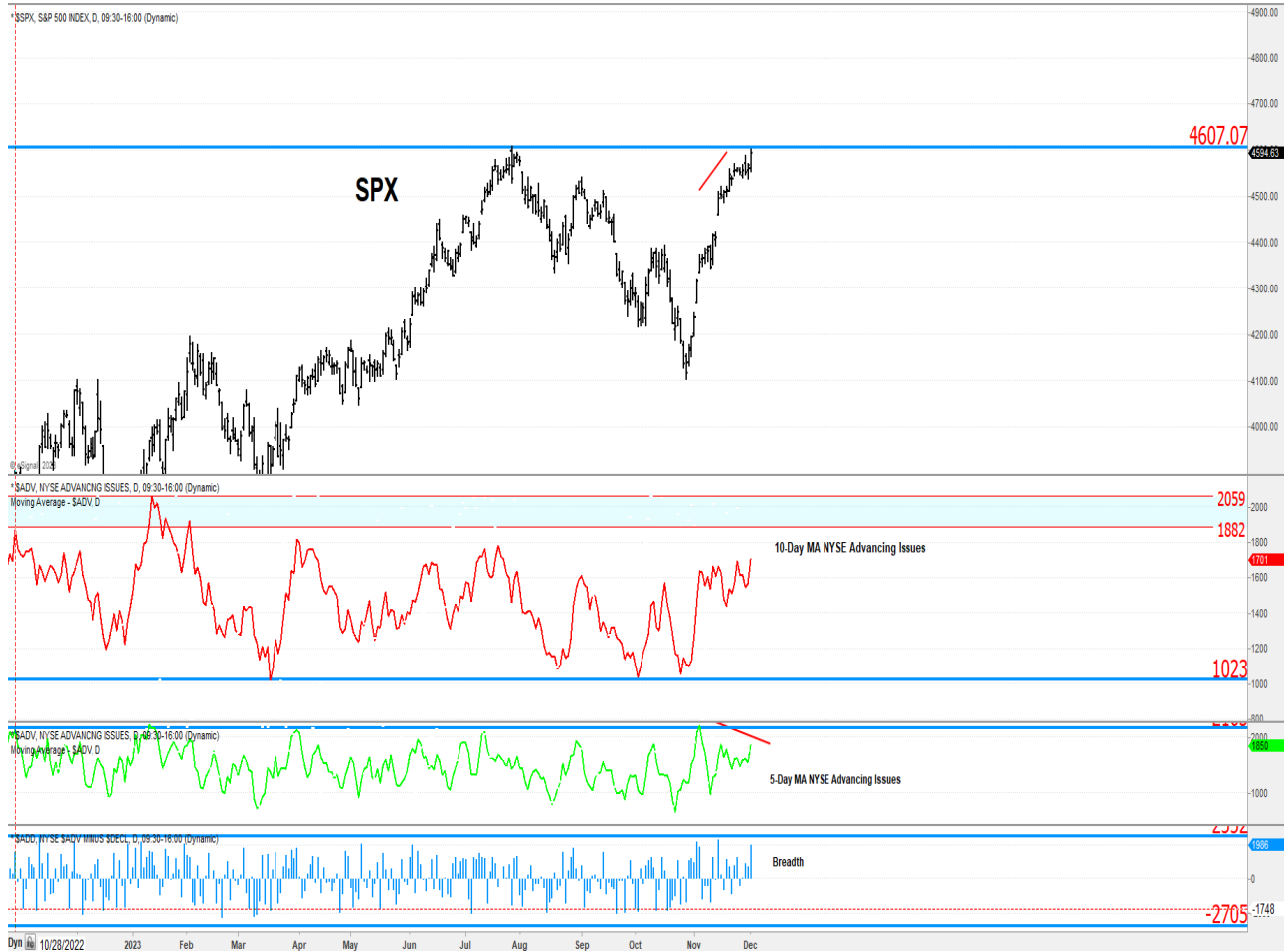
Upper KRA: 36962

Lower KRA: TBD



Internals

Typical bull leg behavior. Divergences that mount and mount and mount. Breadth is MUCH more reliable and helpful in bear legs than bull legs.



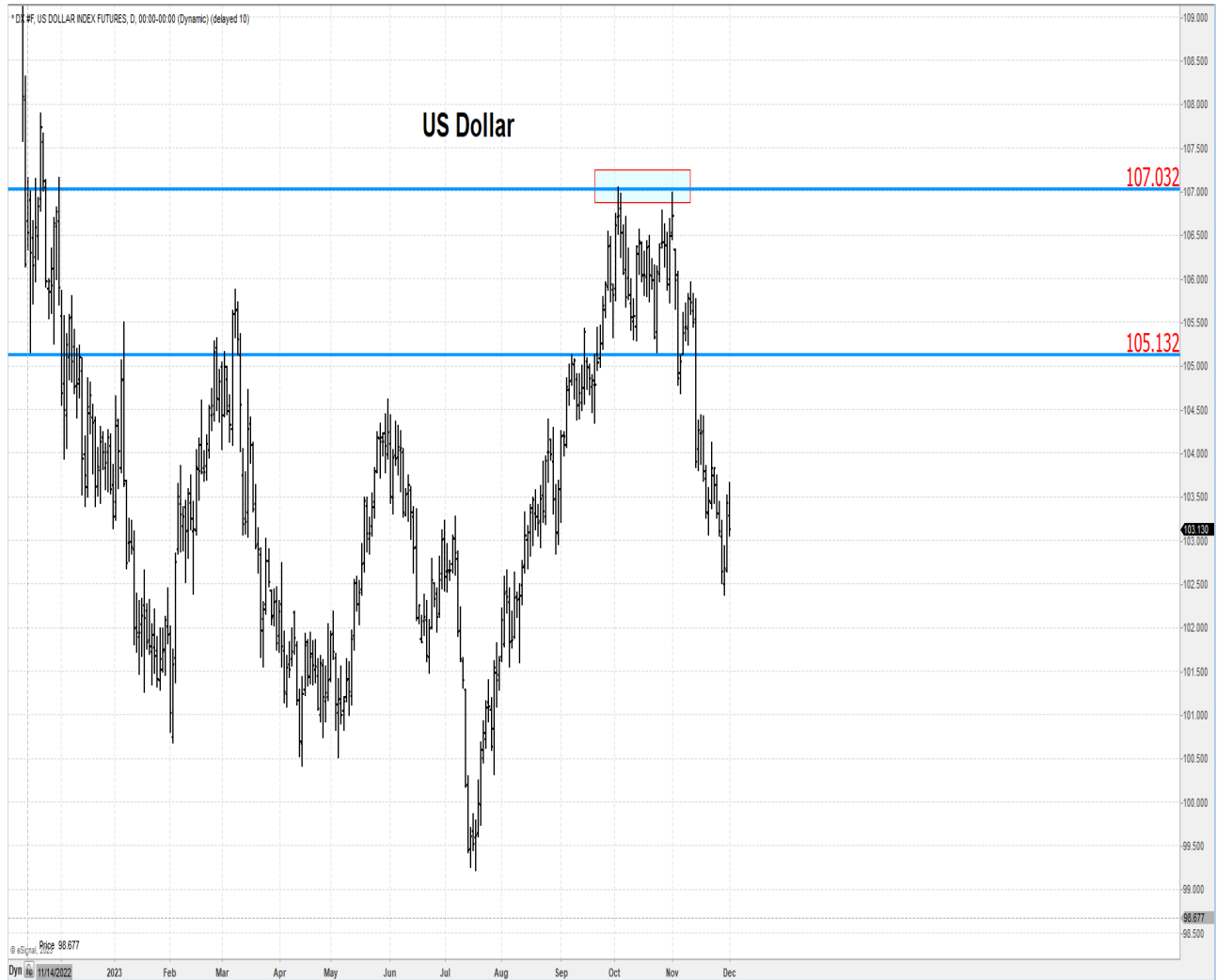
US 10-yr Notes

Favor longs.



US Dollar

Favor shorts.



Gold

Continue to favor longs, but be aware Gold could pull back sharply at any time just as part of normal rotation.



Crude

Crude appears to be in an intermediate-term downtrend.

Favor shorts.

