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Weekend Report for Tuesday, January 2

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Bottom Line:

Price action is bullish in all time frames in the US indices.

Short-term the indices are extended to the upside in all timeframes.

It is increasingly likely we soon see much more two-sided trade than we have seen since the October Low. The rally since the October low has been a perfect storm of seasonality, friendly Fed posturing - and possibly most directly responsible for the ramp, year end FOMO (fear of missing out) by institutions.

Friday was the last trading day of 2023 and marked nine consecutive up weeks. Also, within those weeks we've seen very little range "probing" that is typical even in strong bull legs in larger degree bull markets. This won't continue. That is as far as I would ever go in making a prediction.

I continue to believe that even if we are in a bull market (and price action strongly suggests that is likely the case), we are very soon going to see more two-sided trade on a day-to-day basis.



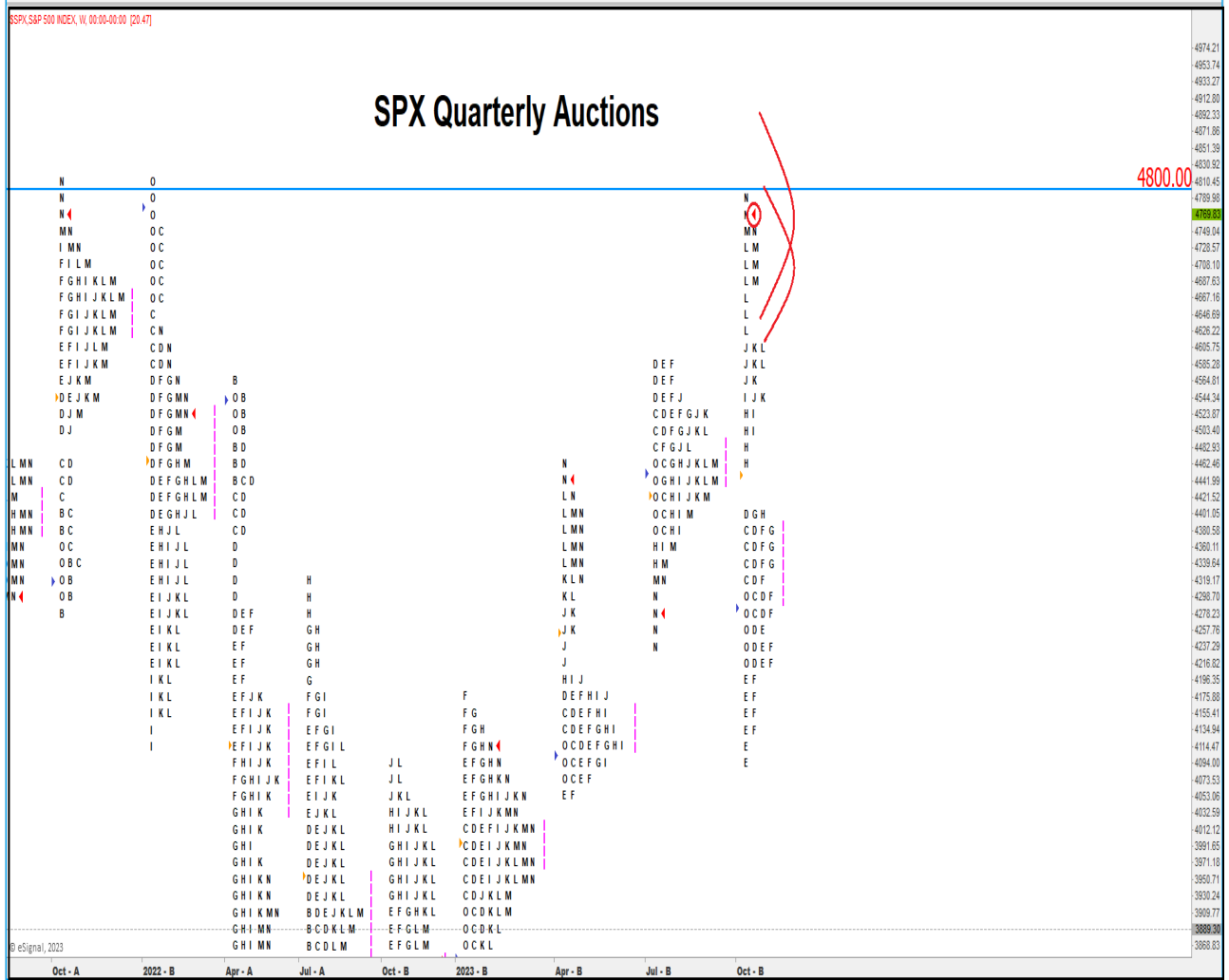
SPX

Upper KRAs: 4800-4825

Lower KRAs: 4705-4687; 4625-4593



SPX Profile Quarterly Auctions



NDX

Upper KRA: 16969

Lower KRAs: 16757; 16199-16049

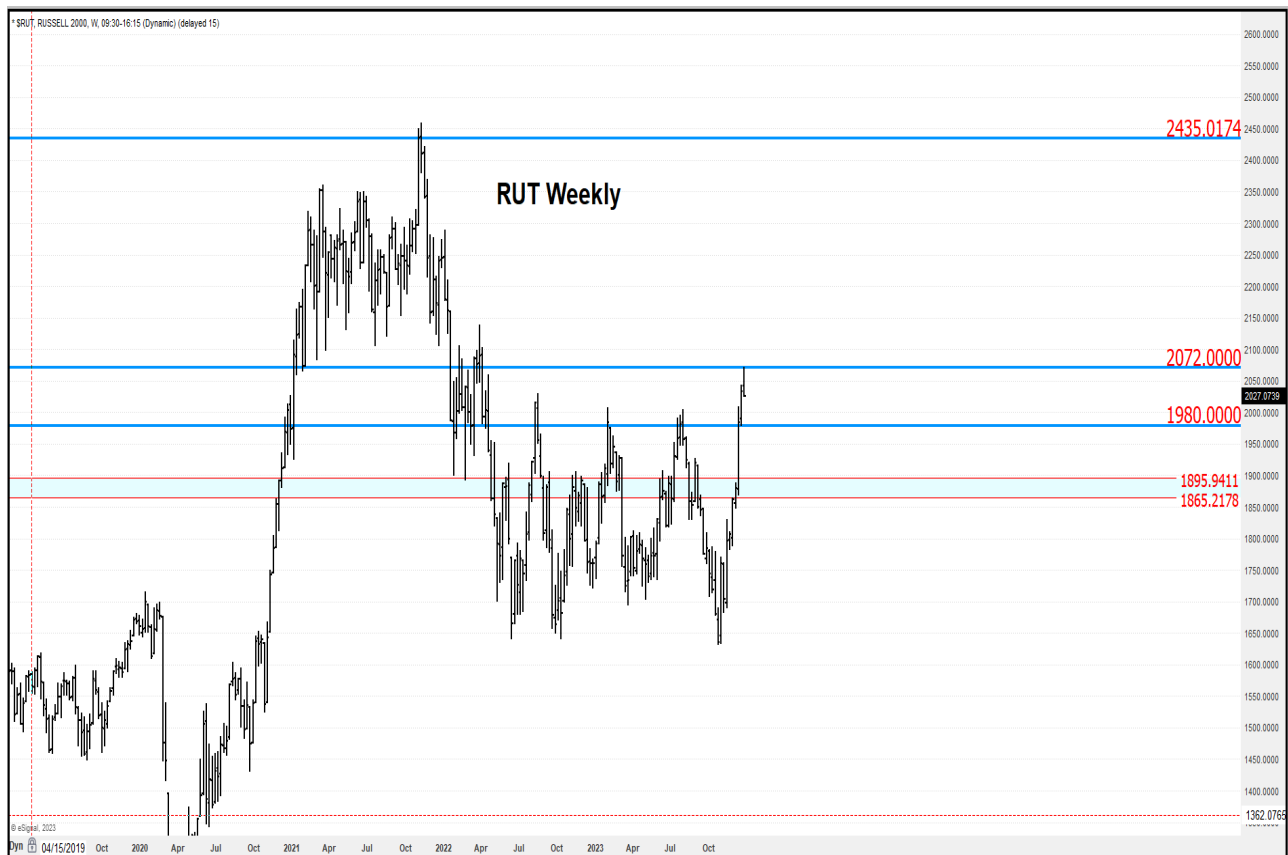


RUT

Note the RUT had a down weekly close and is potentially leaving a selling tail on the weekly chart. This is important because the RUT was the leading index off the October lows.

Upper KRA: 2072

Lower KRA: 1980



DOW

No change: *The DOW is currently as vertical as a market gets. It looks like a chart of soybeans in a July drought.*

Upper KRA: 37803

Lower KRAs: 37073; 36464-36236



Internals

I'm not even going to post the chart. I do not trust anything that happened last week so let's just see how the internals adjust and react this week.

US 10-yr Notes

Higher highs and lows; the trend is up.



US Dollar

Favor shorts.



Gold

1987 needs to hold for the bullish case in Gold. 2046-2028 is the immediate important downside KRA. It is bullish that Gold has held up so well (so far) following the massive selling tail of a few weeks ago.



Crude

Lower lows and highs. Favor shorts as long as that pattern holds.

