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## Weekend Report for Monday, January 22

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## **Bottom Line:**

You will not see a more glaring divergence between price action and internals as we presently have. Breadth has been very tepid and the 10-day and 5-day MAs of NYSE advancing issues (more below) are at the lowest levels I have seen at new weekly all-time highs in the DOW, SPX and NDX.

The RUT is lagging behind, badly.

Obviously the “Magnificent 7” are heavily responsible for the currently disparities in price action of the indices and breadth.

The bullish case is that the market begins to broaden out and we see breadth begin to expand and the Russell 2000 begin to catch up.

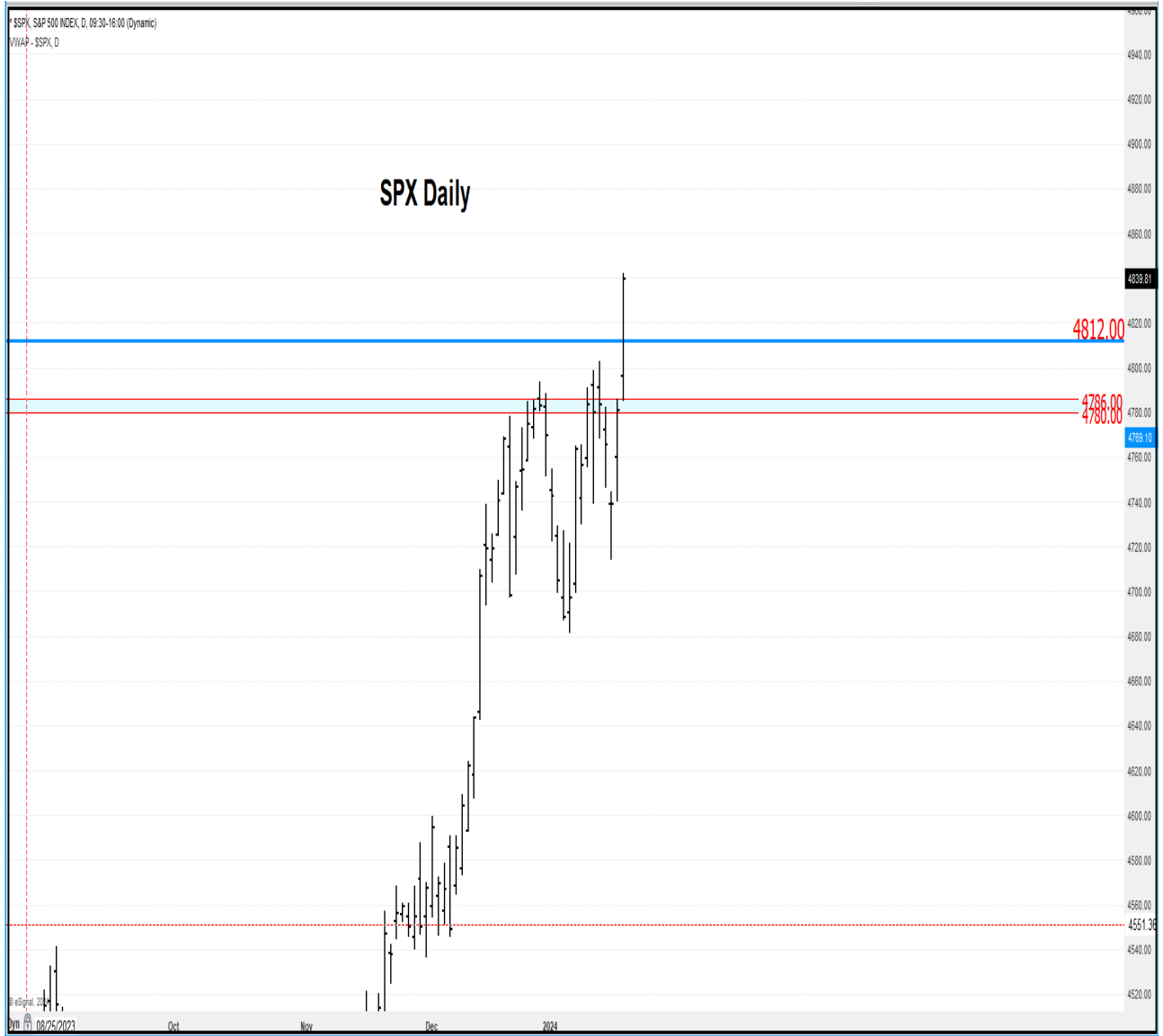
Friday’s price action suggests higher prices next week, with the caveat that breadth **MUST** continue to expand if we’re going to see much higher prices. The SPX, NDX and DOW made all-time high closes on Friday. The RUT is lagging but it also closed near its high.

The general guideline when a market has a wide range day (conviction) is that the momentum will carry that market further and any immediate retracement will be relatively shallow. I generally get concerned if a retracement into the conviction day reaches 50%.

# SPX

Upper KRA: TBD

Lower KRA: 4812; 4786-4780



# NDX

Upper KRA: TBD

Lower KRAs: 17162; 17041-16982



# RUT

Upper KRA: 1979-1990

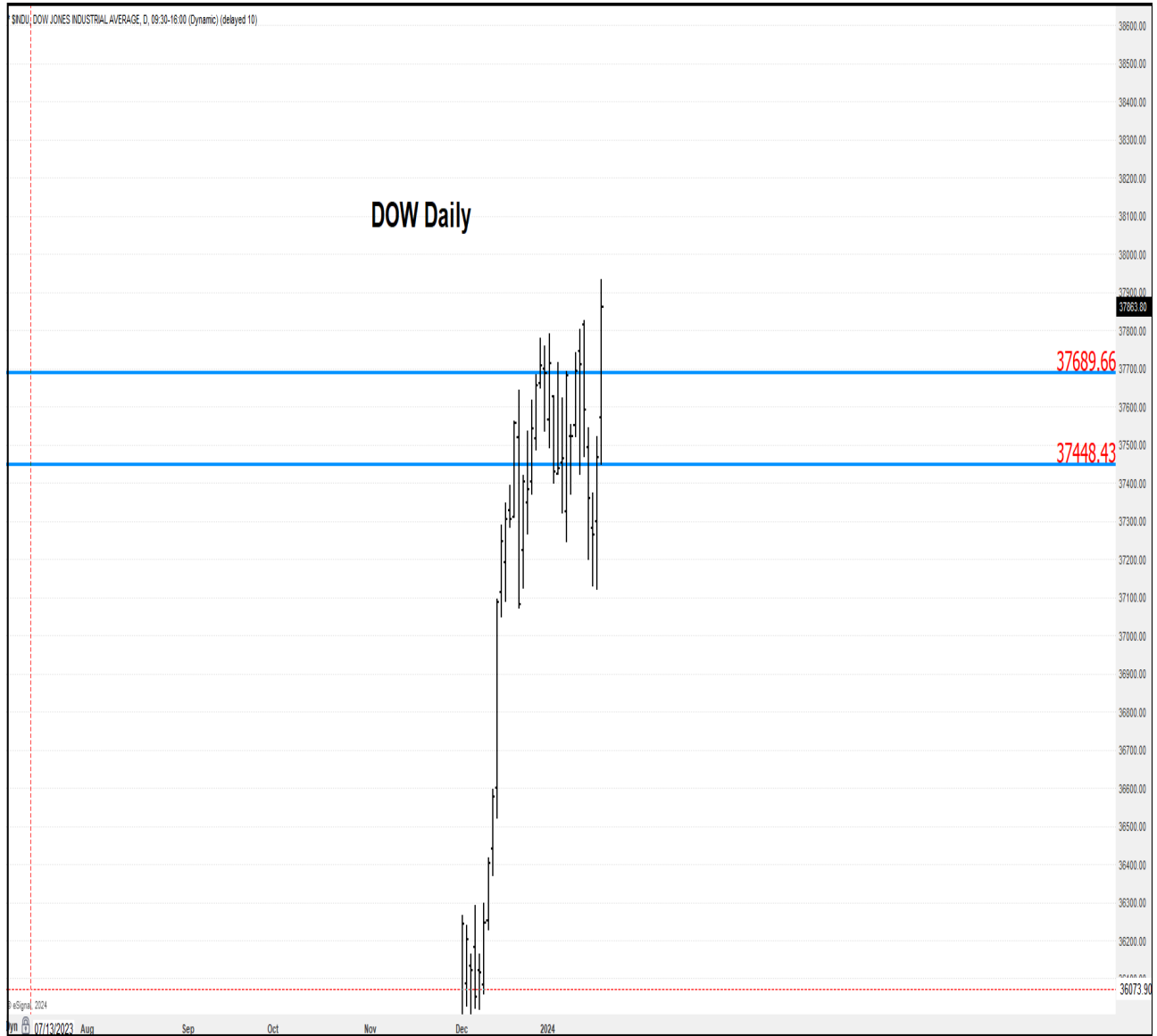
Lower KRAs: 1930; 1895-1865



# DOW

Upper KRA: TBD

Lower KRAs: 37689; 37448

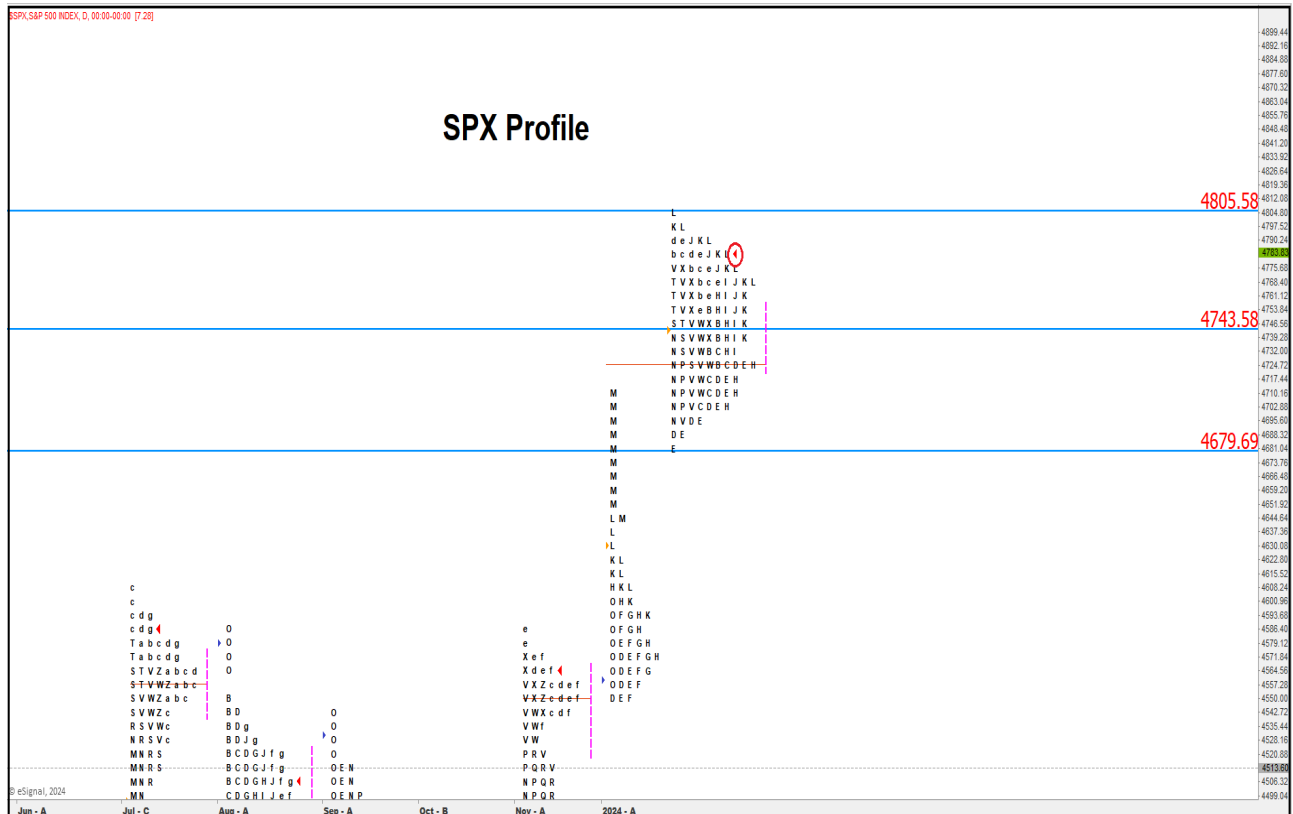


# SPX Profile

From last weekend's Report:

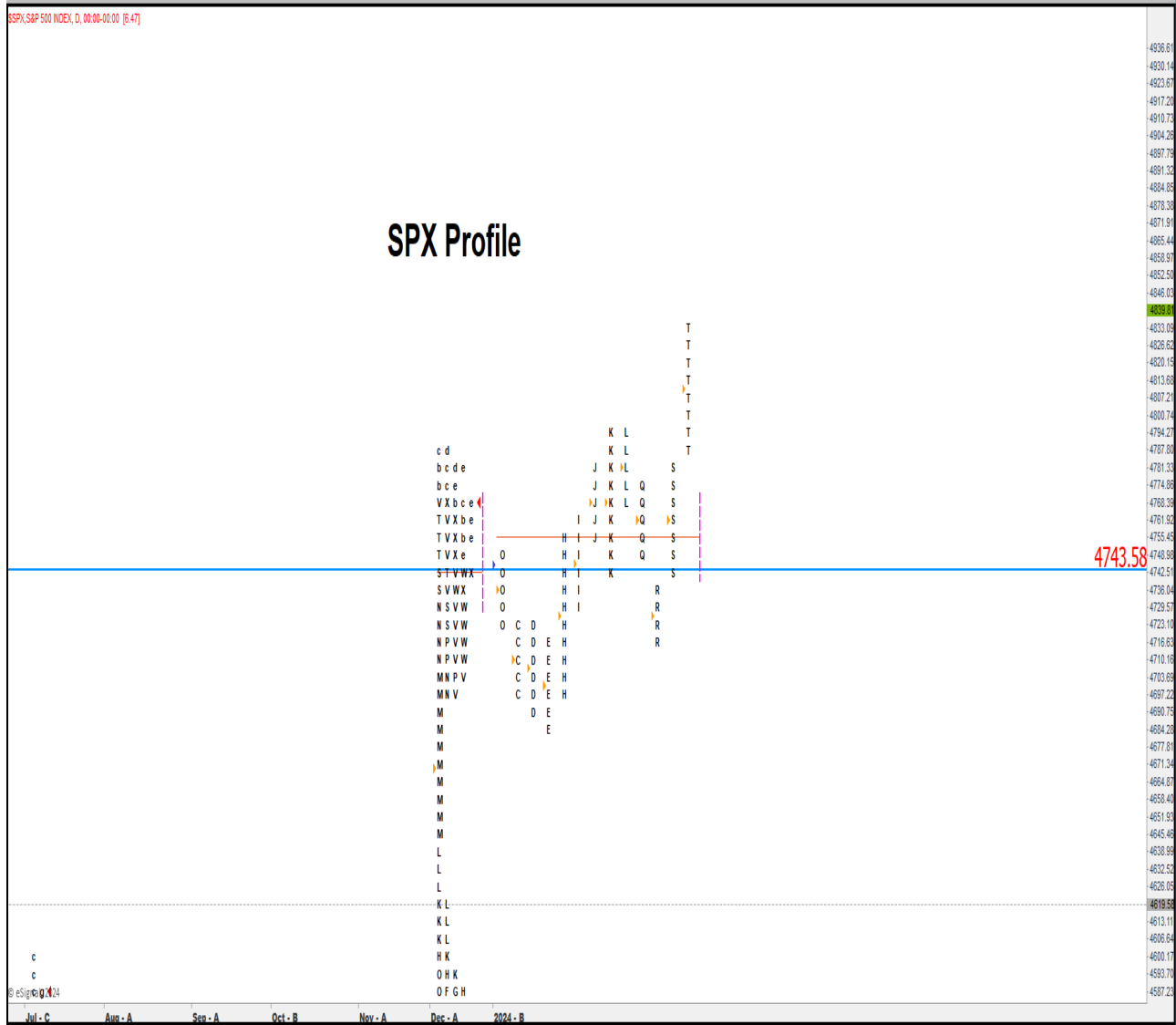
*The current relevant Auction in the SPX is quite compressed and mature. This suggests being alert for a breakout, probably sharp.*

*The midpoint of the structure is about 4743. That will be an important level to watch next week. Note the SPX is trading ABOVE that level as of Friday's close.*





Note that 4743 remained important all last week. There was a one day dip below it on Wednesday, then basically vertical up into Friday's close.



# Internals

The 10-day and 5-day MAs of NYSE advancing issues are now sloping higher from a relatively low level. There is a LOT off room for upside expansion.

It is typical in bull runs to have clusters of up closing NYSE breadth days, often 4-5. We have two as of Friday's close.



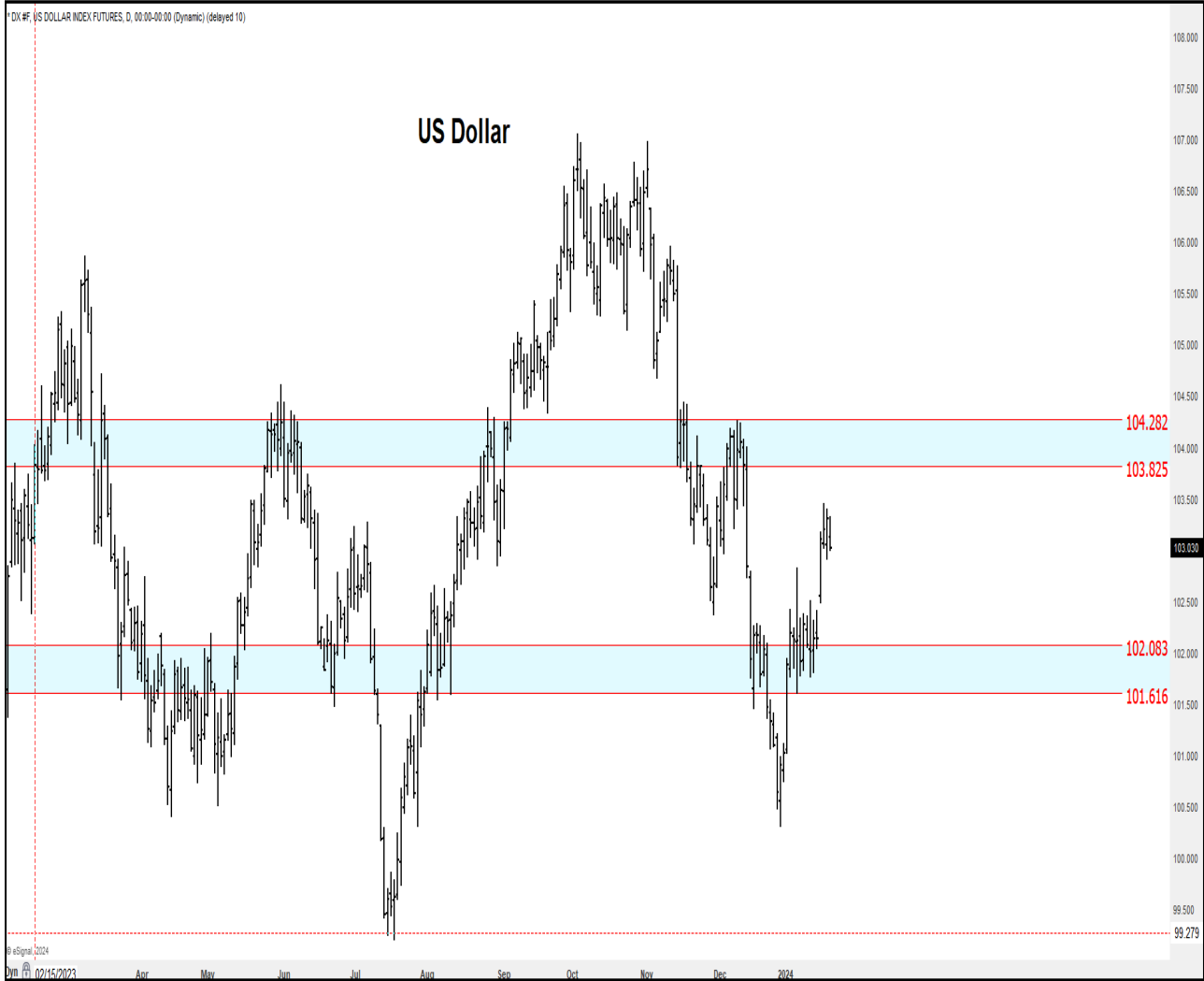
# US 10-yr Notes

Potential trend change to DOWN.



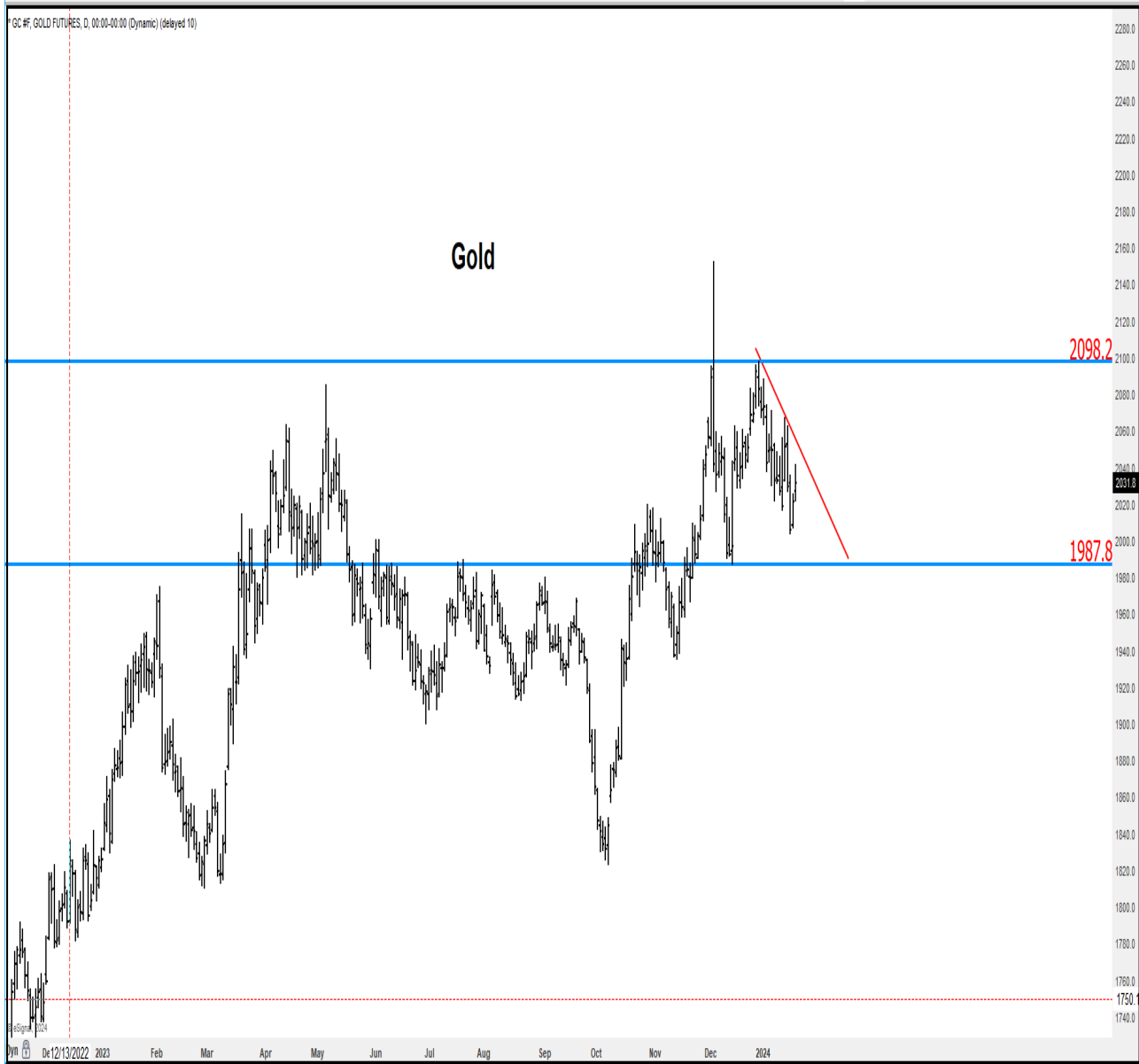
# US Dollar

Between levels.



# Gold

Lower lows and highs. 1987 is critical.



# Crude

Mature Balance Area. Consider the side of the breakout.

