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Weekend Report for Monday, January 29

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Bottom Line:

The SPX, NDX and DOW closed the week at all-time highs. The RUT has formed a well-defined Balance Area (see below). The direction of the breakout may determine the near term direction of the overall stock market, at least short-term.

There is no obvious resistance, or target for the SPX, NDX or DOW above Friday's close. What is highly likely to occur at the next significant top of relative importance is divergence. We will likely see divergences among/between the four major US trading indices at the next significant top.

This is another reason to watch the RUT for the next few days. It is already diverging against the others with not having taken out its December high, and that needs to soon occur under an immediate bullish assumption.

SPX

Upper KRA: TBD

Lower KRA: 4840; 4800



NDX

Upper KRA: TBD

Lower KRAs: 17286; 17041-16982



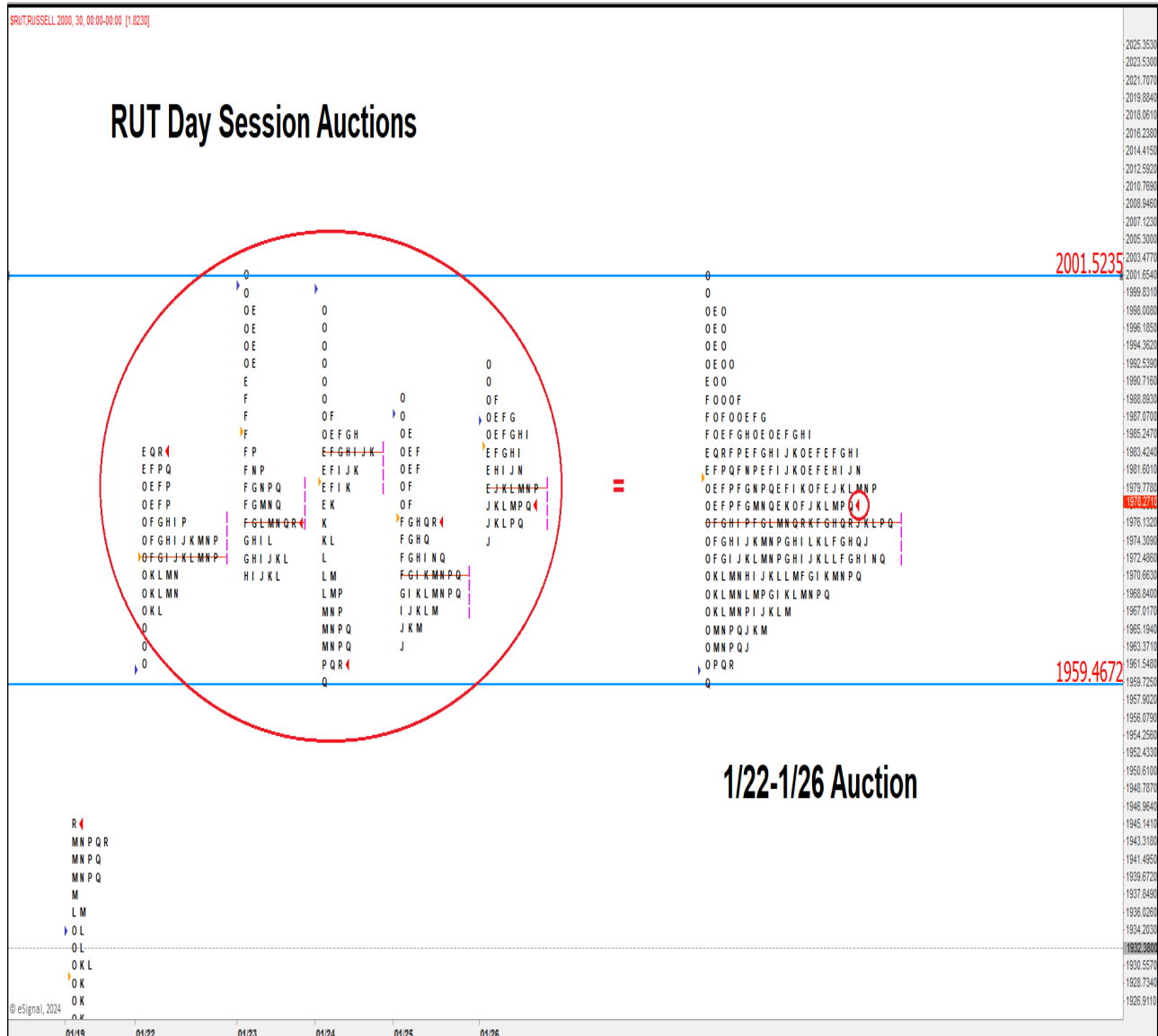
RUT

Upper KRAs: 2001; 2071

Lower KRA: 1960



The RUT is in a tight, increasingly mature Balance Area range. This suggests a breakout and potential trend should soon occur.



DOW

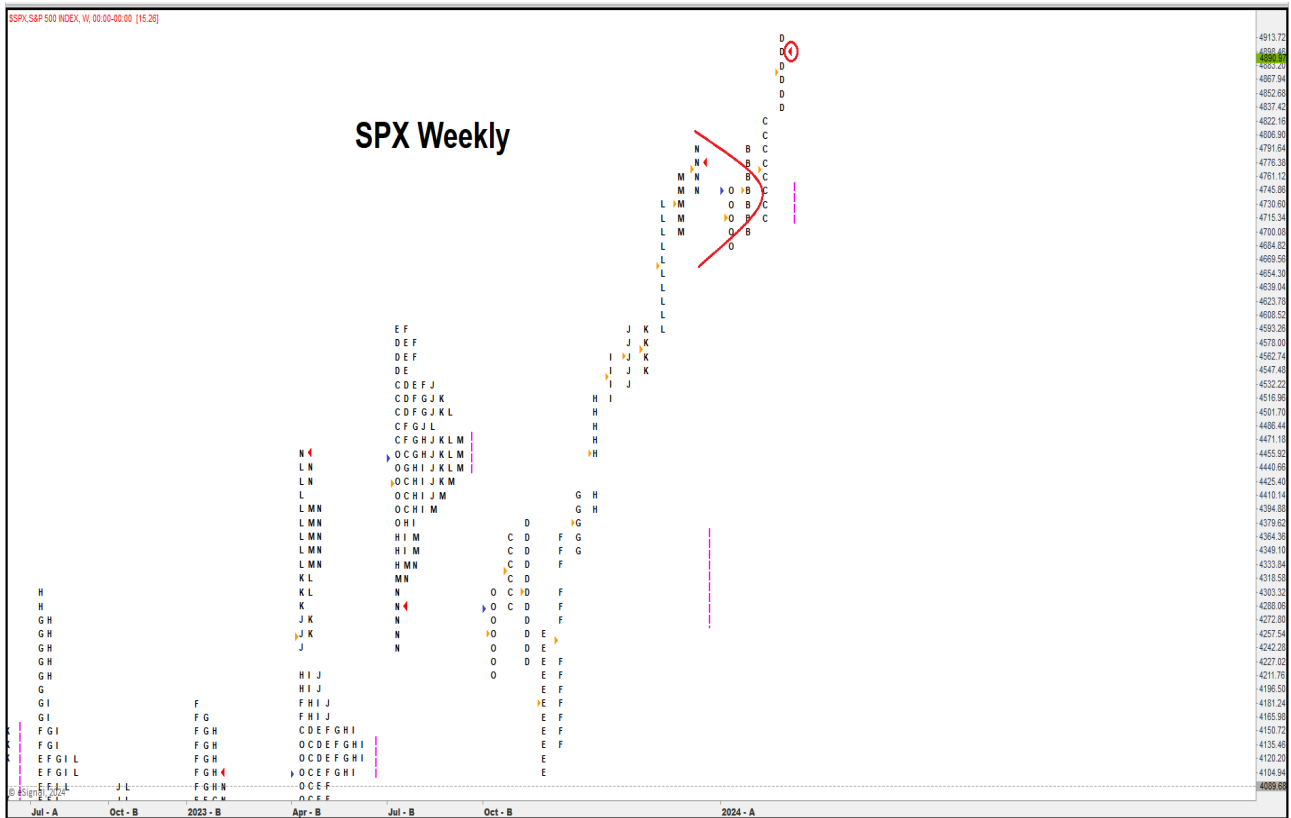
Upper KRA: TBD

Lower KRAs: 37789



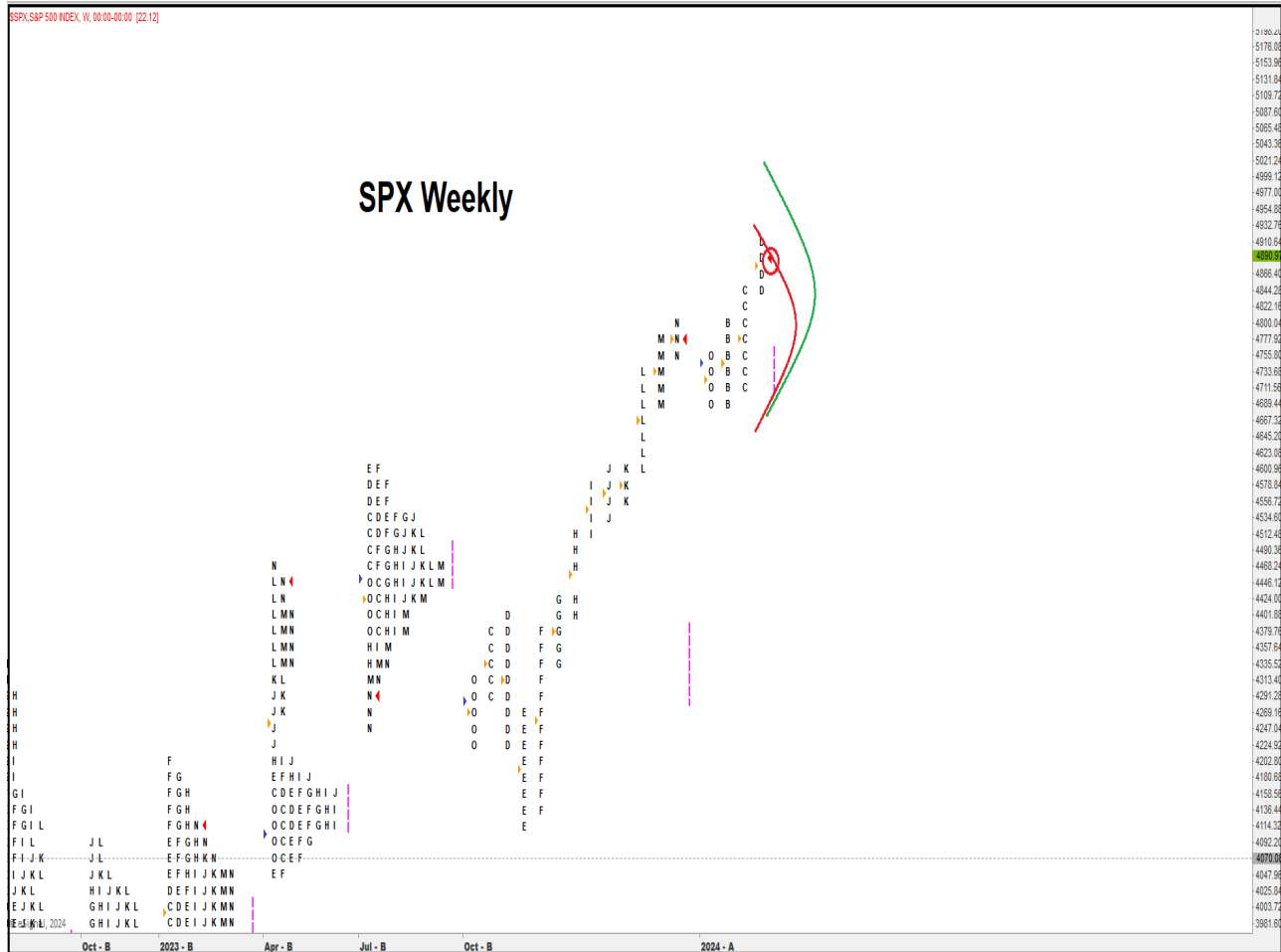
SPX Profile

From the weekly perspective there has been one minor pocket of Balance since the October 27 low. It appears another distribution (range) began at the January lows in the indices. The relative lack of Balance, and the depth of retracement in that Balance is unusual and likely to eventually result in a top of larger degree than we have seen since that October low. Where that top may occur is a complete unknown (see above).



Potential Paths of Development

The path in red suggests a top is very close, then retracement/rotation. The path in green suggests higher from here, then retracement/rotation.



Internals

No change:

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



US 10-yr Notes

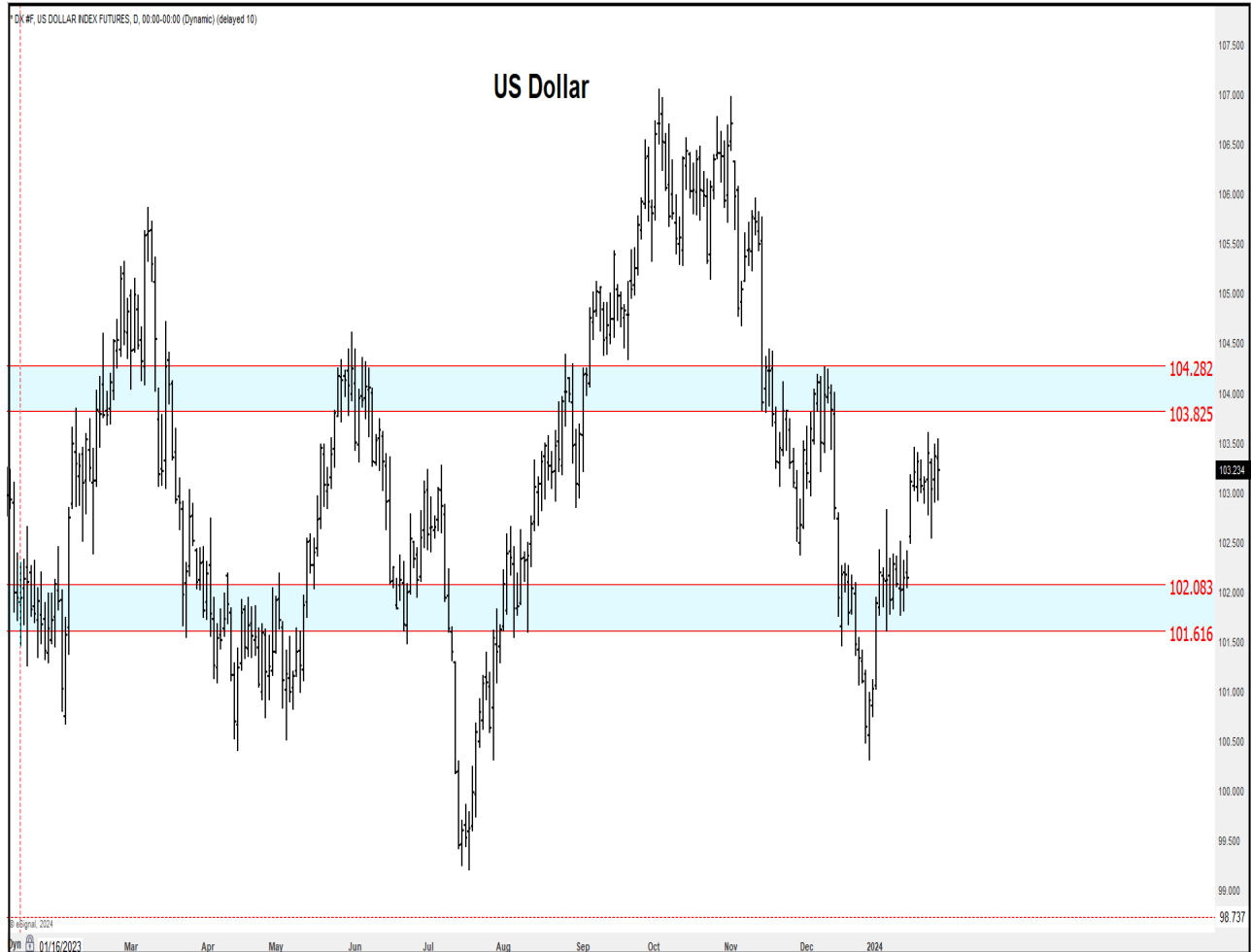
No change:

Potential trend change to DOWN.



US Dollar

In a mature Balance Area.



Gold

Gold continues to chop lower. Lower lows and highs. 1987 is critical.



Crude

From last weekend's Report:

Mature Balance Area. Consider the side of the breakout.

CL is attempting to break to the upside. 72.96 is the critical downside level.

