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## Weekend Report for Monday, February 05

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## **Bottom Line:**

The SPX, NDX and DOW closed another week at all-time highs. The SPX and NDX have had higher weekly closes thirteen out of the last fourteen weeks.

The RUT is lagging, and that is a concern for the overall bullish case and must be monitored.

The SPX, NDX and DOW have rallied significantly in a short period of time. The current rate of change to the upside is very unlikely to continue.

Let's take a look at the SPX and look at similar rallies that occurred in time and/or price.

Since the low following the 2022 27.55% decline that ended 10/13/22, the SPX has been forming intermediate term highs and lows. Two of the rallies in the time period have carried an almost identical distance - 21.22% and 21.24%. The rally from 1/13/23 to 7/27/23 took 94 trade days. The current rally as of Friday's high that began 10/27/23 has taken 66 days.

The rally from 10/27/23 to Friday's high is among the sharpest rallies in that period of time in the past twenty years, at least. The current rally to this point is among those that have had the fewest and shallowest retracements.

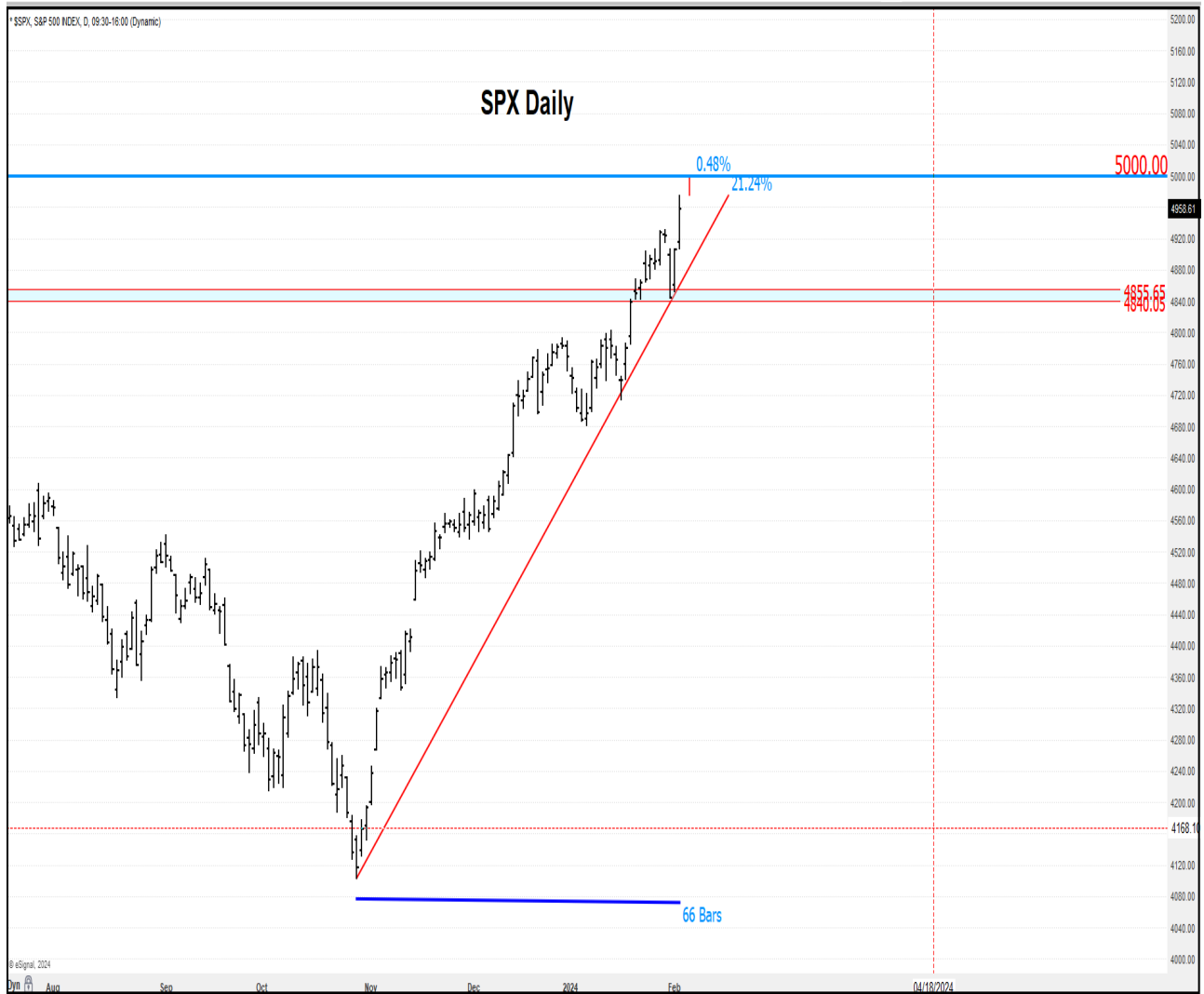
I do a deep dive into similar rallies in the video.



# SPX

Upper KRA: 4975-5000

Lower KRA: 4855-4800



# NDX

Upper KRA: 17687

Lower KRAs: 17176-17117



# RUT

Upper KRAs: 2011

Lower KRA: 1896

It should be noted that while the RUT has so far not been able to trade above the late December ramp high that all four primary US trading indices experienced, it also outperformed the indices into that top, and is currently still up as much as the SPX off the October low.



# DOW

Upper KRA: 38783

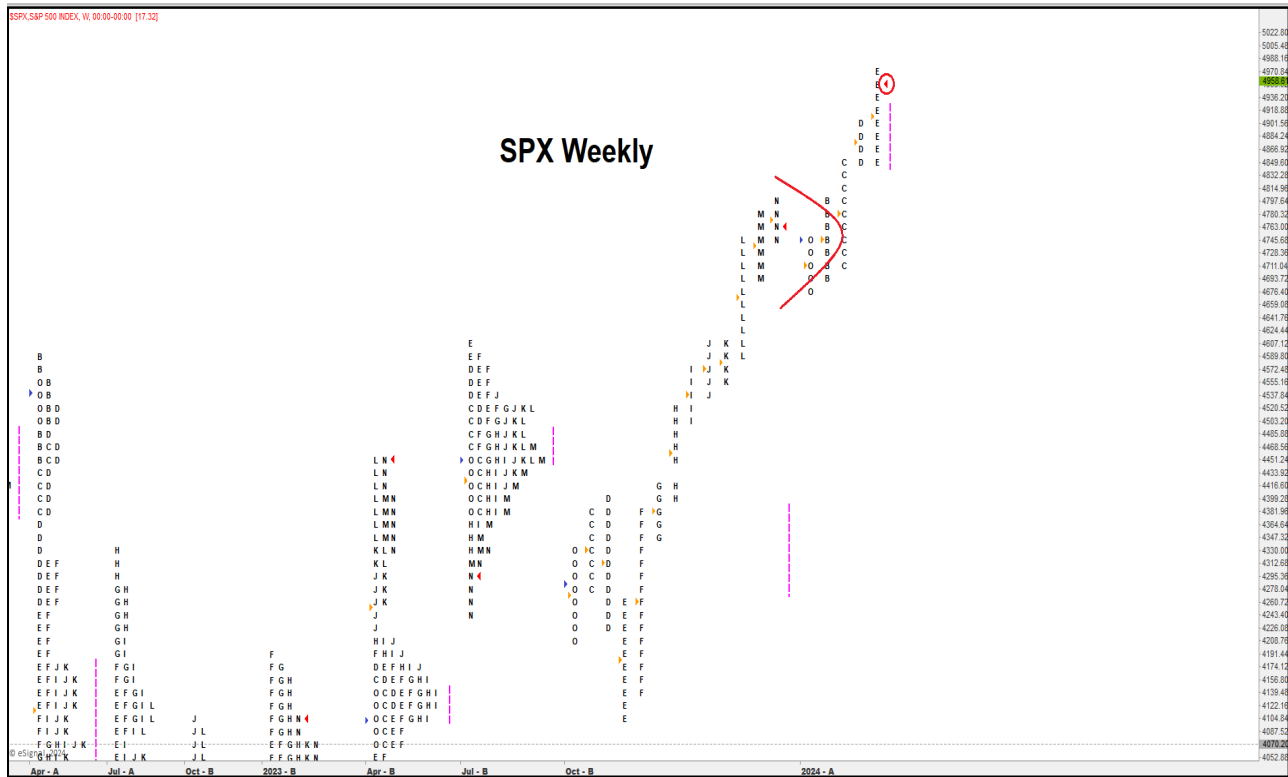
Lower KRAs: 38218-38081



# SPX Profile

No change, but I updated the chart below from last week.

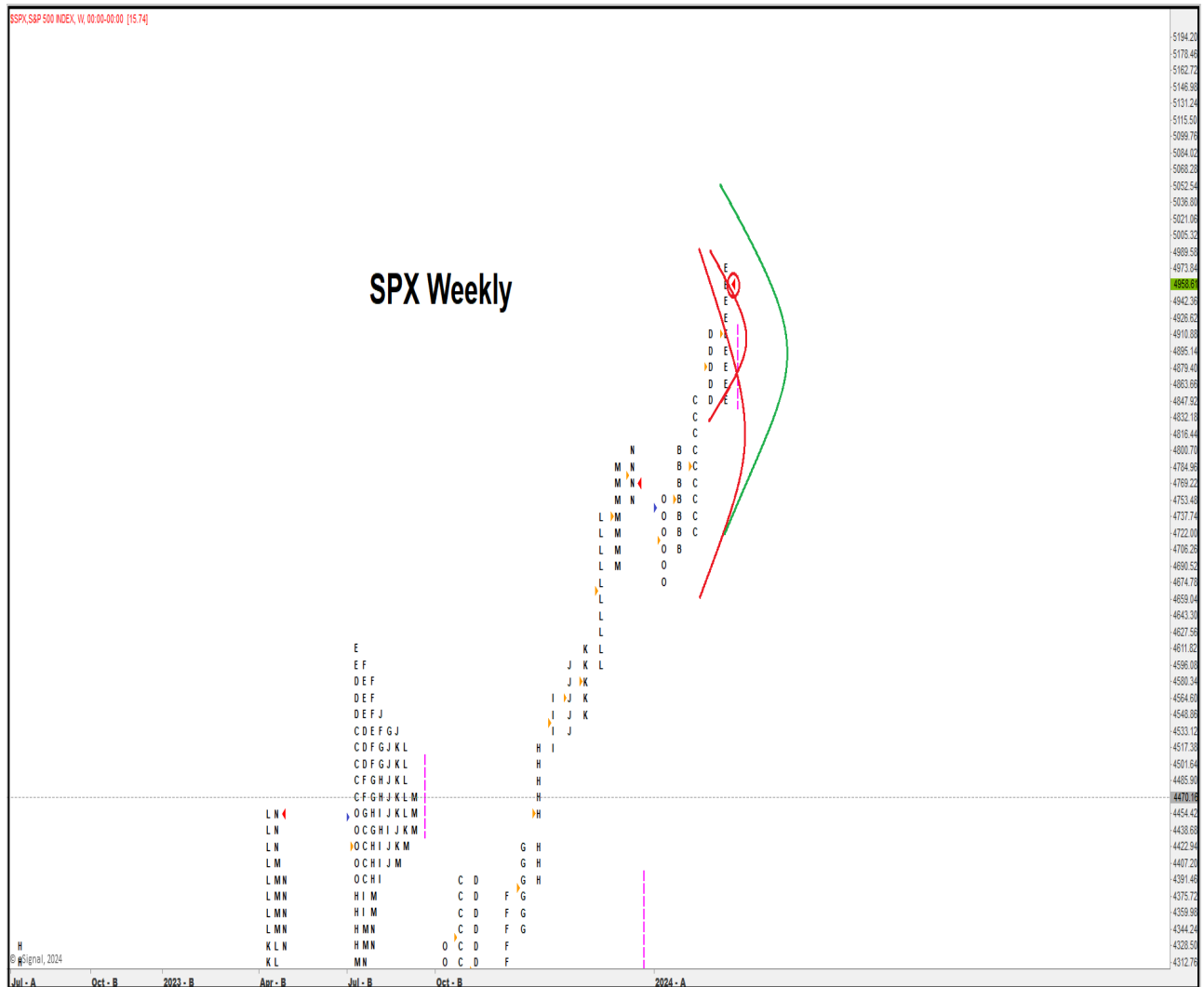
*From the weekly perspective there has been one minor pocket of Balance since the October 27 low. It appears another distribution (range) began at the January lows in the indices. The relative lack of Balance, and the depth of retracement in that Balance is unusual and likely to eventually result in 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

Little change in outlook: *The paths in red suggests a top is very close, then retracement/rotation. The path in green suggests higher from here, then retracement/rotation.*



## Internals

This chart reflects an immediate concern for the short-term, at least. Both the 10-day and 5-day MAs of NYSE advancing issues are diverging significantly against higher highs.

Friday was a wide range up day in the SPX, NDX and DOW, and NYSE closing breadth was **negative** 988. Wow.

I do not recall seeing such an extraordinarily large divergence on a wide range up day between price and breadth. This divergence will most certainly be resolved in Monday's trade.

This relationship is flashing a HUGE warning.



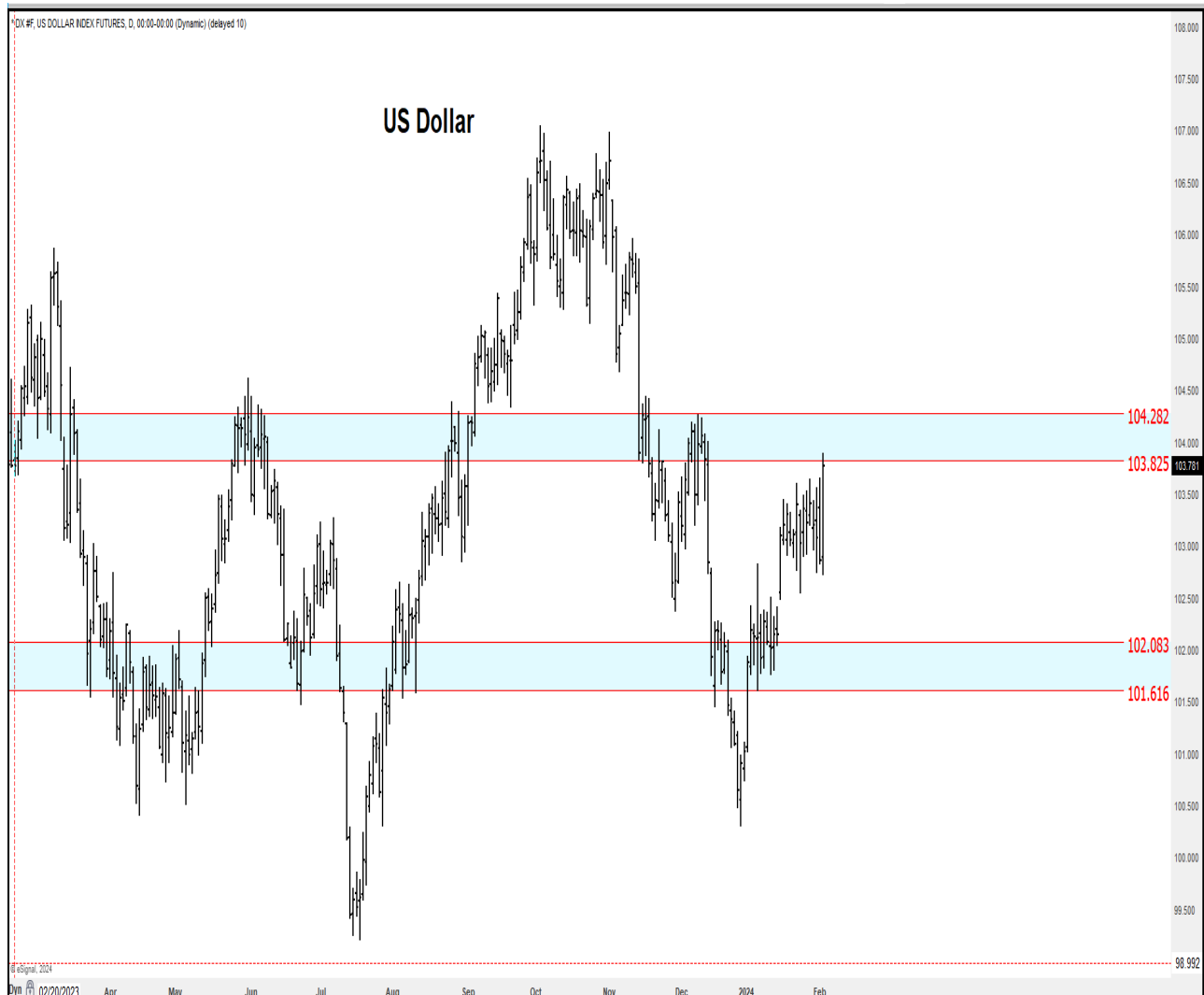
# US 10-yr Notes

Between CRITICAL levels.



# US Dollar

The Dollar has been in an extraordinary whippy day-to-day chopfest. Friday's low is critical to a bullish assumption.



# Gold

Stuck between critical levels.



# Crude

Crude failed near the same level that has proved to be resistance. It looks Initiative lower.

