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Weekend Report for Monday, August 4

Bottom Line:

The bull market / bear market debate is legitimately in play. IF we are in a bull market the downside from current levels should be fairly limited. Even if we are now in a bear market we will soon see a ferocious rally.

The indices were vertical without hardly a blip from the October 2023 high into a late March top. At the time I pointed out how unusual it was in an election year to have such shallow and short-lived retracements:
https://alexandertrading.com/weekend-update-2024_03_17/
The week following that report began what was until this week the largest retracement since the October 2023 bottom.

The current decline is quite sharp and has occurred in a short time period. Again, I think *if* we are in a bull market further downside is likely limited.

If we are in a bear market we may see another day or two of "panic" selling, but then a very sharp rally. I've mentioned this before, but bear markets, in my opinion, are easier to trade, so that's a silver lining if we are indeed in a bear market.

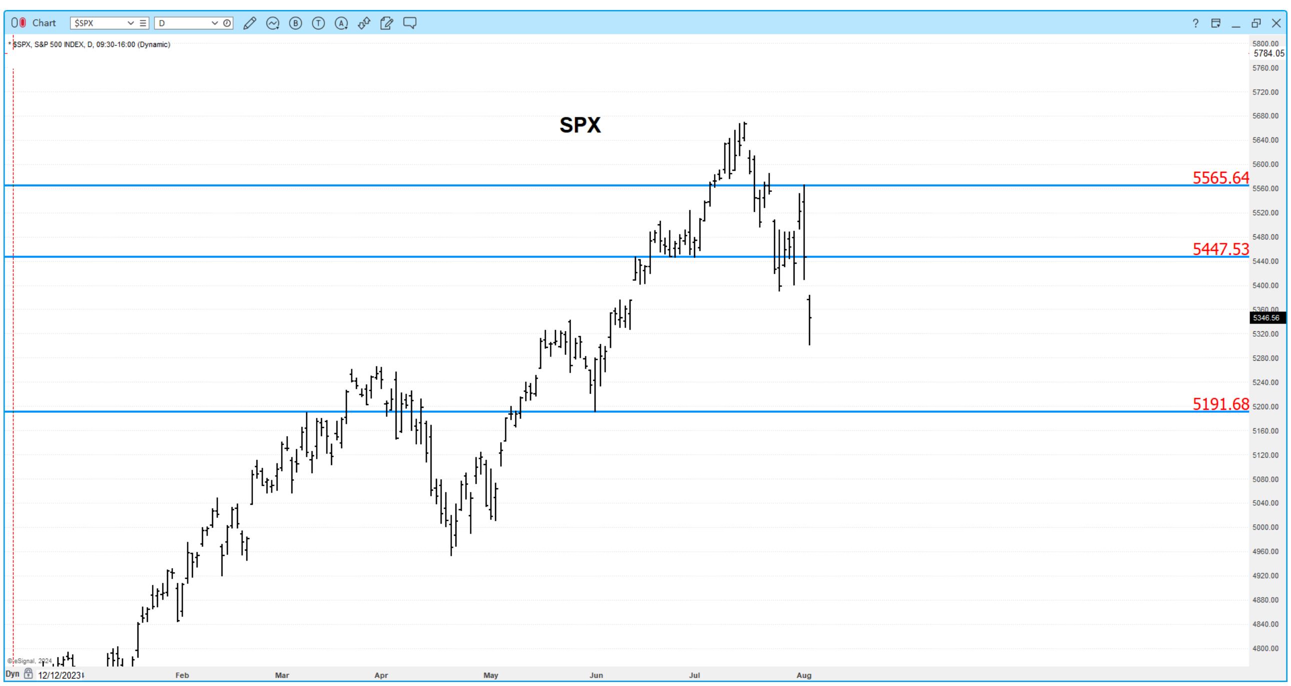
There is a lot to discuss.

SPX

Upper KRA: 5447
Lower KRAs: 5191

I'm sure the magic number crowd is out in full force "pinpointing" the 17 different fibonacci levels calculated from recent pivot highs/lows/extensions from where the exact bottom of the current decline will form.

The reality is that there is nothing from an Auction Market perspective that might be "support" until the buying tail spike at 5191. That does not mean the market will go there; it could stop anywhere and bounce.



NDX

Upper KRA: 18637-18893
Lower KRA: 18184

DOW

Upper KRA: 40349
Lower KRA: 39152-38909

RUT

Upper KRA: 2186
Lower KRAs: 2052-2029

The <u>2052-2029</u> KRA is critically important to a bullish thesis for the US stock market.

New York Composite

This is an index of every stock listed on the NYSE, so it is a broad composite view.

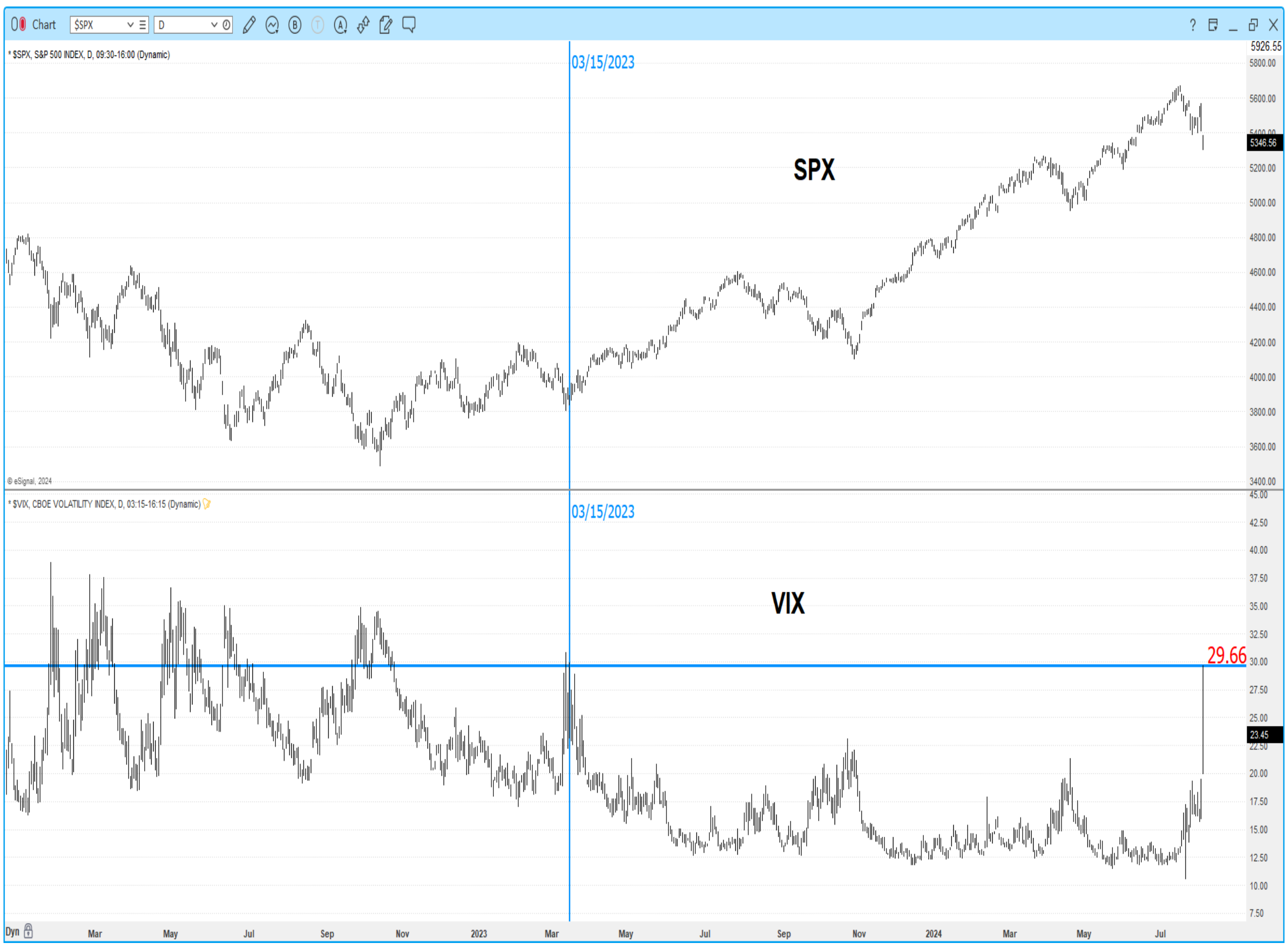
Upper KRA: 18492
Lower KRAs: 18050-17927

The NYA spiked into a critical downside KRA on Friday. Ideally it will not close below 17927.

Internals - VIX

VIX spiked to 30 on Friday and closed above 29, its highest close since March 2023.

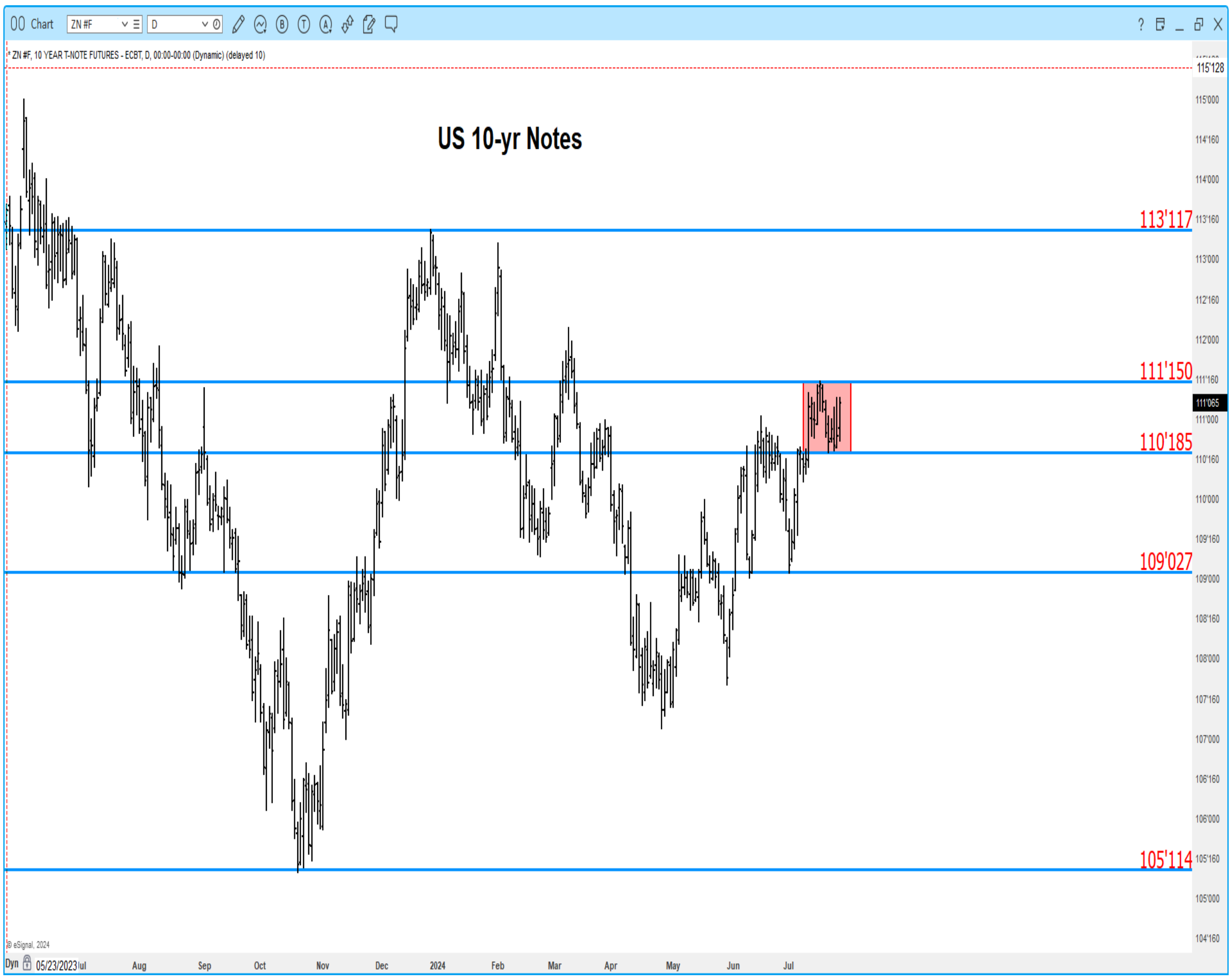
IF we are in a bull market VIX should not spend much time above 30, and that may have marked the *momentum* low in the indices for this decline.



US 10-yr. Notes

From last weekend's update:

Notes are in a well-defined Balance Area. Consider going with the break.



Notes have a lot of upside momentum with the next KRA at 116’16-117’03.

US Dollar

Lower lows and highs. Favor shorts.

Gold

Gold made a new all-time closing high last week. If this is “real” we should see immediate upside follow-through.

Crude

Favor shorts against Friday’s high.