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Weekend Report for Monday, August 19

Bottom Line:

The rally off the 8/5 dramatic spike low accelerated last week with all the indices closing on or near their respective highs for the week. The strong rally cemented the importance of the 8/5 lows.

The New York Composite index made a new all-time closing high.

The indices are increasingly due for some Balance/consolidation that includes some amount of retracement. Potential "support" for any retracement is problematic for the same reason potential "resistance" has been in the current rally. Vertical moves create "elevator shafts" where typical structural development (volume nodes of two-sided trade) doesn't occur. Does this mean the indices are likely to retrace the entire rally? No. But it is certainly possible and it also will make identifying short-term lows more difficult.

SPX

Upper KRA: 5563
Lower KRAs: 5501-5459; 5376-5344

From last Weekend's Update:

I don't think we simply trade vertically straight back up from here. The 5380-5414 KRA is a good candidate to maybe see the current rally stall and balance a bit. Ideally any retracement will hold 5215-5187.

Wrong.

I think we should soon see some sort of pause that includes Balance/retracement. However, as stated above it's now an elevator shaft back to near the lows without any obvious level(s) from an Auction Market perspective to watch except for the gaps, which will be heavily watched by market participants.

Chart
$SPX
D
* $SPX, S&P 500 INDEX, D, 09:30-16:00 (Dynamic)
SPX
1.88%
5586.46
5563.48
5501.13
5459.42
5376.98
5344.54
5139.50
5101.51
5788.93
5554.25
Feb
Mar
Apr
May
Jun
Jul
Aug

NDX

Upper KRA: 19523-19756
Lower KRAs: 19240-19104;18740-18652

DOW

Upper KRA: 41203-41379
Lower KRA: 40296-40065

RUT

Upper KRAs: 2150-2171
Lower KRAs: 2118-2104

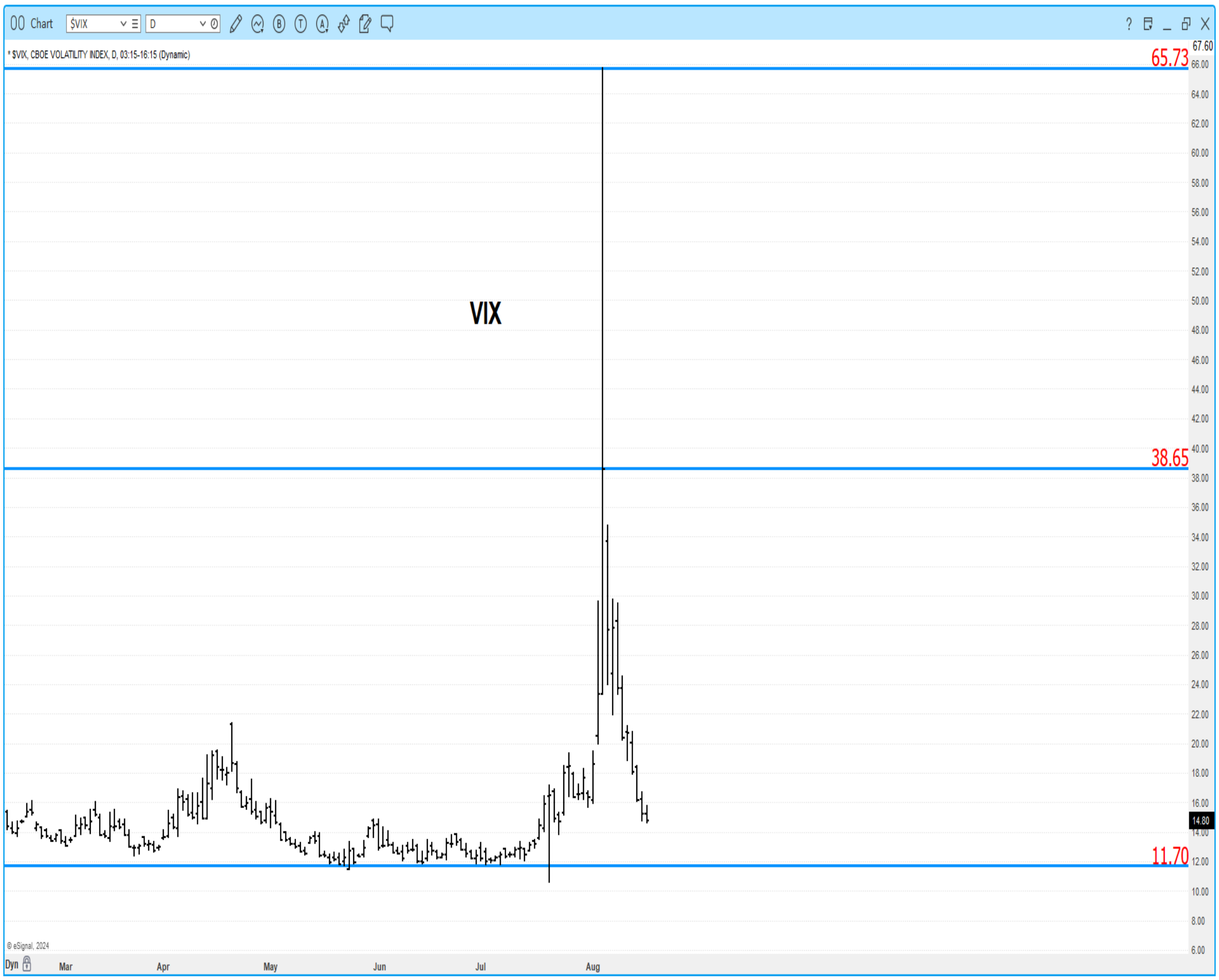
New York Composite

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

Upper KRA: 18847
Lower KRA: ?

Internals - VIX

VIX experienced one of the sharpest round trips over the past nine sessions that I can recall. As of Friday’s VIX close, it has returned to complacency stage.



Internals - NYSE Data

The NYA is a fraction from a new all-time high. If there is much more left in the current rally NYSE breadth needs to continue to expand.

US 10-yr. Notes

No change:

If Notes are going to test 116’16-117’03 they should not decline much more from current levels.

US Dollar

No change: Lower lows and highs. Favor shorts.

Gold

From last Weekend's Update:

Gold is stair-stepping higher in two-sided trade. It is increasingly likely to move sharply out of this multi-month Balance Area. It is making higher highs and lows, so I would give the upside the benefit of the doubt. However, if it begins taking out downside levels I would not stand in front of it.

Gold closed in new all-time highs. Favor longs.

Crude

No change: Crude is in a wide range and very whippy within that range. I don't have a high confidence view of Crude at this time.