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Weekend Report for Monday, August 26

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Bottom Line:

Last Thursday's lows in the indices are now the short-term critical downside level. The was a "mini" and short-lived retracement on Thursday that was immediately reversed following the much anticipated Jackson Hole speech on Friday.

Very short-term the picture is cloudy; there are divergences among the indices and in some technical data. Again, Thursday's lows are key to the short-term picture.

The SPX continues to flirt with and creep toward its all-time high. A strong close in new highs by the SPX, accompanied by an expansion in breadth, would be very bullish in the short-term and postpone an inevitable time and price correction.

SPX

Upper KRA: 5672
Lower KRAs: 5560; 5501-5459

NDX

Upper KRA: 19939
Lower KRAs: 19458

DOW

Upper KRA: 41203-41379
Lower KRA: 40585

RUT

Upper KRAs: 2299
Lower KRAs: 2159

New York Composite

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

Upper KRA: 19099
Lower KRA: 18847

I can't see the end of the bull market in stocks anytime soon with the broad NYA making new all-time highs.

Internals - VIX

VIX had a dramatic round-turn but it is not back to the lower levels seen prior to the spike. As I suggested a week or two ago, we may now have a higher floor in VIX than we saw leading up to the July top.

Internals - NYSE Data

There is nothing immediately helpful from this perspective. Do note that breadth had its strongest close this year on Friday.

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

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

Crude

Crude is making lower lows and highs. Favor shorts.

Bitcoin

A client has been emailing me about Bitcoin and suggesting it’s “different”. It’s not.

Bitcoin trades in an Auction Market. There is nothing about Bitcoin that mandates it has different “rules” regarding Auction Market behavior.

Bitcoin has been making lower lows and highs. However, the area below 55,000 keeps being strongly rejected.The 8/15 low near 56218 is the immediate downside critical level for the bullish case.