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Weekend Report for Monday, October 7

Bottom Line:

US indices appear to be breaking out to the upside after 11 trade days of chop, churn, whippy and disparate price action with virtually no net change over that timeframe. Notice I said “appear” - as we have learned and relearned over the past two weeks appearances can be deceiving.

If this is an upside breakout the indices should continue immediately and sharply higher.

SPX

Upper KRA: 5767
Lower KRAs: 5700; 5674

NDX

Upper KRAs: 20273; 20690
Lower KRAs: 19793;19625

DOW

Upper KRA: 42628
Lower KRA: 41965; 41846

RUT

Upper KRAs: 2260; 2301
Lower KRA: 2172

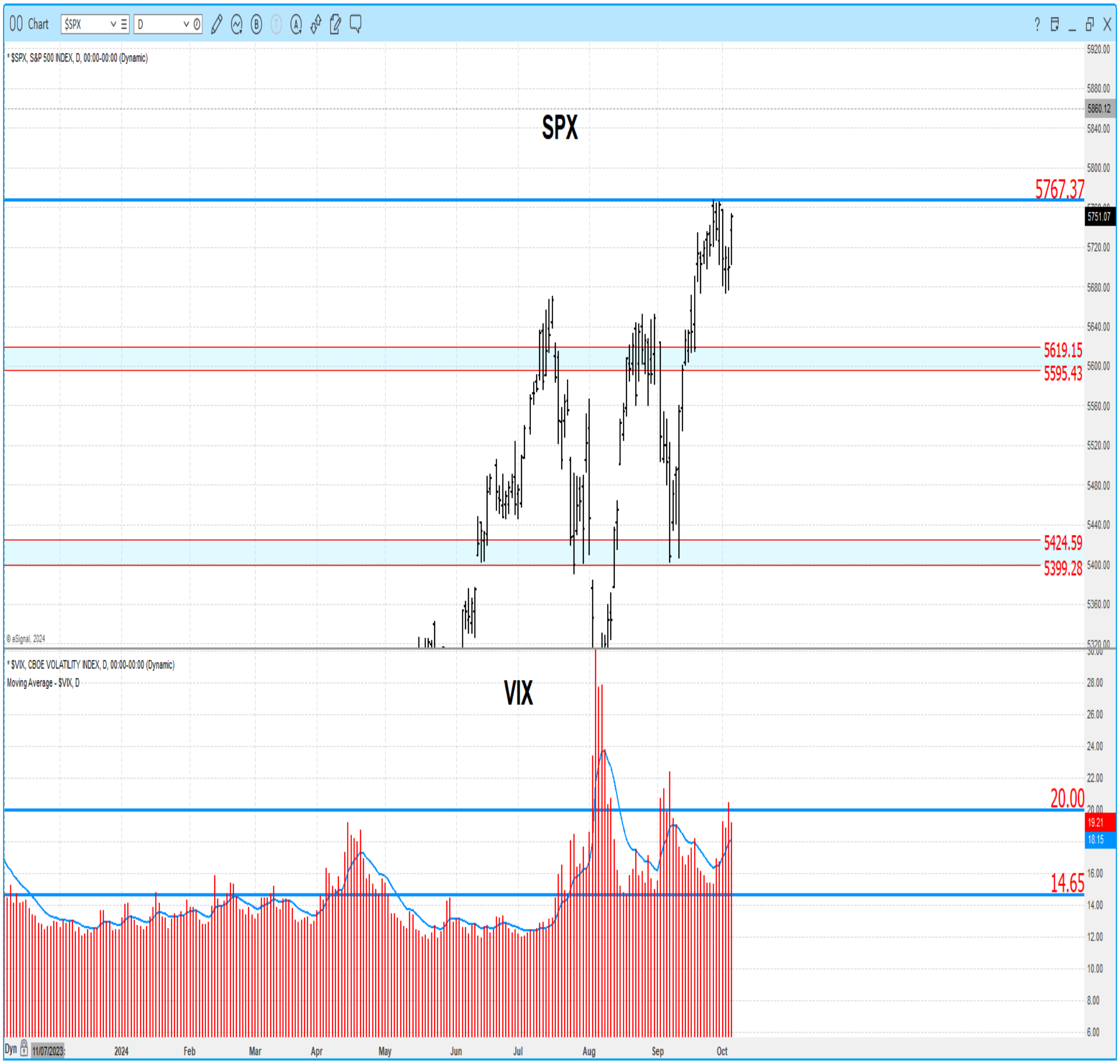
New York Composite

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

Upper KRA: 19597
Lower KRA: 19387; 19316

Internals - VIX

VIX remains stubbornly elevated. If this is a “real” upside breakout VIX is likely to drop dramatically next week.



Internals - NYSE Data

The 10-day 5-day MAs of NYSE advancing issues declined quite sharply relative to the shallow retracement that occurred into the lows last week. New price highs will very likely lead to divergences in these two indicators, but we can't read much into that - at least initially.

US 10-yr. Notes

Notes experienced a dramatic break in their uptrend. There is no “graceful” trade at the moment.

US Dollar

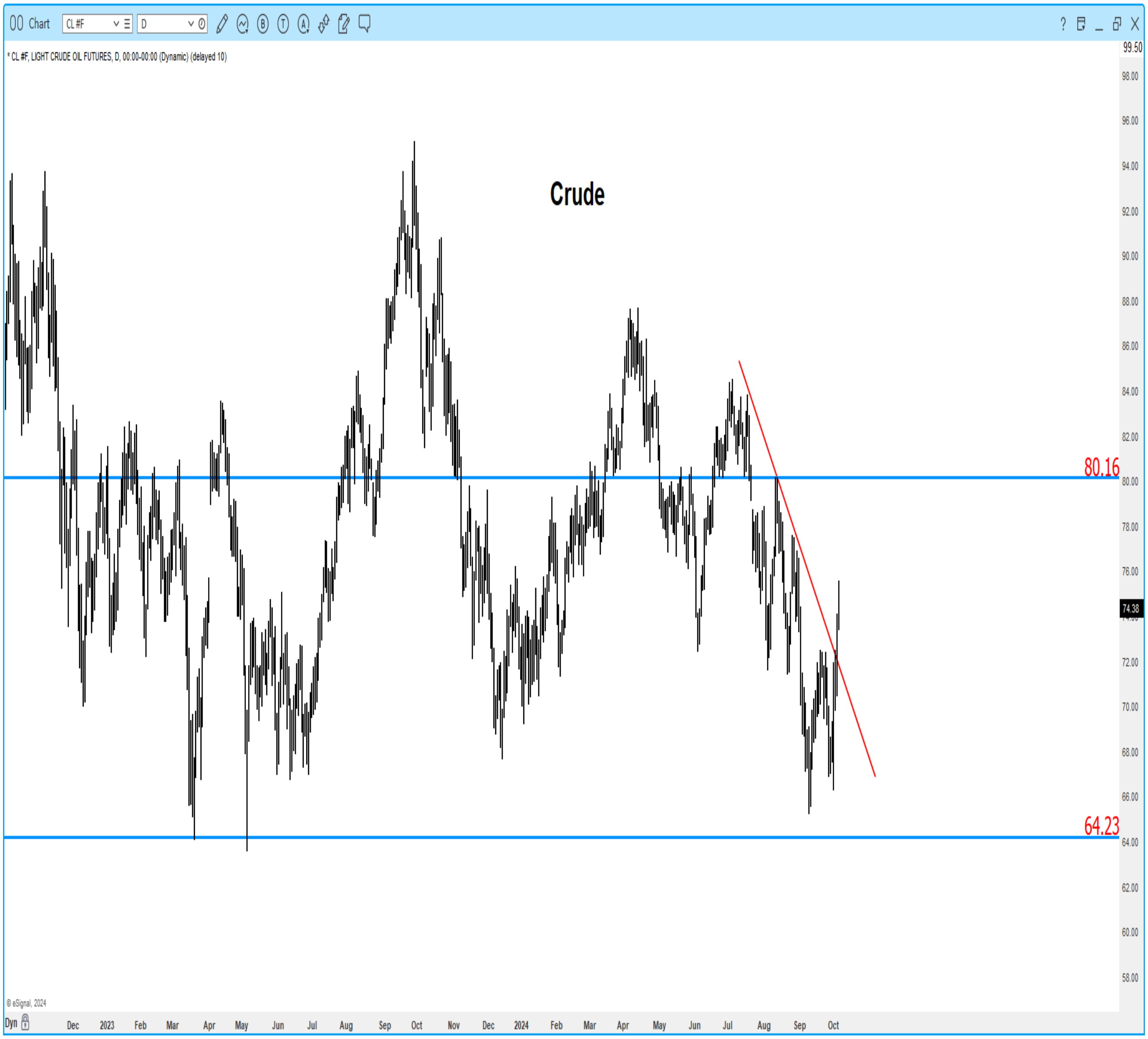
The Dollar also saw a significant reversal. I'm letting the dust settle.

Gold

Gold is in a minor Balance Area. Honor the direction of the break.

Crude

Another contract reversing an intermediate term trend. Crude tested critical downside levels before reversing.



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.

As long as higher highs and lows remain intact favor longs.