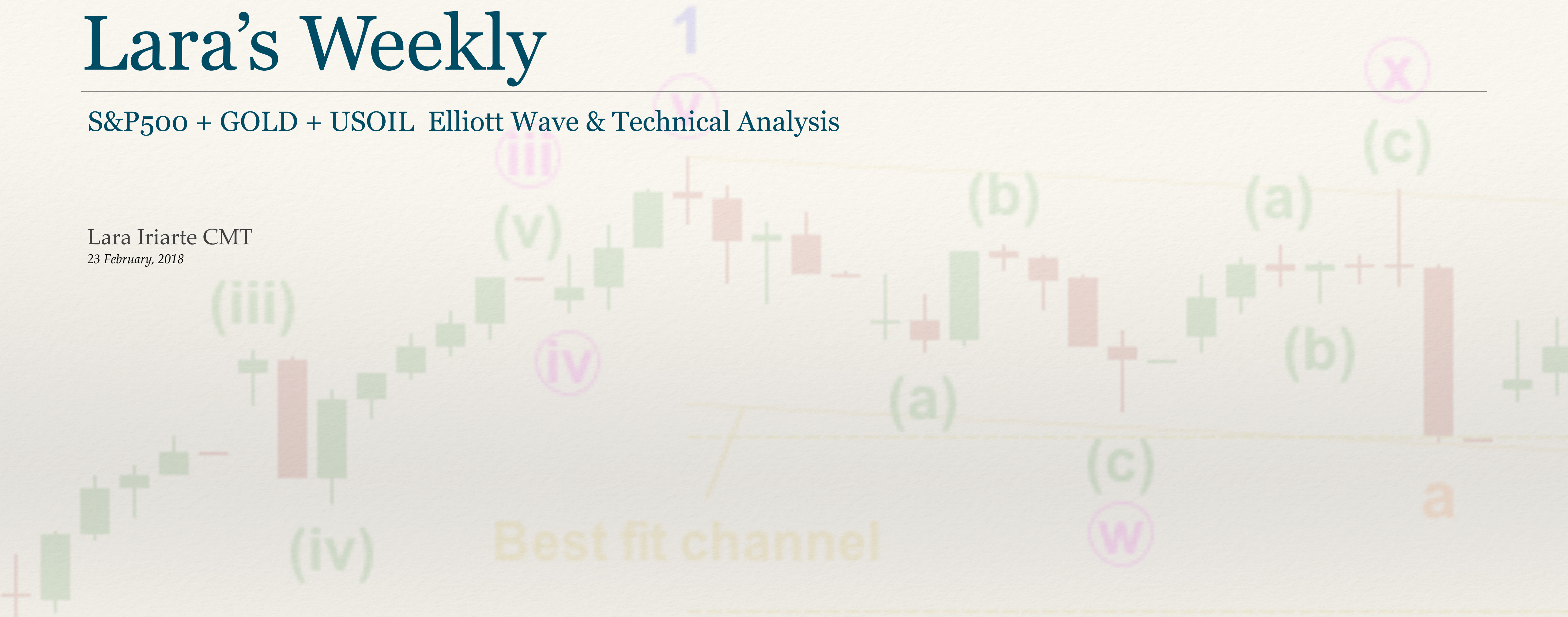


# Lara's Weekly

S&P500 + GOLD + USOIL Elliott Wave & Technical Analysis

Lara Iriarte CMT  
23 February, 2018





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# S&P 500

Upwards movement was expected for Friday due to bullish signals from the AD line and VIX. A strong upwards day fits the expectation nicely.

**Summary: The larger trend is up.**

**Expect upwards movement next week.**

**The next target is at 3,020. The next short term target is at 2,920.**

The biggest picture, Grand Super Cycle analysis, is [here](#).

Last historic analysis with monthly charts is [here](#). Video is [here](#).

An alternate idea at the monthly chart level is given [here](#) at the end of this analysis.

An historic example of a cycle degree fifth wave is given at the end of the analysis [here](#).

*Always practice good risk management. Always trade with stops and invest only 1-5% of equity on any one trade.*



# S&P 500 Main Elliott Wave Count - Monthly Chart



The large expanded flat labelled Super Cycle wave (IV) completed a 8.5 year correction. Thereafter, the bull market continues for Super Cycle wave (V). The structure of Super Cycle wave (V) is incomplete. At this stage, it is subdividing as an impulse.

There is no Fibonacci ratio between cycle waves I and III within Super Cycle wave (V). This makes it more likely that cycle wave V will exhibit a Fibonacci ratio to either of cycle waves I or III. Cycle wave V has passed equality in length with cycle wave I. The next two Fibonacci ratios in the sequence are used for two possible targets for it to end.

The teal channel is drawn using Elliott’s first technique about an impulse. Draw the first trend line from the ends of cycle waves I to III (from the months of July 2011 to December 2014), then place a parallel copy on the low of cycle wave II. Cycle wave IV has found support very close to the lower edge of this channel, so the channel looks about right. The lower edge should continue to provide support, and the upper edge may provide resistance if price gets up that high.

Copy this large channel over to weekly and daily charts, all on a semi log scale. The lower edge will be important.

(continued on next page.)



# S&P 500 Main Elliott Wave Count - Monthly Chart (*cont’d*)



Cycle wave II was a shallow 0.41 zigzag lasting three months. Cycle wave IV is now seen as a more shallow 0.28 double combination lasting 14 months. With cycle wave IV nearly five times the duration of cycle wave II, it should be over there.

Cycle wave I lasted 28 months (not a Fibonacci number), cycle wave II lasted a Fibonacci 3 months, cycle wave III lasted 38 months (not a Fibonacci number), and cycle wave IV lasted 14 months (one more than a Fibonacci 13).

Cycle wave V has begun its 24th month. The structure needs several more months to complete. It may last another 10 months to total a Fibonacci 34, which now looks reasonable.

It is also possible that cycle wave V may not exhibit a Fibonacci duration.

Within cycle wave V, the correction for intermediate wave (4) may not move back down into intermediate wave (1) price territory below 2,193.81.



# S&P 500 Main Elliott Wave Count - Weekly Chart



Cycle wave V must complete as a five structure, which should look clear at the weekly chart level. It may only be an impulse or ending diagonal. At this stage, it is clear it is an impulse.

Within cycle wave V, the third waves at all degrees may only subdivide as impulses.

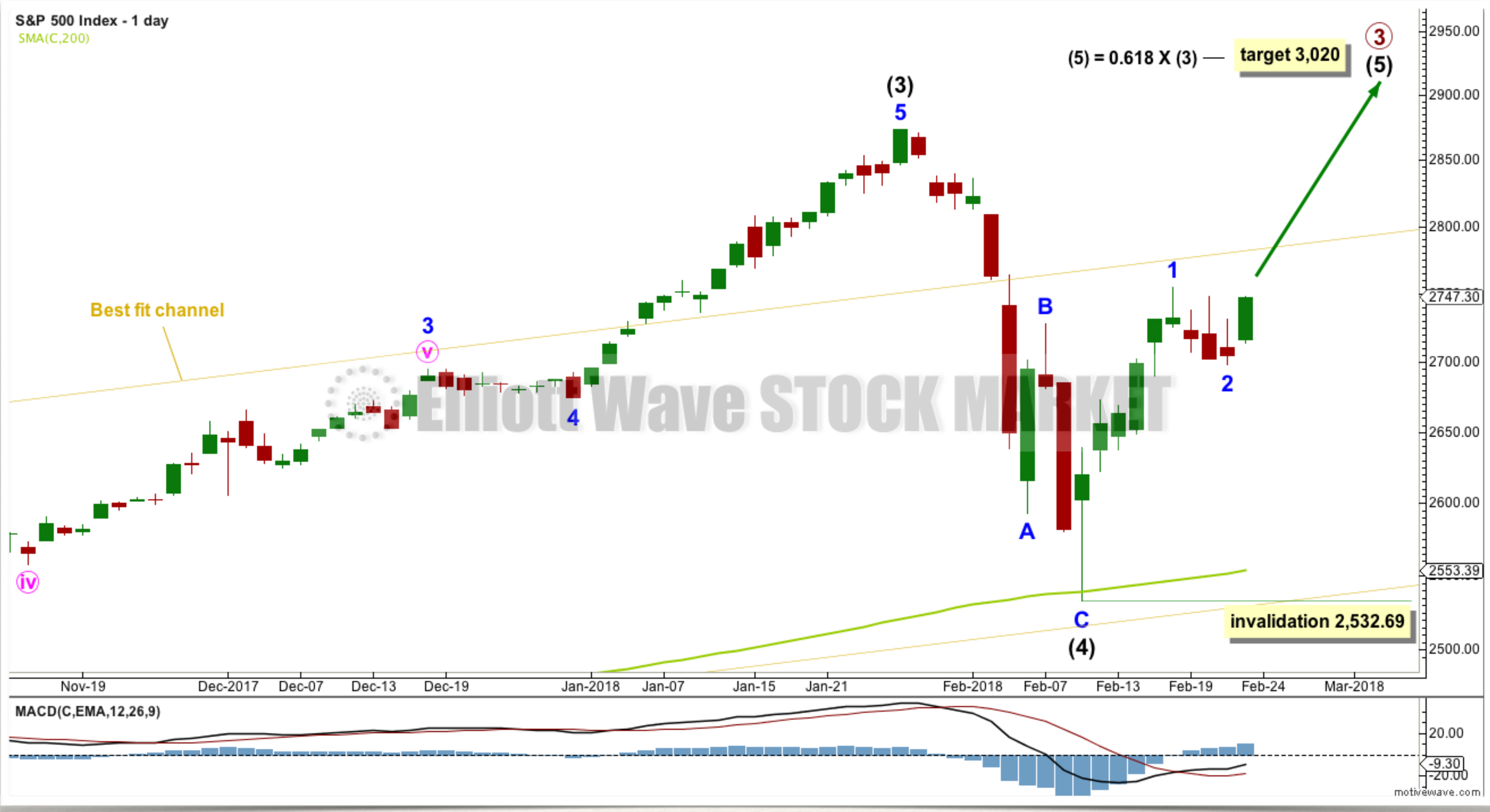
Due to its size intermediate wave (4) looks proportional to intermediate wave (2), even though their durations so far are quite different.

Intermediate wave (4) has breached the Elliott channel drawn using Elliott's first technique. The channel may be redrawn when it is confirmed as complete using Elliott's second technique. A best fit channel is used while it may still be incomplete to show where it may find support. Price points are given for this channel, so that members may replicate it on a semi-log scale.

Intermediate wave (4) may not move into intermediate wave (1) price territory below 2,193.81.



# S&P 500 Main Elliott Wave Count - Daily Chart



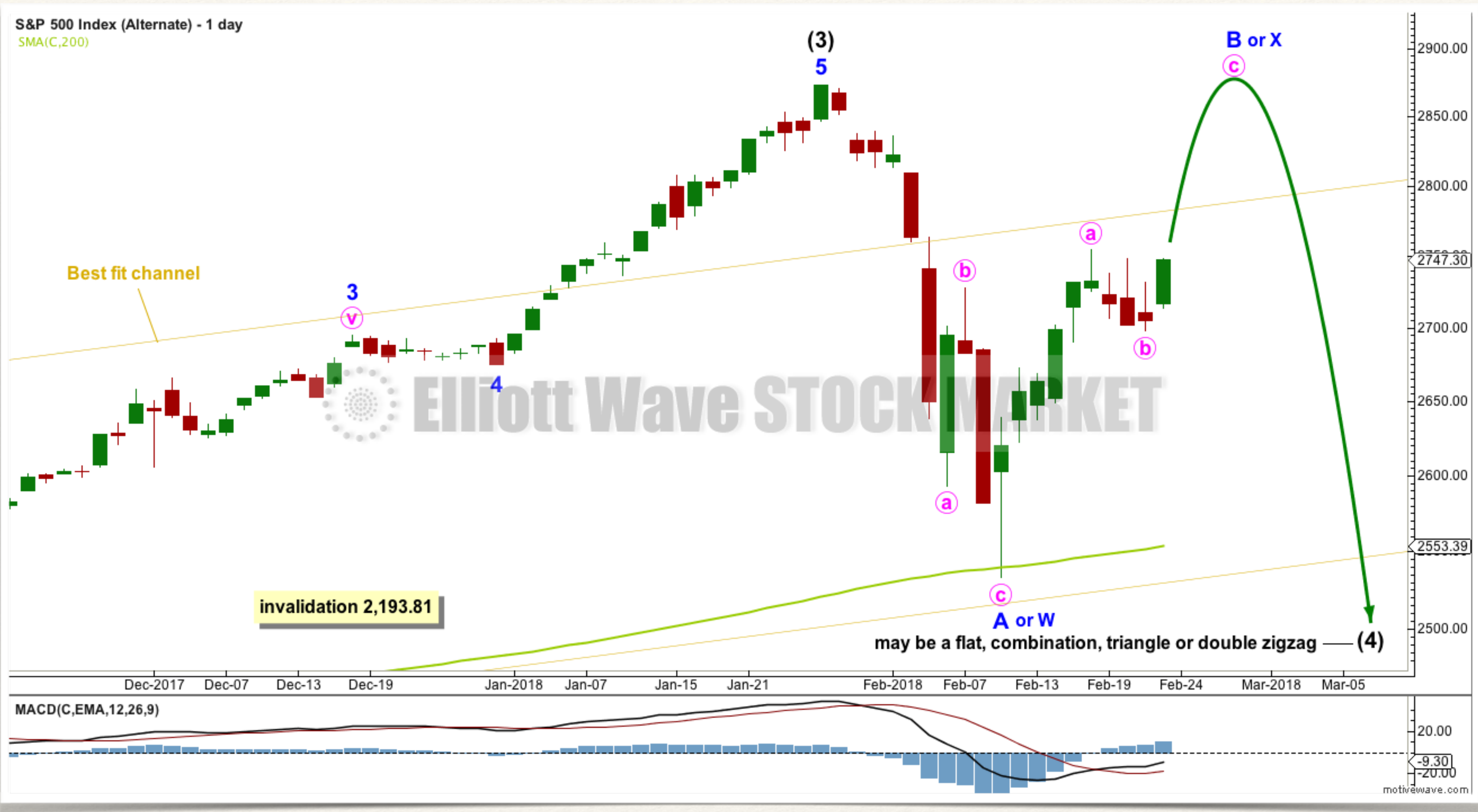
Despite the duration of intermediate wave (4) being much quicker than intermediate wave (2), the size is proportional. On weekly and monthly time frames intermediate wave (4) now has the right look.

Intermediate wave (5) may only subdivide as either an impulse (more likely) or an ending diagonal. An impulse will be assumed, and a diagonal will be charted if overlapping begins to indicate it.

The downwards wave labelled intermediate wave (4) may be seen as either a three wave zigzag, as labelled on this daily chart, or it may be seen as a five wave impulse. Both possibilities must be considered. The main hourly and alternate hourly charts consider it as a zigzag. The second alternate hourly chart considers it may have been a five.



# S&P 500 Alternate Elliott Wave Count - Daily Chart



This wave count is identical to the main daily chart, with the exception of the degree of labelling within intermediate wave (4). If the degree is moved down one, then only minor wave A may be complete within a continuing correction for intermediate wave (4).

If it continues further, and if analysis of minor wave A as a zigzag is correct, then intermediate wave (4) may be a flat, combination, triangle or double zigzag. Of all of these possibilities a double zigzag is the least likely because that was the structure of intermediate wave (2). Intermediate wave (4) should be assumed to exhibit alternation until proven otherwise.

If upwards movement continues further, then the idea of a double zigzag may be discarded. Double zigzags normally have a strong slope against the prior trend, and to achieve a strong slope their X waves are usually shallow.

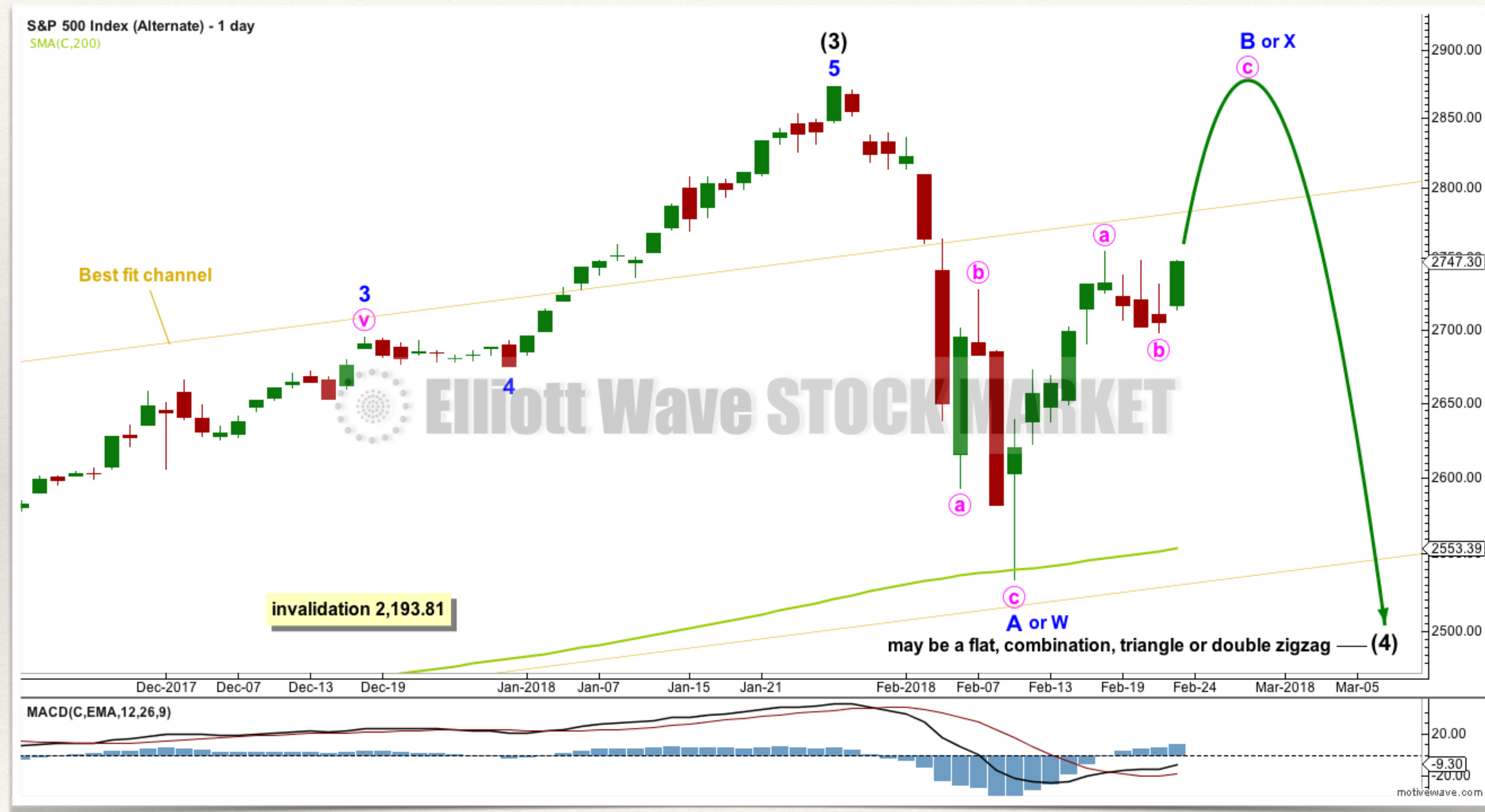
All of a flat, combination or triangle would have a very deep minor wave B. An expanded flat, running triangle or combination may have minor wave B or X make a new all time high. Unfortunately, for this reason there is no upper price point which differentiates this alternate idea from the main wave count.

Minor wave B or X should be expected to exhibit weakness. Light and declining volume and divergence with oscillators at its end are features of B waves, and also of X waves which are analogous.

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# S&P 500 Alternate Elliott Wave Count - Daily Chart (*cont'd*)

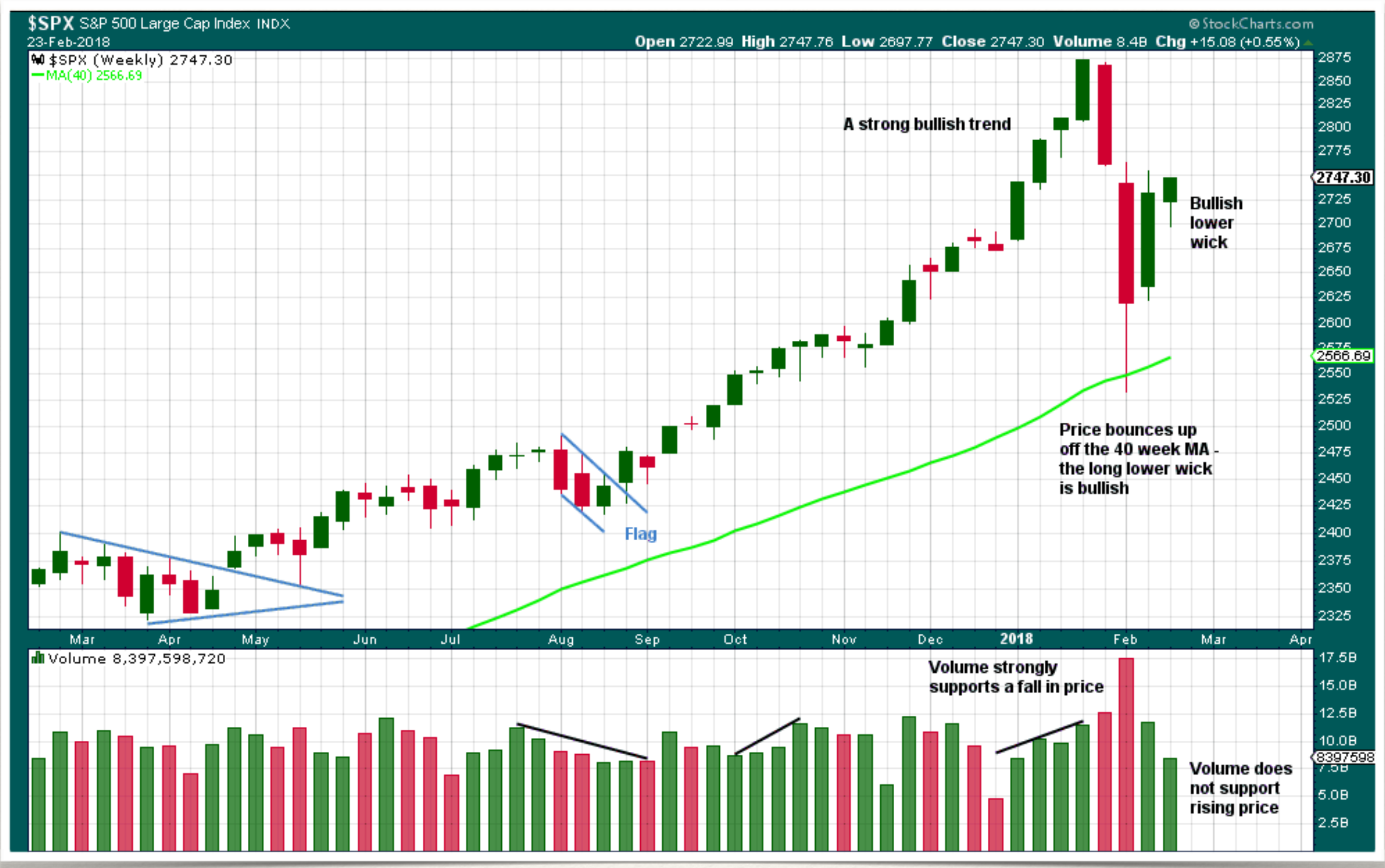


Minor wave B or X may be any one of more than 23 possible corrective structures, but it would most likely be a zigzag. It looks like it may be subdividing as a zigzag at this stage.

This alternate wave count would expect a strong breach of the 200 day SMA, which would be unlikely. The first expectation should be for price to find strong support there.



# S&P 500 Technical Analysis - Weekly Chart



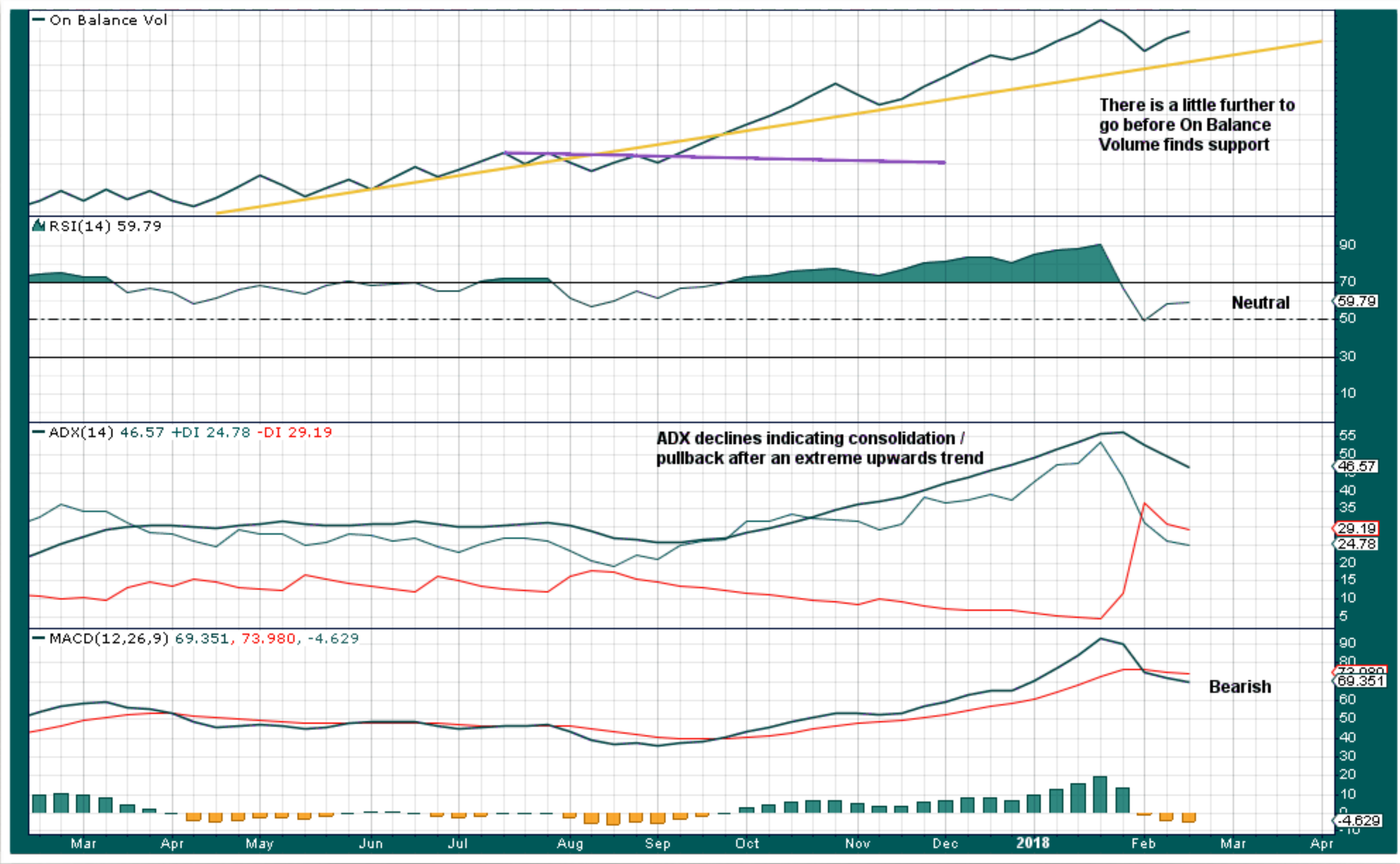
Volume this week is much lower than the last week, which is bearish.

The longer lower wick on this weekly candlestick and the shaven head are bullish.

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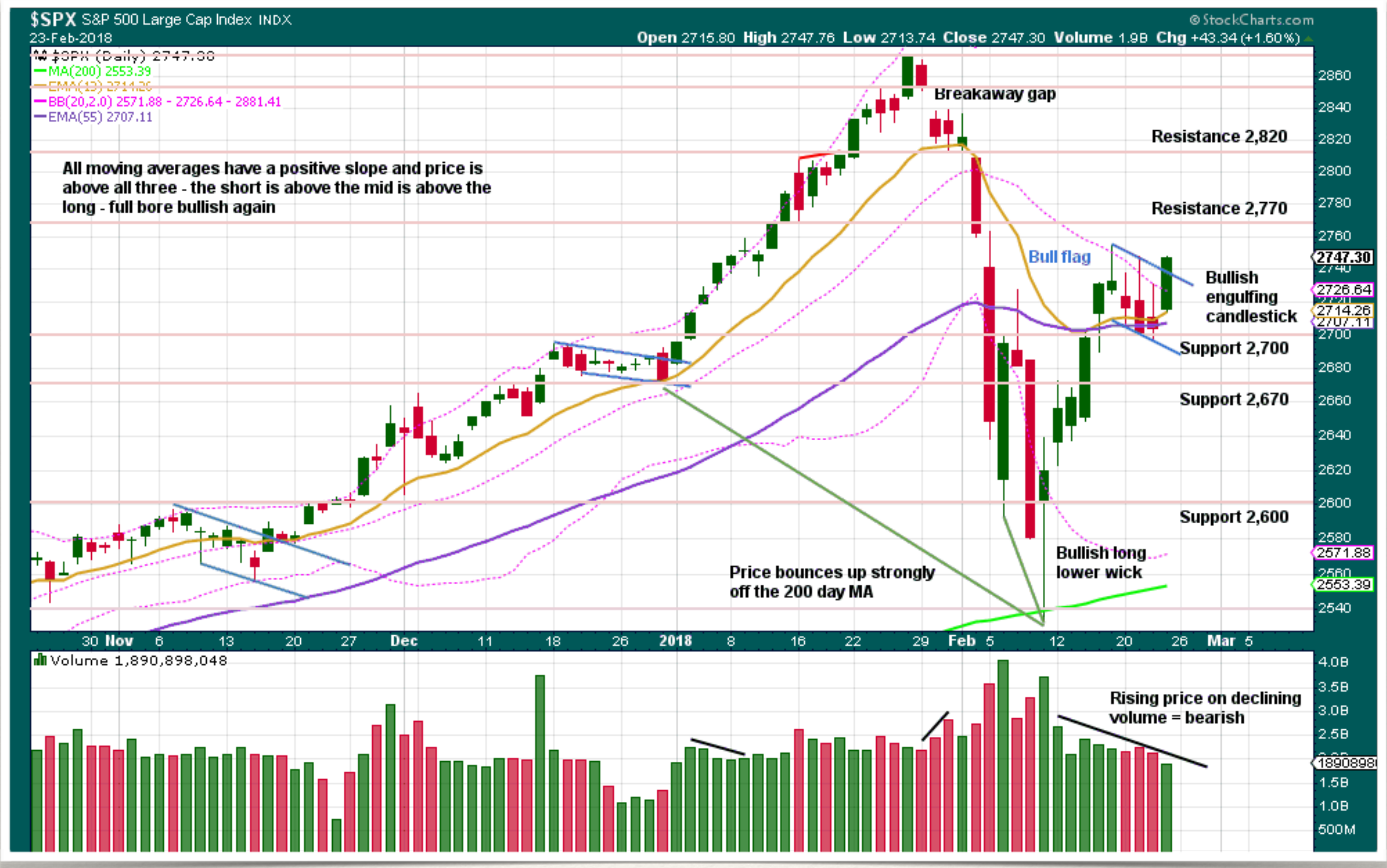
# S&P 500 Technical Analysis - Weekly Chart (cont’d)



The pullback has brought ADX down from very extreme. A possible trend change to down is indicated, but as yet no new trend is indicated.



# S&P 500 Technical Analysis - Daily Chart



Friday’s candlestick fully engulfs the prior candlesticks of the 16th and 20th of February.

Normally, the lack of support from volume would be a concern but this has been a feature of this market at all time frames now for some years. Price has been rising on declining and light volume and may continue to do so to end the bull run.

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# S&P 500 Technical Analysis - Daily Chart (*cont'd*)

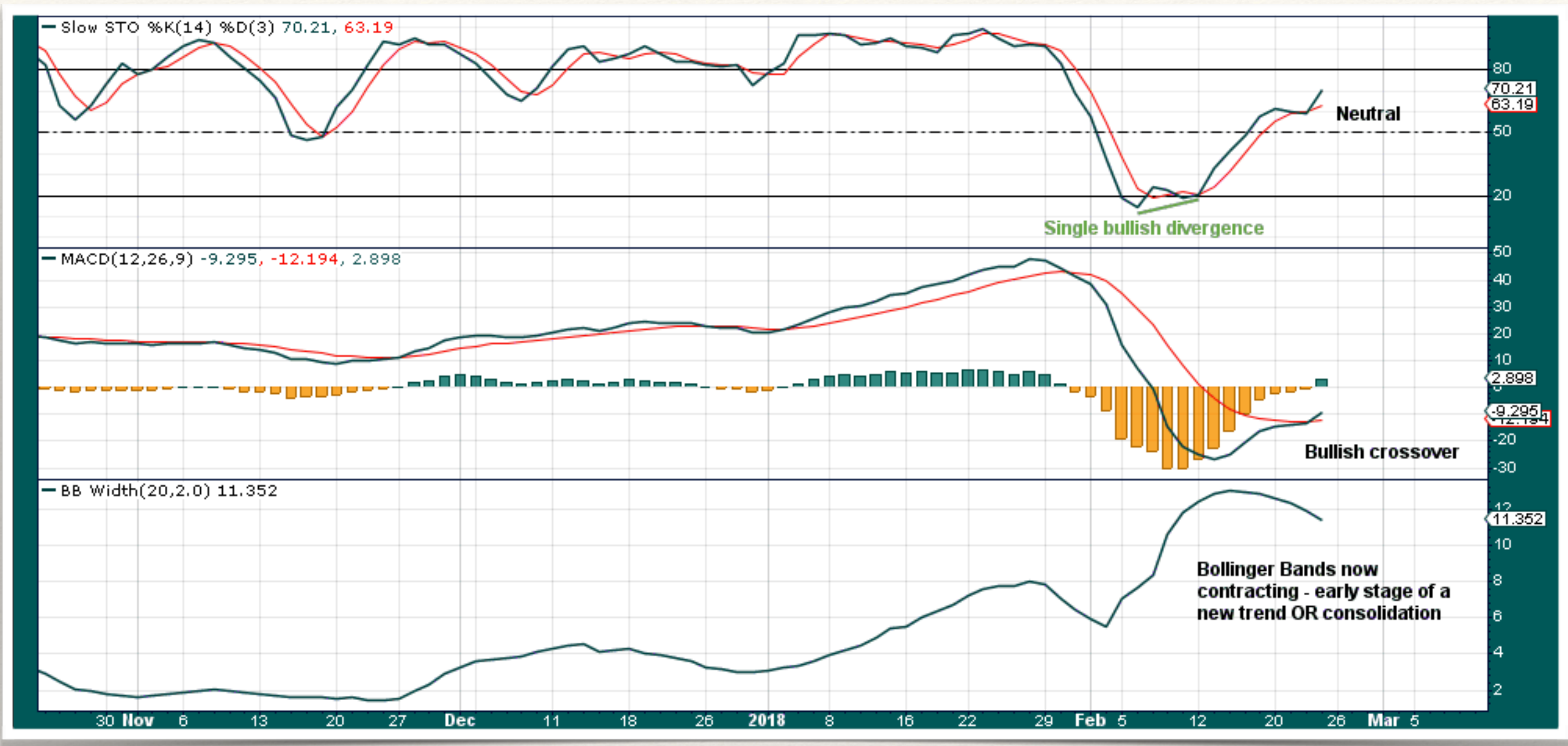


A target using the measured rule and the bull flag is about 2,960. Flag patterns are one of the most reliable continuation patterns. This offers reasonable support to the main Elliott wave count, although the breakout on Friday does not have support from volume.

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# S&P 500 Technical Analysis - Daily Chart (cont'd)





# S&P 500 Technical Analysis - Volatility - Inverted VIX Chart



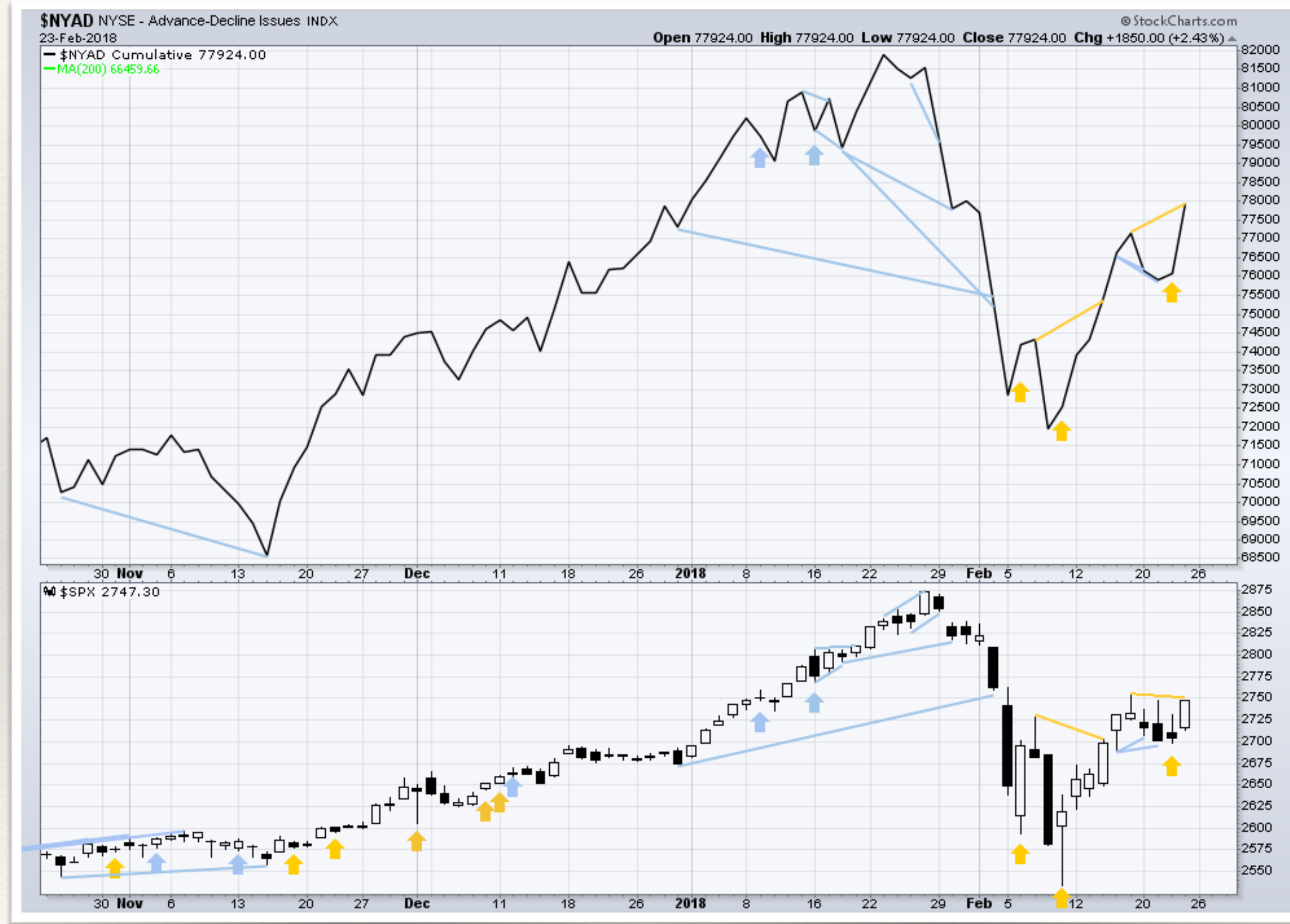
So that colour blind members are included, bearish signals will be noted with blue and bullish signals with yellow.

Normally, volatility should decline as price moves higher and increase as price moves lower. This means that normally inverted VIX should move in the same direction as price.

Inverted VIX has made a new swing high above the prior high of the 16th of February, but price has not yet done so. Inverted VIX will be read as a leading indicator. This is interpreted as bullish. This supports the main Elliott wave count.



# S&P 500 Technical Analysis - Breadth - AD Line



There is normally 4-6 months divergence between price and market breadth prior to a full fledged bear market. This has been so for all major bear markets within the last 90 odd years. With no longer term divergence yet at this point, any decline in price should be expected to be a pullback within an ongoing bull market and not necessarily the start of a bear market.

All of small, mid and large caps this week moved upwards. The bounce has support from wide breadth.

Breadth should be read as a leading indicator.

The AD line has made a new high above the prior high of the 16th of February, but price has not yet made a corresponding new high. This divergence is bullish and supports the main Elliott wave count.



# S&P 500 - Dow Theory

All indices have made new all time highs as recently as five weeks ago, confirming the ongoing bull market.

The following lows need to be exceeded for Dow Theory to confirm the end of the bull market and a change to a bear market:

DJIA: 17,883.56.

DJT: 7,029.41.

S&P500: 2,083.79.

Nasdaq: 5,034.41.

Charts showing each prior major swing low used for Dow Theory are [here](#).



# GOLD

Upwards movement was expected. Price has moved mostly sideways, with a very slight new high. Downwards movement for Friday's session remains well above the Elliott wave invalidation point and well above the prior day's low.

**Summary: Look for price to continue now in an upwards swing to end above 1,361.46. The target is at 1,375.**

Grand SuperCycle analysis is [here](#).

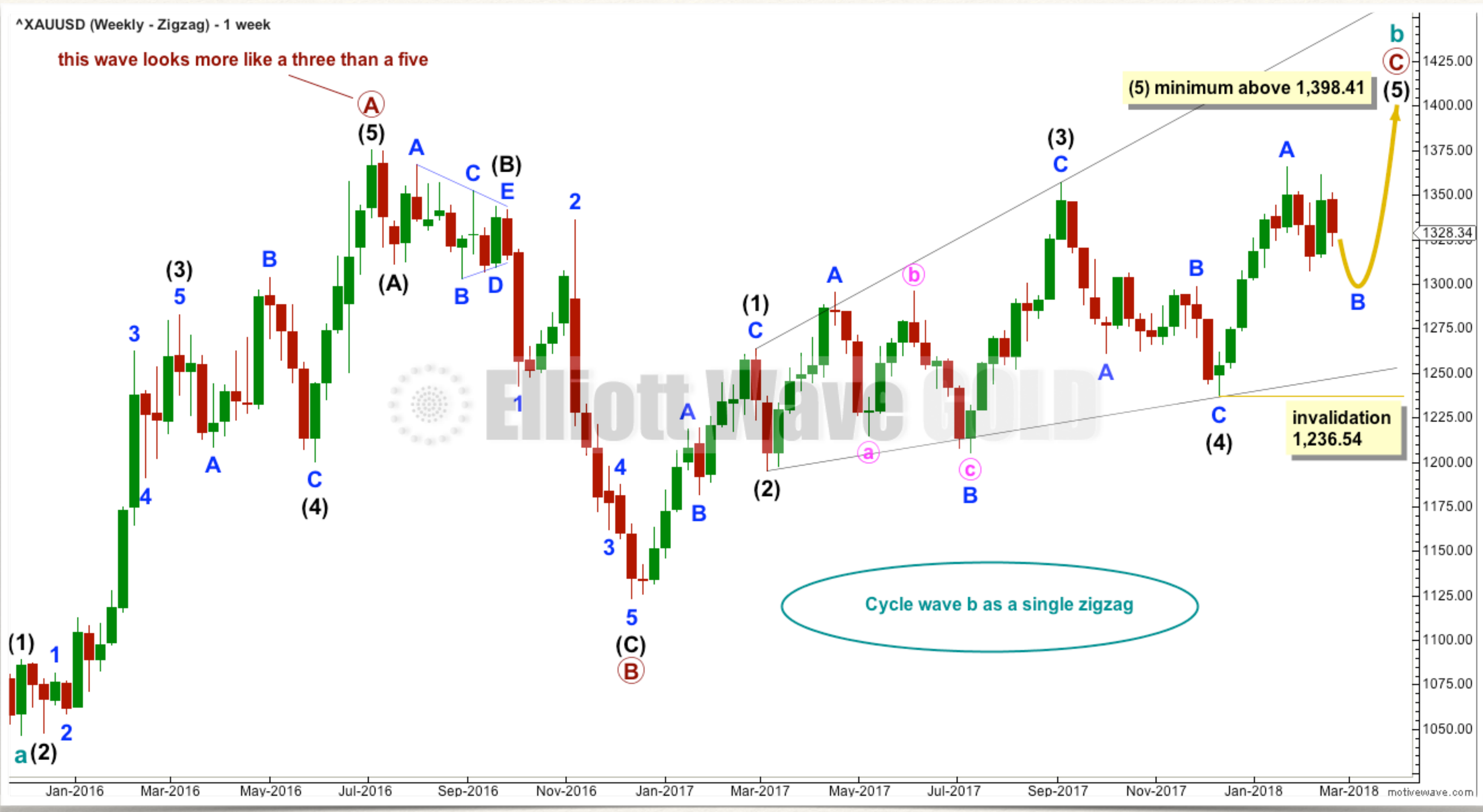
Last in-depth historic analysis with monthly and several weekly charts is [here](#), video is [here](#).

There are multiple wave counts at this time at the weekly and monthly chart levels. In order to make this analysis manageable and accessible only two will be published on a daily basis, one bullish and one bearish. This does not mean the other possibilities may not be correct, only that publication of them all each day is too much to digest. At this stage, they do not diverge from the two possibilities below.

*Always practice good risk management. Always trade with stops and invest only 1-5% of equity on any one trade.*



# GOLD Bullish Elliott Wave Count - First Weekly Chart



Cycle wave b may be a single zigzag. Zigzags subdivide 5-3-5. Primary wave C must subdivide as a five wave structure and may be either an impulse or an ending diagonal. Overlapping at this stage indicates an ending diagonal.

Within an ending diagonal, all sub-waves must subdivide as zigzags. Intermediate wave (4) must overlap into intermediate wave (1) price territory. This diagonal is expanding: intermediate wave (3) is longer than intermediate wave (1) and intermediate wave (4) is longer than intermediate wave (2). Intermediate wave (5) must be longer than intermediate wave (3), so it must end above 1,398.41 where it would reach equality in length with intermediate wave (3).

Within the final zigzag of intermediate wave (5), minor wave B may not move beyond the start of minor wave A below 1,236.54.

Within intermediate wave (1), the correction labelled minor wave B was over within one week. Within intermediate wave (2), the correction labelled minor wave B was too quick to be seen on the weekly chart. Within intermediate wave (3), the correction labelled minor wave B was over in 12 weeks, one short of a Fibonacci 13.

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# GOLD Bullish Elliott Wave Count - First Weekly Chart (*cont'd*)

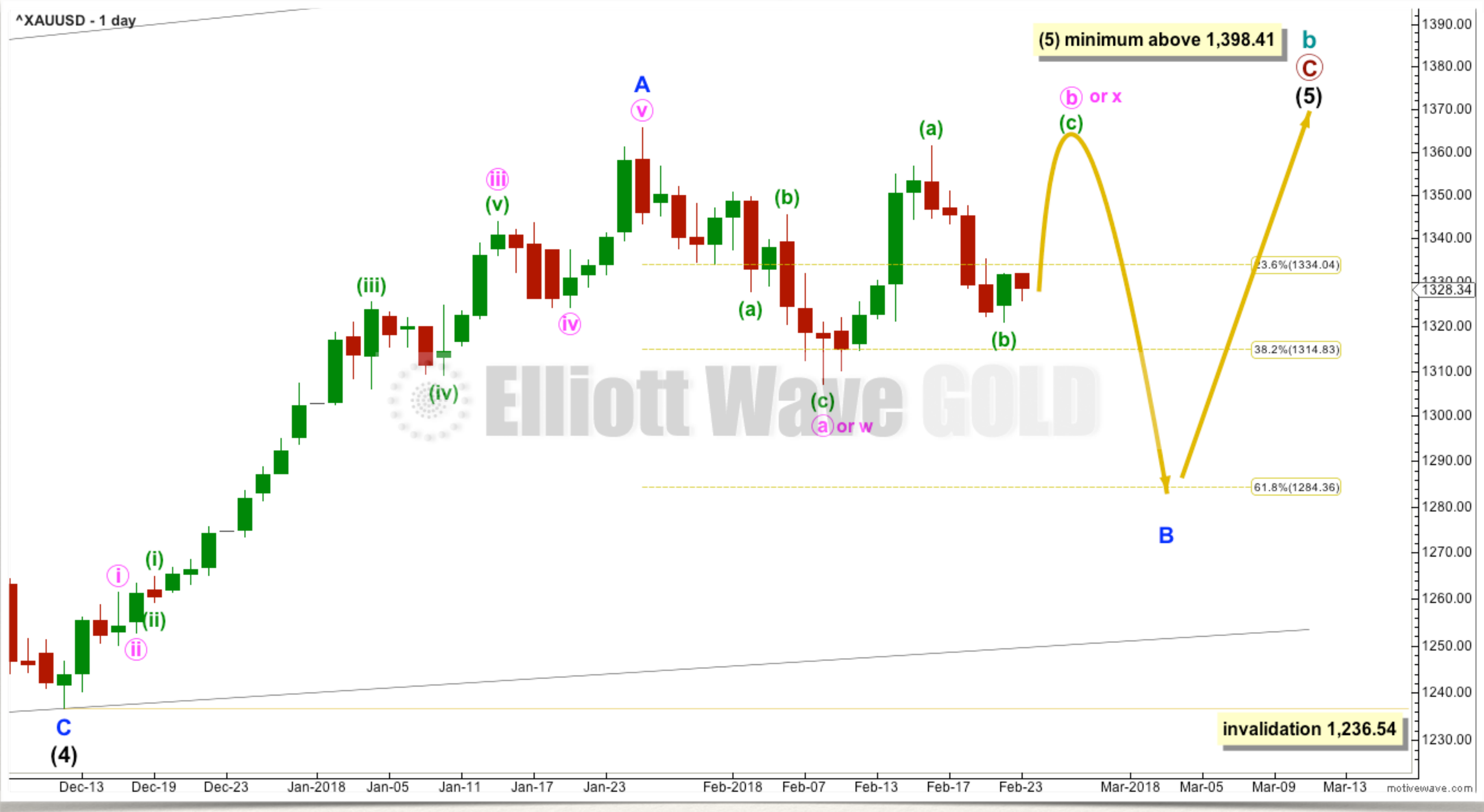


Within intermediate wave (4), the correction labelled minor wave B was over in a Fibonacci 8 weeks. As each actionary wave is extending in time as well as price, the correction of minor wave B within intermediate wave (5) may be longer than that within intermediate wave (3). At this early stage, a Fibonacci 13 or possibly even 21 weeks may be expected. This expectation is a rough guideline; flexibility is essential when B waves unfold.

This first weekly chart sees the upwards wave labelled primary wave A as a five wave structure. It must be acknowledged that this upwards wave looks better as a three than it does as a five. The fifth weekly chart below will consider the possibility that it was a three.



# GOLD Bullish Elliott Wave Count - First Daily Chart



Within the ending diagonal, intermediate wave (5) must sub-divide as a zigzag.

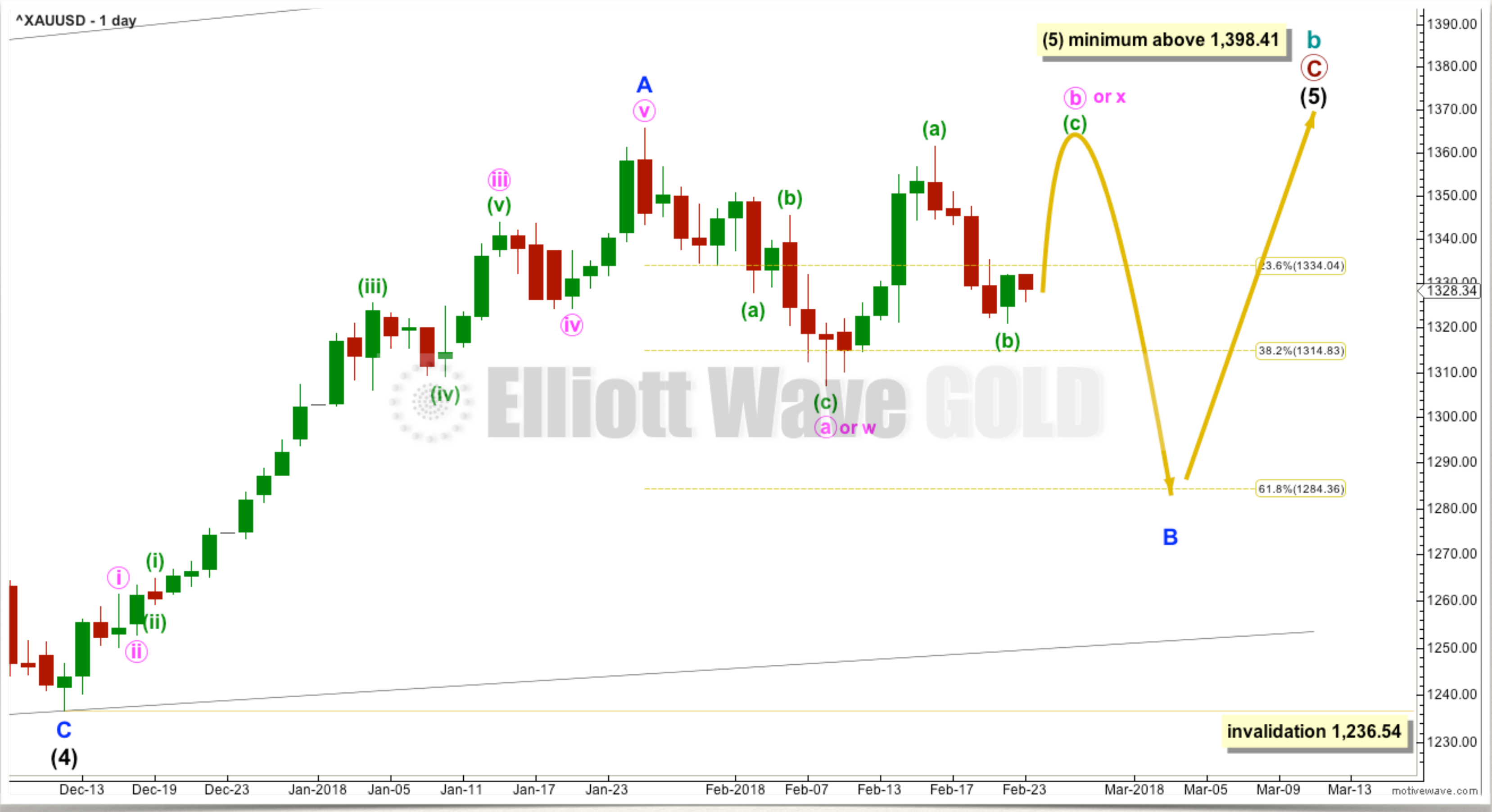
Minor wave B may be a reasonably time consuming consolidation or a quicker sharper pullback within the upwards trend, and it may end about either of the 0.382 or 0.618 Fibonacci ratios (neither may be favoured). At this stage, it looks more likely that minor wave B may be a more time consuming sideways consolidation. Although it is possible that minor wave B could have been over at the low on the 8th of February as a quick shallow pullback, which is considered in the second alternate hourly chart.

There are more than 23 possible structures that minor wave B may take, and it is impossible until close to or at the end to have confidence which structure has unfolded. When B waves unfold, it is essential that analysis is flexible. B waves are analogous to either range bound consolidations or sharp corrections. As minor wave B unfolds, the labelling on the hourly chart for its sub-waves will change and alternates will be required.

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# GOLD Bullish Elliott Wave Count - First Daily Chart (*cont’d*)



The yellow arrows outline the possible pathway for an expanded flat for minor wave B. Members are strongly advised that this pathway is only one possible pathway of many. It is chosen to illustrate one of the most common structures for a B wave. This pathway may change as minor wave B continues further. If it does, then the labelling on hourly charts will change.

Minor wave B may still be a triangle or zigzag. All possibilities must still be considered.

Minor wave B may not move beyond the start of minor wave A below 1,236.54.



# GOLD Bearish Elliott Wave Count - Fifth Weekly Chart



There were five weekly charts published in the last historic analysis. This fifth weekly chart is the most immediately bearish wave count, so this is published as a bearish possibility.

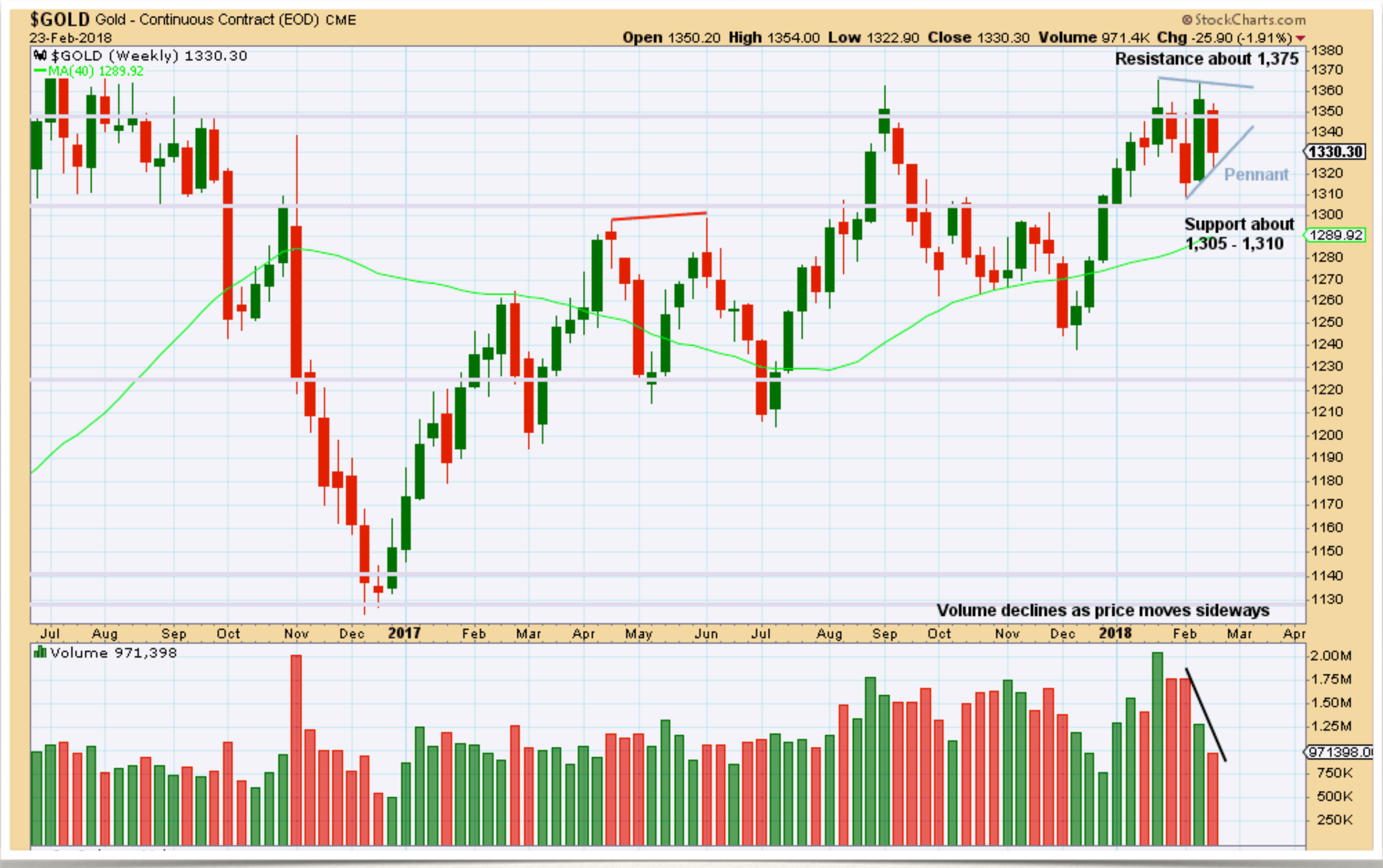
This fifth weekly chart sees cycle wave b as a flat correction, and within it intermediate wave (B) may be a complete triple zigzag. This would indicate a regular flat as intermediate wave (B) is less than 1.05 the length of intermediate wave (A).

If cycle wave b is a flat correction, then within it primary wave B must retrace a minimum 0.9 length of primary wave A at 1,079.13 or below. The most common length of B waves within flats is from 1 to 1.38 times the length of the A wave. The target calculated would see primary wave B end within this range.

I have only seen two triple zigzags before during my 10 years of daily Elliott wave analysis. If this wave count turns out to be correct, this would be the third. The rarity of this structure is identified on the chart.



# GOLD Technical Analysis - Weekly Chart



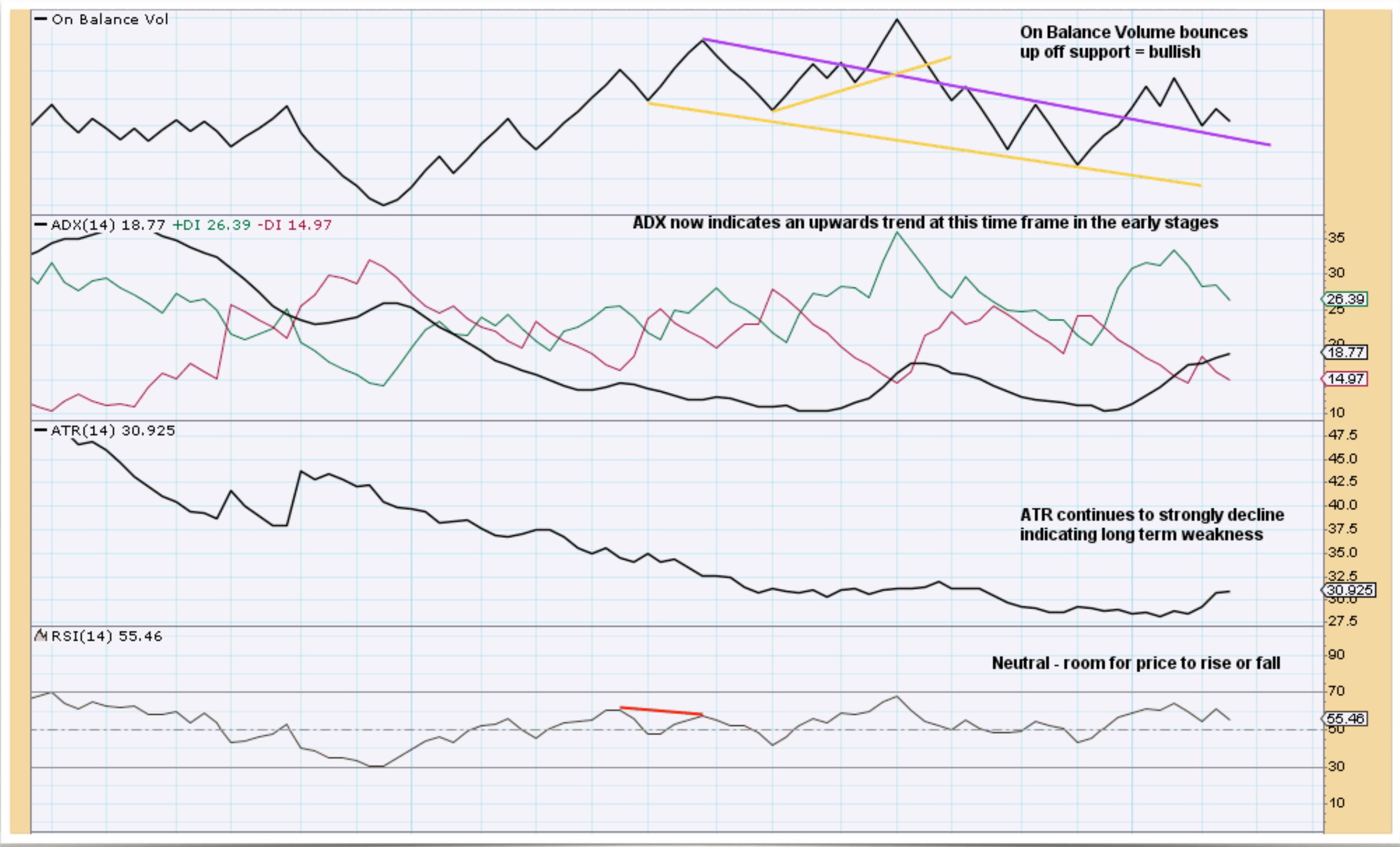
At the weekly time frame, ADX now indicates an upwards trend but price is still range bound with resistance about 1,375 and support finally about 1,225.

Strongest weekly volume of recent weeks is an upwards week, which is bullish. The last signal from On Balance Volume is bullish. This supports the main daily Elliott wave count.

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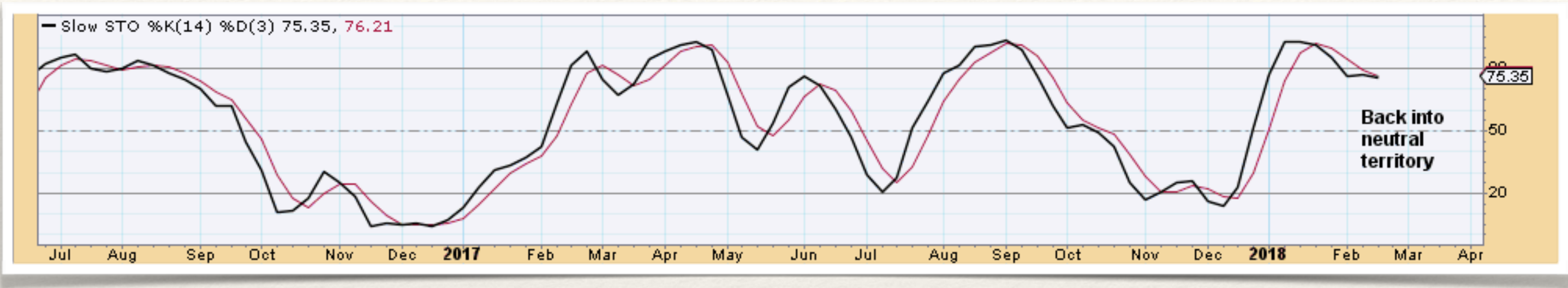
# GOLD Technical Analysis - Weekly Chart (cont’d)



A pennant pattern may be forming. If this is a pennant, already 4 weeks in duration, then it should conclude very soon. If it continues, then it would be a triangle which may be either a reversal or continuation pattern.

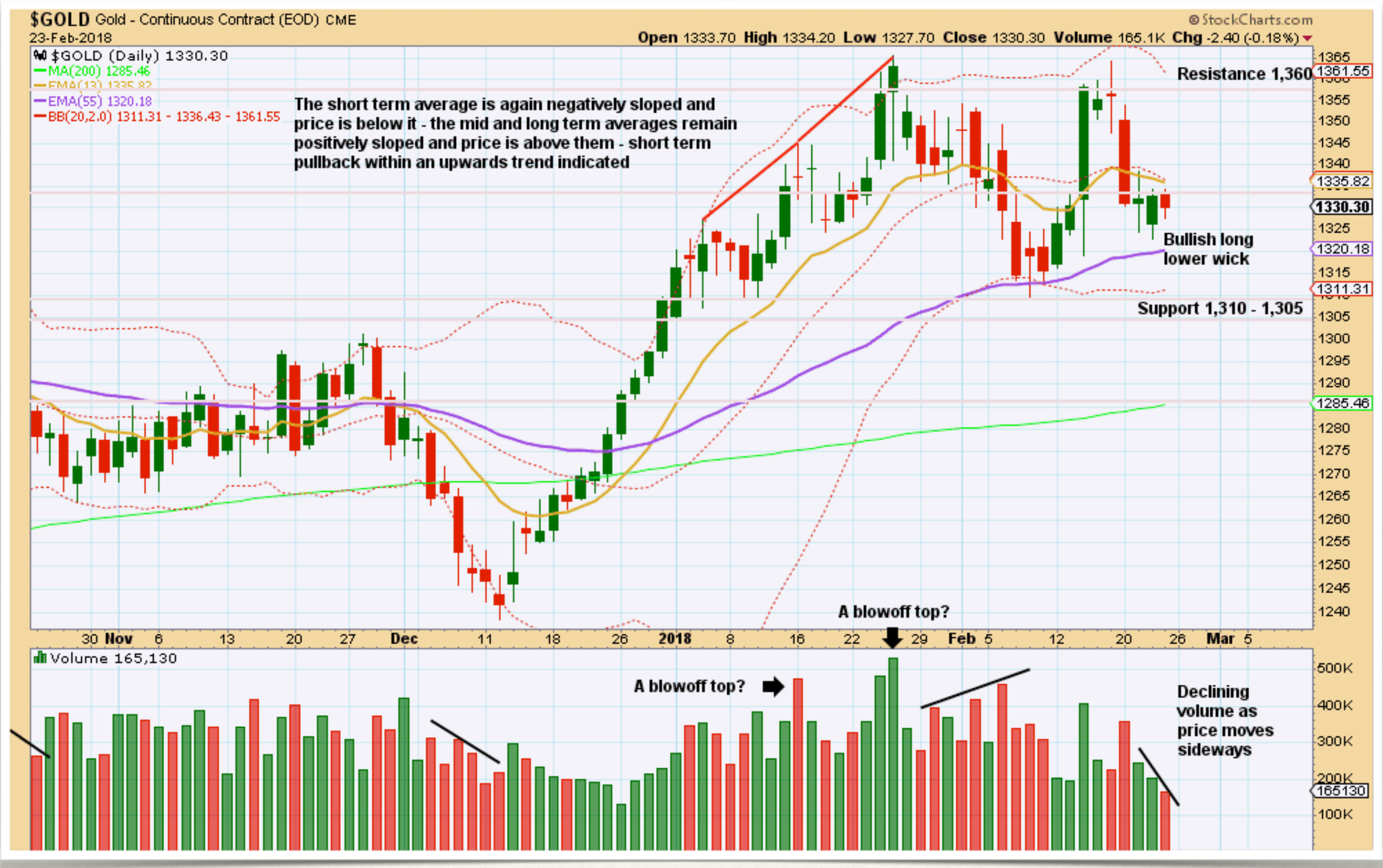


# GOLD Technical Analysis - Weekly Chart (*cont’d*)





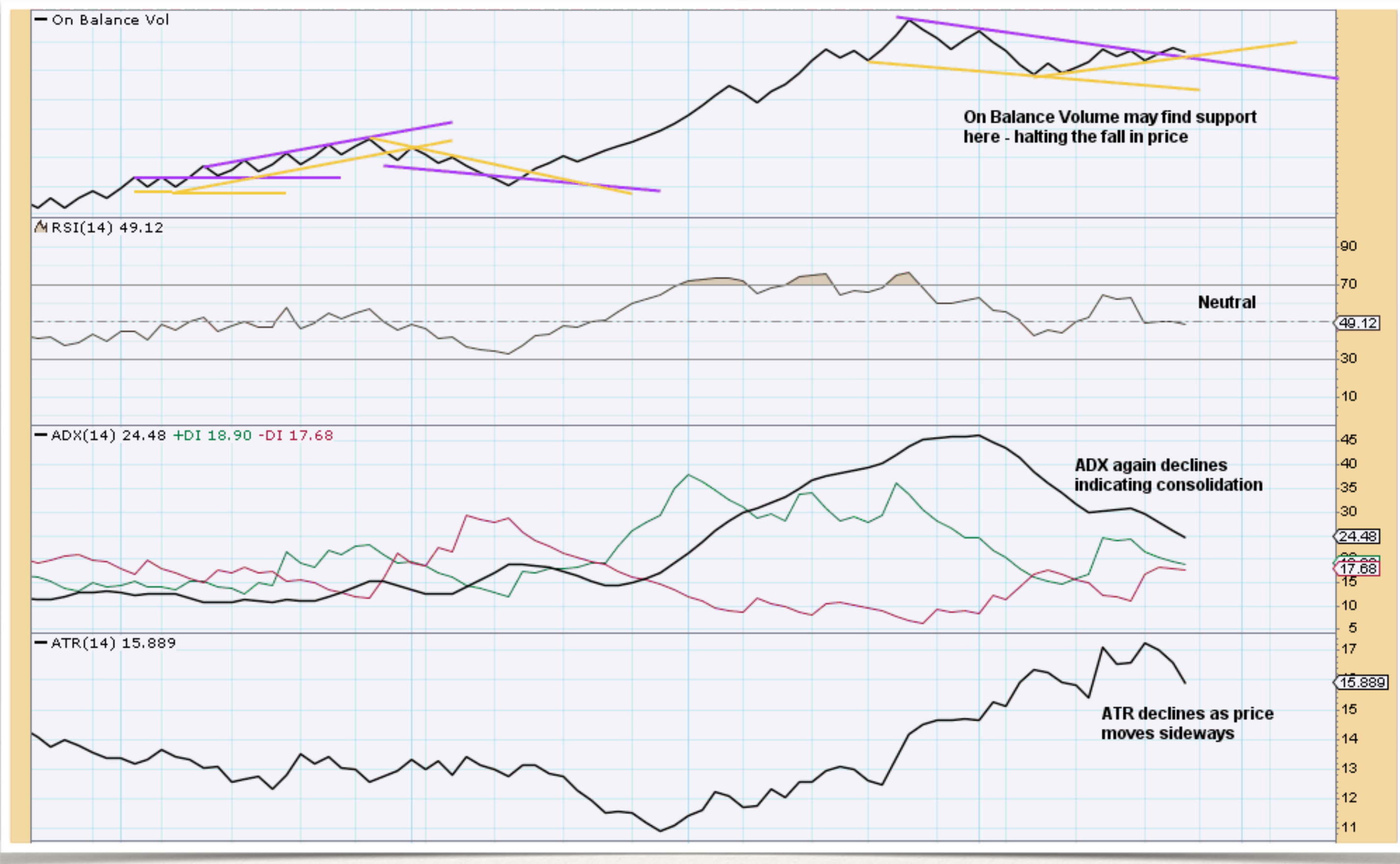
# GOLD Technical Analysis - Daily Chart



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# GOLD Technical Analysis - Daily Chart (cont'd)



Support on On Balance Volume may halt the fall in price here.

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# GOLD Technical Analysis - Daily Chart (cont'd)





# GDX Technical Analysis - Weekly Chart



Support about 20.80 has been tested about seven times and so far has held. The more often a support area is tested and holds, the more technical significance it has.

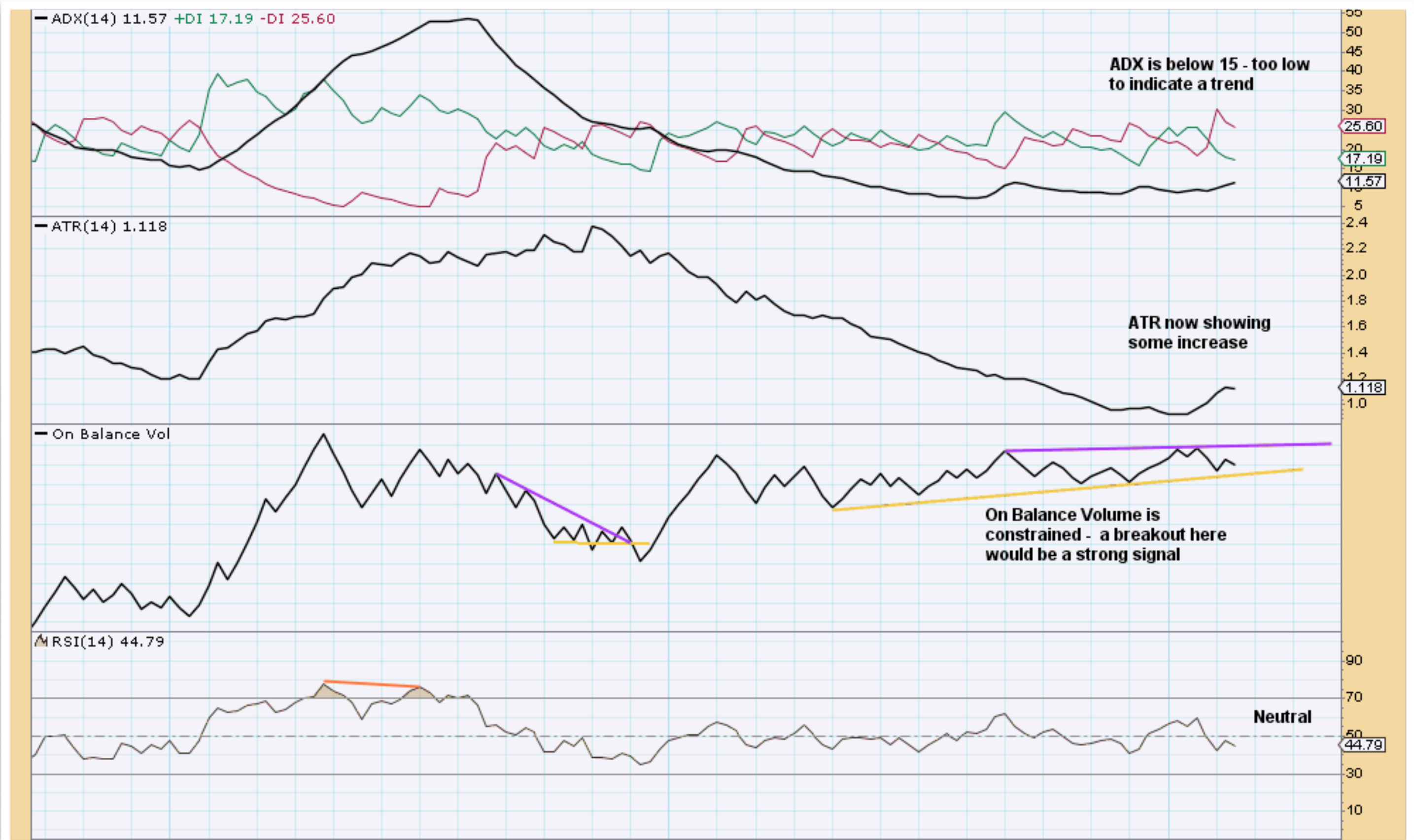
In the first instance, expect this area to continue to provide support. Only a strong downwards day, closing below support and preferably with some increase in volume, would constitute a downwards breakout from the consolidation that GDX has been in for a year now.

Resistance is about 25.50. Only a strong upwards day, closing above resistance and with support from volume, would constitute an upwards breakout.

*(continued on next page.)*



# GDX Technical Analysis - Weekly Chart (cont'd)



On Balance Volume should be watched closely. A breakout there may signal the breakout direction for price.

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# GDX Technical Analysis - Weekly Chart (*cont’d*)





# GDX Technical Analysis - Daily Chart



The bullish candlestick for Friday lacks support from volume, which is concerning for bulls.

If price has not yet found a low, then look for support at 21.50. If price can break through resistance here, then next resistance is at 23.00.

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# GDX Technical Analysis - Daily Chart (cont'd)



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# GDX Technical Analysis - Daily Chart (*cont'd*)





# USOIL

Upwards movement was expected to end last week, but price continues to move higher. Volume does not support the rise in price though, and there is resistance overhead.

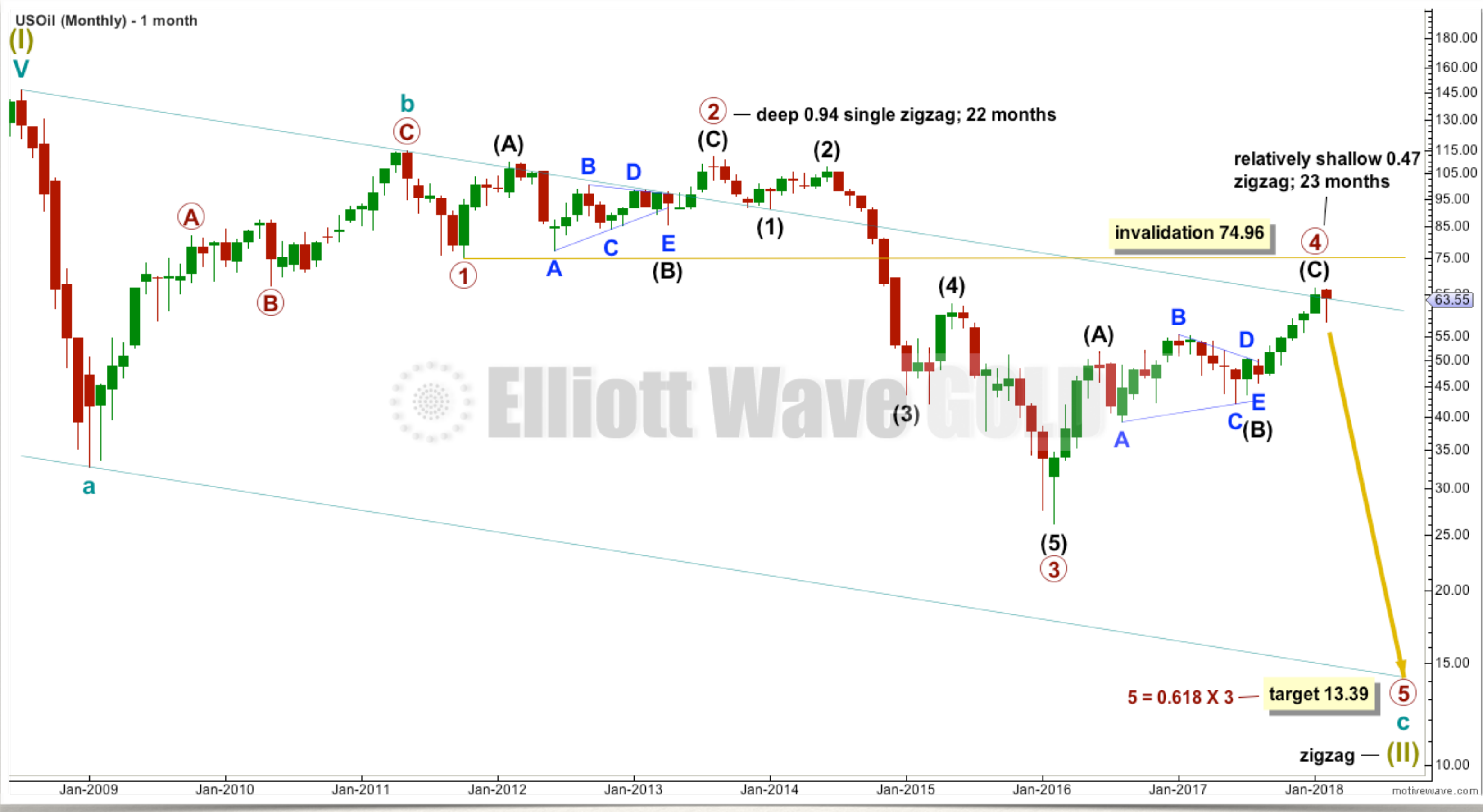
**Summary: The outlook will remain bearish while price remains below 66.65. A new high above 66.65 at this stage would be very bullish.**

**A trend change is expected after a little more upwards movement. The long term target is still at 13.39.**

*Always practice good risk management. Always trade with stops and invest only 1-5% of equity on any one trade.*



# USOIL Main Elliott Wave Count - Monthly Chart



Within the bear market, cycle wave b is seen as ending in May 2011. Thereafter, a five wave structure downwards for cycle wave c begins.

Primary wave 1 is a short impulse lasting five months. Primary wave 2 is a very deep 0.94 zigzag lasting 22 months. Primary wave 3 is a complete impulse with no Fibonacci ratio to primary wave 1. It lasted 30 months.

There is alternation in depth with primary wave 2 very deep and primary wave 4 relatively shallow. There is inadequate alternation in structure, both are zigzags. So far primary wave 4 has lasted 23 months. At this stage, there is almost perfect proportion between primary waves 2 and 4.

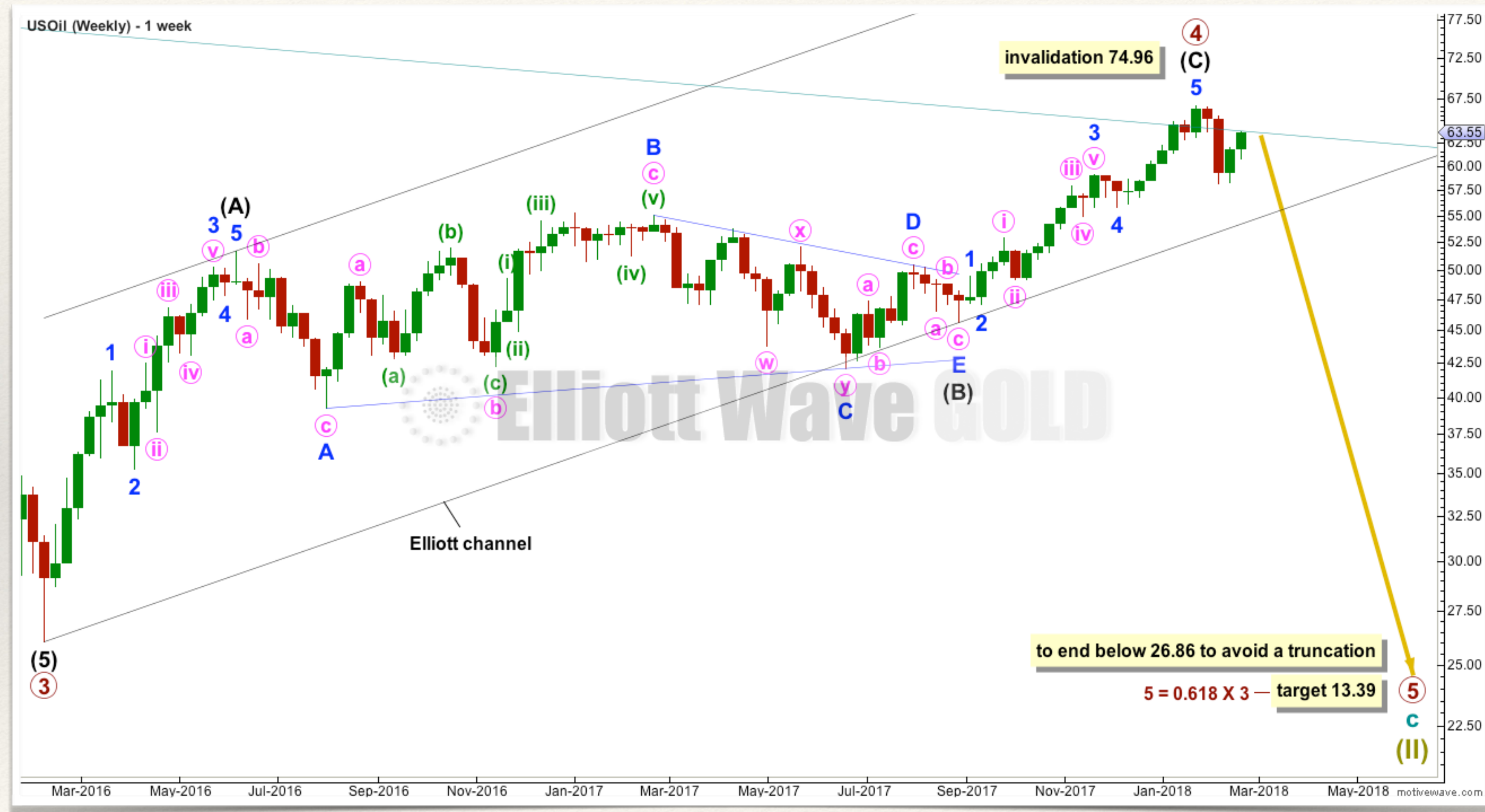
Primary wave 4 may not move into primary wave 1 price territory above 74.96.

The wider Elliott channel (teal) about this whole movement may offer support to primary wave 5.

Price closed above the teal resistance line, the upper edge of this very wide channel. This wave count expected it would be fairly likely that primary wave 4 should have found primary resistance there. Because this line is now breached on the daily chart a new alternate is considered below.



# USOIL Main Elliott Wave Count - Weekly Chart



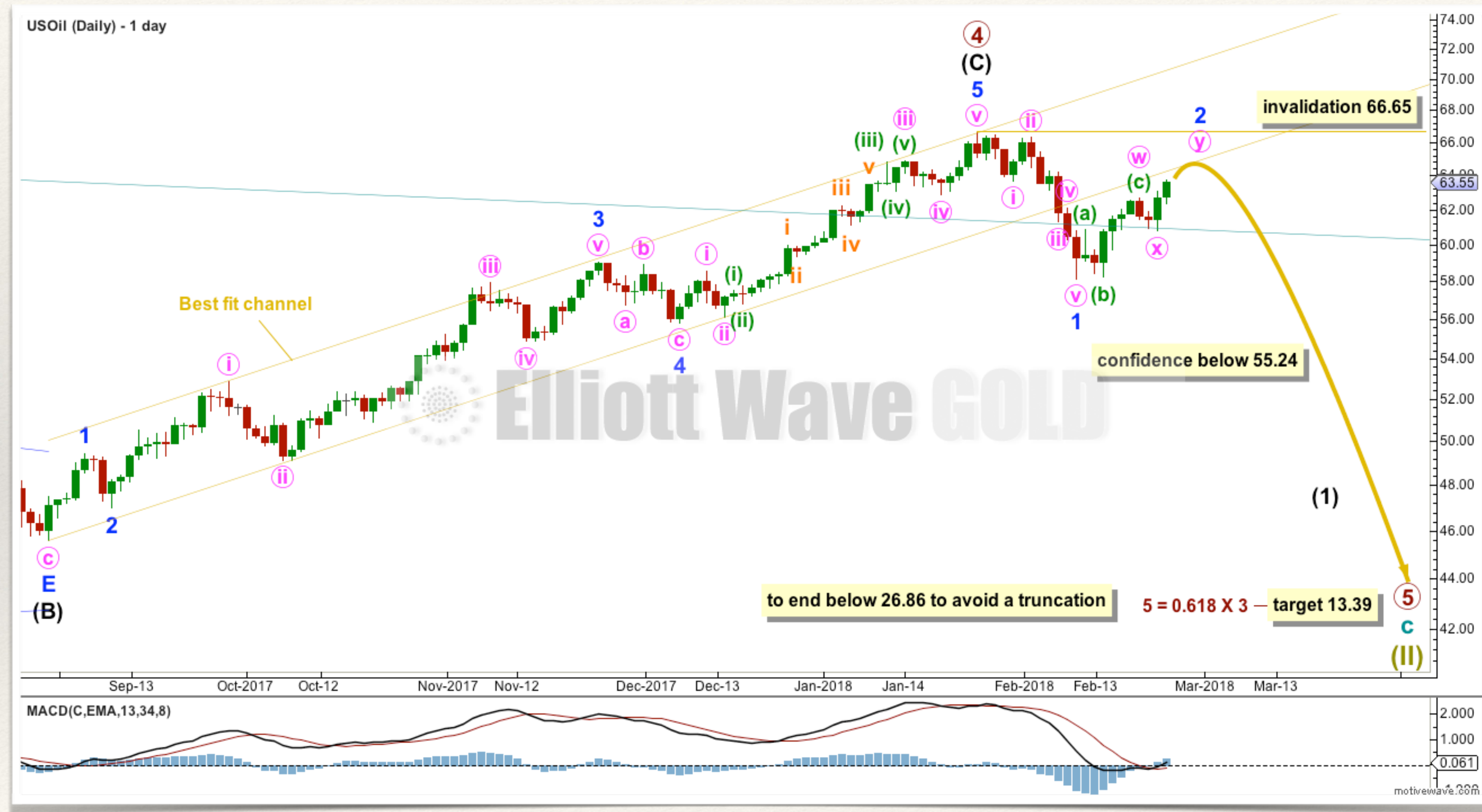
Primary wave 4 subdivides as a zigzag, and within it intermediate wave (C) may now be complete. If primary wave 5 were to only reach equality in length with primary wave 3, it would end with a small truncation. A target for primary wave 5 may best be calculated at intermediate degree. That can only be done when intermediate waves (1) through to (4) within primary wave 5 are complete.

For now a target will be calculated at primary degree using a ratio between primary waves 3 and 5. This target only has a small probability. This target will be recalculated as primary wave 5 nears its end, so it may change.

An Elliott channel is added to this possible zigzag for primary wave 4. A breach of the lower edge of this channel would provide a very strong indication that primary wave 4 should be over and primary wave 5 should be underway. Look out for some support on the way down, perhaps a short term bounce about the lower edge of the channel.



# USOIL Main Elliott Wave Count - Daily Chart



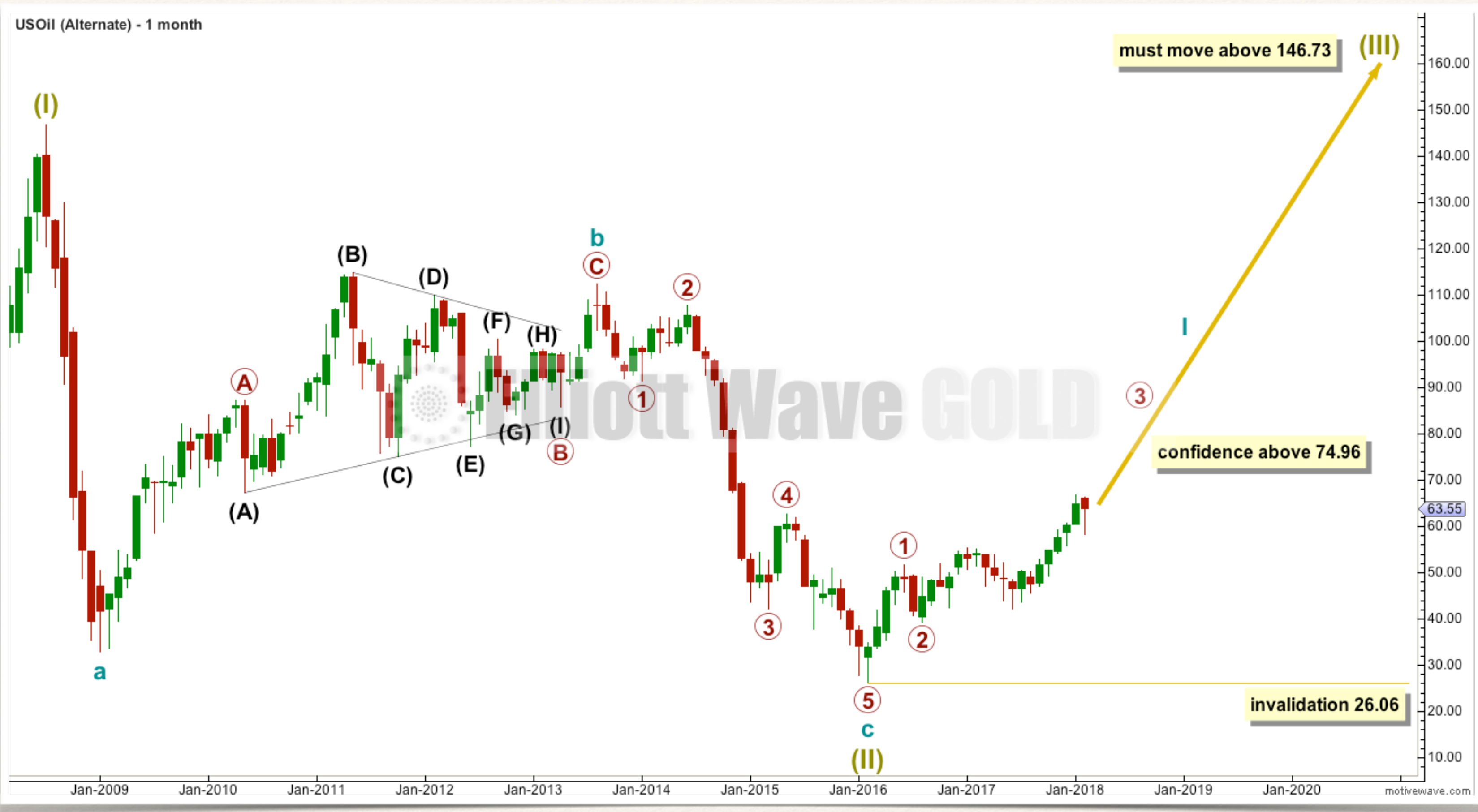
Minor wave 1 looks complete. Minor wave 2 may be continuing higher as a double zigzag (these are very common structures), and it may find resistance at the lower edge of the yellow best fit channel which contained minor wave 1.

A new low below 55.24 would invalidate the bullish alternate below and provide reasonable confidence in this main wave count.

Minor wave 2 may not move beyond the start of minor wave 1 above 66.65.



# USOIL Alternate Elliott Wave Count - Monthly Chart



It is possible that the bear market for Oil is over and a new bull market is in the very early stages.

A huge zigzag down to the last low may be complete and is labelled here Super Cycle wave (II).

Cycle wave b must be seen as complete in August 2013 for this wave count to work. It cannot be seen as complete at the prior major swing high in May 2011.

Cycle wave b is seen as a zigzag, and within it primary wave B is seen as a running contracting triangle. These are fairly common structures, although nine wave triangles are uncommon. All subdivisions fit.

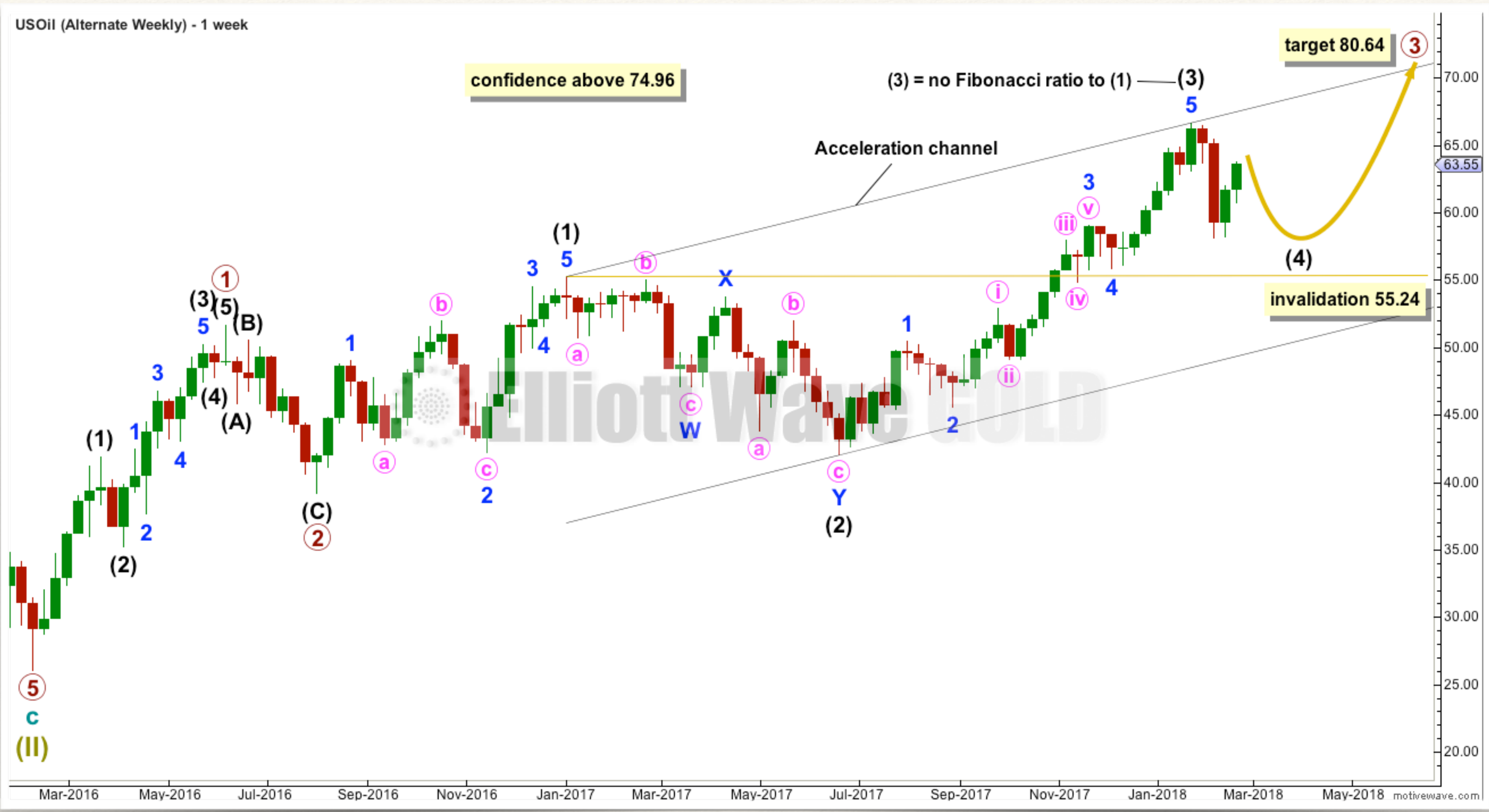
Primary wave C moves beyond the end of primary wave A, so it avoids a truncation. But it does not have to move above the price territory of primary wave B to avoid a truncation, which is an important distinction.

If cycle wave b begins there, then cycle wave c may be seen as a complete five wave impulse.

Super Cycle wave (III) must move beyond the end of Super Cycle wave (I). It must move far enough above that point to allow room for a subsequent Super Cycle wave (IV) to unfold and remain above Super Cycle wave (I) price territory.



# USOIL Alternate Elliott Wave Count - Weekly Chart



If a new bull market is in the very early stages for Oil, then it may have begun with two overlapping first and second waves at primary then at intermediate degree.

Primary wave 3 may only subdivide as an impulse, and within it intermediate wave (3) may be complete.

Intermediate wave (4) may not move into intermediate wave (1) price territory below 55.24. Intermediate wave (4) would most likely be incomplete. It may continue further sideways or lower.



# USOIL Technical Analysis - Monthly Chart



The strongest recent monthly volume is for the downwards month of August 2017. This is bearish.

For the now completed month of January the rise in price had support from volume. This is bullish.

*(continued on next page.)*



# USOIL Technical Analysis - Monthly Chart (*cont'd*)



MACD and On Balance Volume are also both bullish. Overall, this chart is more bullish than bearish.

RSI indicates there is room for upwards movement to continue.

The month of February is incomplete and so no conclusions may yet be drawn about it.



# USOIL Technical Analysis - Daily Chart

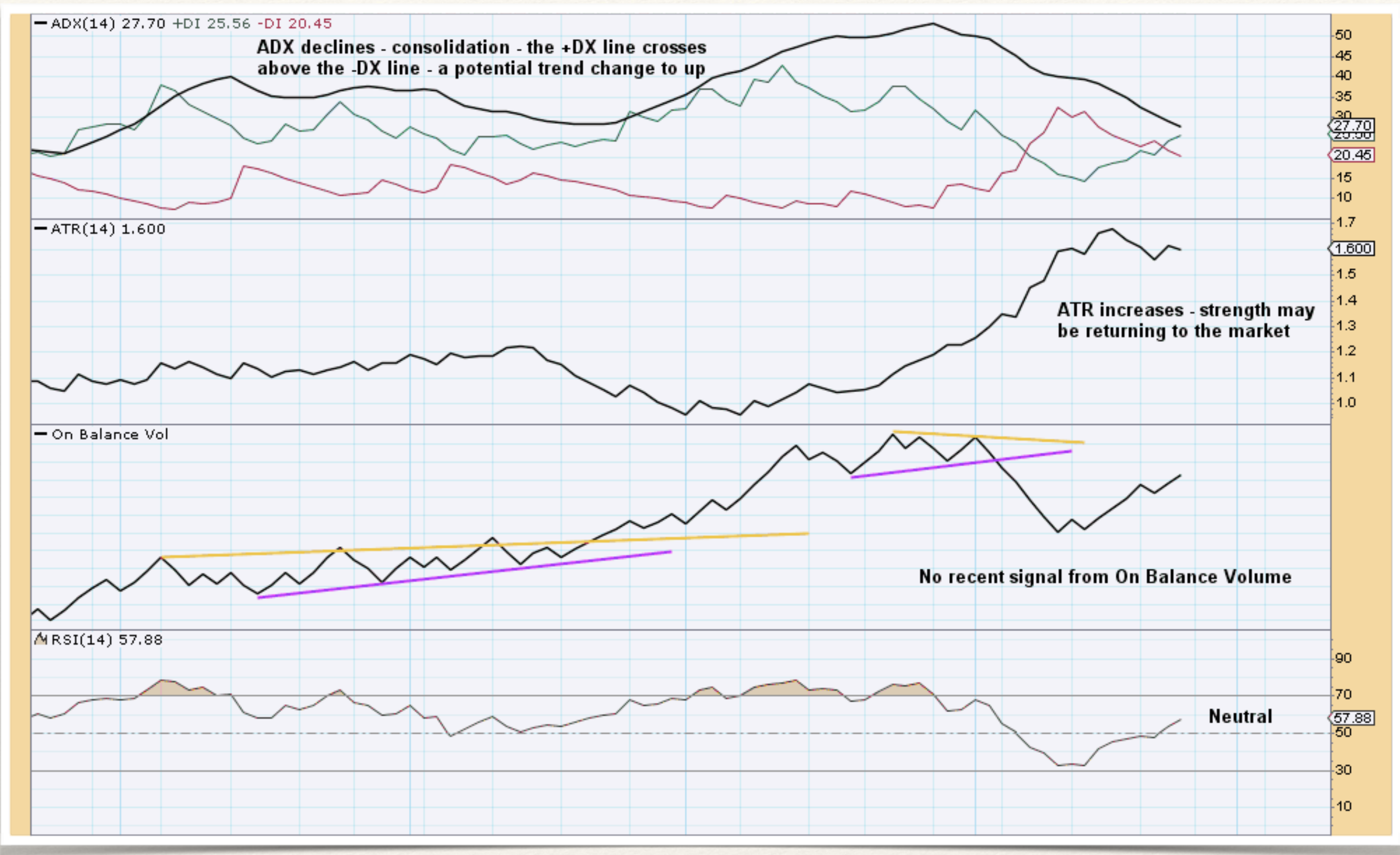


Overall, volume does not support rising price although the session of 20th of February was strong. Look for next resistance at 64.90.

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# USOIL Technical Analysis - Daily Chart (cont'd)



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# USOIL Technical Analysis - Daily Chart (*cont'd*)





# USOIL Technical Analysis - Volatility Index Chart



There is no divergence this week to indicate weakness in price.



# About

**Lara’s Weekly** is an end of week Elliott Wave and Technical Analysis of the S&P 500, GOLD, and USOIL that focuses on the mid-to-long-term picture.

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