Lara's Weekly

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

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Contents

S&P 500

More downwards movement was expected. This is how the session began with a new low.

Summary: A bounce to either 2,701 or 2,735 may continue on Monday. It could be over within Monday's session, or it could take a few days with choppy and sideways movement. When the bounce is done, another downwards wave may unfold towards 2,585 – 2,571.

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
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.

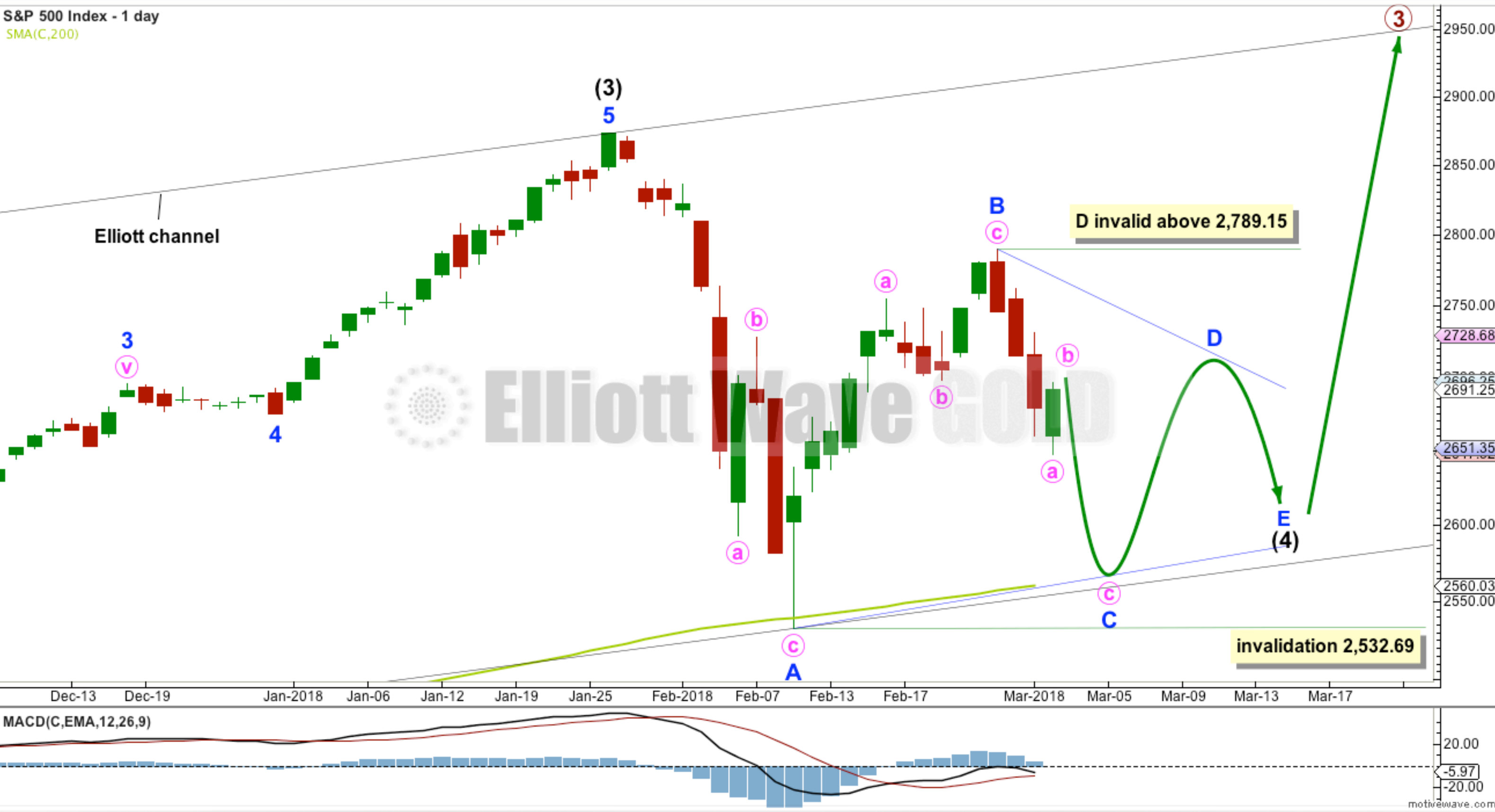
Within cycle wave V, the third waves at all degrees may only subdivide as impulses.

Intermediate wave (4) has breached an Elliott channel drawn using Elliott's first technique. The channel is redrawn using Elliott's second technique. The upper edge may provide resistance for intermediate wave (5).

Intermediate wave (4) may not move into intermediate wave (1) price territory below 2,193.81. At this stage, it now looks like intermediate wave (4) may be continuing further sideways as a combination or triangle. These two ideas are today separated into two separate daily charts. They are judged to have an even probability at this stage.

A double zigzag would also be possible for intermediate wave (4), but because intermediate wave (2) was a double zigzag this is the least likely structure for intermediate wave (4) to be. Alternation should be expected until price proves otherwise.

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



This first daily chart looks at the possibility that intermediate wave (4) may be continuing sideways as a regular contracting or regular barrier triangle.

Four of the five sub-waves within a triangle must subdivide as zigzags. One sub-wave may be a more complicated multiple, most often this is wave C.

Minor wave C may not move beyond the end of minor wave A below 2,532.69.

A common length for triangle sub-waves is from 0.8 to 0.85 of the prior sub-wave. This gives a target range of 2,584 – 2,571 for minor wave C downwards.

Minor wave D of a contracting triangle may not move beyond the end of minor wave B above 2,789.15. Minor wave D of a barrier triangle may end about the same level as minor wave B so that the B-D trend line remains essentially flat. In practice this means that minor wave D may end slightly above 2,789.15. This invalidation point is not black and white.

Thereafter, minor wave E may not move beyond the end of minor wave C.

A triangle may continue to find support about the 200 day moving average, possibly with small overshoots.

An expanding triangle will not be considered because they are extremely rare structures. I have never seen one in my now 10 years of daily Elliott wave analysis, and so we should not expect this to be a first.

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

Double combinations are very common structures. The first structure in a possible double combination for intermediate wave (4) would be a complete zigzag labelled minor wave W. The double would be joined by a complete three in the opposite direction, a zigzag labelled minor wave X.

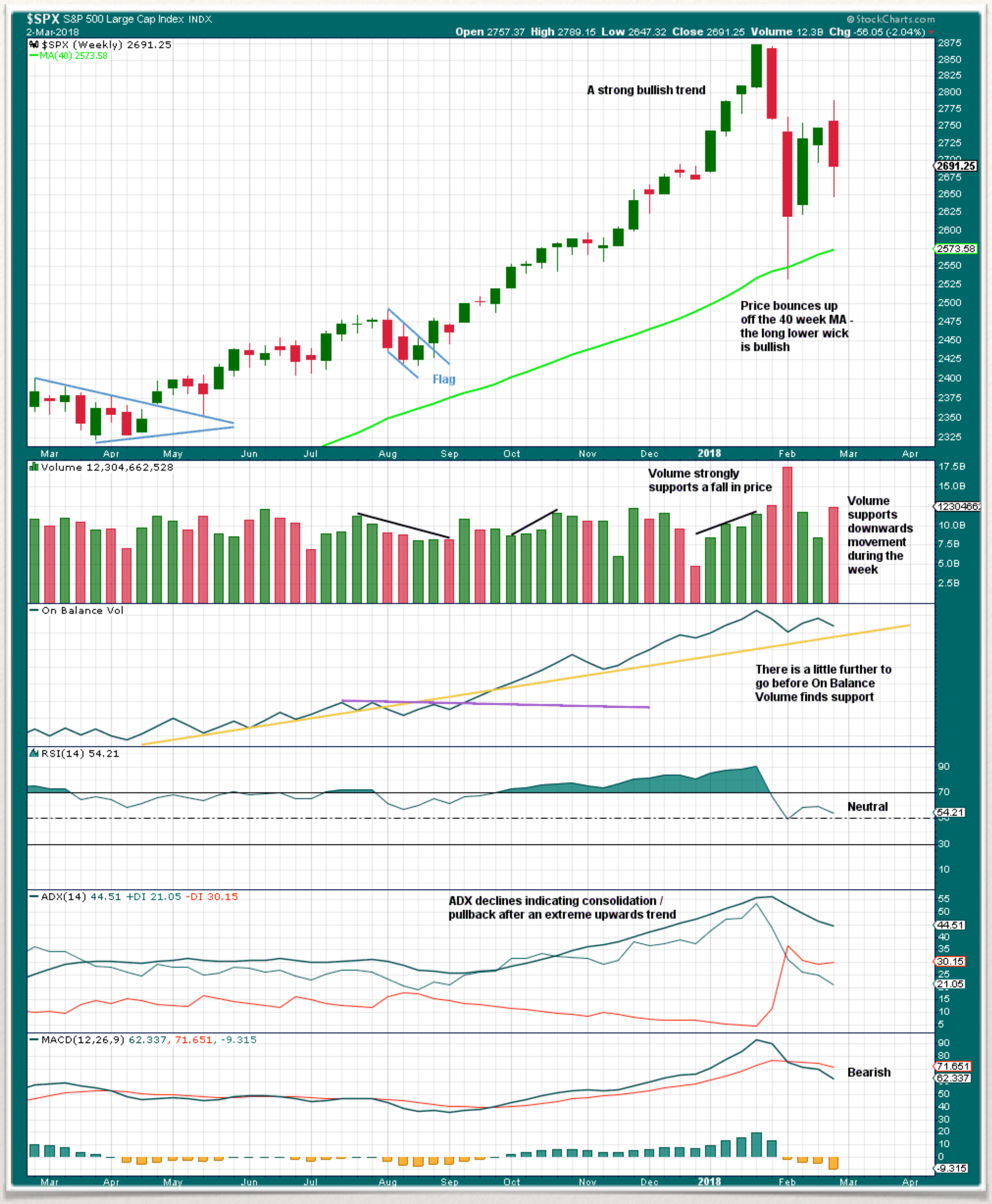
The second structure in the double would most likely be a flat correction labelled minor wave Y. It may also be a triangle, but in my experience this is very rare.

A flat correction would subdivide 3-3-5. Minute wave a must be a three wave structure, most likely a zigzag.

The purpose of combinations is to take up time and move price sideways. To achieve this purpose the second structure in the double usually ends close to the same level as the first. Minor wave Y would be expected to end about the same level as minor wave W at 2,532.69. This would require a strong overshoot or breach of the 200 day moving average.

At this stage, both wave counts expect a zigzag downwards to be unfolding. The degree of labelling would be different, but the structure would be the same. One hourly chart at this time will suffice for both daily wave counts.

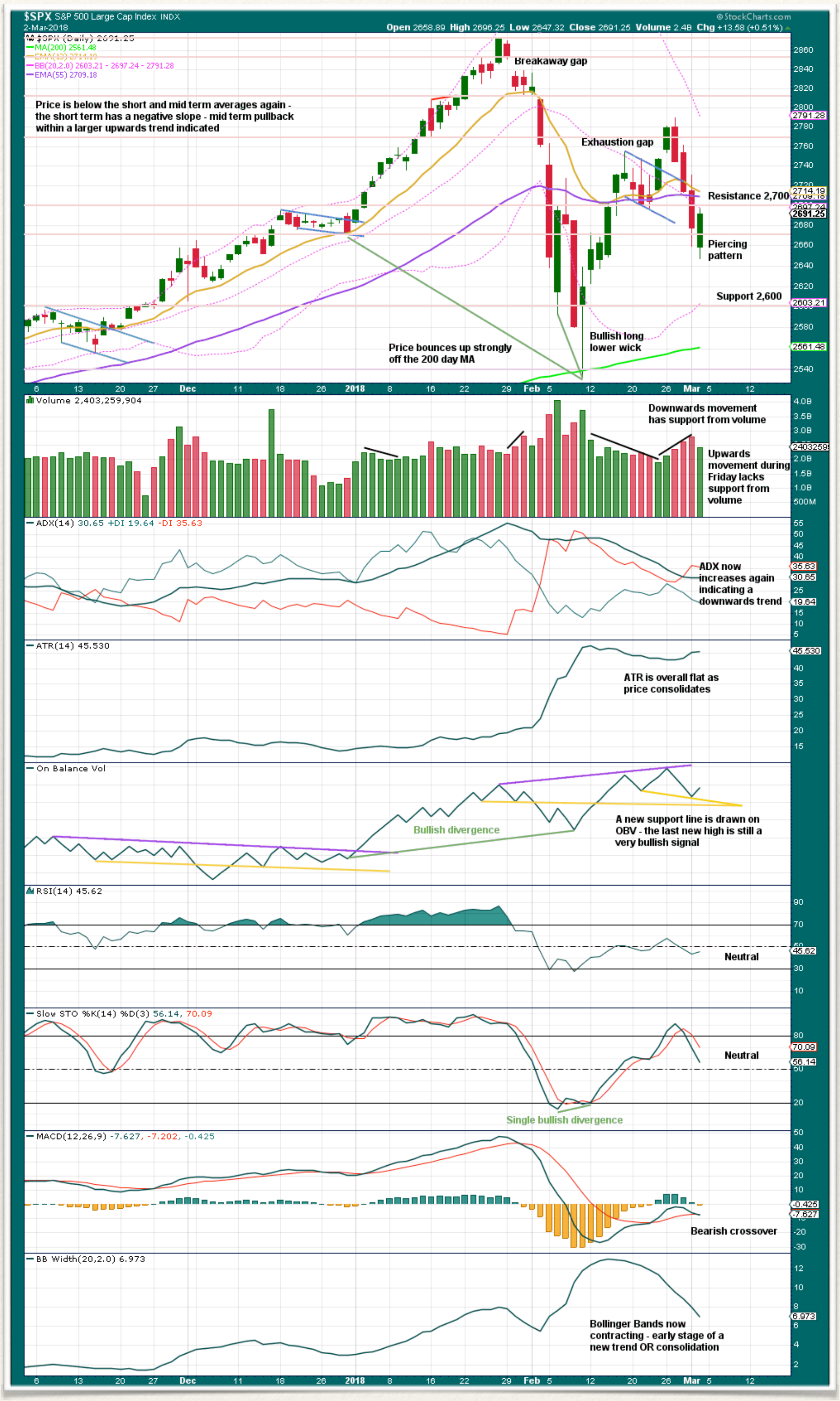
S&P 500 Technical Analysis
Weekly Chart



This consolidation is bringing ADX down from very extreme and RSI from extremely overbought. There will again be room for a trend to develop when it is complete.

Short term volume suggests downwards movement is incomplete. Support on On Balance Volume may assist to halt a fall in price along with the 40 week (200 day) moving average.

S&P 500 Technical Analysis
Daily Chart



The bullish Piercing pattern suggests more upwards movement on Monday. However, a lack of support from volume suggests it may be short lived. This supports the Elliott wave count which sees this bounce as a B wave.

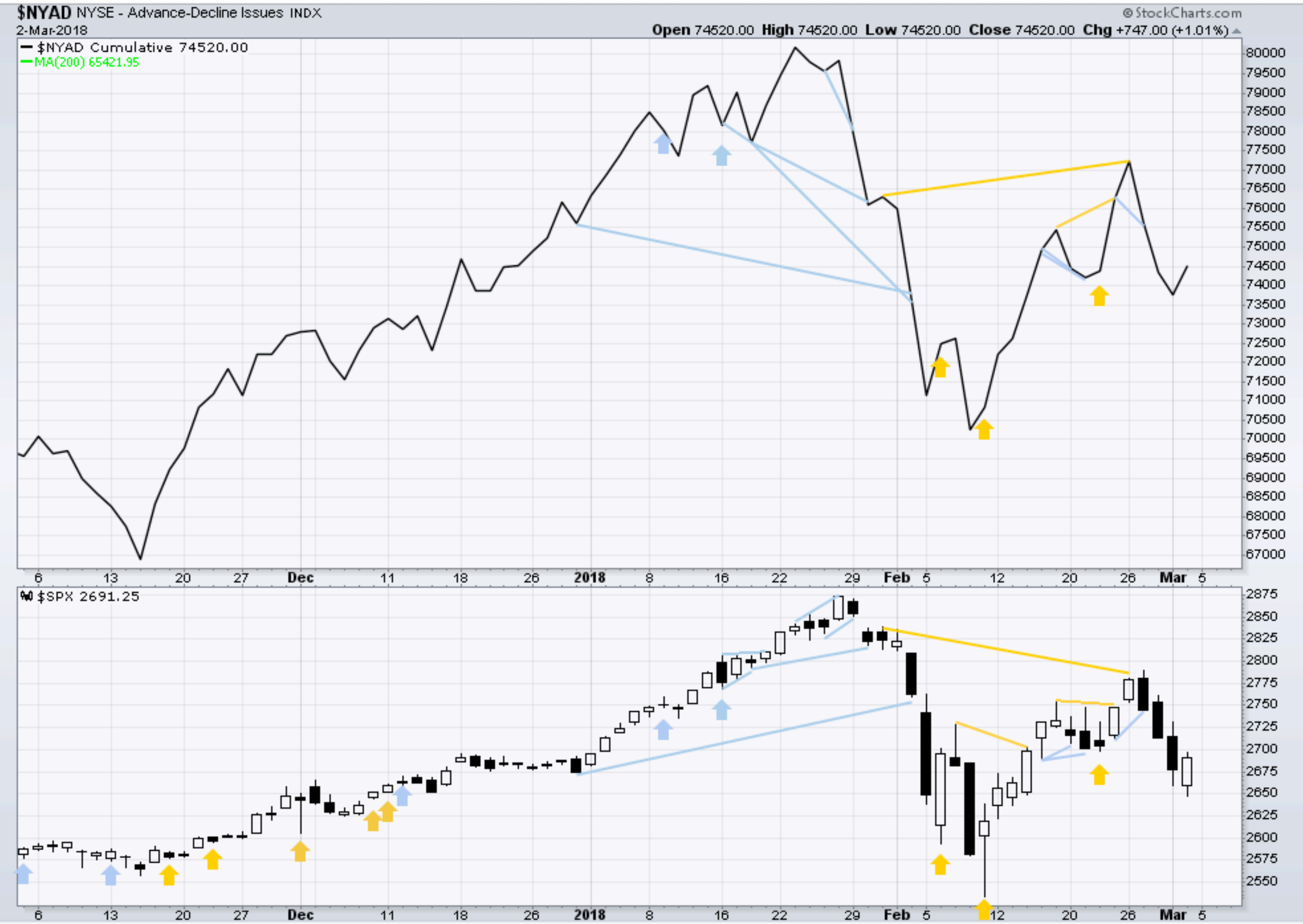
S&P 500 Technical Analysis
Volatility - Inverted VIX Chart

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.

Upwards movement during Friday's session has a normal corresponding decline in market volatility. This is bullish.

S&P 500 Technical Analysis
Breadth - AD Line Chart



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 completed an outside week. All sectors of the market at this time appear to be in a consolidation.

Breadth should be read as a leading indicator.

Upwards movement during Friday's session comes with support from an increase in market breadth. This is bullish.

S&P 500 Dow Theory

All indices have made new all time highs as recently as six 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: 7,039.41.

S&P500: 2,083.79.

Nasdaq: 5,034.41.

Charts showing each prior major swing low used for Dow Theory are here.

GOLD

Last analysis expected a trend change and upwards movement for Gold. This is exactly what has happened.

Summary: Expect now an upwards swing for a few days. The target is at 1,391, but this may be a little too high.

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. 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

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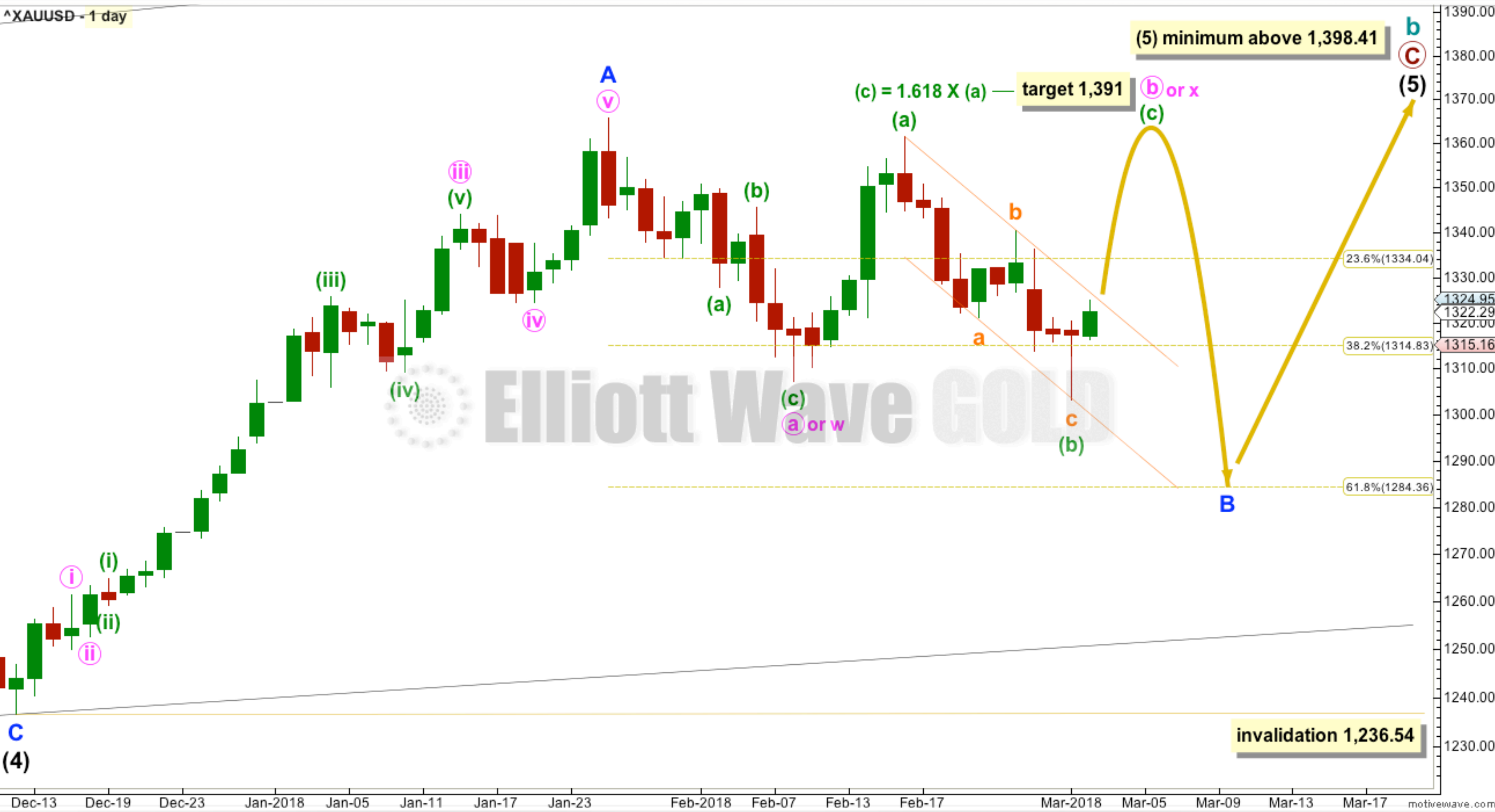
GOLD Bullish Elliott Wave Count
First Weekly Chart

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 now be either a flat or a combination. With the new low labelled minuette wave (b), it will no longer fit as a triangle.

Within either a flat or triangle for minor wave B, the correction of minute wave b or x is unfolding as an expanded flat correction. When this expanded flat is complete, then a downwards swing for minute wave c or y would be expected.

Because both options of a flat or combination for minor wave B now expect minute wave b or x to be completing as an expanded flat, they both need to see a five up complete for minuette wave (c). Hourly charts for both ideas would now be exactly the same, so only one hourly chart is published at this time.

If minor wave B is unfolding as a flat correction, then minute wave c may move reasonably below the low of minute wave a at 1,307.09 and must be a five wave structure.

If minor wave B is unfolding as a combination, then minute wave y may be a flat or triangle and may end about the same level as minute wave w at 1,307.09.

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

Price has again bounced up strongly from support about 1,305 – 1,310. The balance of volume during this week was downwards, and there was some support from volume during the week for this movement. This is bearish.

But On Balance Volume at support along with price at support should be given reasonable weight. Look for an upwards swing to continue to resistance.

GOLD Technical Analysis
Daily Chart

Looking at the bigger picture, Gold has been within a large consolidation since about January 2017 (this chart does not show all of

(continued on next page.)

GOLD Technical Analysis
Daily Chart

this large consolidation), and during this consolidation it is two upwards days that have strongest volume and an upwards week that has strongest volume. Volume suggests an upwards breakout may be more likely than downwards.

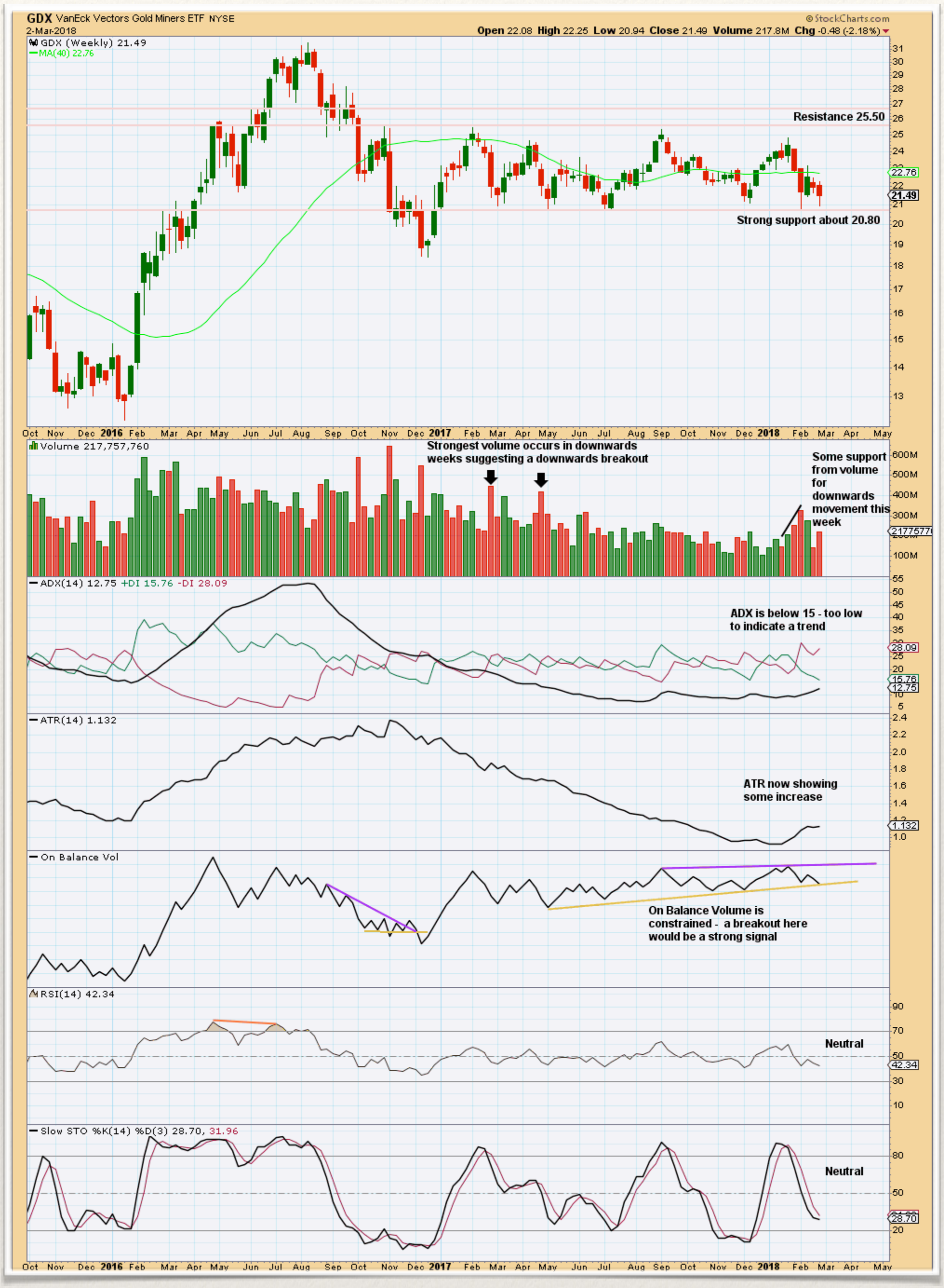
Currently, Gold is within a smaller consolidation that began in early January 2018. This consolidation is delineated by support about 1,310 to 1,305 and resistance (final) about 1,375. It is an upwards day during this smaller consolidation that has strongest volume, suggesting an upwards breakout may be more likely here than downwards.

Price is currently swinging from resistance to support and back again. Price does not move in a straight line when it is within a consolidation and swings. Consolidations are characterised by very choppy, overlapping movement. Resistance or support may be overshot, only to then see price turn and move back within the zone. An approach to consolidations using classic analysis is normally to wait for a breakout before looking to enter a position. An upwards breakout should have support from volume for confidence. A downwards breakout does not necessarily need support from volume, but it is nice to have it.

ADX usually declines and the +DX and -DX lines may whipsaw during a consolidation.

Price found support while Stochastics was oversold. Look now for an end to the downwards swing and an upwards swing next week to resistance.

GDX Technical Analysis
Weekly Chart



Support about 20.80 has been tested about eight 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.

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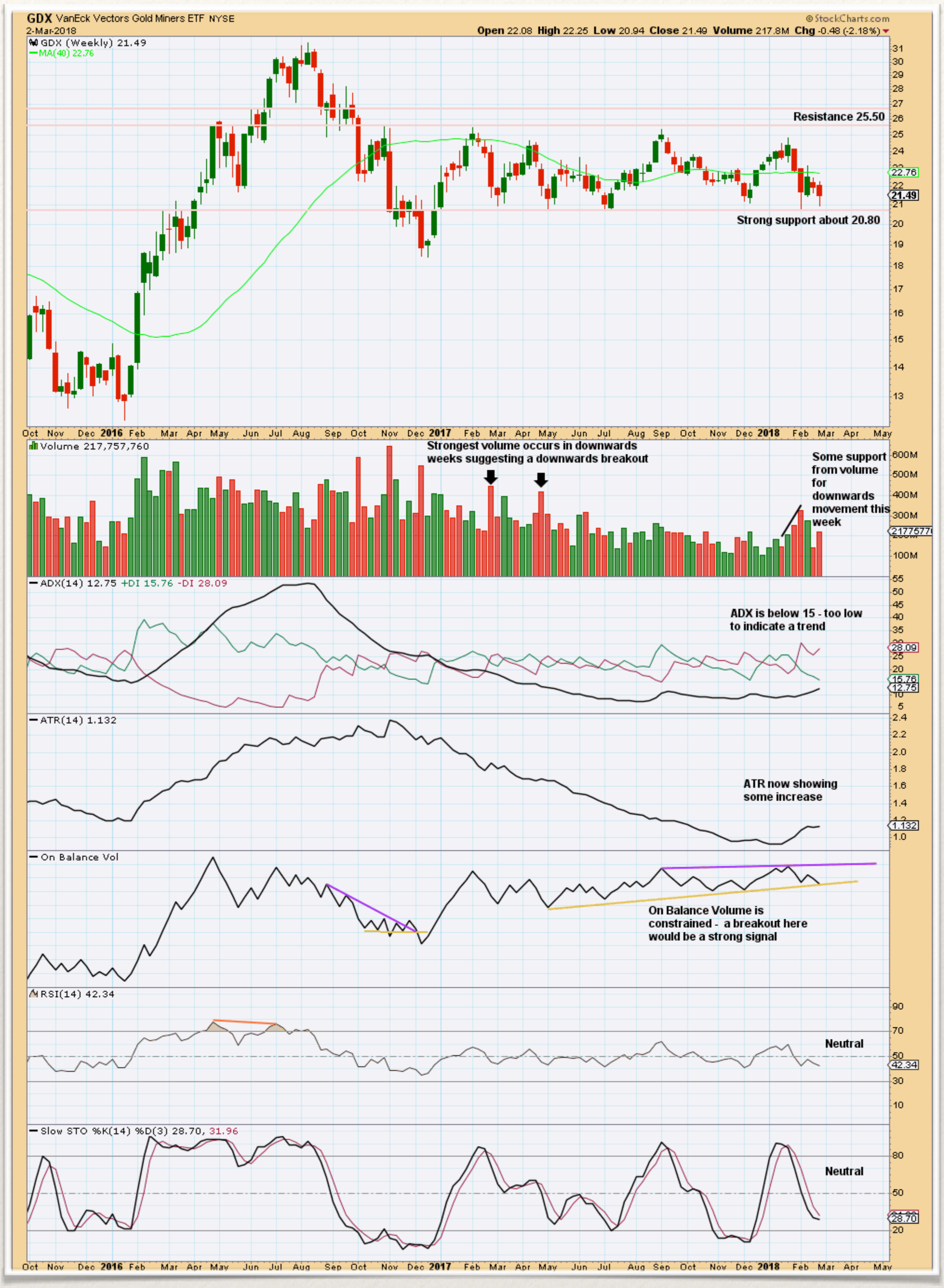
GDX Technical Analysis
Weekly Chart

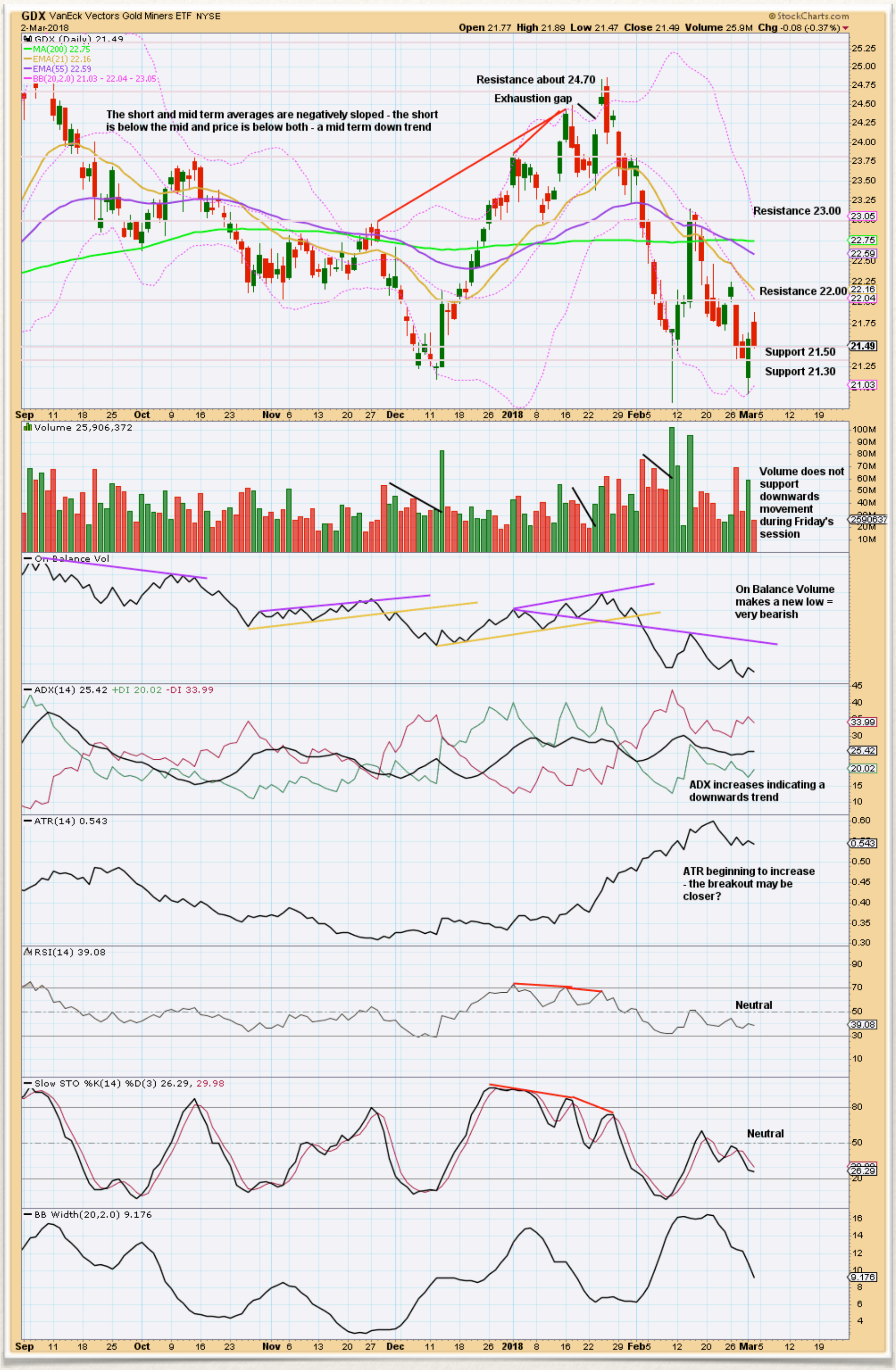


Resistance is about 25.50. Only a strong upwards day, closing above resistance and with support from volume, would constitute an upwards breakout.

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

With price now again almost at support and On Balance Volume this week at support, it seems reasonable to expect an upwards swing now for GDX to resistance.

GDX Technical Analysis
Daily Chart



Price has bounced up strongly just above support about 20.85. The short term volume profile remains bullish. The strong Bullish Engulfing reversal pattern at the last low still supports the idea of an upwards swing here.

Expect upwards movement for a bounce here. First resistance about 22.00. Next resistance about 23.00.

US OIL

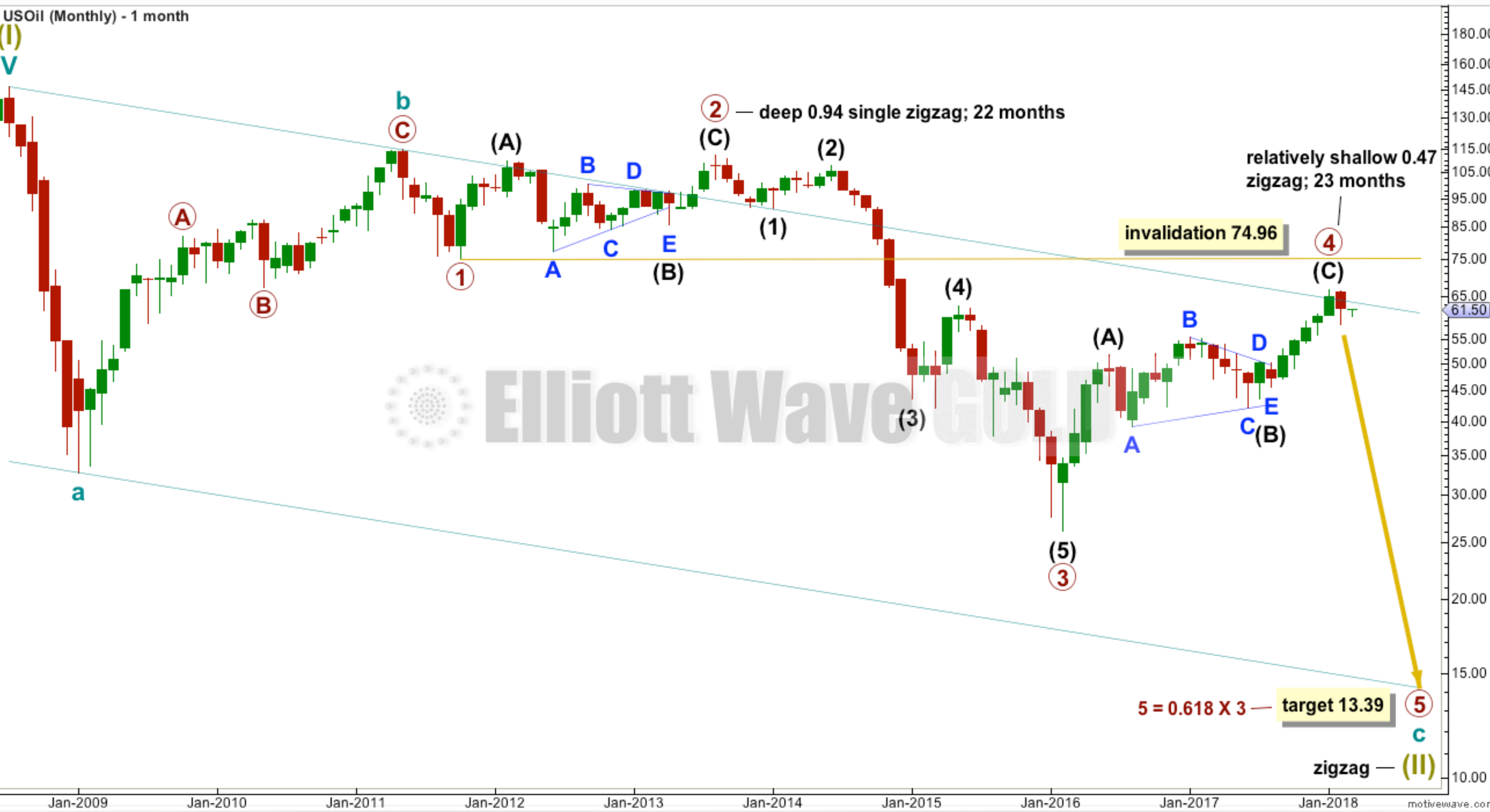
A trend change was expected after a little more upwards movement. This is exactly what happened. Monday saw a new high; thereafter, the week saw downwards movement.

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.

In the short term, look for a small bounce then the continuation of a downwards trend. The short term target is at 49.93. If this is wrong, it may not be low enough.

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

US OIL 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.

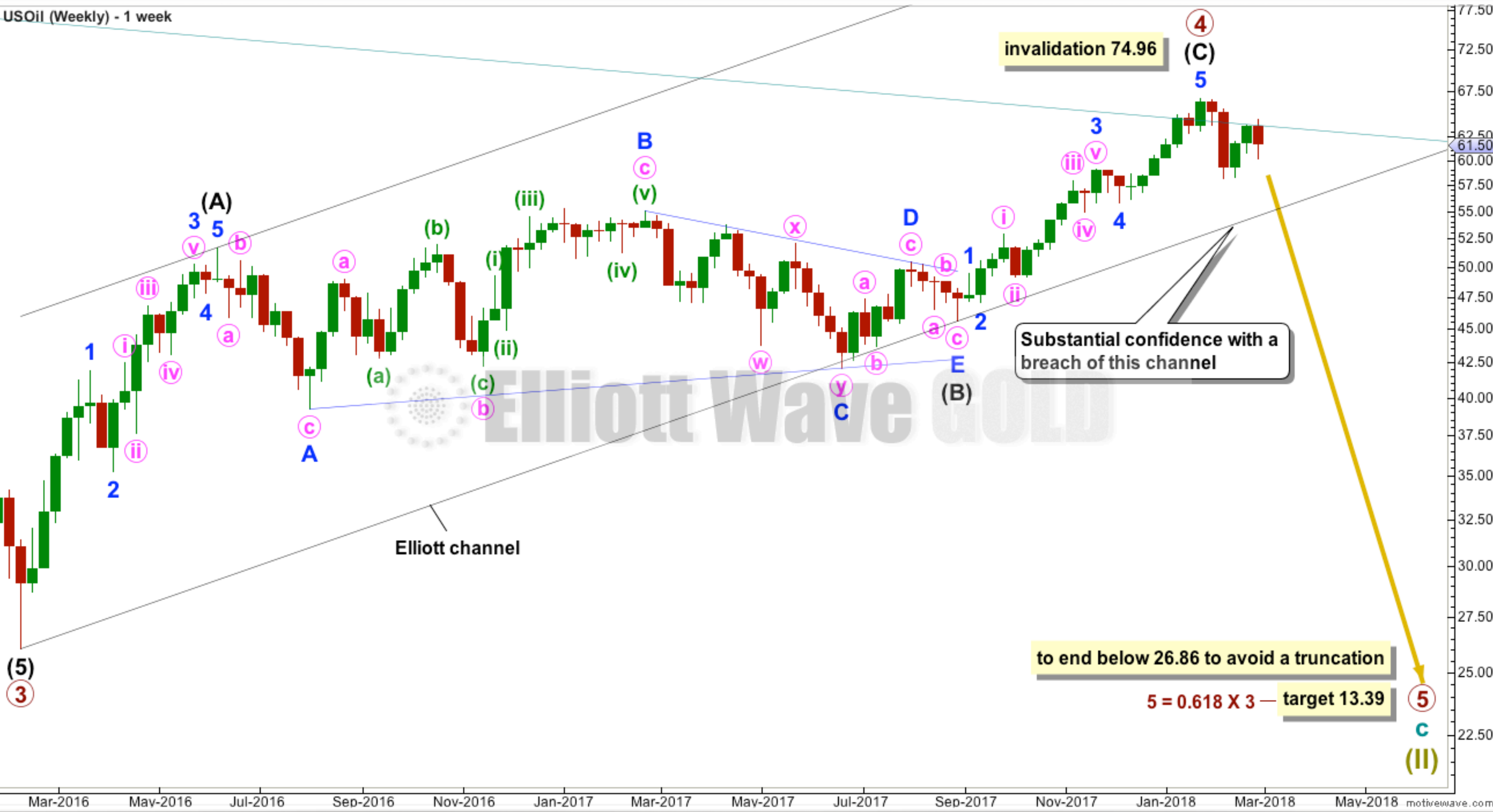
There is alternation in depth with primary wave 2 very deep and primary wave 4 relatively shallow. There is inadequate alternation in structure, both are zigzags. So far primary wave 4 has lasted 23 months. At this stage, there is almost perfect proportion between primary waves 2 and 4.

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 resistance there. Because this line is now breached on the daily chart a new alternate is considered below.

US OIL Main Elliott Wave Count Weekly Chart

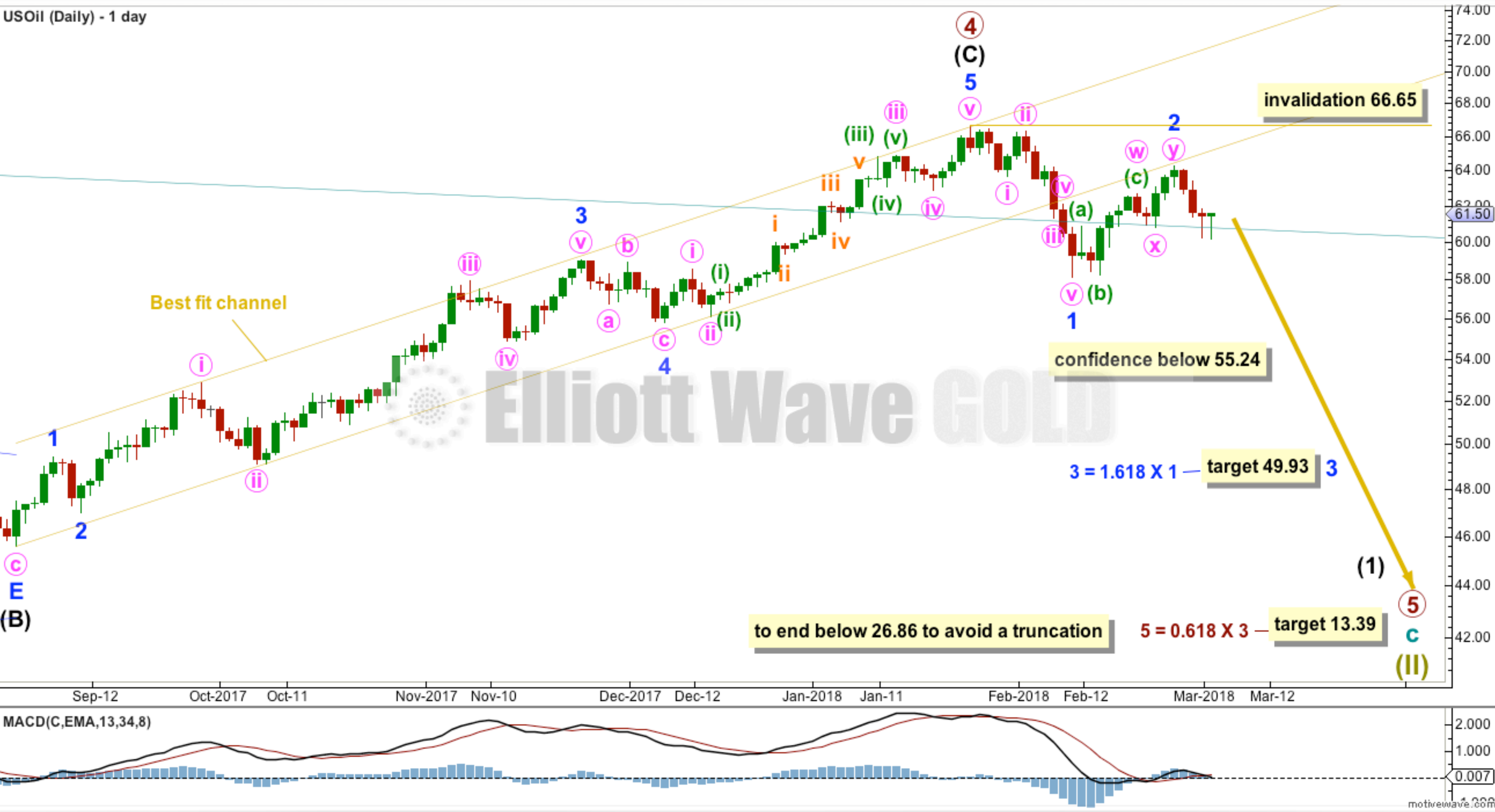


Primary wave 4 subdivides as a zigzag, and within it intermediate wave (C) may now be complete. If primary wave 5 were to only reach equality in length with primary wave 3, it would end with a small truncation. A target for primary wave 5 may best be calculated at intermediate degree. That can only be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

US OIL Main Elliott Wave Count
Daily Chart



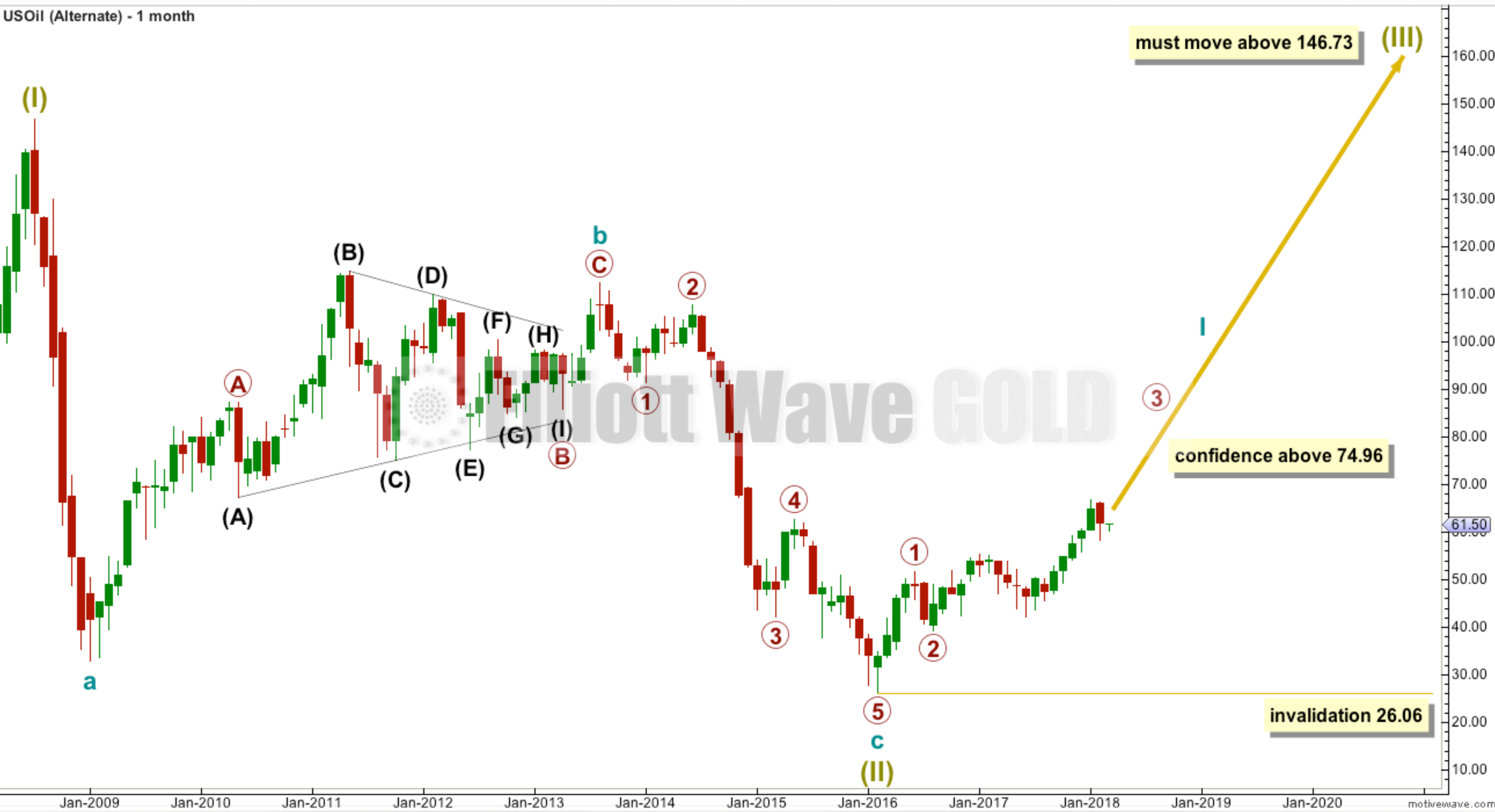
Minor waves 1 and now 2 may both be complete. Minor wave 2 is deep, at 0.72 of minor wave 1, and may subdivide as a double zigzag. The first one or few second wave corrections in a new trend for US Oil do tend to be very deep, so this follows most common behaviour for this market.

A target is given for minor wave 3. If price keeps falling through this first target, then a second target may be about 41.93 where minor wave 3 would reach 2.618 the length of minor wave 1.

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

If it continues any higher, then minor wave 2 may not move beyond the start of minor wave 1 above 66.65.

US OIL 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.

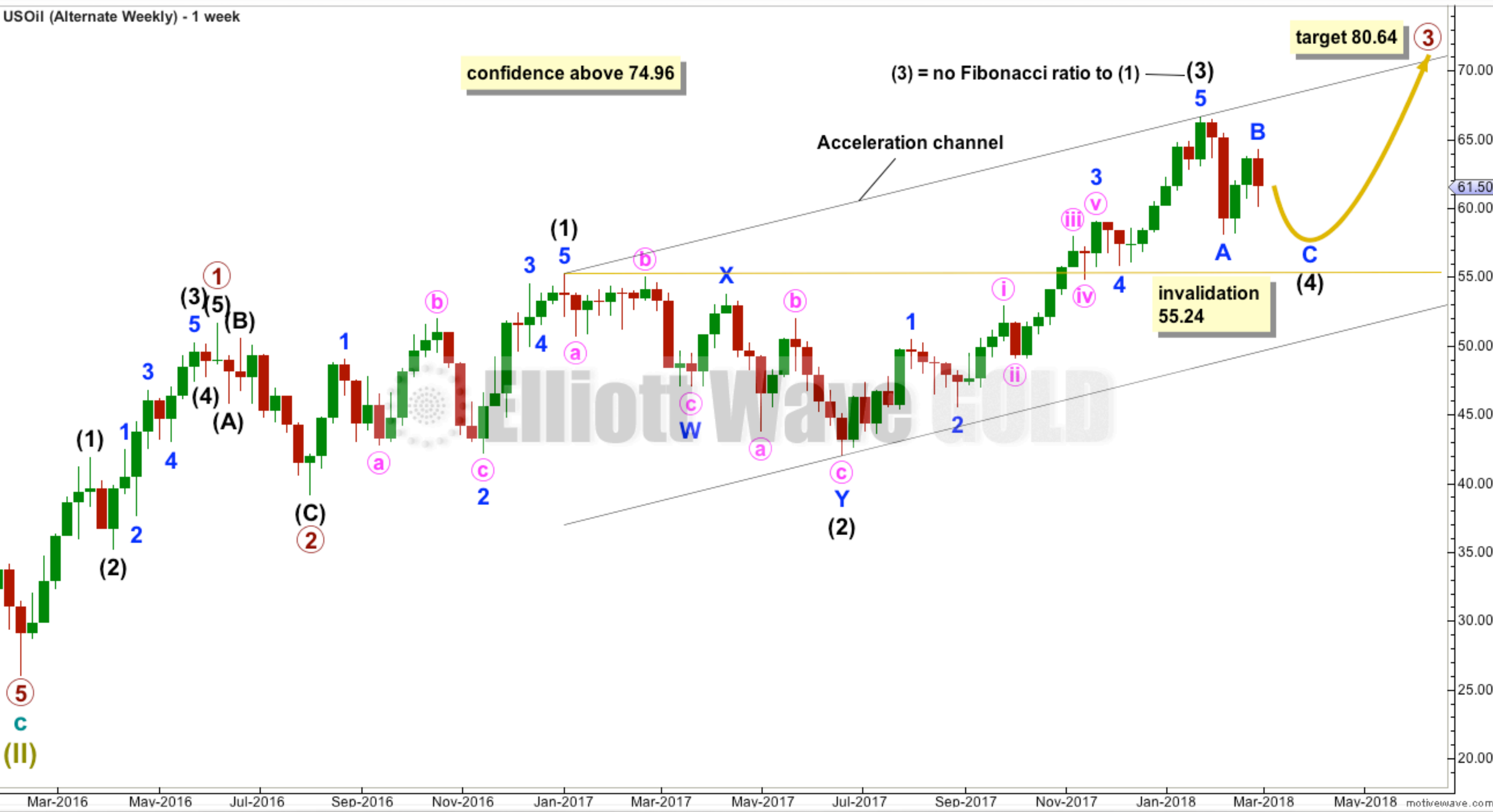
Cycle wave b is seen as a zigzag, and within it primary wave B is seen as a running contracting triangle. These are fairly common structures, although nine wave triangles are uncommon. All subdivisions fit.

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.

US OIL Alternate Elliott Wave Count Weekly Chart

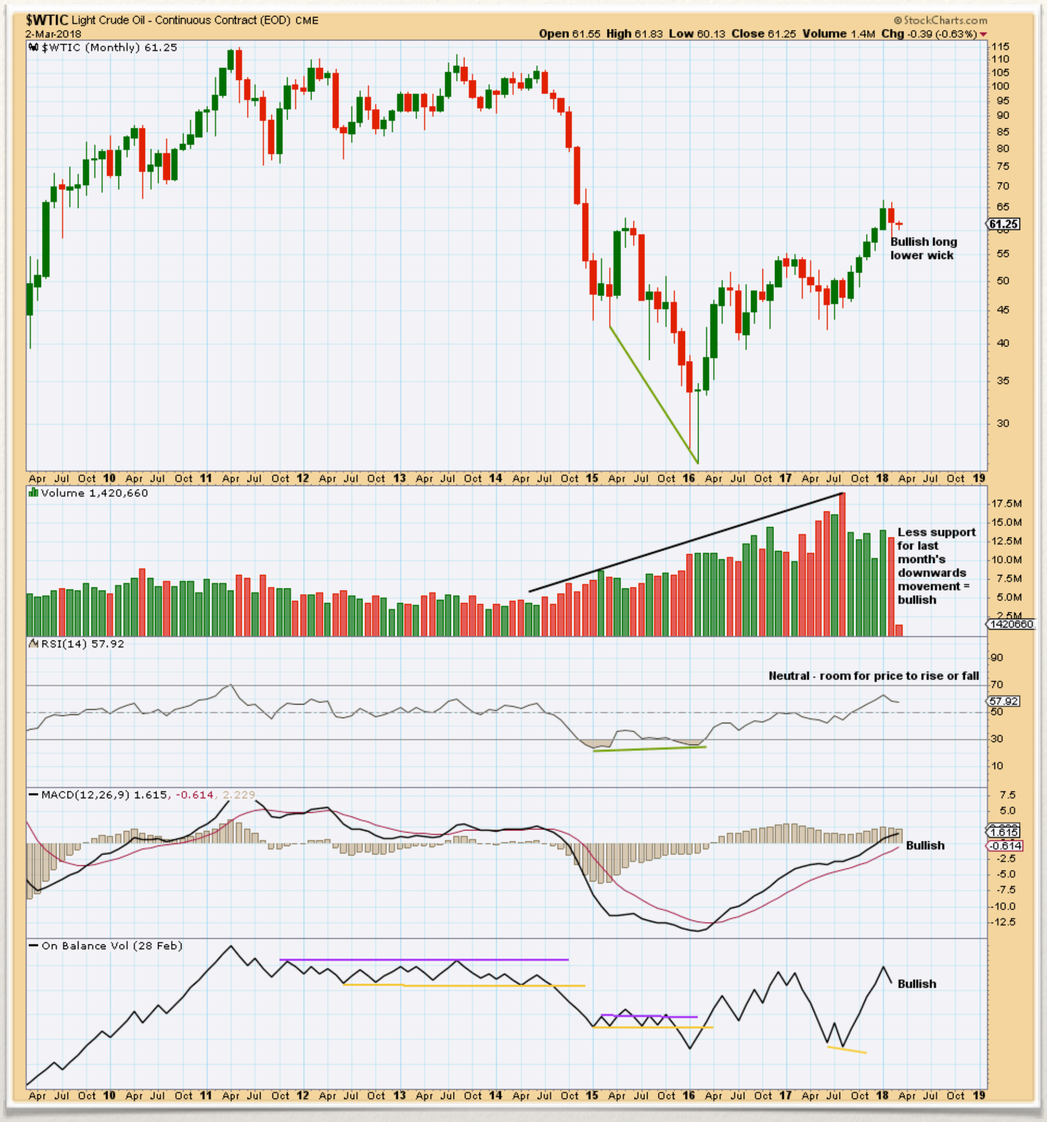


If a new bull market is in the very early stages for Oil, then it may have begun with two overlapping first and second waves at primary then at intermediate degree.

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.

US OIL Technical Analysis
Monthly Chart

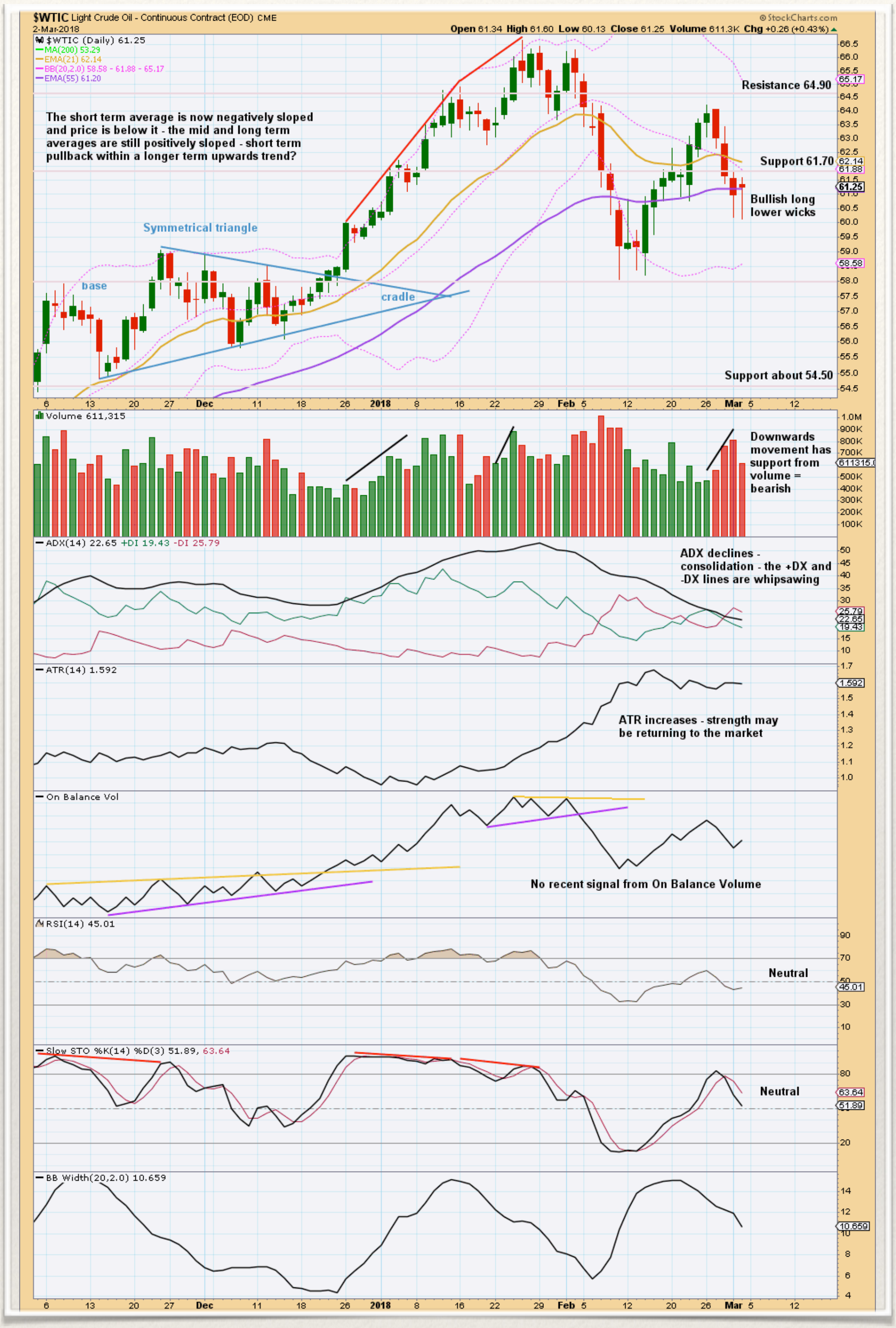


The strongest recent monthly volume is for the downwards month of August 2017. This is bearish.

The rise in price had support from volume for the month of January. Downwards movement did not have support from rising volume for the now completed month of February. This is bullish. 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.

US OIL Technical Analysis
Daily Chart



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US OIL Technical Analysis Volatility Index Chart

Friday's session saw price move lower, but volatility did not show a normal corresponding increase. The decline in volatility for Friday is bullish for the short term. Look for price to bounce here.

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. This analysis service is designed for investors and swing traders.

Lara's Weekly is at this time available to the general public, but in the near future it will be available by subscription only. I will be offering a once only awesome Grandfather rate to the earliest subscribers when Lara's Weekly is launched as a paid subscription service. To make sure you don't miss out and not get the Grandfather rate, be notified here.

Thank you for your support.

Lara Iriarte, CMT

Elliott Wave Gold
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