



Market Observations - as of Feb. 10, 2023

By Carl Jorgensen - For Objective Traders - For educational purposes only. Not Financial Advice.

Last week we saw a mild dip Monday and bounce recovery Tuesday. Wednesday was quiet until the Fed rate hike and Jay Powell began speaking that launched a quick rally the last 90 min on Wednesday. Thursday saw a bit of continuation higher then a small dip in the afternoon. Friday saw a gap down and rally that failed to reach the prior day's highs and attracted strong selling the last half of the day that gave back at least half of the week's gains.

This week saw a gap down and pause on Monday that continued its pause Tuesday until Jay Powell began to speak mid day. As Jay was speaking we saw wild whip saw moves up, down then up again to end the day with new highs for this week, but those highs failed to reach the prior week's highs, suggesting a failed rally. Wednesday saw selling that gave back most of the prior day's gains.

Thursday saw a gap up at the open that failed to reach Tuesday's highs and immediately saw selling that continued all day. Friday saw some selling continue the first hour then bounced and oscillated most of the day with little overall change.

This week ended lower in most indexes with Retail and Communication Services sectors showing some of the greatest weakness this week.

Oil prices dipped lower early Monday then rallied higher most of this week. Gold prices mostly oscillated in a narrow range this week with a stronger dip seen on Thursday. The US Dollar oscillated this week then gapped lower Thursday before a rally higher most of Thursday that continued Friday.

The US 10 year Treasuries saw some selling Monday, paused two days then again strong selling on Thursday and Friday. The 10 year Yields reacted inversely to this selling, rising from 3.4% at the end of last week to 3.74% by the end of this week.

We saw a Divergence form this week between the VIX and the VVIX that provided a useful clue. We will look closely at this example in the charts below.

Like last week, we again saw markets over-react to comments made by Jay Powell. We see volatile reactions for an hour or so that are mostly undone by a day later.

We also saw a 'failed' rally on Tuesday and Thursday this week, that were followed by lower lows that confirm that failure. Failing to reach or exceed the prior highs is the first part of this clue. Following that failure with lower lows is the confirmation of that failure. We have seen lots of examples of failed rallies over the past year. Failed rallies are common within a Bearish Market Context, as we can often see brief and volatile rallies that do not continue but reverse and sell off those brief gains to eventually deliver lower lows. These failed rallies offer good entry opportunities for Bearish trades, if one is agile and quick to recognize these opportunities.

Now, let's look at the charts to see what they are telling us this week.



S&P 500 weekly chart as of Feb 10, 2023 - The rally the prior 2 weeks paused this week with a bearish 'Inside' week and remains above all 3 key Weekly SMAs.



S&P 500 daily chart as of Feb 10, 2023 - On the daily chart we saw the break above the Resistance Trend Line (Dark Blue line) on Jan. 26th. A Support Trend Line (Grey line) drawn between the lows this year we see was respected on Tue. and Wed. this week, but was broken below on Thursday. Friday saw a dip that nearly reached the 20 day SMA, ending the week down -1.11% and still above all 3 of its key SMAs.



S&P 500 15 min. chart as of Feb 10, 2023 - Here we can see more detail this week, with a gap down Monday and pause. Tuesday saw the pause continue until Jay Powell began to speak which triggered wild reactions, up, down, and then up to the highs of the day and week at the close. Wednesday saw a decline the first half of the day that gave back most of the prior day's over-reactions then paused the last half of the day. Thursday saw a gap up that immediately sold off all day, reversing the gains into losses for the day. Selling continued at the open on Friday with the S&P briefly testing its lower weekly Expected Move in the first hour (Blue Arrow), where it found support and bounced. Most of Friday saw a narrow range market that oscillated above and below the Aug. 2nd Lows.

The Expected Move for this week was +/- \$75.85 from the S&P close on Friday (Feb. 3rd) of \$4,136.48.

The Expected Move for next week is +/- \$104.72 from the S&P close on Friday (Feb. 10th) of \$4,090.46.

The 'Expected Move' is a value derived from the SPX Options Market the prior Friday after the close. It represents how Options are pricing one week of Risk to next Friday's expiration for a 1-Standard Deviation probability. We manually draw these levels on our SPX chart each week with a horizontal line labeled "E.M." that are at the plus and minus 1-Standard Deviation levels for that week.

In 2022 we saw how Options were 'Under Pricing' Risk much more often (44.2%) than a 1-Standard Deviation would expect (31.7%). In 2022 we also saw 6 weeks with greater than a 2-Standard Deviation move and one week with greater than a 3-Standard Deviation move.

We find it useful to track these levels for the S&P each week, since these levels are used by many large hedge fund managers to locate their hedges. Fund Managers will need to adjust those hedges if and when those levels are challenged or broken through during the week. And the action of these Fund Managers adjusting their hedges can cause additional market reactions. SPX Options are the most liquid and most common instrument used by large Hedge Funds for hedging purposes. Even if you do not trade Options, you may find it useful to track some key measurements that come from the Options markets since they can provide valuable clues.



DJIA weekly chart as of Feb 10, 2023 - Last week we saw a pause in the Industrials that continued its pause this week with an 'Inside' week.



DJIA daily chart as of Feb 10, 2023 - Here we see another week that saw little change and remained mostly above its horizontally sloped 50 day SMA, ending the week down -0.17%.



Nasdaq weekly chart as of Feb 10, 2023 - Last week we saw the Nasdaq composite cross above its 50 week SMA (Blue). This week we see the Nasdaq cross back below its 50 week SMA with narrower ranged week, and 'Inside' week.



Nasdaq daily chart as of Feb 10, 2023 - Last week we saw the Nasdaq cross above its 200 day SMA (Purple) and accelerate higher Wed. and Thursday with a small pullback last Friday. This week we saw a pullback and pause Monday, a rally Tuesday that 'failed' to exceed last week's highs and was followed with selling on Wednesday. Thursday saw a gap up with selling all day, breaking below its Support Trend Line (Orange line) on Thursday. Friday saw a small gap down and a pause to end the week down -2.41% but still above all 3 of its key SMAs.



Russell 2000 weekly chart as of Feb 10, 2023 - The Russell saw a strong rally last week, but gave back a large portion of those gains this week with an 'Inside' week.



Russell 2000 daily chart as of Feb 10, 2023 - We saw a strong rally last week on Tue, Wed. and Thursday with a pause on Friday and an 'Inside' day. This week we see selling Mon. Wed. and Thursday that gave back a large portion of last week's gains and found support at its 20 day SMA (Yellow). Friday saw a dip below its 20 day SMA and a bounce to close the week back above its 20 day SMA, down -3.36% for the week.

Next we will look at a few key 'Market Internals' to view the breadth of this week's actions.



McClellan Summation Index weekly chart as of Feb 10, 2023 - This Index peaked last week at 1104.45 and then pulled back this week to 985.55 to show us a reversal and change in momentum.



McClellan Summation Index daily chart as of Feb 10, 2023 - Last week's highs at 1104.45 reversed this week and declined a little to 985.55.



NYSE Percent above 200 day SMA daily chart as of Feb 10, 2023 - Last week we saw an increase to about 73% on Thursday and a small decline Friday to end last week at 71.72%. This week the decline continued with a brief pause Tuesday and Friday to end this week at 66.58%.



NYSE Percent above 50 day SMA daily chart as of Feb 10, 2023 - Last week we saw an increase to about 85% on Wednesday and Thursday then a pullback on Friday to end last week at 81.87%. This week the decline continued with a pause on Friday to end this week at 74.93%.



VIX daily chart as of Feb 10, 2023 - The VIX remained below 20 for about 3 days last week and the first 3 days this week. On Thursday we saw a rise in the VIX above 20 up to the 50 day SMA as markets sold off lower. Friday saw a pause after a brief spike above its 50 day SMA.



VVIX daily chart as of Feb 10, 2023 - The VVIX is a measure of the Volatility of the VIX. We see the VVIX remaining below 87 all of last week and the first 2 days of this week. On Wednesday we saw a spike up as the VVIX opened above 90 and rallied higher most of the day above its 200 day SMA. The VVIX continued higher Thursday and then retraced part of Thursday's range on Friday.

NOTE: We saw the VVIX break above its pause range at the open on Wednesday this week while the VIX did not break out until Thursday. This conflict Wednesday was a 'clue' that the VVIX was expecting an increase soon in the VIX. Let's look at the 15 min. charts below to better see this one day divergence between these two measurements of Volatility this week.



VIX daily 15 min. chart as of Feb 10, 2023 - Here we have a grey background to represent the range of the VIX most of the time over the past 2 weeks. Note the Break Out of this range about mid-day on Thursday this week.



VVIX 15 min. chart as of Feb 10, 2023 - Here we see the break out in the VVIX at the open on Wednesday this week. This gave us a one day warning of a potential increase in Volatility.

Divergences are usually resolved sooner or later, and can be a clue to watch for what way that Divergence may get resolved (aka a return to a normal correlation or a return to the mean).

Next we will look at a few key Commodities, Currency and Treasuries.



Oil daily chart as of Feb 10, 2023 - Oil continued to drop Monday then found support and closed higher. Tuesday saw a rally up above the 50 day SMA and up to the 20 day SMA on Wednesday. Thursday saw a brief pullback then the rally resumed Friday from its 50 day SMA support up above its 20 day SMA to end the week up +8.91%.



Gold daily chart as of Feb 10, 2023 - Gold dropped hard late last week, breaking below its 3-month Support Trend Line (Orange line) and below its 20 day SMA last Friday. This week we see little change as gold paused near last week's lows. Thursday saw a small decline that continued lower early Friday before finding some support above its 50 day SMA and bouncing a little.



US Dollar Index daily chart as of Feb 10, 2023 - Last week we saw a strong bounce in the US Dollar on Thursday and Friday, crossing above its 20 day SMA and breaking above its 3-month Resistance Trend Line (Orange line) last Friday. This week we saw a rally up to its 50 day SMA on Monday followed by a pause as the Dollar remained within a narrow range the rest of this week.

Note the 'Inverse' relationship between the Gold chart and the US Dollar chart above. Both broke their 3-month Trend Lines last Friday. Both are near to a test of their 50 day SMA as Support or Resistance. This 'Inverse' relationship is common to see between the US Dollar and Dollar priced Commodities.



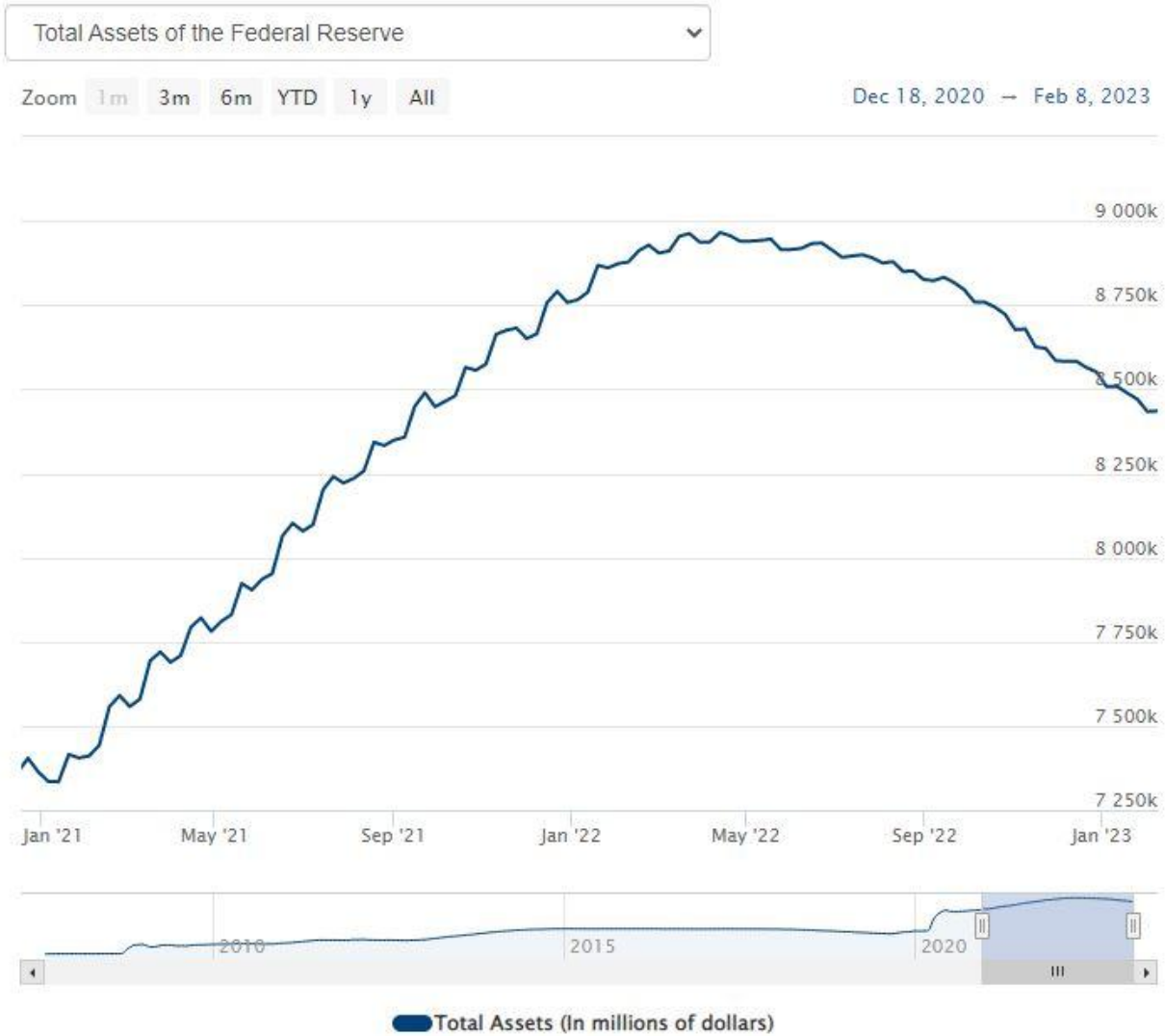
US 10 year Treasury daily chart as of Feb 10, 2023 - We saw strong selling in the 10 year last Friday that continued Monday and Tuesday this week on strong volume. Wednesday saw a small pause before selling resumed Thursday and Friday this week.



US 10 year Yield daily chart as of Feb 10, 2023 - The 10 year Yields increased each day this week except on Wednesday. Monday saw a gap above its 50 day SMA, with another test of the 50 day SMA support seen on Thursday before the large rate increase to end the week near 3.74%.

Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
02/01/2023	4.59	4.63	4.66	4.77	4.79	4.66	4.09	3.75	3.48	3.43	3.39	3.67	3.55
02/02/2023	4.62	4.65	4.66	4.75	4.76	4.64	4.09	3.75	3.49	3.44	3.40	3.67	3.55
02/03/2023	4.61	4.67	4.70	4.80	4.82	4.79	4.30	3.96	3.67	3.61	3.53	3.77	3.63
02/06/2023	4.61	4.67	4.71	4.81	4.89	4.85	4.44	4.10	3.81	3.73	3.63	3.82	3.67
02/07/2023	4.62	4.68	4.71	4.80	4.89	4.88	4.47	4.11	3.85	3.78	3.67	3.87	3.72
02/08/2023	4.64	4.69	4.72	4.85	4.88	4.87	4.45	4.08	3.82	3.75	3.63	3.86	3.70
02/09/2023	4.66	4.77	4.77	4.87	4.90	4.88	4.48	4.15	3.87	3.79	3.67	3.90	3.75
02/10/2023	4.66	4.77	4.79	4.89	4.89	4.89	4.50	4.19	3.93	3.86	3.74	3.96	3.83

US Yield rates daily table as of Feb 10, 2023 - We saw an increase this week with short term, mid term and long term Yields. The 10 year / 2 year 'Inversion' continues every day since July 6th of 2022. The 2 year Yields have been between 61 and 77 basis points higher than the 10 year Yields so far this year. The 3 month Yields have been between 13 and 61 basis points higher than the 2 year Yields so far this year. A Yield Inversion is one common Economic Indicator of a coming Recession.



FOMC Balance Sheet weekly chart as of Feb 8, 2023 - The Fed 'Increased' its Balance Sheet by \$1.759 Billion this week, bringing its Total Assets up from \$8.433610 Trillion last week to \$8.435369 Trillion this week. \$8.4 Trillion is still a lot of 'stimulus' out there.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Feb 10, 2023 - The Transports shot up last week and began to pull back a little last Friday. This week we saw a pause for 3 days just under last week's close. Thursday saw a sharp decline with lower support found Friday to end the week down -3.06% and still above all 3 of its key SMAs.



XLE daily chart as of Feb 10, 2023 - The Energy sector rallied with Oil prices this week, making most of its gains on Tuesday (crossing above its 50 day SMA) and Friday (crossing above its 20 day SMA) to end this week up +4.94% making this the strongest sector on my list this week.



XLF daily chart as of Feb 10, 2023 - The Financial sector paused Monday and shot up Tuesday to new 9-month highs. Wednesday saw a pause just below the prior day's close. Thursday saw a sharp drop to give back most all of this week's gains. Friday saw a brief dip to test the 20 day SMA with a higher close to end the week down -0.27% but still above all 3 of its key SMAs.



QQQ daily chart as of Feb 10, 2023 - The Nasdaq-100 ETF saw a pause on Monday followed by a failed rally Tuesday. Wednesday gave back a lot of the prior day's gains. Thursday gapped up and failed to deliver a higher high at the open that was followed with selling all day, breaking below the 1-month Trend Line Support (Grey line). Friday saw a lower low and a pause to end the week down -2.12%.



SOXX daily chart as of Feb 10, 2023 - The Semiconductor sector saw a large rally last week with a small pull back on last Friday. This week we saw a lower low on Monday, a rally Tuesday that failed to exceed last week's highs and selling with an 'Inside day' on Wednesday. Thursday saw a gap up and failure with selling all day. Friday saw a gap down to lower lows for the week, ending the week down - 2.01%.



XLC daily chart as of Feb 10, 2023 - The Communication Services sector saw a huge gap up last week and a small pullback last Friday. This week we saw a lower low Monday, a failed rally Tuesday with selling Wednesday to lower lows for the week. Thursday saw a failed gap up with selling all day to fill last week's gap up. Friday saw lower lows and support near the 20 day SMA, ending the week down - 5.57%.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	12/30/2022	1/6/2023	1/13/2023	1/20/2023	1/27/2023	2/3/2023	2/10/2023
\$SPX	-0.14%	1.45%	2.67%	-0.66%	2.47%	1.62%	-1.11%
\$INDU	-0.17%	1.46%	2.00%	-2.70%	1.81%	-0.15%	-0.17%
\$COMPQ	-0.30%	0.98%	4.82%	0.55%	4.32%	3.31%	-2.41%
\$RUT	0.02%	1.79%	5.26%	-1.04%	2.36%	3.88%	-3.36%
QQQ	-0.40%	0.95%	4.53%	0.61%	4.80%	3.35%	-2.12%
\$TRAN	-1.27%	3.62%	3.52%	-0.06%	0.88%	7.15%	-3.06%
XLE	0.47%	0.10%	2.73%	0.59%	0.83%	-5.78%	4.94%
XLF	0.74%	3.45%	2.09%	-2.13%	2.55%	0.94%	-0.27%
XLK	-0.13%	0.23%	4.62%	0.65%	4.08%	3.71%	-0.98%
SOXX	-0.26%	4.51%	6.20%	-0.18%	5.59%	4.66%	-2.01%
XLV	-0.18%	-0.13%	-0.16%	-1.14%	-0.78%	-0.13%	-0.15%
XLY	-0.21%	2.25%	5.78%	-0.52%	6.41%	2.34%	-2.11%
XRT	0.10%	3.80%	5.16%	-1.24%	5.54%	6.95%	-6.39%
XLI	-0.18%	2.75%	1.54%	-3.39%	2.17%	1.69%	-0.69%
XLU	-0.58%	0.71%	0.46%	-2.94%	-0.49%	-1.42%	-0.29%
XME	-1.93%	6.14%	6.34%	-0.50%	2.07%	1.45%	-4.61%
XLP	-0.84%	1.65%	-1.37%	-2.84%	0.33%	0.74%	-0.59%
XLB	-1.07%	3.46%	4.26%	-1.21%	0.75%	0.01%	-1.65%
XLC	0.40%	5.02%	3.87%	1.43%	4.12%	5.26%	-5.57%
XHB	-0.84%	5.47%	4.64%	-2.39%	3.34%	6.05%	-3.51%

Weekly Percent Change US Indexes and Sectors table as of Feb 10, 2023 - Last week we saw the Russell led the indexes higher and this week it led the indexes lower with the Nasdaq close behind.

The strongest sectors this week were: XLE, XLV, XLF and XLU with only the XLE 'advancing' this week while all others declined. XLE flipped its role from weakest last week to strongest this week as Oil prices reversed their decline last week to increase this week.

The weakest sectors this week included: XRT, XLC, XME and XHB who all declined by over 3.5% this week.

If you find tracking sectors as useful as I do, you may want to implement a daily process where you can quickly identify the strongest (or weakest) sectors, and then move to a list of the components of that sector to also find the strongest (or weakest) stock in that sector. Setting up custom lists to do this for each sector you track is a VERY efficient way to identify and track leaders within a few seconds each day. An efficient process like this can really improve your use of limited time to find and evaluate possible trade opportunities.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 01/30/23	End of Day 01/31/23	End of Day 02/01/23	End of Day 02/02/23	End of Day 02/03/23	End of Day 02/06/23	End of Day 02/07/23	End of Day 02/08/23	End of Day 02/09/23	End of Day 02/10/23
\$SPX	-1.30%	1.46%	1.05%	1.47%	-1.04%	-0.61%	1.29%	-1.11%	-0.88%	0.22%
\$INDU	-0.77%	1.09%	0.02%	-0.12%	-0.38%	-0.10%	0.78%	-0.61%	-0.73%	0.50%
\$COMPQ	-1.96%	1.67%	2.00%	3.25%	-1.59%	-1.00%	1.90%	-1.68%	-1.02%	-0.61%
\$RUT	-1.35%	2.45%	1.49%	2.06%	-0.78%	-1.40%	0.76%	-1.52%	-1.40%	0.18%
QQQ	-2.02%	1.50%	2.14%	3.59%	-1.78%	-0.85%	2.07%	-1.78%	-0.88%	-0.66%
\$TRAN	-2.25%	3.47%	3.75%	2.91%	-0.78%	-0.99%	0.82%	-0.61%	-2.12%	-0.17%

Daily Percent Change US Indexes table as of Feb 10, 2023 - Note how the Dow Industrials lead 4 of 5 days this week, even on down days. The Russell led the decline on Monday and Tuesday then the QQQ led the decline on Wed. and Friday. The Transports got spanked on Thursday as we saw in the daily chart above.

Next we will look at a few key Stocks.



AAPL daily chart as of Feb 10, 2023 - Apple gave back about half of last Friday's gains on Monday this week where prices paused for a day. Tuesday saw a failed rally that could not reach last week's prior highs. Wednesday saw a pull back and 'Inside' day. Thursday saw a small gap up and selling most of the day. Friday delivered a lower low for this week with a bounce to close Friday a few cents above the prior day's close and down -2.11% for the week.



MSFT daily chart as of Feb 10, 2023 - Microsoft continued lower Monday then gapped up and rallied Tuesday to exceed the prior week's highs and deliver new 2023 highs (not a failure). Wednesday gapped up and delivered another new 2023 high before selling back down to below the prior day's close. Thursday saw another gap up and failure to exceed the prior day's highs with selling most of the day to a lower low and lower close than the prior day. Friday saw lower lows and a bounce to end the week up +1.84%.



GOOGL daily chart as of Feb 10, 2023 - Alphabet gapped up on Earnings last week above its 200 day SMA then declined back below its 200 day SMA last Friday. This week saw a small decline and pause on Monday that was followed by a rally back above its 200 day SMA up to new 2023 highs on Tuesday. Wednesday saw a gap down below its 200 day SMA that continued lower Thursday below its 20 day SMA to find support near its 50 day SMA. Friday saw a pause and test of its 50 day SMA to end the week down -9.74%.



AMZN daily chart as of Feb 10, 2023 - Amazon saw a gap and reverse last week on Earnings. The decline continued this week with lower lows seen every day but on Wednesday, crossing below its 20 day SMA on Thursday. Friday saw new lows for the week and a close to end the week down -5.59%.



TSLA daily chart as of Feb 10, 2023 - Tesla continued its rally this week with a higher close every day but on Friday. Friday saw a small gap down with some selling the first half of the day to deliver a decline to end the week up +3.64%.



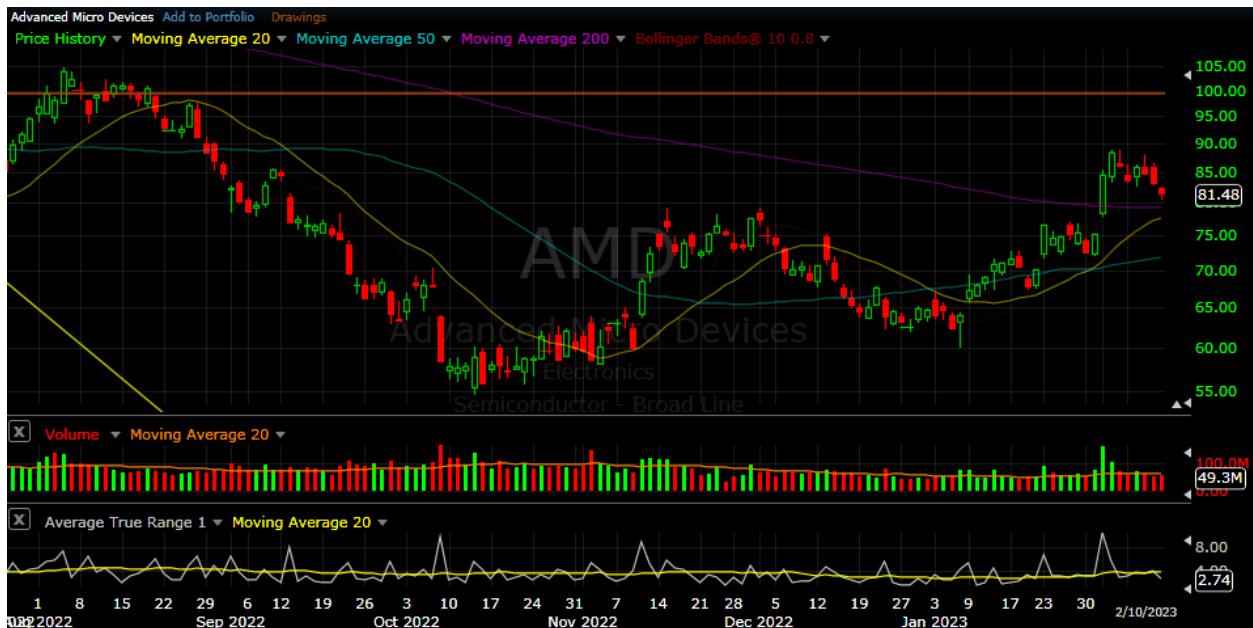
NVDA daily chart as of Feb 10, 2023 - Nvidia saw a pause on Monday that was followed with a resumption of a rally with higher highs on Tuesday, Wednesday and Thursday. Friday saw a gap down and strong selling the first half of the day that nearly gave back most of this week's gains. The last half of Friday saw only a small bounce to end the week up +0.78%.



META daily chart as of Feb 10, 2023 - Meta gapped up HUGE last week on Earnings. This week we saw a pause Monday that was followed by a failed rally Tuesday that could not reach the prior week's highs. Wednesday saw selling and lower lows that continued for the rest of the week, filling only part of last week's gap, ending this week down -6.64%.



NFLX daily chart as of Feb 10, 2023 - Netflix paused the first 3 days this week near the close of last week. Thursday saw a gap up and failed rally that closed lower on the day. Selling continued Friday to lower lows for the week, crossing below its 20 day SMA to end the week down -5.07% and no longer above all 3 of its key SMAs.



AMD daily chart as of Feb 10, 2023 - AMD saw a big gap and rally last week after reporting Earnings with a small pullback last Friday. This week we saw a lower low on Monday and Tuesday with a failed rally Wednesday that could not reach last week's highs and was followed by more selling Thursday and Friday to end the week down -5.35%.



JPM daily chart as of Feb 10, 2023 - JP Morgan continued its rally on Monday and Tuesday this week then paused on Wednesday with an 'Inside' day. Thursday saw stronger selling to give back all of this week's gains plus more. Friday saw a brief dip below its 20 day SMA and bounce back above its 20 day SMA to close the week down only -0.04%.



COST daily chart as of Feb 10, 2023 - Costco continued lower this week, delivering lower lows every day this week, testing its 20 day SMA Thursday and crossing below its 20 day SMA to test its 200 day SMA support on Friday, ending the week down -2.88%.



CAT daily chart as of Feb 10, 2023 - Caterpillar saw a tiny gain on Monday then drifted a little lower the rest of this week, ending the week down only -0.04%.



SLB daily chart as of Feb 10, 2023 - SLB broke below its 50 day SMA last Thursday and Friday. This week we saw a pause Monday below the 50 day SMA then a rally Tuesday and Wednesday back above its 50 day SMA. Thursday SLB saw a small pullback and 'Inside' day. Friday saw a strong rally above its 20 day SMA to end the week up +7.57% and is now back above all 3 of its key SMAs.



XOM daily chart as of Feb 10, 2023 - Exxon dipped just below its 20 day SMA last Thursday and Friday and remained below that SMA this Monday. Tuesday saw a rally back above its 20 day SMA that was followed by a pause on Wednesday and Thursday. Friday saw a strong surge of buying to deliver new all time highs at \$119.63 on strong volume, ending the week up +6.48%.



STLD daily chart as of Feb 10, 2023 - Steel Dynamics drifted lower this week after last week's rally. STLD delivered lower lows every day this week except on Wednesday and ended this week down - 4.57%.



BA daily chart as of Feb 10, 2023 - Boeing delivered a lower low Monday then rallied back above its 20 day SMA on Tuesday. The last 3 days this week saw mostly a horizontal pause to end this week up +3.34% and back above all 3 of its key SMAs.

We saw clues this week from the Options markets that suggested a decline, and we got it. Most charts saw either Wednesday or Thursday as the strongest decline day this week that delivered lower lows after the ‘failed rally’ seen Tuesday and at the open on Thursday. We also saw lots of ‘Trend Lines’ break on Thursday or Friday this week that could suggest the Jan. 2023 rally could be done.

We will only know in time if this week was a brief pull back within a rally, or if this week is the beginning of a larger drop in the markets to follow. Another possible scenario is that we see volatile chop in a mostly horizontal market for a while longer.

Anything is possible, so we prepare by mentally rehearsing at least 3 different scenarios, bullish, bearish and neutral.

Trade Smart,

CJ