With horseshoes and hand grenades (and nuclear war) you can miss your target, or goal, but still have the intended effect. The same holds true when using the methods of George Lindsay. While a rally to a new high today would make the original forecast spot-on (and a high later this month would still be within the margin of error) it seems most likely that the top of the 2009 bull market was on May 19.

Seattle Technical Advisors
The leading authority in Lindsay Market Analysis

Market Update
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Internal Indicators

VIX (top) was up for the second week in a row for a gain of 0.37 to close at 14.21. VIX broke out from its upper Bollinger Band (20, 2) on Thursday which often marks a low in equities - but having stayed above its 50-dma all week it’s very possible that the “herd” has turned. The Coppock Curve has been positively diverging at the lower lows in the VIX since March; bearish equities. The VIX has a seasonal tendency to rally during July and August.

New 52wk Lows (bottom) has reached a level where we need to watch for a possible low in SPX. Unlike the Dow, SPX is still well above its 150-dma.

McClellan Oscillator gives a conflicting signal to New Lows as it has not fallen far enough to expect a low in equities.
Sentiment

AAII Sentiment Survey: Optimism remains below 30% for a fifth consecutive week in the latest survey—a streak not seen since early 2003. Neutral sentiment continues to stay at an unusually high level, while pessimism is still at below-average levels.

Bullish sentiment edged up 0.3 percentage points to 27.3%.

Neutral sentiment (top) increased slightly (0.2 percentage points) to 48.0%. The minor change keeps neutral sentiment at or above 45% for a ninth consecutive week—the longest such streak in the survey’s 28-year history.

Bearish sentiment declined 0.5 percentage points to a five-week low of 24.6%.

NAAIM Exposure Index, a weekly survey of active investment managers’ overall equity exposure, rose from 65.50 to 71.07 last week. Note the negative divergence to equities seen at past market highs.
Taking a fresh look at the Three Peaks/Domed House chart today I had a “funny” thought. In the current pattern the May 19 high reached 127.2% of the Jan decline (the final high of this pattern has always been a Fibonacci relationship to the extent of the decline during the First Floor Roof). There’s no reason the Dow can’t rally to a higher Fib ratio but the May high is an almost perfect 107 day interval from the Feb low. What if the top of the bull market is already behind us?!?!! Lindsay’s template calls for a final head-and-shoulders topping pattern and a potential pattern can be seen on the daily chart at left. If the Dow falls below 17,924.80 after a pop-up from the cycle low expected early this week (last Friday?) then it would seem a good bet that we’ve already seen the bull market high that was expected later this week/early next. A break of the 150-dma near 17,816 will confirm it.

The neckline of the HnS pattern was broken on Thursday. We can’t forget that the high may come more in tune with the cycles in the Dollar and commodities later this month. A 107-day interval from 2/20/15 will expire on June 12 but a break of the 150-dma (Friday’s close) will make any higher high unlikely.
Cycles

168 trading day cycle

A 168 trading day cycle was shown in the 5.18.15 Market Update. It pointed to a high in SPX on May 22. As can be seen in this updated chart, the cycle has not only done a good job of marking past highs since 2012 but appears to have done it again!
US Equities

Bull Market

Equities were down last week; **SPX** -0.69%, **Dow** -0.89%, **NASDAQ** -0.03%, but **RUT** +1.16%. Normally, we expect small caps (RUT) to lead the market and a positive week is bullish for the broader market. However, the last few weeks of gains have all been contained within a large engulfing bearish candlestick from early May making the rally suspect until it can breakout above 1,270.

 BWI (bandwidth indicator) closed above its upper Bollinger Band on Friday moving the Confirmation Model into a confirmed sell-mode (sell the rips).

SPX triggered a bearish **head-and-shoulders** pattern on Fri which measures a minimum decline to 2,058. A decline to this level will breach the important **150-dma** at 2,071. A break of the 150-dma should “seal the deal” for an end to the bull market.

SPX tested the lower trendline of the Mar bearish wedge from the Mar low near 2,085 on Friday. It can be expected to get a short bounce from here into the cycle high due early this week. It also closed below the bearish wedge from the 2009 low (bottom). Wedges forecast a move back to the origin of the wedge.

**Cycles** call for a high **today** followed by a decline into the time surrounding **June 17**.

**Coppock Curves**: Daily, weekly, and monthly are all declining; very bearish.

**Seasonality**: June is typically very bearish but in pre-election years it has performed quite well.

**Bradley Model** shows a turn near **June 9**.
Europe

Bull Market

**EuroStoxx 50** fell 1.49% last week to close at 3,509 but still above the intra-day low on May 8 at 3,441. BWI has still not turned up to confirm the decline but 3-day RSI closed below 20 on Friday; mixed messages.

If the Euro has farther to fall then equities should have more life left in them if not a higher high. However, staying below the 21-dma and having broken the May bull trend is bearish. In addition, Fri’s close took the index back below the neckline of the bearish head-and-shoulders pattern which measures a minimum decline to 3,300.

**Volatility** is high enough (lower) to start looking for a low in the index.

Support is at 3,275-3,400.

**Cycles** point to a low this week.

**Coppock Curves:** Daily and weekly are falling and the monthly is rising but not confirming the 2015 highs (negative divergence); very bearish.

**Seasonality:** June is down/flat until a big rally at month-end.
Japan

Bull Market

NKX225 fell 0.50% last week to close at 20,461. BWI has fallen into its sell-mode and a turn back up - as 14-day RSI continues to decline - will constitute a sell-signal. But until then stay bullish. 3-day RSI is well above 20 and support should be found at 19,851-20,154 (55 and 21-dma).

A close over 20,563 will generate a price target of 21,750. The 2015 breakout from the pennant formation targets a minimum move to +24,000. That big number will have to wait as the Yen is expected to rally this summer.

Cycles call for a low today and a high later in the month and an important high in late June/early July.

Coppock Curves: Daily has turned down from an overbought level. The weekly is declining and broke its bullish trendline on Friday. The monthly is rising but failed to confirm the recent high.

Seasonality: June is very bearish.

10yr Gov't Bond came dangerously close to breaking support near 146.50 in May. Another test looks to be underway.

TOPIX Banks are confirming the new high in NKX as is relative performance. The index has support at 229. A break would open the door for a return to 210.

TOPIX Small Caps are confirming the new high in NKX but relative performance is not confirming the new high in small caps.
Emerging Markets

**MSCI Emerging Markets (EEM)** gave up 2.46% last week to close at 40.11. BWI confirms the decline and 3-day RSI is sub-20; bearish.

A small bearish head-and-shoulders pattern measures a minimum decline to 40.00 but Friday's low exceeded the target. Next support is expected at 39.70. The drop to 40.00 does not invalidate the larger bullish head-and-shoulders pattern that measures a minimum move to 45.00. Continue to look for a rally once the Dollar finishes its rally in June.

Longer term, EEM has been forming a triangle since its high in 2011 (top). An upside breakout at 45.00 measures a move to 60. A break of the lower trendline near 39.25 will measure a minimum decline to 24.00.

**Cycles** point to an important high in late June/early July.

**Coppock Curves**: Daily turned up, weekly is rising but overbought, and the monthly is flat.

**Shanghai Composite** (SSEC) gained 8.92% (!!!) for the week to close at 5,023 – a new high. BWI is not confirming the rally. For those of you not around in 1999, this is what a bubble/market mania looks like – regardless of where it occurs.

SSEC has reached the 76.4% retracement of the 2007 collapse and volume surged on Fri to the same level seen at the high on May 28 but in a manic market technicals seem to go out the window.

No support exists prior to the 55-dma at 4,273.

**Coppock Curves**: Daily and weekly are rising but overbought as is the monthly; bearish.
US Treasuries, TNX

TNX rallied 14.65% from the neckline of the bullish head-and-shoulders pattern last week to close on resistance at 24.02.

A bullish head-and-shoulders pattern measures a minimum rally to 27.50 but for now BWI is not confirming the rally and neither RSI nor the Coppock is confirming the new high in TNX. The expected rally in DXY (upper) should force down an overbought TNX but the price forecasting model generates a target of 25.25.

Cycles forecast a low in mid-July. A six-month cycle forecasts a high in Sept.

Coppock Curves: The daily Coppock, while rising, is not confirming the new high. The weekly is rising but overbought and the monthly is rising from an oversold level; short-term bearish, long-term bullish rates.

Seasonality: 10yr bond prices are very bullish in June.
US Dollar

Bull Market

DXY fell 0.64% to close at 96.36 and back over its 34-dma after two days below it before bouncing from support at 95.45. BWI turned down in non-confirmation of the decline. A break of 95.45 would open the door for a decline to 93.50.

The absence of a divergence in the weekly Coppock at the Mar high (bottom) keeps us bullish for at least two more weeks before an important cycle high that will see a decline into late this year or early next.

A symmetrical triangle on the monthly chart measures a minimum move to 102.00. This is also a 127.2% retracement of the Apr/May decline.

The daily Coppock had reached a “bad oversold” level at the May low which suggests a return to that low or lower later this year.

Cycles point to a high near June 15-25. A 40wk cycle low is expected in late Sept (or later).

Coppock Curves: Daily and weekly are falling. The monthly is still rising (albeit very overbought).

Seasonality: June is very bullish.
Euro

Bear Market

Euro gained 1.25% last week to close at 1.1120 on its 34-dma and support from the Jan low. BWI has turned down in non-confirmation of the rally. The Euro was turned back as it approached its 144-dma on Thursday. A breakout from there (1.1454) would allow a further rally to the 2012 low near 1.20.

The Coppock had reached a “good overbought” level at the May high which forecasts a return to these highs (or higher) after the current correction. The Euro could have a very nice rally ahead if it is able to return to the top of the 2008 trend channel currently at 1.35.

Cycles point to a low near June 16.

The 61.8% retracement of the 2000 bull market has been breached opening up the possibility for a return to the 2000 low near 0.85 after the expected summer rally. The break of the descending triangle in Dec forecasts an eventual minimum decline to 0.87.

Coppock Curves: Daily and weekly are rising. The monthly is still in decline but oversold. This looks like a good set-up for a tradable rally lasting possibly until a long-term cycle high in October.

Seasonality: June is very bearish.
Japanese Yen

Bear Market

JY lost 1.24% to close at 79.62 fulfilling the symmetrical triangle forecasts for a minimum decline to 80.00; confirmed sell-mode.

There is no reason to expect a rally in JY until DXY finishes its rally in late June but the monthly stochastic (upper) is setting up for the expected summer rally in JY.

An 8-yr cycle low marks the Dec low in the Yen. However, five waves down imply that the larger trend is also down. For now, expect a multi-month upward correction once this pullback is finished.

Long-term, expect a minimum decline for the Yen to 66.00; the next important low is not due until springtime 2016.

Coppock Curves; Daily and weekly are declining. The monthly is falling but setting up a positive divergence as it refuses to confirm the new low; long-term bullish.

Seasonality: June experiences a big dip early in the month but recovers its losses by month-end.
Crude Oil

Bear Market Rally

Crude had its first down week since Mar losing $1.17/bbl. to close at $59.13 on the 34-dma. Crude has been oscillating since early May between the 161.8% and 127.2% retracements of the Feb/Marc decline (61.23-57.26). Stay short-term neutral until crude can break out from this trading range. A breach of the lower band will open the door for a decline to the 38.2% retracement of the Mar rally near 55.00.

The expected final rally in DXY this month should put downward pressure on crude.

We should see crude rally to at least $67/bbl. (the minimum expected 38.2% retracement of the 2014 decline) this summer. Longer term, the weekly Coppock confirmed the Jan low. Given the “bad oversold” nature of its decline, expect an eventual test of the Mar low at 43.46.

Cycles point to a low last week and a high near June 16. A high in the Dollar is expected in mid-June meaning the polarity of one of these cycles is wrong but changes of trend should still be expected then.

Coppock Curves: Daily and weekly are rising but the monthly is declining but oversold: a good setup for the expected summer rally.

Seasonality: June experiences a sizable dip early in the month then spends the remainder of the month in recovery mode.
Gold

Bear Market Rally

Gold lost $21.60/oz. last week to close at $1,167.80 breaking support from the Mar/Apr lows. BWI turned up in confirmation of the decline and 3-day RSI is sub-20; bearish. Look for a return to the Nov/Mar lows at 1,140-1,150.

With the 2001 bull trendline broken, there is no reason to own gold until the 21-month moving average at 1,238 is exceeded (bottom).

Cycles show an important turn in late June/early July.

A declining triangle measures a minimum move ultimately to $950. A 4yr cycle low is not due until mid-2016 keeping the long-term outlook bearish.

The 2011 decline shows five waves down. Five waves down imply another big decline in the future but not before an upward correction (bear market rally). Look for that rally once DXY completes its expected rally into late June.

Coppock Curves: Daily is falling and the weekly turned back down last week. The monthly has turned down but is too far above the Feb’14 low to confirm any low in the immediate future; short-term bearish, longer term bullish.

Seasonality: June is very bearish. Look for a seasonal low in the June/July time frame.