



February 13, 2018

Technical observations of
Ross.Clark@ChartWorks.ca

Down 10% with Capitulation Alerts and a Sequential Buy Setup at the 50-Day Bollinger Band and 50-Week Moving Average

The last time we saw a Sequential Buy Setup in the S&P was the Friday before the election of Trump. It also coincided with a low under the 50-day Bollinger Band and was the last time it generated one of our Capitulation Alerts. The end of last week matched all of those, plus it occurred with a 10% decline from the high and kissed the rising 50-week ema.



In the last fifty years there have been a dozen instances of Sequential 9 Buy Setups coupled with our Capitulations, 10% below a market high and below the 50-day Bollinger Band. As you can see on the following pages the normal evolution is a consolidation lasting up to three months that takes the form of a Head and Shoulders or Triple Bottom. Only 1969 and 2000 failed to subsequently move to new highs. Even those two managed to retrace 75% and 58% of the initial breaks before heading lower.

This fits well with our previously noted report on momentum. Eighty percent of the twenty times since 1900 that the Dow or S&P advanced for eight or more consecutive months saw the corrective low form within the first month that had a lower low. Five percent were in the second month.

Additional charts are reserved for subscribers

Trial Subscriptions are available at:

www.iaTrial50.com

Opinions in this report are solely those of the author. The information herein was obtained from various sources; however, we do not guarantee its accuracy or completeness. This research report is prepared for general circulation and is circulated for general information only. It does not have regard to the specific investment objectives, financial situation, and the needs regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized.

Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Neither the information nor any opinion expressed constitutes an offer to buy or sell any securities or options or futures contracts. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk. Moreover, from time to time, members of the Institutional Advisors team may be long or short positions discussed in our publications.