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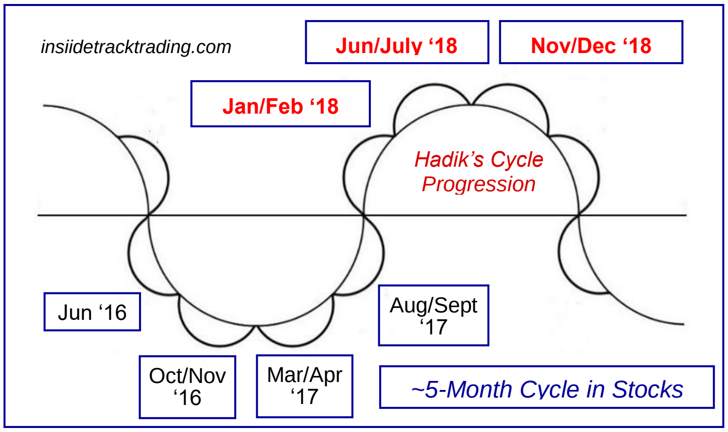
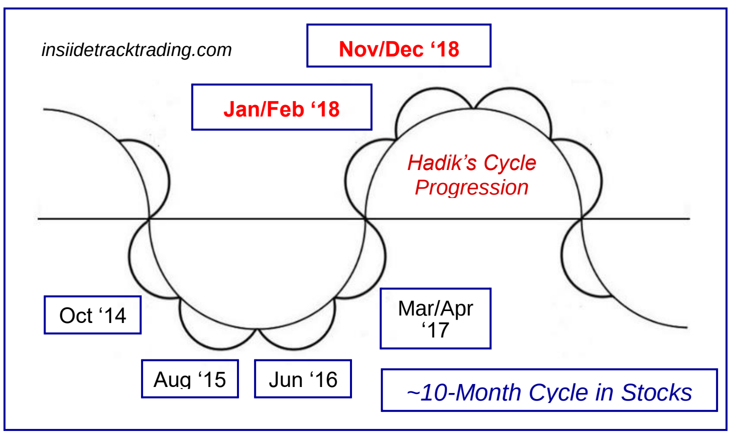
Weekly Re-Lay™

Intra-Week *ALERT* for Wednesday – May 30, 2018

"Parallels & Paradox" [Excerpt]





A combination of the *90/10 Rule of Cycles*, *Hadik's Axiom of Market Correlation* & good old human emotion (particularly a trader's *Perfect Storm* of psychological nemeses - fear, greed & ego) often creates an intriguing paradox in the markets. That paradox involves markets, that trade at odds a majority of the time, peaking or bottoming in close proximity to one another.

A perfect example was the Oct. 19/20, 1987 action in Bonds & Stock Indexes - both setting multi-year bottoms within 24 hours of each other. For most of the preceding 18 months, they had traded in 180-degree opposition to each other (bonds declining since 1Q 1986 as equities surged). However, the action of mid-Oct. saw both markets reaching extremes and dramatically altering the 'normal' correlation.

Many other examples have occurred on diverse levels (daily, weekly, monthly, etc.) - reinforcing this merging of parallels & paradox.

In some cases, the paradox reveals the expected (inverse) correlation is only applicable a minority of the time. For instance, a sharp drop in equities will often spur a safe-haven rally in Gold. However, during the other ~90 - 95% of the time, different correlations prevail. In 2017, a declining Dollar was suddenly in vogue - prompting rallies in equities *and* Gold.

From late-Dec. '16 into Jan. '18, Gold rallied 20% as the DJIA gained 35%. Both peaked in late-Jan. and both entered ~4-month correction/consolidation phases at that time. Both have been forecast, since 2017, to see multi-month highs in **June 2018** and subsequent highs in **Nov./Dec. 2018**.

So, even though a sudden sell-off in stocks could still trigger a flight-to-quality rally in Gold, that would be the exception and not the rule.

In the interim, equity indexes were projected - since mid-2017 - to set a multi-month low in March 2018, culminating an initial sharp sell-off. That has since played out.

The XAU, in contrast, was forecast to see successive lows in Dec. 2017 & May 2018 even as Gold was giving mixed signals leading into mid-May cycles. So, there are times when cycles in related markets do not trade in lockstep.

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What that demonstrates more than anything is that each market has its own set of governing factors & fundamentals, even as it is periodically impacted by external forces (i.e. the correlative influence of another market that is in an extreme phase; see *Hadik's Axiom of Market Correlation*).

That is why it is most important to view each market on its own… and only then consider possible correlations. Unfortunately, too many traders get hung up on the correlations first… and then miss so many moves while waiting for an elusive correlation to drive market action. So, on to the individual complexes…

STOCK INDICES remain in congestion with the next multi-month peak expected in **late-June/early-July** - the latest phase of the ~5-month low-low-low-low-high-(high) *Cycle Progression*. That is also the midpoint of the latest ~10-month cycle - both of which meet again in **late-Nov./early-Dec. 2018**.

As equities trade through this multi-quarter period of consolidation, without yet turning their weekly trends down, they are fulfilling competing cycles and short-term indicators…

The Nasdaq 100 topped early - on May 14 - and is likely to set a subsequent high on **June xx** (+ or - 1 trading day). It would then be expected to pull back to a higher low around **June xx**… before potentially rallying back to its high.

The action of the daily *21 MAC* continues to corroborate this as the NQM has repeatedly tested and held above the weekly *21 High MAC* - portending a rally to new recent highs. A spike up to **7120 - 7150/NQM** could be seen this week.

In contrast, the DJIA (& S+P 500) peaked in perfect sync with daily cycles surrounding May 21 and that high is likely to hold in the DJIA. As a result, it could bounce for another day or two and then drop to lower lows (below the May 29 low) - extending its latest decline into ~**June xx**… perpetuating this series of divergent highs and lows.

The S+P 500 dropped sharply to begin the week, testing & holding its daily *HLS*, daily *21 High MARC*, daily *21 Low MAC* & weekly *21 Low MARC* - while twice neutralizing its daily uptrend. Combined with the NQM analysis for another spike high, that projects a rally back to recent highs.

This slowly developing advance - since the DJIA set its lowest daily & weekly close on March 23 (and a brief intraday spike low on the first day of April) - could still stretch out into **late-June**, when those larger-degree monthly cycles project **[reserved for subscribers only; see current publications for details]**....

BONDS & NOTES surged to new intra-month highs, completing *Intra-month V Reversals* higher after dropping into mid-month and right to monthly support levels (also bottoming in sync with their weekly *HLS* indicators and the weekly trend pattern in Bonds).

The recent rally is expected to usher in an intermediate peak… With both markets just reaching their monthly resistance levels (**146-20 - 147-03/USM** & **120-26 - 121-12/TYM**), they have fulfilled textbook intra-month patterns and could see that peak take hold now…

That would be expected to lead to a subsequent low on **June xx** - the next phase of a 22 - 23 day high-low-low-(low) *Cycle Progression*.

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The **DOLLAR INDEX** did initially peak on **May 29** - perpetuating a ~60-degree/~2-month low-low-low-(high) *Cycle Progression*.

That also fulfilled the ~3-week cycle that timed the early-May high and completed a ~14-week rebound that matched the duration of the preceding ~14-week decline (from early-Nov. into mid-Feb.) while testing & holding 6 - 9 month resistance at **94.42 - 95.07/DXM**.

If the Dollar can generate a daily close below **xx.xx/DXM**, it would signal a multi-week top and could spur a drop into **mid-June**, the next phase of a ~60-degree/2-month low-low *Cycle Progression* that has timed lows on Oct. 13, Dec. 14, Feb. 16 & Apr. 17.

The **Euro** spiked down to its Nov. ’17 continuous low (**1.1560/EC**) - the *‘4th wave of lesser degree’* support derived from the 5-wave advance from early-2017 into early-2018 while declining for the same amount of time as it previously advanced.

A low now would fulfill a ~16.5 - 17-month/71 - 72 week high (Mar. ’14) - high (Aug. ’15) - low (Jan. ’16) - low (**May ’18**) *Cycle Progression* and set the stage for a new advance that could ultimately last into **1Q 2019**.

The **Yen** rallied sharply into daily cycle highs, after bottoming in line with its weekly *HLS* indicator and while matching the magnitude AND duration of its Sept. - Nov. decline.

It tested & held its daily *LHR* while surging right to weekly resistance, ushering in the potential for a 3 - 5 day period of consolidation near the highs. A second rally could then follow.

GOLD & SILVER are rebounding but need daily closes above **xxxx.x/GCQ** & **xx.xxx/SIN** to give a more convincing sign of a multi-week low taking hold. That would still be expected to spur an overall advance into **June xx - xx** (+ or - 1 week) - the latest phase of a 20-week high-high-high-(high) *Cycle Progression*…

1 - 3 month traders could have entered long positions in Gold (metal, futures or related vehicles like ETFs) down to 1295.0/GCM. Exit these if/when **[reserved for subscribers only; see current publications for corresponding trading strategy]**...

The **XAU** remains positive and on track for a quick surge to ~**xx.xx** within a few weeks.

1 - 4 week traders could have entered long positions in the XAU (or related vehicles) at 81.32 - 82.06 and should **[reserved for subscribers only; see current publications for corresponding trading strategy]**...

SOYBEANS, **CORN** & **WHEAT** are showing signs of topping and reversing lower in line with multiple weekly cycles (and following Soybeans rebound to its weekly *LHR*). If an intermediate top is confirmed, it could drive prices lower - on balance - into **mid-to-late-July**.

CRUDE OIL, **UNLEADED GAS** & **HEATING OIL** dropped sharply after peaking in sync with daily & weekly cycles while attacking multi-month upside targets. Daily trend patterns show that a low could be taking hold after Crude dropped to within striking distance of its primary downside target at **xx.xx - xx.xx/CLQ**.

It has also *initially* fulfilled the latest phase of an uncanny 8 - 9 week (~2-month) low-low cycle that has timed six (seven?) consecutive lows since June ‘17.

NATURAL GAS fulfilled its weekly trend & *21 MAC* - that projected a retest of **2.975/NGM**. That was/is expected to spur a drop into **June 1 - 5**, perpetuating a 26 - 29 day low-high-low-low-(low) *Cycle Progression*.

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COTTON surged to new highs and could still work progressively higher into **early-July**. In the near-term, it will remain bullish until a daily close below **88.50/ CTN**…

SUGAR is confirming that an intermediate bottom is intact after turning its daily & intra-month trends up. A rally to ~**xx.xx/SBN** could be seen...

LIVE CATTLE is attempting to complete an *Intra-month V Reversal* higher after selling off into mid-month. It subsequently reversed higher, turning its daily trend up and flattening its daily *21 MAC*. A rally above **xxx.xx/LCQ** could be seen in the coming days.

LEAN HOGS remain in intra-year and weekly downtrends, maintaining the potential for an ultimate drop to new lows They have nearly rebounded to their weekly *LHR* (**79.05/LHQ**) and could find some initial resistance around that level.

LUMBER has dropped sharply after fulfilling upside targets and doubling its 2005 - 2016 range. It has signaled an intermediate correction and could sell off into **[reserved for subscribers only]**....

COCOA extended its correction and remains negative until a daily close above **2635/CCN**.

The preceding is an excerpt of the May 30, 2018 *Weekly Re-Lay Alert* - elaborating on expectations for additional upside in stock indexes, a developing rally in precious metals and a sharp correction in Crude & the products from May 21 into early-June.

Out of loyalty to current subscribers, specific targets & trading strategies have been redacted from this excerpt.

Please refer to complete May 30, 2018 *Weekly Re-Lay Alert* and to corresponding *Weekly Re-Lay* & *INSIIDE Track* publications for these and other specifics.

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