

Intra-Week ALERT for Wednesday – Oct. 10, 2018

**“Intra-month Trends and the 2-Year Cycle” [Excerpt]**

The intra-month trend pattern was expected to be a determining factor in October - projected to help trigger a sharp decline from Oct. 3 into Oct. 17 in equity markets. To understand that, it is important to first grasp the intra-month trend indicator and what it signifies.

Several other factors preceded that, like an uncanny 2-Year Cycle that projected a sharp plunge in stock prices overlapping the first two weeks of October. That drop was expected to resemble the drop seen in late-Jan./early-Feb. 2018.

Like any technical (or fundamental) indicator, the intra-month trend indicator has significant limitations that must be supplemented by - or compensated with - other indicators. On its own, it only provides a few basic conclusions and expectations. *So, try to keep it in context and view it in proper perspective.*

The intra-month trend (up, down or neutral) is determined by a daily close outside of the price range of the first three trading days of the month. As a result, a confirmed intra-month trend cannot be determined until the close of the fourth trading day, at the earliest.

In many instances, that also means an initial (fake-out) intra-month move will terminate and reverse on the third or fourth trading day of the new month. Once triggered, here are a few key expectations:

-- An intra-month uptrend projects a rally to monthly resistance and/or into mid-month (ideally both).

-- An intra-month downtrend projects a decline to monthly support and/or into mid-month (ideally both).

-- Once a new intra-month trend has been signaled, the month-opening trading range (of first three trading days) becomes support for an intra-month uptrend or resistance for an intra-month downtrend.

-- If a market is going to set an early-month peak, it should do so in the first 3 - 4 trading days *without* turning the intra-month trend up. (A market could spike to a high on the fourth trading day, or even after that, as long as it does not close above the price range of the first three trading days.)

-- If a market is going to set an early-month low, it should do so in the first 3 - 4 trading days *without* turning the intra-month trend down. (A market could spike to a low on the fourth trading day, or even after that, as long as it does not close below the price range of the first three trading days.)

-- If/when a market exceeds monthly resistance or closes at new intra-month highs after mid-month, it projects continued upside into month-end.

-- If/when a market violates monthly support or closes at new intra-month lows after mid-month, it projects continued downside into month-end.

**STOCK INDICES** are one of the markets that are adhering to this principle, turning their intra-month trends down as soon as it was possible (Oct. 4) - while reinforcing bearish expectations for the first 2 - 3 weeks of October.

That was corroborated when all three indexes completed outside-week/2 *Close Reversal* sell signals on Oct. 5 - projecting acceleration to the downside this week. That could still continue.

Several indexes have broken below 2 - 4 week and 1 - 3 month support, confirming that a larger-degree decline is unfolding - in line with expectations for a sharp drop that could be similar to early-2018 and several previous 2 - 4 week declines of similar magnitude.

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All of this is fulfilling ongoing analysis for at least a 5 - 10% sell-off in Sept/Oct. - when a consistent 2-Year Cycle came back into play (focused on the first two weeks of October). *A larger decline is possible.*

In 2012, 2014 & 2016 (as well as in 2008), equity markets peaked in early-to-mid-Sept. and then corrected for 4 - 6 weeks. In each case, those declines overlapped the first 3 weeks of October. (They also experienced related 3-week sell-offs from mid-Sept. into early-Oct. - in 2011 and 2013.)

This 2-Year Cycle has consistently timed sharp corrections that usually see their accelerated phase at some point in Oct., primarily in the first half of the month.

The potential for an Oct. sell-off was corroborated in late-Sept. by the Russell 2000, NYA & DJTA - pinpointing the final 10% of their expected low - low cycle (late-March - late-Oct. 2018) as the time that was most likely for an accelerated decline.

That is unfolding, right on cyclic schedule, and the coming days could be decisive.

An additional level to watch is the monthly *HLS* at **25,343/DJIA** with 2 - 3 month support and weekly *21 MARC* support coming into play just below **25,000/DJIA**.

The S+P has weekly *21 MARC* support and intra-year trend support coming into play around **2700/ESZ** even as the *NQZ* is breaking below its weekly *HLS (7008)*. Weekly *21 MARC* support (which needs to be broken to signal a larger-degree decline) is at **6887/NQZ...**

1 - 4 week traders could be holding short positions in Dec. mini-Nasdaq 100 futures from an avg. of 7650, w/avg. open gains of about \$13,000/contract. Move trailing buy stops to xxxx/NQZ...

1/3 of short positions should have just been exited

when 7021/NQZ was hit - w/avg. gains of about \$12,500/contract. **[See current publications for updated and/or new trading strategies if equities attack these downside targets on Oct. 11 or 12]....**

**BONDS & NOTES** broke to new multi-year lows - reaching an extreme level that was/is expected to trigger reactive selling in equity markets (and potentially spur a counter-trend flight-to-quality rally). That ushered in the latest phase of a multi-year bear market that is ultimately expected to extend into **late-2019**.

This pattern is reinforcing the potential for dual fulfillment of daily & weekly cycles converging on **Oct. 8 - 19**. First, Bonds & Notes fulfilled that by spiking *lower* on **Oct. 8** and now they are likely to *rebound* into **Oct. 16 - 19** - perpetuating a 50 - 52 day low-high-high-(high) *Cycle Progression*.

That scenario was reinforced when Bonds & Notes dropped to the convergence of multiple weekly *HLS* levels (extreme downside targets) and held that support. That set the stage for an intermediate low, which appears to be taking hold. A rally to **[reserved for Weekly Re-Lay subscribers; see current publications for updated analysis and/or pertinent trading strategies].....**

The **DOLLAR INDEX** remains positive after completing an initial drop into **Sept. 24 - 28** and down to support around **93.42/DXZ** (while fulfilling the weekly *HLS* indicator that projected a 1 - 2 month low in late-Sept) and then rebounding. It re-entered its weekly uptrend while turning its daily trend back up - leaving potential for a retest of the highs.

On a near-term basis, it has pulled back and twice neutralized its daily uptrend. It would not turn that trend down until a daily close below **94.86/DXZ**.

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The **Euro** has initially fulfilled expectations for a significant low on **Oct. 8 - 12** - the convergence of 4-week, 8-week & 16-week low-low cycles. It would not turn its intra-month trend positive, however, until a daily close above **1.1695/ECZ**.

The **Yen** is rebounding after retesting 12 - 18 month support (**.8750 - .8775/JY**) that has supported declines and resulting lows in May, July & Nov. '17.

That was expected to spur a rebound into **late-Oct./early-Nov. '18** - the latest phase of a ~7-month low-high-high-high-high *Cycle Progression* - before a new decline took hold.

The **Canadian Dollar** is expected to see some consolidation in Oct., with the next multi-month low expected in **late-Nov.** (next phase of 21-week high-high-low-(low) *Cycle Progression*). That low should be above the late-June low and trigger a larger advance.

**GOLD & SILVER** remain in a bottoming phase with Gold needing a daily close above **1212.3/GCZ** to turn the daily trend (and also the intra-month trend) up and signal that a larger-magnitude advance is underway.

Silver is in a decisive week after rallying enough to twice neutralize its weekly downtrend. It would take a weekly close above **1495.0/SIZ** to turn the weekly trend up and confirm the Sept. low as a multi-month bottom. Both metals could extend pullbacks into **Oct. 15 - 17**.

1 - 4 week traders could have bought Dec. Comex Gold futures at an avg. of 1196.9 **[reserved for Weekly Re-Lay subscribers; see current publications for updated and/or new trading strategies]**.....

The **XAU** needs a daily close above **67.85/XAU** to break out of its recent trading range and show new strength. In the interim, it spiked down to 2 - 3 week

support and is attempting to bounce. It should not close below **63.80/XAU** if it is to maintain some resilience.

**SOYBEANS, CORN & WHEAT** failed to turn their intra-month trends up, ushering in the potential for a pullback into **Oct. 12/15**. Intra-month support comes into play at **843.0/SX, 356.5/CZ & 505.25/WZ**.

**CRUDE OIL, UNLEADED GAS & HEATING OIL** turned their intra-month trends down... shortly after Crude re-attacked and held the 2018 primary upside target that extends up to **77.30/CL**. It has dropped to its weekly **HLS (71.98/CLZ)** while twice neutralizing its daily uptrend. As a result of both these factors, Crude needs a daily close below **71.66/CLZ** to trigger any further selling in the near term.

**NATURAL GAS** remains strong and is fulfilling the outlook for an overall surge into **mid-Oct.** (and then into **mid-to-late-Dec.**). It could reach **~3.5000/NGZ** and attack its monthly **LHR** (extreme upside target for October), potentially by mid-Oct. Natural Gas remains positive until a daily close below **3.235/NGZ**.

**COTTON** has initially held pivotal support after fulfilling analysis for another decline from **84.00** down to **~76.00/CTZ**. **76.00/CTZ** is decisive support (dating back to the 2018 year-opening range) that needs to hold if Cotton is going to show any signs of bottoming on a longer-term basis. It needs a daily close above **78.00/CTZ** to signal a bottom.

**COFFEE** surged further, rallying sharply after spiking to new lows in mid-Sept. while perpetuating a 4-week/29 - 30 day high-high-high-high-low-(low) *Cycle Progression*. A secondary low could be seen on **Oct. 19 - 23**, which would also represent a 50% correction in time if a peak is set now and a pullback ensues.

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**SUGAR** has surged since retesting and holding its Aug. low while also holding major support. This rally could reach **14.00/SBH** in the coming weeks.,,

**LIVE CATTLE** is following through to the downside after spiking up to begin the new month and then reversing lower and triggering a weekly 2 *Close Reversal* lower. **115.80/LCZ** is 1 - 2 week support.

**LEAN HOGS** are showing new signs of weakness after approaching their 1 - 2 month upside objective (~**60.50/LHZ**) and then reversing lower. If they close below **54.50/LHZ**, Hogs could see a drop back toward **50.00/LHZ**.

The preceding is an excerpt of the Oct. 10, 2018 **Weekly Re-Lay Alert** - updating analysis for equity markets to plunge 8 - 10% during the first two weeks of October and for Gold & the XAU to confirm a bottoming phase (with corresponding expectations for a multi-month surge).

With the DJIA, S+P 500 & Nasdaq 100 all nearing initial downside targets, a preliminary low is becoming even more likely for Oct. 11 or 12. However, enough damage has already been done that another sharp sell-off could still follow - during the month of October.

And, if Gold perpetuates a combination of cycles, it could provide a third buying opportunity next week. The Oct. 13, 2017 **Weekly Re-Lay** will elaborate.

Out of deference to current **Weekly Re-Lay** subscribers, specific targets & trading strategies have been redacted from this excerpt.

Please refer to complete Oct. 10, 2018 **Weekly Re-Lay Alert** and to corresponding **Weekly Re-Lay & INSIIDE Track** publications for these and other specifics...



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