

RUT - this is an important update, as we finally have what can be viewed as a completed corrective structure in RUT, opening up the way to the next multi-month advance. Given this development, I want to remind of the big picture perspective.

Big picture (weekly chart), my base case remains that RUT is in wave (4) off 2009 low, with one more high, targeting 1452-1653, yet to be seen. RUT is poking below ideal support zone for this perspective, however until top of wave (1) at 868 is breached, my expectation is for a new high before a multi-year decline begins.

Zooming in (daily chart), structure of wave (4) is an ABC. C is poking below 1.0 extension of A (987), however, big picture, they are roughly C = A proportions. My expectation is that wave C will hold 904-909, representing 1.382 of A and 2.618 internal to wave C (yellow dash fibs). If market confirms a local bottom in this area, it will then needs to break above 1037-1040 pivot to provide initial confirmation of a long term bottom, with stronger confirmation above bottom of wave A at 1078.

Zooming in further (1hr chart), RUT appears to need only one minor squiggle to the downside to compete wave C. While larger degree support is 909, micro structure for wave circle-v suggests that RUT is likely to hold 929 in this wave.

On a micro level (TF chart, which represents subdivisions of wave (iv) and (v) on the RUT chart), overnight decline can be viewed as completing wave (v), having hit 2.618 extension internal to this wave in what counts very well as five waves. So, potential exists that this whole structure bottomed AH. On a micro level, initial confirmation of such bottom is a break over overnight high at 958. Until then, decline may subdivide further.

A separate note for those looking to position for the multi-month rally -- it would be wise for those with a long term perspective to use 904-909 as support for the bullish trade rather than any micro support, as minor subdivisions to the downside remain reasonably probable until 1037-1040 is taken out, and such minor subdivisions won't change my big picture perspective.



