

## Xenia/KGBgirlMARKETSWave Alert U.S. Indices (Swing)

Jan 2 07:05:37

RUT/RTY - big picture, since February 2016, I had the target for RUT of 1452-1653, with lower end of this target zone later revised to 1485. While that target may have seemed outrageous to some with RUT below 1000, RUT has now reached well into this target range. While the structure off Feb 2016 low does not favor completion yet, we are now nearing the final stages of the pattern, and so the high probability portion of the rally is now behind us. That said, ideal structure would have RUT either completing wave circle-v of 3 (resistance 1580-1614), or already in wave 4. To confirm that RUT is in 4, break of November low (1454) is needed. IF RUT is already in 4, then target range for 4 is 1322-1447, with ideal target of 1349-1378. Break below this target range would be the earliest indication that the entire rally off 2016 low may have completed (Alt count), with confirmation requiring a break of 1190.

Zooming in (1hr chart), There is potential that the entire rally off August low completed at Dec 4 high, and impulsive decline off the top increases the odds of that potential. To increase the odds of the larger degree completion further, RUT needs to break below Dec 1 low (1498), and to confirm it, it needs to break its November low (1454). Until confirmation of completion is seen, potential remains that 3 will subdivide towards 1580-1614 ultimate resistance, with most bullish interpretation being that Dec 14 low was bottom of wave (iv), and RUT already in (v). It will take a break below 1528 to make primary count likely.

On a micro scale (RTY chart), Friday morning RTY made a double top, which I noted at the time could be viewed as completing an ED. Off that double top, a strong reversal down was seen, with RTY testing its key 1531 support. While potential for acceleration lower existed, substantial bounce seen off Friday's low invalidated that potential. That said, it is possible to view the decline as a completed impulse, with such potential looking particularly good in RUT. So, at this point, bearish view hinges on RTY's ability to remain below 1557.0 (and ideally, below 1546.5), and to break Friday's low (1529.5). Any break of 1557.0 will open up potential to acceleration higher, with most bullish interpretation being that Friday's low completed a 1-2 up off Dec 15 low. On a micro scale, rally off Friday's low counts well as being impulsive, so preference is that overnight's 1544.6 be revisited in wave c of 2 before reversal down below Friday's low is seen. Yellow fibs are operative upside extensions for c/iii, and red fibs are tentative downside extensions after 2 completes.



