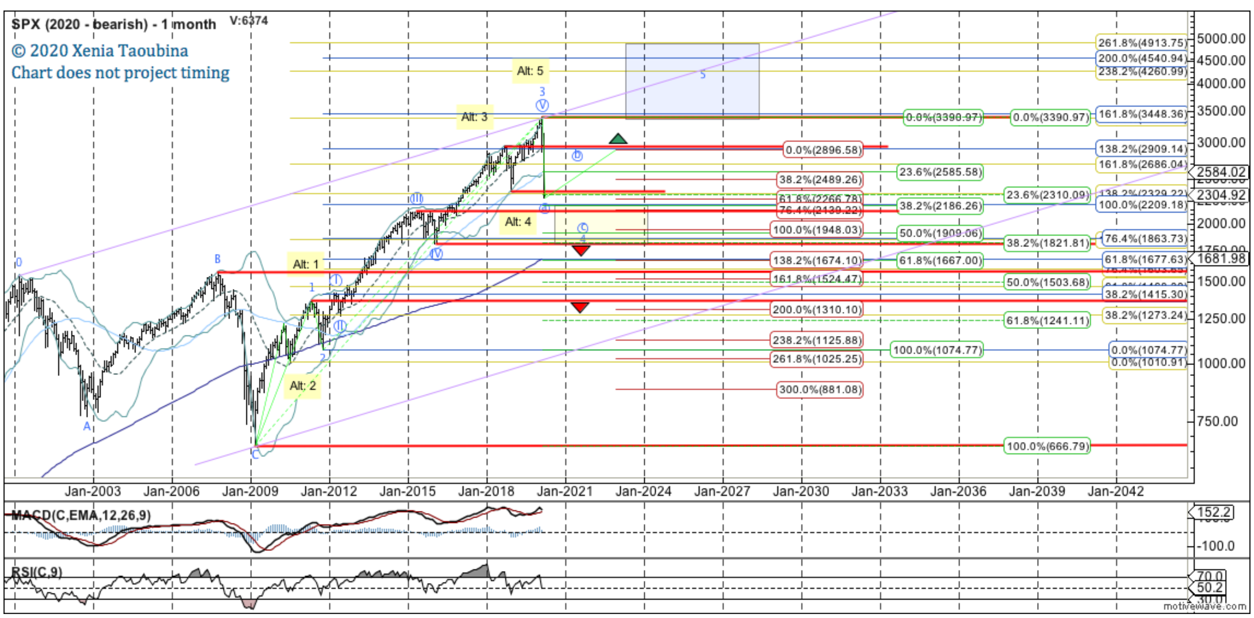
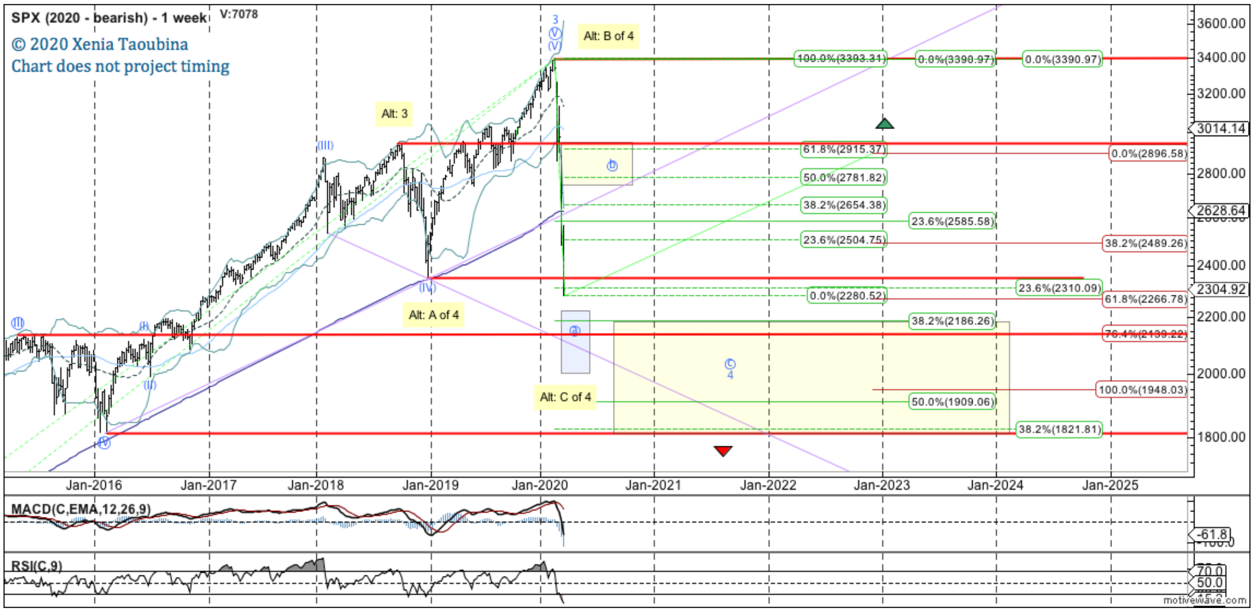
Xenia's Daily Market Analysis

March 23, 2020

SPX and ES

Big picture (monthly chart), with decline off the February high impulsive, odds have now increased that the cyclical bull market off the 2009 low may have completed. To make such completion likely, SPX needs to break below 1810; until then, potential for a higher high to complete the rally off 2009 low remains, with such potential becoming favored over 2940, with stronger indication over 3137.





SPX (2020 - bearish) - 1 week
V:7078
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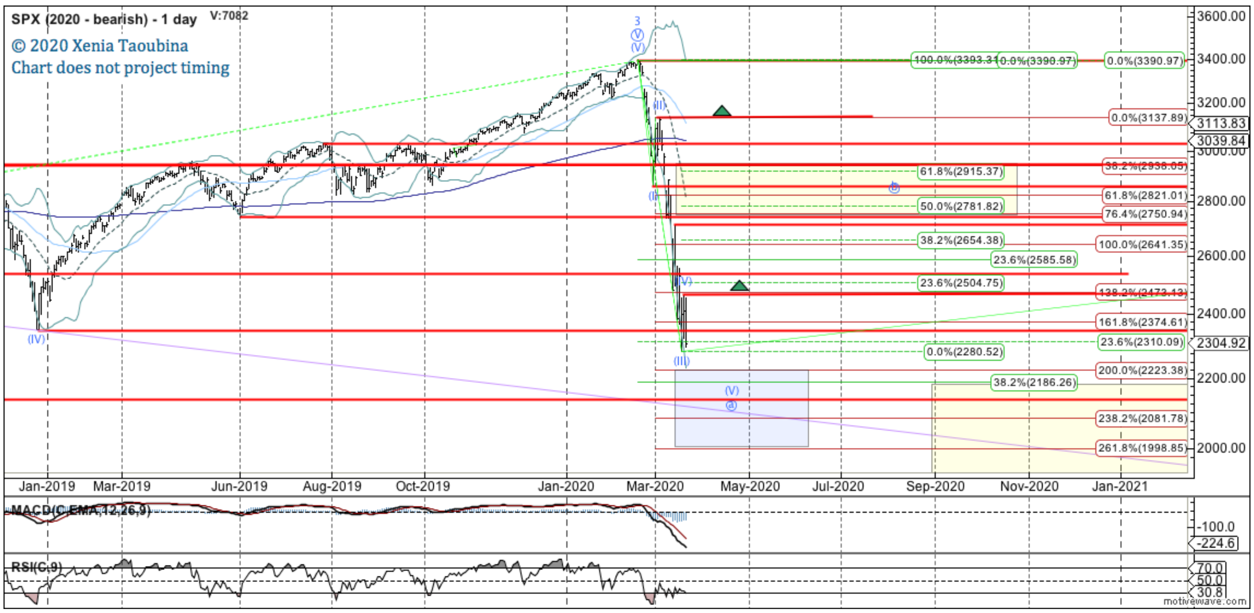
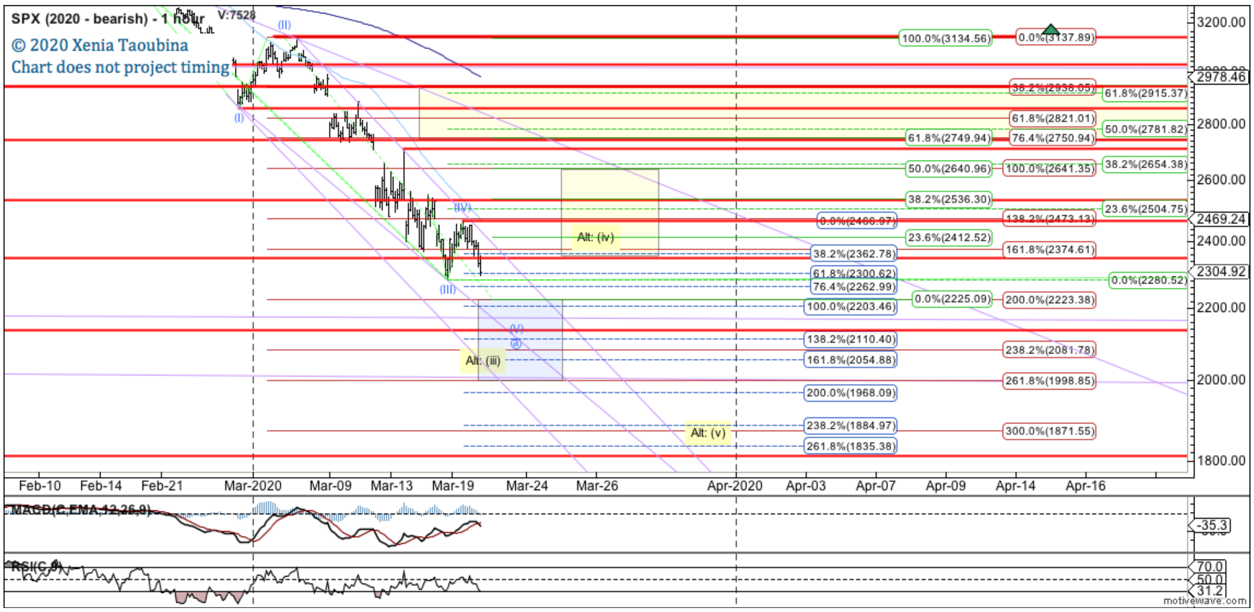
Chart does not project timing
Alt: B of 4
Alt: 3
Alt: A of 4
Alt: C of 4
100.0%(3393.31)
0.0%(3390.97)
0.0%(3390.97)
61.8%(2915.37)
0.0%(2896.58)
50.0%(2781.82)
38.2%(2654.38)
23.6%(2585.58)
23.6%(2504.75)
38.2%(2489.26)
23.6%(2310.09)
0.0%(2280.52)
61.8%(2266.78)
38.2%(2186.26)
76.4%(2139.22)
100.0%(1948.03)
50.0%(1909.06)
38.2%(1821.81)
3600.00
3400.00
3200.00
3014.14
2800.00
2628.64
2400.00
2304.92
2200.00
2000.00
1800.00
Jan-2016
Jan-2017
Jan-2018
Jan-2019
Jan-2020
Jan-2021
Jan-2022
Jan-2023
Jan-2024
Jan-2025
MACD(C,EMA,12,26,9)
-61.8
RSI(C,9)
70.0
50.0
motivewave.com

Zooming in (daily chart), SPX is best viewed as completing an impulse off the February high. Ideal target for such impulse is the 2.0 extension at 2223, however, because wave (iv) came short of the 1.0 extension potential for extensions down to as low as 1998 exists. Most bullishly, such impulse can be viewed as wave C of an expanded correction, as shown by the Alt count on the weekly chart. However, to begin to consider such interpretation as favored, an impulsive rally over 2700 is needed, or conversely, a break over 3137. Base case, however, is that SPX is completing wave a of a larger correction. A bounce to 2739-2940 is expected to follow in wave b. For as long as this bounce remains below 3137, it will be favored to be followed by further downside, which may or may not hold 1810. Initial indication that the impulse down off the Feb high completed is a sustained rally over 2466, with stronger indication over 2641.



Zooming in further (SPX intraday chart), with the action on Friday and overnight, decline is now best viewed as an impulse, with SPX futures trading in the vicinity of the 2.0 extension at 2223 pre-market. To favor entire decline to be completing, SPX will then need to stage a sustained rally over 2466, with confirmation upon a break over the 1.0 extension at 2641. Until then, potential for it to subdivide with another (iv)-(v) towards 1810 support remains reasonably probable (labeled as Alt).



On a micro level (ES chart), a break below 2434 on Friday put ES in an uncertain stance. Later in the morning, with ES around 2380, I noted that I was bearish against 2442.5. While potential for the decline to be corrective existed, ES never provided the upside reversal necessary to favor such potential, ending the day with a marginal break of the week's low. While ES attempted to go limit-down in the opening minutes, much of the night was spent over that level, a constructive development. That said, I continue to favor lower during RTH. Most optimistically, the next low, with support at 2081, will complete the entire decline off Friday's high To open up that potential, a sustained rally over 2262 is needed, and to make it likely, ES needs over 2339.75. Until then, potential for the decline to subdivide, per Alt count, is reasonably probable.