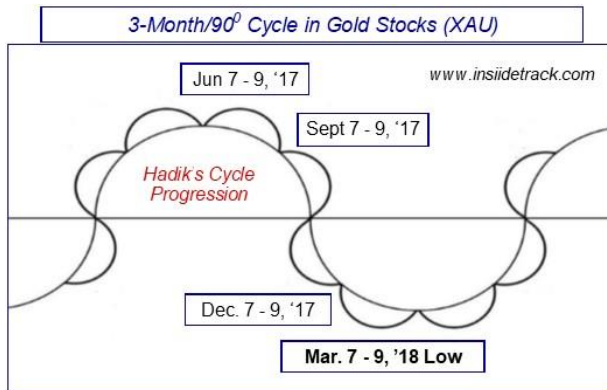


Intra-Week ALERT for Wednesday – Feb. 21, 2018

“Eye of the Storm: Cycles Creating Clues” [Excerpt]



In many respects, and on many levels, it is as if the markets are in the eye of a storm - having undergone one major 'test' and preparing for another.

That applies to equity markets on a 1 - 2 month basis, as they entered a vulnerable period in late-Jan. that has been forecast to last into (possibly through) **March 2018**.

Following 1 - 3 week sell signals in mid-to-late-Jan., stock indexes entered one 'eyewall' and experienced a turbulent sell-off. Then came the relative calm (the 'eye').

Based on daily trends & daily 21 MACs, as well as daily & weekly cycles, these markets are expected to experience another challenging period in **late-Feb - early-March**.

(The Transports, which have been leading the reversal lower and remain in a daily downtrend, are increasingly focused on **mid-March** for an intermediate low.)

That also applied to a related arena - that of Gold stocks. After fulfilling its 1 - 2 month upside target in late-January, while remaining in an overriding monthly downtrend, the XAU triggered a new sell signal and suffered a sharp sell-off - leading into an expected 1 - 2 week cycle low on **Feb. 8 - 9**. It subsequently rebounded (eye of storm) and projected a second round of selling on Feb. 16. *That is underway.*

The Dollar is another prime example - on a 3 - 6 month basis. It entered a new 'storm' in early-Nov. - triggering a torrential downpour into late-Jan.

Since then, it has traded sideways and, with Friday's action, projected a new rally that could stretch into early-Mar. That is when it could exit the 'eye' and plow right into the opposing eyewall in **mid-March - mid-May 2018**.

Gold is the opposite, reinforcing its contrast (sometimes stark, sometimes subtle) to Gold stocks. It's early-Dec. - late-Jan. surge was like the first storm - warning of greater challenges ahead - with the ensuing sell-off equating to the eye of the corresponding storm.

It could bottom as soon as **[Reserved for subscribers only.]**

The closer we get to **March 2018**, the more that market cycles are honing that focus to the **March 7 - 9** time period - particularly in Gold stocks. However, currencies, metals, interest rates and equity markets are all concurring. It is at times like this when I stay attuned to any potential, corroborating fundamentals.

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In many cases, a cycle like that times an exhaustive sell-off or a blow-off top. And that most often occurs on the heels of a sudden, surprising fundamental event.

Of course, the markets still have more confirming to do if **March 7 - 9** is going to time the culmination of some significant, intermediate moves. Getting back to equity markets...

STOCK INDICES are expounding on the near-term outlook after setting double bottoms on Feb. 9, holding pivotal wave support and projecting a quick rebound to key, 3 - 5 day resistance zones (and rebound targets).

That low represents the initial low - a type of 'a' wave bottom (of an overall 'a-b-c' decline) - and was followed by the recent 'b' wave bounce. If that bounce was to remain a 'b' wave bounce - and not turn into a rally back to retest the highs - the daily trends should not turn up.

The S+P was unable to neutralize its daily downtrend (similar to what is unfolding in the Transports) as the DJIA & NQH rallied far enough to neutralize their daily downtrends multiple times. However, it would take daily closes above **xx,xxx/DJIA & xxxx/NQH** to turn those trends up.

As long as that does not occur, and the daily 21 MACs continue to decline... daily cycles are producing clues as to one potential scenario. **[Reserved for subscribers only. The Feb. 21, 2018 Alert elaborates on the potential for stocks to set an intervening low this week before a brief rebound. If certain criteria are met next week, it would set the stage for another wave down. Refer to current publications for related specifics and/or trading strategies].**

The **DOLLAR INDEX** rallied sharply after fulfilling analysis for a quick spike down to its weekly **HLS (88.26/DXH)** last week. That low perpetuated a recurring, 21 - 25 day high-high-high-high-low-low-(low) *Cycle Progression* that has governed the Dollar Index since early-Oct. The **Feb. 16** low, 22 days from the Jan. 25 low, projects a future low on **Mar. 9 - 13**.

In the interim, the Dollar was/is expected to undergo a stronger rebound that could quickly reach **xx.xx - xx.xx/DXH**...

The Dollar Index has already turned its daily trend up and is poised to turn its daily 21 MAC up in the next trading session. A weekly close above **xx.xx/DXH**, if it took place, would have the Dollar neutralizing its intra-year downtrend and confirming a multi-week bottom.

The **Euro** has done the inverse after completing a 5th wave rally on Feb. 16 (the culmination of a 5-wave sequence from the early-Nov. low). That was/is forecast to usher in a larger correction after the Euro approached its 12 - 18 month upside target.

The Euro has turned its daily trend down & re-entered its intra-month downtrend. If it drops below **1.2263/ECH** in Thursday's trading session, it would also turn its daily 21 MAC down. The Euro has the potential to drop back to **~1.xxxx/ECH** if it can give a daily close below **1.2235/ECH**.

The **Yen** has sold off & twice neutralized its daily uptrend after precisely fulfilling analysis for a surge to **.9480/JYH** last week. It would take a daily close below **.9281/JYH** to reverse the daily trend to down.

The Yen remains in an intra-month uptrend & daily 21 MAC uptrend and just pulled back to weekly support. As a result, that daily trend reversal point takes on greater significance.

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GOLD & SILVER are selling off after failing to turn their daily trends up during the rally into Feb. 16. That set the stage for a drop back to the Feb. 9 lows. That is the near-term target although Silver is still hinting that it could continue lower and potentially drop back to its Dec. low around **15.60/SIH**. A daily close below **16.13/SIH** would increase that likelihood.

In the short-term, this sell-off is expected to extend into **Feb. 23**, when a 3 - 5 day low becomes more likely.

The **XAU** resumed its decline after rebounding sharply enough to get within a few ticks of its weekly **LHR** - at **86.17/XAU** - last week. It did that while neutralizing, but not turning up, its daily downtrend - also signaling a drop back to the recent lows.

Ultimately, this decline is expected to stretch into **early-March** before an intermediate low becomes more likely. That is the next phase of a 90-degree/3-month high-high-low-(low) *Cycle Progression* and a 360-degree move from the early-March 2017 bottom.

It is also the latest phase of an intervening & uncanny 30-degree cycle...

Since the Sept. 7 peak, the XAU has created a high (Sept. 7 - 9) - high (Oct. 7 - 9) - high (Nov. 7 - 9) - low (Dec. 7 - 9) - low (Jan. 7 - 9) - low (Feb. 7 - 9) *Cycle Progression* that projects the next multi-week low for **March 7 - 9, 2018**.

[That was all preceded by a reinforcing, high (Jun 7 - 9) - low (July 7 - 9) - low (Aug. 7 - 9) *Cycle Progression* in the three preceding months.]

The larger-degree turning points create an overriding, 90-degree/3-month high (Jun. 7 - 9) - high (Sept. 7 - 9) - low (Dec. 7 - 9) - low (**Mar. 7 - 9**) *Cycle Progression*. And that *Progression* was preceded by a low on **March 7 - 9, 2017**.

So, there is also a 360-degree/12-month low - low cycle at work - projecting a low on **March 7 - 9, 2018**.

Right now, a test of the Dec. low (**75.65/XAU**) is the primary downside target for that time frame. If that level is tested sooner, it would usher in the potential for a decline to its 1 - 2 year downside objective - .
[Reserved for subscribers only. The Feb. 21, 2018 Alert elaborates on the potential for Gold stocks to extend their latest decline, signaled after they fulfilled analysis for a surge to 92.87- 93.06/XAU into late-Jan. - when a multi-month peak was expected].

SOYBEANS, CORN & WHEAT are showing signs of a top in sync with the weekly trend patterns in Corn & Wheat - both of which identified this week as a likely time for a peak and reversal lower. That could spur 2 - 3 weeks of congestion.

1 - 4 week traders could be long a 1/2-sized position in March Corn futures from an avg. of 349.5/CH and holding these w/avg. open gains of about \$800/contract. Exit these now.

The other 1/2 should have been exited last week - around 365.0/CH - w/avg. gains of about \$750/contract.

CRUDE OIL, UNLEADED GAS & HEATING OIL spiked higher on Tuesday, with Crude perfectly fulfilling its rebound objective while testing & holding pivotal resistance. After completing 6 - 7 month rallies into **Jan. 2018**, the Energy Complex was projected to see a sharp pullback & test of decisive wave support.

They fulfilled initial downside targets with Unleaded Gas & Heating Oil reaching their Dec. '17 lows as Crude held support at the level of multiple (a series of 4) previous highs - *resistance turned into support* - at **58.27 - 58.66/CLJ**.... **[Reserved for subscribers only.]**

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COTTON has rebounded after dropping to a critical level of ‘resistance turned into support’ - the March 2017 peak of **75.57/CTH** - while twice neutralizing its weekly uptrend. That set the stage for a resumption of its larger-degree uptrend, which appears to be taking hold...

LIVE CATTLE sold off after rallying to monthly resistance and into mid-month. It neutralized its daily & intra-month uptrends but needs a daily close below **122.80/LCJ** to signal that a 2 - 4 week top is taking hold.

1 - 4 week traders could have sold April Cattle futures up to 127.20 **[reserved for subscribers]...**

LUMBER remains bullish and is reinforcing its multi-year upside objective at **555 - 570.0/LB**. On a 3 - 6 month basis, its **LLH** projects a rally to **535 - 540.0/LBH**.

COCOA remains positive on a 2 - 3 month basis, adding credence to analysis that Cocoa is putting in a multi-year low. A weekly close above **2226/CCH** is needed to confirm that.

The preceding is an excerpt of the complete Feb. 21, 2018 **Weekly Re-Lay Alert** - provided to give a view of what was provided to subscribers in real time. It elaborates on, among other things, the outlook for dramatic moves in many markets - beginning in late-Feb. and intensifying into March 7 - 9. Several new trading strategies are shaping up and will be addressed in impending publications.

Out of deference & loyalty to our subscribers, specific targets & trading strategies have been redacted.

Please refer to the complete Feb. 21, 2018 **Weekly Re-Lay Alert** and to corresponding **Weekly Re-Lay & INSIIDE Track** publications for these and other specifics.

Please refer to the Feb. 17, 2018 **Weekly Re-Lay** for more detailed analysis & trading strategies on all covered markets.



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