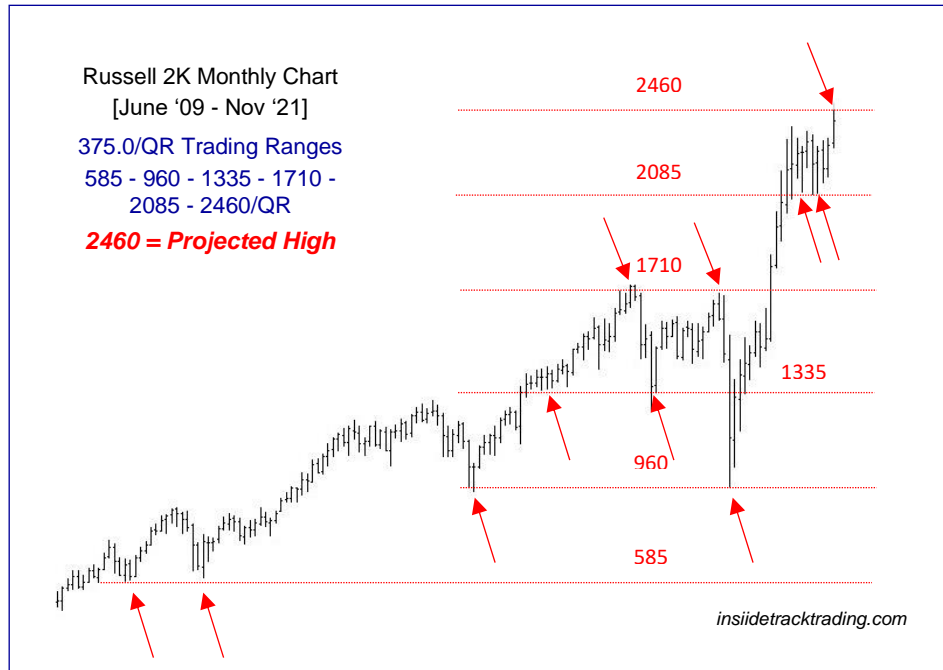


Tech Tip Review - December 1, 2021

“Range-Trading Targets & Techniques”



STOCKS, 5TH WAVES, AND LATE-NOV/EARLY-DEC CYCLES: STOCK INDICES are generating sell-offs that, in many cases, exceed the magnitude of previous corrections (at least the most recent 2 - 3 declines) and triggering *4-Shadow Signals* on various magnitudes. When that occurs, it foreshadows a more significant sell-off in the future - after an intervening bounce.

The current sell-off is not complete so it is premature to be discussing the next rally. For now, one of the key factors to monitor is whether stocks bottom above or below their previous (Sept/Oct '21) lows. Original expectations - described in early-Nov when a multi-week sell-off was forecast - anticipated *higher* lows:

11-10-21 - "Multiple price factors argue for an intermediate correction from recent highs..."

The magnitude of the DJTA's advance - from Sept 20 into Nov. 2 - matched the magnitude of its initial March - June '20 rally, a potential case of wave '5' = wave '1'. Since that wave structure also included an extended

wave '3', the wave similarity of the wave '1' and '5' argues for a peak.

The fulfillment of weekly trend patterns in the S+P 500, Russell 2000 and other indexes also favors a reactive sell-off... But all of that remains in the context of a more significant peak anticipated in 1Q '22 - most likely in Jan/Feb '22 (and ideally in Jan '22) - and at least on the same magnitude as the May/June '21 peak.

In the interim, the more likely scenario for market swings is playing out and remains: high (early-Sept), low (Sept 20 - Oct 4), higher high (Nov. 4 - 9), higher low (late-Nov/early-Dec), and then higher high in 1Q '22."

That is still what is expected in the S+P 500 & NQ-100 - the indexes most likely to set higher highs in 1Q '22. However, other indexes - including the DJIA - could spike to lower lows in early-Dec before rebounding, signaling they could set corresponding lower highs in 1Q '22. And that would perpetuate the same divergence that has been unfolding since May '21.

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Leading indexes, like the DJTA & Russell 2000, already completed what was likely their wave '5' rallies (of an overall 5-wave advance from the March '20 lows) - peaking precisely at decisive upside targets.

[In contrast, the NQ-100 was forecast to set a lower-degree wave '5' peak in Nov but maintain the potential for a larger-degree wave '5' peak in 1Q '22... with a sharp sell-off into **late-Nov/early-Dec** in the interim.]

Recent action is steadily validating the outlook for those indexes to set their wave '5' peaks in Nov '21 and then enter their largest declines in many months and potentially in the past 12 - 18 months. The Nov '21 *INSIIDE Track* elaborated on that with the Russell 2000 possessing major price objectives near **2460/QR**:

10-29-21 - *"The Russell 2000 peaked in March '21 and has been in a sideways correction since then... During each sell-off, the Russell 2K has been unable to turn its weekly trend down - indicating that new highs (above the Mar '21 peak)*

are likely to be seen before a more substantial sell-off becomes possible. That (potential) new high would also be confirmation of a wave '5' rally...

*In all these indexes, there is likely to be more whipsawing - back and forth - between now and the next multi-month cycle high (likely in 1Q '22). The NQ-100, Russell 2000 and other indexes have the potential for another intermediate low in **early-Dec. '21**...*

The NQ-100 bottomed above support (~14,100) and has since rallied back to the highs - signaling a wave '5' of its own (though on a different magnitude than that of the Russell 2000) - stemming from the Mar '21 low... Since initially peaking in Feb. '21, the NQ-100 has had three successive corrections - each one bottoming right at the rising weekly 21 Low MAC.

The second and third ones represent the '2' and '4' wave corrections in the 5-wave sequence that has unfolded since the early-Mar '21 low.

Weekly Re-Lay

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The weekly trend shows that this latest rally does not have the same underlying strength as its predecessors - another earmark of a wave ‘5’ rally. As a result, it might not spike too much higher than the early-Sept high...

So, there is quite a bit of synergy coming into play in 2022 as equities remain above multi-month and intra-year support levels during recent corrections. That does not, however, preclude the potential for another sharp sell-off in Nov ‘21 (potentially stretching into the first half of Dec. ‘21).”

The Russell 2K fulfilled that upside target during cycle highs on Nov 4 - 9 - as equities perpetuated ~60-day/~2-month low-high-high-high (high) *Cycle Progressions* at that time. The initial trading range was set by the early-2020 peak near 1710 and the ensuing March ‘20 low near 960 and projected a surge to **2460/QR** after the Russell 2000 broke above 1710 in Nov ‘20 (1710 high - 960 low - 1710 - **2460/QR** peak).

By spiking to new intra-year highs (fulfilling its weekly trend *and* monthly trend patterns) AND fulfilling its Elliott Wave objective AND attaining this multi-year upside target, the Russell 2000 ushered in the time for a ‘*more substantial sell-off*’ in Nov ‘21... and potentially longer.

That **2460/QR** objective had been reinforced by the Mar ‘21 low (~2085/QR) - precisely at the midpoint of that overall projected trading range (1710 - **2460**), which

supported declines in May, July & Aug ‘21.

For the majority of 2021, that support (2085/QR) held multiple pullbacks while creating a corresponding trading range target at the same **2460/QR** level (1710 - 2085 - **2460/QR**).

2085/QR is now the ‘*4th wave of lesser degree*’ support (the low before this culminating rally) - heightening its significance. That identifies it as pivotal support for this correction AND the breakdown point if an even larger-magnitude sell-off is in the cards.

At the same time the Russell 2000 was fulfilling that synergy of upside targets, the NQ-100 peaked right at its multi-month upside target (~**16,700/NQ**) and reversed lower - with key support near **15,700/NQZ**.

Last week, it turned its daily trend down and quickly entered a textbook 2 - 3 day reactive bounce into Nov 30 - increasing the likelihood for a second drop to lower lows in the first part of Dec. That is taking hold with weekly support and a recently-formed ‘c = a’ downside objective near **15,650 - 15,690/NQZ**.

Please refer to **Eric Hadik’s Tech Tip Reference Library** for more detailed analysis & illustrations of related technical indicators.



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