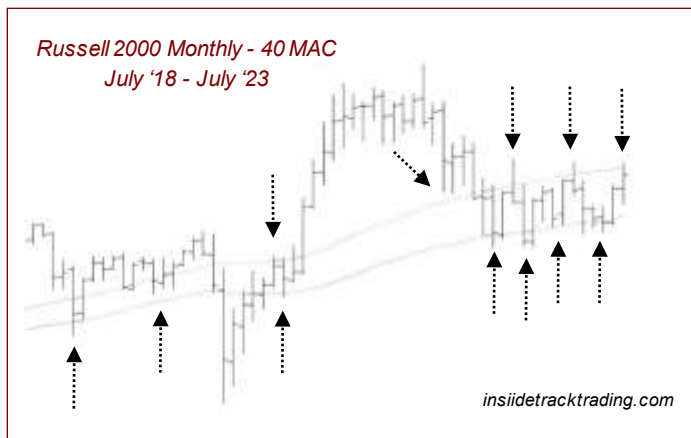
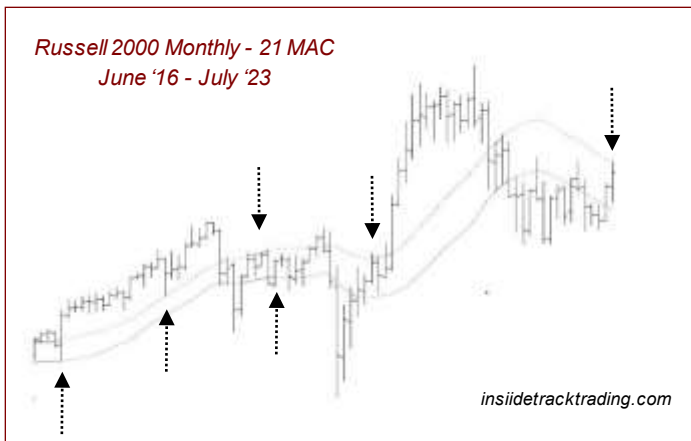


Tech Tips in Action - August 3, 2023

## “Cycles, MACs, LHR & the Russell2000”



### 08/02/23 Weekly Re-Lay Alert: “Russell 2000: Leader or Laggard?”

*“Is the Russell 2000 a leader or a laggard?”*

*Is it providing advanced warning of major tops and bottoms... or waiting & watching other indexes for guidance & direction (and then following)?*

*Should it be trusted... or doubted?*

The answer to those questions hinges more on one's perspective than on what the Russell 2000 is doing or not doing. From certain perspectives, the answer is 'yes'... to all six of those questions.

*It is a leader AND a laggard.*

*It DOES provide advanced warning but ALSO moves after other markets have confirmed reversals or trends.*

*It should be trusted - as an entity of itself - and should be doubted, if trying to apply its influence to others.*

In other words, analyze it independently but be very slow to try and directly correlate it to other indexes.

It WAS the first index to peak in early-Nov 2021 and to give an intermediate sell signal.

It was the first, and the most precise, to reach the upside price targets for a wave 5 of V (multi-year) peak in Nov '21.

It was the first to spike right to a major upside range target and the first to break below its initial downside wave target.

It was also one of the first to signal a June '22 bottom.

The Russell 2000 is also the primary index to signal that new all-time highs are NOT likely during this 2023 rally... even as other indexes are projecting retests of, or rallies above, their late-'21/early-'22 peaks.

The Russell 2000's uncanny adherence to range targets and range parameters has been the focus of many articles and reports since late-2021...

More recently, the Russell 2000 was expected to rally to **2000.0/QRU** in July as it set the stage for a potential 'B' wave peak.

It accomplished that and has consolidated for ~two weeks but would not show any signs of a top until a daily and weekly close below **1960/QRU**...

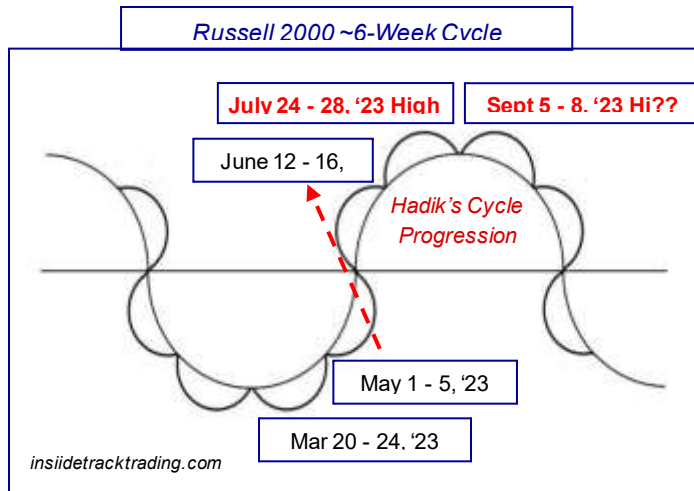
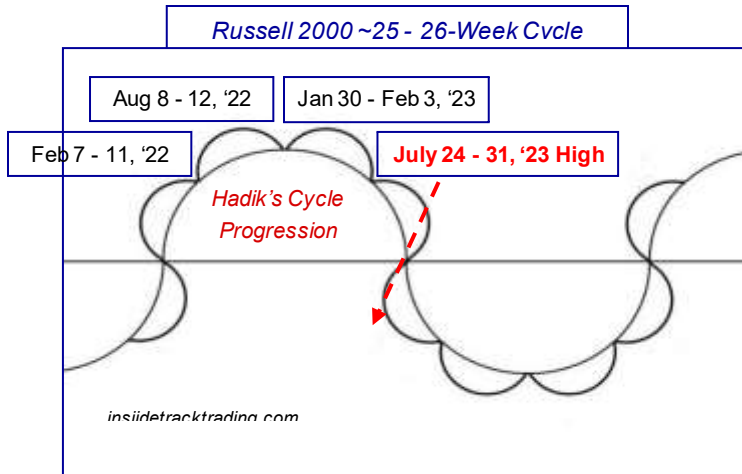
The Russell also spiked higher into **July 24 - 28, '23** - the fulfillment of a ~6-week low-low-high-(high) *Cycle Progression*, successive 18-week advances, and a 25-week high-high-(high) *Cycle Progression*... and an initial fulfillment of its monthly *LHR*.

As for other equity indexes...

# Weekly Re-Lay

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Stock Indices have neutralized their daily uptrends with the NQ-100 turning its daily trend down. It would take a daily close below **4527/ESU** for the S+P 500 to do the same.

Just as important, stock indexes would need to close below their Aug 1 - 3 trading ranges, on any day after **Aug 3**, to turn their intra-month trends down and confirm multi-week peaks.

The DJIA spiked higher on **Aug 1/2** - fulfilling a ~1.5-month low-high-high-(high) Cycle Progression and a series of ~3-month (90-degree) moves from successive

highs on Nov 1/2, Feb 1 & May 1, '23. It also needs the intra-month trend to turn down, in order to validate that as an intermediate peak. -- **End 8/02/23 Alert**

The preceding analysis from the Aug 2, '23 **Weekly Re-Lay Alert** updates the ongoing outlook for the Russell 2000 to rally into **late-July '23** and ideally spike above **2000/QRU** as the setup for a major, multi-month peak. *It provides another prime example of the synergy of corroborating indicators - Tech Tips in Action!*

Two of the most significant indicators - the monthly **21 High MAC** and monthly **40 High MAC** - combined to form the ideal resistance for a major 'B' wave peak. The potential ramifications of that - for the months or even years to follow - have been discussed in several issues of *INSIIDE Track* and the **Weekly Re-Lay** in 2023.

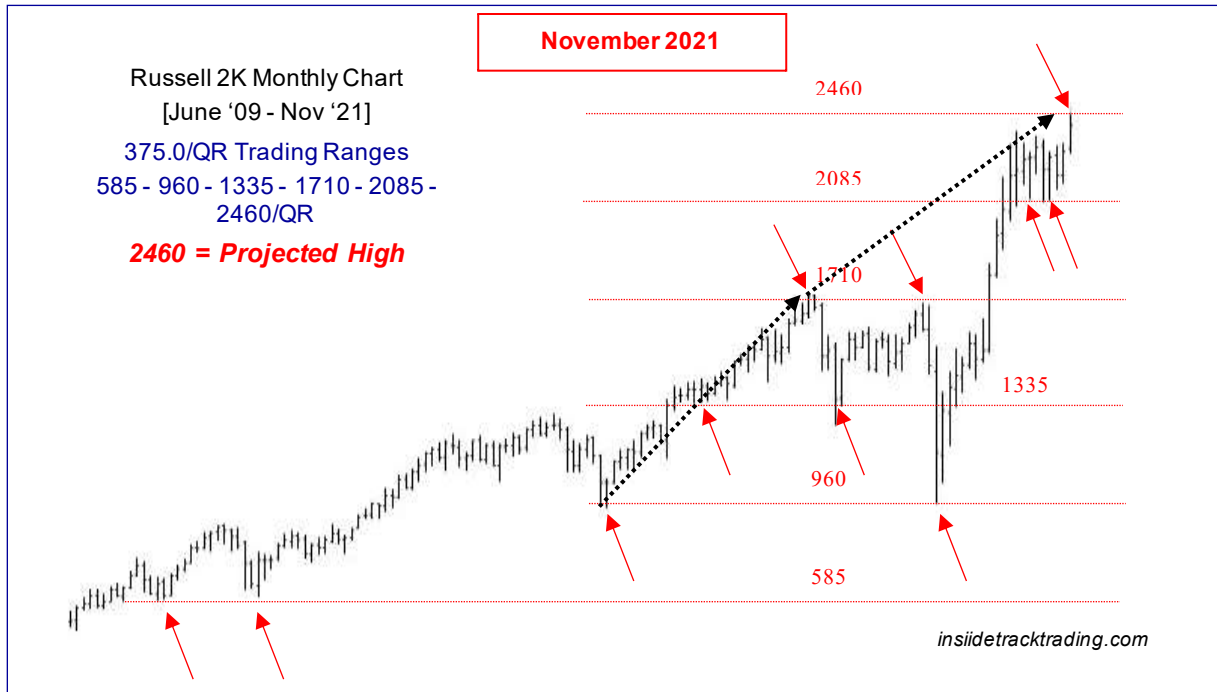
The Russell 2K's action of **July 28/31** fulfilled almost everything that has been projected (on the upside) for several months - just as the overall equity market is entering what has been termed a '*dangerous period*' beginning in **early-Aug '23**. These are a few highlights of related analysis published over the past few weeks:

**7-08-23** - *"Stock indexes are consolidating near their highs... Similar to the S+P Midcap 400, the DJIA has been tracing out a slow, rolling 6 - 12 month (secondary) topping process... the Russell 2000 has been mired in the bottom ~third of its ~2.5-year trading range (the lows of which were set right where the Russell 2K peaked in 2018 & early-2020) but has continued to hold its June '22 low. It could rally up to ~2,000+/RT - where its declining monthly 21 High MAC is poised to intersect the Feb '23 & Aug '22 highs - before a final peak is set at or below the 2023 high.*

*That is also where the latest two weekly LHRs converge. In June, the Russell tested & held its monthly LHR (~1932/QRU), presaging a likely peak in July. Recent action has been mildly constructive and could stretch the next intermediate high into July 24 - 28 '23, the fulfillment of a ~6-week low-low-high-(high) Cycle Progression, successive 18-week advances, and a 25-week high-high-(high) Cycle Progression."*

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## “Cycles, MACs, LHR & the Russell 2000”



**7-12-23** - “Meanwhile, the Russell 2000 is fulfilling its near-term outlook (and ‘ideal’ scenario) - a rally up to **~2,000+/RT** where its declining monthly 21 High MAC is poised to intersect the Feb ‘23 & Aug ‘22 highs... AND the latest two weekly LHRs. It was/is showing it could stretch the next intermediate high into **July 24 - 28 ‘23**, the fulfillment of a ~6-week low-low-high-(high) Cycle Progression, successive 18-week advances, and a 25-week high-high-(high) Cycle Progression.”

**7-15-23** - “Since its late-June pullback low, the Russell 2000 has also been arguing for a new rally up to **~2,000+/RT** where its declining monthly 21 High MAC intersects the Feb ‘23 & Aug ‘22 highs and recent weekly LHRs. The coming week’s HHR corroborates w/resistance... **2015.0/QRU**. It could stretch its rally into **July 24 - 28 ‘23**, the fulfillment of a ~6-week low-low-high-(high) Cycle Progression, successive 18-week advances, and a 25-week high-high-(high) Cycle Progression.”

**7-19-23** - “Stock Indices remain positive with the DJIA fulfilling the potential for a spike high - and potential intermediate top... The DJIA, which has often led reversals over the past ~25 years, is arguing for a more significant peak in **July/Aug ‘23**... based on its monthly & weekly trend patterns (see July 13, ‘23 INSIIDE Track Intra-month Update) and the fulfillment of a 20-month low (Mar ‘20) - high (Nov ‘21) - (high; July ‘23) Cycle Progression...”

Since its late-June pullback low, the Russell 2000 has also been arguing a new rally up to **~2,000+/RT** where its declining monthly 21 High MAC intersects the Feb ‘23 & Aug ‘22 highs and recent weekly LHRs.

The current week’s HHR corroborated with resistance surrounding **2015.0/QRU**... a level that is now being attacked... Now that price levels are being fulfilled, the significance of related cycles & timing indicators takes on greater importance.”

# Weekly Re-Lay

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## “Cycles, MACs, LHR & the Russell2000”

### 21 MAC & 21 MARC

As a type of moving average, the 21 MAC (daily, weekly, monthly) plays several important roles in trading. From a general, foundational perspective, it helps identify trends versus congestion (when it is trading flat and/or shifting back and forth from moving higher to lower to higher, etc.).

Combined with the inversely-correlated 21 MARC (the replacement data for the 21 MAC - the level that is being removed from the calculation of the current 21 MAC), this indicator also identifies impending time frames when a transition is likely... most commonly a transition from congestion to trend and/or breakout move.

A third use of the 21 MAC (though not the only remaining one) is for rising support or declining resistance in a trend. That is helpful for trailing stops in an existing trade or entry/re-entry following a brief correction. (See Eric Hadik's Tech Tip Reference Library for calculations and other details.)

**7-22-23** - “Stock indexes are fulfilling upside objectives - in price and time - with the Russell 2000 being an index that is adhering closely to these levels and ushering in the time for a potential 1 - 2 month (or longer) peak... No index displays that more - and reinforces the disparity spread across equities - than the Russell 2000.

That index was one of the first to peak in Nov '21 (even as others spiked higher into late-Dec/early-Jan '22 before peaking), adhering closely to major range-trading objectives and fulfilling what had been forecast for a multi-year wave '5' ('V') top. It was also one of the first to bottom - in June '22 - after retracing ~50% of its 2020/21 gains and bottoming right where it had previously peaked (resistance turned into support) in late-2018 AND early-2020 (when it was also one of the first to peak... in both instances).

It rebounded (~50% of its decline) into Aug '22 and set a 6 - 12 month peak. Since that time, it has 'swung' back and forth within that range of ~1650 to ~2050 (basis nearest futures contract) - reinforcing a textbook example of range-trading movement. The latest phase was the projected rally

from Mar '23 - with an upside target of ~2000/QR (futures).

That upside target was linked to many indicators, including its overall wave structure... and was just tested. One of the most notable aspects (even more evident in some pandemic 'darlings' that have since crashed - like CVNA, ZM and even ARKK) was its distinction as '4th wave of lesser degree' resistance. In a 5-wave decline, that represents the high of the second (wave 4) rebound before the final decline. A subsequent bounce will often retest that level.

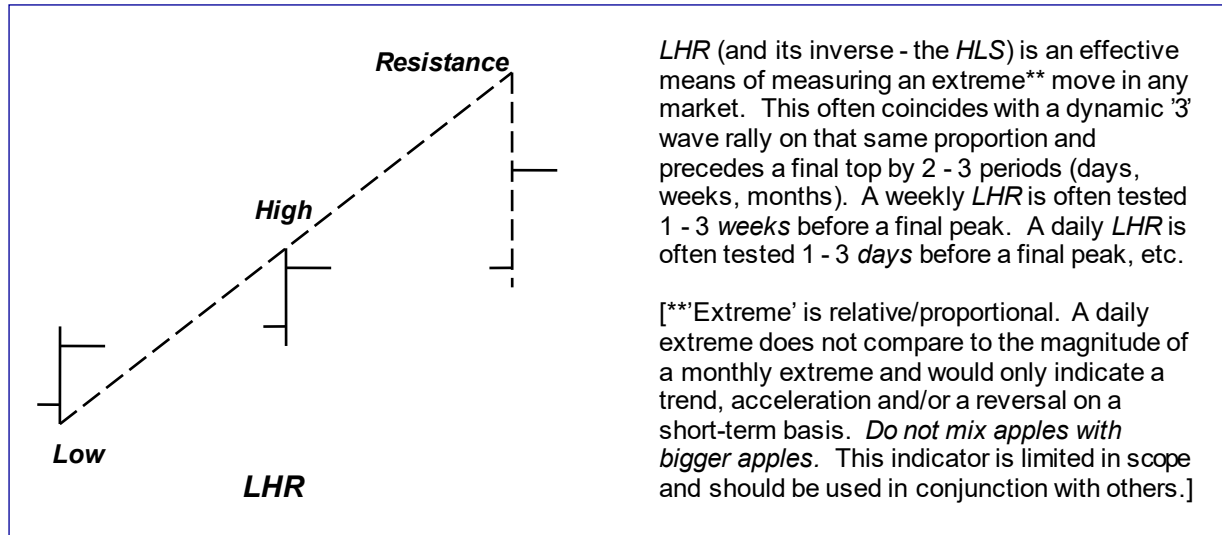
Though those stocks, and the Russell 2000, are not always indicative of the broad market, they are often like the proverbial 'canary in a coal mine' - helping to pinpoint when a significant extreme or turning point is being reached. That coincides with a 20-month low-high-(high; **July '23**) Cycle Progression in a few of the often-leading indexes.

The bottom line is the Russell 2000 has reached its upside target and the upper extreme of a ~12-month trading range and is preparing to head back toward the other (lower) extreme of that range. Weekly cycles would still allow for a final spike high.”

# Weekly Re-Lay

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## “Cycles, MACs, LHR & the Russell 2000”



*LHR* (and its inverse - the *HLS*) is an effective means of measuring an extreme\*\* move in any market. This often coincides with a dynamic '3' wave rally on that same proportion and precedes a final top by 2 - 3 periods (days, weeks, months). A weekly *LHR* is often tested 1 - 3 weeks before a final peak. A daily *LHR* is often tested 1 - 3 days before a final peak, etc.

[\*\*'Extreme' is relative/proportional. A daily extreme does not compare to the magnitude of a monthly extreme and would only indicate a trend, acceleration and/or a reversal on a short-term basis. *Do not mix apples with bigger apples.* This indicator is limited in scope and should be used in conjunction with others.]

The Russell 2000 went from a low of **1748/QRU** (Sept '23 futures contract) in April '23 to a high of **1840/QRU** in May '23. That 'low-high' spread projected a monthly *LHR* of **1932/QRU** for June '23. The Russell 2000 surged to **1929/QRU** in June '23 - attacking that extreme target and portending a 3 - 6 month peak to take hold in the subsequent 1 - 3 months. In many cases, the following month will peak at its *HHR* and usher in a top.

The **1840/QRU** high of May '23 and the **1929/QRU** high of June '23 projected a monthly *HHR* at **2018/QRU** for the month of July '23... coinciding with many other upside targets and multi-month/multi-year resistance levels (including the monthly *21 High* AND *40 High* MACs) - increasing the synergy at/near this key level.

The Russell 2000 just spiked up to **2015.7/QRU** on **July 31** and then **2017.8/QRU** on **Aug 1**, fulfilling a myriad of upside price objectives, wave targets, and the many cycles that have been cited the past couple months. It is also fulfilling intra-year expectations, published since 1Q '23 - that projected a rally back to, but not above, its early-year high. *The potential for a multi-month peak in late-July/early-Aug '23 remains high.*

This synergistic collection of price & timing indicators - all combining to project a multi-month peak in the Russell 2000 on/around **July 28/31** and at/near **2015/QRU** (Sept '23 futures) is another textbook application of the powerful corroboration of complementing cycles and technical indicators increasing the probability factor for an objective being met (and/or a reversal being triggered) in the markets.

Not only does the Russell 2000 possess an uncanny

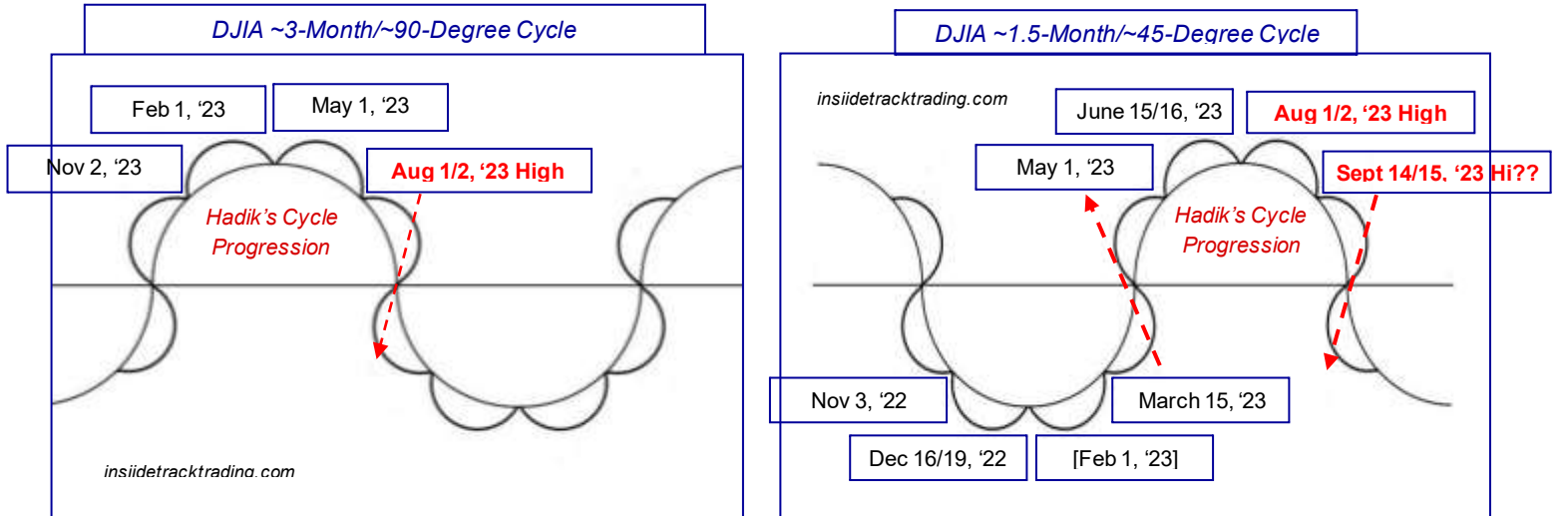
collection of corroborating indicators and cycles at this time, but the overall equity market has its own synergy of related cycles in other indexes and/or individual stocks - all arguing for a critical peak at this time! The **Aug 2** action has triggered an initial (short-term) sell signal but more confirmation is necessary.

Refer to latest publications for updated analysis and trading strategies.

# Weekly Re-Lay

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## “Cycles, MACs, LHR & the Russell 2000”



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



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