

## Biiwii Commentary

**eResearch Corporation** is pleased to provide an article, courtesy of Biiwii.com, and written by Chris Ciovacco.

The article, starting on the next page, is entitled: “**Guideposts for Bulls and Bears**”.

Biiwii.com was created in mid-2000 solely as a way to help get the message out about deeply-rooted problems about too much debt and leverage within the financial system. The concerns were confirmed and the message proved justified 3 to 4 years later as the system began to purge these distortions, resulting in a climactic washout extending from October, 2008 to March, 2009.

Along the way, a geek-like interest in technical analysis, a long-time interest in human psychology, and various unique macro market ratio indicators were added to the mix, with the result being a financial market newsletter (and dynamic interim updates), Notes From The Rabbit Hole (NFTRH) that combines these attributes to provide a service that is engaged and successful in all market environments by employing risk management first, and opportunity for speculation second.

**But It Is What It Is:** You can access Biiwii at its website: [www.biiwii.com](http://www.biiwii.com).

**Notes From The Rabbit Hole:** You can access NFTRH at its website: [www.NFTRH.com](http://www.NFTRH.com)

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## Guideposts for Bulls and Bears

By [Chris Ciovacco](#)

### Short-Term Outlook Remains A Mixed Bag

While the primary trend still strongly favors the bulls, the bears have made some progress on the momentum and vulnerability fronts.

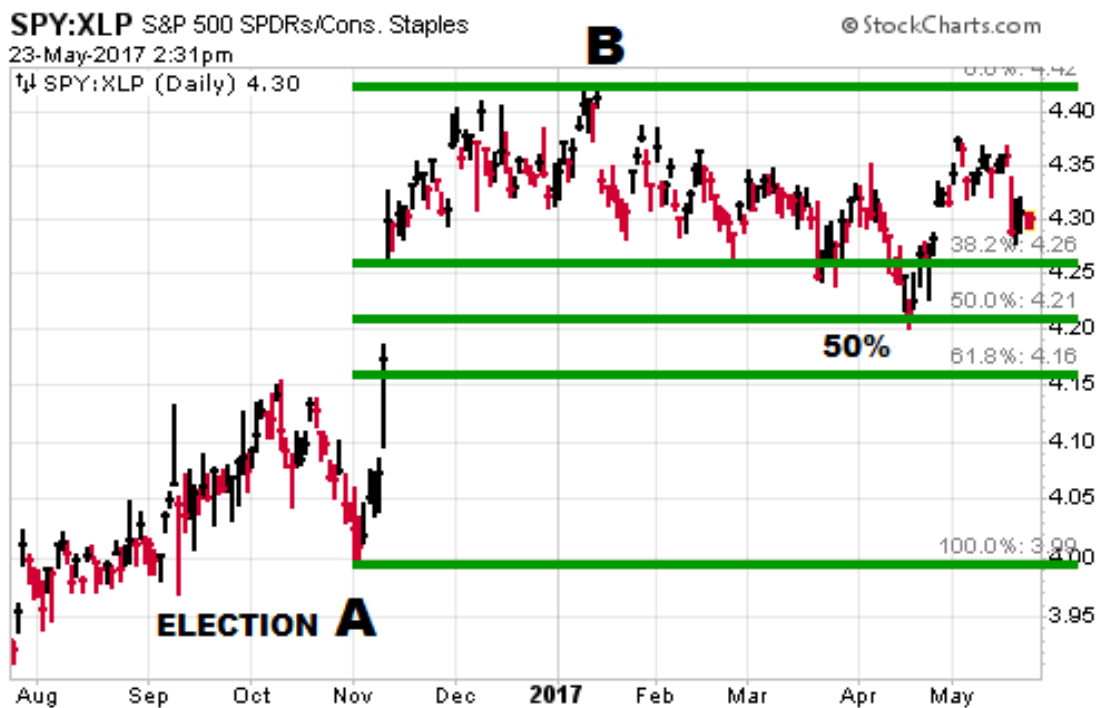
The chart below shows the performance of the S&P 500 (SPY) relative to defensive-oriented consumer staples (XLP).

From a bullish perspective, the ratio recently held at the 50% retracement, which leaves the door open to the up-trend continuing and the ratio going on to make a higher high.

From a bearish perspective, the ratio has not made a higher high since January, which speaks to waning and vulnerable momentum.

Intermediate-term bearish odds would improve if the ratio breaks below and stays below the three major Fibonacci retracement levels.

### Fibonacci Retracements – Election Low



[www.ciovaccocapital.com](http://www.ciovaccocapital.com)

For illustrative purposes only.

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## The Way Forward

This week's stock market video (link below) highlights the importance of market fractals in the context of very long-term trends.

After you click play, use the button in the lower-right corner of the video player to view in full-screen mode. Hit Esc to exit full-screen mode.

<https://youtu.be/9AKmZbwWdQg>

## Markets Like To Revisit Gaps

It is very common for markets to retest gaps prior to resuming the existing trend. Therefore, when charts have unfilled or untested gaps, it leaves the door open to future gap-filling weakness.

The SPY/XLP ratio had a massive gap-up after the U.S. election. The election gap was retested in April and, thus far, falls in the successful retest category. The ratio experienced a smaller gap-up in late April. Last week, the April gap was revisited and, thus far, it appears to be a successful retest. The bears want to see price migrate below the gaps, allowing them to be classified as failed break-outs.

### Two Gaps Have Been Filled





## Bulls Want To See A Higher High

The mixed-bag theme also applies to the SPY/XLP chart below. It is hard to get too excited about the market's tolerance for risk when the ratio below is making a series of lower highs and lower lows (see downward-sloping green trend-line). The bulls have reason to hope with the recent break above the green trend-line. The first pass back to the trend-line held (above blue arrow). Bearish odds would improve if the ratio is unable to hold above the green trend-line.

### Retest Of Recent Breakout



## Biiwii/NFTRH on the Web

[NFTRH](#) and [Biiwii.com](#) commentary and technical analysis have regularly been published, highlighted and/or quoted at [SeekingAlpha](#), [Investing.com](#), [MarketWatch](#), [Yahoo Finance](#), [Ino.com](#), [TalkMarkets](#) and many more since 2004.

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NFTRH: Notes From The Rabbit Hole