

CHART OF THE DAY

February 13, 2018

Spotlight on : S&P 500 Index

This report looks at the S&P 500 Index ETF (SPX) by analyzing where the Index stands relative to its key Moving Averages (MAs): 50-day, 100-day, and 200-day. I then provide possible upside and downside possibilities.

Chart 1, below, is a one-year chart as at mid-day on Tuesday, February 13, 2018 and shows the 3 MAs and an up-trend line.

Chart 2, on the next page, is a 3-month chart at the same time-line with the three MAs.

Chart 1: One-Year Chart (mid-day Tuesday, February 13, 2018) with 3 MAs



Observations:

The SPX clearly bounced off of its 200-day Moving Average (red line) as well as our one-year up-trend line (black line). The Index is currently supported by its 100-day MA (blue line). The 50-day MA (gold line) represents overhead resistance. Note the increased volume trading recently.

Chart 2: Three-Month Chart (mid-day Tuesday, February 13, 2018) with MAs



Observations:

Chart 2, above, clearly shows the bounce off of the 200-day MA (**rust** line) just below 2,550 and its tentative support on the 100-day MA (**blue** line) at just below 2,650. There has been much commentary lately about the lack of volatility in the market over the past two years, and this is clearly displayed in the thin daily price ranges shown in both the previous one-year chart and in the three-month chart above, that is, until the beginning of February. Then look at the daily price swings. Volatility galore. This is (or can be) great for traders but is usually a nightmare for investors.

COMMENT: *Until the market settles down, we expect the SPX will trade in a range bounded by the 50-day Moving Average (**gold** line) on the upside (currently about 2,720) and the 200-day Moving Average (**rust** line) on the downside (currently about 2,540). If the SPX breaks above its 50-day MA (which will gradually start trending lower), then it could go on to test its all-time high at 2,872. If it breaks to the downside below its 200-day MA (which will gradually start to flatten), then it could go down to test 2,400, which provided initial resistance and then multiple support on the one-year chart (no line drawn).*

<continued>



Upside/Downside Possibilities

2,650: the current price of SPX (mid-day Tuesday, February 13, 2018)

To the upside:

2,700: a psychological round number level

2,720: the current 50-day Moving Average (gold line) price point

2,800: a psychological round number level

2,872: the all-time high

To the downside:

2,640: the current 100-day Moving Average (blue line) price point

2,600: a psychological round number level

2,540: the current 200-day Moving Average (rust line) price point

2,500: a psychological round number level

2,400: a psychological round number level, and a multiple support level in 2017

Possible Percentage Moves

To the upside:

SPX:	Current	+1.9%	+2.6%	+5.7%	+8.4%
Price:	2,650	2,700	2,720	2,800	2,872

To the downside:

SPX:	Current	-0.4%	-1.9%	-4.2%	-5.7%	-9.4%
Price:	2,650	2,640	2,600	2,540	2,500	2,400

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