CHART OF THE DAY

August 5, 2019

Spotlight on : S&P 500 Index

Chart #1: One-Year

Observations: We have drawn two up-trend lines on the chart. (1) The **Dark Green** line is drawn through the two decisive lows, in December and the beginning of June. (2) Because we consider the down-draft that occurred in December to be "abnormal", we assume that a "normal" pull-back would have taken the Index to the 2,500 level and that this round psychological number would have held and become support. Thus, the **Light Green** line is drawn from 2,500 through the June low to intersect the low of today's market plunge.

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Chart 2: One-Year

Observations: The lines drawn on Chart 2 are at 30 degrees (the top line), at 20 degrees (the middle line) and at 10 degrees (the bottom line) from the December low. We believe these 30/20/10 metrics fairly represent the boundaries for a rising market, with the 30-degree up-trend line representing the top end of market expectations, the 20-degree up-trend line representing the "normally" expected market expectations, and the 10-degree up-trend line representing the bottom expectation of a rising market. Thus, the sharp recovery from the December low stayed above the 30-degree up-trend line until mid-May. The marked drop today (August 5) exactly meets the 20-degree up-trend line, which might act as near-term support. The 10-degree up-trend line intersects just below 2,600 which would represent down-side support.

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