MARKET TRACTION

The Second to Last Picture Show – In Search of a Pulse…

A VERY SPECIAL NOTE:
This is our penultimate installment of this newsletter. More information will be forthcoming shortly, but next week's edition will be the last one of its kind. Circumstances dictate that we transition into new offerings.

This Week's Trade Ideas:

Bullish Ideas: (View Webinar)

Only mentions for now.

Bullish Mentions: **(View Webinar)**

Based upon closing prices and all assume an up market with expectations for continued strength in the major indices.

Z (Zillow) with a close or anticipated close above $38.41. Short window for trade as earnings date is 5/6.
BMY with a close or anticipated close above $46.90. Short window for trade as earnings date is 4/25.

Bearish Ideas: (View Webinar)

Only mentions for now.

Bearish Mentions: **(View Webinar)**
Based upon closing prices and all assume a down market with expectations for continued weakness in the major indices.

ABBV with a close or anticipated close below $79.84. Short window for trade as earnings date is 4/25.

We strongly suggest viewing this week's **Morning Call** webinar for full details with respect to these idea(s), last week's and options education.

Special Note:

Remaining nimble is a focus in the newsletter and in our **Morning Call** webinar.

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Market Overview:

Today we closed above $289 but we did so weakly and ended on the rising wedge support line. More blech from TPTB. There's an effort to bore us into submission. That's really the only logical answer at this point.

Below the Radar:

Just as in the USA, the data deteriorates, and stocks move higher.

They must know something, though right? After all, they're buying big, no?

Not really! The commitment to this rally is waning. We've described it as essentially being hollow, here's the proof that it's nearly all been professional wafting…

Options Academy:

In working within the confines of a "swing trading" newsletter, we must often move on from names long before they've fulfilled the entire potential, we see for them. Recently, we've had names such as FCX and FDX that were bullish mentions but didn't compress the movement we'd hoped they'd deliver into the "1 week" window that we typically cover them. Look at them now, several weeks later:

Make sure to attend the ***Advantage Point Morning Call*** each Wednesday morning at 11:00am Eastern Time. This webinar is included in your Advantage Point subscription so there is no extra charge. If you haven't registered yet, go to: https://attendee.gotowebinar.com/register/6449584955832188673 now!

Outlook:

Last week's Outlook:

Yet, they sure seem hell-bent to revisit those all-time highs as we've talked about many times over the past month.

They tried and came within 1 point of reaching the SPYs target. Is that it? We doubt it but a little weakness is due after the past two weeks. The FOMC minutes may hold the key.

The FOMC minutes held nothing but sedatives but since then the Gang brought the SPYs to within a half-point of our $291.50 target. A target we've talked about seemingly forever and now only the All Time Highs will matter to the upside. A rising wedge is in place as are deteriorating fundamentals here and abroad. Will it matter? It doesn't seem so, but one can never be certain. We have to be on Melt Up and Melt Down watch at the same time!

Technicals:

Will be discussed in-depth in the **Morning Call** webinar.

Fundamentals:

These trade idea(s) and mentions are technically-driven.

(Editor's note: These trade ideas may be updated periodically, in keeping with market conditions. It is intended solely for educational purposes.)

Recap of Last Week:

It's only becoming more monotonous and frustrating with each passing week.

We don't normally include a chart in our *Recap* but we want to show just how bound up this market is in the rising wedge in white. The price action inside this wedge over the past 2 weeks has been painfully turgid. This Tuesday (today), the SPYs closed less than 1% higher than last Tuesday. The trading ranges have been consistently small and tedious. Essentially, our "Path 3" from a few weeks back played out with a slight upward bias. The Gang made it to the start of the heart of earnings season without allowing any damage to occur. Mission accomplished.

Last week we thought a pullback or pause was in order and all we really got was a daily test of support that held. Day after day. We couldn't get committal last week and that wasn't a bad hot take. The SPYs high last Monday was just below $289 and this Monday it was just above $290. $1. That's it. That's what we've been dealing with…

Here are all last week's bullish names:

Bullish Mentions: FB (from last week), YELP, AAPL, VLO, ATVI, DVN, PBF.

In a nutshell, this group did nothing on balance. Stocks either barely moved or if one went up a little, another tailed off a little. Most are close to unchanged.

Now the bears:

Bearish Ideas:

JCI > Johnson Controls Int.

<u>Bearish Mentions:</u>

AXP, UAA, XLNX, MYL (AGAIN), WFC, FXI, XLK, CTRP, COP, CSX, NKE, LEN.

From last week: CAH (trigger < $47.00), EA (trigger < $96.00), (still away from "big drop" level).

As for the bears, there's not much to say there either. The SPYs supported every day and thus there was no down or bearish market to operate in. Naturally, especially with trend reversal trades, most of these stocks supported where we needed them to breakdown at and then wafted back up with the SPYs wafting back up. As a package, they had no real chance to perform due to the unwavering support seen in the indices. Some, **UAA** for example, were "cooked" before we could even discuss them. An upgrade sent that stock higher and away from breaking down.

JCI closed on our trigger level but refused to close BELOW that level for nearly 3 days in a row. That's how frustrating it got!

As for the rest, they too, just like the bullish names, were essentially a wash as package. The only real notable may be **EA** which is down quite a from 2 weeks back when we covered it and is on the verge of falling into "big drop" chart space.

Last week, it goes without saying, was another Barry Corbin week. How boring was it you ask? DAMN boring and pointless. The VIX was trying to rally last Tuesday and was trading over 14%. Today it registered its lowest low in over 6 months. That just a bout sums it up…

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Market Overview – Special Déjà vu Edition

Are the SPYs in a channel, or in a rising wedge? Both? Which will matter? Earnings will start to trickle out next week in a meaningful way and really ratchet up in the week that follows. There could be enough time for a brief pullback before then that would still leave the SPYs in the channel above and without even closing the gap near $283.00 but closing it wouldn't require even a 2% drop at this juncture.

Most stocks have simply run too far, for too long, and should seek a breather at the very least. $289 on the upside and $283 on the downside are likely to be the flashpoints in the SPYs. Until either of those levels are breached, movement will remain constricted by the wedge pattern.

Today we closed above $289 but we did so weakly and ended on the rising wedge support line. More blech from TPTB. There's an effort to bore us into submission. That's really the only logical answer at this point.

The view the SPYs above nearly *says* it all. Just when we thought we couldn't get much deeper into the wedge without leaving it, we did!

Now we either:

1. Pop through to challenge the ATHs.

2. Fail here and fall out of the wedge and likely find support a little lower.

Absent news, that seems to be it. If it is "1", we'll have to see how they act at the ATHs.

That's really it for now, seriously. That's how bound up things are. Something must occur within days, technically speaking.

The NDX and the SPX are very similar. The DIAs and the IWM are still trailing behind for various reason (Boeing and domestic slowing respectively.) The VIX, is doomed…just kidding!:

Key domestic sectors in the form of transports (XTN), energy (XLE) and financials (XLF) are attempting to participate more than they were a month or so ago. Even international markets look better than they have for some time. It seems that easy money spigots nearly everywhere and optimistic "second half" takes continue to trump the actual slowing that's now documented.

In short, things continue to become more reckless but that may not matter and for the record, the bulls remain in control until they're not. There's not much more to say than that until the latest "Rising Wedge in White" is resolved:

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The calendar is moderately heavy this week but so what? Calendar items are barely moving the needle these days. They will again at some point…

This Week's Economic Calendar

TIME (ET)	REPORT	PERIOD	ACTUAL	FORECAST	PREVIOUS
THE GOVERNMENT SHUTDOWN WILL DELAY THE RELEASE OF SOME DATA THIS WEEK.					
MONDAY, APRIL 15					
8:30 am	Empire state index	April			3.7
TUESDAY, APRIL 16					
9:15 am	Industrial production	March			0.0%
9:15 am	Capacity utilization	March			79.1%
10 am	Home builders' index	April			62
WEDNESDAY, APRIL 17					
8:30 am	Trade deficit* (new date)	Feb.			-$51.1bln
10 am	Wholesale inventories* (new date)	Feb.			1.2%
2 pm	Beige book				
THURSDAY, APRIL 18					
8:30 am	Weekly jobless claims	4/13		--	--
8:30 am	Retail sales* (new date)	March			-0.2%
8:30 am	Retail sales ex-autos* (new date)	March			-0.4%
8:30 am	Philly Fed index	April			13.7
10 am	Business inventories* (new date)	Feb.			0.8%
10 am	Leading indicators	March			0.2%
FRIDAY, APRIL 19					
8:30 am	Housing starts* (new date)	March			1.162mln
8:30 am	Building permits* (new date)	March			1.291mln
***DELAYED BY GOVERNMENT SHUTDOWN**					

Below the Radar

An almost entirely visual **BTR** experience awaits us this week.

> US retailers already closed 6,000 stores this year...
>
> Manufacturing flat in March, capping weak Q1...
>
> *Outlook cloudy...*

US manufacturing flat in March, capping weak Q1

Date created : 16/04/2019 - 15:32

As we've been chronicling, it wasn't likely to be good and it hasn't been…:

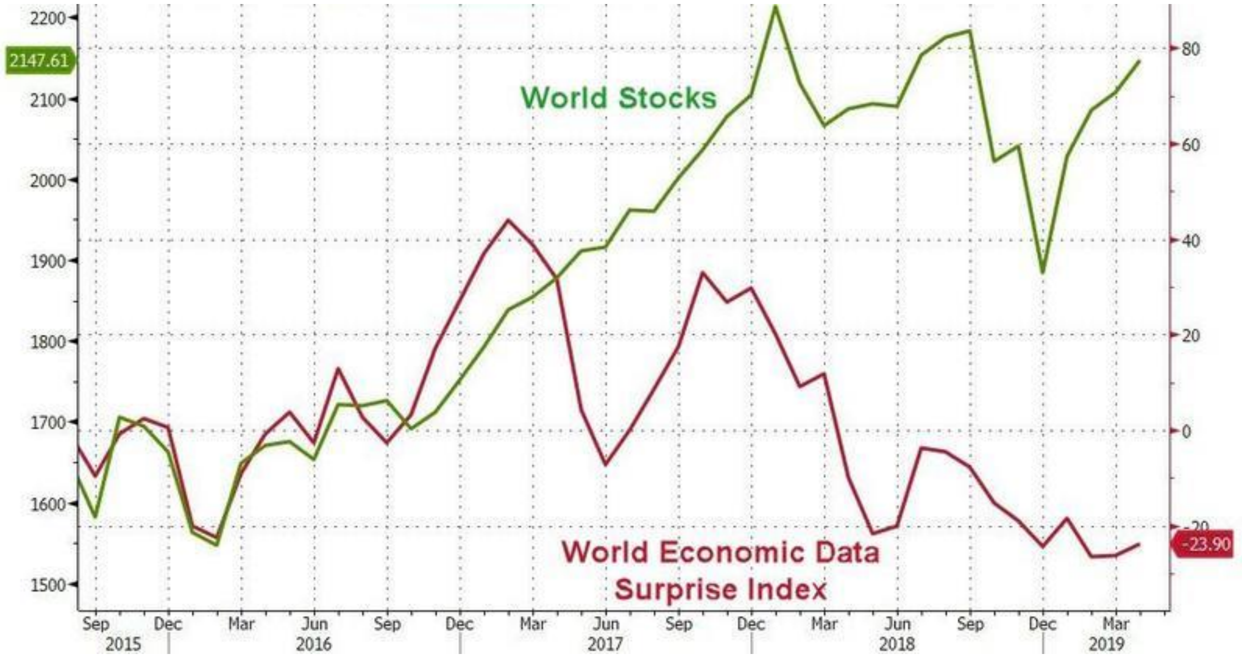
UNDERWHELMING RECOVERY EVIDENCE

While that offered some glimmers of hope for manufacturing, the outlook for the sector, which accounts for about 12 percent of the economy, is cloudy. A survey from the New York Fed on Monday showed a measure of future business activity in New York state dropped to a more than three-year low in April, with companies downbeat about new orders and shipments.

"We think we could be moving past the worst of the recent soft patch for the manufacturing sector, although the evidence of this improvement has not been overwhelmingly clear," said Daniel Silver, an economist at JPMorgan in New York.

Manufacturing is also being hobbled by last year's surge in the dollar and softening global economic growth, which are hurting exports. The sector could be further strained by Boeing's decision to stop deliveries and cut back production of its troubled 737 MAX aircraft. The MAX planes have been grounded indefinitely following two deadly crashes.

The hope maintains things but as JPMouthpiece notes above, things aren't overwhelmingly clear. Stocks have risen here and abroad however:



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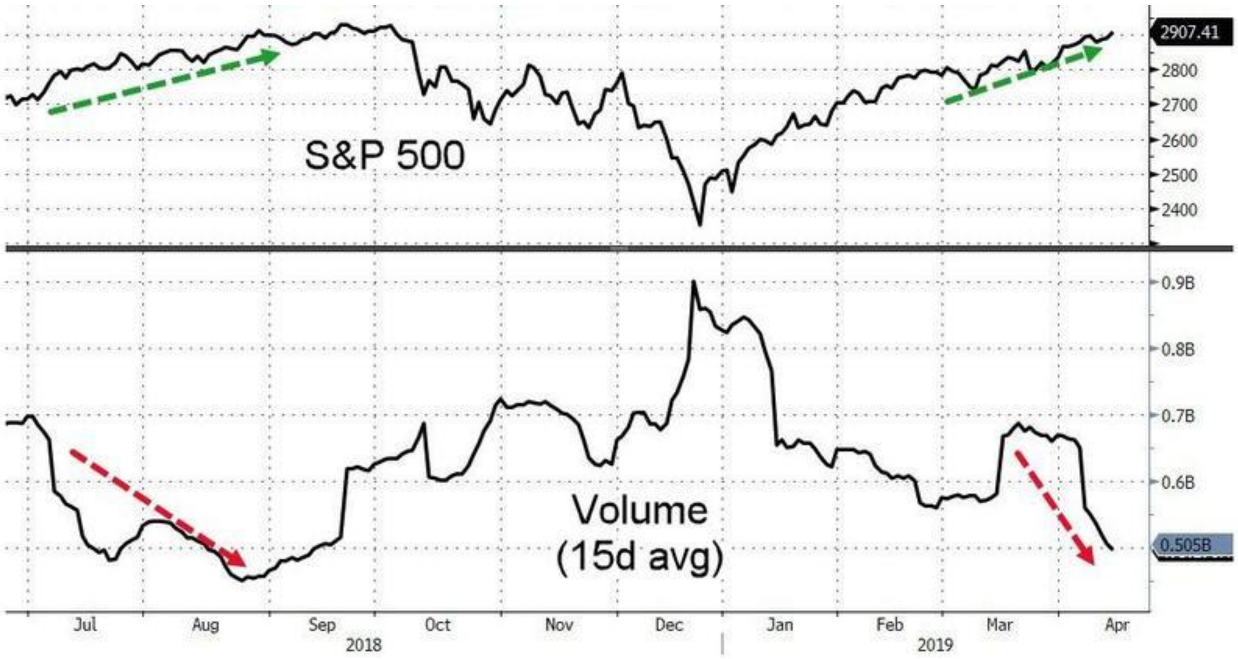


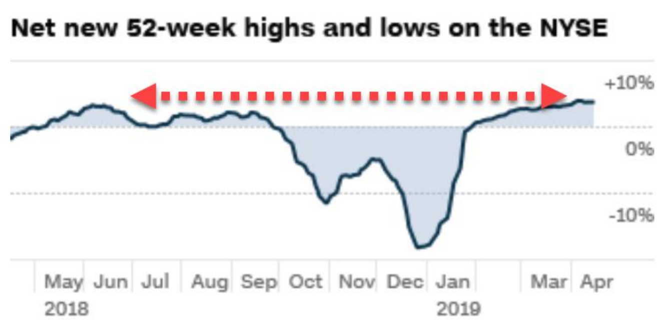
Many measures are flashing RED:

Stock Price Strength — Extreme Greed

The number of stocks hitting 52-week highs exceeds the number hitting lows and is at the upper end of its range, indicating extreme greed.

Last changed Jan 24 from a Greed rating

Updated Apr 16 at 4:03pm



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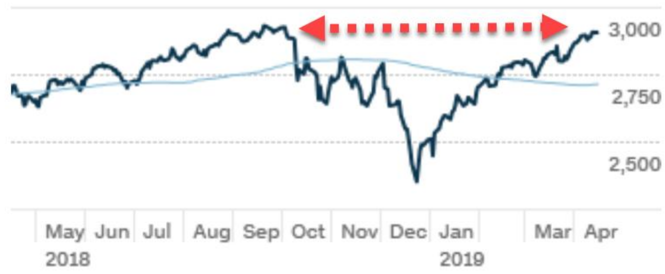
Market Momentum	Greed

The S&P 500 is 7.10% above its 125-day average. This is further above the average than has been typical during the last two years and indicates greed on the part of investors.

Last changed Apr 12 from an Extreme Greed rating

Updated Apr 16 at 4:57pm

S&P 500 and its 125-day moving average



Market Volatility	Neutral

The CBOE Volatility Index (VIX) is at 12.18. This is a neutral reading and indicates that market risks appear low.

Last changed Dec 27 from a Fear rating

Updated Apr 16 at 4:14pm

VIX and its 50-day moving average

Fear & Greed Over Time

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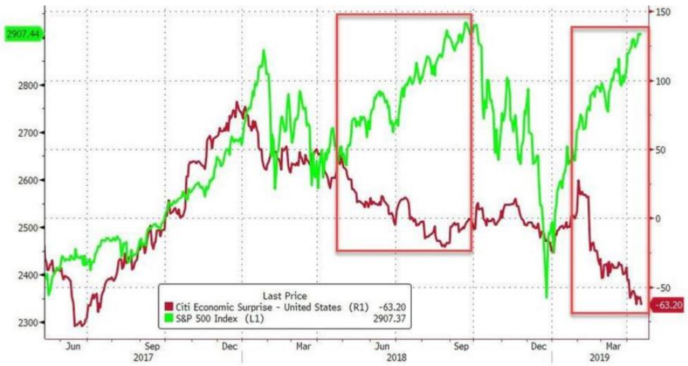
All the hubbub about the "2 – 10" spread wasn't too long ago but it all seems forgotten and yet we're not really too far from where the hubbub reached a fever pitch:

And the wrap:

US equity markets are within an algo's angry inch of record highs - which must mean everything is awesome, right?

There's just one thing... US Economic Data surprises are at their weakest since July 2017 and are currently at the **worst of all the world's majors...**

We've seen this before...



And one more thing... earnings expectations aren't buying the bounce either...

And one more thing - Volume is notably (negatively) diverging from price action in this latest surge for the highs...

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Where's the buying?

And finally, one last thing – Dr.Lumber (Dr.Copper's much more knowledgable big brother) is not buying it... again!

So what's lifting stocks? Simple – the central banks...

Because in this fragile world – as an increasing number of non-elites realize the curtain has been pulled back and the level of stocks is all that matters...

Remain nimble my friends!

No one ever went broke Banking and Rolling!

Options Academy

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Another one is **EA** and we raise it for a few reasons:

1. **EA's** recently drop highlights the fact that we can find some balance with bull and bear ideas if we scout around diligently. Contrast its recent drop with the pops of **FCX** and **FDX** above.

2. We can't forget how important rolling is when it comes to directionally-oriented options trading. The market has been hard to figure for 3 weeks running and devoid of strong, traditional trending action. Rolling when the market isn't fully supportive of what's occurring in our stocks only helps us to feel more comfortable than we otherwise would. That is, aside from the other AWESOME aspects rolling has to offer!

3. The main reason we've highlighted **EA** is due to its approach of the "Big Drop Zone". Our recollection is that **EA** is down about $8.00 roughly from our first mention of its potentially bearish future prospects. It could, conceivably, drop ANOTHER $14.00 before it finds some support. That would then be $22.00 altogether. That's quite a drop and then some. Holding on through that, should it happen, would require great patience. Holding on, assuming it's still dropping WHILE the market is Melting Up, well that's Homeric!

Aggressively rolling when stocks are making manic moves is something that we can NEVER forget.

Rolling allows the HERO within us all to emerge and prosper!

If you have questions, please ask away in our next **Morning Call** webinar. 😊