

S&P500: REBOUND IN OCTOBER

Bruno Estier Strategic Technicals—<http://bruno.estier.net/>—bruno.estier@bluewin.ch

The last four-week decline may have ended with a low spike at 4238 along a short-term daily divergence that should allow a rebound toward the September gap of 4400-4377, which is also a 38% Fibo of the whole decline of 4607-4238. If the S&P500 is able to break above this level, then the momentum indicator, MACD, will confirm the rise with a crossing up of STO, following the oversold daily STO in the last week of September. A rebound of the S&P500 would take place with the VIX (*orange dotted line*) stalling below 19%, a former area of resistance during the summer of 2023. This rebound could follow the *Green Path* along the usual October seasonality and

the rise could extend into the year end with a target around the 5090 area.

Why are we also displaying a *Red Path*? Well, at this stage there is still a probability that the rebound would fail to reach the gap of 4400-4377 and then resume its downtrend by also breaking the weekly trend support during the first two weeks of October. In that case, the VIX would make a higher high above 20% and the S&P500 has the potential to decline toward the Cloud near 4000, before any later seasonal rebound. But we are in the seasonal period for a low, so we prefer the *Green Path*!

Chart: S&P500 is represented on a log scale from June 2021 in weekly candles with the Ichimoku Cloud. The orange dotted line represents VIX which is at its former resistance.

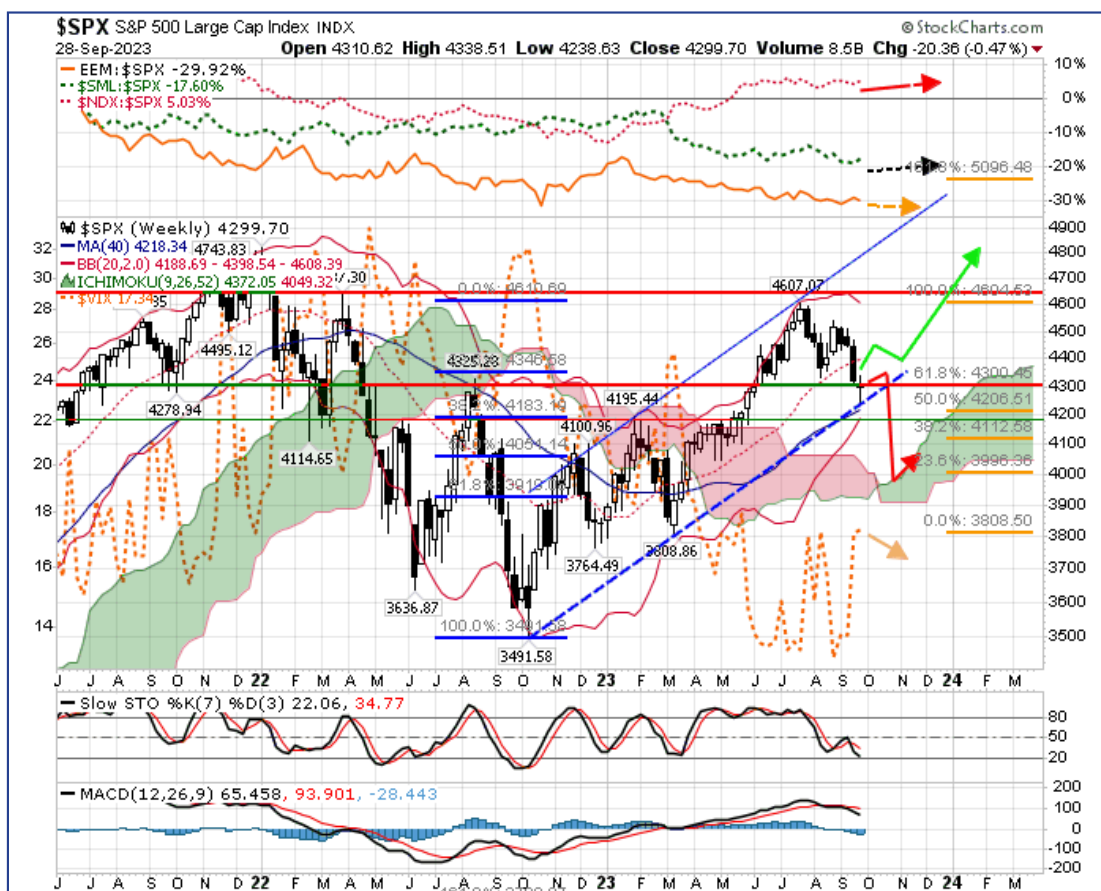
Upper panel: (green dotted line) the Relative Strength (RS) of Small Caps versus S&P500, which is rebounding a tad after a decline, the RS of Nasdaq100 versus S&P500 (red dotted line), which is making a higher low, and the RS of Emerging Equities versus S&P500 (orange solid line), which is bottoming after a long decline in 2023.

*Lower panel: MACD is positive, but had crossed down in early September. The weekly STO is declining, reaching an oversold area. A spike low in September is leading to a break in trend support along the *Red Path* toward 4000, or it is leading to the seasonal October rebound until year-end along the *Green Path*.*

Source of data:

Stockcharts.com.

Supports line & parameters are provided by BEST.



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