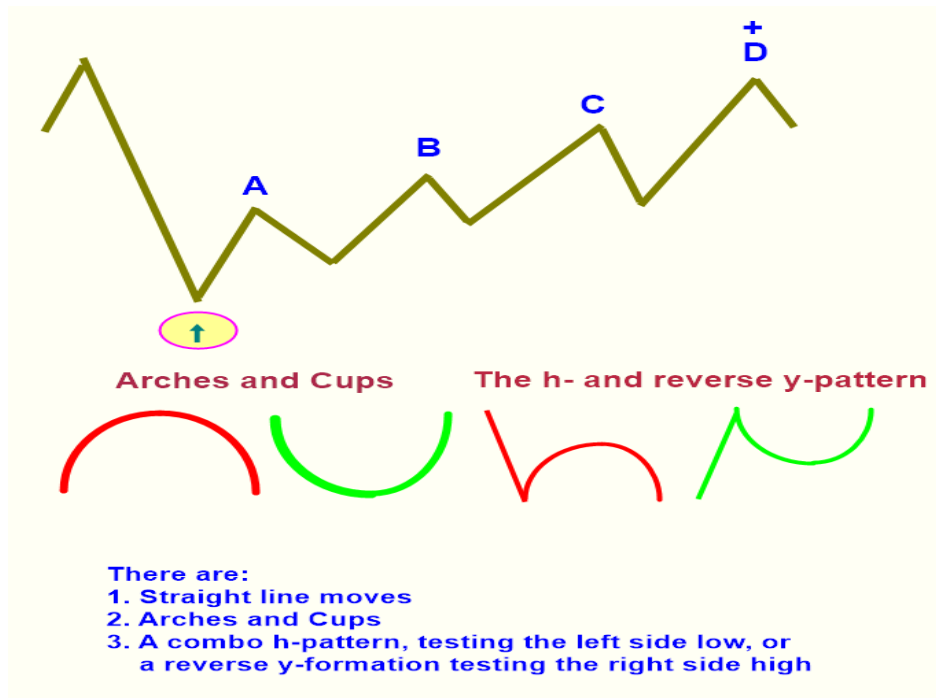


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Financial Sense interview with Jim Puplava, Friday, September 27th, 2019

In the **ChapmanWave (CW)** methodology, after a specific low is identified higher Peaks are sequentially alphabetized from Peak-A (the 1st Peak) to a potential Peak-G (the 7th Peak). It is at the 4th highest Peak, Peak-D, where 'other things can happen'



Current overview: With daily Sell Modes in the Dow, SPX, QQQ – NDX100 ETF, an IWM- Russell 2000 ETF, and Sell Signals (start of potential trend change) in most of the above indices' weekly charts, those designations will change to positive only if new highs are established soon, or after a deeper consolidation unfolds.

Since the September highs, time more than price has been the theme as a fairly narrow trading band has formed. We will see how certain moving averages (MAs) have been matching the slow rollover tops that were made in April and July. That makes the next 2-3 sessions very informative as a break of this weeks lows would suggest much more consolidating, while a sudden upside spiral toward the September highs negates this technical match.

At this point key sectors marketwise are the SMH-Semis and the XLK-Tech ETF, especially as they impact the QQQ- NDX100 ETF, which already has a problem with the FAANG stocks – FB, AAPL, AMZN, NFLX, GOOG

The chart of the SMH shown later, is vulnerable to downside pressure, especially if MU-Micron Tech and AMAT- Applied Materials might become a harbinger of this sector's reports still to come.

Analysis: There has been a rotational correction going on for months. Even within an index some stocks have soared while others are failing miserably. That has helped to keep the indices in a fairly tight range. A good example is, in the Dow, HD-Home Depot is near all time highs while CSCO –Cisco Systems has dropped very sharply since its July all time high. Or NDX-100 with AAPL strong, while NFLX sags. In December a majority of stocks cascaded lower in unison for a deep correction.

The charts below show the CW analysis at the close Thursday 9/26/19

Dow Jones Industrial Average @26891, 9/26/19



Daily- The cup&handle pattern is forming a very weak and deep ‘handle’ as a weak MACD and stochastic (@48%) are failing. Finally, the green 9-ema is very close to slipping under the black 14-ema – a good reason why there has been constant residual strength. That will change if the Dow slides and then closes below 26600 this coming week. Resistance in the 27100s-200s is strong, but rallying that high will continue the narrow sideways action a little longer.

Weekly - Has seen this V-shaped recovery stall under the all time 27398 July high, as the MACD and stochastic are a lot weaker now. The green 9-ema is still strongly above the black 14-ema and a big positive. That makes the 14-ema @26500s key support to hold over the coming few weeks. Spiking over 27306 will start a new Leg-B, ready to challenge the all time high.

Monthly- The Jan 2018 all time 26616 all time high, the 9-month consolidation rebounding to a new all time high @26951 in Oct 2018, and then a very deep cascade to the 21700s before – exactly 9-months later – forming a new all time high @27398, has reversed in the narrow rising mini-channel (called a CW Insidetrack Repellent/Sell zone). This rising wedge formation has major resistance in the 27100 to 27450s, and key support in the 26100-25900s. The MACD still has not turned positive, while the stochastic is strong @86%. Looking out, a Leg-D starts over 27398.

In sum: In the alternation between cup and arch formations, with very strong resistance in the 27100-200s here, a slide under 26500 could well continue the theme of lower highs and lower lows. It might

not have to cascade down to the orange 200-ema, but will impact the weekly chart negatively. At some point this year the MACD should cross positive giving the Dow a whole new set of upside projections.

S&P Index- SPX @2977, 9/26/19



Analysis: Pretty much the same as the Dow. In this case if the SPX slides under 2942 the chances increase for a lengthier timeout. A close over 3018 continues the sideways consolidation. Looks vulnerable short-term if end of month fund buying cannot push it back over the 3000 level going into October.

QQQ- NDX100 Index ETF @189.20, 9/26/19



Daily- Has arched decisively as the MACD is very weak with the stochastic only @35%. More significant is the green 9-ema very close to crossing under the black 14-ema. That makes resistance in the 192-192s very strong. A close below the 186.21 low of Wednesday would target the orange 200-ema @182s next.

Weekly - Might be forming the h-pattern shown in the schematic on page 1. That implies any break of the pink dashed uptrend support line @186 could see the weak technicals deteriorate more. It would take a close over 192.40s to improve the MACD and stochastic.

Monthly- Very strong at Peak-B with higher highs to at least Peak-C, and a higher Peak-D still to come into early 2020. The MACD is still negative, the stochastic positive @86%. Over 195.55, begins a new Leg-C up, with a Peak-D still to come in 2019. Monthly has 182s the 178s worst case support levels if the slide accelerates.

In sum: How any weakness in the SMH-semis and XLK- S&P Tech ETF impacts the Qs will be key going into the first week of October.

SMH- Semiconductor ETF @119s, 9/26/19



Analysis: The semis have been stellar performers since the December 143s low, rocketing to the 123s potential shorter-term double top. The weekly demonstrates the longer-term mini-up channel's CW Insidetrack Repellent/Resistance zone with the dashed pink and green trendlines in the 124s-125s. Support this coming week in the 116-115s will be imperative to hold, since going lower will begin to target the weekly's rising CW Insidetrack Support/Propellant area of 112-110s.

The monthly has been a real powerhouse, so if any weakness on earnings impacts the semis group sparingly, then a relief bounce needs to close over 121.80s to sustain that rally. There is a high probability that the only 'slightly improving' billings, and the chance of mixed earnings and outlook might infer a consolidation phase coming.

high probability that there is a time, and some price, digestive phase unfolding. That might limit the upside to the 29-30 area, but it also makes the 26s key support to hold. Closing below will point to the weekly orange 200-ema as target as an h-pattern failure arch pattern extends the leg down.

IAI-Broker-Dealer ETF, @64.60, 9/26/19



Analysis: Using the IAI as a proxy for the general public’s activity in buying and selling stocks, rather than just buying funds or ETFs in a buy&hold posture, earlier in the year we outlined a scenario The IAI was in the 59s. Public interest would likely increase if the IAI rallied to the 65s-66s, that would show an interest in trading, while also raising the base of support to the 63-61s. But for the public to really get into the stock market and begin to talk (boast) about it amongst friends and family – and this is certainly the ‘quietest’ mega bull market in many decades - the Dow needs to be trading in the mid-27000s and the IAI should be in the 67s-69s. To date the IAI has just repeated a rally to the 66s from the 61s, and is now vulnerable to test the 63s support again. The very low cost fees for clients could finally reverse if the market brings in more lay people.

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