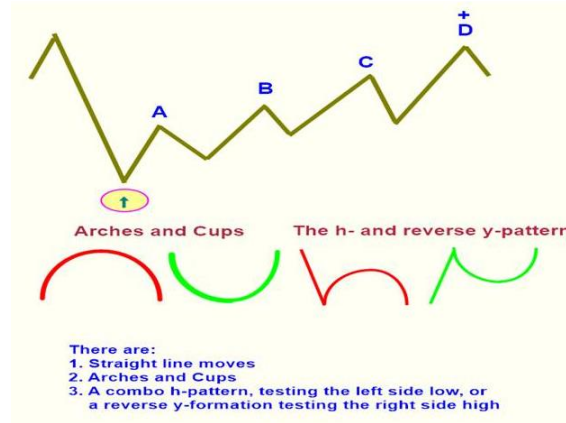


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Financial Sense interview with Jim Puplava, Thursday, May 22, 2020

In the **ChapmanWave (CW abbr.)** 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: Since the March 23, 2020 upside reversal signal, and confirmation of a Buy Mode just under 21000 in the Dow that status remains. The disparity between the NDX-100 Index (QQQ), which is almost at all time highs and the other key indices relates to so many NASDAQ companies - especially the eight to ten leaders – that are displaying current demand for 21st century state-of-the-art technology usage. A cautious point of note: The V-shaped monthly chart formations of the QQQ, SMH (semis), and the XLK (Tech ETF) could soon bump into strong resistance for a test in the double top area.

The charts below show the CW analysis at the close Thursday 5/21/20

Dow Jones Industrial Average @24474, 5/21/20



Daily: Still has strong technicals with the green 9-ema well above the black 14-ema, the MACD is flat and positive, stochastic @80%, is good. Since mid-April there has been a trading range between the 24760s and 22780s. So, pushing into the 25000s opens the upside for further gains, while a slide under 24000 would likely target the 22780s low.

Weekly: Starts Leg-C over 24764, thereby upgrading the Buy Signal to a far more positive Buy Mode, implying at least a 4th higher Peak, Peak-D is still to come after Peak-C is formed. It will need to push over 25000 to avoid many resistance levels between 24700 and 24800s. Key support is 22700-300. The MACD is just crossing positive, much needed for further gains.

Monthly: Needs 24765 to begin a new Leg-A. The MACD remains very weak while the stochastic is close to crossing positive with a week to go. Strong resistance is in the 25300 where the 9- and 14-emas reside. Major support is at 22200s.

In sum: After crashing 39% from the 24746 February high to the March 18213 low, this 35% rally has been struggling for a few weeks. The trading range needs to push into the 25000s to overcome the resistance levels that have stalled rallies lately. Shorter-term, the 23000 to 22700s must continue to act as support.

Looking out higher highs are anticipated this summer based on the weekly chart pattern

S&P Index- SPX @2948, 5/21/20



Analysis: The daily is struggling around the orange 200-ema barrier @2941, but still with good technicals. However, if in this phase it breaks above 3010 that would be very positive. The 2890 level is initial support, but sliding below, and the last low of 2766 becomes a target. The weekly has already confirmed a new Leg-C, and in the CW methodology there should be at least a Peak-D higher peak to come. Major support is at the weekly orange 200-ema @2690s. The monthly has just begun a new Leg-A, with a very weak MACD, although the stochastic@52% is trying to cross positive.

QQQ- NDX100 Index ETF @228.90, 5/21/20



Daily - Bumping into CW Insidetrack resistance zone of 231 to 234 with strong MACD and stochastic @88%, the blue OBV just double topped near-term as the Qs are in Leg-D. That makes the 227s -226s near-term support. If, in this last week of May there is a push into the 235-237 area of February 2020's, all time high, while being outstanding action that is also where there should be very strong resistance. Support is in the 226-224s. Below, and it gets into the rising CW Insidetrack support area of 219s. With the green 9-ema sharply above the black 14-ema that speaks to internal strength, and probably won't cross negative unless the QQQ slides below 220. So that remains a big plus at this point.

Weekly – Shows the freefall from 237 to 164 (-30%), which reversed sharply in a V-shaped pattern, is now a mere 8-points from its all time high. The MACD is strong and the stochastic @77% is improving (prefer to see it over 80%). In a Buy Mode in Leg-B with a very good chance of at least a Leg-C and then the requisite higher Leg-D should unfold. Key support is at the green 9-ema @215 to the black 14-ema @212. Resistance is strong in the 236-238 area. The CW left side-right side price/time match points to the 237s as a possible target by the 2nd week of June. The Inside Wedge target/resistance dashed green line is seeing resistance in this area.

Monthly- With one week to go to close May's candle, these past 2-months have been quite spectacular, especially considering the economic backdrop. The MACD is strong, and even held positive into the March low. The stochastic has just crossed positive.

In sum: This leading index comprises the stocks that are pertinent to current economic conditions. Any market consolidation won't be significant unless the QQQ slides more than 7%. The two ETFs that need to be monitored together with the Qs are the XLK (Tech) and the SMH (semis). A close over 239 in the QQQ by June would be extremely positive, and probably raise the base of support considerably.

IAI-Broker-Dealer ETF, @57.40, 5/21/20



Observation: There is a high probability that this ETF, the IAI- Broker-Dealer & Sec vehicle will continue to give valuable information about the public’s participation...or not, in the stock market. Statistics lately are beginning to show that the stay-at-home stance has a lot more of the general public opening brokerage accounts, and trading volume has increased commensurately. For years, even as the markets were making new highs the silence from the public about any stock market participations was uncanny. It was not the conversation of choice at gatherings, certainly not even close to the dotcom bubble period. Perhaps now we will be hearing and seeing something different.

In sum: If the IAI trades over 72 to a new all time high this summer that will suggest the public is beginning to build tremendous enthusiasm for stocks. Falling below 52 and a quiet period could unfold. Certainly the no or low cost fees are a huge boost

News headlines:

How the news is interpreted by the market is way more important than the news itself. The reaction of the market to news, and then the repetitiveness and focus of that issue is what creates the forcefulness of the market’s response as this chart of the daily Dow demonstrates. The March 23, 2020 low saw fear as represented by the next chart, the TVIX, demonstrates fear at its climactic high – just as the stock market reverses up. At this moment it is just hovering above creating a resistance zone in the Dow

A ChapmanWave (CW) technique called the **Dark Cloud News Cover**



TVIX – NASDAQ VS 2X VIX Short-term ETF @154.49, 5/22/20



Daily chart: On the 18th of March, 2020, this 2x long the VIX-Volatility Index, which is normally in the 30s, hit a round number of 1000.00! It has now corrected to a still very high level in the 150s. The Dow daily and the TVIX daily demonstrate visually the excessivity reached on both sides – emotion and price - when market participants are scared out of their wits, and the market has no more sellers left.

We have to consider what could possibly get this TVIX to that level again.

Basil Chapman, can be followed at [tfncorp](#) - YouTube