S&P 500 [$SPX] Weekly Chart – 14-Period RSI

RSI Holds 40 Level as Prices Reverse Sharply from Record Levels, Testing Uptrend Support

The Relative Strength Index dropped 40 points in two weeks as the S&P 500 fell nearly 12% peak-to-trough. After peaking at 90 the RSI has fallen as low as 45 in recent weeks while prices returned from overbought conditions, falling back into pattern following a break above the return line of the trend channel. The index has held a higher low while the momentum measure has declined further, a situation known as a Positive Reversal, as opposed to a traditional Bullish Divergence, where the momentum measure holds a higher low as prices bottom. Andrew Cardwell, the developer of Positive-Negative Reversals for RSI believed that traditional Bullish Divergences of price with momentum were a bear market phenomenon indicative of a downtrend. Underlying the concept of overbought-oversold conditions persisting as strong directional trends progress.

S&P 500 [$SPX] Weekly Chart – 50 Week Moving Average

Moving Average Line Overlays Rising Trend Channel, Critical Support Level for Sustained Advance

S&P 500 [$SPX] Daily Chart – Trading Volume w/ 50-Day MA

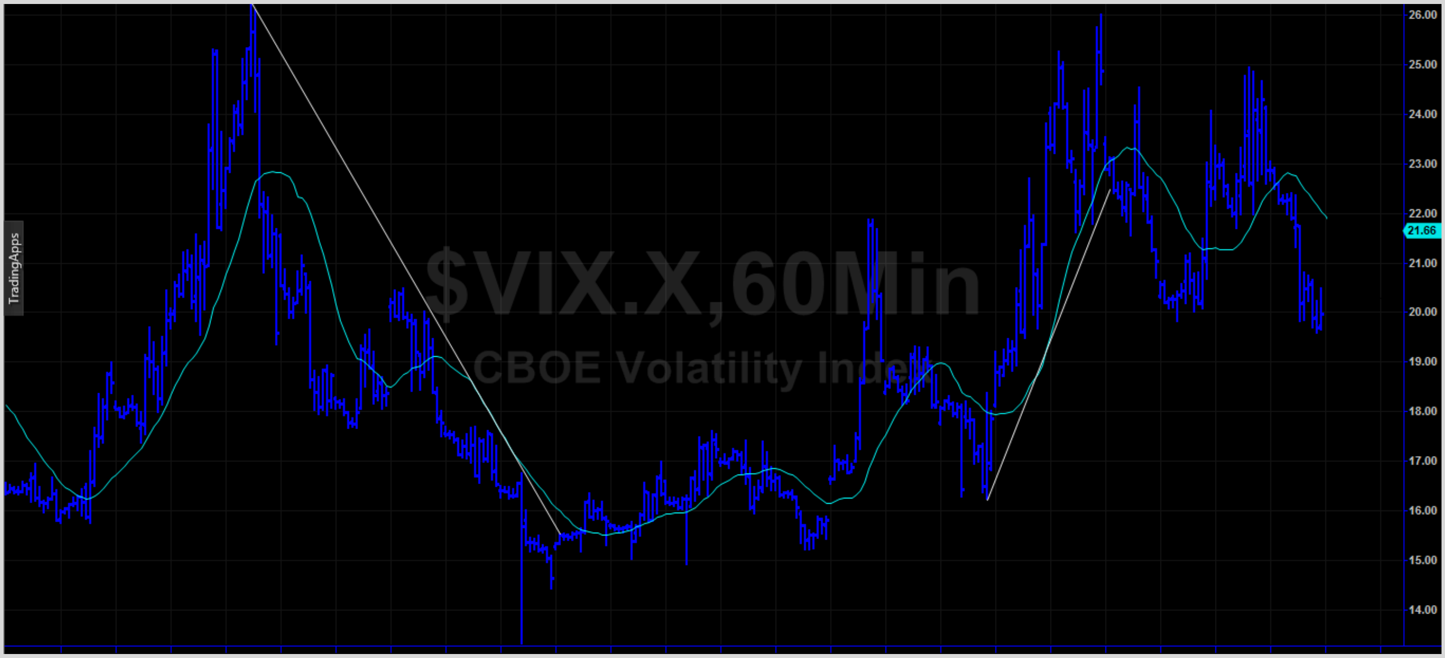
February Pivot Low Generates Three Heaviest Volume Sessions of 2018, Total of 11M Shares Exchanged

Stocks appear to have caught a strong bid in the days immediately following the two worst single session drops. This represents the two highest volume sessions, totaling nearly 4M shares exchanged daily, since the days following the 2016 Presidential Election. Abnormal volume coinciding with a major pivot point validates the significance of the change in trend. This assertion, offered by Richard Wyckoff at the turn of the 20th century still holds true today. It should be noted however, that “when the whole world is buying, it’s the easiest time to unload long positions undetected.” -David Weis, Co-author *Charting the Stock Market: The Wyckoff Method.* Commentary in reference to institutional selling, described by Wyckoff as the ‘markdown’ or distribution phase

S&P 500 [$SPX] Daily Chart – Implied Volatility / Bollinger Bands ®

Implied Volatility Returns to Average Historical Range Following Recent Cycle High

CBOE S&P 500 Volatility Index [$VIX] Hourly Chart w/ 20-Bar MA



Implied Volatility Settles into Rangebound Formation Following February Spike

Drilling down on the recent volatility spike, it appears to have been an abrupt return to average historical levels. The 20-day Moving Average of the CBOE S&P 500 Volatility Index has double YTD, beginning the year at 10 and crossing above the 20 level in February. Similar to the VIX spike in 2015, viewed on a weekly Candlestick chart (Not pictured) both produced an intra-week high breaching the 50 level, closing below 30 in both cases. Conversely, in 2011 when the S&P 500 experienced a 20% decline and the mainstream media was screaming *"Bear Market"* S&P Volatility spiked near the 50 level, remaining elevated closing above 30 for nine weeks. Finally, August 2008 begins nine-week ascent to peak at a record 89, remaining above 30 for several months. The 30 level may be a key threshold in determination of whether market volatility is here to stay… or not.

S&P 500 [$SPX] Hourly Chart – OHLC

Prices Hold Higher Low in March, Falling Toward a Second Test of 2,550 Level