

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



Relative Strength Index Closes Above 60 Level for Fourth Straight Week, Ending Calendar 2016

After reaching a record in late November, December printed a fresh series of record highs on the S&P 500. Although, this sequence of higher highs in price failed to carry the RSI past the October peak near 66, this represents the highest level on the momentum measure in two years (Marked Point 4 above). The 50-Week Moving Average closed Q3 at the highest point on record and consistently increased on a weekly basis in Q4. This apparent continuation of the primary trend is evidenced by the MA Line regaining an upward slope, after being rangebound for the past eighteen months between 2020-2060, before moving up to 2,100. Furthermore, the MA Line appears to correspond with rising support as prices held firmly above that level into the November pivot low. Remaining higher for the past ten weeks, it is likely that prices may retrace part of that advance.

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



Moving Average Reaches Highest Point on Record, Crossing Above 2,100 in Final Week of 2016

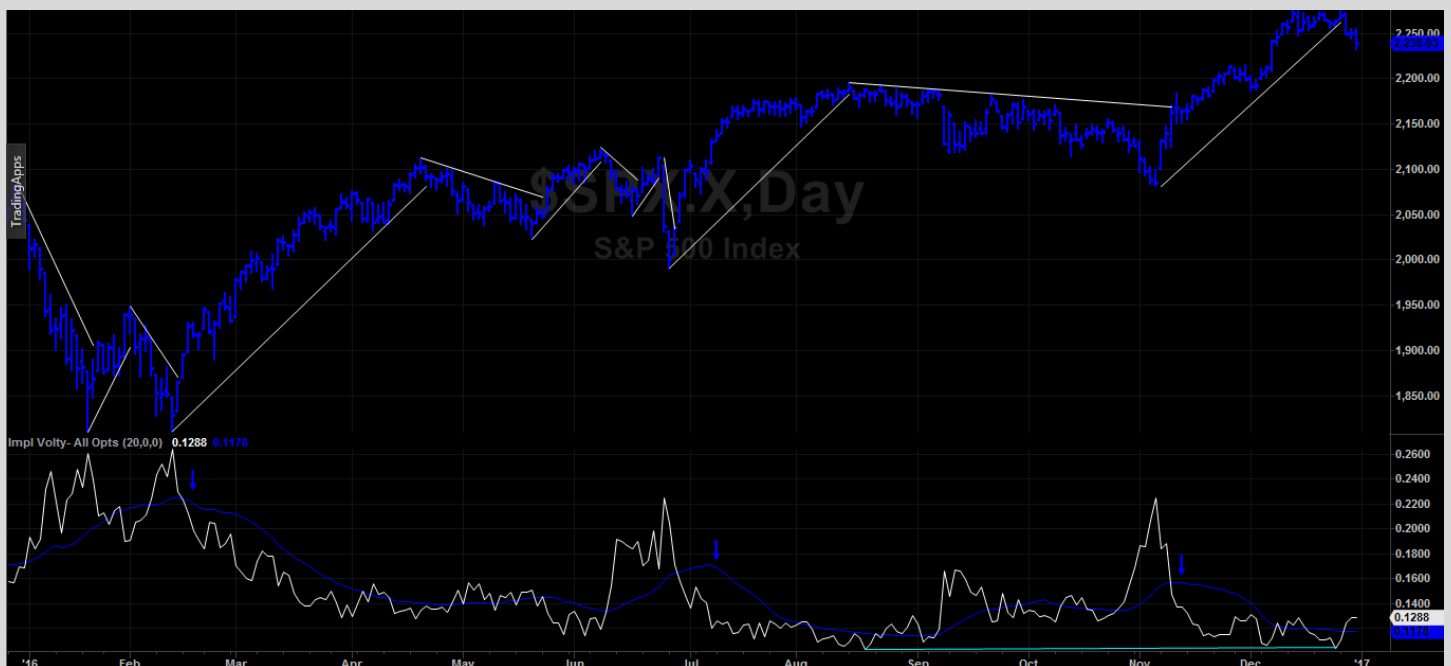
S&P 500 [\$SPX] Daily Chart – Trading Volume w/ 50-Day MA



Two-of-Three Highest Volume Sessions of 2016 Occur on Heavy Buying Following Election Results

After a shakeout in the first week of November, the market reversed losses following results of the Presidential Election. The nature of this type of reversal is similar to a coiled spring snapping back in the opposite direction, also how this formation got its name, the spring. In these instances, the rapid change in trend direction adds significance to trend strength, as the prevailing directional movement is strong enough to completely overwhelm the original trend direction. Implied Volatility remains relatively low as prices drift near record high levels. Further declines in IV accompanied by a new high in price would be an encouraging sign. However, it seems more likely that recent gains may be retraced as new support levels continue to form above 2,100

S&P 500 [\$SPX] Daily Chart – Implied Volatility w/ 20-Day MA



Implied Volatility Reaches Cycle Low in December in Both Average & Absolute Terms

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



S&P Volatility Touches Lowest Point of 2016, Reversing Sharply Higher from Low of 11

Implied volatility holds low end of 2016 range, rebounding sharply from low point in final week of trading. S&P volatility has remained at or below the 14 level on a closing basis following the results of the Presidential Election. The 2,200 level is likely to be tested, as it represents horizontal resistance from former record levels. This may create an expansion in volatility, however if this price level holds one can expect relatively low levels of volatility moving forward. If prices break significantly lower, IV always has the potential to spike higher.

S&P 500 [\$SPX] Hourly Chart – Trading Volume



Broad Market Advance Continues into YE 2016, Relative Low Volume Sell-off in Final Week