Rick Bensignor's

IN THE KNOW TRADER

Positioning Individual Investors Alongside Professionals

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TACTICAL TRADER REPORT

The Macro Picture

Much of the same occurred this past week from the prior, with stocks and gold both again at/near all-time highs. Probably the biggest difference is in the UST 10-year, which was at 4.44% last Thursday evening, but now it's at 4.53% with an intra-week peak up at 4.62%.

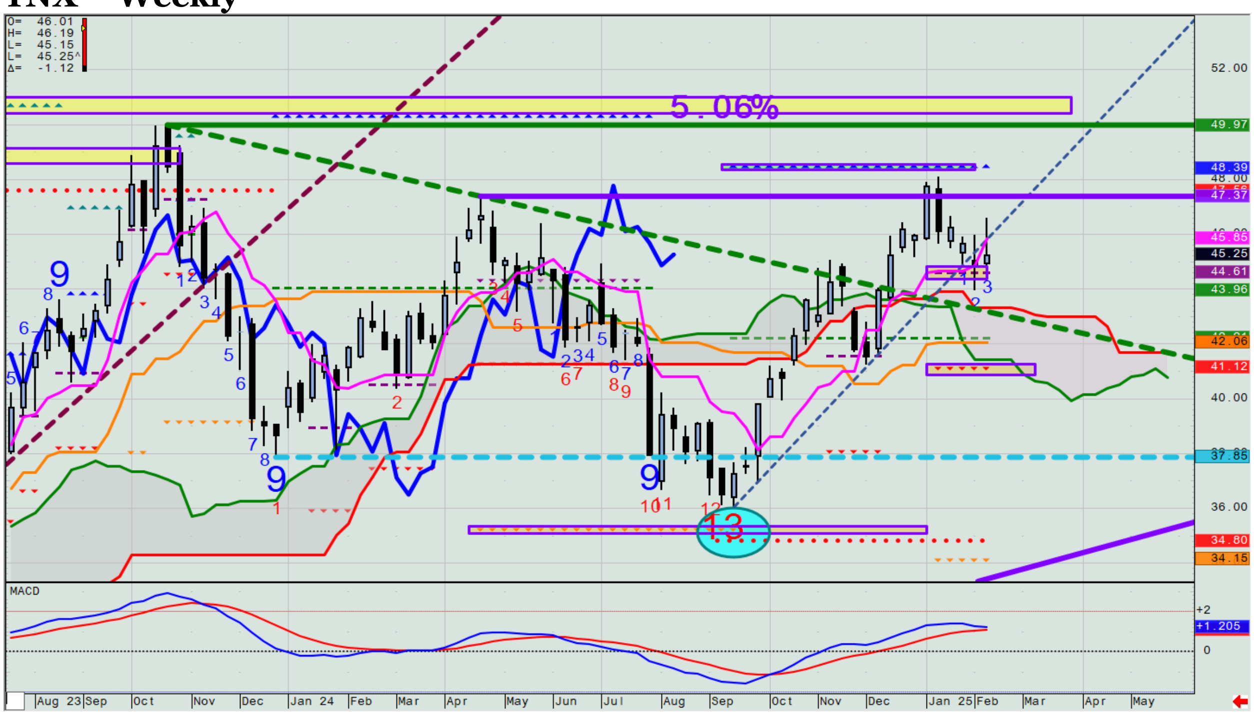
Clearly, the high CPI and PPI numbers did *not* dissuade investors from gobbling up stocks, nor are potential retaliatory tariffs Trump said could be coming on April 1 – despite how inflationary these headlines are. It's pretty darn remarkable how resilient the equity market remains.

For now, let's look at the important markets that most impact the macro environ:

US RATES

The daily TNX's daily bearish Prop. Momentum level at 4.526% was finally materially breached, with the similar weekly Propulsion Mom. target at 4.46% now coming into play. Other downside targets are at 4.24% and 4.11%. On a tactical basis, there was a ton of volume done in the low-4.5% area, so that should now be first resistance.

TNX – Weekly



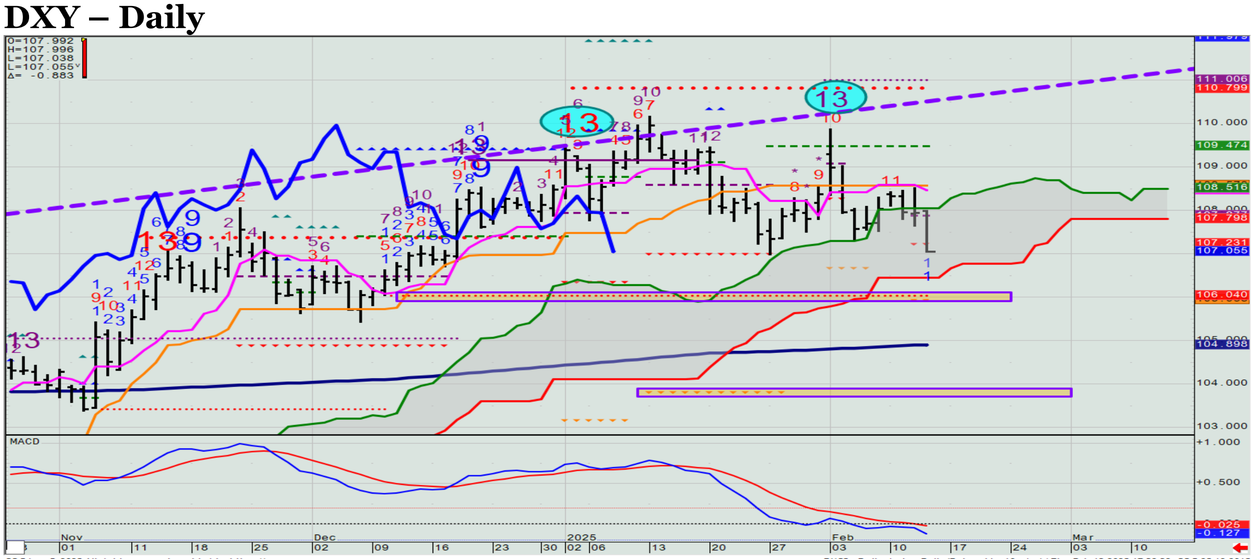
I remain in the camp that over time, rates are generally headed higher. That comes from seeing that the quarterly cloud chart is bullish the TNX, suggesting the 40+ -year bull market in bonds is over. (But understand that is not a timing call, but something that over the next decade or two suggests that rates are more apt to be higher than lower than they are now).

Investment grade corporate credit spreads (0.81%): Down 2 bps. in the past week, my analysis remains the same: This is still on track to reach its broken head-and-shoulders topping pattern from 2022 to 2023 to somewhere to the 70bp. to 65 bp. area. My only concern would be getting and staying above that 86 bps. level, which would not only suggest new worries in the credit system, but also make equity holders more concerned that something is potentially changing the game for the worse. For now, the mid-0.80's bp. level has acted as the expected resistance (and stocks buyers are clearly not concerned).

ICE BofA Corporate Index OAS – Daily

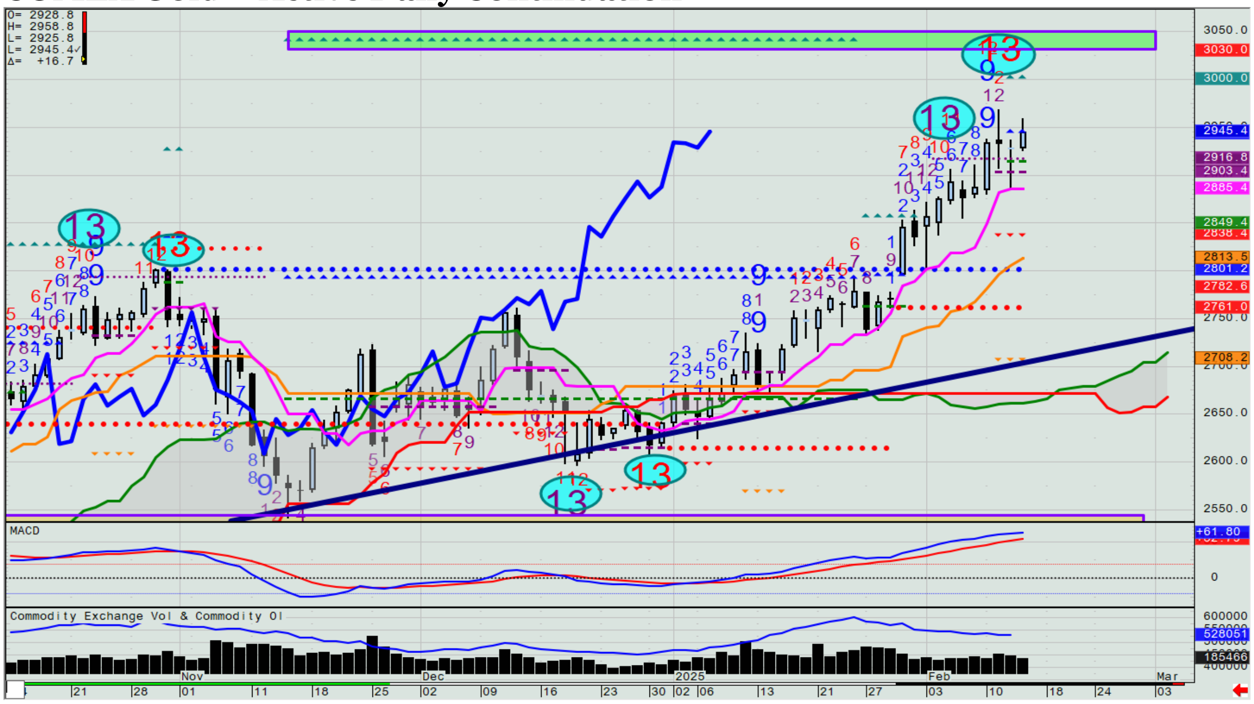
THE DOLLAR: I remain in the camp that the dollar index has increased chances of reaching the next major target at 112+ later in 2025, but that can only likely happen if rates cross over 5%, too. It's showing some near-term signs of upside exhaustion, and the latter one was a failure at the daily Prop. Momentum level, too. Traders can consider buying near 106 if it lines up with a Setup -9 count.

DXY – Daily



COMMODITIES: Gold again pushed to a new all-time high, and now also got the daily standard Sequential signal along with an Aggressive one to likely put the metal closer to a trading top. (I'm thinking $3000 to $3030.) It also has a weekly standard Sequential +13 this week. And by looking at the open interest, we're still not seeing it turn higher, which means that the bulk of buoying is still squeezed out shorts buying to prior longs getting out with profits.

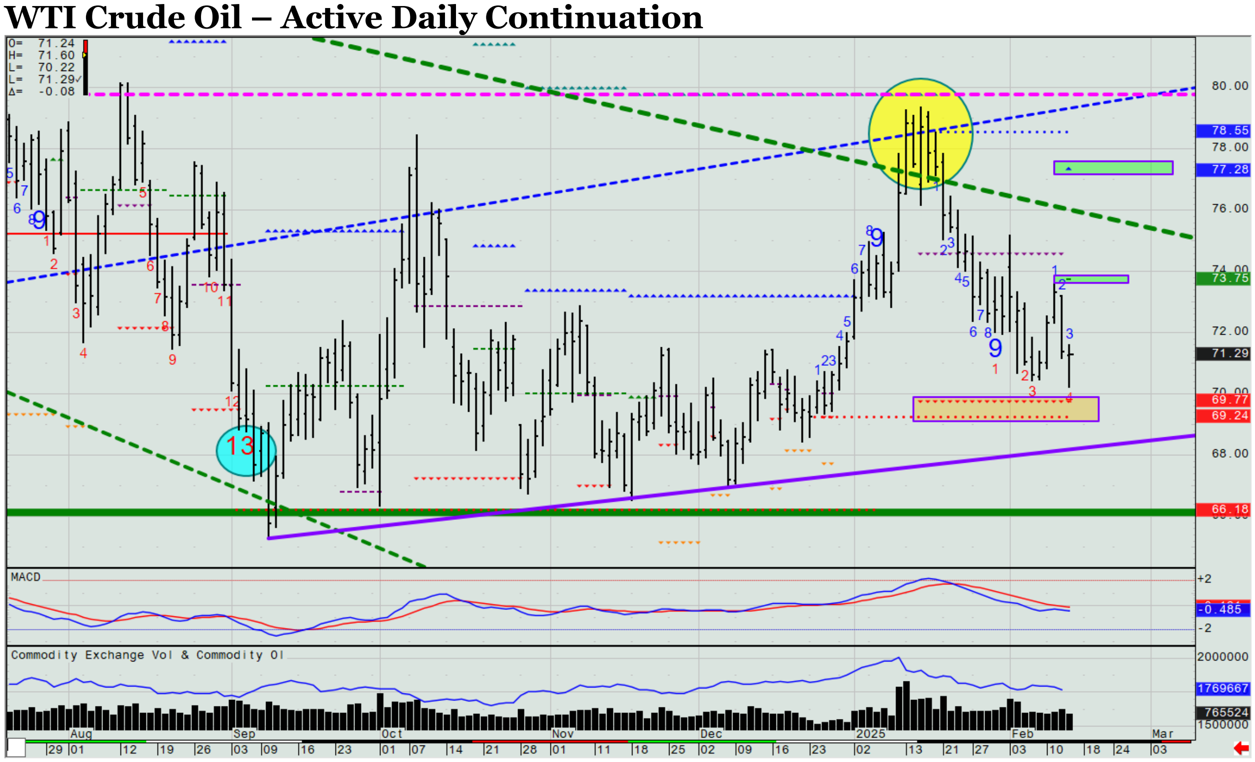
COMEX Gold – Active Daily Continuation



GCA - Gold - Combined, Active Daily Continuation (Delayed by 10 mins) | Thu Feb 13 2025 17:34:01, CQG 25.12.8015

WTI Oil either holds at the Prop. Exhaustion and TDST line support levels (at $69/$70), or it likely goes back to the bottom end of the range – if not even lower.

WTI Crude Oil – Active Daily Continuation

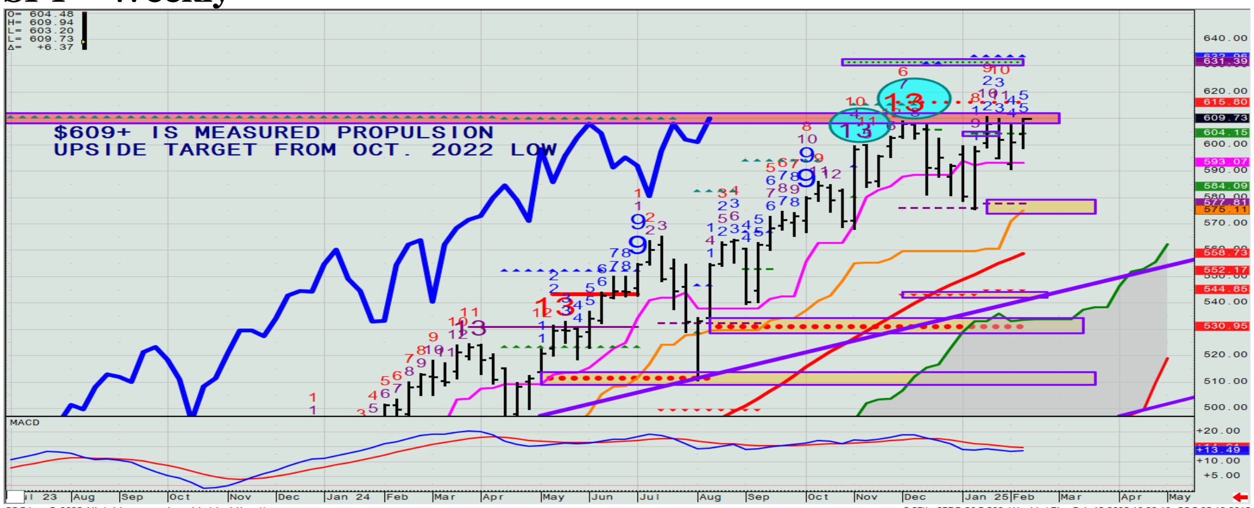


CLA - Crude Light - Combined, Active Daily Continuation (Delayed by 10 mins) | Thu Feb 13 2025 17:34:40, CQG 25.12.8015

EQUITY INDEXES:

After over two months of the SPY $609+ holding as the all-time high, this weekly bullish Propulsion Full Exhaustion level measured from the 2022 low may very well be shortly breached. Though my traditional technical background would lead me to believe that an upside breakout could be both sharp and swift as the resolution to the ascending triangle pattern, yesterday I read Goldman Sachs' institutional trading desk's market commentary that a rally through today's close is more likely related to dealers being short option-related gamma, and that once the expiration is complete, the market can come right back down, as they say that inflows are drying up and that the second half of February tends to be a seasonally weak period (in fact, historically, the weakest part of the year). If we did see the pullback, we could look for a return to the bottom of the range, which now I would say could be anywhere from the weekly bearish Propulsion Momentum level to the weekly Base Line.

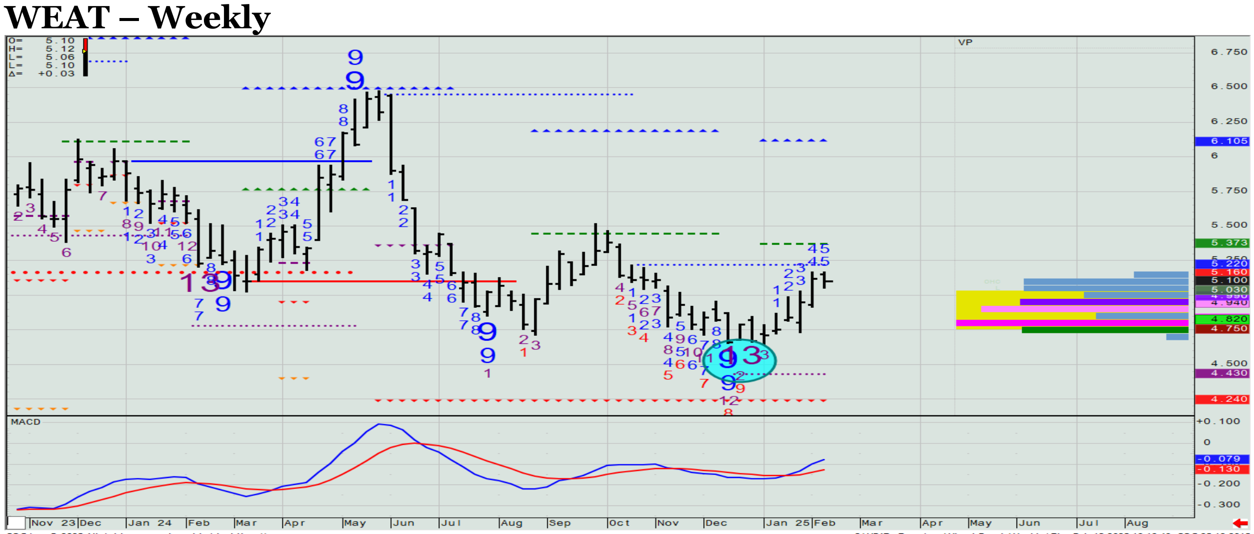
SPY – Weekly



New ETF Trade Idea

We recently played a successful long idea in the **Teucrium Wheat Fund ETF (WEAT)**, and I'd be willing for us to look to buy a pullback to play for a bigger move higher. As such, we'll look to buy one-half unit from $4.95 to $4.85 (scale your bids). We'll target exiting 50% from $5.35 to $538; 50% TBD. We'll stop out on consecutive daily closes <$4.71.

WEAT – Weekly

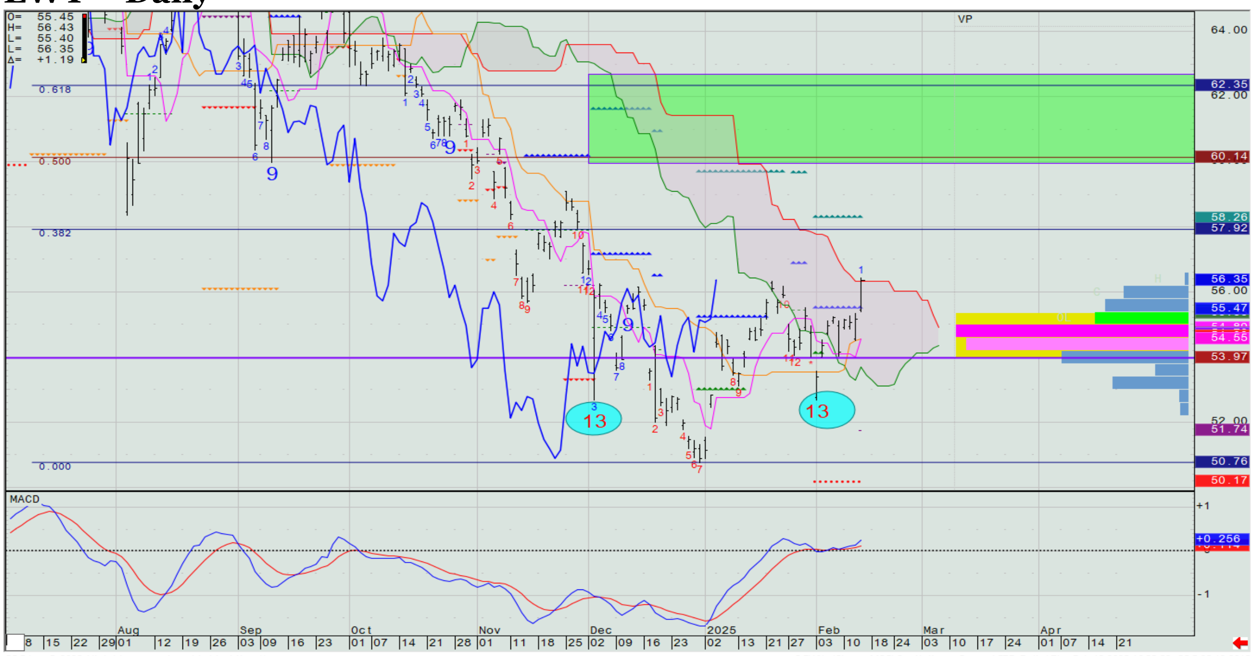


Other Open Recommendations and Positions

Long EWY

Last Friday we went long one unit (avg. price of $54.56), with my looking for us to take profits in the $60 to $62.5 area. With us now up almost $2, if you want you can raise your sell-stop to breakeven.

EWY – Daily



S.EWY - iShares MSCI South Korea Capped ETF, Daily | Thu Feb 13 2025 16:33:52, CQG 25.12.8015

Long GDX

Last week my recommendation was to buy 1.5 units of this (filled at avg. price of $39.24). I've adjusted targets to sell the first half at $43 to $43.50, and the other half higher near $51. Our sell stop to exit is on consecutive daily closes < $38.82.

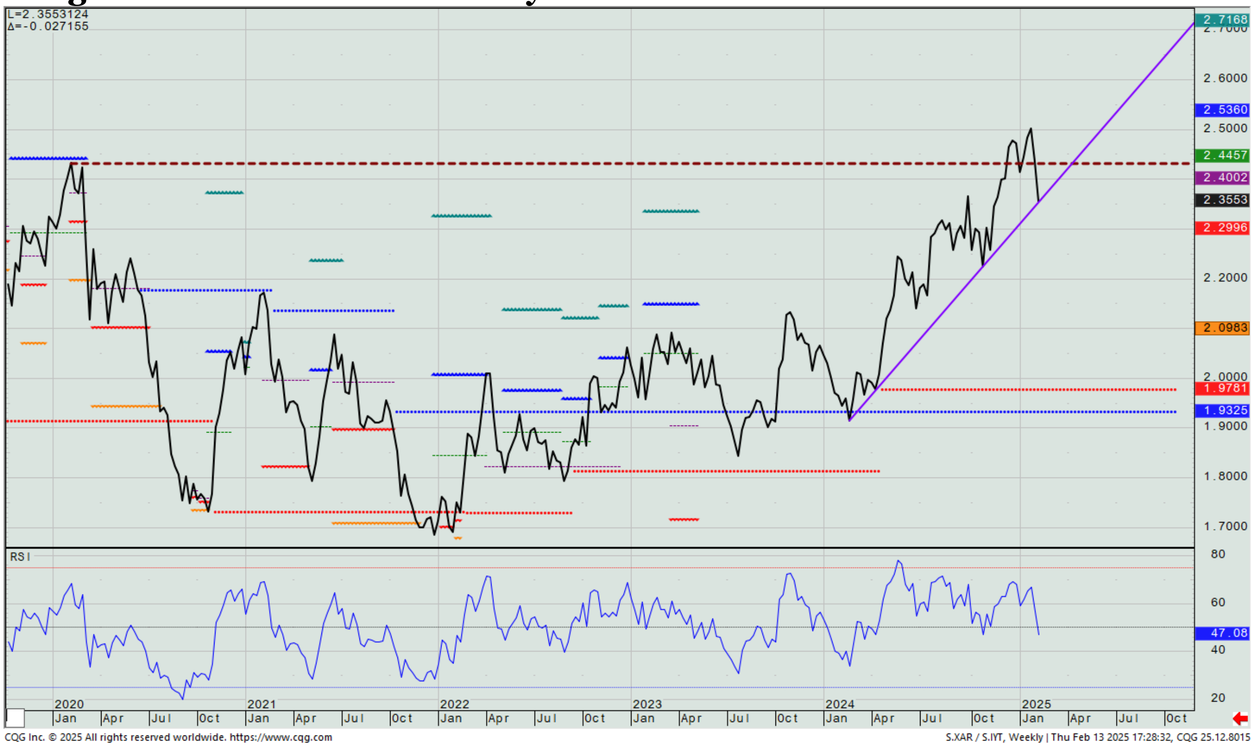
GDX – Weekly

S.GDX - Market Vectors Gold Miners ETF, Weekly | Thu Feb 13 2025 17:26:10, CQG 25.12.8015

Long XAR vs. Short IYT

We're long this pair at an avg. of a 2.436 ratio. We'll unwind half of whatever we have on near a 2.67 ratio, and half near a 2.744 ratio. Our protective stop was raised to exit on a Friday close beneath 2.41 ratio, which likely happens today.

Long XAR vs. Short IYT– Weekly



Suggestions and Explanation of Terms

With every major firm brokerage firm having gone to $0 domestic stock/ ETF commissions, you should ***not be paying anything*** *to trade my recommendations (other than the associated financing cost to placing a short position I sometimes recommend).*

Cloud Charts (a.k.a. "Ichimoku")
"Cloud" charting is a far-eastern technical model that was developed over 50 years ago, but is still not commonly used in the US (nor is there much reference material available on it, either). The calculations involved in the construction of each of the 5 lines that make up this model are simple math (see below). The proper understanding and use of cloud charts are still somewhat a mystery to many in the western world. We, however, have a deep understanding of this model, and use it as a core component to our market analysis.

The names and calculations of the 5 lines are as follows:

- Conversion Line: the arithmetic midpoint of the most recent 9 price bars (inclusive of the current bar).
- Base Line: the arithmetic midpoint of the most recent 26 price bars (inclusive of the current bar).
- Leading Span 1: the midpoint of the previously calculated Conversion and Base Lines, plotted forward 26 bars (including the current bar).
- Leading Span 2: the arithmetic midpoint of the most recent 52 price bars (including the current bar) plotted forward 26 bars (including the current bar).
- Lagging Span: the current price plotted backwards 26 bars (including the current bar).
- The "Cloud" is the area on the chart bounded by the two Leading Spans.

In any given timeframe, it is our interpretation of the relationship of a security's price to these five lines -- and the relative positions of these lines to each other -- that helps us decipher behavioral and/or structural shifts to the current bull or bear market environment at hand.

DeMark Studies (a.k.a. TD models)

DeMark Studies consist of models created by Tom DeMark, a noted market-timing indicator developer and consultant to many major Wall Street institutions. Two of these models that look for the timing of trend exhaustion include TD Sequential and TD Combo. A third, TD Propulsion, looks for a specific price exhaustion level after a trend momentum level has been properly identified and thrust through.

Some key phrases we use in our writings include:

- TD Setup: Nine consecutive price bars that the closing price is above the close from four bars prior (a.k.a. "Setup +9"). When completed and "perfected" (i.e. the 8th or 9th bar's high is higher than both bar 6's and 7's highs), a near-term **top** may be in place. Conversely, is a run of nine consecutive price bars that the closing price is beneath the close from four bars prior (a.k.a. "Setup -9"). When completed and "perfected" (i.e. the 8th or 9th bar's low is lower than both bar 6's and 7's lows, a near-term price **bottom** may be in place.
- TD Sequential: After a completed Setup +9 count, if the security continues to move higher by a certain amount, a full trend has developed. This model looks to identify the exhaustion point of that trend, from a timing perspective. Here's how: Subsequent to the Setup +9, the model then looks for 13 price bars (that needn't be consecutive) that the closing price is greater than the high from two price bars back. When this happens, odds have increased that first buying within the current uptrend is much riskier than normal; some choose to actually lighten long exposure, too. Some aggressive traders even choose to initiate short exposure. Conversely, after a Setup -9 count, the model then looks for 13 price bars (that needn't be consecutive) that the closing price is less than the low from two bars back. When this happens, odds have increased that first selling within the current downtrend is much riskier than normal; some choose to actually lighten short exposure, too. Some aggressive traders even choose to initiate long exposure. **Thus, some aggressive-style accounts often use this model to take profits or even enter new counter-trend positions.**
- TD Combo: This is a sister timing model to the above –mentioned Sequential model. It also reaches its trend exhaustion reading at a +13 or -13 reading. It counts to the 13th bar using a different calculation than Sequential. But it's potential implications for an impending trend reversal are the same.
- TD Propulsion: This model looks to define the initiation of a momentum move (whether higher or lower). Once the identified Propulsion Momentum level is properly surpassed, it then pinpoints measured exhaustion levels for that same breakout or breakdown move (i.e. Propulsion Exhaustion and Full Propulsion Exhaustion).
- TD Trend Factors: This model looks to define important support or resistance levels from previous highs or lows of moves, measured in increments of 5.56%. (This particular number is a derivative of the Fibonacci sequence of numbers.)

- "Qualified and Confirmed" Breakouts (**Updated**):

  To qualify and confirm an upside breakout of some level we reference, the following need occur, in order:
  1. A down close the price bar immediately before closing above the reference level
  2. The actual close above the reference level
  3. A gap higher open; a higher daily high; and a higher daily close the next trading day.

  To qualify and confirm a downside breach of some level we reference, the following need occur, in order:
  1. An up close the price bar immediately before closing beneath the reference level
  2. The close beneath the reference level
  3. A gap lower open; a lower daily low; and a lower daily close the next trading day.

  Thus, the qualified and confirmed process takes 3 consecutive price bars to create the signal.

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