Rick Bensignor's

IN THE KNOW TRADER

Positioning Individual Investors Alongside Professionals

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TACTICAL TRADER REPORT

The Macro Picture

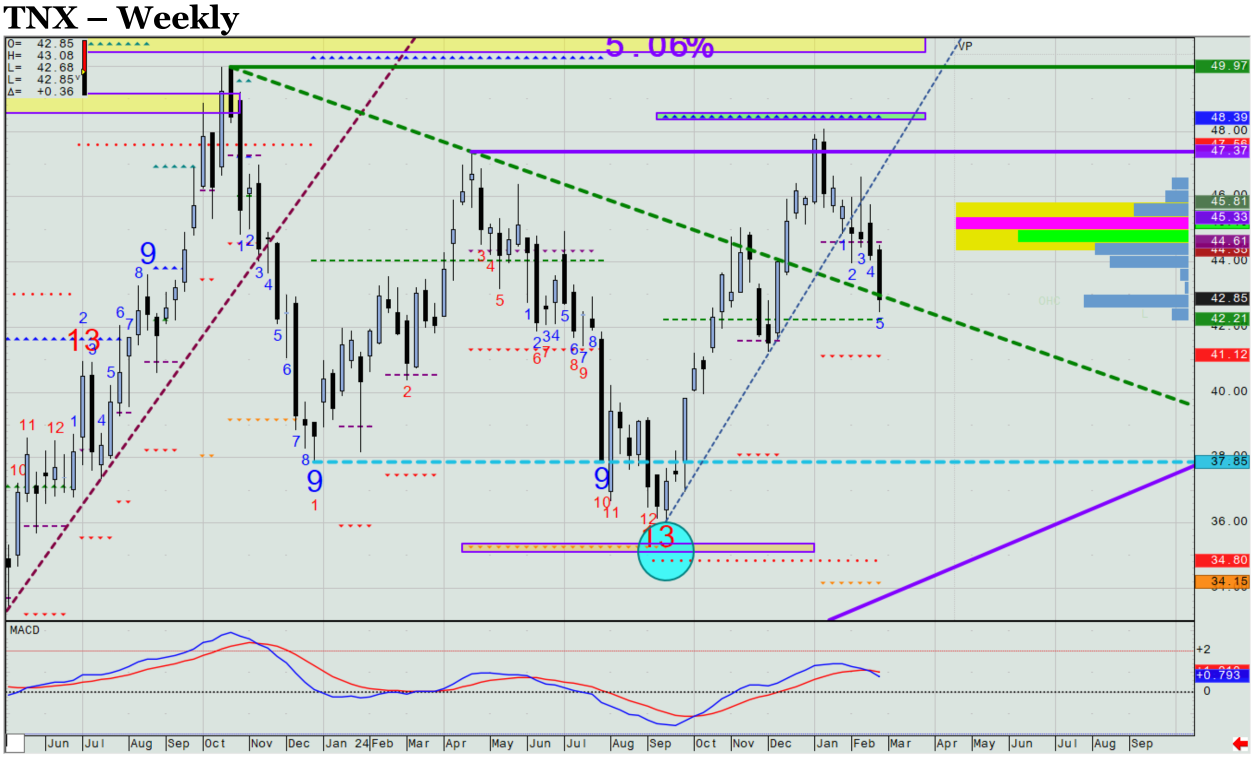
It's been an interesting week, both in the ability for stocks to hold support, but also their inability to advance, as the SPY $609 level continues to be within 1% of all-time highs, and yet, subsequent declines have not been able to take out the recent two prior lows near $590. Bond yields finally cracked after last week's close sitting right at inflection points for TNX, TLT, and 30-yr. T-bond futures. Gold has now pulled back from recent new all-time highs, as the DXY held support in the 106.50/106 zone and is now north of 107. Bitcoin has seen some real selling once it broke $95K, and is sharply lower since its ~$109K peak.

Let's look at the important markets that most impact the macro environ:

US RATES

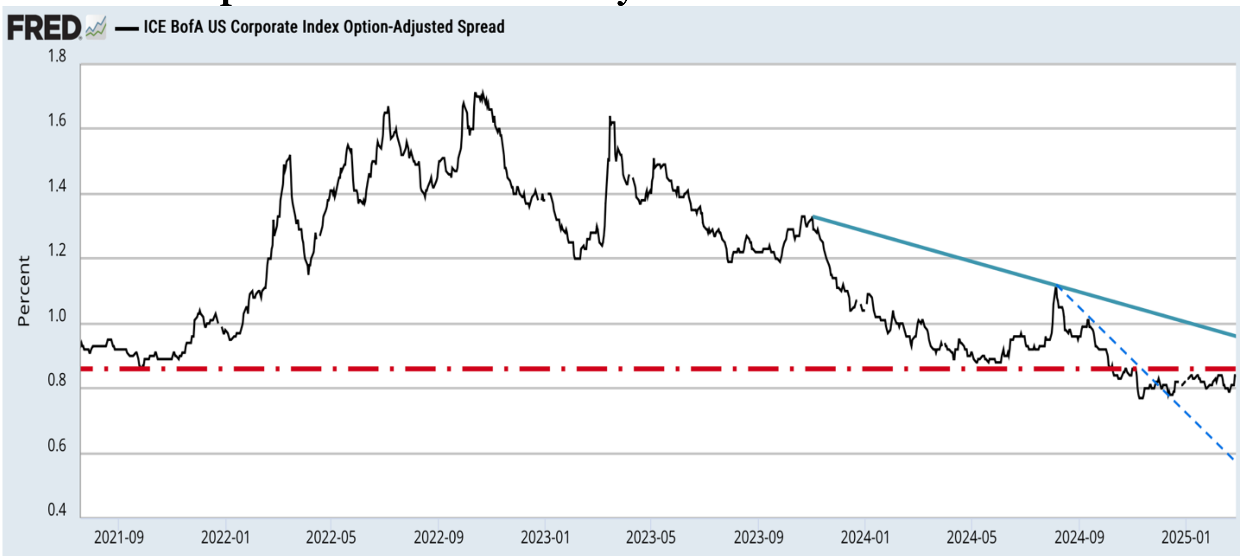
Last Friday the TNX finally closed beneath its weekly bearish Propulsion Momentum level at 4.46%. Related model downside targets ate at 4.11% and then 3.48%. Mostly, it's likely a large trading range from the 4.75% to 3.75% zone. For now, you'd buy pullbacks in bond prices.

TNX – Weekly



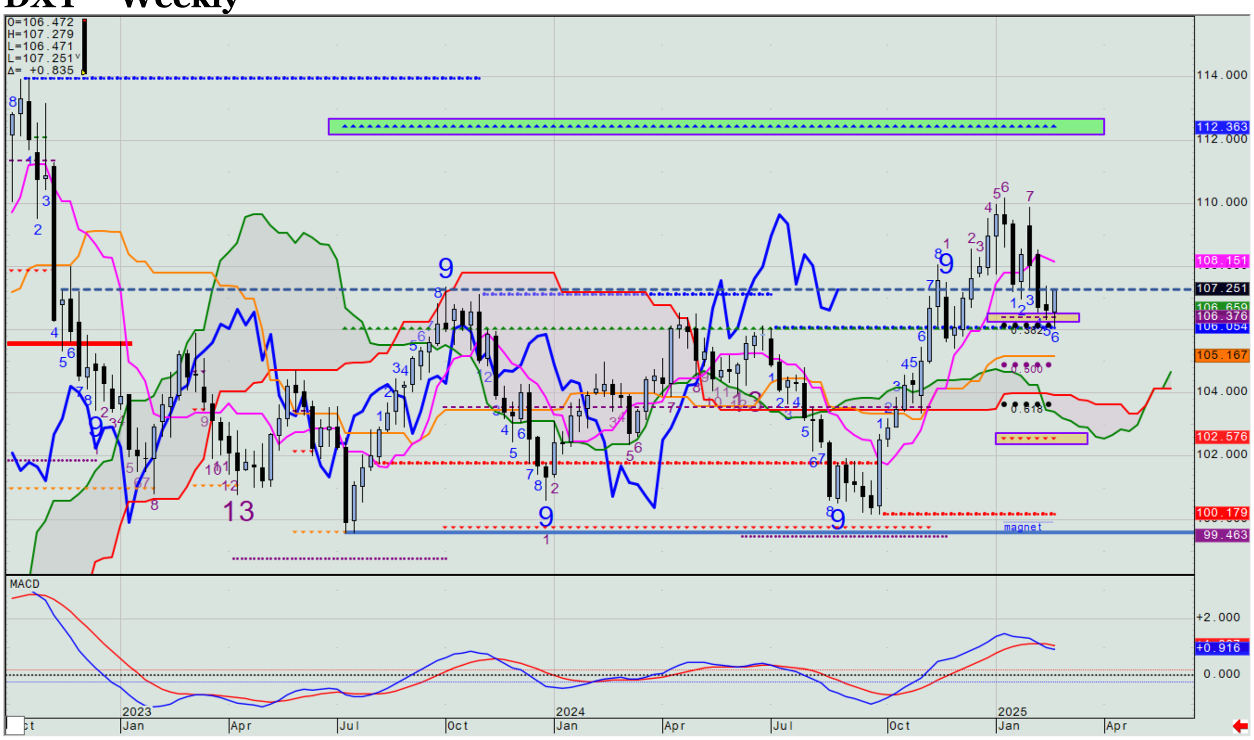
Investment grade corporate credit spreads (0.84%): Up 5 bps. this past week, this is now the third time up to 84 bps., and my concern would be getting and staying above that 86 bps. level, which would not only suggest new worries in the credit system, but also make equity holders more concerned that something is potentially changing the game for the worse.

ICE BofA Corporate Index OAS – Daily



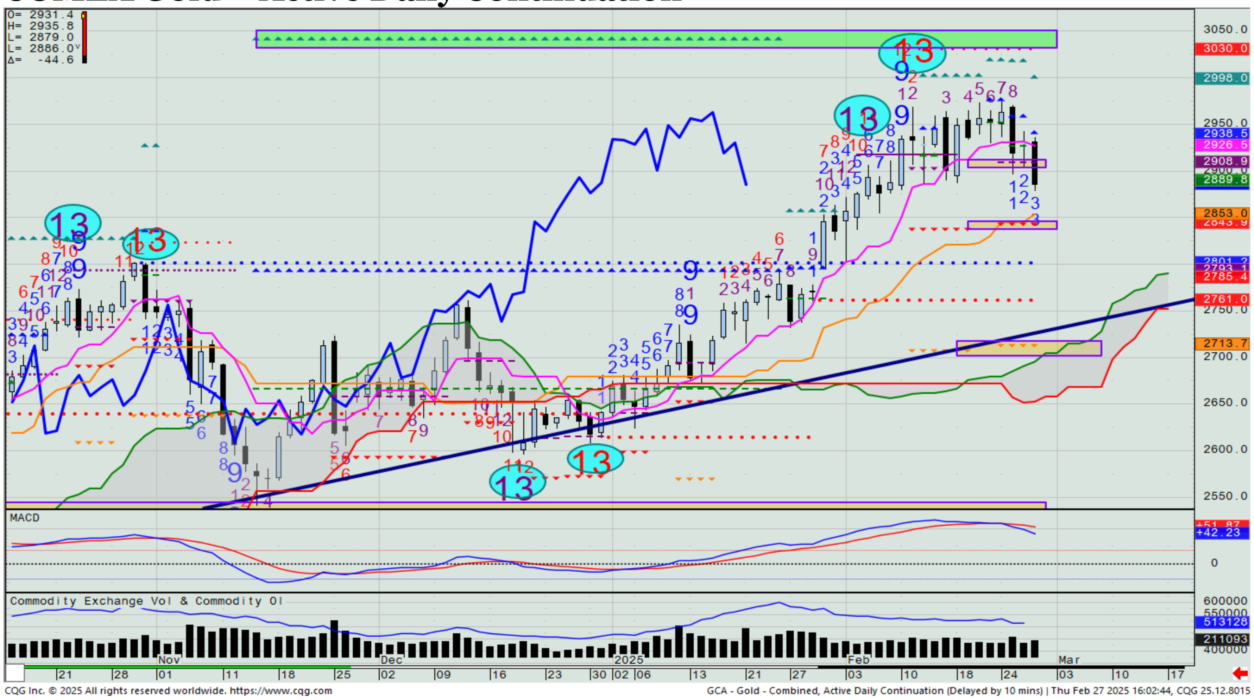
THE DOLLAR: I remain in the camp that the dollar index has increased chances of reaching the next major target at 112+ later in 2025, but that can only likely happen if rates cross over 5%, too. It recently showed near-term signs of upside exhaustion, and the latter one was also a failure at the daily Prop. Momentum level. The support from weekly and daily charts from 106.50 to 106 has held for now. The new bullish Propulsion Momentum level from the daily chart is at 108.63. That will be important going forward.

DXY – Weekly



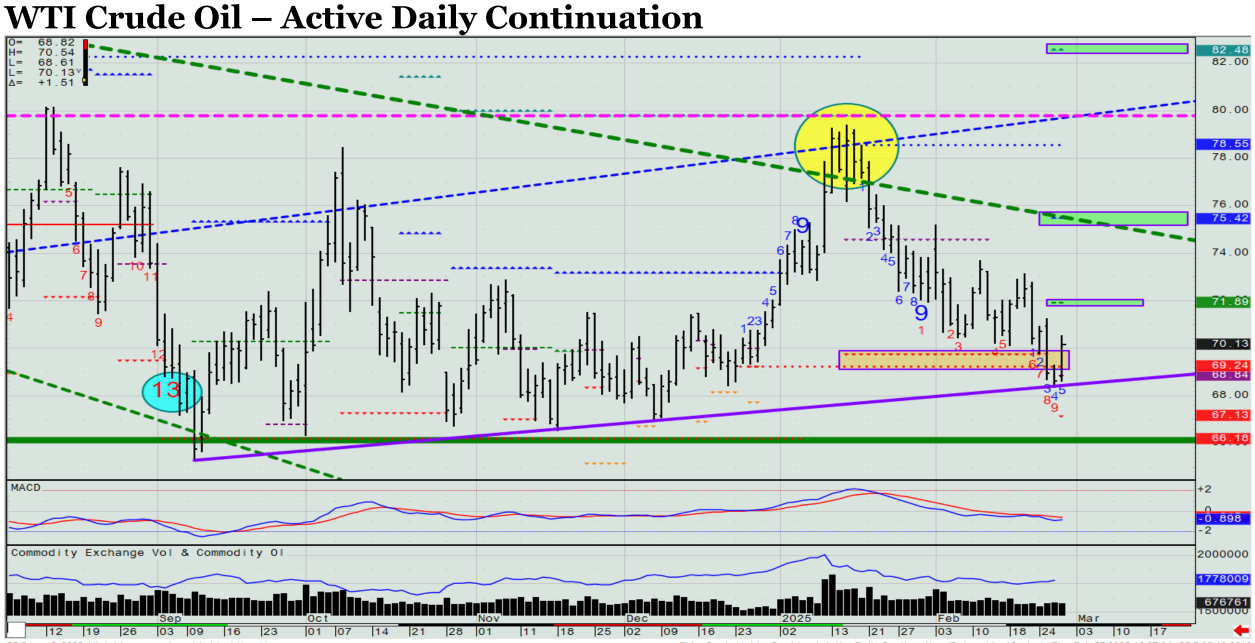
COMMODITIES: On Monday, **gold** again made a minor new all-time high, but it's backed off with the dollar rallying and the two +13 counts I had previously pointed out. You can see that open interest continues to fall – that's your clue of how little of the buying is new real longs; they're shorts getting squeezed out to prior longs exiting with profits. Right now, I see a likely fall to the mid-$2800s. I also see any rallies capped by no higher than the upper-$3000 area. (On Monday, I personally sold more gold from my portfolio that I'd owned for many years from ~50% lower.)

COMEX Gold – Active Daily Continuation



WTI Oil needs to hold support around $69, and for now, it's doing that. The more it breaks from there, the more I think that it trades lower, and with it, energy-related stocks and ETS.

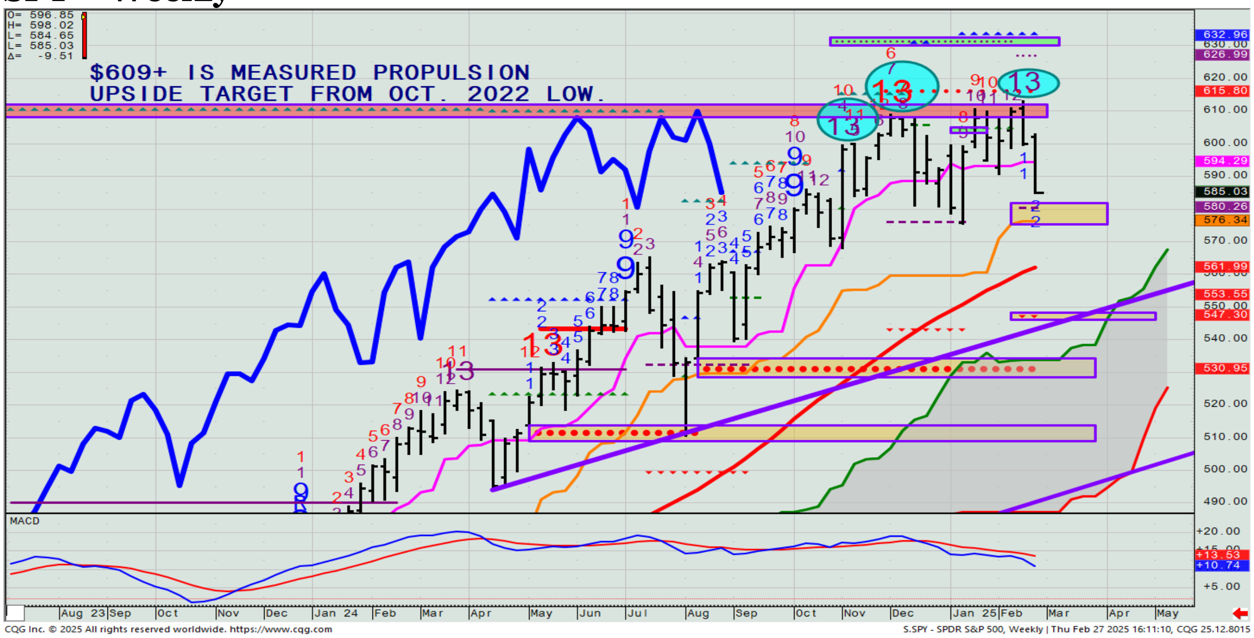
WTI Crude Oil – Active Daily Continuation



EQUITY INDEXES:

Nothing has changed in both my previously-written views nor the market price, itself. For now, price remains in the ~$610 to $590 area, with an unfilled gap from $589 to $585 and the bearish Propulsion Momentum level to Base Line at $580 to $576. Get beneath there, and you open the door for a test of the 50-WMA. There remain three active weekly +13 signals. Sector-wise, look for XLV, XLP, and XLE for leadership if we do get the decline I've been looking for, and XLC and XLF if we see new strength.

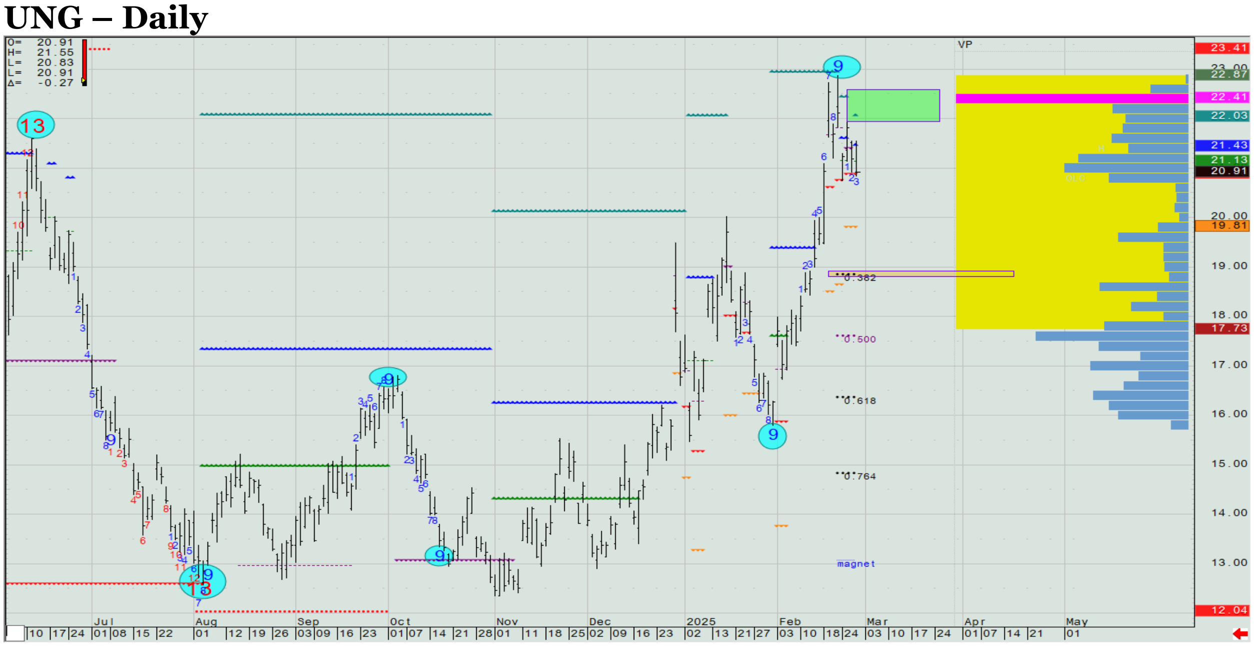
SPY – Weekly



New Recommendation

Natural gas but peaked about a week ago with a huge volume bar right near the top. To me, that should be the high. As such, let's look to short the **US Natural Gas Fund ETF (UNG)** in the $22 to $22.40 zone, looking for a Fibonacci 38% pullback down to the $19 to $18.85 area. Our buy stop is on consecutive daily closes > $22.92.

UNG – Daily

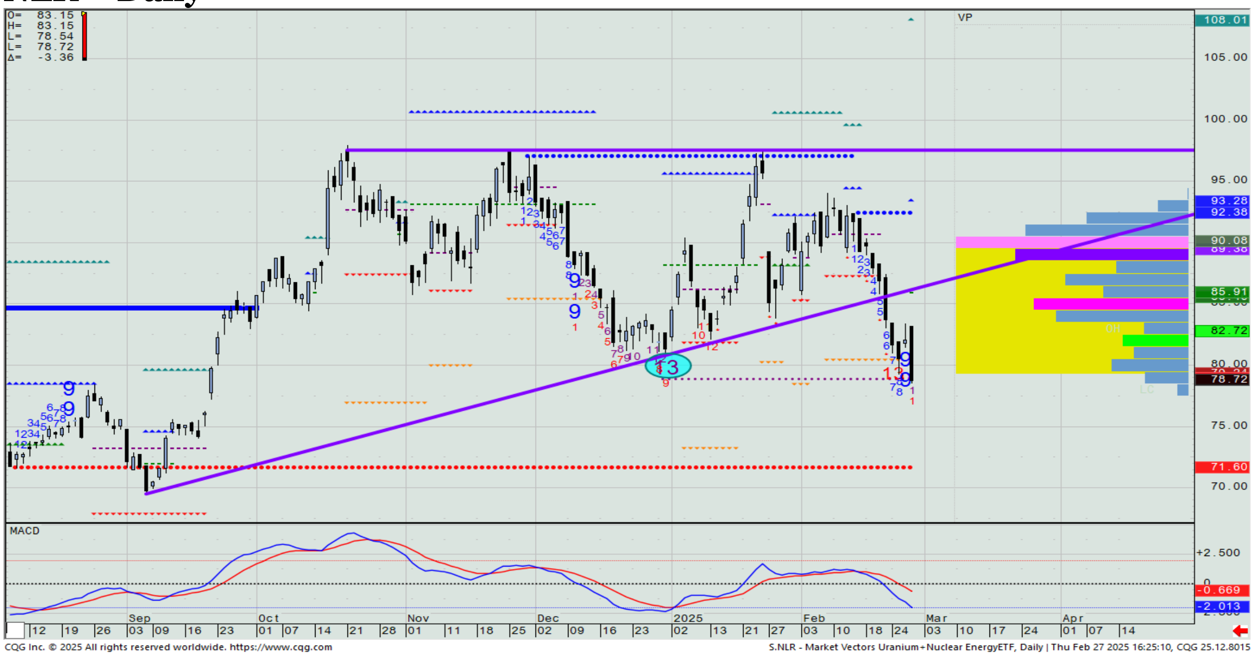


Other Open Recommendations and Positions

Long NLR

Last Friday we got long a one-half unit (avg. entry at $85.21), but the trendline did not hold, and we got stopped out on Monday at $81.63. At least it was fast in and out. We lost 4.2%, but as it was only a half-sized position, we only lost 2.1% in equal-dollar P&L terms.

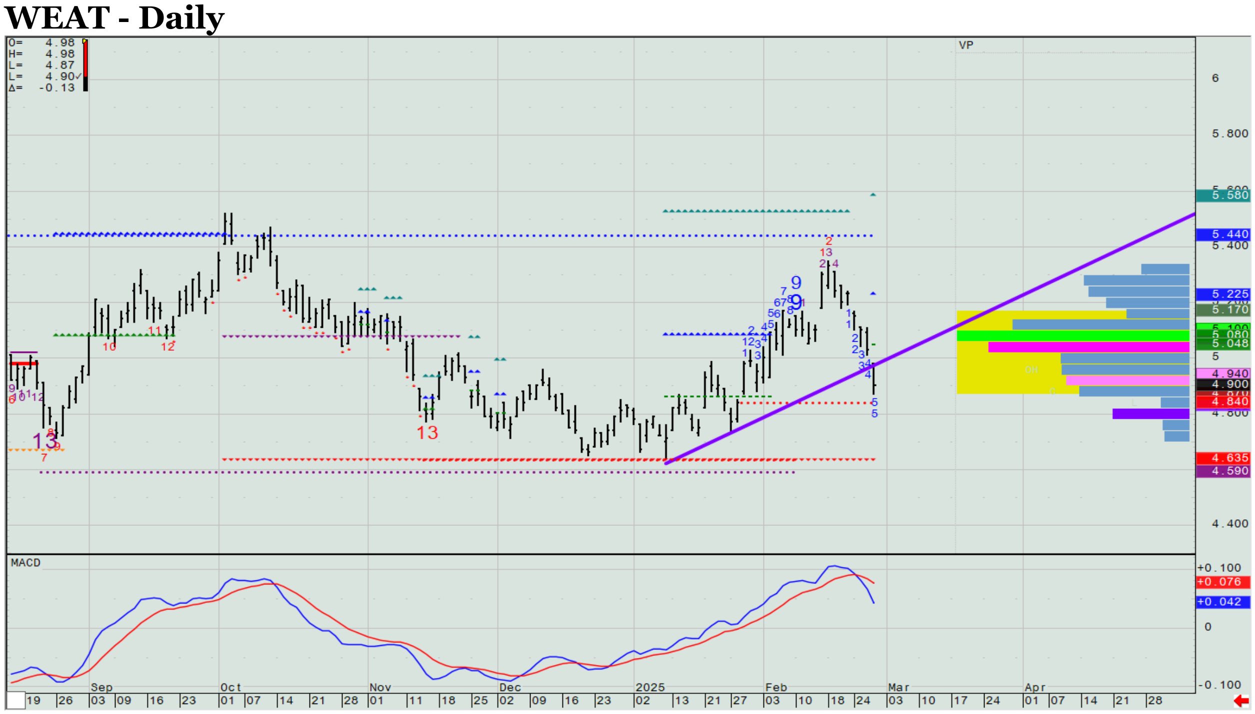
NLR – Daily



Long WEAT

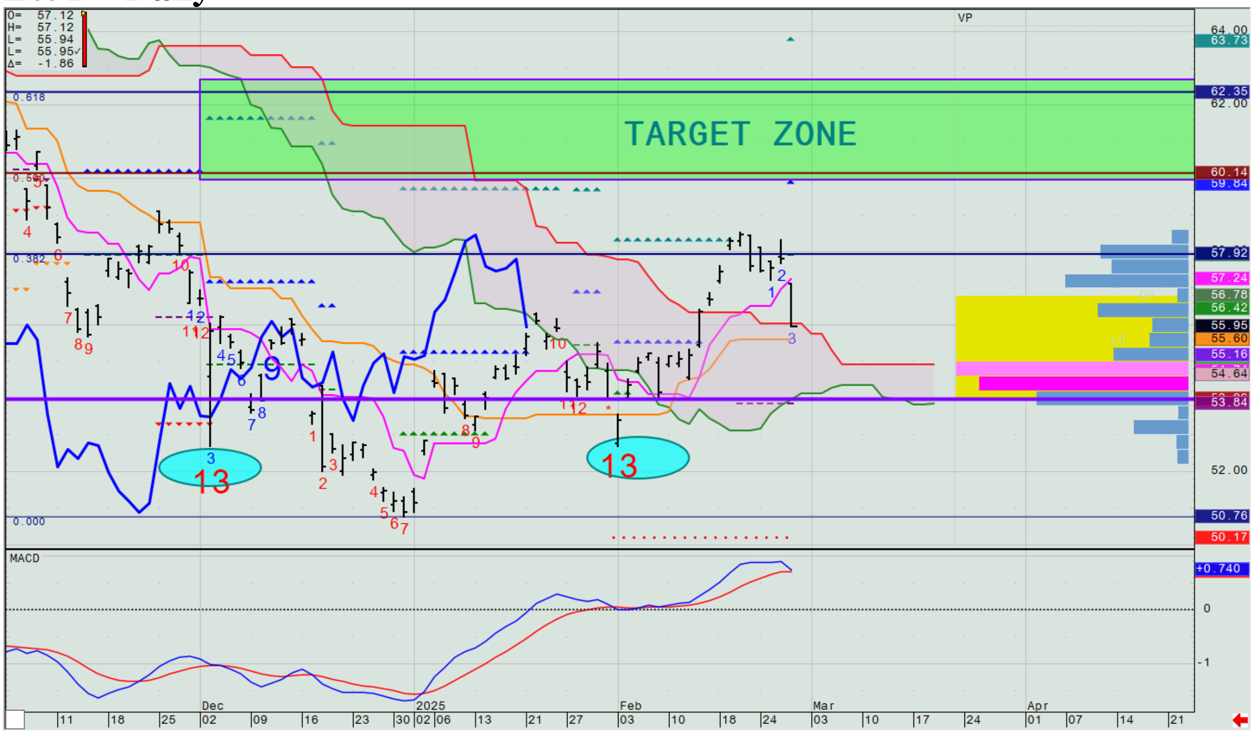
We were looking to get long a half-unit from $5.00 to $4.94. We got that entry yesterday. I'll make the target $5.51/$5.53. Use a sell-stop as a close under $4.82.

WEAT - Daily



Long EWY
Three weeks ago, 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. We took off 1/3 last Friday at an avg. price of $57.96. We'll also again raise the sell-stop to exit the balance on consecutive daily closes < $55.60 (but no worse than breakeven at $54.56).

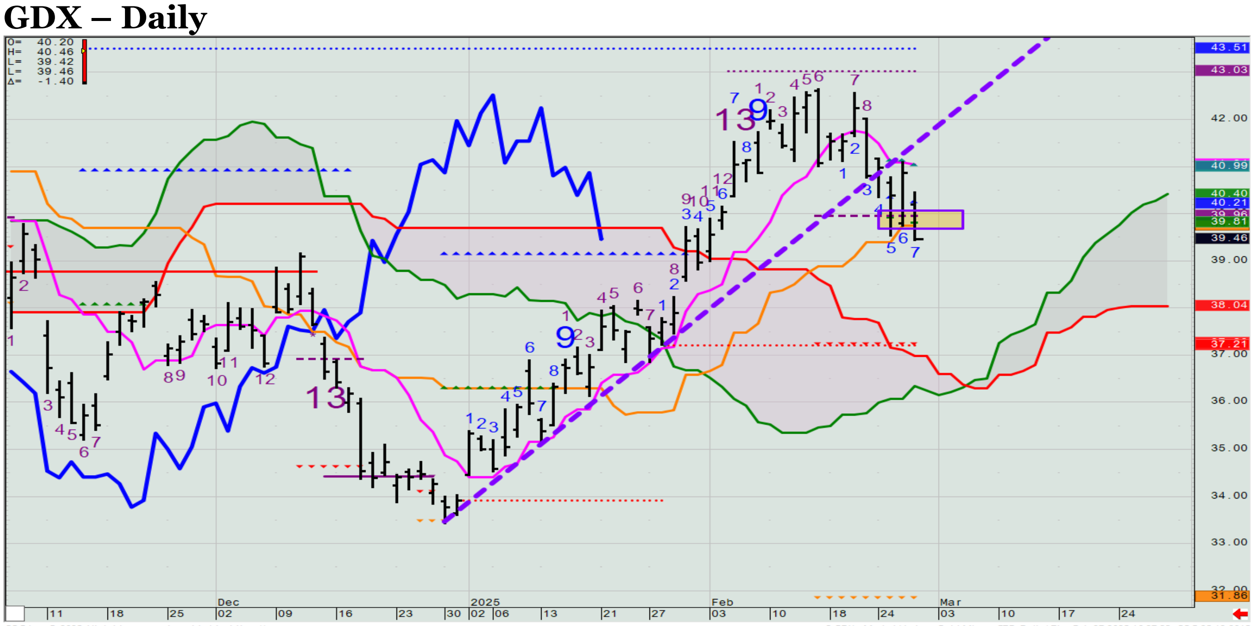
EWY – Daily



CQG Inc. © 2025 All rights reserved worldwide. https://www.cqg.com S.EWY - iShares MSCI South Korea Capped ETF, Daily | Thu Feb 27 2025 16:26:14, CQG 25.12.8015

Long GDX
A month ago, we bought 1.5 units of this (filled at avg. price of $39.24). I've adjusted targets to sell the first half from $43 to $43.50, and the other half higher near $51. Our sell-stop is at breakeven, which likely comes into play today.

GDX – Daily


CQG Inc. © 2025 All rights reserved worldwide. https://www.cqg.com S.GDX - Market Vectors Gold Miners ETF, Daily | Thu Feb 27 2025 16:27:33, CQG 25.12.8015

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.

Disclaimer