

Rambus Chartology

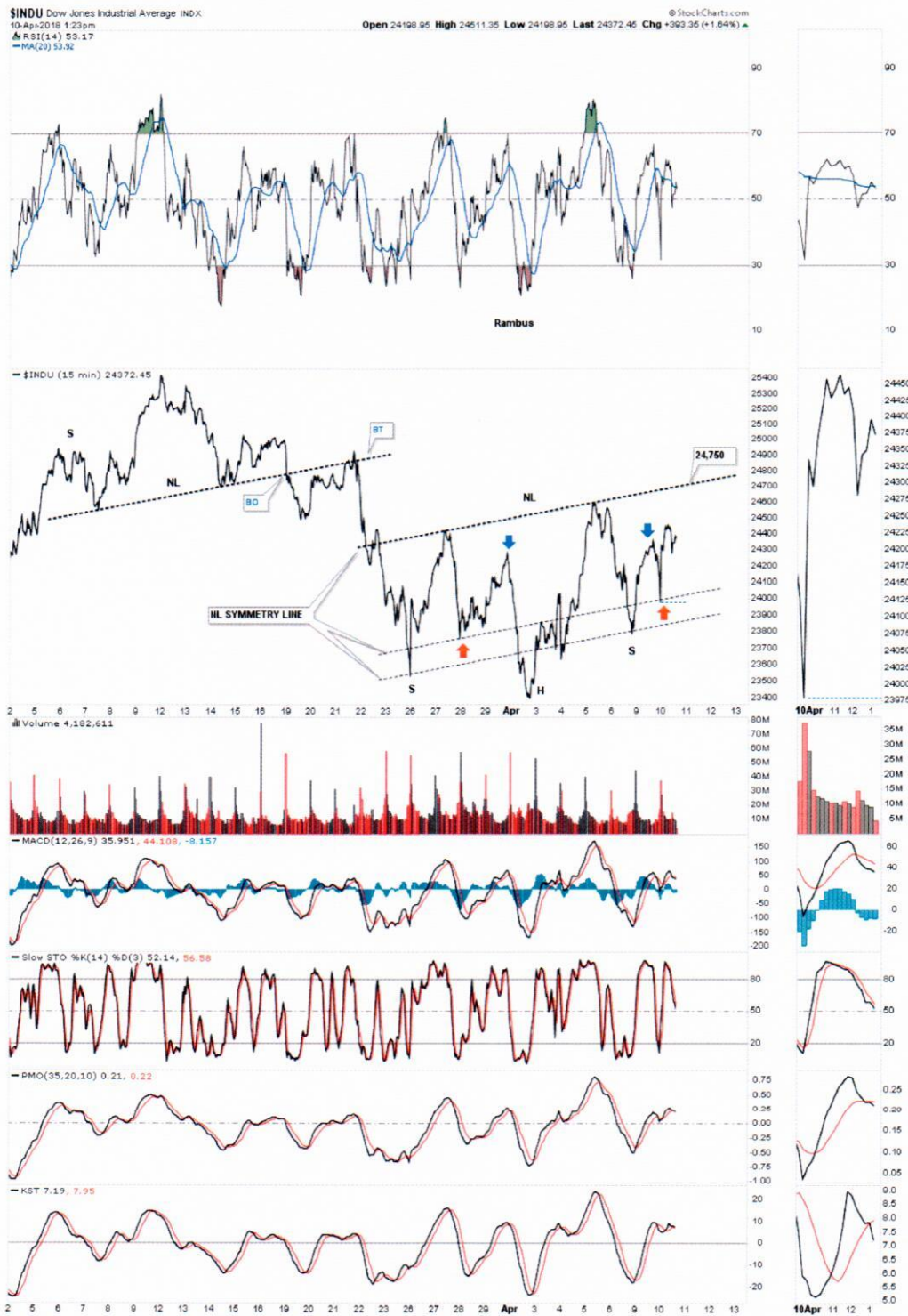
Moving forward

Stock Markets Update...

Posted on [April 10, 2018, 3:26 pm](#) by [Rambus](#)

Yesterday we looked at some possible H&S bottoms that were still in the development stage. Toward the end of the day the markets sold off hard only to stop at a symmetry low point on the INDU and a few other stock indexes.

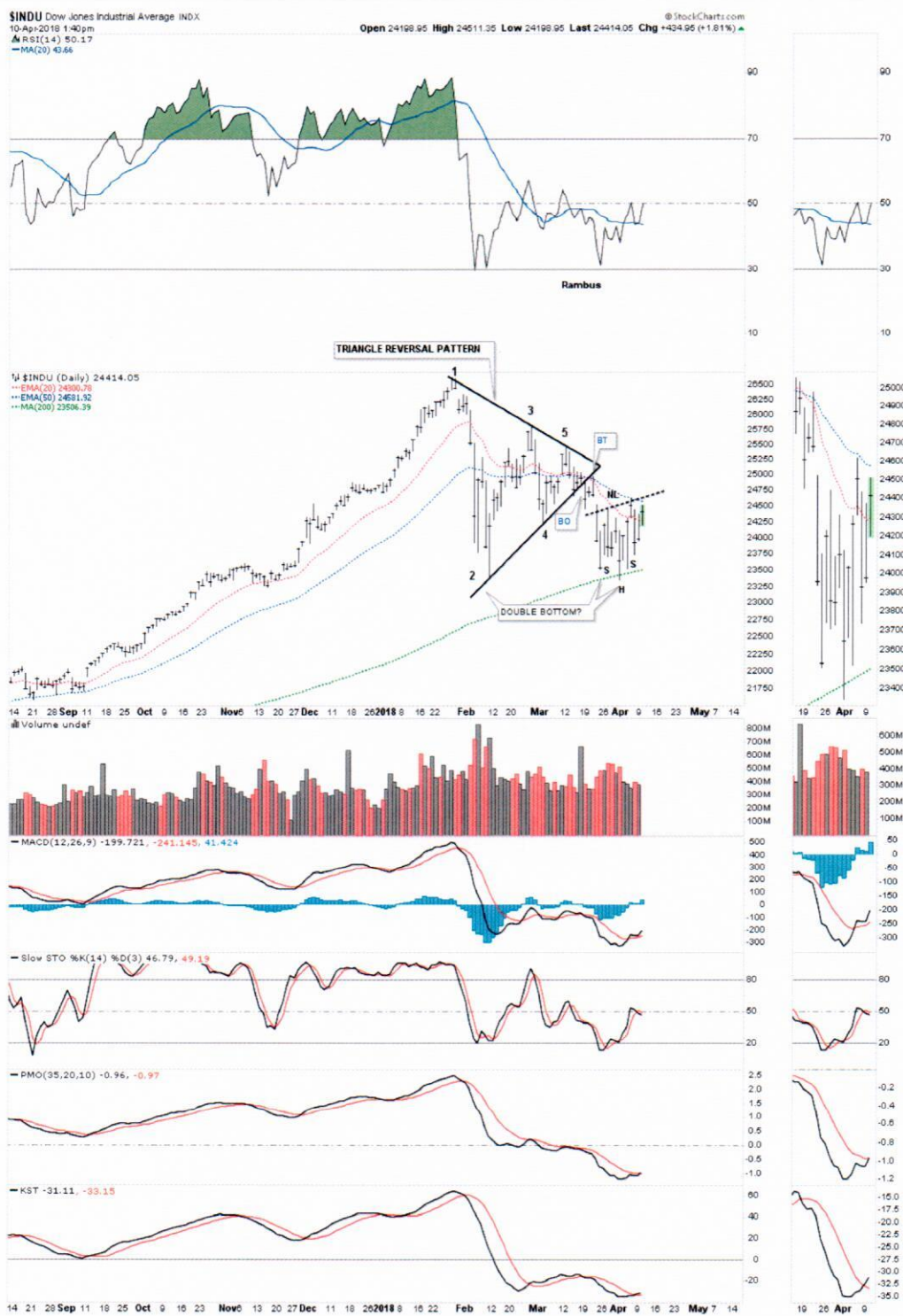
To show you what I mean below is a short term 15 minute chart for the INDU which is showing a very symmetrical H&S bottom building out as shown by the neckline symmetry lines. The red arrows show the secondary low that formed yesterday which was equal to the one on March 28th. The blue arrows show the secondary high that was also made yesterday equal to the high at the end of April. The neckline will come into play around the 24,750 that will need to be broken to confirm this possible H&S bottom.



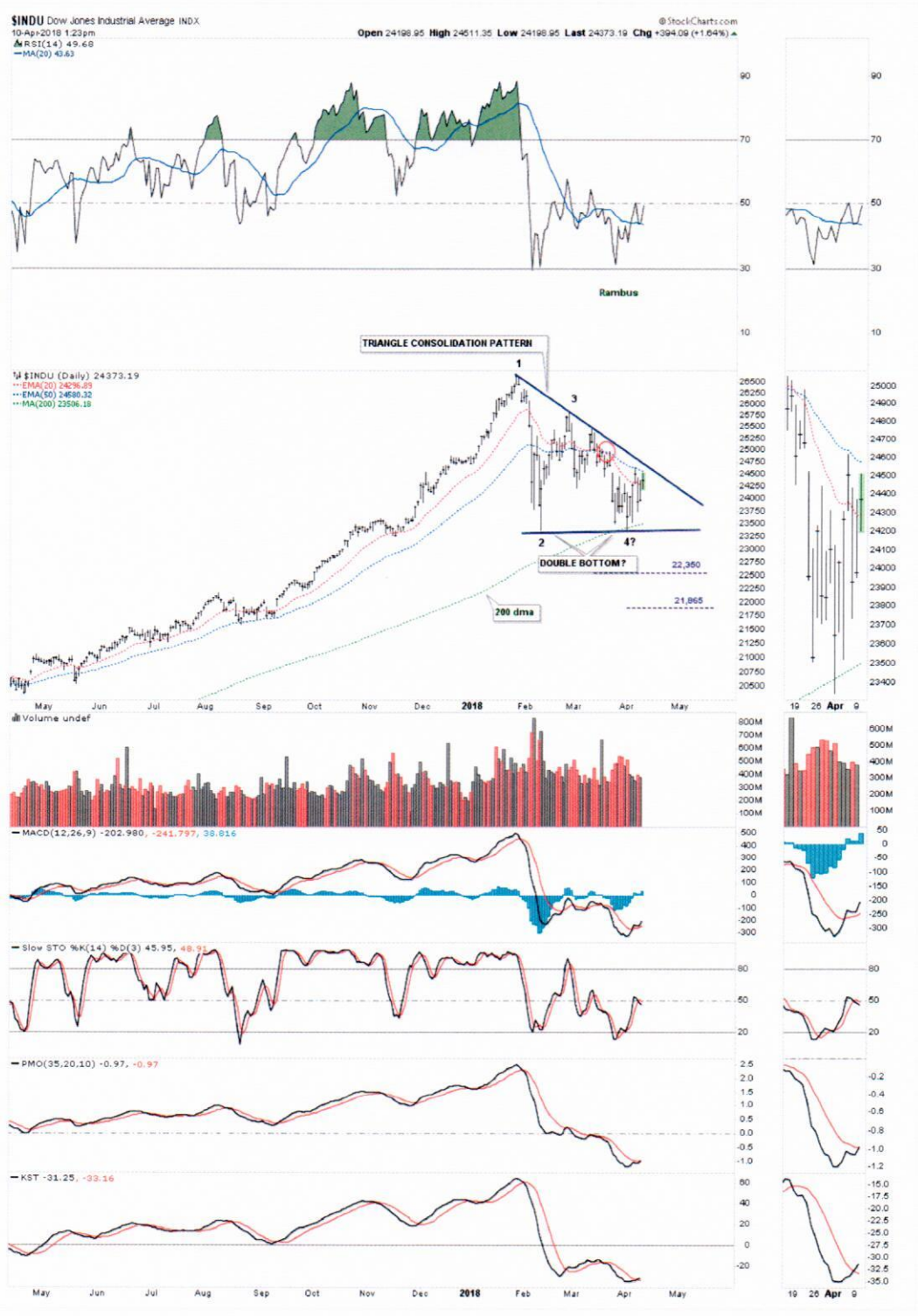
The two hour chart still shows the potential expanding triangle with the H&S bottom forming inside. A breakout above the top dashed trendline / NL will confirm the H&S bottom.



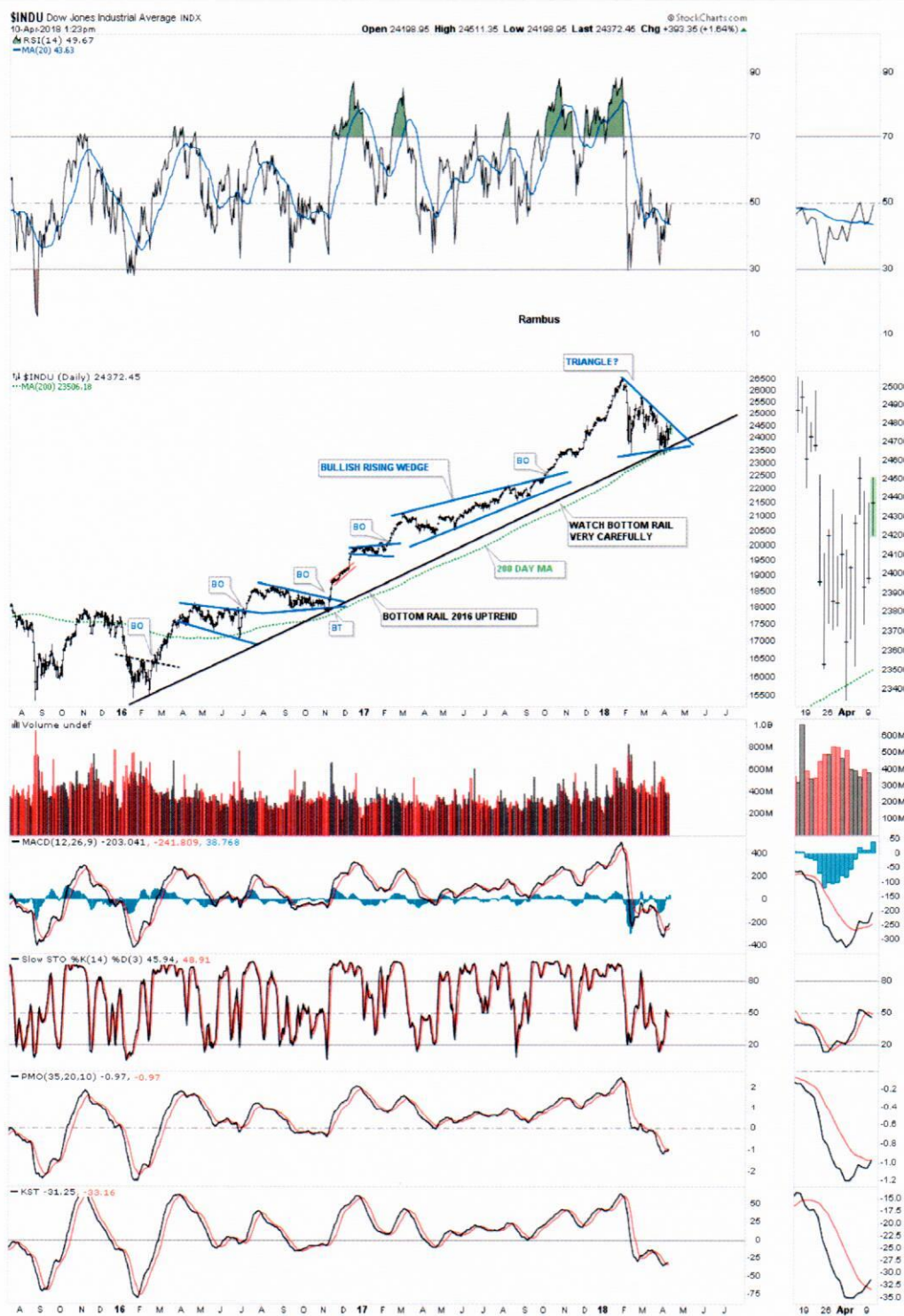
This first daily chart shows the original 5 point triangle reversal pattern with the possible H&S / expanding triangle forming below the apex. The price action has recaptured the 20 day ema with the 200 day simple ma holding support.



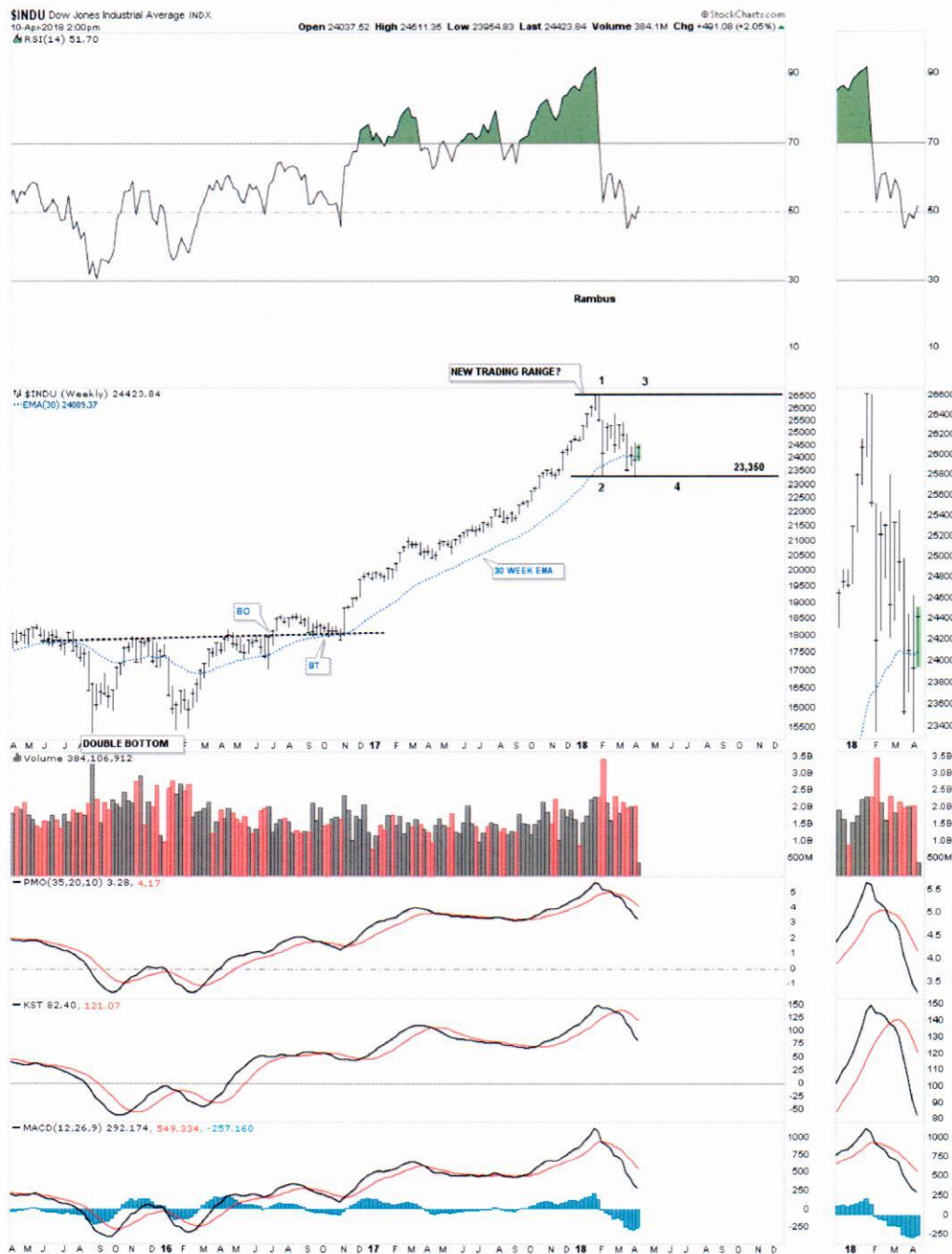
This second daily chart shows the potential four point triangle building out with the 200 day ma holding support at reversal point #4 which could also be labeled as a double bottom.



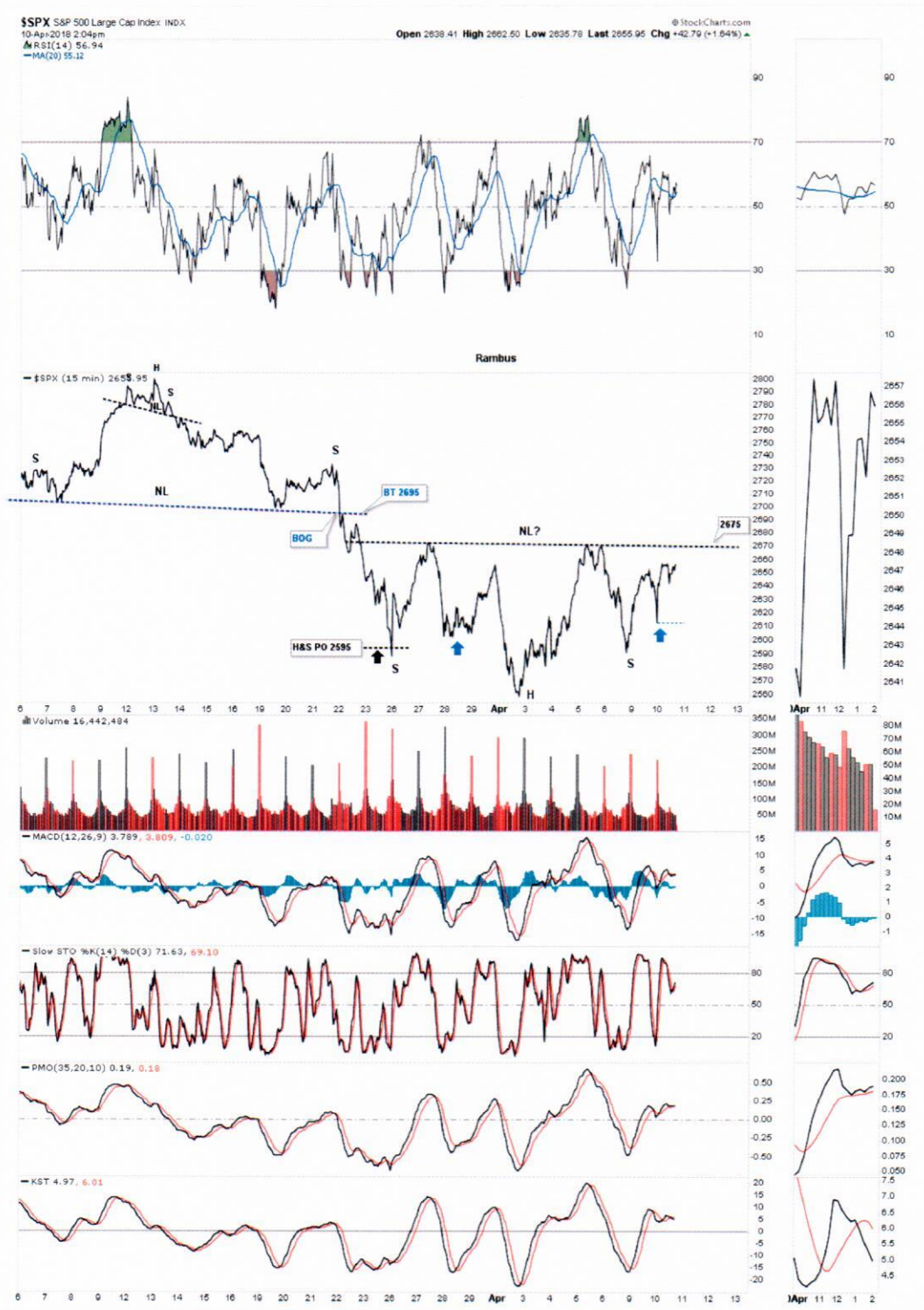
The two year chart shows the bottom rail of the 2016 bull market uptrend channel still holding support.



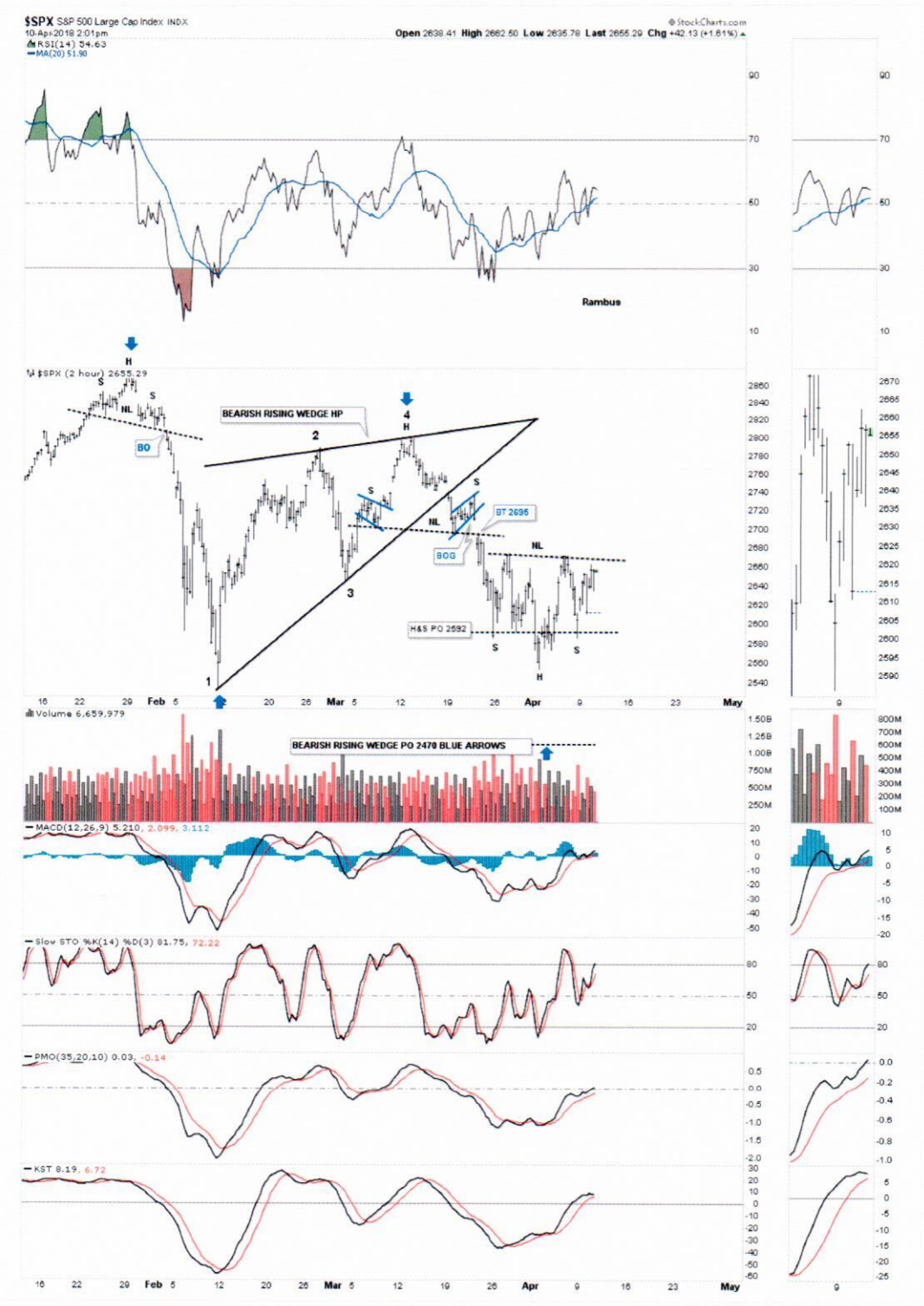
This weekly chart for the INDU takes out all the noise that the small timeframe charts can make. We only have one completed reversal point so far in the possible new trading range. The second reversal point won't be complete until the price action gets somewhere up to the old high area. I'm showing a horizontal trading range for now, but we don't have any idea yet what the potential trading range will build out when all is said and done. We'll have to watch the short term charts for some type of reversal pattern as the price action moves up to the previous high.



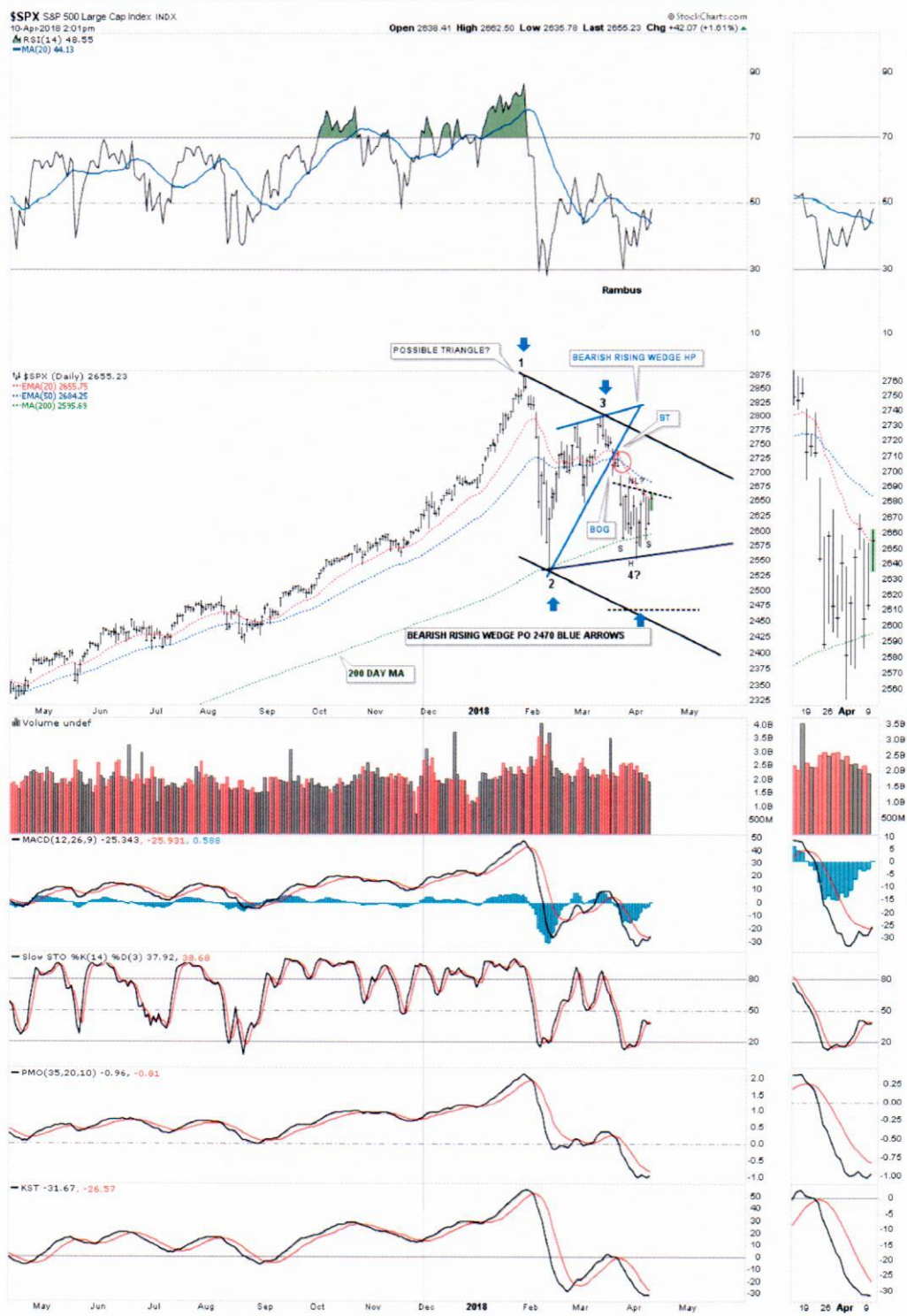
Now lets look at the 15 minute chart for the SPX which is showing a similar symmetrical H&S bottom to the INDU with the secondary lows as shown by the blue arrows. The neckline will come into play around the 2675 area.



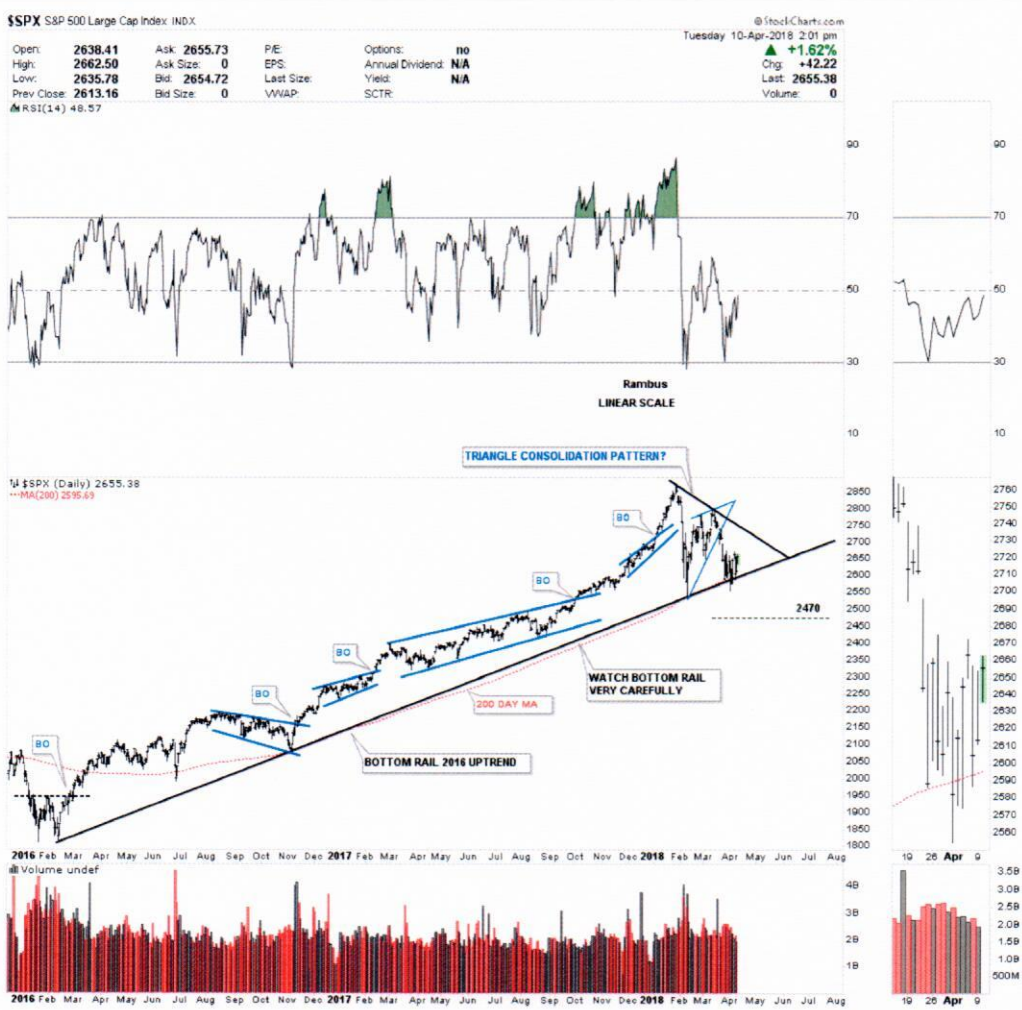
Below is the 2 hour bar chart which shows the potential H&S bottom forming just below the bearish rising wedge. We'll need to see a strong breakout above the neckline for confirmation the neckline is valid similar to the small H&S top that started this big correction back in late January. Once the breakout took place the SPX wasted little time in declining in earnest similar to the breakout of the bearish rising wedge.



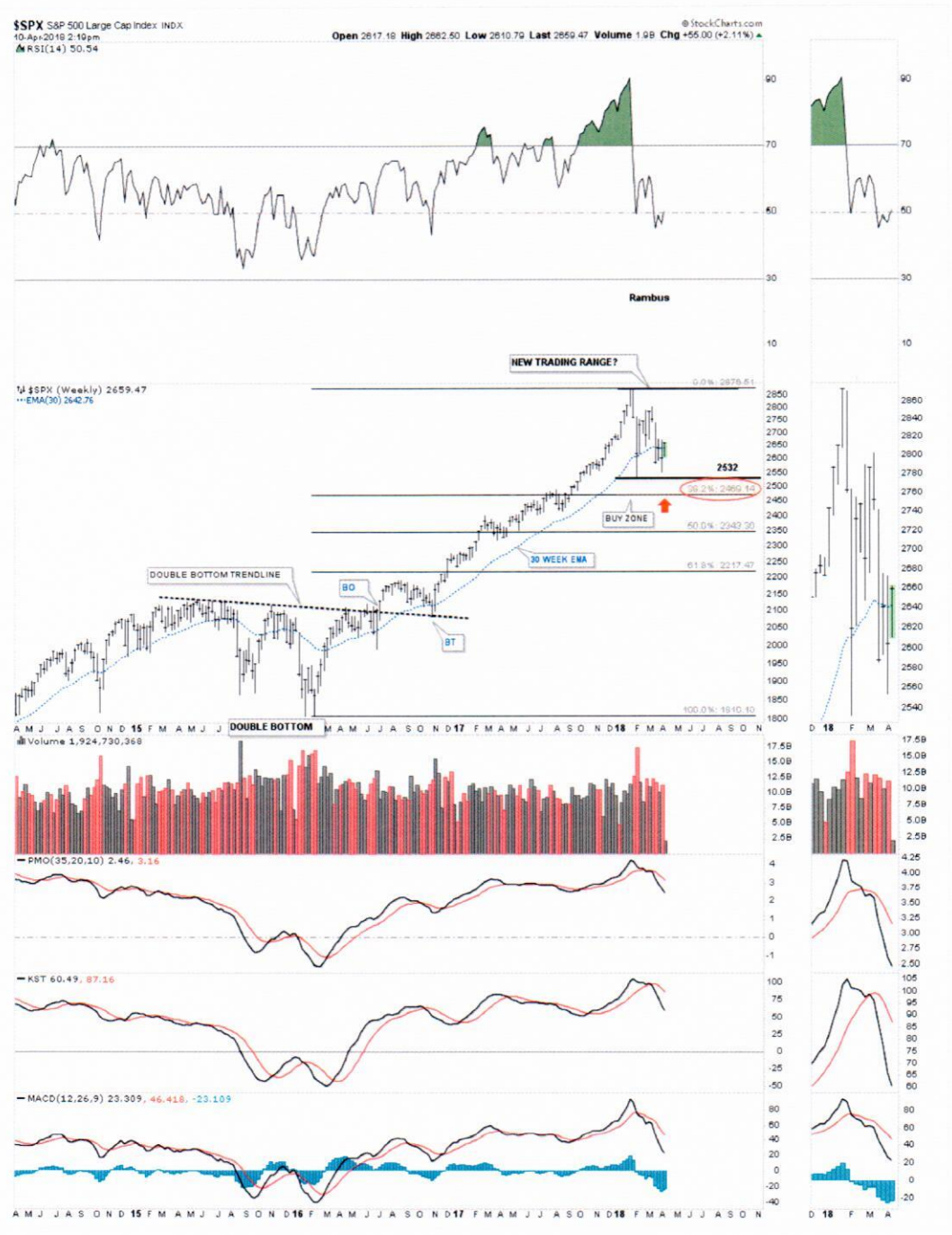
This daily chart shows how the small H&S bottom is forming on top of the 200 day ma which is allowing a possible bottom trendline of a potential triangle to develop. The only real negative right now is the 20 day ema has crossed below the 50 day ema for the first time in a long time.



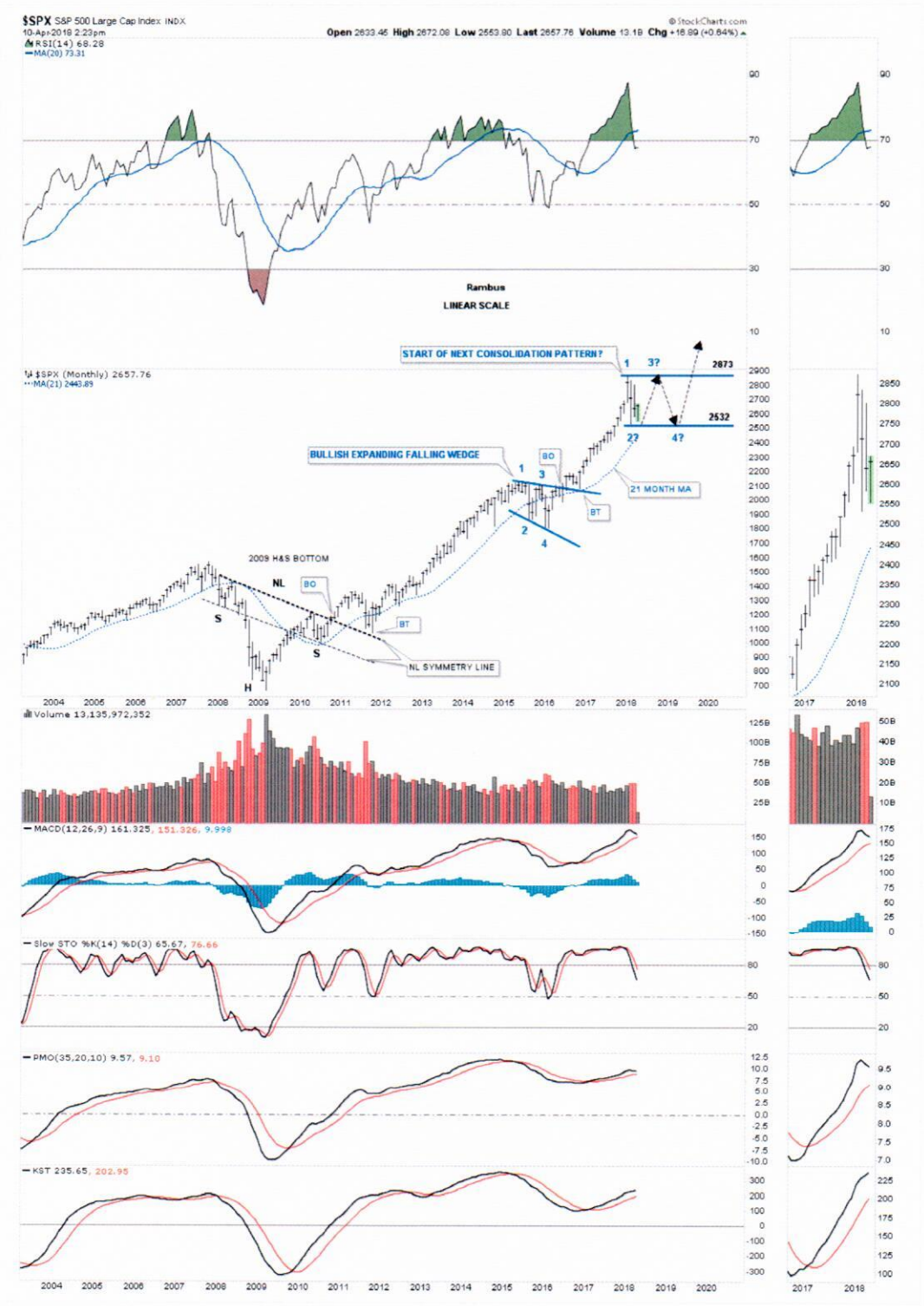
The bottom rail of the 2016 uptrend is still holding strong support.



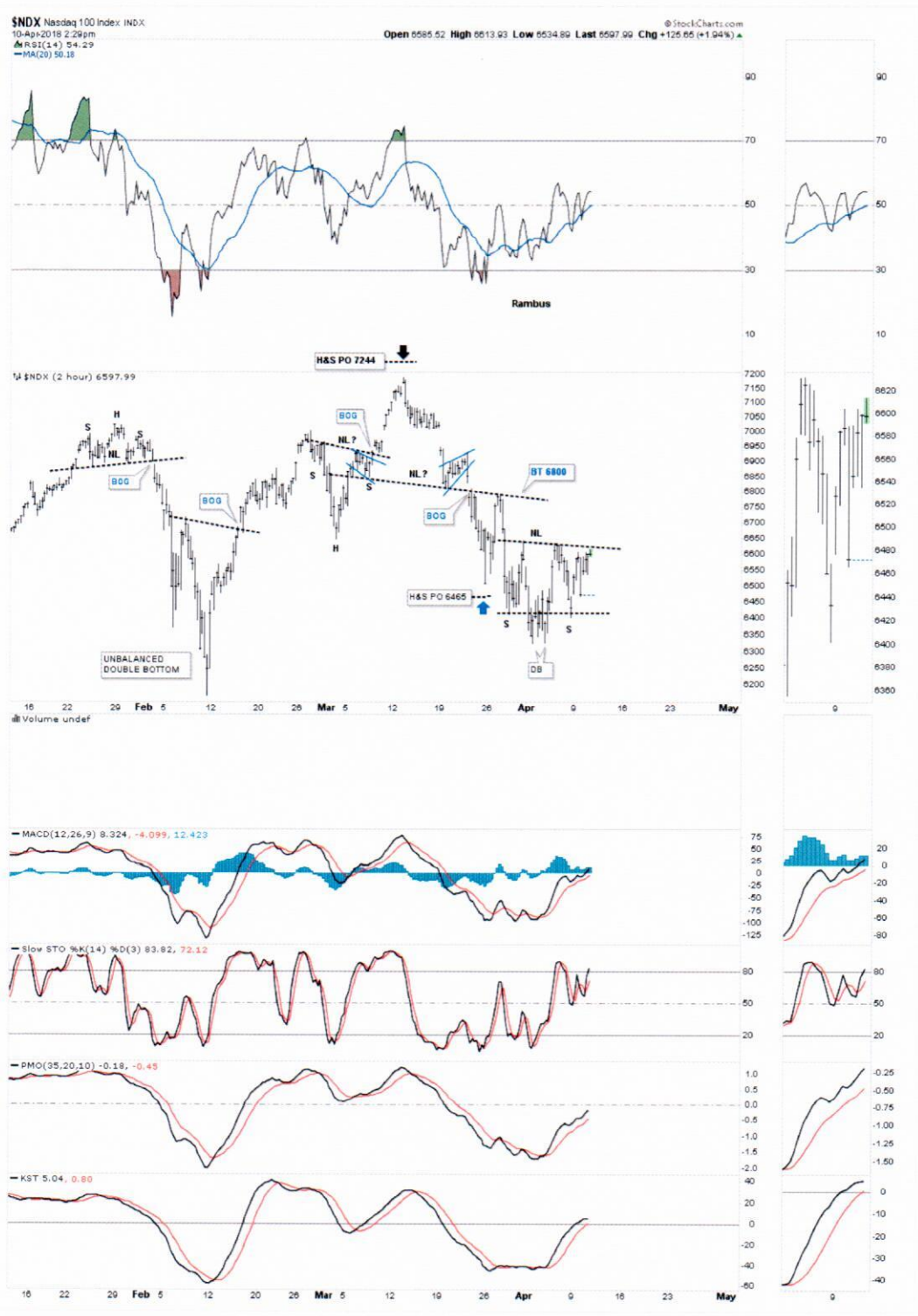
The weekly chart shows how the possible new trading is developing. The week is still young, but I like the fact that the price action is trading back above its 30 week ema.



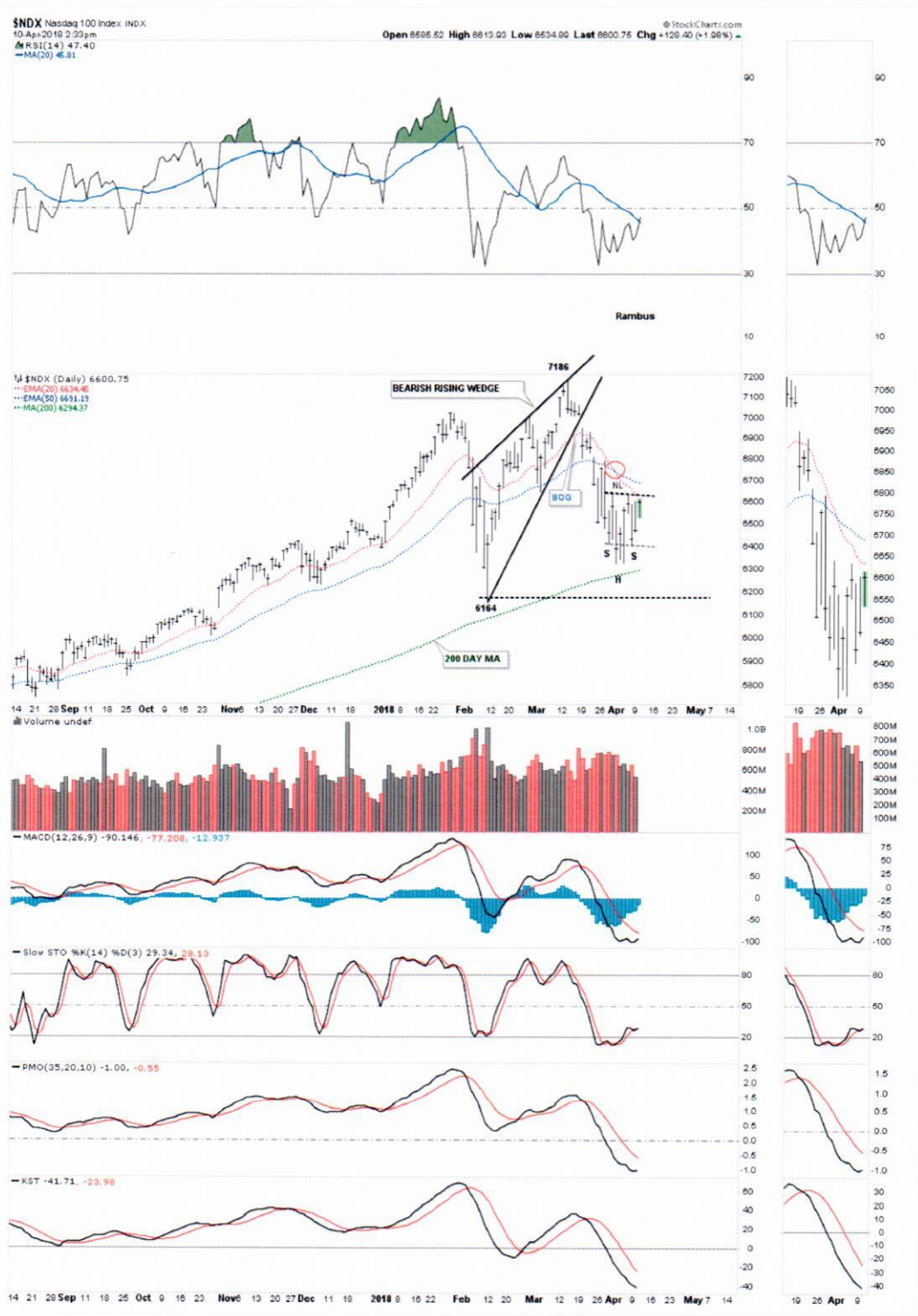
This long term monthly chart shows why I think we are in a large trading range vs a new bear market. After a two year low volatility rally a correction was needed to work off the overbought condition. This is a perfect place to consolidate those previous gains. The previous consolidation pattern, the bullish expanding falling wedge, took close to 18 months to complete. The SPX is currently only in its 4th month of consolidation.



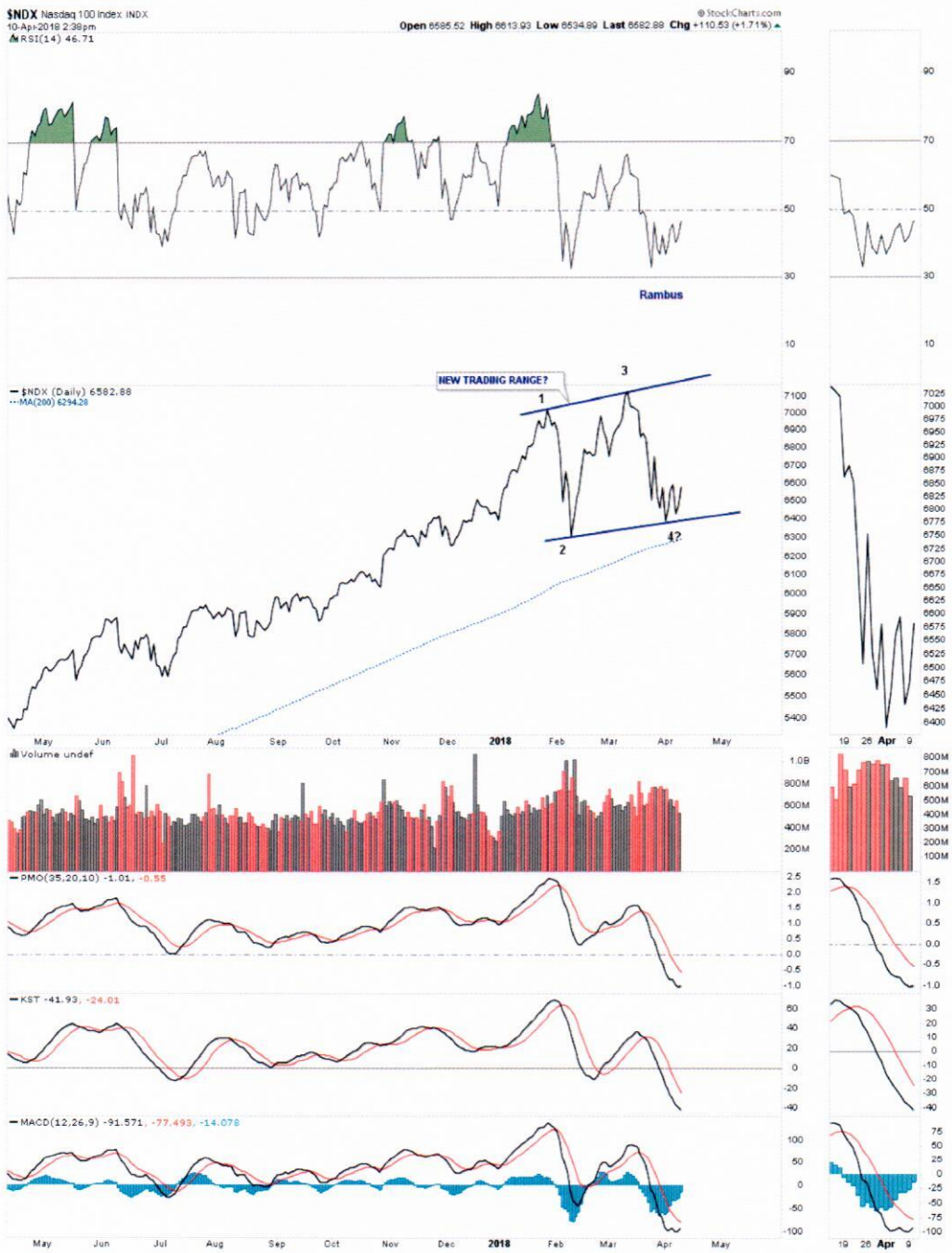
Now lets look at the 15 minute chart for the NDX which is showing a possible H&S bottom. As you can see the price action is getting very close to the neckline.



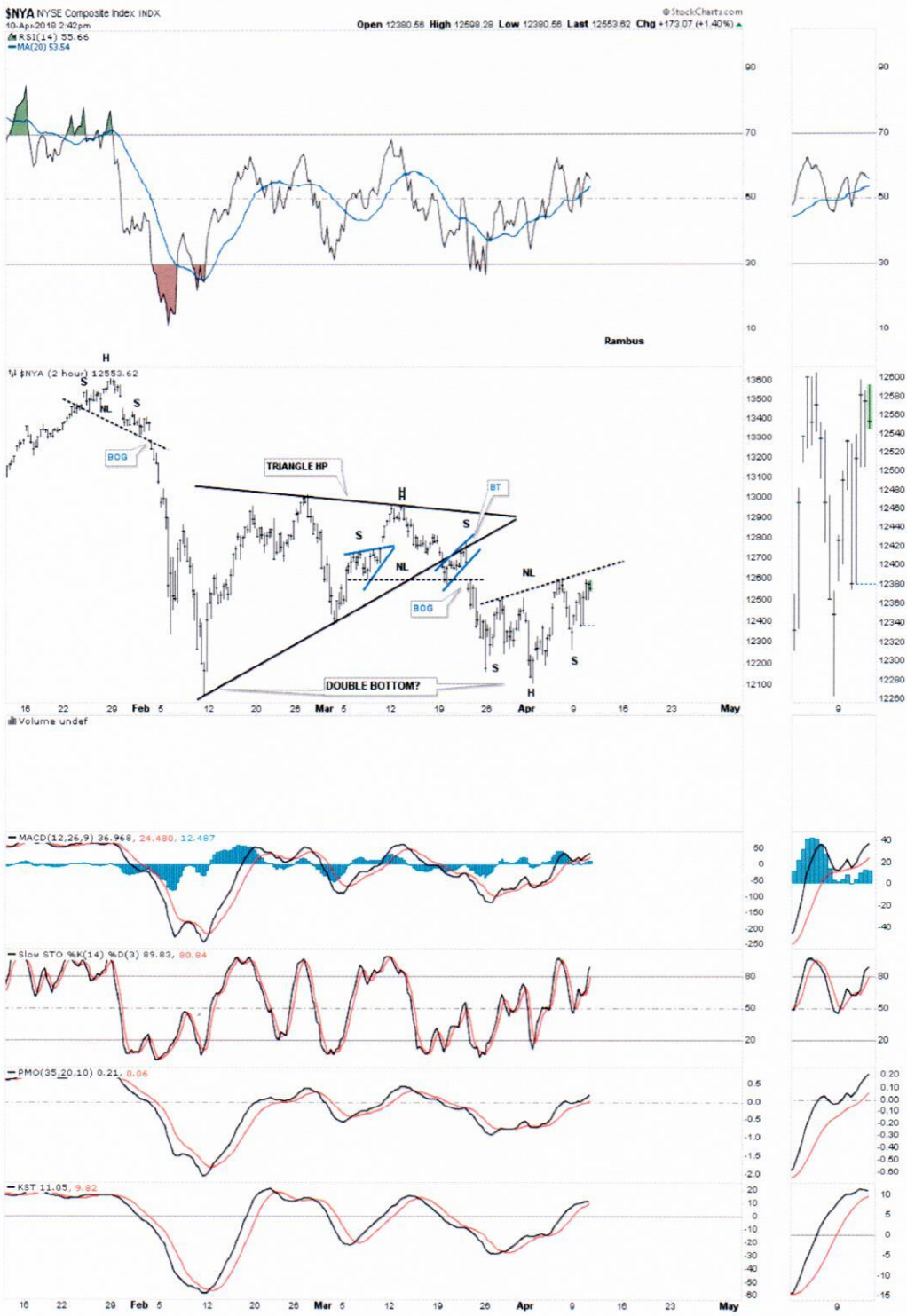
Below is the daily bar chart which shows the breakout from the black bearish rising wedge with the H&S bottom forming just above the 200 day ma. Keep in mind we like to look for reversal patterns at reversal points.



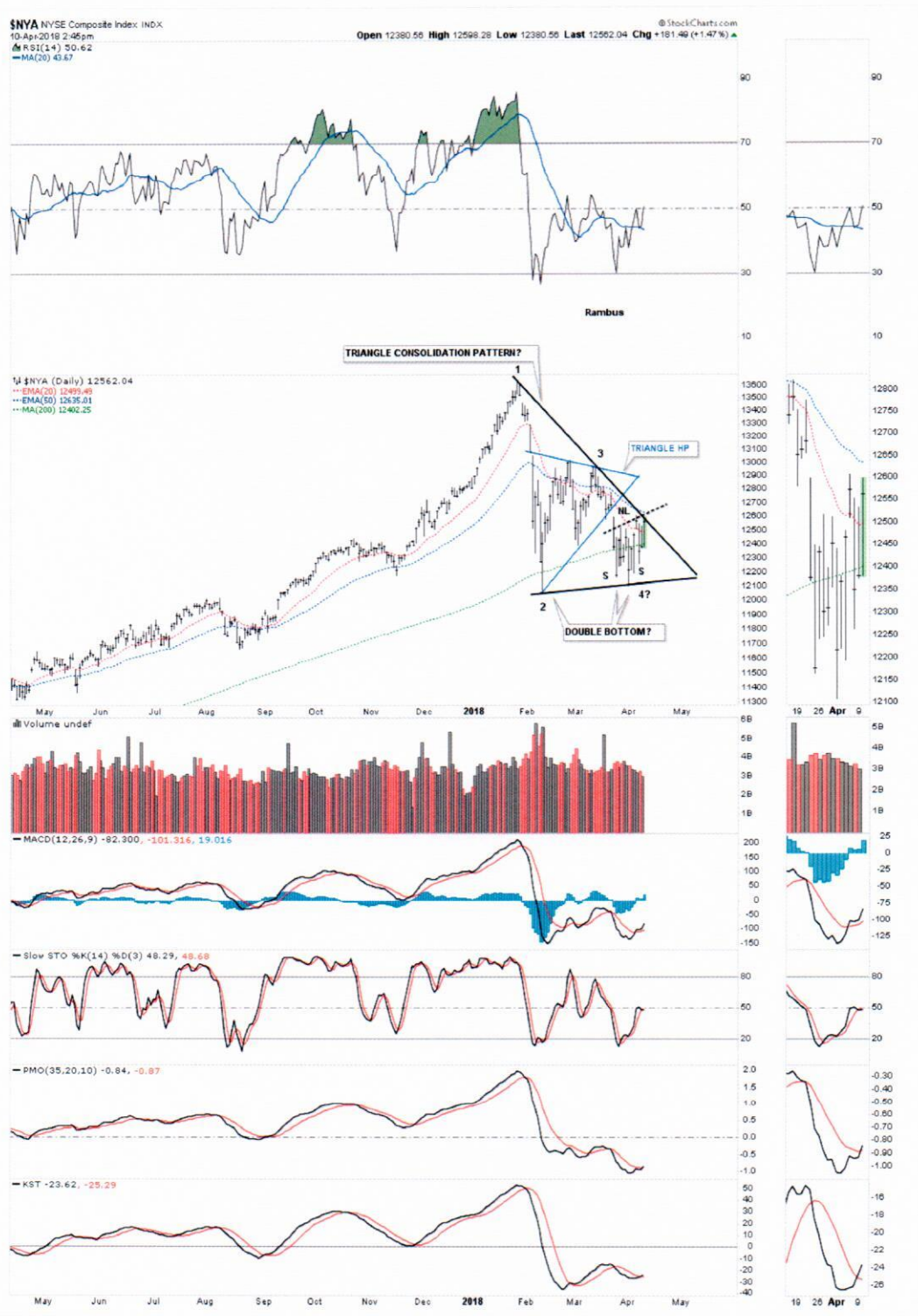
The daily line chart shows the new trading range. It's too early to know yet, but there is a possible bullish rising flag forming which would be very bullish if the top rail is eventually broken to the upside as we know these types of patterns show up in strong trending markets. Just something to keep an eye on for now.



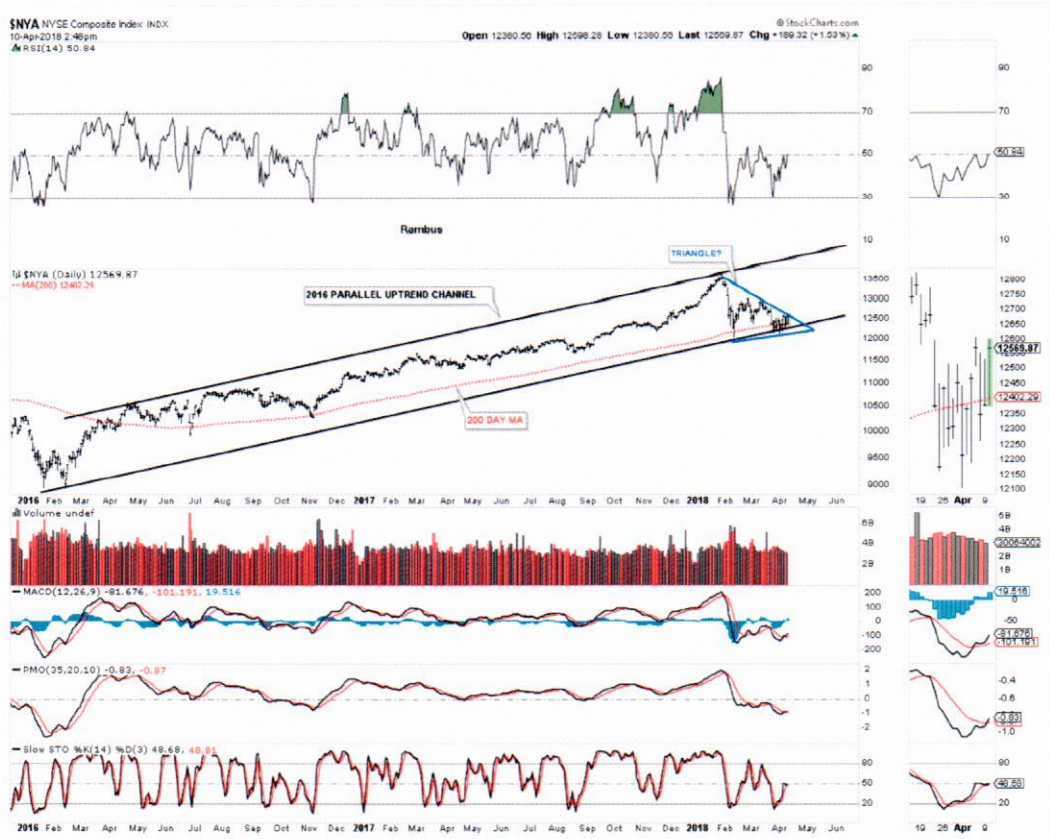
Next is a 2 hour bar chart for the NYA which is attempting to build out a H&S bottom.



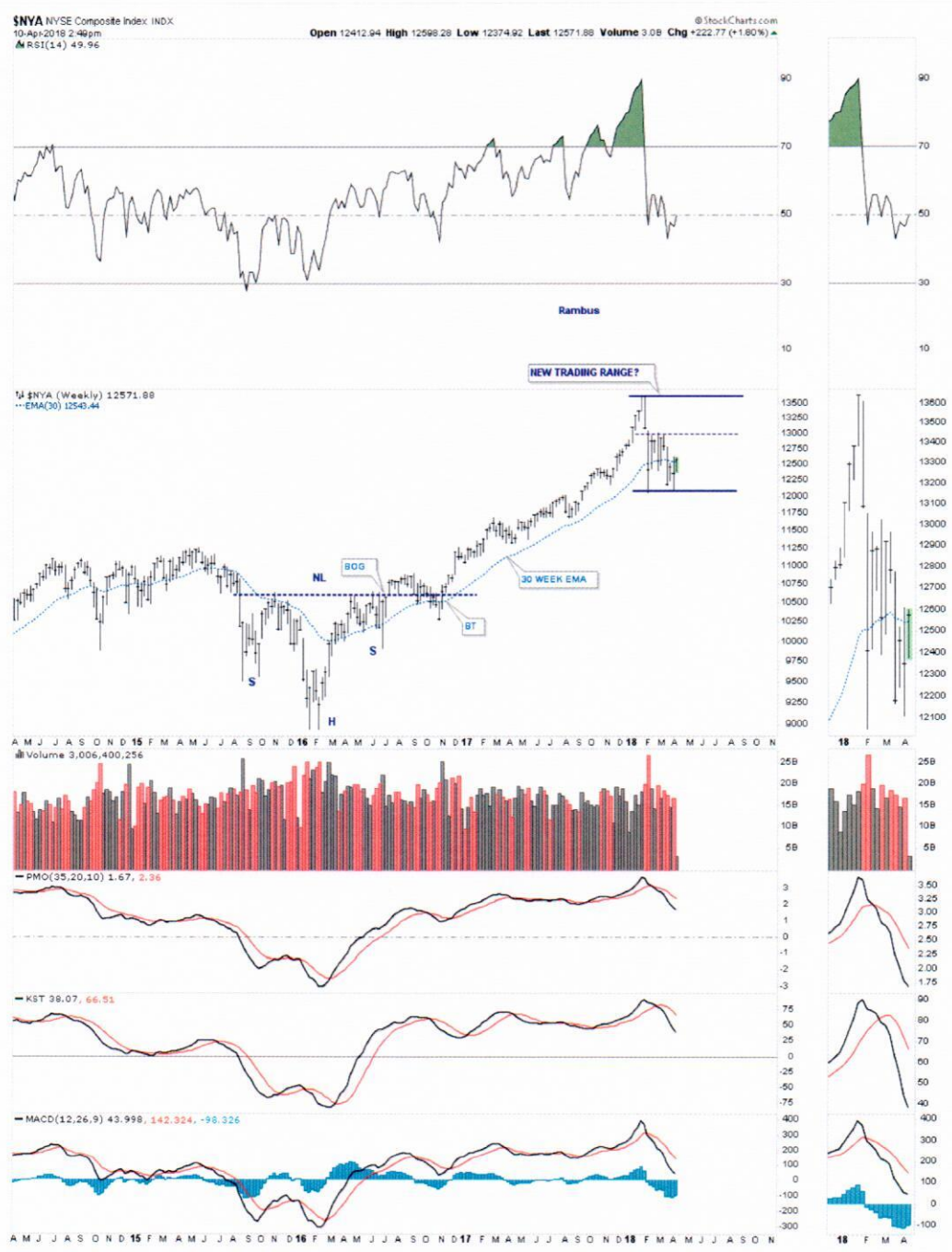
This first daily chart for the NYA shows its small H&S bottom forming at the possible 4th reversal point within a triangle trading range. As you can see the price action is currently testing the neckline and the top rail of the possible triangle formation.



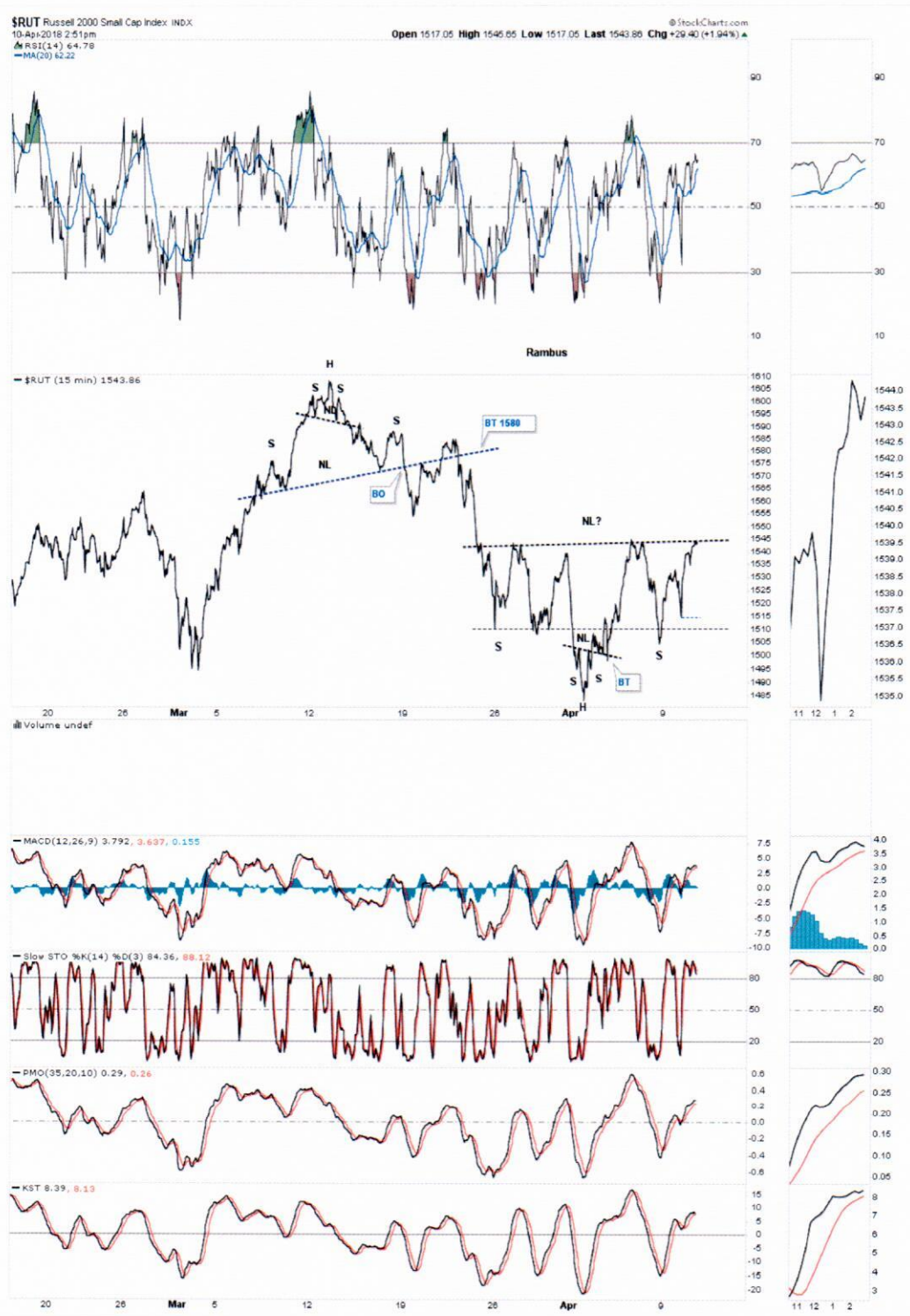
The possible triangle is forming between top and bottom rails of the 2016 bull market uptrend channel.



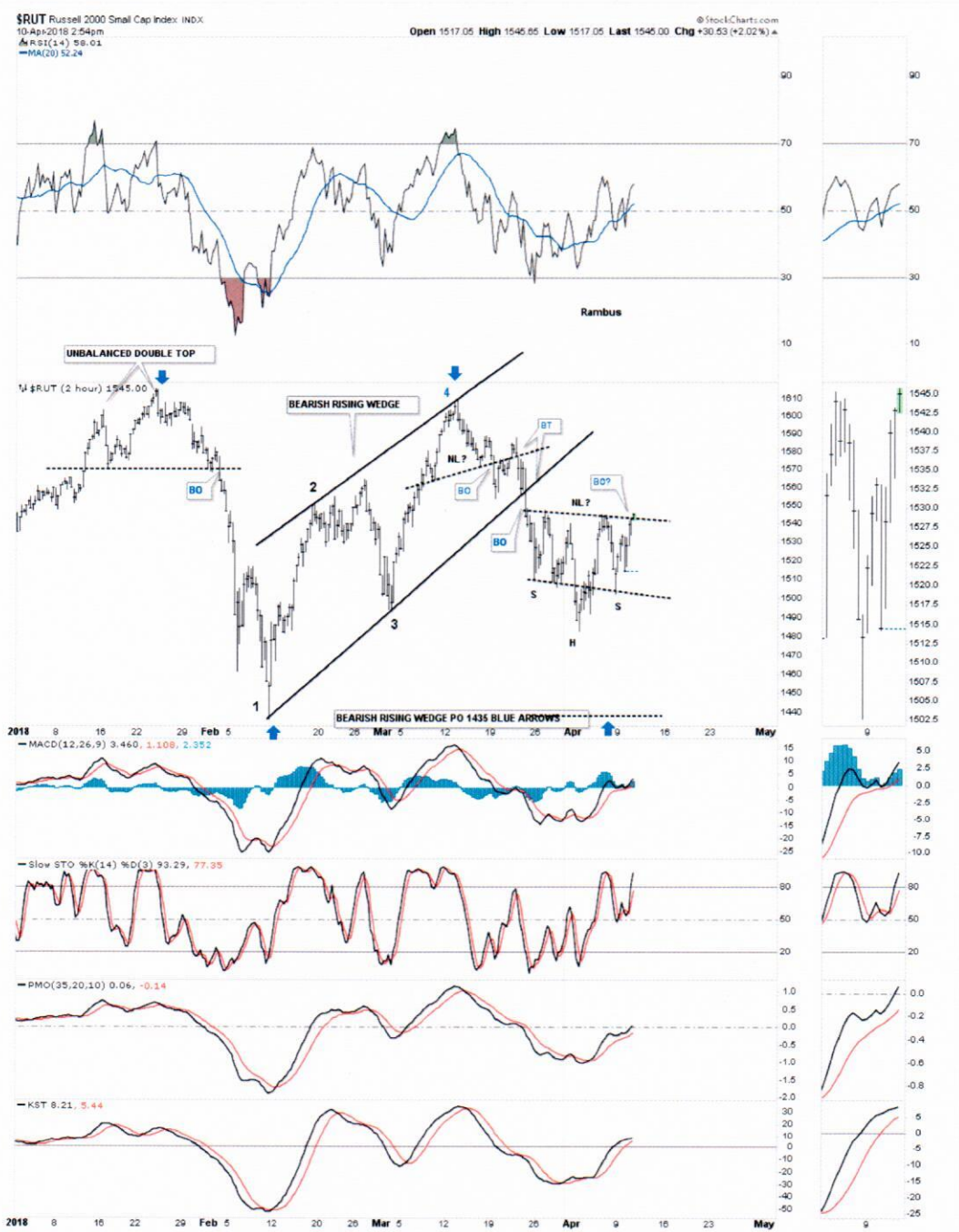
The weekly chart shows the possible new trading building out along with the 30 week ema.



The last stock market index we'll look at is the RUT 2000. The 15 minute line chart shows the neckline is currently being tested. The RUT has held up better than most of the other stock market indexes and maybe the first one to show the way higher.



The 2 hour bar chart shows the price action trying to breakout above the neckline.



The daily chart shows the small H&S bottom forming at the fourth reversal point within a possible triangle consolidation pattern just above the 200 day ma.



Below is the 2 year bull market uptrend channel that shows the triangle building out between the top and bottom rails, again with the 200 day ma holding support.



Below is the weekly chart which shows how the possible triangle fits into the bigger picture. It's possible we should have a 5th and 6th reversal points before the triangle is completed.

If one believes we are still in a secular bull market then trying to buy the bottom of the trading range and selling the top is one way to play the markets in both directions until the consolidation pattern finally completes. The job of a consolidation pattern is to scare as many bulls out of the market as possible. As the consolidation pattern matures the volatility will become smaller with volume tapering off. If we are truly in a secular bull market, when this consolidation pattern finally competes, we should expect a smaller rally that led into our current trading range showing our new trading range as a halfway pattern between the two impulse moves.

