

Good morning, everyone, and welcome to Friday morning..

It's Stephen Whiteside here from theuptrend.com..

In the premarket this morning, stock index futures are mixed..

We're seeing a little weakness in the Nasdaq this morning, and that has a lot to

do with Apple trading lower in the premarket..

Commodities are fairly stable..

Both gold and crude oil are slightly higher on Friday morning..

Now I am doing this video ahead of the employment numbers that are coming out at

8:30 this morning, and they could certainly add to the premarket volatility..

Now, it's been a week since I recommended.

you lock in some profits on your short positions or your long bear ETFs..

Since then, the market has come back.

nicely and the VIXs continue to fall this week..

And of course, a falling VIX is supportive for higher stock prices..

Now, if we go back a week and look at the SPY chart for the S&P 500, you can see we

were ranked as zero, punching through the bottom of the Panic Zones..

This is the time and place that we look.

for buying opportunities, not selling opportunities..

Now we keep a history of that particular.

indicator at the bottom of the Flypaper Channel chart..

You can see there's a couple of lines here..

There's one line at the two level, one.

line at the eight level, anything to or below, that's the time and.

place where we look for buying opportunities..

That was certainly the situation we were in last Friday..

Of course, we talked about the fact that.

every particular symbol is going to have its areas of potential resistance,.

whether it's recent peaks or valleys, recent highs and lows, our mathematical.

price targets, the moving averages, or even trend lines..

In this particular case, last Friday, we had this downtrend line in the S&P 500..

Remember, we've been talking about the fact that markets have been making lower.

highs and lower lows, and that was still certainly the case last Friday..

We've had a very dramatic week over the past five trading days..

What do you know?.

The S&P 500 traded right up to that downtrend line and stopped yesterday..

Now here's the current panic zone chart for the SPY..

As you can see, we are projecting higher.

prices all the way into December, up into the 450 area..

Of course, we have to get over recent resistance to get there..

Our next price target is up there at.

437.50 but if you remember back in September, we got lower and the top of.

that open gap is at 438.43. Is that an important number?.

Well, we couldn't get up to that level in October..

That is still a major area of resistance.

to get up and over and can a short covering rally get us up and over that?.

Well, we'll just have to wait and see..

Now, a week ago, the TSX looked like this..

Again, it was ranked as zero down the.

bottom of the Panic Zones, Pressure Zone had formed..

What do you know?.

Yesterday was a huge day up for the TSX..

We weren't on a buy signal coming into yesterday's trading action..

It happened very quickly..

Of course, you got to think that most of that is short covering..

Now, as you can see, the TSX is traded.

right back up towards the highs from October, where we stopped on a dime..

One of the reasons we stopped on a dime.

in October was because we ran up to the lows of August..

And so what was support on the way down.

often becomes resistance on the way back up..

So it'll be quite interesting to see and quite bullish if we can take out that.

October high and drive through the August resistance..

Now, Is expecting the US dollar to have to.

come down for a rally to start, but that is certainly not the case..

And if you've been with us before, we talked about using the mid term chart on.

the US dollar index as it had just been treading water for a month now..

Now, bonds have played a much bigger role in the rally this week..

Bond traders have come in and started to buy bonds again..

And again, it'll be interesting to see if we take out that October high..

Of course, bonds going up has put downward.

pressure on bond yields, and that has helped fuel this short covering rally..

The price of crude oil has been helpful this week..

It has certainly not been going up..

It is holding the October lows..

If those break, then 78, 13, and 75 dollars come into play..

Now if you were with us yesterday morning, I was pondering why Shopify had not.

participated in the Big Cap tech rally this week and then this happened..

And so Shopify gap to high yesterday and closed near the high of the day, which.

looks pretty bullish and traded up towards the top of the Panic Zones..

I'm not sure that I would want to be.

jumping in on Shopify on Friday morning, but certainly if you still have a short.

position, you'd want to cover any short position that you have remaining..

Now, when we talk about shorting stocks,.

we want to be shorting off the top of the Panic Zones where an early warning signal.

has gone off and you get a right side sell signal..

That's the time and place you short stocks..

You do not short stocks when they're trading down the bottom of.

the Panic Zones where a Pressure Zone has formed..

That's the time and place where we get short covering rallies..

One of the reasons we get short covering.

rallies is that the public is usually comfortable enough to short a stock when.

it's down at the bottom of the Panic Zones..

They don't know what Panic Zones are, but.

what they have is psychological support to take a short position..

That psychological support is often based.

on the fact that when a stock is hitting new lows on any particular move, that's.

when there's the most negative news and negative opinions about that stock..

They have a current history of the stock trading lower and lower and lower..

Why can that not continue forever?.

This is the time and place where they like to short stocks..

Of course, it's the worst time and.

their shorting at the end that causes a lot of the short covering rally because as.

soon as the stock starts to turn around, they have absolutely no profit in their.

short trade and have to cover as quickly as possible..

That's certainly what we saw in Shopify on Thursday..

Now, while stocks have been coming back.

this week, there's still a lot of stocks that are dropping out of the sky..

It's very easy to just go through and see some of the stocks are still getting hit.

hard on Thursday, while the rest of the market was moving sharply higher..

Now, Apple is in the news this morning..

It has been on a buy signal for the last couple of days..

We're still projecting higher prices here..

There's how Apple closed yesterday, second day of a buy signal..

It is trading lower this morning..

And of course, this number is going to be different by the time you see this video..

But we are trading in the channel..

We're not trading through the lower channel line right now..

So so far, it doesn't look like we're.

going to see a sell signal for Apple on Thursday..

Of course, if we ended the day with a sell.

signal for Apple, that would certainly be bearish for the overall market..

Now with this short covering rally, you'll.

notice that on a lot of the charts, the pros have not taken control just yet..

It's going to take a couple more days of.

higher closes than higher opens for us to see the pros actually take control..

So again, a lot of short covering rallies this week..

It doesn't mean that it can't continue to go higher from here..

Certainly, a short covering rally can be a spark for a major trend change, and we'll.

just have to give it time to see if that is actually the case..

Let's finish off with a look at gold and gold stocks..

We've got the price of gold up at the top of the Panic Zones..

Early warning signals have gone off..

We're still having trouble getting over \$2,000, which is for us, a mathematical.

target, but it's also a big round number, so a big psychological target..

Gold had an inside day on Thursday..

On Friday, we're looking for a close below \$1,972.50. From what we're seeing in the premarket this morning, not expecting that to happen..

Now, gold stocks have pulled back ahead of the price of gold..

You can see on the GDX, the early warning.

signal up there at the top of the screen on the panic zone chart..

We had a couple of bearish reversal days marking the top for this move..

We're on a sell signal right now, but really not trending lower at the moment..

We're just not attracting new buyers right now..

That's also true on the XGD, a couple of.

bearish reversal signals, early warning signal at the top of the Panic Zones..

There we are, we're on a sell signal..

I put in a low on Wednesday, I did not take out that low on Thursday..

You can see that there's a couple of open.

gaps over here and there's one, there's the other one..

They may need to get filled before gold stocks can start rising again..

We'll just have to wait and see how that turns out..

And that's all for this morning's presentation, folks..

It's still fairly quiet..

We're still ahead of those employment numbers that will come out at 8:30..

And that could certainly add some additional volatility this morning..

Enjoy the rest of your day. Enjoy your weekend..

Enjoy your extra hour of sleep this weekend..

And next time you'll hear my voice is on Monday morning..