

# PHASES & CYCLES®

## ARE WE THERE YET?

Was the April weakness the end of the long-awaited correction? Looking at the individual charts of the major indices we see that the Dow Jones (DJI), New York Stock Exchange (NYA) and the S&P/TSX Composite (TSX) indices have been in a horizontal trading range since their March highs. The only indices which have risen higher than their previous highs are the SPX and the NASDAQ, where the former is made up of about 45% Tech stocks and the latter, 68%. (Given the heavy bias of the NASDAQ, we will disregard it.)

The SPX, which is *market cap weighted*, is heavily biased in stocks such as GOOG, NVDA, TXN and QCOM, all of which are overbought and considerably far above their respective 40wMAs. As we know, the more a given stock becomes overbought, the more likely it is to experience a correction, either in price (downward) or time (horizontal trading range). Should these stocks begin a significant correction, the SPX and NASDAQ would be affected in a similar way. If we look at a chart of the S&P 500 index *equal weighted*, it is clear that the index did not reach a higher high.

So with the other indices not setting new highs and the SPX gaining a mere

1.8% since the March high, the question begs whether markets can be considered to have resumed the uptrend or are they establishing an area of distribution? A decline below such a range would imply a third down leg as we proposed in our [May 8, 2024 comment](#). However, a rise above an area of distribution would provide an excellent platform to support higher targets and signal the resumption of the uptrend.

Should the other indices also begin to experience higher highs, we could then conclude that the April weakness completed the correction. For now, we remain skeptical.

On the following page we examine the charts of the major indices mentioned above and we can clearly see that the major indices remain within their respective horizontal trading ranges (dashed lines). This suggests that the correction may not be over yet. The S&P 500 index weighted by market cap exceeded its March by a mere 1.8%. Meanwhile the S&P 500 equally weighted remains in a horizontal trading range (last chart).

**The markets remain in long-term bullish trends. However, we still cannot confirm that the short-term correction is over.**

PAC-24-85; MKT-563; June 10, 2024

**Monica Rizk**

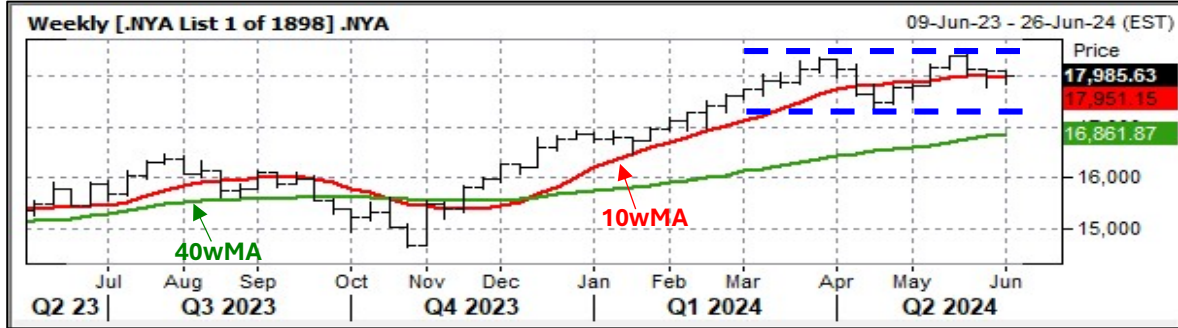
Capitalight Research · 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario M5X 2A2  
[subscriptions@capitalightresearch.com](mailto:subscriptions@capitalightresearch.com) · [Capitalightresearch.com](http://Capitalightresearch.com)

The contents of this report may NOT be copied, reproduced or distributed without the explicit written consent of Capitalight Research Inc. ©2023, Capitalight Research Inc. All rights reserved

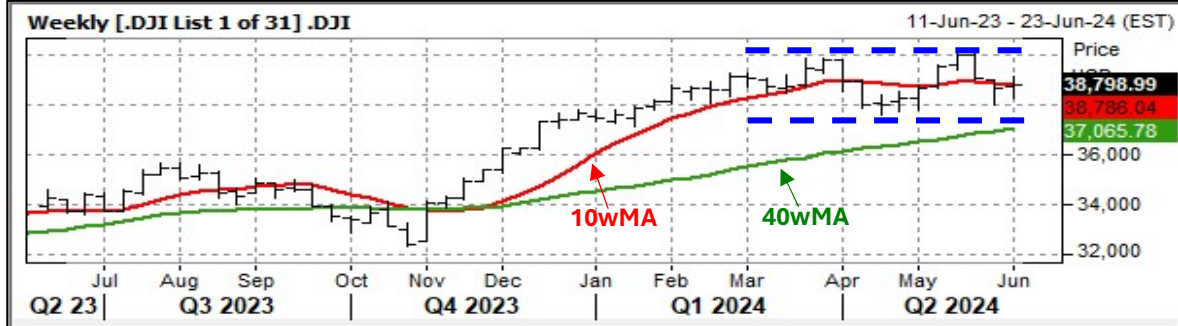
The opinions and projections contained herein are those of Capitalight Research Inc., its principals, associates and employees (collectively "the researchers") and are subject to change without notice. The information contained herein has been obtained from sources that we believe to be reliable but cannot guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that "the researchers" are to be under no responsibility or liability whatsoever in respect thereof. "The researchers" may, from time to time, buy, own or sell securities mentioned herein. "Capitalight Research Inc" is a division IC Capitalight Corp.

# Weekly Charts from June 2023

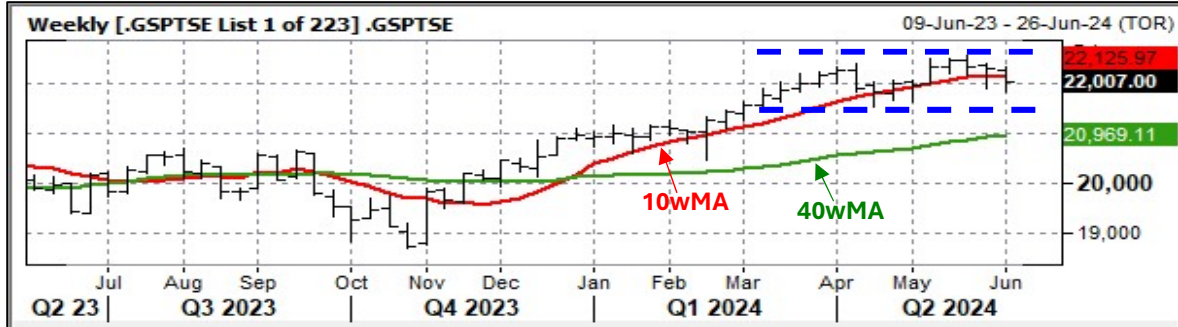
## NYSE Composite Index (NYA)



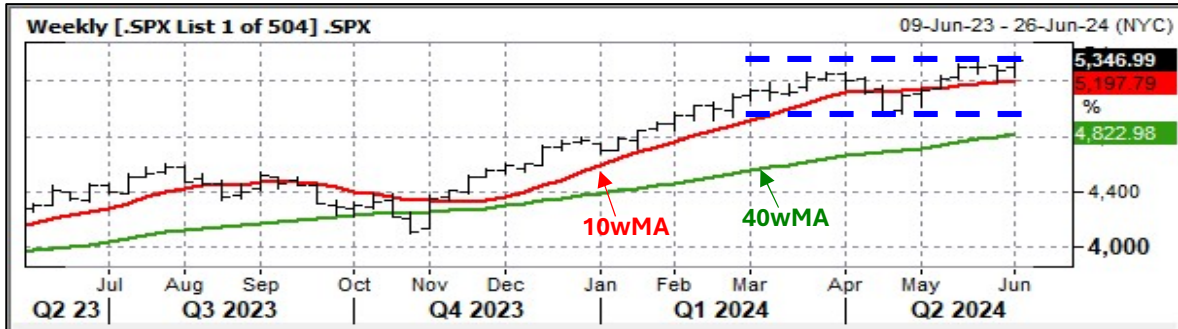
## Dow Jones Industrial Average (DJI)



## S&P/TSX Composite Index (GSPTSE)



## S&P 500 Index (SPX)



## S&P E W 500 Index (EWGSPC)

