



The Weekly Wrap-Up

August 13th, 2022

S&P 500 Testing Major Overhead Resistance

Conclusion, Investment Implications, Strategy

The benchmark S&P 500 (SPX) will begin next week situated just below major overhead resistance at 4279 to 4332, which is where the current 2022 major downtrend should resume IF it is still valid and intact. However, an increasing number of secondary indicators, most recently the S&P 500's 13-week rate of change, suggest that a Strategic (one or more quarters) bottom is already in place at the June lows and that more market strength is coming.

From Our Recent Research

“In our [Jly 25th report](#), we said that the US stock market made a tentative bullish minor trend change. A week later, that trend change is now clearly apparent in all major US indexes, **indicating a positive Tactical trend within a still-negative Strategic trend**. So, until these Strategic trends also turn positive, by definition, the market is in a countertrend rally within a major downtrend. However, **many (non-price related) metrics suggest a Strategic bottom is in place at the mid-June lows**, including the relative performance of stocks versus bonds, and historical extremes in investor sentiment and in market breadth.”

The Weekly Wrap-Up

Asbury Research

Saturday August 1st , 2022

Weekly Summary / Key Levels To Watch



Chart 1

The benchmark **S&P 500 (SPX)** finished Friday's session at 4280, up 134 points or 3.3% for the week. The US broad market index has now rallied by 17.7% from its Jun 17th low but is still down 10.2% for the year.

Chart 1 shows that the US broad market index will begin next week situated just below a band of **major overhead resistance from 4279 to 4332**. It represents the October 2021 benchmark low, the 200-day moving average (major trend proxy), and the January major downtrend line. From purely a price standpoint, this is the line of demarcation between whether the current mid-June rally is just a countertrend correction within the larger 2022 major decline or a new major bullish trend change. *We will discuss this further later in the report.*

Initial underlying support next week is 2.4% below the market **at 4178** and represents the Jun 2nd high. **Primary Tactical support is** 7.8% below the market **at 3953 to 3946** and represents the 50-day moving average (minor trend proxy) and the Jun 28th high. **The current minor uptrend will remain valid above this level.**

The Asbury 6: Positive As Of July 19th

| "ASBURY 6" INTERNAL MARKET METRICS through 8/12/2022 | | |
|--|-----------------|-----------------|
| METRIC | POSITIVE AS OF: | NEGATIVE AS OF: |
| Rate Of Change: SPX | 7/14/2022 | |
| Rel Performance: Stocks v HiYld Bonds | 7/27/2022 | |
| Investor Asset Flows: SPY | 7/19/2022 | |
| Corporate Bond Spreads | 7/15/2022 | |
| Trading Volume: SPX | | 8/5/2022 |
| Market Breadth: NYSE | 7/19/2022 | |
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Table 1

Table 1 shows that, through Friday Aug 12th, five of the **Asbury 6** constituent metrics are green (positive). **The "A6" model itself has been on a Positive status since Jly 19th.** The benchmark S&P 500 has risen by 257 points or 8.7% since then.

How To Interpret The Asbury 6: Four or more metrics in one direction indicate a Tactical bias. When the Asbury 6's constituent metrics are equally balanced at 3 positive and 3 negative, the model retains the current directional status. The dates in each cell indicate when each individual constituent turned either positive (green) or negative (red). When all Asbury 6 are positive, market internals are the most conducive to adding equities exposure to portfolios.

S&P 500's Quarterly Rate Of Change Turns Positive

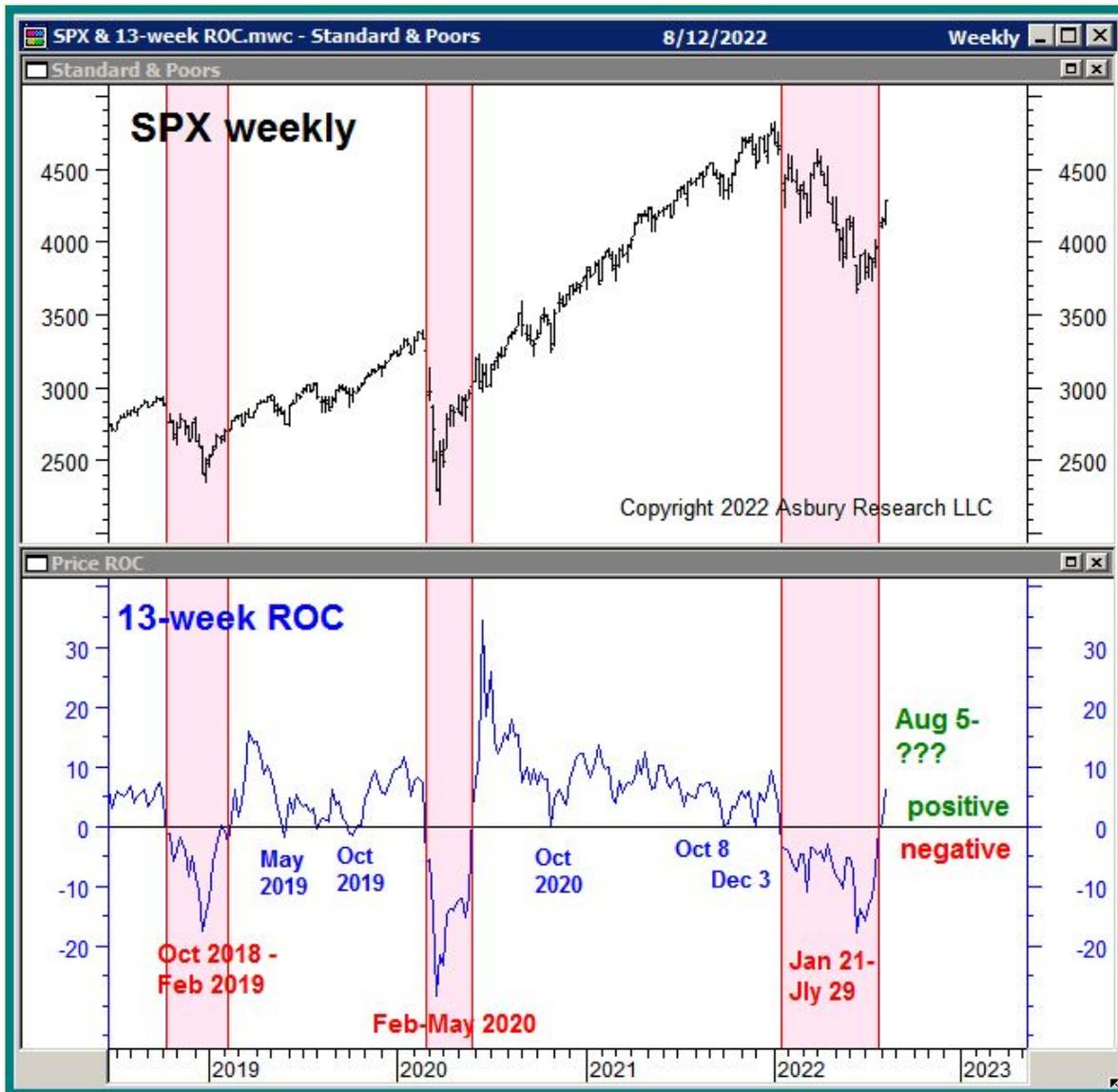


Chart 2

As stated above, **Chart 1** indicates that — from purely a price standpoint — the S&P 500 is testing the line of demarcation between being in a major downtrend (which it is now) or making a major bullish trend change. However, for the past month or more, we have been pointing out that **several indicators**, including investor sentiment, options data, and market breadth, **suggest that a major bottom is already in place at the June lows.**

The most recent metric to suggest this is **the S&P 500's (SPX) 13-week rate-of-change (QROC)**, which is plotted in the lower panel of **Chart 2**. The green highlights point out that

this metric moved back above its zero line as of Aug 5th to indicate the Jan 21st through Jly 29th decline is over, and a new quarterly uptrending phase is underway.

The red highlights show that the Feb-May 2020 and Oct 2018-Feb 2019 negative readings in this metric identified the past two meaningful declines in the US broad market index, and that the subsequent positive shifts in the indicator marked the beginning of new Strategic advances.

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