

**January 28, 2019**  
**woodsonwave.com**



## **Significance of the December 3, 2018 high**

### **2018 Performance Report**

**See monthly, quarterly, yearly  
2018 results here**

**Account #1 + 29.59%**

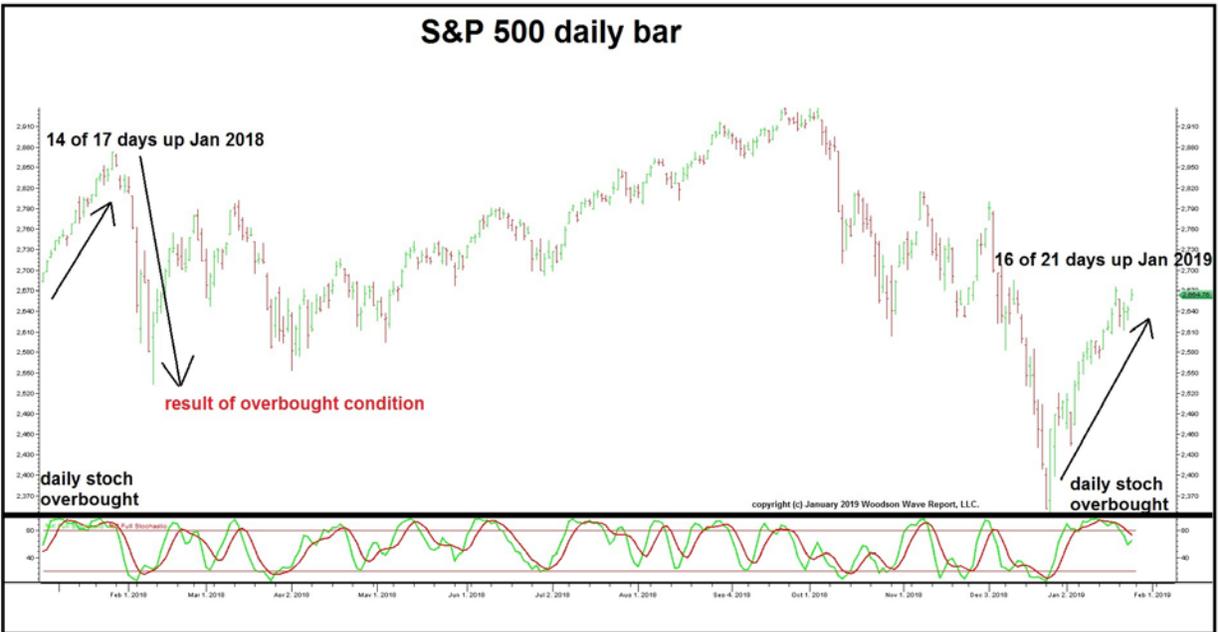
**Account #2 + 69.04%**

**Account #3 + 133.47%**

**S&P 500 – 6.24%**

**[See all 511 actual trades here](#)**

## The S&P is in an extremely overbought condition



We warned of violent moves in both directions during this bear market and what we have witnessed from the December 26, 2018 low is definitely a violent move to the upside as they try to erase the losses in waves (1) down. Notice the V shaped pattern to the 12/26/18 low and the rise to most recent highs. It is very unlikely in a bear market that the bottom is identified with a V. More often times it takes the shape of a W as the market retests the low before moving higher. Rarely, if ever, does it swoon down to a new low and then recover with a move straight up like a rocket with no correction or even a retest of the lows. Even if the decline ended at the 12/16/18 low, the market still needs to correct this advance before moving forward to the upside.

Those correction target levels in the S&P are:

.382 = **2550**

.500 = **2511**

.618 = **2471**

Gap at **2447** from the gap open up on 1/4/19.

Those targets remain as long as the 1/18/19 high of 2675 remains intact. Any move above that high changes the targets to the upside.

### The significance of the December 3, 2018 high



The January 28, 2019 high represents wave 2 of (3). Wave 2 can retrace any percentage of wave 1, but not more than 100%. Therefore the make or break level for this wave count is the beginning of wave 1 on 12/3/18 at 2800.

The 1/18/19 high of 2675 should offer resistance as should the 200 moving average at 2741. If the 2675 high of 1/18/19 fails, then the next level of resistance is the 200 moving average of 2741, followed by the absolute

make or break point for this wave count at 2800. Remain short against this high.

Dale tweets out near term targets virtually every day and sometimes multiple times a day.

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## **Fibonacci Options Day Trader Report**

We layered in Jan 25<sup>th</sup> put options as the S&P rose to the .382, then .500 and .618 retracement level or the decline from the 12/3/18 high to the 12/26/18 low. Laying in cost us as the market maintained its overbought condition on the daily stochastic for 12 consecutive days, a rare feat which was previously achieved exactly one year ago in January of 2018 when the market topped on January 26, 2018. Our Jan 25<sup>th</sup> 2500, 2550 and 2650 puts expired worthless.

Friday, Jan 25<sup>th</sup> we bought two Feb 1<sup>st</sup> 2650 puts at 18.10 in one account and two more at 16.50 in the other account.

### ***Positions for rating services:***

***Long-term*** counts are found on weekly and/or monthly charts and generally cover a time period of years to decades.

***Intermediate-term*** counts are found on daily and/or weekly charts and generally cover a time period of weeks to years.

***Short-term*** counts are found on daily and/or hourly charts and generally cover a time period of days to hours.

### ***Dow:***

***Long term:*** Remain short.

**Intermediate term:** Remain short.

**Short Term:** Remain short.

**NASDAQ:**

**Long term:** Remain short.

**Intermediate term:** Remain short.

**Short Term:** Remain short.

**S&P 500:**

**Long term:** Remain short.

**Intermediate term:** Remain short.

**Short Term:** Remain short.

**Gold:** Remain short against the wave 4 high of \$1365.68.

**Bonds:** Remain long.

**Subscription to Woodson Wave Report:**

**\$233 Annual subscription includes: one newsletter per month plus all special interim reports issued between monthly newsletters as market conditions warrant.**

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