

# The Deviant Standard

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*Rigorous preparation for volatile markets*

## Summary

What did we say yesterday? Very little to say today about a market that did very little.

## Markets on Thursday

Let's review what we had to say about Wednesday's markets:

*We have very little to add to our market commentary as markets did very little on Wednesday. From its highest to lowest, the maximum range seen by the Dow was less than 103 points, the smallest since April 28<sup>th</sup>. We discussed the NR7 day that we put in on last Friday, and today qualifies again. After breaking above the daily 200 SMA on Tuesday, the Dow tried to test the level, but was a few points shy before heading up to new retrace highs. It closed the day up a mere 4.69 points.*

Virtually the same commentary could have been written about Thursday's action. Had it not been for Wednesday's slightly narrower range, Thursday would have had the tightest spread between high and low since April. And again on Thursday the game plan was to try and roll over before bouncing and closing near new retrace highs.

Sometimes days that do little can still give us clues about the correct Elliott Wave count. This is particularly true if prices:

- Take out key levels;
- Put in a clear wave count; or
- Produce a combination of clear impulsive and corrective waves that indicate dominant trend

Unfortunately, Thursday's action did none of these things. Instead, it produced a series of small-degree waves that don't appear to have any rhyme or reason and not giving any immediate clues.

We continue to look for the end of a five waves up prior to a move down. The broader perspective tells us that we don't know whether the turn down that follows will be a retrace of the move up or resumption of the move down. Therefore, those who are inclined to try and play the move to the short side might want to play it light and tight as a retrace and not commit to a big move until the market shows that it has committed to a big move.

## **Outlook for Friday:**

Repeating our comments from Wednesday:

*As discussed last issue, we expect a small degree 5 waves up to be ending or already ended, leading that a turn down that either retraces a portion of the move up from 9,669 or begins a new leg down. Once the move begins we should have better clues about which possibility is developing.*