



els"
would give you a small continuation of that

ou off with in the article I just referred to. You
e, we look for the market to pause and decide
bility to "buck the trend."



A trend line may or may not be a big deal, depending on how long and how many times the trend line has proven to be viable in the past, but it should ALWAYS be respected. (This one is only 5 months long and only recently became an official trend line, so while whatever the market decides to do with it is noteworthy, it won't be some huge game changer.)

It's always more likely that a trend will continue (statistically). And this is a trend line that traders are focused on right now as a possible point of resistance. But there are a few things that alter the likelihood of this particular down trend continuing (for the time being). Let's take a look at the MACD (moving average convergence divergence) indicator.

One sign that a down trend wants to (or is more likely to) reverse back up is when we see positive divergences (the market makes lower lows while the MACD makes higher lows). We see this in just about every way possible today. I used three separate colors to point them out. In October the market made even lows while the MACD made a higher low (blue). From October to November the same thing happened (purple) and it happened in a major way from November to March (green).

The fact that the MACD has done this adds tremendous weight to the intermediate bullish argument.

Something else that is very noteworthy and adds more weight to the bullish argument is the fact that the WEEKLY MACD (found on a weekly chart, as opposed to the daily chart above) also shows a positive divergence. The weekly chart gives us long-term signals, so this is something that even adds credibility to the bullish argument that we might have seen "the" bottom. And I'm not here to call the bottom, just to tell you what odds favor at any given time. (Funny how so many analysts call bottoms or argue against them but can't clearly explain what the stock market odds favor at the time.) To what I was saying earlier: It's always smart to bet in the direction of the trend that has already been established, but instead of making