

14-Week Cycle Tops and Money Flow Ts™ Suggest a Mid-February Change in Sentiment

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This week we will step back and take a look at the big picture. First, here's a chart showing that the S&P has been making important tops every ~14 weeks over the last year. If the cycle holds true, we can expect the next S&P top in mid-February.



If we start the Money Flow TTM on the S&P in late November, we get an end date on February 14.



Likewise JNK acts similarly to the S&P at tops, and its Money Flow TTM suggests an end on February 15 as we discussed last week.

But it's not just equities and proxies for equities in which we see evidence of a change in sentiment coming in the next week or so. Volatility is inversely correlated with stock prices. Here's an intraday Money Flow TTM of VXX indicating that volatility is expected to bottom next week.



Further, as I have outlined over the last couple of weeks, the Gold and Copper weekly charts as well as the Dollar daily chart all have Money Flow TsTM that are due to expire in mid-February.

When a whole bunch of different signs are all pointing in the same direction, I pay close attention. The signposts are telling me to be prepared for a change in investor sentiment coming in the next week or two. Long term, I remain generally bullish on the stock market through at least May of this year, but we are due for a correction in the short term.

As always, use caution in your investments and manage your risk wisely.