



DOW bumped and retreated from a double resistance of channel line connecting April and June highs and the 12th March high of 25,449. It can be observed that there is a negative divergence as it is forming higher highs while its Relative Strength Index (RSI) is having lower highs, indicating a slowdown in its recent upside momentum. A near-term weakness MAY see DOW retest its green 20-day and blue 50-day Moving Average (MA) lines. A breakdown below its red 200-day MA is deemed unlikely at this point in time and we most PROBABLY have seen the end of the correction that started on 26th January. However, we will only be able to see DOW rally higher provided that it is able to clear the stubborn 25,402 resistance, with a possible price objective at the 27th February high of 25,800.

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The double resistance (red circle) of channel line connecting April and June highs and the 13th March high of 2,801 obstructed S&P 500 recent impressive advancement. The 2nd rate hike for this year from Fed MAY put a temporary damper on its recent rally and S&P 500 MAY experience a short-term weakness and decline to a double support of 20-day MA and May high of 2,742. A later breakout above its 13th March high will then see S&P 500 challenge its 26th January high of 2,872.

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NASDAQ broke out and hit historical high of 7,748 but was caught at the wrong timing because of the announcement of another rate hike and resulted in a Shooting Star, which tends to indicate a temporary weakness. However, the triple support (red circle) of 13th March high, uptrend lines drawn connecting the April and May highs and lows of May should provide some downside cushion to NASDAQ at around 7,640 level. A second layer of support will be found its 20-day MA and 14th May high of 7,458. NASDAQ is expected to power higher as capital continue to flow back into the U.S. equities and as US\$ continue to strengthen and interest rate continue to increase going forward.

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After completion and broke up from a bullish Ascending Triangle, IWM (an ETF that tracks Russell 2000) marched on impressively to the upside as small cap stocks are in the demand because of the strength in US\$. A word of caution: its recent rally has formed a negative divergence with its RSI, which is also in the overbought territory. Any weakness will PROBABLY find support at the uptrend line drawn connecting the 3rd May and 29th May lows. A secondary support can be found at its green 20-day MA line of around 164.

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