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Daily Technical Strategy

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FRIDAY'S HALF-HEARTED BOUNCE FAILS TO SIGNAL THAT THIS DECLINE HAS RUN ITS COURSE



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Key Takeaways

- Friday's bounce lacked the evidence to signal a low to this recent decline following a "non-capitulation" day which marked Thursday's 4-sigma selling event. Next week could bring about further selling pressure before a bounce can take hold, with both 11/13 and 11/20 being important for a possible low.
- $QQQ's five-wave decline from late October looks incomplete and should reach 639, possibly 627, before a bounce, while $NVDA likely undercuts Thursday's lows before DeMark exhaustion creates a far better entry into its 11/17 earnings.
- Four of the market's strongest sectors all reached resistance at their early-year peaks simultaneously this week, while China's $FXI and India's $INDA achieved breakouts worth taking seriously.



This week's "shot across the bow" is a technical negative for the short run, and Friday's half-hearted bounce attempt failed to generate sufficient technical evidence that this decline has run its course. Following this week's 4-sigma selling event, some evidence of capitulation was thought to be necessary, and that didn't take place on Thursday. Despite recent positives — the waning in cross-asset volatility, the election results now being known, and Technology having reached oversold levels just as markets enter a very bullish period of seasonal strength — the price action remains quite negative, and momentum hasn't gotten sufficiently washed out to prevent further selling next week. Overall, while the intermediate-term outlook remains quite attractive for equities, and in particular for Technology in my view, the next couple of weeks look volatile and could prove bearish. Investors should be wary of trying to time the swings given the recent uptick in volatility, and until November expiration is past, I'm not inclined to give lackluster bounces much credit for marking a meaningful low.

The catalysts worth watching stack up through mid-month: either of the next two Fridays — 11/13 or 11/20 — could prove important from a cyclical perspective for

being a low, $NVDA's earnings arrive on 11/17, and an Anthropic IPO later this month could provide the spark that helps Technology reassert itself. Patience until those events draw nearer looks like the wiser course, as the setup improves considerably once this final leg of weakness completes.

$SPX: June lows represent the attractive area to buy dips, with no more than a 50% retracement of the spring rally expected

Friday's rebound in $SPX recovered less than a quarter of Thursday's damage, and price remains well below the Ichimoku cloud following this week's violation of the multi-month range. Breadth proved to be flat on Friday's rally, and many parts of Technology fell sharply from the bullish open, with both $SPX and $QQQ closing lower than their respective "opening print" on Friday.

Unfortunately for today, the price action lacked the kind of capitulatory washout that could have brought a rally today and into next week. Specifically, either of the following two scenarios would have been more helpful in my view toward having some optimism heading into next week:

Opening down 1–2% or more and then rallying back to close the day positive after early losses on positive breadth.
Gapping higher and rallying to recoup at least half of Thursday's decline on breadth of 3:1 positive or more.

Unfortunately, neither one of those occurred, and as such, it's extraordinarily hard to build a near-term technically bullish case on the heels of Thursday's price action. As shown below, momentum is not oversold, and price nearly gave back the entire early-morning bounce. Support lies near June lows at 7,237, which should represent a very attractive area to buy dips for those looking.

In the bigger scheme of things, technically, indices likely don't retrace more than 50% of the rally from this past spring before stabilizing and pushing up sharply in the months to come. The structure argues for treating this as a correction within an ongoing bull trend, rather than the start of something larger.

S&P 500 Index ($SPX, daily) — Friday's bounce recovered little of Thursday's damage, with the flat support line near the June lows the attractive area to buy

dips



Source: TradingView

$QQQ's five-wave decline from 10/28 looks incomplete, with 639 and then 627 the downside projections

$QQQ's hourly pattern has unfolded quite rhythmically for those attempting to project a possible low from the wave structure in place since late October. As shown below, the five-wave pattern developing from 10/28 looks to have completed three waves of a possible five, as part of a larger three-wave pattern from early October. In plain English, this decline doesn't look complete, and price should weaken early next week to finalize it.

Measuring the lengths of the prior pullbacks for projection purposes, the two levels that are immediately apparent are 639 in $QQQ, followed by 627. A final, extreme level lies at 618, which might not be reached on this next selloff. It's likely, in my view,

that $QQQ weakens to one of these targets next week before a bounce gets underway.

Friday's tape didn't argue otherwise: many Technology stocks fell sharply off early-morning highs, and $QQQ itself closed lower than it opened — no vote of confidence when measured back-to-back against Thursday's extreme washout. Until a stronger effort happens right away, early-week weakness looks more likely than an immediate rally.

Invesco QQQ Trust ($QQQ, hourly) — Five-wave decline from 10/28 looks to have completed three of five waves, projecting down to 639, then 627, before a tradable low



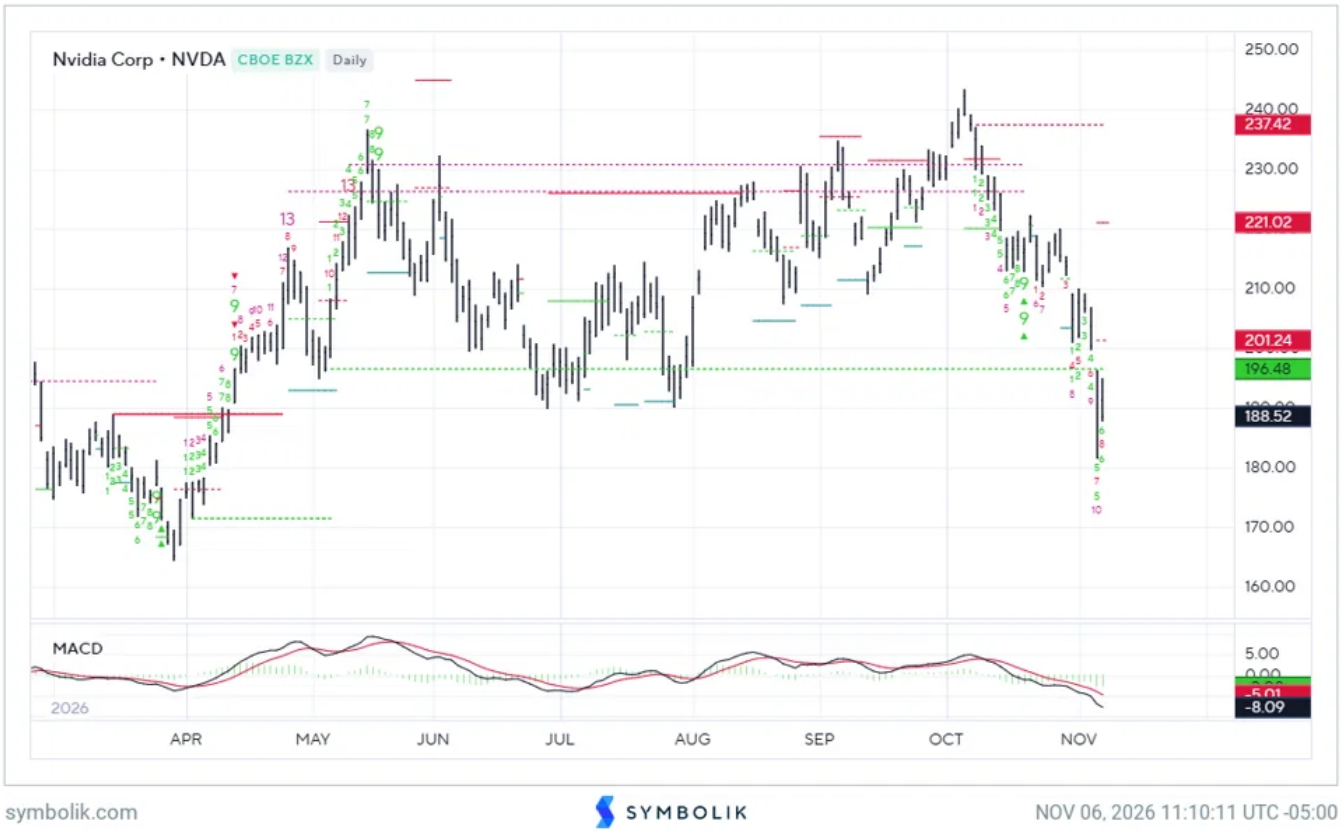
Source: TradingView

$NVDA likely undercuts 181.47 before DeMark exhaustion sets up an attractive entry into 11/17 earnings

$NVDA gave up about half of its early gain on Friday, falling from 194 back to 188 and finishing under its opening print to close at $186.64. My expectation is for short-term weakness over the next 1–2 weeks, with earnings on 11/17 likely serving as a very attractive risk/reward turning point after this weakness runs its course.

With DeMark exhaustion looking to be 3–5 days away but not yet in place, $NVDA likely undercuts Thursday's lows at 181.47 — and $170–$175 can't be ruled out — but should not undercut the spring 2026 lows at 164, which represent strong support. Any pullback over the next week that helps TD Sequential and/or TD Combo "13 Countdown" signals appear would create a much better risk/reward for entry than attempting to buy here at Friday's close of $186.64. I'll revisit as price gets closer to support but expect stability and a rebound in late November.

NVIDIA Corporation ($NVDA, daily) — Undercut of 181.47 looks likely before DeMark exhaustion signals appear, with spring lows at 164 the strong support that should hold



Source: Symbolik

Four strengthening sectors all hit resistance at early-year peaks at once — the technical reason for this week's slowdown

As of the middle of this past week, four of the 11 sectors had been strengthening throughout the last month — Financials, Consumer Discretionary, Consumer Staples,

and Materials — but all found strong resistance near their peaks from earlier this year. These groups remain in better shape than Industrials, Utilities, REITs, and Communication Services, and certainly, in the short run, better than Technology.

Many of these charts look quite similar to Consumer Discretionary, shown below via $RSPD, the equal-weighted Discretionary ETF. This simultaneous arrival at resistance matters: the broader market strength that carried the equal-weighted S&P 500 to new all-time highs on Wednesday reversed severely on Thursday and Friday, leaving no sector to make a stand as Technology fell — a dynamic that contributed directly to Thursday's ugly breadth.

Following some additional consolidation, I expect Technology ultimately proves to be the "winner" among these groups, likely starting to show strength after $NVDA's earnings and/or the Anthropic IPO. For now, many sectors remain under pressure after the month-long rally from early October met resistance.

Invesco S&P 500 Equal Weight Consumer Discretionary ETF ($RSPD, daily) — Rally stalled at the top of the 14-month range near 60, resistance mirrored across Financials, Staples, and Materials



Source: TradingView

China and India are quietly breaking out, and both moves deserve to be taken seriously

Interestingly, following the Democratic sweep in the elections, there has been pronounced strength out of both Chinese and Indian equities this past week — a development which has likely caught some investors off guard.

As shown below, $FXI achieved a minor trend breakout this past week above the downtrend line that had contained its rallies for the last few months. India's $INDA ETF has shown similar technical strength, and it's important to take both of these moves seriously given how substantially both markets have lagged in recent months.

iShares China Large-Cap ETF ($FXI, daily) — Minor trend breakout above the downtrend that had contained rallies for months, worth taking seriously given recent underperformance



Source: TradingView

Overall, the message for the next two weeks is one of selectivity and patience: the decline needs its final act — ideally a true washout that produces capitulation in the form of huge downside volume and/or VIX backwardation, completes $QQQ's wave structure, and generates DeMark-based "buy" signals — before the very bullish seasonal and cyclical backdrop can take over. For now, despite the intermediate-term appeal from a fundamental and technical perspective growing closer, my expectation is that better entries lie below. Stay tuned.

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