

## S&P500—WEEKLY CHART AND POTENTIAL OUTLOOKS FOR 2024

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Following up on our S&P500 monthly chart from the last WealthGram, let's zoom onto the weekly chart to envision how the Index could develop along a mildly bullish scenario, given the already sharp rise during January. Along the January barometer, a positive January indicates a high chance to close in the green in December. In between, yearly seasonality and longer cycles are at work. So far, the price in January has acted along a classic bull signal: from 4769 on December 29, 2023, to the previous all-time high of 4818 in the 4th week of January, the Index reached 4975 on February 2. Even the one-day pullback from 4931 to 4845 on the U.S. Fed's press conference is seen as a technical pullback toward the old resistance of 4818. Currently, the price is rising along the upper weekly B-Band (5031) toward the 5052-5084 area, then to a key Fibonacci projection of 5104 (orange level on chart's right). Could it be the top? Time will tell. Our **Green Path** suggests pullbacks in March toward 5000, a rebound to 5100, then mostly based on yearly seasonality, the S&P500 may correct its rise from 4103 by declining in June - first to the old 2021 all-time high of 4818, rebounding into

August and ending its decline into September-October as a springboard for the next bull phase into May 2025. This sounds like a less volatile year with 2024 ending on the plus side, clearly less steep than 2023. Is it too simple to be true?

Do you recall the **Red Path** in the last WealthGram? Some "bearish" market pundits claim the lower low (Covid low) of the S&P500 (2191 in March 2020) is the "true" four-year cyclical low, expecting the next major low in 2024. They were probably surprised by a new all-time high above 4818 this last month, but "moderate" Bears still expect a decline to at least 4000 (which is near the monthly Ichimoku Upper Cloud presented last month, which is also well below the Lower Cloud on the weekly chart). A bearish argument is VIX at 13.85% rebounding slowly from 12.5% with higher highs & lows being a call for a sharp rise during 2024 (VIX = Fear Index: dotted orange line). Could it happen during an election year?

The **Green Path** looks so much more civilized.

**Chart: S&P500**, on a log scale from May 2021 in weekly candles with Ichimoku Cloud. The **orange dotted line** represents VIX which is rebounding (13.85%).

**Upper panel:** Relative Strength of Small Caps v. S&P500 (**green dotted line**) nearing the previous support of October. The Relative Strength of ETF Emerging Markets (in \$) v. S&P500 (**orange solid line**) making lower lows in 2024. The Relative Strength of the Nasdaq versus the S&P500 (**red dotted line**) is pausing after making a higher high in January 2024.

**Lower panel:** In January 2024, both MACD and weekly STO are rising, though STO may be a tad toppy. While the monthly STO (not shown) is now entering an overbought area, the weekly overbought STO is not displaying a bearish divergence. This supports marginally more upside in the coming weeks for the S&P500 along a **Green Path**. The **Red Path** shows one S&P500 decline as envisioned by some market analysts, who are very bearish for 2024.

The **vertical line in blue** (set in October 2022) for the theoretical lows of the U.S. Presidential cycle (midterm election). In the years of a U.S. Presidential election or in years ending in 4, Red Path (minus 25%) rarely occurs.

**Source of data:** Stockcharts.com  
Analysis by BEST.



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