

JULY 12, 2023

WEEKEND AT BERNARD'S

Stratos Self Check

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Stratos Self Check is a way for us to evaluate how accurate our communications about the U.S. S&P 500 (4472) market have been. Stratos provides specific numbers tied to our five-step stock theory because we feel it is something distinctive in our industry.

In January in our blog, "[A Ray of Light](#)" (3948), Stratos predicted the possibility of the S&P 500 trading 4473 by year-end. To our surprise, the S&P is at this level sooner than anticipated.

In August 2022, Stratos Investments believed the market would reach new lows later in the year. Our research identified five steps down as illustrated but was unable to sustain the down momentum by failing to test our hypothetical sixth step (3474). Four steps up or down usually indicate an overbought or oversold condition based on our theory.

In our October 19 blog, "[Mr. Hyde Should Prevail](#)," Stratos believed the market had reached a bottom. Based on our five-step stock theory, we anticipated the market potentially moving up three to five steps. The levels we established were 3789, 3961, and 4132 (Line in the Sand/major resistance). This strong rally took place mid-October 2022 and reached its peak in the S&P at 4100 on December 1 and December 13, 2022.

On December 6, when we wrote, "[Will the Fed Turn Into Dr. Jekyll?](#)" Stratos predicted that the S&P 500 would move two steps down and retest our intermediate support of 3784, which occurred on December 22.

In January, we suggested that the S&P (3948) would have to trade above our No Man's Land, which we considered 4152-4307, to confirm the new bull trend. Because we felt the market would most likely fail before succeeding, we raised our intermediate support level to 3861 (traded on March 13), anticipating another technical two-step pullback before the next major rally as we wrote on March 1 in "[Is It Bear Weather?](#)" From that point (3855), the S&P 500 rallied almost five steps and is close to testing our **initial resistance level of 4527**. Our new **intermediate step resistance level is 4711**.

Because of seasonal market trends, we now anticipate the S&P is more likely to pull back two to three steps and test our **intermediate support level of 4127** or our **primary support level of 3947** during the next few months. We then anticipate the possibility of a strong rally above our year-end target if history is a guide. This year has been extremely unpredictable based on fundamental analysis. We are not sure the market will continue higher if the Federal Reserve raises interest rates four more times over the next four quarters. For now, we still



Stratos S&P 500 Market Analysis

**Intermediate
Resistance:**
4711

Initial Resistance:
4527

Initial Support:
4307

**Intermediate
Support:**
4127

Primary Support:
3947

Base Camp Support:
3794

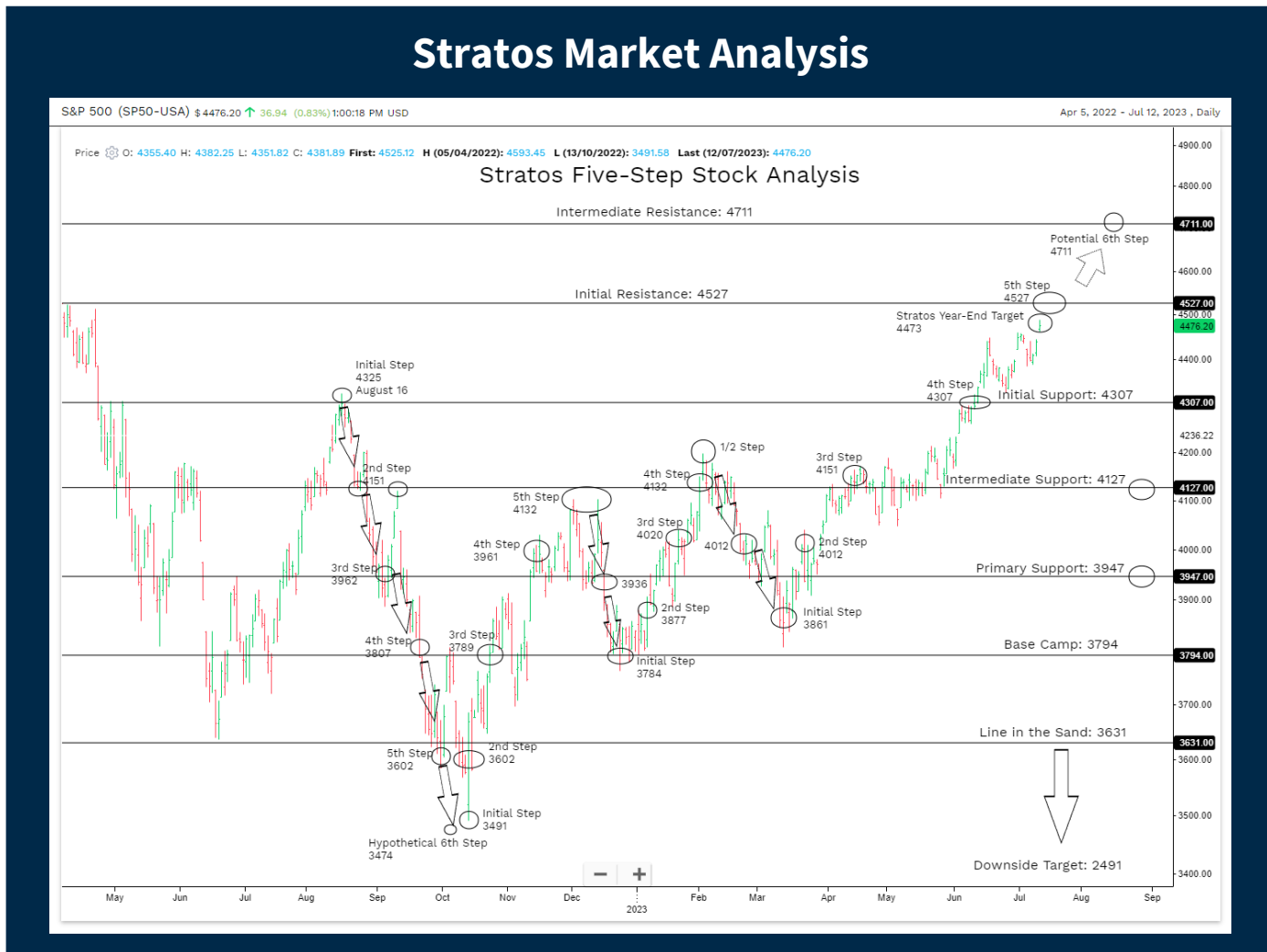
Line in the Sand:
3631

Downside Target:
2491

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believe in the long-term uptrend.

Have a look at the chart below to help visualize what we have written.



Good Trading for the Long Term!

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