

MI2 TD Chart Point – Deep Dive: S&P 500 21st August

The S&P 500 made three new all-time highs **last week** before stalling into Friday's close. This week, sentiment briefly buckled — QQQ skew hit a 3-year high, Bloomberg ran crash protection headlines, and short positioning ticked higher — but the market refused to break. It was textbook: bearish setup, panic headline, no follow-through. Now we head into Powell's Jackson Hole speech with the index holding key support, earnings still accelerating, and \$7T+ of dry powder still parked in money markets. All eyes on Friday.

Technical Setup:

The bears had the structure: stacked TD 13s, a fresh TD 9 sell, and a bearish price flip — all into rising vol. But price held. The S&P 500 printed a hammer reversal, reclaimed the 20-day, and bounced cleanly off the **TD Reference Close Down at 6,362.90** — now your near-term pivot.

- On **Day 2 of a new TD Setup Buy**
- Bounce held the **AVWAP from the August 1st gap** and a major volume node
- **Resistance:** TD Risk Level at **6,519**
- **Support:** 6,262 (TD Prop Exhaust Down), then 6,173 (deeper downside)

Breadth remains soft, RSI divergences persist, but price action overrules opinion. The short setup failed. We're still in a grind-higher tape until proven otherwise.

Macro Context:

- Retail sales +0.5% in July (inline, resilient)
- S&P 500 earnings tracking +10.6% YoY (vs. +3.5% expected)
- Weekly returns: SPX +0.94%, RUT +3.07%, Dow +1.74%, Nasdaq +0.81%
- \$7.15T in money market funds — dry powder still parked

Powell's Setup:

Friday at Jackson Hole is binary. Markets are pricing in **85% odds of a September rate cut**. Even a neutral tone may be enough to re-ignite flows into SMIDs and cyclicals. Any hawkish surprise would spark more chop — but that's not consensus.

Sentiment Snapshot:

- **AAll Bulls** at just 29.9%, Bears at 46.2%
- **GS Sentiment Index** still negative despite ATHs
- More bears than bulls — at record highs

Seasonals:

September is historically the worst month for SPX (-0.83% average return, 45% win rate). A 5–8% drawdown would be routine — not a reason to panic. We're prepared — but not positioned for breakdown.

Bottom Line:

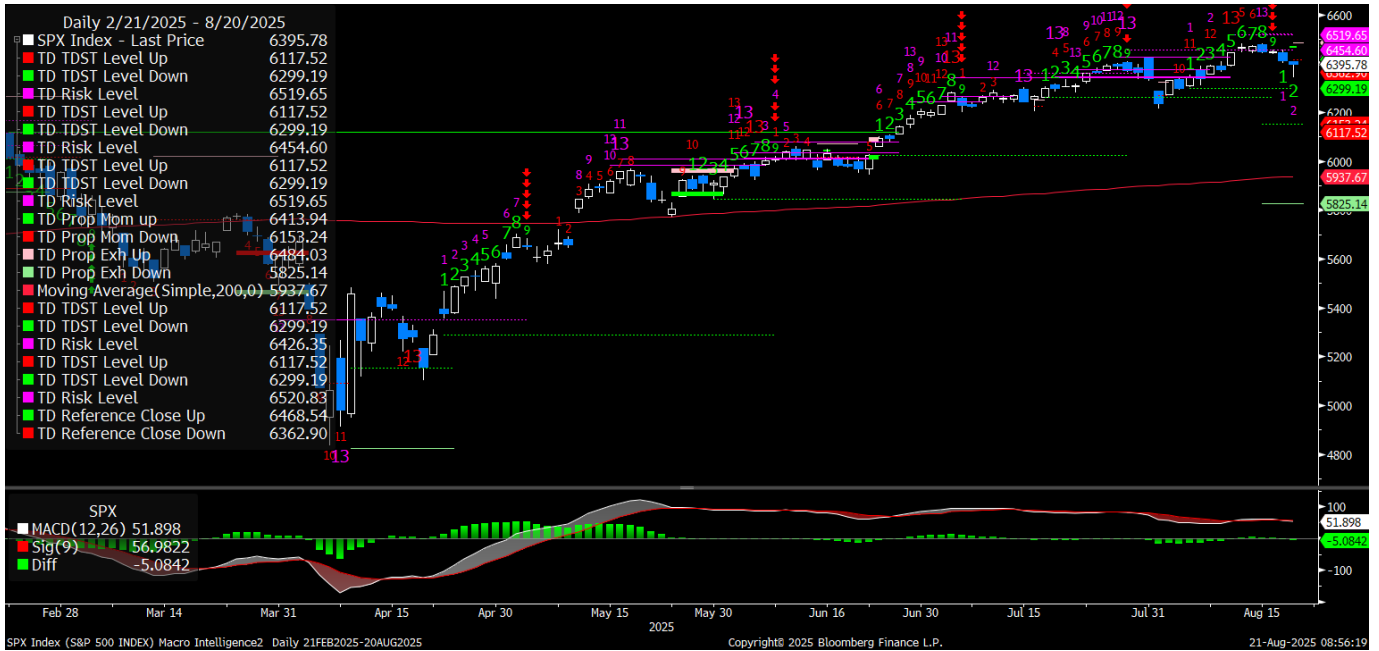
Failed sell setup. Hammer off key support. Sentiment and positioning still offside. Unless 6,262 breaks, we stay long — stops tight — with eyes on 6,519 and Powell.

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"It never was my thinking that made the big money for me. It always was my sitting."

— Jesse Livermore

SPX Index



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