

## MI2 TD Trade Point – SPX Deep Dive: DeMark Exhaustion Stack, Tactical Risk Mgmt Required 19<sup>th</sup> September

*“The last time we saw this many DeMark 13s, Lehman still had a ticker.”*

The S&P 500 just notched fresh all-time highs, riding a dovish FOMC wave and broadening economic momentum — but the charts are flashing signals that shouldn't be ignored. While macro tailwinds remain firmly at the bulls' back, DeMark exhaustion markers are stacking at levels that historically invite tactical trims, if not outright pullbacks.

We now have **multiple TD 13 sell signals clustered at the top** — a clear indication of trend maturity. Since April, the index has completed **six separate TD 9 sell setups**, each one signaling temporary exhaustion. The fact they kept coming only highlights the strength of the underlying trend. But in DeMark logic, repeated 9s inevitably produce repeated 13s — and that's exactly where we are now.

### Macro Recap: Fed Delivers, Market Buys It

The Fed cut rates by 25bps and reaffirmed expectations for two more cuts by year-end. Market response was broad-based:

- **SPX +0.5%, Dow +0.3%, Nasdaq +0.9%, Russell 2000 +2.5%**
- **10Y yield rose to 4.11%** – second straight advance despite dovish tone
- **7 of 11 S&P sectors rose**, led by Technology and Industrials
- Volume was **higher on Nasdaq**, lower on NYSE — a mixed confirmation

This was not a “sell the news” event. Buyers leaned into early weakness and pushed the tape back to highs.

### SPX Technicals: DeMark Overlays and Price Levels

- **Breakout above TD Trend Factor (6,519)** confirms trend continuation
- **Immediate upside targets:**
  - **TD Risk Level: 6,713**
  - **Extended target: 6,803**
- **Downside stop: Close below TD Ref Close Down: 6,584**

We are not calling a top. But technical conditions are stretched. A close under 6,584 would confirm short-term trend reversal.

### Breadth & Internals: Cracks Beneath the Surface

- % of SPX above 50DMA peaked late August, now trending down
- % of SPX making new 4-week lows is highest since early August
- Advance/Decline (A/D) line broke below its April uptrend and failed on the retest
- MSI (McClellan Summation Index) remains constructive, but diverging
- % of SPX above 200DMA rolled over following a **Combo 13 sell**; MACD also fading

Internals haven't broken — but they're not confirming highs. Participation is narrowing.

### Nasdaq, NDX, RTY – All Flashing Exhaustion

- Nasdaq completed a **9–13–9 sequence** and printed **TD REI sell**
- **Weekly Combo 13** now forming — last two occurrences preceded material pullbacks
- NDX rejected from its target zone, printed both **DeMark 9 sell** and **TD REI**
- RTY nearly retested ATHs before reversing — printed a **shooting star candle**
  - Often the first index to show exhaustion
  - Post-FOMC reversal here may lead broader weakness

### Fixed Income Divergences: Yields Push Back

Despite the rate cut:

- **2Y yield printed a bullish outside day**
- **10Y yield formed a bullish engulfing candle**
- Bond market appears skeptical of Fed's rate path — or anticipates stronger growth

This bond-equity divergence warrants close attention.

### Sentiment & Positioning

- **Retail outflows** resumed — first net selling week in a month (BofA)
- **Institutional net buyers**, despite 91% of managers calling equities overvalued
- **Systematic funds** largely fully allocated
- **Sentiment spike**: Bulls +13.7pts WoW — largest jump since January

- Bulls now at **41.7%**, Bears at **42.4%** — still cautious, but optimism rising

## Tactical View

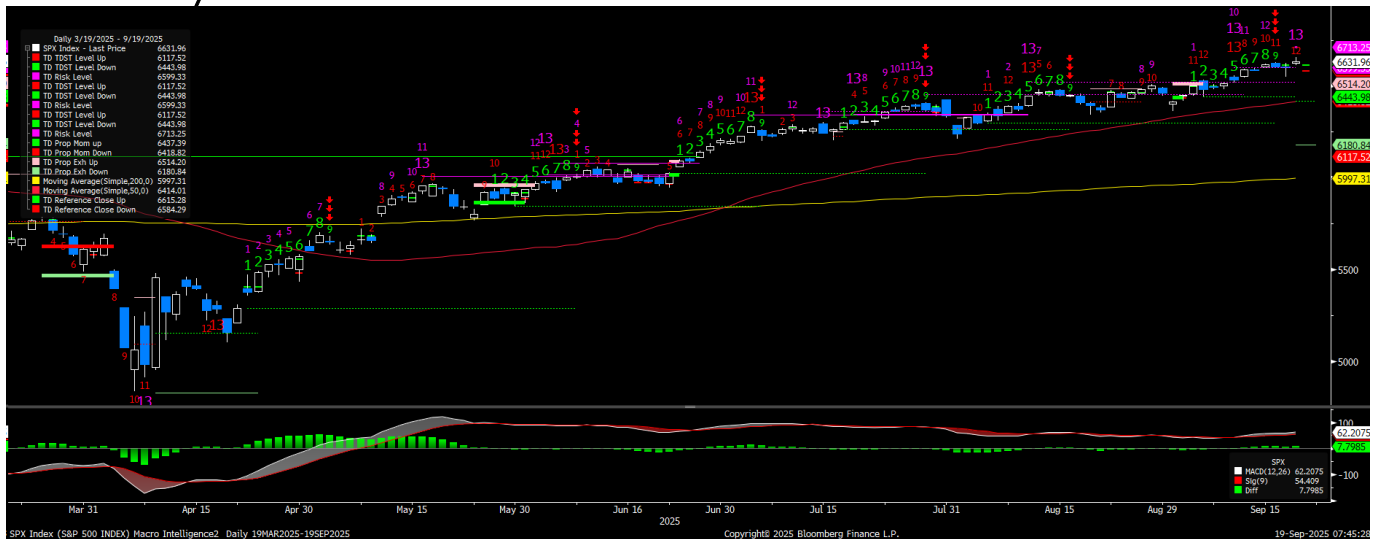
We've reached key target zones across major indexes with **clustered DeMark exhaustion signals**, **narrowing breadth**, and **rate/yield divergences** — all during the weakest seasonality stretch of the year.

**This is a time to trim into strength. No need to chase upside. Let the market come to you.**

We remain constructive on medium-term trend but see poor risk/reward for new longs at current levels.

A correction — if triggered — is likely to be shallow without a new macro catalyst. We are watching internals and DeMark levels closely for confirmation.

## S&P 500 Daily



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