



Crime is common. Logic is rare. Therefore it is upon the logic rather than upon the crime that you should dwell.—Sherlock Holmes: The Adventure of the Copper Beeches

We got our turn, but we are swimming in corrective soup. The move down from the high was a zigzag combination, and now **it appears we are in the midst of yet another zigzag coming off the bounce**. It would be clearer that we were headed higher **now**, if the mid-day price pullback had been a little less severe. Unfortunately, it breached the *wave 4 never goes beyond the end of wave 1* rule of the first motive wave up from the bounce. **If that had not occurred**, we would probably be in the early stages of a compound motive wave along with higher prices sooner, rather than later. The wave 1 breach is small and a compound wave is still possible, but no longer probable. With a short zigzag off the bounce, we have to consider alternate near-term possibilities.



Chart2 Highlights two probable outcomes if the zigzag combination down from the high needs to extend further. **1367-1373 is the first hurdle the needs to be cleared** to move higher. **That is followed by 1384-1387**. If we clear 1387 (breakout), then we no longer have to worry about the zigzag down from the high extending. Chart3 from last week price not updated), shows our overlapping fib targets and resistance level at 1415. If we clear 1387, it is probable we will work our way to this target.

Chart2



Chart3



In summary, we are not out of the woods yet. We need to clear 1387 to avoid a possible extension of the zigzag combination down from the recent high. If we clear 1387, we will most likely work our way to the 1415 zone.

TMD/DW

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