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WEEKLY
JAPANESE NIKKEI ANALYSIS

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MONDAY, JUNE 8, 2020

Review: The Nikkei closed last week at 22,863, up 985 points from the prior week. The low of the week was 21,899 on Monday, June 1, and the high was 22,907 on Thursday, June 4. The close was above weekly resistance, which is bullish again. The close was also above the TIP (Trend Indicator Point) for the 9th consecutive week, which means it remains in a "trend run up."

Cycles: June 8 will start the 12th week of the 12-20 week primary cycle off the low of 16,358 on March 20, which was a 10-week contracted primary cycle. This also starts the 7th week of the second 4-7 week major cycle. If there is to be a major cycle, then its crest is due now, to be followed by a corrective decline to its major cycle low, due this week. If not, then this market is headed straight up to its primary cycle crest, due anytime in the next 6 weeks, and then followed by a very sharp 2-5 week decline to its primary cycle low. The low is due in 2-8 weeks from now. The high will happen first.

If there is to be a major cycle low this week, the decline could test the 13-day moving average or lower. Currently that MA is at 21,640 and rising about 190 points/day. After that, we would still expect to see another 1-4 week rally that will match or take out the highs forming now.

More and more, this appears to also be the first primary cycle phase in a greater 4.17-year longer-term cycle. It appears to be more than a normal 16.5-month intermediate-term cycle. As stated before, *"I think it is too early for the crest of this new 16.5-month cycle to be completed yet, although it cannot be entirely ruled out. Even in a bear market, the rally from the low to the crest would last 2-6 months. The high of May 29 was 2 months, which fits the very minimum criteria."* Last week's new high is now in the third month since the low. Last week's report also stated, *"It can still go higher. If it exceeds 24,116, then we would also label the low of March 19 as a 4.17-year cycle trough, which means this rally could continue to new multi-year highs into next year. Currently that is not my bias, but it is a possibility."*

Geocosmics: The high of Thursday, June 4, was right in the middle of our one-star CRD, June 3-4, +/- 2 trading day days. As stated last week, *"This corresponds with the midpoint of Venus retrograde (June 3-4) and a lunar eclipse (June 5). Our preference is to see the Nikkei drop into a major or half-primary cycle low this week, or possibly spilling over into early the following week. If so, this would set up a buying opportunity for the next rally, which could possibly lead to the primary cycle crest into our three-star geocosmic critical reversal date (CRD), due June 19-22, +/- 1 week."* But instead of a decline, we are seeing new cycle highs. This means one of two things according to this study: either the market tops out here and begins a sharp 2-5 week decline that will end this month, or else it continues to rally to yet higher highs into June 19-22 +/- 1 week, and then declines.

As described previously, "*In between June 2 and 30, there are a total of 8 planetary signatures that have a correlation to reversals in world stock indices. The midpoint is June 16. However, the* *most important of these will be the three stationary periods of June 18, 22, ands 25, when first Mercury will turn retrograde, then Neptune, followed by Venus turning direct. It is another period of three planetary stations, where each changes its direction. This is a period that also points to an important reversal possibility in world equity markets. That midpoint is June 21-22. We would thus look for the entire period of June 11-June 25 to exhibit either a primary cycle crest or trough in the Nikkei index… Given the current chart pattern, that 3-star CRD would fit better as a primary cycle crest."*

My bias is that market will makes its primary cycle crest in the June 19-22 three-star critical reversal date time band, +/- 1 week. The alternative is that the high is forming now and prices will drop sharply into that three-star CRD time band. The primary cycle high or the low could extend into Jupiter/Pluto conjunction of June 30 +/- 1 week, for that aspect implies "extreme measures." This rally has indeed been extreme. But our focus is more on Venus ending its retrograde motion on June 25. When a market makes an important low near the date Venus turns retrograde (May 13), it will often commence a rally that doesn't end until nearby the time it turns direct (June 25 +/- 1 week). The opposite can happen too – a high at the retrograde ends with a low at the direct. That pattern appears to be unfolding here. There was a low on May 14 in many world equity markets. A top around June 25-30 would pull in both the Venus direct and Jupiter conjunct Pluto Level one reversal signatures. My bias is that will be the high of this primary cycle.

Price Objectives and Patterns: We have exceeded the normal corrective price target for a crest in a bearish 16.5-month cycle, which means March 19 was likely a stronger 4.17-year cycle low. In that case, it is likely the Nikkei could re-test it 24,448 high of the last 4.17-year cycle, recorded in October 2018, or even higher. A key will be if the Nikkei can have a weekly close above an important "gap down" that occurred on the week of February 22 at 22,950- 23,378. That is major resistance and we are near it now.

In the meantime, there was also an important "gap up" on May 26 at 20,741-20,918 that serves as support. Until that breaks, it indicates an upside target of 22,801 +/- 465. We are there now. A "gap up" on Monday will create a higher price target. A close of that gap (below 20,741) will be a sign that the primary cycle crest may be in, and a sharp 2-5 week decline is underway. The downside price target would then be 19,632 +/- 773.

If this is to be a classic three-phase primary cycle pattern, then the market is due for a decline into the second major cycle low this week. The price target could be as low as 20,882 +/- 478, or a test of the 13-day moving average as given below. If the decline continues after this week, then it may be headed down more sharply to the primary cycle low as described above.

Last week's report stated, *"The low of April 22 exhibited a bullish island reversal. The "gap up" part was 19,138-19,221. There is support here on any decline."* A break below this level (19,138) would be a major bearish indicator.

The Nikkei closed above both its 13-day MA of 21,640 and 39-day MA at 20,371, and the 13-day MA remains above the 39-day MA, which means this study remains "bullish." If the market closes below 20,371, it would be downgraded to "neutral." If the 13-day MA curls back below the 39-day MA, with prices below each, it will be downgraded to "bearish."

The Nikkei closed *above* both its 24-week moving average of 21,251 and 39-week MA at 21,824, and the 24-week MA remains below the 39-week MA, which means it remains "neutral." If the 24-week MA moves back above the 39-week MA, with prices above each, it will be upgraded to "bullish." If prices reverse back down below 21,291, it will be downgraded back to "bearish."

The 15-day slow stochastic starts this week with K at 94.85% and still "kissing" D at 94.77%. As stated last week, *"It is extremely overbought, suggesting a major cycle crest (or greater) is close at hand."* Now, it is also exhibiting a case of bearish oscillator divergence (new price highs, but not new stochastic highs)

The weekly stochastic finds K at 74.36% and above D at 61.10%. It is pointing up, with K widening its distance above D, which is a bullish pattern.

Technical Support and Resistance: Weekly support is 22,663-22,712, **22,206-22,359,** 22,219, and 21,843. A weekly close below **22,206** will be bearish. A trade below 22,206 and a weekly close back above **22,359** would be a bullish trigger. Weekly resistance is now 22,965-23,015, **23,214-23,368**, and 25,320**.** A weekly close above **23,368** will be bullish. However, a trade above 23,368 followed by a close back below **23,214** would be a bearish trigger. The weekly trend indicator point (TIP) is now at **21,467.** The TIP will be downgraded from a "trend run up" to "neutral" if it closes below here this week.

Bullish crossover zones remain in effect at 20,749-21,192, 17,266-17,847, 15,546-15,882, 14,813-14,919, 11,761-11,949, 10,544-10,622, 10,114-10,193, 9164-9247, 8697-8738, 8280-8441, and 8123-8167. These are all support zones now. It closed below another recently at 23,002-23,142, so this is now a resistance zone.

Bearish crossover zones remain in effect at **22,160-23,078** and represents strong resistance to any rallies. It closed there. The Nikkei closed above other bearish crossover zones recently at 16,069-16,347, and 14,813-15,024, so these all act as support.

Strategy for this week: Position traders are flat and may stand aside until we see a 2-5 week decline to a primary cycle low.

Aggressive traders are flat and may look to buy a 2-5 day decline to 21,600 +/- 75 with a stop-loss on a close below 20,700. The idea is to hold until the June 19-22 three-star CRD zone and cover all longs and go short then, +/- 1 week.