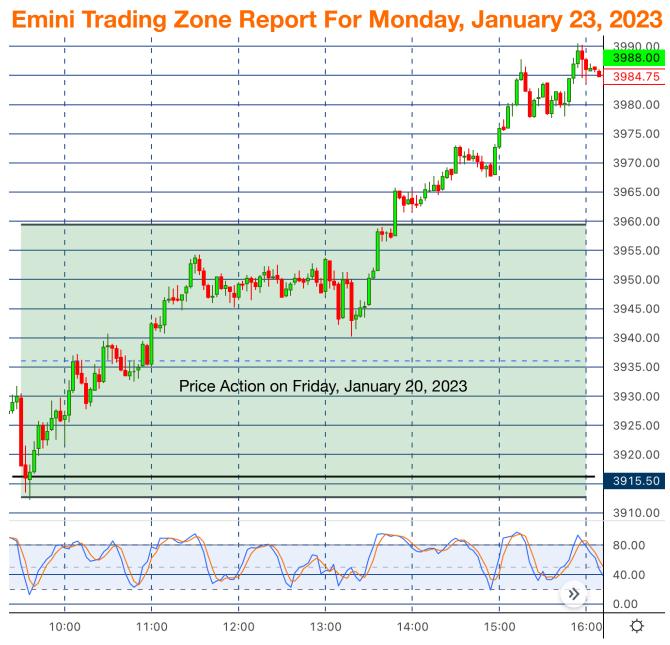
<u>TimelessDollar.com</u> Friday, January 20, 2023

## THE TRADING ZONE



In analysis of Wednesday's sell-off, I reported that it was likely that the market had overshot. This is fairly common when sudden steep declines occur that are well out of bounds of the calculated trading zone but without a major announcement to initiate them. What happens when everyone exits the market at once is analogous to when a boulder begins tumbling down a mountain. It moves slowly but gains a momentum as it moves.

The trading zone in the screenshot is shown as transposed to Friday's intraday low, when it became clear that the market would not revisit this level.

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When this happens in the market, there is usually a reversal shortly afterward, as cooler heads decide the sky is not falling. This is what occurred today.

The trading zone in the image above has been transposed to the intraday low. and at right, the gap from the previous day was closed today.

Monday should see prices tracking as forecast in the trading zone numbers below.

Trading Zone For Monday, January 23, 2023

Resistance: 3983

Support: 3909

Range: 74 points

Last Close: 3987

"cooler heads decided the sky is not falling, as buyers stepped back in, resulting in the S&P recovering much of recent losses"



The S&P daily chart shows the gap from the previous day was closed on Friday and prices tracking where they should, based on normal rises and declines...

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