

Russell 2000 Index: Daily (Update): Downside failure?

RJZ14 - Russell 2000 Mini - Daily Candlestick Chart



“Head & Shoulders” formation is understood to be a trend reversal pattern, usually quite reliable. At times, the secular trend is so entrenched a false Reversal pattern morphs into a continuation pattern, ie, in this case, a “Bull Flag”. Bulls’ evidence to this end:

- Dec 8 ‘Key Outside Reversal’ invalidated with today’s rally above subject highs.
- ‘Stochs’ turn up.
- Close above 30° ‘Bull Flag’ suggests further upside.

Bears point to long-term Resistance @ 1200 -15.