

S&P 500 set for a major crash

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Dec 24, 2019

S&P 500 index is all set for a major crash

The S&P 500 index has hit a major resistance barrier in the zone of 3,220-3,250 and we think this is a maximum bear market extension zone from where prices can see major reversal. In an ideal scenario, the reversal was expected from 3,025 levels towards a minimum target of 2,620. However, prices have now seen an entry into an upthrust zone above 3,175 levels. The 361.8% (100+261.8) retracement of a-b leg is seen around 3,224 and the structure of a-b-c-d-e has evolved into a broadening expanding *wedge* pattern. As these are a maximum bear market extension zone, the stop loss is mere 1.6% from current levels which is 3,275 on closing basis with a minimum target of 2,620. The risk-reward ratio of a short trade in S&P 500 stands as 12:1 as against 2:1 earlier in the month of July 2019.



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