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Market Forecast – March 22, 2020

Hello,

These are difficult times, and I believe we have not yet seen a low in the US equity markets.

The disruptions continue to be significant, with multiple businesses closing. This commentary is designed to provide some timing context to the markets, which I believe will be a reasonable proxy for the psychology of the public; the market reflects that cumulative action of the crowd.

Some of you are familiar with my work on financial market cycles, but others are not, so a quick word and disclaimer. I am not soliciting or suggesting any trades or market activity, and take no responsibility for any financial decisions you may choose to make. I am simply sharing my insights and offering possibilities based on years of specialized research and hard work. I work to identify windows of time where risk/reward ratios are favorable in certain markets. My work is best utilized by professional traders that understand how to manage positions, and enter and exit the market in a way that controls risk. Having the information does not mean one will be successful monetizing this information. I believe that the work to identify the cycles and timing points is an entirely different skill set than the talents needed to use this information effectively in the markets. Further, this approach is typically with the mindset of having speculative capital, and deploying it when opportunities can be identified, and that both price and time stops should be used by the trader. As a result, this information may be more suited to hedge funds that take risk and actively manage positions, and possibly less so for investment portfolio managers who often deploy a longer-term time horizon and are often more risk averse. Because of the timing nature of my work, I believe that sophisticated investors and options traders familiar with multiple strategies for controlling risk should have particular interest in my work.

I look for specific dates where markets may change or accelerate their direction; direction being either positive (up), negative (down), or neutral (flat). Generally, the idea that an object in motion stays in motion until something acts against it holds for my analysis. I typically look for a handful of good trading opportunities each year, when specific markets are active.

With all that out of the way, **here is my commentary for the US equity markets, and an overview of my thoughts on a few other markets:**

Dates we had been watching included March 7th/10th and March 16. While there was a brief pause on these dates, the market has continued to show weakness that indicates further price drops for US equities.

The question is whether the market will continue to drop right away, or if there will be a rally before another wave lower.

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My current thought is that US equities may stretch a bit lower, but overall will hold up over the next week with choppy trade, possibly around the 2,300/2,400 level on the S&P 500, until some type of stimulus is passed. Along with the possibility of early public optimism about flattening the curve of new cases of the virus, thus possibly creating a short, but potentially strong move up that will in part be fueled by automatic algorithm trading programs and short positions being stopped out.

Unfortunately, even if we are successful in flattening the curve of the virus' transmission, I believe most people are still underestimating the impact the virus will have in the US, and how much sacrifice it will really take for us to stabilize and begin rebuilding.

The weekend of April 4 is a key date. If the market holds up and trades sideways or is moving higher at the close of Friday April 3 (or open on Monday, April 6), I would be looking to sell US equities for another sharp round of selling, which should begin by April 10 and likely last until Tuesday, May 12. If we get this expected sell-off, levels to look for on the S&P 500 would include 1,575, 1,697, or 2,025, with the May 12 date being the possible low/final market capitulation. At which point, we would likely be looking to go long and start buying stocks again around the May 12 date, with the potential for a sharp first move up lasting until May 30.

What happens as we get to the April 4 weekend will be very important to pay attention to. If the market does not hold up this week and next, and rolls over early, April 4 may become an intermediate term low, with prices instead rallying to the May 12 date we are looking for. If this happens, we would expect a low on April 4, and the May 12 date may become a selling opportunity for US equities.

We will revisit the market's position as needed based on market changes, and possibly provide more specific trading levels, but this provides my basic view on the key dates to watch for and the potential price levels. Charts specific price levels and timing dates for the S&P 500 are provided.

In conclusion, April 4 and May 12 are the most important dates to watch right now, with an initial indication that April 4 will be a selling opportunity, and May 12 a buying opportunity.

As for the long-term US economic picture, the current situation is devastating, and will likely get worse. There will be numerous bankruptcies – both personal and business, and many people will be out of work. It is also unclear whether the virus will incapacitate the work force to the point that it interrupts the delivery of basic staples, which would create further panic. The government is ready to help, but there is only so much they can do. Most of the government's economic support for the economy will be paid for through massive borrowing that will further swell our balance sheet and eventually cause inflationary pressures. So, while this stimulus is necessary and may help prevent a complete economic

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implosion in this immediate time of despair, there will be a cost in terms of our further deteriorating Debt to GDP ratio and how that may impact our position as a reserve currency. I realize these are longer-term issues and people have spoken about them for some time; my point is that the longer-term trends for the US show headwinds related to our balance sheet and entitlement spending, and this health crisis only adds to that, accelerating the date when "the check comes due." For this reason, I anticipate that the US yield curve will further steepen over time.

The markets will continue to move very quickly, with rapid market swings, although the VIX volatility indexes would likely move lower through the April 4th date if we are correct that the market holds up.

This commentary is meant to provide some timing points where the markets may have an inflection point (that could accelerate or reverse prices, or otherwise cause a change in trend for that market).

While this commentary focuses on identifying specific price and timing dates for the US S&P 500 Index, these trends are likely to follow for the Dow Jones Industrial Average and the NASDAQ. I have also provided some general comments on other markets; I have not analyzed these markets in as much detail for this report, so share my general impressions without providing specific trading dates and levels.

There may continue to be some flight to US assets right now due to the uncertainty of the times, and the weak economy and lower oil prices will bring gold prices down further in the short term. However, gold will move higher in the long term because of anticipated inflation; gold has traditionally held its purchasing power, so if the additional government spending inflates the money supply over time, I would expect gold to trade at higher levels in the long term to offset the loss of purchasing power in the dollar.

The oil market has been largely tracking the US equity market, and I anticipate this is likely to continue. If this US equity forecast is accurate, it is likely that oil will make a low on the May 12 date. Selling pressure by Saudi Arabia is likely to limit the upside for oil for the time being.

My forecast is based on timing dates I have identified through my cycle and other market analysis work.

I hope the world is able to gain control over this virus. In the meantime, I urge everyone to take all the best precautions they can take to reduce their risk to themselves and others.

I wish you all the best of luck in navigating the uncertain times ahead. Hopefully, my analysis will prove accurate, and be helpful to you. Feel free to reach out to me if you would like to discuss this work further, or have interest in my performing analysis for specific markets.

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I will be writing updated commentaries as needed based on the market's activity or a change in my market view.

Levels and Charts:

The vertical lines on the charts represent the specific days mentioned in the commentary.

Trading Levels for the S&P 500 (Cash Index):

Numbers in bold are stronger levels

Trading Levels
1,575
1,697
1,764
1,849
1,936
2,025
2,116
2,209
2,345
2,401
2,500
2,601
2,704
2,944

Self- Promotional Material and Background:

Please share this commentary with people you think could benefit, and especially to those contacts you have that might have interest in availing themselves of my services for a fee.

It is my hope that people who benefit from this commentary consider purchasing a subscription providing more regular access to my market commentaries. Please contact me to discuss further.

I have researched market cycles, price dynamics, and crowd psychology for many years, both during and after my full time work in institutional financial markets as a broker, pricing system designer, and banker. I have worked as a full time fundraiser for the past fourteen years. First at the University of

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Rochester and the Alzheimer's Association, and currently, for The Strong Museum of Play, an incredible history museum that is also one of the top family destinations in the country. The museum, like many non-profits across the country, is currently closed because of the virus, and my job is in jeopardy if the health crisis goes on much longer.

Because of my uncertain employment future, and the enormous impact that the global health challenge has on both our financial and physical health, this market commentary will have a wider audience than usual in the hopes that it will be helpful to more people, and that more people see the value of my skills in forecasting financial markets so that it affords me with more opportunities to generate income.

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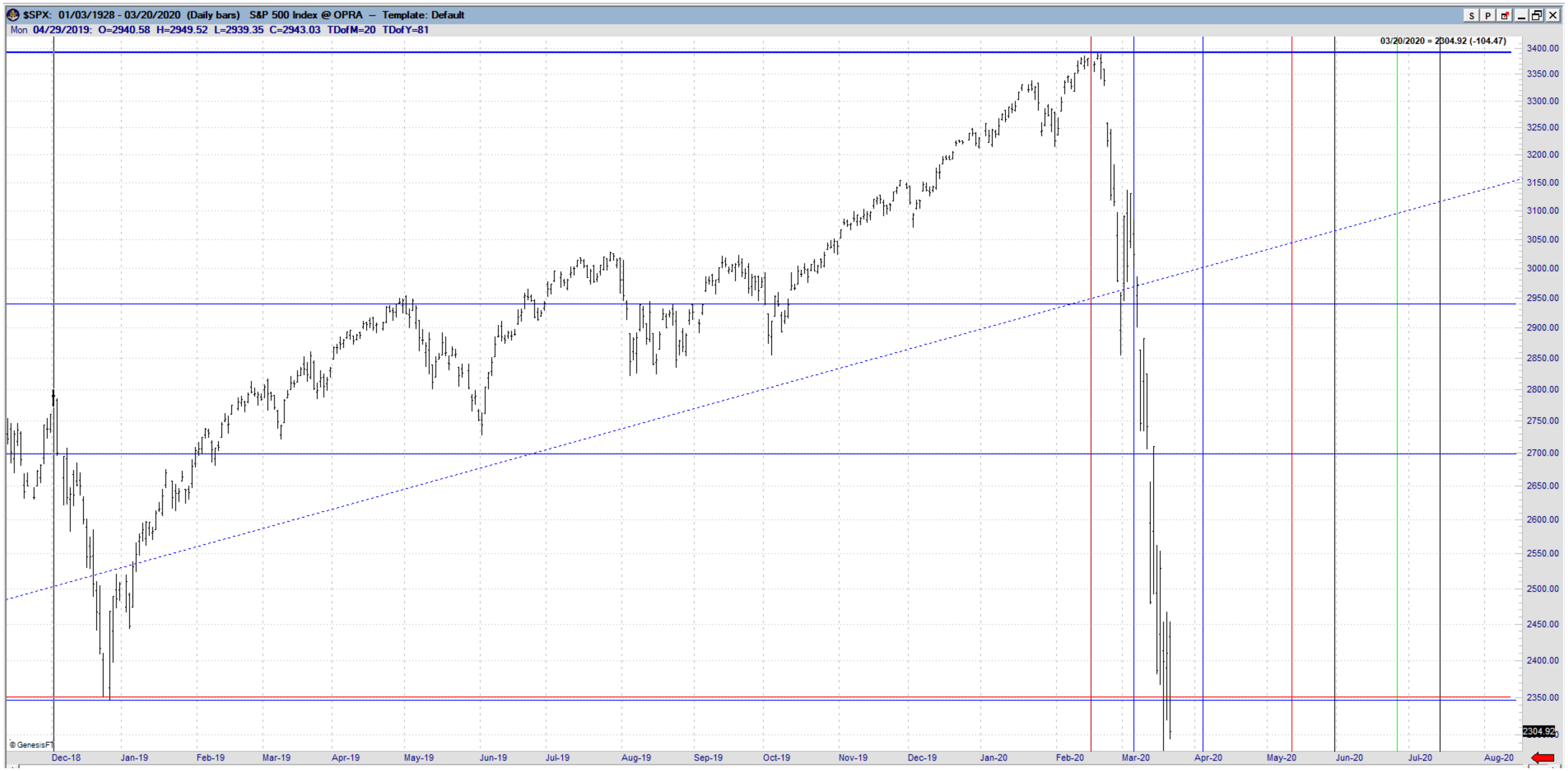

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