

With all of the incessant market gyrations this year, most traders and investors are going into the end of the year extremely confused. The simple charts I've been watching and showing help to make sense of the noise and show a big picture point of view. In October, the S&P 500 broke below its uptrend line that started in early-2016, which is an important and concerning technical breakdown. The S&P 500 is still holding above its 2,550 to 2,600 support zone that formed at the early-2018 lows. If this level is broken decisively, it would give another bearish confirmation signal.



The chart below shows the 2,550 to 2,600 support zone on the daily chart:



If the S&P 500 is unable to break below the 2,550 to 2,600 support zone in the short-term, it may stage a bounce or relief rally off that support. While such a rally would assuage the fears of many investors, it's important to beware of the risk that it may be the right shoulder of a bearish [head and shoulders pattern](#)•(I'm not predicting that it is or isn't - I'm just saying to be mindful of that scenario).



I'm concerned about a serious bear market ahead because of the massive bubble that formed in the U.S. stock market - please watch my video presentation to learn more: For now, I am watching if the S&P 500 can close decisively below the 2,550 to 2,600 support zone or if it stages a bounce off this level. **Please follow me on [LinkedIn](#) and [Twitter](#) to keep up with my updates. Sign up for our free weekly newsletter to learn how to navigate the investment world in these risky times.**