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5 Technical Clues That Warn of Trouble Before the Market Turns

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On the following page you will find an article that is a summary of the Crowd Forecast News Episode #491 panel discussion.
This document is an attempt to distill the most important points from the episode down to a single page article.

This document is part of a BETA TEST! If you find this PDF useful, or think there should be improvements, please email us at news@timingresearch.com with any feedback.

Recorded: 08/25/2025 at 4PM ET
Duration (video & podcast): 58 minutes

Highlights:
• Market Analysis and S&P 500 Discussion
• Discussion on Market Control and CPI
• VIX and Hedging Strategies
• Credit Spreads and Exit Strategies
• Financials and Mortgage Rates
• Gold Market and Crude Oil
• Nvidia Earnings and Market Sentiment

Lineup for this Episode:
• Dan Passarelli of MarketTaker.com
• Erik Gebhard of Altavest.com
• The Option Professor of OptionProfessor.com

Click here to watch the full episode.

Summary article starts on the following page...

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Summary of CFN #491 panel discussion. The quotes below are statements directly from the panelists on the show; click the link above to watch the full episode!

Title: 5 Technical Clues That Warn of Trouble Before the Market Turns

Markets rarely collapse out of nowhere. Instead, subtle but reliable technical clues appear before momentum shifts. By learning to recognize these signals, traders can protect profits and prepare for the next move. Here are five critical signs to watch for before a pullback takes hold.

1. Divergence Between Price and RSI
When prices march to new highs but momentum indicators like the Relative Strength Index fail to confirm, the setup warns of exhaustion. Divergence doesn't guarantee an immediate reversal, but it often marks the beginning of weakness beneath the surface.
"We had RSI divergence for three weeks before we finally saw the rollover."

2. Weakening Market Breadth
Rallies built on fewer advancing stocks suggest that leadership is narrowing. This lack of broad participation creates fragility, and eventually the thin support gives way to selling pressure. Watching advances versus declines is a powerful early-warning system.
"More stocks were declining than advancing while the index was still pushing higher."

3. Tests of Key Moving Averages
Major moving averages such as the 50-day or 200-day often act as the first lines of defense. When price slices through them decisively, it signals that momentum has shifted and support is breaking down.
"Once the 50-day broke, it was a clear sign the trend had changed."

4. Rising Volatility from Complacent Levels
A quiet volatility index can quickly erupt when fear enters the market. Spikes from historically low levels often coincide with the start of deeper selloffs, making volatility an important gauge of risk sentiment.
"The VIX under 18 showed complacency—when it jumped, the market sold off hard."

5. Options Flow Turning Defensive
Unusual increases in put buying or shifts in open interest reflect institutional hedging. When big money starts to position for downside risk, it can mark a turning point that filters down into broader price action.
"The sudden jump in put volume told us institutions were starting to hedge aggressively."

By watching these clues together, traders can recognize when the market's strength is hollow and prepare for the next pullback.

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💡 **Report: 15 Market Pros' Top Stocks**

🚨 **PDF: QQQ Options Playbook**

This episode included a bonus session from The Option Professor...

📚 **Bonus: Option Professor Market Outlook for 08/25/25**

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