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7 Warning Signs the Market's Momentum Is Starting to Crack

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On the following page you will find an article that is a summary of the [Crowd Forecast News Episode #504 panel discussion](). The article is an attempt to distill the most important points from the episode down to a single, brief article.



Recorded: 12/01/2025 at 4PM ET
Duration (video & podcast): 55 minutes

Highlights:
• Learn the key S&P levels driving year-end momentum.
• See why holding 6,550 could trigger a major rally.
• Identify warning signs of weakening market internals.
• Discover when a sharp selloff becomes highly likely.
• Understand how Fed decisions may spark volatility.
• Hear traders reveal their exact risk-management rules.
• Find breakout opportunities in natural gas and energy.
• Watch experts analyze big setups in oil and biotech.
• Get live guidance on navigating year-end trading traps.
• Gain rare insight from three seasoned technical traders.

Lineup for this Episode:
• Harry Boxer of TheTechTrader.com
• Alaina Nicole of InvestingBae.com
• Michael Filighera of LogicalSignals.com
• The Option Professor of OptionProfessor.com

Click here to watch the full episode.

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The article below is a summary of the recent CFN panel discussion. The quotes are statements directly from the panelists on the show; click the link above to watch the full episode!

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[AD] **eBook: TSLA Options Trader (Complete Strategy Guide)**

Title: 7 Warning Signs the Market's Momentum Is Starting to Crack

When markets push toward fresh highs, traders often relax just as conditions begin to deteriorate beneath the surface. Momentum failures rarely announce themselves loudly; instead, they emerge through subtle technical and behavioral shifts that experienced traders learn to spot early. Here are seven key warning signs that market strength may be eroding before the crowd notices.

1. Strong Rallies Show Weak Internal Confirmation

Price can surge while underlying technicals quietly roll over. When indicators like RSI, balance of power, or money flow fail to confirm new highs, the rally's foundation grows fragile. Traders should treat these divergences as early stress fractures rather than harmless noise.

"The bounce off the low, as good as it looks price-wise, did not look as good underlying… This is not a strong rally."

2. Key Support Levels Begin Losing Their Reliability

All markets rely on structural support zones. When price begins testing these levels more frequently—or slices through them with little resistance—momentum is no longer in control, and sentiment can turn quickly.

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"If we take out 6550 this time… we're heading to at least 6300 and maybe even down to 6000."

3. Momentum Fades Near Previous Peaks

Approaching major resistance with diminishing follow-through often signals buyers' exhaustion. Markets may still make marginal new highs, but the character of the advance becomes labored and uneven.

"If the rally was not with strong legs… then you would be suspicious around the highs."

4. Short-Term Volatility Signals Begin Triggering More Often

In a healthy uptrend, volatility walls and gamma levels act as trampolines. When price begins breaking below these areas more frequently, momentum traders shift from aggressiveness to caution.

"Below 6750 would have tossed everything back over into a negative atmosphere."

5. Big Winners Stop Leading the Market Higher

When the strongest stocks or key sectors lose momentum, the market loses its engine. Leadership rotation can be positive—but leadership failure rarely is.

"This market had a strong rally without Nvidia… but it wouldn't help if it dropped another 25%."

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6. Retail Appetite Becomes Excessively Aggressive

Frenzied buying behavior during late-stage advances is often the last push before exhaustion. When every dip is aggressively bought, risk tends to build faster than traders perceive.

"These dips are getting bought up immediately… the appetite is insane for risk."

7. Macro Uncertainty Stops Inspiring Buying Interest

When markets begin hesitating despite bullish expectations—like upcoming rate cuts, earnings strength, or seasonal trends—momentum is losing its grip.

"There's a lot of missing puzzle pieces going into the Fed next week."

Recognizing these early warnings allows traders to adjust position sizing, tighten stops, and prepare for the shift long before momentum fully breaks. In markets where speed is constant and reversals are unforgiving, awareness becomes a core trading edge.

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This algorithm is used to generate picks each week through the Stock Watchlist Weekly Newsletter.

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