SUTTMEIER
TECHNICAL STRATEGIES

August 19, 2025

WEEKLY REPORT

CHARTED MARKET INSIGHTS

Yes, its late August, but signs of risk-on globally

SPX: Breakout intact above 6147-6100; projected resistances at 6476 and 6600

Summer strength on the S&P 500 (SPX) has probed into projected resistance at 6476 (61.8% Fibonacci extension) with the next level at 6600 (seasonality projection). August often marks a seasonal shift from summer strength to autumn weakness (see Aug 1 *The Chart Check*). If the SPX pulls back, the mid-2025 bullish breakout remains intact above prior highs at 6,147–6,100, with rising 26- and 40-week moving averages (WMAs) in the low 5900s.

Bullish confirmation from Fed Financial Conditions

The SPX reached new highs, and the Chicago Fed National Financial Conditions Index (NFCI) has confirmed those highs, which is bullish. This macro indicator suggests that mid 2025 is not late 2021/early 2022, late 2018, or mid 2015, which were periods when financial conditions deteriorated and did not confirm higher highs for the SPX. These prior negative divergences preceded corrections for the SPX.

Dry Bulk Shipping (BDRY) bottom supports ongoing SPX rally

The Breakwave Dry Bulk Shipping ETF (BDRY) has bottomed, signaling a risk-on tone. SPX lows have not historically aligned with BDRY lows, but SPX rallies persisted after upside breakouts from bottoming patterns for BDRY in mid 2019, early 2021, and late 2023. If this pattern holds, the SPX rally that began in early April should continue following BDRY's mid-July breakout from a double bottom formation dating back to late 2024.

High Yield ETF (HYG): Bullish breakout projects to 84-85

The upside breakout from a September 2024 into June 2025 consolidation pattern for the iShares iBoxx High Yield Corporate Bond ETF (HYG) also signals a risk-on tone. This bullish pattern projects further upside to 84-85 and remains firmly intact above the breakout zone at 79.75-79.58 and rising 13-, 26-, 40-WMAs at 80.04-79.33.

Big picture monthly charts show major breakouts for the Nikkei 225 and TOPIX

Japan's Nikkei 225 and TOPIX have surged to new all-time highs, clearing the previous peaks from late 1989. Monthly log-scale charts highlight 35-year+ big bases that support further upside, with rising 12- and 24-month moving averages underpinning these bullish trends. Chart setups on EWJ (Japan) and DXJ (Hedged Japan) inside.

China Internet (KWEB): A bullish triangle and rounded bottom point higher

The KraneShares CSI China Internet ETF (KWEB) is forming a late-2024 to mid-2025 bullish triangle that targets 48 on a breakout above 37.00–37.35. Rising 13-, 26-, and 40-WMAs at 34.91–33.15 reinforce the triangle, along with a 34.20 chart support. A larger rounded bottom from early 2022 to mid-2025 suggests an even stronger rally, with retracement targets of 50.73 (38.2%), 60.08 (50%), and 71.43 (61.8%) from the early-2021 to late-2022 decline.

China ETFs charts look similar to the chart of the 1-3 Year Treasury Bond ETF

We have highlighted several China ETFs: KWEB above as well as CQQQ and GXC in recent reports. The 2022-2025 rounded bottoms for these ETFs resemble potential rounded bottoms for short-to-medium duration Treasury Bond ETFs such as the iShares 1-3 Year Treasury Bond ETF (SHY). While the path of Fed policy through the rest of 2025 remains uncertain, these technical patterns lean toward lower rates.

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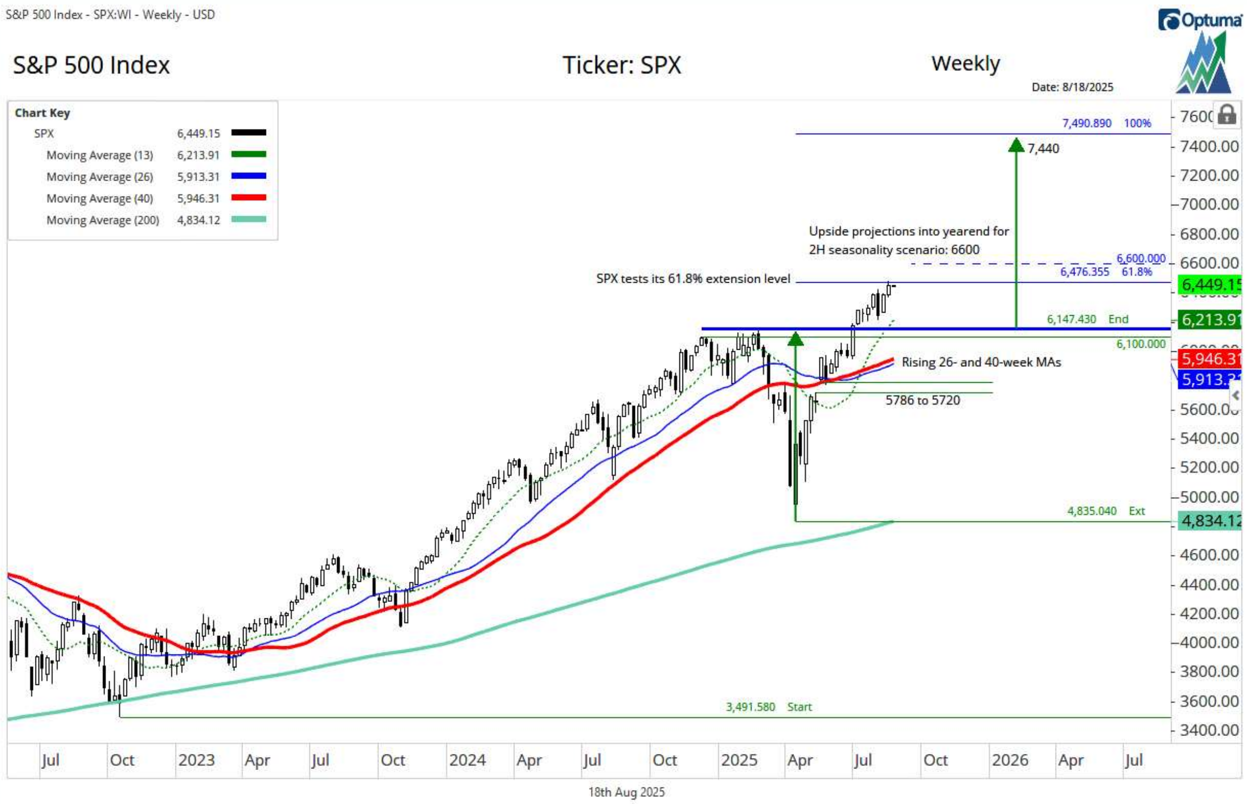
U.S. equity indices

SPX: Breakout intact above 6147-6100; projected resistances at 6476 and 6600

Summer strength on the S&P 500 (SPX) has probed into projected resistance at 6476 (61.8% Fibonacci extension) with the next level at 6600 (seasonality projection). August often marks a seasonal shift from summer strength to autumn weakness (see Aug 1 *The Chart Check*). If the SPX pulls back, the mid-2025 bullish breakout remains intact above prior highs at 6,147–6,100, with rising 26- and 40-week moving averages (WMAs) in the low 5900s confirming a bullish trading cycle. Maintaining the upside breakout and holding the WMAs would support longer-term upside toward the 7,400s.

Chart 1: S&P 500 (SPX)

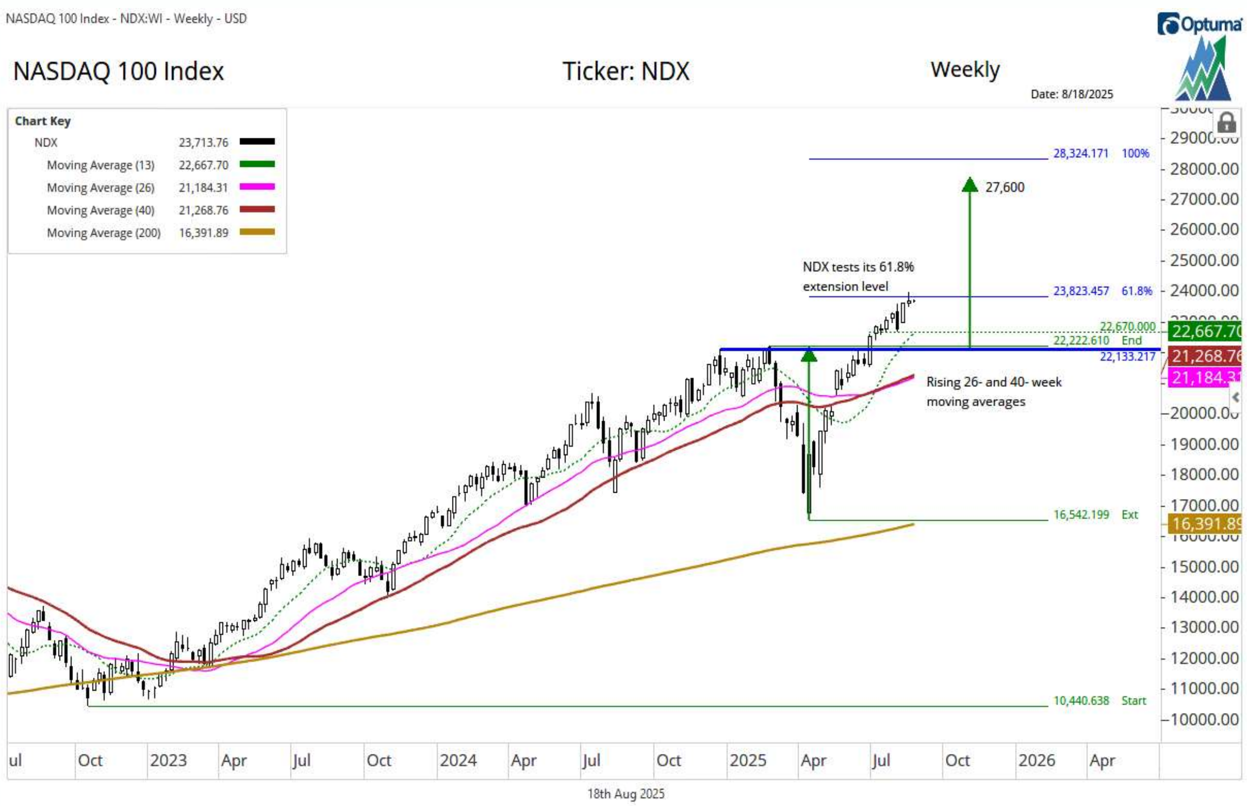


Source: Optuma

NDX: Rally tests 61.8% extension but plenty of support from recent breakout

The NASDAQ 100 (NDX) remains within a solid uptrend with tactical support near 22,670 and its late June upside breakout intact above 22,222-22,133. This index tests projected resistance at its 61.8% Fibonacci extension level at 23,823. If the NDX consolidates off this test, holding 22,222-22,133 (breakout levels) down to 21,268-21,184 (rising 26- and 40-WMAs) would keep the prevailing trend bullish for longer-term upside to 27,600-28,300 (upside count for the 2025 breakout and the 100% extension level).

Chart 2: NASDAQ 100 (NDX)



Source: Optuma

IWM: Gap got filled but tactical supports hold so far, keeping the pattern bullish

Although the Russell 2000 (IWM) has filled the August 13 upside gap at 227.83-226.98, first support at 226.71-226.05 is holding so far, keeping last week's tactical breakout intact. If IWM gets sloppy and breaks this support, the next tactical level lies at 222.84-221.15. The overall pattern remains constructive with a March-June head and shoulders bottom that makes as case for a rally back to and beyond the late 2024 highs at 242-245.

Chart 3: Russell 2000 (IWM)

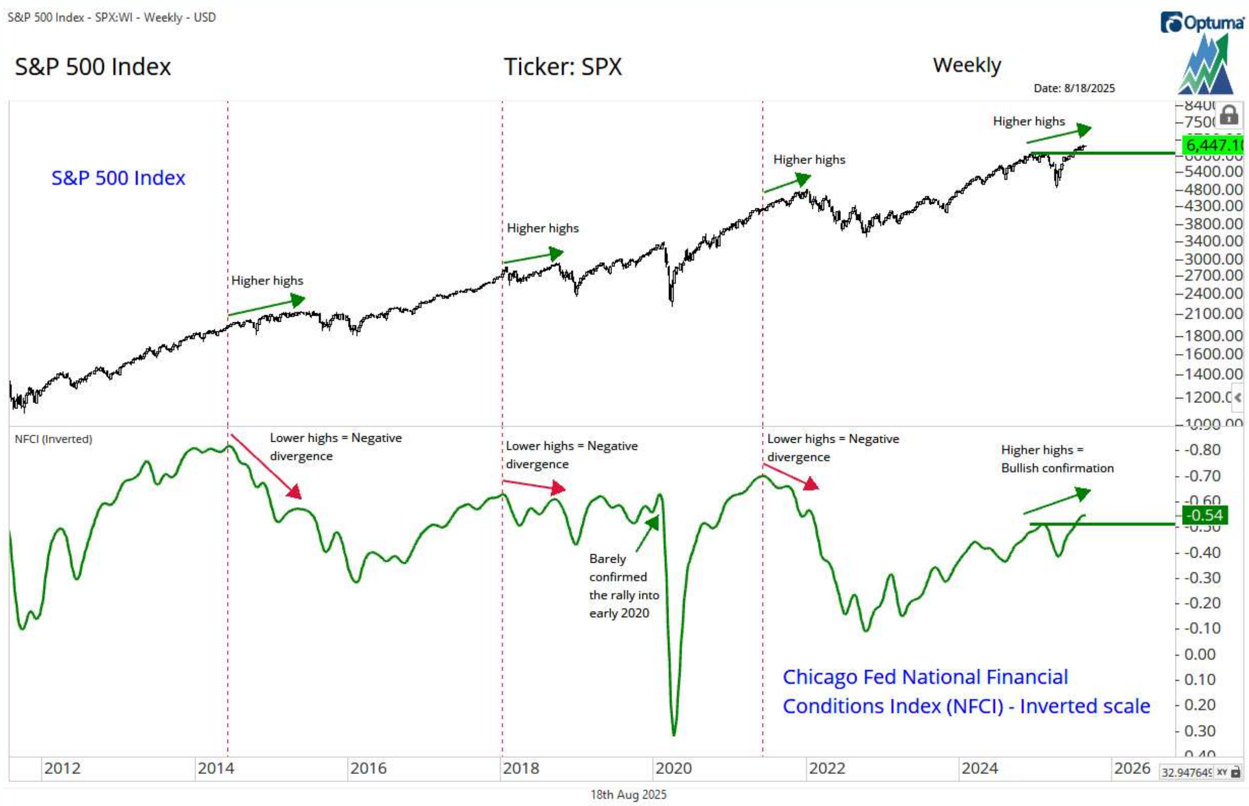
Source: Optuma

Key indicators

Bullish confirmation from Fed Financial Conditions

The SPX reached new highs, and the Chicago Fed National Financial Conditions Index (NFCI) has confirmed those highs, which is bullish. This macro indicator suggests that mid 2025 is not late 2021/early 2022, late 2018, or mid 2015, which were periods when financial conditions deteriorated and did not confirm higher highs for the SPX. These prior negative divergences preceded corrections for the SPX.

Chart 4: S&P 500 (top) and the Chicago Fed National Financial Conditions Index (bottom)



Source: Optuma, Federal Reserve Bank of St. Louis

Dry Bulk Shipping (BDRY) bottom supports ongoing SPX rally

The Breakwave Dry Bulk Shipping ETF (BDRY) has bottomed, signaling a risk-on tone. SPX lows have not historically aligned with BDRY lows, but SPX rallies persisted after upside breakouts from bottoming patterns for BDRY in mid 2019, early 2021, and late 2023. If this pattern holds, the SPX rally that began in early April should continue following BDRY's mid-July breakout from a double bottom formation dating back to late 2024.

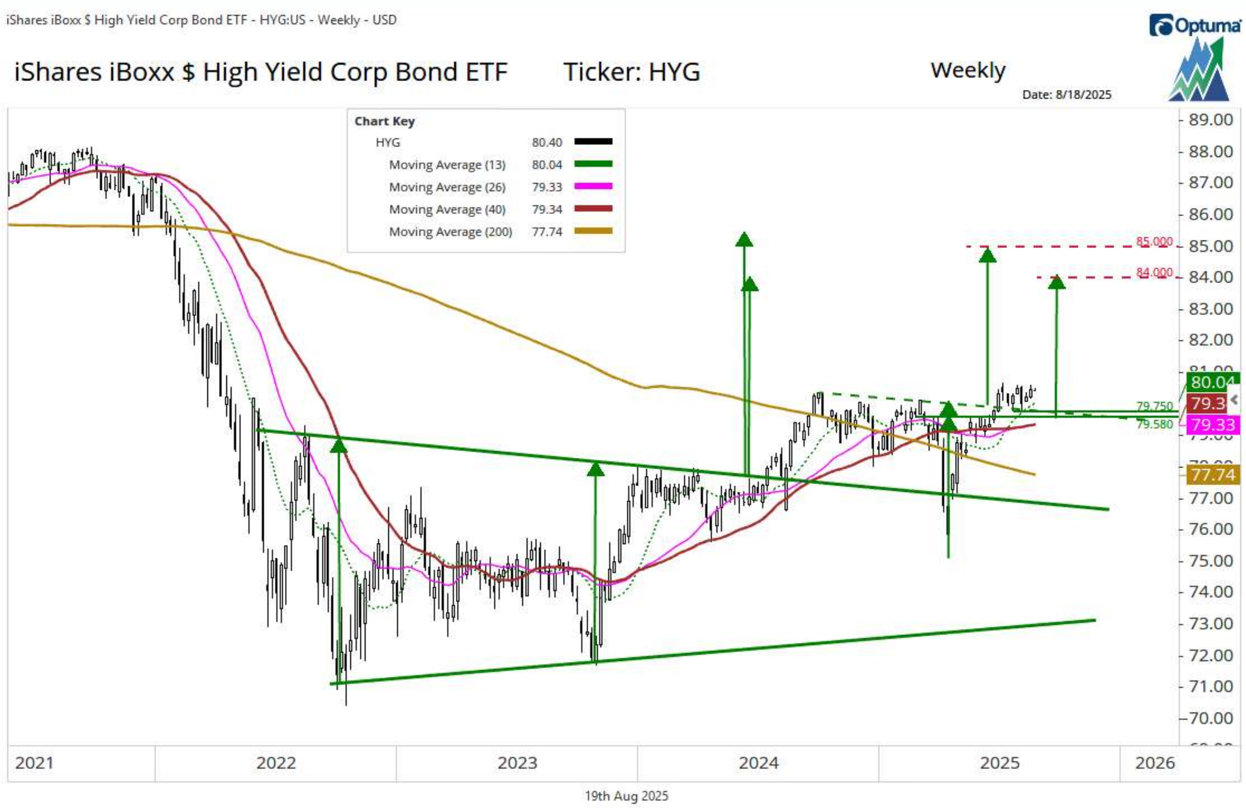
Chart 5: S&P 500 (top) and the Breakwave Dry Bulk Shipping ETF (BDRY)

Source: Optuma

High Yield ETF (HYG): Bullish breakout project to 84-85

The upside breakout from a September 2024 into June 2025 consolidation pattern for the iShares iBoxx High Yield Corporate Bond ETF (HYG) also signals a risk-on tone. This bullish pattern projects further upside to 84-85 and remains firmly intact above the breakout zone at 79.75-79.58 and rising 13-, 26-, 40-WMAs at 80.04-79.33. Notably, the breakout from a mid 2022 to mid 2024 triangle base pattern also projects HYG into the mid 80s.

Chart 6: iShares iBoxx High Yield Corporate Bond ETF (HYG)



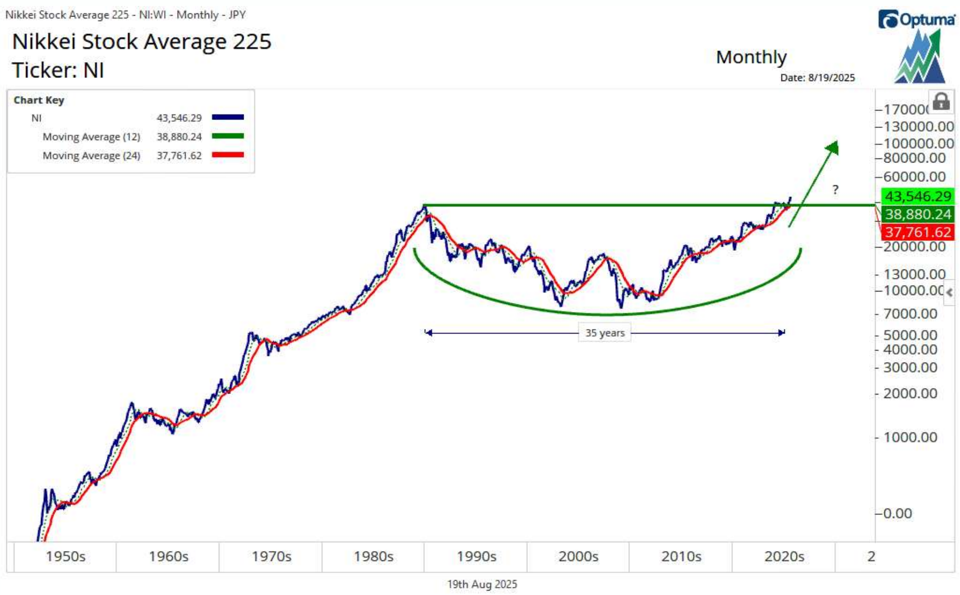
Source: Optuma

Nikkei/TOPIX break 35-year highs

Big picture monthly charts show major breakouts for the Nikkei 225 and TOPIX

Japan's Nikkei 225 and TOPIX have surged to new all-time highs, clearing the previous peaks from late 1989. Monthly log-scale charts highlight 35-year+ big bases that support further upside, with rising 12- and 24-month moving averages underpinning these bullish trends.

Chart 7: Japan's Nikkei 225: Monthly log-scale chart



Source: Optuma

Chart 8: Tokyo TOPIX Index: Monthly log-scale chart

Source: Optuma

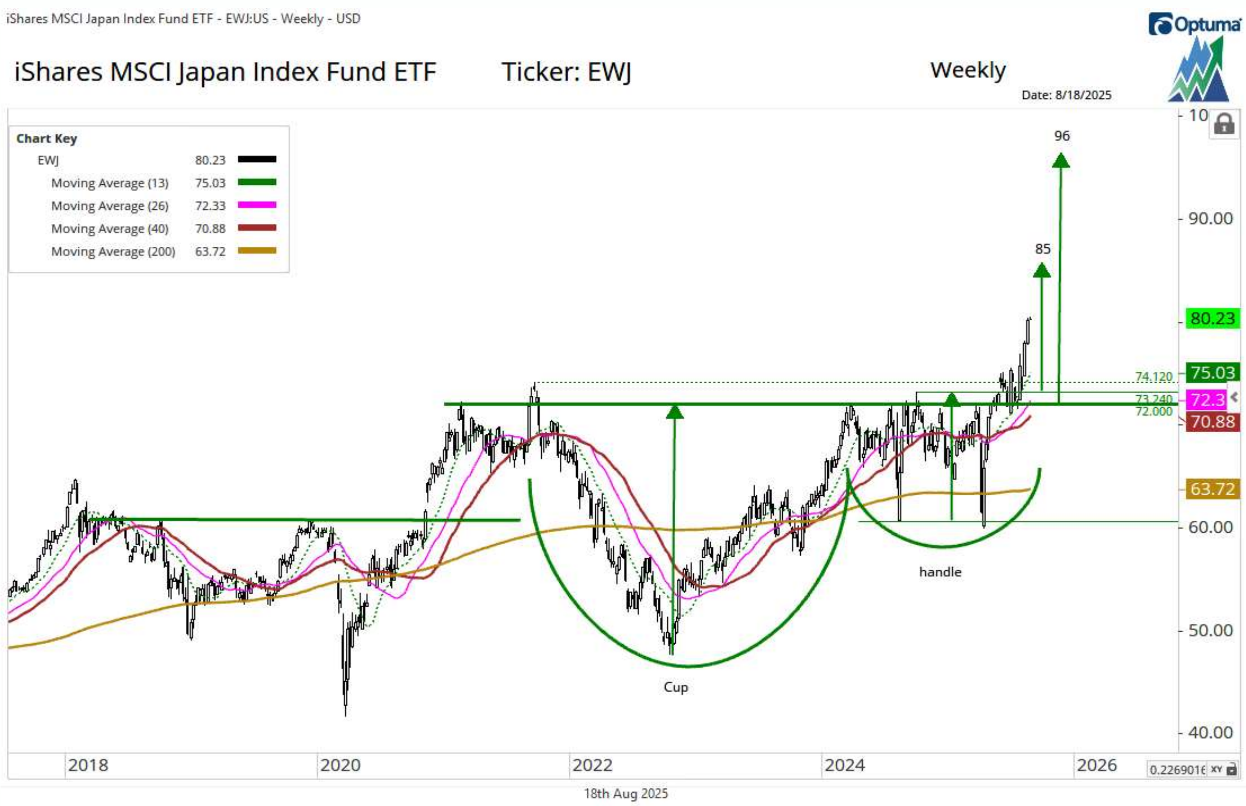
Japan ETFs: Bullish breakouts point higher on EWJ and DXJ

Is it too late to buy the breakouts for the iShares MSCI Japan Index Fund ETF (EWJ) and WisdomTree Japan Hedged Equity Fund (DXJ)? The short answer is no, but it might be best to scale into EWJ and XDJ and be willing to buy dips given the distance above their recent upside breakout points.

EWJ: Bullish above 74.12-72.00 with upside potential to 85 and 96

Dips that hold above or near 74.12-72.00 on EWJ keep a bullish breakout from 2021-2025 cup and handle in place with upside potential to pattern counts at 85 and 96. Rising 13-, 26-, and 40-WMAs from 75.03 to 70.88 reinforce the recent bullish breakout for EWJ.

Chart 9: iShares MSCI Japan Index Fund ETF (EWJ)

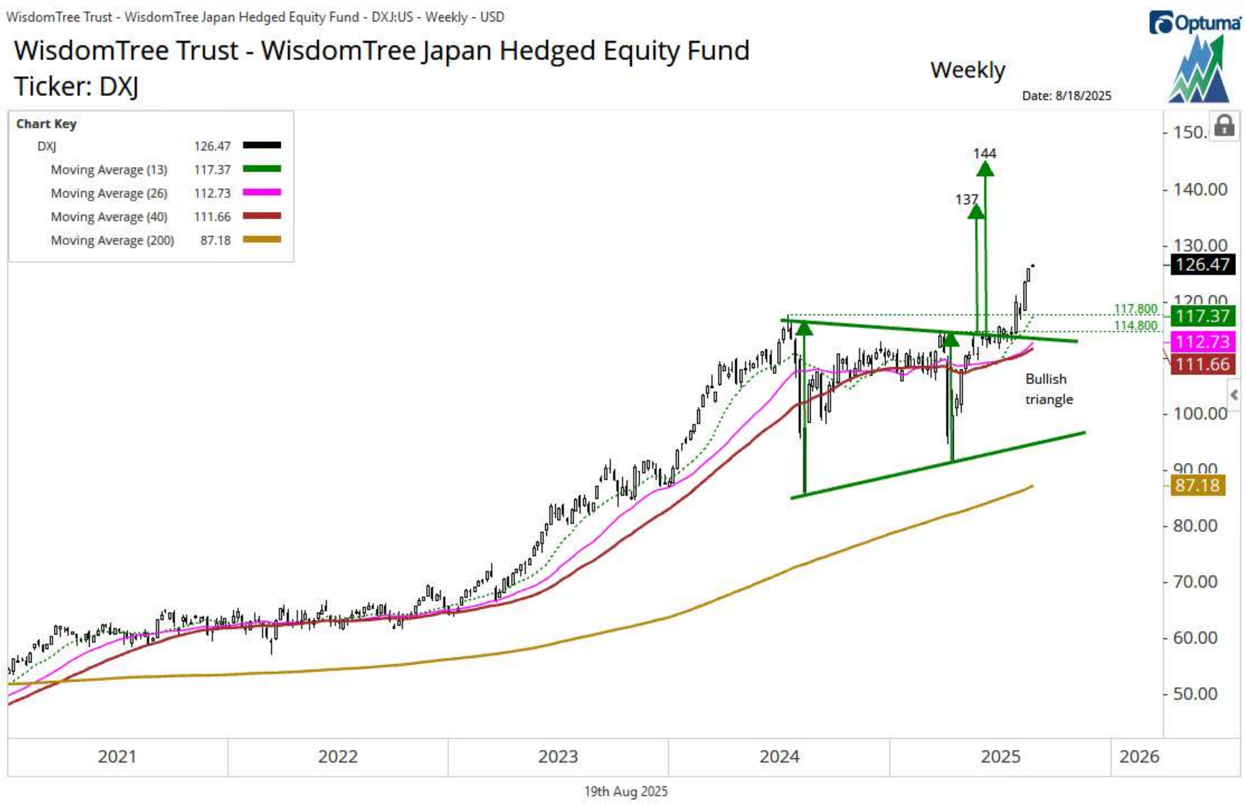


Source: Optuma

DXJ: Bullish above 117.80-114.80 with upside potential to 137 and 144

Dips that hold above or near 117.80-114.80 on DXJ keep a bullish breakout from a 1-year triangle pattern intact with upside potential to pattern counts at 137 and 144. Rising 13-, 26-, and 40-WMAs from 117.37 to 111.66 reinforce the late-June bullish triangle breakout for DXJ.

Chart 10: WisdomTree Japan Hedged Equity Fund (DXJ)



China Internet (KWEB) looks bullish

China Internet (KWEB): A bullish triangle and rounded bottom point higher

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Chart 11: KraneShares CSI China Internet ETF (KWEB)

Source: Optuma

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We have highlighted several China ETFs: KWEB above as well as CQQQ and GXC in recent reports. The 2022-2025 rounded bottoms for these ETFs resemble potential rounded bottoms for short-to-medium duration Treasury Bond ETFs such as the iShares 1-3 Year Treasury Bond ETF (SHY). While the path of Fed policy through the rest of 2025 remains uncertain, these technical patterns lean toward lower rates.

Chart 12: Invesco China Technology ETF (CQQQ) (top) and iShares 1-3 Year Treasury Bond ETF (SHY) (bottom)

Source: Optuma