

Intelligent Investing – United Parcel Services, Inc (UPS) Insights

Using the Elliott Wave Principle (EWP), The monthly-candlestick chart for UPS shows an important low March 2009, then a five waves rally into late-2017 followed by a complex three-waves decline into March 2020 for wave-**I**, **II**, respectively. Since March last year, UPS has completed four (**4**) waves and should now be in wave-**5** of **III** to ideally \$197-211. From that target zone, it should correct down to \$152-175 for wave-**IV**, followed by a wave-**V** to \$248-270. All depending on which exact Fibonacci-extension UPS will chose. A retrace back to the low-150s for wave-**IV** would be ideal as then wave-**5** of **III** gets retraced and price finds support at the prior one-degree lower wave-**4**. Once wave-**V** completes, UPS will enter a multi-year, possible decades long bear market that will bring price back into the double-digits region. The current MACD set up is classic for a **III**rd wave setup, while the RSI5 is making lower highs.

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Now that the big picture has been established, one can zoom in to the intermediate timeframe to see if a weekly-timeframe-based EWP count matches the monthly. If they do not, then something is wrong with the initial EWP analysis. But, in this case it does match. In fact, I can find enough granularity to even label minute waves (grey). In addition, one can clearly see the complex nature of wave-**II**, which was in EWP-terms an irregular flat. In addition, wave-**4** was also a flat and wave-**5** is now underway. It should ideally target the high \$190s by subdividing into the **green** minor and **red** intermediate waves as shown by approximation. Based on the guideline of alternation, wave-**IV** should be a different pattern than wave-**II**: think a zigzag. The current MACD and Money Flow (MFI) setup is classic for a **4th** and **5th** wave: weak.

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Lastly, the daily chart, which should be used for shorter-term trading. The weekly and monthly are to be used for much longer investing time frames. Also now, the daily-timeframe-based EWP count matches that of the weekly. Now I can identify (orange) micro-waves. The major-4 wave was indeed a proper flat correction, as was wave-2. In this case there was thus no alternation between these two waves. It is not a rule, but a guideline, so nothing has been invalidated. If UPS continues to adhere to text-book Fibonacci-extensions for 3rd, 4th and 5th waves then it should now be wrapping up wave-3 soon, then a wave-4, 5, etc. See the upper right corner of the chart. Albeit not shown, wave-v of 5 of III should, based on this detailed analysis, target \$202, which is remarkably close to the ideal \$197 level for wave-III as found using the monthly chart. There is negative divergence forming on the daily chart's RSI5 to signal a short-term pullback, but the Money Flow (MFI14) is strong (blue box). Compare the MFI now with that of August 2020 (other blue box) and it means more upside first before a larger correction. This fits with the preferred EWP counts.

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In conclusion: UPS should still have some upside left to ideally ~\$200+/-5 before a much larger correction down to ideally \$150+/-10 starts. Once that correction completes, UPS should rally to as high as \$260+/-10 before a multi-year Bear market will likely establish itself. Trade and invest these timeframes accordingly.

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