

WEEKLY
JAPANESE NIKKEI ANALYSIS

WEEKLY JAPANESE NIKKEI STOCK INDEX
MONDAY, JULY 6, 2026
By Gianni Di Poce and Raymond Merriman

Review: The Nikkei closed last week at 69,744, up 384 points from the prior week. The close was a bearish bias but maintains bullish sequence. The close was also above the weekly TIP (Trend Indicator Point) for the 13th consecutive week, which means it remains in a full trend run up.

Primary Cycle Labeling: This week begins the 14th week in the primary cycle measured from the low on March 31 at 50,558. The Nikkei's primary cycle is 12-20 weeks, so we are in the time band for a low to occur at any time. Before that happens, however, a primary cycle crest needs to form with a 2-5 week corrective decline expected to follow. If the June 22 high at 72,831 was the primary cycle crest, which occurred in the June 26-29 CRD, then we could bottom as soon as next week. This is not the preferred outlook at the moment though.

The primary cycle breaks down into phases that include half-primary cycles that last 7-11 weeks or major cycles that last 4-7 weeks. Combination patterns unfold when both major and half-primary cycles occur, as it is now.

As stated last week, *"At the very least, the June 22 high at 72,831 was a major cycle crest. Prices then dropped hard on Friday, testing the 13-day moving average. This could also be considered a retest of the low from earlier in the week on Wednesday. Thus, it cannot be ruled out that a major cycle trough formed on June 26 at 68,639, as this would have been 4 days from the all-time high and in the time band of the June 26-29 CRD."* However, prices made a slightly lower-low on July 3 at 67,609 and in the orb of the July 6 CRD. This low would have been 6 weeks from the previous major cycle trough of May 20 at 52,292. Thus, this week could start the 1st week in the third and final major cycle phase. It also begins the 4th week in the second half-primary cycle phase from the June 11 low at 62,335.

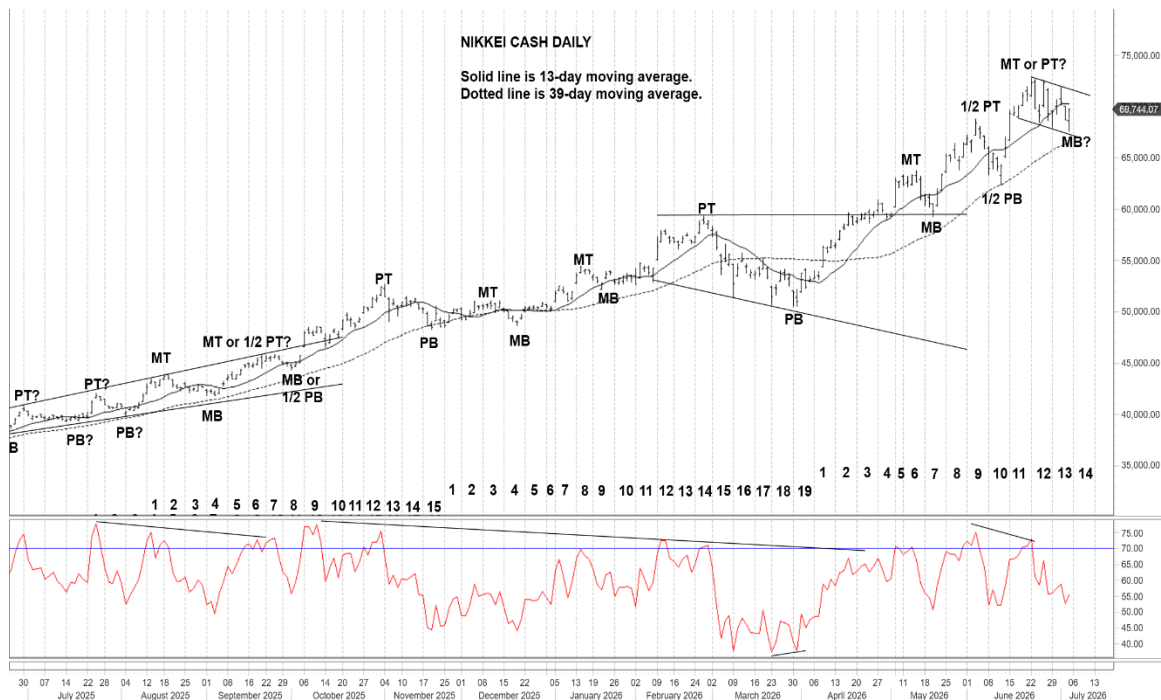
The good news is how it made a new all-time high in the 12th week of the primary cycle, all but confirming that a case of "bullish right translation," which occurs when a cycle spends more time going up than down. This is a positive signal for the next primary cycle too.

Longer-term: The Nikkei's long-term cycle scenario is still bullish. It can keep hitting new all-time highs with respect to the 4.17-year cycle (49 months). It last bottomed on April 7, 2025. July starts the 15th month measured from that low, and the April 7 low was 61 months after March 2020. Historically, they occur in the 37-59 month range. The Nikkei remains a dip-buying market until a change in trend occurs.

The 49-month cycle is made up of two 23-month cycle phases that break down into 8.5-month cycle phases. The previous 23-month cycle occurred with the double bottom lows of August 5, 2024, and April 7, 2025. From the low of August 5, 2024, the next bottom is due May-September 2026. We are in the middle of this time band now. But if measured from the low of April 7, 2025, the next low is due January-May 2027.

July is also the 8th month in the 8.5-month cycle phase, so the next cycle bottom orb is in effect until September 2026 and will likely correspond with the next primary cycle low due to occur anytime in the next 6 weeks. The overlapping period with the 23-month cycle in this time band, measured from August 2024, remains a key for this labeling.

Geocosmics: Mercury is still retrograde until July 23, so we need to be mindful of whipsaws and fake-outs in both directions. Don't be surprised if the Nikkei goes sideways for the next few weeks and resets the primary cycle. As part of the July 6 CRD, Mars is conjunct Uranus on July 4, followed by Mars trine Pluto on July 5. The Sun is square Saturn on July 6, followed by Neptune retrograde on July 7.



Price Objectives and Patterns: The Nikkei looks to be coiling into a descending price channel near its all-time highs. This could even be considered a “pennant” formation, which is a version of a bull flag. This could lead to a final explosive rally as high as 76,000-77,000.

As explained last week and still the case, “Above the 65,000-66,000 zone, it’s very bullish. It would only turn bearish if it lost support at 60,000-62,000, which would confirm a long-term cycle crest is complete.” No change here, although a retest of 60,000-62,000 cannot be ruled out at the end of this primary cycle.

Technical: The Nikkei is seeking to further reinforce the uptrend via a higher-low. It's one week off the all-time high, so the trend is still bullish.

Note how the RSI indicator was in the 40-60 corrective range during the July 3 low. This reinforces the idea that a major cycle trough was complete. But if it makes a new all-time high in the coming weeks, beware of a case of bearish divergence in price from the RSI indicator to signal upside momentum is waning late in the primary cycle.

The moving average study is downgraded to bullish, turning neutral. Prices are below the 13-day moving average at 70,287 and the 39-day moving average at 65,535. The 13-day MA is above the 39-day MA, and prices are in between, so the moving average indicator is bullish, turning neutral. If it rallies above the 13-day moving average and stays above the 39-day moving average, it will be upgraded back to bullish. It would be downgraded back to neutral if it closed below both moving averages and the 13-day stayed above the 39-day.

Technical Support and Resistance: Weekly support is **67,567-57,581**. A weekly close below **67,567** will be bearish. A trade below 67,567 and a weekly close back above 67,581 would be a bullish trigger. Weekly resistance is now **71,920-71,934**. A weekly close above **71,934** will be bullish. However, a trade above 71,934, followed by a close back below 71,920 would be a bearish trigger.

The weekly trend indicator point (TIP) is now **69,995**. The weekly TIP will be downgraded back to neutral if it closes below there this week.

A bullish crossover zone just formed at 67,945-68,665 (traded below, closed above). Other bullish crossover zones are in effect at 64,750-64,858, 60,501-61,274, 54,735-54,996, 52,643-53,063, 50,593-51,175, 48,418-48,454, 43,548-43,996, 42,619-42,694, 40,174-40,216, 38,818-39,030, **29,565-30,084**, 27,948-28,034, 26,997-27,025, 25,682-26,005, 24,777-24,862, 23,289-23,679, 22,649-22,868, 20,749-21,192, 17,266-17,847, 15,546-15,882, 14,813-14,919, 11,761-11,949, 10,544-10,622, 10,114-10,193, 9164-9247, 8697-8738, 8280-8441, and 8123-8167. These are all support zones now.

It closed above bearish crossover zones previously at 49,795-49,911, **37,978-38,319**, **35,370-36,583**, 32,931-33,124, **29,638-29,897**, 29,352-29,466, 27,982-28,368, 26,856-27,278, 25,682-26,741, 23,289-23,399, 22,160-23,078, 22,276-22,579 and 16,069-16,347, and 14,813-15,024, so these all act as support now.

Strategy for this week: Position traders are flat and may stand aside.

Aggressive traders were flat and advised, "... go long on a drop to 68,400 +/- 60 with a stop loss on a close below 66,020." Got it. Let's cover 1/3 on a rally to 70,000 +/- 60 and another 1/3 on a rally to 72,000 +/- 60 if offered.

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