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Interim Bulletin

Intuitive Surgical, Inc. (ISRG) is slated to report 1Q19 results on Thursday, April 18th after the close. Consensus expectations are for EPS of \$2.70 (Whisper = \$2.77) on Revenue of \$978.18M. They missed the 4Q18 consensus EPS estimate by a nickel when they last reported on January 24th. The stock sold off 9% over the subsequent three days.



ISRG shares made a new intraday high on Friday, but closed down for the day, and more than one percent below that high. Nevertheless, the price action off the December low appears to meet the minimum requirements necessary to count a completed five wave advance of at least Primary degree. As illustrated in the daily chart above, wave v of (v) of V has taken on the unmistakable terminal form of an “Ending Diagonal Triangle,” which only appears in the final sub-divisions of an impulse wave.

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As with the peak of wave **III** back in October 2018, the bearish nature of this pattern is being confirmed by the negative divergence evident in the 13-day RSI momentum study. A completed impulse wave is always followed by a corrective wave form, thus we can anticipate that a trend reversal is very close at hand, if not already in progress.

A daily close below \$559 would confirm what may well prove to be a significant top in ISRG shares. If so, a minimum 61.8% retracement of wave **V** would target the prior fourth wave low at \$490 initially, but the unfilled chart gap at \$485 suggests a modest overshoot should be expected on the way down. Additional bearish potential exists, with chart support to be found around the \$430 and \$380 levels, also previous fourth wave lows.

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