

Tuesday August 11, 2009

Closing prices of August 10, 2009

Stocks were weak Monday on low volume ahead of productivity and inventory reports Tuesday and the FOMC meeting Wednesday. We have said we expected consolidation or a pull back and for stocks to trade higher thereafter. In the short-term, with little in the way of support levels nearby and momentum indicators turning down from high levels **caution is advised regarding entry points and we repeat our advice that investors use stop losses to make sure losses remain manageable. Very aggressive traders can enter short keeping in mind shorting is counter-trend at this time and they may need to cover quickly.**

Last week we highlighted Average Weekly Hours to give us a clue regarding future employment trends. We said that until employers start to ask more from workers new hiring will not be in the picture, and it did come in slightly higher than the estimates. Tomorrow's Nonfarm Productivity is the next variable in the equation because employee productivity starts to rise as demand picks up. At the point the demand increase looks sustainable employers begin to hire again.

Based on the S&P 500 the short-term, intermediate-term and long-term trends are up. Traders should not hesitate to rotate out of lagging sectors and stocks and into leaders. Very aggressive traders can short overbought conditions keeping in mind shorting is counter-trend and they may need to cover quickly.

The S&P 1500 (230.05) was down 0.355 % Monday. Average price per share was down 0.38%. Volume was 80% of its 10-day average and 91% of its 30-day average. 42.65% of the S&P 1500 stocks were up, with up volume at 55.73% and up points at 37.16%. Up Dollars was 28.13% of total dollars, and was 31% of its 10-day moving average. Down Dollars was 141% of its 10-day moving average.

Percent over 10-sma: 68.60%. 13-Week Closing Highs: 198. 13-Week Closing Lows: 4.
Put/Call Ratio: 0.754. Kaufman Options Indicator: 1.04.

P/E Ratios: **103.43 (before charges)**, 18.58 (continuing operations), 17.29 (analyst estimates).
P/E Yield 10-year Bond Yield Spreads: -74% (earnings bef. charges), 43% (earnings continuing ops), and 53% (projected earnings).

449 of the S&P 500 have reported 2nd quarter earnings. According to Bloomberg, 72.2% had positive surprises, 8.2% were in line, and 19.6% have been negative. The year-over-year change has been -29.9% on a share-weighted basis, -22.3% market cap-weighted and -25.0% non-weighted. Ex-financial stocks these numbers are -29.4%, -24.2%, and -27.5 %, respectively.

IMPORTANT DISCLOSURES

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	Daily	WTD	MTD	QTD	YTD
S&P Smallcap 600	-0.09%	-0.09%	2.79%	13.29%	13.12%
S&P 500	-0.33%	-0.33%	1.99%	9.55%	11.50%
Dow Jones Industrials	-0.34%	-0.34%	1.81%	10.55%	6.40%
S&P 1500	-0.36%	-0.36%	2.14%	9.91%	12.26%
Nasdaq Composite	-0.40%	-0.40%	0.69%	8.57%	26.33%
Nasdaq 100	-0.56%	-0.56%	0.44%	9.02%	32.91%
S&P Midcap 400	-0.67%	-0.67%	3.60%	12.55%	20.88%
Bank of New York Mellon ADR	-0.87%	-0.87%	1.17%	11.58%	20.16%

	Daily	WTD	MTD	QTD	YTD
Health Care	0.75%	0.75%	-0.17%	5.58%	4.57%
Energy	0.25%	0.25%	0.40%	4.72%	1.33%
Utilities	0.20%	0.20%	-0.18%	3.50%	-0.72%
Consumer Staples	0.18%	0.18%	-0.86%	5.25%	1.63%
Telecom Services	-0.27%	-0.27%	-3.00%	0.49%	-6.28%
Information Technology	-0.57%	-0.57%	0.13%	9.29%	35.60%
Financials	-0.65%	-0.65%	9.72%	19.36%	13.68%
Industrials	-1.12%	-1.12%	3.90%	13.50%	4.78%
Consumer Discretionary	-1.17%	-1.17%	3.62%	13.34%	21.86%
Materials	-1.63%	-1.63%	2.32%	15.94%	30.17%

	Daily	WTD	MTD	QTD	YTD
Health Care Equip & Services	1.26%	1.26%	0.66%	6.38%	13.76%
Pharmaceuticals, Biotech & Life Sciences	0.52%	0.52%	-0.53%	5.24%	0.82%
Food & Staples Retailing	0.46%	0.46%	0.82%	4.80%	-1.00%
Energy	0.25%	0.25%	0.40%	4.72%	1.33%
Household & Personal Products	0.21%	0.21%	-4.46%	3.98%	-7.89%
Utilities	0.20%	0.20%	-0.18%	3.50%	-0.72%
Consumer Services	0.09%	0.09%	4.01%	7.11%	8.21%
Food, Beverage & Tobacco	0.03%	0.03%	0.05%	6.07%	8.27%
Media	-0.21%	-0.21%	5.17%	12.54%	14.66%
Telecom Services	-0.27%	-0.27%	-3.00%	0.49%	-6.28%
Diversified Financials	-0.27%	-0.27%	8.23%	18.02%	29.95%
Commercial & Professional Services	-0.34%	-0.34%	2.75%	4.92%	-0.66%
Semiconductors & Equipment	-0.38%	-0.38%	-1.91%	13.49%	36.43%
Software & Services	-0.48%	-0.48%	0.95%	4.72%	27.59%
Banks	-0.59%	-0.59%	14.30%	20.38%	-6.35%
Technology Hardware & Equipment	-0.69%	-0.69%	0.11%	11.82%	42.14%
Capital Goods	-1.06%	-1.06%	4.39%	14.32%	4.91%
Insurance	-1.10%	-1.10%	7.75%	20.01%	5.35%
Transportation	-1.56%	-1.56%	2.53%	13.59%	6.24%
Materials	-1.63%	-1.63%	2.32%	15.94%	30.17%
Retailing	-1.99%	-1.99%	3.01%	13.25%	30.81%
Consumer Durables & Apparel	-2.09%	-2.09%	3.52%	19.51%	18.14%
Real Estate	-2.54%	-2.54%	13.07%	24.95%	4.30%
Automobiles & Components	-2.86%	-2.86%	-0.60%	28.92%	87.58%

S&P 500 Cash (1,008.89, 1,010.12, 1,000.99, 1,007.10, -3.38)



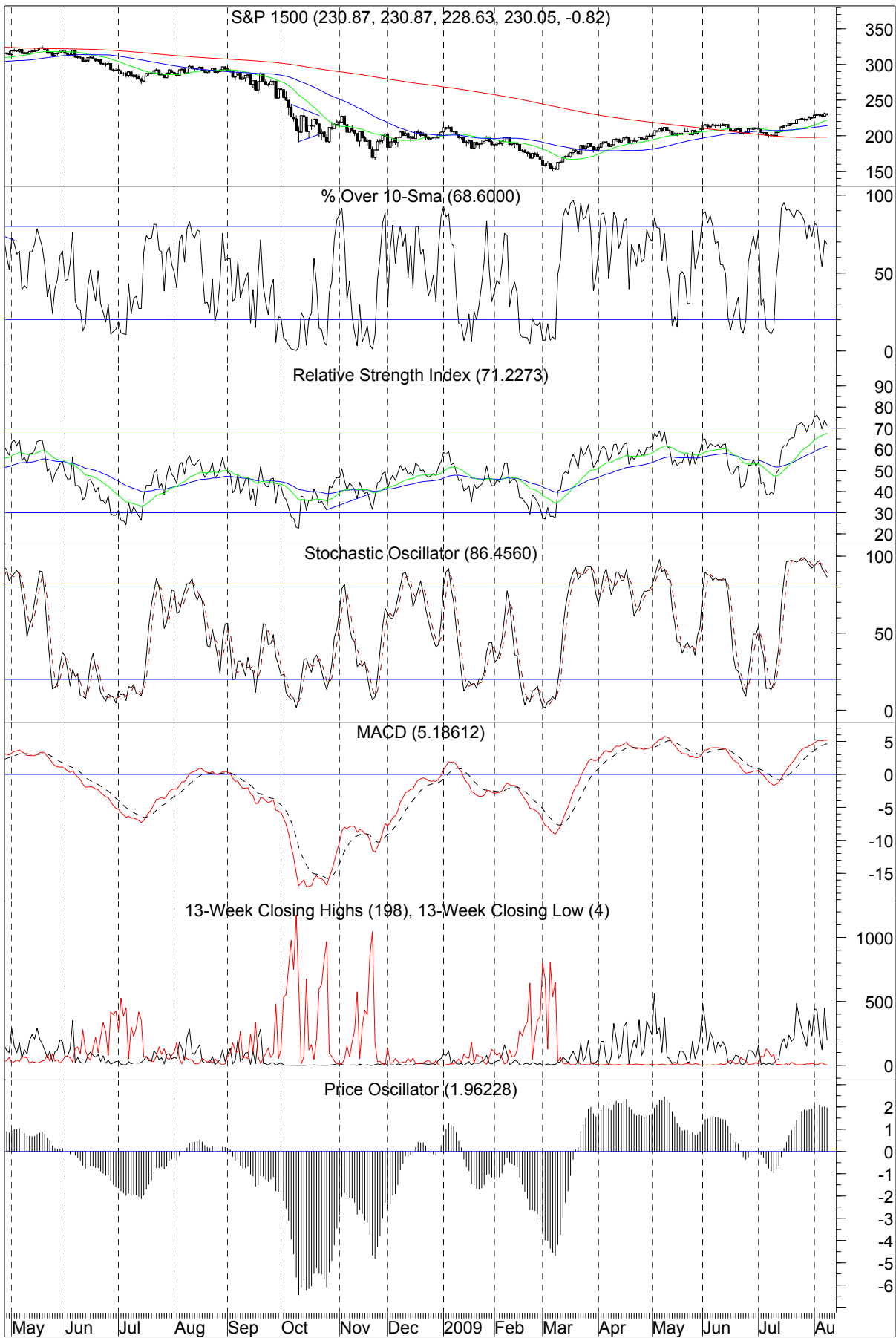
The S&P 500 showed very little movement on low volume Monday after printing a new rally high Friday. There was no major economic news Monday, but Tuesday we get Nonfarm Productivity and Wednesday we get the FOMC rate news.

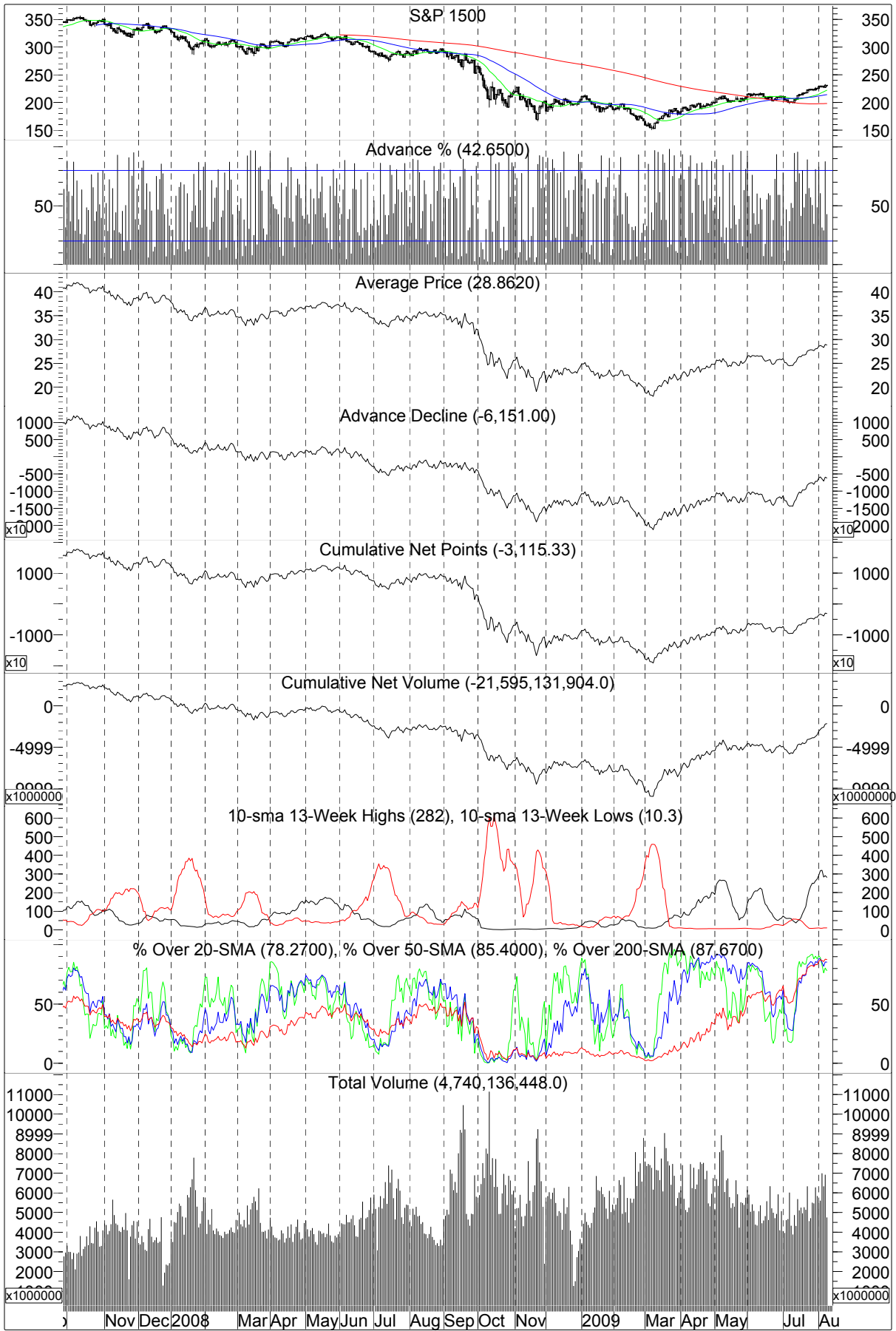
NASDAQ 100 (1,612.73, 1,619.02, 1,599.46, 1,610.43, -9.06)



The Nasdaq 100 printed its second consecutive doji-like candle on Monday. Doji are signs of indecision. With momentum indicators turning down from high levels that indecision may not last too much longer.

Momentum indicators have turned down from high levels with the stochastic and the MACD showing negative crossovers.





42.65% of stocks
traded higher Monday.