

Friday July 24, 2009

Closing prices of July 23, 2009

More good news in the form of earnings and home resales pushed stocks higher again Thursday. Those of us who don't believe in Obamunism think the prospect of Congress recessing for August without passing health care legislation also lent a helping hand. The major indexes made new rally highs, with the Nasdaq 100 recording its 12th consecutive up day in a row. With momentum indicators remaining at very overbought levels, we repeat our recent recommendation that investors use caution regarding entry points, and short-term traders should keep stops tight.

Market breadth continues to improve. **For example, the percentage of stocks over their own 200-day moving average is 80.33%, the highest since 2/26/2007.** Statistically, three-quarters of stocks follow the primary trend of the market, so with more than that now over the moving average generally accepted as defining the long-term market trend this is interesting fodder in the bull market bear market debate. On Thursday the Nasdaq 100 traded above its **400-day moving average** for the first time since August 2008.

This is a bifurcated, opportunistic trader's market, with adept traders able to enter long or short, although short positions are counter-trend. 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.

The S&P 1500 (222.51) was up 2.398% Thursday. Average price per share was up 2.71%. Volume was 125% of its 10-day average and 127% of its 30-day average. 89.13% of the S&P 1500 stocks were up, with up volume at 80.45% and up points at 94.19%. Up Dollars was 99.08% of total dollars, and was 217% of its 10-day moving average. Down Dollars was 16% of its 10-day moving average.

Percent over 10-sma: 90.47%. 13-Week Closing Highs: 483. 13-Week Closing Lows: 3.

Put/Call Ratio: 0.874. Kaufman Options Indicator: 1.00.

P/E Ratios: 62.35 (before charges), 16.24 (continuing operations), 16.74 (analyst estimates).

P/E Yield 10-year Bond Yield Spreads: -57% (earnings bef. charges), 66% (earnings continuing ops), and 61% (projected earnings).

197 of the S&P 500 have reported 2nd quarter earnings. According to Bloomberg, 74.1% had positive surprises, 9.1% were in line, and 16.8% have been negative. The year-over-year change has been -23.3% on a share-weighted basis, -11.5% market cap-weighted and -24.6% non-weighted. Ex-financial stocks these numbers are -17.4%, -7.6%, and -19.1 %, respectively.

IMPORTANT DISCLOSURES

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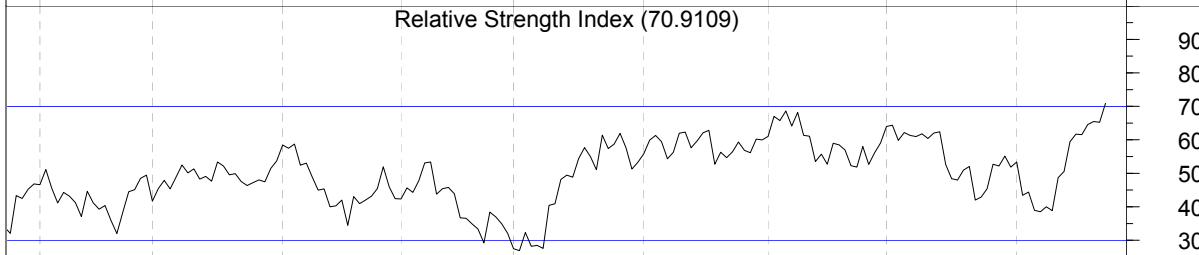
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S&P 500 Cash (953.87, 979.42, 953.27, 976.29, +22.22)



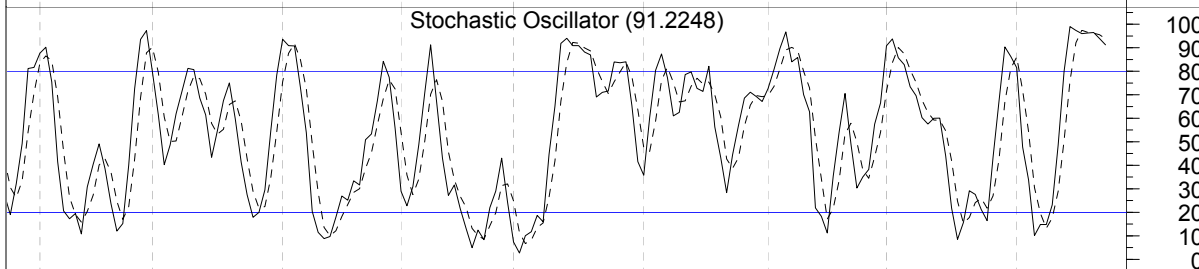
The S&P 500 decisively blew through the 6/11 resistance on Thursday in reaching the highest level since 11/5/08.

Relative Strength Index (70.9109)



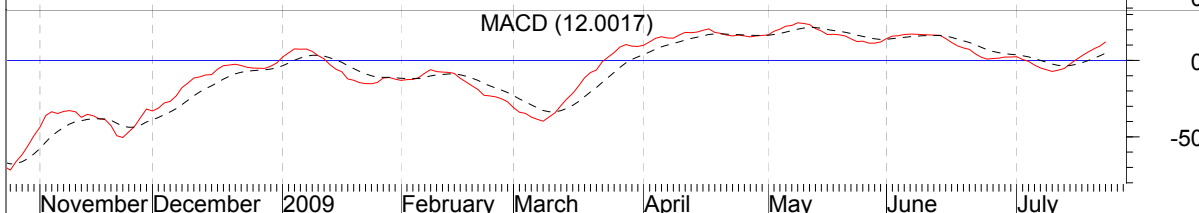
RSI is at its highest level in years.

Stochastic Oscillator (91.2248)



The stochastic is high in the overbought zone and may be starting to turn down.

MACD (12.0017)

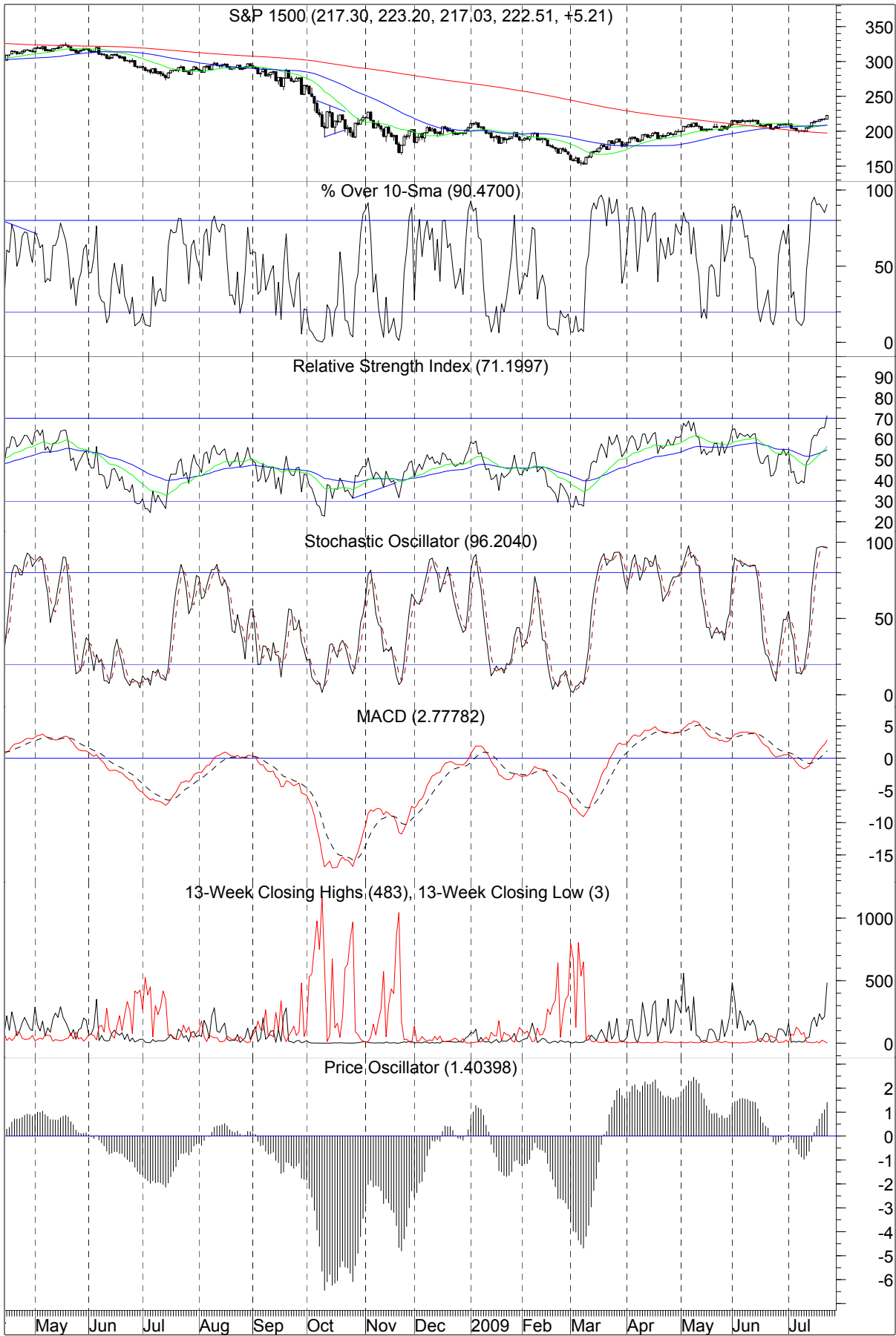


NASDAQ 100 (1,561.60, 1,605.09, 1,561.54, 1,601.52, +36.52)



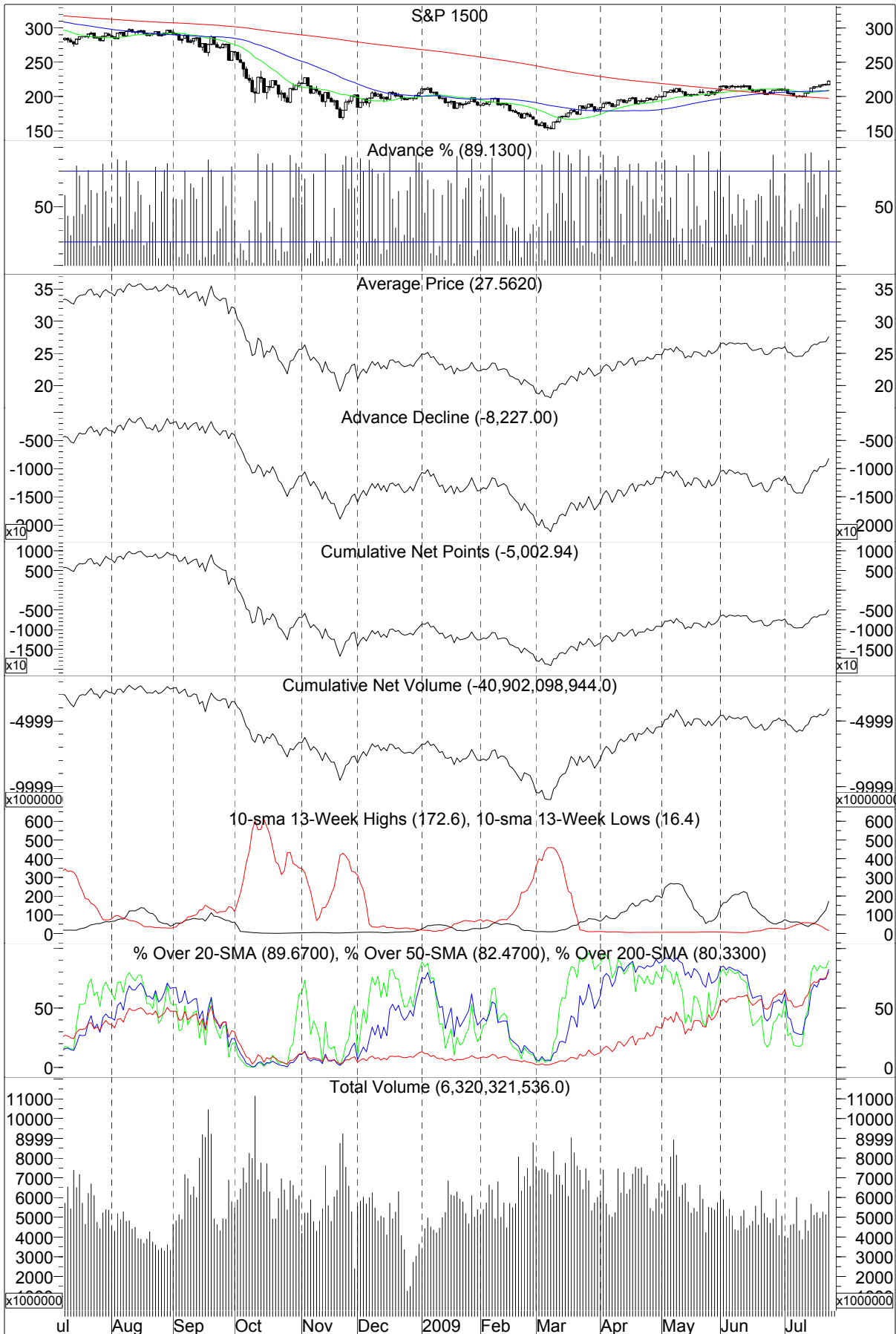
Thursday's rally makes it 12 in a row for the Nasdaq 100, which obviously remains very overbought. It broke through the 400-day moving average (not shown) for the first time since August 2008.

Momentum indicators are very overbought.



Momentum oscillators remain overbought.

483 13-week closing highs is the most since 484 on June 1st.



All of our statistics of market internals made new highs Thursday.

80.33% of stocks are over their own 200-day moving average, the most since 2/26/07. All of these numbers are over 80%, which is bull market territory.

Volume expanded during Thursday's rally.