The 30-minute chart of the S&P 500 shows it met resistance three times at the 1100 level. That was 2 points shy of the 76.4% Fibonacci retracement of the move down from 6/21 to 7/1. On Friday the index closed at 1064.88, just below the 38.2% retracement of the rally from 7/1 to 7/13. That number is 1065.63. The 50% retracement level is at 1055.18.

30-minute momentum indicators are very oversold. The stochastic is showing a positive crossover.

The daily chart of the S&P 500 shows it hit resistance at the down trend line and the 50-day moving average. It printed a bearish hanging man candle Thursday, which was confirmed with Friday's plunge. The index closed once again below its 20-sma.

Daily momentum indicators do not look very reassuring for bulls.

The weekly chart of the S&P 500 shows the 20, 40, and 80 week moving averages are converging. We would rather not see negative crossovers. Unfortunately the most recent candle is a bearish shooting star.

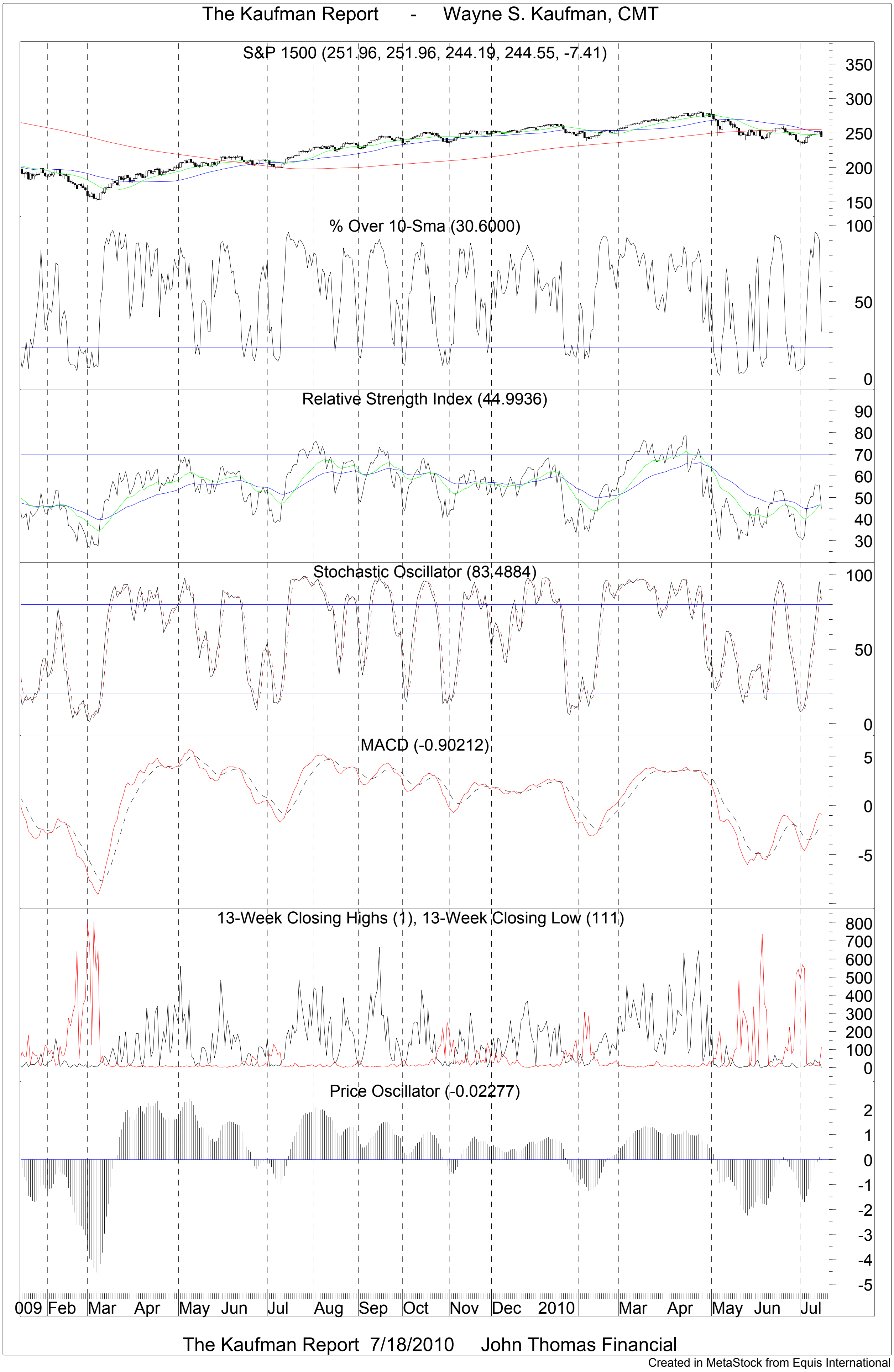
Weekly momentum indicators seem relatively neutral, but do not look like they are about to turn up.

The monthly chart of the S&P 500 (July not yet complete) shows the pullback to the July 1st low stopped at the 38.2% retracement of the entire rally off the March 2009 low.

The weekly chart of the Nasdaq 100 also printed a bearish shooting star candle.

Weekly momentum indicators don't look too great.

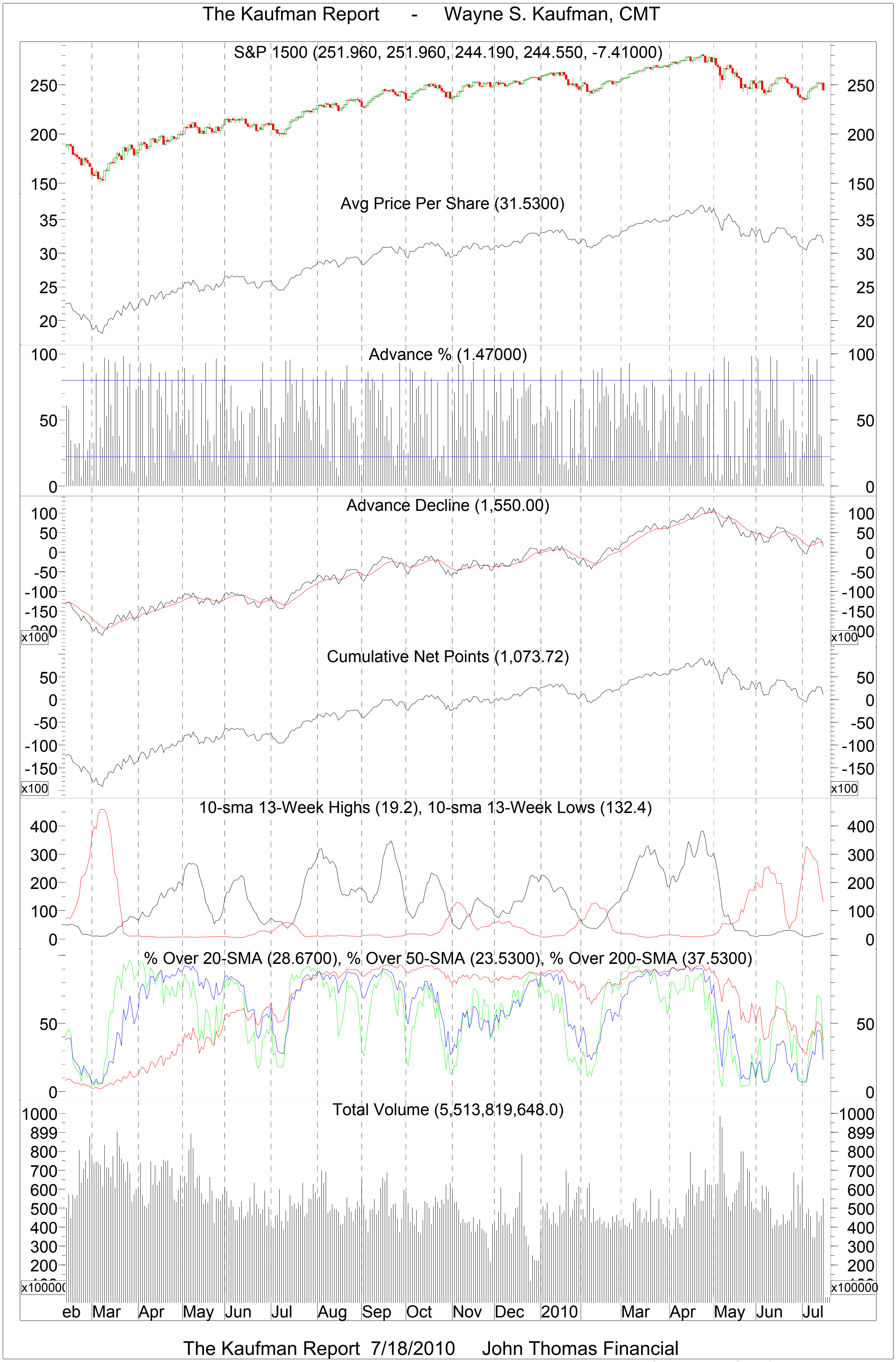
Friday's ugly candle on the Nasdaq 100 daily chart followed Thursday's hanging man candle. This index is not far from a "death cross."



The recent rally produced very strong breadth numbers, with the percent over 10-sma on Tuesday hitting 95.6%, the highest since July 2009. It is no longer overbought at 30.6%, but not yet completely oversold.

The stochastic is still overbought.

Our price oscillator, a good indicator of trends, has run into resistance at the neutral line. It can still go either way at this point.



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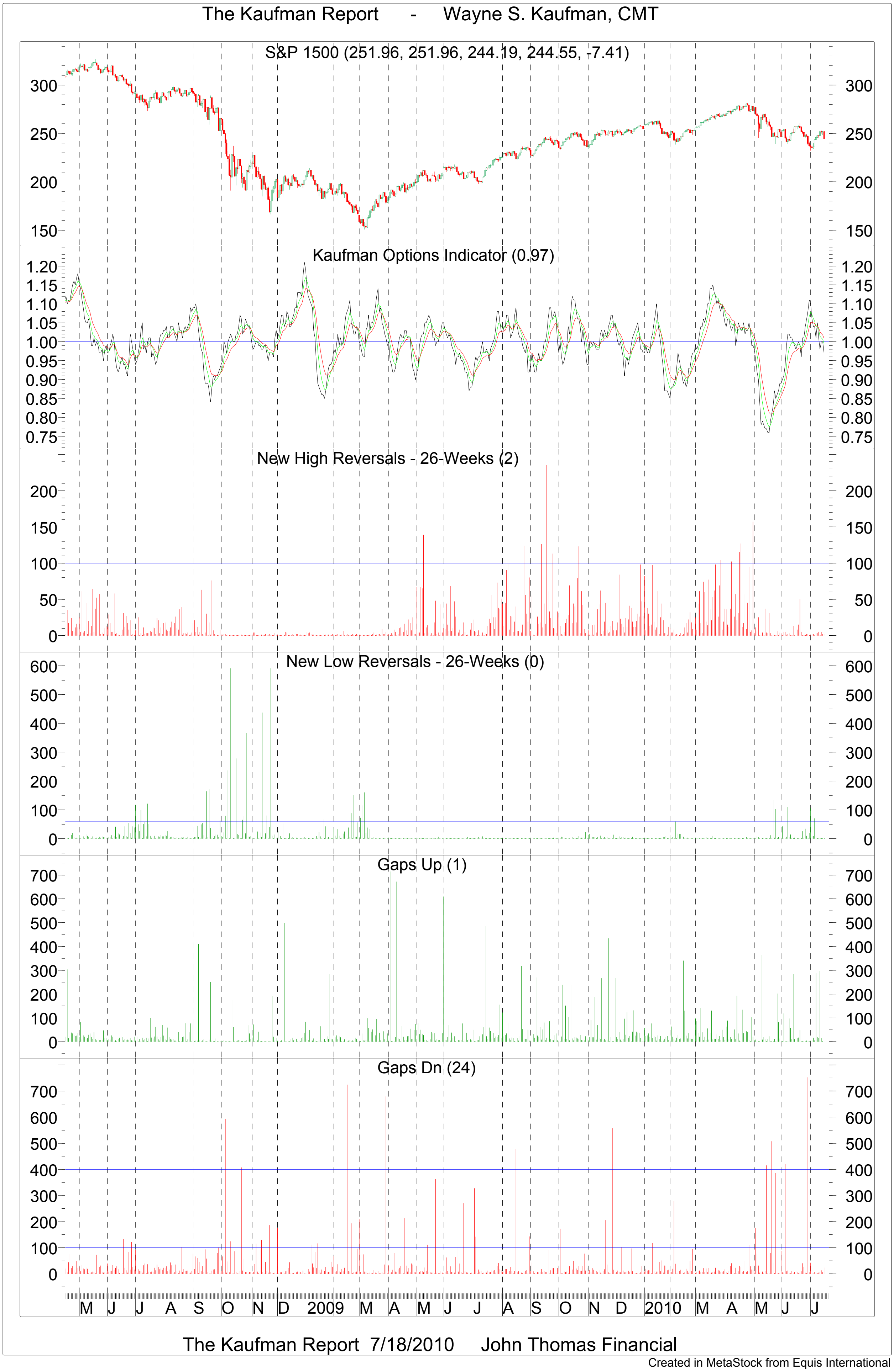
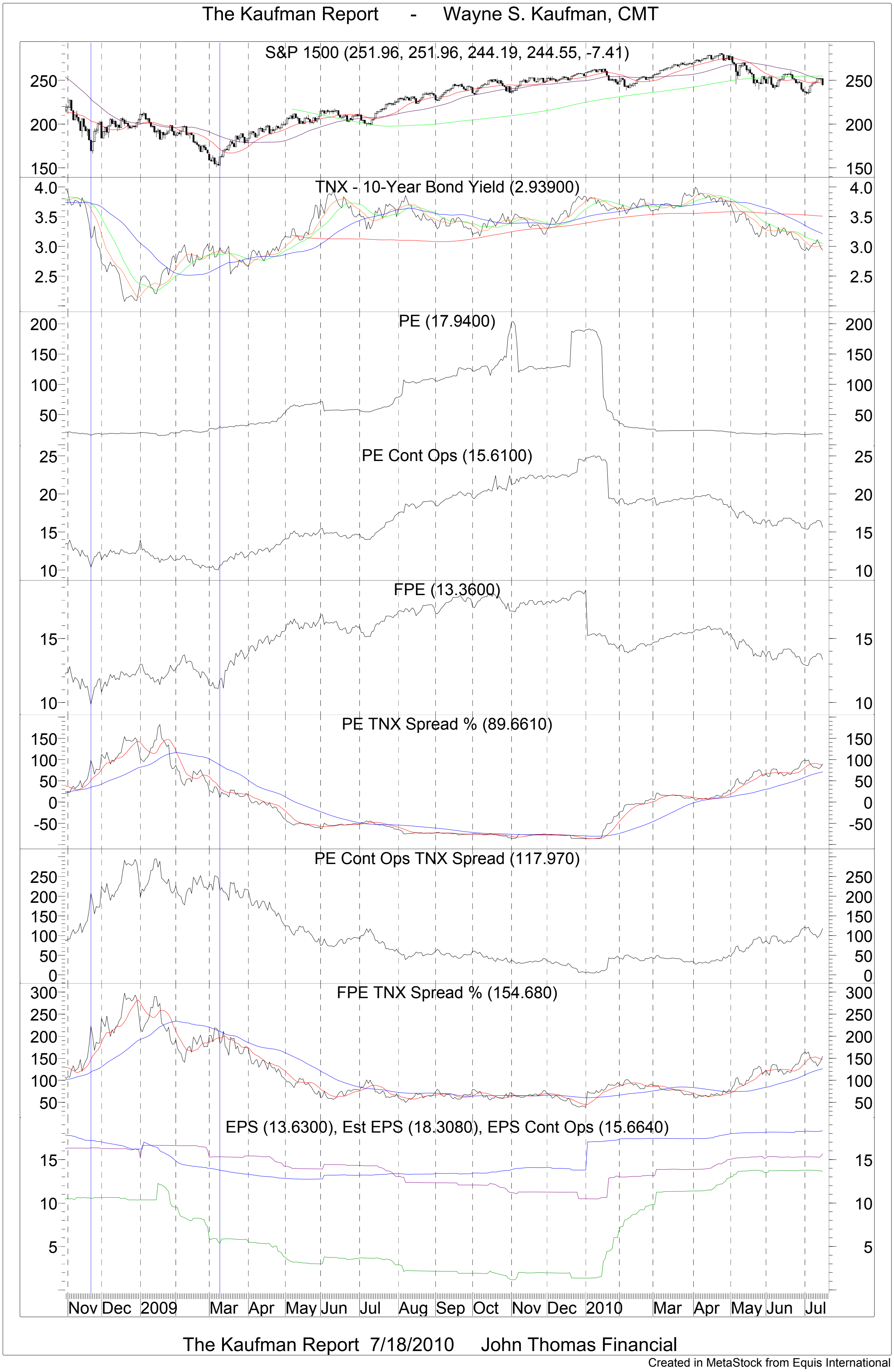


Our proprietary options indicator is showing some pessimism at 0.97. Usually that would prevent any further drop from being too steep in the near-term.

Our statistics of supply (red) versus demand (green) show a conflicting story depending on the time frame. In spite of Friday's severe sell off, the 10-day statistics are still positive.

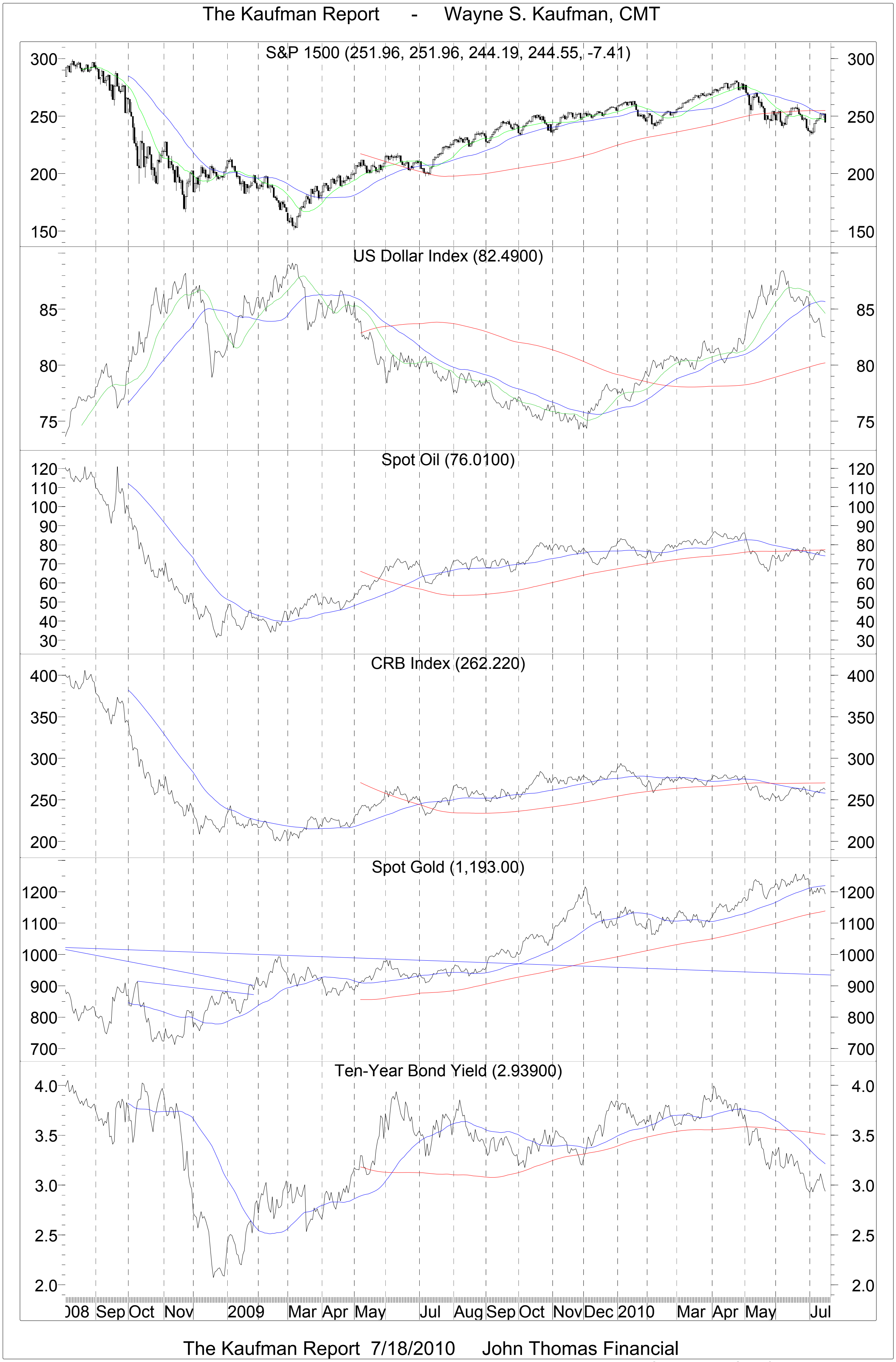


10-year bond yields are still down trending but are not oversold on the daily charts. They are nearing oversold on the weekly.

P/E ratios remain at low levels, although the P/E before extraordinary items is flat lining at 17.94.

Spreads between P/E ratios and bond yields remain at levels where stocks should be very attractive versus bonds.

49 of the S&P 500 have reported, so our metrics of earnings have not made much of a move. That will be different in two weeks.



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The U.S. Dollar Index is getting oversold on the daily chart but not on the weekly. The rising 200-sma is at 80.33.

Crude oil seems range-bound, and is not overbought or oversold on both the daily and weekly charts.

Gold is below its 20 and 50-sma, and while there is some support at 1185, it is not oversold on the daily chart and seems headed lower. Still, sentiment has turned decidedly bearish could be setting gold up for a rally soon.