

Wednesday July 22, 2009

Closing prices of July 21, 2009

After a morning sell off stocks rebounded in the afternoon Tuesday pushing the S&P 500 and the Nasdaq 100 to new rally highs. The S&P 500 just eked out a new intra-day high. Unfortunately breadth was negative as small-caps lagged. Good earnings news is helping stocks overcome an overbought condition. Bearish hanging man candles were printed on daily charts, leaving stocks vulnerable, although these require next session confirmation to fulfill their bearish interpretation. Also, we still have a negative divergence regarding 13-week closing highs, which were 189 Tuesday versus 236 Monday and 484 on June 1st. Therefore, we repeat our recommendation that investors use caution regarding entry points, and short-term traders should keep stops tight.

The good news is market breadth, measured by the percentages of stocks trading above important moving averages, remains very strong. **For example, the percentage of stocks over their own 200-day moving average is 74.67, the highest since 6/4/2007.** Statistically, three-quarters of stocks follow the primary trend of the market, so with that many 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.

The S&P 1500 (217.29) was up 0.314% Tuesday. Average price per share was up 0.01%. Volume was 106% of its 10-day average and 108% of its 30-day average. 48.44% of the S&P 1500 stocks were up, with up volume at 39.04% and up points at 50.40%. Up Dollars was 97.57% of total dollars, and was 37% of its 10-day moving average. Down Dollars was 149% of its 10-day moving average.

Percent over 10-sma: 88.27%. 13-Week Closing Highs: 189. 13-Week Closing Lows: 24.

Put/Call Ratio: 0.794. Kaufman Options Indicator: 0.98.

P/E Ratios: 60.36 (before charges), 15.52 (continuing operations), 16.36 (analyst estimates).

P/E Yield 10-year Bond Yield Spreads: -53% (earnings bef. charges), 85% (earnings continuing ops), and 76% (projected earnings).

107 of the S&P 500 have reported 2nd quarter earnings. According to Bloomberg, 77.6% had positive surprises, 6.5% were in line, and 15.9% have been negative. The year-over-year change has been -24.0% on a share-weighted basis, -4.2% market cap-weighted and -21.9% non-weighted. Ex-financial stocks these numbers are -20.6%, -1.7%, and -19.1 %, respectively.

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.

IMPORTANT DISCLOSURES

I, Wayne S. Kaufman, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

THE INFORMATION PROVIDED IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY. INVESTORS SHOULD CONSIDER THIS REPORT AS ONLY A SINGLE FACTOR IN MAKING THEIR INVESTMENT DECISION. THIS INFORMATIONAL REPORT IS NOT AN OFFER TO SELL OR A SOLICITATION TO BUY ANY SECURITY IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE ILLEGAL. THIS REPORT HAS BEEN PREPARED AS A MATTER OF GENERAL INFORMATION. IT IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF ANY SECURITY OR COMPANY MENTIONED, AND IS NOT AN OFFER TO BUY OR SELL ANY SECURITY. ALL FACTS AND STATISTICS ARE FROM SOURCES BELIEVED TO BE RELIABLE, BUT ARE NOT GUARANTEED AS TO ACCURACY. ADDITIONAL INFORMATION ON THESE SECURITIES AND COMPANIES IS AVAILABLE UPON REQUEST. SECURITIES, FINANCIAL INSTRUMENTS OR STRATEGIES MENTIONED HEREIN MAY NOT BE SUITABLE FOR ALL INVESTORS. THIS MATERIAL DOES NOT TAKE INTO ACCOUNT YOUR PARTICULAR INVESTMENT OBJECTIVES, FINANCIAL SITUATIONS OR STRATEGIES. BEFORE ACTING ON THE MATERIALS HEREIN, YOU SHOULD CONSIDER WHETHER IT IS SUITABLE FOR YOUR PARTICULAR CIRCUMSTANCES AND, IF NECESSARY SEEK PROFESSIONAL ADVICE. INVESTMENTS INVOLVE RISK AND AN INVESTOR MAY INCUR EITHER PROFITS OR LOSSES. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE. TRADING AND INVESTMENT DECISIONS ARE THE SOLE RESPONSIBILITY OF THE READER.

S&P 500 Cash (951.97, 956.53, 943.22, 954.58, +3.45)



The S&P 500 made new closing and intra-day rally highs Tuesday, although just barely. A bearish hanging man candle was printed on the daily chart, but it requires confirmation in the following session to fulfill its bearish interpretation.

Our momentum indicators are at high levels but haven't turned down yet.

NASDAQ 100 (1,548.90, 1,553.01, 1,530.80, 1,553.01, +9.01)



The Nasdaq 100 made new rally highs Tuesday. A bearish hanging man was printed on the daily chart. It requires confirmation in the following session to full the bearish interpretation.

The RSI and stochastic are each in the overbought zone.



