

Tuesday May 19, 2009

Closing prices of May 18, 2009

Monday was a 90% panic-buying up day. It was on light volume, but coming after last Wednesday's 90% down day it certainly shows a lack of conviction on the part of sellers. With major indexes pinched between their 50 and 200-day moving averages, the next two weeks should be very interesting, and investors need to be very alert.

**This is a bifurcated, opportunistic trader's market, with adept traders able to enter long or short. The short-term and intermediate-term trends are up, while the long-term trend remains down. Traders should not hesitate to rotate out of lagging sectors and stocks and into leaders.**

The S&P 1500 (206.88) was up 3.136% Monday. Average price per share was up 3.52% as small-caps outperformed. Volume was 81% of its 10-day average and 84% of its 30-day average. 93.21% of the S&P 1500 stocks were up, with up volume at 94.55% and up points at 97.61%. Up Dollars was 99.8% of total dollars, and was 361% of its 10-day moving average. Down Dollars was 2/3 of 1% of its 10-day moving average.

Nine of ten S&P sectors were up led by Financials, +7.19%, Consumer Discretionary +4.27%, and Materials +3.57%. Utilities were unchanged on the day.

The S&P 1500 is up 3.84% in May, up 14.31% quarter-to-date, up 0.95% year-to-date, and down 41.95% from the peak of 356.38 on 10/11/07. Average price per share is \$25.25, down 41.59% from the peak of \$43.23 on 6/4/07.

Percent over 10-sma: 49.13%. 13-Week Closing Highs: 110. 13-Week Closing Lows: 4.

Put/Call Ratio: 0.777. Kaufman Options Indicator: 1.04.

P/E Ratios: 66.66 (before charges), 14.84 (continuing operations), 16.23 (analyst estimates).

P/E Yield 10-year Bond Yield Spreads: -53% (earnings bef. charges), 110% (earnings continuing ops), and 92% (projected earnings).

Aggregate earnings before charges for the S&P 1500 peaked in August 2007 at \$19.18 and are now at \$3.10, a drop of 83.84%. Aggregate earnings from continuing operations peaked at \$19.95 in September 2007 and are now \$13.95, down 30.01%. Estimated aggregate earnings peaked at \$21.95 in February 2008 and are now \$12.74, a drop of 41.96%.

466 of the S&P 500 have reported 1<sup>st</sup> quarter earnings. According to Bloomberg, 67.1% had positive surprises, 7.1% were in line, and 25.8% have been negative. The year-over-year change has been -34.6% on a share-weighted basis, -23.8% market cap-weighted and -36.0% non-weighted. Ex-financial stocks these numbers are -34.2%, -23.2%, and -32.5%, respectively.

Federal Funds futures are pricing in a probability of 84.0% that the Fed will leave rates unchanged, and a probability of 16.0% of cutting 25 basis points to 0.0% when they meet on June 24<sup>th</sup>. They are pricing in a probability of 77.7% that the Fed will leave rates unchanged on August 12<sup>th</sup>, a probability of 14.5% of cutting 25 basis points to 0.0%, and a probability of 7.8% of raising 25 basis points.

## IMPORTANT DISCLOSURES

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S&P 500 Cash (886.07, 910.00, 886.07, 909.71, +26.83)

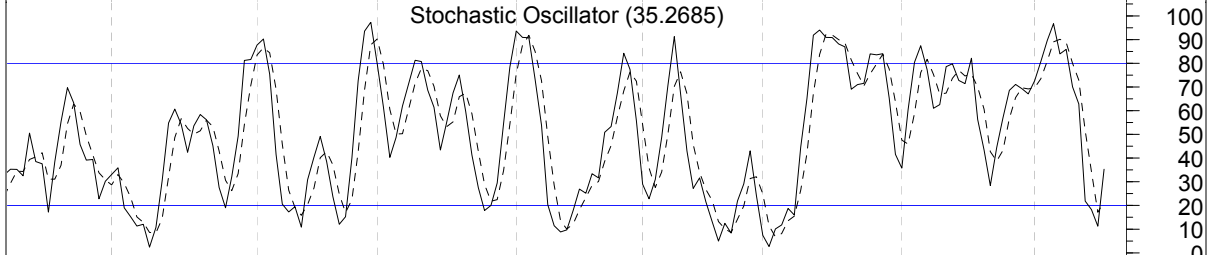


The S&P 500 bounced from a low percent over 10-sma and from just above support.

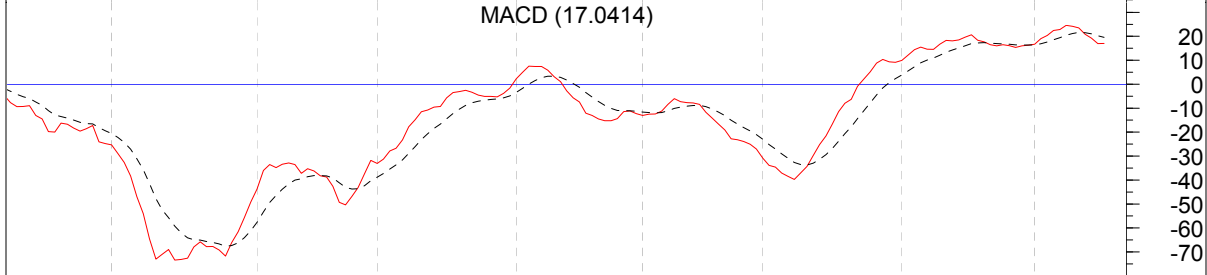
Relative Strength Index (58.9884)



Stochastic Oscillator (35.2685)



MACD (17.0414)

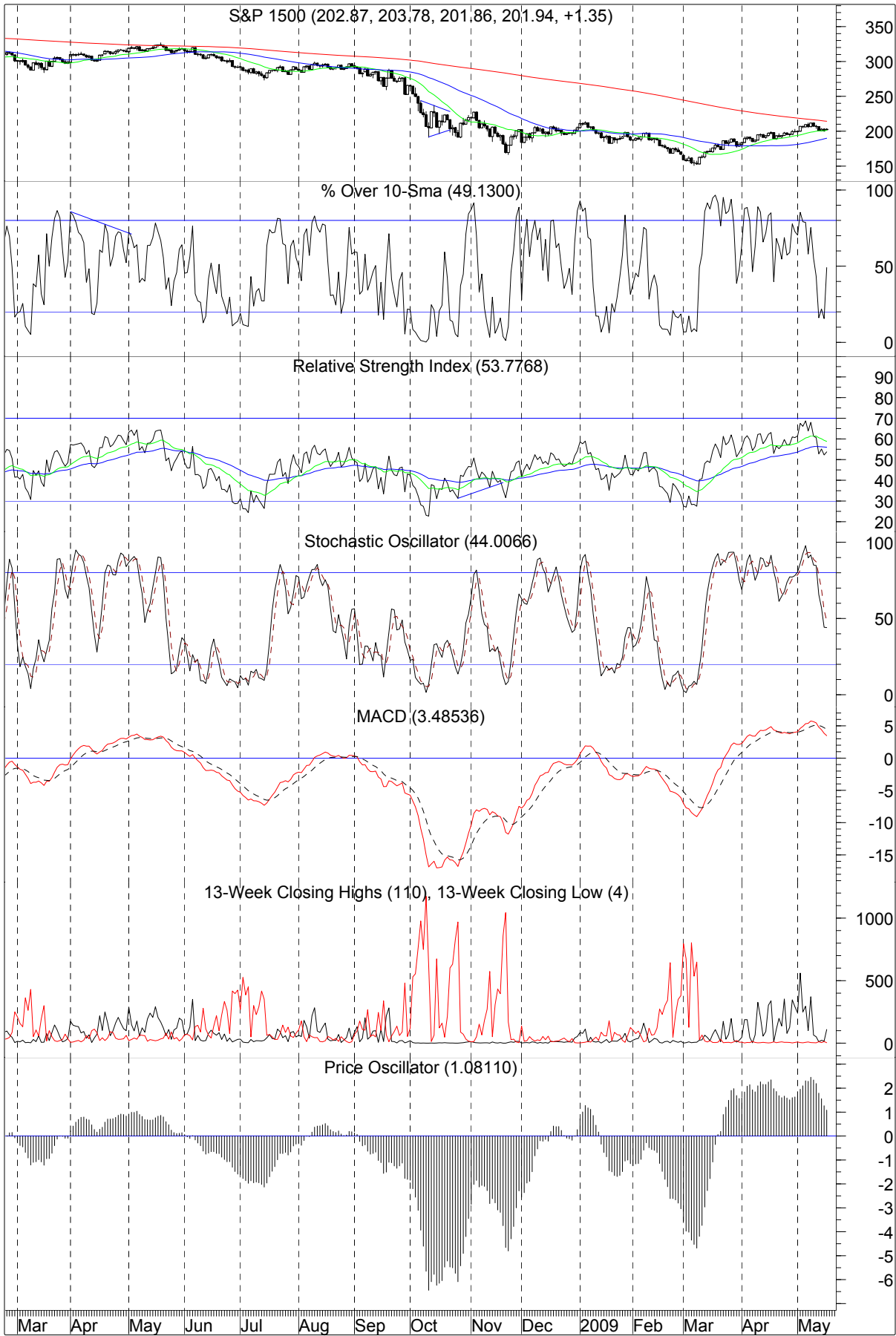


September October November December 2009 February March April May

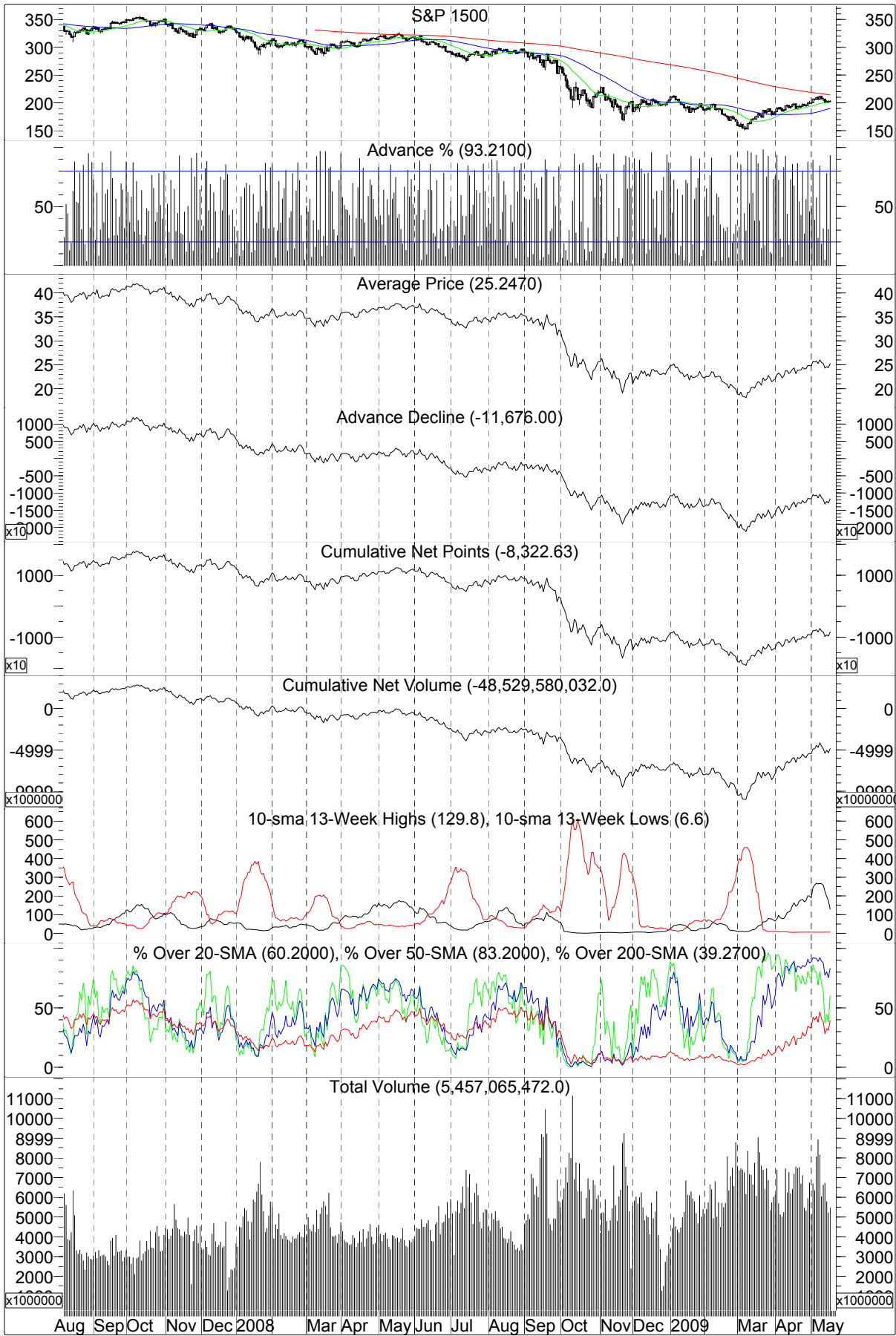
NASDAQ 100 (1,367.05, 1,392.73, 1,357.42, 1,392.73, +37.62)



The Nasdaq 100 bounced back above its 200-sma.



49.13% are over their 10-sma, a big bounce from Friday's 15.6%.



93.21% of stocks traded higher Monday.

Volume has been very light recently, and was again Monday.