

The S&P 500 bounced off its 20-sma Wednesday after an early plunge.

Momentum indicators are no longer overbought.

The monthly chart of the S&P 500 shows the stochastic in the overbought zone. However, the RSI and MACD are not at high levels, and the MACD just had a positive crossover.

The Nasdaq 100 also
bounced off its 20-sma
Wednesday.

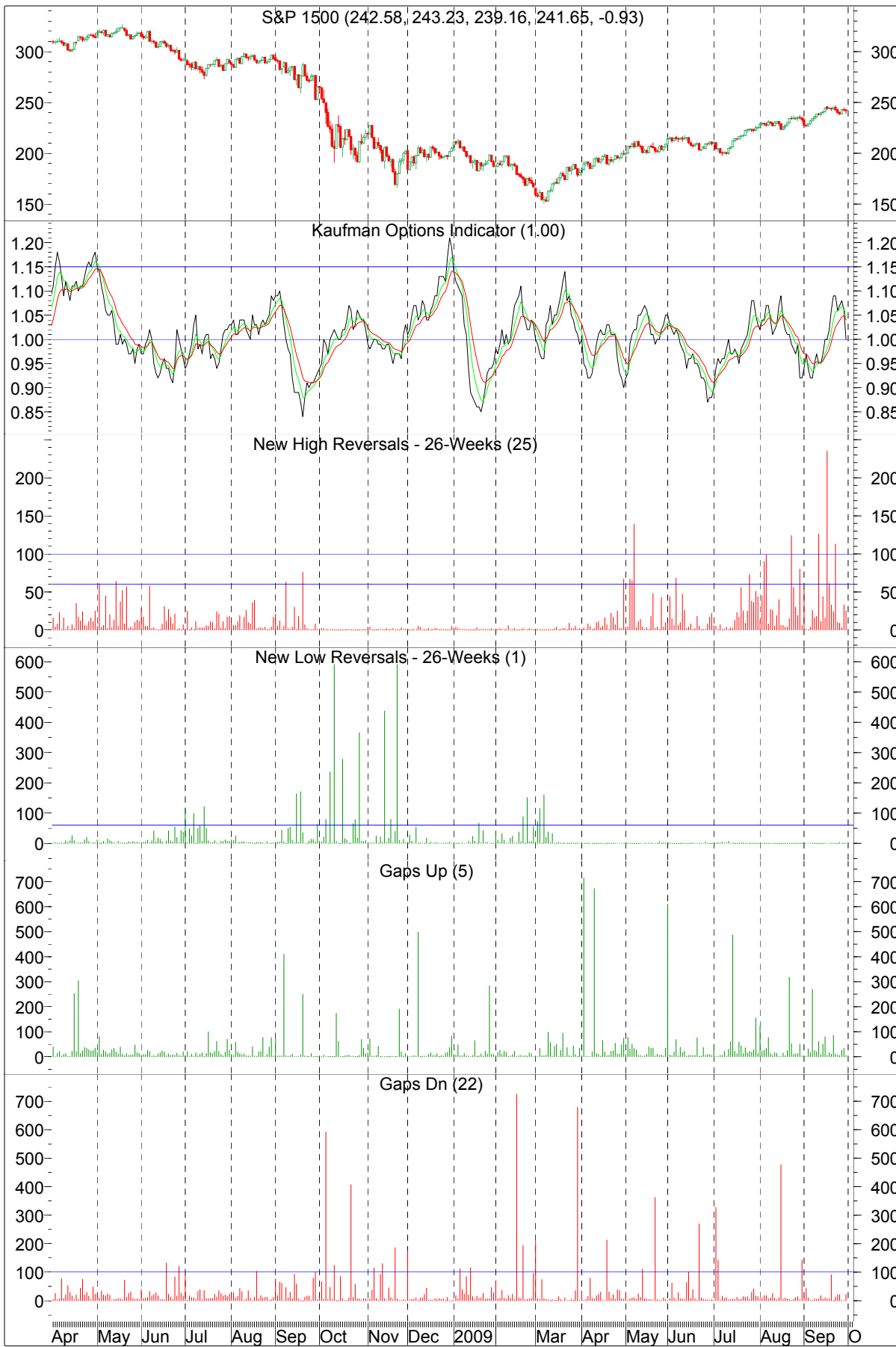
Momentum indicators
are no longer
overbought.

The stochastic is
showing a positive
crossover while the
MACD has a negative
one.

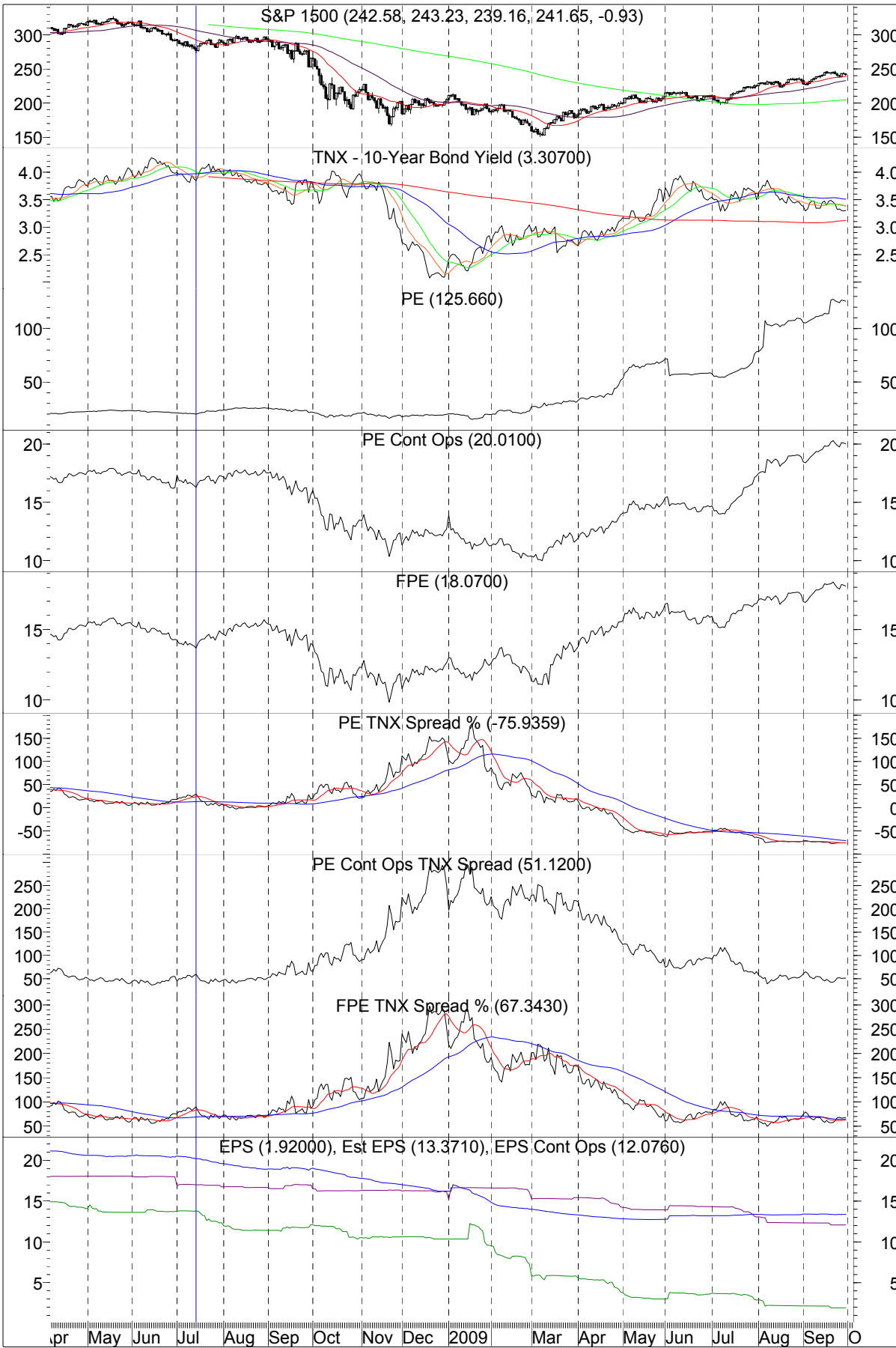
The monthly chart of the Nasdaq 100 shows it breaking through one resistance line and now right at another. Momentum indicators are not at high levels and with the MACD showing a positive crossover from low levels they appear to have a lot of room to move higher.

Momentum indicators are no longer at overbought or high levels, but with the exception of the percent over 10-sma they did not reach oversold levels either.

Our price oscillator, a good indicator of trends, remains in positive territory.



Our proprietary options indicator warned of the recent weakness when it showed too much bullishness among options buyers. It has dropped rapidly to the neutral line, which is helpful, but we prefer when it show pessimism.



We have voiced our concerns regarding valuations many times, and these indicators are moving sideways as there is little new earnings information. That will change as we enter Q3 earnings season.



The U.S. Dollar Index bounced from oversold levels, but it is finding resistance at the 20-sma (green).

Oil continues to move sideways, but it printed its highest monthly close since October 2008. Natural gas (not shown) printed a bullish engulfing candle on its monthly chart.

Gold is consolidating after becoming short-term overbought. It appears to be breaking out on its monthly chart (not shown) and printed an all-time monthly closing high in September.