

Wednesday August 19, 2009

Closing prices of August 18, 2009

Stocks rebounded Tuesday after Monday's 90% down day. The bounce was not unexpected based on the percent of stocks over their 10-day moving average reaching an oversold level of 17.5% on Monday. Unfortunately Tuesday's volume was very light at only 76% of its 10-day average. The S&P 500 bounced up to price resistance, but without an increase in buying enthusiasm it will have a tough time breaking through. With some momentum indicators not yet at oversold levels and our options indicator still showing optimism on the part of options buyers, investors should expect to see further weakness.

We would find it reasonable for the S&P 500 to retrace 38.2% of the rally off the July low (961), while a 50% retracement would really test the fortitude of the bulls (943). Any move down greater than that would carry very bearish implications.

Caution is still advised regarding entry points and we repeat our advice that investors use stop losses to make sure losses remain manageable. Very aggressive traders can remain and enter short keeping in mind they may need to cover quickly.

Based on the S&P 500 the short-term trend is down, while the 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 (225.87) was up 1.047% Tuesday. Average price per share was up 1.20%. Volume was 76% of its 10-day average and 78% of its 30-day average. 79.89% of the S&P 1500 stocks were up, with up volume at 85.56% and up points at 89.77%. Up Dollars was 97.35% of total dollars, and was 197% of its 10-day moving average. Down Dollars was 4% of its 10-day moving average.

Percent over 10-sma: 29.40%. 13-Week Closing Highs: 43. 13-Week Closing Lows: 12.

Put/Call Ratio: 0.931. Kaufman Options Indicator: 1.04.

P/E Ratios: 103.27 (before charges), 18.30 (continuing operations), 16.96 (analyst estimates).

P/E Yield 10-year Bond Yield Spreads: -73% (earnings bef. charges), 55% (earnings continuing ops), and 67% (projected earnings).

472 of the S&P 500 have reported 2nd quarter earnings. According to Bloomberg, 72.2% had positive surprises, 8.5% were in line, and 19.3% have been negative. The year-over-year change has been -29.1% on a share-weighted basis, -21.4% market cap-weighted and -25.5% non-weighted. Ex-financial stocks these numbers are -28.1%, -23.1%, and -27.4 %, respectively.

IMPORTANT DISCLOSURES

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	Daily	WTD	5-Days	MTD	QTD	YTD
Bank of New York Mellon ADR	1.86%	-1.68%	-0.38%	-0.20%	10.06%	18.53%
Nasdaq 100	1.38%	-1.56%	-0.51%	-1.05%	7.40%	30.94%
NYSE Composite	1.34%	-1.54%	-0.41%	0.20%	9.01%	11.81%
S&P Midcap 400	1.31%	-1.54%	-0.90%	1.27%	10.01%	18.16%
Nasdaq Composite	1.30%	-1.49%	-0.70%	-1.14%	6.59%	24.03%
S&P Smallcap 600	1.29%	-1.41%	-1.35%	-0.26%	9.93%	9.76%
S&P 1500	1.05%	-1.44%	-0.54%	0.29%	7.92%	10.22%
S&P 500	1.01%	-1.44%	-0.47%	0.22%	7.65%	9.57%
Dow Jones Industrials	0.90%	-1.11%	-0.25%	0.51%	9.13%	5.03%

	Daily	WTD	5-Days	MTD	QTD	YTD
Financials	1.92%	-2.42%	1.00%	6.90%	16.29%	10.76%
Materials	1.47%	-2.31%	-2.17%	-0.12%	13.17%	27.07%
Information Technology	1.46%	-1.23%	0.38%	-0.50%	8.59%	34.74%
Industrials	1.38%	-1.54%	-1.15%	1.37%	10.74%	2.23%
Consumer Discretionary	1.37%	-1.84%	-2.24%	0.26%	9.65%	17.90%
Energy	0.89%	-2.24%	-1.64%	-2.90%	1.28%	-2.00%
Consumer Staples	0.35%	-0.54%	-0.30%	-1.43%	4.64%	1.05%
Telecom Services	0.34%	-1.66%	-0.80%	-4.83%	-1.40%	-8.04%
Utilities	0.14%	-1.20%	-0.91%	-1.30%	2.33%	-1.84%
Health Care	-0.10%	-0.12%	-0.01%	-0.46%	5.27%	4.27%

	Daily	WTD	5-Days	MTD	QTD	YTD
Automobiles & Components	3.32%	-1.75%	-1.97%	-3.07%	25.72%	82.92%
Diversified Financials	2.33%	-1.63%	2.01%	6.76%	16.42%	28.19%
Semiconductors & Equipment	2.01%	-0.38%	0.78%	-2.08%	13.30%	36.21%
Insurance	1.83%	-1.87%	2.18%	6.99%	19.17%	4.61%
Real Estate	1.81%	-4.40%	-4.62%	4.74%	15.75%	-3.39%
Retailing	1.77%	-1.95%	-2.49%	0.00%	9.95%	26.99%
Consumer Services	1.75%	-0.65%	-0.84%	1.94%	4.98%	6.05%
Technology Hardware & Equipment	1.72%	-1.06%	0.43%	-0.59%	11.03%	41.14%
Capital Goods	1.52%	-1.47%	-1.25%	1.22%	10.85%	1.73%
Materials	1.47%	-2.31%	-2.17%	-0.12%	13.17%	27.07%
Consumer Durables & Apparel	1.38%	-1.35%	-1.97%	1.22%	16.85%	15.52%
Transportation	1.34%	-1.76%	-1.32%	1.53%	12.48%	5.20%
Banks	0.92%	-4.26%	-0.59%	7.93%	13.67%	-11.57%
Software & Services	0.92%	-1.75%	0.17%	0.23%	3.97%	26.68%
Energy	0.89%	-2.24%	-1.64%	-2.90%	1.28%	-2.00%
Food, Beverage & Tobacco	0.54%	-0.31%	-1.02%	-1.50%	4.44%	6.60%
Telecom Services	0.34%	-1.66%	-0.80%	-4.83%	-1.40%	-8.04%
Household & Personal Products	0.31%	-0.30%	0.38%	-4.25%	4.20%	-7.70%
Media	0.16%	-2.72%	-3.01%	-0.14%	6.85%	8.86%
Utilities	0.14%	-1.20%	-0.91%	-1.30%	2.33%	-1.84%
Commercial & Professional Services	0.10%	-1.55%	0.45%	2.48%	4.65%	-0.91%
Pharmaceuticals, Biotech & Life Sciences	0.02%	-0.28%	-0.46%	-1.31%	4.42%	0.04%
Food & Staples Retailing	0.01%	-1.24%	0.52%	1.46%	5.47%	-0.36%
Health Care Equip & Services	-0.36%	0.22%	1.03%	1.47%	7.23%	14.68%

S&P 500 Cash (980.62, 991.20, 980.62, 989.67, +9.94)

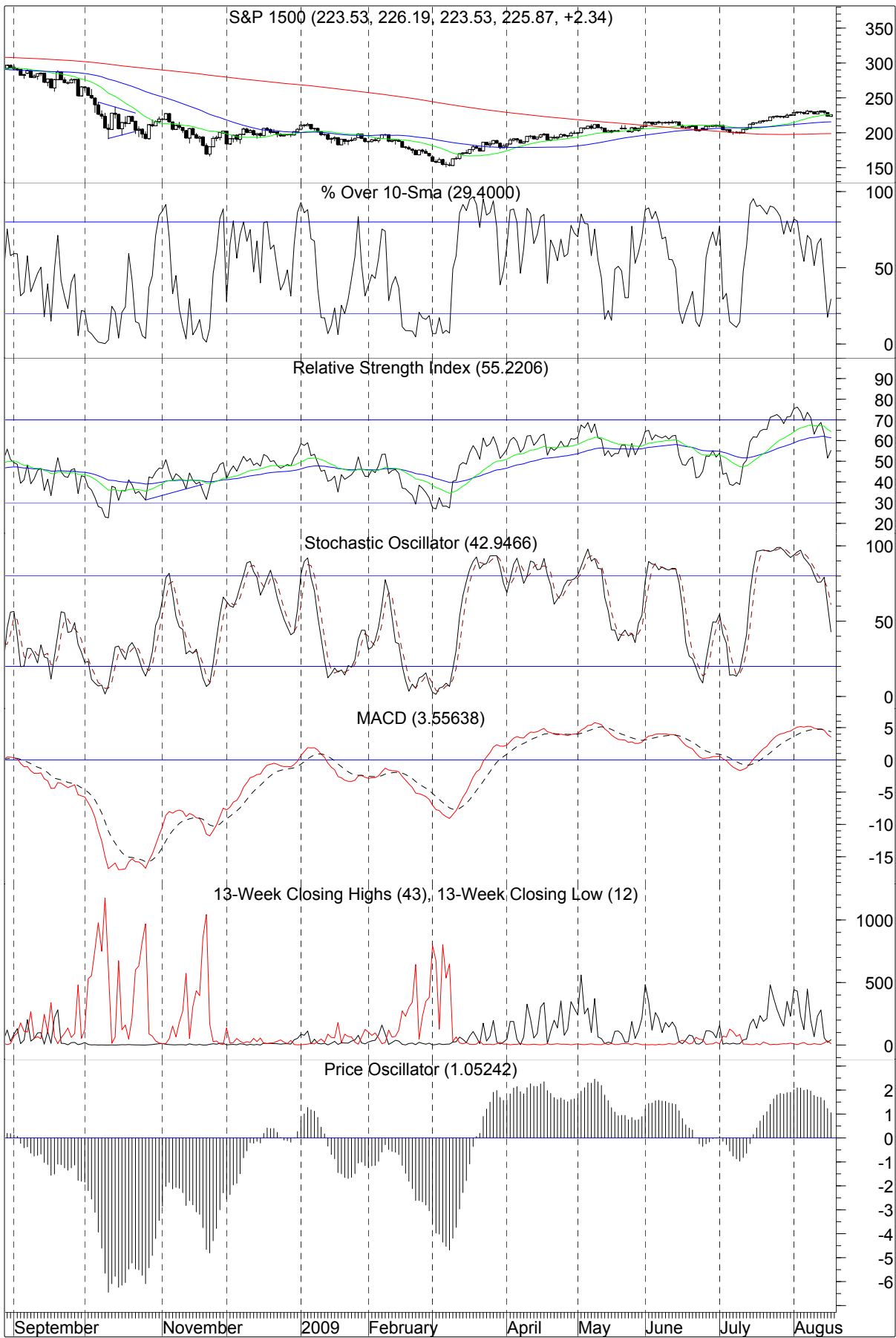


The S&P 500 rebounded from Monday's 90% down day by bouncing up to resistance. Without a big increase in buying enthusiasm it will be very difficult to break through.

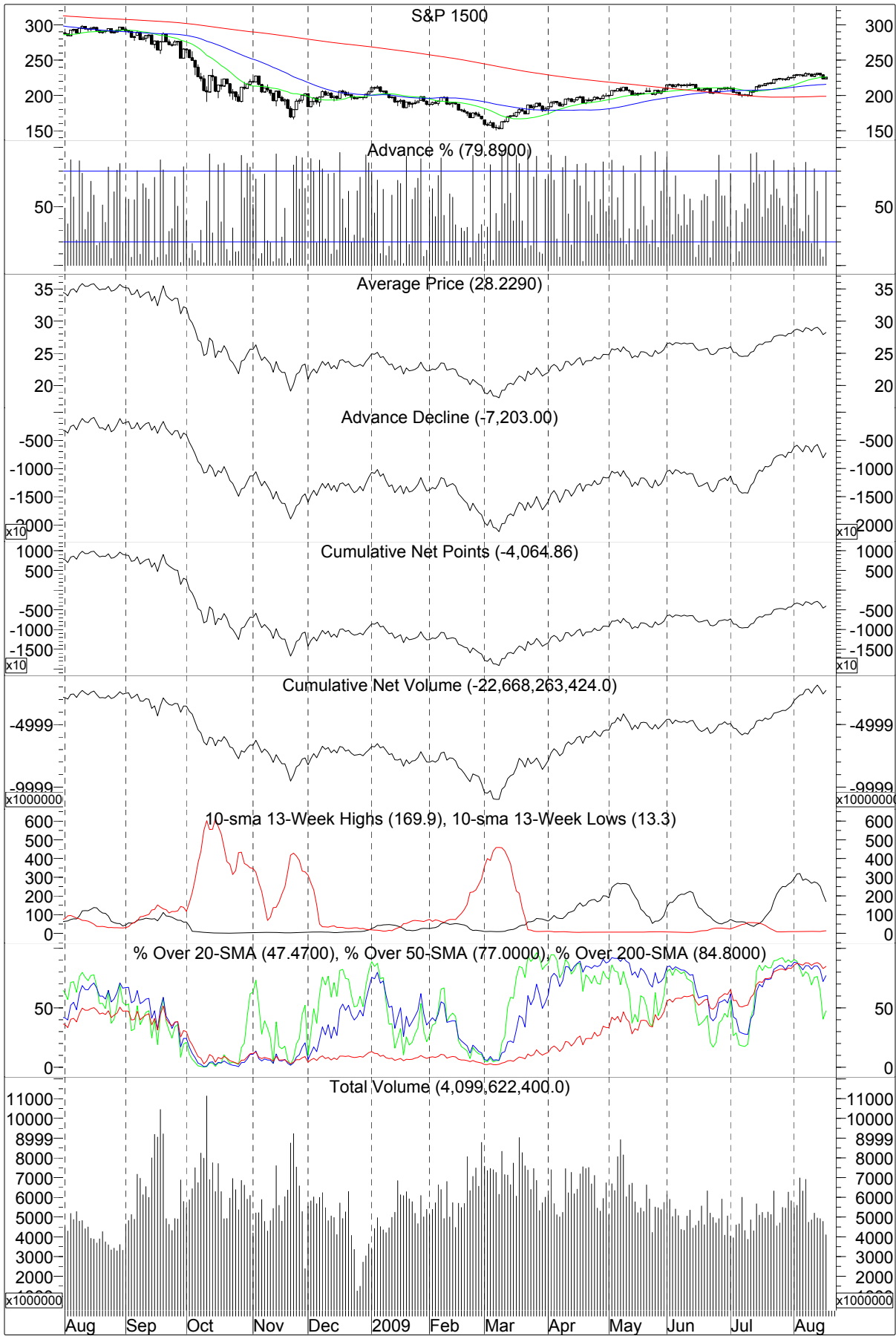
NASDAQ 100 (1,573.32, 1,588.89, 1,569.22, 1,586.50, +21.61)



The Nasdaq 100 bounced up into the enormous gap created by Monday's plunge. The gap is now a resistance zone.



The percent over 10-sma is bouncing off the oversold zone but our other momentum indicators are not yet oversold.



79.89% of stocks
traded higher Tuesday

Volume was very light
on Tuesday's rebound.