Each week we produce a chart book of the major financial markets to review whether the markets, as a whole, warrant higher levels of equity risk in portfolios or not. Stocks, as a whole, tend to rise and fall with the overall market. Therefore, if we get the short-term trend of the market right, our portfolios should perform respectively.

HOW TO READ THE CHARTS

There are three primary components to each chart:

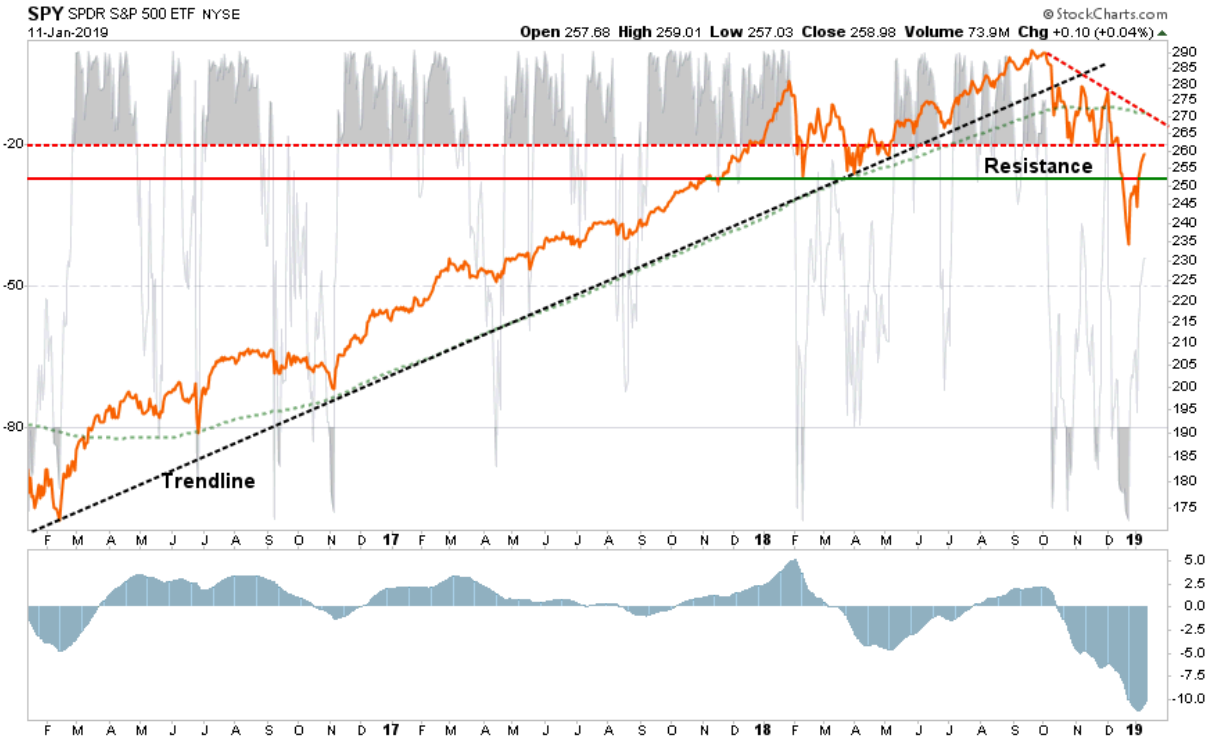
- *The price chart is in orange*
- *The Over Bought/Over Sold indicator is in gray*
- *The Buy / Sell indicator is in blue.*

When the gray indicator is at the TOP of the chart, there is typically more risk and less reward available at the current time. In other words, the best time to BUY is when the short-term condition is over-sold. Likewise when the buy/sell indicator is above the ZERO line investments have a tendency of working better than when below the zero line.



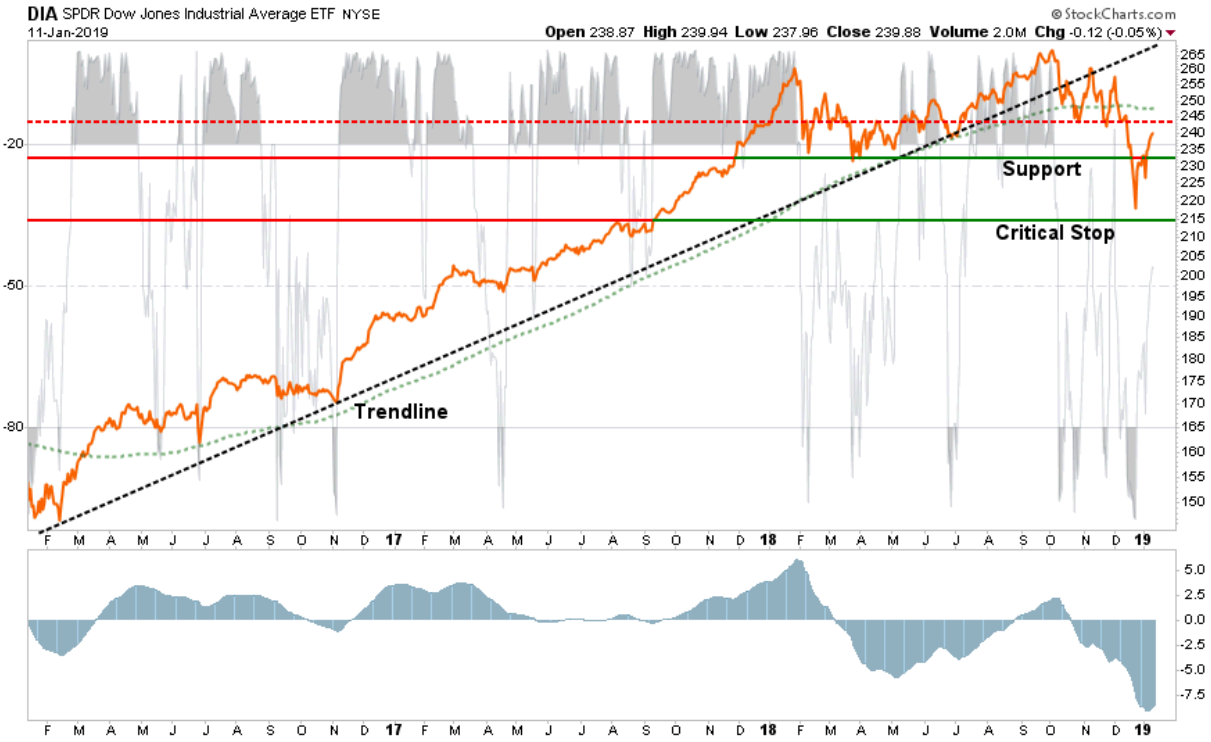
With this basic tutorial let's review the major markets.

S&P 500 Index



- *Long-term trend line is currently broken.*
- *Recent rally pushed above initial resistance and is now testing resistance at Oct and Nov lows.*
- *Downtrend line from all-time highs is converging with 200-dma (green dashed line) providing additional downward resistance.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being worked off.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $260*
    - *This Week: Sell 1/2 of position*
    - *Stop-loss moved up to $250*
- *Long-Term Positioning: Bearish*

Dow Jones Industrial Average



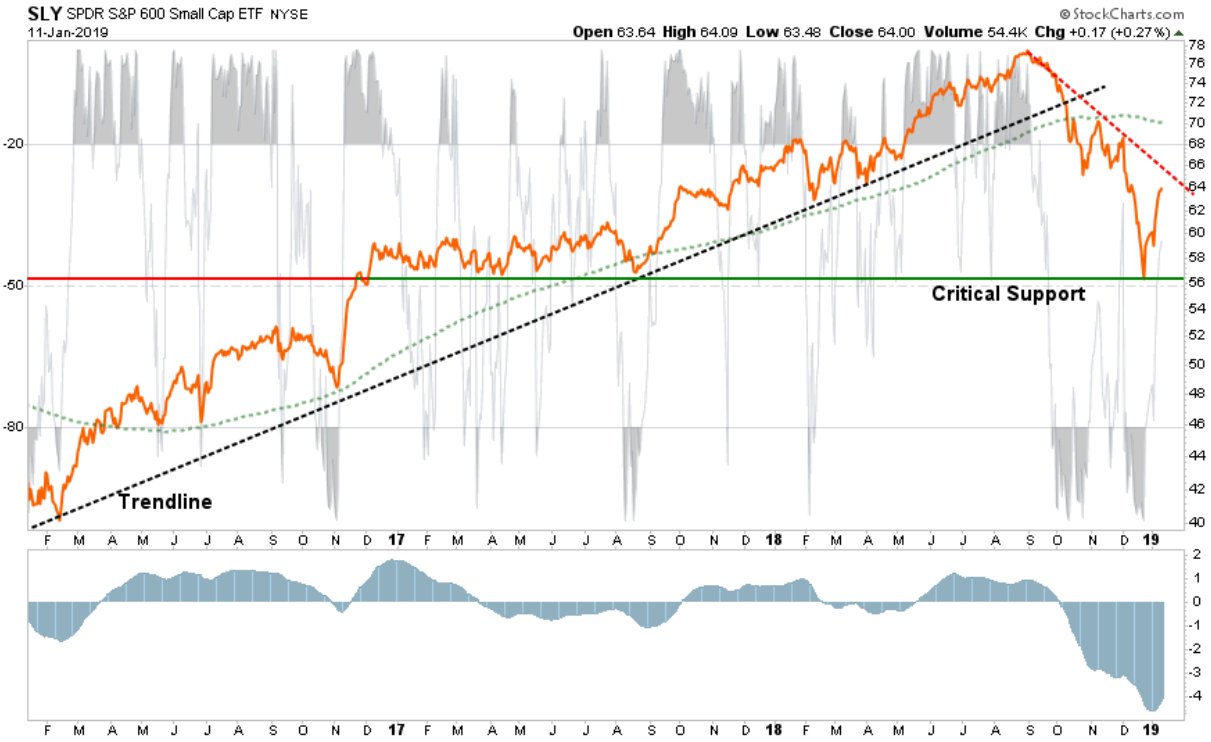
- *Long-term trend line is currently broken*
- *Recent rally pushed above initial resistance and is now testing resistance at Oct and Nov lows.*
- *The 200-dma (green dashed line) providing additional resistance at the Oct and Nov lows.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being worked off.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $240*
    - *This Week: Sell 1/2 of position*
    - *Stop-loss moved up to $232.50*
- *Long-Term Positioning: Bearish*

Nasdaq Composite



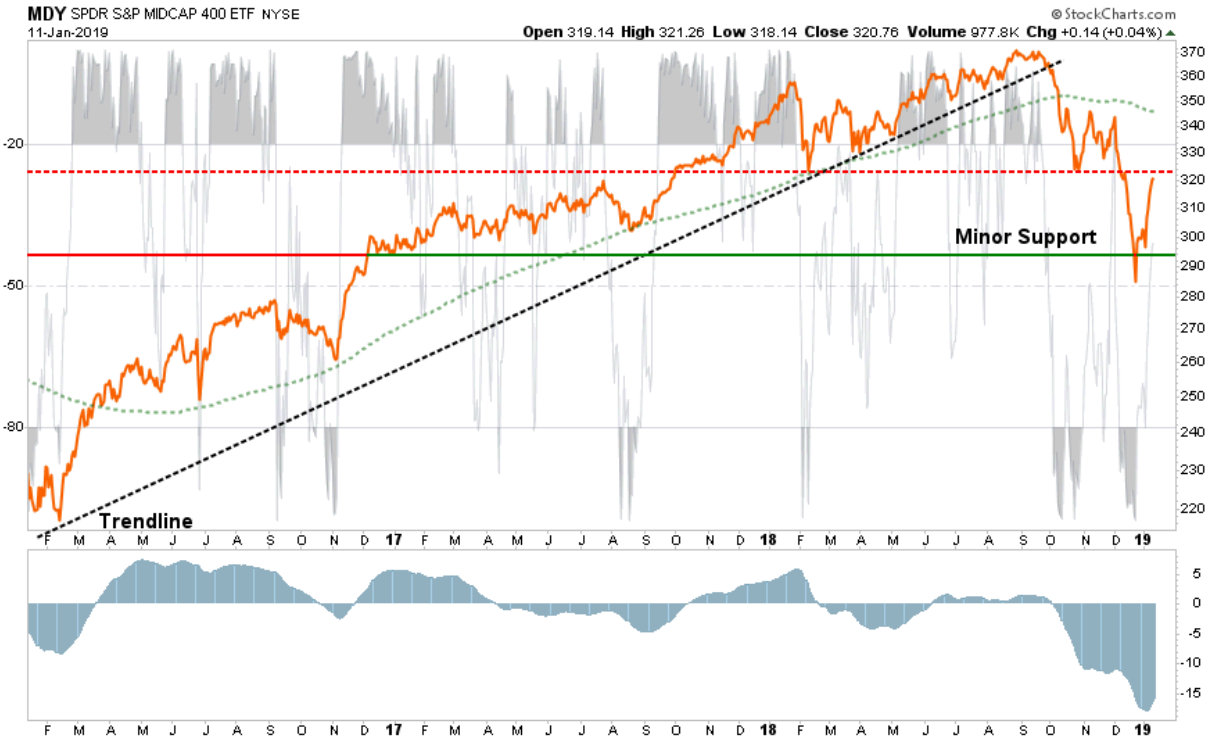
- *Long-term trend line is currently broken*
- *Recent rally pushed above initial resistance and is now testing resistance at Oct and Nov lows.*
- *Downtrend line from all-time highs is converging with 200-dma (green dashed line) providing additional downward resistance.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being worked off.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $160*
    - *This Week: Sell 1/2 of position*
    - *Stop-loss moved up to $150*
- *Long-Term Positioning: Bearish*

S&P 600 Index (Small-Cap)



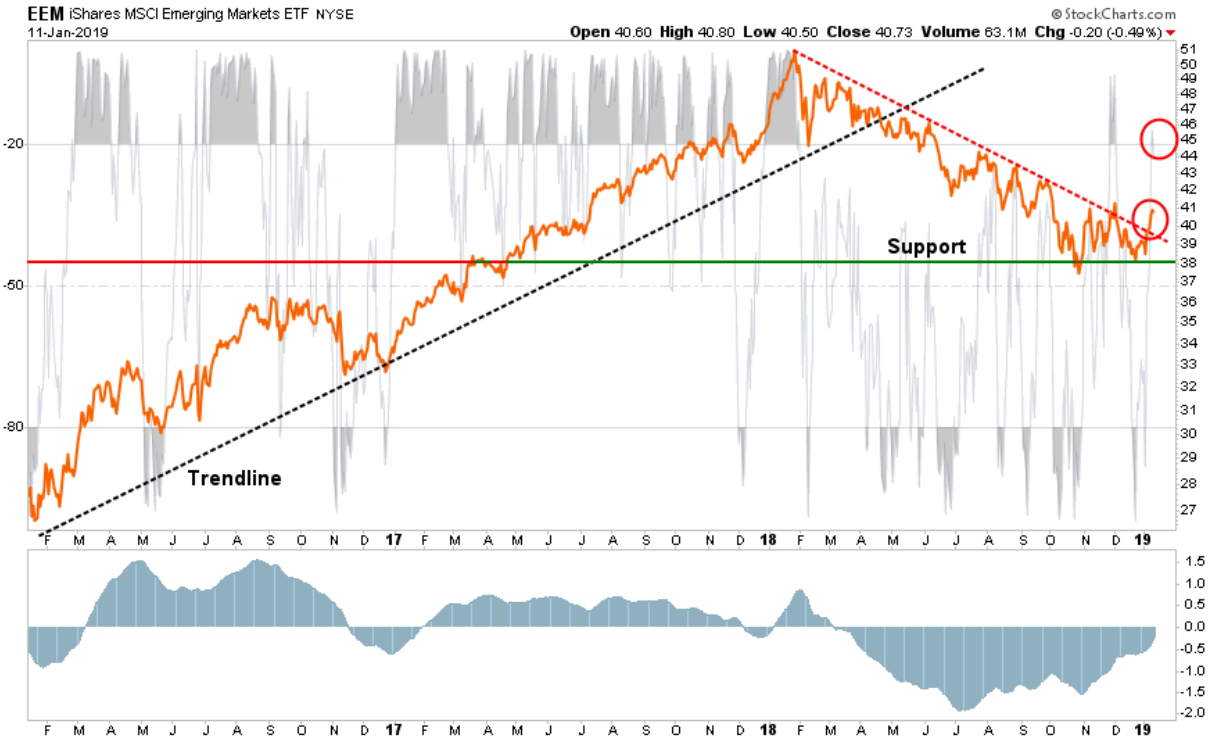
- *Long-term trend line is currently broken*
- *Recent rally pushing into downtrend line from all-time highs*
- *200-dma (green dashed line) providing additional overhead resistance to rally.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being worked off.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $65*
    - *This Week: Sell 1/2 of position*
    - *Stop-loss moved up to $62*
- *Long-Term Positioning: Bearish*

S&P 400 Index (Mid-Cap)



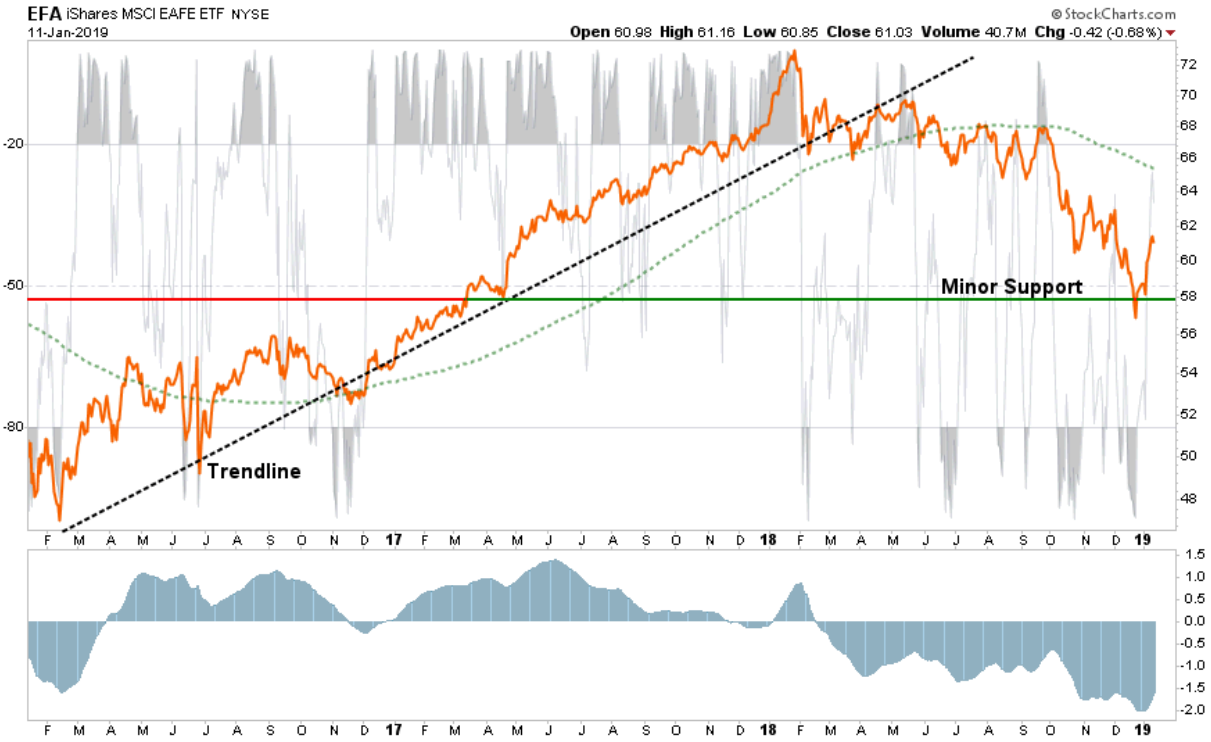
- *Long-term trend line is currently broken*
- *Recent rally is pushing into initial resistance at the Oct and Nov lows.*
- *Downtrend from all-time highs and the 200-dma (green dashed line) are providing additional downward resistance.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being worked off.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $325*
    - *This Week: Sell 1/2 of position*
    - *Stop-loss moved up to $310*
- *Long-Term Positioning: Bearish*

Emerging Markets



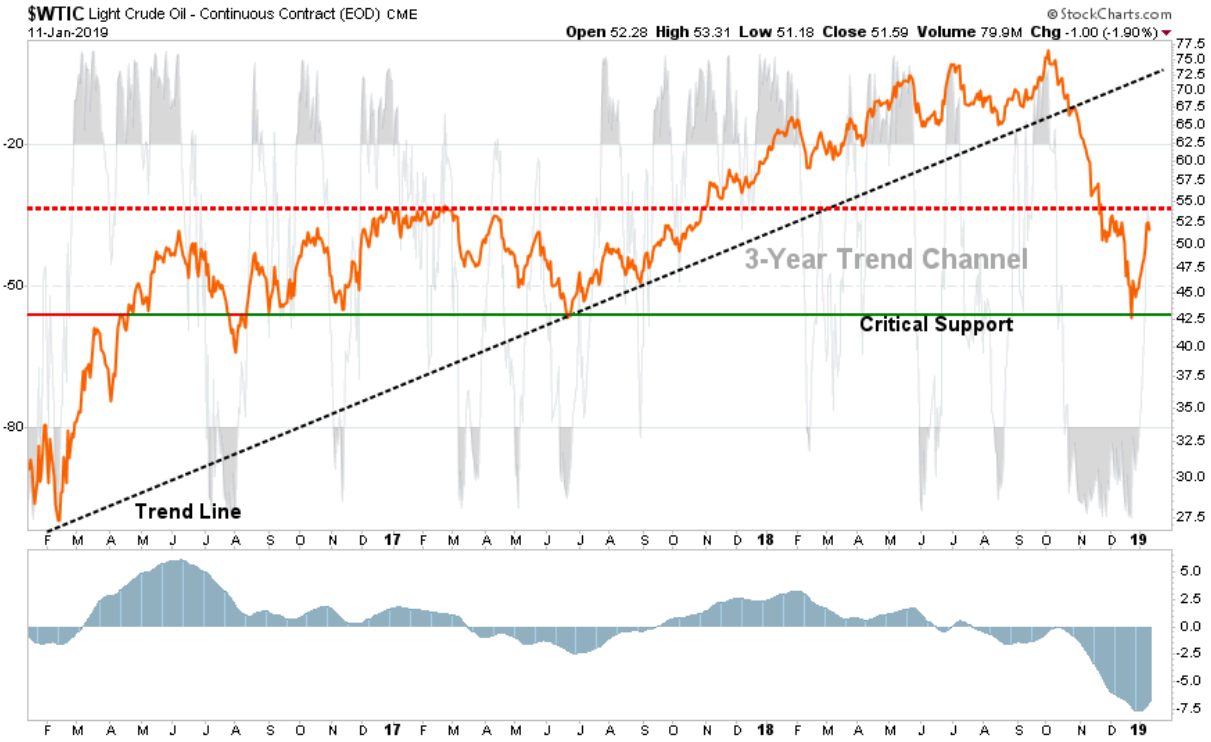
- *Long-term trend line is currently broken*
- *Recent rally pushed above initial resistance and is now testing the highs of the bottoming process over the last several months.*
- *Market has broken above the downtrend line from last-years highs*
- *The "sell signal" is close to being reversed (bottom panel)*
- *Currently pushing back into very overbought conditions. (red circle)*
- *Short-Term Positioning: Bullish*
    - *Last Week: Recommended "buy" with target of $41*
    - *This Week: Sell 1/3 of position and look for pullback which does not violate the downtrend line to add back, or initiate, a position.*
    - *Stop-loss remains at $38*
- *Long-Term Positioning: Bearish*

International Markets



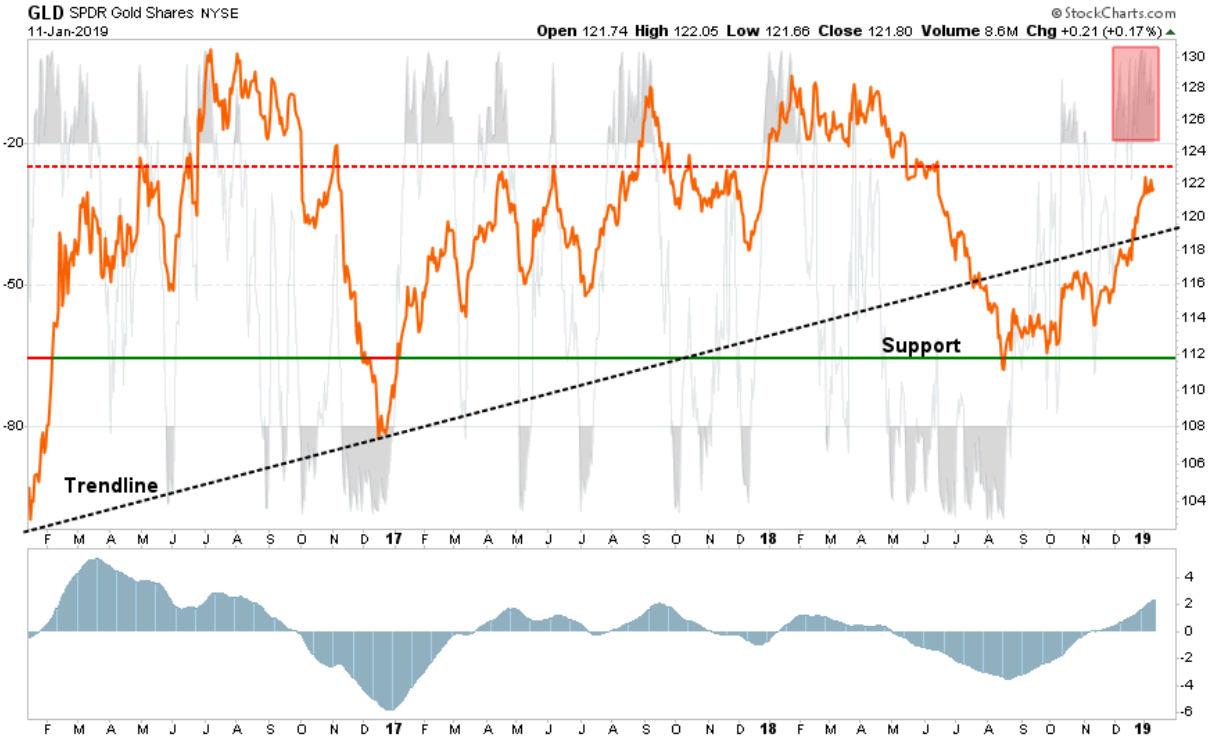
- *Long-term trend line is currently broken*
- *Recent rally pushing into resistance at the Oct and Nov lows.*
- *Downtrend from all-time highs is converging with 200-dma (green dashed line) providing additional downward resistance.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is almost fully reversed.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $62*
    - *This Week: Sell 1/2 of position*
    - *Stop-loss moved up to $60*
- *Long-Term Positioning: Bearish*

West Texas Intermediate Crude (Oil)



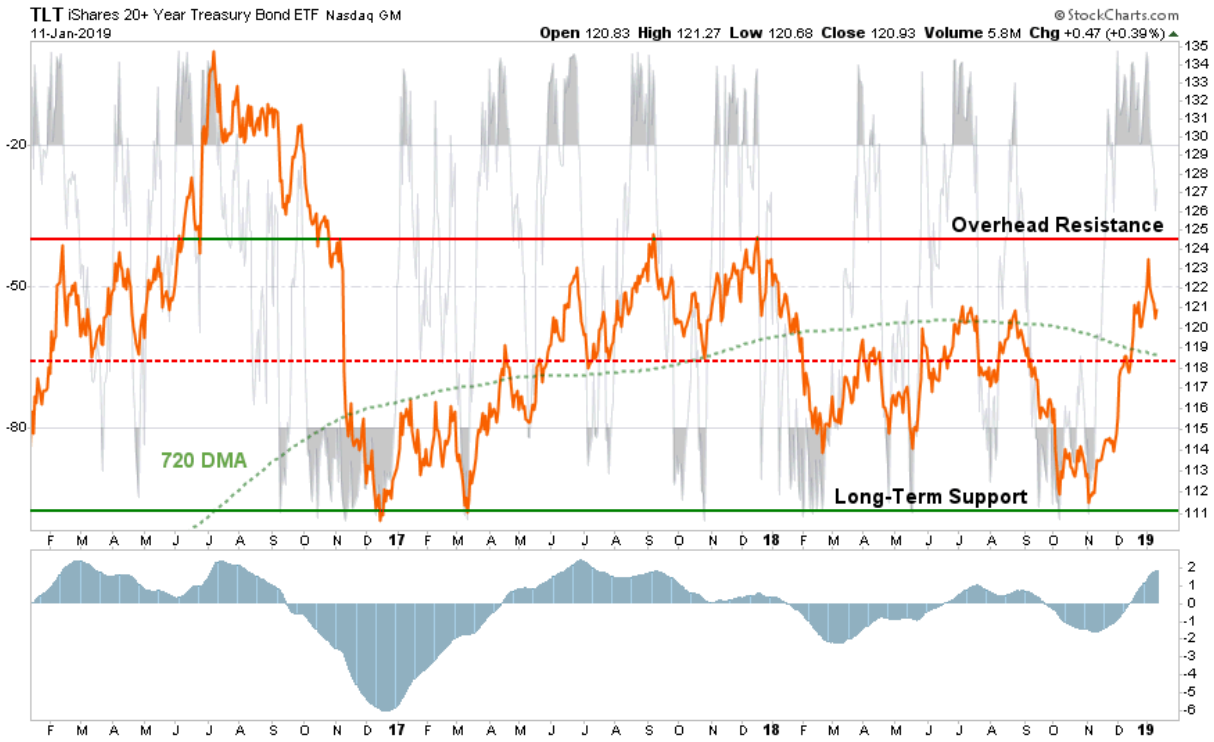
- *Long-term trend line is currently broken*
- *Recent rally pushing into resistance at top of 3-year channel.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being worked off.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Recommended "buy" with target of $60*
    - *This Week: Sell 1/3 of position*
    - *Stop-loss moved up to $50*
- *Long-Term Positioning: Bearish*

Gold



- *Long-term trend line has been recovered.*
- *Recent rally is pushing into resistance at previous minor tops. More resistance at 3-year highs.*
- *Currently on "buy" signal (bottom panel)*
- *Overbought on short-term basis. Needs pullback to allow for better entry point.*
- *Short-Term Positioning: Bullish*
    - *Buy On Pullback To $120*
    - *Stop-loss is currently $119*
- *Long-Term Positioning: Improving From Bearish To Bullish*

Bonds (Inverse Of Interest Rates)



- *Long-term support continues to hold at $111.*
- *Currently on a buy-signal (bottom panel)*
- *Recent pullback is reducing overbought condition. (top panel)*
- *Resistance currently overhead at $124.50*
- *Strong support at the 720-dma (2-years) (green dashed line)*
- *Short-Term Positioning: Bullish*
    - *Last Week: Set "entry point" at $121*
    - *This Week: Reducing "entry point" to $119-120*
    - *Stop-loss remains at $117*
- *Long-Term Positioning: Bullish*