

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:

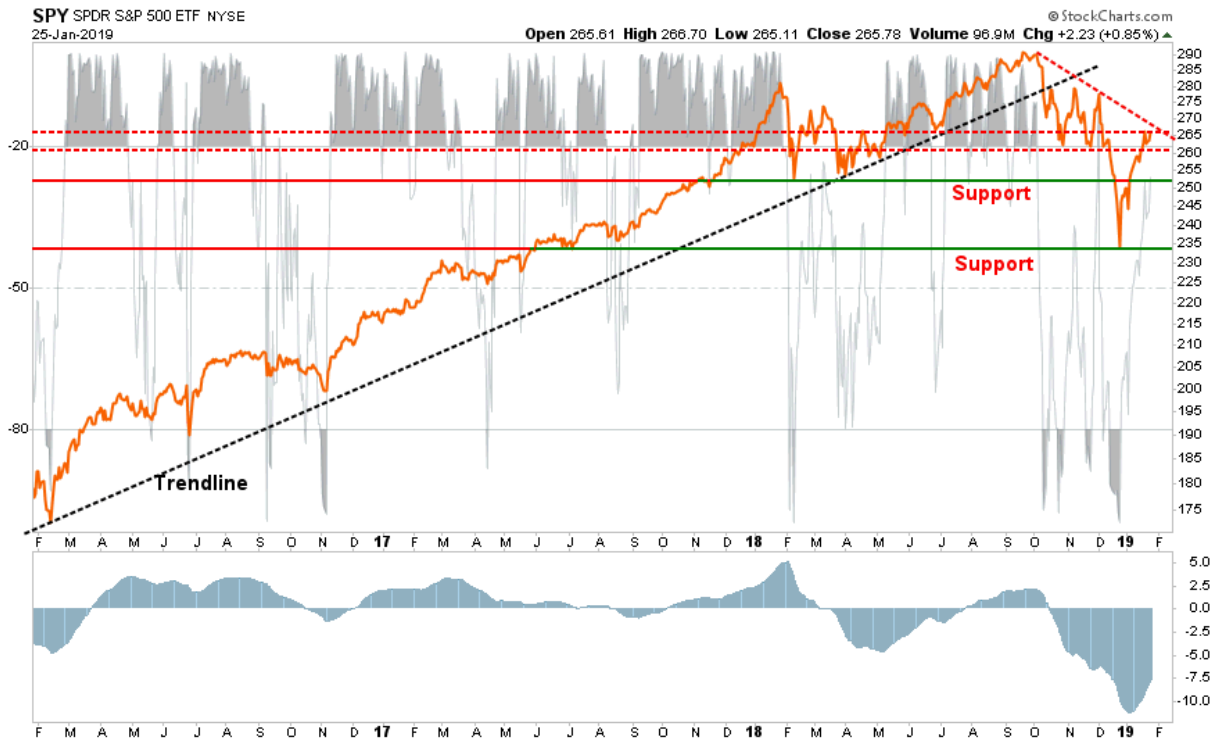
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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.



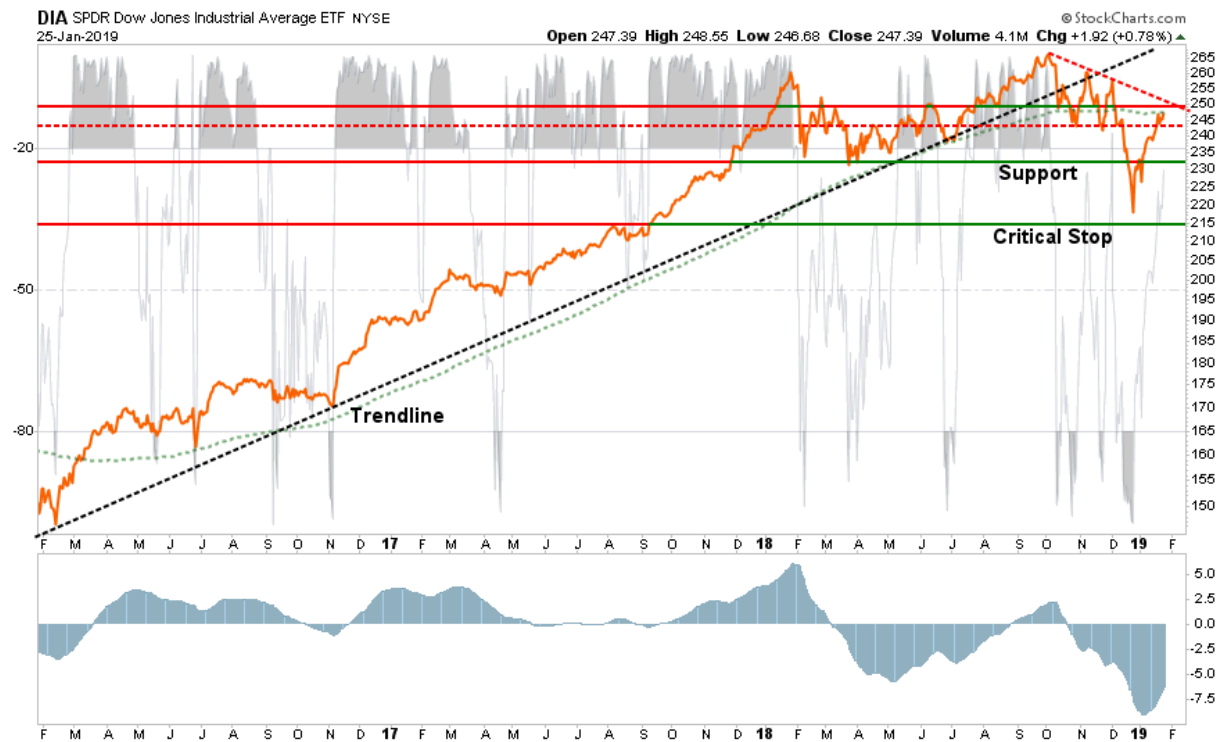
With this basic tutorial let's review the major markets.

S&P 500 Index



- Long-term trend line is currently broken.
- Recent rally pushed above initial resistance and is now testing resistance from beginning of 2018.
- Downtrend line from all-time highs is converging with 200-dma providing additional downward resistance.
- Extremely deep sell-signal (bottom panel) is improving.
- Oversold condition almost entirely worked off.
- Short-Term Positioning: Neutral
 - Last Week: Recommended "sell" of 1/2 position @ \$260
 - This Week: Hold 1/2 of position
 - Stop-loss moved up to \$260
- Long-Term Positioning: Bearish

Dow Jones Industrial Average



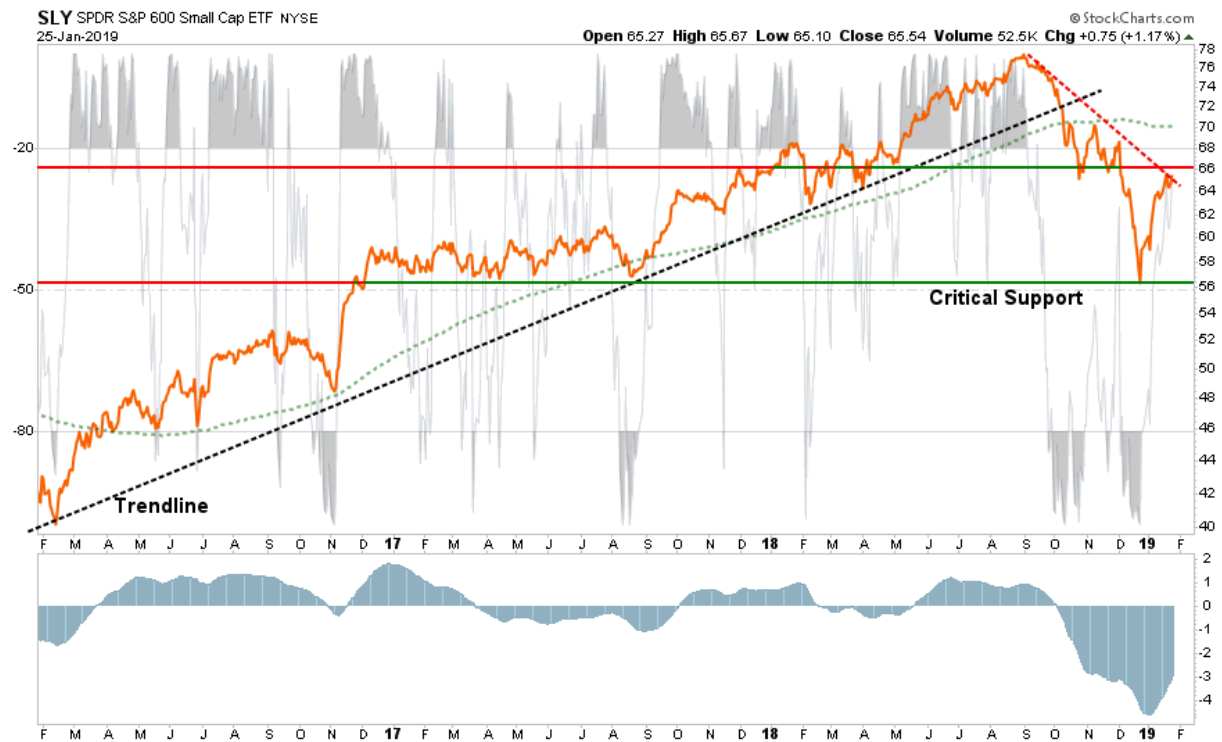
- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and is now testing resistance from early 2018..
- The 200-dma (green dashed line) providing additional resistance.
- Deep sell-signal (bottom panel) being reversed
- Oversold condition is being worked off.
- Short-Term Positioning: Neutral
 - Last Week: Recommended "sell" of 1/2 position @ \$240
 - This Week: Hold 1/2 of position
 - Stop-loss moved up to \$240
- Long-Term Positioning: Bearish

Nasdaq Composite



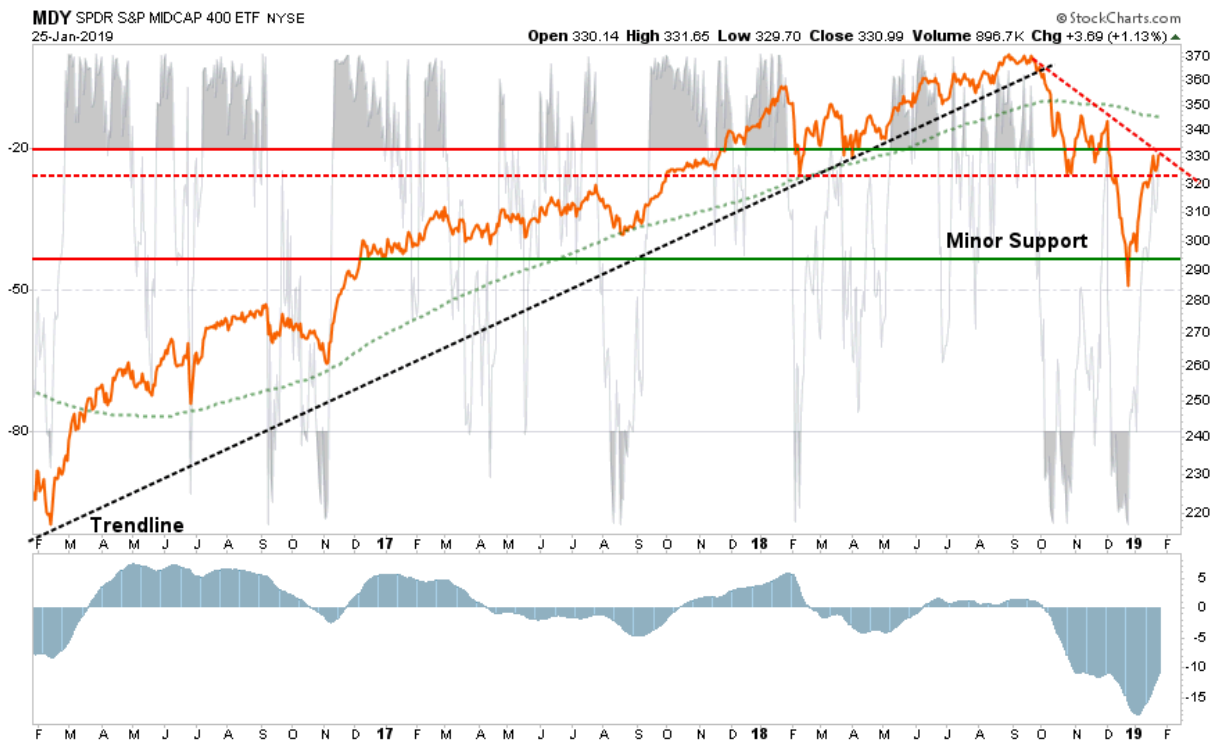
- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and is now testing resistance at Oct and Nov lows.
- Downtrend line from all-time highs is converging with 200-dma (green dashed line) providing additional downward resistance.
- Currently on very deep sell-signal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

S&P 600 Index (Small-Cap)



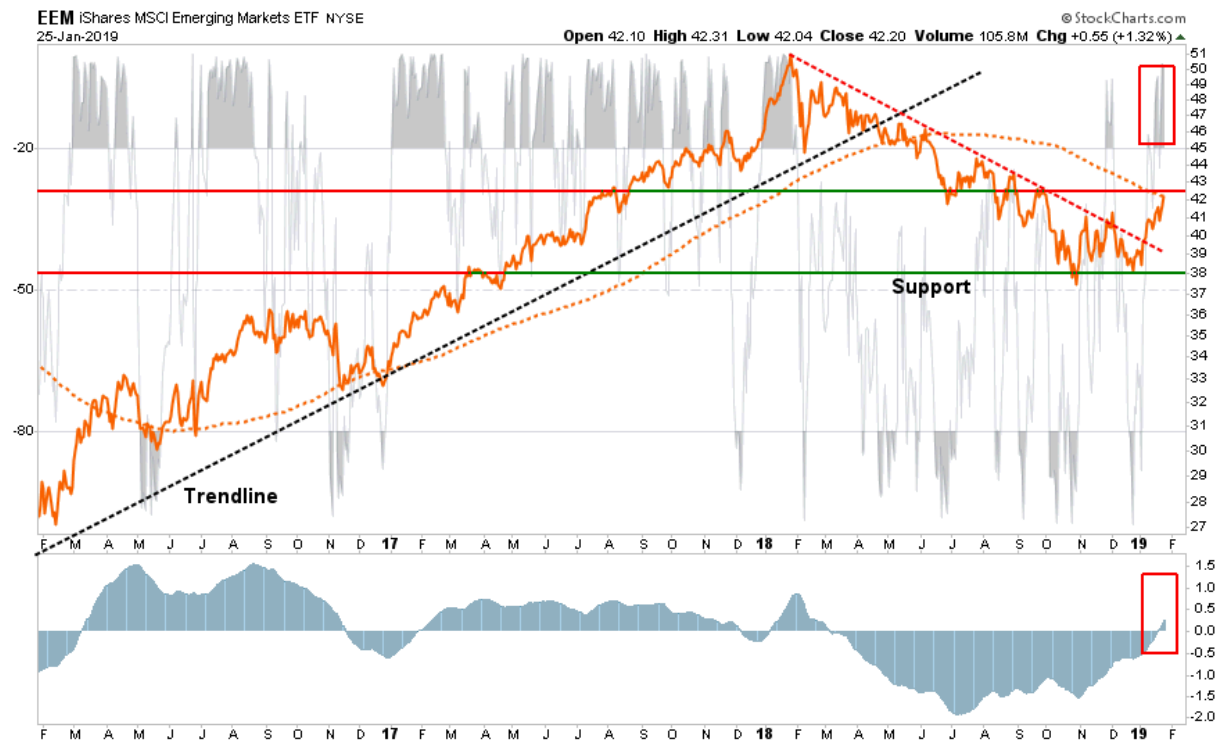
- Long-term trend line is currently broken
- Recent rally pushing into downtrend line from all-time highs
- 200-dma (green dashed line) providing additional overhead resistance to rally.
- Currently on very deep sell-signal (bottom panel)
- Oversold condition is being worked off.
- Short-Term Positioning: Neutral
 - Last Week: Recommended "sell" of 1/2 position @ \$64
 - This Week: Hold 1/2 of position
 - Stop-loss moved up to \$62
- Long-Term Positioning: Bearish

S&P 400 Index (Mid-Cap)



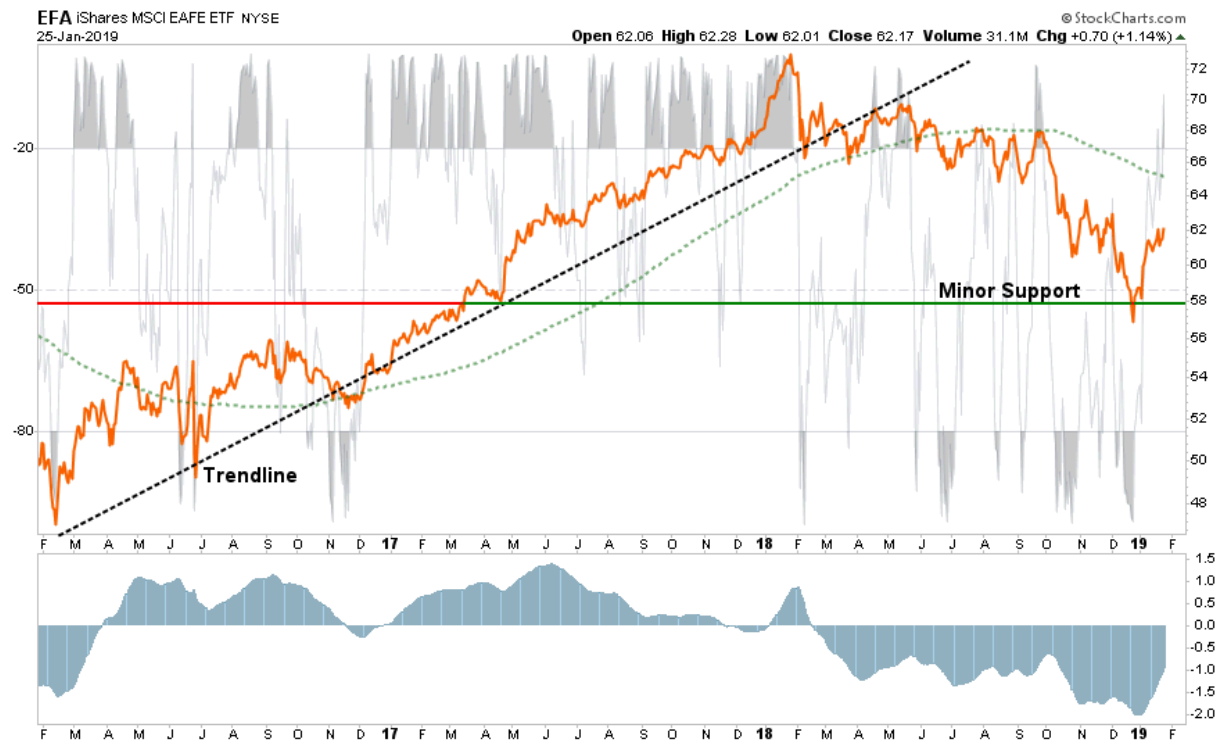
- Long-term trend line is currently broken
- Recent rally is pushing into early-2018 resistance
- Downtrend from all-time highs and the 200-dma (green dashed line) are providing additional downward resistance.
- Extremely deep sell-signal (bottom panel) is improving
- Oversold condition is being worked off.
- Short-Term Positioning: Neutral
 - Last Week: Recommended "sell" of 1/2 position @ \$325
 - This Week: Hold 1/2 of position
 - Stop-loss moved up to \$320
- Long-Term Positioning: Bearish

Emerging Markets



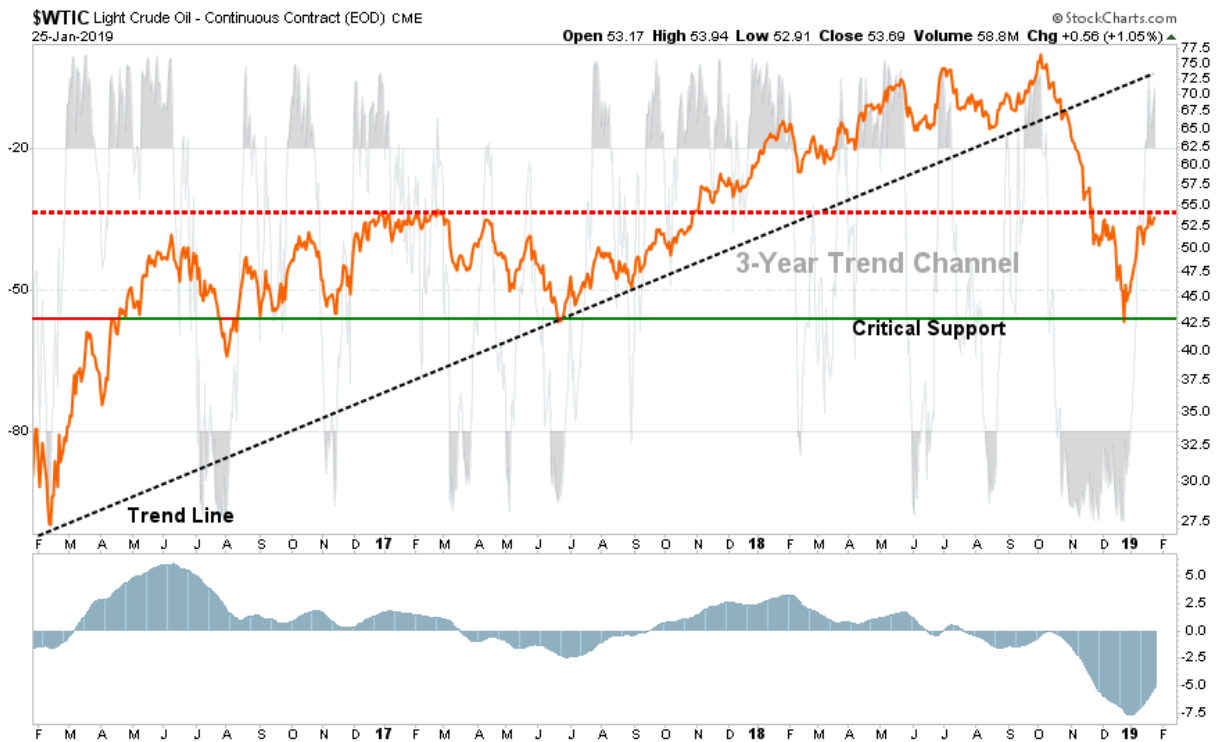
- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and testing the 200-dma.
- Market has broken above the downtrend line from last-years highs
- While a "buy signal" was triggered last week (bottom panel) on a short-term basis EEM is extremely overbought. (red box)
- Short-Term Positioning: Bullish
 - Last Week: Recommended "sell" of 1/3 position at \$41
 - This Week: Hold 2/3rd position
 - Stop-loss moved up to \$41
- Long-Term Positioning: Bearish

International Markets



- Long-term trend line is currently broken
- Recent rally pushing into cluster of resistance from 2018.
- Downtrend from all-time highs is converging with 200-dma (green dashed line) providing additional downward resistance.
- Deep sell-signal (bottom panel) is being reversed
- EFA is back to extremely overbought in the short-term.
- Short-Term Positioning: Neutral
 - Last Week: Recommended "sell" of 1/2 position @ \$61
 - This Week: Hold 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.
- Deep sell-signal (bottom panel) being reversed.
- Oil is back to extremely overbought on a short-term basis.
- Short-Term Positioning: Neutral
 - Last Week: Recommended "sell" of 1/3 position @ \$60
 - This Week: Sell another 1/4 of position (Total sells = 50%)
 - Stop-loss moved up to \$60
- 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 level moved up to \$121
 - Stop-loss is currently \$120
- 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: Added bond exposure @ \$120
 - This Week: Add additional exposure on pullback to \$120
 - Stop-loss remains at \$117
- Long-Term Positioning: Bullish