

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:

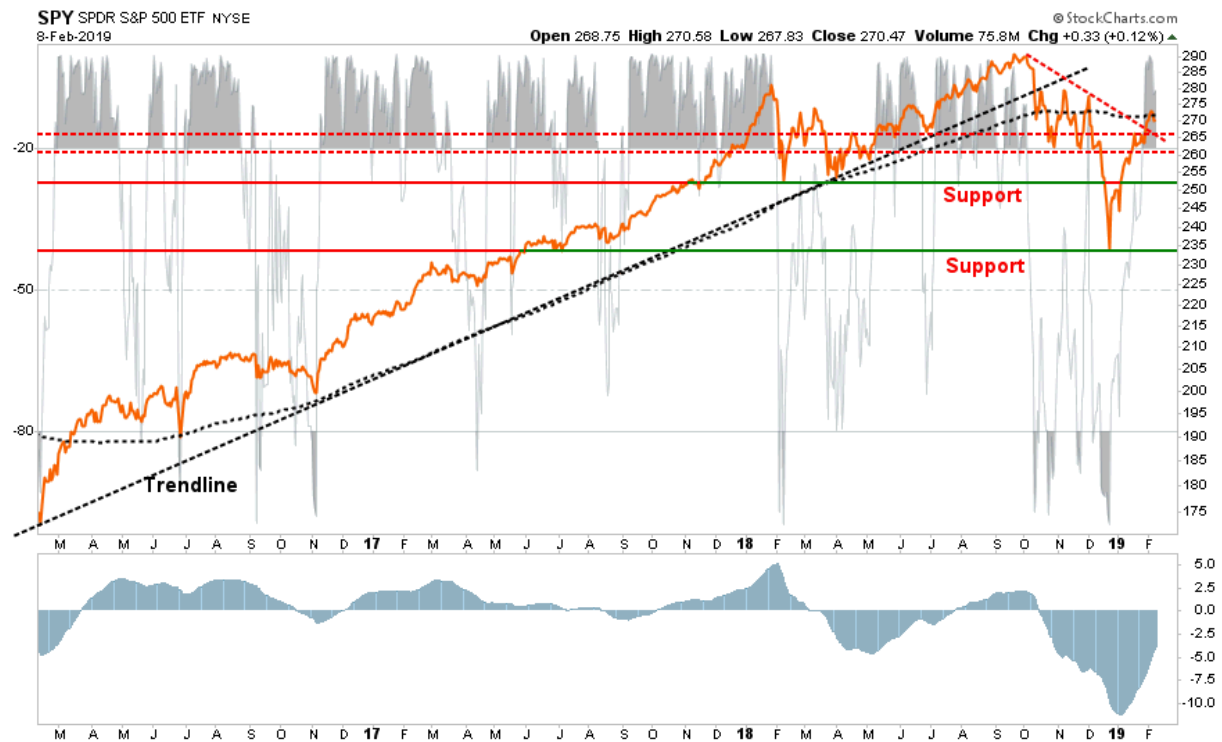
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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.



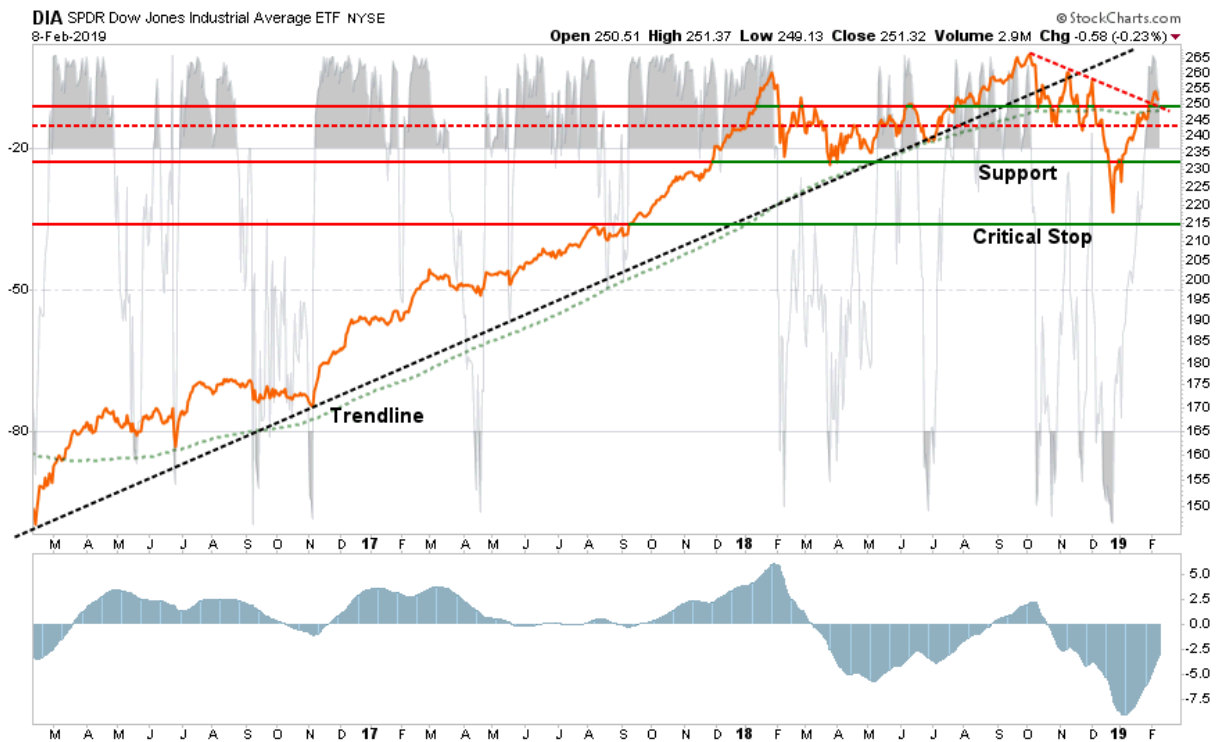
With this basic tutorial let's review the major markets.

## S&P 500 Index



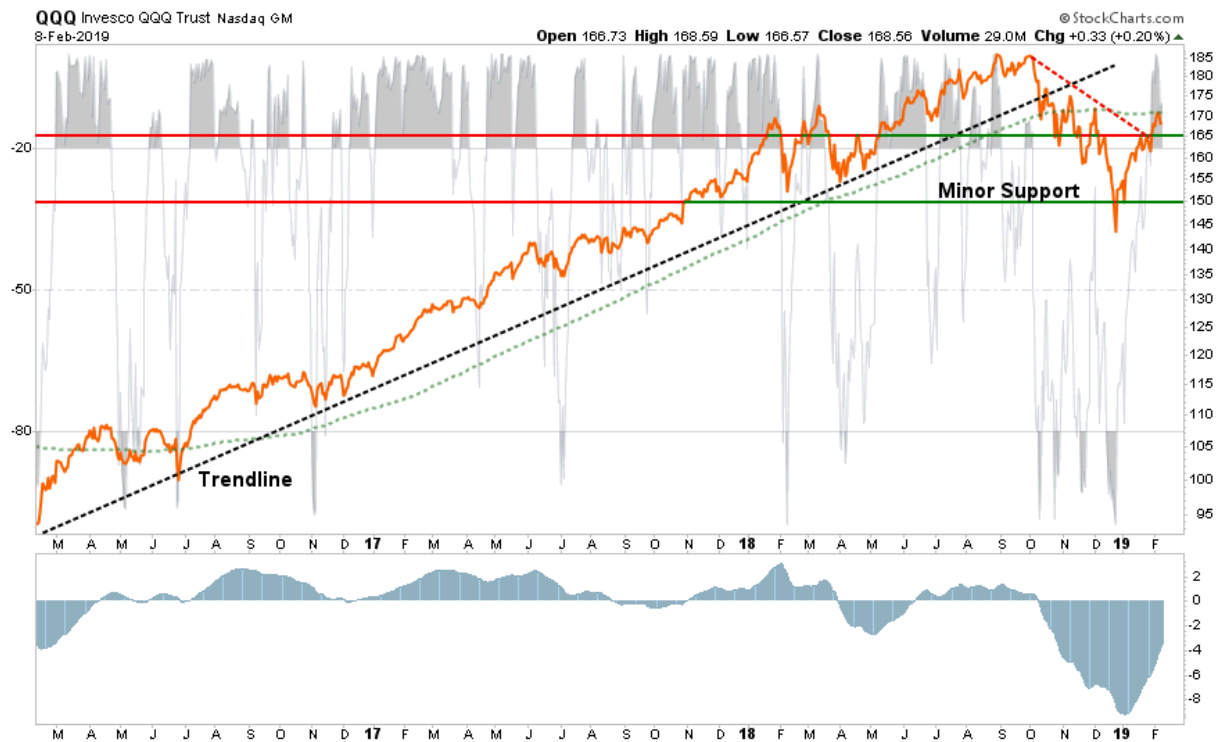
- Long-term trend line is currently broken.
- Recent rally pushed above initial resistance and the downtrend line from the 2018 highs.
- Initial test of 200-dma failed. Will likely be another challenge.
- If challenge fails, and breaks last week's low, look for test of Oct-Nov lows and 50-dma.
- Long-term "sell signal" still reversing but still intact.
- Short-term market is extremely overbought.
- Short-Term Positioning: Neutral
  - Last Week: Hold 1/2 position
  - This Week: Hold 1/2 of position
  - Stop-loss moved up to \$265
- Long-Term Positioning: Neutral

## Dow Jones Industrial Average



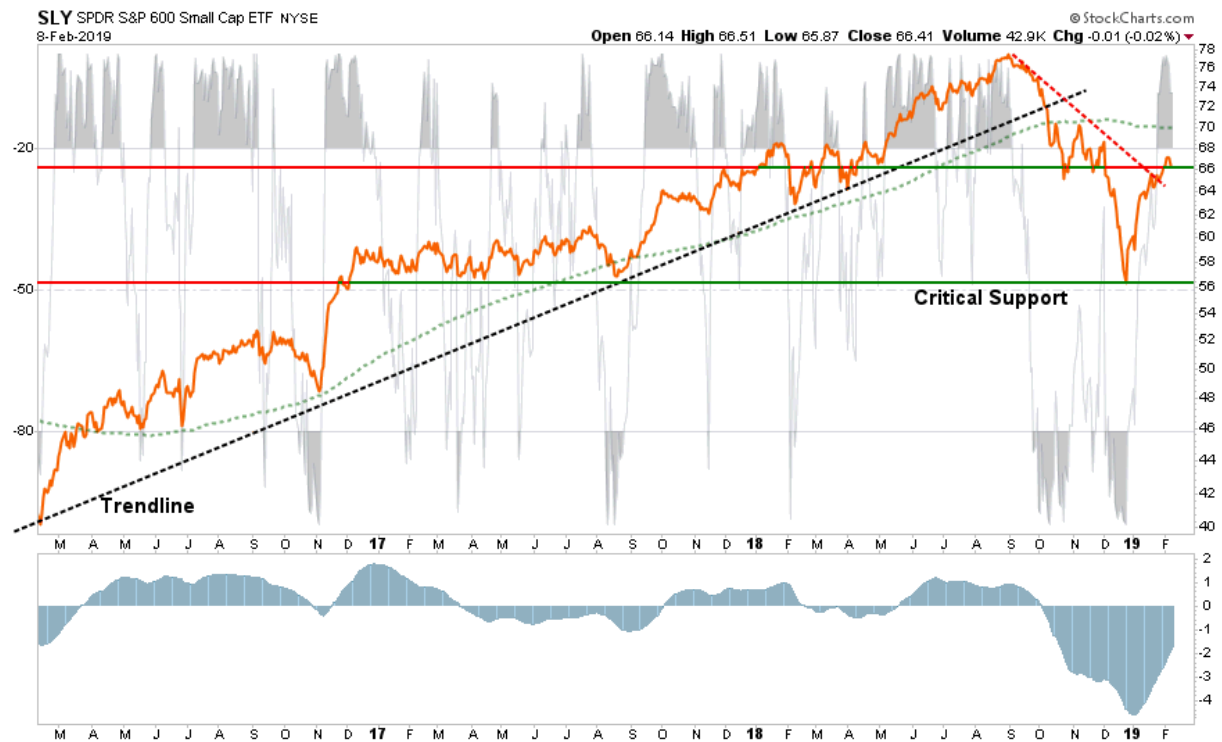
- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and was the first index to move back above it's 200-dma.
- Deep sell-signal (bottom panel) being reversed
- Market is back to extreme overbought, look for retracement to support before additional advancement
- Short-Term Positioning: Neutral
  - Last Week: Hold 1/2 of position
  - This Week: Hold 1/2 of position
  - Stop-loss moved up to \$245
- Long-Term Positioning: Neutral

## Nasdaq Composite



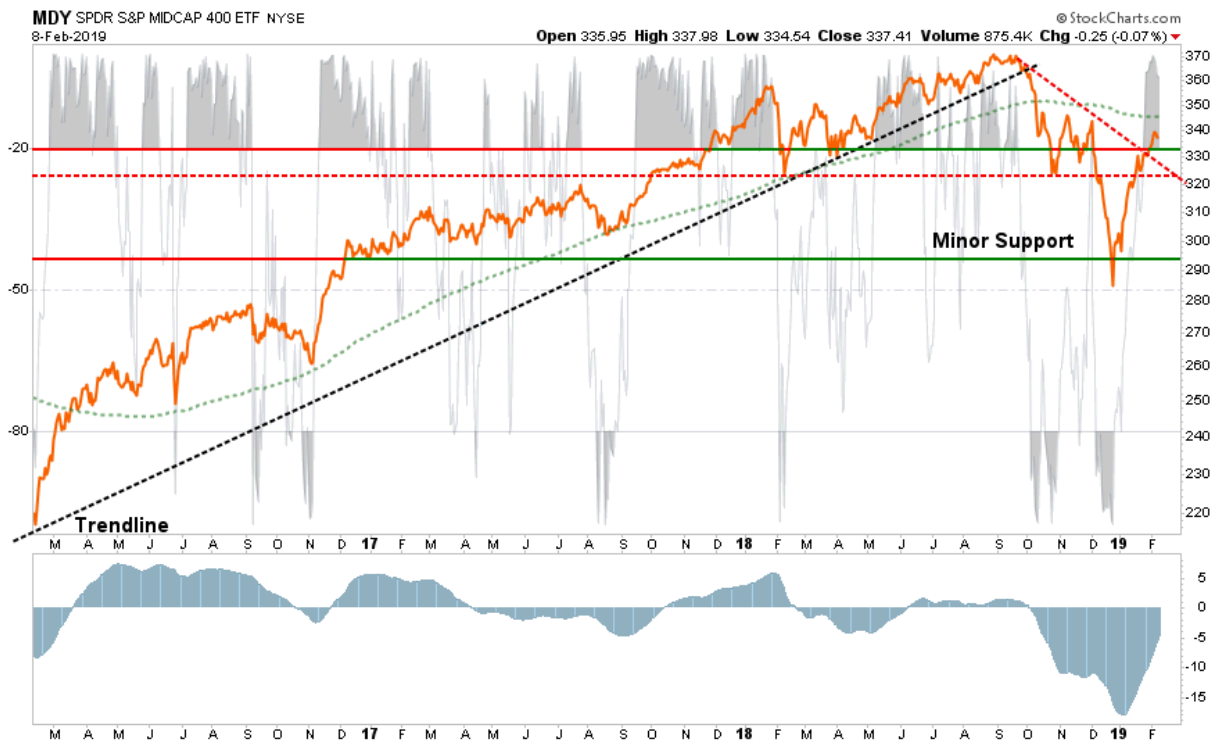
- Long-term trend line is currently broken
- Recent rally pushed above initial resistance.
- The 200-dma (green dashed line) proved to be resistance.
- Look for another attempt to breach the 200-dma next week, a failure will likely retest support.
- Sell-signal (bottom panel) is being reversed.
- Market back to extreme overbought. Need a pullback to support before an additional advance.
- Short-Term Positioning: Neutral
  - Last Week: Hold 1/2 of position
  - This Week: Hold 1/2 of position
  - Stop-loss moved up to \$165
- Long-Term Positioning: Neutral

## S&P 600 Index (Small-Cap)



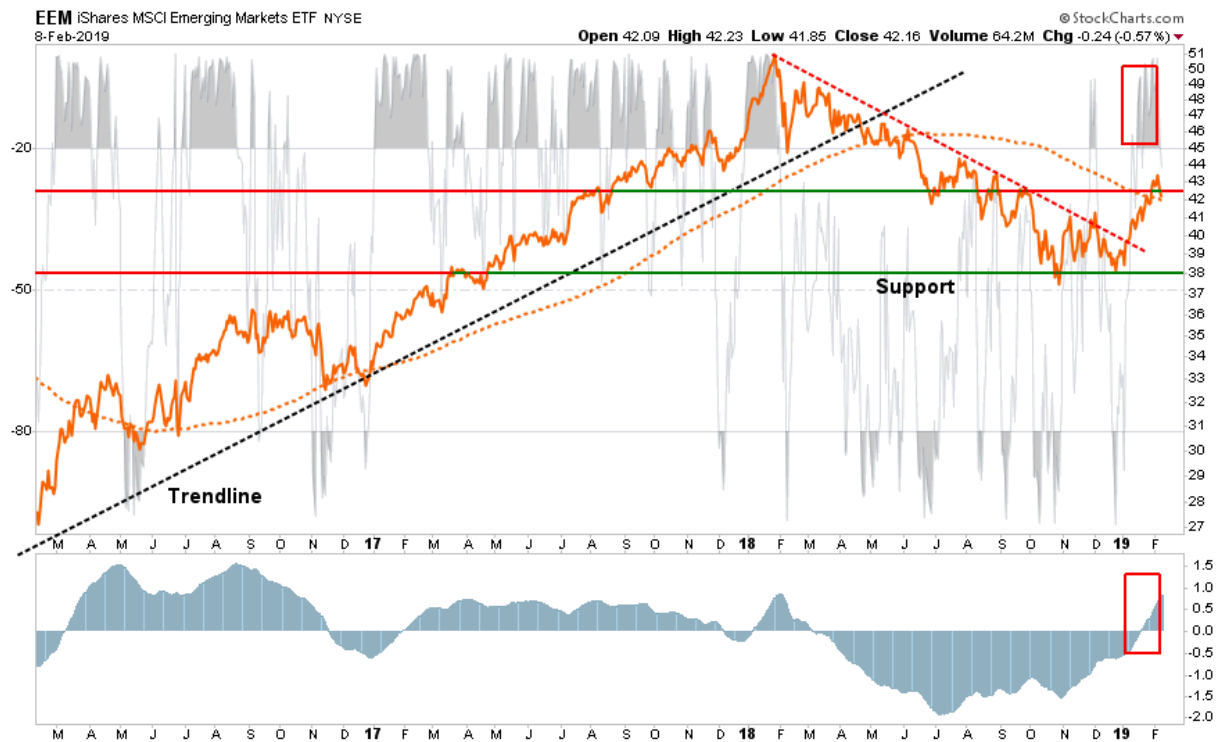
- Long-term trend line is currently broken
- Recent rally pushed above downtrend line from all-time highs
- 200-dma (green dashed line) providing additional overhead resistance to rally.
- Currently on very deep sell-signal (bottom panel)
- Market back to extreme overbought. Look for a pullback to support before an additional advance.
- Short-Term Positioning: Neutral
  - Last Week: Hold 1/2 of position
  - This Week: Hold 1/2 of position
  - Stop-loss moved up to \$64
- Long-Term Positioning: Bearish

## S&P 400 Index (Mid-Cap)



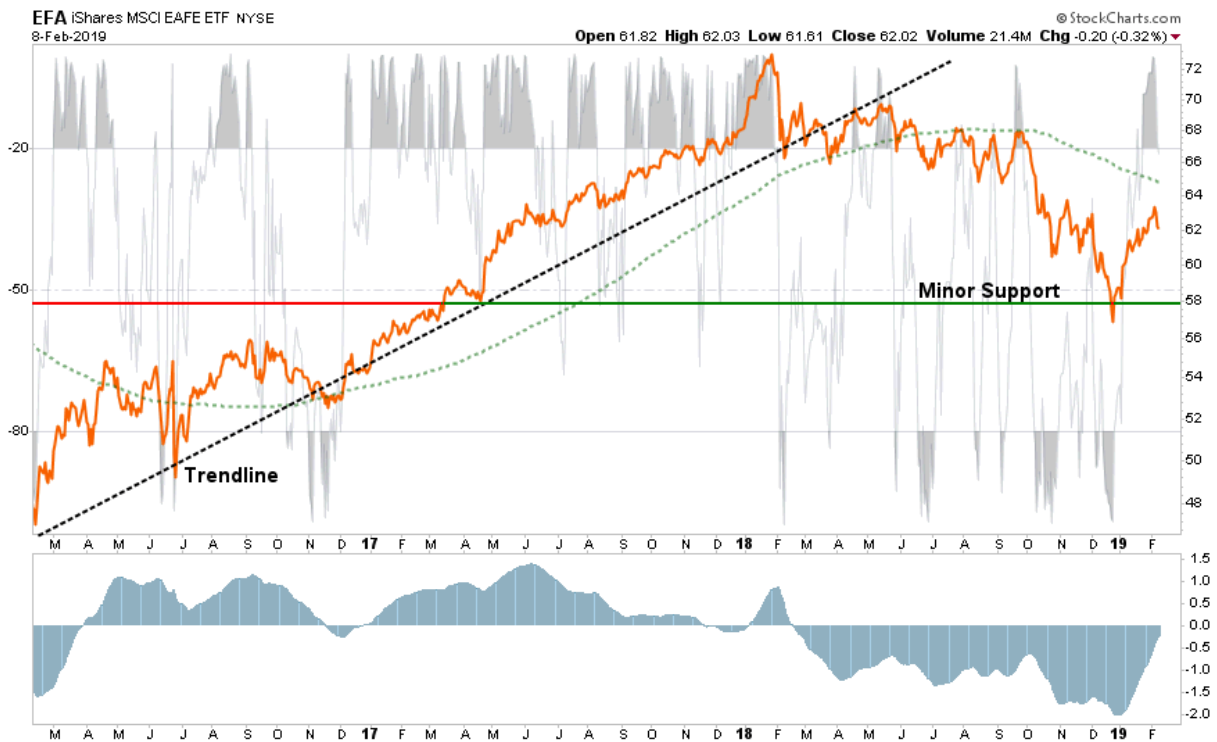
- Long-term trend line is currently broken
- Recent rally pushed above downtrend from all-time highs and the 200-dma (green dashed line) are providing additional downward resistance.
- Extremely deep sell-signal (bottom panel) is improving
- Market back to extreme overbought. Look for a pullback to support before an additional advance.
- Short-Term Positioning: Neutral
  - Last Week: Hold 1/2 of position
  - This Week: Hold 1/2 of position
  - Stop-loss moved up to \$325
- Long-Term Positioning: Neutral

## Emerging Markets



- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and 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)
- EEM pulled back to initial support last week. Look to add back 1/3rd position if support holds.
- Short-Term Positioning: Bullish
  - Last Week: Hold 2/3rd position
  - This Week: Hold 2/3rd position
  - Stop-loss moved up to \$42
- 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: Hold 1/2 of position
  - This Week: Hold 1/2 of position
  - Stop-loss moved up to \$61.50
- 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.
- Oil failed at resistance. Look for further pullback in the days ahead.
- 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 1/4 position @ \$63
  - This Week: Hold remaining 1/2 position
  - Stop-loss moved up to \$62.5
- Long-Term Positioning: Bearish

## Gold



- Long-term trend line has been recovered.
- Recent rally is pushing into 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
  - Market pulled back to initial support at \$123 last week.
  - Add 1/2 position on any retest of support at \$123
  - Add 1/2 position on pullback to \$122
  - 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)
- Entry point was triggered at \$120
- Resistance currently overhead at \$124.50
- Strong support at the 720-dma (2-years) (green dashed line)
- Short-Term Positioning: Bullish
  - Last Week: Hold positions.
  - This Week: Hold positions - add on breakout above \$124.
  - Stop-loss moved up to \$120
- Long-Term Positioning: Bullish