

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:

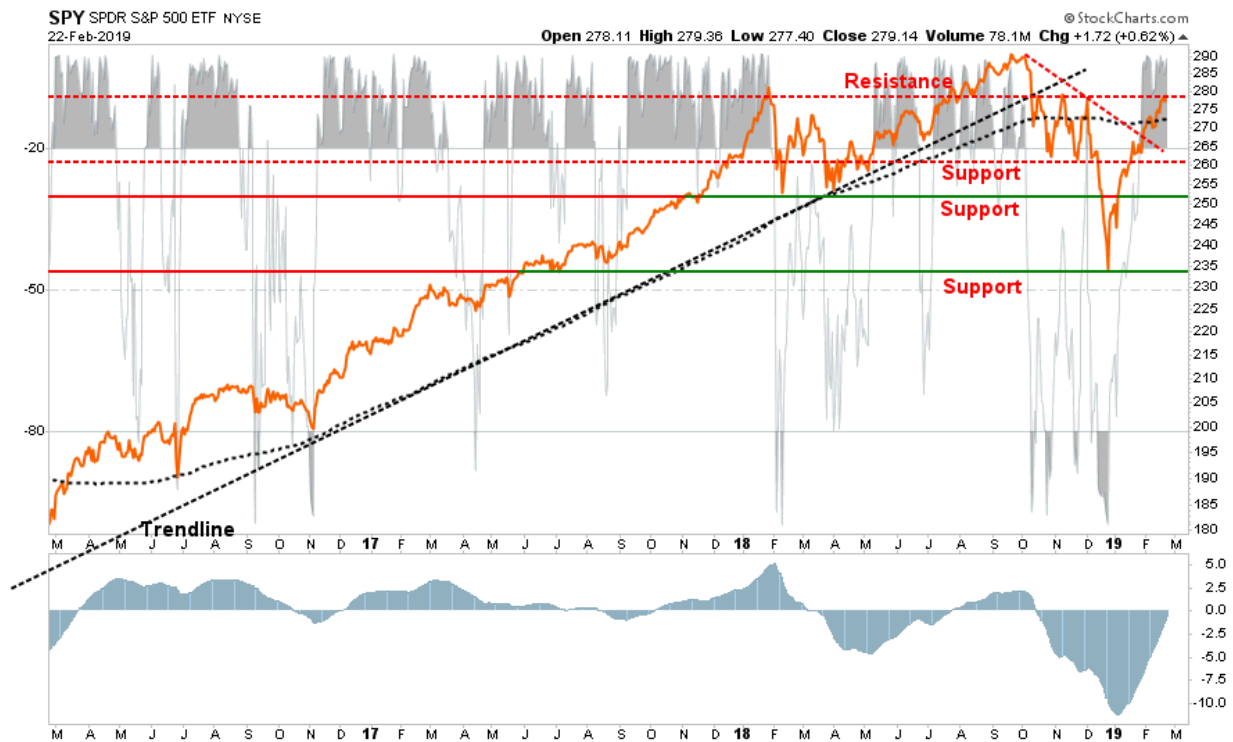
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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.



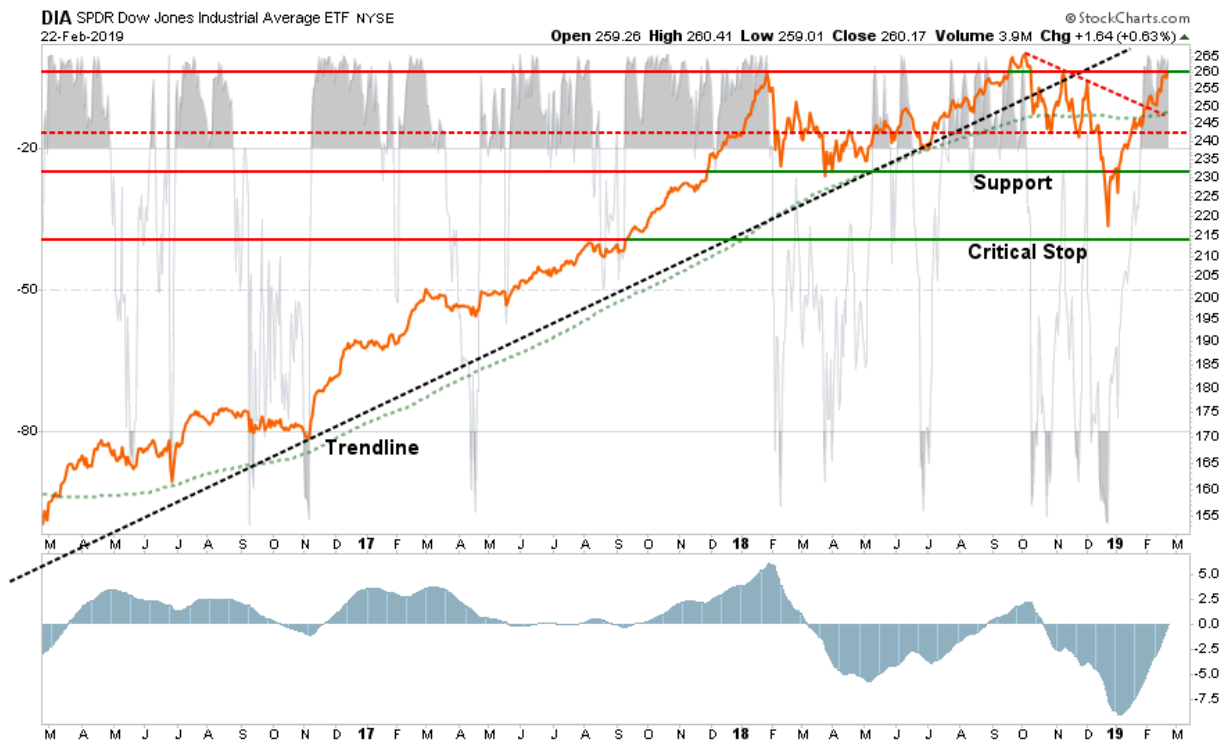
With this basic tutorial let's review the major markets.

S&P 500 Index



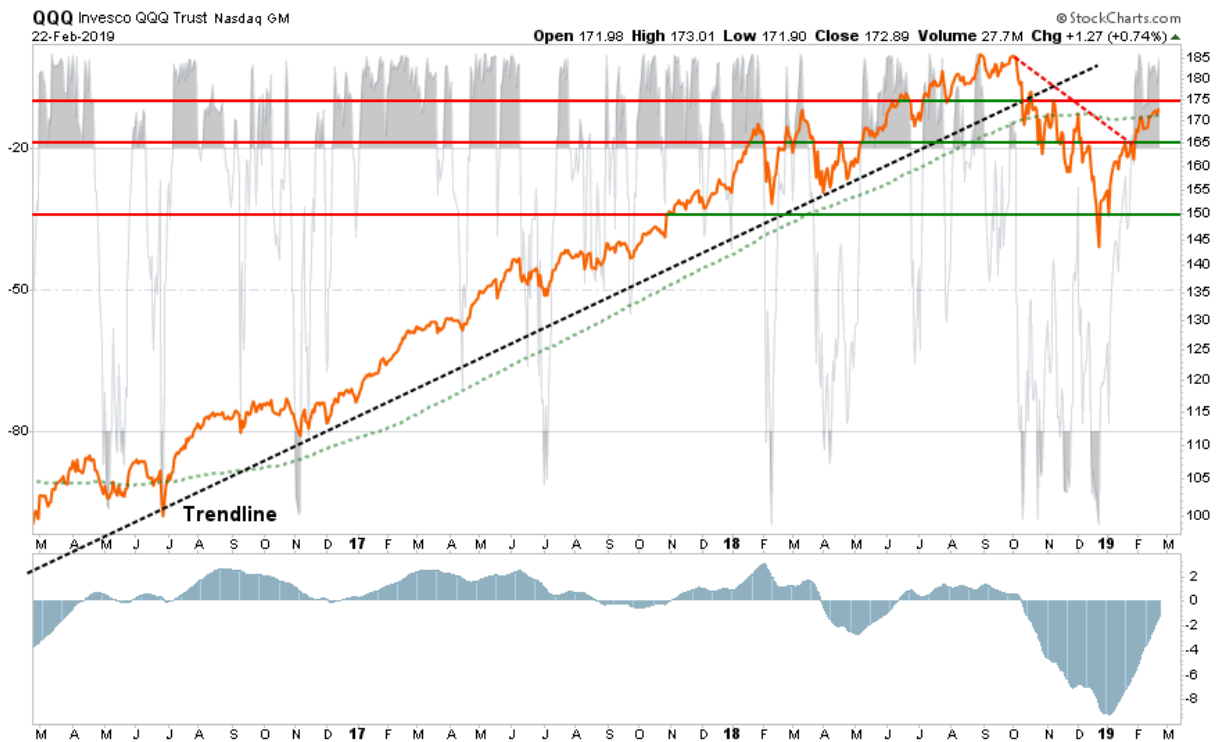
- Long-term trend line is currently broken.
- Recent rally has pushed above the downtrend line from the 2018 highs and the 200-dma.
- Market is now testing the 2800 psychological resistance level.
- Long-term "sell signal" is reversing
- Short-term market is extremely overbought.
- Short-Term Positioning: Neutral
 - Last Week: Hold 1/2 position
 - This Week: Hold 1/2 of position
 - Stop-loss moved up to \$270
- Long-Term Positioning: Neutral

Dow Jones Industrial Average



- Long-term trend line is currently broken
- Recent rally pushed above the 200-dma and is testing the tops of the previous consolidation range.
- Dow is close to breaking out to all-time highs.
- 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 \$250
- Long-Term Positioning: Neutral

Nasdaq Composite



- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and the 200-dma (green dashed line). More resistance directly overhead.
- 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)

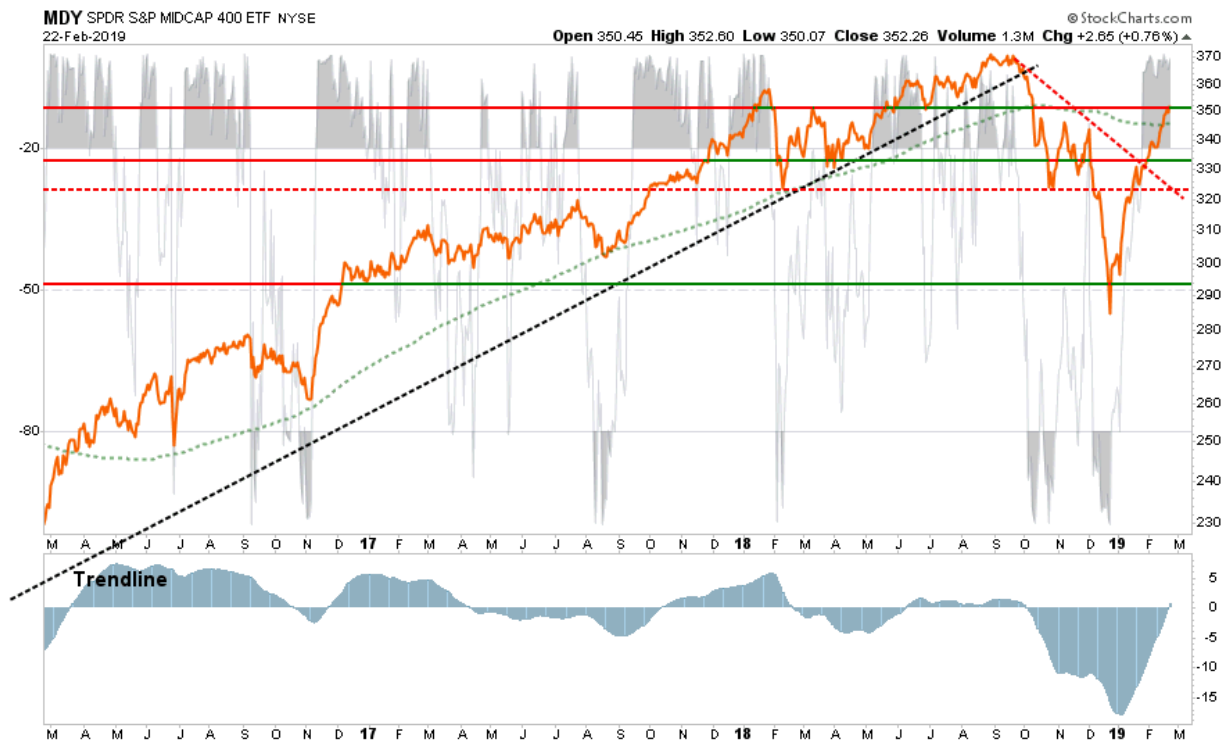
SLY SPDR S&P 600 Small Cap ETF NYSE
22-Feb-2019

Open 69.89 High 70.15 Low 69.77 Close 70.15 Volume 35.2K Chg +0.34 (+0.49%)



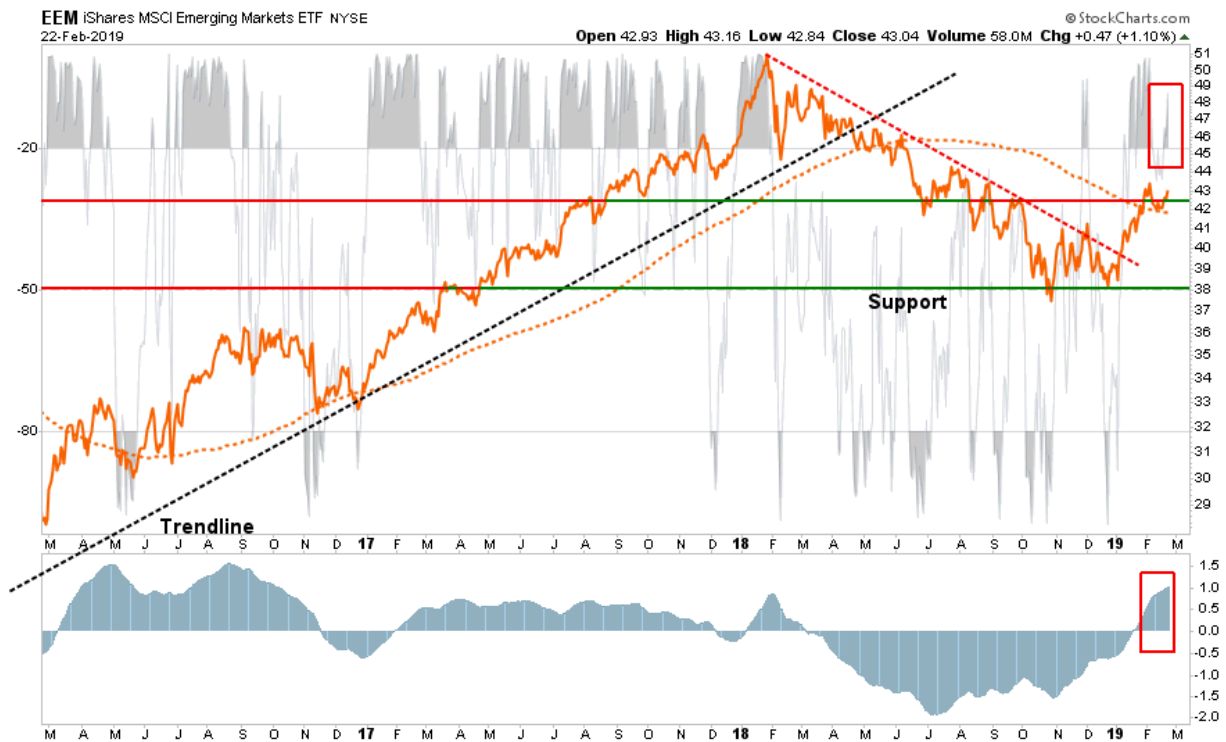
- Long-term trend line is currently broken
- Recent rally pushed above downtrend line from all-time highs
- 200-dma (green dashed line) providing additional overhead resistance to rally.
- Currently on very deep sell-signal (bottom panel)
- Market back to extreme overbought. Look for a pullback to support 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 •\$66
- Long-Term Positioning: Bearish

S&P 400 Index (Mid-Cap)



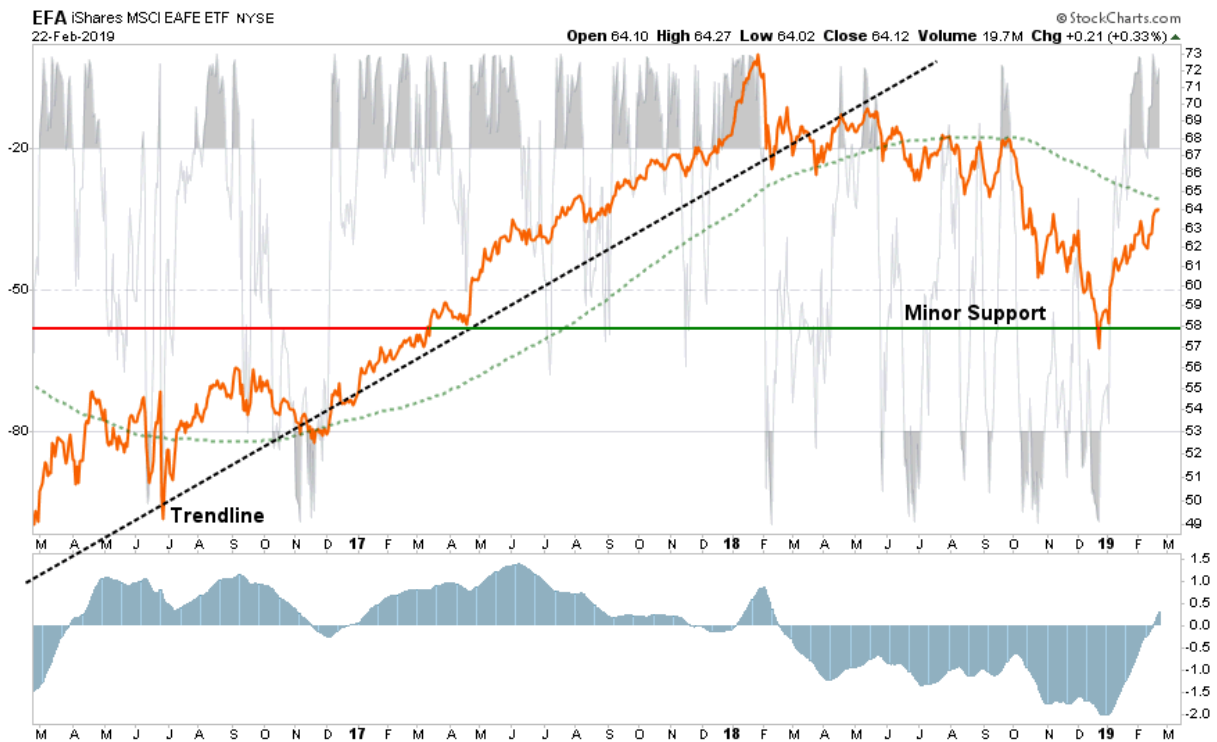
- Long-term trend line is currently broken
- Recent rally pushed above downtrend from all-time highs and the 200-dma (green dashed line).
- Currently, Mid-caps are testing additional 2018 resistance.
- Mid-caps have recently flipped back onto a buy signal. However, given the extreme overbought condition look for corrective action to add exposure.
- Short-Term Positioning: Neutral
 - Last Week: Hold 1/2 of position
 - This Week: Hold 1/2 of position
 - Stop-loss moved up to \$340
- Long-Term Positioning: Neutral

Emerging Markets



- Long-term trend line is currently broken
- Recent rally pushed above initial resistance and the 200-dma and the recent retest provides an entry opportunity.
- While a "buy signal" was triggered previously (bottom panel) there needed to be a retest of that support to confirm an entry.
- EEM pulled back to initial support last week. Add back 1/3rd position if support holds.
- Short-Term Positioning: Bullish
 - Last Week: Hold 2/3rd position
 - This Week: Add 1/3rd 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.
- Deep sell-signal (bottom panel) being reversed.
- Oil is back to extremely overbought on a short-term basis.
- Short-Term Positioning: Neutral
 - Last Week: Hold 1/2 position
 - This Week: Hold 1/2 position
 - Stop-loss moved up to \$65
- 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 entry point.
- Short-Term Positioning: Bullish
 - Market pulled back to initial support at \$125 last week.
 - Adding 1/2 position next week.
 - Add 1/2 position on breakout above \$127
 - Stop-loss is currently \$123
- 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