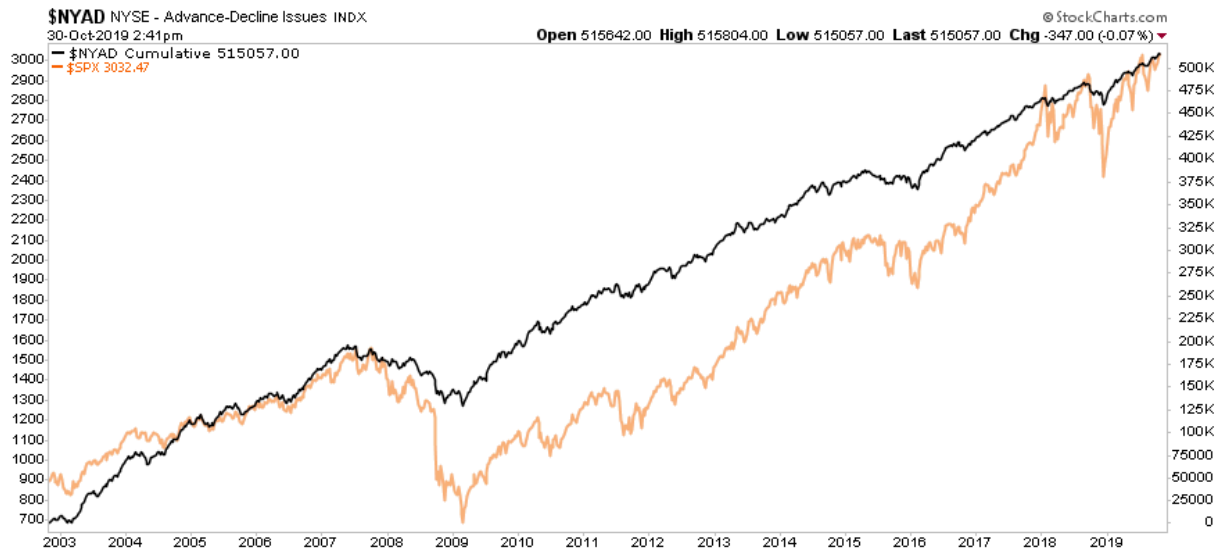


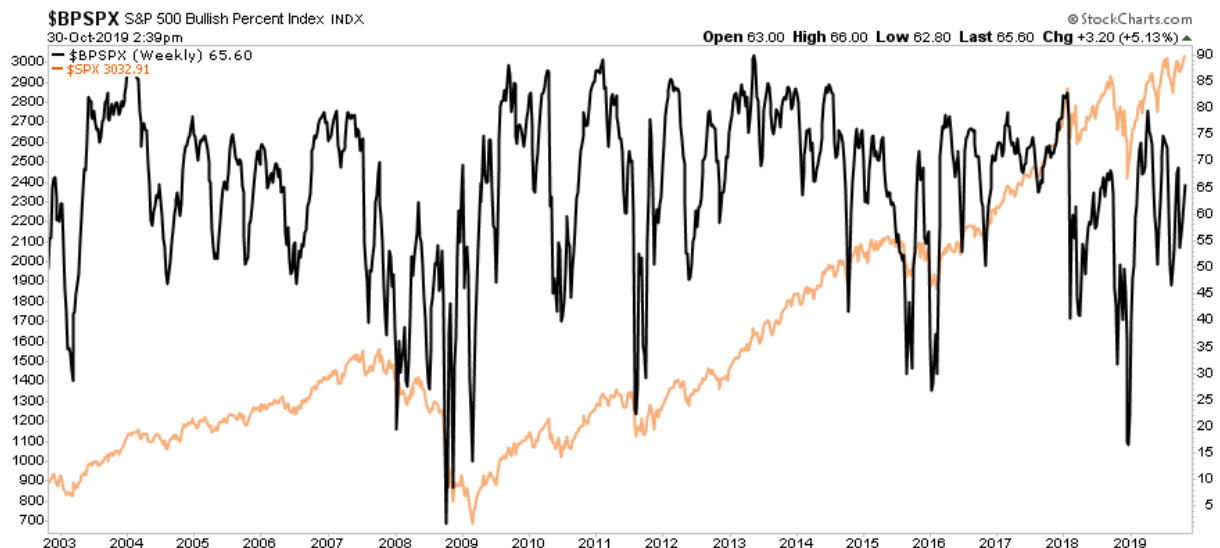
A review of important measures of market breadth and participation.

## Advance-Dcline Line



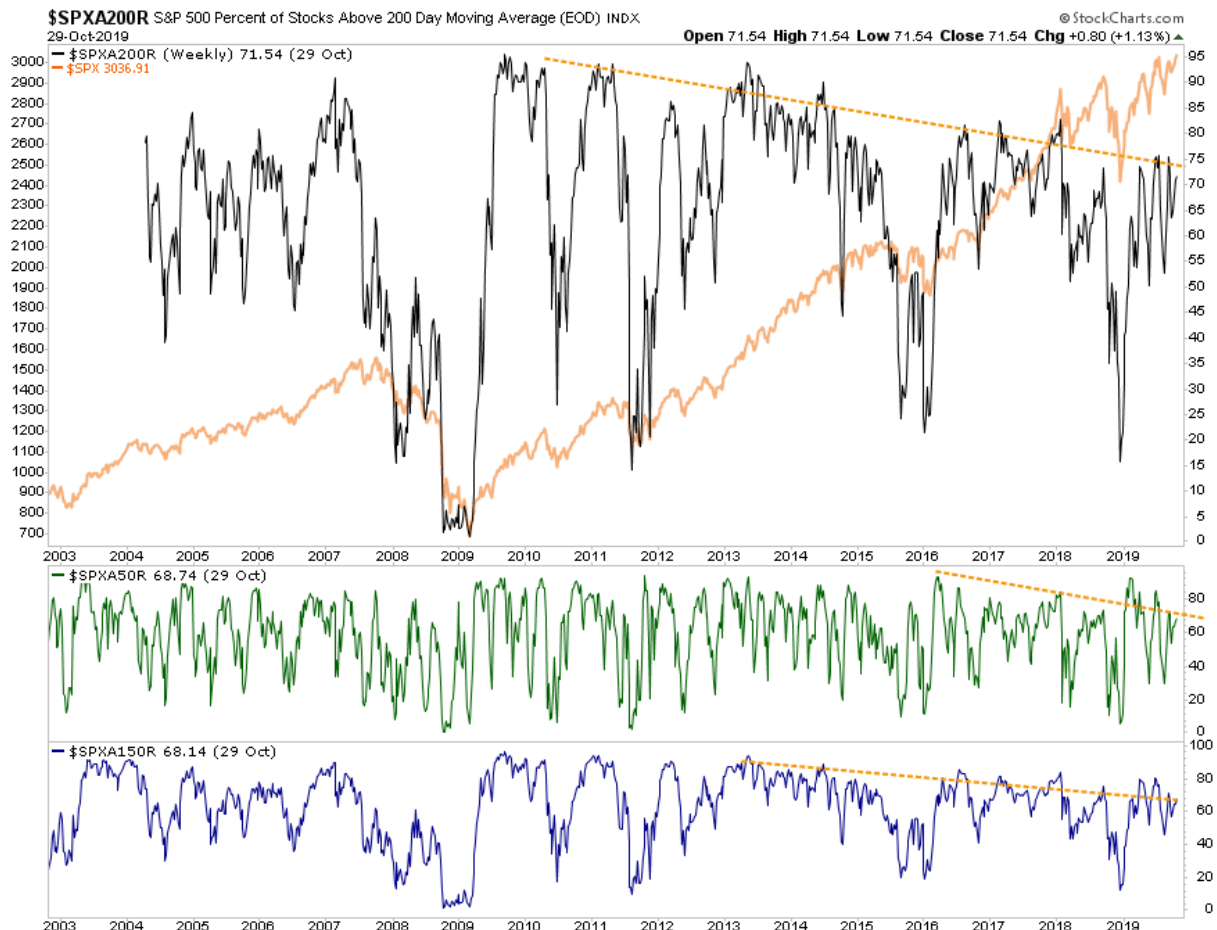
- Currently, the cumulative advance-decline line confirms the bull markets recent new high.
- With no sign of weakness at the moment, the indicator suggests the bullish trend will likely continue for now.
- One note is the A-D line does not distinguish between a 20% decline and a full-blown mean reverting event.
- The A-D Line is also a very COINCIDENT indicator. It is pretty useless other than letting your know the overall participation in the market.
- **Reading: Bullish**

## Bullish Percent



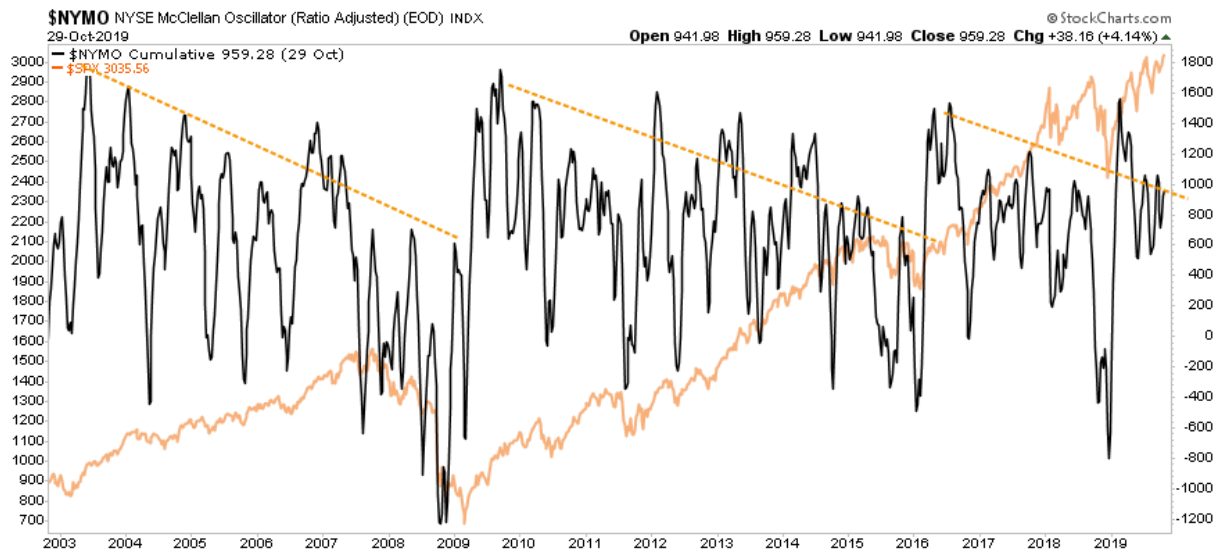
- The S&P Bullish Percent index shows the percentage of stocks on bullish "buy" signals.
- Despite the markets reaching all-time highs, the number of stocks on bullish "buy" signals remains in a negative trend.
- This negative divergence tends to suggest latter stages of bull market advances as money flows into fewer stocks.
- **Reading: Neutral / Cautious**

## Percent Of Stocks Above Moving Averages



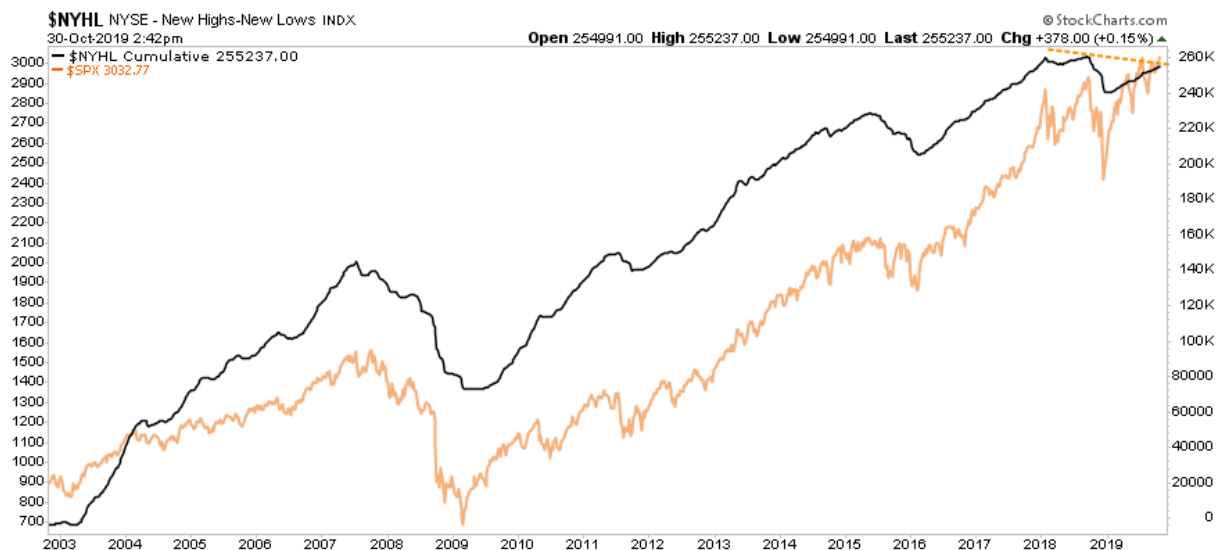
- The number of stocks in the S&P 500 which are currently trading above their respective 50, 150, and 200 day moving averages remains weak despite new highs.
- Again, this is consistent with latter stage markets as money flows into few stocks as momentum overtakes the investing mentality.
- The negative divergence is a warning, but is not always an immediate indicator. So this is worth watching but NOT making immediate portfolio changes.
- **Reading: Neutral / Cautious**

## McClellan Oscillator



- You are probably noticing a lot of similarities in these indicators.
- As markets are hitting all-time highs, there are negative divergences across a multitude of indicators.
- As noted, these negative trends occur leading into bear markets, and can persist for a very long time before the bear market sets in.
- However, the important takeaway is that the bull market is still largely intact but there is some deterioration around the edges. This suggests that investors should remain invested for now, but maintain risk controls accordingly.
- All good things do eventually come to an end.
- **Reading: Neutral**

## NYSE New Highs - New Lows



- Again, we see another negative divergence of the new high-low index not reaching new highs even as the overall market does.
- If the high-low index can reverse and make new highs, then that will confirm the new highs of the market and be supportive of further gains.
- Keep a watch on this index and look for confirmation before becoming overly aggressive on risk exposure.
- **Reading: Cautious**

## Overbought / Oversold Conditions



- On a technical basis the market is only extremely overbought on one measure.
- The other measures suggests the market has some more upside in the near-term which equates to our recent target range of 3100-3300.
- The one important note is the market is trading below its previous broken bullish trend which makes the most recent lows critical support for this advance.
- Given the short-term overbought condition of the market, use pull backs in the market to add exposure accordingly.
- **Reading: Bullish**