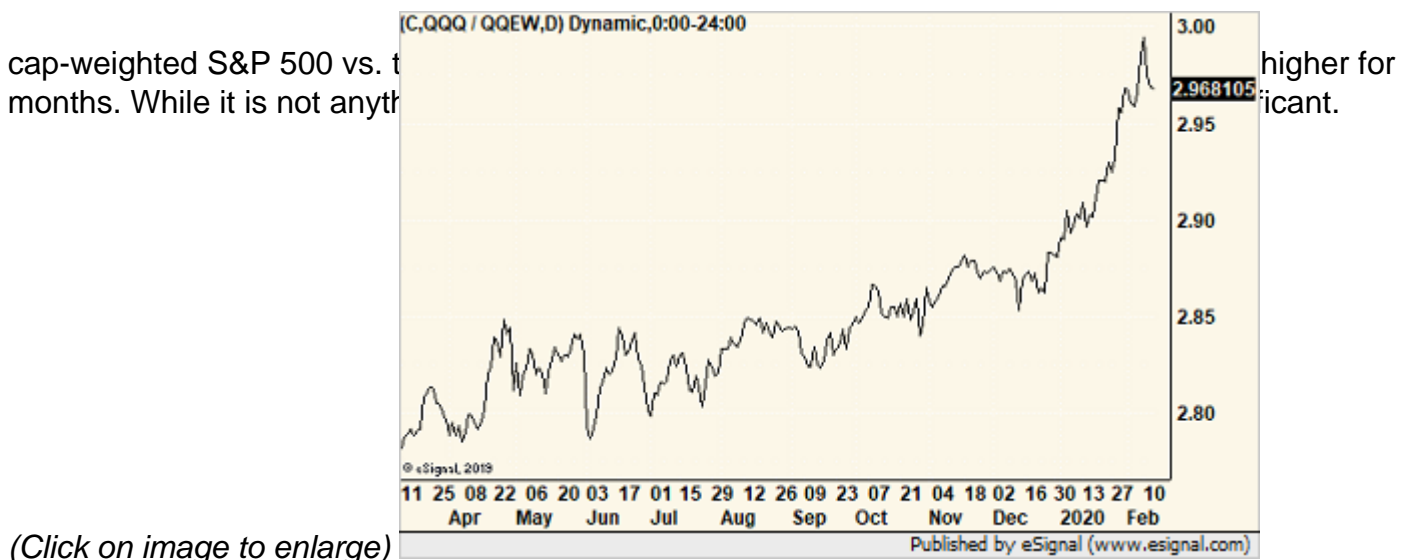
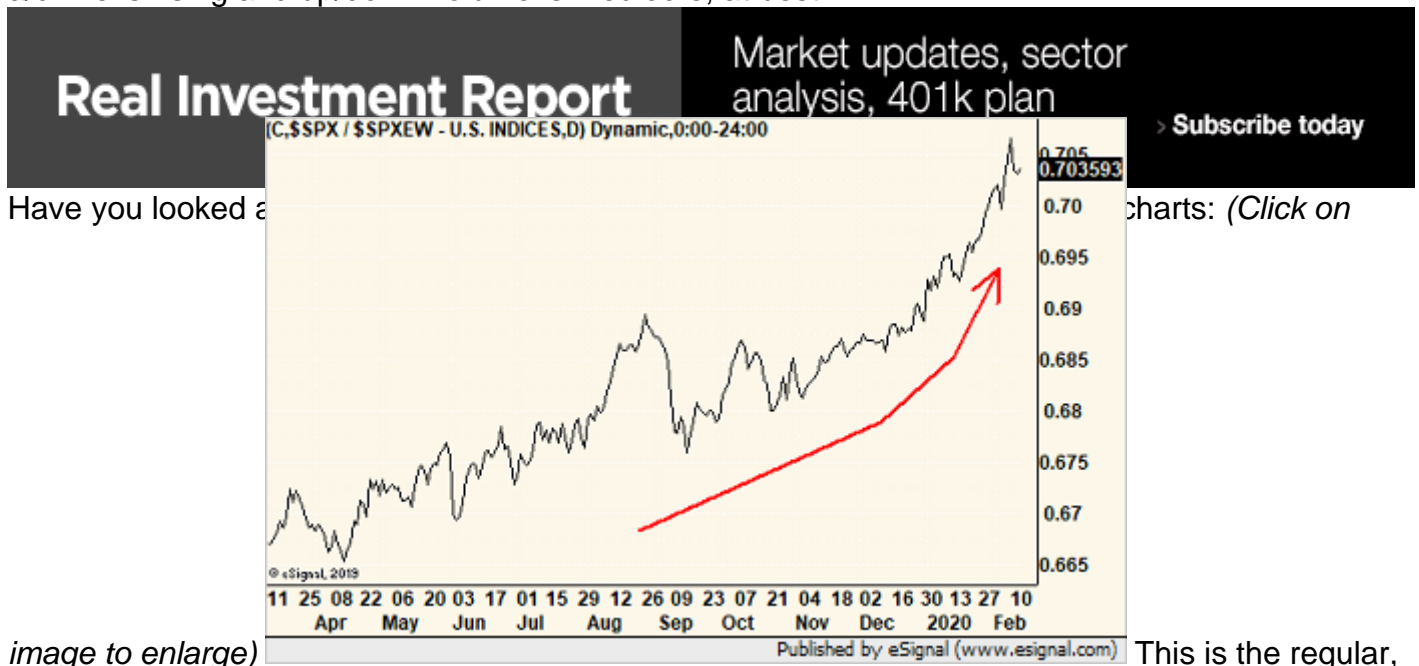



For those of us who were around in 1999-2000 looking at charts and perhaps writing about them, there is an eerie familiarity with the market of today. Back then, when indices and the Nasdaq in particular, were rallying harder each day than the last, market breadth was looking fairly weak. In other words, the big the names were soaring, forcing indexers and ETFs to buy them just to keep their weightings, and the positive feedback cycle roiled on. I remember, looking at this stuff for BridgeNews and having to forecast where resistance levels might be based on Fibo projections or the top of some trading band. Walking by my desk, it was not unusual for me to exclaim, "This is nuts!?" By that way, a much funnier TV show than "This is us?". Now, I am in no way comparing 2000 and 2020 in any way but they did have one thing in common. Big cap, and mostly big cap tech, was powering ahead while mid-cap and especially small-cap lagged far behind. No, that does not show up in the advance-decline line, which just managed to set a new high after its late January swoon. A colleague had a good explanation for this, saying that plenty of stocks can be rising but by smaller amounts and far below previous highs. That would certainly explain why the a/d line is rising and up/down volume is mediocre, at best.



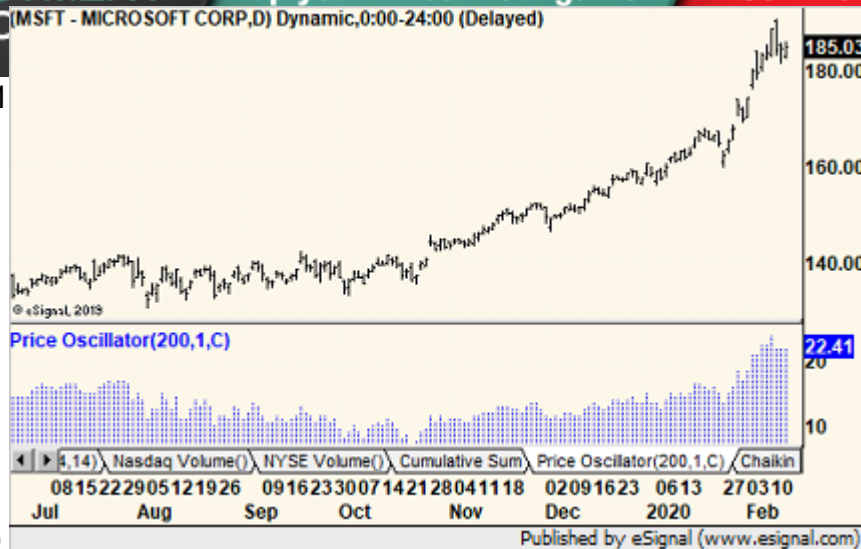


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Here is the Nasdaq-1



on, Alice. (Click

on image to enlarge)

And then let's

look at a mega-cap stock. This is Microsoft [MSFT](#) and it looks just as nuts. Don't forget this is a \$1.4 TRILLION stock so every gain packs on huge amounts of market cap. What happens when this stock finally decides to pull back? It scored an as yet unconfirmed bearish reversal this week on huge volume. And look how far above it is now from its 200-day averages. Nuts! Considering that it is a member of the Dow, the Nasdaq-100, the S&P 500 and [XLK](#) tech ETF, what do you think will happen when this huge member (keep it clean, pervs) corrects? And there is a lot of correcting room before even thinking about a change in a major trend. There you have it. A narrow market at all-time highs, ignoring news and having utilities among the leading groups. But don't worry, the Fed has already committed to more quantitative easing. Whoopee! Kick that can, Jerry.



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