

Charts Remain Positive

Some Data Turning More Cautionary

All of the major equity indexes closed higher Monday with positive internals on the NYSE and NASDAQ as overall trading volumes rose from those of the prior session. Once again, several new closing highs were achieved with all of the index charts remaining positive. Yet we are maintaining our near term “neutral” outlook as more of the data is turning cautionary while valuation becomes more compressed. In short, we are of the opinion that more attractive buying opportunities may be in the offering.

On the charts, all of the indexes closed higher Monday with positive internals and heavier overall trading volumes on the NYSE and NASDAQ. New closing highs were achieved on the SPX (page 2), DJI (page 2), COMPQX (page 3) and NDX (page 3). As well, the DJT (page 4), MID (page 4), RTY (page 5) and VALUA (page 5) closed above their near term resistance levels. As such, all are in near term uptrends. The cumulative advance/decline lines for the All Exchange, NYSE and NASDAQ are positive as well. Yet there still are some concerns. All of the indexes are somewhat extended above their 50 DMAs, suggesting some degree of vulnerability while the VIX, at 12.77, is at levels seen three times over the past 12 months, all of which resulted in volatility and price corrections. As well, all of the stochastic levels remain overbought although they can stay in that condition for extended periods.

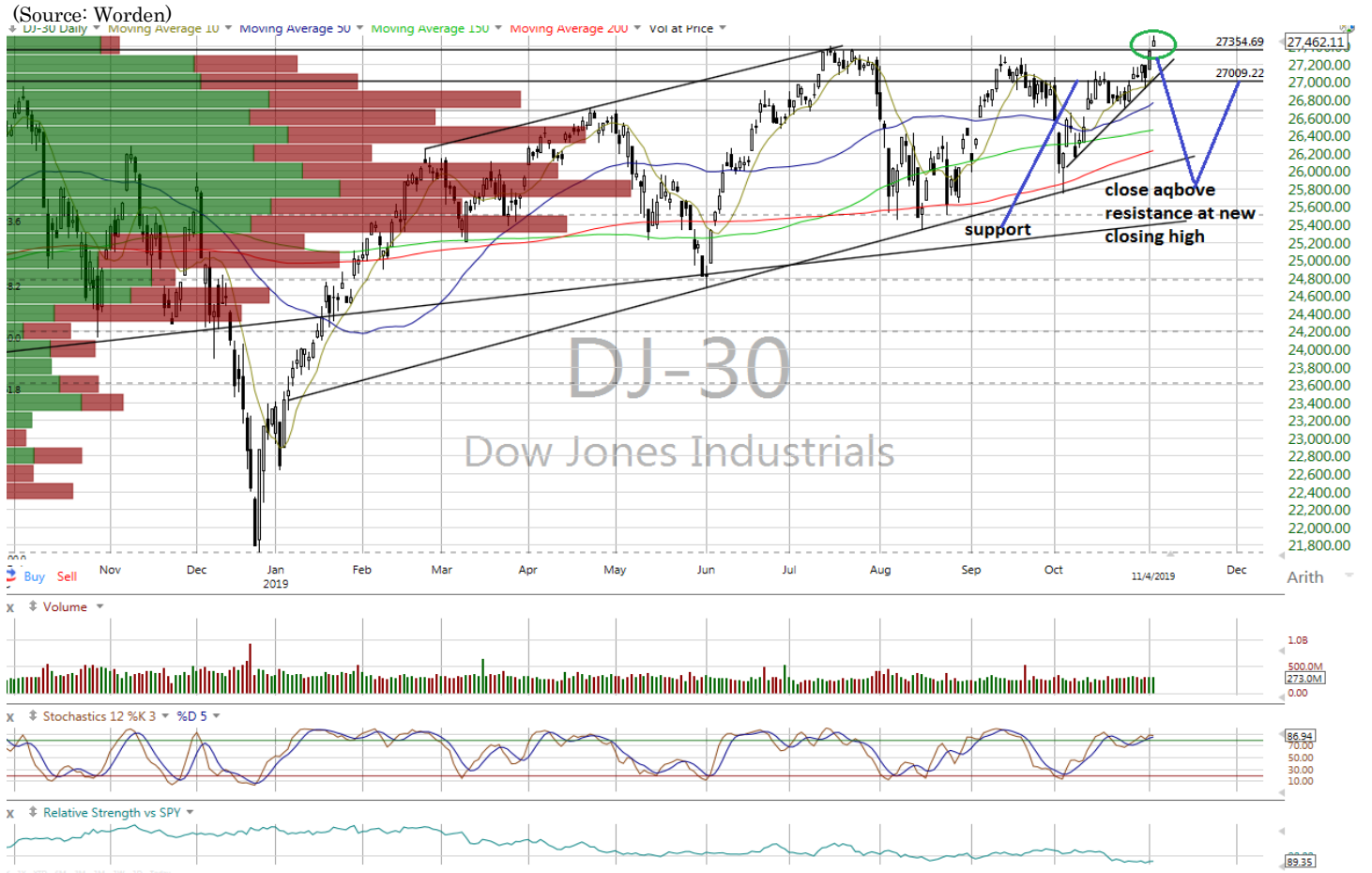
The data is starting to turn a bit more cautionary. While the 1 day McClellan OB/OS Oscillators are neutral on the All Exchange and NYSE, they are now overbought on the NASDAQ (All Exchange:+45.45 NYSE:+33.72 NASDAQ:+56.92) as well as all of the 21 day readings. The detrended Rydex Ratio (contrary indicator) has turned mildly bearish +0.60 while this week’s AAI Bear/Bull Ratio (contrary indicators) turned neutral at 29.0/34.0. Also, the Investor’s Intelligence Bear/Bull Ratio (contrary indicator) is notably bearish at 16.8/55.1 suggesting an excess of bullish sentiment/complacency on the part of investment advisors has increased. The Total and Equity put/call ratios are sending a similar message. The % of SPX stocks trading above their 50 DMAs is a neutral 69.1% as is insider buying at a 40.6 Open Insider Buy/Sell Ratio. Valuation is closing in on fair value with forward 12 month earnings estimates for the SPX at \$172.46 via Bloomberg, leaving the forward p/e at a 17.9 multiple while the “rule of twenty” finds fair value at 18.2. The 10 Year Treasury yield stands at 1.79%. The earnings yield is 5.6%.

In conclusion, while we would normally be more constructive in our outlook, the VIX, stochastic levels, valuation and psychology data suggest some degree of caution may be appropriate, thus causing us to maintain our near term “neutral” outlook.

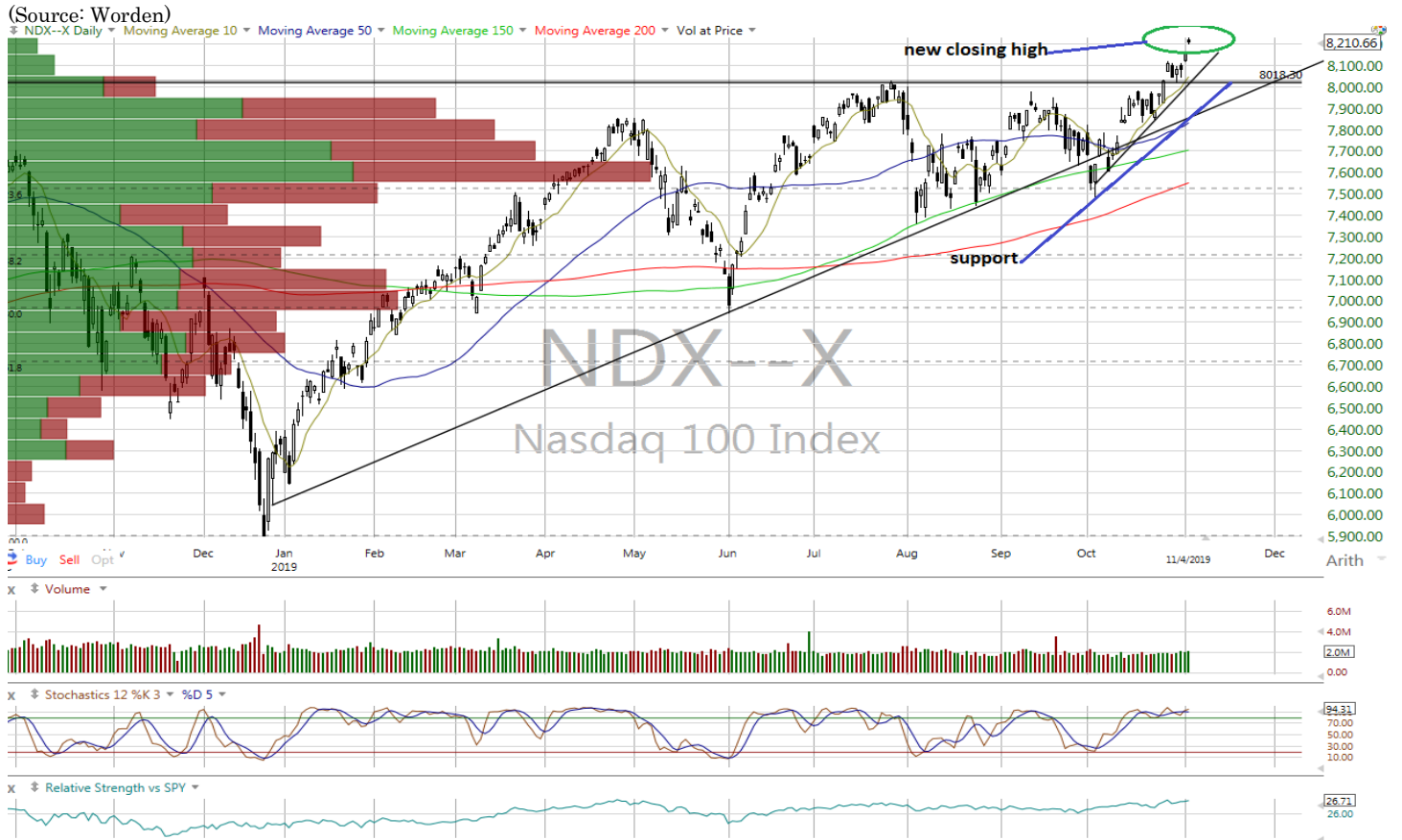
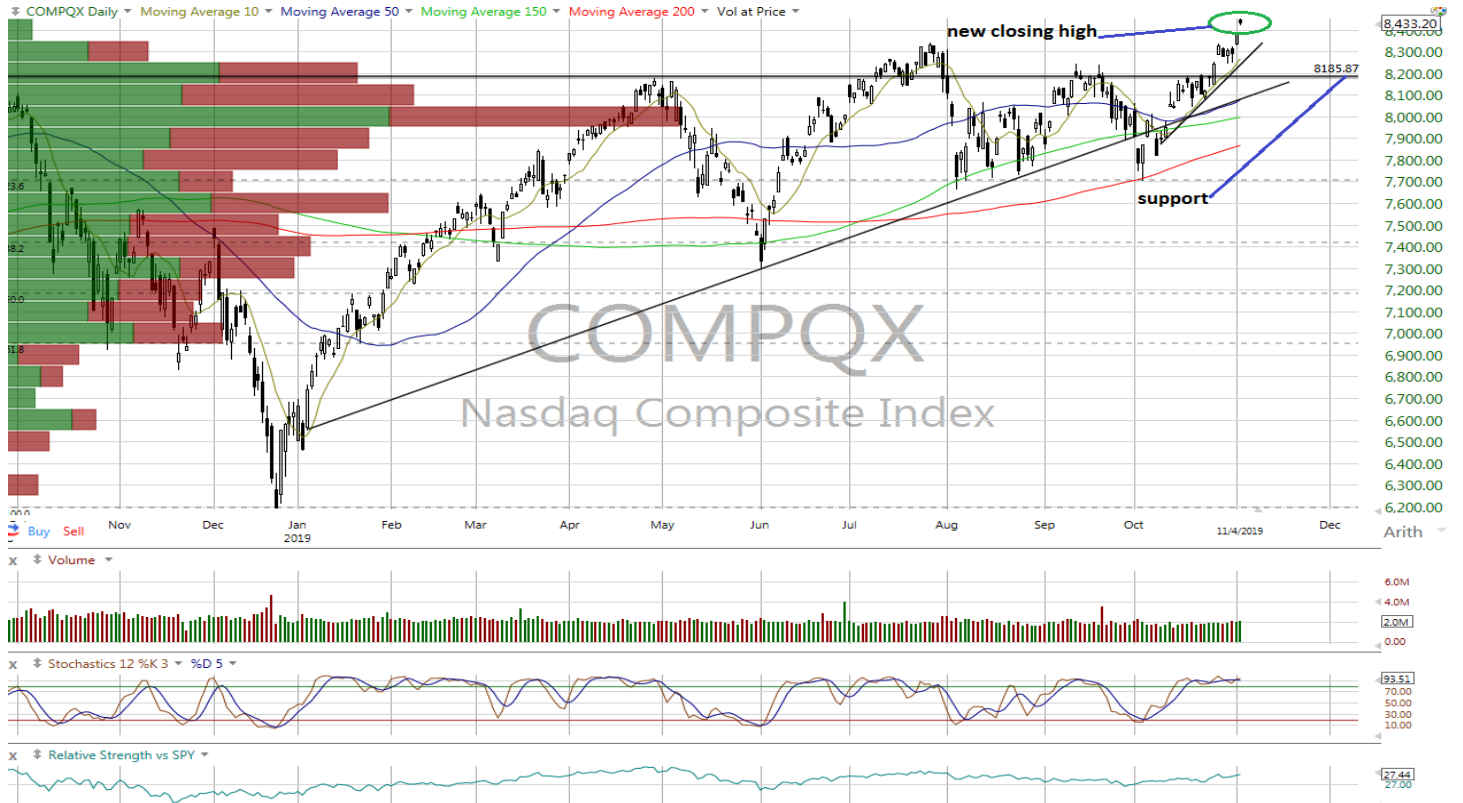
SPX: 3,023/NA	DJI: 27,009/NA	COMPQX: 8,186/NA
NDX: 8,018/NA	DJT: 10,573/11,042	MID: 1,966/2,014
RTY: 1,554/1,603	VALUA: 6,247/6,502	

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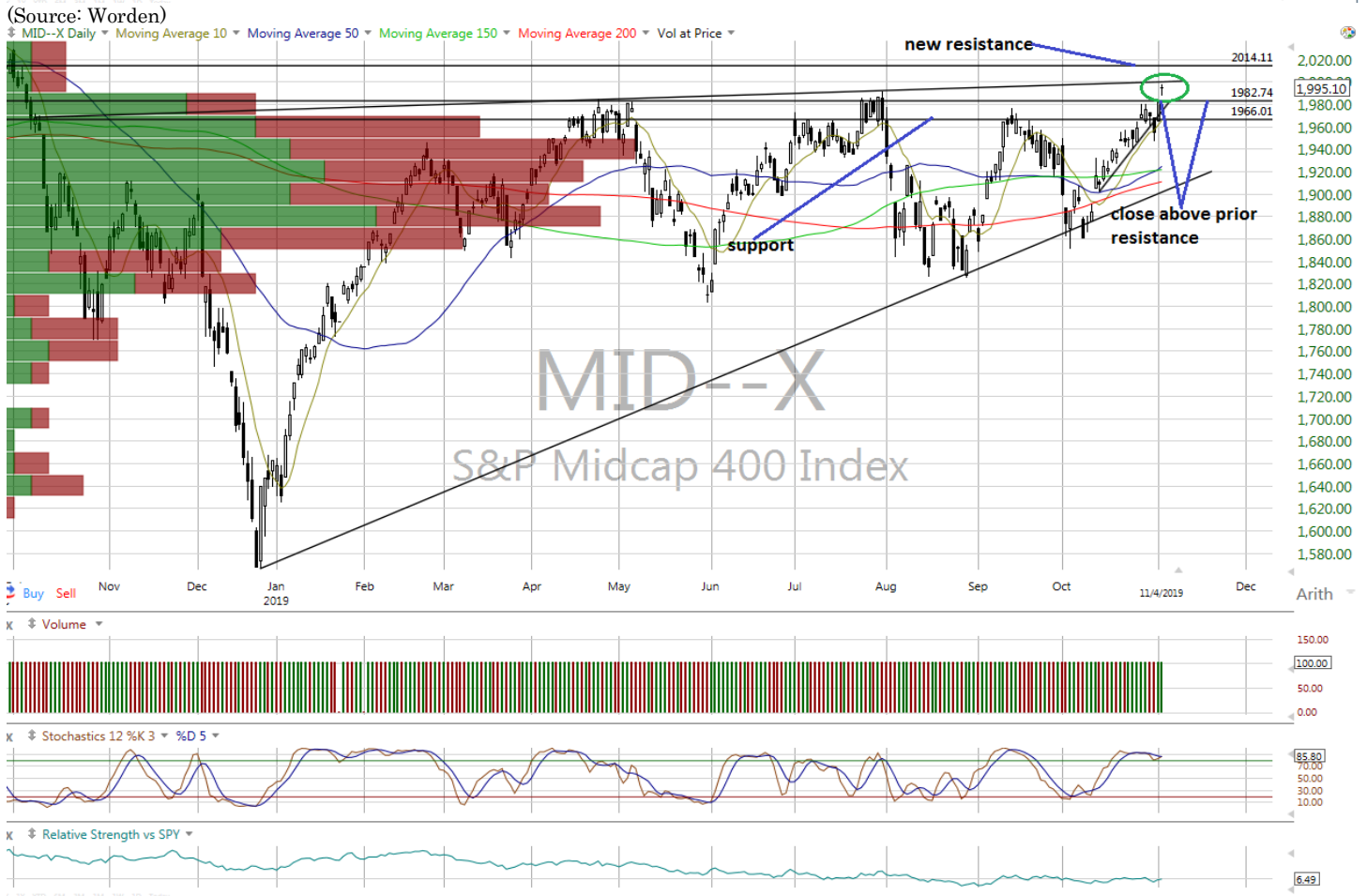
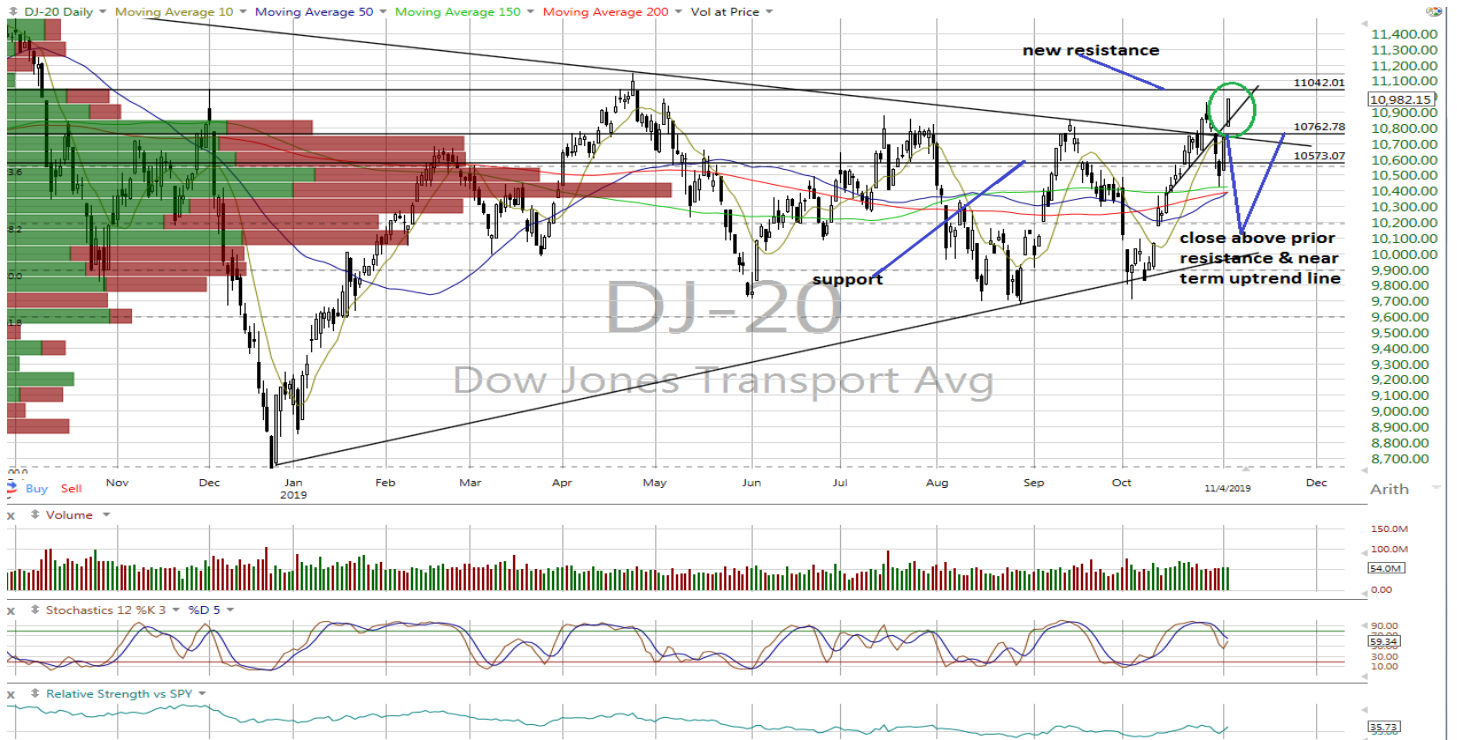
Guy S. Ortmann, CMT
Senior Technical Analyst
SCARSDALE EQUITIES LLC
10 Rockefeller Plaza
Suite 720
New York, NY 10020
646-825-4627
gortmann@scarsdale-equities.com



(Source: Worden)



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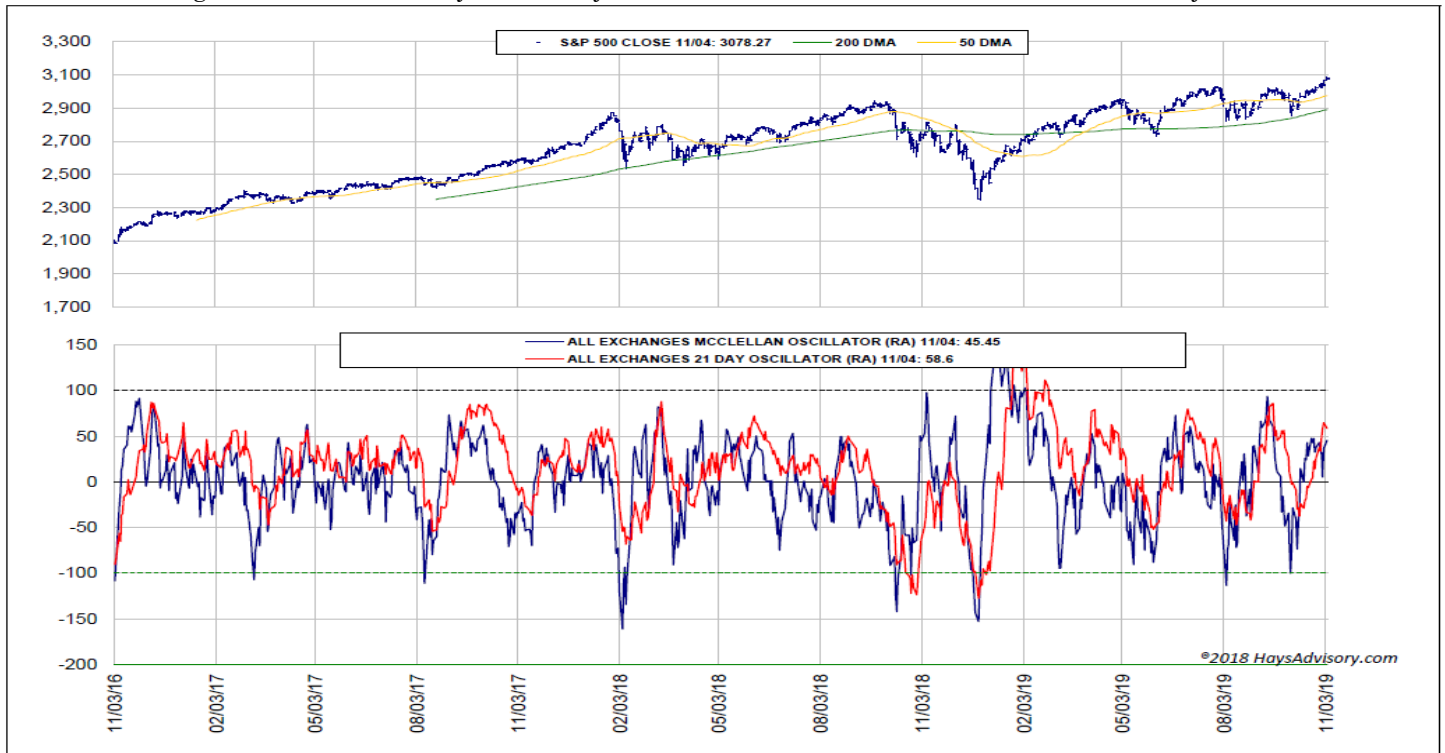


(Source: Bloomberg)

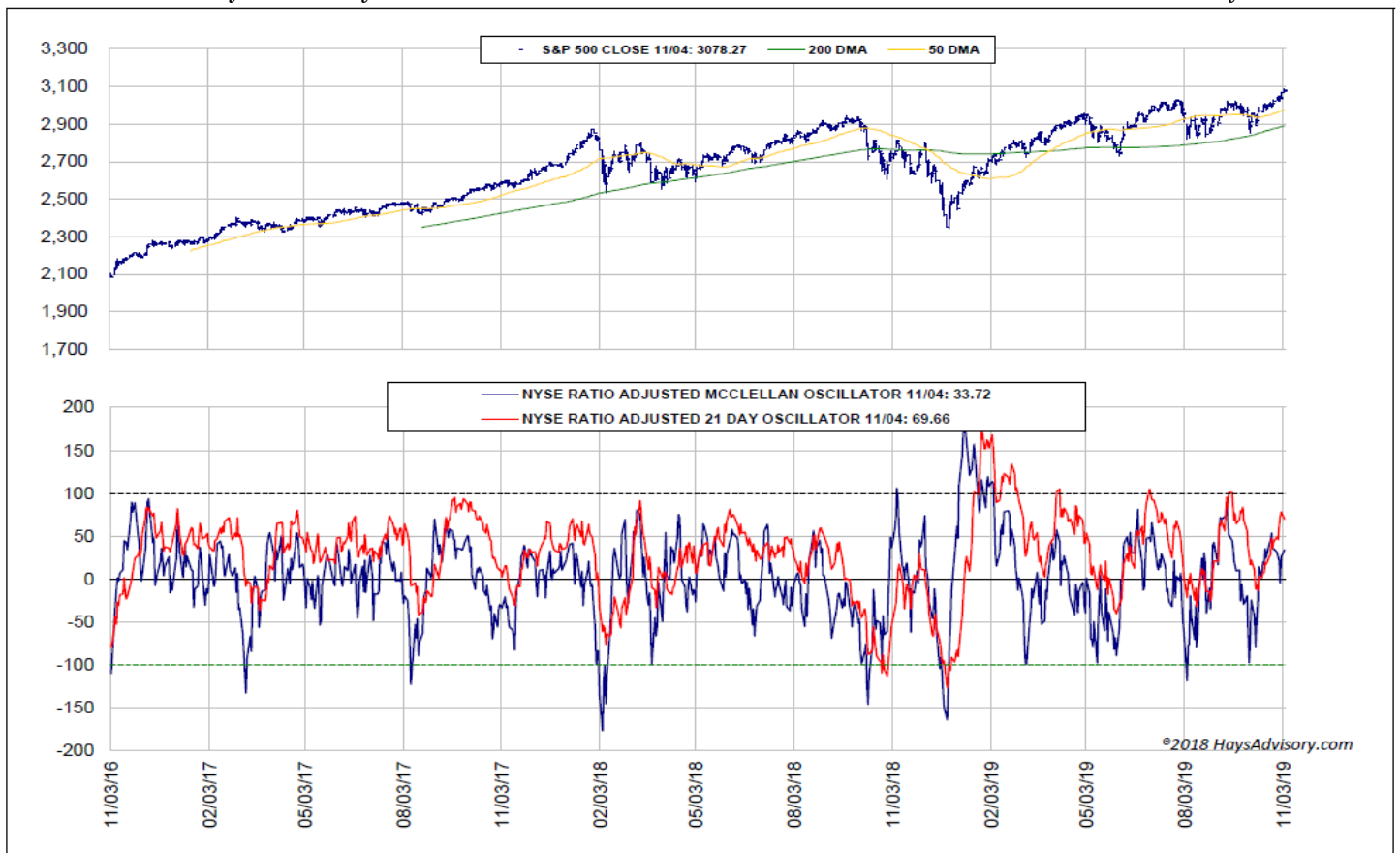


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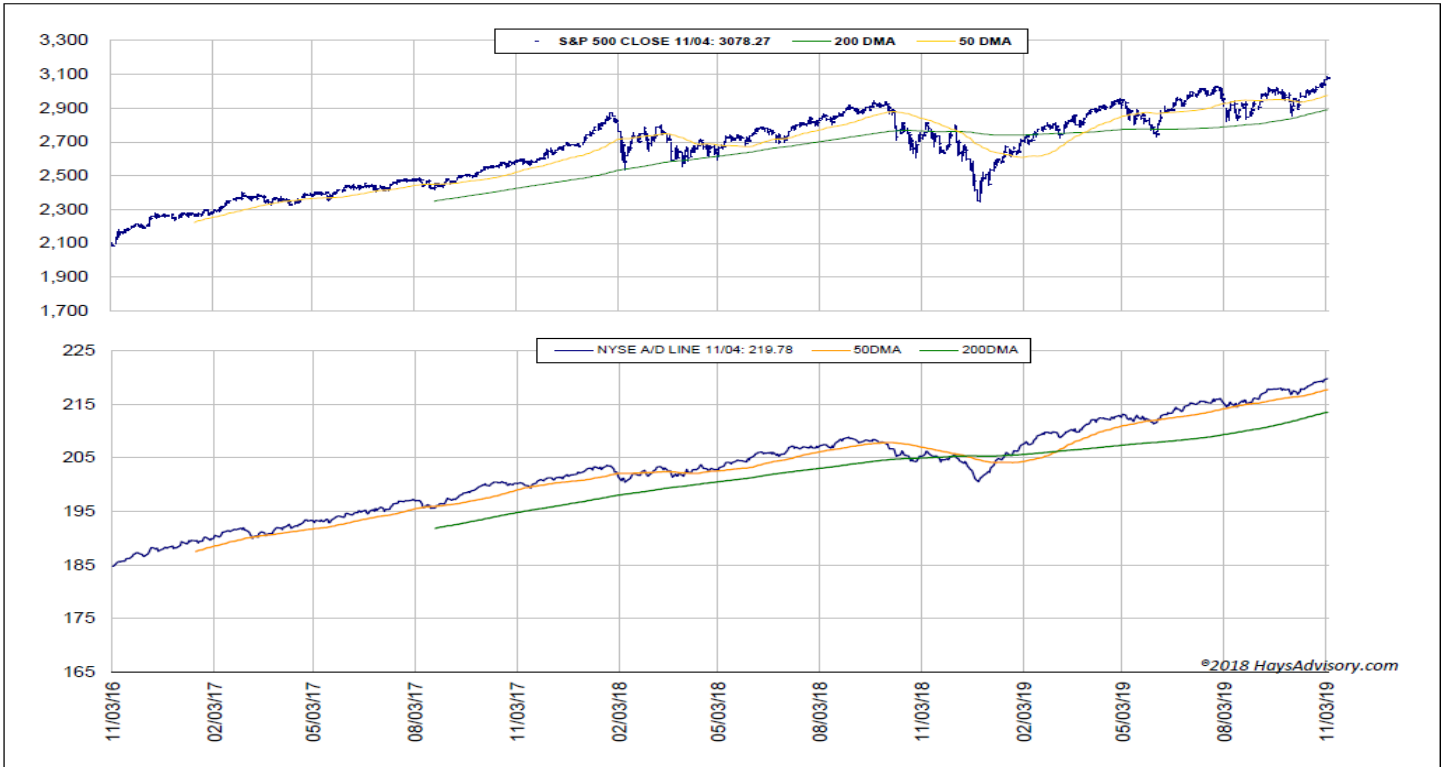
The All Exchange McClellan ratio adjusted 1 day OB/OS Oscillator is +45.45 (neutral) and 21 day +58.6 (bearish).



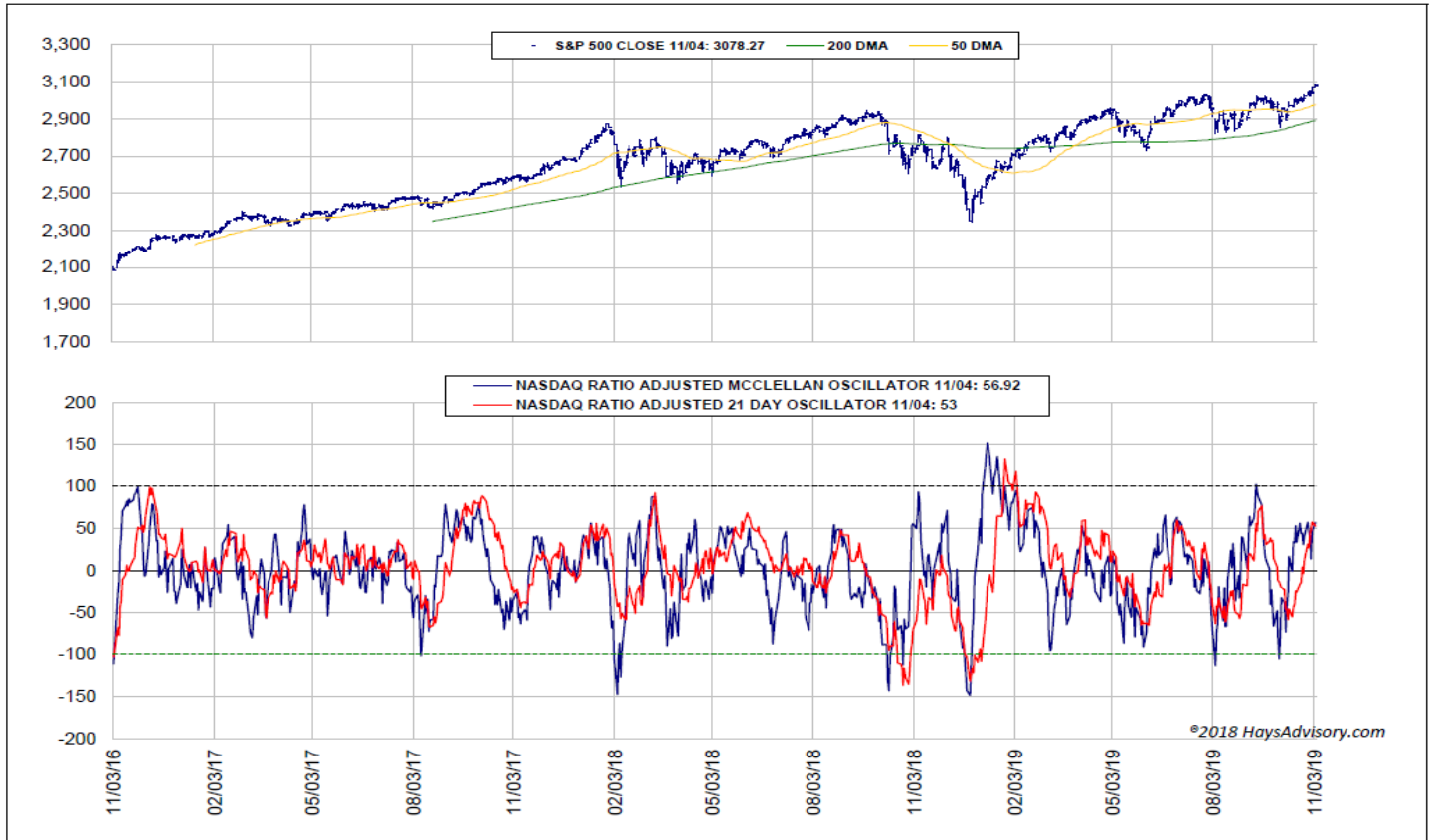
The NYSE ratio adjusted 1 day McClellan OB/OS is +33.72 (neutral) and +69.66 (bearish) on the 21 day.



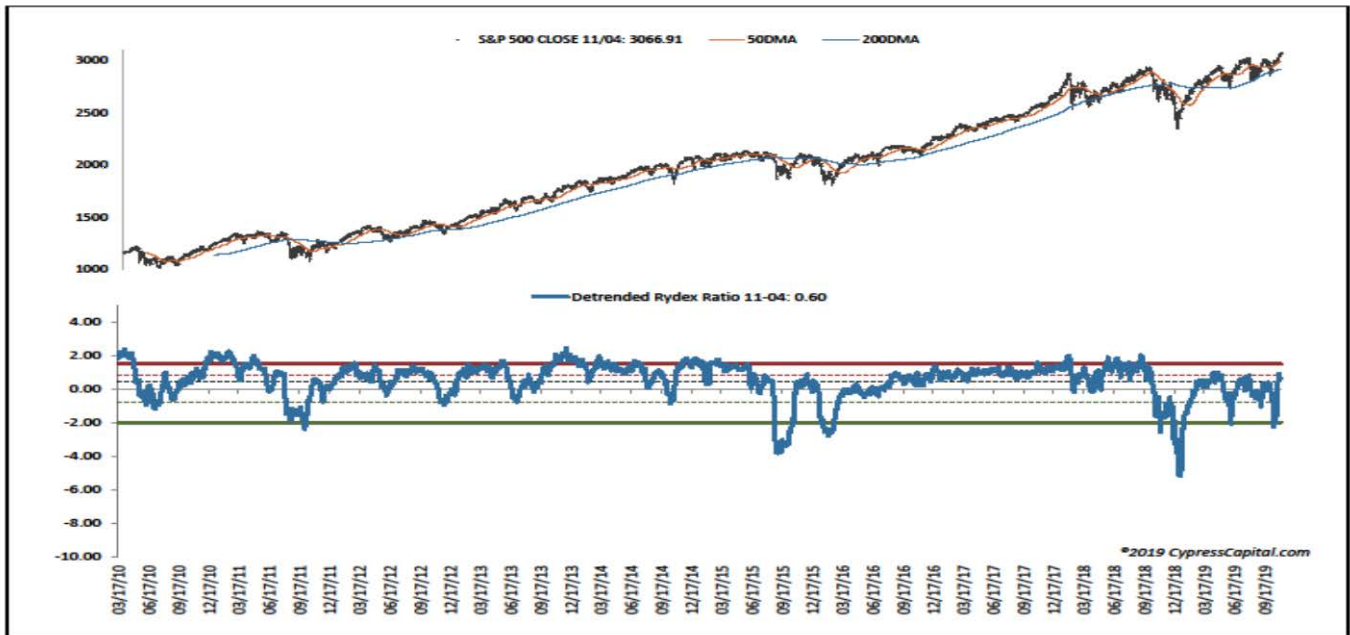
The NYSE Advance/Decline Line is short term positive and above its 50 DMA.



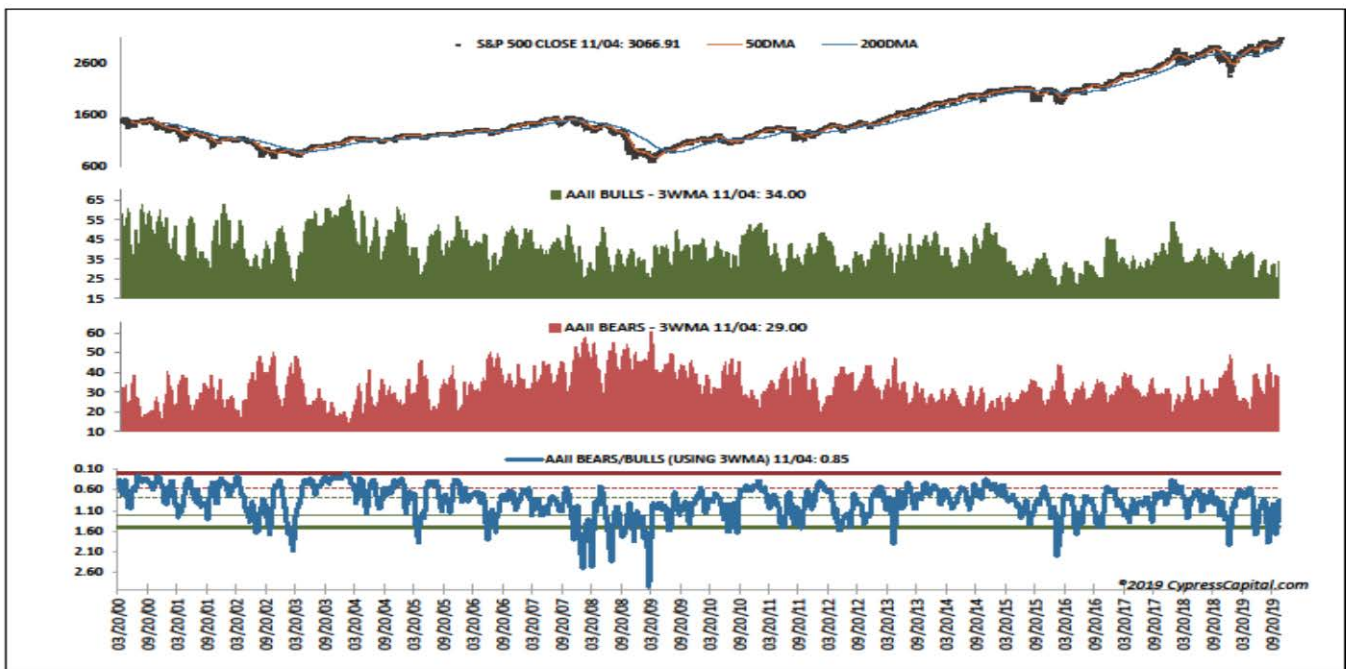
The NASDAQ ratio adjusted 1 day McClellan OB/OS is +56.92 (bearish) on the 1 day. The 21 day reading is +53.0 (mildly bearish).



The detrended Rydex Ratio is +0.6 (mildly bearish).

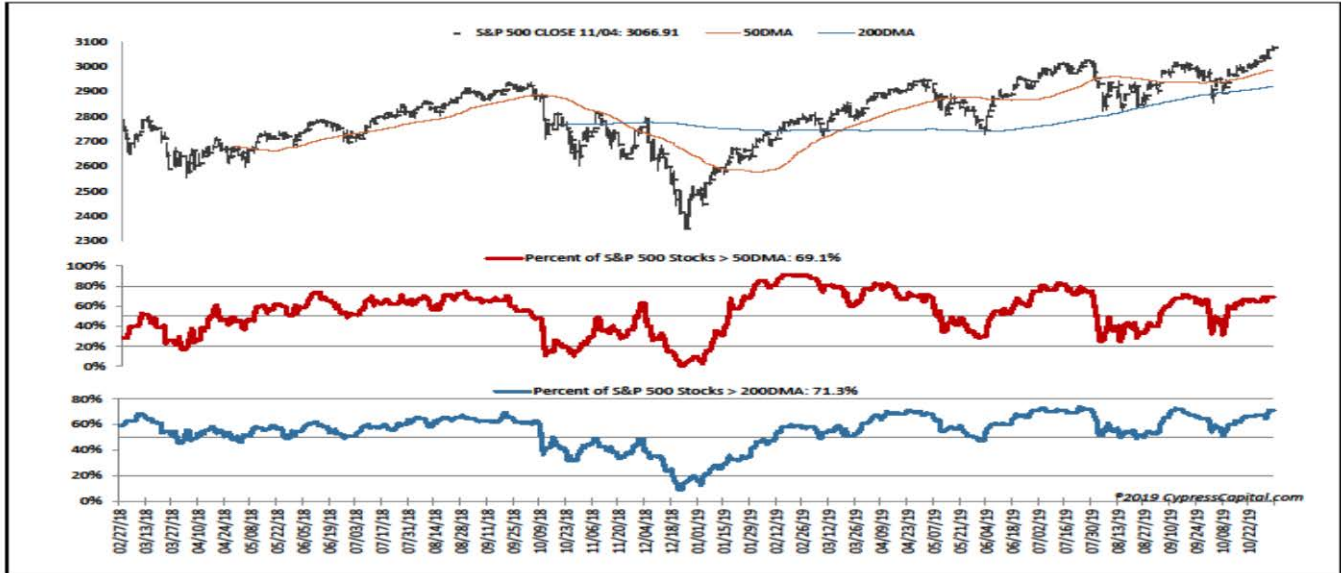


The AAI Poll weekly bear/bull reading 3 week average is 29.0/34.0 (neutral) as of 11/4.

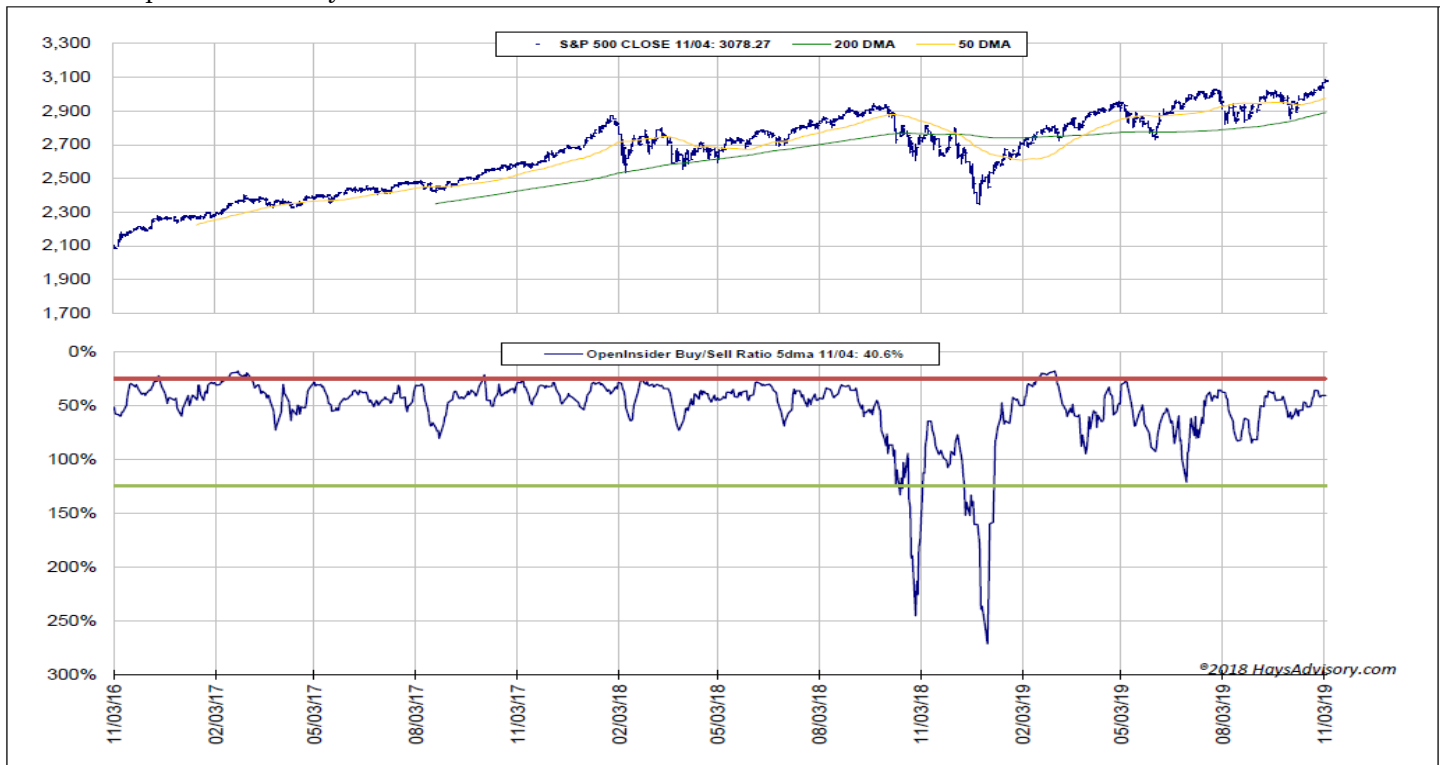


Total and Equity put/call ratios are 0.65 (bearish) and 0.54 (mildly bearish) on the 1 day. The 15 DMAs are 0.9 (bullish) and .63 (neutral) respectively. OEX put/call ratio 1 day 1.24 (neutral) and 1.92 (very bearish) on the 15 DMA.

The % of SPX stocks > their 50 DMAs is 69.1% as (neutral).



The Open Insider Buy/Sell Ratio is 40.6% (neutral)



Data:

- All Exchange McClellan OB/OS Oscillator is +45.45 (neutral) and 21 day +58.6 (bearish).
- All Exchange A/D Line is short term positive and above its 50 DMA.
- NYSE McClellan OB/OS ratio adjusted is +33.72 (neutral) 3 week average +69.66 (bearish).
- The NYSE A/D line closed above its 50 DMA and is short term positive.
- NASDAQ McClellan OB/OS ratio adjusted is +56.92 (bearish) 3 week average +53.0 (mildly bearish).
- The NASDAQ A/D line is short term positive and above its 50 DMA.
- % of SPX stocks > 50 DMA is 69.1% (neutral).
- AAI bear/bull ratio is 29.0/34.0 (neutral) as of 11/4.
- Investors Intelligence Bear/Bull Ratio 16.8/55.1 (bearish) as of 11/4.
- The detrended Rydex Ratio is +0.6 (mildly bearish).
- Open Insider Buy/Sell Ratio is 40.6 (neutral).
- Total and Equity put/call ratio 1 day readings are 0.65 (bearish) and .54 (mildly bearish) respectively. The 15 day averages for the total and equity p/c are 1.24 (neutral) and .63 (neutral) respectively.
- OEX put/call one day is 1.24 (neutral) the 15 DMA 1.92 (very bearish).
- ISEE call/put Sentiment Index is 122 (neutral).
- The SPX, DJI, MID, DJT, VALUA, COMPQX, RTY and NDX closed above their 50 DMAs.
- The FTSE, Nikkei, DAX and Hang Seng closed above their 50 DMAs.
- The U.S. dollar as measured by the UUP ETF closed higher at 26.68. Support is 26.50. Resistance is 26.78.

Commodities in up trends:

Aluminum (closed above its 50 DMA)

Silver (closed below its 50 DMA)

Commodities in down trends:

Stainless Steel (closed below its 50 DMA)

Commodities trading sideways:

Gold (closed above its 50 DMA)

Oil (closed below its 50 DMA)

CRB Spot Raw Industrials (closed below its 50 DMA)

Baltic Dry Bulk Rate (closed below its 50 DMA)

Copper (closed above its 50 DMA)

Market Internals:

All of the major equity indexes closed higher Monday.

Internals were positive on the NYSE and NASDAQ.

Volumes were above prior day's levels on the NYSE and NASDAQ.

NYSE: A/D:1788/1150 U/D Volume:2.53B/1.12B Total Volume:3.69B

NASDAQ: A/D:1935/1215 U/D Volume:1.3B/625M Total Volume:1.96B

Disclosure Appendix

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