

DJT Chart Turns Neutral

Data Neutral

The indexes closed mostly lower yesterday with negative internals on the NYSE and NASDAQ as trading volumes declined on both exchanges from those of the prior session. Most managed to close near their intraday highs. One more index, the DJT, closed below its short term uptrend line on the charts. The data is now neutral across the board. However, forward earnings estimates for the SPX ticked down further as the valuation spread continues to compress. As such, we are maintaining our near term “neutral” outlook for the major equity indexes at this point in time.

On the charts, only the SPX (page 2) and DJI (page 2) managed to post minor gains yesterday as the rest declined. Market internals were negative on the NYSE and NASDAQ as overall trading volumes lightened from the previous session. The only technical event of note was the DJT (page 4) closing below its short term uptrend line, turning said trend to neutral. It now joins the SPX in that condition as the rest remain positive. The NDX (page 3) remains on a “bearish stochastic crossover” signal as the balance of the indexes remain overbought by that metric. The cumulative advance/decline lines are now neutral on both the All Exchange and NASDAQ as the NYSE’s remains positive. High “volume at price” (VAP) levels remain supportive, in our view.

The data is now entirely neutral, including the 1 day McClellan OB/OS Oscillators for the All Exchange, NYSE and NASDAQ (All Exchange:+25.41 NYSE:+21.1 NASDAQ:+33.69). The detrended Rydex Ratio (contrary indicator) is also neutral at +0.36 as is the % of SPX stocks trading above their 50 DMAs at 71.3. Tuesday’s AAI Bear/Bull Ratio (contrary indicators) remained bullish at 37.33/29.0 with the Investor’s Intelligence Bear/Bull Ratio (contrary indicator) staying neutral at 17.9/50.0. The Open Insider Buy/Sell Ratio remains neutral at 38.5 but has been declining over the past several days. The appearance of valuation looking appealing, assuming current estimates hold, has compressed with the 12 month forward consensus earnings estimate from Bloomberg for the SPX slipping further to \$171.29, leaving the forward p/e at a 17.6 multiple while the “rule of twenty” finds fair value at 18.2. We would note said earnings estimates have been declining over the past two weeks from \$172.25. The 10 Year Treasury yield stands at 1.79%. The earnings yield is 5.7%.

In conclusion, we have yet to see a sufficient shift in the weight of the evidence on the charts and data to cause a change in our near term “neutral” outlook for the major equity indexes.

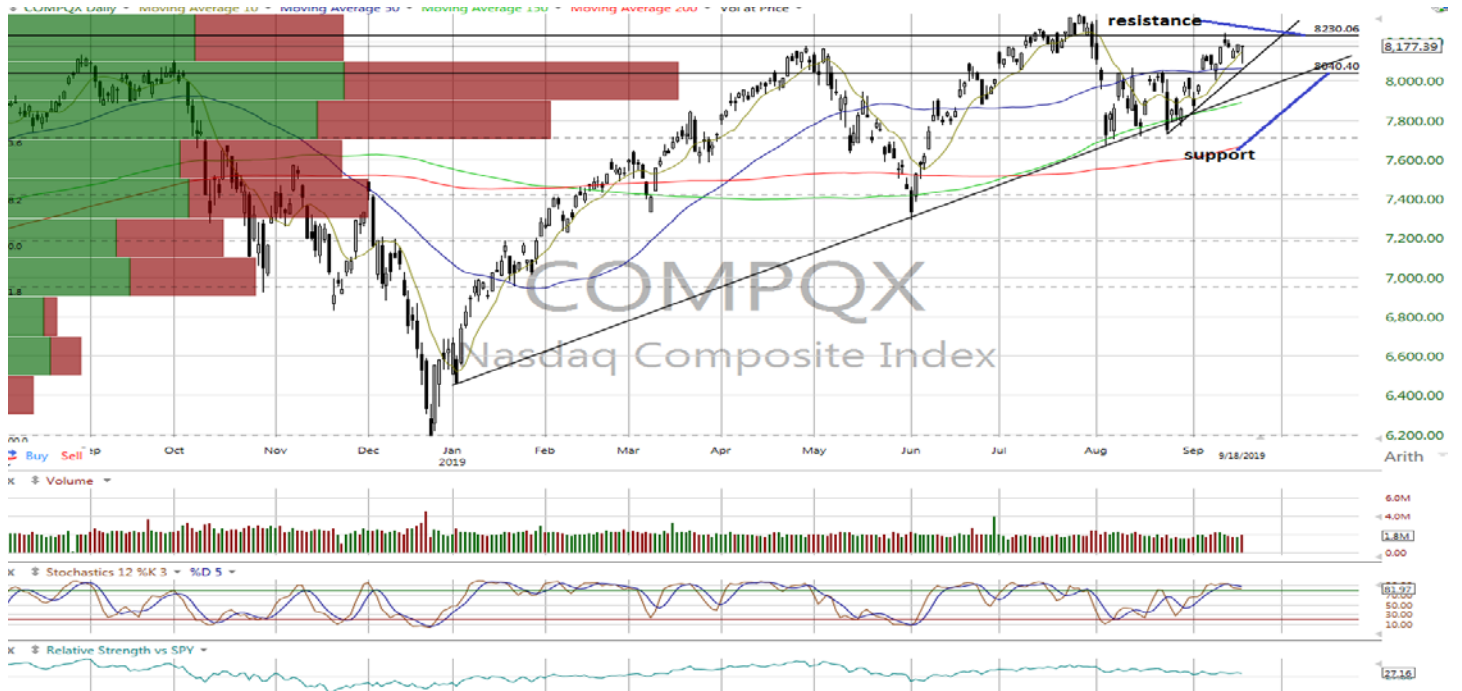
SPX: 2,965/3,022	DJI: 26,930/27,343	COMPQX: 8,040/8,230
NDX: 7,743/7,935	DJT: 10,060/10,833	MID: 1,914/1,965
RTY: 1,513/1,581	VALUA: 6,205/6,383	

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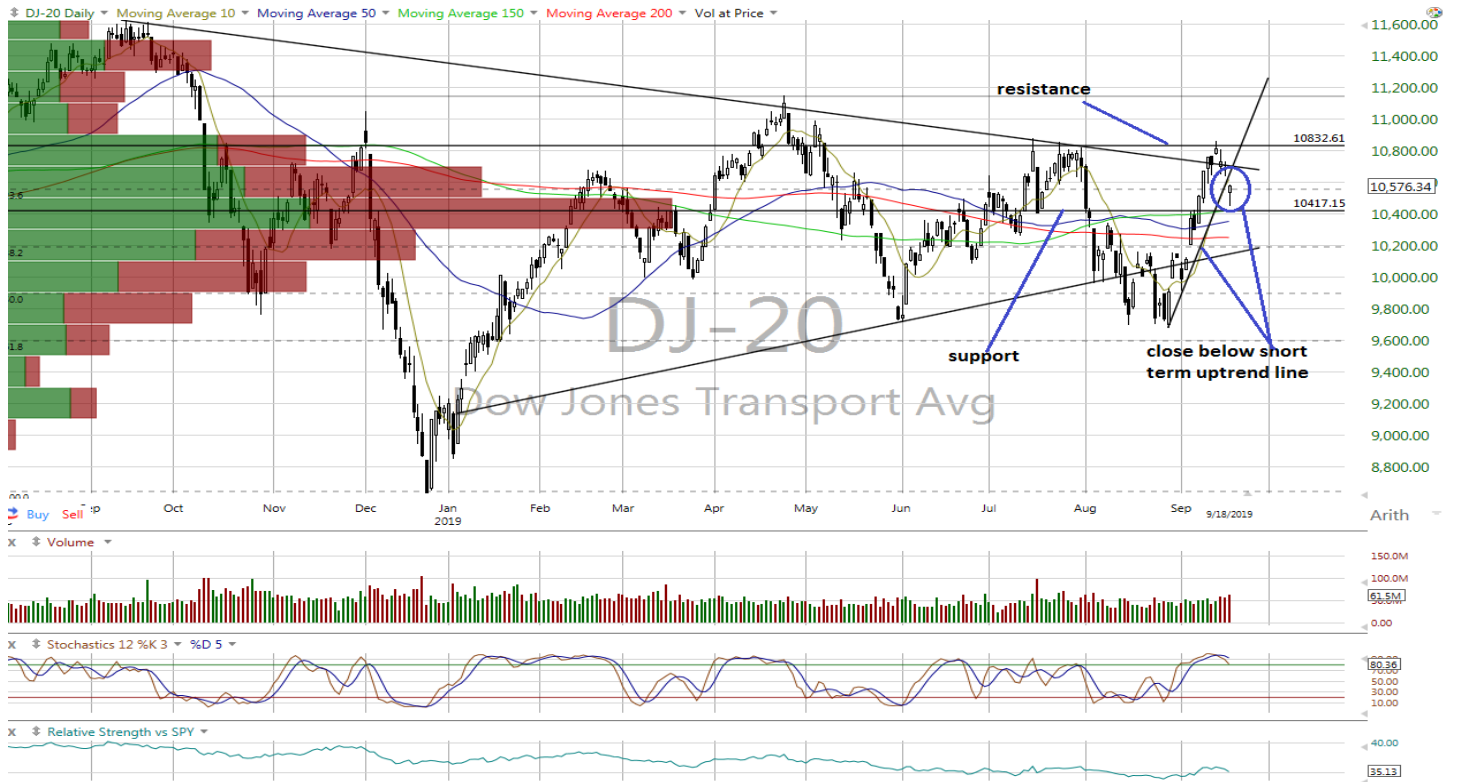
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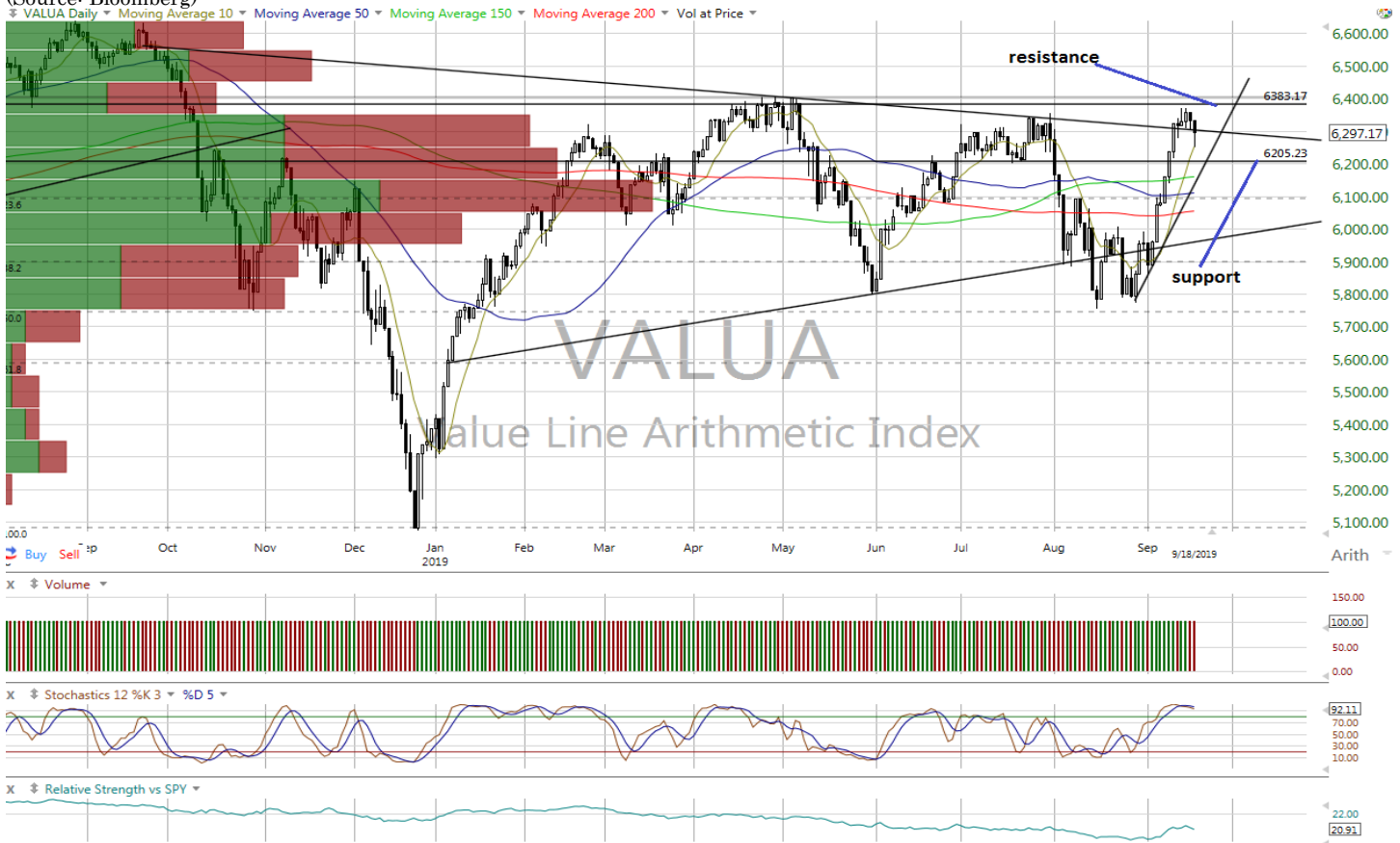
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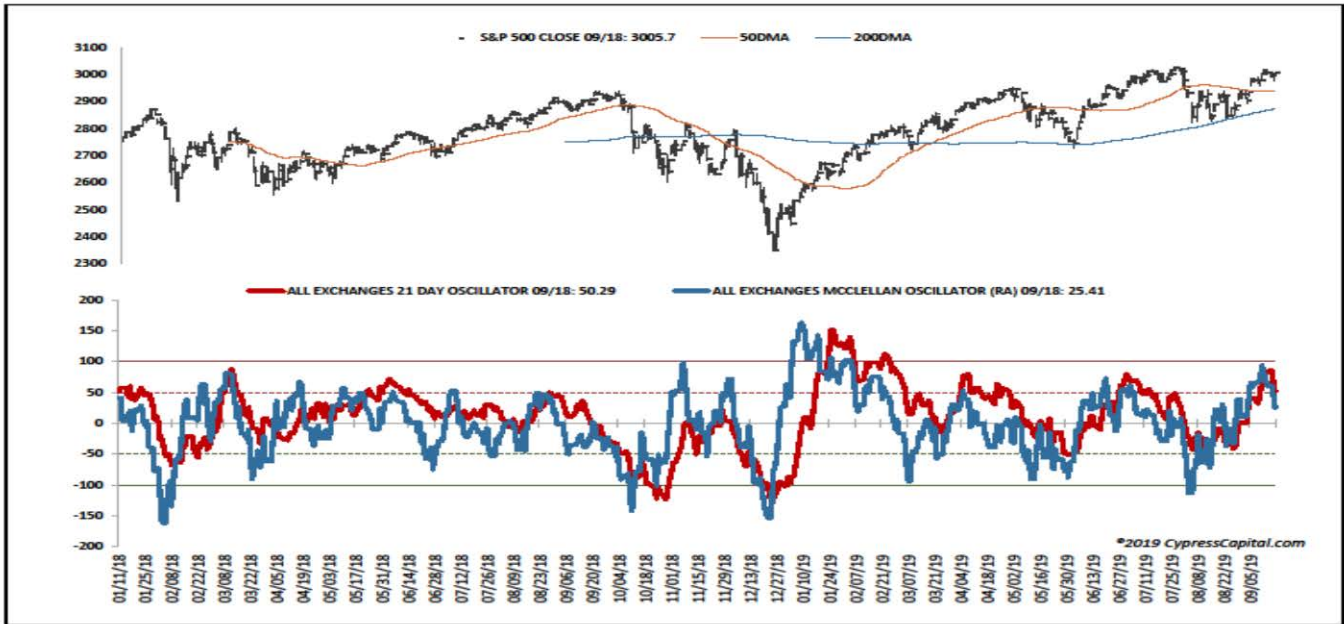


(Source: Bloomberg)

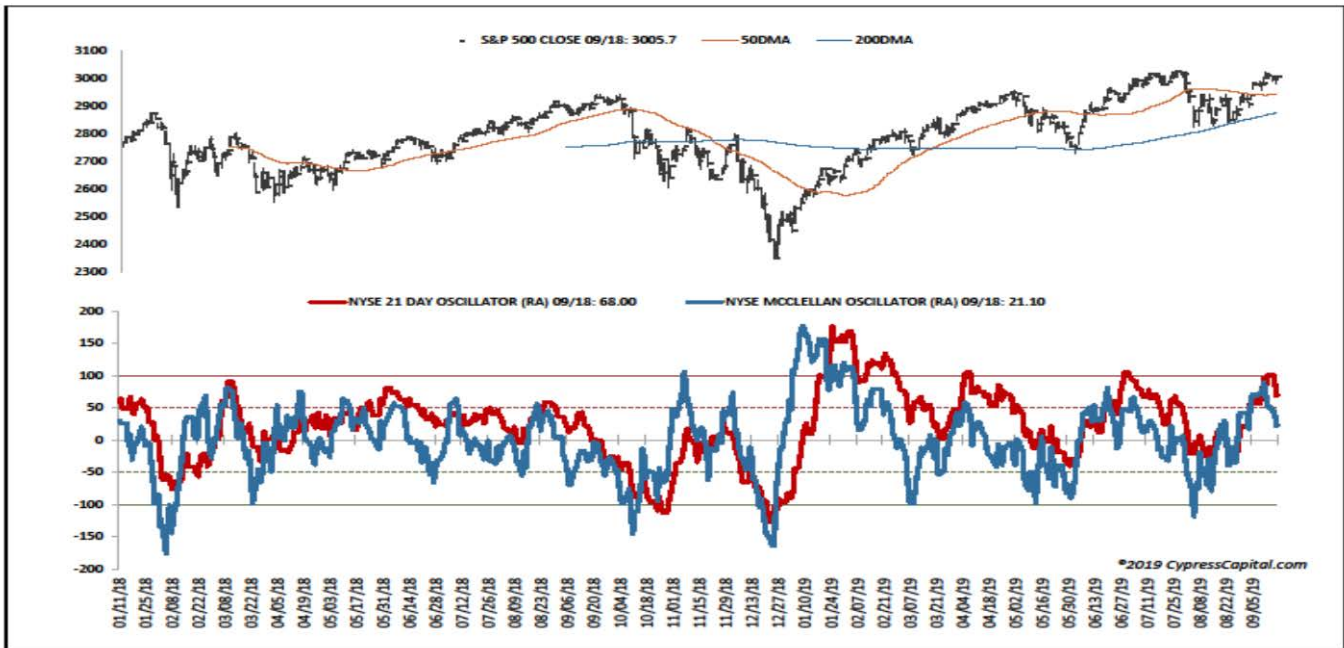


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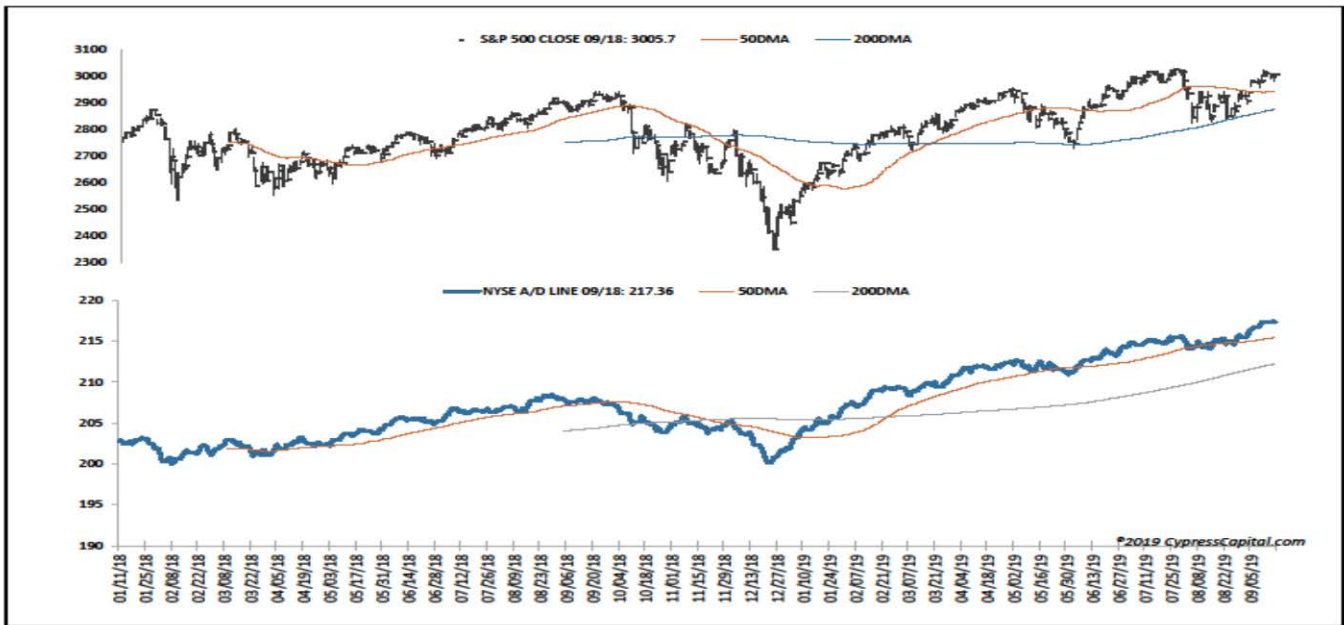
The All Exchange McClellan ratio adjusted 1 day OB/OS Oscillator is +25.41 (neutral) and 21 day +50.29 (mildly bearish).



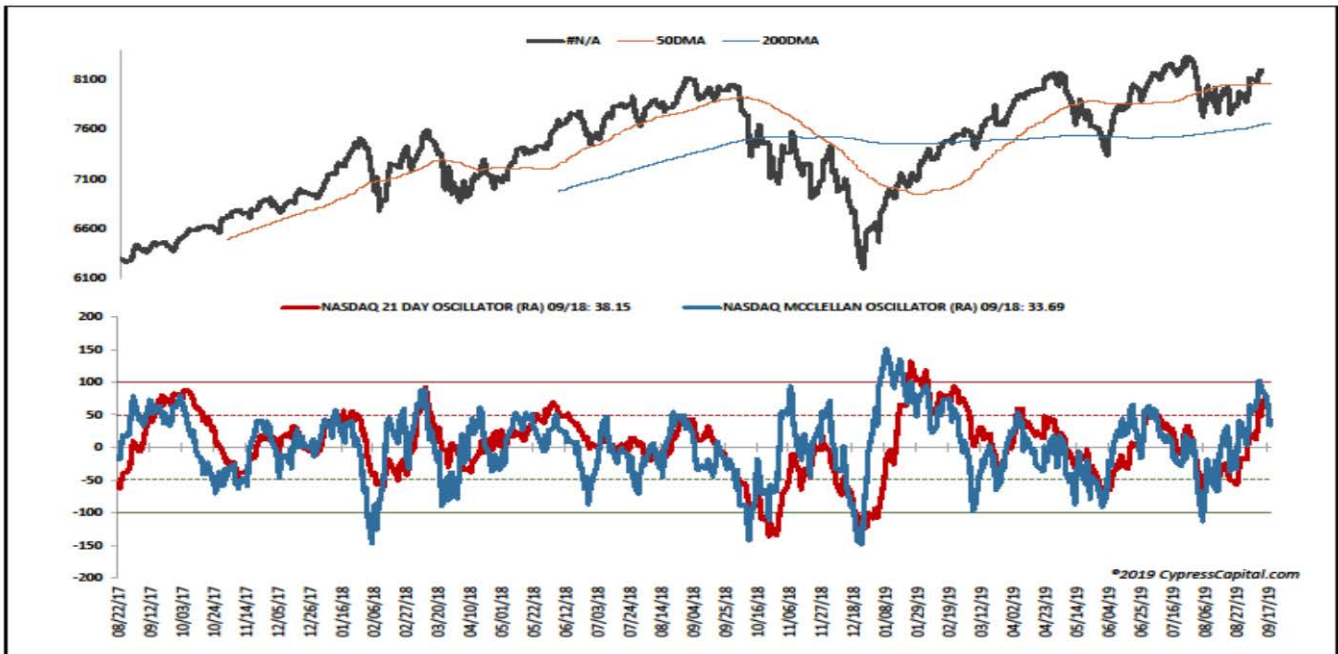
The NYSE ratio adjusted 1 day McClellan OB/OS is +21.1 (neutral) and +68.0 (bearish) on the 21 day.



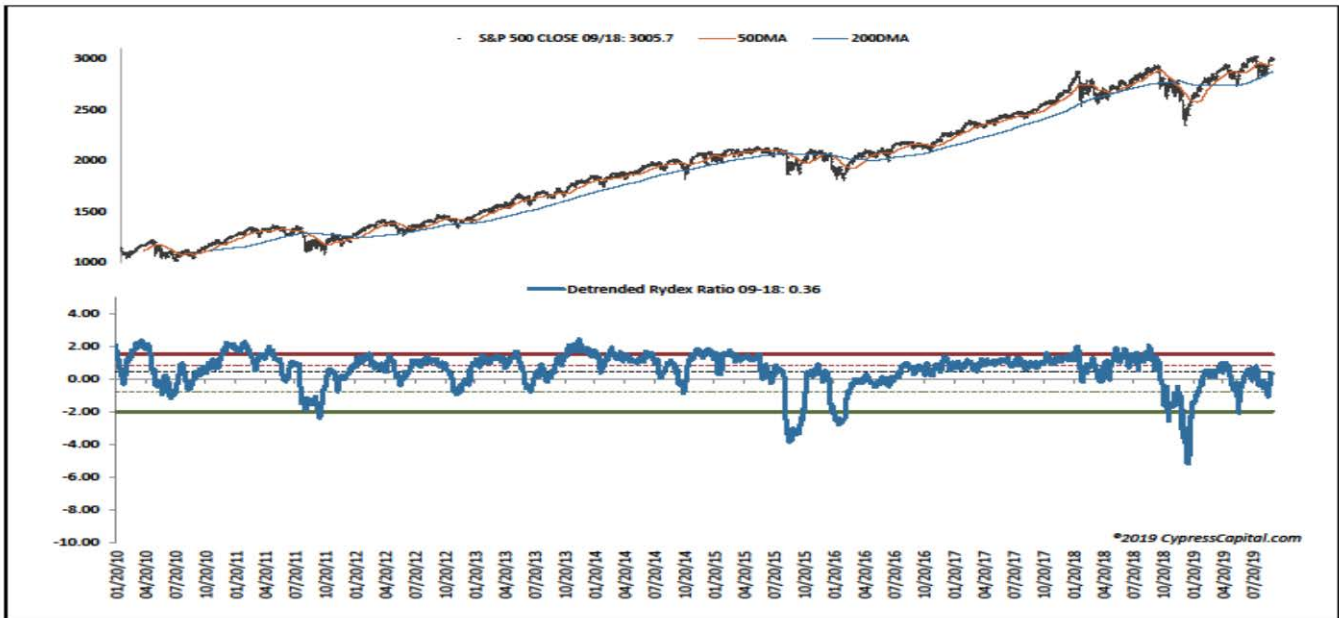
The NYSE Advance/Decline Line is short term positive and above its 50 DMA.



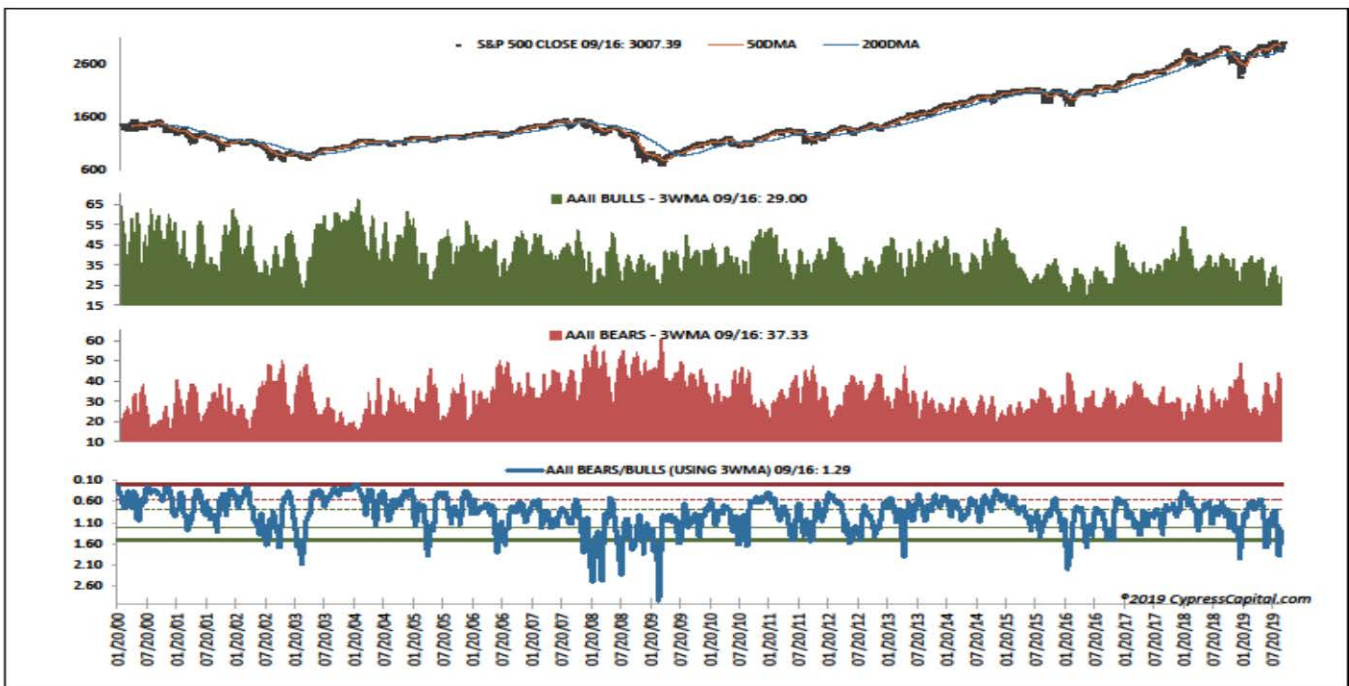
The NASDAQ ratio adjusted 1 day McClellan OB/OS is +33.69 (neutral) on the 1 day. The 21 day reading is +38.15 (neutral).



The detrended Rydex Ratio is +0.36 (neutral).

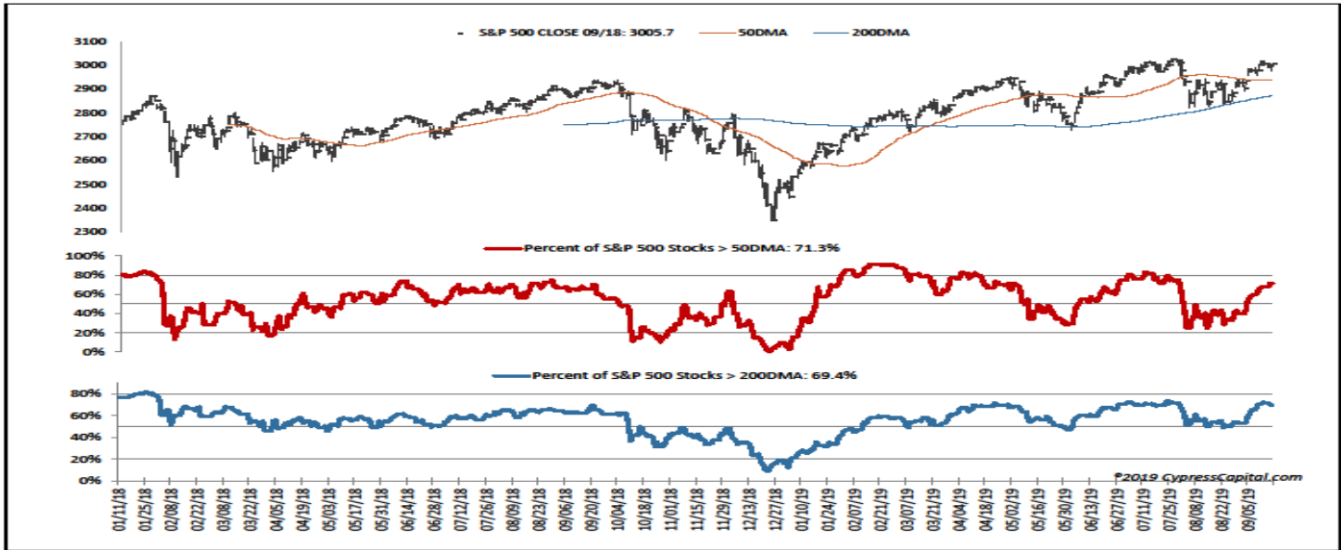


The AAI Poll weekly bear/bull reading 3 week average is 37.33/29.0 (bullish) as of 9/16.

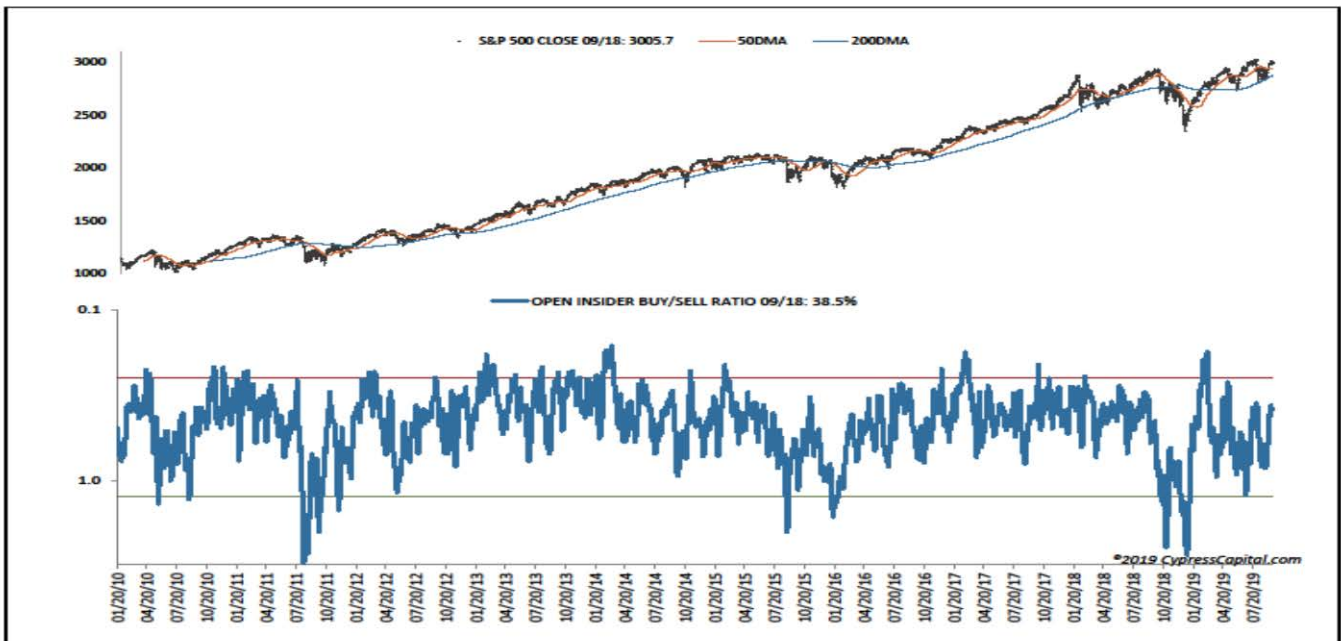


Total and Equity put/call ratios are 1.03 (very bullish) and 0.7 (mildly bullish) on the 1 day. The 15 DMAs are 0.98 (very bullish) and .63 (neutral) respectively. OEX put/call ratio 1 day 0.77 (bullish) and 259 (very bearish) on the 15 DMA.

The % of SPX stocks > their 50 DMAs is 71.3% (neutral).



The Open Insider Buy/Sell Ratio is 38.5% (neutral)



Data:

- All Exchange McClellan OB/OS Oscillator is +25.41 (neutral) and 21 day +50.29 (mildly bearish).
- All Exchange A/D Line is short term neutral and above its 50 DMA.
- NYSE McClellan OB/OS ratio adjusted is +21.1 (neutral) 3 week average +68.0 (bearish).
- The NYSE A/D line closed above its 50 DMA and is short term positive.
- NASDAQ McClellan OB/OS ratio adjusted is +33.69 (neutral) 3 week average +38.15 (neutral).
- The NASDAQ A/D line is short term neutral and above its 50 DMA.
- % of SPX stocks > 50 DMA is 71.3% (neutral).
- AAI bear/bull ratio is 37.33/29.0 (bullish) as of 9/16.
- Investors Intelligence Bear/Bull Ratio 17.9/50.0 (neutral) as of 9/16.
- The detrended Rydex Ratio is +0.36 (neutral).
- Open Insider Buy/Sell Ratio is 38.5 (neutral).
- Total and Equity put/call ratio 1 day readings are 1.02 (very bullish) and .7 (mildly bullish) respectively. The 15 day averages for the total and equity p/c are 0.98 (bullish) and .63 (neutral) respectively.
- OEX put/call one day is 0.77 (bullish) the 15 DMA 2.59 (very bearish).
- ISEE call/put Sentiment Index is 89 (very bullish).
- The SPX, COMPQX, NDX, DJI, MID, DJT, VALUA and RTY closed above their 50 DMAs
- The DAX and Nikkei closed above their 50 DMAs.
- The Hang Seng and FTSE closed below their 50 DMAs.
- The U.S. dollar as measured by the UUP ETF closed higher at 26.82. Support is 26.55. Resistance is NA.

Commodities in up trends:

Gold (closed above its 50 DMA)
 Silver (closed above its 50 DMA)
 Baltic Dry Bulk Rate (closed above its 50 DMA)
 Copper (closed below its 50 DMA)
 Oil (closed above its 50 DMA)

Commodities in down trends:

CRB Spot Raw Industrials (closed below its 50 DMA)

Commodities trading sideways:

Aluminum (closed below its 50 DMA)
 Stainless Steel (closed below its 50 DMA)

Market Internals:

The indexes closed mostly lower Wednesday.

Internals were negative on the NYSE and NASDAQ.

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

NYSE: A/D:1353/1590 U/D Volume:1.03B/1.82BN Total Volume:2.9B

NASDAQ: A/D:1264/1884 U/D Volume:695M/1.05B Total Volume:1.76B

Disclosure Appendix

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