

One “Bearish Stochastic Crossover” Signal Seen 1 Day McClellan OB/OS Mostly Neutral

The indexes closed evenly split Tuesday with mixed internals on the NYSE and NASDAQ as overall trading volumes rose on both exchanges from the prior session. The NYSE saw positive breadth but negative up/down volume while the NASDAQ saw the opposite. No support or resistance levels were violated on the charts while one potentially cautionary signal was generated. The data remains largely neutral. As such, nothing occurred on the charts or data to warrant a shift from our current “neutral” outlook for the major equity indexes.

On the charts, the indexes closed evenly split yesterday with the SPX (page 2), DJI (page 2), COMPQX (page 3) and NDX (page 3) posting gains as the rest declined. As noted above, internals were mixed. The only event of note was the NDX generating a “bearish crossover signal”. While it may not be actionable at this point, it does increase the technical potential for some retracement within that index, in our opinion. The SPX near term trend is neutral with the rest positive. The cumulative advance/decline lines for the All Exchange, NYSE and NASDAQ remain positive while the high “volume at price” (VAP) levels remain supportive.

The data is largely neutral. The 1 day McClellan OB/OS Oscillators are now neutral for the All Exchange and NYSE as the NASDAQ’s remains overbought (All Exchange:+46.15 NYSE:+37.74 NASDAQ:+59.25. The detrended Rydex Ratio (contrary indicator) is neutral at +0.35 as is the % of SPX stocks trading above their 50 DMAs at 71.7. Yesterday’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 38.1 but has been declining over the past week. 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 to \$171.37, leaving the forward p/e at a 17.5 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 as the markets have moved higher. The 10 Year Treasury yield stands at 1.81%. The earnings yield is 5.7%.

In conclusion, the bearish stochastic crossover signal on the NDX slightly increases the potential for some pullback in that index, in our opinion. However, the rest of the data and charts continue to suggest we maintain our current 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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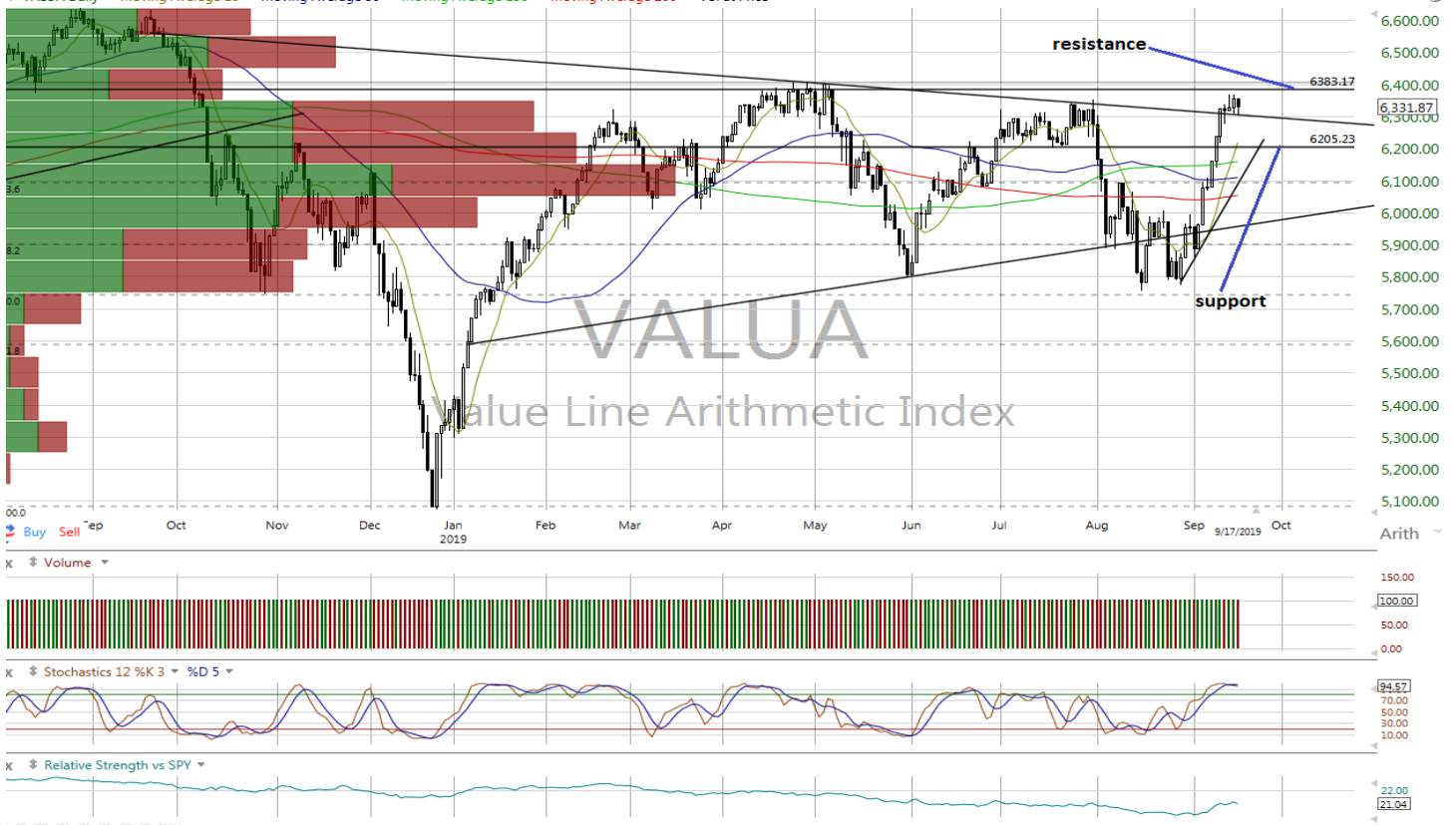
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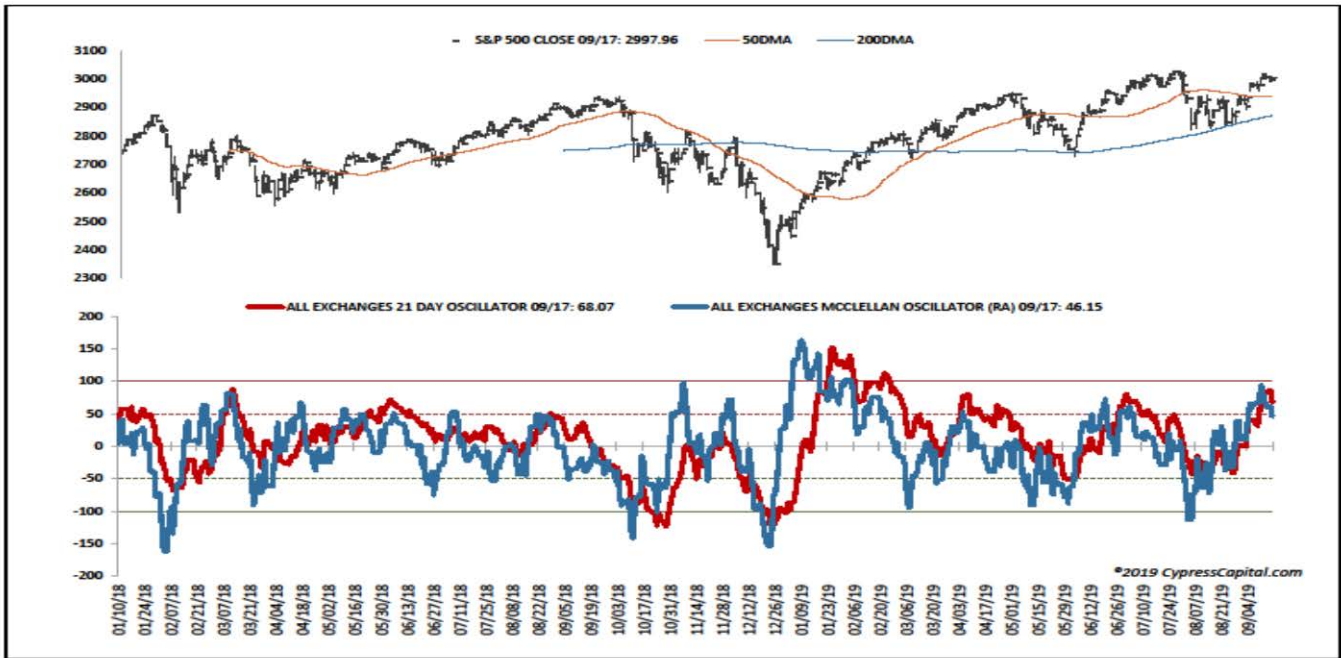


(Source: Bloomberg)

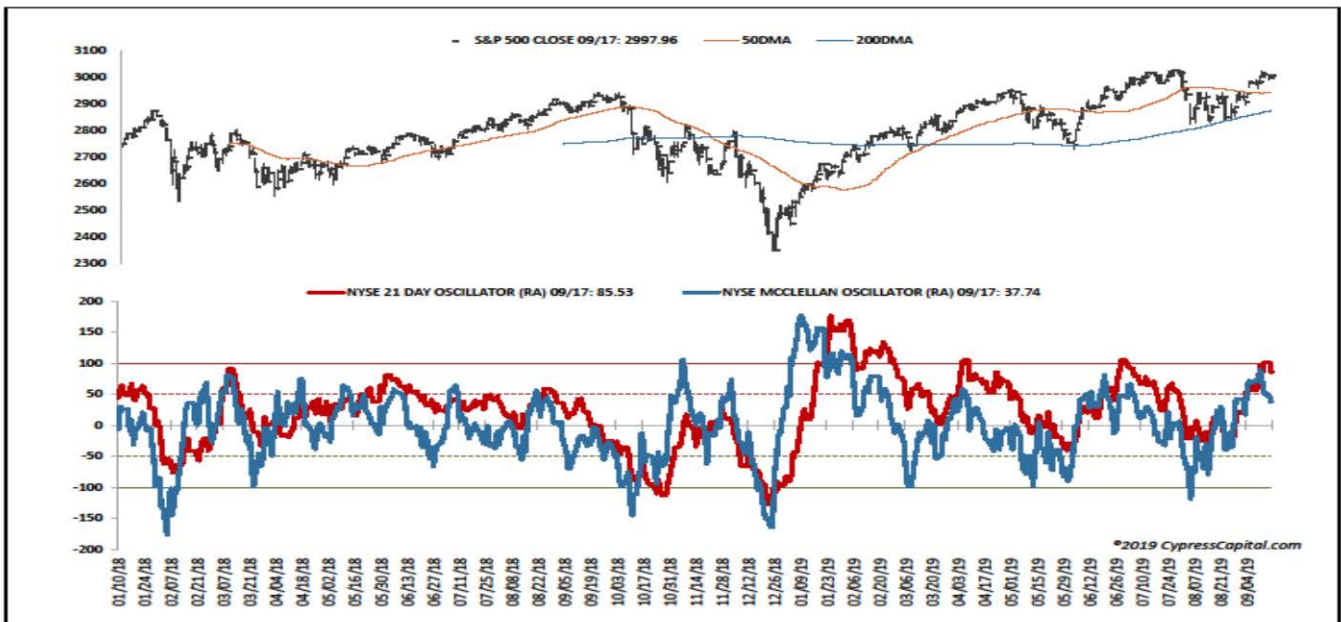


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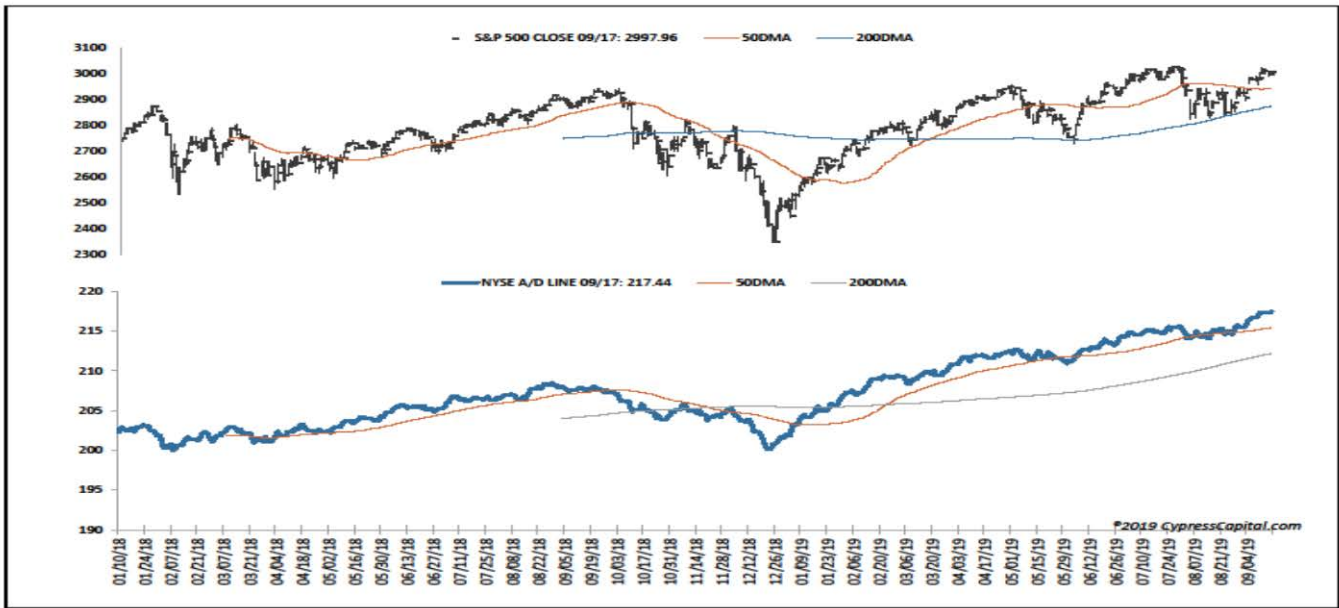
The All Exchange McClellan ratio adjusted 1 day OB/OS Oscillator is +46.15 (neutral) and 21 day +68.07 (bearish).



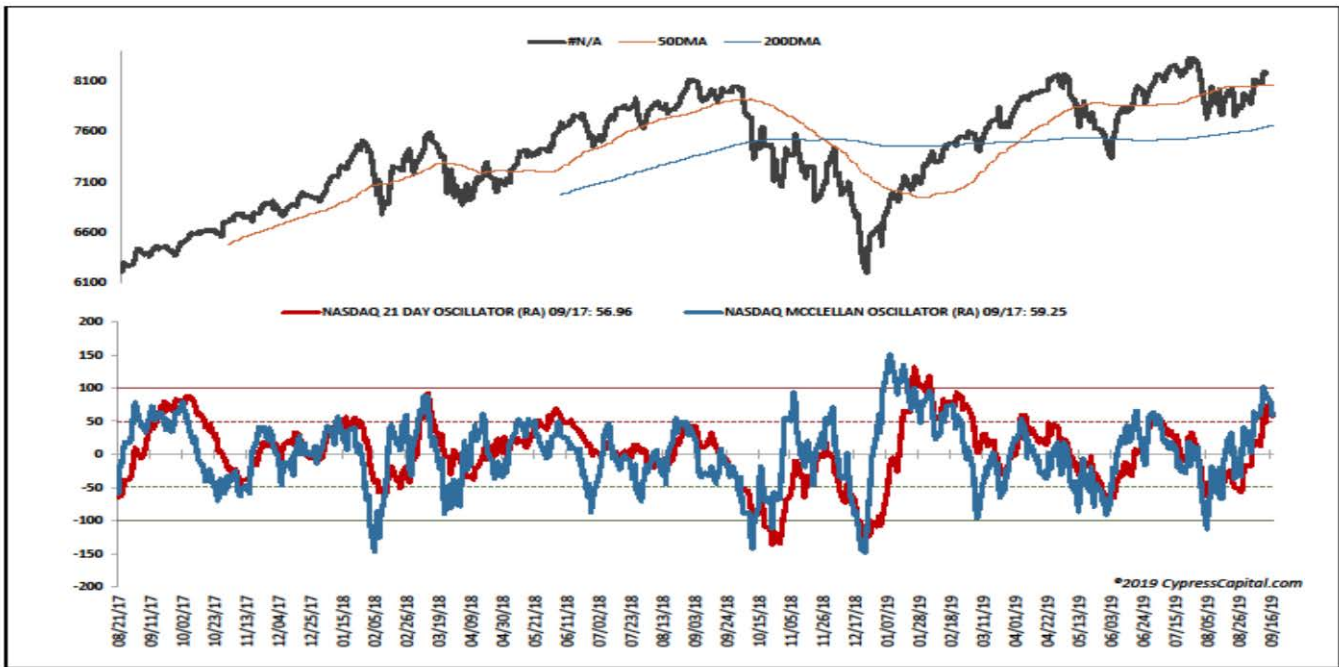
The NYSE ratio adjusted 1 day McClellan OB/OS is +37.74 (neutral) and +85.53 (bearish) on the 21 day.



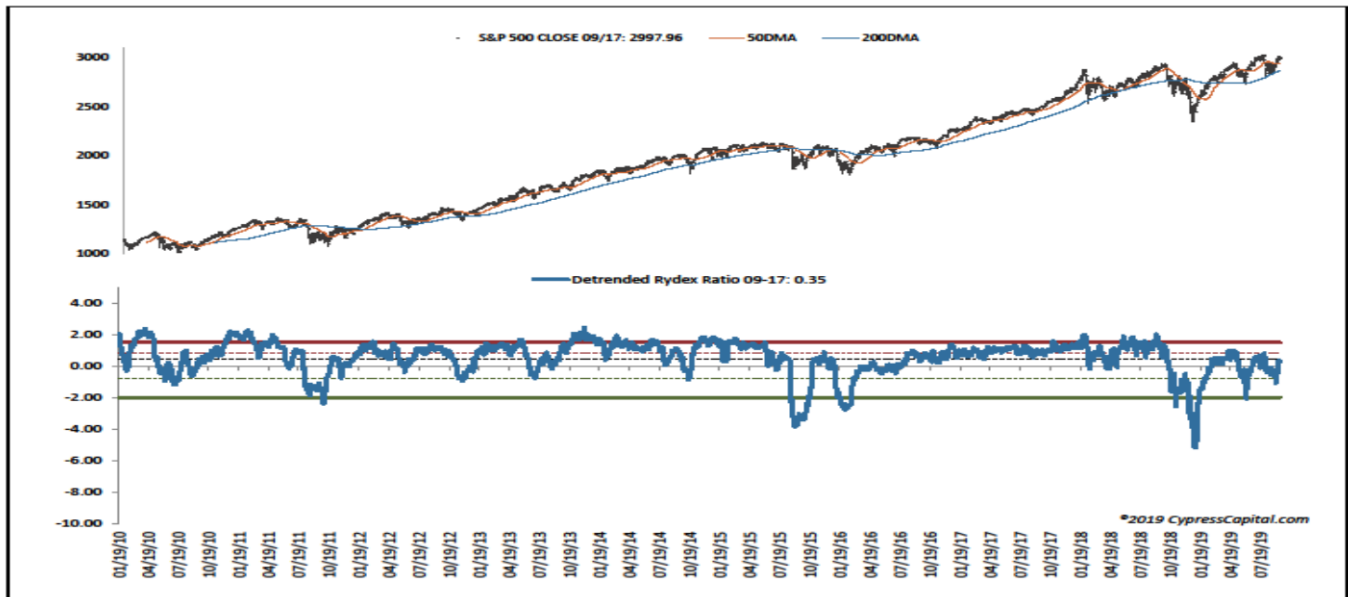
The NYSE Advance/Decline Line is short term positive and above its 50 DMA.



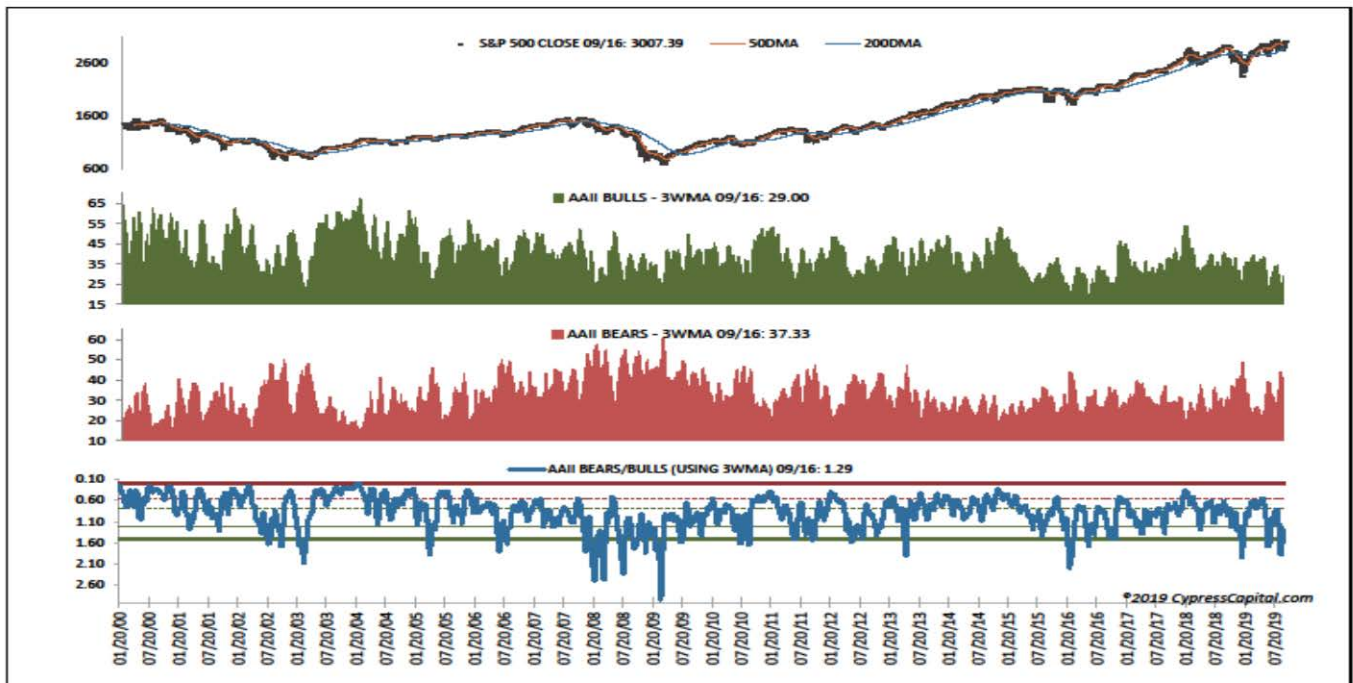
The NASDAQ ratio adjusted 1 day McClellan OB/OS is +59.25 (bearish) on the 1 day. The 21 day reading is +56.96 (bearish).



The detrended Rydex Ratio is +0.35 (neutral).

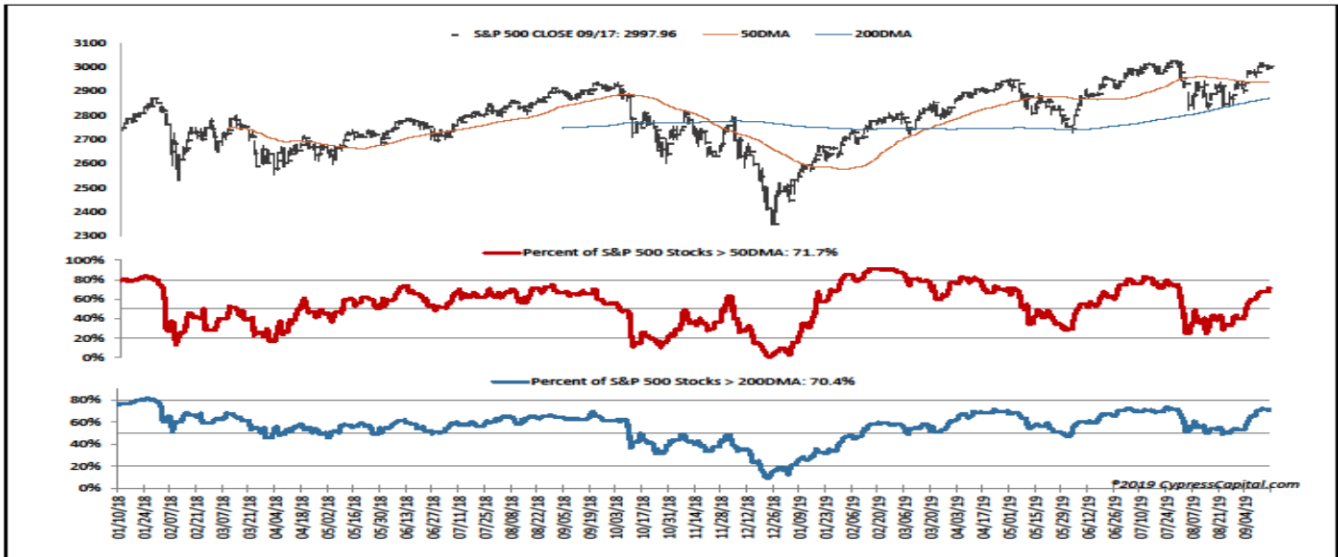


The AAI Poll weekly bear/bull reading 3 week average is 37.33/29.0 (bullish) as of 9/16.

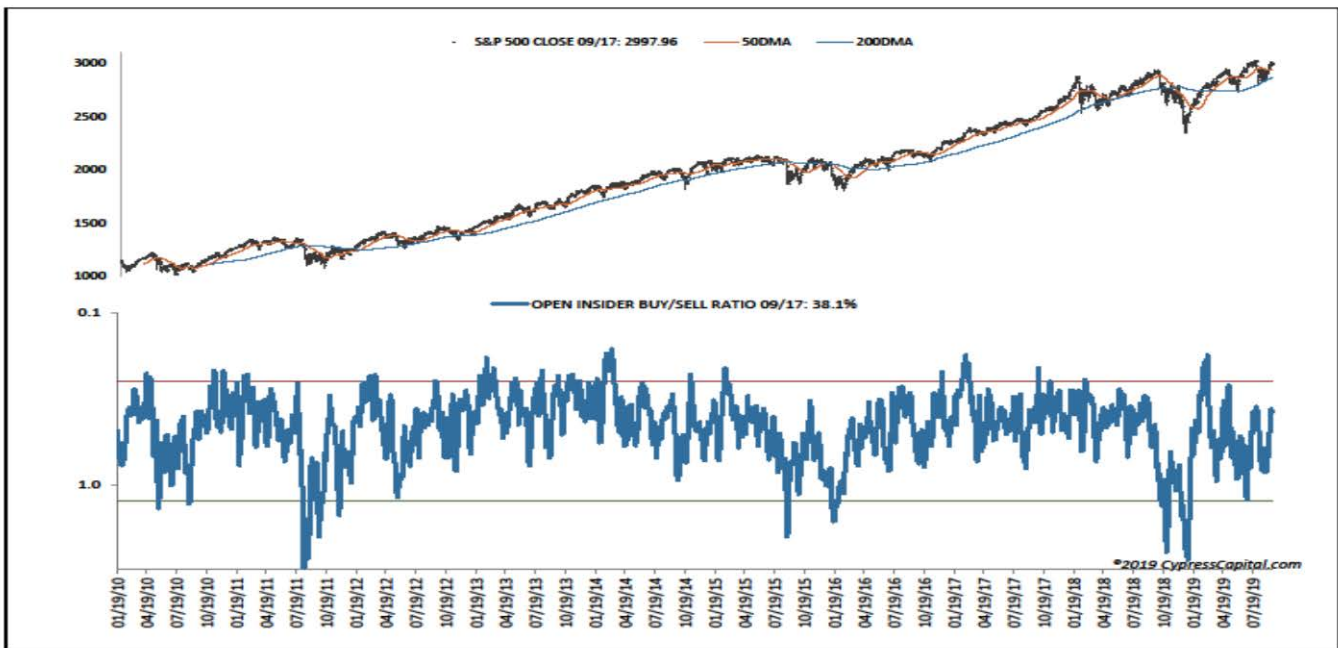


Total and Equity put/call ratios are 0.83 (neutral) and 0.56 (neutral) on the 1 day. The 15 DMAs are 0.98 (very bullish) and .62 (neutral) respectively. OEX put/call ratio 1 day 2.63 (very bearish) and 2.76 (very bearish) on the 15 DMA.

The % of SPX stocks > their 50 DMAs is 71.7% (neutral).



The Open Insider Buy/Sell Ratio is 38.1% (neutral)



Data:

- All Exchange McClellan OB/OS Oscillator is +46.15 (neutral) and 21 day +68.07 (bearish).
- All Exchange A/D Line is short term positive and above its 50 DMA.
- NYSE McClellan OB/OS ratio adjusted is +37.74 (neutral) 3 week average +85.53 (bearish).
- The NYSE A/D line closed above its 50 DMA and is short term positive.
- NASDAQ McClellan OB/OS ratio adjusted is +59.25 (bearish) 3 week average +56.96 (bearish).
- The NASDAQ A/D line is short term positive and above its 50 DMA.
- % of SPX stocks > 50 DMA is 71.7% (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 +0.35 (neutral).
- Open Insider Buy/Sell Ratio is 38.1 (neutral).
- Total and Equity put/call ratio 1 day readings are 0.98 (bullish) and .56 (neutral) respectively. The 15 day averages for the total and equity p/c are 0.98 (bullish) and .62 (neutral) respectively.
- OEX put/call one day is 2.62 (very bearish) the 15 DMA 2.76 (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 lower at 26.72. 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 above 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 evenly split Tuesday.

Internals were mixed on the NYSE and NASDAQ.

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

NYSE: A/D:1569/1387 U/D Volume:1.37B/2.33B Total Volume:3.74B

NASDAQ: A/D:1429/1691 U/D Volume:979M/874M Total Volume:1.88B

Disclosure Appendix

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