

R.F. Lafferty Morning Technical Note

11.3.20

Guy S. Ortmann,, CMT, Director of Research / Senior Technical Analyst gortmann@rflafferty.com 212-293-9017**Some Charts Turn Neutral From Negative****Data Mostly Neutral**

All the major equity indexes closed higher Monday with positive internals on the NYSE and NASDAQ as trading volumes declined from the prior session. The charts saw some improvements with violations of downtrends and resistance, leaving them a mix of neutral and negative near-term trends while cumulative breadth improved slightly. The data turned mostly neutral given yesterday's rise but still finds insiders doing more buying than selling over the past several sessions. Valuation remains extended but continues to see a lift in forward 12-month consensus earnings estimates for the SPX via Bloomberg. As such, we are maintaining our near term "neutral" outlook for the equity markets given the state of the charts and data.

On the charts, all the indexes closed higher yesterday with positive internals on lighter trading volumes on both the NYSE and NASDAQ. Positive technical events were generated on the three of the charts. The MID (page 4) saw a close above resistance, its near-term downtrend line and back above its 50 DMA that were confirmed with a bullish stochastic crossover signal. The VALUA (page 5) closed above its near-term downtrend line with a bullish stochastic signal as well while the RTY (page 5) also closed above its downtrend line. The DJT (page 4) also had a bullish stochastic signal but said signal needs to be confirmed. Market breadth improved enough to turn the cumulative advance/decline lines for the All Exchange, NYSE and NASDAQ from negative to neutral but remain below their 50 DMAs.

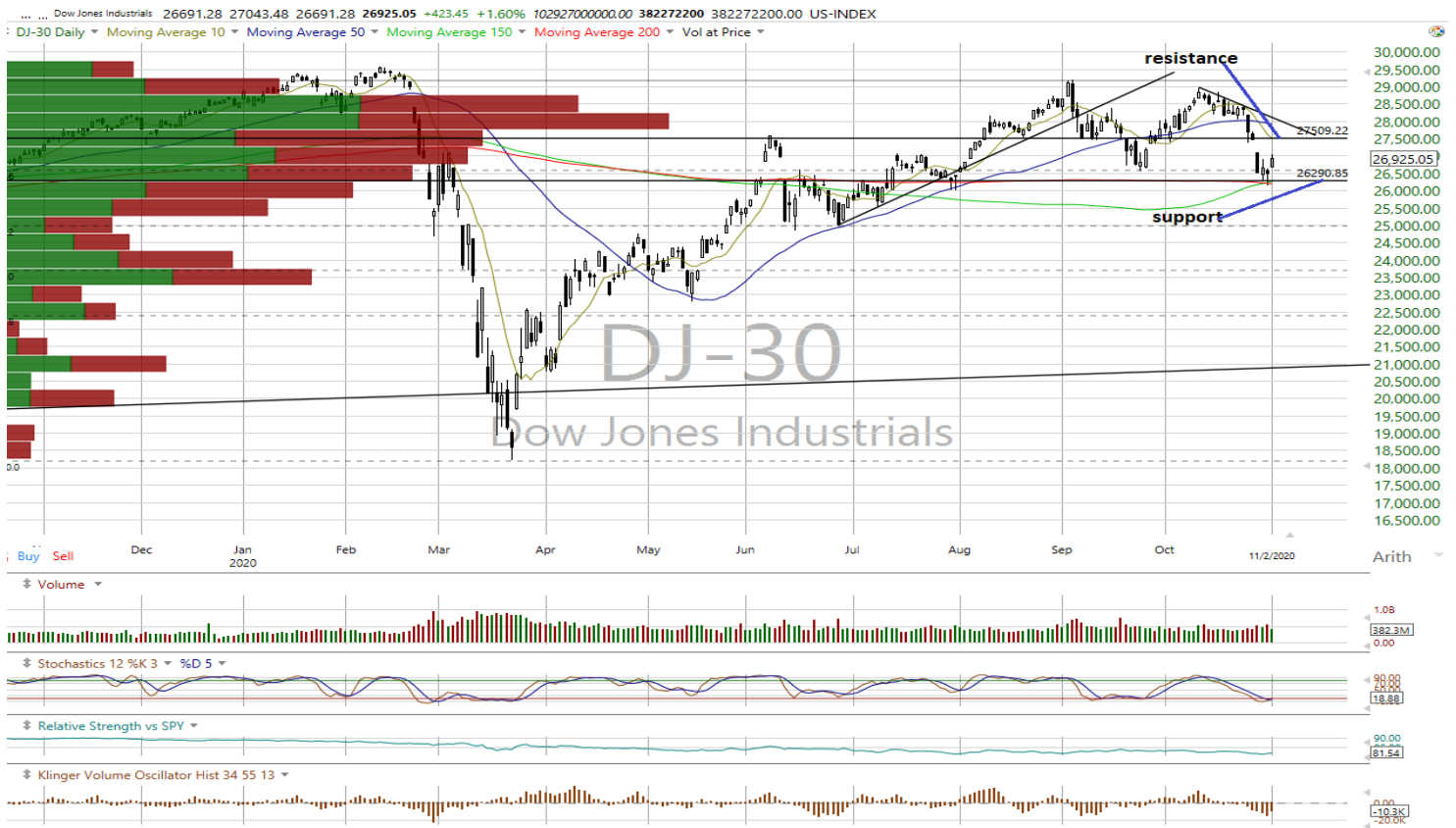
The data turned more neutral. The 1-day McClellan OB/OS Oscillators moved back to neutral as a result of yesterday's gains (All Exchange: -43.44 NYSE: -39.36 NASDAQ: -47.89). The Open Insider Buy/Sell Ratio (page 9) rose again to 64.6. While still neutral, insiders continue to increase their buying versus selling activity as has been the case over the past several sessions. The Rydex Ratio (contrarian indicator) was little changed at a neutral 0.63 as the leveraged ETF traders have recently lightened up on their leveraged long exposure. This week's Investors Intelligence Bear/Bull Ratio (contrary indicator page 9) remains little changed and bearish at 20.2/60.6. The valuation gap has slipped back to overvalued levels with the SPX forward multiple rising to 21.1 with consensus forward 12-month earnings estimates from Bloomberg lifting to \$157.17 while the "rule of 20" finds fair value at 19.2. We would note said estimates have been moving north over the past few months rather consistently. The SPX forward earnings yield is 4.75% with the 10-year Treasury yield rising to 0.85%.

In conclusion, the charts and data suggest we maintain our current "neutral" outlook for the equity markets at this time.

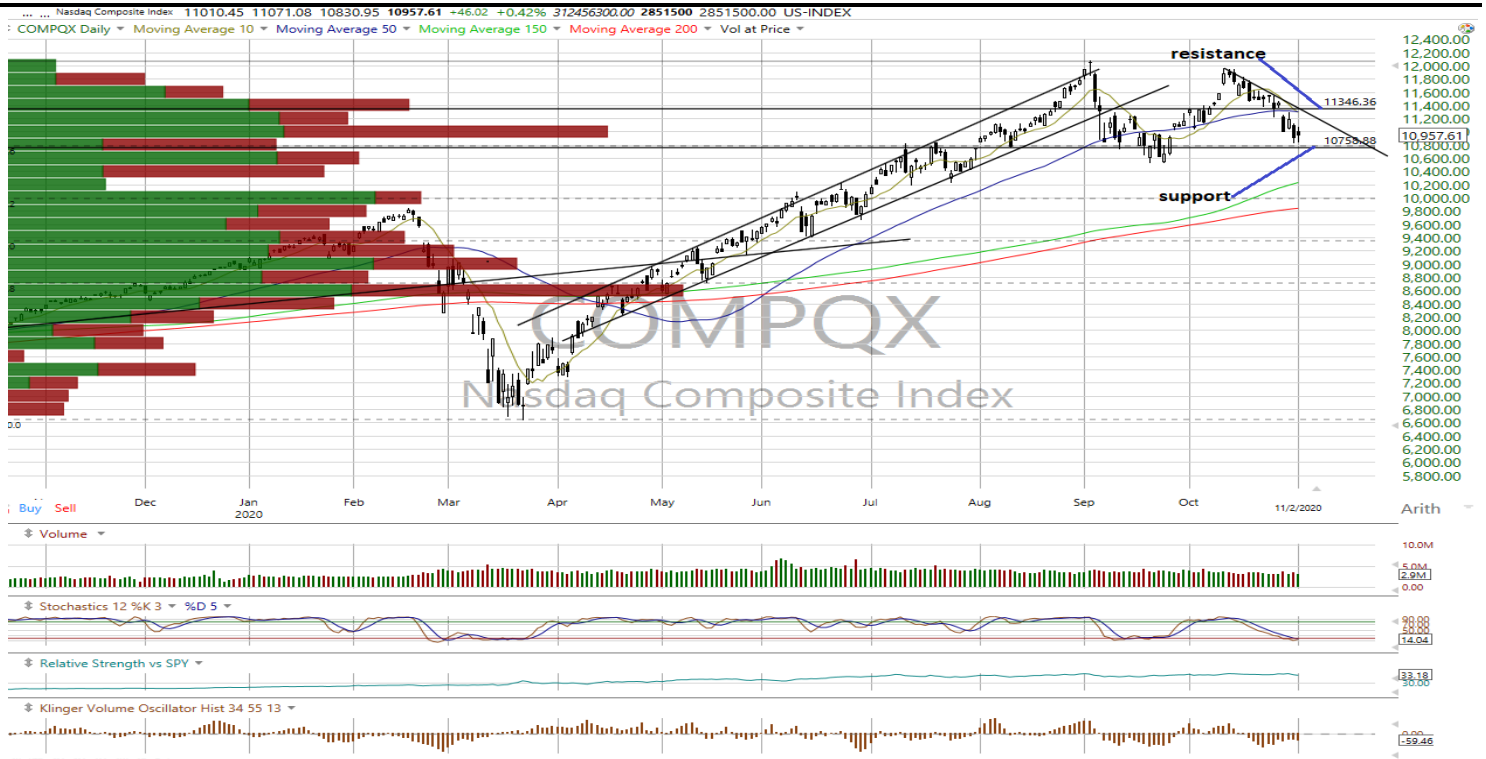
SPX: HVS3,250/HVR3,360	DJI: 26,290//27,500	COMPQX: HVS10,759/11,346
NDX: 10,870//11,495	DJT: 10,954/11,425	MID: 1,910/HVR1,971
RTY: 15948/1,590	VALUA: 6,265/6,5510	



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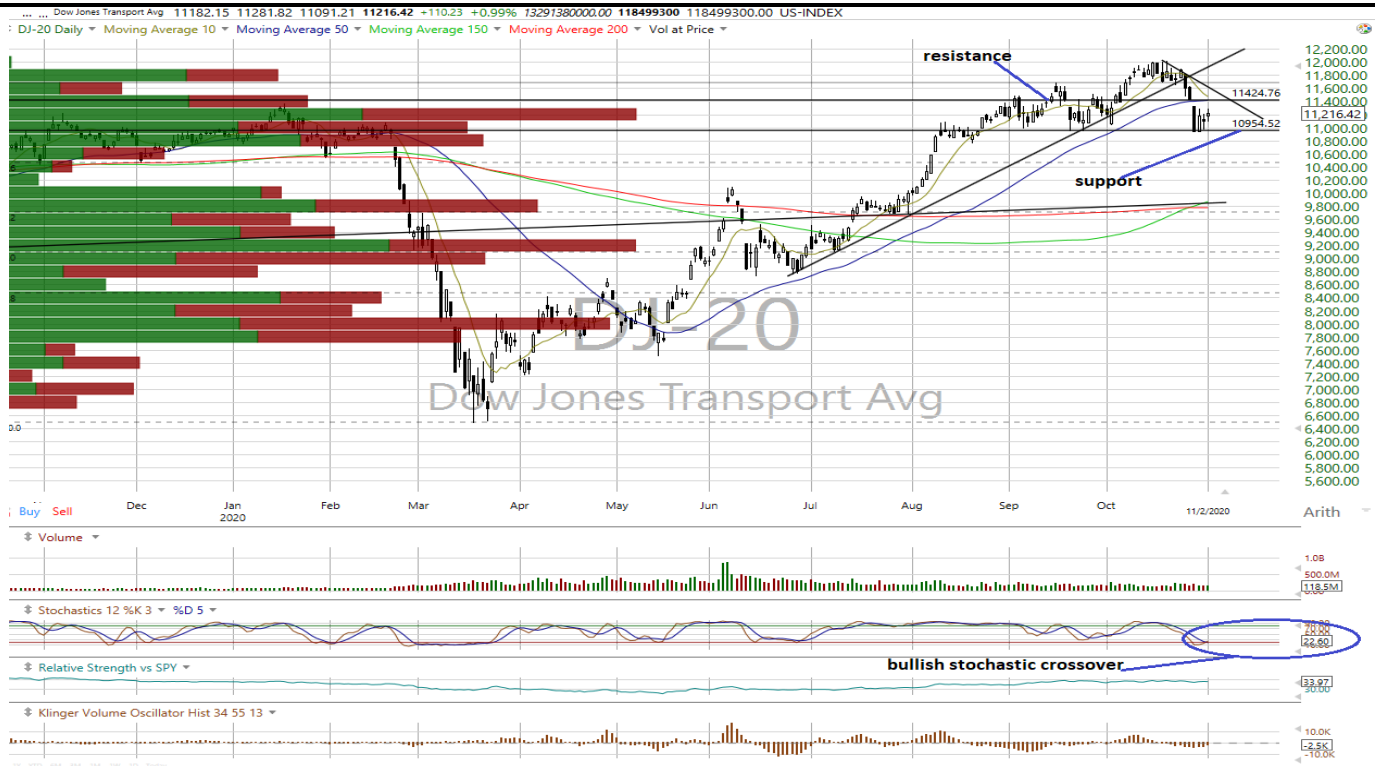
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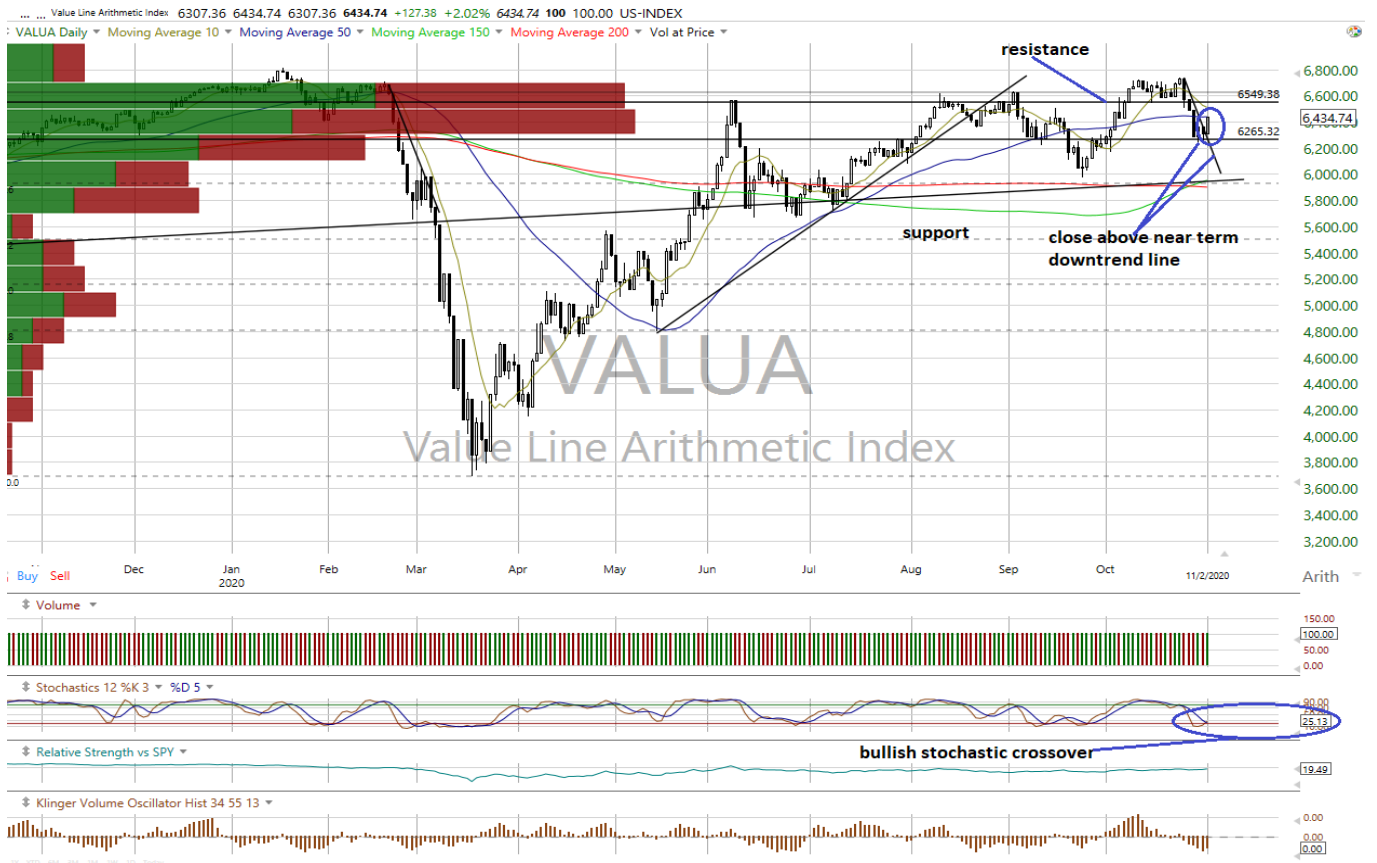
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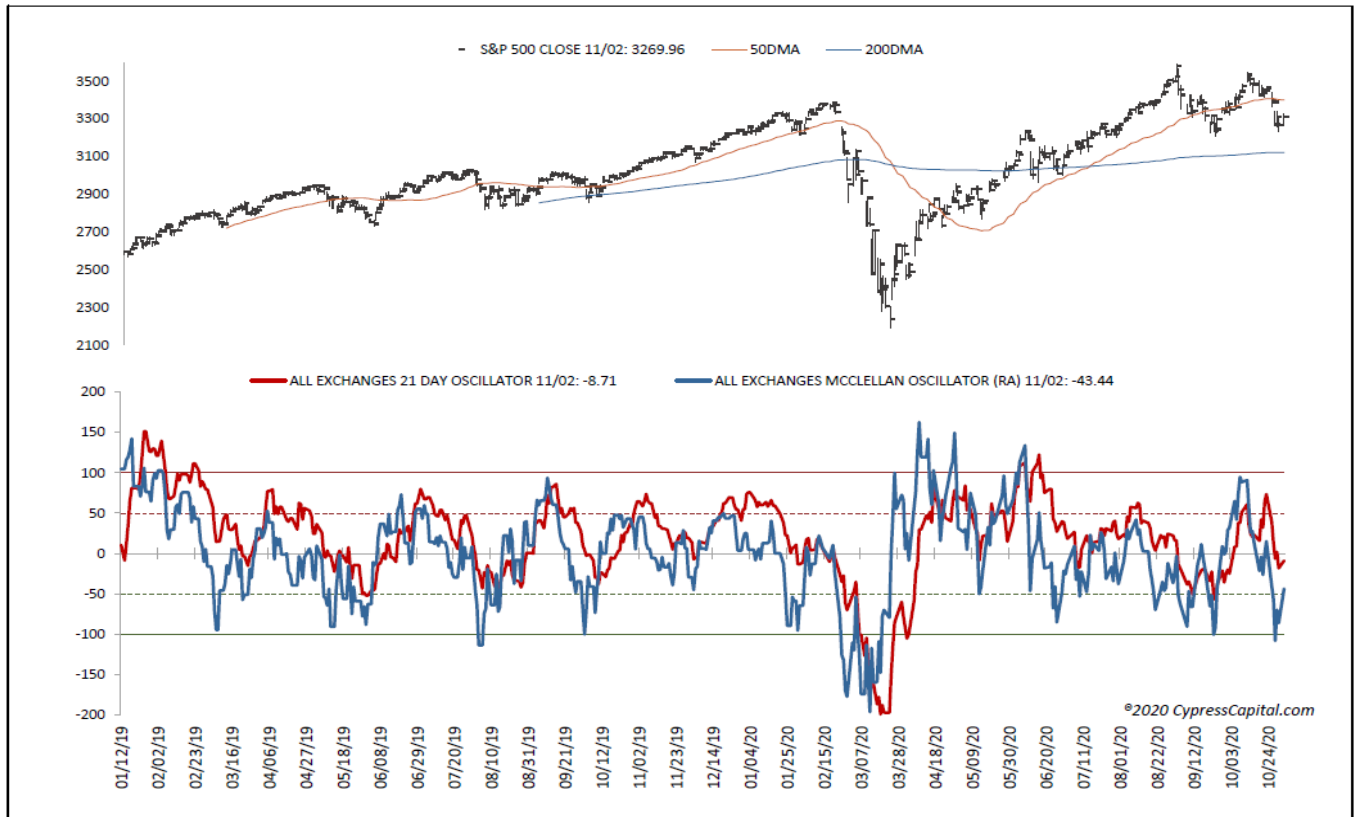


(source: Bloomberg)

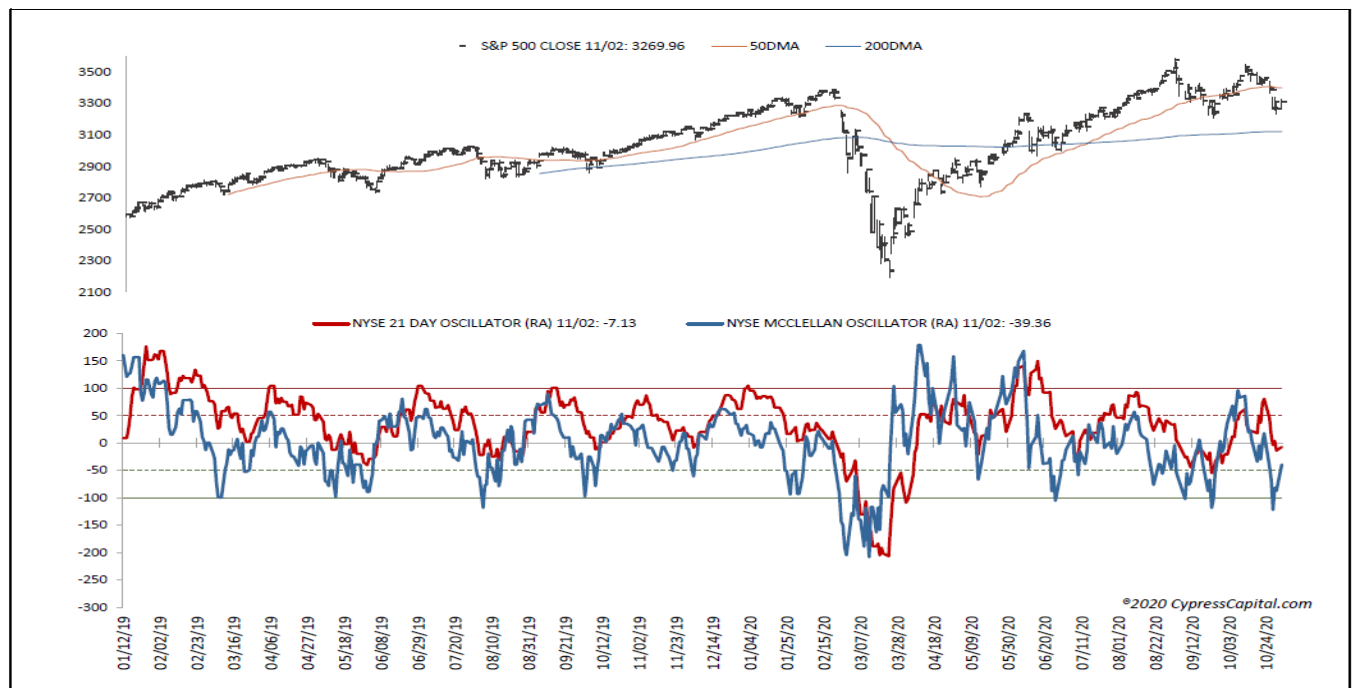


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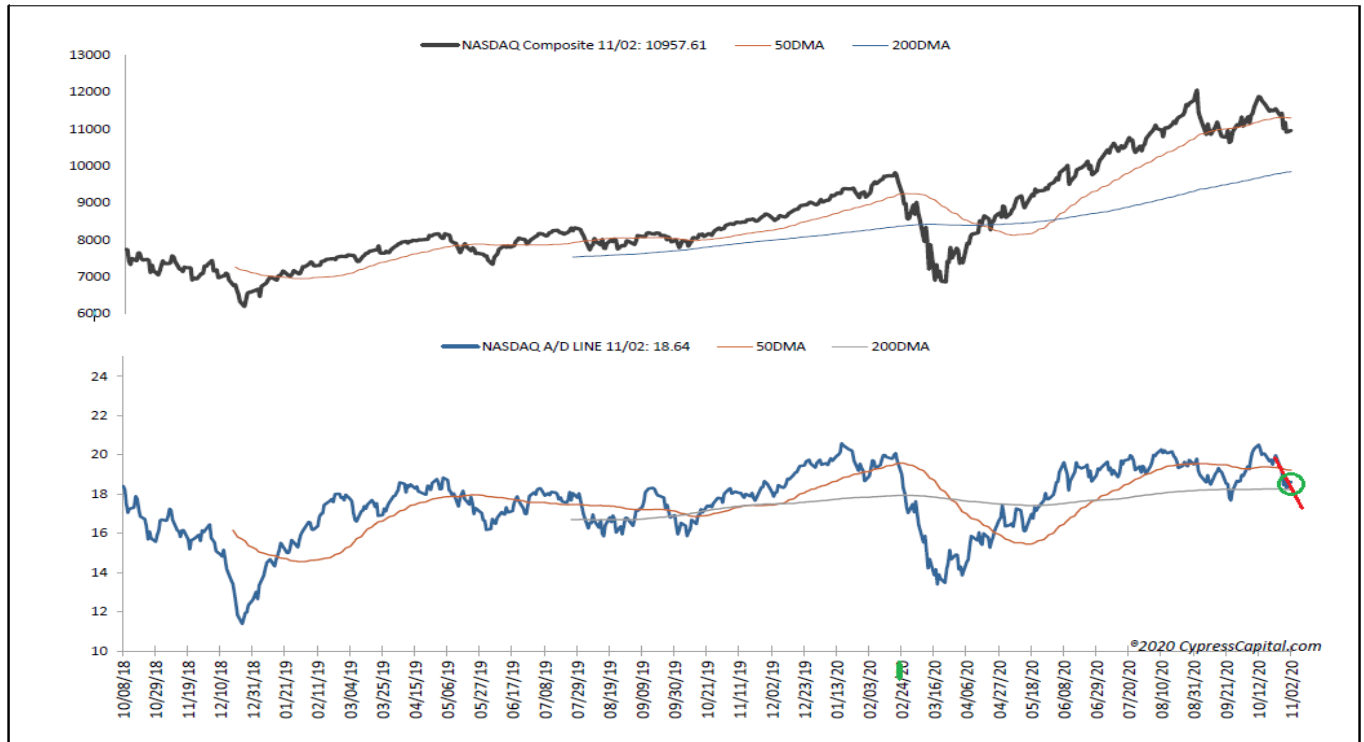
The All Exchange McClellan ratio adjusted 1-day OB/OS Oscillator is -43.44 (neutral) and 21 day -8.71 (neutral).



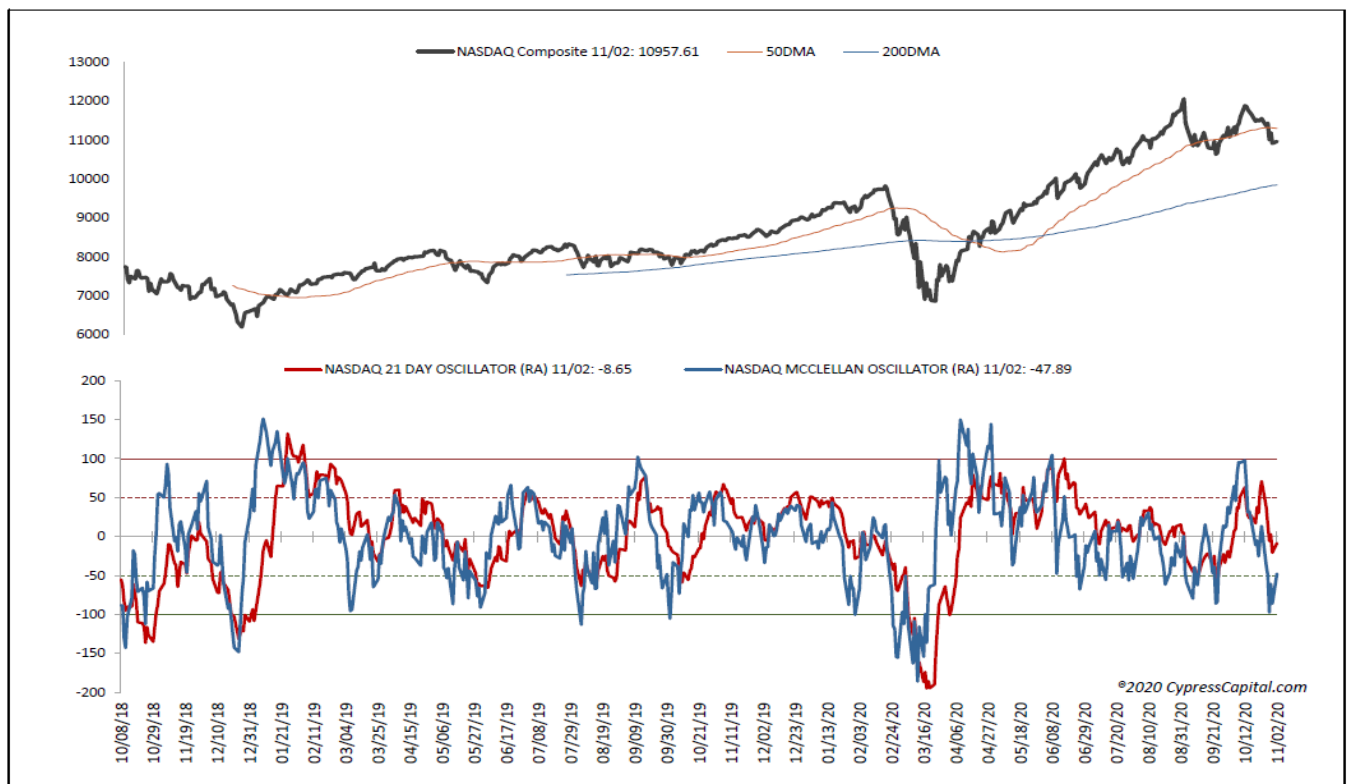
The NYSE ratio adjusted 1-day McClellan OB/OS is -39.36 (neutral) and -7.13 (neutral) on the 21 day.



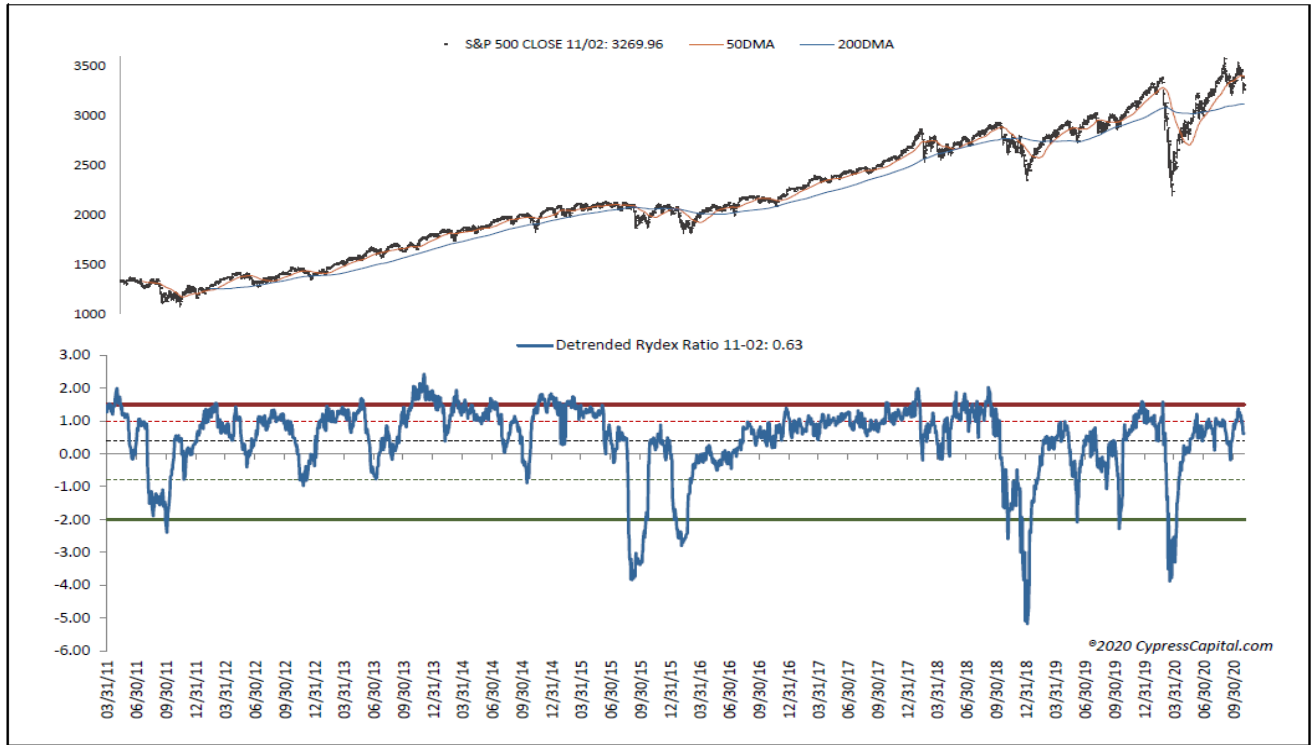
The NASDAQ cumulative advance/decline line is neutral and below its 50 & 200 DMAs.



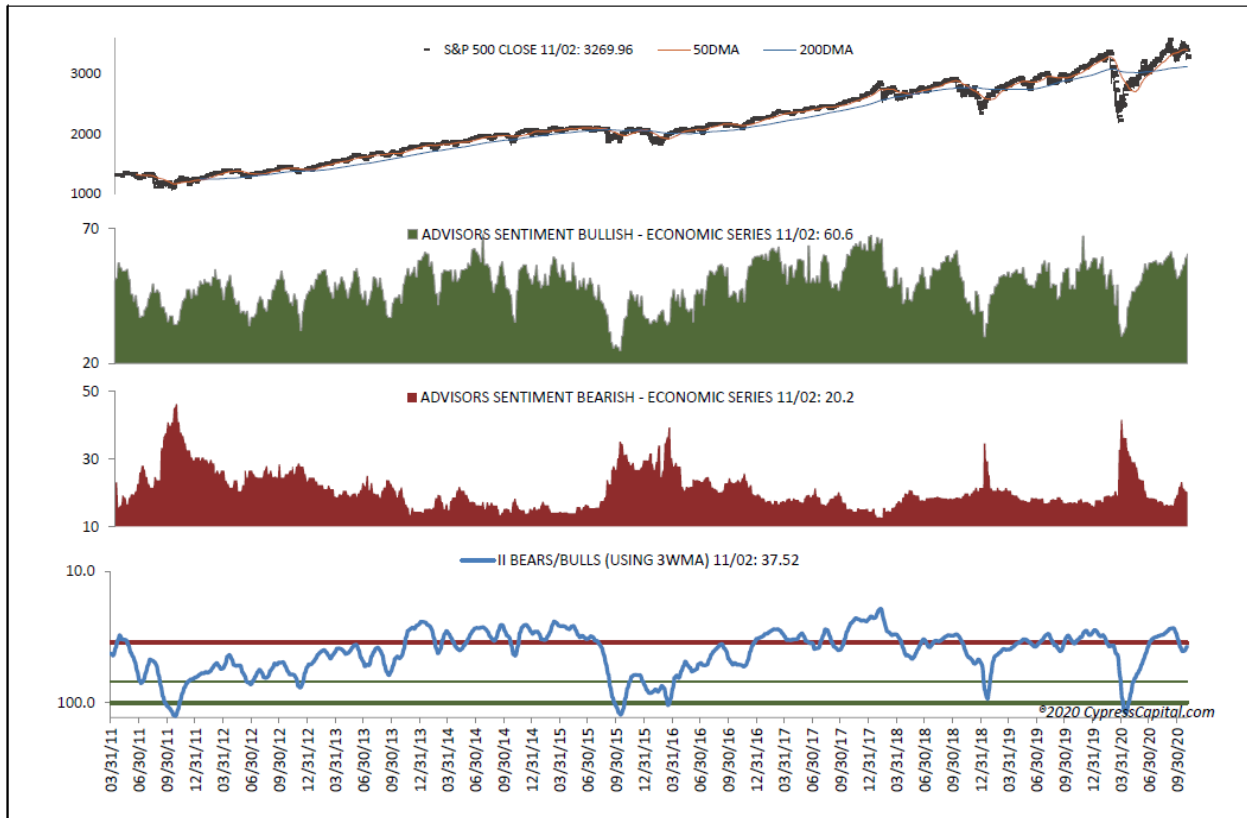
The NASDAQ ratio adjusted 1-day McClellan OB/OS Oscillator is -47.89 (neutral) and -8.65 (neutral) on the 21-day.



The detrended Rydex Ratio is +0.63 (neutral)

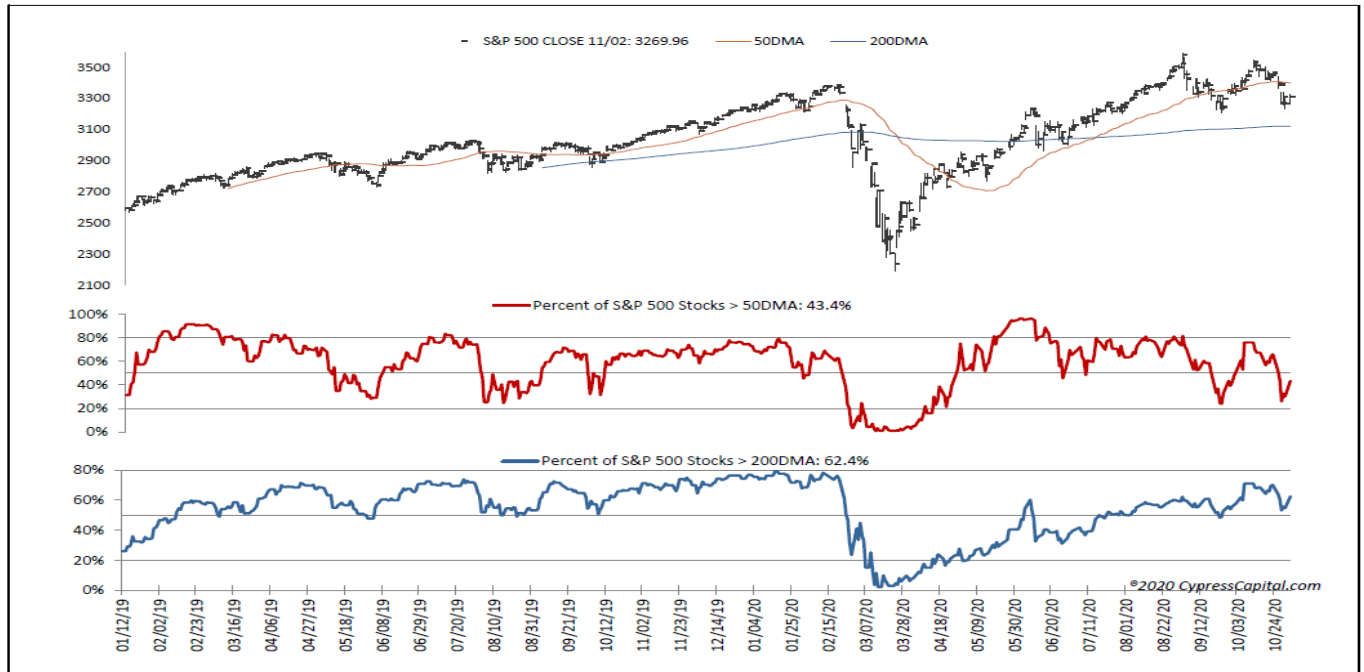


The Investors Intelligence Bear/Bull Ratio is 20.2/60.6 (bearish) as of 11.2.20

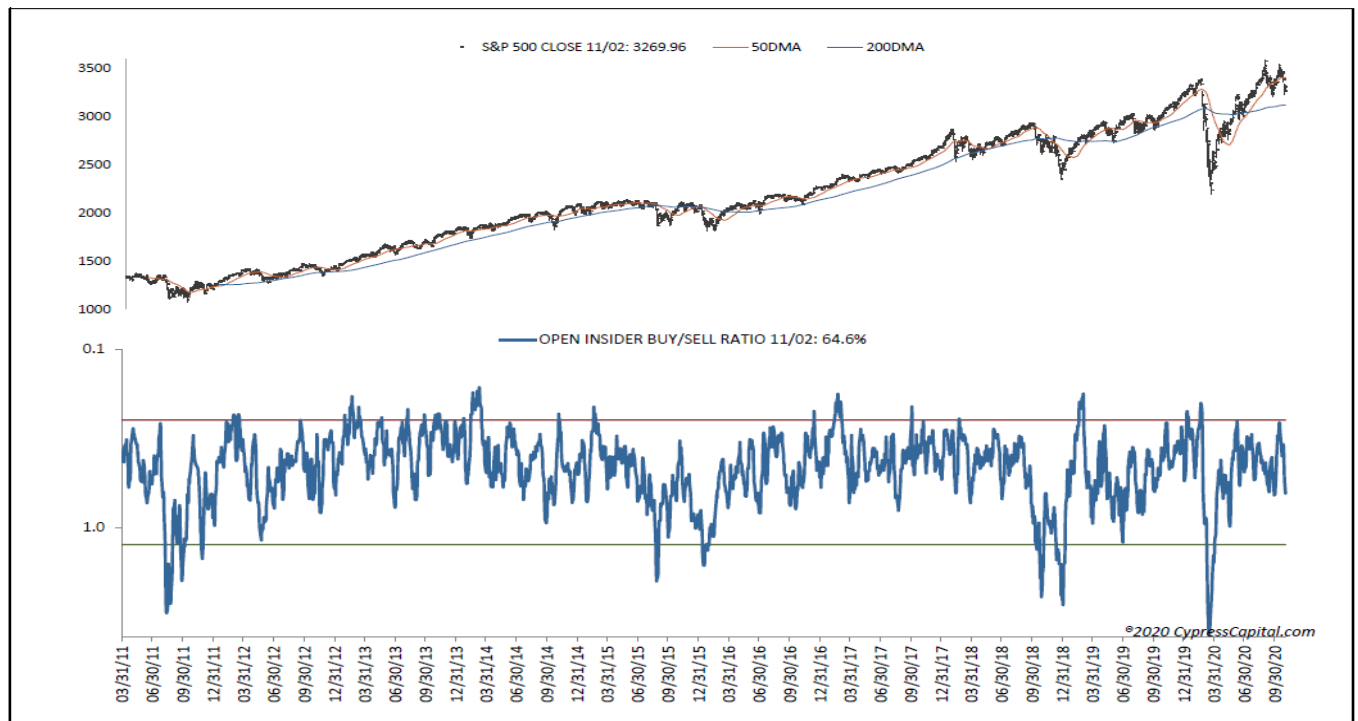


The Total and Equity put/call ratios are 0.98 (neutral) and 0.62 (neutral) on the 1day. The 15 DMAs are 0.87 (neutral) and 0.52 (bearish) respectfully. The OEX put/call Ratio is 1-day is 1.58 (bearish) and 1.43 (bearish) on the 15 DMA.

% of SPX Stocks Above Their 50 DMAs 43.4 (neutral)



The Open Insider buy/sell ratio is 64.6 (neutral).



Data:

- The All Exchange McClellan OB/OS ratio adjusted is -43.44 (neutral) 3-week average is -8.71 (neutral).
- The All Exchange A/D line is neutral and below its 50 DMA.
- NYSE McClellan OB/OS ratio adjusted is -39.36 (neutral) 3-week average is -7.3 (neutral).
- The NYSE A/D line closed below its 50 DMA and is short term neutral.
- NASDAQ McClellan OB/OS ratio adjusted is -47.89 (neutral) 3-week average is -8.65 (neutral).
- The NASDAQ A/D line is short term neutral and below its 50 DMA.
- % of SPX stocks > 50 DMA is 43.4 (neutral).
- AAI bear/bull ratio is 34.64/35.27 (neutral) as of 11/2.
- Investors Intelligence Bear/Bull Ratio 20.2/60.6 (bearish) as of 11/2.
- The detrended Rydex Ratio is 0.63 (neutral).
- Open Insider Buy/Sell Ratio is 64.6 (neutral).
- Total and Equity put/call ratio 1-day readings are 0.98 (neutral) and 0.62 (neutral) respectively. The 15-day averages for the total and equity p/c are 0.87 (neutral) and .52 (bearish) respectively.
- OEX put/call one day is 1.58 (bearish) the 15 DMA 1.43 (bearish).
- ISEE call/put Sentiment Index is 89 (neutral).
- The SPX, DJI, DJT, VALUA, NDX, RTY and COMPQX closed below their 50 DMAs.
- The MID closed above its 50 DMA.
- The Hang Seng closed above its 50 DMA.
- The NIKKEI, FTSE and DAX closed below their 50 DMAs.
- The U.S. dollar as measured by the UUP ETF closed higher at 25.40. Support is 24.90. Resistance is 25.45.

Commodities in up trends:

CRB Spot Raw Industrials (closed above its 50 DMA)

Stainless Steel (closed above its 50 DMA)

Aluminum (closed above its 50 DMA)

Commodities in down trends:

Copper (closed above its 50 DMA)

Baltic Dry Bulk Rate (closed above its 50 DMA)

Commodities trading sideways:

Oil (closed below its 50 DMA)

Gold (closed below its 50 DMA)

Silver (closed below its 50 DMA)

Market Internals:

The major equity indexes closed higher Monday.

Internals were positive on the NYSE and NASDAQ.

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

NYSE: A/D:2274/796 U/D Volume:3.67B/754M Total Volume:4.44B

NASDAQ: A/D:2356/1155 U/D Volume:2.04B/1.24B Total Volume:3.32B

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