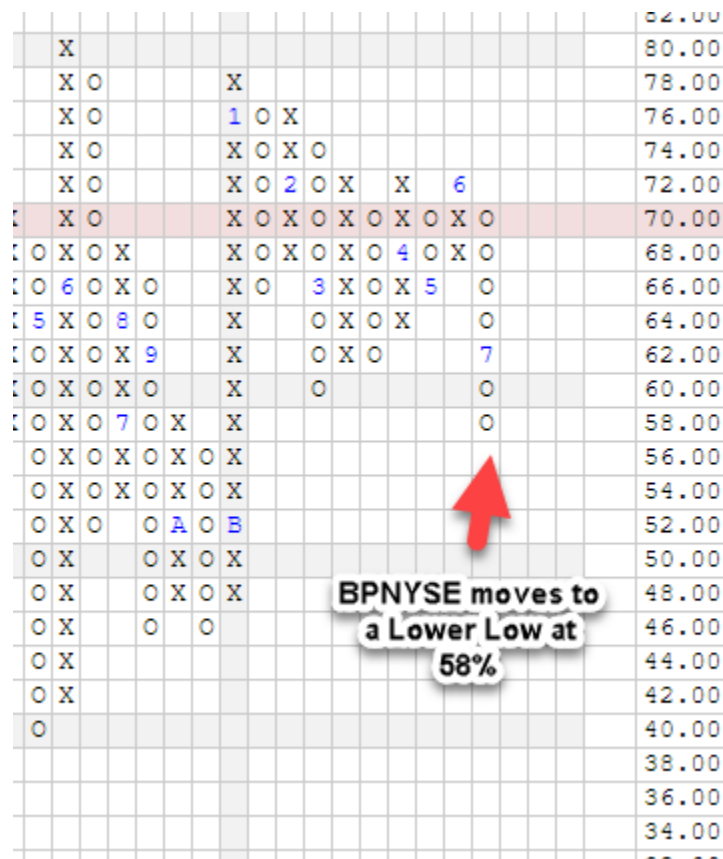


Risk Levels Have Increased

Although many stock indexes have once again reached new highs recently, we do see a few indicators hitting lower lows with the recent stock market movement. Markets are generally stronger when many areas of the market are moving higher rather than only a few areas and that is why we follow so many breadth indicators. **Our main indicator, the Bullish Percent for the NYSE (BPNYSE), which measures the percentage of stocks on the NYSE that are on a point and figure buy signal, has just made a lower low with its move down to 58% on Friday July 16**, which is lower, than the March low of 60% and is the second consecutive lower low. The low last September and October was 46% which is below our 50% demarcation point and bears watching.



When we look at **the long - term Positive Trend indicator** for the NYSE (PTNYSE) that measures the percentage of stocks in a positive trend, **we notice that it has just reversed down for the 1st time since the reversal up last November**. It now resides at the 72% level which is a high level. A lower low for this indicator is currently at 48% - below the 50% demarcation point. We do not want to see a quick move down to this level.

Whether this is the start of a longer-term downtrend or simply a pause that refreshes the market after a significant move to the upside will be determined with time. We do notice a number of short-term indicators at lower levels which could mean a reversal up at some time. Nasdaq Dorsey Wright tracks the Bullish Percent level of 40 sectors in the US market and currently only 4 sectors are moving higher. This indicator cannot go below 0 and then we would get a reversal up. **We will be looking forward to a sustained reversal up in this this indicator.** For now, we would suggest that the risk level has increased.

Please call or email me any questions.

Point & Figure Charts and stock market data provided by Nasdaq Dorsey Wright

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