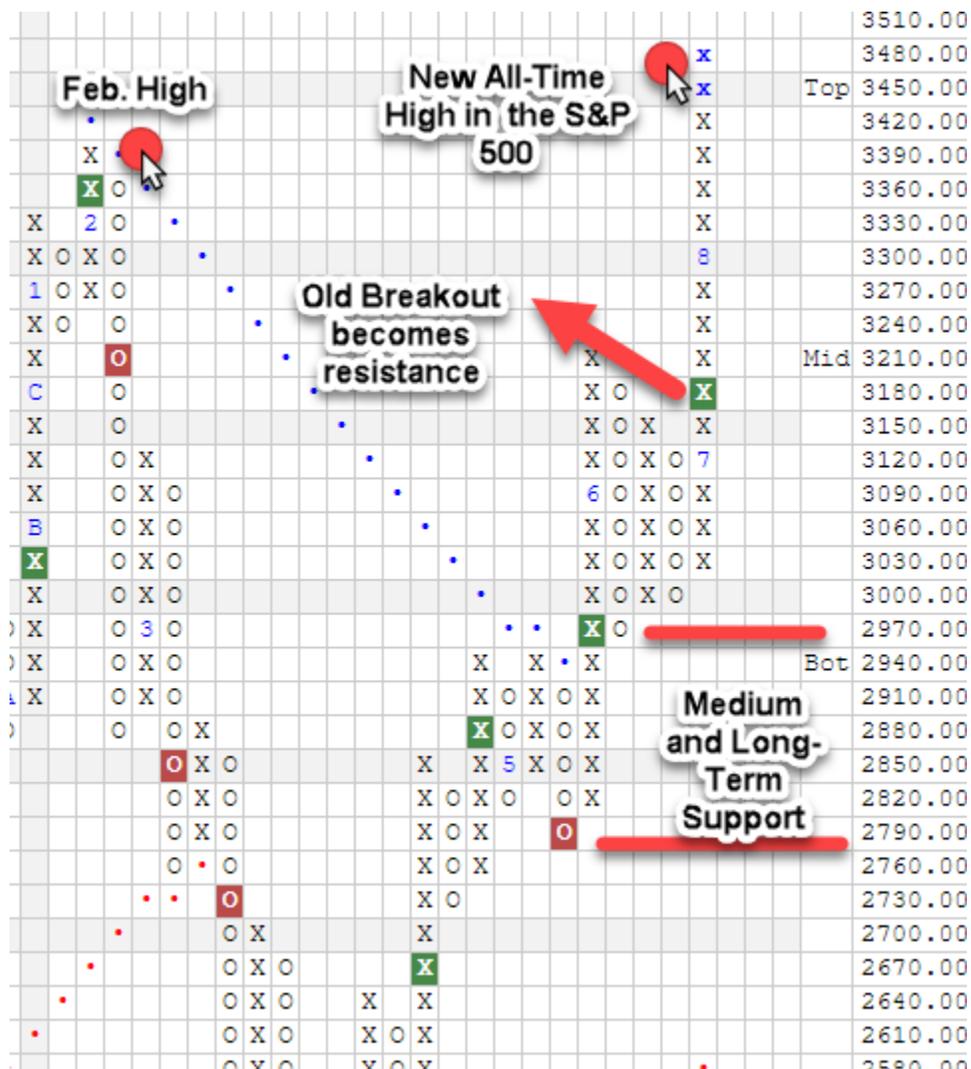


## Back to New Highs!

Back in January and February this year we were making new all-time highs in the most diversified stock market – S&P 500. We then had a set-back....which moved into a recession. Now, a few months later we are making new All-Time highs in the S&P 500 as well as the Nasdaq Composite. If you are invested in these markets, **you may be excited about these new all-time highs** just like you may be excited about the all-time highs in a number of North American residential real estate markets. **Interest rates are low and asset prices are high.**

So, where do we go from here? It is really up to your imagination. I am sure that some are in disbelief and some are loving it. I try to focus on what is. **Currently we are seeing higher highs in the S&P 500 and the Nasdaq Composite – the leaders.** We also see The S&P 500 as 108% overbought on our weekly distribution with a current price objective of 4080 on the 30 point chart. When this market really reverses, we are likely to see a reversal in a number of our medium and long-term indicators.



We currently have our primary indicator, the BPNYSE, which measures the percentage of stocks on the NYSE that are on a **Point & Figure Buy Signal back up at the 68% level after reversing up from 52%**. This indicator hit 80% in June. It is reasonable to expect a lower level than 80% this time but one never knows for sure. We generally become more concerned when it moves below the 50% level especially if it was above 70%. We will continue to monitor this indicator but it is currently moving higher.

We also have **the PTNYSE** that measures the percentage of stocks on the NYSE that are in Positive Trend as determined by the Point & Figure methodology is **going north at the 56% level looking for a new multi-year high at 60%**. Again, this indicator going down below 50% along with the BPNYSE has been a concern in the past but currently we are moving up the ladder.

So what are the ramifications of the current recession on the stock markets? Has the low been made and we are only going higher from the March low for the near term. These type of questions about the future, never have an absolute answer but people do like to guess. **One should feel good about the S&P 500 being at new highs after the stock market collapse we saw**. We are hopeful that the economy does follow the markets with time. In the meantime, we will continue to monitor the price movement and the implications it has.

Please call or email me any questions.

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

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