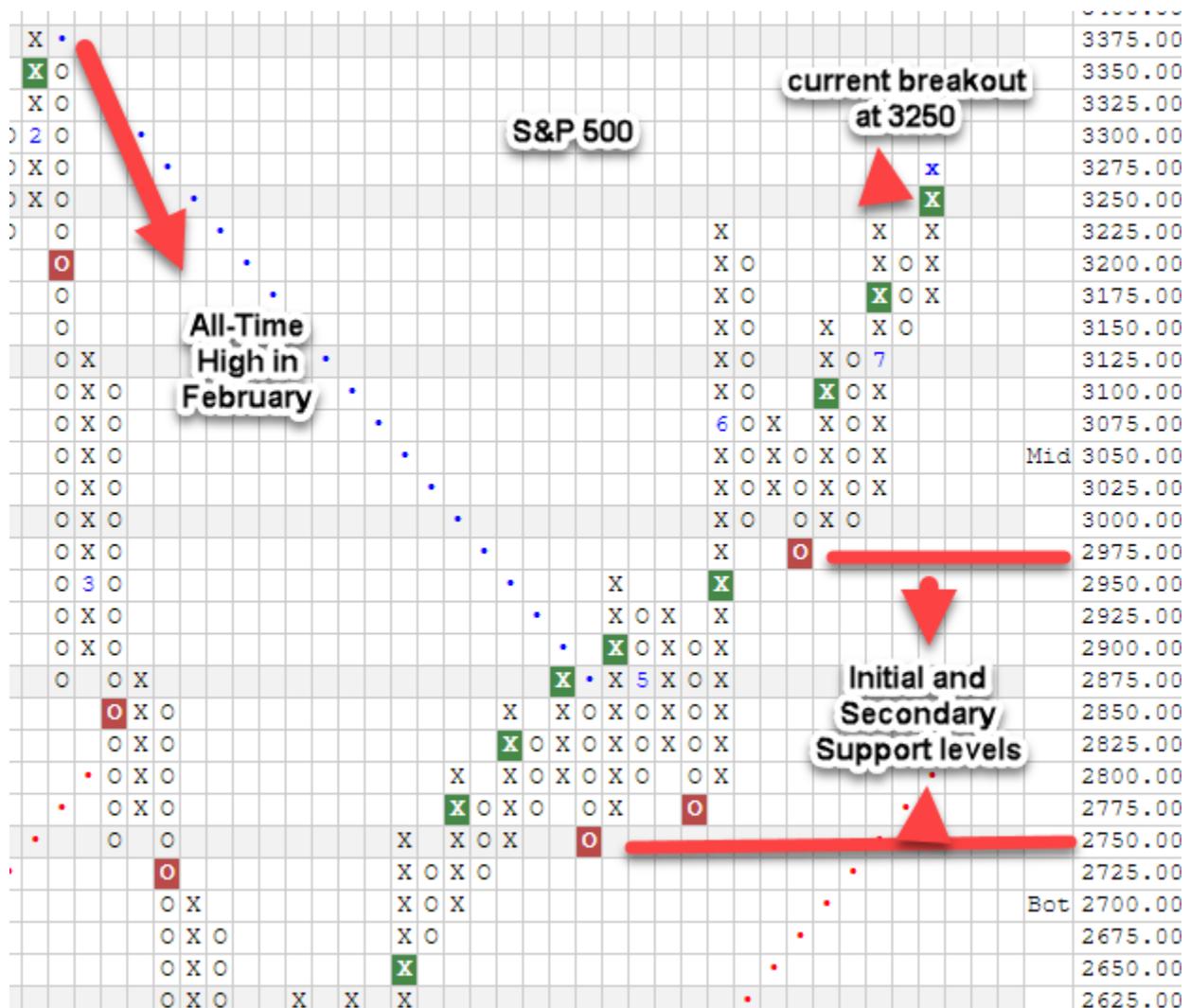


Can we Continue to Move Ahead?

Although the news is far from ideal on a number of fronts, when we look at the largest and strongest stock market around the world, the S&P 500 in the US, we see a breakout to a new high but not the all-time high reached in February of this year at around 3,375. **Will this all-time high be reached again and what happens afterwards if it is?** We never know the answer to the questions about the future but what we do know is we had a recent breakout at 3,225 that was initially reached in early June followed by some back and forth consolidation in the market. **A move to the top generally brings with it some additional resistance** as sellers like to reap their profits. What happens this time remains to be seen. The front running **Nasdaq Composite index has been able to reach new all-time highs**, so watching this leader can help illuminate the picture.



We see our primary risk indicator , the BPNYSE, which measures the percentage of stocks on the NYSE that are on a Point & Figure buy signal **move ahead to 60%** after falling earlier this month to 52% and 40% in May 2020. So the BPNYSE is currently moving ahead along with the market and has yet to reach the high-risk zone of 70% that we saw in June of this year.

Also, **the longer- term PTNYSE**, which measures the percentage of stocks on the NYSE that are in Positive Trend as defined by the Point & Figure methodology **reversed down to 50% from 56%** and currently resides at 51.64%. A move to a new high at 60% would certainly be encouraging news for the market to move higher as the next high is 68% reached in January 2017. Conversely, if it continues to move lower to 48% along with the BPNYSE moving below 50% then this downward movement would increase the risk in the market to what we saw in October 2018 and February of this year.

Finally, **a recurring theme has been the strength of the Gold commodity**. It continues to make new highs since its bottom in 2018 at less than \$1200/ounce. It currently trades above \$1800 as it looks to get back to its 2011 high above \$1900/ounce. An interesting dynamic is playing out.

We will **continue to watch and see if the various global indicators can advance upwards along with the markets or will the markets succumb to the news of the day**. A move back to the former market top in a short time frame would be encouraging to some.

Please call or email me any questions.

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

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