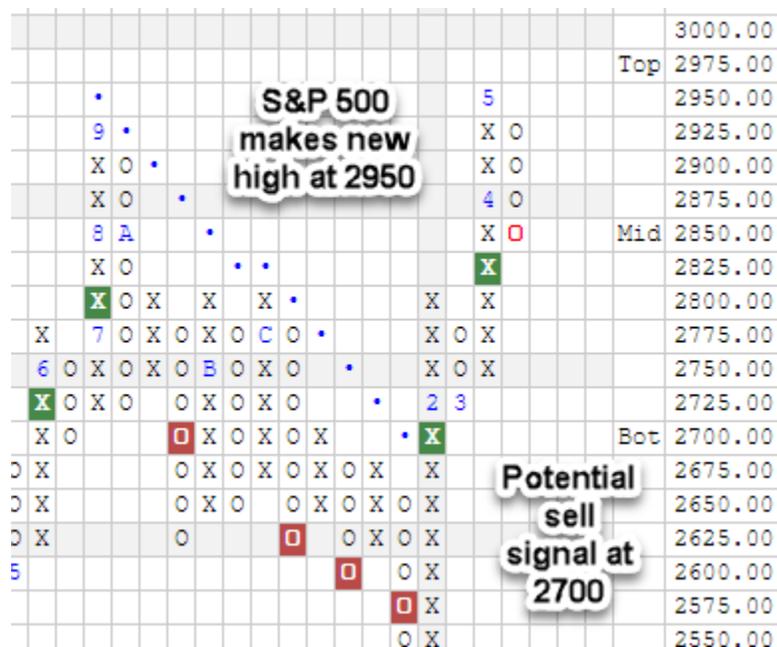


We Hit Resistance

As the North American markets moved back to their old highs from last year, we see an old theme play out – resistance. The primary North American indexes could not significantly move to new highs without being challenged by the sellers. Although the initial reaction is somewhat typical, the challenge to the upside will be formidable if the indicators we referenced in the past go to lower levels from here. Currently we have a normal pullback but the deeper it goes without a move to the upside, the more concerning it could be. Remember, the final break to the upside last time was at the 2825 level. There is support down to 2700 on the S&P 500.



The international markets appear to be leading the markets to the downside as we see the Bullish Percent and Positive Trend Indicator for Asia both reverse down. The initial reversal down for the Asian Bullish Percent happened at the end of April. We now have the World Bullish Percent moving lower also.

So at the moment we have many indicators moving down when only one week ago it was a different story. How temporary or permanent this movement is will be told in the future. We are certainly on watch hoping for the big bounce to the upside but currently there is more than sellers than buyers. Has something really changed?

Please call or email me any questions.

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

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