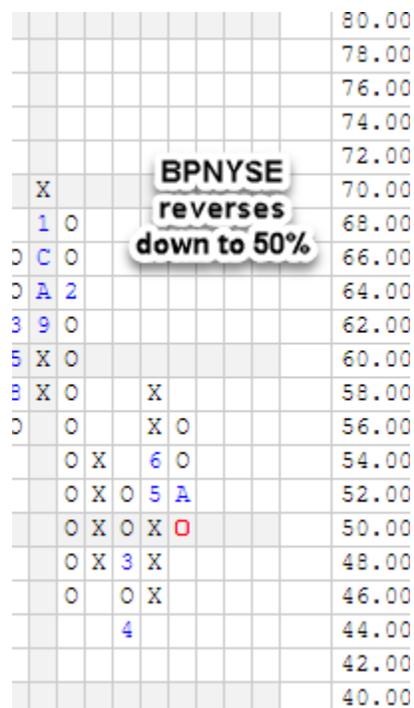


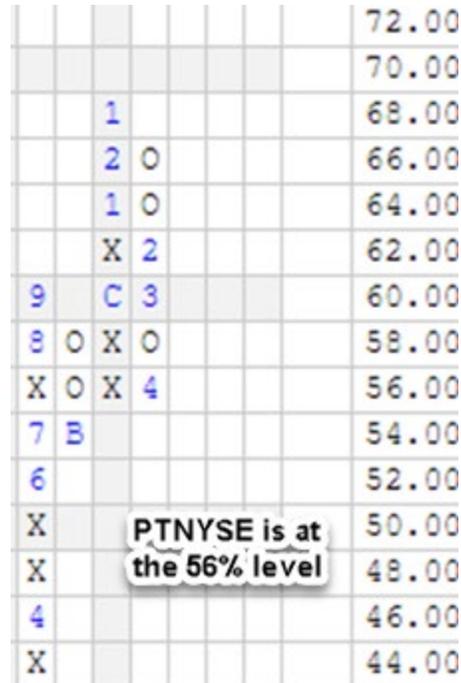
## Equity Markets Climb Wall of Worry or Hit Resistance

Since the end of January, the US stock market has been climbing a wall of worry as interest rates have been rising, oil prices have been rising and tariffs have become part of the conversation. Late last week, the DJIA (Dow Jones Industrial Index) was another US index to hit a new high for the year but did sell off as the week ended along with the reversal down in our main indicator – NYSE Bullish Percent indicator. Remember this indicator measures how many stocks that trade on the NYSE are on a Point & Figure buy signal. With the reversal down to the 50% level, we now see as many stocks on buy signal as on sell signals with the current trajectory pointing lower. This movement suggests a higher risk environment. It is not an indicator of where stocks are headed in the future but it does alert us to a change in the risk level of the US stock market which continues to be a strong leader in equities.



The international stock market continues to underperform the US. The Bullish Percent for Europe just hit a new low at 42%. So we have many of our medium term indicators in the lower half of the field but the US stock market continues to demonstrate strength over a longer time period. It remains at number one of 6 asset classes. We can also view the longer term Positive Trend Indicator for the NYSE and see it reversed down in February to the 62% level and is

currently at 56% – above the 50% demarcation point. A move down below 50% would certainly elevate the short term risk levels.



As always, we do not know which way markets will go but we can measure the level of risk and we did just witness an increase in the risk level. We will look for a bottom in some of the short term indicators before we would add risk exposure in this market. It is a time to be defensive and see if the US bull market resumes without interruption.

Please call or email with any questions

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

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