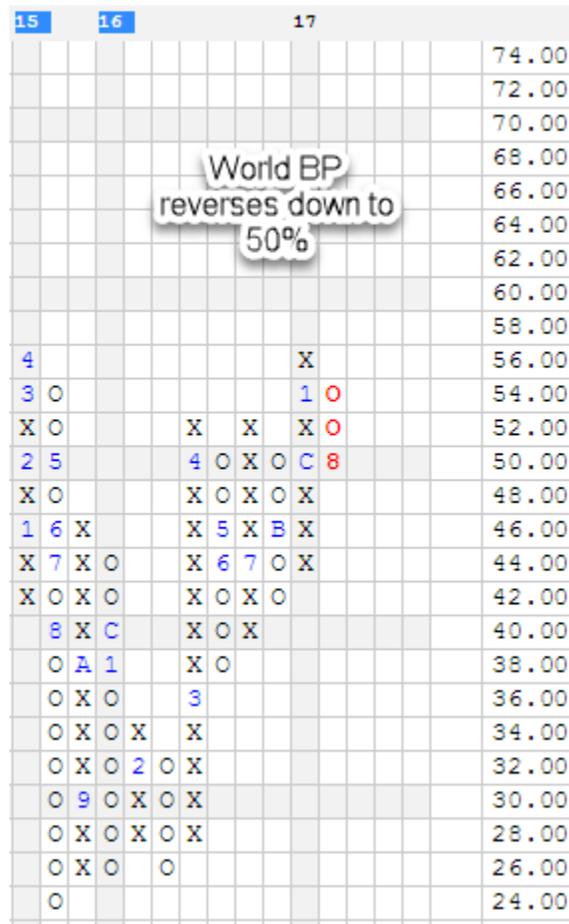


Global Tensions Have Increased

As we listen to global tensions increase in the global markets, I find it helpful to review our Point & Figure indicators to see what is changing. **The US stock market as measured by the S&P 500 moved to a new all time high this week**, and the international markets as well as the emerging markets made 52 week highs as indicated by the EFA and EEM exchange traded funds.

However, under the surface, the medium term **Bullish Percent (BP) indicator** that measures how many stocks are on a buy signal as determined by the P&F methodology, **has not been making new highs**. On August 9, 2017, we see the World Bullish Percent reverse down into O's for the first time this year. It follows the NYSE BP that reversed in March and the Toronto

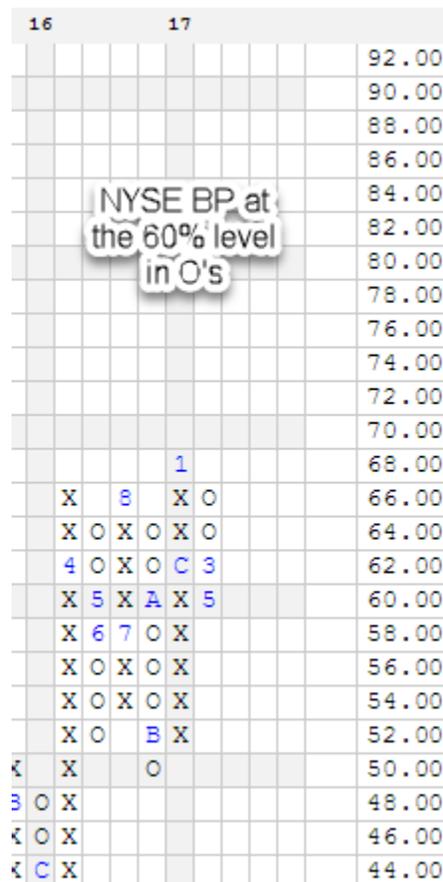


BP that reversed in June this year. So we now have many of the major Bullish Percent charts moving down into O's with the European and Asia BP charts reversing down in June and May respectively.

So, risk levels in the markets have been increasing but many stocks markets are close to their **52 week highs** with Toronto being a notable exception. Is this the beginning of the end or just a pause that refreshes. Many of the recent pauses have been fairly short in duration and with minimum downside. So it is certainly too early to determine the scope of this so called move that really hasn't started. However, be careful for what you wish for if you are hoping for a significant downturn.

One of the next higher risk levels would be for the New York BP to break below the 50% level where it was last November – a lower low into the bottom half of the zone. At the market close on August 9, 2017 it is at 58.53 and was at 62 last March when it reversed down. So very small movement in the last 5 months or so. **It is generally not advisable to have this indicator move down quickly.**

We like the fact that many of the longer term Positive Trend indicators remain elevated in X's and stock markets in general have been quite positive. With the help of Dorsey Wright, I will continue to monitor the changes in stock market risk as they take place.



Please call or email with any questions

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