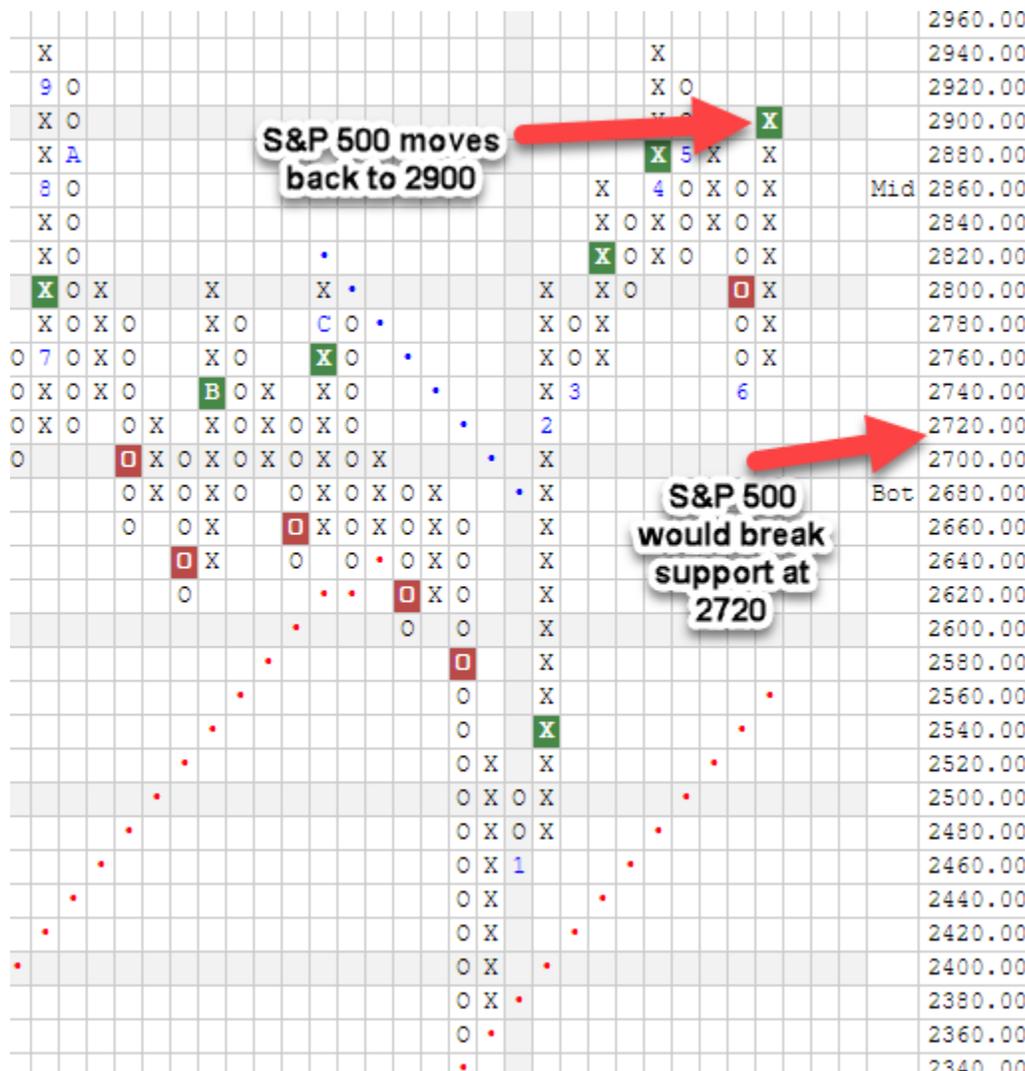
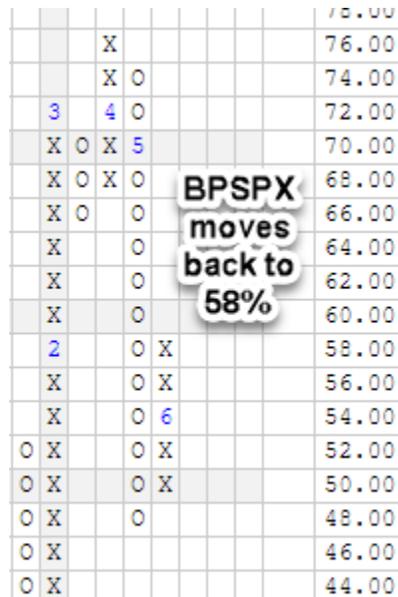


“Buy The Dip” Continues to Work

We have certainly seen some demand for stocks come back to market for the last week or so reversing much of the May downturn. We are starting to develop a much smaller trading range as we look to see if we have blue skies ahead or the potential for some storm clouds to develop. Remember, the S&P 500 peaked at around 2950 a couple of times in the last 9 months or so. It recently challenged the 2800 mark to the downside but quickly reversed and is now back at the 2900 level. Whether we go onto to new highs from here or break back down through 2740 bears watching.



Many of our short term indicators have currently moved ahead with the recent uptick in the market. The Bullish Percent for the S&P 500 which measures the number of stocks in the S&P 500 on a Point & Figure buy signal reversed back up to the 58% level. A move back up to the top of the range at 76% would certainly continue to support a strong US stock market.



Meanwhile, The Positive Trend indicator for the NYSE never reversed down in May and is currently at 46.1%. Remember, this indicator that measure that number of stocks that trade on the NYSE that are in Positive Trend bottomed last December at 26% and has moved up to the demarcation point of 50%. We continue to watch and see if this indicator can move ahead.

The Bullish Percent for the NYSE has yet to reverse back up since the move down in May and is currently at 45.97%. A move back above 60% would continue to suggest that demand is in control.

Although the financial news continues to be erratic, we continue to follow the indicators to see if demand or supply is in control regarding price movement. We currently witnessed a short term move to the upside that has some resemblance to the larger downturn last December. The current reversal back up was very quick similar to the January move, so we continue to be in an opportunistic market where buyers are taking advantage of moves to the downside. Whether this “Buy the Dip” continues as we move forward is certainly worth watching.

Please call or email me any questions.

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

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