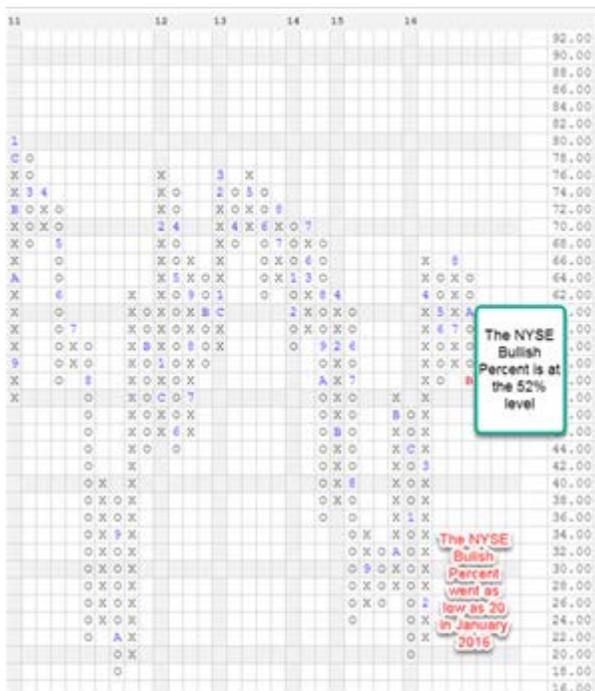
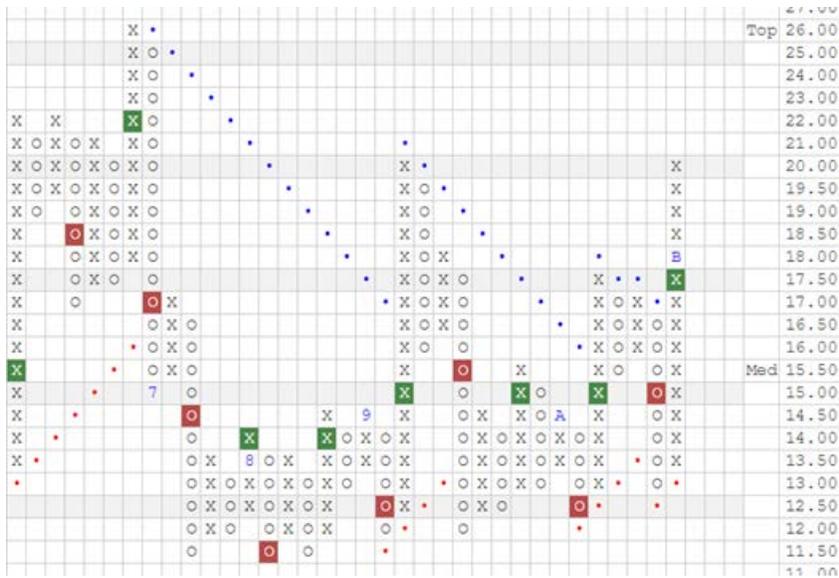


The Risk Levels Have Been Moving Up

The trading action of the US stock market has been to the downside as we approach the US Presidential election. No real surprise there. In mid - October, our main indicator for the US stock market – NYSE Bullish Percent – reversed down into O's and is currently close to the 50% level. This move down into O's happens when 6% of the stocks on the New York Exchange change from point & figure buy signals to point and figure sell signals. This is not predictive of what will happen to an index or a sector or a stock but it does suggest that more sellers are entering the market than buyers.



Risk generally increases the farther the chart reverses into O's and below the 50% level. We can also see that the CBOE Volatility Index (VIX) has risen to the 20 level where it was back in September. This 20 level could prove to be resistance. A move above 20 would suggest that selling is going to continue. Eventually indicators like the NYSE Bullish Percent reverse up and that can be a good buying opportunity. We will continue to monitor the various indicators to see when demand for buying stocks returns to the US stock market.



Charts provided by Dorsey Wright & Associates

Please call or email me any questions.

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