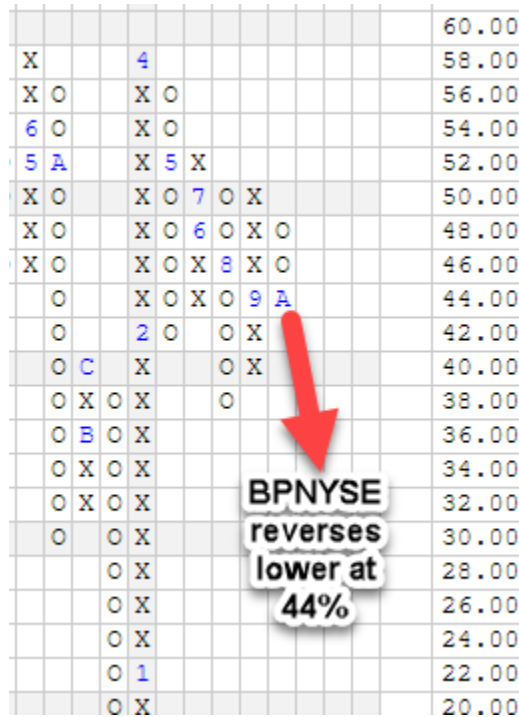


October Blues??

October does have a history when it comes to the stock market and it's a history one would like to avoid. Just last year, the US S&P 500 had a pullback in October after reaching new highs in September. October was followed by a disappointing December. This year, in September, we were very close to reaching the July all-time high for the S&P500 and now in October we have a volatile first week following a challenging final week in September. Although we have no way of knowing if history will repeat itself, we can look at 2 of our primary indicators and notice that they have difficulty getting past our demarcation point – 50% level. The Bullish Percent for the NYSE that measures the percentage of stocks that trade on the NYSE that are on a buy signal as determined by the Point & Figure method reversed down from 50% to 44%. **We would like to see this indicator reverse back up to go significantly above the 50% level to demonstrate demand being in control.** Currently it is going lower and at 36% it will hit the lowest level since January. Last year this indicator bottomed at 16% which is a breakdown and was an excellent buying opportunity. We do not know the immediate direction but we are hopeful it can turn around and head north. In the meantime, risk is elevated.



We also follow the Positive Trend Indicator for the NYSE to see how many stocks that trade on the NYSE are in positive trend. It did reverse up to 48% in September after hitting 42% in August. As I write this blog it is at 45.74%. **We are hopeful that this indicator can also continue to move above the 50% level. A reversal down to 40% from here along with the BPNYSE going lower suggests high risk.**

