AIQ Opening Bell Newsletter Digest

March 2009 Vol. 18 Issue 3

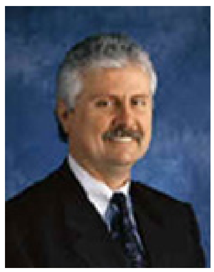
In This Issue

The Opening Bell Newsletter is a publication of AIQ Systems
P O Box 34764,
Reno NV, 89533

E-mail:
openingbell@aiqsystems.com

Trading Earnings Surprises

By Richard Croft Croft Capital Management



Mr. Croft authors a regular Market Commentary column on E*TRADE that appears each Tuesday. He is also a regular contributor to the MoneyLetter, where his articles focus on utilizing individual stocks, mutual funds and exchange traded funds within a portfolio model. Mr. Croft is a global portfolio manager who focuses on risk adjusted performance. He believes it is not just about return, it is about how that return was achieved.

Most recently, Mr. Croft co-authored a Canadian best seller on portfolio building entitled Protect Your Nest Egg. This was Mr. Croft's ninth book.

A technical analysts works very hard at trying to predict the direction of the market or a specific security. At best, technicians might be right 60% of the time, and if they are, they have found a very attractive trading strategy.

For option traders, it is even more difficult, because you must not only be able to predict direction, you must also be able to pick the timing of a move. And then for good measure, you must be certain that you do not pay too much for the option.

The latter point can be critical to the discussion, because you can be right about the move, right about the timing, and still lose money. Why? Because the market squeezed volatility from the price of the option. When you lose volatility, the price of the option declines, sometimes to a greater extent than the move in the underlying can offset.

For example, suppose you noted that XYZ had just gapped down, and you believed that over the next couple of months, the stock would continue to fall. The stock is trading at $50 per share. You decide to buy the XYZ six month 45 put at $4.25 (implied volatility 45%). It turns out that you were right. The stock does continue to fall, and two months later is trading at $45 per share. However the options market does not feel the stock is as risky and the option market has priced the options with a 30% volatility instead of the 45% volatility you initially paid. Further, it has taken two months for the stock to decline, and your six month option now has only four months to expiry. The option would be trading at $3.50 per share. In this case, you were right about the move, right about the timing and yet you still lost money.

In my opinion, the ideal strategy is one that combines a reasonable cost for the option, where the is a reasonable probability (like all strategies nothing is perfect) that you can predict the short term direction of the underlying security, and where the selection of the underlying security follows a pattern that can be used more than once.

With that in mind, I came across a study authored by Lawrence McMillan that looked at the potential of trading companies after a surprise earnings release. This concept has appeal, because companies report earnings four times a year, so if it works, there is an opportunity to employ the strategy more than once.

What got McMillan interested in this approach was as he suggests, the surprising magnitude of a stock's reaction to earnings during the reporting period. The objective of the strategy is based on playing the stock after the announcement, on the basis that there is often some follow through on the initial move.

What intrigues me about this approach is the fact that the stock has already reacted to the earnings announcement, which means that you do not have to predict what the result will be. Instead you are attempting to employ an options strategy ex-ante.

The study attempted to examine whether "*there might be some follow-through to these earnings moves. That is, if one saw a stock gap down sharply after an earnings report, the stock could be shorted at that time – expecting further downside moves over the next two to three weeks. Conversely if the stock were to gap higher, the stock could be bought after the gap move and held profitably for a two to three week period.*"

The study examined all large moves based on the results of first quarter earnings, and followed the performance of those stocks in the two and three week period following the initial gap.

To work focused on stocks with heavy option volume because those options would typically have tighter bid asked spreads. The stocks included in the study moved strictly on the basis of the earnings release, with no other corporate announcement involved. Stocks above \$40 per share had to move at least \$3, while stocks that were below \$40 need only move \$2 per share after the earnings release.

The study began on April 3rd, 2006, using stocks that met this criteria. The stocks were monitored until May 19th 2006. This period encompassed most of the first quarter earnings announcement.

The first pass included 266 stocks. Of this group 124 stocks gapped higher on the earnings news, while 142 gapped lower (mostly on adjustments in the companies' earnings forecasts). McMillan analyzed subsequent moves by the stock – one week, two weeks, and three weeks later.

Says McMillan, "*the following table [table 1] shows the biggest upside gaps (in percentage terms), along with the follow-up moves one week, two weeks, and three weeks later – also in percentage terms. So, for example, Avici Systems (AVCI) jumped 82% higher on its earnings news, moving from a price of \$4.38 to \$8.00 [all prices in US dollars]. However, one week later, it was unchanged; two weeks later, it had fallen 5% to 7.63; and three weeks later it had fallen 19% to 6.50. So the –5% means that it had fallen 5% from its post-gap price of 8. Similarly, the 19% drop after three weeks was from the post-gap price of 8.*"

When looking at stocks that gapped down after the earnings announcement (see table 2), the largest initial move was Plantronics (PLT). The stock fell 29%, from \$36.65 to \$25.90. The stock then continued to decline, falling another 11% in the next week, from \$25.90 to \$23.00, and continued to fall – albeit at a slower pace – to \$21.90 after two weeks and \$21.63 after three weeks.

These two tables – while only showing 20 of the 266 stocks in the study – are a microcosm of the entire study itself. Note that the stocks that gapped up did not really follow through too well. However, those that gapped down seemed to continue on down. That theme turned out to be the cornerstone of the study.

Cutting through what was actually quite a bit of research, McMillan arrived at the following results. Table 3 shows how many of the stocks followed through on their initial moves. It is broken down between the longs (i.e. upward gap moves on the earnings news) and shorts (downward gap moves on the earnings).

Table 1 Stocks that initially gapped up

Symbol	Gap Date	Initial	1 Week	2 Weeks	3 Weeks
AVCI	20-Apr-06	83%	0%	-5%	-19%
BIDU	10-May-06	37%	0%	0%	-1%
NTRI	25-Apr-06	34%	3%	1%	1%
ZRAN	25-Apr-06	29%	-7%	-3%	-14%
SWIR	21-Apr-06	28%	1%	6%	7%
SWFT	20-Apr-06	27%	-4%	2%	-2%
FNF	27-Apr-06	24%	-1%	-3%	-3%
RNOW	25-Apr-06	24%	1%	-1%	-5%
ISRG	28-Apr-06	23%	1%	-7%	-9%
CLHB	4-May-06	22%	-3%	-1%	3%

Table 2 Stocks that initially gapped down

Symbol	Gap Date	Initial	1 Week	2 Weeks	3 Weeks
PLT	3-May-06	-29%	-11%	-15%	-16%
MFLX	10-May-06	-29%	-14%	-25%	-22%
SPC	6-Apr-06	-28%	0%	4%	6%
SFCC	10-May-06	-27%	-8%	-11%	-10%
EXPE	12-May-06	-26%	-4%	-3%	1%
PDLI	3-May-06	-24%	-1%	-5%	-8%
STMP	25-Apr-06	-23%	1%	5%	-2%
IVN	15-May-06	-22%	-7%	-5%	-5%
ITWO	4-May-06	-22%	-4%	-8%	-9%
HHGP	4-May-06	-21%	-13%	-21%	-21%

Table 3 Follow-Through Moves (Raw number and percent)

	1 week	2 weeks	3 weeks
Longs (124)	46 (37%)	44 (35%)	36 (29%)
Shorts (142)	77 (54%)	83 (58%)	107 (75%)

To clarify this data, consider one week moves for long stocks (i.e. stocks which gapped up). Only 46 of the 124 longs, or 37%, followed through on the upside with any gain at all (even a penny). After three weeks, only 29% of the longs had continued higher.

The shorts (stocks that gapped down initially) did much better, with more than half continuing downward over the next two weeks, and fully 75% having followed through on the downside after three weeks. It turns out that the average long lost 11% after a three-week holding period, while the average short gained nearly 8% (a short gains because it continued to fall) after three weeks. That is, both the longs and the shorts fell in price over the course of the next three weeks.

The second phase of the study in next month's digest took into account the performance of the market during that period. The issue that the second phase attempts to examine is whether the market influenced the outcome. For example, if the overall market were rising or falling declining during the period of the study, would that skew the results. We will examine the results of that next week, just in time for the second quarter earnings season.

Timely Trades March 8, 2009

By Steve Palmquist

NASDAQ Outlook & Key Trading Levels:

The market dropped with average volume during Thursday's session, and retested the 1295 horizontal support area from the November lows. On Friday the market moved below the November lows; and then bounced to close right on horizontal support, and down about six points, on above average volume. In the last two sessions, the market has tested horizontal support from both sides and ended up the week resting right on it. This week should be interesting.

The trading plan was to look at longs on a move above Wednesday's high, and shorts if the market broke below the November lows. I started Thursday in all cash, as noted in the last Letter, and remained that way on Thursday because the market did not move above Wednesday's high or below support. I followed the plan and had the day off. Remember that when you are waiting for the market to move to a key level, that calls for action, you can set an alert and have your broker email your computer or phone when the market gets to a key level that you want to look at.

On Friday the market broke below support, which had me looking for a a few short positions. As noted in previous letters, any move worth trading does not require you to be all in on the first day. I often take a couple of probing positions and then let the move prove itself. If a move proves itself by showing accumulation/distribution, or trending on generally increasing volume, then I will look at increasing position sizes and the number of trading positions.

Market reversals below support and then back up can be hard on pullback, and basing patterns. Pullback patterns need a couple days to work out, distribution patterns are one of the patterns that can run even when the market is not moving. One of the reasons we have been focused on distribution and accumulation patterns recently is that even in uncertain markets the voting is already in for these volume based patterns.

Four of the distribution patterns from the last letter (HS, GMT, MSI, and TEL) moved down and stayed down on Friday, even with the market's bounce back to the November low support level. This is one of the reasons I focus on volume based patterns when the market is showing some indecision. As the market changes its behavior we will be changing the patterns that we trade. One of the keys is to always be adapting to what the market is doing.

Since the market is resting right on support I will be prepared to pick up long trading positions on a bounce above the 1327 area on good volume. Bounces on clearly below average volume are suspect since the market is moving and a lot of participants are just watching. A low volume bounce would have me looking at one or two accumulation patterns or a couple of pullback or flag patterns moving on above average volume.

If the market drops below the 1284 area on good volume I will look at a couple of short (or inverse ETF, or puts on the QQQQ) positions. Since the market has been indecisive recently I will stick with just distribution patterns for not. There are a lot of distribution patterns out there, and they have the potential to perform in this kind of market.

I got an email asking what to do if a trader cannot go short, for example if they are trading in an IRA account. There are a number of ways to address this. Traders can buy the inverse ETFs which are long positions that profit from declines in the market. Inverse ETFs include DOG, DUG, DXD, MZZ, QID, SDS, SH, SKF, SRS, and TWM. Traders can also purchase puts on the QQQQ or other setups when the market declines. Traders can also look at setting up a small account outside the IRA for short trading. There are lots of choices to address the issue and be able to trade with the market.

In summary the trading plan is to look at a few long trading positions if the market moves above the 1327 area on strong volume and a few short positions if the market moves below the 1284 area on volume. If the market remains within a narrow base defined by those two areas, or moves out on clearly low volume, the conservative play is to remain in cash until the market demonstrates some conviction. More aggressive traders may consider pairing a few accumulation and distribution patterns around current levels. As we saw with HS, GMT, MSO, and TEL last week volume patterns can show some profits even when the market is not yet sure which way it wants to go.

Once again I would just be using small probing positions until the market shows a direction with some volume, until then I will trade lightly. When the market starts moving with volume I will look at increasing my number of trading positions and the position sizes.

There are no risk free trades. I want to manage risk by looking at each setup and asking, 'what is the lowest risk way to enter this trade?' I then want to compare that risk to what my other choices are. I am not focused on one stock, I am looking to manage units of risk by looking at all available trades, the various entry techniques, and the potential risk to

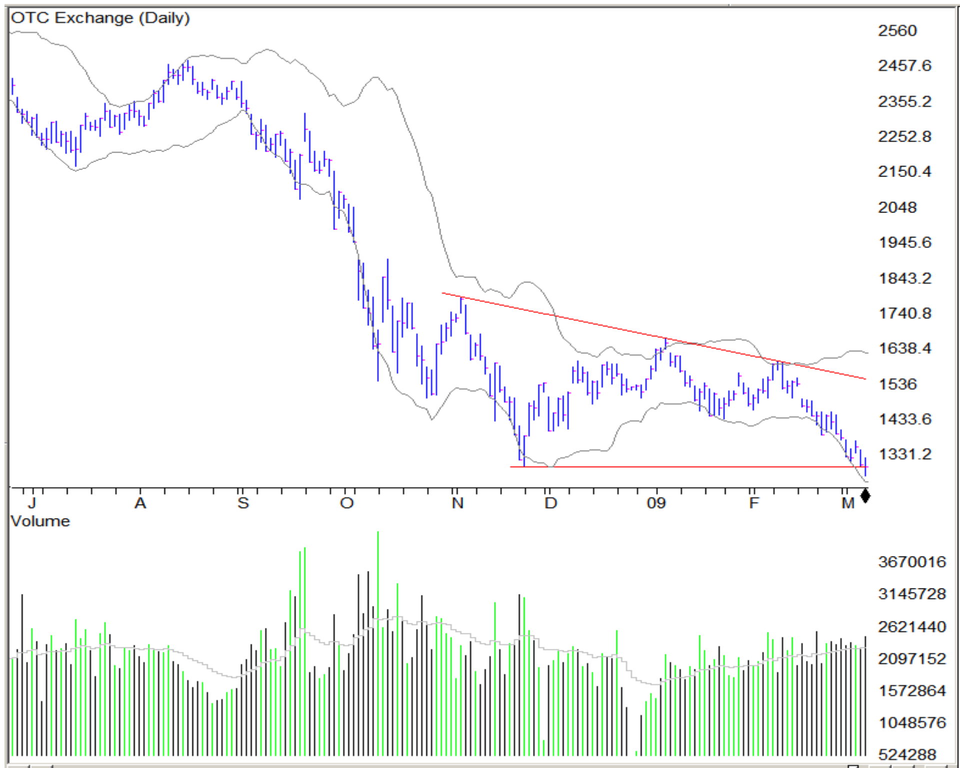


Figure 1 NASDAQ Market

reward that each trade yields. I then take the best of what is available, within the constraints of the trading plan. I do not focus on watching for triggers to within the penny. I am looking at all the potential trades and then picking the ones that are best.

I want to continue keeping holding times short because of the recent volatility of the market. When the market is less volatile, or picks a direction, I will look at increasing position sizes.

Long Trade Opportunities:

Focus on Long setup's that hit the price trigger when the market is bouncing off support, breaking above resistance, or in a clear up trend. See information on Market conditions above to determine if longs are appropriate. Do not take positions just because they reach the price target, check volume and market conditions to determine if taking a position is appropriate. An Initial protective stop loss is typically placed just below the low of the pattern. If the set up does not trigger the next day, watch the pattern for a few more days. Interesting Long set ups include:

CBRL on a move above 22.88. Accumulation.

IAG on a move above 8.16. Accumulation.

S on a move above 3.41. Accumulation.

HI on a move above 26.21. Bullish Engulfing Pattern

XLP on a move above 20.06. Bullish Engulfing Pattern

CL on a move above 56.41. Doji Pattern

Shorting Opportunities:

Focus on Short setup's that hit the price trigger when the market is retracing from resistance, breaking below support, or in a down trend. See information on Market conditions above to determine if shorts are appropriate. Do not take positions just because they reach the price target, check volume and market conditions to determine if taking a position is appropriate. An Initial protective stop loss is typically placed just above the high of the pattern. If the set up does not trigger the next day, continue to watch the pattern for a few days. Interesting Short set ups include:

AMSG on a move below 12.94. Distribution.

WLP on a move below 30.29. Distribution.

CPB on a move below 25.94. Distribution.

AFAM on a move below 15.24. Distribution.

ETF Corner:

Exchange Traded Funds, REITs, and closed end funds may have low volatility and thus may provide opportunities for intermediate term holdings. Some are not strongly correlated to the market, and provide interesting trading opportunities in poor market conditions. I generally trade these using trend lines for entry and exit points.

I watch for trend line breaks on pull back's, or a break above a long term descending trend line for entries. For exits I look at topping patterns and breaks below ascending trend lines. The volume is often low on ETF's, so I use limit orders for entry and exits.

I generally hold ETF's longer than stocks and look for movement on declining volume, approaching resistance/support, or when the market approaches resistance/ support, as times to take profits and move on to another ETF setup. ETF's that currently look interesting include:

CEF is interesting on a move above the 12.11 area. I am using the short term ascending trend line drawn through the lows of 10/24/08 and 01/14/09 to manage this trade. I would exit on a move below this trend line or approaching the trend line drawn through the highs of 12/17 and 02/28.

FXE has pulled back to retest the November lows. A bounce with a move above the 129.21 area would have me looking at a small position.

FXI looks interesting if it can break above the fifteen month descending trend line drawn through the highs of 10/31/07 and 07/23/08. This pattern took a long time to form and it should make a nice move if it has the strength to move clearly above the descending trend line.

PGJ looks interesting on a move above the descending trend line drawn through the highs of 05/30/08 and 02/10/09. Once again, I will stick with small probing positions on these bottoming patterns, and then add to the position as the ETF proves itself.

Trader Tips:

There are a lot of trading books available covering a wide range of topics. There are only a handful that actually show how a trading pattern was developed or tested. I am amazed at how many people read a book that just shows a few examples of a trading pattern, and then go out and risk their life savings. I highly recommend the three books noted below, because they all provide testing and analysis of trading patterns to give a better idea of how patterns work and what traders should be looking for. Back testing does not guarantee anything, trading always involves risks and you can lose money trading a system that looked good in back testing. However, I would much rather trade something that has been shown to work in the past than something that has never been tested or shown to work at all. I have all three of these books on my trading desk and refer to them frequently, I have a number of other trading books that just gather dust.

<u>Money Making Candlestick Patterns-Backtested for Proven Results</u>, by Steve Palmquist. I wrote this book because I found that many candlestick patterns were poorly defined and there was no information on how well they worked and what market conditions were best for using the different patterns. I also wanted to know how results varied with additional filters such as volume and length of the shadows. I wanted to know what worked and what to avoid, so I backtested a half dozen different candlestick patterns in various market conditions and also tested them using different filters. This book not only shows how to use popular candlestick patterns, it outlines how to develop and test trading patterns. This book is available at the bottom of the page on www.daisydogger.com. Or by clicking here.

<u>The Encyclopedia of Chart Patterns</u>, by Thomas Bulkowski. This is a review of many popular chart patterns along with test results from using the patterns. This book covers basic chart patterns that should be part of the traders tool box. The testing data for each pattern gives you a good idea of which ones have been effective. This book is available by clicking here.

<u>ETF Trading Strategies Revealed</u>, by David Vomund. This book covers different approaches to ETF trading. One of the techniques I use is described in chapter three. This book is available on Amazon.

Additional Information:

Steve Palmquist a full time trader who invests his own money in the market every day. He has shared trading techniques and systems at seminars across the country; presented at the Traders Expo, and published articles in <u>Stocks & Commodities</u>, <u>Traders-Journal</u>, <u>The Opening Bell</u>, and <u>Working Money</u>. Steve is the author of, "Money-Making

Candlestick Patterns, Backtested for Proven Results', in which he shares backtesting research on popular candlestick patterns and shows what actually works, and what does not. This best selling book is available through www.daisydogger.com.

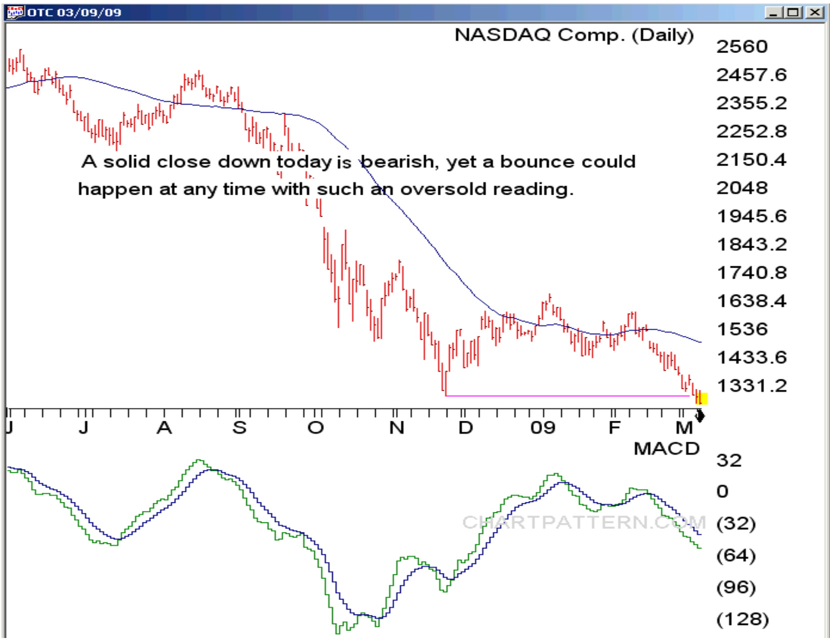
Steve is the publisher of the, 'Timely Trades Letter' in which he shares his market analysis and specific trading setups for stocks and ETFs. To receive a sample of the 'Timely Trades Letter' send an email to sample@daisydogger.com. Steve's website: www.daisydogger.com provides additional trading information and market adaptive trading techniques.

Terms of Use & Disclaimer:

This newsletter is a publication for the education of short term stock traders. The newsletter is an information service only. The information provided herein is not to be construed as an offer or recommendation to buy or sell stocks of any kind. The newsletter selections are not to be considered a recommendation to buy any stock but to aid the investor in making an informed decision based on technical analysis. Readers should always check with their licensed financial advisor and their tax advisor to determine the suitability of any investment or trade. Trading stocks involves risk and you may lose part or all of your investment. The Information provided in this newsletter is not to be relied upon for your investment decisions. Your decision to buy or sell any securities is a result your own decisions, free will, and your own research. We are not recommending the purchase or short sale of specific securities. Trading should be based on your own understanding of market conditions, price patterns and risk; our information is designed to provide setups we think are interesting but they may result in losses. The information provided in this letter is for educational purposes only; and provided on an "as is" basis without regard to your investment goals, financial circumstances, investment knowledge, or trading abilities.

The Zanger Report March 9, 2009

Hello out there stock fans. The market held tough for most of the day trying at various times to stage a rally with banking stocks lifting from $1 to $2 each before fading with the rest of the market into the sunset with yet another down close. Let's start off with the NASDAQ.



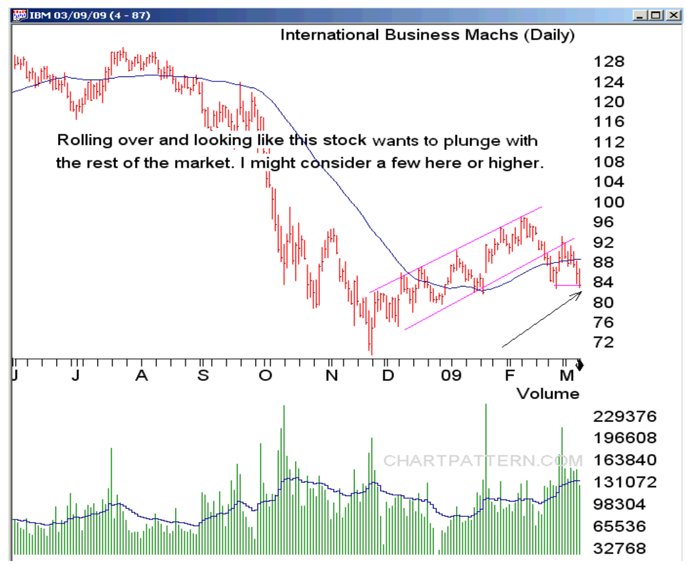
My short term trading oscillator moved down 8 points and closed the day at an oversold reading of minus 58. This market has been sitting down in this oversold area for some time now and can't lift but a few points. This is just another sign of how sick the market is.

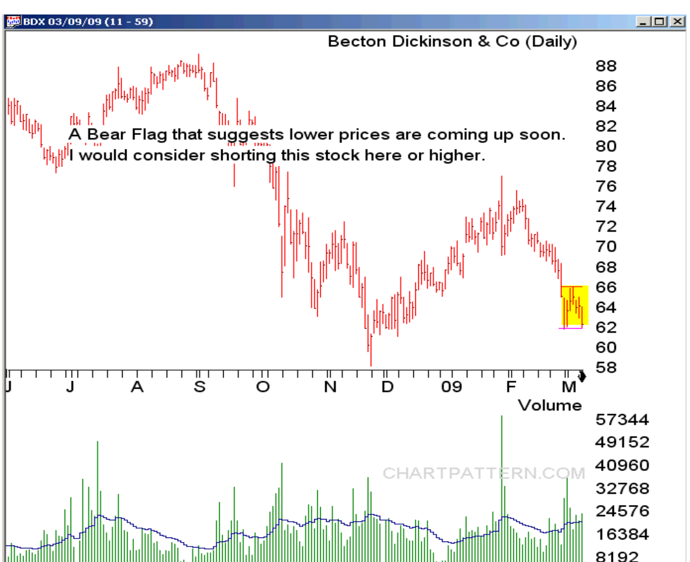
Now on to the handful of stocks that are still high enough in price to show for trading. Everything else in the market has collapsed to what amounts to untradeable levels.


AAPL 03/09/09 (72 - 13)
Apple Inc. (Daily)
No buyers for this stock as it heads down and could soon touch the lower horizontal line. This large Descending Triangle is bearish and suggests much lower prices could be coming up.
184
176
168
160
152
144
136
128
120
112
104
96
88
80
J A S O N D 09 F M
Volume
917504
786432
655360
524288
393216
262144
131072
CHARTPATTERN.COM

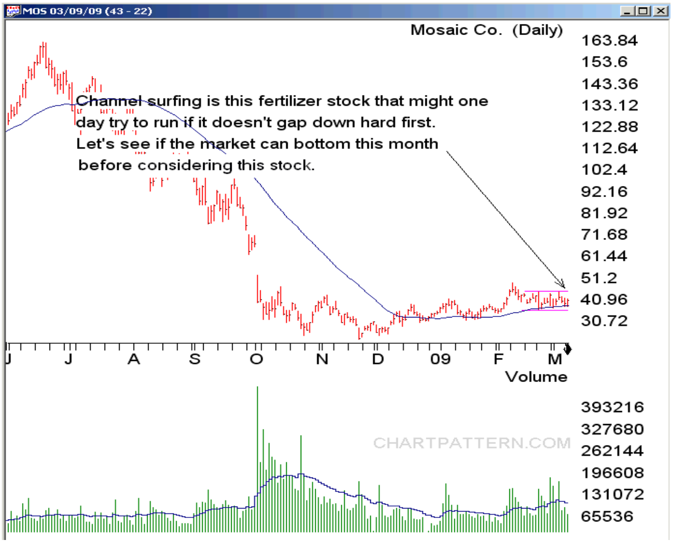

BIDU 03/09/09 (59 - 11)
Baidu.com Inc. Ads (Daily)
Resting on lighter volume today just below resistance. This stock can move when it wants to, so a move above $164 on good early morning volume and I might consider a few for a trade.
358.4
332.8
307.2
281.6
256
230.4
204.8
179.2
153.6
128
102.4
J J A S O N D 09 F M
Volume
114688
98304
81920
65536
49152
32768
16384
CHARTPATTERN.COM

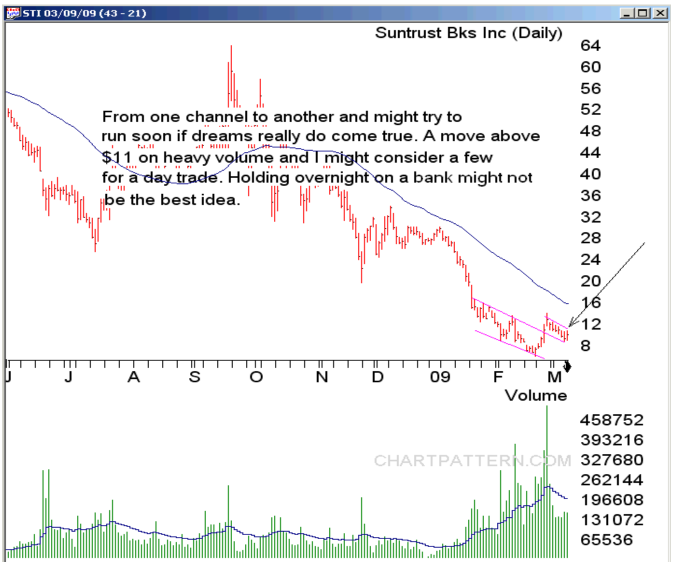

AMZN 03/09/09 (18 - 67)
Amazon.com (Daily)
Two good days of heavy volume as this stock closes down implies that this stock might be heading lower soon. Next stop could be the 50-day at $57.50.
92
88
84
80
76
72
68
64
60
56
52
48
44
40
36
J A S O N D 09 F M
Volume
393216
327680
262144
196608
131072
65536
CHARTPATTERN.COM


IBM 03/09/09 (4 - 87)
International Business Machs (Daily)
Rolling over and looking like this stock wants to plunge with the rest of the market. I might consider a few here or higher.
128
124
120
116
112
108
104
100
96
92
88
84
80
76
72
J J A S O N D 09 F M
Volume
229376
196608
163840
131072
98304
65536
32768
CHARTPATTERN.COM


BDX 03/09/09 (11 - 59)
Becton Dickinson & Co (Daily)
A Bear Flag that suggests lower prices are coming up soon. I would consider shorting this stock here or higher.
88
86
84
82
80
78
76
74
72
70
68
66
64
62
60
58
J J A S O N D 09 F M
Volume
57344
49152
40960
32768
24576
16384
8192
CHARTPATTERN.COM


OIH 03/09/09 (16 - 56)
Holders Trust-Oil Service (Daily)
Oil prices could be turning up, but oil stocks are still not responding. This stock is trading in this large Descending Triangle that implies lower prices for oil stocks are coming up regardless of what the price of oil is doing
A sharp break of the horizontal line on good volume at $65 and I would short this stock using tight stops.
224
208
192
176
160
144
128
112
96
80
64
J A S O N D 09 F M
Volume
229376
196608
163840
131072
98304
65536
32768
CHARTPATTERN.COM

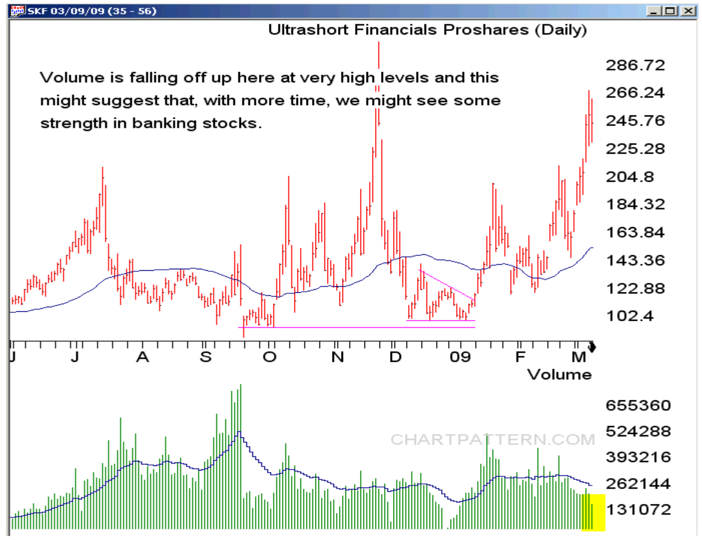




About the Author:

Dan has been featured in FORTUNE MAGAZINE and appeared on a segment of EXTRA TV. He was also the weekly host of his own half-hour show on the Business Channel in LA and featured in numerous leading trade magazines such as Active Trader, TradersWorld, Forbes and Stocks & Commodities.

Dan has been an AIQ user since 1992 and uses AIQ's advanced list feature in charts for his daily stock screening. More info on Dan's newsletter can be found at Chartpattern.com.



Bartometer Market Outlook, March 1, 2009

By Joe Bartosiewicz, CFP, Devon Kay Financial Group

I have stated over the last couple months that the market would continue to fall. I have been saying that the market showed an Elliot Wave pattern that could bring the Dow to the 6500-7400 level or lower. We are now at a major inflection point where this market can go in either direction. There is minor support on the Dow at 7100 and 740 on the S&P respectively. If we drop below those two points the market could fall to the mid 6000 area or lower and 600-650 plus on the S&P. For those of you who are concerned about preserving your money especially if the market continues to fall, you may want to reevaluate your portfolio based upon your goals and objectives in this market, especially if we do fall to the 6000-6500 area. Watch 6500-6700 on the Dow for the potential for a bounce if we go there. We are, however, technically bearish. The market is getting very oversold long term and we could have an explosive rally at any time.

Support on the Dow Jones is at 7220, 7177-7150, 7077, 6938 and 6611. Resistance is at 7220, 7385, 7451, 7680, and 7775

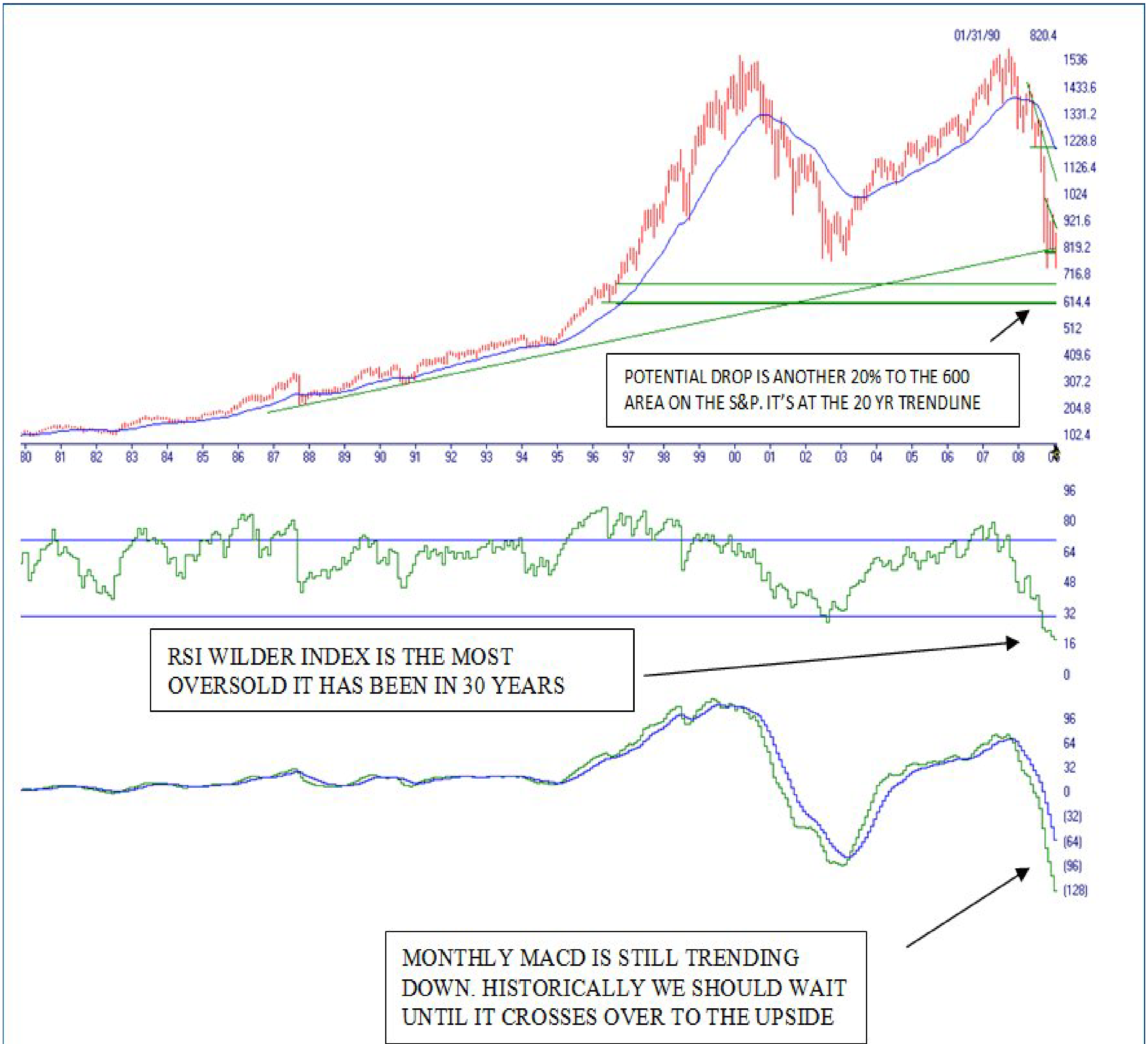
Market Strategies

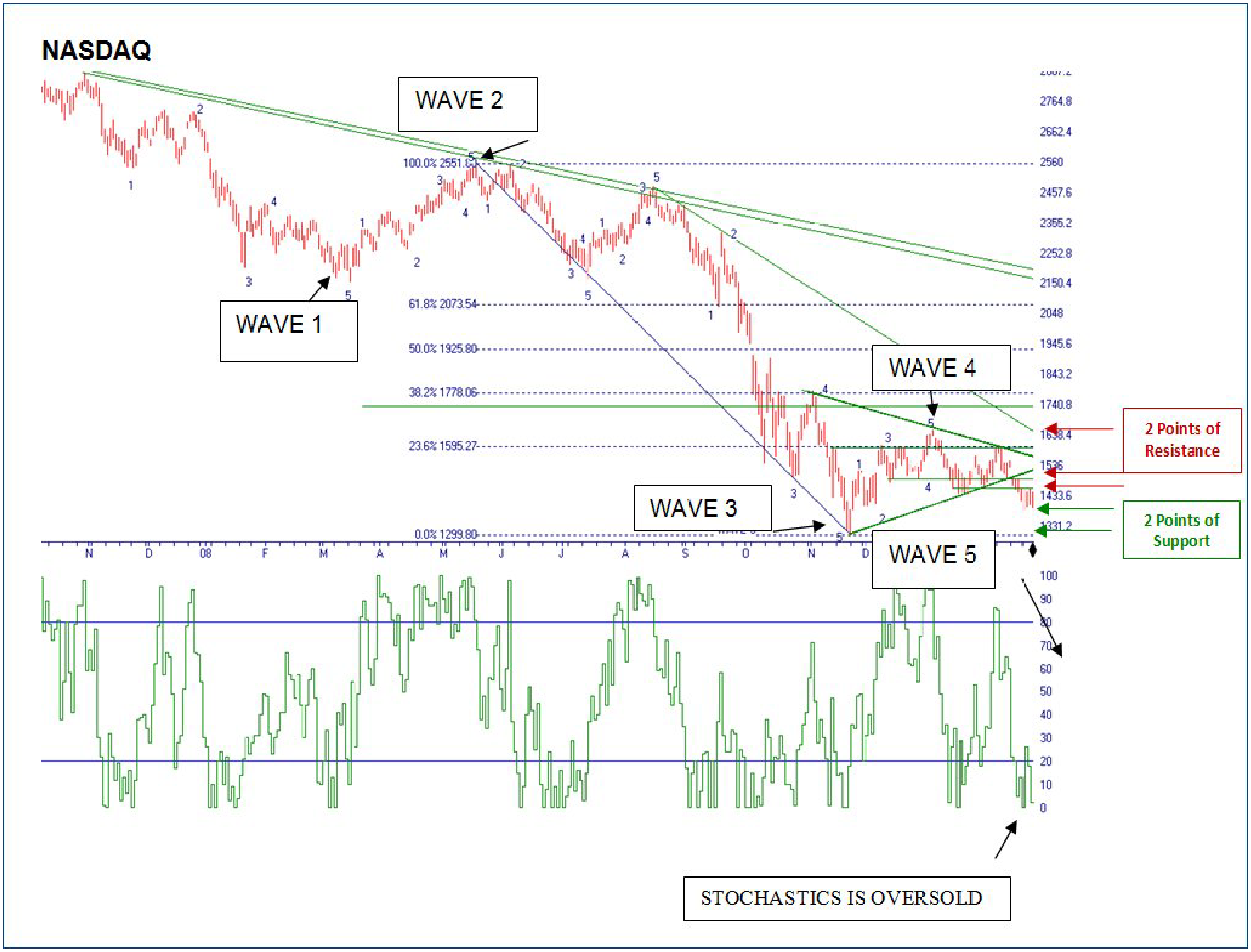
My market timing models are SHORT TERM BEARISH: LONG TERM I FEEL THE MARKET WILL RISE.

I AM OPPORTUNISTIC ON THE LONG AND SHORT SIDE. We are at a critical point on the Dow and the S&P 500. Even though we are over sold and could have a rally at anytime the S&P is just below a critical trend line support as it is very oversold, but MACD and many other indicators are not bullish. There is a possibility of further big declines. We can have an explosive rally at any time.

**Technical Analysis is based on a study of historical price movements and past trend patterns. There is no assurance that these movements or trends can or will be duplicated in the near future. It logically follows that historical precedent does not guarantee future results. Conclusions expressed in the Technical Analysis section are personal opinions: and may not be construed as recommendations to buy or sell anything.*

WE ARE STILL IN A TRADING MODE. SUPPORT ON THE S&P is 754, 741, 733, 680 and 608. RESISTANCE is at 780, 802, 813, 840, 851 and 877. Observe the three resistance points mentioned above for possibly shorting or support levels to go long. Always place your stop orders if markets go against you.





This week we had a trend line break like I stated last week we would. This market is still negative and could test the lows and possibly break it. There is a BEAR Flag pattern forming. This could make the NASDAQ fall to 1190 or possibly 1110.

Elliott Wave Theory informs us that there are 5 waves in a bull and a bear market. We are in wave 5 now in the Dow Jones as we have broken to a new low, wave 5 may come now or sometime soon on the S&P and the NASDAQ. Even though the market is still bearish, I feel we will continue to fall to lower lows. Although I am still bearish, this market is treacherous for the bulls and the bears. The market is oversold based on the long term Relative Strength Index.

There is support at 1386, 1299, 1255, 1193, and 1110. There is resistance at 1458, 1487, 1529, and 1556.

TECHNICALS

My technicals have brought in some Negative results this week. These numbers are for the Dow Jones, and no other index.

(MACD) has crossed to the downside (negative)
Volume accumulation percentage has turned negative.
The Hi-Lo index is going up negative.
Point and Figure Charts is at a Negative.

Money Flow is neutral
OBV overall is negative
Stochastics is oversold
Overall, most technical information is mostly mixed

Conclusion:

My computer models are SHORT TERM BEARISH. Traders are ruling this market buying the dips and selling the rips. Resistance and support levels are being bought and sold. Buying and holding in this market is not working at the moment. This market is changing minute by minute so my analysis will change quickly as well. Even though I am short term BEARISH, I don't think at this time we may start anything other than a short term rally. If we rally to resistance points I will most likely sell or go short. I will let you know if anything changes. There is still a good chance that all markets can hit a new low.

The views expressed are not necessarily the views of Sage Point Financial, Inc. and should not be construed directly or indirectly as an offer to buy or sell any securities mentioned herein. Securities and Advisory services offered through Sage Point Financial Inc., Member FINRA/SIPC and SEC registered investment advisor.

Past performance cannot guarantee future results. Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Please note that individual situations can vary. Therefore, the information presented in this letter should only be relied upon when coordinated with individual professional advice.*There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio in any given market environment. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss in periods of declining values.

Contact Information: Joe Bartosiewicz, CFP. Investment Advisor Representative 5 Colby Way, Avon, CT 06001 860-404-0408

Joe is a Investment Advisor Representative, a Certified Financial Planner and a Registered Principal specializing in increasing individual wealth through individual and corporate investment management, estate, retirement planning and tax savings strategies for over 29 years. Joe Bartosiewicz, Jr. is the founder and president of Devon Kay Financial Group, an organization that promotes and presents financial seminars and workshops for businesses, associations and individuals. Over the years, he has presented hundreds of public and private financial seminars to audiences throughout Connecticut.