

TrendInvestorPro Breadth Models/Indicators - 26 Sep 2020

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Long-term Breadth Models

- S&P 500: bullish since 23-Jul
- Nasdaq 100: bullish since 18-May
- S&P 100: bullish since 2-Jul
- S&P MidCap 400: bullish since 10-Aug
- S&P SmallCap 600: bearish since 25-Feb

Short-term Breadth Models

- S&P 500: bullish since 23-Jul
- Nasdaq 100: bullish since 29-Apr
- S&P 100: bullish since 26-May
- S&P MidCap 400: bullish since 9-Apr
- S&P SmallCap 600: bullish since 9-Apr

There are no new signals from the breadth models, but we did see some new signals in individual indicators over the past week. Four of the five long-term breadth models are net bullish. The S&P SmallCap 600 is the only model still bearish (since late February). In addition, the five bearish indicator signals are concentrated in the S&P MidCap 400 and S&P SmallCap 600.

As noted before, we did see deterioration in the long-term breadth indicators recently. The percentage of S&P 500 stocks getting above their 200-day SMAs did not surpass 65% in August-September. In contrast, this indicator was above 70% many times from September 2019 to February 2020. This shows less upside participation than before.

Currently, almost half of the stocks in the S&P 500 and S&P 100 are below their 200-day SMAs. More than 65% of stocks in the S&P MidCap 400 and S&P SmallCap 600 are below their 200-day SMAs. There are pockets of strength in large-caps, but also some big pockets of weakness. Percent above 200-day SMA: NDX 73%, SPX 51.1%, OEX 52%, MID 36.3% and SML 33.1%.

Is NDX Setting up for Mean-Reversion Bounce?

I suspect that bullish breadth thrust signals are more reliable than bearish breadth thrust signals and the short-term models are better at identifying bottoms, as opposed to tops. First, the stock market does have a long-term bullish bias. Second, a bearish breadth thrust presents traders with a double-edge sword. In fact, many indicators present us two-handed arguments. A bearish breadth thrust shows broad downside participation and also creates short-term oversold conditions. Broad downside participation can foreshadow the start of a downtrend, but the oversold conditions pave the way for a bounce.

Think of it as a boat full of people (stocks). The boat tilts when everybody moves to one side (<20-day SMA). When enough people move to one side, the boat tilts far enough to capsize. However, as the boat starts tilting, more people (stocks) move to the other side (>20-day SMA). As still more people move, this causes the boat to tilt back and this is the mean-reversion bounce. So, the question is: does the market capsize or tilt the other way?

The Nasdaq 100 is the only index where all breadth indicators are on bullish signals and the strongest of the five. Nasdaq 100 %Above 50-day SMA hit its lowest level since April (~12%) and %Above 20-day SMA hit its lowest level since late March (~22%). Neither indicator, however, has yet to trigger bearish. These low readings point to an oversold condition in the Nasdaq 100 and this could lead to a bounce.

S&P 500 %Above 20-day SMA crossed below 10% on 23-Sept to trigger bearish. This signal is a sort of breadth thrust that shows broad downside participation during the recent decline. The other two indicators are still on bullish signals: %Above 50-day SMA and 10-day SMA of Advance-Decline Percent. This means the model is still net bullish.

S&P 100 %Above 20-day SMA moved below 10% on 24-Sept to trigger bearish. The other two indicators are still on bullish signals: %Above 50-day SMA and 10-day SMA of Advance-Decline Percent. This means the model is still net bullish.

Signals SPX PA200	Signals SPX PA150	Signals SPX PA100	Signals SPX HLP	Signals SPX ADP	Code	Signals SPX ADP	Signals SPX PA050	Signals SPX PA020	
True	True	True	True	True	SPY	True	True	False	

Signals OEX PA200	Signals OEX PA150	Signals OEX PA100	Signals OEX HLP	Signals OEX ADP	Code	Signals OEX ADP	Signals OEX PA050	Signals OEX PA020	
True	True	True	True	True	OEF	True	True	False	

Signals NDX PA200	Signals NDX PA150	Signals NDX PA100	Signals NDX HLP	Signals NDX ADP	Code	Signals NDX ADP	Signals NDX PA050	Signals NDX PA020	
True	True	True	True	True	QQQ	True	True	True	

Signals MID PA200	Signals MID PA150	Signals MID PA100	Signals MID HLP	Signals MID ADP	Code	Signals MID ADP	Signals MID PA050	Signals MID PA020	
False	True	True	False	True	MDY	True	True	False	

Signals SML PA200	Signals SML PA150	Signals SML PA100	Signals SML HLP	Signals SML ADP	Code	Signals SML ADP	Signals SML PA050	Signals SML PA020	
False	False	True	False	True	IJR	True	True	True	

True = Active Bullish Signal

False = Active Bearish Signals

PA = Percent Above an SMA (PA200 = %Above 200-day SMA)

PA200: Cross above 55% Bullish. Cross below 45% Bearish.

PA150: Cross above 65% Bullish. Cross below 35% Bearish.

PA100: Cross above 75% Bullish. Cross below 25% Bearish.

10-day EMA of AD%: Cross above 30% Bullish. Cross below -30% Bearish.

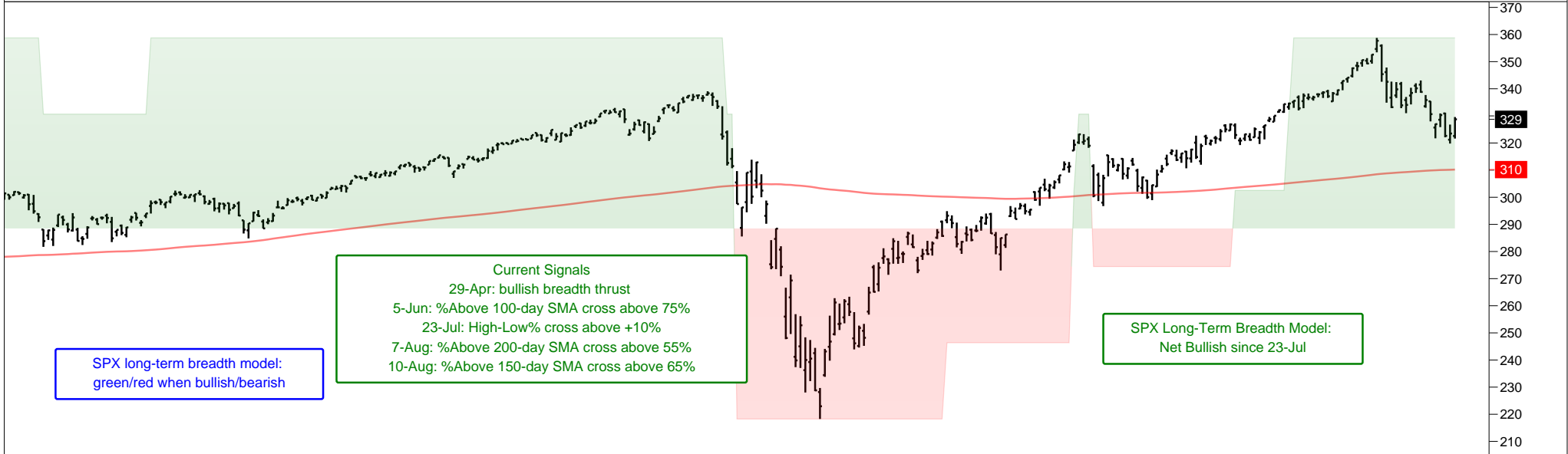
PA050: Cross above 85% Bullish. Cross below 15% Bearish.

PA020: Cross above 90% Bullish. Cross below 10% Bearish.

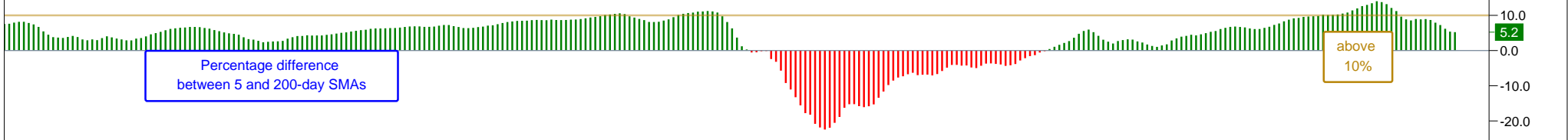
Long-term Model Indicators: PA200, PA150, PA100, HLP and AD%.

Short-term Model Indicators: AD% PA050 and PA020

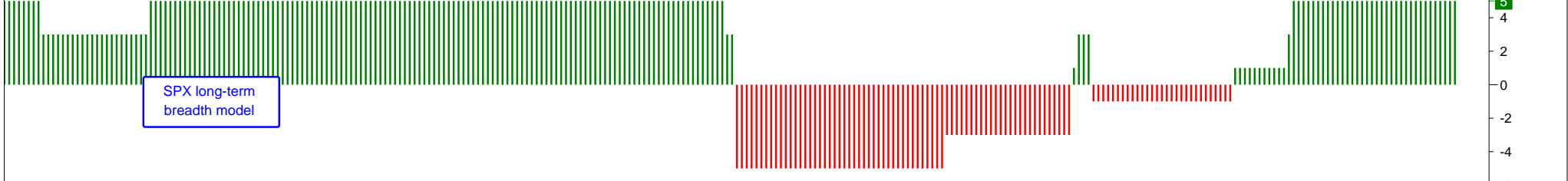
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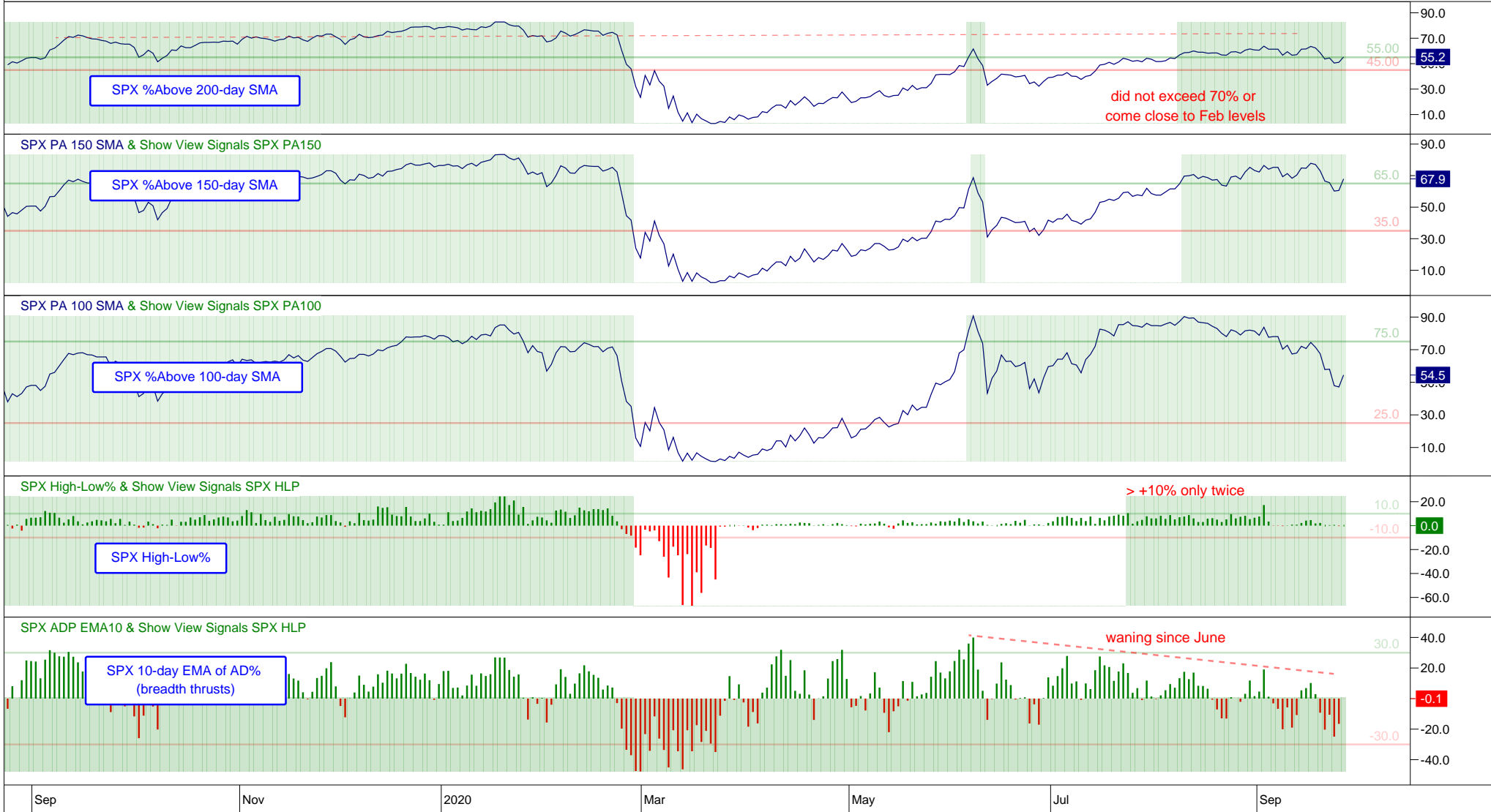
5 / 200 Period Price Oscillator

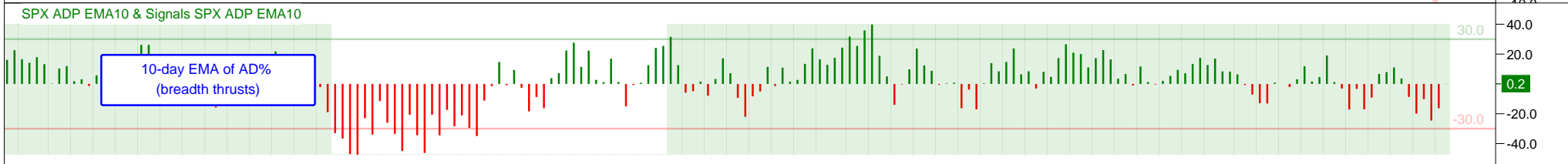
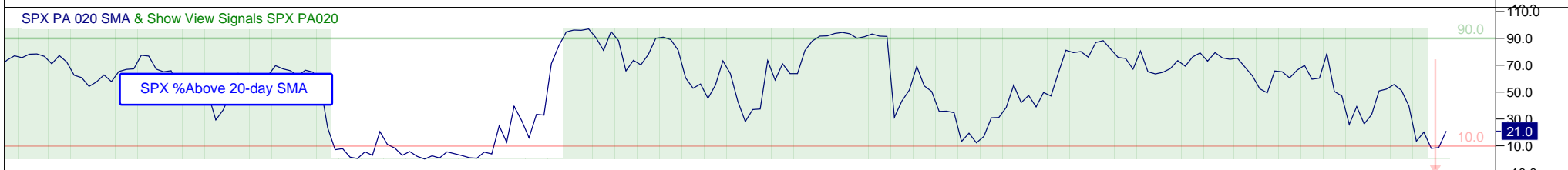
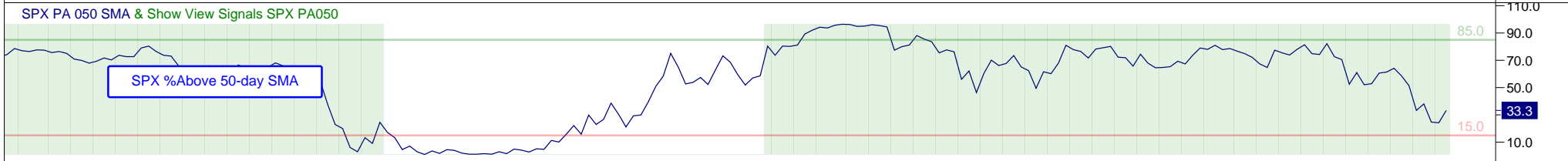
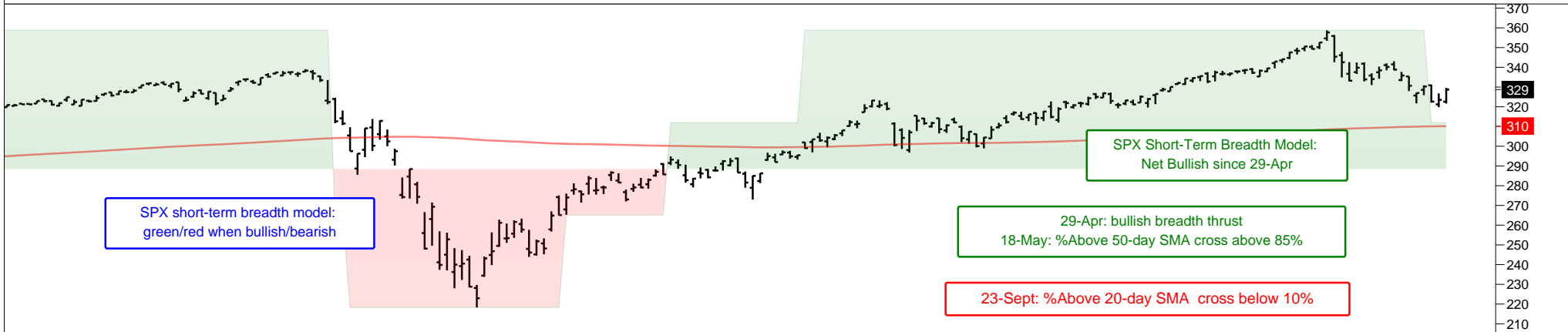


Signals SPX IBM LT5

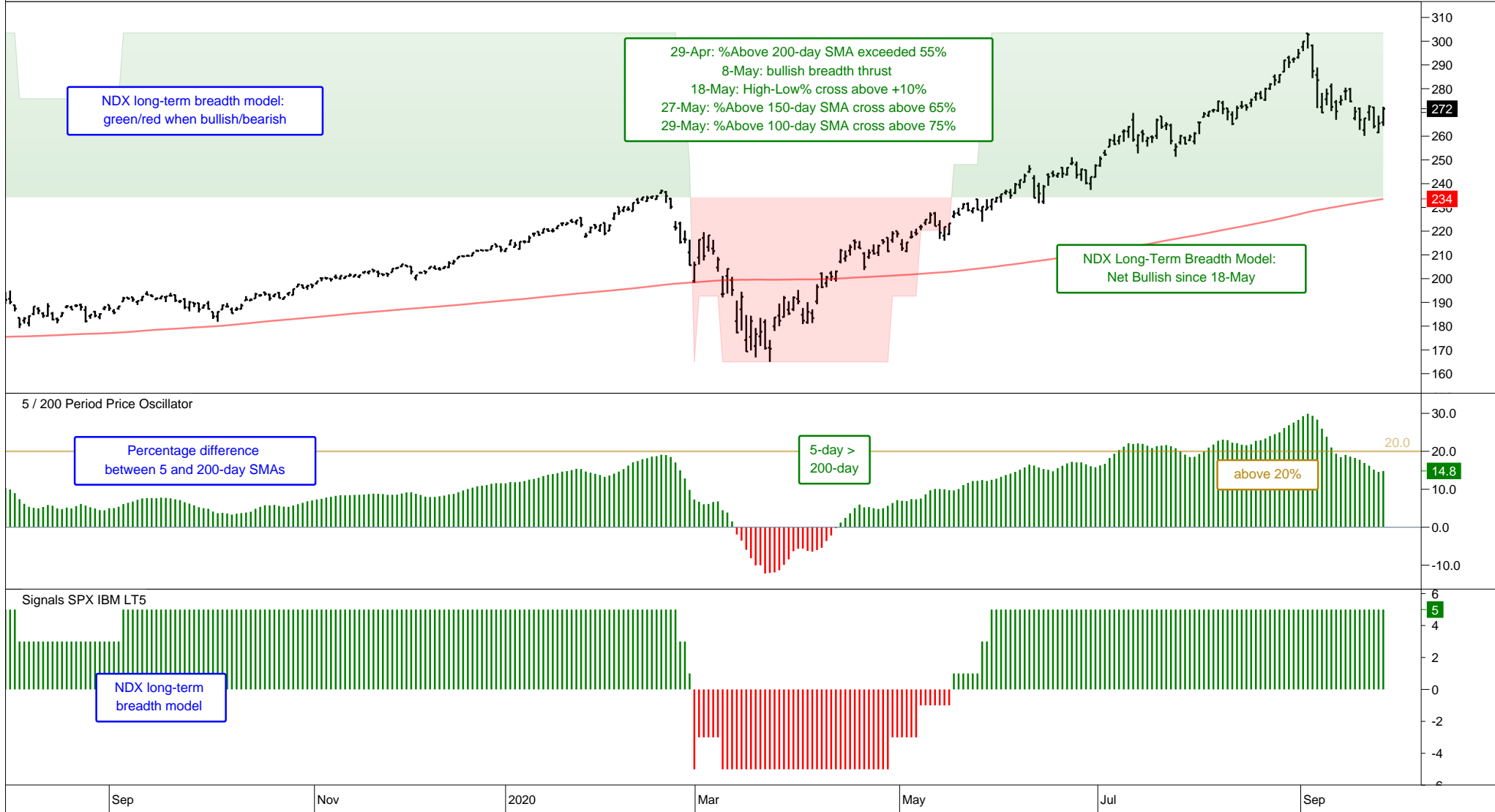


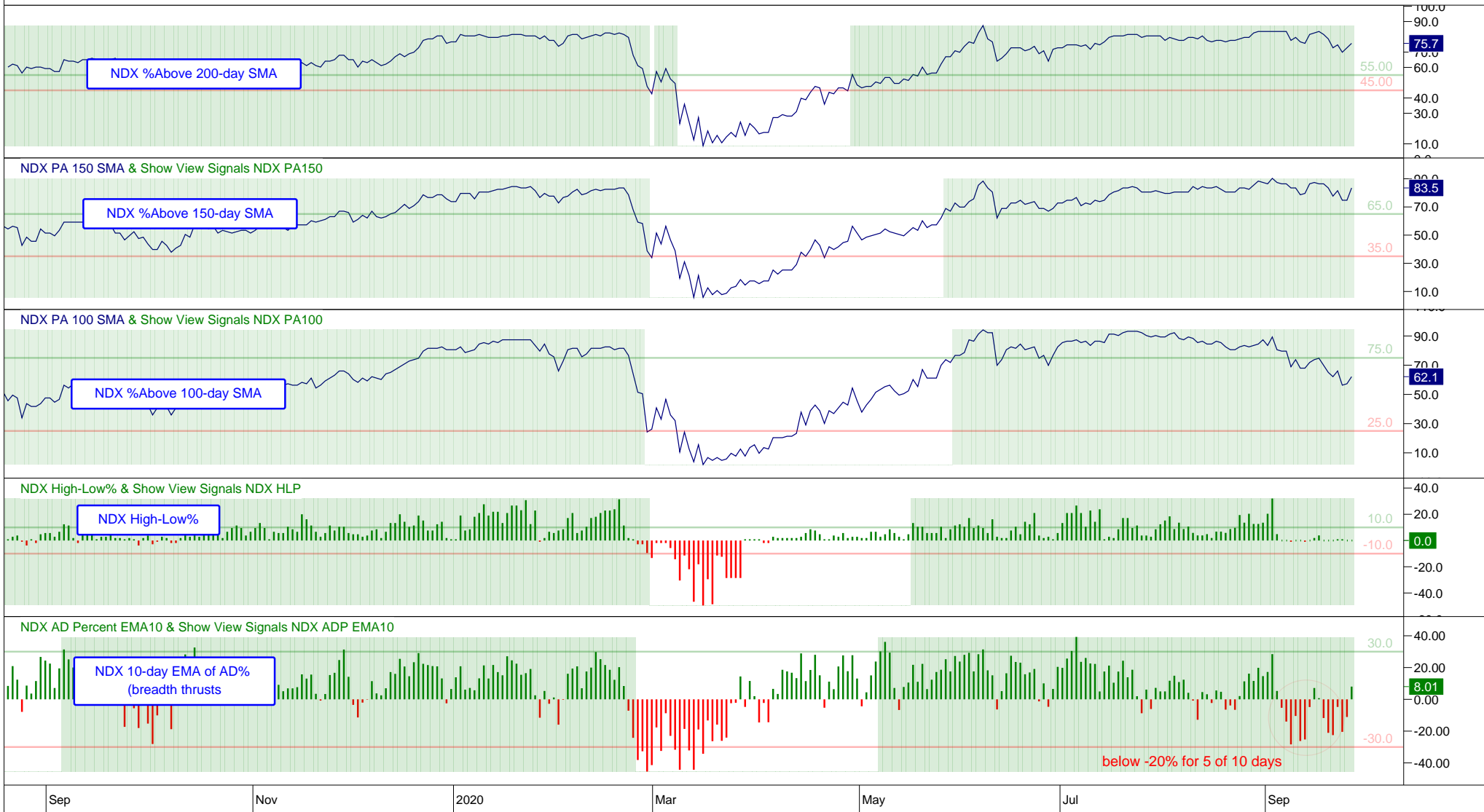
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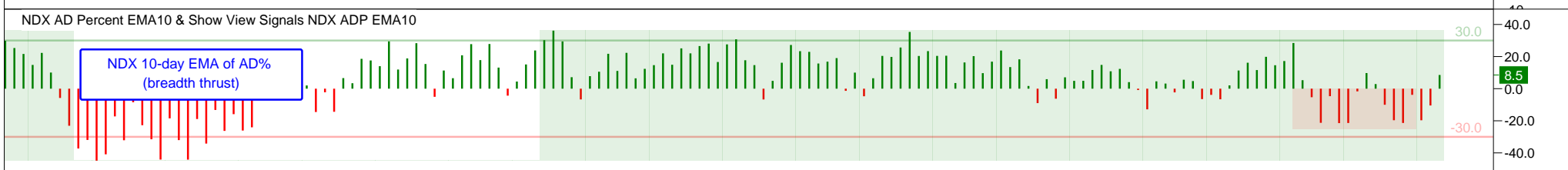
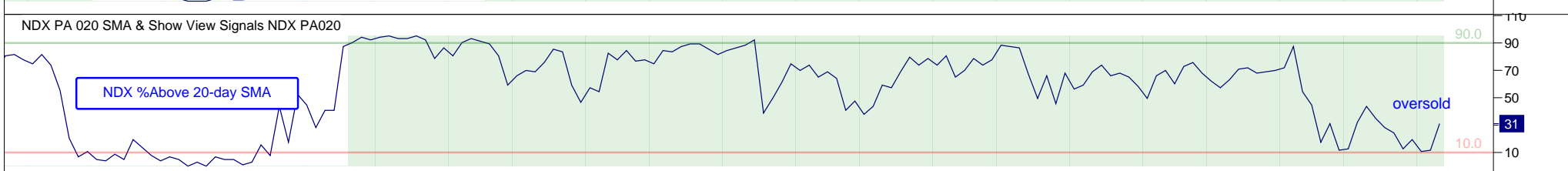
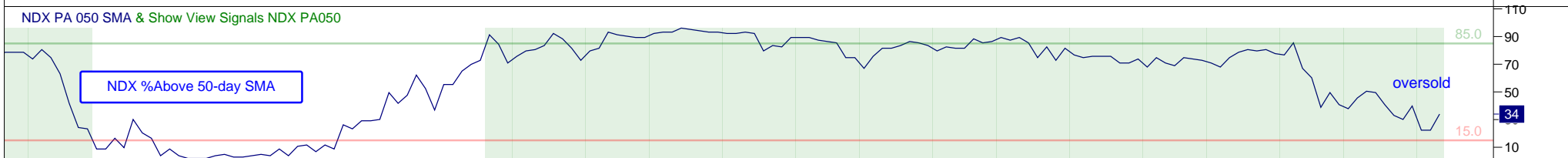
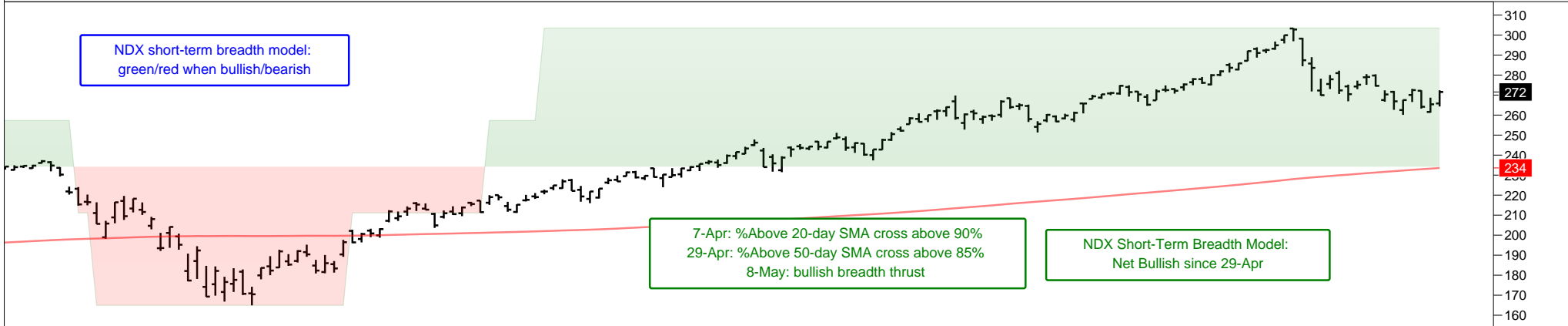




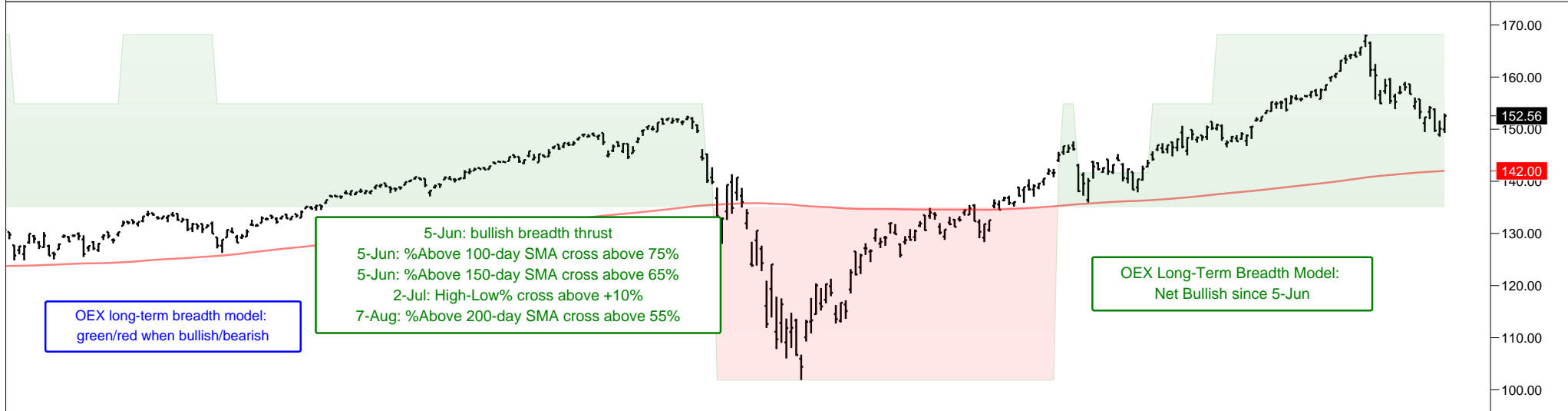
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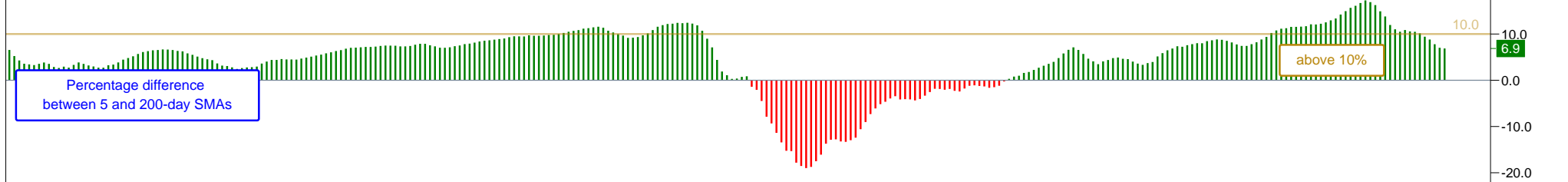




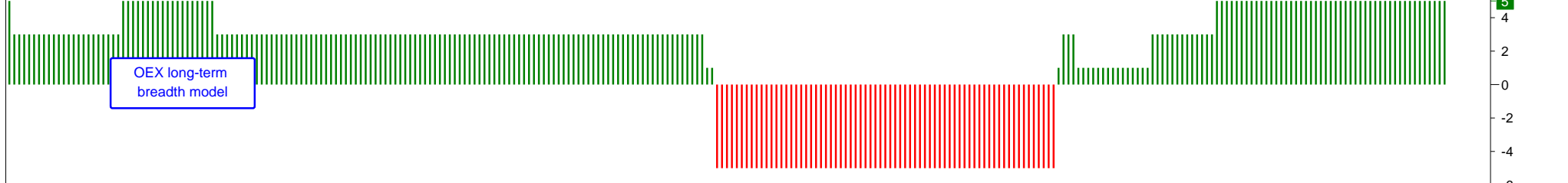
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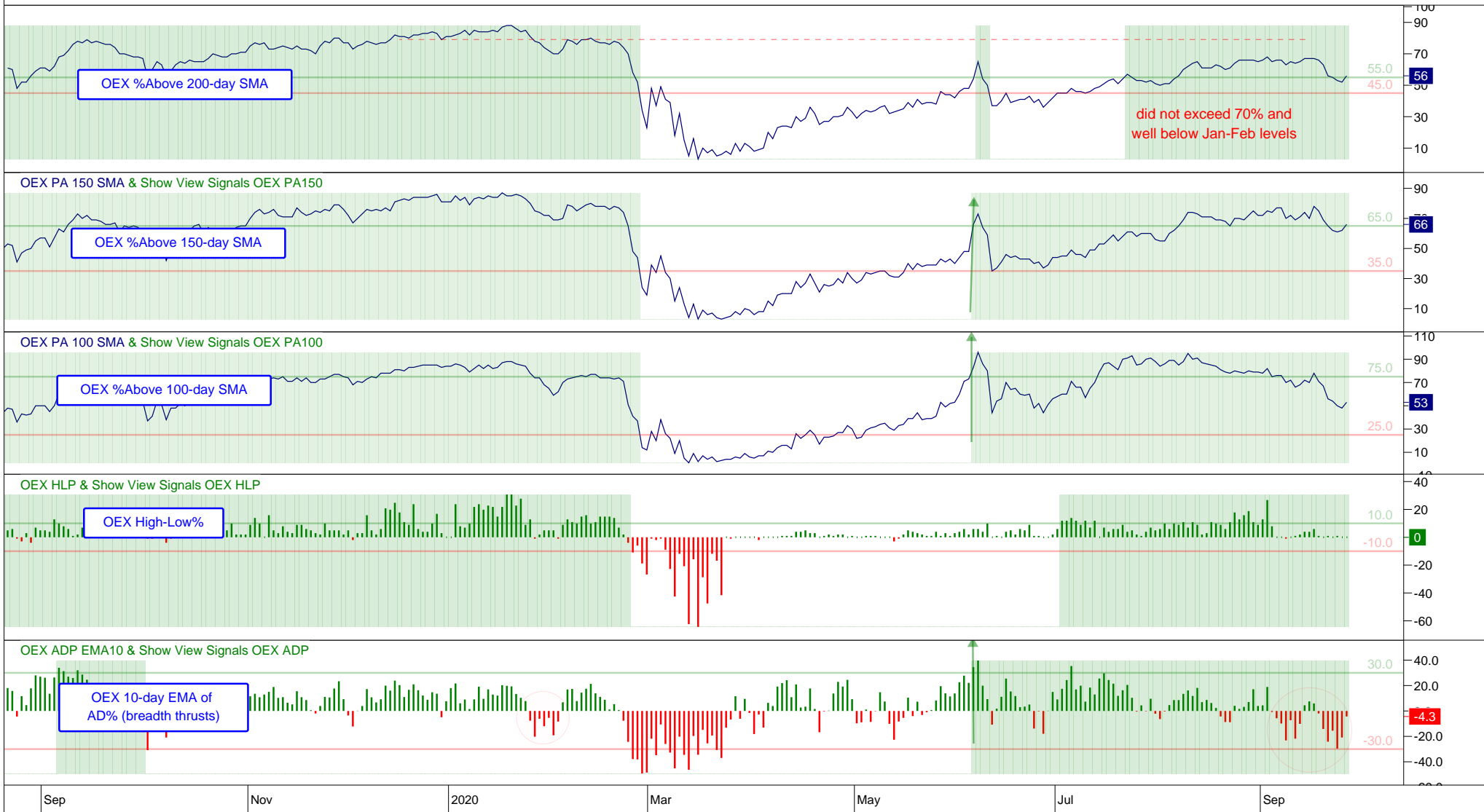
5 / 200 Period Price Oscillator

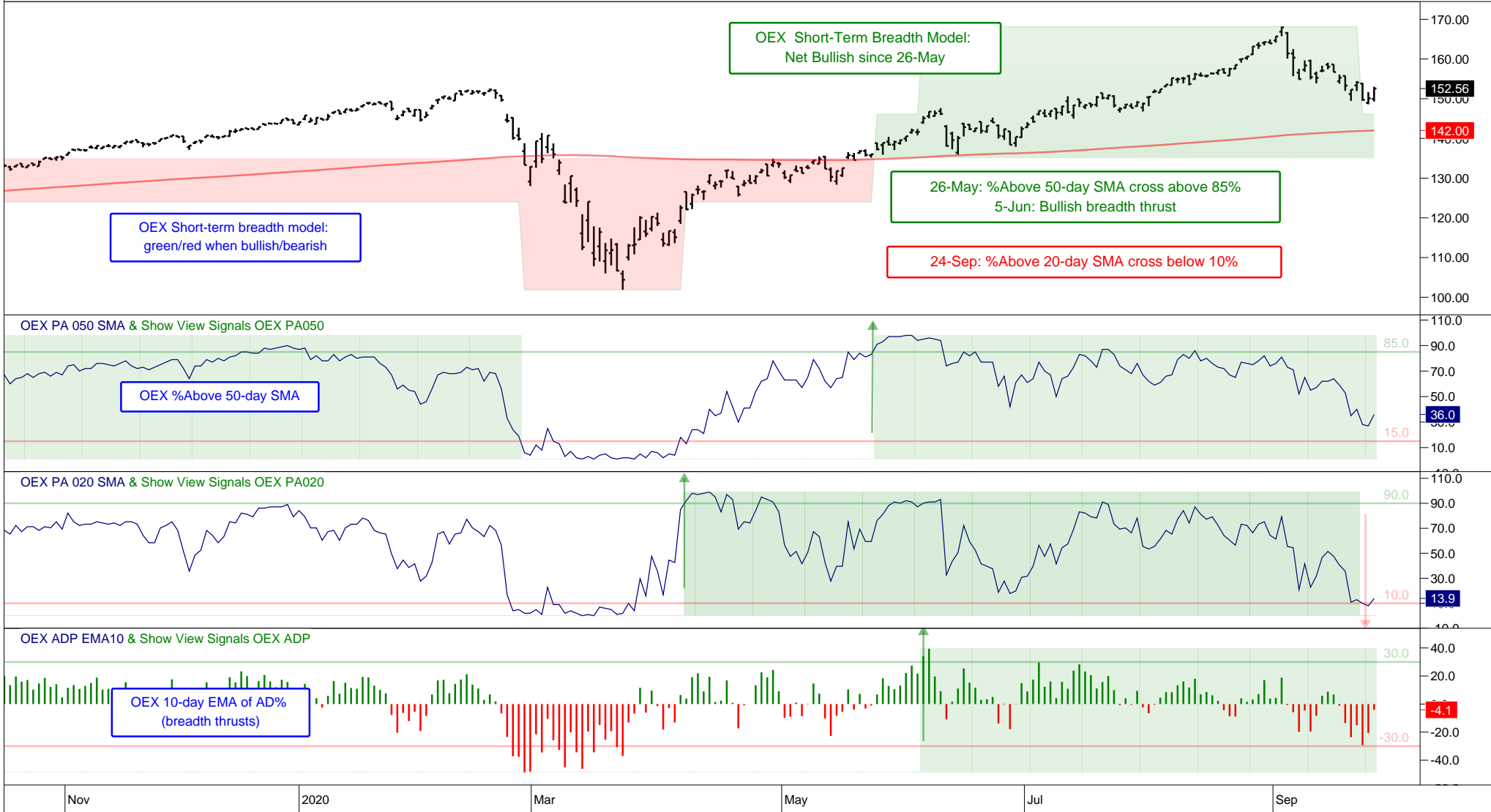


Signals MID IBM LT5

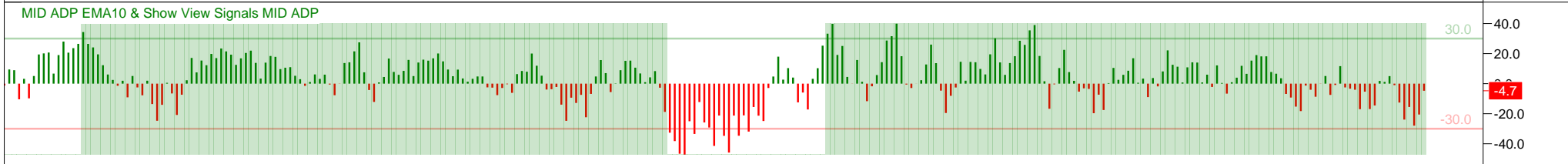
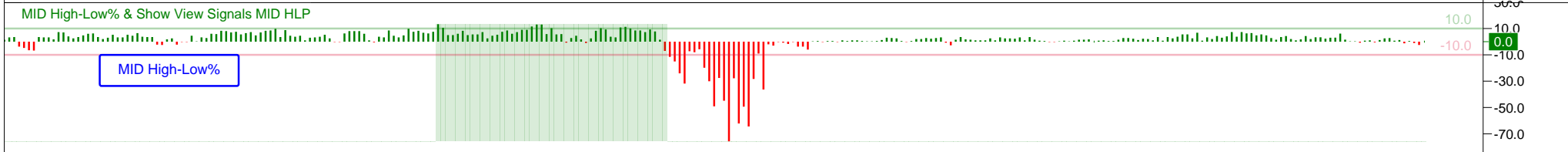
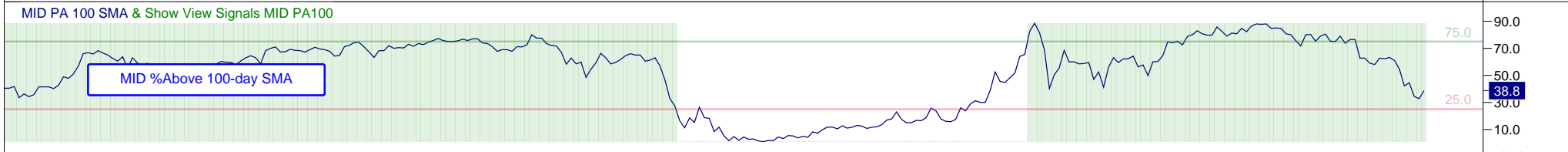
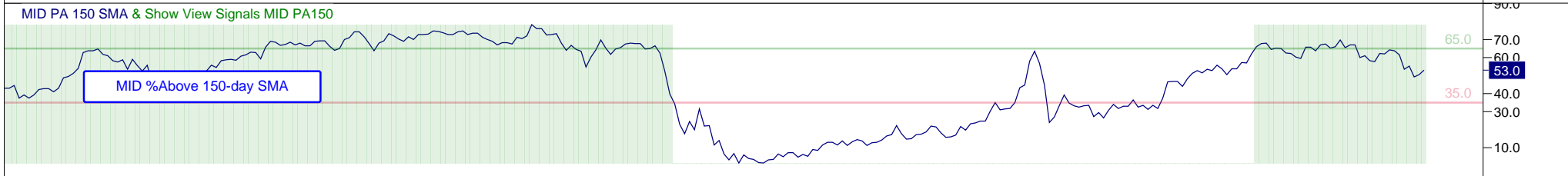
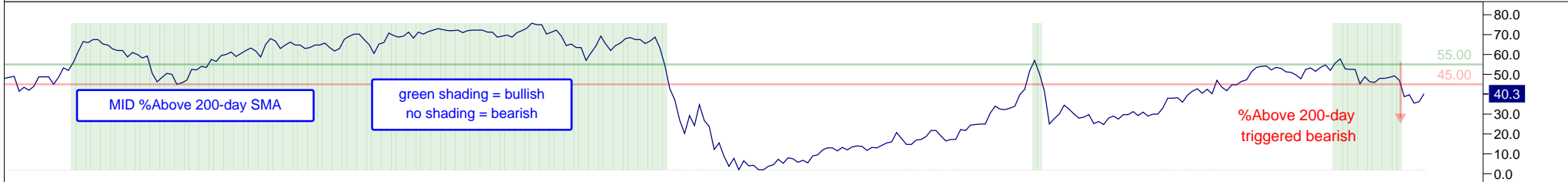


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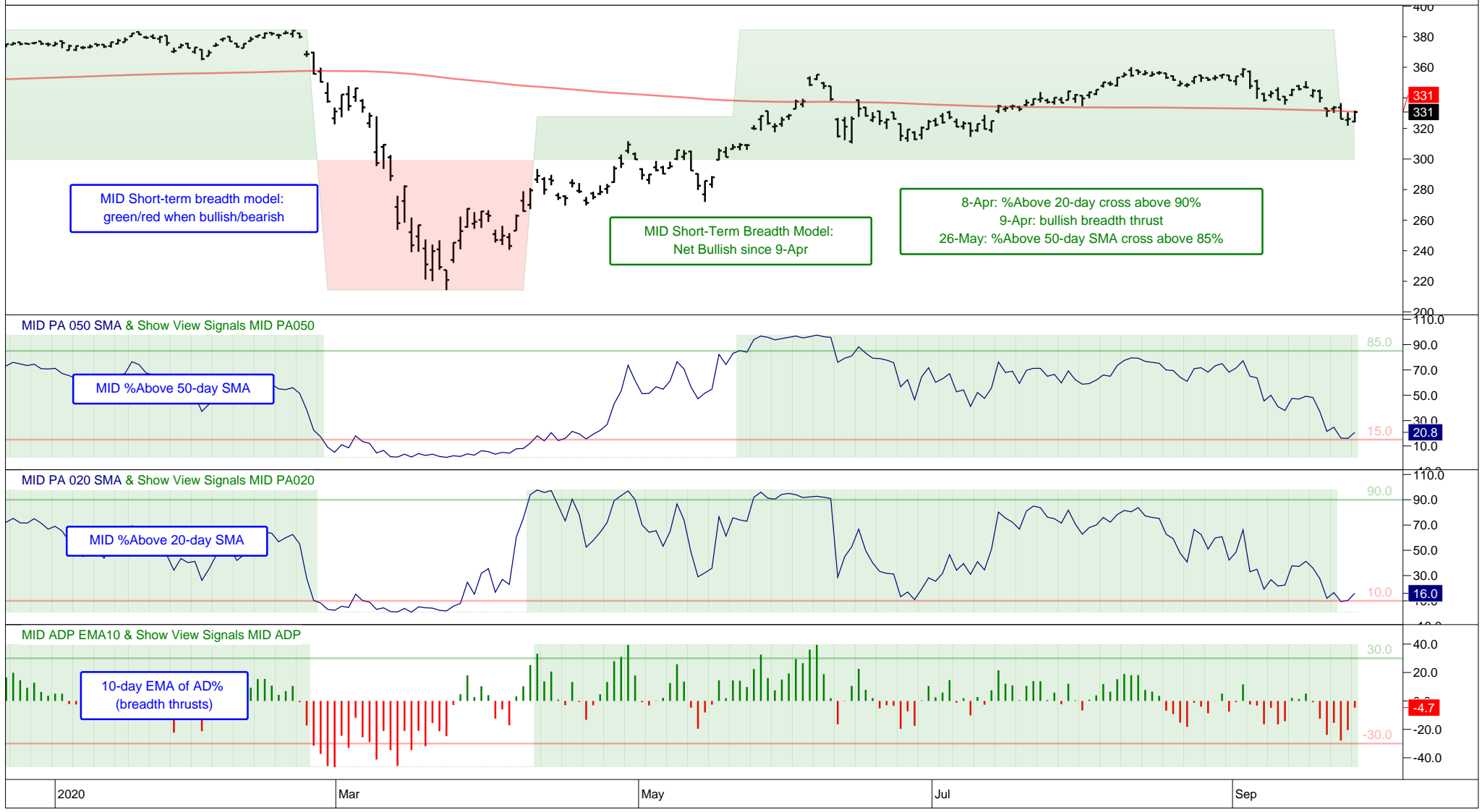






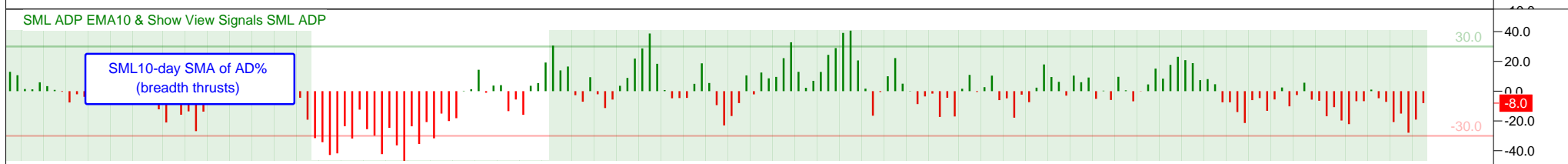
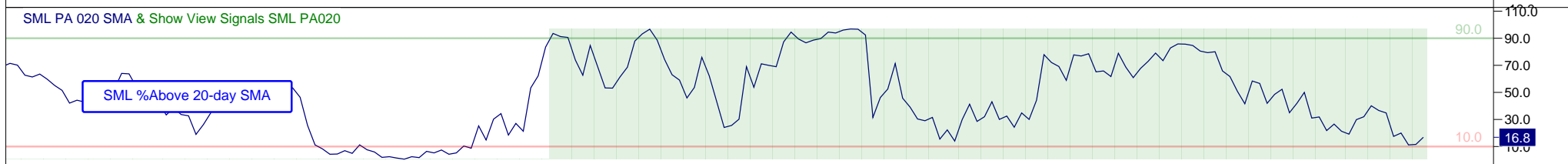
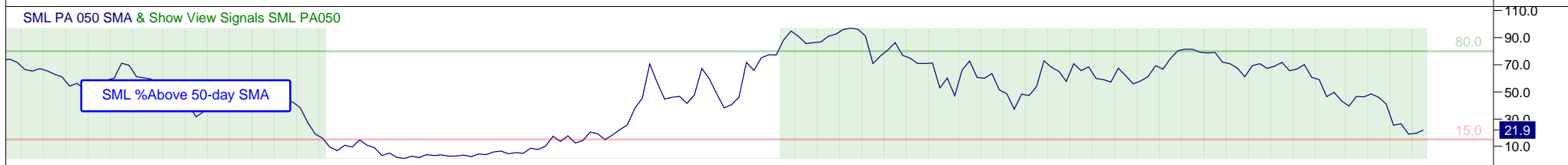
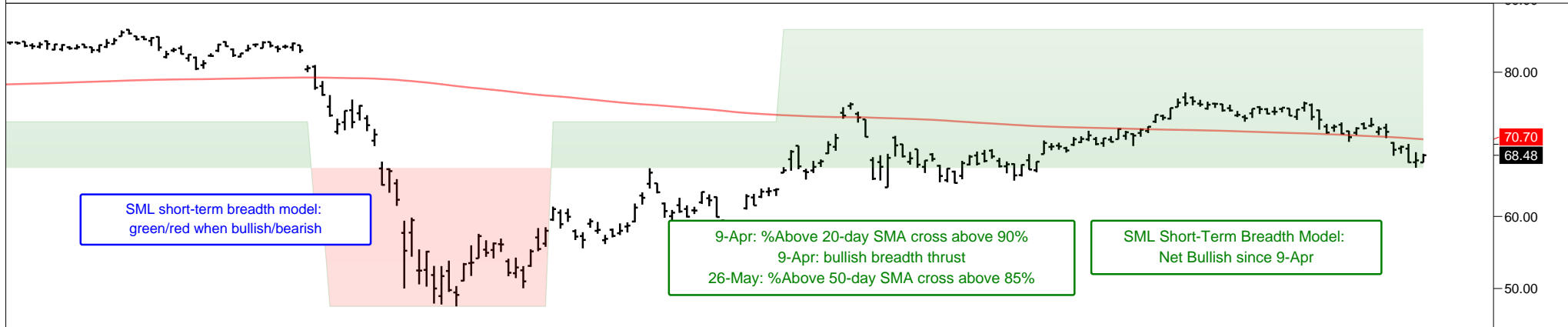


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