

Market Breadth Charts

Using Short Term Market Breadth to Time the Market

One way to get a better understanding of when a market is about to change direction, is to track how many stocks within a group are performing well versus how many are performing poorly.

This type of analysis is part of a larger group of analysis commonly referred to as Market Breadth.

Within a given timeframe, we can look for imbalances in the market, or when too many stocks are performing well versus too many stocks performing poorly.

Common techniques for using this type of analysis include locating overbought/oversold levels and finding positive or negative divergences between them and the underlying group's composite index.

This type of group or crowd analysis can seem counter intuitive for many, as it is right when everyone has come to the same decision that the market will actually turn in the exact opposite direction.

Anytime we see 60% or more of the stocks in our database trading above their 10-day moving average, we should consider the market overbought, and we should expect a short term pullback.

And anytime we see that less than 40% of the stocks in our database are trading above their 10-day moving average, we should consider the market oversold short-term, and expect a reversal higher.

As you will see below, we may have to adjust the 40% / 60% rule, based on the sector we are analyzing.

For Short Term Analysis, we might look to see how many stocks are trading above or below the Right Side Channel. Or for people who do not have access to those charts, we might look at the percentage of stocks trading above or below their 10-day moving average.

The following Long-Term and Short-Term View charts are as of: Tuesday, September 27, 2011
--

On the following page, we provide a summary of the status of the key indexes.

SUMMARY OF SALIENT INDEXES

Key:

- 7 Significantly Overbought
- 6 Moderately Overbought
- 5 Slightly Overbought
- 4 Neutral
- 3 Slightly Oversold
- 2 Moderately Oversold
- 1 Significantly Oversold

Short-View: Indicates the percentage of stocks trading above their respective 10-day moving averages.

Long-View: Indicates the percentage of stocks trading above their respective 100-day moving averages.

<u>Index</u>	<u>Short - View</u>		<u>Long - View</u>	
	<u>This</u>	<u>Last</u>	<u>This</u>	<u>Last</u>
TSX 60	4	3	3	3
DJIA 30	4	3	3	5
S&P100	4	3	3	4
Nasdaq	4	3	3	4
Financial	4	2	2	3
Energy	2	3	1	5
Gold	1	5	3	4

COMMENT:

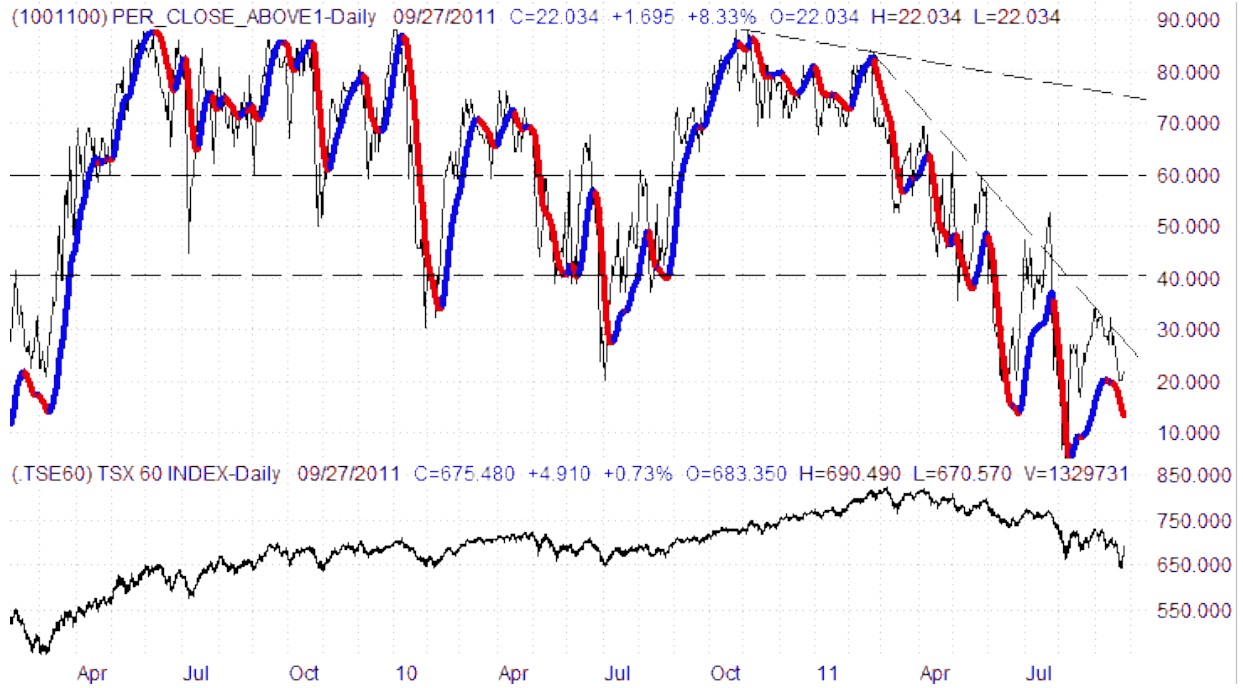
From a **short-term** perspective: Most of the Indexes improved slightly and moved into Neutral territory. Energy is flagging. Gold reflects the recent swoon in the metal's price, and is likely to record a near-term bounce.

From a **long-term** perspective: With the prolonged market weakness of the last two months, it is not surprising to see all the Indexes below the water-line. Energy has run out of it. Financials continue to show weakness. Check out Uranium, page 13: opportunities here.

A. Long Term View

% of stocks trading above their 100-day moving average

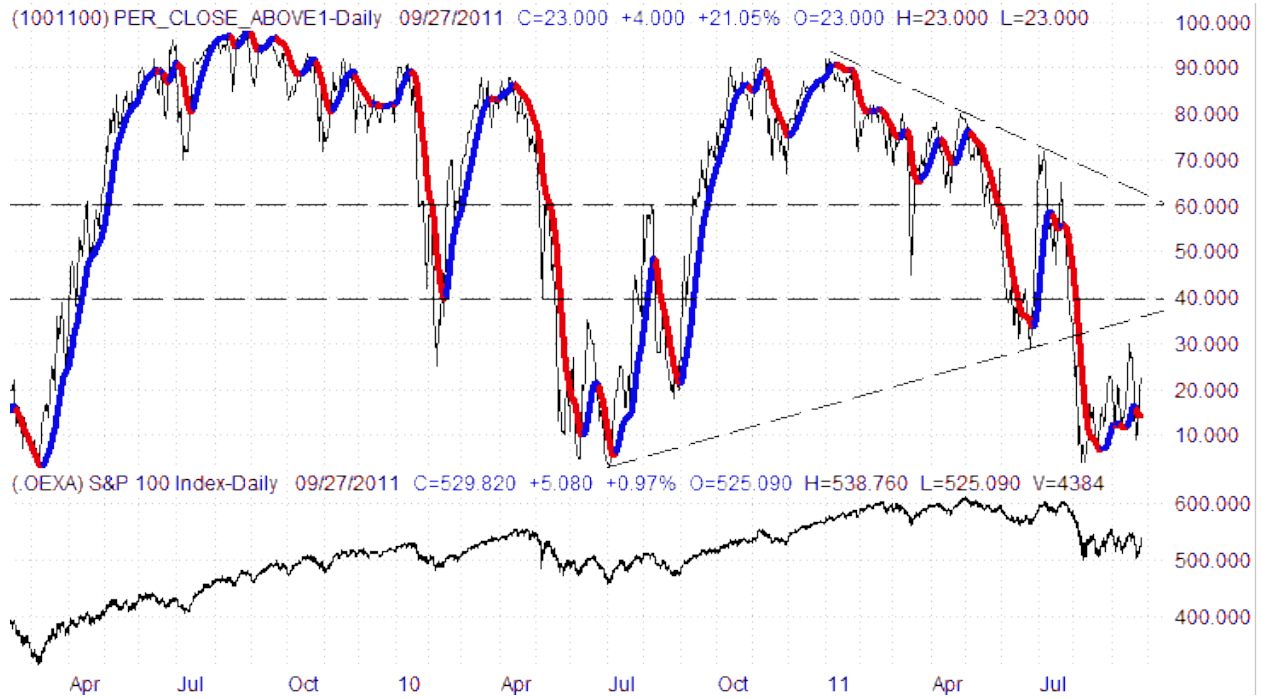
TSX 60



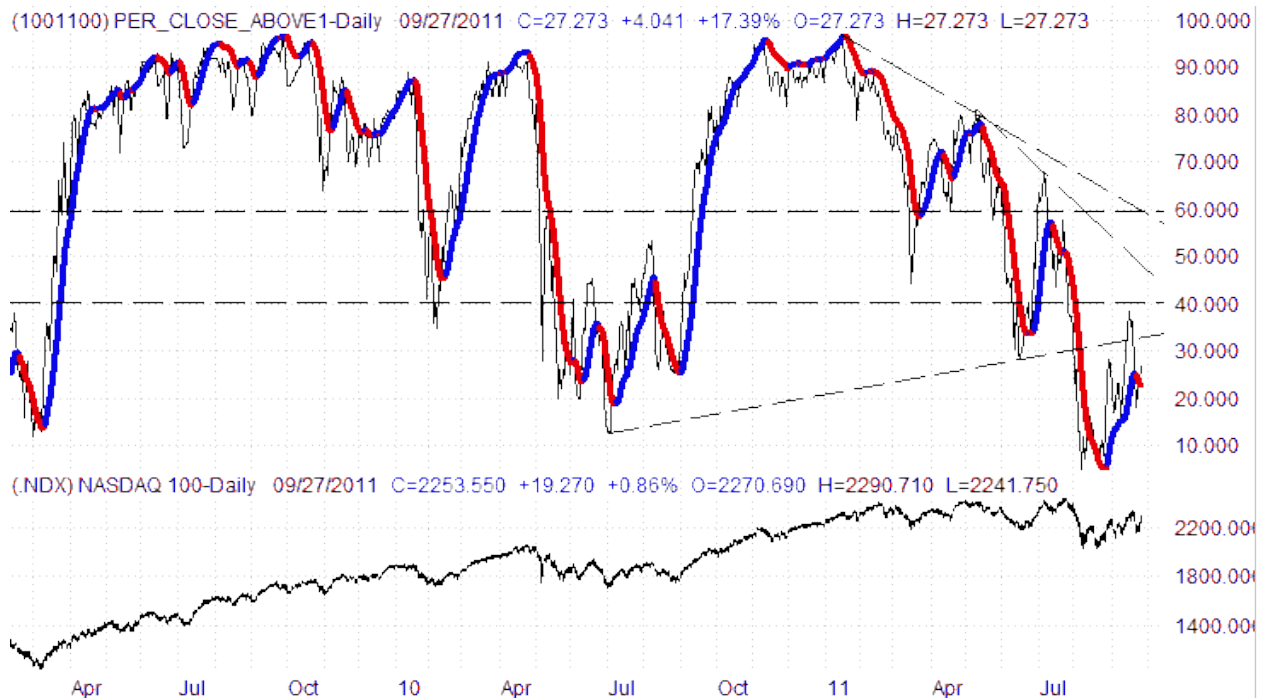
DOW 30



S&P 100



NASDAQ 100



Banking



Energy Sector



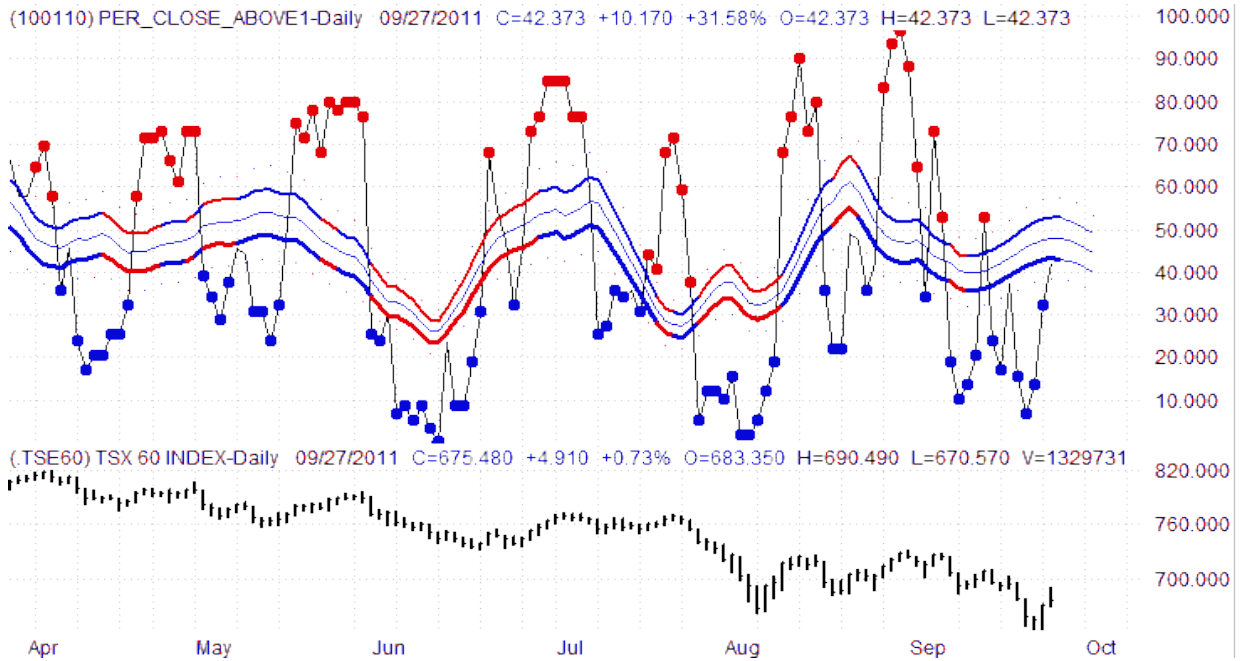
Gold Sector



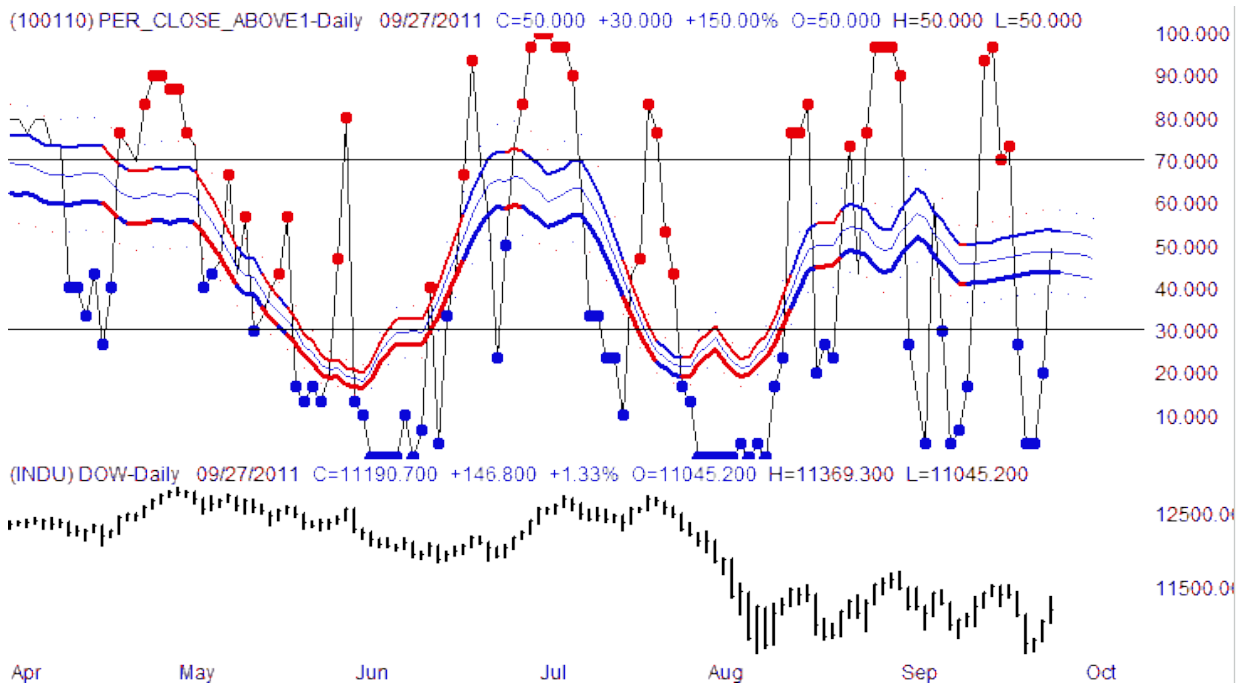
B. Short Term View

% of stocks trading above their 10-day moving average

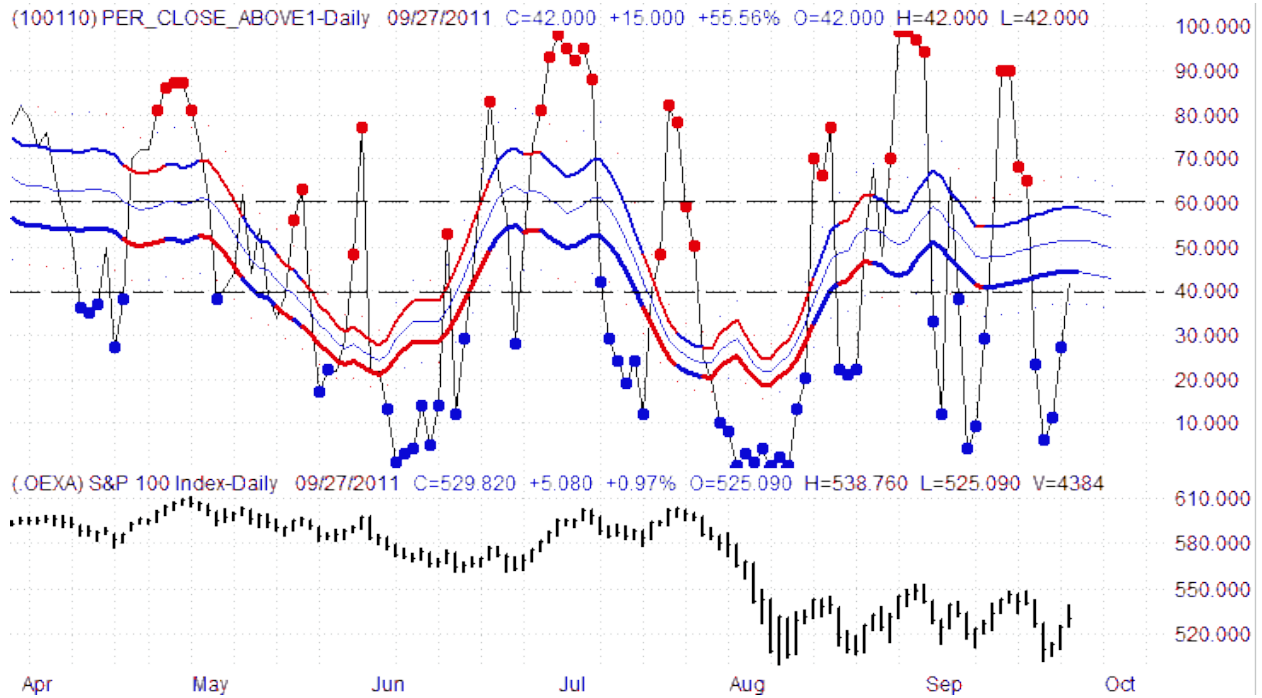
TSX 60 - 10 Day



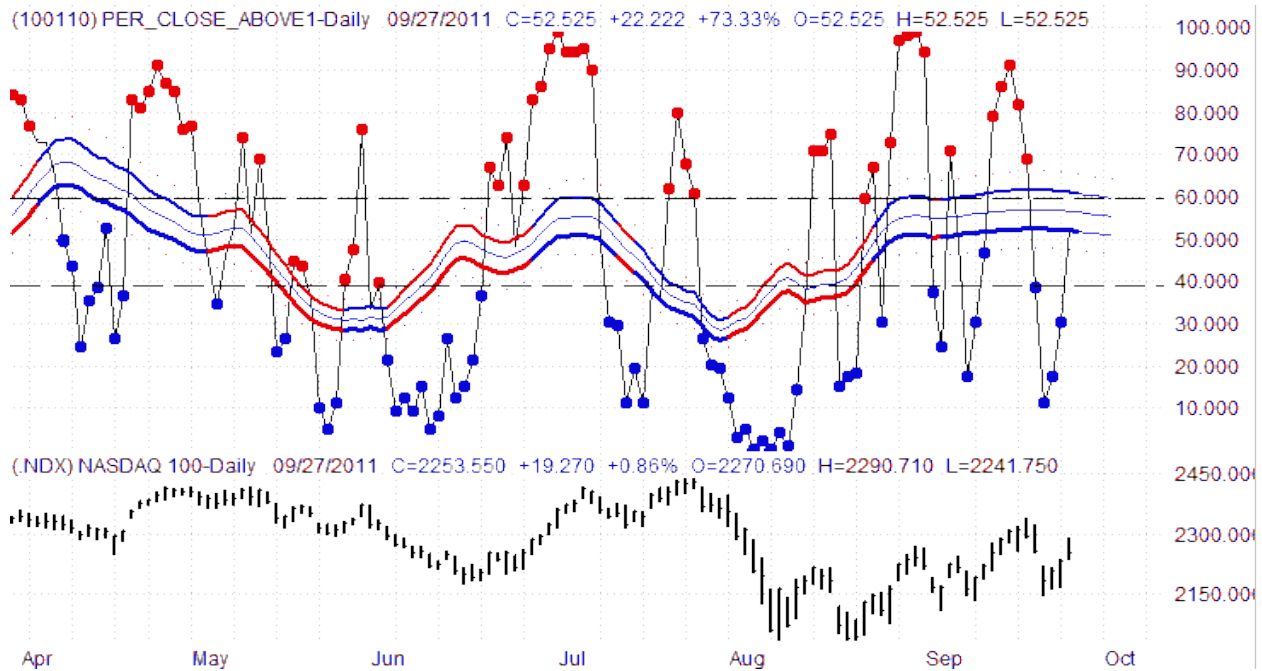
DOW 30 - 10 Day



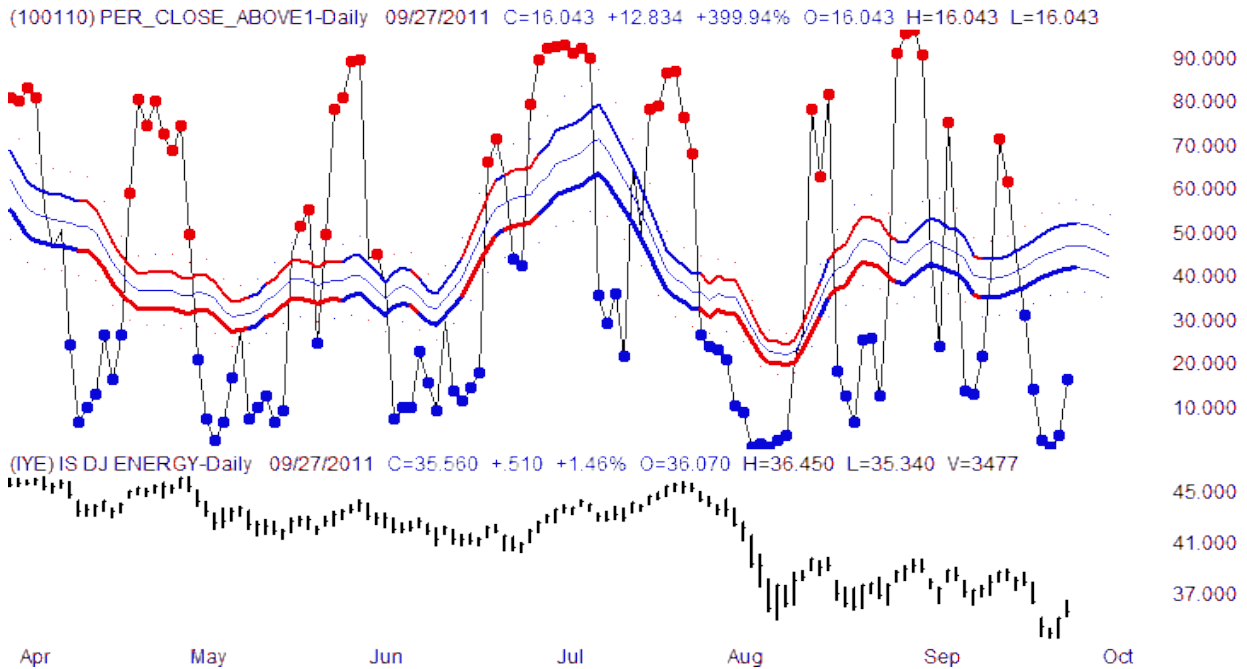
S&P 100 - 10 Day



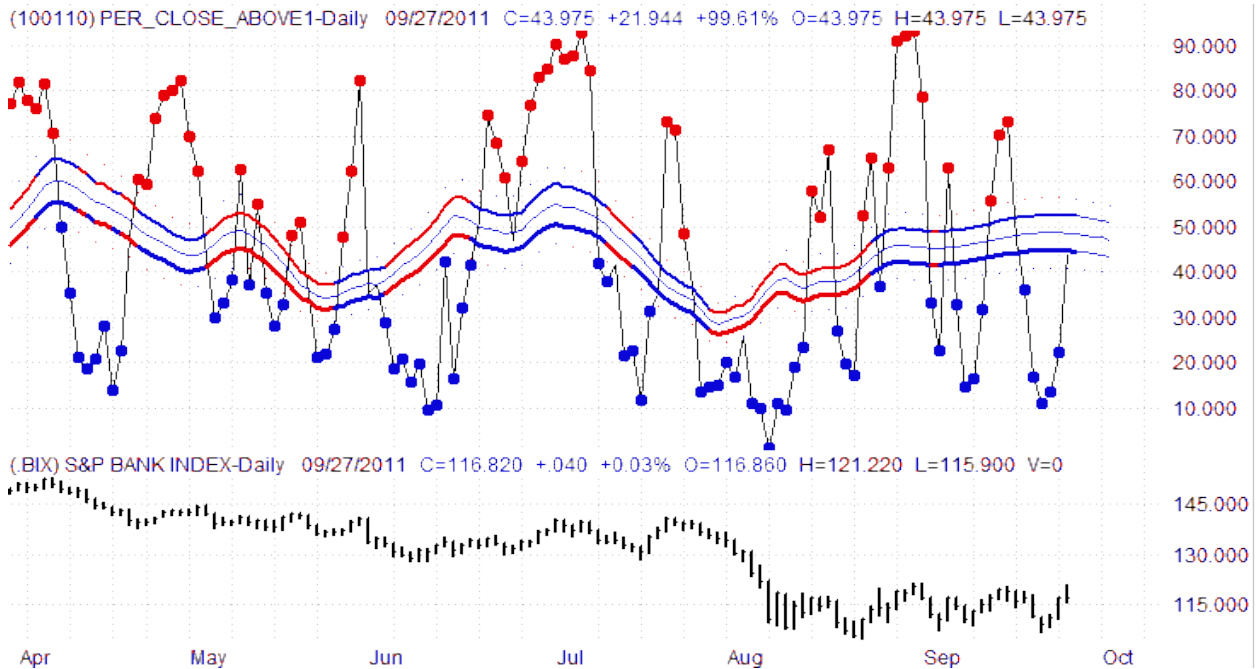
NASDAQ 100 - 10 Day



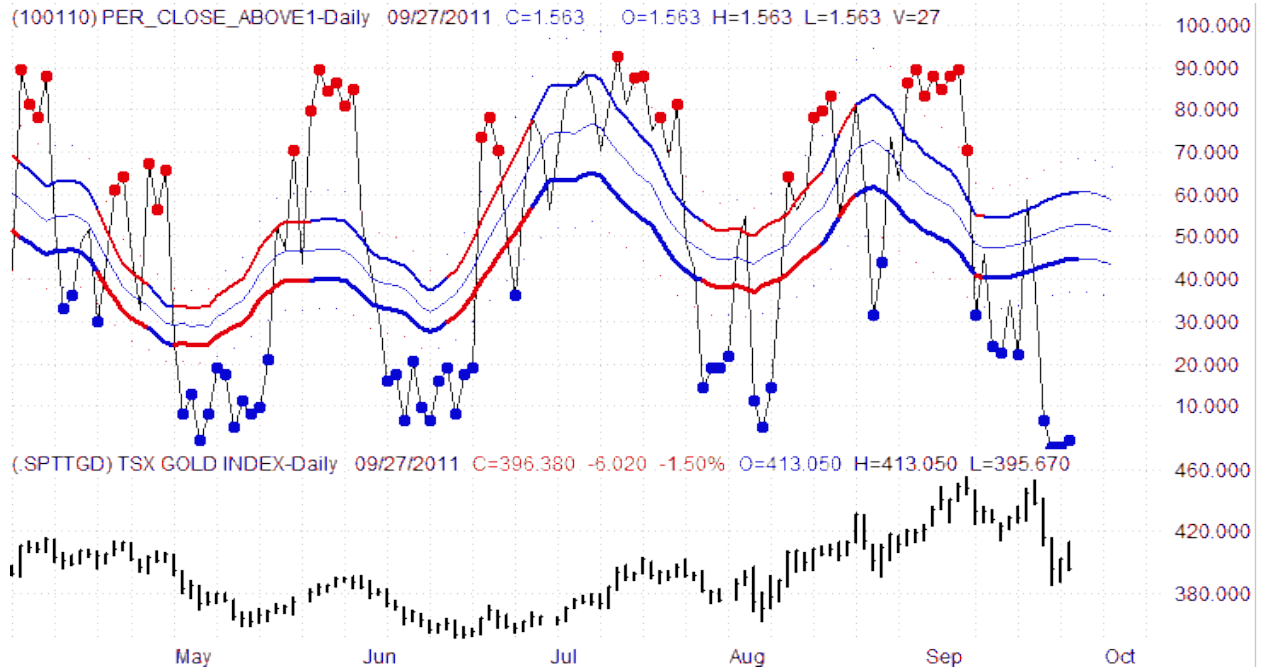
Energy Stocks - 10 Day



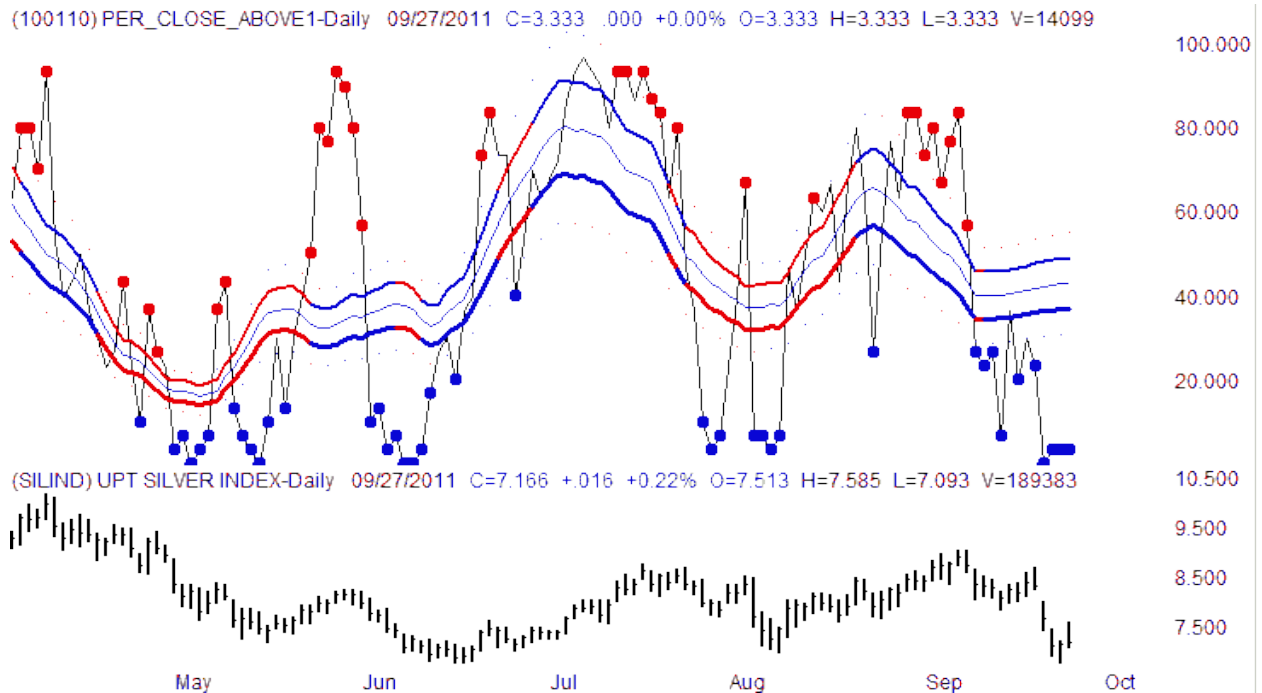
Financial Stocks - 10 Day



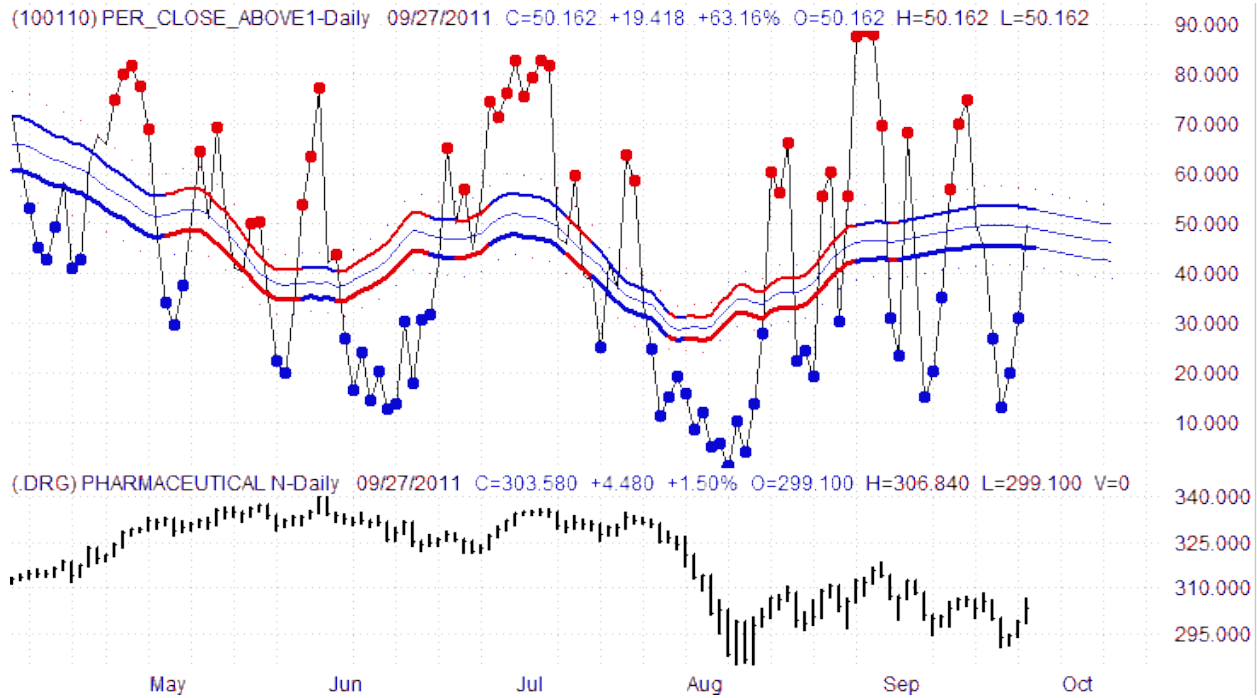
Gold Stocks - 10 Day



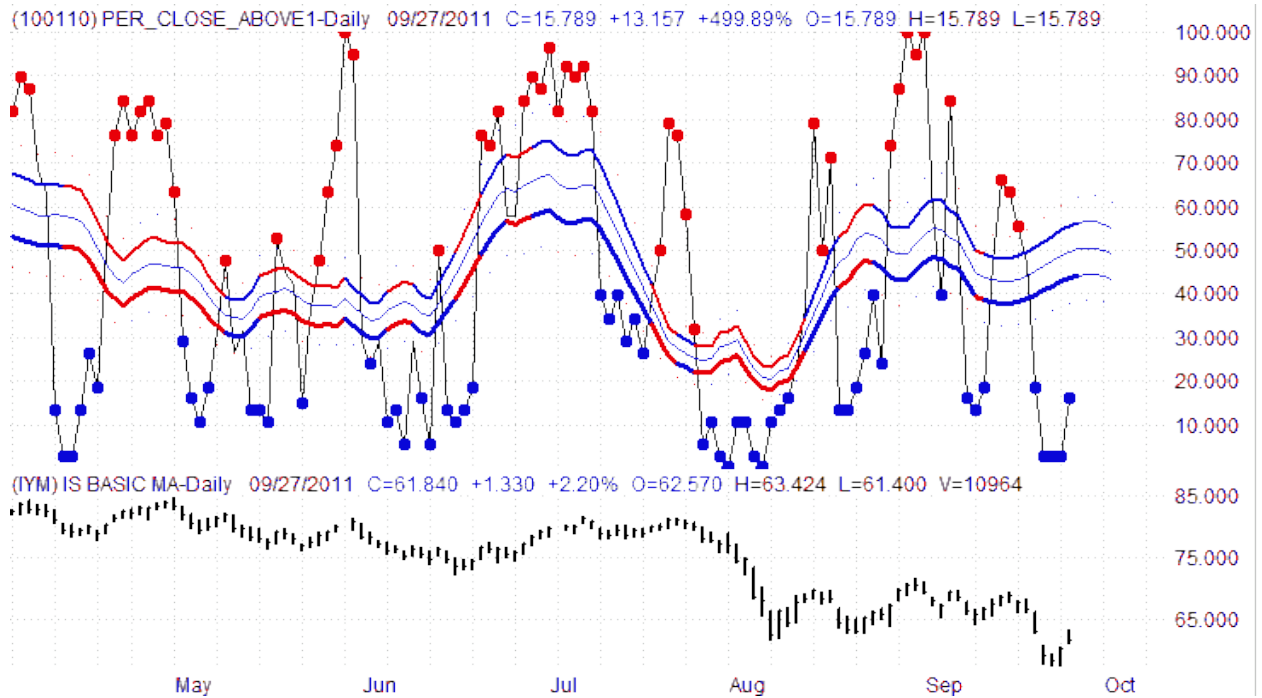
Silver Stocks - 10 Day



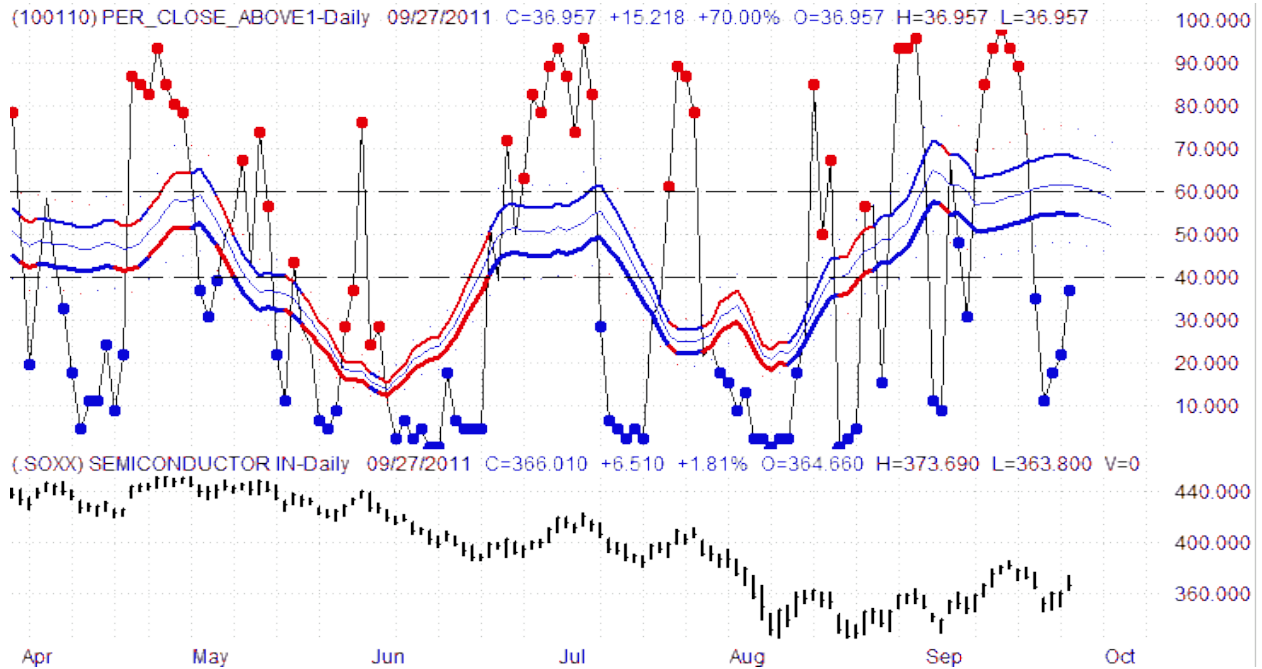
Health Care Stocks - 10 Day



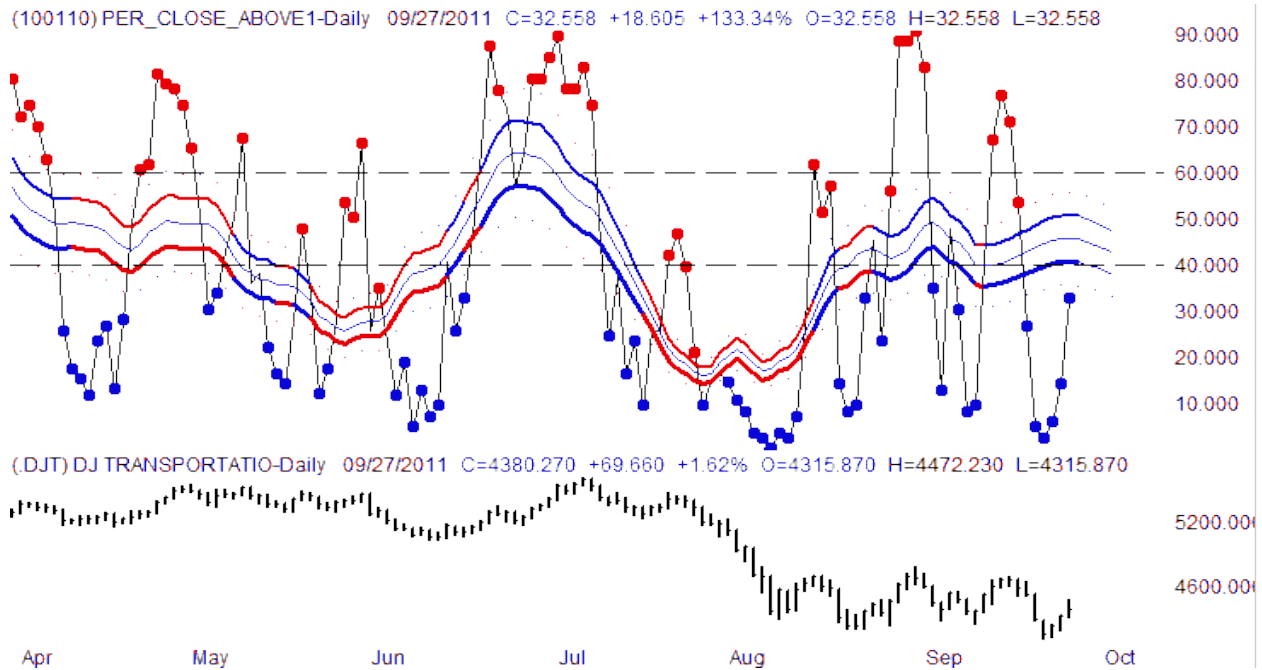
Materials - 10 Day



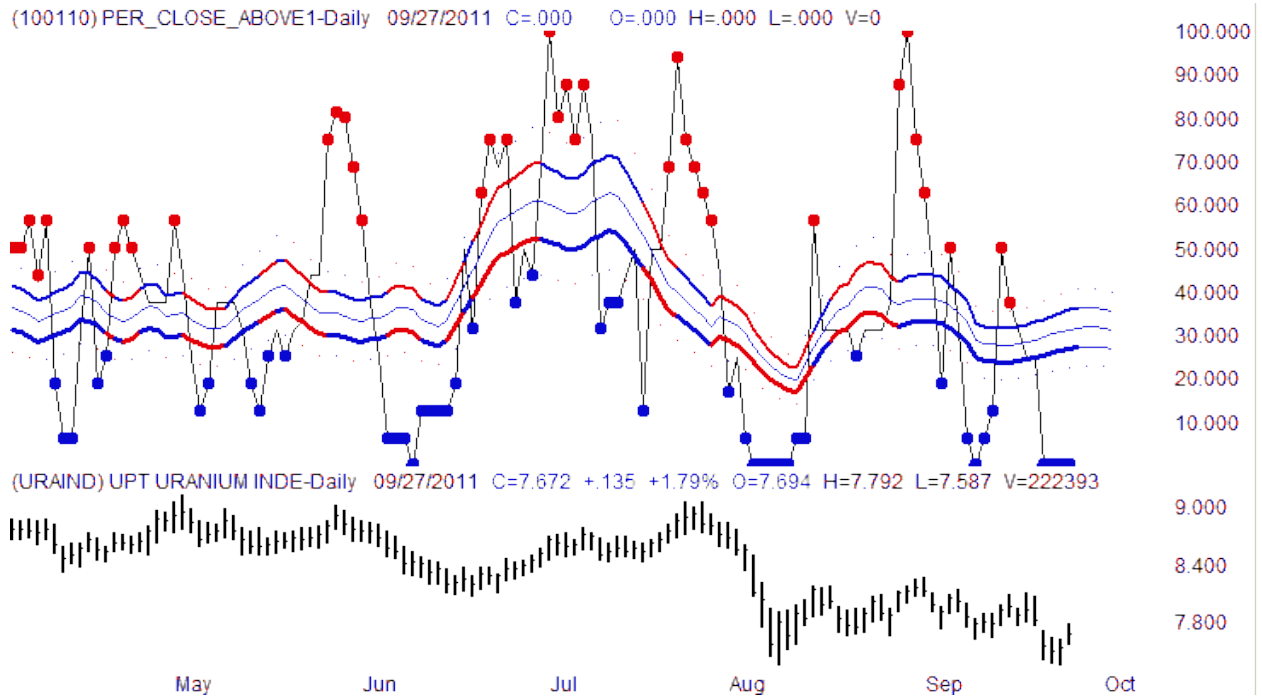
Semiconductor Stocks - 10 Day



Transportation Stocks - 10 Day



Uranium Stocks - 10 Day



Stephen Whiteside

<http://www.theuptrend.com>
stephen@theuptrend.com

This newsletter may not be redistributed without written permission from the author.

Copyright© 2011 Whiteside Analytics. All rights reserved.



DISCLAIMERS

eResearch Disclosure Statement

eResearch operates two business segments: (1) the provision of equity research to the investment community; and (2) the offering of its abilities to assist companies raise capital. The research activities and operations of eResearch are carried out solely by its Research Services division, which provides published research and analysis to the investing public on its website (www.eresearch.ca), through its extensive electronic distribution network, and through newswire agencies. eResearch makes all reasonable efforts to provide its research, via e-mail, simultaneously to all subscribers. The capital raise activities and operations of eResearch are carried out solely by its Capital Services division, which engages only in capital market services with Corporate Issuers and Accredited Investors. eResearch does not manage money or trade with the general public which, combined with the full disclosure of all fee arrangements, the strict application of its Best Practices Guidelines, and the creation of an effective "Ethical Wall" between the Research Services and the Capital Services divisions, should eliminate potential conflicts of interest.

eResearch makes all reasonable efforts to provide its research, via e-mail, simultaneously to all subscribers. eResearch posts all of its Research on its own website (www.eresearch.ca), disseminates its research through its extensive electronic distribution network, and provides notification of its research through newswire agencies.

theUpTrend.com Disclosure Statement

TheUpTrend.com is an information service for investors and traders, and is neither a recommendation nor an offer to buy or sell securities. TheUpTrend.com is not a broker or an investment adviser, and is not acting in any capacity to influence the purchase of any security. TheUpTrend.com and its personnel may already have positions in equities presented. TheUpTrend.com, its officers, directors, employees, and consultants shall not be liable for any damages, losses, or costs of any kind or type arising out of or in any way connected with the use of its products or services. In many instances, securities presented should be considered speculative with a high degree of volatility and risk. Before trading securities, an investor or trader should consult with a qualified broker, investment adviser, and/or other market professionals. All commentaries, suggestions, recommendations, and trade decisions are based solely on technical analysis and are not based upon company fundamentals, news, earnings, or rumors. Past performance is not indicative of future performance. Further information regarding theUpTrend.com can be obtained from its website: www.theuptrend.com.