



TECHNICAL OPINION

July 24, 2009

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, vs. 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, vs. too many stocks are 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.

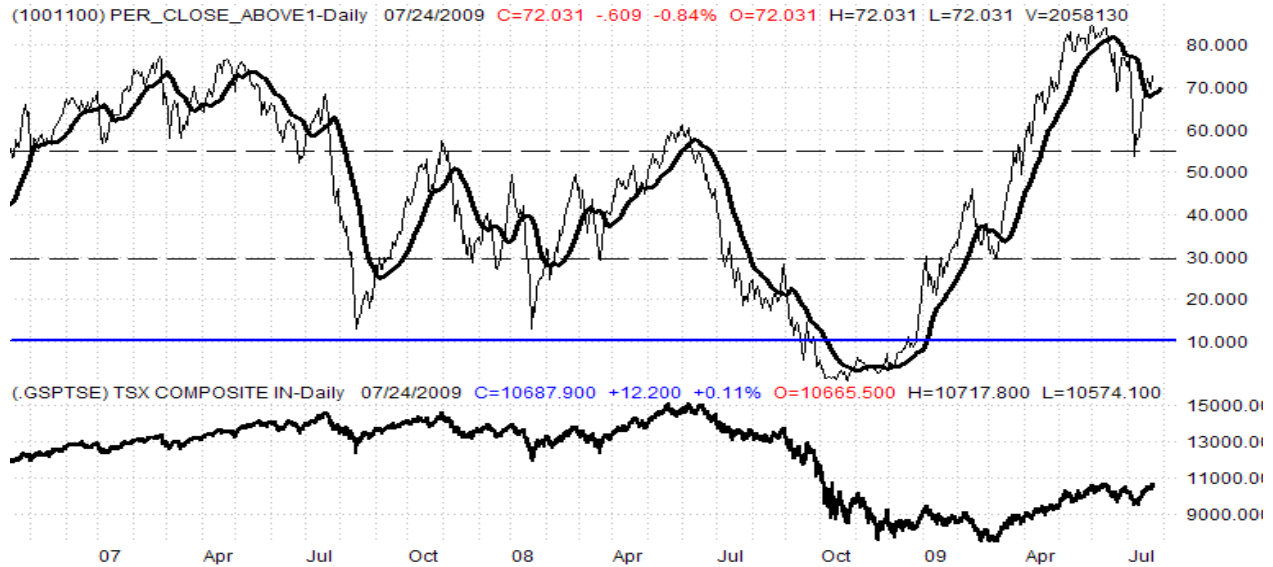
As you will see below, we may have to adjust the 40% / 60% rule, based on the sector we are analyzing.

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.

A. Long Term View

% of stocks trading above their 100-day moving average

TSX

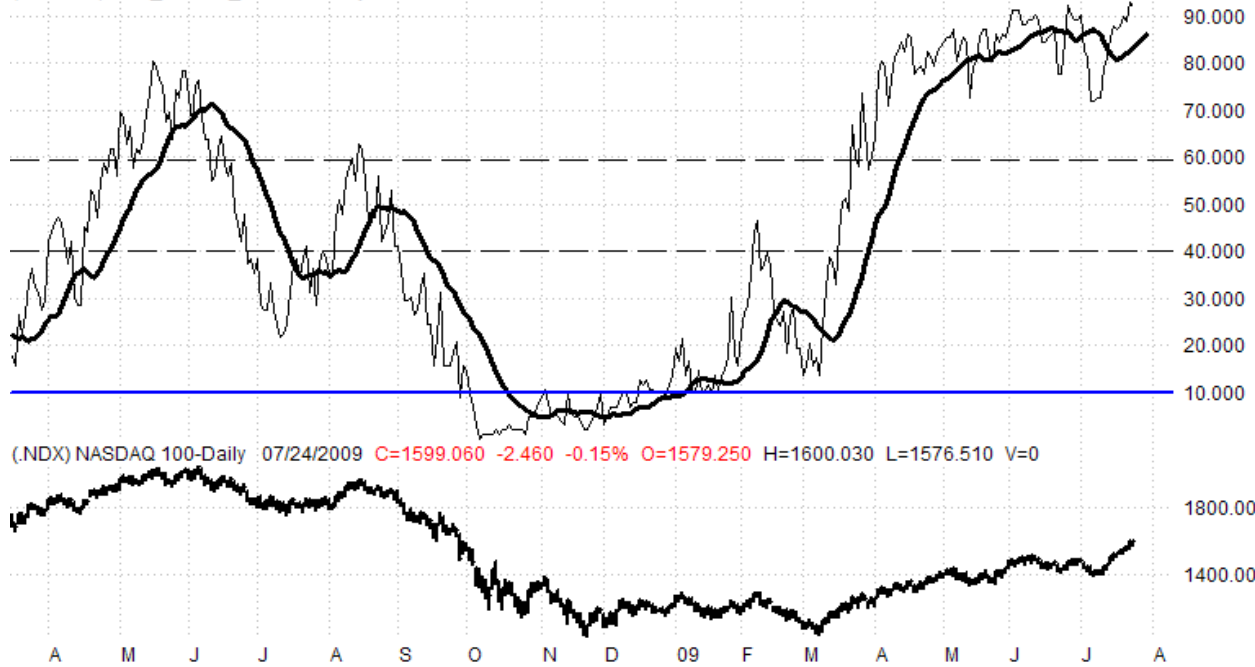


S&P 500



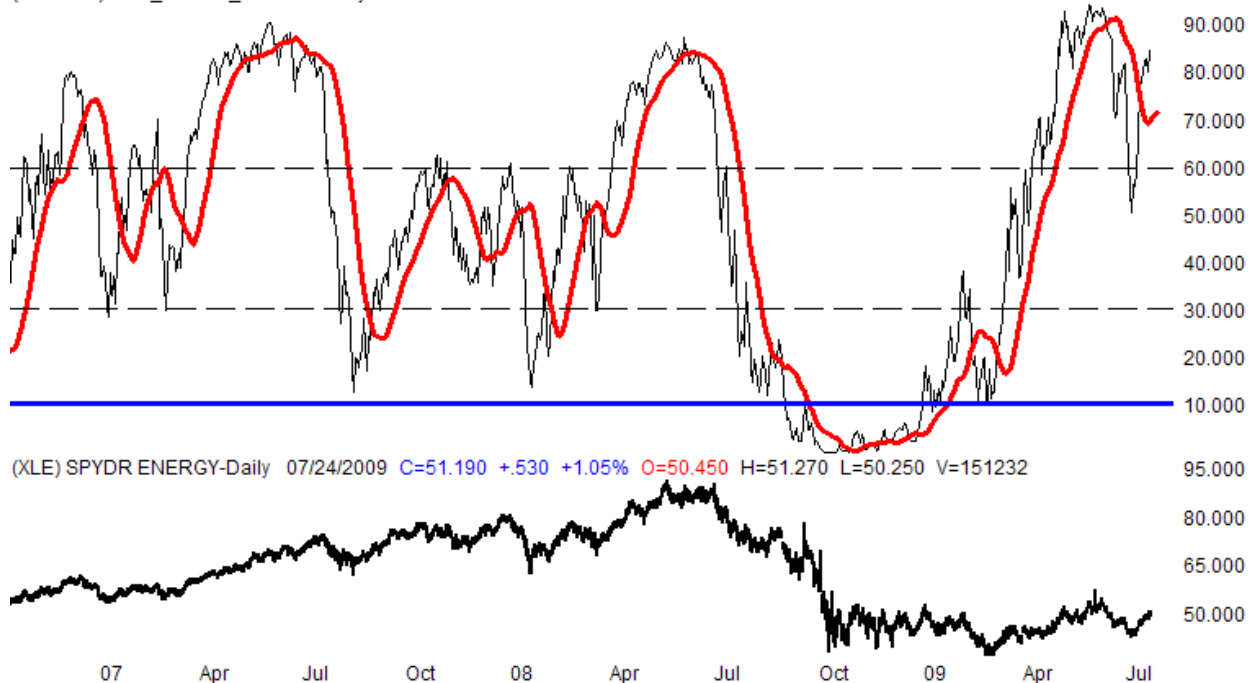
NASDAQ 100

(1001100)PER_CLOSE_ABOVE1-Daily 07/24/2009 C=92.079 -0.990 -1.06% O=92.079 H=92.079 L=92.079 V=8667786



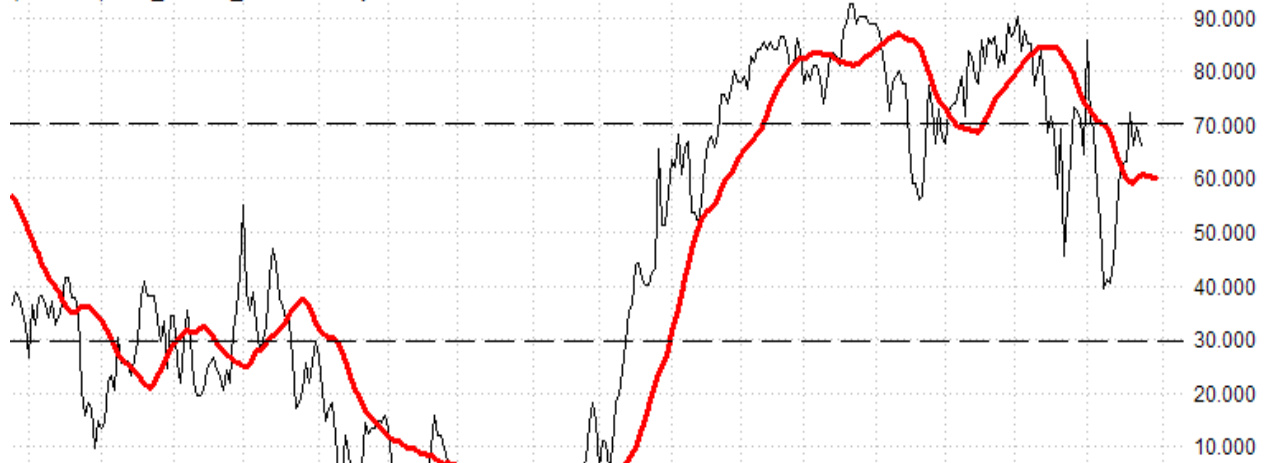
Energy Sector

(1001100)PER_CLOSE_ABOVE1-Daily 07/24/2009 C=84.711 .000 +0.00% O=84.711 H=84.711 L=84.711 V=3679079

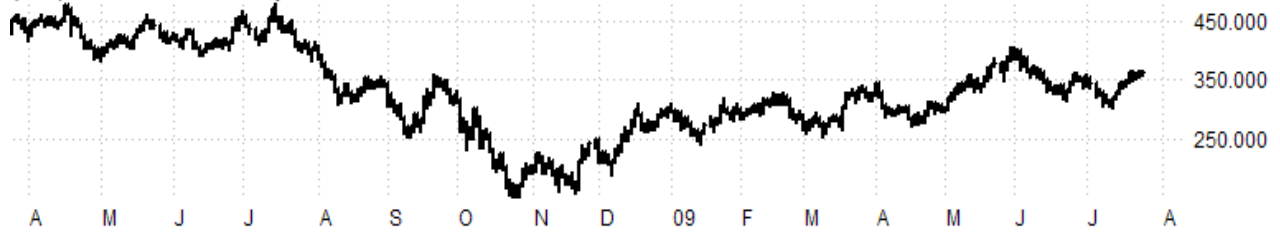


Gold Sector

(1001100) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=65.823 -1.266 -1.89% O=65.823 H=65.823 L=65.823 V=536846



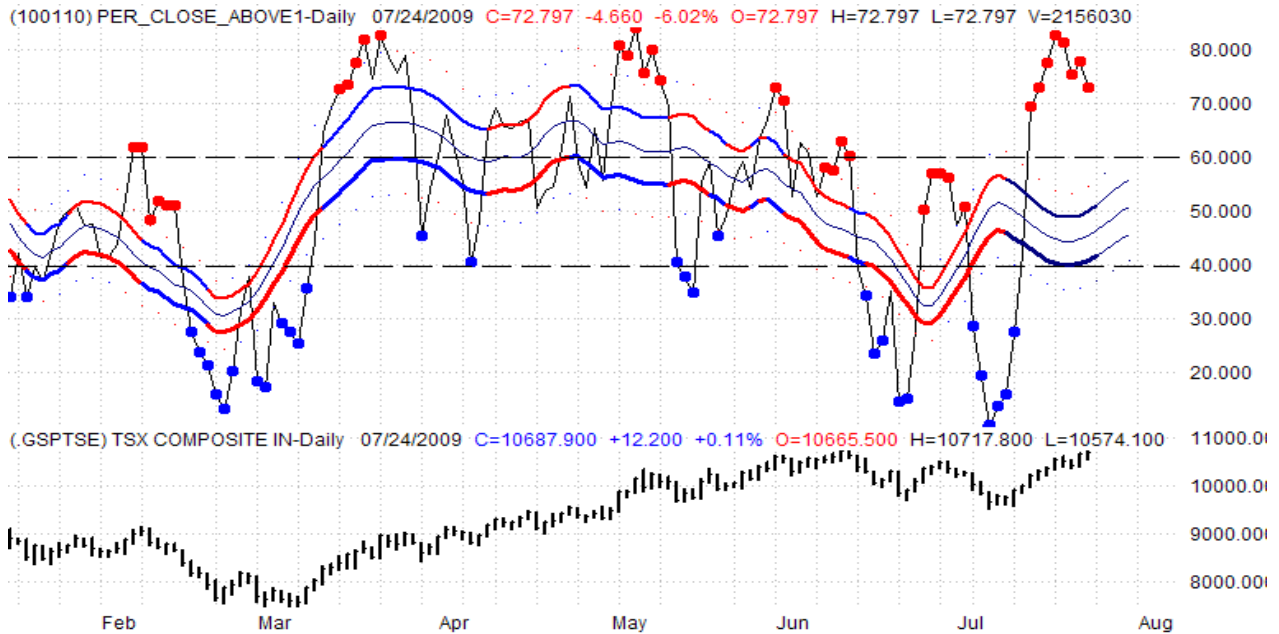
(.HUI) GOLD BUGS NDX-Daily 07/24/2009 C=361.100 +.730 +0.20% O=360.370 H=365.420 L=359.130 V=0



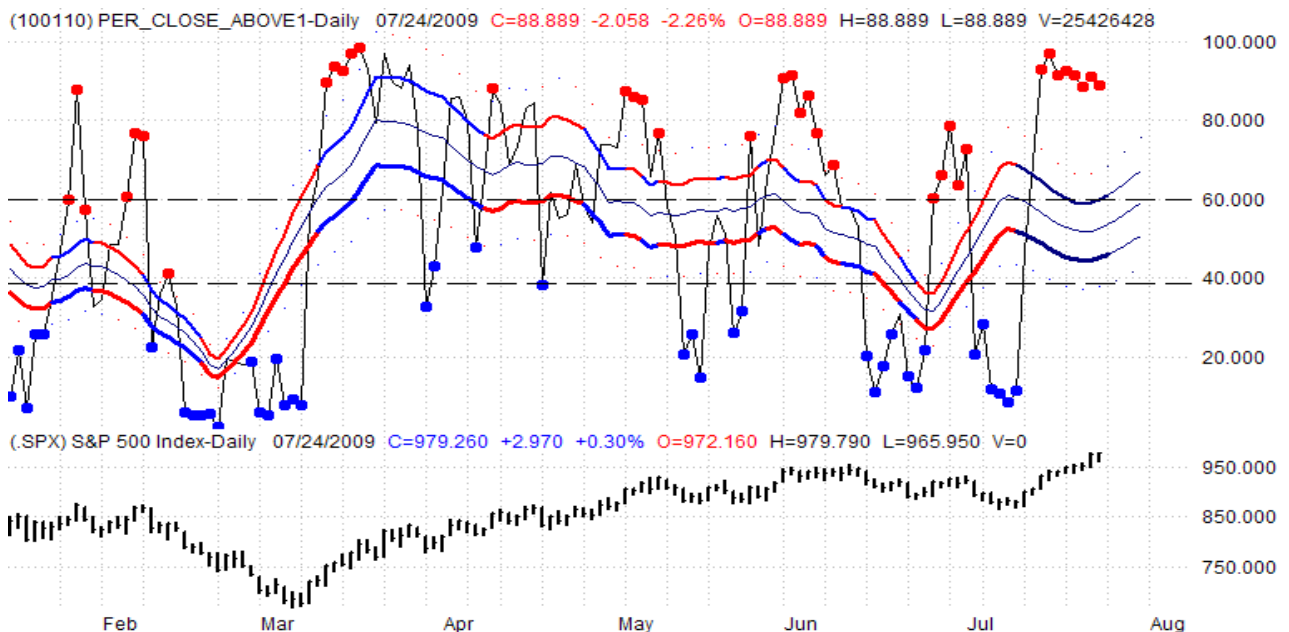
B. Short Term View

% of stocks trading above their 10-day moving average

TSX - 10 Day

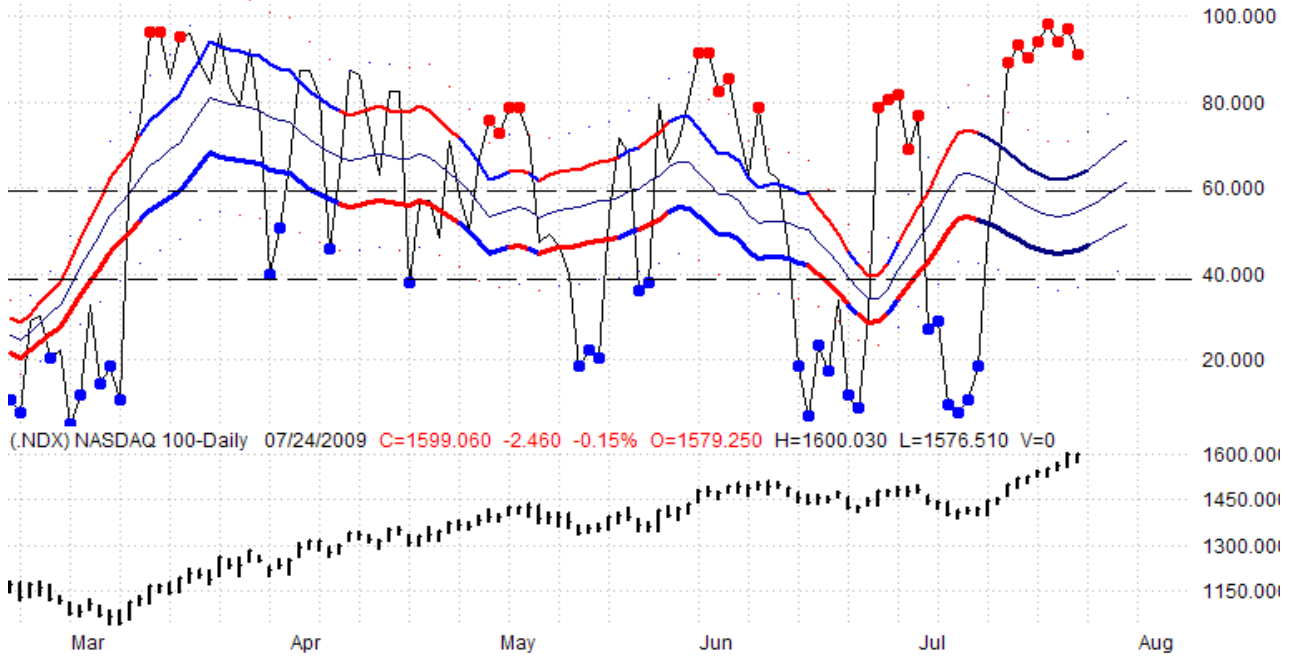


S&P 500 - 10 Day



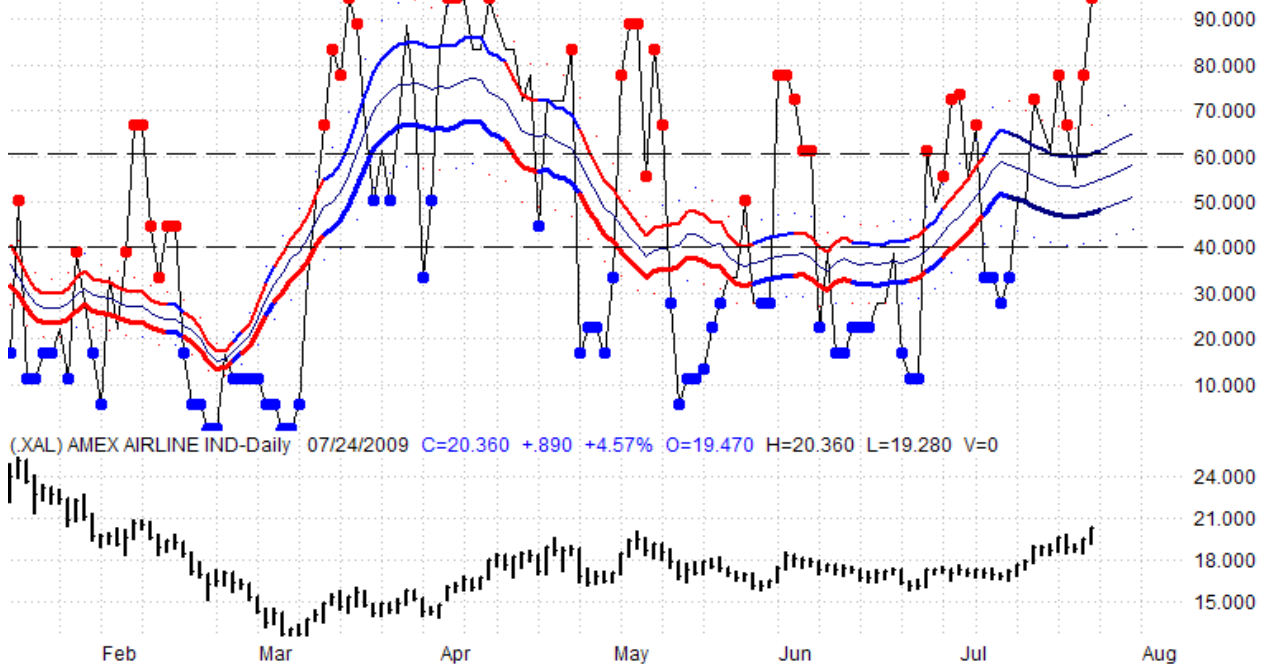
NASDAQ 100 - 10 Day

(100110) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=91.089 -5.941 -6.12% O=91.089 H=91.089 L=91.089 V=5970876

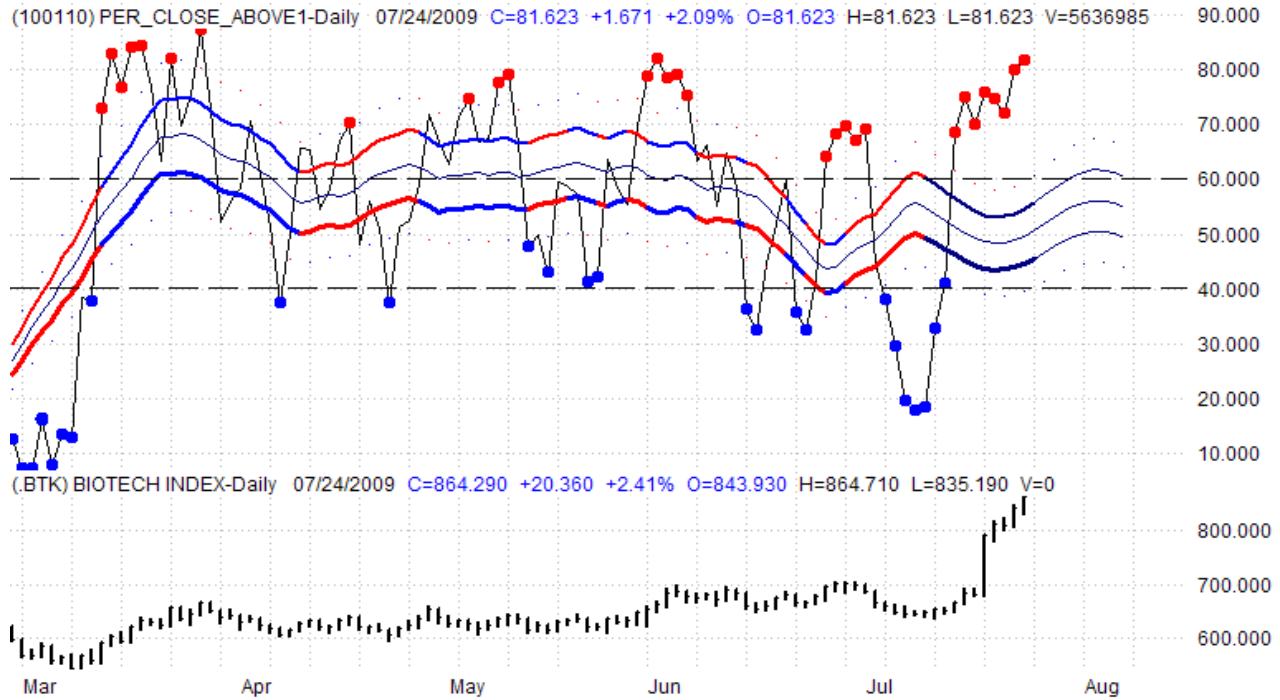


Airline Stocks - 10 Day

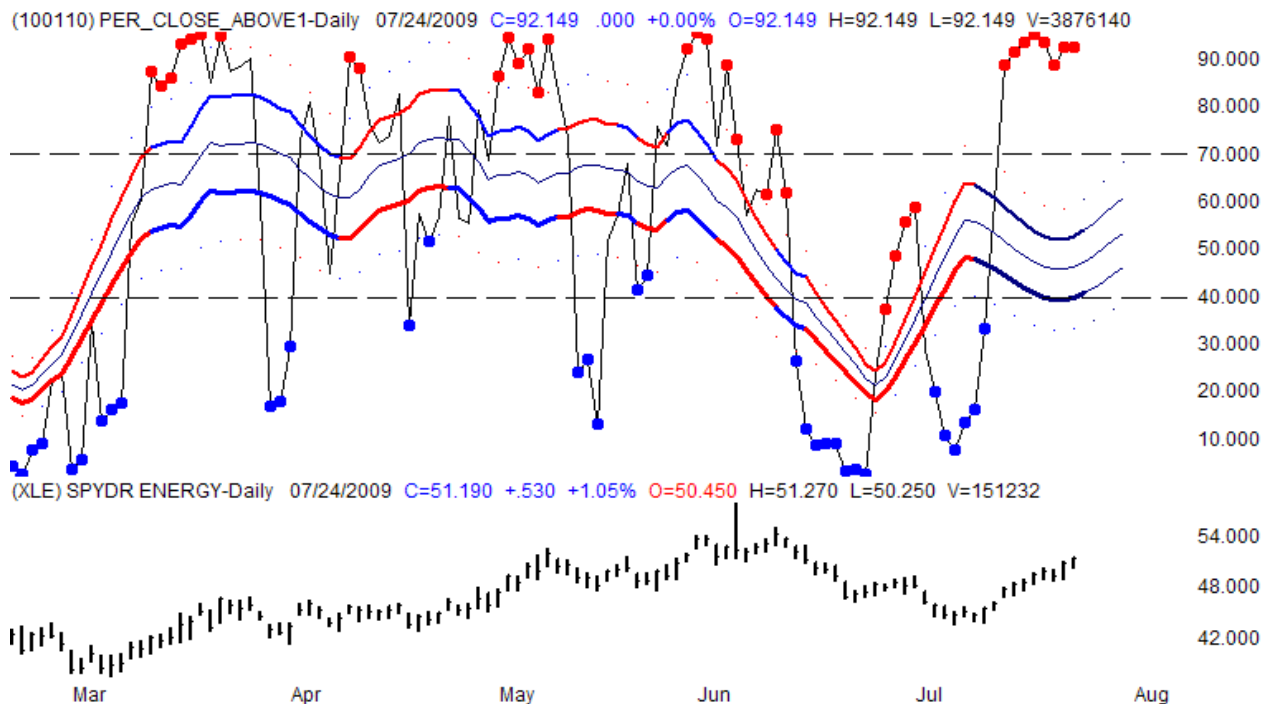
(100110) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=94.444 +16.666 +21.43% O=94.444 H=94.444 L=94.444 V=761283



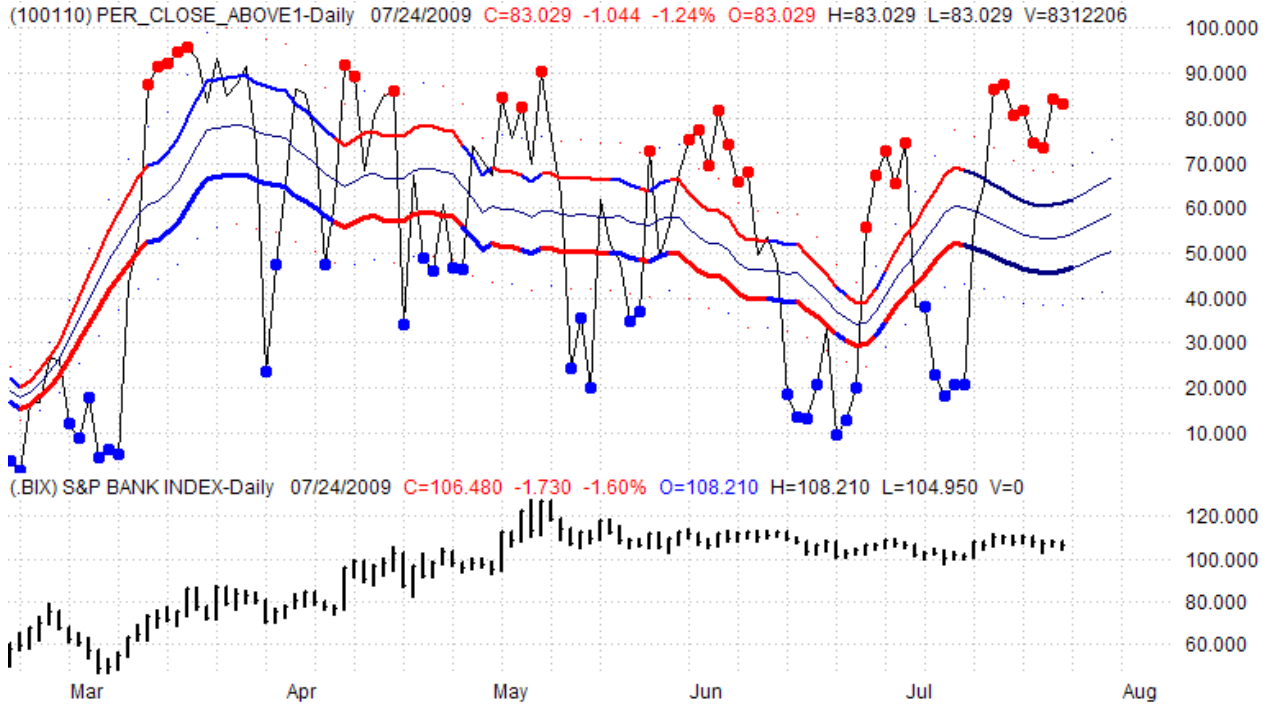
Biotech Stocks - 10 Day



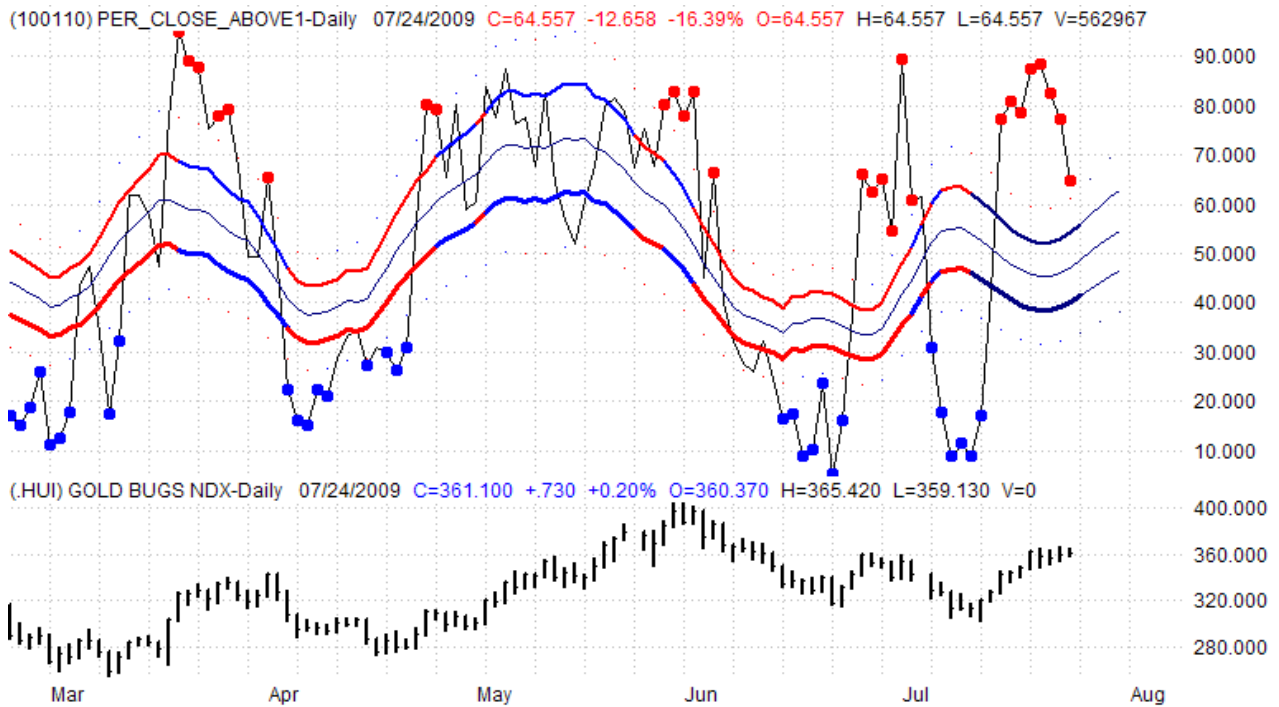
Energy Stocks - 10 Day



Financial Stocks - 10 Day

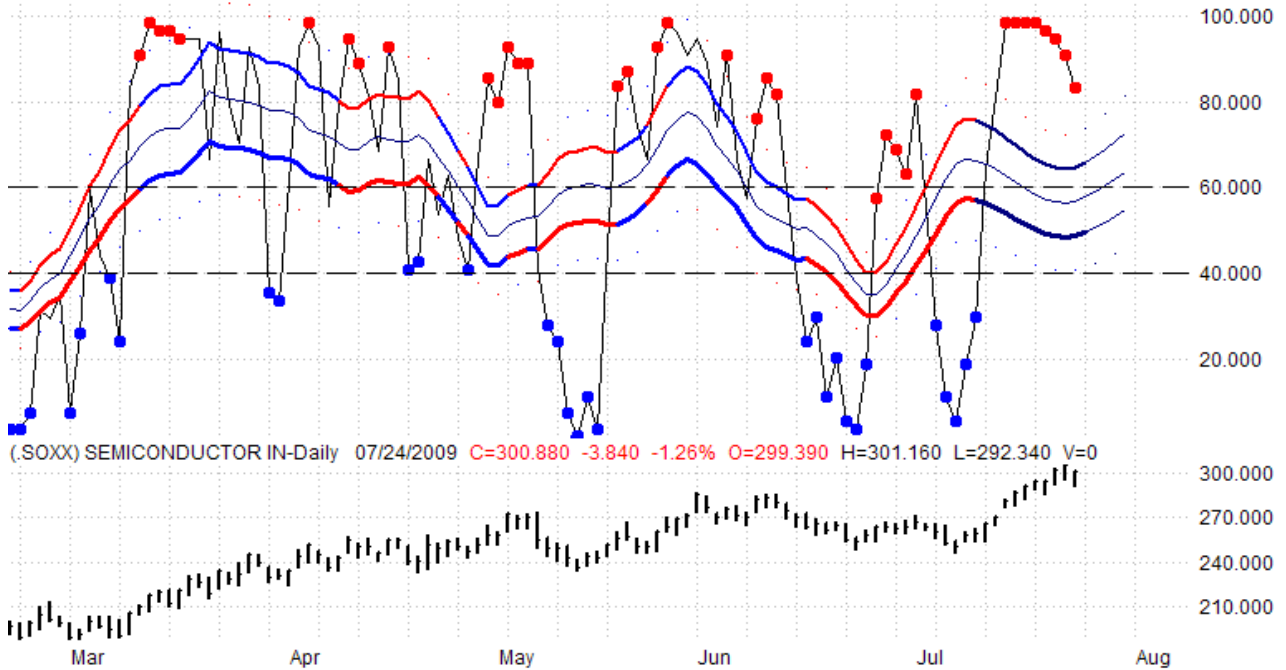


Gold Stocks - 10 Day



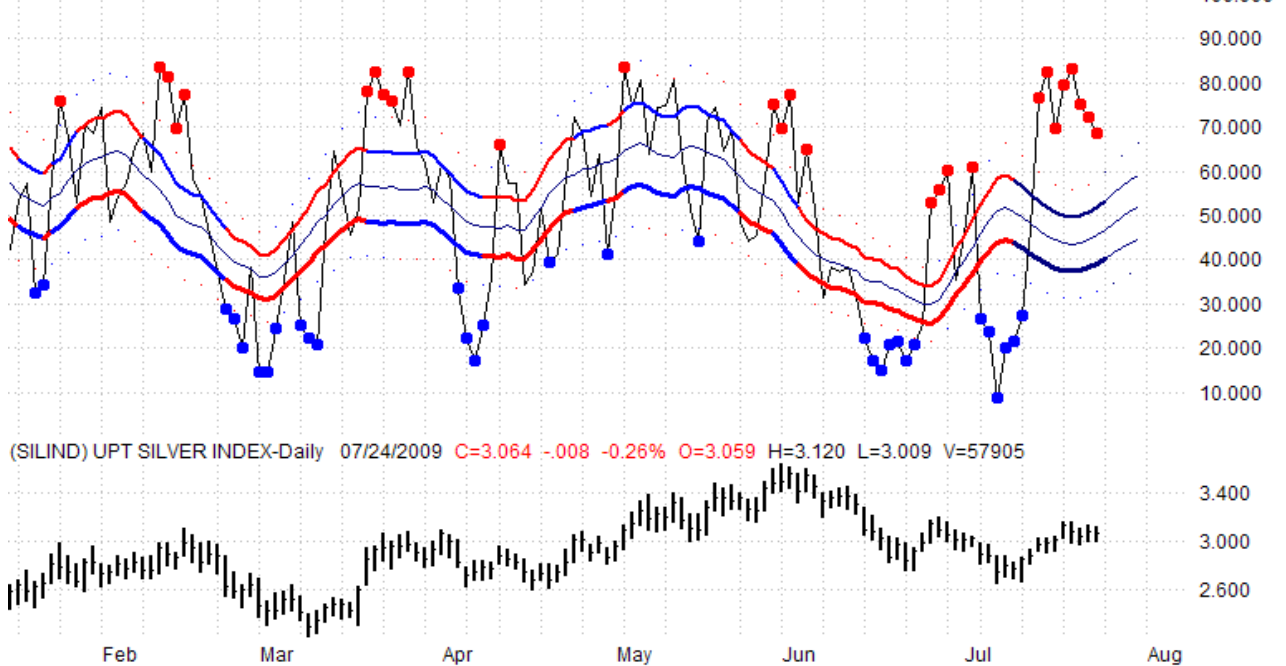
Semiconductor Stocks - 10 Day

(100110) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=83.019 -7.547 -8.33% O=83.019 H=83.019 L=83.019 V=2818610



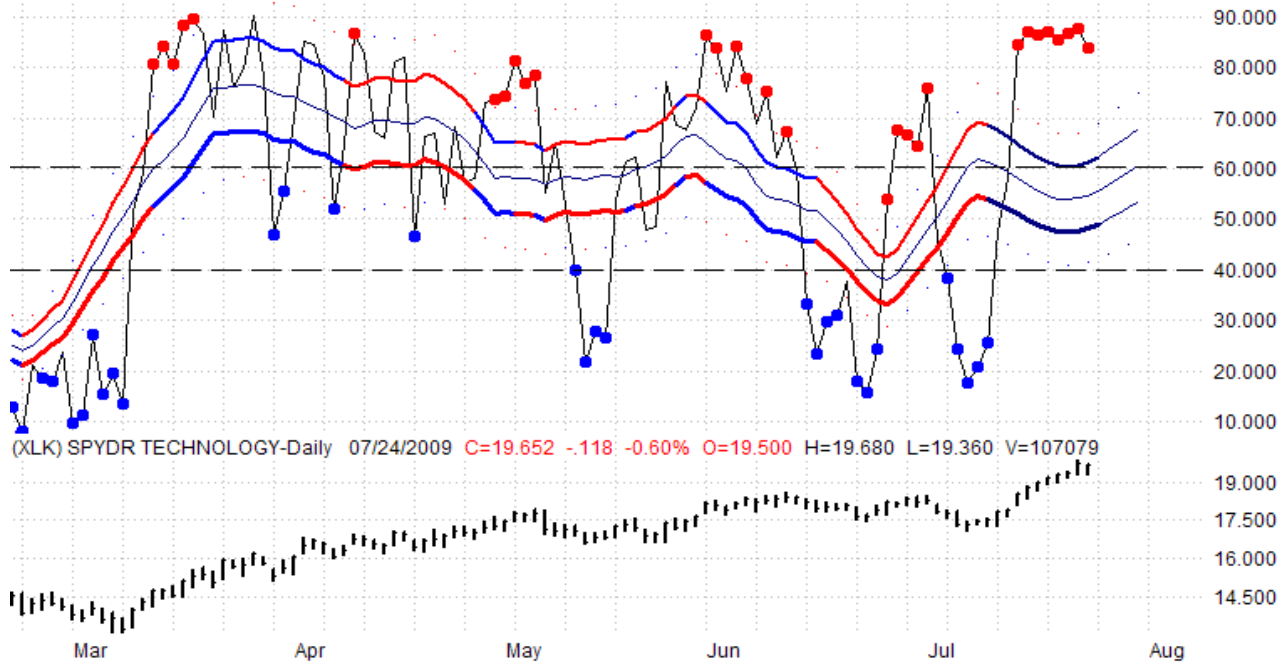
Silver Stocks - 10 Day

(100110) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=68.571 -3.651 -5.06% O=68.571 H=68.571 L=68.571 V=36903



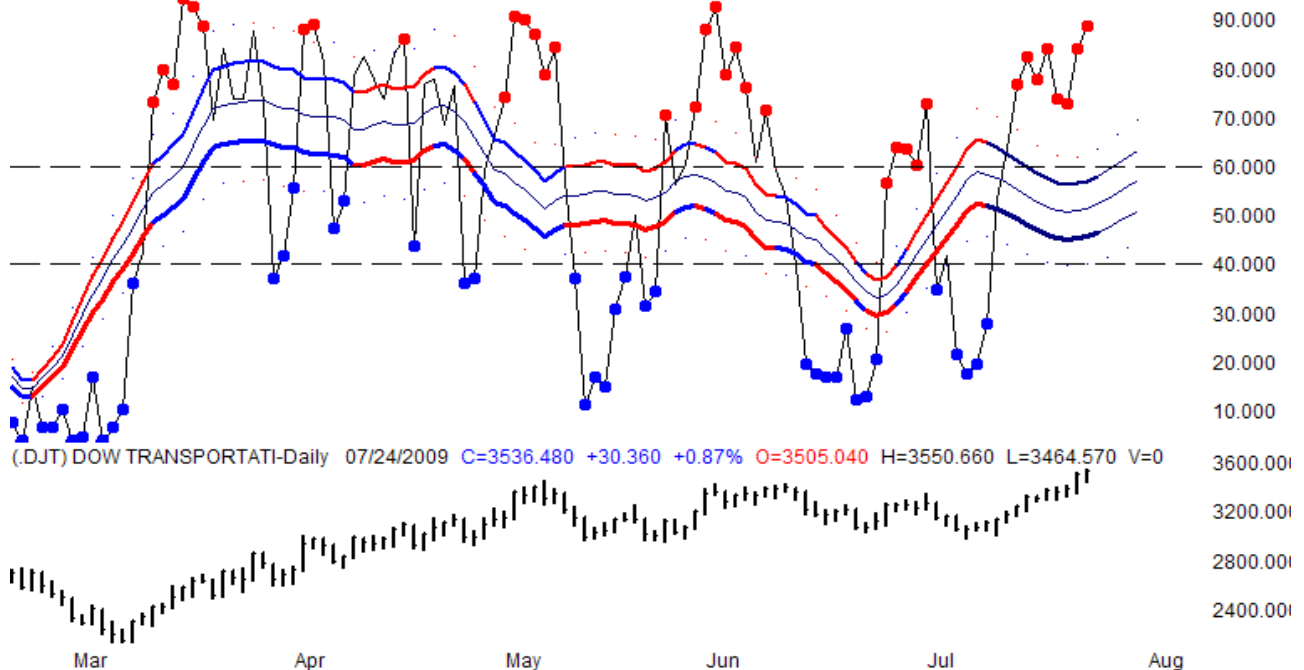
Tech Stocks - 10 Day

(100110) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=83.739 -3.818 -4.36% O=83.739 H=83.739 L=83.739 V=8947431

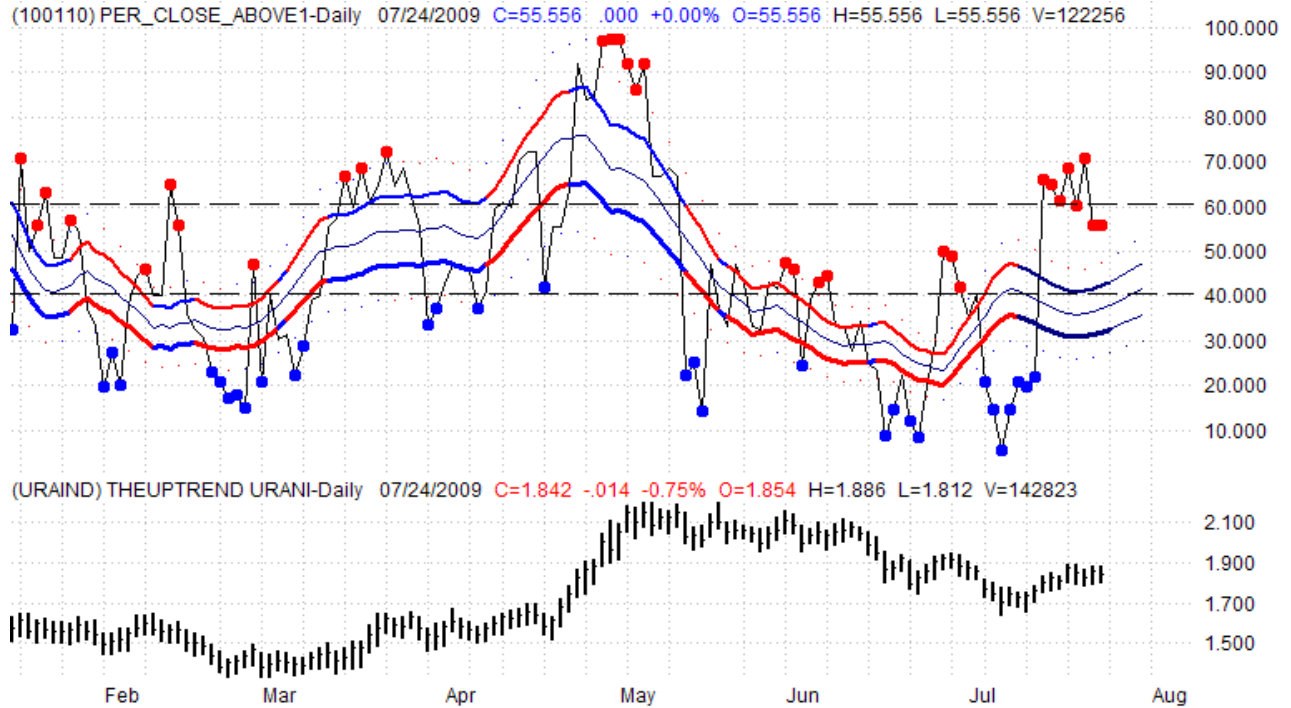


Transportation Stocks - 10 Day

(100110) PER_CLOSE_ABOVE1-Daily 07/24/2009 C=88.785 +4.673 +5.56% O=88.785 H=88.785 L=88.785 V=1557982



Uranium Stocks - 10 Day



Stephen Whiteside
<http://www.theuptrend.com>
stephen@whiteside.com

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