



Dudack Research Group

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Direct from Dudack 92% Up Day Recorded

DJIA: 32196.66
SPX: 4023.89
NASDAQ: 11805.00

On May 13, 2022, the NYSE volume statistics reported a 92% up day. As we have been reporting, a 90% up day is significant after a series of 90% down days in terms of defining downside market risk. Extreme volume readings with 90% of the day's volume in declining stocks (90% down days) reflect panic and a 90% up day indicates that the worst of the panic selling may have occurred. It does not define the low, but it implies that the downside risk is diminished.

For example, the last series of 90% down days began on February 20, 2020, with a 91% down day and the SPX closed at 3373.23. There were six more 90% down days followed by a 92% up day on March 13, 2020, when the SPX closed at 2711.02.

This was followed by two more 90% down days. The ultimate low of SPX 2237.40 was recorded on March 23, 2020, with a 94% up day on March 24, 2020. Note that the total 2020 decline in the SPX was 34%, and there was a 17% decline in the six trading sessions between the first 90% up day and the final low.

In sum, the market may not yet have recorded its final low, but we do think that the low of SPX 3930.08 on May 12, 2022, is beginning of a bottoming phase.

As a reminder, we have been using a 17.5 multiple and our \$220 earnings forecast for the S&P 500 as defining "value" in the broad market. That equates to SPX 3850.

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Sectors/Industries:

“Overweight”: Overweight relative to S&P Index weighting

“Neutral”: Neutral relative to S&P Index weighting

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