Wellington Shields

EQUITIES PERSPECTIVE

June 30, 2023
DJIA: 34,122

Into every life a little rain must fall. In the stock market it's called a correction, in this case a 2% drop in the S&P. They will tell you it's because of this, or that, but basically stocks have been stretched, along with investor enthusiasm. Investor's intelligence recently showed a move from 0% to 30% in the Bull-Bear spread, a move that typically results in a couple week setback, but little more. Together with a recent one-year high in the S&P's favorable implications, the A/D index of S&P components reached a new high as well. Contrary to what many believe, the average stock tends to drag along the stock averages, both up and down. Meanwhile, we are now in the seasonally interesting period around the July 4 holiday, with both good and bad implications. Fortunately, the bad ended with the close June 28, and saw A/D's days negative 6 of 8 days prior to that. The favorable period this year extends to the close on July 7. Historically the market is up some 70% of the time with an average gain around 2.4%, according to SentimenTrader.com.

Last time we mentioned the 21-day weighted moving average in reference to GE (108). Most of Tech and other extended names, like Tesla (258), Netflix (428), Nvidia (408), XLK (171), and so on, have held their 21-day. If they can hold even this "trading" moving average amidst the weakness in these stretched and volatile stocks, it seems surprisingly positive. Tech has borne the brunt of the recent weakness, while Econ-sensitive stocks have come through pretty much unscathed, and look promising, PAVE (31) or components like PH (387), ETN (199), FAST (59), PWR (195) and the like.

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