

Two months ... but who's counting. The market hasn't suffered a 1% down day in two months. That's quite a streak though by no means the longest. It's the kind of streak that doesn't happen in bear markets. Still, when the streak ends you have to wonder if the abyss awaits. Despite what you might think or fear, history suggests otherwise. It's that momentum thing again – big uptrends don't turn on a dime. At play here, too, is what they call the market's broadening. And it's not just semantics, it is broadening rather than rotation – we've expanded without leaving a lot behind. The improvement in Staples and Financials are the prime examples here, both broad areas. It's a tough call to be negative on Tech, not one we are brave enough to make, or believe should be made. That said, Tech stocks have come a long way and now there are opportunities elsewhere.

To make clear our thinking on Tech, there's momentum here that won't easily go away. We're thinking of a stall more than real weakness. More than 90% of Tech shares are above their 50 and 200-day averages, having cycled from less than 7%. This kind of change has produced good returns over the next six and 12 months for both Tech and the S&P, according to SentimenTrader.com. The recent action here has become a bit more ragged, including Wednesday's surprising weakness in Microsoft (331). Meanwhile, while most may not realize it, stocks like Walmart (159) and Costco (562) are in their own long-term uptrends and arguably are acting better than most of Tech recently. These are among the top 10 holdings in the Staples ETF (XLP-75), together with Coke (62) and Pepsi (189) which also are acting well and similarly have long-term uptrends. As we suggested above, a problem for Tech might be it's no longer Tech and Tech only acting well, you now have options.

So you say you always believed in the Meta-verse, or was it Facebook? Left for dead late last year, Meta Platforms (312) as it's now known, has tripled. If Meta was on the giveth side, Microsoft was a bit on the taketh this week, but in the case of the latter, you have to wonder for how long. The stock is dabbling with its 50-day, as it did a couple of weeks ago, and again back in April. Were it to break, which seems unlikely, it would be a change of some concern. Meanwhile, Google (129) had its own upside gap – guess FANG isn't going away this week. On the other side of Tech, both Costco and Walmart are bumping up against all-time highs, together with the likes of Cintas (505), Grainger (725) and Parker Hannifin (397) – strange bedfellows you might say. And these days there's the much improved commodity complex – Steel, Copper, and of course, Oil. The China news may have helped, but these have been improving for some time.

Volume is important, both for the overall market and for individual stocks. For the latter volume often precedes price, while a rally without volume is suspect. Stock volume is pretty straightforward, what you see on the screen usually will do. It's a different story when it comes to the overall market where one might ask whose volume or what volume? We use SPY volume which seems a reasonably straightforward and consistent gauge. Most important is what side is volume on, so to speak. We look at an A/D Index calculated only on those days when volume is higher than the prior day. In theory volume should rise on up days and fall on down days, and over the years this Index has been helpful. This measure turned decisively higher at the end of May. Meanwhile, have you noticed stocks rarely split anymore? If every \$200+ stock were to split, think what that would do for volume overall.

While the Fed meeting was a snooze, we are always interested in what Powell has to say. In this case he repeated numerous times that any further raises in rates will depend on incoming data. We find it fascinating that even we know monetary policy acts with a considerable lag, yet policy depends on the whimsy of some number du jour? Still the market hangs on this stuff. Fortunately Fed speak doesn't usually matter for more than a day, and “don't fight the Fed” has been about as useful as “sell in May.” The market tells the story and the average stock tells the market story. Talk has centered on the Dow's winning streak going into Thursday, but the streak in the A/D numbers has been just as good. Tops occur when markets lose participation as the money runs out – little sign of that so far. Despite the performance by Meta, many stocks reversed early on Thursday, including Microsoft. With Thursday the market may be in need of a little more correction.

Frank D. Gretz

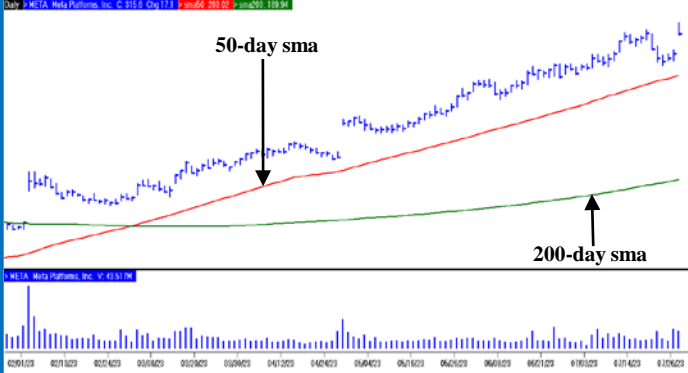
S&P 500 (SPX - 4537) - DAILY



NASDAQ 100 (NDX - 15464) - DAILY



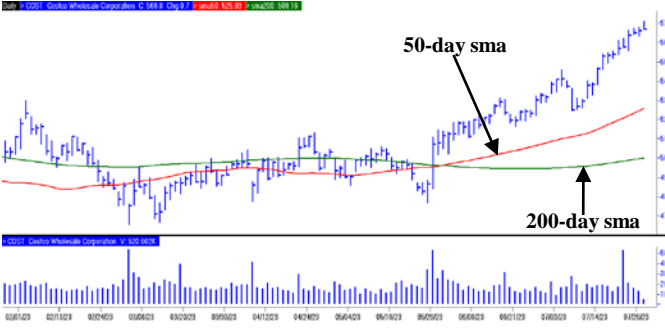
META PLATFORMS INC. (META - 312) - DAILY



MICROSOFT CORP. (MSFT - 331) - DAILY



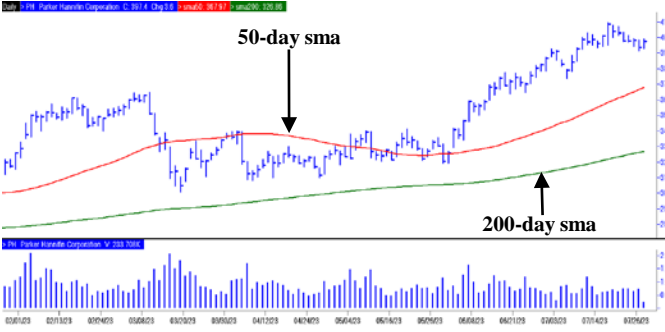
COSTCO WHOLESALE CORP. (COST - 562) - DAILY



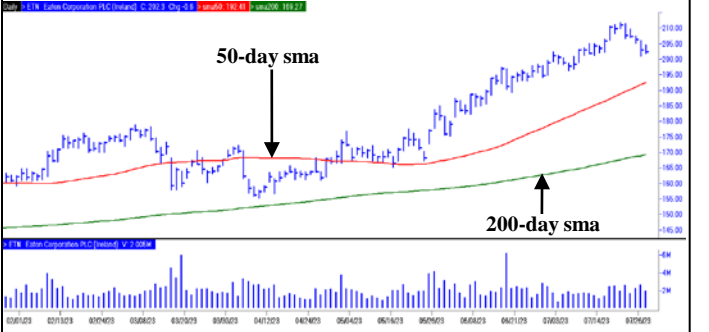
WALMART INC. (WMT - 159) - DAILY



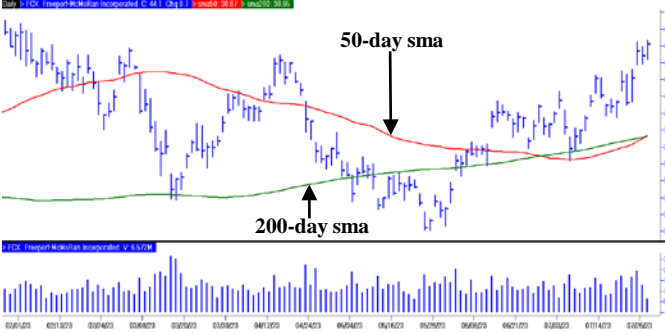
PARKER HANNIFIN CORP. (PH - 397) - DAILY



EATON CORP. PLC IRELAND (ETN - 202) - DAILY



FREEPORT-MCMORAN INC. (FCX - 43) - DAILY



NUCOR CORPORATION (NUE - 168) - DAILY

