



## A PRE-OPENING MARKET WAKE-UP CALL

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	LAST	NET CHG	% CHG	% CHG YTD	% CHG vs. HIGH	50 Day M.A.	200 Day M.A.	P / E Ratio*
Dow Jones Industrials	25669.32	110.59	0.43%	3.84%	-3.56%	25021	24725	
Dow Jones Transports	11227.80	37.37	0.33%	5.80%	-1.72%	10821	10563	
Dow Jones Utilities	743.96	2.94	0.40%	2.85%	-4.47%	712	705	
S&P 500	2850.13	9.44	0.33%	6.60%	-0.79%	2793	2715	16.6
S&P 400 Midcap	2010.19	9.85	0.49%	5.77%	0.06%	1989	1924	*First Call 12 mos.
S&P 600 Smallcap	1072.59	6.39	0.60%	14.56%	1.21%	1047	974	forward est.
NASDAQ	7816.33	9.91	0.13%	13.22%	-1.46%	7742	7292	
NASDAQ 100	7377.54	3.25	0.04%	15.34%	-1.75%	7281	6822	
Russell 2000 Smallcap	1692.95	7.19	0.43%	10.25%	-0.89%	1681	1585	
BKX (Banking)	110.06	0.23	0.21%	3.14%	-6.04%	108	108	
BTK (Biotech)	5079.03	-0.05	0.00%	20.29%	1.79%	4993	4617	
OSX (Oil Service)	137.97	0.78	0.57%	-7.74%	-62.12%	150	147	
SOXX (Semiconductor)	1323.41	-9.68	-0.73%	5.62%	-9.64%	1364	1334	
XAU (Gold/Silver)	65.92	1.65	2.57%	-22.69%	-71.67%	79	82	
(* indicates new high)	<u>NYSE</u>	<u>NASDAQ</u>						
VOLUME	761,530,218	1,826,519,170						
ADV/DEC VOLUME	3.9	1.2	Prime Rate	1 Mo. Libor	30 Yr. Jumbo	90 Day T-Bill	10 Yr. T-Note	30 Yr. T-Bond
ADV/DEC ISSUES	2.3	1.4	5.00%	2.07738%	4.70%	2.043%	2.859%	3.019%

### Treasury Yield Curve

### INDUSTRY GROUPS - Yesterday

Strongest Groups	Weakest Groups
Personal Products	Semiconductors & Equip
Tech Hdwre & Storage	Internet Software & Svs
Multiline Retail	Life Sciences Tools & Svs
Construction & Engineering	Internet Retail
Communications Equip	Software-Enterprise
Machinery	Media
Real Estate Mgmt & Dev	Biotech
Food Products	Textiles & Apparel
Metals & Mining	Banks
Auto Components	Airlines

KEY COMMODITY PRICES-7 AM ET	LAST	NET CHG
CRB Index	188.74	0.36
US DOLLAR INDEX (Spot)	95.98	-0.56
CRUDE OIL (WTI) (USD/bbl)	65.21	-0.25
NATURAL GAS (USD/MMBTU)	2.95	0.04
UNLEADED GASOLINE (USD/G)	1.88	0.00
GOLD SPOT (USD/troy oz.)	1184.20	0.20
COPPER (USD/lb.)	2.63	0.01
SOYBEANS (USD/Metric Ton)	892.75	-4.25

FOREIGN MARKETS	LAST	
UK FTSE 100	7,580	21.40
GER DAX	12,328	117.05
MEXICO Bolsa IPC	48,265	205.57
JAPAN Nikkei 225	22,199	-71.38
CHINA Shanghai Comp	2,698	29.50
HK Hang Seng	27,598	374.61

INDICATORS	NYSE	NASDAQ
% of Stocks Above 200-day M.A.	60%	54%
Rydex Asset Ratio (Bears/Bulls)	13%	
CBOE Put/Call Ratio	104%	99%
S&P 500 vs. 10 Yr. T-Note	Severely Undervalued	54.4%
S&P 500 vs. 30 Yr. T-Bond	Severely Undervalued	
Arms Index - Last Close	0.59	
Arms Index-10 Day Moving Avg.	1.18	
VIX (SPX Volatility Index)	12.64	
McClellan Oscillator-NYSE	15.24	

### ANNOUNCEMENTS THIS WEEK

Monday	
Tuesday	
Wednesday	MBA Mort Apps; Existing Home Sales; EIA Petroleum Status; FOMC Minutes
Thursday	Jobless Claims; FMI Comp Flash; New Home Sales; Jackson Hole Symposium
Friday	Durable Goods Orders; Baker-Hughes Rig Count

Sources: WSJ.com, MarketSmith, Bloomberg.com, StockCharts.com, CBOE

### THE DAWN PATROL

We've suggested that the stock market was likely to rally on any positive catalyst regarding the ongoing trade talks. Last week's market action on Thursday and Friday endorsed that view as investors responded to the hint of good news on Mexico and China. With an economy continuing to hit on all cylinders and strong corporate earnings growth, a little improvement in the news background was all it took to squeeze the shorts and bring in buying.

The Dow Industrials are sitting 3.6% below all-time highs, the S&P 500 less than a percent and the NASDAQ just 1.5% below its high. The Midcaps and Smallcaps have already notched new highs. It continues to baffle me, as the financial press for the most part continues to look at the glass as half empty instead of half full. The financial press, while not as overwhelmingly negative as the mainstream media, is for the most part quick to take the negative point of view on current events. Being a contrarian has had its benefits, lately, as the market has continued to reward investors who use weakness to buy.

Oil Prices have come off their highs and opinions are divided over whether we'll see further weakness or whether Iranian sanctions and Venezuela's implosion will continue to put upward pressure on prices. At today's level of \$66/barrel, frackers are well over their breakeven point. We spent some time this weekend on the Oil & Gas industry, and we remain convinced that portfolios should have an above market weighting.

This week we start with no economic releases until Wednesday. The futures this morning indicate an implied open for the DJIA of +56 points, for the S&P 500 +5 points and for the NASDAQ +17.5 points. You'll notice that Chinese markets are also responding positively.