

INSIDE THIS ISSUE:

12 Things I'd Like to See

Say What?

Just the Stats!

Just the Stats, III!

KEY TAKEAWAYS

- ⇒ *Negative sentiment building while vocal bulls running silent*
- ⇒ *DMAs for key indices and stocks breaching death cross levels*
- ⇒ *Russell 2000 nearing correction territory*
- ⇒ *Lots to like about the negative turns including Apple*
- ⇒ *We are now officially a stock picker's market again*
- ⇒ *Have we seen the beginning of the end for biotech stocks?*

THE MAJOR INDICES

Index	Close	2015
DJIA	17373	-2.5%
S&P 500	2078	0.9%
NASDAQ	5044	6.5%
Russell 2000	1207	0.02%

(figures are rounded)

THE REAL MISSION IMPOSSIBLE

Yes, the latest installment of the Mission Impossible movie series (Rogue Nation) took the top spot again at the box office. The real



mission impossible is trying to film a bull charging at you and getting out of harm's way. Or so some schmuck in Toledo, Spain learned as he was gored to death.

Of course with the lousy market last week, some investors may feel that it is impossible to properly gauge the market direction or sentiment. While equally frustrated I think too many pros are missing the forest for the trees. Here's why:

POINT	COUNTERPOINT
Indices' Technicals Are Lousy with DMAs Poor	DMAs Causing Negative Sentiment is Good
Apple Bellwether Under Pressure	Buying Opportunity
Media Stocks Crushed	This Has Been a Long Time Coming
Nearing Correction Phase for Russell 2000	Contrarians See a Turn in the Fall
Consumer Spending Down, Like Commodities	Cause for Caution Not Alarm and Not Unexpected
Fewer Vocal Bulls	Healthy for Stocks
Interest Rate Rise on the Horizon	Not Around Corner; Built into Stocks Somewhat

12 Things I'd Like to See

Clearly all of the current negativity bodes well for the fall. Barron's is now recommending investors buy gold and oil. Me? I think it is too early. We were early a few months ago and it seems that until prices stabilize, particularly oil (Iran deal, anyone?) spending will not be strong. From the stock perspective, it is a hard pill to swallow when the darling (NASDAQ—AAPL) is taking it up the gas pipe while we near correction territory in small caps. All that means is that it is truly a stock picker's market and valuations will start to look very nice sooner than you think. We just have to grin and bear it until some of the nervousness shakes itself out. To help out in that regard, here are *12 Things I'd Like to See* while we wait for the things to turn.

- ⇒ Tim Tebow and Arian Foster on the same team
- ⇒ Elon Musk and Richard Branson collaborate on a new transportation project
- ⇒ Sean Hannity and Jon Stewart stuck in a car together for an hour
- ⇒ A DNA test on James Holmes and John Lydon



- ⇒ More righteous indignation about the country's direction from the other Republican candidates and some substantive ideas from Donald Trump
- ⇒ Lois Lerner and Hillary Clinton share email practices
- ⇒ Nationwide mandate for mounted body cameras on cops
- ⇒ The IQs of WEtv reality programming viewers
- ⇒ If Bill Belichick and Tom Brady can resist the urge to cross a line in their path

Say What?



After last week's rough market, Republican Presidential candidates debates and other news, it is time to look at news that is at the top of the food chain and under the radar.

NY Times

<http://nyti.ms/1OZyytT>

Very bullish case for cannabis in the editorial section of The NYT.

ZeroHedge

<http://bit.ly/1DARe2B>

This piece asks where are the bulls as carnage and market value drops persist and points out some scary characteristics of the current economy.

Marketwatch

<http://on.mktw.net/1NeKcjQ>

This piece about the how the DJIA drops compare with the last big market drop only tells half the story. Don't forget what happened afterwards...

Wall Street Journal

<http://on.wsj.com/1f2zls1>

The ultimate DIY trader/investor story.

TMZ

<http://www.tmz.com/2015/08/09/how-not/?adid=hero1>

Yes world, there are plenty of morons out there.

Just the Stats!

AAll Sentiment Survey (courtesy of AAll.com, figures rounded)

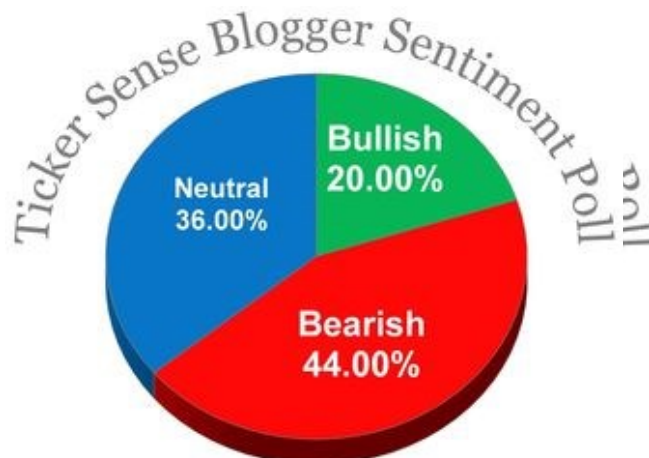
<u>Last Week</u>	<u>Long Term Avg</u>
Bullish 24%	33%
Neutral 44%	42%
Bearish 32%	26%



Unlike last week which saw a big swing for Bears, the Neutral category rose while Bears declined. Look for more volatility this week as Apple and other bulls find excuses to prop up the stocks after the selloff of late. The poll below shows increases in Bulls and Bears but reduction in Neutral. Huh? Shows the paralysis and lack of convictions.



August 3 - 7, 2015



July 27 - 31, 2015

Just the Stats, II!



How ugly is it out there? Well, the Russell 2000 Index is down 6.9% from its high, nearing the 10% corrective territory. Only 1 out of the four major indices we track is above its 200 DMA. That is the NASDAQ and any hits to it would drop it below that mark.

Conversely, it really won't take a whole lot to change the fortunes of these indices. By the way, the Russell 2000 forward 12 month P/E is 19.3, below the NASDAQ 100 while the S&P 500

U.S. Stock Market Index Performance as of 8/9/15								
Index	Close	52-Wk Hi	52-Wk Low	Hi Date	Low Date	% from Hi	% from Low	% Below 200-DMA
DJIA	17,373	18,351	15,855	5/19/15	10/15/14	5.3%	9.6%	-2.4%
S&P 500	2,078	2,135	1,822	5/20/15	10/15/14	2.7%	14.1%	0.2%
NASDAQ	5,044	5,232	4,118	7/20/15	10/15/14	3.6%	22.5%	3.2%
Russell 2000	1,207	1,296	1,040	6/23/15	10/15/14	6.9%	16.1%	-1.1%
Average						4.6%	15.5%	-1.1%
Source: www.StockCharts.com, Goldman Small Cap Research								

P/E, at 17.8x, is reasonable but not table-pound worthy.

Important Numbers:

4.8: The weekly percentage decline in Apple. At \$115, it is 5 points below the \$120 DMA -200 and at its lowest point since early 2015. I think you can get \$20 in it in the next few months with bulls getting behind the stock. It trades 11.8x FY16 EPS.

6: The number of days in a row the DJIA has declined.

10: Biotech and health care funds have enjoyed 10 straight weeks of fund inflows though you would not know it judging by recent trading. Are retail investors crossing out institutional ones with more carnage in the cards?



The Goldman Guide

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