

# WHC Technical Note

August 10<sup>th</sup>, 2022

The less than expected inflation number gave investors the courage buy everything and anything. Every sector was in the green today with Tech and Comm services leading the way. It seems like investors are expecting the Fed to slow their hikes going forward making expensive, long duration assets more attractive. With headline inflation still at 8.5% YoY and Core still at 5.9%, we still think the fed has a long way to go before they are done. I'm not fully convinced that the bear market is over, but I am starting to see some signs of life and will adjust accordingly. We did lower our cash position today and bought the stocks that are working. We are 90% long, the rest in hedges or cash. Today we look at a few internals that are keeping me skeptical.

- Indices failed to close above resistance levels while nearing overbought conditions
- The percentage of stocks that are above their 50dma has not increased this month; fewer stocks are pushing markets higher
- QQQ relative equal weight SPX in downtrend, heading into resistance and nearing overbought conditions
- SOX was rejected at resistance

SPX was rejected at 150dma and just about as overbought as it's been this year. Only 74% of stocks are above their 50dma, August started at 76%. Less stocks are contributing to the multi month highs.



Same story for the DOW, it couldn't close above the 150dma and fewer stocks helping in this recent rally.



The NASDAQ looks almost the same as the others, rejected at the 150dma today and on Monday. Fewer members contributing to the rally, at resistance and nearing overbought territory.



QQQ relative to equal weight S&P has been working over the past month but nearing resistance and getting overbought.



The SOX which can be seen as a good indicator of risk was reject at resistance and overbought conditions. In a downtrend and couldn't break higher.



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- Updated on July 18, 2022.