



Domestic and global equity markets continue to support a bullish non-trading backdrop, while small caps are exhibiting a positive near-term change of character.

SMALL CAP: LEAD THE BOUNCE LARGE CAP: MORE CONSOLIDATION THAN CORRECTION

KEY LEVELS

- **S&P 500** (SPX/2374.15) – Tactical support [level(s) where buying interest exists]: 2356 (gap support), *between* 2329 and 2322. Resistance [level(s) where selling pressure exists]: 2378, 2390 [previous price peak and upper Bollinger band (overbought)] and 2401.
- **Russell 2000** (RUT/1397.97) – Tactical support: *Between* 1345 and 1335. Resistance: 1415.
- **10-Year U.S. Treasury Yield Index** [TNX/22.73 (2.27%)] – Support: 21.77 (2.17%), 20.67 (2.06%—rising 200-DMA, will marginally change each day) and 20 (2.00%—uptrend line). Resistance: *Between* 23 and 23.50 (2.30% to 2.35%—previous breakdown levels).

SUMMARY

From a *longer-term*, non-trading perspective, **domestic** and **global** equity uptrends *remain* supportive.

Within the context of a statistically “neutral” *short-term* condition (Bollinger band analysis) and after holding just above tactical support, stocks caught a bid last week and yesterday. In terms of capitalization size, Small Caps lead the way. Consistent with this and while, admittedly, there are many definitions of a “Breadth Thrust,” when defined by a quick move from *below* 30% to *above* 70% by the percentage of stocks above the 20-day exponential moving average, **Small Caps** experienced a “*Breadth Thrust*” last week. This is bullish for this complex and possibly the overall market, because Small Caps have been underperforming since December 2016.



A global bull market remains intact.

Pring Global Advance - Decline Line with 200-DMA

© StockCharts.com
 Low 208.62 Close 208.62 Chg +1.00 (+0.48%) ▲

Global A-D Line constructed from individual contry ETF's, by Martin Pring



On a more immediate basis, while “Overbought levels” aren’t too far away (2390 for SPX), the fact that “New High” readings are accelerating is indicative of further upside probing.

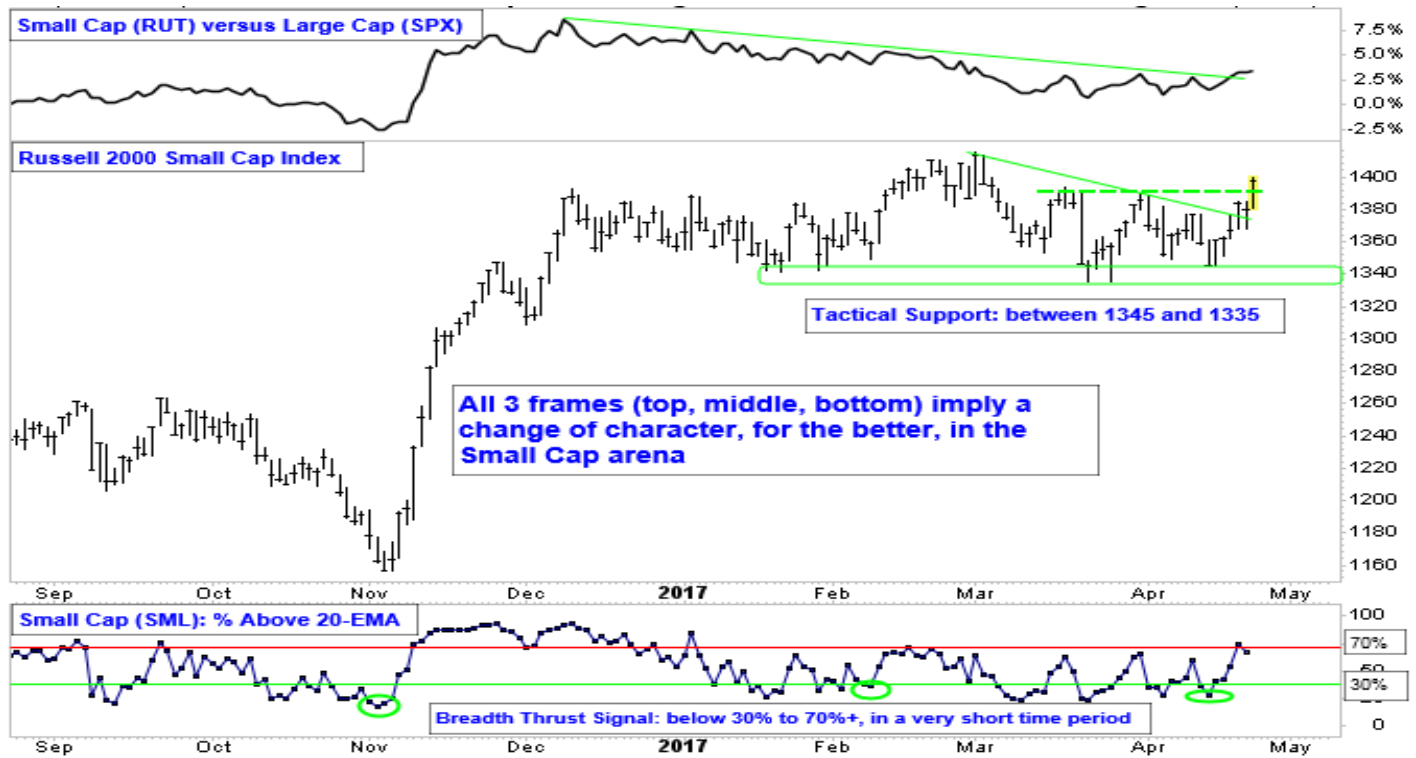
\$SPX S&P 500 Large Cap Index INDX
 24-Apr-2017

Open 2370.33 High 2376.98 Low 2369.19 Close 2374.15 Volume 2.2B Chg +25.46 (+1.08%) ▲

SPX: New Highs

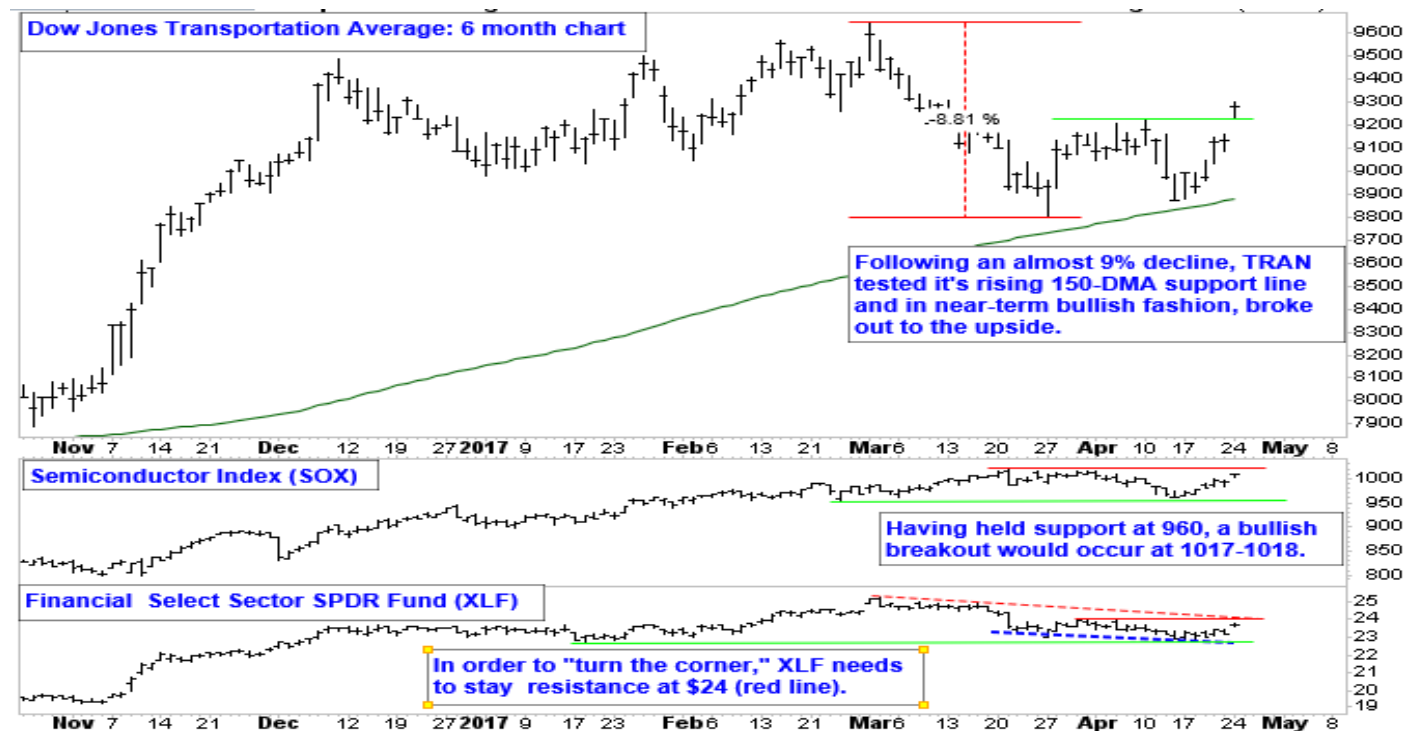


In addition to the bullish “change of character” shown below, the **Small Cap 600 A-D Line** (not shown) is improving, and is only 20 net advancing issues from a new high.



IN TERMS OF DISCERNING NEAR-TERM RISK

- **Dow Jones Transportation Average (TRAN/9282.99):** Bullish near-term breakout.
- **Semiconductor Index (SOX/1007.80):** Held critical near-term support at 960. Please use this level as a tactical guidepost going forward. A topside breakout at 1017-1018 may imply an increasing desire on the part of Wall Street participants to add risk to their portfolios and bid stocks higher.
- **Financial Select Sector SPDR Fund (XLF/\$23.68):** Needs to stay above resistance at \$24 in order to “turn the corner” on a near-term basis.



Have a wonderful start to your week. Please know that Day Hagan Asset Management appreciates your support and hard work!

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