eResearch

Analyst Article June 22, 2017

TECHNICAL CHARTING OPINION

eResearch Corporation is pleased to feature a technical opinion by Chris Kimble of Kimble Charting Solutions.

Mr. Kimble states, on his website www.kimblechartingsolutions.com, that his goal for his investment research is to:

… help people to enlarge portfolios regardless of market direction by looking for patterns at extreme points of "exhaustion" with a high probability of reversing, called TBNM: tops, bottoms, no middles. The intent is to simplify the decision-making process.

Mr. Kimble has been in financial services for over 30 years.

His research is intended to simplify investment decisions and increase confidence with charts that are clear as to the pattern at hand and action to take. His strategy is to look for chart patterns at extreme exhaustion points that have a high probability of reversing. These extremes reflect excess fear and greed of global investors and, therefore, they can be capitalized upon.

By providing research showing markets at extremes of long term resistance or support, and including bullish/bearish sentiment readings when available, Mr. Kimble attempts to help investors simplify their decision-making, reduce risk, increase confidence, and improve results.

Today's article begins on the following page, and is entitled:

S&P 500 Divergence

You can access his website and subscribe to his service at the following link:
www.kimblechartingsolutions.com

Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by *e*Research Corporation, are strictly those of the Author and do not necessarily reflect those of *e*Research Corporation.

Thursday, June 22, 2017

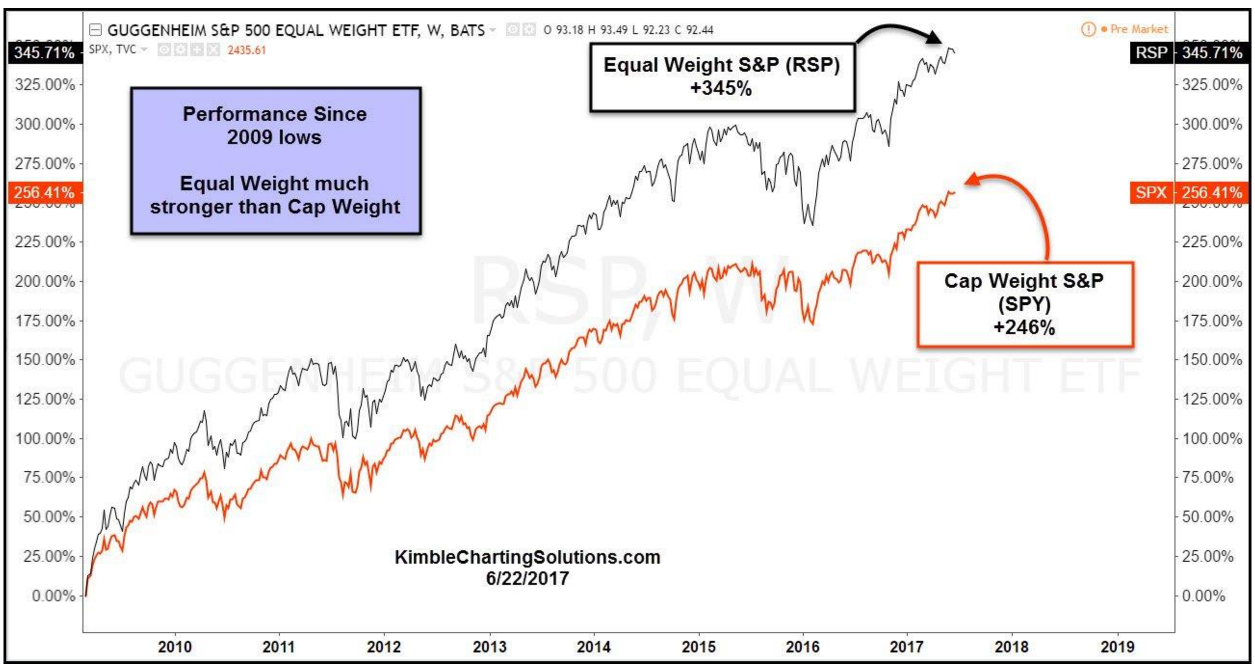
S&P 500 Divergence

(To enlarge the charts below, place cursor on a chart, and <Ctrl-Click>)

all different
all equal

When it comes to S&P 500 ETFs, they may be equal (whose stocks they own), yet they can be much different when it comes to performance.

The chart below compares the **Equal Weight S&P 500 ETF (RSP)** to the S&P 500 (which is Cap-Weighted), since the 2009 lows. Which ETF would you rather own, RSP or SPY?



RSP may own the same stocks at SPY, yet the performance is drastically different, due to how much of each stock each ETF owns. RSP has done much better since the lows in 2009, up almost 90% more than the S&P.

The next chart looks at the RSP/SPY ratio over the past 15 months:

The RSP/SPY ratio, in the long term, remains in an uptrend, as RSP has been much stronger than SPY. Over the past 6 months, this is not true, as the ratio peaked late last year at (1) and continues to create a series of lower highs, inside a new short-term falling channel (2). This week the ratio is hitting the lowest level in the past year.

Historically, bulls want to see this ratio heading higher. The short-term weakness does not send a bearish message, but it does send a message that the broad market is not as strong as a few big players in the index.

One ratio does not make a trend, so please keep that in mind! Keep an eye on this ratio over the next couple of months, as it could send important message to bulls or bears going forward.

*e*Research Corporation

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