

Bond McClellan Oscillator Almost Oversold

eResearch Corporation is pleased to provide a weekly commentary, authored by Tom McClellan, entitled "The McClellan Chart-In-Focus", which is a free technical analysis article published each week.

In this article, Mr. McClellan looks at U.S. Bonds through his McClellan Oscillator.

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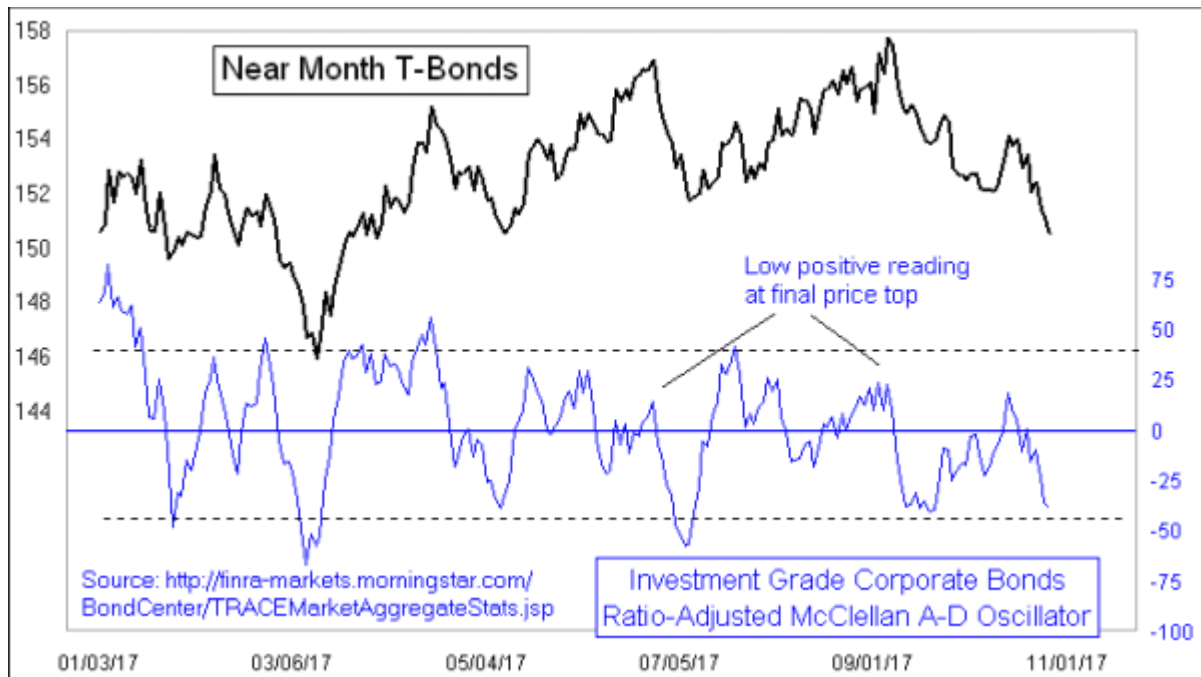
The McClellan Chart-In-Focus

by Tom McClellan (bio at end)

Bond McClellan Oscillator Almost Oversold

When we talk about “the McClellan Oscillator”, we usually mean the indicator calculated on the Advance-Decline (A-D) numbers from the NYSE. But a McClellan Oscillator can be calculated on any sort of breadth data. And when [the same math](#) is used on closing prices, we call that a McClellan Price Oscillator.

The chart this week shows a McClellan Oscillator calculated on investment grade corporate bond A-D data. Those data are [published each day by FINRA](#), and they correlate very closely with the movements of Treasury bond prices. Like the NYSE version, negative readings show a downtrend and positive ones show an uptrend. Overly-extended readings show likely end points for such trends.



This week we see this indicator getting down close to an oversold reading. Sometimes a reading like this is enough to mark a price bottom for T-Bonds. Other times prices can continue going lower in spite of such a reading. Getting down to a reading well below -40 is a surer indication of an exhaustion event, and this one is not quite there yet. This sort of reading says that the bond market is a little bit oversold, which could be enough for a bottom. But it is not yet far enough oversold to guarantee one.

Tom McClellan

Editor, The McClellan Market Report

BW: Information on Tom McClellan and *The McClellan Market Report* and *The Daily Edition* follows on the next page.

McClellan Financial Publications

ABOUT THE AUTHOR



Tom McClellan

Tom McClellan has done extensive analytical spreadsheet development for the stock and commodities markets, including the synthesizing of the four-year Presidential Cycle Pattern. He has fine-tuned the rules for inter-relationships between financial markets to provide leading indications for important market and economic data.

Tom is a graduate of the U.S. Military Academy at West Point, where he studied aerospace engineering, and he served as an Army helicopter pilot for 11 years. He began his own study of market technical analysis while still in the Army, and discovered ways to expand the use of certain indicators to forecast future market turning points.

Tom views the movements of prices in the financial market through the eyes of an engineer, which allows him to focus on what the data really say rather than interpreting events according to the same "conventional wisdom" used by other analysts.

In 1993, he left the Army to join his father in pursuing a new career doing this type of analysis. Tom and his Father spent the next two years refining their analysis techniques and laying groundwork.

In April 1995 they launched their newsletter, The McClellan Market Report, an 8-page report covering the stock, bond, and gold markets, which is published twice a month. They utilize the unique indicators they have developed to present their view of the market's structure as well as their forecasts for future trend direction and the timing of turning points.

A [Daily Edition](#) was added in February 1998 to give subscribers daily updates on their indicators and also provide market position indications for stocks, bonds, and gold. Their subscribers range from individual investors to professional fund managers. Tom serves as editor of both publications, and runs the newsletter business from its location in Lakewood, WA.

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