Friday Reveals Event Risk Complacency

***e*Research 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 stock market performance on Fridays, and the significance of consecutive up-days or down-days on the last trading day of the week.

The article is reproduced below, beginning on the next page, or you can use this link to go to the article directly: **CLICK HERE**

You can also visit the McClellan Financial Publications Home Page at the link below. This is a subscription service, and there are two publications which can be subscribed for: (1) **The McClellan Market Report**; and (2) **The Daily Edition**.

Here is the link to the Home Page: http://www.mcoscillator.com/

***e*Research** was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eResearch.ca.

Bob Weir, CFA
Director of Research

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.

July 13, 2018

The McClellan Chart-In-Focus

by Tom McClellan (bio at end)

Friday Reveals Event Risk Complacency

The S&P500 Index's higher close on Friday was one of several up-Fridays we have seen recently.

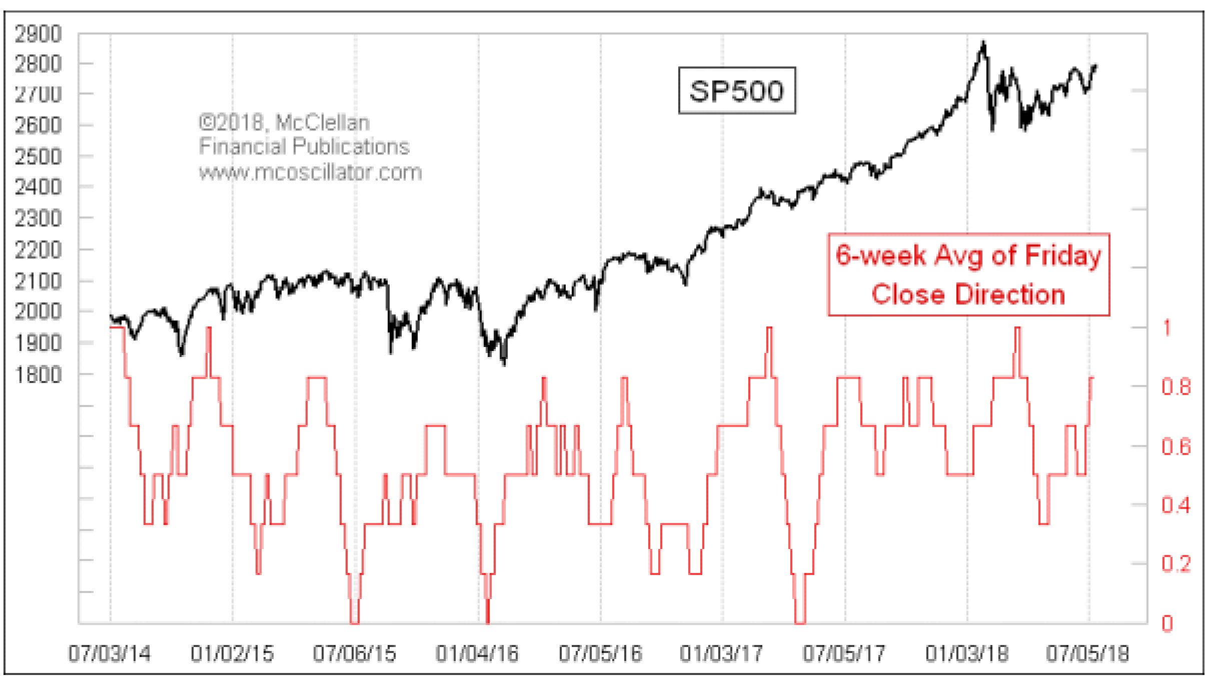
Moving up or down on a Friday can convey a message about investor sentiment, especially when multiple Fridays see the market go in the same direction.

To be a buyer on a Friday, one has to accept that you cannot get out again until Monday. So it takes some degree of confidence that "event risk" will not be a problem over the week-end. When people are feeling fearful, Fridays are more likely to see a lower close. By the same token, bidding up the market on Fridays can be a sign of confidence.

I have played around with different look-back periods, and found that 6-weeks work pretty well. If you can see 5 out of 6 Fridays going either up or down, that is usually a pretty good indication of a top or a bottom for prices.

By going up on Friday, the S&P500 Index made it now 6 Fridays out of the last 7 weeks. The one down-Friday was on June 15, which saw the S&P500 fall by only 2.83 points, so it was just barely a down-day.

This is not quite as compelling an indication in the chart (below) as if we had 6 in a row, but it is usually a pretty good sign that traders are not at all worried about event risk popping up over the week-end and biting them. As every good contrarian knows, that is when risk is most likely to appear.



Tom McClellan, Editor,

The McClellan Market Report

BW: Information on Tom McClellan and *The McClellan Market Report* and *The Daily Edition* is provided below.

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.

#####