

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:
Home Construction Suggesting Stock Market Peak Is Near?

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 eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.

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Home Construction Suggesting Stock Market Peak Is Near?

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

Interest rates are steadily creeping higher, and housing, as measured by the several housing related ETFs and Indexes is facing a slowdown. Not very many people are talking about it. Well, it is time to put it on your radar!

Housing carries implications for the economy and the stock market (and our portfolios).

Currently, the [Home Construction Index](#) and ETF (NYSEARCA: ITB) have turned lower. The Homebuilders ETF (NYSEARCA: XHB) has turned down. And the broad Real Estate ETF (NYSEARCA: IYR) has been chopping sideways.

Looking at the chart below, we can see the relationship between housing and the stock market. Major divergences have formed at the last three big turns for the S&P 500.

Dow Jones Home Construction Index vs S&P 500



<CTRL-CLICK> ON CHART TO ENLARGE



In 2001/2002 and in 2008/2009, the **Dow Jones Home Construction Index** began to improve prior to the S&P lows.

In mid-2005, the Index turned lower, prior to the 2007 stock market top.

Once again we are seeing the Home Construction Index turning down while the S&P 500 is higher.

When will this divergence matter to the equity markets? Will it be different this time?

***e*Research Corporation**

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