

Lofty RASI Says Uptrend Is Not Done Yet

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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 is heartened by the high RASI reading, which suggests that the current market rise is not yet over, even though a temporary correction could occur at any time.

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Bob Weir, CFA
Contributing Analyst

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April 25, 2019

The McClellan Chart-In-Focus

by Tom McClellan (bio at end)

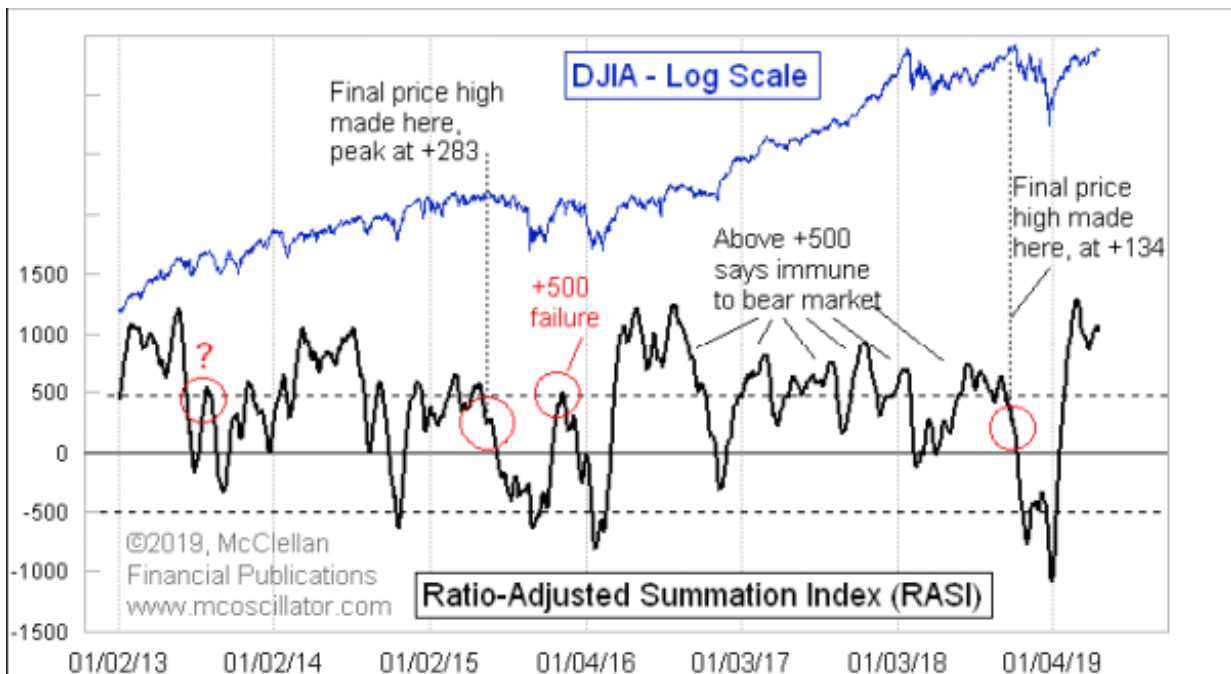
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We are now 4 months into the rebound off of the December 24, 2018 low, so it is a natural question to wonder if the uptrend is going to continue, or whether, instead, the major averages are going to stop here at the level of the prior highs. This week's chart offers us some useful clues about which answer applies this time.

Here is the shortcut version: Gobs of breadth is a good thing.

Now here is the longer explanation: When the NYSE's A-D Line is really strong for a long period, it produces really high readings for the McClellan Oscillator. That, in turn, pushes up the McClellan Summation Index, which changes each day by the value of the Oscillator, which means that more big positive Oscillator days will help to push up the Summation Index to a high level.

This week's chart shows the Ratio-Adjusted Summation Index (RASI), which differs from the original classic version in that it factors out the changing numbers of issues traded over time. For a deeper explanation of the math see [this article](#).



The basic point which matters right now is that the ability of the RASI to climb up to a nice lofty value conveys an important message. It says that liquidity is plentiful, and that is a condition which is likely to continue for a while longer. A high RASI reading says that there is still more uptrend yet to come. There might be an ordinary, garden-variety correction to help restore equilibrium, but we are not at the end point for the uptrend.

Final price highs do not typically arrive with the RASI up above +500. The time to worry is when we are seeing prices moving to new all-time highs but the RASI is down below +500. This is especially important when there is a normal correction which takes the RASI down below +500, and then it fails to climb back above +500 on the ensuing rally. That is a big invitation to trouble.

But it is not at all what we are seeing right now. The RASI is up at +1005 as of April 24, so it is a long way from decaying down to the point where it would be signaling a problematic loss of liquidity for the stock market. An ordinary correction can still appear at any time, and we have to accept that and be ready for it, but this is not the end of the uptrend. And that is a really nice piece of information to have the market give to us.

Tom McClellan, Editor,
The McClellan Market Report

BW: We will have our own RASI report published on Saturday (April 27), and using Friday's closing prices.

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

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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