

Weekly Market Review

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Detailed information on **THE FAT PITCH** is provided at the end of the article. However, a brief overview is provided immediately below, with the article beginning on the next page.

WHAT IS THE FAT PITCH?

Specifically, the Fat Pitch on this site refers to two situations.

First: A Fat Pitch comes at a market turning point.

Second: The Fat Pitch is a favorable investing environment.

Objectives

The objective of **THE FAT PITCH** is to provide a structured, quantitative, and empirical methodology for evaluating the state of the market. At any point in time, there are a variety of factors pulling on the market. We want to determine the relative importance of each factor in order to answer two questions:

- (1) In which direction should we be investing in the market?
- (2) Are tailwinds behind this direction or are headwinds picking up?

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Bob Weir, CFA: Contributing Analyst

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Weekly Market Summary

May 5, 2019

Summary: SPX, NDX, and COMPQ are now all at new all-time highs (ATH). The Russell 3000 and Wilshire 5000, which represent essentially all of U.. equities, are also at their prior highs. The trend remains higher. Moreover, strong starts to the year and multi-month gains have a very high propensity to lead to further gains in the months ahead and by year-end. There are precedents for the index to top now, but those are the exceptions.

Sentiment has become more bullish. This can certainly mark a top, but the historical record is inconsistent. It is a warning, not a red light. In the most important respects, breadth is fine.

On balance, all of this leans bullish, but it would be a mistake to assume the indices will just sail higher in the remainder of the year. That can happen, but most often a draw-down much more than the barely 2% seen so far in 2019 will occur, even after a start like the current year.

* * *

U.. equities continue to grind higher. SPX, NDX, and COMPQ ended the week at new ATHs. They have risen in each of the first 4 months of the year. The leader is NDX, which has risen 18 of the last 19 weeks since Christmas Eve (table from alphatrends.net). *Enlarge any chart in this report simply by clicking on it.* Use <Ctrl-Click>

APRIL 30, 2019

	Yest	Today	Chg	Chg%	WK %	MTD%	YTD %
SPY	293.78	293.97	0.19	0.06%	0.19%	4.02%	17.63%
QQQ	191.02	189.55	-1.47	-0.77%	-0.52%	5.47%	22.88%
IWM	159.06	158.23	-0.83	-0.52%	-0.04%	3.36%	18.17%
SMH	115.20	116.27	1.07	0.93%	0.55%	9.35%	33.21%
IBB	107.31	106.36	-0.95	-0.89%	-0.97%	-4.88%	10.30%
DIA	265.44	265.72	0.28	0.11%	0.14%	2.54%	13.95%
USO	13.23	13.29	0.06	0.45%	1.53%	6.32%	37.58%
XLF	27.98	28.01	0.03	0.11%	1.12%	8.95%	17.59%
TLT	123.02	123.64	0.62	0.50%	-0.14%	-2.21%	1.75%

BW: You can read the rest of the detailed article by clicking on the <Read more> link below. Also, you can enlarge any chart by clicking on it.

[Read more »](#)

The Fat Pitch website is here: <http://fat-pitch.blogspot.ca/>

BW: Info on Mr. Urban Carmel and his blog, The Fat Pitch, follows on the ensuing page.

WHAT IS THE FAT PITCH?

In baseball, a fat pitch is a hittable ball. The odds are in your favor. You might miss, but it is a situation where you should take a swing of the bat. If you swing at good pitches and avoid the crappy ones, you improve your OBP. Once on base, it becomes a running game.

The stock market serves a lot of curve balls. Now and then there comes a Fat Pitch, your odds-on opportunity to swing the bat. So, get on base and then manage your base-runners.

Specifically, the Fat Pitch on this site refers to two situations.

First: A Fat Pitch comes at a market turning point. It is an identifiable and quantifiable capitulation point where sellers or buyers have become exhausted and panic or euphoria is at an extreme. The Fat Pitch here is measured by a combination of (in no particular order): put-call, Trin, NYMO, sentiment, fund cash balances, major accumulation or distribution, volume, price relative to Bollinger bands, volatility, and consecutive days in a row in one direction. Swinging the bat without popping up is the hardest part.

Second: The Fat Pitch is a favorable investing environment. Old hands talk about there being only a few good times each year to be involved in the market. The remainder are unprofitable. I think this is correct. The Weekly Market Summary is intended to help discern when it is favorable to be long (or short) and when it is best to work on improving your French.

Every day, week, and year is a learning experience. The purpose of this site is to help refine what constitutes a Fat Pitch. Like baseball, you have to continue to work on your swing.

Our Objectives

The objective of the Fat Pitch is to provide a structured, quantitative, and empirical methodology for evaluating the state of the market. At any point in time, there are a variety of factors pulling on the market. We want to determine the relative importance of each factor in order to answer two questions:

1. In which direction should we be investing in the market?
2. Are tailwinds behind this direction or are headwinds picking up?

Every Friday we publish a Weekly Market Summary with green, yellow, and red lights on it. Green is good and red is bad. Everything on this site is in support of this market summary.

The little tabs across the top of the site (trend, breadth, etc.) mirror the different factors we follow to monitor the market. There is nothing here that does not fit with the methodology.

Anytime you want to understand why a factor is red or green, click on the tab and read the accompanying analyses. To the fullest extent possible, we quantify and use empirics to determine the state of every factor.

THE FAT PITCH is authored by Urban Carmel, see below.

Urban Carmel



Strategy Consultant and Finance Commentator

Current [The Lewis Carmel Group](#)
Previous [UBS Securities Indonesia,](#)
 [East Asia Hamon Asset Management,](#)
 [McKinsey & Company](#)
Education [Wharton School, University of Pennsylvania](#)

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