



Direct From Dudack Is 20% a Ceiling?

Will a move of roughly 20% or more above an index's 200-day moving average (MA) be a temporary ceiling for the market? Historically this has been true, with only two exceptions. The first was after the August 1982 low when the market rallied 23% above its MA (November 3, 1982; see page 4) before shifting to a trading range. Today a 23% move would equate to approximately SPX 1100. The other exception was the post-1932 market. In fact, 184 of the 228 sessions in which the market closed 20% or more above its 200-day MA took place in this period, or between 1932 and 1935. Be sure to look at the chart below that indexes the July 8, 1932 and March 9, 2009 lows. The 89% decline of 1929-1932 was far more substantial than the 57% of this cycle. In addition, the market plummeted 46.1% BELOW its MA in 1932 versus the negative 39.7% spread from its MA (SPX) recorded in November 2008. (This is a significant difference.) The historical oversold condition of 1932 provided a base for a unique advance.

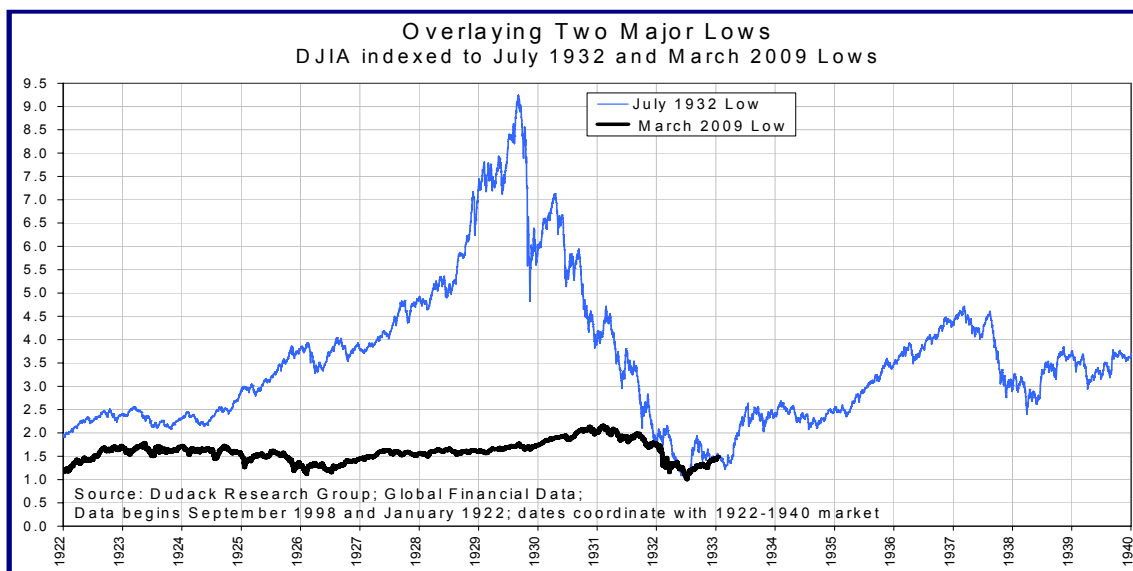
If we exclude this post-1932 period from our table, the market has closed 20% or more above its MA in only 0.2% of all trading sessions and reached a spread of 23% above its MA only once. Incorporating the 1931-1936 period, the market has closed 20% or more above its MA in a mere 1.1% of all trading sessions (20,718) and rose as high as 30% above its MA only in 1932-1933. (See "Direct from Dudack: The 200-day MA Spread" August 27, 2009.)

A move of 20% above current 200-day MAs now equates to 1,069 in the SPX, 10,085 in the DJIA and 2,038 in the NASDAQ Composite. The DJIA is only 16% above its MA but the other indices are at or above the 20% level. For your convenience, all trading sessions with a close of 20% or more above the 200-day MA are listed on pages 2-4.

Performance following any day the SPX closed 20% or more above its 200 Day MA

Days in which SPX Closes at least 20% Above 200 Day MA				Days in which SPX Closes at least 25% Above 200 Day MA				Days in which SPX Closes at least 30% Above 200 Day MA						
		3-month	6-month	12-month			3-month	6-month	12-month			3-month	6-month	12-month
Occurrences	228	228	228	Occurrences	106	106	106	Occurrences	68	68	68	Occurrences	68	68
# Times Gain	95	124	133	# Times Gain	30	42	30	# Times Gain	22	21	13	# Times Gain	22	21
% Times Positive	42%	54%	58%	% Times Positive	28%	40%	28%	% Times Positive	32%	31%	19%	% Times Positive	32%	31%
Mean Performance	-2%	0%	7%	Mean Performance	-6%	-6%	-5%	Mean Performance	-7%	-7%	-7%	Mean Performance	-7%	-7%
Median Performance	-5%	1%	7%	Median Performance	-9%	-2%	-10%	Median Performance	-10%	-4%	-9%	Median Performance	-10%	-4%
Historical Mean	2%	4%	8%	Historical Mean	2%	4%	8%	Historical Mean	2%	4%	8%	Historical Mean	2%	4%
Historical Median	2%	4%	8%	Historical Median	2%	4%	8%	Historical Median	2%	4%	8%	Historical Median	2%	4%
# Days in Sample	20,718	20,718	20,718	# Days in Sample	20,718	20,718	20,718	# Days in Sample	20,718	20,718	20,718	# Days in Sample	20,718	20,718
% Days Above 20%	1.1%	1.1%	1.1%	% Days Above 25%	0.5%	0.5%	0.5%	% Days Above 30%	0.3%	0.3%	0.3%	% Days Above 30%	0.3%	0.3%

Source: Reuters



20% above 200 Day MA					25% above 200 Day MA					30% above 200 Day MA				
Performance after:					Performance after:					Performance after:				
Date	% Above	3mo	6mo	12mo	Date	% Above	3mo	6mo	12mo	Date	% Above	3mo	6mo	12mo
8/23/1932	21.6%	-16%	-30%	32%										
8/24/1932	24.2%	-18%	-29%	31%										
8/25/1932	23.1%	-18%	-32%	37%										
8/26/1932	25.0%	-19%	-33%	34%	8/26/1932	25.0%	-19%	-33%	34%					
8/27/1932	27.7%	-21%	-35%	32%	8/27/1932	27.7%	-21%	-35%	32%					
8/29/1932	27.8%	-21%	-34%	31%	8/29/1932	27.8%	-21%	-34%	31%					
8/30/1932	26.1%	-23%	-33%	33%	8/30/1932	26.1%	-23%	-33%	33%					
8/31/1932	24.8%	-22%	-33%	34%										
9/1/1932	25.9%	-21%	-32%	33%	9/1/1932	25.9%	-21%	-32%	33%					
9/2/1932	31.3%	-27%	-36%	27%	9/2/1932	31.3%	-27%	-36%	27%	9/2/1932	31.3%	-27%	-36%	27%
9/3/1932	34.5%	-29%	-36%	24%	9/3/1932	34.5%	-29%	-36%	24%	9/3/1932	34.5%	-29%	-36%	24%
9/6/1932	32.2%	-23%	-34%	22%	9/6/1932	32.2%	-23%	-34%	22%	9/6/1932	32.2%	-23%	-34%	22%
9/7/1932	38.1%	-26%	-37%	15%	9/7/1932	38.1%	-26%	-37%	15%	9/7/1932	38.1%	-26%	-37%	15%
9/8/1932	33.0%	-23%	-35%	19%	9/8/1932	33.0%	-23%	-35%	19%	9/8/1932	33.0%	-23%	-35%	19%
9/9/1932	29.7%	-19%	-33%	22%	9/9/1932	29.7%	-19%	-33%	22%					
9/10/1932	30.2%	-20%	-33%	21%	9/10/1932	30.2%	-20%	-33%	21%	9/10/1932	30.2%	-20%	-33%	21%
9/12/1932	20.9%	-13%	-28%	36%										
9/21/1932	27.0%	-20%	-27%	18%	9/21/1932	27.0%	-20%	-27%	18%					
9/22/1932	23.1%	-20%	-26%	24%										
9/23/1932	25.2%	-22%	-26%	24%	9/23/1932	25.2%	-22%	-26%	24%					
9/24/1932	27.0%	-22%	-27%	22%	9/24/1932	27.0%	-22%	-27%	22%					
9/27/1932	21.1%	-19%	-25%	19%										
9/28/1932	24.5%	-21%	-26%	17%										
9/29/1932	20.7%	-17%	-25%	20%										
9/30/1932	20.4%	-14%	-25%	22%										
10/1/1932	21.4%	-15%	-28%	21%										
10/3/1932	20.1%	-15%	-27%	20%										
5/4/1933	22.1%	17%	10%	19%										
5/5/1933	23.3%	16%	9%	16%										
5/10/1933	24.4%	21%	10%	9%										
5/11/1933	27.9%	17%	8%	5%	5/11/1933	27.9%	17%	8%	5%					
5/12/1933	27.3%	17%	9%	4%	5/12/1933	27.3%	17%	9%	4%					
5/13/1933	24.1%	20%	11%	7%										
5/15/1933	22.3%	21%	10%	11%										
5/16/1933	24.7%	15%	13%	8%										
5/17/1933	25.9%	20%	11%	7%	5/17/1933	25.9%	20%	11%	7%					
5/18/1933	25.2%	19%	12%	11%	5/18/1933	25.2%	19%	12%	11%					
5/19/1933	24.3%	20%	13%	11%										
5/20/1933	22.1%	22%	18%	13%										
5/22/1933	21.8%	26%	16%	12%										
5/23/1933	26.3%	20%	10%	7%	5/23/1933	26.3%	20%	10%	7%					
5/24/1933	28.9%	19%	9%	5%	5/24/1933	28.9%	19%	9%	5%					
5/25/1933	27.8%	24%	11%	7%	5/25/1933	27.8%	24%	11%	7%					
5/26/1933	31.3%	21%	7%	4%	5/26/1933	31.3%	21%	7%	4%	5/26/1933	31.3%	21%	7%	4%
5/27/1933	35.3%	17%	1%	1%	5/27/1933	35.3%	17%	1%	1%	5/27/1933	35.3%	17%	1%	1%
5/29/1933	37.0%	15%	1%	0%	5/29/1933	37.0%	15%	1%	0%	5/29/1933	37.0%	15%	1%	0%
5/31/1933	34.9%	15%	2%	2%	5/31/1933	34.9%	15%	2%	2%	5/31/1933	34.9%	15%	2%	2%
6/1/1933	36.0%	15%	2%	-4%	6/1/1933	36.0%	15%	2%	-4%	6/1/1933	36.0%	15%	2%	-4%
6/2/1933	41.2%	11%	-2%	-8%	6/2/1933	41.2%	11%	-2%	-8%	6/2/1933	41.2%	11%	-2%	-8%
6/3/1933	37.2%	14%	1%	-5%	6/3/1933	37.2%	14%	1%	-5%	6/3/1933	37.2%	14%	1%	-5%
6/5/1933	40.1%	8%	1%	-3%	6/5/1933	40.1%	8%	1%	-3%	6/5/1933	40.1%	8%	1%	-3%
6/6/1933	39.5%	8%	1%	-3%	6/6/1933	39.5%	8%	1%	-3%	6/6/1933	39.5%	8%	1%	-3%
6/7/1933	41.9%	5%	0%	-5%	6/7/1933	41.9%	5%	0%	-5%	6/7/1933	41.9%	5%	0%	-5%
6/8/1933	42.9%	3%	-2%	-1%	6/8/1933	42.9%	3%	-2%	-1%	6/8/1933	42.9%	3%	-2%	-1%
6/9/1933	44.0%	2%	-1%	-2%	6/9/1933	44.0%	2%	-1%	-2%	6/9/1933	44.0%	2%	-1%	-2%
6/10/1933	44.9%	2%	-2%	-3%	6/10/1933	44.9%	2%	-2%	-3%	6/10/1933	44.9%	2%	-2%	-3%
6/12/1933	50.2%	2%	-6%	-6%	6/12/1933	50.2%	2%	-6%	-6%	6/12/1933	50.2%	2%	-6%	-6%
6/13/1933	45.5%	5%	-4%	-4%	6/13/1933	45.5%	5%	-4%	-4%	6/13/1933	45.5%	5%	-4%	-4%
6/14/1933	43.9%	6%	-2%	-4%	6/14/1933	43.9%	6%	-2%	-4%	6/14/1933	43.9%	6%	-2%	-4%
6/15/1933	33.7%	11%	3%	5%	6/15/1933	33.7%	11%	3%	5%	6/15/1933	33.7%	11%	3%	5%
6/16/1933	34.5%	13%	1%	6%	6/16/1933	34.5%	13%	1%	6%	6/16/1933	34.5%	13%	1%	6%
6/17/1933	36.3%	11%	-1%	4%	6/17/1933	36.3%	11%	-1%	4%	6/17/1933	36.3%	11%	-1%	4%
6/19/1933	45.9%	3%	-9%	-5%	6/19/1933	45.9%	3%	-9%	-5%	6/19/1933	45.9%	3%	-9%	-5%
6/20/1933	43.3%	2%	-9%	-4%	6/20/1933	43.3%	2%	-9%	-4%	6/20/1933	43.3%	2%	-9%	-4%
6/21/1933	43.8%	-5%	-10%	-6%	6/21/1933	43.8%	-5%	-10%	-6%	6/21/1933	43.8%	-5%	-10%	-6%
6/22/1933	38.5%	0%	-4%	-5%	6/22/1933	38.5%	0%	-4%	-5%	6/22/1933	38.5%	0%	-4%	-5%
6/23/1933	42.8%	-1%	-7%	-7%	6/23/1933	42.8%	-1%	-7%	-7%	6/23/1933	42.8%	-1%	-7%	-7%
6/24/1933	42.8%	-2%	-8%	-7%	6/24/1933	42.8%	-2%	-8%	-7%	6/24/1933	42.8%	-2%	-8%	-7%
6/26/1933	46.2%	-7%	-12%	-8%	6/26/1933	46.2%	-7%	-12%	-8%	6/26/1933	46.2%	-7%	-12%	-8%
6/27/1933	47.3%	-12%	-12%	-10%	6/27/1933	47.3%	-12%	-12%	-10%	6/27/1933	47.3%	-12%	-12%	-10%
6/28/1933	45.1%	-10%	-8%	-8%	6/28/1933	45.1%	-10%	-8%	-8%	6/28/1933	45.1%	-10%	-8%	-8%
6/29/1933	43.4%	-9%	-7%	-9%	6/29/1933	43.4%	-9%	-7%	-9%	6/29/1933	43.4%	-9%	-7%	-9%
6/30/1933	45.3%	-10%	-7%	-10%	6/30/1933	45.3%	-10%	-7%	-10%	6/30/1933	45.3%	-10%	-7%	-10%
7/1/1933	48.6%	-12%	-10%	-12%	7/1/1933	48.6%	-12%	-10%	-12%	7/1/1933	48.6%	-12%	-10%	-12%
7/3/1933	53.9%	-17%	-14%	-17%	7/3/1933	53.9%	-17%	-14%	-17%	7/3/1933	53.9%	-17%	-14%	-17%
7/5/1933	52.5%	-12%	-15%	-15%	7/5/1933	52.5%	-12%	-15%	-15%	7/5/1933	52.5%	-12%	-15%	-15%
7/6/1933	55.9%	-15%	-18%	-16%	7/6/1933	55.9%	-15%	-18%	-16%	7/6/1933	55.9%	-15%	-18%	-16%
7/7/1933	56.8%	-15%	-18%	-17%	7/7/1933	56.8%	-15%	-18%	-17%	7/7/1933	56.8%	-15%	-18%	-17%
7/8/1933	56.4%	-15%	-18%	-17%	7/8/1933	56.4%	-15%	-18%	-17%	7/8/1933	56.4%	-15%	-18%	-17%
7/10/1933	54.5%	-14%	-15%	-16%	7/10/1933	54.5%	-14%	-15%	-16%	7/10/1933	54.5%	-14%	-15%	-16%
7/11/1933	52.1%	-13%	-13%	-15%	7/11/1933	52.1%	-13%	-13%	-15%	7/11/1933	52.1%	-13%	-13%	-15%
7/12/1933	53.7%	-14%	-15%	-17%	7/12/1933	53.7%	-14%	-15%	-17%	7/12/1933	53.7%	-14%	-15%	-17%

20% above 200 Day MA					25% above 200 Day MA					30% above 200 Day MA				
Performance after:					Performance after:					Performance after:				
Date	% Above	3mo	6mo	12mo	Date	% Above	3mo	6mo	12mo	Date	% Above	3mo	6mo	12mo
11/18/1935	24.1%	11%	7%	32%	11/19/1935	25.5%	9%	3%	29%					
11/19/1935	25.5%	9%	3%	29%										
11/20/1935	23.6%	12%	5%	29%										
11/21/1935	24.5%	11%	4%	29%										
11/22/1935	21.7%	13%	7%	32%										
11/23/1935	23.3%	11%	7%	27%										
11/25/1935	21.5%	9%	8%	30%										
11/27/1935	20.1%	12%	10%	32%										
12/4/1935	20.0%	14%	7%	29%										
12/7/1935	20.1%	13%	7%	27%										
12/9/1935	20.1%	9%	9%	28%										
2/3/1936	20.4%	-4%	10%	26%										
2/11/1936	20.4%	-5%	10%	25%										
2/13/1936	20.9%	-5%	9%	24%										
2/14/1936	20.2%	-3%	8%	25%										
2/15/1936	20.7%	-3%	8%	23%										
2/18/1936	20.2%	-4%	7%	24%										
2/20/1936	20.8%	-6%	6%	23%										
2/21/1936	20.3%	-6%	3%	24%										
3/6/1936	20.1%	-6%	7%	24%										
10/22/1938	20.2%	-7%	-18%	-3%										
10/24/1938	20.1%	-11%	-20%	-3%										
10/25/1938	20.3%	-11%	-20%	-2%										
11/9/1938	22.0%	-11%	-17%	-9%										
11/10/1938	21.1%	-10%	-18%	-8%										
11/12/1938	21.6%	-10%	-19%	-8%										
3/30/1943	20.1%	7%	4%	4%										
4/6/1943	20.7%	5%	1%	2%										
5/9/1975	20.1%	-5%	-1%	13%										
5/12/1975	20.1%	-4%	1%	13%										
5/13/1975	21.3%	-6%	-1%	12%										
5/14/1975	22.1%	-7%	-1%	10%										
5/15/1975	20.9%	-6%	0%	11%										
6/2/1975	21.5%	-8%	-4%	8%										
6/3/1975	21.7%	-7%	-6%	8%										
6/4/1975	21.2%	-7%	-5%	7%										
6/5/1975	21.2%	-8%	-6%	7%										
6/6/1975	20.8%	-7%	-6%	7%										
6/23/1975	20.5%	-9%	-5%	10%										
6/24/1975	21.0%	-9%	-5%	10%										
6/25/1975	21.4%	-9%	-5%	10%										
6/26/1975	21.4%	-9%	-5%	9%										
6/27/1975	21.2%	-9%	-5%	9%										
6/30/1975	21.5%	-12%	-6%	10%										
7/1/1975	20.8%	-13%	-5%	9%										
10/20/1982	21.0%	5%	15%	20%										
10/21/1982	20.8%	3%	15%	19%										
10/22/1982	20.5%	4%	16%	20%										
11/3/1982	23.1%	1%	14%	14%										
11/4/1982	22.1%	3%	15%	15%										
11/5/1982	22.2%	3%	16%	14%										
11/8/1982	20.6%	4%	18%	15%										
11/9/1982	22.7%	1%	16%	15%										
11/10/1982	21.0%	4%	18%	16%										
11/11/1982	21.4%	4%	16%	17%										
12/7/1982	20.2%	8%	14%	16%										
1/10/1983	20.3%	4%	14%	14%										
3/3/1983	20.3%	7%	8%	4%										
3/4/1983	20.3%	7%	7%	4%										
3/7/1983	20.1%	6%	9%	1%										
4/29/1983	20.5%	-1%	-1%	-3%										
5/6/1983	20.5%	-3%	-2%	-4%										
5/9/1983	20.1%	-3%	-1%	-3%										
9/16/2009	20.1%	0%	0%	0%										
Performance Summary Mean 28% -2% 0% 7% Median 24% -5% 1% 7% Hist Mean 2% 2% 4% 8% Hist Median 3% 2% 4% 8% Days >20% 228 228 228 # Times Gain 95 124 133 % Times Pos 42% 54% 58%					Performance Summary Mean 36% -6% -6% -5% Median 33% -9% -2% -10% Hist Mean 2% 2% 4% 8% Hist Median 3% 2% 4% 8% Days >25% 106 106 106 # Times Gain 30 42 30 % Times Pos 28% 40% 28%					Performance Summary Mean 41% -7% -7% -7% Median 40% -10% -4% -9% Hist Mean 2% 2% 4% 8% Hist Median 3% 2% 4% 8% Days >30% 68 68 68 # Times Gain 22 21 13 % Times Pos 32% 31% 19%				
Sample Size	20,718	20,718	20,718		Sample Size	20,718	20,718	20,718		Sample Size	20,718	20,718	20,718	
% times above 20%	1.1%	1.1%	1.1%		% times above 25%	0.5%	0.5%	0.5%		% times above 30%	0.3%	0.3%	0.3%	

Source: Reuters; Global Financial Data

Regulation AC Analyst Certification

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Sectors/Industries:

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“Neutral”: Neutral relative to S&P Index weighting

“Underweight”: Underweight relative to S&P Index weighting

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