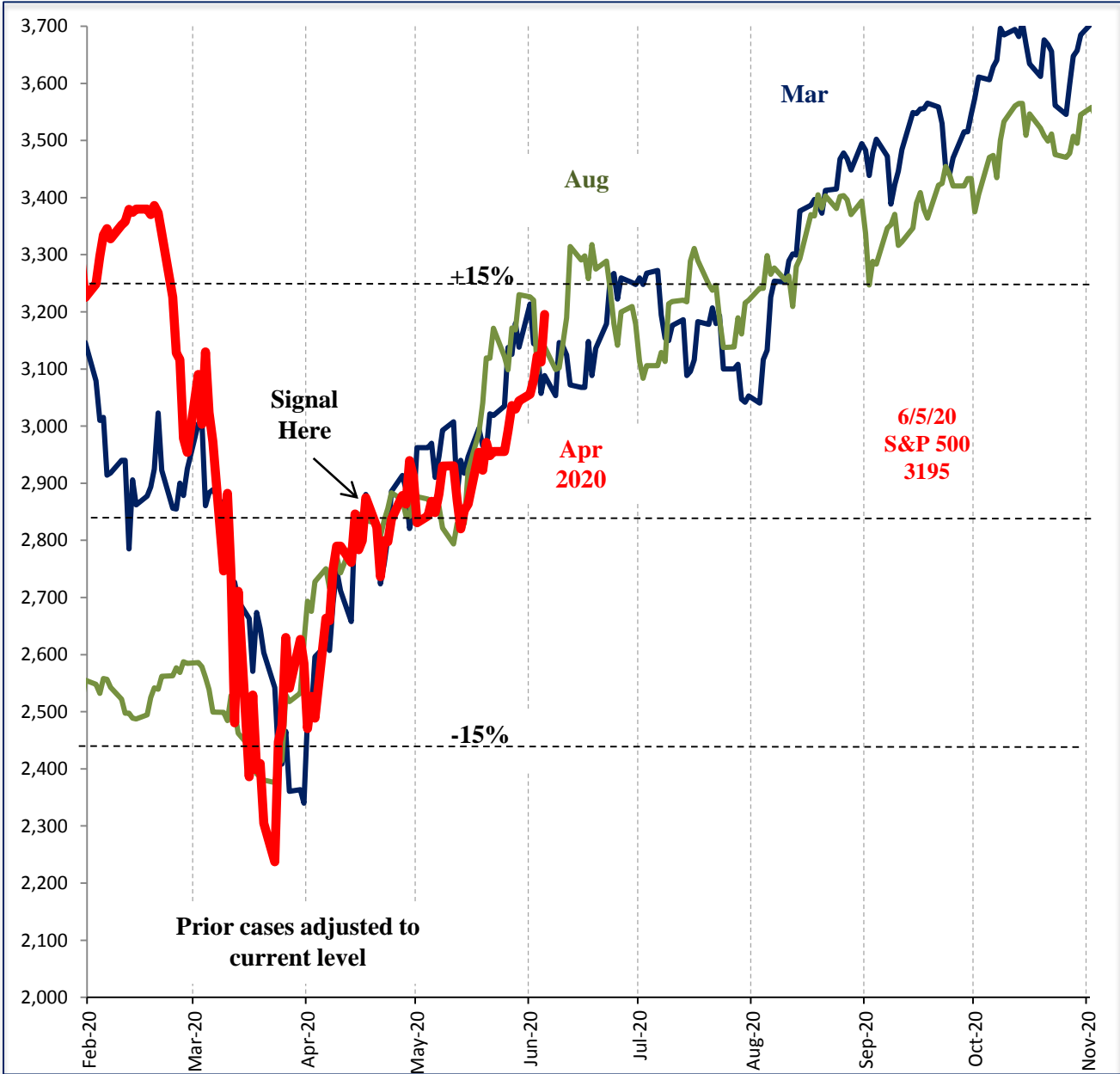


**Don't Fight the Tape: One Month Thrust is Bullish**

Marty Zweig coined the phrase, "Don't Fight the Tape." Since the March 23<sup>rd</sup> low, we have seen extremely strong tape (the rally in stocks). For instance, on April 14<sup>th</sup> the S&P 500 was up 27% within a month, up so sharply it was 10% above the one-month average, known as a one-month thrust. There were only 8 prior times this happened since 1928, and only 2 since 1950, in August 1982 and April 2009. After these two cases the S&P was up a further 30% in 6 months and 40% in a year. So far since that April 14<sup>th</sup> signal, the S&P 500 is following the pattern of those two cases with a one-month consolidation phase followed by the most recent leg higher. These two cases were 30% higher after 6 months and up 40% a year later.

One-Month Thrusts: 2 Prior Post War Cases: Sep 1982/Mar 2009



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