

The FRED Report –

Mid Week Update

Update of Market View

Special points of interest:

- Some sideways trading would be positive here, and within that context we could see a test of the 510-area on SPY.
- A slight down close on the week would set up a strong up week next week.

We are happy to see the markets settling down a bit, especially since we are at a couple of “Celebrations of Life” and also trying to take a day or two of personal time! Often the market goes “wubba wubba” when I leave town! Some sideways trading would be positive here, and within that context we could see a test of the 510-area on **SPY (SPDR® S&P 500 Trust)**. A slight down close on the week would set up a strong up week next week. NOTE: Options expiration is interesting this week, as the market is closed on Good Friday. This means expiration is actually this Thursday so how this is going to affect our forecast is unknown. Geoff notes that we have seen a big drop in premium as the VIX retreated to under 30 yesterday before a close just above 30.

We have been asked about Small Cap, specifically whether we it is a buy, hold, or sell here. We are going to go out on a limb here, and suggest that it is a hold, or even a buy. We say this because Accumulation is still favorable and the monthly stochastic is close to a buy recycle. However, we would not use the traditional **IJR (iShares® Small Cap 600)** or **IWM (iShares® Russell 2000 Index)**. Rather, we would use **VBR (Vanguard Small Cap Value ETF)**, which we have discussed on various conference calls over the last few months. If you have positions in the other two, and you want to add to these we would still use VBR, as it is a better chart. It is a daily stochastic recycle, and the weekly is almost recycled. More important – it is showing relative strength vs. the other two units. It has support from 160 to 150. We show monthly charts of these three, below.



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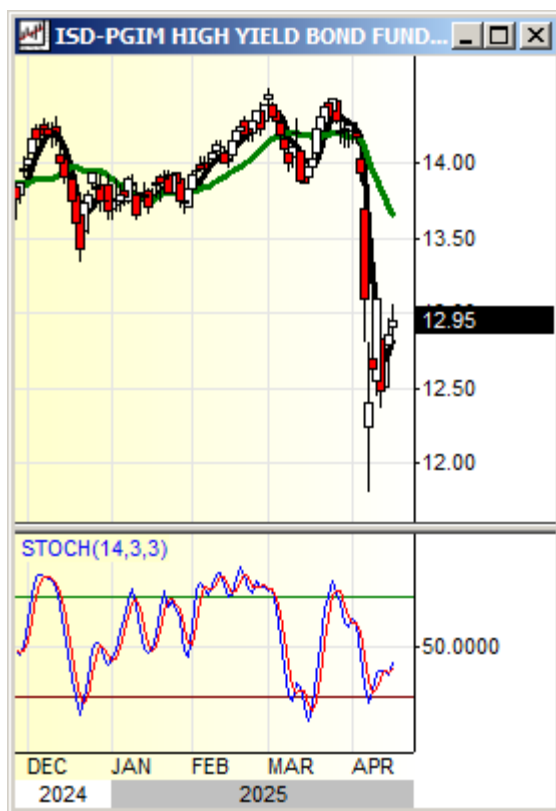
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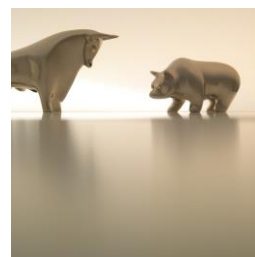
Other Points of Interest

We show a chart of **ISD (Prudential Short Duration High Yield)**. We have had some questions on this. It is trading relatively well given the bond market, and the yield is attractive. It is buyable as there is a daily buy recycle. The bond market is choppy right now, but we can still see a rally into summer.



About Our Organization

The FRED Report was started to provide Financial Advisors across firms and platforms access to unbiased market research. The President of The Fred Report, Fred Meissner, CMT has been practicing Technical Market Analysis since 1983 and has worked in the research departments of Merrill Lynch and Robinson – Humphrey /Smith Barney. In addition, he has served the public as a portfolio manager and financial advisor. We know the problems advisors face and have devoted our career to helping advisors find the best possible investments in all environments. We want to help you help your clients and grow your business.



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