

The FRED Report –

Mid Week Update

Update of Market View

Special points of interest:

- One question is whether Monday was the retest we are looking for, and to the best of our belief the answer is no.
- Realize that on a retest fewer stocks in your models should decline – buy the strongest ones, and don't worry too much about the retest. We anticipate this process should take another few weeks.

Stocks were down on Monday and were up on Tuesday. This is following the setup we were looking for in the Weekly. However, it has been a bit more dramatic in terms of points. The rest of this week should be up, and we should close on the high of the week. That means traders should be long here from Monday's close.

One question is whether Monday was the retest we are looking for, and to the best of our belief the answer is no. We did not go low enough, and in most instances a successful retest implies a new closing low. How to treat this? Realize that on a retest fewer stocks in your models should decline – buy the strongest ones, and don't worry too much about the retest. We anticipate this process should take another few weeks.

Now, we should add money slowly. The daily and weekly stochastics on **SPY**, **QQQ**, and **IJR** are all in buy mode, and the retest may not happen until the daily stochastics become overbought and sell recycle. Trade prudently and be patient. Don't try to buy the absolute low on strong stocks.

We have no changes from the weekly on other markets.



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4514 Chamblee-
Dunwoody Road

Suite 112

Dunwoody, GA 30338

Phone:

(404) 875-FRED

Website:

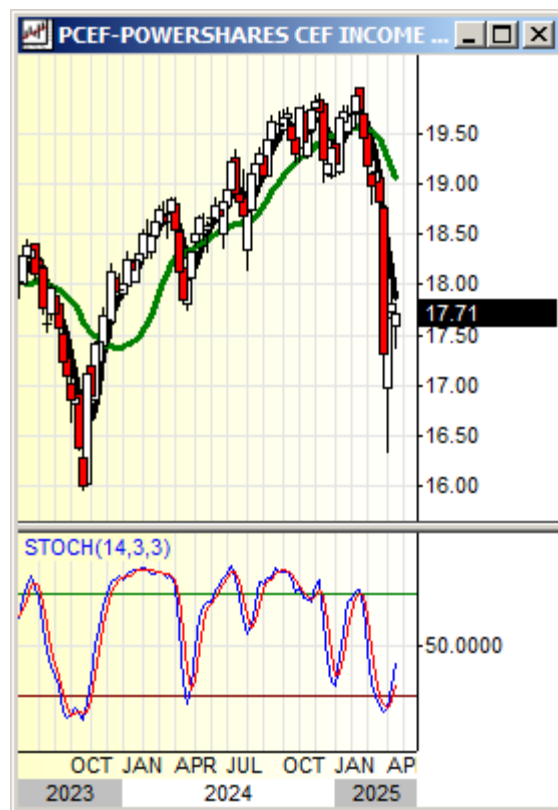
www.theFREDreport.com

E-Mail:

fred@thefredreport.com

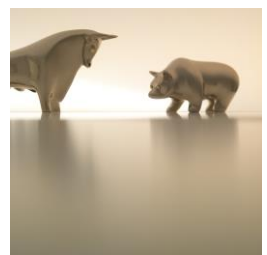
Other Points of Interest

PCEF (Invesco® CEF Income Portfolio ETF) is one of our favorite High Yield ETFs. The yield on this is around 9.3%. While it has come down as yields have risen the chart is a bit more attractive than **TLT** – and the yield is over twice that of TLT. The daily stochastic is in buy mode, and the weekly is a new buy recycle. This is an interesting addition to portfolios.



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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