

## Stage Analysis Comments: 3/11/2012

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Billy shares his recent stage analysis in the VIT thread. The daily and weekly stage scans for the major ETF's are shared below. IWM remains in a 3-1 daily early distribution phase; however, the backdrop of a strong weekly mark-up provides context, and this stage is "Bullish turning to neutral – still opportunity for longs." The Q's finally encountered a reset after an extremely persistent daily strong mark-up. The simultaneous daily and weekly strong mark-ups seem characteristic of a lockout rally.

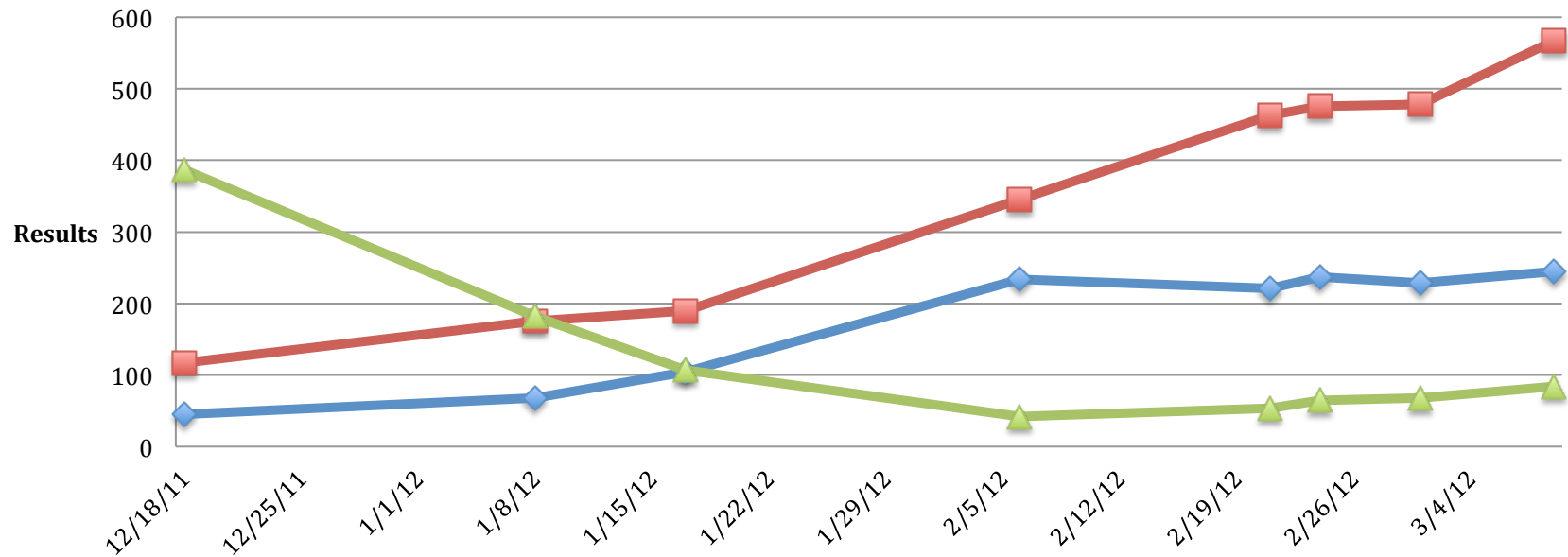
|     |  |
|-----|--|
| DIA | Current Stage is 2-1 (Strong Mark-Up) Current stage for 1 day(s)     |
| IWM | Current Stage is 3-1 (Early Distribution) Current stage for 6 day(s) |
| QQQ | Current Stage is 2-1 (Strong Mark-Up) Current stage for 2 day(s)     |
| SPY | Current Stage is 2-1 (Strong Mark-Up) Current stage for 2 day(s)     |

|     |   |
|-----|---|
| DIA | Current Weekly Stage is 2-1 (Strong Mark-Up) Current weekly stage for 5 week(s) |
| IWM | Current Weekly Stage is 2-1 (Strong Mark-Up) Current weekly stage for 3 week(s) |
| QQQ | Current Weekly Stage is 2-1 (Strong Mark-Up) Current weekly stage for 8 week(s) |
| SPY | Current Weekly Stage is 2-1 (Strong Mark-Up) Current weekly stage for 4 week(s) |

The chart on the following page highlights results from three scans tracked over the course of several months, going back to October. Please note that I only recently began tracking data on a daily basis instead of an end of week basis, although this chart is segmented by week based on results I've collected. The goal is to derive a better sense of market structure and trend using the Alphascanner tool. Similar to 2010, the concomitant strong mark-ups on daily and weekly timeframes describe a market with strongly trending stocks and potent leadership from various growth titles.

- Scan 1: Weekly Strong Mark-up + Daily Late Accumulation – Daily Strong Mark-up
- Scan 2: Weekly Strong Mark-up
- Scan 3: Weekly Strong Decline

## Scans



|        | 12/18/11 | 1/8/12 | 1/17/12 | 2/6/12 | 2/21/12 | 2/24/12 | 3/1/12 | 3/9/12 |
|--------|----------|--------|---------|--------|---------|---------|--------|--------|
| Scan 1 | 45       | 68     | 104     | 234    | 221     | 237     | 229    | 245    |
| Scan 2 | 117      | 175    | 190     | 345    | 463     | 476     | 478    | 567    |
| Scan 3 | 387      | 182    | 107     | 42     | 54      | 65      | 68     | 84     |

### Summary:

The most notable feature remains the increasing number of stocks in weekly strong mark-ups, an increase of nearly 100 issues since the end of the prior week. There was an increase of issues in Stage 4 weekly declines, though. The short pullback dampened some enthusiasm on a daily timeframe last week. The price action on the daily, but especially weekly timeframes, remains constructive in the eyes of this participant, and complements the 10-year range break recently witnessed on the NASDAQ and Q's. As always, exogenous events remain an ever-present risk.

**Disclaimer:** You are responsible for all investment decisions. The above simply reflect observations of one participant. Please do your own due diligence.