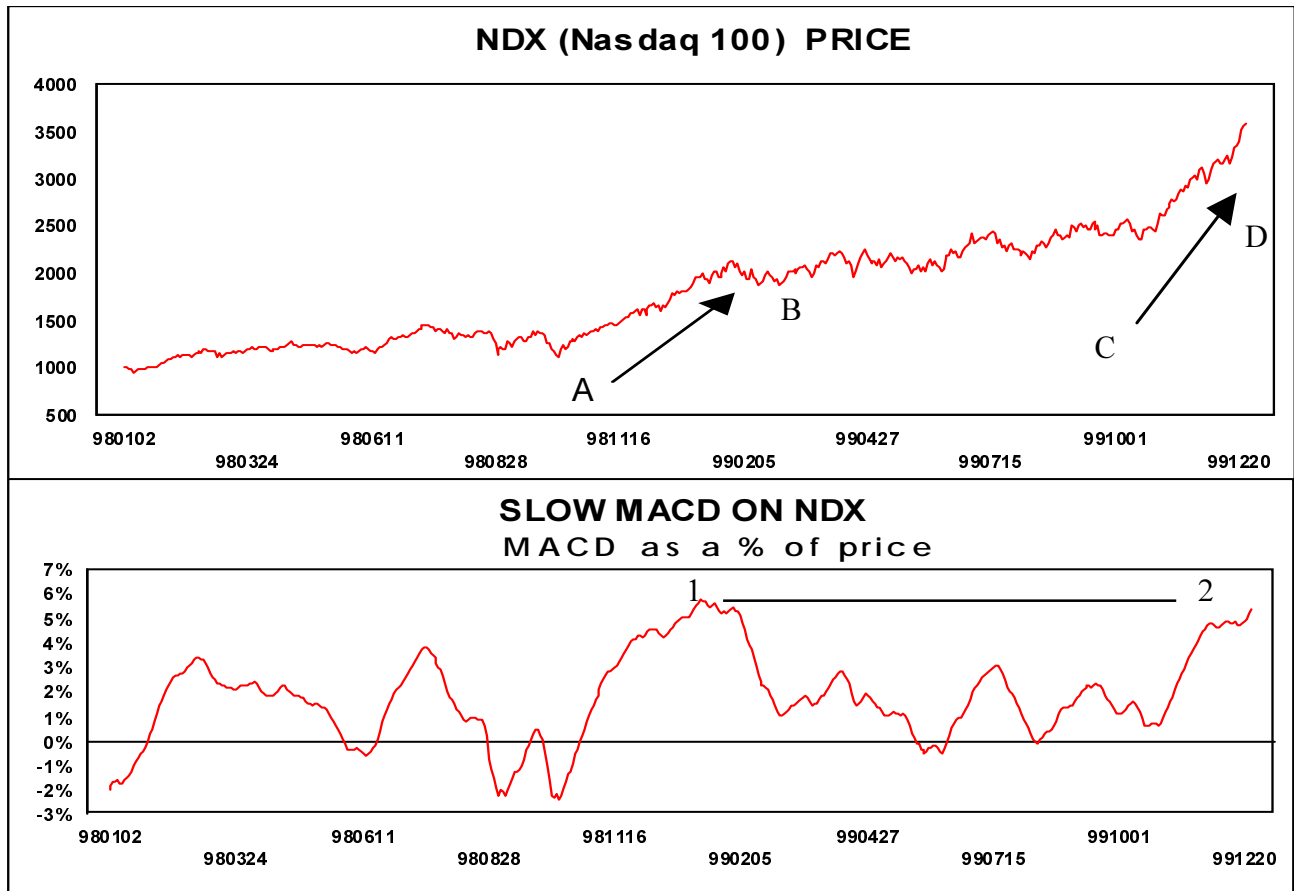


Nasdaq 100 Index: The Most Impressive Run-Up Ever? Maybe not even the strongest rally of the year!

By Howard Spieler



The two charts above represent the Nasdaq 100 Index (NDX), the top one representing the straight closing price, the other a slow MACD chart. As most investors are aware, the NDX has had a remarkable run, closing in on a 100% gain for the year. While this most recent rally has been impressive, receiving much media attention, these charts tell us that the rally that started last October into the early winter of 1999 might have been stronger - also implying that maybe, there is still room left for the NDX to climb. The rally that started with the low October 8, 1998 (Point A) and ended about February 11 (Point B) gained 81.06% on the NDX index. The second rally, which began off the low on October 27 and is still in progress at this point in time (Point C through D), has gained 46.43% thus far, about half the gains of the previous rally in two less months.

MACD Patterns

Furthermore, review points 1 and 2 on the MACD chart on the bottom. This chart represents the slow MACD of the NDX index over the last two calendar years, giving us a clearer picture of the slowed down movement of the index. This chart is a little different than some of the MACD charts that we used in past newsletters in the sense that the MACD is based as a percentage as opposed to price changes. The actual MACD (the difference between our exponential moving averages) has been divided by the closing price of the index on the same day; when this is charted this gives us a better historical perspective of the MACD. The index, when plotted this way, shows us that the NDX at the present (Point 2 on the lower chart) has still not made a new high on the percentage change based MACD chart.

IMPLICATIONS:

Perhaps this rally has a little steam left, or conversely, is not as powerful as the advance that took place between the Autumn of 1998 through the early Winter of 1999.