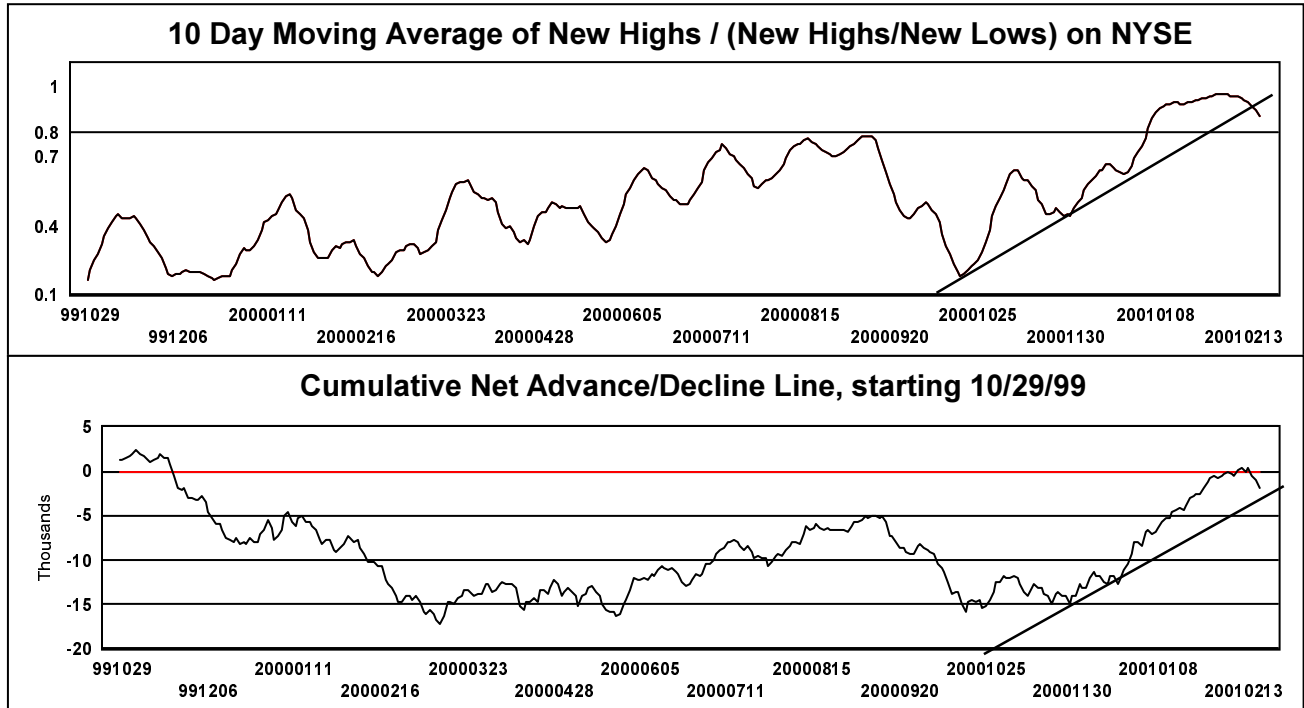


Various market breadth indicators starting to break down on the primary market
by Howard Spieler



The two charts above are two of the indicators that we use to measure the internal strength of the primary market; the 10 day average of $NH/(NH+NL)$ on the NYSE, and the net advance-decline line on the NYSE over the same time period. Both charts reflect the recent weakness that has infected the primary market, which had been a safe haven until recently for tech-wary investors. The $NH / (NH + NL)$ ratio has declined off its recent highs, breaking an uptrend in the process, coming dangerously close to a sell reading (below 80%). The advance decline line pictured above also made a new high last month, appears to be forming a top and rolling downwards as well. Stock market declines do not generally end until weakness spreads into all sectors, with the primary market only recently showing vulnerability. Whether this weakness is the beginning of a downturn in the primary market or a signal that the end of the Nasdaq decline is near remains to be seen.