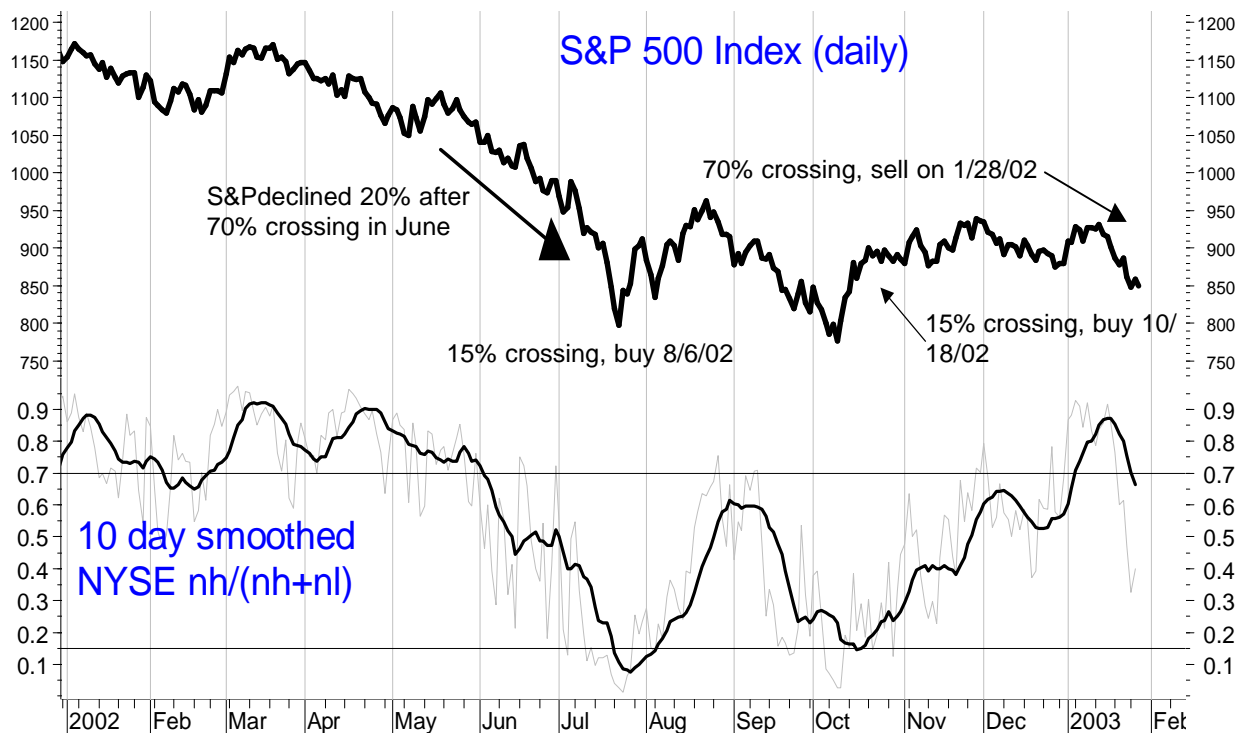


# New-High New-Low sell signal generated on January 28, 2003

by Howard Spieler



Buy signal occurred on 10/18/2002 when the 10 day moving average crossed above 15%. Sell signal was generated when indicator crossed above 70%, then fell below it on January 28, 2003. The percentage return on this buy signal using the S&P 500 was -2.35%. Every week we report the status of the new high, new low timing model in *Systems and Forecasts*. While we do not use this as a “stand alone” timing model, we use buy and sell signals to augment trading strategies and determine the internal strength - or weakness - of the stock market. It should be noted that this timing model does not always produce “round trips”. For example, we had consecutive buy signals take place before a sell signal was generated (see chart above).

On the other hand, we do see a bright side to this sell signal. While the S&P 500 is near its bear market lows (Oct. 9, 2002 was the closing low. We are roughly 8% away.), the NH-NL ratio has remained relatively firm on a long term basis. We still interpret the sell signal as bearish short to intermediate term, but long term patterns are suggesting that larger numbers of stocks are developing support zones.

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