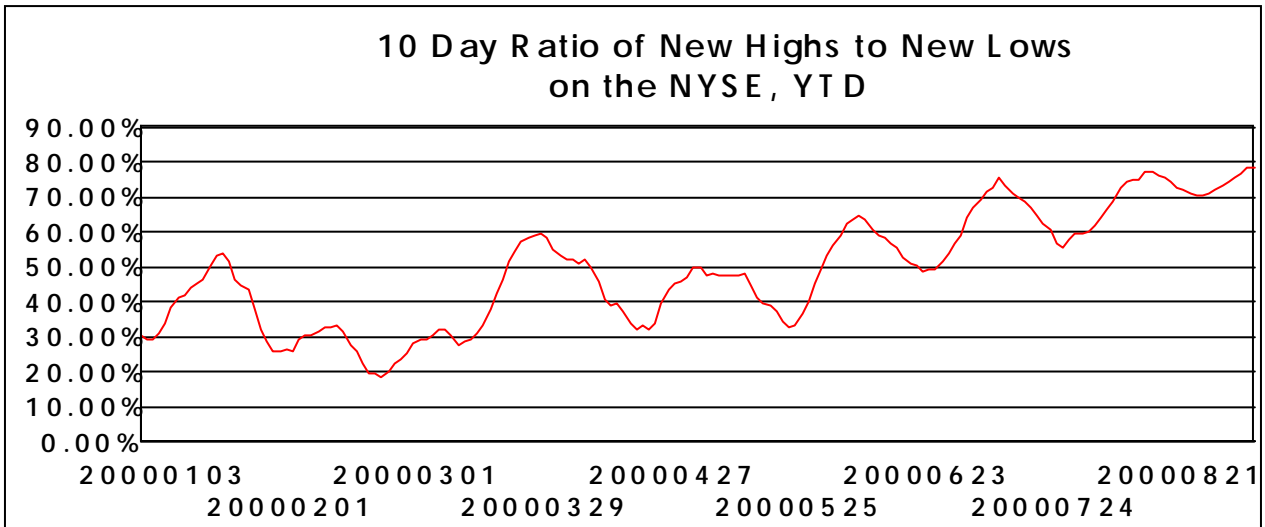


Market breadth improving, as shown by the New High - New Low Relationship on the NYSE
by Howard Spieler



This chart shows the 10-day simple moving average of new highs divided by new highs + new lows on the NYSE for the year 2000. The strong uptrend in the new high - new low relationship, demonstrated by the chart above, reflects favorable breadth trends in the broad market, represented by such indices such as the Value Line Arithmetic Index. There has been a resurgence in the forgotten utility, energy, financial services and small to mid-cap sized stocks, while at the same time the S&P 500 and the Nasdaq are both barely in positive ground this year. Many of our breadth indicators, including the NH-NL chart to the left, are currently trending positively. We believe that a healthy stock market requires participation by all the sectors, not just the largest capitalization companies that make up many of the indices (and mutual funds as well). Time will only tell if this current improvement in market breadth will serve as the start of a yet another 4th quarter technology rally, or possibly just a shift in the taste of the investment public.