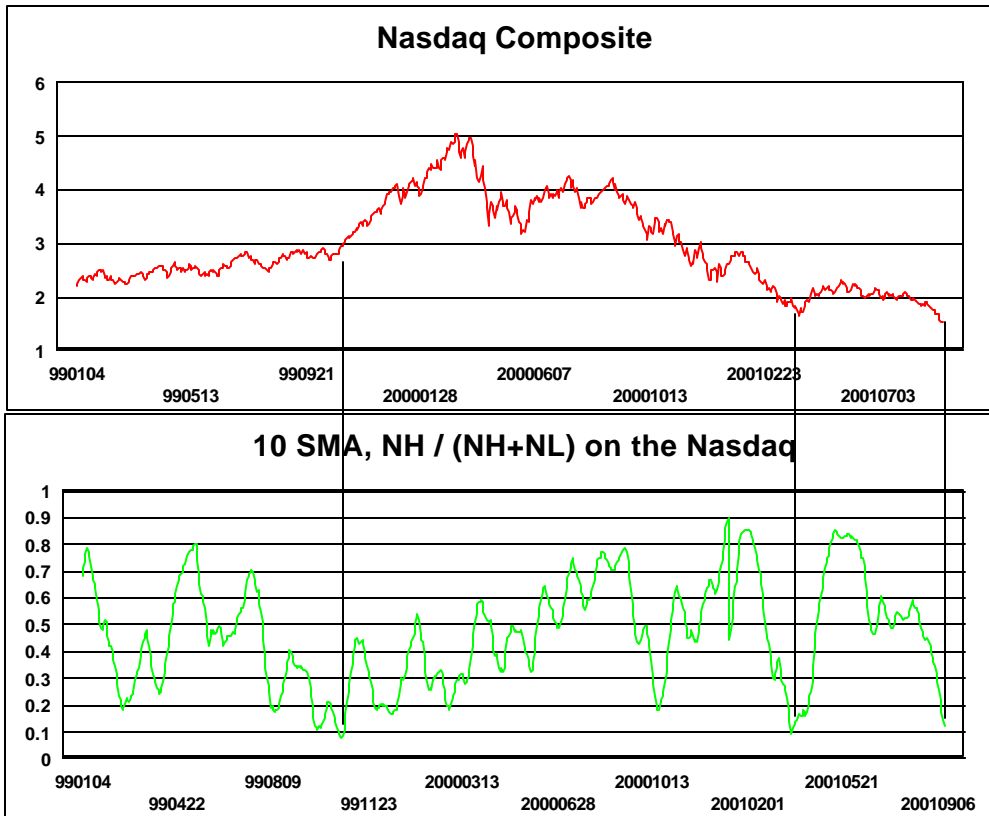


# Nasdaq New High New Low Indicator now very oversold.....

by Howard Spieler



One useful indicator we employ at Systems and Forecasts to measure internal strength (or weakness) of the stock market is the New High New Low Indicator. Over the last few issues we have published the 10 Day Moving Average of NH / (NH+NL) on the NYSE, but the chart to the left focuses on the Nasdaq Composite instead. Since 1999, the 10 Day Moving Average of the NH to NL ratio has only fallen below 10% twice, in October 1999 and March 2001. Both times the indicator has fallen to this key level, a Nasdaq advance has followed. The October 1999 low was the beginning of the Nasdaq bull market that lasted well over a year, and the low reading of March 2001 preceded a tradeable Nasdaq advance last April (which subsequently failed). As of Wednesday, September 19, 2001, the indicator stood at roughly 12%, positioned almost at the 10% oversold level. In a more normal climate, this would be a bullish indicator - but now...?