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Jim Blake  
Director of Technical Analysis

***A look at the market***

*Due to the Labor Day Holiday this will be a very short market commentary. Next weekend we will provide our normal market coverage. Thanks, Jim*



*We can manage your Fidelity Account. Call John at 713-403-3970*

*\*Overbought/ oversold oscillators show stocks modestly above neutral levels.*

*\*Our money flow indicator which only last week turned negative, rose this week. Should stocks rally again next week it likely will turn positive (this indicator, as well as the market, has been in whipsaw mode of late). This is unusual (which is the norm of late).*

*\*Support/ Resistance:  
\*First support is at 9,950 (seasonal) then at the recent lows around 9,650. Resistance is first (seasonal) at 10,450 (pretty much right where we closed today) then at the recent highs at around 10,700.*



**Radio Show Schedule**  
*Monday through Friday at 8:05 am on "The Morning Show with Brent Clanton" and Thursday mornings at 7:00am on CNN650 am*

## An Attempt at Plain English

### *A strong week, but does it turn into a lasting rally...*

**When last we spoke I said.... Bottom line:** “Our short term indicators have recently (and unanimously) turned lower. As I said last week, it would be unusual (not unprecedented, but unusual) for our money flow indicator to turn up so quickly after turning down. I expect to see the market under pressure for the next several weeks. I continue to be more concerned with capital protection than capital gains”.

### **Current Market Conditions**

**Overbought/ oversold oscillators** show stocks modestly above neutral levels.

Our **money flow indicator** which only last week turned negative, rose this week. Should stocks rally again next week it likely will turn positive (this indicator, as well as the market, has been in whipsaw mode of late). This is unusual (which is the norm of late).

**Support/ Resistance:** First support is at 9,950 (seasonal) then at the recent lows around 9,650. Resistance is first (seasonal) at 10,450 (pretty much right where we closed today) then at the recent highs at around 10,700.

**This week:** The market rose 297 points or 2.93% on the week. The CRB gained 2.06%. Gold rose \$9.10 or 0.74%. Ten year treasury yields settled at 2.70% up from last week's 2.65%.

**Bottom line:** Our short term indicators were only last week unanimously negative. This week saw a sharp rally and should next week see similar upside our money flow indicator will likely turn positive. This is very unusual. Looking at years' worth of data I can attest that it is very unusual for our money flow indicator to turn positive without at least a four to eight weeks of correction. Further, September has been far from kind for the stock market and some (not all) of my bull market/ bear market indicators have been flashing warning signals. I am reminded of the last time I got 'caught out' by the market; In 2006 the market bottomed in July, which is very unusual. As the market rallied all the way into yearend (over 15%) I remained cautious, waiting for a pull back. I don't want to get 'caught out' again. For now I will wait to see what the next week brings. However if our short term indicators should turn up as well as the market break above near term resistance at 10,750 I should have to become more positive.

**Traders:** Should work to run balanced portfolios. We likely will advise a long bias should the market break above resistance at 10,750.

**Seasonal Investors:** Seasonal Investors should have already reduced exposure (perhaps to half of 'normal' allocations) upon receipt of the 05-07-10 newsletter.

If you need help with your 401(k) allocation I invite you to go to my website and send me an email. The website is; [www.quantgroupatwsi.com](http://www.quantgroupatwsi.com)

## 401k Management

### Recommend allocations

**Long Term Investors** (those that prefer to be fully invested all of the time)

Domestic holdings should be focused on Large Cap Growth and Mid Cap Growth with the focus on Growth over Value and Mid Cap/ Small Cap over Large Cap. Fixed Income should be invested in general bond funds (such as Pimco Total Return Fund).

*Recommended Allocation (based on a 60%Equity/ 40% Fixed Income target)*

40% General Bond Fund (such as Pimco Total Return)  
35% Large Cap Growth  
25% Mid Cap Growth

**Seasonal Investors** *Seasonal investors should have moved to their 'weak season' allocations upon receipt of the 05-07-10 newsletter .*

*Recommended Allocation (based on a 60%Equity/ 40% Fixed Income target)*

40% General Bond Fund (such as Pimco Total Return)  
15% Large Cap Growth  
15% Mid Cap Growth  
30% Cash

**Jim's current Recommendation** *We reduced our exposure to the stock market in our 05-07-10 newsletter and further reduced exposure with the 07-02-10 newsletter, raising cash at the expense of small cap/ mid cap and balancing our equity funds in the large cap area.*

*Recommended Allocation (based on a 60%Equity/ 40% Fixed Income target)*

40% General Bond Fund (such as Pimco Total Return)  
25% Large Cap Growth  
15% Mid-Cap Growth  
20% Cash or Stable Value

Well, that's it for this week. Call me if you need help with your investing.

*Best wishes and good investing,*

*Jim*

Jim Blake  
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**Talk 650 powered by CBS radio**