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A variety of newsletters and portfolios containing Suttmeier's detailed research, stock picks, and commentary can be found <http://www.valuengine.com/nl/mainnl>

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February 24, 2012 – Dow Transports trades below its 50-day SMA at 5150

As I outlined on Thursday, Dow Transports are well below its all time high set at 5627.85 on July 7, 2011. Crude oil is testing a year to date high at \$108.70 per barrel. Transports fell below its 50-day simple moving average at 5150 but closed Thursday above it. The other market drag is small caps with the Russell 2000 below its all time high set at 868.57 on May 2, 2011. The Dow Industrial Average is attempting to reach weekly and daily risky levels at 13,027 and 13,035. The S&P 500 lags versus its May 2, 2011 high at 1370.58. The NASDAQ is above 2011 and 2007 highs as re-inflating tech bubble continues. Stocks are overvalued fundamentally and overbought technically with the Computer & Technology sector overvalued by 19.6% with a P/E ratio of 43.2 times. The yield on the 10-Year US Treasury is trading around 2.0%. Gold reached a year to date high at \$1789.5 closing in on my monthly risky level at \$1816.4. If gold fails, the next decline below \$1700 will likely cause a 50-day / 200-day SMA “death cross” as these moving averages are converged at \$1669.5 and \$1663.5. The Euro versus the dollar has been a stock stabilizing force and traded above 1.34 this morning.

10-Year Note – (1.988) My annual value is 2.502 with a daily pivot at 2.006, and annual, weekly, quarterly and monthly risky levels at 1.903, 1.874, 1.687 and 1.347.



Courtesy of Thomson / Reuters

Comex Gold – (\$1781.2) Weekly, quarterly, semiannual, annual and weekly value levels are \$1752.1, \$1725.5, \$1740.9, \$1659.5, \$1635.8, \$1575.8, \$1593.9 with a daily pivot at \$1774.3, and my monthly risky level at \$1816.4.



Courtesy of Thomson / Reuters

Nymex Crude Oil – (\$108.20) Weekly, quarterly, monthly and semiannual value levels are \$100.50, \$99.87, \$85.62 and \$79.83 with semiannual and annual pivots at \$104.84 and \$103.58, and daily and annual risky levels at \$109.33 and \$117.00.



Courtesy of Thomson / Reuters

The Euro – (1.3366) Daily, semiannual, weekly, monthly, and quarterly value levels are 1.3246, 1.2980, 1.2982, 1.2945, and 1.2499 with annual and semiannual risky levels at 1.4239 and 1.4405.



Courtesy of Thomson / Reuters

Daily Dow: (12,985) Quarterly, annual, monthly and semiannual value levels are 12,478, 12,312, 11,557, 8,425 and 8,336 with my quarterly pivot at 12,796, and daily, weekly and annual risky levels at 13,035, 13,027 and 14,032.



Courtesy of Thomson / Reuters

S&P 500 – (1363.5) Quarterly, monthly and semiannual value levels are 1331.7, 1305.4, 1176.1, 841.7 and 829.9 with my annual pivot at 1363.2, and daily, weekly and annual risky levels at 1371.0, 1371.6 and 1562.9. The May 2, 2011 high is 1370.58.

NASDAQ – (2957) Quarterly, annual, monthly and semiannual value levels are 2849, 2777, 2698, 2512, 2012 and 1952 with daily, weekly and annual risky levels at 2982, 3005 and 3232.

NASDAQ 100 (NDX) – (2595) Quarterly, weekly, annual, monthly and semiannual value levels are 2471, 2422, 2412, 2300, 2280, 1851 and 1743 with daily, weekly and annual risky levels at 2616, 2635 and 2603.

Dow Transports – (5162) Monthly and semiannual value levels are 4522, 4407 and 3778 with a daily pivot at 5168, and weekly, quarterly, and annual risky levels at 5389, 5448, 5861 and 6111. The all time high was set at 5627.85 on July 11, 2011.

Russell 2000 – (829.19) Monthly and semiannual value levels are 662.90, 572.90 and 510.81 with quarterly pivots at 824.46 and 829.03, and daily, weekly, and annual risky levels at 834.69, 838.73, 836.15 and 969.09. The all time high was set at 868.57 on May 2, 2011.

The SOX – (424.68) Quarterly, monthly, annual and semiannual value levels are 423.32, 390.17, 323.52, 269.80, 277.90 and 194.47 with daily, weekly and annual risky levels at 432.74, 445.39 and 520.61. The 2011 high is 474.33 set on February 18, 2011.

ValuEngine Valuation Model – Sectors have shifted to Overvalued from Undervalued.

- 53.8% of all stocks are undervalued / 46.2% of all stocks are overvalued. Back on October 4th - 93.5% of all stocks were undervalued.
- Fifteen of sixteen sectors are overvalued; ten are overvalued by double-digit percentages. (11.1% OV to 19.6% OV) Back in March 2009 the sectors were undervalued by 33% to 45%. –
- PE Ratios range from 16.3 times for Multi-Sector Conglomerates to 43.2 times for Computer and Technology.
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VE Morning Briefing – If you want expanded analysis of the US Capital Markets including a Fearless Prediction of the Week and a Stock of the Day go to this link and sign up:

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ValuEngine FDIC Evaluation Report – In this report I slice and dice the FDIC Quarterly Banking Profile. We publish a ValuEngine List of Problem Banks in this publication:

<http://www.valuengine.com/nl/mainnl?nl=C> **The January FDIC Report shows up-to-date analysis of the Q3 Quarterly Banking Profile is now available.** I track the continuing slow improvement to the housing market and banking system, but recognize that we are not out of the war.

ValuEngine Capital Management - Over the years many of my readers have asked for investment help based upon ValuEngine and my technical analysis expertise. This is now possible through VE Capital Management LLC. If you are a Registered Investment Advisor looking for new products to offer to your clients, let me know. If you have any questions, please respond to this email.

Definition of MOJO – This is my term for technical momentum. I use what's called "12x3x3 slow stochastic readings" from daily, weekly and monthly charts. The scale is zero to 10.0 where above 8.0 is overbought and below 2.0 is oversold.

Buy and Trade Strategies for Long Positions

- **Value Level** – *The price at which you establish an additional long position on share price weakness.* This is done on a GTC Limit Order to buy weakness to the Value Level.
- **Risky Level** – *The price at which you remove a single long position or reduce a multiple long position on share price strength.* This is done on a GTC Limit Order to sell strength to the Risky Level.

Buy and Trade Strategies for Short Positions

- **Value Level** – *The price at which you remove a single short position or reduce a multiple short position on share price weakness.* This is done on a GTC Limit Order to buy weakness to the Value Level.
- **Risky Level** – *The price at which you establish an addition short position on share price strength.* This is done on a GTC Limit Order to sell strength to the Risky Level.

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"I Hold No Positions in the Stocks I Cover."