

The earth's surface is 71% water ... the rest they say is covered by Naehar. No, that's not a misspelling of Nvidia, it's the US Olympic soccer goalie who recently outperformed Nvidia (123). Corrections happen and the one in Tech was on its way even before the global margin call in the yen-carry trade. And NAZ 10% corrections are hardly rare – six in the last five years. The good news is in three cases the 10% was pretty much it. The problem is these sharp selloffs are often followed by uninspiring recoveries. The S&P reached the 10% mark only intraday, but here history shows a high likelihood of a test. Meanwhile, the recovery has impressed us in what we care about most, positive and impressive A/Ds six of the last eight days.

Nvidia's 30% recovery from the recent low has to be called a good one. Then, too, the guy who jumped from the 50-story building on floor 25 said the fall was a good one. Nvidia's recovery is more than good if you're in around the low at 90, but not so much if you're in around the high at 135. And the problem here is that there was a lot of trading in that area between early June and late July. The theory goes that is now supply/resistance. As it happens, we don't so much worry about that, but we do worry about the 50-day which also is around 120. So, this is a bit of a moment of truth, so to speak. A move above the 50-day would certainly be a positive.

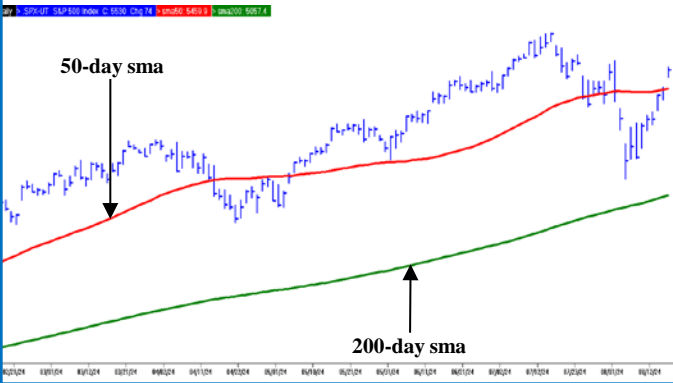
The VIX (15) or Volatility Index is one of those measures which for the most part has no message. Sometimes called the "Fear Index" it's at those times that it screams at you. It began life in 1990 and since then has seen an average close of 19.5. It closed a week ago Monday at 35.5, and earlier in the day hit 65. That's panic and can be taken as a sign of real selling. And of course it's selling that makes lows, not as most think the buying. Often misunderstood is it's the level of the VIX that's important. In different markets and different lows, it varies. What is important is what happens after a peak. A reasonable drop in the VIX means the panic is over. Currently well below 20, it seems safe to say that's the case now.

Typically, we place greater emphasis on momentum, market movements, rather than on sentiment, how investors react to those movements. Other than the drama of that 1000-point Dow loss and the 9-to-1 down day, we haven't exactly seen real washout numbers. Then, too, for the Averages it has been more or less your garden-variety correction. Where there have been standout numbers has been on the sentiment side, the VIX being a prime example. Though they get little attention, and perhaps because of that, put/call ratios also have proven useful. An appeal here is they are measures of what people actually do, rather than just opinions. These numbers worked well at the low late last year, and again in May. The equity only ratio has reached an extreme in Put buying, and according to SentimenTrader.com, the ratio for retail trades has done so as well. Together with the VIX, they suggest a low is in place.

The history of these sharp selloffs is a probable test, and a struggle higher. There's also the problem that August and September seasonally are no prize, and World War III if not already begun, could be about to start. That said, do you worry about the above, or do you believe your eyes – the recovery has been impressive. It's rarely right to be negative on Tech, and we would rather not risk what career we have left. That said, there is real damage to most of the charts there, and remember down the most turns to up the most but only initially. Meanwhile, as Walmart (73) made clear on Thursday, there are alternatives, and in its case with a better long-term chart than most of the Tech. Cintas (768), of course, and Parker Hannifin (591) fit that pattern, and among the still positive Financials, consider Progressive (237) or AJ Gallagher (284).

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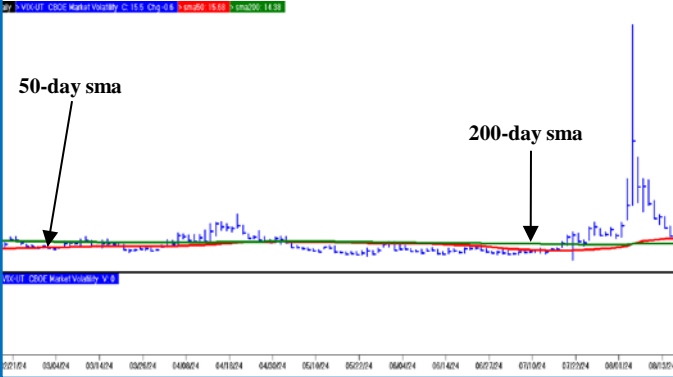
### S&P 500 (SPX - 5543) - DAILY



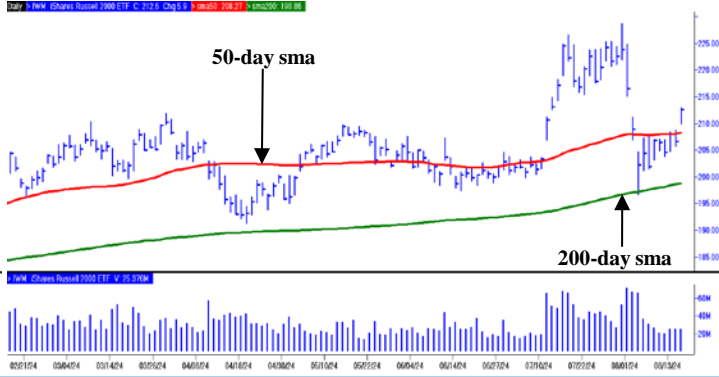
### NASDAQ 100 (NDX - 19490) - DAILY



### CBOE MARKET VOLATILITY (VIX - 15) - DAILY



### ISHARES RUSSELL 2000 ETF (IWM - 212) - DAILY



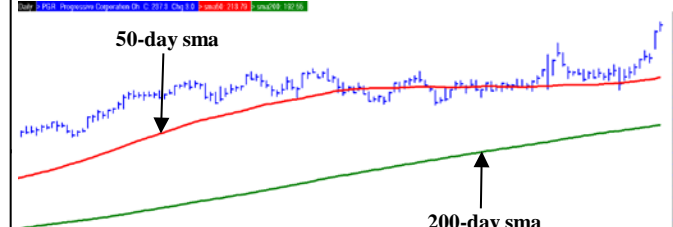
### NVIDIA CORPORATION (NVDA - 123) - DAILY



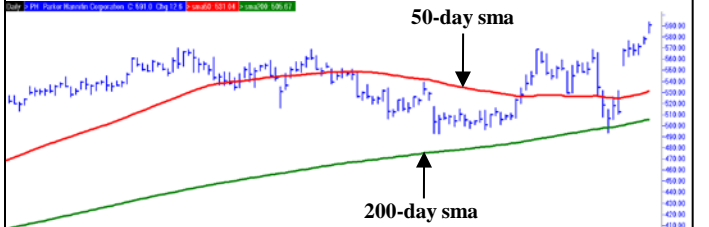
### VANECK SEMICONDUCTOR ETF (SMH - 246) - DAILY



### PROGRESSIVE CORPORATION OH (PGR - 237) - DAILY



### PARKER HANNIFIN CORPORATION (PH - 591) - DAILY



### RTX CORPORATION (RTX - 118) - DAILY



### WALMART INCORPORATED (WMT - 73) - DAILY

