

Want a Tech stock... NOW?! NOW, of course, is ServiceNow (919), one of the best acting Techs, especially given what has become a difficult area. While we tend to speak of Tech in an all-encompassing way, there is quite a difference between the Semis and Software. Granted the Semis are simply correcting after a big run from April, and Software has flatlined since February, but the recent relative change could prove predictive. Meanwhile it's striking that Nvidia is 6% of the S&P. There's no magic number but at some point the question becomes who is left to buy? With Nvidia (118) having its troubles of late, it also helps explain why the S&P Equal Weight had outperformed a weighted index. Of course both have outperformed the NAZ.

Outperforming both Semis and Software are the Utilities. While not exactly techy, supplying power to data centers seems Tech enough to lead to a 25% gain this year. And they should be beneficiaries of lower rates though clearly they're not trading as rate sensitive stocks. REITs, Home Builders, Insurance shares are rate-sensitive and have traded well even before the Fed cut. Meanwhile, even J.P. Morgan managed to shoot itself in the foot last week – you wonder why we don't like the Banks. This market has also taken to soap, at least to look at Procter & Gamble (172) and Colgate (102), available at your local Walmart (78) or Costco (901). Coke (71) and Pepsi (175) also are part of the Staples ETF (XLP - 83). While only a staple to some of us, McDonald's (294) seems to have righted the ship since July.

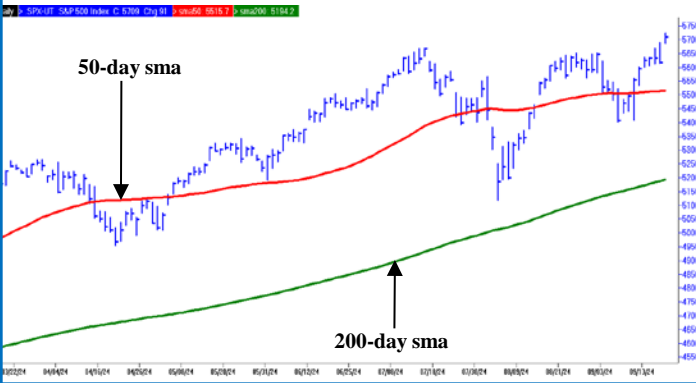
Admittedly, the idea of Utilities and soap as leadership versus Nvidia in Microsoft (439) may not seem ideal. Then, too, we are talking about a few weeks, and even these temporary rotations can last a few months. Things change, rotation happens, it's not the worst thing. It's one thing to lose participation without replacing it, but that's not the case now. In fact, we could argue the tactical backdrop is net better for the change. The A/D Index is at a new high, the names that make that so are far less important than the fact that it's so. Markets just don't get into big trouble against this sort of backdrop. Over the years many Tech stocks have gone away, Tech/Growth never goes away. The names may change and from time-to-time extended stocks need a rest.

It's too early to say they're back, but Thursday saw a bit of Tech reversion. Then, too, that's part of what you usually find – down the most turns to up the most on days like Thursday. A pullback in the stocks that have been leading also seems little surprise. It's hard to judge durability here. Oil shares finally lifted, Industrials made new highs – things you would expect anticipating a better economy. Then, too, we never saw the economy as worrisome. Grainger (1030) has a division they call “endless assortment.” Parker Hannifin (626) is the company Greenspan used as an economic indicator. Both made new highs this week. Advance-Delay numbers have been positive eight of the last nine days, that Index is at new highs, and 70% of stocks are above their 200-day, that is, in medium term uptrends. There's plenty from which to choose.

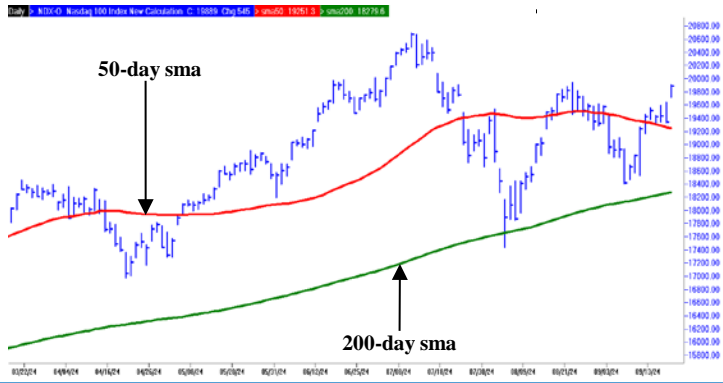
Of all the times inside information might have been useful, this was not one of them. Even the market itself didn't seem to know what to do with the rate cut news Wednesday afternoon. The fact of the matter is 25 or 50 didn't much matter – Wednesday afternoon was just the usual post meeting dance. The real inside information wasn't inside at all, it was last Friday's 5-to-1 up day. That would not have happened had the market been worried about the rate cut. Like any news, it's not the news but the market's reaction to the news that matters. We can't expect great numbers every day, but the A/Ds should keep pace with the market averages.

Frank D. Gretz

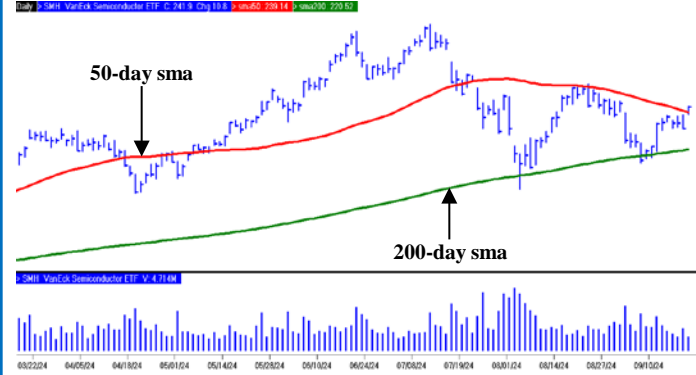
S&P 500 (SPX - 5710) - DAILY



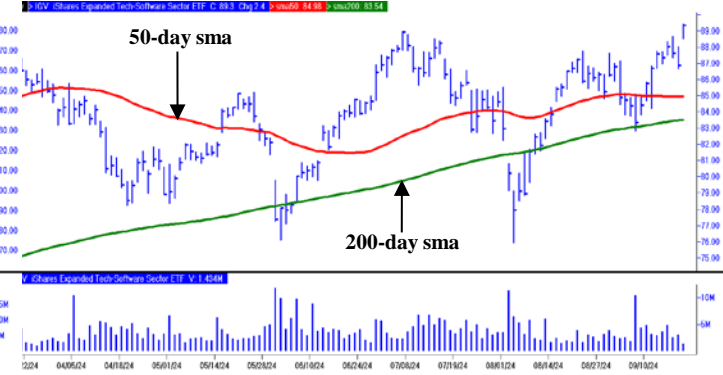
NASDAQ 100 (NDX - 19839) - DAILY



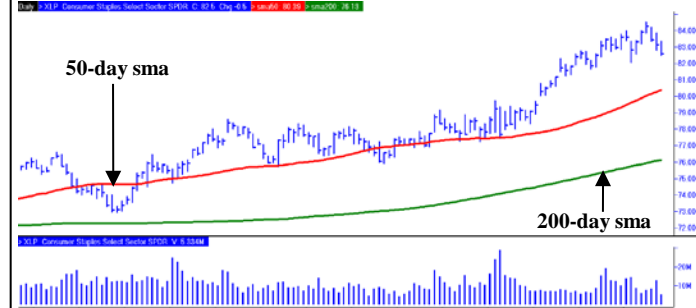
VANECK SEMICONDUCTOR ETF (SMH - 241) - DAILY



ISHARES EXPANDED TECH-SOFTWARE (IGV - 89) - DAILY



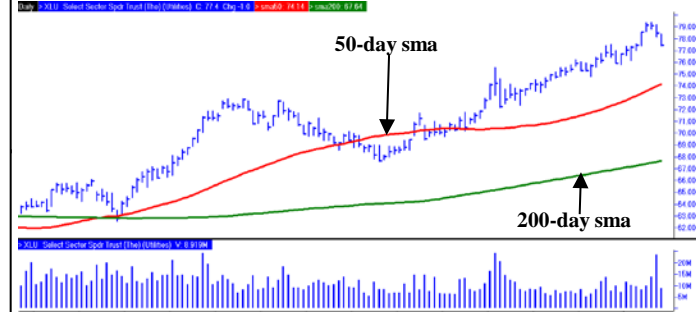
CONSUMER STAPLES SEL SECTOR SPDR (XLP - 83) - DAILY



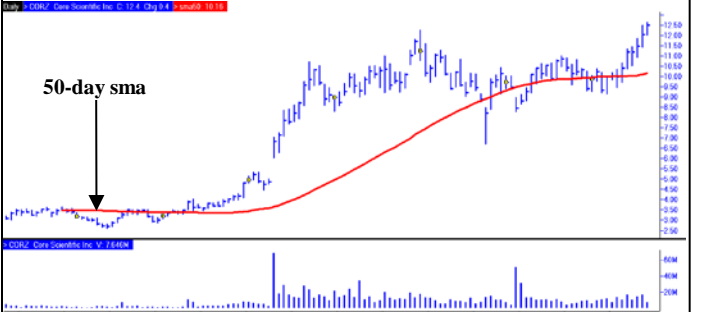
REAL ESTATE SELECT SECTOR SPDR FD (XLRE - 45) - DAILY



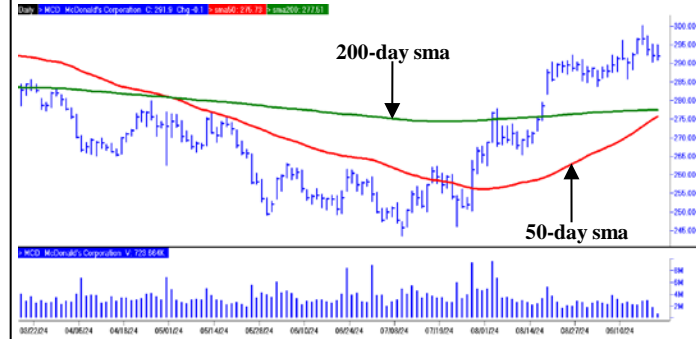
SELECT SECTOR SPDR TR - UTILITIES (XLU - 78) - DAILY



CORE SCIENTIFIC INC. (CORZ - 12) - DAILY



MCDONALD'S CORPORATION (MCD - 294) - DAILY



SERVICENOW INCORPORATED (NOW - 919) - DAILY

