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DJIA: 40608.45
SPX: 5456.90
NASDAQ: 17124.97

Direct from Dudack

97% Up Day

The April 9, 2025 session generated a 97% up day on NYSE volume that was 1.43 times the 10-day average and it followed the April 4th 91% down day on volume that was 1.64 times the 10-day average. This combination of panic/forced selling and recovery suggests that the worst of the downside is over. But history shows that lows tend to be retested, and a 97% up day does not mean the indices will not retest and make a lower low. It does suggest that a bottoming process has begun.

Recent market action has demonstrated how leveraged many investors, particularly hedge funds, are at the present time and both the April 4 and April 9 trading sessions included unwinding of positions and short covering. It would not be a surprise if some hedge funds continue to face liquidity problems in the near future. Therefore, investors should expect more unwinding and more volatility in the days ahead.

Keep in mind that yesterday's 2963 point increase in the Dow Jones Industrial Average took place after the Trump administration announced a partial 90-day reprieve on its tariff policy. In short, nothing has fundamentally changed, and the financial markets are still vulnerable to daily news items. Equally important, this week begins first quarter earnings season, and corporate guidance will be key to the equity market's stability.

In sum, the worst of the decline is behind us in our view, but history shows that after a panic selloff the indices tend to trade sideways for the subsequent two to six months – testing the recent lows and resistance being the level prior to the panic. In the current market this would equate to a range in the S&P 500 of 5800-4900.

For the record: yesterday's 97% up day equals the 97% up day recorded on March 23, 2009 and was only exceeded by the 98% up day recorded on June 10, 2010.

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Sectors/Industries:

"Overweight": Overweight relative to S&P Index weighting
"Neutral": Neutral relative to S&P Index weighting
"Underweight": Underweight relative to S&P Index weighting

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