

Updated: 23-May-12 16:51 ET Strong Afternoon Turnaround For Stock Indices

The S&P faltered in late trade the previous session and this downward momentum was maintained in early action Wednesday amid the on-going economic/political concerns in Europe. Declines in Asia and weaker guidance from DELL added to the pressure. A limited recovery attempt was noted in the wake of the slightly better New Home Sales data (343 K vs. consensus 339 K) but this proved short lived with the indices continuing to slide into midday as the Dollar Index pushed to a new 20 month high (Euro 20 month low). The Dow set a new May/four month low but the S&P and Nasdaq Comp did not confirm the break to new lows suggesting some easing of intraday pressure with a minor recovery attempt noted into early afternoon. A break of the initial rebound highs, which was accompanied by a pullback in the Dollar Index, was aggressively extended late into the session allowing the indices to finish mixed (Dow -6). Sectors pacing the way on the upside were led by: Gold Miners GDX +4.4%, Mining XME +2.4%, Airline FAA +1.6%, Oil Service OIH +1.3%, Trucking +1.3%, Solar TAN +1.2%, Materials XLB +1.2%, Transports IYT +1.2%, Rail +1.1%, Retail XRT +1.1%, Housing XHB +1%. Weakness was noted in: Computer-Hardware -2.3%, Pharma PPH -1.2%, Crude Oil USO -1.1%, Silver SLV -1%, Casino BJK -0.7%, Utility UTIL -0.6%. The strong afternoon turnaround allowed the S&P to extend its win streak to three days but the total advance over the last two sessions was just 2.86 points. Short term the constructive recovery keeps the door open to further near term upticks. Initial resistance above is in the 1321/1322 area follow by 1327/1328. First level support is at 1312/1310.

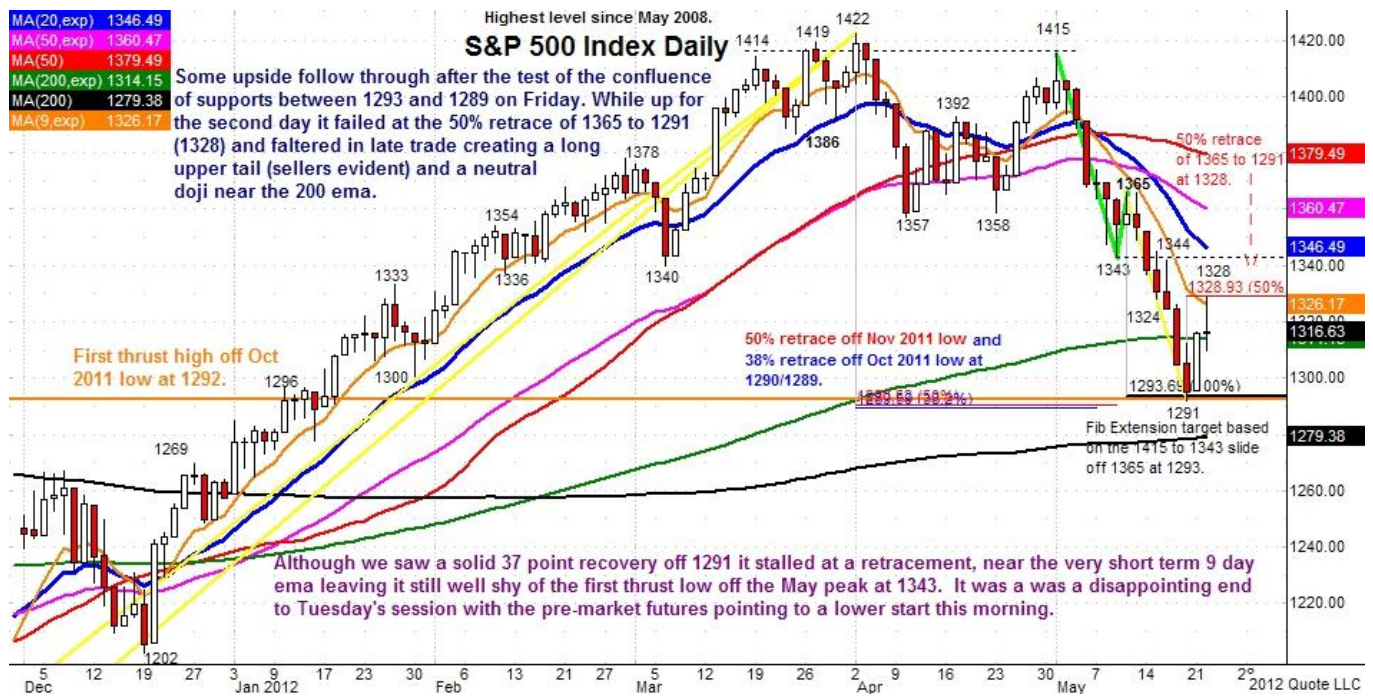
Monthly S&P Bias: Positive/neutral, closed between 12/20 month ema. Weekly S&P Bias (last roughly 1-3 months): Negative. Daily S&P Bias (last roughly 2-3 weeks): Negative. Hourly S&P Bias (last roughly 3-5 days): Negative/neutral, closes near 50 sma/ema -hourly-. These time frames are how long a move can last, in general, before there is some type of consolidation/pause not necessarily a reversal.

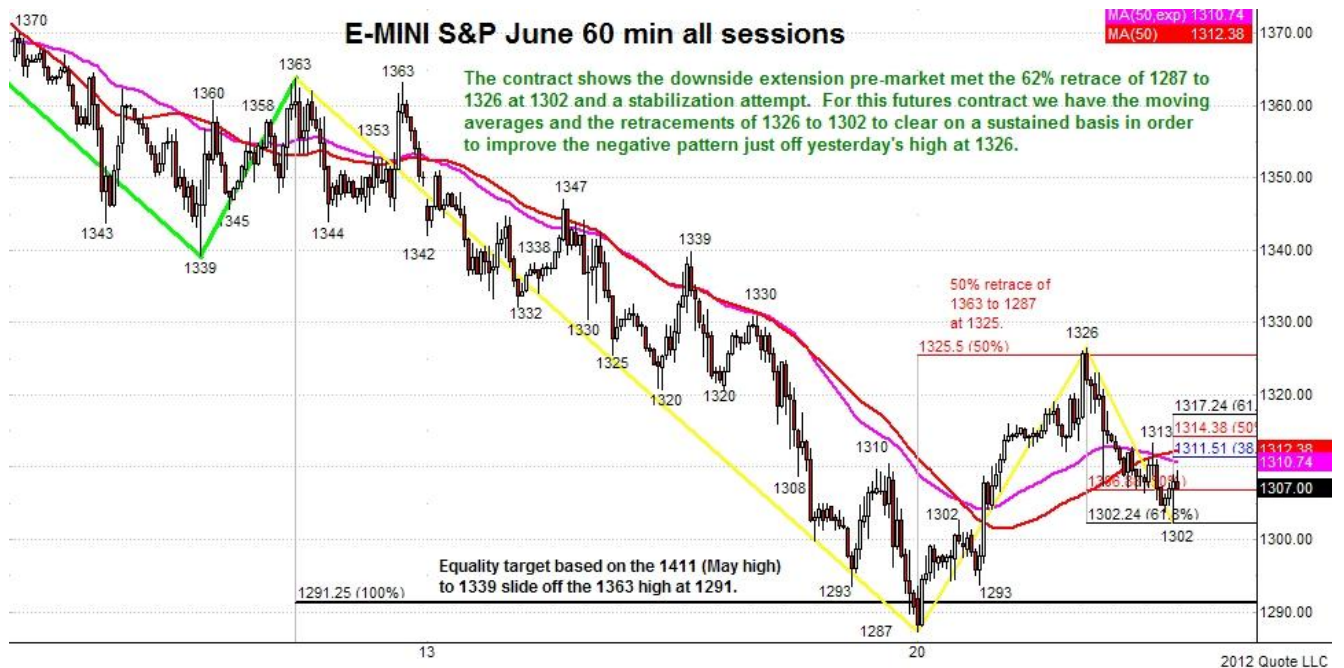
Support and Resistance Table for Thursday May 24

| Res/Sup | Nasdaq Comp | S&P 500 Cash | Dow Ind. Avg | Nasdaq 100 Tracking Stock (QQQ) | Semi ETF (SMH) | Russell 2000 ETF (IWM) |
|--------------|----------------|----------------|-----------------|---------------------------------|-------------------------------|-------------------------------|
| Resist 4 | 2921/2930 | 1343/1344 | 12740/12750 | 64.50/64.55 | 32.42/32.46 | 78.20/78.31 |
| Resist 3 | 2900/2910 | 1336/1337 | 12661/12672 | 64.15/64.25 | 32.15/32.21 | 77.75/77.83 200 ema |
| Resist 2 | 2878/2888 | 1327/1328 | 12595/12608 | 63.45/63.55 | 31.88/31.90 200 sma | 77.35/77.45 |
| Resist 1 | 2860/2867 | 1321/1322 | 12545/12555 | 62.85/62.95 | 31.50/31.55 | 76.90/77.03 |
| CLOSE | 2850.12 | 1318.86 | 12496.15 | 62.56 | 31.22 | 76.48 |

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|--------|-----------|-----------|-------------|-------------|-------------|-------------|
| Supp 1 | 2838/2830 | 1312/1310 | 12450/12442 | 62.30/62.25 | 31.10/31.04 | 76.10/76.00 |
| Supp 2 | 2822/2811 | 1306/1305 | 12402/12387 | 62.04/61.99 | 30.84/30.75 | 75.63/75.50 |
| Supp 3 | 2802/2794 | 1299/1298 | 12340/12330 | 61.70/61.60 | 30.57/30.50 | 75.00/74.90 |
| Supp 4 | 2780/2774 | 1291/1289 | 12290/12280 | 61.35/61.25 | 30.37/30.28 | 74.50/74.41 |

Market Averages





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