

# Medium-term market oversold alert


TPA monitors a number of short-term and medium-term alert measures in its TPA Marketscore, which it sends to clients on a daily basis. The percent of Russell 100 stocks trading above their 50DMA is trading at a historical extreme of 11.87%. TPA notes that this alert is remarkably accurate on the BUY side (meaning under 15%).

Looking back over the past 2 years, this alert has been triggered 3 times; 5/11/2022, 6/14/2022, and

10/9/2022. Once triggered, the S&P500 (SPY) rose 4.05%, 10.24%, and 12.37% in the next 19, 64, and

53 days, respectively. Of course, no pattern is foolproof, but as patterns go, this one is pretty consistent.

TPA provides The TPA Marketscope, a table of past alerts, and the chart of the alert and the SPY since February 2021.

TPA MARKETSCOPE (most indicators use Top 1000 stocks, detailed explanation below)				Tuesday, October 3, 2023			
Since 2009, TPA has used the indicators below to identify extreme inflection points in the market for institutional clients.							
INDICATORS	TODAY	EXTREME LIMITS		ALERT	HISTORICAL IMPORTANCE		
		LOW	HIGH				
Short Term Market Score (SPY, see below)	-1.7016	-3.50	4.00	OVERSOLD	Works better for the BUY side - accurate on the BUY side 4 out of 5 times since 2010.		
Percent Stocks Above 2 STD DEV Bollinger Band	0.50%		40%		Valid short term indicator of an overbought market.		
Percent Stocks Below 2 STD DEV Bollinger Band	13.58%	40%			Valid short term indicator of an oversold market.		
Percent Stocks Above 50DMA	11.87%	15%	85%	Extreme	Very accurate on the BUY side. Effective irregularly on the SELL side.		
Percent Stocks RSI above 70	8.60%		30%		Mildly successful on predicting short term tops.		
Percent Stocks RSI below 30	20.93%	55%			Valid indicator of short term lows.		
Percent Stocks 50DMA > 200DMA	56.04%	25%	70%		Medium term indicator of a low extreme and high extreme. (see note below)		
Percent R1000 @ bottom 10% of 2 Std Dev BB Band	7.90%		40%		Monitor		
Percent R1000 @ top 10% of 2 Std Dev BB Band	0.40%	40%			Monitor		
TPA 30 DAY MARKET EXTREME SIGNAL				SPY LAST	427.31		
EXPLANATION OF TPA MARKET SCORE: A daily analysis of S&P 500 relative to the normal distribution using the 2 standard deviation Bollinger Band. TPA then adjusts the SCORE by the amount of overbought or oversold as measured by RSI.				TPA MARKET SCORE	-1.70165		
				TPA MARKET SIGNAL	OVERSOLD		
				VALUE OF 1 STD DEV (SPX POINTS)	8.88		
				34 DAY RSI	33.71		
			NORMAL PROBABILITY		KEY		
			SPY	DISTRIBUTION	POSITION	SCORE	SIGNAL
BOLLINGER BAND LEVELS			Normal Bell Curve				
3 STD DEV UPPER BB			465.45	2.10%		3	STRONG SELL
2 STD DEV UPPER BB			456.55	13.60%		2	OVERBOUGHT
1 STD DEV UPPER BB			447.64	34.10%		1	NEUTRAL
BB MID			438.74			0	NEUTRAL
1 STD DEV LOWER BB			429.83	34.10%	427.31	-1	OVERSOLD
2 STD DEV LOWER BB			420.93	13.60%		-2	BUY
3 STD DEV LOWER BB			412.02	2.10%		-3	STRONG BUY

## Alert history

Date	Rally %	Days
5/11/2022	4.05%	19
6/14/2022	10.24%	64
10/9/2022	12.37%	53

