TPA Marketscope is showing conflicting alerts (8/14/22)

TPA Marketscope is showing conflicting alerts. The percent of Russell 1000 stocks trading above their 50DMA is now 89%. A reading over 85% is a historical extreme. This is in stark contrast with the longer-term indicator of the percent of stocks trading 50DMA>200DMA, which connotes a long-term uptrend. This alert has been at an extreme for long-term uptrends since 6/26/22. So, it would seem, at first blush, that the market is now short-term overbought and long-term oversold, but TPA states in the Marketscope that the percent of stocks trading above their 50DMA is a very good short-term buy indicator, but is an inconsistent sell indicator.

Clients should be careful, since the S&P500?s RSI stands at 72; indicating this is not the place to be aggressive. Still, given the long-term extreme that still shows stocks being oversold and TPA-RRG?s reports showing a huge shift from value to growth, clients should give the percent of stocks above the 50DMA much less weight. *TPA still sees stocks moving higher over time.*

TPA MARKETSCOPE ***(most indicators use Top 1000 stocks, detailed explanation below)*** *Sunday, August 14, 2022*

Since 2009, TPA has used the indicators below to identify extreme inflection points in the market for institutional clients.

INDICATORS	TODAY	EXTREME LIMITS LOW	EXTREME LIMITS HIGH	ALERT	HISTORICAL IMPORTANCE
Short Term Market Score (SPY, see below)	2.5931	-3.50	4.00	SELL	*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	17.14%		40%		*Valid short term indicator of an overbought market.*
Percent Stocks Below 2 STD DEV Bollinger Band	0.69%	40%			*Valid short term indicator of an oversold market.*
Percent Stocks Above 50DMA	89.36%	15%	85%	Extreme	*Very accurate on the BUY side. Effective irregularly on the SELL side.*
Percent Stocks RSI above 70	26.01%		30%		*Mildly successful on predicting short term tops.*
Percent Stocks RSI below 30	0.30%	55%			*Valid indicator of short term lows.*
Percent Stocks 50DMA > 200DMA	18.03%	25%	70%	Extreme	*Medium term indicator of a low extreme and high extreme. (see note below)*
Percent R1000 @ bottom 10% of 2 Std Dev BB Band	0.80%		40%		*Monitor*
Percent R1000 @ top 10% of 2 Std Dev BB Band	15.30%	40%			*Monitor*

S&P500 daily – 2 ½ years

S&P500 weekly – 15 years