

## Starboard Weekly Report Ending March 23, 2018

### Chart and Table of the Week

**\$BPOEX** S&P 100 Bullish Percent Index INDX  
 22-Mar-2018, 16:00 ET, daily, O: 59.00, H: 59.00, L: 44.00, C: 44.00, Chg: -15.00 (-25.42%)  
**Status** Bear Confirmed on 22-Mar-2018  
 Scaling: User-Defined [Reversal: 3, Box Size:2.0]

(c) StockCharts.com



Symbol	Name	Close	Chg	%Chg +/-	Date Time
\$BPGDM	Gold Miners	35.71	3.57	11.11	03/22 15:59
\$BPENER	OIL	43.75	0.00	0.00	03/22 15:59
\$BPTRAN	Transports	55.00	0.00	0.00	03 22 16:00
\$BPTSE	Canada	58.40	-0.80	-1.35	03 22, 15:59
\$BPCOMPQ	NASDAQ	61.31	-1.00	-1.61	03 22, 15:59
\$BPNYA	NYSE	56.52	-2.06	-3.51	03 22, 15:59
\$BPINFO	TECH	77.78	-4.17	-5.08	03 22, 16:00
\$BPNDX	NASDAQ 100	58.00	-6.00	-9.38	03 22, 15:59
\$BPSPX	S&P	53.20	-5.80	-9.83	03 22, 15:59
\$BPMATE	Minerals	48.00	-8.00	-14.29	03 22, 16:00
\$BPINDU	Dow	46.67	-10.00	-17.65	03 22, 16:00
\$BPOEX	OEX	44.00	-15.00	-25.42	03 22, 16:00

## **TECHNICAL**

Bullish Percent Point and Figure charts on indexes, like the one above from StockCharts.com, are one of the best measures for determining the future direction of sectors or markets. The BPOEX is the S&P 100 Bullish % Index chart above is signaling that a serious breakdown is in the offing. It is showing a breakdown below the blue support line and a lower low than the first February market break. In January, 86% of the OEX 100 stock chart was bullish and now that number is at 44%. In addition to the lower low and support break, there is a more important forecasting aspect to this breakdown. When a sector or market index trades above 70 and then declines below that number, it has a 70% likelihood of becoming a bear market. Also listed above is a copy of what yesterday's decline meant to several bullish percentage charts. The most important of that group is symbol BPNYA. I like to call that the main coach. It tells the likely direction of markets and it has given a bear market signal. However, it has not gone to a lower low from February nor has it broken its support line; but that is very likely to follow the sliding OEX Index.

## **FUNDAMENTAL**

If as the headlines indicate, the markets are all of a sudden falling because of tariff wars, then why have the markets gone up since Trump's election when it was well broadcast that he was going to play that dangerous game. It would seem that the markets have lost their ability to be discounting mechanisms for economic events. Instead they have become reactionary instruments to news. This change may be due to the Pavlovian condition that FED news has created through QE and interest rate announcements. Or, maybe it is simply that buybacks are shrinking the accessible amount of stocks available for an ever increasing amount of Central Bank money supply. Through all of the economic engineering by corporations and governments, somehow they will not be able to change simple supply and demand rules like those exhibited in this week's chart. The only difference this time would be that economic excesses have been allowed to exist longer, which is likely to produce an equally long decline and subsequent recovery.

## **ASIDE**

*"Don't become a mere recorder of facts, but try to penetrate the mystery of their origin."*

Ivan Pavlov, Russian Physiologist known for the Pavlov theory on conditioning

The origin of price is supply and demand. When it is imbalanced then economics can truly become the dismal science.

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### **Please note:**

It's the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements. Starboard Asset Management, Inc. 03/23/18 Weekly Report