

Volatile Markets and Wildfires Continue, But Not All News is Bad

Markets continue to be volatile this week as investors try to determine whether we have come too far too fast off the March lows. The good news is that the 50-day moving average (SPY) has survived three tests in the past five trading days. For those market technicians out there, it is also notable that the relative strength index of the S&P 500 pulled back from overbought conditions at the 80 level and has held at 40. The 40 level on the RSI represents an important level of internal support. This technical fact, along with buyers stepping in at the 50-day moving average indicates that the uptrend remains intact for the time being. We are also seeing some outperformance in the Dow, which is a positive and suggests some money is moving into sectors other than big tech - another good sign. We need some participation from of the industrial, transport and financial sectors for this rally to survive and grow.

Between fires burning out of control all over northern California and Oregon, legitimate protests along with criminal riots in our cities, political division and anger, and the greatest medical threat to our society in one hundred years... I am exhausted. The “stock market” with all its up and downs suddenly feels like a warm and fuzzy place to focus one’s attention. That reality alone speaks more about the current state of our world than the stock market.

Last week’s market commentary can be found [here](#).



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