

From The Desk Of John Colley...

Ideas to Ponder

- The **number of stocks hitting new lows is a very low number** and this forces the “shorts” to rethink.
- **Recent rise in share repurchase announcements.**
- **TrimTabs reported that buyback volume has reached almost \$36 billion** in this month of February. This is on track to be the highest amount since October 2011. Are the buybacks “holding” us up artificially? Not exactly because although this does add some buoyancy, the buy/sell ratio has quietly gone to 3/2.
- **The Demand Index**, which tracks multiple money flows, sentiment indicators, and money supply movements jumped to 55.6 in February (from 35.5 in November/December timeframe). This flow has been into stocks and preferred securities.
- The **50-day and 200-day moving average (MA)** is a technical dividing line between short-term and long-term uptrends over these two time periods. Both are bullish and reinforces that the October 2011 low is more than just a contratrend bounce. Can the trend remain in place?
- As we know, mixed signals and uncertainty are not liked by Wall street at all, so the lack of outcomes or, better put, the unknowns are unnerving (and dampen rallies). The U.S. deficit/debt situation is a staggering gridlock in Congress and is a real non-plus as the political ramifications get very entangled in a Presidential election year. The Middle East drama/wildcard and the ever popular Eurozone scene are perhaps a tad more stable, but you never know. Although this table is set with bullish flatware, chargers and plates, the napkins may still be needed to clean up messes. Again, we **proceed with optimistic caution.** Erasing a 100 point drop today is encouraging.

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