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By Greg Gann

DEATH CROSS

Prices of stocks, of course, fluctuate every day. Technicians pay close scrutiny to the trend of price movements typically by comparing the average cost over a 50 day range compared with the 200 day range. At the outset of a correction, the price of the 50 day moving average will often move lower than the 200 day moving average. When stock prices begin elevating after a correction, the 50 day moving average will cross above the 200 day moving average. A move above the 200 day moving average is a positive indicator, while a move below is negative. When the move is positive, it is referred to as a "golden cross". When it is negative, meaning that the moving average price over the immediately prior 50 days falls below the moving average of the 200 day price support, that is known as the "death cross". Although the perception is that everything is rosy when it comes to U.S. stocks, one of the sectors of the market that has most elevated since the 2009 correction is the Russell 2000, which is an index of companies with smaller capitalization rates. However, prices over the last three weeks have been trending lower for the Russell 2000. And, today, the Russell completed the death cross as its 50 day moving average fell below the 200 day moving average.

What this portends for the market as a whole, only time will tell. However, it is clearly an indicator to pay attention to because it resonates on traders' screens and institutional investors who can often change the direction and momentum of markets expeditiously.

Because markets have become so manipulated by the unorthodox monetary policies of the Fed and related central bankers around the globe, for me, to a point more extreme than even the dot com era, it is critical to be on the lookout for any and all indicators that could reverse the market's course.

Reconciling a death cross for the Russell with the S&P 500 at all-time highs, affects how I am navigating on behalf of clients. I seek to preserve embedded gains, and insulate from the next correction. This requires paying keen attention to the data and having in place the most appropriate strategies to pursue this dual mandate.

I am notifying you about this death cross because I wish to continually empower you with knowledge and strategies that are vital to your

financial health, and which you may not otherwise be receiving.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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