



SCHAEFFER'S CHART-OF-THE-WEEK

MARCH 19, 2017

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Notes on the Significance of OEX 1,000 (and 1,050)

Chart-of-the-Week for March 19, 2017

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As one might expect, the S&P 100 Index (OEX) has moved more or less in lockstep with its broader (and more broadly followed) counterpart, the S&P 500 Index (SPX), over the past decade. The handful of percentage points by which the S&P 500 has outpaced the S&P 100 can be chalked up to the out-performance of small- and mid-cap stocks over this stretch of time relative to the larger-cap names of which OEX is comprised.

Despite lagging a step or two behind its more inclusive counterpart, OEX is no slouch on the charts. But, amid all of the big round-number hype about Dow 20,000 (and now Dow 21,000), it seemed that almost nobody noticed on December 13, 2016, when OEX rose above 1,000 for the first time ever.

While an index's first move above a millennium mark is always notable, it is worth clarifying that 1,000 was actually the *third* major price point OEX sliced through during the second half of 2016. First to fall was the 950 area in July, which represents a triple of OEX's March 2009 lows (and which had served to cap OEX's advances since it was first challenged in mid-2015). The OEX takeout of 950 was no minor milestone, as the S&P

500 made its inaugural move above the triple of its own March 2009 low -- a neat 2,000, for what it is worth -- as far back as August 2014.

Then, last August, a tougher challenge for OEX emerged at 970 -- 20% above the August 2015 and January 2016 lows. After its initial rejection at this level, OEX retreated as far south as its 200-day moving average (around 923) before moving higher again.

Now, to add to this list of technical achievements, OEX has completed a 32nd consecutive session above its 20-day moving average, having maintained a perch above this trend-line throughout last week (even as the S&P 500 broke a comparably long streak above its own 20-day).

And while the momentum of OEX remains impressive, the index's current pause around 1,050-1,060 is a development for bulls to watch. The index's year-long journey to break out above 950 suggests that half-century levels are just as much a sticking point for OEX as they are for the S&P 500 -- and note that the calendar year between July 2015 and July 2016 included more than one deep draw-down for the index. Plus, similar to the 950 level, the 1,050 neighborhood is home to a round-number return from a significant price low -- specifically, 1,059 represents a 20% return from OEX's post-Brexit June 2016 lows.

See the OEX chart on the following page.

OEX daily since March 2015



BW: See also our daily report on The Carlucci Index which compares the performance of the S&P 100 and the S&P 500.

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