GLOBAL TREND ALERT
DETECTING OPPORTUNITIES FOR THE INSTITUTIONAL INVESTOR

THE THURSDAY, OCTOBER 16th 2025 DAILY UPDATE

The card that "came out of the deck" today was a really negative one, and from a trading point of view, it is most definitely concerning. While it's not at all surprising that the market corrected today since there have been "negative divergences" for the past few sessions, and in addition, our Glamour Average has been warning of this likelihood, as it has continued to move lower, even as several of the market indexes made new highs. Nevertheless, the intensity of the selling and how broad the decline was turned out to be much more serious than was anticipated. In the meantime, while just about everything got hit today (except the Gold stocks), as we stressed in yesterday's update, it was important to do reducing in extended Stage 2 issues, and we'd do further profit-taking in these stocks on the next upside bounce, as it's likely that most of them (although still bullish longer-term) have registered short term tops that will not be bettered in the next several days. In addition, from a longer term point of view, plenty of Stage 3 & 4 stocks in our most negatively rated areas remain a long term problem and should most definitely be sold and avoided (and the sectors that concern us the most are: Environmental & Facility, Insurance, Regional Banks, and Research & Consulting). So, as we've been advising, for now, it makes sense to do additional profit-taking in extended issues and to get "lighter", as well as to "go slow" with new buying while this correction remains underway. And finally, talking about this pullback, it's important that you stay focused on the downside levels that we gave you in our Tuesday (10/14) daily update, because as we stressed at that time, "if these levels *all* give way (on a closing basis) that would signal that for the first time in quite a while, the market is going to give us a much *less* controlled correction." And once again, those levels are: S&P 500 Index (SPX) – 6544, Dow – 45,450, NASDAQ Composite Index (COMP) – 22,018, Russell 2000 Index (RUT) – 2390, and the QQQs – 585.

Now let's examine today's trading even more closely. It's negative that once again (as has been the pattern over the past several days), the market initially rallied (and the Dow was up 170 points in the first two hours of trading), but then the rally once again "petered out" (and later in the session, it had not only lost its entire gain, but the DJI was down over 470 points before closing with a 300+ point loss). So that unfavorable pattern, in conjunction with the several short term negative divergences that have been flashed, combined with poor action of the CBOE Market Volatility Index (VIX), which we'll talk about in greater detail in a moment, foreshadowed this latest selloff. Furthermore, it's obviously negative that there were significantly more Declines than Advances, as well as more Downside Volume than Upside Volume on all three markets. In addition, as we just spoke about, it's an ongoing problem that for the past several sessions, the CBOE Market Volatility Index (VIX), which increased today by 4.67 points to 25.31, has been trading above all three of its important moving averages (50, 150, and 200 day – which are currently at 16.25, 19.61, and 19.34, respectively). In the meantime, on the positive side of the short term ledger, it's an ongoing favorable indication that, despite today's horrid action, there were once again more new 52-week highs than new lows on all three exchanges. Nevertheless, as we said earlier, from a near term point of view, we would use an oversold bounce in the coming days to do further reducing in extended issues (focus your attention on stocks that have skyrocketed in the past few weeks and are not only *far* above their 200 day MAs but are also *well* above their 50 day MAs - and that will not only protect your profits, but will also provide buying power when the time is right to become aggressive once again on the buy side). And finally, as we said earlier, stay *very* focused in the coming days on those downside levels, which will help us determine if this is simply a nasty correction or is going to become an intermediate term problem.

Finally, now let's turn our attention to our Glamour Average, which once again did a great job of foreshadowing this latest trouble. Note that while the long term trend is still moderately positive, we've been warning for the past several sessions that "the shorter term action remains concerning." And after today's less-than-thrilling trading, we obviously feel even stronger about that statement! Note that once again, this gauge was initially positive, as it posted a better than 250 point advance in the

THE THURSDAY, OCTOBER 16th 2025 DAILY UPDATE

first few minutes of the day. But then, as has been the case in the past several sessions, sellers got the upper hand, and by noontime, this gauge was down over 100 points. It thereafter weakened on an hour-by-hour basis and closed at 49,228, which was a loss of 496 points (and that was not only the low for the day, but it was the lowest that this gauge has been since August 1st). In the meantime, as we also stressed in yesterday's daily update, "it's obviously concerning that this key gauge continues to trade below its 50 day moving average" (and that's still the case, as that MA is now at 50,893). However, longer-term it's a positive indication that it's still trading above its rising 200 day MA (which is now up to 47,647 – and as we also stressed in yesterday's report, "it will be important to see if it can remain above that important moving average in the coming weeks").