GLOBAL TREND ALERT
DETECTING OPPORTUNITIES FOR THE INSTITUTIONAL INVESTOR

THE THURSDAY, NOVEMBER 6th 2025 DAILY UPDATE

Before we deal with the short term outlook (which we haven't changed our mind about and remain very bearish on), we want to once again stress that what is taking place isn't, as so many others think, "just simply a normal correction". As we've been stressing for a while now, "termites" are at work beneath the market's technical surface, and while there are still some Secondary issues that act well (especially in the Biotechnology and Solar sectors), the aggressive area, which we've repeatedly stressed is dangerous, continues to act absolutely horrid (especially as anticipated, as extended Stage 2 stocks, which were far above their 200 day moving averages continue to get hit, along with Stage 3 & 4 "inferior merchandise"). And this is why we once again reiterated in Tuesday's (11/4) daily update, "the need for extreme caution!" And finally, while we've seen and heard so many "talking heads" on the financial shows say that, after the market recently made a new all-time high, "this selloff came out of the blue". As you know, here too, we don't agree with the conventional wisdom, as there have been a long list of "hints" that we brought to your attention in update after update (such as the fact that our surveys declined last week while the market made that new high – and in addition, our key Glamour Average "did its thing" by topping out in late September and forming that potential "head-and-shoulders" top pattern that we've been focusing your attention on, while so many of the indexes continued to register new all-time highs. Furthermore, it was a "bell ringer" that, in last weekend's update, there were actually more sell recommendations than buys, as well as more unfavorably rated than favorably rated groups, despite the market averages registering that "deceptive" new high. And finally, the horrid Advance-Decline figures were also a heck of a big "hint".) So, as we've also repeatedly stressed, for now, we want you to remain very defensive and to realize that "caution is the better part of valor".

Now with that overview once again in place, let's turn our attention to the very near term trading. We had said in yesterday's daily update that, despite Wednesday's rally, it was "interesting and meaningful that all of the indexes moved back above their downside levels in that day's trading (on an intraday basis), while only the Russell 2000 Index (RUT) managed to close back above its level." So, for that reason, we pointed out that "from a very near term perspective, it will be important to see if the other indexes can match that feat in Thursday's session (otherwise that would lead to the next short term "negative divergence"). As things turned out, we didn't have wait long for the answer, as it quickly became obvious that the new "negative divergence" was being flashed, as the market immediately showed signs of weakness from the "get-go", and then as the day wore on, it went from "bad to worse". It's obviously concerning, even from a near term point of view, that a fast "role reversal" took place in the Advance-Decline figures (yesterday they were healthy, while today they were a disaster – as they were very negative on all three markets). In the same vein, it's also not thrilling that there was more Downside Volume than Upside Volume on all three exchanges. Further compounding the felony, there were more new 52-week lows than new highs on all three markets. And finally, it's an ongoing near term problem that the CBOE Market Volatility Index (VIX) continues to trade above its 50 day MA (which is at 17.05), while tonight it advanced by 1.49 points to 19.50. And finally, it also has to be watched closely that, for the first time in quite a while, the VIX closed above its 150 day MA (which is at 18.67), and it's one "inch" above its 200 day MA (which is at 19.41). And if it moves sharply higher from here, it would be another clear-cut intermediate term warning. So, although the market, from a near term point of view, is now nearing oversold territory, here too we haven't changed our mind and feel that, while there are a few bullish exceptions (and you'll see them highlight in this Sunday's weekly update), in general, you should continue to go very slow with new buying and should use the next rally that sets in to do, at the minimum, further reducing on strength in any stocks that you're holding that are below their 50 day MAs, and thereafter, in addition, sell more aggressively any Stage 4 stocks (that are below their 200 day MAs).

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Finally, let's now turn our attention to our key Glamour Average, which, as we once again stressed in last night's report, "is in no better than a neutral position, as it is now forming a potential Stage 3 topping pattern (as a head-and-shoulders formation appears to be taking shape)." As we've also stressed very often in the past several days, "it's more and more likely that this gauge saw it's high for this cycle when it moved up to its late September peak reading of 52,081." And now tonight's close of 48,681 actually moved it slightly below the "neck line" of the head-and-shoulder formation. So, the likely next near term target is now the 200 day moving average (which is at 48,091). There's a good chance from a very near term point of view that a temporary reversal could very well take place in the next one to two sessions if it nears that important MA and then starts to rally. But we can't stress too strongly that if and when that next short term advance does get underway, we haven't changed our mind and feel very strongly that such an upmove will not take this gauge to a new high, and in general, it should be viewed as a "sell up affair" for the aggressive area. Now examining today's trading even closer, note that by noontime, this average had declined by over 925 points, as it dropped to an intraday low of 48,569. It thereafter "firmed up" a bit, but it then weakened once again in the last hour of trading and closed with a 814 point loss, at 48,681 (which keeps it well below its 50 day MA, at 50,812). And as we just said, it's now nearing its 200 day MA, so trading-wise, the next one to two sessions will be interesting, and we'll keep a close eye on it for you to see exactly what takes place.