

GLOBAL TREND ALERT



DETECTING OPPORTUNITIES FOR THE INSTITUTIONAL INVESTOR

THE MONDAY, JANUARY 26th 2026 DAILY UPDATE

The long term trend remains in okay shape, but the near term outlook continues to be “sloppy and mixed” to say the least. While the S&P 500 Index (SPX), along with the Dow and the NASDAQ Composite Index (COMP) all rallied, at the same time, the Russell 2000 Index (RUT) was down on the day. In addition, the Advance-Decline figures left a lot to be desired, as they were negative on both the AMEX and Over-The-Counter markets, while only slightly positive on the NYSE. Furthermore, also not fitting into a truly good advance is the reality that there was more Downside Volume than Upside Volume on both the New York and OTC markets, while the opposite was true on the AMEX (despite there being negative Advance-Decline figures on that exchange). At the same time, on the positive side of the ledger, it’s encouraging that, once again, there were more new 52-week highs than new lows on all three exchanges, and in addition, that the CBOE Market Volatility Index (VIX), at its current reading of 16.15 continues to trade below its three important moving averages (the 50, 150, and 200 day MAs – which are now at 16.90, 16.76, and 17.83, respectively). So, with both the individual stocks themselves, as well as the indicators, at this time remaining so “mixed”, as we’ve said before, “for now, you should go slow and be very selective with new buying.”

Now turning our attention to what is taking place in the fast-moving sector area, while almost all of the groups felt some pain today (despite the strength in some of the indexes), the standout performers once again were the Gold & Silver stocks (but near term, the probabilities are very strong that they put in short term tops this morning). As to why we feel that way, in addition to them being very extended and far above not only their 200 day MAs and their 50 day MAs, they also had “upside gaps” this morning. And while such a “gap” is a display of strength (and early in a move its very bullish), when such gaps occur *late* in the advance (such as what took place this morning) they usually turn out to be what we call “exhaustion gaps”, and at the minimum, they are usually a sign of a near term top. And that’s why we advised clients that we spoke with today to do some trimming in these issues (although longer term we remain bullish on the group). However, as we’ve said before, “profit-taking is never a dirty word”. In addition, some select (but not all) Oil-Related stocks (especially in the Drilling and Equipment areas) also displayed fine action today and remain in good shape (both short and longer term). At the same time, from a longer term point of view, despite today’s rally, several stocks which have been on our sell lists continue to act very poorly, such as: Acuity Brands – AYI; Avis Budget Group – CAR; Coinbase Global – COIN; Constellation Energy – CEG; Fidelity National Information Services – FIS; Paychex – PAYX; Shopify – SHOP; Spotify Technology – SPOT; Uber Technologies – UBER; and Vornado Realty Trust – VNO. So, continue to be very disciplined and only hold Stage 1 & 2 issues, while you avoid the “inferior merchandise” that we continue to warn about.

Finally, as far as our Glamour Average is concerned, we still view the long term outlook as being in no better than a neutral position. However, near term, this trend is moderately positive, as this gauge bounced off of that support near 49,000 in textbook fashion (note the 50 day MA is at 49,040, and the 200 day MA is at 49,230). And today’s action further reinforced that outlook, as this gauge was never “red”, and early in the afternoon (around 1 PM), it was up close to 575 points. And although it thereafter weakened a bit, it still closed with a good gain at 49,690 (which was an advance of 453 points). So, trading-wise, as long as it can hold above 49,000, the near term outlook should remain in decent shape, but “down the road”, if it breaks below that crucial support (on a closing basis), that would signal that this area is once again becoming a problem, even near term, so stay focused on that level.

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