A Snapshot of Moving Averages

**View from the Observation Deck**

1. In today's post, we are showing the percentage of stocks in some major U.S. stock indices that are trading above their respective 50-Day and 200-Day moving averages.
2. Moving averages tend to smooth out day-to-day price fluctuations and can be a useful tool for traders to identify both positive trends and reversals, in our opinion.
3. On 5/13/19, the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices closed 4.55%, 8.47% and 14.90%, respectively, below their all-time highs, according to Bloomberg.
4. The percentage of stocks in the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices trading above their 50-Day moving averages on 5/14/19 were 42%, 40% and 39%, respectively.
5. The percentage of stocks in the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices trading above their 200-Day moving averages on 5/14/19 were 57%, 45% and 38%, respectively.
6. The percentage of stocks trading above their 50-Day moving average by S&P 500 sector ranged from 24% (Energy & Health Care) to 71% (Utilities).
7. The percentage of stocks trading above their 200-Day moving average by S&P 500 sector ranged from 24% (Energy) to 93% (Utilities).
8. Sharp sell-offs in the broader major stock indices like yesterday’s create buying opportunities, in our opinion.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices (Real Estate was added as the 11th major sector in 2016 but data is not available for this chart) are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization.

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