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By Bill McLaren | Published 04/2/2009 | April 2009 | Unrated

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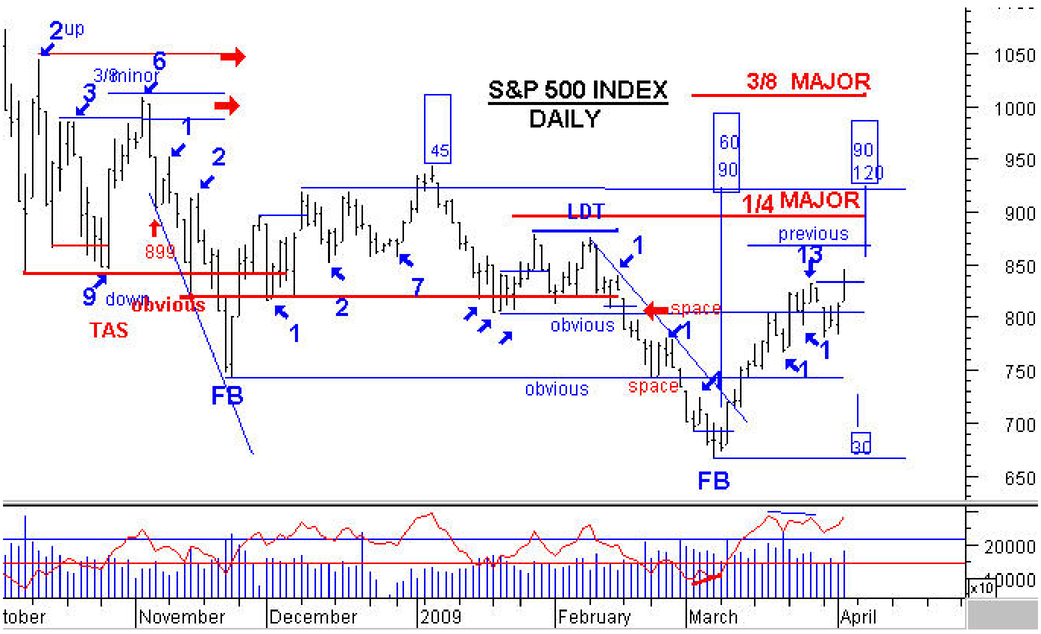
Initial jobless claims at 662,000 with consensus at 650,000. Factory orders up 1.8% with consensus at 1.5% but previous month lowered to minus 3.5%. FASB relaxes rules for Mark to Market accounting.

S&P 500 INDEX

The index gapped up and closed higher but the last hour couldn't hold the all the gains. The gap was quite large and should need to be consolidated. One of the probabilities was to exhaust into the 30 day cycle on Monday or Tuesday and that could be what is going on now. I was expecting the big gap up to occur Monday or Tuesday. If this simply consolidates the gap then it could remain bullish. Gaps up of this magnitude while in bear trends are almost always an exhaustion of the movement. In bull trends there tends to a consolidation of a few days or another gap and then the consolidation. Remember the index gapped down into the low of the 30th and now gapped up to new highs.



The NASDAQ 100 gapped up to new highs above its consolidation and is at a critical point on the chart. The move down from the "obvious" was only one day with a downside test two days later. This index did not go lower in March so it would be an obvious candidate to lead a rally. But how this copes with the gap to new highs will be informative. If this were going higher there should still be a bit of a consolidation of the large gap with little downside testing. This index could also be running different cycles to the S&P 500 and could be running out as far as the 11th on this run. So we need to see what kind of exhaustion just occurred if it is temporary or something larger.

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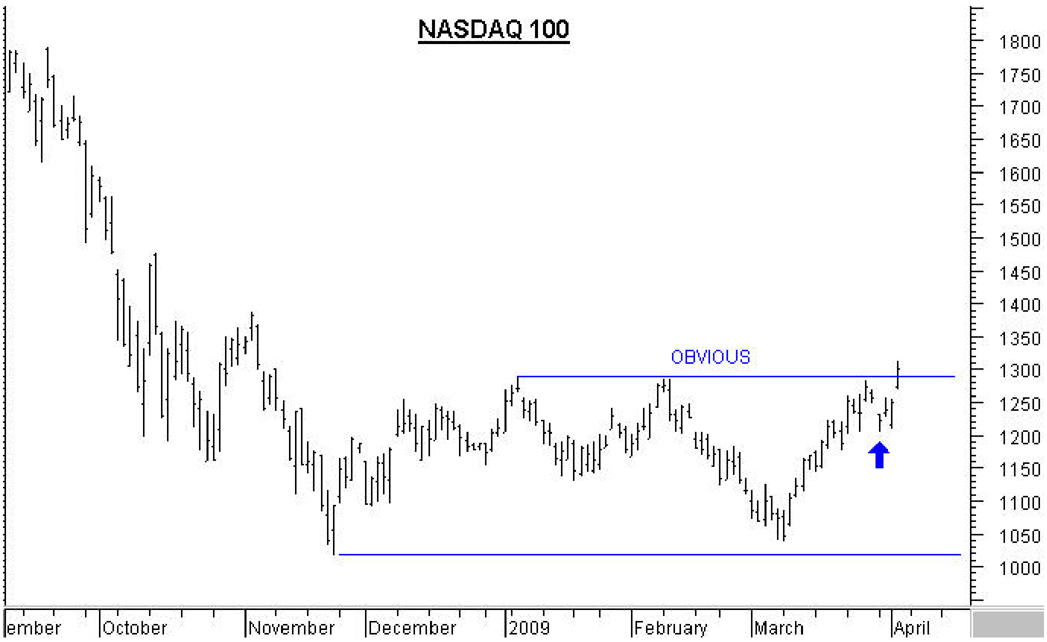

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