Keep dancing. The market indexes are trading in fairly tight ranges as the earnings reporting season continues to unfold and it is interesting how the positive and negative earnings surprises are balancing each other out in the flattish performance of the indexes. We see the indexes as peaking on a short-term basis after their prior rallies of the past two months that saw the Dow and S&P gain around 10% over that period. Although the long-term trend of the markets remains bullish, we think shorter-term indicators of weakening advance-decline numbers and the lagging performance of broader-based indexes are signs of a potential pullback that could soon develop. In the meantime, the story is in the individual companies as they report and project their future expectations.

We view the short-term trend as toppy, while the intermediate-term is neutral and the long-term trend continues to be bullish.

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