



2016

Second Quarter Review

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These Things Take Time... Historical Context of Bull to Bear Market Transitions

- Long bull markets do not go easily; the longer the run the longer the deterioration before a new bear market
- A look back to the previous lengthy bulls (1982-2000) and (1921 – 1929)
- Common characteristics: selectivity, high valuations, weakening Buying Power trends, strengthening Selling Pressure, Sector leadership

Major Price Indexes

Index	Closing Price 2016Q2	Return 2016Q2	Return 2016YTD
NYSE MKT COMPOSITE	2412.22	7.53%	12.24%
S&P MIDCAP 400	1496.5	3.55%	7.00%
RUSSELL 2000	1151.92	3.40%	1.41%
S&P SMALLCAP 600	708.36	3.11%	5.45%
S&P 500	2098.86	1.90%	2.69%
DOW JONES INDUSTRIALS	17929.99	1.39%	2.90%
NASDAQ COMPOSITE	4842.67	-0.56%	-3.29%
NASDAQ 100	4417.7	-1.47%	-3.82%

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Sector Returns- Defensive Stocks Rule!

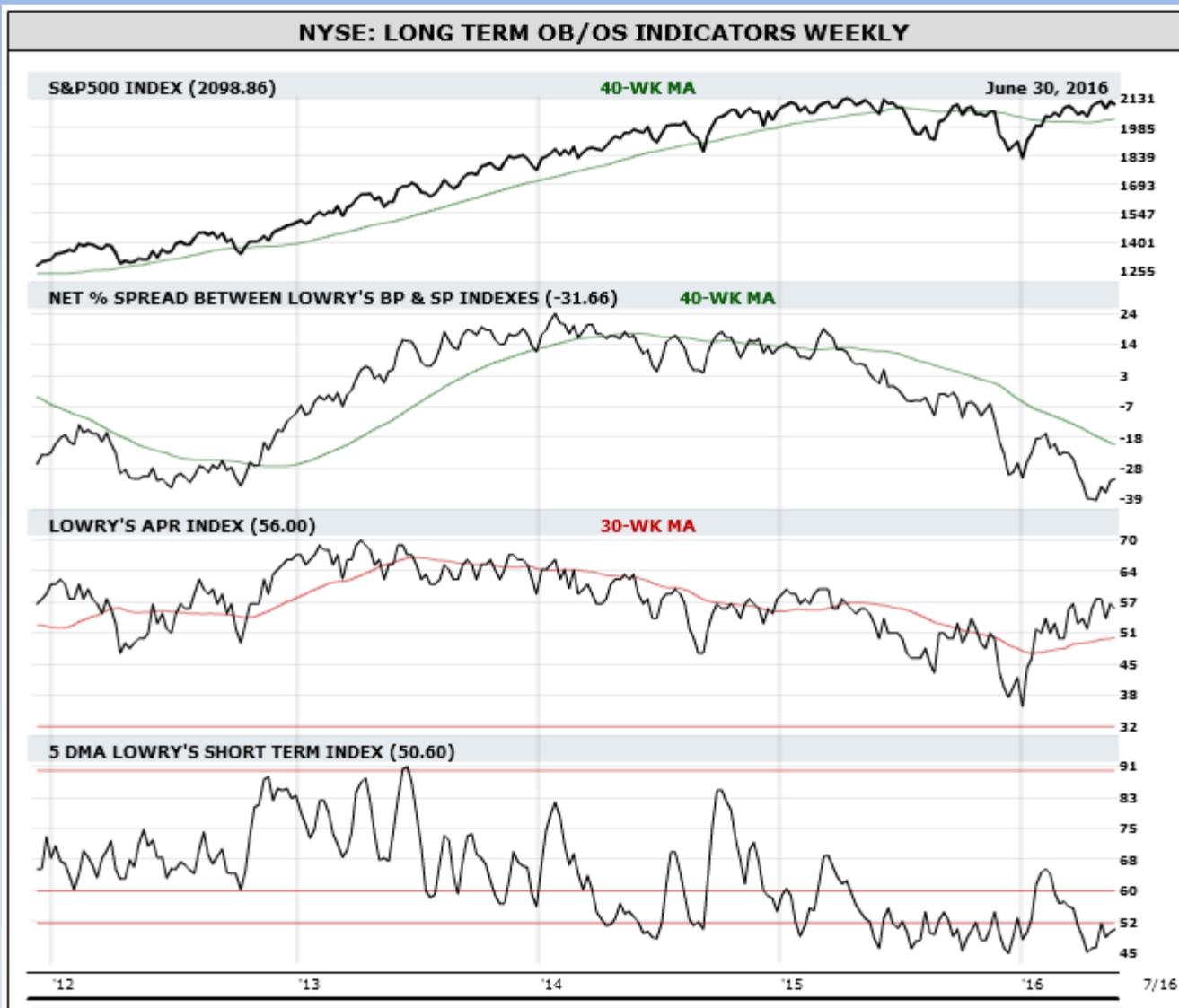
Sector	2016Q2 Return	2016 Return
BASIC MATERIALS	14.02%	27.15%
UTILITIES	13.15%	20.89%
CONSUMER NONCYCLICAL	5.20%	9.65%
ENERGY	4.20%	-10.46%
FINANCIAL	0.90%	-1.82%
INFORMATION TECHNOLOGY	-0.45%	-5.29%
INDUSTRIAL	-0.72%	-1.90%
HEALTH CARE	-1.71%	-17.43%
TELECOM	-2.73%	1.24%
CONSUMER CYCLICAL	-5.78%	-4.54%

**** Returns are calculated using Lowry's Unweighted Sector Indexes**

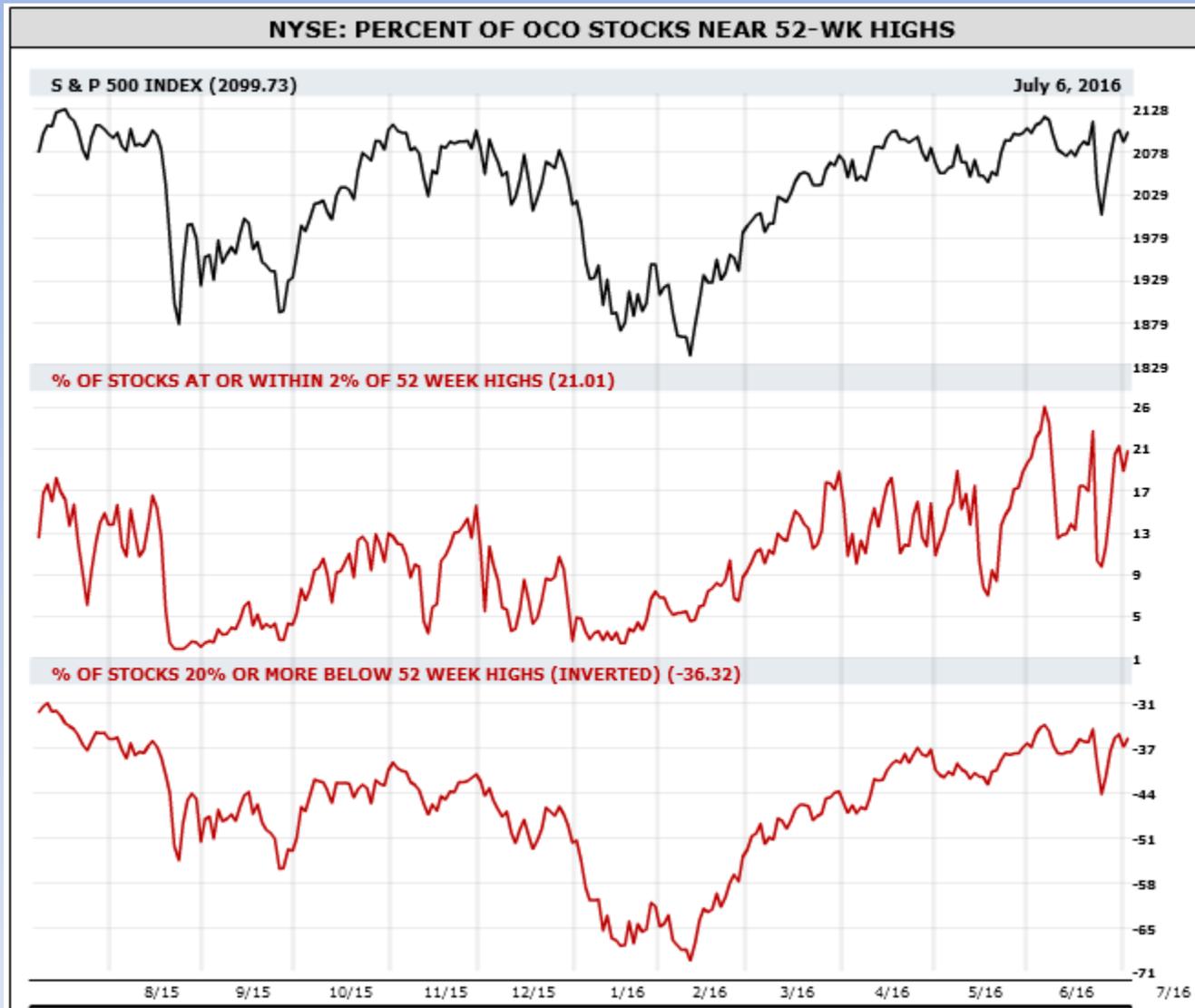
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Key Themes

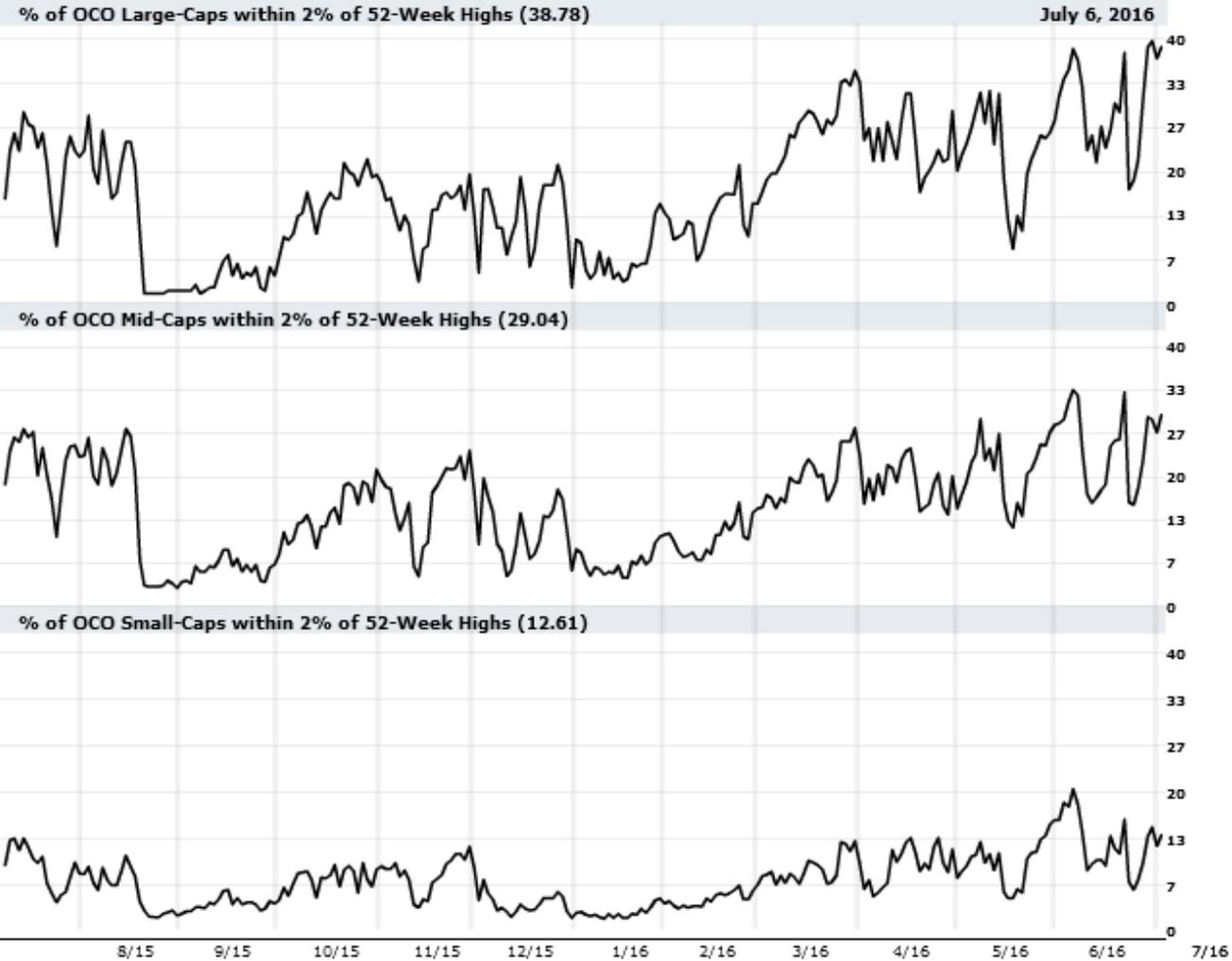
- Coordinated, Global Central Bank intervention influence stocks and bonds
- Persistent leadership by Large-Cap, Dividend-Paying stocks
- Range bound market conditions post sharp first quarter rally
- Demand strength focused on most defensive Sectors: Utilities, Consumer Non-cyclical, Basic Materials (Gold/ precious metals)
- Buying Power trend improvement in the last month of the quarter
- But, Selling Pressure declining at a slower pace than Buying Power expands







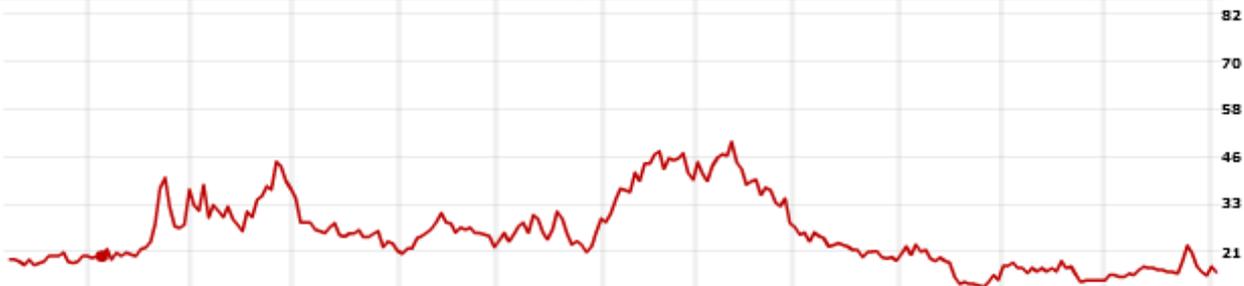
NYSE: SEGMENTED PERCENT OF OCO STOCKS NEAR 52-WK HIGHS



NYSE: SEGMENTED PERCENT OF OCO STOCKS 20% OR MORE BELOW 52-WK HIGHS

% of OCO Large-Caps 20% Or More Below 52-Week Highs (17.29)

August 6, 2015

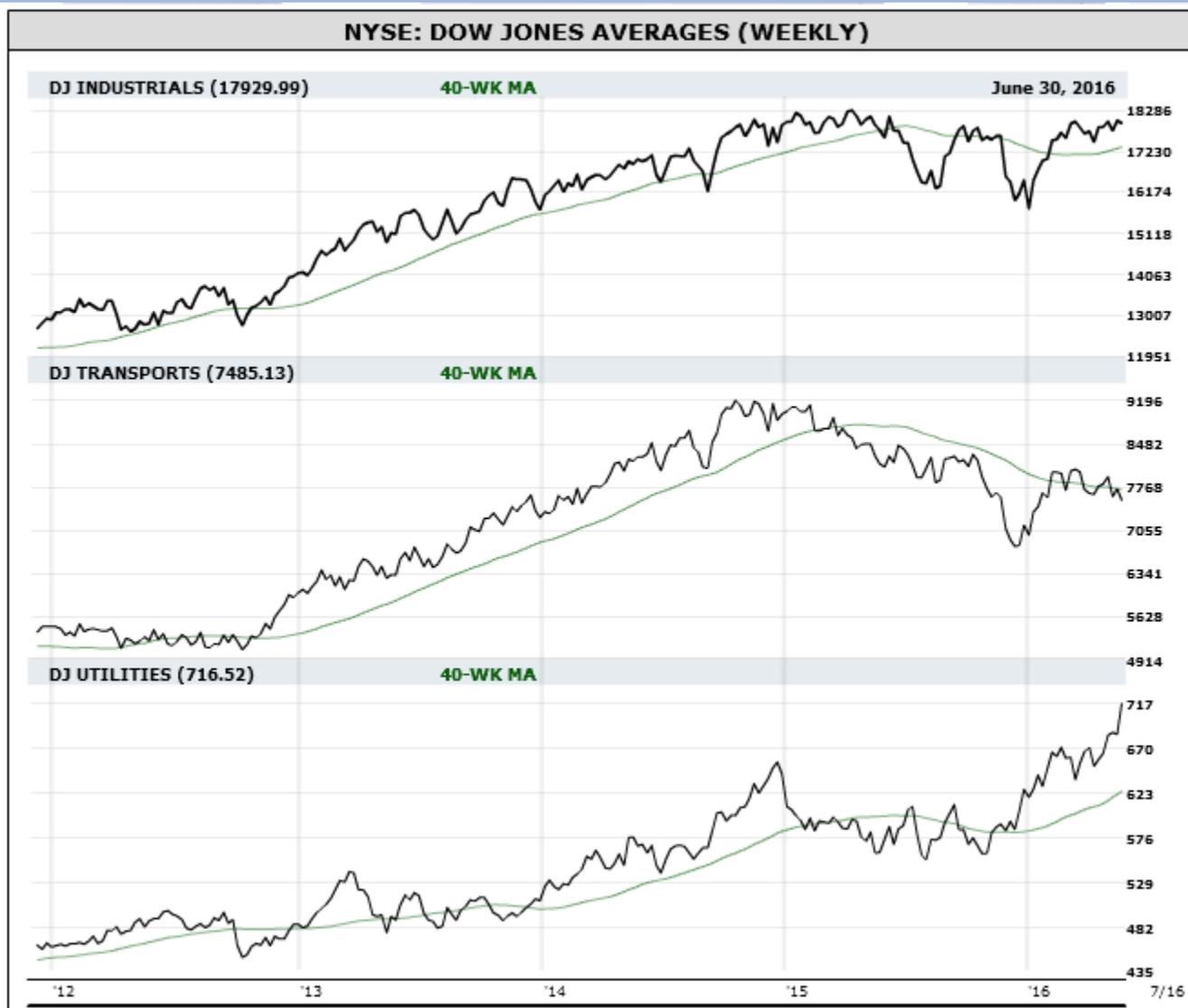


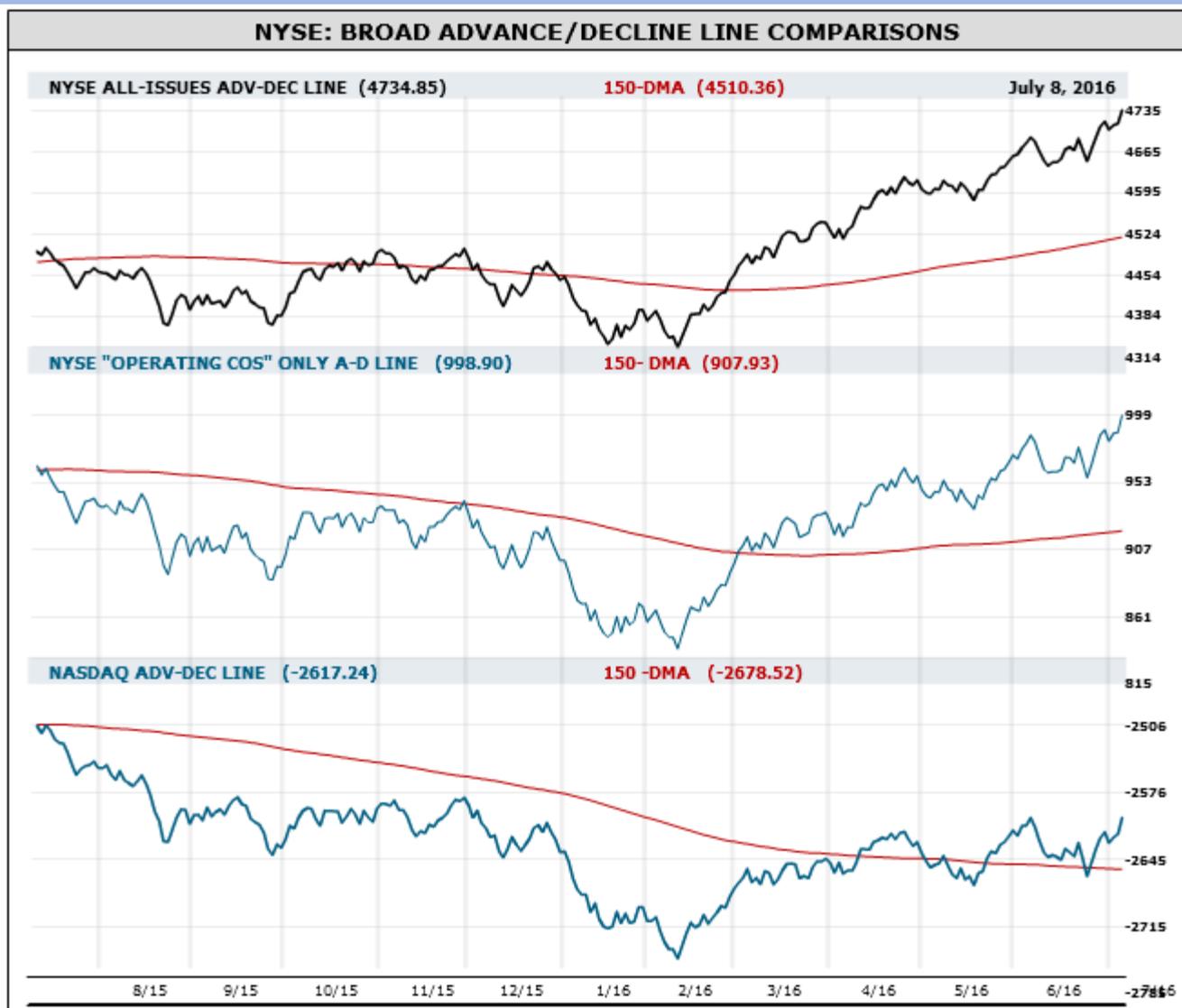
% of OCO Mid-Caps 20% Or More Below 52-Week Highs (24.00)

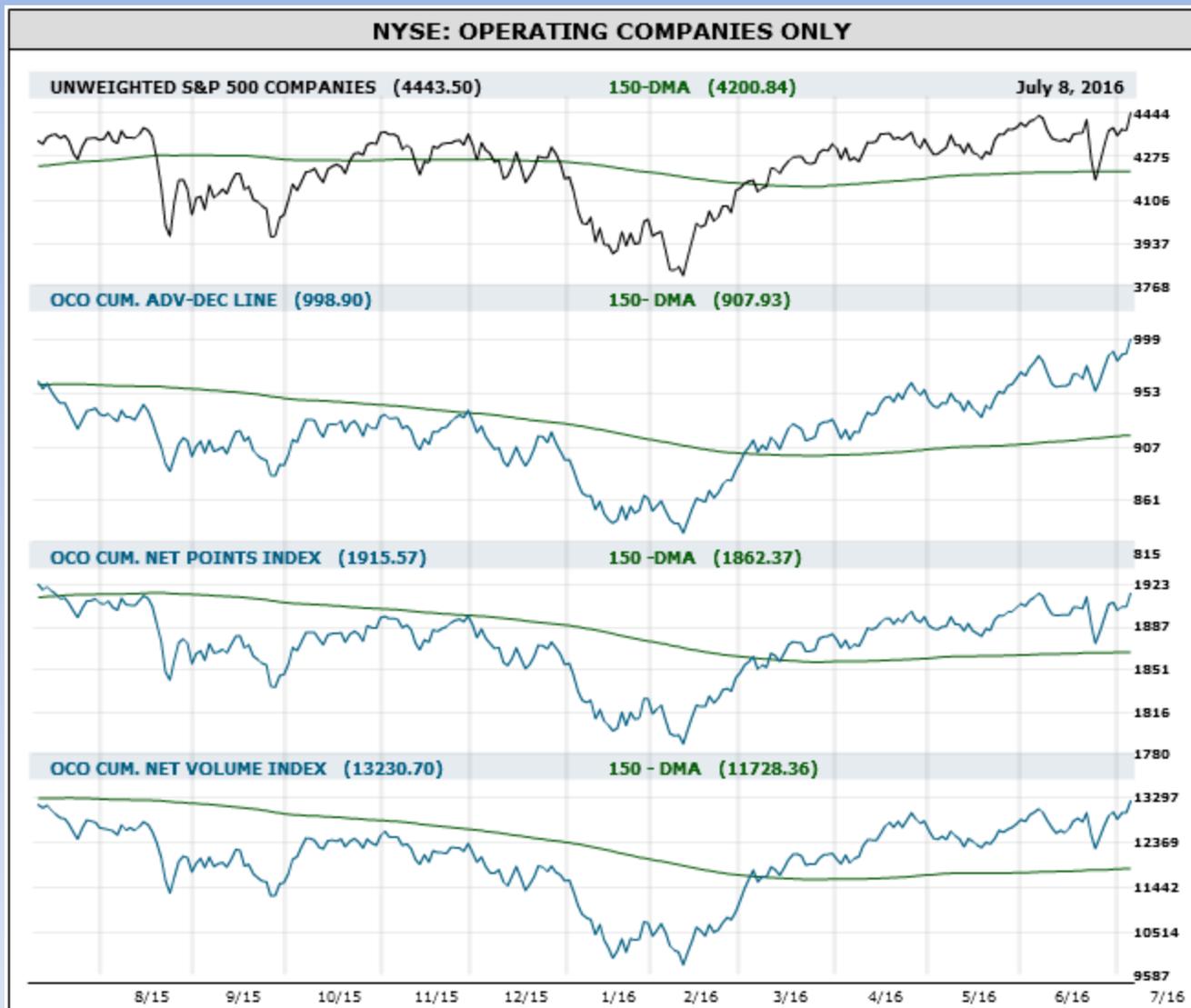


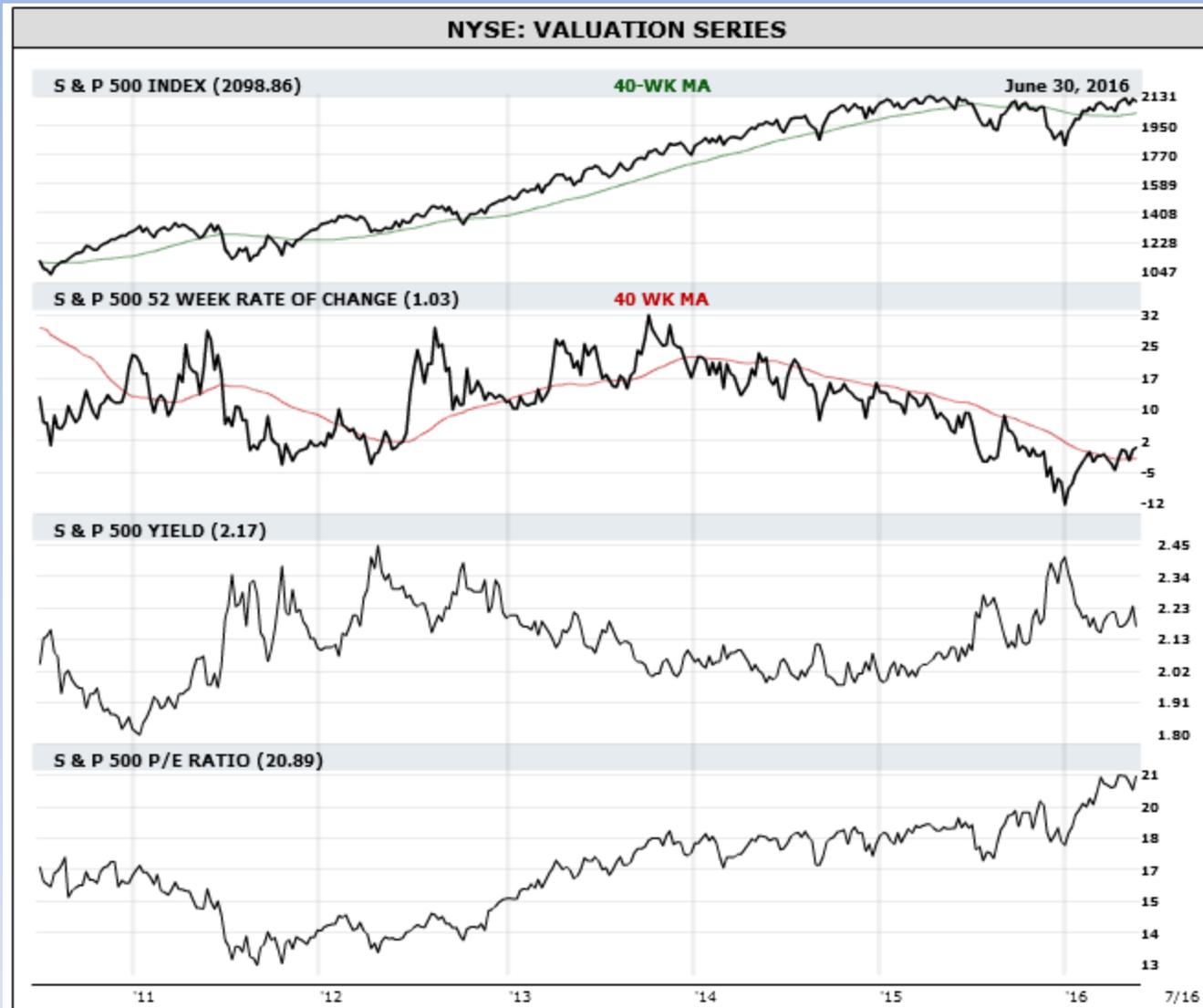
% of OCO Small-Caps 20% Or More Below 52-Week Highs (49.12)



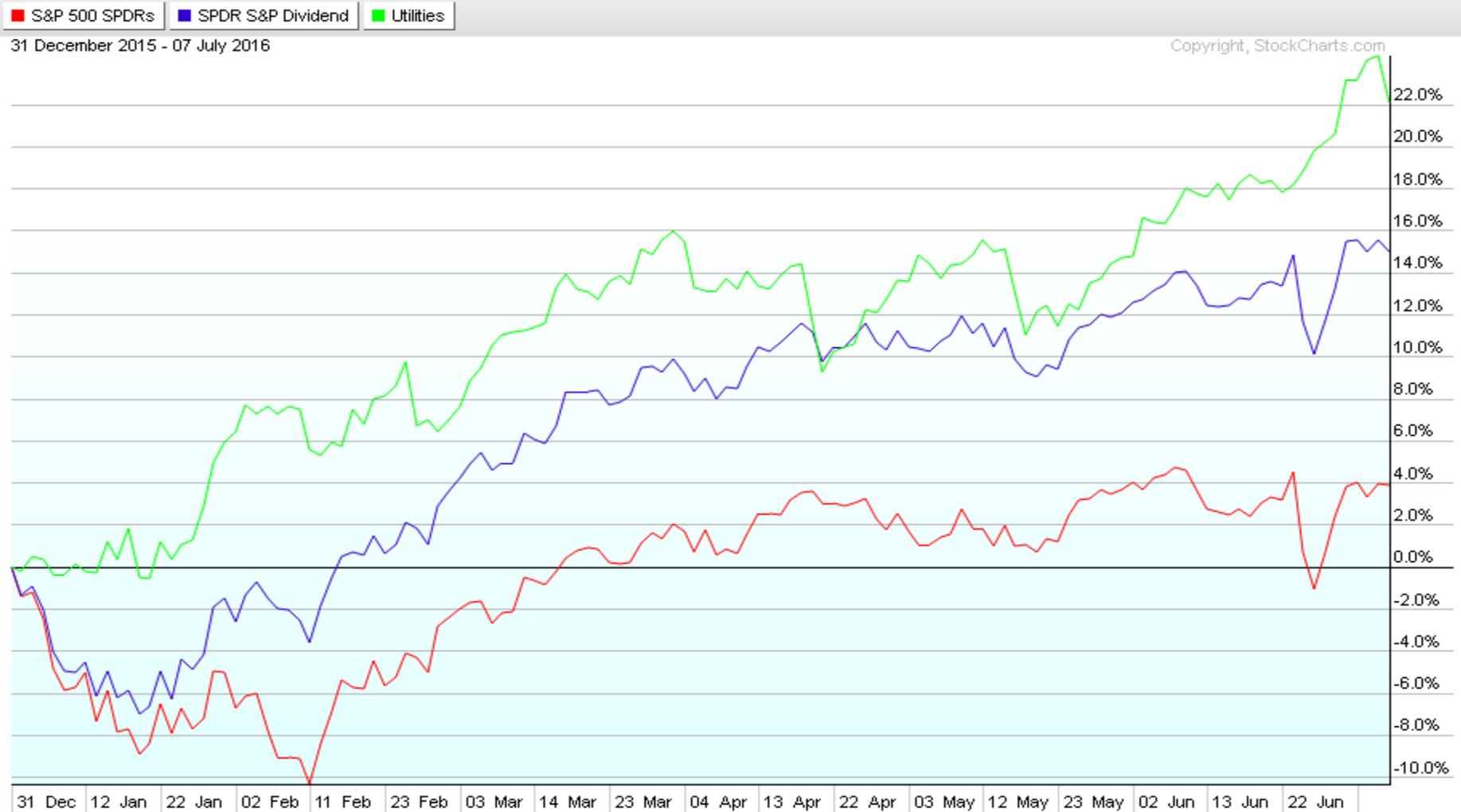








Dividends, Dividends, Dividends...



Broad Market Summary

- Selling Pressure remains dominant over Buying Power despite improvements from the start of June; changes in Selling Pressure should be watched carefully
- Selectivity heavily favoring Large-Cap, Defensive, Dividend-Payers may be producing misleading Breadth figures such as All-Issue Advance / Decline Line and skewing index performance
 - Risks are rising given the crowding in this trade
- Transition from bull to bear market elongating, but remains our thesis regarding the intermediate term market trend

Sector / Industry Group Review

Sector Overview Quick Summary – 6/30/16

ALERTS			POWER RATING RANK				PRICE PERFORMANCE RANK				SECTOR BREADTH RANK				TREND	
WK	NAME	QUICK SUMMARY RANK	CUR	1WK AGO	2WK AGO	3WK AGO	CUR	1WK AGO	2WK AGO	3WK AGO	CUR	1WK AGO	2WK AGO	3WK AGO	INTER TERM	SHORT TERM
	UTILITIES	69	81	79	78	81	50	41	44	44	63	60	65	54	O-BOT	O-BOT
	CONSUMER/NONCYC	58	71	68	66	69	41	34	37	34	48	32	41	38	O-BOT	O-BOT
	BASIC MATERIALS	47	60	59	59	62	35	32	34	28	33	33	51	48	POS	POS
	TELECOM	44	53	50	49	51	41	35	38	28	27	26	37	32	NEG	O-BOT
	ENERGY	43	50	49	46	51	35	32	34	28	37	33	43	36	POS	POS
	FINANCIAL	43	63	62	60	66	27	24	28	28	18	13	26	30	NEG	NEG
	INFORMATION TEC	41	54	54	53	56	35	41	50	41	19	26	48	47	NEG	NEG
	INDUSTRIAL	39	54	54	53	58	30	30	34	28	18	18	34	34	NEG	NEG
	CONSUMER/CYCLIC	39	50	49	48	50	30	24	24	21	26	21	25	21	NEG	NEG
	HEALTH CARE	38	47	45	44	49	32	28	31	28	26	16	33	37	NEG	NEG

- Strength and weakness is clear-cut between Sectors
- Defensive, high yielding Utilities and Consumer Non-cyclical Sectors leading in our Quick Summary table (available to professional level subscribers)
- Basic Materials, led by Gold stocks
- Healthcare, traditionally defensive, though the persistently weakest

Sector Overview Power Ratings – 6/30/16

ALERTS		PERFORMANCE			FUNDAMENTALS				POWER RATING						TREND		
DAY	WK	NAME	RELATIVE	/	MOMENTUM	PRICE	EGR	PSR	VEL	PR	-5 DAY	-10 DAY	-15 DAY	20D MAV	150D MAV	INTER TERM	SHORT TERM
		UTILITIES			25	718.43	60	59	15	81	79	79	79	80	68	★★★	★★
		CONSUMER/NONCYC			13	816.56	62	62	14	71	67	68	66	68	63	★★★	★★
		FINANCIAL			7	347.45	43	45	13	62	58	61	62	62	61	---	---
		BASIC MATERIALS			4	470.16	58	62	24	61	56	59	59	59	46	★★★	★★
		INDUSTRIAL			-1	602.42	57	56	17	54	50	55	54	54	49	---	---
		INFORMATION TEC			-1	1285.76	50	49	18	53	50	54	53	54	49	★★	---
		TELECOM			-5	740.75	57	62	17	52	47	50	48	50	46	---	---
		CONSUMER/CYCLIC			-6	449.29	61	61	16	50	45	49	47	49	47	---	---
		ENERGY			-6	246.69	57	61	29	49	46	49	48	49	34	★★	---
▲		HEALTH CARE			-9	2030.89	48	38	22	48	42	44	46	46	45	---	---

- Again, when ranked by relative Power Rating, Utilities and Consumer Non-Cyclical are clearly the strongest Sectors
- Health Care, driven by persistent weakness in the Biotech industry group, is the worst

Which Sectors Showed The Most Breadth Improvement In Q2?

Percent Of Stocks Within 2% Of Their 52-Week Highs - 3/31/2016

Utilities	Telecom	Info Tech	Industrials	Healthcare	Financials	Energy	Cons. Non-cyclicals	Cons-Cyclicals	Basic Materials
52.54%	12.97%	10.84%	12.14%	5.57%	16.67%	2.32%	27.58%	12.61%	8.04%

Percent Of Stocks Within 2% Of Their 52-Week Highs - 6/30/2016

Utilities	Telecom	Info Tech	Industrials	Healthcare	Financials	Energy	Cons. Non-cyclicals	Cons-Cyclicals	Basic Materials
59.02%	17.12%	10.49%	12.14%	10.38%	23.80%	9.31%	40.00%	9.67%	21.18%

Which Sectors Continued To Struggle In Q2?

Percent Of Stocks Down 20% Or More From Their 52-Week Highs - 3/31/2016

Utilities	Telecom	Info Tech	Industrials	Healthcare	Financials	Energy	Cons. Non-cyclicals	Cons-Cyclicals	Basic Materials
28.81%	48.16%	50.79%	49.36%	65.01%	33.33%	81.02%	28.45%	46.14%	52.27%

Percent Of Stocks Down 20% Or More From Their 52-Week Highs - 6/30/2016

Utilities	Telecom	Info Tech	Industrials	Healthcare	Financials	Energy	Cons. Non-cyclicals	Cons-Cyclicals	Basic Materials
19.68%	39.65%	45.14%	43.53%	61.7%	29.6%	54.89%	21.75%	50.56%	34.49%

2016 Q2 Industry Group Returns

Industry	2016Q2 Return
METALS - RARE	45.7%
UTILITIES - WATER	19.6%
UTILITIES - GAS	17.7%
CHEMICALS - SPECIALTY	11.3%
HEALTH PRECISION INSTRUMENTS	9.5%
UTILITIES - ELECTRIC	8.7%
BUILDING MATERIALS	8.1%
METALS - STEEL	8.0%
REITS	7.4%
FOOD	7.1%
METALS - NON-FERROUS	6.4%
MULTI-INDUSTRY	6.4%
AEROSPACE	5.4%
OIL & GAS PRODUCERS	5.3%
SEMICONDUCTOR EQUIPMENT	4.7%
PAPER & PACKAGING	4.2%
OIL REFINING & MARKETING	4.0%
ALCOHOL & TOBACCO	3.9%
BANKS - SUPER REGIONAL	3.4%
ENTERTAINMENT	3.2%
HEALTH SUPPLIES/EQUIPMENT	2.9%
CONSUMER PRODUCTS	2.7%
RETAIL - FOOD	2.6%
OIL SERVICES	2.4%
BUILDING CONSTRUCTION	2.4%
BANKS - REGIONAL	2.4%
BUSINESS SERVICES	2.0%
ONLINE	2.0%
MACHINERY - HEAVY	1.1%
CHEMICALS - BASIC	0.9%
HOTELS & GAMING	0.7%
COMMUNICATIONS	0.0%



Industry	2016Q2 Return
PUBLISHING	0.0%
INSURANCE - PROPERTY	-0.4%
ADVERTISING	-0.5%
MACHINERY - LIGHT	-0.5%
HEALTH PROVIDERS/SERVICES	-0.6%
INSURANCE - LIFE	-0.9%
COMPUTER SERVICES	-0.9%
COMPUTER SOFTWARE	-1.1%
PRECISION INSTRUMENTS	-2.3%
ELECTRONICS	-2.4%
ENVIRONMENT	-2.5%
RESTAURANTS	-3.7%
COMPUTER EQUIPMENT	-3.9%
TEXTILES/APPAREL	-4.0%
MISCELLANEOUS	-4.2%
PHARMACEUTICALS	-4.4%
ELECTRICAL EQUIPMENT	-4.5%
AUTOMOTIVE EQUIPMENT/PARTS	-4.9%
FINANCE	-4.9%
HOUSEWARES	-5.5%
COMMUNICATIONS EQUIPMENT	-6.4%
AUTOMOTIVE MANUFAC/DEALERS	-6.5%
RECREATION	-6.9%
RETAIL - DEPT. STORE	-7.0%
TRANSPORTATION	-7.8%
BIO-GENETICS	-8.2%
RETAIL - MISCELLANEOUS	-8.4%
AIRLINES	-8.6%
BROKERS	-8.7%
BANKS - MAJOR	-10.1%
BUSINESS SUPPLY	-14.4%
RETAIL - CLOTHING	-27.8%



**** Returns are calculated using Lowry's Unweighted Industry Group Indexes**

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2016 Q2 Industry Group Power Ratings - 6/30/16

Industry	Power Rating
UTILITIES-WATER	90
UTILITIES-ELECT	82
REITS	81
UTILITIES-GAS	78
METALS-RARE	75
CONSUMER PRODS	73
FOOD	72
BLDG MATERIALS	71
ALCOHOL&TOBACCO	71
PAPER&PACKAGING	66
INSURANCE-PROP	64
HEALTH PRECISIO	63
BANKS-SUPER REG	62
AEROSPACE	62
MULTI-INDUSTRY	62
RETAIL-FOOD	62
INSURANCE-LIFE	61
BANKS-REGIONAL	61
CHEM-SPECIALTY	60
ENVIRONMENT	59
HEALTH PROV/SER	59
METALS-STEEL	59
SEMICON EQUIP	59
BUSINESS SERV	58
ADVERTISING	58
COMMUNICATIONS	57
COMPUTER SOFTW	57
MACHINERY-LIGHT	57
BUSINESS SUPPLY	56
COMPUTER SERVCS	55
HOUSEWARES	55
HEALTH SUPPL/EQ	54



Industry	Power Rating
OIL REF & MKTG	54
TEXTILE/APPAREL	54
BLDG CONSTRUC	53
HOTELS-GAMING	53
RECREATION	53
RETAIL-DEPTSTRS	53
CHEM-BASIC	52
MACHINERY-HEAVY	52
MISCELLANEOUS	52
ELECTRICAL EQPT	51
ELECTRONICS	51
PRECISION INSTR	51
PUBLISHING	51
AUTO-EQUIP/PART	51
COMPUTER EQPT	50
METALS NON-FER	50
OIL & GAS PROD	50
ONLINE	50
ENTERTAINMENT	49
RESTAURANTS	48
RETAIL-MISC	47
COMMUNICA EQUIP	46
FINANCE	46
AIRLINES	45
OIL SERVICES	43
AUTO-MANUF/DEAL	42
BROKERS	41
TRANSPORTATION	41
PHARMACEUTICALS	38
RETAIL-CLOTHING	38
BIO-GENETICS	36
BANKS-MAJOR	35



Concluding Thoughts For The US

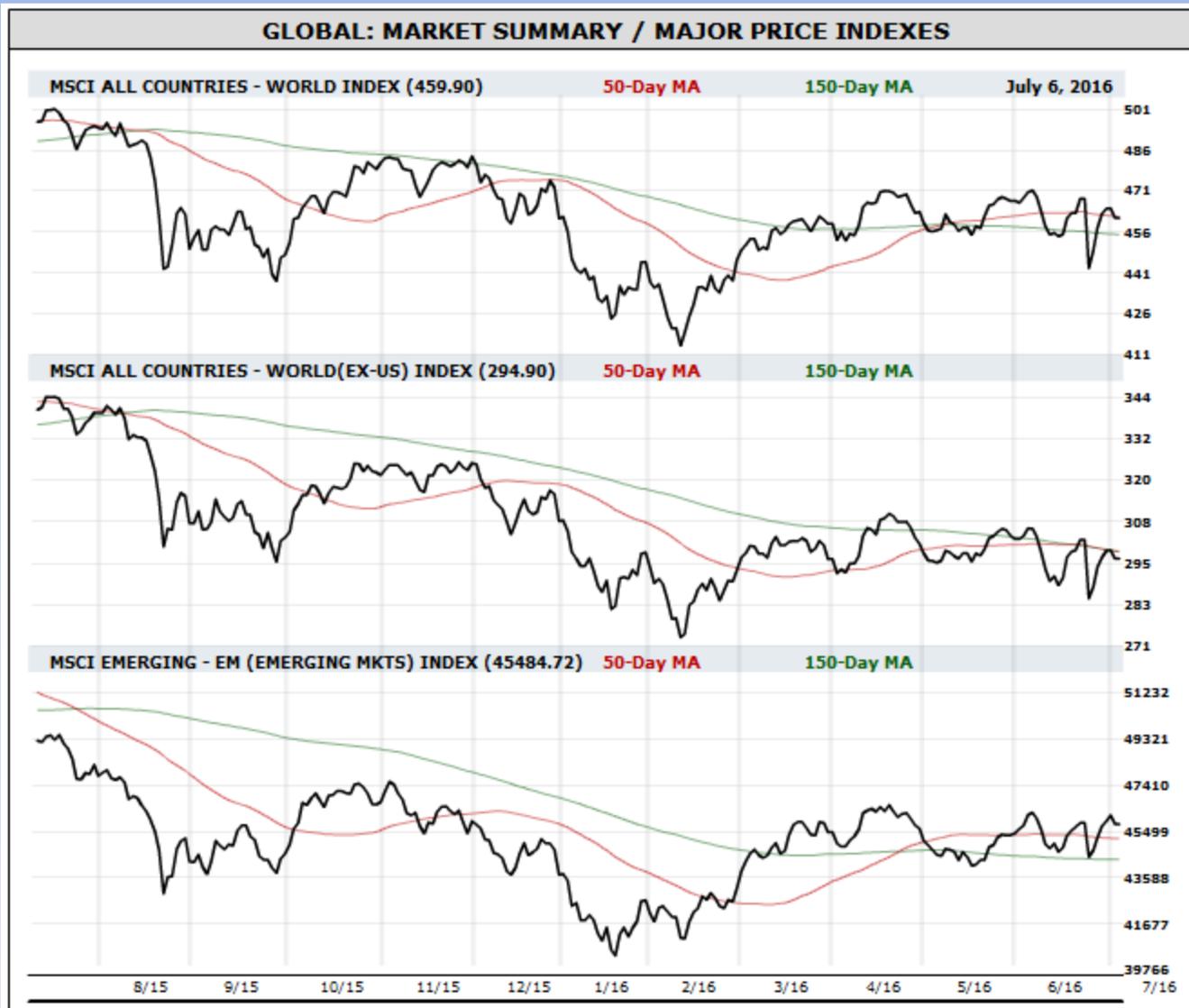
- The overall Supply and Demand environment remains weak
 - Leaves market vulnerable to sharp declines, like after the Brexit vote
- Evidence suggests market transition process remains in tact, but shorter term trading opportunities still present
- Strength in defensive, large cap, non-cyclical names with higher yields
 - Many stocks are overvalued relative to historical averages, but could continue to outperform based on Demand trends
- Going forward, watch for: changes in Sector/ market Cap leadership and those in Selling Pressure's trend

2016

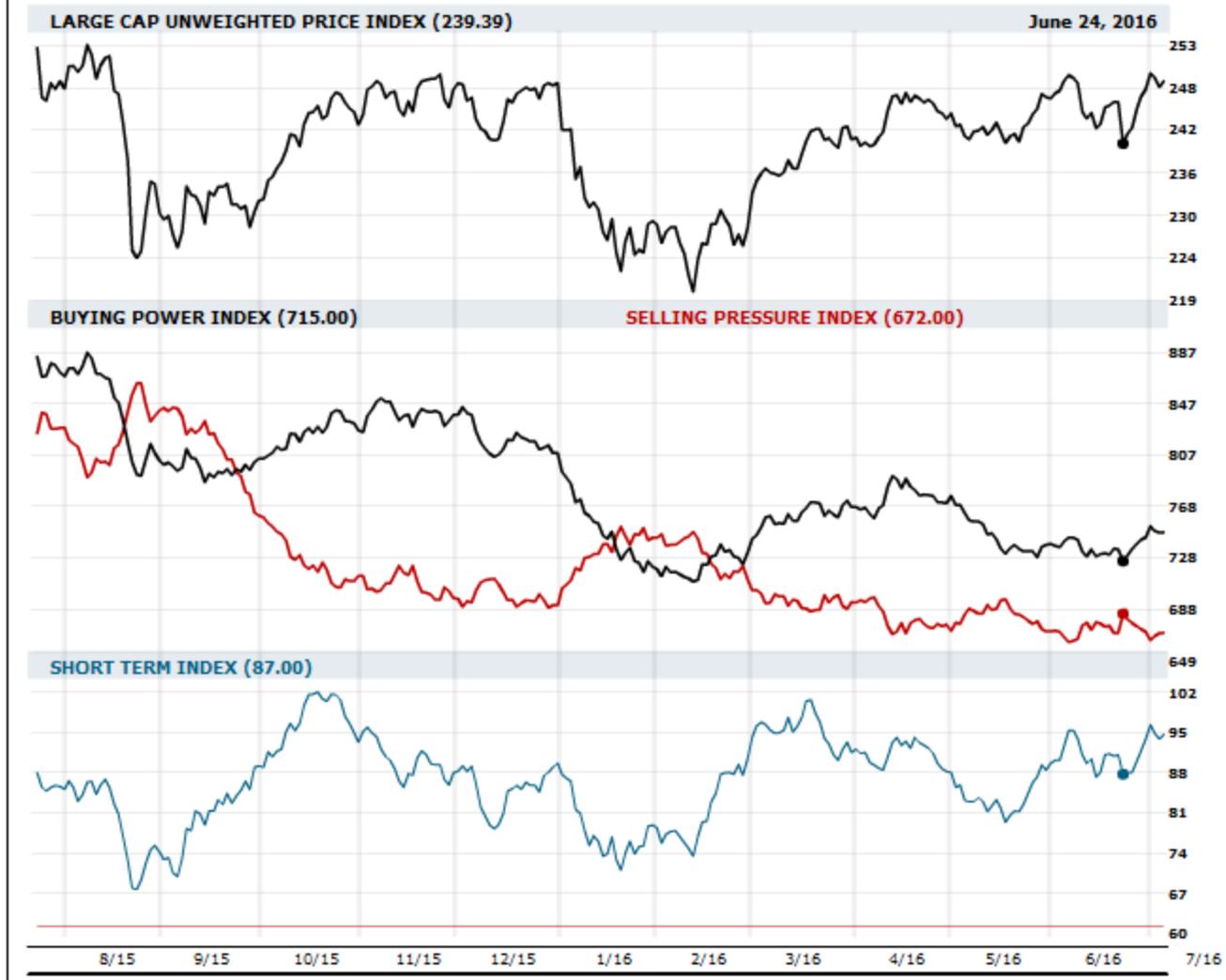
Second Quarter Global Review



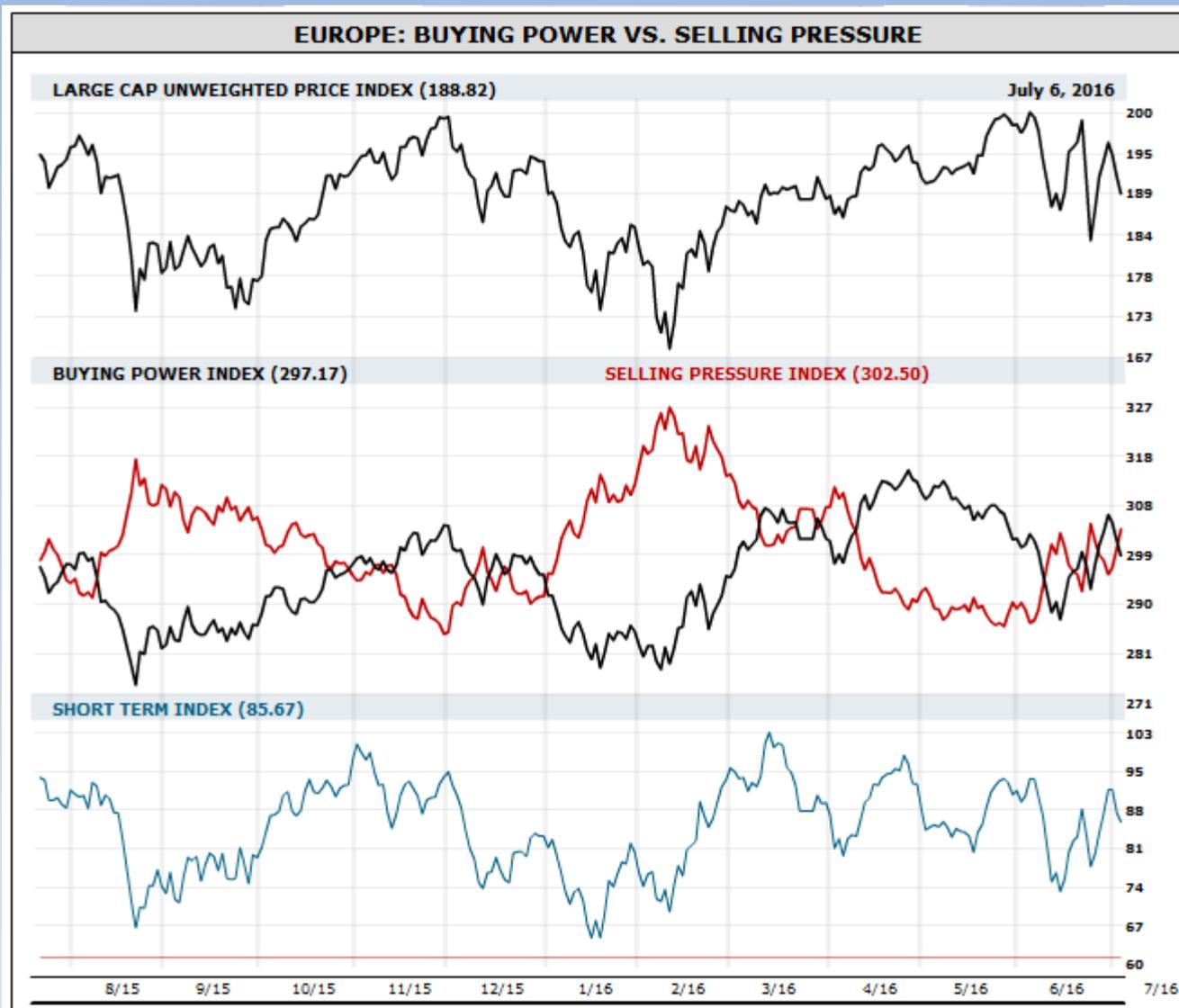
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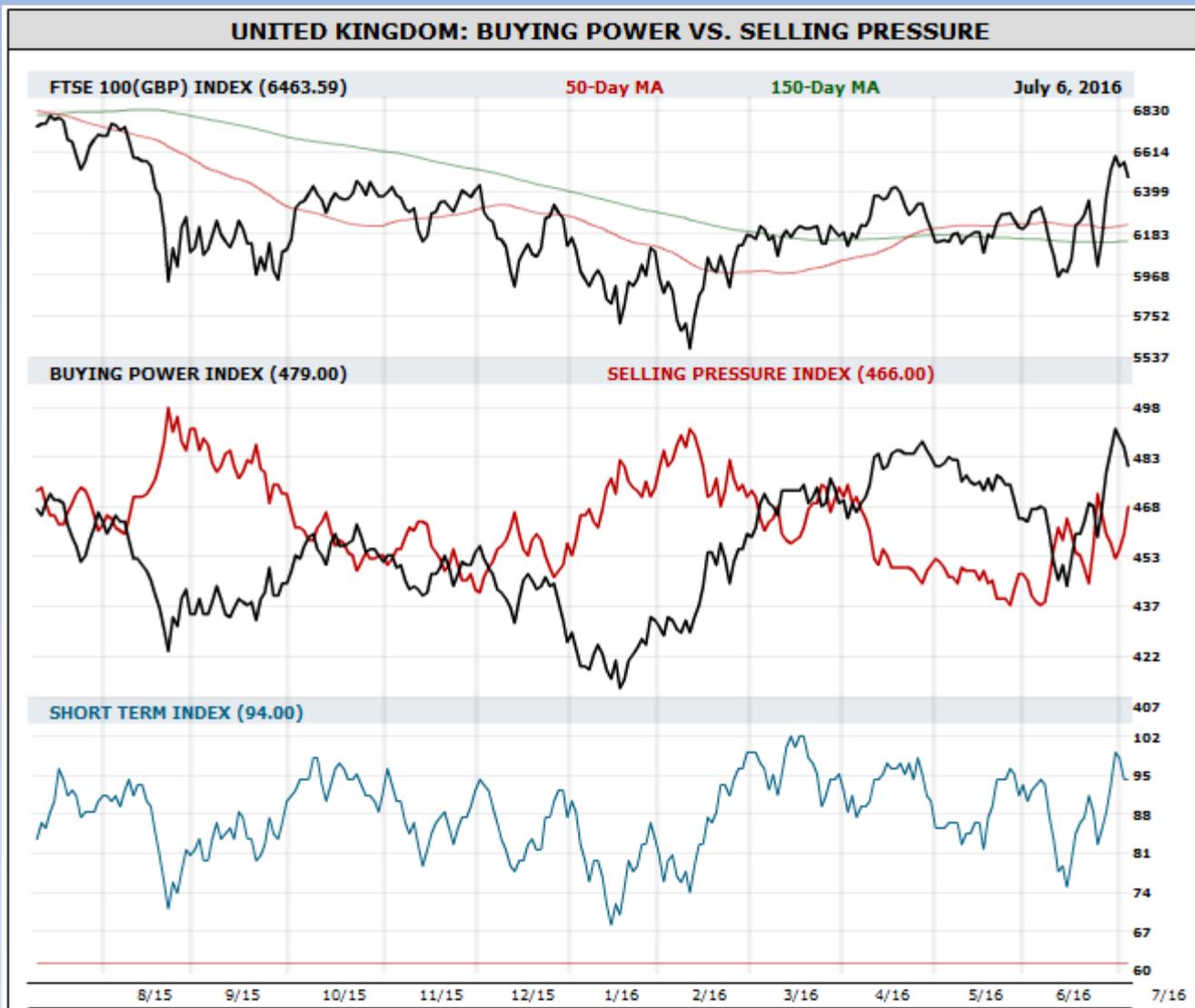


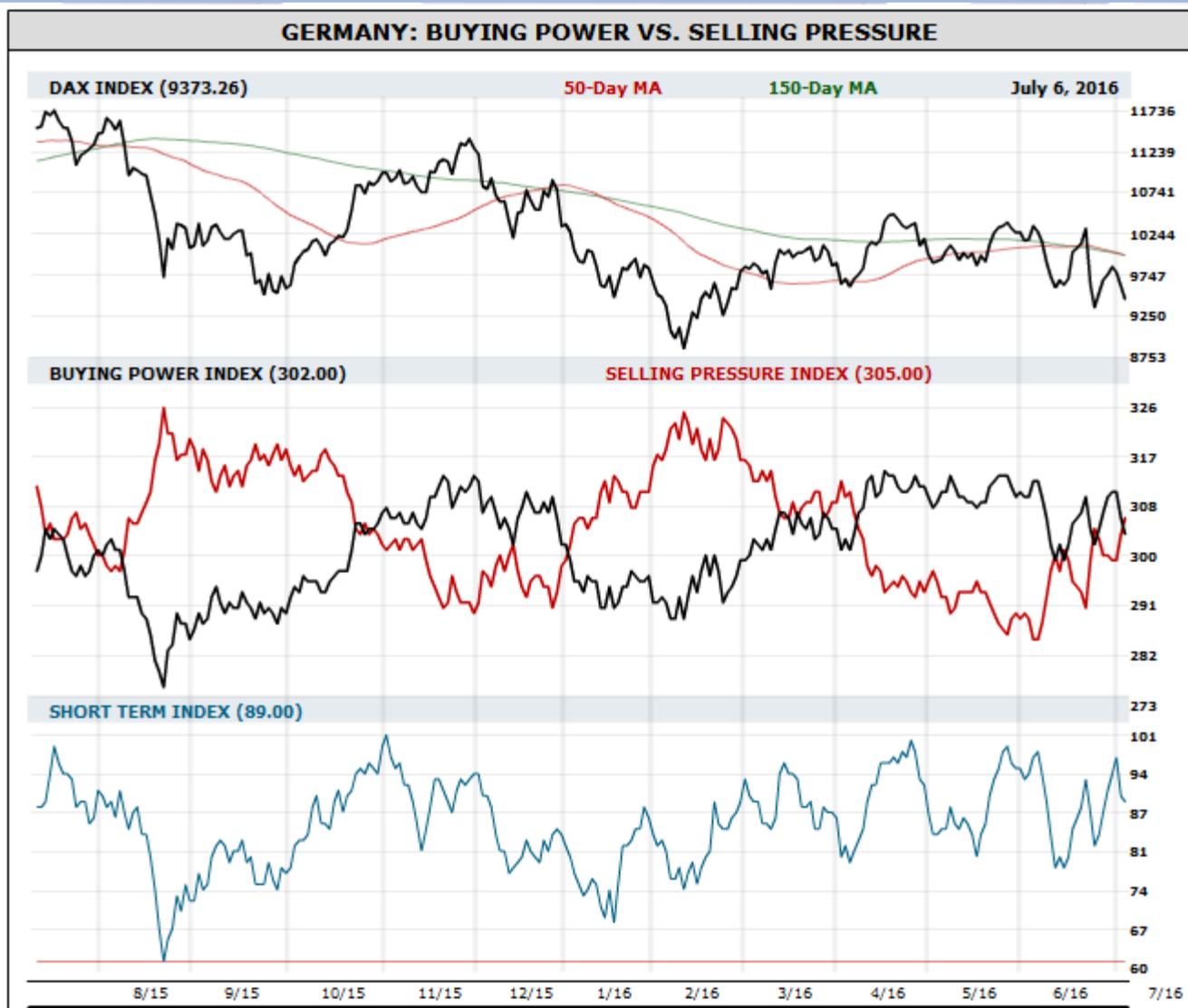
ASIA: BUYING POWER VS. SELLING PRESSURE

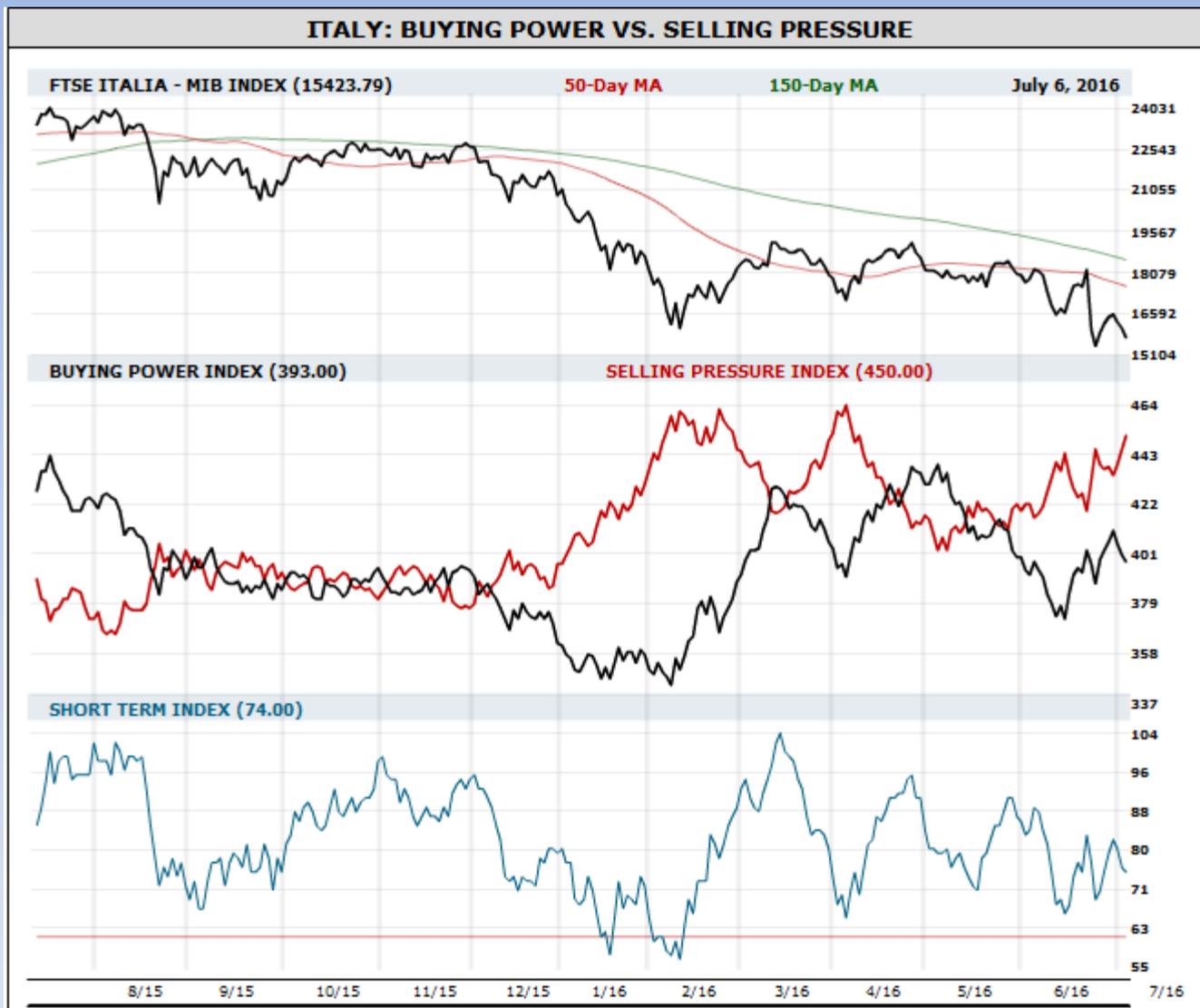


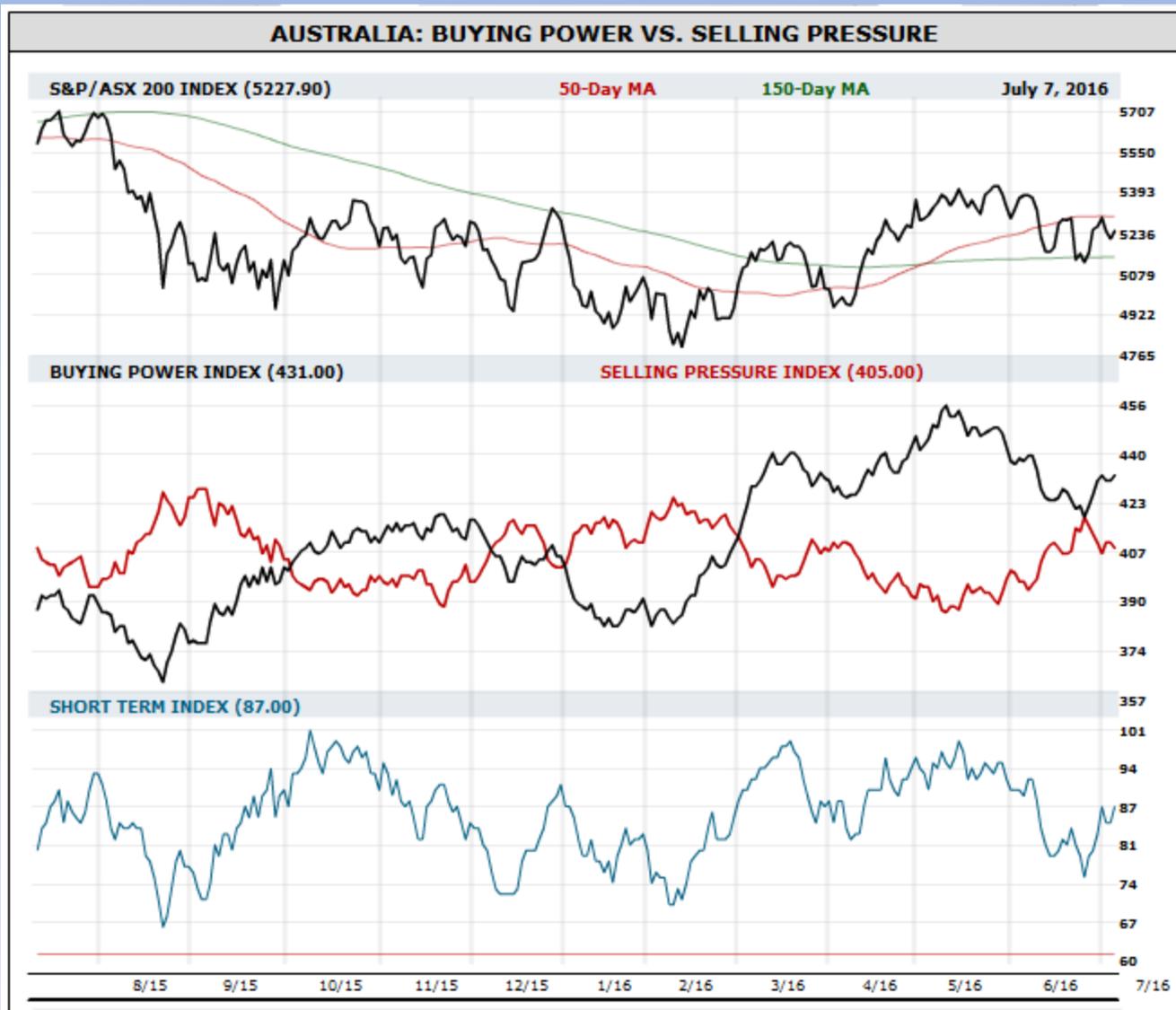
EUROPE: BUYING POWER VS. SELLING PRESSURE

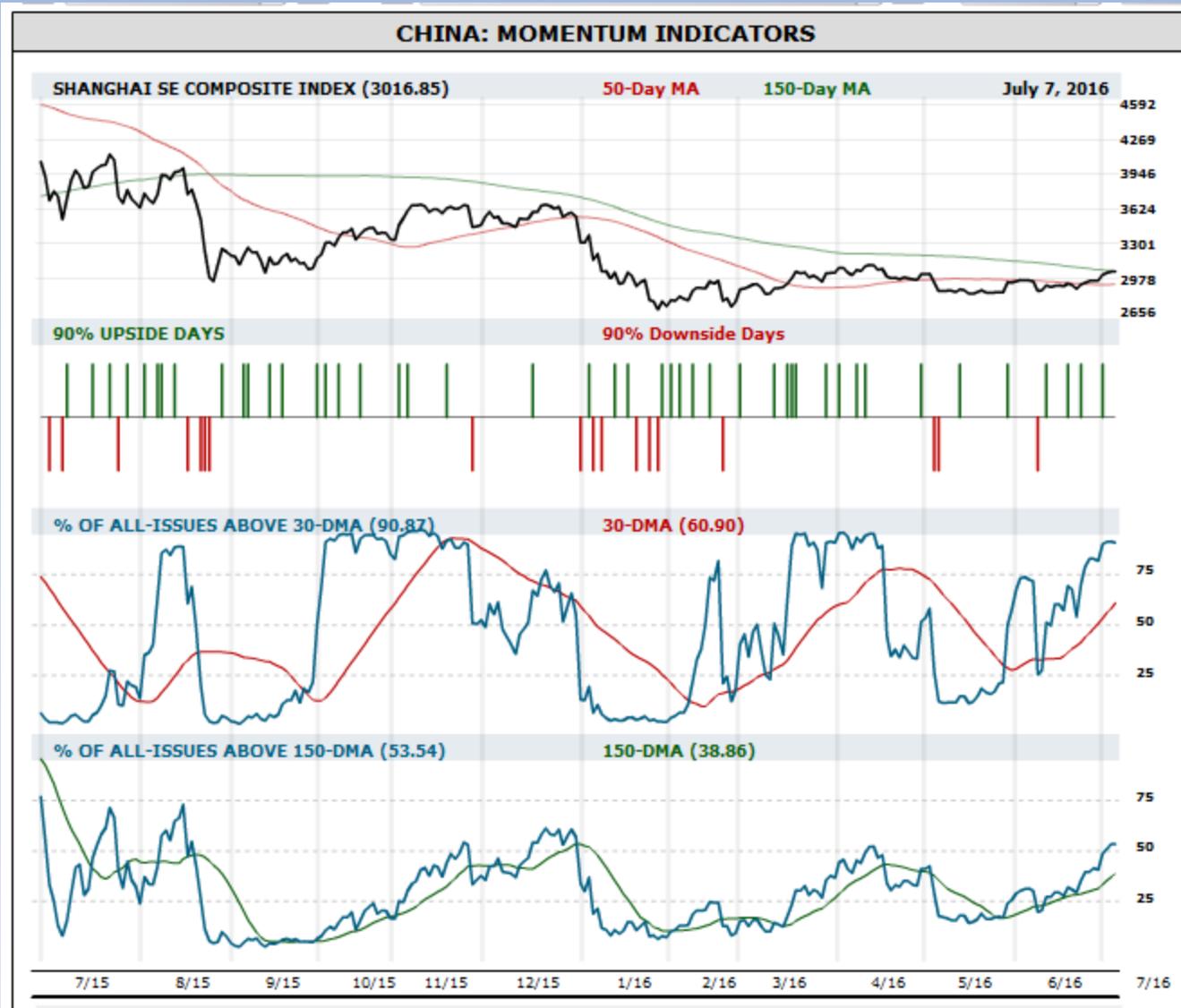


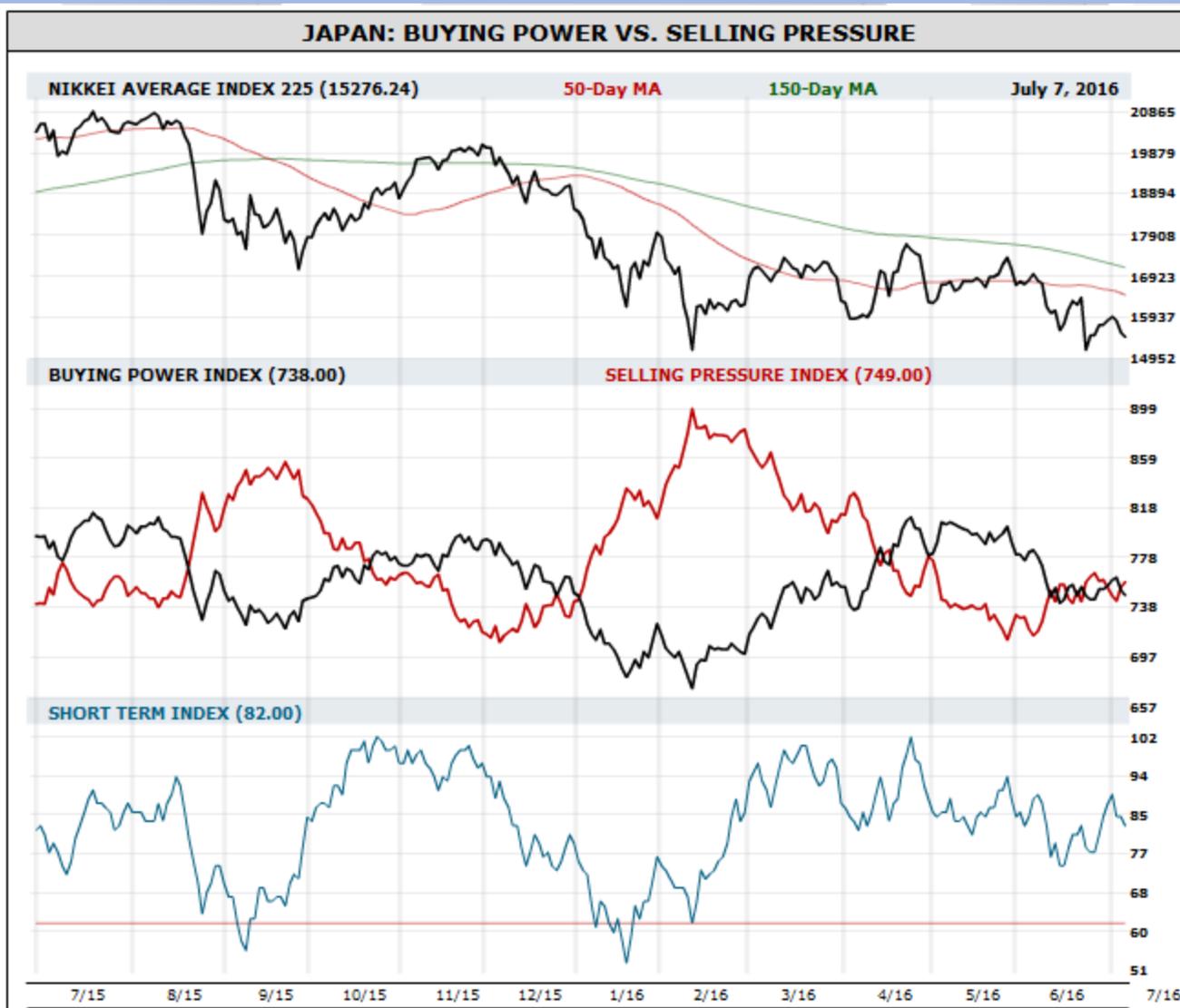












European Region – Sector Analysis

NAME	PERFORMANCE				POWER RATING						TREND	
	RELATIVE	/	MOMENTUM	VEL	PR	-5 DAY	-10 DAY	-15 DAY	20 DMA	150 DMA	INTER	SHORT
Utilities		10		12	51	55	55	51	55	50		
Consumer Goods		8		13	53	55	57	53	56	59		
Industrials		3		14	49	51	53	49	52	53		
Health Care		3		16	48	53	51	48	52	53		
Financials		1		14	44	50	52	46	49	51		
Technology		1		16	46	50	52	48	50	53		
Consumer Servic		-1		15	42	46	49	45	47	51		
Basic Materials		-1		19	45	47	48	46	48	43		
Oil & Gas		-3		20	43	44	44	40	44	38		
Telecommunicati		-4		14	42	45	45	41	44	46		

Canada – Sector Analysis

NAME	PERFORMANCE				POWER RATING						TREND	
	RELATIVE	/	MOMENTUM	VEL	PR	-5 DAY	-10 DAY	-15 DAY	20 DMA	150 DMA	INTER	SHORT
Telecommunicati		38		9	93	88	84	79	85	83	★ ★	★ ★
Utilities		19		11	70	66	64	65	66	60	★	★
Financials		18		12	66	64	65	64	65	58	—	★
Consumer Goods		6		17	53	49	52	54	53	53	★ ★ ★	★
Consumer Servic		6		14	53	52	52	52	53	48	★ ★	★
Industrials		4		17	52	50	52	50	51	49	★	★
Technology		1		17	46	45	47	48	48	50	★	★ ★
Basic Materials		-2		30	49	45	43	44	45	36	★ ★ ★	★ ★
Oil & Gas		-8		24	39	38	40	37	39	28	★	★ ★
Health Care		-9		26	40	37	37	37	38	44	★	

Australia – Sector Analysis

NAME	PERFORMANCE				POWER RATING						TREND	
	RELATIVE	/	MOMENTUM	VEL	PR	-5 DAY	-10 DAY	-15 DAY	20 DMA	150 DMA	INTER	SHORT
Telecommunicati		18		11	57	56	55	56	57	61	★ ★	★ ★
Consumer Servic		9		14	49	49	49	48	48	53	— —	★ ★ ★
Financials		9		11	48	48	50	47	48	51	★ ★ ★	★ ★ ★
Technology		9		17	46	47	49	48	48	52	★	★ ★
Consumer Goods		8		18	48	46	47	46	47	45	★	★ ★
Industrials		5		17	45	43	45	44	44	44	★ ★	★
Health Care		4		17	44	43	43	43	43	44	★ ★	★
Basic Materials		0		27	42	39	37	38	39	34	★ ★ ★	— —
Utilities		-6		22	35	32	32	34	34	28	★ ★	★ ★ ★
Oil & Gas		-6		23	31	31	33	33	33	28	★	★

Concluding Thoughts - Global

- Strength worldwide appears concentrated in large cap stocks with high dividends, much like the United States
- The countries with the healthiest intermediate term trends appear to be those with resource driven economies, such as Canada and Australia
- Breadth is varied across global markets, and the markets with the weakest breadth (primarily EM) should be approached with caution



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