SMI

STOCK MARKET INSTITUTE

Founded in 1931

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Wednesday, April 27, 1983

MARKET TRENDS

The Wyckoff Wave has now almost been as high as 3900. Therefore, the maximum upside objective range of 3950 to 4150 should be easily within reach. However, it probably will not be attained during the next few days. An enormous amount of effort has been expended during the rally from the beginning of April. A resting spell prior to the final assault on the upside objective should not be looked upon as being unusual or undesirable. It may actually increase the likelihood that the 4000 level will be reached.

A resting spell is indicated by several factors. The most important of these is the position in the uptrend reached at the end of last week. It is clearly an overbought position, which needs to be corrected. The five point figure chart suggests that the correction will be a reaction back to the 3735 to 3745 area. The ten point chart disagrees with this slightly indicating a bottom of 3770 to 3780. Since this is the more conservative objective, it should be viewed as the more likely target.

The overbought position in the uptrend is confirmed by the overbought condition of the Technometer. However, it can be noted that the Technometer has been in an overbought condition for two weeks and has had virtually no impact. The reason for this can be found in the enormous upward pull being exerted by the Force. The Force Index always has the potential ability to neutralize the Technometer at least temporarily. In this instance, that potential has been realized. The lessening of the upward pull late last week in combination with the failure of interest in the upside to expand at a critical level can be viewed as an important factor in opening the door to the overbought condition and position to work themselves out in a normal fashion.

The potential downside objectives of the indicated resting spell have already been mentioned. Even the more aggressive of these indicates that the Wave is not going to fall into the creek it jumped just above 3600. The likelihood of a constructive back up means that there should be at least one more important effort on the upside. This is because the back up puts the market in one of those positions from which it must go and must go now. The additional upside effort is how the market tells us whether it has what it takes to get going again. If it does, the Wave will push through its recent high on increased volume and with widening price spread. As it does so, it will almost immediately enter the range of the maximum upside objective. This in combination with the character of the action that is likely to be present should present the possibility of an important buying climax. This possibility should be anticipated. If it develops, a whole new phase in the market will begin. It will be an important new period of preparation the outcome of which should not be prejudged.

STOCK TRENDS

With the possibility of a major buying climax lying just ahead of the market, any thoughts of new long positions must be weighed very carefully. Shorter term positions on the long side can still be justified as conditions warrant. However, stocks that appear to just now be breaking out after important periods of preparation present some problems. How can some stocks be starting important advances when the market appears to be on the verge of completing one? If there are such stocks, can they be bought without running an unacceptable risk?

The answer to the first question is that it happens all the time. There are always stocks moving independently of the general market. This is especially true when the market is in a trading range. Right now, it is not. However, once the objective has been reached it may go into one. If this happens, strong stocks with good potentials will be good buys. Weak stocks with good potentials will be good short sales. Neither course of action needs to involve an unacceptably high risk.

Exxon is a stock that appears to be on the verge of beginning what could be an important advance. The action that makes this a possibility is the break above the 33.2 level, which has stood unchallenged as the top of the trading range for six months. The volume and price action do not clearly indicate a jump across the creek, but they do not deny it either. Therefore, the next pull back is critical. In order to continue giving a positive outlook, decreased volume will be necessary as will support no lower than 31.4. Failure to perform in this manner will convert the possible jump into a probable upthrust and warrant consideration of a short position on the test. Either way, this stock is for the first time in a long time a good candidate for a trade and one that can be anticipated to yield a substantial move.

General Electric is one of the two heavy weights in the Wave. What it does has a big influence on the overall picture. From its current level, General Electric could move the Wyckoff Wave up another one hundred forty-four points if it goes to its maximum upside potential. The stock is looking very tired relative to past performance, so it is doubtful at this point that the 126 level will be reached. The somewhat more conservative objective of 116 to 117 also appears unlikely in view of last week's action. This included an obvious upthrust from which the price has dropped back into the trading range. The long term demand line just under the current price probably will be able to provide support and set up the next rally, which will be the test of the upthrust. If the test holds, the long side of this stock will begin to look somewhat questionable.

Thanks to a spring action a few weeks ago, General Motors has a near term objective of sixty-nine. However, to reach this goal, it must first get through an important resistance level. At this point, the stocks ability to accomplish this appears somewhat questionable. A more important testing of the spring than the one that occurred last week should be helpful. Such a move can give the stock a chance to rest and thereby increase the likelihood of success on the next upside effort.

Two separate counts say that IBM's objective is 125. It is almost there now and, therefore, can only be seen as a candidate for a short term trade on the long side once the overbought condition of the general market is eliminated. This may be the final rally, however. The rally that has been underway has consumed an enormous amount of effort. There is reason to question the stock's ability to continue providing the effort that would be needed to push through the indicated objective.

No stock in the Wyckoff Wave has advanced more than has Merrill Lynch. However, with a maximum upside objective of 102 and a high thus far of 100, continued upside progress of the type witnessed recently is very unlikely. Further efforts to advance from current levels will result in a renewal of an overbought position from which some type of correction, probably a trading range, is almost certain. Although this stock is far too strong to consider as a short and can be seen as a candidate for continued holding of positions that were taken earlier, new long positions are now too risky to consider.

Pepsico is a situation like Exxon. It appears to have just begun an important advance with an objective of about 47. It has just jumped a significant creek and is currently positioned near the top of its uptrend channel. Due to this position in the trend, the risk is too great for any action on the long side. The stock needs to pull back some and start experiencing lower volume before it can be seen as a good buy.

UAL does not present a positive picture. It does have a great deal of potential and a previously established higher objective from a count at a lower level. However, it has been unable to participate in the recent strength of the market, which includes failing to give any indication of being on the verge of new move. Having failed to get moving on the upside and in the absence of any sign that something is about to get started, movement by the general market into a trading range probably will just keep UAL in its already established range.

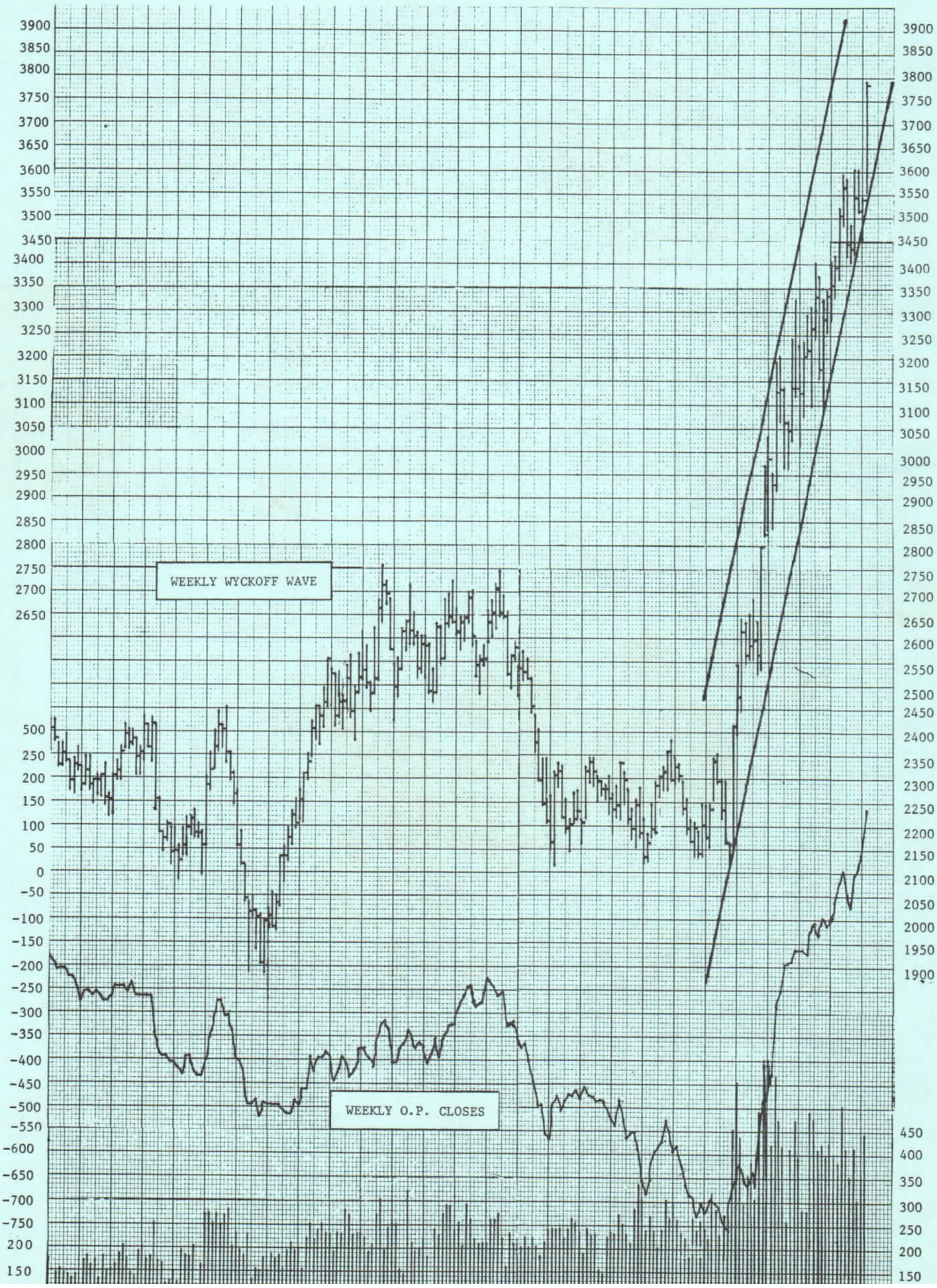
Union Carbide has been trying for about three months to break through its primary resistance level at sixty-one. Thus far, it has not been successful and that has been with the market assisting in the effort. If that assistance is about to be curtailed, it is likely that a break out will not occur. Instead, continued movement in the relatively new trading range that surrounds the sixty-one level appears to be the most realistic possibility.

INDEX CHARTS
STOCK MARKET INSTITUTE, INC.

This set of SMI Index Charts is published weekly and is available only to subscribers of SMI's DAILY STOCK REPORT/PULSE OF THE MARKET or SMI's CHARTING SERVICE. It contains the following charts:

- Weekly Wyckoff Wave
- 50-Point Modified Wyckoff Wave
- 25-Point Modified Wyckoff Wave
- 3-Point of the 10-Point Modified WW
- 10-Point Modified Wyckoff Wave
- Two Point Modified O-P
- ½-Point Time Index
- Trend Barometer/O-P
- Intra-Day Wave Chart
- 5-Point Modified Wyckoff Wave
- Group Indexes

In our desire to insure the accuracy and reliability of these charts all statistical data is checked and cross-checked. However, even with this care, the completeness and accuracy cannot be guaranteed.



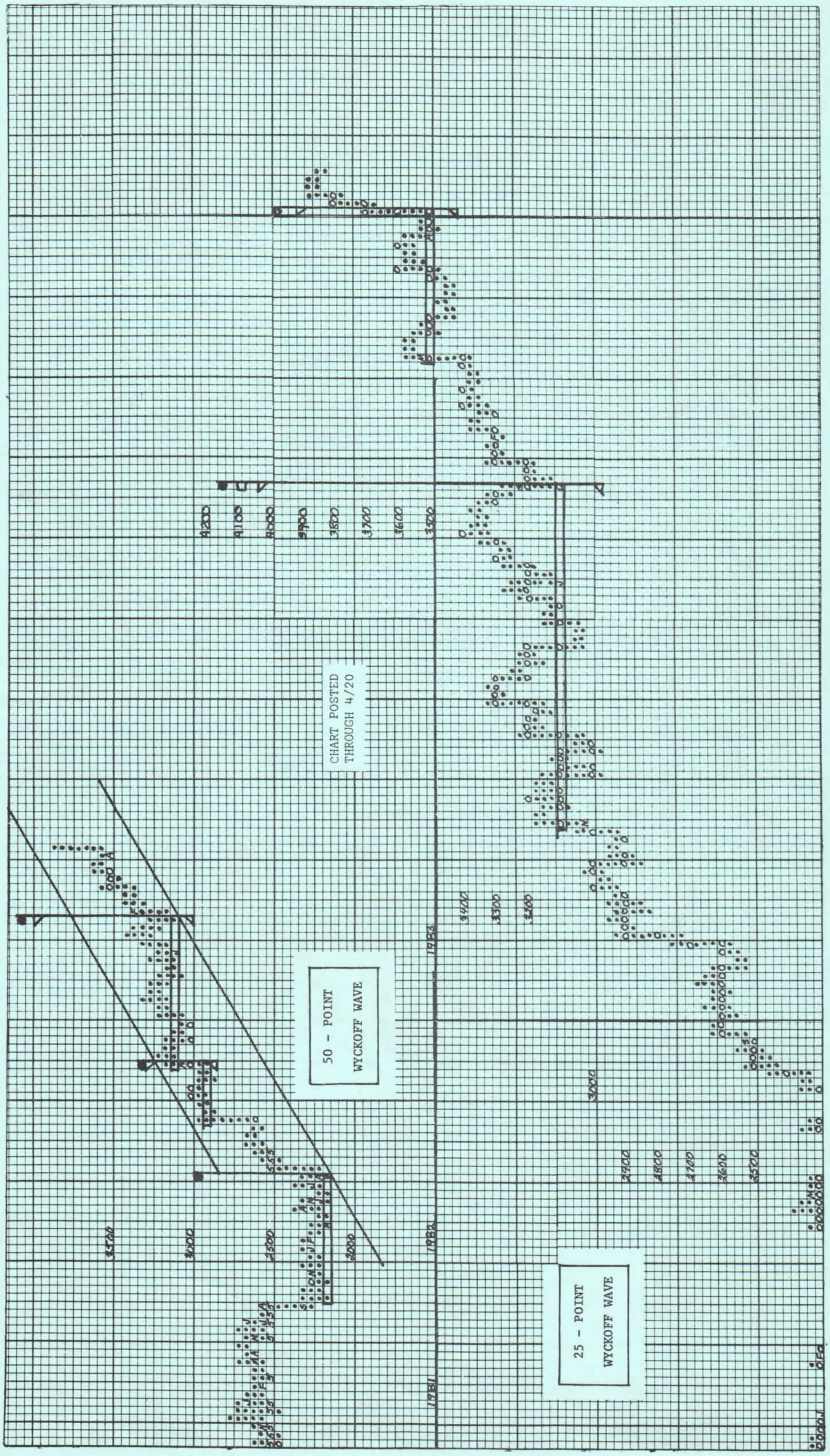
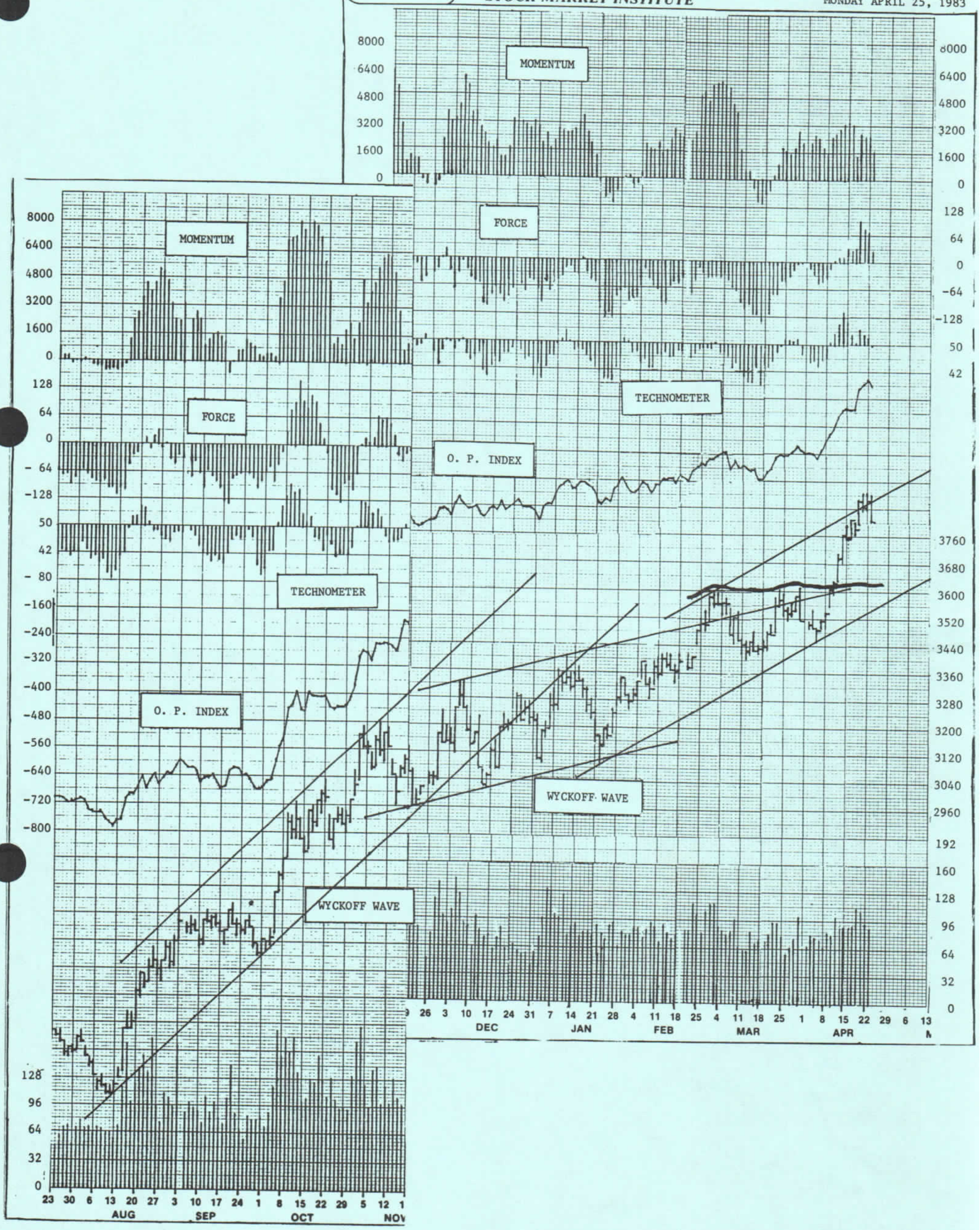


CHART POSTED THROUGH 4/20
50 - POINT WYCKOFF WAVE
25 - POINT WYCKOFF WAVE
4200
4100
4000
3900
3800
3700
3600
3500
3400
3300
3200
3000
2900
2800
2700
2600
2500
1983
1982
1981

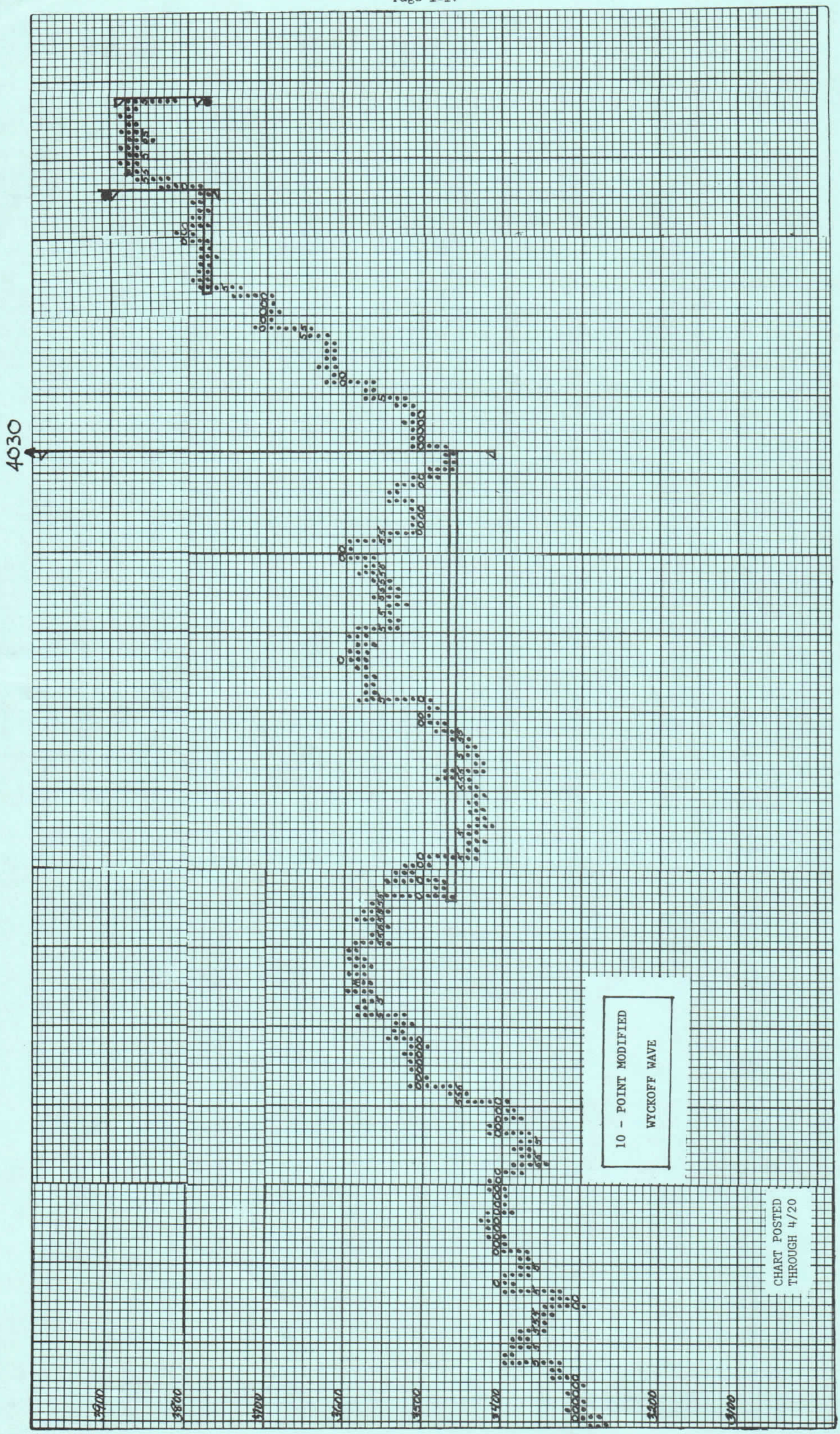
The Pulse of the Market

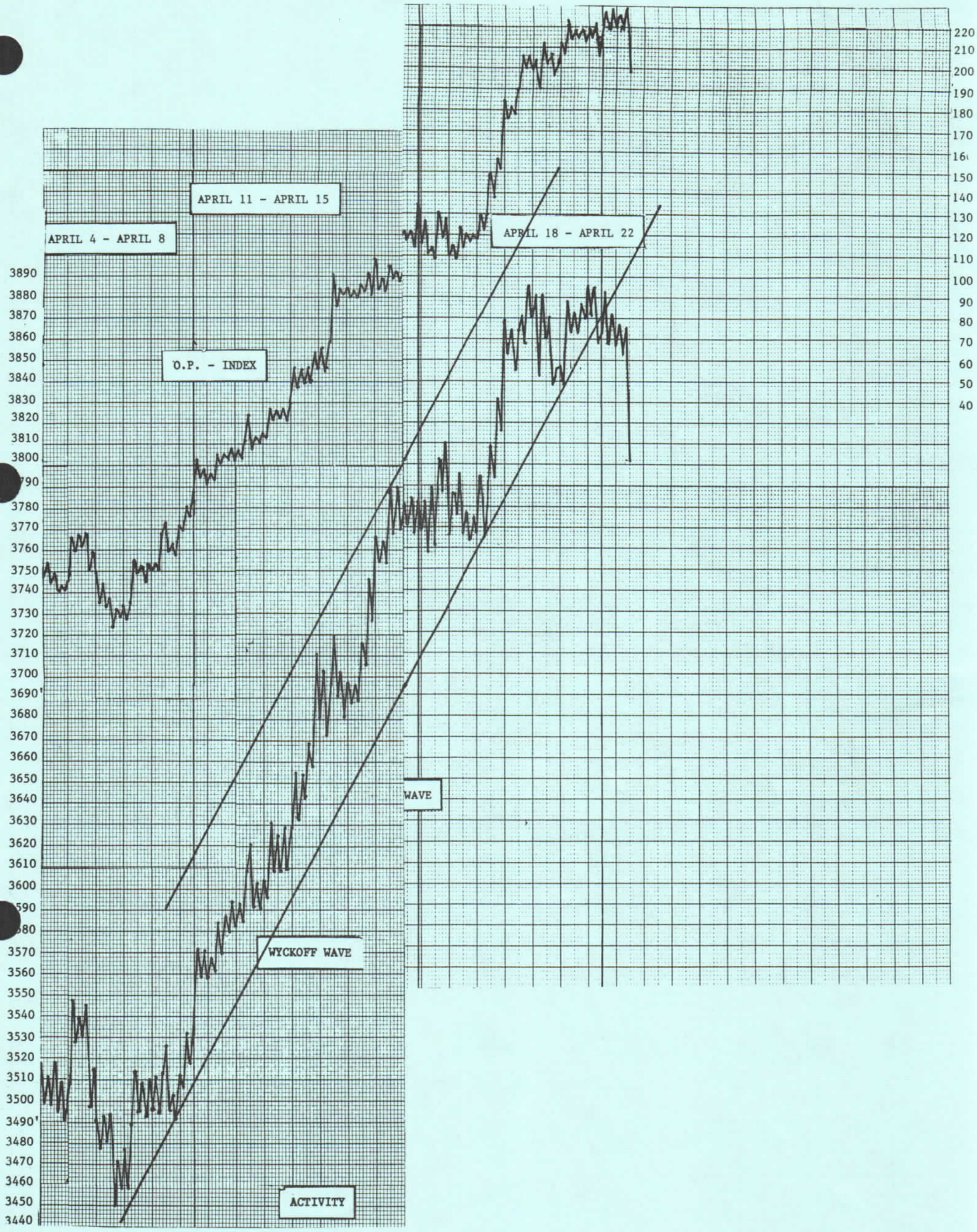
STOCK MARKET INSTITUTE MONDAY APRIL 25, 1983



INDEX CHARTS

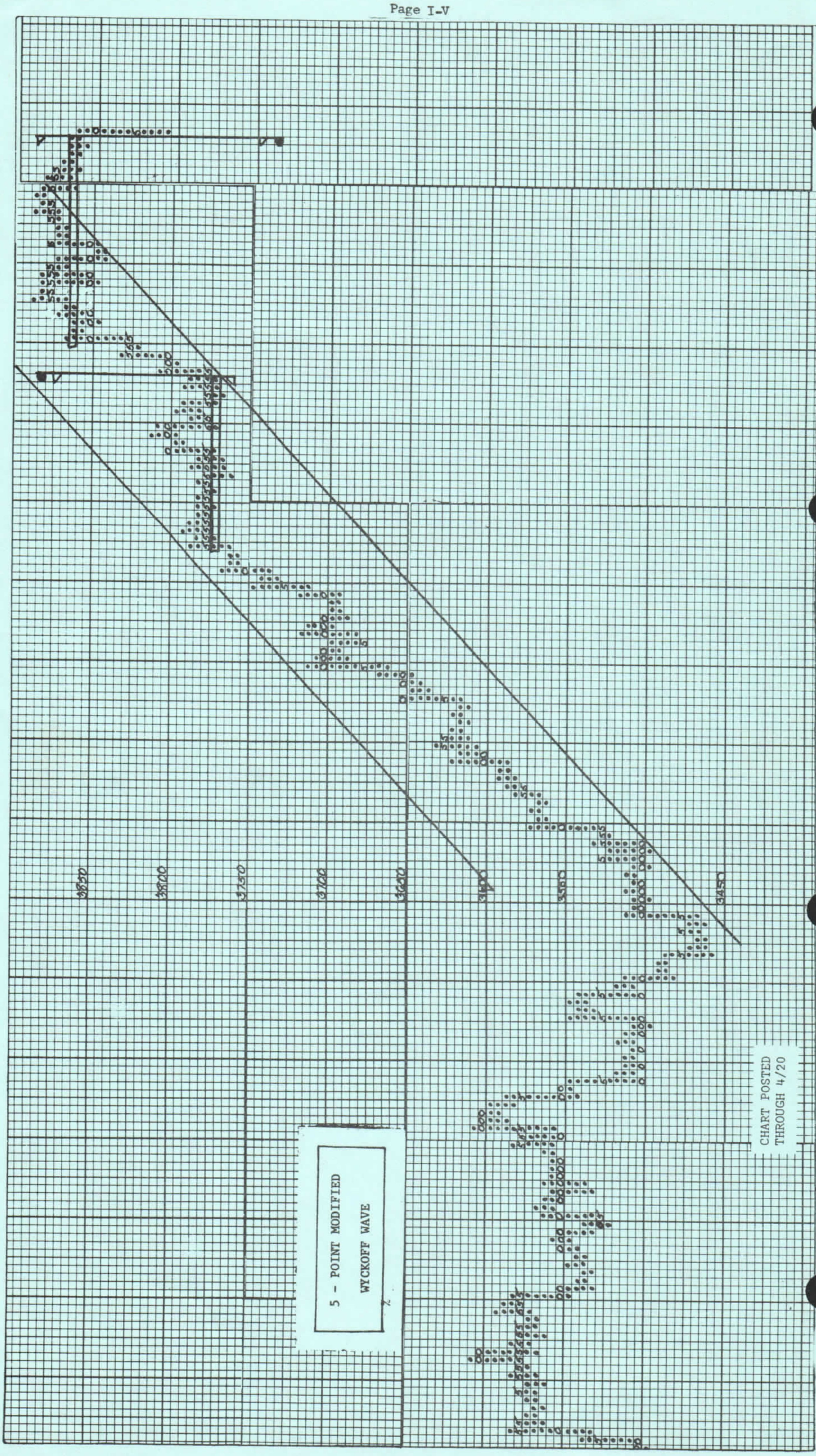
Stock Market Institute, Inc.

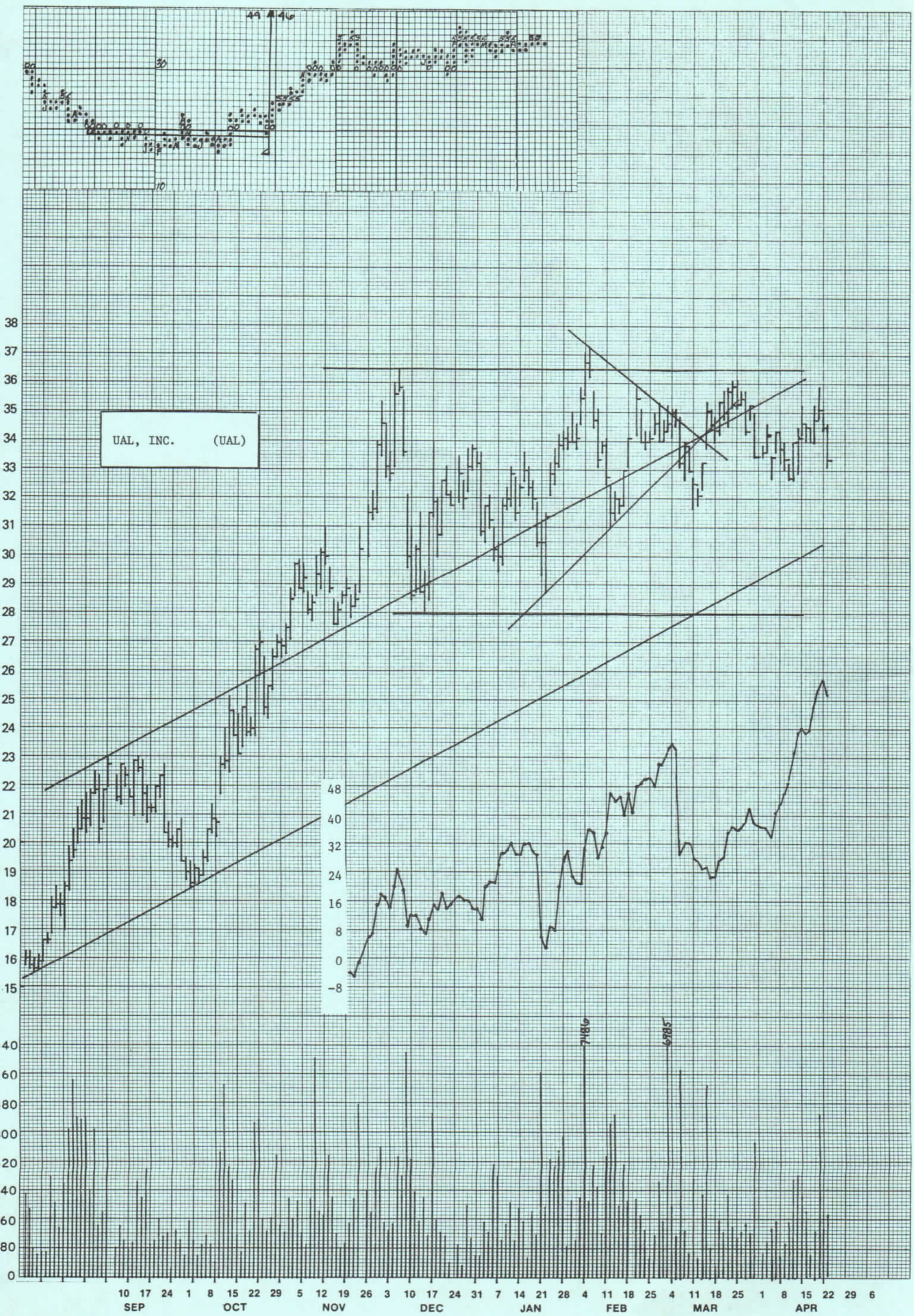



APRIL 4 - APRIL 8
APRIL 11 - APRIL 15
APRIL 18 - APRIL 22
O.P. - INDEX
WYCKOFF WAVE
WAVE
ACTIVITY
3890
3880
3870
3860
3850
3840
3830
3820
3810
3800
3780
3770
3760
3750
3740
3730
3720
3710
3700
3690
3680
3670
3660
3650
3640
3630
3620
3610
3600
3570
3560
3550
3540
3530
3520
3510
3500
3490
3480
3470
3460
3450
3440
220
210
200
190
180
170
150
140
130
120
110
100
90
80
70
60
50
40

SMI INDEX CHARTS

Stock Market Institute, Inc.




UAL, INC. (UAL)
38
37
36
35
34
33
32
31
30
29
28
27
26
25
24
23
22
21
20
19
18
17
16
15
48
40
32
24
16
8
0
-8
640
560
480
400
320
240
160
80
0
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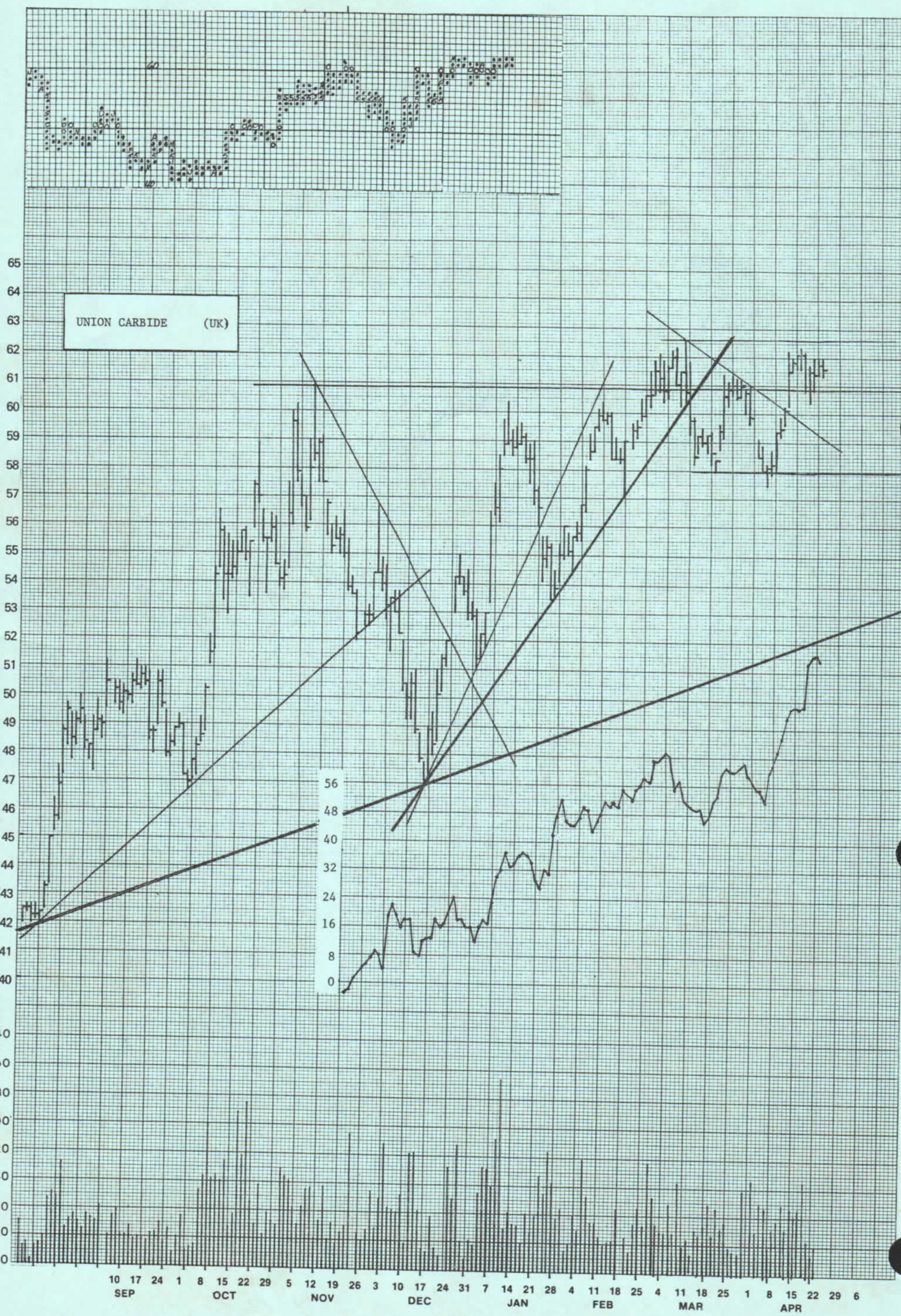
SEP OCT NOV DEC JAN FEB MAR APR


UNION CARBIDE (UK)
65
64
63
62
61
60
59
58
57
56
55
54
53
52
51
50
49
48
47
46
45
44
43
42
41
40
56
48
40
32
24
16
8
0
640
560
480
400
320
240
160
80
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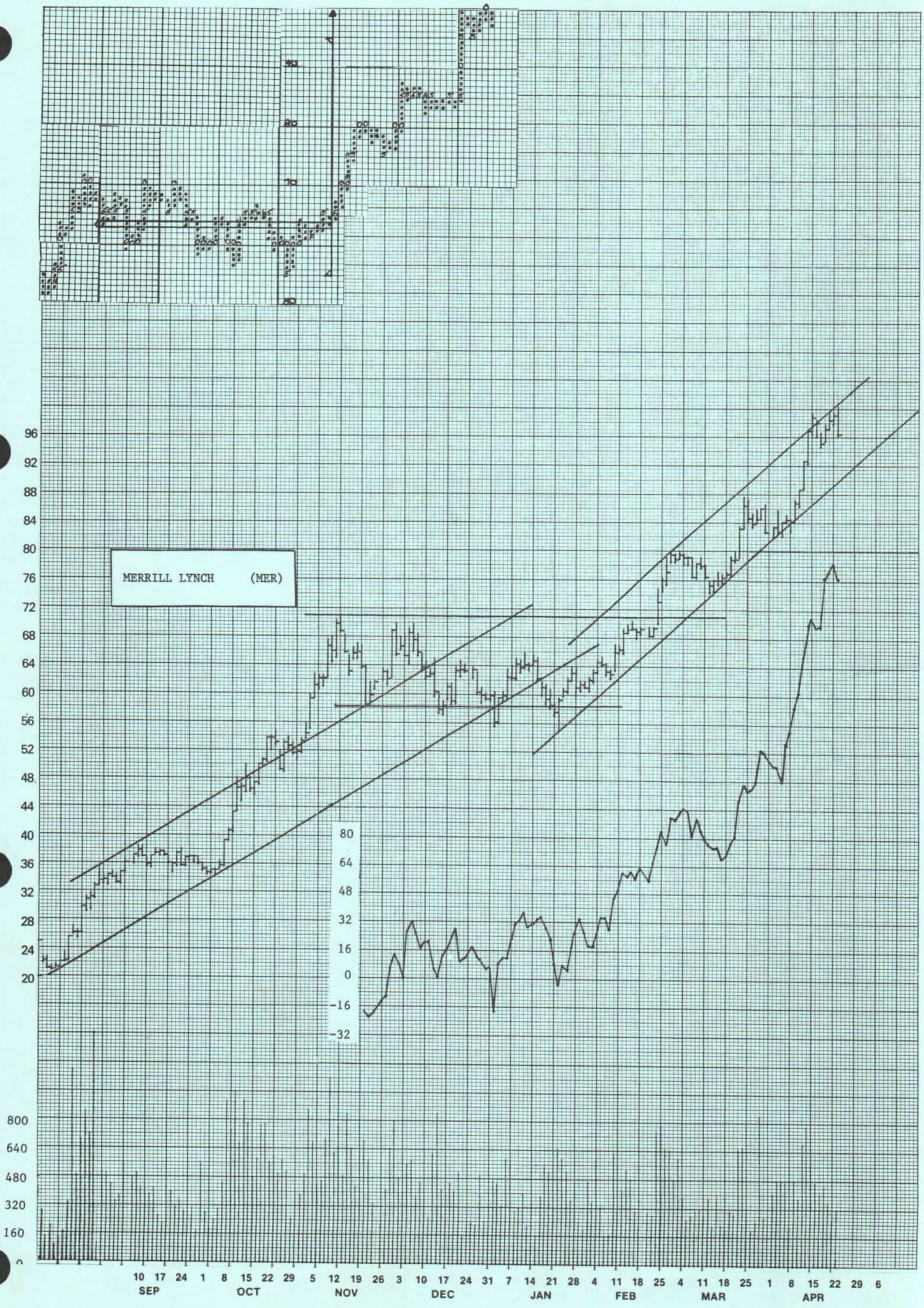
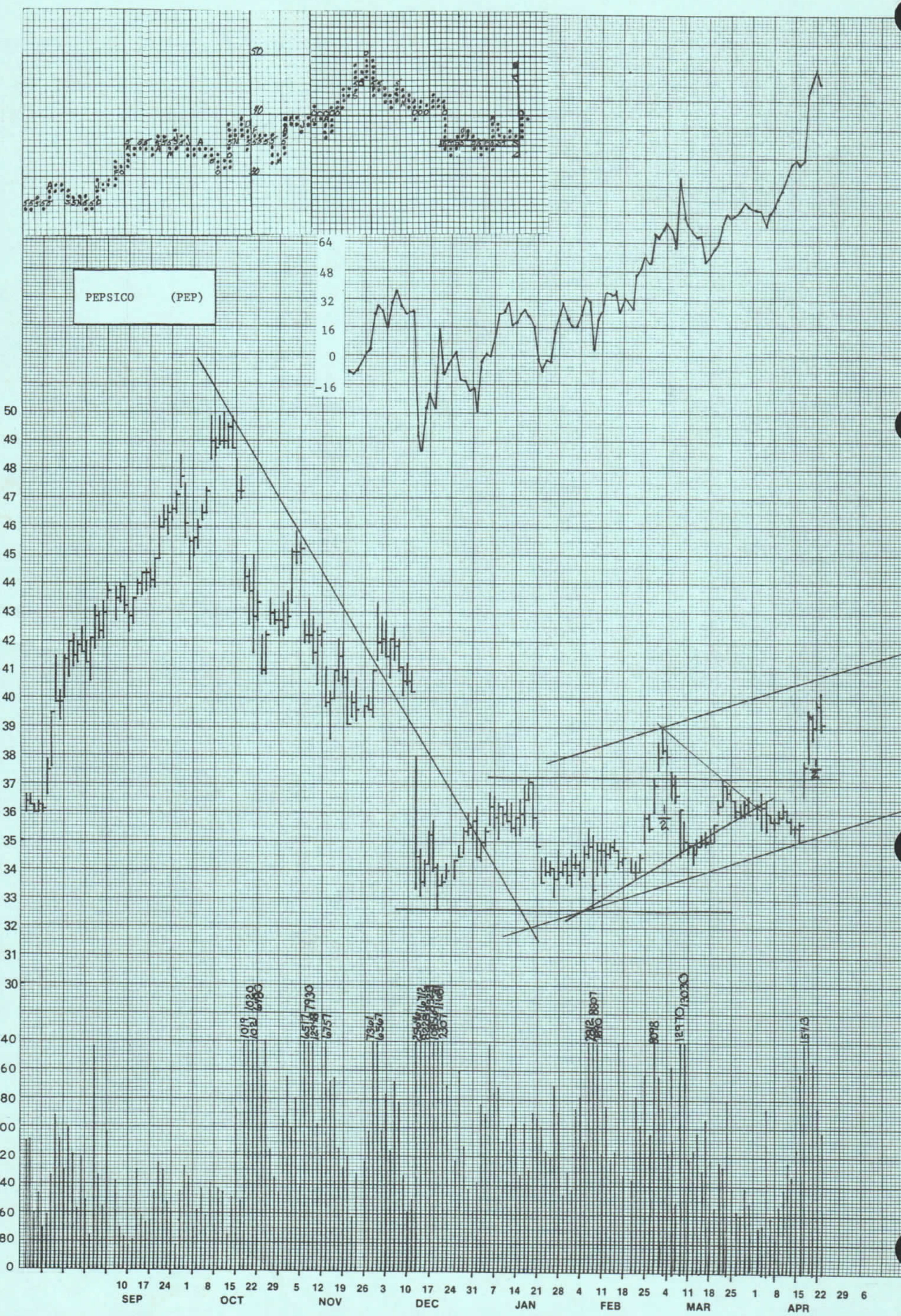
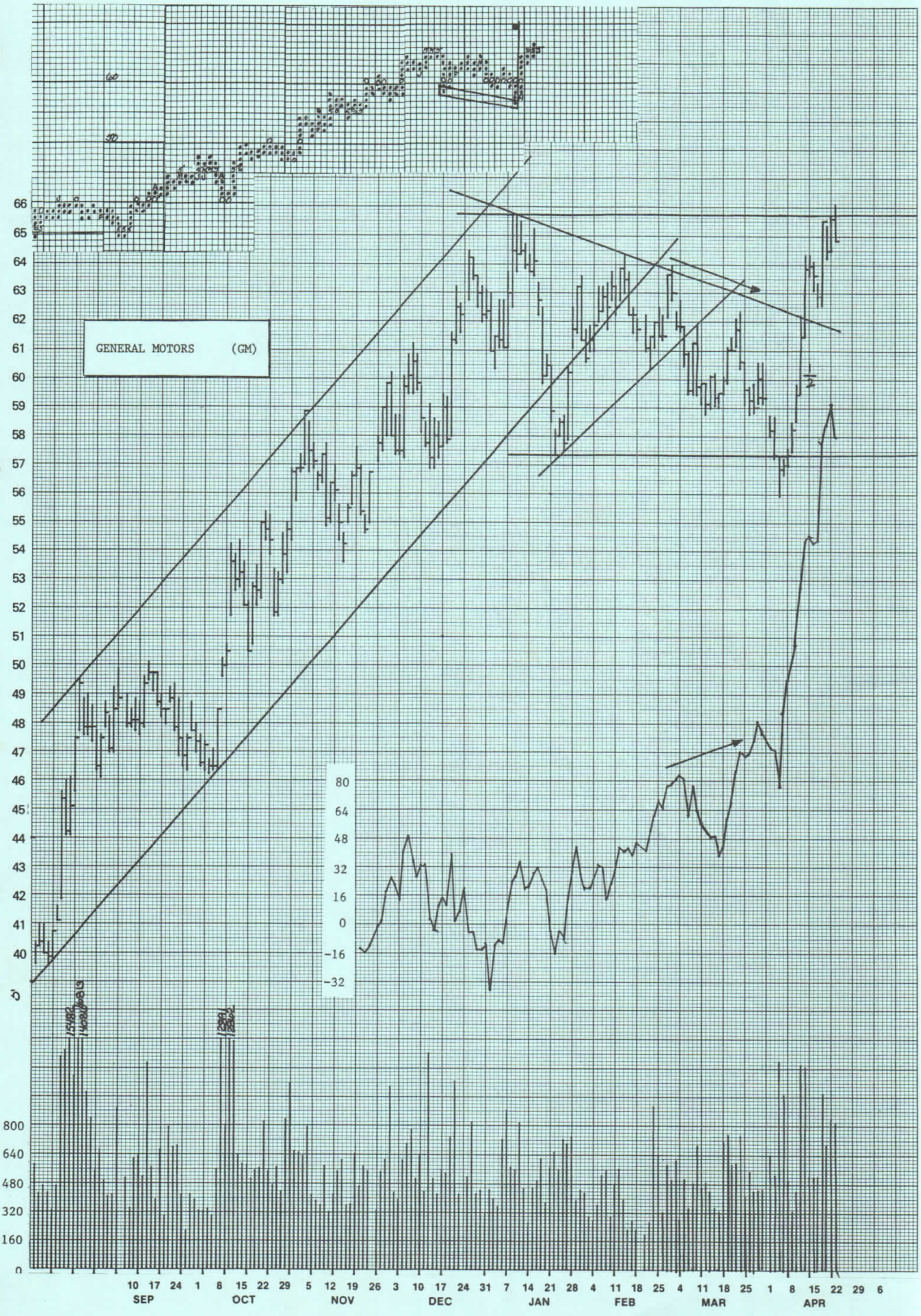
10 17 24 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 4 11 18 25 4 11 18 25 1 8 15 22 29 6
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR

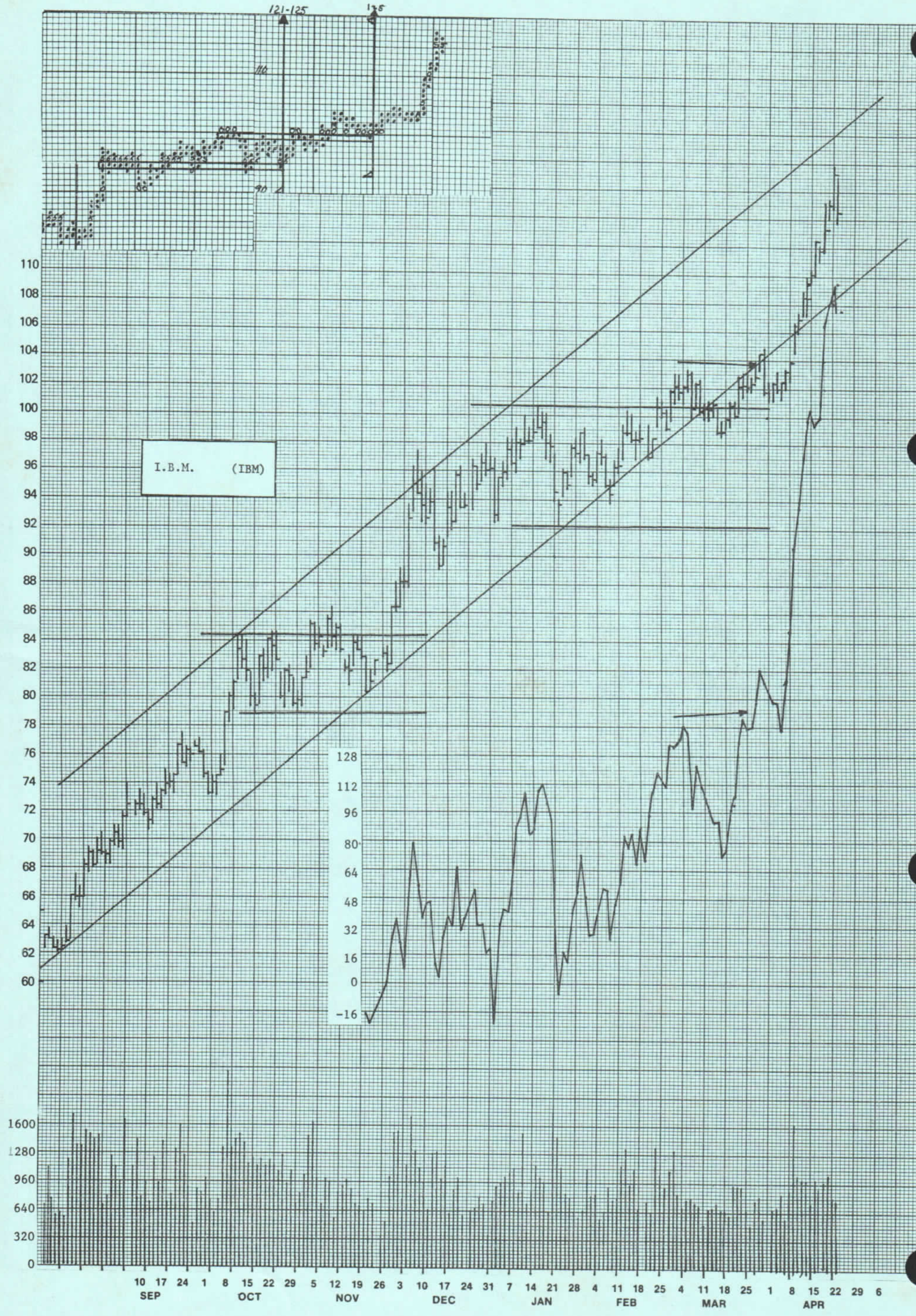


MERRILL LYNCH (MER)
96
92
88
84
80
76
72
68
64
60
56
52
48
44
40
36
32
28
24
20
80
64
48
32
16
0
-16
-32
800
640
480
320
160
0
10 17 24 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 4 11 18 25 4 11 18 25 1 8 15 22 29 6
SEP OCT NOV DEC JAN FEB MAR APR

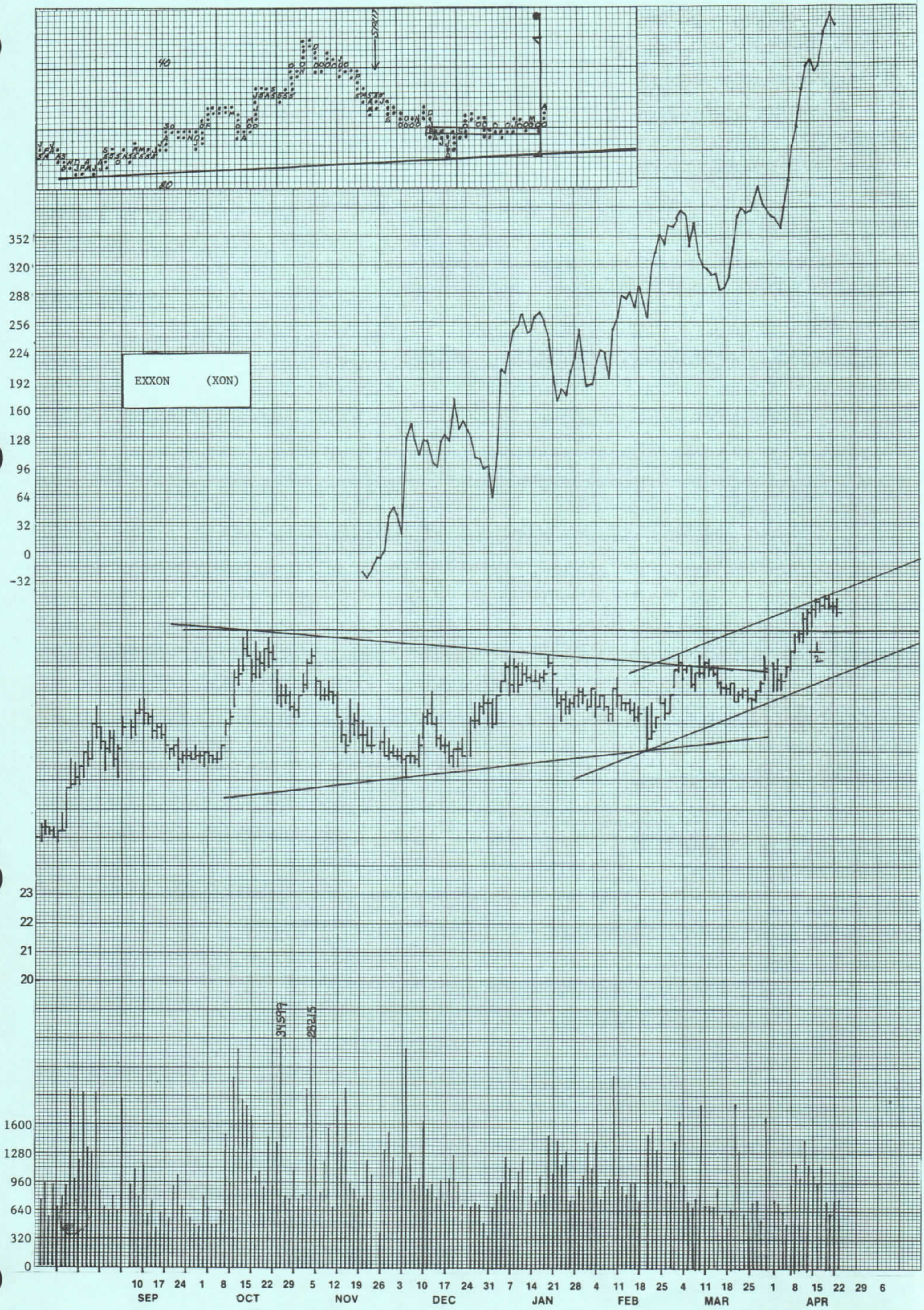


PEPSICO (PEP)

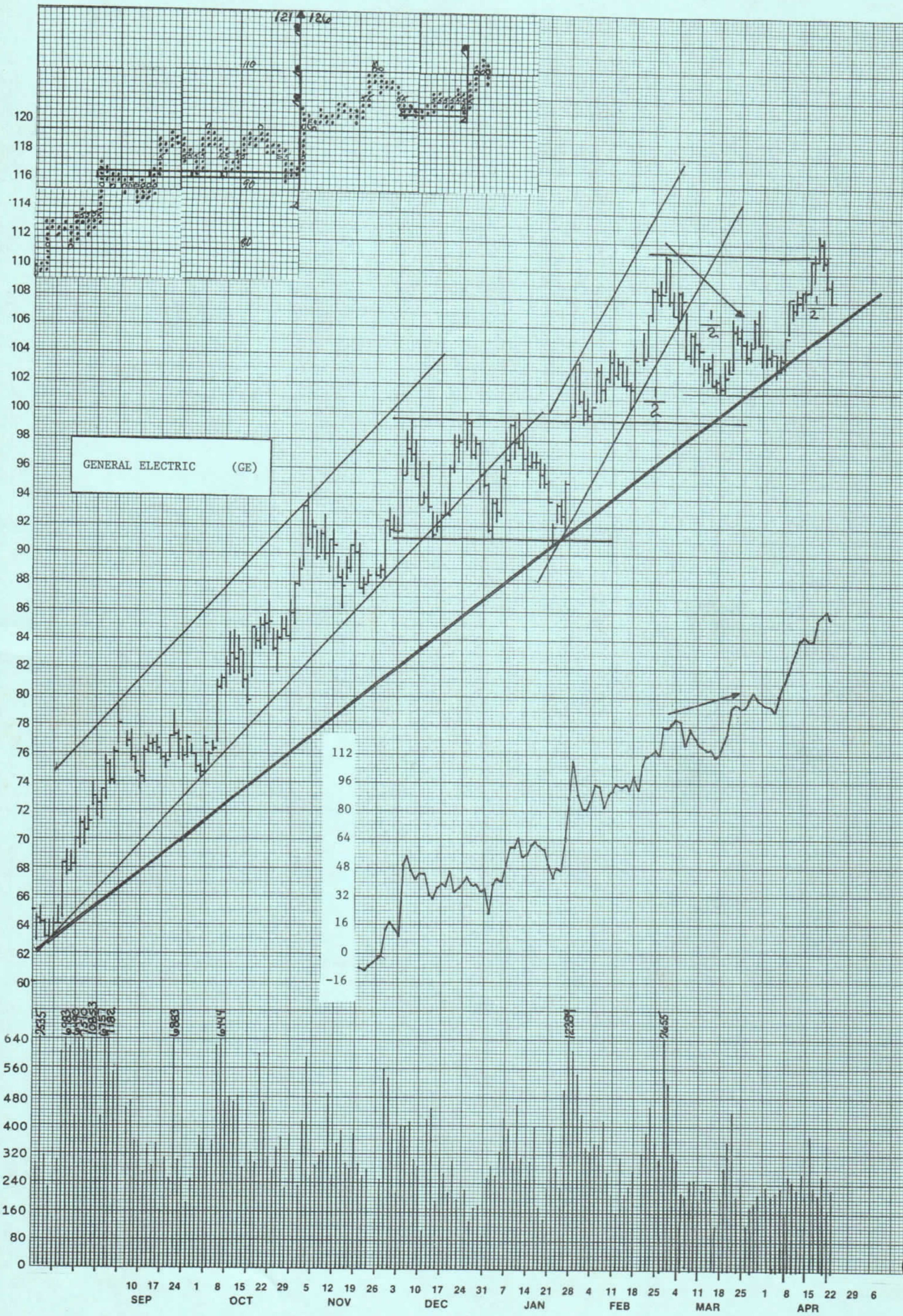

GENERAL MOTORS (GM)
66
65
64
63
62
61
60
59
58
57
56
55
54
53
52
51
50
49
48
47
46
45
44
43
42
41
40
80
64
48
32
16
0
-16
-32
800
640
480
320
160
0
10 17 24 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 4 11 18 25 4 11 18 25 1 8 15 22 29 6
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR



I.B.M. (IBM)
121-125
125
110
90
110
108
106
104
102
100
98
96
94
92
90
88
86
84
82
80
78
76
74
72
70
68
66
64
62
60
128
112
96
80
64
48
32
16
0
-16
1600
1280
960
640
320
0
10 17 24 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 4 11 18 25 4 11 18 25 1 8 15 22 29 6
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR



EXXON (XON)
SPLIT
40
352
320
288
256
224
192
160
128
96
64
32
0
-32
23
22
21
20
1600
1280
960
640
320
0
10 17 24 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 4 11 18 25 4 11 18 25 1 8 15 22 29 6
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR


GENERAL ELECTRIC (GE)
120
118
116
114
112
110
108
106
104
102
100
98
96
94
92
90
88
86
84
82
80
78
76
74
72
70
68
66
64
62
60
112
96
80
64
48
32
16
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10 17 24 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 4 11 18 25 4 11 18 25 1 8 15 22 29 6
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR