



Chart of the Day

S&P 500 Back Above Its 50-Day for First Time in 2016

Today's rally for the S&P 500 left it above its 50-day moving average for the first time in 2016. Actually, it was the first time the index has closed above its 50-day since December 29th, which was 38 trading days ago. That streak of 38 trading days was the longest time the index has spent below its 50-day since 2011 when it went 52 trading days below.

Typically a break back above the 50-day is seen as a positive sign for the market, but how has the index performed in the near term historically when it has broken back above after a long period below. At right is a table showing the 19 prior streaks of 35 trading days or more below the 50-day over the last 30 years. The date shown is the day the index finally closed back above its 50-day, thus ending the streak. For each day, we show how the index did on the following day, over the next week, and over the next month.

Interestingly, the market has historically seen a pullback over the next day and week following breaks back above the 50-day. Returns are especially negative over the next week, where the S&P has averaged a decline of 0.63%. The last two occurrences have been exceptions, though. In the week following the 2011 and 2015 breaks back above were slightly positive. That being said, while the market's action recently has been constructive, short-term internals have gotten very extended and this data shows that more often than not the index has pulled back a bit in the very near term.

Breaks Above 50-DMA After 35+ Days Below

Date	# Days Below 50-DMA	Next Day (%)	Next Week (%)	Next Month (%)
12/18/1987	52	0.15	-1.44	-2.62
3/6/1990	36	-0.29	-0.57	0.94
11/5/1990	74	-0.94	1.55	4.87
5/18/1994	58	0.61	0.58	1.05
10/15/1998	53	0.85	2.96	7.47
12/11/2000	61	-0.65	-4.16	-3.87
4/18/2001	47	1.26	-0.76	4.06
10/25/2001	89	0.41	-1.45	5.21
8/19/2002	86	-1.40	-0.29	-8.55
3/17/2003	39	0.42	0.17	3.25
8/26/2004	37	0.24	1.20	-0.14
5/17/2005	43	1.00	1.73	3.17
7/3/2006	35	-0.72	-0.60	-0.13
3/24/2008	58	0.23	-2.01	1.93
8/11/2008	45	-1.21	-2.05	-5.61
12/16/2008	72	-0.96	-5.48	-6.91
7/14/2010	48	0.12	-2.34	-1.06
10/10/2011	52	0.05	0.50	6.78
10/8/2015	35	0.07	0.52	4.26
2/25/2016	38	?	?	?
Average		-0.04	-0.63	0.74
Median		0.12	-0.57	1.05

S&P 500 Consecutive Trading Days Below 50-DMA

