

# Jack Adamo's Insiders Plus

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## SPECIAL BULLETIN

May 22, 2013

Dear Friend & Client,

Today, the market made one of the sharpest reversals I can ever remember, erasing all of a huge 18 point rally in the S&P 500, and ending with a 14 point loss. A reversal of this magnitude can sometimes signal a change of direction for the market, especially if it's accompanied by a large increase in volume. NYSE volume was about 3 to 1 to the downside, as was the advance/decline ratio. The NASDAQ was slightly better. These are strong numbers, but not overwhelming. The VIX "fear gauge" only rose 3.4%, so there's no widespread panic. I would not assume based solely on today's action that the market has definitely reversed. Nonetheless, I'll put off for a few more days the buy recommendations I was going to post today if the market didn't fall on Tuesday.

Noteworthy was the *cause* of the reversal. The minutes from the last Federal Reserve meeting showed that members were starkly divided on the Quantitative Easing program, with some wanting to start cutting back as soon as June. For anyone who wasn't sure before, this demonstrates as clearly as possible that this is a market primarily of professional traders betting on Fed policy.

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*Please see the important legal notice at the end of this letter.*

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That's if for this Special Bulletin.

I look forward to talking with you again soon.

Jack

Questions? Write to Jack at: [jack@jackadamo.com](mailto:jack@jackadamo.com)

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