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"The Wall of Worry is Gone"

– Zero Hedge, September 15, 2017.

"Every bull market climbs a wall of worry and with a rush of enthusiasm, leaps over only to find 'Murphy' waiting."

– Institutional Advisors, at the peaks in 2007 and 2000. As well as now.

Through the summer we received questions about how the stock market could roll over after registering high momentum and sentiment readings on the surge into June. Then in August, the DJIA soared to accomplish the same excesses. And as we have been noting if this arose in 2017, the action could set a cyclical peak, rather than another trading high as in 2015. Our target since the April Springboard Buy has been that New York could accomplish the final surge of the bull market into September.

The Zero Hedge chart provides fresh and vivid indication of excess – at a key time.

Of course, the stock exchange is a market of individual stocks, and Wall Street has been doing its best in suggesting individual stocks represents attractive value. No need to change investor's behavior.

Maybe this could soon be criticized.

Checklist for a Top

With buoyant action into September it is appropriate to review our "Checklist".

Is the market up when it should be? Yes. The action has been likely to accomplish a final thrust into September and perhaps into early October.

Are there signs of speculation? Yes. This piece provides outstanding examples.

How sound is the fundamental story? The prospect of a pro-business administration is now in the market but has yet to be achieved.

Investors Have Never Been More Optimistic

by Tyler Durden
Sep 15, 2017 10:25 AM

The 'wall of worry' is gone...

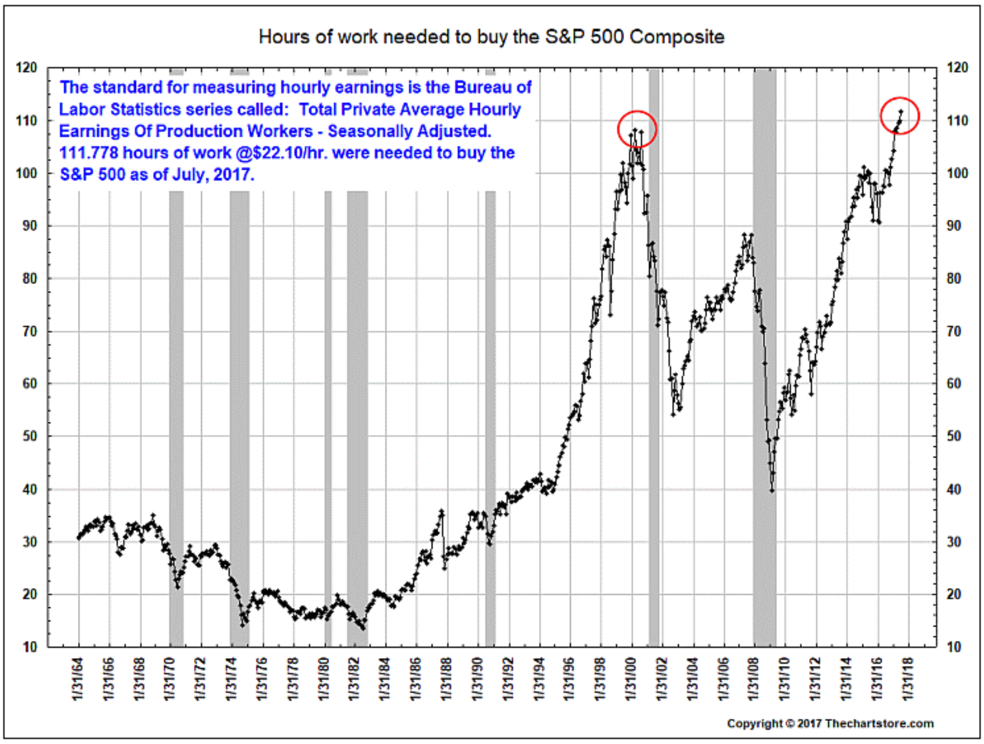
A **record high 65%** of respondents in UMich's consumer survey believe stock prices will be higher in 12 months...

Source: Zerohedge.com – September 15, 2017.

As reviewed above, P/E valuations can be made attractive by generous estimates on earnings. Whether to use trailing or anticipated earnings has always been debatable.

However, by charting the S&P against the average wage reduces the ability to improve one side of the valuation equation. Will the average wage increase by some 15 percent over the next year?

Not likely, and the number is materially higher than reached in the Dot-Com Mania that climaxed in March 2000.



– With permission of Ron Griess

The stock market is remarkably overvalued and, again, accomplishing dynamic excesses close to the time when the action could peak.

Wikipedia has a good review of “Murphy’s Law”.

First Outright Bearish Divergence Since October 2007

While it may be by only by a hair, the Equal Weighted index is still below the July high. There hasn't been an outright bearish divergence since October 2007.