

**Market Sings Familiar Tune**

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Market observers are saying the tempo of the stock market is starting to look a lot like it did in last year. Now the question is whether the market will rebound the way it did the second half of 2004.

"It's a big change from the last half of last year, but the first half of this year is almost a carbon copy of the first half of last year," says John McClure, chief executive and president of EquiTrend.com, an online market timing newsletter. Like other market timers, EquiTrend has been largely bearish the first half of 2005, following a strong finish by the market last year.

Like last year, the shifts in market outlook have been sudden. At EquiTrend, for example, the market went long in August 2004 and stayed there until Jan. 6, when the newsletter's signal turned short. The signal has remained short about 90% of the time since that day, McClure says.

The pattern has been similar with other market timers. Hulbert Financial Digest recently reported that its Stock Newsletter Sentiment Index was as low as it has been at any other time since March 2000. The index reflects the average stock market exposure among a subset of short-term market timing newsletters tracked by Hulbert.

Now market timers are wondering whether or not the market will bottom out, as it did in the summer of 2004, and rebound in the second half of the year. McClure notes that the market is nearing its August 2004 lows, at a time when many of the same issues—such as high oil prices, the war in Iraq and the federal deficit— still worry the investment world.

"There are a lot of crazy things going on," McClure says.