Seeking Alpha α

Bears Dance at the Solstice

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We began the month of June with the S&P 500 at 1089. Monday, it closed at 1074, leaving just two more days to gain the lost ground and turn the month positive. The Summer Solstice on June 21 marked the high point for the month, with an intraday high of 1131 and its sights set on the 50-day moving average above. What a difference a week makes.

The decline since then can be attributed to some really bad economic reports. The worst news last week was the horrid new home sales figures, which came in at a 47-year historical low. Durable goods fell more than expected. GDP for Q1 was revised downward, although it was still over 2%. Consumer sentiment was the only news of the week that was even a tad positive. Nor did much happen to improve the global gloom. The oil spill is still flowing with hurricane season upon us, and European debt received additional ratings downgrades.

The current week offers a plethora of important economic releases, which is a little scary after last week's carnage. Today we saw the personal income report come in a little less than expected at 0.4%. The more important consumer confidence figure will be released Tuesday, followed by the Chicago Purchasing Manager Index on Wednesday. On Thursday we'll get the weekly initial jobless claims, along with ISM and pending home sales, but the blockbuster will come on Friday when the quarterly unemployment figure is released, along with auto sales and factory orders.

If most of these numbers are okay, the S&P 500 may rally back above its 200-day moving average. If most are negative, the market is likely to fall worse than it did last week.

Caps/Styles. In last week's carnage all cap/styles fell more than -3% for the week, with the best of the worst being Small-cap Growth, down -3.1% and the absolute Mid-caps, which fell almost -4%. The one-month cap/style figures are all hanging right around the zero line, but the trailing quarter is solidly in the red, with Small-cap Growth down -4.5% and Large-cap Growth down -7.7%.

Click here to see the Market Stats.

Sectors. Although negative, Telecom led the sectors, followed by Materials, Healthcare and Financials, all near the top as we had expected. Unexpected was Energy coming in last. Looking ahead, Materials, Information Technology, Energy and Healthcare all look strong, with Industrials and the two Consumer sectors trailing.

Obviously, this is a time for caution. It would probably be best to seek some well valued small-cap growth stocks in the higher ranked sectors.

4 Stock Ideas for this Market

This week, I started with Sabrient's Undervalued Large Cap Growth preset search on MyStockFinder, but I changed the cap focus to find Small Caps only. I also adjusted the parameters by up-weighting Technicals and asking only for stocks from Materials, InfoTech, Energy, and Healthcare. Here are 4 new stock ideas that look interesting:

P.H. Glatfelter (NYSE: GLT) – Materials
Ebix, Inc. (Nasdaq: EBIX) – InfoTech
Miller Petroleum (Nasdaq: MILL) – Energy
Par Pharmaceutical (NYSE: PRX) – Healthcare