

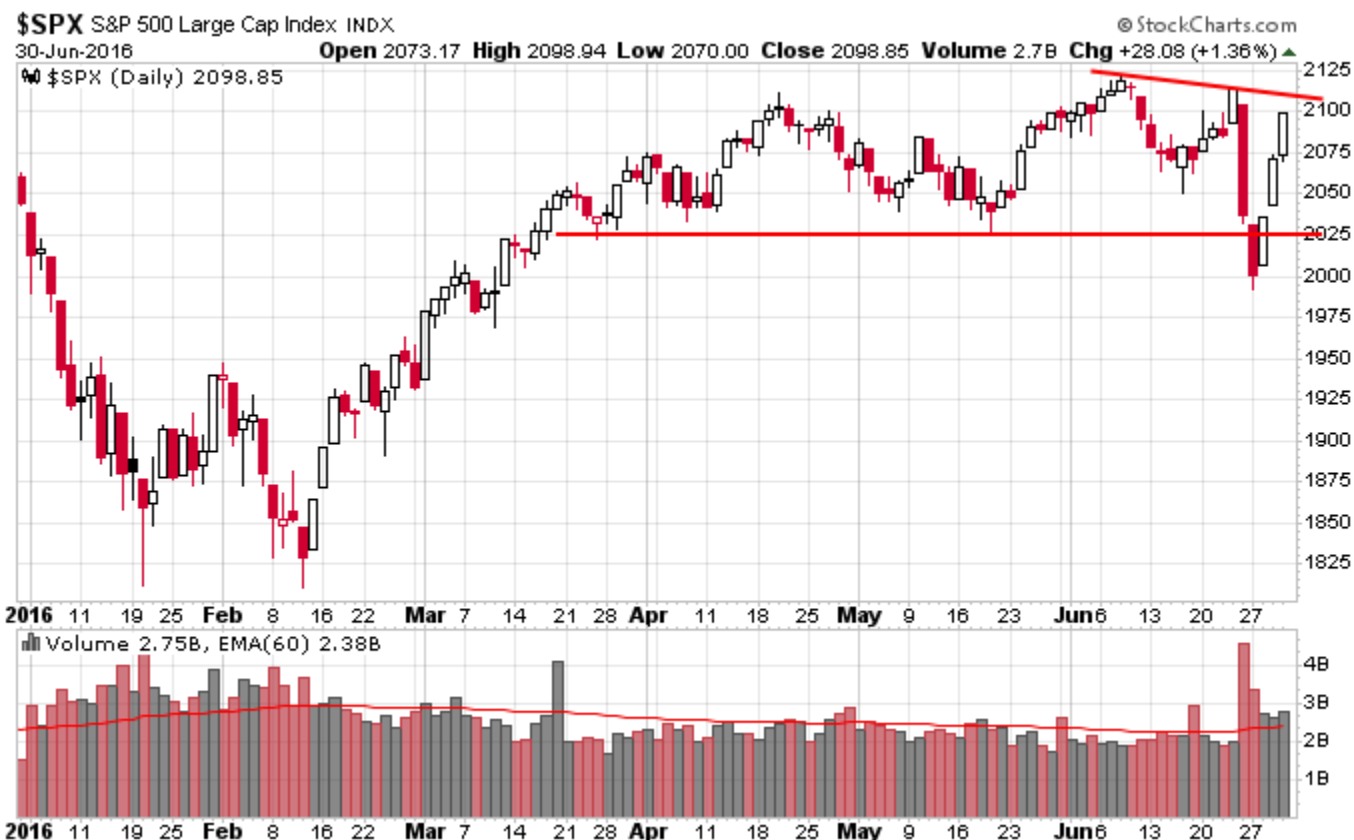
June 2016 is in the books. Despite the swift move down after the Brexit vote (S&P futures were down 100 overnight) the S&P posted a small gain for the month. This is the fourth consecutive monthly gain for the market, but overall the index remains range bound.

Unlike the previous four days, the market opened flat and with very little fanfare. No big gaps. No premarket hysteria. Just a calm open. The indexes proceeded to chop around for about an hour, and then buyers stepped in. Steady buying pressure persisted the rest of the day, and the indexes closed with solid gains and near their highs.

For the day, the S&P 600 rallied 2.1%, followed by the S&P 400 (up 1.9%), the Russell 2000 (up 1.8%), and the Dow Composite, Russell 3000, Wilshire 5000, S&P 500 and Russell 1000 (up 1.4%).

Among the groups, platinum & precious metals did better than 7%, food producers, food products and steel 4%, and distillers & vintners, industrial metals, gold, nonferrous metals, basic resources, food & beverage and mining gained more than 3%. Only marine transports (down 3.3%) and consumer finance (down 1.4%) dropped more than 1%.

Here's an update of the daily S&P. A quick move down has been followed by an equally quick move up. Last Thursday's close, several hours before the Brexit vote results were known, was at 2113. Today's close was at 2099 - a total drop of 14 points over the last week. Not bad.



Not all markets around the world can brag about the same performance, but in the US it's not entirely a surprise. The US market was the strongest in the world to begin with, and the UK leaving the EU doesn't directly impact us like Europe. And we haven't been playing games with our currency, so there was minimal effect there too. After the initial shock, it appears it's business as usual.

Rallying for a day after such a big move down is not hard - the biggest single up days take place within downtrends. Rallying a second day isn't overly difficult either. But when the market starts putting in third and fourth days, well, that takes real buying, not just short covering.

I'm impressed with the market's action. It absorbed the news fairly well and overall hasn't been overly fazed.

This doesn't mean we can throw all caution to the wind and get long. But it does increase my confidence that a pullback from the current level will get bought as long as there isn't any additional negative news from Europe.

During the day news broke Hershey's (HSY) rejected a buyout offer from Mondelez (MDLZ). HSY traded above the offer, so Wall St is betting a higher offer is likely to be made. Food stocks have done well lately. Kraft Heinz (KHC) was recently on the Long List, and Conagra (CAG), Ingredion (INGR) and Post (POST) are currently there. Funny how that works. Charts of several individual components perk up and look good for trades; then news hits that drives prices higher. The charts really are pretty good at forecasting things.

Assuming no major news comes out, tomorrow is likely to be a quiet day ahead of the 3-day weekend (the market is closed Monday).

Have a great night.

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