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BIG BANKS STOCKS SURPRIZE - the rich get richer and the poor get poorer (it's the natural order)...

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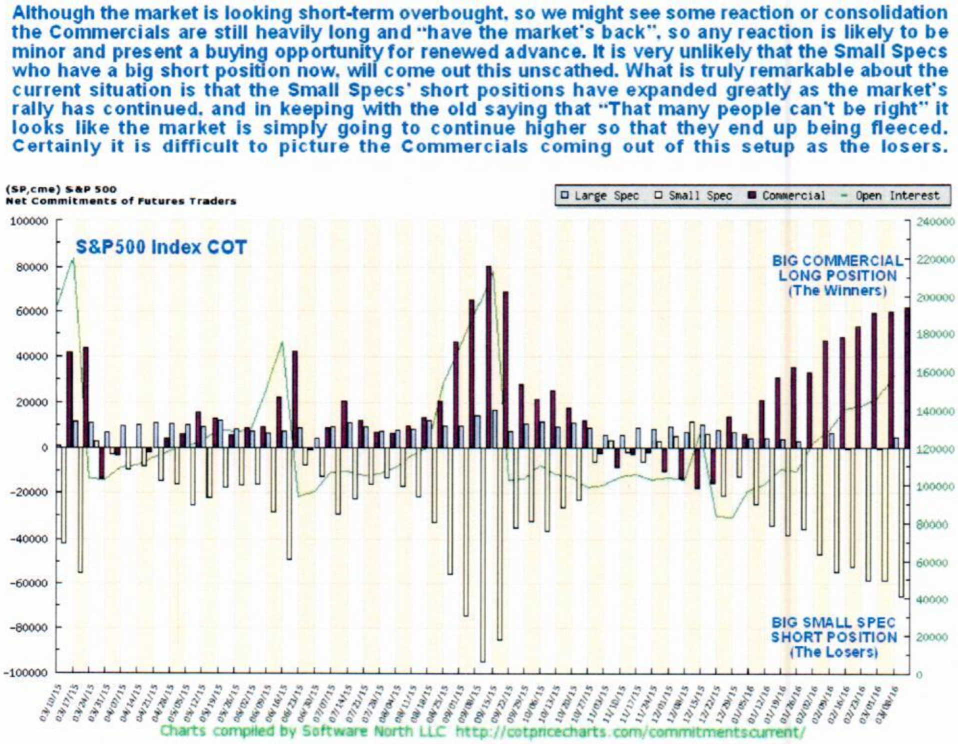
As pointed out at the weekend, Big Money is bullish on the stock market, and the Little Guy is bearish. That means that the stock market is going up, and the odd thing is that this polarization has increased as the market has continued to recover, meaning that this rally has legs. See the latest COT chart for the S&P500 index below...



	--- Large Speculators ---				------ Commercial ------				-- Small Speculators --			Open
	#	Long	Short	Bullish	#	Long	Short	Bullish	Long	Short	Bullish	Intrest
02/09/16	24	11,421	5,041	69%	62	89,773	41,323	68%	27232	82,062	25%	129,491
02/16/16	24	11,235	11,877	49%	64	99,254	46,331	68%	29044	81,325	26%	140,384
02/23/16	23	11,011	11,432	49%	61	102,631	43,427	70%	28049	86,832	24%	142,533
03/01/16	22	11,726	12,640	48%	61	102,900	43,326	70%	30803	89,463	26%	146,272
03/08/16	23	14,144	9,900	59%	62	105,724	44,517	70%	37062	102,513	27%	157,773

Click on chart to popup a larger clearer version.

A subscriber kindly pointed out a good article by Gary Savage entitled It's Too Early to Short Stocks posted yesterday. What Savage says makes a lot of sense and accords with what we have observed on the COTs.

Separately, I have been watching the big banks stocks with interest in recent weeks. They got slammed early this year, but have stabilized and started to recover, and the interesting thing is that are all are completing Head-and-Shoulders bottoms, as you will see on the charts presented below. An optimum time to buy them would have been when they dipped into what is believed to be the Right Shoulder low of their respective patterns several days back (with the exception of JPM). However they are still not far above these lows and with the market set to open down this morning, they should be at good prices to buy this morning, and more particularly to buy Call options for those who are interested in leveraging gains in these stocks, whose performance is otherwise rather pedestrian. One big reason for looking at these stocks is that what we are seeing here has *major* implications for the entire market, including the PM sector, which looks set to be sidelined again. Here are the charts of the big bank stocks...

Bank of America BAC, $13.64

Citigroup C, $42.67

Goldman Sachs GS, $153.49

J P Morgan JPM, $59.12

End of update.

Posted at 6.45 am EST on 15th March 16.