

Low Breadth Doesn't Mean Game Over For the Stock Market, Newton Says

A fewer number of stocks are leading the market higher these days. Yet that doesn't derail the year-end 6,650 target, Fundstrat Head of Technical Mark Newton said on CNBC.

The percentage of stocks moving above their 50-day moving average—a widely followed technical indicator of market breadth—is down to about 25%, Newton said. But the market's one saving grace has been technology stocks, which have helped keep the market afloat, he added.

“Long-term trends actually remain in very good shape,” Newton said on CNBC's Squawk Box with Joe Kernan, Becky Quick, and Andrew Ross Sorkin. “It's more just near-term breadth deterioration.”

He also said rates could start to rollover in the coming months, which would be a bullish scenario for the market.

Regarding the velocity of change with which yields have risen in recent months, he said, “We haven't seen substantial trend damage to think that any of our upside targets that we set last month are going to be derailed.”

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