

Monday February 10, 2014

Closing prices of February 7, 2014

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Monday February 10, 2014

Closing prices of February 7, 2014

**The recent volatility in equities continued last week as stocks rebounded from a Monday selloff to have many major indexes finishing the week higher in spite of lackluster economic news.** The leader among major indexes was the Bank of NY Mellon ADR Index, up 1.65% on the week and benefitting from last week's selloff in the U.S. Dollar Index. The Nasdaq 100 was second with a gain of 1.14%, followed by the NYSE Composite, up 0.91%, and the S&P 500, up 0.81%. The laggards were the Russell 2000, down 1.35%, the Dow Jones Transports, down 0.64%, and the S&P Midcap 400, down 0.36%. We don't like to see the small and mid-caps lagging, as that can indicate a lack of desire on the part of investors to assume risk, and sometimes a lack of liquidity. Year-to-date the Nasdaq 100 is the leading major index with a loss of 0.84% while the Dow Jones Industrials has the biggest loss with a drop of 4.72%.

**Eight of the ten S&P sectors rose last week.** The leader was Consumer Discretionary, up 1.93%, followed by Materials, up 1.48%, and Financials, up 1.04%. The downside was led by Telecom Services, down 2.45%, and Utilities, the year-to-date leader, down 0.68% on the week.

**Twenty-one of the twenty-four S&P industry groups traded higher last week.** The leader was Technology Hardware & Equipment, up 2.46%, Consumer Services, up 2.34%, and Retailing, up 2.10%. The weekly losers were led by Telecom Services, down 2.45%, Health Care Equipment & Services, down 0.81%, and Utilities, down 0.68%. The year-to-date leader is Pharmaceuticals, Biotech & Life Sciences, up 2.58%, with Insurance the biggest loser with a drop of 7.16%.

**Last week we said that in the short-term stocks were oversold and pessimism was getting extreme. We said that our proprietary options indicator was at a level where rallies can begin and plunges were unlikely, and further weakness should set up some very attractive entry points. We also discussed a head & shoulders pattern that we showed on the intraday chart of the S&P 500 that we said targeted the mid to low 1740s.** Monday's plunge, with only 2.01% of the S&P 1500 stocks advancing, overshot our target by hitting 1739.66 intraday but closed the session at 1741.89. At that point stocks were deeply oversold and based on our proprietary options indicator sentiment was extremely bearish. Monday's lows were tested Wednesday, when the intraday low hit 1737.92 before a rally of 3.4% ended the week at 1797.02. The rally left the S&P 500 just under important price and moving average resistance. It also printed bullish hammer candlesticks on the weekly charts of the Nasdaq 100, the S&P 500, and the Dow Jones Industrials. Hammers are bottoming candles, and the bottom of the candles is now important support.

**In the short-term stocks are no longer oversold with the percentage of stocks in the S&P 1500 over their own 10-day moving averages at 56.1%.** However, they are also far from overbought. Also, our options indicator is still showing pessimism at 0.94 after hitting 0.85 Monday, the lowest reading since 6/10/2013. The rally off Wednesday's lows took the S&P 500 to just under important resistance. Therefore, with conditions not being overbought or overbullish there is a good chance stocks have the energy to push through the nearby resistance, although not necessarily immediately. If they cannot, and if selling becomes aggressive here, that would be very noteworthy and probably an important red flag.

**Longer-term we remain bullish, as we have been for a very long time.** Last week's action created some important support levels which, if broken, should make investors take notice. So far, it is possible that the recent weakness is only a garden variety pullback that in hindsight will have done little more than erase the end of the year window dressing rally that began in mid-December. In order for that to be true we need to see increased investor demand, not just a technical rally off of extreme oversold and overbearish conditions. We have said the last couple of weeks that longer-term charts were rolling over from overbought levels, and it was possible we were in for a prolonged period of consolidation or correction that will be frustrating for investors. Therefore, we repeat our comment from the last two weeks that until proven otherwise, we remain in a short-term trader's market.

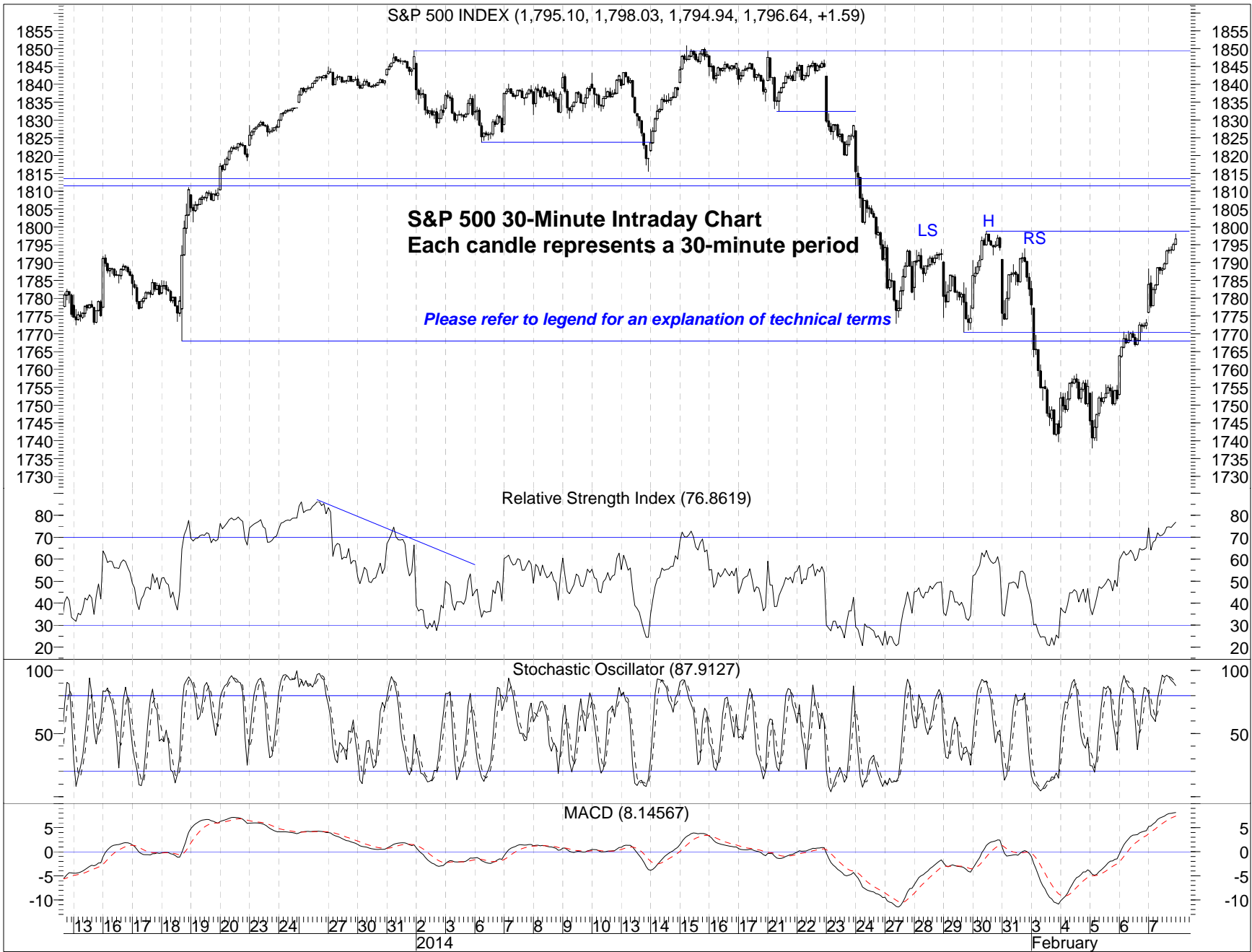
**Valuation, based on spreads between equity and bond yields, has improved as the spreads have widened substantially as stocks and bond yields have fallen in tandem.** They are back in the middle of the range they have been in since June 2013, which is also the range of pre-August 2011. On a historical basis they remain at levels where stocks should be attractive versus bonds. Still, we would like to see aggregate earnings and projections increase during the current earnings season because with P/E ratios still near multi-year highs equities can't continue to rely on multiple expansion for price appreciation. **In 2013 the S&P 1500 gained 30.11%. The P/E ratio expanded 20.1%. Earnings only increased 8.1%. Without aggregate earnings growth it will be tough sledding for equities even with low interest rates.**

**So far 343 of the S&P 500 have reported fourth quarter earnings.** 68.2% have beaten estimates, 12.0% were in line, and 19.8% missed. Last quarter after 365 reported 69.0% beat, 12.9% were in line, and 18.1% missed. The final tally for the third quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

**In summary, in the short-term stocks are neutral relative to oversold or overbought levels, with enough pessimism that there is enough energy to break through resistance levels just ahead. The failure to do so, especially if it comes with aggressive selling, will be a red flag. Longer-term we remain bullish due to improving economic data (too slow, but improving nonetheless), attractive valuations, strong long-term market breadth, and the globally synchronized program of stimulus by central banks. We are 68.6% through earnings season, and hopefully good reports will restore investor confidence. Until further notice we view this as a short-term trader's market.**

*Based on the S&P 500 the short-term and intermediate-term trends are down, while the long-term trend remains up.*

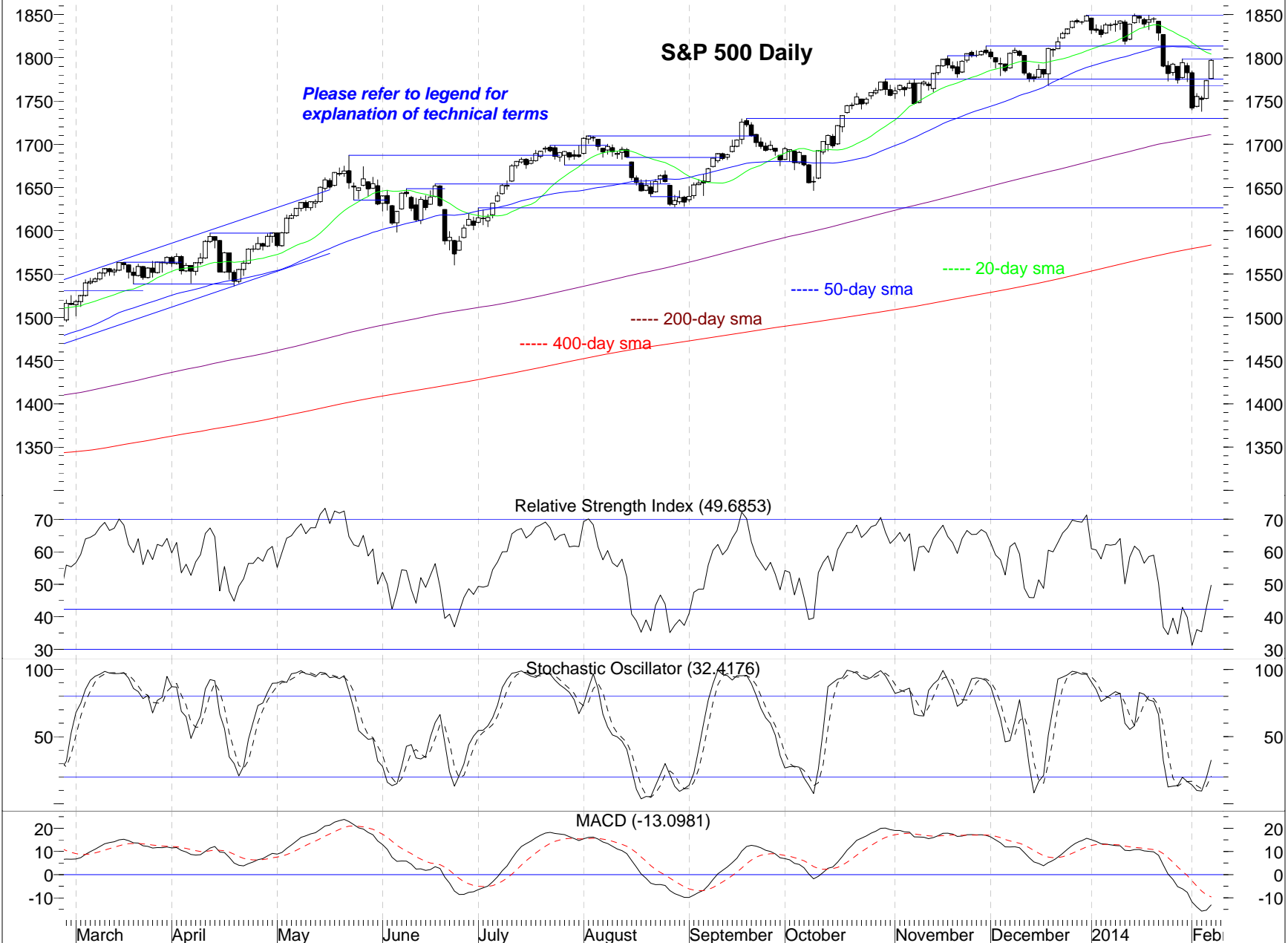
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Last week we pointed out the small head & shoulders pattern that had formed on the 30-minute chart of the S&P 500. We said that a break of the neckline would target the mid to low 1740s. The neckline was broken Monday and the index hit 1737.92 Wednesday before bouncing. The closing price low for the week came on Monday and was 1741.89. Now the index is just under a resistance zone that goes from 1799 to 1815.

30-minute momentum is overbought.

S&P 500 INDEX (1,776.01, 1,798.03, 1,776.01, 1,797.02, +23.59)



A nice rally off Wednesday's low brought the S&P 500 up to resistance on the daily chart. Now it faces price and moving average resistance.

Daily momentum is mostly positive.

2/8/2014

S&P 500 INDEX (1,782.68, 1,798.03, 1,737.92, 1,797.02, +14.43)

### S&P 500 Weekly

*Please refer to legend for explanation of technical terms*



The S&P 500 dropped near price and moving average support on its weekly chart before rallying back over the 20-week sma and printing a hammer candle. Hammers are bottoming candles. The bottom of the candle is now important support, and a move below it would be very bearish especially since it would probably also be below the 40-week sma at that time.

Weekly momentum is still mostly negative.

2/8/2014

S&P 500 INDEX (1,782.68, 1,798.03, 1,737.92, 1,797.02, +14.43)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

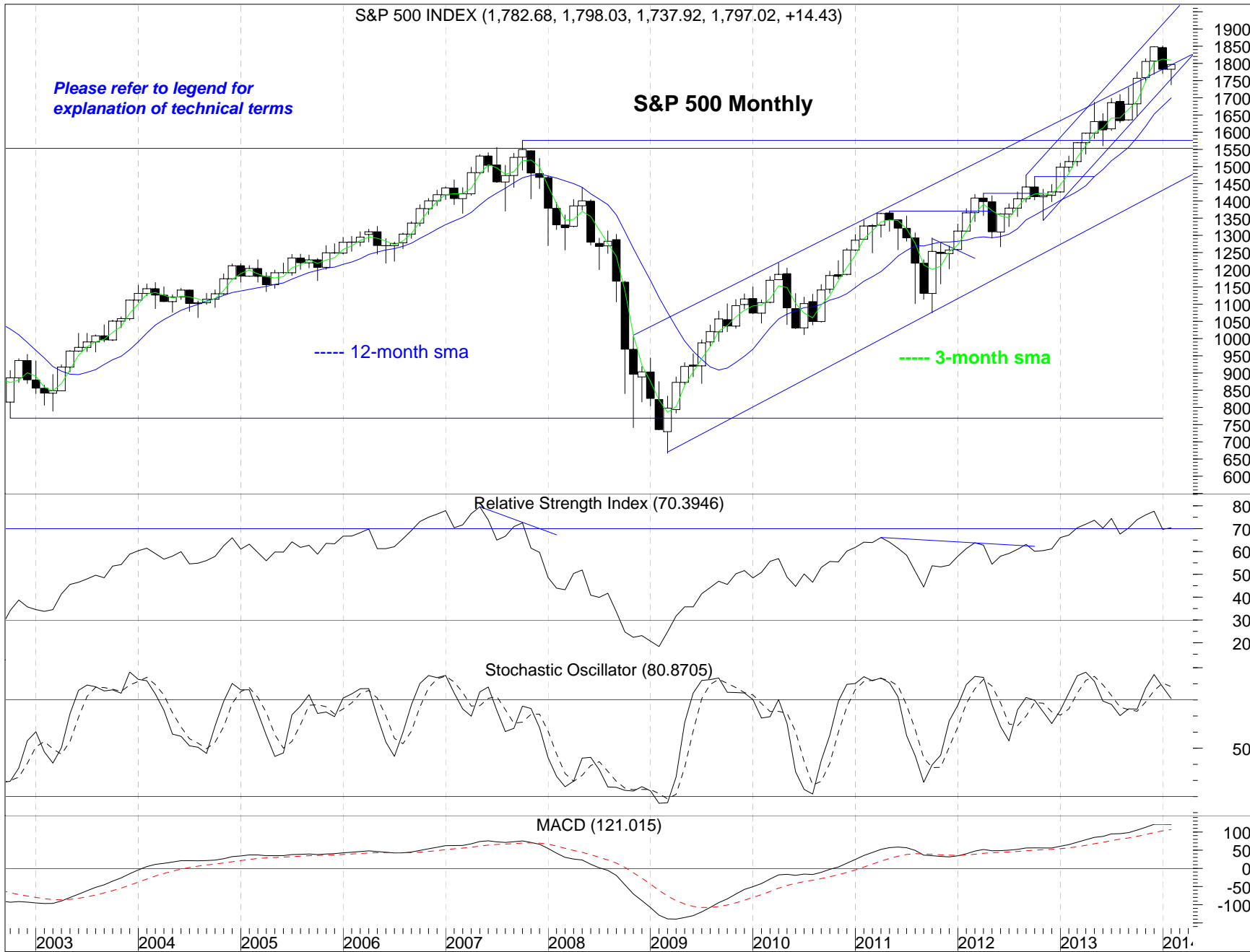
Relative Strength Index (70.3946)

Stochastic Oscillator (80.8705)

MACD (121.015)

The S&P 500 has been in the long-term channel going back to 2009, and the more recent channel from mid-2012. In November it broke through the top boundary of the longer-term channel. In February it fell back into the longer-term channel, but it found support at the lower boundary of the shorter-term channel. Here again breaking last week's low would be bearish in that a break of the price support would also be a break of the channel support.

Monthly momentum is threatening to turn negative.

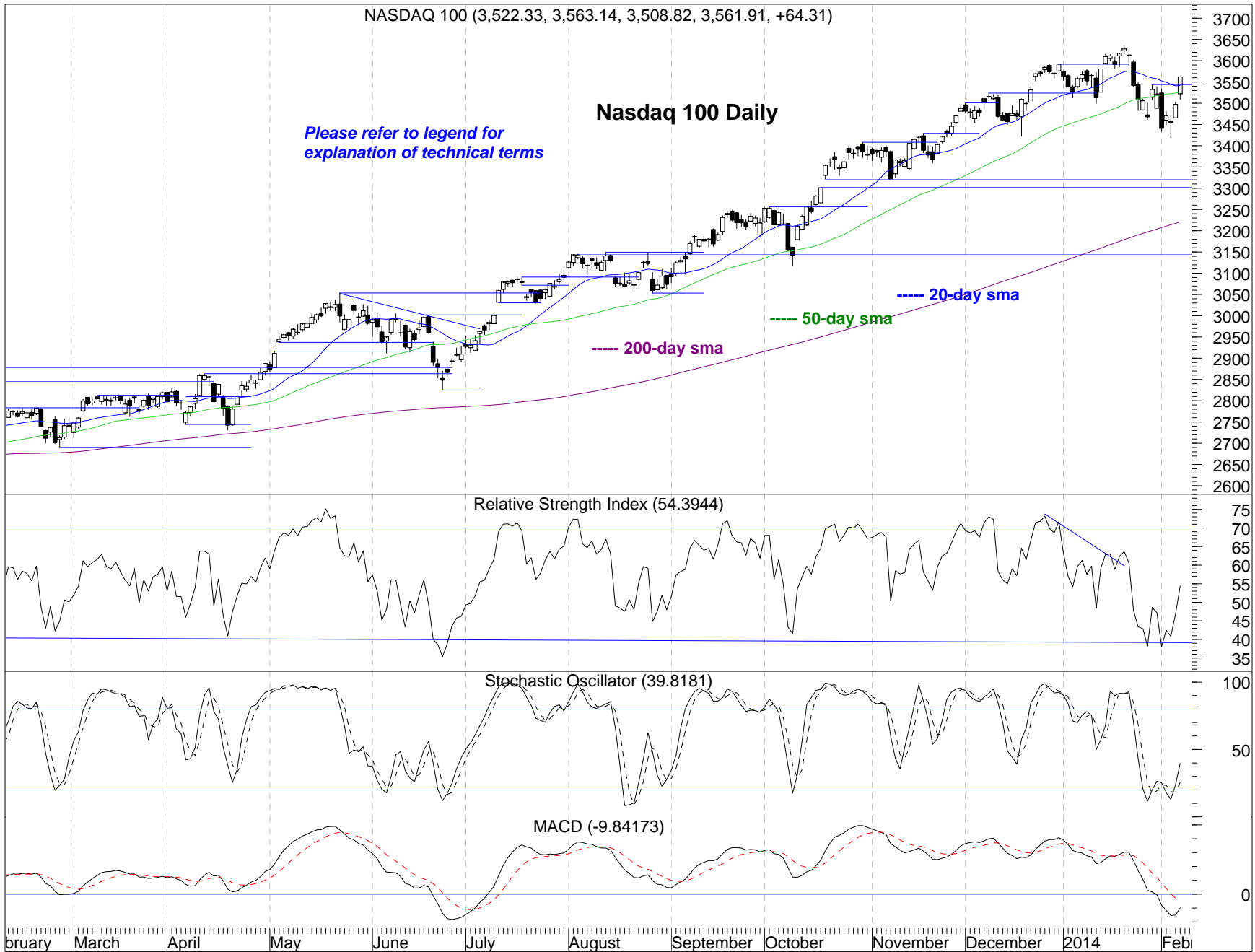


2/8/2014

NASDAQ 100 (3,522.33, 3,563.14, 3,508.82, 3,561.91, +64.31)

### Nasdaq 100 Daily

*Please refer to legend for explanation of technical terms*



The Nasdaq 100 has rebounded above short-term resistance and its 20 and 50-day sma.

Daily momentum is almost all positive.

2/8/2014



NASDAQ 100 (3,524.23, 3,563.14, 3,418.88, 3,561.91, +39.98)

Please refer to legend for explanation of technical terms

### Nasdaq 100 Weekly



The Nasdaq 100 fell to its 20-week sma and rebounded to print a hammer candle on its weekly chart. Hammers are bottoming candles. The bottom of the candle is now important support.

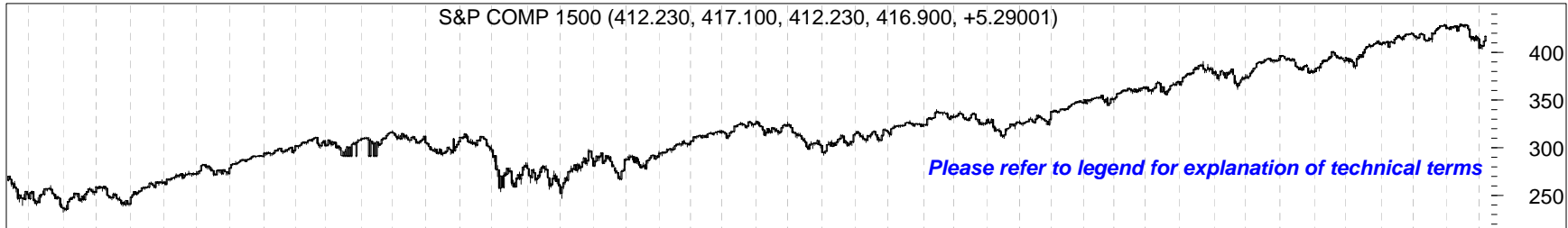
Weekly momentum is still mostly negative.

2/8/2014

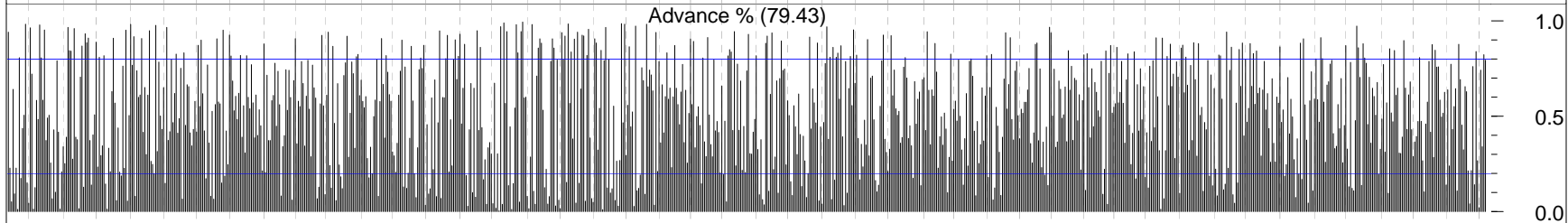


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S&P COMP 1500 (412.230, 417.100, 412.230, 416.900, +5.29001)

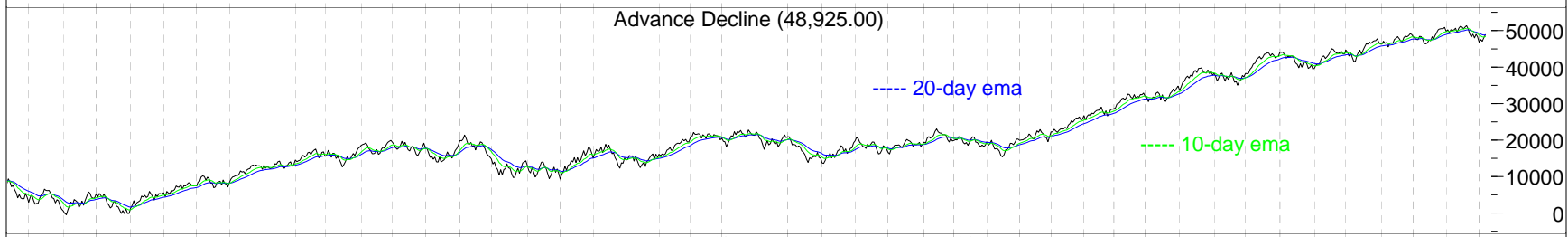


Please refer to legend for explanation of technical terms



Advance % (79.43)

On Friday 79.43% of the S&P 1500 traded higher. That followed Thursday's strong 82.3%.

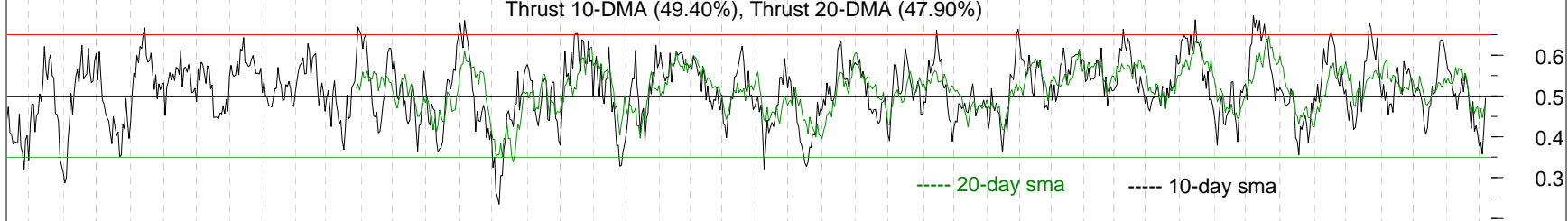


Advance Decline (48,925.00)

----- 20-day ema

----- 10-day ema

The AD line is back over its 10 and 20-day ema.

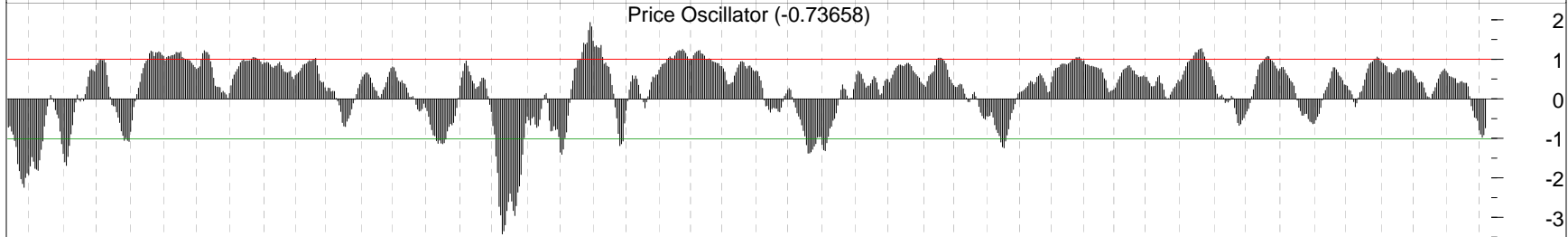


Thrust 10-DMA (49.40%), Thrust 20-DMA (47.90%)

----- 20-day sma

----- 10-day sma

The 10-day average of advancing stocks is back over the 20-day average. Both are still under the 50% line, but the 10-day just barely.



Price Oscillator (-0.73658)

On Wednesday, our price oscillator, a good indicator of trends, reached a level where bottoms are frequently made. It is still well into negative territory.

1 J J A S O N D 2011 M A M J J A S O N D 2012 M A M J J A S O N D 2013 M A M J J A S O N D 2014

2/8/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (412.230, 417.100, 412.230, 416.900, +5.29001)

Please refer to legend for explanation of technical terms

% Over 10-Sma (56.10)

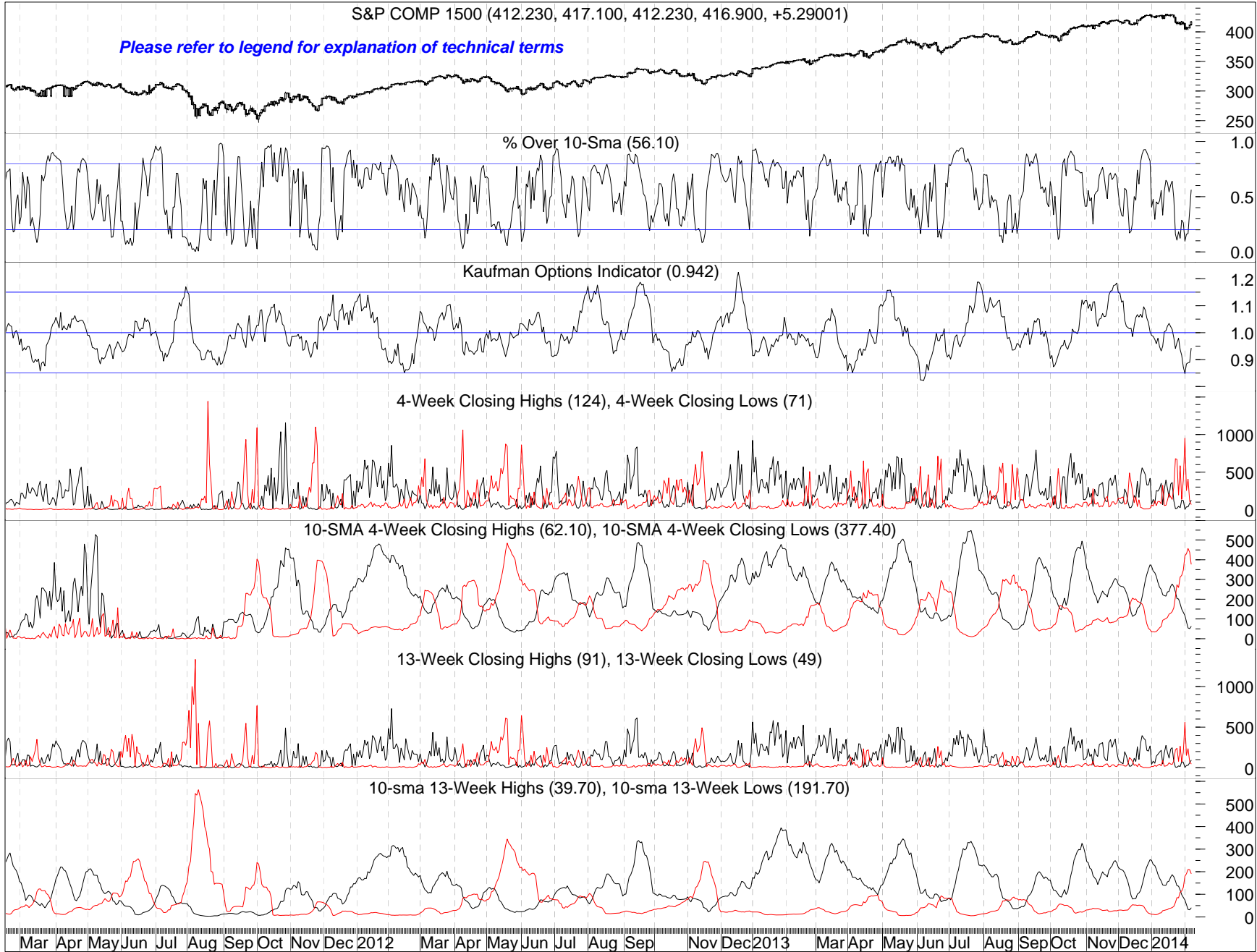
Kaufman Options Indicator (0.942)

4-Week Closing Highs (124), 4-Week Closing Lows (71)

10-SMA 4-Week Closing Highs (62.10), 10-SMA 4-Week Closing Lows (377.40)

13-Week Closing Highs (91), 13-Week Closing Lows (49)

10-sma 13-Week Highs (39.70), 10-sma 13-Week Lows (191.70)



After hitting 9.7% on Monday, the lowest since 8/19/13, the percentage of stocks in the S&P 1500 over their own 10-day moving average is a neutral 56.10%.

Our proprietary options indicator was showing extreme pessimism Monday, hitting 0.848, the lowest since 6/10/2013. It is still showing pessimism at 0.942.

On Friday 4-week closing highs were above lows for the first time since 1/22.

The 10-sma of 4-week lows is still way above 4-week highs but each is at an area where reversals have occurred.

On Friday 13-week closing highs were above 13-week lows for the first time since 1/22.

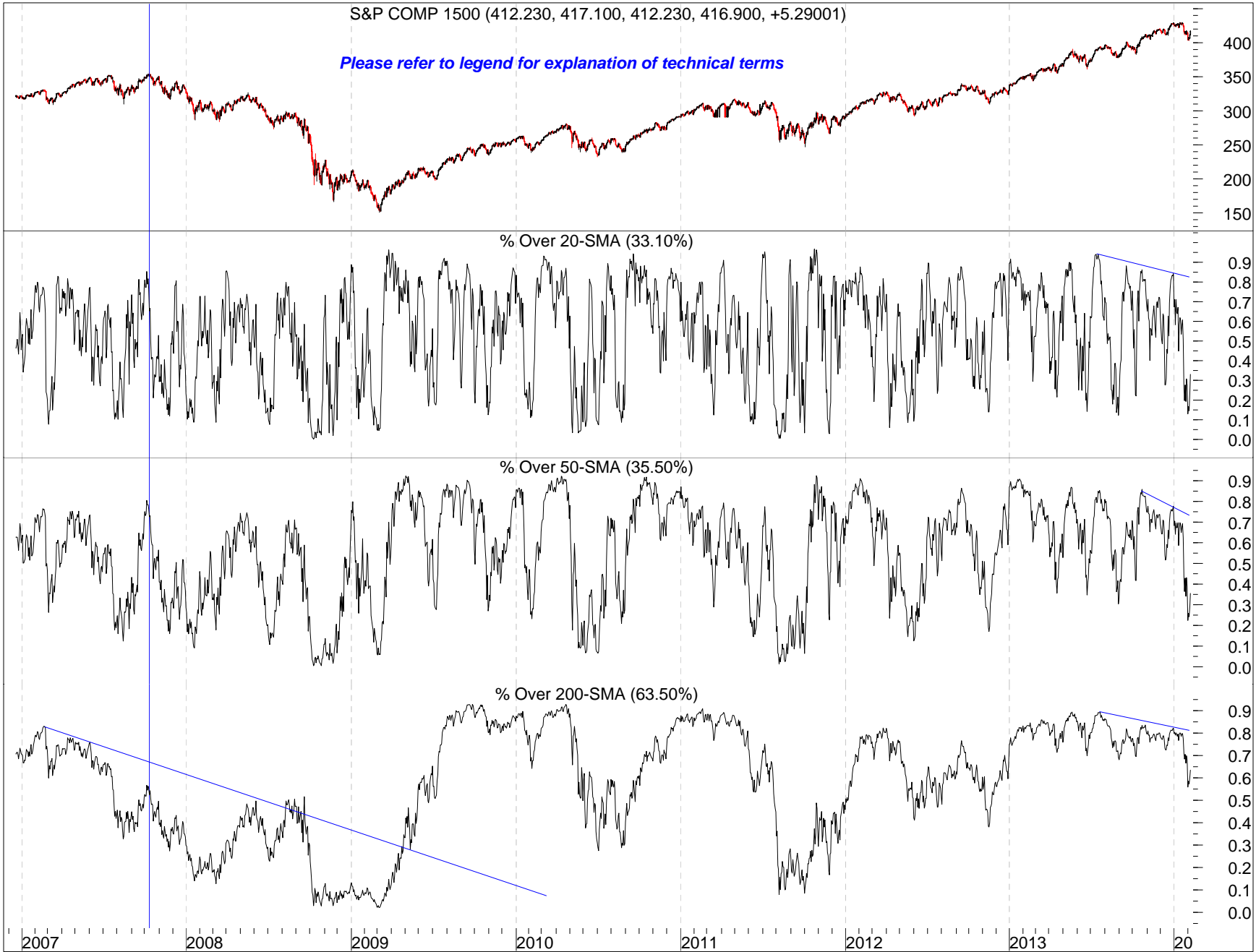
The 10-sma of 13-week closing lows remains well above its counterpart of highs.

2/8/2014

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S&P COMP 1500 (412.230, 417.100, 412.230, 416.900, +5.29001)

*Please refer to legend for explanation of technical terms*



The percentage of stocks in the S&P 1500 over their own 20-day moving averages hit levels last week where stocks bottomed multiple times going back to mid-2012.

The longer-term percentages of 50 and 200-day moving averages hit levels last week that haven't been seen since 2012. If stocks do continue to rally off Wednesday's lows we need to see broad participation or the rally will probably not be sustainable.

2/8/2014

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S&P COMP 1500 (412.230, 417.100, 412.230, 416.900, +5.29001)

Please refer to legend for explanation of technical terms

10 Y TSY YLD NDX (27.2200, 27.2600, 26.3300, 26.7500, -0.27000)

----- 200-day sma    - - - - 50-day sma    - - - - 20-day sma

PE Cont Ops (17.0900)

FPE (15.4300)

PE TNX Spread % (104.170)

FPE TNX Spread % (142.280)

EPS (22.7700), EPS Cont Ops (24.3900), Est EPS (27.0200)

A M J J A S O N D 2010    A M J J A S O N D 2011    A M J J A S O N D 2012    A M J J A S O N D 2013    A M J J A S O N D 2014

400  
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Bond yields have weakened so far this year.

P/E levels have dropped as stocks traded down and earnings have been reported.

Spreads between equity and bond yields remain in the middle of the range they have been in since June, which is also the range they were in pre-August 2011. At these levels stocks are very attractive versus bonds.

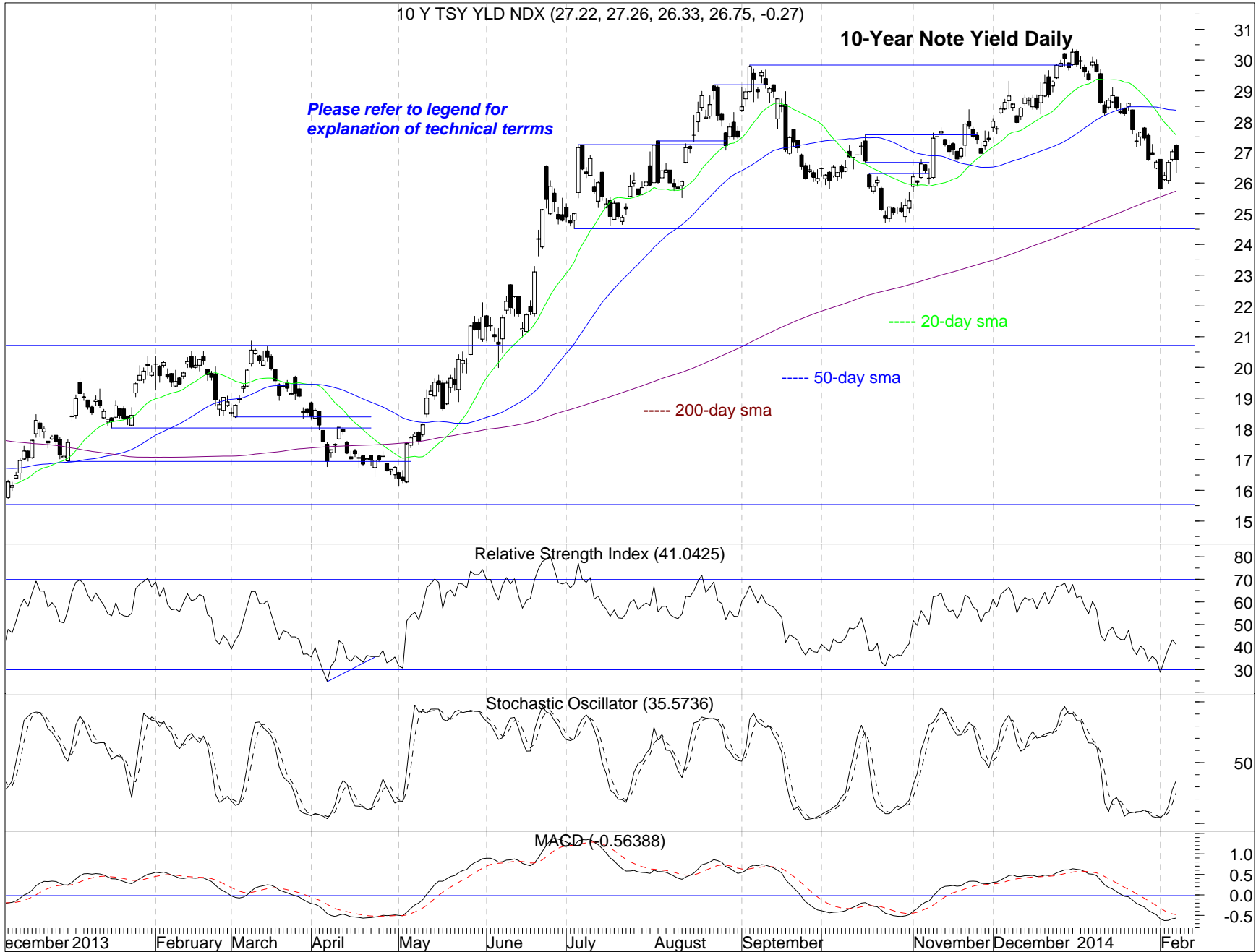
Aggregate earnings have been rising in earnings season, but forecasts are lagging. This needs to change for stocks to make substantial progress.

2/8/2014

10 Y TSY YLD NDX (27.22, 27.26, 26.33, 26.75, -0.27)

### 10-Year Note Yield Daily

*Please refer to legend for explanation of technical terms*



The 10-year note yield has bounced after falling near the 200-day sma. It is now pinched between the 200 and the down sloping 20-day, which is resistance.

Daily momentum is nearly positive.

2/8/2014

10 Y TSY YLD NDX (26.77, 27.26, 25.79, 26.75, +0.07)

### 10-Year Note Yield Weekly

Please refer to legend for explanation of technical terms

----- 80-week sma    ----- 40-week sma    ----- 20-week

Relative Strength Index (48.9818)

Stochastic Oscillator (11.9298)

MACD (0.71286)

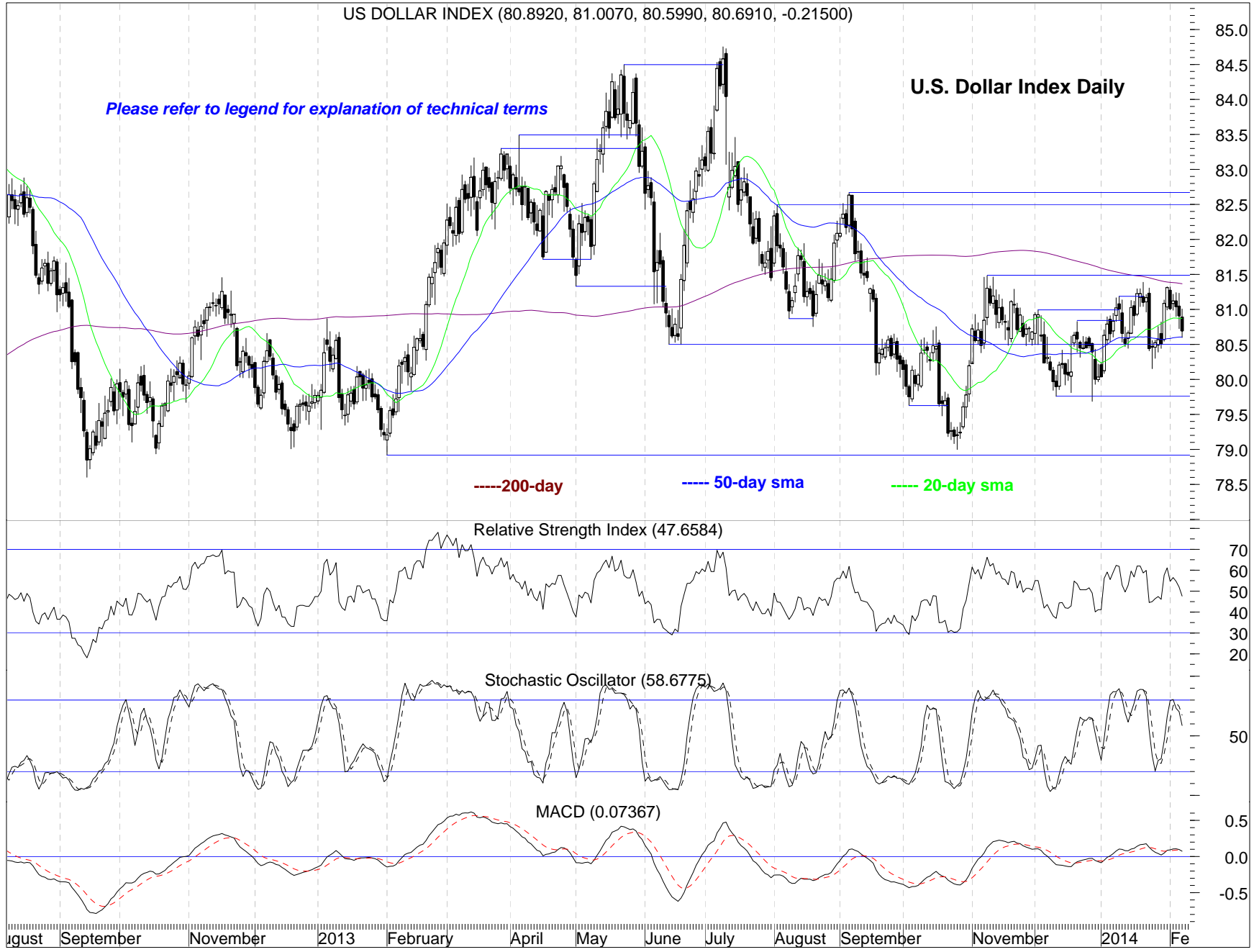
M J J A S O N D 2010 M A M J J A S O N D 2011 A M J J A S O N D 2012 A M J J A S O N D 2013 A M J J A S O N D 2014

2/8/2014

After failing at a resistance zone in early January the 10-year note yield fell to its 40-week sma and bounced. The bounce took it to its 20-week sma, and it ended the week with a small change that printed a long-legged doji candle on the weekly chart. Doji are signs of indecision frequently seen at turning points.

Weekly momentum is slightly negative but the stochastic is very oversold.

US DOLLAR INDEX (80.8920, 81.0070, 80.5990, 80.6910, -0.21500)



Please refer to legend for explanation of technical terms

### U.S. Dollar Index Daily

-----200-day

-----50-day sma

-----20-day sma

Relative Strength Index (47.6584)

Stochastic Oscillator (58.6775)

MACD (0.07367)

The U.S. Dollar Index showed strength to close 2013 but couldn't get through resistance. Now it has fallen through the 20-sma and bounced at the 50-sma.

Daily momentum is negative.

August September November 2013 February April May June July August September November 2014 Fe

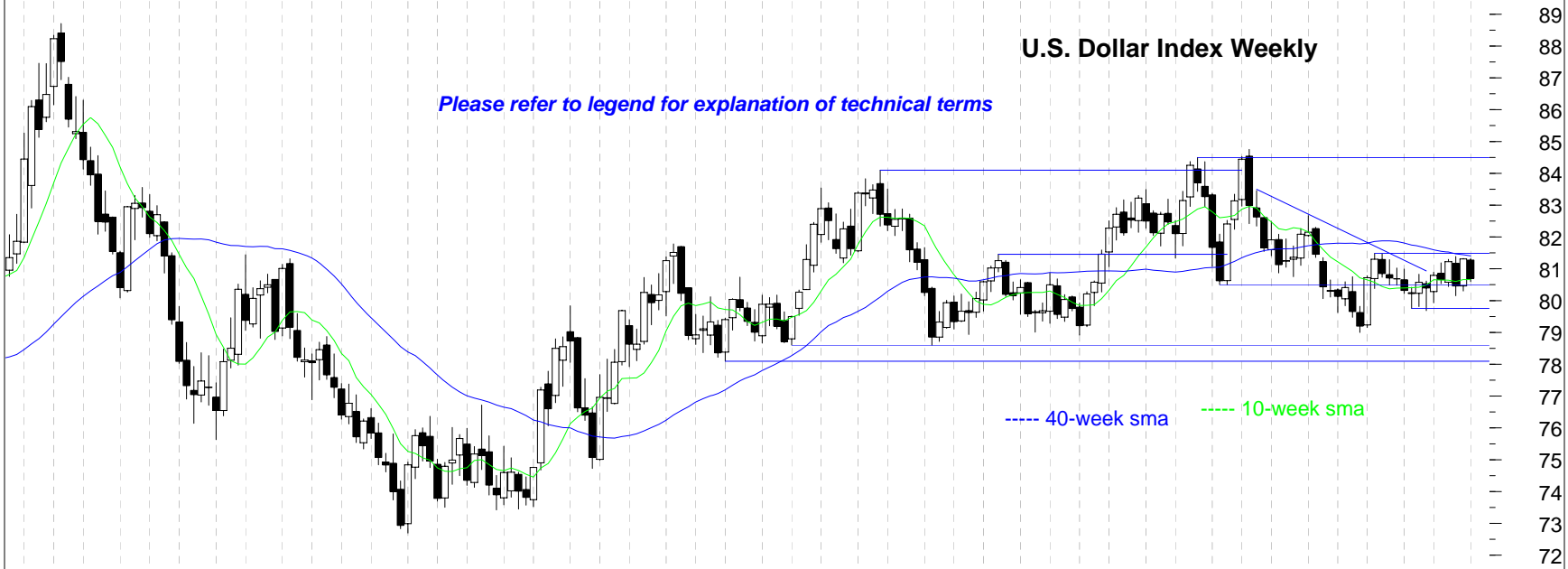
2/8/2014



US DOLLAR INDEX (81.2750, 81.3230, 80.5990, 80.6910, -0.62000)

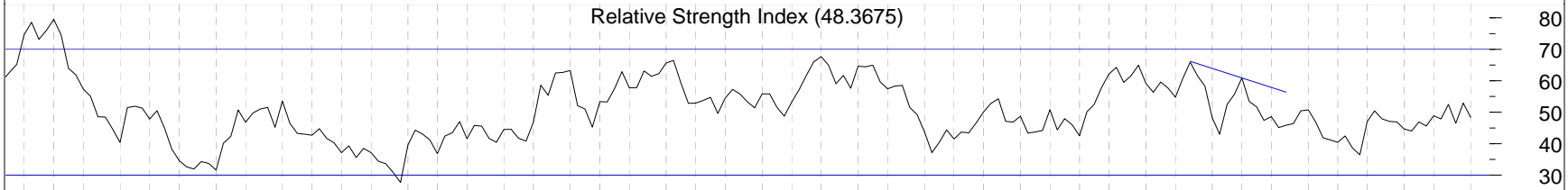
### U.S. Dollar Index Weekly

*Please refer to legend for explanation of technical terms*



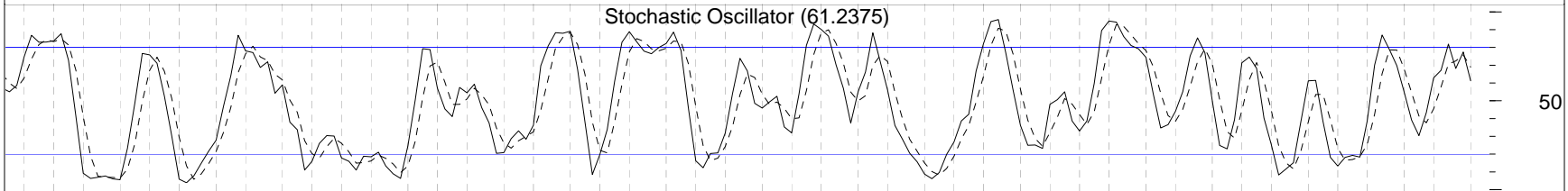
The U.S. Dollar Index has been trading sideways and is just under resistance on its weekly chart.

Relative Strength Index (48.3675)

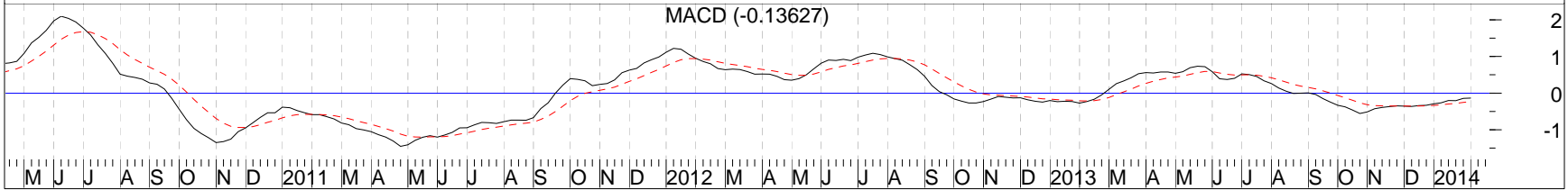


Weekly momentum is mostly negative.

Stochastic Oscillator (61.2375)



MACD (-0.13627)



2/8/2014

SPDR GOLD TRUST (121.2400, 122.2400, 121.2300, 122.1700, +0.9300)

Gold ETF Daily

For more information about GLD or to obtain a prospectus go to the "Investment Specific Disclosure" page at the end of the chart section of The Kaufman Report.

Please refer to legend for explanation of technical terms

--- 200-day sma --- 50-day sma --- 20-day sma

The gold ETF has rallied to just under resistance on its daily chart.

Relative Strength Index (57.3763)

Stochastic Oscillator (71.7564)

MACD (0.55896)

Daily momentum is positive.

February March April May June July August September October November December 2014 February

2/8/2014

SPDR GOLD TRUST (120.4700, 122.2400, 120.3200, 122.1700, +2.0800)

### GLD Weekly

For more information about GLD or to obtain a prospectus go to the "Investment Specific Disclosure" page at the end of the chart section of The Kaufman Report.

----- 40-week sma

----- 10-week sma

Please refer to legend for explanation of technical terms

Relative Strength Index (45.7884)

Stochastic Oscillator (86.1796)

MACD (-2.92615)

M J J A S O N D 2010 M A M J J A S O N D 2011 A M J J A S O N D 2012 A M J J A S O N D 2013 A M J J A S O N D 2014

2/8/2014

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The gold ETF is fighting price resistance and is just under its 20-week ETF (not shown) on its weekly chart.

Weekly momentum is positive but the stochastic is overbought.

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UNTD ST OIL FUND (35.0600, 35.7500, 35.0000, 35.6400, +0.7400)

For more information about USO or to obtain a prospectus go to the "Investment Specific Disclosure" page at the end of the chart section of The Kaufman Report.

U.S. Oil ETF Daily

Please refer to legend for explanation of technical terms

----- 200-day sma ----- 50-day sma ----- 20-day sma

Relative Strength Index (65.5080)

Stochastic Oscillator (83.4742)

MACD (0.20174)

A big rebound from the January low for the oil ETF has it not far from resistance on the daily chart.

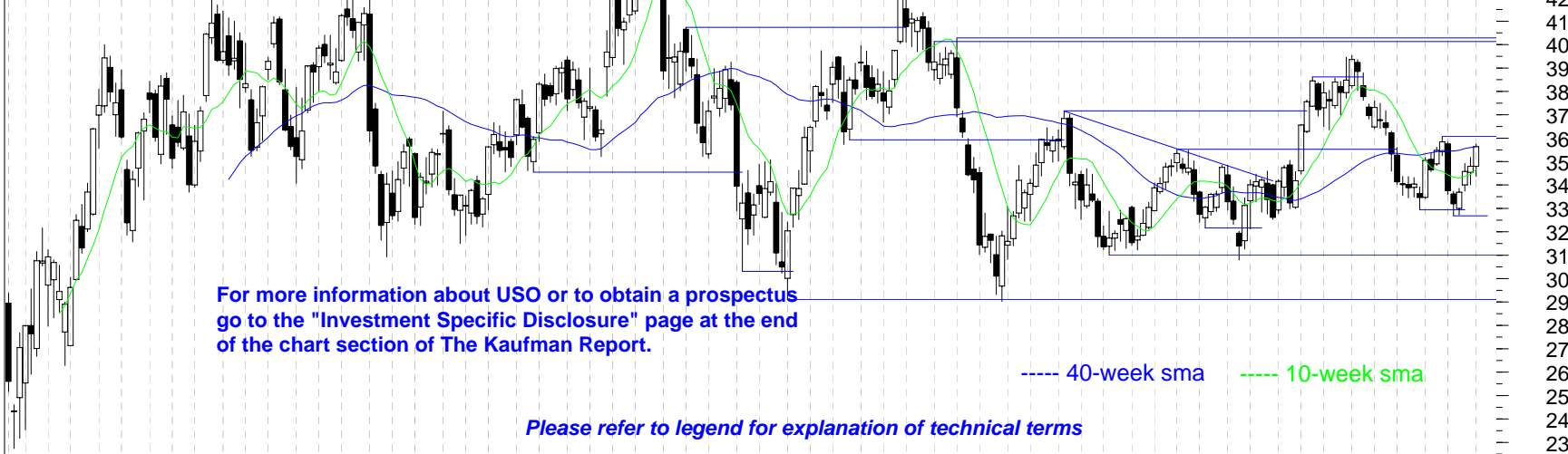
Daily momentum is positive.

February March April May June July August September October November December 2014 Feb

2/8/2014

UNTD ST OIL FUND (34.8000, 35.7500, 34.3600, 35.6400, +0.8400)

### USO - United States Oil Fund ETF Weekly



For more information about USO or to obtain a prospectus go to the "Investment Specific Disclosure" page at the end of the chart section of The Kaufman Report.

----- 40-week sma    ----- 10-week sma

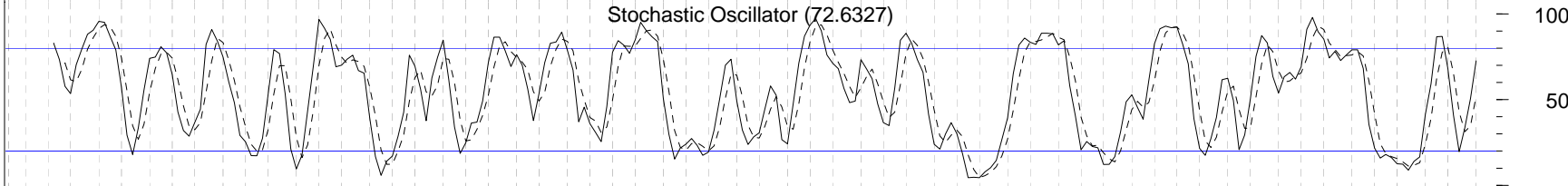
Please refer to legend for explanation of technical terms

The oil ETF is challenging moving average and price resistance on its weekly chart.

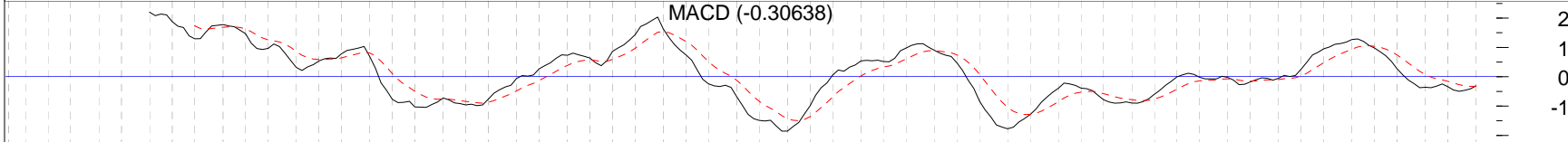
Relative Strength Index (52.8217)



Stochastic Oscillator (72.6327)



MACD (-0.30638)



Weekly momentum is positive with room to move higher.

2009 M J J A S O N D 2010 A M J J A S O N D 2011 A M J J A S O N D 2012 A M J J A S O N D 2013 A M J J A S O N D 2014

2/8/2014

BAR IPA UBS COPR (39.5900, 39.6000, 39.3900, 39.4900, +0.2500)

For more information about JJC or to obtain a prospectus go to the "Investment Specific Disclosure" page at the end of the chart section of The Kaufman Report.

### Copper ETN Daily

- 20-day sma
- 50-day sma
- 200-day sma

Please refer to legend for explanation of technical terms

Relative Strength Index (44.4434)

Stochastic Oscillator (23.6720)

MACD (-0.37078)

The copper ETN, representing the metal with a Ph.D. in economics, has bounced up to price and moving average resistance.

Daily momentum is almost all positive.

February March April May June July August September October November December 2014 February

2/8/2014

BAR IPA UBS COPR (38.85, 39.60, 38.63, 39.49, +0.63)

For more information about JJC or to obtain a prospectus go to the "Investment Specific Disclosure" section page at the end of the chart section of The Kaufman Report.

### Copper ETN Weekly

Please refer to legend for explanation of technical terms

---- 40-Week sma    ---- 10-Week sma

The copper ETN is in the lower part of the weekly range it has been in since August 2013.

Relative Strength Index (45.3414)

Weekly momentum is mixed but the stochastic is oversold.

Stochastic Oscillator (11.9947)

MACD (-0.16724)

M J J A S O N D 2010 M A M J J A S O N D 2011 A M J J A S O N D 2012 A M J J A S O N D 2013 A M J J A S O N D 2014

2/8/2014



## INVESTMENT SPECIFIC DISCLOSURES

*You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included or incorporated by reference in the appropriate prospectus, including the financial statements and the related notes. To view prospectuses, please go to;*

[http://rockwellsecurities.com/Kaufman\\_Report\\_Prospectuses.php](http://rockwellsecurities.com/Kaufman_Report_Prospectuses.php)

- 1) **GLD (GOLD)** - The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares. The Shares are designed to mirror as closely as possible the performance of the price of gold, and the value of the Shares relates directly to the value of the gold held by the Trust, less the Trust's liabilities (including estimated accrued expenses). The price of gold has fluctuated widely over the past several years. Several factors may affect the price of gold, including:
  - Global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and production and cost levels in major gold-producing countries such as South Africa, the United States and Australia;
  - Global or regional political, economic or financial events and situations;
  - Investors' expectations with respect to the rate of inflation;
  - Currency exchange rates;
  - Interest rates; and
  - Investment and trading activities of hedge funds and commodity funds.
  
- 2) **JJC (BARCLAYS IPATH COPPER ETN)** – You may lose some or your entire principal if you invest in the ETN. Any payment on the ETN at or prior to maturity is subject to the creditworthiness of Barclays Bank PLC and is not guaranteed by any third party.
  - The ETNs are unsecured promises of Barclays Bank and are not secured debt.
  - Even if the value of the underlying index at maturity or upon redemption exceeds its initial level, you may receive less than the principal amount of your ETNs.
  - The market value of the ETN may be influenced by many unpredictable factors
  - Commodity prices may change unpredictably, affecting the value of the indices and the value of the ETN in unforeseeable ways.
  
- 3) **USO (UNITED STATES OIL FUND ETF)** - USOF is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act. Some of the risks of investing in USOF include:
  - Investing in crude oil interests subjects USO to the risks of the crude oil industry which could result in large fluctuations in the price of USOF's units.
  - If certain correlations do not exist, then investors may not be able to use USO as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in oil-related transactions.
  - USOF does not expect to make cash distributions.
  - USOF and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.
  
- 4) **RISKS ASSOCIATED WITH INTERNATIONAL / FOREIGN ETFs**
  - **TAXES** - Every country has different tax laws, so there may be particular foreign ETFs that are not a good fit for your ETF trading strategy as they may have a negative effect on your tax return.
  - **CURRENCY RATES** – Currency rates for different regions covered by a foreign ETF may be volatile /skewed, certain foreign ETFs may not be a good fit for a portfolio.
  - **LOW TRADING VOLUMES** – Low trading volumes (lack of liquidity) may cause wide “bid-ask spreads” and may diminish the advantage of purchasing an ETF over an Index or security.
  - **LONG INVESTMENT HORIZON** – The intraday trading aspect (short-term) of ETFs may not be suited for longer term investors.
  - **INACTIVITY**- Some foreign ETFs may not be as actively traded as others due to a sector related issues or a regional issue.
  - **NON-REGISTERED SECURITIES** - The securities of non U.S. issuers may not be registered with or subject to the reporting requirements of the U.S. Securities and Exchange Commission. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. securities. Foreign companies may be more volatile than the securities of comparable U.S. companies.
  
- 5) **RISKS ASSOCIATED WITH COMMODITIES**
  - **GEOPOLITICAL RISK** – International disagreements, licensing agreement issues, tax structures, environmental concerns and access to technology can cause risk to your investment.
  - **PRICE RISK** – Price risk may arise out of adverse movements in world prices, exchange rates and basis between local and world prices.
  - **SPECULATIVE RISK** – Short term traders can increase market volatility and may have a detrimental effect to your investment
  - **CORPORATE GOVERNANCE RISK** – Corporate fraud

# Indexes, Sectors, and Industry Groups

Major Index	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Bank of New York Mellon ADR	145.85	1.18%	1.65%	1.65%	1.65%	-4.08%	-4.08%	152.06	12/31/2013	125.76	6/24/2013
Nasdaq 100	3561.91	1.84%	1.14%	1.14%	1.14%	-0.84%	-0.84%	3634.65	1/22/2014	2689.83	2/26/2013
NYSE Composite	10058.20	1.19%	0.91%	0.91%	0.91%	-3.29%	-3.29%	10406.77	12/31/2013	8700.73	2/26/2013
S&P 500	1797.01	1.33%	0.81%	0.81%	0.81%	-2.78%	-2.78%	1850.84	1/15/2014	1485.01	2/26/2013
S&P 1500	416.82	1.27%	0.62%	0.62%	0.62%	-2.86%	-2.86%	429.73	1/15/2014	344.12	2/26/2013
Dow Jones Industrials	15793.96	1.06%	0.61%	0.61%	0.61%	-4.72%	-4.72%	16588.25	12/31/2013	13784.01	2/25/2013
Nasdaq Composite	4125.86	1.69%	0.54%	0.54%	0.54%	-1.21%	-1.21%	4246.55	1/22/2014	3105.37	2/26/2013
S&P Midcap 400	1308.35	1.04%	-0.36%	-0.36%	-0.36%	-2.55%	-2.55%	1359.99	1/22/2014	1078.65	2/26/2013
Dow Jones Transportation	7242.22	0.84%	-0.64%	-0.64%	-0.64%	-2.14%	-2.14%	7591.43	1/23/2014	5789.20	2/26/2013
Russell 2000	1115.61	1.06%	-1.35%	-1.35%	-1.35%	-4.13%	-4.13%	1182.04	1/22/2014	894.24	2/26/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Consumer Discretionary	508.11	1.26%	1.93%	1.93%	1.93%	-4.15%	-4.15%	530.13	12/31/2013	391.33	2/25/2013
Materials	282.16	1.38%	1.48%	1.48%	1.48%	-3.25%	-3.25%	293.67	1/21/2014	233.52	4/18/2013
Financials	286.68	1.26%	1.04%	1.04%	1.04%	-2.73%	-2.73%	298.69	1/15/2014	231.03	2/26/2013
Information Technology	575.87	1.46%	0.97%	0.97%	0.97%	-1.64%	-1.64%	591.64	1/15/2014	457.00	4/19/2013
Industrials	435.47	1.64%	0.81%	0.81%	0.81%	-3.75%	-3.75%	453.03	12/31/2013	346.17	4/19/2013
Health Care	651.67	1.77%	0.58%	0.58%	0.58%	1.46%	1.46%	665.74	1/22/2014	493.80	2/26/2013
Energy	613.21	1.09%	0.45%	0.45%	0.45%	-5.90%	-5.90%	652.37	12/31/2013	544.61	4/17/2013
Consumer Staples	420.67	0.92%	0.36%	0.36%	0.36%	-4.96%	-4.96%	446.69	11/15/2013	385.01	2/7/2013
Utilities	197.41	0.61%	-0.68%	-0.68%	-0.68%	2.17%	2.17%	210.47	4/30/2013	182.19	6/21/2013
Telecom Services	145.40	0.72%	-2.45%	-2.45%	-2.45%	-6.51%	-6.51%	168.85	4/23/2013	143.28	2/3/2014

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Technology Hardware & Equipmen	566.82	1.42%	2.46%	2.46%	2.46%	-3.13%	-3.13%	594.93	1/22/2014	439.29	4/19/2013
Consumer Services	671.54	1.14%	2.34%	2.34%	2.34%	-2.03%	-2.03%	686.43	12/31/2013	558.73	2/21/2013
Retailing	885.86	1.63%	2.10%	2.10%	2.10%	-5.74%	-5.74%	944.66	12/27/2013	682.37	2/25/2013
Media	420.99	0.73%	1.98%	1.98%	1.98%	-2.15%	-2.15%	430.39	12/31/2013	304.36	2/7/2013
Commercial & Professional Service	185.88	1.94%	1.59%	1.59%	1.59%	-3.65%	-3.65%	193.69	12/27/2013	157.58	2/25/2013
Consumer Durables & Apparel	269.02	1.49%	1.57%	1.57%	1.57%	-5.63%	-5.63%	285.53	1/3/2014	217.25	2/26/2013
Materials	282.16	1.38%	1.48%	1.48%	1.48%	-3.25%	-3.25%	293.67	1/21/2014	233.52	4/18/2013
Diversified Financials	433.11	1.39%	1.46%	1.46%	1.46%	-3.43%	-3.43%	456.54	1/6/2014	336.67	2/26/2013
Pharmaceuticals, Biotech & Life Sci	640.37	2.27%	1.24%	1.24%	1.24%	2.58%	2.58%	651.23	1/22/2014	470.65	2/7/2013
Automobiles & Components	130.89	1.47%	0.89%	0.89%	0.89%	-5.82%	-5.82%	143.67	12/17/2013	96.18	2/26/2013
Real Estate	154.53	0.82%	0.84%	0.84%	0.84%	3.75%	3.75%	177.55	5/22/2013	142.12	8/19/2013
Capital Goods	473.92	1.76%	0.80%	0.80%	0.80%	-4.21%	-4.21%	495.41	12/31/2013	373.01	4/22/2013
Insurance	268.41	1.68%	0.71%	0.71%	0.71%	-7.16%	-7.16%	289.51	12/31/2013	213.38	2/26/2013
Transports	470.63	1.08%	0.57%	0.57%	0.57%	-1.87%	-1.87%	484.32	1/13/2014	368.23	2/26/2013
Food & Staples Retailing	303.81	0.91%	0.52%	0.52%	0.52%	-4.39%	-4.39%	321.36	11/29/2013	251.91	2/15/2013
Food, Beverage & Tobacco	481.43	1.09%	0.48%	0.48%	0.48%	-5.15%	-5.15%	509.74	11/15/2013	447.63	2/13/2013
Energy	613.21	1.09%	0.45%	0.45%	0.45%	-5.90%	-5.90%	652.37	12/31/2013	544.61	4/17/2013
Banks	208.74	0.79%	0.31%	0.31%	0.31%	-0.22%	-0.22%	217.61	1/22/2014	162.00	2/26/2013
Software & Services	829.75	1.50%	0.25%	0.25%	0.25%	-0.44%	-0.44%	843.93	1/21/2014	658.44	2/26/2013
Semiconductors & Equipment	410.06	1.35%	0.21%	0.21%	0.21%	-2.96%	-2.96%	431.51	1/15/2014	325.33	2/21/2013
Household & Personal Products	483.51	0.49%	-0.10%	-0.10%	-0.10%	-5.11%	-5.11%	530.20	11/26/2013	456.91	2/11/2013
Utilities	197.41	0.61%	-0.68%	-0.68%	-0.68%	2.17%	2.17%	210.47	4/30/2013	182.19	6/21/2013
Health Care Equip & Services	571.25	0.69%	-0.81%	-0.81%	-0.81%	-0.90%	-0.90%	593.17	1/13/2014	452.55	2/26/2013
Telecom Services	145.40	0.72%	-2.45%	-2.45%	-2.45%	-6.51%	-6.51%	168.85	4/23/2013	143.28	2/3/2014

**DATA QUOTED REPRESENTS PAST PERFORMANCE.  
PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.**

## INTERNATIONAL ETFs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Greece GREK	23.35	0.60%	6.82%	6.82%	3.64%	3.64%	24.68	1/13/2014	14.10	6/24/2013
Turkey TUR	43.61	-0.23%	4.93%	4.93%	-8.50%	-8.50%	77.40	5/22/2013	40.03	2/3/2014
Indonesia IDX	22.06	1.24%	4.55%	4.55%	3.76%	3.76%	33.39	5/22/2013	20.06	1/7/2014
Spain EWP	39.35	1.89%	3.88%	3.88%	2.02%	2.02%	40.86	1/15/2014	27.50	6/24/2013
Brazil EWZ	40.64	0.69%	3.57%	3.57%	-9.04%	-9.04%	57.76	3/7/2013	38.00	2/3/2014
Austria EWO	20.17	1.71%	3.44%	3.44%	1.82%	1.82%	21.00	1/15/2014	16.10	7/3/2013
France EWQ	27.80	1.57%	3.42%	3.42%	-2.28%	-2.28%	28.60	12/31/2013	22.60	4/18/2013
Italy EWI	16.07	1.32%	3.41%	3.41%	3.08%	3.08%	16.27	1/23/2014	11.54	4/4/2013
India IFN	19.80	0.35%	3.39%	3.39%	-1.00%	-1.00%	21.20	3/8/2013	16.16	8/28/2013
Switzerland EWL	33.07	1.63%	3.34%	3.34%	0.24%	0.24%	33.27	1/23/2014	28.01	6/24/2013
Australia EWA	23.81	0.72%	3.34%	3.34%	-2.30%	-2.30%	28.12	4/30/2013	22.00	7/3/2013
Thailand THD	67.49	-0.88%	3.32%	3.32%	-1.69%	-1.69%	96.11	5/8/2013	61.94	1/3/2014
Netherlands EWN	25.03	0.76%	2.92%	2.92%	-3.47%	-3.47%	26.11	1/14/2014	19.89	3/1/2013
Latin America ILF	33.91	0.59%	2.79%	2.79%	-8.45%	-8.45%	45.44	2/7/2013	31.89	2/3/2014
Russia RSX	25.96	0.43%	2.77%	2.77%	-10.08%	-10.08%	30.80	2/13/2013	23.94	6/20/2013
Sweden EWD	35.00	0.81%	2.58%	2.58%	-2.32%	-2.32%	36.07	1/22/2014	29.42	6/24/2013
BRIC EEB	31.64	0.93%	2.26%	2.26%	-8.69%	-8.69%	37.70	10/22/2013	28.86	6/24/2013
Chile ECH	41.54	0.41%	2.24%	2.24%	-12.57%	-12.57%	67.98	2/13/2013	39.62	2/3/2014
Germany EWG	30.45	1.16%	2.08%	2.08%	-4.12%	-4.12%	31.93	12/31/2013	23.66	4/18/2013
Malaysia EWM	14.99	0.33%	1.97%	1.97%	-5.25%	-5.25%	16.81	5/8/2013	13.74	8/28/2013
Israel EIS	48.49	0.96%	1.91%	1.91%	0.14%	0.14%	49.91	1/15/2014	41.19	8/28/2013
Belgium EWK	16.07	0.95%	1.84%	1.84%	-1.95%	-1.95%	16.51	1/23/2014	13.37	7/3/2013
United Kingdom EWU	20.22	0.95%	1.56%	1.56%	-3.16%	-3.16%	21.18	1/22/2014	17.55	6/24/2013
Canada EWC	28.35	0.75%	1.50%	1.50%	-2.78%	-2.78%	29.83	11/18/2013	25.61	6/24/2013
Emerging Markets EE	38.73	0.57%	1.41%	1.41%	-7.33%	-7.33%	44.28	2/13/2013	36.16	6/24/2013
Singapore EWS	12.39	0.90%	1.39%	1.39%	-5.92%	-5.92%	14.71	5/9/2013	11.94	2/3/2014
South Africa EZA	58.27	0.83%	0.99%	0.99%	-9.64%	-9.64%	69.07	10/22/2013	53.37	6/24/2013
Japan EWJ	11.44	1.60%	0.97%	0.97%	-5.76%	-5.76%	12.43	5/22/2013	9.90	2/15/2013
United States SPY	179.68	1.24%	0.84%	0.84%	-2.71%	-2.71%	184.94	1/15/2014	148.73	2/26/2013
Taiwan EWT	13.66	0.74%	0.66%	0.66%	-5.27%	-5.27%	14.77	10/22/2013	12.48	6/24/2013
Hong Kong EWH	19.18	0.37%	0.31%	0.31%	-6.89%	-6.89%	21.00	5/21/2013	17.79	6/24/2013
South Korea EWY	59.22	0.51%	0.30%	0.30%	-8.43%	-8.43%	66.07	10/22/2013	49.56	6/24/2013
Mexico EWW	62.71	0.59%	-0.29%	-0.29%	-7.78%	-7.78%	76.64	4/11/2013	57.57	6/21/2013
China 25 FXI	34.40	0.38%	-0.52%	-0.52%	-10.35%	-10.35%	40.46	2/15/2013	31.35	6/25/2013
Vietnam VNM	20.75	-0.05%	-1.52%	-1.52%	10.43%	10.43%	23.59	2/11/2013	17.00	8/28/2013

DATA QUOTED REPRESENTS PAST PERFORMANCE.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

**INTERNATIONAL ETFs Standard Performance**

	-----PRICE-----			-----NAV-----			Expense Ratio%	Premium % to NAV	
	Price	1-Year	5-Year	10-Year	1-Year	5-Year			10-Year
Australia EWA	23.81	24.20			19.29			-0.02	-0.02
Austria EWO	20.17	36.28			31.30			0.02	0.02
Belgium EWK	16.07	13.98			10.99			-0.02	-0.02
Brazil EWZ	40.64	-22.80			-24.60			-0.09	-0.09
BRIC EEB	31.64	-12.37			-13.76			-0.09	-0.09
Canada EWC	28.35	-12.09			-12.77			-0.03	-0.03
Chile ECH	41.54	14.13			11.70			-0.13	-0.13
China 25 FXI	34.40	-4.18			-4.18			-0.10	-0.10
Emerging Markets EE	38.73	17.01			14.98			-0.07	-0.07
France EWQ	27.80	-11.33			-11.19			-0.02	-0.02
Germany EWG	30.45	3.30			0.91			-0.04	-0.04
Greece GREK	23.35	14.80			11.25			0.04	0.04
Hong Kong EWH	19.18	-5.94			-7.46			-0.07	-0.07
India IFN	19.80	0.32			-0.70			-0.01	-0.01
Indonesia IDX	22.06	-3.78			-5.47			0.58	0.83
Israel EIS	48.49	-0.49			-1.40			0.00	0.00
Italy EWI	16.07	-37.50			-37.89			0.03	0.03
Japan EWJ	11.44	19.96			17.27			-0.06	-0.06
Latin America ILF	33.91	8.00			6.80			-0.08	-0.08
Malaysia EWM	14.99	14.82			11.03			-0.05	-0.05
Mexico EWW	62.71	19.07			14.74			-0.08	-0.08
Netherlands EWN	25.03	21.43			19.69			-0.03	-0.03
Russia RSX	25.96	24.58			22.09			-0.10	-0.10
Singapore EWS	12.39	21.64			19.09			-0.06	-0.06
South Africa EZA	58.27	-9.08			-10.88			-0.10	-0.10
South Korea EWY	59.22	-21.78			-22.48			-0.08	-0.08
Spain EWP	39.35	-25.03			-25.41			0.02	0.02
Sweden EWD	35.00	-21.32			-22.56			-0.02	-0.02
Switzerland EWL	33.07	-3.86			-2.32			0.00	0.00
Taiwan EWT	13.66	13.27			13.01			-0.05	-0.05
Thailand THD	67.49	-8.58			-10.24			-0.02	-0.02
Turkey TUR	43.61	-10.24			-13.87			-0.08	-0.08
United Kingdom EWU	20.22	-32.85			-34.25			-0.03	-0.03
United States SPY	179.68	2.66			0.72			-0.03	-0.03
Vietnam VNM	20.75	22.17			18.10			0.10	0.10

**DATA QUOTED REPRESENTS PAST PERFORMANCE AND PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.**

**BLANK SPACES INDICATE THE SECURITY HAS NOT TRADED FOR THAT FULL TIME PERIOD.**

## Commodities ETFs/ETNs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Coffee JO	26.92	0.49%	8.29%	8.29%	24.06%	24.06%	32.26	3/4/2013	20.37	11/6/2013
Silver SLV	19.27	0.52%	4.44%	4.44%	2.99%	2.99%	30.85	2/7/2013	17.75	6/27/2013
Grains JIG	44.28	0.39%	3.60%	3.60%	2.67%	2.67%	54.22	2/8/2013	42.02	1/9/2014
Tin JTT	51.36	3.48%	3.34%	3.34%	-3.48%	-3.48%	57.34	2/11/2013	41.89	7/2/2013
Grains GRU	5.77	-0.35%	2.60%	2.60%	-0.17%	-0.17%	7.27	2/7/2013	5.41	8/15/2013
OIL USO	35.64	2.12%	2.41%	2.41%	0.91%	0.91%	39.54	9/6/2013	30.79	4/17/2013
Corn CORN	31.61	0.19%	2.30%	2.30%	3.37%	3.37%	44.22	3/27/2013	29.50	1/10/2014
Aluminum JAU	17.98	1.58%	2.16%	2.16%	-3.54%	-3.54%	24.93	2/15/2013	17.20	2/3/2014
Cotton BAL	54.96	1.66%	1.93%	1.93%	3.35%	3.35%	60.53	3/15/2013	47.97	11/5/2013
Timber CUT	25.31	0.84%	1.85%	1.85%	-2.28%	-2.28%	26.08	1/16/2014	20.70	6/24/2013
Gold GLD	122.17	0.77%	1.73%	1.73%	5.21%	5.21%	162.96	2/7/2013	114.46	12/31/2013
Copper JJC	39.49	0.64%	1.62%	1.62%	-4.73%	-4.73%	47.64	2/8/2013	36.87	6/24/2013
Heating Oil UHN	33.51	1.39%	1.27%	1.27%	1.45%	1.45%	36.27	2/8/2013	29.66	4/17/2013
Palladium PALL	69.33	-0.10%	0.92%	0.92%	-0.42%	-0.42%	77.20	3/8/2013	61.81	6/26/2013
Sugar SGG	52.84	-0.73%	0.89%	0.89%	-4.78%	-4.78%	68.59	3/15/2013	49.25	1/29/2014
Cocoa NIB	38.69	0.86%	0.73%	0.73%	8.07%	8.07%	39.96	2/7/2014	27.47	3/6/2013
Platinum PPLT	135.02	0.44%	0.56%	0.56%	0.84%	0.84%	170.78	2/7/2013	127.34	6/26/2013
Coal KOL	17.70	-0.06%	-0.06%	-0.06%	-8.95%	-8.95%	25.45	2/14/2013	17.16	6/24/2013
Livestock COW	28.32	0.64%	-0.25%	-0.25%	4.35%	4.35%	28.68	10/30/2013	25.41	4/15/2013
Natural Gas UNG	23.62	-4.57%	-2.32%	-2.32%	14.16%	14.16%	27.31	2/5/2014	16.60	8/8/2013

**DATA QUOTED REPRESENTS PAST PERFORMANCE.**

**PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.**

## Commodity ETFs/ETNs Standard Performance

	-----PRICE % Change-----			-----NAV % Change-----			Expense	Premium	
	Price	1-Year	5-Year	10-Year	1-Year	5-Year	10-Year	Ratio%	% to NAV
Aluminum JJU	17.98	-25.86	-4.33		-27.39	-4.55		0.75	0.46
Coal KOL	17.70	-25.54	4.18		-26.69	3.84		0.59	0.28
Cocoa NIB	38.69	27.27	-2.77		26.95	-2.90		0.75	0.26
Coffee JO	26.92	-14.13	-6.46		-15.14	-6.42		0.75	-0.79
Copper JJC	39.49	-16.12	11.60		-16.57	11.39		0.75	-0.24
Corn CORN	31.61	-27.45			-29.13			1.49	0.41
Cotton BAL	54.96	3.15	13.49		1.53	13.25		0.75	-0.32
Gold GLD	122.17	-24.51	6.39		-25.26	6.17		0.40	0.09
Grains GRU	5.77	-20.19	-1.62					0.75	
Grains JJG	44.28	-17.48	1.95		-18.46	1.93		0.75	-0.13
Heating Oil UHN	33.51	-6.09	10.04		-6.80	9.71		0.91	-0.18
Livestock COW	28.32	3.09	-2.21		2.48	-2.32		0.75	0.08
Natural Gas UNG	23.62	27.40	-31.68		26.50	-31.20		0.60	1.76
OIL USO	35.64	2.77	4.79		-0.16	4.34		0.45	-0.06
Palladium PALL	69.33	-6.20			-7.11			0.60	-0.38
Platinum PPLT	135.02	-20.05			-20.43			0.60	-0.16
Silver SLV	19.27	-36.74	8.33		-36.79	8.79		0.50	-1.06
Sugar SGG	52.84	-19.04	2.90		-18.46	3.26		0.75	-0.02
Timber CUT	25.31	18.17	21.53		16.69	21.40		0.70	0.29
Tin JJT	51.36	-9.33	15.83		-12.39	14.80		0.75	-0.78

**DATA QUOTED REPRESENTS PAST PERFORMANCE AND PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.  
BLANK SPACES INDICATE THE SECURITY HAS NOT TRADED FOR THAT FULL TIME PERIOD.**

## **Kaufman Report Legend**

**4-Week Closing Highs** – The number of stocks in the S&P 1500 index that closed at the highest daily closing price of the last four weeks.

**4-Week Closing Lows** - The number of stocks in the S&P 1500 index that closed at the lowest daily closing price of the last four weeks.

**10-Sma 4-Week Closing Highs** - The 10-day simple moving average of 4-week closing price highs.

**10-Sma 4-Week Closing Lows** - The 10-day simple moving average of 4-week closing price lows.

**10-Sma 13-Week Closing Highs** – The 10-day simple moving average of 13-week closing price highs.

**10-Sma 13-Week Closing Lows** – The 10-day simple moving average of 13-week closing price lows.

**13-Week Closing Highs** - The number of stocks in the S&P 1500 index that closed at the highest daily closing price of the last thirteen weeks.

**13-Week Closing Lows** - The number of stocks in the S&P 1500 index that closed at the lowest daily closing price of the last thirteen weeks.

**Advance Percentage** - The percentage of stocks in the S&P 1500 that closed higher on the day.

**Advance Decline Line** – The cumulative total of daily net advances minus declines.

**Bearish Engulfing Candle** - a two candle pattern that occurs after an uptrend. The second candle is down and the close is lower than the open such that the real body of the second candle completely engulfs the real body of the first candle. Considered bearish because it shows a potential reversal of trend and they are frequently seen at tops.

**Bullish Engulfing Candle** - a two candle pattern that occurs after a downtrend. The second candle is up and the close is higher than the open such that the real body of the second candle completely engulfs the real body of the first candle. Considered bullish because it shows a potential reversal of trend and they are frequently seen at bottoms.

**Candle** – the name given to the pattern created during a single time increment in Japanese candlestick charting. Candles can apply to any time frame such as minutes, hours, days, weeks, months, etc. Candles are made up of an opening price, a closing price, a high and a low. The candle also has a real body, which is the fat area between the open and the close, and shadows or wicks, which are the thin lines above or below the real body that show the high or low for the candle. When price closes higher than the open the candle is white, or not filled in. When price closes below the open, the candle is dark, or filled in.

**Channel lines** - parallel trend lines that form the borders of a trading range. Channels can be ascending, descending, or sideways. The top trend line is considered to be price resistance, while the bottom trend line is considered to be support.

**Close** - the last price of trading during the session. On a daily chart where each candle represents one day the close is the last price of the day. On a weekly chart it is the last price of the week, etc.



**Confirmation** – when an indicator gives the same or similar interpretation to price or to another indicator. For example, in Dow Theory if the Industrials make a new high but the Transports do not that is considered non-confirmation.

**Doji** - a candle where the opening price and the closing price are the same or very nearly the same. Doji are considered to show indecision on the part of investors and are frequently seen at turning points.

**Dow Theory** - a theory about stock movement based on the writings of the first editor of the Wall Street Journal, Charles Dow. Perhaps the most widely used aspect of Dow Theory is the belief that the Industrial and Transportation Averages had to confirm each other. If one made a new high the other needed to confirm it by also making a new high. If not, there is what technicians call “non-confirmation.” This is a simple and appealing theory because if companies manufacture products they also need to ship them. Dow Theory is considered to be an intermediate-term system, not a short-term trading system.

**Earnings yield** - the theoretical yield of a stock based on the inverse of its P/E ratio. For example, a \$20 stock that earns \$1 per share has a P/E ratio of 20. If you take the \$1 and divide it by 20 that equals 5%, which is the earnings yield. A \$20 stock earning \$2 would have a P/E of 10, and an earnings yield of 10%. Also known as equity yield.

**Equity Yield** - same as earnings yield.

**EPS** - Earnings Per Share.

**EPS Cont Ops** – Earnings per share from continuing operations

**Est EPS** – Estimated earnings per share

**EMA - Exponential Moving Average** – A moving average that gives more weight to recent prices in an attempt to reduce the lag inherent in simple moving averages.

**Fibonacci** - a numerical sequence named after Leonardo Fibonacci. The sequence begins with “0” and “1”, then takes a number and adds it to the number just before it in the sequence to arrive at the number that will come after. The sequence goes 0,1,1,2,3,5,8,13,21,34,55,89,144,233,377, etc. The ratios created by dividing one of the numbers with its preceding or following number are used for measuring retracements or for making projections. Interestingly, the ratios created beginning with the number eight are all about 0.618 or 1.618. This is what is known as the “golden ratio.”

**Gap** – a price zone on a chart where no trades were executed, resulting in an open space, or “gap” from one price to the next.

**H** – an abbreviation for “Head” on a head & shoulders pattern.

**Hammer** - the name given to a single candle that looks like a hammer and has significance due to it appearing at the end of a downtrend. An easy mnemonic is to think the market is “hammering out a bottom.” The exact same candle appearing during an uptrend is NOT called a hammer. In that case it would either be insignificant or it would possibly be a “hanging man” candle.

**Hanging Man** - a potentially bearish candle appearing in an uptrend. It has the shape of a hammer but is not a hammer because a hammer is a bottoming candle and needs to come during a downtrend. The hanging man requires confirmation from the next candle to confirm the bearish interpretation.

**Head and Shoulders** – possibly the most famous pattern in technical analysis. It is a bearish topping pattern comprised of at least one left shoulder, which is a short-term peak in price, the head, which is also a peak but

which is higher than the left shoulder, and the right shoulder, which is a third short-term peak in price and which is also lower than the head. A trend line called the “neckline” can be drawn across the areas where support was found during the formation of the peaks. A break of the neckline of a regular head and shoulders pattern has bearish implications. There is also an inverted, or inverse head and shoulders pattern, which is a bullish bottoming pattern. In this case the left shoulder is support during a move lower, the head is support that is even lower than the left shoulder, and the right shoulder is support that is higher than the head. The neckline in this case is drawn across the resistance levels that were created during the formation of the support levels. A break of the neckline has bullish implications.

**High** – the highest price where trading took place during the session.

**High Wave Candle** - a candle with very long upper and lower shadows.

**Horizontal lines** - lines drawn on charts to show support or resistance levels. On momentum indicators they are used to define overbought or oversold zones.

**Island Reversal** – a chart pattern where there is a gap up or down, a period of trading, then another gap in the opposite direction of the first gap. The two gaps create the boundaries of the “island.” The island can be one or more candles. Island reversals come after an up or downtrend and are considered to be reversal signals.

**Kaufman Options Indicator** – a proprietary indicator consisting of multiple moving averages of call and put option buying. It is a sentiment indicator so it has a contrarian interpretation. Extreme optimism is bearish, and extreme pessimism is bullish.

**Low** - the lowest price traded during the defined session.

**LS** – an abbreviation for “left shoulder” on a head & shoulders pattern.

**MACD** - Moving Average Convergence Divergence – A momentum indicator created by Gerald Appel. It is comprised of three moving average signal lines, only two of which are seen. These can be user defined. Unlike the stochastic oscillator and the RSI the MACD does not have boundaries. Its most basic use is as an indicator of trends as opposed to readings of overbought or oversold like the stochastic and RSI.

**Measured Move** - a price move on a chart that has three sections, or “legs”, and in which the first and third legs, which move in the same direction, are of approximately the same size.

**Moving Average** – The average price of something over a given period of time. For example a 10-day simple moving average is the sum of the last ten days closing price divided by ten.

**Neckline** - a line drawn the top or bottom of a head & shoulders pattern connecting support levels. On an inverted head and shoulders pattern the line connects resistance levels. The line can be ascending, descending, or horizontal. Drawing a vertical line from the head to the neckline and adding that same length to the other side of the neckline where a breakout or breakdown occurs creates the technical target price.

**Negative divergence** - when an indicator fails to confirm price or another indicator, that is considered a negative divergence. For example, when an index makes a new high but the number of stocks in the index also making a new high is much fewer than at previous highs for the index, that is a negative divergence.

**OHLC** – Numbers at the top of price charts reflecting the opening price, high price, low price, closing price, and price change, in that order.

**Open** - the first price trading occurred during a session.

**PE Cont Ops** – PE ratio from continuing operations

**PE Ratio** - possibly the most common way of valuing a stock. It is the price per share divided by the earnings per share. For example, a \$20 stock with earnings of \$1 per share would have a P/E ratio of 20.

**FPE** – Forward PE, or the PE derived from earnings projections.

**PE TNX Spread Percentage** – The difference between the equity yield derived from the PE ratio and the 10-year note yield expressed as a percentage.

**FPE TNX Spread Percentage** – The difference between the FPE (forward PE ratio) equity yield derived from the FPE ratio and the 10-year note yield expressed as a percentage.

**Percentage Over 10-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 10-day simple moving average.

**Percentage Over 20-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 20-day simple moving average

**Percentage Over 50-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 50-day simple moving average.

**Percentage Over 200-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 200-day simple moving average.

**Price Channel** - parallel trend lines that form the borders of a trading range. Channels can be ascending, descending, or sideways. The top trend line is considered to be price resistance, while the bottom trend line is considered to be support.

**Price Oscillator** – The difference between two moving averages.

**Real Body** - the fat part of a candle that is between the opening price and the closing price. It does not include the thin lines above and below the real body, which are known as shadows, or wicks.

**Relative Strength Index** – A momentum oscillator developed by J. Welles Wilder. It compares the strength of losses versus the strength of gains for a period of time defined by the user. The most common is fourteen periods. The RSI can only travel between zero and one-hundred, so there can be times when it flat lines against the boundary. Its most basic use is as an overbought or oversold indicator.

**Resistance** – an area on a chart where demand (buying) weakened, prices had trouble continuing to go higher, and supply (selling) strengthened, sending prices lower. Can be a particular price or a price zone. A stock moving up may have trouble when it reaches an area of resistance. Resistance points and resistance zones can be notated by trend lines. These trend lines can be sloping up, down, or they can be horizontal. Resistance can frequently be seen in the form of moving averages. In this case it may be theoretical if price has not stopped rising at that same level previously.

**RS** – the abbreviation for “right shoulder” on the chart of a head & shoulders pattern.

**Shadow** - shadows are lines that are part of a candle and are on the top or bottom of a real body. The upper shadow top is the high of the session, while the lower shadow bottom is the low of the session. Also called a wick.

**SMA – Simple Moving Average** - The average price of something over a given period of time. For example a 10-day simple moving average is the sum of the last ten days closing price divided by ten. A 50-day simple moving average (sma) is the sum of the last fifty days closing price divided by fifty.

**Spinning Top** – a candle with a small real body. Shows indecision, or the tug-of-war between buyers and sellers.

**Stochastic Oscillator** – Developed by George Lane and based on the observation that in up trends prices tend to close in the upper part of their range while in down trends they close in the lower part of the range. The range can be user defined. The stochastic can only travel between zero and one-hundred, so there can be times when it flat lines against the boundary. Its most basic use is as overbought or oversold indicator.

**Support** - an area on a chart where supply (selling) weakened, prices had trouble continuing to go lower, and demand strengthened, sending prices higher. Can be a particular price or a price zone. A stock moving down may have trouble going lower when it reaches an area of support. Support points and support zones can be notated by trend lines. These trend lines can be sloping up, down, or they can be horizontal. Support can frequently be seen in the form of moving averages. In this case it may be theoretical if price has not stopped dropping at that same level previously.

**Thrust DMA** – The 10-day simple moving average of the daily percentage of advancing stocks on the S&P 1500.

**TNX** – The 10-year note yield.

**Trend Lines** – lines drawn on charts to show support or resistance levels.

**Triangle** - a chart pattern that forms the shape of a triangle. Can be ascending, descending, or symmetrical.

**Vertical lines** – seen on charts to designate different time zones. Also used as a visual aid to line up important points on price charts with their corresponding point on technical indicators.

**Wedge** - a chart pattern that looks like a triangle but where the top and bottom borders each slope in the same direction. In a bearish wedge each border slopes up. In a bullish wedge each border slopes down.

**Wick** - see shadow.