

Monday January 11, 2009

Closing prices of January 8, 2009

Stocks began the decade with five up days in a row. Historically this points to 2010 being a good year. Major indexes moved to new 52-week highs, with new highs in the Transports confirming the new high in the Dow Jones Industrials according to Dow Theory. Also, our statistics of market internals are all making new highs, also confirming the major indexes.

Investors are becoming more selective, a trend we have commented on for a while. Still, sellers remain on the sidelines, so even with demand for stocks not being as strong as we would like, as long as there is no catalyst for the sellers to become motivated, the path of least resistance for equities will remain higher.

We are now just ahead of fourth quarter earnings season, a time of the year when all market participants should be on their toes. Companies announcing guidance recently have been overwhelmingly positive. On June 8th we said "the possibility that huge global government intervention along with a possibly healing economy and companies that have become very lean and mean could create a scenario where profits would start to surprise on the upside and the deteriorating earnings trend would start to change." With about 80% of stocks beating Wall Street estimates last quarter, a continuation of that trend this quarter would make our statement look prescient and give investors greater confidence in equities.

In summary, we continue to follow the primary trend of the market, which remains up. Volume remains low with news able to create sharp moves in either direction. We repeat our advice of the last few months that positions investors don't have a good reason to hold onto should be considered as a source of funds. Based on the S&P 500 the short-term, intermediate-term and long-term trends are up. Traders should not hesitate to rotate out of lagging sectors and stocks and into leaders.

S&P 1500 Data: P/E: 24.97

Percent over 10-sma: 62.33%. Percent over 50-sma: 86.47%

13-Week Closing Highs: 255. 13-Week Closing Lows: 13. 52-week closing highs: 200

Kaufman Options Indicator: 0.97 Put/Call Ratio: 0.654. New High Reversals: 15. New Low Reversals: 1

Volume: -16% versus yesterday. 130% of the 10-day average. 109% of the 30-day average.

Up Stocks: 57.65%. Up Volume: 50.33%. Up Points: 66.27%. Up Dollars: 70.24%, 97% of 10-sma. Dn Dollars 65% of 10-sma.

IMPORTANT DISCLOSURES

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	Daily	WTD	MTD	QTD	YTD
Nasdaq 100	0.85%	1.74%	1.74%	1.74%	1.74%
Nasdaq Composite	0.74%	2.12%	2.12%	2.12%	2.12%
Bank of New York Mellon ADR	0.72%	3.43%	3.43%	3.43%	3.43%
S&P Midcap 400	0.58%	3.50%	3.50%	3.50%	3.50%
NYSE Composite	0.42%	3.35%	3.35%	3.35%	3.35%
S&P Smallcap 600	0.32%	2.66%	2.66%	2.66%	2.66%
S&P 1500	0.31%	2.74%	2.74%	2.74%	2.74%
S&P 500	0.29%	2.68%	2.68%	2.68%	2.68%
Dow Jones Industrials	0.11%	1.82%	1.82%	1.82%	1.82%

	Daily	WTD	MTD	QTD	YTD
Industrials	1.53%	5.17%	5.17%	5.17%	5.17%
Materials	1.03%	5.48%	5.48%	5.48%	5.48%
Information Technology	0.79%	1.03%	1.03%	1.03%	1.03%
Energy	0.51%	5.01%	5.01%	5.01%	5.01%
Health Care	0.30%	1.97%	1.97%	1.97%	1.97%
Consumer Discretionary	-0.01%	1.93%	1.93%	1.93%	1.93%
Utilities	-0.13%	-1.11%	-1.11%	-1.11%	-1.11%
Telecom Services	-0.45%	-2.56%	-2.56%	-2.56%	-2.56%
Consumer Staples	-0.51%	0.21%	0.21%	0.21%	0.21%
Financials	-0.54%	5.84%	5.84%	5.84%	5.84%

	Daily	WTD	MTD	QTD	YTD
Transportation	2.99%	3.54%	3.54%	3.54%	3.54%
Semiconductors & Equipment	1.40%	1.57%	1.57%	1.57%	1.57%
Capital Goods	1.24%	5.87%	5.87%	5.87%	5.87%
Materials	1.03%	5.48%	5.48%	5.48%	5.48%
Software & Services	0.75%	0.04%	0.04%	0.04%	0.04%
Technology Hardware & Equipment	0.66%	1.75%	1.75%	1.75%	1.75%
Energy	0.51%	5.01%	5.01%	5.01%	5.01%
Pharmaceuticals, Biotech & Life Sciences	0.33%	1.15%	1.15%	1.15%	1.15%
Commercial & Professional Services	0.26%	2.37%	2.37%	2.37%	2.37%
Health Care Equip & Services	0.24%	3.62%	3.62%	3.62%	3.62%
Media	0.15%	0.78%	0.78%	0.78%	0.78%
Automobiles & Components	-0.05%	11.62%	11.62%	11.62%	11.62%
Consumer Durables & Apparel	-0.06%	3.40%	3.40%	3.40%	3.40%
Retailing	-0.09%	1.40%	1.40%	1.40%	1.40%
Consumer Services	-0.10%	0.61%	0.61%	0.61%	0.61%
Utilities	-0.13%	-1.11%	-1.11%	-1.11%	-1.11%
Food & Staples Retailing	-0.21%	0.91%	0.91%	0.91%	0.91%
Banks	-0.31%	8.34%	8.34%	8.34%	8.34%
Insurance	-0.37%	3.99%	3.99%	3.99%	3.99%
Household & Personal Products	-0.41%	-0.29%	-0.29%	-0.29%	-0.29%
Telecom Services	-0.45%	-2.56%	-2.56%	-2.56%	-2.56%
Diversified Financials	-0.57%	6.47%	6.47%	6.47%	6.47%
Food, Beverage & Tobacco	-0.70%	0.13%	0.13%	0.13%	0.13%
Real Estate	-1.30%	-0.49%	-0.49%	-0.49%	-0.49%

INTERNATIONAL ETFs

	Daily	WTD	MTD	QTD	YTD
South Korea EWY	1.47%	4.30%	4.49%	4.49%	4.49%
Switzerland EWL	1.41%	3.01%	3.10%	3.10%	3.10%
France EWQ	1.38%	4.58%	4.80%	4.80%	4.80%
Japan EWJ	1.20%	3.75%	3.90%	3.90%	3.90%
Australia EWA	1.18%	5.03%	5.30%	5.30%	5.30%
Sweden EWD	1.15%	4.70%	4.94%	4.94%	4.94%
Netherlands EWN	1.14%	3.72%	3.86%	3.86%	3.86%
MSCI Emerging Markets EEM	0.79%	3.94%	4.10%	4.10%	4.10%
Latin America ILF	0.75%	4.07%	4.25%	4.25%	4.25%
Italy EWI	0.71%	3.62%	3.75%	3.75%	3.75%
Brazil EWZ	0.70%	3.69%	3.83%	3.83%	3.83%
BRIC EEB	0.59%	3.63%	3.77%	3.77%	3.77%
United Kingdom EWU	0.54%	2.76%	2.84%	2.84%	2.84%
Taiwan EWT	0.53%	2.77%	2.85%	2.85%	2.85%
Spain EWP	0.52%	3.84%	4.00%	4.00%	4.00%
Canada EWC	0.51%	3.66%	3.80%	3.80%	3.80%
Belgium EWK	0.45%	4.99%	5.25%	5.25%	5.25%
China 25 FXI	0.30%	3.95%	4.12%	4.12%	4.12%
Singapore EWS	0.17%	2.63%	2.70%	2.70%	2.70%
Germany EWG	0.13%	1.58%	1.60%	1.60%	1.60%
Hong Kong EWH	0.06%	3.75%	3.90%	3.90%	3.90%
Austria EWO	0.00%	5.42%	5.73%	5.73%	5.73%
Malaysia EWM	-0.09%	4.32%	4.52%	4.52%	4.52%
Mexico EWW	-0.27%	4.81%	5.05%	5.05%	5.05%
Vietnam VNM	-0.36%	6.63%	7.10%	7.10%	7.10%

S&P 500 Cash (1,140.52, 1,145.39, 1,136.22, 1,144.98, +3.29)



The S&P 500 started the year with five up days in a row.

Momentum indicators are at high levels but have not turned down.



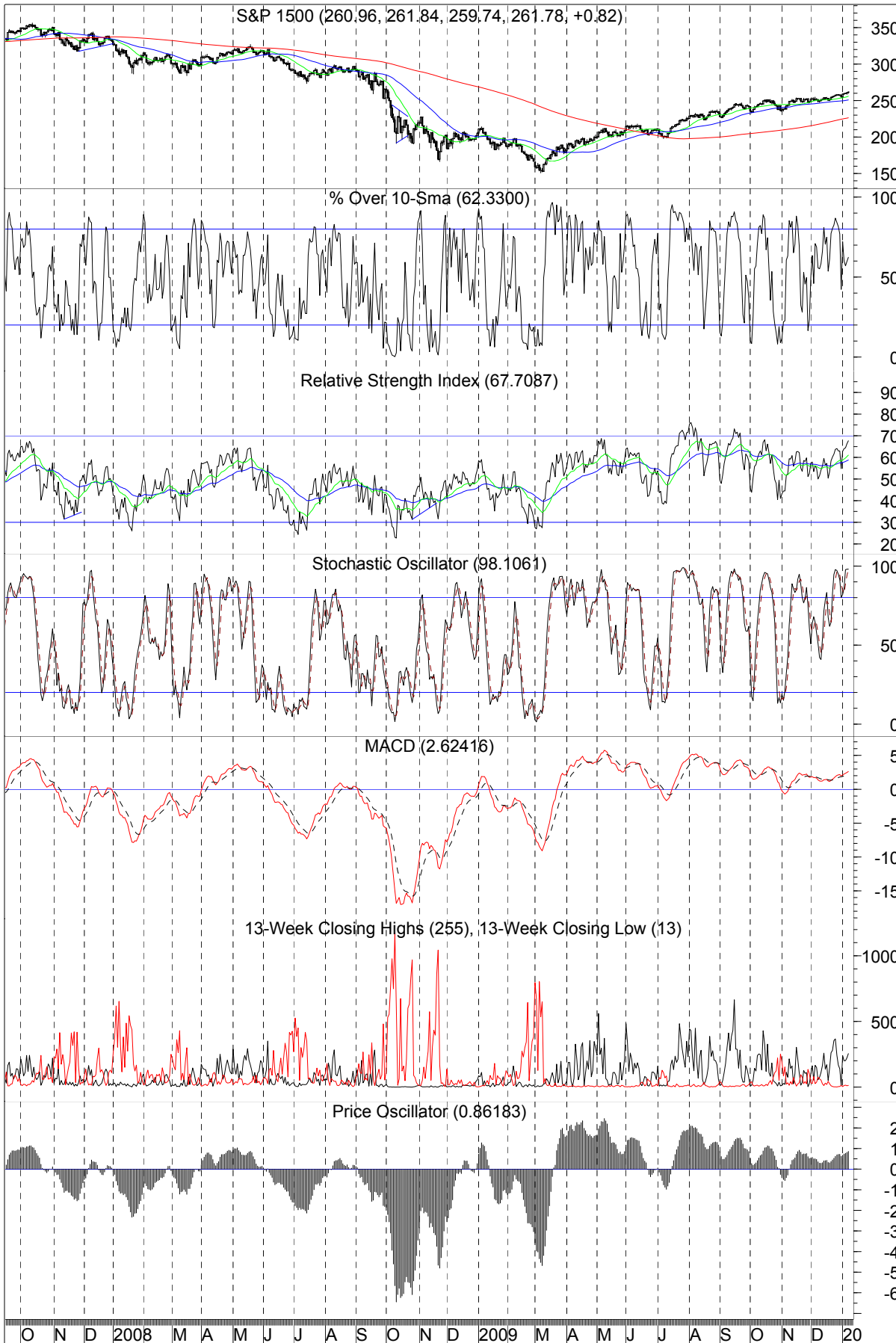
The weekly chart of the S&P 500 shows the 40-week moving average has crossed above the 80-week moving average for the first time since March 2008.

NASDAQ 100 (1,870.90, 1,893.25, 1,868.55, 1,892.59, +15.87)



NASDAQ 100 (1,882.69, 1,893.25, 1,867.62, 1,892.59, +32.28)





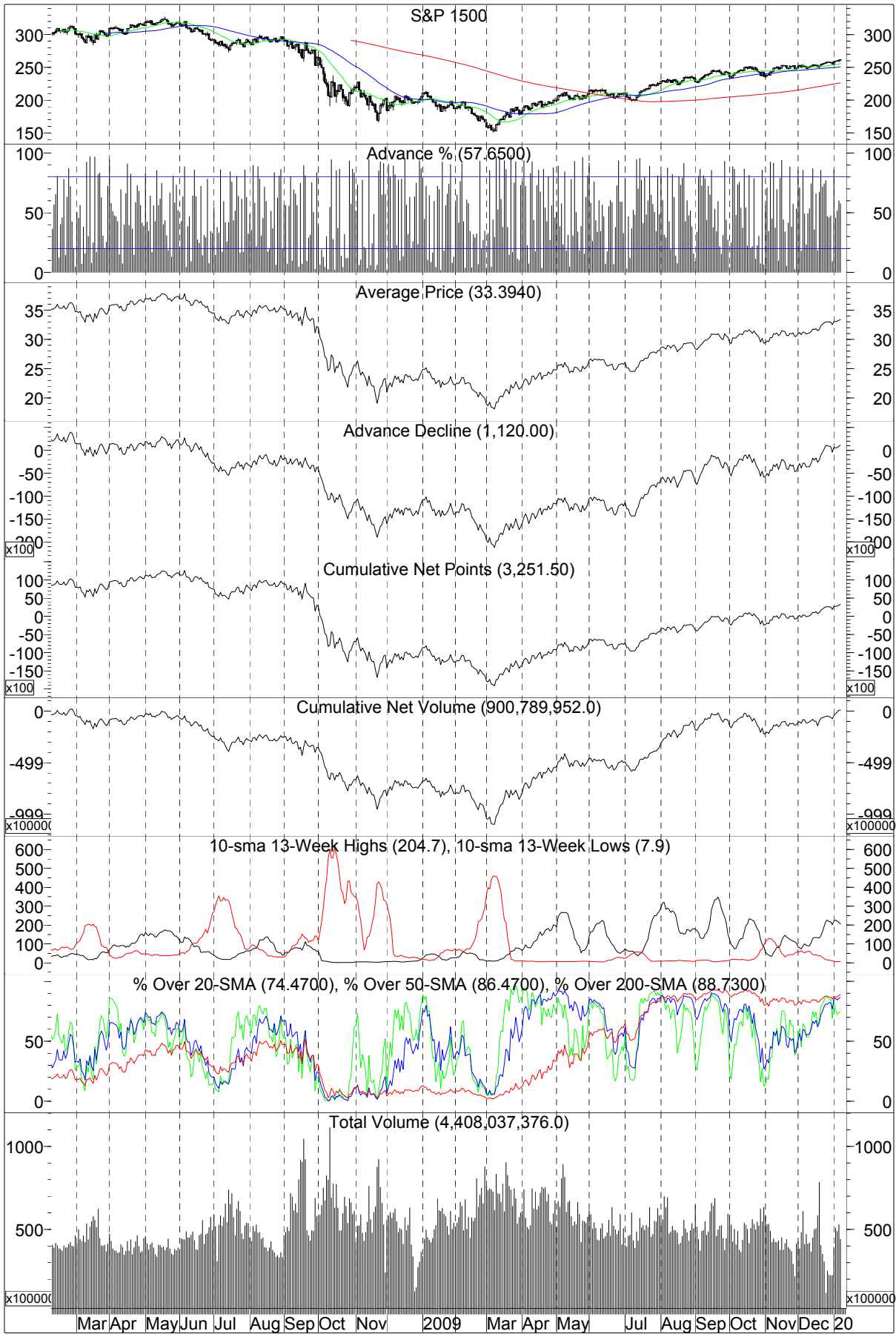
Only 62.33% of stocks are above their 10-sma, a negative divergence.

Momentum indicators are at high levels but have not turned down.

The lower number of new highs in spite of index highs show investors becoming more selective.

Our price oscillator remains in positive territory.

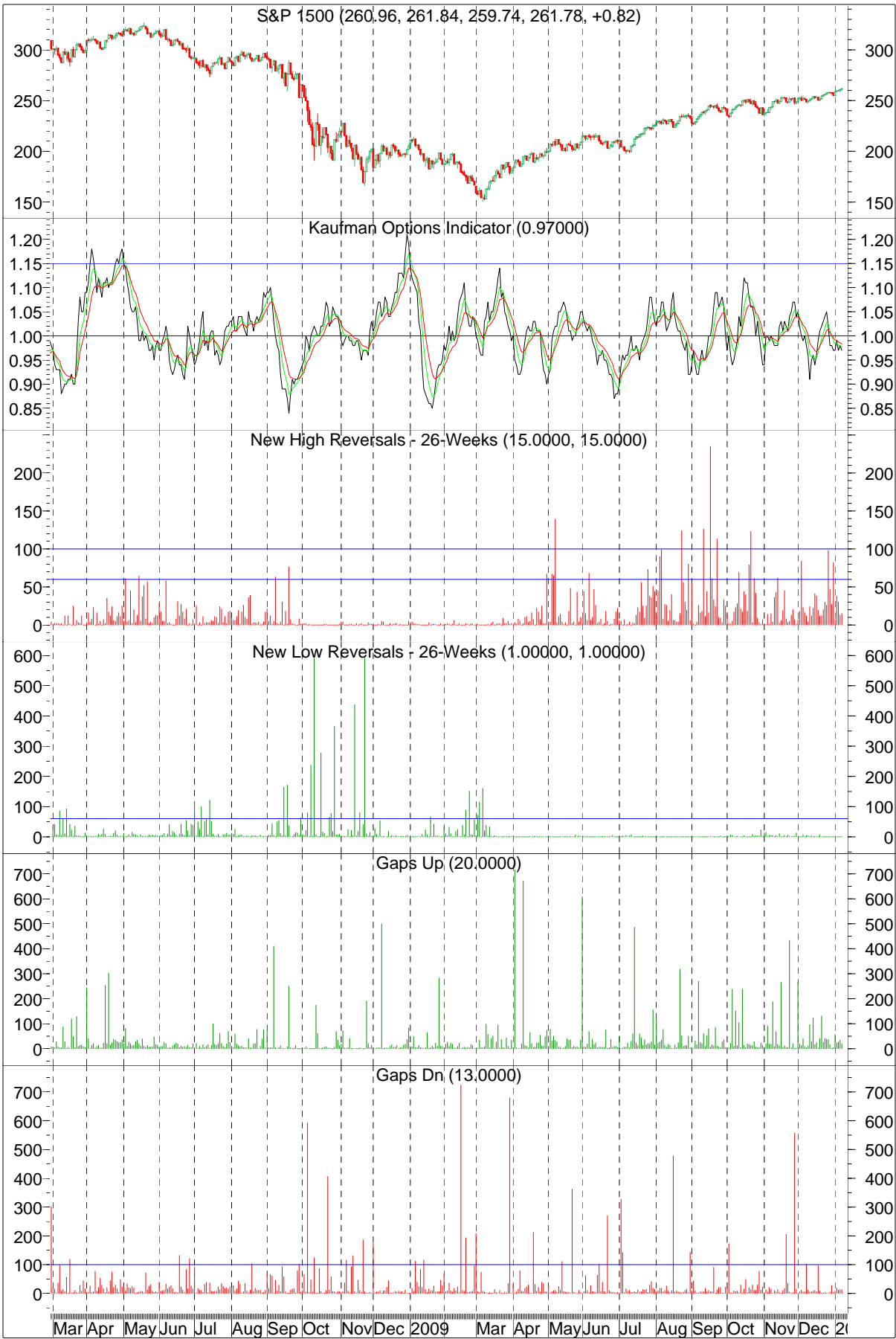
The Kaufman Report - Wayne S. Kaufman, CMT

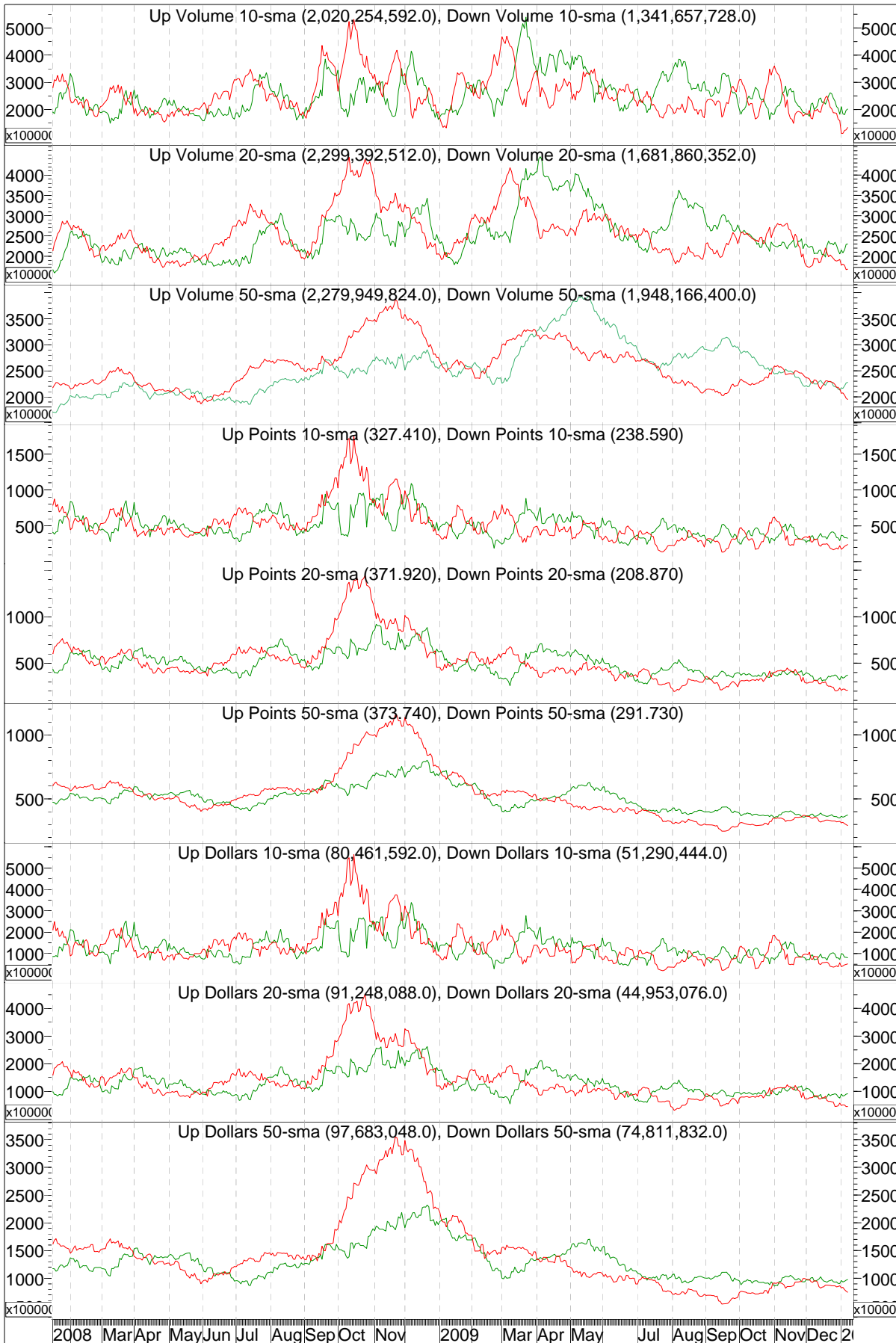


All of our statistics of market internals are making new highs, confirming the new highs in the S&P 1500 and pointing to higher prices in the future.

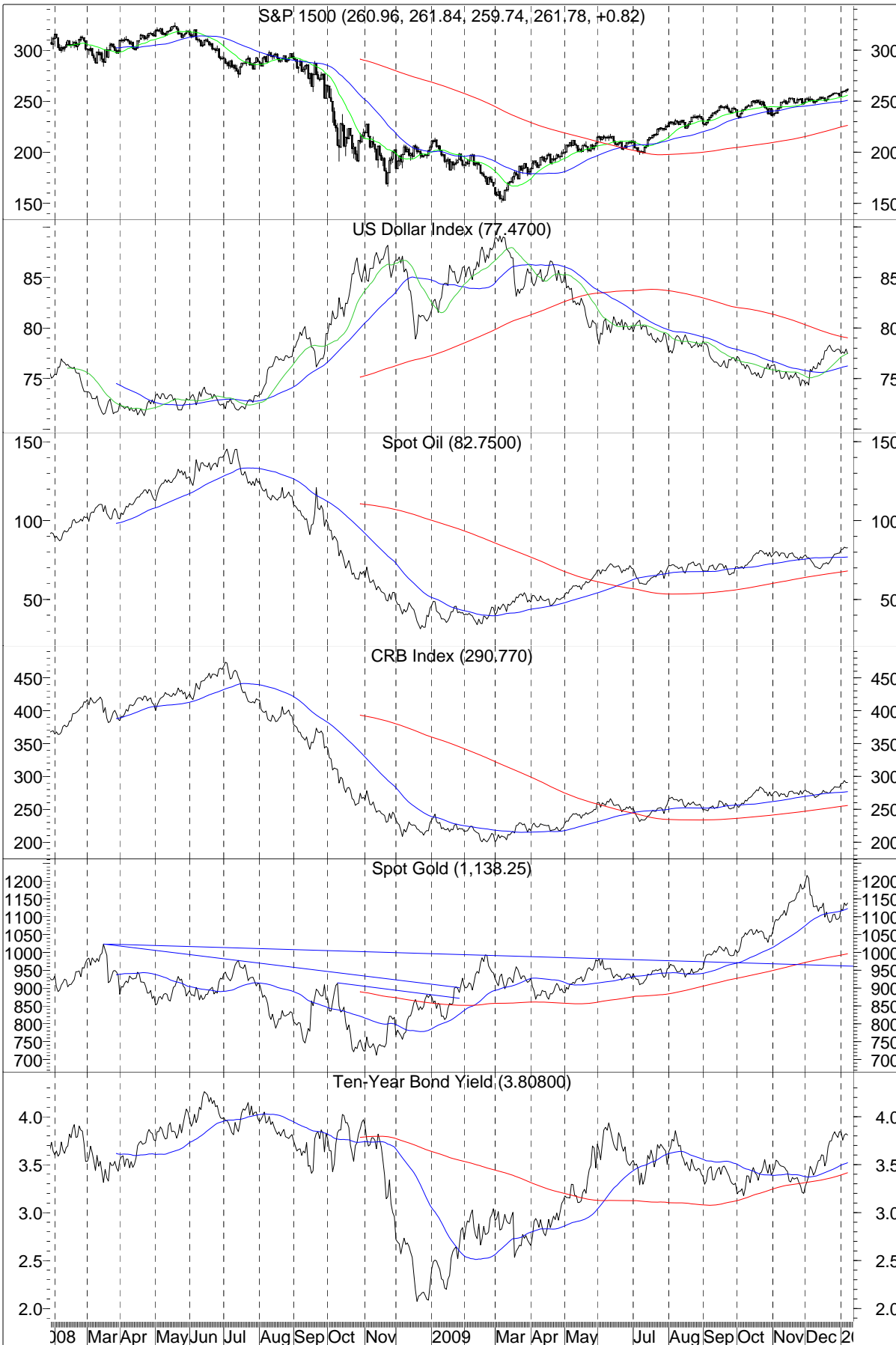
These continue to be bull market numbers.

The Kaufman Report - Wayne S. Kaufman, CMT





Our statistics of supply (red) versus demand (green) show positive crossovers for all statistics for all time frames. Down volume statistics are making new lows. In spite of low buying statistics as long as sellers remain on the sidelines the path of least resistance for stocks remains higher.



The U.S. Dollar index is trying to find support at its 20-sma. The 200-sma is just above at 78.88.

Crude oil is has broken out to new highs and is getting short-term overbought but looks to go higher longer-term.

Gold has reclaimed its 50-sma (blue).