

Monday January 20, 2014

Closing prices of January 17, 2014

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- PLEASE VIEW OUR ADDITIONAL “INVESTMENT SPECIFIC DISCLOSURES” FOUND TOWARDS THE END OF THIS REPORT.
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Monday January 20, 2014

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**Stocks made little progress last week in spite of some of the major indexes printing fresh 52-week highs.** Major indexes were led the Nasdaq 100, up 0.73% and printing a new high Wednesday, the Nasdaq Composite, up 0.55% and with a new high Thursday, and the Russell 2000, up 0.29% and making a new high Friday. The laggards were led by the Dow Jones Transports, down 0.52% in spite of a new high Wednesday, the NYSE Composite, down 0.28% and lagging with no new high in 2014, and the Bank of NY Mellon ADR Index, down 0.23% and also no new high this year. The good news here is leadership by the Nasdaq and small caps shows investors are still willing to take risk, along with showing an abundance of liquidity.

**Four of the ten S&P sectors rose last week.** The leader was Information Technology, up 1.4%, followed by Telecom Services, up 0.65%, Materials, up 0.54%, and Health Care, up 0.50%. The losers were led by Consumer Discretionary, down 1.89%, Energy, down 1.12%, and Consumer Staples, down 0.86%.

**Ten of the twenty-four S&P industry groups traded higher last week.** Technology Hardware & Equipment led with a gain of 2.4%, followed by Pharmaceuticals, Biotech & Life Sciences, up 1.21%, Software & Services, up 0.98%, and Banks, up 0.94%. The downside was led by Consumer Durables & Apparel, Food & Staples Retailing, down 2.12%, and Retailing, down 2.11%.

**We said last week that in the short-term stocks were neither oversold nor overbought.** We said our proprietary options indicator was at 0.93, a level where sharp drops were unlikely and rallies can begin, and we reiterated that we thought any weakness would be an opportunity to take positions ahead of a period of very strong seasonality that runs from 1/31 through 2/6. Monday stocks traded lower, but they rallied Tuesday and Wednesday, with the S&P 500 making a marginal new high Wednesday before weakening Thursday and Friday.

**In the short-term stocks are still not overbought, but those pesky negative divergences have appeared once again.** For example, after Wednesday's new high in the S&P 1500, only 64.9% of its components were trading over their own 10-day moving averages. This compares to 82.3% on 12/31/13, and 92.8% on 12/26/13. Only 393 stocks made 4-week closing highs Wednesday versus 417 on 12/31/13 and 557 on 12/23/13. It is possible that as earnings season progresses these divergences get washed away, as they did in late December. As we stated earlier, we are just ahead of a very strong period of seasonality, 1/31 through 2/6. We will be watching that period closely. We will be far enough through earnings season at that time so investors will have been able to "connect the dots" and if we see any weakness at that typically strong time along with continuing negative divergences investors may be in for a bumpy ride in February. In the meantime, investors need to be aware of the market's increasing selectivity and sector rotation.

**Longer-term we remain bullish, as we have been for a very long time.** We have discussed for months that the longer-term indicators of market breadth do not show the deterioration that is seen prior to important long-term market tops. In spite of other negative divergences when the S&P 1500 may a new high Wednesday, we did not see one in the Advance Decline Line. The new high by the AD line confirms the new high in the index and points to higher prices in the future, although some consolidation may be necessary. Equity valuations remain attractive. Global economic statistics have been improving. In addition, we think central banks around the world will do whatever they can to promote growth and to make sure economies do not slip back into recession. As we have been saying Janet Yellen will certainly not change that. **However, stocks are still overbought on long-term charts and it is only a matter of time before they enter a mean reversion mode, so we will be watching for signs of that occurring.**

**Valuation, based on spreads between equity and bond yields, has found a comfort zone around the levels of pre-August 2011.** At the end of 2013 the bottom of that range was tested. This is similar to late 2012, when we said that if the bottom of the range these spreads were in since August 2011 was broken it would mean investors had reached the "point of recognition" where they finally accept that the economy is healing and we are not going to see a repeat of the economic and market crash of 2008 - 2009. The bottom of that range was broken decisively in early June 2013 and spreads have stayed below it and continue to narrow. **Should the current boundary be broken it will again show increasing confidence on the part of investors. Even if these spreads break the boundary and narrow further, 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 at multi-year highs equities can't continue to rely on multiple expansion for price appreciation.

**So far 52 of the S&P 500 have reported fourth quarter earnings.** 51.9% have beaten estimates, 15.4% were in line, and 32.7% missed. Last quarter after 62 reported 61.3% beat, 14.5% were in line, and 24.2% 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 at a relatively neutral position as investors wait for earnings season to unfold. Longer-term we remain bullish due to improving economic data, attractive valuations, strong long-term market breadth, positive seasonality, and the globally synchronized program of asset purchases by central banks, even though that will be ending (hopefully soon). We have just started earnings season, and hopefully that will provide a catalyst to keep this rally going. Investors need to remain alert for sector rotation, which we view as the key issue since we don't believe investors will be leaving equities.**

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

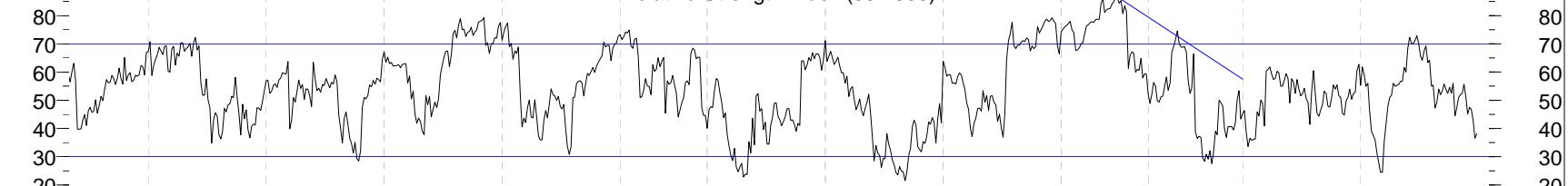
S&P 500 INDEX (1,837.82, 1,839.10, 1,835.23, 1,838.46, +0.48)

### S&P 500 30-Minute Intraday Chart Each candle represents a 30-minute period



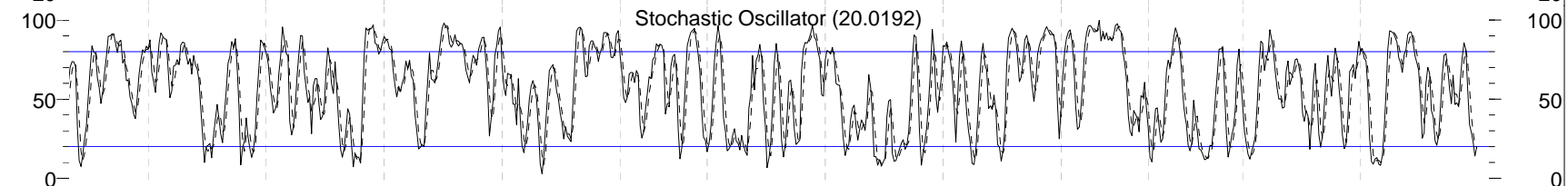
A marginal new high for the S&P 500 and then a pullback.

Relative Strength Index (38.1533)

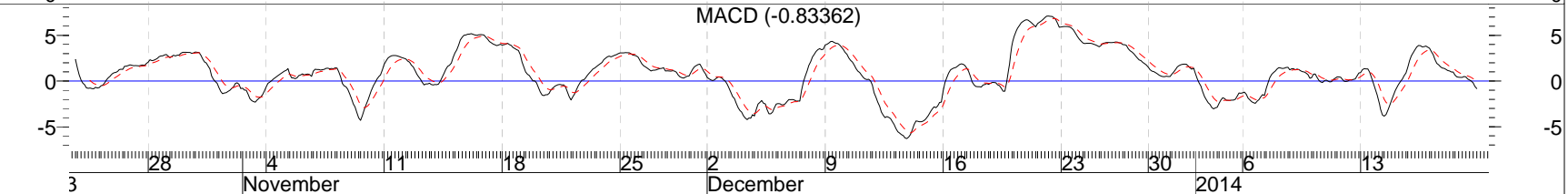


30-minute momentum is negative.

Stochastic Oscillator (20.0192)

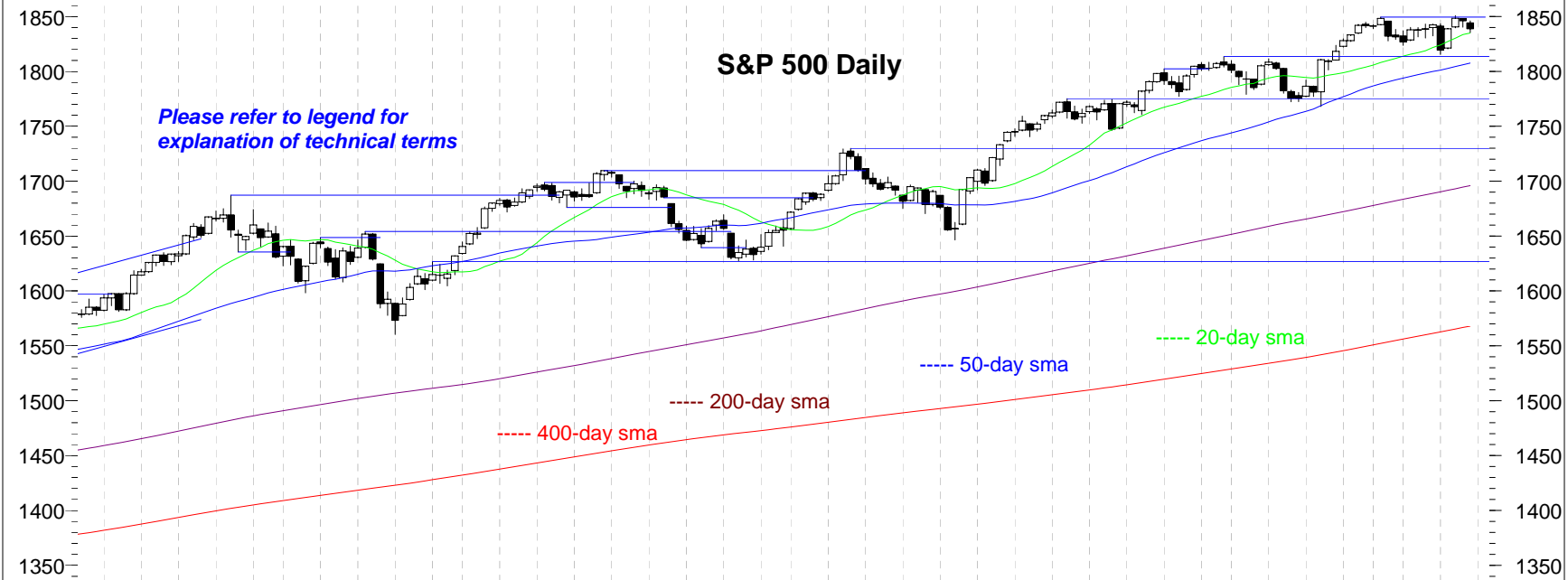


MACD (-0.83362)

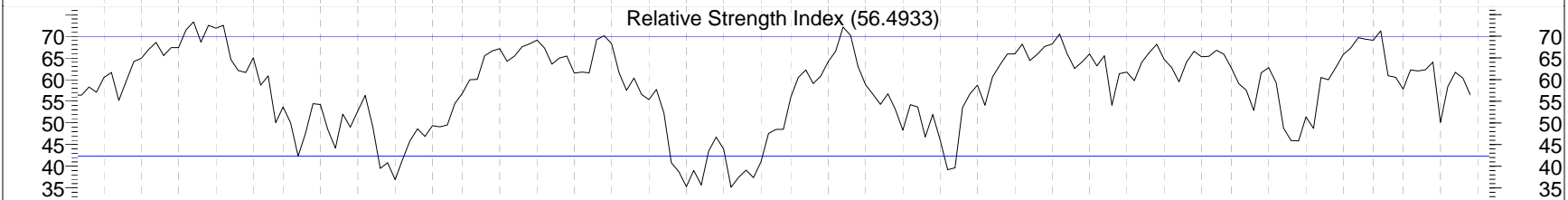


1/18/2014

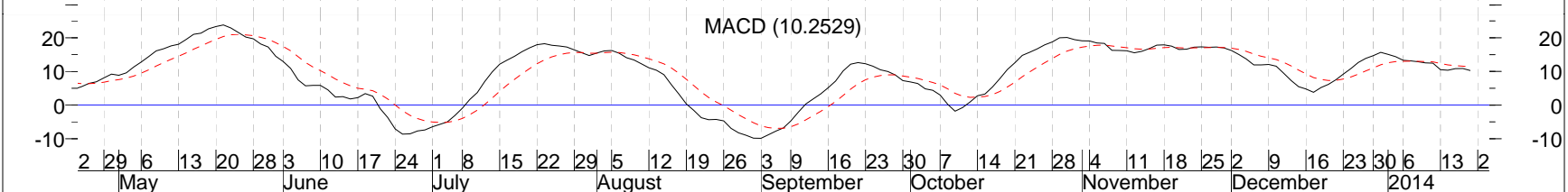
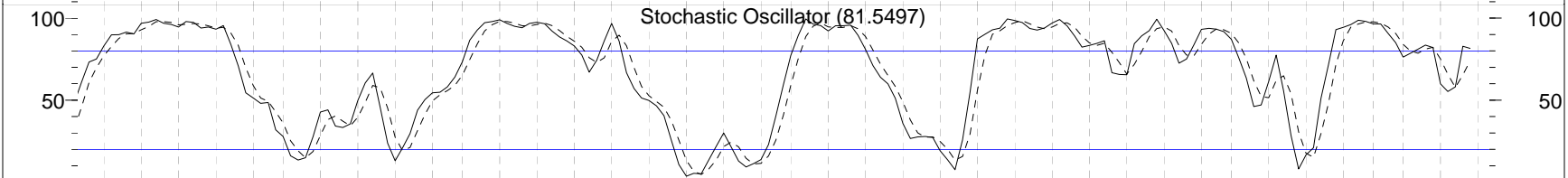
S&P 500 INDEX (1,844.23, 1,846.04, 1,835.23, 1,838.70, -7.19)



In spite of a marginal new high Wednesday the S&P 500 remains in a sideways range.



Daily momentum is turning negative. The negative divergence on the RSI is easily seen.



1/18/2014

S&P 500 INDEX (1,841.26, 1,850.84, 1,815.52, 1,838.70, -3.67)

### S&P 500 Weekly

Please refer to legend for explanation of technical terms

LS H RS

----- 20-week sma

----- 40-week sma

----- 80-week sma

Relative Strength Index (70.3145)

Stochastic Oscillator (84.8301)

MACD (48.5616)

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

1/18/2014

A new high for the S&P 500 last week but a reversal week as the index closed down for the week.

Weekly momentum is threatening to turn negative.

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S&P 500 INDEX (1,845.86, 1,850.84, 1,815.52, 1,838.70, -9.66)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

Relative Strength Index (76.3516)

Stochastic Oscillator (96.7673)

MACD (125.439)

So far in January the S&P 500 remains above its 3-month moving average and in its recent price channel.

Monthly momentum remains positive but also remains at high or overbought levels.

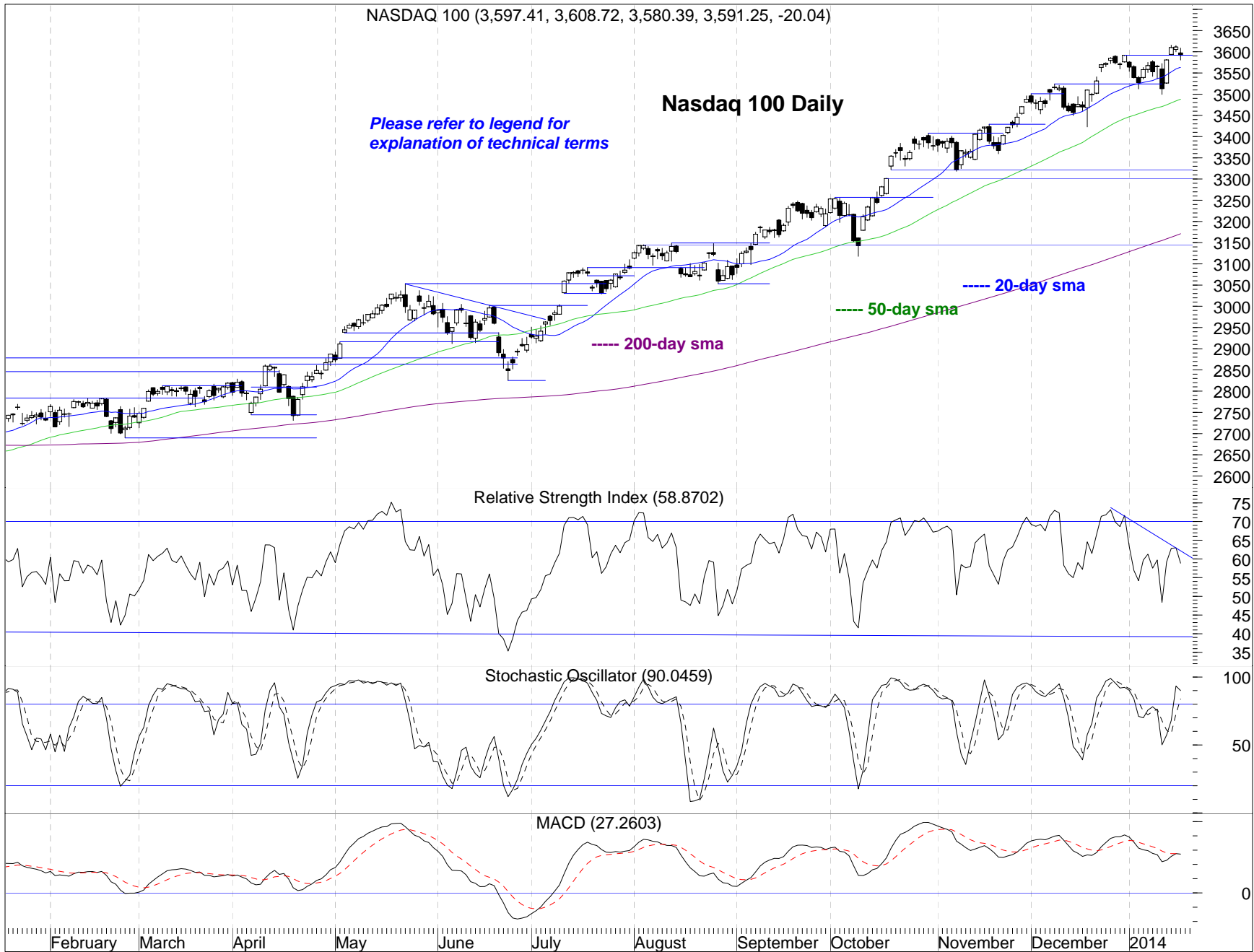
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

1/19/2014

NASDAQ 100 (3,597.41, 3,608.72, 3,580.39, 3,591.25, -20.04)

### Nasdaq 100 Daily

*Please refer to legend for explanation of technical terms*



A new high for the Nasdaq 100 on Wednesday.

Daily momentum is mixed but there is an obvious negative divergence on the RSI.

1/18/2014

NASDAQ 100 (3,559.39, 3,615.70, 3,499.37, 3,591.25, +26.17)

Please refer to legend for explanation of technical terms

### Nasdaq 100 Weekly

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

New weekly highs for the Nasdaq 100 last week.

Relative Strength Index (75.3137)

Stochastic Oscillator (80.2990)

MACD (130.493)

Weekly momentum is at high or overbought levels with the stochastic turning negative in the overbought zone.

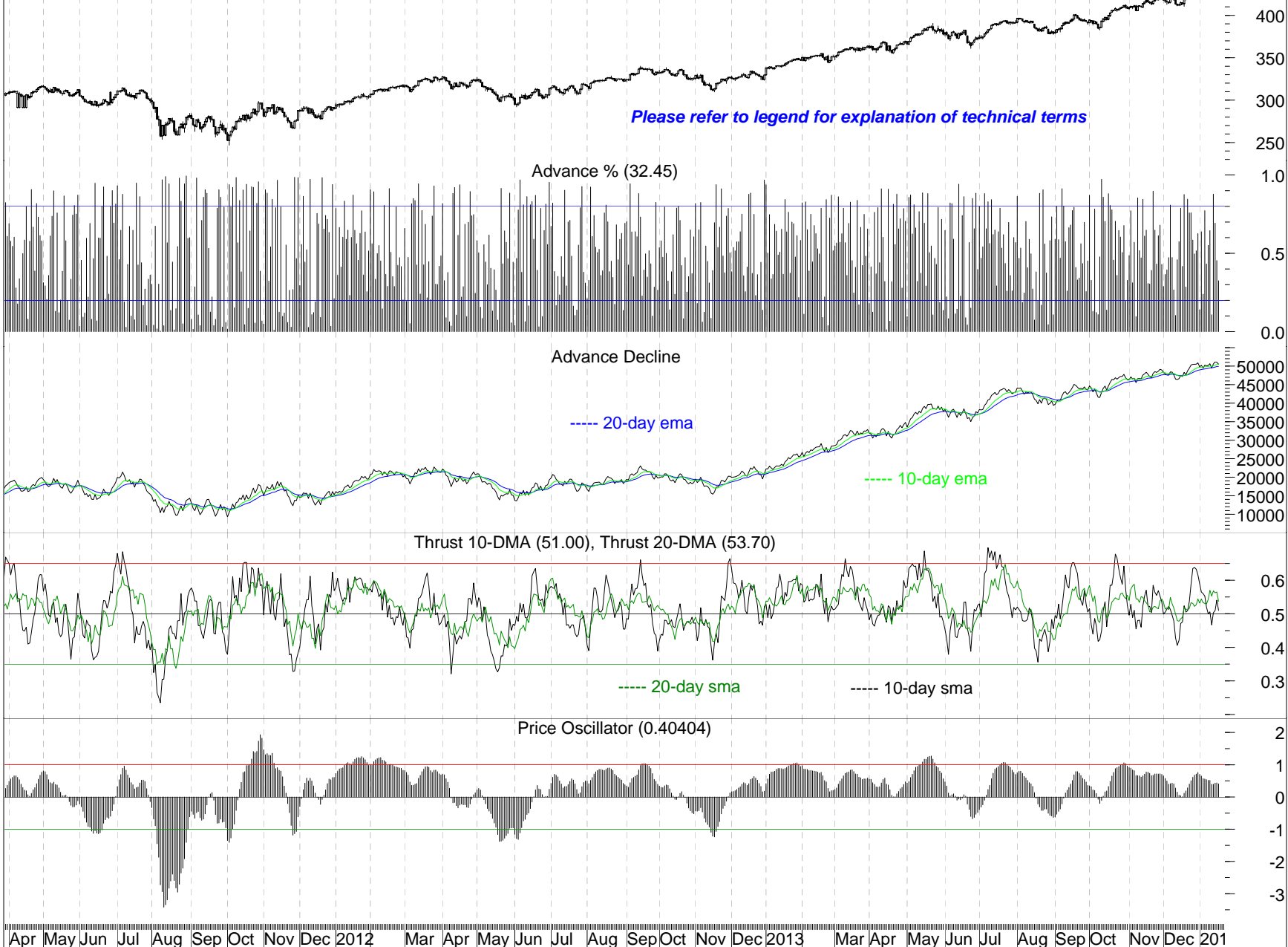
J A S O N D 2010 M A M J J A S O N D 2011 A M J J A S O N D 2012 A M J J A S O N D 2013 A M J J A S O N D 2014

1/18/2014



The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (428.430, 428.800, 426.370, 427.130, -1.66000)



Please refer to legend for explanation of technical terms

Advance % (32.45)

Advance Decline

----- 20-day ema

----- 10-day ema

Thrust 10-DMA (51.00), Thrust 20-DMA (53.70)

----- 20-day sma

----- 10-day sma

Price Oscillator (0.40404)

Only 32.45% of the S&P 1500 traded higher Friday. The 5-day average is 49.1%.

The AD line made a new high Wednesday, confirming the new high in the index and pointing to higher prices in the future.

The 10 and 20-day averages of advancing stocks are each above 50%.

Our price oscillator, a good indicator of trends, remains in positive territory.

1/18/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (428.430, 428.800, 426.370, 427.130, -1.66000)

Please refer to legend for explanation of technical terms

% Over 10-Sma (54.30)

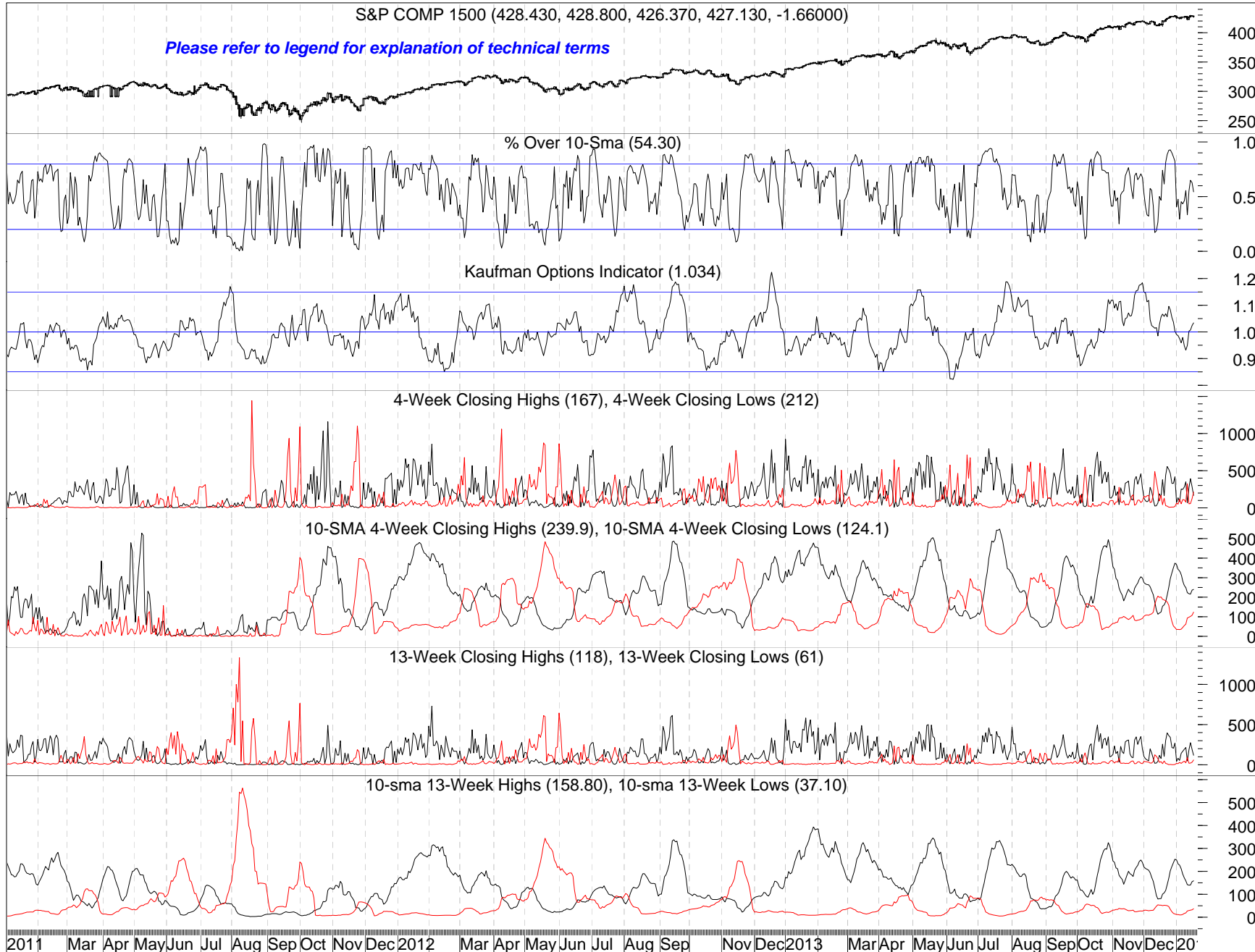
Kaufman Options Indicator (1.034)

4-Week Closing Highs (167), 4-Week Closing Lows (212)

10-SMA 4-Week Closing Highs (239.9), 10-SMA 4-Week Closing Lows (124.1)

13-Week Closing Highs (118), 13-Week Closing Lows (61)

10-sma 13-Week Highs (158.80), 10-sma 13-Week Lows (37.10)



Only 54.3% of the S&P 1500 are above their own 10-day moving averages. Even at Wednesday's new high for the index the percent over 10-sma was only 64.9%, a troubling negative divergence.

Our proprietary options indicator is showing optimism (we like pessimism) at 1.03, reflecting a recent pickup in call buying by options traders.

On Monday and Friday last week 4-week closing lows exceeded 4-week closing highs.

The 10-day average of 4-week highs remains above its counterpart of lows. They each rose Thursday and Friday, showing increasing selectivity on the part of investors.

13-week highs remain above 13-week lows, but the number of highs on Wednesday, when the S&P 1500 made a new high, is another negative divergence.

1/18/2014

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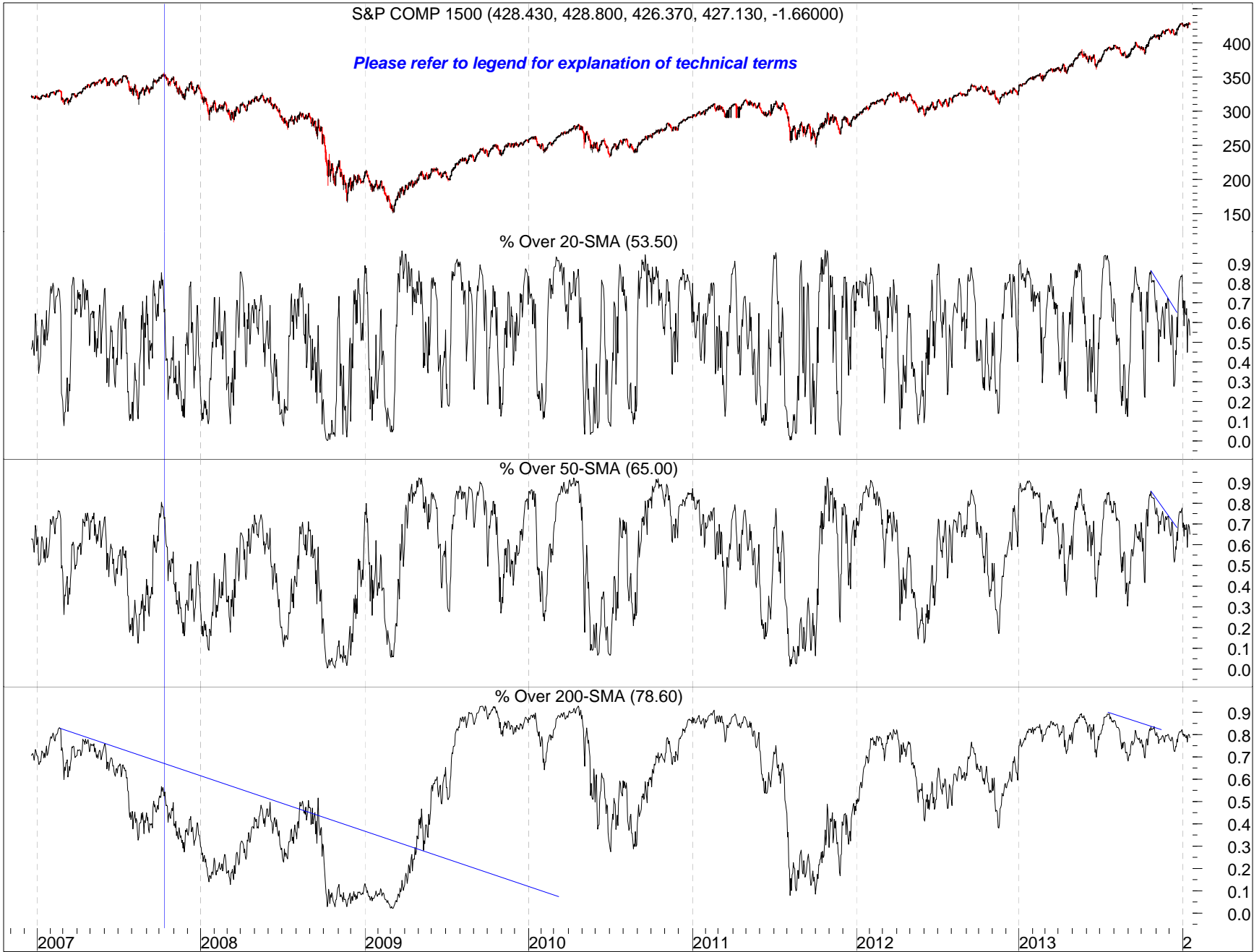
S&P COMP 1500 (428.430, 428.800, 426.370, 427.130, -1.66000)

*Please refer to legend for explanation of technical terms*

% Over 20-SMA (53.50)

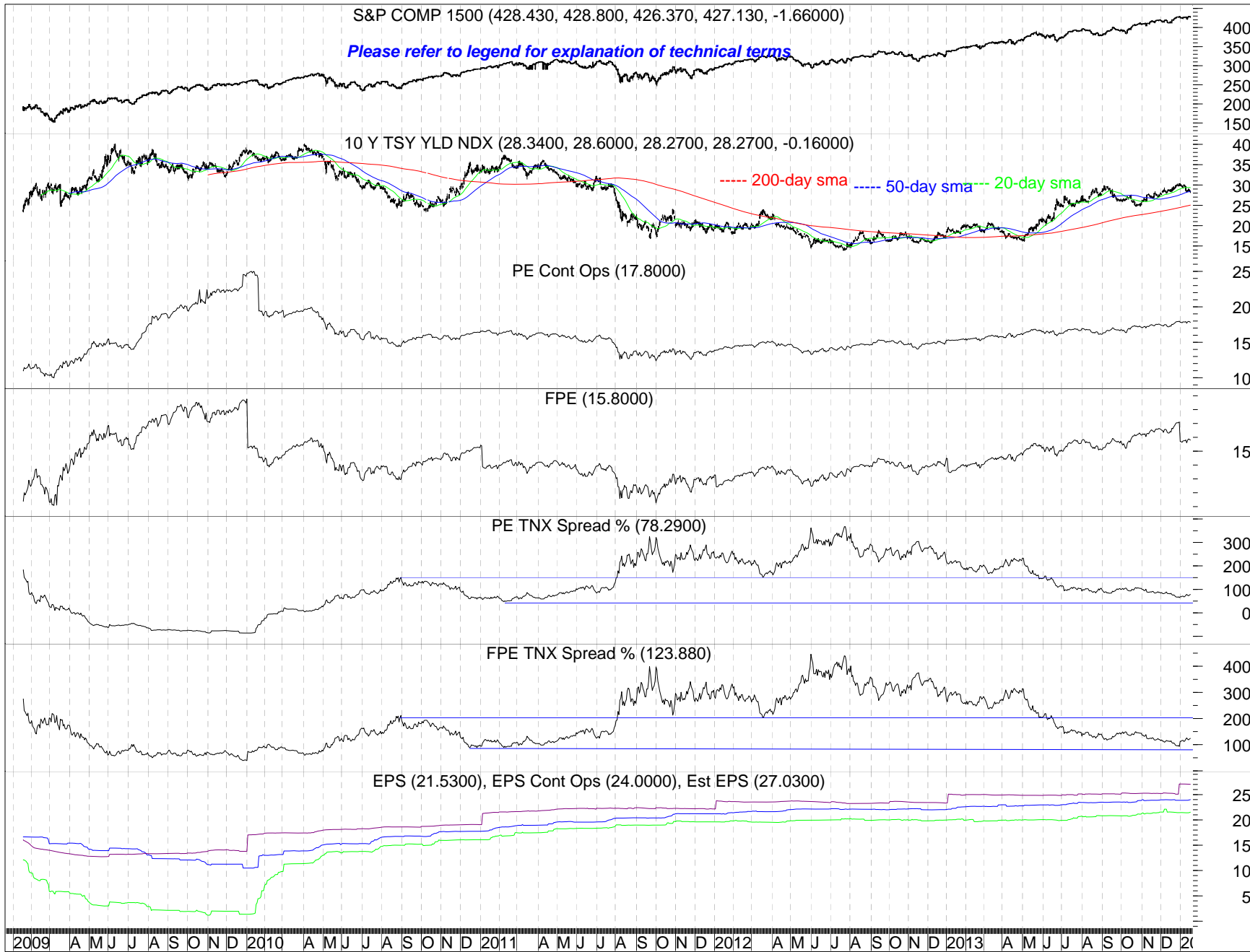
% Over 50-SMA (65.00)

% Over 200-SMA (78.60)



For many months we have pointed out that the longer-term breadth numbers were not showing the type of deterioration seen ahead of important market tops. This is easily seen by looking at the percentage of stocks over their own moving averages during 2007 before that important market top. We saw negative divergences in November and early December, but they were erased in the end of the year rally. We are now seeing negative divergences again, and we hope that this earnings season and the upcoming positive seasonality at the end of the month will erase them again. If not it will be a red flag.

The Kaufman Report - Wayne S. Kaufman, CMT



The current P/E remains at a high level.

Spreads between equity and bond yields remain in the range they traded in pre-August 2011.

Aggregate earnings and projections need to move up. Stocks can't continue to rely on multiple expansion for higher prices.

10 Y TSY YLD NDX (28.34, 28.60, 28.27, 28.27, -0.16)

Please refer to legend for explanation of technical terms

10-Year Note Yield Daily

----- 20-day sma

----- 50-day sma

----- 200-day sma

Relative Strength Index (43.4155)

Stochastic Oscillator (14.9001)

MACD (0.01708)



After making a marginal new high in December the 10-year note yield has dropped sharply. It is back under its 20-day sma.

Daily momentum is negative but the stochastic is at the oversold zone.

1/18/2014

10 Y TSY YLD NDX (28.54, 29.12, 28.19, 28.27, -0.33)

### 10-Year Note Yield Weekly

Please refer to legend for explanation of technical terms

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

After challenging a resistance zone the 10-year note yield is down two weeks in a row.

Relative Strength Index (56.6418)

Weekly momentum is negative with plenty of room to go lower.

Stochastic Oscillator (42.2764)

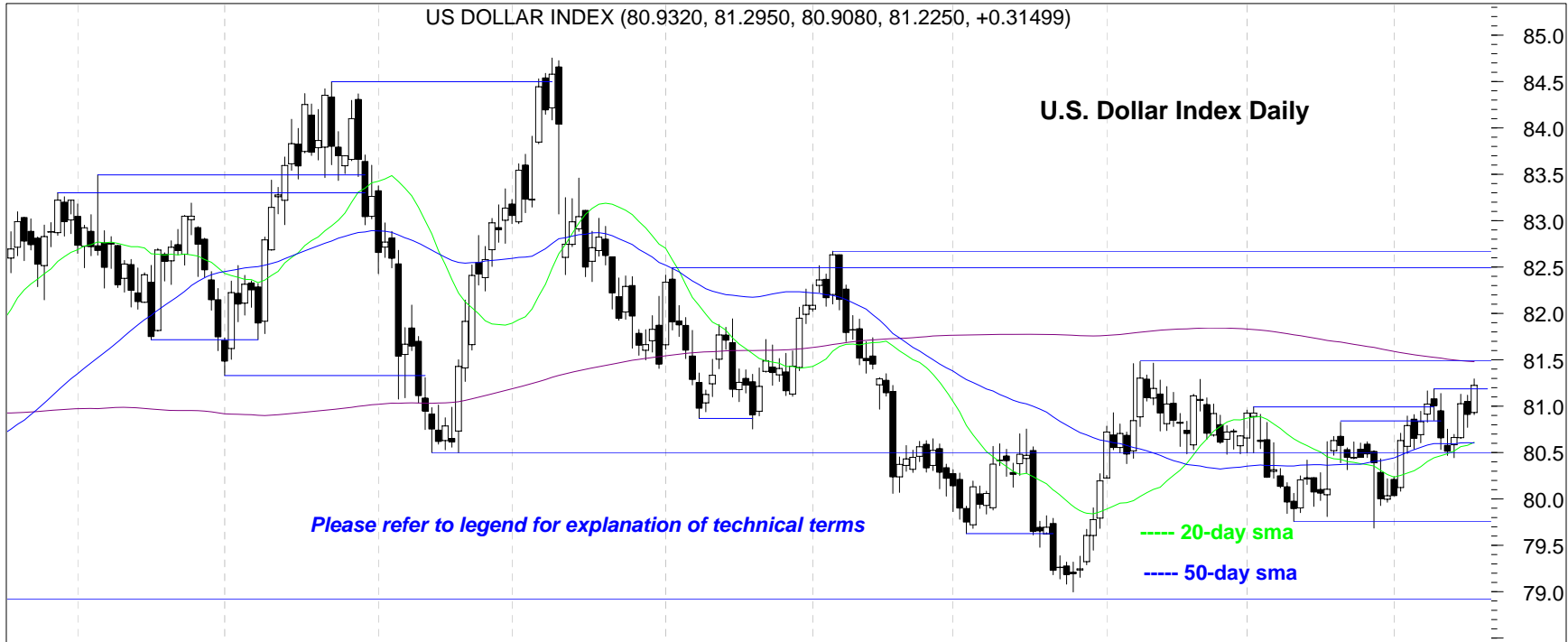
MACD (1.21851)

A 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

1/18/2014

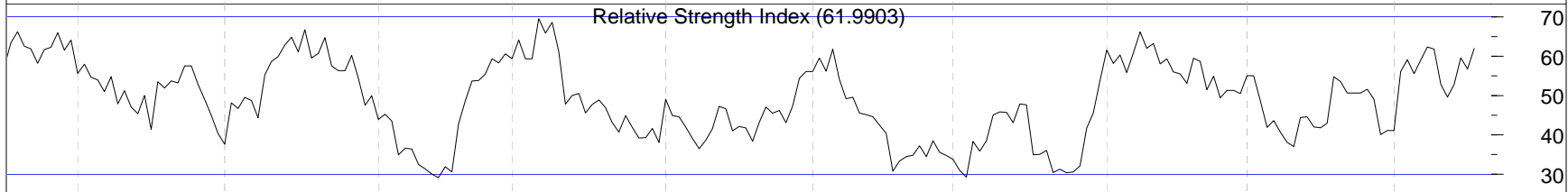
US DOLLAR INDEX (80.9320, 81.2950, 80.9080, 81.2250, +0.31499)

### U.S. Dollar Index Daily



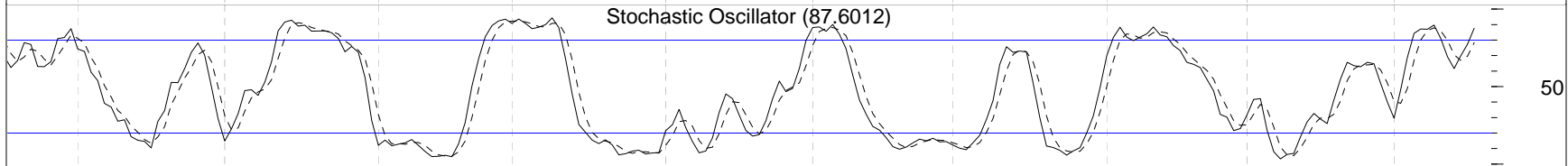
The U.S. Dollar Index continues to rally and is not far from important resistance.

Relative Strength Index (61.9903)

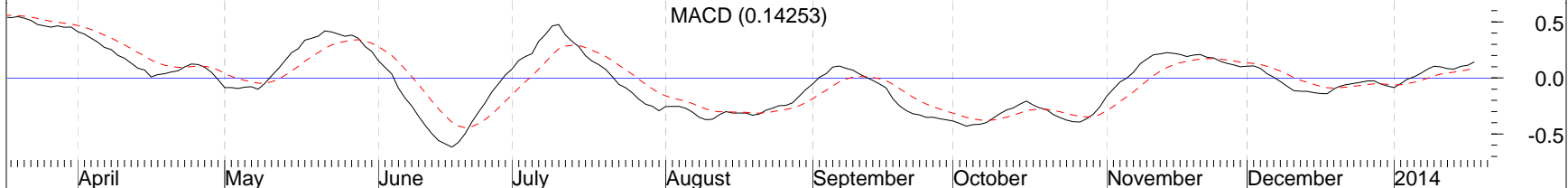


Daily momentum is positive.

Stochastic Oscillator (87.6012)



MACD (0.14253)



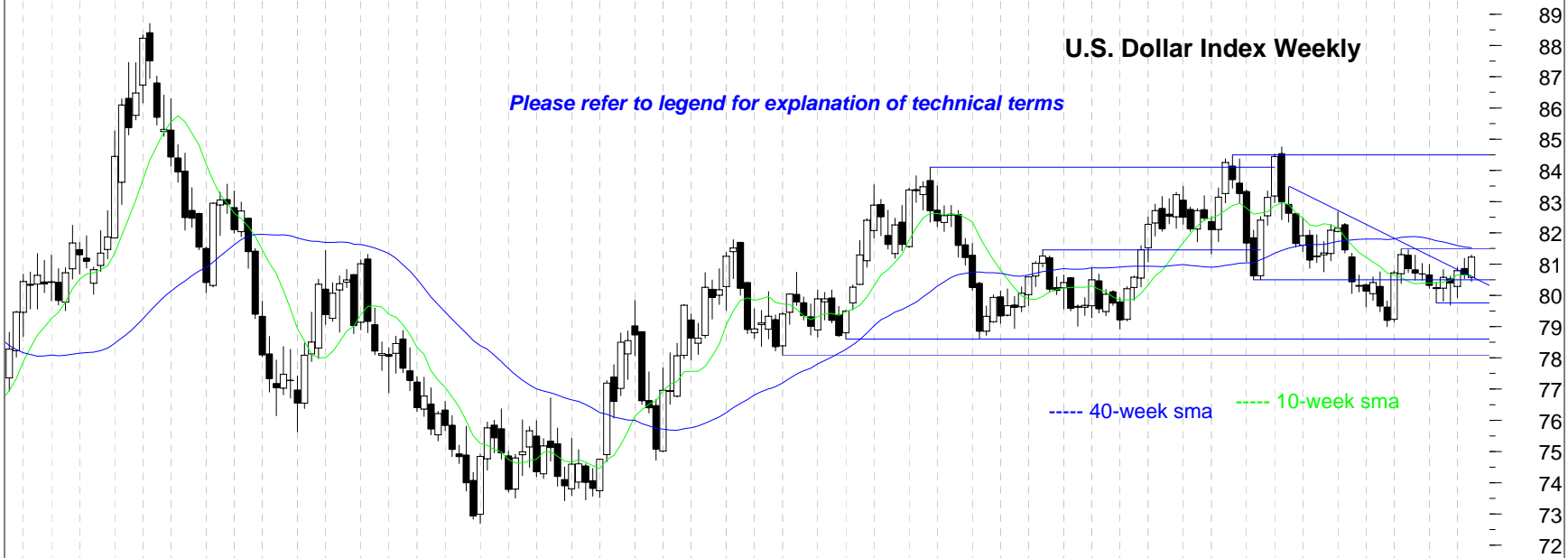
April May June July August September October November December 2014

1/18/2014

US DOLLAR INDEX (80.5780, 81.2950, 80.4440, 81.2250, +0.56700)

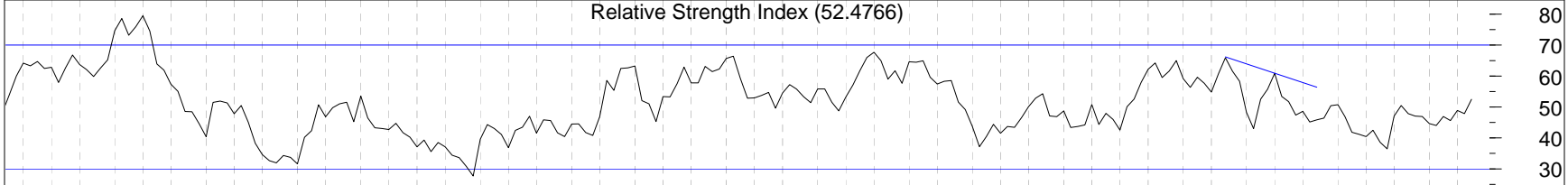
### U.S. Dollar Index Weekly

Please refer to legend for explanation of technical terms

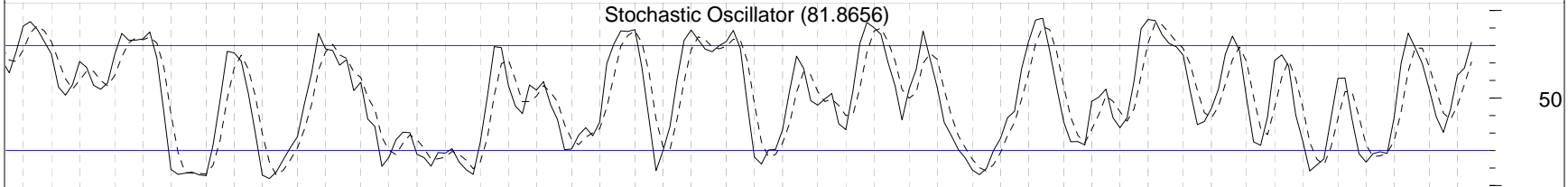


The U.S. Dollar Index is just under its 40-week sma and above its 10-week sma.

Relative Strength Index (52.4766)

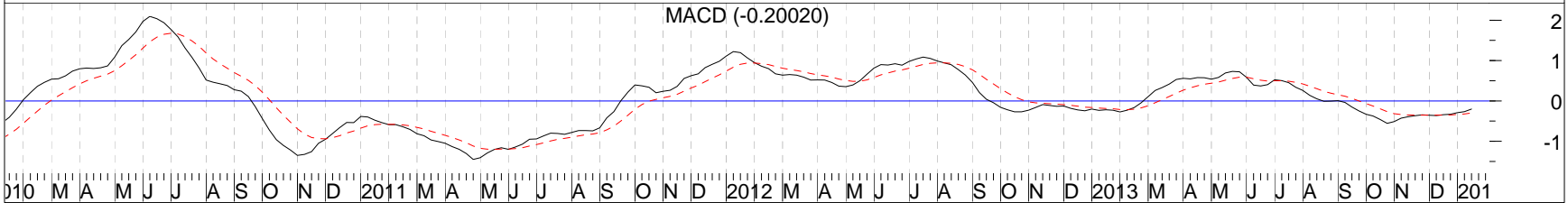


Stochastic Oscillator (81.8656)



Weekly momentum is positive.

MACD (-0.20020)



1/18/2014



SPDR GOLD TRUST (120.3500, 121.0200, 120.2000, 120.9300, +1.1400)

### Gold ETF Daily

For more information about GLD or to obtain a prospectus go to the "Investment Specific Disclosure" section on the fourth to last page 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 is back over its 20-day sma. There is resistance just overhead in the 122 area.

Relative Strength Index (57.1006)

Stochastic Oscillator (85.8586)

MACD (0.21682)

Daily momentum is positive but the stochastic is overbought.

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

1/18/2014

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SPDR GOLD TRUST (120.2700, 121.0600, 119.1126, 120.9300, +0.6700)

GLD Weekly

For more information about GLD or to obtain a prospectus go to the "Investment Specific Disclosure" section on the fourth to last page of The Kaufman Report.

----- 40-week sma

----- 10-week sma

Please refer to legend for explanation of technical terms

Relative Strength Index (42.4930)

Stochastic Oscillator (76.6129)

MACD (-3.78988)



The gold ETF closed the week above its 10-week sma for the first time since 10/25/13. It is near a resistance area.

Weekly momentum is positive with plenty of room to move higher.

1/18/2014

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UNTD ST OIL FUND (33.8600, 33.8600, 33.6000, 33.6900, +0.0400)

For more information about USO or to obtain a prospectus go to the "Investment Specific Disclosure" section on the fourth to last page of The Kaufman Report.

Please refer to legend for explanation of technical terms

U.S. Oil ETF Daily

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

Relative Strength Index (44.1231)

Stochastic Oscillator (30.9164)

MACD (-0.36413)

After testing the May lows the oil ETF rebounded. There is still a little room before it runs into the 20 and 50-day sma.

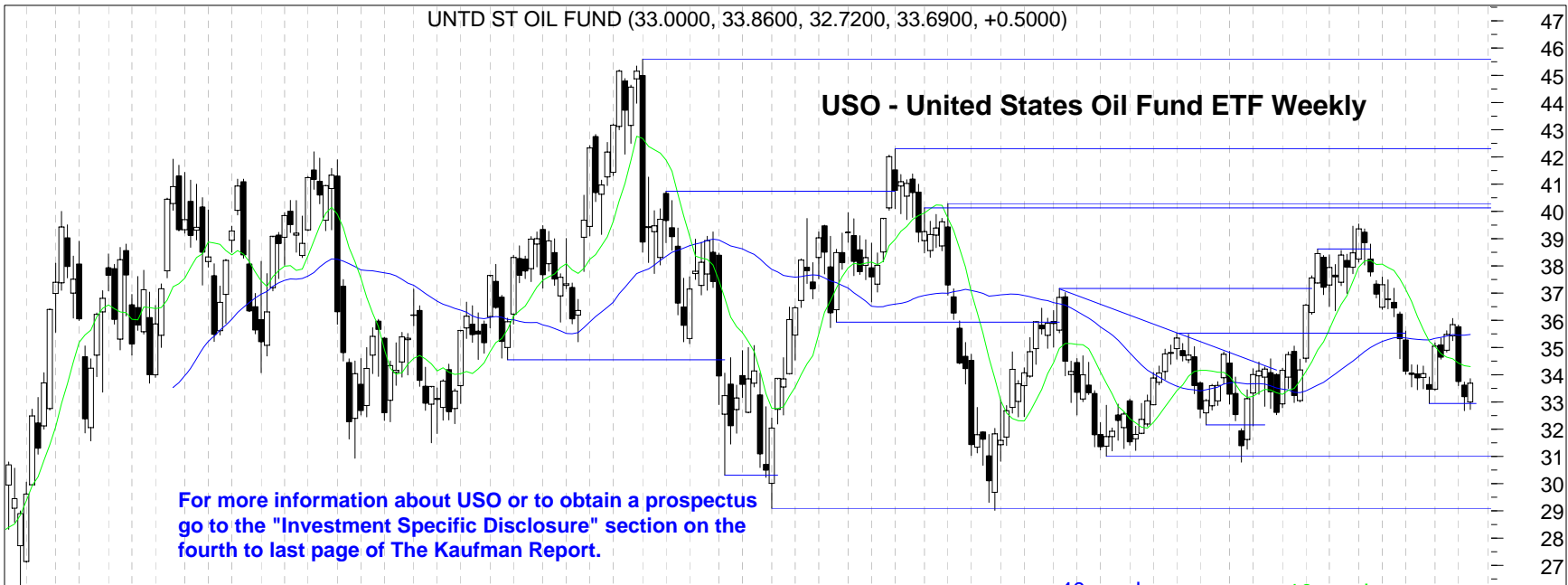
Daily momentum is almost positive.

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

1/18/2014

UNTD ST OIL FUND (33.0000, 33.8600, 32.7200, 33.6900, +0.5000)

### USO - United States Oil Fund ETF Weekly

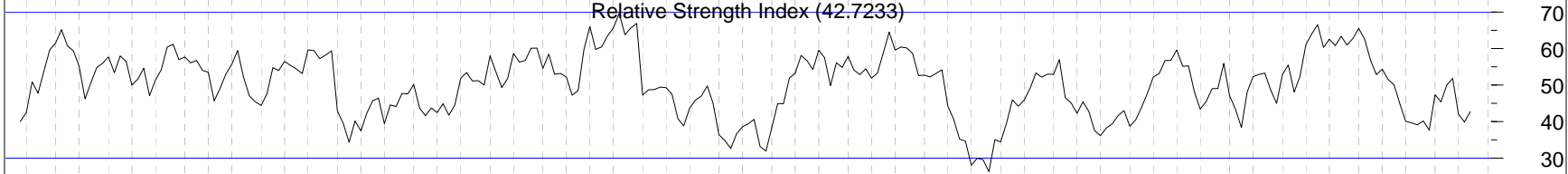


For more information about USO or to obtain a prospectus go to the "Investment Specific Disclosure" section on the fourth to last page of The Kaufman Report.

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

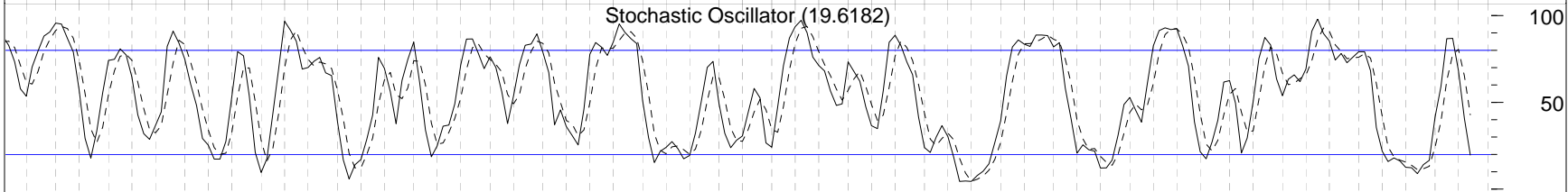
A bullish engulfing candle on the weekly chart of the oil ETF.

Relative Strength Index (42.7233)

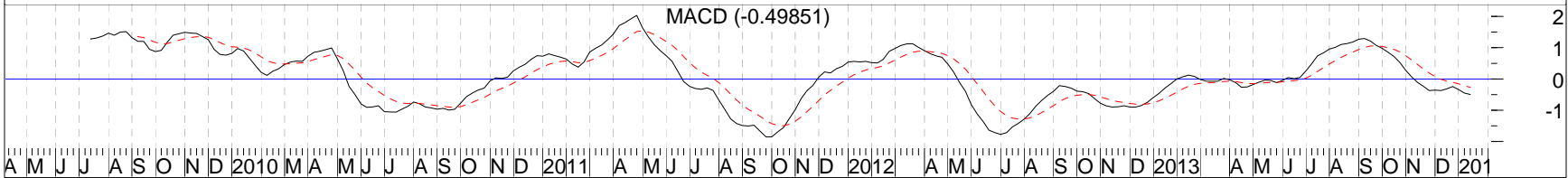


Weekly momentum is mostly negative.

Stochastic Oscillator (19.6182)



MACD (-0.49851)



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

1/18/2014

BAR IPA UBS COPR (40.9800, 41.0000, 40.7900, 40.7900, +0.0000)

For more information about JJC or to obtain a prospectus go to the "Investment Specific Disclosure" section on the fourth to last page 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 (53.2222)

Stochastic Oscillator (41.0577)

MACD (0.17163)

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

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The copper ETN, representing the metal with a Ph.D. in economics, is struggling with its 20-day moving average.

Daily momentum is mixed.

BAR IPA UBS COPR (40.51, 41.07, 40.51, 40.79, -0.02)

For more information about JJC or to obtain a prospectus go to the "Investment Specific Disclosure" section on the fourth to last page 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 above its 10 and 40-week Sma. There is a lot of resistance just overhead.

Relative Strength Index (52.9652)

Weekly momentum is slightly negative.

Stochastic Oscillator (59.3236)

MACD (0.01938)

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

1/18/2014

## 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
Nasdaq 100	3591.25	-0.55%	0.73%	0.73%	-0.02%	-0.02%	-0.02%	3615.70	1/15/2014	2689.83	2/26/2013
Nasdaq Composite	4197.58	-0.50%	0.55%	0.55%	0.50%	0.50%	0.50%	4219.28	1/16/2014	3105.37	2/26/2013
Russell 2000	1167.90	-0.45%	0.29%	0.29%	0.37%	0.37%	0.37%	1173.37	1/17/2014	885.28	1/17/2013
Dow Jones Industrials	16458.37	0.25%	0.13%	0.13%	-0.71%	-0.71%	-0.71%	16588.25	12/31/2013	13510.24	1/17/2013
S&P Midcap 400	1347.54	-0.33%	-0.11%	-0.11%	0.37%	0.37%	0.37%	1354.65	1/15/2014	1062.14	1/17/2013
S&P 1500	427.07	-0.40%	-0.20%	-0.20%	-0.47%	-0.47%	-0.47%	429.73	1/15/2014	340.85	1/17/2013
S&P 500	1838.65	-0.39%	-0.20%	-0.20%	-0.53%	-0.53%	-0.53%	1850.84	1/15/2014	1472.63	1/17/2013
Bank of New York Mellon ADR	150.58	-0.32%	-0.23%	-0.23%	-0.97%	-0.97%	-0.97%	152.06	12/31/2013	125.76	6/24/2013
NYSE Composite	10341.88	-0.33%	-0.28%	-0.28%	-0.56%	-0.56%	-0.56%	10406.77	12/31/2013	8700.73	2/26/2013
Dow Jones Transportation	7427.30	-0.39%	-0.52%	-0.52%	0.36%	0.36%	0.36%	7508.74	1/15/2014	5640.27	1/18/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Information Technology	586.89	-0.56%	1.40%	1.40%	0.24%	0.24%	0.24%	591.64	1/15/2014	457.00	4/19/2013
Telecom Services	151.16	-0.52%	0.65%	0.65%	-2.80%	-2.80%	-2.80%	168.85	4/23/2013	142.97	1/17/2013
Materials	289.80	-0.21%	0.54%	0.54%	-0.63%	-0.63%	-0.63%	291.82	12/31/2013	233.52	4/18/2013
Health Care	660.56	-0.06%	0.50%	0.50%	2.84%	2.84%	2.84%	662.65	1/17/2014	483.28	1/17/2013
Industrials	448.03	-0.54%	-0.29%	-0.29%	-0.98%	-0.98%	-0.98%	453.03	12/31/2013	339.56	1/17/2013
Utilities	193.57	-0.02%	-0.42%	-0.42%	0.18%	0.18%	0.18%	210.47	4/30/2013	179.40	1/17/2013
Financials	295.61	-0.36%	-0.51%	-0.51%	0.30%	0.30%	0.30%	298.69	1/15/2014	229.65	1/18/2013
Consumer Staples	433.22	-0.81%	-0.86%	-0.86%	-2.12%	-2.12%	-2.12%	446.69	11/15/2013	373.36	1/17/2013
Energy	634.62	-0.05%	-1.12%	-1.12%	-2.62%	-2.62%	-2.62%	652.37	12/31/2013	544.61	4/17/2013
Consumer Discretionary	516.43	-0.48%	-1.89%	-1.89%	-2.58%	-2.58%	-2.58%	530.13	12/31/2013	390.40	1/17/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Technology Hardware & Equipment	584.66	-1.03%	2.40%	2.40%	-0.08%	-0.08%	-0.08%	593.11	1/15/2014	439.29	4/19/2013
Pharmaceuticals, Biotech & Life Sci	645.12	-0.03%	1.21%	1.21%	3.34%	3.34%	3.34%	647.63	1/17/2014	462.94	1/17/2013
Software & Services	838.13	-0.10%	0.98%	0.98%	0.56%	0.56%	0.56%	841.37	1/17/2014	642.59	1/22/2013
Banks	214.66	0.26%	0.94%	0.94%	2.61%	2.61%	2.61%	215.81	1/17/2014	162.00	2/26/2013
Telecom Services	151.16	-0.52%	0.65%	0.65%	-2.80%	-2.80%	-2.80%	168.85	4/23/2013	142.97	1/17/2013
Materials	289.80	-0.21%	0.54%	0.54%	-0.63%	-0.63%	-0.63%	291.82	12/31/2013	233.52	4/18/2013
Semiconductors & Equipment	420.98	-1.40%	0.49%	0.49%	-0.37%	-0.37%	-0.37%	431.51	1/15/2014	325.33	2/21/2013
Commercial & Professional Service	190.26	0.55%	0.44%	0.44%	-1.38%	-1.38%	-1.38%	193.69	12/27/2013	154.99	1/17/2013
Real Estate	152.83	-0.49%	0.12%	0.12%	2.60%	2.60%	2.60%	177.55	5/22/2013	142.12	8/19/2013
Capital Goods	490.20	-0.67%	0.03%	0.03%	-0.92%	-0.92%	-0.92%	495.41	12/31/2013	368.63	1/17/2013
Utilities	193.57	-0.02%	-0.42%	-0.42%	0.18%	0.18%	0.18%	210.47	4/30/2013	179.40	1/17/2013
Food, Beverage & Tobacco	497.62	-0.96%	-0.45%	-0.45%	-1.96%	-1.96%	-1.96%	509.74	11/15/2013	439.41	1/17/2013
Automobiles & Components	140.45	-0.90%	-0.46%	-0.46%	1.06%	1.06%	1.06%	143.67	12/17/2013	96.18	2/26/2013
Household & Personal Products	501.45	-0.69%	-0.50%	-0.50%	-1.59%	-1.59%	-1.59%	530.20	11/26/2013	430.35	1/17/2013
Diversified Financials	448.43	-0.47%	-0.85%	-0.85%	-0.02%	-0.02%	-0.02%	456.54	1/6/2014	334.84	1/18/2013
Health Care Equip & Services	586.75	-0.13%	-0.98%	-0.98%	1.79%	1.79%	1.79%	593.17	1/13/2014	446.12	1/17/2013
Energy	634.62	-0.05%	-1.12%	-1.12%	-2.62%	-2.62%	-2.62%	652.37	12/31/2013	544.61	4/17/2013
Consumer Services	674.97	-0.38%	-1.29%	-1.29%	-1.53%	-1.53%	-1.53%	686.43	12/31/2013	555.99	1/17/2013
Insurance	282.15	-0.55%	-1.35%	-1.35%	-2.40%	-2.40%	-2.40%	289.51	12/31/2013	208.85	1/18/2013
Media	417.75	-0.52%	-1.75%	-1.75%	-2.90%	-2.90%	-2.90%	430.39	12/31/2013	301.72	1/17/2013
Transports	474.41	-0.38%	-1.84%	-1.84%	-1.09%	-1.09%	-1.09%	484.32	1/13/2014	361.48	1/18/2013
Retailing	912.10	-0.21%	-2.11%	-2.11%	-2.95%	-2.95%	-2.95%	944.66	12/27/2013	676.31	1/17/2013
Food & Staples Retailing	308.28	-0.56%	-2.12%	-2.12%	-2.98%	-2.98%	-2.98%	321.36	11/29/2013	251.30	1/17/2013
Consumer Durables & Apparel	270.89	-1.02%	-3.61%	-3.61%	-4.97%	-4.97%	-4.97%	285.53	1/3/2014	217.25	2/26/2013

**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
Vietnam VNM	21.50	3.61%	11.40%	14.42%	14.42%	14.42%	23.59	2/11/2013	17.00	8/28/2013
Thailand THD	67.01	-0.10%	2.85%	-2.39%	-2.39%	-2.39%	96.11	5/8/2013	61.94	1/3/2014
Israel EIS	49.61	0.26%	2.23%	2.46%	2.46%	2.46%	49.91	1/15/2014	41.19	8/28/2013
Indonesia IDX	21.54	0.09%	1.60%	1.32%	1.32%	1.32%	33.39	5/22/2013	20.06	1/7/2014
India IFN	20.19	-0.10%	1.20%	0.95%	0.95%	0.95%	21.28	1/30/2013	16.16	8/28/2013
Sweden EWD	35.81	-0.31%	1.10%	-0.06%	-0.06%	-0.06%	35.99	1/17/2014	29.42	6/24/2013
Germany EWG	31.39	-0.88%	1.10%	-1.16%	-1.16%	-1.16%	31.93	12/31/2013	23.66	4/18/2013
Hong Kong EWH	20.61	1.53%	0.83%	0.05%	0.05%	0.05%	21.00	5/21/2013	17.79	6/24/2013
Italy EWI	16.01	-0.62%	0.57%	2.69%	2.69%	2.69%	16.19	1/15/2014	11.54	4/4/2013
Taiwan EWT	14.10	-0.49%	0.50%	-2.22%	-2.22%	-2.22%	14.77	10/22/2013	12.48	6/24/2013
United Kingdom EWU	20.87	0.00%	0.48%	-0.05%	-0.05%	-0.05%	21.07	12/31/2013	17.55	6/24/2013
Spain EWP	40.03	-1.11%	0.28%	3.79%	3.79%	3.79%	40.86	1/15/2014	27.50	6/24/2013
Canada EWC	28.73	-0.03%	0.21%	-1.47%	-1.47%	-1.47%	29.83	11/18/2013	25.61	6/24/2013
France EWQ	28.02	-0.95%	0.18%	-1.51%	-1.51%	-1.51%	28.60	12/31/2013	22.60	4/18/2013
Austria EWO	20.76	-0.67%	0.14%	4.80%	4.80%	4.80%	21.00	1/15/2014	16.10	7/3/2013
Chile ECH	45.55	0.11%	0.04%	-4.13%	-4.13%	-4.13%	67.98	2/13/2013	45.01	1/10/2014
Japan EWJ	12.05	0.25%	-0.25%	-0.73%	-0.73%	-0.73%	12.43	5/22/2013	9.66	1/23/2013
United States SPY	183.64	-0.43%	-0.27%	-0.57%	-0.57%	-0.57%	184.94	1/15/2014	147.14	1/17/2013
Switzerland EWL	32.93	-0.77%	-0.30%	-0.18%	-0.18%	-0.18%	33.20	1/16/2014	27.80	1/22/2013
Russia RSX	27.39	0.04%	-0.40%	-5.13%	-5.13%	-5.13%	31.16	1/28/2013	23.94	6/20/2013
South Korea EWY	60.39	-0.59%	-0.41%	-6.62%	-6.62%	-6.62%	66.07	10/22/2013	49.56	6/24/2013
Netherlands EWN	25.71	-1.08%	-0.54%	-0.85%	-0.85%	-0.85%	26.11	1/14/2014	19.89	3/1/2013
BRIC EEB	33.05	-0.33%	-0.87%	-4.62%	-4.62%	-4.62%	37.70	10/22/2013	28.86	6/24/2013
Belgium EWK	16.24	-1.28%	-1.09%	-0.92%	-0.92%	-0.92%	16.45	1/16/2014	13.37	7/3/2013
Brazil EWZ	42.21	-0.40%	-1.12%	-5.53%	-5.53%	-5.53%	57.76	3/7/2013	40.68	7/5/2013
Emerging Markets EE	39.79	-0.50%	-1.19%	-4.80%	-4.80%	-4.80%	44.85	1/17/2013	36.16	6/24/2013
Latin America ILF	35.04	-0.23%	-1.60%	-5.40%	-5.40%	-5.40%	46.00	1/17/2013	34.38	6/24/2013
South Africa EZA	61.13	-0.05%	-1.66%	-5.21%	-5.21%	-5.21%	69.07	10/22/2013	53.37	6/24/2013
China 25 FXI	35.80	-0.17%	-1.73%	-6.70%	-6.70%	-6.70%	41.93	2/1/2013	31.35	6/25/2013
Singapore EWS	12.70	-0.55%	-1.85%	-3.57%	-3.57%	-3.57%	14.71	5/9/2013	12.26	8/27/2013
Australia EWA	23.71	-0.59%	-2.63%	-2.71%	-2.71%	-2.71%	28.12	4/30/2013	22.00	7/3/2013
Mexico EWW	65.17	-0.58%	-2.85%	-4.16%	-4.16%	-4.16%	76.64	4/11/2013	57.57	6/21/2013
Malaysia EWM	15.03	-0.40%	-3.53%	-4.99%	-4.99%	-4.99%	16.81	5/8/2013	13.74	8/28/2013
Greece GREK	23.42	-1.84%	-3.66%	3.95%	3.95%	3.95%	24.68	1/13/2014	14.10	6/24/2013
Turkey TUR	44.32	-2.85%	-6.16%	-7.01%	-7.01%	-7.01%	77.40	5/22/2013	43.81	12/27/2013

**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	23.71	14.83			16.74			-0.03	-0.03
Austria EWO	20.76	28.41			30.62			0.05	0.05
Belgium EWK	16.24	21.68			22.41			-0.01	-0.01
Brazil EWZ	42.21	-22.66			-23.21			-0.06	-0.06
BRIC EEB	33.05	-9.90			-9.39			-0.05	-0.05
Canada EWC	28.73	-6.69			-5.64			-0.01	-0.01
Chile ECH	45.55	17.87			17.24			-0.04	-0.04
China 25 FXI	35.80	-2.57			-2.57			-0.07	-0.07
Emerging Markets EE	39.79	25.39			28.08			-0.05	-0.05
France EWQ	28.02	-7.19			-6.39			-0.02	-0.02
Germany EWG	31.39	7.18			7.75			-0.01	-0.01
Greece GREK	23.42	14.23			16.43			0.04	0.04
Hong Kong EWH	20.61	-3.38			-2.61			0.00	0.00
India IFN	20.19	1.04			1.60			0.01	0.01
Indonesia IDX	21.54	-3.59			-2.17			0.58	-0.90
Israel EIS	49.61	5.97			5.29			0.02	0.02
Italy EWI	16.01	-30.07			-29.18			0.03	0.03
Japan EWJ	12.05	20.04			22.90			-0.01	-0.01
Latin America ILF	35.04	0.75			2.11			-0.05	-0.05
Malaysia EWM	15.03	24.01			25.20			-0.05	-0.05
Mexico EWW	65.17	19.32			21.39			-0.04	-0.04
Netherlands EWN	25.71	26.58			27.86			-0.01	-0.01
Russia RSX	27.39	26.89			28.97			-0.05	-0.05
Singapore EWS	12.70	23.88			26.37			-0.04	-0.04
South Africa EZA	61.13	-9.00			-7.26			-0.05	-0.05
South Korea EWY	60.39	-20.27			-19.43			-0.07	-0.07
Spain EWP	40.03	-23.33			-22.58			0.04	0.04
Sweden EWD	35.81	-18.41			-17.01			0.00	0.00
Switzerland EWL	32.93	8.64			1.39			0.00	0.00
Taiwan EWT	14.10	18.90			18.61			-0.02	-0.02
Thailand THD	67.01	-7.81			-6.82			-0.02	-0.02
Turkey TUR	44.32	-10.74			-9.12			-0.07	-0.07
United Kingdom EWU	20.87	-38.38			-35.42			0.00	0.00
United States SPY	183.64	-2.34			-0.42			-0.01	-0.01
Vietnam VNM	21.50	19.81			22.19			0.14	0.14

**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
Natural Gas UNG	20.88	-1.83%	5.40%	0.92%	0.92%	0.92%	24.09	4/18/2013	16.60	8/8/2013
Cotton BAL	54.69	1.33%	4.99%	2.84%	2.84%	2.84%	60.53	3/15/2013	47.97	11/5/2013
Aluminum JJU	18.99	1.65%	2.16%	1.87%	1.87%	1.87%	24.93	2/15/2013	18.03	6/21/2013
Heating Oil UHN	32.48	1.35%	2.04%	-1.67%	-1.67%	-1.67%	36.27	2/8/2013	29.66	4/17/2013
Tin JJT	50.69	-0.14%	1.88%	-4.74%	-4.74%	-4.74%	58.28	1/17/2013	41.89	7/2/2013
Livestock COW	27.94	0.07%	1.53%	2.95%	2.95%	2.95%	28.68	10/30/2013	25.41	4/15/2013
OIL USO	33.69	0.12%	1.51%	-4.61%	-4.61%	-4.61%	39.54	9/6/2013	30.79	4/17/2013
Platinum PPLT	141.68	1.60%	1.03%	5.82%	5.82%	5.82%	170.78	2/7/2013	127.34	6/26/2013
Coal KOL	18.38	0.22%	0.99%	-5.45%	-5.45%	-5.45%	25.89	1/22/2013	17.16	6/24/2013
Timber CUT	25.85	-0.88%	0.78%	-0.19%	-0.19%	-0.19%	26.08	1/16/2014	20.70	6/24/2013
Silver SLV	19.51	0.83%	0.67%	4.28%	4.28%	4.28%	31.41	1/23/2013	17.75	6/27/2013
Palladium PALL	72.95	0.51%	0.58%	4.78%	4.78%	4.78%	77.20	3/8/2013	61.81	6/26/2013
Gold GLD	120.93	0.95%	0.56%	4.14%	4.14%	4.14%	164.40	1/17/2013	114.46	12/31/2013
Copper JJC	40.79	0.00%	-0.05%	-1.59%	-1.59%	-1.59%	47.80	2/1/2013	36.87	6/24/2013
Grains JJG	42.80	-0.63%	-0.13%	-0.77%	-0.77%	-0.77%	55.52	2/1/2013	42.02	1/9/2014
Grains GRU	5.65	-0.70%	-0.53%	-2.25%	-2.25%	-2.25%	7.49	2/1/2013	5.41	8/15/2013
Cocoa NIB	35.52	-2.20%	-0.78%	-0.78%	-0.78%	-0.78%	37.61	12/2/2013	27.47	3/6/2013
Corn CORN	30.63	-0.52%	-1.70%	0.16%	0.16%	0.16%	45.74	2/1/2013	29.50	1/10/2014
Coffee JO	23.15	-0.98%	-2.89%	6.68%	6.68%	6.68%	35.58	1/18/2013	20.37	11/6/2013
Sugar SGG	50.91	-2.06%	-2.97%	-8.25%	-8.25%	-8.25%	68.59	3/15/2013	50.76	1/15/2014

**DATA QUOTED REPRESENTS PAST PERFORMANCE.**

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

## Commodity ETFs/ETNs Standard Performance

	Price	-----PRICE % Change-----			-----NAV % Change-----			Expense Ratio%	Premium % to NAV
		1-Year	5-Year	10-Year	1-Year	5-Year	10-Year		
Aluminum JJU	18.99	-20.45	-3.02		-21.27	-3.49		0.75	-0.08
Coal KOL	18.38	-26.32	7.23		-25.63	7.08		0.59	-0.42
Cocoa NIB	35.52	13.89	-1.79		19.00	-1.15		0.75	-0.32
Coffee JO	23.15	-33.84	-8.72		-32.23	-8.55		0.75	0.27
Copper JJC	40.79	-11.60	13.69		-10.13	13.68		0.75	-0.05
Corn CORN	30.63	-31.58			-31.69			1.49	-0.13
Cotton BAL	54.69	7.68	14.20		7.34	13.61		0.75	-0.38
Gold GLD	120.93	-25.97	7.88		-26.24	7.85		0.40	0.07
Grains GRU	5.65	-22.71	-2.47					0.75	
Grains JJC	42.80	-20.80	0.69		-20.52	0.88		0.75	-0.28
Heating Oil UHN	32.48	-3.36	7.99		-3.42	7.55		0.91	-0.63
Livestock COW	27.94	0.94	-3.16		0.53	-3.23		0.75	0.01
Natural Gas UNG	20.88	6.42	-33.31		10.19	-33.09		0.60	-0.20
OIL USO	33.69	-2.83	2.44		-2.00	2.34		0.45	0.15
Palladium PALL	72.95	2.13			3.16			0.60	0.35
Platinum PPLT	141.68	-14.84			-15.65			0.60	0.33
Silver SLV	19.51	-36.39	11.91		-36.29	12.60		0.50	0.54
Sugar SGG	50.91	-23.11	3.73		-21.78	4.11		0.75	0.26
Timber CUT	25.85	21.30	20.61		24.43	20.57		0.70	0.47
Tin JJT	50.69	-12.35	15.14		-11.75	15.75		0.75	0.05

**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.