

Monday January 6, 2014

Closing prices of January 3, 2014

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# The Kaufman Report

Trade what you see, not what you think.

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Monday January 6, 2014

Closing prices of January 3, 2013

**After ending 2013 with new highs for major indexes stocks sold off on the first session of 2014 sending major indexes to a loss on the week.** The least damage was in the Dow Industrials, down 0.05% on the week, and the S&P Midcaps, down 0.19%. The losers were led by the Bank of NY Mellon ADR Index, down 1.32% and certainly not helped by the recent strength in the U.S. Dollar.

**Two of the ten S&P sectors rose last week.** The leader was Financials, up 0.37%, followed by Consumer Discretionary, up 0.02%. The losers were led by Energy, down 1.45%, utilities, down 1.32%, and Telecom Services, down 1.30%.

**Five of the twenty-four S&P industry groups traded higher last week.** Diversified Financials led with a gain of 1.25%, followed by Consumer Durables & Apparel, up 0.27%, and Media, up 0.21%. The downside was led by Technology Hardware & Equipment, down 1.81%, Household & Personal Products, down 1.70%, and Energy, down 1.45%.

**We said last week that in the short-term stocks were overbought.** The percentage of stocks over their own 10-day moving average was at 89.9% after hitting a very overbought 92.8% on 12/26. In spite of it coming down to 82.3% on 12/31 we still got the rally to the end of the year that was part of our roadmap of the last few weeks. The window dressing that occurred in the last week of trading was quickly unwound on the first session of 2014. We do not believe those dollars are leaving the stock market, just that some positions were unwound to take advantage of opportunities that will present themselves during the upcoming earnings season. We have been saying for a while that sector rotation should be more of a concern to investors than money leaving equities, and that was highlighted by strength in the first two sessions of 2014 in the U.S. Dollar Index and in precious metals.

**In the short-term stocks are no longer overbought.** The percentage of stocks over their own 10-day moving averages rapidly dropped down to 40.5% Thursday and closed the week at 47.7%. Our proprietary options indicator is about neutral at 0.986. To us this means that investors are positioning ahead of the upcoming earnings season. It's possible we see further weakness in the near-term, but for the most part sellers remain on the sidelines, as can be seen by the number of stocks making 4-week and 13-week closing lows.

**Longer-term we remain bullish, as we have been for a very long time.** We are still in the best three-month period of the year on a seasonality basis, November through January. 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. 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 said for weeks Janet Yellen will certainly not change that. **However, stocks are 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, had found a comfort zone around the levels of pre-August 2011, but they are now testing the lower boundaries of that range.** 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. **On 12/31/13 they hit the narrowest level since February 2011 before widening some the last two sessions. 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 coming 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 499 of the S&P 500 have reported third quarter earnings.** 67.2% have beaten estimates, 12.9% were in line, and 19.9% missed. Last quarter after 496 had reported 66.8% beat, 9.3% were in line, and 23.9% missed.

**In summary, in the short-term stocks are no longer overbought but we could see some more softness as investors position for earnings season. 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 are just ahead of earnings season, and hopefully that will provide a catalyst to keep this rally going. We have said for a while that investors need to remain alert for sector rotation, and the recent moves by precious metals and the U.S. Dollar Index highlights this.**

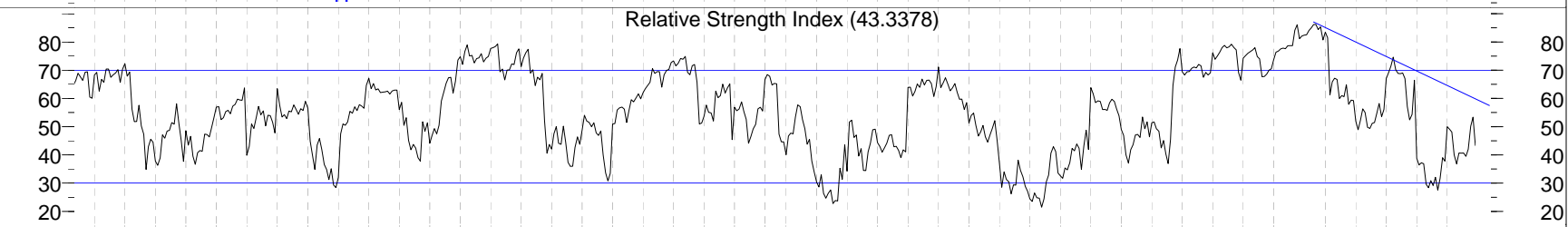
**Based on the S&P 500 the short-term, intermediate-term and long-term trends are up.**

S&P 500 INDEX (1,835.99, 1,836.76, 1,831.08, 1,831.47, -4.52)

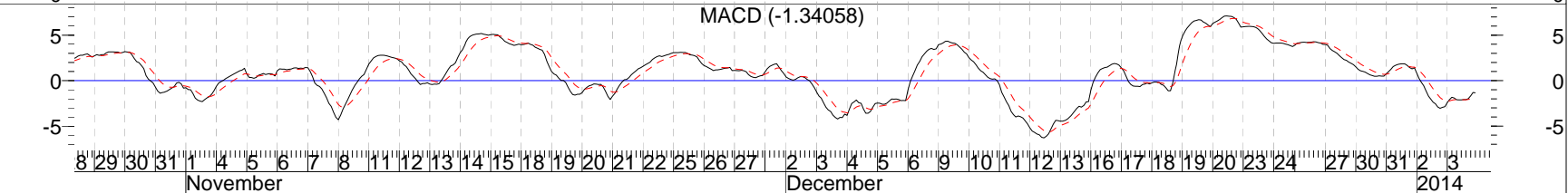
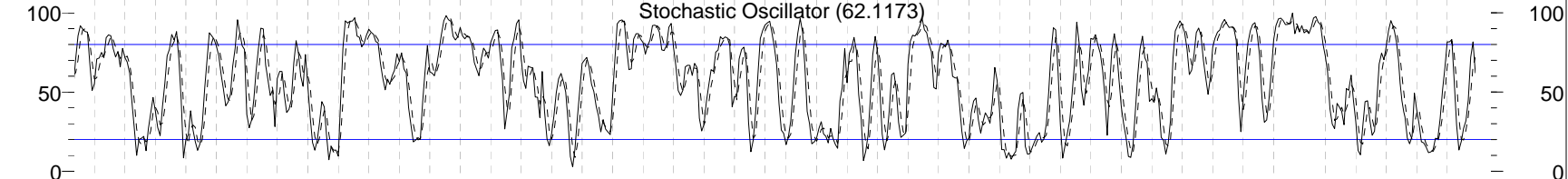
Please refer to legend for an explanation of technical terms

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

A quick reversal of some window dressing for the S&P 500 is evident on the 30-minute chart.



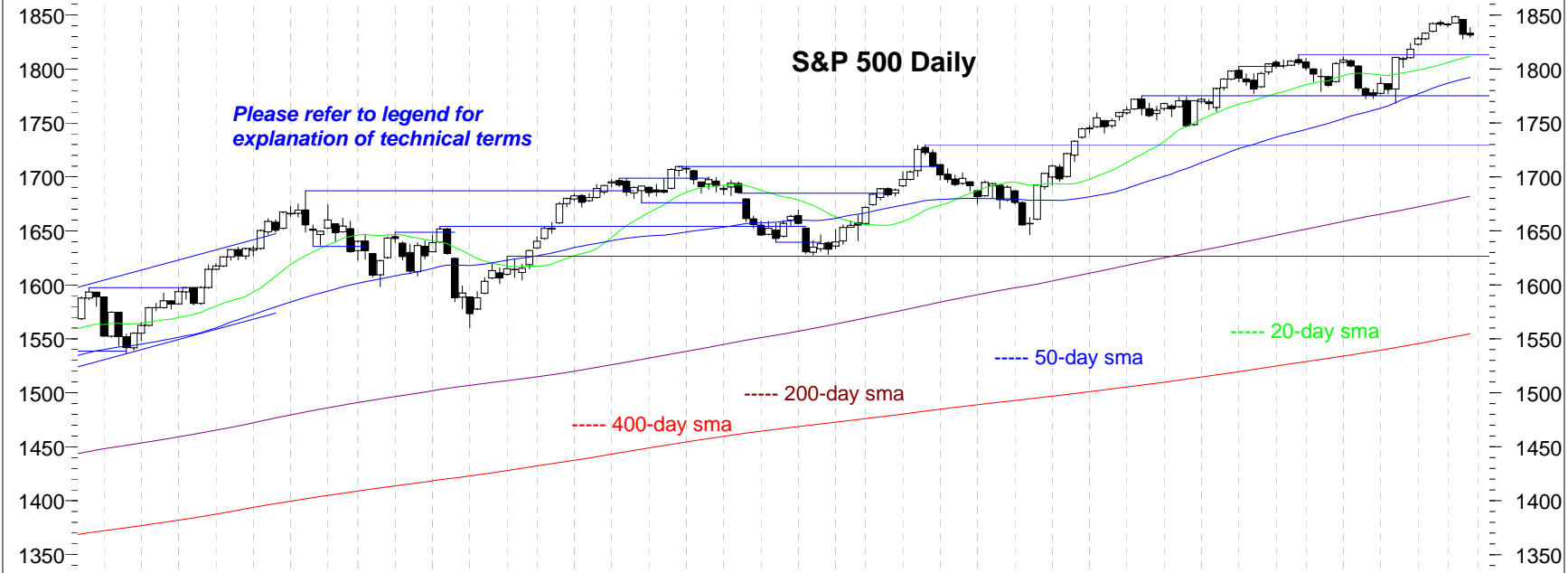
30-minute momentum is slightly negative.



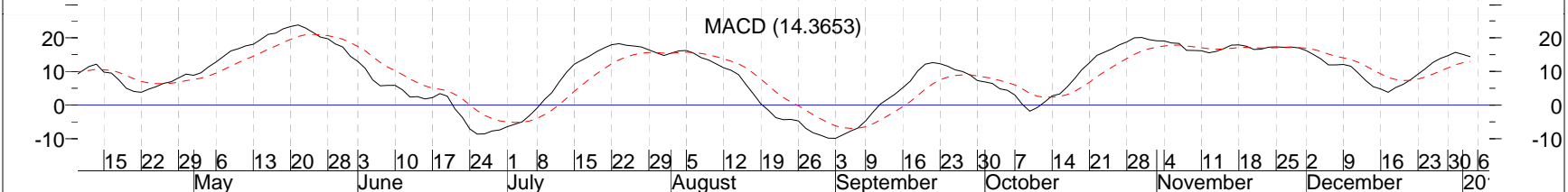
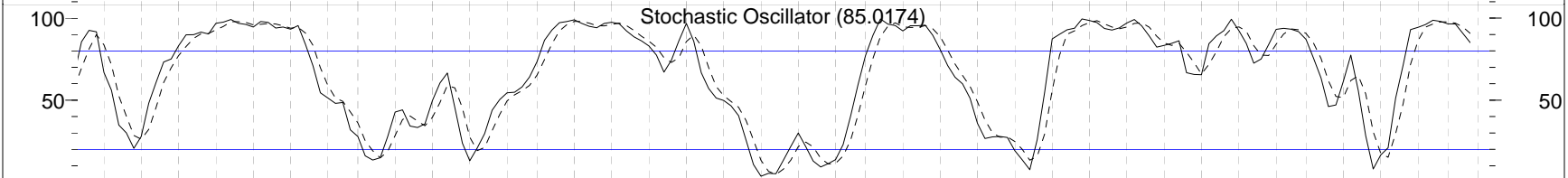
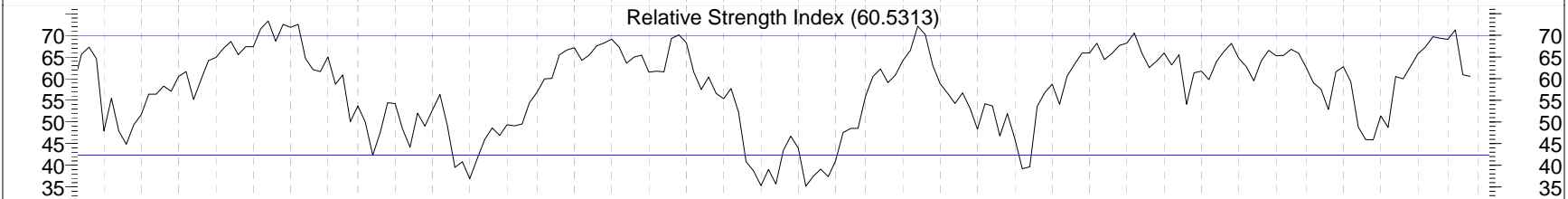
8 29 30 31 1 4 5 6 7 8 11 12 13 14 15 18 19 20 21 22 25 26 27 2 3 4 5 6 9 10 11 12 13 16 17 18 19 20 23 24 27 30 31 2 3  
November December 2014

1/4/2014

S&P 500 INDEX (1,833.21, 1,838.24, 1,829.13, 1,831.37, -0.61)



The S&P 500 made new all-time highs on 12/31 but pulled back from overbought levels.



1/4/2014

S&P 500 INDEX (1,841.47, 1,849.44, 1,827.74, 1,831.37, -10.03)

### 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

A new high but a reversal week for the S&P 500.

Relative Strength Index (70.1113)

Weekly momentum is slightly positive.

Stochastic Oscillator (87.3943)

MACD (48.6481)

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 2

1/4/2014

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S&P 500 INDEX (1,845.86, 1,845.86, 1,827.74, 1,831.37, -16.99)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

The S&P 500 continues to channel higher on its monthly chart.

Relative Strength Index (75.4081)

Monthly momentum is at high or overbought levels.

Stochastic Oscillator (95.8438)

MACD (124.890)

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

1/4/2014

NASDAQ 100 (3,564.94, 3,567.51, 3,537.60, 3,538.73, -24.83)

Nasdaq 100 Daily

Please refer to legend for explanation of technical terms

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

Relative Strength Index (56.9255)

Stochastic Oscillator (83.9000)

MACD (35.5583)

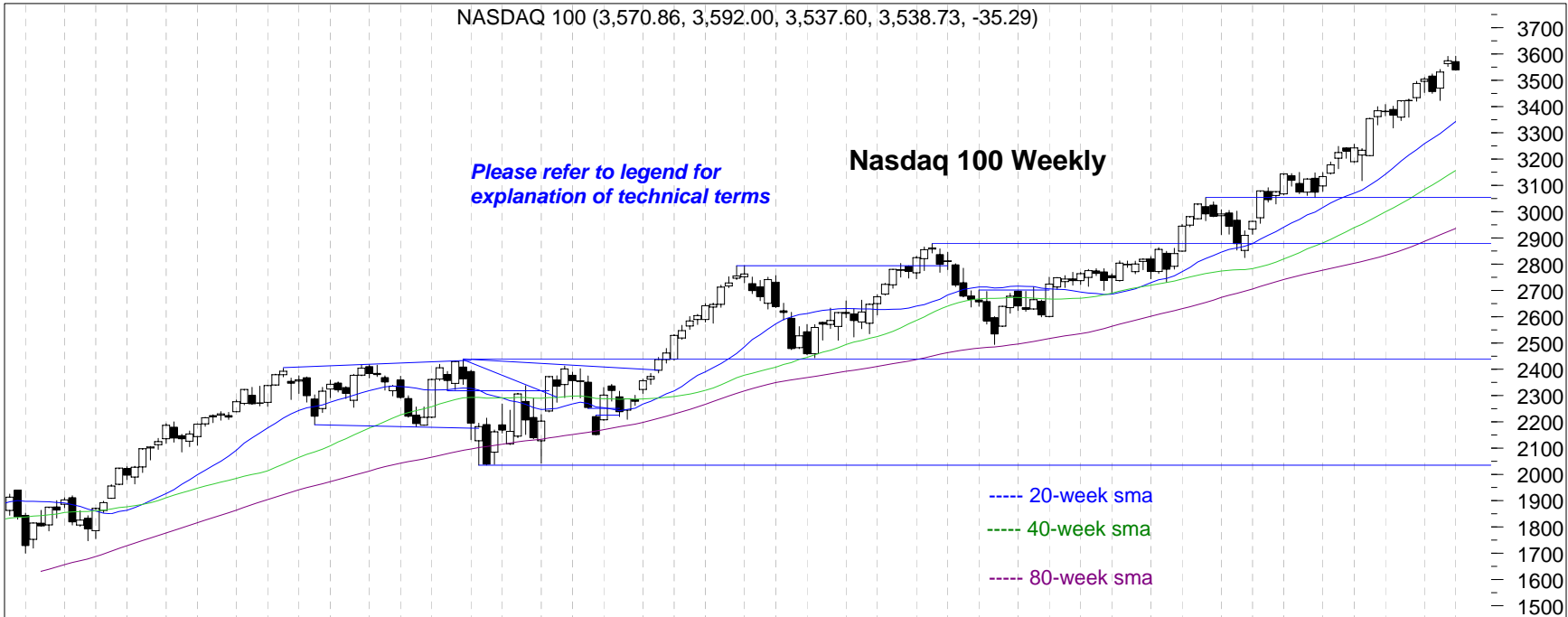
8 15 22 29 6 13 20 28 3 10 17 24 1 8 15 22 29 5 12 19 26 3 9 16 23 30 7 14 21 28 4 11 18 25 2 9 16 23 30 6  
 May June July August September October November December 20'

1/4/2014

The Nasdaq `100 closed 2013 with another new high but pulled back in the first two sessions of 2014. In doing so it closed the gap from 12/23/13 and is just above support.

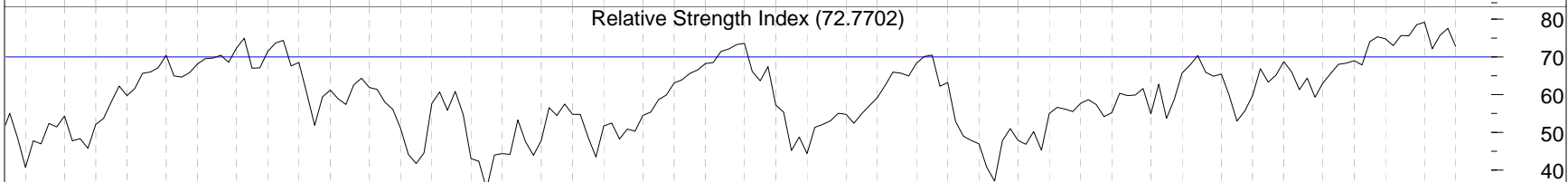
Daily momentum is negative but the RSI is just above the area where it has bottomed recently.

NASDAQ 100 (3,570.86, 3,592.00, 3,537.60, 3,538.73, -35.29)



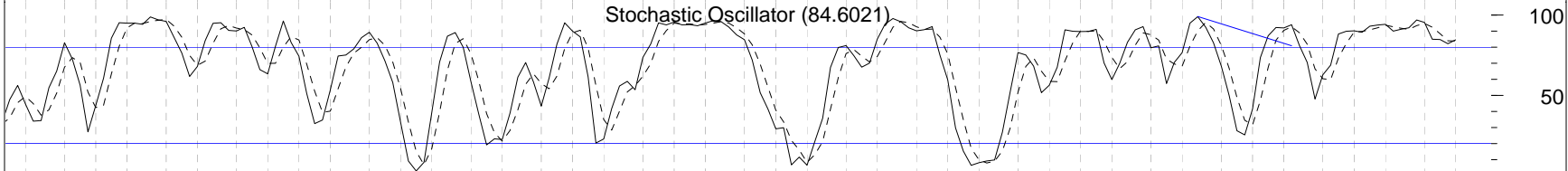
In spite of the new high Tuesday it was a reversal week for the Nasdaq 100.

Relative Strength Index (72.7702)

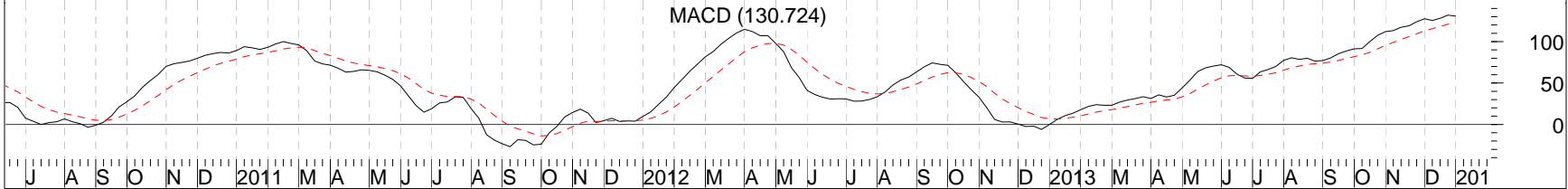


Weekly momentum is mixed but threatening to turn down from high levels.

Stochastic Oscillator (84.6021)



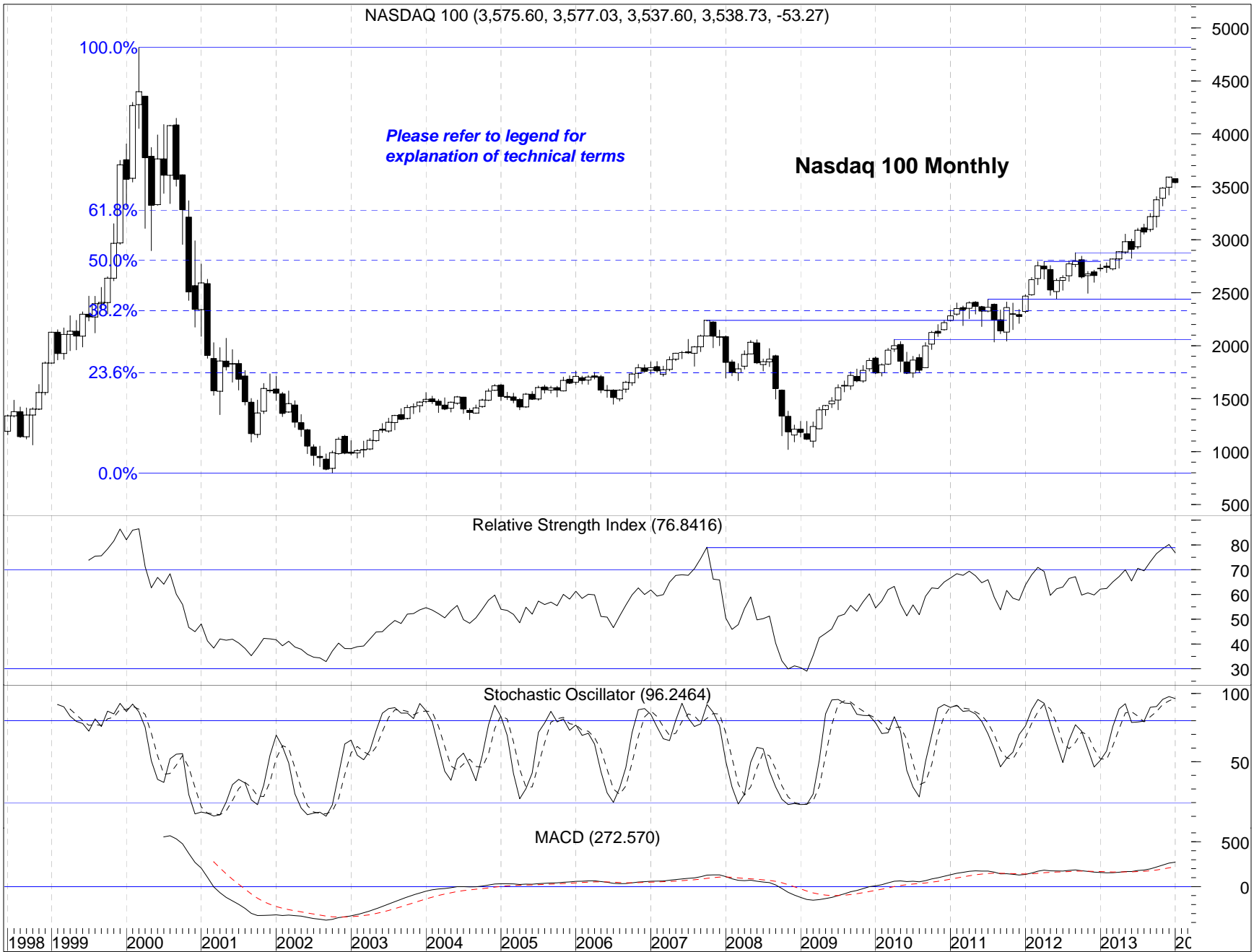
MACD (130.724)



1/4/2014



NASDAQ 100 (3,575.60, 3,577.03, 3,537.60, 3,538.73, -53.27)



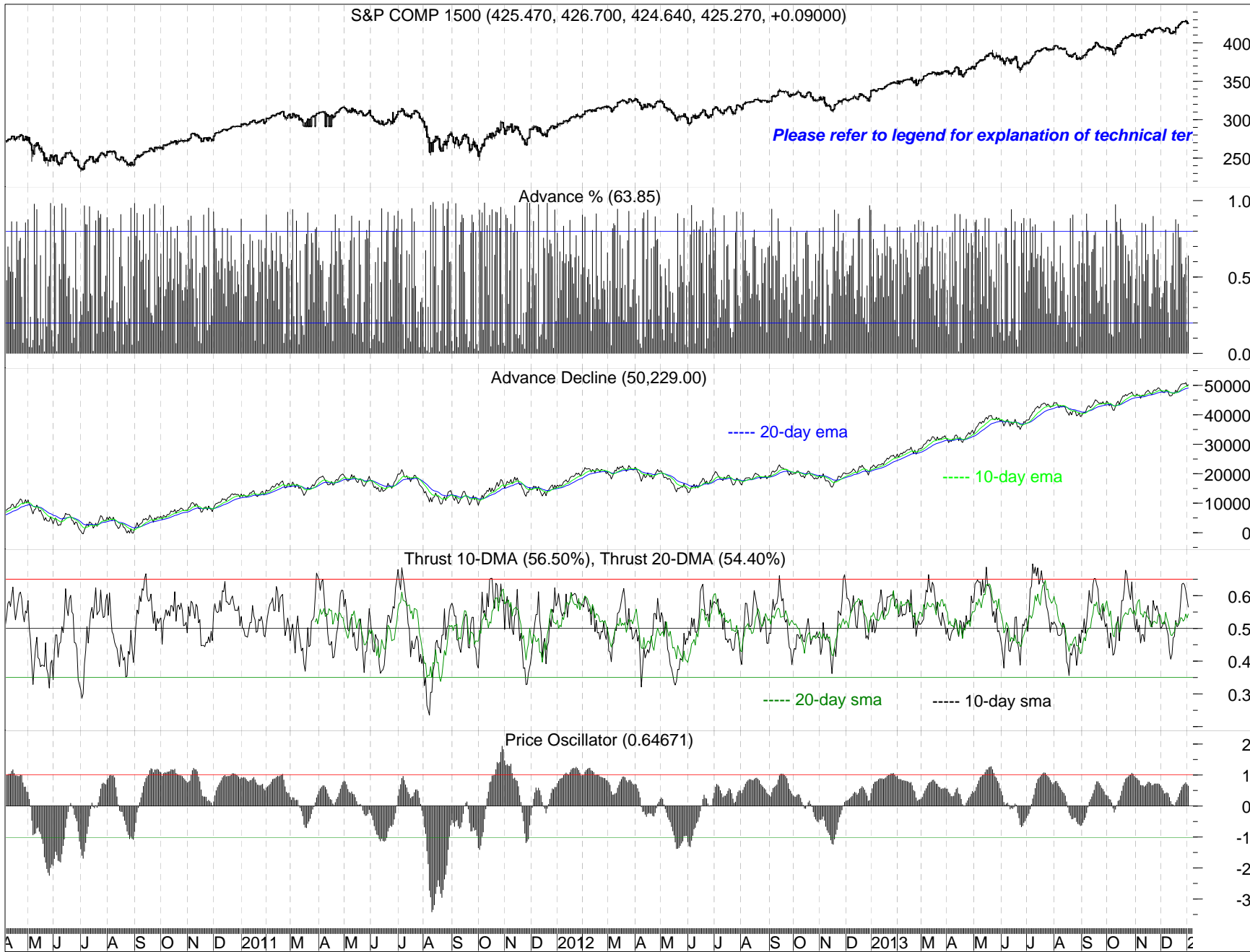
December's close was the highest monthly close since August 2000.

Monthly momentum is threatening to roll over from high levels. We pointed out last week that the RSI was at the level where it topped in 2007.

1/4/2014

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S&P COMP 1500 (425.470, 426.700, 424.640, 425.270, +0.09000)



63.85% of the S&P 1500 traded higher Friday. The five-day average is 48.33%.

The AD line made a new high Tuesday, confirming the new high in the index and pointing to higher prices down the road.

The 10 and 20-day averages of advancing stocks are both positive.

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

1/4/2014

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S&P COMP 1500 (425.470, 426.700, 424.640, 425.270, +0.09000)

Please refer to legend for explanation of technical terms

% Over 10-Sma (47.70)

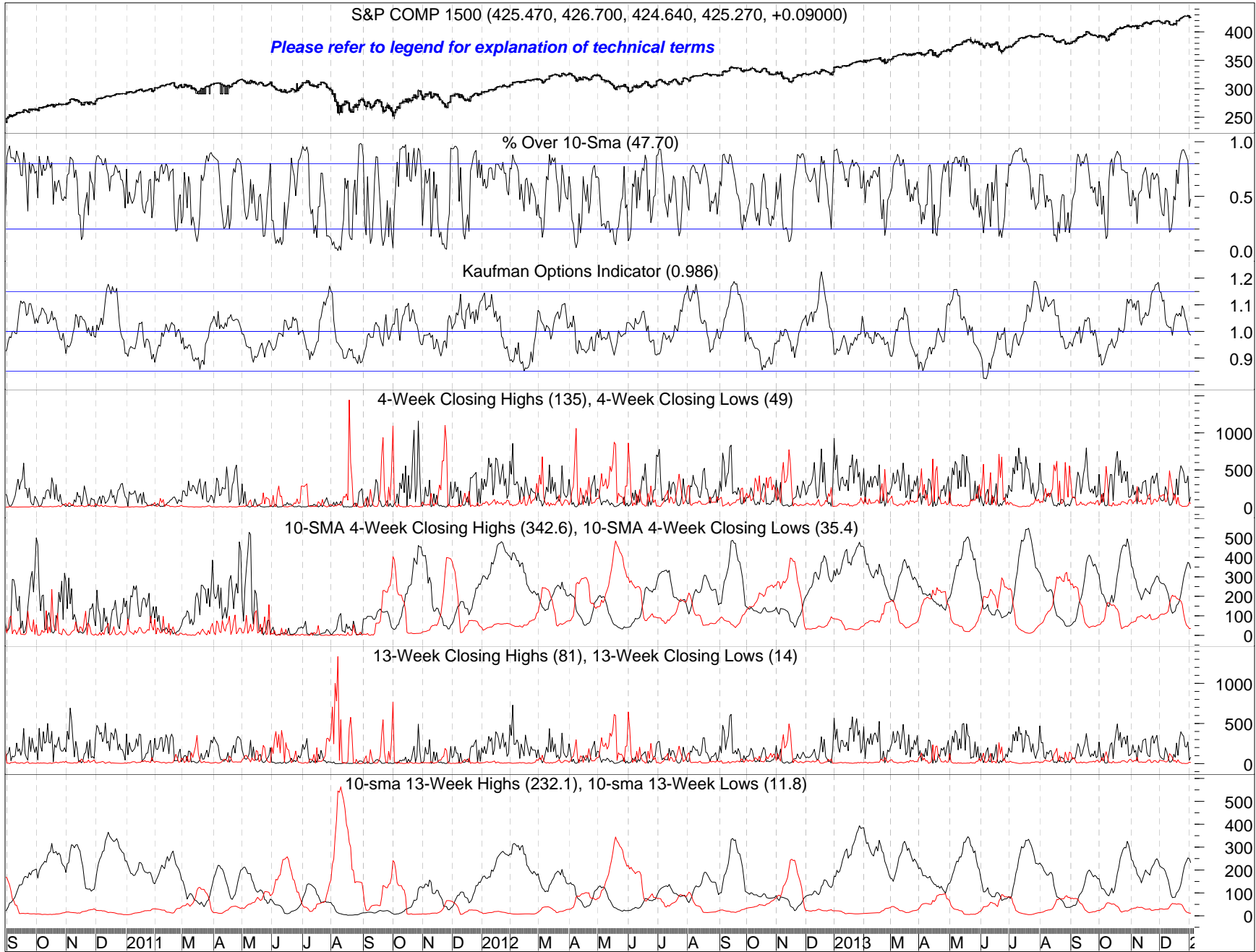
Kaufman Options Indicator (0.986)

4-Week Closing Highs (135), 4-Week Closing Lows (49)

10-SMA 4-Week Closing Highs (342.6), 10-SMA 4-Week Closing Lows (35.4)

13-Week Closing Highs (81), 13-Week Closing Lows (14)

10-sma 13-Week Highs (232.1), 10-sma 13-Week Lows (11.8)



After hitting an extremely overbought 92.8% on 12/26 the percentage of stocks over their own 10-day moving average is 47.7%

Our proprietary options indicator is just under neutral.

Four-week highs have receded after a big recent expansion which was bullish.

The 10-day average of 4-week closing highs is well above its counterpart of lows.

13-week closing highs expanded above their November level recently erasing a negative divergence.

The 10-day average of 13-week closing highs remains well above the average of lows. The average of lows is the smallest since 7/29/13 and shows sellers have been on the sidelines.

1/4/2014

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S&P COMP 1500 (425.470, 426.700, 424.640, 425.270, +0.09000)

*Please refer to legend for explanation of technical terms*

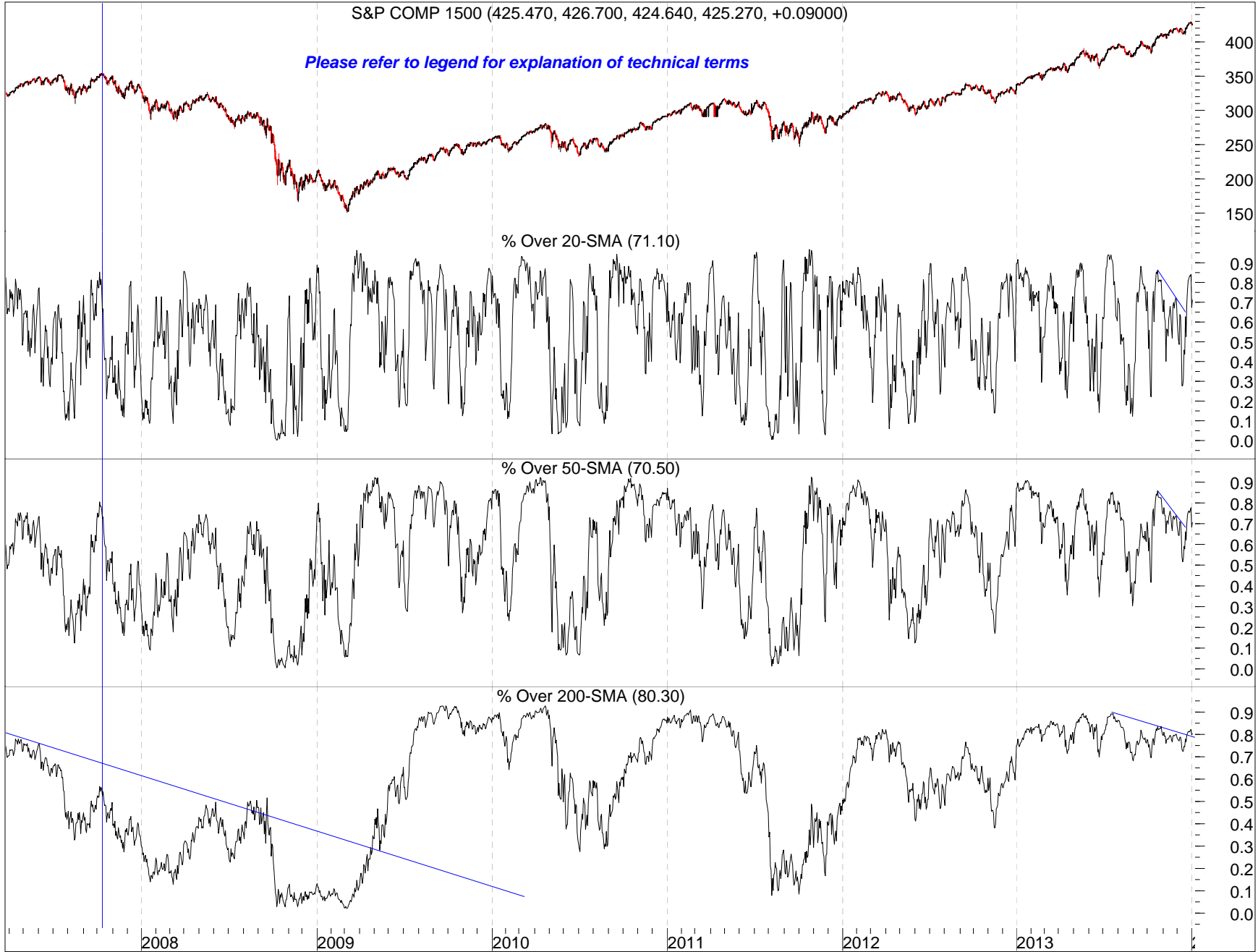
% Over 20-SMA (71.10)

% Over 50-SMA (70.50)

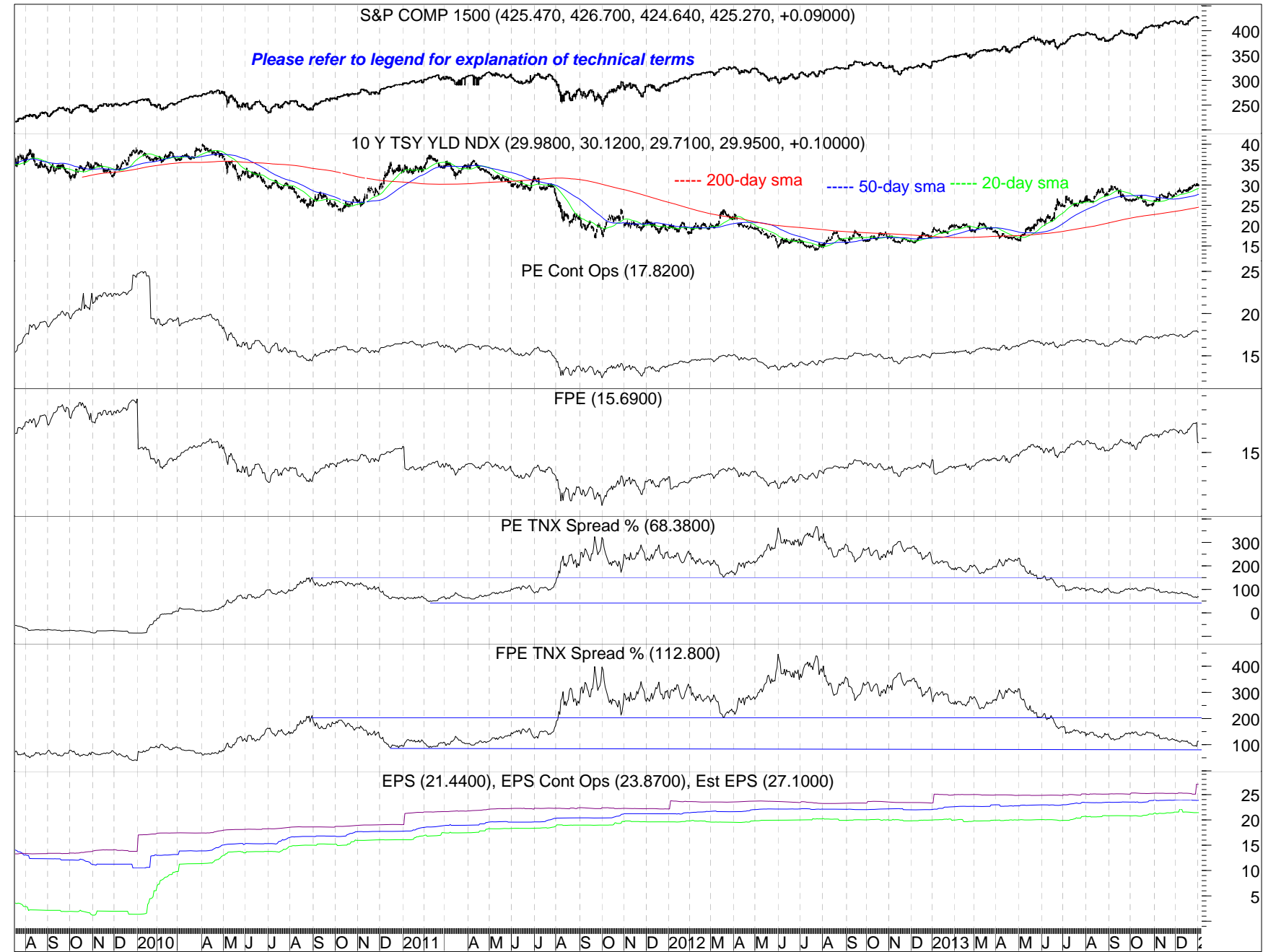
% Over 200-SMA (80.30)

Still solid bull market numbers here. Negative divergences we were seeing towards the end of 2013 were erased in December.

1/4/2014



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10-year yields remain in an up trend.

The P/E based on current earnings remains near a multi-year high.

The change in the calendar has dropped down the forward P/E.

Spreads between equity and bond yields remains near the lower boundary of their pre-August 2011 range. By historical standards stocks are still very attractive versus bonds.

Earnings season needs to push aggregate earnings higher so stocks don't have to rely on multiple expansion for higher prices.

1/4/2014

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10 Y TSY YLD NDX (29.98, 30.12, 29.71, 29.95, +0.10)

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 (62.6762)

Stochastic Oscillator (84.4037)

MACD (0.61088)

New highs for the 10-year note yield on 12/31/13.

Daily momentum is slightly negative.

r 2013 February March April May June July August September October November December 20

1/4/2014

10 Y TSY YLD NDX (29.91, 30.36, 29.67, 29.95, -0.11)

### 10-Year Note Yield Weekly

Please refer to legend for explanation of technical terms

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

The 10-year note yield printed a doji on its weekly chart as it touched the bottom of a resistance zone. Doji are signs of indecision.

Relative Strength Index (66.4570)

Stochastic Oscillator (85.2058)

MACD (1.39804)

Weekly momentum is mostly positive.

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

1/4/2014

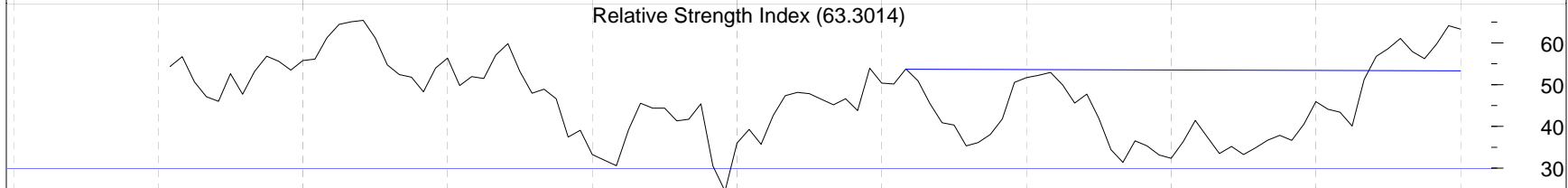
10 Y TSY YLD NDX (30.28, 30.34, 29.71, 29.95, -0.31)

### 10-Year Note Yield Monthly



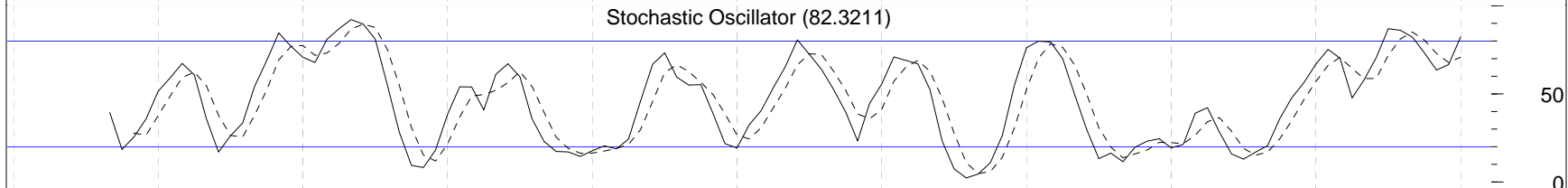
The 10-year note yield finished the year with a breakout on its monthly chart.

Relative Strength Index (63.3014)

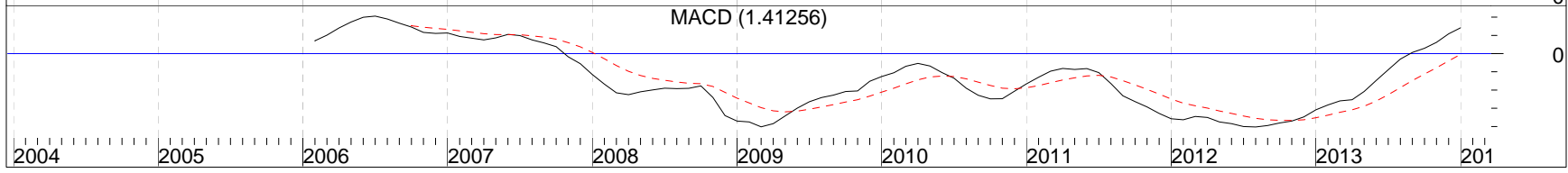


Monthly momentum is mostly positive. The RSI is just under the level where it topped in 2006.

Stochastic Oscillator (82.3211)



MACD (1.41256)



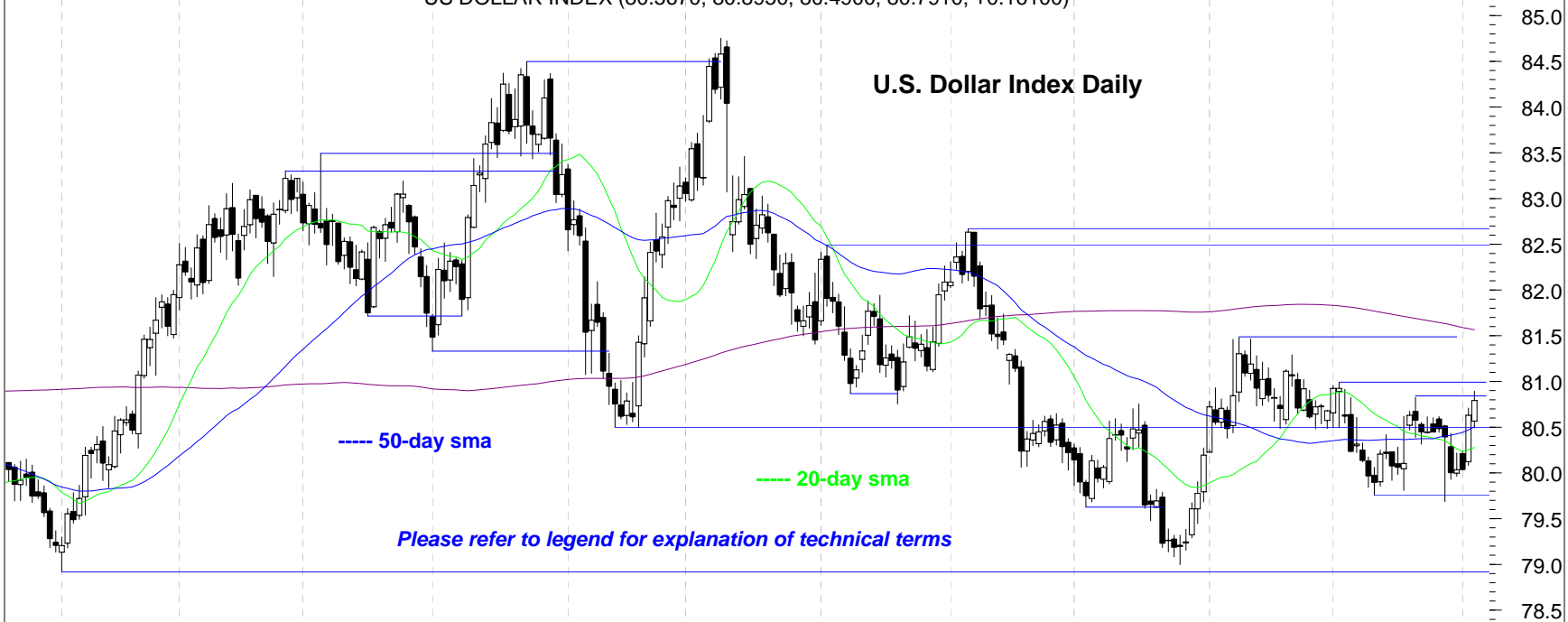
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

1/4/2014



US DOLLAR INDEX (80.5670, 80.8950, 80.4900, 80.7910, +0.16100)

### U.S. Dollar Index Daily



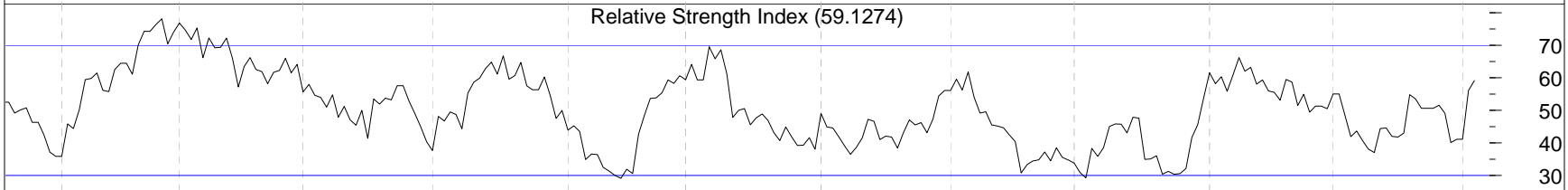
---- 50-day sma

----- 20-day sma

*Please refer to legend for explanation of technical terms*

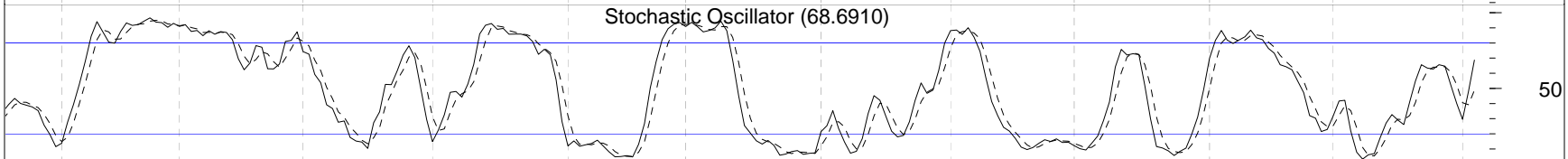
The U.S. Dollar Index began 2014 strongly and bounced up to resistance on the daily chart.

Relative Strength Index (59.1274)

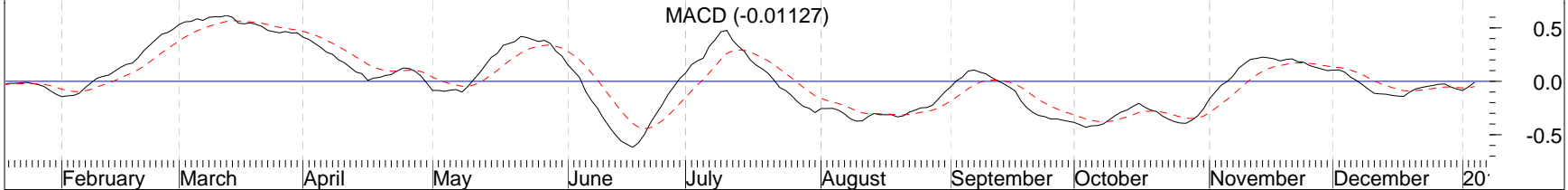


Daily momentum is positive.

Stochastic Oscillator (68.6910)



MACD (-0.01127)



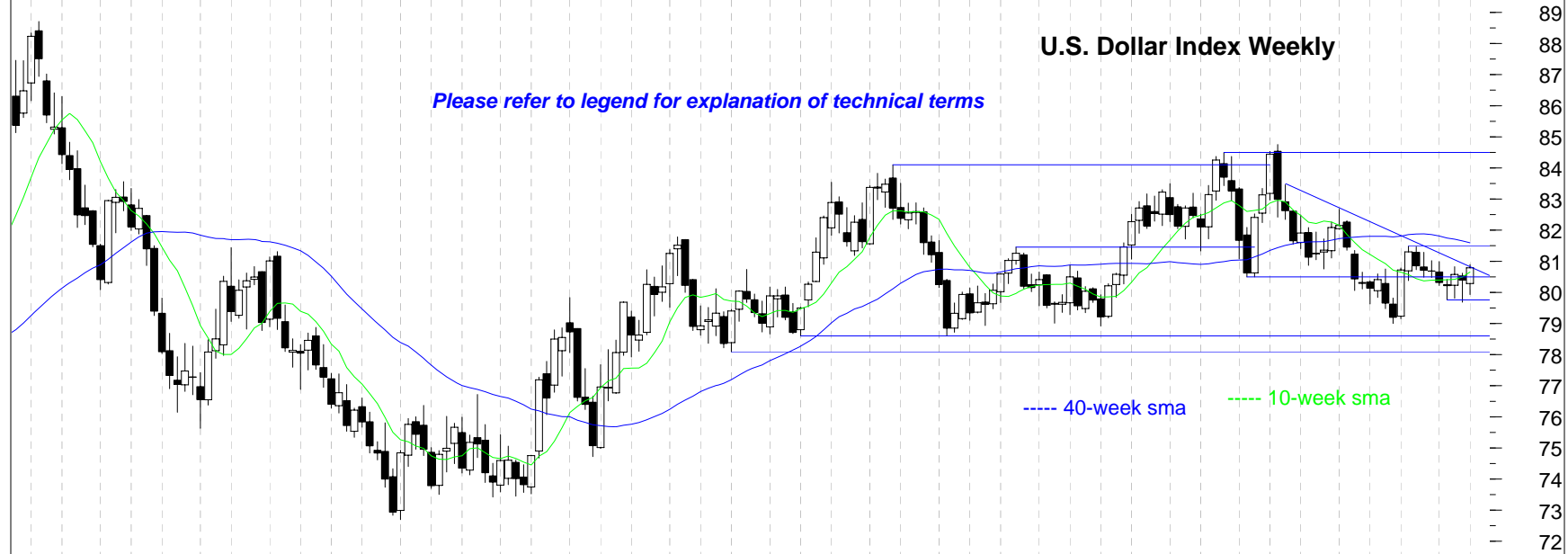
February March April May June July August September October November December 2013

1/4/2014

US DOLLAR INDEX (80.2860, 80.8950, 79.9290, 80.7910, +0.39900)

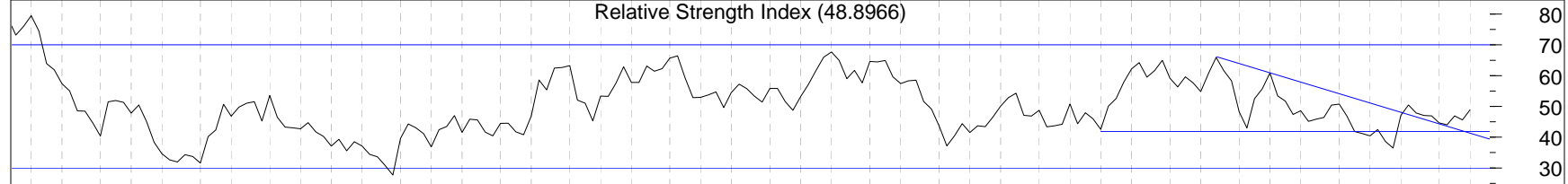
### U.S. Dollar Index Weekly

*Please refer to legend for explanation of technical terms*



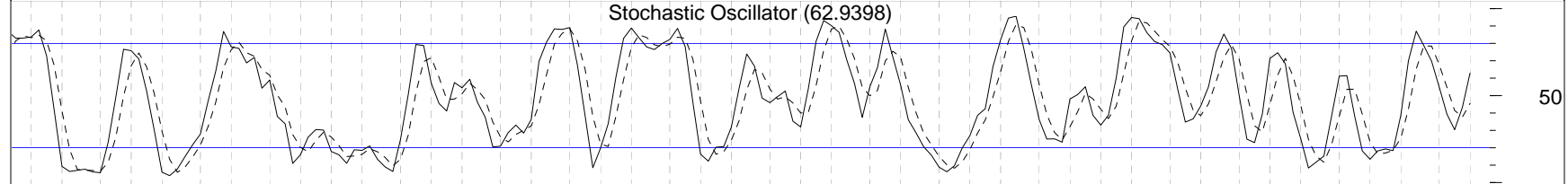
The best week for the U.S. Dollar Index since 11/8/13 has it challenging a down trend line. There is tough resistance at the 81.5 area.

Relative Strength Index (48.8966)

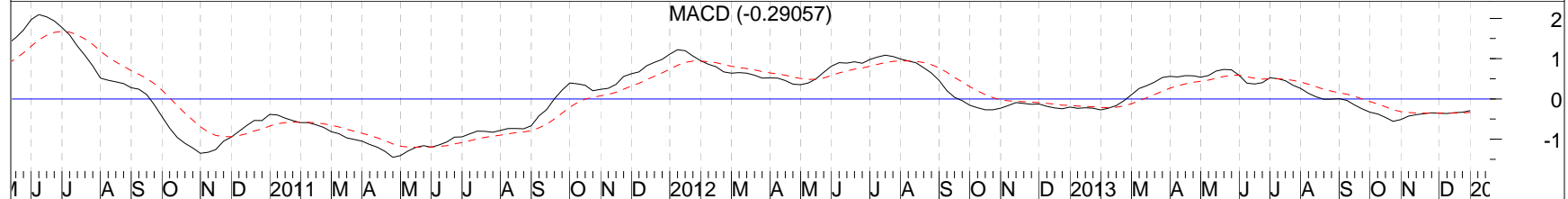


Weekly momentum is positive with plenty of room to move higher.

Stochastic Oscillator (62.9398)



MACD (-0.29057)



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

1/4/2014

US DOLLAR INDEX (80.2100, 80.8950, 80.0350, 80.8680, +0.83299)

Please refer to legend for explanation of technical terms

### U.S. Dollar Index Monthly

----- 3-month sma

----- 12-month sma

Relative Strength Index (51.0415)

Stochastic Oscillator (35.0279)

MACD (0.33365)

The U.S. Dollar Index remains in a tight sideways range on its monthly chart.

Monthly momentum is mostly positive.

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 20

1/4/2014

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UNTD ST OIL FUND (34.1300, 34.1300, 33.6000, 33.7500, -0.4800)

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 (35.4604)

Stochastic Oscillator (16.7797)

MACD (0.04084)

The oil ETF gapped down bearishly to start the year and followed through lower Friday. It is in the area where it consolidated in November.

Daily momentum is negative but nearing the oversold zone.

February    March    April    May    June    July    August    September    October    November    December    20

1/4/2014

UNTD ST OIL FUND (35.7600, 35.8300, 33.6000, 33.7500, -2.0900)

**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

The worst drop for the oil ETF since 9/21/12. It is back under its 10 and 40 week moving averages.

Relative Strength Index (42.0509)

Stochastic Oscillator (68.1657)

MACD (-0.33828)

Weekly momentum is negative.

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

1/4/2014

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UNTD ST OIL FUND (34.6900, 34.7000, 33.6000, 33.7500, -1.5700)

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.

USO - United States Oil Fund ETF Monthly

Please refer to legend for explanation of technical terms

----- 12-month sma

----- 3-month sma

The oil ETF remains in a tight multi-year sideways range.

Relative Strength Index (46.3487)

Stochastic Oscillator (18.6758)

MACD (-0.58053)

Monthly momentum is slightly negative with the stochastic around the level where it has bottomed every year since 2010.

2006

2007

2008

2009

2010

2011

2012

2013

2014

1/4/2014

SPDR GOLD TRUST (118.6400, 119.6200, 118.5900, 119.2900, +1.2900)

### Gold ETF Daily

*Please refer to legend for explanation of technical terms*

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.

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

A good start to the year for gold, which was down 28.04% in 2013, its first losing year since 2000 and worst year since 1981. 2013 was the second worst year in records going as far back as 1921.

Relative Strength Index (52.1611)

Stochastic Oscillator (50.2254)

MACD (-1.08170)

Daily momentum has turned positive with plenty of room to move higher.

1/13    February    March    April    May    June    July    August    September    October    November    December    2014

1/4/2014

SPDR GOLD TRUST (116.3700, 119.6200, 114.4600, 119.2900, +2.1700)

**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 (39.4628)

Stochastic Oscillator (35.3620)

MACD (-4.32791)

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

1/4/2014

190  
185  
180  
175  
170  
165  
160  
155  
150  
145  
140  
135  
130  
125  
120  
115  
110  
105  
100  
95  
90  
85  
80

80  
70  
60  
50  
40  
30  
20  
100  
50

5  
0  
-5

A potential double bottom for the gold ETF on its weekly chart. To confirm it we need to see it take out an important prior resistance level. Resistance is at 131.44 and 137.55. We would like to see the second one surpassed before calling this a confirmed double bottom, although taking out the first will certainly be good news for gold bulls.

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



The Kaufman Report - Wayne S. Kaufman, CMT

SPDR GOLD TRUST (117.9300, 119.6200, 117.7500, 119.2900, +3.1700)

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

GLD Monthly

----- 3-month sma

----- 12-month sma

December was the lowest monthly close for GLD since July 2010. There is a possible double bottom for GLD on its monthly chart, where it needs to take out 137.55 for confirmation.

Relative Strength Index (37.9394)

Stochastic Oscillator (7.47223)

MACD (-7.24813)

Monthly momentum is mostly negative but at low or oversold levels.

2004 2006 2007 2008 2009 2010 2011 2012 2013 2014

1/4/2014

BAR IPA UBS COPR (41.0000, 41.0000, 40.8700, 40.9100, -0.4600)

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 (58.1867)

Stochastic Oscillator (63.0882)

MACD (0.43382)

The copper ETN, representing the metal with a Ph.D. in economics, has pulled back after running into a resistance zone. This makes sense due to last week's strength in the U.S. Dollar.

Daily momentum is almost all negative.

13 February March April May June July August September October November December 20

1/4/2014

BAR IPA UBS COPR (41.32, 41.62, 40.87, 40.91, -0.46)

Please refer to legend for explanation of technical terms

### Copper ETN Weekly

The copper ETN is facing stiff resistance just overhead.

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.

---- 40-Week sma

----- 10-Week sma

Relative Strength Index (53.8109)

Weekly momentum is threatening to turn negative.

Stochastic Oscillator (81.2035)

MACD (-0.06552)

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 2C

1/4/2014

## 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
Dow Jones Industrials	16469.99	0.17%	-0.05%	-0.06%	-0.64%	-0.64%	-0.64%	16588.25	12/31/2013	13293.13	1/8/2013
S&P Midcap 400	1333.78	0.42%	-0.19%	-0.12%	-0.65%	-0.65%	-0.65%	1344.08	12/31/2013	1045.71	1/3/2013
Dow Jones Transportation	7327.37	0.54%	-0.34%	-0.49%	-0.99%	-0.99%	-0.99%	7410.25	12/31/2013	5425.65	1/3/2013
Russell 2000	1156.09	0.47%	-0.43%	-0.56%	-0.65%	-0.65%	-0.65%	1167.96	12/26/2013	870.76	1/3/2013
S&P 1500	425.27	0.02%	-0.52%	-0.55%	-0.89%	-0.89%	-0.89%	429.22	12/31/2013	335.98	1/8/2013
S&P 500	1831.37	-0.03%	-0.54%	-0.58%	-0.92%	-0.92%	-0.92%	1849.44	12/31/2013	1451.64	1/8/2013
NYSE Composite	10296.77	0.13%	-0.55%	-0.34%	-1.00%	-1.00%	-1.00%	10406.77	12/31/2013	8573.26	1/8/2013
Nasdaq Composite	4131.91	-0.27%	-0.59%	-0.85%	-1.07%	-1.07%	-1.07%	4177.73	12/31/2013	3076.60	1/8/2013
Nasdaq 100	3538.73	-0.70%	-0.99%	-1.28%	-1.48%	-1.48%	-1.48%	3592.00	12/31/2013	2689.83	2/26/2013
Bank of New York Mellon ADR	149.21	-0.04%	-1.32%	-0.45%	-1.87%	-1.87%	-1.87%	152.06	12/31/2013	125.76	6/24/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Financials	294.99	0.64%	0.37%	0.29%	0.09%	0.09%	0.09%	295.94	1/3/2014	226.26	1/3/2013
Consumer Discretionary	526.13	-0.25%	0.02%	-0.32%	-0.75%	-0.75%	-0.75%	530.13	12/31/2013	381.64	1/8/2013
Health Care	640.07	0.21%	-0.22%	-0.35%	-0.35%	-0.35%	-0.35%	643.98	12/27/2013	469.67	1/3/2013
Industrials	447.85	0.27%	-0.59%	-0.69%	-1.02%	-1.02%	-1.02%	453.03	12/31/2013	333.61	1/8/2013
Materials	289.03	-0.18%	-0.61%	-0.38%	-0.89%	-0.89%	-0.89%	291.82	12/31/2013	233.52	4/18/2013
Information Technology	576.47	-0.48%	-0.94%	-1.13%	-1.54%	-1.54%	-1.54%	585.57	12/31/2013	457.00	4/19/2013
Consumer Staples	437.02	-0.18%	-1.02%	-0.77%	-1.27%	-1.27%	-1.27%	446.69	11/15/2013	366.38	1/8/2013
Telecom Services	153.55	-0.69%	-1.30%	-1.30%	-1.27%	-1.27%	-1.27%	168.85	4/23/2013	142.97	1/17/2013
Utilities	189.68	-0.29%	-1.32%	-1.14%	-1.83%	-1.83%	-1.83%	210.47	4/30/2013	178.50	1/9/2013
Energy	641.53	-0.25%	-1.45%	-0.97%	-1.56%	-1.56%	-1.56%	652.37	12/31/2013	541.42	1/8/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Diversified Financials	452.05	0.92%	1.25%	1.20%	0.79%	0.79%	0.79%	453.45	1/3/2014	329.66	1/3/2013
Consumer Durables & Apparel	284.06	0.10%	0.27%	0.22%	-0.35%	-0.35%	-0.35%	285.53	1/3/2014	215.06	1/3/2013
Media	426.04	-0.45%	0.21%	0.34%	-0.98%	-0.98%	-0.98%	430.39	12/31/2013	293.27	1/8/2013
Real Estate	149.28	0.55%	0.10%	-0.05%	0.22%	0.22%	0.22%	177.55	5/22/2013	142.12	8/19/2013
Retailing	934.76	-0.15%	0.06%	-0.78%	-0.54%	-0.54%	-0.54%	944.66	12/27/2013	661.02	1/10/2013
Transportation	475.47	0.48%	-0.04%	-0.43%	-0.86%	-0.86%	-0.86%	480.26	12/31/2013	348.53	1/3/2013
Health Care Equip & Services	574.52	0.41%	-0.16%	-0.17%	-0.34%	-0.34%	-0.34%	577.56	12/31/2013	436.91	1/3/2013
Semiconductors & Equipment	417.41	-0.18%	-0.19%	-0.34%	-1.22%	-1.22%	-1.22%	423.50	12/31/2013	322.65	1/8/2013
Consumer Services	680.01	-0.02%	-0.20%	-0.36%	-0.80%	-0.80%	-0.80%	686.43	12/31/2013	552.97	1/8/2013
Pharmaceuticals, Biotech & Life Sci	622.04	0.11%	-0.25%	-0.44%	-0.35%	-0.35%	-0.35%	626.82	11/25/2013	447.33	1/3/2013
Banks	208.21	0.52%	-0.49%	-0.55%	-0.47%	-0.47%	-0.47%	209.82	12/26/2013	160.72	1/3/2013
Software & Services	824.06	-0.26%	-0.55%	-0.77%	-1.13%	-1.13%	-1.13%	833.53	12/31/2013	638.57	1/8/2013
Materials	289.03	-0.18%	-0.61%	-0.38%	-0.89%	-0.89%	-0.89%	291.82	12/31/2013	233.52	4/18/2013
Capital Goods	489.57	0.23%	-0.65%	-0.71%	-1.05%	-1.05%	-1.05%	495.41	12/31/2013	363.35	1/8/2013
Automobiles & Components	137.28	-0.77%	-0.66%	-1.24%	-1.22%	-1.22%	-1.22%	143.67	12/17/2013	96.18	2/26/2013
Food & Staples Retailing	314.91	-0.17%	-0.74%	-0.79%	-0.90%	-0.90%	-0.90%	321.36	11/29/2013	246.60	1/10/2013
Food, Beverage & Tobacco	500.13	-0.25%	-0.87%	-0.52%	-1.47%	-1.47%	-1.47%	509.74	11/15/2013	430.78	1/8/2013
Insurance	285.05	0.05%	-1.11%	-1.26%	-1.40%	-1.40%	-1.40%	289.51	12/31/2013	205.67	1/3/2013
Telecom Services	153.55	-0.69%	-1.30%	-1.30%	-1.27%	-1.27%	-1.27%	168.85	4/23/2013	142.97	1/17/2013
Utilities	189.68	-0.29%	-1.32%	-1.14%	-1.83%	-1.83%	-1.83%	210.47	4/30/2013	178.50	1/9/2013
Commercial & Professional Service	190.77	0.17%	-1.40%	-1.27%	-1.11%	-1.11%	-1.11%	193.69	12/27/2013	151.47	1/3/2013
Energy	641.53	-0.25%	-1.45%	-0.97%	-1.56%	-1.56%	-1.56%	652.37	12/31/2013	541.42	1/8/2013
Household & Personal Products	503.55	-0.04%	-1.70%	-1.37%	-1.18%	-1.18%	-1.18%	530.20	11/26/2013	423.45	1/8/2013
Technology Hardware & Equipmen	571.65	-0.92%	-1.81%	-1.98%	-2.31%	-2.31%	-2.31%	585.63	12/26/2013	439.29	4/19/2013

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

## Commodities ETFs/ETNs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Platinum PPLT	137.91	0.65%	2.55%	3.00%	3.00%	3.00%	170.78	2/7/2013	127.34	6/26/2013
Palladium PALL	71.12	0.27%	2.33%	2.15%	2.15%	2.15%	77.20	3/8/2013	61.81	6/26/2013
Gold GLD	119.29	1.09%	1.85%	2.73%	2.73%	2.73%	164.40	1/17/2013	114.46	12/31/2013
Livestock COW	27.52	0.26%	1.03%	1.40%	1.40%	1.40%	28.87	1/3/2013	25.41	4/15/2013
Silver SLV	19.42	0.99%	0.78%	3.79%	3.79%	3.79%	31.41	1/23/2013	17.75	6/27/2013
Coffee JO	23.06	4.77%	-0.22%	6.27%	6.27%	6.27%	35.58	1/18/2013	20.37	11/6/2013
Aluminum JJU	18.65	-3.32%	-0.53%	0.05%	0.05%	0.05%	24.93	2/15/2013	18.03	6/21/2013
Natural Gas UNG	21.06	0.62%	-0.57%	1.79%	1.79%	1.79%	24.09	4/18/2013	16.60	8/8/2013
Corn CORN	30.76	0.75%	-0.61%	0.59%	0.59%	0.59%	45.74	2/1/2013	30.28	1/3/2014
Cotton BAL	52.35	-1.41%	-0.78%	-1.56%	-1.56%	-1.56%	60.53	3/15/2013	47.97	11/5/2013
Grains GRU	5.77	0.87%	-0.86%	-0.17%	-0.17%	-0.17%	7.49	2/1/2013	5.41	8/15/2013
Copper JJC	40.91	-1.11%	-1.10%	-1.30%	-1.30%	-1.30%	47.80	2/1/2013	36.87	6/24/2013
Timber CUT	25.48	-0.04%	-1.20%	-1.62%	-1.62%	-1.62%	25.92	12/31/2013	20.70	6/24/2013
Grains JJG	43.06	0.84%	-1.53%	-0.16%	-0.16%	-0.16%	55.52	2/1/2013	42.56	1/2/2014
Cocoa NIB	35.87	2.80%	-1.76%	0.19%	0.19%	0.19%	37.61	12/2/2013	27.47	3/6/2013
Sugar SGG	54.23	-0.84%	-2.11%	-2.27%	-2.27%	-2.27%	69.42	1/3/2013	53.42	12/18/2013
Coal KOL	18.89	-1.72%	-2.78%	-2.83%	-2.83%	-2.83%	26.38	1/7/2013	17.16	6/24/2013
Heating Oil UHN	31.89	-1.89%	-4.23%	-3.45%	-3.45%	-3.45%	36.27	2/8/2013	29.66	4/17/2013
OIL USO	33.75	-1.40%	-5.83%	-4.45%	-4.45%	-4.45%	39.54	9/6/2013	30.79	4/17/2013
Tin JJT	48.02	-6.21%	-7.12%	-9.75%	-9.75%	-9.75%	58.28	1/17/2013	41.89	7/2/2013

**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	18.65	-26.02	-4.83		-25.46	-4.79		0.75	2.50
Coal KOL	18.89	-25.70	4.42		-23.44	5.27		0.59	-0.06
Cocoa NIB	35.87	17.06	-1.56		13.56	-2.64		0.75	0.18
Coffee JO	23.06	-29.84	-8.03		-34.91	-8.95		0.75	0.75
Copper JJC	40.91	-12.12	14.70		-12.30	14.99		0.75	0.12
Corn CORN	30.76	-29.19			-30.38			1.49	0.01
Cotton BAL	52.35	5.82	12.79		7.39	13.06		0.75	0.59
Gold GLD	119.29	-26.00	6.70		-27.97	6.54		0.40	-0.12
Grains GRU	5.77	-18.04	-2.29					0.75	
Grains JGG	43.06	-17.08	0.49		-17.84	0.39		0.75	-0.09
Heating Oil UHN	31.89	-5.17	7.29		-4.85	7.46		0.91	0.68
Livestock COW	27.52	-4.41	-4.58		-3.49	-4.43		0.75	-0.14
Natural Gas UNG	21.06	17.39	-36.12		15.55	-36.10		0.60	-0.50
OIL USO	33.75	0.03	-1.08		0.80	-0.85		0.45	0.19
Palladium PALL	71.12	4.83			1.08			0.60	0.49
Platinum PPLT	137.91	-10.24			-11.90			0.60	1.11
Silver SLV	19.42	-33.45	11.21		-35.73	11.91		0.50	0.20
Sugar SGG	54.23	-20.84	5.77		-22.68	6.00		0.75	-0.26
Timber CUT	25.48	23.51	17.61		23.51	17.95		0.70	0.21
Tin JJT	48.02	-13.63	13.31		-11.20	14.00		0.75	2.62

**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.**

**INTERNATIONAL ETFs**

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Australia EWA	24.42	0.99%	0.83%	0.21%	0.21%	0.21%	28.12	4/30/2013	22.00	7/3/2013
Greece GREK	22.50	-1.01%	0.45%	-0.13%	-0.13%	-0.13%	23.20	10/22/2013	14.10	6/24/2013
Canada EWC	28.94	-0.07%	0.28%	-0.75%	-0.75%	-0.75%	29.83	11/18/2013	25.61	6/24/2013
Turkey TUR	45.60	-0.74%	0.22%	-4.32%	-4.32%	-4.32%	77.40	5/22/2013	43.81	12/27/2013
Vietnam VNM	18.53	-0.27%	0.00%	-1.38%	-1.38%	-1.38%	23.59	2/11/2013	17.00	8/28/2013
Japan EWJ	12.01	0.59%	0.00%	-1.06%	-1.06%	-1.06%	12.43	5/22/2013	9.59	1/8/2013
Italy EWI	15.38	0.33%	-0.26%	-1.35%	-1.35%	-1.35%	15.94	10/22/2013	11.54	4/4/2013
United States SPY	182.89	-0.02%	-0.52%	-0.98%	-0.98%	-0.98%	184.69	12/31/2013	144.98	1/8/2013
United Kingdom EWU	20.63	0.05%	-0.53%	-1.20%	-1.20%	-1.20%	21.07	12/31/2013	17.55	6/24/2013
Israel EIS	47.74	-0.31%	-0.60%	-1.40%	-1.40%	-1.40%	48.94	12/6/2013	41.19	8/28/2013
Austria EWO	19.53	0.10%	-0.72%	-1.41%	-1.41%	-1.41%	20.39	11/6/2013	16.10	7/3/2013
India IFN	19.72	0.82%	-0.75%	-1.40%	-1.40%	-1.40%	21.28	1/30/2013	16.16	8/28/2013
Netherlands EWN	25.48	-0.15%	-0.93%	-1.74%	-1.74%	-1.74%	26.05	12/31/2013	19.89	3/1/2013
Switzerland EWL	32.53	0.99%	-0.99%	-1.39%	-1.39%	-1.39%	33.16	12/31/2013	26.89	1/3/2013
Sweden EWD	34.87	-0.09%	-0.99%	-2.68%	-2.68%	-2.68%	35.94	12/31/2013	29.42	6/24/2013
Taiwan EWT	14.00	-0.36%	-1.13%	-2.91%	-2.91%	-2.91%	14.77	10/22/2013	12.48	6/24/2013
Belgium EWK	16.04	-0.62%	-1.23%	-2.13%	-2.13%	-2.13%	16.44	12/31/2013	13.37	7/3/2013
Singapore EWS	12.87	-0.69%	-1.30%	-2.28%	-2.28%	-2.28%	14.71	5/9/2013	12.26	8/27/2013
Hong Kong EWH	20.10	-1.37%	-1.57%	-2.43%	-2.43%	-2.43%	21.00	5/21/2013	17.79	6/24/2013
Chile ECH	46.16	0.20%	-1.58%	-2.84%	-2.84%	-2.84%	67.98	2/13/2013	45.22	12/12/2013
South Africa EZA	61.85	-0.24%	-1.75%	-4.09%	-4.09%	-4.09%	71.59	1/3/2013	53.37	6/24/2013
France EWQ	27.65	-0.43%	-1.78%	-2.81%	-2.81%	-2.81%	28.60	12/31/2013	22.60	4/18/2013
Indonesia IDX	20.38	-0.63%	-2.16%	-4.14%	-4.14%	-4.14%	33.39	5/22/2013	20.23	1/3/2014
Mexico EWW	66.09	-0.05%	-2.20%	-2.81%	-2.81%	-2.81%	76.64	4/11/2013	57.57	6/21/2013
Spain EWP	37.34	-0.37%	-2.38%	-3.19%	-3.19%	-3.19%	38.96	10/22/2013	27.50	6/24/2013
Malaysia EWM	15.33	-0.58%	-2.60%	-3.10%	-3.10%	-3.10%	16.81	5/8/2013	13.74	8/28/2013
BRIC EEB	33.54	-0.80%	-2.70%	-3.20%	-3.20%	-3.20%	37.70	10/22/2013	28.86	6/24/2013
Russia RSX	27.76	-0.61%	-2.70%	-3.84%	-3.84%	-3.84%	31.16	1/28/2013	23.94	6/20/2013
Germany EWG	30.65	-0.33%	-2.73%	-3.49%	-3.49%	-3.49%	31.93	12/31/2013	23.66	4/18/2013
Brazil EWZ	43.43	0.56%	-2.82%	-2.80%	-2.80%	-2.80%	57.76	3/7/2013	40.68	7/5/2013
Latin America ILF	35.82	0.06%	-2.82%	-3.29%	-3.29%	-3.29%	46.00	1/17/2013	34.38	6/24/2013
Emerging Markets EE	40.12	-0.17%	-2.86%	-4.01%	-4.01%	-4.01%	45.28	1/3/2013	36.16	6/24/2013
South Korea EWY	61.26	-0.62%	-3.89%	-5.27%	-5.27%	-5.27%	66.07	10/22/2013	49.56	6/24/2013
China 25 FXI	36.66	-1.24%	-4.03%	-4.46%	-4.46%	-4.46%	41.97	1/3/2013	31.35	6/25/2013
Thailand THD	62.01	-0.72%	-8.01%	-9.67%	-9.67%	-9.67%	96.11	5/8/2013	61.94	1/3/2014

**DATA QUOTED REPRESENTS PAST PERFORMANCE.**

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



**INTERNATIONAL ETFs Standard Performance**

	-----PRICE-----			-----NAV-----			Expense	Premium	
	Price	1-Year	5-Year	10-Year	1-Year	5-Year	10-Year	Ratio%	% to NAV
Australia EWA	24.42	17.10			15.18			0.00	0.00
Austria EWO	19.53	28.08			26.16			-0.01	-0.01
Belgium EWK	16.04	19.70			19.15			-0.02	-0.02
Brazil EWZ	43.43	-26.93			-24.66			-0.03	-0.03
BRIC EEB	33.54	-5.99			-5.75			-0.03	-0.03
Canada EWC	28.94	-6.55			-4.68			-0.01	-0.01
Chile ECH	46.16	17.35			15.70			-0.03	-0.03
China 25 FXI	36.66	-3.68			-3.68			-0.04	-0.04
Emerging Markets EE	40.12	23.03			24.41			-0.04	-0.04
France EWQ	27.65	-10.22			-8.61			-0.03	-0.03
Germany EWG	30.65	4.25			6.69			-0.03	-0.03
Greece GREK	22.50	9.63			8.44			0.00	0.00
Hong Kong EWH	20.10	-2.87			-0.60			-0.02	-0.02
India IFN	19.72	3.70			3.01			-0.01	-0.01
Indonesia IDX	20.38	1.06			1.53			0.58	-2.56
Israel EIS	47.74	5.93			8.27			-0.01	-0.01
Italy EWI	15.38	-27.02			-25.97			-0.01	-0.01
Japan EWJ	12.01	23.14			20.83			-0.01	-0.01
Latin America ILF	35.82	3.98			6.20			-0.03	-0.03
Malaysia EWM	15.33	22.73			27.51			-0.03	-0.03
Mexico EWW	66.09	23.39			24.66			-0.03	-0.03
Netherlands EWN	25.48	28.03			27.79			-0.02	-0.02
Russia RSX	27.76	26.77			24.78			-0.04	-0.04
Singapore EWS	12.87	26.97			25.15			-0.02	-0.02
South Africa EZA	61.85	-8.70			-6.35			-0.04	-0.04
South Korea EWY	61.26	-17.63			-16.59			-0.05	-0.05
Spain EWP	37.34	-21.76			-21.10			-0.03	-0.03
Sweden EWD	34.87	-23.17			-21.81			-0.03	-0.03
Switzerland EWL	32.53	2.79			8.62			-0.01	-0.01
Taiwan EWT	14.00	16.03			13.30			-0.03	-0.03
Thailand THD	62.01	-6.70			-5.11			-0.10	-0.10
Turkey TUR	45.60	-9.10			-5.28			-0.04	-0.04
United Kingdom EWU	20.63	-31.46			-29.99			-0.01	-0.01
United States SPY	182.89	-2.70			-1.11			-0.01	-0.01
Vietnam VNM	18.53	21.77			19.94			-0.01	-0.01

**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.