

Monday July 21, 2014

Closing prices of July 18, 2014

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I, Wayne S. Kaufman, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Monday July 21, 2014

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**In a volatile week where geopolitical events fought earnings reports for the attention of investors stocks traded broadly higher as almost all of our major indexes gained ground last week.** Events in Ukraine and Israel caused 91.3% of the S&P 1500 to trade lower Thursday, setting up a very unusual two-day pattern where on Friday 93.75% traded higher as Thursday's sellers were met by buyers. The leaders on the week were the Dow Jones Transports, up 1.59%, the Dow Jones Industrials, up 0.92%, and the Nasdaq 100, up 0.90%. Each of these also printed new 52-week highs during the week. The sole loser was the Russell 2000 (small caps), down 0.72% and the only major index with a loss in 2014. So far in July the Russell 2000 is down 3.47% and the S&P Midcap 400 is down 1.41%. We don't like to see weakness in small and midcaps as it shows a reluctance to assume risk on the part of investors. It also creates negative breadth divergences, which so far this year have been overcome but which at some point can bring down the large cap indexes.

**Seven of the ten S&P sectors rose last week.** The leader was Information Technology, up 1.55%, followed by Financials, up 0.96%, and Telecom Services, up 0.96%. The downside was led by Health Care, down 0.31%, Consumer Staples, down 0.23%, and Utilities, down 0.22%.

**Sixteen of the twenty-four S&P industry groups traded higher last week.** The leaders were Semiconductors & Equipment, up 3.07%, Software & Services, up 2.37%, and Media, up 1.57%. The losers were Consumer Durables & Apparel, down 1.74%, Consumer Services, down 1.66%, and Automobiles & Components, down 0.69%.

**Last week we said that in the short-term stocks were no longer overbought, and that at 23.7% the percentage of stocks over their own 10-day moving averages was nearly oversold.** Thursday's selloff took it to an oversold 15.13% before Friday's rebound. As stated above the two-day pattern of back-to-back down then up days of over 90% of stocks trading in the same direction is very unusual. The last time we recorded this was in December 2011 when we saw three pair of these days. The last pair was 12/28 and 12/29/2011, just ahead of a relentless rally that lasted into April. Hopefully this pattern of sellers being met by buyers is able to overcome the negative breadth divergences and greater selectivity on the part of investors we are currently seeing.

**In the short-term stocks are neutral relative to overbought or oversold, and at 0.969 our proprietary options indicator is showing some degree of pessimism (which we like) among options buyers, although not yet the extreme levels that mark important bottoms.** The percentage of stocks in the S&P 1500 over their own 10-day moving averages is 42.5%. Unfortunately many indicators are negative, such as the ten and twenty-day averages of daily advancing stocks, which are 41.6% and 48.8%, respectively. The 10-day average of stocks making 4-week closing price lows is now back above its counterpart of those making closing highs. The 13-week numbers are still positive but barely so.

**As stated above small caps have been very weak.** This would be the perfect time for them to bounce back, as the Russell 2000 dipped below its 200-day moving average Thursday before closing above it after Friday's rebound. **Friday's action printed a bullish engulfing candle on the Russell 2000 daily chart, which, as its name says, is bullish. It also left the index just under price and moving average resistance (50-day). Breaking Thursday's lows will not be helpful.**

**Weekly charts of large-caps are still overbought, so we repeat what we said last week that there is a chance equities continue to consolidate until investors see what second quarter earnings and forecasts look like and they figure out how they want to position for the next few months.** We do need to see a good earnings season due to the run-up in P/E ratios, and we need to see aggregate earnings forecasts move higher. First quarter earnings had 70.4% of stocks beating analyst estimates, and a disappointing earnings season could be a catalyst to bring sellers, not just profit takers, off the sidelines. We are currently in a period of negative seasonality, which turns positive again from 7/31 through 8/6. We will be very watchful when that period of positive seasonality ends. **So, while we remain bullish we do not want to be complacent.**

**Valuation, based on spreads between equity and bond yields, remains at levels where stocks are attractive versus bonds.** The spreads remain in the middle of the range they have been in since June 2013, which is also the range of pre-August 2011. On a historical basis these are levels where stocks should be attractive versus bonds. We need to see earnings and forecasts increase because with P/E ratios around multi-year highs equities can't rely on multiple expansion for price appreciation. **In 2013 the S&P 1500 gained 30.11%. The P/E ratio expanded 20.1%. Earnings only increased 8.1%. Without aggregate earnings growth it will be tough for equities to appreciate substantially even with low interest rates.**

**So far 83 of the S&P 500 have reported Q2 earnings. 69.9% beat estimates, 10.8% were in line, and 19.3% missed. In Q1 after 83 companies reported 68.3% beat, 12.2% were in line, while 19.5% missed. The final Q1 tally showed 70.4% beat estimates, 9.1% were in line, and 20.5% missed.** The final tally for the fourth quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

**In summary, we are in the heart of second quarter earnings season but geopolitical events have grabbed the attention of investors. Daily charts are relatively neutral but weekly charts are still overbought. We need to see a good earnings season since P/E ratios are at or near multi-year highs. Longer-term we remain bullish due to an improving economy, attractive valuations for equities, strong recent market breadth, and a lack of sellers which has overcome various technical negatives that have arisen occasionally.**

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

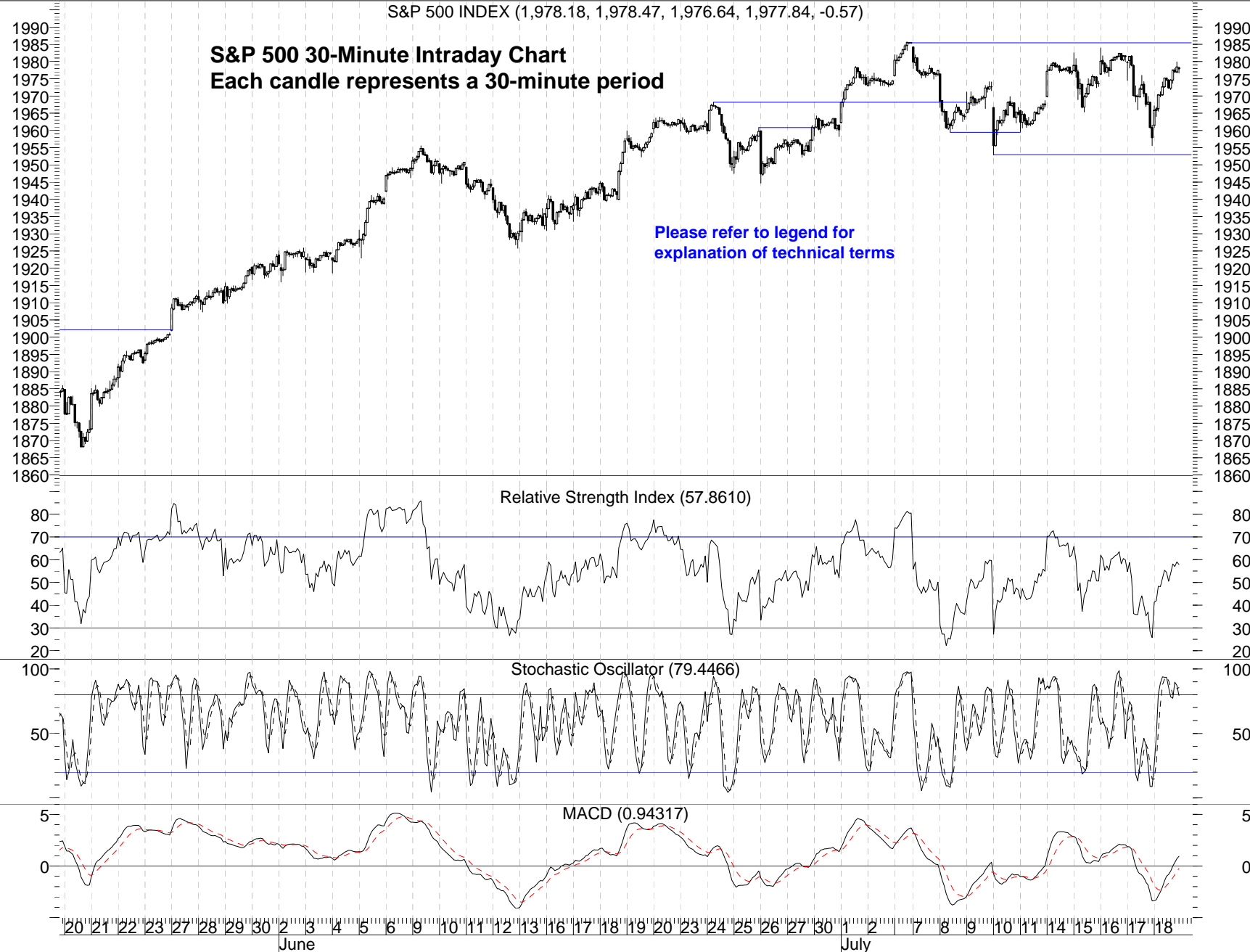
**ALL STATISTICS IN THE KAUFMAN REPORT ARE AVAILABLE ON A DAILY BASIS AT ROCKWELL SECURITIES LLC.**

S&P 500 INDEX (1,978.18, 1,978.47, 1,976.64, 1,977.84, -0.57)

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

Please refer to legend for explanation of technical terms

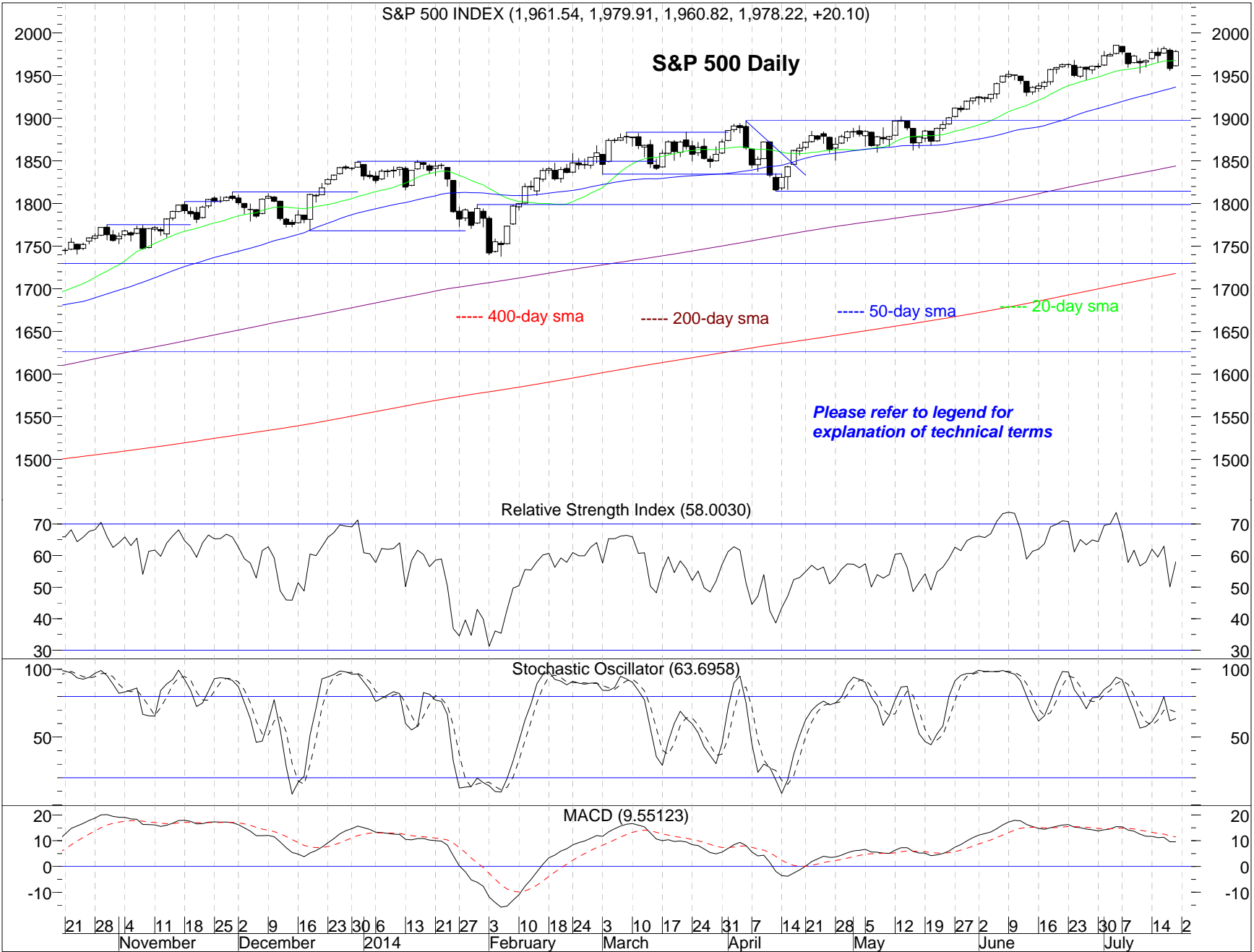
The S&P 500 is in a sideways range on its 30-minute chart.



30-minute momentum is mixed.

7/19/2014

S&P 500 INDEX (1,961.54, 1,979.91, 1,960.82, 1,978.22, +20.10)

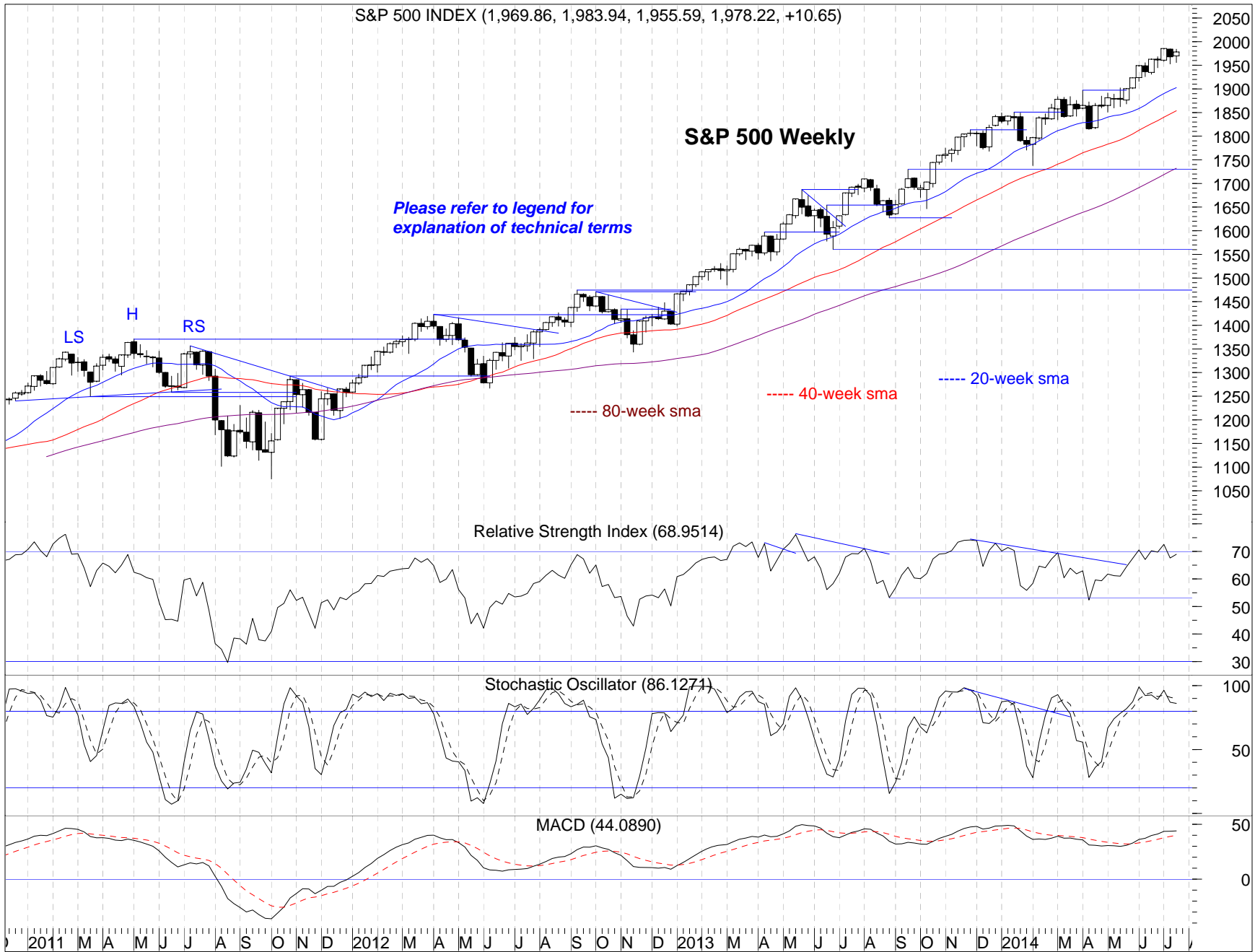


A terrific rebound Friday after Thursday's plunge for the S&P 500. It remains above its 20-day sma.

Daily momentum is mixed.

7/19/2014

S&P 500 INDEX (1,969.86, 1,983.94, 1,955.59, 1,978.22, +10.65)



### S&P 500 Weekly

*Please refer to legend for explanation of technical terms*

LS

H

RS

----- 80-week sma

----- 40-week sma

----- 20-week sma

Relative Strength Index (68.9514)

Stochastic Oscillator (86.1271)

MACD (44.0890)

Two weeks ago we said the S&P 500 was starting to get a bit too far away from its important moving averages. It has moved sideways since then. Earnings season could send the index higher, but at some point more consolidation will be needed.

Weekly momentum is mixed but at high or overbought levels.

7/19/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P 500 INDEX (1,962.29, 1,985.59, 1,952.86, 1,978.22, +17.99)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

Relative Strength Index (78.0953)

Stochastic Oscillator (97.3161)

MACD (139.703)

The S&P 500 continues to trade in the ascending price channel it has been in since mid-2012.

Monthly momentum remains positive but at high or overbought levels.

997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

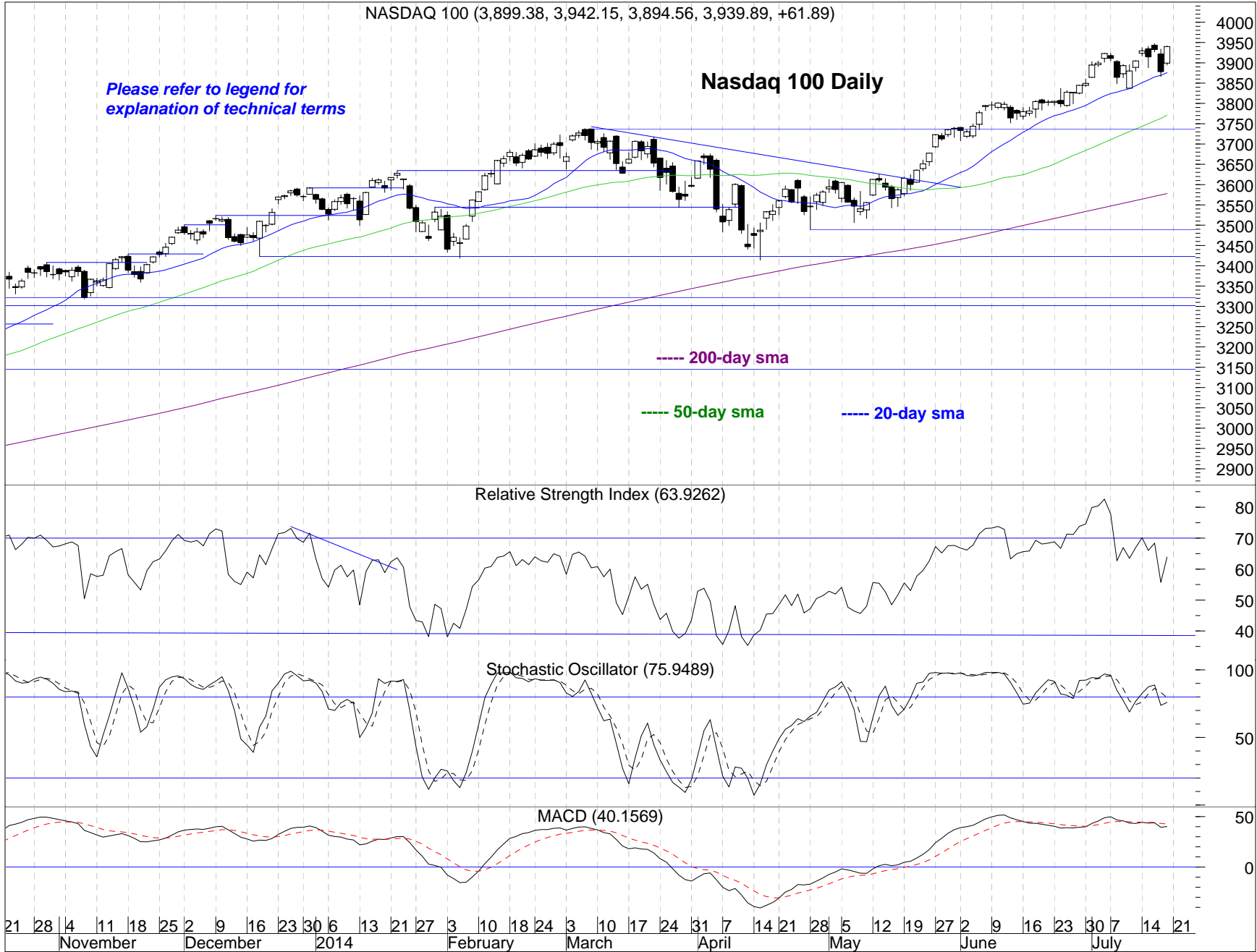
7/19/2014

NASDAQ 100 (3,899.38, 3,942.15, 3,894.56, 3,939.89, +61.89)

Nasdaq 100 Daily

Please refer to legend for explanation of technical terms

After plunging to its 20-day sma Thursday the Nasdaq 100 bounced back to print a new closing high Friday.



Daily momentum is slightly negative. The RSI is showing a negative divergence.

7/19/2014

NASDAQ 100 (3,923.60, 3,947.49, 3,866.22, 3,939.89, +35.31)

### Nasdaq 100 Weekly

*Please refer to legend for explanation of technical terms*

New weekly highs for the Nasdaq 100.

----- 80-week sma

----- 40-week sma

----- 20-week sma

Relative Strength Index (73.4159)

Weekly momentum remains positive although it is at high or overbought levels.

Stochastic Oscillator (95.2805)

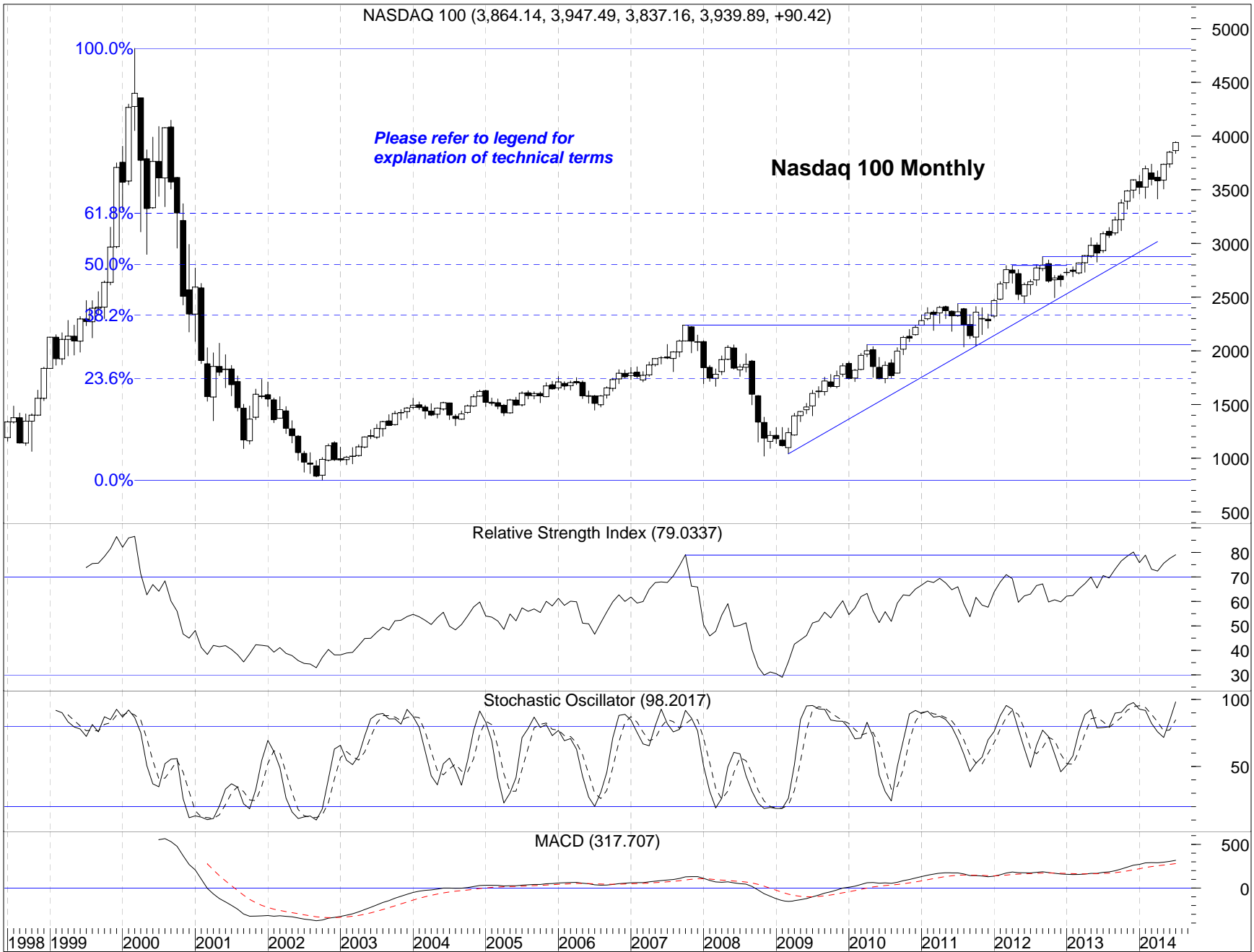
MACD (108.262)

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 M A M J J

7/19/2014



NASDAQ 100 (3,864.14, 3,947.49, 3,837.16, 3,939.89, +90.42)



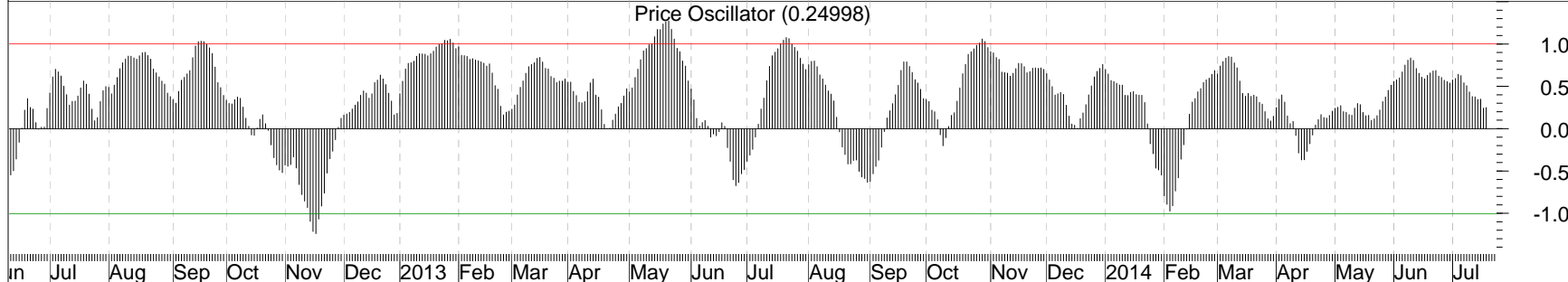
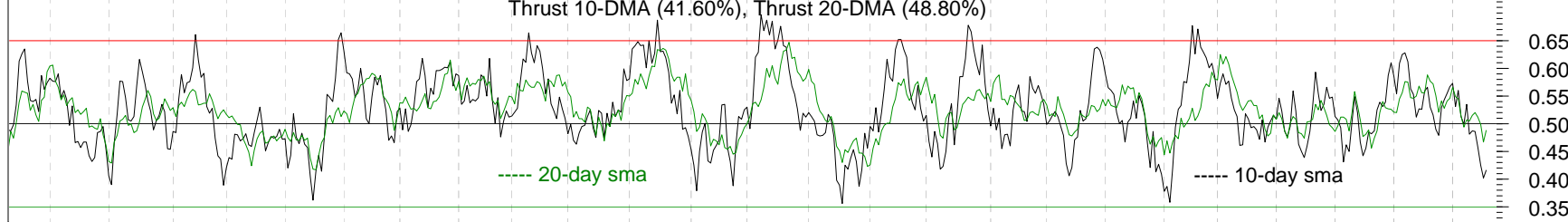
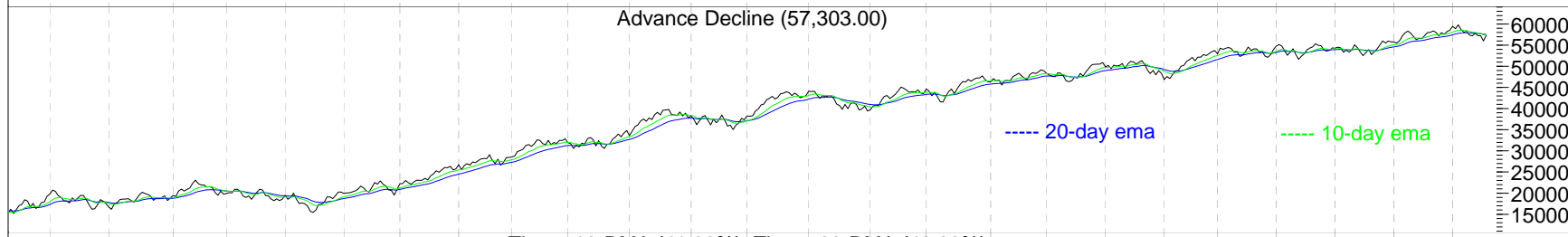
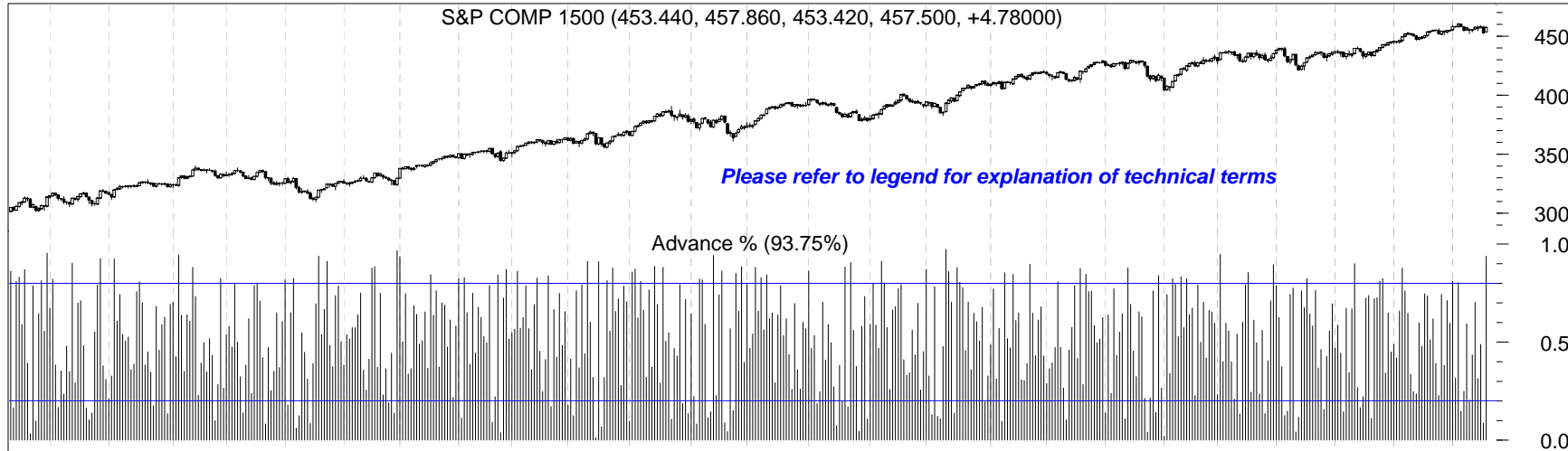
What an incredible chart! Three weeks ago we said the Nasdaq 100 had moved above the Fibonacci 76.4% retracement level (not shown) of the entire bear market of 2000 - 2002. Two weeks ago we noted that June was the highest monthly close since August 2000. It is now less than 12% from its all-time monthly closing high of March 2000.

Monthly momentum remains positive but is overbought.

7/19/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (453.440, 457.860, 453.420, 457.500, +4.78000)



Jul Aug Sep Oct Nov Dec 2013 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2014 Feb Mar Apr May Jun Jul

7/19/2014

On Friday 93.75% of the S&P 1500 traded higher, after Thursday's 8.69%. This was the first back-to-back lopsided 90% days since 6/19 and 6/20/2013, both of which were down days. Back in December 2011 we saw three pair of 90% down then up days, the last pair on 12/28 and 12/29/2011, just ahead of a relentless rally that lasted until early April.

The AD line has weakened, but it is not far from the new high it made on 7/3 which points to higher prices for the index in the future.

The 10 and 20-day averages of daily advancers are in negative territory. The 5-day average (not shown) is 50.6%.

Our price oscillator, a good indicator of trends, remains in positive territory, as it has since mid-April.

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (453.440, 457.860, 453.420, 457.500, +4.78000)

Please refer to legend for explanation of technical terms

% Over 10-Sma (42.50%)

Kaufman Options Indicator (0.969)

4-Week Closing Highs (152), 4-Week Closing Lows (37)

10-SMA 4-Week Closing Highs (87.50), 10-SMA 4-Week Closing Lows (245.80)

13-Week Closing Highs (114), 13-Week Closing Lows (10)

10-sma 13-Week Highs (62.20), 10-sma 13-Week Lows (49.60)

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 A M J J

7/19/2014

The percentage of S&P 1500 stocks over their own 10-day sma hit an oversold 16.6% Thursday, the lowest since 4/14, before bouncing to 42.5% after Friday.

Our proprietary options indicator shows slight pessimism at 0.969. It has been in a very narrow range since early May.

Friday's 152 4-week closing highs were the most since 7/3, and 4-week closing lows were the fewest since that date.

The 10-day average of 4-week closing lows is greater than its counterpart of closing highs.

13-week closing highs versus lows shows a similar picture to the 4-week numbers, except the 10-day average is still positive with more highs than lows.

The Kaufman Report - Wayne S. Kaufman, CMT

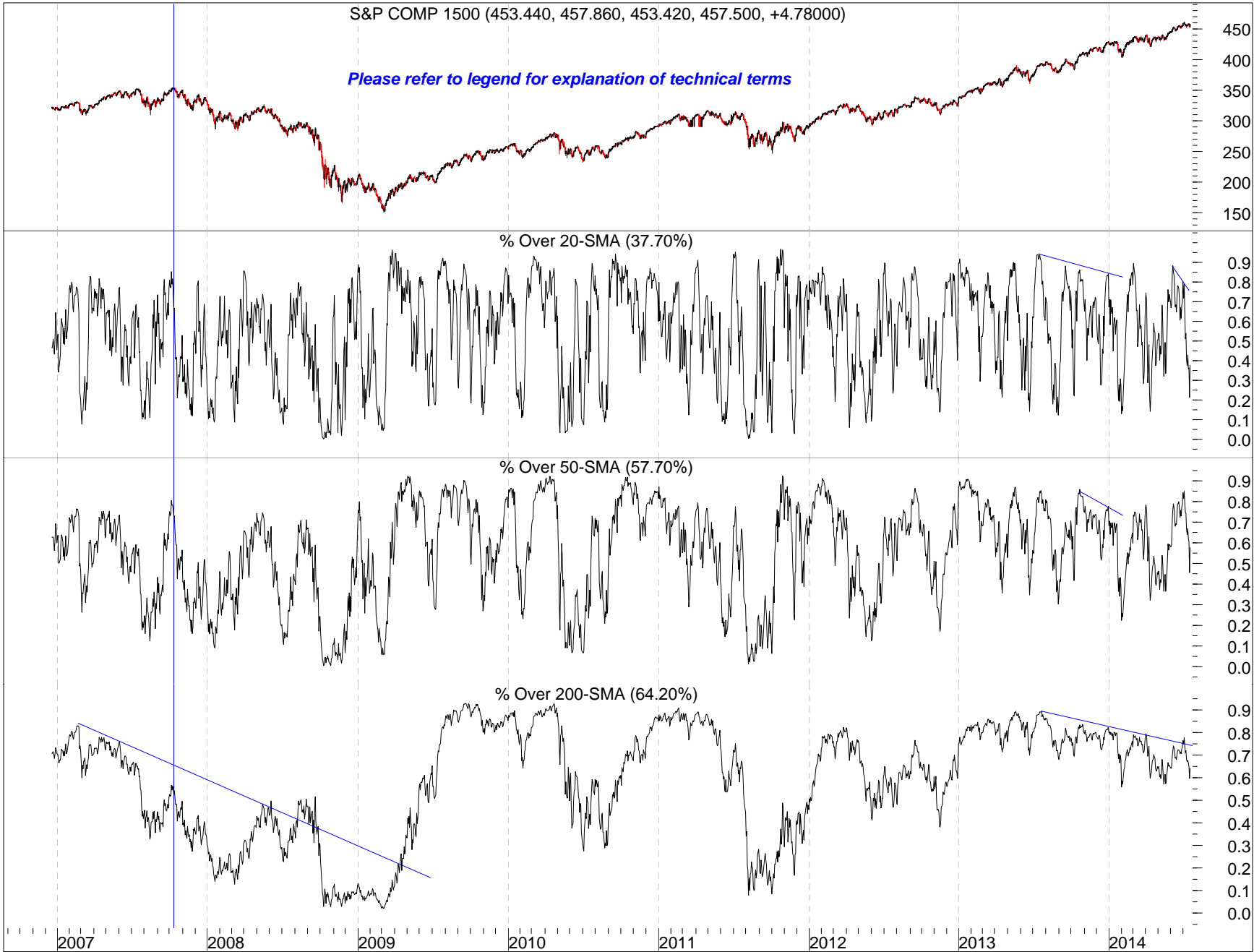
S&P COMP 1500 (453.440, 457.860, 453.420, 457.500, +4.78000)

*Please refer to legend for explanation of technical terms*

% Over 20-SMA (37.70%)

% Over 50-SMA (57.70%)

% Over 200-SMA (64.20%)



These numbers continued to deteriorate a bit last week. A lot of the weakness is due to the recent drubbing in small caps. We constantly monitor this data because serious deterioration of market breadth is a warning sign. These numbers need to improve soon.

7/19/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (453.440, 457.860, 453.420, 457.500, +4.78000)

*Please refer to legend for explanation of technical terms*

10 Y TSY YLD NDX (24.6400, 25.0000, 24.6000, 24.8400, +0.09000)

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

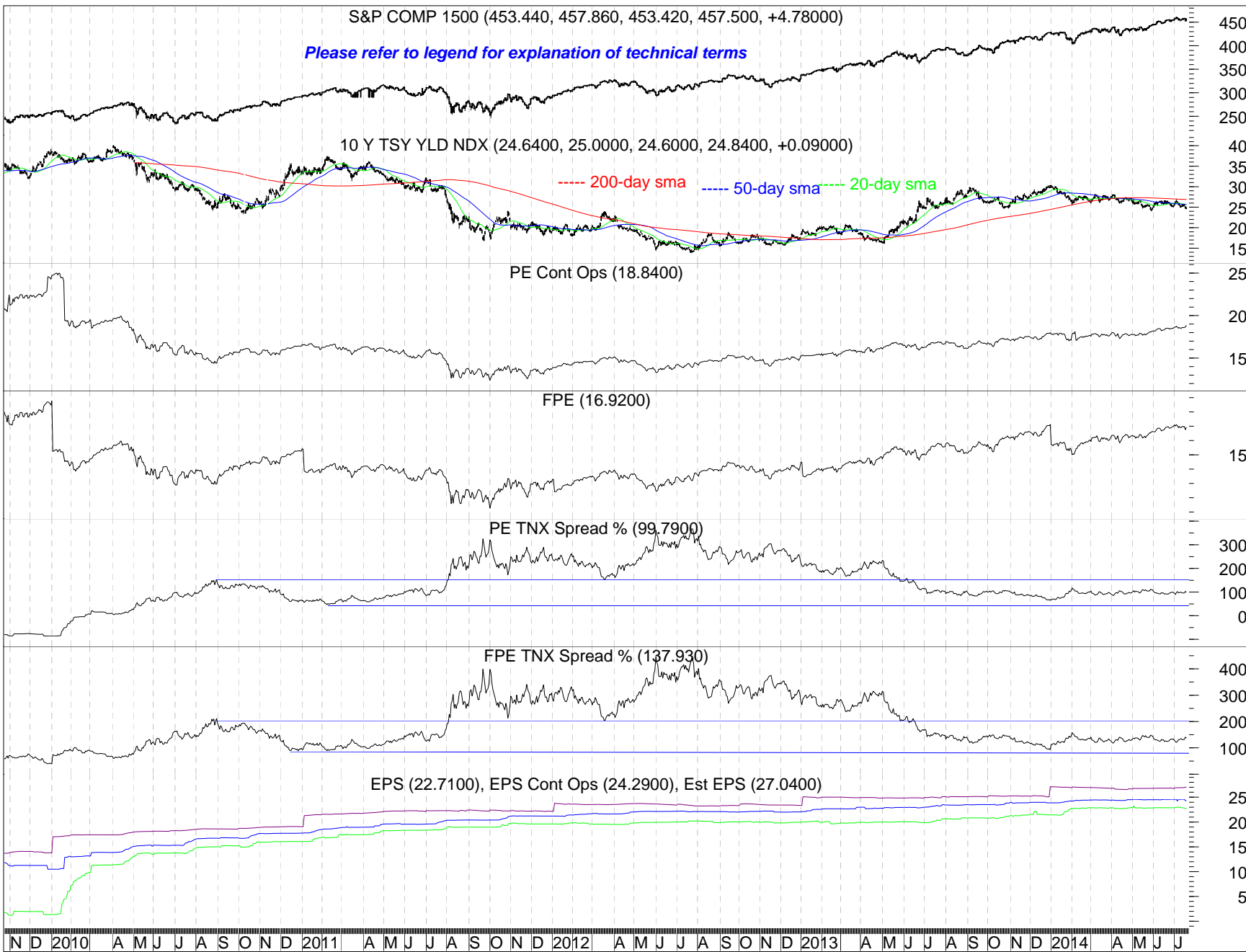
PE Cont Ops (18.8400)

FPE (16.9200)

PE TNX Spread % (99.7900)

FPE TNX Spread % (137.930)

EPS (22.7100), EPS Cont Ops (24.2900), Est EPS (27.0400)



The 10-year note yield remains weak, helping equity valuations.

P/E ratios remain at or near multi-year highs.

In spite of high P/E levels the spreads between equity and bond yields remain in the tight sideways range they have been in since June 2013. At these levels historically stocks are attractive versus bonds.

Aggregate earnings forecasts have been moving up lately and need to keep doing so with P/E ratios so high. Hopefully the current earnings season will provide the catalyst for estimates to continue rising.

7/19/2014

10 Y TSY YLD NDX (24.64, 25.00, 24.60, 24.84, +0.09)

### 10-Year Note Yield Daily

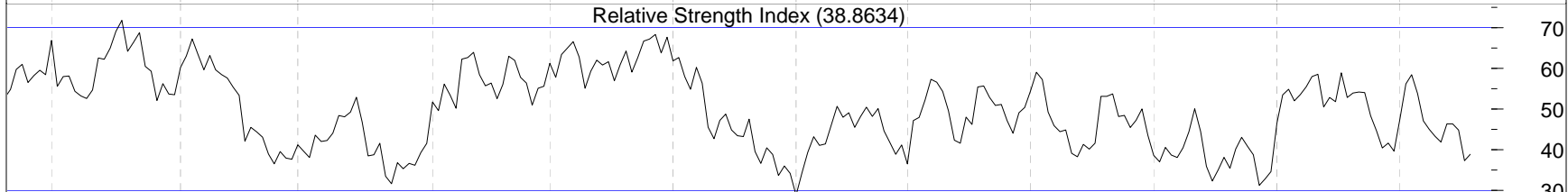


*Please refer to legend for explanation of technical terms*

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

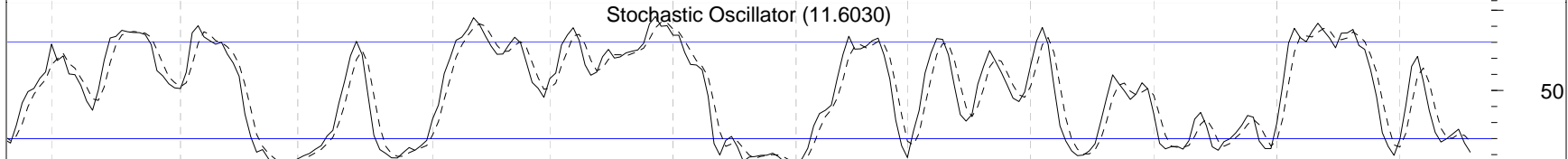
On Thursday the 10-year note yield broke support and traded at its lowest level since 5/30/14. It bounced after the open Friday to close higher than Thursday's close.

Relative Strength Index (38.8634)

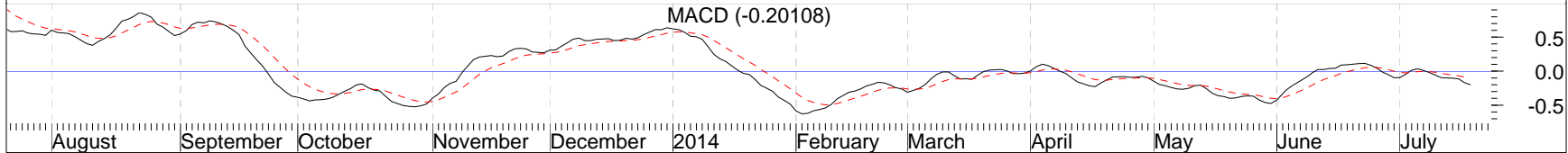


Daily momentum is negative but the stochastic is in the oversold zone.

Stochastic Oscillator (11.6030)



MACD (-0.20108)



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

7/18/2014

10 Y TSY YLD NDX (25.29, 25.70, 24.60, 24.84, -0.36)

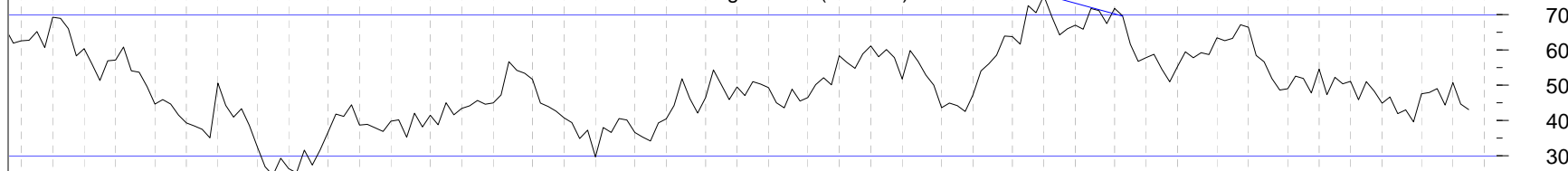
Please refer to legend for explanation of technical terms

### 10-Year Note Yield Weekly

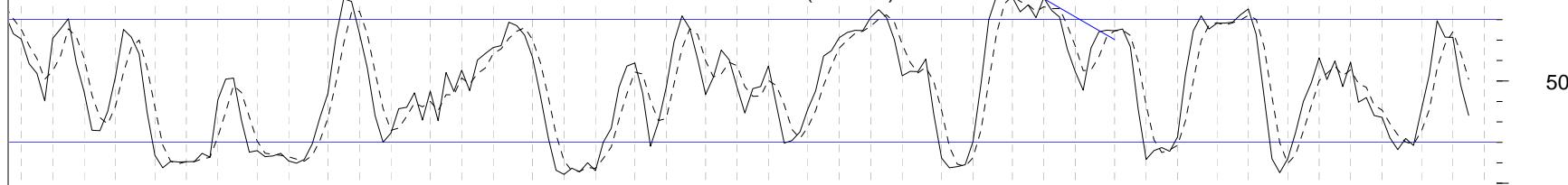


The 10-year note had its lowest weekly close since 5/30/2014. It found support at its 80-week sma as it did in May, which is also at the top of a support zone.

Relative Strength Index (43.0931)

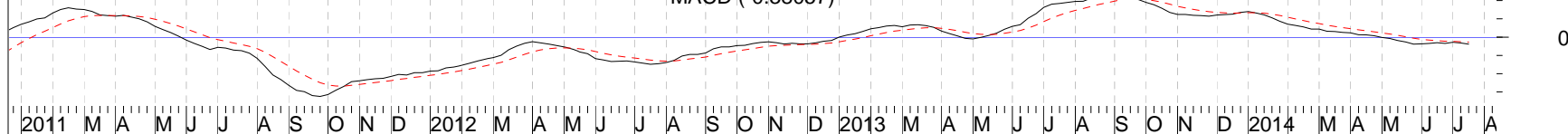


Stochastic Oscillator (33.2283)



Weekly momentum is negative.

MACD (-0.38057)



7/18/2014

10 Y TSY YLD NDX (25.50, 26.92, 24.60, 24.84, -0.32)

### 10-Year Note Yield Monthly

*Please refer to legend for explanation of technical terms*

-----12-Month sma

-----3-Month sma

The 10-year note yield is under its 3 and 12-month sma.

Relative Strength Index (51.0958)

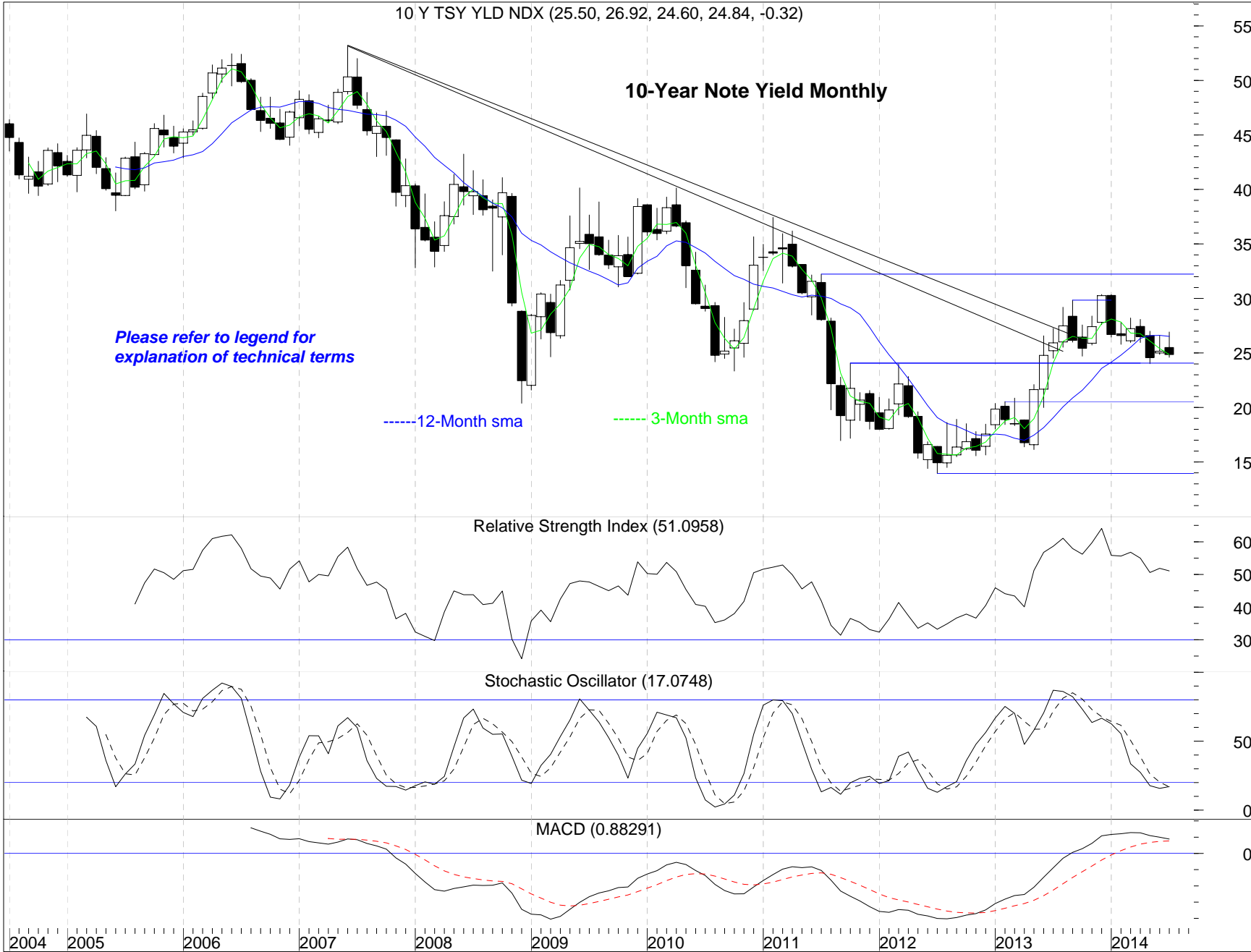
Monthly momentum is mixed.

Stochastic Oscillator (17.0748)

MACD (0.88291)

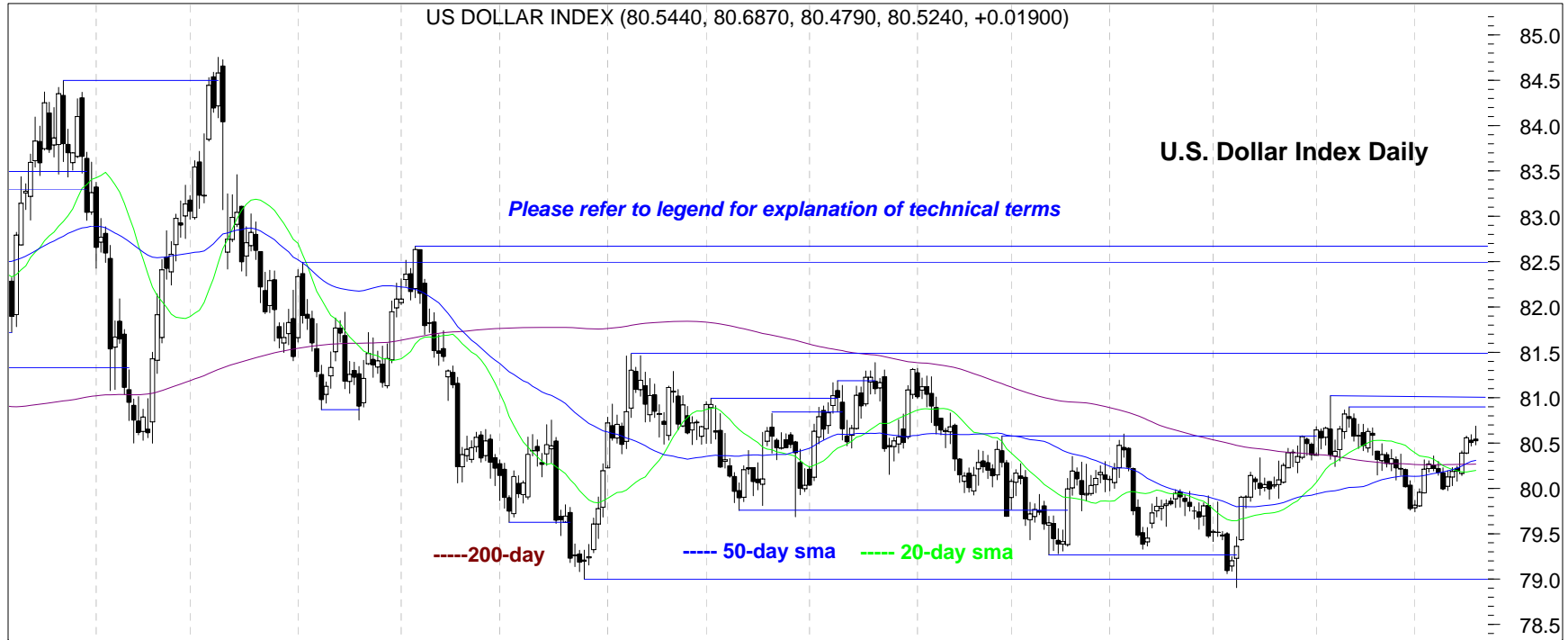
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

7/18/2014



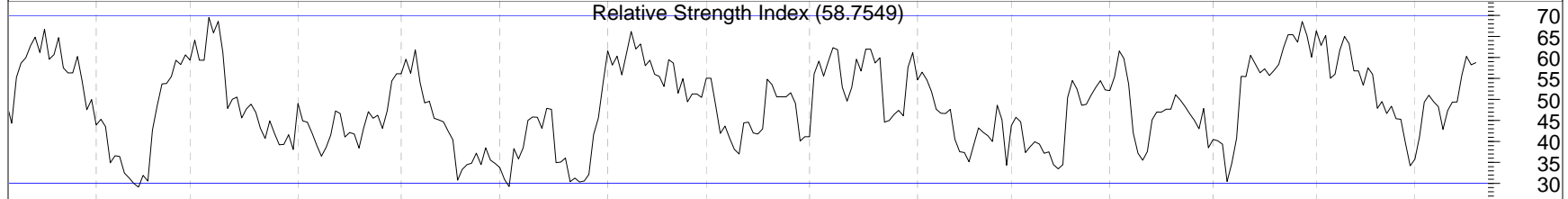


US DOLLAR INDEX (80.5440, 80.6870, 80.4790, 80.5240, +0.01900)



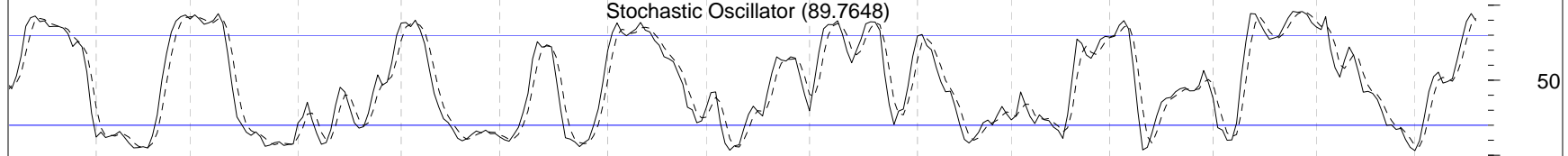
The U.S. Dollar Index is above its important moving averages. It is also not far from important resistance.

Relative Strength Index (58.7549)

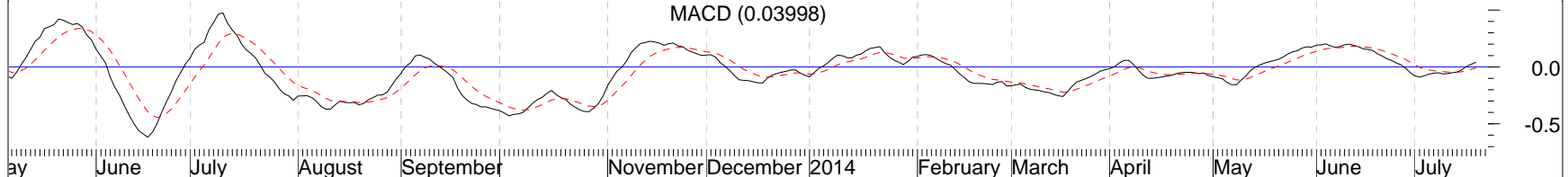


Daily momentum is mixed but the stochastic is in the overbought zone.

Stochastic Oscillator (89.7648)



MACD (0.03998)



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

7/19/2014

US DOLLAR INDEX (80.2210, 80.6870, 80.0790, 80.5240, +0.33701)

Please refer to legend for explanation of technical terms

### U.S. Dollar Index Weekly



The U.S. Dollar Index printed its best weekly close since 6/13/14. It is above its 10 and 40-week sma.

Weekly momentum has turned positive.

7/19/2014

US DOLLAR INDEX (79.7870, 80.6870, 79.7400, 80.5050, +0.73000)

Please refer to legend for explanation of technical terms

### U.S. Dollar Index Monthly

--- 3-month sma

--- 12-month sma

Relative Strength Index (50.4477)

Stochastic Oscillator (56.0531)

MACD (0.00245)

The U.S. Dollar Index remains in the amazing narrow sideways trading range it has been in since late 2011, and which has been even tighter since September 2013.

Monthly momentum is almost all positive.

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

7/19/2014

UNTD ST OIL FUND (37.7900, 37.9000, 37.6700, 37.7200, -0.1100)

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

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 (45.6188)

Stochastic Oscillator (40.7311)

MACD (-0.22136)

Dec 2013 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2014 Feb Mar Apr May Jun Jul

7/19/2014

After reaching resistance and an overbought condition the oil ETF dropped sharply and has now rebounded from an oversold condition on its daily chart. It is now just under its 50 and 20-day sma.

Daily momentum is mixed but could easily turn positive.

UNTD ST OIL FUND (37.0600, 37.9100, 36.5800, 37.7200, +0.5600)

Please refer to legend for explanation of technical terms

### USO - United States Oil Fund ETF Weekly

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

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

Relative Strength Index (53.6856)

Stochastic Oscillator (30.7692)

MACD (0.60412)

2009 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 A M J J A

7/19/2014

Weekly momentum is mostly negative but the stochastic is at a low level where it has bottomed in the past.

UNTD ST OIL FUND (39.0200, 39.1200, 36.5800, 37.7200, -1.1600)

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

After hitting price resistance the oil ETF has broken its 5-month streak of higher monthly lows. It is just under its 3-month sma and just above its 12-month sma. It remains in the tight sideways range it has been in since mid-2009.

Relative Strength Index (53.5793)

Monthly momentum is threatening to roll over from high levels.

Stochastic Oscillator (81.0972)

MACD (0.33679)

2006 2007 2008 2009 2010 2011 2012 2013 2014

7/19/2014

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SPDR GOLD TRUST (125.7900, 126.2100, 125.6701, 126.1300, -0.9599)

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" page at the end of the chart section of The Kaufman Report.

----- 200-day sma

----- 50-day sma

----- 20-day sma

Relative Strength Index (51.0555)

Stochastic Oscillator (35.1195)

MACD (0.50265)

The gold ETF gapped down after an attempted breakout, but found support at the 50 and 200-day sma and at a gap zone.

Daily momentum is mixed but the stochastic is turning up from the oversold zone.

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

7/19/2014

SPDR GOLD TRUST (125.5000, 127.5500, 124.3600, 126.1300, -2.6500)

### GLD Weekly

Please refer to legend for explanation of technical terms

----- 40-week sma

----- 10-week sma

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

Relative Strength Index (51.4572)

Stochastic Oscillator (81.5291)

MACD (0.19035)

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 M A M J J

7/19/2014

The gold ETF has been moving sideways for the last year. It is just above its 10 and 40-week sma.

Weekly momentum is starting to turn negative.



The Kaufman Report - Wayne S. Kaufman, CMT

SPDR GOLD TRUST (127.9900, 129.2100, 124.3600, 126.1300, -1.9100)

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

Please refer to legend for explanation of technical terms

GLD Monthly

---- 3-month sma

----- 12-month sma

Relative Strength Index (44.6033)

Stochastic Oscillator (33.9422)

MACD (-6.07312)

The sideways range the gold ETF has been trading in is more evident on its monthly chart. It is just above its 3 and 12-month moving averages. The 3-month sma recently moved above the 12-month for the first time since 2013.

Monthly momentum is almost all positive.

2004 2006 2007 2008 2009 2010 2011 2012 2013 2014

7/19/2014

BAR IPA UBS COPR (38.8500, 38.9900, 38.7100, 38.9500, -0.3400)

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

### Copper ETN Daily

Please refer to legend for explanation of technical terms

----- 200-day sma

----- 50-day sma

----- 20-day sma

Relative Strength Index (49.2694)

Stochastic Oscillator (35.5298)

MACD (0.36154)

The copper ETN, representing the metal with a Ph.D. in economics, gapped down sharply Friday as it continued to pull back from overbought levels.

Daily momentum is negative.

7/19/2014

BAR IPA UBS COPR (39.85, 39.90, 38.71, 38.95, -1.05)

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

### Copper ETN Weekly

Please refer to legend for explanation of technical terms

----- 40-Week sma    ----- 10-Week sma

The copper ETN has pulled back after marginally penetrating its downtrend line. It is sitting at the intersection of its 10 and 40-week sma. This convergence will not last long.

Relative Strength Index (52.3815)

Weekly momentum is threatening to roll over.

Stochastic Oscillator (85.9912)

MACD (0.02818)

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 M A M J J A

7/19/2014

## 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 Transportation	8385.40	1.28%	1.59%	1.59%	2.23%	2.23%	13.31%	8406.17	7/17/2014	6237.14	8/30/2013
Dow Jones Industrials	17100.18	0.73%	0.92%	0.92%	1.63%	1.63%	3.16%	17151.56	7/17/2014	14719.43	10/9/2013
Nasdaq 100	3939.89	1.60%	0.90%	0.90%	2.35%	2.35%	9.69%	3947.49	7/16/2014	3029.07	7/23/2013
Bank of New York Mellon ADR	156.71	1.01%	0.64%	0.64%	-0.06%	-0.06%	3.06%	159.35	7/3/2014	134.71	8/30/2013
S&P 500	1978.22	1.03%	0.54%	0.54%	0.92%	0.92%	7.03%	1985.59	7/3/2014	1627.47	8/28/2013
S&P 1500	457.50	1.06%	0.47%	0.47%	0.60%	0.60%	6.62%	460.47	7/3/2014	377.60	8/30/2013
NYSE Composite	10985.93	0.88%	0.45%	0.45%	0.06%	0.06%	5.63%	11105.85	7/3/2014	9246.89	8/30/2013
Nasdaq Composite	4432.15	1.57%	0.38%	0.38%	0.54%	0.54%	6.12%	4485.93	7/3/2014	3573.53	7/24/2013
S&P Midcap 400	1412.73	1.25%	0.09%	0.09%	-1.41%	-1.41%	5.23%	1452.01	7/1/2014	1170.62	9/3/2013
Russell 2000	1151.61	1.59%	-0.72%	-0.72%	-3.47%	-3.47%	-1.03%	1213.55	7/1/2014	1009.00	9/3/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Information Technology	650.05	1.33%	1.55%	1.55%	2.78%	2.78%	11.03%	651.90	7/16/2014	502.28	7/19/2013
Financials	308.63	1.08%	0.96%	0.96%	0.66%	0.66%	4.72%	310.81	7/3/2014	260.33	8/28/2013
Telecom Services	162.89	0.64%	0.96%	0.96%	2.93%	2.93%	4.74%	164.00	7/16/2014	143.28	2/3/2014
Energy	721.91	0.28%	0.65%	0.65%	-0.79%	-0.79%	10.78%	738.72	6/23/2014	583.15	8/21/2013
Materials	315.22	0.65%	0.63%	0.63%	0.57%	0.57%	8.09%	316.87	7/3/2014	252.68	7/24/2013
Industrials	467.31	0.78%	0.33%	0.33%	0.36%	0.36%	3.28%	479.63	6/9/2014	378.75	8/30/2013
Consumer Discretionary	535.27	0.89%	0.14%	0.14%	1.10%	1.10%	0.98%	540.21	7/3/2014	453.83	8/28/2013
Utilities	217.24	1.08%	-0.22%	-0.22%	-3.42%	-3.42%	12.44%	225.35	6/30/2014	184.47	9/4/2013
Consumer Staples	464.44	0.98%	-0.23%	-0.23%	1.11%	1.11%	4.93%	468.07	7/14/2014	402.20	8/29/2013
Health Care	710.68	1.63%	-0.31%	-0.31%	0.87%	0.87%	10.65%	721.54	7/7/2014	564.13	8/28/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Semiconductors & Equipment	520.51	0.76%	3.07%	3.07%	4.45%	4.45%	23.18%	528.33	7/16/2014	356.76	8/30/2013
Software & Services	885.46	1.47%	2.37%	2.37%	3.16%	3.16%	6.24%	902.43	4/3/2014	701.61	9/4/2013
Media	463.53	0.80%	1.57%	1.57%	2.89%	2.89%	7.74%	466.99	7/16/2014	356.76	8/28/2013
Real Estate	173.40	1.03%	1.34%	1.34%	2.13%	2.13%	16.41%	173.44	7/18/2014	142.12	8/19/2013
Transports	538.33	1.17%	1.24%	1.24%	1.30%	1.30%	12.24%	541.19	7/16/2014	397.27	8/30/2013
Banks	219.26	1.10%	1.05%	1.05%	-0.27%	-0.27%	4.81%	228.93	3/21/2014	185.00	10/9/2013
Diversified Financials	469.18	1.10%	0.99%	0.99%	1.07%	1.07%	4.61%	472.56	7/3/2014	387.97	8/28/2013
Telecom Services	162.89	0.64%	0.96%	0.96%	2.93%	2.93%	4.74%	164.00	7/16/2014	143.28	2/3/2014
Energy	721.91	0.28%	0.65%	0.65%	-0.79%	-0.79%	10.78%	738.72	6/23/2014	583.15	8/21/2013
Materials	315.22	0.65%	0.63%	0.63%	0.57%	0.57%	8.09%	316.87	7/3/2014	252.68	7/24/2013
Retailing	903.57	1.20%	0.46%	0.46%	1.68%	1.68%	-3.86%	944.66	12/27/2013	806.34	8/27/2013
Insurance	296.05	1.00%	0.43%	0.43%	0.74%	0.74%	2.40%	299.15	7/3/2014	247.74	8/30/2013
Health Care Equip & Services	640.42	1.03%	0.42%	0.42%	1.40%	1.40%	11.10%	643.11	7/3/2014	514.86	8/29/2013
Food & Staples Retailing	330.94	1.23%	0.35%	0.35%	1.06%	1.06%	4.15%	336.85	6/6/2014	277.52	8/29/2013
Capital Goods	499.91	0.68%	0.11%	0.11%	0.21%	0.21%	1.04%	518.39	6/9/2014	414.28	8/30/2013
Commercial & Professional Service	201.73	0.80%	0.05%	0.05%	-0.65%	-0.65%	4.57%	204.91	7/1/2014	164.93	9/3/2013
Utilities	217.24	1.08%	-0.22%	-0.22%	-3.42%	-3.42%	12.44%	225.35	6/30/2014	184.47	9/4/2013
Technology Hardware & Equipmen	672.91	1.33%	-0.24%	-0.24%	1.60%	1.60%	15.00%	684.63	7/16/2014	495.51	7/23/2013
Food, Beverage & Tobacco	542.88	1.12%	-0.38%	-0.38%	0.79%	0.79%	6.96%	549.34	6/20/2014	466.32	8/29/2013
Household & Personal Products	513.92	0.36%	-0.47%	-0.47%	2.02%	2.02%	0.85%	530.20	11/26/2013	469.34	10/3/2013
Pharmaceuticals, Biotech & Life Sci	689.36	1.92%	-0.66%	-0.66%	0.63%	0.63%	10.43%	704.97	7/7/2014	542.85	8/28/2013
Automobiles & Components	145.04	0.31%	-0.69%	-0.69%	1.11%	1.11%	4.36%	146.81	7/14/2014	123.37	8/28/2013
Consumer Services	701.69	1.00%	-1.66%	-1.66%	-1.33%	-1.33%	2.37%	720.69	7/3/2014	615.18	10/9/2013
Consumer Durables & Apparel	268.87	0.57%	-1.74%	-1.74%	-2.39%	-2.39%	-5.68%	285.53	1/3/2014	237.31	8/28/2013

**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
Turkey TUR	58.12	2.92%	3.16%	4.61%	4.61%	21.95%	61.29	9/19/2013	40.03	2/3/2014
Latin America ILF	40.51	2.61%	3.16%	5.91%	5.91%	9.37%	40.78	10/22/2013	31.89	2/3/2014
Brazil EWZ	50.30	3.35%	3.07%	5.27%	5.27%	12.58%	51.75	10/22/2013	38.00	2/3/2014
Vietnam VNM	21.63	0.65%	2.03%	3.99%	3.99%	15.11%	23.15	2/26/2014	17.00	8/28/2013
Mexico EWW	70.32	1.11%	1.79%	3.70%	3.70%	3.41%	70.49	8/12/2013	58.83	3/14/2014
Thailand THD	80.99	1.45%	1.54%	4.90%	4.90%	17.98%	83.83	9/19/2013	61.94	1/3/2014
Japan EWJ	12.12	0.50%	1.51%	0.66%	0.66%	-0.16%	12.25	11/18/2013	10.79	4/11/2014
Sweden EWD	34.85	1.57%	1.43%	-1.22%	-1.22%	-2.74%	37.34	5/21/2014	31.88	8/30/2013
South Korea EWY	64.75	1.30%	1.24%	-0.42%	-0.42%	0.12%	66.07	10/22/2013	54.34	8/21/2013
Canada EWC	32.45	0.75%	1.18%	0.75%	0.75%	11.28%	32.58	7/3/2014	27.01	8/8/2013
Indonesia IDX	26.86	2.72%	1.17%	8.97%	8.97%	26.34%	28.74	7/23/2013	20.06	1/7/2014
Singapore EWS	13.90	1.39%	1.16%	2.81%	2.81%	5.54%	14.16	5/27/2014	11.94	2/3/2014
Israel EIS	52.77	1.21%	1.15%	1.05%	1.05%	8.98%	55.51	7/2/2014	41.19	8/28/2013
BRIC EEB	36.23	1.91%	1.03%	2.12%	2.12%	4.56%	37.70	10/22/2013	29.44	3/13/2014
South Africa EZA	69.90	1.85%	1.01%	1.73%	1.73%	8.39%	70.99	5/23/2014	55.31	2/3/2014
India IFN	25.46	1.35%	0.91%	0.32%	0.32%	27.30%	26.40	7/7/2014	16.16	8/28/2013
China 25 FXI	38.24	0.71%	0.90%	3.24%	3.24%	-0.34%	40.32	12/2/2013	32.58	3/20/2014
United Kingdom EWU	20.86	0.63%	0.72%	-0.10%	-0.10%	-0.10%	22.11	6/19/2014	18.60	8/30/2013
Australia EWA	26.73	1.14%	0.68%	2.30%	2.30%	9.68%	27.29	10/22/2013	22.68	2/3/2014
Emerging Markets EEM	44.16	1.56%	0.62%	2.15%	2.15%	5.66%	44.47	7/16/2014	37.05	2/3/2014
United States SPY	197.71	1.02%	0.56%	1.02%	1.02%	7.05%	198.29	7/3/2014	163.05	8/28/2013
Greece GREK	21.78	1.02%	0.41%	-3.20%	-3.20%	-3.33%	25.76	3/19/2014	15.38	7/23/2013
Belgium EWK	17.10	0.65%	0.41%	-0.55%	-0.55%	4.33%	17.99	5/12/2014	14.12	7/29/2013
Hong Kong EWH	21.13	0.81%	0.19%	1.20%	1.20%	2.57%	21.49	6/5/2014	18.48	8/28/2013
Switzerland EWL	33.89	0.24%	0.16%	-1.25%	-1.25%	2.73%	35.46	6/10/2014	29.32	8/30/2013
Germany EWG	30.59	0.39%	0.13%	-2.21%	-2.21%	-3.68%	32.38	6/19/2014	25.58	9/4/2013
France EWQ	28.25	1.22%	-0.18%	-3.09%	-3.09%	-0.70%	30.73	6/6/2014	24.51	7/18/2013
Italy EWI	16.79	1.94%	-0.30%	-3.39%	-3.39%	7.70%	18.44	6/9/2014	12.34	7/18/2013
Austria EWO	18.63	0.16%	-0.64%	-4.85%	-4.85%	-5.96%	21.06	2/25/2014	16.93	7/18/2013
Netherlands EWN	24.62	0.70%	-0.65%	-3.83%	-3.83%	-5.05%	26.48	6/19/2014	22.28	7/18/2013
Spain EWP	41.00	0.89%	-0.68%	-4.25%	-4.25%	6.30%	44.46	6/19/2014	28.64	7/18/2013
Malaysia EWM	15.98	0.13%	-0.68%	0.63%	0.63%	1.01%	16.31	6/24/2014	13.74	8/28/2013
Taiwan EWT	16.04	1.13%	-1.66%	1.52%	1.52%	11.23%	16.45	7/15/2014	12.96	8/21/2013
Chile ECH	45.20	-0.42%	-3.15%	-0.37%	-0.37%	-4.86%	54.47	9/19/2013	39.62	2/3/2014
Russia RSX	25.30	2.43%	-5.56%	-3.91%	-3.91%	-12.37%	30.25	10/22/2013	20.86	3/13/2014

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		
Australia EWA	26.73	37.08			38.94		0.02	0.10
Austria EWO	18.63	45.71			48.44		-0.05	-0.06
Belgium EWK	17.10	11.50			11.22		-0.01	0.04
Brazil EWZ	50.30	-1.33			-4.63		0.05	0.13
BRIC EEB	36.23	7.13			6.77		0.02	0.05
Canada EWC	32.45	-3.67			-4.35		0.01	0.11
Chile ECH	45.20	17.54			18.96		0.00	-0.05
China 25 FXI	38.24	29.86			29.86		0.03	0.00
Emerging Markets EE	44.16	38.36			43.18		0.02	0.06
France EWQ	28.25	21.19			19.53		-0.03	-0.01
Germany EWG	30.59	19.09			17.18		-0.02	-0.04
Greece GREK	21.78	12.98			14.09		-0.03	-0.03
Hong Kong EWH	21.13	9.20			8.90		0.01	0.03
India IFN	25.46	19.33			19.87		0.00	0.27
Indonesia IDX	26.86	17.93			17.46		0.57	-0.91
Israel EIS	52.77	17.17			16.30		0.01	0.09
Italy EWI	16.79	-13.50			-12.51		-0.03	0.08
Japan EWJ	12.12	24.92			25.03		0.01	0.00
Latin America ILF	40.51	5.50			6.78		0.06	0.09
Malaysia EWM	15.98	2.10			3.32		0.01	0.01
Mexico EWW	70.32	16.61			17.02		0.04	0.03
Netherlands EWN	24.62	19.38			18.78		-0.04	-0.05
Russia RSX	25.30	19.57			21.11		-0.04	-0.12
Singapore EWS	13.90	12.41			13.08		0.03	0.06
South Africa EZA	69.90	13.99			13.11		0.02	0.08
South Korea EWY	64.75	12.86			10.81		0.00	0.00
Spain EWP	41.00	17.60			15.49		-0.04	0.06
Sweden EWD	34.85	3.07			4.78		-0.01	-0.03
Switzerland EWL	33.89	16.12			14.54		-0.01	0.03
Taiwan EWT	16.04	19.55			19.62		0.02	0.11
Thailand THD	80.99	16.39			15.54		0.05	0.18
Turkey TUR	58.12	15.91			15.71		0.05	0.22
United Kingdom EWU	20.86	-1.76			-2.74		0.00	0.00
United States SPY	197.71	19.89			18.95		0.01	0.07
Vietnam VNM	21.63	17.29			18.31		0.04	0.15

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

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

## Commodities ETFs/ETNs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Coffee JO	32.78	3.85%	5.88%	-2.44%	-2.44%	51.06%	42.87	4/24/2014	20.37	11/6/2013
Aluminum JJU	20.11	0.30%	2.28%	6.07%	6.07%	7.89%	21.99	8/15/2013	17.10	3/17/2014
Grains GRU	5.27	-1.50%	2.13%	-7.22%	-7.22%	-8.82%	6.93	4/16/2014	5.15	7/15/2014
OIL USO	37.72	-0.29%	1.51%	-2.98%	-2.98%	6.80%	39.54	9/6/2013	32.68	1/9/2014
Livestock COW	32.55	0.62%	0.65%	-1.39%	-1.39%	19.93%	33.77	7/7/2014	26.38	8/5/2013
Palladium PALL	85.64	-0.53%	0.61%	4.20%	4.20%	23.01%	86.61	7/17/2014	66.64	9/9/2013
Tin JTT	49.74	-0.15%	0.52%	-0.53%	-0.53%	-6.53%	57.05	12/27/2013	42.50	9/12/2013
Timber CUT	24.96	0.93%	0.20%	-1.03%	-1.03%	-3.63%	26.45	3/6/2014	22.48	8/30/2013
Cocoa NIB	40.47	0.77%	-0.16%	-1.22%	-1.22%	13.05%	41.28	7/2/2014	30.30	7/29/2013
Grains JIG	39.28	-2.31%	-0.30%	-9.28%	-9.28%	-8.93%	52.38	4/30/2014	39.18	7/15/2014
Coal KOL	18.50	0.54%	-0.32%	-1.18%	-1.18%	-4.84%	20.54	9/18/2013	17.27	2/3/2014
Cotton BAL	45.65	0.00%	-0.33%	-7.93%	-7.93%	-14.16%	60.44	3/26/2014	45.20	7/11/2014
Heating Oil UHN	32.24	0.00%	-0.56%	-4.16%	-4.16%	-2.39%	34.91	8/29/2013	30.46	11/7/2013
Sugar SGG	51.39	0.52%	-0.59%	-6.06%	-6.06%	-7.40%	66.46	10/18/2013	49.25	1/29/2014
Corn CORN	26.67	-1.88%	-0.82%	-9.38%	-9.38%	-12.79%	38.13	8/26/2013	26.64	7/15/2014
Platinum PPLT	145.06	-0.78%	-1.40%	0.30%	0.30%	8.34%	151.51	8/27/2013	128.61	12/19/2013
Gold GLD	126.13	-0.76%	-2.06%	-1.49%	-1.49%	8.62%	137.55	8/27/2013	114.46	12/31/2013
Copper JJC	38.95	-0.87%	-2.62%	-0.49%	-0.49%	-6.03%	42.00	8/20/2013	34.89	3/19/2014
Silver SLV	20.02	-1.33%	-2.67%	-1.14%	-1.14%	7.00%	23.84	8/27/2013	17.91	5/30/2014
Natural Gas UNG	21.77	-0.46%	-4.73%	-11.50%	-11.50%	5.22%	27.89	2/24/2014	16.60	8/8/2013

**DATA QUOTED REPRESENTS PAST PERFORMANCE.**

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



## Commodity ETFs/ETNs Standard Performance

	-----PRICE % Change-----			-----NAV % Change-----			Expense	Premium	
	Price	1-Year	5-Year	10-Year	1-Year	5-Year	10-Year	Ratio%	% to NAV
Aluminum JJU	20.11	1.32	-3.50		0.88	-4.22		0.75	0.07
Coal KOL	18.50	3.42	-3.96		3.92	-4.08		0.59	0.08
Cocoa NIB	40.47	28.84	-1.09		30.63	-1.18		0.75	-0.13
Coffee JO	32.78	22.09	-1.55		17.03	-2.36		0.75	0.51
Copper JJC	38.95	1.36	3.05		2.43	3.21		0.75	-0.14
Corn CORN	26.67	-29.43			-28.30			1.49	0.04
Cotton BAL	45.65	-15.85	6.54		-15.07	6.48		0.75	0.31
Gold GLD	126.13	1.71	6.52		0.01	6.37		0.40	0.26
Grains GRU	5.27	-18.80	-0.71					0.75	
Grains JIG	39.28	-19.33	1.02		-18.00	1.44		0.75	0.15
Heating Oil UHN	32.24	-4.64	6.42		-3.32	6.46		0.91	0.31
Livestock COW	32.55	20.87	1.62		21.43	1.61		0.75	-0.43
Natural Gas UNG	21.77	8.15	-27.01		13.36	-27.02		0.60	-0.03
OIL USO	37.72	-1.62	1.95		0.18	1.96		0.45	-0.17
Palladium PALL	85.64	17.99			19.98			0.60	-0.11
Platinum PPLT	145.06	4.72			4.50			0.60	-0.42
Silver SLV	20.02	6.94	8.73		4.27	9.02		0.50	-0.40
Sugar SGG	51.39	-9.13	-0.30		-8.70	-0.46		0.75	0.02
Timber CUT	24.96	8.12	14.22		9.66	14.31		0.70	-0.54
Tin JYT	49.74	13.14	10.28		12.96	10.23		0.75	-0.16

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## **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.