

Monday March 3, 2014

Closing prices of February 28, 2014

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- EACH SECURITY CHART IS FOLLOWED IN PARENTHESIS WITH ITS “OHLC” (OPEN, HIGH, LOW, CLOSE) AND PRICE CHANGE.
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Monday March 3, 2014

Closing prices of February 28, 2014

**After failing to breakout early in the week the S&P 500 pushed through resistance Friday and set all-time intraday and closing highs.** Major indexes were led for the third week in a row by the Russell 2000, up 1.52%, followed by the S&P Midcap 400, up 1.41%, and year-to-date laggard Dow Industrials, up 1.37%. The laggards were led by the Bank of NY Mellon ADR Index, up 0.52%, and the Dow Jones Transports, up 0.53%. As we have said many times we like to see small and midcaps leading as it shows a willingness on the part of investors to assume risk.

**Eight of the ten S&P sectors rose last week.** The leader was Consumer Discretionary, up 2.39%, followed by February's leader, Materials, up 1.76%, Consumer Staples, also up 1.76%. The downside was led by Utilities, down 0.52%, and Telecom Services, down 0.45%.

**Twenty-two of the twenty-four S&P industry groups traded higher last week.** The leader was Retailing, up 4.46%, followed by Food & Staples Retailing, up 2.56%, and Consumer Durables & Apparel, up 2.02%. The downside was led by Utilities, down 0.52%, and year-to-date biggest loser Telecom Services, down 0.45%.

**Last week we said it was possible there could be some more consolidation to come, but we still thought higher prices for equities were ahead, and that there was a good chance that happens soon, as we were near a period of very positive seasonality that extends from 2/28 through 3/6.** On Monday stocks rallied but the S&P 500 failed to print a new closing high after making an intraday high. The index traded in a tight range through Thursday before Friday's breakout, which came right on time at the beginning of the strong seasonal period, and held in spite of an afternoon pullback. Other than the drama taking place in the Ukraine, we don't see much that could hurt equities through the balance of this strong period, which concludes Thursday just ahead of Friday's February payrolls report. Any weak economic news will probably be met with optimism that Janet Yellen will keep her foot on the accelerator, or it will be given a pass due to the wonderful weather we have been experiencing.

**In the short-term stocks are not overbought but we are seeing negative divergences.** Therefore, a small pullback or period of consolidation can occur at any time, especially if the situation in the Ukraine worsens. However, the bulls have many things going for them at this time. The S&P 1500 advance decline line printed another new high Friday, confirming the new high in the index and pointing to higher prices down the road. Market breadth has been very strong, with the S&P 500 rising over 1% in the eight sessions since the "breadth thrust" signal we recorded on 2/18. Options buyers are still not optimistic, with our proprietary options indicator showing pessimism at 0.956. This is not the overly pessimistic level we have been discussing the last few weeks, but it is certainly not showing optimism. As we said last week, it is unusual to see options buyers showing negativity with stocks near or at new highs. In addition, sellers are back on the sidelines as can be seen by the low numbers of stocks making four and thirteen week closing lows. **Still, we continue to stress selectivity since only 64.7% of the S&P 1500 are above their own 50-day moving averages in spite of the index printing a new high.**

**Valuation, based on spreads between equity and bond yields, remains at levels where stocks are attractive versus bonds.** They 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 have been seeing aggregate earnings rising slowing, but so far projections have not budged. We need to see forecasts increase also because with P/E ratios still near multi-year highs equities can't continue to rely on multiple expansion for price appreciation. **In 2013 the S&P 1500 gained 30.11%. The P/E ratio expanded 20.1%. Earnings only increased 8.1%. Without aggregate earnings growth it will be tough sledding for equities to appreciate substantially even with low interest rates.**

**So far 486 of the S&P 500 have reported fourth quarter earnings.** 66.5% have beaten estimates, 11.9% were in line, and 21.6% missed. The final tally for the third quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

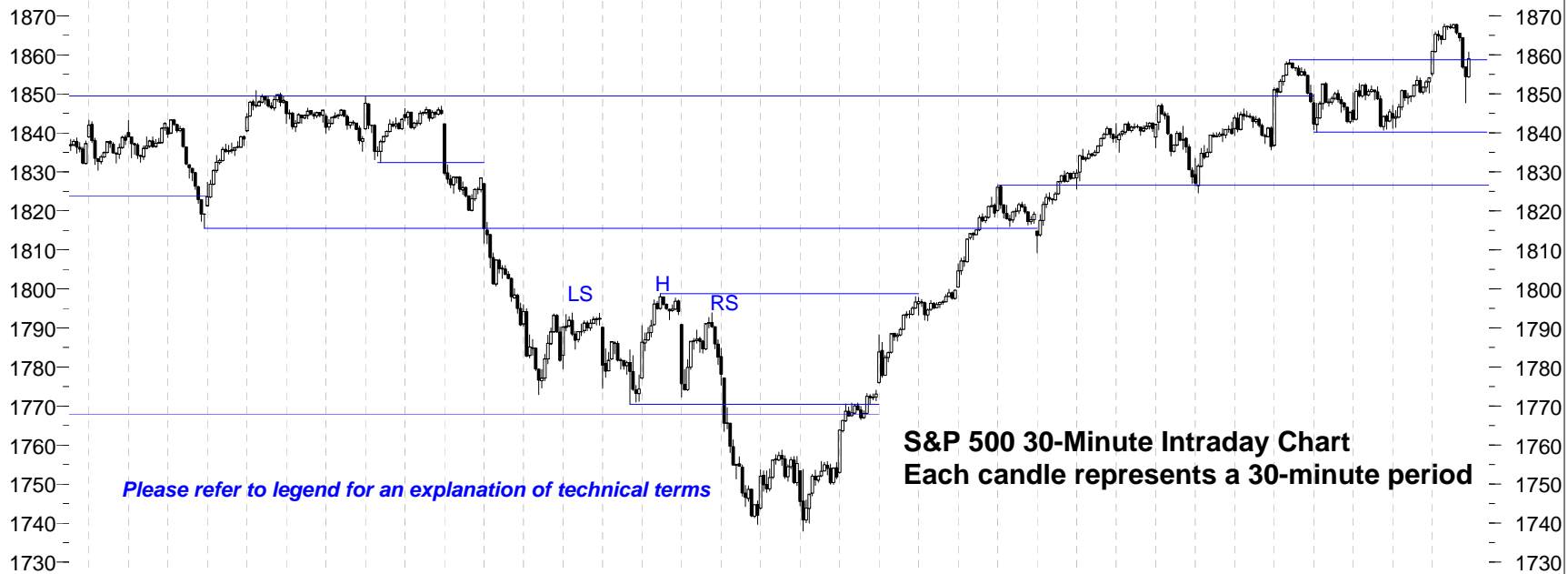
**In summary, in the short-term stocks are breaking out but there are some negative divergences. We are in a period of very positive seasonality that started 2/28 and goes through 3/6. Options traders remain pessimistic so any pullback should be shallow, and sellers are on the sidelines. Longer-term we remain bullish due to improving economic data (too slow, but improving nonetheless), attractive valuations, strong long-term market breadth, and the globally synchronized program of stimulus by central banks. We are watching the U.S. Dollar Index and commodities for signs of trouble, along with possible deterioration in longer-term market breadth.**

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

**The next issue of The Kaufman Report will be March 17<sup>th</sup>.**

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

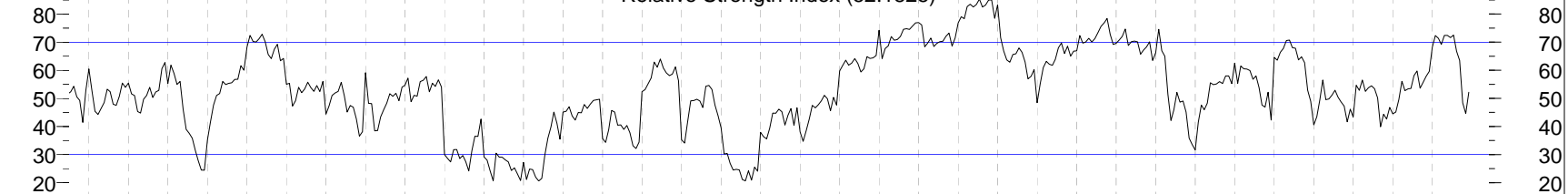
S&P 500 INDEX (1,854.34, 1,860.68, 1,854.34, 1,859.02, +4.68)



New highs Monday and Friday although each time there was a pullback on the 30-minute chart.

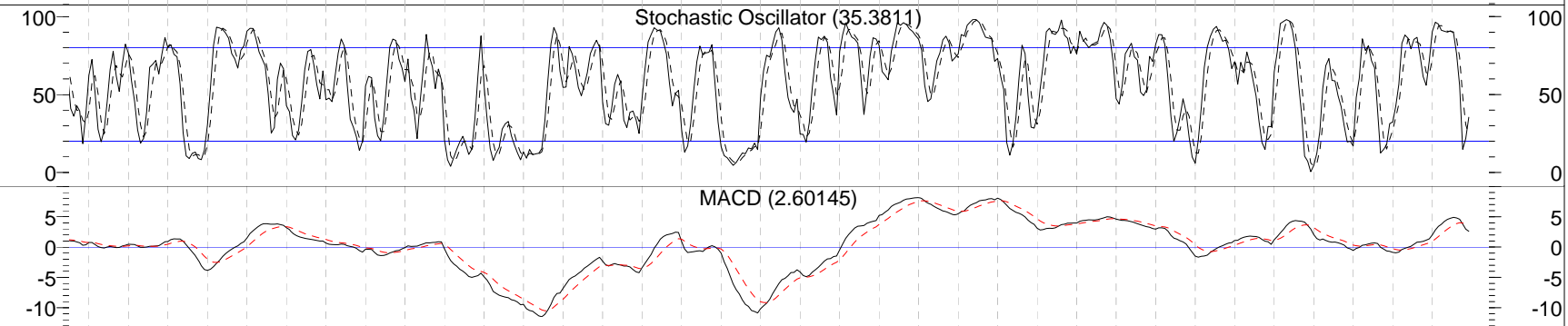
**S&P 500 30-Minute Intraday Chart**  
Each candle represents a 30-minute period

Relative Strength Index (52.1825)

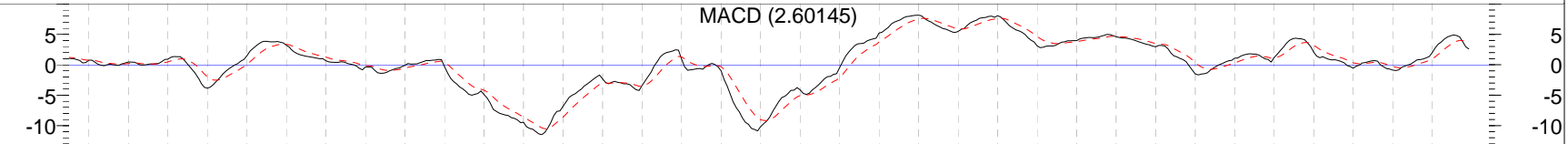


30-minute momentum is mixed.

Stochastic Oscillator (35.3811)



MACD (2.60145)



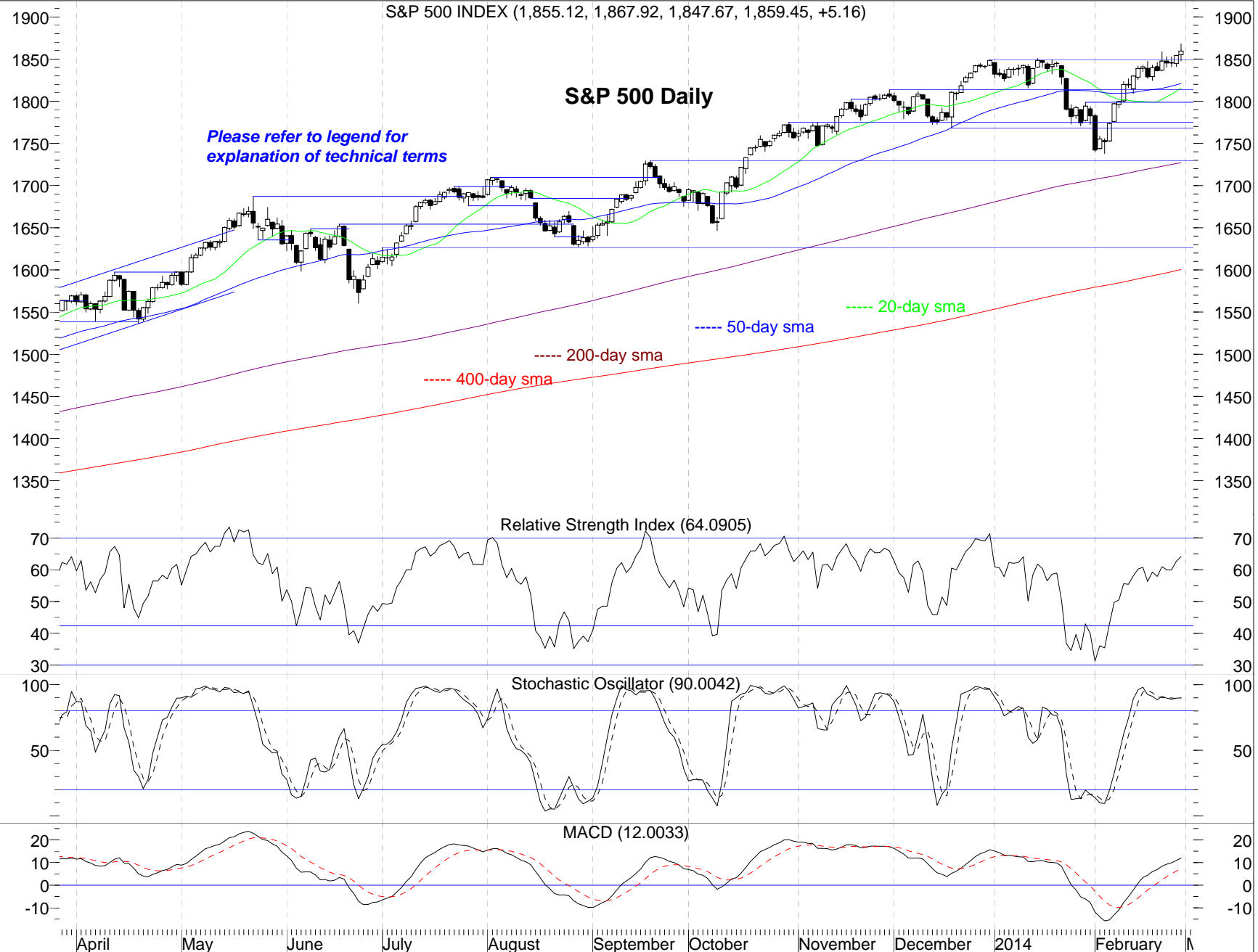
February

3/1/2014

S&P 500 INDEX (1,855.12, 1,867.92, 1,847.67, 1,859.45, +5.16)

### S&P 500 Daily

*Please refer to legend for explanation of technical terms*



A new intraday and closing high for the S&P 500 Friday.

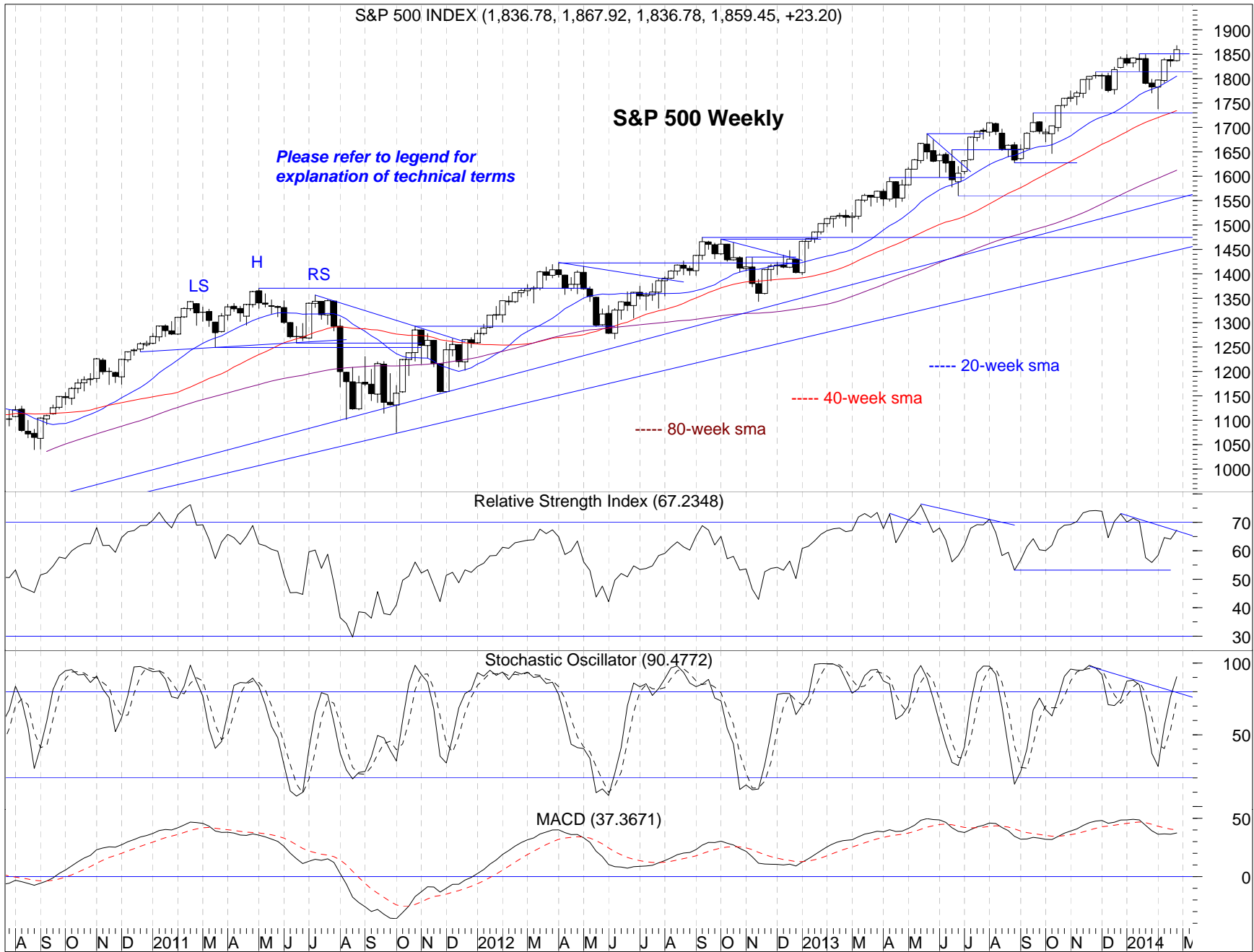
Daily momentum is positive.

3/1/2014

S&P 500 INDEX (1,836.78, 1,867.92, 1,836.78, 1,859.45, +23.20)

### S&P 500 Weekly

Please refer to legend for explanation of technical terms



A nice breakout on the weekly chart for the S&P 500.

Weekly momentum is mostly positive but there are negative divergences and the MACD is still negative.

3/1/2014

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S&P 500 INDEX (1,782.68, 1,867.92, 1,737.92, 1,859.45, +76.86)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

Relative Strength Index (73.1411)

Stochastic Oscillator (88.2273)

MACD (125.697)

A new monthly closing high for the S&P 500 as it continues to trade in the ascending price channel it has been in since 2012.

Monthly momentum remains at high or overbought levels.

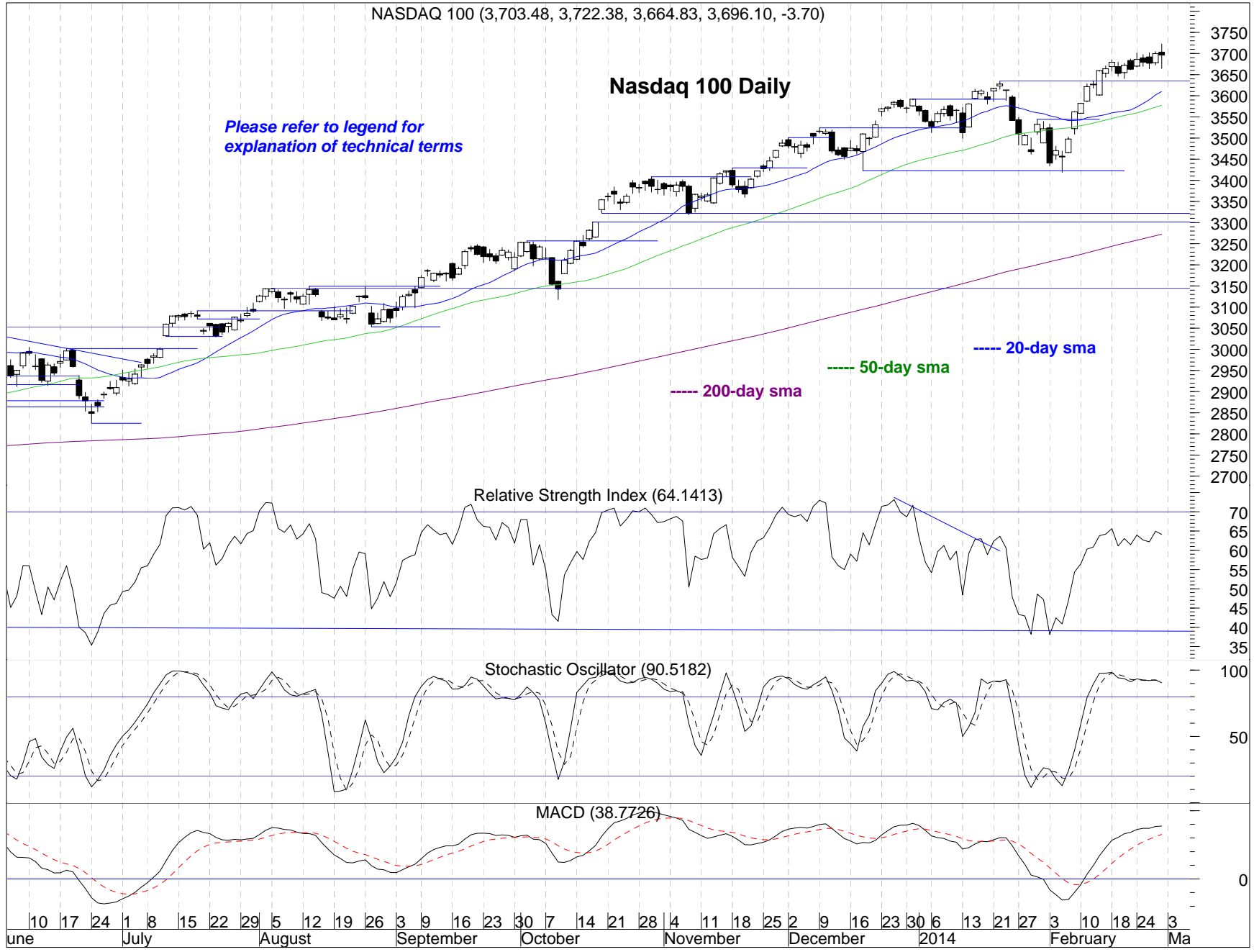
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

3/1/2014

NASDAQ 100 (3,703.48, 3,722.38, 3,664.83, 3,696.10, -3.70)

### Nasdaq 100 Daily

*Please refer to legend for explanation of technical terms*



The Nasdaq 100 made a new high Friday but closed below Thursday's closing high.

Daily momentum is slightly positive.

3/1/2014

NASDAQ 100 (3,670.07, 3,722.38, 3,663.75, 3,696.10, +33.49)

Please refer to legend for explanation of technical terms

### Nasdaq 100 Weekly

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

Relative Strength Index (75.3427)

Stochastic Oscillator (92.9615)

MACD (121.702)

A new weekly high for the Nasdaq 100.

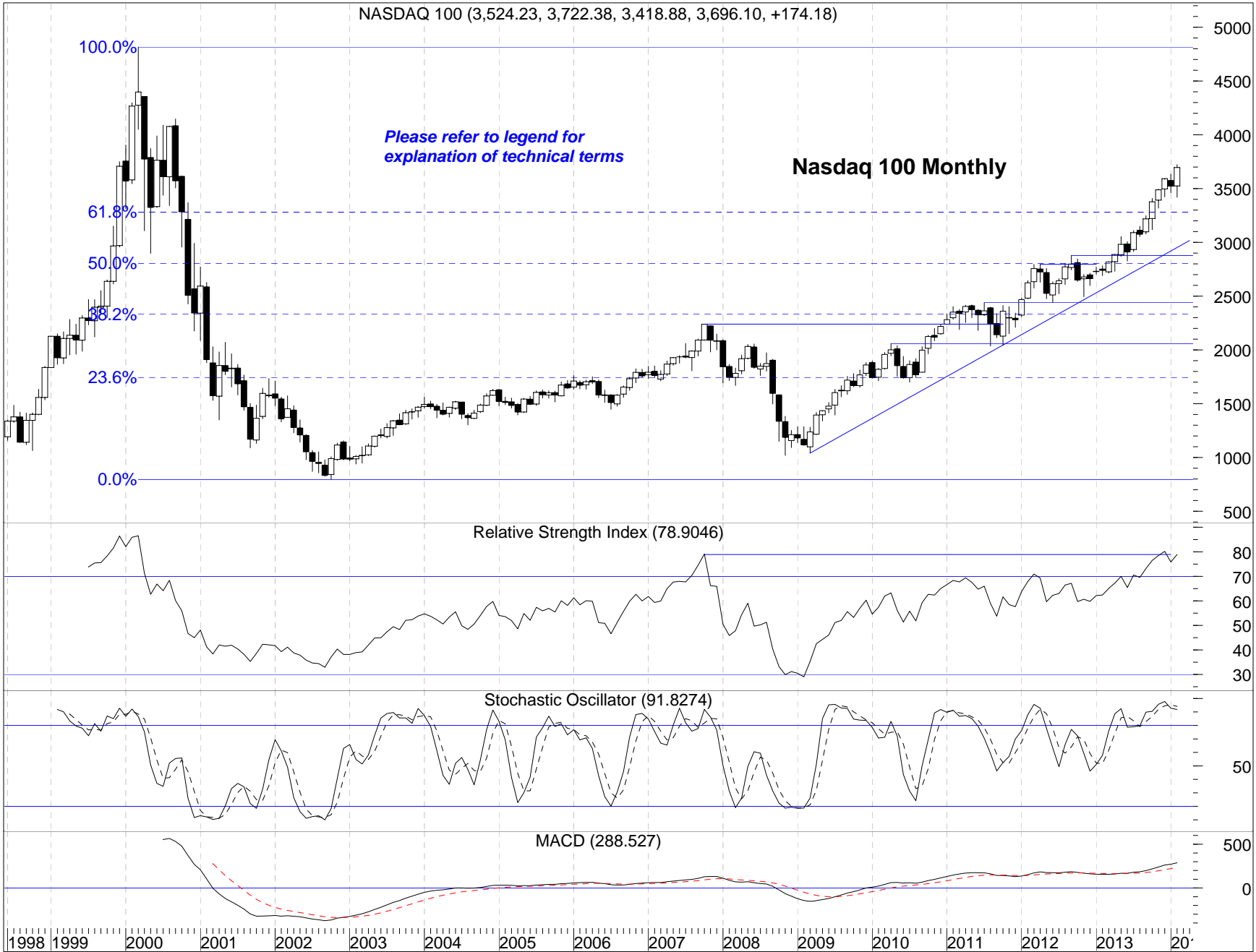
Weekly momentum is positive but at high or overbought levels.

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 M

3/1/2014



NASDAQ 100 (3,524.23, 3,722.38, 3,418.88, 3,696.10, +174.18)



*Please refer to legend for explanation of technical terms*

### Nasdaq 100 Monthly

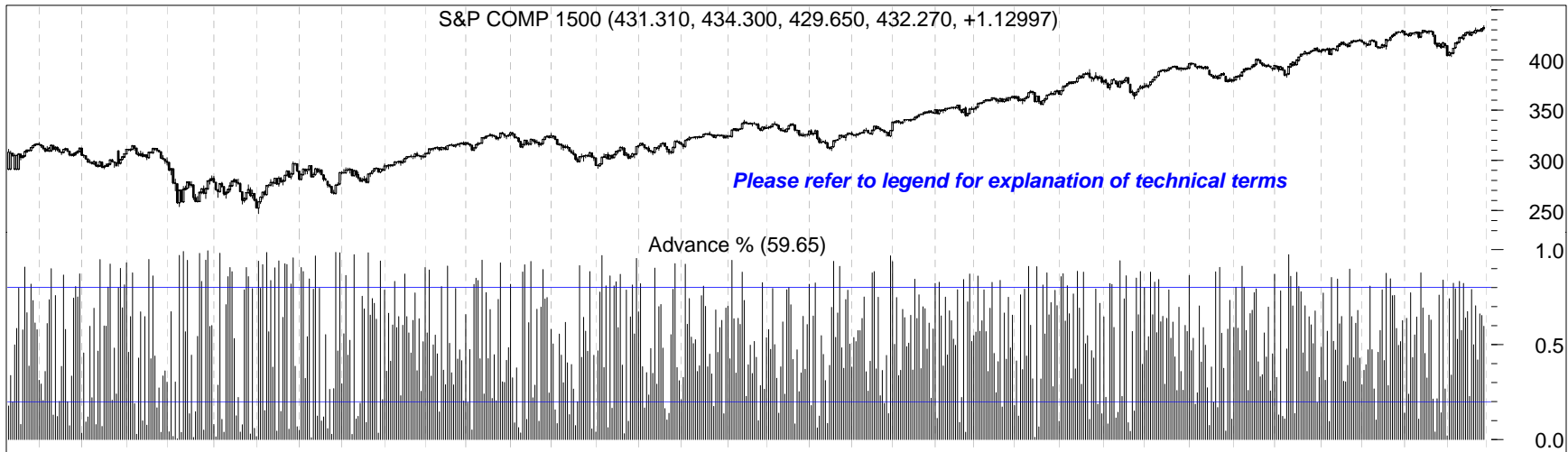
The Nasdaq 100 is at its highest level since September 2000. It has broken through multiple Fibonacci retracement levels with the next one (not shown), 76.4%, at 3762.29, 1.79% above current levels. These levels can be resistance or consolidation levels as seen at the 38.2% and 50% levels. The index did blow through the 61.8% level without stopping, but that will be very difficult this time with the current overbought condition.

Monthly momentum is mostly positive but at high or overbought levels.

3/1/2014

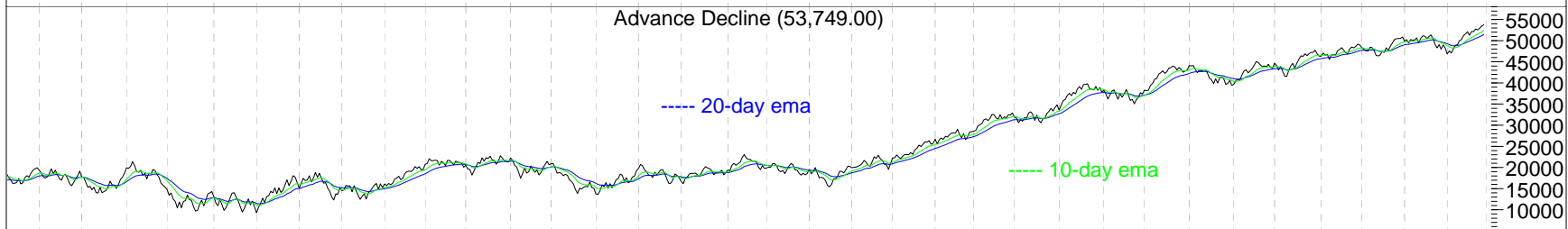
The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (431.310, 434.300, 429.650, 432.270, +1.12997)

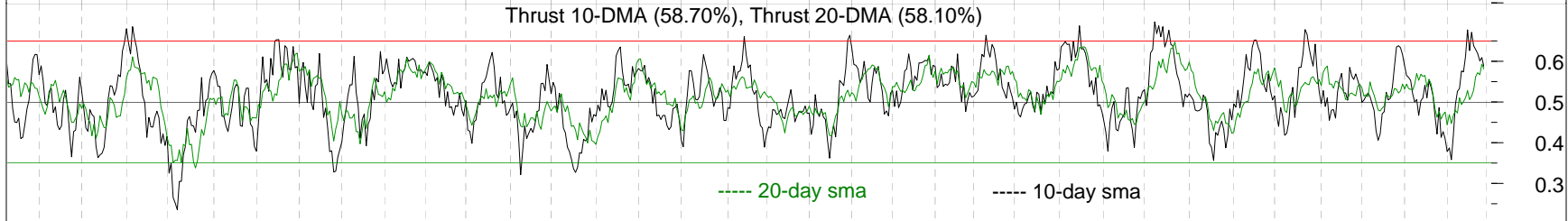


Advance % (59.65)

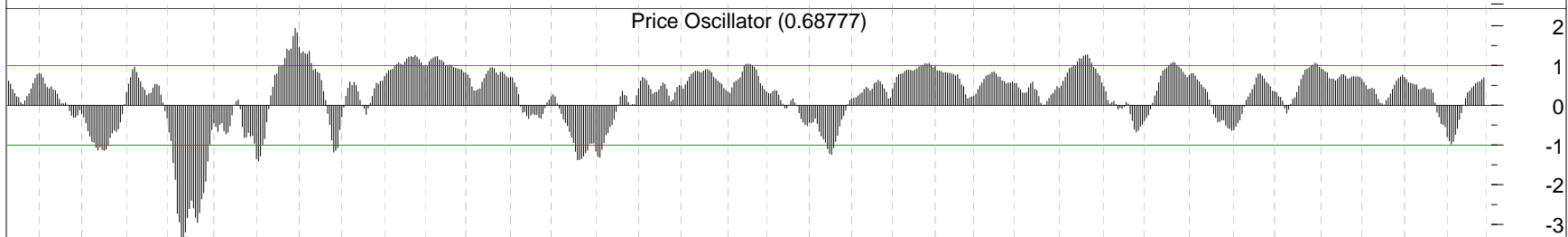
59.65% of the S&P 1500 traded higher Friday. Breadth has been extremely strong since the February bottom for stocks. The 5-day average of advancers is 60.7%.



The S&P 1500 advance decline line made a new high Friday confirming the new high in the index and pointing towards higher prices in the future.



Breadth has remained very strong since our "breadth thrust" signal on 2/18. The 10 and 20-day averages of advancers are each over 58%.



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

Apr May Jun Jul Aug Sep Oct Nov Dec 2012 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2013 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2014

3/1/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (431.310, 434.300, 429.650, 432.270, +1.12997)

Please refer to legend for explanation of technical terms

% Over 10-Sma (74.40%)

Kaufman Options Indicator (0.956)

4-Week Closing Highs (482), 4-Week Closing Lows (36)

10-SMA 4-Week Closing Highs (346.6), 10-SMA 4-Week Closing Lows (33.5)

13-Week Closing Highs (220), 13-Week Closing Lows (26)

10-sma 13-Week Highs (190.6), 10-sma 13-Week Lows (24.4)

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

3/1/2014

400  
350  
300  
250  
1.0  
0.5  
0.0  
1.2  
1.1  
1.0  
0.9  
0.8  
1000  
500  
0  
500  
400  
300  
200  
100  
0  
1000  
500  
0  
500  
400  
300  
200  
100  
0

74.4% of the S&P 1500 are over their own 10-day moving averages, a negative divergence when compared to the percentage at previous index highs.

Our proprietary options indicator has bounced from a low level but is still showing pessimism at 0.956. We prefer to see pessimism, which is good for rallies.

Friday's 482 four-week closing price highs is the most since 517 on 12/24/13.

The 10-day average of 4-week closing highs is the most since 1/2/14. The 10-day average of 4-week lows is the lowest since 7/29/2013, showing that sellers are back on the sidelines.

Friday's 220 13-week closing highs was the most since 247 on 2/18, and is a negative divergence. The 10-day average is also much lower than during prior S&P 1500 highs.

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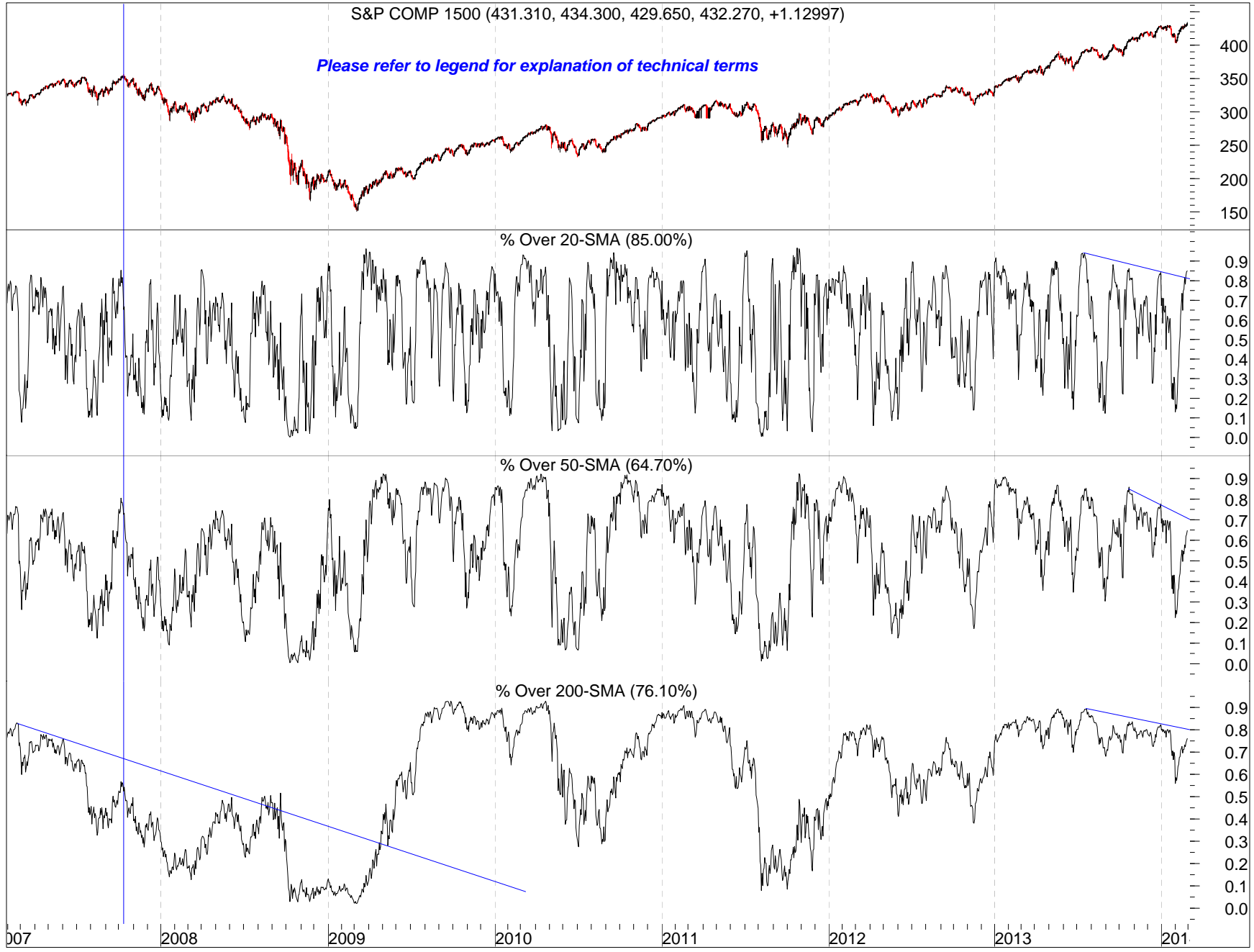
S&P COMP 1500 (431.310, 434.300, 429.650, 432.270, +1.12997)

*Please refer to legend for explanation of technical terms*

% Over 20-SMA (85.00%)

% Over 50-SMA (64.70%)

% Over 200-SMA (76.10%)



Longer-term breadth numbers have improved with the rally, but we are still concerned with the negative divergences in the percentage of stocks over their own 50-day moving averages. As we have been saying this highlights the need for selectivity on the part of investors.

3/1/2014

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S&P COMP 1500 (431.310, 434.300, 429.650, 432.270, +1.12997)

Please refer to legend for explanation of technical terms

10 Y TSY YLD NDX (26.4000, 26.9800, 26.4000, 26.5800, +0.16000)

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

PE Cont Ops (17.6900)

FPE (16.0400)

PE TNX Spread % (99.0600)

FPE TNX Spread % (134.550)

EPS (22.8700), EPS Cont Ops (24.4400), Est EPS (26.9400)

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

3/1/2014

P/E ratios have been in a range but are starting to rise again.

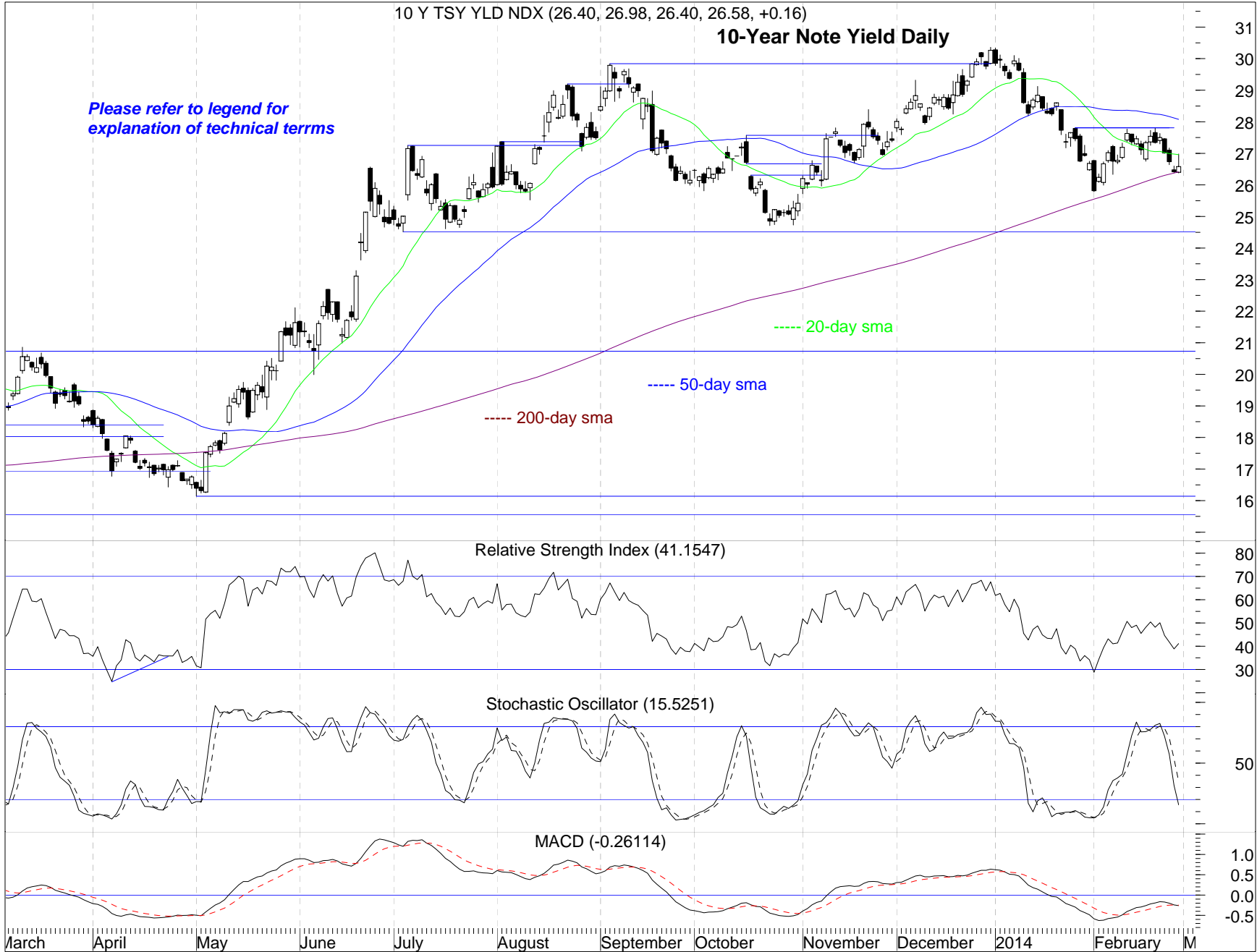
Spreads between equity and bond yields remain in the range they have been in since June 2013.. That is also the range they were in pre-August 2011. At these levels stocks are attractive versus bonds.

Current aggregate earnings are rising slowly, but forecasts have not.

10 Y TSY YLD NDX (26.40, 26.98, 26.40, 26.58, +0.16)

### 10-Year Note Yield Daily

Please refer to legend for explanation of technical terms



The 10-year note yield failed to break through resistance and fell below its 20-day sma but found support at its 200-day sma. On Friday it printed an inverse hammer (hammers are bottoming candles) which was also a bullish engulfing candle.

Daily momentum is mostly negative.

3/1/2014

10 Y TSY YLD NDX (27.41, 27.63, 26.39, 26.58, -0.76)

Please refer to legend for explanation of technical terms

### 10-Year Note Yield Weekly

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

Relative Strength Index (47.7823)

Stochastic Oscillator (49.1421)

MACD (0.43891)

A M 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 M

3/1/2014

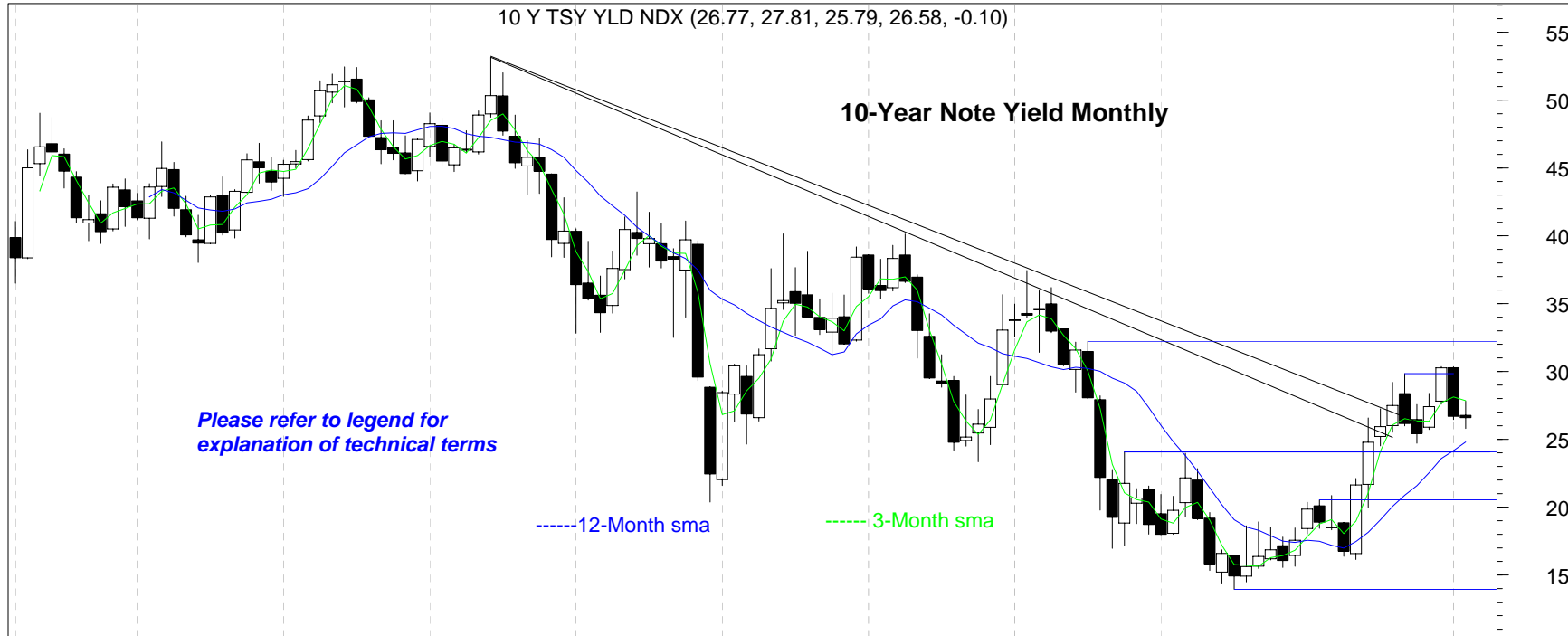
40  
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0

The 10-year note yield printed its lowest weekly close since 11/1/13 and closed below the 40-week sma for the first time since May 2013. It has been in a tight sideways range for the last five weeks.

Weekly momentum is mixed.

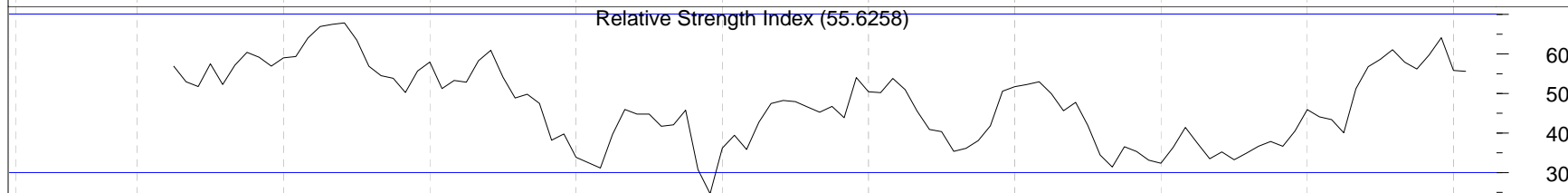
10 Y TSY YLD NDX (26.77, 27.81, 25.79, 26.58, -0.10)

### 10-Year Note Yield Monthly



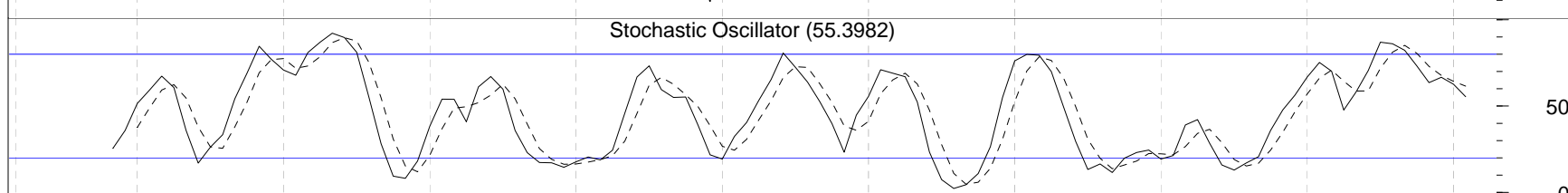
The 10-year note printed a doji candle on its monthly chart. Doji are signs of indecision. It is not far above important support.

Relative Strength Index (55.6258)

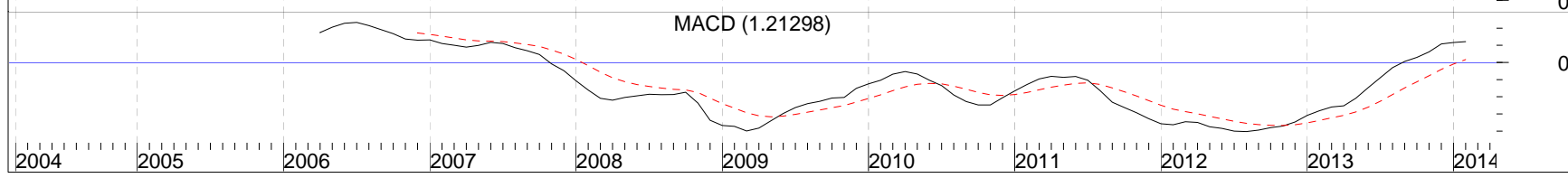


Monthly momentum is mixed.

Stochastic Oscillator (55.3982)



MACD (1.21298)



2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

3/1/2014



US DOLLAR INDEX (80.2820, 80.3100, 79.6880, 79.6910, -0.59400)

### U.S. Dollar Index Daily

Please refer to legend for explanation of technical terms

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

The U.S. Dollar Index printed its lowest close since 10/29/13. There is enormous resistance up to 81.5 in the form of price and moving averages.

Relative Strength Index (34.3392)

Daily momentum is negative.

Stochastic Oscillator (27.5983)

MACD (-0.16692)

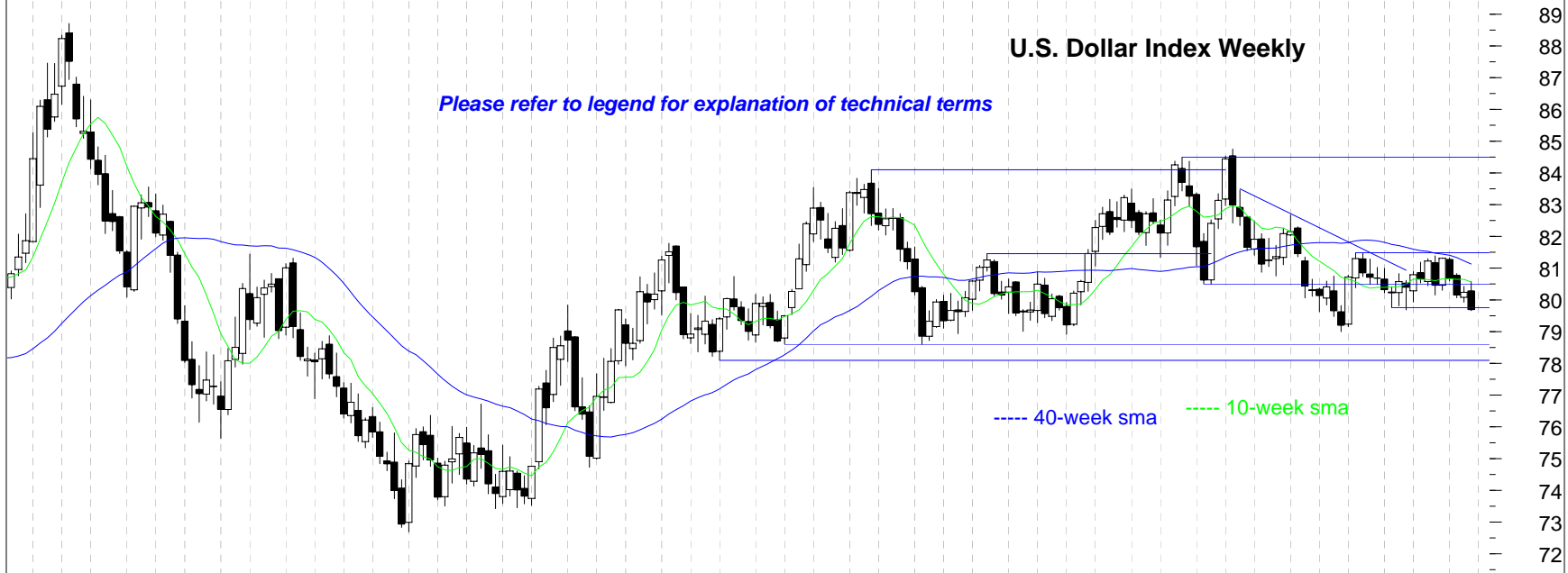
November 2013    February    March    April    May    June    July    August    September    November    December 2014    February

3/1/2014

US DOLLAR INDEX (80.2840, 80.5780, 79.6880, 79.6910, -0.54600)

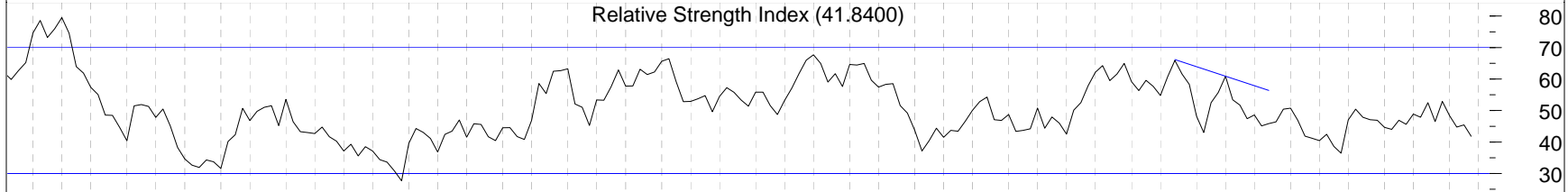
### U.S. Dollar Index Weekly

*Please refer to legend for explanation of technical terms*



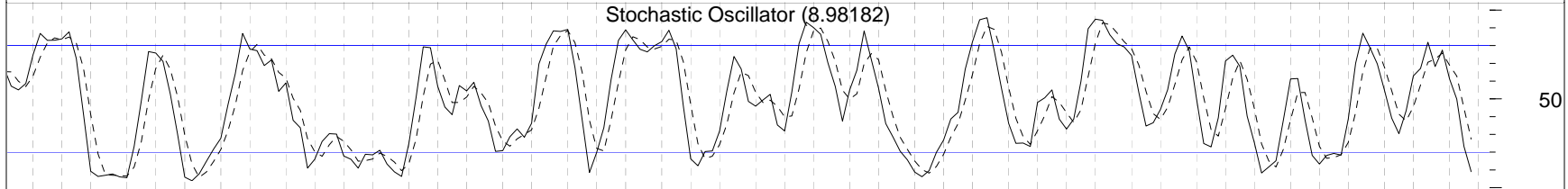
The U.S. Dollar Index is right on a support level on its weekly chart.

Relative Strength Index (41.8400)

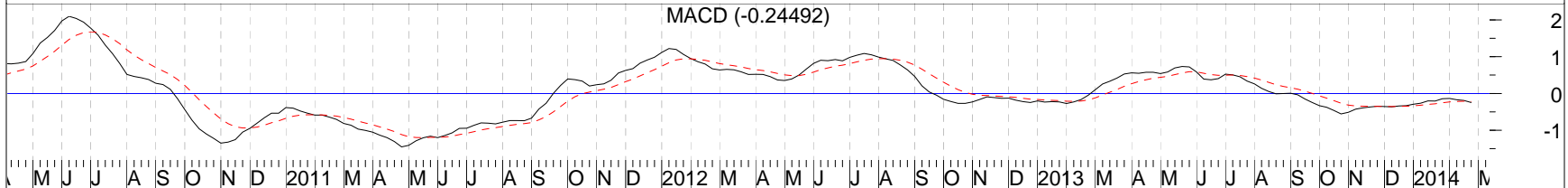


Weekly momentum is negative.

Stochastic Oscillator (8.98182)



MACD (-0.24492)



3/1/2014

US DOLLAR INDEX (81.2750, 81.3230, 79.6880, 79.6910, -1.62000)

Please refer to legend for explanation of technical terms

### U.S. Dollar Index Monthly

--- 3-month sma

--- 12-month sma

Relative Strength Index (47.2767)

Stochastic Oscillator (41.1292)

MACD (0.24135)

The lowest monthly close since January 2013 for the U.S. Dollar Index. So far it is still in the tight sideways range it has traded in since the end of 2011.

Monthly momentum is slightly negative.

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

3/1/2014

SPDR GOLD TRUST (128.2700, 128.3500, 127.1500, 127.6200, -0.5800)

### Gold ETF Daily

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

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

Please refer to legend for explanation of technical terms

The gold ETF is consolidating after its recent rally.

Relative Strength Index (63.3819)

Daily momentum is almost negative.

Stochastic Oscillator (80.4694)

MACD (1.95671)

December 2013 February March April May June July August September November 2014 February 2014

3/1/2014

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SPDR GOLD TRUST (128.5100, 129.5300, 127.1500, 127.6200, +0.0400)

GLD Weekly

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

----- 40-week sma

----- 10-week sma

Please refer to legend for explanation of technical terms

Relative Strength Index (54.6096)

Stochastic Oscillator (90.3442)

MACD (-1.21180)

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 M

3/1/2014

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-5

The gold ETF is near important resistance after its multi-week rally.

Weekly momentum is positive but the stochastic is very overbought.

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SPDR GOLD TRUST (120.4700, 129.5300, 120.3200, 127.6200, +7.5300)

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 (43.7140)

Stochastic Oscillator (12.9455)

MACD (-6.93793)

The gold ETF was up 6.27% in February, its best month since July 2013. It is just under its 12-month sma, which it has been under since December 2012.

Monthly momentum is almost positive.

2004 2006 2007 2008 2009 2010 2011 2012 2013 2014

3/1/2014

UNTD ST OIL FUND (34.8000, 37.1100, 34.3600, 36.7400, +1.9400)

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 highest monthly close since August 2013 for the oil ETF.

Relative Strength Index (52.1024)

Monthly momentum is positive.

Stochastic Oscillator (46.5832)

MACD (-0.33508)

2006 2007 2008 2009 2010 2011 2012 2013 2014

3/1/2014

UNTD ST OIL FUND (36.6100, 36.9300, 36.5600, 36.7400, +0.0500)

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

### U.S. Oil ETF Daily

Please refer to legend for explanation of technical terms

----- 200-day sma

----- 50-day sma

----- 20-day sma

Relative Strength Index (68.8353)

Stochastic Oscillator (80.8652)

MACD (0.55979)

The oil ETF has held the level of its recent break above important resistance.

Daily momentum is turning negative.

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

3/1/2014



UNT D ST OIL FUND (36.6900, 37.1100, 36.2400, 36.7400, +0.0500)

### USO - United States Oil Fund ETF Weekly

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

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

Please refer to legend for explanation of technical terms

Relative Strength Index (57.9670)

Stochastic Oscillator (90.0659)

MACD (0.06526)

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

3/1/2014

The oil ETF is not far from more resistance on its weekly chart.

Weekly momentum is positive although the stochastic is overbought.

BAR IPA UBS COPR (38.9560, 38.9560, 38.7400, 38.8799, -0.1501)

### Copper ETN Daily

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.

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

Please refer to legend for explanation of technical terms

Relative Strength Index (36.5881)

Stochastic Oscillator (12.5337)

MACD (-0.20655)

The copper ETN, representing the metal with a Ph.D. in economics, continued lower last week and is just above support.

Daily momentum is negative.

December 2013 February March April May June July August September November 2014 February

3/1/2014

BAR IPA UBS COPR (39.17, 39.50, 38.74, 38.88, -0.81)

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

### Copper ETN Weekly

Please refer to legend for explanation of technical terms

---- 40-Week sma

---- 10-Week sma

The copper ETN is just above important support.

Relative Strength Index (41.6873)

Weekly momentum is mostly negative.

Stochastic Oscillator (38.2235)

MACD (-0.24724)

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 M

3/1/2014

## 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
Russell 2000	1182.38	-0.47%	1.52%	1.52%	4.55%	1.61%	1.61%	1193.50	2/28/2014	898.40	4/18/2013
S&P Midcap 400	1375.73	0.27%	1.41%	1.41%	4.77%	2.47%	2.47%	1382.57	2/28/2014	1085.99	3/1/2013
Dow Jones Industrials	16323.32	0.31%	1.37%	1.37%	3.98%	-1.53%	-1.53%	16588.25	12/31/2013	13937.60	3/1/2013
S&P 1500	432.27	0.26%	1.29%	1.29%	4.35%	0.74%	0.74%	434.29	2/28/2014	347.82	3/1/2013
S&P 500	1859.50	0.28%	1.27%	1.27%	4.31%	0.60%	0.60%	1867.92	2/28/2014	1501.48	3/1/2013
NYSE Composite	10416.43	0.18%	1.06%	1.06%	4.50%	0.15%	0.15%	10471.63	2/28/2014	8779.84	3/1/2013
Nasdaq Composite	4308.12	-0.25%	1.05%	1.05%	4.98%	3.15%	3.15%	4342.59	2/28/2014	3129.40	3/1/2013
Nasdaq 100	3696.10	-0.10%	0.91%	0.91%	4.95%	2.90%	2.90%	3722.38	2/28/2014	2713.49	3/1/2013
Dow Jones Transportation	7347.17	0.42%	0.53%	0.53%	0.80%	-0.72%	-0.72%	7591.43	1/23/2014	5878.12	4/5/2013
Bank of New York Mellon ADR	151.29	-0.01%	0.52%	0.52%	5.44%	-0.51%	-0.51%	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
Consumer Discretionary	528.83	0.34%	2.39%	2.39%	6.09%	-0.24%	-0.24%	531.02	2/28/2014	398.44	3/1/2013
Materials	296.66	0.47%	1.76%	1.76%	6.70%	1.72%	1.72%	297.60	2/28/2014	233.52	4/18/2013
Consumer Staples	433.81	0.71%	1.76%	1.76%	3.50%	-1.99%	-1.99%	446.69	11/15/2013	391.20	3/1/2013
Energy	638.35	0.48%	1.36%	1.36%	4.57%	-2.04%	-2.04%	652.37	12/31/2013	544.61	4/17/2013
Industrials	447.15	0.27%	1.26%	1.26%	3.51%	-1.17%	-1.17%	453.03	12/31/2013	346.17	4/19/2013
Financials	292.09	0.53%	1.17%	1.17%	2.95%	-0.89%	-0.89%	298.69	1/15/2014	233.66	3/1/2013
Health Care	686.46	0.02%	1.04%	1.04%	5.95%	6.88%	6.88%	693.40	2/28/2014	499.67	3/1/2013
Information Technology	595.11	-0.11%	0.88%	0.88%	4.34%	1.64%	1.64%	599.07	2/28/2014	457.00	4/19/2013
Telecom Services	147.52	-0.25%	-0.45%	-0.45%	-1.03%	-5.14%	-5.14%	168.85	4/23/2013	143.28	2/3/2014
Utilities	204.32	0.63%	-0.52%	-0.52%	2.79%	5.75%	5.75%	210.47	4/30/2013	182.19	6/21/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Retailing	936.80	0.25%	4.46%	4.46%	7.97%	-0.32%	-0.32%	944.66	12/27/2013	701.19	2/28/2013
Food & Staples Retailing	321.59	0.70%	2.56%	2.56%	6.40%	1.21%	1.21%	323.11	2/28/2014	255.92	3/1/2013
Consumer Durables & Apparel	280.91	-0.32%	2.02%	2.02%	6.06%	-1.46%	-1.46%	285.53	1/3/2014	221.19	3/1/2013
Banks	213.97	0.61%	1.99%	1.99%	2.82%	2.28%	2.28%	217.61	1/22/2014	163.57	3/1/2013
Materials	296.66	0.47%	1.76%	1.76%	6.70%	1.72%	1.72%	297.60	2/28/2014	233.52	4/18/2013
Health Care Equip & Services	600.91	0.70%	1.72%	1.72%	4.34%	4.24%	4.24%	604.63	2/28/2014	457.56	3/1/2013
Food, Beverage & Tobacco	492.19	0.66%	1.68%	1.68%	2.73%	-3.03%	-3.03%	509.74	11/15/2013	459.21	3/1/2013
Media	435.03	1.16%	1.65%	1.65%	5.39%	1.11%	1.11%	437.39	2/28/2014	310.84	3/1/2013
Capital Goods	489.48	0.20%	1.50%	1.50%	4.11%	-1.07%	-1.07%	495.41	12/31/2013	373.01	4/22/2013
Software & Services	866.24	-0.05%	1.38%	1.38%	4.66%	3.93%	3.93%	871.85	2/28/2014	664.31	3/1/2013
Energy	638.35	0.48%	1.36%	1.36%	4.57%	-2.04%	-2.04%	652.37	12/31/2013	544.61	4/17/2013
Household & Personal Products	494.67	0.84%	1.07%	1.07%	2.20%	-2.92%	-2.92%	530.20	11/26/2013	464.34	6/20/2013
Insurance	276.03	0.65%	1.06%	1.06%	3.57%	-4.52%	-4.52%	289.51	12/31/2013	216.74	3/1/2013
Diversified Financials	437.96	0.44%	1.01%	1.01%	2.60%	-2.35%	-2.35%	456.54	1/6/2014	340.33	3/1/2013
Real Estate	158.95	0.63%	0.79%	0.79%	3.73%	6.71%	6.71%	177.55	5/22/2013	142.12	8/19/2013
Pharmaceuticals, Biotech & Life Sci	674.98	-0.28%	0.73%	0.73%	6.71%	8.13%	8.13%	683.22	2/28/2014	480.63	3/1/2013
Commercial & Professional Service	187.13	0.52%	0.57%	0.57%	2.28%	-3.00%	-3.00%	193.69	12/27/2013	159.65	3/1/2013
Transports	474.84	0.49%	0.48%	0.48%	1.47%	-1.00%	-1.00%	484.32	1/13/2014	371.79	4/5/2013
Consumer Services	680.47	-0.20%	0.47%	0.47%	3.70%	-0.73%	-0.73%	686.43	12/31/2013	566.34	3/1/2013
Semiconductors & Equipment	427.46	-0.03%	0.44%	0.44%	4.46%	1.16%	1.16%	431.51	1/15/2014	326.74	4/5/2013
Automobiles & Components	136.27	-0.37%	0.40%	0.40%	5.04%	-1.95%	-1.95%	143.67	12/17/2013	98.84	3/1/2013
Technology Hardware & Equipmen	573.97	-0.25%	0.17%	0.17%	3.75%	-1.91%	-1.91%	594.93	1/22/2014	439.29	4/19/2013
Telecom Services	147.52	-0.25%	-0.45%	-0.45%	-1.03%	-5.14%	-5.14%	168.85	4/23/2013	143.28	2/3/2014
Utilities	204.32	0.63%	-0.52%	-0.52%	2.79%	5.75%	5.75%	210.47	4/30/2013	182.19	6/21/2013

**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
Greece GREK	24.38	0.58%	5.27%	11.53%	8.21%	8.21%	24.68	1/13/2014	14.10	6/24/2013
Israel EIS	50.88	1.07%	3.10%	6.94%	5.08%	5.08%	51.24	2/28/2014	41.19	8/28/2013
Belgium EWK	17.16	0.55%	2.84%	8.77%	4.72%	4.72%	17.25	2/28/2014	13.37	7/3/2013
Sweden EWD	36.49	0.80%	2.62%	6.95%	1.84%	1.84%	36.80	2/28/2014	29.42	6/24/2013
India IFN	20.66	-0.19%	2.08%	7.89%	3.30%	3.30%	21.20	3/8/2013	16.16	8/28/2013
South Korea EWY	61.08	-0.49%	2.00%	3.46%	-5.55%	-5.55%	66.07	10/22/2013	49.56	6/24/2013
South Africa EZA	62.15	-1.33%	1.92%	7.71%	-3.63%	-3.63%	69.07	10/22/2013	53.37	6/24/2013
Switzerland EWL	34.22	0.53%	1.81%	6.94%	3.73%	3.73%	34.38	2/28/2014	28.01	6/24/2013
Hong Kong EWH	20.18	0.25%	1.61%	5.54%	-2.04%	-2.04%	21.00	5/21/2013	17.79	6/24/2013
Thailand THD	68.87	-0.40%	1.41%	5.43%	0.32%	0.32%	96.11	5/8/2013	61.94	1/3/2014
United States SPY	186.29	0.25%	1.31%	4.55%	0.87%	0.87%	187.15	2/28/2014	150.41	3/1/2013
Chile ECH	43.79	0.18%	1.27%	7.78%	-7.83%	-7.83%	67.14	3/5/2013	39.62	2/3/2014
Spain EWP	39.69	-0.65%	0.94%	4.78%	2.90%	2.90%	40.86	1/15/2014	27.50	6/24/2013
France EWQ	29.05	0.24%	0.90%	8.07%	2.11%	2.11%	29.23	2/28/2014	22.60	4/18/2013
Japan EWJ	11.61	0.52%	0.87%	2.47%	-4.36%	-4.36%	12.43	5/22/2013	10.18	2/28/2013
Canada EWC	29.18	0.55%	0.66%	4.48%	0.07%	0.07%	29.83	11/18/2013	25.61	6/24/2013
Brazil EWZ	41.00	-1.51%	0.59%	4.49%	-8.24%	-8.24%	57.76	3/7/2013	38.00	2/3/2014
Vietnam VNM	21.86	-0.27%	0.51%	3.75%	16.34%	16.34%	23.15	2/26/2014	17.00	8/28/2013
Taiwan EWT	14.06	-0.07%	0.50%	3.61%	-2.50%	-2.50%	14.77	10/22/2013	12.48	6/24/2013
Netherlands EWN	25.70	0.39%	0.47%	5.67%	-0.89%	-0.89%	26.11	1/14/2014	19.89	3/1/2013
Germany EWG	31.71	0.89%	0.41%	6.30%	-0.16%	-0.16%	31.93	12/31/2013	23.66	4/18/2013
Malaysia EWM	15.33	-0.71%	0.20%	4.29%	-3.10%	-3.10%	16.81	5/8/2013	13.74	8/28/2013
United Kingdom EWU	21.26	0.05%	0.14%	6.78%	1.82%	1.82%	21.44	2/24/2014	17.55	6/24/2013
Emerging Markets EE	39.48	-0.68%	0.13%	3.38%	-5.54%	-5.54%	44.27	5/8/2013	36.16	6/24/2013
Italy EWI	16.60	0.55%	0.06%	6.82%	6.48%	6.48%	16.73	2/18/2014	11.54	4/4/2013
Australia EWA	24.95	-0.36%	-0.24%	8.29%	2.38%	2.38%	28.12	4/30/2013	22.00	7/3/2013
Singapore EWS	12.67	-0.63%	-0.31%	3.68%	-3.80%	-3.80%	14.71	5/9/2013	11.94	2/3/2014
Latin America ILF	33.82	-1.14%	-0.35%	2.52%	-8.69%	-8.69%	44.96	3/8/2013	31.89	2/3/2014
China 25 FXI	35.39	-1.09%	-0.98%	2.34%	-7.77%	-7.77%	40.32	12/2/2013	31.35	6/25/2013
BRIC EEB	31.89	-1.48%	-1.15%	3.07%	-7.97%	-7.97%	37.70	10/22/2013	28.86	6/24/2013
Indonesia IDX	23.12	-0.99%	-1.41%	9.57%	8.75%	8.75%	33.39	5/22/2013	20.06	1/7/2014
Austria EWO	20.38	-1.50%	-2.11%	4.51%	2.88%	2.88%	21.06	2/25/2014	16.10	7/3/2013
Mexico EWW	60.32	-0.38%	-2.41%	-4.09%	-11.29%	-11.29%	76.64	4/11/2013	57.57	6/21/2013
Turkey TUR	42.68	0.31%	-3.40%	2.69%	-10.45%	-10.45%	77.40	5/22/2013	40.03	2/3/2014
Russia RSX	24.44	-2.32%	-4.75%	-3.25%	-15.34%	-15.34%	30.25	10/22/2013	23.94	6/20/2013

DATA QUOTED REPRESENTS PAST PERFORMANCE.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

**INTERNATIONAL ETFs Standard Performance**

	-----PRICE-----			-----NAV-----			Expense Ratio%	Premium % to NAV
	Price	1-Year	5-Year	10-Year	1-Year	5-Year		
Australia EWA	24.95	37.06			35.20		0.02	0.02
Austria EWO	20.38	37.32			37.74		0.03	0.03
Belgium EWK	17.16	17.43			15.47		0.05	0.05
Brazil EWZ	41.00	-24.72			-23.49		-0.08	-0.08
BRIC EEB	31.89	-13.70			-12.74		-0.08	-0.08
Canada EWC	29.18	-13.07			-12.96		0.00	0.00
Chile ECH	43.79	21.47			21.73		-0.08	-0.08
China 25 FXI	35.39	2.29			2.29		-0.08	-0.08
Emerging Markets EE	39.48	30.88			28.59		-0.06	-0.06
France EWQ	29.05	-1.07			-1.91		0.02	0.02
Germany EWG	31.71	5.93			6.04		0.00	0.00
Greece GREK	24.38	16.12			17.73		0.08	0.08
Hong Kong EWH	20.18	-3.61			-3.26		-0.02	-0.02
India IFN	20.66	6.04			5.31		0.03	0.03
Indonesia IDX	23.12	-2.55			-1.66		0.58	0.90
Israel EIS	50.88	3.55			4.88		0.05	0.05
Italy EWI	16.60	-32.90			-33.44		0.06	0.06
Japan EWJ	11.61	27.04			25.80		-0.04	-0.04
Latin America ILF	33.82	8.11			9.63		-0.09	-0.09
Malaysia EWM	15.33	15.04			16.14		-0.03	-0.03
Mexico EWW	60.32	21.50			20.85		-0.11	-0.11
Netherlands EWN	25.70	25.36			24.75		-0.01	-0.01
Russia RSX	24.44	30.78			29.59		-0.15	-0.15
Singapore EWS	12.67	29.21			28.42		-0.04	-0.04
South Africa EZA	62.15	-6.63			-6.15		-0.04	-0.04
South Korea EWY	61.08	-19.27			-18.39		-0.06	-0.06
Spain EWP	39.69	-23.20			-22.45		0.03	0.03
Sweden EWD	36.49	-21.34			-20.47		0.02	0.02
Switzerland EWL	34.22	5.30			10.31		0.04	0.04
Taiwan EWT	14.06	19.13			18.39		-0.02	-0.02
Thailand THD	68.87	-6.36			-5.08		0.00	0.00
Turkey TUR	42.68	-6.30			-2.79		-0.10	-0.10
United Kingdom EWU	21.26	-34.03			-34.51		0.02	0.02
United States SPY	186.29	0.42			1.21		0.01	0.01
Vietnam VNM	21.86	27.34			26.78		0.16	0.16

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**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	35.78	1.27%	7.03%	43.93%	64.88%	64.88%	36.02	2/25/2014	20.37	11/6/2013
Livestock COW	30.54	1.64%	4.91%	7.57%	12.53%	12.53%	30.59	2/28/2014	25.41	4/15/2013
Sugar SGG	58.35	-2.61%	3.03%	11.40%	5.15%	5.15%	68.59	3/15/2013	49.25	1/29/2014
Grains JJG	46.76	2.36%	2.21%	9.41%	8.42%	8.42%	53.73	3/27/2013	42.02	1/9/2014
Corn CORN	32.48	2.27%	1.88%	5.11%	6.21%	6.21%	44.22	3/27/2013	29.50	1/10/2014
Tin JJT	53.37	-0.05%	1.53%	7.39%	0.30%	0.30%	57.05	12/27/2013	41.89	7/2/2013
Coal KOL	18.19	-0.11%	1.11%	2.71%	-6.43%	-6.43%	23.94	3/8/2013	17.16	6/24/2013
Platinum PPLT	141.01	-0.45%	1.08%	5.02%	5.32%	5.32%	157.92	3/12/2013	127.34	6/26/2013
Timber CUT	26.18	0.85%	0.69%	5.35%	1.08%	1.08%	26.27	2/28/2014	20.70	6/24/2013
Palladium PALL	72.50	0.17%	0.44%	5.53%	4.14%	4.14%	77.20	3/8/2013	61.81	6/26/2013
OIL USO	36.74	0.14%	0.14%	5.57%	4.02%	4.02%	39.54	9/6/2013	30.79	4/17/2013
Cocoa NIB	38.83	-0.14%	0.06%	1.08%	8.45%	8.45%	39.96	2/7/2014	27.47	3/6/2013
Gold GLD	127.62	-0.45%	0.03%	6.27%	9.90%	9.90%	156.43	3/21/2013	114.46	12/31/2013
Heating Oil UHN	33.94	0.43%	-0.45%	2.56%	2.75%	2.75%	34.91	8/29/2013	29.66	4/17/2013
Cotton BAL	54.46	-0.53%	-1.23%	1.00%	2.41%	2.41%	60.53	3/15/2013	47.97	11/5/2013
Grains GRU	5.92	-0.84%	-1.76%	5.26%	2.42%	2.42%	7.20	3/27/2013	5.41	8/15/2013
Copper JJC	38.88	-0.38%	-2.04%	0.05%	-6.20%	-6.20%	44.73	3/12/2013	36.87	6/24/2013
Aluminum JJU	17.88	-1.76%	-2.35%	1.59%	-4.08%	-4.08%	23.42	3/27/2013	17.20	2/3/2014
Silver SLV	20.35	-0.54%	-2.96%	10.30%	8.77%	8.77%	28.39	3/12/2013	17.75	6/27/2013
Natural Gas UNG	25.51	2.90%	-7.87%	5.50%	23.30%	23.30%	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	-----PRICE % Change-----			-----NAV % Change-----			Expense Ratio%	Premium % to NAV
		1-Year	5-Year	10-Year	1-Year	5-Year	10-Year		
Aluminum JJU	17.88	-23.20	-2.60		-21.83	-2.13		0.75	0.50
Coal KOL	18.19	-21.25	9.32		-21.26	9.17		0.59	-0.21
Cocoa NIB	38.83	35.09	0.79		35.08	0.54		0.75	-0.05
Coffee JO	35.78	13.91	0.65		13.39	0.62		0.75	-0.89
Copper JJC	38.88	-12.51	12.46		-12.69	12.69		0.75	0.09
Corn CORN	32.48	-23.72			-25.02			1.49	0.35
Cotton BAL	54.46	-1.05	17.20		0.62	17.28		0.75	-0.12
Gold GLD	127.62	-16.59	6.61		-17.29	6.52		0.40	-0.16
Grains GRU	5.92	-14.94	1.37					0.75	
Grains JIG	46.76	-10.52	5.33		-11.82	4.85		0.75	0.27
Heating Oil UHN	33.94	2.56	11.85		1.48	11.73		0.91	-0.32
Livestock COW	30.54	14.79	-0.57		12.84	-1.00		0.75	0.24
Natural Gas UNG	25.51	33.00	-28.69		32.04	-28.96		0.60	-0.74
OIL USO	36.74	11.13	6.31		10.04	6.05		0.45	-0.12
Palladium PALL	72.50	1.33			-0.33			0.60	-0.13
Platinum PPLT	141.01	-9.32			-10.61			0.60	0.36
Silver SLV	20.35	-26.11	9.57		-26.82	9.57		0.50	-0.50
Sugar SGG	58.35	-11.47	4.61		-7.63	5.23		0.75	0.10
Timber CUT	26.18	19.23	27.15		18.83	26.94		0.70	-0.18
Tin JYT	53.37	-1.07			-0.57	16.64		0.75	-0.17

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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.