

Monday May 12, 2014

Closing prices of May 9, 2014

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Monday May 12, 2014

Closing prices of May 9, 2014

**The frustrating bifurcated market we have been in so far in 2014 continued last week.** Most major indexes traded lower on the week, the exceptions being the Dow Jones Industrials, up 0.43%, and the Dow Jones Transports, up 0.26%. The downside leader once again was the biggest year-to-date loser Russell 2000 (small caps), down 2.05% on the week and 4.98% for 2014. **We have said many times we like to see small caps leading the upside, not the downside, because it reflects the willingness of investors to assume risk, and liquidity in the market.** The S&P 500 was down 0.14% last week. The Dow Industrials made a new intraday high Thursday and a new closing high Friday, along with a new weekly closing high. The Dow Transports made an intraday high Thursday along with a new weekly closing high, but interestingly failed to make a new daily closing high. **Among the thirty-five international ETFs we follow the leader last week was Russia, up 6.37%, so maybe investors are becoming somewhat relaxed about the Ukraine situation, and if so maybe that will help the broader market.**

**Four of the ten S&P sectors rose last week.** The leader for the second week in a row was Telecom Services, up 2.67%, followed by Consumer Staples, up 0.82%. The laggards were led by Information Technology, down 0.72%, and year-to-date leader Utilities, down 0.69%.

**Ten of the twenty-four S&P industry groups traded higher last week.** The leaders were Telecom Services, up 2.67%, Health Care Equipment & Services, up 1.99%, and Food, Beverage & Tobacco, up 1.49%. The laggards were Retailing, down 2.11%, Banks, 1.63%, and Automobiles & Components, down 1.59%.

**Last week we said that in the short-term some indicators were showing negative divergences, some indicators were overbought, options buyers were overbullish, and many indexes were just under important resistance levels.** Those factors kicked in immediately as the week opened lower and remained soft until bottoming early Wednesday. We also said we had a mixed technical picture with major indexes remaining in uptrends and challenging their highs, while at the same time many of their individual components were in downtrends. Very little changed during the week, and we are left with a market where some indexes are at or near their highs, but underneath there is deterioration and lukewarm market breadth. The percentage of stocks over their own 10-day moving averages is a pathetic 50.4%. **In spite of the S&P 1500 trading above its 50-day moving average the percentage of its components trading above their own 50-day averages is only 43.1%, down from last week's 46.3%.** The 10-day average of advancing stocks on the S&P 1500 is 50.1% while the 20-day average is 51.8%, hardly the kind of numbers you would expect to see with the index only about 1.3% off its all-time high. On Friday 67.03% of the S&P 1500 traded higher. This was the 13<sup>th</sup> session in a row where the number of advancing stocks failed to crack the 70% level. The good news is that the overbullish condition in our proprietary options indicator was alleviated with a rapid drop from 1.158, a number we highlighted last week as extreme, to the current relatively neutral 1.024.

**In the short-term we again have a mixed technical picture with major indexes remaining in uptrends and challenging their highs, while at the same time many of their individual components are in downtrends.** We have come out of a period of very strong seasonality that ended May 5<sup>th</sup>, a period during which we hoped to see improving investor demand. Unfortunately that improving demand has still not materialized, and with earnings season 91% finished we wonder where the catalyst for increased investor demand will come from. The two potential areas are continued improving economic reports, and increasing forecasts for corporate earnings. We remain hopeful about the first because the economy does seem to be improving, although begrudgingly. The second, forecast earnings, is something we have been concerned about for a while, and remains very troubling.

**While aggregate reported earnings are coming in better than expected (although with little growth) aggregate forecasts continue to languish, and the spread between aggregate reported numbers and estimates is the narrowest since August 2012.** If this doesn't change equities will have to rely on multiple expansion for price appreciation, which, as we have discussed for weeks, will be difficult with P/E ratios not far from their recent multi-year highs. The good news is while buying has been lackluster, selling has also been muted. Still, if stocks can't make any headway investors may at a point grow impatient and decide they would rather wait things out from the sidelines.

**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 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 455 of the S&P 500 have reported first quarter earnings.** 71.7% have beaten estimates, 8.8% were in line, and 19.4% missed. Last quarter after 443 had reported 66.3% beat estimates, 12.4% were in line, and 21.3% missed. The final tally for the fourth quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

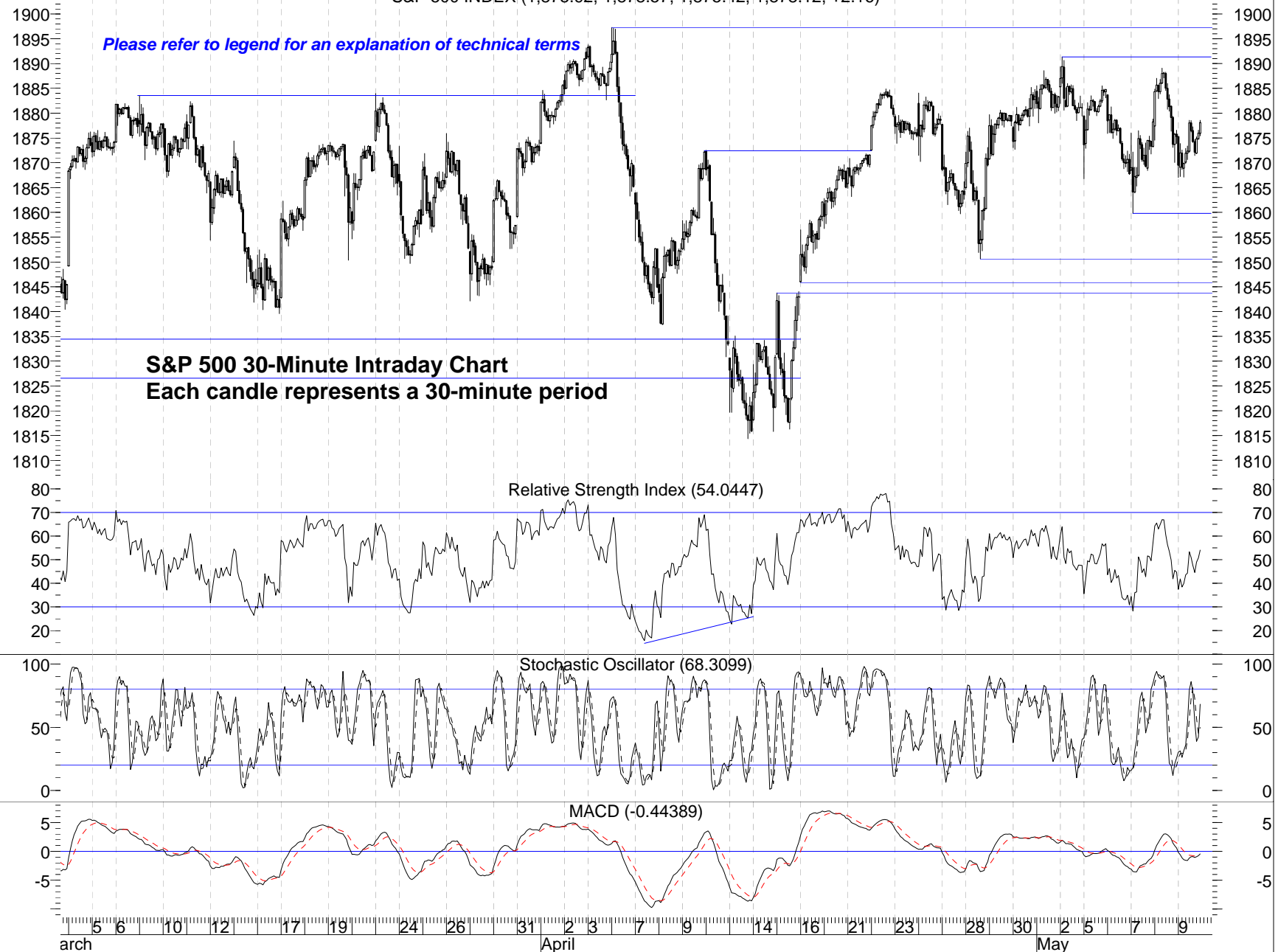
**In summary, the low visibility we had been experiencing earlier in the year is giving way to greater clarity due to economic and earnings news. Unfortunately market breadth remains very poor, as does overall investor demand. Until this changes this is a bifurcated short-term trader's market. Investors need to be alert regarding sector rotation. Longer-term we remain bullish but we could change that opinion at any time.**

*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.**

The Kaufman Report - Wayne S. Kaufman, CMT

S&P 500 INDEX (1,875.92, 1,878.57, 1,875.42, 1,878.12, +2.16)



Please refer to legend for an explanation of technical terms

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

Relative Strength Index (54.0447)

Stochastic Oscillator (68.3099)

MACD (-0.44389)

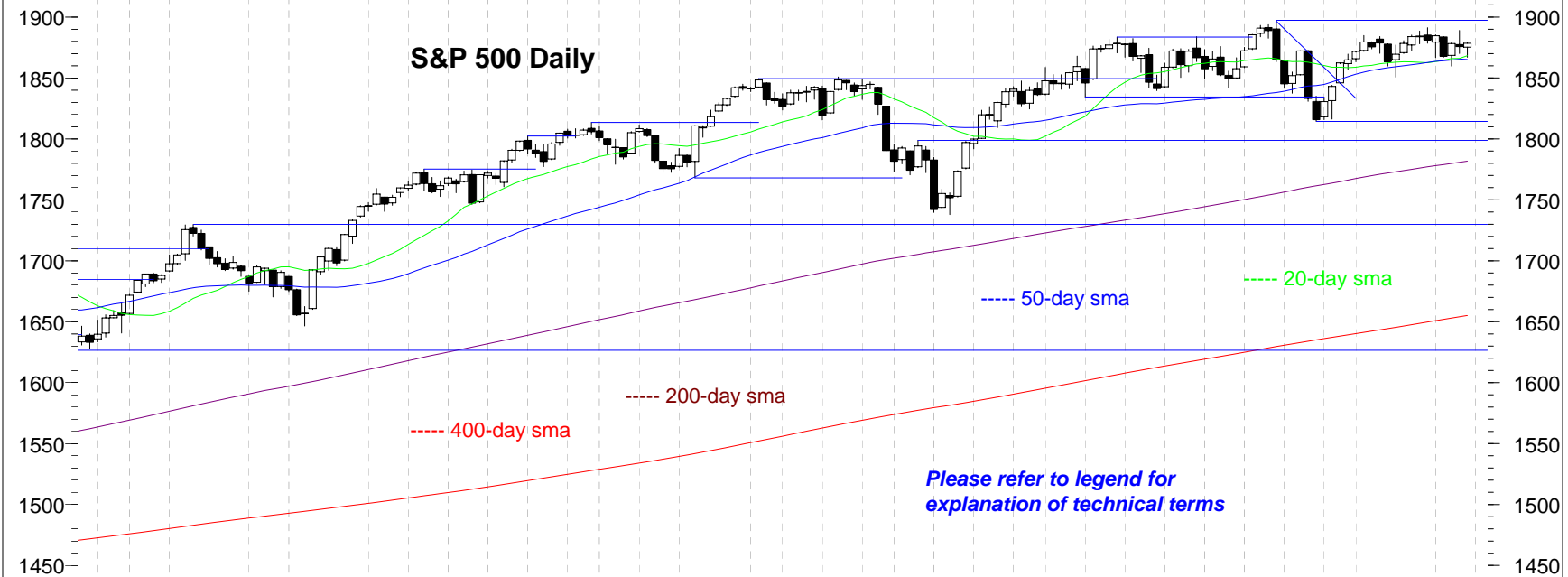
After a false breakout and a false breakdown back to a tight sideways range.

30-minute momentum is positive.

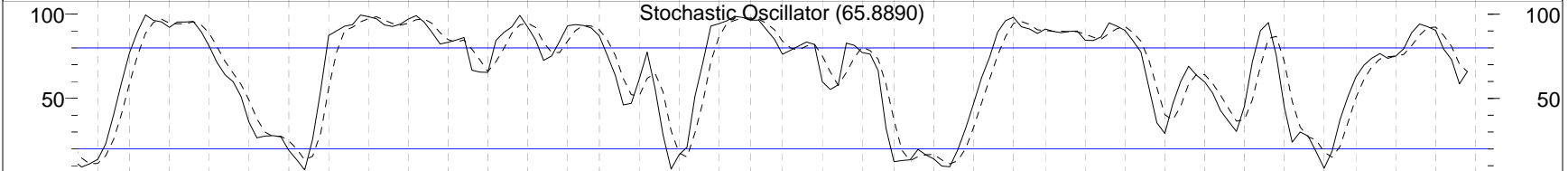
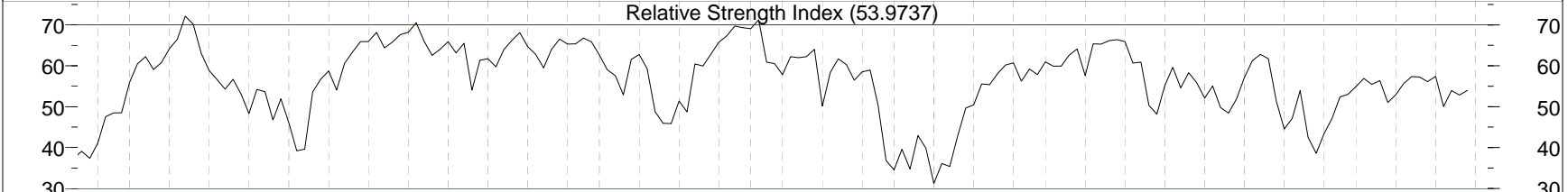
5/10/2014

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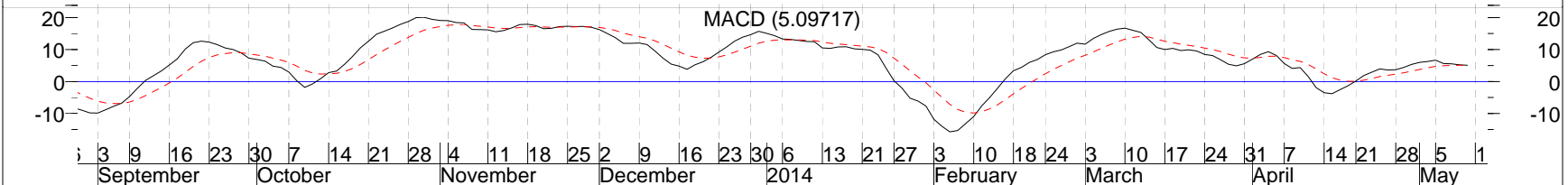
S&P 500 INDEX (1,875.27, 1,878.57, 1,867.02, 1,878.48, +2.85)



The S&P 500 is sideways for the last few weeks and is perched just above its 20 and 50-day sma.



Daily momentum is mixed.



5/10/2014

S&P 500 INDEX (1,879.45, 1,889.07, 1,859.79, 1,878.48, -2.66)

### 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 (61.1849)

Stochastic Oscillator (74.1073)

MACD (30.4511)

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 A M

5/10/2014

Even though the S&P 500 had a slight loss last week it made a higher bottom as it hovers near its all-time highs.

Weekly momentum is mixed but showing negative divergences.

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S&P 500 INDEX (1,884.39, 1,891.33, 1,859.79, 1,878.48, -5.47)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

Relative Strength Index (73.4732)

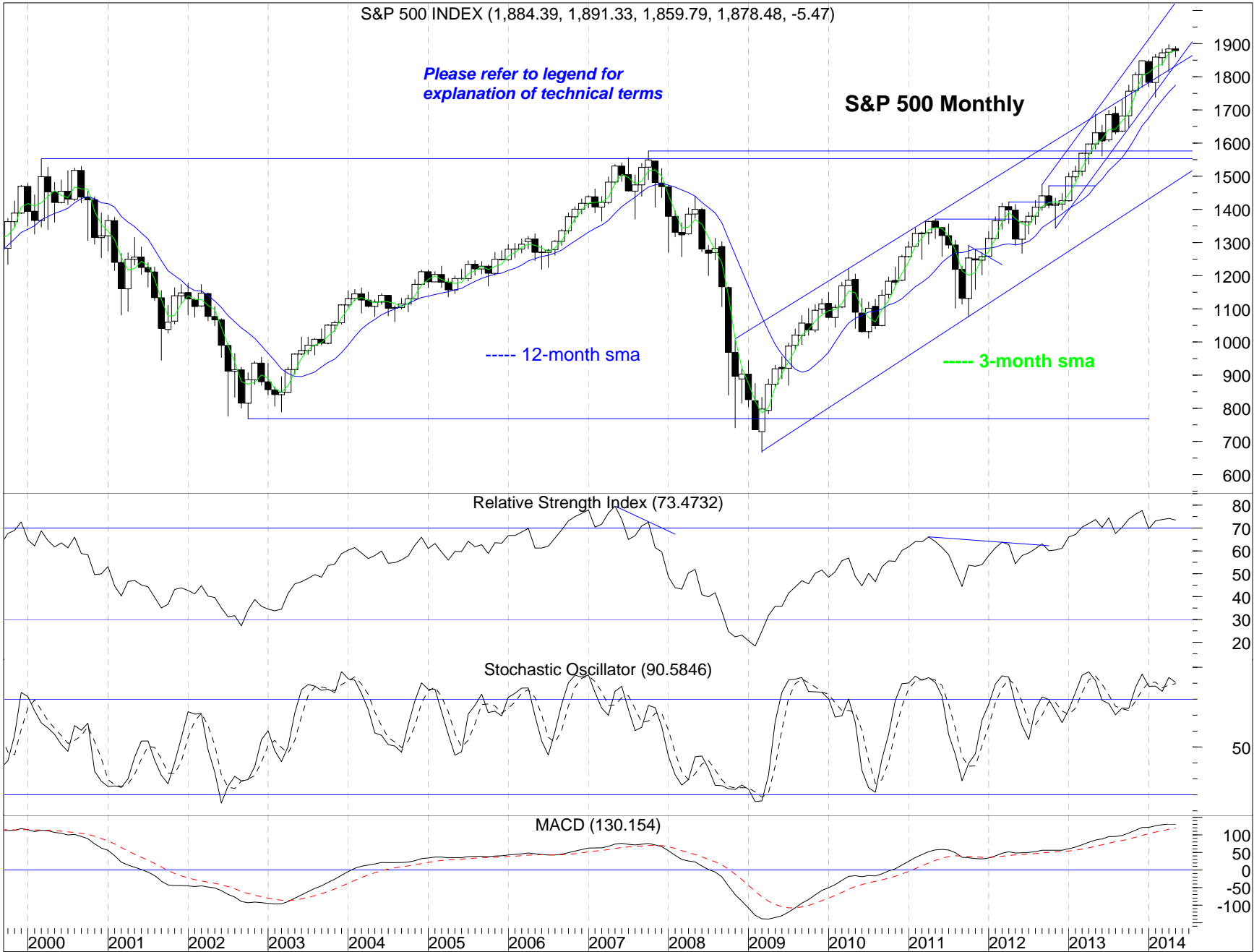
Stochastic Oscillator (90.5846)

MACD (130.154)

The S&P 500 is still in the ascending price channel it has occupied since the end of 2012.

Monthly momentum remains at high levels.

5/10/2014



NASDAQ 100 (3,537.68, 3,556.35, 3,516.24, 3,555.70, +15.28)

Nasdaq 100 Daily

Please refer to legend for explanation of technical terms

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

Relative Strength Index (47.9962)

Stochastic Oscillator (46.8711)

MACD (-6.19250)

2 19 26 3 9 16 23 30 7 14 21 28 4 11 18 25 2 9 16 23 30 6 13 21 27 3 10 18 24 3 10 17 24 31 7 14 21 28 5 12  
September October November December 2014 February March April May

Two weeks ago the Nasdaq 100 was repelled by its 50-day sma. Last week it fell below the 20-sma early in the week and regained it by a little on Friday. All these moving averages are converging, a condition that at some point in the not too distant future should create a sharp move.

Daily momentum is neutral in spite of the whacky pattern. It wouldn't take much to turn it positive or negative.

NASDAQ 100 (3,566.26, 3,605.26, 3,506.35, 3,555.70, -31.95)

### Nasdaq 100 Weekly

*Please refer to legend for explanation of technical terms*

The Nasdaq 100 is between its 20 and 40-week sma. The 3420 area is important support.

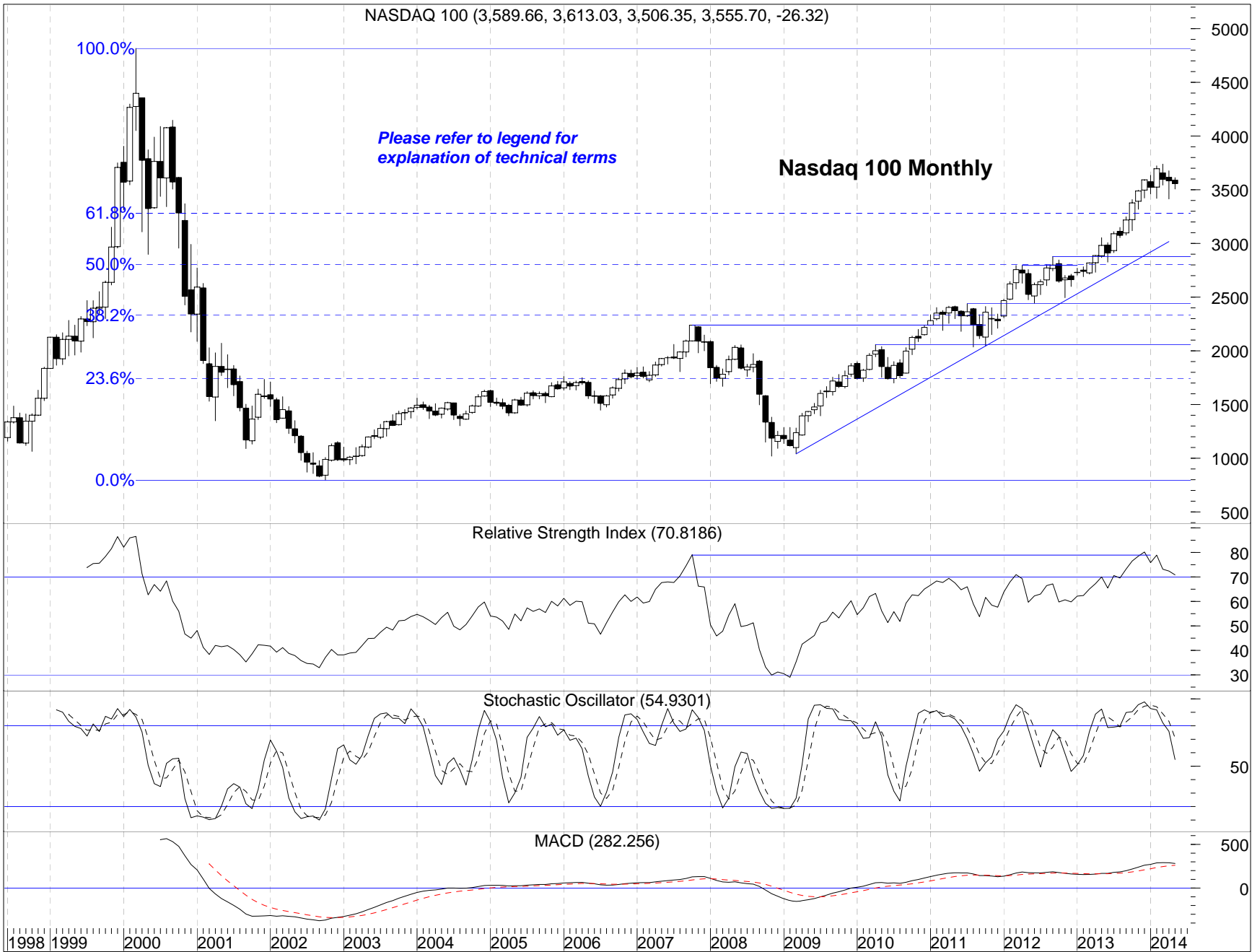


Weekly momentum is neutral.

5/10/2014



NASDAQ 100 (3,589.66, 3,613.03, 3,506.35, 3,555.70, -26.32)



*Please refer to legend for explanation of technical terms*

### Nasdaq 100 Monthly

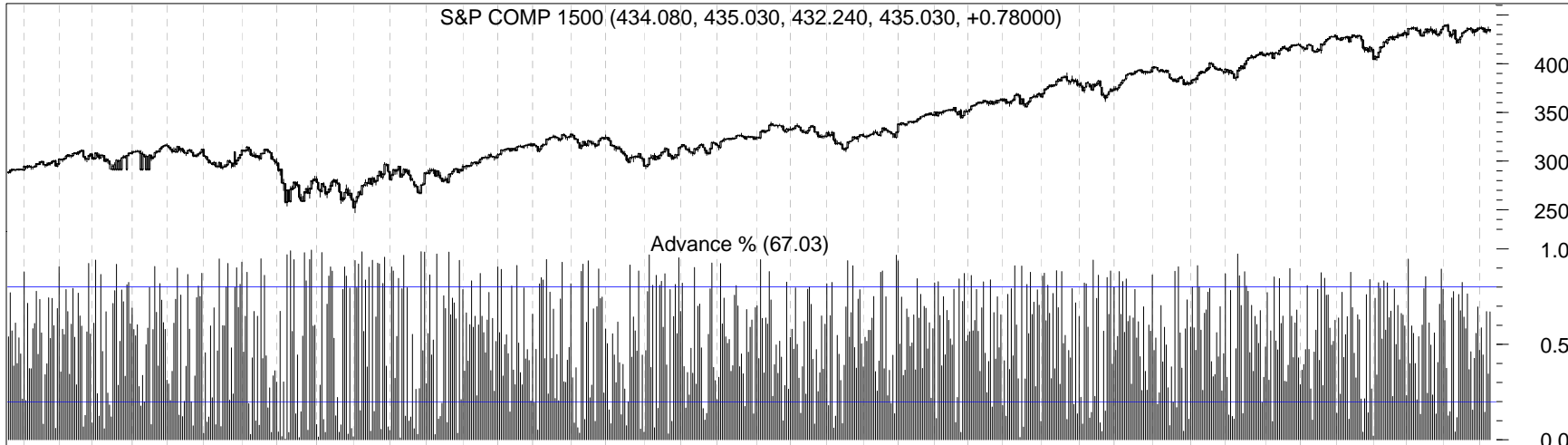
The Nasdaq 100 has been trading in a sideways range for the last five months as it consolidates after a big move up in 2013.

Monthly momentum is almost all negative.

5/10/2014

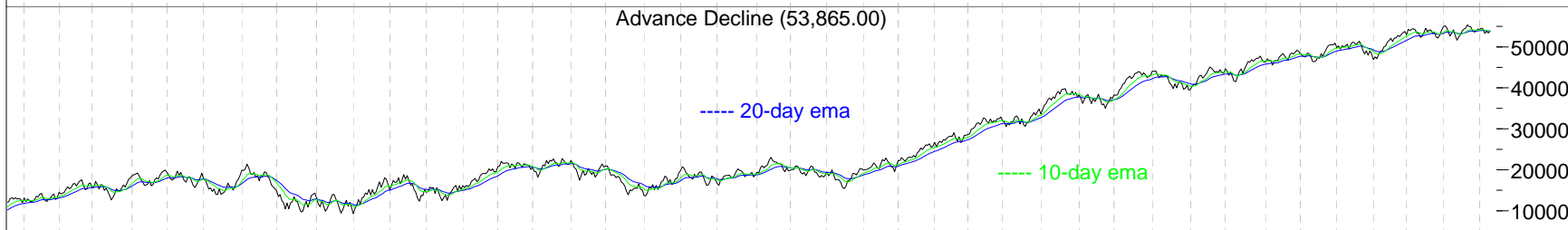
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S&P COMP 1500 (434.080, 435.030, 432.240, 435.030, +0.78000)



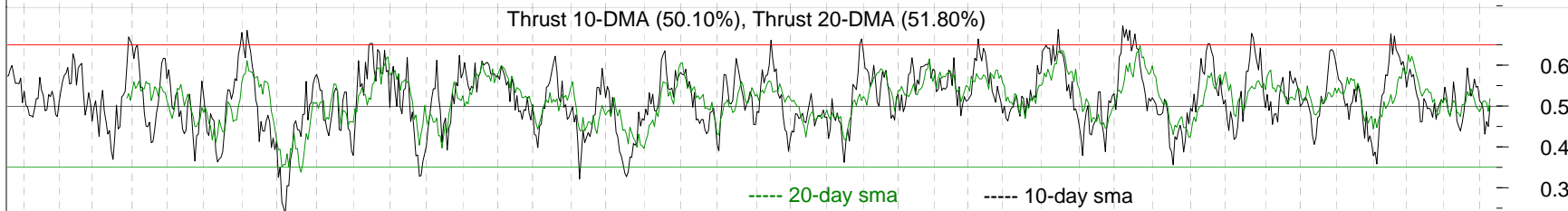
67.03% of the S&P 1500 rose Friday. It was the 13th session in a row under 70%. The 5-day average of advancers is 45.5%

Advance Decline (53,865.00)



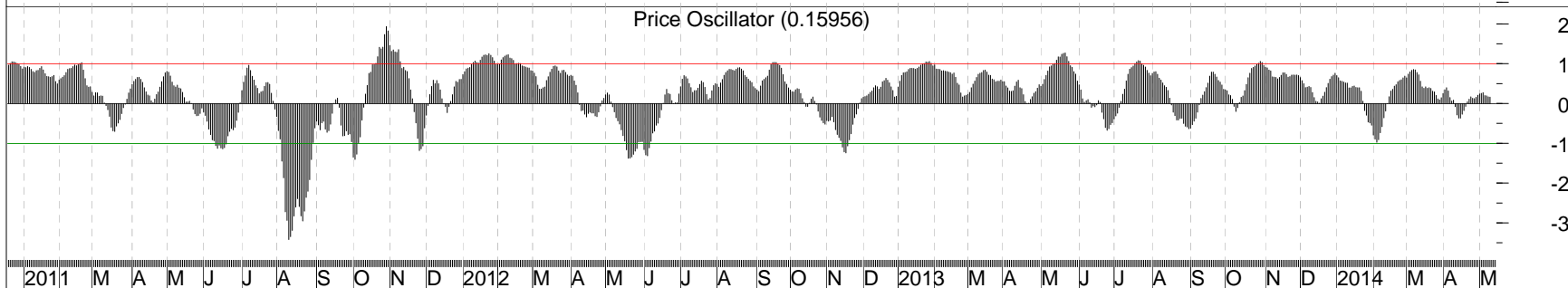
The AD line is only 1494 net advances from printing a new high. That could take place with only two decent days.

Thrust 10-DMA (50.10%), Thrust 20-DMA (51.80%)



In spite of the unimpressive daily breadth the 10 and 20-day averages of advancers are both over 50%.

Price Oscillator (0.15956)



Our price oscillator, a good indicator of trends which turned positive a few weeks ago, remains in positive territory.

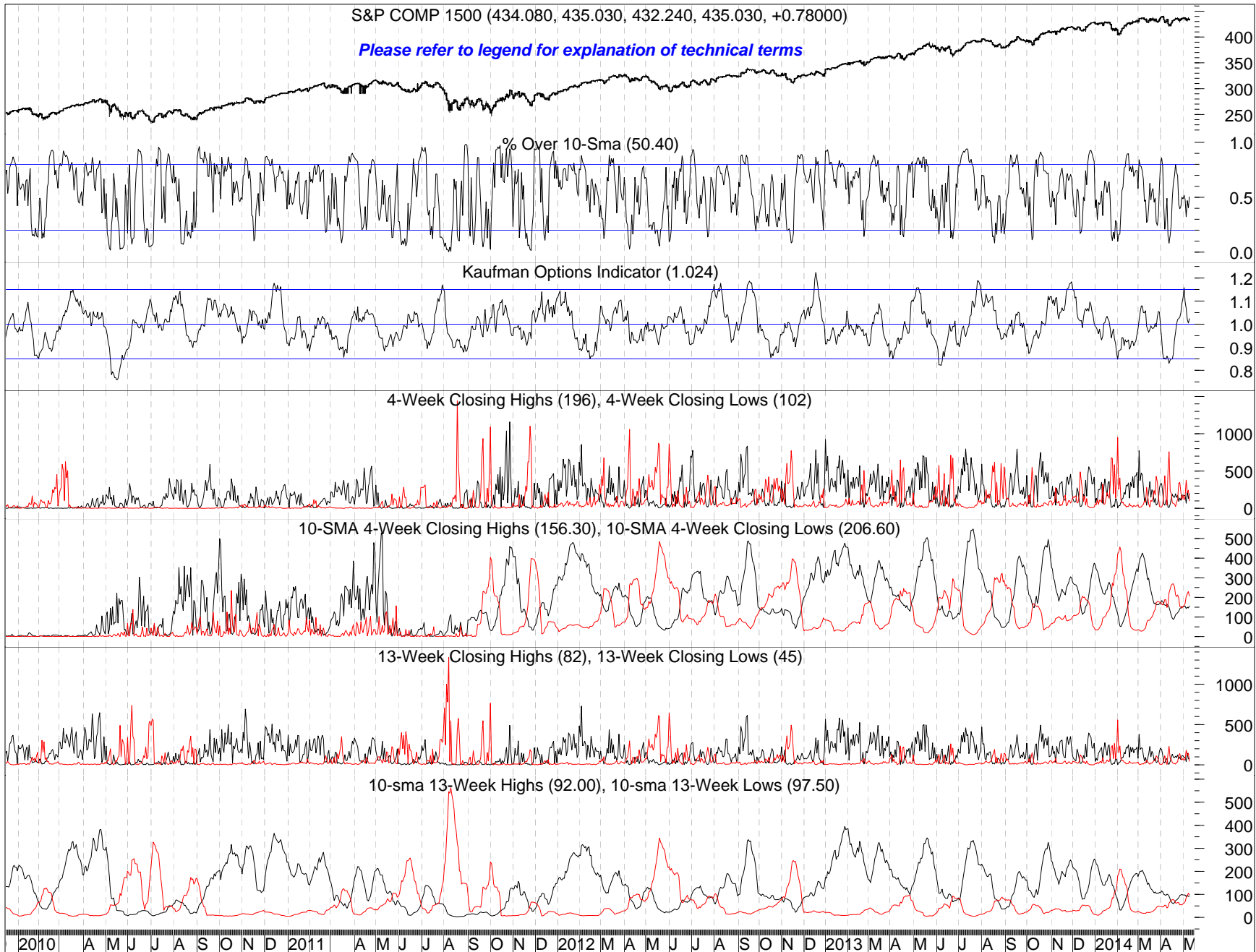
2011 M A M J J A S O N D 2012 M A M J J A S O N D 2013 M A M J J A S O N D 2014 M A M

5/10/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (434.080, 435.030, 432.240, 435.030, +0.78000)

Please refer to legend for explanation of technical terms



The percentage of stocks over their own 10-day moving averages continues to be a negative divergence at only 50.4%.

Our options indicator fell rapidly from last week's extreme overbullish level to just above neutral. This contrary sentiment indicator helps the most at extremes, and at the current level stocks could go either way.

The 10-day average of 4-week closing price lows remains well above its counterpart of new highs, and last week it was joined by the longer-term 10-day average of 13-week closing highs which is now also below its counterpart of 13-week closing lows. This is one of the indicators showing extreme selectivity among investors.

5/10/2014

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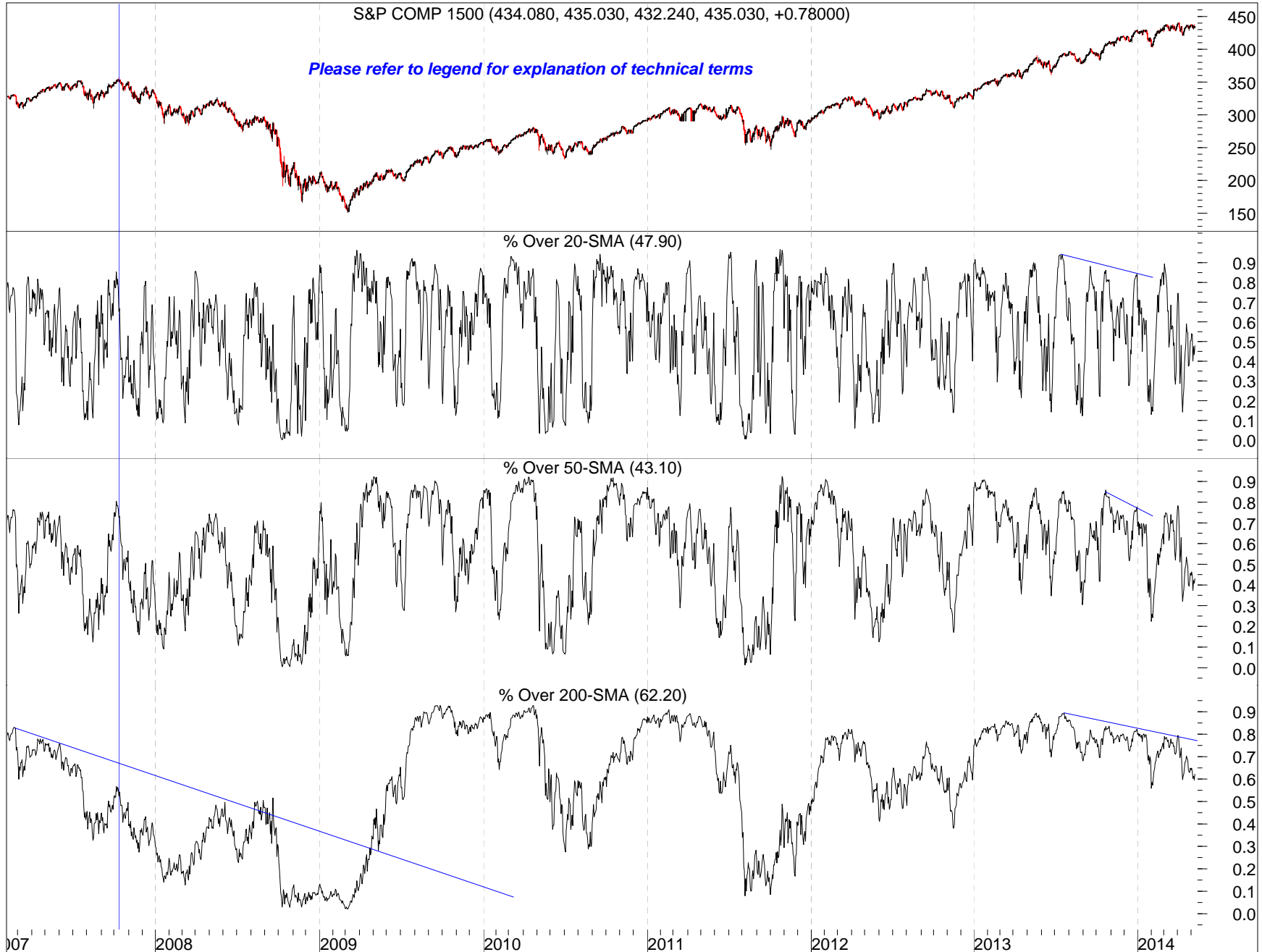
S&P COMP 1500 (434.080, 435.030, 432.240, 435.030, +0.78000)

*Please refer to legend for explanation of technical terms*

% Over 20-SMA (47.90)

% Over 50-SMA (43.10)

% Over 200-SMA (62.20)



In spite of the \$P 1500 being only 1.3% from its all-time high the percentages of stocks over important moving averages continues to deteriorate. This too shows increasing selectivity on the part of investors.

5/10/2014

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S&P COMP 1500 (434.080, 435.030, 432.240, 435.030, +0.78000)

Please refer to legend for explanation of technical terms

10 Y TSY YLD NDX (25.9500, 26.3600, 25.9500, 26.2300, +0.21000)

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

PE Cont Ops (17.7400)

FPE (16.2500)

PE TNX Spread % (100.650)

FPE TNX Spread % (134.610)

EPS (22.8900), EPS Cont Ops (24.5300), Est EPS (26.7700)

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 A N

5/10/2014

400  
350  
300  
250  
200  
40  
35  
30  
25  
20  
15  
25  
20  
15  
15  
300  
200  
100  
0  
400  
300  
200  
100  
25  
20  
15  
10  
5

The 10-year note yield remains in a tight sideways range.

P/E ratios remain in a sideways range not far from their recent highs.

Spreads between bond and earnings yields also remain in a tight sideways range, in the same range they traded in pre-August 2011.

Aggregate earnings and projections have stagnated. The difference between current and projected numbers is the smallest since August 2012. If these numbers don't start moving higher stocks will be relying on multiple expansion for price appreciation, something that will be difficult considering the already high levels of P/E ratios.

10 Y TSY YLD NDX (25.95, 26.36, 25.95, 26.23, +0.21)

### 10-Year Note Yield Daily



The 10-year note yield is hanging on the the bottom of its recent range.

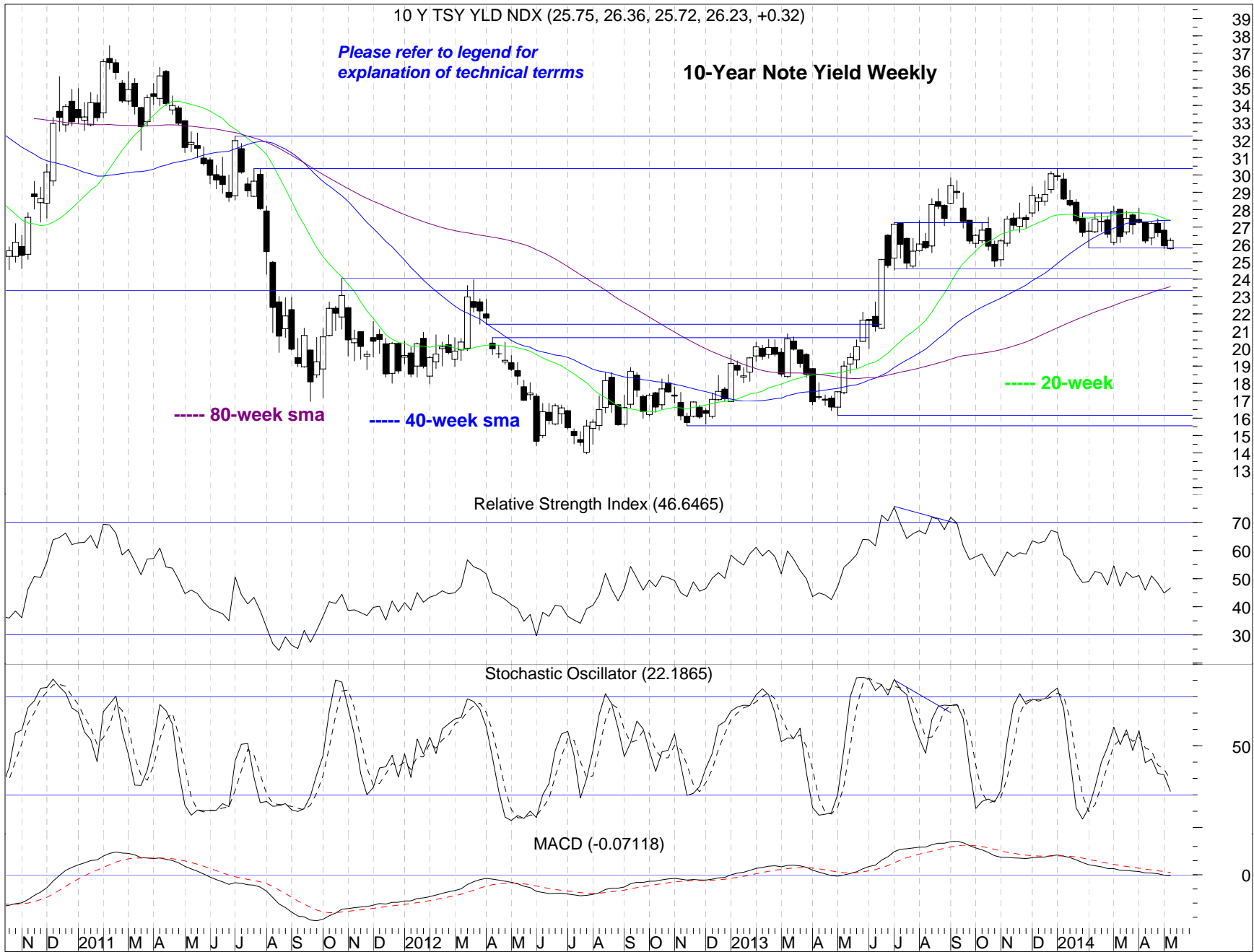
Daily momentum is turning positive.

5/10/2014

10 Y TSY YLD NDX (25.75, 26.36, 25.72, 26.23, +0.32)

Please refer to legend for explanation of technical terms

### 10-Year Note Yield Weekly



The 10-year note yield remains pinched between support and its 20 and 40-week sma. This tight range shouldn't last too much longer.

Weekly momentum is still negative.

5/10/2014

US DOLLAR INDEX (79.4340, 79.9150, 79.4230, 79.9030, +0.54200)

### U.S. Dollar Index Daily

*Please refer to legend for explanation of technical terms*

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

After marginally piercing support Thursday the U.S. Dollar Index printed a hammer candle on the session (hammers are bottoming candles) and followed through to the upside Friday, closing above its 20 and 50-sma.

Relative Strength Index (55.4899)

Daily momentum is positive.

Stochastic Oscillator (51.5527)

MACD (-0.11407)

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

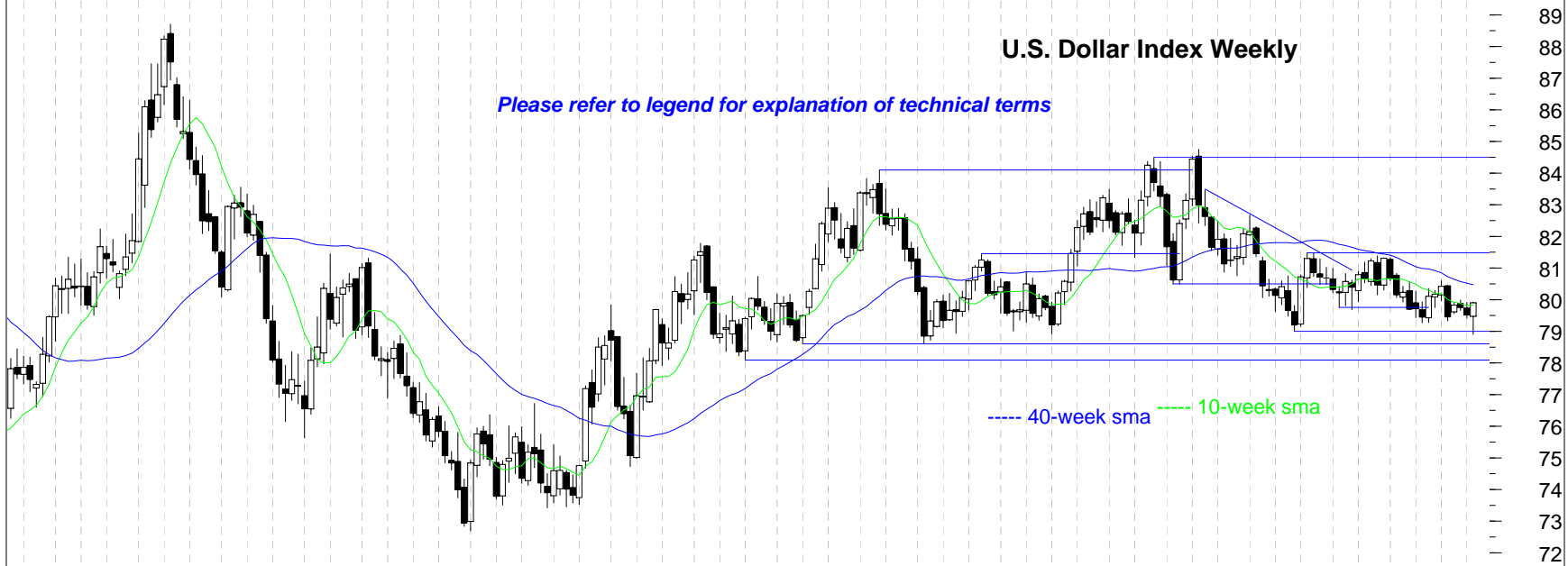
5/10/2014



US DOLLAR INDEX (79.4760, 79.9150, 78.9060, 79.9030, +0.38700)

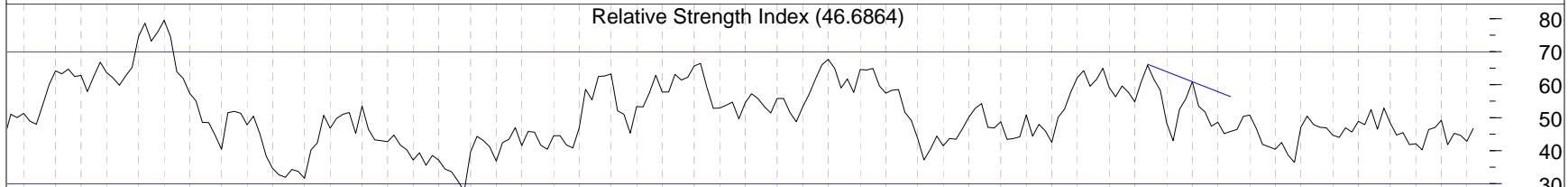
### U.S. Dollar Index Weekly

*Please refer to legend for explanation of technical terms*



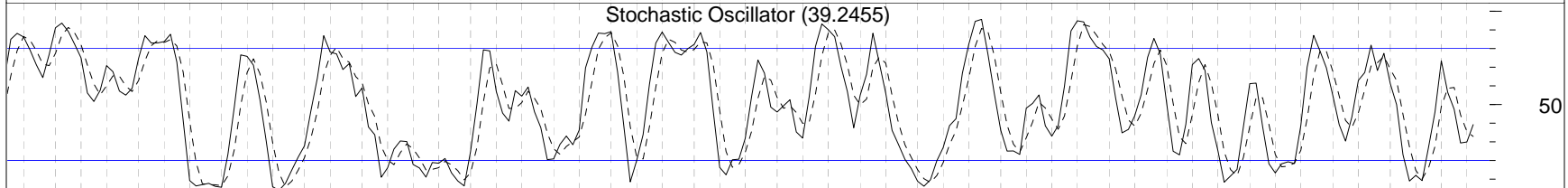
The U.S. Dollar Index held support on its Weekly chart.

Relative Strength Index (46.6864)

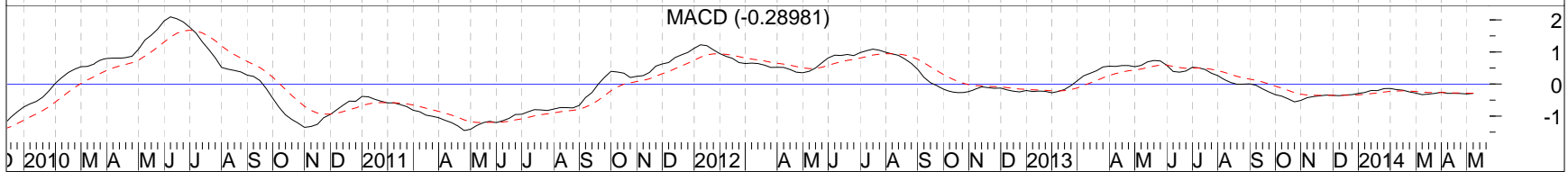


Weekly momentum is almost all positive.

Stochastic Oscillator (39.2455)



MACD (-0.28981)



5/10/2014

US DOLLAR INDEX (79.5150, 79.9150, 78.9060, 79.8690, +0.39500)

Please refer to legend for explanation of technical terms

### U.S. Dollar Index Monthly

----- 3-month sma

----- 12-month sma

Relative Strength Index (48.0926)

Stochastic Oscillator (29.3575)

MACD (0.01286)

The U.S. Dollar Index is at the bottom of the tight sideways range it has been in since late 2011.

May is young but monthly momentum is slightly negative.

8 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

5/10/2014

UNTD ST OIL FUND (36.6700, 36.7700, 36.2800, 36.4000, -0.0900)

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

The oil ETF sits between important moving averages, a condition that shouldn't last too much longer.

Relative Strength Index (46.8960)

Stochastic Oscillator (32.8599)

MACD (-0.05183)

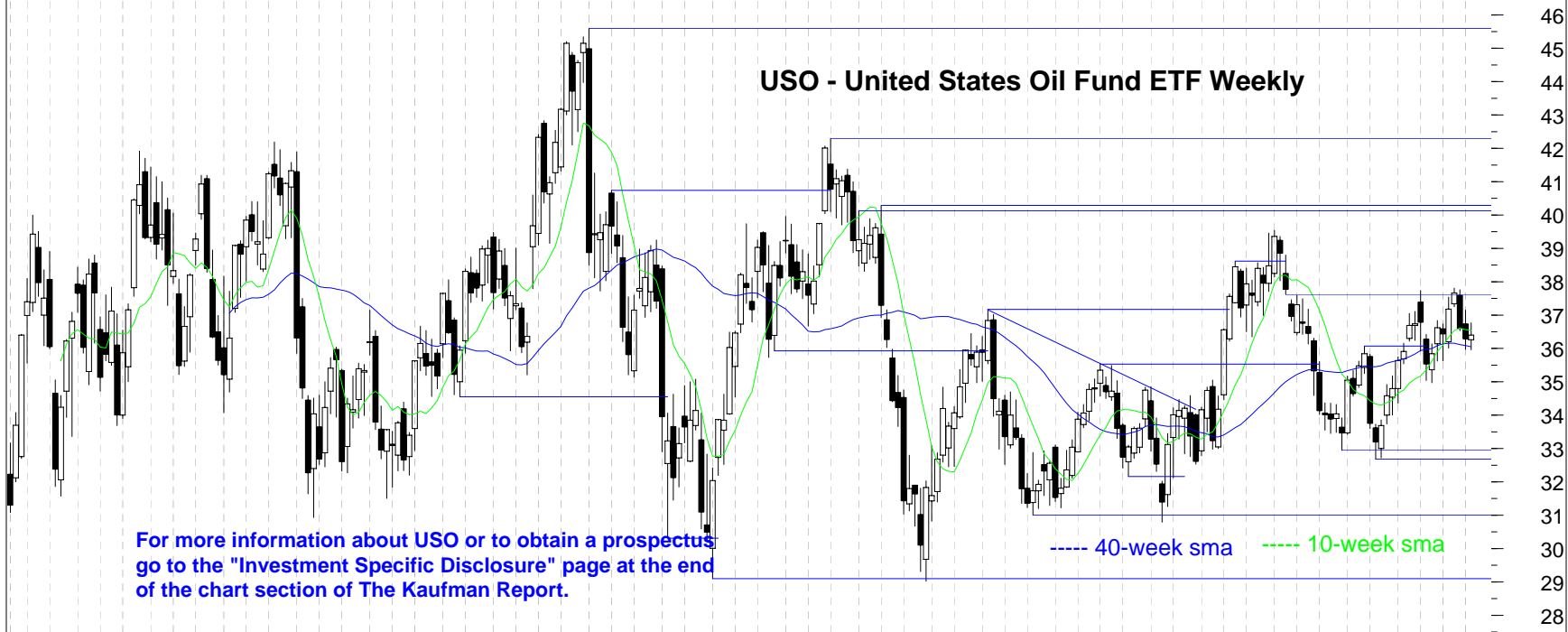
Nov Dec 2013 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2014 Feb Mar Apr Ma

5/10/2014

Daily momentum is mixed.

UNTD ST OIL FUND (36.2600, 36.7700, 35.9600, 36.4000, +0.1100)

### USO - United States Oil Fund ETF Weekly

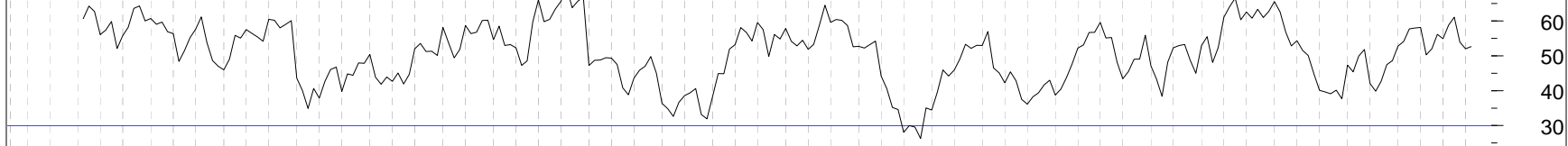


For more information about USO or to obtain a prospectus go to the "Investment Specific Disclosure" page at the end of the chart section of The Kaufman Report.

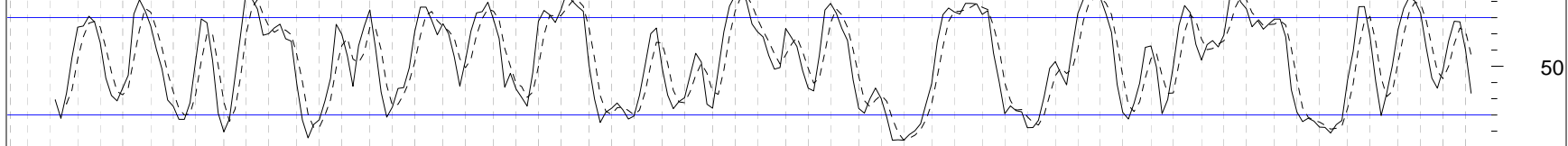
----- 40-week sma ----- 10-week sma

After failing to break resistance the oil ETF sits just under its 10-week sma and just above its 40-week.

Relative Strength Index (52.6542)

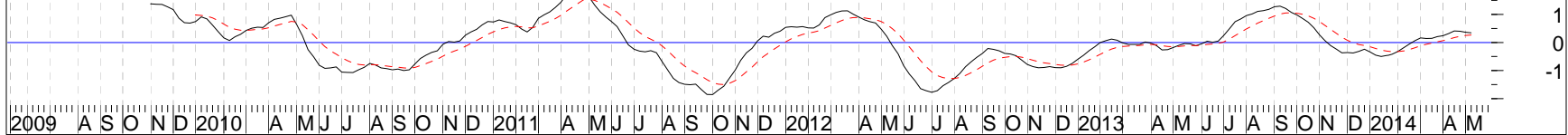


Stochastic Oscillator (33.4405)



Weekly momentum is close to being all negative.

MACD (0.34140)



2009 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 A M

5/10/2014

UNTD ST OIL FUND (36.0300, 36.7700, 35.9600, 36.4000, +0.0800)

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

### USO - United States Oil Fund ETF Monthly

Please refer to legend for explanation of technical terms

----- 12-month sma

----- 3-month sma

The oil ETF continues to trade in an eerily tight sideways range on its monthly chart.

Relative Strength Index (51.3503)

Monthly momentum remains mixed.

Stochastic Oscillator (73.5640)

MACD (-0.06235)

2006

2007

2008

2009

2010

2011

2012

2013

2014

5/10/2014

BAR IPA UBS COPR (37.5200, 37.6500, 37.4600, 37.6200, +0.3499)

### Copper ETN Daily

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

Please refer to legend for explanation of technical terms

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.

Relative Strength Index (57.5352)

Stochastic Oscillator (51.7882)

MACD (0.07058)

The copper ETN, representing the metal with a Ph.D. in economics, is above its 20 and 50-day sma and just below a resistance zone.

Daily momentum is positive.

mbcr 2013 February April May June July August September November 2014 February April May

5/10/2014

BAR IPA UBS COPR (37.29, 37.65, 36.77, 37.62, +0.27)

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

After trading at multi-year lows in March the copper ETN has rebounded to a resistance zone.

Relative Strength Index (44.1320)

Weekly momentum is positive.

Stochastic Oscillator (87.0834)

MACD (-0.74942)

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 A M

5/10/2014

The Kaufman Report - Wayne S. Kaufman, CMT

SPDR GOLD TRUST (124.3900, 124.4700, 123.8200, 124.1000, -0.0700)

Please refer to legend for explanation of technical terms

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.

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

The GLD ETF is in a sideways range on its daily chart but is below important moving averages and just above important support.

Relative Strength Index (43.9543)

Daily momentum is almost all negative.

Stochastic Oscillator (34.4697)

MACD (-0.37761)

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

5/10/2014



SPDR GOLD TRUST (126.4700, 126.6300, 123.8200, 124.1000, -0.9600)

### GLD Weekly

----- 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.

Please refer to legend for explanation of technical terms

The gold ETF is below resistance on its weekly chart and closed below its 10 and 40-week sma. It is just above some price support.

Relative Strength Index (46.7790)

Stochastic Oscillator (37.3952)

MACD (-0.19679)

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 A M

5/10/2014

The Kaufman Report - Wayne S. Kaufman, CMT

SPDR GOLD TRUST (123.1700, 126.6300, 123.0600, 124.1000, -0.1200)

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

The GLD ETF is sitting just under its 3 and 12-month sma, which have converged.

Relative Strength Index (42.0612)

Stochastic Oscillator (21.8039)

MACD (-6.71055)

Monthly momentum is mixed.

2004 2006 2007 2008 2009 2010 2011 2012 2013 2014

5/10/2014

## INVESTMENT SPECIFIC DISCLOSURES

*You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included or incorporated by reference in the appropriate prospectus, including the financial statements and the related notes. To view prospectuses, please go to;*

[http://rockwellsecurities.com/Kaufman\\_Report\\_Prospectuses.php](http://rockwellsecurities.com/Kaufman_Report_Prospectuses.php)

- 1) **GLD (GOLD)** - The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares. The Shares are designed to mirror as closely as possible the performance of the price of gold, and the value of the Shares relates directly to the value of the gold held by the Trust, less the Trust's liabilities (including estimated accrued expenses). The price of gold has fluctuated widely over the past several years. Several factors may affect the price of gold, including:
  - Global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and production and cost levels in major gold-producing countries such as South Africa, the United States and Australia;
  - Global or regional political, economic or financial events and situations;
  - Investors' expectations with respect to the rate of inflation;
  - Currency exchange rates;
  - Interest rates; and
  - Investment and trading activities of hedge funds and commodity funds.
  
- 2) **JJC (BARCLAYS IPATH COPPER ETN)** – You may lose some or your entire principal if you invest in the ETN. Any payment on the ETN at or prior to maturity is subject to the creditworthiness of Barclays Bank PLC and is not guaranteed by any third party.
  - The ETNs are unsecured promises of Barclays Bank and are not secured debt.
  - Even if the value of the underlying index at maturity or upon redemption exceeds its initial level, you may receive less than the principal amount of your ETNs.
  - The market value of the ETN may be influenced by many unpredictable factors
  - Commodity prices may change unpredictably, affecting the value of the indices and the value of the ETN in unforeseeable ways.
  
- 3) **USO (UNITED STATES OIL FUND ETF)** - USOF is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act. Some of the risks of investing in USOF include:
  - Investing in crude oil interests subjects USO to the risks of the crude oil industry which could result in large fluctuations in the price of USOF's units.
  - If certain correlations do not exist, then investors may not be able to use USO as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in oil-related transactions.
  - USOF does not expect to make cash distributions.
  - USOF and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.
  
- 4) **RISKS ASSOCIATED WITH INTERNATIONAL / FOREIGN ETFs**
  - **TAXES** - Every country has different tax laws, so there may be particular foreign ETFs that are not a good fit for your ETF trading strategy as they may have a negative effect on your tax return.
  - **CURRENCY RATES** – Currency rates for different regions covered by a foreign ETF may be volatile /skewed, certain foreign ETFs may not be a good fit for a portfolio.
  - **LOW TRADING VOLUMES** – Low trading volumes (lack of liquidity) may cause wide “bid-ask spreads” and may diminish the advantage of purchasing an ETF over an Index or security.
  - **LONG INVESTMENT HORIZON** – The intraday trading aspect (short-term) of ETFs may not be suited for longer term investors.
  - **INACTIVITY**- Some foreign ETFs may not be as actively traded as others due to a sector related issues or a regional issue.
  - **NON-REGISTERED SECURITIES** - The securities of non U.S. issuers may not be registered with or subject to the reporting requirements of the U.S. Securities and Exchange Commission. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. securities. Foreign companies may be more volatile than the securities of comparable U.S. companies.
  
- 5) **RISKS ASSOCIATED WITH COMMODITIES**
  - **GEOPOLITICAL RISK** – International disagreements, licensing agreement issues, tax structures, environmental concerns and access to technology can cause risk to your investment.
  - **PRICE RISK** – Price risk may arise out of adverse movements in world prices, exchange rates and basis between local and world prices.
  - **SPECULATIVE RISK** – Short term traders can increase market volatility and may have a detrimental effect to your investment
  - **CORPORATE GOVERNANCE RISK** – Corporate fraud

# Indexes, Sectors, and Industry Groups

Major Index	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Dow Jones Industrials	16583.34	0.20%	0.43%	0.43%	0.02%	0.76%	0.04%	16631.63	4/4/2014	14551.27	6/24/2013
Dow Jones Transportation	7718.75	0.20%	0.26%	0.26%	0.61%	1.90%	4.30%	7775.10	5/8/2014	5952.18	6/24/2013
S&P 500	1878.46	0.15%	-0.14%	-0.14%	-0.29%	0.33%	1.63%	1897.28	4/4/2014	1560.33	6/24/2013
S&P 1500	435.03	0.18%	-0.22%	-0.22%	-0.32%	-0.01%	1.38%	440.64	4/4/2014	360.72	6/24/2013
NYSE Composite	10603.01	-0.07%	-0.25%	-0.25%	-0.23%	0.71%	1.95%	10677.01	5/8/2014	8814.76	6/24/2013
Bank of New York Mellon ADR	153.62	-0.38%	-0.40%	-0.40%	0.03%	1.76%	1.03%	154.94	5/8/2014	125.76	6/24/2013
S&P Midcap 400	1352.56	0.15%	-0.66%	-0.66%	-0.25%	-1.88%	0.75%	1398.91	4/4/2014	1114.04	6/24/2013
Nasdaq 100	3555.70	0.43%	-0.89%	-0.89%	-0.73%	-1.11%	-1.01%	3738.32	3/6/2014	2825.18	6/24/2013
Nasdaq Composite	4071.87	0.50%	-1.26%	-1.26%	-1.04%	-3.03%	-2.51%	4371.71	3/6/2014	3294.95	6/24/2013
Russell 2000	1105.64	0.75%	-2.05%	-2.05%	-1.88%	-5.75%	-4.98%	1212.82	3/4/2014	942.79	6/24/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Telecom Services	159.66	0.04%	2.67%	2.67%	2.98%	3.42%	2.66%	168.43	5/15/2013	143.28	2/3/2014
Consumer Staples	456.84	0.47%	0.82%	0.82%	0.66%	3.38%	3.21%	456.98	5/9/2014	401.66	6/20/2013
Materials	300.87	-0.01%	0.32%	0.32%	0.15%	0.84%	3.17%	304.94	4/4/2014	238.75	6/24/2013
Industrials	456.71	0.05%	0.21%	0.21%	-0.16%	1.34%	0.94%	460.66	4/4/2014	359.33	6/24/2013
Health Care	668.34	0.58%	-0.07%	-0.07%	-0.68%	-1.28%	4.05%	698.62	3/6/2014	534.23	6/24/2013
Energy	685.35	-0.18%	-0.10%	-0.10%	-0.14%	4.97%	5.17%	696.56	5/7/2014	562.08	6/24/2013
Financials	295.08	-0.10%	-0.42%	-0.42%	-0.35%	-1.99%	0.12%	305.46	3/21/2014	250.74	6/24/2013
Consumer Discretionary	506.01	0.59%	-0.67%	-0.67%	-0.02%	-1.43%	-4.54%	536.43	3/7/2014	427.87	6/24/2013
Utilities	214.33	-1.42%	-0.69%	-0.69%	-2.35%	1.75%	10.93%	221.28	4/30/2014	182.19	6/21/2013
Information Technology	591.85	0.17%	-0.72%	-0.72%	-0.96%	-0.76%	1.09%	622.58	4/3/2014	480.12	6/24/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Telecom Services	159.66	0.04%	2.67%	2.67%	2.98%	3.42%	2.66%	168.43	5/15/2013	143.28	2/3/2014
Health Care Equip & Services	597.39	0.90%	1.99%	1.99%	2.01%	-2.28%	3.63%	621.96	4/4/2014	495.33	6/6/2013
Food, Beverage & Tobacco	527.45	0.50%	1.49%	1.49%	1.34%	4.34%	3.92%	527.53	5/9/2014	466.32	8/29/2013
Real Estate	168.68	-0.04%	1.47%	1.47%	2.29%	5.91%	13.24%	177.55	5/22/2013	142.12	8/19/2013
Media	430.49	0.26%	1.23%	1.23%	1.89%	2.06%	0.06%	444.39	3/7/2014	335.21	6/13/2013
Transports	501.65	0.35%	1.19%	1.19%	0.74%	2.29%	4.59%	502.81	5/8/2014	382.50	6/24/2013
Materials	300.87	-0.01%	0.32%	0.32%	0.15%	0.84%	3.17%	304.94	4/4/2014	238.75	6/24/2013
Household & Personal Products	516.09	0.37%	0.26%	0.26%	-0.42%	2.48%	1.28%	530.20	11/26/2013	464.34	6/20/2013
Insurance	283.94	-0.07%	0.18%	0.18%	0.14%	1.37%	-1.78%	289.51	12/31/2013	236.86	6/24/2013
Commercial & Professional Service	190.45	0.00%	0.12%	0.12%	-0.39%	2.31%	-1.28%	193.69	12/27/2013	159.95	6/24/2013
Capital Goods	496.00	-0.01%	-0.02%	-0.02%	-0.36%	1.03%	0.25%	502.71	4/4/2014	391.13	6/24/2013
Energy	685.35	-0.18%	-0.10%	-0.10%	-0.14%	4.97%	5.17%	696.56	5/7/2014	562.08	6/24/2013
Semiconductors & Equipment	440.06	-0.24%	-0.12%	-0.12%	-0.56%	-1.07%	4.14%	456.84	4/4/2014	356.76	8/30/2013
Food & Staples Retailing	328.60	0.50%	-0.15%	-0.15%	0.13%	2.05%	3.41%	331.14	5/5/2014	276.36	6/24/2013
Diversified Financials	445.51	0.26%	-0.16%	-0.16%	-0.13%	-1.43%	-0.67%	459.40	3/21/2014	370.88	6/24/2013
Consumer Services	682.37	0.84%	-0.27%	-0.27%	0.42%	-0.46%	-0.45%	701.76	3/11/2014	589.34	6/24/2013
Technology Hardware & Equipment	613.97	-0.16%	-0.64%	-0.64%	-0.63%	3.85%	4.92%	623.52	5/6/2014	466.39	6/24/2013
Utilities	214.33	-1.42%	-0.69%	-0.69%	-2.35%	1.75%	10.93%	221.28	4/30/2014	182.19	6/21/2013
Software & Services	818.70	0.48%	-0.89%	-0.89%	-1.25%	-3.44%	-1.77%	902.43	4/3/2014	690.47	6/24/2013
Pharmaceuticals, Biotech & Life Sci	650.79	0.43%	-1.02%	-1.02%	-1.90%	-0.80%	4.25%	688.05	3/6/2014	509.10	6/24/2013
Consumer Durables & Apparel	270.27	0.22%	-1.05%	-1.05%	-0.25%	-1.94%	-5.19%	285.53	1/3/2014	231.91	6/24/2013
Automobiles & Components	133.28	-0.68%	-1.59%	-1.59%	-1.89%	-0.86%	-4.10%	143.67	12/17/2013	109.70	6/24/2013
Banks	209.13	-0.44%	-1.63%	-1.63%	-1.77%	-6.66%	-0.03%	228.93	3/21/2014	175.15	5/10/2013
Retailing	847.62	1.26%	-2.11%	-2.11%	-1.26%	-4.76%	-9.81%	944.66	12/27/2013	757.39	6/24/2013

**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
Russia RSX	23.71	-0.84%	6.37%	4.40%	-1.17%	-17.87%	30.25	10/22/2013	20.86	3/13/2014
Turkey TUR	55.19	-0.18%	2.22%	3.72%	13.37%	15.80%	77.40	5/22/2013	40.03	2/3/2014
Mexico EWW	65.87	0.00%	2.01%	3.12%	3.00%	-3.13%	73.82	5/9/2013	57.57	6/21/2013
BRIC EEB	33.43	0.30%	1.86%	3.05%	3.12%	-3.52%	37.70	10/22/2013	28.86	6/24/2013
Australia EWA	26.54	-0.15%	1.03%	0.34%	2.59%	8.90%	27.66	5/9/2013	22.00	7/3/2013
South Africa EZA	68.42	-0.48%	0.94%	2.03%	3.34%	6.09%	69.35	5/8/2014	53.37	6/24/2013
Belgium EWK	17.76	-0.45%	0.62%	0.97%	2.30%	8.36%	17.97	5/8/2014	13.37	7/3/2013
Malaysia EWM	15.90	0.13%	0.38%	0.00%	1.60%	0.51%	16.76	5/14/2013	13.74	8/28/2013
Singapore EWS	13.64	0.22%	0.37%	0.22%	4.44%	3.57%	14.71	5/9/2013	11.94	2/3/2014
Latin America ILF	38.80	-0.23%	0.34%	2.40%	6.10%	4.75%	43.98	5/9/2013	31.89	2/3/2014
United Kingdom EWU	21.67	-0.46%	0.32%	0.70%	5.25%	3.78%	21.83	5/8/2014	17.55	6/24/2013
India IFN	22.32	2.81%	0.31%	1.69%	-3.13%	11.60%	23.49	4/2/2014	16.16	8/28/2013
Netherlands EWN	25.63	-0.43%	0.27%	-0.27%	-1.88%	-1.16%	26.34	4/1/2014	20.34	6/24/2013
Indonesia IDX	25.59	0.99%	0.20%	0.79%	1.79%	20.37%	33.39	5/22/2013	20.06	1/7/2014
Brazil EWZ	48.54	-0.43%	0.12%	3.19%	7.78%	8.64%	56.09	5/9/2013	38.00	2/3/2014
Chile ECH	46.55	-0.21%	0.11%	1.13%	2.20%	-2.02%	63.64	5/9/2013	39.62	2/3/2014
Emerging Markets EE	41.62	-0.17%	0.02%	0.70%	1.49%	-0.42%	44.19	5/9/2013	36.16	6/24/2013
United States SPY	187.96	0.15%	-0.05%	-0.19%	0.51%	1.77%	189.70	4/4/2014	155.73	6/24/2013
South Korea EWY	62.63	-0.19%	-0.10%	0.13%	1.82%	-3.15%	66.07	10/22/2013	49.56	6/24/2013
Spain EWP	41.88	-0.99%	-0.19%	-0.21%	2.65%	8.58%	42.58	5/8/2014	27.50	6/24/2013
Switzerland EWL	34.89	0.14%	-0.26%	-0.40%	1.60%	5.76%	35.10	5/1/2014	28.01	6/24/2013
France EWQ	29.87	-0.57%	-0.27%	-0.57%	2.29%	4.99%	30.20	5/8/2014	22.96	7/3/2013
Taiwan EWT	14.71	-1.08%	-0.41%	0.48%	2.22%	2.01%	14.95	4/17/2014	12.48	6/24/2013
Germany EWG	31.33	-0.25%	-0.41%	-1.10%	-0.06%	-1.35%	31.93	12/31/2013	23.96	7/5/2013
Japan EWJ	11.14	0.81%	-0.54%	0.54%	-1.68%	-8.23%	12.43	5/22/2013	10.36	6/6/2013
Canada EWC	30.39	-0.69%	-0.78%	-0.49%	2.84%	4.22%	30.75	5/8/2014	25.61	6/24/2013
Sweden EWD	36.42	-0.33%	-0.95%	-1.22%	-0.55%	1.65%	37.11	4/1/2014	29.42	6/24/2013
Israel EIS	51.35	-0.58%	-1.05%	-0.47%	-2.75%	6.05%	53.99	4/4/2014	41.19	8/28/2013
China 25 FXI	34.58	-0.40%	-1.20%	-1.00%	-3.35%	-9.88%	40.32	12/2/2013	31.35	6/25/2013
Austria EWO	19.96	-0.20%	-1.87%	-1.53%	-0.15%	0.76%	21.06	2/25/2014	16.10	7/3/2013
Hong Kong EWH	20.06	0.96%	-2.19%	-1.08%	1.42%	-2.62%	21.30	4/14/2014	17.79	6/24/2013
Italy EWI	17.43	-1.64%	-2.95%	-3.38%	-1.58%	11.80%	18.09	5/1/2014	11.66	7/3/2013
Greece GREK	22.16	-3.02%	-3.10%	-4.44%	-9.81%	-1.64%	25.76	3/19/2014	14.10	6/24/2013
Vietnam VNM	19.05	2.53%	-4.08%	-5.13%	-12.17%	1.38%	23.15	2/26/2014	17.00	8/28/2013
Thailand THD	72.59	-0.43%	-4.91%	-4.64%	-0.15%	5.74%	95.49	5/21/2013	61.94	1/3/2014

DATA QUOTED REPRESENTS PAST PERFORMANCE.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

**INTERNATIONAL ETFs Standard Performance**

	-----PRICE-----			-----NAV-----			Expense Ratio%	Premium % to NAV
	Price	1-Year	5-Year	10-Year	1-Year	5-Year		
Australia EWA	26.54	35.63			35.67		0.03	0.09
Austria EWO	19.96	37.50			38.18		0.00	0.01
Belgium EWK	17.76	13.59			12.96		0.02	0.08
Brazil EWZ	48.54	-19.04			-20.19		0.08	0.09
BRIC EEB	33.43	-7.69			-8.30		0.03	-0.04
Canada EWC	30.39	-11.88			-12.19		0.03	0.04
Chile ECH	46.55	16.01			16.35		0.02	-0.02
China 25 FXI	34.58	7.86			7.86		-0.03	-0.10
Emerging Markets EE	41.62	14.72			19.10		0.01	0.00
France EWQ	29.87	7.64			7.62		0.02	0.05
Germany EWG	31.33	4.71			5.73		0.00	-0.01
Greece GREK	22.16	14.43			13.79		-0.10	-0.02
Hong Kong EWH	20.06	-3.50			-2.87		0.01	-0.03
India IFN	22.32	9.93			9.22		-0.03	0.12
Indonesia IDX	25.59	1.92			0.95		0.57	0.37
Israel EIS	51.35	0.15			-0.78		-0.03	0.06
Italy EWI	17.43	-25.60			-25.67		-0.02	0.12
Japan EWJ	11.14	25.04			24.45		-0.02	-0.08
Latin America ILF	38.80	-0.65			-2.18		0.06	0.05
Malaysia EWM	15.90	-4.17			-4.57		0.02	0.01
Mexico EWW	65.87	15.82			14.99		0.03	-0.03
Netherlands EWN	25.63	17.72			17.20		-0.02	-0.01
Russia RSX	23.71	22.00			21.80		-0.01	-0.18
Singapore EWS	13.64	20.80			20.58		0.04	0.04
South Africa EZA	68.42	-3.15			-3.02		0.03	0.06
South Korea EWY	62.63	-7.53			-8.35		0.02	-0.03
Spain EWP	41.88	-9.24			-9.59		0.03	0.09
Sweden EWD	36.42	-21.56			-20.74		-0.01	0.02
Switzerland EWL	34.89	-3.46			-3.47		0.02	0.06
Taiwan EWT	14.71	16.94			17.74		0.02	0.02
Thailand THD	72.59	-3.47			-4.23		0.00	0.06
Turkey TUR	55.19	-6.70			-6.60		0.13	0.16
United Kingdom EWU	21.67	-26.19			-26.67		0.05	0.04
United States SPY	187.96	8.22			9.23		0.01	0.02
Vietnam VNM	19.05	23.26			22.94		-0.12	0.01

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

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

## Commodities ETFs/ETNs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Grains JIG	51.52	-0.60%	1.38%	-1.45%	2.14%	19.45%	52.90	6/19/2013	42.02	1/9/2014
Grains GRU	6.74	-1.32%	1.05%	-1.46%	1.97%	16.61%	7.09	6/3/2013	5.41	8/15/2013
Corn CORN	34.34	-2.33%	0.82%	-2.53%	-0.92%	12.30%	43.00	5/30/2013	29.50	1/10/2014
Copper JJC	37.62	0.94%	0.72%	2.17%	2.23%	-9.24%	42.40	5/22/2013	34.89	3/19/2014
Tin JTT	52.28	0.00%	0.52%	0.75%	1.51%	-1.75%	57.05	12/27/2013	41.89	7/2/2013
Timber CUT	25.04	-0.20%	0.44%	1.54%	-1.07%	-3.32%	26.45	3/6/2014	20.70	6/24/2013
OIL USO	36.40	-0.25%	0.30%	0.22%	-0.52%	3.06%	39.54	9/6/2013	32.53	5/31/2013
Livestock COW	31.17	0.39%	-0.48%	-0.42%	-2.01%	14.85%	32.90	3/19/2014	25.41	5/17/2013
Platinum PPLT	139.24	-0.49%	-0.59%	0.24%	0.81%	4.00%	151.51	8/27/2013	127.34	6/26/2013
Heating Oil UHN	32.92	-0.39%	-0.69%	-0.48%	-1.17%	-0.33%	34.91	8/29/2013	30.36	5/31/2013
Gold GLD	124.10	-0.06%	-0.77%	-0.10%	0.40%	6.87%	142.36	5/9/2013	114.46	12/31/2013
Palladium PALL	78.11	-0.26%	-1.16%	-1.08%	3.40%	12.19%	80.05	5/6/2014	61.81	6/26/2013
Silver SLV	18.42	-0.11%	-1.44%	-0.22%	-3.26%	-1.55%	23.84	8/27/2013	17.75	6/27/2013
Sugar SGG	54.50	-0.80%	-1.59%	-3.80%	-7.55%	-1.78%	66.46	10/18/2013	49.25	1/29/2014
Cotton BAL	57.16	-0.27%	-1.72%	-2.13%	-1.78%	7.48%	60.44	3/26/2014	47.97	11/5/2013
Aluminum JJU	17.64	-0.79%	-2.00%	-3.71%	-2.43%	-5.36%	22.39	6/5/2013	17.10	3/17/2014
Cocoa NIB	37.28	-0.82%	-2.51%	-3.97%	-3.92%	4.13%	40.25	4/9/2014	28.38	6/28/2013
Coal KOL	18.63	0.59%	-2.56%	-2.10%	0.76%	-4.17%	22.23	5/21/2013	17.16	6/24/2013
Natural Gas UNG	25.11	-1.02%	-3.39%	-5.42%	2.83%	21.36%	27.89	2/24/2014	16.60	8/8/2013
Coffee JO	36.12	-6.11%	-9.75%	-10.92%	2.96%	66.45%	42.87	4/24/2014	20.37	11/6/2013

**DATA QUOTED REPRESENTS PAST PERFORMANCE.**

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

## Commodity ETFs/ETNs Standard Performance

	-----PRICE % Change-----			-----NAV % Change-----			Expense Ratio%	Premium % to NAV	
	Price	1-Year	5-Year	10-Year	1-Year	5-Year			10-Year
Aluminum JJU	17.64	-17.38	-5.00		-17.41	-4.81		0.75	0.03
Coal KOL	18.63	-12.73	-2.70		-13.59	-2.45		0.59	-0.58
Cocoa NIB	37.28	18.12	-1.03		17.56	-0.63		0.75	-0.65
Coffee JO	36.12	14.52	-1.29		24.38	0.04		0.75	-0.14
Copper JJC	37.62	-8.98	4.75		-10.70	4.56		0.75	-0.12
Corn CORN	34.34	-15.31			-11.53			1.49	-0.21
Cotton BAL	57.16	3.66	11.23		3.98	11.26		0.75	-0.31
Gold GLD	124.10	-11.87	6.63		-12.68	6.82		0.40	0.18
Grains GRU	6.74	-1.17	0.91					0.75	
Grains JIG	51.52	1.62	3.58		4.44	3.86		0.75	-0.12
Heating Oil UHN	32.92	3.75	7.73		4.40	7.84		0.91	-0.40
Livestock COW	31.17	20.75	0.31		19.49	0.35		0.75	0.15
Natural Gas UNG	25.11	16.90	-28.59		17.88	-28.32		0.60	0.15
OIL USO	36.40	6.53	2.30		5.92	2.19		0.45	0.07
Palladium PALL	78.11	12.34			15.97			0.60	-0.15
Platinum PPLT	139.24	-5.65			-4.53			0.60	0.08
Silver SLV	18.42	-19.53	5.95		-19.72	6.20		0.50	-0.30
Sugar SGG	54.50	-12.57	1.89		-12.26	2.07		0.75	0.22
Timber CUT	25.04	10.07	13.75		10.32	14.30		0.70	-0.46
Tin JYT	52.28	11.71	10.69		11.35	10.42		0.75	-0.57

**DATA QUOTED REPRESENTS PAST PERFORMANCE AND PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.  
BLANK SPACES INDICATE THE SECURITY HAS NOT TRADED FOR THAT FULL TIME PERIOD.**



## **Kaufman Report Legend**

**4-Week Closing Highs** – The number of stocks in the S&P 1500 index that closed at the highest daily closing price of the last four weeks.

**4-Week Closing Lows** - The number of stocks in the S&P 1500 index that closed at the lowest daily closing price of the last four weeks.

**10-Sma 4-Week Closing Highs** - The 10-day simple moving average of 4-week closing price highs.

**10-Sma 4-Week Closing Lows** - The 10-day simple moving average of 4-week closing price lows.

**10-Sma 13-Week Closing Highs** – The 10-day simple moving average of 13-week closing price highs.

**10-Sma 13-Week Closing Lows** – The 10-day simple moving average of 13-week closing price lows.

**13-Week Closing Highs** - The number of stocks in the S&P 1500 index that closed at the highest daily closing price of the last thirteen weeks.

**13-Week Closing Lows** - The number of stocks in the S&P 1500 index that closed at the lowest daily closing price of the last thirteen weeks.

**Advance Percentage** - The percentage of stocks in the S&P 1500 that closed higher on the day.

**Advance Decline Line** – The cumulative total of daily net advances minus declines.

**Bearish Engulfing Candle** - a two candle pattern that occurs after an uptrend. The second candle is down and the close is lower than the open such that the real body of the second candle completely engulfs the real body of the first candle. Considered bearish because it shows a potential reversal of trend and they are frequently seen at tops.

**Bullish Engulfing Candle** - a two candle pattern that occurs after a downtrend. The second candle is up and the close is higher than the open such that the real body of the second candle completely engulfs the real body of the first candle. Considered bullish because it shows a potential reversal of trend and they are frequently seen at bottoms.

**Candle** – the name given to the pattern created during a single time increment in Japanese candlestick charting. Candles can apply to any time frame such as minutes, hours, days, weeks, months, etc. Candles are made up of an opening price, a closing price, a high and a low. The candle also has a real body, which is the fat area between the open and the close, and shadows or wicks, which are the thin lines above or below the real body that show the high or low for the candle. When price closes higher than the open the candle is white, or not filled in. When price closes below the open, the candle is dark, or filled in.

**Channel lines** - parallel trend lines that form the borders of a trading range. Channels can be ascending, descending, or sideways. The top trend line is considered to be price resistance, while the bottom trend line is considered to be support.

**Close** - the last price of trading during the session. On a daily chart where each candle represents one day the close is the last price of the day. On a weekly chart it is the last price of the week, etc.

**Confirmation** – when an indicator gives the same or similar interpretation to price or to another indicator. For example, in Dow Theory if the Industrials make a new high but the Transports do not that is considered non-confirmation.

**Doji** - a candle where the opening price and the closing price are the same or very nearly the same. Doji are considered to show indecision on the part of investors and are frequently seen at turning points.

**Dow Theory** - a theory about stock movement based on the writings of the first editor of the Wall Street Journal, Charles Dow. Perhaps the most widely used aspect of Dow Theory is the belief that the Industrial and Transportation Averages had to confirm each other. If one made a new high the other needed to confirm it by also making a new high. If not, there is what technicians call “non-confirmation.” This is a simple and appealing theory because if companies manufacture products they also need to ship them. Dow Theory is considered to be an intermediate-term system, not a short-term trading system.

**Earnings yield** - the theoretical yield of a stock based on the inverse of its P/E ratio. For example, a \$20 stock that earns \$1 per share has a P/E ratio of 20. If you take the \$1 and divide it by 20 that equals 5%, which is the earnings yield. A \$20 stock earning \$2 would have a P/E of 10, and an earnings yield of 10%. Also known as equity yield.

**Equity Yield** - same as earnings yield.

**EPS** - Earnings Per Share.

**EPS Cont Ops** – Earnings per share from continuing operations

**Est EPS** – Estimated earnings per share

**EMA - Exponential Moving Average** – A moving average that gives more weight to recent prices in an attempt to reduce the lag inherent in simple moving averages.

**Fibonacci** - a numerical sequence named after Leonardo Fibonacci. The sequence begins with “0” and “1”, then takes a number and adds it to the number just before it in the sequence to arrive at the number that will come after. The sequence goes 0,1,1,2,3,5,8,13,21,34,55,89,144,233,377, etc. The ratios created by dividing one of the numbers with its preceding or following number are used for measuring retracements or for making projections. Interestingly, the ratios created beginning with the number eight are all about 0.618 or 1.618. This is what is known as the “golden ratio.”

**Gap** – a price zone on a chart where no trades were executed, resulting in an open space, or “gap” from one price to the next.

**H** – an abbreviation for “Head” on a head & shoulders pattern.

**Hammer** - the name given to a single candle that looks like a hammer and has significance due to it appearing at the end of a downtrend. An easy mnemonic is to think the market is “hammering out a bottom.” The exact same candle appearing during an uptrend is NOT called a hammer. In that case it would either be insignificant or it would possibly be a “hanging man” candle.

**Hanging Man** - a potentially bearish candle appearing in an uptrend. It has the shape of a hammer but is not a hammer because a hammer is a bottoming candle and needs to come during a downtrend. The hanging man requires confirmation from the next candle to confirm the bearish interpretation.

**Head and Shoulders** – possibly the most famous pattern in technical analysis. It is a bearish topping pattern comprised of at least one left shoulder, which is a short-term peak in price, the head, which is also a peak but

which is higher than the left shoulder, and the right shoulder, which is a third short-term peak in price and which is also lower than the head. A trend line called the “neckline” can be drawn across the areas where support was found during the formation of the peaks. A break of the neckline of a regular head and shoulders pattern has bearish implications. There is also an inverted, or inverse head and shoulders pattern, which is a bullish bottoming pattern. In this case the left shoulder is support during a move lower, the head is support that is even lower than the left shoulder, and the right shoulder is support that is higher than the head. The neckline in this case is drawn across the resistance levels that were created during the formation of the support levels. A break of the neckline has bullish implications.

**High** – the highest price where trading took place during the session.

**High Wave Candle** - a candle with very long upper and lower shadows.

**Horizontal lines** - lines drawn on charts to show support or resistance levels. On momentum indicators they are used to define overbought or oversold zones.

**Island Reversal** – a chart pattern where there is a gap up or down, a period of trading, then another gap in the opposite direction of the first gap. The two gaps create the boundaries of the “island.” The island can be one or more candles. Island reversals come after an up or downtrend and are considered to be reversal signals.

**Kaufman Options Indicator** – a proprietary indicator consisting of multiple moving averages of call and put option buying. It is a sentiment indicator so it has a contrarian interpretation. Extreme optimism is bearish, and extreme pessimism is bullish.

**Low** - the lowest price traded during the defined session.

**LS** – an abbreviation for “left shoulder” on a head & shoulders pattern.

**MACD** - Moving Average Convergence Divergence – A momentum indicator created by Gerald Appel. It is comprised of three moving average signal lines, only two of which are seen. These can be user defined. Unlike the stochastic oscillator and the RSI the MACD does not have boundaries. Its most basic use is as an indicator of trends as opposed to readings of overbought or oversold like the stochastic and RSI.

**Measured Move** - a price move on a chart that has three sections, or “legs”, and in which the first and third legs, which move in the same direction, are of approximately the same size.

**Moving Average** – The average price of something over a given period of time. For example a 10-day simple moving average is the sum of the last ten days closing price divided by ten.

**Neckline** - a line drawn the top or bottom of a head & shoulders pattern connecting support levels. On an inverted head and shoulders pattern the line connects resistance levels. The line can be ascending, descending, or horizontal. Drawing a vertical line from the head to the neckline and adding that same length to the other side of the neckline where a breakout or breakdown occurs creates the technical target price.

**Negative divergence** - when an indicator fails to confirm price or another indicator, that is considered a negative divergence. For example, when an index makes a new high but the number of stocks in the index also making a new high is much fewer than at previous highs for the index, that is a negative divergence.

**OHLC** – Numbers at the top of price charts reflecting the opening price, high price, low price, closing price, and price change, in that order.

**Open** - the first price trading occurred during a session.

**PE Cont Ops** – PE ratio from continuing operations

**PE Ratio** - possibly the most common way of valuing a stock. It is the price per share divided by the earnings per share. For example, a \$20 stock with earnings of \$1 per share would have a P/E ratio of 20.

**FPE** – Forward PE, or the PE derived from earnings projections.

**PE TNX Spread Percentage** – The difference between the equity yield derived from the PE ratio and the 10-year note yield expressed as a percentage.

**FPE TNX Spread Percentage** – The difference between the FPE (forward PE ratio) equity yield derived from the FPE ratio and the 10-year note yield expressed as a percentage.

**Percentage Over 10-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 10-day simple moving average.

**Percentage Over 20-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 20-day simple moving average

**Percentage Over 50-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 50-day simple moving average.

**Percentage Over 200-Sma** – The percentage of stocks in the S&P 1500 that are currently above their own 200-day simple moving average.

**Price Channel** - parallel trend lines that form the borders of a trading range. Channels can be ascending, descending, or sideways. The top trend line is considered to be price resistance, while the bottom trend line is considered to be support.

**Price Oscillator** – The difference between two moving averages.

**Real Body** - the fat part of a candle that is between the opening price and the closing price. It does not include the thin lines above and below the real body, which are known as shadows, or wicks.

**Relative Strength Index** – A momentum oscillator developed by J. Welles Wilder. It compares the strength of losses versus the strength of gains for a period of time defined by the user. The most common is fourteen periods. The RSI can only travel between zero and one-hundred, so there can be times when it flat lines against the boundary. Its most basic use is as an overbought or oversold indicator.

**Resistance** – an area on a chart where demand (buying) weakened, prices had trouble continuing to go higher, and supply (selling) strengthened, sending prices lower. Can be a particular price or a price zone. A stock moving up may have trouble when it reaches an area of resistance. Resistance points and resistance zones can be notated by trend lines. These trend lines can be sloping up, down, or they can be horizontal. Resistance can frequently be seen in the form of moving averages. In this case it may be theoretical if price has not stopped rising at that same level previously.

**RS** – the abbreviation for “right shoulder” on the chart of a head & shoulders pattern.

**Shadow** - shadows are lines that are part of a candle and are on the top or bottom of a real body. The upper shadow top is the high of the session, while the lower shadow bottom is the low of the session. Also called a wick.

**SMA – Simple Moving Average** - The average price of something over a given period of time. For example a 10-day simple moving average is the sum of the last ten days closing price divided by ten. A 50-day simple moving average (sma) is the sum of the last fifty days closing price divided by fifty.

**Spinning Top** – a candle with a small real body. Shows indecision, or the tug-of-war between buyers and sellers.

**Stochastic Oscillator** – Developed by George Lane and based on the observation that in up trends prices tend to close in the upper part of their range while in down trends they close in the lower part of the range. The range can be user defined. The stochastic can only travel between zero and one-hundred, so there can be times when it flat lines against the boundary. Its most basic use is as overbought or oversold indicator.

**Support** - an area on a chart where supply (selling) weakened, prices had trouble continuing to go lower, and demand strengthened, sending prices higher. Can be a particular price or a price zone. A stock moving down may have trouble going lower when it reaches an area of support. Support points and support zones can be notated by trend lines. These trend lines can be sloping up, down, or they can be horizontal. Support can frequently be seen in the form of moving averages. In this case it may be theoretical if price has not stopped dropping at that same level previously.

**Thrust DMA** – The 10-day simple moving average of the daily percentage of advancing stocks on the S&P 1500.

**TNX** – The 10-year note yield.

**Trend Lines** – lines drawn on charts to show support or resistance levels.

**Triangle** - a chart pattern that forms the shape of a triangle. Can be ascending, descending, or symmetrical.

**Vertical lines** – seen on charts to designate different time zones. Also used as a visual aid to line up important points on price charts with their corresponding point on technical indicators.

**Wedge** - a chart pattern that looks like a triangle but where the top and bottom borders each slope in the same direction. In a bearish wedge each border slopes up. In a bullish wedge each border slopes down.

**Wick** - see shadow.