

Tuesday November 10, 2009

Closing prices of November 9, 2009

We said yesterday that stocks were at an inflection point. We added that with equities entering the best seasonal time of the year and earnings season almost 90% over and 80.6% of companies exceeding analyst estimates, one would think investors would continue to be reluctant to part with their holdings.

Not only was that true, but the reluctance to sell turned into a desire to buy Monday as stocks vaulted higher during a panic-buying 90% up day. The Dow Jones Industrials made a new 52-week high, while the Nasdaq 100 printed a 52-week closing high. The S&P 500 is near new highs. The Transports need to make a new high soon or we will have a non-confirmation based on Dow Theory.

The fly in the ointment is a lack of volume. With stocks starting to get overbought a pullback seems likely soon. However, with sellers stepping to the sidelines (the last six sessions down dollars has averaged 18.6% of its 10-day average), earnings news out of the way, and seasonality in their favor, the path of least resistance for equities should be higher. Investors still need to be watchful as new highs on decreasing volume is not a prescription for a sustainable rally.

Percent over 10-sma: 85.27%.

13-Week Closing Highs: 219, the most since 327 on 10/19. 13-Week Closing Lows: 14.

52-week closing highs: 163.

Kaufman Options Indicator: 0.99 Put/Call Ratio: 0.872.

Volume: +5% versus Friday. 83% of the 10-day average. 88% of the 30-day average.

Investors still need to be cautious regarding entry points, and positions they don't have a good reason to hold onto should be considered as a source of funds. Based on the S&P 500 the short-term, intermediate-term and long-term trends are up. Traders should not hesitate to rotate out of lagging sectors and stocks and into leaders.

We will remain on guard for any signs of a change in long-term trend. We have been saying there is the potential for a deep correction at some point. **However, we have also been saying since June 1st we accept the possibility that huge global government intervention along with a possibly healing economy and companies that have become very lean and mean could create a scenario where profits will start to surprise to the upside and the deteriorating earnings trend will start to change.** If so, we will be more than happy to delay or even cancel our expected bearishness. At this time the lean and mean thesis and upside surprise scenario has proven to be correct. We hope that the earnings trend will be the next to improve.

IMPORTANT DISCLOSURES

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

THE INFORMATION PROVIDED IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY. INVESTORS SHOULD CONSIDER THIS REPORT AS ONLY A SINGLE FACTOR IN MAKING THEIR INVESTMENT DECISION. THIS INFORMATIONAL REPORT IS NOT AN OFFER TO SELL OR A SOLICITATION TO BUY ANY SECURITY IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE ILLEGAL. THIS REPORT HAS BEEN PREPARED AS A MATTER OF GENERAL INFORMATION. IT IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF ANY SECURITY OR COMPANY MENTIONED, AND IS NOT AN OFFER TO BUY OR SELL ANY SECURITY. ALL FACTS AND STATISTICS ARE FROM SOURCES BELIEVED TO BE RELIABLE, BUT ARE NOT GUARANTEED AS TO ACCURACY. ADDITIONAL INFORMATION ON THESE SECURITIES AND COMPANIES IS AVAILABLE UPON REQUEST. SECURITIES, FINANCIAL INSTRUMENTS OR STRATEGIES MENTIONED HEREIN MAY NOT BE SUITABLE FOR ALL INVESTORS. THIS MATERIAL DOES NOT TAKE INTO ACCOUNT YOUR PARTICULAR INVESTMENT OBJECTIVES, FINANCIAL SITUATIONS OR STRATEGIES. BEFORE ACTING ON THE MATERIALS HEREIN, YOU SHOULD CONSIDER WHETHER IT IS SUITABLE FOR YOUR PARTICULAR CIRCUMSTANCES AND, IF NECESSARY SEEK PROFESSIONAL ADVICE. INVESTMENTS INVOLVE RISK AND AN INVESTOR MAY INCUR EITHER PROFITS OR LOSSES. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE. TRADING AND INVESTMENT DECISIONS ARE THE SOLE RESPONSIBILITY OF THE READER.

S&P 500 Cash (1,072.31, 1,093.19, 1,072.31, 1,093.08, +23.78)



The S&P 500 bounced up from oversold levels to reclaim its 20-sma. It is just below its 52-week closing high of 1097.91 and its 52-week high of 1101.36.

The stochastic is getting overbought but the MACD is showing a positive crossover.

NASDAQ 100 (1,743.55, 1,768.41, 1,742.97, 1,768.40, +37.64)



The Nasdaq 100 gapped up and printed a new closing high and is just shy of its 52-week high of 1780.83.

Momentum indicators are not yet overbought and the MACD is showing a positive crossover from low levels.

	Daily	WTD	5-Days	MTD	QTD	YTD
Bank of New York Mellon ADR	2.81%	2.81%	5.36%	6.14%	4.38%	34.08%
NYSE Composite	2.54%	2.54%	5.16%	5.87%	3.25%	23.94%
S&P Midcap 400	2.41%	2.41%	5.38%	5.86%	0.98%	29.63%
S&P 1500	2.24%	2.24%	4.87%	5.50%	3.04%	21.50%
S&P 500	2.22%	2.22%	4.81%	5.49%	3.41%	21.02%
S&P Smallcap 600	2.18%	2.18%	5.05%	4.91%	-1.16%	16.76%
Nasdaq 100	2.17%	2.17%	5.71%	6.07%	2.87%	45.95%
Dow Jones Industrials	2.03%	2.03%	4.47%	5.29%	5.30%	16.53%
Nasdaq Composite	1.97%	1.97%	5.12%	5.33%	1.49%	36.59%

	Daily	WTD	5-Days	MTD	QTD	YTD
Financials	3.63%	3.63%	4.63%	5.50%	-0.87%	18.15%
Materials	3.23%	3.23%	7.28%	8.37%	2.60%	39.39%
Industrials	2.46%	2.46%	7.65%	8.68%	3.61%	15.97%
Telecom Services	2.25%	2.25%	3.67%	3.28%	-1.73%	-4.73%
Consumer Discretionary	2.20%	2.20%	6.04%	7.00%	4.34%	33.33%
Information Technology	2.19%	2.19%	4.92%	5.35%	4.95%	51.96%
Utilities	1.73%	1.73%	3.66%	3.37%	0.05%	0.73%
Health Care	1.72%	1.72%	4.99%	5.57%	3.14%	11.25%
Energy	1.54%	1.54%	3.95%	4.44%	7.73%	14.13%
Consumer Staples	1.47%	1.47%	2.19%	3.25%	4.33%	11.32%

	Daily	WTD	5-Days	MTD	QTD	YTD
Real Estate	5.15%	5.15%	3.88%	4.62%	0.83%	10.85%
Automobiles & Components	4.01%	4.01%	7.76%	13.24%	7.95%	93.07%
Banks	3.78%	3.78%	3.26%	4.69%	0.79%	-5.36%
Insurance	3.61%	3.61%	4.53%	4.87%	-1.58%	12.90%
Diversified Financials	3.37%	3.37%	5.28%	6.14%	-1.47%	34.76%
Materials	3.23%	3.23%	7.28%	8.37%	2.60%	39.39%
Semiconductors & Equipment	3.04%	3.04%	4.29%	4.08%	-2.00%	40.81%
Capital Goods	2.66%	2.66%	7.13%	8.25%	2.71%	16.57%
Consumer Durables & Apparel	2.46%	2.46%	6.55%	6.93%	3.36%	32.54%
Media	2.27%	2.27%	6.19%	6.56%	2.20%	25.70%
Telecom Services	2.25%	2.25%	3.67%	3.28%	-1.73%	-4.73%
Technology Hardware & Equipment	2.22%	2.22%	5.09%	5.81%	4.25%	58.87%
Commercial & Professional Services	2.16%	2.16%	5.11%	6.38%	3.43%	9.32%
Health Care Equip & Services	1.99%	1.99%	6.47%	8.06%	5.60%	24.10%
Retailing	1.96%	1.96%	5.06%	5.96%	6.78%	44.34%
Food & Staples Retailing	1.89%	1.89%	0.06%	1.30%	3.32%	6.40%
Software & Services	1.87%	1.87%	4.92%	5.23%	8.39%	47.64%
Transportation	1.84%	1.84%	10.44%	11.07%	7.05%	16.27%
Consumer Services	1.83%	1.83%	6.95%	7.86%	2.51%	16.52%
Utilities	1.73%	1.73%	3.66%	3.37%	0.05%	0.73%
Pharmaceuticals, Biotech & Life Sciences	1.59%	1.59%	4.28%	4.41%	1.93%	5.93%
Energy	1.54%	1.54%	3.95%	4.44%	7.73%	14.13%
Household & Personal Products	1.37%	1.37%	4.35%	5.88%	6.78%	6.91%
Food, Beverage & Tobacco	1.31%	1.31%	2.20%	2.96%	3.67%	16.49%

INTERNATIONAL ETFs

	Daily	WTD	MTD	QTD	YTD
Sweden EWD	4.65%	7.95%	8.26%	9.71%	63.37%
Australia EWA	4.49%	7.33%	9.26%	6.02%	71.02%
Canada EWC	4.10%	7.91%	8.68%	1.73%	48.71%
BRIC EEB	4.05%	9.10%	11.39%	10.99%	87.14%
Germany EWG	4.00%	6.71%	7.76%	1.98%	17.74%
Mexico EWW	3.79%	6.07%	7.39%	7.19%	45.09%
MSCI Emerging Markets EEM	3.68%	7.52%	9.42%	5.65%	64.64%
Brazil EWZ	3.56%	10.01%	11.93%	13.90%	120.18%
Latin America ILF	3.55%	9.12%	10.94%	11.35%	87.59%
China 25 FXI	3.51%	6.75%	9.64%	11.73%	57.17%
Netherlands EWN	3.43%	6.70%	7.32%	3.94%	39.61%
United Kingdom EWU	3.34%	6.56%	7.81%	7.67%	36.33%
Spain EWP	3.33%	6.09%	6.81%	3.50%	36.88%
France EWQ	3.27%	6.62%	8.29%	2.16%	26.76%
South Korea EWY	3.12%	6.20%	7.02%	-3.14%	64.07%
Belgium EWK	3.07%	6.38%	6.77%	3.23%	53.61%
Italy EWI	3.05%	5.95%	7.40%	0.98%	25.75%
Singapore EWS	3.03%	5.33%	6.97%	4.28%	59.01%
Switzerland EWL	2.84%	4.90%	5.05%	3.41%	21.14%
Hong Kong EWH	2.66%	3.98%	4.51%	4.57%	56.51%
Malaysia EWM	2.32%	3.71%	5.24%	8.88%	51.44%
Austria EWO	2.31%	5.69%	7.59%	0.73%	69.74%
Taiwan EWT	2.07%	4.71%	6.29%	0.16%	62.58%
Japan EWJ	1.14%	0.94%	1.88%	-2.11%	1.57%
Vietnam VNM	-0.98%	0.70%	-0.46%		