

Monday October 20, 2014

Closing prices of October 17, 2014

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Monday October 20, 2014

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Stocks continued their scary waterfall decline last week until some decent economic and earnings news, combined with multi-year extremes in valuation, sentiment, and oversold conditions, combined to start a strong snap-back rally Wednesday that lasted into Friday afternoon. Major indexes ended the week mixed with the resurgent Dow Jones Transports leading the way with a gain of 3.22%, followed by the Russell 2000 (small caps), up 2.9%, and the S&P Midcap 400, up 1.38%. Large caps were the laggards as the downside was led by the Nasdaq 100, down 1.43%, the S&P 500, down 1.02%, and the Dow Jones Industrials, down 0.99%. The S&P 500 began its rally near the level of the April bottom and just shy of a 10% drop from its September 19th high, which would have marked official correction territory.

Three of the S&P sectors traded higher last week, although all ten had gains Friday. The leaders for the week were Industrials, up 2.27%, Materials, up 0.66%, and Utilities, up 0.15%. The downside was led Health Care, down 2.85%, Consumer Staples, down 2.26%, and Financials, down 1.13%.

Eight of the twenty-four S&P industry groups traded higher last week, and all twenty-four were up Friday. The leader for the week was Transports, up 4.07%, followed by Capital Goods, up 1.99%, and Automobiles & Components, up 1.53%. The losers were led by Food & Staples Retailing, down 3.79%, Pharmaceuticals, Biotech & Life Science, down 3.25%, and Banks, down 2.83%.

Last week we warned about markets that do not respond to oversold and overbearish conditions, negative weekly momentum, and we said the last stages of waterfall declines can be painful. In spite of the nice rebound rally that began Wednesday afternoon, the obvious question is have we seen the last stage of the waterfall decline? We think so, for the time being anyway, although the current period reminds us somewhat of August 2011. At that time it took an annoying multi-month period for equities to create a base and then rally. The difference is at that time stocks were well through earnings season so that catalyst was not there, and that was a period of very weak seasonality. Currently we have just entered Q3 earnings season, so there is a catalyst, and we are about to enter the best three and six month periods for stocks on a historical basis. Stocks remain oversold, sentiment is still pessimistic (which is good), and valuations are excellent. Still, indexes rallied up to important resistance levels Friday afternoon before pulling back. **Bottom line, we think the short-term bottom is in but we will not be surprised to see retests of recent lows. Investors have plenty to focus on, including the global economy, Ebola, the Middle East, the FOMC meeting October 29th, and the election November 4th.**

In the short-term stocks remain oversold, sentiment is still pessimistic, and valuations have reached levels not seen since June 2013. Major indexes printed hammer candles on their daily and weekly charts. Hammers are bottoming candles. Weekly momentum, which we have been warning about the last couple of weeks, is still mostly negative but finally at levels where bottoms can occur. We also think we may see some strength in various oversold commodities, especially if the U.S. Dollar continues its pullback from overbought and overbullish levels. In addition, we are just ahead of a period of very positive seasonality. Unfortunately, no discussion of the financial markets can leave out any mention of Ebola. We do not know how this drama will play out, but there is no doubt the downside move last week was exacerbated by Ebola news. Good news on that front should be a positive for equities. **All in all, we repeat our comment from last week that this is a short-term trader's market. We will maintain that posture until we see major indexes break resistance levels and regain their position above important moving averages.**

We have been concerned with long-term breadth numbers, which bounced back a little last week. The percentage of stocks in the S&P 1500 over their own 50-day moving averages is a hideous 21.0%. The longer-term percent over their 200-day averages is 34.5%, with last week's 30.5% the weakest since November 2011. **Stated another way, 79.0% of stocks in the S&P 1500 are in intermediate-term downtrends, while 65.5% are in long-term downtrends.** Positive seasonality and good Q3 earnings reports need to reverse these negative trends.

Valuation, based on spreads between equity and bond yields, has moved to levels not seen since June 2013. The widening of these spreads out of the range they have been trading in shows that investors have become more fearful. These are levels where stocks should be exceptionally attractive versus bonds. However, with the current lack of visibility investors are not responding to equity valuations. A positive earnings season and good guidance is needed to bring buyers back off the sidelines.

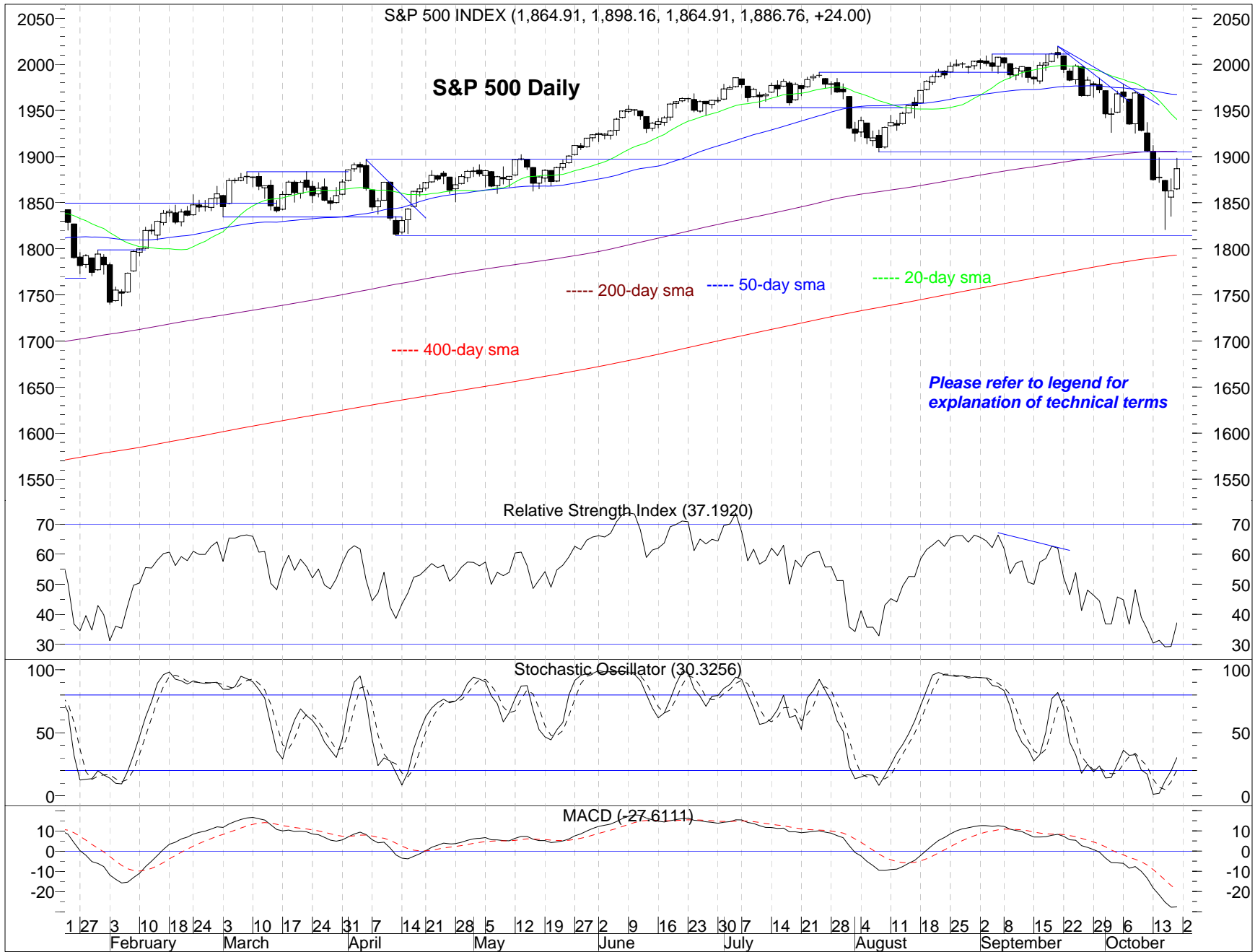
So far 81 of the S&P 500 have reported third quarter earnings. 69.1% beat estimates, 13.6% were in line, and 17.3% missed. Last quarter after 83 had reported 69.9% beat, 10.8% were in line, and 19.3% missed. For the entire second quarter 67.3% beat estimates, 12.4% were in line, and 20.3% missed. In Q1 70.4% beat estimates, 9.1% were in line, and 20.5% missed. The final tally for the fourth quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

In summary, stocks continued their waterfall decline last week before rallying Wednesday afternoon. The rally took major indexes up to important resistance levels. Worries about the global economy, Ebola, and the Middle East remain in the spotlight. We have just entered third quarter earnings season which could remove the lack of visibility which has been responsible for a good deal of the recent weakness for equities. We will measure any rally to ascertain its sustainability, and we will be watching to see if pops from good earnings reports are sold into. This is a short-term trader's market, and will remain so until major indexes break resistance levels and regain their positions above important moving averages.

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

ALL STATISTICS IN THE KAUFMAN REPORT ARE AVAILABLE ON A DAILY BASIS AT PHOENIX FINANCIAL SERVICES.

The Kaufman Report - Wayne S. Kaufman, CMT



The waterfall decline continued last week for the S&P 500 until the index neared its April lows Wednesday morning and snapped back dramatically. In doing so it printed a hammer candle on its daily chart. Hammers are bottoming candles. On Friday it rallied up to a resistance zone in the form of a prior support zone, before pulling back. That zone, which coincides with the 200-day sma, is going to be difficult resistance.

Daily momentum is turning up from low or oversold levels.

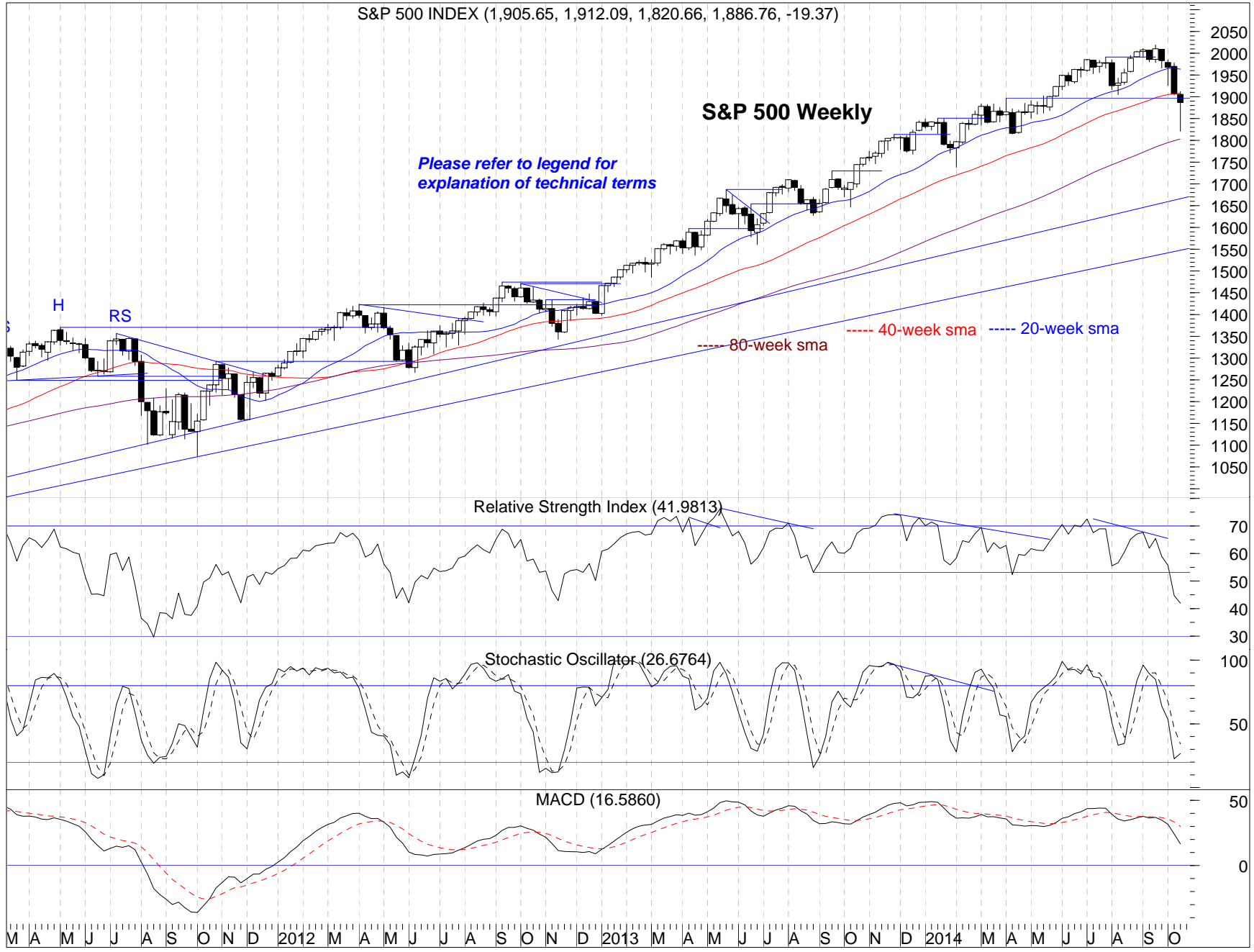
10/19/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P 500 INDEX (1,905.65, 1,912.09, 1,820.66, 1,886.76, -19.37)

S&P 500 Weekly

Please refer to legend for explanation of technical terms



The S&P 500 printed a huge hammer candle on its weekly chart. Hammers are bottoming candles. The bottom of the candle can be tested without negative the pattern.

Weekly momentum is still negative but finally at low levels.

10/19/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P 500 INDEX (1,971.44, 1,977.84, 1,820.66, 1,886.76, -85.53)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

Relative Strength Index (62.9590)

Stochastic Oscillator (66.9904)

MACD (128.821)

Three weeks ago the S&P 500 broke under the lower boundary of the ascending price channel it has been in since mid-2012. It also broke under its 3-month moving average. Last week it fell back into the long-term channel it has been in since 2009 and also below its 12-month sma.

Monthly momentum is negative with plenty of room to move lower.

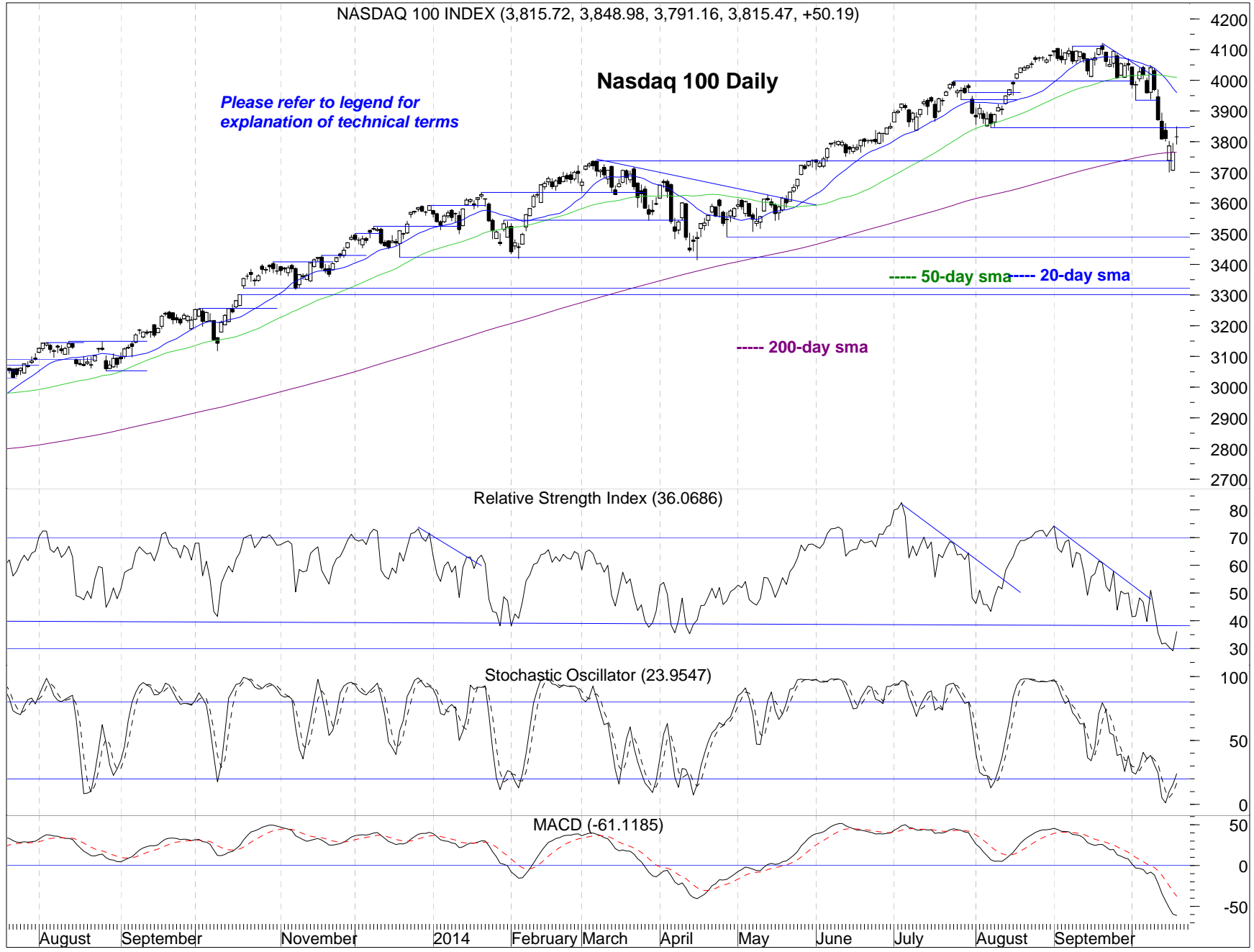
1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

10/18/2014

NASDAQ 100 INDEX (3,815.72, 3,848.98, 3,791.16, 3,815.47, +50.19)

Nasdaq 100 Daily

Please refer to legend for explanation of technical terms



The Nasdaq 100 fell through its 200-day sma before rebounding to resistance in the form of prior support.

Daily momentum is bouncing from very oversold levels.

10/18/2014

NASDAQ 100 INDEX (3,866.89, 3,893.66, 3,700.23, 3,815.47, -55.39)

Nasdaq 100 Weekly

Please refer to legend for explanation of technical terms

--- 80-week sma

--- 40-week sma

--- 20-week sma

Relative Strength Index (46.0654)

Stochastic Oscillator (24.4048)

MACD (78.6626)

After a big plunge the Nasdaq 100 held the area of its May breakout and its 40-week sma. In doing so it printed a hammer candle on its weekly chart. Hammers are bottoming candles.

Weekly momentum is still negative but finally getting to levels where bottoms occur.

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

10/18/2014

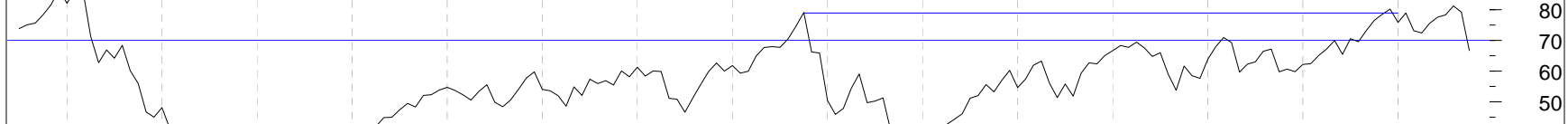
The Kaufman Report - Wayne S. Kaufman, CMT

NASDAQ 100 INDEX (4,043.33, 4,048.79, 3,700.23, 3,815.47, -233.98)



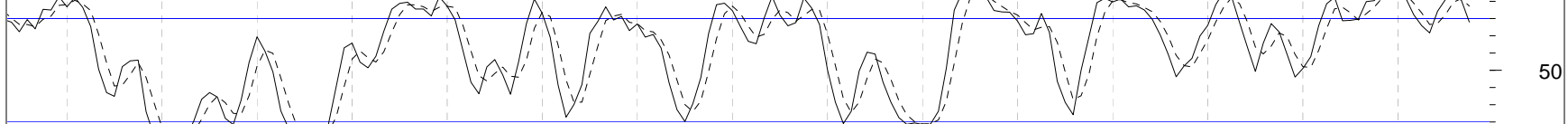
The Nasdaq 100 rallied to just under the resistance of September 2000 before reversing and showing a loss for September. So far October is the worst month since May 2012.

Relative Strength Index (66.6944)

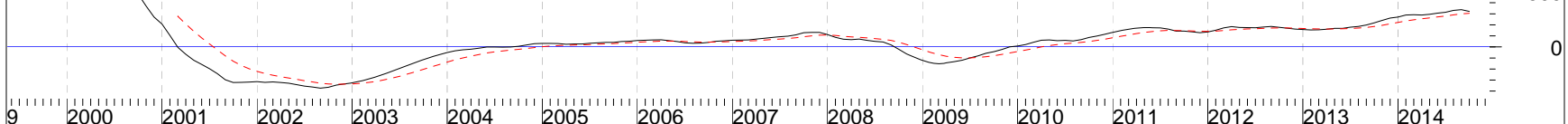


Monthly momentum is almost all negative.

Stochastic Oscillator (78.0417)



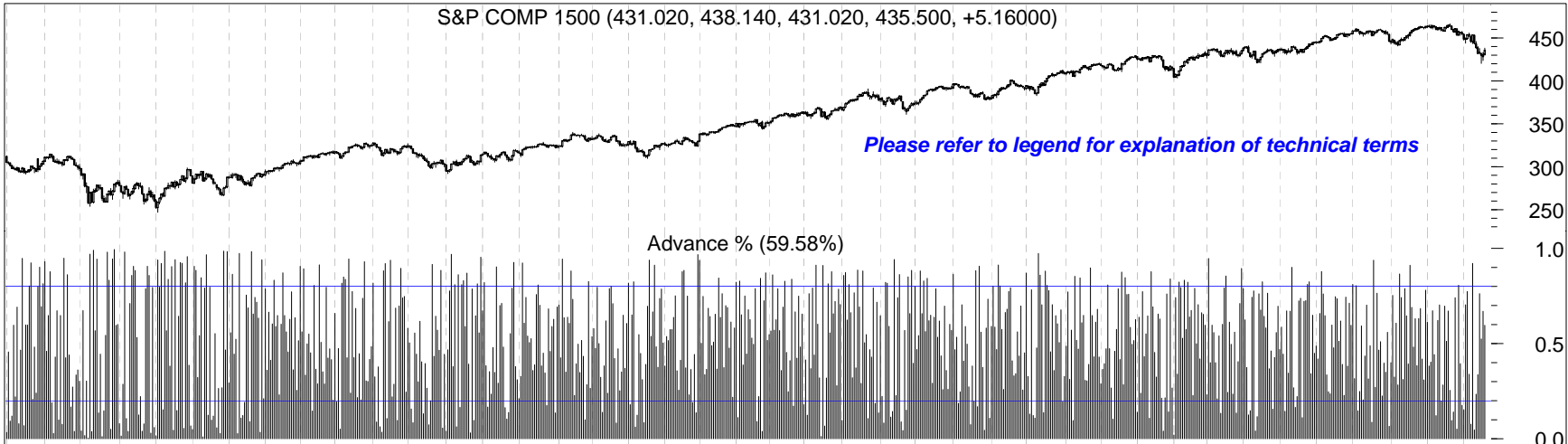
MACD (322.492)



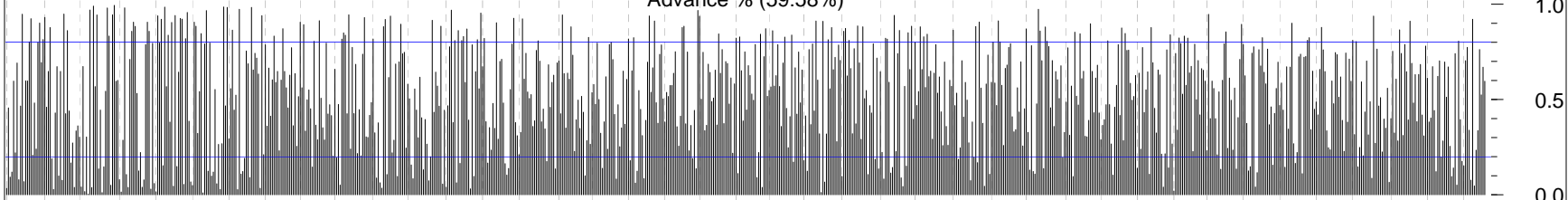
10/18/2014

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S&P COMP 1500 (431.020, 438.140, 431.020, 435.500, +5.16000)

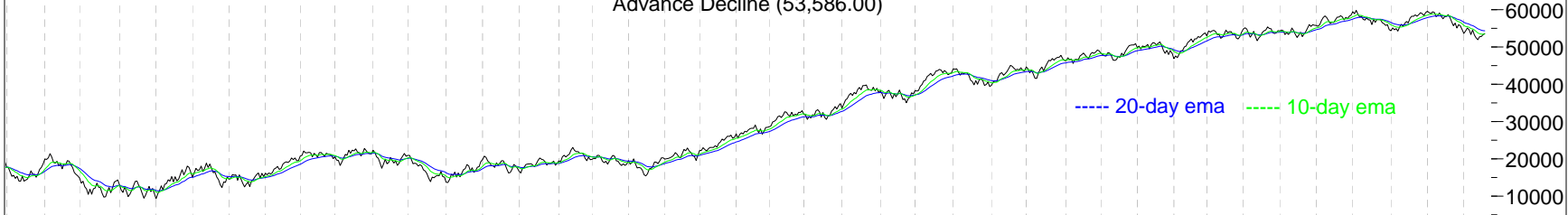


Advance % (59.58%)



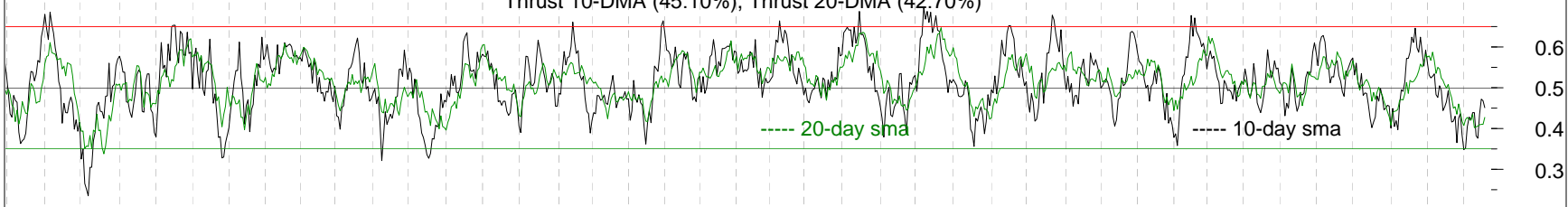
59.58% of the S&P 1500 traded higher Friday. The five-day average is 57.8%, the highest since 8/22/14.

Advance Decline (53,586.00)



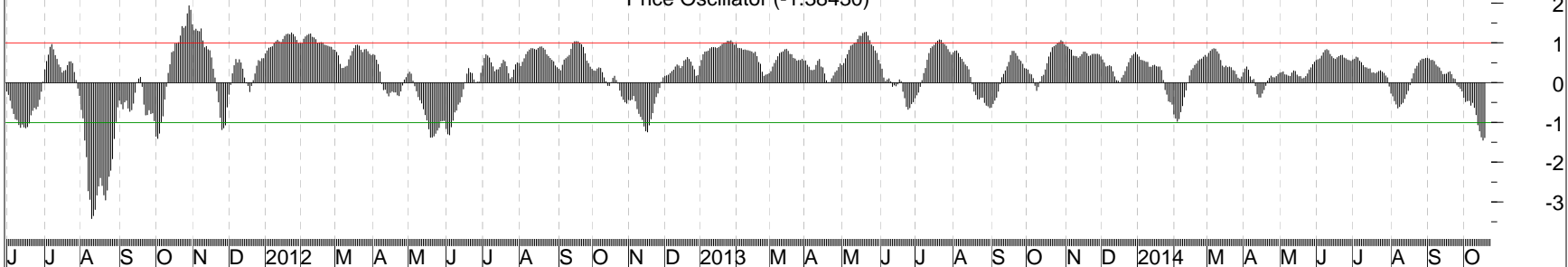
The S&P 1500 AD line is slightly above its 10-day EMA but still below the 20-day.

Thrust 10-DMA (45.10%), Thrust 20-DMA (42.70%)



These breadth numbers are still negative but an improvement from last week.

Price Oscillator (-1.38430)



Our price oscillator, a good indicator of trends, turned negative on 9/25. Last week it became the most oversold since August 2011.

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

10/19/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (431.020, 438.140, 431.020, 435.500, +5.16000)

Please refer to legend for explanation of technical terms

% Over 10-Sma (52.80%)

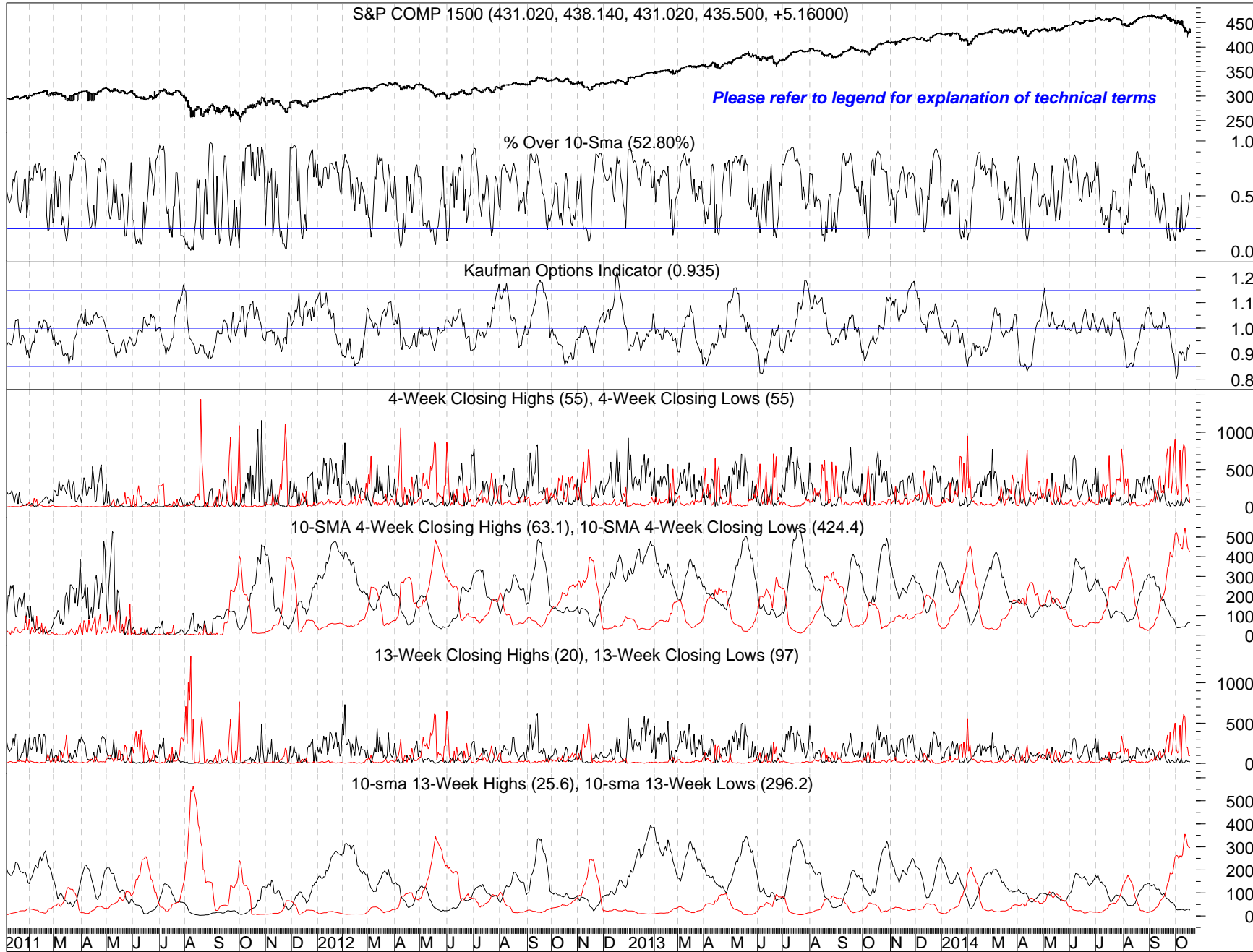
Kaufman Options Indicator (0.935)

4-Week Closing Highs (55), 4-Week Closing Lows (55)

10-SMA 4-Week Closing Highs (63.1), 10-SMA 4-Week Closing Lows (424.4)

13-Week Closing Highs (20), 13-Week Closing Lows (97)

10-sma 13-Week Highs (25.6), 10-sma 13-Week Lows (296.2)



After showing a positive divergence mid-week the percent over 10-sma has bounced to 52.8%, its highest since 9/8/14.

Our proprietary options indicator is still showing a good deal of pessimism, which is good.

The number of closing price lows shrank towards the end of last week but the 10-day averages of lows versus highs is still very negative after recently hitting multi-year extremes.

10/19/2014

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S&P COMP 1500 (431.020, 438.140, 431.020, 435.500, +5.16000)

Please refer to legend for explanation of technical terms

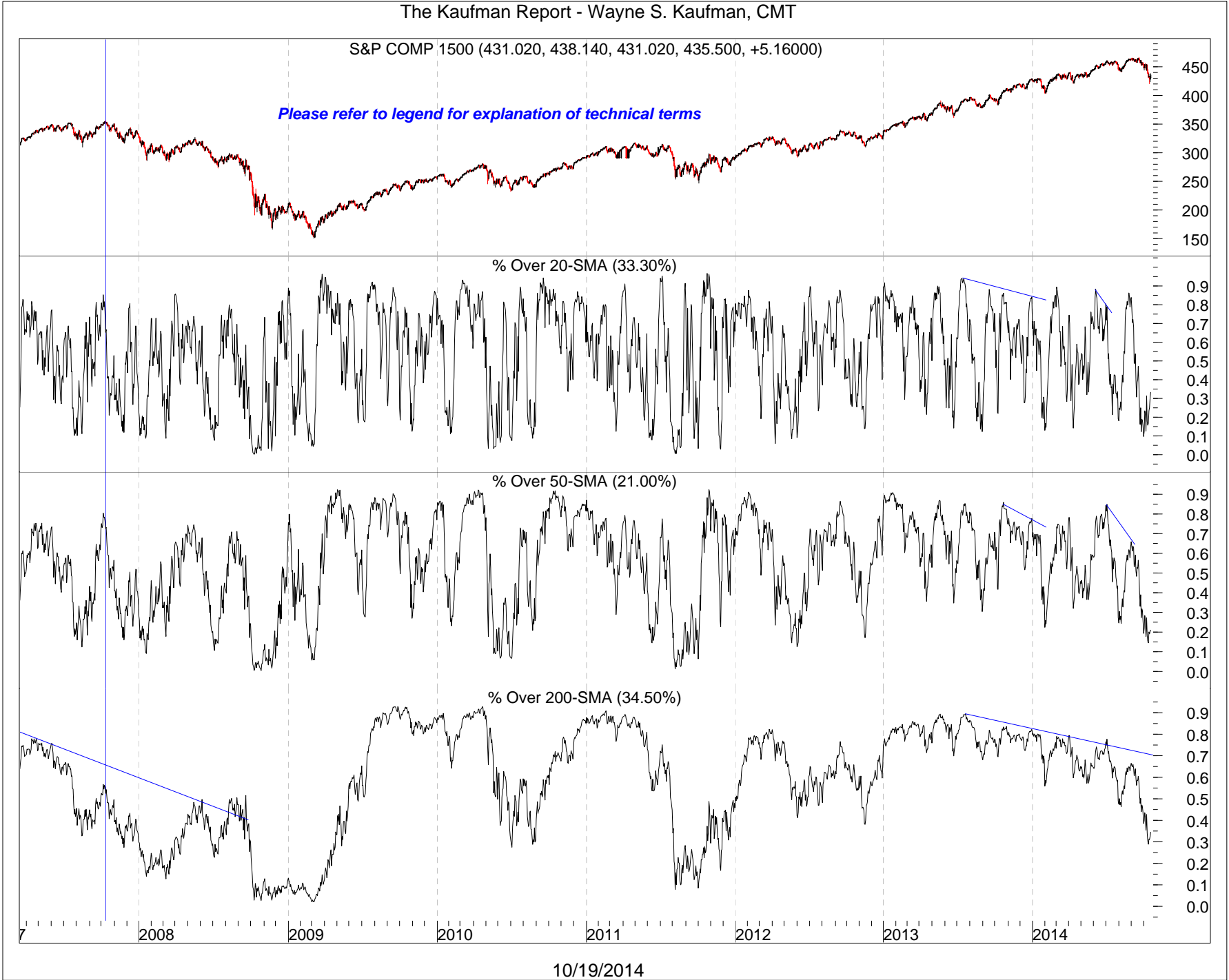
% Over 20-SMA (33.30%)

% Over 50-SMA (21.00%)

% Over 200-SMA (34.50%)

These breadth numbers have all improved since last week when they hit multi-year lows, but they are still pathetic. They need to improve greatly during any upcoming rally or there will be further trouble down the road.

10/19/2014



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S&P COMP 1500 (431.020, 438.140, 431.020, 435.500, +5.16000)

Please refer to legend for explanation of technical terms

10 Y TSY YLD NDX (21.7200, 22.2900, 21.7100, 21.9900, +0.46000)

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

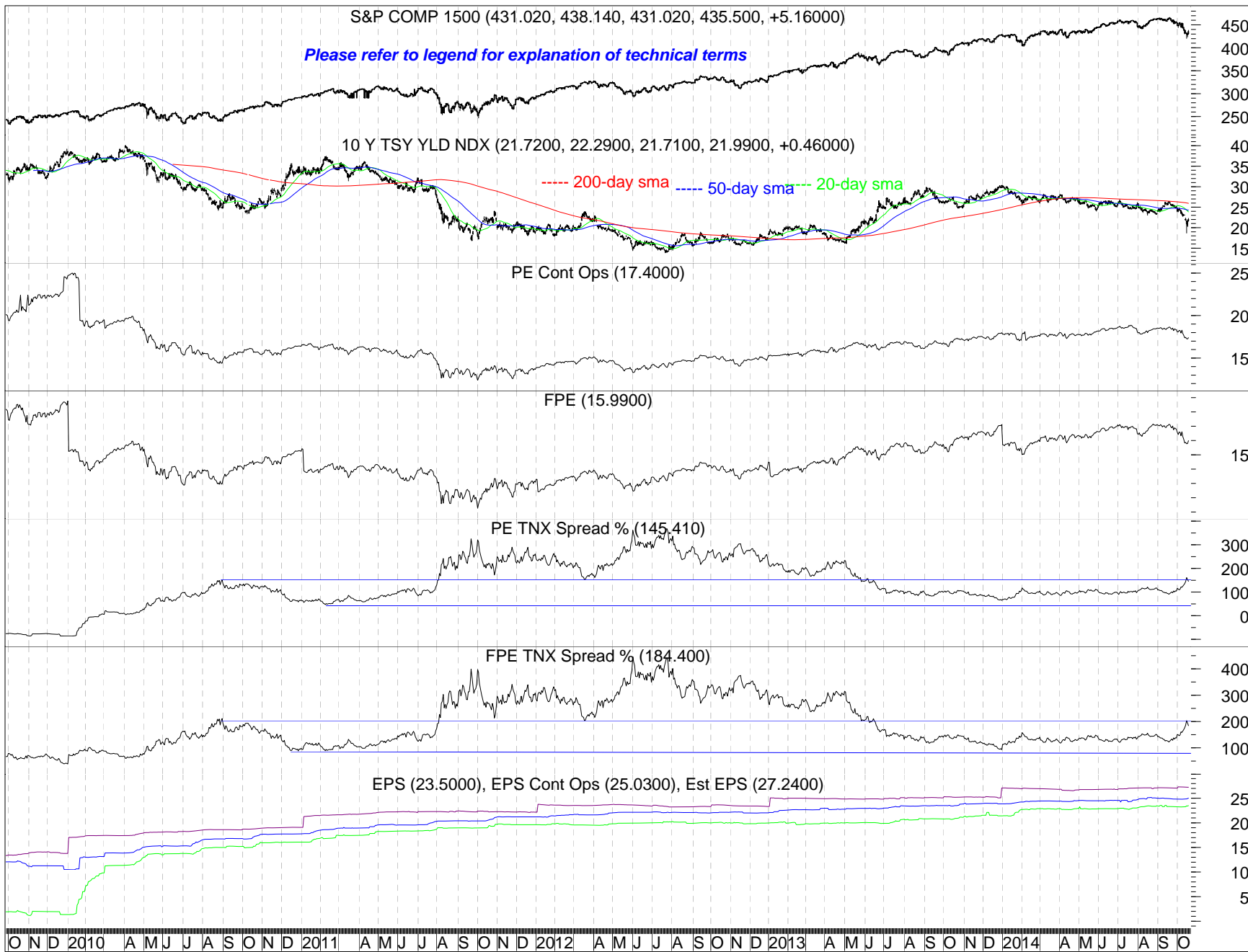
PE Cont Ops (17.4000)

FPE (15.9900)

PE TNX Spread % (145.410)

FPE TNX Spread % (184.400)

EPS (23.5000), EPS Cont Ops (25.0300), Est EPS (27.2400)



The plunge in 10-year note yields helps equity valuations.

P/E ratios have dropped sharply as stocks plunged and not that Q3 earnings are being reported.

Spreads between equity and bond yields are the widest since June 2013, making stocks exceptionally attractive versus bonds.

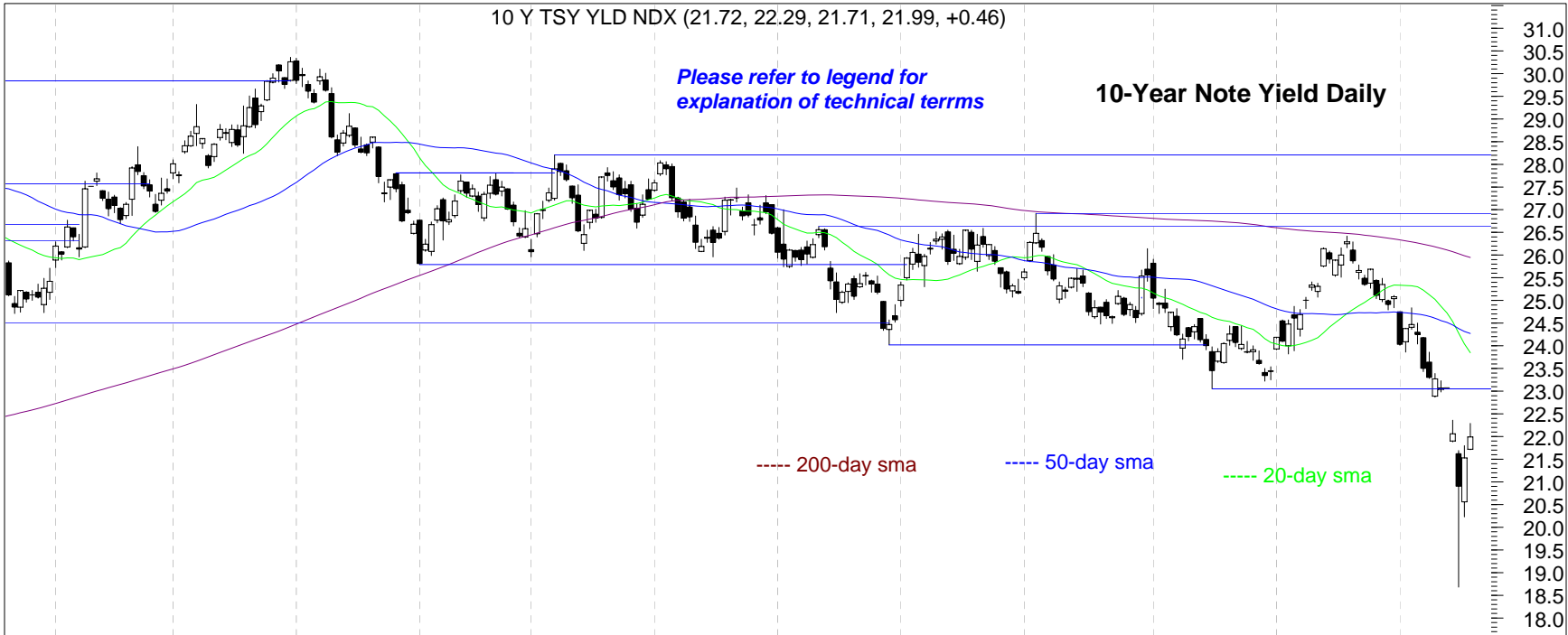
Unfortunately aggregate earnings projections are not yet moving up the way we would like.

10/19/2014

10 Y TSY YLD NDX (21.72, 22.29, 21.71, 21.99, +0.46)

Please refer to legend for explanation of technical terms

10-Year Note Yield Daily



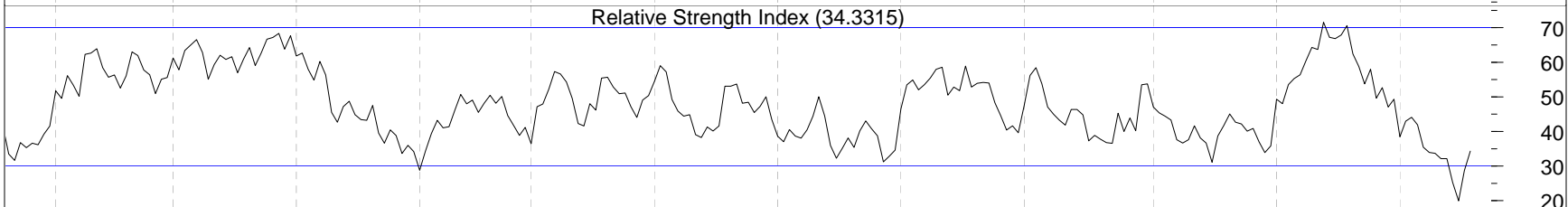
10-year note yields plunged last week, with the prior support now resistance.

----- 200-day sma

----- 50-day sma

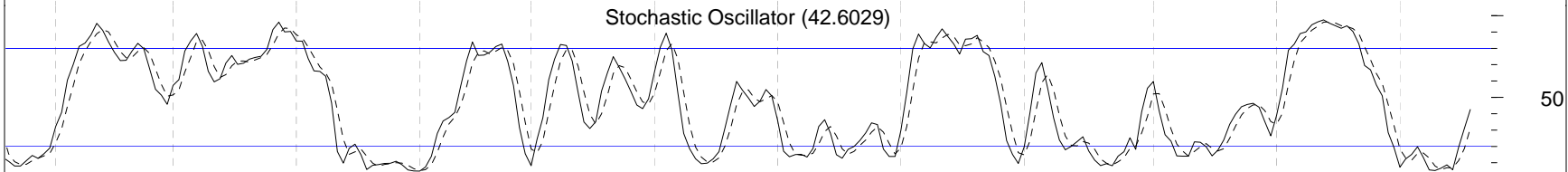
----- 20-day sma

Relative Strength Index (34.3315)

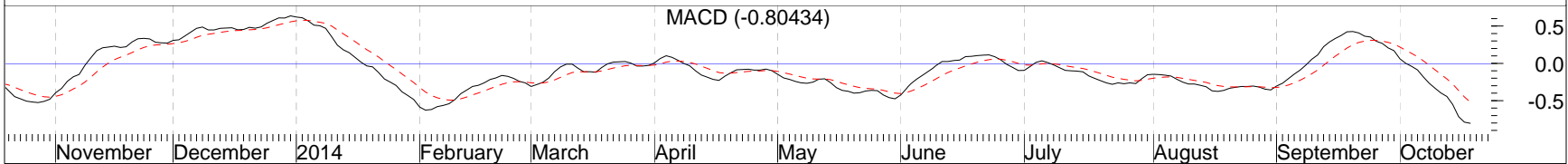


Daily momentum is turning up from low levels.

Stochastic Oscillator (42.6029)



MACD (-0.80434)

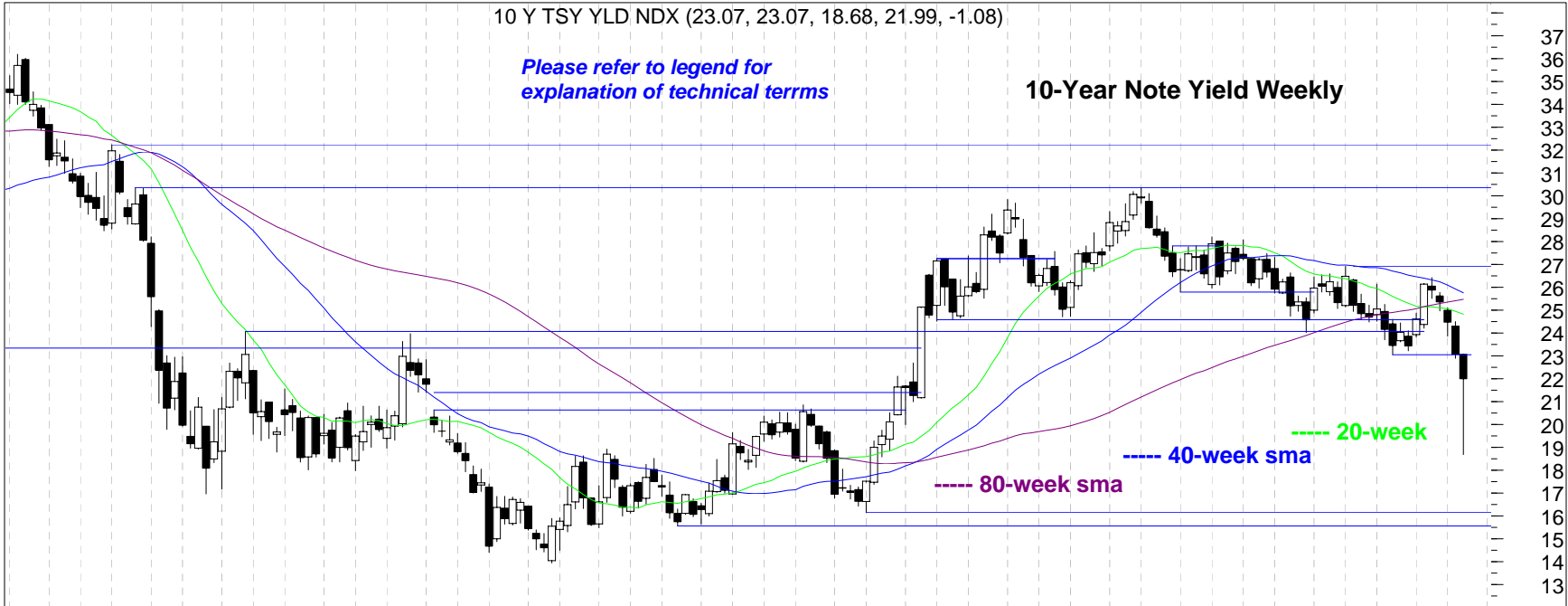


10/18/2014

10 Y TSY YLD NDX (23.07, 23.07, 18.68, 21.99, -1.08)

Please refer to legend for explanation of technical terms

10-Year Note Yield Weekly



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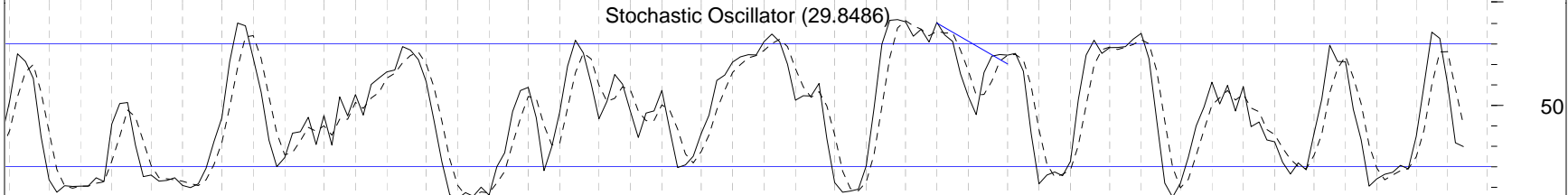
The 10-yearer note yield printed an enormous hammer candle on its weekly chart. Hammers are bottoming candles. The low of the candle can be tested without negating the pattern.

Relative Strength Index (35.6374)

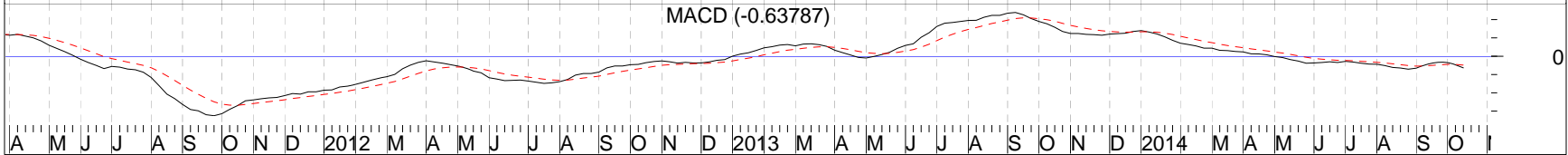


Weekly momentum is still negative.

Stochastic Oscillator (29.8486)



MACD (-0.63787)



10/18/2014

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10 Y TSY YLD NDX (24.75, 24.84, 18.68, 21.99, -3.09)

10-Year Note Yield Monthly

Please refer to legend for explanation of technical terms

-----12-Month sma

-----3-Month sma

Last week 10-year note yields hit levels not seen since May 2013. The yield is currently below its 3-month sma.

Relative Strength Index (44.8482)

Monthly momentum is mostly negative.

Stochastic Oscillator (33.2172)

MACD (0.37988)

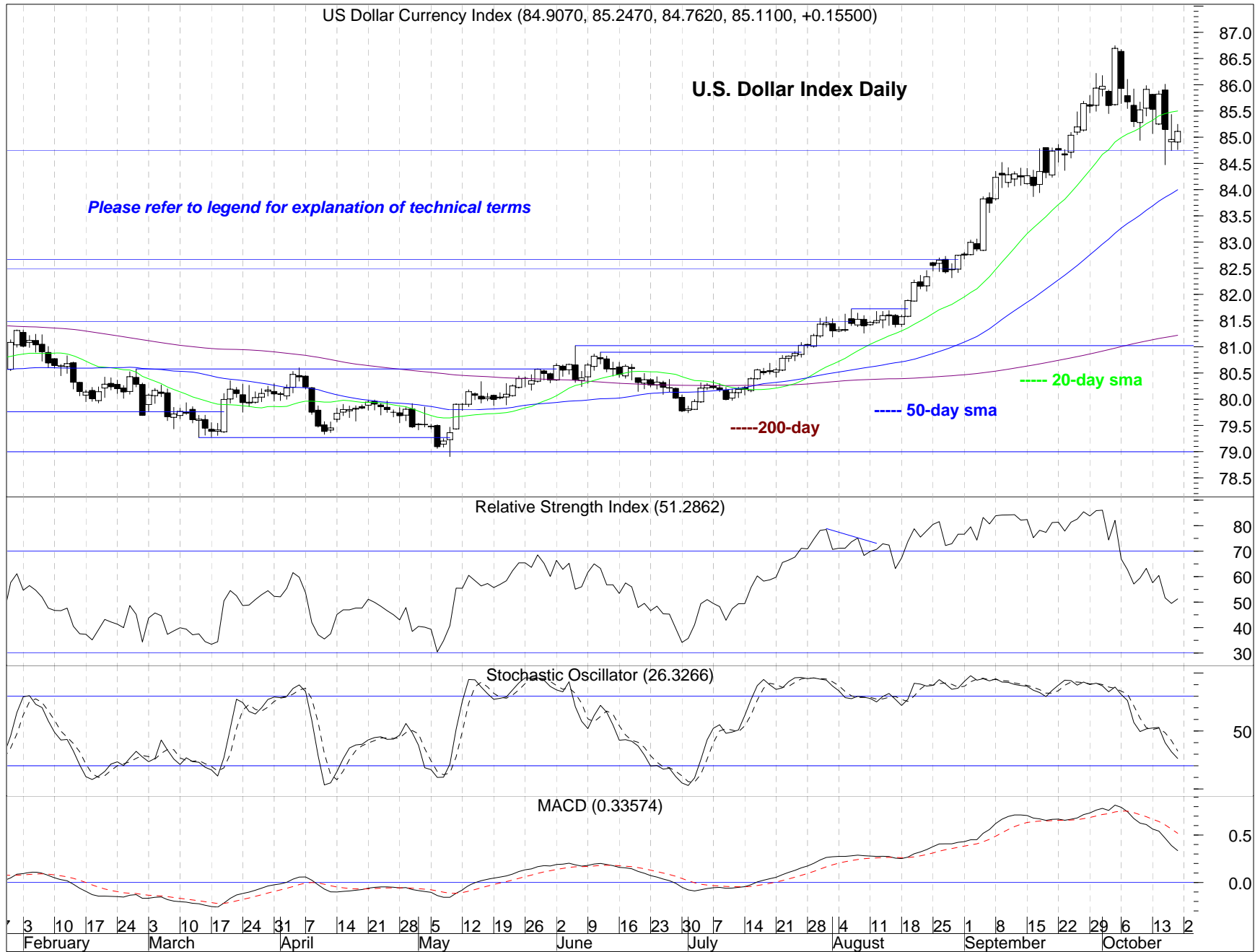
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

10/18/2014

US Dollar Currency Index (84.9070, 85.2470, 84.7620, 85.1100, +0.15500)

U.S. Dollar Index Daily

Please refer to legend for explanation of technical terms



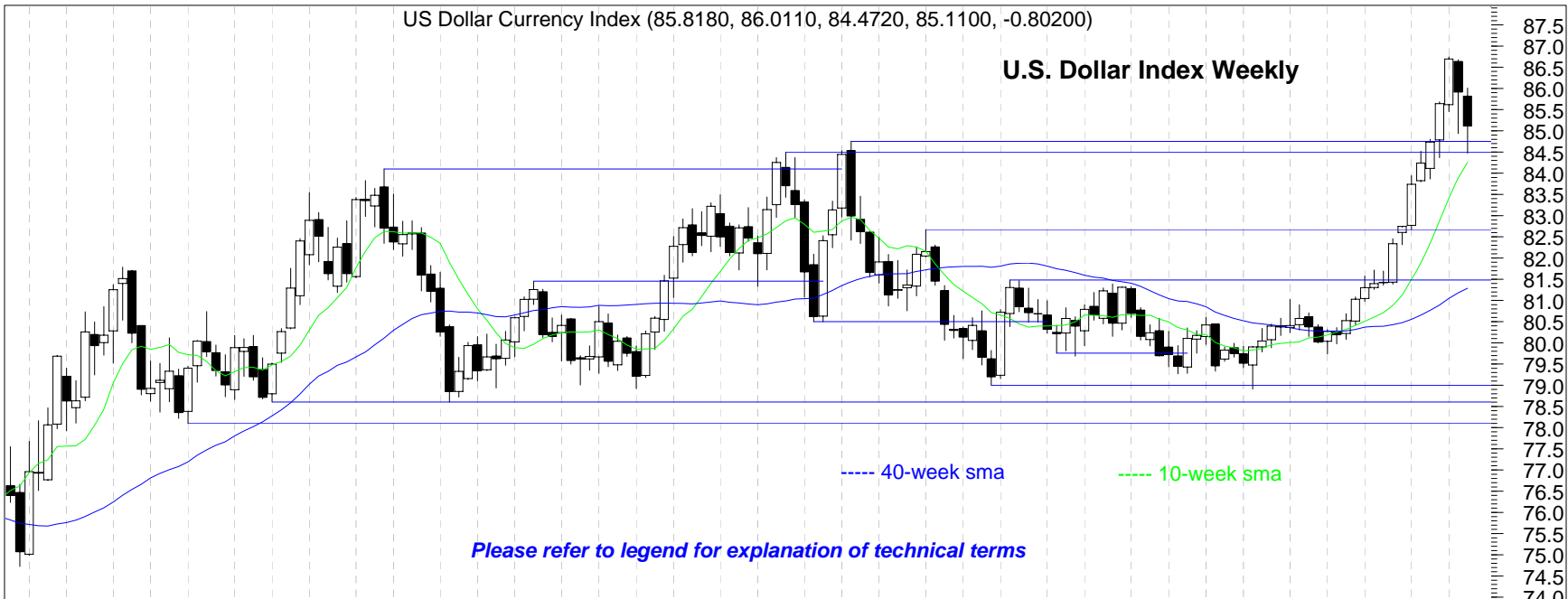
Two weeks ago we noted the extreme optimism regarding the Dollar, which is bearish. In spite of the Dollar Index dropping through its 20-day sma, sentiment remains not far off its recent record levels.

Daily momentum is negative.

10/18/2014

US Dollar Currency Index (85.8180, 86.0110, 84.4720, 85.1100, -0.80200)

U.S. Dollar Index Weekly



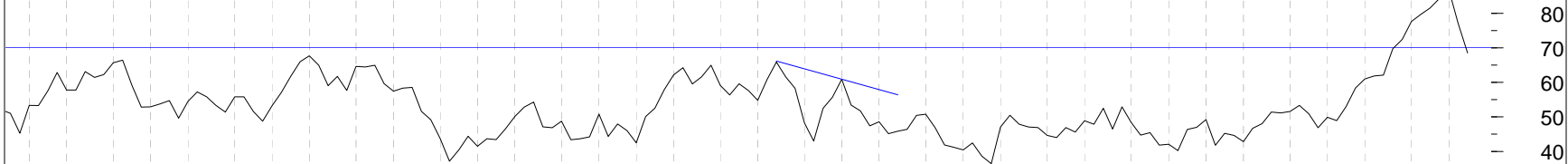
Please refer to legend for explanation of technical terms

----- 40-week sma

----- 10-week sma

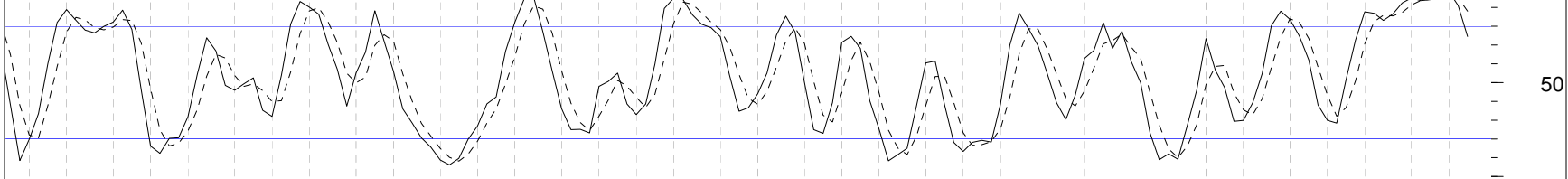
The U.S. Dollar Index fell for the second straight week after a 12-week winning streak. It found support at the area of its September breakout, which was just above its 10-week sma.

Relative Strength Index (68.5144)

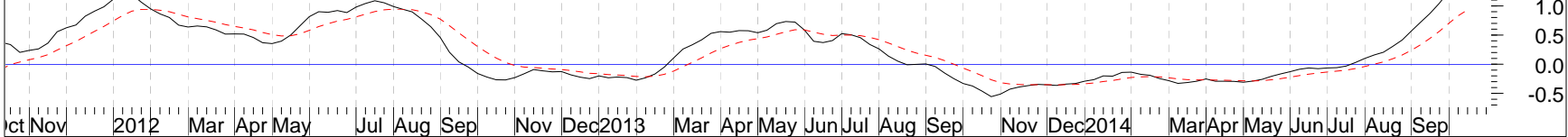


Weekly momentum is mostly negative.

Stochastic Oscillator (74.5355)



MACD (1.33689)



10/18/2014

US Dollar Currency Index (85.9160, 86.7460, 84.4720, 85.1100, -0.82600)

Please refer to legend for explanation of technical terms

U.S. Dollar Index Monthly

----- 3-month sma

----- 12-month sma

Relative Strength Index (62.0013)

Stochastic Oscillator (89.4383)

MACD (0.81152)

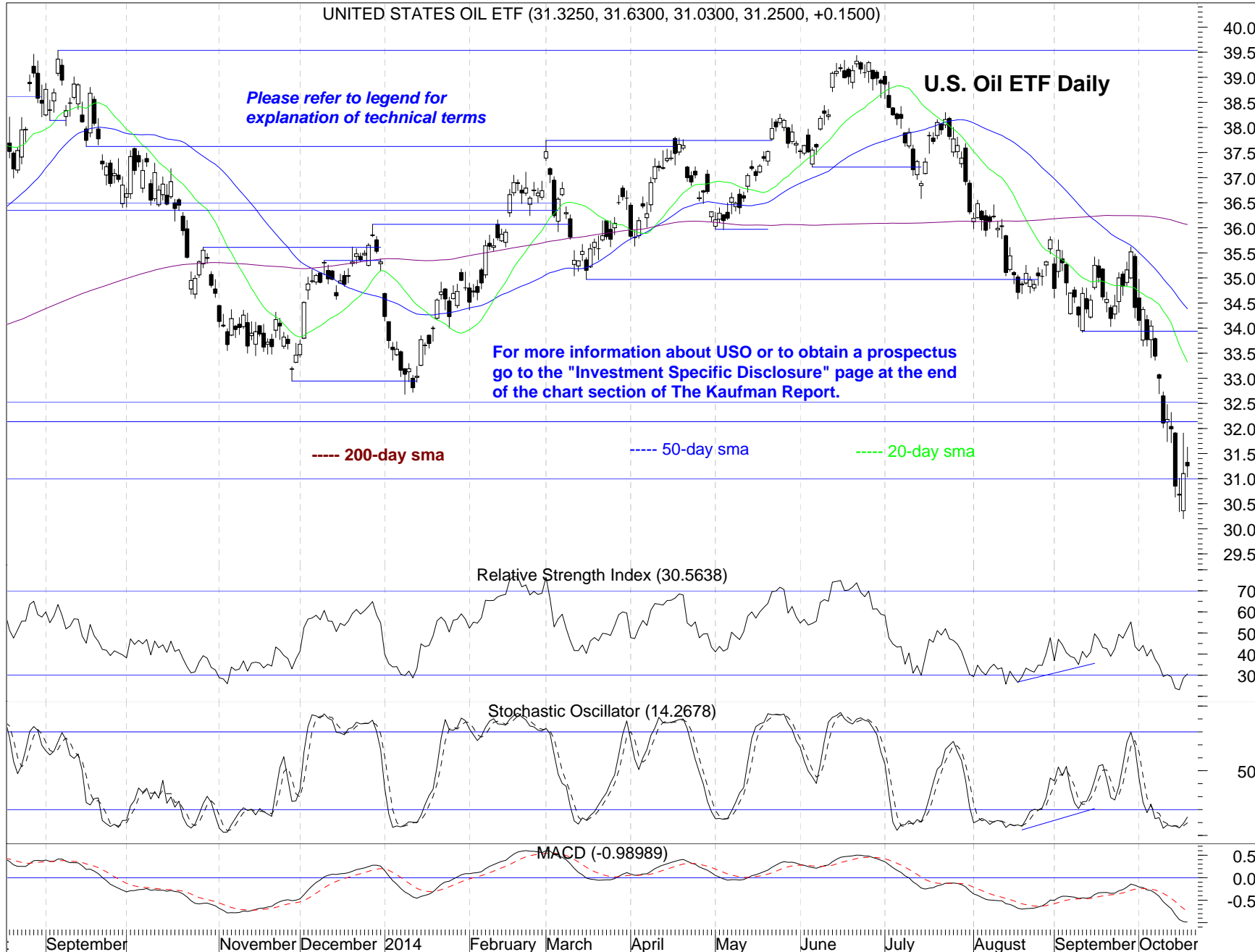
The U.S. Dollar Index is holding on to the level of its breakout on its monthly chart.

Monthly momentum is mixed.

0 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

10/18/2014

UNITED STATES OIL ETF (31.3250, 31.6300, 31.0300, 31.2500, +0.1500)



Please refer to legend for explanation of technical terms

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.

----- 200-day sma

----- 50-day sma

----- 20-day sma

The oil ETF continued its plunge last week and fell through more support levels.

Daily momentum is extremely oversold and trying to turn up.

September

November

December 2014

February

March

April

May

June

July

August

September

October

10/18/2014

UNITED STATES OIL ETF (32.0400, 32.3190, 30.2000, 31.2500, -0.9300)

Please refer to legend for explanation of technical terms

USO - United States Oil Fund ETF Weekly

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

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

Last week the oil ETF traded to levels not seen since June 2012. Sentiment for crude oil is also at pessimistic levels not seen since that summer.

Relative Strength Index (28.2540)

Weekly momentum is still negative but at oversold levels.

Stochastic Oscillator (14.2232)

MACD (-0.99890)

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 M A M J J A S O

10/18/2014

UNITED STATES OIL ETF (34.6000, 34.9800, 30.2000, 31.2500, -3.1600)

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

USO - United States Oil Fund ETF Monthly

Please refer to legend for explanation of technical terms

----- 12-month sma

----- 3-month sma

The oil ETF is below its 3 and 12-month sma and near the bottom of the sideways channel it has traded in since 2009.

Relative Strength Index (39.7899)

Monthly momentum is negative but the stochastic is at levels where it has bottomed.

Stochastic Oscillator (13.9056)

MACD (-0.33845)

2006 2007 2008 2009 2010 2011 2012 2013 2014

10/18/2014

SPDR GOLD SHARES ETF (119.0600, 119.2300, 118.4200, 118.9900, -0.2300)

Please refer to legend for explanation of technical terms

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

Gold ETF Daily

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

Relative Strength Index (53.8799)

Stochastic Oscillator (80.6713)

MACD (-0.27433)

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

10/18/2014

The gold ETF rallied off support in early October up to resistance in the form of prior support and the 50-day sma.

Daily momentum is turning negative.

The Kaufman Report - Wayne S. Kaufman, CMT

SPDR GOLD SHARES ETF (118.1400, 120.1800, 117.9300, 118.9900, +1.4000)

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.

Please refer to legend for explanation of technical terms

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

The gold ETF has rallied off important long-term support on its weekly chart up to price and moving average resistance.

Weekly momentum is mostly positive.

10/18/2014

The Kaufman Report - Wayne S. Kaufman, CMT

SPDR GOLD SHARES ETF (116.6100, 120.1800, 114.4200, 118.9900, +2.7800)



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 (41.3929)

Stochastic Oscillator (22.9325)

MACD (-6.35110)

The gold ETF has rallied up to just below its 3-month sma. It is also under its 12-month. There is a potential triple bottom in place. To be confirmed it has to break an important resistance level. Unfortunately for gold bugs it has been showing a pattern of declining tops since 2013. The good news for them is sentiment is still quite pessimistic. Sentiment extremes are contrary indicators.

Monthly momentum is neutral.

10/18/2014

BRCLYS BK IPATH BLOOM COPPER SUB ETN (36.1700, 36.3200, 36.1700, 36.2800, +0.2200)

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

Copper ETN Daily

Please refer to legend for explanation of technical terms

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

Last week the copper ETN, which represents the metal with a Ph.D. in economics, hit its lowest levels since March.

Daily momentum is mostly negative.

Relative Strength Index (40.5141)

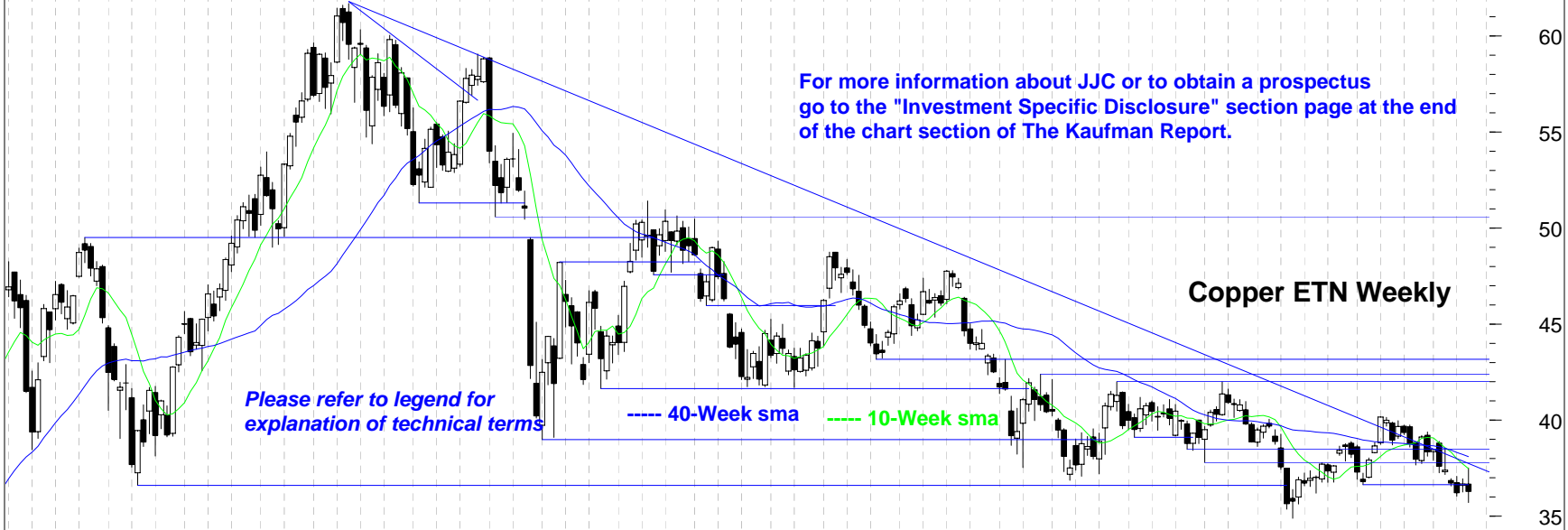
Stochastic Oscillator (24.4576)

MACD (-0.31848)

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

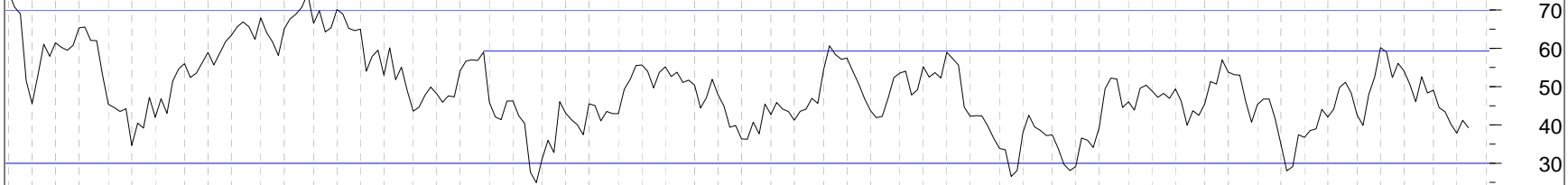
10/18/2014

BRCLYS BK IPATH BLOOM COPPER SUB ETN (36.67, 37.51, 35.71, 36.28, -0.40)

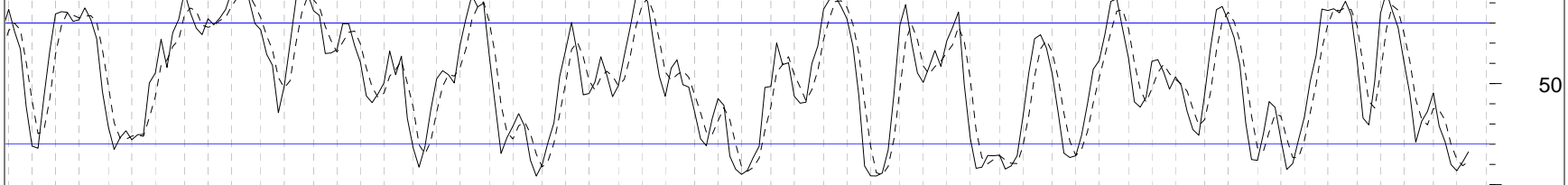


Last week the copper ETN traded to its highest level since September but still ended the week down. It remains in a long-term downtrend.

Relative Strength Index (39.2742)

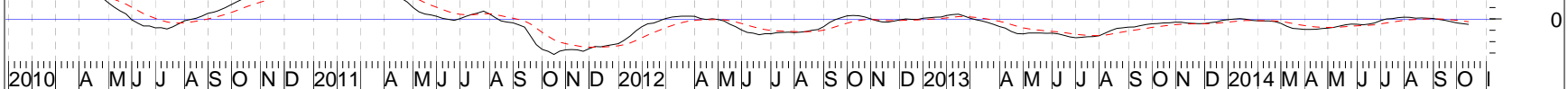


Stochastic Oscillator (16.1782)



Weekly momentum is mostly negative but the stochastic is very oversold.

MACD (-0.48848)



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 M A M J J A S O

10/18/2014

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://phoenixinc.com/Kaufman-Report-Prospectuses.html>

- 1) **GLD (GOLD)** - The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares. The Shares are designed to mirror as closely as possible the performance of the price of gold, and the value of the Shares relates directly to the value of the gold held by the Trust, less the Trust's liabilities (including estimated accrued expenses). The price of gold has fluctuated widely over the past several years. Several factors may affect the price of gold, including:
 - Global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and production and cost levels in major gold-producing countries such as South Africa, the United States and Australia;
 - Global or regional political, economic or financial events and situations;
 - Investors' expectations with respect to the rate of inflation;
 - Currency exchange rates;
 - Interest rates; and
 - Investment and trading activities of hedge funds and commodity funds.

- 2) **JJC (BARCLAYS IPATH COPPER ETN)** – You may lose some or your entire principal if you invest in the ETN. Any payment on the ETN at or prior to maturity is subject to the creditworthiness of Barclays Bank PLC and is not guaranteed by any third party.
 - The ETNs are unsecured promises of Barclays Bank and are not secured debt.
 - Even if the value of the underlying index at maturity or upon redemption exceeds its initial level, you may receive less than the principal amount of your ETNs.
 - The market value of the ETN may be influenced by many unpredictable factors
 - Commodity prices may change unpredictably, affecting the value of the indices and the value of the ETN in unforeseeable ways.

- 3) **USO (UNITED STATES OIL FUND ETF)** - USOF is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act. Some of the risks of investing in USOF include:
 - Investing in crude oil interests subjects USO to the risks of the crude oil industry which could result in large fluctuations in the price of USOF's units.
 - If certain correlations do not exist, then investors may not be able to use USO as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in oil-related transactions.
 - USOF does not expect to make cash distributions.
 - USOF and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

- 4) **RISKS ASSOCIATED WITH INTERNATIONAL / FOREIGN ETFs**
 - **TAXES** - Every country has different tax laws, so there may be particular foreign ETFs that are not a good fit for your ETF trading strategy as they may have a negative effect on your tax return.
 - **CURRENCY RATES** – Currency rates for different regions covered by a foreign ETF may be volatile /skewed, certain foreign ETFs may not be a good fit for a portfolio.
 - **LOW TRADING VOLUMES** – Low trading volumes (lack of liquidity) may cause wide “bid-ask spreads” and may diminish the advantage of purchasing an ETF over an Index or security.
 - **LONG INVESTMENT HORIZON** – The intraday trading aspect (short-term) of ETFs may not be suited for longer term investors.
 - **INACTIVITY**- Some foreign ETFs may not be as actively traded as others due to a sector related issues or a regional issue.
 - **NON-REGISTERED SECURITIES** - The securities of non U.S. issuers may not be registered with or subject to the reporting requirements of the U.S. Securities and Exchange Commission. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. securities. Foreign companies may be more volatile than the securities of comparable U.S. companies.

- 5) **RISKS ASSOCIATED WITH COMMODITIES**
 - **GEOPOLITICAL RISK** – International disagreements, licensing agreement issues, tax structures, environmental concerns and access to technology can cause risk to your investment.
 - **PRICE RISK** – Price risk may arise out of adverse movements in world prices, exchange rates and basis between local and world prices.
 - **SPECULATIVE RISK** – Short term traders can increase market volatility and may have a detrimental effect to your investment
 - **CORPORATE GOVERNANCE RISK** – Corporate fraud

Indexes, Sectors, and Industry Groups

Major Index	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Dow Jones Transportation	8147.66	1.51%	3.22%	3.22%	-3.59%	-3.59%	10.10%	8714.94	9/19/2014	6662.70	10/17/2013
Russell 2000	1083.91	-0.20%	2.90%	2.90%	-1.61%	-1.61%	-6.85%	1213.55	7/1/2014	1040.47	10/15/2014
S&P Midcap 400	1322.65	0.88%	1.38%	1.38%	-3.52%	-3.52%	-1.48%	1452.01	7/1/2014	1264.57	2/5/2014
NYSE Composite	10259.06	1.34%	-0.33%	-0.33%	-4.15%	-4.15%	-1.36%	11108.39	9/4/2014	9732.47	2/3/2014
Nasdaq Composite	4258.44	0.97%	-0.42%	-0.42%	-5.23%	-5.23%	1.96%	4610.57	9/19/2014	3821.43	10/17/2013
Bank of New York Mellon ADR	141.63	1.59%	-0.43%	-0.43%	-5.58%	-5.58%	-6.86%	159.35	7/3/2014	137.45	10/16/2014
S&P 1500	435.46	1.19%	-0.74%	-0.74%	-4.20%	-4.20%	1.48%	466.38	9/19/2014	398.59	10/17/2013
Dow Jones Industrials	16380.34	1.63%	-0.99%	-0.99%	-3.89%	-3.89%	-1.18%	17350.64	9/19/2014	15229.02	10/17/2013
S&P 500	1886.75	1.29%	-1.02%	-1.02%	-4.34%	-4.34%	2.08%	2019.26	9/19/2014	1714.12	10/17/2013
Nasdaq 100	3815.47	1.33%	-1.43%	-1.43%	-5.78%	-5.78%	6.22%	4118.91	9/19/2014	3264.23	10/17/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Industrials	443.61	1.99%	2.27%	2.27%	-3.17%	-3.17%	-1.96%	479.63	6/9/2014	403.28	10/17/2013
Materials	293.62	1.34%	0.66%	0.66%	-6.06%	-6.06%	0.68%	320.96	9/22/2014	270.00	2/5/2014
Utilities	218.57	0.58%	0.15%	0.15%	2.14%	2.14%	13.12%	225.35	6/30/2014	187.81	12/18/2013
Consumer Discretionary	507.04	1.08%	-0.98%	-0.98%	-4.13%	-4.13%	-4.35%	548.47	9/4/2014	483.57	10/17/2013
Telecom Services	155.09	1.05%	-1.08%	-1.08%	-3.75%	-3.75%	-0.28%	172.45	7/29/2014	143.28	2/3/2014
Information Technology	620.32	1.20%	-1.09%	-1.09%	-6.00%	-6.00%	5.95%	672.07	9/19/2014	523.20	10/17/2013
Energy	606.89	0.92%	-1.11%	-1.11%	-8.19%	-8.19%	-6.87%	738.72	6/23/2014	571.05	10/15/2014
Financials	300.62	1.30%	-1.13%	-1.13%	-3.74%	-3.74%	2.00%	321.82	9/19/2014	274.20	11/8/2013
Consumer Staples	460.03	1.14%	-2.26%	-2.26%	-1.08%	-1.08%	3.93%	475.46	10/9/2014	409.40	2/3/2014
Health Care	707.84	1.61%	-2.85%	-2.85%	-4.34%	-4.34%	10.20%	755.60	9/24/2014	603.20	10/17/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Transports	542.37	2.01%	4.07%	4.07%	-2.17%	-2.17%	13.08%	566.09	9/19/2014	421.93	10/17/2013
Capital Goods	465.90	2.01%	1.99%	1.99%	-3.38%	-3.38%	-5.83%	518.39	6/9/2014	440.83	10/17/2013
Automobiles & Components	119.10	0.84%	1.53%	1.53%	-3.82%	-3.82%	-14.30%	146.81	7/14/2014	112.55	10/15/2014
Real Estate	172.16	0.74%	1.28%	1.28%	3.38%	3.38%	15.58%	178.08	9/8/2014	145.32	12/4/2013
Semiconductors & Equipment	472.77	1.19%	0.86%	0.86%	-10.34%	-10.34%	11.88%	537.72	9/8/2014	382.40	10/23/2013
Materials	293.62	1.34%	0.66%	0.66%	-6.06%	-6.06%	0.68%	320.96	9/22/2014	270.00	2/5/2014
Consumer Durables & Apparel	272.70	0.58%	0.41%	0.41%	-2.11%	-2.11%	-4.34%	285.53	1/3/2014	256.09	2/3/2014
Utilities	218.57	0.58%	0.15%	0.15%	2.14%	2.14%	13.12%	225.35	6/30/2014	187.81	12/18/2013
Insurance	277.65	1.96%	-0.09%	-0.09%	-4.38%	-4.38%	-3.96%	300.10	9/19/2014	258.33	2/3/2014
Commercial & Professional Service	196.27	1.64%	-0.10%	-0.10%	-3.94%	-3.94%	1.74%	208.65	8/21/2014	174.37	10/17/2013
Consumer Services	661.13	1.28%	-0.56%	-0.56%	-4.82%	-4.82%	-3.55%	720.69	7/3/2014	626.45	10/21/2013
Diversified Financials	464.64	1.54%	-0.79%	-0.79%	-3.98%	-3.98%	3.60%	500.41	9/19/2014	409.06	11/7/2013
Media	427.43	1.76%	-1.02%	-1.02%	-4.73%	-4.73%	-0.65%	467.36	9/5/2014	390.15	11/8/2013
Telecom Services	155.09	1.05%	-1.08%	-1.08%	-3.75%	-3.75%	-0.28%	172.45	7/29/2014	143.28	2/3/2014
Energy	606.89	0.92%	-1.11%	-1.11%	-8.19%	-8.19%	-6.87%	738.72	6/23/2014	571.05	10/15/2014
Software & Services	842.55	1.07%	-1.25%	-1.25%	-5.88%	-5.88%	1.09%	909.86	9/8/2014	731.48	10/17/2013
Technology Hardware & Equipment	656.45	1.40%	-1.51%	-1.51%	-4.59%	-4.59%	12.18%	706.78	9/2/2014	532.60	10/17/2013
Household & Personal Products	511.86	1.10%	-1.72%	-1.72%	-1.16%	-1.16%	0.45%	530.20	11/26/2013	474.79	2/4/2014
Food, Beverage & Tobacco	539.37	1.31%	-1.80%	-1.80%	-1.04%	-1.04%	6.27%	557.22	10/9/2014	467.35	2/3/2014
Health Care Equip & Services	634.13	1.29%	-1.99%	-1.99%	-1.17%	-1.17%	10.01%	667.33	9/19/2014	538.34	10/25/2013
Retailing	892.84	0.65%	-2.12%	-2.12%	-4.07%	-4.07%	-5.00%	962.10	9/4/2014	831.70	5/7/2014
Banks	212.58	1.02%	-2.83%	-2.83%	-5.85%	-5.85%	1.62%	233.06	9/19/2014	192.93	11/8/2013
Pharmaceuticals, Biotech & Life Sci	688.45	1.76%	-3.25%	-3.25%	-5.77%	-5.77%	10.29%	745.51	9/25/2014	584.96	10/17/2013
Food & Staples Retailing	323.81	0.76%	-3.79%	-3.79%	-1.11%	-1.11%	1.90%	339.83	10/10/2014	294.41	2/3/2014

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

Commodities ETFs/ETNs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Grains JIG	35.34	-1.39%	3.88%	7.55%	7.55%	-18.06%	52.38	4/30/2014	32.58	10/1/2014
Corn CORN	24.55	-1.11%	3.22%	7.75%	7.75%	-19.74%	35.79	4/9/2014	22.62	10/1/2014
Grains GRU	4.76	-0.83%	2.90%	8.20%	8.20%	-17.68%	6.93	4/16/2014	4.33	10/1/2014
Aluminum JJU	19.50	3.17%	2.52%	1.30%	1.30%	4.61%	22.29	9/2/2014	17.10	3/17/2014
Timber CUT	22.75	2.25%	1.29%	-3.23%	-3.23%	-12.16%	26.45	3/6/2014	21.69	10/16/2014
Coal KOL	16.07	-0.56%	1.20%	-6.08%	-6.08%	-17.34%	20.50	11/18/2013	15.22	10/15/2014
Gold GLD	118.99	-0.19%	1.19%	2.39%	2.39%	2.47%	133.69	3/14/2014	114.42	10/3/2014
Sugar SGG	42.56	-1.30%	-0.21%	0.76%	0.76%	-23.30%	66.46	10/18/2013	40.11	9/22/2014
Platinum PPLT	122.31	0.65%	-0.26%	-3.15%	-3.15%	-8.65%	147.68	7/2/2014	118.76	10/3/2014
Silver SLV	16.58	-0.54%	-0.36%	1.41%	1.41%	-11.38%	22.23	10/30/2013	16.04	10/3/2014
Copper JJC	36.28	0.61%	-1.09%	-0.25%	-0.25%	-12.47%	42.00	12/27/2013	34.89	3/19/2014
Cotton BAL	42.16	0.38%	-1.54%	3.08%	3.08%	-20.72%	60.44	3/26/2014	40.66	9/25/2014
Livestock COW	31.73	0.00%	-1.89%	-1.09%	-1.09%	16.91%	33.77	7/7/2014	26.85	12/26/2013
Cocoa NIB	40.72	-1.19%	-2.02%	-6.71%	-6.71%	13.74%	44.61	9/25/2014	34.34	11/11/2013
Natural Gas UNG	20.22	-0.93%	-2.27%	-8.55%	-8.55%	-2.27%	27.89	2/24/2014	16.91	11/4/2013
OIL USO	31.25	0.48%	-2.89%	-9.18%	-9.18%	-11.52%	39.44	6/20/2014	30.20	10/16/2014
Heating Oil UHN	27.51	-0.32%	-3.49%	-7.06%	-7.06%	-16.71%	34.79	3/3/2014	27.22	10/15/2014
Tin JJT	43.28	1.48%	-3.82%	-4.35%	-4.35%	-18.66%	57.05	12/27/2013	42.65	10/16/2014
Palladium PALL	73.28	1.55%	-3.84%	-2.53%	-2.53%	5.26%	88.42	8/29/2014	67.60	12/24/2013
Coffee JO	39.71	-3.59%	-5.65%	8.08%	8.08%	83.00%	42.87	4/24/2014	20.37	11/6/2013

DATA QUOTED REPRESENTS PAST PERFORMANCE.

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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	19.50	-1.47	-6.43	N.A.	-5.12	-7.06	N.A.	0.75	0.22
Coal KOL	16.07	-18.04	-11.99	N.A.	-16.63	-11.90	N.A.	0.59	0.47
Cocoa NIB	40.72	10.14	-4.14	N.A.	10.26	-4.12	N.A.	0.75	1.90
Coffee JO	39.71	70.43	-0.94	N.A.	75.03	-0.21	N.A.	0.75	0.00
Copper JJC	36.28	-10.15	-1.53	N.A.	-11.24	-1.72	N.A.	0.75	0.17
Corn CORN	24.55	-26.02	N.A.	N.A.	-25.74	N.A.	N.A.	2.75	-0.05
Cotton BAL	42.16	-21.38	3.47	N.A.	-19.96	3.76	N.A.	0.75	-1.26
Gold GLD	118.99	-6.62	2.89	N.A.	-3.19	2.98	N.A.	0.40	0.19
Grains GRU	4.76	-23.64	-2.48	N.A.	N.A.	N.A.	N.A.	0.75	N.A.
Grains JGG	35.34	-23.62	-1.67	N.A.	-22.35	-1.48	N.A.	0.75	0.33
Heating Oil UHN	27.51	-14.80	-0.15	N.A.	-16.28	-0.08	N.A.	0.91	0.14
Livestock COW	31.73	13.65	2.63	N.A.	12.98	2.65	N.A.	0.75	-0.22
Natural Gas UNG	20.22	4.60	-26.21	N.A.	5.14	-25.85	N.A.	0.60	0.28
OIL USO	31.25	-14.10	-5.02	N.A.	-15.81	-5.10	N.A.	0.45	-0.02
Palladium PALL	73.28	1.40	N.A.	N.A.	4.31	N.A.	N.A.	0.60	-0.05
Platinum PPLT	122.31	-12.98	N.A.	N.A.	-11.31	N.A.	N.A.	0.60	0.69
Silver SLV	16.58	-21.22	-0.71	N.A.	-18.51	-0.32	N.A.	0.50	-0.41
Sugar SGG	42.56	-34.12	-8.75	N.A.	-33.50	-8.59	N.A.	0.75	0.45
Timber CUT	22.75	-9.32	6.78	N.A.	-9.76	6.38	N.A.	0.71	-0.30
Tin JJT	43.28	-15.96	4.74	N.A.	-17.79	4.46	N.A.	0.75	-0.61

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

INTERNATIONAL ETFs

	Price	Daily	WTD	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Turkey TUR	50.24	1.76%	5.02%	2.36%	2.36%	5.41%	60.69	10/22/2013	40.03	2/3/2014
Australia EWA	24.30	1.38%	4.83%	1.50%	1.50%	-0.29%	27.51	9/4/2014	22.68	2/3/2014
Indonesia IDX	24.79	3.16%	4.73%	-0.84%	-0.84%	16.60%	27.70	7/22/2014	20.06	1/7/2014
South Africa EZA	64.10	2.10%	2.58%	-0.06%	-0.06%	-0.60%	72.77	9/5/2014	55.31	2/3/2014
Hong Kong EWH	21.05	1.20%	2.23%	3.54%	3.54%	2.18%	22.77	8/20/2014	18.60	2/5/2014
Germany EWG	26.16	2.51%	1.71%	-5.56%	-5.56%	-17.63%	32.38	6/19/2014	25.00	10/16/2014
Sweden EWD	31.05	2.64%	1.60%	-6.17%	-6.17%	-13.34%	37.34	5/21/2014	29.68	10/16/2014
Russia RSX	21.60	2.27%	1.60%	-3.44%	-3.44%	-25.18%	30.25	10/22/2013	20.86	3/13/2014
China 25 FXI	38.24	1.16%	1.41%	-0.10%	-0.10%	-0.34%	42.56	9/4/2014	32.58	3/20/2014
BRIC EEB	34.08	2.19%	1.10%	0.03%	0.03%	-1.65%	39.25	9/4/2014	29.44	3/13/2014
Austria EWO	15.36	1.86%	0.99%	-4.71%	-4.71%	-22.46%	21.06	2/25/2014	14.76	10/16/2014
Brazil EWZ	45.08	4.16%	0.71%	3.75%	3.75%	0.90%	54.56	9/3/2014	38.00	2/3/2014
South Korea EWY	56.80	-0.14%	0.58%	-6.13%	-6.13%	-12.17%	67.76	7/30/2014	56.15	10/16/2014
Emerging Markets EE	40.72	1.12%	0.52%	-2.02%	-2.02%	-2.57%	45.85	9/5/2014	37.05	2/3/2014
France EWQ	24.60	2.37%	0.24%	-7.34%	-7.34%	-13.53%	30.73	6/6/2014	23.59	10/16/2014
Latin America ILF	37.13	2.71%	0.24%	0.68%	0.68%	0.24%	43.42	9/3/2014	31.89	2/3/2014
Switzerland EWL	30.66	1.93%	0.16%	-5.69%	-5.69%	-7.06%	35.46	6/10/2014	29.64	10/16/2014
United Kingdom EWU	18.38	2.00%	0.05%	-5.16%	-5.16%	-11.97%	22.11	6/19/2014	17.71	10/16/2014
Thailand THD	80.64	0.17%	-0.10%	-3.81%	-3.81%	17.47%	85.88	9/24/2014	61.94	1/3/2014
Belgium EWK	15.47	3.00%	-0.13%	-5.22%	-5.22%	-5.61%	17.99	5/12/2014	14.74	10/16/2014
Taiwan EWT	14.86	-0.87%	-0.34%	-2.69%	-2.69%	3.05%	16.59	9/3/2014	13.26	2/3/2014
Israel EIS	49.12	0.51%	-0.37%	-3.55%	-3.55%	1.45%	55.51	7/2/2014	46.03	10/31/2013
Canada EWC	29.03	1.04%	-0.45%	-5.41%	-5.41%	-0.45%	33.11	9/4/2014	27.21	2/5/2014
Chile ECH	41.02	0.32%	-0.46%	-3.80%	-3.80%	-13.66%	52.63	10/22/2013	39.62	2/3/2014
Singapore EWS	12.94	0.54%	-0.69%	-3.00%	-3.00%	-1.75%	14.16	5/27/2014	11.94	2/3/2014
Japan EWJ	10.94	0.46%	-0.73%	-7.05%	-7.05%	-9.88%	12.25	11/18/2013	10.73	10/16/2014
India IFN	25.90	0.58%	-0.77%	-4.57%	-4.57%	30.12%	27.78	9/19/2014	18.43	11/12/2013
Netherlands EWN	22.59	2.12%	-0.88%	-6.42%	-6.42%	-12.88%	26.48	6/19/2014	21.79	10/16/2014
Mexico EWW	65.70	0.97%	-0.93%	-4.41%	-4.41%	-3.38%	73.11	9/8/2014	58.83	3/14/2014
Malaysia EWM	14.88	1.57%	-1.00%	-3.38%	-3.38%	-5.94%	16.32	8/27/2014	14.31	1/29/2014
United States SPY	188.47	1.18%	-1.09%	-4.34%	-4.34%	2.05%	201.90	9/19/2014	171.34	10/17/2013
Spain EWP	36.09	2.44%	-1.12%	-7.22%	-7.22%	-6.43%	44.46	6/19/2014	34.57	10/16/2014
Italy EWI	14.19	2.60%	-1.46%	-9.56%	-9.56%	-8.98%	18.44	6/9/2014	13.56	10/16/2014
Vietnam VNM	20.85	1.07%	-2.75%	-4.79%	-4.79%	10.96%	23.82	9/3/2014	18.34	12/23/2013
Greece GREK	16.63	6.74%	-3.93%	-10.54%	-10.54%	-26.19%	25.76	3/19/2014	14.79	10/15/2014

DATA QUOTED REPRESENTS PAST PERFORMANCE.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

INTERNATIONAL ETFs Standard Performance

	-----PRICE-----			-----NAV-----			Expense	Premium	
	Price	1-Year	5-Year	10-Year	1-Year	5-Year	10-Year	Ratio%	% to NAV
Australia EWA	24.30	-7.64	N.A.		-8.45			0.02	0.00
Austria EWO	15.36	-3.01	N.A.		-3.03			-0.05	-0.22
Belgium EWK	15.47	-6.46	N.A.		-7.41			-0.05	-0.06
Brazil EWZ	45.08	3.18	N.A.		2.21			0.04	0.01
BRIC EEB	34.08	1.46	N.A.		0.90			0.00	-0.02
Canada EWC	29.03	-25.32	N.A.		-27.30			-0.05	0.00
Chile ECH	41.02	-2.73	N.A.		-2.30			-0.04	-0.14
China 25 FXI	38.24	30.63	N.A.		30.63			0.00	0.00
Emerging Markets EE	40.72	-24.66	N.A.		-27.47			-0.02	-0.03
France EWQ	24.60	-2.53	N.A.		-3.73			-0.07	-0.14
Germany EWG	26.16	3.89	N.A.		6.15			-0.06	-0.18
Greece GREK	16.63	-19.42	N.A.		-19.59			-0.11	-0.26
Hong Kong EWH	21.05	-2.56	N.A.		-1.57			0.04	0.02
India IFN	25.90	2.44	N.A.		2.01			-0.05	0.30
Indonesia IDX	24.79	-4.84	N.A.		-4.05			0.57	-0.21
Israel EIS	49.12	6.59	N.A.		5.69			-0.04	0.01
Italy EWI	14.19	-19.44	N.A.		-20.23			-0.10	-0.09
Japan EWJ	10.94	0.43	N.A.		-0.28			-0.07	-0.10
Latin America ILF	37.13	-4.45	N.A.		-3.93			0.01	0.00
Malaysia EWM	14.88	-8.07	N.A.		-6.03			-0.03	-0.06
Mexico EWW	65.70	-0.81	N.A.		-0.19			-0.04	-0.03
Netherlands EWN	22.59	10.92	N.A.		10.30			-0.06	-0.13
Russia RSX	21.60	-7.53	N.A.		-8.72			-0.03	-0.25
Singapore EWS	12.94	-5.98	N.A.		-6.72			-0.03	-0.02
South Africa EZA	64.10	-4.30	N.A.		-4.08			0.00	-0.01
South Korea EWY	56.80	-5.51	N.A.		-7.07			-0.06	-0.12
Spain EWP	36.09	-8.48	N.A.		-12.20			-0.07	-0.06
Sweden EWD	31.05	0.73	N.A.		2.35			-0.06	-0.13
Switzerland EWL	30.66	12.05	N.A.		15.41			-0.06	-0.07
Taiwan EWT	14.86	5.63	N.A.		6.67			-0.03	0.03
Thailand THD	80.64	-5.71	N.A.		-7.11			-0.04	0.17
Turkey TUR	50.24	2.29	N.A.		0.89			0.02	0.05
United Kingdom EWL	18.38	-13.81	N.A.		-13.40			-0.05	-0.12
United States SPY	188.47	-11.75	N.A.		-9.78			-0.04	0.02
Vietnam VNM	20.85	-9.19	N.A.		-9.86			-0.05	0.11

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.