

Monday August 25, 2014

Closing prices of August 22, 2014

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Monday August 25, 2014

Closing prices of August 22, 2014

Stocks rallied broadly again last week as recently lagging sectors and industry groups led the way, helping push the S&P 500 to an all-time high and the Nasdaq 100 to its highest level since September 2000. All of our major indexes traded higher for the second week in a row. The leader was the S&P Midcap 400, up 2.26%, followed by the Dow Jones Industrials, up 2.03%, and the Dow Jones Transports, up 2.01%. The S&P 500 gained 1.71% for the week, and is up 7.58% in 2014.

Nine of the ten S&P sectors traded higher last week. The leader was recent laggard Industrials, up 2.31%, followed by also playing catch-up Financials, up 2.30%, and year-to-date leader Information Technology, up 2.29%. The only losing sector last week was year-to-date worst Telecom Services, down 0.38%.

Twenty-three of the twenty-four S&P industry groups traded higher last week. The gainers were led year-to-date laggard Retailing, rebounding 4.46%, followed by Consumer Durables & Apparel, up 3.42%, and Banks, up 3.33%. The only losing industry group was Telecom Services, down 0.38%.

Last week we said in the short-term stocks had rebounded from an oversold and overbearish condition and were at an inflection point. They responded like a champ with the S&P 500 recording its third winning week in a row, and its best weekly gain since April 18th. The Nasdaq 100, the Nasdaq Composite, the S&P 500, and the S&P 1500 all made new highs. The Nasdaq 100 printed its best weekly close since September 2000. Each session was up last week for the S&P 500, until Friday's small drop on the lowest daily volume in 2014.

In the short-term stocks are starting to get overbought. They may need to digest last week's gains, and negative divergences are starting to show up once again. Our proprietary options indicator has jumped from levels of extreme pessimism (which we like to see) a couple of weeks ago to just over neutral, so we lose that as a catalyst. Also, the Advance Decline Line of the S&P 1500 did not make a new high in concert with the index making a new high. That non-confirmation can get erased in the coming days, but if not it is a short-term red flag. However, the good news is that sellers have retreated to the sidelines and we are just ahead of a period of positive seasonality which runs from 8/28 through 9/5.

Longer-term we remain bullish. Two weeks ago we said one indicator we were watching was the 10-day average of the percentage of daily advancing stocks. We noted last week that the extremely poor market breadth of the recent pullback had sent the 10-day average of daily advancers to under 40%. We explained that when this 10-day average goes from under 40% to over 61.5% within ten trading sessions it is called a "breadth thrust" and is a buy signal. The breadth thrust was recorded on Tuesday, and we have printed a chart showing the performance of the S&P 1500 one, two, three, and six months after other recent signals. Since January 2007 we have recorded fourteen breadth thrusts. Six months later the average gain was 9.26%. Still, one concern we have is the negative divergence currently existing on the percentages of stocks trading over long-term moving averages. For example, the percentage of stocks in the S&P 1500 over their own 50-day moving averages is 56.5%. This compares to 84.9% on July 3rd. If this negative divergence doesn't clear up soon, especially with major indexes making new highs again, it will be a definite red flag. At the very least it highlights the importance of selectivity for investors.

Valuation, based on spreads between equity and bond yields, remains at levels where stocks are attractive versus bonds. The spreads recently widened to the best levels since the summer of 2013, and they are still near those levels. The spreads remain in 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 very attractive versus bonds.

So far 487 of the S&P 500 have reported Q2 earnings. 67.7% beat estimates, 12.1% were in line, and 20.2% missed. In Q1 after 486 companies reported 70.5% beat, 8.9% were in line, while 20.7% missed. The final Q1 tally showed 70.4% beat estimates, 9.1% were in line, and 20.5% missed. The final tally for the fourth quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

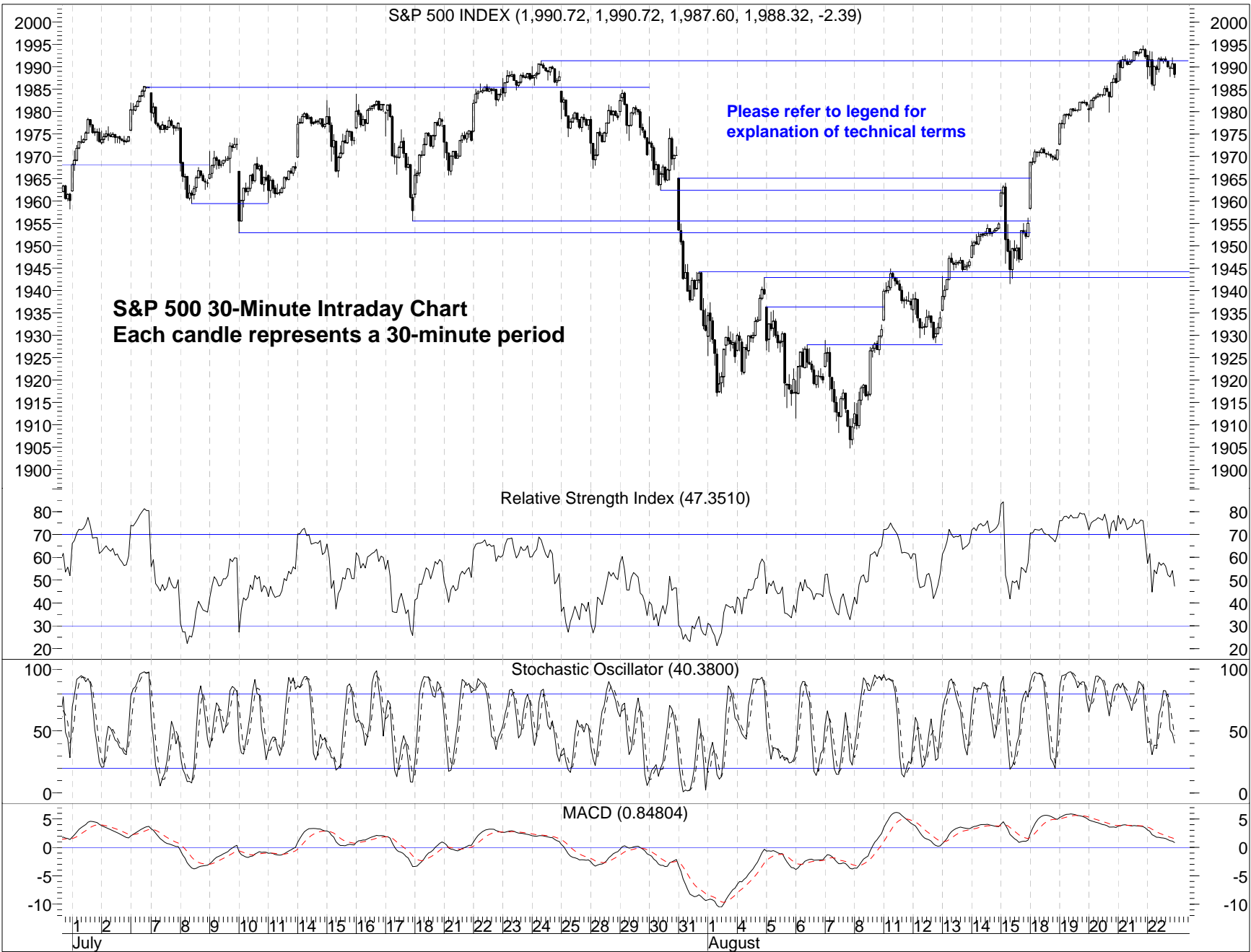
In summary, stocks are getting overbought and short-term sentiment is no longer bearish, so some consolidation may be needed soon. We are 97.4% through second quarter earnings season, so that catalyst is almost gone. Earnings have generally been positive, but some of the news has been mixed, and geopolitical events continue to concern investors. Valuations remain near their best levels since the summer of 2013. Worries about the Fed and the taper are back in the spotlight, but bull markets have historically continued for quite a while after the beginning of a rate tightening cycle, and we have not even seen the first rate increase. Longer-term we remain bullish due to an improving economy and attractive valuations for equities. Last week's market action generated an intermediate-term buy signal called a "breadth thrust". However, we are concerned about negative divergences in longer-term market breadth indicators, which need to clear up soon or they will be a definite red flag.

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 PHOENIX FINANCIAL SERVICES.

Breadth Thrust Indicator Performance

Date	One Month	Two Months	Three Months	Six Months
7/5/2013	4.73%	1.41%	3.90%	12.39%
11/29/2012	0.91%	6.85%	7.55%	16.71%
12/29/2011	4.49%	8.32%	11.22%	7.70%
10/14/2011	2.34%	-1.05%	5.82%	12.00%
6/29/2011	-1.34%	-7.80%	-11.96%	-3.93%
3/30/2011	2.71%	1.33%	-0.55%	-15.51%
9/10/2010	5.23%	10.24%	12.62%	17.62%
7/20/2010	-1.13%	5.60%	8.96%	18.76%
2/19/2010	4.78%	8.34%	1.10%	-2.79%
11/16/2009	0.15%	4.02%	-0.85%	3.69%
10/15/2009	0.87%	0.84%	3.60%	11.16%
3/19/2009	11.45%	16.21%	17.99%	37.49%
12/5/2008	6.32%	-3.00%	-21.90%	8.41%
3/21/2007	3.42%	6.22%	6.08%	5.99%
Average gain	3.21%	4.11%	3.11%	9.26%
Percent positive	85.71%	78.57%	71.42%	78.57%



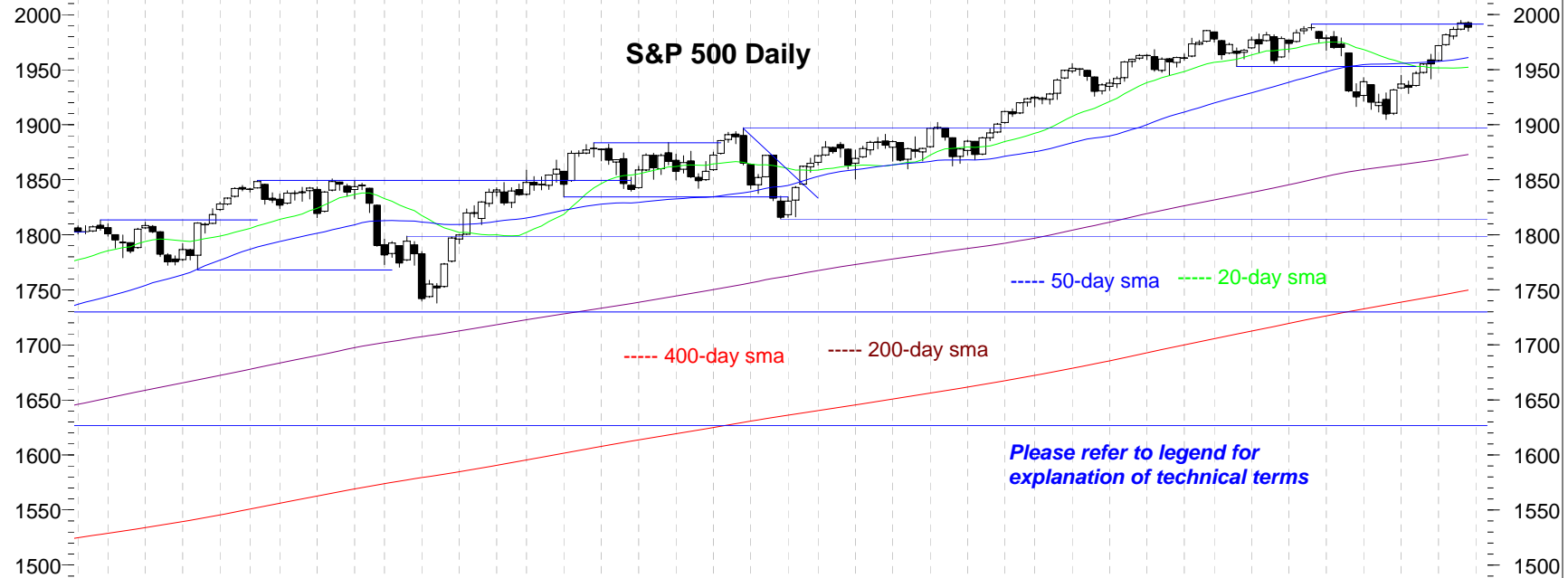
Last week we said the S&P 500 had broken out of an inverse head and shoulders pattern on its 30-minute chart. During the week it fulfilled its upside objective and also made a marginal new high.

30-minute momentum is negative.

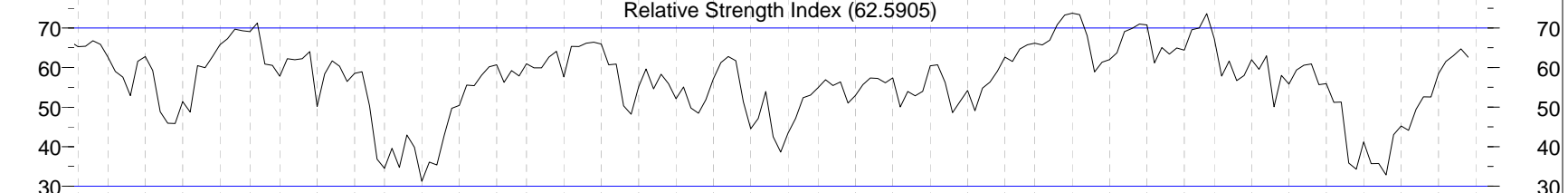
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S&P 500 INDEX (1,992.60, 1,993.54, 1,984.76, 1,988.40, -3.97)

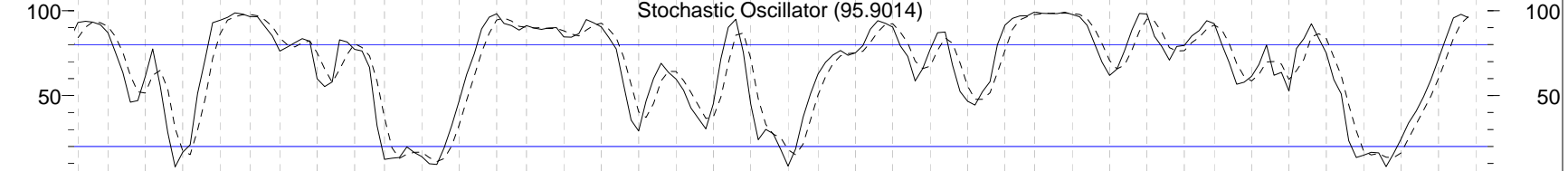
S&P 500 Daily



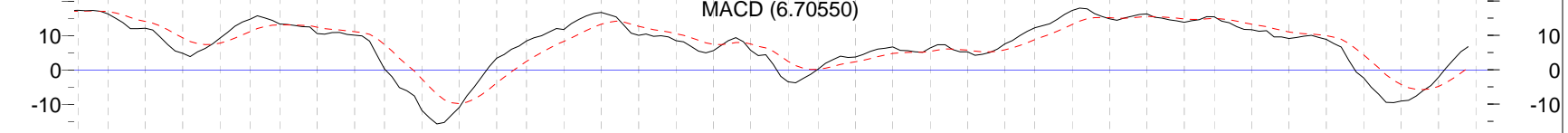
Relative Strength Index (62.5905)



Stochastic Oscillator (95.9014)



MACD (6.70550)



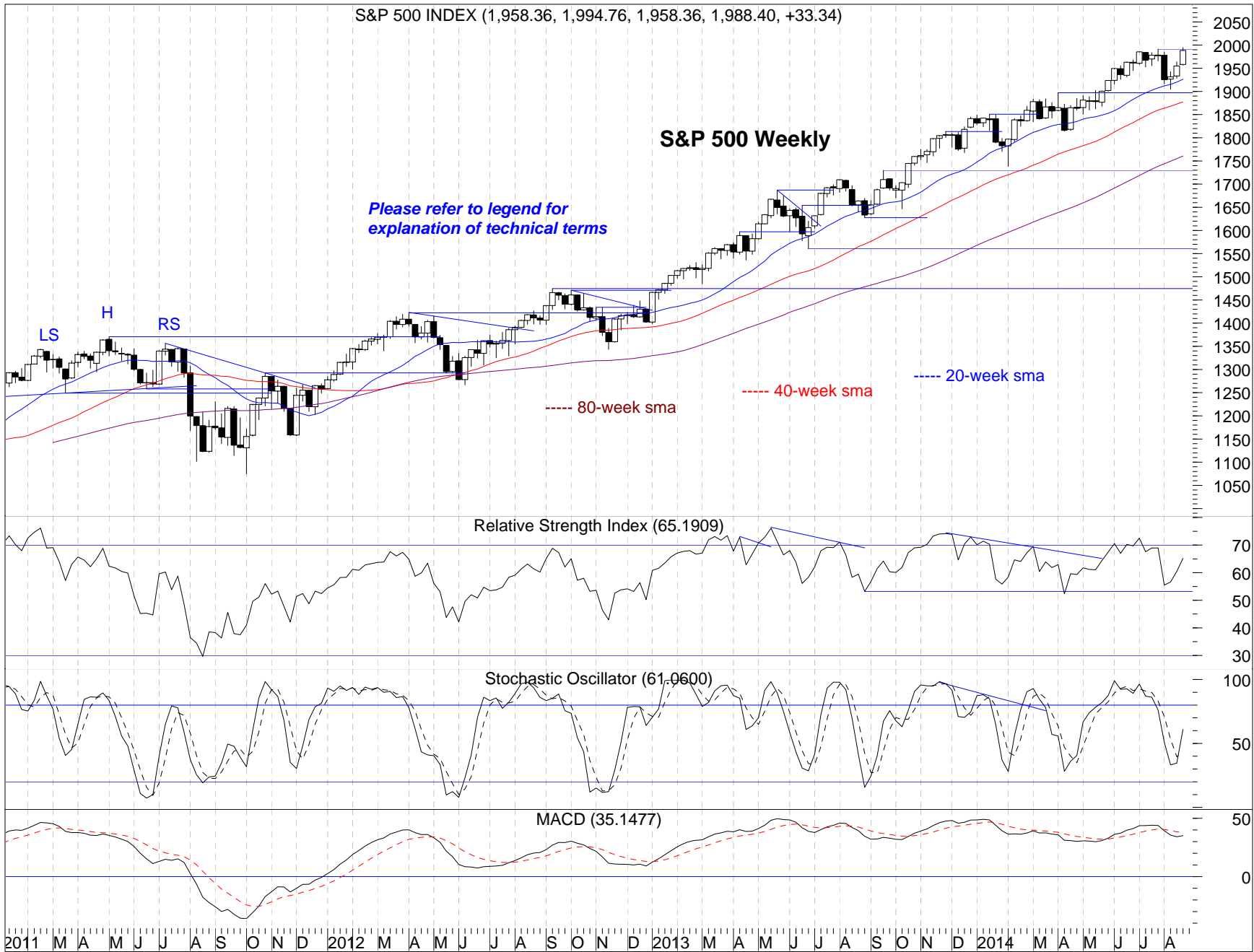
Daily momentum is starting to weaken. The RSI failed to get to overbought levels in spite of a new high on the index, a negative divergence.

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 19 27 2 9 16 23 30 7 14 21 28 4 11 18 2

December 2014 February March April May June July August

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S&P 500 INDEX (1,958.36, 1,994.76, 1,958.36, 1,988.40, +33.34)



An all-time high weekly close for the S&P 500 is bullish.

Weekly momentum is mostly positive although with negative divergences.

8/23/2014

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S&P 500 INDEX (1,929.80, 1,994.76, 1,904.78, 1,988.40, +57.73)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

----- 12-month sma

----- 3-month sma

Relative Strength Index (76.0114)

Stochastic Oscillator (87.2346)

MACD (138.180)

97 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

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With a week left in August the S&P 500 is close to a new monthly closing high as it continues to power higher in the ascending price channel it has been in since mid-2012.

Monthly momentum is still mostly positive although at high or overbought levels.

NASDAQ 100 (4,052.14, 4,060.90, 4,040.22, 4,052.75, +5.73)

Please refer to legend for explanation of technical terms

Nasdaq 100 Daily

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

New highs last week for the Nasdaq 100.

Relative Strength Index (70.2846)

Daily momentum is at high or overbought levels.

Stochastic Oscillator (97.3700)

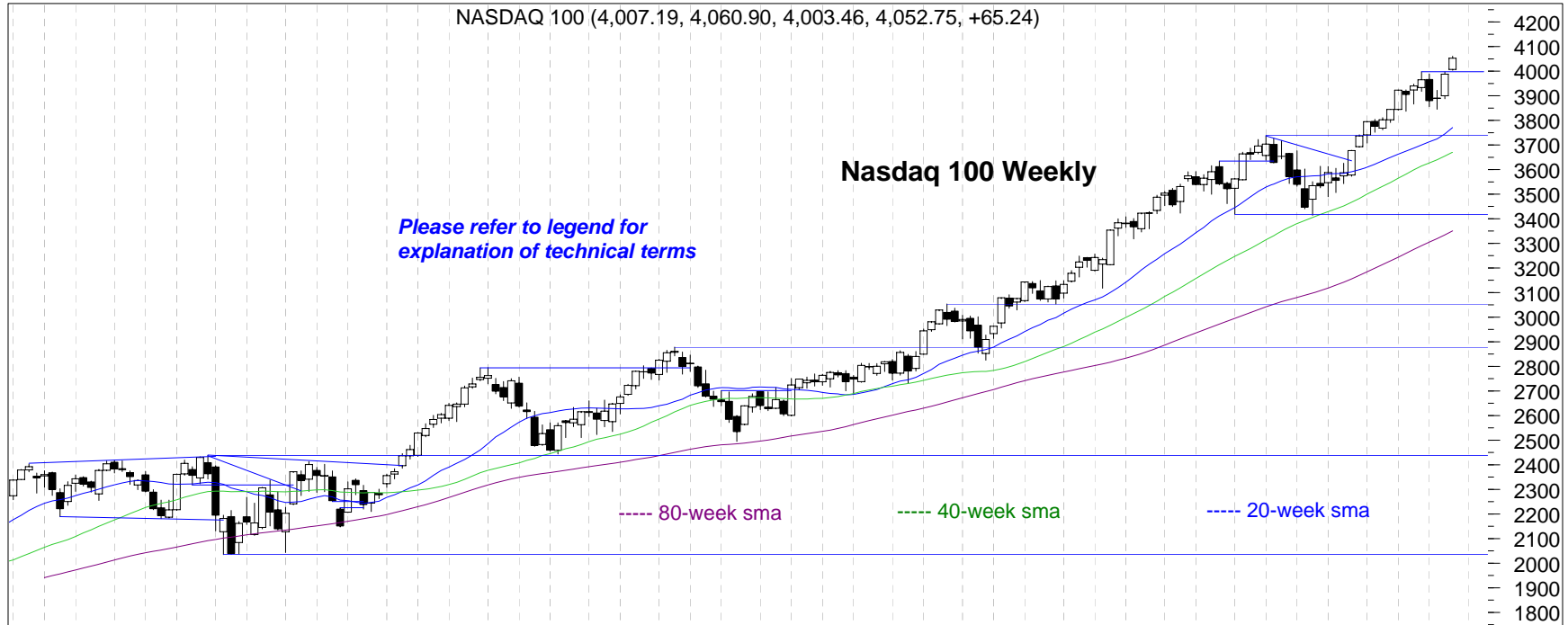
MACD (37.6634)

8 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 19 27 2 9 16 23 30 7 14 21 28 4 11 18 1

December 2014 February March April May June July August

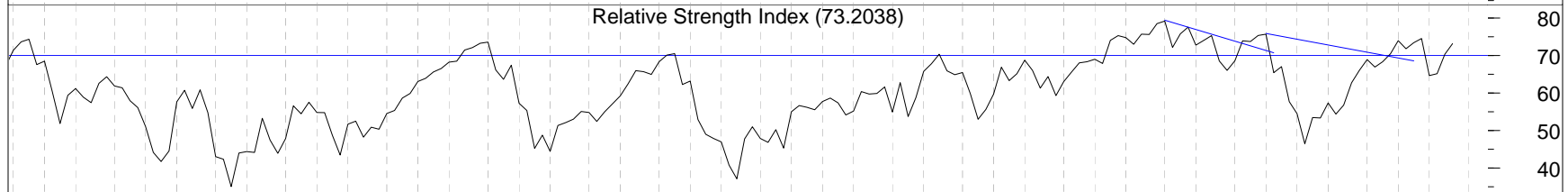
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NASDAQ 100 (4,007.19, 4,060.90, 4,003.46, 4,052.75, +65.24)



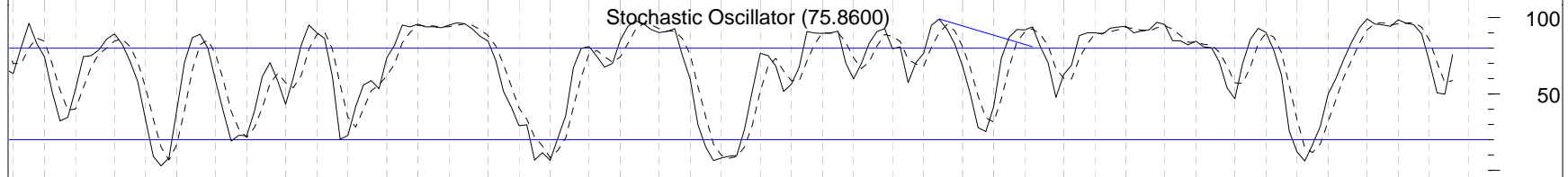
The weekly closing high of two weeks ago was followed by the nice breakout to new highs last week.

Relative Strength Index (73.2038)

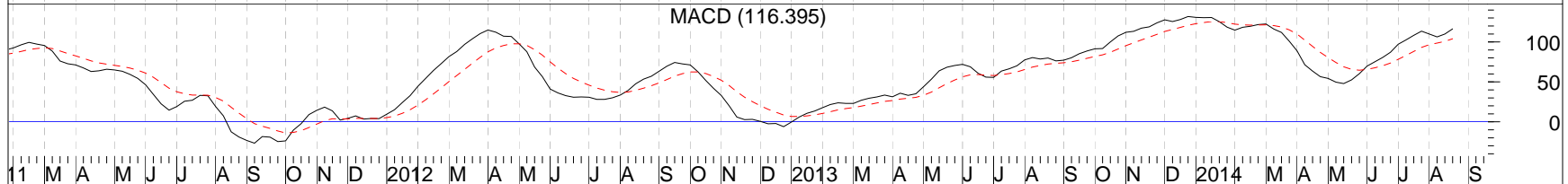


Weekly momentum is positive although there is a negative divergence on the stochastic.

Stochastic Oscillator (75.8600)



MACD (116.395)



11 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

8/23/2014

NASDAQ 100 (3,886.10, 4,060.90, 3,845.20, 4,052.75, +160.26)

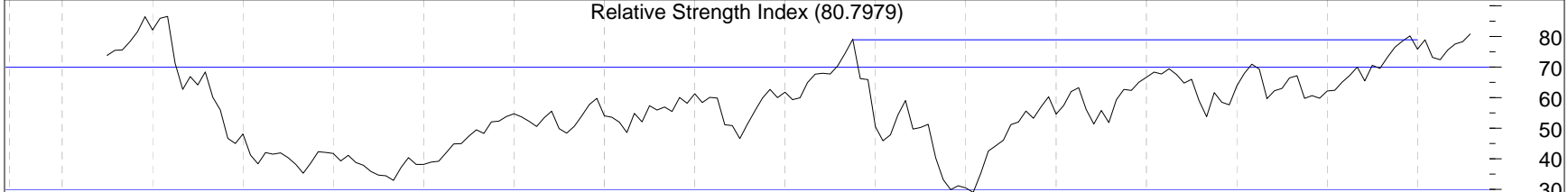


Please refer to legend for explanation of technical terms

Nasdaq 100 Monthly

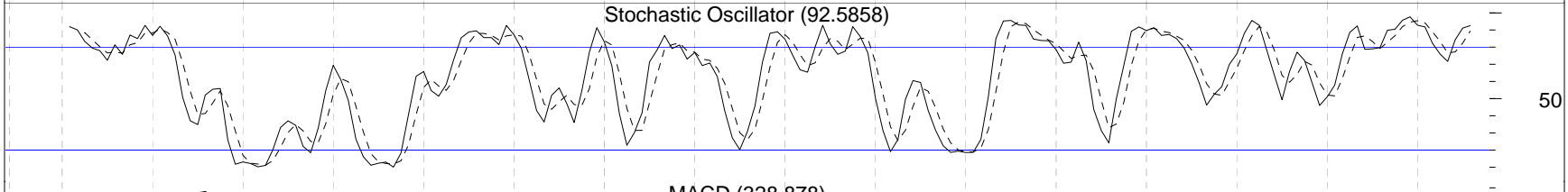
So far August is another strong month for the Nasdaq 100 as it nears the resistance of September 2000. The index has broken through every important Fibonacci retracement level since the bear market of 2000 - 2002. The only one left is the all-time highs.

Relative Strength Index (80.7979)

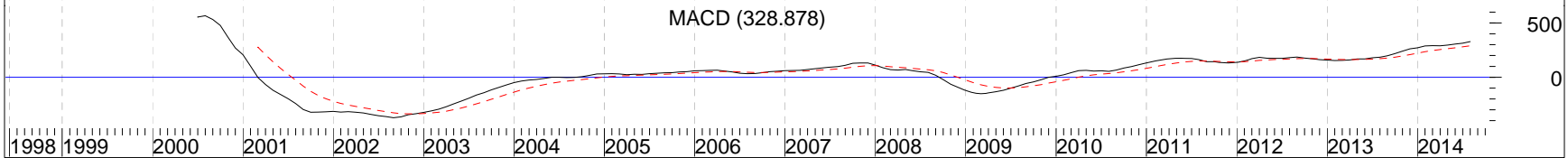


Monthly momentum remains positive although it is at high or overbought levels.

Stochastic Oscillator (92.5858)



MACD (328.878)



8/23/2014

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S&P COMP 1500 (460.910, 461.100, 459.150, 460.020, -0.85001)

Please refer to legend for explanation of technical terms

Advance % (38.38%)

Advance Decline (58,255.00)

Thrust 10-DMA (59.80%), Thrust 20-DMA (52.90%)

Price Oscillator (0.41327)

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

8/23/2014

38.38% of the S&P 1500 traded higher Friday. On Monday 91.08% traded higher, the first 90% up day since 7/18. The 5-day average is 62.0%.

The S&P 1500 AD line is above its 10 and 20-day ema but did not confirm the new high in the index by making a new high.

The 10 and 20-day averages of advancing stocks are both positive.

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

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S&P COMP 1500 (460.910, 461.100, 459.150, 460.020, -0.85001)

Please refer to legend for explanation of technical terms

% Over 10-Sma (76.70%)

Kaufman Options Indicator (1.015)

4-Week Closing Highs (210.), 4-Week Closing Lows (32)

10-SMA 4-Week Closing Highs (224.8), 10-SMA 4-Week Closing Lows (36.7)

13-Week Closing Highs (96), 13-Week Closing Lows (19)

10-sma 13-Week Highs (115.4), 10-sma 13-Week Lows (22.7)

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 J J A

8/23/2014

The percentage of stocks over their own 10-day sma is 76.7%, coming down from Tuesday's overbought 90.3%.

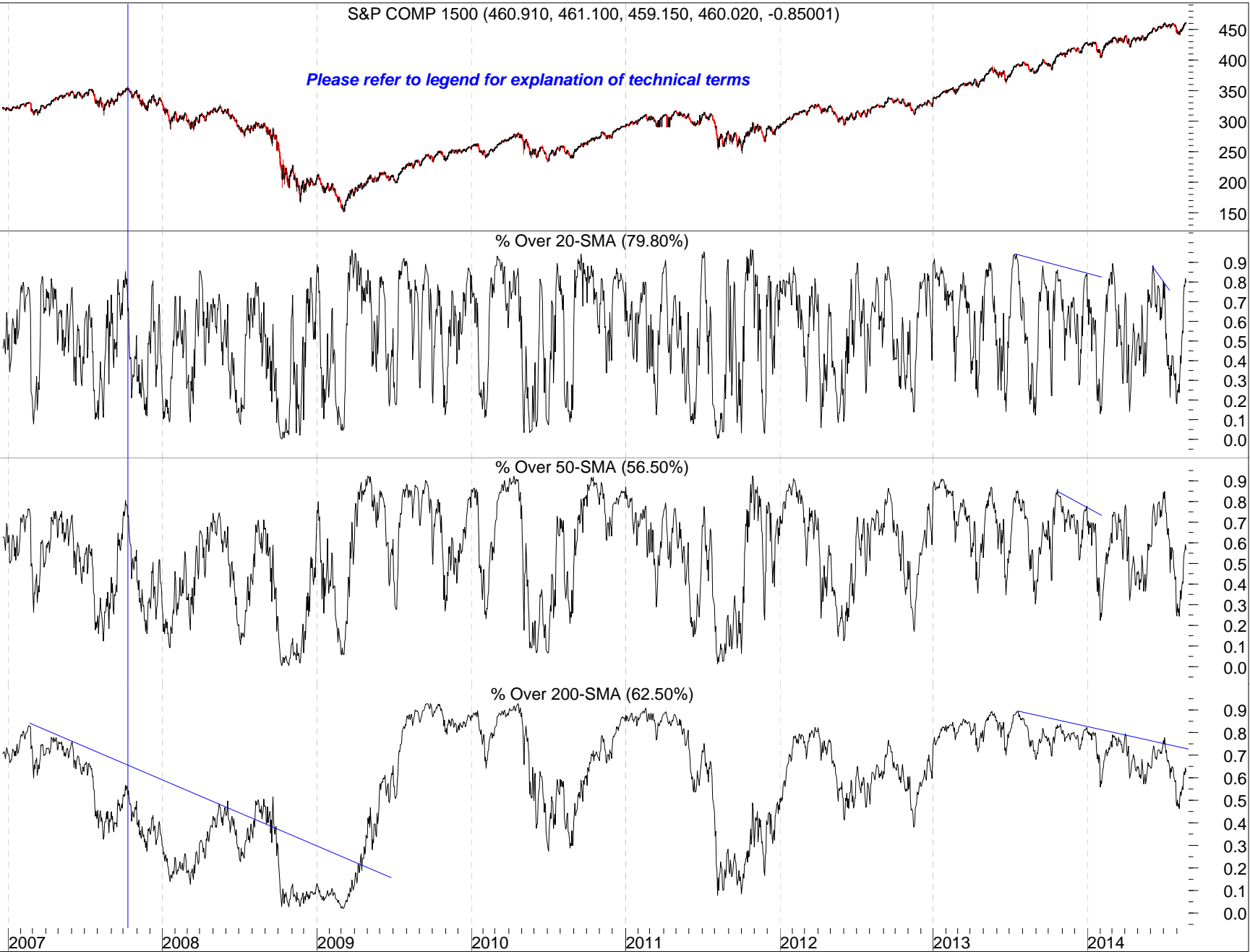
Our proprietary options indicator has bounced from extreme pessimism (which we like to see) back up to just over neutral.

New highs are greater than new lows once again, although the number of stocks making new highs is fewer than in early July, a negative divergence.

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S&P COMP 1500 (460.910, 461.100, 459.150, 460.020, -0.85001)

Please refer to legend for explanation of technical terms



Last week we said that the S&P 1500 was within 2% of its highs, and if it makes new highs with fewer stocks participating that would be a red flag. The index did make a new high last week, but unfortunately while there has been improvement in the longer-term breadth numbers, there are still far fewer stocks over their own 50-day and 200-day sma than we want to see. The increasing selectivity by investors is something that can't be ignored.

8/23/2014

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S&P COMP 1500 (460.910, 461.100, 459.150, 460.020, -0.85001)

Please refer to legend for explanation of technical terms

10 Y TSY YLD NDX (23.9400, 24.4400, 23.9100, 24.0300, -0.04000)

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

PE Cont Ops (18.3500)

FPE (17.0700)

PE TNX Spread % (111.460)

FPE TNX Spread % (143.790)

EPS (23.3800), EPS Cont Ops (25.0700), Est EPS (26.9500)

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8/23/2014

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

The P/E based on current EPS is below its recent high, but the P/E based on projections is back at its highs. That is because forecasts have come down a little recently, a trend we don't want to see continue.

Spreads between equity and bond yields remain near the best levels since July 2013. At these levels stocks are extremely attractive versus bonds.

10 Y TSY YLD NDX (23.94, 24.44, 23.91, 24.03, -0.04)

Please refer to legend for explanation of technical terms

10-Year Note Yield Daily

----- 200-day sma

----- 50-day sma

----- 20-day sma

Relative Strength Index (42.1539)

Stochastic Oscillator (45.3441)

MACD (-0.31030)

The 10-year note yield is just under its 20-day sma but trying to hang on to current levels.

Daily momentum is slightly positive.

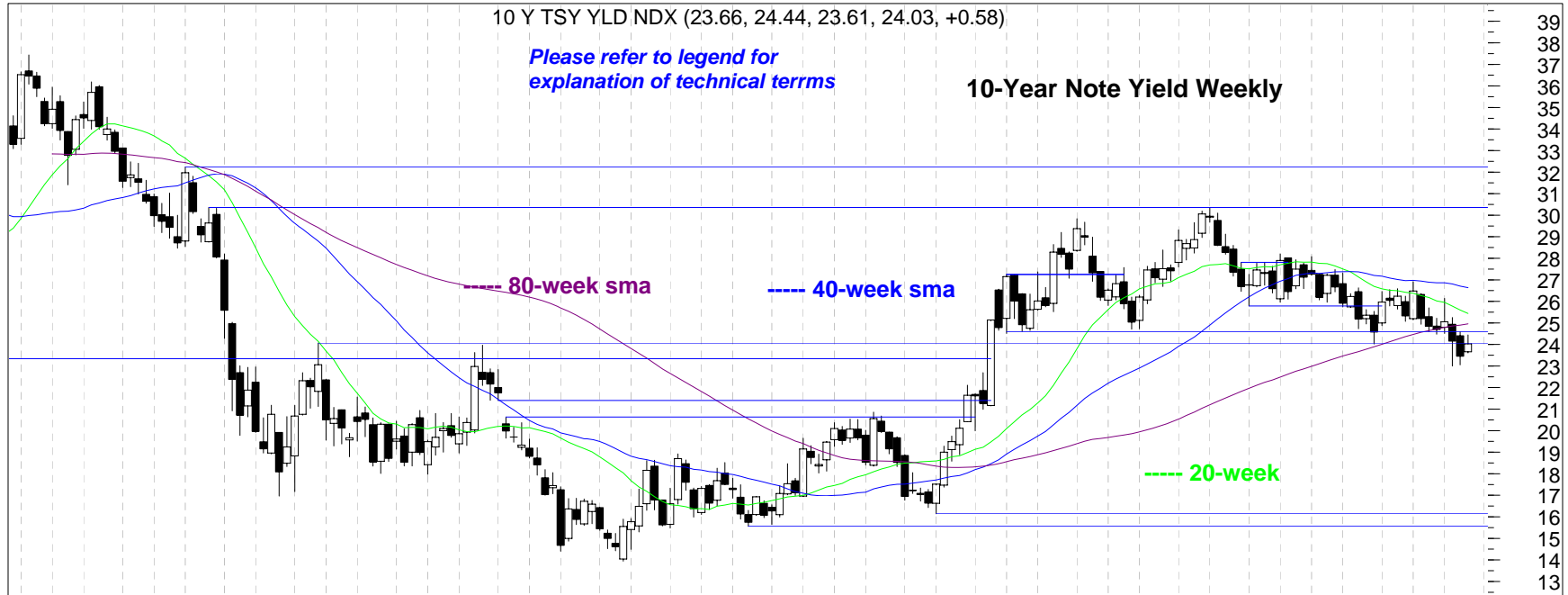
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December 2014 February March April May June July August

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10 Y TSY YLD NDX (23.66, 24.44, 23.61, 24.03, +0.58)

Please refer to legend for explanation of technical terms

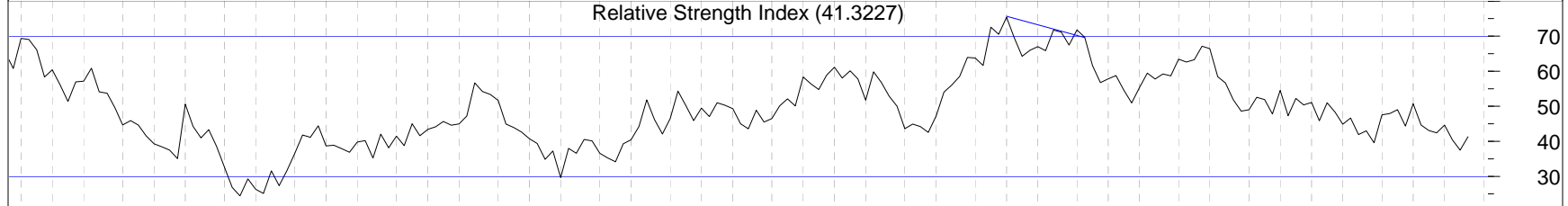
10-Year Note Yield Weekly



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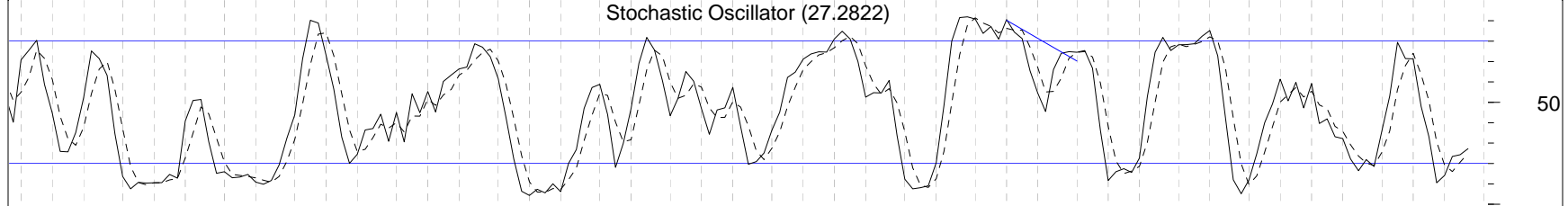
The 10-year note yield recently broke important support on its weekly chart but last week it closed above its opening price. Lots of resistance, including important moving averages, just above.

Relative Strength Index (41.3227)



70
60
50
40
30

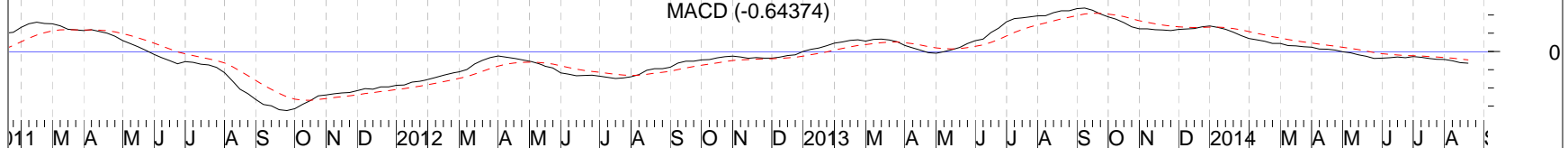
Stochastic Oscillator (27.2822)



50
0

Weekly momentum is trying to turn up from oversold levels.

MACD (-0.64374)



011 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

8/23/2014

10 Y TSY YLD NDX (25.82, 25.91, 23.00, 24.03, -1.53)

10-Year Note Yield Monthly



Please refer to legend for explanation of technical terms

-----12-Month sma

-----3-Month sma

Relative Strength Index (49.0158)

Stochastic Oscillator (27.5631)

MACD (0.76408)

The 10-year note yield is below its 3 and 12-month sma. It is trying to hang on to a support level on a closing basis.

Monthly momentum is mostly negative.

8/23/2014

US DOLLAR INDEX (82.1640, 82.4560, 82.0600, 82.3360, +0.18200)

U.S. Dollar Index Daily

Please refer to legend for explanation of technical terms

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

Relative Strength Index (78.0097)

Stochastic Oscillator (88.7510)

MACD (0.34693)

The U.S. Dollar Index is challenging its 52-week high.

Daily momentum is positive but at high or overbought levels.

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

8/23/2014

US DOLLAR INDEX (81.4310, 82.4560, 81.3840, 82.3360, +0.91199)

U.S. Dollar Index Weekly

Please refer to legend for explanation of technical terms

---- 40-week sma

----- 10-week sma

A decisive breakout for the U.S. Dollar Index on its weekly chart. This is the highest weekly close since July 2013.

Relative Strength Index (69.7411)

Weekly momentum is positive and just reaching overbought levels.

Stochastic Oscillator (86.5139)

MACD (0.30775)

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8/23/2014

US DOLLAR INDEX (81.4440, 82.4560, 81.1880, 82.3310, +0.87500)

Please refer to legend for explanation of technical terms

U.S. Dollar Index Monthly

----- 3-month sma

----- 12-month sma

Relative Strength Index (56.2314)

Stochastic Oscillator (79.2681)

MACD (0.20220)

So far the second strong month in a row for the U.S. Dollar Index. It may soon challenge the highs of the sideways range it has been in since late 2011.

Monthly momentum is positive and not at overbought levels.

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

8/23/2014

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.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
S&P Midcap 400	1427.02	0.00%	2.26%	2.26%	4.11%	-0.41%	6.29%	1452.01	7/1/2014	1170.62	9/3/2013
Dow Jones Industrials	17001.15	-0.23%	2.03%	2.03%	2.64%	1.04%	2.56%	17151.56	7/17/2014	14719.43	10/9/2013
Dow Jones Transportation	8429.85	0.02%	2.01%	2.01%	3.54%	2.77%	13.91%	8515.04	7/23/2014	6237.14	8/30/2013
Russell 2000	1161.61	0.14%	1.75%	1.75%	3.71%	-2.63%	-0.17%	1213.55	7/1/2014	1009.00	9/3/2013
S&P 1500	460.01	-0.19%	1.74%	1.74%	3.09%	1.15%	7.20%	461.33	8/21/2014	377.60	8/30/2013
S&P 500	1988.40	-0.20%	1.71%	1.71%	2.99%	1.44%	7.58%	1994.76	8/21/2014	1627.47	8/28/2013
Nasdaq Composite	4538.55	0.14%	1.65%	1.65%	3.86%	2.96%	8.67%	4547.24	8/22/2014	3573.57	8/27/2013
Nasdaq 100	4052.75	0.14%	1.64%	1.64%	4.12%	5.28%	12.83%	4060.90	8/22/2014	3053.26	8/27/2013
NYSE Composite	10945.72	-0.34%	1.39%	1.39%	2.04%	-0.31%	5.24%	11105.85	7/3/2014	9246.89	8/30/2013
Bank of New York Mellon ADR	154.87	-0.53%	0.56%	0.56%	0.15%	-1.23%	1.85%	159.35	7/3/2014	134.71	8/30/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Industrials	465.43	-0.43%	2.31%	2.31%	4.26%	-0.04%	2.87%	479.63	6/9/2014	378.75	8/30/2013
Financials	310.83	-0.35%	2.30%	2.30%	2.97%	1.38%	5.47%	312.65	8/22/2014	260.33	8/28/2013
Information Technology	663.14	0.02%	2.29%	2.29%	3.40%	4.85%	13.26%	664.69	8/22/2014	503.37	8/27/2013
Consumer Discretionary	543.60	0.12%	2.18%	2.18%	4.10%	2.68%	2.55%	544.62	8/22/2014	453.83	8/28/2013
Health Care	727.35	0.00%	1.56%	1.56%	3.26%	3.24%	13.24%	729.53	8/21/2014	564.13	8/28/2013
Utilities	214.74	-0.30%	1.23%	1.23%	2.56%	-4.53%	11.14%	225.35	6/30/2014	184.47	9/4/2013
Materials	315.86	-0.40%	0.84%	0.84%	2.82%	0.77%	8.31%	318.09	8/20/2014	253.08	8/29/2013
Consumer Staples	460.96	-0.18%	0.74%	0.74%	3.93%	0.36%	4.14%	468.07	7/14/2014	402.20	8/29/2013
Energy	704.06	-0.65%	0.56%	0.56%	0.17%	-3.24%	8.04%	738.72	6/23/2014	584.08	8/22/2013
Telecom Services	157.72	-0.40%	-0.38%	-0.38%	-2.82%	-0.34%	1.42%	172.45	7/29/2014	143.28	2/3/2014

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Retailing	948.94	0.56%	4.46%	4.46%	7.49%	6.78%	0.97%	950.27	8/22/2014	806.34	8/27/2013
Consumer Durables & Apparel	279.32	0.58%	3.42%	3.42%	4.93%	1.41%	-2.02%	285.53	1/3/2014	237.31	8/28/2013
Banks	221.18	-0.19%	3.33%	3.33%	2.04%	0.60%	5.73%	228.93	3/21/2014	185.00	10/9/2013
Technology Hardware & Equipment	697.05	0.22%	2.79%	2.79%	4.04%	5.24%	19.12%	698.88	8/22/2014	511.96	9/16/2013
Transports	543.44	0.05%	2.49%	2.49%	4.47%	2.26%	13.31%	547.20	8/21/2014	397.27	8/30/2013
Capital Goods	494.82	-0.54%	2.35%	2.35%	4.28%	-0.81%	0.01%	518.39	6/9/2014	414.28	8/30/2013
Semiconductors & Equipment	524.55	-0.30%	2.04%	2.04%	4.59%	5.26%	24.14%	528.58	7/23/2014	356.76	8/30/2013
Diversified Financials	476.21	-0.24%	2.03%	2.03%	3.69%	2.58%	6.18%	478.78	8/22/2014	387.97	8/28/2013
Software & Services	896.92	-0.04%	2.03%	2.03%	2.71%	4.50%	7.62%	902.43	4/3/2014	701.61	9/4/2013
Insurance	292.36	-0.60%	1.78%	1.78%	3.86%	-0.51%	1.13%	299.15	7/3/2014	247.74	8/30/2013
Pharmaceuticals, Biotech & Life Sci	710.04	0.24%	1.63%	1.63%	3.69%	3.65%	13.74%	712.05	8/22/2014	542.85	8/28/2013
Household & Personal Products	516.61	-0.03%	1.53%	1.53%	6.11%	2.55%	1.38%	530.20	11/26/2013	469.34	10/3/2013
Health Care Equip & Services	646.55	-0.50%	1.40%	1.40%	2.35%	2.37%	12.16%	651.01	8/21/2014	514.86	8/29/2013
Commercial & Professional Service	206.92	-0.61%	1.24%	1.24%	3.51%	1.90%	7.26%	208.65	8/21/2014	164.93	9/3/2013
Utilities	214.74	-0.30%	1.23%	1.23%	2.56%	-4.53%	11.14%	225.35	6/30/2014	184.47	9/4/2013
Food & Staples Retailing	325.25	0.13%	1.04%	1.04%	0.93%	-0.68%	2.36%	336.85	6/6/2014	277.52	8/29/2013
Real Estate	175.15	-0.72%	0.89%	0.89%	2.75%	3.16%	17.59%	177.17	8/21/2014	143.30	9/3/2013
Automobiles & Components	139.12	-0.86%	0.87%	0.87%	1.72%	-3.02%	0.10%	146.81	7/14/2014	123.37	8/28/2013
Materials	315.86	-0.40%	0.84%	0.84%	2.82%	0.77%	8.31%	318.09	8/20/2014	253.08	8/29/2013
Consumer Services	697.72	-0.10%	0.79%	0.79%	1.42%	-1.89%	1.79%	720.69	7/3/2014	615.18	10/9/2013
Energy	704.06	-0.65%	0.56%	0.56%	0.17%	-3.24%	8.04%	738.72	6/23/2014	584.08	8/22/2013
Food, Beverage & Tobacco	538.39	-0.37%	0.31%	0.31%	4.42%	-0.04%	6.07%	549.34	6/20/2014	466.32	8/29/2013
Media	462.25	-0.14%	0.23%	0.23%	2.05%	2.61%	7.44%	466.99	7/16/2014	356.76	8/28/2013
Telecom Services	157.72	-0.40%	-0.38%	-0.38%	-2.82%	-0.34%	1.42%	172.45	7/29/2014	143.28	2/3/2014

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

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.