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The Kaufman Report

Trade what you see, not what you think.

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Closing prices of July 20, 2009

Stocks surged again Monday pushing the Nasdaq 100 to new rally highs. The S&P 500 made a new closing high, but couldn't surpass the intra-day high of 956.23 set on June 11th. As we said yesterday, investors should be cautious with entry points. Momentum indicators are at high or overbought levels. There is a negative divergence in the amount of 13-week closing highs, which was 236 Monday versus 484 on June 1st.

The S&P 1500 (224.09) was up 1.177% Monday. Average price per share was up 1.46%. Volume was 101% of its 10-day average and 102% of its 30-day average. 79.95% of the S&P 1500 stocks were up, with up volume at 72.74% and up points at 89.79%. Up Dollars was 97.57% of total dollars, and was 146% of its 10-day moving average. Down Dollars was 10% of its 10-day moving average.

Percent over 10-sma: 91.00%. 13-Week Closing Highs: 236. 13-Week Closing Lows: 2.

Put/Call Ratio: 0.701. Kaufman Options Indicator: 0.95.

P/E Ratios: 60.36 (before charges), 15.37 (continuing operations), 16.31 (analyst estimates).

P/E Yield 10-year Bond Yield Spreads: -54% (earnings bef. charges), 81% (earnings continuing ops), and 71% (projected earnings).

70 of the S&P 500 have reported 2nd quarter earnings. According to Bloomberg, 70.5% had positive surprises, 9.8% were in line, and 19.7% have been negative. The year-over-year change has been -26.1% on a share-weighted basis, -2.1% market cap-weighted and -18.0% non-weighted. Ex-financial stocks these numbers are -22.5%, +1.5%, and -14.2%, respectively.

This is a bifurcated, opportunistic trader's market, with adept traders able to enter long or short. Based on the S&P 500 the short-term, intermediate-term and long-term trends are up. Traders should not hesitate to rotate out of lagging sectors and stocks and into leaders.

IMPORTANT DISCLOSURES

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S&P 500 Cash (942.07, 951.62, 940.99, 951.13, +10.75)



The S&P 500 printed a new rally closing high and is just under the intraday high of 956.23 on 6/11.

The RSI is in the zone where it has topped recently.

The stochastic is well into the overbought zone.

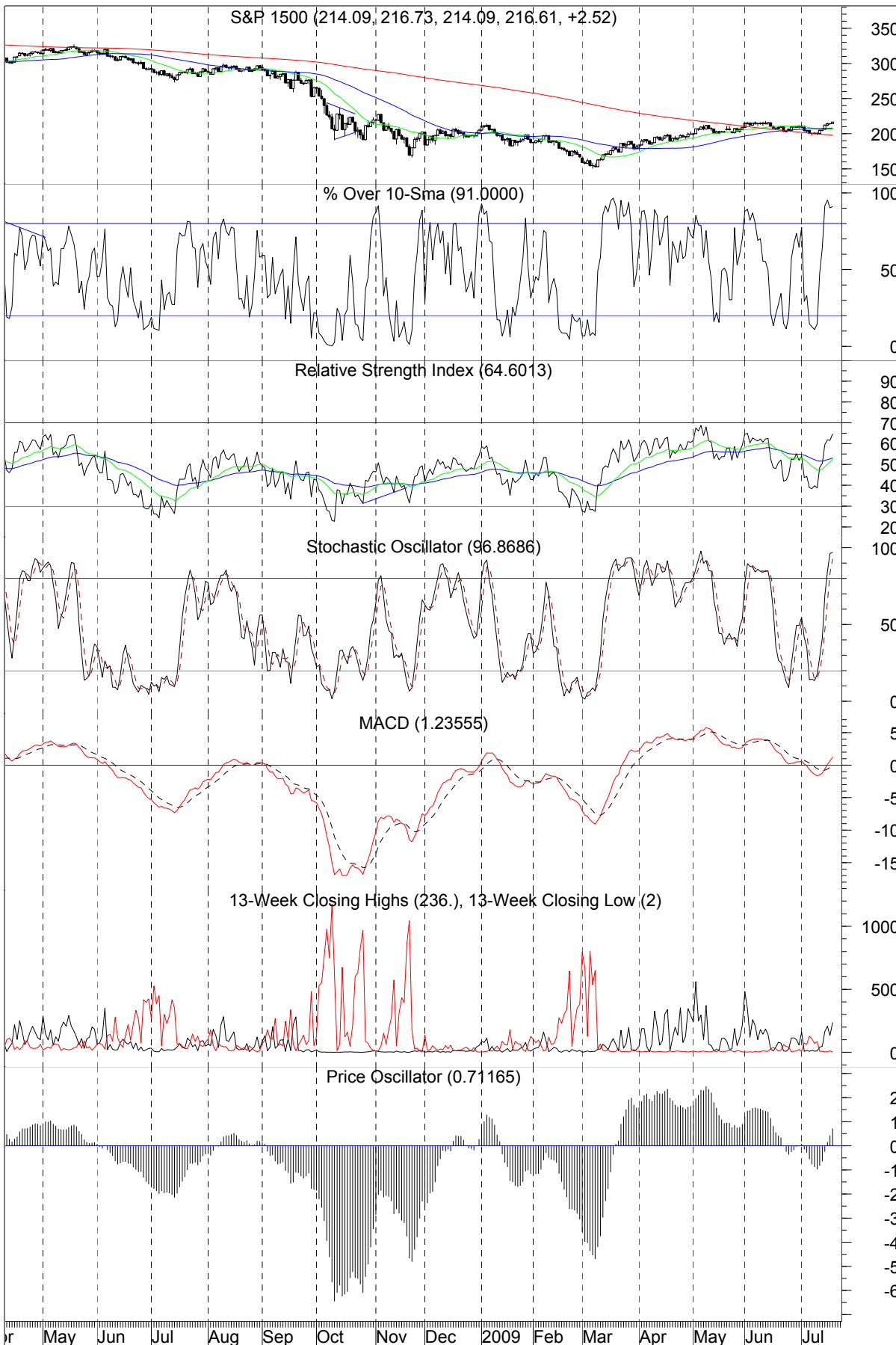
NASDAQ 100 (1,534.39, 1,545.02, 1,529.45, 1,544.00, +16.74)



The Nasdaq 100 traded to new rally highs and hit the best level since October 2008.

The RSI is about at the level where the Nasdaq 100 has topped twice recently.

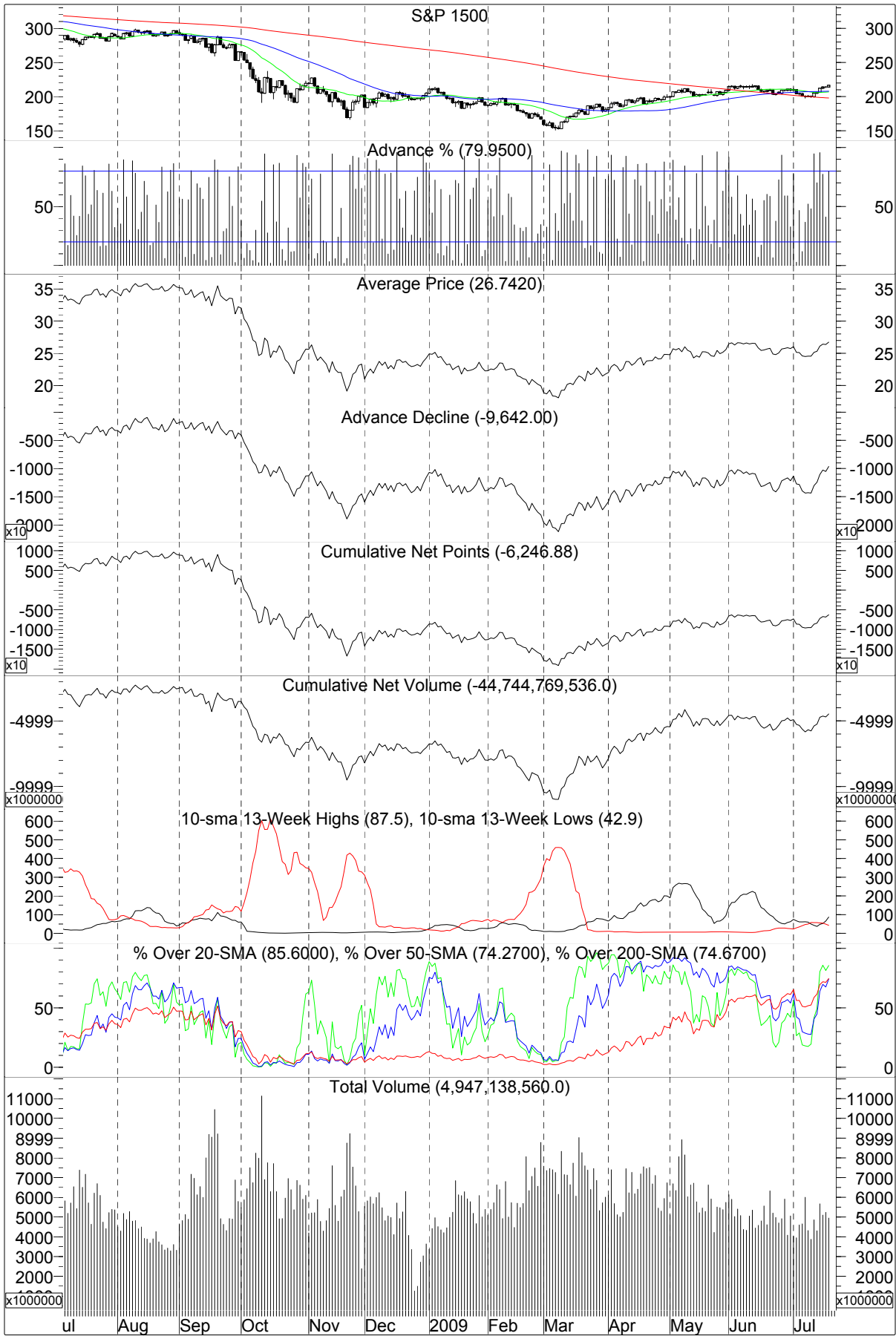
The stochastic is in the overbought zone.



Our momentum indicators are all at high levels.

236 13-week closing highs Monday is well below the number seen at the end of May.

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The AD line made a new rally high.

Cum. Net points made a new rally high.

These percentages are bull market numbers.

Volume receded Monday.