

John Thomas Financial
14 Wall Street, 5th Floor
New York, New York 10005
wskaufman@johnthomasbd.com

The Kaufman Report

Trade what you see, not what you think.

Wayne S. Kaufman, CMT
Chief Market Analyst
(800) 257-1537 Toll Free
(212) 299-7838 Direct

Thursday May 8, 2008

Closing prices of May 7, 2008

The S&P 1500 dropped sharply Wednesday in a broad sell off. We said Sunday that there were some warnings signs appearing, and we were about to leave a seasonally strong period for stocks. Stocks are not yet at oversold levels, so there is room for prices to drop further.

Federal Funds futures are pricing in an 88% probability that the Fed will leave rates at 2.00%, and a 12% probability of cutting another 25 basis points to 1.75 when they meet again on June 25th.

So far 431 companies have reported first quarter earnings. According to Bloomberg 61.7 % have had positive surprises, 10.7% have been in line, and 27.6% have been negative. The year-over-year average change has been -13.1% on a share-weighted basis, +2.8 % market cap-weighted, and -10.7% non-weighted.

The S&P 1500 (315.37) was down 1.748% Wednesday. Average price per share was down 1.50%. Volume was 102% of its 10-day average and 105% of its 30-day average. 16.99% of the S&P 1500 stocks were up on the day. Up Dollars was 4% of its 10-day moving average and Down Dollars was 331% of its 10-day moving average.

Options expire May 16th. The FOMC meets June 25th.

IMPORTANT DISCLOSURES

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

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

The reproduction of all or part of this publication or its contents in any manner is a violation of federal copyright law. The Copyright Act imposes liability of up to \$150,000 per issue for such infringement. No reproduction or retransmission of this report or any part of it by subscribers or anyone else is authorized without written permission from Wayne S. Kaufman. Copyright 2007-2008, Wayne S. Kaufman. All rights reserved.

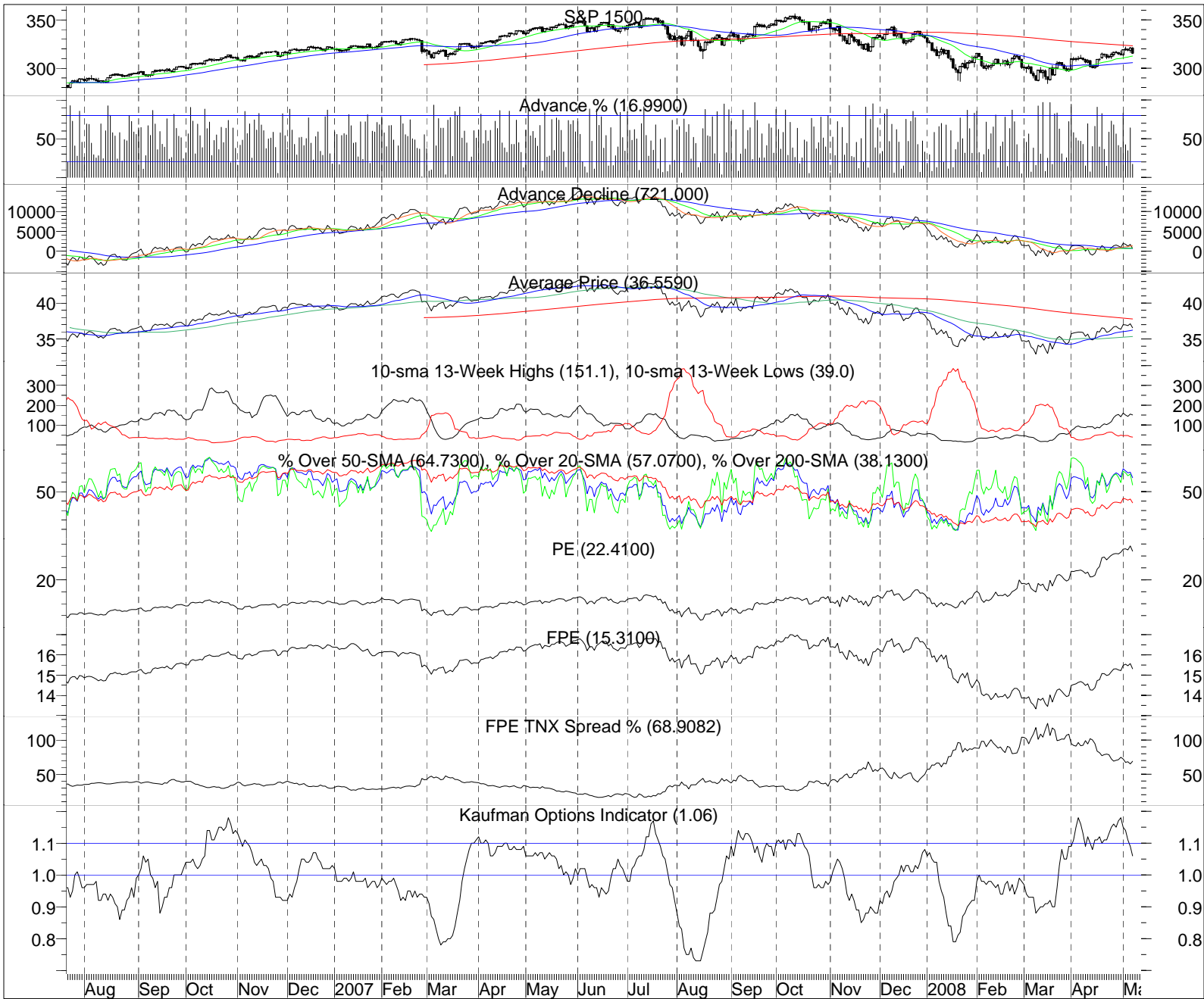
S&P 1500 Analysis - Wayne S. Kaufman, CMT



Our oscillators are not yet oversold so there is room for stocks to move lower.

Volume was increasing and above average on Wednesday's sell off.

S&P 1500 Analysis - Wayne S. Kaufman, CMT



16.99% of the S&P 1500 traded higher Wednesday.

The P/E ratio has been at the highest level since 2004.

We have been saying that too much optimism on the part of call buyers left stocks vulnerable to a pull back. Our proprietary options indicator has moved lower but is still showing too much optimism.