

Friday November 13, 2009

Closing prices of November 12, 2009

We have been saying a pullback was likely soon, and the bearish candles, negative divergences, and new high reversals we have been discussing finally kicked in Thursday as stocks sold off broadly. All ten S&P Sectors were down on the day.

Our options indicator is showing slight pessimism so any pullback should not be too deep. With sellers recently stepping to the sidelines, earnings news out of the way, and seasonality in their favor, the path of least resistance for equities should be higher. Still, with indicators turning down from high levels, investors need to be cautious at this time.

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

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

**S&P 1500 Data:** Percent over 10-sma: 65.20%.

13-Week Closing Highs: 25. 13-Week Closing Lows: 73. 52-week closing highs: 21.

Kaufman Options Indicator: 0.98 Put/Call Ratio: 0.854. New High Reversals: 62.

Volume: +2.25% versus yesterday. 88% of the 10-day average. 88% of the 30-day average.

Up Stocks: 9.76%. Up Volume: 23.37%. Up Points: 5.84%. Up Dollars: 1.11%.

## IMPORTANT DISCLOSURES

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S&P 500 Cash (1,098.31, 1,101.97, 1,084.90, 1,087.24, -11.27)



The S&P 500 sold off Thursday after printing a shooting star candle on the daily chart on Wednesday. As we said in yesterday's report, shooting stars are bearish candles frequently seen at tops.

In spite of the S&P 500 new high Wednesday, the RSI has been unable to reach overbought levels, a sign of a weakening up trend.

The stochastic has a negative crossover from the overbought zone.

NASDAQ 100 (1,784.69, 1,794.12, 1,769.64, 1,773.14, -9.81)



The Nasdaq 100 pulled back Thursday after printing a doji candle on Wednesday. Doji are signs of indecision frequently seen at tops.

### INTERNATIONAL ETFs

	Daily	WTD	MTD	QTD	YTD
Austria EWO	-0.09%	1.67%	6.43%	-0.36%	67.90%
United Kingdom EWU	-0.42%	2.35%	6.33%	6.19%	34.45%
Hong Kong EWH	-0.56%	0.82%	2.90%	2.96%	54.10%
Taiwan EWT	-0.64%	2.32%	6.72%	0.57%	63.24%
Singapore EWS	-0.71%	3.49%	6.77%	4.09%	58.72%
Vietnam VNM	-0.75%	-3.69%	-2.31%		
Spain EWP	-0.82%	2.16%	5.30%	2.04%	34.95%
Sweden EWD	-0.82%	3.75%	7.54%	8.98%	62.28%
Malaysia EWM	-1.09%	0.28%	3.62%	7.20%	49.11%
Belgium EWK	-1.13%	1.61%	4.30%	0.85%	50.06%
Mexico EWW	-1.24%	3.35%	7.43%	7.23%	45.15%
Netherlands EWN	-1.48%	2.14%	6.03%	2.69%	37.94%
Germany EWG	-1.59%	2.30%	5.95%	0.27%	15.76%
Canada EWC	-1.65%	2.65%	7.25%	0.39%	46.76%
Japan EWJ	-1.66%	-1.98%	-0.63%	-4.53%	-0.94%
France EWQ	-1.73%	1.71%	6.45%	0.42%	24.61%
Italy EWI	-1.79%	1.80%	5.89%	-0.44%	23.98%
China 25 FXI	-1.83%	0.95%	7.03%	9.07%	53.42%
Switzerland EWL	-1.83%	0.64%	2.81%	1.20%	18.55%
Australia EWA	-1.99%	4.88%	7.84%	4.65%	68.81%
MSCI Emerging Markets EEM	-2.23%	1.64%	7.40%	3.70%	61.59%
South Korea EWY	-2.36%	1.03%	4.17%	-5.72%	59.71%
Latin America ILF	-2.58%	0.35%	7.85%	8.25%	82.37%
BRIC EEB	-2.69%	0.57%	8.12%	7.73%	81.64%
Brazil EWZ	-3.29%	-1.53%	6.84%	8.72%	110.17%

	Daily	WTD	5-Days	MTD	QTD	YTD
Nasdaq 100	-0.55%	2.45%	3.02%	6.36%	3.15%	46.34%
Nasdaq Composite	-0.83%	1.73%	2.08%	5.08%	1.25%	36.27%
Dow Jones Industrials	-0.91%	1.74%	1.91%	4.99%	5.00%	16.19%
S&P 500	-1.03%	1.68%	1.93%	4.93%	2.85%	20.37%
S&P 1500	-1.10%	1.61%	1.81%	4.85%	2.41%	20.76%
NYSE Composite	-1.29%	1.51%	1.62%	4.80%	2.20%	22.69%
Bank of New York Mellon ADR	-1.36%	1.24%	1.31%	4.52%	2.79%	32.04%
S&P Midcap 400	-1.50%	1.48%	1.33%	4.90%	0.06%	28.45%
S&P Smallcap 600	-2.12%	0.20%	-0.03%	2.88%	-3.07%	14.49%

	Daily	WTD	5-Days	MTD	QTD	YTD
Information Technology	-0.44%	2.33%	2.44%	5.50%	5.10%	52.18%
Health Care	-0.54%	1.84%	2.25%	5.69%	3.25%	11.38%
Consumer Staples	-0.54%	1.24%	1.58%	3.02%	4.10%	11.07%
Materials	-0.63%	3.68%	4.00%	8.84%	3.04%	39.99%
Telecom Services	-0.79%	1.64%	1.96%	2.67%	-2.31%	-5.29%
Industrials	-1.00%	1.65%	2.90%	7.82%	2.79%	15.05%
Consumer Discretionary	-1.01%	1.71%	2.75%	6.49%	3.84%	32.70%
Utilities	-1.34%	0.44%	0.18%	2.06%	-1.22%	-0.55%
Financials	-1.84%	2.68%	2.21%	4.53%	-1.78%	17.07%
Energy	-2.04%	-0.44%	-0.65%	2.40%	5.63%	11.91%

	Daily	WTD	5-Days	MTD	QTD	YTD
Software & Services	0.01%	2.32%	2.70%	5.69%	8.86%	48.29%
Pharmaceuticals, Biotech & Life Sciences	-0.14%	1.88%	2.25%	4.71%	2.22%	6.23%
Food, Beverage & Tobacco	-0.27%	1.49%	1.63%	3.14%	3.85%	16.69%
Food & Staples Retailing	-0.35%	1.38%	1.80%	0.80%	2.80%	5.87%
Semiconductors & Equipment	-0.56%	4.41%	4.47%	5.45%	-0.71%	42.67%
Materials	-0.63%	3.68%	4.00%	8.84%	3.04%	39.99%
Media	-0.72%	2.17%	2.47%	6.45%	2.09%	25.56%
Technology Hardware & Equipment	-0.77%	1.79%	1.69%	5.36%	3.81%	58.20%
Telecom Services	-0.79%	1.64%	1.96%	2.67%	-2.31%	-5.29%
Retailing	-0.81%	1.33%	3.04%	5.31%	6.11%	43.44%
Capital Goods	-0.88%	1.65%	2.92%	7.18%	1.69%	15.42%
Consumer Services	-0.98%	1.40%	2.61%	7.41%	2.08%	16.04%
Commercial & Professional Services	-1.27%	0.59%	0.57%	4.75%	1.84%	7.64%
Household & Personal Products	-1.28%	0.56%	1.28%	5.04%	5.93%	6.06%
Utilities	-1.34%	0.44%	0.18%	2.06%	-1.22%	-0.55%
Transportation	-1.34%	2.02%	3.59%	11.27%	7.25%	16.48%
Health Care Equip & Services	-1.35%	1.75%	2.25%	7.80%	5.35%	23.81%
Real Estate	-1.36%	5.27%	3.28%	4.75%	0.94%	10.98%
Banks	-1.79%	2.48%	2.11%	3.38%	-0.47%	-6.54%
Diversified Financials	-1.79%	2.49%	1.95%	5.23%	-2.31%	33.61%
Consumer Durables & Apparel	-1.92%	1.22%	0.93%	5.62%	2.10%	30.93%
Energy	-2.04%	-0.44%	-0.65%	2.40%	5.63%	11.91%
Automobiles & Components	-2.12%	3.75%	5.95%	12.95%	7.67%	92.58%
Insurance	-2.27%	2.37%	2.72%	3.61%	-2.76%	11.54%