

## Health of the Market

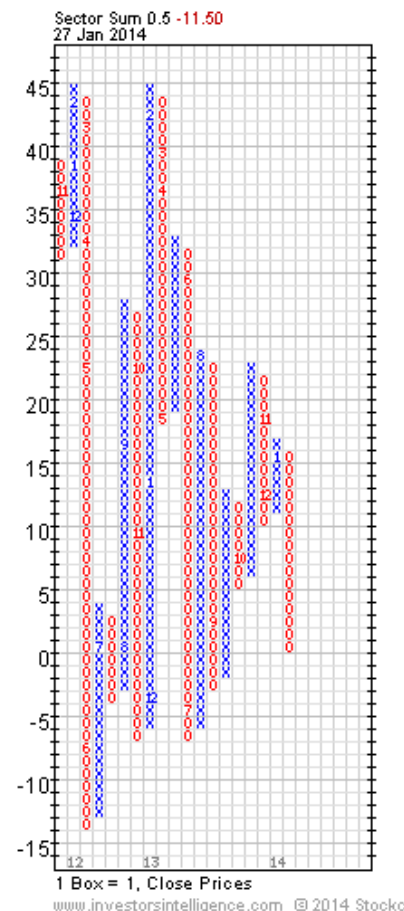
Stocks fell for the third straight day Monday but also ended off their worst levels after a very choppy session. Indexes all ended down sharply last week after many new highs. The advance decline data was again weak and more stocks showed new 52-wk lows than new highs. Volume fell for a minor plus signaling at least some institutional traders stepped back to consider the situation. There was another heavy reading for new stock sell signals. That last occurred just at the end of that modest market pullback of about 1000 pts for the DJ I early last summer. Oscillating indicator charts showed more losses and some oversold readings at the close. Other short term charts were down to their bottom levels achieved during the modest corrections over the last year. None of those pullbacks approached the traditional 10% correction but they did offer trading opportunities.

The daily stock breakout data showed a sharp breakdown the last two sessions with the weakest reading for the primary broad **bullish %s** since late last June. The NYSE and S&P 500 charts reversed down. The last similar move for the NYSE bullish % chart was its reversal down to O 60% late last June. The overall changes amongst the **46 industry sector bullish %** charts turned sharply negative with increased activity. The **sector sum** shifted to **short term bearish** status last Friday and one-day later added a **longer term bearish signal**. *Its recent trading was far below prior chart highs.*

The last five day's trading had **47 new stock buy signals** and **238 new sells**. That compares unfavorably with the 62 buys and 40 sells shown during the shortened four day period a week ago. From the 46 sectors there were **six charts higher with Precious Metals reversing up** and **26 down with 12 turning lower**. Four of those charts had rallied earlier in the period. A week ago there were eight groups up and five charts down without any reversals.

The **industry sector sum value** ended at **+0.5**, down from +17.0 a week ago. That was a high his year and a reversal down did occur at +14.0. The **Bell Curve** shows a retreat from the recent concentration between 60% and 80%, with the remainder on either side of that range. Broad buying chances need declines and action at least centered around 50% and that will take some lower overall levels still too come.

The **sector sum short term status** is determined by its chart direction, along with the direction of the groups' cumulative advance decline line and the last three day's direction on the NYSE bullish %. *Both charts turned down 24-January. With the NYSE bullish % momentum already negative that completed the bearish shift.* On 27-Jan the **long term sector sum status** shifted bearish with a new P&F chart sell signal. A move to +18.0 is needed for a new buy signal.



## Distribution of Industry Breadth

### Sector Sum Indicator:

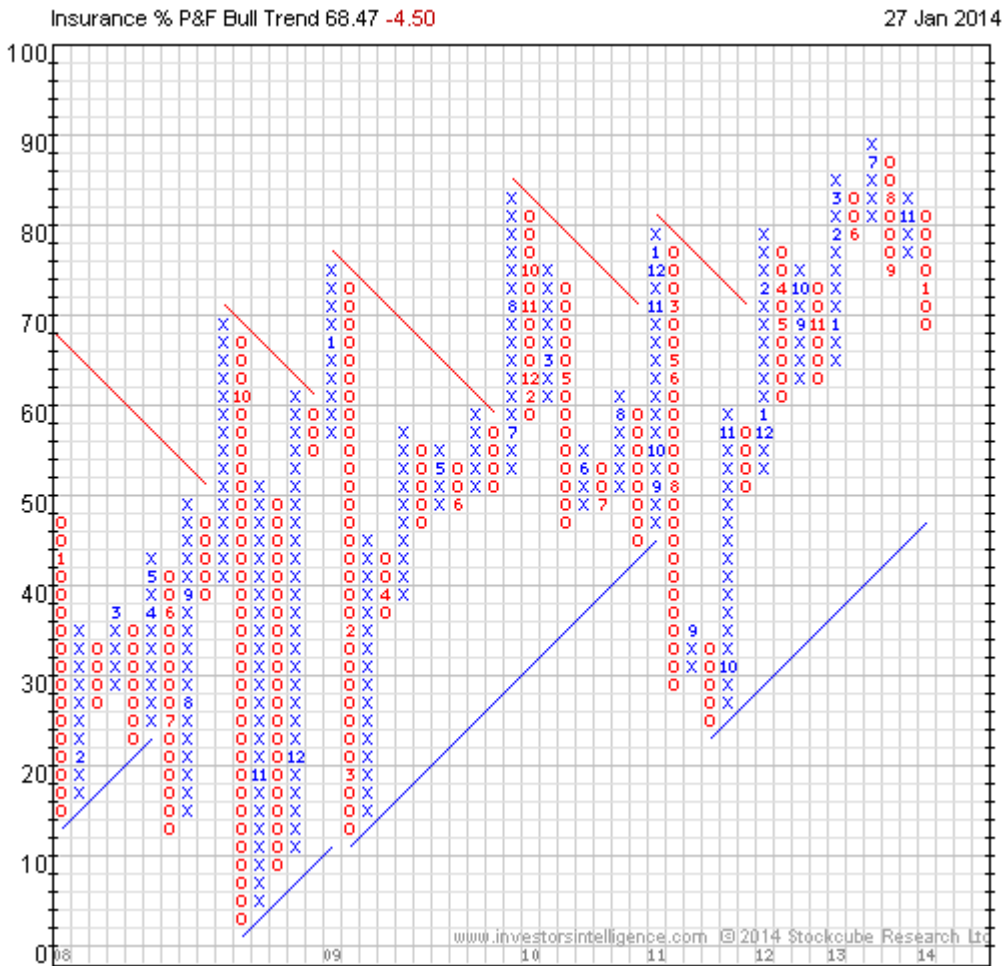
Short term P&F chart status	<b>Bearish</b>
Value	+0.50
Change yesterday	-11.5
Last reversal	24-Jan down to +14.0.
Short term stop	+4.0
Long Term P&F chart status	<b>Bearish</b>
Last long term signal	P&F chart Sell + 10.0 on 27-Jan
Long term P&F stop loss	<b>Potential bearish at +10.0.</b>
Last major resistance (& date)	+45.0 (Feb 12 highs)
Last major support (& date)	-46.5 (Sep 11 lows)

### Sector P&F chart direction:

Total number of sectors	46
Last signal <b>Down</b> , # of rising groups	13
Trigger for <b>bullish</b> status	16
Sector charts overbought	17
Sectors charts oversold	2

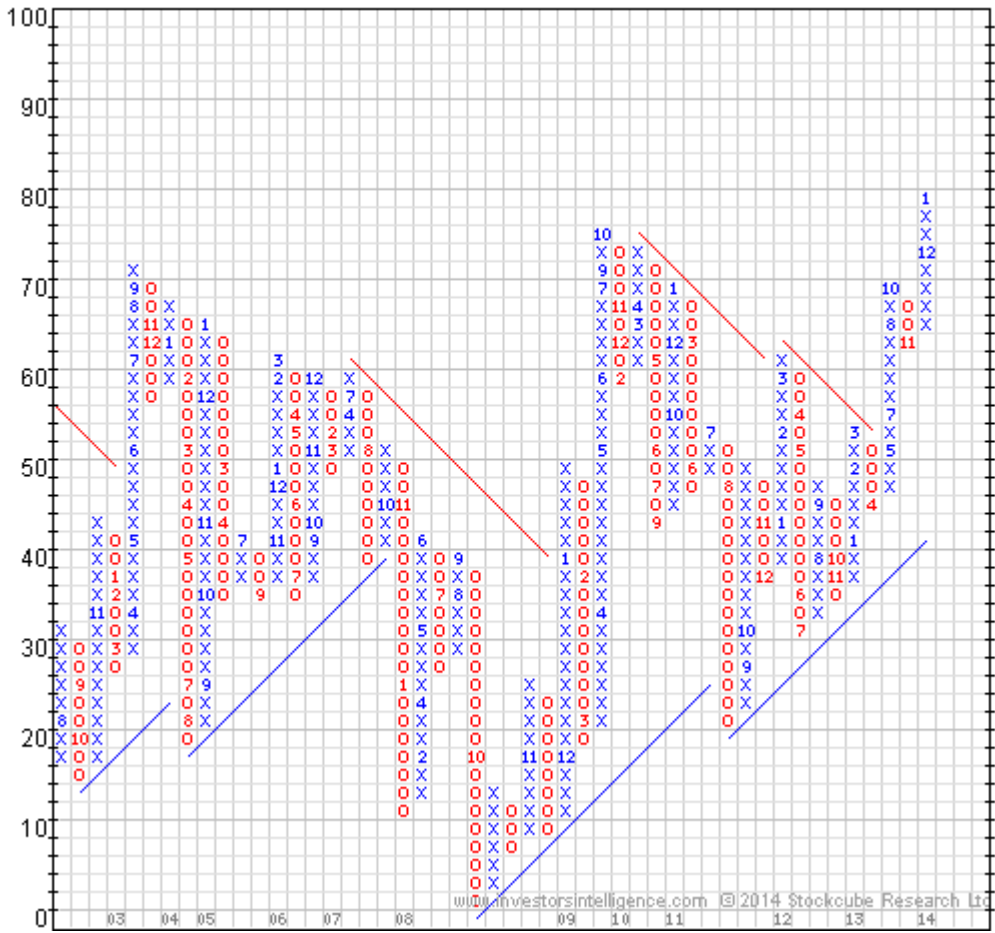


action with corrections of their long-term downtrends. AON is breaking down from a small top formation and the chart must stabilize now to avoid a deeper pull-back opening up.



The **Computers Bullish %** rose 0.88% to X 80% Thursday to trade at its highest level since at least 1999. The prior peak reading was X 76% from October 2009. The group is deeply overbought and investors should ensure stops are in place.

**Fusion-io (FIO)** was the only buy signal that session, with a gain of 13.6% on the session. The chart has been in a long-term downtrend for the past three years and yesterday's move saw a break above a small base formation. However, we would not chase the buy signal as the trend may reassert down at any time.



The **Drugs Bullish %** extended its rally last Wednesday with a gain of 2.2%. That advanced its chart further into overbought territory with a box fill to X 88%. The sector was the second best performer on the session. We would avoid new longs in the group and ensure stops are in place.

Just one buy signal last Wednesday, **Celldex Therapeutics (CLDX)**. The share only ended up 0.4% but the intraday highs, which failed to hold, were enough to generate the signal. The chart shows a reassertion attempt of the uptrend off the 2011 low. That rally saw a huge percentage gain and given the overbought condition of the sector we would be cautious on chasing CLDX here.



Industry Group Breadth Table

Abbr	Sector	Bulls%	1d chg	Status	Status Change	Direction
AERO	Aerospace Airlines	80.00%	-3.08%	Bull Confirmed	10 Oct 2013	+ (up)
ASIA	International - Asia Pac	51.56%	-3.13%	Bull Correction	12 Dec 2013	-(down)
AUTO	Autos & Parts	66.67%	-3.17%	<b>Bear Confirmed</b>	<b>27 Jan 2014</b>	-(down)
BANK	Banks	86.15%	-0.67%	Bull Confirmed	24 Jan 2013	+ (up)
BIOM	Biomedics Genetics	57.62%	-3.97%	Bull Confirmed	17 Jan 2014	+ (up)
BUIL	Buildings	78.26%	-2.17%	Bull Confirmed	9 Jan 2014	+ (up)
BUSI	Business Prd Svcs	72.36%	-0.81%	Bull Top	16 Dec 2013	-(down)
CHEM	Chemicals	54.26%	-3.19%	Bear Alert	13 Dec 2013	-(down)
CHIN	International - China	47.46%	-3.39%	Bear Confirmed	21 Jan 2014	-(down)
COMP	Computers	79.65%	-0.88%	Bull Confirmed	21 Nov 2013	+ (up)
DRUG	Drugs	80.00%	-4.44%	<b>Bull Top</b>	<b>27 Jan 2014</b>	-(down)
ELTR	Electronics	65.54%	-1.35%	Bull Confirmed	9 May 2013	+ (up)
ENER	Energy Other	54.05%	-2.71%	<b>Bull Correction</b>	<b>27 Jan 2014</b>	-(down)
ETFS	ETFs/Funds	65.95%	-1.88%	Bull Confirmed	15 Jul 2013	+ (up)
EURO	International - Europe	74.76%	-2.91%	Bull Top	3 Dec 2013	-(down)
FINA	Finance	62.64%	-4.39%	Bear Alert	21 Jan 2014	-(down)
FOOD	Foods Bevgs Soaps	61.11%	-0.93%	Bear Confirmed	8 Jan 2014	-(down)
FORE	Forest Prds Paper	73.08%	n/c	Bull Top	7 Nov 2013	-(down)
GAMI	Gaming	64.00%	-4.00%	<b>Bear Confirmed</b>	<b>27 Jan 2014</b>	-(down)
HEAL	Healthcare	65.11%	-1.70%	Bull Confirmed	10 Jan 2014	+ (up)
HOUS	Household Goods	62.12%	n/c	<b>Bear Confirmed</b>	<b>23 Jan 2014</b>	-(down)
INET	Internet	52.00%	-8.00%	Bull Correction	21 Jan 2014	-(down)
INSU	Insurance	68.47%	-4.50%	<b>Bull Top</b>	<b>24 Jan 2014</b>	-(down)
LATI	International - Latin America	21.67%	-5.00%	<b>Bear Confirmed</b>	<b>27 Jan 2014</b>	-(down)
LEIS	Leisure	63.29%	-2.53%	<b>Bear Confirmed</b>	<b>27 Jan 2014</b>	-(down)

<b>MACH</b>	<b>Machinery Tools</b>	67.16%	-1.50%	<b>Bear Confirmed</b>	<b>27 Jan 2014</b>	- (down)
<b>MEDI</b>	<b>Media</b>	75.32%	-1.30%	<b>Bull Top</b>	<b>27 Jan 2014</b>	- (down)
<b>META</b>	<b>Metals Non Ferrous</b>	46.48%	n/c	Bull Confirmed	3 Jan 2014	+ (up)
<b>OIL&amp;</b>	<b>Oil &amp; Coal</b>	51.37%	-1.64%	Bull Correction	7 Nov 2013	- (down)
<b>OILS</b>	<b>Oil Service</b>	48.98%	-3.06%	Bear Confirmed	6 Dec 2013	- (down)
<b>POLL</b>	<b>Pollution Control</b>	77.78%	-7.41%	<b>Bull Top</b>	<b>24 Jan 2014</b>	- (down)
<b>PREC</b>	<b>Precious Metals</b>	17.24%	n/c	Bull Alert	22 Jan 2014	+ (up)
<b>PROT</b>	<b>Protection Sfty Eqp</b>	61.90%	-4.77%	Bull Confirmed	7 Jan 2014	+ (up)
<b>REAL</b>	<b>Real Estate</b>	51.89%	n/c	Bear Confirmed	26 Nov 2013	- (down)
<b>REST</b>	<b>Restaurants</b>	47.73%	-4.54%	Bear Confirmed	13 Dec 2013	- (down)
<b>RETA</b>	<b>Retailing</b>	50.32%	-4.17%	Bear Confirmed	10 Dec 2013	- (down)
<b>SAVI</b>	<b>Savings &amp; Loans</b>	84.85%	n/c	Bull Confirmed	6 Feb 2012	+ (up)
<b>SEMI</b>	<b>Semiconductors</b>	65.87%	-2.38%	Bull Confirmed	23 Jan 2013	+ (up)
<b>SOFT</b>	<b>Software</b>	68.99%	-2.33%	<b>Bull Top</b>	<b>27 Jan 2014</b>	- (down)
<b>STEE</b>	<b>Steel Iron</b>	48.00%	n/c	Bear Confirmed	26 Dec 2013	- (down)
<b>TELE</b>	<b>Telecom</b>	60.38%	-0.63%	Bull Correction	6 Dec 2013	- (down)
<b>TEXT</b>	<b>Textiles Apparel</b>	55.56%	-2.77%	Bear Confirmed	16 Jan 2014	- (down)
<b>TRAN</b>	<b>Transport Non Air</b>	71.08%	-2.41%	<b>Bull Top</b>	<b>27 Jan 2014</b>	- (down)
<b>UTEL</b>	<b>Utility Electric</b>	41.94%	-6.45%	Bear Confirmed	3 Jan 2014	- (down)
<b>UTGA</b>	<b>Utility Gas</b>	59.26%	-1.23%	Bear Confirmed	4 Sep 2013	- (down)
<b>WALL</b>	<b>Wall Street</b>	72.92%	-3.12%	<b>Bull Top</b>	<b>27 Jan 2014</b>	- (down)

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