

THE McCLELLAN MARKET REPORT

DAILY EDITION

Prepared after the close of trading,
Friday, November 04, 2011

CURRENT OPINIONS

STOCKS: Bullish short, intermediate, and long term. A bottom is due Nov. 7, and may already be in. There is more upside movement still to come.

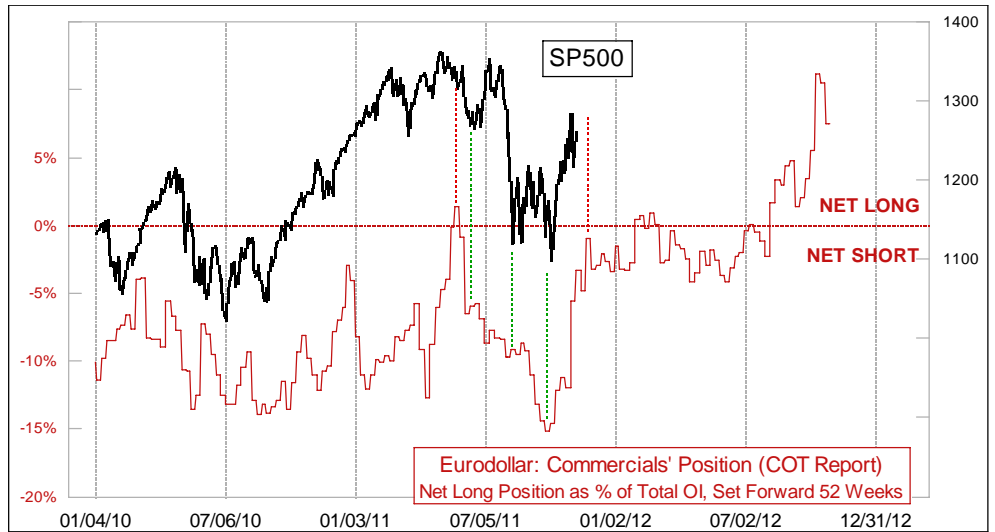
T-BONDS: Bearish short and intermediate term. November looks to be an ugly month for bonds, just like it was last year.

GDM & GOLD: Bullish short and intermediate term. Gold has reestablished the uptrend after a retracement toward a rainbow convergence. That is bullish behavior. And the sentiment conditions for both silver and gold are terribly favorable to an uptrend.

Note: Time frames mentioned refer to trading styles, and not to the duration of a forecast.

The big vote by Greece's parliament is pending as I write this, and will assuredly affect traders' motivations when stock index futures trading resumes on Sunday night. Greece has a population amounting to just 0.16% of the whole world, and a GDP roughly equivalent to that of the state of Maryland, and so why the financial fortunes of a such country have such a strong hold on the attentions of everyone is an interesting social phenomenon.

Meanwhile, there is a ton of money wanting to get through the doors of the stock exchange and get put to work. That is the message of the leading indication in the first chart, drawn from the Commitment of Traders (COT) data on eurodollar futures. The SP500 has followed very nicely its modeling of a big October rebound, and there is still more yet to come before we transition into a choppy, messy period. That chopiness should last until June, assuming that the SP500 replicates precisely what this indica-



Segment	Rank	Score	Current Managed Account Program Positions		
Sm Cap Value	2	4.71%	Stock Optimizer: 50% Rydex Nova, 50% Cash		
Sm Cap Grwth	1	5.77%	RS2000: 38% SP500 Value, 6% 2x Inv SP500, 56% Cash		
Lg Cap Value	4	3.15%	Rising Star: 94% Invested, 6% Cash		
Lg Cap Grwth	3	3.47%	Program funds managed by Global Investment Solutions, LLC		
Cash	5	0.00%	For more information, call (866) 547-3123		

ADV-DECL	ADV	DECL	A-D	10%T	5%T	A-D OSC	SUMM INDEX	OSC UNCH'd	OSC TO ZERO		
NYSE	1180	1812	-632	333.342	263.291	70.050	3002.460	403	-998		
NASDAQ	904	1584	-680	124.474	77.348	47.126	1349.347	172	-771		
NDQ 100	39	59	-20	7.039	6.469	0.570	59.565	8	-4		
VOLUME	UP VOL	DN VOL	UV-DV	10%T	5%T	Volume OSC	SUMM INDEX	OSC UNCH'd	OSC TO ZERO		
NYSE	299698	549576	-249878	114047	85340	28707	595035	142754	-431390		
NASDAQ	849073	1033630	-184557	159417	128417	31000	1005164	190418	-429591		
NDQ 100	341180	394558	-53378	65284	63714	1570	623003	66854	35449		
PRICES	HIGH	LOW	CLOSE	10%T	5%T	PRICE OSC	OSC Direction	OSC UNCH'd	Sum/10 Level	1%T	
DJIA	12043.49	11850.31	11983.24	11749.08	11590.78	158.306	UP	11907.39	11448.30	11673.01	
NYComp	7578.73	7457.82	7552.23	7419.10	7339.88	79.215	UP	7498.31	7268.59	7653.77	
SP500	1260.82	1238.92	1253.23	1231.74	1215.68	16.056	UP	1247.79	1201.23	1235.72	
SP400	900.84	881.81	899.46	867.88	855.96	11.917	UP	879.79	845.23	885.95	
NASDAQ	2693.67	2655.12	2686.15	2640.53	2606.02	34.509	UP	2675.04	2574.96	2616.41	
NDX	2364.37	2331.46	2356.32	2328.56	2296.16	32.398	DOWN	2360.96	2267.00	2249.37	
Russ2000	748.66	737.21	746.49	721.58	710.66	10.919	UP	732.50	700.84	743.23	
GDM	1702.67	1661.59	1701.03	1618.86	1617.27	1.583	UP	1620.44	1615.85	1602.88	
Dec Gold	1766.50	1749.80	1756.10	1708.97	1704.70	4.266	UP	1713.24	1700.86	1586.05	
Dec Bonds	141.47	139.63	141.00	139.88	139.43	0.451	UP	140.33	139.02	131.05	
DJI Osc Rising Index:		73%	Hi Neutral, Trend Dn			DJI Osc Pos & Rising:		63%	Overbought, Falling from Overbought		
NDX stocks >100MA:		68	Arms Index: 1.19		VIX: 30.16		Uppr Band: 38.63		Lwr Band: 30.06		

tor depicts. Unfortunately, stock prices usually don't replicate precisely, but it is still likely telling us a useful story about what lies ahead.

For the immediate future, the rising Price Oscillators and positive breadth oscillators say that the bulls deserve the benefit of the doubt. A Timing Model bottom signal is due Monday, plus or minus, and how the Greece vote turns out may skew that bottom's effect left or right on the chart. But that signal does not skew what the rest of the liquidity stream has to say about money wanting to get put to work.

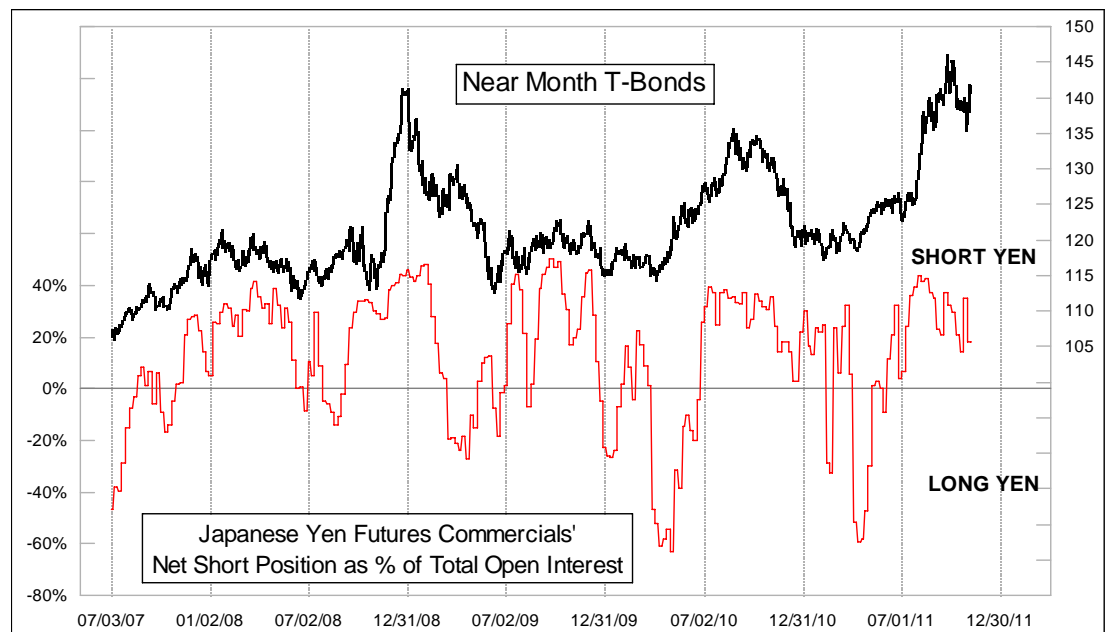
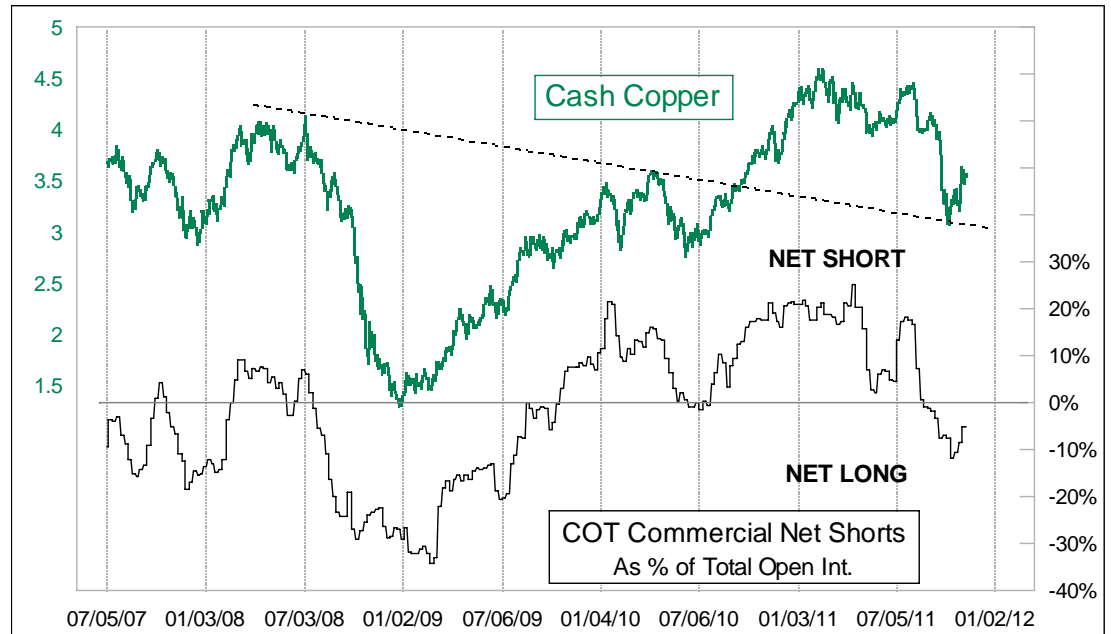
I mentioned in Friday's Chart In Focus article that stock prices are strongly correlated now with commodities prices. So if you ever hear someone offering conflicting opinions about where stocks and commodities should go, then he either does not understand how things are working now and deserves no credibility, or else he believes that things are going to be different going forward. Which of those it is in such a case is for you to decide.

Copper is one of the more critical commodities in recent years, and the correlation between copper prices and stock prices is extra strong now, something I have commented on before. So it is important for the stock market that commercial traders of copper futures are net long right now, as shown in the top chart on page 2.

Copper prices themselves have pulled back to touch the top side of the declining tops line that was broken last summer, and bounced following that touch. So you have a strong technical behavior for copper prices coupled with a strong sentiment situation in terms of what the "smart money" commercials are doing, and all of this points to rising copper prices and therefore rising stock prices. If copper prices keep on rebounding, then the commercials will migrate back toward a net short position again, which one day will mean something. But for now the current read is bullish for copper, and for the stock market.

T-Bonds were quiet on Friday, but I still expect the ongoing rally in stock prices to pull money out of T-Bonds as November rolls onward.

That thesis is supported by the fact that commercial T-Bond futures traders are still acting very bearish, as shown last Friday. And in the chart at right, commercial traders of Japanese yen futures are still short the yen in a pretty big way. Because the yen and T-Bond prices are very strongly correlated, we can use this as a supplementary sentiment indicator for what T-Bond prices should do. It is going to take a lot more of a downward price move for T-Bonds (and the yen) in order to get this indicator into the right kind of condition



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to indicate a price bottom.

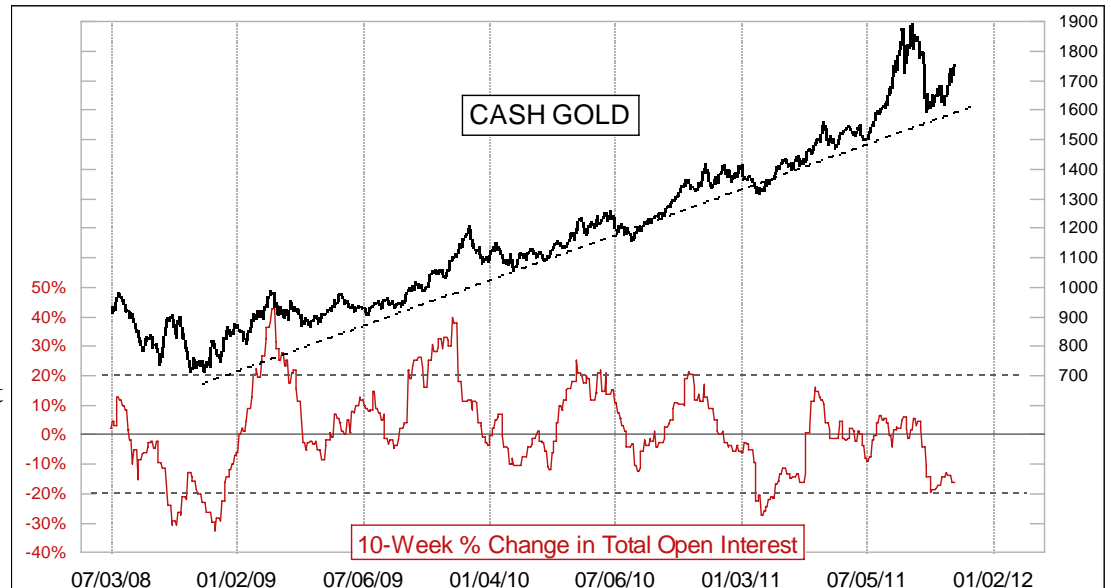
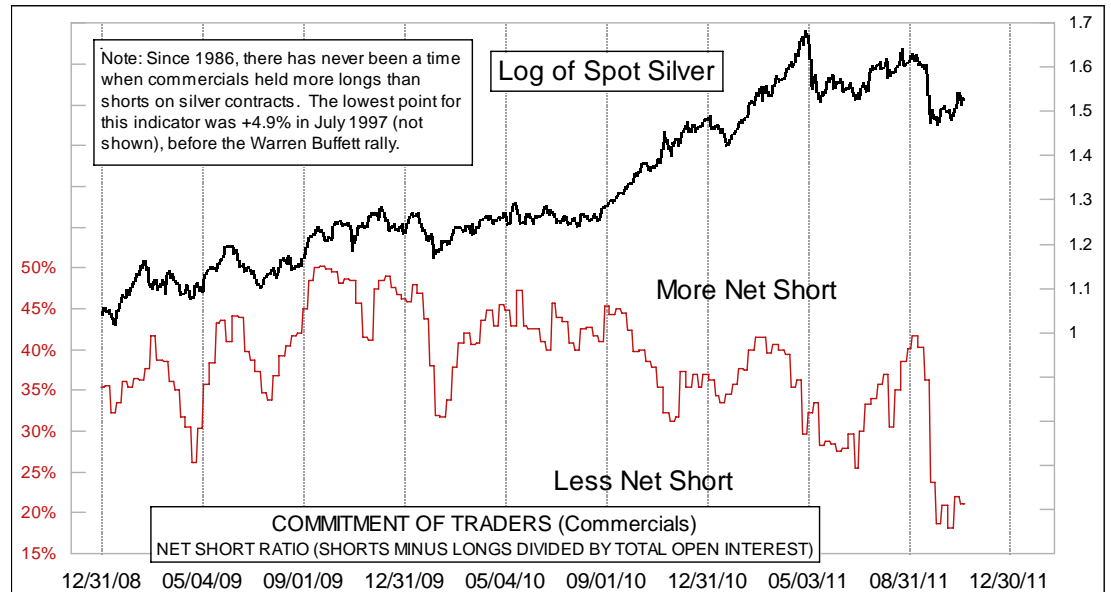
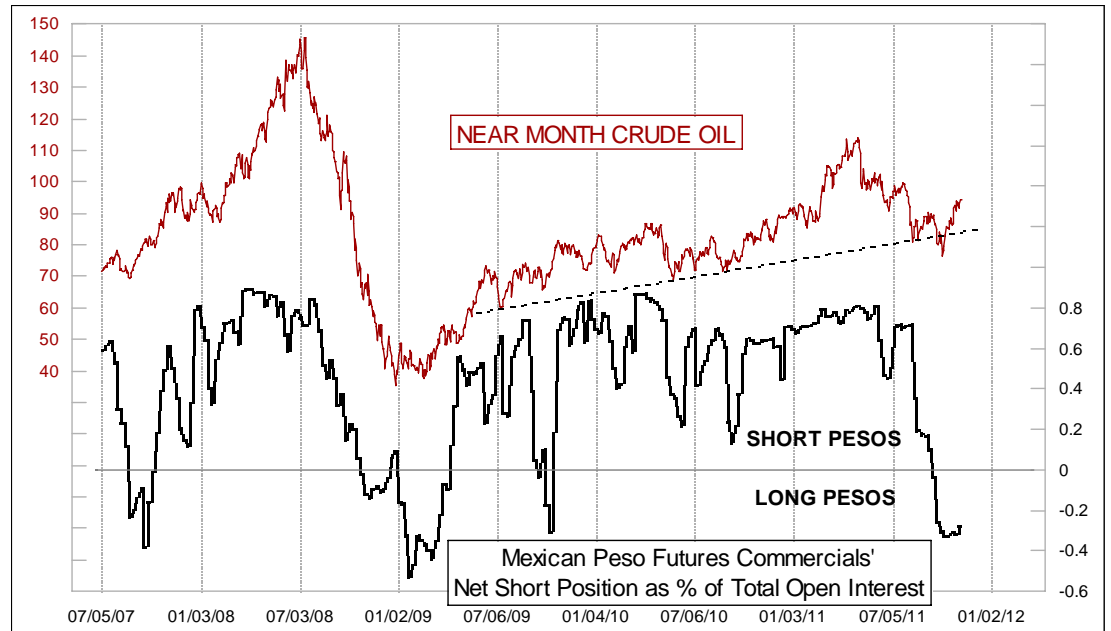
In similar fashion, the top chart on page 3 borrows from the COT indication in one market to get insights about another. Because the value of the Mexican peso is strongly correlated to crude oil prices, it makes sense that when the commercials are net long the peso it should be bullish for crude oil prices. The same principle works using the COT data for the Canadian dollar (not shown), which also has the commercials net long and thus bullish for oil.

Commercial silver futures traders are not net long, but they are still net short to one of the lowest degrees in years, as seen in the middle chart on page 3. The commercial silver futures traders have never actually been net long in all of the 25 year history of the COT data, mostly because some of them are silver mining entities which are short by virtue of having sold their future production. So the game consists of gauging the relative degree of their net short position. The current condition says that silver prices have a lot more room to rebound.

The bottom chart agrees with that thesis. It looks at the 10-week rate of change in open interest for gold futures, as reported in the COT Report. As an aside, commercial gold futures traders are also at a very low net short position much like the silver chart, so it would be duplication to show that also.

This open interest data set is interesting because open interest in gold tends to rise and fall with gold prices. And so when it rises or falls in a big way over time, that shows up in this indicator which correlates nicely with the movements of gold prices.

The fact that it remains negative means that open interest has not rebounded yet even though prices have. One might see this as a non-confirmation of the price move, but that is not how these data seem to work. Instead, the still-negative 10-week ROC indicator says that gold prices still have more room to run before this rebound has attracted too much attention.





Stocks Currently on a "Buy"

Company Name	Symbol	Buy Date	Buy Price	Current Price	% Change
Factset Research	FDS	9/8/2011	\$84.81	\$98.97	16.70%
Nordstrom	JWN	9/12/2011	\$45.54	\$50.39	10.65%
Deckers Outdoor	DECK	9/13/2011	\$96.42	\$115.50	19.79%
Cognizant Tech	CTSH	9/15/2011	\$65.11	\$70.84	8.80%
Infosys Tech	INFY	9/27/2011	\$51.21	\$58.08	13.42%
Brightpoint	CELL	10/10/2011	\$10.45	\$9.92	-5.07%
Emeritus	ESC	10/12/2011	\$17.39	\$15.85	-8.86%
General Dynamics	GD	10/12/2011	\$62.52	\$63.45	1.49%
Tenneco	TEN	10/12/2011	\$31.17	\$32.71	4.94%
Google	GOOG	10/13/2011	\$558.99	\$596.14	6.65%
Rackspace Hosting	RAX	10/13/2011	\$39.34	\$42.67	8.46%
Hansen Natural	HANS	10/14/2011	\$94.37	\$95.56	1.26%
W.R. Grace	GRA	10/14/2011	\$40.35	\$41.37	2.53%
Apple	AAPL	10/17/2011	\$419.99	\$400.24	-4.70%
TRW Automation	TRW	10/18/2011	\$40.92	\$36.28	-11.34%
Mesabi Trust	MSB	10/19/2011	\$27.31	\$27.88	2.09%
Intuitive Surgical	ISRG	10/19/2011	\$417.62	\$432.23	3.50%
Volterra Semi	VLTR	10/19/2011	\$22.18	\$25.38	14.43%
Blue Coat Systems	BCSI	10/21/2011	\$14.58	\$16.75	14.88%
Urban Outfitters	URBN	10/24/2011	\$26.37	\$26.72	1.33%
Fmc Technologies	FTI	10/24/2011	\$45.80	\$46.72	2.01%
Rockwell Collins	COL	10/24/2011	\$55.78	\$54.50	-2.29%
Ralph Lauren	RL	10/24/2011	\$157.55	\$157.34	-0.13%
Terex	TEX	10/24/2011	\$14.94	\$16.95	13.45%
Verifone Systems	PAY	10/24/2011	\$40.13	\$43.96	9.54%
Joy Global	JOYG	10/24/2011	\$86.67	\$89.69	3.48%
Freeport McMoran	FCX	10/26/2011	\$39.30	\$40.32	2.60%
Precision Castparts	PCP	10/26/2011	\$172.63	\$168.07	-2.64%
Flir Systems	FLIR	10/26/2011	\$26.59	\$27.12	1.99%
Medco Health	MHS	10/26/2011	\$52.13	\$55.06	5.62%
Express Scripts	ESRX	10/26/2011	\$43.66	\$45.21	3.55%
Ctrip.com	CTRP	10/27/2011	\$36.86	\$35.54	-3.58%
Priceline.com	PCLN	10/27/2011	\$520.55	\$513.37	-1.38%
Petrobras	PBR	10/27/2011	\$26.92	\$27.53	2.27%
Sina	SINA	10/27/2011	\$87.39	\$83.10	-4.91%
Sykes Enterprises	SYKE	10/27/2011	\$15.99	\$15.64	-2.19%
Venoco	VQ	10/27/2011	\$10.82	\$9.31	-13.96%
Century Aluminum	CENX	10/27/2011	\$11.71	\$11.72	0.09%

Buy and Sell signals are generated by technical indicators often referred to as "directional" indicators. In backtesting, best results were obtained when new positions were taken upon "New Buy" signals, and when stocks that generate a "Sell" were promptly removed from a portfolio. Since many of the stocks in this program carry above average risk, stocks should be bought only by investors financially able to purchase speculative stocks. Investors should be prepared to lose their entire investment and prudence should be displayed when entering a position. Trading based on these signals is available in a managed accounts program through Global Investment Solutions, LLC. For more information on this program, contact Roger Kliminski at 949-660-7960 or Roger@Globalinvestmentsolutions.com.

Stocks Currently on a "Buy"

Company Name	Symbol	Buy Date	Buy Price	Current \$	% Change
Mercadolibre	MELI	10/27/2011	\$69.01	\$86.11	24.78%
Baidu	BIDU	10/27/2011	\$138.39	\$143.18	3.46%
Mosaic	MOS	10/28/2011	\$61.96	\$58.09	-6.25%
Lululemon Athletica	LULU	10/28/2011	\$57.94	\$55.98	-3.38%
Herbalife	HLF	10/28/2011	\$61.34	\$59.92	-2.31%
Impax Laboratories	IPXL	10/31/2011	\$18.91	\$17.69	-6.45%
Cree	CREE	11/2/2011	\$26.27	\$30.57	16.37%
Wynn Resorts	WYNN	11/3/2011	\$133.69	\$131.65	-1.53%
Valassis Commun.	VCI	11/4/2011	\$20.64	\$20.64	0.00%

Recent Sales

Company Name	Symbol	Buy Date	Sell Date	Buy Price	Sale Price	% Change
Bon-Ton Stores	BONT	10/28/2011	11/3/2011	\$5.35	\$3.74	-30.09%
Resmed	RMD	10/12/2011	10/25/2011	\$30.22	\$27.37	-9.43%
Medifast	MED	9/21/2011	10/18/2011	\$16.57	\$16.54	-0.18%
Catalyst Health Solu	CHSI	9/13/2011	10/18/2011	\$52.88	\$54.61	3.27%
Flir Systems	FLIR	9/8/2011	10/12/2011	\$24.96	\$26.97	8.05%
Hansen Natural	HANS	8/23/2011	10/4/2011	\$84.75	\$81.70	-3.60%
Corrections Corp of Am	CXW	8/29/2011	10/4/2011	\$22.59	\$22.43	-0.71%
Brightpoint	CELL	8/31/2011	10/4/2011	\$9.53	\$9.65	1.26%
Intuitive Surgical	ISRG	9/8/2011	10/4/2011	\$380.85	\$364.03	-4.42%
Apple	AAPL	9/9/2011	10/4/2011	\$377.48	\$372.50	-1.32%

