

THE McCLELLAN MARKET REPORT

DAILY EDITION

Prepared after the close of trading,
Tuesday, January 22, 2013

CURRENT OPINIONS

STOCKS: Bearish short, intermediate, and long term. The overbought condition, overly bullish sentiment, and momentum divergences are going to matter very soon.

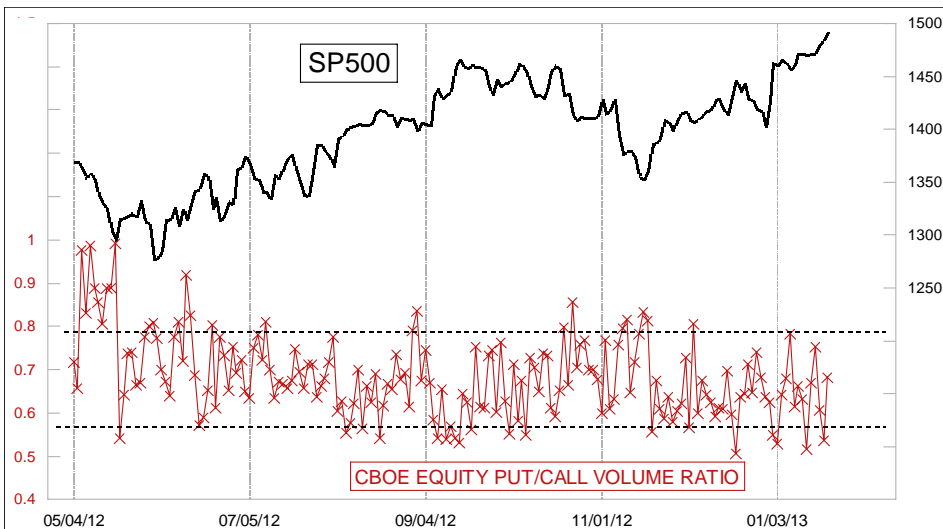
T-BONDS: Bullish short and intermediate term. Bonds have been quietly moving upward, and should get a boost once stocks sell off.

GDM & GOLD: Bullish short & intermediate term. The bulls appear to be in control. But change to short & int. bearish again if Feb. gold closes below 1669.60/oz (Osc. Unch'd).

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

The stock market reopened after the 3-day weekend with an appearance of continued immunity to any bad news or condition of being overextended. So far this year, we have already had 3 really low readings for the equity option Put/Call Volume Ratio shown in the first chart, and they have not stopped the advance for more than a day or so. This has gone on before, such as the example in the middle of the chart when it took multiple low readings before the top was in. Eventually, though, such indications do matter, and we hardly ever see very low readings like this which do not turn out eventually to be a part of a meaningful top structure.

Google had its earnings report released after hours, and it was good news for Google that sent its stock price higher in after hours trading. Unfortunately for the Rising Star Stock Program on the final page, a sell signal was generated on Tuesday, resulting in an exit for just a small gain. The gains posted during the after hours session may result in a



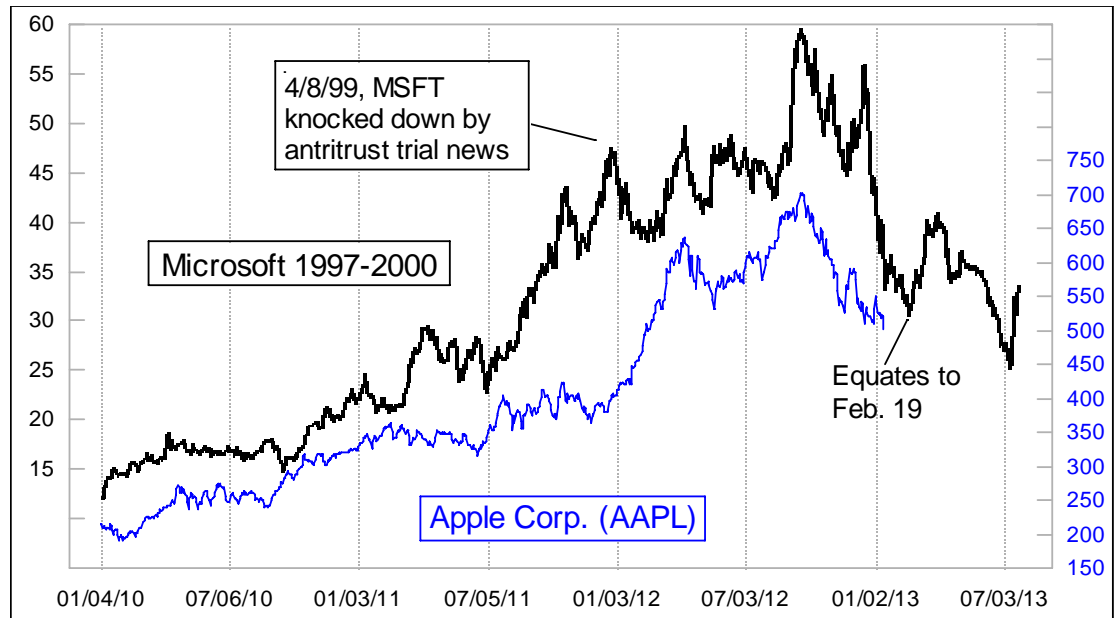
Segment	Rank	Score	Current Managed Account Program Positions		
Sm Cap Value	2	5.46%	Stock Optimizer: 100% 1x Inverse SP500		
Sm Cap Grwth	1	5.50%	RS2000: 56% 2x Inv Dow, 44% Cash		
Lg Cap Value	3	4.46%	Rising Star: 70% Invested, 30% Cash		
Lg Cap Grwth	4	2.88%	Program funds managed by Global Investment 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	01/22/13	2110	930	1180	581.423	426.881	154.543	3877.925	736	-2355				
NASDAQ	01/22/13	1538	925	613	221.719	157.521	64.198	1997.421	286	-998				
NDQ 100	01/22/13	56	43	13	9.284	6.054	3.230	31.470	13	-52				
VOLUME	UP VOL	DN VOL	UV-DV	10%T	5%T	Volume OSC	SUMM INDEX	OSC UNCH'd	OSC TO ZERO					
NYSE	01/22/13	2593548	886139	1707409	580827	446071	134756	3247904	715582	-1979535				
NASDAQ	01/22/13	1014242	730934	283308	272120	200823	71297	1366553	343417	-1082524				
NDQ 100	01/22/13	327973	401375	-73402	80302	60873	19428	433880	99730	-288834				
PRICES	HIGH	LOW	CLOSE	10%T	5%T	PRICE OSC	OSC Direction	OSC UNCH'd	Sum/10 Level	1%T				
DJIA	13712.21	13622.96	13712.21	13434.01	13311.87	122.138	UP	13556.14	13201.94	13022.76				
NYComp	8832.85	8765.75	8832.75	8641.95	8513.73	128.226	UP	8770.18	8398.32	8150.59				
SP500	1492.56	1481.16	1492.56	1462.12	1445.61	16.511	UP	1478.63	1430.74	1397.09				
SP400	1081.97	1073.48	1081.97	1051.56	1032.47	19.086	UP	1070.65	1015.30	981.98				
NASDAQ	3143.18	3121.54	3143.18	3093.12	3059.18	33.936	UP	3127.05	3028.64	2981.70				
NDX	2747.52	2726.86	2746.19	2717.99	2698.37	19.628	UP	2737.62	2680.70	2648.91				
Russ2000	899.24	891.08	899.24	873.33	856.04	17.294	UP	890.63	840.48	817.51				
GDM	1277.31	1248.68	1273.64	1262.18	1279.11	-16.928	UP	1245.26	1294.35	1336.89				
Feb Gold	1695.90	1684.80	1693.20	1677.58	1685.55	-7.964	UP	1669.62	1692.71	1681.41				
Mar Bonds	146.16	145.25	146.03	146.08	146.82	-0.740	UP	145.34	147.49	146.37				
DJI Osc Rising Index:		77%	Hi Neutral, Trend Dn			DJI Osc Pos & Rising:		60%	Overbought, Rising					
NDX stocks >100MA:		76	Arms Index:		0.78	VIX:		12.43	Uppr Band:		17.96	Lwr Band:		13.94

whipsaw reentry, which is just part of the package of “features” that one must accept with any trend following technical discipline.

We get Apple’s earnings numbers on Wednesday. Apple was the darling and the leader to the upside for much of 2012, but over the past few months it has been going downward almost all by itself, ignoring the strength in the rest of the market.

The top chart on page 2 updates the comparison I have made before, looking at Apple’s share price pattern now versus what Microsoft’s share price did during and after the tech bubble’s peak in 2000. It is not a perfect correlation, but it is still a really good one, and as I read it the correlation is continuing.



The most recent portion of the drop in Apple’s share price has not been as dramatic looking as the corresponding drop which Microsoft’s share price experienced back in the summer of 2000, but the direction is still correct. We should understand that these two companies are not at all the same, and that the environments of each instance were different. The point of looking at price pattern similarities is not to say that the companies are the same, but rather that investor behavior relating to their share prices is nearly the same. Microsoft fell in 2000 as the rest of the tech sector was also in collapse, when the Fed was fighting inflation which was not evident but which was thought to lie “over the horizon”. Apple is falling now in an environment when the rest of the market is mostly still rising. That’s likely having an effect to minimize some of the selling that Apple’s stock is experiencing.

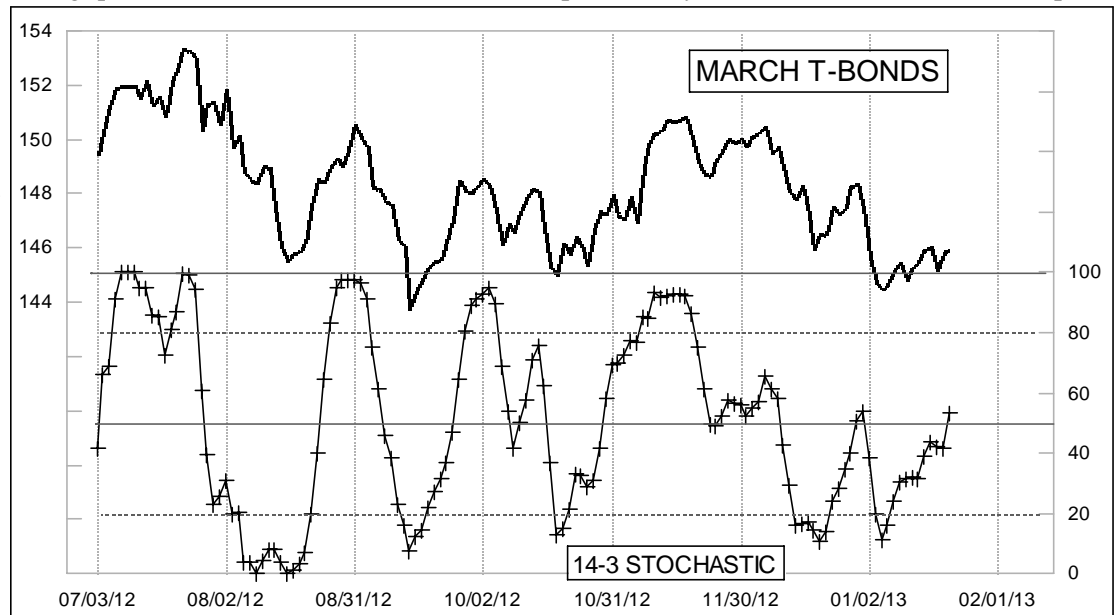
Apple also skipped one notable dip in the middle of the chart that was seen in Microsoft’s share price in 1999. That was when the antitrust effort against Microsoft was in full swing, and news about that effort by the Clinton Justice Department knocked down the share price. MSFT got back on track with the uptrend after that stumble. AAPL just skipped that stumble and kept on trending higher in early 2012, but has otherwise matched the other pattern elements seen in MSFT’s pattern.

If that continues, and that is the big question, then we can look forward to a preliminary bottom due Feb. 19. A full repeat of MSFT’s 2000 story would mean an even lower low for AAPL later in 2013.

I try not to use analogs like this for projecting magnitudes, as that tends to be problematic. But the timing of turns is what matters for trading, and as long as that is still working then analogs like this can be worth paying attention to (though not trusting completely).

T-Bond prices rose on Tuesday in spite of the up day for the stock market. The inverse correlation that we have all become accustomed to seems to be breaking down.

The lower chart shows a close up look at the 14-3 stochastic oscillator for the March



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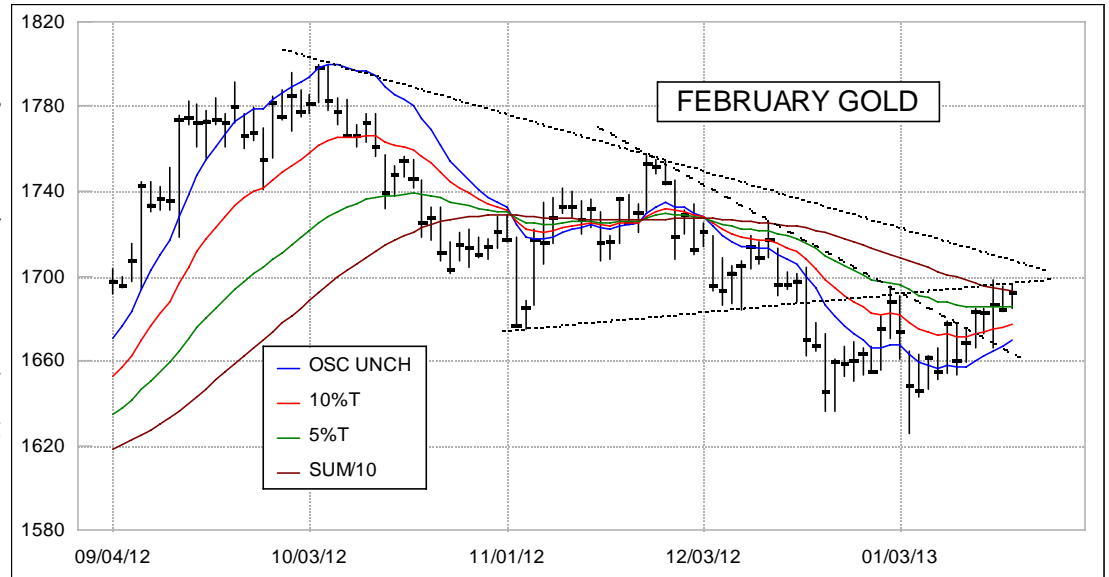
T-Bond contract. For those unfamiliar with this terminology, a stochastic oscillator is calculated by identifying where today's closing price falls within the range of prices over a lookback period, in this case 14 trading days, and then expressing that on a scale from 0 to 100. For this one, I take the additional step of smoothing the raw daily values with a 3-day simple moving average. The 50 level is the neutral point for this indicator, and so going up above 50 is a statement that the trend is now upward.

That statement can get revoked, as we saw after the last poke up above the 50 line at the end of December. But for now we have a reassertion that the bond bulls are back in charge again.

Gold rose on Tuesday, but is still simultaneously in a down-trend and also not. It has broken the steeper declining tops line originating from the late November top, but not the shallower one which once formed the upper boundary of a now-broken triangle structure.

Since the closing low on Jan. 7, the February gold contract has now risen by \$47/oz on a closing basis. That rise has been enough to turn up the Price Oscillator, and to break the steeper declining tops line. But it has thus far just been enough to take the price back up for another retest of the broken rising bottoms line.

This kind of retracement is one that could continue or fail with equal ease. For that reason, in this case we need to be ready to respond without prejudice to signs that the rebound is breaking down, even as we let the bulls run while they are doing so.



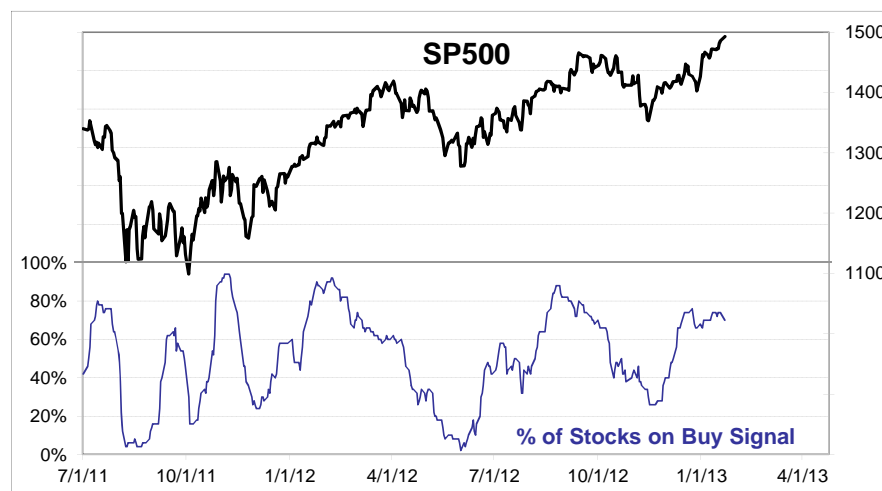


Stocks Currently on a "Buy"

Company Name	Symbol	Buy Date	Buy Price	Current	% Change
Rockwell Collins	COL	9/11/2012	\$51.38	\$59.52	15.84%
W.R. Grace	GRA	9/14/2012	\$60.85	\$71.29	17.16%
Netflix	NFLX	10/4/2012	\$66.72	\$97.81	46.60%
Acme Packet	APKT	11/12/2012	\$18.60	\$24.42	31.29%
Trw Automotive	TRW	11/14/2012	\$46.66	\$56.29	20.64%
Tata Motors	TTM	11/14/2012	\$24.78	\$29.93	20.78%
Flir Systems	FLIR	11/23/2012	\$20.03	\$24.10	20.32%
Terex	TEX	11/28/2012	\$23.83	\$29.16	22.37%
Rackspace Hosting	RAX	11/28/2012	\$68.44	\$76.55	11.85%
Mosaic	MOS	11/29/2012	\$54.11	\$59.80	10.52%
Wynn Resorts	WYNN	12/4/2012	\$110.12	\$124.32	12.90%
Fmc Technologies	FTI	12/4/2012	\$41.12	\$46.76	13.72%
Cognizant Tech	CTSH	12/5/2012	\$69.75	\$78.20	12.11%
Century Aluminum	CENX	12/7/2012	\$8.08	\$8.95	10.77%
Corrections Corp	CXW	12/10/2012	\$35.87	\$38.45	7.19%
Emeritus	ESC	12/11/2012	\$23.69	\$27.14	14.56%
Mercadolibre	MELI	12/11/2012	\$79.46	\$87.55	10.18%
Resmed	RMD	12/11/2012	\$42.07	\$45.00	6.96%
General Dynamics	GD	12/13/2012	\$68.00	\$70.71	3.99%
Ctrip.com	CTRP	12/14/2012	\$21.15	\$23.89	12.96%
Joy Global	JOY	12/14/2012	\$61.64	\$68.74	11.52%
Catamaran	CTRX	12/17/2012	\$50.09	\$51.97	3.75%
Express Scripts	ESRX	12/17/2012	\$55.32	\$54.53	-1.43%
Sykes Enterprises	SYKE	12/18/2012	\$15.10	\$15.32	1.46%
Baidu	BIDU	12/20/2012	\$99.84	\$108.90	9.07%
Sina Corp	SINA	12/24/2012	\$47.30	\$55.98	18.35%
Bon-Ton Stores	BONT	12/31/2012	\$12.16	\$14.19	16.69%
Nordstrom	JWN	1/3/2013	\$55.28	\$55.38	0.18%
Ralph Lauren	RL	1/7/2013	\$161.52	\$165.32	2.35%
Viropharma	VPHM	1/8/2013	\$25.10	\$27.17	8.25%
Infosys Tech	INFY	1/10/2013	\$43.95	\$52.01	18.34%
Freepart McMoran	FCX	1/11/2013	\$35.00	\$35.19	0.54%
Priceline	PCLN	1/16/2013	\$667.84	\$671.27	0.51%
Deckers Outdoor	DECK	1/17/2013	\$37.12	\$38.17	2.83%
Valassis Commun	VCI	1/17/2013	\$28.00	\$28.11	0.39%

Recent Sales

Company Name	Symbol	Buy Date	Sell Date	Buy Price	Sale Price	% Change
Google	GOOG	11/30/2012	1/22/2013	\$698.37	\$702.87	0.64%
Impax Laboratories	IPXL	1/3/2013	1/22/2013	\$21.06	\$19.52	-7.31%
Precision Castparts	PCP	10/2/2012	1/17/2013	\$163.08	\$186.27	14.22%
Petrobras	PBR	12/19/2012	1/17/2013	\$20.18	\$19.63	-2.73%
Lululemon	LULU	11/28/2012	1/15/2013	\$73.55	\$69.47	-5.55%
Cree Inc.	CREE	10/17/2012	1/8/2013	\$28.93	\$31.44	8.68%
Monster Beverage	MNST	11/30/2012	1/7/2013	\$52.05	\$50.06	-3.82%
Deckers Outdoor	DECK	11/28/2012	1/2/2013	\$39.31	\$38.44	-2.21%
Valassis Commun	VCI	12/10/2012	12/27/2012	\$27.07	\$25.50	-5.80%
Bon-Ton Stores	BONT	12/24/2012	12/26/2012	\$11.24	\$10.82	-3.74%
Medifast	MED	11/6/2012	12/26/2012	\$29.08	\$25.51	-12.28%
Impax Laboratories	IPXL	12/10/2012	12/26/2012	\$20.83	\$20.18	-3.12%
Volterra Semi	VLTR	12/17/2012	12/26/2012	\$17.21	\$17.55	1.98%
Factset Research	FDS	11/27/2012	12/24/2012	\$92.76	\$88.83	-4.24%
Ralph Lauren	RL	12/11/2012	12/20/2012	\$154.16	\$151.36	-1.82%
Intuitive Surgical	ISRG	12/17/2012	12/19/2012	\$551.00	\$515.45	-6.45%
Verifone Systems	PAY	12/5/2012	12/18/2012	\$32.54	\$29.03	-10.79%
Infosys Tech	INFY	11/29/2012	12/17/2012	\$44.66	\$41.46	-7.17%
Apple	AAPL	12/11/2012	12/14/2012	\$541.39	\$509.79	-5.84%
Priceline	PCLN	11/2/2012	12/13/2012	\$634.74	\$613.11	-3.41%
Corrections Corp	CXW	11/1/2012	11/30/2012	\$35.17	\$33.90	-3.61%
Sykes Enterprises	SYKE	11/6/2012	11/29/2012	\$15.60	\$14.65	-6.09%
Intuitive Surgical	ISRG	9/21/2012	11/27/2012	\$517.76	\$525.00	1.40%
Ctrip.com International	CTRP	10/18/2012	11/16/2012	\$19.86	\$17.58	-11.48%



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, see http://www.mcoscillator.com/market_reports/rising_star_stocks.html or contact Roger Kliminski at 949-660-7960 or Roger@Globalinvestsolutions.com.