

THE McCLELLAN MARKET REPORT

DAILY EDITION

Prepared after the close of trading,
Wednesday, January 15, 2014

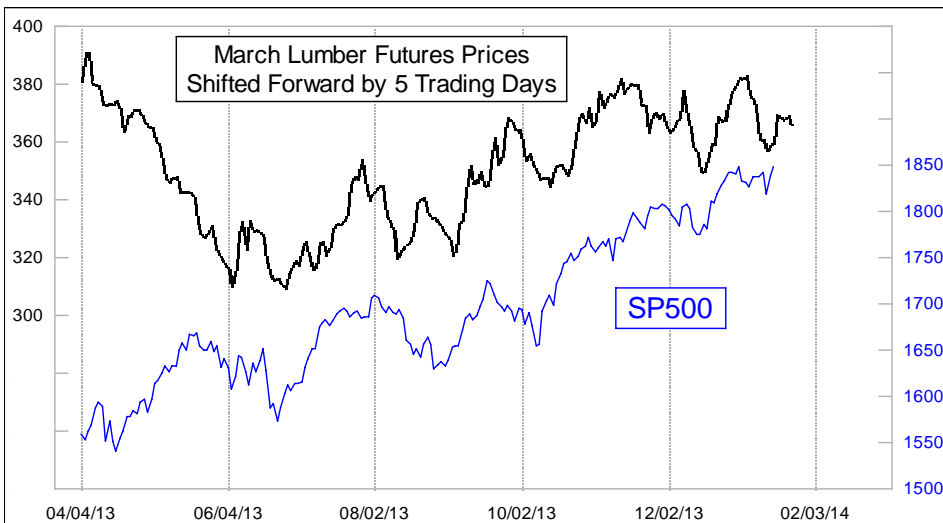
CURRENT OPINIONS

STOCKS: Neutral short, intermediate, and long term. Change to short term bearish at the close on Thursday.
T-BONDS: Bearish short and intermediate term. Bonds are now short term overbought within a downtrend, .
GDM & GOLD: Bullish short and int. term. Rapidly rising open interest is a sign of strength behind this uptrend.
 Note: Time frames mentioned refer to trading styles, and not to the duration of a forecast.

The bulls are just not ready to give up, and they still have the Fed fueling them. That seems to be the controlling story at the moment.

One important development that is going to shape my whole thinking about the market's future is that the NYSE's McClellan A-D Summation Index has now risen up to a high enough level to show "escape velocity" for this current up move. The main criteria for that is seeing the Ratio-Adjusted Summation Index (RASI) dip downward in a correction, and then climb back up to above +500. That level equates to around +2545 on the classic version of the Summation Index which is reported each day in the big page 1 table below. The higher it goes the better. The McClellan Oscillator is still positive, so the Summation Index is still rising. That makes it much less likely that we will get a significant decline.

But that does not mean today is a good day to jump in and ride a continued uptrend. We still have that dip showing in the chart on the Annual Seasonal Pattern I



Segment	Rank	Score	Current Managed Account Program Positions		
Sm Cap Value	3	2.25%	Stock Optimizer: 100% Cash		
Sm Cap Grwth	1	4.39%	RS2000: 12% GovBond, 22% Utilities, 66% Cash		
Lg Cap Value	4	2.12%	Rising Star: 56% Invested, 44% Cash		
Lg Cap Grwth	2	2.39%	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	01/15/14	1997	1057	940	347.644	251.951	95.694	2658.267	443	-1471				
NASDAQ	01/15/14	1714	885	829	217.864	160.584	57.280	2090.314	275	-870				
NDQ 100	01/15/14	70	30	40	9.897	7.880	2.017	60.643	12	-28				
VOLUME	UP VOL	DN VOL	UV-DV	10%T	5%T	Volume OSC	SUMM INDEX	OSC UNCH'd	OSC TO ZERO					
NYSE	01/15/14	2550924	1125106	1425818	364503	279230	85274	2024836	449777	-1255693				
NASDAQ	01/15/14	1483093	573357	909736	303471	236558	66913	1763365	370384	-967877				
NDQ 100	01/15/14	504058	147300	356758	76661	59283	17378	436432	94039	-253516				
PRICES	HIGH	LOW	CLOSE	10%T	5%T	PRICE OSC	OSC Direction	OSC UNCH'd	Sum/10 Level	1%T				
DJIA	16505.28	16376.78	16481.94	16346.88	16177.23	169.652	DOWN	16516.53	16024.54	15339.93				
NYComp	10393.89	10351.00	10385.39	10282.84	10201.03	81.806	UP	10364.64	10127.41	9658.17				
SP500	1850.84	1840.52	1848.38	1829.12	1811.87	17.251	UP	1846.37	1796.34	1696.73				
SP400	1354.65	1347.61	1353.75	1332.48	1319.05	13.425	UP	1345.90	1306.97	1233.32				
NASDAQ	4218.79	4195.98	4214.88	4136.58	4081.50	55.085	UP	4191.67	4031.92	3730.26				
NDX	3615.70	3592.62	3609.84	3547.82	3504.42	43.409	UP	3591.23	3465.35	3209.21				
Russ2000	1171.97	1165.99	1171.35	1152.50	1139.19	13.307	UP	1165.80	1127.21	1051.72				
GDM	621.18	607.11	620.34	602.71	608.76	-6.050	UP	596.66	614.20	751.99				
Feb Gold	1244.60	1233.50	1238.30	1232.38	1241.23	-8.847	UP	1223.53	1249.19	1347.10				
Mar Bonds	130.78	130.09	130.53	129.68	129.85	-0.170	UP	129.51	130.01	133.93				
DJI Osc Rising Index:		43%	Neutral, Trend Dn			DJI Osc Pos & Rising:		30%	Neutral, Falling from Overbought					
NDX stocks >100MA:		79	Arms Index:		0.83	VIX:		12.28	Uppr Band:		14.51	Lwr Band:		12.43

showed Tuesday. That calls for a bottom ideally Jan. 22.

Also calling for short term negativity is the leading indication from lumber prices shown in the chart on page 1. The bigger correlation between the two plots is not working that well, by which I mean that the SP500 is acting relatively stronger than lumber. But the correlation is still there on the minor structures, the smaller wiggles. Given that correlation, and given the action in lumber over the past 5 trading days, I cannot justify jumping in to chase the rebound now.

Want more evidence? Sentiment is still exceedingly bullish. The latest data from Investors Intelligence came out today, and still showed a huge spread between bulls and bears among advisors who they survey.

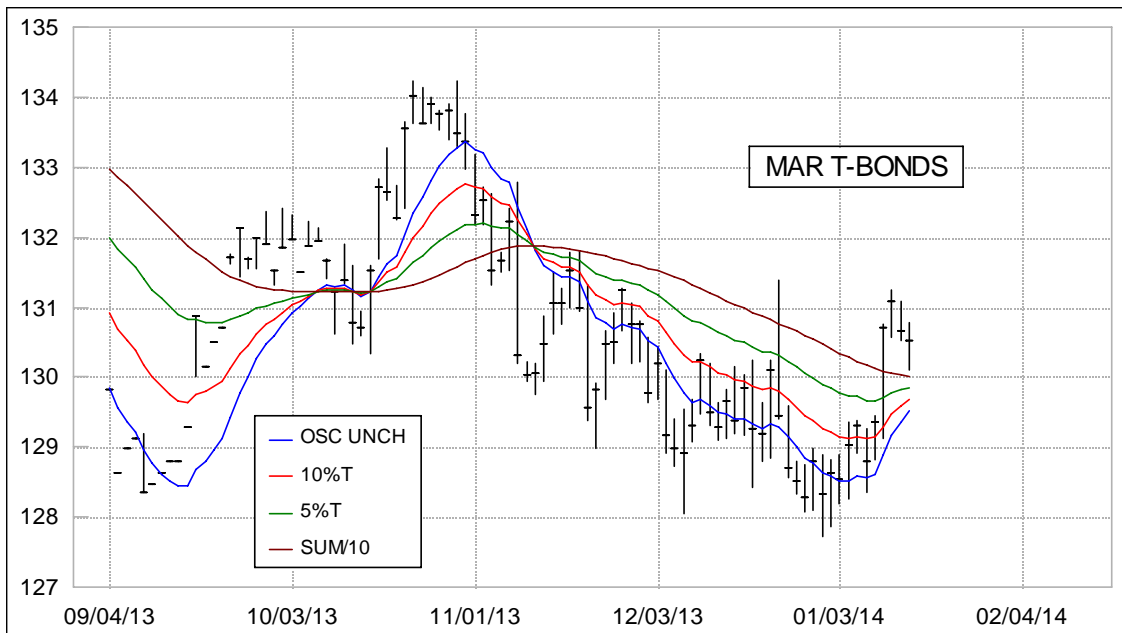
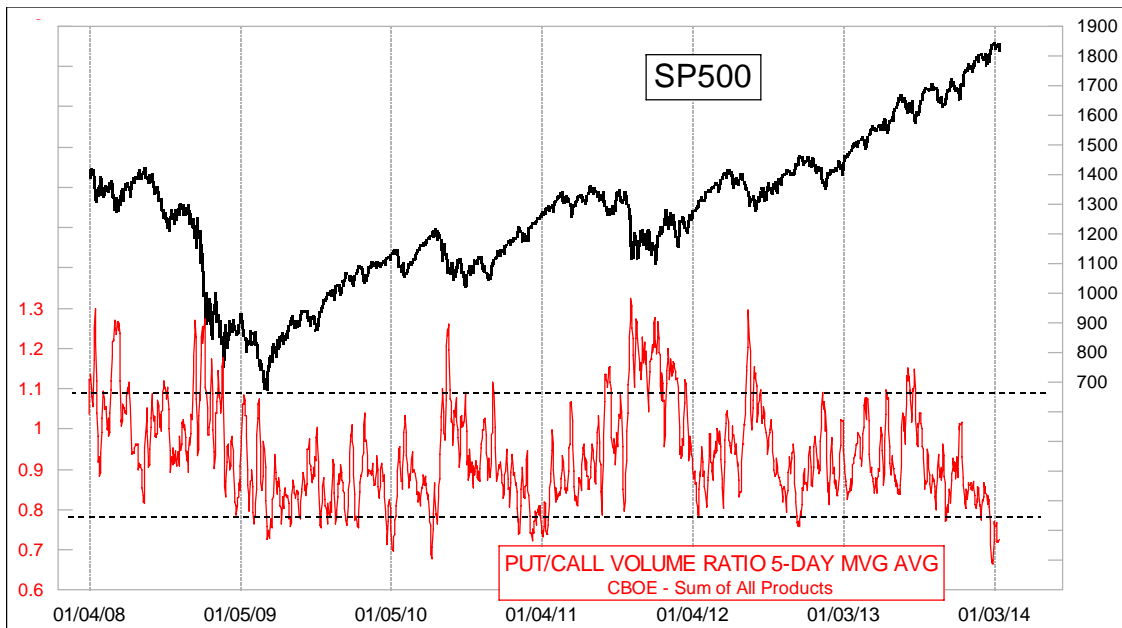
Bullish sentiment is also evident in the top chart on page 2 showing the 5-day MA of the CBOE Put/Call Volume Ratio. The recent dip to the lowest level in many years was one sign of that bullishness, but now we are also seeing it stay low, which indicates that the bullishness of options traders was not just a passing whim. Instead, they seem dedicated to it a way that we have not seen in a really long time.

So while the Summation Index says that liquidity is plentiful enough to ward off really severe problems, there are still a lot of reasons to be cautious, and hardly any reasons I can bring to mind for being aggressively bullish.

T-Bonds moved down for a second day following the robust pop that ended on Monday. In Tuesday's *Daily Edition*, I laid out a description of how the XAU appears to be doing a retracement back toward the price-time point of an impending rainbow convergence. T-Bonds appear to be doing that exact same action, apparently pulling back downward while the 4 lines in the chart keep working their way closer together.

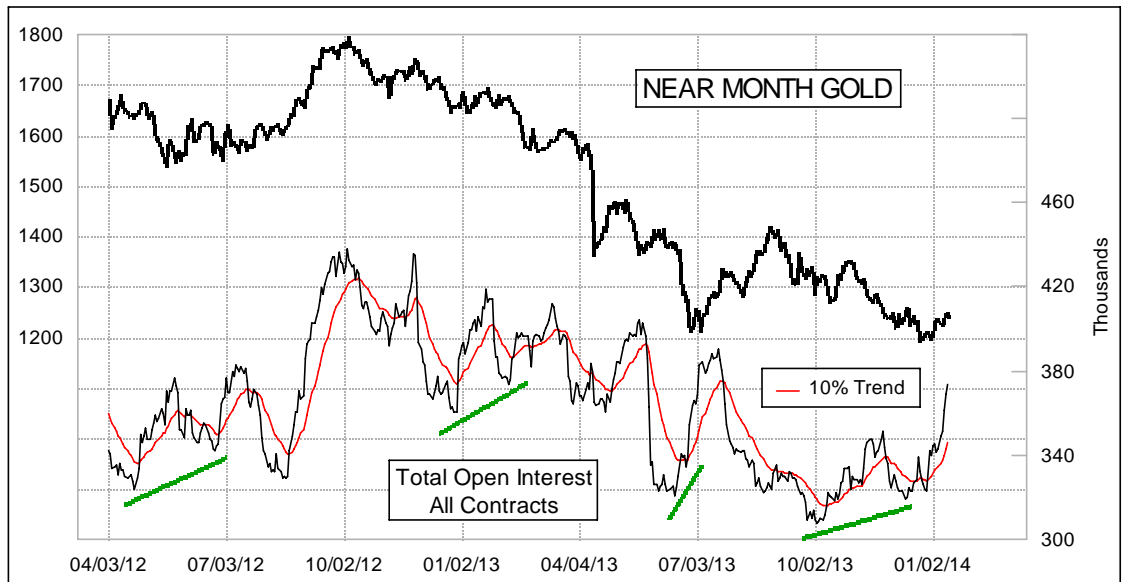
If a pullback toward but not through this impending convergence is indeed what happens, then it carries the message that the trend direction preceding the retracement should resume itself. In this case, that would be upward.

But if instead the retracement just keeps on going and we get a close below the blue Price Oscillator Unchanged line, then that negates the bullish presumption, and carries the promise of a lower closing low on the ensuing move. It is my expectation that we are going to see the latter scenario unfold, which is why I am bearish now, but it does merit keeping a watch on how prices behave.



Gold continued the pull-back it started on Tuesday, but gold mining stocks were able to rebound, as traders evidently realized that the selloff in the XAU and GDM on Tuesday had been a little bit overdone.

I still figure that gold has a lot more room yet to run, and one reason to help justify that belief is that we are seeing open interest in gold futures expanding rapidly. And this rapid rise comes following a very low level, and a divergent bottom relative to gold prices. That combination of factors tends to be associated with strong and continuing advances for gold prices, which would be just right for fooling the majority who are still expecting further declines for gold prices.

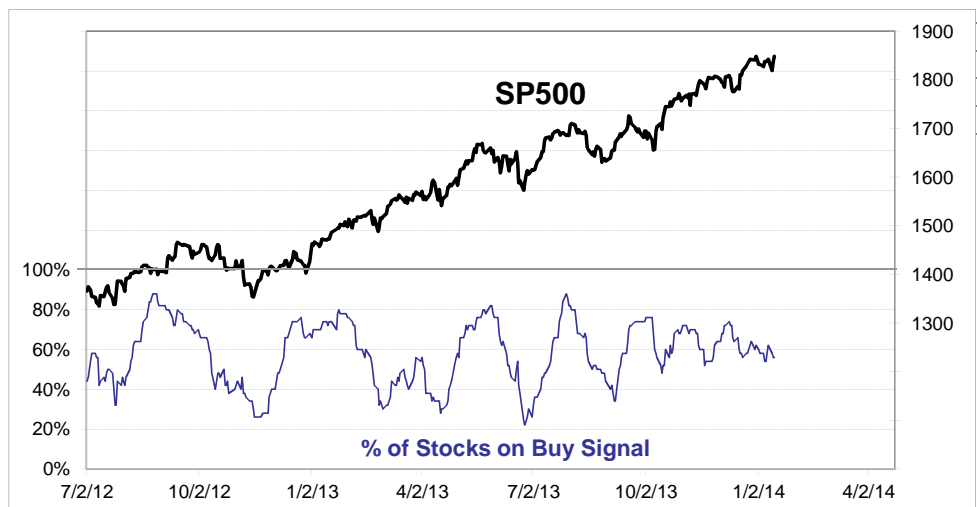


Stocks Currently on a "Buy"

Company Name	Symbol	Buy Date	Buy Price	Current	% Change
Cognizant Tech	CTSH	9/4/2013	\$75.70	\$101.03	33.46%
Terex	TEX	9/16/2013	\$33.07	\$42.22	27.67%
Western Digital	WDC	10/11/2013	\$66.73	\$88.98	33.34%
Google	GOOG	10/18/2013	\$1,011.65	\$1,148.62	13.54%
Wyndham Worldwide	WYN	10/18/2013	\$64.20	\$73.90	15.11%
Avis Budget Group	CAR	10/31/2013	\$31.33	\$41.71	33.13%
Impax Labs	IPXL	11/1/2013	\$20.89	\$24.71	18.29%
Express Scripts	ESRX	11/7/2013	\$64.08	\$73.21	14.25%
Monster Beverage	MNST	11/26/2013	\$58.80	\$69.09	17.50%
Las Vegas Sands	LVS	11/27/2013	\$71.55	\$81.01	13.22%
Precision Castparts	PCP	12/2/2013	\$257.78	\$272.24	5.61%
Baidu	BIDU	12/3/2013	\$167.05	\$170.50	2.07%
Wynn Resorts	WYNN	12/5/2013	\$171.41	\$210.10	22.57%
Fmc Technologies	FTI	12/9/2013	\$50.98	\$51.20	0.43%
Cree	CREE	12/13/2013	\$56.07	\$64.18	14.46%
Century Aluminum	CENX	12/16/2013	\$9.29	\$10.28	10.66%
Catamaran	CTRX	12/24/2013	\$48.23	\$49.68	3.01%
Rockwell Collins	COL	12/26/2013	\$74.04	\$75.99	2.63%
Freeport McMoran	FCX	12/26/2013	\$36.96	\$36.61	-0.95%
Sina Corp	SINA	12/27/2013	\$82.64	\$84.60	2.37%
Verifone	PAY	12/30/2013	\$25.92	\$29.04	12.04%
Flir Systems	FLIR	12/31/2013	\$30.10	\$33.24	10.43%
Nordstrom	JWN	1/8/2014	\$60.48	\$60.87	0.64%
Dana Holding	DAN	1/9/2014	\$19.90	\$20.76	4.32%
Rackspace Hosting	RAX	1/9/2014	\$36.16	\$37.85	4.67%
Emeritus	ESC	1/10/2014	\$22.26	\$21.89	-1.66%
W.R. Grace	GRA	1/10/2014	\$97.39	\$97.47	0.08%
Mosaic	MOS	1/14/2014	\$48.04	\$49.31	2.64%

Recent Sales

Company Name	Symbol	Buy Date	Sell Date	Buy Price	Sale Price	% Change
Air Methods	AIRM	8/9/2013	1/14/2014	\$41.63	\$55.02	32.16%
Deckers Outdoor	DECK	1/6/2014	1/14/2014	\$87.99	\$82.54	-6.19%
Ralph Lauren	RL	12/18/2013	1/13/2014	\$177.09	\$167.50	-5.42%
Pier 1 Imports	PIR	12/23/2013	1/13/2014	\$23.13	\$20.20	-12.67%
Gulfport Energy	GPOR	12/13/2013	1/8/2014	\$56.05	\$54.02	-3.62%
Apple	AAPL	10/16/2013	1/7/2014	\$501.11	\$540.04	7.77%
Netflix	NFLX	11/27/2013	1/7/2014	\$362.49	\$339.50	-6.34%
Ctrip.com	CTRP	12/27/2013	1/6/2014	\$52.55	\$44.43	-15.45%
Deckers Outdoor	DECK	10/25/2013	1/3/2014	\$69.99	\$85.73	22.49%
Bon-Ton Stores	BONT	10/25/2013	1/2/2014	\$11.20	\$16.82	50.18%
Priceline	PCLN	9/17/2013	12/30/2013	\$970.24	\$1,152.89	18.83%
Tenneco	TEN	10/16/2013	12/30/2013	\$52.53	\$56.37	7.31%
Medifast	MED	11/26/2013	12/30/2013	\$26.66	\$26.04	-2.33%
Emeritus	ESC	10/14/2013	12/27/2013	\$19.83	\$20.96	5.70%
Rockwell Collins	COL	10/28/2013	12/24/2013	\$70.12	\$73.34	4.59%
Tata Motors	TTM	11/27/2013	12/20/2013	\$32.72	\$30.35	-7.24%
Valassis Comm(BUY OUT)	VCI	11/27/2013	12/18/2013	\$29.35	\$34.60	17.89%
Verifone	PAY	11/11/2013	12/18/2013	\$23.95	\$23.20	-3.13%
Factset Research	FDS	11/12/2013	12/17/2013	\$110.46	\$109.62	-0.76%
Flir Systems	FLIR	11/20/2013	12/17/2013	\$29.08	\$28.72	-1.24%
Trw Automotive	TRW	12/3/2013	12/17/2013	\$75.56	\$75.96	0.53%
W.R. Grace	GRA	8/30/2013	12/13/2013	\$80.95	\$91.06	12.49%
Nordstrom	JWN	10/17/2013	12/13/2013	\$58.65	\$60.09	2.46%
Pier 1 Imports	PIR	10/25/2013	12/13/2013	\$21.19	\$20.87	-1.51%



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@Globalinvestmentsolutions.com.