THE McCLELLAN MARKET REPORT

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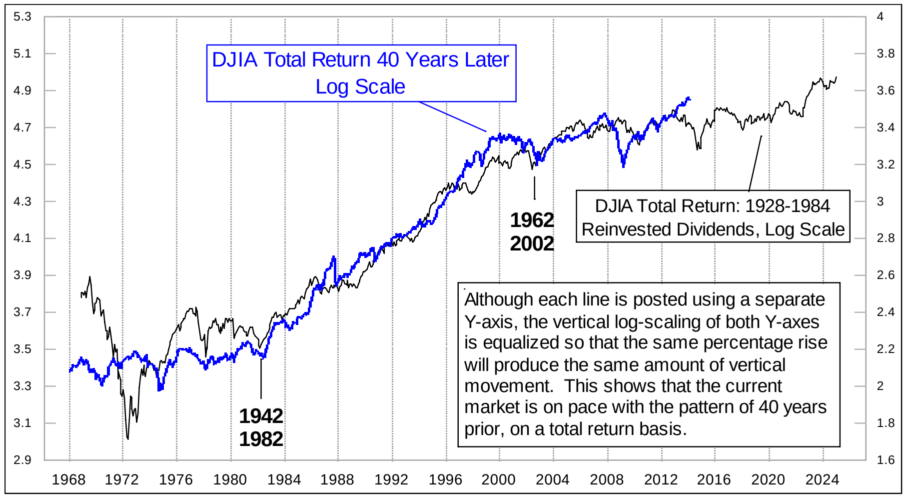
Prepared After the Market Close, February 4, 2014 Report #452, February 5, 2014

January Drop Is The Market Getting Back on Track

In our last Report, we noted how the ability of the Ratio-Adjusted Summation Index (RASI) to get up above +500 provides some degree of immunity from a big price drop. We should have added a notable exception to this "rule" which was the big Flash Crash back in May 2010 which had followed a RASI reading well above +500. It also followed the Fed turning off the spigot on the first round of QE.

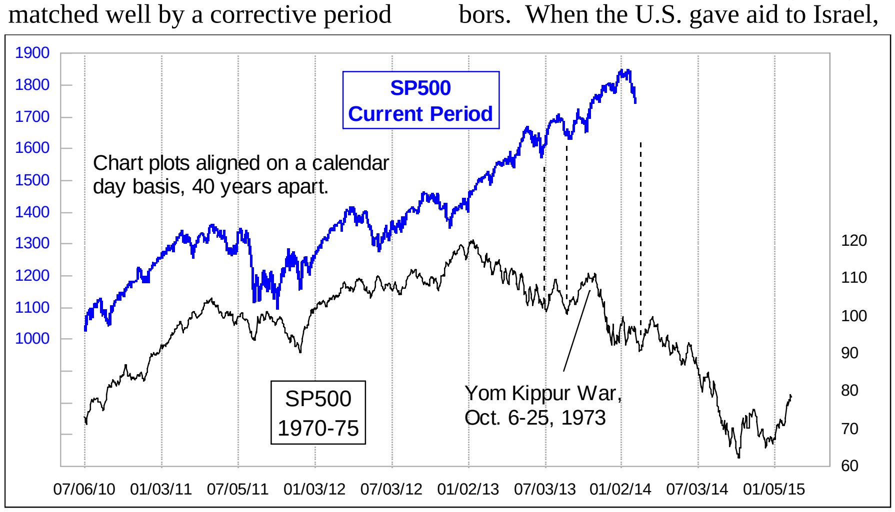
It is now looking as though the market could be in for another rule-breaking episode now, even though the Fed seems intent on turning off the excess liquidity much more slowly this time. As we note with the historical comparisons on page 8, this is not a good time in the market for the Fed (or other central banks) to be pulling away the punchbowl.



In the lead chart, we feature a comparison we have shown many times before. It looks at the DJIA on a total return basis (reinvested dividends). The current market is in blue, and it is placed in chart alignment with the same plot from 40 years earlier. The point is that the strong growth of the 1980s and 1990s was the equivalent of similar behavior in the 1940s and 1950s. The corrective period of 1966-82 has been matched well by a corrective period over the past decade.

The Fed's QE efforts seem to have bent the current plot much higher than the earlier one. The chart below zooms in close on the raw SP500 index data (not total return), and we can see that the whole up move of 2013 was not a good match for 1973, even though a lot of the minor pattern movements did align. So was 2013 "wrong", or was 1973 the anomaly?

One bearish event that we thankfully did not repeat this time was the 1973 war between Israel and its many neighbors. When the U.S. gave aid to Israel,



BOTTOM LINE

The Fed's QEternity bent the path of the market unnaturally upward in 2013, and contrary to what several leading indications said should happen. The unwinding of that will allow the market to get back on track, and going so far off-track means that getting back on track could be a violent process. Look for a brief bottom around the time of the Feb. 7 jobs report, but the rebound should be limited. If the market follows the 1987 & 1994 scenario, we get a sharp decline in late February to early March. If the market follows the 1929 scenario, the serious drop will be in late March. Bonds are still doing the opposite of whatever stocks do; unfortunately the picture is rather mixed for bond price action on their own. Gold seems stuck at its declining tops line. The presumptive breakout should lead to a surge of follow-on buying. But if gold cannot break out from this point, then that means big problems for gold, and a breaking of the Dec. 2013 low to the downside.

that led to the "Arab Oil Embargo" against the U.S. which hurt the economy as well as the stock market.

The hard down move we saw in January 2014 could be the market's effort to get back on the script. We don't need to see a decline as big as 1974's in order to be following the same general story. Turning back to that first chart, we can see that whenever the two plots have gotten far apart, something has transpired to move them back together again, and that seems to be the mission for 2014.

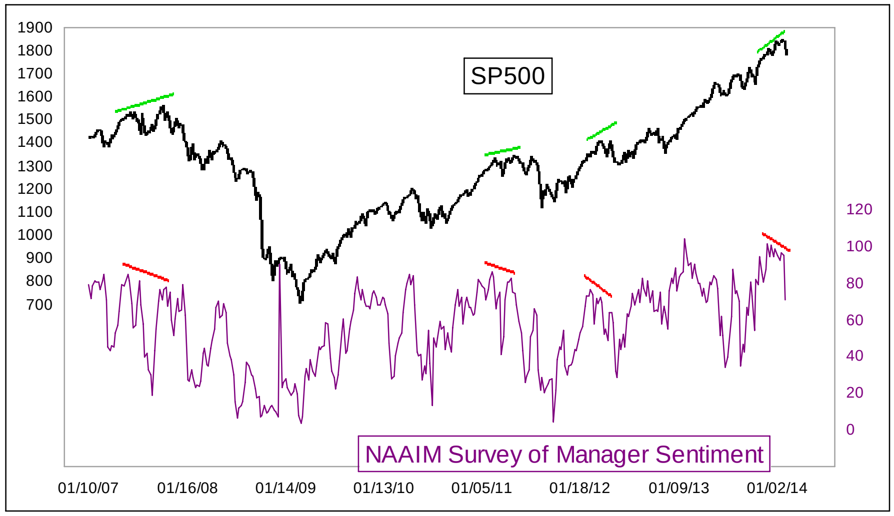
January's drop also comes in the wake of hugely bullish sentiment readings. The spread between bulls and bears in the Investors Intelligence survey reached a multi-year record. And the top chart on page 2 shows a relative newcomer to the sentiment toolbox, the survey of members in the National Association of Active Investment Managers (NAAIM). It got up to a really high level at the end of November 2013, and the perhaps even more importantly it showed a divergence in December, as these active managers started sensing that trouble was coming. When coming down off such a high reading, the market usually sees a larger down move in prices than we have seen thus far.

Bottom Line: We don't think that 2014 has to be as bad as 1974 in terms of magnitude, but the market does seem to be getting back on track after 4 years of QE excesses. This is not the time to expect an uptrend.

Page 3 Charts

Chart 1: The A-D Line took 19 trading days to move up from Dec. 23 to its top posting on Jan. 22. Then it only took 9 trading days to get back to the same level that it was at on Dec. 23. The A-D Line dropped down to the 5% Trend and then proceeded to pinball back and forth between the 5% and 10% Trends before dropping down below. And then it immediately bounced up to the 5% Trend as though it had separation anxiety. If it can't get back up above the 10% Trend, then look for a further extension down toward the 1% Trend.

Chart 2: The Daily Volume Line did not do the delicate dance seen in the A-D Line. The Volume Line just knew where it wanted to go and wasted no time getting there. It retraced all the 3 months of up move from Oct. 16 to the Jan. 15 top in just 12 trading sessions. That is what takes place when the action



projected on page 8 comes in on schedule. As long as the Volume Line is below its 10% and 5% Trends any upward bounces are likely to just be the result of oversold bounces.

Chart 3: The McClellan A-D Summation Index has been taking its time moving south. The highest close on the DJIA was on Dec. 31 with the Summation Index at +1965.9. In January the Summation continued on up to +3020.5 and still is above the level that it was when the DJIA made its high at the end of the year. That seems really strange until it is realized that the bond market has been having a pretty good rally. That has driven all the bond funds and interest-sensitive issues on the NYSE to resist the selling seen in the other issues. The A-D Summation still has 1000 points to fall to get down to its neutral level at +1000.

Chart 4: The Volume Summation on the other hand has not been held back, and has already dropped below its neutral level at zero. There are widely separated postings all the way down. The January decline is convincing evidence that prices are more closely correlated with volume than A-D. At some point the disparity between the Volume Summation and the A-D Summation could be resolved, but for now it remains an anomaly.

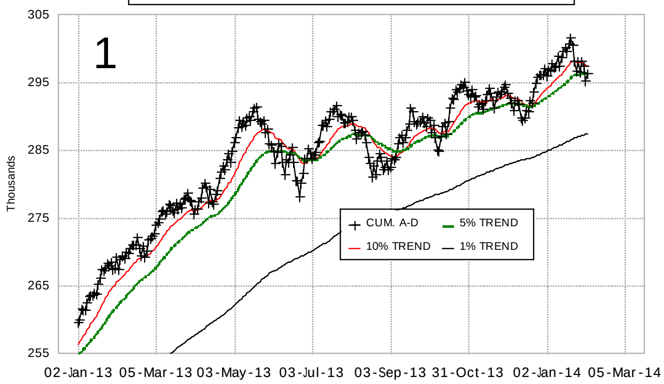
Chart 5: The McClellan Oscillator had its bullish switch flipped to bearish on Jan. 24 dropping from +27.2 to -101.8 as the DJIA dropped 318.24 points. And that was only about a third of the move, as the DJIA lost over a thousand points in only 8 days. Now the Oscillator is creating a complex structure on the south side of zero. This says that the bears are firmly in charge of the market. That is likely to remain the case until either we see some divergences appear, or the Oscillator pops back up through zero. The countertrend rally that is expected from the patterns on page 8 would show up and be confirmed with the McClellan Oscillator reversing its negative postings.

Chart 6: The Volume Oscillator did not get quite as negative on Feb. 3 as it did on June 24, but it certainly came close. In fact all the recent complex congested postings are below all the posted lows that came after that June low. Seeing the Volume Oscillator jump back up from all these low negative postings will be the first clue that this initial decline is finishing its run. The Volume Oscillator should stay pretty much positive during the counter trend rally.

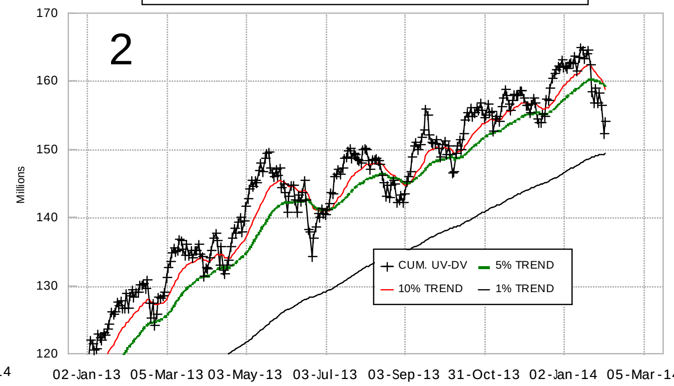
Chart 7: The DJIA Price Oscillator topped on Jan. 7 as the DJIA retested its Dec. 31 high. Since then, it has been a straight shot down to below zero. Going below zero makes it less likely that the DJIA should make a higher high on the next move up. The reason that is important is that the p. 8 countertrend rallies shown to be next on the schedule are failing type rallies. If the coming rally is not able to take the Price Oscillator back above zero, then the expectation would be for the DJIA to make a lower low on the next move down.

Chart 8: The CBOE Volatility Index (VIX) jumped up to a close at 21.44 on Feb. 3. That tickled a downtrend line from the 2008 high that made a touch in 2011. A sustained move by the VIX above the Feb. 3 high will break that downtrend line and those kind of breaks in the past have resulted in pretty negative market price action. For now the VIX should slip back to lower levels as the market tries to reverse course.

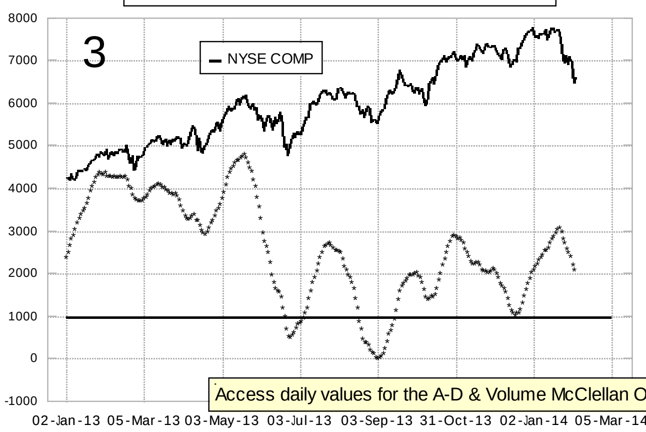
NYSE CUMULATIVE ADVANCE-DECLINE LINE



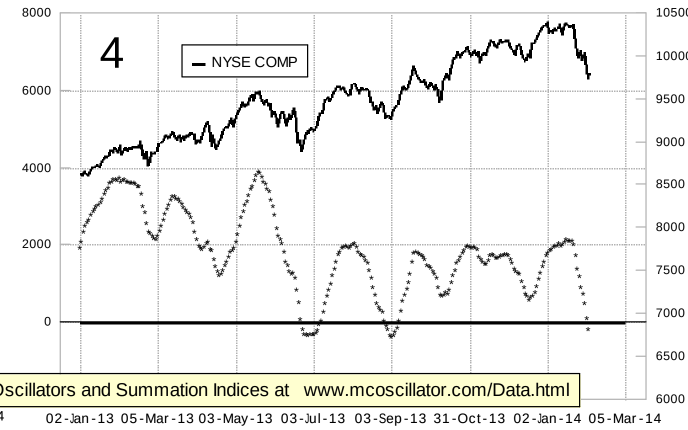
DAILY CUMULATIVE UP-DOWN VOLUME LINE



McCLELLAN SUMMATION INDEX: ADV-DECL

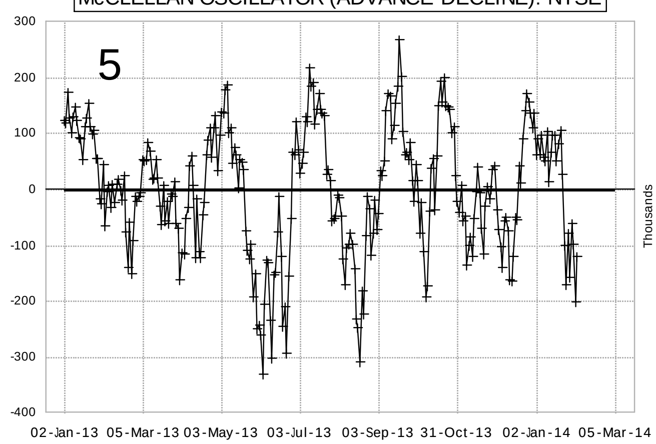


McCLELLAN SUMMATION INDEX: VOLUME

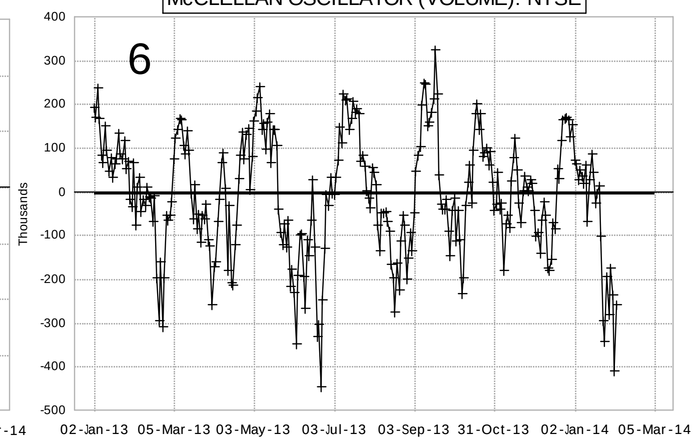


Access daily values for the A-D & Volume McClellan Oscillators and Summation Indices at www.mcoscillator.com/Data.html

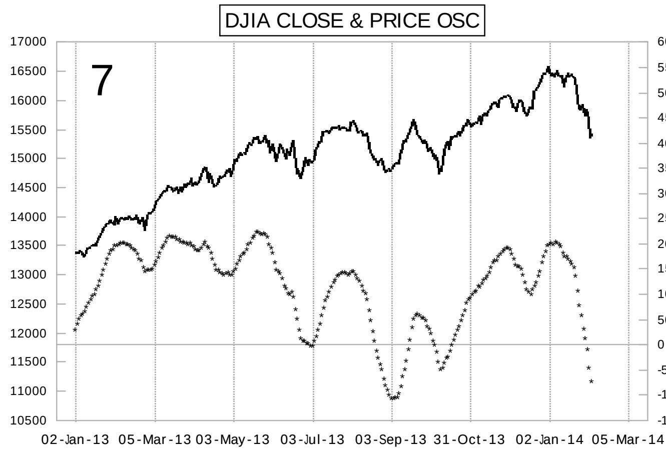
McCLELLAN OSCILLATOR (ADVANCE-DECLINE): NYSE



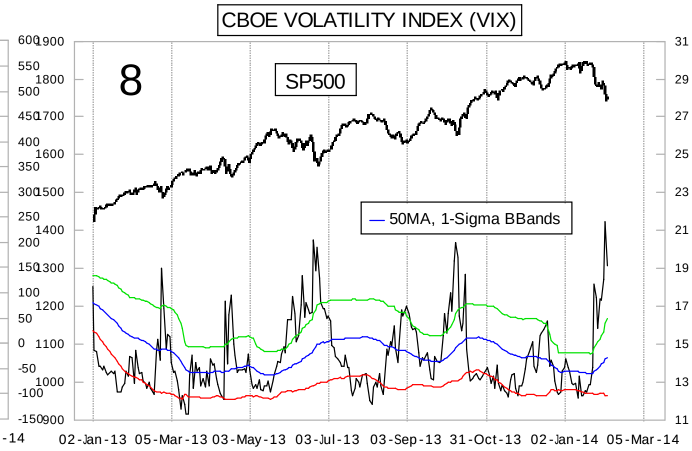
McCLELLAN OSCILLATOR (VOLUME): NYSE



DJIA CLOSE & PRICE OSC



CBOE VOLATILITY INDEX (VIX)



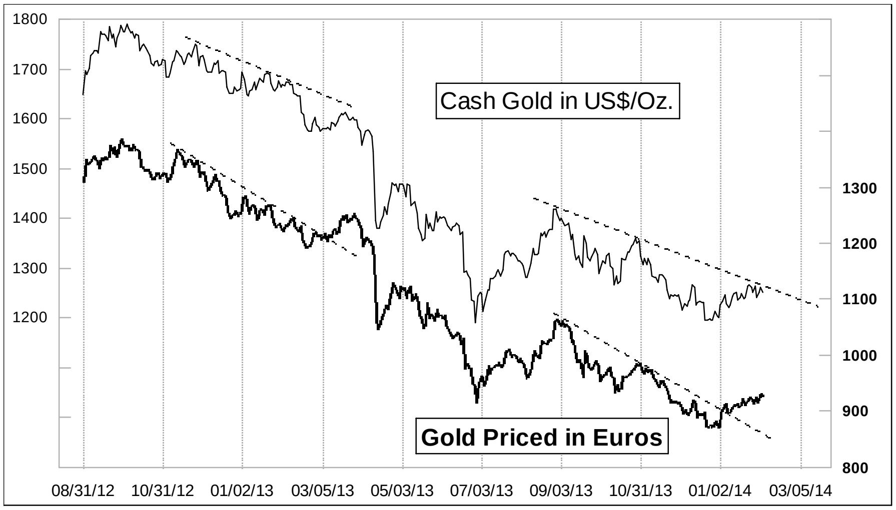
Gold Not Yet Living Up To Euro Price's Message

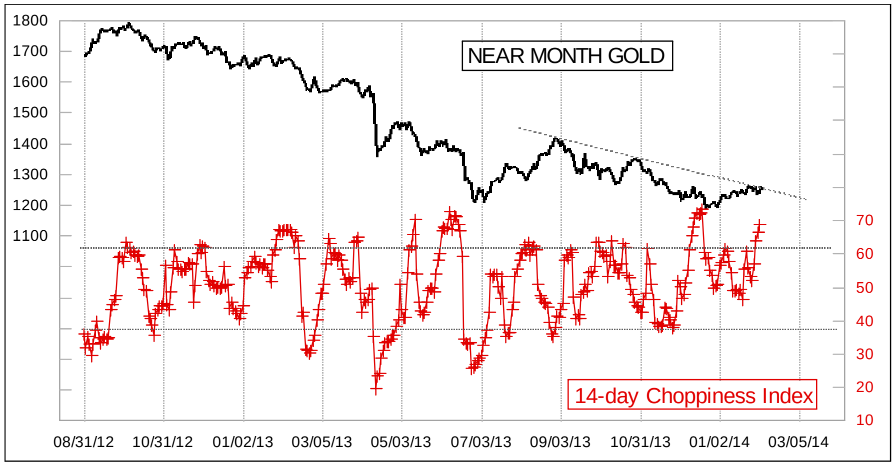
Early in January, the price of gold as measured in euros broke its downtrend line. Even though the dollar price then was still a long way away from breaking its equivalent line, the message then was a bullish one. Whenever the euro price and the dollar price disagree, history has shown that it is nearly always the euro price that ends up being right about where both are headed.

For every rule, though, there are exceptions. The failure thus far for the dollar price to echo that breakout is troubling, and is somewhat reminiscent of what we saw back in March 2013. That is the sequence at the left side of the top chart when the euro price of gold broke out above a declining tops line but the dollar price refused to follow suit. It should have been a bullish signal, but the lack of follow through was followed by a sharp drop in gold prices, as the J.P. Morgan scandal started to unfold.

Gold right now can still pull out a win, by breaking its downtrend line as priced in dollars. We have seen some failing attempts thus far in the futures market. On that day when (if) spot gold breaks is downtrend line, we can expect a "recognition wave" of buying pressure as traders all pile in. But a failure to do so could have profoundly negative implications.

The middle chart says that gold prices are ready to mount a trending move in some direction. The Choppiness Index measures how linear the recent trend has been. When it gets to a very low value, that shows a high degree of linearity (low choppiness), and such readings often mark the end of a short trending move.



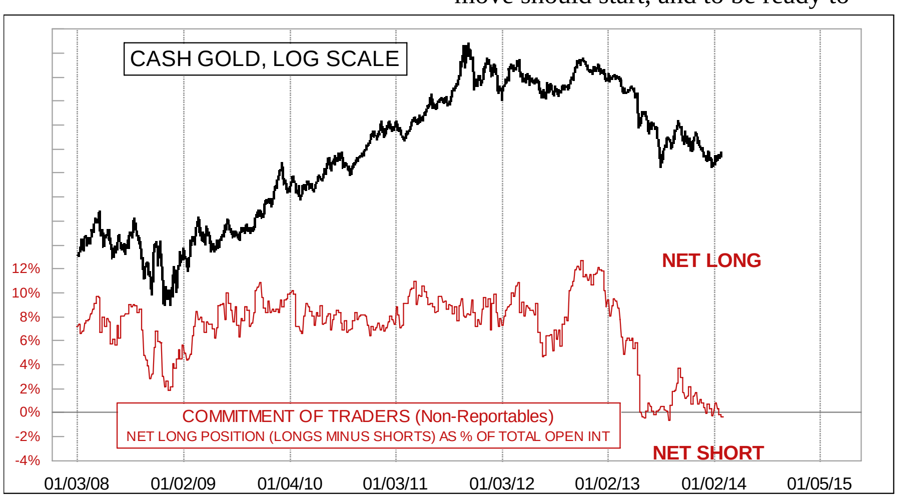


But high readings like we see right now indicate that there has been a recent period of more choppy behavior, i.e. not a trending move, and they are typically followed by a trending move. The problem is that the high Choppiness Index reading by itself does not reveal the direction of that impending new trend. It just says that a trending move should start, and to be ready to ride it in either direction.

The bottom chart says strongly that a new trending move ought to be upward. The "non-reportable" traders as referenced in the COT Report are those whose positions are too small to be worth reporting by name to the CFTC each week. They are the small money, and presumably the hot money, who typically get proven wrong at extremes.

For most of the past few years, this group has been at a fairly high net long position. Then starting just before the final low in June 2013, they abandoned all hope and have been at a much more bearish overall position. Having the hot money lose hope is a bullish sign for gold prices, although the gold market has been sitting on this positive sign for several months now, and it has not mattered yet.

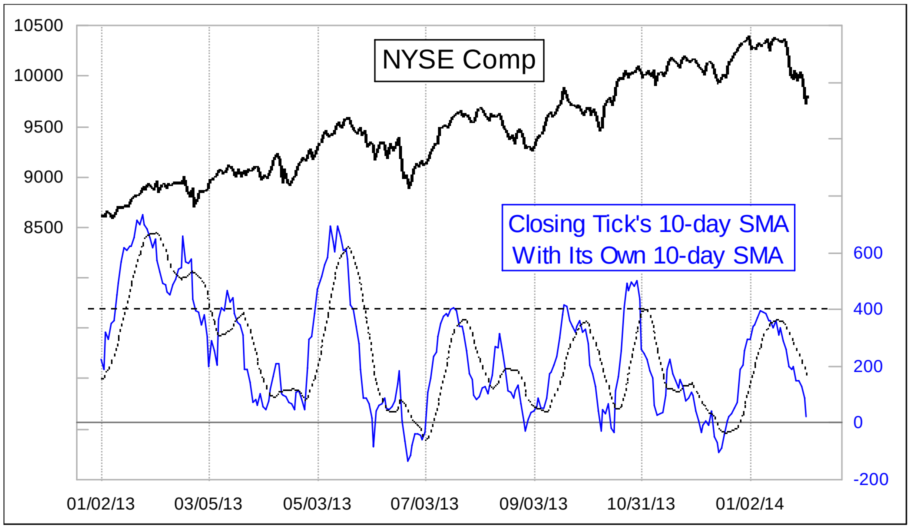
Bottom Line: The bullish forces ought to prevail. But gold is in a hazardous profile now, such that any failure downward could set off an avalanche lower. We don't think that's going to happen, but it is a possibility.



Short Term Oversold Condition

The dramatic selloff during January has made a dramatic shift in investor sentiment, which is revealed in a variety of ways. One measure of sentiment that is not tied to surveys is to watch the value of the closing TICK every day. TICK measures the momentary difference between the stocks whose last price change was upward (on an uptick) versus those trading on a downtick.

At the close, the TICK tells a story about the imbalance among "market on close" orders, and that can convey a message about the imbalances of investor sentiment. That data is awfully noisy, and so a 10-day simple moving average is useful for smoothing out that noise. The data have a generally positive bias, and so overbought readings occur when the 10MA gets up above +400, and oversold readings are



down near or below zero. The past two weeks have seen a lot of negative values for the closing TICK, which has helped to pull down the 10MA close to zero.

This does not mean that the decline absolutely has to be done now. It just says that the rubber band of traders' sentiment is now stretched, and this fits with the financial TV commentary we keep hearing which seems to show a consensus that there is more damage to come.

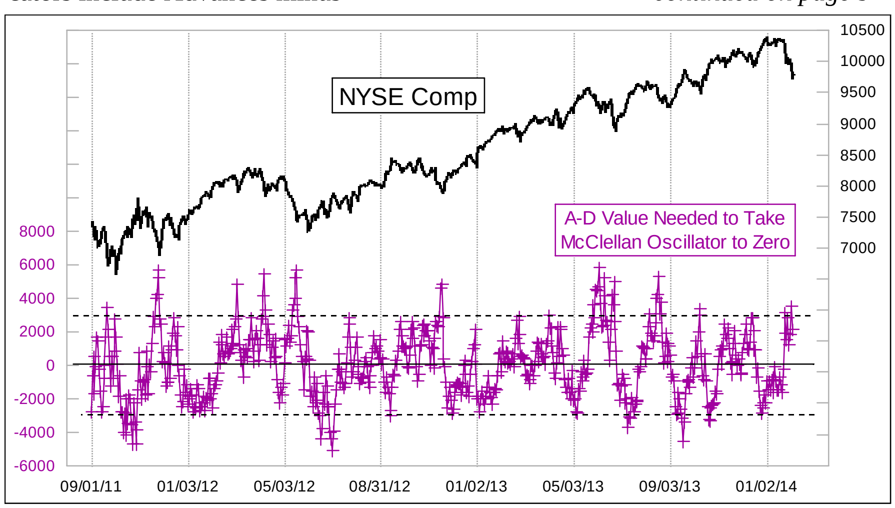
We happen to agree with that conclusion, but experience shows that a downtrend cannot proceed when everyone is thinking that way. So the market needs to offer everyone reason to think that the storm has passed, and that it is okay to come out of the bomb shelter. Once that is done, the downtrend can resume itself.

Technically, TICK is a breadth indicator. Intraday, it is a useful indicator to show strength of impetus up or down, as well as divergences versus price movements. Conventional breadth indicators include Advances minus Declines, Up-Down Volume, and New Highs and Lows. But our subscribers know that we like to look deep at these numbers, not just at the raw values, to get insights no one else sees.

The January selloff resulted in a low McClellan A-D Oscillator reading of -201 (as seen on page 3). That is a long way away from the zero line, which is its neutral level. With some algebra programmed into a spreadsheet, it is possible to calculate the daily A-D value needed to get the Oscillator exactly back to zero.

One point that we have found over the years is that when this number gets to a level which exceeds the number of listed issues, that usually marks a terminal point for a move. Lately there are typically around 3200 issues traded on the NYSE each day, and the most recent high for this indicator on Feb. 3 was +3545, greater than the number of issues trading. In other words, even if all NYSE-listed issues were to have closed up on the next day, the

continued on page 9



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TIMING MODELS

Stock Indices (DJIA, SPX, Nasdaq, NYSE Comp., etc.)

	Signal	Source	Predicted	Actual
	Bottom	NYSE Volume Osc	Jan 23	Jan 27
	Bottom	NDX A-D Osc	Jan 23	Jan 27
	Top	Nasdaq ST Price Osc	Jan 23	Jan 28
G	Top	Nasdaq A-D Osc	Jan 28	Jan 28
G	Top	DJIA Up-Dn Osc	Jan 29	Jan 28
G	Top	NYSE A-D Osc	Jan 29-30	Jan 28
G	Top	SP500 ST Price Osc	Jan 30	Jan 28
	Bottom	DJIA ST Price Osc	Jan 31	Feb 3
	Top	DJIA Up-Dn Osc	Feb 3	
	Top	SP500 Up-Dn Osc	Feb 4	
H	Bottom	SP500 Up-Dn Osc	Feb 5/6	
H	Bottom	Nasdaq A-D Osc	Feb 6	
H	Bottom	Nasdaq Up-Dn Osc	Feb 7/10	
H	Bottom	SP500 ST Price Osc	Feb 11	
	Bottom	NYSE A-D Osc	Feb 14	
	Top	DJIA ST Price Osc	Feb 18	
	Bottom	Nasdaq ST Price Osc	Feb 19	
I	Top	NDX A-D Osc	Feb 20	
I	**Top**	**Uncommon A-D Osc**	**Feb 24**	
I	Top	DJIA Up-Dn Osc	Feb 25	
	Bottom	SP500 ST Price Osc	Feb 27	
	Bottom	Nasdaq ST Price Osc	Feb 28	
	Bottom	NYSE A-D Osc	Mar 5/6	

Experimental Indicator, “BC”

	Predicted Signal		How It Turned Out	
	Implied Bottom	Jan 12	Bottom	Jan 13
G	Implied Top	Jan 30		
	Implied Bottom	Feb 20		

Treasury Bond <u>Prices</u>

	Signal	Source	Predicted	Actual
	Bottom	TYX ST Price Osc	Jan 23	Jan 22
G	Bottom	TYX ST Price Osc	Jan 31	Jan 29
H	Top	TYX ST Price Osc	Feb 6	
H	Top	T-Bond ST Price Osc	Feb 11	
	Top	TYX Price Osc	Mar 4	
	Top	**T-Bond Price Osc**	**Mar 5**	
	Top	TYX Price Osc	Mar 24	
	Bottom	TYX Price Osc	Mar 31	

Gold and Precious Metals Stocks

	Signal	Source	Predicted	Actual
G	Top	XAU Close/Sum	Jan 29	Jan 29
	Bottom	XAU ST Price Osc	Feb 11	
	Top	XAU ST Price Osc	Feb 12	

The Signals

The cluster of top signals (G) due Jan. 28-30 provided us with another good example of our point that sometimes a top is what prices go up into, and sometimes it is what they go down out of. The downward trend which we can now easily see as having begun at the start of January has gained downward momentum. Rather than having that cluster G top be a final blowoff top before the real decline, it instead only marked the end point for a brief interruption of the downtrend.

We do not know exactly why these signals work to detect future turning points for prices. The best explanation we can offer is that they somehow detect the ripples in the liquidity stream, in a way that is meaningful for future price action. Sometimes we get a big signal, meriting bold letter designation, and/or a cluster of signals which gives greater confidence about the importance of the event. But exactly what form that importance will take is a much harder aspect to divine.

In the same way that the stock market top signals represented a top to go down out of, T-Bonds' bottom signals marked just the end points of pauses within the continuing uptrend. “Ripples” is a good word here, as opposed to the crest or trough of the more important waves. Sadly, that type of meaning does not come with the individual signals themselves, and we have to resort to other charts and indicators to provide more context.

What To Expect

Stocks show a new cluster of bottom signals just ahead, spanning the dates from Feb. 5/6 to Feb. 11. There is a monthly Employment Situation Report due out on Friday, Feb. 7 which will likely get the “credit” for whatever happens around that time. Another new cluster of top signals is due Feb. 20-25, which is really only a 3 trading day span, and that likely marks the inflection point for starting the next down leg. We do not yet have a big bottom signal for the end of this corrective phase as suggested by the multiple price pattern analogs on page 8.

T-Bond signals seem to agree with the idea of a stock market bottom around the time of the Employment Report, with bond top signals due Feb. 6 and 11. A more important top is due in early March. The implications for stocks are not yet clear.

Signals for **gold** have dried up, which sometimes happens depending on the state of the trend or lack thereof.

HOW THEY WORK

These timing models are based on our proprietary calculation method. This technique involves a computationally complex comparison of two or more carefully selected indicator values. This yields the date and direction of a projected future turning point. Making several such comparisons can help paint a picture, one reversal point at a time, of the future structure.

Once generated, signals remain in effect, though the result can have greater or lesser significance based on what the market is doing when the date arrives. Certain indicators are slightly less accurate in pinpointing the exact date, so we may print a range of dates. Price Oscillators and Summation Index signals are usually more important, though sometimes not as precise in time. Uncommon A-D refers to an oscillator derived from NYSE stocks that are not part of the Common Only list in *Barron's*. Dates in bold denote signals of greater potential strength according to our research.

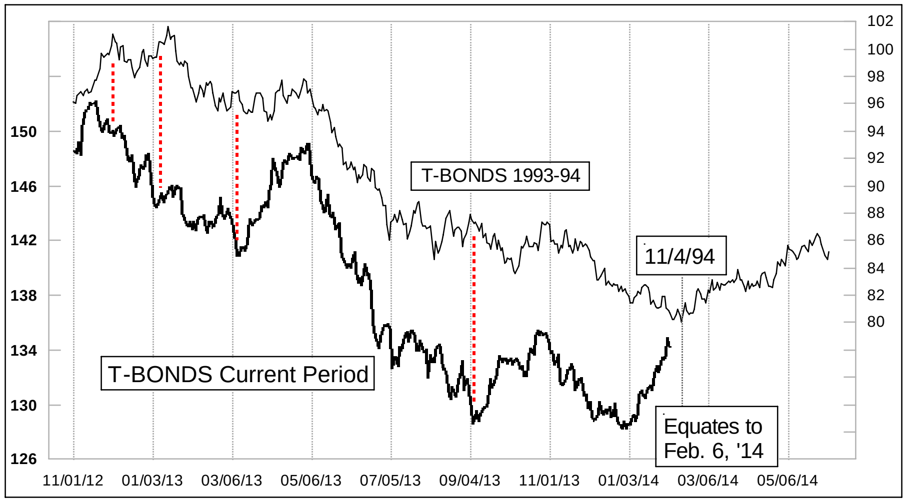
These models do not catch every market turn, but the signals usually show some effect in the market action. It is important to understand that the market does not have to go up from a bottom; it may just stop going down. It does not have to go down from a top, it may just stop going up. Some bottoms turn out to be just a flat spot before a continuation up.

The BC indicator is an experimental new tool, not related in method to the other signals.

"Actual" dates listed for NYSE Indices are for the NYSE Comp/Dow Jones Industrial Average. Letter groups (A, B, C, etc.) denote clusters of signals. ST Prc Osc means “Short Term Price Oscillator.”

Past performance of these mathematically generated turning point projections in no way guarantees future results. These dates may be useful in planning for the future, or giving greater confidence at turning points. **We would not, however, attempt to trade any of the markets based solely on these models**.

1994 T-Bond Analog Inverting



In several past issues, we have been watching and anticipating the outcome of the 1994 price pattern analog which is updated in the top chart on page 7. The problem now is that the current price pattern appears to be inverting, doing the opposite of what the 1994 analog said should be happening now.

This is not unprecedented, or even unusual. Minor inversions of a price pattern happen frequently, as the dashed red vertical lines help to highlight. Indeed, the 1929 stock market top analog shown on page 8 shows many minor pattern inversions, and yet the overall correlation remains.

While inversions may be “normal”, they are nevertheless frustrating. How can one know when the current price pattern will follow the older one, and when it will invert? To make it all the more perplexing, sometimes a major inversion as the current one seems to be is a prelude to the whole correlation breaking up altogether.

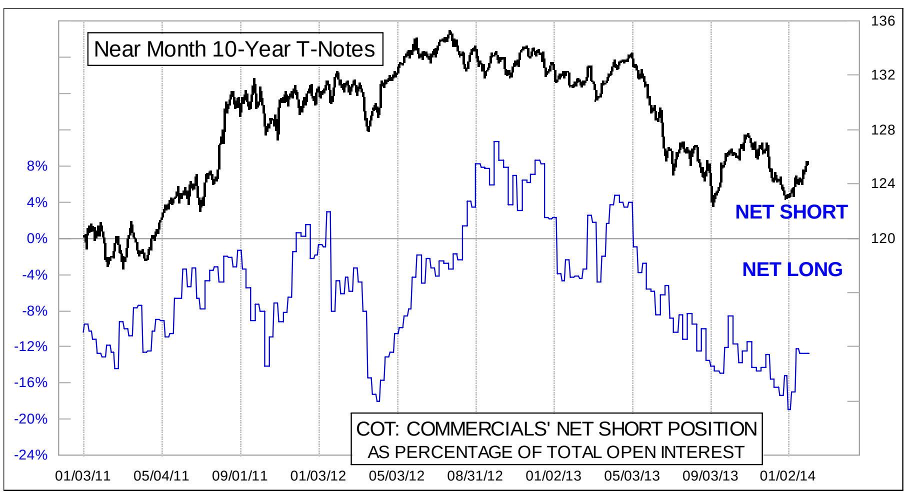
If the inverse correlation persists, then a top should be just ahead, matching the bottom that the 1994 price plot shows. What happens after then depends on whether prices may stay inverted, or instead “disinvert” from the pattern to correlate positively again, or perhaps break up altogether. At this point, we are giving up on that price pattern analog as a useful guide. It is still fun to watch from a market physics standpoint, but not useful as a trading guide.

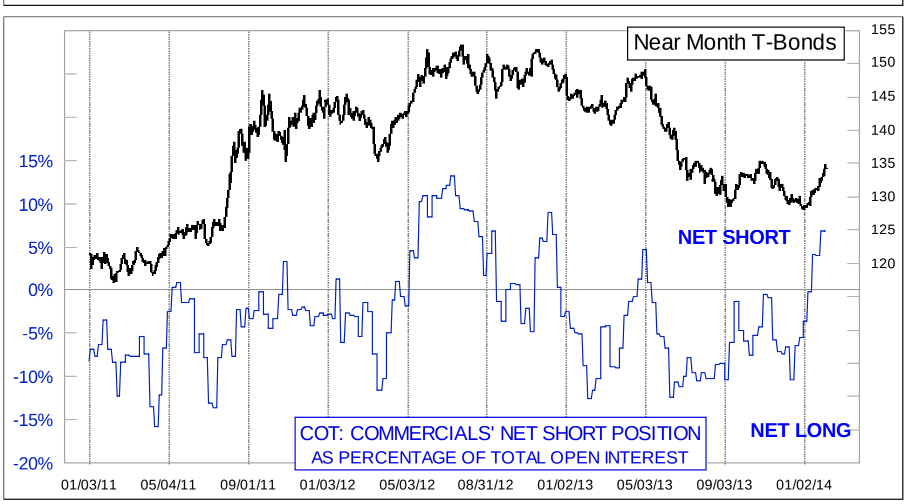
Speaking of not useful, we are seeing a huge discrepancy now in the Commitment of Traders (COT) Report data related to Treasury bonds. In the middle chart at left, we see that the commercial traders of 10-year T-Note futures are still at a fairly big net long position. It is not as big as we saw at the price bottom at the end of December, but still a large bet on a continuing rebound for T-Note prices. That is another way of saying that these smart money traders are expecting a continued drop in 10-year yields.

But a different message comes from longer term T-Bond futures COT data. As shown in the bottom chart, the commercial traders have a wholly different net position, rising up recently to a big net short position, which is a lopsided bet by the smart money on bond prices going lower (yields higher).

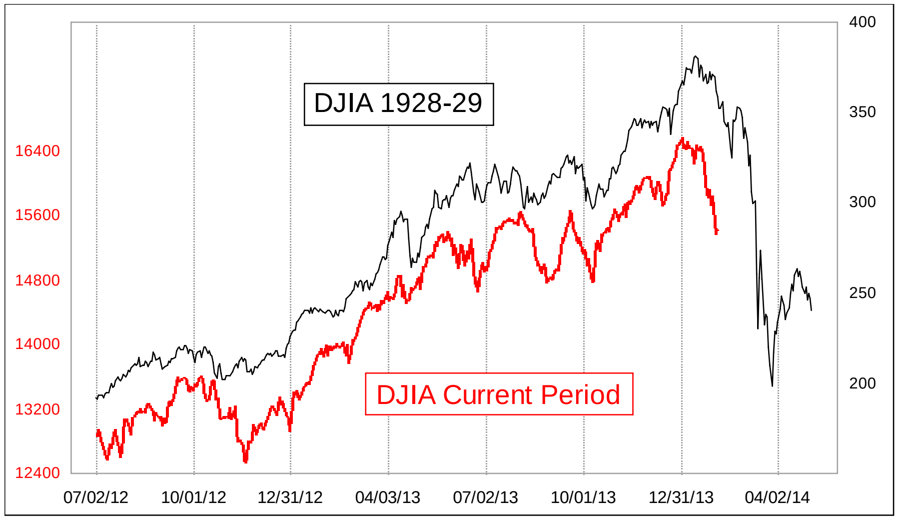
How could the message of these two different sets of COT data be so different? Good question. They are not usually in such a disagreement. The price action has not been all that different, and indeed T-Bond prices have been acting just a bit stronger lately. So how can 10-year and 20-30 year Treasury traders be telling us such a different story?

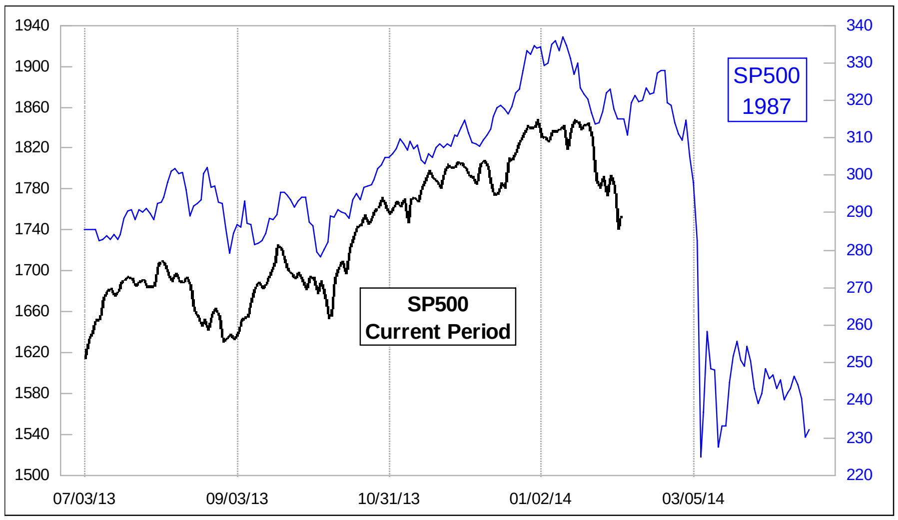
That is a puzzle for which we do not have an answer, and so the message here is to be careful about how one approaches this market segment. The Fed is stepping away from this market with its “taper”, and the commercials are showing a wholly confused and conflicted message about where prices are headed. That suggests turmoil and messiness in the weeks ahead.





Dynamics Of A Pre-Crash Top



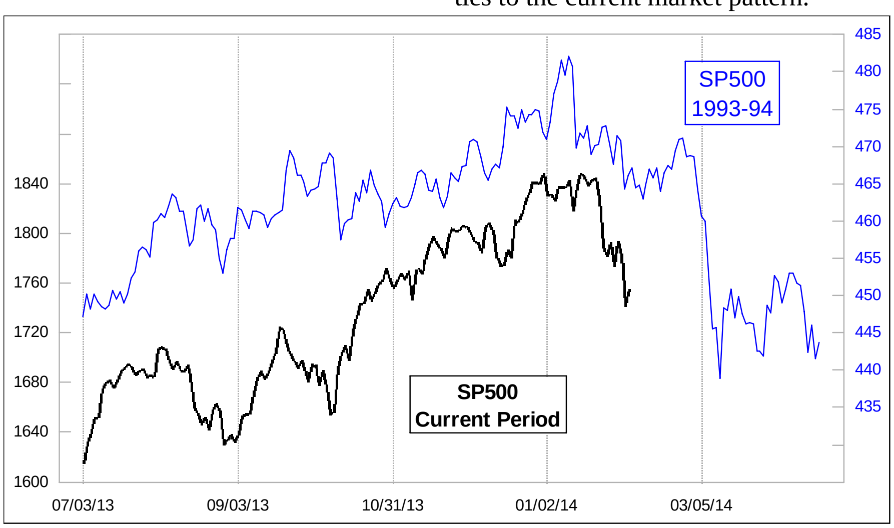


Our coverage of the comparison to the 1929 top has certainly expanded the attention it is getting. Fellow analyst Tom DeMark deserves the credit for first sniffing out that correlation. We began covering it back in November 2013 in a Chart In Focus article, and got quite a bit of hate mail for even suggesting that the market could do something like 1929. So far, we have received no apologies from the hate-mailers, and don't expect to.

The top chart updates that comparison, and we can see that the pattern correlation is not perfect. It is merely very good. One way to think about it is that the overall story is playing out the same, but the "noise" that makes the minor movements is different this time. If the correlation continues as it has been, then the month of March would be a really ugly one for investors.

The 1929 pattern is not the only place where we are seeing alarming pattern correlations. The middle chart shows a comparison to the 1987 top. Once again, it is not a perfect correlation of all the price movements, but it is still pretty good. It is important to note that in both of these charts, the Y-axis scaling for each plot is not equivalent. Both 1929 and 1987 saw much larger swings in prices leading up to the top, and so presumably the magnitude of any decline we see this year should also be smaller than in those instances. That does not invalidate the pattern comparison, although some people have a tough time getting their heads around that point.

Perhaps an example can help. In 1994, there was a mini-crash which at the time produced a new all-time low for the McClellan A-D Oscillator (-271). But the total top to bottom decline for the SP500 was only 9.9%. That did not stop the price pattern that year from looking a lot like what happened in 1987, and indeed in the chart below we see some interesting similarities to the current market pattern.



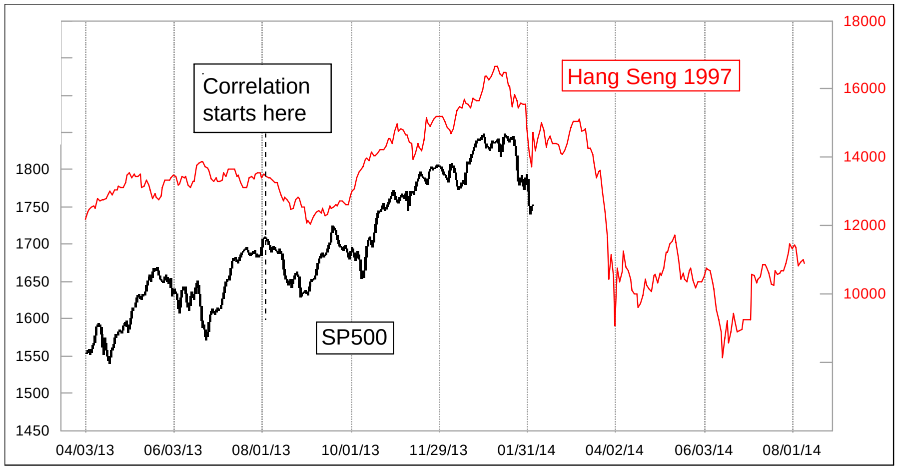
The point is that these pattern analogs should not be used to start counting your chickens on how big of a decline you can expect. Magnitude is highly variable, but the timing seems to be more consistent. On that note, if the 1987 and 1994 patterns are the dominant ones, then that implies that the meat of the price damage should finish up by early March, whereas the 1929 pattern suggests that the real damage extends all the way into the end of March. That's a big difference for how we should treat whatever happens in March 2014, but it is not a big difference that matters right now.

One common feature in each historical comparison is that before the real damage, there was a failing rally attempt. Some chartists might call that a "right shoulder" structure, and on indicators like our Price Oscillator and Summation Index, those upward swoops formed a "fishhook" structure which is a sign of a failing rally. We have not yet see the swoop upward this time, so that will be something to watch for. It will also be important to watch to make sure that the current market does not suddenly deviate from the script, something which has happened a lot with other such comparisons.

This characteristic topping pattern which precedes a crash does not seem to be unique to the U.S. The top chart on page 9 shows this same sort of comparison, this time to the Hang Seng Index (Hong Kong) from its 1997 top. This is another case of magnitudes of price movements not matching up, even though the patterns do.

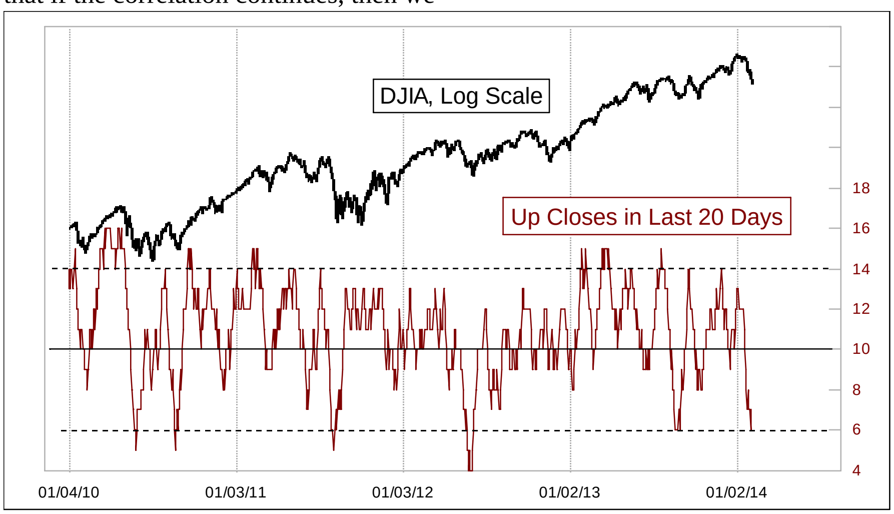
One other point to note is that the correlation has not been perpetual. Before about the beginning of August 2013, the SP500 was not following the Hang Seng's 1997 pattern, at least not according to this particular alignment. Then the two got into step as noted in the chart, something which would have been hard to detect in real time as it was just starting to happen, but which is easier to see now as we start thinking about how these crash-event analogs show these similar patterns.

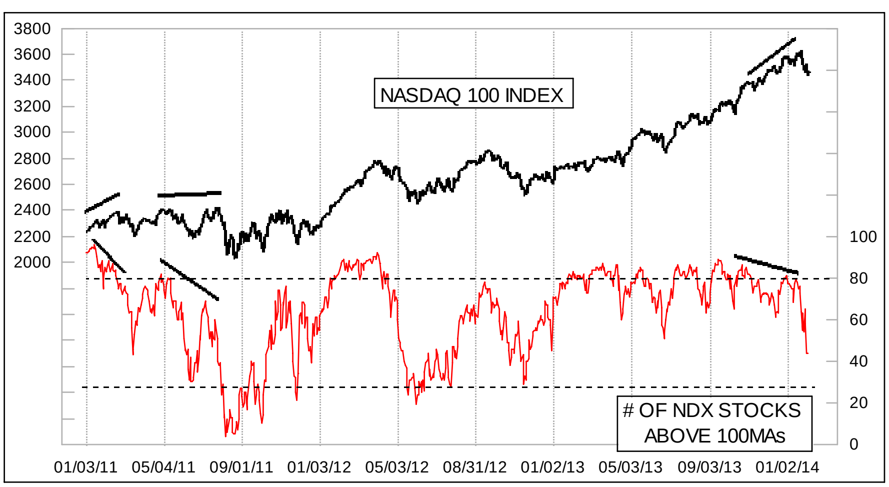
The message from this analog is that if the correlation continues, then we still have that "right shoulder" structure yet to form, and then the big decline at the end of March which matches the 1929 pattern. That is later than the early March decline suggested by 1987 and 1994.



One other similarity is that the "crash" event in each case did not mark the end of the damage. In all four of these prior instances, there was at least a retest of the crash low if not a further decline. That fits with the notion of a May bottom as suggested in our last Report by the eurodollar COT leading indication.

Bottom Line: There is no guarantee we'll see a crash in 2014, but there are a lot of similarities now to prior years when crash-like events occurred. So caution is in order.





Oversold *(cont'd from p. 5)*

McClellan Oscillator still would not be able to get to zero. That is an overextended condition.

Speaking of overextended, the middle chart here on page 9 shows a simple indicator that measures the number of higher closes by the Dow over the preceding 20 trading days. It recently got down to a reading of 6, which is among the lowest of readings in the past 3 years. Such readings are reliably associated with meaningful price lows, although not necessarily with the final price lows.

The final chart features an indicator which looks at the 100 stocks in the Nasdaq 100 Index. It measures how many of them are above their own 100-day moving averages. It has been flashing a warning sign for months by not confirming the higher highs in the Nasdaq 100 Index. Now with just a 5% drop in the NDX, only 44 of the 100 component stocks which make up that index are still above their 100-day MAs.

The sudden drop by itself represents an oversold condition, while at the same time it says that there are problems for the market if so few of the component issues are doing the job of keeping the index aloft. And this indicator does not really show an important longer term low until it gets down below around 30, meaning that there is still room yet for the market to fall before this 2014 corrective phase is done.