

## CHRISTOPHER CADBURY

Ranked #1 in the U.S.  
by Timer Digest for  
2000 to 2009

Suite 20-A 401 East 74<sup>th</sup> Street  
New York, NY 10021

212-249-1131

Ranked #2 in the U.S.  
by Timer Digest for the  
second half of 2010

Market Fax. No. 4382

Jan. 5, 2011

### SHORT TERM OUTLOOK

S.&P. 500: UP 0.5% TO 1276 OR MORE AT JAN. 14<sup>th</sup> CLOSE

S.&P. 500: UP 0.7% TO 1279 OR MORE AT JAN. 21<sup>st</sup> CLOSE

Many thanks to Timer Digest magazine of Greenwich, Connecticut! Timer Digest has ranked the newsletter #2 in the U.S. for the fourth quarter of 2010, #2 for the second half of 2010, and #4 for the entire year.

The profit in the current trade has jumped to 21 S.&P. 500 points. The position was created on Dec. 20<sup>th</sup> when the S.&P. 500 index reached 1249. The intraday stop should be raised to 1255 or less. The stop does not apply to the first ten minutes of a session. Net profits of 498 S.&P. 500 points have been earned from the 39 other positions since Jul. 8, 2009; 480 points from 32 long positions and 18 points from seven shorts. Yesterday the stock market ended narrowly mixed. The Dow gained 20 points to close at 11,691 while the S.&P. 500 eased 1.6 points to 1270.2 and the Nasdaq Comp. fell 10 points to 2681.

A very large closing uptick reading of +1097 was recorded on Monday. About half the very large closing uptick readings of +1020 or more establish at least an interim top either the day of the reading or within the next two sessions. However the reading of +1097 has been overwhelmed by an impressive array of six recent very large closing downtick readings of -300 or higher. All were -500 or more. Three of the very large closing downtick readings, -514 last Tuesday, -734 Thursday, and -519 on Friday, appeared within five days and five S.&P. 500 points of one another generating a rare double buy-signal. In fact they were registered within four days and one S.&P. 500 point of one another. The three remaining very large closing downtick readings were -939 two weeks ago last Wednesday, -574 a week ago last Monday, and -544 a week ago last Thursday. Six very large closing downtick readings within 12 sessions are normally bullish, too, no matter where they occur.

Also bullishly the upward momentum of the stock market has continued to be strong. The S.&P. 500, the Dow, and/or the Nasdaq Comp. moved higher in 22 out of the past 24 sessions, i.e. all but two of the sessions since the beginning of December. Hardly ever do rallies end right after a nearly straight-up advance. Bullishly as well, the level of fear, as measured by the VIX index of NYSE volatility, has been rising along with the stock market. The VIX index, widely viewed as a measurement of fear, rose from 15.45 a week ago last Wednesday to 17.61 this Monday while the S.&P. 500 climbed by 13.0 points.

Other indicators have been neutral so far this week. On Monday all three of Yahoo's relative strength indexes for the major stock market averages had returned to a neutral level below 80. The S.&P. RSI had a value of .71; the Dow RSI, a value at .76; and the Nasdaq RSI, a value of .57. The speculation index on Monday was well under 2.00 at 1.81. Monday's Rydex ratio continued to be very neutral, too. The Trendline Oscillator posted values below +8.0 at +7.1 on Monday and +6.2 yesterday. The 5-day total for the closing Arms index stayed mid-range between 4.00 and 5.99 at 4.42 Monday and 4.49 yesterday. The CBOE equity ratio began a new series at a low level of less than .60 this week with readings of .40 on Monday and .46 yesterday. Eight straight days of low readings are overbought.

