

ROBERT D. MCHUGH, JR., Ph.D.
Daily Market Newsletter
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 Kimberton, PA 19442

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Email Address:
 rmchugh@technicalindicatorindex.com

SUMMARY OF INDEX DAILY CLOSINGS FOR MONDAY, NOVEMBER 10th, 2008

<u>Date</u>	<u>DJIA</u>	<u>Transports</u>	<u>S&P</u>	<u>NASDAQ COMPQ</u>	<u>NASDAQ 100</u>	<u>Russell 2000</u>	<u>30 Yr Treas Bonds</u>
Nov 4	9625.28	4071.81	1005.75	1780.12	1378.40	545.97	115^12
Nov 5	9139.27	3800.62	952.77	1681.64	1299.98	514.64	116^20
Nov 6	8695.79	3605.56	904.88	1608.70	1241.97	495.84	116^26
Nov 7	8943.81	3666.02	930.99	1647.40	1271.62	505.79	116^12
Nov 10	8870.54	3689.74	919.21	1616.74	1251.00	493.10	117^20

S&P 500 vs: Demand Power & Supply Pressure
Pressure August 2008 to November 2008



Status of Demand Power/Supply Pressure Key Trend-finder Indicator

<u>Index</u>	<u>Term</u>	<u>* Signal</u>	<u>First Date of Signal</u>	<u>Current Demand Pr.</u>	<u>Current Supply Pr.</u>	<u>Fullest Extent of Index Move Since Signal</u>
S&P 500/DJIA	Short	Enter Short	9/4/2008	438	488	SPX Fell 393 Points (31.9 %)
NDX	Short	Enter Short	8/25/2008	419	463	NDX Fell 743 Points (39.3 %)

* We consider a new entry point for a signal the day when one measure crosses more than 10 points above the other. We like to exit when (or before if conservative) the two measures return to an intersection.

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Summary of McHugh's Proprietary Index Key Trend-finder Buy/Sell Signals

	<u>Index</u>	<u>Term</u>	<u>Signal</u>	<u>Date Current Signal</u>	<u>Fullest Extent of Index Move Since Signal</u>
Purchasing Power Indicator	DJIA/S&P	Short	Sell	Nov 5th, 2008	DJIA Fell 502 Points (5.5 %)
DJIA 14 Day Stochastic	DJIA	Short	Sell	Nov 6th, 2008	DJIA Fell 0 Points (0.0 %)
DJIA 30 Day Stochastic	DJIA	Short	Sell	Nov 5th, 2008	DJIA Fell 502 Points (5.5 %)
DJIA Primary Trend Indicator	DJIA	Long	Sell	Sept 30th, 2008	DJIA Fell 2968 Points (27.4 %)
Secondary Trend Indicator	DJIA/S&P	Short	Sell	Oct 2nd, 2008	DJIA Fell 2600 Points (24.8 %)
NDX Purchase Power Indic	NASDAQ 100	Short	Sell	Nov 5th, 2008	NDX Fell 64 Points (4.9 %)
NDX 14 Day Stochastic	NASDAQ 100	Short	Sell	Nov 5th, 2008	NDX Fell 64 Points (4.9 %)
RUT Purchase Power Indic	RUT	Short	Sell	Nov 5th, 2008	RUT Fell 24 Points (4.8 %)
HUI Purchasing Power Indic	HUI	Short	Sell	Nov 6th, 2008	HUI Fell 0 Points (0.0 %)
HUI 30 Day Stochastic	HUI	Short	Sell	Oct 2nd, 2008	HUI Fell 110 Points (42.5 %)

The *Dow Industrials* fell 73.27 points, closing at 8,870.54 Monday, November 10th. *NYSE volume was down at 79* percent of its 10 day average. Downside volume was 70 percent, with declining issues at 68 percent, with downside points at 85 percent. *S&P 500 Demand Power fell 8 points to 438, while Supply Pressure fell 2 points to 488*, telling us the decline was mostly due to retreating interest to buy, rather than a strong urge to sell.

The Industrials fell 400 points intraday from their highs to their lows, and closed near those lows Monday. The 30 minute and 15 minute Full Stochastics suggest prices could rally Tuesday.

The key trend-finder indicators, Elliott Wave counts, and Full Stochastics suggest the odds favor a decline over the next several weeks, one that could be deep, but one that leads to a multi-month significant rally into early 2009. Over the next week we could see some sideways back and forth setting up a coming plunge. That plunge should create selling exhaustion for a while, allowing demand to drive prices higher — albeit starting from lower levels. Our charts tonight reflect this likelihood. There remains an alternate more Bullish scenario short-term that says the first leg of the Bear Market ended last month. That seems like a lower probability scenario at this time.

The HUI is likely nearing a short-term top, as the Daily Full Stochastics suggest. However, the weekly Full Stochastics argue this will be a short-term drop, and a large rising move is likely over the next several months, once this coming short-term decline completes. This coming decline could produce a terrific buying opportunity for those so inclined. The position of the Monthly Full Stochastics suggest this coming rally will be significant. Same comments for Gold.

The Demand Power/Supply Pressure indicators generated an enter short position signal September 4th, and remains there Monday. Monday's McClellan Oscillator worsened to positive +110.45. The Summation Index improved to negative -2,562.74. NYSE New Highs were flat at 7, with New Lows higher at 161 Monday.

The percent of DJIA stocks above their 30 day moving average rose to 30.00 from 20.00. The percent above 10 day was flat at 26.67. The percent above 5 day rose to 36.67 from 16.67. The NYSE 10 day average Advance/Decline Line Indicator improved to positive +429.7, remaining on a "buy" signal from November 4th, when it rose above the positive +120.00 threshold necessary for a new "buy."

Our three Blue Chip key trend-finder indicators (other than the Demand Power/Supply Pressure Indicator) remain on a "sell" signal Monday. The DJIA 30 day Stochastic Fast rose to 30.00, above the Slow at 26.67, but not decisively above, remaining "sell" signal from November 5th. The DJIA 14 day Stochastic rose to 43.33, below the Slow at 58.33, remaining on a "sell" signal from November 6th. The Fast had to cross more than 10 points below the Slow for a new "sell." The S&P 500 Purchasing Power Indicator fell 2 points to negative -98.74, remaining on a "sell" signal from November 5th, needing to rise above -95.57 for a new buy signal.

The Plunge Protection Team Risk Indicator rose to negative -27.29 Monday, remaining on a "buy" signal from October 30th. A drop below negative -16.0 triggered a new "buy" signal. After it generated a buy signal on July 31st, the Industrials rose 489 points. When the reading rises above positive +20.00, or falls below negative -16.00, we usually see multi-week rallies. On the other hand, declines can (don't have to) occur when this reading falls within the range of negative -16.00 to positive +20.00. The PPT Indicator was in the range where declines typically occur, between negative -16.00 and positive +20.00 for most of the late December/January decline, which saw the DJIA drop over 1,100 points. It then rose above +20.00 January 14th. Rallies usually start about a week or two after this measure exceeds positive +20.00. When this indicator last went below negative -16.00, triggering a new "buy" signal, on February 7th, 2008, the Industrials closed at 12,247. After that the Industrials rose 509 points. After they rose above negative -16.00 on March 3rd, the DJIA dropped over 500 points. From May to July 2008 we saw a significant decline within this range, 1,650 points. After this indicator generated a sell signal October 1st, the Industrials declined 2,948 points.

The DJIA Call/Put Ratio rose to 1.01 Monday, on a "neutral" signal from May 27th (moving below 1.00 and above 1.40 is neutral, while rising decisively above 1.00 (above 1.10) triggers a new "buy"). On Monday, the Secondary Trend Indicator fell 5 points to negative -13, on a sell signal. Above zero is Bullish. Below zero is Bearish. The closer it moves toward zero, the greater the risk of a coming trend turn, thus caution with open positions would be recommended. After it turned Bearish on December 31st, 2007, the Industrials fell 1,630 Points, or 12.3 percent. After it generated a sell, on June 17th, the Industrials fell 1,200 points. After it triggered a sell signal on October 2nd, the Industrials fell 2,600 points. This indicator correlates well with price trends.

On October 10th, the Industrials blew past the downside target of 9,750 we had been warning for months would be reached, per a Head & Shoulders top in the Dow Industrials. There is a smaller H&S top that has completed with a downside target of 7,500ish, which we also came close to hitting Friday, October 10th. That level could be tossed aside over the next few weeks if the triangle scenario is occurring.

SUMMARY PAST WEEK'S DEMAND POWER/SUPPLY PRESSURE STATISTICS

Blue Chips S&P 500/DJIA

<u>Date</u>	<u>Demand Power</u>	<u>Supply Pressure</u>	<u>Purchasing Power Indicator</u>	<u>Secondary Trend Indicator</u>
Nov 3	Down 1 to 448	Down 10 to 406	Flat 0 at -85	Up 3 to -8
Nov 4	Up 14 to 462	Down 14 to 482	Up 9 to -76	Up 7 to -1
Nov 5	Down 11 to 451	Up 12 to 494	Down 12 to -88	Down 5 to -6
Nov 6	Down 12 to 439	Up 11 to 505	Down 13 to -101	Down 8 to -14
Nov 7	Up 7 to 446	Down 15 to 490	Up 5 to -96	Up 6 to -8
Nov 10	Down 8 to 438	Down 2 to 488	Down 3 to -99	Down 5 to -13

NASDAQ 100

<u>Date</u>	<u>Demand Power</u>	<u>Supply Pressure</u>	<u>Purchasing Power Indicator</u>	<u>PPT Risk Indicator</u> (Above +18% Means High Risk of a Short-covering Rally)
Nov 3	Flat 0 at 425	Down 5 to 470	Flat 0 at -53	- 22.87
Nov 4	Up 8 to 433	Down 9 to 461	Up 9 to -44	- 20.96
Nov 5	Down 7 to 426	Up 8 to 469	Down 18 to -62	- 23.41
Nov 6	Down 6 to 420	Up 5 to 474	Down 15 to -77	- 25.13
Nov 7	Up 4 to 424	Down 10 to 464	Up 5 to -72	- 27.89
Nov 10	Down 5 to 419	Down 1 to 463	Down 2 to -74	- 27.29

10 Day Average Short-term Advance/Decline Signals

<u>Index</u>	<u>Nov 10th A/D Indicator</u>	<u>Signal</u>	<u>Date of Signal</u>	<u>Fullest Extent of Index Move Since Signal</u>
NYSE/S&P 500	+ 429.7	Buy	Nov 4th, 2008	SPX Rose 0 Points (0.0 %)
NASDAQ 100	+ 9.5	Buy	Nov 7th, 2008	NDX Rose 27 Points (2.2 %)
Russell 2000	+ 214.8	Buy	Nov 10th, 2008	New Buy Signal

Shorting should only be done with funds that are speculative and the investor is willing to accept a substantial loss on. That is because the PPT is very active at this time.

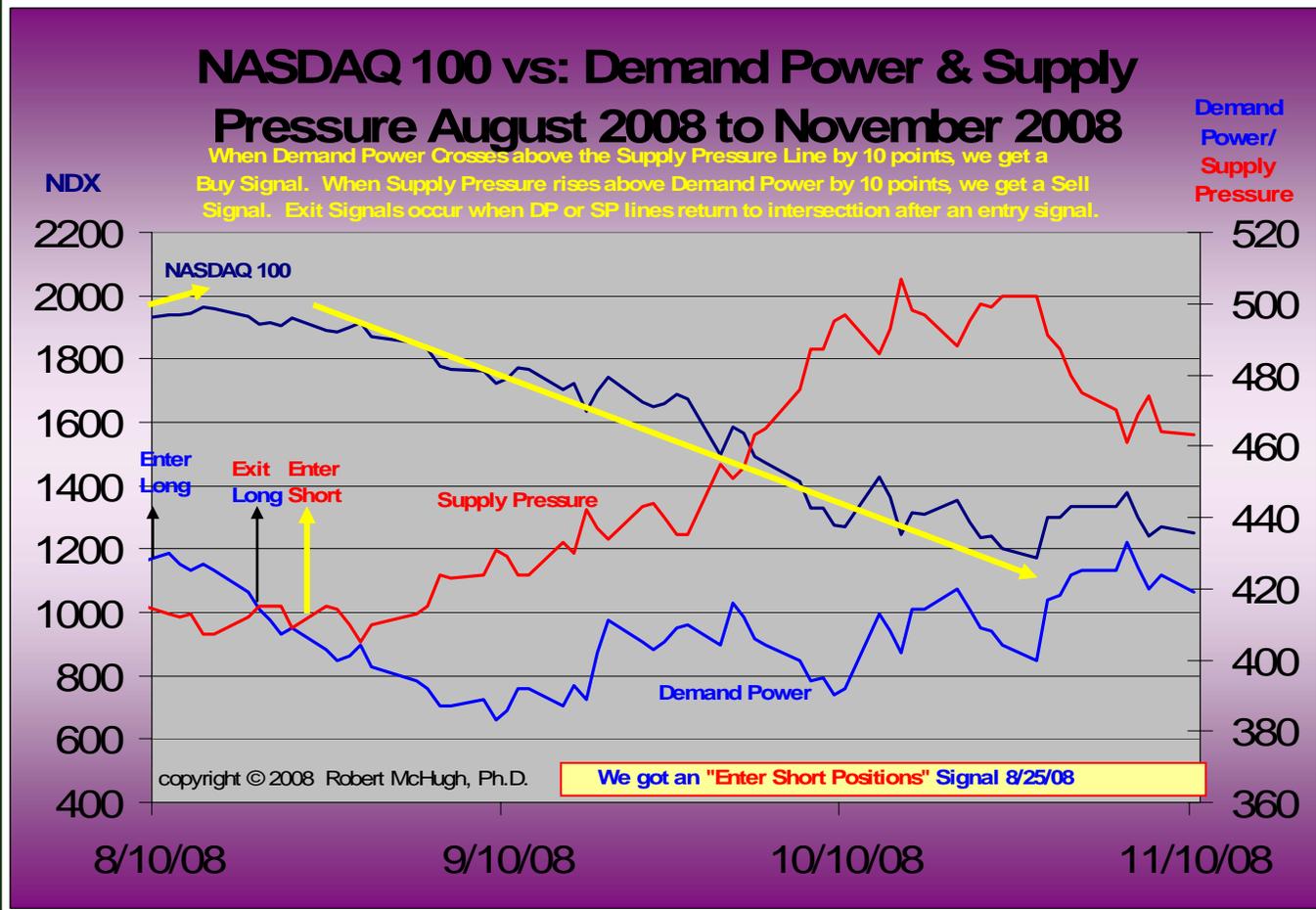
Have you noticed that the NDX crashed 40.0 percent since our NDX 10 day average Advance/Decline Line Indicator generated a sell signal August 20th, 2008, less than two months ago.

Gold's Daily Full Stochastic generated a new buy signal Tuesday, October 28th. The HUI Amex Gold Bugs Index Daily and Weekly Full Stochastics just generated new buy signals.

Check out our new Veterans Day Specials, good through [Sunday, November 16th](#), including an 18 month offering. If you are enjoying your subscription, please tell a friend.

The **NASDAQ 100** fell 20.62 points Monday, closing at 1,251.00. Volume fell to 66 percent of its 10 day average. **Downside volume led at 84 percent. Declining issues led at 79 percent, with downside points at 89 percent. NDX Demand Power fell 5 points to 419, with Supply Pressure down 1 point at 463**, telling us the decline was due to buyers sitting on the sidelines.

Our key trend-finder indicators **remain on a "sell" signal Monday**. The **NDX 14 day Stochastic Fast** fell to 34.00, below the Slow at 46.40, **remaining on a "sell" signal from November 5th**. The **NDX Purchasing Power Indicator** fell 3 points to negative -74.33, **remaining on a "sell" signal from November 5th**. The **NDX 10 day average Advance/Decline Line Indicator** fell to positive + 9.5, remaining on a **"buy" signal** from November 7th, when it rose above the positive + 5.0 threshold for a new "buy" signal. The **Demand Power/Supply Pressure Indicator generated an enter short positions signal Monday August 25th**, when the SP indicator rose more than 10 points above the DP indicator, and remains there Monday, November 10th.



The *Russell 2000* fell 12.69 points Monday, closing at 493.10. Volume was down at 77 percent of its 10 day average, with downside volume leading at 74 percent, with declining issues leading at 78 percent. *The RUT Purchasing Power Indicator* fell to positive + 3.28, **remaining on a "sell" signal from November 6th**. The *RUT 10 day average Advance/Decline Line Indicator* improved to positive + 214.80, **triggering a new "buy" signal November 10th**, rising above the positive +180.00 threshold for a new "buy" signal.

The *HUI Amex Gold Bugs Index* rose 9.42 points Monday, closing at 210.53. Volume was up at 80 percent of its 10 day average. Upside volume was 87 percent, with advancing issues at 90 percent, and upside points at 99 percent. *Our key trend-finder indicators remain on a "sell" signal Monday, November 10th*. The *HUI 30 day Stochastic* Fast rose to 25.00, above the Slow at 7.22, **remaining on a "sell" signal from October 2nd**. The Fast has to rise more than 20 points above the Slow to trigger a new "buy." Close. The *HUI Purchasing Power Indicator* rose to 185.21, **remaining on a "sell" signal from November 6th**. *December Gold* rose to 744.7. *Silver* rose to 10.15, while *Oil* rose to 61.53. The *Dollar* rose 0.16 to 86.08. *Bonds rose over a point to 117^20*. The PPT has to buy the long end to keep Bonds headed in the right direction, to support the housing market, especially now that AMBAC and MBIA are no longer rated AAA, Fannie Mae and Freddie Mac — who hold half of all mortgages - have collapsed, and credit markets have frozen, requiring lower interest rates, and Master Planner interest rate (bond) intervention. The *VIX* rose 3.88 to 59.98, **as volatility and fear remain**.

The *Australia SPASX200* rose 56.50 points, or 1.39 percent Monday. Click on the Weekend Australia Report, **which includes EW charts of the FTSE and DAX, for the latest analysis**.

Bottom Line: The Fed has to continue hyperinflating to bail out this sick economy, feeding a major trend up in precious metals. Households, not just Wall Street, must be bailed out. If this doesn't happen we are headed for an economic depression.

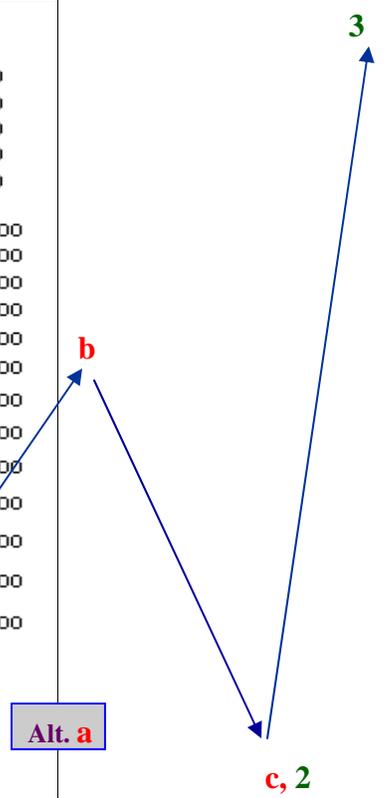
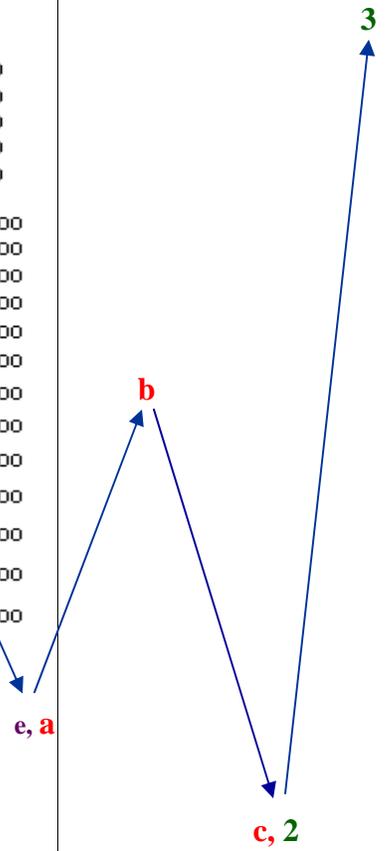
New Veterans Day Specials:

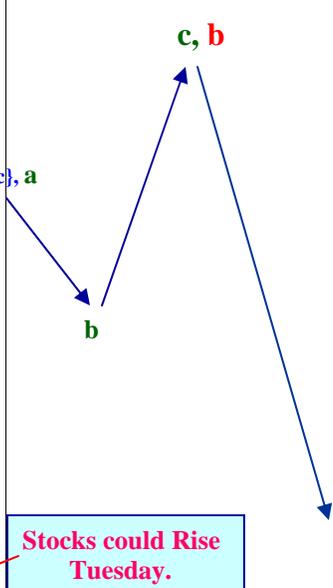
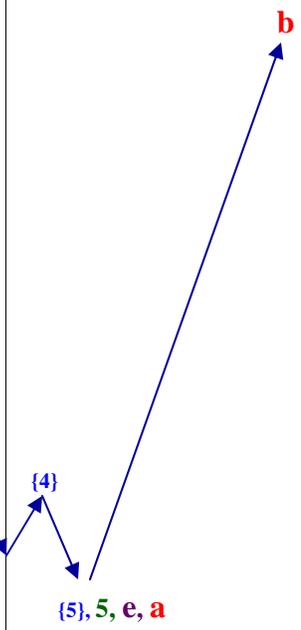
***6 Months for \$175, or
10 Months for \$215, or
12 Months for \$300, or
13 Months for \$249, or
18 Months for \$359, or
* 24 Months for \$449 ****

Good through Sunday, November 16th, 2008

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***Note: The 24 Month Subscription gets you a free copy of the book,
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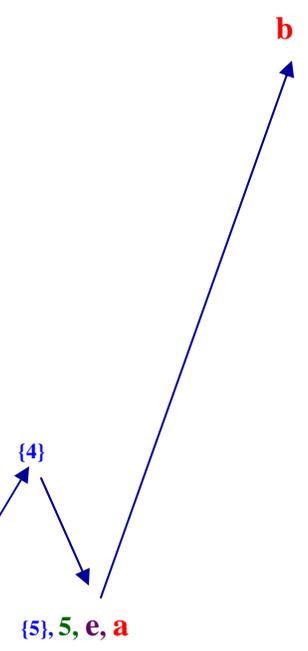




Here is a slight variation of the Bearish Crash Scenario allowing for a completing triangle first. This allows for sideways movement this week.

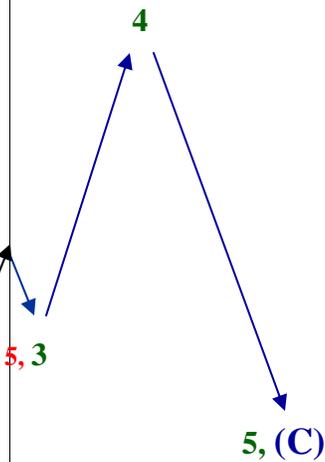
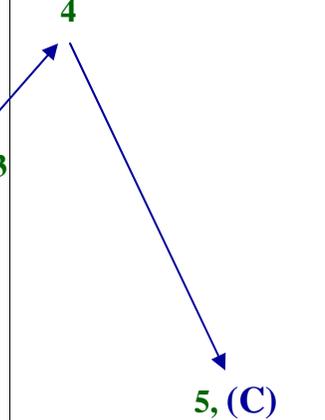








The NASDAQ 100's Wave C up of (B) up would be considered finished. If so, we are headed back down to 800 or lower.







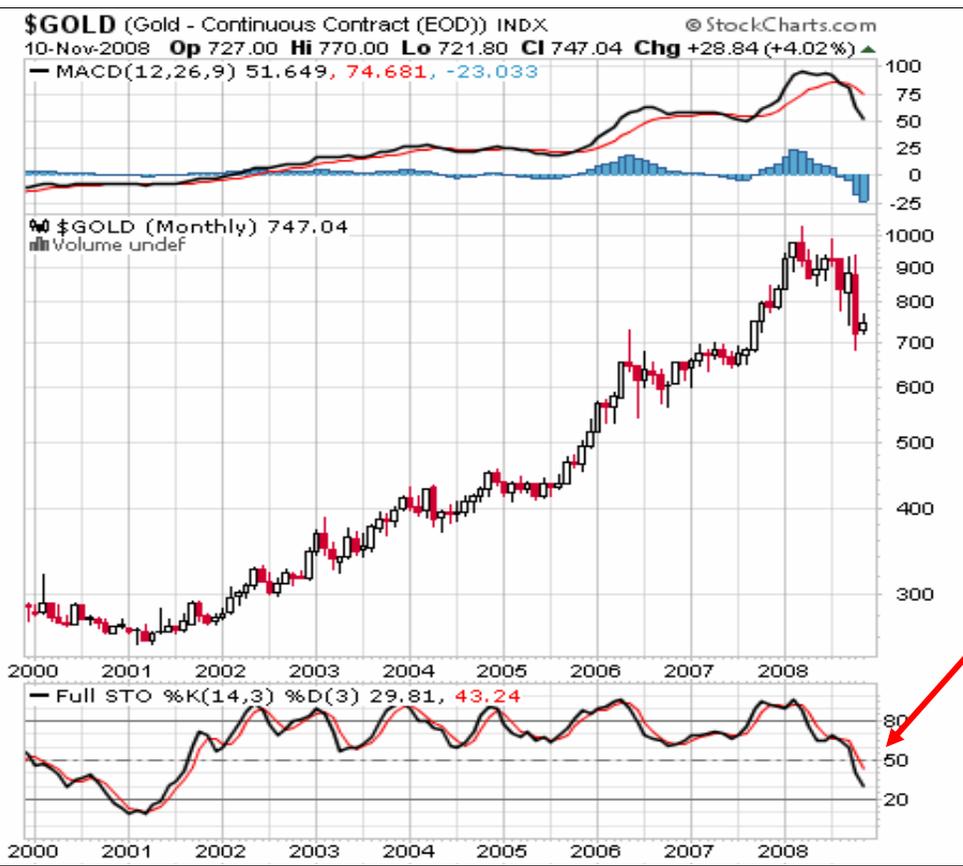
The MACD triggers a Buy signal. The Full Stochastics Trigger a sell signal, at the level where tops arrive.



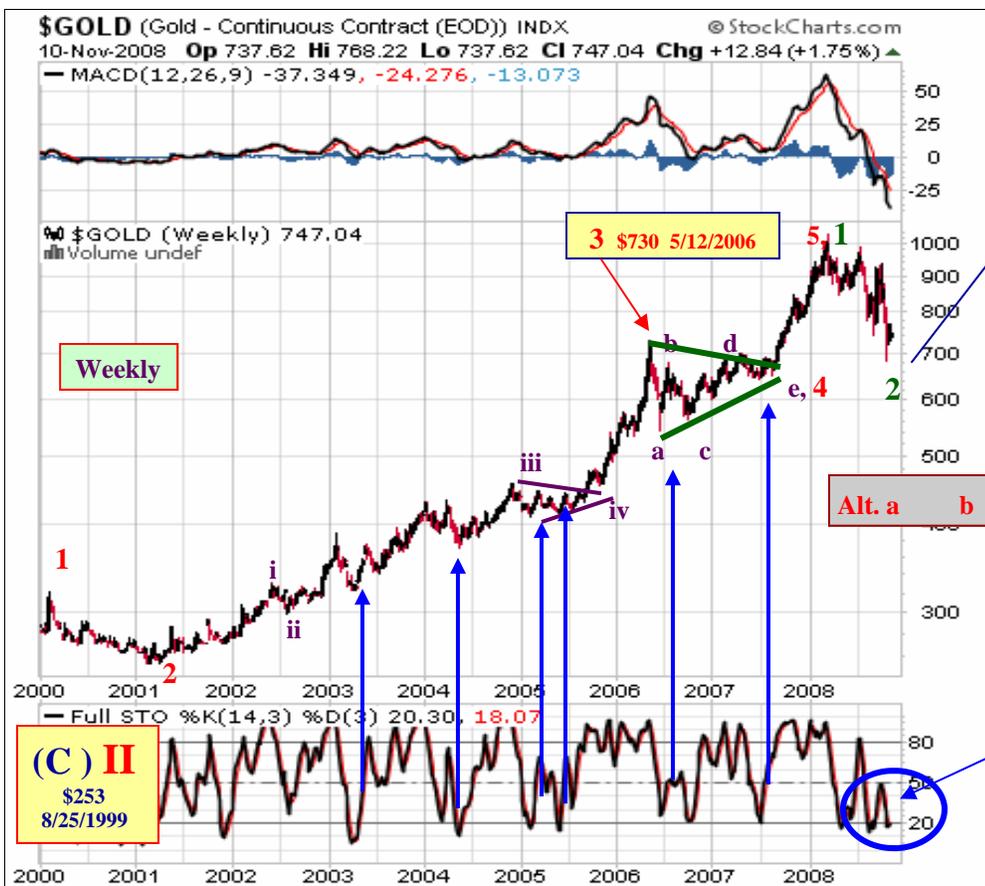
The Weekly Full Stochastics trigger a buy signal, at the level where bottoms arrive.



The Monthly Full Stochastics are on a sell signal. However, the Monthly Full Stochastics are at the level where bottoms arrive.



Gold's Monthly Full Stochastics allow for more decline. The approaching bottom will be significant, leading to a huge rally. Huge.





Daily MACD
On a buy signal.

Daily Full STO
Trigger a new
buy signal!!



The MACD is
On a Sell Signal.

The Weekly Full
Stochastics
Are on a
Buy Signal.

Key Economic Statistics

<u>Date</u>	<u>VIX</u>	<u>U.S. \$</u>	<u>Euro</u>	<u>CRB</u>	<u>Gold</u>	<u>Silver</u>	<u>Crude Oil</u>	<u>1 Week Avg. M-3</u>
10/31/08	59.89	85.67	127.43	268.39	718.2	9.73	67.81	Hidden
11/07/08	56.10	85.92	127.17	256.84	734.2	9.96	61.04	Hidden
11/10/08	59.98	86.08	127.51	261.26	744.7	10.15	61.53	Hidden

Note: Everything rises Monday.

Conservative Balanced Portfolio Recent Transactions As of Monday November 10th, 2008

* On 8/25/08 we increased the Market Timing segment allocation of our conservative portfolio from 5 percent to 10 percent, by moving \$50,000 of cash to this segment.

* On 8/25/08, we sold 50 shares of IYT, an ETF that mirrors the Trannies, at \$89.17 per share. We also sold 100 shares of QQQQ, the ETF that mirrors the NDX, at \$46.50 per share.

* On 8/25/08, we purchased 50 shares of SLV, at \$136.89 per share, an ETF that mirrors Silver. We also purchased 300 shares of GDX, at \$36.91 per share, an ETF that mirrors the HUI Amex Gold bugs Index. We also purchased 100 shares of GLD, at \$80.95 per share, an ETF that mirrors the price of Gold. These purchases were made within the Market Timing Segment of our Conservative portfolio.

* On 8/25/08, we purchased 12 ounces of actual Gold at \$820 an ounce, in the Gold segment of our portfolio.

Note: Our Conservative Portfolio Model substantially outperformed the S&P 500 in the first quarter, 2008. Check it out! Click on the Conservative Portfolio button at the left side of the home page.

We posted an updated Balances/Market Value Portfolio as of March 31st, 2008, available in the Conservative Portfolio section.

New Bailout Specials:

*6 Months for \$175, or
10 Months for \$215, or,
12 Months for \$300, or
13 Months for \$249, or
18 Months for \$359, or
* 24 Months for \$449 **

Extended through Sunday, November 9th, 2008

Robert McHugh Ph.D. is President and CEO of Main Line Investors, Inc., a registered investment advisor in the Commonwealth of Pennsylvania, and can be reached at www.technicalindicatorindex.com. The statements, opinions, buy and sell signals, and analyses presented in this newsletter are provided as a general information and education service only. Opinions, estimates, buy and sell signals, and probabilities expressed herein constitute the judgment of the author as of the date indicated and are subject to change without notice. The information contained in the newsletter is expressed in good faith, but its accuracy is not guaranteed. Nothing contained in this newsletter is intended to be, nor shall it be construed as, investment advice, nor is it to be relied upon in making any investment or other decision. Prior to making any investment decision, you are advised to consult with your broker, investment advisor or other appropriate tax or financial professional to determine the suitability of any investment. Neither Main Line Investors, Inc. nor Robert D. McHugh, Jr., Ph.D. Editor shall be responsible or have any liability for investment decisions based upon, or the results obtained from, the information provided. Copyright 2008, Main Line Investors, Inc. All Rights Reserved.

“Jesus said to them, “I am the bread of life; he who comes to Me shall not hunger, and he who believes in Me shall never thirst. For I have come down from heaven, For this is the will of My Father, that everyone who beholds the Son and believes in Him, may have eternal life; and I Myself will raise him up on the last day.”

John 6: 35, 38, 40

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Here are the symbols for Exchange Traded Funds for the Major Indices:

<i>DIA</i>	<i>Dow Industrials</i>	<i>IYT</i>	<i>Trannies</i>
<i>SPY</i>	<i>S&P 500</i>	<i>GDX</i>	<i>HUI Amex Gold Bugs*</i>
<i>QQQQ</i>	<i>NASDAQ 100</i>	<i>GLD</i>	<i>Gold</i>
<i>IWM</i>	<i>Russell 2000</i>	<i>SLV</i>	<i>Silver</i>
<i>EWA</i>	<i>Australia</i>		

**** Note: The GDX actually tracks the GDM, a grouping of 45 mining stocks, but the GDX has very high correlation to the HUI so we mention that as a suitable ETF for the HUI.***