

ROBERT D. MCHUGH, JR., Ph.D.
Daily Market Newsletter
A Publication of Main Line Investors, Inc.

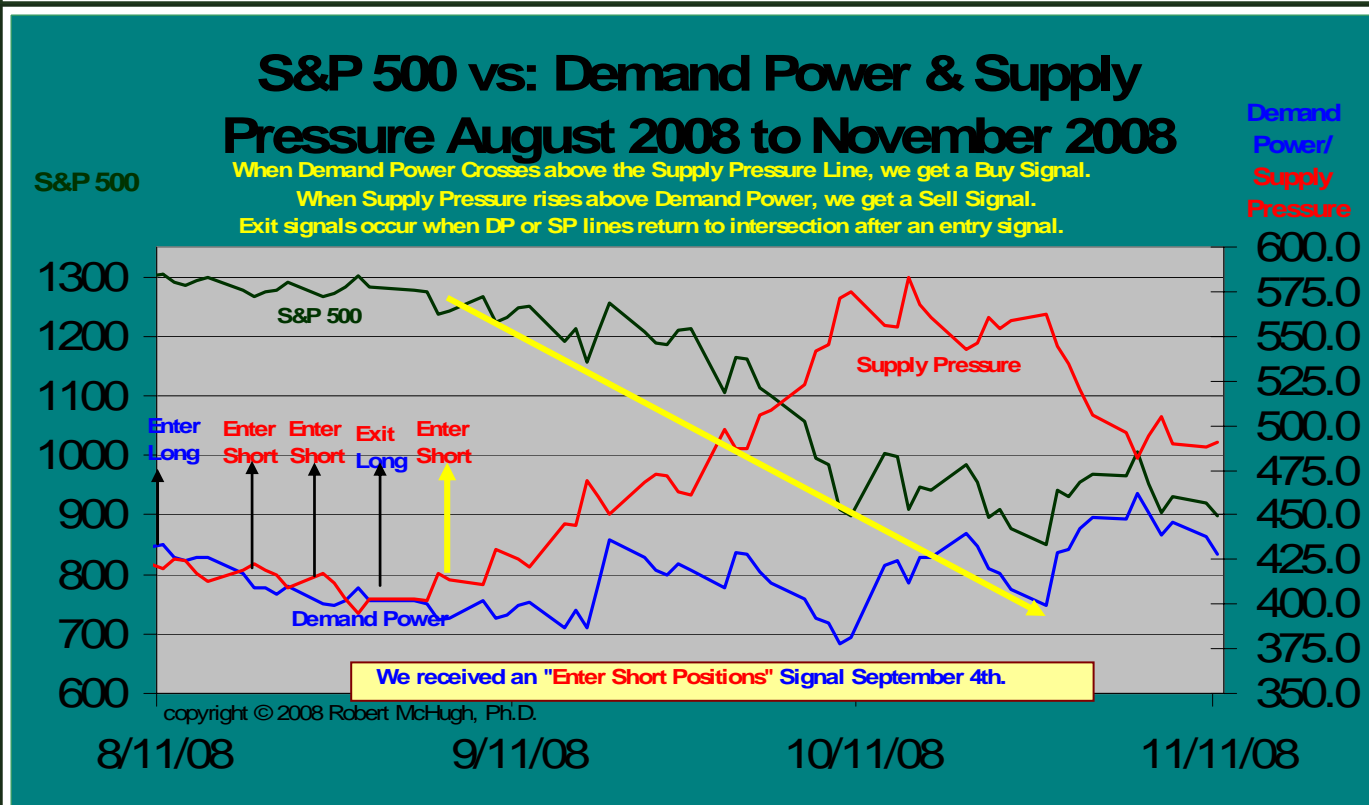
P.O. Box 1026
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Issue No. 955
Tuesday, November 11th, 2008

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SUMMARY OF INDEX DAILY CLOSINGS FOR TUESDAY, NOVEMBER 11th, 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 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 |
| Nov 11 | 8693.96 | 3634.01 | 898.95 | 1580.90 | 1225.59 | 482.29 | 118^14 |



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 | 428 | 491 | SPX Fell 393 Points (31.9 %) |
| NDX | Short | Enter Short | 8/25/2008 | 414 | 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 578 Points (6.3 %) |
| DJIA 14 Day Stochastic | DJIA | Short | Sell | Nov 6th, 2008 | DJIA Fell 135 Points (1.6 %) |
| DJIA 30 Day Stochastic | DJIA | Short | Sell | Nov 5th, 2008 | DJIA Fell 578 Points (6.3 %) |
| 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 91 Points (7.0 %) |
| NDX 14 Day Stochastic | NASDAQ 100 | Short | Sell | Nov 5th, 2008 | NDX Fell 91 Points (7.0 %) |
| RUT Purchase Power Indic | RUT | Short | Sell | Nov 5th, 2008 | RUT Fell 33 Points (6.6 %) |
| 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 %) |

Many thanks to the brave men and women whom we honor this Veterans Day.

The ***Dow Industrials*** dropped 176.58 points, closing at 8,693.96 Tuesday, November 11th. ***NYSE volume was up at 90*** percent of its 10 day average. Downside volume was 86 percent, with declining issues at 81 percent, with downside points at 94 percent. ***S&P 500 Demand Power fell 10 points to 428, while Supply Pressure rose 3 points to 491***, telling us the decline was mostly due to retreating interest to buy, rather than a strong urge to sell. The 30 minute and 15 minute Full Stochastics give indecisive guidance for Wednesday.

Same comments tonight. ***The key trend-finder indicators, Elliott Wave counts, and Full Stochastics suggest the odds favor a decline in stocks 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. ***Tuesday's decline should continue under either Bearish scenario: where a triangle is unfolding, needing more decline to complete wave {d} down; or the more immediately severe Bearish scenario calling for a plunge at this time. A break below 8,400 would argue the plunge/crash is underway, headed for new lows.***

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 Tuesday. Tuesday's McClellan Oscillator worsened to positive + 14.75. The Summation Index improved to negative -2,547.99. NYSE New Highs were rose to 15, with New Lows higher at 324 Tuesday. The McClellan Oscillator is now in a strong declining trend.

The percent of DJIA stocks above their 30 day moving average remained at 30.00. The percent above 10 day fell to 6.67 from 26.67. The percent above 5 day fell to 23.33 from 36.67. The NYSE 10 day average Advance/Decline Line Indicator plunged to positive + 48.6, 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 Tuesday. The DJIA 30 day Stochastic Fast remained at 30.00, above the Slow at 22.67, but not decisively above, remaining "sell" signal from November 5th. The DJIA 14 day Stochastic fell to 30.00, below the Slow at 48.33, 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 5 points to negative -103.65, remaining on a "sell" signal from November 5th, needing to rise above -97.65 for a new buy signal.

The Plunge Protection Team Risk Indicator fell to negative -27.67 Tuesday, 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 fell to 0.99 Tuesday, 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 Tuesday, the Secondary Trend Indicator fell 8 points to negative -21, 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 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 |
| Nov 11 | Down 10 to 428 | Up 3 to 491 | Down 5 to -104 | Down 8 to -21 |

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 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 |
| Nov 11 | Down 5 to 414 | Flat 0 at 463 | Down 5 to -79 | - 27.67 |

10 Day Average Short-term Advance/Decline Signals

| <u>Index</u> | <u>Nov 11th 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 | + 48.6 | Buy | Nov 4th, 2008 | SPX Rose 0 Points (0.0 %) |
| NASDAQ 100 | - 6.6 | Sell | Nov 11th, 2008 | New Sell Signal |
| Russell 2000 | - 19.6 | Buy | Nov 10th, 2008 | RUT Rose 0 Points (0.0 %) |

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.

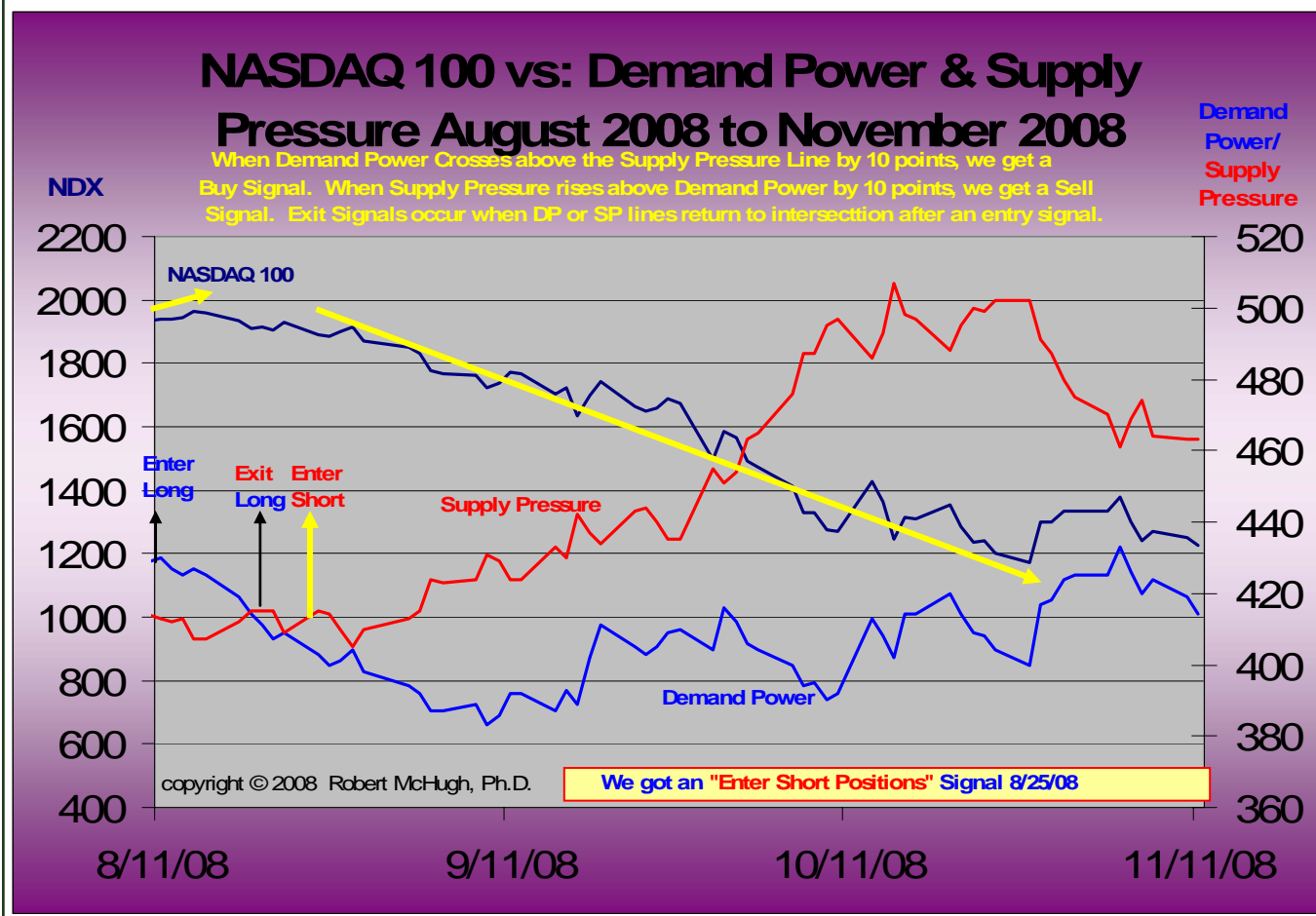
Have you noticed that the NDX crashed 40.0 percent since our NDX 10 day average Advance/Decline Line Indicator generated a sell signal August 20th, 2008, less than two months ago.

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 25.41 points Tuesday, closing at 1,225.59. Volume rose to 86 percent of its 10 day average. **Downside volume led at 94 percent. Declining issues led at 91 percent, with downside points at 91 percent. NDX Demand Power fell 5 points to 414, with Supply Pressure was flat at 463**, telling us the decline was due to buyers sitting on the sidelines.

Our key trend-finder indicators **remain on a "sell" signal Tuesday**. The **NDX 14 day Stochastic Fast** fell to 19.00, below the Slow at 34.40, **remaining on a "sell" signal from November 5th**. The **NDX Purchasing Power Indicator** fell 5 points to negative -79.20, **remaining on a "sell" signal from November 5th**. The **NDX 10 day average Advance/Decline Line Indicator** fell to negative -6.6, **triggering a new "sell" signal** November 11th, when it fell below the negative - 5.0 threshold for a new "sell" 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 Tuesday, November 11th.



The *Russell 2000* fell 10.81 points Tuesday, closing at 482.29. Volume was up 88 percent of its 10 day average, with downside volume leading at 77 percent, with declining issues leading at 75 percent. The *RUT Purchasing Power Indicator* fell to positive + 0.46, **remaining on a "sell" signal from November 6th**. The *RUT 10 day average Advance/Decline Line Indicator* plunged to negative - 19.60, **remaining on a "buy" signal from November 10th**, when it rose above the positive +180.00 threshold for a new "buy" signal.

The *HUI Amex Gold Bugs Index* fell 13.54 points Tuesday, closing at 196.99. Volume was flat at 79 percent of its 10 day average. Downside volume was 95 percent, with declining issues at 90 percent, and downside points at 99 percent. **Our key trend-finder indicators remain on a "sell" signal Tuesday, November 11th**. The *HUI 30 day Stochastic* Fast fell to 15.00, above the Slow at 8.89, **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* fell to 182.81, **remaining on a "sell" signal from November 6th**. December *Gold* fell to 732.8. *Silver* fell to 9.785, while *Oil* fell to 58.75. The *Dollar* rose 1.06 to 87.14. **Bonds rose a point to 118^14**. 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 1.46 to 61.44, **as volatility and fear remain**.

The *Australia SPASX200* plunged 146.90 points, or 3.58 percent Tuesday. 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:**

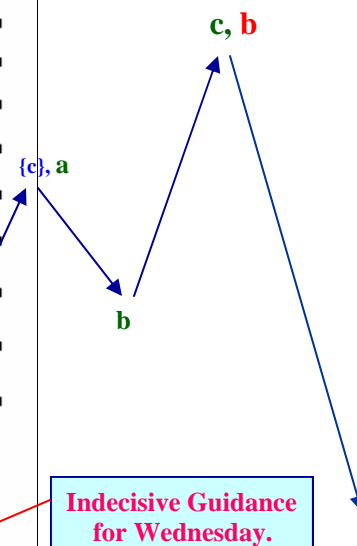
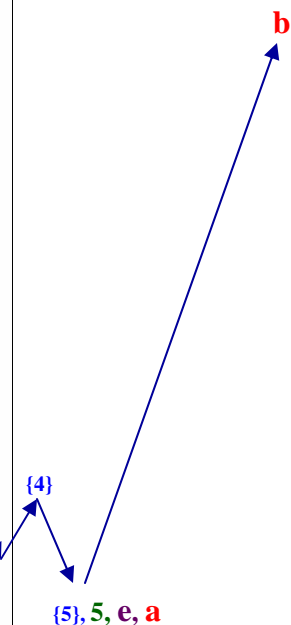
**6 Months for \$175, or
10 Months for \$215, or
12 Months for \$300, or
13 Months for \$249, or
18 Months for \$359, or
* 24 Months for \$449 ***

Good through Sunday, November 16th, 2008

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Elliott Wave Principle. Simply email us your shipping address.**





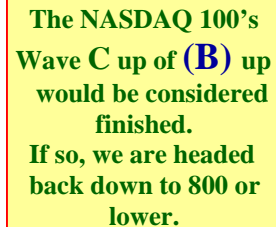


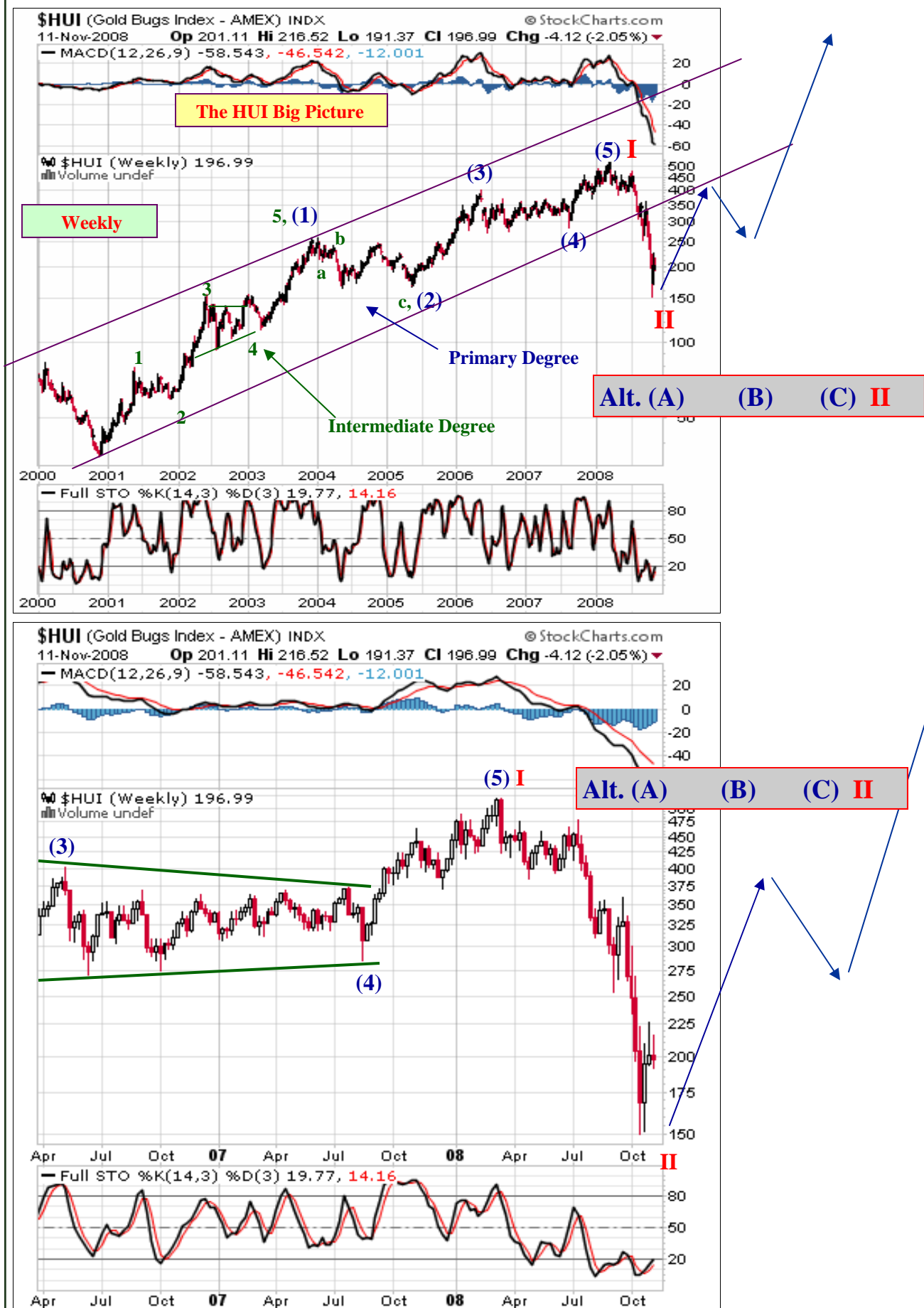


**Guidance Indecisive
for Wednesday.**



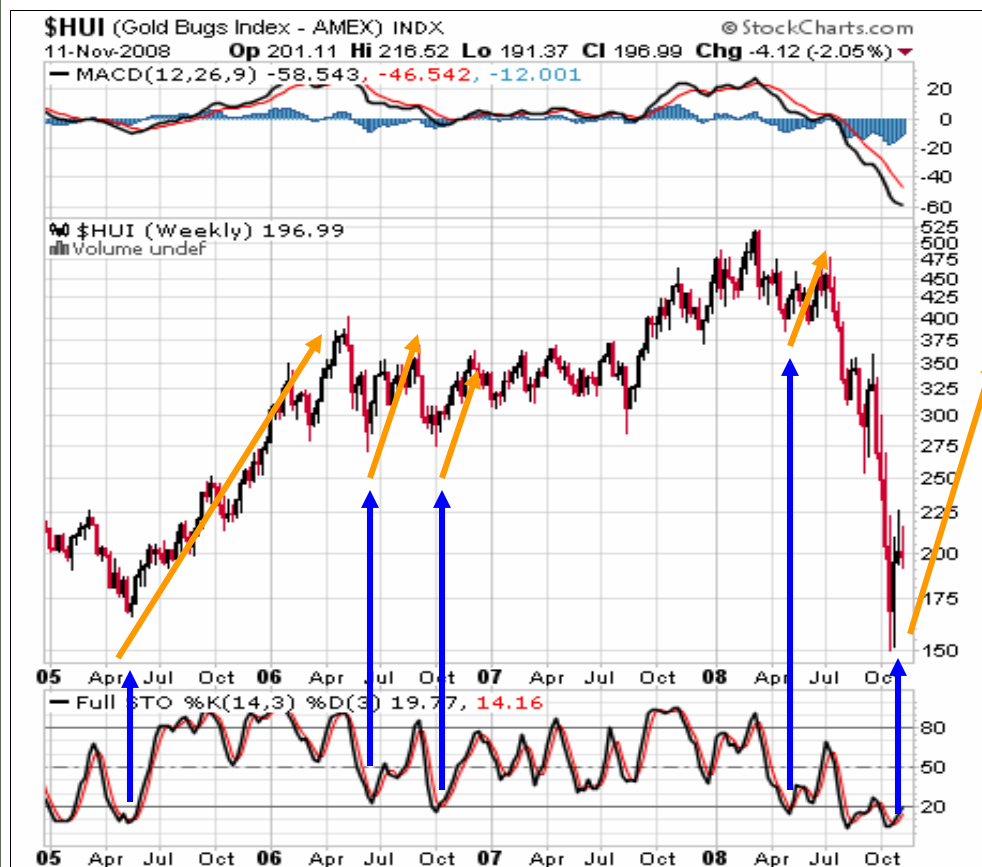








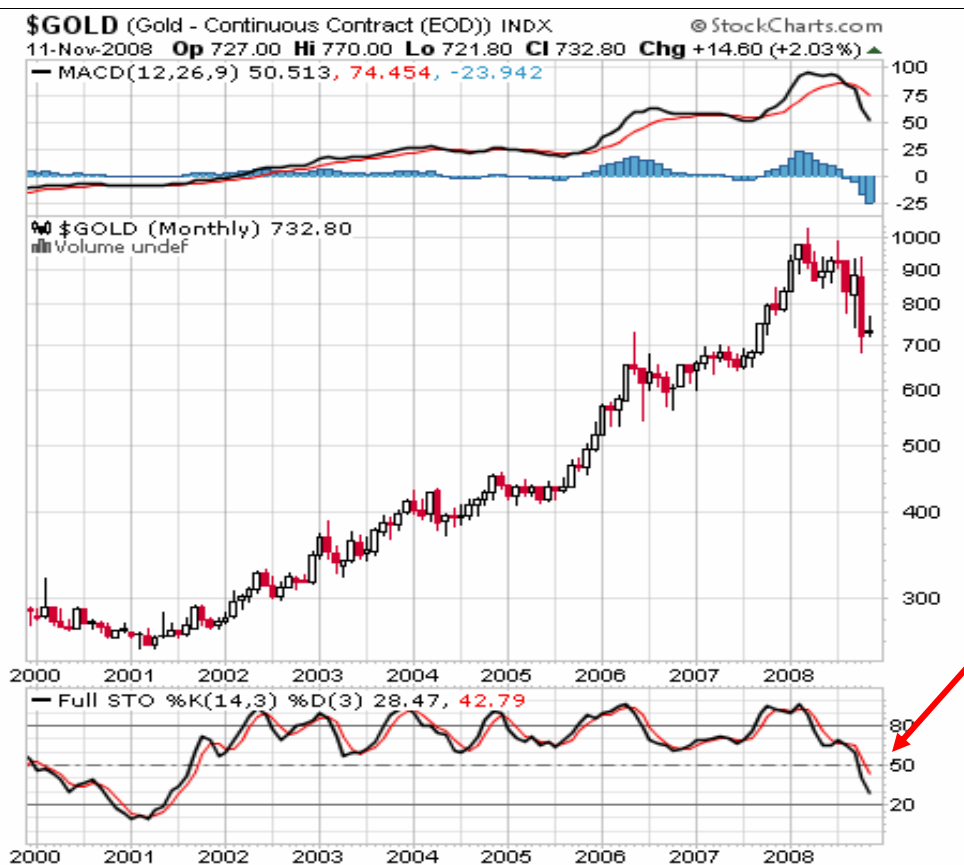
The MACD triggers
 a Buy signal.
 The Full Stochastics
 Trigger a buy signal,
 at the
 level where tops
 arrive.



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.





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> | 1 Week Avg. <u>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 |
| 11/11/08 | 61.44 | 87.14 | 125.11 | 252.08 | 732.8 | 9.78 | 58.75 | Hidden |

Note: VIX and Dollar rise; Inflation assets fall.

Conservative Balanced Portfolio Recent Transactions As of Tuesday November 11th, 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.***