

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

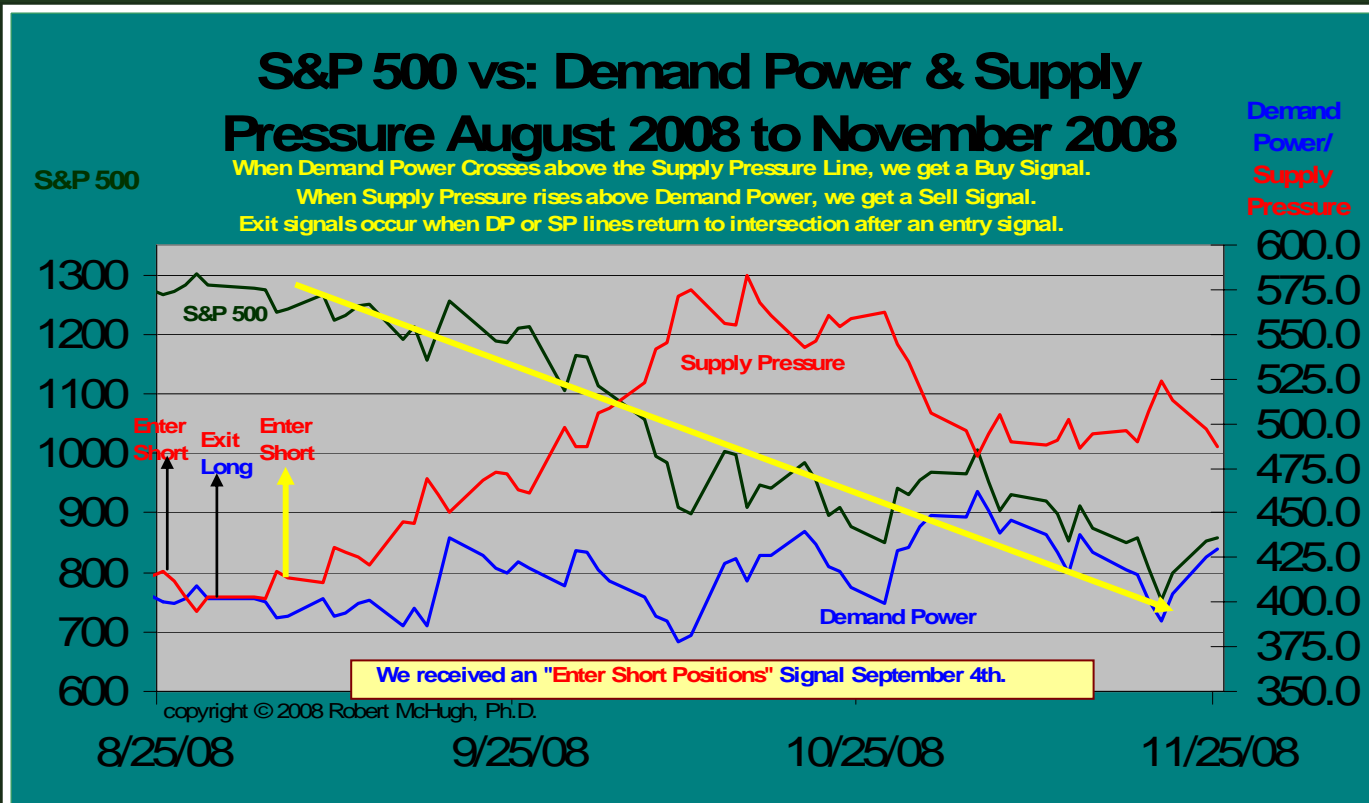
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SUMMARY OF INDEX DAILY CLOSINGS FOR TUESDAY, NOVEMBER 25th, 2008

<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 19	7997.28	3141.52	806.58	1386.42	1087.60	412.38	122^03
Nov 20	7552.29	2988.99	752.44	1316.12	1036.51	385.31	127^24
Nov 21	8046.42	3122.75	800.03	1384.35	1085.57	406.54	126^09
Nov 24	8443.39	3300.13	851.81	1472.02	1154.34	436.80	125^09
Nov 25	8479.47	3393.44	857.39	1464.73	1142.58	443.18	126^29



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	430	506	SPX Fell 491 Points (39.9 %)
NDX	Short	Enter Short	8/25/2008	415	456	NDX Fell 870 Points (46.1 %)

* 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	Buy	Nov 21st, 2008	DJIA Rose 561 Points (7.0 %)
DJIA 14 Day Stochastic	DJIA	Short	Buy	Nov 24th, 2008	DJIA Rose 164 Points (1.9 %)
DJIA 30 Day Stochastic	DJIA	Short	Buy	Nov 24th, 2008	DJIA Rose 164 Points (1.9 %)
DJIA Primary Trend Indicator	DJIA	Long	Sell	Sept 30th, 2008	DJIA Fell 3401 Points (31.3 %)
Secondary Trend Indicator	DJIA/S&P	Short	Sell	Oct 2nd, 2008	DJIA Fell 3033 Points (28.9 %)
NDX Purchase Power Indic	NASDAQ 100	Short	Buy	Nov 21st, 2008	NDX Rose 83 Points (7.6 %)
NDX 14 Day Stochastic	NASDAQ 100	Short	Buy	Nov 24th, 2008	NDX Rose 14 Points (1.2 %)
RUT Purchase Power Indic	RUT	Short	Buy	Nov 21st, 2008	RUT Rose 36 Points (9.0 %)
HUI Purchasing Power Indic	HUI	Short	Buy	Nov 21st, 2008	HUI Rose 26 Points (12.4 %)
HUI 30 Day Stochastic	HUI	Short	Buy	Nov 21st, 2008	HUI Rose 26 Points (12.4 %)

Here's the problem: The Master Planners are putting out (have already committed) several trillion dollars (That's right, they have already blown past the hyper-publicized \$700 billion figure) in this piecemeal "bailout" — and you can bet this number will reach ten to fifteen trillion dollars before this Depression ends — and you are not getting any of it. None. It is going to those institutions who lend. If you want it, you are going to have to borrow it. Insanity.

On Tuesday, the Master Planners announced total bailout commitments, loans, and pledges of backing totaling \$7.0 trillion — and none of it is going to Main Street unless they borrow it. This is on top of the \$800 billion in bad loans the Federal Reserve announced on Tuesday it was going to buy. The Fed announced they are going to buy \$200 billion of bad credit card, auto, student, and small business loans from banks, that it would also in addition buy \$500 billion of bad mortgages guaranteed by Freddie Mac (FHLMC) and Fannie Mae (FNMA), plus it would buy directly from Freddie, Fannie, and the Federal Home Loan Bank (FHLB) \$100 billion of bad mortgages they hold on their balance sheets. This is in addition to the \$700 billion Treasury is spending on bailouts for AIG, Goldman Sachs, Citigroup, and 53 other banking institutions. ***When the Fed says it is buying bad assets it means they are printing money out of thin air, and simply giving it for free to the lucky institutions holding toxic assets.*** A freebie. You aren't getting any freebies, are you? Nope. This is an atrocity being perpetrated on an unsuspecting populace. Main Street gets nothing of the trillions being handed out to Wall Street, Banks, and Corporations, enough to send the Dollar to the 40's. This plan is destined to fail, because without helping Main Street, a new wave of trillions of bad assets (that presently are good loans being paid on time) will crop up as people lose jobs, and cannot find the income to repay their debts. A better plan is to take this \$9.0 trillion and give it to American Households in the form of a tax rebate to payoff their debts. For those of you who thought that a tax rebate of \$13 trillion was nuts — too much — well, the Master Planners are going to print that amount and spend it anyway, so the Dollar is doomed, and the only difference is their plan will fail and the tax rebate plan will work, trickling up to Wall Street, Banks, and Corporations, while simultaneously cleaning up Main Street's balance sheets.

We learned Tuesday that housing prices fell 16.6 percent in the third quarter 2008 versus the same period a year earlier, according the S&P Case-Shiller Housing Index. We also were told that third quarter GDP fell 0.5 percent, the worst performance since 2001. We also learned that Consumer Spending fell 3.7 percent, as households struggle to make ends meet, the worst drop in 28 years.

The **Dow Industrials rose 36.08** points Tuesday, closing at 8,479.47. It was the first time since August that the Industrials rose for three consecutive days. **NYSE volume was down at 94** percent of its 10 day average Tuesday. Upside volume led at 65 percent, with advancing issues at 67 percent, with upside points at 73 percent. **S&P 500 Demand Power rose 5 points to 430, while Supply Pressure fell 10 points to 487**, telling us the rally was mild, and due mostly to a lack of selling pressure rather than a strong urge to buy.

In doing some projections for the PPT indicator, it does not look like it is going to generate a new “buy” signal any time soon. That drags any confirmation that wave (B) up started Friday. It doesn't mean wave (B) did not start Friday, but lowers our confidence for trading purposes. Nothing is easy in this market. Still, ***there is a decent chance that wave (B) up did start Friday, November 21st, that wave (A) down, the first phase of this three phase Bear Market ended precisely on our most recent phi mate turn date, Thursday, November 20th, 2008.*** This second phase will be a calm before the next major storm, so use it wisely to raise cash. We cannot be certain what pattern wave (B) will form. It could be an A-B-C flat, a Zigzag, or a five wave triangle that has huge swings in prices back and forth. If a triangle, the largest up wave will be the first, the one that likely started Friday and continued Monday.

In looking for signs to confirm that wave (B) up has started, we have a few tonight, but not enough to say *convincingly* that wave (B) up has started. First, Monday was a 90 percent up day, and that is one criteria we wanted to see. The start of wave (B) up should be dramatic and the rally Friday and Monday have been just that, a 10 percent rise in two days. Second, many of our key trendfinder indicators are now on buy signals, and the Daily Full Stochastics generated new buy signals Monday from levels where multi-week bottoms start. However a number of key indicators remain on sells Tuesday. The Weekly and Monthly Full Stochastics remain on sell signals. Once they turn to buys, we can safely conclude wave (B) up is underway. They are close to generating buy signals.

This phase is a gift. The eye of the hurricane storm, which is a category 5 financial storm. A second chance to raise cash at higher prices. Because, once it completes, a world rattling catastrophic plunge is coming, one that will take prices far lower than anyone — even Bears — imagine, wave (C) down. Wave (C) down could be so bad as to usher in mergers of nations, where nations become states within new larger nations. This coming political solution to wave (C)'s calamity is good reason to accumulate Gold.

Short-term, the 30 minute Full Stochastics are giving indecisive guidance for prices Wednesday, however the 15 minute Full Stochastics, as well as our percent above 5 day indicator, are suggesting stocks could fall Wednesday.

The Demand Power/Supply Pressure indicators generated an enter short position signal September 4th, and remains there Tuesday. Tuesday's McClellan Oscillator improved to positive + 54.84. The Summation Index improved to negative -3,682.53. NYSE New Highs rose to 7, with New Lows falling to 100 Tuesday.

The percent of DJIA stocks above their 30 day moving average remained at 33.33. The percent above 10 day remained at 70.00. The percent above 5 day fell to 96.67 from 100.00. The NYSE 10 day average Advance/Decline Line Indicator improved to negative -665.5, remaining on a "sell" signal from November 12th, when it fell below the negative - 120.00 threshold necessary for a new "sell." This argues that another leg lower is coming over the short-run before a bottom.

Our three Blue Chip key trend-finder indicators (other than the Demand Power/Supply Pressure Indicator) remained on a "buy" signal Tuesday. The DJIA 30 day Stochastic Fast remained at 33.33, above the Slow at 18.00, remaining on a "buy" signal from November 24th. The DJIA 14 day Stochastic rose to 50.00, above the Slow at 19.44, remaining on a "buy" signal from November 24th. The Fast had to cross more than 10 points below the Slow for a new "sell." The S&P 500 Purchasing Power Indicator rose 1 points to negative -110.32, remaining on a "buy" signal from November 21st.

The Plunge Protection Team Risk Indicator fell to positive + 10.44 Tuesday, remaining on a "sell" signal from November 17th. A rise above positive + 20.0 would trigger 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. After this indicator generated a sell signal November 17th, the Industrials fell 824 points, or 10 percent.

The DJIA Call/Put Ratio rose to 0.98 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 rose 3 points to negative -25, remaining 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.

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 18	Down 3 to 415	Down 6 to 490	Up 1 to -113	Up 2 to -28
Nov 19	Down 14 to 401	Up 17 to 507	Down 18 to -131	Down 8 to -36
Nov 20	Down 12 to 389	Up 17 to 524	Down 25 to -156	Down 6 to -42
Nov 21	Up 16 to 405	Down 11 to 513	Up 28 to -128	Up 8 to -34
Nov 24	Up 20 to 425	Down 16 to 497	Down 17 to -111	Up 6 to -28
Nov 25	Up 5 to 430	Down 10 to 487	Up 1 to -110	Up 3 to -25

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 18	Flat 0 at 408	Down 4 to 460	Flat 0 at -88	- 13.73
Nov 19	Down 7 to 401	Up 7 to 467	Down 19 to -107	- 7.65
Nov 20	Down 6 to 395	Up 7 to 474	Down 17 to -124	- 2.39
Nov 21	Up 9 to 404	Down 8 to 466	Up 14 to -110	+ 7.79
Nov 24	Up 13 to 417	Down 9 to 457	Up 19 to -91	+ 10.50
Nov 25	Down 2 to 415	Down 1 to 456	Down 2 to -93	+ 10.44

10 Day Average Short-term Advance/Decline Signals

<u>Index</u>	<u>Nov 25th 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	- 665.5	Sell	Nov 12th, 2008	SPX Fell 111 Points (13.1 %)
NASDAQ 100	- 18.9	Sell	Nov 11th, 2008	NDX Fell 206 Points (16.9 %)
Russell 2000	- 242.0	Sell	Nov 12th, 2008	RUT Fell 81 Points (18.0 %)

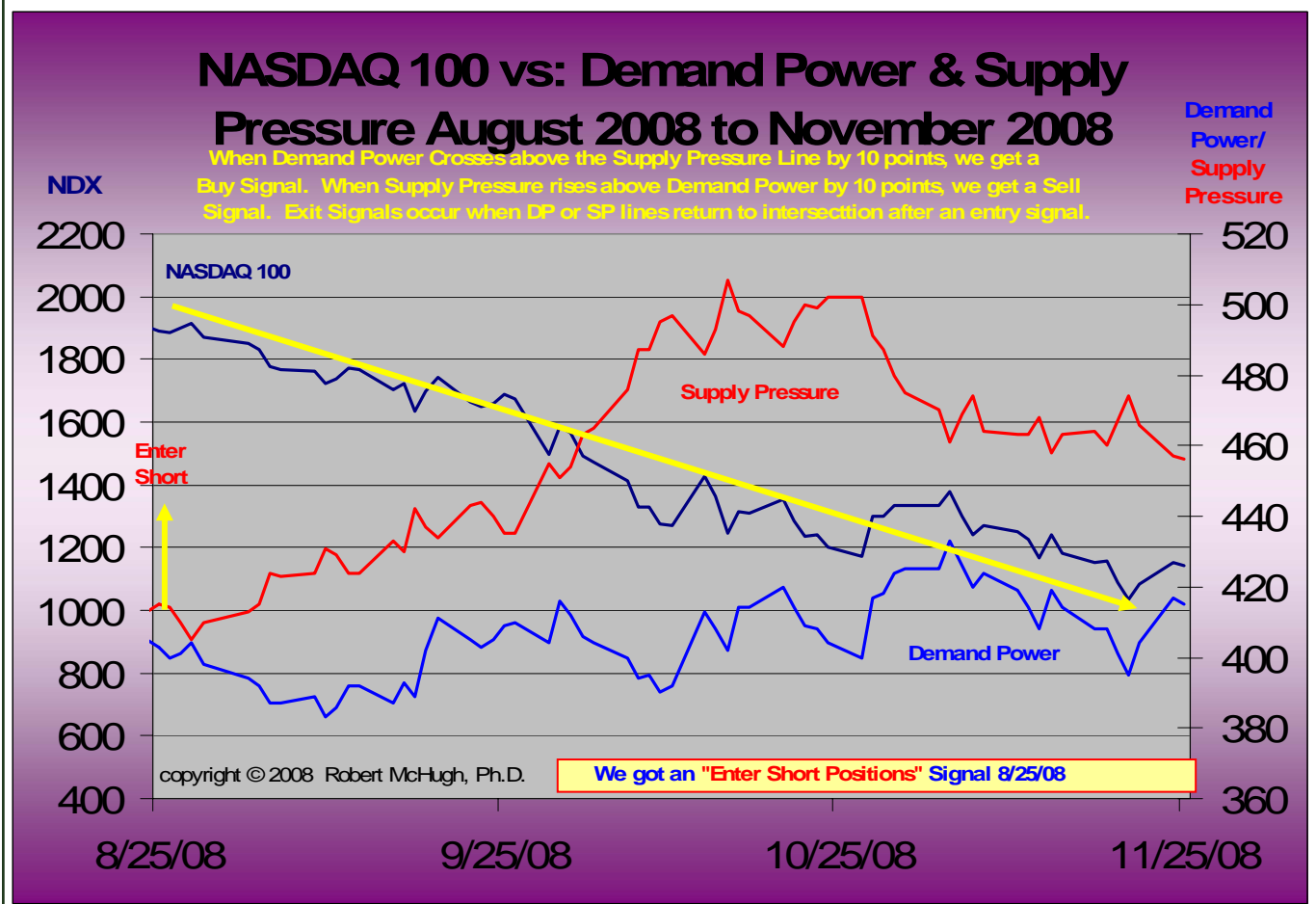
Shorting should only be done with funds that are speculative and the investor is willing to accept a substantial loss on. That is because the PPT is very active at this time.

Gold's and the HUI's Daily and Weekly Full Stochastics, are on a buy signal. The Monthly Full Stochastics are close to generating new buy signals.

Check out our new Thanksgiving Day Specials, extended through [Sunday, November 30th](#), including an 18 month offering. If you are enjoying your subscription, please tell a friend.

The **NASDAQ 100** fell 11.76 points Tuesday, closing at 1,142.58. Volume was up at 130 percent of its 10 day average. **Downside volume led at 75 percent. Declining issues led at 75 percent, with upside points at 55 percent. NDX Demand Power fell 2 points to 415, with Supply Pressure falling 1 points to 456**, telling us the decline was mild, with neither side convicted about the coming trend.

Our key trend-finder indicators **remain on a "buy" signal Tuesday**. The **NDX 14 day Stochastic Fast** remained at 31.00, above the Slow at 14.60, **remaining on a "buy" signal from November 24th**. The **NDX Purchasing Power Indicator** fell 2 points to negative -93.11, **remaining on a "buy" signal from November 21st**. The **NDX 10 day average Advance/Decline Line Indicator** rose to negative -18.9, **remaining on a "sell" signal from 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 25th. **Since it generated a sell signal, the NDX has crashed 45 percent.**



The **Russell 2000** rose 6.38 points Tuesday, closing at 443.18. Volume fell to 94 percent of its 10 day average, with upside volume leading at 61 percent, with advancing issues leading at 67 percent. **The RUT Purchasing Power Indicator** rose to negative -12.18, *remaining on a "buy" signal from November 21st*. The **RUT 10 day average Advance/Decline Line Indicator** improved to negative - 242.8, *remaining on a "sell" signal from November 12th*, when it fell below the negative -180.00 threshold for a new "sell" signal.

The **HUI Amex Gold Bugs Index** rose 1.41 points Tuesday, closing at 229.70. Volume was lower at 99 percent of its 10 day average. Downside volume was 58 percent, with advancing issues at 55 percent, and upside points at 73 percent. **Our key trend-finder indicators remain on a "buy" signal Tuesday, November 25th**. The **HUI 30 day Stochastic Fast** remained at 75.00, above the Slow at 30.56, *remaining on a "buy" signal from November 21st*. The Fast had to rise more than 20 points above the Slow to trigger a new "buy." The **HUI Purchasing Power Indicator** rose to 201.70, *remaining on a "buy" signal from November 21st*. December **Gold** fell to 812.5. **Silver** fell to 10.26, while **Oil** fell to 51.15. The **Dollar** fell sharply, down 1.14 to 84.73. **Bonds** rose 2 points to 126^29. 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** fell 3.80 to 60.90.

The **Australia SPASX200** rose 198.30 points, or 5.79 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.*

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13 Months for \$249, or
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* 24 Months for \$449 **

Extended through Sunday, November 30th, 2008

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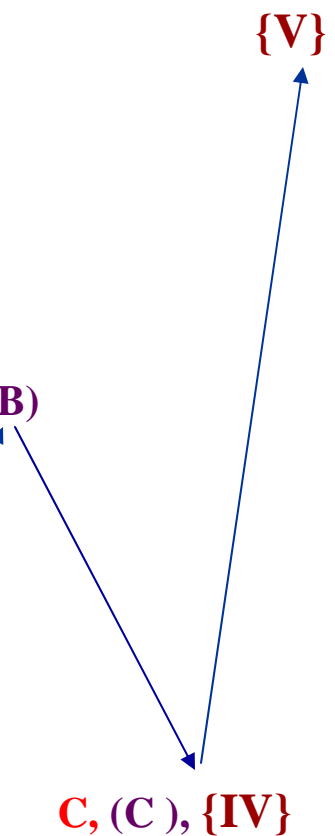
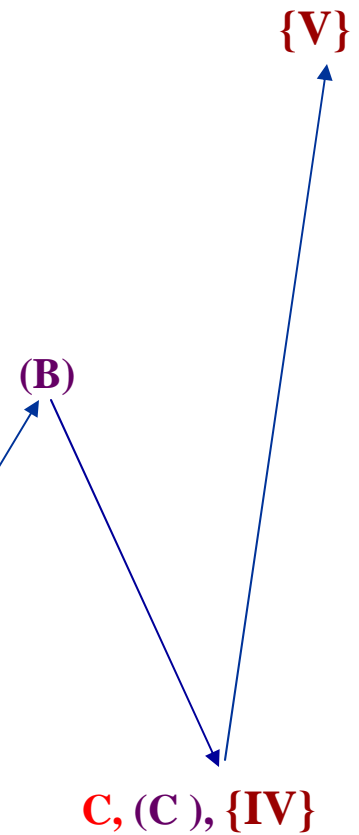


The above chart is a closer look at the big picture. We originally hoped that the decline we are seeing now would be the bottom of wave 2, however *with the recent reconfirmation of the Dow Theory Signal, and a new "Sell" signal in our long-term PTI signal, clearly there is more substantial downside coming* after any rally here. This fits with Thursday's development where the S&P 500 fell decisively below their 2002 lows, also confirming we are in Grand Supercycle wave {IV} down.

However, we believe we are approaching a multi-week bottom, perhaps multi-month bottom, and may be there as of last Friday. The Monthly, Weekly, and Daily Full Stochastics are all oversold. This suggests the first leg of the Bear Market is completing, may be over, wave (A) down within an (A)-down, (B)-up, (C)-down Grand Supercycle Wave {IV} down. The start of wave (B) up is imminent, and may have already started. This rally should be dramatic, should consist of three waves, A-up, B-down, C-up within wave (B)-up. There is a possibility this coming wave (B) forms a triangle pattern. If so, it will consist of five violent swings, each successive wave smaller than its preceding wave. We will identify which pattern is developing as soon as evident.

The bad news is, that once this wave (B) rally finishes, maybe early to mid 2009, a nasty decline will follow, the third leg of the Bear Market, wave (C) down. That bottom suggests something along the lines of Armageddon is transpiring, in its early stages, which no doubt will lead to change in our political structure, installing either fascism or socialism to a degree never before imagined. What we are saying is, this should be worse than the 1930's, which led to World War II. That political environment is where holding actual gold coins would be beneficial.

That is the big picture way things look at this time.









The NASDAQ 100 Is Completing the first wave of a five wave Declining Wedge, for wave (C) down. B up is next, and may have started.



Wave B up may have Started Friday, November 21st. The day after our phi mate turn date



The MACD triggers
a Buy signal.
The Full Stochastics
Are on a Buy signal.



Daily MACD
On a buy signal.

Daily Full STO
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>	1 Week Avg. <u>M-3</u>
11/14/08	66.31	86.72	126.04	247.58	742.5	9.49	57.60	Hidden
11/21/08	72.67	87.80	125.89	231.58	791.8	9.48	49.93	Hidden
11/25/08	60.90	84.73	130.60	238.02	812.5	10.26	51.15	Hidden

Note: VIX and Dollar falls; inflation assets rise.

Conservative Balanced Portfolio Recent Transactions As of Tuesday November 25th, 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.

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Extended through Sunday, November 30th, 2008

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“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.***