ROBERT D. MCHUGH, JR., Ph.D.

Weekend Market Newsletter

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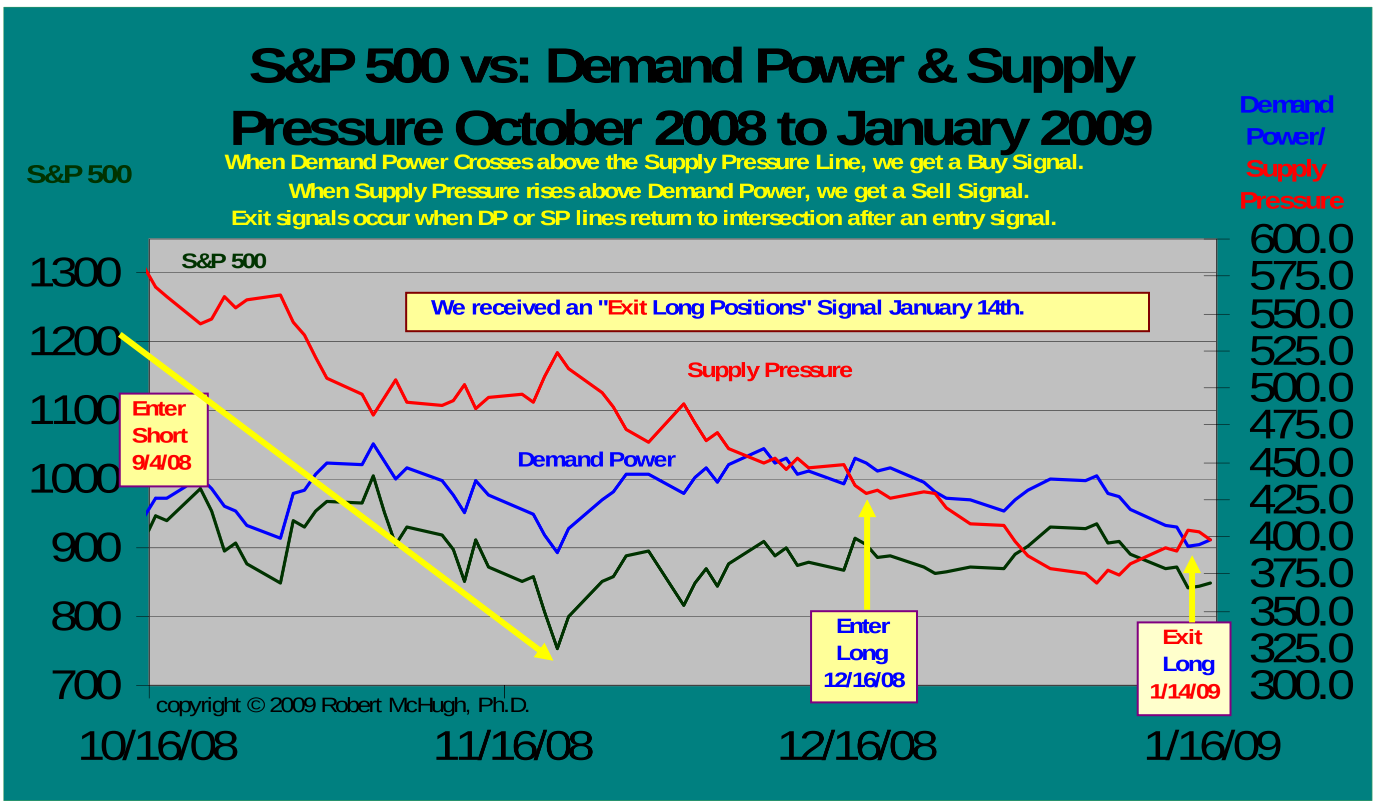
Email Address:
rmchugh@technicalindicatorindex.com

SUMMARY OF INDEX DAILY CLOSINGS FOR FRIDAY, JANUARY 16th, 2009

Date	DJIA	Transports	S&P	NASDAQ COMPQ	NASDAQ 100	Russell 2000	30 Yr Treas Bonds
Jan 9	8599.18	3460.71	890.35	1571.59	1223.01	481.30	133^05
Jan 12	8473.97	3318.84	870.26	1538.79	1201.13	468.80	134^27
Jan 13	8448.56	3279.26	871.79	1546.46	1202.65	473.79	134^27
Jan 14	8200.14	3121.31	842.62	1489.64	1163.42	453.17	136^28
Jan 15	8212.49	3169.77	843.74	1511.84	1183.52	462.62	137^15
Jan 16	8281.22	3147.60	850.12	1529.33	1198.14	466.45	136^07



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

Index	Term	* Signal	First Date of Signal	Current Demand Pr.	Current Supply Pr.	Fullest Extent of Index Move Since Signal
S&P 500/DJIA	Short	Exit Long	1/14/2008	398	398	Exit Long Position
NDX	Short	Enter Short	1/14/2009	399	406	NDX Fell 21 Points (1.9 %)

* 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

	Index	Term	Signal	Date Current Signal	Fullest Extent of Index Move Since Signal
Purchasing Power Indicator	DJIA/S&P	Short	Sell	Jan 7th, 2009	Fell 774 Points (8.8 %)
DJIA 14 Day Stochastic	DJIA	Short	Sell	Jan 7th, 2009	Fell 774 Points (8.8 %)
DJIA 30 Day Stochastic	DJIA	Short	Sell	Jan 7th, 2009	Fell 774 Points (8.8 %)
DJIA Primary Trend Indicator	DJIA	**Long**	Sell	Sept 30th, 2008	DJIA Fell 3401 Points (31.3 %)
Secondary Trend Indicator	DJIA/S&P	Short	Buy	Dec 26th, 2008	DJIA Rose 572 Points (6.7 %)
NDX Purchase Power Indic	NASDAQ 100	Short	Buy	Jan 16th, 2009	**New Buy Signal**
NDX 14 Day Stochastic	NASDAQ 100	Short	Sell	Jan 7th, 2009	Fell 96 Points (7.8 %)
RUT Purchase Power Indic	RUT	Short	Sell	Jan 7th, 2009	Fell 62 Points (12.4 %)
HUI Purchasing Power Indic	HUI	Short	Buy	Jan 16th, 2009	**New Buy Signal**
HUI 30 Day Stochastic	HUI	Short	Sell	Jan 12th, 2009	Fell17 Points (6.6 %)

Note: Markets are closed Monday in observance of Martin Luther King's Birthday. Our next report will be Tuesday evening, Inauguration Day.

The ***Dow Industrials rose over 100*** points Friday Morning, then reversed course, dropping 200 points, then rose, closing up 68.73 points for the day at 8,281.22. ***In our 15 and 30 minute charts Thursday, we suggested prices could rise intraday Friday, then fall. That happened before prices rose into the close. NYSE volume fell to 117*** percent of its 10 day average. ***Upside volume led at 64 percent, with advancing issues at 65 percent, with upside points at 80 percent.*** It could be that wave **B-**down bottomed Thursday at 7,995, or will bottom very soon. The Daily Full Stochastics suggest the short-term decline that started a few days ago is just about over, as they have generated new buy signals from oversold levels. Wave **C-**up could be starting. ***As expected, the PPT Indicator generated a new "buy" signal Friday. It would seem that the hope that comes with Inauguration Day is about to kick off a new rally phase. S&P 500 Demand Power rose 3 points to 398, while Supply Pressure fell 5 points to 398,*** telling us the rise was due to a lack of supply.

We are in a period of respite for a few months, but a severe decline is coming once this wave **(B)** up pause ends. ***We believe the decline over the past week is corrective, inside a larger degree rally leg. The percent above 30 day and 10 day indicators have fallen to extreme oversold levels, suggesting a short-term bottom is imminent or occurred at Thursday's 7,995 low.*** The Weekly Full Stochastics remain on a buy, and at a level where multi-week rallies occur. The Monthly Full Stochastics are arguing there is another up leg coming that lasts several weeks, maybe months. The next up leg should be wave **C**-up of **(B)** up. ***There is an alternate possibility that wave B down has further to go, that this bottom occurring now is just wave (A) down of an (A) down, (B) up, (C) down for wave B down.***

***The Demand Power/Supply Pressure indicators generated an exit long position signal January 14th, and remains there Friday*. *Friday's McClellan Oscillator rose mildly to negative - 29.45. Summation Index worsened to positive + 1,899.57*. *NYSE New Highs were flat at 4*, with *New Lows falling to 37 Friday*.

The percent of DJIA stocks above their 30 day moving average rose to 16.67 from 10.00. The percent above 10 day remained at zero. ***The percent above 5 day rose to 46.67 from 0.00.*** The ***NYSE 10 day average Advance/Decline Line Indicator fell to negative –229.2, triggering a new "sell" signal January 16th, dropping below the negative - 120.00 threshold necessary for a new "sell."***

<u>***Our three Blue Chip key trend-finder indicators (other than the Demand Power/Supply Pressure Indicator) remain on a "sell" signal Friday***</u>. The ***DJIA 30 day Stochastic*** Fast rose to 16.67, above the Slow at 16.00, ***remaining on a "sell" signal from January 7th.*** The ***DJIA 14 day Stochastic*** rose to 6.67, below the Slow at 11.67, ***remaining on a "sell" signal from January 7th.*** 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 point to negative –114.84, remaining on a "sell" signal from January 7th.***

The ***Plunge Protection Team Risk Indicator*** rose to ***positive + 20.02 Friday, January 16th, triggering a new buy signal. A rise above positive + 20.0 or a drop below –16.0 triggers a new "buy" signal.*** 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 fell to 0.98 Friday, remaining on a "neutral" signal from January 15th,(moving below 1.00 and above 1.40 is neutral, while rising *decisively* above 1.00 ***(above 1.10)*** triggers a new "buy"). ***On Friday, the Secondary Trend Indicator rose 5 points to positive + 16, remaining on a buy signal from December 26th when it went positive for the first time in three months.*** Above zero is Bullish. Below zero is Bearish. The closer it moves toward zero, the greater the risk of a developing 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.

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.

SUMMARY PAST WEEK'S DEMAND POWER/SUPPLY PRESSURE STATISTICS

Blue Chips S&P 500/DJIA

Date	Demand Power	Supply Pressure	Purchasing Power Indicator	Secondary Trend Indicator
Jan 9	Down 9 to 418	Up 8 to 382	Down 5 to –101	Down 4 to + 19
Jan 12	Down 11 to 407	Up 10 to 392	Down 6 to –107	Down 8 to + 11
Jan 13	Down 1 to 406	Down 2 to 390	Up 1 to -106	Up 4 to + 15
Jan 14	Down 12 to 394	Up 14 to 404	Down 11 to –117	Down 8 to + 7
Jan 15	Up 1 to 395	Down 1 to 403	Flat 0 at –117	Up 4 to + 11
Jan 16	Up 3 to 398	Down 5 to 398	Up 2 to –115	Up 5 to + 16

NASDAQ 100

Date	Demand Power	Supply Pressure	Purchasing Power Indicator	PPT Risk Indicator (Above +18% Means High Risk of a Short-covering Rally)
Jan 9	Down 5 to 402	Up 6 to 403	Down 8 to –74	- 17.36
Jan 12	Down 5 to 397	Up 4 to 407	Down 5 to –79	**- 7.25**
Jan 13	Down 1 to 396	Down 1 to 406	Flat 0 at –79	- 3.61
Jan 14	Down 5 to 391	Up 7 to 413	Down 11 to –90	+ 5.39
Jan 15	Up 4 to 395	Down 4 to 409	Down 5 to –85	+ 15.89
Jan 16	Up 4 to 399	Down 3 to 406	Up 4 to –81	**+ 20.02**

10 Day Average Short-term Advance/Decline Signals

Index	Jan 16th A/D Indicator	Signal	Date of Signal	Fullest Extent of Index Move Since Signal
NYSE/S&P 500	- 229.2	Sell	Jan 16th, 2009	**New Sell Signal**
NASDAQ 100	- 12.1	Sell	Jan 14th, 2009	NDX Fell 21 Points (1.9 %)
Russell 2000	- 335.8	Sell	Jan 14th, 2009	RUT Fell 13 Points (3.0 %)

Gold's and the HUI's Daily Full Stochastics suggest a short term rally is underway, after coming close to our downside targets, Gold falling to 800ish, and the HUI falling to 240ish. Gold hit 801.509 on January 15th, and the HUI hit 241.78 the same day. The short-term rally coming will be limited as the Weekly Full Stochastics are topping.

However, any declines will be within the context of a large price move up, as the Monthly Full Stochastics are on a buy from oversold levels, suggesting that a huge multi-week, maybe multi-month rally leg is underway.

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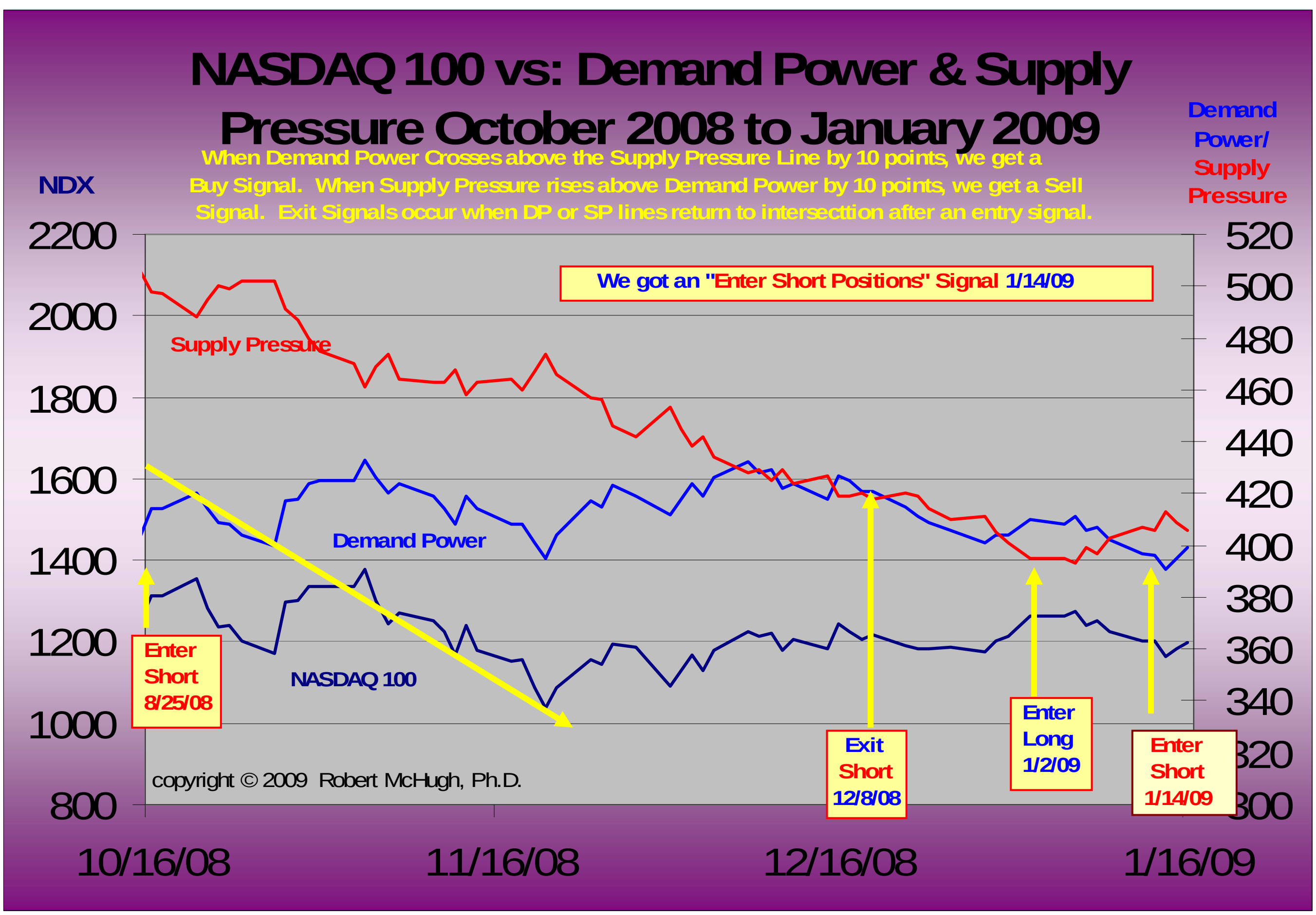
The ***NASDAQ 100 rose 14.62 points Friday, closing at 1,198.14.*** Volume was flat at 116 percent of its 10 day average. ***Upside volume led at 68 percent. Advancing issues led at 70 percent, with upside points at 88 percent. NDX Demand Power rose 4 points to 399, while Supply Pressure fell 3 points to 406,*** telling us the rally was mild but solid, with some mild short-covering. ***The DP/SP indicator triggered an enter short positions signal January 14th***, DP dropping more than 10 points below SP, remaining there Friday.

Our key trend-finder indicators moved to a "sideways" signal Friday. The ***NDX 14 day Stochastic*** Fast rose to 20.00, above the Slow at 18.20, ***remaining on a "sell" signal from January 7th, 2008.*** The ***NDX Purchasing Power Indicator rose 3 points to negative –81.23, triggering a new "buy" signal January 16th, 2008.*** The ***NDX 10 day average Advance/Decline Line Indicator*** worsened to negative –12.1, ***remaining on a "sell" signal from January 14th, 2009,*** when it first fell below the negative - 5.0 threshold for a new "sell" signal.



The ***Russell 2000 rose 3.83*** points Friday, closing at 466.45. Volume fell to 101 percent of its 10 day average, with upside volume leading at 64 percent, with advancing issues leading at 57 percent. ***The RUT Purchasing Power Indicator*** rose to negative –9.21, ***remaining on a "sell" signal from January 7th, 2009***. The ***RUT 10 day average Advance/Decline Line Indicator*** fell to negative –335.80, ***remaining on a "sell" signal from January 14th***, when it fell below the negative -180.00 threshold for a new "sell" signal.

The ***HUI Amex Gold Bugs Index rose 14.45 points Friday, closing at 274.81. Volume was up at 116 percent of its 10 day average.*** Upside volume was 100 percent, with advancing issues at 100 percent, and upside points at 100 percent. ***Our key trend-finder indicators moved to a "sideways" signal.*** The ***HUI 30 day Stochastic*** Fast rose to 85.00, above the Slow at 75.56, ***remaining on a "sell" signal from January 12th.*** The Fast had to fall more than 20 points below the Slow to trigger a new "sell." The ***HUI Purchasing Power Indicator rose to 212.36, triggering a new "buy" signal January 16th.*** February ***Gold*** rose sharply to 839.9. ***Silver*** rose sharply to 11.20, while February ***Oil rose to 35.88.*** The ***Dollar*** fell 0.50 to 83.97. ***Bonds fell a point to 136^07.*** 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. Bernanke finally suggested they will. The powerful rally in Bonds confirms they are monetizing Treasury debt. The ***VIX fell 4.89 points to 46.11.***

The ***Australia SPASX200 rose 21.40 points, or 0.61 percent Friday***. 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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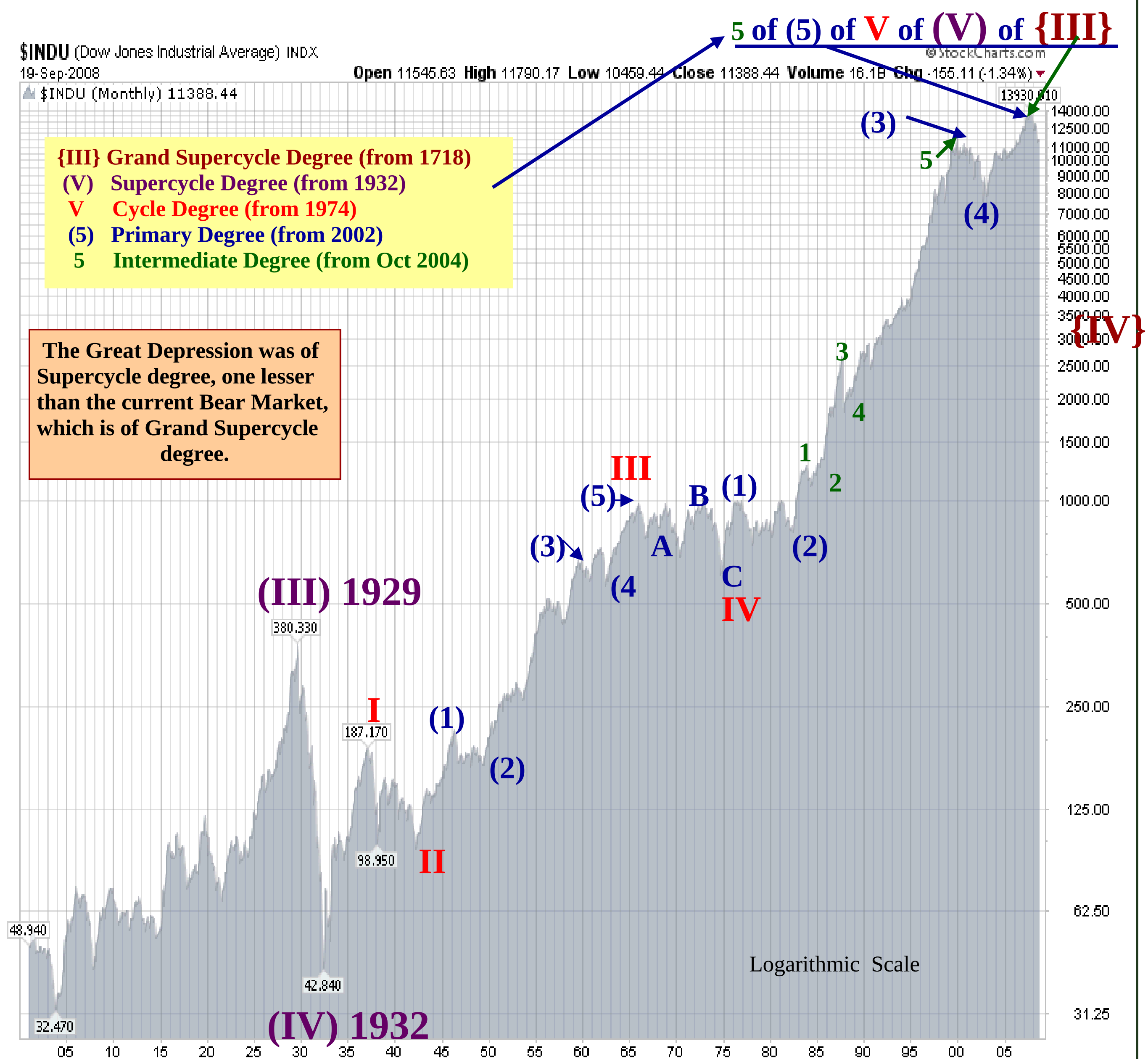
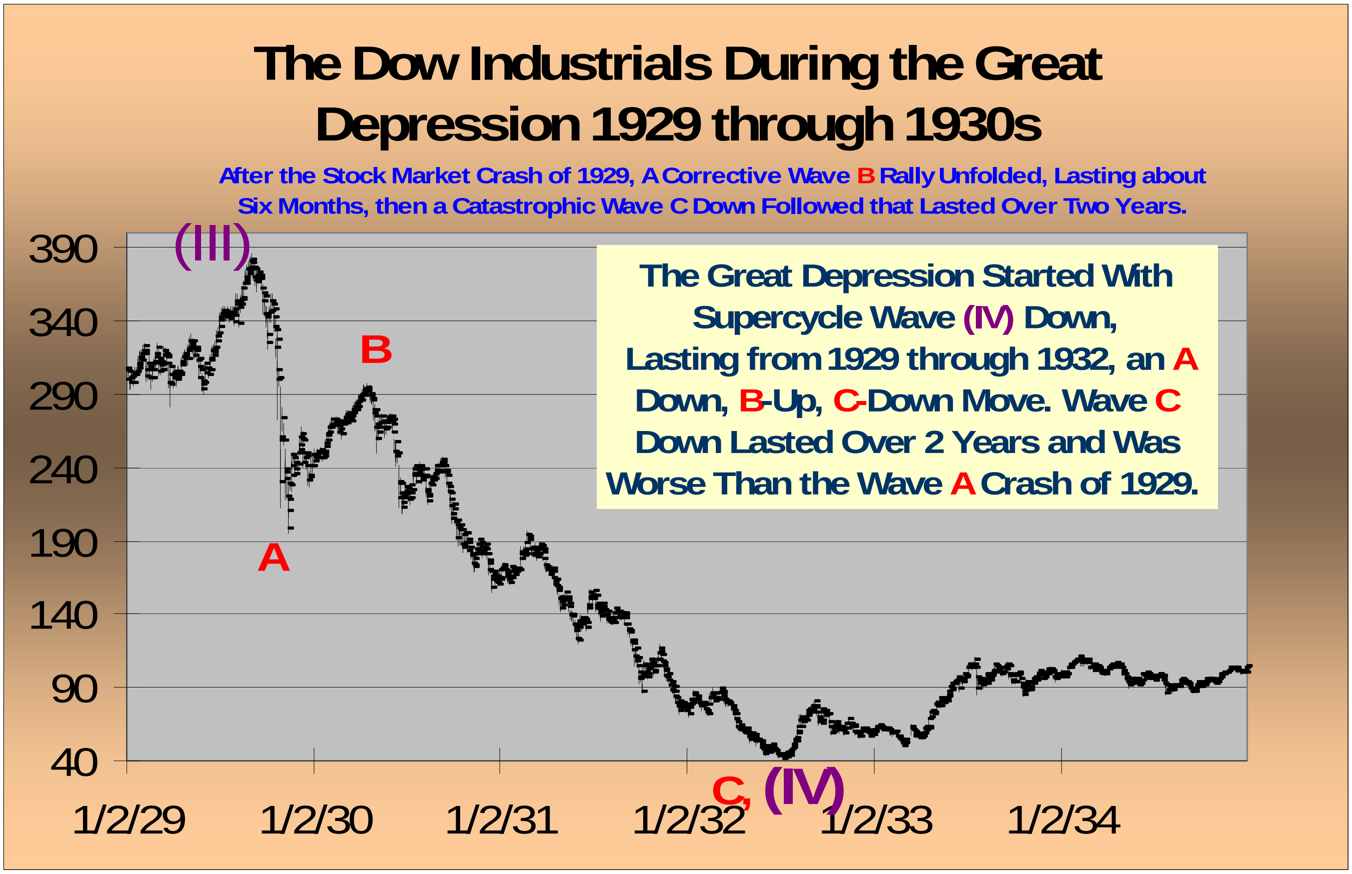
The Big Picture Elliott Wave Long-term Count in the Dow Industrials 1900 to 2008



Here is a Big Picture Historical Elliott Wave Labeling for the Dow Industrials. It now appears that Armageddon is right around the corner, which would suggest the above labeling, placing us deep inside a developing Grand Supercycle Wave **{IV}** down, that Grand Supercycle wave **{III}** up is over, at the October 2007 top. Because the S&P 500 broke below the October 2002 lows, we believe the worst case wave **{IV}** scenario is occurring. If in fact Grand Supercycle **{IV}** is occurring, we believe it will change the United States' political landscape like never before, to some form of totalitarian regime. Grand Supercycle waves change nations and governments. ***The Great Depression was of Supercycle degree, wave (IV) down, and was not of Grand Supercycle degree, like the current Bear Market is, which means this Bear Market will be worse.***



The above chart show the Supercycle Degree wave (IV) decline that kicked off the Great Depression of the 1930's. The point we want to make here is that the initial crash was merely wave A down of an A-down, B-up, C-down move that lasted in full about three and a half years.

Wave **A** down lasted about three months, from September 1929 through November 1929. Wave **B-**up corrected half the decline from Wave **A** down, and lasted about six months into April 1930.

At that point, it was a critical error to assume the worst was over. In fact, it was far from over. A catastrophic Wave C-down started in April 1930 and lasted into the summer of 1932. That two plus year decline was destined to wipe out more than the crash did, and take prices down to the point where the total damage from wave (IV) was 90 percent from its wave (III) peak in 1929.

The economy then was stuck in the throes of the Depression for the rest of the decade, only to be pulled out by the onset of World War II in the early 1940s.

The point here is we cannot be fooled by this Grand Supercycle degree wave (IV) that started in October 2007. Wave (A)-down is over, and Wave (B)-up is underway. However, a catastrophic Wave (C)-down is coming, just like one did in 1930 through 1932.

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***. This fits with November 20th's development where the S&P 500 fell decisively below their 2002 lows, confirming we are in Grand Supercycle wave **{IV}** down.

If Grand Supercycle wave {IV} down forms a Zig-zag pattern, it means time-wise, the Grand Supercycle wave could be short relative to other Grand Supercycle degree waves, however price-wise the decline will be dramatic, and therefore worthy of Grand Supercycle degree status. Above we show the Zig-zag scenario. ***A multi-week bottom, perhaps multi-month bottom, occurred on November 20th***. The Monthly and Weekly Full Stochastics are oversold, on buy signals. These intermediate term buy signals suggest the first leg of the Bear Market is complete, wave **(A)** down within an **(A)**-down, **(B)**-up, **(C)**-down Grand Supercycle Wave **{IV}** down. The start of wave **(B)** up is underway. 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.***

The above chart depicts ***the scenario where Grand Supercycle wave {IV} forms a sideways triangle pattern.*** This pattern would provide clear alternation with wave ***{II}'s*** pattern, which was either a flat or a zigzag, so its odds of occurring have to be taken seriously.

It is a good news, bad news pattern. The good news is the lowest prices for this Bear market either occurred on November 21st, intraday, or will occur in early 2009 if Supercycle wave ***(A)*** down has further to go before completion. The good news is that every Supercycle degree wave left to complete this pattern will be shorter than its prior wave, so price damage will be contained.

The bad news is this pattern will be drawn out, take time, and likely last 4 to 6 years. It's a five-waver. Now maybe the worst for the stock market is over with this pattern price wise, but ***the worst would not be over for the economy with this pattern.*** For the Bear Market to last 4 to 6 years, it means many more years of distress, of rising unemployment, of weak economic growth, of redefinition of our economic system, of social discord that comes with Bear Markets. ***It means economic depression will occur. It means a tug of war between perilous economic events and government intervention aimed at pulling us out of the abyss. But it means a great deal of change because of this unprecedented intervention.***

Above is the big picture Grand Supercycle wave {IV} scenario where a Flat pattern unfolds. Wave (A) has to be three waves for this pattern, which means the rally phase we started November 21st is merely Cycle degree wave B, and is not Supercycle degree wave (B). The significance of this is twofold: First, it means another sharp decline to lower lows in 2009 is coming without the end to the Bear Market. Second, because waves are one lower degree than we anticipate in the Zigzag scenario, it means a longer timeframe for the Bear Market, again 4 to 6 years like the Triangle scenario.

What we can say with this scenario is that whatever bottom Supercycle degree wave **(A)** puts in, the bottom for wave **(C)** will be close to the same level, lower than we have seen so far.

Any way we cut it, Grand Supercycle degree wave {IV} down is bad, and will get worse.

The Monthly Full Stochastics Suggest wave (B) up has further to go, perhaps could last deep into 2009.

Here is a multi-year "M" pattern in formation for the S&P 500, also known as a Double Top pattern. If this is occurring, we could see a complete meltdown all the way to 500, Or lower.

This pattern's downside target will likely be hit once wave (C) down takes over. The Monthly Full Stochastics Suggest wave (B) up is about to start Or has started.


$INDU (Dow Jones Industrial Average) INDX
© StockCharts.com
16-Jan-2009 Close 8281.22 Volume 6.4B Chg -317.96 (-3.70%)
MACD(12,26,9) -767.507, -817.857, 50.350
e of 5 of (5) of V (V) {III}
$INDU (Weekly) 8281.22
Volume 6.38B, EMA(60) 4.52B
(B)
(D)
(A)
(C)
B
(E), A
C, (A)
(B)
{V}
C, (C), {IV}
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
Full STO %K(14,3) %D(3) 39.48, 36.27
Weekly Full Stochastic are On a Buy Signal.
06 Apr Jul Oct 07 Apr Jul Oct 08 Apr Jul Oct 09


$SPX (S&P 500 Large Cap Index) INDX
© StockCharts.com
16-Jan-2009 Close 850.12 Volume 23.3B Chg -40.23 (-4.52%)
MACD(12,26,9) -99.835, -106.195, 6.360
e of 5 of (5) of V (V) {III}
$SPX (Weekly) 850.12
Volume 23.31B, EMA(60) 19.34B
(B)
(D)
(A)
(C)
B
(E), A
C, (A)
(B)
{V}
C, (C), {IV}
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
Full STO %K(14,3) %D(3) 39.54, 35.70
Weekly Full Stochastic are On a New Buy Signal.
06 Apr Jul Oct 07 Apr Jul Oct 08 Apr Jul Oct 09


$SPX (S&P 500 Large Cap Index) INDX
© StockCharts.com
16-Jan-2009
Close 850.12 Chg +6.38 (+0.76%)
MACD(12,26,9) -7.993, -1.467, -6.526
$SPX (Daily) 850.12
Volume undef
A breakout above the upper boundary of this declining parallel trend-channel confirms wave (B) up started on November 21st.
Full STO %K(14,3) %D(3) 17.49, 14.81
Aug
Sep
Oct
Nov
Dec
2009
Daily Full Stochastics On a Buy Signal, suggesting a bottom is imminent.


$INDU (Dow Jones Industrial Average) INDX
© StockCharts.com
16-Jan-2009
Close 8281.22 Volume 439.4M Chg +68.73 (+0.84%)
MACD(12,26,9) -87.315, -28.897, -58.418
$INDU (Daily) 8281.22
Volume 439.36M, EMA(60) 1.09B
A breakout above the upper boundary of this declining parallel trend-channel confirms wave (B) up started on November 21st.
Full STO %K(14,3) %D(3) 17.45, 13.70
Aug
Sep
Oct
Nov
Dec
2009
Daily Full Stochastics On a Buy Signal. suggesting a bottom is imminent.


Wave (B) up
Started Friday,
November 21st.
The day after our phi
mate turn date
$SPX (S&P 500 Large Cap Index) INDX
© StockCharts.com
16-Jan-2009 Close 850.12 Volume 5.2B Chg +6.38 (+0.76%)
MACD(12,26,9) 0.849, -0.763, 1.612
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
$SPX (30 min) 850.12
Volume undef
B
(B)
B
(D)
A
C, (A)
A
C, (B)
C, (A)
(C)
B
(B)
B
Alt. (A) (B) (C), B
(E), C, (A)
27 Nov 10 17 24 Dec 8 15 22 29 2009 12
Full STO %K(14,3) %D(3) 67.87, 62.31
Guidance Indecisive for Tuesday


$INDU (Dow Jones Industrial Average) INDX
© StockCharts.com
16-Jan-2009 Close 8281.22 Volume 1.8B Chg +68.73 (+0.84%)
MACD(12,26,9) 9.662, -4.191, 13.853
If the degrees of these waves are one lower than depicted, it means this Bear Market will Last At Least Until 2012.
$INDU (30 min) 8281.2
Volume undef
B
(B)
B
(D)
A
C, (A)
B
(C), A
C, (B)
C, (A)
A
C, (B)
(C)
B
B
Alt. (A) (B) (C), B
(E), C, (A)
27 Nov 10 17 24 Dec 8 15 22 29 2009 12
Full STO %K(14,3) %D(3) 71.50, 65.62
Guidance Indecisive for Tuesday

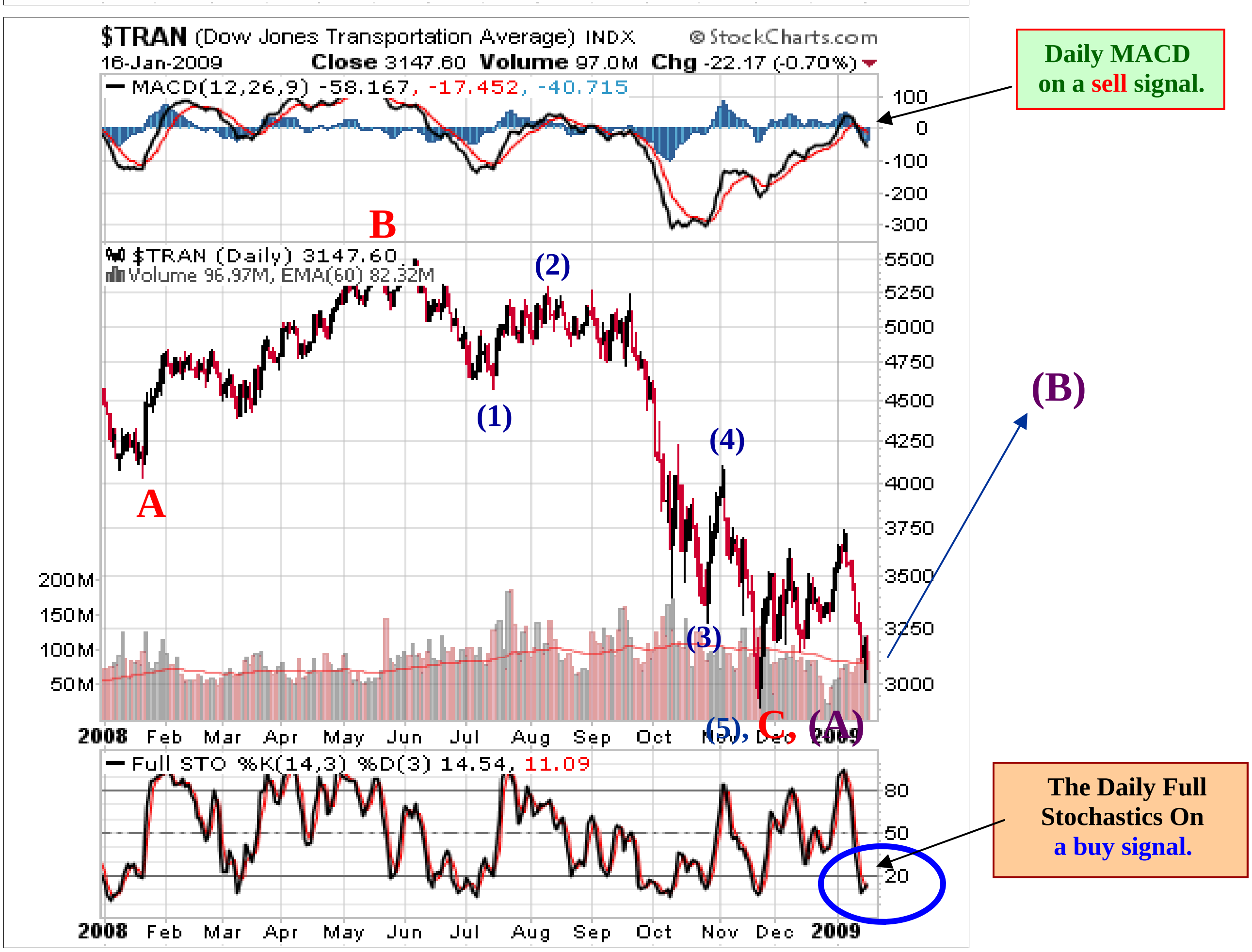

$SPX (S&P 500 Large Cap Index) INDX
© StockCharts.com
16-Jan-2009 Close 850.12 Volume 5.2B Chg +6.38 (+0.76%)
MACD(12,26,9) 2.334, 1.504, 0.830
$SPX (15 min) 850.12
Volume undef
(C), A
(A)
B
Alt. (A) (B) (C), B
C, (B)
A
(A)
B
Full STO %K(14,3) %D(3) 79.41, 83.32
Prices Could fall Tuesday.


$INDU (Dow Jones Industrial Average) INDX
© StockCharts.com
16-Jan-2009 Close 8281.22 Volume 1.8B Chg +68.73 (+0.84%)
MACD(12,26,9) 22.424, 14.876, 7.548
(C), A
(A)
$INDU (15 min) 8281.22
Volume undef
B
Alt. (A) (B) (C), B
C, (B)
A
(A)
B
Full STO %K(14,3) %D(3) 77.06, 80.99
Prices Could fall Tuesday.

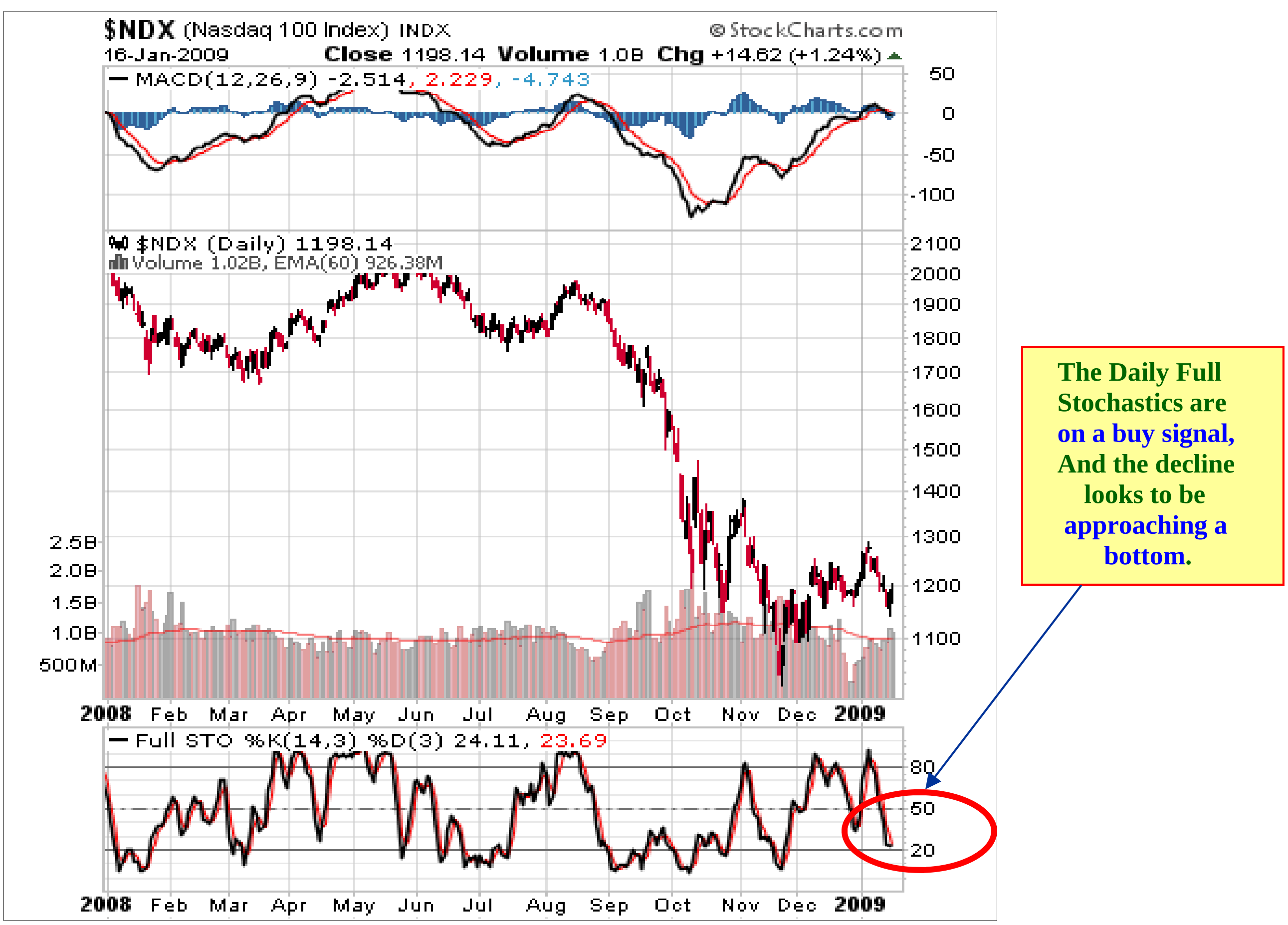
Monthly
Full Stochastics
Suggest a
Multi-month
Rally is underway,
with more to come.

Monthly
Full Stochastics
Suggest a
Multi-month
Rally is underway,
with more to come.


$TRAN (Dow Jones Transportation Average) INDX
16-Jan-2009 Close 3147.60 Volume 474.6M Chg -313.11 (-9.05%)
e of 5 of (5) of V (V) {III}
{V}
(B)
C, (A)
The Weekly Full Stochastics on a buy signal, Rising from a bottom.
C, (C), {IV}


$TRAN (Dow Jones Transportation Average) INDX
16-Jan-2009 Close 3147.60 Volume 97.0M Chg -22.17 (-0.70%)
Daily MACD on a sell signal.
(B)
(5), C, (A)
The Daily Full Stochastics On a buy signal.


$NDX (Nasdaq 100 Index) INDX
©StockCharts.com
16-Jan-2009 Close 1198.14 Volume 4.6B Chg -24.87 (-2.03%)
MACD(12,26,9) -150.698, -162.180, 11.483
NDX Big Picture Highest Probability Labeling
$NDX (Weekly) 1198.14
Volume 4.59B, EMA(60) 4.71B
e, C up of (B)
e, 5, A
c, B
v, C, A
The NDX's Weekly Full Stochastic Is on a buy, Intermediate-term.
Full STO %K(14,3) %D(3) 41.34, 35.54
The NASDAQ 100 Completed the first wave of a five wave Declining Wedge, for wave (C) down. B up is now underway.
E of (C)


$NDX (Nasdaq 100 Index) INDX
©StockCharts.com
16-Jan-2009 Close 1198.14 Volume 1.0B Chg +14.62 (+1.24%)
MACD(12,26,9) -2.514, 2.229, -4.743
$NDX (Daily) 1198.14
Volume 1.02B, EMA(60) 926.38M
Full STO %K(14,3) %D(3) 24.11, 23.69
The Daily Full Stochastics are on a buy signal, And the decline looks to be approaching a bottom.


$NDX (Nasdaq 100 Index) INDX
©StockCharts.com
16-Jan-2009 Close 1198.14 Volume 1.0B Chg +14.62 (+1.24%)
MACD(12,26,9) 4.945, 2.759, 2.186
$NDX (30 min) 1198.14
Volume undef
The NDX Crashed from Election Day. Now we get a pause.
Wave B up Started Friday, November 21st. The day after our phi mate turn date
c, B
C, (C)
Alt. (A) (B) (C), B
Full STO %K(14,3) %D(3) 79.96, 71.37
Prices Could Fall Tuesday.
{b}
{a}
{c}, b
C, iv
e, v, C, A
c, a
c, a
b
a
b
d
c
a
b
b
b


$NDX (Nasdaq 100 Index) INDX
©StockCharts.com
16-Jan-2009 Close 1198.14 Volume 9.4B Chg -13.51 (-1.12%)
MACD(12,26,9) -126.337, -27.498, -98.840
$NDX (Monthly) 1198.14
Volume 9.37B, EMA(60) 18.49B
Full STO %K(14,3) %D(3) 15.17, 15.16
The Monthly Full Stochastics are bottoming, telling us the current decline is within a larger degree move up.

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

C, (B)

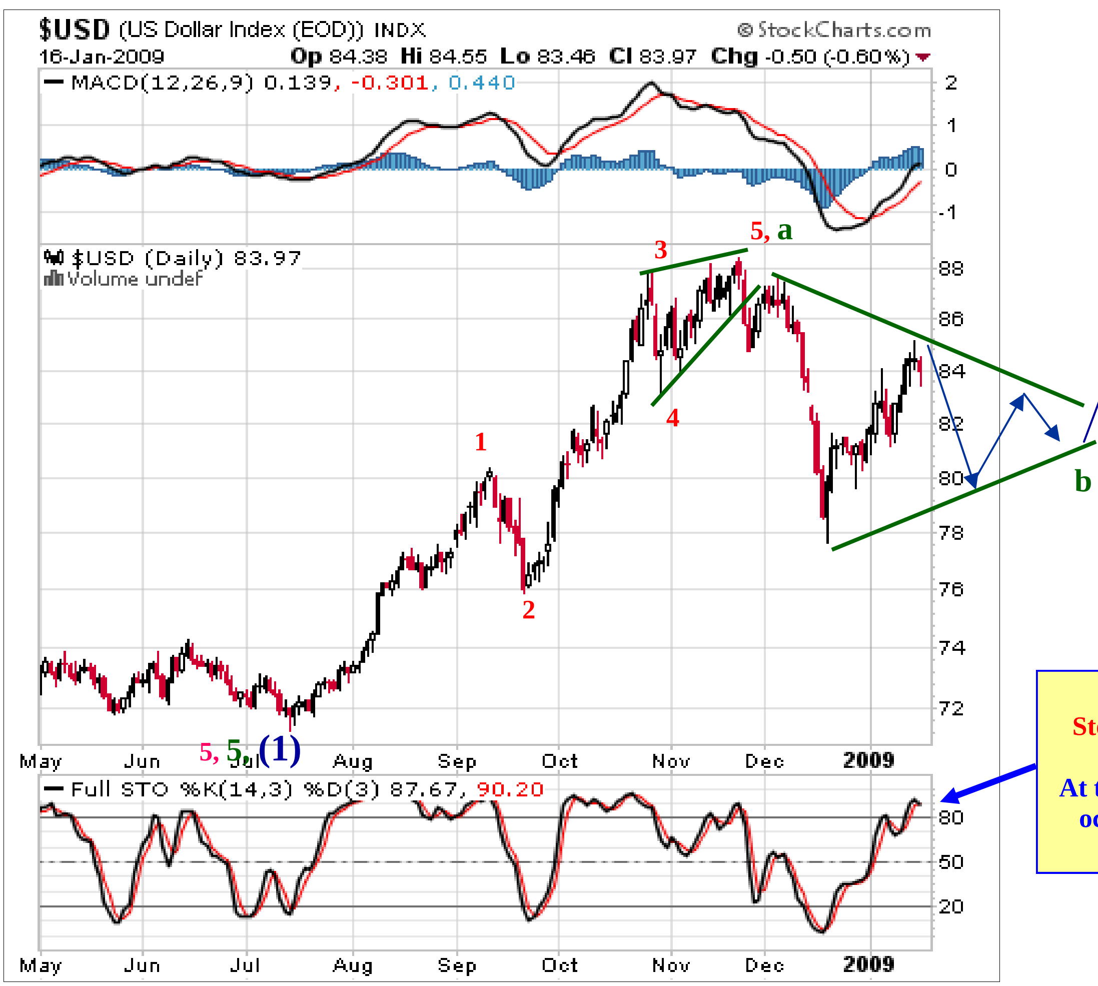
Guidance Indecisive for Tuesday.

The Weekly Full Stochastics suggest a bottom has arrived, Leading to a Multi-month rally.


$USD (US Dollar Index (EOD)) INDX
© StockCharts.com
16-Jan-2009 Op 81.63 Hi 85.14 Lo 80.85 Cl 83.97 Chg +2.76 (+3.40%)
MACD(12,26,9) -0.134, -1.661, 1.527
We had a decisive break below 80.00 giving us a minimum downside target for the U.S. Dollar of 40.00, another 50 % devaluation of the Dollar.
Head
A Massive Devaluation of the Dollar is Coming Due to this Current Financial Crisis
$USD (Monthly) 83.97
Volume undef
Weekly
Left Shoulder
Right Shoulder
Neckline at 80.00
Monthly Full Stochastics top, and are on a sell. Major decline imminent.
Full STO %K(14,3) %D(3) 74.37, 79.11


$USD (US Dollar Index (EOD)) INDX
© StockCharts.com
16-Jan-2009 Op 82.48 Hi 85.14 Lo 82.55 Cl 83.97 Chg +1.26 (+1.52%)
MACD(12,26,9) 1.694, 2.198, -0.504
Weekly MACD is Rolling Over and Generates a Sell Signal.
(5), V
2
1
$USD (Weekly) 83.97
Volume undef
a
c, 4
b
2
1
3
4
3
5
5, (1)
a
b
c, (2)
(3)
The Weekly Full Stochastics move back to a buy signal.
Full STO %K(14,3) %D(3) 49.35, 44.67

The Monthly Full Stochastics are on a Sell, at the level where tops occur, rolling over. A major decline is imminent.



The Daily Full Stochastics are on a Sell Signal. At the level where tops occur and declines begin.

Take notice of the Dollar's Monthly Full Stochastics shown on the chart at the top of page 21. It has just generated a sell signal from overbought levels. This means ***a massive devaluation of the Dollar is about to start, one that could take several months, maybe a year. It should cut the value of the Dollar in half,*** which of course should be positive for Gold, and to a lesser extent Silver. Intermediate term, the Dillar is working through a wave **(2)** rise, and appears to be in the middle wave of that move, wave ***b***-down, which may be forming a triangle. The Weekly Full Stochastsics generated a new buy, but not from oversold levels, suggesting a whipsawing triangle may be in formation. This wave **(2)** pattern could take several weeks, maybe a few months, to complete. ***Short-term, the Dollar completed wave a up***. The Dollar is now descending into its wave ***b***-down leg, which could be a triangle and last another few weeks. ***The Daily Full Stochastics just generated a new sell signal from overbought levels, suggesting the next leg down of the sideways wave b triangle is about to start.***

Fundamentally, the ***Dollar*** has been in high demand during this crisis, as over 10 trillion dollars of wealth have been destroyed in the stock market and the housing market. That is an entire year's GDP. That creates a shortage of Dollars. A credit market freeze has also caused increasing demand for dollars. As lines of credit were/continue to be cut, and credit card companies will cut $2 trillion more of lines soon, as the ability to borrow is being cut off, it means that cash is in demand, helping dollars increase in value. Further, given the international scope of this crisis, a flight to quality, to U.S. Dollars as well as U.S. Treasuries has been occurring, increasing demand for Dollars. ***Under these conditions, the Dollar should have rallied to 100. It did not, only rising from the high 70's to the mid 80's. Technically, this confirms that the Dollar's rally is corrective in an ongoing long-term Bear market.*** Our forecast remains the same, that the Dollar will fall sharply, long-term into the 40's. This means hyperinflation or competition from another currency that backs itself with gold is coming. Or it means economic collapse will require repudiation of Dollar denominated debts and a new currency is coming. ***A major devaluation of the dollar is coming.***

As for ***Oil***, the depth of the decline is arguing that this is a primary degree correction going on, which means we should expect an **A**-down, **B**-up, **C**-down for wave **(2)** down. ***A bottom of significance completed, wave A-down. Wave B-up is now underway.*** The Daily Full Stochastics are on a sell signal, and Weekly and Monthly Full Stochastics are at a bottom level, suggesting hyperinflation, or supply limitations, or a combination of both are about to drive Oil prices higher. ***Any further decline should be within the context of a larger degree rally.***

Gold has held up relatively well during this worldwide financial crisis, its intrinsic monetary nature providing a floor for its value during deflationary times. It gained 5.4 percent in 2008. The ***HUI***, which is gold below ground, does not hold gold in the form of money, so it behaved more like a stock and experienced a similar crash to the general stock market. However, ***the HUI rallied hard recently, as the Daily Full Stochastics suggested it would. Daily Full Stochastics are now nearing a bottom, suggesting a short-term rally is coming, however the Weekly Full Stochastics are topping, so any rally here should be short-lived***. Wave **III** up has started, which could be dramatic. If you study the Monthly chart, it is bottoming, and it is clear that rallies starting from monthly bottoms tend to be impressive. Any declines should be within the context of a larger degree rally.

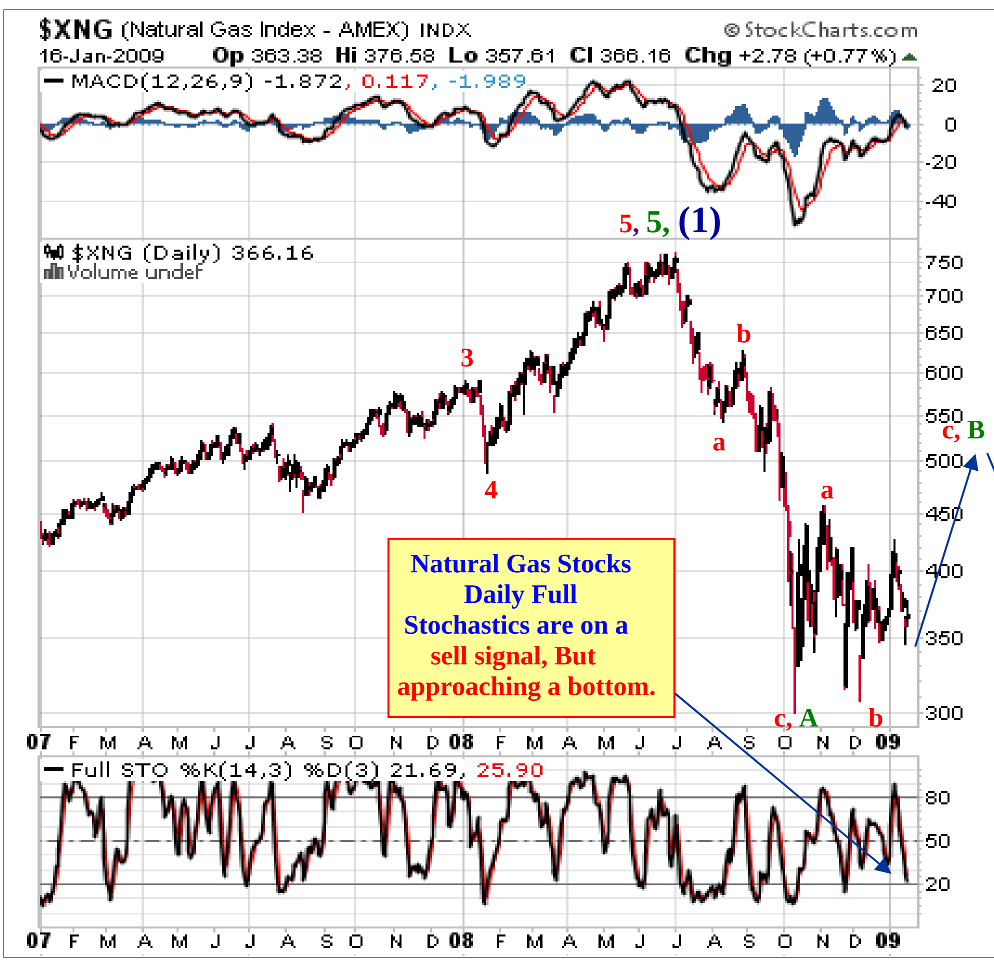
Silver reached a significant bottom according to the Weekly, and Monthly Full Stochastics. This implies huge hyperinflation injections into world-wide economies by central banks. The bottoming action in the Monthly Full Stochastics suggests any decline should be corrective.

Bonds have rallied dramatically as we have been calling for weeks and months. The Daily Full Stochastics are on a buy. The Weekly, and Monthly Full Stochastics suggest that Bonds are topping. They could decline sharply over the first half of 2009.

Natural Gas Stocks Correct in Wave (2) down.

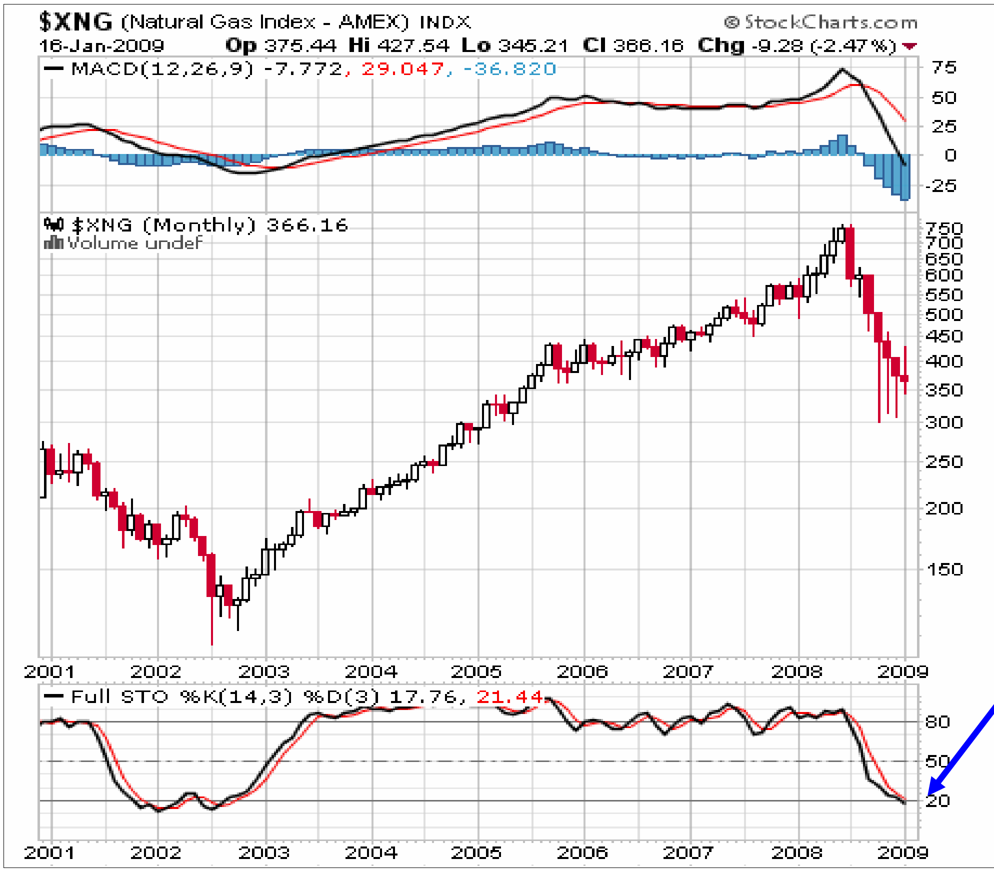
C, (2)

Natural Gas Stocks Weekly Full Stochastics generate a new buy signal.



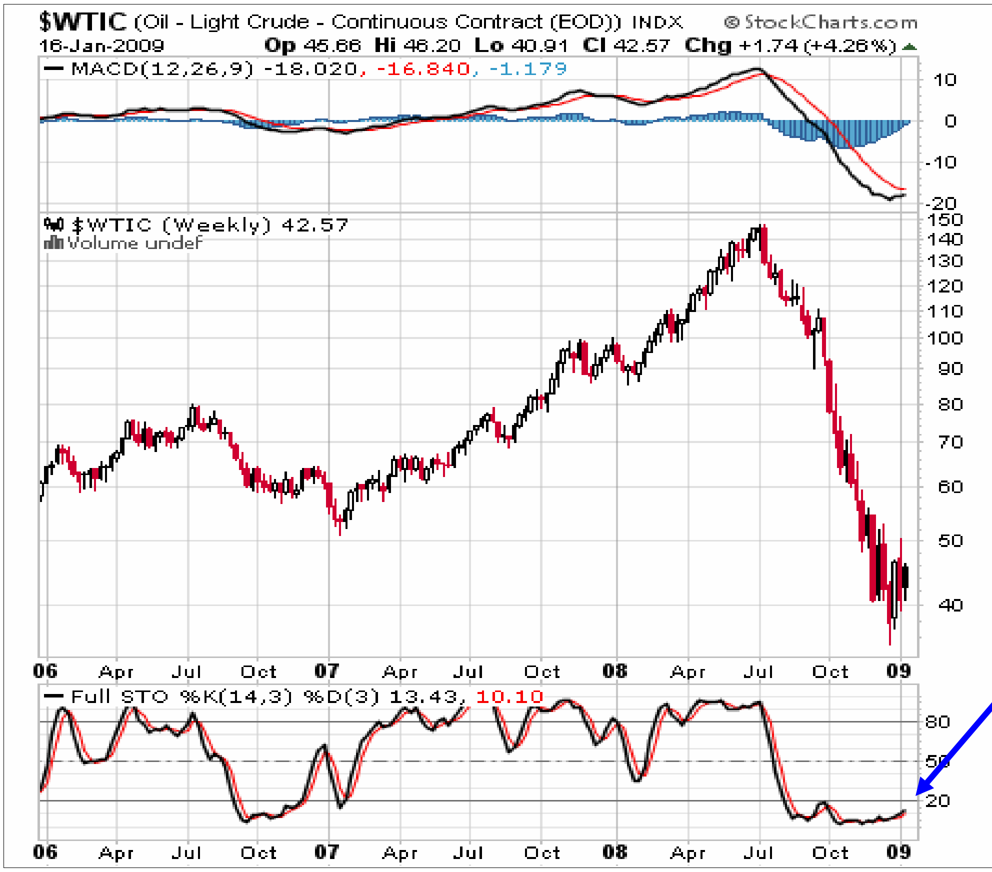
Natural Gas Stocks Daily Full Stochastics are on a sell signal, But approaching a bottom.

C, (2)



The Monthly Full Stochastics are on a sell, but approaching the level where bottoms occur. This decline is Corrective

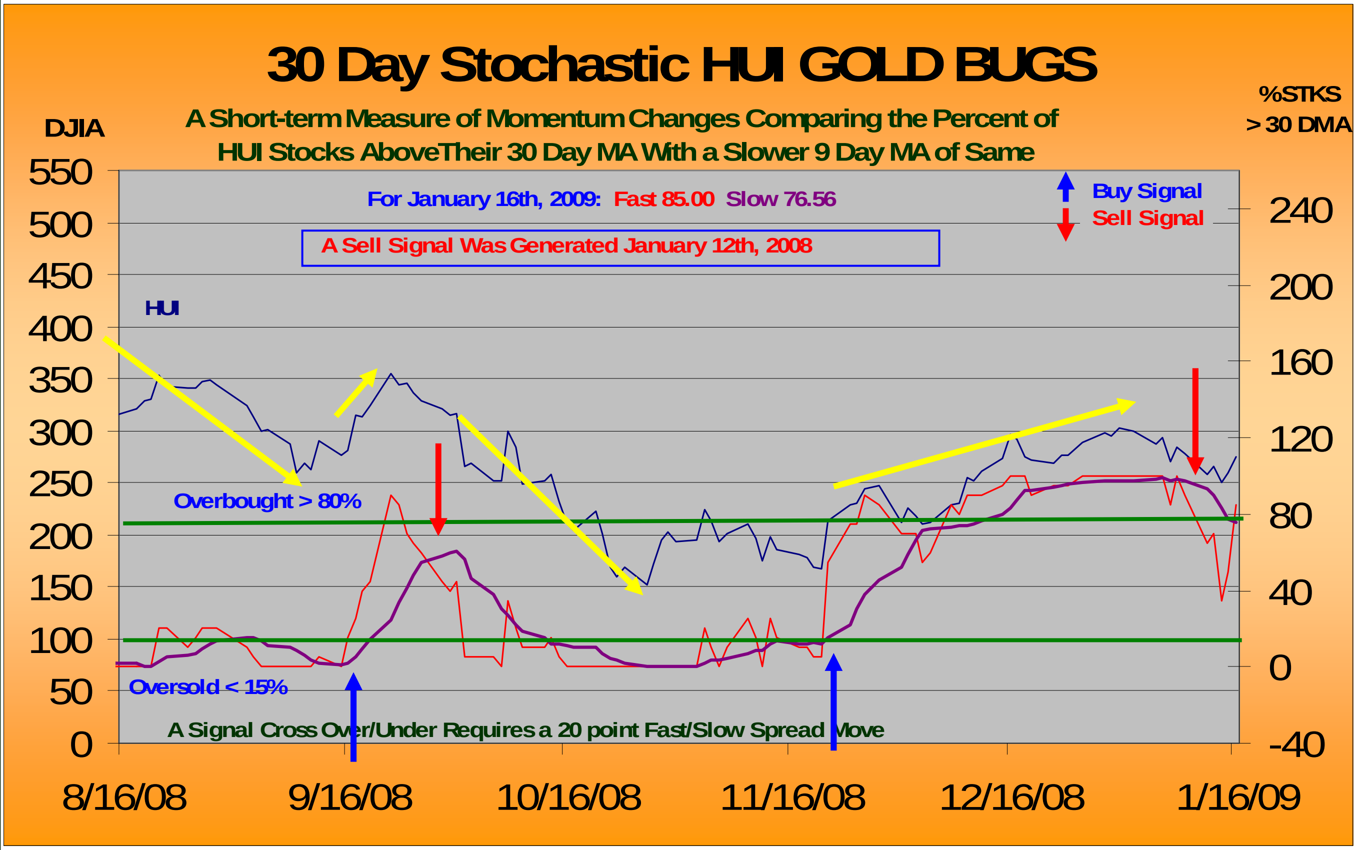
The Monthly Full Stochastics are on a sell, but approaching the level where bottoms occur. The Fast Measure is Curling up—Bullish.



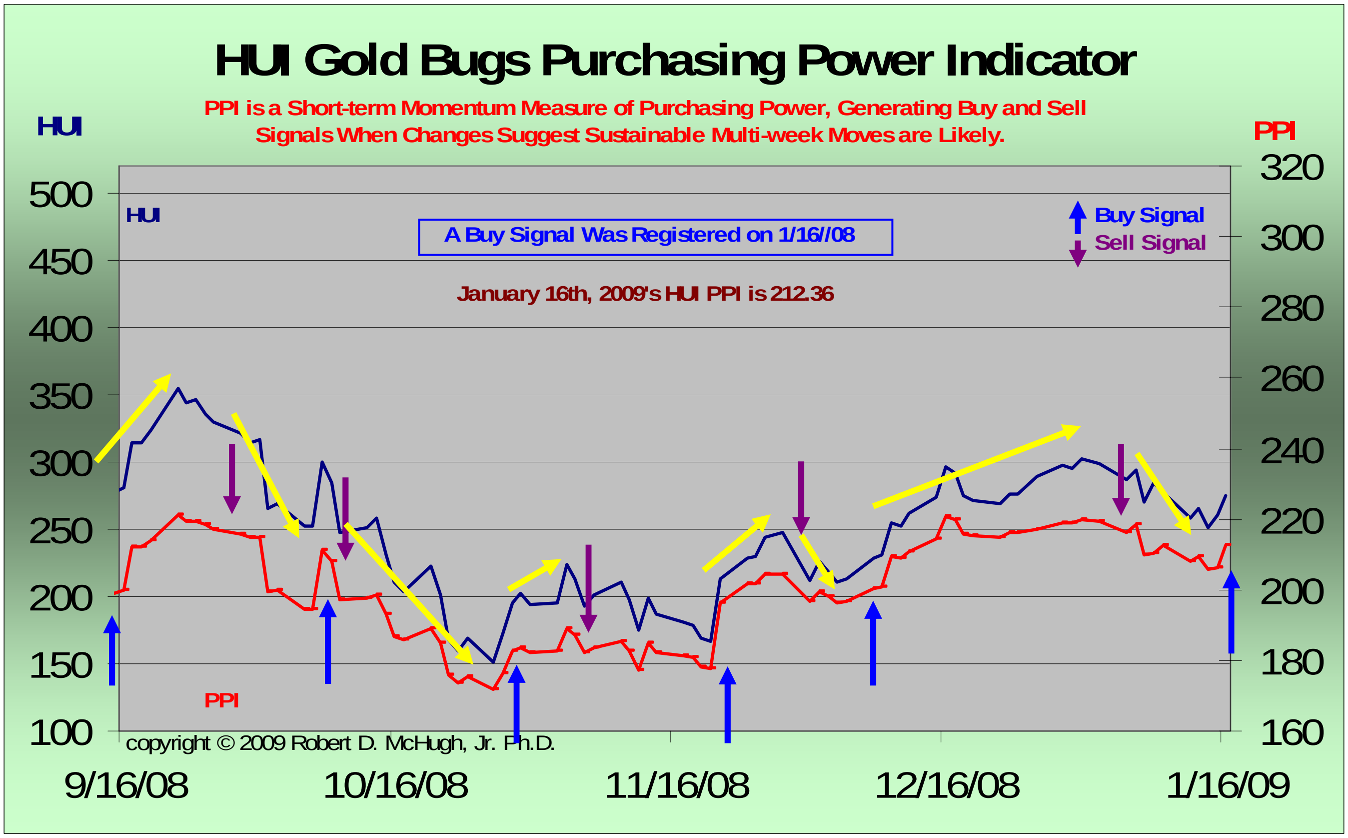
The Weekly Full Stochastics are on a Buy, at the level Where bottoms occur.

Oil Hit an All-time High of $147 a barrel Friday, July 11th, 2008.

The MACD is on Buy signal. On a short-term basis, the Daily Full Stochastics is on a sell signal.


30 Day Stochastic HUI GOLD BUGS
A Short-term Measure of Momentum Changes Comparing the Percent of
HUI Stocks AboveTheir 30 Day MA With a Slower 9 Day MA of Same
DJIA
%STKS > 30 DMA
For January 16th, 2009: Fast 85.00 Slow 76.56
Buy Signal
Sell Signal
A Sell Signal Was Generated January 12th, 2008
HUI
Overbought > 80%
Oversold < 15%
A Signal Cross Over/Under Requires a 20 point Fast/Slow Spread Move
8/16/08
9/16/08
10/16/08
11/16/08
12/16/08
1/16/09


$HUI (Gold Bugs Index - AMEX) INDX
©StockCharts.com
16-Jan-2009 Op 277.47 Hi 277.47 Lo 241.78 Cl 274.81 Chg -2.66 (-0.96%)
MACD(12,26,9) -21.503, -34.645, 13.142
$HUI (Weekly) 274.81
Volume undef
(3)
(4)
(5) I
II
Alt. (A) (B) (C) II
Full STO %K(14,3) %D(3) 78.83, 74.03
Apr Jul Oct 07 Apr Jul Oct 08 Apr Jul Oct 09


HUI Gold Bugs Purchasing Power Indicator
PPI is a Short-term Momentum Measure of Purchasing Power, Generating Buy and Sell Signals When Changes Suggest Sustainable Multi-week Moves are Likely.
HUI
PPI
A Buy Signal Was Registered on 1/16//08
January 16th, 2009's HUI PPI is 212.36
Buy Signal
Sell Signal
copyright © 2009 Robert D. McHugh, Jr. Ph.D.
9/16/08
10/16/08
11/16/08
12/16/08
1/16/09

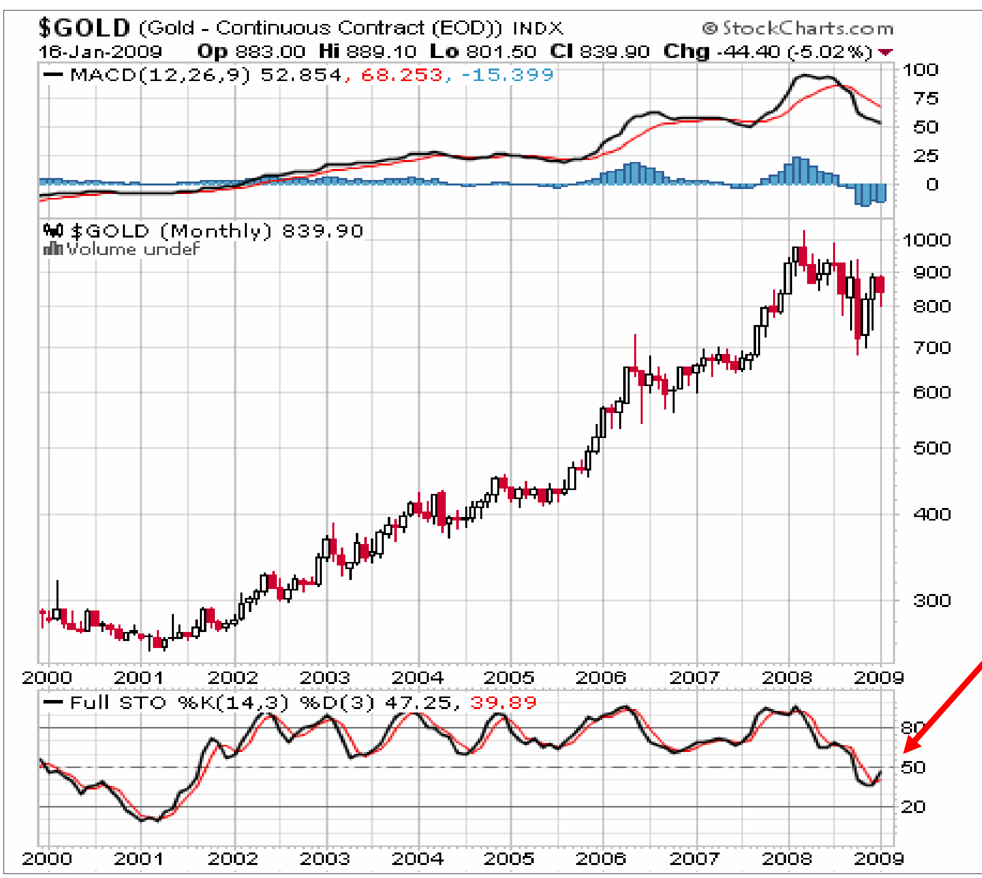

$HUI (Gold Bugs Index - AMEX) INDX
@StockCharts.com
16-Jan-2009 Op 277.47 Hi 277.47 Lo 241.78 Cl 274.81 Chg -2.66 (-0.96%)
MACD(12,26,9) -21.503, -34.645, 13.142
The HUI Big Picture
$HUI (Weekly) 274.81
Volume undef
Weekly
5, (1)
(3)
(5) I
(4)
c, (2)
II
Primary Degree
Intermediate Degree
Alt. (A) (B) (C) II
The Weekly Full Stochastics Are on a Buy signal. But approaching a top.
Full STO %K(14,3) %D(3) 78.83, 74.03

The MACD Is on a sell signal. The Full Stochastics Are on a buy signal, Bottoming.

Breakout above the upper boundary of the declining trend-channel is a real positive for Gold Stocks.

The Weekly Full Stochastics are on a buy signal. After a bit more rally, we should see a multi-week decline.

The Monthly Full Stochastics are on a New buy signal.
As are the Monthly Full Stochastics, at The level where major bottoms arrive.
This means any declines will be corrective within a larger degree Bull phase.



Gold's Monthly Full Stochastics generate a buy signal.
That suggests A huge long-term rally Has started.


$GOLD (Gold - Continuous Contract (EOD)) INDX
©StockCharts.com
16-Jan-2009 Op 856.10 Hi 857.50 Lo 801.50 Cl 839.90 Chg -15.10 (-1.77%)
MACD(12,26,9) -2.537, -14.164, 11.626
$GOLD (Weekly) 839.90
Volume undef
Full STO %K(14,3) %D(3) 73.74, 72.79
3 of (1), III
3 $730 5/12/2006
Weekly
5, 1
Alt. a b c 2
(C) II
$253
8/25/1999
The Weekly Full Stochastics are approaching a top.
v, 5, 1
c, 2
e, 4

Daily MACD On a sell signal.

Gold is Looking Good as its next Intermediate term Rally Gets Underway.

Daily Full STO On a Buy signal, Bottoming.

The MACD is On a Buy Signal.

The Weekly Full Stochastics Are on a Buy Signal, With more rally possible, but a top approaching.

The Daily Full Stochastics are on a Buy Signal At the level where short-term bottoms arrive.

3 of 5

Weekly Full Stochastics on a buy signal, But are topping.

iii, 1, 5, (1)

Bonds rallied sharply as expected due to the sideways triangle pattern that preceded the rally. Wave iii up was a parabolic ascension which appears to be over, fulfilling the price target we gave months ago. Treasuries should decline from here short-term.

The Weekly Full Stochastics on a sell, and topping.

{ 5}, 1, iii

{4}

The Daily Full Stochastics are On a buy signal.

Key Economic Statistics

Date	**VIX**	**U.S. $**	**Euro**	**CRB**	**Gold**	**Silver**	**Crude Oil**	**1 Week Avg. M-3**
1/2/09	39.19	81.56	135.15	233.92	878.8	11.47	46.34	**Hidden**
1/9/09	40.36	82.71	134.53	230.08	854.3	11.30	40.36	**Hidden**
1/16/09	46.11	83.97	132.95	221.09	839.9	11.20	35.88	**Hidden**

Note: VIX and Dollar rise; Inflation assets fall.

Conservative Balanced Portfolio Recent Transactions As of Friday January 16th, 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 November 30th, 2008, available in the Conservative Portfolio section.

New Years 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, January 11th, 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:

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

****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.***