

THE McCLELLAN MARKET REPORT

DAILY EDITION

Prepared after the close of trading on
Thursday, May 25, 2017

CURRENT OPINIONS

STOCKS: Neutral short and intermediate term, bullish long term.

Change further to short and intermediate term bearish if the NYSE sees more than 627 net declines at the close.

BONDS: Bullish now short and intermediate term. Change back to short and intermediate term bearish if June T-Bond futures close below 153-9/32.

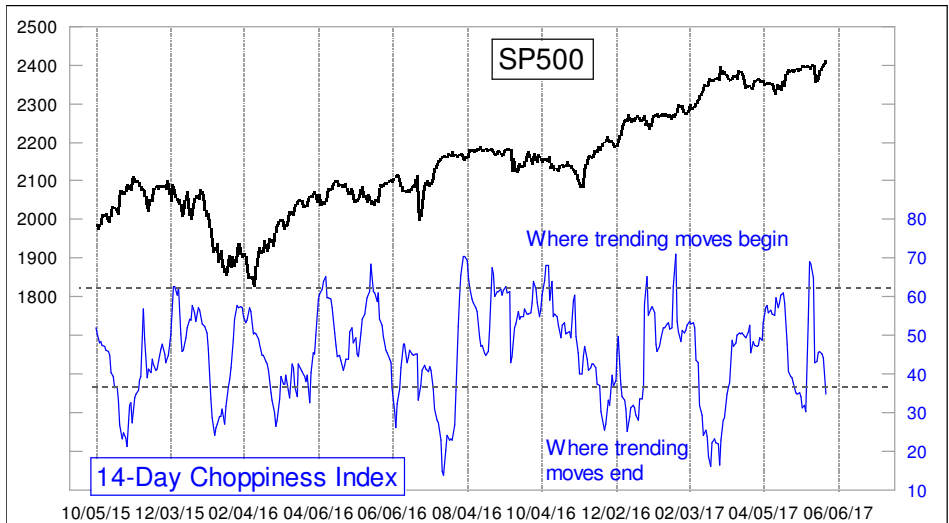
GDM & GOLD: Bullish now short and intermediate term. Change to bearish for both trading styles on an August gold futures close below 1252.40 (Price Oscillator Unchanged).

Note: Time frames mentioned refer to trading styles, and not to the duration of a forecast.

The market remains in an uptrend, led by the FANG stocks. And it remains poised to break down at any moment. Thursday was another up day, as we are now at the end of my May 22-25 time window for a top. But the up day came on tepid A-D numbers, and so the McClellan A-D Oscillator actually slid a little bit lower. That makes the task of crossing back below zero on Friday incrementally easier.

The chart here on page 1 shows the SP500's 14-day Choppiness Index. I have shown this before, and it is a fun indicator to get the point that a trending move is likely either to commence or to stop. Interestingly, it rose all the way up to a high reading with the big one-day selloff last week, and now it has worked its way back down now to a low reading.

That low reading means that over the past 14 trading days, the trend has been quite linear, and thus that a nonlinear period is now more likely to ensue. Right on schedule. Sometimes that can mean a reversal, which



Segment	Rank	Score	Current Managed Account Program Positions		
Sm Cap Value	5	-0.76%	Stock Optimizer: 100% Cash		
Sm Cap Grwth	2	0.84%	RS2000: 61% Govt. Long Bond, 39% Cash		
Lg Cap Value	3	0.24%	Rising Star: 34% Invested, 66% Cash		
Lg Cap Grwth	1	2.51%	Program funds managed by Global Investment Solutions, LLC		
Cash	4	0.00%	For more information, call (866) 547-3123		

ADV-DECL		ADV	DECL	A-D	10%T	5%T	A-D OSC	SUMM INDEX	OSC UNCH'd	OSC TO ZERO
NYSE	05/25/17	1569	1423	146	245.052	199.173	45.879	2578.820	291	-627
NASDAQ	05/25/17	1530	1324	206	88.663	54.478	34.185	1237.117	123	-561
NDQ 100	05/25/17	83	15	68	20.455	14.943	5.512	99.816	26	-84
VOLUME		UP VOL	DN VOL	UV-DV	10%T	5%T	Volume OSC	SUMM INDEX	OSC UNCH'd	OSC TO ZERO
NYSE	05/25/17	1501119	1985295	-484176	88921	34786	54135	-139357	143056	-939647
NASDAQ	05/25/17	1121546	607623	513923	189353	143055	46298	1013871	235650	-690304
NDQ 100	05/25/17	422008	81801	340207	103286	72709	30577	451902	133863	-477674
PRICES		HIGH	LOW	CLOSE	10%T	5%T	PRICE OSC	OSC UNCH'd	Sum/10 Level	1%T
DJIA		21112.32	21051.41	21082.95	20893.89	20824.76	69.127	20963.02	20762.55	19818.99
NYComp		11666.90	11623.19	11639.30	11559.19	11527.26	31.928	11591.11	11498.52	11159.65
SP500		2418.71	2408.01	2415.07	2389.79	2379.11	10.678	2400.47	2369.50	2277.31
SP400		1739.13	1728.73	1731.34	1722.58	1720.69	1.896	1724.48	1718.98	1651.15
NASDAQ		6217.34	6174.52	6205.26	6098.31	6029.29	69.019	6167.33	5967.17	5619.20
Nasdaq 100		5793.13	5738.82	5778.37	5656.89	5577.34	79.549	5736.44	5505.75	5155.08
Russ2000		1391.42	1380.33	1383.39	1382.43	1381.91	0.521	1382.95	1381.44	1324.76
GDM		637.21	626.68	631.42	630.68	632.58	-1.898	628.79	634.29	641.64
Aug Gold		1262.80	1256.90	1259.80	1252.43	1252.38	0.049	1252.48	1252.33	1242.95
Jun Bonds		154.06	153.47	153.81	152.80	152.31	0.499	153.30	151.86	154.37
DJIA Osc Rising Index:		63%	Hi Neutral, Trend Up			DJIA Osc Pos & Rising:		43%	Neutral, Rising	
NDX stocks >100MA:		72	Arms Index: 1.46			VIX: 9.99		Uppr Band: 13.82		Lwr Band: 10.28

is more like what I am expecting.

I mentioned the FANG stocks above. Fred Hickey, of The High Tech Strategist, made an interesting point about them Thursday on Twitter, noting that over the past 6 months there have been no insider buys, but lots of insider sells among those 4 companies. He states that Facebook insiders have sold 2.1 million shares, Amazon 1.1M, Netflix 1M, and Alphabet (Google) 1M shares.

I did a quick check, and found one little quibble. Amazon insiders over the past 3 months have actually bought 47,080 shares, according to the Nasdaq. But that does not change Mr. Hickey's point at all. And you could throw in Oracle, which has had zero insider buys in the past 3 months, versus 6.8M shares sold.

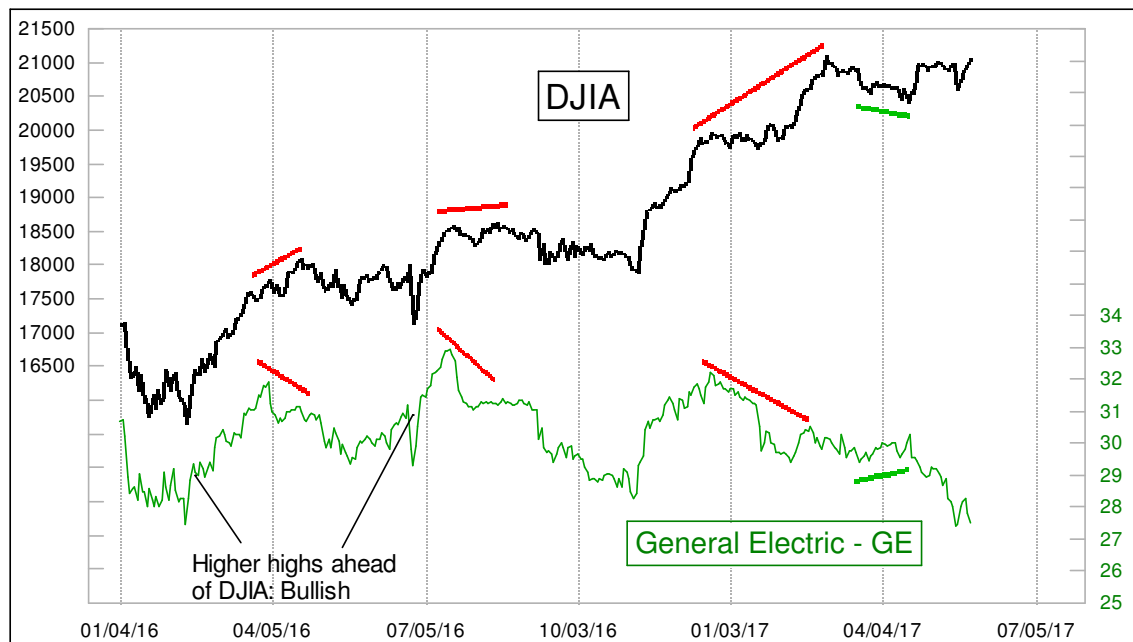
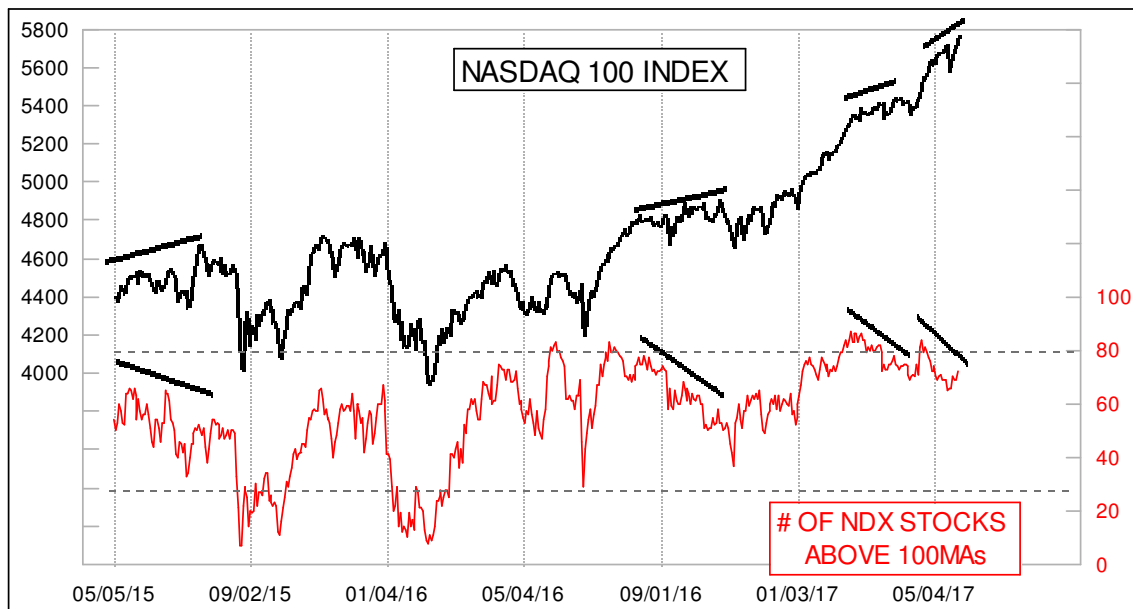
Those FANG stocks have been lifting the Nasdaq 100 Index (NDX), but not all of that index's components have been participating. As we see in the top chart on page 2, only 72 of the Nasdaq 100 are above their own 100-day moving averages. And that is down from where that measure has been recently, suggesting that the advance is weakening.

Not shown here, but worthy of comment, is that the average drawdown right now among those Nasdaq 100 components from their own 52-week highs is 7.4%. That is a lot different from the new highs that a few are making.

GE is not a member of the Nasdaq 100, since it is listed on the NYSE. But it has the useful trait of sometimes telling us a different story about where the market is going. It does this when it disagrees with the movements of the DJIA, of which it is a component (and has been since its creation in 1896).

When we see divergences between the two, like the ones highlighted in the chart, it is usually GE that ends up being right about where both are headed. Sometimes it can take a while, though, before that disagreement starts to matter. GE has been acting weak for quite a while now, and that has not stopped the bulls yet. Maybe this time will be different, and the message from GE won't work. I don't think so, but it is possible that its magic as an indicator could be wearing off, and we have to acknowledge that as a possibility.

T-Bonds and **gold** went nowhere on Thursday. We'll see on Friday what new developments the COT Report has about them.



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Stocks Currently on a "Buy"

Company Name	Symbol	Buy Date	Buy Price	Current	% Change
Apple	AAPL	12/8/2016	\$112.10	\$153.87	37.26%
Jazz Pharma	JAZZ	12/27/2016	\$112.20	\$152.05	35.52%
Facebook	FB	12/30/2016	\$115.05	\$151.96	32.08%
Mercadolibre	MELI	1/4/2017	\$165.82	\$292.42	76.35%
Ctrip.com	CTRP	1/12/2017	\$43.36	\$55.71	28.48%
Priceline	PCLN	1/23/2017	\$1,554.99	\$1,860.43	19.64%
Cognizant Tech	CTSH	2/9/2017	\$58.00	\$66.88	15.31%
Rockwell Collins	COL	2/14/2017	\$92.60	\$106.91	15.45%
Mastercard	MA	3/1/2017	\$112.31	\$121.94	8.57%
Netflix	NFLX	3/16/2017	\$144.39	\$163.05	12.92%
Western Digital	WDC	3/16/2017	\$77.14	\$89.27	15.72%
Bitauto	BITA	4/21/2017	\$27.01	\$28.85	6.81%
Dana Corporation	DAN	4/25/2017	\$19.24	\$20.29	5.46%
W. R. Grace	GRA	4/26/2017	\$70.68	\$72.27	2.25%
Gilead	GILD	4/27/2017	\$68.58	\$64.56	-5.86%
Las Vegas Sands	LVS	5/8/2017	\$57.20	\$57.96	1.33%
Century Aluminum	CENX	5/12/2017	\$13.52	\$14.83	9.69%

Stocks Currently on a "Buy"

Company Name	Symbol	Buy Date	Buy Price	Current	% Change

Recent Sales

Company Name	Symbol	Buy Date	Sell Date	Buy Price	Sale Price	% Change
Deckers Outdoor	DECK	3/13/2017	5/25/2017	\$54.27	\$56.57	4.24%
Petrobras	PBR	5/12/2017	5/18/2017	\$10.24	\$8.55	-16.50%
Tata Motors	TTM	4/10/2017	5/5/2017	\$36.59	\$32.73	-10.55%
Avis	CAR	4/27/2017	5/5/2017	\$32.29	\$29.62	-8.27%
Freeport McMoran	FCX	4/7/2017	5/3/2017	\$13.37	\$12.02	-10.10%
Petrobras	PBR	4/7/2017	4/19/2017	\$9.75	\$8.90	-8.72%
Pacira Pharma	PCRX	12/30/2016	4/18/2017	\$32.30	\$43.85	35.76%
Gulfport Energy	GPOR	4/6/2017	4/13/2017	\$17.39	\$15.85	-8.86%
Century Aluminum	CENX	3/31/2017	4/13/2017	\$12.69	\$11.64	-8.27%
Sina Corp	SINA	3/31/2017	4/11/2017	\$72.12	\$69.40	-3.77%
Lululemon	LULU	1/23/2017	3/30/2017	\$66.86	\$50.76	-24.08%
W. R. Grace	GRA	12/12/2016	3/24/2017	\$68.87	\$68.52	-0.51%
Alphabet	GOOG	12/13/2016	3/24/2017	\$796.10	\$814.95	2.37%
Flir Systems	FLIR	2/13/2017	3/24/2017	\$36.40	\$36.06	-0.93%

Buy and Sell signals are generated by technical indicators often referred to as "directional" indicators. Each stock generates its own signals based on its share price action, and independent of other factors, including our views about the overall market trend. In backtesting, best results were obtained when new positions were taken upon "New Buy" signals, and when stocks that generate a "Sell" were promptly removed from a portfolio. Since many of the stocks in this program carry above average risk, stocks should be bought only by investors financially able to purchase speculative stocks. Investors should be prepared to lose their entire investment and

PRUDENCE should be displayed when entering a position. Trading based on these signals is available in a managed accounts program through Global Investment Solutions, LLC. For more information on this program, see http://www.mcoscillator.com/market_reports/rising_star_stocks.html or contact Roger Kliminski at 949-660-7960 or Roger@Globalinvestsolutions.com.

