

GLOBAL TREND ALERT



DETECTING OPPORTUNITIES FOR THE INSTITUTIONAL INVESTOR

THE WEDNESDAY, JANUARY 14th 2026 DAILY UPDATE

Although most of the market indexes were “red” today, if you are “in gear” it was an excellent day, as all of our “boxes” were checked off one by one. First of all, as anticipated, this latest correction most definitely *hasn't* been “a killer”, but instead, has remained *very* controlled. Secondly, it's most definitely continuing to be “rotational”, as plenty of our most favored issues (especially in our most positively rated sectors), once again, displayed excellent relative strength. This was most definitely the case in areas such as Diversified Metals and Oil-related stocks! And in the Diversified Metals sector, which remains one of our top-rated groups, while many of our former recommendations are now becoming extended (such as Lithium Argentina – LAR, which we still like longer term, but we'd now start to do trimming in), at the same time, other issues in that area are still “buyable”. A perfect example is Trilogly Metals – TMQ (which is still in Stage 2A – early in the advancing phase) and appears to just be getting started and looks very interesting for new buying. In the meantime, the third box that was clearly checked off today was our expectation that “plenty of aggressive growth stocks (especially in the Technology area) will be a big-time problem.” And as things turned out, that part of our thesis still is spot on today, as *all* of the “Magnificent 7” issues were down today (especially Meta Platforms – META and Microsoft Corp – MSFT, which we warned long ago had become sales as they were in Stage 3, and now they are even more worrisome as they are in Stage 4). And finally, the last box that was checked off was our ongoing expectation that “secondary stocks are now where it's at.” And with that thought in mind, it's gratifying to see that despite today's weakness in the market indexes, a long list of our secondary favorites continued to move higher, while so many “former heroes” got hit. And further reinforcing this part of our thesis is the reality that while the overwhelming majority of the indexes moved lower today, that *wasn't* the case for the Russell 2000 Index (RUT), which not only advanced, but also registered yet another new all-time high! So, we obviously haven't changed our mind and continue to feel that it's very important that you “stick with the game plan” and that you “continue to pay far less attention to the wild swings in the market indexes, but instead, make sure to be much more concerned about being *in-gear*.”

Now let's examine today's trading even closer. The market immediately started out in poor shape, with the Dow being down 340 points (around noontime) before it steadied and started to claw back some of its loss (it closed with only a 42 point decline). Nevertheless, several figures in today's trading further reinforced our secondary thesis, such as the fact that despite the weakness in the indexes, there were actually more Advances than Declines, as well as more Upside Volume than Downside Volume on all three markets. In addition, it's also encouraging that, once again, there were more new 52-week highs than new lows on all three exchanges. In the meantime, it's a short term concern that for the third straight session, the CBOE Market Volatility Index (VIX) advanced further, as it moved up by 0.77 points to 16.75. But now, here's where things become “interesting” and important to be on top of our game, as this gauge moved up on an intraday basis to 18.10 (which was above all three of its important moving averages), but it thereafter closed at 16.75 (which is still slightly below its 50, 150, and 200 day MAs – which are now at 17.15, 16.89, and 18.67, respectively). So, if in the next day or two this gauge continues to advance and it *closes* above all of those levels, then that would indicate that the correction is likely to become more meaningful. Conversely, if the VIX tops out right here and fails to close above those important MAs, that would be a very positive short term indication. So, for now, continue to be *very* selective with new buying, while at the same time, as we said in yesterday's daily update, “you pick up the selling pace in any inferior merchandise (Stage 3 & 4 stocks) that you may still be holding.”

Finally, as far as our Glamour Average is concerned, we most definitely *haven't* changed our mind about our feeling that this gauge saw its high for this cycle all the way back on September 29th. And since then, it's been tracing out a major Stage 3 top pattern (which helped alert us to the fact that *plenty* of aggressive growth stocks were going to run into trouble in the fourth quarter). So, we still view the major trend as being in no better than a neutral position. In the meantime, as we said in last

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night's daily update, "the recent short term oversold really ran out of gas on Monday (1/12), and it then got hit quite hard in Tuesday's session, as it declined 643 points." Furthermore, we also stressed in last night's report that "from a short to intermediate term point of view, this gauge is now approaching a very important area of support, so it will be important to watch its action carefully in the next few sessions." And with that thought in mind, today's action is especially concerning, as this gauge was never "green", and at its worst (around 2 PM), it was down over 1000 points. Although it thereafter recovered some of its loss in the last two hours of trading, it still closed with a 625 point decline, at 48,644. And that now puts it below both its 50 day MA (which is at 49,111), as well as its 200 day MA (which is now up to 48,984). So, here too, we obviously haven't changed our mind and continue to feel that this remains a very dangerous area to be heavily invested in!!

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