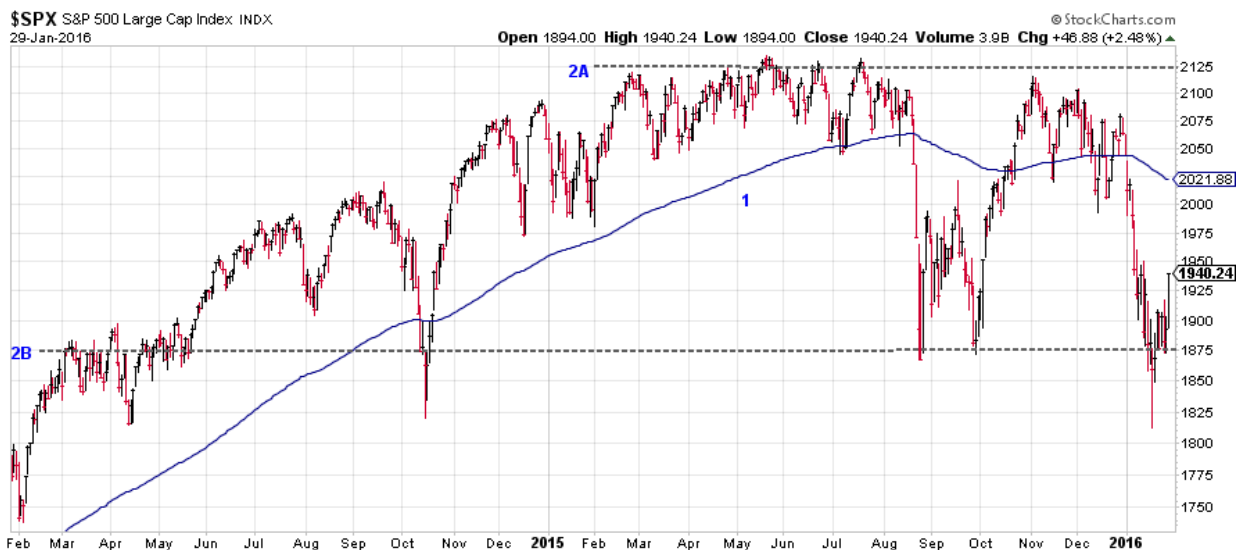




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## Our view of the United States Stock Market<sup>1</sup> at Blue Line Investing for the month ending January 2016



### Commentary:

With the selloff over the past month the market has completed another Phase 1: WARNING<sup>2</sup>. The first level of support at 1,875 was broken to the downside. However, the recent rally has brought the market back within the sideways consolidation channel, bounded at 2,125 (#2A) on the top and 1,875 (#2B) on the bottom. If the market fails to rise and remain above the blue line (#1) history suggests new lows may be likely over the coming weeks and months.

<sup>1</sup> The S&P 500 Index is one of the most commonly followed equity indices, and many consider it one of the best representations of the U.S. stock market, and a bellwether for the U.S. economy. It is comprised of 500 large companies having common stock listed on the NYSE or NASDAQ.

<sup>2</sup> According to Blue Line Investing, once the price of any publicly-traded investment falls below the blue line, the trend is considered "neutral" and could become "negative." As such, a Phase 1: WARNING, means, by dropping below the blue line, the market is providing a warning of distribution.

<sup>3</sup> Blue Line Investing (BLI) is a disciplined investment process, based on technical analysis research. The process applies trend-following, along with observations of the moving averages of the market. Key to the process is the "blue line", which is derived from comparing an investment's price against its moving average. BLI monitors those activities over time in order to determine allocations within client accounts.

## **Disclaimers:**

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volumes. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets may not always follow patterns.

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Advisory services offered through Gordon Asset Management, LLC (GAM). GAM is an SEC-registered investment adviser. More information about the advisor, its investment strategies and objectives, is included in the firm's Form ADV Part 2, which can be obtained, at no charge, by calling (866) 216-1920. The principle office of Gordon Asset Management, LLC is located at 1007 Slater Road, Suite 200, Durham, North Carolina, 27703.