CLEARVIEW
INVESTMENT PARTNERS

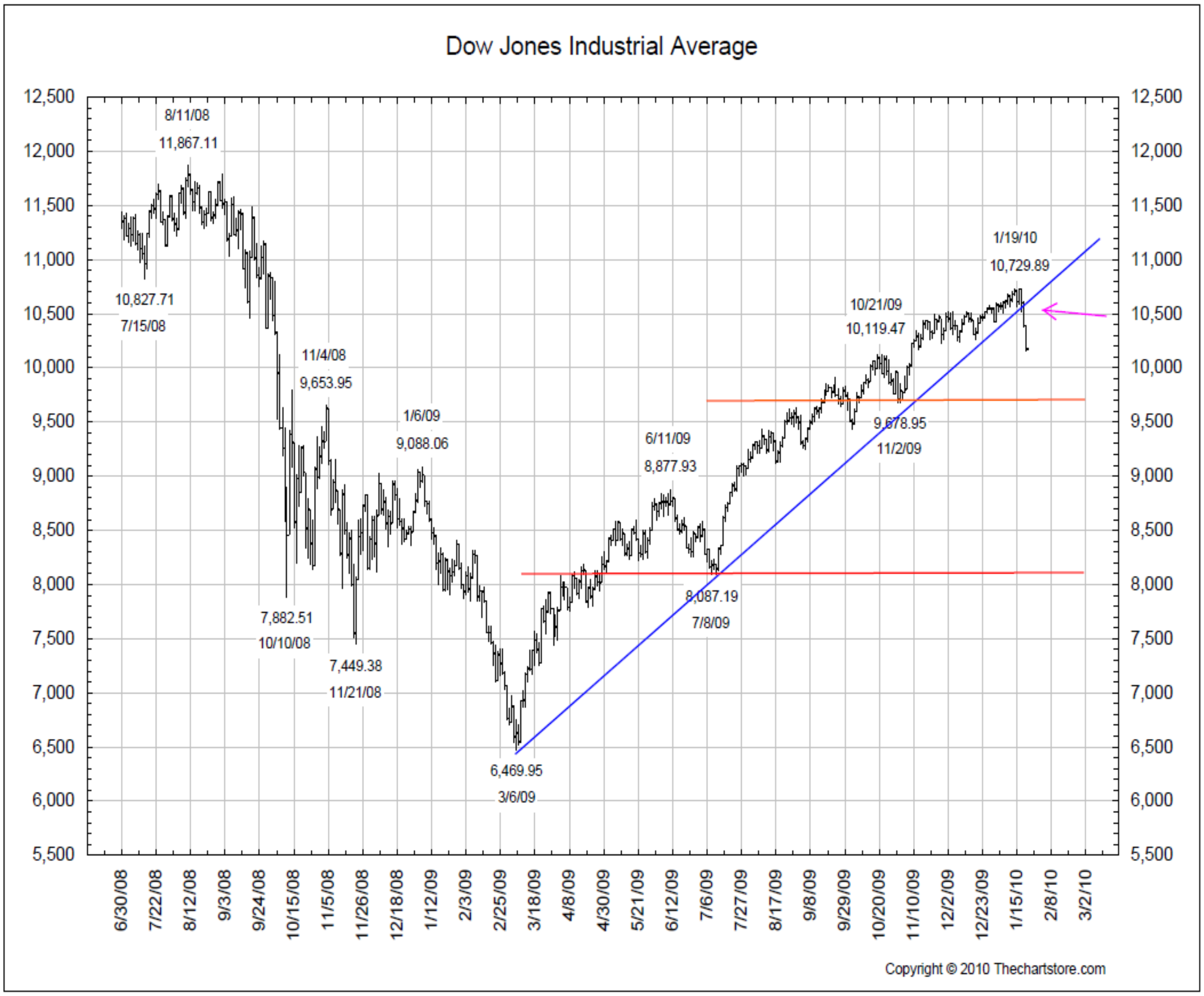
250 Newport Center Dr. Newport Beach, CA 92660 (877) 762-6208 www.cviewip.com

Tech Spotlight

Last week, the stock and commodity markets sold off on increasing trading volume. The sell-off resulted in the stock averages breaking down below a trend line which has been in place since the stock markets bottomed in March of 2009. Technically speaking, this is a negative sign. The question now is what the follow-through will be on the change in trend. Read report.

Following are a number of charts looking at different assets that we will now track for you on a monthly basis in order to try and give you an idea of what they may be telling us about the stock, bond, commodity and currency markets. We hope you find these efforts helpful in interpreting what is happening with the U.S. economy and the various asset markets.

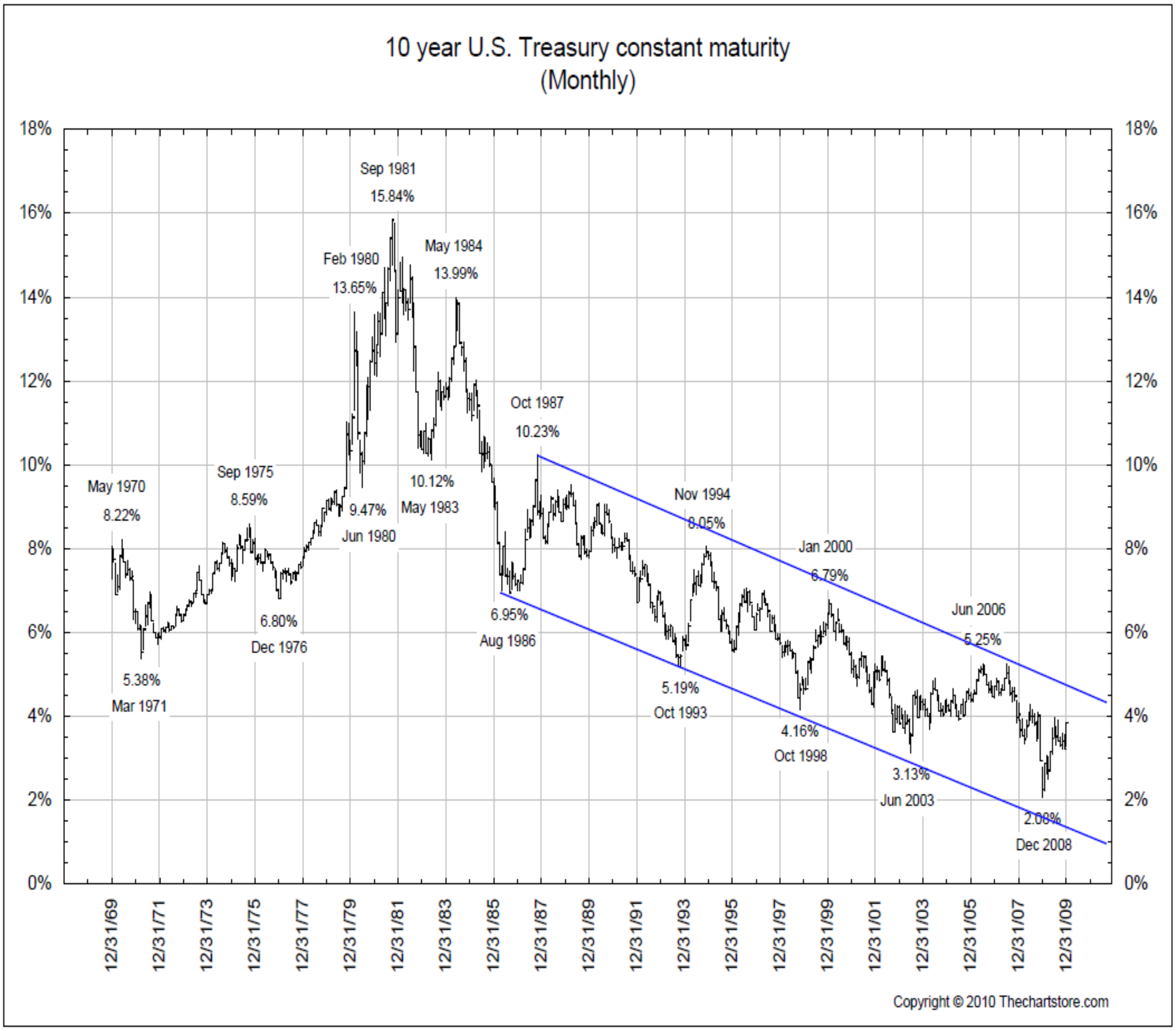
Data as of January 22, 2010



DJIA – Intermediate-Term Chart

The negative action in the stock markets last week caused some technical damage to the intermediate-term chart of the DJIA by breaking an uptrend line that has been in place since the intermediate-term bottom made in the markets last March. Such a break in a trend line usually indicates (but not always) that a change in trend is taking place. In this case, that would mean that the DJIA would begin correcting down to 9,700 in the near-term with stronger support down around 8,100 in the intermediate-term. The main question then becomes does the "new" trend down go either deep enough and last long enough to where we need to define a target for the long-term, or does the uptrend reassert itself and take the stock markets back up to their old highs from 2007? It is much too early to tell.

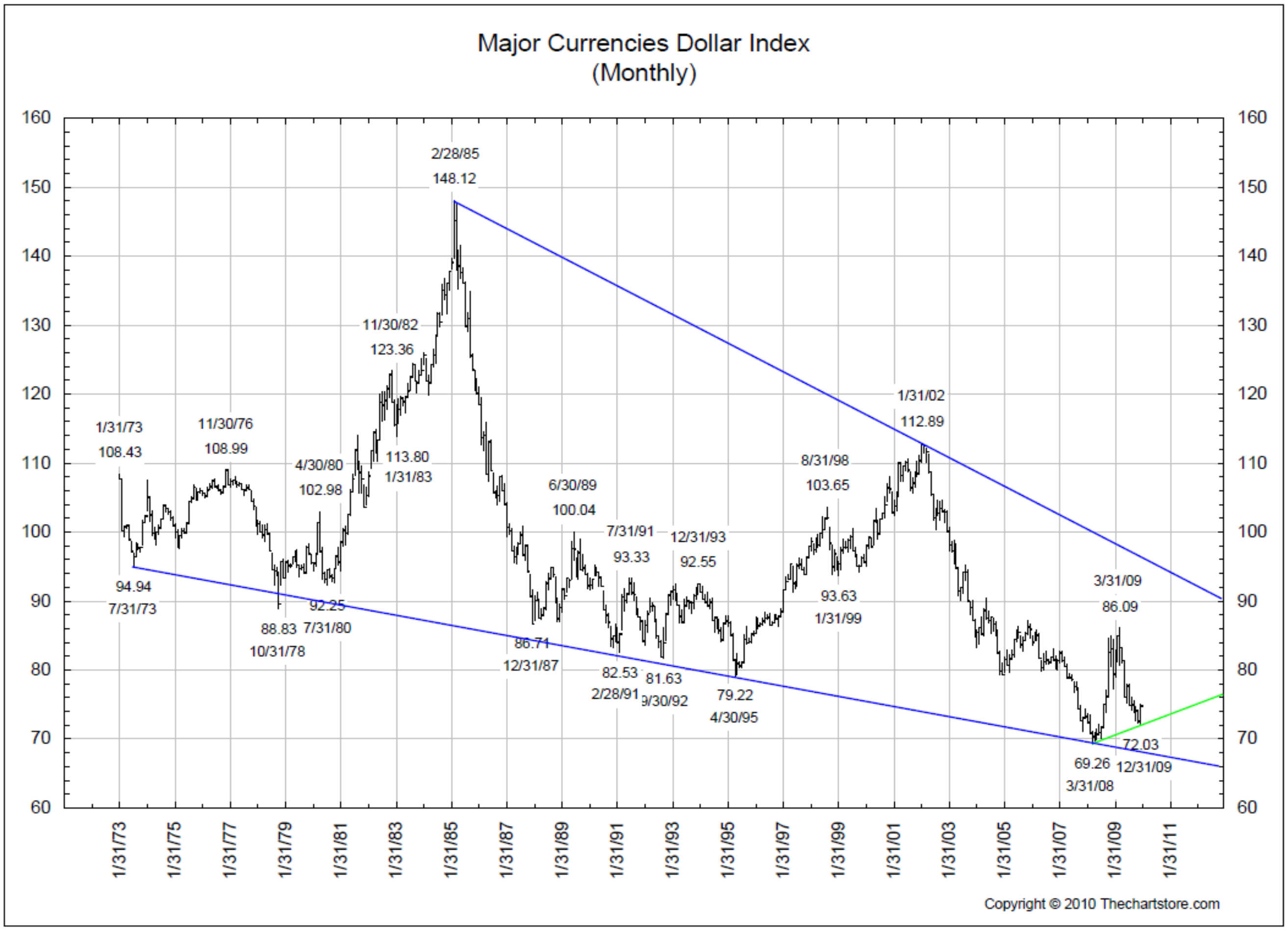
Data as of December 2009



10-Year US Treasury Bond Yield

Though there has been a lot of talk about inflation being "right around the corner", the yield on the 10-Yr T-Bond has been trending down since 1981, and has been ranging in a well-defined channel since 1985. That channel would seem to indicate that interest rates on the 10-Yr T-Bond could rise up to as high as 4.25% in the near-term before resuming the 29-year downtrend and heading down to possibly as low as 1-2%. Until we see interest rates break out of this "channel" to the upside we won't be seeing any significant inflation anytime soon.

Data as of December 2009

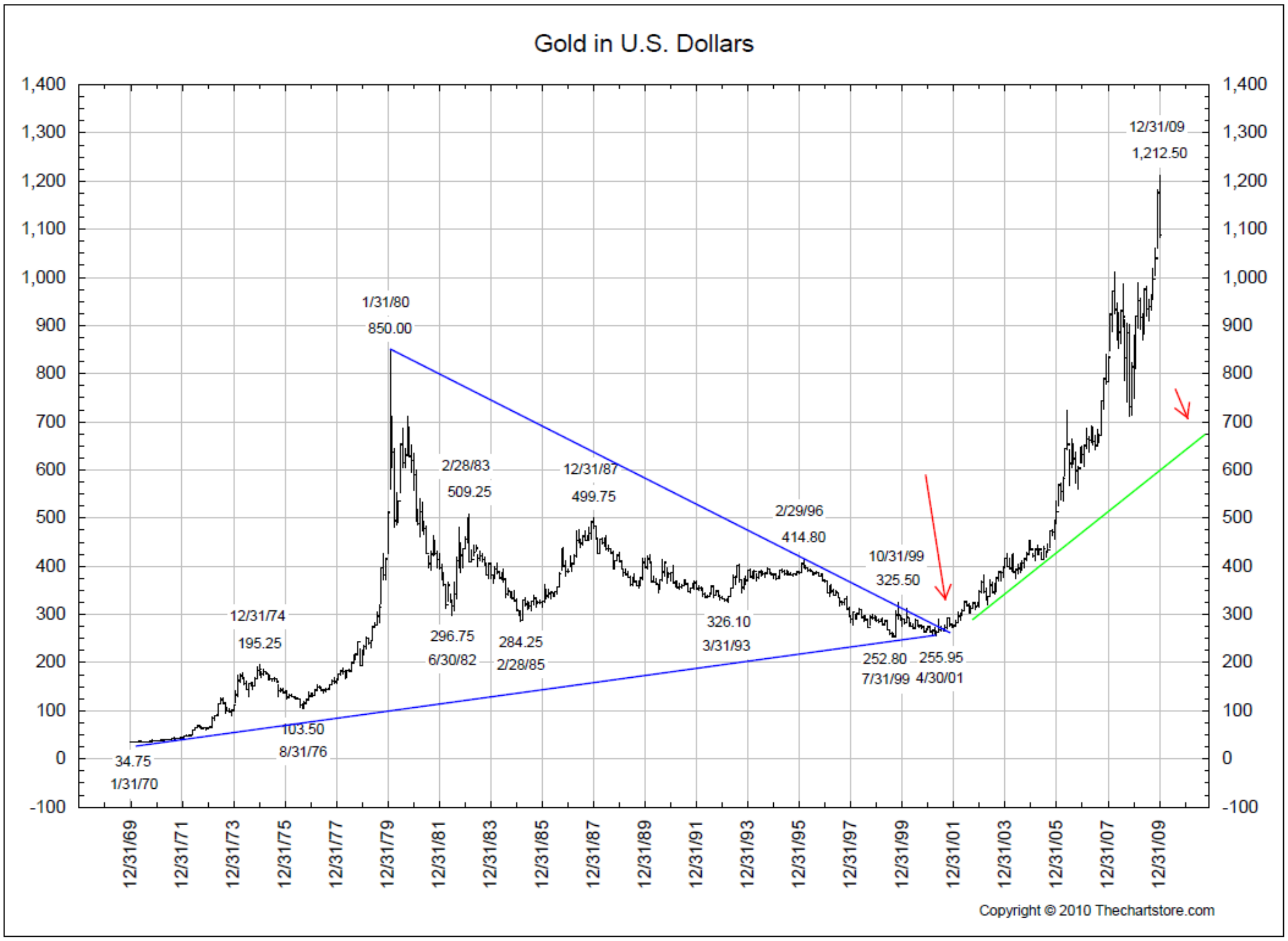


U.S. Dollar Index (DXY)

The US Dollar Index is just a measure of the relative value of the US Dollar (US$) versus a basket of six foreign currencies (including the British Pound, Euro, Japanese Yen, Canadian Dollar, Swedish Krona and Swiss Franc). As the US$ (DXY) rises in value it means that it is gaining strength versus the basket of six currencies. And, as your intuition suggests, as the DXY falls, the US$ is weakening versus that same basket of currencies.

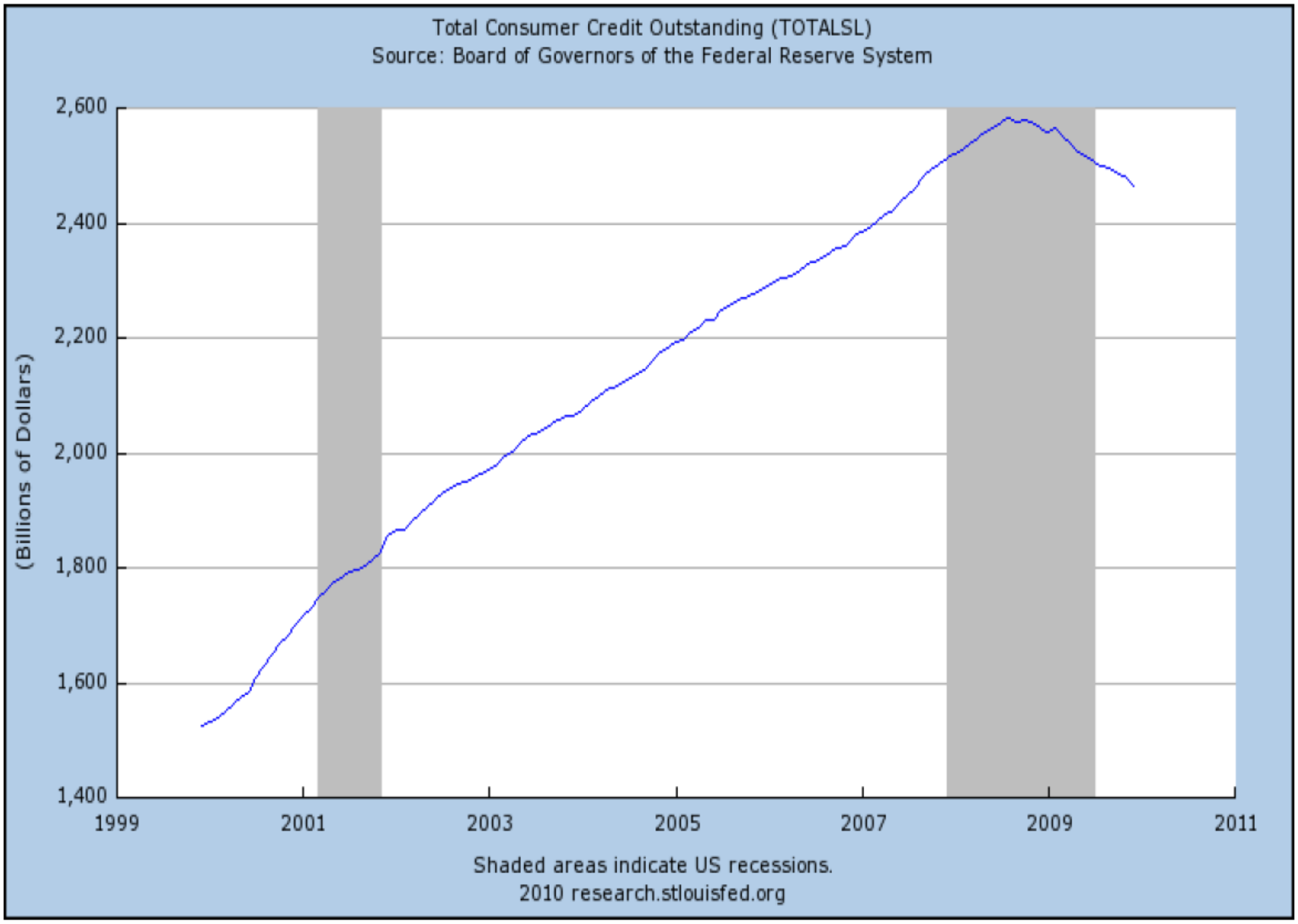
The US Dollar, in terms of the DXY, has been in a long-term downtrend since 1985 (similar to the 10-Yr T-Bond) and trading within a somewhat shallow triangle pattern that appears to be some years away from its apex. In the short-term, though, the US$ has begun to trend upward and could rally to as high as 85-90 over the next 3 to 12 months. At that point we will see if the US$ then falls getting back in line with the downtrend of the past 25 years or whether it breaks out to the upside in a major way. We will keep you apprised of this trend in the coming months and years. The movement in the US$ can have a serious effect on other asset classes, which is one reason why we keep an eye on its movements.

Data as of December 2009



Gold

After a long move down from Gold's peak of $850 in 1980, Gold finally bottomed in 1999 at $252 and then broke out of its downtrend in early 2002 at $300 and took off as you can see in the chart. With the US$ now on the rise, it is very possible that Gold will correct significantly (again, depending on the rally in the US$ and inflation expectations). The purpose of charting is to try to determine the trend in the price of a particular asset class and to determine targets on its short-, intermediate- and long-term trends. The above chart shows room for a correction down to $650 to $700 area in the intermediate-term while still keeping the current uptrend in place. If we were looking at shorter-term charts, we would see a checkpoint at $1,000 and another at $850. Remember, markets never move straight up or straight down, they move more like the ocean tides, surging (trending) up or surging (trending) down until the tide changes direction. We use various chart time horizons to give us an idea of how far a wave within a tide will move. Again, we will keep you apprised of Gold's movements in the months and years ahead.



Consumer Credit

Consumer spending represents about 70% of US GDP. With the recession, consumer spending has slowed. There is a lot of talk in the media about whether we will have a double dip recession or whether the economy has bottomed with things slowly getting better has the months roll by. One way to gauge the economy is to follow outstanding consumer credit as measured by the Federal Reserve Governors. The above is a chart of the Total Outstanding Consumer Credit balances in the U.S. As you can see, total consumer credit has pulled back significantly since peaking in mid 2008. If we were to show you a longer-term version of this chart, you would see that this is the first significant contraction in consumer credit since World War II. As you can also see, even though we were in a recession in 2001 consumer credit was still expanding. Until we see consumer credit begin to grow again, or at least stabilize and stop falling, it is hard to see that the economy has truly bottomed. As with all of the above charts, we will keep our clients apprised of the movements in these indicators.

Kenneth G. Hobbs III, Managing Partner

TECHNICAL ANALYSIS

Seeks to define the trend of various markets, be it short-term, intermediate-term or long-term.

Technical Analysis operates under three Basic Premises:

1. Market Action discounts everything. Or …

   Supply Versus Demand governs market action.

2. Prices move in trends. And …

   Trends stay intact until broken.

3. History often (but not always) repeats itself. Or …

   At the very least, it sure seems to rhyme.

The study of charts is based on the evaluation of past events to determine future probability. We seek a stock, or other asset or financial instrument, forming a particular pattern. We note that this pattern resembles that which typically precedes an asset's upward or downward move. In this way we are able to use our knowledge of the way a particular asset has acted in the past to estimate this particular asset's most probable future move. There will be a rational, logical and fundamental explanation for a particular chart formation usually following a given move in price.