

ETF Selections & Timing

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Sell Signal

The World Growth Model went on a sell signal Friday. An emailed Hotline went out to current subscribers. If you didn't receive it, please send me a notice to Info@SelectionsAndTiming.com. This is the new site.

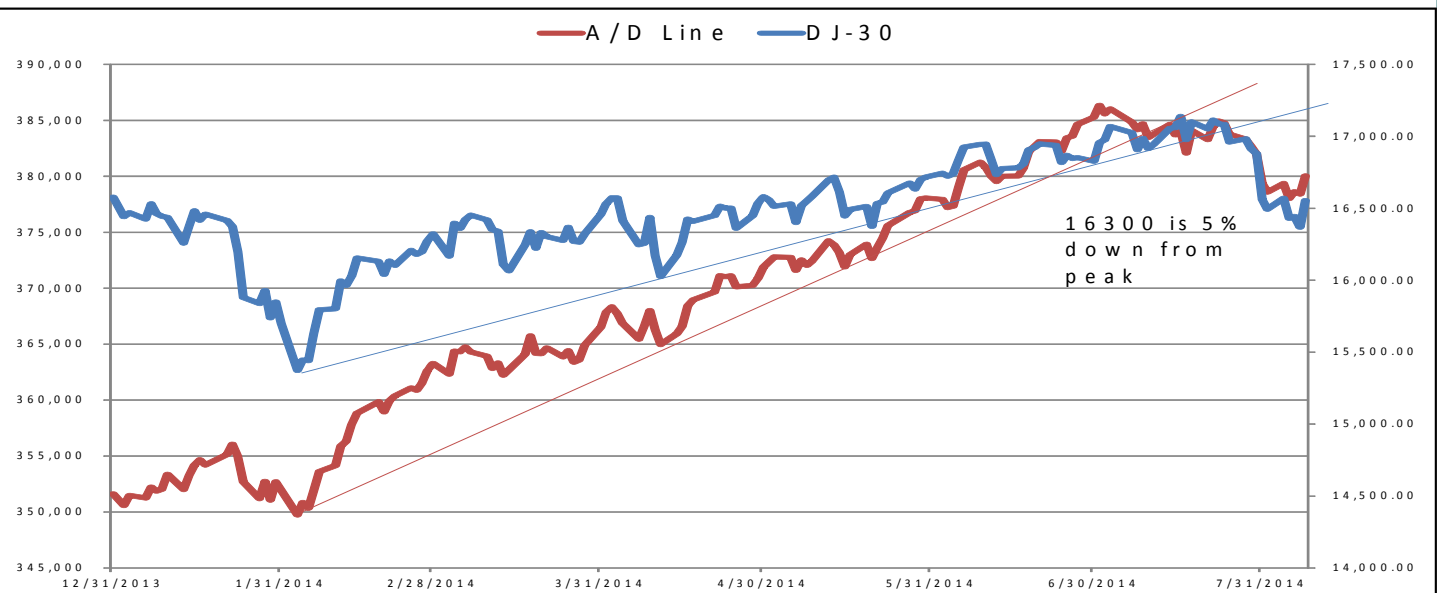
Both indexes (DJ-30 and A/D line advance decline line) on the chart below have closed below previous low points, which confirms the negative divergence where the DJ-30 made a new high, but the A/D line did not confirm it.

Add in the big red flag of

potential margin debt calls that probably are already going out (the latest monthly rising debt number appears already under water) and caution is warranted. See page 11.

The main question when a

(Continued on page 12 see REVIEW on top)



This is the daily chart of the close of the Dow Industrials (blue line) and NYSE advance-decline line (red line)

SCOREBOARD (returns year to date and past weeks to date)

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	1.0%	2.2%	1.0	0.1	0.1	0.0%
ETF Growth Portfolio	2.5%	11.6%	3.6	2.2	-2.1	-0.1%
Index						
Aggrgt Bond (AGG)	2.8%	3.0%	1.6	0.6	0.1	0.2%
S&P 500 TR (SPY)	5.0%	15.1%	7.3	2.6	-2.4	0.2%
World Growth Index	2.9%	13.7%	5.8	2.8	-2.2	0.1%

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Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 8/8/2014							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 4/28	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
11-Apr	sell	JNK	41.05	342	14,014								0.0%
21-Apr	sell	AGG	108.18	130	14,080								0.0%
21-Apr	sell	PCY	28.27	512	14,464								0.0%
21-Apr	buy	BSV	80.09	362	29,003								0.0%
		this new buy w ill be about 25% of total				BSV			80.09	80.28	363.4	29,174.64	25.1%
28-Apr	sell	LQD	117.87	120	14,176								
						Money Market			1.00		87,033	87,033.00	74.9%
										Total Valuation=		116,207.64	100.0%

WEEKLY REVIEW

8/11 No changes.

8/4 The surprise is bonds are still rallying, even in the face of a strong economy.

7/28 No changes.

7/21 No changes.

7/14 No changes.

7/7 The jobs report came in stronger than expected. As I've been mentioning, the idea of a stronger economy is not discounted in bonds. Bond investors are seemingly ignoring the fact that the Fed is tapering and is hinting at earlier than expected rate rises.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	1.0	16.2
Aggregate Bond	6.4%	7.7	3.9	-2.2	2.8	19.7

This shows the total returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

ETF Income Database and Ranking to 8/30/13 (under construction)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	*****
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	*****
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	****
iShares Agg Bond	AGG	BI	-2.85	-3.32	-3.05	-2.12	-0.83	0.61	106.01	****
iShares Inter Bond	MBB	BI	-3.09	-2.81	-2.91	-1.77	-0.67	0.43	104.17	****
iShares Inter Gov	GVI	BI	-1.51	-2.04	-1.92	-1.35	-0.64	0.46	109.11	****
Wtree Dryfs Chns Yuan	CYB	BF	4.62	2.26	2.23	0.54	0.42	0.42	26.16	****
Currency Euro	FXE	BF	4.69	1.36	1.04	1.60	-0.68	1.85	130.84	***
iShares 10-20yr Trsry	TLH	BL	-8.69	-8.69	-6.33	-4.80	-0.97	1.55	123.42	**
iShares 7-10yr Trsry	IEF	BI	-6.40	-6.61	-5.56	-4.27	-1.42	1.08	100.26	**
iShares High Yld	HYG	BH	5.38	2.88	0.18	-0.17	-1.27	1.56	90.87	**
iShares Intrntl Tbond	IGOV	BW	-1.59	-3.73	-1.85	-0.50	-0.73	1.54	97.93	**
iShares Long Corp Bond	LQD	BL	-2.90	-4.84	-4.30	-3.17	-1.00	1.39	112.68	**
iShares Trsry Inflt	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insr CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insr NY Muni	PZT	BI	-9.02	-11.54	-10.28	-8.91	-2.61	1.51	21.68	**
PS Prfd	PGX	BF	-0.95	-2.38	-4.30	-4.81	-1.65	1.18	13.68	**
SPDR High Yield	JNK	BH	5.27	2.46	0.00	-0.75	-1.03	1.56	39.46	**
SPDR Intrntl TBond	BWX	BW	-4.13	-5.75	-2.63	-0.53	-1.15	1.48	56.79	**
Vngrd Intrmdt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comdty Cur	CCX	BF	-6.19	-7.08	-8.09	-3.79	-2.15	1.55	19.55	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-3.44	-5.57	-6.78	-3.77	-2.82	1.44	19.65	**
iShares 20+ yr Trsry	TLT	BL	-14.79	-13.35	-9.34	-6.72	-1.34	2.46	105.71	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	-8.80	-13.37	-11.06	-7.86	-3.36	2.67	26.24	**
PS Insr Natl Muni	PZA	BI	-8.56	-11.75	-10.49	-9.01	-1.56	1.56	22.52	**
Wtree Dryfs Brazil Real	BZF	BF	-10.67	-7.36	-15.28	-9.16	-3.29	2.37	16.75	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-7.81	-11.12	-12.85	-8.94	-4.35	2.09	45.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-11.22	-13.71	-15.13	-13.34	-5.23	2.58	18.12	*

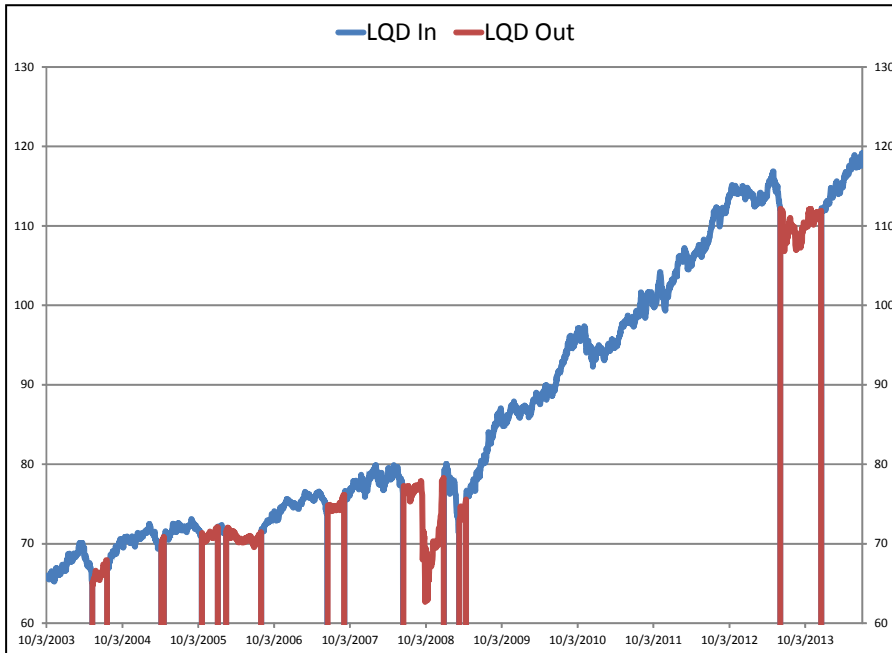
This is the ETF Income Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet (not shown), which is an ETF's risk-adjusted performance; the higher the better. V, CS, and C are proprietary tools. Rank column shows the number of comets.

ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

Column headings: The first column shows the ETF name, the second column shows its symbol. The third column shows the ETF Style. The first letter is always either B (Bond) or E (Equity) or H (Hybrid). The next letter(s) is the style. So, BS-bond short, BI-bond intermediate, BL-bond long, BF-flexible, BW-world, BH-high yield. And for Equity, EA-equity aggressive, EC-equity contrary, EG-equity gold (precious metals), ESC-small cap, EMC-mid cap, ELC-large cap, EW-world, EGI-growth/income, ERE-real estate, EV-value. Columns 4-8 show percentage returns for the periods shown (12 months, 9, 6, 3, and 1 month). Column 9 is V (volatility); a measure of risk; the lower the V, the less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS). The higher the C indicates the most return for the amount of risk taken.

Generally, our ETF strategy is to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

SLM Bond Timing Model (preliminary)



The chart above is LQD (corporate bonds) from 10/2003 through the present. The blue portion represents bullish on bond prices (yields falling). The red portion (red prices between red spikes) represents bearish on bond prices (yields rising).

The chart to the left reflects the beginnings of the new Bond Timing model. Right now it is based on LQD (corporate bond ETF).

The reason for the change was there were too many whipsaws in the old model. And I plan to incorporate more information like international bonds, if the back test proves useful.

I plan to also back test this on information before the recent 30-year secular bull market in bonds. In other words, I don't want a model that only works because the wind of lower and lower and lower yields (higher and higher and higher prices) was at its back.

WEEKLY REVIEW

8/11 No changes.

8/4 The Fed is still tapering, but it won't end until October. So bonds are still rallying on this. It will be an interesting winter.

7/28 No changes.

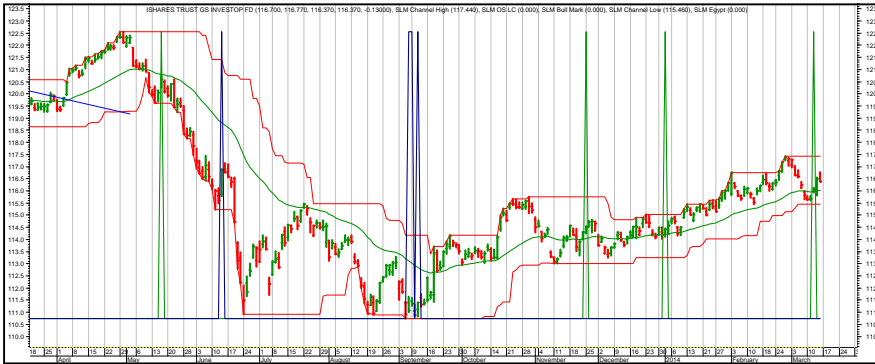
7/21 No changes.

7/14 No changes.

7/7 Perhaps the strong jobs report will nudge bond participants from their complacency.

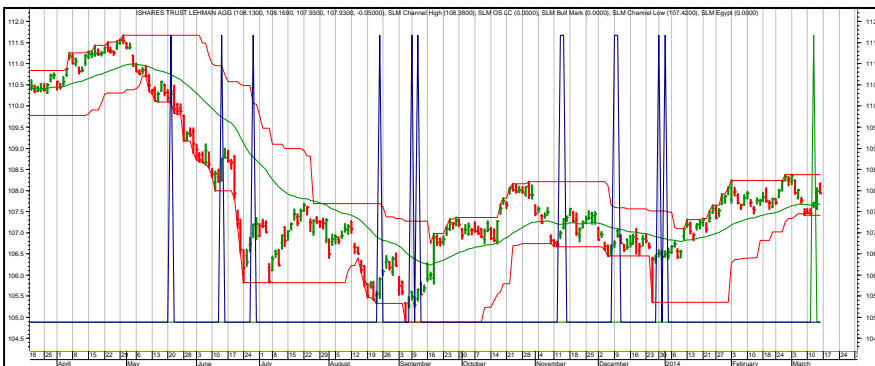
6/30 No changes. Amazing the bond rally in the face of QE termination and economy pickup and inflation strength. Either that, or all the statistics are in error.

Income Charts (DAILY) (under construction)



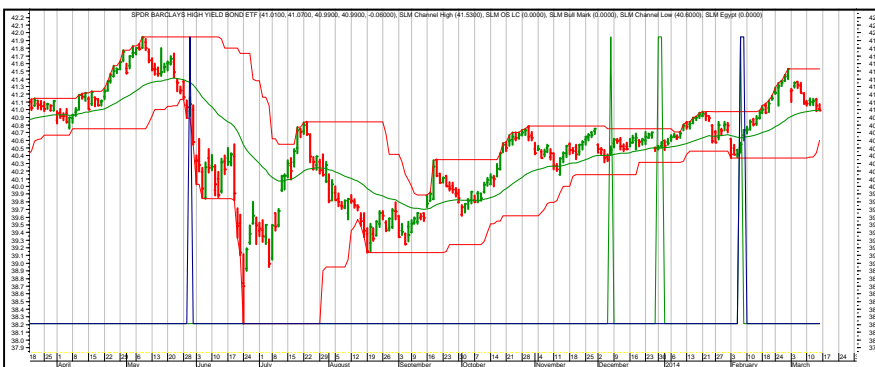
LQD—Investment Grade Corporate

3/17 See page 2.
 3/10 No changes.
 3/3 No changes.
 2/24/ No changes.
 2/18 No changes.
 2/10 No changes.
 2/3 No changes.



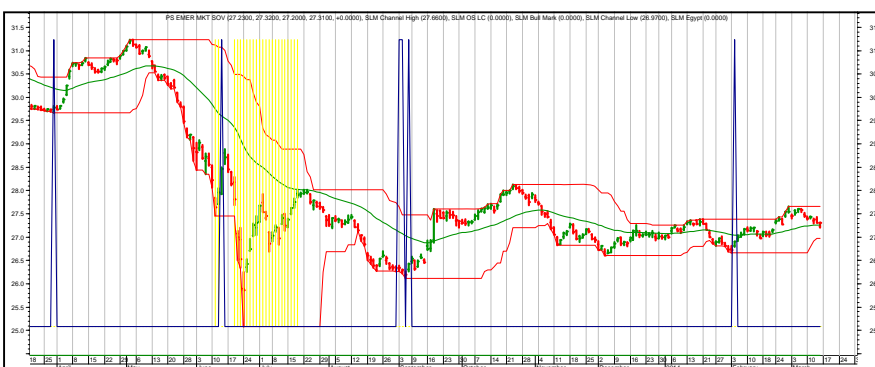
AGG—Aggregate Bond Market

3/17 See page 2.
 3/10 No changes.
 3/3 No changes.
 2/24 No changes.
 2/18 No changes.
 2/10 No changes.
 2/3 No changes.



JNK—hi-yield bonds

3/17 See page 2.
 3/10 No changes.
 3/3 Overextended. Will take profits.
 2/24 No changes.
 2/18 Since JNK is the only bond ETF notching recovery highs here of the 4 shown, I've put a very tight stop on the position. See page 2.



PCY—International Bonds

3/17 See page 2.
 3/10 No changes.
 3/3 No changes.
 2/24 No changes.
 2/18 No changes.
 2/10 The last blue spike is the 'buy' from last week's comment. I am standing aside, however.

Each chart shows daily (or weekly if noted in page title at top) prices, a moving average (smoothed green line on price portion), and blue or green spikes. The spikes show potential buy signals. The red lines are price channels. The charts do not show sell signals.

Growth Portfolio (changed as of 12/10/12, 9/23/13)

ACTION FOR			PORTFOLIO DETAILS			Value as of date:				8/8/2014			
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
23-Jun	sell	DBA	27.80	200	5,550	World Growth							
23-Jun	buy	DEF	37.68	158	5,963	EEM		Emrg Mrkt				-	0.0%
						EFA		Euro Asia				-	0.0%
7-Jul	sell	RWR	82.96	70	5,797	IWM		Rusl 2000				-	0.0%
7-Jul	buy	DBU	20.32	160	3,261	QQQ		Nsdq 100				-	0.0%
						SPY		S&P 500				-	0.0%
14-Jul	buy	DBU	20.26	130	2,644	C-lect 5							
21-Jul	sell	DBU	20.32	290	5,883	ICF			85.25	87.81	67.000	5,883.27	4.0%
21-Jul	buy	XLE	99.14	60	5,958	XLE			99.14	96.52	60.000	5,791.20	4.0%
						ENY			16.75	16.41	354.000	5,809.14	4.0%
						EPI			21.91	21.71	254.000	5,514.34	3.8%
8-Aug	sell	EEM	43.71	543.690	23,755	DEF			37.68	37.43	158.000	5,913.94	4.1%
8-Aug	sell	EFA	65.25	326.040	21,264	Two potential ways to sell: Stop loss 6% lower or timing model signals sell							
8-Aug	sell	IWM	112.11	185.490	20,785	Two potential ways to buy: "Window to buy" may open or timing model signals buy.							
8-Aug	sell	QQQ	94.71	236.200	22,361								
8-Aug	sell	SPY	192.96	116.110	22,395								
						C-lect Short							
11-Aug	sell	ICF		all		(under construction)							
11-Aug	sell	DEF		all									
11-Aug	buy	DRW		191									
11-Aug	buy	ADRE		141									
						these buys will be about 4% of ttl portfolio							
						Cash from short				1.00	-	-	0.0%
						Money Market				1.00	116,743	116,743.00	80.2%
										Total Valuation=		145,654.89	100.0%

WEEKLY REVIEW

8/11 On Friday, I sold the World Growth Model back to cash as three of the five timing inputs turned negative. For the C-lect 5 (20% of the portfolio), I will remain invested for now (pending their sell signal) and make the two buys and sells as noted above.

8/4 No changes.

7/28 No changes this week.

7/21 Make changes as noted above.

7/14 The number of shares to buy misprinted from last week on DBU. Please add to the position as noted above.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	2.5	45.6
World Growth Index	17.2%	-4.1	15.1	30.5	2.9	73.7

The ETF Growth Portfolio changed as of 12/10/12 and again 9/23/13. It is following the new World Growth Model (WGM), which uses the same 5 etfs (EEM, EFA, IWM, QQQ, SPY) as the World Growth Index (WGI). The difference between the two is WGM uses timing and WGI is always fully invested and WGI is rebalanced to 20% in each position daily (this accounts for the different returns when WGM is invested and held). Based on the successful back testing strategy, C-lect 5 was added to the portfolio. Returns are of previous years (to last Friday in year), year to date (ytd) (from last Friday in previous year), and from inception (incptn). It also shows standard deviation (SD). The green highlight (2013, 2014) is to highlight the aforementioned changes.

ETF Rankings by C to previous week's end

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>C</i>
Wtree India	EPI	EWR	13.35
Guggnhm Candn Enrg Incm	ENY	EWR	9.94
Select SPDR Enrgy	XLE	EA	8.69
Wtree Intrntl REIT	DRW	ERE	8.61
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	8.36
iShares Cohen&Str REIT	ICF	ERE	8.21
PS FTSE RAFI Emrg Mrkt	PXH	EW	8.15
iShares Canada	EWC	EW	8.13
Guggnhm Dfnsv Eqty	DEF	EV	8.12
Market Vectors Semiconductor	SMH	EA	7.77
Market Vectors Oil Services	OIH	EA	7.68
Vngrd Emrg Mrkt	VWO	EW	7.64
iShares Brazil Indx	EWZ	EW	7.43
iShares China	FXI	EW	7.19
SPDR Wlsh REIT	RWR	ERE	7.17
iShares Singapore	EWS	EW	7.17
Guggnhm BRIC	EEB	EW	6.85
iShares Taiwan Indx	EWT	EW	6.83
iShares Latin Amr	ILF	EW	6.59
iShares Prfrd	PFF	EGI	6.54
PS Fincl Prfrd	PGF	EGI	6.52
PS Dynmc Energy	PXI	EA	6.45
Wtree Intrntl Utilities	DBU	EW	6.40
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	6.13
iShares Emrg Mrkt Stk	EEM	EW	5.94
Select SPDR Technlgy	XLK	EA	5.92
PS QQQ	QQQ	ELC	5.80
Alerian MLP	AMLP	EGI	5.79
PS DB Base Metals	DBB	EG	5.41
Guggnhm Glbl Div	LVL	EW	5.30
iShares Mexico	EWX	EW	5.25
Guggnhm China All	YAO	EWR	5.23
PS Dynmc Semicndctr	PSI	EA	5.23
Vngrd Consmr Stpls	VDC	EA	5.22
Select SPDR Cnsmr Stpl	XLP	EA	5.08
Guggnhm China REIT	TAO	EWR	5.06
iShares Pacific ex Jpn	EPP	EW	4.98
PS Dynmc Energy Explor	PXE	EA	4.77
Wtree Eqty Income	DHS	EGI	4.76
iShares Hong Kong Indx	EWK	EW	4.67

This page and the next three show the equity ETF database rankings from high to low based on C. C is Comet, which is the risk-adjusted relative performance; the higher the C ranking, the better. Comets, not stars, because comets, like funds, come into and out of prominence over time. We want the metaphor to match reality.

The first column shows the name. The second column shows the symbol. The third column shows the style; it begins with E for Equity and then the style (A is aggressive, W is world, WR is world regional, SC is small cap, MC is mid cap, LC is large cap, GI is growth/income, V is value). The fourth column shows the C level.

ETF Rankings by C to previous week's end

PS Dynmc Oil & Gas Srvcs	PXJ	EA	4.63
PS FTSE RAFI Asia Pac xJpn	PAF	EW	4.49
PS Intrntl Dvdnd	PID	EW	4.45
Guggnhm Frntr	FRN	EW	4.37
Wtree Emrg Mrkt Eincm	DEM	EW	4.33
Wtree Div Ex Fincl	DTN	ELC	4.25
PS Dynmc Lrg Cap Value	PWV	ELC	4.17
Vngrd Tech	VGT	EA	4.11
Wtree Japan SC Div	DFJ	EW R	4.01
PS Hi Yld Eqty Div	PEY	EGI	3.84
Wtree Gbl Eqty Incm	DEW	EW	3.83
Wtree Emrg Mrkt SC Div	DGS	EW	3.79
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	3.71
iShares DJ Slct Div	DVY	EGI	3.68
Wtree Intrntl Div Ex Fincl	DOO	EW	3.60
iShares Slct Div	IDV	ELC	3.53
Wtree LrgCap Div	DLN	ELC	3.50
Wtree DEFA Eqty Incm	DTH	EW	3.38
iShares South Korea Indx	EWY	EW	3.18
iShares Australia	EWA	EW	3.08
Wtree Intrntl LC Div	DOL	EW	3.06
PS Dividend Achievers	PFM	EGI	3.04
iShares S&P 100 Indx	OEF	ELC	3.01
PS DWA Emrg Mrkt T Ldrs	PIE	EW	2.97
PS Emrg Mrkt Infrastrctr	PXR	EW	2.95
Guggnhm Intrntl A Incm	HGI	EW	2.92
Select SPDR Utilities	XLU	EA	2.88
iShares Japan	EWJ	EW	2.88
PS Dynmc Utilities	PUI	EA	2.88
Wtree MidCap Div	DON	EMC	2.73
iShares Spain	EW P	EW	2.72
Wtree Japan Hedge Eqty	DXJ	EC	2.58
iShares Malaysia Indx	EW M	EW	2.55
Select SPDR Health	XLV	EA	2.53
Wtree World Ex US Grth	DNL	EW	2.53
Wtree S&P 500	EPS	ELC	2.43
PS Dynmc Pharma	PJP	EA	2.42
Select SPDR Div	SDY	EGI	2.41
Vngrd TTL Intrntl Stk	VXUS	EW	2.32
iShares Russell 1000 Value Indx	IW D	ELC	2.31
Vngrd Health	VHT	EA	2.29
Guggnhm Multi Ast In	CVY	EV	2.28
SPDR DJ Gbl Titans	DGT	EW	2.18
Wtree DEFA	DWM	EW	2.11
iShares Core S&P 500	IVV	ELC	2.08
SPDR S&P 500	SPY	ELC	2.05
PS Gbl Gold Precious Mtls	PSAU	EG	2.03
Select SPDR Matrls	XLB	EA	1.93
PS Gbl Agriculture	PAGG	EA	1.87
Wtree Middle East Div	GULF	EW	1.80
Wtree Ttl Earn	EXT	ELC	1.80
PS Dynmc Basic Matrl	PYZ	EA	1.78
Vngrd Large Cap	VV	ELC	1.76
Vngrd Grth	VUG	ELC	1.72
iShares Russel MidVal	IW S	EMC	1.71

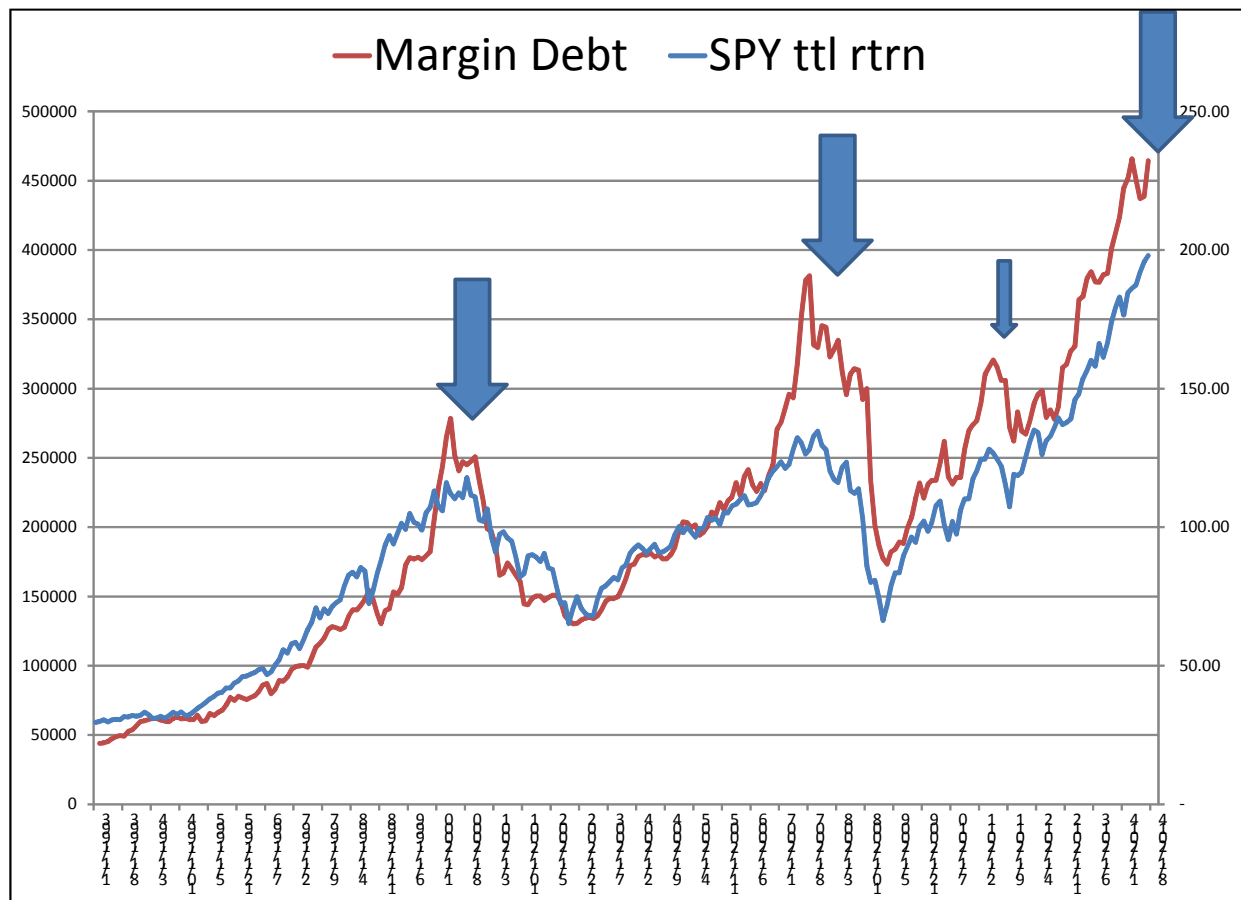
ETF Rankings by C to previous week's end

Market Vectors Gold Minors	GDX	EG	1.66
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	1.66
iShares Europe 350	IEV	EW	1.46
PS DB Oil	DBO	EA	1.39
Select SPDR Indl	XLI	EA	1.38
PS Dynmc Biotech	PBE	EA	1.38
PS S&P 500 BuyWrite	PBP	ELC	1.38
Vngrd Europe Pacific	VEA	EW	1.37
Vngrd Div Apprctn	VIG	EGI	1.36
SPDR Euro Stoxx 50	FEZ	EW	1.28
Vngrd European Indx	VGK	EW	1.25
iShares EAFE Indx	EFA	EW	1.23
Market Vectors Russia	RSX	EW	1.18
Wtree Intrntl MC Div	DIM	EW	1.14
PS BLDR Dvlpd Mrkt 100 ADR	ADR D	EW	1.10
Vngrd Materials	VAW	EA	1.06
SPDR DJ Industrials	DIA	ELC	1.03
Guggnhm China SmI	HAO	EW R	1.03
Guggnhm MidCap Core	CZA	EMC	0.92
PS Dynmc Consmr Staples	PSL	EA	0.86
iShares Telecomm	IYZ	EA	0.86
iShares Russell 1000 Grwth Indx	IW F	ELC	0.81
Vngrd TTL Stock	VTI	ELC	0.71
US Oil Fund	USO	EA	0.66
PS DWA Tech Ldr	PDP	ELC	0.55
Guggnhm Shipping	SEA	EA	0.50
PS Dynmc Food & Bev	PBJ	EA	0.47
PS Dynmc Lrg Cap Grth	PWB	ELC	0.41
PS FTSE RAFI Dvlp Mrkt xUSA SmI	PDN	EW	0.34
PS S&P SmICap Hlth Care	PSCH	EA	0.33
PS Dyn Mrkt	PWC	ELC	0.29
PS S&P SmICap Energy	PSCE	EA	0.27
Vngrd Small Cap Value	VBR	ESC	0.26
PS Buyback Achievers	PKW	EGI	0.21
iShares Silver	SLV	EG	0.12
Guggnhm Gbl Wtr	CGW	EW	0.10
PS DB Silver	DBS	EG	0.04
iShares EMU Indx	EZU	EW	0.00
Select SPDR Cnsmr Disc	XLY	EA	-0.01
PS Dynmc Retail	PMR	EA	-0.03
Vngrd MidCap Val	VO	EMC	-0.03
PS Dynmc Media	PBS	EA	-0.07
PS S&P SmICap Utilities	PSCU	EA	-0.10
PS Gldn Drgn USX China	PGJ	EW	-0.11
Select SPDR FinancIs	XLF	EA	-0.12
PS DB Agriculture	DBA	EA	-0.12
PS Dynmc Consmr Discr	PEZ	EA	-0.14
PS S&P SmICap Info Tech	PSCT	EA	-0.17
Pro Shares Short Russell 2000	RW M	ESC	-0.18
iShares Core S&P Mid Cap	IJH	EMC	-0.22
Wtree MidCap Earn	EZM	EMC	-0.23
SPDR Mid Cap Trust	MDY	EMC	-0.24
Vngrd Fincl Srv	VFH	EA	-0.27
PS S&P SmICap Mtrls	PSCM	EA	-0.27
PS Dynmc Technology	PTF	EA	-0.32

ETF Rankings by C to previous week's end

PS DB Energy	DBE	EA	-0.32
Vngrd Consmr Dis	VCR	EA	-0.34
Guggnhm Insdrr Sent	NFO	EMC	-0.37
Wtree Intrntl SC Div	DLS	EW	-0.40
Vngrd Small Cap	VB	ESC	-0.50
SPDR S&P Retail	XRT	EA	-0.50
PS DB Commodity	DBC	EA	-0.51
Wtree Sml Cap Div	DES	ESC	-0.59
PS Dynmc Software	PSJ	EA	-0.62
PS S&P SmICap Cnsmr Stpl	PSCC	EA	-0.63
PS WilderHill Prgsv Enrgy	PUW	EA	-0.63
SPDR S&P Metals & Mining	XME	EA	-0.64
Vngrd Extnd 4500	VXF	ELC	-0.64
Guggnhm RJ All	RYJ	ELC	-0.65
PS Gbl Water	PIO	EW	-0.76
iShares Gold	IAU	EG	-0.84
SPDR Gold	GLD	EG	-0.90
iShares Germany Indx	EWG	EW	-0.94
PS Dynmc Healthcare	PTH	EA	-0.96
PS Dynmc Fncl	PFI	EA	-1.00
PS DB Precious Metals	DBP	EG	-1.03
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	-1.11
PS Gbl Listd Prvt Eqty	PSP	EW	-1.11
PS DB Gold	DGL	EG	-1.12
PS NASDAQ Intrnt	PNQI	EA	-1.14
iShares Russell 2000 Value Indx	IWN	ESC	-1.14
PS Gbl Clean Enrgy	PBD	EW	-1.15
Vngrd Small Cap Grth	VBK	ESC	-1.16
PS Aerospace & Def	PPA	EA	-1.28
iShares Russell 2000	IWM	ESC	-1.31
iShares Italy Indx	EWI	EW	-1.31
PS Cleantech	PZD	EA	-1.34
PS S&P SmICap Fincl	PSCF	EA	-1.44
PS Water Resources	PHO	EA	-1.62
Guggnhm Timber	CUT	EA	-1.69
Guggnhm Spin Off	CSD	EMC	-1.73
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	-1.85
Pro Shares Short S&P 500	SH	EC	-1.89
PS Dynmc Leisure & Enter	PEJ	EA	-2.04
Market Vectors Junior Gold Miners	GDXJ	EG	-2.07
PS S&P SmICap Cnsmr Dis	PSCD	EA	-2.14
Wtree Eur SC Div	DFE	EW	-2.17
PS S&P SmICap Industrils	PSCI	EA	-2.30
SPDR S&P Bank	KBE	EA	-2.43
PS Dynmc Networking	PXQ	EA	-2.58
PS Zacks Micro Cap	PZI	ESC	-2.71
PS Dynmc Bldg Cnstrctn	PKB	EA	-2.74
SPDR S&P Regional Banking	KRE	EA	-2.99
SPDR S&P Homebuilders	XHB	EA	-3.01
iShares DJ US Home Constr.	ITB	EA	-3.33
Guggnhm Solar	TAN	EA	-7.40
US Natural Gas	UNG	EA	-7.69
PS WilderHill Cln Enrgy	PBW	EA	-7.72

S&P 500 (SPY) and NYSE Margin Debt (reiteration)



7/28/14: Updated through latest data of 6/30/14. NYSE margin debt rebounded in June, but did not make a new high marked in March (data is offset plus one month). This is similar to previous peaks' patterns. If the time frame is the same (2-4 months from margin debt peak to market peak), July should mark the market top.

7/14/14: I went back and looked a third time at the two previous tops. For both, the trigger of the subsequent severe sell off was 5%. So if SPY closes 5% lower than its recent peak at 196.5 (below 186.7), odds are that won't be a buying opportunity.

7/7/14: A member asked about depth of loss and duration to bottom of the previous two signals. The first bear lasted 16 months and lost 51%. The second bear lasted 25 months and lost 45%. So IF the market follows the previous averages and peaks this month, the bottom would fall somewhere between 10/15 and 7/16 with the Dow Industrials around 8,400 (current about 16,800).

June 2014 EXPLANATION: The chart shows the total return (dividends included) of SPY (the S&P 500 etf) (blue line, right scale) and NYSE margin debt (red line, left scale) from 1/29/1993 through 5/31/2014. I shift the margin debt data forward by one month.

As you can see, the two series are closely correlated. But the point is to show that at the two previous major peaks in 2000 and 2007 (large blue down arrows) that preceded 50% losses in SPY, the debt series peaked from 2 to 4 months ahead of the market's peak.

The smaller down arrow marks a coincident peak in 2011 when the market plunged near 20% but did recover. Again, the major peaks were preceded by reductions in margin debt. This is similar to what is happening now. NYSE margin debt peaked in March 2014 (again I shift the data forward one month to make it more timely). The stock market as measured by SPY has continued to climb during April and May.

So, we are now 2 months from the NYSE margin debt peak and entering month 3 with June. If past parameters hold, we are either peaking now or will peak by 7/31. The move thereafter would be another 50% decline.

The reason for this is maintenance. An account with margin debt must maintain enough equity to offset any market decline. If the equity is not enough, then the account must sell to raise cash (or the holder must add cash).

Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

down market begins is how far will it fall? Will it be a mild, short affair losing only 20%? Or will it develop into a major decline losing more than 50%? Who knows?

I will say that knowing whether we are in a secular bull or bear market will help us to answer the question, but for the point of this article, the answer is no one knows.

The trouble is many investors have accepted the buy/hold approach. They resolve to stay invested no matter what. Really? Losing half your money won't matter? Losing one fourth of your money won't matter? Even

if it takes five years to get back to breakeven? Nearer to retirement with less time to make back the losses and one can say they'll stick out a 50% decline?

Many say they will stick it out in a bear market. But when it starts, we really don't know how bad it will get. It's easy to say I can handle a 5% decline at the start, but can one still maintain that position when it goes to minus 50%? Given fund cash flows, the reality at bottoms is far different from the resolution at starts.

So, my position is let's be quick to get out. After all, the adage was always buy low and sell high, rather than buy high

and sell low. If one practices the latter, of course market timing won't work.

See the portfolio pages for any changes.

Just to clarify a couple of terms that I use regularly.

Short-term is days to weeks.

Intermediate-term is weeks to months.

Long-term is months to years.

Cyclical is 1-5 years.

Secular is 5 years to decades.

Bull market is a series of higher highs and higher lows.

Bear market is a series of lower lows and lower highs.

Neutral market is sideways without a discernible pattern.

Oddly, bull and bear markets may occur simultaneously, but only over different time periods. For example, we may be in a secular bear market, but there are cyclical bull and bear markets within that.

Closing stops are "mental". I look at the position at quarter to the close. If it is trading below the stop (or above if short), then I act with the assumption the security will trigger that closing stop on that day. I sell (or cover) at the close that day.

Portfolio stops for the World Growth Model are internally maintained; they are based on the World Growth Index, not the individual ETFs. Stops will be emailed when close or if triggered.

8/11 No changes.

8/4 No changes.

7/28 No changes.

7/21 No changes.

7/14 No changes.

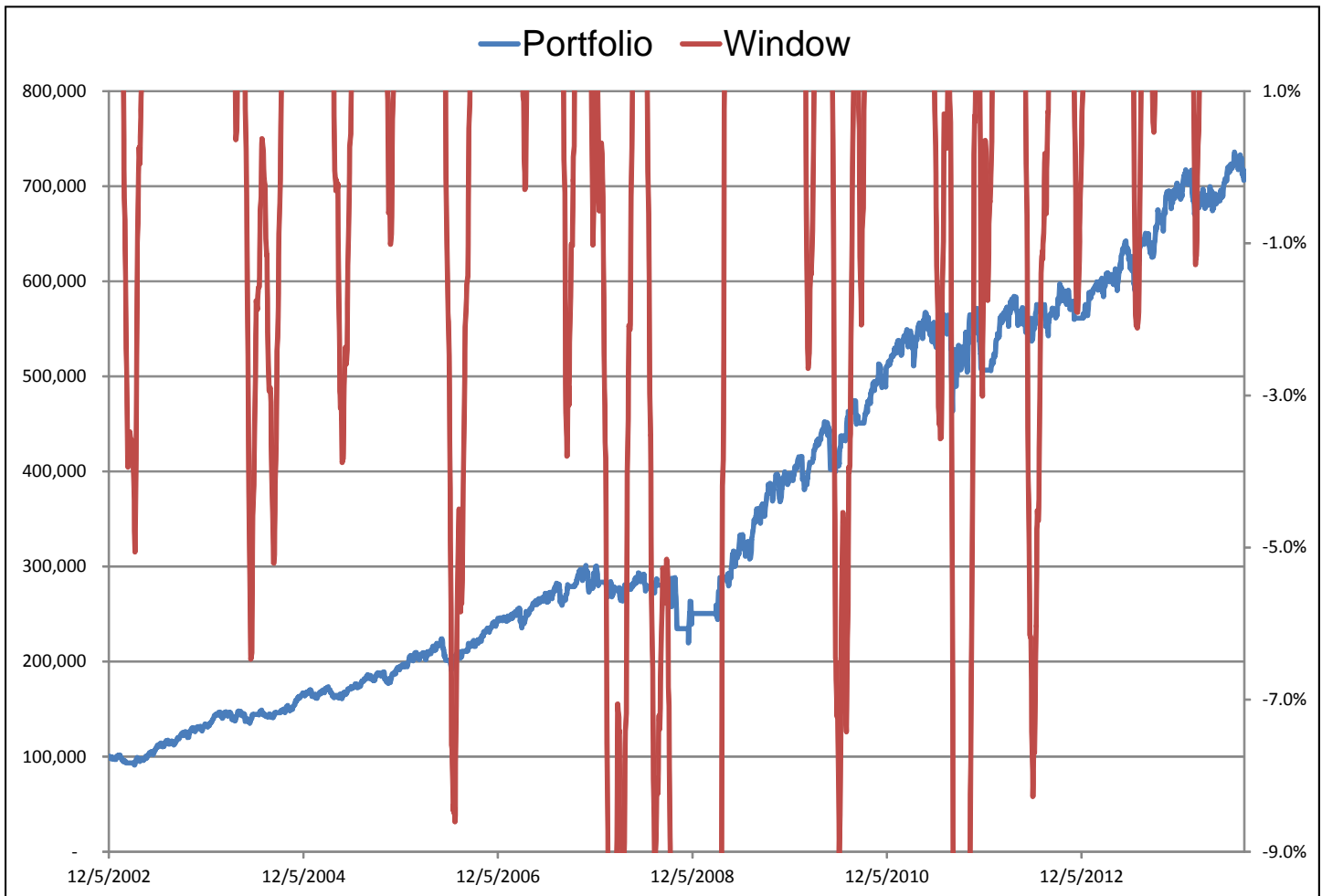
7/7 No changes.

6/30 No changes.

6/23 No changes.

6/16 No changes.

Window to Buy (closed as of 8/11/14)



The chart above shows the World Growth Model (Portfolio-blue line) and the Window to Buy (Window-red spikes). The chart covers the period from 12/5/2002 through the present.

The Window to Buy is to answer the question, when should I buy if I missed the initial timing model buy signal, or when do I buy more after my initial position to increase my position with additional money?

Being risk-averse, I wanted a way to answer this sensibly, which is try to buy on measured corrections, rather than chase the market higher and higher. The Window to Buy is the answer. The caveat is that in a strong, early bull market, this approach may miss the early gains, unless you are already following the World Growth Model strategy (and bought on the initial buy). But the rest of the time, the Window is a solid approach to managing portfolio risk.

The base line for the Window is 0%. The chart shows +1% to -9%. When the base line is above zero, the Window is closed. It doesn't mean the market can't or won't go higher. It just means that the downside risk to the potential stop or sell signal is fairly wide. When the WGM drops enough, then the Window to buy opens.

When the Window opens, it represents a lower-risk entry period. If the market recovers, the Window will close again. If the market continues lower, either the sell stop will be triggered or the timing model will signal a sell. The timing model sell signal overrides the Window to Buy.

What ideally happens in up markets is the timing model remains on a buy, while the market corrects and opens the Window to Buy. It then reverses and heads higher with more investment dollars on board for the rally.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 6)

Our guiding goal is to provide the most return with the least risk consistently through bull and bear markets.

Income Portfolio, page 2: Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid. From time to time, timing considerations may take precedence over selections; in other words, we may own lower ranked funds because of anticipated timing changes.

Growth Portfolio, page 6: As of 12/10/12, it is based on the World Growth Index (WGI), which is made up of a static fully invested 20% in each of five ETFs (EEM, EFA, IWM, QQQ, SPY). The Portfolio will buy and sell the WGI based on proprietary timing signals. On 9/23/13, the new C-lect 5 is also part of this portfolio. It too uses timing.

Both portfolios were started on 1/1/10 with \$100,000. As mentioned, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth Model and again on 9/23/13 to incorporate the C-lect 5 model.

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst (Tuesday if Monday is a holiday, defined as market closed).

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares.

Commissions of \$10 per trade are applied. Interest is currently zero for the money market (cash) position.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays (closed stock market) and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday (or Tuesday) close in each portfolio. We may also use stop orders. For stops, check the ETF at quarter to the close. If it is below (or above) a stop level, assume it will close there and act on that. Portfolio data will be updated through the previous Friday's close. Fund symbols, rather than names, are the official identification used for activity.

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